

1Q

Allianz Group
Interim Report First Quarter of 2013

Allianz 

Allianz at a glance

QUARTERLY RESULTS

01

three months ended 31 March		2013	2012	Change from previous year	More details on page
Income statement					
Total revenues ¹	€MN	32,048	30,053	6.6%	6
Operating profit ^{2,3,4}	€MN	2,797	2,333	19.9%	7
Net income ²	€MN	1,801	1,451	24.1%	8
thereof: attributable to shareholders ²	€MN	1,707	1,377	24.0%	8
Segments⁵					
Property-Casualty					
Gross premiums written	€MN	15,197	14,797	2.7%	13
Operating profit ⁴	€MN	1,319	1,183	11.5%	14
Combined ratio	%	94.3	96.2	(1.9)%-p	15
Life/Health					
Statutory premiums	€MN	14,837	13,699	8.3%	21
Operating profit ⁴	€MN	855	825	3.6%	22
Margin on reserves	BPS	74	77	(3)	23
Asset Management					
Operating revenues	€MN	1,911	1,439	32.8%	28
Operating profit ⁴	€MN	900	613	46.8%	28
Cost-income ratio	%	52.9	57.4	(4.5)%-p	28
Corporate and Other					
Total revenues	€MN	148	155	(4.5)%	7
Operating result ⁴	€MN	(239)	(274)	12.8%	30
Balance sheet as of 31 March^{2,6}					
Total assets	€MN	710,581	694,447	2.3%	35
Shareholders' equity	€MN	51,950	50,388	3.1%	34
Non-controlling interests	€MN	2,671	2,575	3.7%	34
Share information					
Basic earnings per share ²	€	3.77	3.04	24.0%	96
Diluted earnings per share ²	€	3.69	3.03	21.8%	96
Share price as of 31 March ⁶	€	105.95	104.80	1.1%	1
Market capitalization as of 31 March ⁶	€MN	48,308	47,784	1.1%	–
Other data					
Standard & Poor's rating ⁷		AA Stable outlook	AA Negative outlook	–	–
Conglomerate solvency ratio ^{6,8}	%	183	197	(14)%-p	34
Total assets under management as of 31 March ⁶	€BN	1,934	1,852	4.4%	26
thereof: third-party assets under management as of 31 March ⁶	€BN	1,517	1,438	5.5%	26

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 First Quarter 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 First Quarter 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 segments: Property-Casualty, Life/Health, Asset Management and Corporate and Other. For further information, please refer to note 3 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.

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 31 March 2013 would be 174% (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.

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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:

3M 2013 High: €113.45 31 December 2012: €104.80

3M 2013 Low: €101.75 31 March 2013: €105.95

BASIC SHARE INFORMATION

03

Security codes	WKN 840 400
	ISIN DE 000 840 400 5
Bloomberg	ALV GR
Reuters	0#ALVG.DEU

Multichannel reporting



Download as PDF

www.allianz.com/interim-report



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



ALLIANZ FINANCIAL REPORTS APP

Our Allianz Financial Reports iPad App allows you to read our annual and interim reports in a digital magazine format. The user-friendly navigation means that the information you are looking for is just a few finger taps away. You decide whether you want to see a summarized overview or detailed information (charts, tables, footnotes, etc.).

"Allianz Financial Reports App" for iPad



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Simply visit the Apple App Store and download the apps from there, or scan the QR code:

"Allianz Investor Relations HD" for iPad



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

GROUP MANAGEMENT REPORT

Pages 3–44



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Executive Summary

- Revenues increased by 6.6% to €32.0 BN.
- Operating profit grew by 19.9% to €2,797 MN.
- Net income at €1,801 MN, up 24.1%.
- Solvency ratio at 183%.¹

Segment 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 went up 6.6% to €32.0 BN with all operating segments generating solid revenue growth. On an internal basis², revenues rose by 6.1%.

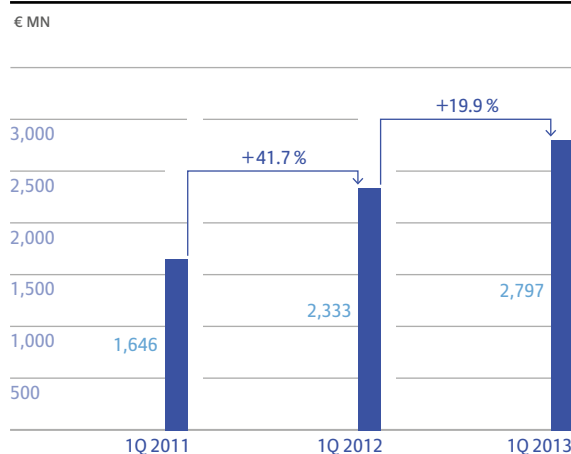
Operating profit increased 19.9% to €2,797 MN, with our Asset Management segment contributing more than half of this increase. Our Property-Casualty business generated solid operating profit growth, and Life/Health managed to expand in a challenging environment.

Net income amounted to €1,801 MN, driven by our strong operating performance development and a lower effective tax rate.

Our **solvency ratio** decreased by 14 percentage points to 183%¹ compared to year-end 2012. Excluding the negative impact of a change in accounting for pensions, our solvency ratio would have strengthened 2 percentage points over the year-end figure.

Operating profit +19.9%

OPERATING PROFIT ALLIANZ GROUP A 01



Key figures

KEY FIGURES ALLIANZ GROUP A 02

€ MN	2013	2012	2011
three months ended 31 March			
Total revenues	32,048	30,053	29,905
Operating profit ^{3,4}	2,797	2,333	1,646
Net income ³	1,801	1,451	907
Solvency ratio ^{1,5}	183	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 31 March 2013 would be 174% (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 43 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

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.

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

Earnings summary

ECONOMIC AND INDUSTRY ENVIRONMENT IN THE FIRST QUARTER OF 2013

A low level of natural catastrophes, a prolonged but not extreme winter season in Europe and relatively stable market conditions resulted in a very good start for Allianz in 2013. Net losses from natural catastrophes in the first quarter of 2013 were relatively benign, albeit slightly higher than the low level experienced in the first quarter of 2012.

As we moved through the first months of 2013, the economic picture remained mixed. The economic performance in Eurozone member countries was still adversely affected by the repercussions of the sovereign debt crisis. Due to weather conditions, which weighed above all on construction activity, in particular in Europe, economic performance in the first quarter of 2013 is likely to have actually been somewhat below the weak figure originally expected just a few months ago.

With the apparent lull in the European sovereign debt crisis continuing, there was an upswing in many major equity markets in the first quarter of 2013. Major sovereign interest rates were generally stable, with Italy and Spain as two exceptions. Corporate credit spreads (for A-rated debtors in the USA and the Eurozone) were in general steady.

Clearly, however, the low interest rate environment and Eurozone uncertainties remain and we saw lingering market effects still affecting the demand for certain of our investment-related life products, for example in the United States.

MANAGEMENT'S ASSESSMENT OF FIRST QUARTER 2013 RESULTS

Total revenues increased from €30.1 BN to €32.0 BN. All our operating segments contributed to this positive development, in particular our Life/Health business. On an internal basis, revenues grew by 6.1%.

We earned a strong **operating profit** of €2,797 MN, up 19.9%. Our Asset Management segment again delivered an excellent performance driven by higher revenues and our operational efficiency. Property-Casualty insurance generated a higher underwriting result supported by a favorable pricing environment and positive claims experience. Our Life/Health segment also contributed to this growth, although to a lesser extent due to a decrease in the operating invest-

ment margin offset by lower acquisition and administrative expenses. The operating loss from the Corporate and Other segment improved largely due to a better net interest result in Holding & Treasury.

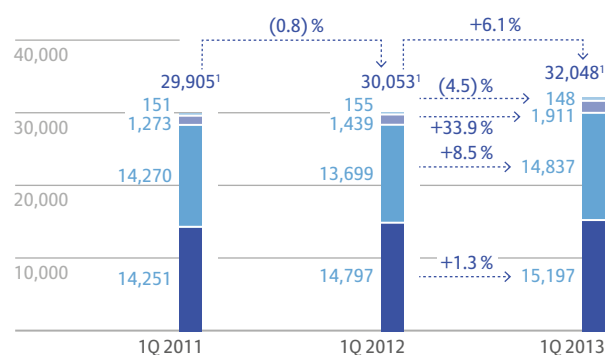
Overall, **net income** grew by 24.1% to €1,801 MN. This reflected the solid performance of all our operating segments and a 2.6 percentage point decrease in the effective tax rate, despite a slight worsening of our non-operating result.

We further strengthened our capitalization. **Shareholders' equity** increased 3.1% to €51,950 MN compared to 31 December 2012 (as restated) and the conglomerate solvency ratio fell by 14 percentage points to 183%. This decrease was mainly due to the decline in shareholder's equity as of 1 January 2013 as a result of the retrospective application of the amendments to IAS 19.¹ Excluding this impact, our solvency ratio would have strengthened 2 percentage points over the year-end figure.

Total revenues²

TOTAL REVENUES – SEGMENTS A 03

€ MN



¹ – Total revenues include €(45) MN, €(37) MN and €(40) MN from consolidation for 1Q 2013, 2012 and 2011, respectively.

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.

² – 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).

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Property-Casualty gross premiums written went up by 2.7% to €15,197 MN. On an internal basis, gross premiums increased by 1.3% mainly due to a positive price effect. The largest contributors to this growth were our subsidiaries in Germany, Turkey and Latin America.

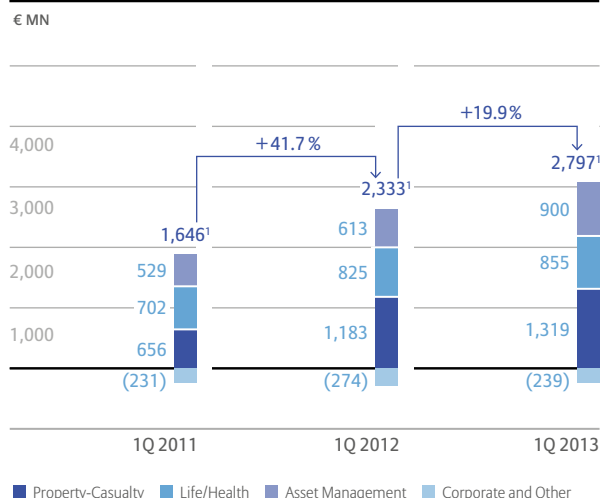
Life/Health statutory premiums increased to €14,837 MN, up 8.5% on an internal basis. The rise was driven by a significant increase in premiums from investment-oriented products in Italy, Germany and Belgium/Luxembourg, supported by a slight improvement in premiums from traditional products.

In **Asset Management** our internal revenue growth amounted to 33.9% benefiting from higher performance fees in the quarter, the strong increase of €281 BN in total assets under management versus 31 March 2012 as well as higher margins. As of 31 March 2013, we had total assets under management of €1,934 BN. Third-party net inflows amounted to €43 BN in the first quarter of 2013.

Total revenues from our Banking operations (reported in the **Corporate and Other** segment) stood at €148 MN, down 4.5% on an internal basis.

Operating profit

OPERATING PROFIT – SEGMENTS A 04



¹ – Total operating profit includes €(38) MN, €(14) MN and €(10) MN from consolidation in 1Q 2013, 2012 and 2011, respectively.

Our **Property-Casualty** operating profit grew by €136 MN to €1,319 MN. Our underwriting result rose by €207 MN to €540 MN benefiting from an improvement in our accident year loss ratio due to a positive claims experience, supported by positive price movements. It was partially offset by less run-off compared to the first quarter of 2012. Overall, the combined ratio improved by 1.9 percentage points to an excellent level of 94.3%.

Life/Health operating profit increased by €30 MN to €855 MN, impacted by a decrease in the operating investment result, due to a lower hedge result and lower realizations on equities, but benefiting from lower acquisition and administrative expenses.

The excellent performance by **Asset Management** continued and operating profit went up €287 MN to €900 MN. This reflects the strong growth in revenues and our expense discipline. Our cost-income ratio improved to 52.9%.

Despite restructuring charges of €88 MN related to the planned closure of Allianz Bank, the **Corporate and Other** operating loss improved by €35 MN to €(239) MN due to a higher net interest result in Holding & Treasury, which benefited from the resumption of interest payments on a silent participation in Commerzbank. In addition, we achieved a better Alternative Investment result.

Non-operating result

Our *non-operating result* was down by €31 MN to €(119) MN, mainly due to the decrease of €29 MN in our *non-operating investment result*. Within our non-operating investment result, higher realized gains and lower impairments of investments were more than offset by a decrease in our income from financial assets and liabilities carried at fair value through income.

Non-operating income from financial assets and liabilities carried at fair value through income (net) fell by €232 MN to a loss of €4 MN, as the previous year's figure benefited from the positive valuation effects of The Hartford warrants, which were sold in April 2012.

Non-operating realized gains and losses (net) more than doubled from €116 MN to €267 MN, mainly due to higher realizations on debt securities in our Property-Casualty business because of portfolio adjustments.

Non-operating impairments of investments (net) were down by €52 MN to €71 MN due to lower impairments on equities. In the first quarter of 2012 we recorded impairments on our equity investments in the financial sector.

Our *non-operating interest expenses from external debt* decreased by €18 MN to €241 MN. Due to the lower interest rate environment, bonds issued since the first quarter of 2012 have a lower yield than those subsequently matured or redeemed.

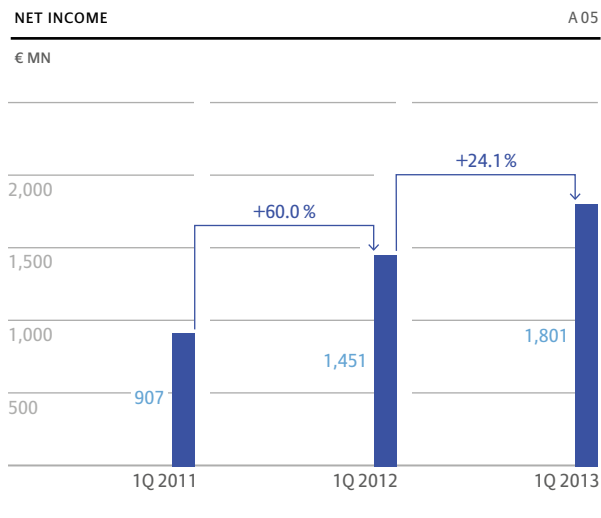
Non-operating acquisition-related expenses rose by €13 MN to €25 MN, primarily because of PIMCO B-unit expenses.

Non-operating amortization of intangible assets increased from €25 MN to €41 MN, mainly due to a goodwill impairment.

Income taxes

Income tax expenses increased by €83 MN to €877 MN in the first quarter of 2013, driven by higher income before income taxes partly compensated by the positive effect of a lower effective tax rate (32.8% in the first quarter of 2013 vs. 35.4% in the first quarter of 2012). The decrease in the effective tax rate was mainly due to a lower charge from trade tax and higher tax-exempted income in the first quarter of 2013.

Net income



Net income increased by €350 MN to €1,801 MN due to our strong operational performance. *Net income attributable to shareholders* and *non-controlling interests* amounted to €1,707 MN (1Q 2012: €1,377 MN) and €94 MN (1Q 2012: €74 MN), respectively. Our largest non-controlling interest in net income relates to Euler Hermes.

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TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT TO NET INCOME

A 06

€ MN	2013	2012
three months ended 31 March		
Total revenues¹	32,048	30,053
Premiums earned (net)	16,672	16,442
Operating investment result		
Interest and similar income	5,167	5,132
Operating income from financial assets and liabilities carried at fair value through income (net)	(221)	(134)
Operating realized gains/losses (net)	879	1,072
Interest expenses, excluding interest expenses from external debt	(110)	(123)
Operating impairments of investments (net)	(63)	(65)
Investment expenses	(208)	(197)
Subtotal	5,444	5,685
Fee and commission income	2,754	2,145
Other income	60	51
Claims and insurance benefits incurred (net)	(11,638)	(11,991)
Change in reserves for insurance and investment contracts (net) ²	(4,099)	(3,807)
Loan loss provisions	(14)	(46)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(5,464)	(5,442)
Fee and commission expenses	(778)	(684)
Restructuring charges	(94)	(8)
Other expenses	(46)	(19)
Reclassification of tax benefits	–	7
Operating profit	2,797	2,333
Non-operating investment result		
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(4)	228
Non-operating realized gains/losses (net)	267	116
Non-operating impairments of investments (net)	(71)	(123)
Subtotal	192	221
Income from fully consolidated private equity investments (net)	(4)	(6)
Interest expenses from external debt	(241)	(259)
Acquisition-related expenses	(25)	(12)
Amortization of intangible assets	(41)	(25)
Reclassification of tax benefits	–	(7)
Non-operating items	(119)	(88)
Income before income taxes	2,678	2,245
Income taxes	(877)	(794)
Net income	1,801	1,451
Net income attributable to:		
Non-controlling interests	94	74
Shareholders	1,707	1,377
Basic earnings per share in €	3.77	3.04
Diluted earnings per share in €	3.69	3.03

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 31 March 2013, expenses for premium refunds (net) in Property-Casualty of €(63) MN (2012: €(26) MN) are included.

Risk Management

Risk management is an integral part of our business and supports our value-based management. For further information we refer you 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 profile described in the latest Risk Report remains unchanged. However, Allianz continues to be exposed to two external forces which adversely affect our risk profile and would not normally be associated with our core operating activities: the European sovereign debt crisis and regulatory developments – especially the European solvency directive, Solvency II.

THE EUROPEAN SOVEREIGN DEBT CRISIS

For Eurozone bond markets, conditions generally improved during the first quarter of 2013, with an overall reduction in yield levels despite temporary uncertainty related to the inconclusive election outcome in Italy and developments in Cyprus. Allianz's exposure to Cyprus is very limited and the Group was not hit by the bank restructuring in the country. However, market volatility and the low interest rates may continue to have adverse implications for Allianz's risk profile through our business development, asset values and the value of our liabilities.

Our management continuously monitors and responded decisively to these external developments. During 2012, we executed a derisking program focused primarily on our peripheral sovereign exposures and our exposure to financial institutions, which has also continued in the first quarter of 2013. Looking forward, our robust action plan to deal with the Euro crisis has bolstered our financial and operational resilience to strong shock scenarios. Continuous monitoring remains a priority to ensure the sustained effectiveness of our contingency measures.

REGULATORY DEVELOPMENTS

Although details of future regulatory requirements, especially Solvency II and those defining systemically relevant financial institutions, 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 Solvency II and systemically relevant financial institutions creates uncertainties for our business and in terms of the ultimate capital requirements for Allianz.

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, product design, investment strategies and hedging programs will likely need to be adapted throughout the industry to mitigate this volatility.

Events after the balance sheet date

ALLIANZ CALLS A U.S. DOLLAR 2 BN SUBORDINATED BOND

In May 2013, Allianz SE has called for redemption a subordinated bond with an outstanding amount of U.S. Dollar 2 BN and a coupon of 8.375% p.a. Repayment will be in June 2013.

ALLIANZ ENTERS INTO A LONG-TERM PARTNERSHIP WITH YAPI KREDI IN TURKEY

Allianz and Yapi Kredi have reached an agreement to enter into a 15-year exclusive distribution agreement and for Allianz to acquire Yapi Kredi Sigorta, the Property-Casualty insurer, including its subsidiary Yapi Kredi Emeklilik, the life and pension business. The transaction is expected to be closed during the second half of 2013 and is subject to regulatory and competition board approvals.

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Other information

BUSINESS OPERATIONS AND GROUP STRUCTURE

The Allianz Group's business operations and structure are described in the Business Operations and Markets chapter starting on page 93 of our Annual Report 2012. In 2013, our global entities Allianz Global Automotive, Allianz Global Assistance, Allianz Worldwide Care and the international health insurance business of Allianz France are expected to be bundled to provide a comprehensive product range to our customers.

STRATEGY

The Allianz Group's strategy is described in the Our Strategy chapter starting on page 106 of 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 starting on page 93 of our Annual Report 2012. Information on our brand can also be found in the Our Progress in Sustainable Development chapter on page 110 of our Annual Report 2012.

Property-Casualty Insurance Operations

- Gross premiums written grew by 2.7% to €15.2 BN.
- Operating profit up 11.5% to €1,319 MN, benefiting from a strong underwriting result.
- Combined ratio at 94.3%.

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 increased 2.7% to €15.2 BN benefiting from growth in Germany, Turkey and Latin America. On an internal basis¹, gross premiums grew by 1.3% driven by a positive price effect.

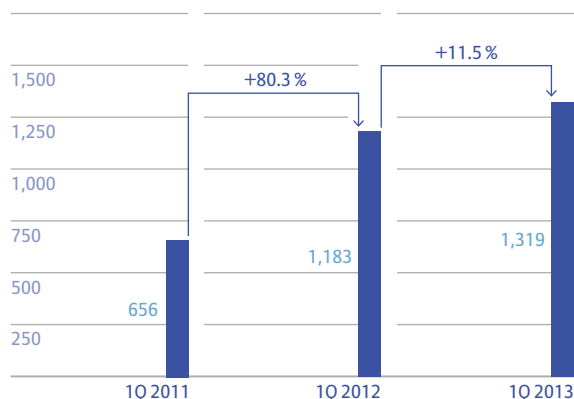
Our **operating profit** went up 11.5% to €1,319 MN. The underwriting result increased by €207 MN to €540 MN driven by an improvement in our accident year loss ratio and our positive price momentum. Our investment income decreased by €76 MN to €763 MN.

The **combined ratio** was 94.3% compared to 96.2% in the first quarter of 2012.

Operating profit +11.5%

OPERATING PROFIT PROPERTY-CASUALTY A 07

€ MN



Key figures

KEY FIGURES PROPERTY-CASUALTY A 08

€ MN

three months ended 31 March	2013	2012	2011
Gross premiums written	15,197	14,797	14,251
Operating profit ^{2,3}	1,319	1,183	656
Loss ratio in %	66.1	68.3	73.3
Expense ratio in %	28.2	27.9	28.0
Combined ratio ² in %	94.3	96.2	101.3

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.

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Gross premiums written¹

Gross premiums written grew by 1.3% due to a positive price effect of 1.8% offset by a negative volume effect of 0.5%. Most of the growth stemmed from our subsidiaries in Germany, Turkey and Latin America.

On a nominal basis, gross premiums written rose by 2.7% to €15,197 MN. Unfavorable foreign currency translation effects accounted for €123 MN, mainly due to the depreciation of the Brazilian Real against the Euro.²

Analyzing internal premium growth in terms of price and volume, we use four clusters based on 1Q 2013 internal growth over 1Q 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:

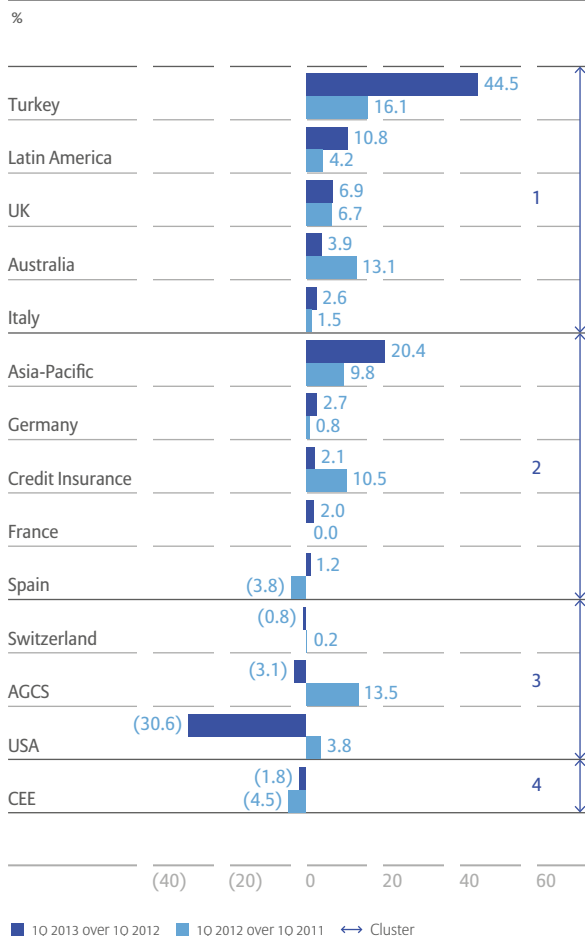
Overall decline – either price or volume effects are positive.

Cluster 4:

Overall decline – both price and volume effects are negative.

GROSS PREMIUMS WRITTEN BY OPERATING ENTITY – INTERNAL GROWTH RATES¹

A 09



CLUSTER 1

In *Turkey* gross premiums increased 44.5% to €211 MN. The strong growth was mostly driven by our motor business through tied agents.

In *Latin America* we generated gross premiums of €567 MN, up 10.8% on an internal basis. We benefited from strong growth in all countries. The main driver continues to be 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.

In the *United Kingdom* gross premiums amounted to €595 MN. The internal growth of 6.9% reflected both higher volumes and tariff increases across most lines of business.

In *Australia* gross premiums rose to €685 MN. Our internal growth of 3.9% largely benefited from price increases in our motor business.

In *Italy* gross premiums amounted to €978 MN. The rise of 2.6% was supported by price increases and volume growth in our motor business, particularly in our direct channel.

CLUSTER 2

In *Asia-Pacific* we recorded gross premiums of €180 MN. On an internal basis, we grew by 20.4% mainly due to strong growth in our Malaysian motor business. The price effect was negative.

In *Germany* gross premiums went up 2.7% to €4,000 MN. This was driven by tariff increases in our motor and retail property business and was partly offset by volume declines in our non-motor business. The price effect was positive.

In our *Credit Insurance* business, gross premiums amounted to €599 MN. On an internal basis, we grew by 2.1% benefiting from the acquisition of new customers, especially in growth markets. The price effect was slightly negative.

In *France* we generated gross premiums of €1,465 MN, up 2.0% on an internal basis. This increase was due to price increases in our personal and commercial lines which more than offset the slight volume declines.

In *Spain* gross premiums were up 1.2% to €614 MN driven by strong volume growth in our motor and non-motor business. Difficult market conditions put pressure on prices in our motor and commercial business which led to a negative price effect.

CLUSTER 3

In *Switzerland* gross premiums slightly decreased to €952 MN, down by 0.8% 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.

At *AGCS* we recorded gross premiums of €1,566 MN. The decline of 3.1% on an internal basis was mainly attributable to volume effects in our property and marine lines. The price effect was slightly positive.

In the *United States* we recorded gross premiums of €452 MN. On an internal basis, gross premiums decreased by 30.6% largely due to the expected reduction in our crop business and declines in our commercial lines which were impacted by our strict underwriting rules. The price effect was positive because of strong price increases in our commercial lines.

CLUSTER 4

In *Central and Eastern Europe* gross premiums amounted to €692 MN, down by 1.8% on an internal basis. The decrease in gross premiums was mainly due to the expiry of a large contract and volume declines in our motor business in Hungary and Slovakia. However, Russia recorded higher volumes. The price effect in the region was slightly negative.

Operating profit

OPERATING PROFIT		A 10
€ MN		
three months ended 31 March	2013	2012
Underwriting result	540	333
Operating investment income	763	839
Other result ¹	16	11
Operating profit	1,319	1,183

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

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

Operating profit increased by €136 MN to €1,319 MN driven by our improved underwriting result.

Our **underwriting result** grew by €207 MN to €540 MN benefiting from an improvement in our accident year loss ratio of 3.4 percentage points supported by an overall positive claims experience and favorable price movements. It was partially offset by less run-off and higher expenses compared to the first quarter of 2012.

The **combined ratio** improved by 1.9 percentage points to 94.3%.

UNDERWRITING RESULT		A 11
€ MN		
three months ended 31 March	2013	2012
Premiums earned (net)	10,312	10,081
Accident year claims	(6,964)	(7,146)
Previous year claims (run-off)	151	264
Claims and insurance benefits incurred (net)	(6,813)	(6,882)
Acquisition and administrative expenses (net)	(2,909)	(2,812)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds) ¹	(50)	(54)
Underwriting result	540	333

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 28 to the condensed consolidated interim financial statements.

Our **accident year loss ratio** was 67.5%, down 3.4 percentage points compared to the previous year. Net losses from natural catastrophes increased slightly from €42 MN to €70 MN. The impact of natural catastrophes increased by only 0.3 percentage points to 0.7%. We experienced rather benign weather conditions in both the current and the first quarter of 2012.

Excluding natural catastrophes, our accident year loss ratio was 66.8%, a 3.7 percentage point improvement compared to the first quarter of 2012. Favorable developments were recorded across the portfolio. This was due to a positive claims experience supported by a continued positive price momentum – especially in our motor business – and favorable weather conditions.

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

Germany: 0.9 percentage points. The positive impact was due to lower claims from natural catastrophes, weather-related and attritional claims. It was further supported by favorable price trends, particularly in our motor business.

Italy: 0.8 percentage points. This was driven by a continued improvement in motor claims frequency and supported by an increase in the average premium. We also benefited from favorable weather conditions compared to the first quarter of 2012.

France: 0.4 percentage points. This resulted from a lower level of severe weather claims, reduced large claims and continued favorable development of frequency in our motor business.

Reinsurance: 0.4 percentage points. This improvement was mainly attributable to a positive claims experience in our non-catastrophe business.

Our **run-off result** decreased by €113 MN to €151 MN.

In the first quarter of 2013, total expenses stood at €2,909 MN, compared to €2,812 MN in the first quarter of 2012. Our **expense ratio** increased by 0.3 percentage points to 28.2%. This increase includes the impacts from regulatory changes at our business in Brazil (policy collection fee), structural changes in our portfolio in the United States (reduced crop business) and the acquisition of the Gan Eurocourtage business in France (distribution exclusively via brokers carrying higher acquisition costs).

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

OPERATING INVESTMENT INCOME ¹		A 12
€ MN		
three months ended 31 March	2013	2012
Interest and similar income (net of interest expenses)	872	928
Operating income from financial assets and liabilities carried at fair value through income (net)	8	2
Operating realized gains/losses (net)	15	5
Operating impairments of investments (net)	(1)	(3)
Investment expenses	(68)	(67)
Expenses for premium refunds (net) ²	(63)	(26)
Operating investment income	763	839

1 – The operating investment income for our Property-Casualty segment consists of the operating investment result – as shown in note 3 to the condensed consolidated interim financial statements – and expenses for premium refunds (net) (policyholder participation) as shown in note 28 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 28 to the condensed consolidated interim financial statements.

Operating investment income decreased by €76 MN to €763 MN, mainly due to lower interest and similar income (net of interest expenses) and higher expenses for premium refunds.

Interest and similar income (net of interest expenses) fell by €56 MN to €872 MN. The decline was mainly because of lower interest rates as well as the impacts from the derisking measures of our investment portfolio. The total average asset base grew by 7.9%, from €98.8 BN in the first quarter of 2012 to €106.6 BN in the first quarter of 2013. This growth could not offset the negative effect of decreasing yields.

Expenses for premium refunds (net) increased by €37 MN to €63 MN due to a higher policyholder participation, mainly from our UBR (accident insurance with premium refunds) business.

OTHER RESULT		A 13
€ MN		
three months ended 31 March	2013	2012
Fee and commission income	290	290
Other income	8	7
Fee and commission expenses	(275)	(276)
Other expenses	(5)	(4)
Restructuring charges	(2)	(6)
Other result	16	11

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PROPERTY-CASUALTY SEGMENT INFORMATION

A 14

€ MN	2013	2012
three months ended 31 March		
Gross premiums written¹	15,197	14,797
Ceded premiums written	(1,310)	(1,463)
Change in unearned premiums	(3,575)	(3,253)
Premiums earned (net)	10,312	10,081
Interest and similar income	887	939
Operating income from financial assets and liabilities carried at fair value through income (net)	8	2
Operating realized gains/losses (net)	15	5
Fee and commission income	290	290
Other income	8	7
Operating revenues	11,520	11,324
Claims and insurance benefits incurred (net)	(6,813)	(6,882)
Change in reserves for insurance and investment contracts (net)	(113)	(80)
Interest expenses	(15)	(11)
Operating impairments of investments (net)	(1)	(3)
Investment expenses	(68)	(67)
Acquisition and administrative expenses (net)	(2,909)	(2,812)
Fee and commission expenses	(275)	(276)
Restructuring charges	(2)	(6)
Other expenses	(5)	(4)
Operating expenses	(10,201)	(10,141)
Operating profit	1,319	1,183
Loss ratio ² in %	66.1	68.3
Expense ratio ³ in %	28.2	27.9
Combined ratio⁴ in %	94.3	96.2

1 – For the Property-Casualty 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 business divisions

PROPERTY-CASUALTY INSURANCE OPERATIONS BY BUSINESS DIVISIONS

€ MN

	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal ¹					
three months ended 31 March	2013	2012	2013	2012	2013	2012	2013	2012
Germany ²	4,000	3,893	4,000	3,893	1,851	1,803	319	195
Switzerland	952	976	968	976	369	375	59	54
Austria	350	338	350	338	199	192	18	16
German Speaking Countries³	5,310	5,214	5,326	5,214	2,423	2,374	398	266
Italy	978	953	978	953	966	958	206	163
France ⁴	1,465	1,138	1,161	1,138	934	801	103	96
Netherlands	270	251	270	249	170	174	10	(2)
Turkey	211	146	211	146	130	91	17	3
Belgium ⁵	144	109	110	106	104	73	9	9
Greece	30	30	30	30	20	23	4	6
Africa	38	36	38	36	14	13	1	2
Western & Southern Europe⁶	3,136	2,663	2,798	2,658	2,338	2,133	354	281
Latin America	567	566	627	566	440	380	39	39
Spain	614	607	614	607	447	450	51	75
Portugal	117	120	117	120	65	63	4	9
Iberia & Latin America	1,298	1,293	1,358	1,293	952	893	94	123
United States	452	656	455	656	463	528	47	36
USA	452	656	455	656	463	528	47	36
Allianz Global Corporate & Specialty	1,566	1,624	1,574	1,624	730	824	92	117
Reinsurance PC ²	1,454	1,490	1,364	1,490	734	766	44	64
Australia	685	675	701	675	599	544	65	67
United Kingdom	595	568	607	568	517	518	55	33
Credit Insurance	599	591	588	576	344	322	88	100
Ireland ⁷	112	121	112	121	93	98	7	17
Global Insurance Lines & Anglo Markets⁸	5,011	5,069	4,946	5,054	3,017	3,072	351	398
Russia	220	205	224	205	146	155	–	(1)
Poland	109	109	108	109	85	91	3	4
Hungary	86	114	86	114	56	58	6	12
Slovakia	105	109	105	109	66	64	13	15
Czech Republic	74	78	76	78	57	57	6	7
Romania	49	47	49	47	36	36	1	1
Bulgaria	15	15	15	15	17	17	5	4
Croatia	28	29	28	29	19	19	3	3
Ukraine	6	4	6	4	2	2	1	–
Central and Eastern Europe⁹	692	710	697	710	484	499	36	44
Asia-Pacific	180	152	183	152	89	76	19	15
Middle East and North Africa	20	18	20	18	12	12	2	–
Growth Markets	892	880	900	880	585	587	57	59
Allianz Global Assistance	526	473	527	473	435	409	14	14
Allianz Worldwide Care ⁷	177	140	177	140	97	85	8	6
Allianz Worldwide Partners¹⁰	720	613	721	613	534	494	18	20
Consolidation and Other ¹¹	(1,622)	(1,591)	(1,534)	(1,586)	–	–	–	–
Total	15,197	14,797	14,970	14,782	10,312	10,081	1,319	1,183

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 3.5 percentage point improvement in the combined ratio for Germany and an increase of 8.9 percentage points in Reinsurance PC. This had no impact at Group level.

3 – Includes "Münchener und Magdeburger Agrarversicherung AG" with gross premiums written of €8 MN, premiums earned (net) of €4 MN and operating profit of €2 MN for 1Q 2013 and gross

premiums written of €7 MN, premiums earned (net) of €4 MN and operating profit of €1 MN for 1Q 2012.

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

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 €4 MN and €4 MN operating profit for 1Q 2013 and 1Q 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 31 March						
Germany ²	91.4	98.0	68.3	70.5	23.1	27.5
Switzerland	89.7	92.2	68.6	71.8	21.1	20.4
Austria	96.4	98.1	68.8	70.9	27.6	27.2
German Speaking Countries³	91.5	97.0	68.4	70.7	23.1	26.3
Italy	85.6	91.6	61.4	67.6	24.2	24.0
France ⁴	96.5	98.6	70.0	73.3	26.5	25.3
Netherlands	99.9	104.7	70.9	75.5	29.0	29.2
Turkey	92.0	103.4	66.3	75.4	25.7	28.0
Belgium ⁵	95.7	99.5	68.2	65.2	27.5	34.3
Greece	84.2	78.1	49.5	47.9	34.7	30.2
Africa	95.7	89.9	65.7	63.3	30.0	26.6
Western & Southern Europe⁶	91.9	95.9	66.1	70.4	25.8	25.5
Latin America	97.6	97.5	65.3	67.9	32.3	29.6
Spain	92.9	89.4	72.8	69.5	20.1	19.9
Portugal	99.4	91.8	75.8	68.7	23.6	23.1
Iberia & Latin America	95.5	93.1	69.6	68.8	25.9	24.3
United States	101.5	105.5	65.6	70.7	35.9	34.8
USA	101.5	105.5	65.6	70.7	35.9	34.8
Allianz Global Corporate & Specialty	97.3	95.5	69.4	67.1	27.9	28.4
Reinsurance PC ²	96.3	95.7	54.1	67.1	42.2	28.6
Australia	99.5	99.9	73.7	75.8	25.8	24.1
United Kingdom	95.2	99.0	63.4	64.2	31.8	34.8
Credit Insurance	84.9	76.6	57.7	50.2	27.2	26.4
Ireland ⁷	98.8	92.4	64.6	63.3	34.2	29.1
Global Insurance Lines & Anglo Markets⁸	95.9	95.0	64.1	66.4	31.8	28.6
Russia	105.3	102.5	64.7	60.3	40.6	42.2
Poland	101.0	99.9	66.8	67.0	34.2	32.9
Hungary	103.9	90.8	63.4	52.2	40.5	38.6
Slovakia	87.2	83.2	57.2	53.1	30.0	30.1
Czech Republic	90.3	92.4	63.9	63.6	26.4	28.8
Romania	101.5	102.4	71.8	79.3	29.7	23.1
Bulgaria	71.2	81.4	40.7	50.2	30.5	31.2
Croatia	90.9	92.5	54.6	56.1	36.3	36.4
Ukraine	105.5	95.7	54.6	45.9	50.9	49.8
Central and Eastern Europe ⁹	98.4	96.0	63.1	60.8	35.3	35.2
Asia-Pacific	87.9	90.2	57.2	61.5	30.7	28.7
Middle East and North Africa	95.5	111.1	62.9	77.4	32.6	33.7
Growth Markets	96.8	95.4	62.3	61.2	34.5	34.2
Allianz Global Assistance	98.5	98.3	63.4	62.0	35.1	36.3
Allianz Worldwide Care ⁷	92.2	93.3	75.4	75.9	16.8	17.4
Allianz Worldwide Partners¹⁰	98.3	97.6	65.5	64.4	32.8	33.2
Consolidation and Other ¹¹	–	–	–	–	–	–
Total	94.3	96.2	66.1	68.3	28.2	27.9

7 – From the third quarter of 2012 onwards, Allianz Worldwide Care was transferred from Global Insurance Lines & Anglo Markets to Allianz Worldwide Partners. Prior year figures have been adjusted.

8 – Contains €(0.2) MN and €(0.1) MN operating profit (loss) for 1Q 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 €17 MN, premiums earned (net) of €2 MN and an operating profit of €(3) MN for 1Q 2013.

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

Life/Health Insurance Operations

- Statutory premiums up to €14.8 BN.
- Operating profit increased to €855 MN.

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

Statutory premiums increased to €14.8 BN. On an internal basis¹, premiums increased by 8.5%. The significant growth in premiums in our investment-oriented products in Italy, Germany and Belgium/Luxembourg more than compensated for the premium decrease in the United States. In our traditional life business we recorded a slight increase in premiums.

Operating profit increased to €855 MN, impacted by a decrease in the operating investment result, due to a lower hedge result and lower realizations on equities, but benefiting from lower acquisition and administrative expenses.

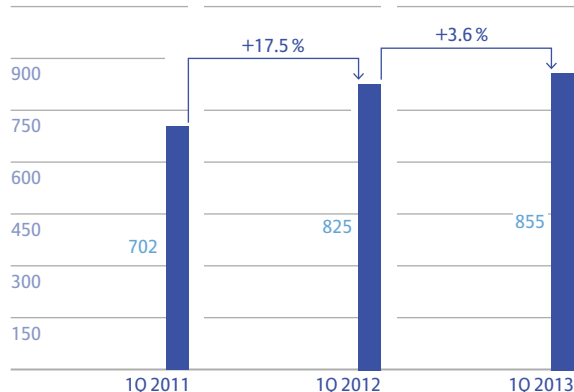
Margin on reserves² decreased from 77 to 74 basis points, as reserves grew stronger than operating profit.

Operating profit +3.6%

OPERATING PROFIT LIFE/HEALTH

A 16

€ MN



Key figures

KEY FIGURES LIFE/HEALTH

A 17

€ MN

three months ended 31 March

	2013	2012	2011
Statutory premiums	14,837	13,699	14,270
Operating profit ^{3,4}	855	825	702
Margin on reserves (BPS)	74	77	69

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 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 – 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.

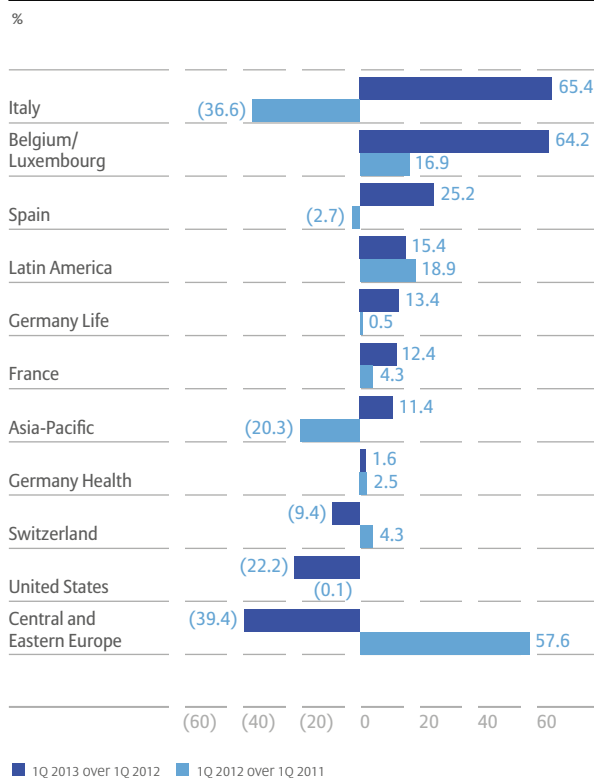
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Statutory premiums¹

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

A 18



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

In *Italy*, premiums increased 65.4% to €2,095 MN. The significant growth of investment-oriented premiums was largely driven by a successful product launched via our financial advisors channel in late 2012 as well as the recovery of the bancassurance sales channel from the depressed level in 2012. The share of unit-linked premiums grew to 67.7% (2012: 45.6%) of total statutory premiums.

In *Belgium/Luxembourg*, we recorded premiums of €614 MN, an increase of 64.2%. This increase mainly resulted from a continued fruitful cooperation between the Allianz companies in Luxembourg and France, as well as with various distribution partners. Under this cooperation, business in investment-oriented products is sold in Luxembourg which, benefiting from regulatory protection, offers a high level of security to our clients. Much of this business is then reinsured by Allianz France, and is therefore backed up by their capital strength, further enhancing the value proposition of this business to our clients. As a consequence, the growth of this business – both the initial sales and the subsequent assumed business by France – is reflected in the revenues of both operating entities; on the group level, however, this duplication is eliminated.

In *Spain*, premiums increased by €63 MN to €313 MN, despite the continuing recessionary market environment. This increase was particularly due to higher sales of short- and long-term investment-oriented products as well as higher premiums in the traditional life business with individuals.

Statutory premiums in *Latin America* increased 15.4% – on an internal basis – to €76 MN. Higher sales of single premium investment-oriented and saving products in Mexico more than offset the premium decrease from traditional group life products in South America.

In our *German* life business, premiums increased by €526 MN to €4,466 MN. This growth was primarily driven by two large single premium investment-oriented contracts in our group life business supported by slightly higher regular premiums in the traditional life business. Premiums in our German health business grew 1.6% to €831 MN. This was mainly due to premium rate increases in full health care coverage in January 2013 as well as the higher number of policies in our supplementary coverage insurance, which were written at the end of 2012.

In *France*, we recorded premium growth of 12.4% to €2,268 MN. The growth of €250 MN was to a large extent driven by the growth in internal reinsurance, up by €186 MN, resulting from the above-mentioned cooperation between Allianz France and Allianz Luxembourg, supported by our distribution partners in those countries.

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 *Asia-Pacific*, we recorded statutory premiums of €1,300 MN, an increase of 11.4% on an internal basis. The increase in unit-linked product sales in Taiwan, supported by strong sales through the HSBC bancassurance channel, compensated for the decrease of single premium investment-oriented business in South Korea, where we stopped selling one of our major products in the third quarter of 2012, in line with our competitors. In Indonesia, a moderate premium decrease in the traditional business was related to the sales ramp-up phase of one particular bancassurance cooperation.

In *Switzerland*, statutory premiums amounted to €917 MN, a decrease of 9.4% on an internal basis. The decrease was mainly driven by lower single premium sales in the group life business. In the individual life business, slightly increased regular premiums almost compensated for the decrease in single premiums.

In the *United States*, statutory premiums were down 22.2% – on an internal basis – to €1,562 MN. In reaction to low interest rates, product and commission changes for fixed-indexed and variable annuity products in the second and third quarter of 2012 resulted in a drop in sales in both business lines.

Statutory premiums in *Central and Eastern Europe* decreased to €257 MN, representing a decline of 39.4% on an internal basis. This decrease largely relates to Poland, where regulatory restrictions led to a significant decrease in premiums from deposit business. Premium growth in the Czech Republic benefited from a sales campaign and the ongoing positive trend in traditional products. In Hungary, the increase in single premium investment-oriented products as a result of a sales campaign more than compensated for the slight decrease in traditional products.

Operating profit

Operating profit increased by €30 MN to €855 MN. We recorded a lower hedge result and lower realizations on equities in our operating investment result but benefited from lower acquisition and administrative expenses.

Interest and similar income net of interest expenses increased slightly by €16 MN and amounted to €4,058 MN. Higher dividend income, mostly due to a single fund distribution, more than compensated for lower interest income from debt securities.

Operating income from financial assets and liabilities carried at fair value through income (net) decreased by €82 MN to a loss of €244 MN. This decrease was mainly due to a lower hedging result related to annuity and guaranteed benefit features in the United States. Lower favorable impacts of the market performance on our Fair Value Option assets in France were offset by a positive development in Germany 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.

Operating realized gains and losses (net) decreased by €168 MN to €899 MN. Higher realized gains on debt securities partially offset lower realizations on equities. The first quarter of 2012 benefited from higher realized equity gains due to portfolio adjustments.

Operating impairments of investments (net) were flat at €62 MN.

Claims and insurance benefits incurred (net) decreased by €283 MN to €4,826 MN mainly because of higher maturities in the first quarter of 2012.

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Changes in reserves for insurance and investment contracts (net) increased by €287 MN to €4,001 MN. This was largely driven by the negative impact of lower releases for claims as well as a higher allocation of premiums to policy reserves for traditional life products in Germany. In addition, albeit to a lesser extent, this increase was also due to higher annuitization and guaranteed benefit reserves in the United States.

Investment expenses increased by €28 MN to €190 MN, mainly due to a higher asset base in Germany.

Acquisition and administrative expenses (net) improved by €273 MN to €1,248 MN. This was mainly driven by lower acquisition expenses due to decreased deferred acquisition cost amortization, largely in Germany and the United States.

Margin on reserves decreased from 77 to 74 basis points, as reserves grew stronger than operating profit.

Overall, the reduction in our investment margin (i.e. investment income, net of hedged item movements and policyholder participation) was primarily due to lower results related to annuity and guaranteed benefit features in the United States and only to a lesser extent, due to lower interest income from declining yields and lower realized gains.

LIFE/HEALTH SEGMENT INFORMATION

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€ MN	2013	2012
three months ended 31 March		
Statutory premiums¹	14,837	13,699
Ceded premiums written	(157)	(154)
Change in unearned premiums	(114)	(67)
Statutory premiums (net)	14,566	13,478
Deposits from insurance and investment contracts	(8,206)	(7,117)
Premiums earned (net)	6,360	6,361
Interest and similar income	4,077	4,062
Operating income from financial assets and liabilities carried at fair value through income (net)	(244)	(162)
Operating realized gains/losses (net)	899	1,067
Fee and commission income	140	127
Other income	49	42
Operating revenues	11,281	11,497
Claims and insurance benefits incurred (net)	(4,826)	(5,109)
Changes in reserves for insurance and investment contracts (net)	(4,001)	(3,714)
Interest expenses	(19)	(20)
Operating impairments of investments (net)	(62)	(62)
Investment expenses	(190)	(162)
Acquisition and administrative expenses (net)	(1,248)	(1,521)
Fee and commission expenses	(56)	(63)
Restructuring charges	(1)	(2)
Other expenses	(23)	(19)
Operating expenses	(10,426)	(10,672)
Operating profit	855	825
Margin on reserves² in basis points	74	77

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.

Life/Health insurance operations by business divisions

LIFE/HEALTH INSURANCE OPERATIONS BY BUSINESS DIVISIONS

A 20

€ 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 31 March										
Germany Life	4,466	3,940	4,466	3,940	3,053	2,937	344	242	78	59
Germany Health	831	818	831	818	832	818	31	43	49	75
Switzerland	917	1,030	933	1,030	232	299	20	20	59	65
Austria	114	134	114	134	87	100	9	19	86	195
German Speaking Countries	6,328	5,922	6,344	5,922	4,204	4,154	404	324	74	64
Italy	2,095	1,267	2,095	1,267	131	148	81	73	71	68
France	2,268	2,018	2,268	2,018	824	771	115	85	61	50
Belgium/Luxembourg	614	374	614	374	95	106	15	16	58	73
Netherlands	75	74	75	74	37	33	11	12	108	114
Turkey	33	23	33	23	9	8	–	1	–	91
Greece	25	26	25	26	14	16	(1)	2	(91)	209
Africa	18	18	18	18	8	7	1	1	204	244
Western & Southern Europe	5,128	3,800	5,128	3,800	1,118	1,089	222	190	65	61
Latin America	76	65	75	65	26	33	1	3	85	219
Spain	313	250	313	250	85	151	33	31	201	209
Portugal	48	39	48	39	20	22	5	(11)	420	(938)
Iberia & Latin America	437	354	436	354	131	206	39	23	204	130
United States	1,562	2,023	1,573	2,023	208	200	101	166	58	102
USA	1,562	2,023	1,573	2,023	208	200	101	166	58	102
Reinsurance LH	132	120	132	120	121	108	7	13	135	237
Global Insurance Lines & Anglo Markets	132	120	132	120	121	108	7	13	135	237
South Korea	361	462	348	462	130	145	5	43	21	196
Taiwan	486	278	486	278	27	29	3	2	20	17
Indonesia	157	181	169	181	34	63	22	16	657	562
Malaysia	85	76	87	76	55	51	4	3	149	153
Japan	–	1	–	1	1	1	4	5	71	88
Other	211	166	207	166	165	138	25	16	265	184
Asia-Pacific	1,300	1,164	1,297	1,164	412	427	63	85	107	159
Poland	27	215	27	215	12	26	4	4	251	252
Slovakia	61	63	61	63	50	46	8	8	282	270
Hungary	78	69	78	69	13	13	1	1	135	163
Czech Republic	44	32	44	32	19	16	5	3	387	247
Russia	16	20	16	20	16	19	(1)	(1)	(222)	(294)
Croatia	17	13	17	13	16	13	1	1	121	193
Bulgaria	8	7	8	7	7	6	1	2	253	526
Romania	6	5	6	5	3	3	–	1	–	389
Central and Eastern Europe	257	424	257	424	136	142	19	19	230	238
Middle East and North Africa	40	39	44	39	30	35	4	2	279	180
Global Life	1	1	1	1	–	–	–	–	– ⁴	– ⁴
Growth Markets	1,598	1,628	1,599	1,628	578	604	86	106	126	170
Consolidation ⁵	(348)	(148)	(349)	(148)	–	–	(4)	3	– ⁴	– ⁴
Total	14,837	13,699	14,863	13,699	6,360	6,361	855	825	74	77

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

4 – Presentation not meaningful.

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

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Asset Management

- Strong third-party net inflows of €43 BN.
- Total assets under management at €1,934 BN.
- Excellent operating profit of €900 MN.
- Cost-income ratio improved to 52.9%.

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 rapidly in Europe and the Asia-Pacific region.

Earnings summary

Our **operating revenues** went up by €472 MN to €1,911 MN. This reflects the increase in performance fees in the quarter, the strong growth of €281 BN in total assets under management compared to 31 March 2012, as well as higher margins. Third-party net inflows amounted to €43 BN.

We achieved an excellent **operating profit** of €900 MN, an increase of 46.8%. This was due to the strong growth in revenues as well as our operational efficiency.

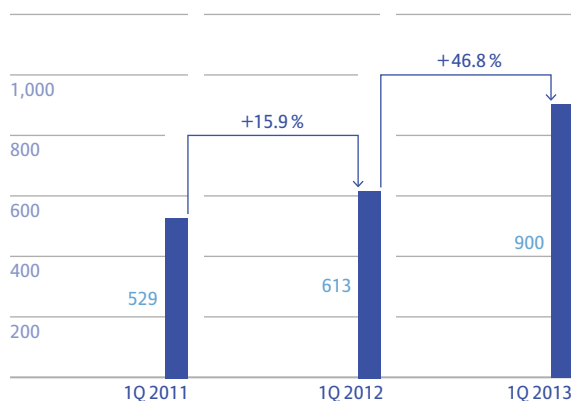
Our **cost-income ratio** improved by 4.5 percentage points to 52.9%—compared to 57.4% in the first quarter of 2012. This improvement demonstrates our continued focus on leveraging revenue growth and on cost control.

Operating profit **+46.8%**

OPERATING PROFIT ASSET MANAGEMENT

A 21

€ MN



Key figures

KEY FIGURES ASSET MANAGEMENT

A 22

€ MN	2013	2012	2011
three months ended 31 March			
Operating revenues	1,911	1,439	1,273
Operating profit ^{1,2}	900	613	529
Cost-income ratio ^{1,2} in %	52.9	57.4	58.4
Total assets under management as of 31 March in € BN	1,934	1,653	1,492

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.

2 – 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.

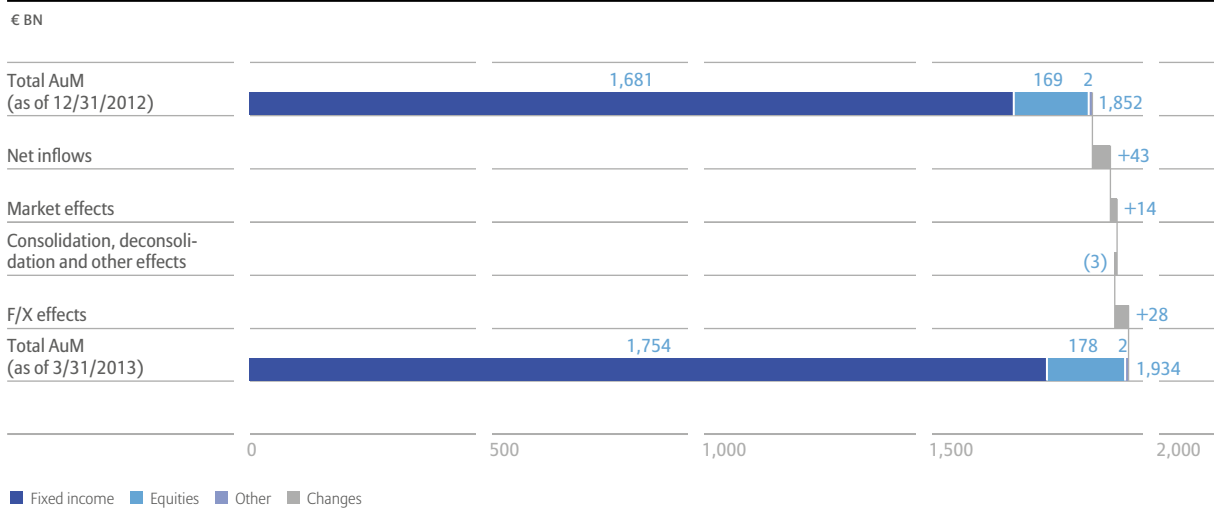
Assets under management

As of 31 March 2013, total assets under management amounted to €1,934 BN. Of this, €1,517 BN related to our third-

party assets under management and €417 BN to Allianz Group assets. We show the development of total assets under management based on asset classes as they are relevant for the segment's business development.

DEVELOPMENT OF TOTAL ASSETS UNDER MANAGEMENT

A 23



In the first three months of 2013, we achieved net inflows of total assets under management of €43 BN, which primarily related to third-party net inflows. Our fixed income products recorded strong net inflows in all major regions.

Positive market effects contributed an additional €14 BN, with €5 BN driven by fixed income and €9 BN from equities.

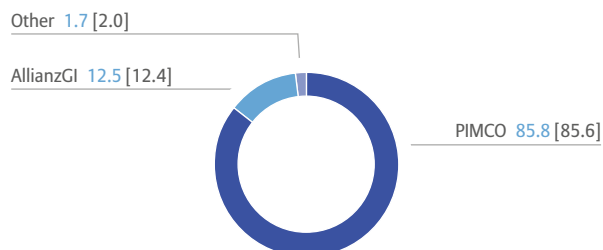
We recorded favorable foreign currency translation effects of €28 BN, in particular on our fixed income assets, resulting from the appreciation of the U.S. Dollar against the Euro.¹

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

THIRD-PARTY ASSETS UNDER MANAGEMENT BY BUSINESS UNIT

A 24

as of 31 March 2013 [31 December 2012] in %

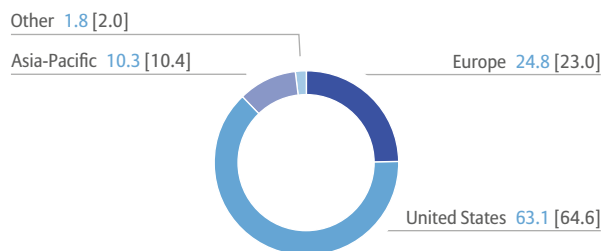


¹ – Based on the closing rate on the respective balance sheet date.

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THIRD-PARTY ASSETS UNDER MANAGEMENT BY REGION/COUNTRY^{1,2} A 25

as of 31 March 2013 [31 December 2012] in %



1 – Based on the location of the asset management company.
 2 – “Other” consists of third-party assets managed by other Allianz Group companies (approximately €26 BN as of 31 March 2013 and €28 BN as of 31 December 2012, respectively).

The regional split of third-party assets under management shifted slightly. Europe’s share of third-party assets under management increased 1.8 percentage points while the United States’ share of third-party assets under management decreased by 1.5 percentage points. This was driven by strong organic growth in Europe and supported by a reallocation of some third-party assets under management from the United States to Europe.

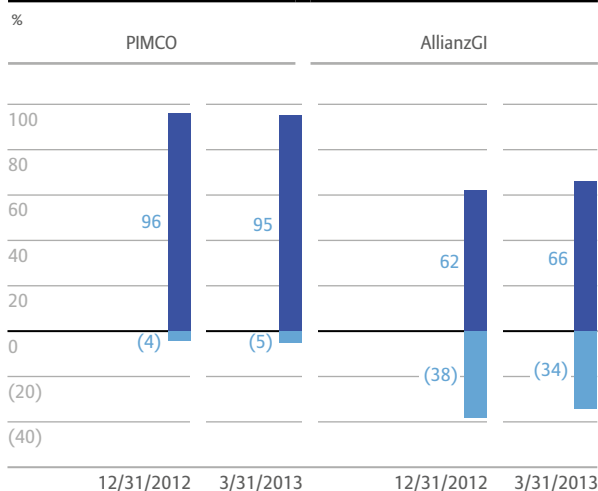
The split between fixed income and equity third-party assets under management remained unchanged at 89% and 11%, respectively.

64% of our third-party assets under management are attributable to institutional clients¹ and 36% to retail clients¹. This split remained unchanged compared to 31 December 2012.

1 – Client group classification is driven by investment vehicle types.

THREE-YEAR ROLLING INVESTMENT PERFORMANCE OF PIMCO AND ALLIANZGI¹

A 26



■ 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 91% outperforming their respective benchmarks (31 December 2012: 92%). PIMCO recorded a further outstanding performance of 95% versus its respective benchmarks. AllianzGI outperformed 66% of its benchmarks.

Operating revenues

Our *operating revenues* grew by €472 MN, or 32.8% (internal growth¹: 33.9%) to €1,911 MN compared to the first quarter of 2012. This was due to increased performance fees, higher assets under management and margins.

Net fee and commission income rose by €482 MN, or 34.1% to €1,897 MN supported by the growth in assets under management and in margins. Our *performance fees* grew by €232 MN compared to the first quarter of 2012. This was primarily driven by a maturing private fund.

Our *income from financial assets and liabilities carried at fair value through income (net)* decreased by €7 MN to €7 MN. This was driven by the mark-to-market valuation of seed money in the United States.

Operating profit

Supported by higher operating revenues our *operating profit* went up by 46.8% (internal growth: 48.0%) to €900 MN.

Administrative expenses only rose by €182 MN to €1,008 MN. This increase was primarily due to higher personnel expenses, following the positive business development.

The strong increase in our fee and commission income and our continued expense discipline resulted in an improvement in our *cost-income ratio* by 4.5 percentage points to 52.9%.

ASSET MANAGEMENT SEGMENT INFORMATION

A 27

€ MN	2013	2012
three months ended 31 March		
Management and loading fees	1,983	1,611
Performance fees	276	44
Other	27	37
Fee and commission income	2,286	1,692
Commissions	(376)	(274)
Other	(13)	(3)
Fee and commission expenses	(389)	(277)
Net fee and commission income	1,897	1,415
Net interest income ¹	4	6
Income from financial assets and liabilities carried at fair value through income (net)	7	14
Other income	3	4
Operating revenues	1,911	1,439
Administrative expenses (net), excluding acquisition-related expenses	(1,008)	(826)
Restructuring charges	(3)	–
Operating expenses	(1,011)	(826)
Operating profit	900	613
Cost-income ratio² in %	52.9	57.4

1 – Represents interest and similar income less interest expenses.

2 – Represents operating expenses divided by operating revenue.

1 – Operating revenues adjusted for foreign currency translation and (de-)consolidation effects.
Based on the quarterly average exchange rates in 2013 compared to 2012.

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Corporate and Other

Operating loss decreased by €35 MN to €239 MN despite restructuring charges of €88 MN within our Banking segment.

Segment overview

Corporate and Other encompasses the operations of 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 €35 MN to €(239) MN. The improvements in Holding & Treasury and Alternative Investments of €90 MN and €12 MN, respectively, were largely offset by a €68 MN higher loss in Banking.

Key figures

KEY FIGURES CORPORATE AND OTHER ¹				A 28
€ MN	2013	2012	2011	
three months ended 31 March				
Operating revenues	461	422	434	
Operating expenses ^{2,3}	(700)	(696)	(665)	
Operating result ^{2,3}	(239)	(274)	(231)	

KEY FIGURES CORPORATE AND OTHER – IN DETAIL				A 29
€ MN	2013	2012	2011	
three months ended 31 March				
HOLDING & TREASURY				
Operating revenues	138	70	110	
Operating expenses ^{2,3}	(305)	(327)	(339)	
Operating result ^{2,3}	(167)	(257)	(229)	
BANKING				
Operating revenues	281	310	294	
Operating expenses ^{2,3,4}	(364)	(325)	(292)	
Operating result ^{2,3}	(83)	(15)	2	
ALTERNATIVE INVESTMENTS				
Operating revenues	44	46	33	
Operating expenses ^{2,3}	(33)	(47)	(37)	
Operating result ^{2,3}	11	(1)	(4)	

1 – Consolidation included. For further information about our Corporate and Other segment, please refer to note 3 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.

Earnings summaries by operations

HOLDING & TREASURY

Our *operating result* strengthened by €90 MN to a loss of €167 MN. This was almost entirely driven by our net interest result.

Holding & Treasury's *net interest result* increased by €86 MN to €32 MN. Our *interest and similar income*, up by €66 MN to €121 MN, benefited from a resumption of interest payments on our silent participation in Commerzbank. Higher income from associates also contributed to the growth. Our *interest expenses, excluding interest expenses from external debt*, decreased from €109 MN to €89 MN due to lower interest yields.

Our *net fee and commission result* improved by €7 MN to a loss of €42 MN. This reduction in losses was mainly due to higher revenues of our internal IT service provider.

Administrative expenses (net), excluding acquisition-related expenses increased by €10 MN to €146 MN, driven by higher pension costs as a result of lower discount rates.

Operating income from financial assets and liabilities carried at fair value through income amounted to €7 MN, an increase of €5 MN compared to the previous year's quarter.

BANKING

The *operating loss* in our Banking business rose from €15 MN to €83 MN. We incurred restructuring charges of €88 MN related to the planned closure of the Allianz Bank's business operations by the end of June 2013. In this context, it is worth mentioning that our restructuring charges have been presented within the operating profit since the beginning of 2013. Excluding the restructuring charges, the operating result in Banking would have improved from a loss of €15 MN in the first quarter of 2012 to a gain of €5 MN. A lower net interest result was more than compensated by decreased loan loss provisions and higher net fee and commission income.

Our *loan loss provisions* were down by €32 MN to €14 MN, as the previous year's figure was burdened by increased loan loss provisions due to financial guarantees within certain unit-linked products related to peripheral sovereign bonds (which were matured or sold by the end of 2012).

Our *net interest, fee and commission result* decreased by €4 MN to €144 MN. Our *net interest result* was down from €99 MN to €84 MN because of the low interest yield environment and a reduction in our exposure to government bonds. The €11 MN higher *net fee and commission income* (1Q 2013: €60 MN) benefited from increased sales of insurance and investment-oriented products, but could only partially compensate for the decrease in our net interest result.

Our *operating income from financial assets and liabilities carried at fair value* dropped by €6 MN to €2 MN.

Administration expenses increased only slightly to €128 MN (1Q 2012: €125 MN).

ALTERNATIVE INVESTMENTS

Our *operating result* turned from a loss of €1 MN to a gain of €11 MN. This was mainly attributable to a €11 MN reduction in *administrative expenses* which amounted to €31 MN. Lower interest and investment expenses also contributed positively to this development.

Outlook

- Modest pick-up in global economic activity.
- Our outlook for the Allianz Group's operating profit is unchanged at €9.2 BN plus or minus €0.5 BN.

Economic outlook¹

As we move through 2013, the global economic picture remains mixed. Due to prolonged winter weather conditions, which weighed above all on construction activity, in particular in Europe, economic performance in the first quarter of 2013 is likely to have been weaker than originally expected just a few months ago. However, of late there has been an expansion in production and world trade has also picked up. Following a 2.3% rise in global output in 2012 we expect moderate growth of 2.5% in 2013 and 3.2% in 2014. Both in the United States and Europe, public and private sector efforts to rein in high debt levels will continue to dampen economic momentum. Monetary policy, however, is still very accommodative in the United States, Japan and Europe, and generally favorable financing conditions are providing an economic fillip for both private households and the corporate sector. Although GDP growth rates in emerging market economies will not reach pre-crisis levels, these countries remain key drivers of the global economy. We expect emerging markets to grow by 5.1% in 2013 and 5.3% in 2014 (2012: 4.5%). Given modest worldwide growth prospects 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.

As a consequence of its fiscal consolidation needs, the U.S. economy will probably continue to show only a moderate upward economic trend with growth rates of 1.8% and 2.4% in 2013 and 2014, respectively. In the Eurozone, we expect to see a stabilization in the course of 2013 and modest growth in 2014. The arguments in support of recovery include: political progress in addressing the crisis, which is helping to lift economic sentiment, the substantial support provided by the European Central Bank's monetary policy and the low interest rate environment. Nevertheless, budgetary consolidation will continue to restrain economic activity in

the Eurozone. In addition, economic conditions still vary considerably from country to country. Real GDP in the Eurozone as a whole is expected to shrink slightly by 0.2% in 2013 and to strengthen by 1.5% in 2014. The German economy looks poised to record above-Eurozone average growth rates once again, thanks to robust domestic demand, a fairly stable labor market and relatively low public sector consolidation needs. Following estimated real GDP growth of 1.0% in 2013, we expect an increase to 2.1% in 2014.

Until the Italian elections and the difficult situation in Cyprus, the financial markets were showing clear signs of a letup in the European debt crisis. Although uncertainty appears to have risen again, we expect the crisis conditions to continue to abate. The key players, primarily the European Central Bank, have so far shown a marked determination to preserve the Euro and keep the Eurozone intact. The adjustment progress made by the member states which are at the center of the crisis is striking. With the European sovereign debt crisis gradually subsiding, the flight to the safety of German and U.S. government bonds is likely to ease, pushing up yields in these markets moderately. However, both the Federal Reserve Bank and the European Central Bank can be expected to maintain their loose policy stance, above all continuing with their policy of low interest rates. In May 2013, the European Central Bank lowered its key interest rate by 25 basis points to a new all-time low of 0.5% due to the very weak Eurozone economy. With short-term rates close to zero, there are limited prospects of a sharp rise in yields on longer-term bonds. We expect yields on 10-year German and U.S. government bonds to reach merely a range of 2.0–2.5% by the end of 2014.

Besides a possible renewed escalation of the sovereign debt crisis, there are other negative factors that could jeopardize the global outlook. This holds true, in particular, for the political situation in North Africa and the Middle East. North Korea is also a worry. Rising geopolitical tensions, such as

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

the row over the Iranian nuclear program, could exert a considerable drag on the global economy, not least if these send crude oil prices skywards.

Insurance industry outlook

Global insurance premiums are expected to rise modestly in 2013 and 2014. We anticipate positive momentum in the U.S. market, although growth prospects will remain moderate. In Europe, after two consecutive years of falling premiums, we expect to see a gradual stabilization in 2013 followed by a moderate upturn in 2014. While we envisage only limited premium growth acceleration in industrialized countries, emerging markets will resume their role as the growth engine of the global insurance market, returning to a double-digit increase in the next two years. At the same time, financial markets are likely to remain volatile and interest rates to stay at low levels as monetary policy remains very accommodative. Against this backdrop, we forecast that insurance profits will remain under pressure, as the effects of a lower investment yield environment as well as investment derisking 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 we would expect moderate premium growth both in 2013 and 2014. Although premium rates, following a modest increase in recent years, may broadly flatten out in 2013, this should be offset by the uptick in economic activity, which bolsters demand for insurance coverage. In particular, there are signs that strong growth trends in emerging markets can be maintained: robust economic advances, rising household incomes and heightened risk awareness will drive stronger premium growth for the foreseeable future. As a result, we expect annual global premium revenue to rise in the 3.0–5.0% range in 2013 and 2014, taking into account the somewhat lackluster economic start to 2013.

Life sector premium levels, particularly in Europe, have suffered from the unfavorable market conditions in recent years. In 2013, we expect premium growth to recover, although growth rates in Europe will probably continue to trail behind those of other regions. Resumed growth will go hand in hand with a changing business mix which is expected to evolve towards more attractive unit-linked and protection business, if interest rates continue to stay at their depressed levels – as anticipated. On the other hand, growth in emerging markets, mainly driven by higher incomes and the rising demand for social protection, is likely to accelerate considerably, as China and India finally come to grips with regulatory changes passed in 2010 and 2011. All in all, we expect that annual global premium revenue will rise in the 4.0–6.0% range 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 be vulnerable to potential setbacks in the near future. 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 for as long as GDP growth rates in major developed countries continue to lag behind long-term trends. Furthermore, regulatory activities, which are currently unfolding across the globe, might also challenge profitability growth in the coming years.

Under the circumstances described above, money managers' ability to grow is dependent on achieving above-benchmark investment results, the diversification and comprehensiveness of their investment products and the services they offer, as well as the scale and efficiency of their operations.

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Outlook for the Allianz Group

We are confident about staying on course towards profitable growth for the rest of 2013. However, our very good start was also supported by a low level of natural catastrophe claims and a slight increase in the global business climate, both of which may develop unfavorably during the remainder of the year. It would therefore be inappropriate to simply annualize the current quarter's operating profit and net income to arrive at an expected result for the full year. Due to the volatile capital markets and the low interest rate environment we see no need for an adjustment of our published Allianz Group operating profit outlook for 2013 of €9.2 BN plus or minus €0.5 BN.

As always, natural catastrophes and adverse developments in the capital markets, as well as 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.

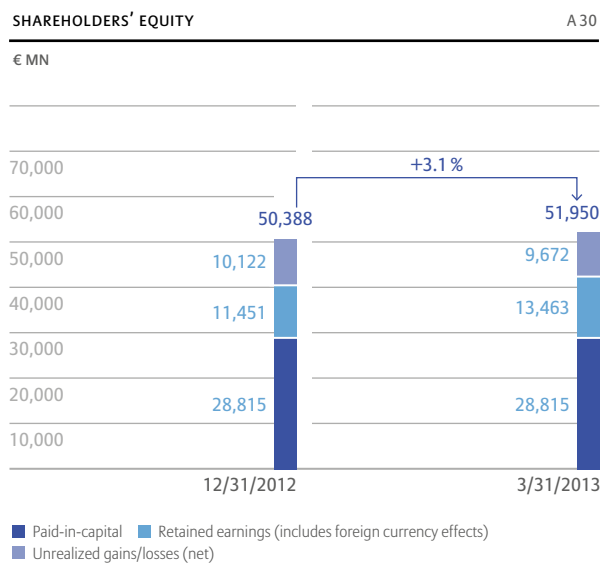
No duty to update

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.

Balance Sheet Review

- Shareholders' equity increased by €1.6 BN to €52.0 BN.¹
- Solvency ratio still strong at 183%, but impacted by new pension accounting standard.²

Shareholders' equity^{1,3}

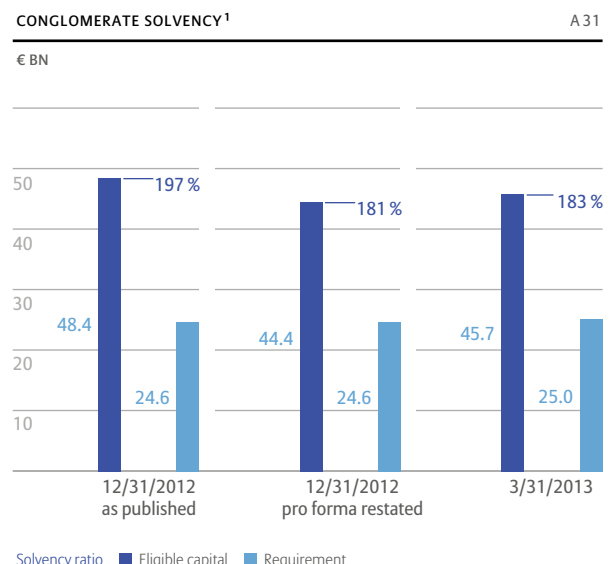


As of 31 March 2013, *shareholders' equity* amounted to €51,950 MN, an increase of €1,562 MN compared to 31 December 2012 (as restated).¹ Net income attributable to shareholders contributed €1,707 MN to the increase while unrealized gains – primarily on debt securities – decreased

by €450 MN to €9,672 MN due to higher realizations and a slight rise in Italian and U.S. government bond yields. The improvement in foreign currency translation adjustments of €272 MN was mainly driven by the strengthening of the U.S. Dollar against the Euro.

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”.



1 – As of 1 January 2013, our shareholders' equity decreased by €3.2 BN due to the amendments to IAS 19. 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.

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 31 March 2013 would be 174% (31 December 2012 (pro forma restated): 171%, 31 December 2012: 188%).

3 – This does not include non-controlling interests of €2,671 MN and €2,575 MN as of 31 March 2013 and 31 December 2012, respectively. For further information, please refer to note 19 to the condensed consolidated interim financial statements. Retained earnings include foreign currency translation effects of €(1,801) MN and €(2,073) MN as of 31 March 2013 and 31 December 2012, respectively.

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 31 March 2013 would be 174% (31 December 2012 (pro forma restated): 171%, 31 December 2012: 188%).

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Compared to year-end 2012, our *conglomerate solvency ratio* dropped by 14 percentage points to 183%. This was mainly due to the amendments to IAS 19, which reduced the Group’s eligible capital for solvency purposes by €4.0 BN as of 1 January 2013. This was only partly offset by our net income (net of accrued dividends). As of 31 March 2013, the eligible capital amounted to €45.7 BN. The required funds went up by €0.4 BN to €25.0 BN, due to higher aggregate policy reserves in Life/Health and growth in our Asset Management business. Thus, our eligible capital surpassed the minimum legally stipulated level by €20.7 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 31 March 2013, total assets amounted to €710.6 BN and total liabilities were €656.0 BN. Compared to year-end 2012, total assets and total liabilities increased by €16.1 BN and €14.5 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

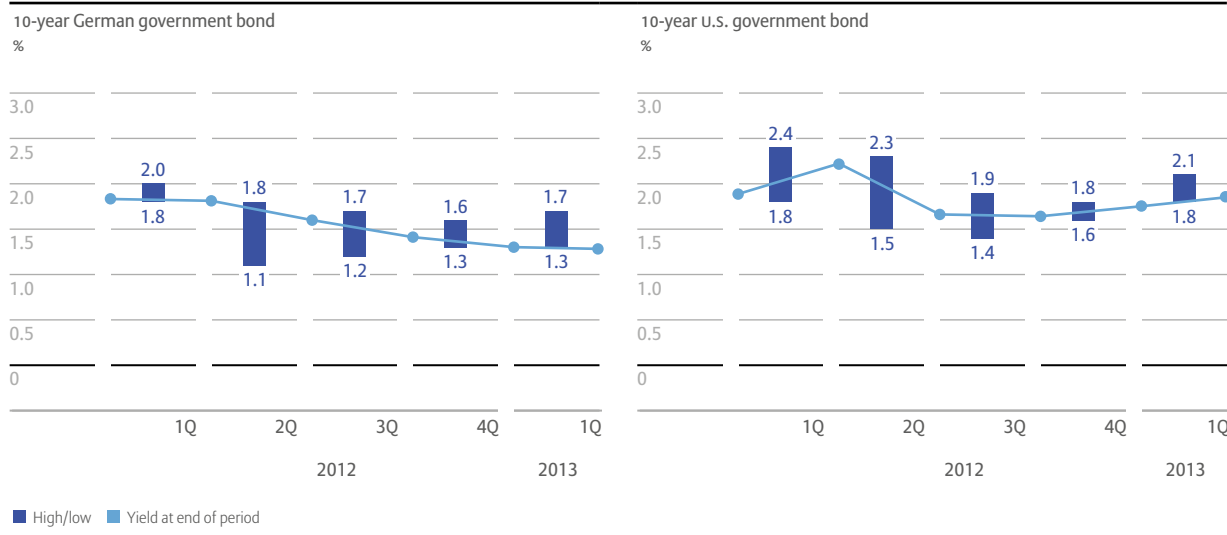
The improved market sentiment seen in the second half of 2012 continued in the first quarter of 2013. Almost all major equity markets developed positively.

German bond yields remained at a very low level. U.S. government bond yields were also low but tended to increase. Italian government bond yields rose whereas Spanish government bond yields declined.

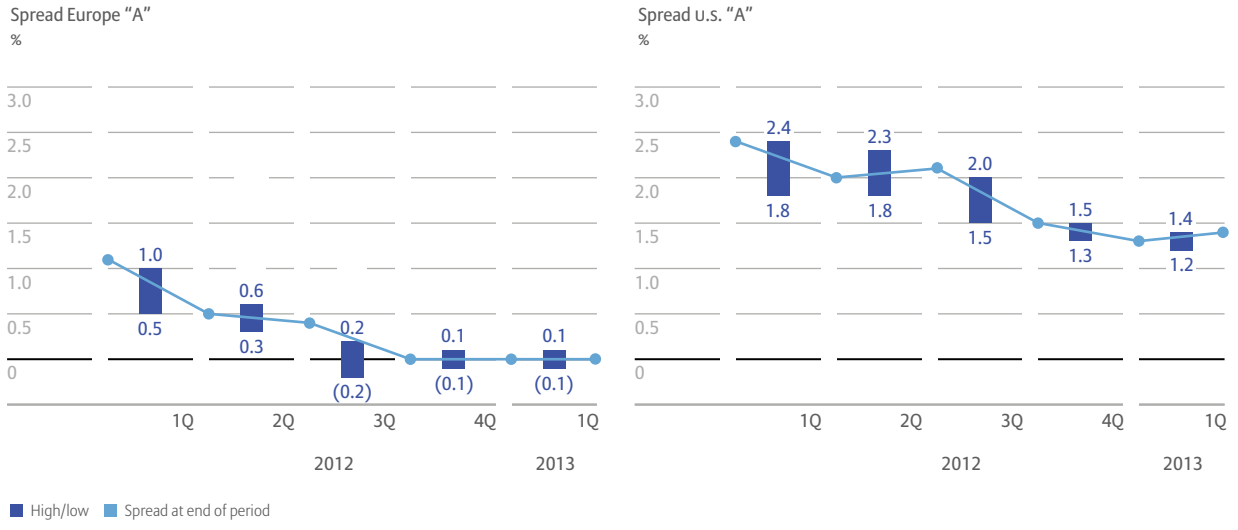
The *credit spreads* for A-rated debtors were rather stable in the Eurozone and the United States.

INTEREST RATES DEVELOPMENT IN 2012 AND THE FIRST QUARTER OF 2013

A 32



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.

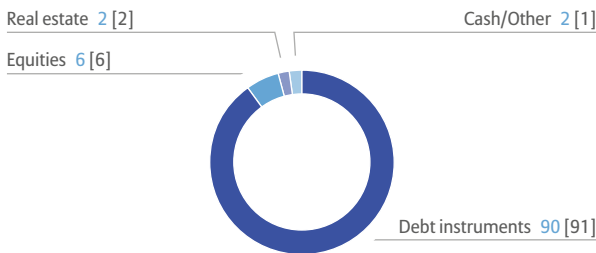


STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

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

ASSET ALLOCATION

Investment portfolio as of 31 March 2013: €518.0 BN
[as of 31 December 2012: €507.5 BN] in %



As of 31 March 2013, our investment portfolio grew by €10.5 BN to €518.0 BN, mainly due to reinvested interest inflows. Overall, the asset allocation remained stable compared to year-end 2012.

Our gross exposure to *equities* still accounted for 6% of our investment portfolio and increased slightly to €30.5 BN (31 December 2012: €29.6 BN). The €0.9 BN increase was driven by market improvements and only partially offset by realization effects. 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 – remained stable and amounted to 23%.

The vast majority of our investment portfolio is comprised of diversified *debt instruments*, which amounted to €468.7 BN at the end of the first quarter compared to €460.8 BN as of 31 December 2012. These investments comprised 90% of our investment portfolio. Our exposure in this asset class was well diversified, with 60% in government and covered bonds. In line with our operating business profile, 60% of our fixed income portfolio was invested in Eurozone bonds and loans (31 December 2012: 62%). About 95% of our portfolio of debt instruments¹ was invested in investment-grade bonds and loans.

Our exposure to *real estate* held for investment remained almost unchanged at €9.8 BN (31 December 2012: €9.7 BN).

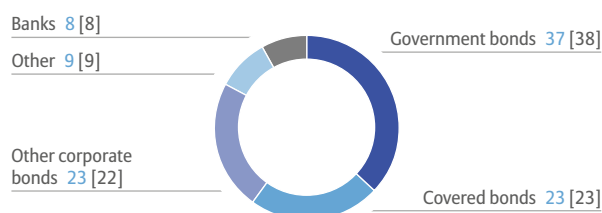
¹ – Excluding self-originated private retail mortgage loans. For 2%, no ratings were available.

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FIXED INCOME PORTFOLIO

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Total fixed income portfolio as of 31 March 2013: €468.7 BN
[as of 31 December 2012: €460.8 BN] in %



Our *government bond exposure* totaled €174.5 BN, compared to €174.2 BN as of 31 December 2012. This represents 37% of our fixed income portfolio. Our sovereign debt exposure in Italy, Spain, Portugal, Greece and Ireland comprised approximately 6.8% of our fixed income portfolio, of which about 6.2% is in Italy and 0.5% in Spain. The carrying value of our sovereign debt exposure in Italy amounted to €29.3 BN, with corresponding unrealized gains (gross) of €870 MN. In Spain it was €2.5 BN with unrealized losses (gross) of €21 MN. The unrealized gains (gross) on Italian sovereign bonds decreased by €409 MN due to realizations and an increase in Italian government bond yields.

49% of our *covered bonds* portfolio was German Pfandbriefe, backed by either public sector loans or mortgage loans. Another 15% and 9% of the covered bonds 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.

Our exposure to subordinated securities in banks decreased from €6.7 BN as of 31 December 2012 to €6.5 BN due to a €0.2 BN reduction to €4.7 BN in the Tier 2 share.

Our portfolio also comprised asset-backed securities (ABS) of €19.4 BN (31 December 2012: €19.5 BN) – or 4% of our fixed income portfolio. Of these, about 77% were related to mortgage backed securities (MBS). Around 19% of our ABS securities were made up of MBS issued by U.S. agencies, which are backed by the U.S. government. Overall, 97% of the total ABS portfolio received an investment grade rating, with 89% rated “AA” or better (31 December 2012: 88%).

INVESTMENT RESULT

NET INVESTMENT INCOME

A 36

€ MN

three months ended 31 March	Group		
	2013	2012	Delta
Interest and similar income (net) ¹	5,057	5,009	48
Income from financial assets and liabilities carried at fair value through income (net)	(225)	94	(319)
Realized gains/losses (net)	1,146	1,188	(42)
Impairments of investments (net)	(134)	(188)	54
Investment expenses	(208)	(197)	(11)
Net investment income	5,636	5,906	(270)

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

Our *net investment income* declined by 4.6% to €5,636 MN due to lower income from financial assets and liabilities carried at fair value through income. The other components of our net investment income moved slightly, resulting in a net overall increase for these items.

Our *income from financial assets and liabilities carried at fair value through income (net)* fell by €319 MN to €(225) MN. €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. The rest of the contraction was mainly due to a higher trading loss in the United States and a less beneficial impact of the equity market performance on our Fair Value Option assets in France. We recorded a positive development in Germany 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.

Our *interest and similar income (net)*¹ went up by €48 MN to €5,057 MN due to higher dividend income from equities partly offset by a slight decrease in income from debt investments as lower interest yields were not compensated for by our higher asset base.

Realized gains and losses (net) decreased from €1,188 MN to €1,146 MN. This was predominantly due to lower realizations on equities compared to the previous year's quarter and was only partly compensated for by higher realizations on debt securities and real estate held for investment.

Impairments (net) were down by €54 MN to €134 MN as the previous year's quarter was burdened by impairments of our equity investments in the financial sector.

Investment expenses (net) increased by €11 MN to €208 MN driven by new investments.

ASSETS AND LIABILITIES OF THE PROPERTY-CASUALTY SEGMENT

Property-Casualty assets

Our Property-Casualty asset base grew by €3.4 BN to €108.7 BN, mainly due to net inflows and reinvested interest inflows. In addition, our cash and cash pool assets increased by €1.4 BN to €6.5 BN.

COMPOSITION OF ASSET BASE – FAIR VALUES¹

A 37

€ BN	as of 31 March 2013	as of 31 December 2012
Financial assets and liabilities carried at fair value through income		
Equities	0.3	0.3
Debt securities	0.1	0.2
Other ²	(0.1)	–
Subtotal	0.3	0.5
Investments³		
Equities	4.1	3.9
Debt securities	71.4	69.8
Cash and cash pool assets ⁴	6.5	5.1
Other	7.6	7.7
Subtotal	89.6	86.5
Loans and advances to banks and customers	18.8	18.3
Property-Casualty asset base	108.7	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 €(0.2) BN and €(0.1) BN as of 31 March 2013 and 31 December 2012, respectively.

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

4 – Including cash and cash equivalents, as stated in our segment balance sheet of €4.9 BN and €2.7 BN and receivables from cash pooling amounting to €2.6 BN and €2.8 BN, net of liabilities from securities lending and derivatives of €(0.3) BN and €(0.2) BN, as well as liabilities from cash pooling of €(0.7) BN and €(0.2) BN as of 31 March 2013 and 31 December 2012, respectively.

As of 31 March 2013, ABS within our Property-Casualty asset base amounted to €4.0 BN, representing a slight increase of €0.2 BN. This was approximately 3.7% of the segment's asset base.

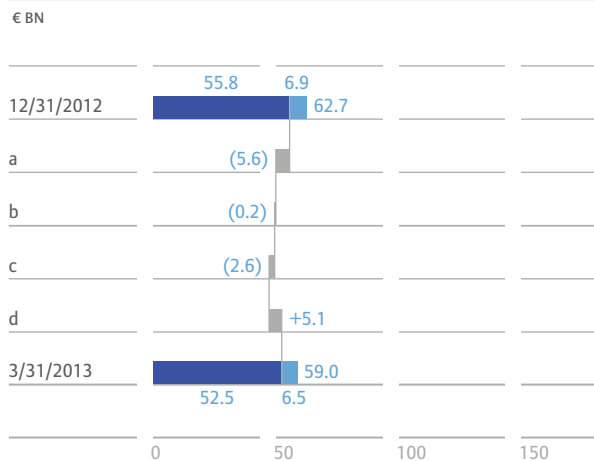
1 – Net of interest expenses (excluding interest expenses from external debt).

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Property-Casualty liabilities

DEVELOPMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES¹

A 38



- 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 segment, please refer to note 14 to the condensed consolidated interim financial statements.

As of 31 March 2013, the segment's gross reserves for loss and loss adjustment expenses decreased by €3.7 BN to €59.0 BN. On a net basis, our reserves were down by €3.3 BN to €52.5 BN. Foreign currency translation effects of €0.3 BN were offset by a reclassification effect of €(2.9) BN due to changes in our presentation. Effective from 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".¹

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 SEGMENT

Life/Health assets

Our Life/Health asset base rose by €8.3 BN, or 1.8%, to €480.6 BN as of 31 March 2013. The growth of the segment's asset base was mainly because of a €5.9 BN increase in our debt investments – primarily due to reinvested interest inflows. Increased financial assets for unit-linked contracts, which amounted to €75.2 BN, also contributed €4.0 BN to the growth.

COMPOSITION OF ASSET BASE – FAIR VALUES

A 39

€ BN

	as of 31 March 2013	as of 31 December 2012
Financial assets and liabilities carried at fair value through income		
Equities	2.0	2.1
Debt securities	2.3	2.3
Other ¹	(5.0)	(3.5)
Subtotal	(0.7)	0.9
Investments²		
Equities	24.9	24.1
Debt securities	272.3	266.4
Cash and cash pool assets ³	6.6	5.7
Other	9.3	9.9
Subtotal	313.1	306.1
Loans and advances to banks and customers	93.0	94.1
Financial assets for unit-linked contracts⁴	75.2	71.2
Life/Health asset base	480.6	472.3

1 – This comprises assets of €1.1 BN and €1.7 BN and liabilities (including the market value liability option) of €(6.1) BN and €(5.2) BN as of 31 March 2013 and 31 December 2012, respectively.

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

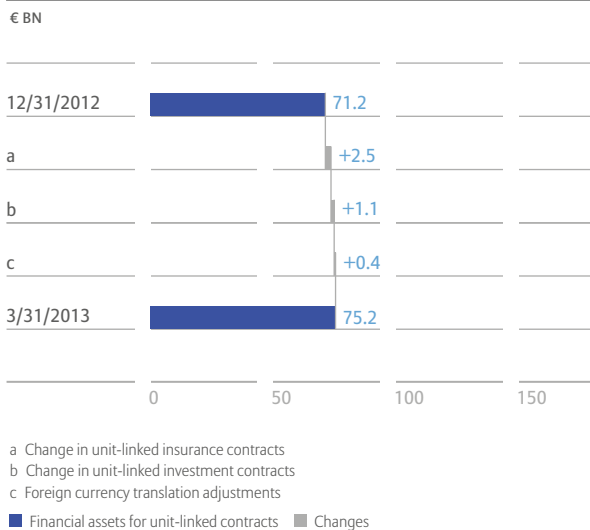
3 – Including cash and cash equivalents, as stated in our segment balance sheet, of €6.3 BN and €5.6 BN and receivables from cash pooling amounting to €1.8 BN and €2.6 BN, net of liabilities from securities lending and derivatives of €(1.5) BN and €(1.5) BN, as well as liabilities from cash pooling of €(0.0) BN and €(1.0) BN as of 31 March 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 31 March 2013, our Life/Health asset base included ABS of €15.0 BN. This represents 3.1% of the segment's asset base.

FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS¹

A 40



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.

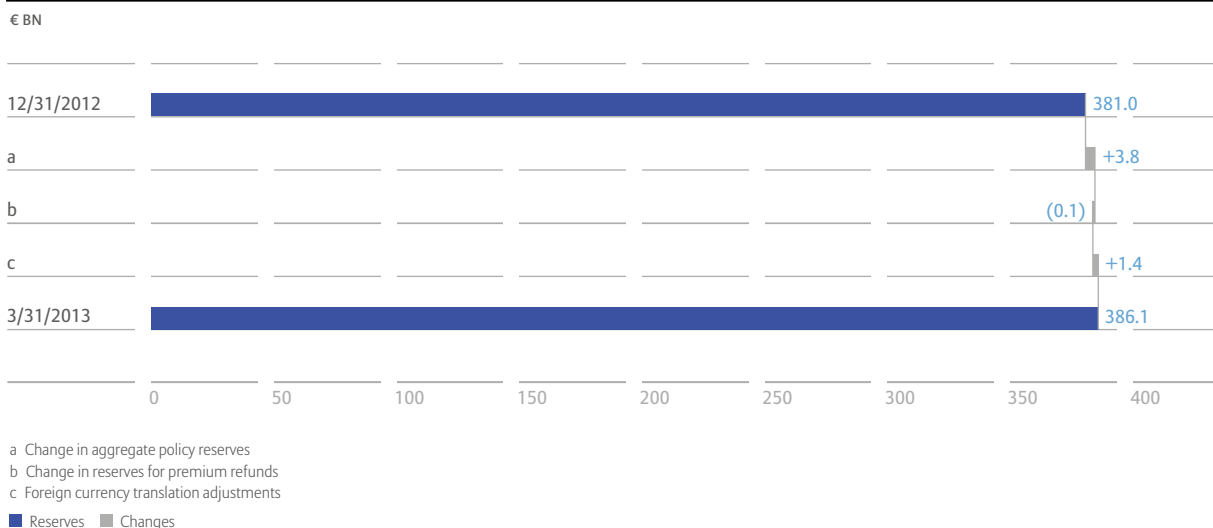
Financial assets for unit-linked contracts increased by €4.0 BN, or 5.6%. Unit-linked insurance contracts grew by €2.5 BN due to good fund performance (€2.1 BN) and premium inflows exceeding outflows by €0.7 BN. Unit-linked investment contracts rose by €1.1 BN, with premium inflows significantly exceeding outflows (net €0.6 BN). The main drivers of currency effects were the stronger U.S. Dollar (€0.5 BN) and the weaker Japanese Yen (€(0.1) BN).¹

Life/Health liabilities

Life/Health reserves for insurance and investment contracts increased by €5.1 BN, or 1.3%, in the first quarter of 2013 to €386.1 BN. The €3.8 BN growth in aggregate policy reserves resulted mainly from our operations in Germany (€2.4 BN), Switzerland (€0.6 BN before currency effects), Belgium (€0.3 BN) and Luxembourg (€0.2 BN). Reserves for premium refunds decreased slightly by €0.1 BN. The currency impact was mainly driven by the stronger U.S. Dollar (€1.4 BN).¹

DEVELOPMENT OF RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

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

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ASSETS AND LIABILITIES OF THE ASSET MANAGEMENT SEGMENT

Asset Management assets

Our Asset Management 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 segment's asset base were cash and cash pool assets and debt securities. The segment's asset base increased by €0.5 BN to €4.3 BN as of 31 March 2013 compared to 31 December 2012. This increase was completely due to higher cash and cash pool assets.

Asset Management liabilities

Liabilities in our Asset Management segment decreased from €4.4 BN to €4.0 BN.

ASSETS AND LIABILITIES OF THE CORPORATE AND OTHER SEGMENT

Corporate and Other assets

As of 31 March 2013, the segment's asset base decreased by €0.3 BN to €41.7 BN. An increase in loans and advances to banks and customers was more than offset by lower cash and cash equivalents.

COMPOSITION OF ASSET BASE – FAIR VALUES

A 42

€ BN	as of 31 March 2013	as of 31 December 2012
Financial assets and liabilities carried at fair value through income		
Equities	–	–
Debt securities	–	–
Other ¹	(0.2)	(0.2)
Subtotal	(0.2)	(0.2)
Investments²		
Equities	1.6	1.7
Debt securities	23.7	23.8
Cash and cash pool assets ³	(1.2)	(0.4)
Other	0.2	0.2
Subtotal	24.3	25.3
Loans and advances to banks and customers	17.6	16.9
Corporate and Other asset base	41.7	42.0

1 – This comprises assets of €0.1 BN and €0.2 BN and liabilities of €(0.3) BN and €(0.4) BN as of 31 March 2013 and 31 December 2012, respectively.

2 – These do not include affiliates of €74.6 BN and €74.3 BN as of 31 March 2013 and 31 December 2012, respectively.

3 – Including cash and cash equivalents, as stated in our segment balance sheet, of €3.4 BN and €4.2 BN and receivables from cash pooling amounting to €0.1 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 €(4.6) BN and €(4.7) BN as of 31 March 2013 and 31 December 2012, respectively.

As of 31 March 2013, ABS amounted to €0.4 BN, representing 1.0% of Corporate and Other's asset base.

Corporate and Other liabilities

Other liabilities decreased from €21.8 BN as of 31 December 2012 to €21.6 BN at the end of the reporting period. Certified liabilities were also down by €0.2 BN to €14.5 BN. The maturity of a €1.5 BN senior bond was more than offset by the issuance of three new bonds in March 2013, of which 1.25 BN was denominated in Euro and 0.75 BN in GBP while Group internal borrowing diminished. As of 31 March 2013, participation certificates and subordinated liabilities were unchanged at €11.6 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 31 March 2013, please refer to notes 17 and 18 to the condensed consolidated interim financial statements.

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	€21.3 MN
Interest expenses	€15.3 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	€20.8 MN
Interest expenses	€0.4 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	€15.6 MN
Interest expenses	€18.1 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	€10.6 MN
Interest expenses	€13.3 MN	8.375% bond issued by Allianz SE	
3.0% bond issued by Allianz Finance II B.V., Amsterdam		Volume	USD 2.0 BN
Volume	€0.75 BN	Year of issue	2008
Year of issue	2013	Maturity date	PERPETUAL BOND
Maturity date	3/13/2028	ISIN	US 018 805 200 7
ISIN	DE000A1HG1K6	Interest expenses	€34.9 MN
Interest expenses	€1.2 MN	5.5% bond issued by Allianz SE	
4.5% bond issued by Allianz Finance II B.V., Amsterdam		Volume	USD1.0 BN
Volume	GBP 0.75 BN	Year of issue	2012
Year of issue	2013	Maturity date	PERPETUAL BOND
Maturity date	3/13/2043	ISIN	XS 085 787 2500
ISIN	DE000A1HG1L4	Interest expenses	€11.1 MN
Interest expenses	€2.1 MN	Total interest expenses for subordinated bonds	€159.4 MN
Total interest expenses for senior bonds	€50.4 MN	3. ISSUES MATURED IN 2013	
2. SUBORDINATED BONDS ³		5.0% bond issued by Allianz Finance II B.V., Amsterdam	
6.5% bond issued by Allianz Finance II B. V., Amsterdam		Volume	€1.5 BN
Volume	€1.0 BN	Year of issue	2008
Year of issue	2002	Maturity date	3/6/2013
Maturity date	1/13/2025	ISIN	DE 000 A0T R7K 7
ISIN	XS 015 952 750 5	Interest expenses	€13.5 MN
Interest expenses	€16.4 MN	Total interest expenses	€223.3 MN
5.75% bond issued by Allianz Finance II B. V., Amsterdam			
Volume	€2.0 BN		
Year of issue	2011		
Maturity date	7/8/2041		
ISIN	DE 000 A1GNAH1		
Interest expenses	€28.7 MN		

1 – This does not include, among others, the €0.5 BN 30-year convertible subordinated note issued in July 2011. For further information on Allianz SE debt (issued or guaranteed) as of 31 March 2013, please refer to notes 17 and 18 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.

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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 3 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 44	
€ MN			
three months ended 31 March			
	2013	2012	
Property-Casualty			
Gross premiums written	15,197	14,797	
Life/Health			
Statutory premiums	14,837	13,699	
Asset Management			
Operating revenues	1,911	1,439	
consisting of:			
Net fee and commission income	1,897	1,415	
Net interest income	4	6	
Income from financial assets and liabilities carried at fair value through income (net)	7	14	
Other income	3	4	
Corporate and Other			
Total revenues (Banking)	148	155	
consisting of:			
Interest and similar income	157	190	
Income from financial assets and liabilities carried at fair value through income (net)	2	8	
Fee and commission income	120	112	
Interest expenses, excluding interest expenses from external debt	(73)	(91)	
Fee and commission expenses	(60)	(63)	
Consolidation effects (Banking within Corporate and Other)	2	(1)	
Consolidation	(45)	(37)	
Allianz Group total revenues	32,048	30,053	

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 growth, we also present internal growth, which excludes these effects.

RECONCILIATION OF NOMINAL TOTAL REVENUE GROWTH TO INTERNAL TOTAL REVENUE GROWTH

A 45

%				
three months ended 31 March	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
Property-Casualty	1.3	2.3	(0.9)	2.7
Life/Health	8.5	–	(0.2)	8.3
Asset Management	33.9	(0.2)	(0.9)	32.8
Corporate and Other	(4.5)	–	–	(4.5)
Allianz Group	6.1	1.1	(0.6)	6.6

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CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS

8 01

€ MN

	Note	as of 31 March 2013	as of 31 December 2012
ASSETS			
Cash and cash equivalents		14,309	12,437
Financial assets carried at fair value through income	4	6,239	7,283
Investments	5	409,778	401,628
Loans and advances to banks and customers	6	120,114	119,369
Financial assets for unit-linked contracts		75,217	71,197
Reinsurance assets	7	13,466	13,254
Deferred acquisition costs	8	20,465	19,452
Deferred tax assets		1,859	1,526
Other assets	9	35,952	35,196
Non-current assets classified as held for sale	10	–	15
Intangible assets	11	13,182	13,090
Total assets		710,581	694,447
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	12	6,278	5,397
Liabilities to banks and customers	13	22,454	22,425
Unearned premiums		22,167	17,939
Reserves for loss and loss adjustment expenses	14	68,583	72,540
Reserves for insurance and investment contracts	15	399,245	390,985
Financial liabilities for unit-linked contracts		75,217	71,197
Deferred tax liabilities		4,128	4,035
Other liabilities	16	37,883	37,392
Certificated liabilities	17	8,335	7,960
Participation certificates and subordinated liabilities	18	11,670	11,614
Total liabilities		655,960	641,484
Shareholders' equity		51,950	50,388
Non-controlling interests		2,671	2,575
Total equity	19	54,621	52,963
Total liabilities and equity		710,581	694,447

CONSOLIDATED INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENTS

8 02

€ MN			
three months ended 31 March	Note	2013	2012
Gross premiums written		21,805	21,359
Ceded premiums written		(1,445)	(1,597)
Change in unearned premiums		(3,688)	(3,320)
Premiums earned (net)	20	16,672	16,442
Interest and similar income	21	5,167	5,132
Income from financial assets and liabilities carried at fair value through income (net)	22	(225)	94
Realized gains/losses (net)	23	1,146	1,188
Fee and commission income	24	2,754	2,145
Other income	25	60	51
Income from fully consolidated private equity investments	26	178	195
Total income		25,752	25,247
Claims and insurance benefits incurred (gross)		(12,182)	(12,609)
Claims and insurance benefits incurred (ceded)		544	618
Claims and insurance benefits incurred (net)	27	(11,638)	(11,991)
Change in reserves for insurance and investment contracts (net)	28	(4,099)	(3,807)
Interest expenses	29	(351)	(382)
Loan loss provisions	30	(14)	(46)
Impairments of investments (net)	31	(134)	(188)
Investment expenses	32	(208)	(197)
Acquisition and administrative expenses (net)	33	(5,489)	(5,454)
Fee and commission expenses	34	(778)	(684)
Amortization of intangible assets		(41)	(25)
Restructuring charges		(94)	(8)
Other expenses	35	(46)	(19)
Expenses from fully consolidated private equity investments	26	(182)	(201)
Total expenses		(23,074)	(23,002)
Income before income taxes		2,678	2,245
Income taxes	36	(877)	(794)
Net income		1,801	1,451
Net income attributable to:			
Non-controlling interests		94	74
Shareholders		1,707	1,377
Basic earnings per share (€)	38	3.77	3.04
Diluted earnings per share (€)	38	3.69	3.03

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

8 03

€ MN	2013	2012
three months ended 31 March		
Net income	1,801	1,451
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	289	(213)
Subtotal	289	(213)
Available-for-sale investments		
Reclassifications to net income	(177)	(40)
Changes arising during the period	(276)	2,188
Subtotal	(453)	2,148
Cash flow hedges		
Reclassifications to net income	(1)	–
Changes arising during the period	7	11
Subtotal	6	11
Share of other comprehensive income of associates		
Reclassifications to net income	–	–
Changes arising during the period	21	6
Subtotal	21	6
Miscellaneous		
Reclassifications to net income	–	–
Changes arising during the period	84	71
Subtotal	84	71
Items that may never be reclassified to profit and loss		
Actuarial gains and losses on defined benefit plans (see note 2)	(41)	(252)
Total other comprehensive income	(94)	1,771
Total comprehensive income	1,707	3,222
Total comprehensive income attributable to:		
Non-controlling interests	136	147
Shareholders	1,571	3,075

For further details concerning income taxes relating to components of the other comprehensive income, please see note 36.

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	–	1,183	(208)	2,100	3,075	147	3,222
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	10	–	–	10	–	10
Transactions between equity holders	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	(45)	(45)
Balance as of 31 March 2012	28,763	13,258	(2,205)	6,726	46,542	2,392	48,934
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	–	1,750	272	(451)	1,571	136	1,707
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	1	–	–	1	–	1
Transactions between equity holders	–	(11)	–	1	(10)	13	3
Dividends paid	–	–	–	–	–	(53)	(53)
Balance as of 31 March 2013	28,815	15,264	(1,801)	9,672	51,950	2,671	54,621

¹ – Total comprehensive income in shareholders' equity for the three months ended 31 March 2013 comprises net income attributable to shareholders of €1,707 MN (2012: €1,377 MN).

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

8 05

€ MN	2013	2012
three months ended 31 March		
SUMMARY		
Net cash flow provided by operating activities	9,823	5,230
Net cash flow used in investing activities	(7,735)	(7,833)
Net cash flow provided by (used in) financing activities	(289)	1,746
Effect of exchange rate changes on cash and cash equivalents	73	(87)
Change in cash and cash equivalents	1,872	(944)
Cash and cash equivalents at beginning of period	12,437	10,492
Cash and cash equivalents at end of period	14,309	9,548
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	1,801	1,451
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(27)	(9)
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	(1,012)	(1,000)
Other investments, mainly financial assets held for trading and designated at fair value through income	814	89
Depreciation and amortization	268	264
Loan loss provisions	14	46
Interest credited to policyholder accounts	922	901
Net change in:		
Financial assets and liabilities held for trading	683	(911)
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(228)	(61)
Repurchase agreements and collateral received from securities lending transactions	525	(422)
Reinsurance assets	(352)	(495)
Deferred acquisition costs	(597)	(278)
Unearned premiums	4,155	3,766
Reserves for loss and loss adjustment expenses	(802)	137
Reserves for insurance and investment contracts	3,584	3,067
Deferred tax assets/liabilities	108	(207)
Other (net)	(33)	(1,108)
Subtotal	8,022	3,779
Net cash flow provided by operating activities	9,823	5,230

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

B 05

€ MN	2013	2012
three months ended 31 March		
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	493	556
Available-for-sale investments	30,358	32,327
Held-to-maturity investments	178	67
Investments in associates and joint ventures	138	79
Non-current assets classified as held for sale	24	34
Real estate held for investment	112	33
Loans and advances to banks and customers (purchased loans)	1,642	2,994
Property and equipment	49	95
Subtotal	32,994	36,185
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(287)	(293)
Available-for-sale investments	(37,635)	(40,163)
Held-to-maturity investments	(121)	(367)
Investments in associates and joint ventures	(144)	(189)
Non-current assets classified as held for sale	–	(226)
Real estate held for investment	(155)	(35)
Loans and advances to banks and customers (purchased loans)	(1,411)	(1,857)
Property and equipment	(221)	(421)
Subtotal	(39,974)	(43,551)
Business combinations:		
Proceeds from sale of subsidiaries, net of cash disposed	–	–
Acquisitions of subsidiaries, net of cash acquired	–	–
Change in other loans and advances to banks and customers (originated loans)	(565)	(738)
Other (net)	(190)	271
Net cash flow used in investing activities	(7,735)	(7,833)
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	(558)	34
Proceeds from the issuance of certificated liabilities, participation certificates and subordinated liabilities	2,973	3,043
Repayments of certificated liabilities, participation certificates and subordinated liabilities	(2,637)	(1,240)
Cash inflow from capital increases	–	–
Transactions between equity holders	3	–
Dividends paid to shareholders	(53)	(45)
Net cash from sale or purchase of treasury shares	2	9
Other (net)	(19)	(55)
Net cash flow provided by (used in) financing activities	(289)	1,746
SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS		
Income taxes paid	(534)	(780)
Dividends received	298	169
Interest received	5,086	5,289
Interest paid	(572)	(532)

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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 14 May 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 the 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 as 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 months ended 31 March 2012 leads to a €10 MN decrease of acquisition and administrative expenses (net) and a €4 MN increase in income taxes, which results in an one cent increase in earnings per share. For the year ended 31 December 2012, the adoption leads to an increase in income before income taxes of €88 MN and an increase in income taxes of €21 MN. This results in an increase of the earnings per share of 14 cents.

The impact on the total other comprehensive income is €(255) MN for the three months ended 31 March 2012 and €(1,816) MN for the year ended 31 December 2012.

The impact on the condensed consolidated statements of cashflows is immaterial.

Further adopted accounting pronouncements

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

- IAS 1, Presentation of Financial Statements – Amendment for 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 IFRSS 2009-2011

The Allianz Group adopted the revisions, amendments and interpretations 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 Property-Casualty Segment

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 31 March 2013			
Reserves for loss and loss adjustment expenses	71,665	(3,082)	68,583
Reserves for insurance and investment contracts	396,163	3,082	399,245
Total liabilities	655,960	–	655,960

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

€ MN	Before change in presentation	Change in presentation	As reported
three months ended 31 March 2013			
Claims and insurance benefits incurred (net)	(11,659)	21	(11,638)
Change in reserves for insurance and investment contracts (net)	(4,078)	(21)	(4,099)
Net income	1,801	–	1,801
Loss ratio in %	66.3	(0.2)	66.1
Combined ratio in %	94.5	(0.2)	94.3

Change in presentation of condensed consolidated statements of cash flows

The Allianz Group 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 is 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 withdrawals on the consolidated statements of cash flows.

CHANGE OF CONSOLIDATED STATEMENTS 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
three months ended 31 March 2012			
Net cash flow provided by operating activities	4,826	404	5,230
Net cash flow provided by financing activities	2,150	(404)	1,746
Cash and cash equivalents at end of period	9,548	–	9,548

OTHER RECLASSIFICATIONS

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

3 – 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 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 the main 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 Alternative Investments reportable segment 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 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	
	2013	2012	2013	2012
as of 31 March				
ASSETS				
Cash and cash equivalents	4,900	2,707	6,320	5,574
Financial assets carried at fair value through income	439	624	5,358	6,150
Investments	91,905	90,168	307,285	301,111
Loans and advances to banks and customers	18,842	18,331	92,980	94,080
Financial assets for unit-linked contracts	–	–	75,217	71,197
Reinsurance assets	8,626	8,432	4,875	4,858
Deferred acquisition costs	4,714	4,323	15,612	14,990
Deferred tax assets	1,035	1,096	241	245
Other assets	21,487	21,633	16,429	16,753
Non-current assets classified as held for sale	–	–	–	12
Intangible assets	2,330	2,336	2,573	2,207
Total assets	154,278	149,650	526,890	517,177

€ MN	Property-Casualty		Life/Health	
	2013	2012	2013	2012
as of 31 March				
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	140	100	6,084	5,255
Liabilities to banks and customers	1,318	1,146	2,023	1,972
Unearned premiums	19,427	15,328	2,755	2,618
Reserves for loss and loss adjustment expenses	59,014	62,711	9,585	9,854
Reserves for insurance and investment contracts	13,370	10,174	386,075	380,993
Financial liabilities for unit-linked contracts	–	–	75,217	71,197
Deferred tax liabilities	2,274	2,562	3,153	3,276
Other liabilities	17,051	16,887	13,771	14,107
Certificated liabilities	39	25	14	–
Participation certificates and subordinated liabilities	–	–	95	95
Total liabilities	112,633	108,933	498,772	489,367

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Asset Management		Corporate and Other		Consolidation		Group	
2013	2012	2013	2012	2013	2012	2013	2012
1,467	1,514	3,399	4,209	(1,777)	(1,567)	14,309	12,437
625	699	116	170	(299)	(360)	6,239	7,283
1,119	1,116	100,044	100,082	(90,575)	(90,849)	409,778	401,628
393	395	17,593	16,896	(9,694)	(10,333)	120,114	119,369
–	–	–	–	–	–	75,217	71,197
–	–	–	–	(35)	(36)	13,466	13,254
139	139	–	–	–	–	20,465	19,452
199	257	1,978	2,217	(1,594)	(2,289)	1,859	1,526
2,744	2,316	6,061	5,570	(10,769)	(11,076)	35,952	35,196
–	–	–	3	–	–	–	15
7,481	7,407	798	1,140	–	–	13,182	13,090
14,167	13,843	129,989	130,287	(114,743)	(116,510)	710,581	694,447

Asset Management		Corporate and Other		Consolidation		Group	
2013	2012	2013	2012	2013	2012	2013	2012
1	–	349	403	(296)	(361)	6,278	5,397
1,235	1,398	22,986	22,791	(5,108)	(4,882)	22,454	22,425
–	–	–	–	(15)	(7)	22,167	17,939
–	–	–	–	(16)	(25)	68,583	72,540
–	–	–	–	(200)	(182)	399,245	390,985
–	–	–	–	–	–	75,217	71,197
125	174	172	312	(1,596)	(2,289)	4,128	4,035
2,619	2,780	21,557	21,753	(17,115)	(18,135)	37,883	37,392
–	–	14,475	14,675	(6,193)	(6,740)	8,335	7,960
14	14	11,625	11,569	(64)	(64)	11,670	11,614
3,994	4,366	71,164	71,503	(30,603)	(32,685)	655,960	641,484
				Total equity		54,621	52,963
				Total liabilities and equity		710,581	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 31 March				
Total revenues¹	15,197	14,797	14,837	13,699
Premiums earned (net)	10,312	10,081	6,360	6,361
Operating investment result				
Interest and similar income	887	939	4,077	4,062
Operating income from financial assets and liabilities carried at fair value through income (net)	8	2	(244)	(162)
Operating realized gains/losses (net)	15	5	899	1,067
Interest expenses, excluding interest expenses from external debt	(15)	(11)	(19)	(20)
Operating impairments of investments (net)	(1)	(3)	(62)	(62)
Investment expenses	(68)	(67)	(190)	(162)
Subtotal	826	865	4,461	4,723
Fee and commission income	290	290	140	127
Other income	8	7	49	42
Claims and insurance benefits incurred (net)	(6,813)	(6,882)	(4,826)	(5,109)
Change in reserves for insurance and investment contracts (net) ²	(113)	(80)	(4,001)	(3,714)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(2,909)	(2,812)	(1,248)	(1,521)
Fee and commission expenses	(275)	(276)	(56)	(63)
Restructuring charges	(2)	(6)	(1)	(2)
Other expenses	(5)	(4)	(23)	(19)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	1,319	1,183	855	825
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(9)	20	13	13
Non-operating realized gains/losses (net)	156	12	34	23
Non-operating impairments of investments (net)	(16)	(46)	(4)	(5)
Subtotal	131	(14)	43	31
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
Amortization of intangible assets	(3)	(5)	(3)	(1)
Reclassification of tax benefits	–	–	–	–
Non-operating items	128	(19)	40	30
Income (loss) before income taxes	1,447	1,164	895	855
Income taxes	(430)	(328)	(267)	(230)
Net income (loss)	1,017	836	628	625
Net income (loss) attributable to:				
Non-controlling interests	43	40	23	22
Shareholders	974	796	605	603

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 31 March 2013, includes expenses for premium refunds (net) in Property-Casualty of €(63) MN (2012: €(26) MN).

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Asset Management		Corporate and Other		Consolidation		Group	
2013	2012	2013	2012	2013	2012	2013	2012
1,911	1,439	148	155	(45)	(37)	32,048	30,053
-	-	-	-	-	-	16,672	16,442
11	12	282	250	(90)	(131)	5,167	5,132
7	14	9	10	(1)	2	(221)	(134)
-	-	-	-	(35)	-	879	1,072
(7)	(6)	(163)	(202)	94	116	(110)	(123)
-	-	-	-	-	-	(63)	(65)
-	-	(19)	(23)	69	55	(208)	(197)
11	20	109	35	37	42	5,444	5,685
2,286	1,692	168	162	(130)	(126)	2,754	2,145
3	4	2	-	(2)	(2)	60	51
-	-	-	-	1	-	(11,638)	(11,991)
-	-	-	-	15	(13)	(4,099)	(3,807)
-	-	(14)	(46)	-	-	(14)	(46)
(1,008)	(826)	(303)	(300)	4	17	(5,464)	(5,442)
(389)	(277)	(112)	(125)	54	57	(778)	(684)
(3)	-	(88)	-	-	-	(94)	(8)
-	-	(1)	-	(17)	4	(46)	(19)
-	-	-	-	-	7	-	7
900	613	(239)	(274)	(38)	(14)	2,797	2,333
-	-	-	-	-	-	-	-
-	-	(8)	200	-	(5)	(4)	228
-	-	82	81	(5)	-	267	116
-	-	(51)	(72)	-	-	(71)	(123)
-	-	23	209	(5)	(5)	192	221
-	-	(7)	(12)	3	6	(4)	(6)
-	-	(241)	(259)	-	-	(241)	(259)
(25)	(11)	-	(1)	-	-	(25)	(12)
(6)	(11)	(50)	(8)	21	-	(41)	(25)
-	-	-	-	-	(7)	-	(7)
(31)	(22)	(275)	(71)	19	(6)	(119)	(88)
869	591	(514)	(345)	(19)	(20)	2,678	2,245
(301)	(212)	117	(31)	4	7	(877)	(794)
568	379	(397)	(376)	(15)	(13)	1,801	1,451
-	-	-	-	-	-	-	-
26	11	2	1	-	-	94	74
542	368	(399)	(377)	(15)	(13)	1,707	1,377

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 31 March						
Gross premiums written	5,310	5,214	3,136	2,663	1,298	1,293
Ceded premiums written	(802)	(805)	(239)	(219)	(178)	(225)
Change in unearned premiums	(2,085)	(2,035)	(559)	(311)	(168)	(175)
Premiums earned (net)	2,423	2,374	2,338	2,133	952	893
Interest and similar income	290	286	196	216	54	56
Operating income from financial assets and liabilities carried at fair value through income (net)	4	5	7	4	2	9
Operating realized gains/losses (net)	15	5	–	–	–	–
Fee and commission income	33	38	6	6	–	–
Other income	6	6	1	1	–	–
Operating revenues	2,771	2,714	2,548	2,360	1,008	958
Claims and insurance benefits incurred (net)	(1,657)	(1,679)	(1,544)	(1,502)	(662)	(614)
Change in reserves for insurance and investment contracts (net)	(90)	(61)	(11)	–	(1)	–
Interest expenses	(9)	(21)	(3)	(2)	(1)	(1)
Operating impairments of investments (net)	(1)	(3)	–	–	–	–
Investment expenses	(19)	(17)	(23)	(19)	(3)	(3)
Acquisition and administrative expenses (net)	(560)	(624)	(604)	(544)	(247)	(217)
Fee and commission expenses	(33)	(38)	(8)	(8)	–	–
Restructuring charges	–	(2)	–	(3)	–	–
Other expenses	(4)	(3)	(1)	(1)	–	–
Operating expenses	(2,373)	(2,448)	(2,194)	(2,079)	(914)	(835)
Operating profit	398	266	354	281	94	123
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(9)	4	–	8	–	1
Non-operating realized gains/losses (net)	30	(9)	40	(3)	10	3
Non-operating impairments of investments (net)	(5)	(19)	(9)	(19)	(1)	(7)
Amortization of intangible assets	(1)	(1)	(3)	(1)	–	–
Non-operating items	15	(25)	28	(15)	9	(3)
Income before income taxes	413	241	382	266	103	120
Income taxes	(119)	(66)	(137)	(101)	(34)	(38)
Net income	294	175	245	165	69	82
Net income attributable to:						
Non-controlling interests	1	–	4	3	1	1
Shareholders	293	175	241	162	68	81
Loss ratio ² in %	68.4	70.7	66.1	70.4	69.6	68.8
Expense ratio ³ in %	23.1	26.3	25.8	25.5	25.9	24.3
Combined ratio⁴ in %	91.5	97.0	91.9	95.9	95.5	93.1

1 – From the third quarter of 2012 on, Allianz Worldwide Care is shown in Allianz Worldwide Partners instead of Global Insurance Lines & Anglo Markets. Prior year figures have been adjusted.

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).

5 – Presentation not meaningful.

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USA		Global Insurance Lines & Anglo Markets ¹		Growth Markets		Allianz Worldwide Partners ¹		Consolidation and Other		Property-Casualty	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
452	656	5,011	5,069	892	880	720	613	(1,622)	(1,591)	15,197	14,797
(29)	(124)	(1,460)	(1,451)	(198)	(212)	(26)	(18)	1,622	1,591	(1,310)	(1,463)
40	(4)	(534)	(546)	(109)	(81)	(160)	(101)	–	–	(3,575)	(3,253)
463	528	3,017	3,072	585	587	534	494	–	–	10,312	10,081
58	65	247	285	41	41	7	9	(6)	(19)	887	939
(1)	1	(5)	(12)	1	(4)	–	(1)	–	–	8	2
–	–	–	–	–	–	–	–	–	–	15	5
–	–	146	140	17	9	111	104	(23)	(7)	290	290
–	–	–	–	–	–	1	–	–	–	8	7
520	594	3,405	3,485	644	633	653	606	(29)	(26)	11,520	11,324
(304)	(373)	(1,932)	(2,037)	(364)	(359)	(350)	(318)	–	–	(6,813)	(6,882)
(2)	–	(9)	(19)	(1)	–	1	–	–	–	(113)	(80)
–	–	(7)	(5)	(1)	(1)	–	–	6	19	(15)	(11)
–	–	–	–	–	–	–	–	–	–	(1)	(3)
(1)	(1)	(20)	(25)	(2)	(2)	–	–	–	–	(68)	(67)
(166)	(184)	(960)	(880)	(202)	(201)	(175)	(164)	5	2	(2,909)	(2,812)
–	–	(124)	(122)	(17)	(9)	(111)	(104)	18	5	(275)	(276)
–	–	(2)	1	–	(2)	–	–	–	–	(2)	(6)
–	–	–	–	–	–	–	–	–	–	(5)	(4)
(473)	(558)	(3,054)	(3,087)	(587)	(574)	(635)	(586)	29	26	(10,201)	(10,141)
47	36	351	398	57	59	18	20	–	–	1,319	1,183
–	–	–	5	–	1	–	1	–	–	(9)	20
4	(1)	70	20	2	2	–	–	–	–	156	12
–	2	–	(3)	(1)	–	–	–	–	–	(16)	(46)
–	–	2	(4)	(2)	(1)	–	–	1	2	(3)	(5)
4	1	72	18	(1)	2	–	1	1	2	128	(19)
51	37	423	416	56	61	18	21	1	2	1,447	1,164
(14)	(10)	(105)	(91)	(17)	(16)	(4)	(6)	–	–	(430)	(328)
37	27	318	325	39	45	14	15	1	2	1,017	836
–	–	–	–	–	–	–	–	–	–	–	–
–	–	29	28	7	8	1	–	–	–	43	40
37	27	289	297	32	37	13	15	1	2	974	796
65.6	70.7	64.1	66.4	62.3	61.2	65.5	64.4	– ⁵	– ⁵	66.1	68.3
35.9	34.8	31.8	28.6	34.5	34.2	32.8	33.2	– ⁵	– ⁵	28.2	27.9
101.5	105.5	95.9	95.0	96.8	95.4	98.3	97.6	– ⁵	– ⁵	94.3	96.2

REPORTABLE SEGMENTS – LIFE/HEALTH

REPORTABLE SEGMENTS – LIFE/HEALTH

€ MN

	German Speaking Countries		Western & Southern Europe	
	2013	2012	2013	2012
three months ended 31 March				
Statutory premiums¹	6,328	5,922	5,128	3,800
Ceded premiums written	(45)	(42)	(344)	(163)
Change in unearned premiums	(30)	(34)	(13)	2
Statutory premiums (net)	6,253	5,846	4,771	3,639
Deposits from insurance and investment contracts	(2,049)	(1,692)	(3,653)	(2,550)
Premiums earned (net)	4,204	4,154	1,118	1,089
Interest and similar income	2,203	2,073	891	982
Operating income from financial assets and liabilities carried at fair value through income (net)	(24)	(58)	42	75
Operating realized gains/losses (net)	714	905	142	111
Fee and commission income	12	9	92	83
Other income	33	40	16	2
Operating revenues	7,142	7,123	2,301	2,342
Claims and insurance benefits incurred (net)	(3,197)	(3,540)	(974)	(949)
Changes in reserves for insurance and investment contracts (net)	(2,974)	(2,574)	(567)	(631)
Interest expenses	(23)	(24)	(6)	(7)
Operating impairments of investments (net)	(39)	(25)	(23)	(44)
Investment expenses	(123)	(103)	(50)	(42)
Acquisition and administrative expenses (net)	(354)	(506)	(409)	(434)
Fee and commission expenses	(7)	(9)	(47)	(42)
Restructuring charges	(1)	(1)	–	(1)
Other expenses	(20)	(17)	(3)	(2)
Operating expenses	(6,738)	(6,799)	(2,079)	(2,152)
Operating profit	404	324	222	190
Non-operating income from financial assets and liabilities carried at fair value through income (net)	–	–	4	1
Non-operating realized gains/losses (net)	–	–	21	18
Non-operating impairments of investments (net)	–	–	(3)	(5)
Amortization of intangible assets	–	(1)	–	–
Non-operating items	–	(1)	22	14
Income before income taxes	404	323	244	204
Income taxes	(148)	(112)	(58)	(29)
Net income	256	211	186	175
Net income attributable to:				
Non-controlling interests	–	–	6	12
Shareholders	256	211	180	163
Margin on reserves² in basis points	74	64	65	61

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
437	354	1,562	2,023	132	120	1,598	1,628	(348)	(148)	14,837	13,699
(10)	(13)	(30)	(30)	(11)	(12)	(65)	(42)	348	148	(157)	(154)
(30)	(1)	(1)	-	-	-	(40)	(34)	-	-	(114)	(67)
397	340	1,531	1,993	121	108	1,493	1,552	-	-	14,566	13,478
(266)	(134)	(1,323)	(1,793)	-	-	(915)	(948)	-	-	(8,206)	(7,117)
131	206	208	200	121	108	578	604	-	-	6,360	6,361
92	96	678	704	19	17	210	205	(16)	(15)	4,077	4,062
6	5	(251)	(168)	(18)	(23)	5	4	(4)	3	(244)	(162)
2	(16)	19	23	-	-	22	44	-	-	899	1,067
1	1	16	15	-	-	20	19	(1)	-	140	127
-	-	-	-	-	-	-	-	-	-	49	42
232	292	670	774	122	102	835	876	(21)	(12)	11,281	11,497
(139)	(141)	(22)	(22)	(98)	(77)	(396)	(380)	-	-	(4,826)	(5,109)
(4)	(72)	(317)	(288)	5	6	(144)	(155)	-	-	(4,001)	(3,714)
(1)	(1)	(2)	(2)	-	-	(2)	(2)	15	16	(19)	(20)
-	-	-	7	-	-	-	-	-	-	(62)	(62)
(1)	(2)	(8)	(8)	-	-	(8)	(7)	-	-	(190)	(162)
(48)	(53)	(217)	(283)	(22)	(18)	(199)	(226)	1	(1)	(1,248)	(1,521)
-	-	(3)	(12)	-	-	-	-	1	-	(56)	(63)
-	-	-	-	-	-	-	-	-	-	(1)	(2)
-	-	-	-	-	-	-	-	-	-	(23)	(19)
(193)	(269)	(569)	(608)	(115)	(89)	(749)	(770)	17	15	(10,426)	(10,672)
39	23	101	166	7	13	86	106	(4)	3	855	825
-	-	9	12	-	-	-	-	-	-	13	13
-	-	-	5	-	-	13	-	-	-	34	23
-	-	-	-	-	-	(1)	-	-	-	(4)	(5)
-	-	-	-	-	-	(3)	-	-	-	(3)	(1)
-	-	9	17	-	-	9	-	-	-	40	30
39	23	110	183	7	13	95	106	(4)	3	895	855
(11)	(6)	(30)	(60)	(2)	(3)	(18)	(20)	-	-	(267)	(230)
28	17	80	123	5	10	77	86	(4)	3	628	625
6	1	-	-	-	-	11	9	-	-	23	22
22	16	80	123	5	10	66	77	(4)	3	605	603
204	130	58	102	135	237	126	170	- ³	- ³	74	77

REPORTABLE SEGMENTS – ASSET MANAGEMENT

REPORTABLE SEGMENTS – ASSET MANAGEMENT		B 14
€ MN		
three months ended 31 March	2013	2012
Net fee and commission income ¹	1,897	1,415
Net interest income ²	4	6
Income from financial assets and liabilities carried at fair value through income (net)	7	14
Other income	3	4
Operating revenues	1,911	1,439
Administrative expenses (net), excluding acquisition-related expenses	(1,008)	(826)
Restructuring charges	(3)	–
Operating expenses	(1,011)	(826)
Operating profit	900	613
Acquisition-related expenses	(25)	(11)
Amortization of intangible assets	(6)	(11)
Non-operating items	(31)	(22)
Income before income taxes	869	591
Income taxes	(301)	(212)
Net income	568	379
Net income attributable to:		
Non-controlling interests	26	11
Shareholders	542	368
Cost-income ratio³ in %	52.9	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.

B — Condensed Consolidated Interim Financial Statements

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REPORTABLE SEGMENTS – CORPORATE AND OTHER

REPORTABLE SEGMENTS – CORPORATE AND OTHER

€ MN

	Holding & Treasury	
	2013	2012
three months ended 31 March		
Interest and similar income	121	55
Operating income from financial assets and liabilities carried at fair value through income (net)	7	2
Fee and commission income	10	13
Other income	–	–
Operating revenues	138	70
Interest expenses, excluding interest expenses from external debt	(89)	(109)
Loan loss provisions	–	–
Investment expenses	(18)	(20)
Administrative expenses (net), excluding acquisition-related expenses	(146)	(136)
Fee and commission expenses	(52)	(62)
Restructuring charges	–	–
Other expenses	–	–
Operating expenses	(305)	(327)
Operating profit (loss)	(167)	(257)
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(7)	198
Realized gains/losses (net)	52	81
Impairments of investments (net)	(51)	(72)
Income from fully consolidated private equity investments (net)	–	–
Interest expenses from external debt	(241)	(259)
Acquisition-related expenses	–	(1)
Amortization of intangible assets	(4)	(8)
Non-operating items	(251)	(61)
Income (loss) before income taxes	(418)	(318)
Income taxes	103	(38)
Net loss	(315)	(356)
Net loss attributable to:		
Non-controlling interests	–	–
Shareholders	(315)	(356)
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.

B – Condensed Consolidated Interim Financial Statements

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B 15

Banking		Alternative Investments		Consolidation		Corporate and Other	
2013	2012	2013	2012	2013	2012	2013	2012
157	190	4	6	–	(1)	282	250
2	8	–	–	–	–	9	10
120	112	39	39	(1)	(2)	168	162
2	–	1	1	(1)	(1)	2	–
281	310	44	46	(2)	(4)	461	422
(73)	(91)	(1)	(2)	–	–	(163)	(202)
(14)	(46)	–	–	–	–	(14)	(46)
–	–	(1)	(3)	–	–	(19)	(23)
(128)	(125)	(31)	(42)	2	3	(303)	(300)
(60)	(63)	–	–	–	–	(112)	(125)
(88)	–	–	–	–	–	(88)	–
(1)	–	–	–	–	–	(1)	–
(364)	(325)	(33)	(47)	2	3	(700)	(696)
(83)	(15)	11	(1)	–	(1)	(239)	(274)
–	–	(1)	1	–	1	(8)	200
3	–	–	–	27	–	82	81
–	–	–	–	–	–	(51)	(72)
–	–	(7)	(12)	–	–	(7)	(12)
–	–	–	–	–	–	(241)	(259)
–	–	–	–	–	–	–	(1)
–	–	(46)	–	–	–	(50)	(8)
3	–	(54)	(11)	27	1	(275)	(71)
(80)	(15)	(43)	(12)	27	–	(514)	(345)
24	5	(5)	2	(5)	–	117	(31)
(56)	(10)	(48)	(10)	22	–	(397)	(376)
2	1	–	–	–	–	2	1
(58)	(11)	(48)	(10)	22	–	(399)	(377)
146.6	80.1						

NOTES TO THE CONSOLIDATED BALANCE SHEETS

4 – Financial assets carried at fair value through income

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME		B 16
€ MN	as of 31 March 2013	as of 31 December 2012
Financial assets held for trading		
Debt securities	331	328
Equity securities	161	153
Derivative financial instruments	1,141	1,865
Subtotal	1,633	2,346
Financial assets designated at fair value through income		
Debt securities	2,197	2,349
Equity securities	2,409	2,588
Subtotal	4,606	4,937
Total	6,239	7,283

5 – Investments

INVESTMENTS		B 17
€ MN	as of 31 March 2013	as of 31 December 2012
Available-for-sale investments	391,457	383,254
Held-to-maturity investments	4,269	4,321
Funds held by others under reinsurance contracts assumed	903	1,188
Investments in associates and joint ventures	3,325	3,219
Real estate held for investment	9,824	9,646
Total	409,778	401,628

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AVAILABLE-FOR-SALE INVESTMENTS

AVAILABLE-FOR-SALE INVESTMENTS

B 18

€ MN	as of 31 March 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)	3,590	250	(1)	3,839	4,026	291	(2)	4,315
Corporate mortgage-backed securities (residential and commercial)	11,058	1,098	(89)	12,067	10,778	1,202	(107)	11,873
Other asset-backed securities	2,640	277	(18)	2,899	2,532	276	(27)	2,781
Government and government agency bonds								
Germany	13,391	1,471	(6)	14,856	13,066	1,521	(5)	14,582
Italy	28,360	1,149	(278)	29,231	29,762	1,483	(206)	31,039
France	31,807	3,676	(41)	35,442	31,384	4,431	(34)	35,781
United States	8,680	834	(11)	9,503	8,489	851	(10)	9,330
Spain	2,544	64	(84)	2,524	2,582	32	(136)	2,478
Belgium	8,558	1,210	(1)	9,767	8,537	1,372	(1)	9,908
Greece	1	1	–	2	7	4	–	11
Portugal	251	2	(4)	249	251	1	(11)	241
Ireland	25	2	–	27	76	3	–	79
Hungary	715	44	(1)	758	662	42	–	704
All other countries	53,810	5,089	(103)	58,796	51,213	5,329	(52)	56,490
Subtotal	148,142	13,542	(529)	161,155	146,029	15,069	(455)	160,643
Corporate bonds ¹	168,491	13,592	(718)	181,365	161,150	14,142	(954)	174,338
Other	2,588	281	(6)	2,863	2,574	266	(23)	2,817
Subtotal	336,509	29,040	(1,361)	364,188	327,089	31,246	(1,568)	356,767
Equity securities ²	18,399	8,953	(83)	27,269	17,950	8,632	(95)	26,487
Total	354,908	37,993	(1,444)	391,457	345,039	39,878	(1,663)	383,254

1 – Includes bonds issued by Spanish banks with a fair value of €474 MN (2012: €508 MN), thereof subordinated bonds with a fair value of €98 MN (2012: €107 MN).

2 – Includes shares invested in Spanish banks with a fair value of €265 MN (2012: €279 MN).

6 – Loans and advances to banks and customers

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

B 19

€ MN	as of 31 March 2013			as of 31 December 2012		
	Banks	Customers	Total	Banks	Customers	Total
Short-term investments and certificates of deposit	3,672	–	3,672	4,207	–	4,207
Reverse repurchase agreements	883	–	883	789	–	789
Collateral paid for securities borrowing transactions and derivatives	500	–	500	365	–	365
Loans	63,942	50,475	114,417	64,049	49,633	113,682
Other	759	34	793	436	42	478
Subtotal	69,756	50,509	120,265	69,846	49,675	119,521
Loan loss allowance	–	(151)	(151)	–	(152)	(152)
Total	69,756	50,358	120,114	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 20
€ MN	as of 31 March 2013	as of 31 December 2012	
Corporate customers	19,134	18,126	
Private customers	24,024	24,024	
Public customers	7,351	7,525	
Total	50,509	49,675	

7 – Reinsurance assets

REINSURANCE ASSETS			B 21
€ MN	as of 31 March 2013	as of 31 December 2012	
Unearned premiums	1,935	1,546	
Reserves for loss and loss adjustment expenses	6,896	7,318	
Aggregate policy reserves	4,533	4,295	
Other insurance reserves	102	95	
Total	13,466	13,254	

8 – Deferred acquisition costs

DEFERRED ACQUISITION COSTS			B 22
€ MN	as of 31 March 2013	as of 31 December 2012	
Deferred acquisition costs			
Property-Casualty	4,714	4,323	
Life/Health	14,072	13,521	
Asset Management	139	139	
Subtotal	18,925	17,983	
Present value of future profits	952	945	
Deferred sales inducements	588	524	
Total	20,465	19,452	

9 – Other assets

OTHER ASSETS			B 23
€ MN	as of 31 March 2013	as of 31 December 2012	
Receivables			
Policyholders	6,069	6,005	
Agents	5,364	4,497	
Reinsurers	1,565	2,421	
Other	4,923	4,054	
Less allowance for doubtful accounts	(716)	(730)	
Subtotal	17,205	16,247	
Tax receivables			
Income taxes	1,535	1,363	
Other taxes	1,230	1,278	
Subtotal	2,765	2,641	
Accrued dividends, interest and rent	7,401	7,780	
Prepaid expenses			
Interest and rent	13	17	
Other prepaid expenses	368	300	
Subtotal	381	317	
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	158	129	
Property and equipment			
Real estate held for own use	2,707	2,885	
Software	1,600	1,590	
Equipment	977	967	
Fixed assets of Alternative Investments	1,203	1,225	
Subtotal	6,487	6,667	
Other assets	1,555	1,415	
Total	35,952	35,196	

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10 – Non-current assets classified as held for sale

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		B 24
€ MN	as of 31 March 2013	as of 31 December 2012
Non-current assets classified as held for sale		
Real estate held for investment	–	15
Total	–	15

For the year ended 31 December 2012, the non-current assets classified as held for sale comprised only real estate held for investment. As expected, the sale of these investments was completed during the first quarter 2013.

11 – Intangible assets

INTANGIBLE ASSETS		B 25
€ MN	as of 31 March 2013	as of 31 December 2012
Intangible assets with indefinite useful lives		
Goodwill	11,723	11,679
Brand names ¹	301	302
Subtotal	12,024	11,981
Intangible assets with finite useful lives		
Distribution agreements ²	893	826
Customer relationships	146	152
Other ³	119	131
Subtotal	1,158	1,109
Total	13,182	13,090

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

2 – Includes primarily the long-term distribution agreements with Commerzbank AG of €400 MN (2012: €410 MN), Banco Popular S.A. of €382 MN (2012: €386 MN) and HSBC of €82 MN (2012: €– MN).

3 – Includes primarily acquired business portfolios and renewal rights of €62 MN (2012: €67 MN), heritable building rights of €17 MN (2012: €15 MN), and research and development costs of €11 MN (2012: €11 MN). The other distribution rights of €20 MN (2012: €20 MN) and the bancassurance agreements of €10 MN (2012: €10 MN) were reclassified from line item "Other" into line item "Distribution agreements".

GOODWILL

GOODWILL		B 26
€ 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		–
Disposals		–
Foreign currency translation adjustments		90
Impairments		(46)
Carrying amount as of 31 March		11,723
Accumulated impairments as of 31 March		940
Cost as of 31 March		12,663

In the first quarter of 2013, the Goodwill of a fully consolidated private equity investment was impaired by €46 MN in the segment Corporate and Other.

12 – Financial liabilities carried at fair value through income

FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME B 27

€ MN	as of 31 March 2013	as of 31 December 2012
Financial liabilities held for trading		
Derivative financial instruments	6,276	5,395
Other trading liabilities	2	2
Subtotal	6,278	5,397
Financial liabilities designated at fair value through income	–	–
Total	6,278	5,397

13 – Liabilities to banks and customers

LIABILITIES TO BANKS AND CUSTOMERS

B 28

€ MN	as of 31 March 2013			as of 31 December 2012		
	Banks	Customers	Total	Banks	Customers	Total
Payable on demand	322	4,508	4,830	135	4,724	4,859
Savings deposits	–	2,875	2,875	–	2,897	2,897
Term deposits and certificates of deposit	983	1,617	2,600	986	1,651	2,637
Repurchase agreements	1,104	750	1,854	743	656	1,399
Collateral received from securities lending transactions and derivatives	1,882	–	1,882	1,793	–	1,793
Other	4,870	3,543	8,413	5,420	3,420	8,840
Total	9,161	13,293	22,454	9,077	13,348	22,425

14 – Reserves for loss and loss adjustment expenses

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES B 29

€ MN	as of 31 March 2013	as of 31 December 2012
Property-Casualty	59,014	62,711
Life/Health	9,585	9,854
Consolidation	(16)	(25)
Total	68,583	72,540

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

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

B 30

€ 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	7,428	(464)	6,964	7,605	(459)	7,146
Prior years	(210)	59	(151)	(234)	(30)	(264)
Subtotal	7,218	(405)	6,813	7,371	(489)	6,882
Loss and loss adjustment expenses paid						
Current year	(1,878)	36	(1,842)	(1,876)	39	(1,837)
Prior years	(6,272)	625	(5,647)	(5,405)	522	(4,883)
Subtotal	(8,150)	661	(7,489)	(7,281)	561	(6,720)
Foreign currency translation adjustments and other changes	337	(43)	294	(217)	(7)	(224)
Changes in the consolidated subsidiaries of the Allianz Group	(20)	–	(20)	–	–	–
Reclassifications ¹	(3,082)	206	(2,876)	–	–	–
As of 31 March	59,014	(6,486)	52,528	59,366	(6,593)	52,773

1 – 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.

15 – Reserves for insurance and investment contracts

RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

B 31

€ MN	as of 31 March 2013	as of 31 December 2012
Aggregate policy reserves	358,506	350,244
Reserves for premium refunds	39,997	40,031
Other insurance reserves	742	710
Total	399,245	390,985

16 – Other liabilities

OTHER LIABILITIES		B 32
€ MN		
	as of 31 March 2013	as of 31 December 2012
Payables		
Policyholders	3,991	4,710
Reinsurance	1,169	1,845
Agents	1,624	1,529
Subtotal	6,784	8,084
Payables for social security	419	458
Tax payables		
Income taxes	3,140	2,680
Other taxes	1,603	1,143
Subtotal	4,743	3,823
Accrued interest and rent	448	671
Unearned income		
Interest and rent	18	5
Other	291	288
Subtotal	309	293
Provisions		
Pensions and similar obligations	8,135	8,069
Employee related	2,353	2,100
Share-based compensation plans	517	558
Restructuring plans	359	304
Loan commitments	55	67
Contingent losses from non-insurance business	149	166
Other provisions	1,467	1,632
Subtotal	13,035	12,896
Deposits retained for reinsurance ceded	1,870	1,834
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	274	462
Financial liabilities for puttable equity instruments	2,422	2,601
Other liabilities	7,579	6,270
Total	37,883	37,392

The change in the restructuring provisions is mainly driven by the closure of Allianz Bank by 30 June 2013. In this regard, restructuring charges of €88 MN, thereof restructuring provisions of €85 MN, were recorded in the reportable segment banking in the first quarter of 2013.

The use of the provisions as well as the transfers to other provisions of other restructuring programs partially offset this increase. There were no other significant changes in the estimates for restructuring provisions as described in the Allianz Group Annual Report 2012.

17 – Certificated liabilities

CERTIFICATED LIABILITIES		B 33
€ MN		
	as of 31 March 2013	as of 31 December 2012
Allianz SE ¹		
Senior bonds ²	6,561	5,942
Money market securities	1,114	1,180
Subtotal	7,675	7,122
Banking subsidiaries		
Senior bonds	635	813
Subtotal	635	813
All other subsidiaries		
Certificated liabilities	25	25
Subtotal	25	25
Total	8,335	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.

18 – Participation certificates and subordinated liabilities

PARTICIPATION CERTIFICATES AND SUBORDINATED LIABILITIES		B 34
€ MN		
	as of 31 March 2013	as of 31 December 2012
Allianz SE ¹		
Subordinated bonds	10,962	10,896
Subtotal	10,962	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	11,670	11,614

1 – Includes subordinated bonds issued by Allianz Finance II B.V. and guaranteed by Allianz SE.

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19 – Equity

EQUITY		B 35
€ MN	as of 31 March 2013	as of 31 December 2012
Shareholders' equity		
Issued capital	1,167	1,167
Capital reserves	27,648	27,648
Retained earnings ¹	15,264	13,524
Foreign currency translation adjustments	(1,801)	(2,073)
Unrealized gains and losses (net) ²	9,672	10,122
Subtotal	51,950	50,388
Non-controlling interests	2,671	2,575
Total	54,621	52,963

1 – As of 31 March 2013, includes €(217) MN (2012: €(218) MN) related to treasury shares.

2 – As of 31 March 2013, includes €262 MN (2012: €256 MN) related to cash flow hedges.

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

20 – Premiums earned (net)

PREMIUMS EARNED (NET)					B 36
€ MN	Property-Casualty	Life/Health	Consolidation	Group	
three months ended 31 March					
2013					
Premiums written					
Direct	14,516	6,460	–	20,976	
Assumed	681	162	(14)	829	
Subtotal	15,197	6,622	(14)	21,805	
Ceded	(1,310)	(149)	14	(1,445)	
Net	13,887	6,473	–	20,360	
Change in unearned premiums					
Direct	(3,843)	(119)	–	(3,962)	
Assumed	(111)	5	(1)	(107)	
Subtotal	(3,954)	(114)	(1)	(4,069)	
Ceded	379	1	1	381	
Net	(3,575)	(113)	–	(3,688)	
Premiums earned					
Direct	10,673	6,341	–	17,014	
Assumed	570	167	(15)	722	
Subtotal	11,243	6,508	(15)	17,736	
Ceded	(931)	(148)	15	(1,064)	
Net	10,312	6,360	–	16,672	
2012					
Premiums written					
Direct	14,010	6,438	–	20,448	
Assumed	787	135	(11)	911	
Subtotal	14,797	6,573	(11)	21,359	
Ceded	(1,463)	(145)	11	(1,597)	
Net	13,334	6,428	–	19,762	
Change in unearned premiums					
Direct	(3,583)	(67)	–	(3,650)	
Assumed	(148)	(1)	2	(147)	
Subtotal	(3,731)	(68)	2	(3,797)	
Ceded	478	1	(2)	477	
Net	(3,253)	(67)	–	(3,320)	
Premiums earned					
Direct	10,427	6,371	–	16,798	
Assumed	639	134	(9)	764	
Subtotal	11,066	6,505	(9)	17,562	
Ceded	(985)	(144)	9	(1,120)	
Net	10,081	6,361	–	16,442	

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21 – Interest and similar income

INTEREST AND SIMILAR INCOME		B 37
€ MN		
three months ended 31 March	2013	2012
Interest from held-to-maturity investments	47	52
Dividends from available-for-sale investments	299	168
Interest from available-for-sale investments	3,281	3,304
Share of earnings from investments in associates and joint ventures	27	9
Rent from real estate held for investment	191	181
Interest from loans to banks and customers	1,283	1,382
Other interest	39	36
Total	5,167	5,132

22 – 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 38
€ MN							
three months ended 31 March	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group	
2013							
Income (expenses) from financial assets and liabilities held for trading (net)	(45)	(656)	–	40	(1)	(662)	
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	6	112	19	1	–	138	
Income (expenses) from financial liabilities for puttable equity instruments (net)	(2)	(63)	(13)	–	–	(78)	
Foreign currency gains and losses (net)	40	376	1	(40)	–	377	
Total	(1)	(231)	7	1	(1)	(225)	
2012							
Income (expenses) from financial assets and liabilities held for trading (net)	28	(239)	1	227	(2)	15	
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	17	219	40	(1)	(1)	274	
Income (expenses) from financial liabilities for puttable equity instruments (net)	(3)	(114)	(27)	–	–	(144)	
Foreign currency gains and losses (net)	(20)	(15)	–	(16)	–	(51)	
Total	22	(149)	14	210	(3)	94	

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

Life/Health segment

For the three months ended 31 March 2013, income and expenses from financial assets and liabilities held for trading (net) in the Life/Health segment include expenses of €669 MN (2012: expenses of €258 MN) from derivative financial instruments. This includes expenses of €377 MN (2012: expenses of €59 MN) of German entities from financial derivative positions held for duration management and protection against equity and foreign exchange rate fluctuations. Also included are expenses related to fixed-indexed annuity products and guaranteed benefits under unit-linked contracts of €251 MN (2012: expenses of €185 MN) from U.S. entities.

Corporate and Other segment

For the three months ended 31 March 2013, income and expenses from financial assets and liabilities held for trading (net) in the Corporate and Other segment include income of €43 MN (2012: income of €265 MN) from derivative financial instruments. This includes income of €52 MN (2012: income of €22 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 €10 MN). Financial derivatives related to investment strategies produced no income (2012: income of €180 MN). The decrease relates to income from The Hartford Warrants, recorded in the first quarter of 2012, which were sold by the Allianz Group in April 2012. Expenses of €4 MN (2012: expenses of €47 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 three months ended 31 March 2013, income and expenses from financial assets and liabilities designated at fair value through income (net) in the Life/Health segment includes income from equity investments of €68 MN (2012: income of €138 MN) and income of €44 MN (2012: income of €81 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 to hedge against foreign currency fluctuations, for which it recognized expenses of €368 MN (2012: income of €85 MN) for the three months ended 31 March 2013.

23 – Realized gains/losses (net)

REALIZED GAINS/LOSSES (NET)		B 39
€ MN		
three months ended 31 March	2013	2012
REALIZED GAINS		
Available-for-sale investments		
Equity securities	597	963
Debt securities	537	455
Subtotal	1,134	1,418
Investments in associates and joint ventures ¹	37	1
Real estate held for investment	49	15
Loans and advances to banks and customers	46	132
Non-current assets classified as held for sale	12	8
Subtotal	1,278	1,574
REALIZED LOSSES		
Available-for-sale investments		
Equity securities	(56)	(54)
Debt securities	(68)	(329)
Subtotal	(124)	(383)
Investments in associates and joint ventures ²	(3)	–
Real estate held for investment	(2)	(1)
Loans and advances to banks and customers	–	(2)
Non-current assets classified as held for sale	(3)	–
Subtotal	(132)	(386)
Total	1,146	1,188

1 – For the three months ended 31 March 2013, includes realized gains from the disposal of subsidiaries and businesses of €37 MN (2012: €– MN).

2 – For the three months ended 31 March 2013, includes no realized losses from the disposal of subsidiaries (2012: €– MN).

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24 – Fee and commission income

FEE AND COMMISSION INCOME		B 40
€ MN		
three months ended 31 March	2013	2012
PROPERTY-CASUALTY		
Fees from credit and assistance business	183	189
Service agreements	107	101
Subtotal	290	290
LIFE/HEALTH		
Investment advisory	122	108
Service agreements	18	19
Subtotal	140	127
ASSET MANAGEMENT		
Management fees	1,803	1,507
Loading and exit fees	180	104
Performance fees	276	44
Other	27	37
Subtotal	2,286	1,692
CORPORATE AND OTHER		
Investment advisory and banking activities	155	149
Service agreements	13	13
Subtotal	168	162
CONSOLIDATION		
	(130)	(126)
Total	2,754	2,145

25 – Other income

OTHER INCOME		B 41
€ MN		
three months ended 31 March	2013	2012
Realized gains from disposals of real estate held for own use	15	7
Income from alternative investments	42	42
Other	3	2
Total	60	51

26 – Income and expenses from fully consolidated private equity investments

INCOME AND EXPENSES FROM FULLY CONSOLIDATED PRIVATE EQUITY INVESTMENTS		B 42
€ MN		
three months ended 31 March	2013	2012
Income		
Sales and service revenues	178	195
Other operating revenues	–	–
Interest income	–	–
Subtotal	178	195
Expenses		
Cost of goods sold	(55)	(62)
Commissions	–	–
General and administrative expenses	(122)	(130)
Other operating expenses	–	–
Interest expenses	(8)	(15)
Subtotal¹	(185)	(207)
Total¹	(7)	(12)

¹ – The presented subtotal for expenses and total income and expenses from fully consolidated private equity investments for the three months ended 31 March 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 €3 MN (2012: €6 MN) for the three months ended 31 March 2013. This consolidation effect results from the deferred policyholder participation, recognized on the result from fully consolidated private equity investments within operating profit in the Life/Health segment, 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.

27 – Claims and insurance benefits incurred (net)

CLAIMS AND INSURANCE BENEFITS INCURRED (NET)

B 43

€ MN three months ended 31 March	Property-Casualty	Life/Health	Consolidation	Group
2013				
Gross				
Claims and insurance benefits paid	(8,150)	(5,050)	9	(13,191)
Change in reserves for loss and loss adjustment expenses	932	78	(1)	1,009
Subtotal	(7,218)	(4,972)	8	(12,182)
Ceded				
Claims and insurance benefits paid	661	159	(8)	812
Change in reserves for loss and loss adjustment expenses	(256)	(13)	1	(268)
Subtotal	405	146	(7)	544
Net				
Claims and insurance benefits paid	(7,489)	(4,891)	1	(12,379)
Change in reserves for loss and loss adjustment expenses	676	65	–	741
Total	(6,813)	(4,826)	1	(11,638)
2012				
Gross				
Claims and insurance benefits paid	(7,281)	(5,128)	4	(12,405)
Change in reserves for loss and loss adjustment expenses	(90)	(115)	1	(204)
Subtotal	(7,371)	(5,243)	5	(12,609)
Ceded				
Claims and insurance benefits paid	561	107	(4)	664
Change in reserves for loss and loss adjustment expenses	(72)	27	(1)	(46)
Subtotal	489	134	(5)	618
Net				
Claims and insurance benefits paid	(6,720)	(5,021)	–	(11,741)
Change in reserves for loss and loss adjustment expenses	(162)	(88)	–	(250)
Total	(6,882)	(5,109)	–	(11,991)

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

CHANGE IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET)

B 44

€ MN three months ended 31 March	Property-Casualty	Life/Health	Consolidation	Group
2013				
Gross				
Aggregate policy reserves	(49)	(2,026)	–	(2,075)
Other insurance reserves	(1)	(44)	–	(45)
Expenses for premium refunds	(63)	(1,918)	15	(1,966)
Subtotal	(113)	(3,988)	15	(4,086)
Ceded				
Aggregate policy reserves	1	(18)	–	(17)
Other insurance reserves	(1)	3	–	2
Expenses for premium refunds	–	2	–	2
Subtotal	–	(13)	–	(13)
Net				
Aggregate policy reserves	(48)	(2,044)	–	(2,092)
Other insurance reserves	(2)	(41)	–	(43)
Expenses for premium refunds	(63)	(1,916)	15	(1,964)
Total	(113)	(4,001)	15	(4,099)
2012				
Gross				
Aggregate policy reserves	(54)	(2,041)	–	(2,095)
Other insurance reserves	–	(34)	–	(34)
Expenses for premium refunds	(26)	(1,664)	(13)	(1,703)
Subtotal	(80)	(3,739)	(13)	(3,832)
Ceded				
Aggregate policy reserves	–	24	–	24
Other insurance reserves	–	1	–	1
Expenses for premium refunds	–	–	–	–
Subtotal	–	25	–	25
Net				
Aggregate policy reserves	(54)	(2,017)	–	(2,071)
Other insurance reserves	–	(33)	–	(33)
Expenses for premium refunds	(26)	(1,664)	(13)	(1,703)
Total	(80)	(3,714)	(13)	(3,807)

29 – Interest expenses

INTEREST EXPENSES	B 45	
€ MN three months ended 31 March	2013	2012
Liabilities to banks and customers	(68)	(93)
Deposits retained on reinsurance ceded	(12)	(13)
Certificated liabilities	(68)	(81)
Participation certificates and subordinated liabilities	(175)	(173)
Other	(28)	(22)
Total	(351)	(382)

30 – Loan loss provisions

LOAN LOSS PROVISIONS	B 46	
€ MN three months ended 31 March	2013	2012
Additions to allowances including direct impairments	(48)	(63)
Amounts released	28	12
Recoveries on loans previously impaired	6	5
Total	(14)	(46)

31 – Impairments of investments (net)

IMPAIRMENTS OF INVESTMENTS (NET)			B 47
€ MN			
three months ended 31 March	2013	2012	
IMPAIRMENTS			
Available-for-sale investments			
Equity securities	(114)	(209)	
Debt securities	(4)	(3)	
Subtotal	(118)	(212)	
Real estate held for investment	(12)	–	
Loans and advances to banks and customers	(4)	(2)	
Subtotal	(134)	(214)	
REVERSALS OF IMPAIRMENTS			
Available-for-sale investments			
Debt securities	–	15	
Loans and advances to banks and customers	–	11	
Subtotal	–	26	
Total	(134)	(188)	

32 – Investment expenses

INVESTMENT EXPENSES			B 48
€ MN			
three months ended 31 March	2013	2012	
Investment management expenses	(128)	(123)	
Depreciation of real estate held for investment	(50)	(44)	
Other expenses from real estate held for investment	(30)	(30)	
Total	(208)	(197)	

33 – Acquisition and administrative expenses (net)

ACQUISITION AND ADMINISTRATIVE EXPENSES (NET)			B 49
€ MN			
three months ended 31 March	2013	2012	
PROPERTY-CASUALTY			
Acquisition costs			
Incurred	(2,712)	(2,556)	
Commissions and profit received on reinsurance business ceded	108	99	
Deferrals of acquisition costs	1,751	1,716	
Amortization of deferred acquisition costs	(1,336)	(1,345)	
Subtotal	(2,189)	(2,086)	
Administrative expenses	(720)	(726)	
Subtotal	(2,909)	(2,812)	
LIFE/HEALTH			
Acquisition costs			
Incurred	(1,121)	(1,148)	
Commissions and profit received on reinsurance business ceded	25	23	
Deferrals of acquisition costs	736	735	
Amortization of deferred acquisition costs	(557)	(785)	
Subtotal	(917)	(1,175)	
Administrative expenses	(331)	(346)	
Subtotal	(1,248)	(1,521)	
ASSET MANAGEMENT			
Personnel expenses	(709)	(542)	
Non-personnel expenses	(324)	(295)	
Subtotal	(1,033)	(837)	
CORPORATE AND OTHER			
Administrative expenses	(303)	(301)	
Subtotal	(303)	(301)	
CONSOLIDATION			
	4	17	
Total	(5,489)	(5,454)	

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34 – Fee and commission expenses

FEE AND COMMISSION EXPENSES		B 50	
€ MN			
three months ended 31 March			
	2013	2012	
PROPERTY-CASUALTY			
Fees from credit and assistance business	(179)	(189)	
Service agreements	(96)	(87)	
Subtotal	(275)	(276)	
LIFE/HEALTH			
Investment advisory	(44)	(46)	
Service agreements	(12)	(17)	
Subtotal	(56)	(63)	
ASSET MANAGEMENT			
Commissions	(376)	(274)	
Other	(13)	(3)	
Subtotal	(389)	(277)	
CORPORATE AND OTHER			
Investment advisory and banking activities	(60)	(63)	
Service agreements	(52)	(62)	
Subtotal	(112)	(125)	
CONSOLIDATION			
	54	57	
Total	(778)	(684)	

35 – Other expenses

OTHER EXPENSES		B 51	
€ MN			
three months ended 31 March			
	2013	2012	
Expenses from alternative investments	(21)	(19)	
Other	(25)	–	
Total	(46)	(19)	

36 – Income taxes

INCOME TAXES		B 52	
€ MN			
three months ended 31 March			
	2013	2012	
Current income taxes	(790)	(1,060)	
Deferred income taxes	(87)	266	
Total	(877)	(794)	

For the three months ended 31 March 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 53	
€ MN			
three months ended 31 March			
	2013	2012	
Items that may be reclassified to profit and loss in future periods			
Foreign currency translation adjustments	11	(2)	
Available-for-sale investments	245	(850)	
Cash flow hedges	(1)	(5)	
Share of other comprehensive income of associates	–	1	
Miscellaneous	103	9	
Items that may never be reclassified to profit and loss			
Actuarial gains (losses) on defined benefit plans	14	110	
Total	372	(737)	

OTHER INFORMATION

37 – 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 unobservable 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 31 March 2013, fair values could not be reliably measured for equity investments with carrying amounts totaling €225 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.

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.

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
- Financial liabilities for puttable equity instruments

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

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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. When appropriate, values are adjusted on the basis of available market information including credit-related factors, volatility levels

and liquidity considerations. If no sufficient market information is available, management's best estimate of a particular input is used to determine the value.

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

FAIR VALUE HIERARCHY AS OF 31 MARCH 2013

B 54

€ 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	98	233	–	331
Equity securities	70	91	–	161
Derivative financial instruments	77	908	156	1,141
Subtotal	245	1,232	156	1,633
Financial assets designated at fair value through income				
Debt securities	1,770	427	–	2,197
Equity securities	2,151	–	258	2,409
Subtotal	3,921	427	258	4,606
Subtotal	4,166	1,659	414	6,239
Available-for-sale investments				
Equity securities	20,626	1,386	5,257	27,269
Government and agency mortgage-backed securities (residential and commercial)	37	3,802	–	3,839
Corporate mortgage-backed securities (residential and commercial)	27	12,004	36	12,067
Other asset-backed securities	51	2,604	244	2,899
Government and government agency bonds	138,450	22,668	37	161,155
Corporate bonds	38,975	139,202	3,188	181,365
Other debt securities	1,429	935	499	2,863
Subtotal	199,595	182,601	9,261	391,457
Financial assets for unit-linked contracts	72,523	2,509	185	75,217
Derivative financial instruments and firm commitments included in other assets	–	158	–	158
Total	276,284	186,927	9,860	473,071
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	24	1,275	4,977	6,276
Other trading liabilities	–	2	–	2
Subtotal	24	1,277	4,977	6,278
Financial liabilities for unit-linked contracts	72,523	2,509	185	75,217
Derivative financial instruments and firm commitments included in other liabilities	–	274	–	274
Financial liabilities for puttable equity instruments	2,306	27	89	2,422
Total	74,853	4,087	5,251	84,191

€ 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 significance of non-market 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

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 portfolio 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. 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 approach and 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 determined based on the net asset value provided by third-party vendors.

For financial liabilities for unit-linked contracts the same valuation techniques apply as for financial assets for unit-linked contracts.

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. These 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 implied 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 income approach. Primary inputs include 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 between level 1 and level 2

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 €0.3 BN as well as corporate bonds in the amount of €1.6 BN were transferred from level 1 to level 2 during the three months ended 31 March 2013.

Additionally, available-for-sale government and government agency bonds in the amount of €0.3 BN as well as certain corporate bonds in the amount of €2.5 BN were transferred from level 2 to level 1 during the three months ended 31 March 2013.

There were no significant transfers into or out of level 3 during the three months ended 31 March 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 (€4.5 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 (€2.8 BN). The primary un-

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 (€4.8 BN). A significant increase (decrease) in the utilization of annuitization benefits could result in a higher (lower) fair value. A significant decrease (increase) in mortality rates, surrender rates, or utilization of lifetime income benefits could result in a higher (lower) fair value. 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 31 March 2013	Valuation technique(s)	Non-market observable input(s)	Range
Available-for-sale investments				
Equity securities	4,521	Net asset value	n/a	n/a
Corporate bonds	2,828	Matrix pricing	Credit spread	(225) BPS – 431 BPS
Financial liabilities held for trading				
Derivative financial instruments	4,834			
Fixed indexed annuities	4,065	Present value of insurance cash flow	Annuitizations	0% – 25%
			Surrenders	0% – 25%
			Mortality	0% – 100%
			Withdrawal benefit election	0% – 50%
			Volatility	n/a
			Non-performance risk	n/a
Variable annuities	769	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	11	–	(262)
Subtotal	159	11	–	(262)
Financial assets designated at fair value through income				
Equity securities				
Equity securities	233	11	–	–
Subtotal	233	11	–	–
Available-for-sale investments				
Equity securities				
Equity securities	5,263	239	(82)	(167)
Corporate mortgage-backed securities (residential and commercial)				
Corporate mortgage-backed securities (residential and commercial)	30	2	2	(1)
Other asset-backed securities				
Other asset-backed securities	236	–	(1)	(8)
Government and government agency bonds				
Government and government agency bonds	38	–	–	(2)
Corporate bonds				
Corporate bonds	3,121	37	–	(17)
Other debt securities				
Other debt securities	467	27	–	–
Subtotal	9,155	305	(81)	(195)
Financial assets for unit-linked contracts				
Financial assets for unit-linked contracts	185	1	–	(1)
Total financial assets at fair value	9,732	328	(81)	(458)

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	245	–	(195)
Financial liabilities for unit-linked contracts				
Financial liabilities for unit-linked contracts	185	1	–	(1)
Financial liabilities for puttable equity instruments				
Financial liabilities for puttable equity instruments	80	–	–	–
Total financial liabilities at fair value	4,846	246	–	(196)

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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 31 March 2013	Net gains (losses) for financial instruments held at the reporting date
250	–	–	(2)	–	156	(17)
250	–	–	(2)	–	156	(17)
14	–	–	–	–	258	–
14	–	–	–	–	258	–
(2)	34	(17)	(11)	–	5,257	–
–	2	–	1	–	36	–
2	11	–	4	–	244	1
–	–	–	1	–	37	–
(1)	(26)	–	74	–	3,188	–
–	5	(3)	–	3	499	–
(1)	26	(20)	69	3	9,261	1
–	–	–	–	–	185	–
263	26	(20)	67	3	9,860	(16)

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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 31 March 2013	Net gains (losses) for financial instruments held at the reporting date
218	–	–	128	–	4,977	–
–	–	–	–	–	185	–
–	9	–	–	–	89	–
218	9	–	128	–	5,251	–

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 31 – Impairments of investments (net). If fair value less cost to sell is used as measurement basis under IFRS 5, corresponding disclosures can be found in note 10 – 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 31 MARCH 2013

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€ 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	2,264	2,586	11	4,861
Investments in associates and joint ventures	420	650	2,524	3,594
Real estate held for investment	–	–	14,443	14,443
Loans and advances to banks and customers	6,788	93,523	37,481	137,792
Real estate held for own use	–	–	3,968	3,968
Total assets	9,472	96,759	58,427	164,658
FINANCIAL LIABILITIES				
Liabilities to banks and customers	5,549	2,291	15,014	22,854
Certificated liabilities	7,274	979	771	9,024
Participation certificates and subordinated liabilities	6,576	5,560	276	12,412
Total liabilities	19,399	8,830	16,061	44,290

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 net asset values as provided by third-party vendors. In some cases, the proportion of the equity included in the at equity measurement (carrying amount) is considered to be a reasonable estimate of the fair value.

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 not available as there are no active markets in which these instruments are traded. For level 2, the fair value for these assets is mainly derived 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.

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Liabilities to banks and customers

For level 2, the fair value is mainly derived based on the market approach – in some cases using matrix pricing – or the income approach using future cash flows discounted with risk-specific interest rates. For level 3, fair values are determined based on the income approach using deterministic discounted cash flow models. 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 31 March 2013, the carrying amount and fair value of the CDOs was €372 MN and €367 MN, respectively. For the three months ended 31 March 2013, the net profit related to the CDOs was not significant.

38 – 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 60
€ MN		
three months ended 31 March	2013	2012
Net income attributable to shareholders used to calculate basic earnings per share	1,707	1,377
Weighted average number of common shares outstanding	453,175,764	452,499,514
Basic earnings per share (€)	3.77	3.04

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 61
€ MN		
three months ended 31 March	2013	2012
Net income attributable to shareholders	1,707	1,377
Effect of potentially dilutive common shares	(25)	(6)
Net income attributable to shareholders used to calculate diluted earnings per share	1,682	1,371
Weighted average number of common shares outstanding	453,175,764	452,499,514
Potentially dilutive common shares resulting from assumed conversion of:		
Share-based compensation plans	2,466,088	235,906
Weighted average number of common shares outstanding after assumed conversion	455,641,852	452,735,420
Diluted earnings per share (€)	3.69	3.03

For the three months ended 31 March 2013, the weighted average number of common shares excludes 2,774,236 (2012: 2,800,486) treasury shares.

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39 – Other information

NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES	B 62	
	as of 31 March 2013	as of 31 December 2012
Germany	40,637	40,882
Other countries	103,813	103,212
Total	144,450	144,094

CONTINGENT LIABILITIES AND COMMITMENTS

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

As of 31 March 2013, commitments outstanding to invest in private equity funds and similar financial instruments amounted to €2,978 MN (31 December 2012: €2,507 MN) and commitments outstanding to invest in real estate and infrastructure amounted to €815 MN (31 December 2012: €962 MN). All other commitments showed no significant changes.

40 – Subsequent events

ALLIANZ CALLS A US DOLLAR 2 BN SUBORDINATED BOND

In May 2013 Allianz SE has called for redemption a subordinated bond with an outstanding amount of US Dollar 2 BN and a coupon of 8.375% p.a. Repayment will be in June 2013.

ALLIANZ ENTERS INTO A LONG-TERM PARTNERSHIP WITH YAPI KREDI IN TURKEY

Allianz and Yapi Kredi have reached an agreement to enter into a 15-year exclusive distribution agreement and for Allianz to acquire Yapi Kredi Sigorta, the Property-Casualty insurer, including its subsidiary Yapi Kredi Emeklilik, the life and pension business. The transaction is expected to be closed during the second half of 2013 and is subject to regulatory and competition board approvals.

Munich, 14 May 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: Niemann, Obis Birk
- Second row: M. Janner, [Signature]
- Third row: [Signature], M. Hüny
- Fourth row: Woscher, J. Rely
- Fifth row: Peter Wimmer, Zorn
- Sixth row: M. Zimmerer

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 31 March 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 EU, 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 EU, 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, 14 May 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

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