ALLIANZ SE
Form 6-K
November 12, 2008
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# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form 6-K

**Report of Foreign Private Issuer**

**Pursuant to Rules 13a-16 or 15d-16 under**

**the Securities Exchange Act of 1934**

**for the period ended September 30, 2008**

Commission file Number: 1-15154

# ALLIANZ SE

**Königinstrasse 28**

**80802 Munich**

**Germany**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

THIS REPORT ON FORM 6-K (EXCEPT FOR ANY NON-GAAP FINANCIAL MEASURE AS SUCH TERM IS DEFINED IN REGULATION G UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED) SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM S-8 (FILE NO. 333-13462 AND NO. 333-139900) AND ON FORM F-3 (FILE NO. 333-151308) OF ALLIANZ SE AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED. FOR THE AVOIDANCE OF DOUBT, THE DISCLOSURE CONTAINING ANY NON-GAAP FINANCIAL MEASURE CONTAINED IN THE ATTACHED REPORT, INCLUDING WITHOUT LIMITATION REFERENCES TO CONSOLIDATED OPERATING PROFIT AND OPERATING PROFIT AS IT RELATES TO THE ALLIANZ GROUP, INCLUDING THE TABLES ENTITLED OPERATING PROFIT ON PAGE 3 AND PAGE 5 (AS IT RELATES TO THE ALLIANZ GROUP) AND THE SECTION ENTITLED RECONCILIATION OF CONSOLIDATED OPERATING PROFIT AND INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS IN EARNINGS , AND TO ANY OTHER NON-GAAP FINANCIAL MEASURES, IS NOT INCORPORATED BY REFERENCE INTO THE ABOVE-MENTIONED REGISTRATION STATEMENTS FILED BY ALLIANZ SE.

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# Allianz Share

**Development of the Allianz share price from January 1, 2008 to September 30, 2008**

indexed on the Allianz share price in

Source: Thomson Reuters Datastream

Current information on the development of the Allianz share price is available at www.allianz.com/share.

**Basic Allianz share information**

| | |
|---|---|
| Share type | Registered share with restricted transfer |

| | |
|---|---|
| Denomination | No-par-value share |
| Stock exchanges | All German stock exchanges, London, Paris, Zurich, Milan, New York |
| Security Codes | WKN 840 400<br>ISIN DE 000 840 400 5 |
| Bloomberg | ALV GY |
| Reuters | ALVG.DE |

## Investor Relations

We endeavor to keep our shareholders up-to-date on all company developments. Our Investor Relations Team is pleased to answer any questions you may have.

Allianz SE

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# Allianz Group Key Data

| | | Three months ended September 30, | | | Nine months ended September 30, | | |
|---|---|---|---|---|---|---|---|
| | | 2008 | 2007 | Change from previous year | 2008 | 2007 | Change from previous year |
| **INCOME STATEMENT** | | | | | | | |
| Total revenues [1] | mn | 21,080 | 21,915 | (3.8)% | 69,525 | 72,074 | (3.5)% |
| Operating profit [2] | mn | 1,556 | 2,563 | (39.3)% | 6,477 | 7,715 | (16.0)% |
| Net income from continuing operations [3] | mn | 545 | 2,049 | (73.4)% | 4,150 | 6,064 | (31.6)% |
| Net income (loss) from discontinued operations, net of income taxes and minority interests in earnings [3] | mn | (2,568) | (128) | n.m. | (3,483) | 1,237 | n.m. |
| Net income (loss) [3] | mn | (2,023) | 1,921 | n.m. | 667 | 7,301 | (90.9)% |
| **SEGMENTS (Continuing Operations)** | | | | | | | |
| **Property-Casualty** | | | | | | | |
| Gross premiums written | mn | 10,816 | 10,674 | 1.3% | 34,368 | 34,767 | (1.1)% |
| Operating profit [2] | mn | 1,249 | 1,487 | (16.0)% | 4,411 | 4,648 | (5.1)% |
| Net income | mn | 791 | 1,708 | (53.7)% | 3,670 | 4,268 | (14.0)% |
| Combined ratio | % | 96.2 | 94.1 | 2.1 pts | 94.9 | 94.6 | 0.3 pts |
| **Life/Health** | | | | | | | |
| Statutory premiums | mn | 9,415 | 10,268 | (8.3)% | 32,471 | 34,352 | (5.5)% |
| Operating profit [2] | mn | 218 | 873 | (75.0)% | 1,510 | 2,381 | (36.6)% |
| Net income (loss) | mn | (5) | 563 | n.m. | 872 | 1,595 | (45.3)% |
| Statutory expense ratio | % | 10.1 | 11.0 | (0.9) pts | 10.4 | 9.2 | 1.2 pts |
| **Banking[3]** | | | | | | | |
| Operating revenues | mn | 123 | 127 | (3.1)% | 416 | 455 | (8.6)% |
| Operating profit (loss) [2] | mn | (17) | (14) | 21.4% | (6) | 28 | n.m. |
| Net income (loss) from continuing operations | mn | (62) | 24 | n.m. | (72) | 65 | n.m. |
| Cost-income ratio | % | 108.1 | 119.7 | (11.6) pts | 97.1 | 94.3 | 2.8 pts |
| **Asset Management** | | | | | | | |
| Operating revenues | mn | 698 | 803 | (13.1)% | 2,163 | 2,380 | (9.1)% |
| Operating profit [2] | mn | 186 | 330 | (43.6)% | 708 | 967 | (26.8)% |
| Net income | mn | 52 | 142 | (63.4)% | 250 | 375 | (33.3)% |
| Cost-income ratio | % | 73.4 | 58.9 | 14.5 pts | 67.3 | 59.4 | 7.9 pts |
| **DRESDNER BANK (Discontinued Operations) [3]** | | | | | | | |
| Operating revenues | mn | 673 | 1,139 | (40.9)% | 1,851 | 4,763 | (61.1)% |
| Operating profit (loss) [2] | mn | (834) | 89 | n.m. | (1,869) | 1,198 | n.m. |
| Net income (loss) | mn | (2,765) | (78) | n.m. | (3,845) | 917 | n.m. |
| Cost-income ratio | % | 185.6 | 89.4 | 96.2 pts | 183.3 | 73.1 | 110.2 pts |
| **BALANCE SHEET** | | | | | | | |
| Total assets as of September 30, [4] | mn | 1,016,837 | 1,061,149 | (4.2)% | 1,016,837 | 1,061,149 | (4.2)% |
| Shareholders equity as of September 30, [4] | mn | 37,548 | 47,753 | (21.4)% | 37,548 | 47,753 | (21.4)% |
| Minority interests as of September 30, [4] | mn | 3,644 | 3,628 | 0.4% | 3,644 | 3,628 | 0.4% |
| **SHARE INFORMATION** | | | | | | | |
| Basic earnings per share | | (4.49) | 4.30 | n.m. | 1.48 | 16.72 | (91.1)% |
| Diluted earnings per share | | (4.48) | 4.23 | n.m. | 1.41 | 16.41 | (91.4)% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Share price as of September 30, [4] | | 96.28 | 147.95 | (34.9)% | 96.28 | 147.95 | (34.9)% |
| Market capitalization as of September 30, [4] | bn | 43.6 | 66.6 | (34.6)% | 43.6 | 66.6 | (34.6)% |
| **OTHER DATA** | | | | | | | |
| Third-party assets under management as of September 30, [4] | bn | 754 | 765 | (1.4)% | 754 | 765 | (1.4)% |

[1] Total revenues comprise Property-Casualty segment s gross premiums written, Life/Health segment s statutory premiums, Banking segment s operating revenues and Asset Management segment s operating revenues.
[2] The Allianz Group uses operating profit to evaluate the performance of its business segments and the Group as a whole.
[3] Following the announcement of the sale, Dresdner Bank qualifies as held-for-sale and discontinued operations. Therefore, all revenue and profit figures presented for our continuing business do not include the parts of Dresdner Bank which we will sell to Commerzbank. The results from these operations are presented in a separate net income line net income from discontinued operations, net of income taxes and minority interests in earnings starting in the third quarter of 2008 (3Q 2008).
[4] 2007 figures as of December 31, 2007.

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# Executive Summary and Outlook [1)]

Our underlying fundamentals remain strong.

Sale of Dresdner Bank to Commerzbank on track.

Operating profit and net income from continuing operations of 1,556 million and 545 million respectively.

Solvency at target level.

## Highlights of the Third Quarter 2008

On August 31, 2008, Allianz SE ( Allianz ) and Commerzbank AG ( Commerzbank ) agreed on the sale of significantly all of Dresdner Bank AG ( Dresdner Bank ) to Commerzbank. Following the announcement of the sale, Dresdner Bank qualifies as held-for-sale and discontinued operations. Therefore, all revenue and profit figures presented for our continuing business do not include the parts of Dresdner Bank which we will sell to Commerzbank. The results from these operations are presented in a separate net income line net income from discontinued operations, net of income taxes and minority interests in earnings starting in the third quarter of 2008 (3Q 2008).

In September 2008, subsequent to the agreed sale, Dresdner Bank reclassified certain assets into the categories available for sale and loans and receivables according to amended IAS 39[2)]. Without this reclassification, the operating results of Dresdner Bank would have been 422 million lower. However, due to the treatment of Dresdner Bank as a discontinued operation, the results of Dresdner Bank no longer affect Allianz Group s result.

1) The Allianz Group operates and manages its activities primarily through four operating segments: Property-Casualty, Life/Health, Banking and Asset Management. Effective January 1, 2006, in addition to our four operating segments and with retrospective application, we introduced a fifth business segment named Corporate.
2) For further information see Note 2 to the condensed interim financial statements.

### Results of the third quarter 2008

In the third quarter of 2008 economic conditions deteriorated further and stock markets fell worldwide. In common with the industry, Allianz is influenced by these developments, which impacted both results and asset values. The extent of the effect varied by segment. Property-Casualty operations continued to deliver robust results, both in terms of revenues and operating profit. In contrast, revenues and profitability of our asset accumulation businesses were negatively affected by the financial market crisis.

**Total revenues**

in bn

Internal revenue growth was (0.8)% mainly due to the negative revenue development in our unit-linked business and lower sales from our bancassurance channels. The strong growth rates in Property-Casualty and our growing traditional life business almost compensated for these shortfalls. On a nominal basis, total revenues declined by 3.8% and amounted to 21,080 million. Main reason for the decline was a negative foreign exchange effect of 549 million.

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### Operating profit

in mn

Operating profit from continuing operations was 1,556 million and thus 39.3% lower than in the comparison period. Property-Casualty operations made a solid contribution of 1,249 million to operating profit, even though two of our operations were significantly affected by market conditions resulting in a 16.0% decline in operating profit compared to previous year s quarter. In the Life/Health segment operating profit declined by 75.0% due to a high level of impairments and a prior year effect. In Asset Management, a negative impact from the financial market crisis and foreign exchange effects reduced the operating profit to 186 million, from 330 million in the prior year period.

### Net income from continuing operations

in mn

Net income amounted to 545 million, down 73.4% mainly due to the shortfall in operating profit and net impairments of 404 million within non-operating items.

### Shareholders equity[1)]

in mn

[1)] Does not include minority interests.

Shareholders equity was down 2,909 million from June 30, 2008 and amounted to 37,548 million as of September 30, 2008 mainly impacted by the net loss from discontinued operations and changes in unrealized gains and losses. At 157%, our solvency ratio[1)] remained at the target level of 150%.

## Sale of Dresdner Bank

The agreed consideration comprises a cash component, 315 million Commerzbank shares, the Asset Manager Cominvest, a distribution agreement and a receivable against a fund held in trust to cover losses for specific ABS assets. The fair value of these considerations amounted to 7.8 billion as of September 30, 2008.

The sale of significantly all of Dresdner Bank will take place in two steps. In the first step, Commerzbank will acquire 60.2% of the shares in Dresdner Bank from Allianz. In exchange Allianz will receive 163.5 million new shares in Commerzbank generated from a capital increase against contribution in kind, which is equivalent to a share of 18.4% of the increased share capital of Commerzbank. On the basis of the average XETRA closing price during August, these shares are worth 3.4 billion. Commerzbank will pay Allianz an additional 2.5 billion in cash. Thereof 975 million will be provided to the aforementioned trust account to cover ultimate losses for the specific ABS assets.

[1)] Solvency computed according to the draft amendment of FkSolV published by the BaFin, which revises the treatment of unrealized gains/losses on the bond portfolio. Reported solvency ratios under the old method were 145% as of June 30, 2008 and 157% as of December 31, 2007, respectively, and available funds were 40.2 bn as of June 30, 2008, and 45.5 bn as of December 31, 2007, respectively.

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The trust will be dissolved not later than 2018. In the transaction, Cominvest which is valued at 0.7 billion will be transferred to Allianz.

In the second step, which is subject to the approval by the General Meetings of both entities, Dresdner Bank will be merged with Commerzbank and Allianz will receive further shares in Commerzbank. The final stake in Commerzbank which Allianz will hold after the second step will depend on the exact exchange ratio of Commerzbank shares to Dresdner Bank shares. The expected stake that Allianz will hold in Commerzbank will amount to nearly 30%. This will make Allianz SE the largest shareholder and a strong partner of the new bank.

The transaction is expected to be completed no later than the end of 2009 and is subject to approval by the regulatory authorities.

## Allianz Group s Consolidated Results of Operations

### Total revenues [1)]

**Total revenues Segments**

in mn

### Property-Casualty

Gross premiums written were 7.8% ahead of previous year at 10,989 million on an internal basis. On a nominal basis, gross premiums written were up by 1.3% to 10,816 million.

We grew in most of our markets. A significant part of the premium growth derived from increased crop business in the United States. Excluding this business, the major part of which is ceded to re-insurers, revenue growth would have been 5.2%. In addition, our activities in the emerging markets[2)] were a key growth driver.

For the first nine months of 2008 gross premiums written on an internal basis increased by 3.1% to 34,812 million. On a nominal basis, revenues were down by 1.1%. Adjusted for the reclassification of 850 million of AGF s health

1) Total revenues comprise Property-Casualty segment s gross premiums written, Life/Health segment s statutory premiums, Banking segment s operating revenues and Asset Management segment s operating revenues.
2) New Europe, Asia-Pacific, South America, Mexico, Middle East, Northern Africa and Africa/Near East.

business from Property-Casualty to the Life/Health segment, revenues grew by 1.3 %.

### Life/Health

Premiums decreased by 8.7 % on an internal basis to 9,625 million in the quarter. On a nominal basis, revenues were 8.3 % lower, at 9,415 million. Adjusted for the reclassification of AGF s health business of 279 million from the Property-Casualty segment, revenues declined by 10.7 %.

On an internal basis, statutory premiums for the first nine months amounted to 33,367 million, down 5.2 %. On a nominal basis, revenues decreased by 5.5 % to 32,471 million.

### Banking[1)]

In the third quarter, revenues from continuing banking operations declined 3.1 % or 4 million to 123 million. This development resulted mainly from lower net fee and commission income, primarily in the Italian market. Net interest income was stable at 74 million and net dealing income was up 7 million to 1 million.

In the nine month review we recorded downward movements in net dealing income and in net fee and commission income, leading to a revenue decrease of 8.6 % to 416 million.

### Asset Management

Operating revenues dropped by 3.2 % on an internal basis and by 13.1 % to 698 million on a nominal basis. Lower net fee and commission income, negative foreign exchange effects and lower mark-to-market valuation of seed money in the United States were the key drivers behind the shortfall.

On an internal basis operating revenues increased by 0.5 % for the first nine months. Revenues amounted to 2,163 million, down 9.1 % on a nominal basis.

1) Following the sale of significantly all of Dresdner Bank to Commerzbank, our Banking segment reflects our existing banking operations as well as the Old-enburgische Landesbank and approximately one million banking clients from Dresdner Bank introduced through our tied agents channel.

## Operating profit

**Operating profit Segments**

in mn

### Property-Casualty

At 1,249 million representing a decrease of 16.0 %, the segment continued to generate strong returns in operating profit but was mainly due to Euler Hermes and Fireman s Fund 238 million lower than in 3Q 2007. Both operations had to cope with difficult market conditions. Our combined ratio increased to 96.2 %.

On a nine month basis, operating profit decreased by 237 million to 4,411 million.

### Life/Health

Operating profit amounted to 218 million, after 873 mil- lion in 3Q 2007. The reason for this decline is the 385 million lower net investment result and a one-off technical gain of 170 million recorded in 3Q 2007.

On a nine month basis, operating profit decreased by 36.6 % to 1,510 million.

### Banking[1)]

Operating loss from our continuing Banking operations was 17 million after a loss of 14 million in the comparison period. This was mainly the result of lower revenues and higher loan loss provisions.

For the nine months we recorded an operating loss of 6 million after a profit in 2007 of 28 million. Higher loan loss provisions in the third quarter was the major reason.

### Asset Management

In the quarter-to-quarter comparison operating profit dropped by 43.6 % to 186 million, as a consequence of lower revenues, increased administrative expenses and a significant negative foreign exchange effect.

### Corporate Segment

The operating loss for the third quarter decreased to 54 million compared to a loss of 155 million in 3Q 2007.

In the first nine months the operating loss of 125 million represented an improvement of 141 million compared to the first nine months of 2007.

### Non-operating result

Non-operating items produced a loss of 729 million coming from a gain of 37 million a year ago. Due to the current market environment, the impairments on investments recorded as non-operating increased to 921 million mainly reflecting high equity impairments. Higher net realized gains, totalling 517 million, only partly compensated for this development. Furthermore, the non-operating result was reduced by higher restructuring charges mainly relating to AGF, where we executed a transformation program.

For the first nine months of 2008 we recorded a non-operating loss of 817 million compared to a gain of 1,018 million in the prior year, representing significantly higher impairments on investments. Realized gains also decreased by 11.8 % to 1,981 million, as we benefited from the sales of equity investments in a very favorable market environment a year ago.

1) Following the sale of significantly all of Dresdner Bank to Commerzbank, our Banking segment reflects our existing banking operations as well as the Oldenburgische Landesbank and approximately one million banking clients from Dresdner Bank introduced through the tied agents channel.

### Net income from continuing operations

Net income from continuing operations decreased by 1,504 million to 545 million. Lower taxable income led to a decrease in tax expenses. In addition, the prior year period benefited from the German tax reform by 119 million. Without this one-time impact the swing would have been larger. The effective tax rate increased to 30.0 %. Minority interests in earnings were reduced to 34 million.

On a nine month basis, net income from continuing operations amounted to 4,150 million. The developments were largely consistent with those described for the third quarter.

### Net income (loss) from discontinued operations

Net loss from discontinued operations amounted to 2,568 million and represents the expected loss from the sale of Dresdner Bank. This loss comprises Dresdner Bank s results of 2008 amounting to 1,159 million as well as the impairment charge of 1,409 million, reflecting the negative difference between the consideration and the carrying value of Dresdner Bank in the books of Allianz Group.

### Net Income (loss)

Net loss for the third quarter amounted to 2,023 million compared to a net income of 1,921 million a year ago. For the first nine months net income was 667 million compared to 7,301 million in the comparison period.

### Earnings per share [1)]

in

[1)] See note 38 to our condensed consolidated interim financial statements for further details.

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## Segment Information Total Revenues and Operating Profit

| | Property-Casualty | | Life/Health | | Banking | | Asset Management | | Corporate | | Consolidation | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 mn | 2007 mn | 2008 mn | 2007 mn | 2008 mn | 2007 mn | 2008 mn | 2007 mn | 2008 mn | 2007 mn | 2008 mn | 2007 mn | 2008 mn | 2007 mn |
| Three months ended September 30, | | | | | | | | | | | | | | |
| **Total revenues [1)]** | **10,816** | **10,674** | **9,415** | **10,268** | **123** | **127** | **698** | **803** | | | **28** | **43** | **21,080** | **21,915** |
| **Operating profit (loss)** | **1,249** | **1,487** | **218** | **873** | **(17)** | **(14)** | **186** | **330** | **(54)** | **(155)** | **(26)** | **42** | **1,556** | **2,563** |
| Non-operating items | (126) | 252 | (175) | 9 | (34) | 15 | (87) | (97) | (251) | (166) | (56) | 24 | (729) | 37 |
| **Income (loss) from continuing operations before income taxes and minority interests in earnings** | **1,123** | **1,739** | **43** | **882** | **(51)** | **1** | **99** | **233** | **(305)** | **(321)** | **(82)** | **66** | **827** | **2,600** |
| Income taxes | (303) | 34 | (41) | (293) | (16) | 21 | (46) | (87) | 150 | (126) | 8 | | (248) | (451) |
| Minority interests in earnings | (29) | (65) | (7) | (26) | 5 | 2 | (1) | (4) | (4) | (8) | 2 | 1 | (34) | (100) |
| **Net income (loss) from continuing operations** | **791** | **1,708** | **(5)** | **563** | **(62)** | **24** | **52** | **142** | **(159)** | **(455)** | **(72)** | **67** | **545** | **2,049** |
| **Net income (loss) from discontinued operations, net of income taxes and minority interests in earnings** | | | | | **(2,765)** | **(78)** | | | | | **197** | **(50)** | **(2,568)** | **(128)** |
| **Net income (loss)** | **791** | **1,708** | **(5)** | **563** | **(2,827)** | **(54)** | **52** | **142** | **(159)** | **(455)** | **125** | **17** | **(2,023)** | **1,921** |
| Nine months ended September 30, | | | | | | | | | | | | | | |
| **Total revenues [1)]** | **34,368** | **34,767** | **32,471** | **34,352** | **416** | **455** | **2,163** | **2,380** | | | **107** | **120** | **69,625** | **72,074** |
| **Operating profit (loss)** | **4,411** | **4,648** | **1,510** | **2,381** | **(6)** | **28** | **708** | **967** | **(125)** | **(266)** | **(21)** | **(43)** | **6,477** | **7,715** |
| Non-operating items | 595 | 1,096 | (215) | 127 | (36) | 24 | (291) | (301) | (597) | 271 | (273) | (199) | (817) | 1,018 |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income (loss) from continuing operations before income taxes and minority interests in earnings** | **5,006** | **5,744** | **1,295** | **2,508** | **(42)** | **52** | **417** | **666** | **(722)** | **5** | **(294)** | **(242)** | **5,660** | **8,733** |
| Income taxes | (1,213) | (1,081) | (377) | (728) | (31) | 13 | (163) | (268) | 420 | (71) | 35 | 70 | (1,329) | (2,065) |
| Minority interests in earnings | (123) | (395) | (46) | (185) | 1 | | (4) | (23) | (14) | (16) | 5 | 15 | (181) | (604) |
| **Net income (loss) from continuing operations** | **3,670** | **4,268** | **872** | **1,595** | **(72)** | **65** | **250** | **375** | **(316)** | **(82)** | **(254)** | **(157)** | **4,150** | **6,064** |
| **Net income (loss) from discontinued operations, net of income taxes and minority interests in earnings** | | | | | **(3,845)** | **917** | | | | | **362** | **320** | **(3,483)** | **1,237** |
| **Net income** | **3,670** | **4,268** | **872** | **1,595** | **(3,917)** | **982** | **250** | **375** | **(316)** | **(82)** | **108** | **163** | **667** | **7,301** |

[1)] Total revenues comprise Property-Casualty segment s gross premiums written, Life/Health segment s statutory premiums, Banking segment s operating revenues and Asset Management segment s operating revenues.

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# Impact of the financial markets turbulence

The financial markets crisis has its root cause in the sub-prime crisis, when rising defaults on subprime mortgages in the United States resulted in significant deterioration of prices for securitized assets. Primarily, this affected collateralized debt obligations ( CDO ), and residential mortgage-backed securities especially those originating in the United States ( U.S. RMBS ). The revaluation of these assets resulted in massive write-downs in the industry. Subsequently, uncertainty about the extent and distribution of losses arose and the interbank market started to freeze. This prompted central banks to take concerted action and provide the capital market with additional liquidity.

2008 has been characterized by weak equity markets, volatile credit spreads and further declines in U.S. house and mortgage prices. The downgrading of monoline insurers ( monoliners ) led to further writedowns on derivatives contracts banks held with the insurers. Investors faced further downgrades and market losses on insured bonds. In September, large financial institutions faltered, leading to failures, mergers and conservatorships. These recent developments led to continuously deteriorating market sentiment and falling stock markets worldwide and ultimately prompted governments to take coordinated actions and announce broad rescue plans for distressed institutions.

The turbulence in the financial markets has clearly impacted our business development. However, the impact varied in each business segment.

The major operating impact of the crisis comes through Dresdner Bank which, as already mentioned, we now record as a discontinued operation. Impacts on our insurance operations have been limited to the impairments on equity and fixed-income securities as well as lower sales of unit-linked life insurance products. Investment activities of the insurance segments were only impacted to a very limited extent, reflecting the high quality of the asset bases with no material CDO or subprime exposure.

## Impact on insurance assets

### Impairments by insurance segment

| Three months ended | Property-Casualty | | Life/Health | |
|---|---|---|---|---|
| September 30, | 2008 mn | 2007 mn | 2008 mn | 2007 mn |
| **Operating** | | | | |
| Equities | (129) | (17) | (1,260) | (285) |
| Fixed income | | | (272) | (3) |
| Real estate | | | (21) | |
| **Total operating[1)]** | **(129)** | **(17)** | **(1,553)** | **(288)** |
| **Non-operating** | | | | |
| Equities | (482) | (57) | (86) | |
| Fixed income | (67) | | (14) | (1) |
| Real estate | (34) | (2) | | |
| **Total non-operating[2)]** | **(583)** | **(59)** | **(100)** | **(1)** |
| **Total impairments** | | | | |
| **(net)** | **(712)** | **(76)** | **(1,653)** | **(289)** |

[1)] Total impairments in operating profit

2) Total impairments in non-operating profit

### Asset-backed securities exposure

Of our Property-Casualty asset base, asset-backed securities ( ABS ) made up 4.8 billion as of September 30, 2008, which is around 5.6 %. CDOs accounted for 0.1 billion of this amount. Unrealized losses on CDOs of 3 million were recorded in our equity.

Within our Life/Health asset base, ABS amounted to 14.7 billion as of September 30, 2008, which is 4.3 % of total Life/ Health assets. Of these, 0.3 billion are CDOs. Unrealized losses on CDOs of 5 million were recorded in our equity.

Subprime exposures within CDOs were negligible.

### Impact on investment banking activities of Dresdner Bank (discontinued business)

Dresdner Bank is engaged in various business activities involving structured products. These comprise ABS, credit enhancements, conduits, leveraged buy-out commitments ( LBO ) and structured investment vehicles ( SIV ). Furthermore, Dresdner Bank has sold credit protection for third party ABS and has re-insured these positions with monoliners.

### Net asset-backed securities

As of September 30, 2008, Dresdner Bank carried ABS with an exposure of 9.4 billion.

The net exposure of ABS increased by 2.5 billion since June 30, 2008. This resulted predominantly from the restructuring of certain monoline exposures.

ABS are carried in the trading and in the banking book. The ABS banking book exposures stemmed from reclassifications made out of the trading book in September 2008.

### Breakdown of exposure by rating class

in %

### Credit enhancements

Credit enhancements are initiatives taken by the originator in a securitization structure to enhance the security, credit or the rating of the securitized instrument. In this context, Dresdner Bank offered second loss protection for credit investment related conduits ( CIRC ). This structure primarily contains ABS.

Under the CIRC structures, Dresdner Bank provides second loss protection, whereas the first loss stays with the client. Additionally, the Bank is entitled to sell the portfolio to the market, if the value of this portfolio falls below a pre-defined threshold. Here as well, the exposure was reduced and as of September 30, 2008, was an exposure of 1.8 billion.

### Conduits

A conduit is a special purpose entity that securitizes its financial assets, e.g. receivables, by means of commercial papers.

Since the late nineties, Dresdner Bank has arranged the securitization of third party and own asset portfolios through asset-backed commercial paper programmes ( ABCP ) via

several conduits. The underlying pool of assets exhibits a good quality, with 81 % having at least an A rating. Dresdner Bank has provided liquidity back-up lines of 10.9 billion of which 4.6 billion were undrawn as of September 30, 2008.

### Leveraged buy-out

A leveraged buy-out is a financing transaction involving a significant amount of debt.

Dresdner Bank provides credit lines for these transactions, the bulk of which are typically syndicated. Dresdner Bank s LBO exposure amounted to 3.8 billion consisting of drawn and undrawn amounts as of September 30, 2008. In the third quarter, we recorded a negative impact of 105 million resulting from loan loss provisions and realized losses.

### Monoliner

Dresdner Bank has entered into business relations with monoliners companies that guarantee the repayment of a security and the corresponding interest in the event that the issuer defaults in order to hedge the exposure from ABS.

In addition, Dresdner Bank has provided credit protection via Credit Default Swaps ( CDS ) for ABS exposures. According to our risk policies, most of these CDS positions are re-insured with monoliners.

Only in the case of a default of payment from the underlying assets and a breach of contractual duties of the monoliners, will an ultimate loss occur. This loss amounts to the difference between the guaranteed amount from the monoliner and the value of the underlying assets.

Notional exposure versus monoliners was significantly reduced as a result of restructuring agreements as previously described.

We bought net protection for ABS with a net notional value of 10.9 billion, of which 8.9 billion have no primary reference to the U.S. mortgage market. In addition, the secured ABS portfolio contains 2.0 billion of exposures to the U.S. mortgage market, of which we consider 1.6 billion to be critical and expect, based on today s knowledge, that we have to rely here partially on the monoliner protection. The remaining 0.4 billion are U.S. RMBS.

Dresdner Bank s gross counterparty risk amounted to 2.0 billion. In order to hedge the monoliner default risk, the

bank bought Credit Default Swaps from third parties on the various monoliners in a total amount of 0.4 billion, leaving us with a net counterparty exposure of 1.6 billion.

The positive market value of the protection bought from monoliners amounted to 1.1 billion. In addition to that, we built up Counterparty Default Adjustments (CDAs) against the positive market value of 0.4 billion, leaving us with a net book value of 0.7 billion.

The underlyings show a good quality, with 92 % being investment grade (having at least an A rating):

### Breakdown of exposure by rating class

in %

### Structured Investment Vehicles ( SIV )

A structured investment vehicle is an entity that primarily invests in long-term, high quality securities. The investments are refinanced by medium term notes ( MTN ) or commercial papers ( CP ).

On March 18, 2008, Dresdner Bank and K2 Corporation entered into an agreement through which Dresdner Bank will provide a support facility to the Structured Investment Vehicle K2 for the benefit of the senior note holders. The agreement consists of a U.S. $ 1.5 billion committed revolving mezzanine credit facility and a backstop facility.

We have fully consolidated K2 since the end of 1Q 2008.

K2 has a well diversified portfolio that is predominantly composed of MBS, CLO and ABS and holds no direct exposure to subprime assets or CDOs on ABS/MBS. In the third quarter, the volume of K2 has been further reduced by 31.8 % to 6.0 billion. The remaining assets are of a high quality with 90 % having at least an AA rating.

As a result of the decreasing market values in the third quarter, K2 s assets no longer fully cover the repayment of K2 s senior debt; due to the backstop facility provided by Dresdner Bank a negative 148 million impacted our result in 3Q.

## Risk Management

Risk management is an integral part of our business processes and supports our value-based management. As our internal risk capital model provides management with information which allows for active asset-liability management and monitoring, risk is well controlled and managed.

The impacts from the subprime-crisis are described in the paragraph Impacts from the financial markets turbulence .

The information contained in the risk report in our 2007 Annual Report is still valid.

## Events After the Balance Sheet Date

### Capital investment in The Hartford

On October 6, 2008, Allianz SE announced a binding agreement providing for a capital investment of U.S. $ 2.5 billion in The Hartford.

We have purchased, for a consideration of U.S. $ 2.5 billion, 24 million of preferred shares convertible to common stock after receipt of applicable approvals, warrants for 69 million of Hartford shares and junior subordinated debentures with a nominal value of U.S. $ 1.75 billion and a 10 % interest coupon.

For further information see Outlook on page 11 and Note 41 to the condensed consolidated interim financial statements.

## Opportunities

We remain confident that in principle the positive opportunities for the future development of our operating business and economic position as described in our 2007 Annual Report are still valid, subject to market uncertainties as described in our Outlook.

Furthermore, as part of the sale of Dresdner Bank to Commerzbank, Allianz will have access to more than 11 million banking clients (currently 6.3 million) and approximately 1,200 branches (currently 900) of the combined entity for the distribution of Allianz products.

Also as part of the Dresdner Bank transaction, the combination of Allianz Global Investors and Cominvest s strengths and expertise under the roof of Allianz Global Investors Germany will create the largest asset manager in Germany with more than 325 billion of assets under management.

## Outlook

With a solvency ratio[1)] of 157% at the end of the current reporting period net of a dividend accrual of 1.6 billion (40 % of net income before discontinued operations) and healthy underlying fundamentals in our operations, we feel well positioned for the future.

The challenging and volatile conditions in financial markets continue to impact our asset accumulation businesses. Further impairments are therefore expected, hitting operating profit especially in the Life/Health business.

As the nine month Group operating profit of 6.5 billion was behind expectations for the same reasons, we expect to fall short of the 2008 operating profit outlook of 9 billion plus before banking.

In these economic circumstances, making accurate earnings predictions for the short to medium term is extremely difficult. In the absence of a strong recovery in equity markets, the operating profit outlook for 2009 of 9 billion plus cannot be confirmed.

As always, natural catastrophes and adverse developments in the capital markets, as well as the factors stated in our cautionary note regarding forward-looking statements, may severely impact our results of operations.

1) Solvency computed according to the draft amendment of FkSolV published by the BaFin, which revises the treatment of unrealized gains/losses on the bond portfolio. Reported solvency ratios under the old method were 145 % as of June 30, 2008 and 157 % as of December 31, 2007, respectively, and available funds were 40.2 bn as of June 30, 2008, and 45.5 bn as of December 31, 2007, respectively.

**Cautionary Note Regarding Forward-Looking Statements**

The statements contained herein may include 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 that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words may , will , should , expects , plans , intends , anticipates , believes , estimates , predicts , potential , or continue and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group s core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) 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. The matters discussed herein may also be affected by risks and uncertainties described from time to time in Allianz SE s filings with the U.S. Securities and Exchange Commission. The company assumes no obligation to update any forward-looking statement.

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# Property-Casualty Insurance Operations

Segment continued to deliver, largely unaffected by the financial market crisis.

7.8% internal revenue growth.

Operating profit of 1,249 million.

Combined ratio of 96.2% in 3Q, 94.9% year-to-date.

## Earnings Summary

### Gross premiums written[1)]

### 2008 to 2007 third quarter comparison

We maintained our focus on profitability and selectively wrote only those risks that we believe will generate adequate returns. This disciplined underwriting approach limited the negative pricing impacts stemming from markets that have remained soft for longer than expected, while at the same time achieving organic growth.

Gross premiums written on an internal basis were 7.8% ahead of previous year at 10,989 million. A good part of the growth came from increased crop business in the United States. Other contributors to growth included South America and Allianz Global Corporate & Specialty ( AGCS ). These growth areas compensated for the negative impact of the reclassification of 279 million of AGF s health business to the Life/Health segment. Negative currency translation effects amounted to 256 million. On a nominal basis, gross premiums written were up by 1.3% to 10,816 million.

**Gross premiums written by region [1)]**

in %

1) After elimination of transactions between Allianz Group companies in different geographic regions and different segments. Gross premiums written from our specialty lines have been allocated to the respective geographic regions.

1) Since 2Q 2008 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.

The regional split of our gross premiums written was largely unchanged. We delivered growth in the majority of our markets.

In Italy, there was a decline in gross premiums written of 125 million or 11.9%. This development stemmed mainly from the motor business, in particular due to a lower number of car registrations and our selective underwriting approach. Furthermore, prices were impacted by the Bersani-law, which resulted in a market-wide price reduction.

In the United States gross premiums written grew by 34.4% or 508 million, primarily due to the crop business. Excluding the growth in crop insurance, internal growth declined by 6.8 %. At the same time business in the United States was mostly affected by price decreases which we estimate to be 2.7 %.

In emerging markets[2)], where our strategy of expansion continued to pay off, premiums grew strongly by 112 million or 10.4% on a like-for-like basis. Together, these markets

[2)] New Europe, Asia-Pacific, South America, Mexico, Middle East, Northern Africa and Africa/Near East.

contributed 1,185 million (3Q 2007: 1,073 million) or 10.8% (3Q 2007: 10.5%) to total gross premiums written. Brazil experienced very dynamic growth across all lines of business, especially in motor and fire insurance. This drove the premium growth of 69 million or 33.0% in South America

Adjusted for the full consolidation of Progress Garant in Russia and ATF-Polis in Kazakhstan, New Europe contributed 14 million or 2.0% to total revenue growth. As in the second quarter the main driver for the growth was motor insurance business in Poland.

Premiums in AGCS increased by 123 million, or 16.5%, largely driven by new business in aviation and energy.

**Gross premiums written Internal growth rates[1)]**

in %

[1)] Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

### 2008 to 2007 nine months comparison

For the first nine months our gross premiums written on an internal basis increased by 3.1% to 34,812 million. On a nominal basis, revenues were down by 1.1%. Adjusted for the reclassification of 850 million of AGF s health business, revenue grew slightly by 1.3% nominally. The developments in our markets were largely consistent with the 2008 to 2007 third quarter comparison.

## Operating profit

**Operating profit**

in mn

### 2008 to 2007 third quarter comparison

The segment continued to deliver a strong operating profit contribution and was largely unaffected by the financial market crisis. Third quarter operating profit of 1,249 million was 16.0% below previous year s quarter mainly due to a higher claims level, which was partly compensated by a 221 million reduction in administrative expenses.

The combined ratio of 96.2% was 2.1 percentage points above 3Q 2007, mainly impacted by the 2.5% increase in the accident year loss ratio, which stands now at 71.5%.

In our Credit Insurance business at Euler Hermes, we observed increases in payment delays being the industry lead indicator for future defaults resulting in an accident year loss ratio of 73.9%, after 50.0% in the third quarter 2007. At Fireman s Fund Insurance Company ( Fireman s Fund ) we had to absorb losses from crop insurance following a slump in commodity prices at the end of September.

An increase in claims severity was only partly compensated for by a lower claims frequency. This quarter we benefited from a lower level of natural catastrophes claims, which included 146 million for hurricanes Ike and Gustav,

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compared to 225 million for natural catastrophes in 2007. At 1.5% the net development in prior years loss reserves was below the average level. Overall, the calendar year loss ratio increased by 3.5 percentage points to 70.0 %.

Acquisition and administrative expenses decreased by 5.4% to 2,597 million. The reduction of administrative expenses was partly driven by further efficiency improvements that contributed 56 million. Due to this positive development, our expense ratio improved by 1.4 percentage points to 26.2%.

Interest and similar income was up by 4.2% to 1,049 million. The reason for this development was the higher investment income on debt securities that exceeded the decline in dividend income.

### 2008 to 2007 nine months comparison

On a nine month basis, operating profit decreased in line with the third quarter comparison to 4,411 million. Our expense ratio improved by 1.5 percentage points to 26.6%, but the loss ratio deteriorated by 1.8 percentage points. Therefore, our combined ratio was up by 0.3 percentage points to 94.9%.

## Non-operating result

### 2008 to 2007 third quarter comparison

The non-operating result decreased to a loss of 126 million. This development was mainly due to increased impairments of investments which more than offset higher net realized gains.

Net realized gains from investments increased by 228 million to 530 million mainly reflecting forward sales of participations in both RWE and Linde.

Non-operating impairments on investments increased to 583 million, reflecting the overall weakness in the financial markets.

### 2008 to 2007 nine months comparison

The non-operating result decreased to a gain of 595 million, down 45.7% for the first nine months of 2008. Although net realized gains increased they were more than outweighed by higher impairments of investments.

## Net income

### 2008 to 2007 third quarter comparison

Net income decreased significantly by 53.7% to 791 million. Higher income tax expenses contributed to this development.

Income tax expenses increased to 303 million, leading to a rise in the effective tax rate from (1.9)% to 27.0%. This mainly resulted from the benefit from the German tax reform in the third quarter 2007.

Lower minority interests in earnings amounted to 29 million.

### 2008 to 2007 nine months comparison

For the first nine months, net income decreased by 14.0% to 3,670 million.

Income tax expenses increased up to 1,213 million, leading to an increase in the effective tax rate from 18.8% to 24.2% for the reason mentioned above.

Minority interests in earnings were also lower on a nine months basis, amounting to 123 million.

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# Property-Casualty segment information [1)]

| | Three months ended September 30, 2008 | Three months ended September 30, 2007 | Nine months ended September 30, 2008 | Nine months ended September 30, 2007 |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **Gross premiums written [2)]** | **10,816** | **10,674** | **34,368** | **34,767** |
| Ceded premiums written | (1,771) | (1,460) | (4,171) | (4,291) |
| Change in unearned premiums | 867 | 737 | (1,664) | (1,511) |
| **Premiums earned (net)** | **9,912** | **9,951** | **28,533** | **28,965** |
| Interest and similar income | 1,049 | 1,007 | 3,431 | 3,393 |
| Operating income from financial assets and liabilities carried at fair value through income (net) [3)] | (69) | 77 | (115) | 93 |
| Operating realized gains/losses (net) [4)] | (20) | 13 | 38 | 48 |
| Fee and commission income | 292 | 290 | 852 | 842 |
| Other income | | 14 | 257 | 109 |
| Income from fully consolidated private equity investments | 1 | | 1 | |
| **Operating revenues** | **11,165** | **11,352** | **32,997** | **33,450** |
| Claims and insurance benefits incurred (net) | (6,941) | (6,615) | (19,489) | (19,264) |
| Changes in reserves for insurance and investment contracts (net) | 32 | (114) | (67) | (292) |
| Interest expenses | (69) | (108) | (248) | (292) |
| Loan loss provisions | (1) | 5 | (2) | (4) |
| Operating impairments of investments (net) [5)] | (129) | (17) | (294) | (24) |
| Investment expenses | 53 | (74) | (149) | (217) |
| Acquisition and administrative expenses (net) | (2,597) | (2,745) | (7,577) | (8,125) |
| Fee and commission expenses | (261) | (193) | (757) | (580) |
| Other expenses | (2) | (4) | (2) | (4) |
| Expenses from fully consolidated private equity investments | (1) | | (1) | |
| **Operating expenses** | **(9,916)** | **(9,865)** | **(28,586)** | **(28,802)** |
| **Operating profit** | **1,249** | **1,487** | **4,411** | **4,648** |
| Non-operating income from financial assets and liabilities carried at fair value through income (net) [3)] | (29) | (26) | 48 | (56) |
| Non-operating realized gains/losses (net) [4)] | 530 | 302 | 1,863 | 1,251 |
| Non-operating impairments of investments (net) [5)] | (583) | (59) | (1,266) | (106) |
| Amortization of intangible assets | (4) | (3) | (11) | (9) |
| Restructuring charges | (40) | 38 | (39) | 16 |
| **Non-operating items** | **(126)** | **252** | **595** | **1,096** |
| **Income before income taxes and minority interests in earnings** | **1,123** | **1,739** | **5,006** | **5,744** |
| Income taxes | (303) | 34 | (1,213) | (1,081) |
| Minority interests in earnings | (29) | (65) | (123) | (395) |
| **Net income** | **791** | **1,708** | **3,670** | **4,268** |
| Loss ratio [6)] in % | 70.0 | 66.5 | 68.3 | 66.5 |
| Expense ratio [7)] in % | 26.2 | 27.6 | 26.6 | 28.1 |
| **Combined ratio [8)] in %** | **96.2** | **94.1** | **94.9** | **94.6** |

1) Since 2008, health business in Belgium and France is shown within Life/Health segment. Prior year balances have not been adjusted.
2) For the Property-Casualty segment, total revenues are measured based upon gross premiums written.
3) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement included in Note 5 to the condensed consolidated interim financial statements.
4) The total of these items equals realized gains/losses (net) in the segment income statement included in Note 5 to the condensed consolidated interim financial statements.
5) The total of these items equals impairments of investments (net) in the segment income statement included in Note 5 to the condensed consolidated interim financial statements.
6) Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
7) Represents acquisition and administrative expenses (net) divided by premiums earned (net).
8) Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

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## Property-Casualty Operations by Geographic Region

The following table sets forth our Property-Casualty gross premiums written, premiums earned (net), operating profit, combined ratio, loss ratio and expense ratio by geographic region for the three and nine months ended September 30, 2008 and 2007. Consistent with our general practice, these figures are presented before consolidation adjustments, representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

| Three months ended September 30, | Gross premiums written | | | | Premiums earned (net) | | Operating profit | | Combined ratio | | Loss ratio | | Expense ratio | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 as stated | 2007 as stated | 2008 internal 1) | 2007 internal 1) | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn | mn | mn | mn | mn | % | % | % | % | % | % |
| **Germany 2)3)** | **2,455** | **2,256** | **2,455** | **2,297** | **2,586** | **2,335** | **483** | **446** | **89.3** | **88.5** | **63.0** | **60.7** | **26.3** | **27.8** |
| **Italy** | **923** | **1,048** | **923** | **1,048** | **1,150** | **1,192** | **139** | **195** | **98.3** | **91.9** | **75.2** | **68.8** | **23.1** | **23.1** |
| **France 4)** | **921** | **1,204** | **921** | **898** | **829** | **1,125** | **85** | **78** | **95.2** | **98.5** | **70.1** | **71.9** | **25.1** | **26.6** |
| **United Kingdom** | **442** | **536** | **517** | **536** | **445** | **499** | **61** | **18** | **94.8** | **106.9** | **61.4** | **75.3** | **33.4** | **31.6** |
| **Spain** | **499** | **479** | **499** | **479** | **472** | **460** | **70** | **63** | **91.1** | **91.3** | **71.3** | **70.8** | **19.8** | **20.5** |
| **Switzerland 2)3)** | **246** | **339** | **241** | **239** | **294** | **393** | **38** | **13** | **93.6** | **102.1** | **70.7** | **77.9** | **22.9** | **24.2** |
| Netherlands | 203 | 207 | 203 | 207 | 200 | 205 | 13 | 36 | 100.1 | 91.9 | 70.3 | 58.8 | 29.8 | 33.1 |
| Austria | 195 | 195 | 195 | 193 | 196 | 196 | 25 | 16 | 91.8 | 95.5 | 66.4 | 75.7 | 25.4 | 19.8 |
| Ireland | 169 | 181 | 169 | 181 | 150 | 155 | 19 | 23 | 98.4 | 99.9 | 73.7 | 74.3 | 24.7 | 25.6 |
| Belgium 5) | 83 | 89 | 83 | 79 | 66 | 75 | 13 | 18 | 90.3 | 85.2 | 52.1 | 50.5 | 38.2 | 34.7 |
| Turkey 6) | 78 | | | | 60 | | 6 | | 101.6 | | 79.9 | | 21.7 | |
| Portugal | 71 | 66 | 71 | 66 | 62 | 61 | 11 | 9 | 89.8 | 91.4 | 65.2 | 64.3 | 24.6 | 27.1 |
| Greece | 19 | 18 | 19 | 18 | 14 | 13 | 2 | 2 | 94.4 | 91.0 | 60.6 | 60.0 | 33.8 | 31.0 |
| **Western and Southern Europe** | **818** | **756** | **740** | **744** | **748** | **705** | **94 7)** | **109 7)** | **95.4** | **93.8** | **67.5** | **66.5** | **27.9** | **27.3** |
| Russia 8) | 200 | 223 | 208 | 223 | 178 | 186 | 20 | 5 | 98.8 | 101.2 | 55.1 | 65.3 | 43.7 | 35.9 |
| Hungary | 141 | 141 | 132 | 141 | 129 | 127 | 27 | 31 | 87.8 | 87.4 | 55.6 | 57.5 | 32.2 | 29.9 |
| Poland | 126 | 85 | 110 | 85 | 93 | 62 | 12 | | 96.0 | 103.0 | 57.8 | 64.8 | 38.2 | 38.2 |
| Romania | 85 | 84 | 94 | 84 | 36 | 42 | 2 | 3 | 101.2 | 106.4 | 75.7 | 92.3 | 25.5 | 14.1 |
| Slovakia | 83 | 76 | 74 | 76 | 78 | 71 | 20 | 32 | 84.8 | 63.7 | 51.1 | 37.6 | 33.7 | 26.1 |
| Czech Republic | 66 | 58 | 57 | 58 | 49 | 45 | 17 | 12 | 71.2 | 73.2 | 62.7 | 51.5 | 8.5 | 21.7 |
| Bulgaria | 24 | 22 | 24 | 22 | 20 | 16 | 4 | 2 | 82.5 | 98.5 | 56.2 | 57.2 | 26.3 | 41.3 |
| Croatia | 22 | 18 | 22 | 18 | 20 | 15 | 1 | | 99.6 | 102.5 | 66.3 | 67.5 | 33.3 | 35.0 |
| **New Europe 9)** | **747** | **707** | **721** | **707** | **603** | **565** | **97** | **75** | **91.6** | **93.1** | **57.3** | **60.7** | **34.3** | **32.4** |
| **Other Europe** | **1,565** | **1,463** | **1,461** | **1,451** | **1,351** | **1,270** | **191** | **184** | **93.6** | **93.5** | **62.7** | **63.9** | **30.9** | **29.6** |
| United States | 1,813 | 1,644 | 1,986 | 1,478 | 988 | 1,052 | (85) | 147 | 116.0 | 94.0 | 94.2 | 68.8 | 21.8 | 25.2 |
| Mexico 10) | 48 | 51 | 49 | 51 | 23 | 23 | 5 | 1 | 95.9 | 106.3 | 72.7 | 84.5 | 23.2 | 21.8 |
| **NAFTA** | **1,861** | **1,695** | **2,035** | **1,529** | **1,011** | **1,075** | **(80)** | **148** | **115.6** | **94.3** | **93.7** | **69.1** | **21.9** | **25.2** |
| Australia | 416 | 432 | 435 | 432 | 299 | 321 | 66 | 63 | 99.7 | 103.9 | 75.1 | 79.4 | 24.6 | 24.5 |
| Other | 112 | 88 | 115 | 87 | 57 | 45 | 7 | 6 | 94.7 | 93.6 | 66.5 | 57.1 | 28.2 | 36.5 |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Asia-Pacific** | **528** | **520** | **550** | **519** | **356** | **366** | **73** | **69** | **98.9** | **102.7** | **73.8** | **76.7** | **25.1** | **26.0** |
| **South America** | **287** | **204** | **278** | **209** | **208** | **168** | **21** | **14** | **99.4** | **98.8** | **66.2** | **62.3** | **33.2** | **36.5** |
| **Other** | **22** | **19** | **22** | **19** | **15** | **14** | **1** | **2** | 11) | 11) | 11) | 11) | 11) | 11) |
| Specialty lines | | | | | | | | | | | | | | |
| **Allianz Global Corporate & Specialty** 2) | **872** | **687** | **870** | **747** | **534** | **432** | **96** | **86** | **97.0** | **101.9** | **72.8** | **70.5** | **24.2** | **31.4** |
| **Credit Insurance** | **440** | **403** | **440** | **403** | **342** | **309** | **48** | **131** | **98.1** | **72.8** | **72.1** | **40.7** | **26.0** | **32.1** |
| **Travel Insurance and Assistance Services** | **324** | **312** | **324** | **312** | **319** | **312** | **25** | **37** | **96.7** | **101.8** | **61.7** | **58.3** | **35.0** | **43.5** |
| **Subtotal** | **11,385** | **11,165** | **11,536** | **10,686** | **9,912** | **9,950** | **1,251** | **1,484** | | | | | | |
| Consolidation 12) | (569) | (491) | (547) | (488) | | 1 | (2) | 3 | | | | | | |
| **Total** | **10,816** | **10,674** | **10,989** | **10,198** | **9,912** | **9,951** | **1,249** | **1,487** | **96.2** | **94.1** | **70.0** | **66.5** | **26.2** | **27.6** |

1) Reflect gross premiums written on an internal basis (adjusted for foreign currency translation and (de-)consolidation effects).
2) Effective 1Q 2008, Allianz Risk Transfer AG is shown within Germany and Allianz Global Corporate & Specialty. Prior year balances have not been adjusted.
3) Reinsurance business of Allianz Suisse was transferred to Allianz SE. Effective 1Q 2008, renewal business is shown in Germany, run-off business is shown in Switzerland.
4) Effective 1Q 2008, health business in France is shown within Life/Health segment. Prior year balances have not been adjusted.
5) Effective 1Q 2008, health business in Belgium is shown within Life/Health segment. Prior year balances have not been adjusted.
6) Effective July 21, 2008, Koç Allianz Sigorta AS was consolidated following the acquisition of approximately 47.1% of the shares in Koç Allianz Sigorta AS by the Allianz Group, increasing our holding to approximately 84.2%.
7) Contains 5 mn and 5 mn for 3Q 2008 and 3Q 2007 respectively and 16 mn and 16 mn for 9M 2008 and 9M 2007 respectively from a former operating entity located in Luxembourg. To be continued on page 17.

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| Nine months ended September 30, | Gross premiums written 2008 as stated | Gross premiums written 2007 as stated | Gross premiums written 2008 internal 1) | Gross premiums written 2007 internal 1) | Premiums earned (net) 2008 | Premiums earned (net) 2007 | Operating profit 2008 | Operating profit 2007 | Combined ratio 2008 | Combined ratio 2007 | Loss ratio 2008 | Loss ratio 2007 | Expense ratio 2008 | Expense ratio 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | mn | mn | mn | mn | mn | mn | mn | mn | % | % | % | % | % | % |
| **Germany 2)3)** | **9,229** | **8,831** | **9,229** | **9,131** | **7,621** | **6,928** | **1,435** | **1,028** | **93.5** | **94.6** | **67.9** | **66.3** | **25.6** | **28.3** |
| **Italy** | **3,328** | **3,634** | **3,328** | **3,634** | **3,477** | **3,623** | **606** | **634** | **94.9** | **93.1** | **71.4** | **69.6** | **23.5** | **23.5** |
| **France 4)** | **3,157** | **4,042** | **3,157** | **3,113** | **2,468** | **3,343** | **258** | **315** | **96.9** | **98.8** | **70.5** | **71.6** | **26.4** | **27.2** |
| **United Kingdom** | **1,477** | **1,688** | **1,705** | **1,688** | **1,347** | **1,488** | **185** | **145** | **95.5** | **100.6** | **62.0** | **67.8** | **33.5** | **32.8** |
| **Spain** | **1,715** | **1,672** | **1,715** | **1,672** | **1,403** | **1,345** | **213** | **198** | **90.6** | **90.8** | **70.6** | **71.7** | **20.0** | **19.7** |
| **Switzerland 2)3)** | **1,145** | **1,611** | **1,126** | **1,106** | **893** | **1,199** | **114** | **135** | **92.8** | **97.3** | **70.0** | **71.5** | **22.8** | **25.8** |
| Netherlands | 723 | 741 | 723 | 741 | 596 | 606 | 56 | 93 | 97.2 | 91.7 | 66.8 | 60.0 | 30.4 | 31.7 |
| Austria | 735 | 746 | 735 | 728 | 555 | 562 | 71 | 67 | 93.7 | 95.2 | 69.7 | 74.0 | 24.0 | 21.2 |
| Ireland | 531 | 550 | 531 | 550 | 446 | 461 | 77 | 151 | 93.9 | 95.9 | 68.4 | 71.0 | 25.5 | 24.9 |
| Belgium 5) | 267 | 297 | 267 | 260 | 196 | 225 | 36 | 39 | 94.5 | 97.5 | 56.4 | 63.0 | 38.1 | 34.5 |
| Turkey 6) | 78 | | | | 60 | | 6 | | 101.6 | | 79.9 | | 21.7 | |
| Portugal | 228 | 213 | 228 | 213 | 185 | 185 | 31 | 29 | 90.4 | 90.2 | 64.4 | 62.6 | 26.0 | 27.6 |
| Greece | 61 | 58 | 61 | 58 | 41 | 37 | 7 | 6 | 91.2 | 91.3 | 59.4 | 60.7 | 31.8 | 30.6 |
| **Western and Southern Europe** | **2,623** | **2,605** | **2,545** | **2,550** | **2,079** | **2,076** | **300 7)** | **401 7)** | **94.5** | **94.1** | **66.6** | **66.8** | **27.9** | **27.3** |
| Russia 8) | 686 | 490 | 517 | 490 | 523 | 386 | 22 | 9 | 102.3 | 102.5 | 60.3 | 65.3 | 42.0 | 37.2 |
| Hungary | 442 | 463 | 439 | 463 | 360 | 379 | 56 | 72 | 93.9 | 91.7 | 62.8 | 63.5 | 31.1 | 28.2 |
| Poland | 353 | 265 | 316 | 265 | 252 | 179 | 36 | 12 | 91.3 | 97.5 | 58.7 | 62.0 | 32.6 | 35.5 |
| Romania | 261 | 257 | 288 | 257 | 106 | 117 | 6 | 7 | 103.6 | 98.9 | 78.4 | 82.0 | 25.2 | 16.9 |
| Slovakia | 271 | 252 | 254 | 252 | 220 | 206 | 77 | 91 | 73.9 | 63.9 | 44.8 | 37.7 | 29.1 | 26.2 |
| Czech Republic | 215 | 190 | 190 | 190 | 155 | 136 | 35 | 37 | 81.3 | 76.1 | 63.4 | 53.8 | 17.9 | 22.3 |
| Bulgaria | 77 | 69 | 78 | 69 | 57 | 47 | 9 | 9 | 87.2 | 89.6 | 55.5 | 47.8 | 31.7 | 41.8 |
| Croatia | 73 | 62 | 72 | 62 | 58 | 45 | 4 | 1 | 97.6 | 102.0 | 64.5 | 68.6 | 33.1 | 33.4 |
| **New Europe 9)** | **2,378** | **2,048** | **2,154** | **2,048** | **1,730** | **1,493** | **226** | **218** | **93.2** | **92.0** | **60.0** | **60.5** | **33.2** | **31.5** |
| **Other Europe** | **5,001** | **4,653** | **4,699** | **4,598** | **3,809** | **3,569** | **526** | **619** | **93.9** | **93.1** | **63.5** | **64.1** | **30.4** | **29.0** |
| United States | 3,647 | 3,555 | 4,101 | 3,555 | 2,416 | 2,657 | 146 | 502 | 103.0 | 91.2 | 76.9 | 61.4 | 26.1 | 29.8 |
| Mexico 10) | 159 | 142 | 173 | 142 | 63 | 65 | 10 | 8 | 92.7 | 95.5 | 68.5 | 71.3 | 24.2 | 24.2 |
| **NAFTA** | **3,806** | **3,697** | **4,274** | **3,697** | **2,479** | **2,722** | **156** | **510** | **102.8** | **91.3** | **76.8** | **61.6** | **26.0** | **29.7** |
| Australia | 1,158 | 1,173 | 1,182 | 1,173 | 909 | 936 | 201 | 197 | 97.6 | 99.0 | 73.5 | 74.1 | 24.1 | 24.9 |
| Other | 323 | 250 | 322 | 250 | 163 | 120 | 15 | 17 | 97.6 | 93.3 | 62.9 | 56.2 | 34.7 | 37.1 |
| **Asia-Pacific** | **1,481** | **1,423** | **1,504** | **1,423** | **1,072** | **1,056** | **216** | **214** | **97.6** | **98.4** | **71.8** | **72.1** | **25.8** | **26.3** |
| **South America** | **768** | **682** | **750** | **641** | **576** | **515** | **59** | **42** | **98.2** | **99.2** | **64.7** | **63.7** | **33.5** | **35.5** |
| **Other** | **91** | **76** | **95** | **76** | **44** | **35** | **6** | **6** | **11)** | **11)** | **11)** | **11)** | **11)** | **11)** |
| Specialty lines | | | | | | | | | | | | | | |
| **Allianz Global Corporate & Specialty 2)** | **2,514** | **2,243** | **2,510** | **2,467** | **1,425** | **1,361** | **316** | **297** | **91.9** | **96.6** | **67.3** | **70.3** | **24.6** | **26.3** |
| **Credit Insurance** | **1,409** | **1,338** | **1,409** | **1,338** | **1,017** | **941** | **237** | **409** | **91.5** | **74.0** | **65.2** | **44.1** | **26.3** | **29.9** |
| **Travel Insurance and Assistance Services** | **957** | **878** | **957** | **878** | **902** | **839** | **84** | **92** | **93.1** | **103.3** | **57.8** | **57.4** | **35.3** | **45.9** |
| **Subtotal** | **36,078** | **36,468** | **36,458** | **35,462** | **28,533** | **28,964** | **4,411** | **4,644** | | | | | | |
| Consolidation 12) | (1,710) | (1,701) | (1,646) | (1,701) | | | | 4 | | | | | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total** | **34,368** | **34,767** | **34,812** | **33,761** | **28,533** | **28,964** | **4,411** | **4,648** | **94.9** | **94.6** | **68.3** | **66.5** | **26.6** | **28.1** |

8) Effective February 21, 2007, Russian People s Insurance Society Rosno was consolidated following the acquisition of approximately 49.2% of the shares in ROSNO by the Allianz Group, increasing our holding to approximately 97%. Effective May 21, 2007, we consolidated Progress Garant for the first time.
9) Contains income and expense items from a management holding in both 2008 and 2007.
10) Effective 1Q 2007, life business in Mexico is shown within the Life/Health segment.
11) Presentation not meaningful.
12) Represents elimination of transactions between Allianz Group companies in different geographic regions.

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# Life/Health Insurance Operations

Revenue shortfall in unit-linked business due to financial markets crisis.

Traditional life business grew by 5.0%.

Challenging financial market conditions took their toll on operating profit.

## Earnings Summary

### Statutory premiums[1)]

### 2008 to 2007 third quarter comparison

The current economic crisis left its mark on statutory premium growth, especially with regards to unit-linked and other investment-oriented products. Two effects were observed: Customers felt insecure and concerned about bearing investment risk themselves, and secondly bancassurance partners promoting deposit products rather than unit-linked contracts. The 5.0% growth in sales from traditional life insurance products could not outweigh this decline. Therefore, at 9,625 million, statutory premiums were down by 8.7% on an internal basis, which adjusts 2007 for the AGF s health business of 279 million from the Property-Casualty segment. At 9,415 million, statutory premiums on a nominal basis were down 8.3% compared to the third quarter 2007.

**Statutory premiums by region [1)]**

**in%**

[1)] After elimination of transactions between Allianz Group companies in different geographic regions and different segments.

[1)] Since 2Q 2008 we comment on the development of our statutory premiums written on an internal basis; meaning adjusted for foreign currency translation and (de-)consolidation effects in order to provide more comparable information.

Sales remained sound in countries where traditional life business is strong. In the third quarter of 2008 we recorded premium growth in our German life business (+ 127 million) and in Switzerland (+ 17 million).

In Italy, statutory premiums dropped 41.8%, caused by a continuing weak bancassurance market. In addition, sales were impacted as one of our local bancassurance partners withdrew from the cooperation following a change in ownership.

In Asia-Pacific, we recorded a premium decline of 27.7%. Revenues in Taiwan deteriorated by almost two-thirds resulting from significantly lower sales through two of our bancassurance partners. Furthermore, distribution of unit-linked products suffered from new regulatory restrictions. In Korea premiums decreased by 15.0%, as a result of long-lasting strikes that ended in September 2008.

In France, revenues decreased by 6.5% where growth in the traditional life business was offset by a decline in unit-linked product sales.

Reduced sales of variable annuity products in the United States led, among other factors, to a 4.5% premium decrease.

In Poland we recorded premium growth of 82 million, primarily following a successful sales campaign for unit-linked products. This more than compensated for the decrease from the bancassurance channel.

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**Statutory premiums Internal growth rates[1)]**

in %

[1)] Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

### 2008 to 2007 first nine months comparison

At 33,367 million statutory premiums declined by 5.2% on a year-to-date basis, adjusting 2007 for the reclassification of AGF s health business of 850 million from the Property-Casualty segment. On a nominal basis statutory premiums decreased by 5.5%.

### Operating profit

**Operating profit**

in mn

### 2008 to 2007 third quarter comparison

Operating profit stood at 218 million, experiencing a sharp drop of 75.0% compared to the particularly high level a year ago. Main contributors to the reduction were higher net impairments, credit spread widening, lower revenues and a prior year one-time effect.

The decline of net income from financial assets and liabilities carried at fair value through income stemmed mainly from Allianz Life in the U.S.A., as a result of credit spread widening of corporate bonds designated at fair value, and from AGF Vie due to lower market values of equities.

The challenging economic situation led to significant impairments on our equity and fixed income portfolios and a lower level of realized gains that had negatively impacted on our investment result of 1,959 million. Net impairments on investments increased significantly to 1,553 million from 288 million in the prior year period. Net realized gains declined by 517 million to 100 million. The highest impairments were recorded in our portfolios in Germany, Italy, the United States, France and Belgium.

Net claims and insurance benefits incurred were up 11.9% to 4,364 million primarily driven by the reclassification of AGF s health business from the Property-Casualty to the Life/Health segment. In 3Q 2007, we benefited from an extraordinary reserve release of 170 million in South Korea.

### 2008 to 2007 nine months comparison

On a year-to-date comparison operating profit declined by 36.6% to 1,510 million. The various line item developments were largely consistent with those described for the third quarter.

### Non-operating result

### 2008 to 2007 third quarter comparison

The non-operating result turned to a loss of 175 million compared to a gain of 9 million a year ago mainly reflecting higher impairments of 100 million and higher realized losses not shared with policyholders.

### 2008 to 2007 nine months comparison

We recorded a non-operating loss of 215 million compared to a non-operating gain of 127 million in the prior year period.

## Net income

### 2008 to 2007 third quarter comparison

We recorded a net loss of 5 million compared to a net income of 563 million mostly driven by the shortfall in operating profit that was only partly compensated by lower tax charges.

Income tax expenses decreased by 86.0% to 41 million. The effective tax rate amounted to 95.3% (3Q 2007: 33.2%) mainly driven by non tax-deductible impairments on shares in Belgium and Italy.

### 2008 to 2007 nine months comparison

At 872 million, down 45.3% net income reflected the trend already described in the quarter-over-quarter analysis. Income tax expenses almost halved, amounting to 377 million, showing an almost unchanged effective tax rate of 29.1%.

Minority interests in earnings were 46 million, 139 million less than in the prior year period. This mainly reflected the minority buy-out in France.

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## Life/Health segment information [1)]

| | Three months ended September 30, 2008 | 2007 | Nine months ended September 30, 2008 | 2007 |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **Statutory premiums [2)]** | **9,415** | **10,268** | **32,471** | **34,352** |
| Ceded premiums written | (172) | (108) | (439) | (487) |
| Change in unearned premiums | (34) | (17) | (100) | (41) |
| Statutory premiums (net) | 9,209 | 10,143 | 31,932 | 33,824 |
| Deposits from SFAS 97 insurance and investment contracts | (4,319) | (5,662) | (16,342) | (19,475) |
| **Premiums earned (net)** | **4,890** | **4,481** | **15,590** | **14,349** |
| Interest and similar income | 3,319 | 3,174 | 10,333 | 10,112 |
| Operating income from financial assets and liabilities carried at fair value | | | | |
| through income (net) [3)] | 59 | 231 | (62) | (748) |
| Operating realized gains/losses (net) [4)] | 100 | 617 | 1,022 | 2,351 |
| Fee and commission income | 90 | 171 | 429 | 506 |
| Other income | 25 | 10 | 140 | 73 |
| Income from fully consolidated private equity investments | 5 | | 8 | |
| **Operating revenues** | **8,488** | **8,684** | **27,460** | **26,643** |
| Claims and insurance benefits incurred (net) | (4,364) | (3,901) | (13,917) | (12,761) |
| Changes in reserves for insurance and investment contracts (net) | (1,463) | (2,140) | (4,655) | (6,975) |
| Interest expenses | (84) | (85) | (209) | (287) |
| Loan loss provisions | 4 | 1 | 10 | (2) |
| Operating impairments of investments (net) [5)] | (1,553) | (288) | (3,431) | (381) |
| Investment expenses | 171 | (235) | (239) | (594) |
| Acquisition and administrative expenses (net) | (929) | (1,113) | (3,322) | (3,102) |
| Fee and commission expenses | (43) | (49) | (173) | (154) |
| Operating restructuring charges [6)] | 2 | (1) | 1 | (6) |
| Other expenses | (6) | | (7) | |
| Expenses from fully consolidated private equity investments | (5) | | (8) | |
| **Operating expenses** | **(8,270)** | **(7,811)** | **(25,950)** | **(24,262)** |
| **Operating profit** | **218** | **873** | **1,510** | **2,381** |
| Non-operating income from financial assets and liabilities carried at fair value through income (net) [3)] | (17) | 3 | (9) | 3 |
| Non-operating realized gains/losses (net) [4)] | (20) | 11 | (55) | 133 |
| Non-operating impairments of investments (net) [5)] | (100) | (1) | (110) | (1) |
| Amortization of intangible assets | | (1) | (1) | (2) |
| Non-operating restructuring charges [6)] | (38) | (3) | (40) | (6) |
| **Non-operating items** | **(175)** | **9** | **(215)** | **127** |
| **Income before income taxes and minority interests in earnings** | **43** | **882** | **1,295** | **2,508** |
| Income taxes | (41) | (293) | (377) | (728) |
| Minority interests in earnings | (7) | (26) | (46) | (185) |
| **Net income (loss)** | **(5)** | **563** | **872** | **1,595** |
| **Statutory expense ratio [7)] in %** | **10.1** | **11.0** | **10.4** | **9.2** |

1) Since 2008, health business in Belgium and France is shown within the Life/Health segment. Prior year balances have not been adjusted.
2) For the Life/Health segment, total revenues are measured based upon statutory premiums. Statutory premiums are gross premiums written from sales of life 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.
3) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement included in Note 5 to the condensed consolidated interim financial statements.
4) The total of these items equals realized gains/losses (net) in the segment income statement included in Note 5 to the condensed consolidated interim financial statements.
5) The total of these items equals impairments of investments (net) in the segment income statement included in Note 5 to the condensed consolidated interim financial statements.
6) The total of these items equals restructuring charges in the segment income statement included in Note 5 to the condensed consolidated interim financial statements.
7) Represents acquisition and administrative expenses (net) divided by statutory premiums (net).

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## Life/Health Operations by Geographic Region

The following table sets forth our Life/Health statutory premiums, premiums earned (net), operating profit and statutory expense ratio by geographic region for the three and nine months ended September 30, 2008 and 2007. Consistent with our general practice, these figures are presented before consolidation adjustments, representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

| | Statutory premiums [1] | | | | Premiums earned (net) | | Operating profit | | Statutory expense ratio | |
|---|---|---|---|---|---|---|---|---|---|---|
| Three months ended September 30, | 2008 as stated | 2007 as stated | 2008 internal [2] | 2007 internal [2] | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn | mn | mn | mn | mn | % | % |
| **Germany Life** | **2,812** | **2,685** | **2,812** | **2,685** | **2,193** | **2,099** | **91** | **139** | **9.5** | **8.0** |
| **Germany Health [3]** | **785** | **783** | **785** | **783** | **782** | **781** | **16** | **25** | **7.9** | **9.2** |
| **Italy** | **870** | **1,495** | **870** | **1,495** | **162** | **186** | **62** | **99** | **12.4** | **8.0** |
| **France [4]** | **1,572** | **1,407** | **1,572** | **1,681** | **628** | **458** | **66** | **142** | **16.4** | **15.0** |
| **Switzerland** | **162** | **142** | **159** | **142** | **102** | **66** | **18** | **17** | **16.0** | **20.4** |
| **Spain** | **138** | **120** | **138** | **120** | **68** | **80** | **16** | **26** | **11.2** | **12.3** |
| Belgium [5] | 132 | 154 | 132 | 164 | 79 | 73 | (22) | 1 | 11.5 | 9.4 |
| Netherlands | 84 | 89 | 84 | 89 | 33 | 32 | 11 | 8 | 19.8 | 3.4 |
| Austria | 113 | 84 | 113 | 84 | 54 | 67 | 0 | 8 | 6.5 | 15.3 |
| Portugal | 31 | 26 | 31 | 26 | 20 | 18 | (1) | 5 | 28.2 | 29.3 |
| Greece | 23 | 23 | 23 | 23 | 16 | 15 | (1) | 2 | 22.4 | 24.1 |
| Turkey [6] | 8 | | | | 8 | | 3 | | 25.2 | |
| Luxembourg | 17 | 10 | 17 | 10 | 6 | 6 | 1 | 1 | 14.3 | 20.0 |
| **Western and Southern Europe** | **408** | **386** | **400** | **396** | **216** | **211** | **(9)** | **24 [7]** | **14.2** | **11.7** |
| Poland | 155 | 53 | 135 | 53 | 55 | 32 | 4 | 5 | 24.3 | 41.3 |
| Slovakia | 78 | 65 | 70 | 65 | 46 | 39 | 11 | 5 | 11.9 | 8.3 |
| Hungary | 51 | 51 | 48 | 51 | 20 | 20 | 4 | 2 | 15.9 | 15.5 |
| Czech Republic | 19 | 19 | 16 | 19 | 11 | 13 | (1) | (1) | 0.2 | 20.1 |
| Croatia | 11 | 11 | 11 | 11 | 10 | 9 | 0 | 1 | 29.6 | 23.9 |
| Bulgaria | 7 | 7 | 7 | 7 | 6 | 6 | 1 | 1 | 17.4 | 18.9 |
| Romania | 9 | 6 | 10 | 6 | 4 | 3 | 1 | 1 | 28.2 | 37.6 |
| Russia | 4 | 4 | 5 | 4 | 4 | 3 | (3) | (3) | 127.1 | 134.0 |
| **New Europe** | **334** | **216** | **302** | **216** | **156** | **125** | **17** | **11** | **20.0** | **23.0** |
| **Other Europe** | **742** | **602** | **702** | **612** | **372** | **336** | **8** | **35** | **16.9** | **15.8** |
| Mexico [8] | 12 | 7 | 12 | 7 | 8 | 8 | 1 | 1 | 16.7 | 18.4 |
| United States | 1,464 | 1,680 | 1,604 | 1,680 | 171 | 60 | (75) | 163 | 3.2 | 14.3 |
| **NAFTA** | **1,476** | **1,687** | **1,616** | **1,687** | **179** | **68** | **(74)** | **164** | **3.1** | **14.3** |
| South Korea | 388 | 574 | 488 | 574 | 159 | 243 | 31 | 195 | 10.5 | 13.7 |
| Taiwan | 193 | 516 | 200 | 516 | 32 | 12 | 3 | 19 | 10.7 | 1.9 |
| Indonesia | 40 | 47 | 44 | 47 | 18 | 13 | 3 | 1 | 29.8 | 15.2 |
| Malaysia | 39 | 30 | 41 | 30 | 29 | 25 | 2 | 3 | 13.9 | 19.2 |
| Other | 146 | 103 | 145 | 103 | 78 | 4 | (27) | (5) | 27.0 | 11.6 |
| **Asia-Pacific** | **806** | **1,270** | **918** | **1,270** | **316** | **297** | **12** | **213** | **14.6** | **9.0** |
| **South America** | **14** | **19** | **14** | **14** | **13** | **15** | **3** | **1** | **29.0** | **38.1** |
| **Other** | **81** | **108** | **134** | **108** | **75** | **95** | **1** | **11** | **[9]** | **[9]** |
| **Subtotal** | **9,458** | **10,318** | **9,720** | **10,597** | **4,890** | **4,481** | **219** | **872** | | |
| Consolidation [10] | (43) | (50) | (95) | (50) | | | (1) | 1 | | |
| **Total** | **9,415** | **10,268** | **9,625** | **10,547** | **4,890** | **4,481** | **218** | **873** | **10.1** | **11.0** |

1) Statutory premiums are gross premiums written from sales of life 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) Reflect statutory premiums on an internal basis (adjusted for foreign currency translation and (de-)consolidation effects).
3) Loss ratios were 71.0% and 71.8% for the three months ended September 30, 2008 and 2007 respectively and 74.2% and 72.6% for the nine months ended September 30, 2008 and 2007 respectively.
4) Effective 1Q 2008, health business in France is shown within Life/ Health segment. Prior year balances have not been adjusted.
5) Effective 1Q 2008, health business in Belgium is shown within Life/ Health segment. Prior year balances have not been adjusted. To be continued on page 23

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| Nine months ended September 30, | Statutory premiums [1] | | | | Premiums earned (net) | | Operating profit | | Statutory expense ratio | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 as stated | 2007 as stated | 2008 internal [2] | 2007 internal [2] | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn | mn | mn | mn | mn | % | % |
| **Germany Life** | **9,468** | **8,500** | **9,468** | **8,500** | **7,076** | **6,887** | **454** | **471** | **7.9** | **5.7** |
| **Germany Health [3]** | **2,338** | **2,346** | **2,338** | **2,346** | **2,336** | **2,344** | **75** | **107** | **8.3** | **9.6** |
| **Italy** | **4,124** | **6,897** | **4,124** | **6,897** | **608** | **684** | **189** | **295** | **8.8** | **6.0** |
| **France [4]** | **5,474** | **4,472** | **5,474** | **5,299** | **1,962** | **1,283** | **366** | **504** | **16.1** | **14.6** |
| **Switzerland** | **1,031** | **807** | **1,015** | **807** | **381** | **344** | **52** | **52** | **7.2** | **9.2** |
| **Spain** | **555** | **444** | **555** | **444** | **298** | **309** | **73** | **78** | **9.0** | **10.2** |
| Belgium [5] | 520 | 503 | 520 | 539 | 244 | 220 | 29 | 72 | 10.1 | 9.0 |
| Netherlands | 281 | 303 | 281 | 303 | 99 | 101 | 32 | 32 | 19.9 | 10.1 |
| Austria | 360 | 282 | 360 | 282 | 204 | 206 | 14 | 33 | 8.7 | 11.3 |
| Portugal | 87 | 75 | 87 | 75 | 57 | 54 | 7 | 22 | 25.2 | 28.7 |
| Greece | 79 | 77 | 79 | 77 | 51 | 47 | 2 | 4 | 23.7 | 21.4 |
| Turkey [6] | 8 | | | | 8 | | 3 | | 25.2 | |
| Luxembourg | 52 | 57 | 52 | 57 | 20 | 20 | 3 | 6 | 13.0 | 12.7 |
| **Western and Southern Europe** | **1,387** | **1,297** | **1,379** | **1,333** | **683** | **648** | **90** | **167 [7]** | **13.6** | **11.7** |
| Poland | 276 | 368 | 244 | 368 | 137 | 76 | 7 | 11 | 33.6 | 14.9 |
| Slovakia | 223 | 191 | 208 | 191 | 130 | 119 | 29 | 21 | 12.2 | 11.8 |
| Hungary | 147 | 107 | 145 | 107 | 60 | 61 | 11 | 10 | 15.3 | 19.9 |
| Czech Republic | 68 | 64 | 60 | 64 | 41 | 39 | 3 | 5 | 14.4 | 18.4 |
| Croatia | 41 | 40 | 40 | 40 | 30 | 28 | 2 | 2 | 25.6 | 14.3 |
| Bulgaria | 22 | 21 | 22 | 21 | 19 | 18 | 1 | 3 | 19.3 | 16.5 |
| Romania | 24 | 22 | 27 | 22 | 10 | 9 | 2 | 0 | 27.8 | 35.2 |
| Russia | 12 | 9 | 13 | 9 | 11 | 8 | (9) | (7) | 132.7 | 133.7 |
| **New Europe** | **813** | **822** | **759** | **822** | **438** | **358** | **46** | **45** | **23.1** | **16.9** |
| **Other Europe** | **2,200** | **2,119** | **2,138** | **2,155** | **1,121** | **1,006** | **136** | **212** | **17.2** | **13.8** |
| Mexico [8] | 59 | 23 | 65 | 23 | 23 | 23 | 3 | 3 | 9.1 | 16.1 |
| United States | 4,204 | 5,145 | 4,795 | 5,145 | 600 | 266 | 80 | 323 | 7.0 | 11.0 |
| **NAFTA** | **4,263** | **5,168** | **4,860** | **5,168** | **623** | **289** | **83** | **326** | **7.0** | **11.1** |
| South Korea | 1,253 | 1,506 | 1,534 | 1,506 | 555 | 734 | 88 | 273 | 12.8 | 15.0 |
| Taiwan | 875 | 1,410 | 932 | 1,410 | 82 | 42 | 4 | 27 | 8.5 | 2.5 |
| Indonesia | 134 | 153 | 154 | 153 | 40 | 35 | 8 | 4 | 18.5 | 12.6 |
| Malaysia | 101 | 88 | 108 | 88 | 84 | 73 | 5 | 9 | 16.9 | 18.5 |
| Other | 458 | 233 | 462 | 233 | 110 | 12 | (55) | (10) | 14.0 | 11.5 |
| **Asia-Pacific** | **2,821** | **3,390** | **3,190** | **3,390** | **871** | **896** | **50** | **303** | **12.0** | **9.6** |
| **South America** | **53** | **66** | **53** | **52** | **48** | **32** | **10** | **0** | **25.6** | **30.5** |
| **Other** | **297** | **308** | **303** | **308** | **266** | **275** | **24** | **32** | **[9]** | **[9]** |
| **Subtotal** | **32,624** | **34,517** | **33,518** | **35,366** | **15,590** | **14,349** | **1,512** | **2,380** | | |
| Consolidation [10] | (153) | (165) | (151) | (165) | | | (2) | 1 | | |
| **Total** | **32,471** | **34,352** | **33,367** | **35,201** | **15,590** | **14,349** | **1,510** | **2,381** | **10.4** | **9.2** |

6) Effective July 21, 2008, Koç Allianz Hayat ve Emeklilik AS was consolidated following the acquisition of approximately 51% of the shares in Koç Allianz Hayat ve Emeklilik AS by the Allianz Group, increasing our holding to approximately 89%.

7) Contains run-off (1) mn and (2) mn in 3Q and 9M 2007 respectively from our former life insurance business in the United Kingdom which we sold in December 2004.

8) Effective 2007, life business in Mexico is shown within the Life/Health segment.

9) Presentation not meaningful.

10) Represents elimination of transactions between Allianz Group companies in different geographic regions.

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# Banking Operations

Due to the sale of Dresdner Bank the scope of our commentary on the banking segment has changed. It refers to the continuing banking operations of the Group.
Oldenburgische Landesbank and banking customers introduced by Allianz tied agents are included.
Continuing banking operations produced an operating loss of 17 million and a net loss of 62 million.

## Scope of Continuing Banking Operations

On August 31, 2008, Allianz SE ( Allianz ) and Commerzbank AG ( Commerzbank ) agreed on the sale of significantly all of Dresdner Bank AG ( Dresdner Bank ) to Commerzbank with the exception of Oldenburgische Landesbank and approximately one million banking clients from Dresdner Bank introduced through the tied agents channel. Those entities will be presented in our Banking segment together with existing banking operations. Following the announcement of the sale, Dresdner Bank qualifies as held-for-sale and discontinued operations and is now presented as Discontinued Operations of Dresdner Bank on pages 33 to 35. Therefore, all revenue and profit figures presented for our continuing business do not include the parts of Dresdner Bank sold to Commerzbank. The results from these operations are presented in a separate net income line net income from discontinued operations, net of income taxes and minority interests in earnings starting in the third quarter of 2008 (3Q 2008).

## Earnings Summary

### Operating revenues

#### 2008 to 2007 third quarter comparison

Operating revenues in our Banking segment declined by 3.1% to 123 million, mainly resulting from lower net fee income. Revenues in Oldenburgische Landesbank, made up the largest proportion of the revenues, and remained stable.

Net interest income was slightly higher, up 3 million to 74 million. In particular Oldenburgische Landesbank s net interest income was steady. Net fee and commission income declined by 22.6% to 48 million, following the industry-wide trend in lower fee income, especially with regard to our banking activities in Italy.

Net dealing income, which comprises net trading income and net income from financial assets and liabilities designated at fair value through income, was up 7 million resulting in a positive amount of 1 million.

#### 2008 to 2007 first nine months comparison

The Banking segment s operating revenues were down 8.6% compared to the prior year period to 416 million. Net interest income improved slightly to 240 million, up 5 million. This was offset however by downward movements in net dealing income of 16 million, leaving a net dealing loss of 10 million, and in net fee and commission income of 28 million to 186 million.

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## Operating profit (loss)

### Operating profit (loss)

in mn

#### 2008 to 2007 third quarter comparison

We recorded an operating loss of 17 million compared to an operating loss of 14 million. This development resulted from lower revenues and higher loan loss provisions.

Operating expenses developed favorably from 152 million to 133 million driven by a reallocation of costs and a lower number of sales staff.

Net loan loss provisions amounted to (7) million after we recorded 11 million in the same period a year ago, due to the release of provision for one specific customer.

#### 2008 to 2007 first nine months comparison

We recorded an operating loss of 6 million after a profit of 28 million. Operating expenses at 404 million, were reduced by 25 million, but this could not outweigh the weak revenue result. In addition, higher net loan loss provisions of 18 million negatively impacted the operating result.

## Non-operating result

### 2008 to 2007 third quarter comparison

The non-operating result turned negative from 15 million to (34) million. We recorded net realized losses of 3 million compared to net realized gains of 15 million in the third quarter 2007. Impairments amounted to 30 million and were fully related to the credit crisis whereas in 2007 no impairments were incurred.

### 2008 to 2007 first nine months comparison

The non-operating result was negative at 36 million, 60 million lower than the same period a year ago. The reasons mentioned in the third quarter comparison are also valid for the nine months, as net realized gains were reduced by 24 million to 1 million and impairments increased by 34 million to 35 million.

## Net income (loss)

### 2008 to 2007 third quarter comparison

In the banking segment we recorded a net loss of 62 million, which was 86 million below the prior year result.

The income tax charge amounted to 16 million after a positive tax effect in the third quarter 2007 of 21 million.

### 2008 to 2007 first nine months comparison

Net income was also negative at 72 million for the nine month period, after a profit of 65 million last year.

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## Banking segment information

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| Net interest income [1] | 74 | 71 | 240 | 235 |
| Net fee and commission income [2] | 48 | 62 | 186 | 214 |
| Trading income (net) [3] | 1 | (6) | (10) | 6 |
| Income from financial assets and liabilities designated at fair value through income (net) [3] | | | | |
| **Operating revenues [4]** | **123** | **127** | **416** | **455** |
| Administrative expenses | (133) | (152) | (409) | (432) |
| Investment expenses | 1 | 1 | 6 | 5 |
| Other expenses | (1) | (1) | (1) | (2) |
| **Operating expenses** | **(133)** | **(152)** | **(404)** | **(429)** |
| Loan loss provisions | (7) | 11 | (18) | 2 |
| **Operating profit (loss)** | **(17)** | **(14)** | **(6)** | **28** |
| Realized gains/losses (net) | (3) | 15 | 1 | 25 |
| Impairments of investments (net) | (30) | | (35) | (1) |
| Amortization of intangible assets | (2) | | (2) | |
| Restructuring charges | 1 | | | |
| **Non-operating items** | **(34)** | **15** | **(36)** | **24** |
| **Income (loss) from continuing operations before income taxes and minority interests in earnings** | **(51)** | **1** | **(42)** | **52** |
| Income taxes | (16) | 21 | (31) | 13 |
| Minority interests in earnings | 5 | 2 | 1 | |
| **Net income (loss) from continuing operations** | **(62)** | **24** | **(72)** | **65** |
| **Net income (loss) from discontinued operations, net of income taxes and minority interests in earnings** | **(2,765)** | **(78)** | **(3,845)** | **917** |
| **Net income (loss)** | **(2,827)** | **(54)** | **(3,917)** | **982** |
| **Cost-income ratio [5] in %** | **108.1** | **119.7** | **97.1** | **94.3** |

[1] Represents interest and similar income less interest expenses.
[2] Represents fee and commission income less fee and commission expenses.
[3] The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement included in Note 5 to the condensed consolidated interim financial statements.
[4] For the Banking segment, total revenues are measured based upon operating revenues.
[5] Represents operating expenses divided by operating revenues.

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# Asset Management Operations

Strong net inflows of 39 billion year-to-date.

Robust fixed income business.

Operating profit distorted by foreign currency and one-off impacts.

## Third-Party Assets Under Management of the Allianz Group

At 754 billion, third party assets were almost stable compared to year end 2007. On an internal basis, which excludes foreign currency and consolidation effects, assets under management decreased by 2.4%.

**Development of third-party assets under management in bn**

For the nine months to September 30, 2008 we recorded total net inflows of 39 billion. Fixed income products contributed 46 billion to total net inflows proving PIMCO s excellent long term positioning in this business. The equity business recorded outflows of 7 billion. A sharp decline in market values in the third quarter led to market related depreciation of 57 billion, 44 billion more than at the half year. Deconsolidation effects of 8 billion were to a large extent due to the sale of our former real estate fund company DEGI, while a strengthening U.S. dollar versus the Euro resulted in a positive currency translation effect of 15 billion.

**Third-party assets under management by geographic region as of September 30, 2008 (December 31, 2007) [1)]**

in %

[1)] Based on the origination of assets.

[2)] Consists of third-party assets managed by Dresdner Bank (approximately 11 bn and 18 bn as of September 30, 2008 and December 31, 2007, respectively) and by other Allianz Group companies (approximately 20 bn and 22 bn as of September 30, 2008 and December, 31 2007 respectively).

Following the appreciation of the U.S. dollar, there was a slight shift towards investments originated in the United States. The weighting of retail and institutional clients remained almost unchanged, with 33% and 67%, respectively. The same applied to the development of the relationship between our equity assets and the fixed income business, which made up for 17% and 83% of third party assets under management, respectively.

In the third quarter 2008 the performance of our equity assets under management remained strong, achieving an outperformance against benchmarks of 74%. The performance of fixed income assets was severely hit by the unprecedented market disruptions in the second half of September 2008 and came down to 47%.

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**Rolling investment performance of Allianz Global Investors [1] in %**

# Earnings Summary [2]

## Operating Revenues

### 2008 to 2007 third quarter comparison

We recorded operating revenues of 684 million, 12.1% below the prior year level (on an internal basis: (2.4)%), substantially impacted by unfavorable currency effects of 53 million. Whereas revenues from the fixed income business increased on an internal basis, the equity business was impacted by the down-turn on the equity markets leading to lower revenues. In addition, we recorded 23 million of negative mark-to-market valuations of seed money investments.

Net fee and commission income decreased by 4.4% carrying the above mentioned negative foreign currency effect. On an internal basis this line item increased by 2.7%. Net income from financial assets and liabilities carried at fair value through income turned negative to a loss of 48 million from an 8 million gain, stemming among other factors from lower mark-to-market valuation of seed money in the United States as previously described.

### 2008 to 2007 first nine months comparison

At 2,119 million operating revenues were down 8.4% (at constant exchange rates and excluding consolidation effects: +1.1%). As in the third quarter, net fee and commission income was burdened by the economic environment. Net income from financial assets and liabilities carried at fair value through income turned to a loss of 49 million, coming from a gain of 30 million.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| Management fees | 821 | 913 | 2,466 | 2,625 |
| Loading and exit fees | 62 | 76 | 188 | 235 |
| Performance fees | 19 | 31 | 62 | 67 |
| Other income | 95 | 25 | 272 | 220 |
| **Fee and commission income** | **997** | **1,045** | **2,988** | **3,147** |
| Commissions [1] | (191) | (229) | (606) | (700) |
| Other expenses [1] | (92) | (69) | (270) | (229) |
| **Fee and commission expenses** | **(283)** | **(298)** | **(876)** | **(929)** |
| **Net fee and commission income** | **714** | **747** | **2,112** | **2,218** |

[1] For the three months ended September 30, 2007 and the nine months ended September 30, 2007, 14 million and 39 million, respectively, have been reclassified from other expenses to commission expenses.

1) AGI account-based, asset-weighted 3-year investment performance of 3rd party assets vs. benchmark including all equity and fixed income accounts managed on a discretionary basis by equity and fixed income managers of AGI (including direct accounts, Spezialfonds and CPMs of Allianz with AGI Germany). For some retail funds the net of fee performance is compared to the median performance of an appropriate peer group (Micropal or Lipper; 1st and 2nd quartile mean out-performance). For all other retail funds and for all institutional accounts performance is calculated gross of fees using closing prices (revaluated) where appropriate and compared to the benchmark of each individual fund or account. Other than under GIPS, the performance of closed funds/accounts is not included in the analysis. Also not included: WRAP accounts and accounts of Caywood Scholl, AGI Taiwan, AGI Korea, AGF AM and RAS AM

2) The results of operations of our Asset Management segment are almost exclusively represented by AGI, accounting for 98.0% (3Q 2007: 96.9%) and 100.5% (3Q 2007: 97.6%) of our total Asset Management segment s operating revenues and operating profit in the third quarter of 2008, respectively. Accordingly, the discussion of our Asset Management segment s results of operations relates solely to the operations of AGI.

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## Operating profit

### Operating Profit

in mn

### 2008 to 2007 third quarter comparison

At 187 million, operating profit declined by 41.9% as a result of concurrently decreasing revenues and increasing operating expenses. On an internal basis operating profit dropped by 30.8%.

Administrative expenses, up 9.0%, amounted to 497 million (internal growth rate: 18.4%). This development was predominantly driven by business expansion and investments at our major U.S. fixed income and retail distribution units, where expenses went up by 32 million.

Overall, our cost-income ratio increased significantly by 14.1 percentage points to 72.7%

### 2008 to 2007 nine months comparison

On a year-to-date comparison operating profit was down 25.6% and amounted to 699 million. At constant exchange rates and excluding deconsolidation effects operating profit declined by 18.6%.

At 67.0% the cost-income ratio went up by 7.6 percentage points.

## Non-operating result

### 2008 to 2007 third quarter comparison

Acquisition-related expenses decreased by 13 million, primarily due to a lower number of outstanding PIMCO LLC Class B Units (or B Units ) and favorable currency effects. As of September 30, 2008 the Allianz Group had acquired 71,743 of the 150,000 originally outstanding B Units compared to 43,917 a year ago. In the third quarter 2008, 3,880 B Units were acquired.

### 2008 to 2007 nine months comparison

At 291 million, acquisition-related expenses were 11 million lower compared to the prior year period. The development described above was the main reason behind the decrease.

## Net income

### 2008 to 2007 third quarter comparison

We recorded net income of 55 million, reflecting a 59.9% decline. On an internal basis net income was down 46.2%. Tax charges almost halved, amounting to 44 million. The effective tax rate was 44.0% compared to 37.8% a year ago, primarily due to high profits in countries with higher tax rates.

### 2008 to 2007 nine months comparison

Net income dropped by roughly one third to 245 million. Excluding currency and deconsolidation effects the decrease was almost of the same magnitude, down 28.0%. At 160 million tax charges decreased by 39.4% and led to an effective tax rate of 39.2%, a decline of 2.1 percentage points.

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### Asset Management segment information and AGI

| | Three months ended September 30, | | | | Nine months ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | | 2007 | | 2008 | | 2007 | |
| | Asset Management Segment | Allianz Global Investors | Asset Management Segment | Allianz Global Investors | Asset Management Segment | Allianz Global Investors | Asset Management Segment | Allianz Global Investors |
| | mn | mn | mn | mn | mn | mn | mn | mn |
| Net fee and commission income [1] | 725 | 714 | 767 | 747 | 2,152 | 2,112 | 2,278 | 2,218 |
| Net interest income [2] | 14 | 11 | 24 | 19 | 41 | 37 | 60 | 55 |
| Income from financial assets and liabilities carried at fair value through income (net) | (48) | (48) | 8 | 8 | (49) | (49) | 31 | 30 |
| Other income | 7 | 7 | 4 | 4 | 19 | 19 | 11 | 11 |
| **Operating revenues [3]** | **698** | **684** | **803** | **778** | **2,163** | **2,119** | **2,380** | **2,314** |
| Administrative expenses, excluding acquisition-related expenses [4] | (512) | (497) | (473) | (456) | (1,455) | (1,420) | (1,413) | (1,374) |
| **Operating expenses** | **(512)** | **(497)** | **(473)** | **(456)** | **(1,455)** | **(1,420)** | **(1,413)** | **(1,374)** |
| **Operating profit** | **186** | **187** | **330** | **322** | **708** | **699** | **967** | **940** |
| Realized gains/losses (net) | 1 | 1 | | | 9 | 9 | 3 | 3 |
| Impairments of investments (net) | (4) | (4) | | | (9) | (9) | | |
| **Acquisition-related expenses [4], thereof:** | | | | | | | | |
| Deferred purchases of interests in PIMCO | (84) | (84) | (97) | (97) | (291) | (291) | (299) | (299) |
| Other acquisition-related expenses | | | | | | | (3) | (3) |
| **Subtotal** | **(84)** | **(84)** | **(97)** | **(97)** | **(291)** | **(291)** | **(302)** | **(302)** |
| Restructuring charges | | | | | | | (2) | (2) |
| **Non-operating items** | **(87)** | **(87)** | **(97)** | **(97)** | **(291)** | **(291)** | **(301)** | **(301)** |
| **Income before income taxes and minority interests in earnings** | **99** | **100** | **233** | **225** | **417** | **408** | **666** | **639** |
| Income taxes | (46) | (44) | (87) | (85) | (163) | (160) | (268) | (264) |
| Minority interests in earnings | (1) | (1) | (4) | (3) | (4) | (3) | (23) | (19) |
| **Net income** | **52** | **55** | **142** | **137** | **250** | **245** | **375** | **356** |
| **Cost-income ratio [5] in %** | **73.4** | **72.7** | **58.9** | **58.6** | **67.3** | **67.0** | **59.4** | **59.4** |

1) Represents fee and commission income less fee and commission expenses.
2) Represents interest and similar income less interest expenses and investment expenses.
3) For the Asset Management segment, total revenues are measured based upon operating revenues.
4) The total of these items equals acquisition and administrative expenses (net) in the segment income statement included in Note 5 to the condensed consolidated interim financial statements.
5) Represents operating expenses divided by operating revenues

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# Corporate Activities

Operating loss declined by 101 million driven by foreign currency gains.

Result of corporate activities is largely affected by increased impairments.

## Earnings Summary

The aggregate operating loss for the third quarter decreased to 54 million compared to 155 million in 3Q 2007. This development was attributable to a lower loss in the Holding Function and a gain in the Private Equity business. For the same reasons the operating loss of 125 million for the first nine months of the year was 141 million lower than in the first nine months of 2007.

At 159 million, the net loss was 296 million lower than in the respective quarter 2007, primarily due to a swing in the tax position. In the first nine months the net loss increased to 316 million in 2008 reflecting higher impairments and lower realized gains in the Holding Function that could not be compensated for by the positive development in the Private Equity business.

### Holding Function

#### Operating profit (loss)

At 83 million the operating loss was 35.2% lower in the third quarter of 2008. This development benefited from increased foreign currency gains (+ 82 million). This development was partly compensated for by lower interest and similar income, due to lower dividends received.

In the first nine months of 2008 except for interest and similar income which increased similar effects as in the quarter led to an operating loss of 251 million, 55 million lower than last year.

#### Non-operating result

The non-operating loss increased to 269 million in the third quarter. The main reason for this development were significantly increased impairments due to the weak market conditions.

For the nine month period non-operating items showed a loss of 652 million coming from a gain of 298 million in the prior year. The key drivers of this development were significantly higher realized gains a year earlier which were not repeated in the period under review, and increased impairments.

#### Net income (loss)

In the third quarter, we recorded a net loss of 198 million coming from a net loss of 431 million in the prior year. Negative movements in non-operating items were partially compensated by tax income ( 156 million).

In the first nine months of 2008 the above mentioned effects led to a net loss of 462 million after a net loss of 68 million in 2007. Income tax income amounted to 444 million.

### Private Equity

#### Operating profit

Driven by lower administrative expenses as well as higher fee income, the third quarter operating profit turned to a gain of 29 million after a loss of 27 million in the previous year.

Accumulated for the first nine months, operating profit increased by 86 million to 126 million. As in the third quarter comparison the administrative expenses were

lower and fee and commission income increased. In addition, the margin from fully consolidated private equity investments increased.

### Non-operating result

Driven by higher capital gains in the third quarter comparison the non-operating result turned from a loss of 13 million to a gain of 18 million.

For the first nine months the non-operating result turned from a loss of 27 million in 2007 into a positive result of 55 million this year, mainly stemming from capital gains.

## Net income (loss)

Driven by lower administrative expenses, higher fee income and also higher realized gains, we recorded net income of 39 million after a net loss of 24 million last year. Income tax expenses amounted to 6 million after income tax income of 23 million in 3Q 2007.

On a nine month basis, net income turned positive from a loss of 14 million in 2007 to a gain of 146 million in 2008.

| | Holding Function | | Private Equity | | Total | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| **Three months ended September 30,** | mn | mn | mn | mn | mn | mn |
| Operating profit (loss) | (83) | (128) | 29 | (27) | (54) | (155) |
| Non-operating items | (269) | (153) | 18 | (13) | (251) | (166) |
| Income (loss) before income taxes and minorities | (352) | (281) | 47 | (40) | (305) | (321) |
| **Net income (loss)** | **(198)** | **(431)** | **39** | **(24)** | **(159)** | **(455)** |
| **Nine months ended September 30,** | | | | | | |
| Operating profit (loss) | (251) | (306) | 126 | 40 | (125) | (266) |
| Non-operating items | (652) | 298 | 55 | (27) | (597) | 271 |
| Income (loss) before income taxes and minorities | (903) | (8) | 181 | 13 | (722) | 5 |
| **Net income (loss)** | **(462)** | **(68)** | **146** | **(14)** | **(316)** | **(82)** |

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# Discontinued Operations of Dresdner Bank [1)]

Discontinued Operations of Dresdner Bank continued to suffer from weak markets.
Operating loss of 834 million.

## Earnings Summary

### Operating revenues

### 2008 to 2007 third quarter comparison

Operating revenues of 673 million were 40.9 % lower than in the comparison period. This decrease was primarily due to the shortfall in net dealing income. Furthermore, lower net fee and commission income contributed to this development. The majority of the decline was driven by Dresdner Kleinwort Investmentbank (DKIB) with a decrease of 406 million.

Net interest income was down by 83 million to 590 million. This decrease was entirely driven by IAS 39 valuation effects. Without these effects net interest income remained stable compared to the prior year period.

Net fee and commission income was down 17.6 % to 547 million, reflecting lower levels of customer activity in challenging capital market conditions.

Net dealing income, which comprises net trading income and net income from financial assets and liabilities designated at fair value through income, was negative at 464 million coming from loss of 197 million a year ago. This income category was heavily affected by the credit crisis which led to additional markdowns on our ABS trading book, partially offset by a positive one-off effect from reclassifications under IAS 39.

1) Following the announcement of the sale of Dresdner Bank to Commerzbank, Dresdner Bank qualifies as held-for-sale and discontinued operations. Therefore, Dresdner Bank s financial results have been eliminated from our Banking Operation s results and are now presented as Discontinued Operations of Dresdner Bank . Please see note 3 to the condensed consolidated interim financial statements for further information.

### 2008 to 2007 first nine months comparison

Operating revenues decreased 61.1 % to 1,851 million with all revenue categories contributing to this development. Net dealing income, which was down 2,130 million resulting in a loss of 1,644 million, had the biggest impact. Additionally net interest income was down 14.9 % to 1,845 million and net fee and commission income was down 21.8 % to 1,649 million.

### Operating profit (loss)

**Operating profit (loss)**

in mn

### 2008 to 2007 third quarter comparison

We recorded an operating loss of 834 million after a profit of 89 million in the prior year.

Although tight expense management continued, operating expenses were higher, amounting to 1,249 million versus 1,018 million in the comparison period. The increase, which was driven by personnel expenses, was mainly caused by higher bonus accruals, triggered by change-of-control-clauses.

Net loan loss provisions increased from 32 million to 258 million due to some large individual cases in connection with the financial crisis.

### 2008 to 2007 first nine months comparison

For the nine months we recorded an operating loss of 1,869 million after a profit of 1,198 million. Operating expenses were slightly lower by 2.6 % at 3,393 million. Net loan loss provisions increased from 83 million to 327 million mostly from the additions in the third quarter, as already discribed.

## Non-operating result

### 2008 to 2007 third quarter comparison

The non-operating result amounted to a loss of 249 million compared to a profit of 48 million in the previous year. Net realized gains were lower at 16 million coming from 65 million a year ago. The significantly higher level of impairments of 231 million compared to 13 million in the third quarter 2007 was the key driver of the overall decline in non-operating result.

### 2008 to 2007 first nine months comparison

The non-operating result turned negative from a 192 million gain to a loss of 132 million mainly due to the impairment development in the third quarter.

## Net income (loss) from discontinued operations

### 2008 to 2007 third quarter comparison

Income tax charges of 255 million were significantly higher than in the comparison period. This was mainly driven by the write-down on deferred tax assets on tax losses carried forward in the U.S.A. and further taxable income in other jurisdictions. The result from operating activities of discontinued operations was negative, amounting to 1,356 million (third quarter 2007: (78) million). Together with the impairment loss recognized on remeasurement of assets of disposal group to fair value less costs to sell at 1,409 million we recorded a net loss from discontinued operations of 2,765 million, which was 2,687 million higher than in the prior year period.

### 2008 to 2007 first nine months comparison

Despite the negative pre-tax income, we recorded an income tax charge of 393 million (9M 2007: 414 million) due to positive income in other jurisdictions. The non-recognition of deferred tax assets for current year tax losses and the write-down on deferred tax assets for tax losses carried forward in the USA led to an effective tax rate of (19.6) % (9M 2007: 29.8 %). We recorded a result from operating activities of discontinued operations of (2,436) million (9M 2007: positive at 917 million). Together with the impairment loss recognized on remeasurement of assets of disposal group to fair value less costs to sell at 1,409 million this led to a net loss from discontinued operations of 3,845 million.

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**Information on Discontinued Operations of Dresdner Bank**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| Net interest income [1] | 590 | 673 | 1,845 | 2,168 |
| Net fee and commission income [2] | 547 | 664 | 1,649 | 2,110 |
| Trading income (net) | (176) | (205) | (1,567) | 473 |
| Income from financial assets and liabilities designated at fair value through income (net) | (288) | 8 | (77) | 13 |
| Other income | | (1) | 1 | (1) |
| **Operating revenues [3]** | **673** | **1,139** | **1,851** | **4,763** |
| Administrative expenses | (1,232) | (1,014) | (3,339) | (3,478) |
| Investment expenses | (1) | (4) | (2) | (20) |
| Other expenses | (16) | | (52) | 16 |
| **Operating expenses** | **(1,249)** | **(1,018)** | **(3,393)** | **(3,482)** |
| Loan loss provisions | (258) | (32) | (327) | (83) |
| **Operating profit (loss)** | **(834)** | **89** | **(1,869)** | **1,198** |
| Realized gains/losses (net) | 16 | 65 | 178 | 243 |
| Impairments of investments (net) | (231) | (13) | (291) | (34) |
| Amortization of intangible assets | (2) | | (2) | |
| Restructuring charges | (32) | (4) | (17) | (17) |
| **Non-operating items** | **(249)** | **48** | **(132)** | **192** |
| **Income (loss) from discontinued operations before income taxes and minority interests in earnings** | **(1,083)** | **137** | **(2,001)** | **1,390** |
| Income taxes | (255) | (198) | (393) | (414) |
| Minority interests in earnings | (18) | (17) | (42) | (59) |
| **Result from operating activities of discontinued operations** | **(1,356)** | **(78)** | **(2,436)** | **917** |
| Impairment loss recognized on remeasurement of assets of disposal group to fair value less costs to sell | (1,409) | | (1,409) | |
| **Net income (loss) from discontinued operations** | **(2,765)** | **(78)** | **(3,845)** | **917** |
| **Cost-income ratio [4] in %** | **185.6** | **89.4** | **183.3** | **73.1** |

[1] Represents interest and similar income less interest expenses.
[2] Represents fee and commission income less fee and commission expenses.
[3] For the Discontinued Operations of Dresdner Bank, total revenues are measured based upon operating revenues.
[4] Represents operating expenses divided by operating revenues.

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# Balance Sheet Review

Capital base remains strong.

Solvency at the target level.

## Shareholders Equity

**Shareholders equity[1)]**

in mn

[1)] Does not include minority interests of 3.6 bn, 3.4 bn, 3.5 bn and 3.6 bn as of September 30, 2008, June 30, 2008, March 31, 2008 and December 31, 2007, respectively. Please see note 21 to the condensed consolidated interim financial statements for further information.
[2)] Includes foreign currency translation adjustments.

**Shareholders equity[1)]**

in mn

| | Shareholders equity mn |
|---|---|
| **Balance as of December 31, 2007** | **47,753** |
| Foreign currency translation adjustments | (14) |
| **Available-for-sale investments** | |
| Unrealized gains and losses (net) arising during the period | (8,015) |
| Transferred to net income on disposal or impairment | (92) |
| Cash flow hedges | (36) |
| Miscellaneous | (291) |
| **Total income and expense recognized directly in shareholders equity** | **(8,448)** |
| Net income | 667 |
| **Total recognized income and expense for the period** | **(7,781)** |
| Paid-in capital | 203 |
| Treasury shares | (3) |
| Transactions between equity holders | (152) |
| Dividends paid | (2,472) |
| **Balance as of September 30, 2008** | **37,548** |

[1)] Does not include minority interests of 3.6 bn, 3.4 bn, 3.5 bn and 3.6 bn as of September 30, 2008, June 30, 2008, March 31, 2008 and December 31, 2007, respectively. Please see note 21 to the condensed consolidated interim financial statements for further information.

## Regulatory capital adequacy

On January 1, 2005, the Financial Conglomerates Directive, a supplementary European Union (or EU ) directive, became effective in Germany. Under this directive, a financial conglomerate is defined as any financial parent holding company that, together with its subsidiaries, has significant cross-border and cross-sector activities. The Allianz Group is a financial conglomerate within the scope of the directive and the related German law. The law requires that a financial conglomerate calculates the capital needed to meet the respective solvency requirements on a consolidated basis.

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Starting 3Q 2008, unrealized gains and losses on bonds are excluded from the calculation[1)] of our eligible capital. This new methodology, which better reflects economic reality, added around 13 percentage points to our Solvency Ratio.

**Conglomerate solvency[1)]**

in bn

As of September 30, 2008, based on the current status of discussion, our available funds for the solvency margin, required for our insurance segments and our banking and asset management business, was 43.5 billion (December 31, 2007: 46.5 billion) including off-balance sheet reserves [3)], surpassing the minimum legally stipulated level by 15.8 billion (December 31, 2007: 17.6 billion). This margin resulted in a cover ratio [4)] of 157 % at September 30, 2008 (December 31, 2007: 161 %).

1) Solvency computed according to the draft amendment of FkSolV published by the BaFin, which revises the treatment of unrealized gains/losses on the bond portfolio. Reported solvency ratios under the old method were 145 % as of June 30, 2008 and 157 % as of December 31, 2007, respectively, and available funds were 40.2 bn as of June 30, 2008, and 45.5 bn as of December 31, 2007, respectively.
2) Basel II (advanced approach) results in lower requirement of approximately 1.5 bn as of September 30, 2008, and 1.5 bn as of June 30, 2008, respectively.
3) Represents the difference between fair value and amortized cost of real estate held for investment and investments in associates and joint ventures, net of deferred taxes, policyholders participation and minority interests.
4) Represents the ratio of available funds to required capital.

## Total Assets and Total Liabilities

In the first nine months of 2008 total assets and liabilities decreased by 44.3 billion and 34.1 billion, respectively. In the following sections we analyze important developments within the balance sheets of our Property-Casualty, Life/ Health and Banking segments as presented on pages 58 and 59. Following the announcement of the sale of significantly all of Dresdner Bank, the sold part of Dresdner Bank qualifies as a disposal group held for sale. Thus, Dresdner Bank is presented in the balance sheet as assets and liabilities held for sale on seperate line items. Relative to the Allianz Group s total assets and total liabilities, we consider the total assets and total liabilities from our Asset Management segment as immaterial and have, accordingly, excluded these assets and liabilities from the following discussion. Our Asset Management segment s results of operations stem primarily from its management of third-party assets. Please see pages 27 and 28 for further information on the development of our third-party assets.

### Asset allocation

As of September 30, 2008, investment assets from our insurance segments Property-Casualty and Life/Health as well as from the corporate segment, amounted to 362.6 billion. Thereof debt securities amounted to 309.2 billion, equities to 45.0 billion and other investment categories to 8.4 billion.

**Fixed income portfolio[1)] of 309.2 billion by type of issuer in %**

1) Fixed income portfolio (bonds and loans) from Property-Casualty, Life/Health and Corporate excluding internal loans; as of September 30, 2008
2) Including 13 bn seasoned self-originated German Private Retail Mortgage Loans (average historical loss rate 10bps p. a.) and 2 bn in policyholder loans
3) includes 8 bn U.S. Agency MBS

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**Fixed income portfolio of 309.2 billion by investment country**

in %

Our fixed income portfolio is both of high quality and well diversified. A share of more than 60 % relate to governments and covered bonds that especially provide a good mitigation against possible future deteriorations of the credit markets. Further details to these investment categories can be found in the graphs below.

**Government exposures of 107.9 billion**

in %

**Pfandbrief and covered bond portfolio of 87.3 billion**

in %

Nearly 80 % of our government exposure lay within the Euro-zone. 71 % of covered Bonds are German Pfandbriefe backed by either public sector loans or mortgage loans. On these as well as on all other covered bond exposures, minimum required security buffers as well as voluntary over-collateralization offer a substantial cushion for house price deterioration and defaults.

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# Assets and Liabilities of the Property-Casualty segment

## Property-Casualty assets

### Property-Casualty asset base

fair values[1] in bn

[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 upon, among other factors, our ownership percentage.

### Composition of the Property-Casualty asset base

fair values[1] in bn

| | 30 Sep 2008 | 31 Dec 2007 |
|---|---|---|
| | bn | bn |
| **Investments** [2] | | |
| Equities | 9.4 | 16.5 |
| Debt securities | 50.9 | 50.3 |
| Other | 7.0 | 6.9 |
| **Subtotal** | **67.3** | **73.7** |
| **Loans and advances** | **17.3** | **20.7** |
| **Financial assets and liabilities carried at fair value through income** | | |
| Equity | 0.3 | 0.4 |
| Debt | 1.6 | 2.7 |
| Other | 0.1 | 0.1 |
| **Subtotal** | **2.0** | **3.2** |
| **Property-Casualty asset base** | **86.6** | **97.6** |

[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 upon, among other factors, our ownership percentage.

[2] Does not include affiliates of 9.9 bn, 9.8 bn, 9.8 bn and 10.0 bn as of September 30, 2008, June 30, 2008, March 31, 2008 and December 31, 2008, respectively.

Of our Property-Casualty asset base, ABS made up 4.8 billion as of September 30, 2008, which is around 5.6 %. CDOs accounted for 0.1 billion of this amount. Unrealized losses on CDOs of 3 million were recorded in our equity. Sub-prime exposures within CDOs were negligible.

## Property-Casualty liabilities

In the third quarter, the segment s reserves for loss and loss adjustment expenses increased by 3.5 % to 56.7 billion (9M 2008: (0.4) %). Main reasons for this development were positive currency translation effects and the first consolidation of our entity in Turkey. Main contributors for the nine month development were the reclassification of AGF s health insurance business from the Property-Casualty segment to the Life/Health

segment, the first-time consolidation of our entity in Turkey, and foreign currency translation effects.

## Assets and Liabilities of the Life/Health segment

### Life/Health assets

**Life/Health asset base**

fair values[1)] in bn

[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 upon, among other factors, our ownership percentage.

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**Composition of the Life/Health asset base**

fair values[1] in bn

| | 30 Sep 2008 | 31 Dec 2007 |
|---|---|---|
| | bn | bn |
| **Investments[2]** | | |
| Equities | 30.4 | 41.2 |
| Debt securities | 145.2 | 137.6 |
| Other | 7.4 | 5.8 |
| **Subtotal** | **183.0** | **184.6** |
| **Loans and advances** | **91.3** | **91.2** |
| **Financial assets and liabilities carried at fair value through income** | | |
| Equity | 3.1 | 3.3 |
| Debt | 8.3 | 9.3 |
| Other | (3.9) | (4.5) |
| **Subtotal** | **7.5** | **8.1** |
| **Financial assets for unit-linked contracts[3]** | **57.1** | **66.1** |
| **Life/Health asset base** | **338.9** | **350.0** |

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 upon, among other factors, our ownership percentage.
2) Does not include affiliates of 3.5 bn, 2.9 bn, 2.9 bn and 2.7 bn as of September 30, 2008, June 30, 2008, March 31, 2008 and December 31, 2007, respectively.
3) Financial assets for unit-linked contracts represent assets owned by, and managed on the 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.

Within our Life/Health asset base, ABS amounted to 14.7 billion as of September 30, 2008, which is 4.3 % of total Life/ Health assets. Of these, 0.3 billion are CDOs. Unrealized losses on CDOs of 5 million were recorded in our equity. Subprime exposures within CDOs were negligible.

### Life/Health liabilities

In the third quarter reserves for insurance and investment contracts increased by 4.7 billion (9M 2008: up 0.9 billion) to 284.0 billion. Thereof 3.3 billion resulted from the rising U.S. dollar (9M 2008: 1.0 billion resulting from the U.S. dollar but outweighed by a decline in the South Korean Won of (1.3) billion). Premium refund reserves in Germany further decreased by 1.6 billion (9M 2008: (5.7) billion in Germany and (2.4) billion in France) mainly due to negative market impacts.

## Assets and Liabilities of the Banking segment [1]

**Banking loans and advances to banks and customers**

in bn

[2] Includes loan loss allowance of (0.1) bn as of September 30, 2008.

## Banking loans and advances to banks and customers

In our continuing Banking operations, loans and advances to banks and customers amounted to 14.6 billion.

## Banking liabilities to banks and customers

In the third quarter the liabilities to banks and customers amounted to 16.2 billion. Thereof, term deposits and certificates of deposit accounted for 5.3 billion, liabilities payable on demand for 3.3 billion, savings deposits for 1.6 billion and repurchase agreements for 1.4 billion.

[1] The impact on the consolidated balance sheet as of 3Q 2008 of the disposal of significantly all of Dresdner Bank is a classification of all assets and liabilities that are part of the disposal group into separate line items called Assets from disposal groups held for sale and Liabilities from disposal groups held for sale on the face of the consolidated balance sheet. Comparative information is not required.

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# Assets and Liabilities of Discontinued Operations[1)]

**Dresdner Bank s loans and advances to banks and customers**

in bn

[2)] Includes loan loss allowance of (0.8) bn as of September 30, 2008.

## Dresdner Bank s loans and advances to banks and customers

In the discontinued operations of Dresdner Bank, loans and advances to banks and customers amounted to 257.0 billion.

## Dresdner Bank s liabilities to banks and customers

In the third quarter the liabilities to banks and customers amounted to 266.3 billion. Thereof, liabilities payable on demand accounted for 76.1 billion, repurchase agreements for 73.4 billion, term deposits and certificates of deposit for 51.9 billion, collaterals received from securities lending transactions for 8.2 billion and savings deposits for 3.4 billion.

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# Other Information

## Reconciliation of Consolidated Operating Profit and Income Before Income Taxes and Minority Interests in Earnings

The previous analysis is based on our consolidated financial statements and should be read in conjunction with them. The Allianz Group uses operating profit to evaluate the performance of its business segments and the Group as a whole. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group s underlying operating performance and the comparability of its operating performance over time. Operating profit highlights the portion of income before income taxes and minority interests in earnings attributable to the ongoing core operations of the Allianz Group. To better understand the on-going operations of the business, we exclude the effects of acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations; and we exclude interest expense from external debt and non-operating income from financial assets and liabilities carried at fair value through income (net) as these relate to our capital structure.

We believe that trends in the underlying profitability of our business can be more clearly identified without the fluctuating effects of the realized capital gains and losses or impairments of investment securities, as these are largely dependent on market cycles or issuer-specific events over which we have little or no control, and can and do vary, sometimes materially, across periods. Furthermore, the timing of sales that would result in such gains or losses is largely at our discretion.

Similarly, we exclude restructuring charges because the timing of the restructuring charges are largely within our control, and accordingly their exclusion provides additional insight into the operating trends of the underlying business. This differentiation is not made if the profit sources are shared with the policyholder.

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

**Reconciliation of operating profit on a consolidated basis to the Allianz Group s income before income taxes and minority interests in earnings**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| **Operating profit** | **1,556** | **2,563** | **6,477** | **7,715** |
| Non-operating realized gains/losses (net) and impairments of investments (net) | (404) | 310 | 157 | 2,129 |
| | 72 | 48 | 127 | 45 |

| | | | | |
|---|---|---|---|---|
| Non-operating income from financial assets and liabilities carried at fair value through income (net) | | | | |
| Interest expenses from external debt | (227) | (271) | (712) | (771) |
| Non-operating restructuring charges | (77) | 27 | (79) | |
| Acquisition-related expenses | (78) | (72) | (264) | (329) |
| Amortization of intangible assets | (6) | (4) | (14) | (11) |
| Reclassification of tax benefits | (9) | (1) | (32) | (45) |
| **Income before income taxes and minority interests in earnings** | **827** | **2,600** | **5,660** | **8,733** |

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## Composition of Total Revenue Growth

We also 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 excluded. Accordingly, in addition to presenting nominal growth , we also present internal growth , which excludes the effects of foreign currency translation and changes in scope of consolidation.

**Reconciliation of nominal total revenue [1] growth to internal total revenue [1] growth**

| | Three months ended September 30, 2008 | | | | Nine months ended September 30, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Nominal growth | Changes in scope of consolidation | Foreign currency translation | Internal growth | Nominal growth | Changes in scope of consolidation | Foreign currency translation | Internal growth |
| | % | % | % | % | % | % | % | % |
| Property-Casualty | 1.3 | (4.1) | (2.4) | 7.8 | (1.1) | (2.0) | (2.2) | 3.1 |
| Life/Health | (8.3) | 2.5 | (2.1) | (8.7) | (5.5) | 2.3 | (2.6) | (5.2) |
| Banking | (3.1) | 0.8 | 0.0 | (3.9) | (8.6) | 0.2 | 0.0 | (8.8) |
| Asset Management | (13.1) | (0.6) | (9.3) | (3.2) | (9.1) | (0.5) | (9.1) | 0.5 |
| thereof: Allianz Global Investors | (12.1) | (0.1) | (9.6) | (2.4) | (8.4) | (0.1) | (9.4) | 1.1 |
| **Allianz Group** | **(3.8)** | **(0.5)** | **(2.5)** | **(0.8)** | **(3.5)** | **0.2** | **(2.5)** | **(1.2)** |

[1] Total revenues comprise Property-Casualty segment s gross premiums written, Life/Health segment s statutory premiums, Banking segment s operating revenues and Asset Management segment s operating revenues. Segment growth rates are presented before the elimination of transactions between Allianz Group companies in different segments.

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# Allianz Group

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| 88 | 29 | Claims and insurance benefits incurred (net) |
| 89 | 30 | Change in reserves for insurance and investment contracts (net) |
| 91 | 31 | Interest expenses |
| 91 | 32 | Loan loss provisions |
| 91 | 33 | Impairments of investments (net) |
| 92 | 34 | Investment expenses |
| 92 | 35 | Acquisition and administrative expenses (net) |
| 94 | 36 | Fee and commission expenses |
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# Allianz Group

## Consolidated Balance Sheets

## As of September 30, 2008 and as of December 31, 2007

| | Note | As of September 30, 2008 mn | As of December 31, 2007 mn |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | | 7,229 | 31,337 |
| Financial assets carried at fair value through income | 6 | 15,133 | 185,461 |
| Investments | 7 | 263,150 | 286,952 |
| Loans and advances to banks and customers | 8 | 118,941 | 396,702 |
| Financial assets for unit linked contracts | | 57,098 | 66,060 |
| Reinsurance assets | 9 | 15,375 | 15,312 |
| Deferred acquisition costs | 10 | 22,023 | 19,613 |
| Deferred tax assets | | 3,858 | 4,771 |
| Other assets | 11 | 33,935 | 38,025 |
| Non-current assets and assets disposal groups classified as held for sale | 3,12 | 468,601 | 3,503 |
| Intangible assets | 13 | 11,494 | 13,413 |
| **Total assets** | | **1,016,837** | **1,061,149** |

| | Note | As of September 30, 2008 mn | As of December 31, 2007 mn |
|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | |
| Financial liabilities carried at fair value through income | 14 | 5,175 | 126,053 |
| Liabilities to banks and customers | 15 | 20,702 | 336,494 |
| Unearned premiums | | 17,631 | 15,020 |
| Reserves for loss and loss adjustment expenses | 16 | 64,865 | 63,706 |
| Reserves for insurance and investment contracts | 17 | 292,675 | 292,244 |
| Financial liabilities for unit linked contracts | | 57,098 | 66,060 |
| Deferred tax liabilities | | 3,376 | 3,973 |
| Other liabilities | 18 | 36,018 | 48,031 |
| Liabilities of disposal groups classified as held for sale | 3,12 | 459,594 | 1,293 |
| Certificated liabilities | 19 | 9,193 | 42,070 |
| Participation certificates and subordinated liabilities | 20 | 9,318 | 14,824 |
| **Total liabilities** | | **975,645** | **1,009,768** |
| | | | |
| Shareholders equity | | 37,548 | 47,753 |
| Minority interests | | 3,644 | 3,628 |
| **Total equity** | **21** | **41,192** | **51,381** |

| | | |
|---|---|---|
| **Total liabilities and equity** | **1,016,837** | **1,061,149** |

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# Allianz Group

## Consolidated Income Statements

## For the three months and nine months ended September 30, 2008 and 2007

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2008 | 2007 | 2008 | 2007 |
| | Note | mn | mn | mn | mn |
| **Premiums written** | | **15,873** | **15,262** | **50,433** | **49,598** |
| Ceded premiums written | | (1,895) | (1,546) | (4,536) | (4,772) |
| Change in unearned premiums | | 824 | 716 | (1,774) | (1,562) |
| **Premiums earned (net)** | **22** | **14,802** | **14,432** | **44,123** | **43,314** |
| Interest and similar income | 23 | 4,519 | 4,386 | 14,402 | 14,017 |
| Income from financial assets and liabilities carried at fair value through income (net) | 24 | (64) | 327 | (237) | (567) |
| Realized gains/losses (net) | 25 | 596 | 1,010 | 3,057 | 4,659 |
| Fee and commission income | 26 | 1,435 | 1,580 | 4,495 | 4,757 |
| Other income | 27 | 23 | 9 | 389 | 108 |
| Income from fully consolidated private equity investments | 28 | 649 | 686 | 1,855 | 1,627 |
| **Total income** | | **21,960** | **22,430** | **68,084** | **67,915** |
| Claims and insurance benefits incurred (gross) | | (12,204) | (11,138) | (35,503) | (34,606) |
| Claims and Insurance benefits incurred (ceded) | | 899 | 622 | 2,097 | 2,581 |
| **Claims and insurance benefits incurred (net)** | **29** | **(11,305)** | **(10,516)** | **(33,406)** | **(32,025)** |
| Change in reserves for insurance and investment contracts (net) | 30 | (1,439) | (2,254) | (4,750) | (7,322) |
| Interest expenses | 31 | (447) | (524) | (1,406) | (1,513) |
| Loan loss provisions | 32 | (4) | 17 | (10) | (4) |
| Impairments of investments (net) | 33 | (2,602) | (375) | (5,565) | (523) |
| Investment expenses | 34 | 325 | (275) | (270) | (721) |
| Acquisition and administrative expenses (net) | 35 | (4,354) | (4,740) | (13,341) | (13,886) |
| Fee and commission expenses | 36 | (575) | (499) | (1,778) | (1,567) |
| Amortization of intangible assets | | (6) | (4) | (14) | (11) |
| Restructuring charges | | (75) | 26 | (78) | (6) |
| Other expenses | | (9) | (4) | (10) | (6) |
| Expenses from fully consolidated private equity investments | 28 | (642) | (682) | (1,796) | (1,598) |
| **Total expenses** | | **(21,133)** | **(19,830)** | **(62,424)** | **(59,182)** |
| **Income from continuing operations before income taxes and minority interests in earnings** | | **827** | **2,600** | **5,660** | **8,733** |
| Income taxes | 37 | (248) | (451) | (1,329) | (2,065) |
| Minority interests in earnings | | (34) | (100) | (181) | (604) |
| **Net income from continuing operations** | | **545** | **2,049** | **4,150** | **6,064** |
| **Net income (loss) from discontinued operations, net of income taxes and minority interests in earnings** | **3** | **(2,568)** | **(128)** | **(3,483)** | **1,237** |
| **Net income (loss)** | | **(2,023)** | **1,921** | **667** | **7,301** |

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2008 | 2007 | 2008 | 2007 |
| | Note | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Basic earnings per share** | **38** | **(4.49)** | **4.30** | **1.48** | **16.72** |
| from continuing operations | | 121 | 4.59 | 9.22 | 13.89 |
| from discontinued operations | | (5.70) | (0.29) | (7.74) | 2.83 |
| **Diluted earnings per share** | **38** | **(4.48)** | **4.23** | **1.41** | **16.41** |
| from continuing operations | | 1.20 | 4.51 | 9.07 | 13.63 |
| from discontinued operations | | (5.68) | (0.28) | (7.66) | 2.78 |

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# Allianz Group

## Consolidated Statements of Changes in Equity

## For the nine months ended September 30, 2008 and 2007

| | Paid-in capital | Revenue reserves | Foreign currency translation adjustments | Unrealized gains and losses (net) | Shareholders equity | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|
| | mn | mn | mn | mn | mn | mn | mn |
| **Balance as of December 31, 2006** | 25,398 | 13,070 | (2,210) | 13,392 | 49,650 | 7,180 | 56,830 |
| Foreign currency translation adjustments | | | (819) | | (819) | (139) | (958) |
| **Available-for-sale investments** | | | | | | | |
| Unrealized gains and losses (net) arising during the period | | | | (531) | (531) | (45) | (576) |
| Transferred to net income on disposal or impairment | | | | (2,577) | (2,577) | (99) | (2,676) |
| Cash flow hedges | | | | 18 | 18 | | 18 |
| Miscellaneous | | (26) | | | (26) | 16 | (10) |
| **Total income and expenses recognized directly in shareholders equity** | | (26) | (819) | (3,090) | (3,935) | (267) | (4,202) |
| Net income | | 7,301 | | | 7,301 | 667 | 7,968 |
| **Total recognized income and expenses for the period** | | 7,275 | (819) | (3,090) | 3,366 | 400 | 3,766 |
| Treasury shares | | 357 | | | 357 | | 357 |
| Transactions between equity holders | 2,765 | (6,832) | (66) | 621 | (3,512) | (3,660) | (7,172) |
| Dividends paid | | (1,642) | | | (1,642) | (330) | (1,972) |
| **Balance as of September 30, 2007** | 28,163 | 12,228 | (3,095) | 10,923 | 48,219 | 3,590 | 51,809 |
| **Balance as of December 31, 2007** | 28,321 | 12,618 | (3,656) | 10,470 | 47,753 | 3,628 | 51,381 |
| Foreign currency translation adjustments | | | 1 | (15) | (14) | 54 | 40 |
| **Available-for-sale investments** | | | | | | | |
| Unrealized gains and losses (net) arising during the period | | | | (8,015) | (8,015) | (95) | (8,110) |
| Transferred to net income on disposal or impairment | | | | (92) | (92) | 15 | (77) |
| Cash flow hedges | | | | (36) | (36) | (1) | (37) |
| Miscellaneous | | (291) | | | (291) | 75 | (216) |
| **Total income and expenses recognized directly in shareholders equity** | | (291) | 1 | (8,158) | (8,448) | 48 | (8,400) |
| Net income | | 667 | | | 667 | 224 | 891 |
| **Total recognized income and expenses for the period** | | 376 | 1 | (8,158) | (7,781) | 272 | (7,509) |
| Paid-in capital | 203 | | | | 203 | | 203 |
| Treasury shares | | (3) | | | 3 | | (3) |
| Transactions between equity holders | | (153) | | 1 | (152) | (21) | (173) |
| Dividends paid | | (2,472) | | | (2,472) | (235) | (2,707) |
| **Balance as of September 30, 2008** | 28,524 | 10,366 | (3,655) | 2,313 | 37,548 | 3,644 | 41,192 |

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# Allianz Group

## Condensed Consolidated Statements of Cash Flows

## For the nine months ended September 30, 2008 and 2007

| | 2008 | 2007 |
|---|---|---|
| | mn | mn |
| **Summary:** | | |
| Net cash flow provided by operating activities | 26,566 | 10,950 |
| Net cash flow used in investing activities | (19,191) | (12,955) |
| Net cash flow provided by financing activities | (12,378) | (2,687) |
| Effect of exchange rate changes on cash and cash equivalents | 57 | (76) |
| **Change in cash and cash equivalents** | **(4,946)** | **(4,768)** |
| Cash and cash equivalents at beginning of period | 31,337 | 33,031 |
| **Cash and cash equivalents at end of period** | **26,391** | **28,263** |
| Cash and cash equivalents reclassified to assets of disposal groups held for sale | 19,162 | |
| Cash and cash equivalents at end of period of continuing operations | 7,229 | 28,263 |
| | | |
| **Cash flow from operating activities:** | | |
| **Net income** | **667** | **7,301** |
| **Adjustments to reconcile net income to net cash flow provided by operating activities** | | |
| Minority interests in earnings | 224 | 667 |
| Share of earnings from investments in associates and joint ventures | (59) | (393) |
| Realized gains/losses (net) and impairments of investments (net) of: | | |
| Impairment loss recognized on remeasurement of assets of disposal group to fair value less costs to sell | 1,409 | |
| Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans to banks and customers | 2,325 | (4,819) |
| Other investments, mainly financial assets held for trading and designated at fair value through income | 2,934 | 354 |
| Depreciation and amortization | 468 | 638 |
| Loan loss provisions | 336 | 87 |
| Interest credited to policyholder accounts | 2,570 | 2,651 |
| Net change in: | | |
| Financial assets and liabilities held for trading | 5,477 | 17,018 |
| Reverse repurchase agreements and collateral paid for securities borrowing transactions | 31,533 | (39,890) |
| Repurchase agreements and collateral received from securities lending transactions | (27,969) | 23,262 |
| Reinsurance assets | 142 | 181 |
| Deferred acquisition costs | (955) | (802) |
| Unearned premiums | 2,319 | 1,701 |
| Reserves for losses and loss adjustment expenses | 964 | 3 |
| Reserves for insurance and investment contracts | 1,560 | 4,710 |
| Deferred tax assets/liabilities | 329 | 273 |
| Financial assets designated at fair value through income (only banking segment) | 3,204 | (1,007) |
| Financial liabilities designated at fair value through income (only banking segment) | 2,925 | 109 |
| Other (net) | (3,837) | (1,094) |
| **Subtotal** | **25,899** | **3,649** |
| **Net cash flow provided by operating activities** | **26,566** | **10,950** |
| | | |
| **Cash flow from investing activities:** | | |
| **Proceeds from the sale, maturity or repayment of:** | | |
| Financial assets designated at fair value through income | 2,797 | 7,517 |
| Available-for-sale investments | 76,091 | 99,394 |

| | | |
|---|---|---|
| Held-to-maturity investments | 257 | 258 |
| Investments in associates and joint ventures | 925 | 702 |
| Non-current assets and assets of disposal groups classified as held for sale | 2,188 | 3 |
| Real estate held for investment | 406 | 737 |
| Loans and advances to banks and customers (purchased loans) | 5,324 | 6,613 |
| Property and equipment | 359 | 284 |
| **Subtotal** | **88,347** | **115,208** |

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| Nine months ended September 30, | 2008 | 2007 |
|---|---|---|
| | mn | mn |
| **Payments for the purchase or origination of:** | | |
| Financial assets designated at fair value through income | (3,039) | (8,866) |
| Available-for-sale investments | (84,448) | (99,757) |
| Held-to-maturity investments | (559) | (215) |
| Investments in associates and joint ventures | (680) | (1,831) |
| Non-current assets and assets of disposal groups classified as held for sale | (85) | |
| Real estate held for investment | (148) | (319) |
| Loans and advances to banks and customers (purchased loans) | (6,453) | (9,085) |
| Property and equipment | (705) | (551) |
| **Subtotal** | **(96,117)** | **(120,624)** |
| **Business combinations:** | | |
| Acquisitions of subsidiaries, net of cash acquired | **(152)** | (1,580) |
| **Change in other loans and advances to banks and customers (originated loans)** | **(11,013)** | (6,730) |
| **Other (net)** | **(256)** | 771 |
| **Net cash flow used in investing activities** | **(19,191)** | **(12,955)** |
| | | |
| **Cash flow from financing activities:** | | |
| Policyholders account deposits | 9,499 | 8,198 |
| Policyholders account withdrawals | (7,692) | (6,791) |
| Net change in liabilities to banks and customers | (5,492) | 8,278 |
| Proceeds from the issuance of certificated liabilities, participation certificates and subordinated liabilities | 29,339 | 56,702 |
| Repayments of certificated liabilities, participation certificates and subordinated liabilities | (34,846) | (59,942) |
| Cash inflow from capital increases | 203 | |
| Transactions between equity holders | (173) | (7,172) |
| Dividends paid to shareholders | (2,707) | (1,972) |
| Net cash from sale or purchase of treasury shares | (87) | 25 |
| Other (net) | (422) | (13) |
| **Net cash flow used in financing activities** | **(12,378)** | **(2,687)** |

The following table shows the net cash flows provided by (used in) discontinued operations for the nine months ended September 30, 2008 and 2007 that are included in the consolidated statement of cash flows above.

| Nine months ended September 30, | 2008 | 2007 |
|---|---|---|
| | mn | mn |
| Net cash flow provided by (used in) operating activities from discontinued operations | 24,154 | (4,931) |
| Net cash flow used in investing activities from discontinued operations | (11,278) | (637) |
| Net cash flow used in financing activities from discontinued operations | (9,993) | (4,117) |
| **Net cash flow provided by (used in) discontinued operations** | 2,883 | **(9,685)** |

# Allianz Group

# Notes to the Condensed Consolidated Interim Financial Statements

## 1 Basis of presentation

The condensed consolidated interim financial statements of the Allianz Group comprising the consolidated balance sheet, income statement, condensed cash flow statement, statement of changes in equity and selected explanatory notes are presented in accordance with the requirements of IAS 34, Interim Financial Reporting, and have been prepared in accordance with International Financial Reporting Standards ( IFRS ), as adopted under European Union ( EU ) regulations in accordance with section 315a of the German Commercial Code ( HGB ). The condensed consolidated interim financial statements of the Allianz Group have also been prepared in accordance with IFRS as issued by the International Accounting Standard Board ( IASB ). The Allianz Group s application of IFRS results in no differences between IFRS as adopted by the EU and IFRS as issued by the IASB.

The condensed consolidated interim financial statements comply with all new or amended IFRS, where application is compulsory for the first time for periods beginning on January 1, 2008.

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 consistent with the accounting policies that have been applied in the preparation of the consolidated financial statements for the year ended December 31, 2007. These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements included in the Allianz Group Annual Report 2007.

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

The condensed consolidated interim financial statements are presented in millions of Euro ( mn).

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

### Recently adopted accounting pronouncements

### Amendments to IAS 39 and IFRS 7

In October 2008, the IASB issued amendments to IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures, titled Reclassification of financial assets . The amendments to IAS 39 permit an entity to reclassify certain non-derivative financial assets out of the held for trading ( at fair value through income ) category and out of the available-for-sale category if the following specific conditions are met.

Debt instruments, classified as held for trading ( at fair value through income ) or available-for-sale may be reclassified to the loans and receivable category, if they meet the definition of loans and receivables at the reclassification date and where the Allianz Group has now the intention and ability to hold the assets for the foreseeable future or until maturity.

Any other debt instrument and any other equity instrument, classified as held for trading ( at fair value through income ) may be reclassified to the held-to-maturity category (debt instruments) or to the available-for-sale category in rare circumstances and where the Allianz Group has no longer the intention to sell or trade the assets in the short term. The IASB acknowledged, that the deterioration of the world s financial markets, that has occurred during the third quarter of 2008 is a possible example of a rare circumstance .

The amendments to IAS 39 and IFRS 7 are effective July 1, 2008 and should be accounted for on a prospective basis from the date of reclassification. For reclassifications made before November 1, 2008, the amended IAS 39 permits an entity to use fair values as of July 1, 2008 instead of the prevailing fair value at the date of reclassification.

At the reclassification date non-derivative financial assets have to be reclassified at their fair value, which becomes the new cost or amortised cost of the financial asset, as applicable. Previously recognised gains and losses cannot be reversed.

After the reclassification date the existing requirements of IAS 39 for measuring financial assets at cost or at amortised cost apply.

Any reclassifications under the new requirements of the amended IAS 39 trigger additional extensive disclosure requirements specified in the amendments to IFRS 7.

Allianz Group adopted the amended IAS 39 and IFRS 7 in the third quarter 2008 and reclassified certain financial assets of its banking segment and held by Dresdner Bank Group before November 1, 2008 using the fair values as of July 1, 2008. However, due to the treatment of Dresdner Bank Group as disposal group held for sale and discontinued operation, the reclassifications had no impact on the net income of the Allianz Group for the three and nine months ended September 30, 2008.

## Changes in the presentation of the condensed consolidated interim financial statements

As presented in the Notes to the Allianz Group s consolidated financial statements for the year ended December 31, 2007, the Allianz Group identified certain prior period errors in 2007. The Allianz Group evaluated the errors individually and in the aggregate, and concluded that they were immaterial to the consolidated financial statements for all years in which they were included, and the Allianz Group corrected the errors in the 2007 consolidated financial statements. For these condensed consolidated interim financial statements, the following items were corrected in the consolidated statement of changes in equity:

| | As of September 30, 2007 |
|---|---|
| | mn |
| **Shareholders equity** | |
| Revenue reserves | (559) |
| Unrealized gains and losses (net) | (272) |
| **Subtotal** | **(831)** |
| **Minority interests** | **771** |
| **Total equity** | **(60)** |

## Reclassification of Dresdner Bank as disposal group held for sale and discontinued operation

On August 31, 2008 the Allianz Group and Commerzbank AG agreed on the sale of Dresdner Bank AG ( Dresdner Bank ) to Commerzbank AG. Following the announcement of the sale, Dresdner Bank qualifies as disposal group held for sale and discontinued operation according to the requirements of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

Thus, all assets and liabilities of Dresdner Bank have been reclassified and presented as separate line items Non-current assets and assets of disposal groups classified as held for sale and Liabilities of disposal groups classified as held for sale , respectively, on the face of the consolidated balance sheet as of September 30, 2008. Comparative information has not been adjusted in accordance with IFRS 5.

All income and expenses relating to the discontinued operations of Dresdner Bank have been reclassified and presented in a separate line item net income from discontinued operations, net of taxes and minority interests in earnings in the consolidated income statements for all periods presented in accordance with IFRS 5.

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The following table summarizes the impact on the consolidated income statements for the three months ended September 30, 2007 and nine months ended September 30, 2007, respectively:

| | Three months ended September 30, 2007 | | | Nine months ended September 30, 2007 | | |
|---|---|---|---|---|---|---|
| | As previously reported | Classified as discontinued operations | Reported as income and expense from continuing operations | As previously reported | Classified as discontinued operations | Reported as income and expense from continuing operations |
| | mn | mn | mn | mn | mn | mn |
| **Premiums written** | 15,262 | | 15,262 | 49,598 | | 49,598 |
| Ceded premiums written | (1,546) | | (1,546) | (4,722) | | (4,722) |
| Change in unearned premiums | 716 | | 716 | (1,562) | | (1,562) |
| **Premiums earned (net)** | **14,432** | | **14,432** | **43,314** | | **43,314** |
| Interest and similar income | 6,145 | (1,759) | 4,386 | 19,727 | (5,710) | 14,017 |
| Income from financial assets and liabilities carried at fair value through income (net) | 116 | 211 | 327 | (112) | (455) | (567) |
| Realized gains/losses (net) | 1,079 | (69) | 1,010 | 5,376 | (717) | 4,659 |
| Fee and commission income | 2,278 | (698) | 1,580 | 6,956 | (2,199) | 4,757 |
| Other income | 9 | | 9 | 108 | | 108 |
| Income from fully consolidated private equity investments | 686 | | 686 | 1,627 | | 1,627 |
| **Total income** | **24,745** | **(2,315)** | **22,430** | **76,996** | **(9,081)** | **67,915** |
| Claims and insurance benefits incurred (gross) | (11,138) | | (11,138) | (34,606) | | (34,606) |
| Claims and Insurance benefits incurred (ceded) | 622 | | 622 | 2,581 | | 2,581 |
| **Claims and insurance benefits incurred (net)** | **(10,516)** | | **(10,516)** | **(32,025)** | | **(32,025)** |
| Change in reserves for insurance and investment contracts (net) | (2,254) | | (2,254) | (7,322) | | (7,322) |
| Interest expenses | (1,592) | 1,068 | (524) | (5,031) | 3,518 | (1,513) |
| Loan loss provisions | (15) | 32 | 17 | (87) | 83 | (4) |
| Impairments of investments (net) | (388) | 13 | (375) | (557) | 34 | (523) |
| Investment expenses | (278) | 3 | (275) | (741) | 20 | (721) |
| Acquisition and administrative expenses (net) | (5,751) | 1,011 | (4,740) | (17,339) | 3,453 | (13,886) |
| Fee and commission expenses | (588) | 89 | (499) | (1,823) | 256 | (1,567) |
| Amortization of intangible assets | (4) | | (4) | (11) | | (11) |
| Restructuring charges | 22 | 4 | 26 | (22) | 16 | (6) |
| Other expenses | (5) | 1 | (4) | 8 | (14) | (6) |
| Expenses from fully consolidated private equity investments | (682) | | (682) | (1,598) | | (1,598) |
| **Total expenses** | **(22,051)** | **2,221** | **(19,830)** | **(66,548)** | **7,366** | **(59,182)** |
| | **2,694** | **(94)** | **2,600** | **10,448** | **(1,715)** | **8,733** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Income before income taxes and minority interests in earnings** | | | | | | |
| Income taxes | (655) | 204 | (451) | (2,480) | 415 | (2,065) |
| Minority interests in earnings | (118) | 18 | (100) | (667) | 63 | (604) |
| **Net income (loss)** | **1,921** | **128** | **2,049** | **7,301** | **(1,237)** | **6,064** |

For a detailed description of the transaction agreement see note 3 of this condensed consolidated interim financial statements.

### Reclassifications

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

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## 3 Assets and liabilities of disposal groups classified as held for sale and discontinued operations

### Impact of the transaction agreement with Commerzbank AG regarding the sale of Dresdner Bank AG

On August 31, 2008, Allianz SE and Commerzbank AG agreed on the sale of Dresdner Bank AG ( Dresdner Bank ) to Commerzbank AG. The agreed consideration comprises a cash component, 315 mn shares of Commerzbank AG, the Asset Manager Cominvest, a distribution agreement and a receivable against a fund held in trust to cover losses for specific ABS assets. The fair value of these considerations amounted to 7.8 bn as of September 30, 2008. The transaction will take place in two steps and is expected to be completed no later than the end of 2009. It is subject to approval by the regulatory authorities.

In the first step, Commerzbank AG will acquire 60.2% of the shares in Dresdner Bank AG from Allianz SE. In exchange Allianz SE will receive 163.5 mn new shares in Commerz-bank AG generated from a capital increase against contribution in kind, which is equivalent to a share of 18.4% of the increased share capital of Commerzbank AG. On the basis of the average XETRA closing price during August, these shares are worth 3.4 bn. Commerzbank AG will pay Allianz SE an additional 2.5 bn in cash. Thereof 975 mn will be provided to the aforementioned trust account to cover ultimate losses for the specific ABS assets. The trust will be dissolved not later than 2018. In the transaction, Cominvest which is valued at 0.7 bn will be transferred to Allianz SE.

In the second step, which is subject to the approval by the General Meetings of both entities, Dresdner Bank will be merged with Commerzbank AG and Allianz SE will receive shares in Commerzbank AG. The final stake in Commerzbank AG which Allianz SE will hold after the second step will depend on the exact exchange ratio of Commerzbank AG shares to Dresdner Bank AG shares. The expected stake that Allianz will hold in Commerzbank AG will amount to nearly 30%.

With the agreement of the sale transaction Dresdner Bank qualifies as disposal group held for sale and discontinued operation according to the requirements of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. Thus, all assets and liabilities of Dresdner Bank have been reclassified and presented as separate line items Non-current assets and assets of disposal groups classified as held for sale and Liabilities of disposal groups classified as held for sale , respectively, on the face of the consolidated balance sheet as of September 30, 2008. Comparative information has not been adjusted in accordance with IFRS 5.

All income and expenses relating to the discontinued operations of Dresdner Bank have been reclassified and presented in a separate line item net income from discontinued operations, net of taxes and minority interests in earnings in the consolidated income statements for all periods presented in accordance with IFRS 5.

The following tables shows the assets and liabilities of disposal groups classified as held-for-sale.

| | As of September 30, 2008 |
|---|---|
| | mn |
| Cash and cash equivalents | 19,162 |
| Financial assets carried at fair value through income | 172,590 |
| Investments | 12,164 |
| Loans and advances to banks and customers | 253,907 |
| Deferred tax assets | 1,398 |
| Other assets | 6,967 |
| Intangible assets | 826 |

| | |
|---|---|
| **Total assets of disposal group classified as held for sale** | 467,014 |

| | As of September 30, 2008 |
|---|---|
| | mn |
| Financial liabilities carried at fair value through income | 153,355 |
| Liabilities to banks and customers | 264,194 |
| Deferred tax liabilities | 152 |
| Other liabilities | 9,316 |
| Certificated liabilities | 25,090 |
| Participation certificates and subordinated liabilities | 6,150 |
| **Total liabilities of disposal group classified as held for sale** | 458,257 |

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The following table shows the accumulated other comprehensive income and expenses, net of tax

| | As of September 30, 2008 |
|---|---|
| | mn |
| **Accumulated other comprehensive income (expenses), net of tax** | |
| Gains on cash flow hedges, net of tax | 24 |
| Cumulative foreign currency translation adjustment, net of tax | (564) |
| Unrealized gains on securities, net of tax | 92 |
| **Total accumulated other comprehensive loss, net of tax related to disposal groups classified as held for sale** | **(448)** |

Net income (loss) from discontinued operations for the three months ended September 30, 2008 and 2007, respectively is comprised of:

| | Three months ended September 30, 2008 | | | Three months ended September 30, 2007 | | |
|---|---|---|---|---|---|---|
| | Segment | Consolidation | Group | Segment | Consolidation | Group |
| | mn | mn | mn | mn | mn | mn |
| Interest and similar income | 1,562 | (58) | 1,504 | 1,759 | | 1,759 |
| Income from financial assets and liabilities carried at fair value through income (net) | (464) | 25 | (439) | (197) | (14) | (211) |
| Realized gains/losses (net) | 16 | 9 | 25 | 65 | 4 | 69 |
| Fee and commission income | 640 | (24) | 616 | 751 | (53) | 698 |
| Other income | | | | (1) | 1 | |
| **Total income from discontinued operations** | **1,754** | **(48)** | **1,706** | **2,377** | **(62)** | **2,315** |
| Interest expenses | (972) | 58 | (914) | (1,086) | 18 | (1,068) |
| Loan loss provisions | (258) | | (258) | (32) | | (32) |
| Impairments of investments (net) | (231) | 189 | (42) | (13) | | (13) |
| Investment expenses | (1) | 1 | | (4) | 1 | (3) |
| Acquisition and administrative expenses (net) | (1,232) | 6 | (1,226) | (1,014) | 3 | (1,011) |
| Fee and commission expenses | (93) | (10) | (103) | (87) | (2) | (89) |
| Amortization of intangible assets | (2) | | (2) | | | |
| Restructuring charges | (32) | (1) | (33) | (4) | | (4) |
| Other expenses | (16) | | (16) | | (1) | (1) |
| **Total expenses from discontinued operations** | **(2,837)** | **243** | **(2,594)** | **(2,240)** | **19** | **(2,221)** |
| **Income from discontinued operations before income taxes and minority interests in earnings** | **(1,083)** | **195** | **(888)** | **137** | **(43)** | **94** |
| Income taxes | (255) | 2 | (253) | (198) | (6) | (204) |
| Minority interests in earnings | (18) | | (18) | (17) | (1) | (18) |
| **Result from operating activities of discontinued operations** | **(1,356)** | **197** | **(1,159)** | **(78)** | **(50)** | **(128)** |
| | (1,409) | | (1,409) | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Impairment loss recognized on remeasurement of assets of disposal group to fair value less costs to sell | | | | | | |
| Income taxes related to impairment loss recognized on remeasurement of assets of disposal group to fair value less costs to sell | | | | | | |
| **After-tax impairment loss on remeasurement of assets of disposal group to fair value less costs to sell** | **(1,409)** | | **(1,409)** | | | |
| **Net income (loss) from discontinued operations** | **(2,765)** | **197** | **(2,568)** | **(78)** | **(50)** | **(128)** |

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Net income (loss) from discontinued operations for the nine months ended September 30, 2008 and 2007, respectively is comprised of:

| | Nine months ended September 30, 2008 | | | Nine months ended September 30, 2007 | | |
|---|---|---|---|---|---|---|
| | Segment | Consolidation | Group | Segment | Consolidation | Group |
| | mn | mn | mn | mn | mn | mn |
| Interest and similar income | 5,371 | (114) | 5,257 | 5,753 | (43) | 5,710 |
| Income from financial assets and liabilities carried at fair value through income (net) | (1,644) | 205 | (1,439) | 486 | (31) | 455 |
| Realized gains/losses (net) | 178 | 107 | 285 | 243 | 474 | 717 |
| Fee and commission income | 1,922 | (162) | 1,760 | 2,374 | (175) | 2,199 |
| Other income | 1 | (1) | | (1) | 1 | |
| **Total income from discontinued operations** | **5,828** | **35** | **5,863** | **8,855** | **226** | **9,081** |
| Interest expenses | (3,526) | 125 | (3,401) | (3,585) | 67 | (3,518) |
| Loan loss provisions | (327) | | (327) | (83) | | (83) |
| Impairments of investments (net) | (291) | 189 | (102) | (34) | | (34) |
| Investment expenses | (2) | | (2) | (20) | | (20) |
| Acquisition and administrative expenses (net) | (3,339) | 13 | (3,326) | (3,478) | 25 | (3,453) |
| Fee and commission expenses | (273) | 6 | (267) | (264) | 8 | (256) |
| Amortization of intangible assets | (2) | | (2) | | | |
| Restructuring charges | (17) | | (17) | (17) | 1 | (16) |
| Other expenses | (52) | | (52) | 16 | (2) | 14 |
| **Total expenses from discontinued operations** | **(7,829)** | **333** | **(7,496)** | **(7,465)** | **99** | **(7,366)** |
| **Income from discontinued operations before income taxes and minority interests in earnings** | **(2,001)** | **368** | **(1,633)** | **1,390** | **325** | **1,715** |
| Income taxes | (393) | (5) | (398) | (414) | (1) | (415) |
| Minority interests in earnings | (42) | (1) | (43) | (59) | (4) | (63) |
| **Result from operating activities of discontinued operations** | **(2,436)** | **362** | **(2,074)** | **917** | **320** | **1,237** |
| Impairment loss recognized on remeasurement of assets of disposal group to fair value less costs to sell | (1,409) | | (1,409) | | | |
| Income taxes related to impairment loss recognized on remeasurement of assets of disposal group to fair value less costs to sell | | | | | | |
| **After-tax impairment loss on remeasurement of assets of disposal group to fair value less costs to sell** | **(1,409)** | | **(1,409)** | | | |
| **Net income (loss) from discontinued operations** | **(3,845)** | **362** | **(3,483)** | **917** | **320** | **1,237** |

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## 4 Consolidation

### Significant acquisitions

In April 2008, the Allianz Group signed a share purchase agreement to acquire 47.1% of shares in the non-life insurer Koç Allianz Sigorta AŞ, Istanbul, and 51.0% of the shares in the life-insurance and pension company Koç Allianz Hayat ve Emeklilik AŞ, Istanbul, for a total consideration of 373 mn. The transaction has been approved by the relevant regulatory and competition board on July 21, 2008 so that Allianz Group now controls 84.2% and 89.0%, respectively. Since October 7, 2008, the companies operate under the name Allianz Sigorta AŞ and Allianz Hayat ve Emeklilik AŞ.

### Components of costs

| | As of July 21, 2008 |
|---|---|
| | mn |
| Purchase price Koç Allianz Sigorta AŞ (47.1%) | 248 |
| Purchase price Koç Allianz Hayat ve Emeklilik AŞ (51.0%) | 125 |
| **Total purchase price** | **373** |

The impact of Koç Allianz Sigorta AŞ and Koç Allianz Hayat ve Emeklilik AŞ on the Group s net income as of September 30, 2008 was 5.9 mn.

The amounts recognized for major classes of assets and liabilities are as follows:

| | As of July 21, 2008 | |
|---|---|---|
| | Fair value | Carrying amount |
| | mn | mn |
| Cash and cash equivalents | 221 | 221 |
| Investments | 386 | 374 |
| Financial assets for unit linked contracts | 150 | 150 |
| Reinsurance assets | 136 | 136 |
| Deferred acquisition costs | 51 | 6 |
| Other assets | 201 | 183 |
| **Total assets** | **1,145** | **1,070** |
| | | |
| Unearned premiums | 249 | 249 |
| Reserves for loss and loss adjustments | 117 | 117 |
| Reserves for insurance and investment contracts | 269 | 263 |
| Financial liabilities for unit linked contracts | 150 | 150 |
| Other liabilities | 91 | 86 |
| Total equity | 270 | 206 |
| **Total liabilities and equity** | **1,145** | **1,070** |

The purchase accounting effects may be adjusted up to one year from the acquisition date upon the finalization of the valuation process. In addition, the Allianz Group continues to evaluate the recognition of separately identifiable intangible assets and the relevant amortization period for recognized intangible assets.

The premiums written and premiums earned (net) of the combined entity (Allianz Group including Koç) for the nine months ended September 30, 2008 would have been 50,684 mn and 44,344 mn, respectively, if the acquisition date had been on January 1, 2008. The net income of the combined entity for the nine months ended September 30, 2008 would have been 697 mn if the acquisition date had been on January 1, 2008.

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5 Segment reporting

## Business Segment Information Consolidated Balance Sheets

## As of September 30, 2008 and as of December 31, 2007

| | Property-Casualty | | Life/Health | |
|---|---|---|---|---|
| | As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 |
| | mn | mn | mn | mn |
| **ASSETS** | | | | |
| Cash and cash equivalents | 2,725 | 4,985 | 2,989 | 8,779 |
| Financial assets carried at fair value through income | 2,122 | 3,302 | 12,365 | 13,216 |
| Investments | 77,148 | 83,741 | 186,488 | 187,289 |
| Loans and advances to banks and customers | 17,283 | 20,712 | 91,303 | 91,188 |
| Financial assets for unit linked contracts | | | 57,098 | 66,060 |
| Reinsurance assets | 10,259 | 10,317 | 5,175 | 5,043 |
| Deferred acquisition costs | 3,917 | 3,681 | 17,952 | 15,838 |
| Deferred tax assets | 1,785 | 1,442 | 672 | 316 |
| Other assets | 24,604 | 21,409 | 17,951 | 13,294 |
| Non-current assets and assets of disposal groups classified as held for sale | | 455 | | 777 |
| Intangible assets | 2,489 | 2,332 | 2,309 | 2,218 |
| **Total assets** | **142,332** | **152,376** | **394,302** | **404,018** |

| | Property-Casualty | | Life/Health | |
|---|---|---|---|---|
| | As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 |
| | mn | mn | mn | mn |
| **LIABILITIES AND EQUITY** | | | | |
| Financial liabilities carried at fair value through income | 111 | 96 | 4,851 | 5,147 |
| Liabilities to banks and customers | 1,720 | 6,865 | 1,952 | 6,078 |
| Unearned premiums | 15,284 | 13,163 | 2,359 | 1,858 |
| Reserves for loss and loss adjustment expenses | 56,674 | 56,943 | 8,203 | 6,773 |
| Reserves for insurance and investment contracts | 8,619 | 8,976 | 284,025 | 283,139 |
| Financial liabilities for unit linked contracts | | | 57,098 | 66,060 |
| Deferred tax liabilities | 2,428 | 2,606 | 687 | 946 |
| Other liabilities | 19,822 | 22,989 | 19,854 | 17,741 |
| Liabilities of disposal groups classified as held for sale | | | | |
| Certificated liabilities | 164 | 158 | 2 | 3 |
| Participation certificates and subordinated liabilities | 845 | 905 | 65 | 60 |
| **Total liabilities** | **105,667** | **112,701** | **379,096** | **387,805** |

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| Banking | | Asset Management | | Corporate | | Consolidation | | Group | |
|---|---|---|---|---|---|---|---|---|---|
| As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 |
| mn | mn | mn | mn | mn | mn | mn | mn | mn | mn |
| 671 | 17,307 | 893 | 770 | 444 | 445 | (493) | (949) | 7,229 | 31,337 |
| 95 | 168,339 | 771 | 980 | 646 | 887 | (866) | (1,263) | 15,133 | 185,461 |
| 3,700 | 16,284 | 859 | 879 | 101,527 | 102,894 | (106,572) | (104,135) | 263,150 | 286,952 |
| 14,586 | 295,506 | 529 | 469 | 7,348 | 4,754 | (12,108) | (15,927) | 118,941 | 396,702 |
| | | | | | | | | 57,098 | 66,060 |
| | | | | | | (59) | (48) | 15,375 | 15,312 |
| | | 154 | 94 | | | | | 22,023 | 19,613 |
| 71 | 1,733 | 173 | 161 | 1,183 | 935 | (26) | 184 | 3,858 | 4,771 |
| 327 | 8,199 | 3,226 | 3,452 | 5,439 | 8,519 | (17,612) | (16,848) | 33,935 | 38,025 |
| 470,989 | 4 | | | 1,587 | 2,267 | (3,975) | | 468,601 | 3,503 |
| 202 | 2,379 | 6,248 | 6,227 | 246 | 257 | | | 11,494 | 13,413 |
| **490,641** | **509,751** | **12,853** | **13,032** | **118,420** | **120,958** | **(141,711)** | **(138,986)** | **1,016,837** | **1,061,149** |

| Banking | | Asset Management | | Corporate | | Consolidation | | Group | |
|---|---|---|---|---|---|---|---|---|---|
| As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 | As of September 30, 2008 | As of December 31, 2007 |
| mn | mn | mn | mn | mn | mn | mn | mn | mn | mn |
| 26 | 120,383 | | | 776 | 1,376 | (589) | (949) | 5,175 | 126,053 |
| 16,191 | 320,388 | 815 | 807 | 6,979 | 13,023 | (6,955) | (10,667) | 20,702 | 336,494 |
| | | | | | | (12) | (1) | 17,631 | 15,020 |
| | | | | | | (12) | (10) | 64,865 | 63,706 |
| | | | | 262 | 358 | (231) | (229) | 292,675 | 292,244 |
| | | | | | | | | 57,098 | 66,060 |
| | 102 | 28 | 35 | 260 | 88 | (27) | 196 | 3,376 | 3,973 |
| 893 | 11,010 | 3,201 | 3,647 | 16,428 | 13,333 | (24,180) | (20,689) | 36,018 | 48,031 |
| 461,836 | 1 | | | 1,337 | 1,292 | (3,579) | | 459,594 | 1,293 |
| 1,428 | 34,778 | | | 9,909 | 9,567 | (2,310) | (2,436) | 9,193 | 42,070 |
| 185 | 7,966 | 14 | 14 | 8,442 | 7,069 | (233) | (1,190) | 9,318 | 14,824 |
| **480,559** | **494,628** | **4,058** | **4,503** | **44,393** | **46,106** | **(38,128)** | **(35,975)** | **975,645** | **1,009,768** |
| | | | | | | **Total equity** | | **41,192** | **51,381** |
| | | | | | | **Total liabilities and equity** | | **1,016,837** | **1,061,149** |

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# Allianz Group

## Business Segment Information Consolidated Income Statements

## For the three months ended September 30, 2008 and 2007

| | Property-Casualty | | Life/Health | |
|---|---|---|---|---|
| Three months ended September 30, | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| **Premiums written** | **10,816** | **10,674** | **5,068** | **4,593** |
| Ceded premiums written | (1,771) | (1,460) | (135) | (91) |
| Change in unearned premiums | 867 | 737 | (43) | (21) |
| **Premiums earned (net)** | **9,912** | **9,951** | **4,890** | **4,481** |
| Interest and similar income | 1,049 | 1,007 | 3,319 | 3,174 |
| Income from financial assets and liabilities carried at fair value through income (net) | (98) | 51 | 42 | 234 |
| Realized gains/losses (net) | 510 | 315 | 80 | 628 |
| Fee and commission income | 292 | 290 | 90 | 171 |
| Other income | | 14 | 25 | 10 |
| Income from fully consolidated private equity investments | 1 | | 5 | |
| **Total income** | **11,666** | **11,628** | **8,451** | **8,698** |
| | | | | |
| Claims and insurance benefits incurred (gross) | (7,725) | (7,122) | (4,487) | (4,010) |
| Claims and insurance benefits incurred (ceded) | 784 | 507 | 123 | 109 |
| **Claims and insurance benefits incurred (net)** | **(6,941)** | **(6,615)** | **(4,364)** | **(3,901)** |
| Change in reserves for insurance and investment contracts (net) | 32 | (114) | (1,463) | (2,140) |
| Interest expenses | (69) | (108) | (84) | (85) |
| Loan loss provisions | (1) | 5 | 4 | 1 |
| Impairments of investments (net) | (712) | (76) | (1,653) | (289) |
| Investment expenses | 53 | (74) | 171 | (235) |
| Acquisition and administrative expenses (net) | (2,597) | (2,745) | (929) | (1,113) |
| Fee and commission expenses | (261) | (193) | (43) | (49) |
| Amortization of intangible assets | (4) | (3) | | (1) |
| Restructuring charges | (40) | 38 | (36) | (4) |
| Other expenses | (2) | (4) | (6) | |
| Expenses from fully consolidated private equity investments | (1) | | (5) | |
| **Total expenses** | **(10,543)** | **(9,889)** | **(8,408)** | **(7,816)** |
| | | | | |
| **Income (loss) from continuing operations before income taxes and** | | | | |
| | | | | |
| **minority interests in earnings** | **1,123** | **1,739** | **43** | **882** |
| Income taxes | (303) | 34 | (41) | (293) |
| Minority interests in earnings | (29) | (65) | (7) | (26) |
| **Net income (loss) from continuing operations** | **791** | **1,708** | **(5)** | **563** |
| **Net loss from discontinued operations, net of income taxes and** | | | | |
| | | | | |
| **minority interests in earnings** | | | | |
| **Net income (loss)** | **791** | **1,708** | **(5)** | **563** |

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| Banking | | Asset Management | | Corporate | | Consolidation | | Group | |
|---|---|---|---|---|---|---|---|---|---|
| 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| mn | mn | mn | mn | mn | mn | mn | mn | mn | mn |
| | | | | | | **(11)** | **(5)** | **15,873** | **15,262** |
| | | | | | | 11 | 5 | (1,895) | (1,546) |
| | | | | | | | | 824 | 716 |
| | | | | | | | | **14,802** | **14,432** |
| 240 | 219 | 21 | 39 | 192 | 221 | (302) | (274) | 4,519 | 4,386 |
| 1 | (6) | (48) | 8 | 107 | 44 | (68) | (4) | (64) | 327 |
| (3) | 15 | 1 | | 29 | 15 | (21) | 37 | 596 | 1,010 |
| 91 | 117 | 1,016 | 1,071 | 41 | 40 | (95) | (109) | 1,435 | 1,580 |
| | | 7 | 4 | | | (9) | (19) | 23 | 9 |
| | | | | 643 | 686 | | | 649 | 686 |
| **329** | **345** | **997** | **1,122** | **1,012** | **1,006** | **(495)** | **(369)** | **21,960** | **22,430** |
| | | | | | | | | | |
| | | | | | | 8 | (6) | (12,204) | (11,138) |
| | | | | | | (8) | 6 | 899 | 622 |
| | | | | | | | | **(11,305)** | **(10,516)** |
| | | | | | | (8) | | (1,439) | (2,254) |
| (166) | (148) | (6) | (16) | (387) | (402) | 265 | 235 | (447) | (524) |
| (7) | 11 | | | | | | | (4) | 17 |
| (30) | | (4) | | (204) | (10) | 1 | | (2,602) | (375) |
| 1 | 1 | (1) | 1 | 48 | (18) | 53 | 50 | 325 | (275) |
| (133) | (152) | (596) | (570) | (104) | (171) | 5 | 11 | (4,354) | (4,740) |
| (43) | (55) | (291) | (304) | (34) | (36) | 97 | 138 | (575) | (499) |
| (2) | | | | | | | | (6) | (4) |
| 1 | | | | | (8) | | | (75) | 26 |
| (1) | (1) | | | | | | 1 | (9) | (4) |
| | | | | (636) | (682) | | | (642) | (682) |
| **(380)** | **(344)** | **(898)** | **(889)** | **(1,317)** | **(1,327)** | **413** | **435** | **(21,133)** | **(19,830)** |
| | | | | | | | | | |
| **(51)** | **1** | **99** | **233** | **(305)** | **(321)** | **(82)** | **66** | **827** | **2,600** |
| (16) | 21 | (46) | (87) | 150 | (126) | 8 | | (248) | (451) |
| 5 | 2 | (1) | (4) | (4) | (8) | 2 | 1 | (34) | (100) |
| **(62)** | **24** | **52** | **142** | **(159)** | **(455)** | **(72)** | **67** | **545** | **2,049** |
| **(2,765)** | **(78)** | | | | | **197** | **(50)** | **(2,568)** | **(128)** |
| **(2,827)** | **(54)** | **52** | **142** | **(159)** | **(455)** | **125** | **17** | **(2,023)** | **1,921** |

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# Allianz Group

## Business Segment Information Consolidated Income Statements

## For the nine months ended September 30, 2008 and 2007

| | Property-Casualty | | Life/Health | |
|---|---|---|---|---|
| Nine months ended September 30, | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| **Premiums written** | **34,368** | **34,767** | **16,087** | **14,844** |
| Ceded premiums written | (4,171) | (4,291) | (387) | (444) |
| Change in unearned premiums | (1,664) | (1,511) | (110) | (51) |
| **Premiums earned (net)** | **28,533** | **28,965** | **15,590** | **14,349** |
| Interest and similar income | 3,431 | 3,393 | 10,333 | 10,112 |
| Income from financial assets and liabilities carried at fair value through income (net) | (67) | 37 | (71) | (745) |
| Realized gains/losses (net) | 1,901 | 1,299 | 967 | 2,484 |
| Fee and commission income | 852 | 842 | 429 | 506 |
| Other income | 257 | 109 | 140 | 73 |
| Income from fully consolidated private equity investments | 1 | | 8 | |
| **Total income** | **34,908** | **34,645** | **27,396** | **26,779** |
| Claims and insurance benefits incurred (gross) | (21,261) | (21,389) | (14,254) | (13,224) |
| Claims and insurance benefits incurred (ceded) | 1,772 | 2,125 | 337 | 463 |
| **Claims and insurance benefits incurred (net)** | **(19,489)** | **(19,264)** | **(13,917)** | **(12,761)** |
| Change in reserves for insurance and investment contracts (net) | (67) | (292) | (4,655) | (6,975) |
| Interest expenses | (248) | (292) | (209) | (287) |
| Loan loss provisions | (2) | (4) | 10 | (2) |
| Impairments of investments (net) | (1,560) | (130) | (3,541) | (382) |
| Investment expenses | (149) | (217) | (239) | (594) |
| Acquisition and administrative expenses (net) | (7,577) | (8,125) | (3,322) | (3,102) |
| Fee and commission expenses | (757) | (580) | (173) | (154) |
| Amortization of intangible assets | (11) | (9) | (1) | (2) |
| Restructuring charges | (39) | 16 | (39) | (12) |
| Other expenses | (2) | (4) | (7) | |
| Expenses from fully consolidated private equity investments | (1) | | (8) | |
| **Total expenses** | **(29,902)** | **(28,901)** | **(26,101)** | **(24,271)** |
| **Income (loss) from continuing operations before income taxes and minority interests in earnings** | **5,006** | **5,744** | **1,295** | **2,508** |
| Income taxes | (1,213) | (1,081) | (377) | (728) |
| Minority interests in earnings | (123) | (395) | (46) | (185) |
| **Net income (loss) from continuing operations** | **3,670** | **4,268** | **872** | **1,595** |
| **Net income (loss) from discontinued operations, net of income taxes and minority interests in earnings** | | | | |
| **Net income (loss)** | **3,670** | **4,268** | **872** | **1,595** |

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| Banking | | Asset Management | | Corporate | | Consolidation | | Group | |
|---|---|---|---|---|---|---|---|---|---|
| 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| mn | mn | mn | mn | mn | mn | mn | mn | mn | mn |
| | | | | | | **(22)** | **(13)** | **50,433** | **49,598** |
| | | | | | | 22 | 13 | (4,536) | (4,722) |
| | | | | | | | | (1,774) | (1,562) |
| | | | | | | | | **44,123** | **43,314** |
| 735 | 649 | 71 | 105 | 707 | 620 | (875) | (862) | 14,402 | 14,017 |
| (10) | 6 | (49) | 31 | 197 | 85 | (237) | 19 | (237) | (567) |
| 1 | 25 | 9 | 3 | 178 | 1,003 | 1 | (155) | 3,057 | 4,659 |
| 339 | 395 | 3,054 | 3,224 | 153 | 129 | (332) | (339) | 4,495 | 4,757 |
| | | 19 | 11 | 1 | 14 | (28) | (99) | 389 | 108 |
| | | | | 1,846 | 1,627 | | | 1,855 | 1,627 |
| **1,065** | **1,075** | **3,104** | **3,374** | **3,082** | **3,478** | **(1,471)** | **(1,436)** | **68,084** | **67,915** |
| | | | | | | | | | |
| | | | | | | 12 | 7 | (35,503) | (34,606) |
| | | | | | | (12) | (7) | 2,097 | 2,581 |
| | | | | | | | | **(33,406)** | **(32,025)** |
| | | | | | | (28) | (55) | (4,750) | (7,322) |
| (495) | (414) | (29) | (46) | (1,178) | (1,149) | 753 | 675 | (1,406) | (1,513) |
| (18) | 2 | | | | | | | (10) | (4) |
| (35) | (1) | (9) | | (370) | (10) | (50) | | (5,565) | (523) |
| 6 | 5 | (1) | 1 | (46) | (72) | 159 | 156 | (270) | (721) |
| (409) | (432) | (1,746) | (1,715) | (323) | (539) | 36 | 27 | (13,341) | (13,886) |
| (153) | (181) | (902) | (946) | (100) | (97) | 307 | 391 | (1,778) | (1,567) |
| (2) | | | | | | | | (14) | (11) |
| | | | (2) | | (8) | | | (78) | (6) |
| (1) | (2) | | | | | | | (10) | (6) |
| | | | | (1,787) | (1,598) | | | (1,796) | (1,598) |
| **(1,107)** | **(1,023)** | **(2,687)** | **(2,708)** | **(3,804)** | **(3,473)** | **1,177** | **1,194** | **(62,424)** | **(59,182)** |
| | | | | | | | | | |
| **(42)** | **52** | **417** | **666** | **(722)** | **5** | **(294)** | **(242)** | **5,660** | **8,733** |
| (31) | 13 | (163) | (268) | 420 | (71) | 35 | 70 | (1,329) | (2,065) |
| 1 | | (4) | (23) | (14) | (16) | 5 | 15 | (181) | (604) |
| **(72)** | **65** | **250** | **375** | **(316)** | **(82)** | **(254)** | **(157)** | **4,150** | **6,064** |
| **(3,845)** | **917** | | | | | **362** | **320** | **(3,483)** | **1,237** |
| **(3,917)** | **982** | **250** | **375** | **(316)** | **(82)** | **108** | **163** | **667** | **7,301** |

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# Allianz Group

## Business Segment Information Total revenues and reconciliation of Operating Profit and Net Income For the three months ended September 30, 2008 and 2007

| | Property-Casualty [1] | | Life/Health [1] | |
|---|---|---|---|---|
| Three months ended September 30, | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| **Total revenues [2]** | **10,816** | **10,674** | **9,415** | **10,268** |
| Premiums earned (net) | 9,912 | 9,951 | 4,890 | 4,481 |
| Interest and similar income | 1,049 | 1,007 | 3,319 | 3,174 |
| Operating income from financial assets and liabilities carried at fair value through income (net) | (69) | 77 | 59 | 231 |
| Operating realized gains/losses (net) | (20) | 13 | 100 | 617 |
| Fee and commission income | 292 | 290 | 90 | 171 |
| Other income | | 14 | 25 | 10 |
| Income from fully consolidated private equity investments | 1 | | 5 | |
| Claims and insurance benefits incurred (net) | (6,941) | (6,615) | (4,364) | (3,901) |
| Change in reserves for insurance and investment contracts (net) | 32 | (114) | (1,463) | (2,140) |
| Interest expenses, excluding interest expenses from external debt | (69) | (108) | (84) | (85) |
| Loan loss provisions | (1) | 5 | 4 | 1 |
| Operating impairments of investments (net) | (129) | (17) | (1,553) | (288) |
| Investment expenses | 53 | (74) | 171 | (235) |
| Acquisition and administrative expenses (net), excluding acquisition-related expenses | (2,597) | (2,745) | (929) | (1,113) |
| Fee and commission expenses | (261) | (193) | (43) | (49) |
| Operating restructuring charges | | | 2 | (1) |
| Other expenses | (2) | (4) | (6) | |
| Expenses from fully consolidated private equity investments | (1) | | (5) | |
| Reclassification of tax benefits | | | | |
| **Operating profit (loss)** | **1,249** | **1,487** | **218** | **873** |
| Non-operating income from financial assets and liabilities carried at fair value through income (net) | (29) | (26) | (17) | 3 |
| Non-operating realized gains/losses (net) | 530 | 302 | (20) | 11 |
| Non-operating impairments of investments (net) | (583) | (59) | (100) | (1) |
| Interest expenses from external debt | | | | |
| Acquisition-related expenses | | | | |
| Amortization of intangible assets | (4) | (3) | | (1) |
| Non-operating restructuring charges | (40) | 38 | (38) | (3) |
| Reclassification of tax benefits | | | | |
| **Non-operating items** | **(126)** | **252** | **(175)** | **9** |
| **Income (loss) from continuing operations before income taxes and minority interests in earnings** | **1,123** | **1,739** | **43** | **882** |

| | | | | |
|---|---|---|---|---|
| Income taxes | (303) | 34 | (41) | (293) |
| Minority interests in earnings | (29) | (65) | (7) | (26) |
| **Net income (loss) from continuing operations** | **791** | **1,708** | **(5)** | **563** |
| **Net loss from discontinued operations, net of income taxes and minority interests in earnings** | | | | |
| **Net income (loss)** | **791** | **1,708** | **(5)** | **563** |

1) Since the first quarter 2008, health business in Belgium and France is shown within Life/Health segment. Prior year balances have not been adjusted.

2) Total revenues comprise Property-Casualty segment s gross premiums written, Life/Health segment s statutory premiums, Banking segment s operating revenues and Asset Management segment s operating revenues.

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| Banking | | Asset Management | | Corporate | | Consolidation | | Group | |
|---|---|---|---|---|---|---|---|---|---|
| 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| mn | mn | mn | mn | mn | mn | mn | mn | mn | mn |
| **123** | **127** | **698** | **803** | | | **28** | **43** | **21,080** | **21,915** |
| | | | | | | | | 14,802 | 14,432 |
| 240 | 219 | 21 | 39 | 192 | 221 | (302) | (274) | 4,519 | 4,386 |
| 1 | (6) | (48) | 8 | (38) | (39) | (41) | 8 | (136) | 279 |
| | | | | | | (1) | | 79 | 630 |
| 91 | 117 | 1,016 | 1,071 | 41 | 40 | (95) | (109) | 1,435 | 1,580 |
| | | 7 | 4 | | | (9) | (19) | 23 | 9 |
| | | | | 643 | 686 | | | 649 | 686 |
| | | | | | | | | (11,305) | (10,516) |
| | | | | | | (8) | | (1,439) | (2,254) |
| (166) | (148) | (6) | (16) | (160) | (131) | 265 | 235 | (220) | (253) |
| (7) | 11 | | | | | | | (4) | 17 |
| | | | | | | 1 | | (1,681) | (305) |
| 1 | 1 | (1) | 1 | 48 | (18) | 53 | 50 | 325 | (275) |
| (133) | (152) | (512) | (473) | (110) | (196) | 5 | 11 | (4,276) | (4,668) |
| (43) | (55) | (291) | (304) | (34) | (36) | 97 | 138 | (575) | (499) |
| | | | | | | | | 2 | (1) |
| (1) | (1) | | | | | | 1 | (9) | (4) |
| | | | | (636) | (682) | | | (642) | (682) |
| | | | | | | 9 | 1 | 9 | 1 |
| **(17)** | **(14)** | **186** | **330** | **(54)** | **(155)** | **(26)** | **42** | **1,556** | **2,563** |
| | | | | 145 | 83 | (27) | (12) | 72 | 48 |
| (3) | 15 | 1 | | 29 | 15 | (20) | 37 | 517 | 380 |
| (30) | | (4) | | (204) | (10) | | | (921) | (70) |
| | | | | (227) | (271) | | | (227) | (271) |
| | | (84) | (97) | 6 | 25 | | | (78) | (72) |
| (2) | | | | | | | | (6) | (4) |
| 1 | | | | | (8) | | | (77) | 27 |
| | | | | | | (9) | (1) | (9) | (1) |
| **(34)** | **15** | **(87)** | **(97)** | **(251)** | **(166)** | **(56)** | **24** | **(729)** | **37** |
| **(51)** | **1** | **99** | **233** | **(305)** | **(321)** | **(82)** | **66** | **827** | **2,600** |
| (16) | 21 | (46) | (87) | 150 | (126) | 8 | | (248) | (451) |
| 5 | 2 | (1) | (4) | (4) | (8) | 2 | 1 | (34) | (100) |
| **(62)** | **24** | **52** | **142** | **(159)** | **(455)** | **(72)** | **67** | **545** | **2,049** |
| **(2,765)** | **(78)** | | | | | **197** | **(50)** | **(2,568)** | **(128)** |
| **(2,827)** | **(54)** | **52** | **142** | **(159)** | **(455)** | **125** | **17** | **(2,023)** | **1,921** |

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# Allianz Group

## Business Segment Information Total revenues and reconciliation of Operating Profit and Net Income For the nine months ended September 30, 2008 and 2007

| | Property-Casualty [1] | | Life/Health [1] | |
|---|---|---|---|---|
| Nine months ended September 30, | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| **Total revenues [2]** | **34,368** | **34,767** | **32,471** | **34,352** |
| Premiums earned (net) | 28,533 | 28,965 | 15,590 | 14,349 |
| Interest and similar income | 3,431 | 3,393 | 10,333 | 10,112 |
| Operating income from financial assets and liabilities carried at fair value through income (net) | (115) | 93 | (62) | (748) |
| Operating realized gains/losses (net) | 38 | 48 | 1,022 | 2,351 |
| Fee and commission income | 852 | 842 | 429 | 506 |
| Other income | 257 | 109 | 140 | 73 |
| Income from fully consolidated private equity investments | 1 | | 8 | |
| Claims and insurance benefits incurred (net) | (19,489) | (19,264) | (13,917) | (12,761) |
| Change in reserves for insurance and investment contracts (net) | (67) | (292) | (4,655) | (6,975) |
| Interest expenses, excluding interest expenses from external debt | (248) | (292) | (209) | (287) |
| Loan loss provisions | (2) | (4) | 10 | (2) |
| Operating impairments of investments (net) | (294) | (24) | (3,431) | (381) |
| Investment expenses | (149) | (217) | (239) | (594) |
| Acquisition and administrative expenses (net), excluding acquisition-related expenses | (7,577) | (8,125) | (3,322) | (3,102) |
| Fee and commission expenses | (757) | (580) | (173) | (154) |
| Operating restructuring charges | | | 1 | (6) |
| Other expenses | (2) | (4) | (7) | |
| Expenses from fully consolidated private equity investments | (1) | | (8) | |
| Reclassification of tax benefits | | | | |
| **Operating profit (loss)** | **4,411** | **4,648** | **1,510** | **2,381** |
| Non-operating income from financial assets and liabilities carried at fair value through income (net) | 48 | (56) | (9) | 3 |
| Non-operating realized gains/losses (net) | 1,863 | 1,251 | (55) | 133 |
| Non-operating impairments of investments (net) | (1,266) | (106) | (110) | (1) |
| Interest expenses from external debt | | | | |
| Acquisition-related expenses | | | | |
| Amortization of intangible assets | (11) | (9) | (1) | (2) |
| Non-operating restructuring charges | (39) | 16 | (40) | (6) |
| Reclassification of tax benefits | | | | |
| **Non-operating items** | **595** | **1,096** | **(215)** | **127** |
| **Income (loss) from continuing operations before income taxes and minority interests in earnings** | **5,006** | **5,744** | **1,295** | **2,508** |
| Income taxes | (1,213) | (1,081) | (377) | (728) |

| | | | | |
|---|---|---|---|---|
| Minority interests in earnings | (123) | (395) | (46) | (185) |
| **Net income (loss) from continuing operations** | **3,670** | **4,268** | **872** | **1,595** |
| **Net income (loss) from discontinued operations, net of income taxes and minority interests in earnings** | | | | |
| **Net income (loss)** | **3,670** | **4,268** | **872** | **1,595** |

1) Since the first quarter 2008, health business in Belgium and France is shown within Life/Health segment. Prior year balances have not been adjusted.

2) Total revenues comprise Property-Casualty segment s gross premiums written, Life/Health segment s statutory premiums, Banking segment s operating revenues and Asset Management segment s operating revenues.

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| Banking | | Asset Management | | Corporate | | Consolidation | | Group | |
|---|---|---|---|---|---|---|---|---|---|
| 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| mn | mn | mn | mn | mn | mn | mn | mn | mn | mn |
| **416** | **455** | **2,163** | **2,380** | | | **107** | **120** | **69,525** | **72,074** |
| | | | | | | | | 44,123 | 43,314 |
| 735 | 649 | 71 | 105 | 707 | 620 | (875) | (862) | 14,402 | 14,017 |
| (10) | 6 | (49) | 31 | (83) | 1 | (45) | 5 | (364) | (612) |
| | | | | | | 16 | 13 | 1,076 | 2,412 |
| 339 | 395 | 3,054 | 3,224 | 153 | 129 | (332) | (339) | 4,495 | 4,757 |
| | | 19 | 11 | 1 | 14 | (28) | (99) | 389 | 108 |
| | | | | 1,846 | 1,627 | | | 1,855 | 1,627 |
| | | | | | | | | (33,406) | (32,025) |
| | | | | | | (28) | (55) | (4,750) | (7,322) |
| (495) | (414) | (29) | (46) | (466) | (378) | 753 | 675 | (694) | (742) |
| (18) | 2 | | | | | | | (10) | (4) |
| | | | | | | (16) | | (3,741) | (405) |
| 6 | 5 | (1) | 1 | (46) | (72) | 159 | 156 | (270) | (721) |
| (409) | (432) | (1,455) | (1,413) | (350) | (512) | 36 | 27 | (13,077) | (13,557) |
| (153) | (181) | (902) | (946) | (100) | (97) | 307 | 391 | (1,778) | (1,567) |
| | | | | | | | | 1 | (6) |
| (1) | (2) | | | | | | | (10) | (6) |
| | | | | (1,787) | (1,598) | | | (1,796) | (1,598) |
| | | | | | | 32 | 45 | 32 | 45 |
| **(6)** | **28** | **708** | **967** | **(125)** | **(266)** | **(21)** | **(43)** | **6,477** | **7,715** |
| | | | | 280 | 84 | (192) | 14 | 127 | 45 |
| 1 | 25 | 9 | 3 | 178 | 1,003 | (15) | (168) | 1,981 | 2,247 |
| (35) | (1) | (9) | | (370) | (10) | (34) | | (1,824) | (118) |
| | | | | (712) | (771) | | | (712) | (771) |
| | | (291) | (302) | 27 | (27) | | | (264) | (329) |
| (2) | | | | | | | | (14) | (11) |
| | | | (2) | | (8) | | | (79) | |
| | | | | | | (32) | (45) | (32) | (45) |
| **(36)** | **24** | **(291)** | **(301)** | **(597)** | **271** | **(273)** | **(199)** | **(817)** | **1,018** |
| **(42)** | **52** | **417** | **666** | **(722)** | **5** | **(294)** | **(242)** | **5,660** | **8,733** |
| (31) | 13 | (163) | (268) | 420 | (71) | 35 | 70 | (1,329) | (2,065) |
| 1 | | (4) | (23) | (14) | (16) | 5 | 15 | (181) | (604) |
| **(72)** | **65** | **250** | **375** | **(316)** | **(82)** | **(254)** | **(157)** | **4,150** | **6,064** |
| **(3,845)** | **917** | | | | | **362** | **320** | **(3,483)** | **1,237** |
| **(3,917)** | **982** | **250** | **375** | **(316)** | **(82)** | **108** | **163** | **667** | **7,301** |

## Operating Profit

The Allianz Group uses operating profit to evaluate the performance of its business segments and the Group as a whole. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group s underlying operating performance and the comparability of its operating performance over time. Operating profit highlights the portion of income before income taxes and minority interests in earnings attributable to the ongoing core operations of the Allianz Group. To better understand the on-going operations of the business, we exclude the effects of acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations; and we exclude interest expense from external debt and non-operating income from financial assets and liabilities carried at fair value through income (net) as these relate to our capital structure.

The Allianz Group believes that trends in the underlying profitability of its business can be more clearly identified without the fluctuating effects of the realized capital gains and losses or impairments of investment securities, as these are largely dependent on market cycles or issuer-specific events over which the Allianz Group has little or no control, and can and do vary, sometimes materially, across periods. Further, the timing of sales that would result in such gains or losses is largely at the discretion of the Allianz Group. Similarly, restructuring charges are excluded because the timing of the restructuring charges are largely within the control of the Allianz Group, and accordingly their exclusion provides additional insight into the operating trends of the underlying business. This differentiation is not made if the profit sources are shared with policyholders.

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

## Property-Casualty Segment[1)]

| | Three months ended September 30, 2008 | Three months ended September 30, 2007 | Nine months ended September 30, 2008 | Nine months ended September 30, 2007 |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **Gross premiums written[2)]** | **10,816** | **10,674** | **34,368** | **34,767** |
| Ceded premiums written | (1,771) | (1,460) | (4,171) | (4,291) |
| Change in unearned premiums | 867 | 737 | (1,664) | (1,511) |
| **Premiums earned (net)** | **9,912** | **9,951** | **28,533** | **28,965** |
| Interest and similar income | 1,049 | 1,007 | 3,431 | 3,393 |
| Operating income from financial assets and liabilities carried at fair value through income (net)[3)] | (69) | 77 | (115) | 93 |
| Operating realized gains/losses (net)[4)] | (20) | 13 | 38 | 48 |
| Fee and commission income | 292 | 290 | 852 | 842 |
| Other income | | 14 | 257 | 109 |
| Income from fully consolidated private equity investments | 1 | | 1 | |
| **Operating revenues** | **11,165** | **11,352** | **32,997** | **33,450** |
| Claims and insurance benefits incurred (net) | (6,941) | (6,615) | (19,489) | (19,264) |
| Changes in reserves for insurance and investment contracts (net) | 32 | (114) | (67) | (292) |
| Interest expenses | (69) | (108) | (248) | (292) |
| Loan loss provisions | (1) | 5 | (2) | (4) |
| Operating impairments of investments (net)[5)] | (129) | (17) | (294) | (24) |
| Investment expenses | 53 | (74) | (149) | (217) |
| Acquisition and administrative expenses (net) | (2,597) | (2,745) | (7,577) | (8,125) |
| Fee and commission expenses | (261) | (193) | (757) | (580) |
| Other expenses | (2) | (4) | (2) | (4) |
| Expenses from fully consolidated private equity investments | (1) | | (1) | |
| **Operating expenses** | **(9,916)** | **(9,865)** | **(28,586)** | **(28,802)** |
| **Operating profit** | **1,249** | **1,487** | **4,411** | **4,648** |
| Non-operating income from financial assets and liabilities carried at fair value through income (net)[3)] | (29) | (26) | 48 | (56) |
| Non-operating realized gains/losses (net)[4)] | 530 | 302 | 1,863 | 1,251 |
| Non-operating impairments of investments (net)[5)] | (583) | (59) | (1,266) | (106) |
| Amortization of intangible assets | (4) | (3) | (11) | (9) |
| Restructuring charges | (40) | 38 | (39) | 16 |
| **Non-operating items** | **(126)** | **252** | **595** | **1,096** |
| **Income before income taxes and minority interests in earnings** | **1,123** | **1,739** | **5,006** | **5,744** |
| Income taxes | (303) | 34 | (1,213) | (1,081) |
| Minority interests in earnings | (29) | (65) | (123) | (395) |
| **Net income** | **791** | **1,708** | **3,670** | **4,268** |
| Loss ratio[6)] in % | 70.0 | 66.5 | 68.3 | 66.5 |
| Expense ratio[7)] in % | 26.2 | 27.6 | 26.6 | 28.1 |
| **Combined ratio[8)] in %** | **96.2** | **94.1** | **94.9** | **94.6** |

[1)] Since 2008, health business in Belgium and France is shown within Life/Health segment. Prior year balances have not been adjusted.

2) For the Property-Casualty segment, total revenues are measured based upon gross premiums written.
3) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement.
4) The total of these items equals realized gains/losses (net) in the segment income statement.
5) The total of these items equals impairments of investments (net) in the segment income statement.
6) Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
7) Represents acquisition and administrative expenses (net) divided by premiums earned (net).
8) Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

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## Life/Health Segment[1)]

| | Three months ended September 30, 2008 | Three months ended September 30, 2007 | Nine months ended September 30, 2008 | Nine months ended September 30, 2007 |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **Statutory premiums[2)]** | **9,415** | **10,268** | **32,471** | **34,352** |
| Ceded premiums written | (172) | (108) | (439) | (487) |
| Change in unearned premiums | (34) | (17) | (100) | (41) |
| Statutory premiums (net) | 9,209 | 10,143 | 31,932 | 33,824 |
| Deposits from SFAS 97 insurance and investment contracts | (4,319) | (5,662) | (16,342) | (19,475) |
| **Premiums earned (net)** | **4,890** | **4,481** | **15,590** | **14,349** |
| Interest and similar income | 3,319 | 3,174 | 10,333 | 10,112 |
| Operating income from financial assets and liabilities carried at fair value through income (net)[3)] | 59 | 231 | (62) | (748) |
| Operating realized gains/losses (net)[4)] | 100 | 617 | 1,022 | 2,351 |
| Fee and commission income | 90 | 171 | 429 | 506 |
| Other income | 25 | 10 | 140 | 73 |
| Income from fully consolidated private equity investments | 5 | | 8 | |
| **Operating revenues** | **8,488** | **8,684** | **27,460** | **26,643** |
| Claims and insurance benefits incurred (net) | (4,364) | (3,901) | (13,917) | (12,761) |
| Changes in reserves for insurance and investment contracts (net) | (1,463) | (2,140) | (4,655) | (6,975) |
| Interest expenses | (84) | (85) | (209) | (287) |
| Loan loss provisions | 4 | 1 | 10 | (2) |
| Operating impairments of investments (net)[5)] | (1,553) | (288) | (3,431) | (381) |
| Investment expenses | 171 | (235) | (239) | (594) |
| Acquisition and administrative expenses (net) | (929) | (1,113) | (3,322) | (3,102) |
| Fee and commission expenses | (43) | (49) | (173) | (154) |
| Operating restructuring charges[6)] | 2 | (1) | 1 | (6) |
| Other expenses | (6) | | (7) | |
| Expenses from fully consolidated private equity investments | (5) | | (8) | |
| **Operating expenses** | **(8,270)** | **(7,811)** | **(25,950)** | **(24,262)** |
| **Operating profit** | **218** | **873** | **1,510** | **2,381** |
| Non-operating income from financial assets and liabilities carried at fair value through income (net)[3)] | (17) | 3 | (9) | 3 |
| Non-operating realized gains/losses (net)[4)] | (20) | 11 | (55) | 133 |
| Non-operating impairments of investments (net)[5)] | (100) | (1) | (110) | (1) |
| Amortization of intangible assets | | (1) | (1) | (2) |
| Non-operating restructuring charges[6)] | (38) | (3) | (40) | (6) |
| **Non-operating items** | **(175)** | **9** | **(215)** | **127** |
| **Income before income taxes and minority interests in earnings** | **43** | **882** | **1,295** | **2,508** |
| Income taxes | (41) | (293) | (377) | (728) |
| Minority interests in earnings | (7) | (26) | (46) | (185) |
| **Net income (loss)** | **(5)** | **563** | **872** | **1,595** |
| **Statutory expense ratio[7)] in %** | **10.1** | **11.0** | **10.4** | **9.2** |

1) Since 2008, health business in Belgium and France is shown within Life/Health segment. Prior year balances have not been adjusted.
2) For the Life/Health segment, total revenues are measured based upon statutory premiums. Statutory premiums are gross premiums written from sales of life 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.
3) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement.
4) The total of these items equals realized gains/losses (net) in the segment income statement.
5) The total of these items equals impairments of investments (net) in the segment income statement.
6) The total of these items equals restructuring charges in the segment income statement.
7) Represents acquisition and administrative expenses (net) divided by statutory premiums (net).

## Banking Segment

| | Three months ended September 30, 2008 | Three months ended September 30, 2007 | Nine months ended September 30, 2008 | Nine months ended September 30, 2007 |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| Net interest income[1] | 74 | 71 | 240 | 235 |
| Net fee and commission income[2] | 48 | 62 | 186 | 214 |
| Trading income (net)[3] | 1 | (6) | (10) | 6 |
| Income from financial assets and liabilities designated at fair value through income (net)[3] | | | | |
| **Operating revenues[4]** | **123** | **127** | **416** | **455** |
| Administrative expenses | (133) | (152) | (409) | (432) |
| Investment expenses | 1 | 1 | 6 | 5 |
| Other expenses | (1) | (1) | (1) | (2) |
| **Operating expenses** | **(133)** | **(152)** | **(404)** | **(429)** |
| Loan loss provisions | (7) | 11 | (18) | 2 |
| **Operating profit (loss)** | **(17)** | **(14)** | **(6)** | **28** |
| Realized gains/losses (net) | (3) | 15 | 1 | 25 |
| Impairments of investments (net) | (30) | | (35) | (1) |
| Amortization of intangible assets | (2) | | (2) | |
| Restructuring charges | 1 | | | |
| **Non-operating items** | **(34)** | **15** | **(36)** | **24** |
| **Income (loss) from continuing operations before income taxes and minority interests in earnings** | **(51)** | **1** | **(42)** | **52** |
| Income taxes | (16) | 21 | (31) | 13 |
| Minority interests in earnings | 5 | 2 | 1 | |
| **Net income (loss) from continuing operations** | **(62)** | **24** | **(72)** | **65** |
| **Net income (loss) from discontinued operations, net of income taxes and minority interests in earnings** | **(2,765)** | **(78)** | **(3,845)** | **917** |
| **Net income (loss)** | **(2,827)** | **(54)** | **(3,917)** | **982** |
| **Cost-income ratio[5] in %** | **108.1** | **119.7** | **97.1** | **94.3** |

1) Represents interest and similar income less interest expenses.
2) Represents fee and commission income less fee and commission expenses.
3) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement.
4) For the Banking segment, total revenues are measured based upon operating revenues.
5) Represents operating expenses divided by operating revenues.

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## Asset Management Segment

| | Three months ended September 30, 2008 | | 2007 | | Nine months ended September 30, 2008 | | 2007 | |
|---|---|---|---|---|---|---|---|---|
| | Asset Management Segment | Allianz Global Investors | Asset Management Segment | Allianz Global Investors | Asset Management Segment | Allianz Global Investors | Asset Management Segment | Allianz Global Investors |
| | mn | mn | mn | mn | mn | mn | mn | mn |
| Net fee and commission income[1)] | 725 | 714 | 767 | 747 | 2,152 | 2,112 | 2,278 | 2,218 |
| Net interest income[2)] | 14 | 11 | 24 | 19 | 41 | 37 | 60 | 55 |
| Income from financial assets and liabilities carried at fair value through income (net) | (48) | (48) | 8 | 8 | (49) | (49) | 31 | 30 |
| Other income | 7 | 7 | 4 | 4 | 19 | 19 | 11 | 11 |
| **Operating revenues[3)]** | **698** | **684** | **803** | **778** | **2,163** | **2,119** | **2,380** | **2,314** |
| Administrative expenses, excluding acquisition-related expenses[4)] | (512) | (497) | (473) | (456) | (1,455) | (1,420) | (1,413) | (1,374) |
| **Operating expenses** | **(512)** | **(497)** | **(473)** | **(456)** | **(1,455)** | **(1,420)** | **(1,413)** | **(1,374)** |
| **Operating profit** | **186** | **187** | **330** | **322** | **708** | **699** | **967** | **940** |
| Realized gains/losses (net) | 1 | 1 | | | 9 | 9 | 3 | 3 |
| Impairments of investments (net) | (4) | (4) | | | (9) | (9) | | |
| **Acquisition-related expenses[4)], thereof:** | | | | | | | | |
| Deferred purchases of interests in PIMCO | (84) | (84) | (97) | (97) | (291) | (291) | (299) | (299) |
| Other acquisition-related expenses | | | | | | | (3) | (3) |
| **Subtotal** | **(84)** | **(84)** | **(97)** | **(97)** | **(291)** | **(291)** | **(302)** | **(302)** |
| Restructuring charges | | | | | | | (2) | (2) |
| **Non-operating items** | **(87)** | **(87)** | **(97)** | **(97)** | **(291)** | **(291)** | **(301)** | **(301)** |
| **Income before income taxes and minority interests in earnings** | **99** | **100** | **233** | **225** | **417** | **408** | **666** | **639** |
| Income taxes | (46) | (44) | (87) | (85) | (163) | (160) | (268) | (264) |
| Minority interests in earnings | (1) | (1) | (4) | (3) | (4) | (3) | (23) | (19) |
| **Net income** | **52** | **55** | **142** | **137** | **250** | **245** | **375** | **356** |
| **Cost-income ratio[5)] in %** | **73.4** | **72.7** | **58.9** | **58.6** | **67.3** | **67.0** | **59.4** | **59.4** |

1) Represents fee and commission income less fee and commission expenses.
2) Represents interest and similar income less interest expenses and investment expenses.
3) For the Asset Management segment, total revenues are measured based upon operating revenues.
4) The total of these items equals acquisition and administrative expenses (net) in the segment income statement.
5) Represents operating expenses divided by operating revenues

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## Corporate Segment

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| Interest and similar income | 192 | 221 | 707 | 620 |
| Operating income from financial assets and liabilities carried at fair value through income (net)[1] | (38) | (39) | (83) | 1 |
| Fee and commission income | 41 | 40 | 153 | 129 |
| Other income | | | 1 | 14 |
| Income from fully consolidated private equity investments | 643 | 686 | 1,846 | 1,627 |
| **Operating revenues** | **838** | **908** | **2,624** | **2,391** |
| Interest expenses, excluding interest expenses from external debt[2] | (160) | (131) | (466) | (378) |
| Investment expenses | 48 | (18) | (46) | (72) |
| Acquisition and administrative expenses (net), excluding acquisition-related expenses[3] | (110) | (196) | (350) | (512) |
| Fee and commission expenses | (34) | (36) | (100) | (97) |
| Expenses from fully consolidated private equity investments | (636) | (682) | (1,787) | (1,598) |
| **Operating expenses** | **(892)** | **(1,063)** | **(2,749)** | **(2,657)** |
| **Operating loss** | **(54)** | **(155)** | **(125)** | **(266)** |
| Non-operating income from financial assets and liabilities carried at fair value through income (net)[1] | 145 | 83 | 280 | 84 |
| Realized gains/losses (net) | 29 | 15 | 178 | 1,003 |
| Interest expenses from external debt[2] | (227) | (271) | (712) | (771) |
| Impairments of investments (net) | (204) | (10) | (370) | (10) |
| Acquisition-related expenses[3] | 6 | 25 | 27 | (27) |
| Non-operating restructuring charges | | (8) | | (8) |
| **Non-operating items** | **(251)** | **(166)** | **(597)** | **271** |
| **Income (loss) before income taxes and minority interests in earnings** | **(305)** | **(321)** | **(722)** | **5** |
| Income taxes | 150 | (126) | 420 | (71) |
| Minority interests in earnings | (4) | (8) | (14) | (16) |
| **Net loss** | **(159)** | **(455)** | **(316)** | **(82)** |

1) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement.
2) The total of these items equals interest expenses in the segment income statement.
3) The total of these items equals acquisition and administrative expenses (net) in the segment income statement.

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# Supplementary Information to the Consolidated Balance Sheets

## 6 Financial assets carried at fair value through income

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| **Financial assets held for trading** | | |
| Debt securities | 1,204 | 59,715 |
| Equity securities | 142 | 30,596 |
| Derivative financial instruments | 1,359 | 73,230 |
| **Subtotal** | **2,705** | **163,541** |
| **Financial assets designated at fair value through income** | | |
| Debt securities[1)] | 8,646 | 15,924 |
| Equity securities | 3,782 | 4,232 |
| Loans to banks and customers | | 1,764 |
| **Subtotal** | **12,428** | **21,920** |
| **Total** | **15,133** | **185,461** |

1) Debt securities designated at fair value through income include 0.8 bn (2007: 0.8 bn) of asset-backed securities of the Life/Health segment as of September 30, 2008.

## 7 Investments

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| Available-for-sale investments | 244,420 | 268,001 |
| Held-to-maturity investments | 4,934 | 4,659 |
| Funds held by others under reinsurance contracts assumed | 1,035 | 1,063 |
| Investments in associates and joint ventures | 5,393 | 5,471 |
| Real estate held for investment | 7,368 | 7,758 |
| **Total** | **263,150** | 286,952 |

Available-for-sale investments

| | As of September 30, 2008 | | | | As of December 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| | mn | mn | mn | mn | mn | mn | mn | mn |
| **Debt securities** | | | | | | | | |
| Government and agency mortgage-backed securities (residential and commercial)[1] | 7,838 | 28 | (121) | 7,745 | 7,628 | 30 | (112) | 7,546 |
| Corporate mortgage-backed securities (residential and commercial)[1] | 8,030 | 2 | (718) | 7,314 | 6,663 | 39 | (101) | 6,601 |
| Other asset-backed securities[1] | 4,859 | 3 | (231) | 4,631 | 5,384 | 34 | (92) | 5,326 |
| Government and government agency bonds | 93,813 | 1,250 | (1,782) | 93,281 | 98,285 | 1,334 | (1,479) | 98,140 |
| Corporate bonds | 95,484 | 280 | (6,714) | 89,050 | 86,095 | 660 | (2,356) | 84,399 |
| Other | 1,516 | 41 | (67) | 1,490 | 2,933 | 99 | (104) | 2,928 |
| **Subtotal** | **211,540** | **1,604** | **(9,633)** | **203,511** | **206,988** | **2,196** | **(4,244)** | **204,940** |
| **Equity securities** | **31,629** | **10,238** | **(958)** | **40,909** | **40,794** | **22,734** | **(467)** | **63,061** |
| **Total** | **243,169** | **11,842** | **(10,591)** | **244,420** | **247,782** | **24,930** | **(4,711)** | **268,001** |

[1] Includes asset-backed securities of the Property-Casualty segment of 4.8 bn (2007: 4.9 bn) and of the Life/Health segment of 13.8 bn (2007: 13.0 bn) as of September 30, 2008.

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## 8 Loans and advances to banks and customers

| | As of September 30, 2008 | | | As of December 31, 2007 | | |
|---|---|---|---|---|---|---|
| | Banks | Customers | Total | Banks | Customers | Total |
| | mn | mn | mn | mn | mn | mn |
| Short-term investments and certificates of deposit | 12,529 | | 12,529 | 10,316 | | 10,316 |
| Reverse repurchase agreements | 2,542 | 6 | 2,548 | 68,340 | 56,991 | 125,331 |
| Collateral paid for securities borrowing transactions | | | | 16,664 | 23,714 | 40,378 |
| Loans | 64,426 | 35,802 | 100,228 | 74,944 | 125,403 | 200,347 |
| Other | 3,652 | 103 | 3,755 | 14,012 | 7,148 | 21,160 |
| **Subtotal** | **83,149** | **35,911** | **119,060** | **184,276** | **213,256** | **397,532** |
| Loan loss allowance | | (119) | (119) | (3) | (827) | (830) |
| **Total** | **83,149** | **35,792** | **118,941** | **184,273** | **212,429** | 396,702 |

### Loans and advances to customers by type of customer

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| Corporate customers | 9,398 | 148,848 |
| Private customers | 22,857 | 55,761 |
| Public authorities | 3,656 | 8,647 |
| **Total** | **35,911** | **213,256** |

## 9 Reinsurance assets

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| Unearned premiums | 1,728 | 1,342 |
| Reserves for loss and loss adjustment expenses | 8,543 | 8,561 |
| Aggregate policy reserves | 4,989 | 5,319 |
| Other insurance reserves | 115 | 90 |
| **Total** | **15,375** | **15,312** |

## 10 Deferred acquisition costs

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| **Deferred acquisition costs** | | |
| Property-Casualty | 3,913 | 3,675 |
| Life/Health | 16,026 | 14,118 |
| Asset Management | 154 | 94 |
| **Subtotal** | **20,093** | **17,887** |
| **Present value of future profits** | **1,275** | **1,206** |
| **Deferred sales inducements** | **655** | **520** |
| **Total** | **22,023** | **19,613** |

## 11 Other assets

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| **Receivables** | | |
| Policyholders | 4,504 | 4,616 |
| Agents | 3,898 | 3,956 |
| Reinsurers | 3,084 | 2,676 |
| Other | 5,224 | 4,994 |
| Less allowance for doubtful accounts | (477) | (389) |
| **Subtotal** | **16,233** | **15,853** |
| **Tax receivables** | | |
| Income tax | 1,838 | 2,536 |
| Other tax | 730 | 731 |
| **Subtotal** | **2,568** | **3,267** |
| **Accrued dividends, interest and rent** | **5,740** | **8,782** |
| **Prepaid expenses** | | |
| Interest and rent | 28 | 29 |
| Other prepaid expenses | 260 | 261 |
| **Subtotal** | **288** | **290** |
| **Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments** | **378** | **344** |
| **Property and equipment** | | |
| Real estate held for own use | 3,268 | 3,708 |
| Equipment | 1,174 | 1,666 |
| Software | 1,021 | 1,165 |
| **Subtotal** | **5,463** | **6,539** |
| **Other assets[1)]** | **3,265** | **2,950** |
| **Total** | **33,935** | **38,025** |

[1)] As of September 30, 2008, includes prepaid benefit costs for defined benefit plans of 247 mn.

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## 12 Non-current assets and assets and liabilities of disposal groups classified as held for sale

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| **Non-current assets and assets of disposal groups classified as held for sale** | | |
| Dresdner Bank Group | 467,014 | |
| Selecta AG | 1,587 | 1,543 |
| Real estate held for investment and real estate held for own use in Germany | | 1,950 |
| Other | | 10 |
| **Total** | **468,601** | **3,503** |
| | | |
| **Liabilities of disposal groups classified as held for sale** | | |
| Dresdner Bank Group | 458,257 | |
| Selecta AG | 1,337 | 1,292 |
| Other | | 1 |
| **Total** | **459,594** | **1,293** |

### Dresdner Bank Group

As described in detail in Note 3, with the announcement of the sale of Dresdner Bank Group as of August 31, 2008, Dresdner Bank Group has been classified accordingly with IFRS 5 prospectively as disposal group held for sale in the condensed consolidated balance sheet as of September 30, 2008.

## 13 Intangible assets

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| Goodwill | 11,262 | 12,453 |
| Brand names | 28 | 737 |
| Other | 204 | 223 |
| **Total** | **11,494** | **13,413** |

Changes in goodwill for the nine months ended September 30, 2008, were as follows:

| | 2008 |
|---|---|
| | mn |
| Cost as of January 1, | 12,677 |
| Accumulated impairments as of January 1, | (224) |
| **Carrying amount as of January 1,** | **12,453** |
| Additions | 251 |
| Foreign currency translation adjustments | 69 |
| Reclassifications into held for sale | (1,511) |
| **Carrying amount as of September 30,** | **11,262** |
| Accumulated impairments as of September 30, | 224 |
| Cost as of September 30, | 11,486 |

Additions include goodwill from

- increasing the interest in Koç Allianz Sigorta AŞ, Istanbul, from 37.1% to 84.2%,
- increasing the interest in Koç Az Hayat ve Emeklilik AŞ, Istanbul, from 38.0% to 89.0%.

The reclassification of goodwill into assets of disposal groups held for sale is related to the goodwill of Dresdner Bank Group.

## 14 Financial liabilities carried at fair value through income

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| **Financial liabilities held for trading** | | |
| Obligations to deliver securities | | 34,795 |
| Derivative financial instruments | 5,172 | 76,819 |
| Other trading liabilities | 3 | 12,469 |
| **Subtotal** | **5,175** | **124,083** |
| **Financial liabilities designated at fair value through income** | | **1,970** |
| **Total** | **5,175** | **126,053** |

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## 15 Liabilities to banks and customers

| | As of September 30, 2008 | | | As of December 31, 2007 | | |
|---|---|---|---|---|---|---|
| | Banks | Customers | Total | Banks | Customers | Total |
| | mn | mn | mn | mn | mn | mn |
| Payable on demand | **186** | 3,427 | 3,613 | 11,204 | 60,443 | 71,647 |
| Savings deposits | | 1,817 | 1,817 | | 5,304 | 5,304 |
| Term deposits and certificates of deposit | **2,094** | 2,984 | 5,078 | 64,129 | 72,938 | 137,067 |
| Repurchase agreements | **1,516** | 652 | 2,168 | 50,444 | 42,145 | 92,589 |
| Collateral received from securities lending transactions | **1,821** | | 1,821 | 16,235 | 4,729 | 20,964 |
| Other | **3,084** | 3,121 | 6,205 | 5,513 | 3,410 | 8,923 |
| **Total** | **8,701** | **12,001** | **20,702** | **147,525** | **188,969** | **336,494** |

## 16 Reserves for loss and loss adjustment expenses

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| Property-Casualty | 56,674 | 56,943 |
| Life/Health | 8,203 | 6,773 |
| Consolidation | (12) | (10) |
| **Total** | **64,865** | **63,706** |

Changes in the reserves for loss and loss adjustment expenses for the Property-Casualty segment for the nine months ended September 30, 2008 and September 30, 2007, are as follows:

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Gross | Ceded | Net | Gross | Ceded | Net |
| | mn | mn | mn | mn | mn | mn |
| **As of January 1,** | **56,943** | **(8,266)** | **48,677** | **58,664** | **(9,333)** | **49,331** |
| **Loss and loss adjustment expenses incurred** | | | | | | |
| Current year | 22,610 | (2,190) | 20,420 | 22,551 | (2,393) | 20,158 |
| Prior years | (1,349) | 418 | (931) | (1,162) | 268 | (894) |
| **Subtotal** | **21,261** | **(1,772)** | **19,489** | **21,389** | **(2,125)** | **19,264** |
| **Loss and loss adjustment expenses paid** | | | | | | |
| Current year | (8,989) | 495 | (8,494) | (9,132) | 746 | (8,386) |
| Prior years | (11,259) | 1,303 | (9,956) | (11,852) | 1,566 | (10,286) |
| **Subtotal** | **(20,248)** | **1,798** | **(18,450)** | **(20,984)** | **2,312** | **(18,672)** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Foreign currency translation adjustments and other changes** | **86** | **(1)** | **85** | **(1,371)** | **520** | **(851)** |
| **Changes in the consolidated subsidiaries of the Allianz Group** | **113** | **(38)** | **75** | **258** | **(61)** | **197** |
| **Reclassifications[1)]** | **(1,481)** | **90** | **(1,391)** | | | |
| **As of September 30,** | **56,674** | **(8,189)** | **48,485** | **57,956** | **(8,687)** | **49,269** |

[1)] Since the first Quarter of 2008, health business in Belgium and France is shown within Life/Health segment. Prior year balances have not been adjusted.

## 17 Reserves for insurance and investment contracts

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| Aggregate policy reserves | 274,325 | 264,243 |
| Reserves for premium refunds | 17,723 | 27,225 |
| Other insurance reserves | 627 | 776 |
| **Total** | **292,675** | **292,244** |

## 18 Other liabilities

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| **Payables** | | |
| Policyholders | 4,256 | 4,806 |
| Reinsurance | 2,101 | 1,844 |
| Agents | 1,483 | 1,743 |
| **Subtotal** | **7,840** | **8,393** |
| **Payables for social security** | **380** | **196** |
| **Tax payables** | | |
| Income tax | 897 | 2,563 |
| Other | 1,444 | 1,012 |
| **Subtotal** | **2,341** | **3,575** |
| **Accrued interest and rent** | **1,448** | **4,226** |
| **Unearned income** | | |
| Interest and rent | 9 | 6 |
| Other | 608 | 351 |
| **Subtotal** | **617** | **357** |
| **Provisions** | | |
| Pensions and similar obligations | 3,803 | 4,184 |
| Employee related | 1,903 | 2,956 |
| Share-based compensation | 1,351 | 1,761 |
| Restructuring plans | 350 | 541 |
| Loan commitments | 7 | 201 |
| Contingent losses from non-insurance business | 176 | 134 |
| Other provisions | 1,214 | 1,857 |
| **Subtotal** | **8,804** | **11,634** |
| **Deposits retained for reinsurance ceded** | **2,857** | **3,227** |
| **Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments** | **654** | **2,210** |
| **Financial liabilities for puttable equity instruments** | **2,869** | **4,162** |
| **Other liabilities** | **8,208** | **10,051** |
| **Total** | **36,018** | **48,031** |

## 19 Certificated liabilities

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| **Allianz SE** [1] | | |
| Senior bonds | 4,119 | 4,279 |
| Exchangeable bonds | | 450 |
| Money market securities | 3,619 | 2,929 |
| **Subtotal** | **7,738** | **7,658** |
| **Banking subsidiaries** | | |
| Senior bonds | 1,428 | 18,111 |
| Money market securities | | 16,298 |
| **Subtotal** | **1,428** | **34,409** |
| **All other subsidiaries** | | |
| Certificated liabilities | 27 | 3 |
| **Subtotal** | **27** | **3** |
| **Total** | **9,193** | **42,070** |

[1] Includes senior bonds, exchangeable bonds and money market securities issued by Allianz Finance B.V. and 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.

## 20 Participation certificates and subordinated liabilities

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| **Allianz SE** [1] | | |
| Subordinated bonds [2] | 8,170 | 6,853 |
| Participation certificates | 85 | 85 |
| **Subtotal** | **8,255** | **6,938** |
| **Banking subsidiaries** | | |
| Subordinated bonds | 173 | 2,822 |
| Hybrid equity | | 2,429 |
| Participation certificates | | 1,686 |
| **Subtotal** | **173** | **6,937** |
| **All other subsidiaries** | | |
| Subordinated liabilities | 845 | 904 |
| Hybrid equity | 45 | 45 |
| **Subtotal** | **890** | **949** |
| **Total** | **9,318** | **14,824** |

[1] Includes subordinated bonds issued by Allianz Finance B.V. and Allianz Finance II B.V. and guaranteed by Allianz SE.
[2] In June 2008 Allianz SE issued undated subordinated bond in the aggregate principal amount of USD 2,000 mn at a coupon rate of 8.375 % p. a.

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## 21 Equity

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| | mn | mn |
| **Shareholders equity** | | |
| Issued capital | 1,158 | 1,152 |
| Capital reserve | 27,366 | 27,169 |
| Revenue reserves | 10,541 | 12,790 |
| Treasury shares | (175) | (172) |
| Foreign currency translation adjustments | (3,655) | (3,656) |
| Unrealized gains and losses (net) [1] | 2,313 | 10,470 |
| **Subtotal** | **37,548** | **47,753** |
| **Minority interests** | **3,644** | **3,628** |
| **Total** | **41,192** | **51,381** |

[1] As of September 30, 2008 includes 137 mn (2007: 175 mn) related to cash flow hedges.

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# Supplementary Information to the Consolidated Income Statements

## 22 Premiums earned (net)

| Three months ended September 30, | Property-Casualty | Life/Health | Consolidation | Group |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| 2008 | | | | |
| **Premiums written** | | | | |
| Direct | 9,466 | 4,993 | | 14,459 |
| Assumed | 1,350 | 75 | (11) | 1,414 |
| **Subtotal** | **10,816** | **5,068** | **(11)** | **15,873** |
| Ceded | (1,771) | (135) | 11 | (1,895) |
| **Net** | **9,045** | **4,933** | | **13,978** |
| **Change in unearned premiums** | | | | |
| Direct | 1,029 | (44) | | 985 |
| Assumed | (131) | | 1 | (130) |
| **Subtotal** | **898** | **(44)** | **1** | **855** |
| Ceded | (31) | 1 | (1) | (31) |
| **Net** | **867** | **(43)** | | **824** |
| **Premiums earned** | | | | |
| Direct | 10,495 | 4,949 | | 15,444 |
| Assumed | 1,219 | 75 | (10) | 1,284 |
| **Subtotal** | **11,714** | **5,024** | **(10)** | **16,728** |
| Ceded | (1,802) | (134) | 10 | (1,926) |
| **Net** | **9,912** | **4,890** | | **14,802** |
| 2007 | | | | |
| **Premiums written** | | | | |
| Direct | 9,715 | 4,513 | | 14,228 |
| Assumed | 959 | 80 | (5) | 1,034 |
| **Subtotal** | **10,674** | **4,593** | **(5)** | **15,262** |
| Ceded | (1,460) | (91) | 5 | (1,546) |
| **Net** | **9,214** | **4,502** | | **13,716** |
| **Change in unearned premiums** | | | | |
| Direct | 839 | (17) | | 822 |
| Assumed | 56 | (3) | | 53 |
| **Subtotal** | **895** | **(20)** | | **875** |
| Ceded | (158) | (1) | | (159) |
| **Net** | **737** | **(21)** | | **716** |
| **Premiums earned** | | | | |
| Direct | 10,554 | 4,496 | | 15,050 |
| Assumed | 1,015 | 77 | (5) | 1,087 |
| **Subtotal** | **11,569** | **4,573** | **(5)** | **16,137** |
| Ceded | (1,618) | (92) | 5 | (1,705) |
| **Net** | **9,951** | **4,481** | | **14,432** |

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## 22 Premiums earned (net) (continued)

| Nine months ended September 30, | Property-Casualty | Life/Health | Consolidation | Group |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| 2008 | | | | |
| **Premiums written** | | | | |
| Direct | 31,591 | 15,835 | | 47,426 |
| Assumed | 2,777 | 252 | (22) | 3,007 |
| **Subtotal** | **34,368** | **16,087** | **(22)** | **50,433** |
| Ceded | (4,171) | (387) | 22 | (4,536) |
| **Net** | **30,197** | **15,700** | | **45,897** |
| **Change in unearned premiums** | | | | |
| Direct | (1,596) | (105) | | (1,701) |
| Assumed | (417) | (6) | 1 | (422) |
| **Subtotal** | **(2,013)** | **(111)** | **1** | **(2,123)** |
| Ceded | 349 | 1 | (1) | 349 |
| **Net** | **(1,664)** | **(110)** | | **(1,774)** |
| **Premiums earned** | | | | |
| Direct | 29,995 | 15,730 | | 45,725 |
| Assumed | 2,360 | 246 | (21) | 2,585 |
| **Subtotal** | **32,355** | **15,976** | **(21)** | **48,310** |
| Ceded | (3,822) | (386) | 21 | (4,187) |
| **Net** | **28,533** | **15,590** | | **44,123** |
| 2007 | | | | |
| **Premiums written** | | | | |
| Direct | 32,526 | 14,618 | | 47,144 |
| Assumed | 2,241 | 226 | (13) | 2,454 |
| **Subtotal** | **34,767** | **14,844** | **(13)** | **49,598** |
| Ceded | (4,291) | (444) | 13 | (4,722) |
| **Net** | **30,476** | **14,400** | | **44,876** |
| **Change in unearned premiums** | | | | |
| Direct | (1,723) | (55) | | (1,778) |
| Assumed | (38) | 4 | 1 | (33) |
| **Subtotal** | **(1,761)** | **(51)** | **1** | **(1,811)** |
| Ceded | 250 | | (1) | 249 |
| **Net** | **(1,511)** | **(51)** | | **(1,562)** |
| **Premiums earned** | | | | |
| Direct | 30,803 | 14,563 | | 45,366 |
| Assumed | 2,203 | 230 | (12) | 2,421 |
| **Subtotal** | **33,006** | **14,793** | **(12)** | **47,787** |
| Ceded | (4,041) | (444) | 12 | (4,473) |
| **Net** | **28,965** | **14,349** | | **43,314** |

## 23 Interest and similar income

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |

| | | | | |
|---|---|---|---|---|
| Interest from held-to-maturity investments | 61 | 56 | 179 | 167 |
| Dividends from available-for-sale investments | 217 | 358 | 1,694 | 1,975 |
| Interest from available-for-sale investments | 2,589 | 2,277 | 7,409 | 6,783 |
| Share of earnings from investments in associates and joint ventures | (25) | 38 | 10 | 167 |
| Rent from real estate held for investment | 168 | 186 | 518 | 567 |
| Interest from loans to banks and customers | 1,452 | 1,426 | 4,455 | 4,183 |
| Other interest | 57 | 45 | 137 | 175 |
| **Total** | **4,519** | **4,386** | **14,402** | **14,017** |

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## 24 Income from financial assets and liabilities carried at fair value through income (net)

| Three months ended September 30, | Property-Casualty | Life/Health | Banking | Asset Management | Corporate | Consolidation | Group |
|---|---|---|---|---|---|---|---|
| | mn | mn | mn | mn | mn | mn | mn |
| 2008 | | | | | | | |
| Income (expenses) from financial assets and liabilities held for trading | (77) | 366 | 1 | (25) | 117 | (68) | 314 |
| Expenses from financial assets designated at fair value through income | (29) | (480) | | (80) | (10) | | (599) |
| Income from financial liabilities for puttable equity instruments (net) | 8 | 156 | | 57 | | | 221 |
| **Total** | **(98)** | **42** | **1** | **(48)** | **107** | **(68)** | **(64)** |
| 2007 | | | | | | | |
| Income (expenses) from financial assets and liabilities held for trading | 19 | 141 | (6) | (1) | 43 | (4) | 192 |
| Income from financial assets designated at fair value through income | 34 | 16 | | 3 | 1 | | 54 |
| Income from financial liabilities designated at fair value through income | 1 | 1 | | | | | 2 |
| Income (expenses) from financial liabilities for puttable equity instruments (net) | (3) | 76 | | 6 | | | 79 |
| **Total** | **51** | **234** | **(6)** | **8** | **44** | **(4)** | **327** |

| Nine months ended September 30, | Property-Casualty | Life/Health | Banking | Asset Management | Corporate | Consolidation | Group |
|---|---|---|---|---|---|---|---|
| | mn | mn | mn | mn | mn | mn | mn |
| 2008 | | | | | | | |
| Income (expenses) from financial assets and liabilities held for trading | (49) | 762 | (10) | (9) | 209 | (237) | 666 |
| Expenses from financial assets designated at fair value through income | (36) | (1,294) | | (147) | (12) | | (1,489) |
| Income from financial liabilities for puttable equity instruments (net) | 18 | 461 | | 107 | | | 586 |
| **Total** | **(67)** | **(71)** | **(10)** | **(49)** | **197** | **(237)** | **(237)** |
| 2007 | | | | | | | |
| Income (expenses) from financial assets and liabilities held for trading | (66) | (1,048) | 6 | 2 | 79 | 27 | (1,000) |
| Income from financial assets designated at fair value through income | 105 | 336 | | 72 | 6 | (8) | 511 |
| Income from financial liabilities designated at fair value through income | 3 | 10 | | | | | 13 |
| Expenses from financial liabilities for puttable equity instruments (net) | (5) | (43) | | (43) | | | (91) |
| **Total** | **37** | **(745)** | **6** | **31** | **85** | **19** | **(567)** |

## Income from financial assets and liabilities held for trading (net)

### Life/Health Segment

Income from financial assets and liabilities held for trading for the nine months ended September 30, 2008 includes in the Life/Health segment income of 805 mn (2007: expenses of 1,069 mn) from derivative financial instruments. In 2008 thereof income of 803 mn (2007: expenses of 1,065 mn) is related to derivative financial instruments for which

hedge accounting is not applied. This includes income of 973 mn (2007: expenses of 844 mn) from forward sales of equity investments and the purchase of forward contracts for fixed income of German entities. Also included are expenses from derivative financial instruments in the USA mainly related to equity indexed annuity contracts and guaranteed benefits under unit-linked contracts of 285 mn (2007: 185 mn) and income from other derivative financial instruments of 115 mn (2007: expenses of 36 mn).

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### Corporate Segment

Income from financial assets and liabilities held for trading for the nine months ended September 30, 2008, includes in the Corporate segment expenses of 16 mn (2007: income of 88 mn) from derivative financial instruments. In 2008 thereof expenses of 22 mn (2007: income of 88 mn) is related to financial derivative instruments for which hedge accounting is not applied. This includes income from

derivative financial instruments embedded in exchangeable bonds of 133 mn

(2007: expenses of 200 mn), expenses from derivative financial instruments which partially hedge the exchangeable bonds, however, which do not qualify for hedge accounting, of 7 mn (2007: income of 164 mn), and expenses from other derivative financial instruments of 149 mn (2007: income of 124 mn).

## 25 Realized gains/losses (net)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| **Realized gains** | | | | |
| **Available-for-sale investments** | | | | |
| Equity securities | 809 | 1,183 | 4,195 | 5,045 |
| Debt securities | 127 | 73 | 390 | 314 |
| **Subtotal** | **936** | **1,256** | **4,585** | **5,359** |
| **Investments in associates and joint ventures[1)]** | **159** | **112** | **161** | **157** |
| **Real estate held for investment** | **14** | **110** | **189** | **327** |
| **Loans to banks and customers** | **9** | **16** | **42** | **33** |
| **Subtotal** | **1,118** | **1,494** | **4,977** | **5,876** |
| **Realized losses** | | | | |
| **Available-for-sale investments** | | | | |
| Equity securities | (265) | (118) | (1,234) | (256) |
| Debt securities | (229) | (307) | (550) | (832) |
| **Subtotal** | (494) | (425) | (1,784) | (1,088) |
| **Investments in associates and joint ventures[2)]** | **(1)** | **(48)** | **(1)** | **(49)** |
| **Real estate held for investment** | **(15)** | **(3)** | **(109)** | **(43)** |
| **Loans to banks and customers** | **(12)** | **(8)** | **(26)** | **(37)** |
| **Subtotal** | **(522)** | **(484)** | **(1,920)** | **(1,217)** |
| **Total** | **596** | **1,010** | **3,057** | **4,659** |

1) During the three and nine months ended September 30, 2008, includes realized gains from the disposal of subsidiaries and businesses of 143 mn (2007: 106 mn) and 143 mn (2007: 114 mn) respectively.
2) During the three and nine months ended September 30, 2008, includes realized losses from the disposal of subsidiaries of 1 mn (2007: 46 mn) and 1 mn (2007: 46 mn) respectively.

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## 26 Fee and commission income

| Three months ended September 30, | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Segment | Consolidation | Group | Segment | Consolidation | Group |
| | mn | mn | mn | mn | mn | mn |
| **Property-Casualty** | | | | | | |
| Fees from credit and assistance business | 217 | (1) | 216 | 174 | | 174 |
| Service agreements | 70 | 6 | 76 | 116 | (8) | 108 |
| Investment advisory | 5 | | 5 | | | |
| **Subtotal** | **292** | **5** | **297** | **290** | **(8)** | **282** |
| **Life/Health** | | | | | | |
| Service agreements | (11) | (10) | (21) | 43 | (3) | 40 |
| Investment advisory | 97 | (8) | 89 | 125 | (5) | 120 |
| Other | 4 | (4) | | 3 | (3) | |
| **Subtotal** | **90** | **(22)** | **68** | **171** | **(11)** | **160** |
| **Banking** | | | | | | |
| Securities business | 20 | (1) | 19 | 27 | (1) | 26 |
| Investment advisory | 33 | (23) | 10 | 65 | (32) | 33 |
| Payment transactions | 13 | (2) | 11 | 12 | | 12 |
| Underwriting business | | | | 1 | | 1 |
| Other | 25 | (1) | 24 | 12 | | 12 |
| **Subtotal** | **91** | **(27)** | **64** | **117** | **(33)** | **84** |
| **Asset Management** | | | | | | |
| Management fees | 839 | (24) | 815 | 928 | (32) | 896 |
| Loading and exit fees | 64 | | 64 | 78 | | 78 |
| Performance fees | 19 | | 19 | 33 | | 33 |
| Other | 94 | (1) | 93 | 32 | (2) | 30 |
| **Subtotal** | **1,016** | **(25)** | **991** | **1,071** | **(34)** | **1,037** |
| **Corporate** | | | | | | |
| Service agreements | 40 | (25) | 15 | 40 | (23) | 17 |
| Other | 1 | (1) | | | | |
| **Subtotal** | **41** | **(26)** | **15** | **40** | **(23)** | **17** |
| **Total** | **1,530** | **(95)** | **1,435** | **1,689** | **(109)** | **1,580** |

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## 26 Fee and commission income (continued)

| Nine months ended September 30, | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Segment | Consolidation | Group | Segment | Consolidation | Group |
| | mn | mn | mn | mn | mn | mn |
| **Property-Casualty** | | | | | | |
| Fees from credit and assistance business | 572 | (2) | 570 | 530 | (1) | 529 |
| Service agreements | 275 | (13) | 262 | 312 | (19) | 293 |
| Investment advisory | 5 | | 5 | | | |
| **Subtotal** | **852** | **(15)** | **837** | **842** | **(20)** | **822** |
| **Life/Health** | | | | | | |
| Service agreements | 63 | (24) | 39 | 134 | (10) | 124 |
| Investment advisory | 357 | (27) | 330 | 361 | (12) | 349 |
| Other | 9 | (9) | | 11 | (11) | |
| **Subtotal** | **429** | **(60)** | **369** | **506** | **(33)** | **473** |
| **Banking** | | | | | | |
| Securities business | 81 | (2) | 79 | 108 | (1) | 107 |
| Investment advisory | 118 | (76) | 42 | 206 | (109) | 97 |
| Payment transactions | 39 | (2) | 37 | 35 | | 35 |
| Underwriting business | | | | 2 | | 2 |
| Other | 101 | (10) | 91 | 44 | (3) | 41 |
| **Subtotal** | **339** | **(90)** | **249** | **395** | **(113)** | **282** |
| **Asset Management** | | | | | | |
| Management fees | 2,520 | (84) | 2,436 | 2,670 | (92) | 2,578 |
| Loading and exit fees | 194 | | 194 | 240 | | 240 |
| Performance fees | 62 | | 62 | 70 | | 70 |
| Other | 278 | (2) | 276 | 244 | (6) | 238 |
| **Subtotal** | **3,054** | **(86)** | **2,968** | **3,224** | **(98)** | **3,126** |
| **Corporate** | | | | | | |
| Service agreements | 151 | (79) | 72 | 129 | (75) | 54 |
| Other | 2 | (2) | | | | |
| **Subtotal** | **153** | **(81)** | **72** | **129** | **(75)** | **54** |
| **Total** | **4,827** | **(332)** | **4,495** | **5,096** | **(339)** | **4,757** |

## 27 Other income

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| Income from real estate held for own use | | | | |
| Realized gains from disposals of real estate held for own use | 21 | 9 | 373 | 103 |
| Other income from real estate held for own use | (5) | | 1 | 1 |
| Subtotal | 16 | 9 | 374 | 104 |
| Income from non-current assets and disposal groups held for sale | | | | 3 |
| Other | 7 | | 15 | 1 |
| **Total** | **23** | **9** | **389** | **108** |

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## 28 Income and expenses from fully consolidated private equity investments

| Three months ended September 30, | manroland AG | Selecta AG | Other | Total |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **2008** | | | | |
| **Income** | | | | |
| Sales and service revenues | 454 | 185 | 5 | 644 |
| Other operating revenues | 2 | | | 2 |
| Interest income | 2 | | 1 | 3 |
| **Subtotal** | **458** | **185** | **6** | **649** |
| **Expenses** | | | | |
| Cost of goods sold | (368) | (114) | (6) | (488) |
| Commissions | (36) | | | (36) |
| General and administrative expenses | (23) | (46) | | (69) |
| Other operating expenses | (25) | | | (25) |
| Interest expenses | (5) | (18) | (1) | (24) |
| **Subtotal** | **(457)** | **(178)** | **(7)** | **(642)** |
| **Total** | **1** | **7** | **(1)** | **7** |
| **2007** | | | | |
| **Income** | | | | |
| Sales and service revenues | 486 | 191 | 7 | 684 |
| Other operating revenues | | | | |
| Interest income | 2 | | | 2 |
| **Subtotal** | **488** | **191** | **7** | **686** |
| **Expenses** | | | | |
| Cost of goods sold | (385) | (64) | (1) | (450) |
| Commissions | (42) | | | (42) |
| General and administrative expenses | (18) | (122) | | (140) |
| Other operating expenses | (35) | | | (35) |
| Interest expenses | (6) | (9) | | (15) |
| **Subtotal** | **(486)** | **(195)** | **(1)** | **(682)** |
| **Total** | **2** | **(4)** | **6** | **4** |

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## 28 Income and expenses from fully consolidated private equity investments (continued)

| Nine months ended September 30, | manroland AG | Selecta AG | Other | Total |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **2008** | | | | |
| **Income** | | | | |
| Sales and service revenues | 1,254 | 553 | 27 | 1,834 |
| Other operating revenues | 10 | | 1 | 11 |
| Interest income | 9 | | 1 | 10 |
| **Subtotal** | **1,273** | **553** | **29** | **1,855** |
| **Expenses** | | | | |
| Cost of goods sold | (987) | (340) | (20) | (1,347) |
| Commissions | (117) | | | (117) |
| General and administrative expenses | (64) | (126) | (1) | (191) |
| Other operating expenses | (69) | | | (69) |
| Interest expense | (14) | (54) | (4) | (72) |
| **Subtotal** | **(1,251)** | **(520)** | **(25)** | **(1,796)** |
| **Total** | **22** | **33** | **4** | **59** |
| **2007** | | | | |
| **Income** | | | | |
| Sales and service revenues | 1,395 | 191 | 11 | 1,597 |
| Other operating revenues | 23 | | | 23 |
| Interest income | 7 | | | 7 |
| **Subtotal** | **1,425** | **191** | **11** | **1,627** |
| **Expenses** | | | | |
| Cost of goods sold | (1,095) | (64) | (2) | (1,161) |
| Commissions | (121) | | | (121) |
| General and administrative expenses | (60) | (122) | | (182) |
| Other operating expenses | (105) | | | (105) |
| Interest expense | (20) | (9) | | (29) |
| **Subtotal** | **(1,401)** | **(195)** | **(2)** | **(1,598)** |
| **Total** | **24** | **(4)** | **9** | **29** |

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## 29 Claims and insurance benefits incurred (net)

| Three months ended September 30, | Property-Casualty | Life/Health | Consolidation | Group |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **2008** | | | | |
| **Gross** | | | | |
| Claims and insurance benefits paid | (6,732) | (4,489) | 6 | (11,215) |
| Change in loss and loss adjustment expenses | (993) | 2 | 2 | (989) |
| **Subtotal** | **(7,725)** | **(4,487)** | **8** | **(12,204)** |
| **Ceded** | | | | |
| Claims and insurance benefits paid | 508 | 132 | (6) | 634 |
| Change in loss and loss adjustment expenses | 276 | (9) | (2) | 265 |
| **Subtotal** | **784** | **123** | **(8)** | **899** |
| **Net** | | | | |
| Claims and insurance benefits paid | (6,224) | (4,357) | | (10,581) |
| Change in loss and loss adjustment expenses | (717) | (7) | | (724) |
| **Total** | **(6,941)** | **(4,364)** | | **(11,305)** |
| **2007** | | | | |
| **Gross** | | | | |
| Claims and insurance benefits paid | (6,514) | (4,007) | (7) | (10,528) |
| Change in loss and loss adjustment expenses | (608) | (3) | 1 | (610) |
| **Subtotal** | **(7,122)** | **(4,010)** | **(6)** | **(11,138)** |
| **Ceded** | | | | |
| Claims and insurance benefits paid | 711 | 127 | 7 | 845 |
| Change in loss and loss adjustment expenses | (204) | (18) | (1) | (223) |
| **Subtotal** | **507** | **109** | **6** | **622** |
| **Net** | | | | |
| Claims and insurance benefits paid | (5,803) | (3,880) | | (9,683) |
| Change in loss and loss adjustment expenses | (812) | (21) | | (833) |
| **Total** | **(6,615)** | **(3,901)** | | **(10,516)** |

| Nine months ended September 30, | Property-Casualty | Life/Health | Consolidation | Group |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **2008** | | | | |
| **Gross** | | | | |
| Claims and insurance benefits paid | (20,248) | (14,197) | 10 | (34,435) |
| Change in loss and loss adjustment expenses | (1,013) | (57) | 2 | (1,068) |
| **Subtotal** | **(21,261)** | **(14,254)** | **12** | **(35,503)** |
| **Ceded** | | | | |
| Claims and insurance benefits paid | 1,798 | 362 | (10) | 2,150 |
| Change in loss and loss adjustment expenses | (26) | (25) | (2) | (53) |
| **Subtotal** | **1,772** | **337** | **(12)** | **2,097** |
| **Net** | | | | |
| Claims and insurance benefits paid | (18,450) | (13,835) | | (32,285) |
| Change in loss and loss adjustment expenses | (1,039) | (82) | | (1,121) |
| **Total** | **(19,489)** | **(13,917)** | | **(33,406)** |
| **2007** | | | | |

| | | | | |
|---|---|---|---|---|
| **Gross** | | | | |
| Claims and insurance benefits paid | (20,984) | (13,189) | 6 | (34,167) |
| Change in loss and loss adjustment expenses | (405) | (35) | 1 | (439) |
| **Subtotal** | **(21,389)** | **(13,224)** | **7** | **(34,606)** |
| **Ceded** | | | | |
| Claims and insurance benefits paid | 2,312 | 509 | (6) | 2,815 |
| Change in loss and loss adjustment expenses | (187) | (46) | (1) | (234) |
| **Subtotal** | **2,125** | **463** | **(7)** | **2,581** |
| **Net** | | | | |
| Claims and insurance benefits paid | (18,672) | (12,680) | | (31,352) |
| Change in loss and loss adjustment expenses | (592) | (81) | | (673) |
| **Total** | **(19,264)** | **(12,761)** | | **(32,025)** |

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## 30 Change in reserves for insurance and investment contracts (net)

| Three months ended September 30, | Property-Casualty | Life/Health | Consolidation | Group |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **2008** | | | | |
| **Gross** | | | | |
| Aggregate policy reserves | (66) | (1,278) | (1) | (1,345) |
| Other insurance reserves | (1) | (35) | | (36) |
| Expenses for premium refunds | 92 | (190) | (8) | (106) |
| **Subtotal** | **25** | **(1,503)** | **(9)** | **(1,487)** |
| **Ceded** | | | | |
| Aggregate policy reserves | 2 | 25 | 1 | 28 |
| Other insurance reserves | 2 | 13 | | 15 |
| Expenses for premium refunds | 3 | 2 | | 5 |
| **Subtotal** | **7** | **40** | **1** | **48** |
| **Net** | | | | |
| Aggregate policy reserves | (64) | (1,253) | | (1,317) |
| Other insurance reserves | 1 | (22) | | (21) |
| Expenses for premium refunds | 95 | (188) | (8) | (101) |
| **Total** | **32** | **(1,463)** | **(8)** | **(1,439)** |
| **2007** | | | | |
| **Gross** | | | | |
| Aggregate policy reserves | (76) | (850) | | (926) |
| Other insurance reserves | 2 | (39) | | (37) |
| Expenses for premium refunds | (52) | (1,242) | | (1,294) |
| **Subtotal** | **(126)** | **(2,131)** | | **(2,257)** |
| **Ceded** | | | | |
| Aggregate policy reserves | 9 | (22) | | (13) |
| Other insurance reserves | 3 | 9 | | 12 |
| Expenses for premium refunds | | 4 | | 4 |
| **Subtotal** | **12** | **(9)** | | **3** |
| **Net** | | | | |
| Aggregate policy reserves | (67) | (872) | | (939) |
| Other insurance reserves | 5 | (30) | | (25) |
| Expenses for premium refunds | (52) | (1,238) | | (1,290) |
| **Total** | **(114)** | **(2,140)** | | **(2,254)** |

## 30 Change in reserves for insurance and investment contracts (net) (continued)

| Nine months ended September 30, | Property-Casualty | Life/Health | Consolidation | Group |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **2008** | | | | |
| **Gross** | | | | |
| Aggregate policy reserves | (198) | (3,445) | (1) | (3,644) |
| Other insurance reserves | 1 | (76) | | (75) |
| Expenses for premium refunds | 121 | (1,194) | (29) | (1,102) |
| **Subtotal** | **(76)** | **(4,715)** | **(30)** | **(4,821)** |
| **Ceded** | | | | |
| Aggregate policy reserves | (12) | 34 | 2 | 24 |
| Other insurance reserves | 9 | 16 | | 25 |
| Expenses for premium refunds | 12 | 10 | | 22 |
| **Subtotal** | **9** | **60** | **2** | **71** |
| **Net** | | | | |
| Aggregate policy reserves | (210) | (3,411) | 1 | (3,620) |
| Other insurance reserves | 10 | (60) | | (50) |
| Expenses for premium refunds | 133 | (1,184) | (29) | (1,080) |
| **Total** | **(67)** | **(4,655)** | **(28)** | **(4,750)** |
| **2007** | | | | |
| **Gross** | | | | |
| Aggregate policy reserves | (231) | (2,691) | | (2,922) |
| Other insurance reserves | | (162) | | (162) |
| Expenses for premium refunds | (88) | (4,194) | (55) | (4,337) |
| **Subtotal** | **(319)** | **(7,047)** | **(55)** | **(7,421)** |
| **Ceded** | | | | |
| Aggregate policy reserves | 17 | 54 | | 71 |
| Other insurance reserves | 5 | 4 | | 9 |
| Expenses for premium refunds | 5 | 14 | | 19 |
| **Subtotal** | **27** | **72** | | **99** |
| **Net** | | | | |
| Aggregate policy reserves | (214) | (2,637) | | (2,851) |
| Other insurance reserves | 5 | (158) | | (153) |
| Expenses for premium refunds | (83) | (4,180) | (55) | (4,318) |
| **Total** | **(292)** | **(6,975)** | **(55)** | **(7,322)** |

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## 31 Interest expenses

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| Liabilities to banks and customers | (168) | (247) | (583) | (651) |
| Deposits retained on reinsurance ceded | (13) | (17) | (49) | (71) |
| Certificated liabilities | (91) | (117) | (309) | (354) |
| Participating certificates and subordinated liabilities | (135) | (102) | (357) | (318) |
| Other | (40) | (41) | (108) | (119) |
| **Total** | **(447)** | **(524)** | **(1,406)** | **(1,513)** |

## 32 Loan loss provisions

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| Additions to allowances including direct impairments | (24) | (5) | (72) | (53) |
| Amounts released | 8 | 14 | 27 | 24 |
| Recoveries on loans previously impaired | 12 | 8 | 35 | 25 |
| **Total** | **(4)** | **(17)** | **(10)** | **(4)** |

## 33 Impairments of investments (net)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| Impairments | | | | |
| **Available-for-sale investments** | | | | |
| Equity securities | (2,100) | (370) | (4,996) | (546) |
| Debt securities | (406) | (4) | (472) | (5) |
| **Subtotal** | **(2,506)** | **(374)** | **(5,468)** | **(551)** |
| Investments in associates and joint ventures | | | (1) | |
| **Real estate held for investment** | **(89)** | **(2)** | **(109)** | **10** |
| **Investments held for sale** | **(41)** | | **(41)** | |
| **Subtotal** | **(2,636)** | **(376)** | **(5,619)** | **(541)** |
| Reversals of impairments | | | | |
| **Available-for-sale investments** | | | | |
| Debt securities | | | | 13 |
| **Real estate held for investment** | **34** | **1** | **54** | **5** |
| **Subtotal** | **34** | **1** | **54** | **18** |
| **Total** | **(2,602)** | **(375)** | **(5,565)** | **(523)** |

## 34 Investment expenses

| | Three months ended September 30, 2008 | 2007 | Nine months ended September 30, 2008 | 2007 |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| **Investment management expenses** | **(80)** | **(85)** | **(278)** | **(307)** |
| **Depreciation from real estate held for investment** | **(30)** | **(43)** | **(116)** | **(139)** |
| **Other expenses from real estate held for investment** | **(36)** | **(57)** | **(109)** | **(179)** |
| **Foreign currency gains and losses (net)** | | | | |
| Foreign currency gains | 177 | 127 | 661 | 410 |
| Foreign currency losses | 294 | (217) | (428) | (506) |
| **Subtotal** | **471** | **(90)** | **233** | **(96)** |
| **Total** | **325** | **(275)** | **(270)** | **(721)** |

## 35 Acquisition and administrative expenses (net)

| Three months ended September 30, | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Segment | Consolidation | Group | Segment | Consolidation | Group |
| | mn | mn | mn | mn | mn | mn |
| **Property-Casualty** | | | | | | |
| **Acquisition costs** | | | | | | |
| Incurred | (1,871) | | (1,871) | (1,750) | | (1,750) |
| Commissions and profit received on reinsurance business ceded | 125 | (2) | 123 | 133 | | 133 |
| Deferrals of acquisition costs | 911 | | 911 | 826 | | 826 |
| Amortization of deferred acquisition costs | (1,016) | | (1,016) | (987) | | (987) |
| **Subtotal** | **(1,851)** | **(2)** | **(1,853)** | **(1,778)** | | **(1,778)** |
| **Administrative expenses** | **(746)** | **(7)** | **(753)** | **(967)** | **12** | **(955)** |
| **Subtotal** | **(2,597)** | **(9)** | **(2,606)** | **(2,745)** | **12** | **(2,733)** |
| **Life/Health** | | | | | | |
| **Acquisition costs** | | | | | | |
| Incurred | (851) | 2 | (849) | (869) | (1) | (870) |
| Commissions and profit received on reinsurance business ceded | 20 | | 20 | 28 | | 28 |
| Deferrals of acquisition costs | 487 | | 487 | 548 | | 548 |
| Amortization of deferred acquisition costs | (189) | | (189) | (455) | | (455) |
| **Subtotal** | **(533)** | **2** | **(531)** | **(748)** | **(1)** | **(749)** |
| **Administrative expenses** | **(396)** | **(4)** | **(400)** | **(365)** | **(18)** | **(383)** |
| **Subtotal** | **(929)** | **(2)** | **(931)** | **(1,113)** | **(19)** | **(1,132)** |
| **Banking** | | | | | | |
| Personnel expenses | (65) | | (65) | (63) | | (63) |
| Non-personnel expenses | (68) | 13 | (55) | (89) | 5 | (84) |
| **Subtotal** | **(133)** | **13** | **(120)** | **(152)** | **5** | **(147)** |
| **Asset Management** | | | | | | |
| Personnel expenses | (388) | | (388) | (393) | | (393) |
| Non-personnel expenses | (208) | 2 | (206) | (177) | 4 | (173) |
| **Subtotal** | **(596)** | **2** | **(594)** | **(570)** | **4** | **(566)** |
| **Corporate** | | | | | | |
| Administrative expenses | (104) | 1 | (103) | (171) | 9 | (162) |
| **Subtotal** | **(104)** | **1** | **(103)** | **(171)** | **9** | **(162)** |
| **Total** | **(4,359)** | **5** | **(4,354)** | **(4,752)** | **12** | **(4,740)** |

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## 35 Acquisition and administrative expenses (net) (continued)

| Nine months ended September 30, | 2008 Segment | 2008 Consolidation | 2008 Group | 2007 Segment | 2007 Consolidation | 2007 Group |
|---|---|---|---|---|---|---|
| | mn | mn | mn | mn | mn | mn |
| **Property-Casualty** | | | | | | |
| **Acquisition costs** | | | | | | |
| Incurred | (5,858) | | (5,858) | (5,713) | | (5,713) |
| Commissions and profit received on reinsurance business ceded | 473 | (3) | 470 | 495 | (1) | 494 |
| Deferrals of acquisition costs | 3,367 | | 3,367 | 3,303 | | 3,303 |
| Amortization of deferred acquisition costs | (3,183) | | (3,183) | (3,204) | | (3,204) |
| **Subtotal** | **(5,201)** | **(3)** | **(5,204)** | **(5,119)** | **(1)** | **(5,120)** |
| **Administrative expenses** | **(2,376)** | **5** | **(2,371)** | **(3,006)** | **56** | **(2,950)** |
| **Subtotal** | **(7,577)** | **2** | **(7,575)** | **(8,125)** | **55** | **(8,070)** |
| **Life/Health** | | | | | | |
| **Acquisition costs** | | | | | | |
| Incurred | (2,726) | 3 | (2,723) | (2,714) | | (2,714) |
| Commissions and profit received on reinsurance business ceded | 62 | | 62 | 116 | | 116 |
| Deferrals of acquisition costs | 1,679 | | 1,679 | 1,809 | | 1,809 |
| Amortization of deferred acquisition costs | (1,128) | | (1,128) | (1,092) | | (1,092) |
| **Subtotal** | **(2,113)** | **3** | **(2,110)** | **(1,881)** | | **(1,881)** |
| **Administrative expenses** | **(1,209)** | **(3)** | **(1,212)** | **(1,221)** | **(53)** | **(1,274)** |
| **Subtotal** | **(3,322)** | | **(3,322)** | **(3,102)** | **(53)** | **(3,155)** |
| **Banking** | | | | | | |
| Personnel expenses | (193) | 2 | (191) | (187) | | (187) |
| Non-personnel expenses | (216) | 13 | (203) | (245) | 15 | (230) |
| **Subtotal** | **(409)** | **15** | **(394)** | **(432)** | **15** | **(417)** |
| **Asset Management** | | | | | | |
| Personnel expenses | (1,183) | | (1,183) | (1,201) | | (1,201) |
| Non-personnel expenses | (563) | 6 | (557) | (514) | 17 | (497) |
| **Subtotal** | **(1,746)** | **6** | **(1,740)** | **(1,715)** | **17** | **(1,698)** |
| **Corporate** | | | | | | |
| Administrative expenses | (323) | 13 | (310) | (539) | (7) | (546) |
| **Subtotal** | **(323)** | **13** | **(310)** | **(539)** | **(7)** | **(546)** |
| **Total** | **(13,377)** | **36** | **(13,341)** | **(13,914)** | **28** | **(13,886)** |

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## 36 Fee and commission expenses

| Three months ended September 30, | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Segment | Consolidation | Group | Segment | Consolidation | Group |
| | mn | mn | mn | mn | mn | mn |
| Property-Casualty | | | | | | |
| Fees from credit and assistance business | (173) | 2 | (171) | (117) | | (117) |
| Service agreements | (88) | 5 | (83) | (76) | 6 | (70) |
| **Subtotal** | **(261)** | **7** | **(254)** | **(193)** | **6** | **(187)** |
| Life/Health | | | | | | |
| Service agreements | 12 | 5 | 17 | (8) | 2 | (6) |
| Investment advisory | (55) | 7 | (48) | (41) | 2 | (39) |
| **Subtotal** | **(43)** | **12** | **(31)** | **(49)** | **4** | **(45)** |
| Banking | | | | | | |
| Securities business | (2) | | (2) | (2) | | (2) |
| Investment advisory | (28) | (1) | (29) | (41) | | (41) |
| Payment transactions | (2) | | (2) | (2) | | (2) |
| Other | (11) | | (11) | (10) | 2 | (8) |
| **Subtotal** | **(43)** | **(1)** | **(44)** | **(55)** | **2** | **(53)** |
| Asset Management | | | | | | |
| Commissions | (201) | 77 | (124) | (230) | 108 | (122) |
| Other | (90) | 1 | (89) | (74) | 1 | (73) |
| **Subtotal** | **(291)** | **78** | **(213)** | **(304)** | **109** | **(195)** |
| Corporate | | | | | | |
| Service agreements | (34) | 1 | (33) | (36) | 17 | (19) |
| **Subtotal** | **(34)** | **1** | **(33)** | **(36)** | **17** | **(19)** |
| **Total** | **(672)** | **97** | **(575)** | **(636)** | **137** | **(499)** |

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36 Fee and commission expenses (continued)

| Nine months ended September 30, | 2008 Segment | 2008 Consolidation | 2008 Group | 2007 Segment | 2007 Consolidation | 2007 Group |
|---|---|---|---|---|---|---|
| | mn | mn | mn | mn | mn | mn |
| Property-Casualty | | | | | | |
| Fees from credit and assistance business | (466) | 2 | (464) | (351) | 1 | (350) |
| Service agreements | (291) | 8 | (283) | (229) | 14 | (215) |
| **Subtotal** | **(757)** | **10** | **(747)** | **(580)** | **15** | **(565)** |
| Life/Health | | | | | | |
| Service agreements | (31) | 23 | (8) | (36) | 10 | (26) |
| Investment advisory | (142) | 15 | (127) | (118) | 5 | (113) |
| **Subtotal** | **(173)** | **38** | **(135)** | **(154)** | **15** | **(139)** |
| Banking | | | | | | |
| Securities business | (6) | | (6) | (7) | | (7) |
| Investment advisory | (103) | (1) | (104) | (133) | 2 | (131) |
| Payment transactions | (5) | | (5) | (5) | | (5) |
| Other | (39) | 2 | (37) | (36) | 4 | (32) |
| **Subtotal** | **(153)** | **1** | **(152)** | **(181)** | **6** | **(175)** |
| Asset Management | | | | | | |
| Commissions | (627) | 244 | (383) | (706) | 330 | (376) |
| Other | (275) | 10 | (265) | (240) | 3 | (237) |
| **Subtotal** | **(902)** | **254** | **(648)** | **(946)** | **333** | **(613)** |
| Corporate | | | | | | |
| Service agreements | (100) | 4 | (96) | (97) | 22 | (75) |
| **Subtotal** | **(100)** | **4** | **(96)** | **(97)** | **22** | **(75)** |
| **Total** | **(2,085)** | **307** | **(1,778)** | **(1,957)** | **390** | **(1,567)** |

## 37 Income taxes

| | Three months ended September 30, 2008 | Three months ended September 30, 2007 | Nine months ended September 30, 2008 | Nine months ended September 30, 2007 |
|---|---|---|---|---|
| | mn | mn | mn | mn |
| Current income tax expense | (298) | (670) | (1,039) | (1,842) |
| Deferred income tax expense | 50 | 219 | (290) | (223) |
| **Total** | **(248)** | **(451)** | **(1,329)** | **(2,065)** |

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## 38 Earnings per share

### Basic earnings per share

Basic earnings per share are calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| **Net income (loss) used to calculate basic earnings per share** | **(2,023)** | **1,921** | **667** | **7,301** |
| from continuing operations | 545 | 2,049 | 4,150 | 6,064 |
| from discontinued operations | (2,568) | (128) | (3,483) | 1,237 |
| **Weighted average number of common shares outstanding** | **450,661,762** | **447,167,792** | **450,046,042** | **436,688,326** |
| **Basic earnings per share** | **(4.49)** | **4.30** | **1.48** | **16.72** |
| from continuing operations | 1.21 | 4.59 | 9.22 | 13.89 |
| from discontinued operations | (5.70) | (0.29) | (7.74) | 2.83 |

### Diluted earnings per share

Diluted earnings per are calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period, both adjusted for the effects of potential dilutive common shares. Potential dilutive common

shares arise from the assumed conversion of participation certificates issued by Allianz SE, warrants issued by Allianz SE and share-based compensation plans into Allianz shares, as well as from the conversion of derivatives on own shares.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | mn | mn | mn | mn |
| **Net income (loss)** | **(2,023)** | **1,921** | **667** | **7,301** |
| Effect of potential dilutive common shares | (4) | 3 | (24) | 2 |
| **Net income (loss) used to calculate diluted earnings per share** | **(2,027)** | **1,924** | **643** | **7,303** |
| from continuing operations | 541 | 2,052 | 4,126 | 6,066 |
| from discontinued operations | (2,568) | (128) | (3,483) | 1,237 |

| | | | | |
|---|---|---|---|---|
| **Weighted average number of common shares outstanding** | **450,661,762** | **447,167,792** | **450,046,042** | **436,688,326** |
| **Potentially dilutive common shares resulting from assumed conversion of:** | | | | |
| Participation certificates | | 1,469,443 | 1,469,443 | 1,469,443 |
| Warrants | | 995,246 | 81,673 | 997,193 |
| Share-based compensation plans | 1,095,770 | 1,429,617 | 1,785,599 | 143,753 |
| Derivatives on own shares | 668,443 | 4,363,456 | 1,435,011 | 5,757,942 |
| Subtotal | 1,764,213 | 8,257,762 | 4,771,726 | 8,368,331 |
| **Weighted average number of common shares outstanding after assumed conversion** | **452,425,975** | **455,425,554** | **454,817,768** | **445,056,657** |
| **Diluted earnings per share** | **(4.48)** | **4.23** | **1.41** | **16.41** |
| from continuing operations | 1.20 | 4.51 | 9.07 | 13.63 |
| from discontinued operations | (5.68) | (0.28) | (7.66) | 2.78 |

For the nine months ended September 30, 2008, the weighted average number of common shares excludes 1,934,615 (2007: 1,182,313) treasury shares.

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## 39 Supplemental information on the condensed consolidated statements of cash flows

| Nine months ended September 30, | 2008 | 2007 |
|---|---|---|
| | mn | mn |
| Income taxes paid | (2,383) | (1,788) |
| Dividends received | 1,671 | 2,165 |
| Interest received | 17,175 | 16,826 |
| Interest paid | (4,718) | (4,985) |
| **Significant non-cash transactions:** | | |
| **Settlement of exchangeable bonds issued by Allianz Finance II B.V. for shares:** | | |
| Available-for-sale investments | (450) | (812) |
| Certificated liabilities | (450) | (812) |
| **Novation of quota share reinsurance agreement:** | | |
| Reinsurance assets | (29) | (1,226) |
| Deferred acquisition costs | 1 | 71 |
| Payables from reinsurance contracts | (28) | (1,155) |
| **Effects from buy-out of AGF minorities:** | | |
| Revenue reserves | | (1,843) |
| Unrealized gains and losses (net) | | 146 |
| Minority interests | | (1,068) |
| Paid-in capital | | 2,765 |
| **Effects from first consolidation of K2:** | | |
| Financial assets held for trading | 107 | |
| Financial assets designated at fair value through income | 8,665 | |
| Loans and advances to banks and customers | 1,714 | |
| Other assets | 51 | |
| Financial liabilities held for trading | 497 | |
| Financial liabilities designated at fair value through income | 8,889 | |
| Liabilities to banks and customers | 1,076 | |
| Other liabilities | 75 | |

On July 21, 2008, the Allianz Group increased its investment in the non-life insurer Koç Allianz Sigorta AŞ and the life-insurance and pension company Koç Allianz Hayat ve Emeklilik AŞ from 37.1% to 84.2% and from 38.0% to 89.0%, respectively. The purchase price was 373 mn. The impact of the acquisition, net of cash acquired, on the condensed consolidated statement of cash flows for the nine months ended September 30, 2008 was:

| | As of September 30, 2008 |
|---|---|
| | mn |
| Intangible assets | (247) |
| Other assets | (914) |
| Other liabilities | 870 |
| Minority interests | 38 |
| Less: previous investment in Koç | 101 |
| **Acquisition of subsidiary, net of cash acquired** | **(152)** |

## 40 Other information

### Number of employees

| | As of September 30, 2008 | As of December 31, 2007 |
|---|---|---|
| Germany | 71,822 | 72,063 |
| Other countries | 110,349 | 109,144 |
| **Total** | **182,171** | **181,207** |

## 41 Subsequent events

### Capital investment in The Hartford

On October 6, 2008, the Allianz SE announced a binding agreement providing for a capital investment of U.S. $ 2.5 bn in The Hartford.

Allianz SE has purchased, for a consideration of U.S. $ 2.5 bn, 24 mn of preferred shares convertible to common stock after receipt of applicable approvals, warrants for 69 mn of Hartford shares and junior subordinated debentures with a nominal value of U.S. $ 1.75 bn and a 10% interest coupon.

Munich, November 7, 2008

Allianz SE

The Board of Management

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# Review report

To Allianz SE, Munich

We have reviewed the condensed interim consolidated financial statements of the Allianz SE, Munich - comprising balance sheet, income statement, condensed cash flow statement, statement of changes in equity and selected explanatory notes - together with the interim group management report of the Allianz SE, Munich for the period from January 1 to September 30, 2008 that are part of the quarterly financial report according to § 37 x WpHG [ Wertpapierhandelsgesetz : German Securities Trading Act ]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU and in accordance with the IFRS for interim financial reporting as issued by the International Accounting Standards Board (IASB), 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 interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated 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 interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS

applicable to interim financial reporting as adopted by the EU and in accordance with the IFRS for interim financial reporting as issued by the IASB, and that the interim group management report has not been prepared, in material aspects, 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 interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and in accordance with the IFRS for interim financial reporting as issued by the IASB, or that the interim group management report has not been prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, November 10, 2008

KPMG AG

Wirtschaftsprüfungsgesellschaft

Johannes Pastor
Independent Auditor

Dirk Hildebrand
Independent Auditor

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 12, 2008

ALLIANZ SE

By /s/ Burkhard Keese
Name: Burkhard Keese
Title: Executive Vice President

Group Financial Reporting

ALLIANZ SE

By /s/ Harold Michael Langley-Poole
Name: Harold Michael Langley-Poole
Title: Head of Group Management Reporting