Allianz Group

# Interim Report

## First three quarters of 2001

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*This report on the third quarter of 2001 includes the Dresdner Bank Group for the first time. It is being consolidated in the financial statements of the Allianz Group with effect from July 23, 2001. This has brought about extensive changes in the presentation of the balance sheet and income statement.*
*We have based the new format for the financial statements on accepted international standards.*
*This is also the first time that we are publishing financial statements for a nine month period. As with the first quarter of this year, we are unable to give figures for the comparable period last year, apart from premium income, because a substantial number of major Group companies have hitherto not published quarterly financial statements.*

## OVERVIEW

Our earnings as of September 30, 2001 have been substantially affected by the impact of the terrorist attack in the US. Current estimates indicate that this will be by far the biggest loss event in the history of the insurance industry. Present indications are that claims expenses will amount to around 1.5 billion euros.

**Earnings** | Overall, we achieved earnings before taxes and goodwill amortization amounting to 3.3 billion euros in the first three quarters of the current year. Goodwill amortization charges were 544 million euros, of which 43 million euros are accounted for by the Dresdner Bank Group, and a further 149 million euros arise from the acquisition of PIMCO, Nicholas Applegate and Zwolsche Algemeene. The tax charge amounted to 205 million euros. Aside from the reduced corporate income tax in Germany, the fact that we were already able to report part of our realized investment gains free of tax charges under IAS rules also had an effect.

After deduction of minority interests amounting to almost 1.2 billion euros, net income amounted to 1.3 billion euros as of September 30, 2001. The Dresdner Bank Group contributed 314 million euros to this result. Earnings per share were 5.40 euros.

**Premium income in the insurance business** | Gross premium income in the insurance business increased by 8 percent during the first nine months to 54.9 billion euros. Changes in the scope of consolidation since the end of September 2000 contributed 713 million euros. These stem primarily from business acquired from HIH in Australia, the purchase of Zwolsche Algemeene in the Netherlands and additions in Romania and Bulgaria. Changes in exchange rates increased our premium volume by a total of 174 million euros. Without consolidation and currency effects, our total premium income increased by 6.2 percent.

After deduction of sales from investment-oriented life insurance products, which rose by 1.3 billion euros or 16.5 percent to 9.4 billion euros, gross premium income posted growth of 6.4 percent to 45.5 billion euros in the IAS accounts.

**First-time consolidation of the Dresdner Bank Group** | During the course of the public takeover bid carried out during the period from May 31, 2001 to July 13, 2001, we acquired 325,191,201 shares in Dresdner Bank. By September 30, 2001 we had purchased a further 944,593 shares. Overall, our holding in the capital stock of Dresdner Bank increased by 56.9 percentage points. Combined with the shares we held prior to the takeover bid, our holding at the close of the third quarter 2001 amounted to 77.7 percent. Forward sale agreements to be concluded next year will enable us to acquire a further stake of approximately 18.9 percent in the capital of Dresdner Bank.

Goodwill of 3.4 billion euros was reported from the acquisition of stock to date in the first-time consolidation of the Dresdner Bank Group. A further 659 million euros were recognized under other intangible assets for the value of the trade name.

Dresdner Bank contributed 314 million euros to the net income of the Allianz Group from the point of first-time consolidation on July 23, 2001 to the end of the third quarter.

**Asset Management** | On September 30, 2001, the Allianz Group had assets under management totaling 1,120 billion euros. This figure includes assets of 414 billion euros from the Dresdner Bank Group. Investments for third parties totaled 576 billion euros.

**Shareholders' equity** | At the close of the third quarter, the Allianz Group had shareholders' equity amounting to 28.7 billion euros. This sum takes into account a decrease of 5.7 billion euros from the 786,100 shares of the company held by Allianz AG and the 24,452,365 Allianz shares held by Dresdner Bank.

By comparison with the close of fiscal 2000, our shareholders' equity dropped by a total of 6.9 billion euros. This was mainly due to the decrease in unrealized gains and losses in the stock portfolios caused by the sharp drop in stock-market prices.

**Market capitalization** | Based on the Xetra price of our share at 248 euros, the market capitalization of Allianz AG on the last trading day in September of the current year was 61 billion euros (adjusted by shares held by the company). This represented a fall of 37.8 percent against the value of 98 billion euros at the close of fiscal 2000. Our share lost comparatively more ground than the DAX(Xetra) and other major indices, not least as a result of the terrorist attack in the US.

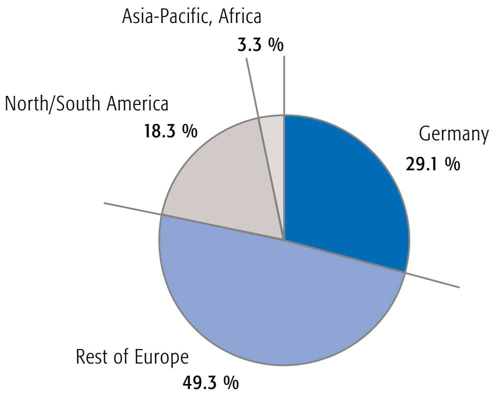
**Employees** | By comparison with the close of fiscal 2000, the number of people employed worldwide on September 30, 2001 increased by 61,952 to 181,635, mainly as a result of the inclusion of the Dresdner Bank Group.

*Property and casualty insurance. Premium income from property and casualty insurance increased by 8.7 percent to 32.1 billion euros in the first three quarters of the current fiscal year. This growth was driven by our companies in Great Britain, Spain and France and the Eastern European and Asia-Pacific region.*

Growth of 6.4 percent was recorded if changes in consolidation and exchange rates are excluded. Premium rate increases in the automobile insurance lines, and partly also in industrial and commercial business, were the main reasons for growth.

Transactions between segments are not consolidated in the following breakdowns by business segments and geographical regions. We have adjusted the results reported for individual regions by amortization of goodwill and by minority interests, in order to transparently depict operational development.

**Premium income by region - property/casualty**
(€ 32,1 billion)




The loss ratio worsened to 80.9 percent as a result of the terrorist attack in the US. Adjusted for this effect the loss ratio amounts to 75.0 percent – an improvement of 2.9 percentage points over the whole of fiscal 2000. The low claims frequency in many countries and the absence of major claims resulting from severe weather combined with increases in premiums had a positive effect. By contrast, a series of major claims were recorded in the industrial insurance business.

At 27.3 percent, the expense ratio remained virtually the same as in fiscal 2000 (27.0 percent).

Current investment income amounted to 5.1 billion euros (7.4 for fiscal 2000). The balance from realized gains and losses and from write-downs was 1.8 billion euros (2.6 for fiscal 2000).

Earnings before taxes and goodwill amortization were 2.3 billion euros. Net income amounted to 1.4 billion euros after goodwill amortization, taxes and minority interests.

The table below shows the performance of our companies in individual countries.

| | Gross premiums written 9/30/2001 | Change | Combined ratio 9/30/2001 | Combined ratio 12/31/2000 | Earnings after taxes* 9/30/2001 |
|---|---|---|---|---|---|
| | € mn | % | % | % | € mn |
| Germany | 10,199 | 3.9 | 104.2 | 97.7 | 2,369 |
| France | 3,901 | 9.0 | 111.7 | 114.1 | 173 |
| Italy | 3,141 | 7.8 | 97.8 | 99.3 | 224 |
| Switzerland | 1,144 | 10.3 | 105.0 | 104.2 | 31 |
| Great Britain | 1,898 | 20.0 | 106.0 | 116.9 | 33 |
| Spain | 988 | 20.1 | 101.2 | 104.9 | 27 |
| Austria | 690 | 2.7 | 104.5 | 118.7 | 27 |
| USA | 4,527 | 6.8 | 123.3 | 119.5 | – 657 |
| Australia | 776 | 80.7 | 103.6 | 107.4 | 4 |
| Credit insurance | 1,227 | 6.2 | 119.4 | 82.7 | 55 |
| Travel insurance/Assistance services | 586 | 16.8 | 93.4 | 99.7 | 19 |

* Earnings after taxes and before goodwill amortization and minority interests

We succeeded in increasing our growth in most markets. This was particularly true for Sachversicherungsgruppe Deutschland (the property and casualty insurance group in Germany), Cornhill in Great Britain, and Allianz Group in Spain. Growth in Switzerland originated mainly from the adaptation of the accounting schedule for the reinsurance business. In Australia, the business acquired from HIH contributed significantly to an increase in our sales.

The main Group companies affected by claims arising from the terrorist attacks are Allianz AG and Allianz Insurance Company (AIC) in the US. Many other Group companies, however, improved their combined ratio significantly over fiscal 2000. In addition to the absence of major natural disasters, our portfolio improvement measures, mainly in automobile insurance, played a significant role in contributing to this result. Examples in this regard include Great Britain, Austria and Spain, where losses recorded in the previous year were turned into profits.

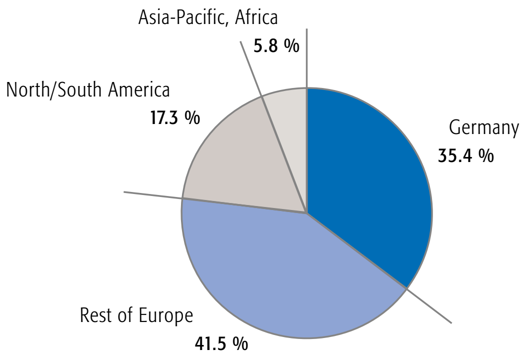
All our companies were affected by the fallout on the capital markets resulting from the terrorist attack. Given the fall in share prices, we were conservative in realizing capital gains while write-downs rose significantly. Our companies in the US – Fireman's Fund and Allianz Insurance Company – therefore recorded a significant loss for the first nine months of the current year.

We have continued to progress with the realignment and restructuring of Fireman's Fund that we began early this year. This includes a strategy of ending unprofitable business relationships.

To a significant extent, we intend to withdraw from segments of commercial and industrial business and from private client business acquired in direct sales. This will lead to a relinquishing of portfolio business amounting to more than 500 million dollars, with appropriate adjustments on the cost side. We expect these steps to have a positive effect on our earnings for the coming year.

*Life and health insurance. Our total premium income for life and health insurance rose by 7.1 percent to 23.3 billion euros. More than 40 percent originated from investment-based products. Sales of these products advanced by 16.5 percent to 9.4 billion euros, despite the negative situation on the capital markets.*

**Premium income by region – life/health**
**(€ 23,3 billion)**




After adjustments for consolidation and exchange-rate effects growth amounted to 6 percent.

Premium income in the IAS accounts rose by 1.5 percent to 13.9 billion euros. Under IAS rules only the risk and cost amounts of investment-based products are taken into account in sales.

The expense ratio increased by 4.4 percentage points to 21.8 compared to fiscal 2000. This is the result of additional sales initiatives and continuing high expenditures for new information technology. The fact that under IAS rules costs are recorded in full for unit-linked products also impacts the accounts, as only the risk and cost amounts are included in sales.

Investment income was 7.3 billion euros, only slightly more than 50 percent of the amount achieved for fiscal 2000. The main reason for this disproportionate result was the weakness of the capital markets, which led us to refrain from realizing greater capital gains. This led to substantially lower allocations to the premium refund reserve, which in turn reduced the effects on net income.

Against this background we reported earnings before taxes and amortization of goodwill amounting to 712 million euros. Net income at the end of the third quarter was 271 million euros after taxes, goodwill amortization and minority interests.

The table below shows the performance of our companies in individual countries.

| | Gross premiums written 9/30/2001 | Change | Cost ratio 9/30/2001 | Cost ratio 12/31/2000 | Earnings after taxes* 9/30/2001 |
|---|---|---|---|---|---|
| | € mn | % | % | % | € mn |
| Germany life | 6,243 | 1.2 | 15.8 | 11.1 | 233 |
| Germany health | 2,013 | 4.0 | 9.7 | 9.4 | 28 |
| Italy | 3,883 | 16.2 | 24.4 | 14.8 | 192 |
| France | 3,140 | – 8.1 | 50.0 | 27.6 | 156 |
| Switzerland | 952 | 13.1 | 19.6 | 9.9 | – 13 |
| USA | 3,714 | 44.4 | 47.8 | 48.2 | – 12 |
| South Korea | 1,211 | 4.4 | 20.2 | 35.9 | 29 |

* Earnings after taxes and before goodwill amortization and minority interests

The life insurance market in Germany until recently suffered from uncertainty as to the final outcome of the pension reform. An additional factor at Allianz Leben is that high levels of non-recurring premiums in corporate business for 2000 increased the comparative basis, and the number of contracts reaching the premium-free phase is increasing.

The positive development of premium income in health insurance is primarily due to a smaller reduction in premiums for long-term care insurance than anticipated, and a high level of acceptance for the statutory premium surcharge to ensure premium stability for old-age.

In Italy, the successful sales cooperation agreements with the Unicredito Italiano Group and Banca Antoniana Veneta Popolare Vita are exerting a positive impact on our business development. Both almost exclusively sell investment-based products, which are very much in demand, while the proportion of new business in traditional products continues to decline.

In France, the demand for investment oriented life insurance products increased slightly during the third quarter, yet – in line with the market overall – sales during the first nine months of the current year did not reach those achieved in the same period last year.

Earnings performance in Switzerland was determined by substantial write-downs on stock portfolios. Additionally, in the current market situation the statutory minimum rate of return on reserves in collective insurance cannot be generated from income on the pertinent investments.

Variable annuities and index-linked pension insurance were the main engines for the significant growth at our American life insurance subsidiary Allianz Life. Claims expenses amounting to more than 23 million euros impacted negatively on earnings and resulted mainly from life reinsurance following the terrorist attacks in the US. Write-downs on stock portfolios were an additional factor.

*Asset Management. Following first-time consolidation of the Dresdner Bank Group, our assets under management totaled 1,120 billion euros on September 30, 2001. This only represents a slight increase of 1.3 percent on the pro forma comparative value of 1,107 billion euros recorded at the close of fiscal 2000 due to the price decline on the capital markets.*

### Assets Under Management

| | Current values 9/30/2001 | Current values 12/31/2000 pro forma |
|---|---|---|
| | Mrd € | Mrd € |
| Group's own investments | 522 | 474 |
| Separate account assets* | 22 | 23 |
| Investments for third parties | 576 | 610 |
| Assets under management | 1,120 | 1,107 |

* Investments held on account and at risk of life insurance policy holders

The Group's own investments amounted to 522 billion euros on September 30. This figure includes investments of the Dresdner Bank Group totaling 211 billion euros.

Investments held for third parties (not shown on the consolidated balance sheet) were 576 billion euros. These included 203 billion euros from asset management at the Dresdner Bank Group. 77 percent of investments for third parties are attributable to business with institutional customers, while 23 percent are held for private customers. Allocated on the basis of investment class, 37 percent of investments for third parties were held in stocks and 63 percent were in bonds.

The asset management segment sustained a loss of 191 million euros after taxes, goodwill amortization and minority interests during the first nine months of the current year. This can be explained mainly by the following factors:

Amortization of goodwill arising from the acquisition of PIMCO and Nicholas Applegate amounted to 138 million euros. Goodwill of 21 million euros was allocated to the asset management division of the Dresdner Bank Group. A further 141 million euros were amortized on activated loyalty bonuses for senior management at the PIMCO Group that were paid as part of the acquisition price. The loyalty bonuses (retention payments) to the employees and management of the PIMCO Group, as agreed at the time of the acquisition of the companies, amounted to 136 million euros.

Minority interests in earnings totaled 145 million euros. This figure includes a share of 131 million euros for Pacific Life, the minority shareholder of the PIMCO Group.

Excluding these items, we generated earnings before taxes of 322 million euros in the asset management segment.

In comparison with the 1990s, the environment for asset managers has changed significantly. This year's drop in international equity markets and the consequent change in investment behavior (flight to money-market and bond products with lower margins) have impacted the entire industry. This demonstrates the extent to which asset management earnings are dependent on capital market conditions.

*Banking. This segment is included in our financial statements for the first time and is overwhelmingly determined by the performance of the Dresdner Bank Group. The marked phase of weakness on the international capital markets further deteriorated during recent weeks. The earnings performance of the Dresdner Bank Group was also not immune to this development during the first 9 months of the current year and particularly during the third quarter.*

Customer restraint led to decreased income, particularly in the client services segment. Additionally, administrative expenses that remained too high also had an effect. Further costs resulted in conjunction with restructuring measures. The Dresdner Bank Group has adopted a comprehensive cost reduction program based on the new structural orientation of the group. The aim is to achieve a sustained reduction in costs. The overall goal is to bring about a reduction in administrative costs of approximately 15 percent by 2003. This corresponds to an annual cost reduction of 1.3 billion euros.

The effects on the income statement of the Allianz Group were as follows for the period from July 23, 2001 to September 30, 2001:

| | € mn |
|---|---|
| Net interest and current income | 816 |
| Net fee and commission income | 542 |
| Trading income | 166 |
| Balance for other income/expenses | 1,024 |
| Administrative expenses | – 1,442 |
| Loan loss provisions | – 197 |
| Amortization of goodwill | – 26 |
| Earnings before taxes | 883 |
| Taxes | – 24 |
| Minority interests | – 538 |
| Earnings after taxes | 321 |

Earnings in the business with **private customers** during the third quarter continued to be affected by the negative situation on the securities markets. Earnings in fee and commission business suffered particularly from this development. Although the increase in costs was kept low by the restructuring measures already underway, it was not possible to prevent the marked drop in income.

| Private customers | 9/30/2001<br>€ mn |
|---|---|
| Total income | 720 |
| Loan loss allowance | – 55 |
| Total costs | – 748 |
| Earnings after taxes | – 81 |

In **Corporate & Markets**, the sustained and difficult situation on the international equity markets had a particularly strong effect on the results of the Global Equities and Corporate Finance business. However, we succeeded in making a positive contribution to earnings in the Global Debt and Corporate domestic clients business. The cost situation remained unsatisfactory; bonus guarantees granted to key staff as an incentive last year had a negative impact.

| Corporate & Markets | € mn |
|---|---|
| Total income | |
| Loan loss allowance | – 87 |
| Total costs | – 779 |
| Earnings after taxes | 38 |

Earnings performance in the **Real Estate** division was substantially determined by lower net interest and current income. This was determined in particular by the strategically introduced risk limitation for maturity transformation. Losses on net interest income were largely compensated by a lower provision requirement for allowances and by increased net fee and commission income. Administrative expenses are significantly influenced by organizational measures in progress.

| Real estate | € mn |
|---|---|
| Total income | 298 |
| Loan loss allowance | – 36 |
| Total costs | – 206 |
| Earnings after taxes | 24 |

*On the basis of current forecasts amounting to 1.5 billion euros for the claims burden on the Allianz Group as a result of the terrorist attacks in the US, we anticipate net income in the region of 1.7 billion euros for fiscal 2001.*

We expect an increase of around 7 percent for total premium income in the insurance business on the basis of current exchange rates. We are consequently increasing our earlier forecast that stood at 5 percent, mainly as a result of the positive development in sales in property and casualty insurance during the first three quarters.

The merger between Deutsche Hyp and the mortgage bank subsidiaries of Commerzbank and Deutsche Bank was announced at the beginning of November. This creates a real-estate bank named Eurohypo that aims to become a major competitor in the European market.

We began with the third phase of integration following the closing of the acquisition of Dresdner Bank and approval by the European Commission in Brussels. The third phase includes implementing the business models, organizational structures and synergy plans drawn up in the course of the first two phases. Our work is currently on schedule:

- We embarked on our joint sales activities on a broad basis.
- Integration of Allianz and Dresdner Asset Management has been virtually concluded at the global level.
- The establishment of a leading Financial Planner Sales Organization as a combination of Advance Bank, Dresdner Vermögensberatung and Allianz Financial Planner is progressing well.
- The new Group Center in Munich began work at the beginning of October.

Integration is already showing the first tangible results. The new business acquired by Dresdner Bank has increased significantly since the takeover.

**Cautionary note regarding forward-looking statements** | Certain of the statements contained herein may be 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, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates including the Euro-US dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of acquisitions (e. g. Dresdner Bank), including related integration issues, and (xii) 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 the events on, and following, September 11th. The matters discussed in this report may also involve risks and uncertainties described from time to time in Allianz AG's filings with the US. Securities and Exchange Commission. Allianz AG assumes no obligation to update any forward-looking information contained in this report.

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## ASSETS

| | Note | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|---|
| A. Intangible assets | 3 | 15,677.7 | 10,394.4 |
| B. Investments in affiliated enterprises, joint ventures and associated enterprises | | 10,215.7 | 11,762.9 |
| C. Investments | 4 | 338,380.7 | 280,834.4 |
| D. Investments held on account and at risk of life insurance policyholders | | 22,291.3 | 22,769.5 |
| E. Loans and advances to banks | 5 | 67,025.4 | 7,069.6 |
| F. Loans and advances to customers | 6 | 246,783.6 | 28,085.8 |
| G. Trading assets | | 129,863.6 | 372.2 |
| H. Cash funds and cash equivalents | | 29,685.7 | 4,209.2 |
| I. Amounts ceded to reinsurers from the insurance reserves | 7 | 31,119.8 | 28,474.9 |
| J. Deferred tax assets | | 11,012.6 | 6,132.6 |
| K. Other assets | | 57,270.1 | 39,889.4 |
| Total assets | | 959,326.2 | 439,994.9 |

## EQUITY AND LIABILITIES

| | Note | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|---|
| A. Shareholders' equity | | 28,688.6 | 35,603.2 |
| B. Minority interests in shareholders' equity | 8 | 15,852.2 | 16,200.4 |
| C. Participation certificates and post-ranking liabilities | 9 | 12,752.1 | 1,336.9 |
| D. Insurance reserves | 10 | 292,175.4 | 284,823.5 |
| E. Insurance reserves for life insurance where the investment risk is carried by policyholders | | 22,262.1 | 22,840.5 |
| F. Liabilities to banks | | 146,052.3 | 5,171.9 |
| G. Liabilities to customers | | 191,238.7 | 9,683.6 |
| H. Certificated liabilities | | 128,747.7 | 13,605.5 |
| I. Trading liabilities | | 52,312.5 | 196.8 |
| J. Other accrued liabilities | 11 | 13,395.2 | 7,142.8 |
| K. Other liabilities | 12 | 34,288.7 | 28,491.8 |
| L. Deferred tax liabilities | | 15,977.2 | 14,332.4 |
| M. Deferred income | | 5,583.5 | 565.6 |
| Total equity and liabilities | | 959,326.2 | 439,994.9 |

## Consolidated Income Statement for the Period from January 1 to September 30, 2001 and from January 1 to December 31, 2000

| | Note | 1/1 - 9/30/2001 € mn | 1/1 - 12/31/2000 € mn |
|---|---|---|---|
| 1. Premiums earned (net) | 13 | 37,923.2 | 49,907.1 |
| 2. Interest and similar income | 14 | 15,957.9 | 16,595.3 |
| 3. Income from affiliated enterprises, joint ventures and associated enterprises | | 1,644.5 | 1,915.8 |
| 4. Other income from investments | 15 | 5,767.1 | 10,928.0 |
| 5. Trading income | 16 | 1,918.7 | – 36.1 |
| 6. Fee and commission income, and income resulting from service activities | 17 | 2,789.2 | 2,186.8 |
| 7. Other income | | 2,230.6 | 2,330.1 |
| Total income (1. to 7.) | | 68,231.2 | 83,827.0 |
| 8. Insurance benefits (net) | 18 | – 37,101.9 | – 51,737.5 |
| 9. Interest and similar expenses | 19 | – 2,598.0 | – 471.4 |
| 10. Other expenses for investments | 20 | – 6,497.4 | – 4,987.5 |
| 11. Loan loss allowance | 21 | – 209.1 | – 21.3 |
| 12. Acquisition costs and administrative expenses | 22 | – 12,164.3 | – 13,228.3 |
| 13. Amortization of goodwill | | – 544.1 | – 495.2 |
| 14. Other expenses | | – 6,395.2 | – 7,973.0 |
| Total expenses (8. to 14.) | | – 65,510.0 | – 78,914.2 |
| 15. Earnings from ordinary activities before taxation | | 2,721.2 | 4,912.8 |
| 16. Taxes | 23 | – 205.2 | – 176.1 |
| 17. Minority interests in earnings | 8 | – 1,193.1 | – 1,276.6 |
| 18. Net income | | 1,322.9 | 3,460.1 |
| | | € | € |
| Earnings per share | 24 | 5.40 | 14.10 |

## Consolidated Income Statement for the period from July 1 to September 30, 2001

| | 7/1 - 9/30/2001 € mn |
|---|---|
| 1. Premiums earned (net) | 12,828.4 |
| 2. Interest and similar income | 6,747.9 |
| 3. Income from affiliated enterprises, joint ventures and associated enterprises | 860.7 |
| 4. Other income from investments | 1,585.6 |
| 5. Trading income | 1,953.2 |
| 6. Fee and commission income, and income resulting from service activities | 1,129.7 |
| 7. Other income | 1,038.6 |
| Total income (1. to 7.) | 26,144.1 |
| 8. Insurance benefits (net) | – 13,152.4 |
| 9. Interest and similar expenses | – 2,364.3 |
| 10. Other expenses for investments | – 3,233.5 |
| 11. Loan loss allowance | – 209.1 |
| 12. Acquisition costs and administrative expenses | – 5,026.3 |
| 13. Amortization of goodwill | – 225.4 |
| 14. Other expenses | – 1,821.7 |
| Total expenses (8. to 14.) | – 26,032.7 |
| 15. Earnings from ordinary activities before taxation | 111.4 |
| 16. Taxes | 489.9 |
| 17. Minority interests in earnings | – 647.6 |
| 18. Net income | – 46.3 |

In addition to Allianz AG, 242 (2000: 104) German and 1,051 (660) foreign enterprises have been consolidated in full. 84 (59) German and 84 (79) foreign investment funds were also consolidated.

The following principal acquisitions were consolidated for the first time in the period under review:

- Dresdner Bank AG, Frankfurt am Main, and its subsidiaries. With it's purchase of 56.7 percent on July 23, 2001 the Allianz Group acquired the majority stake for a price of € 17,227.4 million.
  A further 0.2 percent of the stock was purchased in the period to September 30, 2001. Total acquisition costs for the majority holding of 77.7 percent amounted to € 19,534.0 million. Goodwill of € 3,443.1 million has been reported from the acquisition of stock to date in the first-time consolidation of the Dresdner Bank Group. A further € 658.7 million euros were recognized under other intangible assets for the value of the brand name.

- The US asset manager Nicholas Applegate, San Diego. The 100 percent holding was acquired on January 31, 2001 at a purchase price of € 1,111.0 million. The transaction also includes performance-related purchase price payments of up to € 1,236.0 million and incentive and retention schemes of € 170.0 million.

The following table shows how the subsidiaries referred to above are reported in the Consolidated Financial Statements.

| | | Effects on the consolidated financial statements[1] | | |
|---|---|---|---|---|
| | Date of first-time consolidation | Net income | Goodwill[2] | Amortization of goodwill |
| | | € mn | € mn | € mn |
| Dresdner Bank AG, Frankfurt am Main | 7/23/2001 | 313.8 | 3,443.1 | – 43.3 |
| Nicholas Applegate, San Diego | 1/31/2001 | – 18.2 | 994.5 | – 33.7 |

[1] Consolidated in the segments
[2] On the date of first-time consolidation

| | Paid-in capital € mn | Revenue reserves € mn | Unrealized gains and losses € mn | Consolidated unapprop-riated profit € mn | Share-holders' equity € mn |
|---|---|---|---|---|---|
| 12/31/1999 | 7,810.6 | 9,884.2 | 11,626.7 | 354.4 | 29,675.9 |
| Currency translation adjustments | | 374.2 | 76.3 | | 450.5 |
| Changes to consolidated companies within the group | | 283.3 | | | 283.3 |
| Capital paid in | 183.8 | | | | 183.8 |
| Unrealized investment gains and losses | | | 1,745.1 | | 1,745.1 |
| Net income for the year | | 3,027.4 | | 432.7 | 3,460.1 |
| Shareholders' dividend | | | | – 306.6 | – 306.6 |
| Miscellaneous | | 158.9 | | – 47.8 | 111.1 |
| 12/31/2000 | 7,994.4 | 13,728.0 | 13,448.1 | 432.7 | 35,603.2 |
| Currency translation adjustments | | – 119.8 | 19.0 | | – 100.8 |
| Changes to consolidated companies within the group | | – 221.4 | | | – 221.4 |
| Capital paid in | 6,596.0 | | | | 6,596.0 |
| Treasury stock | | – 5,705.2 | | | – 5,705.2 |
| Unrealized investment gains and losses | | | – 8,357.4 | | – 8,357.4 |
| Net income | | 1,322.9 | | | 1,322.9 |
| Shareholders' dividend | | | | – 367.4 | – 367.4 |
| Reclassification of unappropriated earnings | | 65.3 | | – 65.3 | – |
| Miscellaneous | | – 81.3 | | | – 81.3 |
| 9/30/2001 | 14,590.4 | 8,988.5 | 5,109.7 | – | 28,688.6 |

| | 1/1 - 9/30/2001 € mn | 1/1 - 12/31/2000 € mn |
|---|---|---|
| Net income | 1,322.9 | 3,460.1 |
| Change in unearned premiums | 1,844.5 | – 673.8 |
| Change in aggregate policy reserve [1] | 3,888.2 | 6,549.5 |
| Change in reserve for loss and loss adjustment expenses | 2,589.4 | 2,714.9 |
| Change in other insurance reserves [2] | – 1,916.6 | 2,226.9 |
| Change in deferred acquisition costs | – 340.9 | – 1,092.8 |
| Change in funds held by others under reinsurance business assumed | – 99.7 | 66.3 |
| Change in funds held under reinsurance business ceded | 151.9 | 482.9 |
| Change in accounts receivable/payable on reinsurance business | – 609.5 | – 603.7 |
| Change in trading securities [3] | – 5,761.1 | 45.8 |
| Change in receivables from banks and customers | 10,344.4 | – 3,693.5 |
| Change in liabilities to banks and customers | 19,172.5 | 835.9 |
| Change in certificated liabilities | – 2,585.6 | 2,642.0 |
| Change in other receivables and liabilities | – 615.2 | – 1,407.9 |
| Change in deferred tax assets/liabilities [4] | – 98.3 | – 2,226.2 |
| Adjustment for investment income/expenses not involving movements of cash | – 2,801.5 | – 7,524.5 |
| Adjustments to reconcile amortization of goodwill | 544.1 | 495.2 |
| Other | 259.8 | 180.1 |
| Cash flow from operating activities | 25,289.3 | 2,477.2 |
| Change in securities available for sale | – 2,378.2 | – 7,271.2 |
| Change in investments held to maturity | 24.0 | 633.9 |
| Change in real estate | 323.7 | – 287.1 |
| Change in other investments | 3,400.0 | – 415.8 |
| Change in investments held on account and at risk of life insurance policyholders | 644.8 | – 1,941.9 |
| Change in cash and cash equivalents from the acquisition of consolidated affiliated companies | – 4,585.0 | – 3,054.4 |
| Change in aggregate policy reserve for life insurance products according to SFAS 97 | 4,014.7 | 6,769.8 |
| Other | – 1,452.0 | – 1,388.7 |
| Cash flow from investing activities | – 8.0 | – 6,955.4 |
| Change in loans, participation certificates and post-ranking liabilities | – 801.7 | 1,713.9 |
| Cash inflow from capital increases | 96.0 | 183.8 |
| Dividend payouts | – 803.9 | – 613.2 |
| Other [5] | 1,708.3 | 3,464.2 |
| Cash flow from financing activities | 198.7 | 4,748.7 |
| Effect of exchange rate changes on cash and cash equivalents | – 3.5 | 9.1 |
| Change in cash and cash equivalents [6] | 25,476.5 | 279.6 |
| Cash and cash equivalents at beginning of period | 4,209.2 | 3,929.6 |
| Cash and cash equivalents at end of period | 29,685.7 | 4,209.2 |

[1] without aggregate policy reserve for life insurance products in accordance with SFAS 97
[2] without change in the reserve for latent order refunds from unrealized investment gains and losses
[3] including trading liabilities
[4] without change in deferred tax assets/liabilities from unrealized investment gains and losses
[5] without change in revenue reserves from unrealized investment gains and losses
[6] Cash funds and cash equivalents

IAS rules have been used to draw up the cash flow statement. Compliance with regulations specific to the banking sector required changes in the cash flow statement. The values for 2000 were adjusted accordingly. The cash flow statement excludes the effects of the first-time consolidation of major new acquisitions, i.e. during the first half of 2001, in particular Dresdner Bank Group, Frankfurt am Main, and Nicholas Applegate, San Diego. The above acquisitions increased the value of investment held (excluding funds held by others) by € 200,558.2 million (€ 1,439.6 million), goodwill by € 4,437.6 million (€ 2,761.0 million) and the net total of other assets and liabilities by € – 194,033.5 million (€ – 1,146.1 million). Cash outflow related to these acquisitions amounted to € 11,947.4 million (€ 3,099.1 million). Cash and cash equivalents of € 7,362.4 million (€ 44.7 million) included in the consolidated financial statements contrasted with cash outflow. Inflow for taxes on income amounted to € 44.9 million (outflow € 1,872.7 million).

## ASSETS

| | Life/Health | | Property/Casualty | |
|---|---|---|---|---|
| | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn |
| A. Intangible assets | 4,064.7 | 4,231.9 | 2,849.5 | 2,822.3 |
| B. Investments in affiliated enterprises, joint ventures and associated enterprises | 5,811.7 | 5,614.9 | 39,318.2 | 22,514.3 |
| C. Investments | 173,984.0 | 186,798.8 | 87,316.8 | 95,718.2 |
| D. Investments held on account and at risk of life insurance policyholders | 22,291.3 | 22,769.5 | – | – |
| E. Loans and advances to banks | 3,127.9 | 3,747.2 | 4,444.8 | 4,527.4 |
| F. Loans and advances to customers | 21,621.9 | 14,445.0 | 1,987.7 | 1,565.0 |
| G. Trading assets | 1,633.8 | 119.5 | 1,971.0 | 19.5 |
| H. Cash funds and cash equivalents | 1,527.6 | 1,977.8 | 2,134.3 | 2,041.2 |
| I. Amounts ceded to reinsurers from the insurance reserves | 18,308.9 | 18,072.7 | 18,595.7 | 15,438.7 |
| J. Deferred tax assets | 2,480.4 | 2,253.4 | 4,998.9 | 3,630.4 |
| K. Other assets | 18,700.3 | 17,186.9 | 22,684.9 | 21,716.8 |
| Total assets | 273,552.5 | 277,217.6 | 186,301.8 | 169,993.8 |

## EQUITY AND LIABILITIES

| | Life/Health | | Property/Casualty | |
|---|---|---|---|---|
| | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn |
| A. Participation certificates and post-ranking liabilities | – | – | 1,022.5 | 953.2 |
| B. Insurance reserves | 209,389.0 | 208,828.8 | 88,584.6 | 81,045.6 |
| C. Insurance reserves for life insurance where the investment risk is carried by policyholders | 22,262.1 | 22,840.5 | – | – |
| D. Liabilities to banks | 579.3 | 1,201.2 | 4,849.8 | 5,942.2 |
| E. Liabilities to customers | 740.5 | 2.5 | 4,966.7 | 3.3 |
| F. Certificated liabilities | 136.2 | – 163.2 | 10,244.1 | 7,312.3 |
| G. Trading liabilities | 24.3 | – | 146.0 | – |
| H. Other accrued liabilities | 852.7 | 961.2 | 5,310.7 | 5,457.8 |
| I. Other liabilities | 21,236.8 | 19,880.4 | 18,625.3 | 14,619.5 |
| J. Deferred tax liabilities | 3,189.7 | 3,906.5 | 9,579.7 | 10,352.6 |
| K. Deferred income | 414.5 | 413.1 | 149.1 | 136.2 |
| Total equity and liabilities | 258,825.1 | 257,871.0 | 143,478.5 | 125,822.7 |

| | Banking Business | | Asset Management | | Consolidation Adjustments | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn |
| | 2,306.6 | 1.5 | 6,456.9 | 3,338.7 | – | – | 15,677.7 | 10,394.4 |
| | 2,071.7 | 95.4 | 24.2 | 62.3 | – 37,010.1 | – 16,524.0 | 10,215.7 | 11,762.9 |
| | 81,506.1 | 3,069.8 | 1,103.7 | 528.5 | – 5,529.9 | – 5,280.9 | 338,380.7 | 280,834.4 |
| | – | – | – | – | – | – | 22,291,3 | 22,769,5 |
| | 61,108.7 | 1,142.1 | 1,165.4 | 1,101.6 | – 2,821.4 | – 3,448.7 | 67,025.4 | 7,069.6 |
| | 230,369.5 | 12,554.8 | 574.3 | 395.0 | – 7,769.8 | – 874.0 | 246,783.6 | 28,085.8 |
| | 125,795.5 | 51.4 | 469.1 | 181.8 | – 5.8 | – | 129,863.6 | 372.2 |
| | 26,222.3 | 95.6 | 240.5 | 138.6 | – 439.0 | – 44.0 | 29,685.7 | 4,209.2 |
| | - | – | – | – | – 5,784,8 | – 5,036,5 | 31,119.8 | 28,474,9 |
| | 3,399.2 | 208.1 | 133.4 | 30.0 | 0.7 | 10.7 | 11,012.6 | 6,132.6 |
| | 15,613.4 | 782.8 | 2,508.9 | 1,538.4 | – 2,237.4 | – 1,335.5 | 57,270.1 | 39,889.4 |
| | 548,393.0 | 18,001.5 | 12,676.4 | 7,314.9 | – 61,597.5 | – 32,532.9 | 959,326.2 | 439,994.9 |

| | Banking Business | | Asset Management | | Consolidation Adjustments | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn |
| | 11,841.9 | 371.4 | 21.9 | 20.5 | – 134.2 | – 8.2 | 12,752.1 | 1,336.9 |
| | – | – | – | – | – 5,798.2 | – 5,050.9 | 292,175.4 | 284,823.5 |
| | – | – | – | – | – | – | 22,262.1 | 22,840.5 |
| | 139,393.4 | 781.0 | 1,305.0 | 503.9 | – 75.2 | – 3,256.4 | 146,052.3 | 5,171.9 |
| | 188,862.3 | 8,629.9 | 2,274.3 | 1,312.2 | – 5,605.1 | – 264.3 | 191,238.7 | 9,683.6 |
| | 118,798.4 | 6,309.5 | 2.6 | 5.2 | – 433.6 | 141.7 | 128,747.7 | 13,605.5 |
| | 52,142.2 | 196.8 | – | – | – | – | 52,312.5 | 196.8 |
| | 6,709.9 | 193.0 | 521.9 | 530.8 | – | – | 13,395.2 | 7,142.8 |
| | 5,047.4 | 511.0 | 1,895.9 | 1,014.8 | – 12,516.7 | – 7,533.9 | 34,288.7 | 28,491.8 |
| | 3,162.6 | 53.1 | 45.2 | 20.2 | – | – | 15,977.2 | 14,332.4 |
| | 5,019.4 | 11.4 | 0.5 | 4.9 | – | – | 5,583.5 | 565.6 |
| | 530,977.5 | 17,057.1 | 6,067.3 | 3,412.5 | – 24,563.0 | – 15,972.0 | 914,785.4 | 388,191.3 |
| | | | | | | Equity*) | 44,540.8 | 51,803.6 |
| | | | | | | Total equity and liabilities | 959,326.2 | 439,994.9 |

* Shareholders' equity and minority interests

## CONSOLIDATED INCOME STATEMENT

| | Life/Health | | Property/Casualty | |
|---|---|---|---|---|
| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
| 1. Premiums earned (net) | 12,526.3 | 18,377.8 | 25,396.9 | 31,529.3 |
| 2. Interest and similar income | 8,068.5 | 10,151.9 | 3,998.0 | 5,568.0 |
| 3. Income from affiliated enterprises, joint ventures and associated enterprises | 475.5 | 707.9 | 969.2 | 1,860.3 |
| 4. Other income from investments | 3,254.1 | 6,667.6 | 2,339.2 | 4,250.9 |
| 5. Trading income | 122.0 | – 49.3 | 1,625.9 | – 10.0 |
| 6. Fee and commission income, and income from service activities | 219.0 | 271.0 | 543.5 | 939.9 |
| 7. Other income | 1,128.5 | 1,138.3 | 1,015.1 | 1,078.1 |
| Total income (1. to 7.) | 25,793.9 | 37,265.2 | 35,887.8 | 45,216.5 |
| 8. Insurance benefits (net) | – 16,357.4 | – 26,354.0 | – 20,758.0 | – 25,413.1 |
| 9. Interest and similar expenses | – 47.5 | – 84.5 | – 548.6 | – 585.7 |
| 10. Other expenses for investments | – 4,219.8 | – 3,018.5 | – 2,245.1 | – 1,933.1 |
| 11. Loan loss allowance | – | – | – | – |
| 12. Acquisition costs and administrative expenses | – 3,097.1 | – 3,927.0 | – 7,431.6 | – 9,106.5 |
| 13. Amortization of goodwill | – 109.6 | – 137.5 | – 255.7 | – 277.3 |
| 14. Other expenses | – 1,359.7 | – 2,118.3 | – 2,628.6 | – 4,001.9 |
| Total expenses (8. to 14.) | – 25,191.1 | – 35,639.8 | – 33,867.6 | – 41,317.6 |
| 15. Earnings from ordinary activities before taxation | 602.8 | 1,625.4 | 2,020.2 | 3,898.9 |
| 16. Taxes | – 87.5 | – 343.2 | – 179.0 | 5.0 |
| 17. Minority interests in earnings | – 244.0 | – 657.6 | – 479.1 | – 642.2 |
| 18. Net income | 271.3 | 624.6 | 1,362.1 | 3,261.7 |

| Banking Business 1/1 – 9/30/2001 € mn | Banking Business 1/1 – 12/31/2000 € mn | Asset Management 1/1 – 9/30/2001 € mn | Asset Management 1/1 – 12/31/2000 € mn | Consolidation Adjustment 1/1 – 9/30/2001 € mn | Consolidation Adjustment 1/1 – 12/31/2000 € mn | Group 1/1 – 9/30/2001 € mn | Group 1/1 – 12/31/2000 € mn |
|---|---|---|---|---|---|---|---|
| – | – | – | – | – | – | 37,923.2 | 49,907.1 |
| 4,189.5 | 1,501.9 | 147.2 | 203.8 | – 445.3 | – 830.3 | 15,957.9 | 16,595.3 |
| 896.4 | 125.7 | 2.0 | 13.3 | – 698.6 | – 791.4 | 1,644.5 | 1,915.8 |
| 150.8 | 25.5 | 23.0 | 6.0 | – | – 22.0 | 5,767.1 | 10,928.0 |
| 166.4 | 7.1 | 4.4 | 16.1 | – | – | 1,918.7 | – 36.1 |
| 563.3 | 1.9 | 1,669.5 | 1,419.6 | – 206.1 | – 445.6 | 2,789.2 | 2,186.8 |
| 56.1 | 64.3 | 101.6 | 63.1 | – 70.7 | – 13.7 | 2,230.6 | 2,330.1 |
| 6,022.5 | 1,726.4 | 1,947.7 | 1,721.9 | – 1,420.7 | – 2,103.0 | 68,231.2 | 83,827.0 |
| – | – | – | – | 13.5 | 29.6 | – 37,101.9 | – 51,737.5 |
| – 2,191.5 | – 1.5 | – 15.4 | – 2.2 | 205.0 | 202.5 | – 2,598.0 | – 471.4 |
| 16.3 | – 36.6 | – 71.0 | – 0.3 | 22.2 | 1.0 | – 6,497.4 | – 4,987.5 |
| – 209.1 | – 21.3 | – | – | – | – | – 209.1 | – 21.3 |
| – 1,565.4 | – 170.3 | – 119.1 | – 32.8 | 48.9 | 8.3 | – 12,164.3 | – 13,228.3 |
| – 20.1 | 8.1 | – 158.7 | – 88.5 | – | – | – 544.1 | – 495.2 |
| – 1,152.8 | – 1,380.6 | – 1,697.5 | – 1,553.0 | 443.4 | 1,080.8 | – 6,395.2 | – 7,973.0 |
| – 5,122.6 | – 1,602.2 | – 2,061.7 | – 1,676.8 | 733.0 | 1,322.2 | – 65,510.0 | – 78,914.2 |
| 899.9 | 124.2 | – 114.0 | 45.1 | – 687.7 | – 780.8 | 2,721.2 | 4,912.8 |
| – 70.7 | 67.1 | 68.3 | 3.6 | 63.7 | 91.4 | – 205.2 | – 176.1 |
| – 526.9 | – 90.3 | – 145.3 | – 136.1 | 202.2 | 249.6 | – 1,193.1 | – 1,276.6 |
| 302.3 | 101.0 | – 191.0 | – 87.4 | – 421.8 | – 439.8 | 1,322.9 | 3,460.1 |

## 1 Accounting regulations

The consolidated financial statements have been prepared in conformity with International Accounting Standards (IAS), taking into account clause § 292a of the German Commercial Code (HGB). All the standards currently in force for the period under review have been adopted in the presentation of the consolidated financial statements.

In such cases, as envisioned in the IAS Framework, the provisions embodied in the US Generally Accepted Accounting Principles (US GAAP) have been applied. Preparation of the consolidated financial statements entails the need to make estimates and assumptions that affect the items reported under the headings in the consolidated balance sheet/income statement, and contingent liabilities. The actual values may differ from those reported. The most important estimated values shown in the consolidated financial statements relate to the reserve for loss and loss adjustment expenses and the aggregate policy reserve.

Apart from the first-time application of IAS 39, the present interim report follows the same accounting and valuation principles as the most recent annual financial statements. The cost method under accounting principle IAS 40, now mandated for the first time, has already been implemented in both the present consolidated financial statements as well as the previous ones.

The first-time application of IAS 39 means that all derivative financial instruments are now recognized in the balance sheet. The market values of derivatives, formerly considered off-balance-sheet transactions, are reported as equity under first-time application of IAS 39. These reduced revenue reserves by € 153.4 million.

During the period under review, derivative financial instruments held under cash flow hedges were recognized for the first time in the balance sheet, with a negative fair value of € 36.7 million. This caused a reduction of € 24.2 million in other reserves. Additionally, derivatives with a fair value of € 1,789.6 million were used under fair value hedges.

The consolidated financial statements were prepared in euros (€).

## 2 Changes to reporting policies

As a result of first-time consolidation of the Dresdner Bank Group, we have changed the structure of the consolidated balance sheet and the consolidated income statement. The purpose is to provide appropriate information both for the insurance and banking activities within this financial services Group. Some headings in the consolidated balance sheet and consolidated income statement have been combined to create transparency and clarity. The relevant information is presented in detail in the notes to the consolidated financial statements.
We have also expanded segment reporting. In accordance with our internal organizational structure and group controlling, the previous segment entitled financial services was replaced with two segments for banking business and asset management. These business segments are reported in addition to the existing segments of life/health and property/casualty.
All figures from fiscal 2000 have been restated in order to permit comparison.

## SUPPLEMENTARY INFORMATION ON CONSOLIDATED BALANCE SHEET

## 3 Intangible assets

Intangible assets comprise the following:

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Goodwill | 11,768.3 | 7,393.5 |
| Other intangible assets | 3,909.4 | 3,000.9 |
| Total | 15,677.7 | 10,394.4 |

Changes in goodwill for the period under review were as follows:

| | € mn |
|---|---|
| Gross amount capitalized 12/31/2000 | 8,899.2 |
| Accumulated amortization 12/31/2000 | – 1,505.7 |
| Value stated as of 12/31/2000 | 7,393.5 |
| Translation differences | 62.1 |
| Value stated as of 1/1 2001 | 7,455.6 |
| Additions | 4,856.8 |
| Amortization | – 544.1 |
| Value stated as of 9/30/2001 | 11,768.3 |
| Accumulated amortization 9/30/2001 | – 2,049.8 |
| Gross amount capitalized 9/30/2001 | 13,818.1 |

Major additions include the first-time consolidation of asset manager Nicholas Applegate, San Diego, at € 994.5 million, and the Dresdner Bank Group at € 3,443.1 million.

## 4 Investments

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Securities held to maturity | 8,070.4 | 8,087.4 |
| Securities available for sale | 315,453.0 | 258,000.5 |
| Real estate used by third parties | 11,511.9 | 11,505.8 |
| Funds held by others under reinsurance contracts assumed | 3,345.4 | 3,240.7 |
| Total | 338,380.7 | 280,834.4 |

### Securities available for sale

| | Amortized cost | | Unrealized gains/losses | | Market values | |
|---|---|---|---|---|---|---|
| | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn | 9/30/2001 € mn | 12/31/2000 € mn |
| Equity securities | 75,180.1 | 62,385.3 | 4,799.1 | 29,339.7 | 79,979.2 | 91,725.0 |
| Government bonds | 122,146.9 | 101,125.5 | 3,320.0 | 523.4 | 125,466.9 | 101,648.9 |
| Corporate bonds | 95,468.4 | 49,199.7 | 2,325.0 | 771.7 | 97,793.4 | 49,971.4 |
| Other | 11,204.4 | 14,266.2 | 1,009.1 | 389.0 | 12,213.5 | 14,655.2 |
| Total | 303,999.8 | 226,976.7 | 11,453.2 | 31,023.8 | 315,453.0 | 258,000.5 |

| | Realized gains | | Realized losses | |
|---|---|---|---|---|
| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
| Equity securities | 4,753.2 | 9,546.3 | 4,643.4 | 2,654.1 |
| Government bonds | 561.8 | 701.4 | 310.2 | 650.6 |
| Corporate bonds | 167.1 | 161.6 | 303.0 | 529.1 |
| Other | 36.6 | 173.4 | 34.7 | 155.1 |
| Total | 5,518.7 | 10,582.7 | 5,291.3 | 3,988.9 |

Realized gains and losses on securities are primarily calculated based on the average cost method.

Investment strategy within the Allianz Group is primarily geared to the long term. Contracts for future delivery and securities lending are used to hedge unrealized gains.

## 5 Loans and advances to banks

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Loans and advances to banks | 67,474.9 | 7,071.1 |
| Less loan loss allowance | 449.5 | 1,5 |
| Loans and advances to banks after loan loss allowance | 67,025.4 | 7,069.6 |

## 6 Loans and advances to customers

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Loans and advances to customers | 253,945.8 | 28,412.1 |
| Less loan loss allowance | 7,162.2 | 326.3 |
| Loans and advances to customers after loan loss allowance | 246,783.6 | 28,085.8 |

## 7 Amounts ceded to reinsurers from the insurance reserves

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Unearned premiums | 1,880.2 | 1,506.2 |
| Aggregate policy reserve | 12,622.2 | 13,084.8 |
| Reserve for loss and loss adjustment expenses | 16,090.2 | 13,099.4 |
| Other insurance reserves | 20.0 | 221.2 |
| Total | 30,612.6 | 27,911.6 |
| Insurance reserves for life insurance where the investment risk is carried by policyholders | 507.2 | 563.3 |
| Total | 31,119.8 | 28,474.9 |

## 8 Minority interests in shareholders' equity/earnings

The primary subsidiaries included in minority interests are the AGF Group, Paris, the RAS Group, Milan, PIMCO Group, Delaware, Allianz Lebensversicherungs-AG, Stuttgart, Frankfurter Versicherungs-AG, Frankfurt am Main, Bayerische Versicherungsbank AG, Munich and the Dresdner Bank Group, Frankfurt am Main.

### The interests of minority shareholders are made up as follows:

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Other reserves | | |
| Unrealized gains and losses | 2,738.7 | 5,956.0 |
| Share of earnings | 1,193.2 | 1,276.6 |
| Other equity components | 11,920.3 | 8,967.8 |
| Total | 15,852.2 | 16,200.4 |

## 9 Participation certificates and post-ranking liabilities

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Participation certificates | 2,514.7 | 475.6 |
| Post-ranking liabilities | 10,237.4 | 861.3 |
| Total | 12,752.1 | 1,336.9 |

€ 9,470.0 million (0) of the post-ranking liabilities are attributable to the Dresdner Bank Group.

## 10 Insurance reserves

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Unearned premiums | 13,349.9 | 11,142.7 |
| Aggregate policy reserve | 193,331.4 | 184,886.1 |
| Reserve for loss and loss adjustment expenses | 64,701.1 | 59,012.9 |
| Other insurance reserves | 20,793.0 | 29,781.8 |
| Total | 292,175.4 | 284,823.5 |

## 11 Other accrued liabilities

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Pensions and similar reserves | 5,636.4 | 3,527.4 |
| Accrued taxes | 2,520.7 | 947.1 |
| Miscellaneous accrued liabilities | 5,238.1 | 2,668.3 |
| Total | 13,395.2 | 7,142.8 |

## 12 Other liabilities

| | 9/30/2001 € mn | 12/31/2000 € mn |
|---|---|---|
| Accounts payable on direct insurance business | 7,148.6 | 7,295.5 |
| Funds held under reinsurance business ceded | 9,308.9 | 9,126.9 |
| Accounts payable on reinsurance business | 2,088.5 | 2,082.3 |
| Other liabilities | 15,742.7 | 9,987.1 |
| Total | 34,288.7 | 28,491.8 |

€ 4,010.9 million (0) of the other liabilities are attributable to the Dresdner Bank Group.

## SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED INCOME STATEMENT

### 13 Premiums

| | Life/Health* | | Property/Casualty* | | Total | |
|---|---|---|---|---|---|---|
| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
| Gross premiums written | 13,847.5 | 20,219.0 | 31,659.2 | 37,666.3 | 45,506.7 | 57,885.3 |
| Premiums ceded in reinsurance | – 818.2 | – 1,138.8 | – 4,819.5 | – 6,487.9 | – 5,637.7 | – 7,626.7 |
| Change in unearned premiums (net) | – 39.2 | – 3.6 | – 1,906.6 | – 347.9 | – 1,945.8 | – 351.5 |
| Premiums earned (net) | 12,990.1 | 19,076.6 | 24,933.1 | 30,830.5 | 37,923.2 | 49,907.1 |

* After eliminating intra-Group transactions between segments

### 14 Interest and similar income

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| Income from | | |
| Loans advanced by Group enterprises | 47.5 | 64.4 |
| Loans | 684.8 | 822.7 |
| Securities held to maturity | 492.1 | 817.4 |
| Securities available for sale | 10,045.6 | 11,578.8 |
| Profit pools or profit transfer agreements | – | – |
| Leasing agreements | 27.1 | 212.6 |
| Real estate used by third parties | 715.7 | 818.4 |
| Other interest-bearing instruments | 3,945.1 | 2,281.0 |
| Total | 15,957.9 | 16,595.3 |

#### Net interest and current income from banking business*

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| Interest and current income | 4,199.9 | 1,479.3 |
| Interest expenses | – 3,144.9 | – 1,255.5 |
| Net interest and current income | 1,055.0 | 223.8 |
| Less loan loss allowance | 209.1 | 21.3 |
| Net interest and current income after loan loss provisions | 845.9 | 202.5 |

* After eliminating intra-Group transactions between segments

## 15 Other income from investments

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| **1. Realized gains on** | | |
| Securities held to maturity | – 4.8 | – 0.3 |
| Securities available for sale | 5,518.7 | 10,582.7 |
| Real estate used by third parties | – | 35.5 |
| Other investment securities | 1.9 | 38.1 |
| **Subtotal** | 5,515.8 | 10,656.0 |
| **2. Income from revaluations on** | | |
| Securities held to maturity | 17.4 | 3.0 |
| Securities available for sale | 137.8 | – |
| Real estate used by third parties | 93.8 | 267.4 |
| Other investment securities | 2.3 | 1.6 |
| **Subtotal** | 251.3 | 272.0 |
| 3. Total | 5,767.1 | 10,928.0 |

## 16 Trading income

Trading income includes income amounting to € 1,975.5 million from derivative financial instruments where hedge accounting is not applied. These include gains from embedded derivative financial instruments of exchangeable bonds issued amounting to € 997.6 million and income from forward contracts that are used for hedging investments amounting to € 953.7 million. Trading income also includes gains totaling € 89.0 million arising from the use of derivative financial instruments in banking business, and losses of € – 64.8 million from other derivative activities.

Trading income amounting to € 1,918.7 million (€ – 36.1 million) includes income from trading activities of the banking business* amounting to € 166.4 million (€ 7.1 million). This is comprised as follows:

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| **Securities trading** | – 100.0 | 3.0 |
| **Foreign exchange/precious metals trading** | 71.0 | – 0.5 |
| **Other financial instruments** | 195.4 | 4.6 |
| Total | 166.4 | 7.1 |

* After eliminating intra-Group transactions between segments

## 17 Fee and commission income, and income resulting from service activities

Out of the total fee and commission income, and income resulting from service activities, € 1,651.6 million (€ 1,260.9 million) are attributable to asset management.*

### Net fee and commission income from banking business* comprises:

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| Securities business | 137.0 | – |
| Loan business | – | – |
| Underwriting business (new issues) | 4.0 | – |
| Other | 409.2 | 1.0 |
| Net fee and commission income | 550.2 | 1.0 |

* After eliminating intra-Group transactions between segments

## 18 Insurance benefits

### Insurance benefits in life/health* comprise the following:

| | Gross | | Ceded in reinsurance | | Net | |
|---|---|---|---|---|---|---|
| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
| Benefits paid | – 10,740.6 | – 14,948.3 | 573.2 | 951.5 | – 10,167.4 | – 13,996.8 |
| Change in reserves | | | | | | |
| Aggregate policy reserve | – 3,917.5 | – 6,364.0 | 84.9 | 344.7 | – 3,832.6 | – 6,019.3 |
| Other | – 189.1 | – 524.1 | 6.9 | – 103.4 | – 182.2 | – 627.5 |
| Subtotal | – 4,106.6 | – 6,888.1 | 91.8 | 241.3 | – 4,014.8 | – 6,646.8 |
| Expenses of premium refunds | – 2,692.0 | – 6,447.9 | 0.3 | – 0.2 | – 2,691.7 | – 6,448.1 |
| Total | – 17,539.2 | – 28,284.3 | 665.3 | 1,192.6 | – 16,873.9 | – 27,091.7 |

* After eliminating intra-Group transactions between segments

Insurance benefits in property/casualty* comprise the following:

| | Gross | | Ceded in reinsurance | | Net | |
|---|---|---|---|---|---|---|
| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
| **Claims** | | | | | | |
| Claims paid | – 21,433.4 | – 28,645.5 | 3,468.6 | 4,942.6 | – 17,964.8 | – 23,702.9 |
| Change in reserve for loss and loss adjustment expenses | – 4,930.2 | – 947.8 | 2,718.7 | 610.9 | – 2,211.5 | – 336.9 |
| **Subtotal** | – 26,363.6 | – 29,593.3 | 6,187.3 | 5,553.5 | – 20,176.3 | – 24,039.8 |
| **Change in other reserves** | | | | | | |
| Aggregate policy reserve | – 293.3 | – 370.6 | 4.9 | 27.5 | – 288.4 | – 343.1 |
| Other | 371.4 | 132.7 | 2.4 | – 18.3 | 373.8 | 114.4 |
| **Subtotal** | 78.1 | – 237.9 | 7.3 | 9.2 | 85.4 | – 228.7 |
| **Expenses of premium refunds** | – 171.3 | – 407.0 | 34.2 | 29.7 | – 137.1 | – 377.3 |
| Total | – 26,456.8 | – 30,238.2 | 6,228.8 | 5,592.4 | – 20,228.0 | – 24,645.8 |

* After eliminating intra-Group transactions between segments

## 19 Interest and similar expenses

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| Interest expenses for interests in affiliated companies and joint ventures | – 5.5 | – 62.5 |
| Interest expenses for loans advanced by Group companies | – 3.1 | – 8.0 |
| Other interest expenses | – 2,589.4 | – 400.9 |
| Total | – 2,598.0 | – 471.4 |

## 20 Other expenses for investments

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| Realized losses on investments | – 5,378.0 | – 4,116.8 |
| Write-downs on investments | – 1,115.5 | – 870.1 |
| Other expenses | – 3.9 | – 0.6 |
| Total | – 6,497.4 | – 4,987.5 |

## 21 Loan loss provisions

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| Additions to allowances including direct write-offs | 438.6 | 179.3 |
| Less amounts released | 157.1 | 72.9 |
| Less recoveries on loans previously written off | 72.4 | 85.1 |
| Loan loss provisions | 209.1 | 21.3 |

## 22 Acquisition costs and administrative expenses

| | Life/Health* | | Property/Casualty* | |
|---|---|---|---|---|
| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
| Acquisition costs | | | | |
| Payments | – 2,627.9 | – 3,096.5 | – 5,716.0 | – 7,698.1 |
| Change in deferred acquisition costs | 753.5 | 848.3 | 1,034.1 | 1,020.5 |
| Subtotal | – 1,874.4 | – 2,248.2 | – 4,681.9 | – 6,677.6 |
| Administrative expenses | – 1,057.0 | – 1,527.9 | – 3,135.6 | – 3,256.8 |
| Underwriting costs (gross) | – 2,931.4 | – 3,776.1 | – 7,817.5 | - 9,934.4 |
| less commissions and profit-sharing received on reinsurance business ceded | 153.6 | 192.5 | 923.2 | 1,449.2 |
| Underwriting costs (net) | – 2,777.8 | – 3,583.6 | – 6,894.3 | – 8,485.2 |
| Expenses for management of investment securities | – 335.3 | – 398.3 | – 486.6 | – 558.1 |
| Total acquisition costs and administrative expenses | – 3,113.1 | – 3,981.9 | – 7,380.9 | – 9,043.3 |

| | Banking Business* | | Asset Management* | |
|---|---|---|---|---|
| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
| Expenses for management of investment securities | – 1,557.4 | – 170.3 | – 112.9 | – 32.8 |
| Total acquisition costs and administrative expenses | – 1,557.4 | – 170.3 | – 112.9 | – 32.8 |

* After eliminating intra-Group transactions between segments

## 23 Taxes

The tax charge shown in the income statement comprises the taxes actually charged to individual Group enterprises and changes in deferred tax assets and liabilities.

### Tax charge

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| Current taxes | – 600.8 | – 667.5 |
| Deferred taxes | 395.6 | 491.4 |
| Total | – 205.2 | – 176.1 |

## 24 Other information

### Number of employees

The Group had a total of 181,635 (119,683) employees as of the balance sheet date. 87,952 (43,124) of these were employed in Germany and 93,683 (76,559) abroad. The number of employees undergoing training increased by 3,788 to 8,479.

### Personnel expenses

| | 1/1 – 9/30/2001 € mn | 1/1 – 12/31/2000 € mn |
|---|---|---|
| Salaries and wages | 4,792.1 | 4,784.1 |
| Social security contributions and employee assistance | 901.2 | 1,104.2 |
| Expenses for pensions and other post-retirement benefits | 322.4 | 500.3 |
| Total | 6,015.7 | 6,388.6 |

## Earnings per share

The earnings per share figure is calculated by dividing the consolidated net income for the period under review by the weighted average number of common shares outstanding.

| | | 9/30/2001 | 12/31/2000 |
|---|---|---|---|
| Net income for the period | € mn | 1,322.9 | 3,460.1 |
| Weighted average number of shares | | 244,907,793 | 245,401,507 |
| Number of shares (not including shares held by the company) | | 240,483,874 | 245,750,000 |
| Earnings per share | € | 5.40 | 14.10 |
| Diluted earnings per share | € | – | – |
| Earnings per share after elimination of non-recurring effects | € | 5.40 | 9.72 |
| Earnings per share after elimination of non-recurring effects and amortization of goodwill | € | 7.62 | 11.74 |

The weighted average number of shares includes 4,672,518 (0) shares held by the company. A diluted earnings per share figure was not calculated because there are no more warrant options in issue.

Munich, November 6, 2001
Allianz Aktiengesellschaft

The Board of Management

Allianz AG
Königinstrasse 28
80802 München
Telephone +49 89.38 00 00
Telefax +49 89.34 99 41
www.allianz.com/investor-relations

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