

Munich, August 5, 2011

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## Strong business portfolio delivers solid results in second quarter

- **Revenues of 24.6 billion euros and high operating profit of 2.3 billion euros**
- **Property and Casualty insurance and Asset Management strong, Life and Health insurance on track**
- **Net income of 1.1 billion euros, despite current impairments on Greek sovereign bonds**
- **Capitalization remains strong, solvency ratio unchanged at 180 percent**
- **2011 operating profit target of 8.0 billion euros plus/minus 0.5 billion euros confirmed**

Allianz reported solid financial results for the second quarter of 2011 with major growth in key areas. Indicators remained close to or exceeded the second-quarter 2010 levels, despite burdens from the euro debt crisis and currency fluctuations.

Total revenues for Allianz Group reached 24.6 billion euros, just 3.2 percent off the strong 25.4 billion euros for the same period in 2010 and 0.9 percent off on an internal basis. Quarterly operating profit was 2.300 billion euros, reaching the level of the prior year's quarter of 2.302 billion euros, which was the highest operating profit since the financial crisis.

At the heart of this result is the strong Allianz business portfolio. Profitable growth for Property and Casualty insurance and continuing record results in Asset Management added to the solid performance in the Life and Health insurance business, which has returned to a normal level after one-off effects.

Overall, Allianz Group generated a quarterly net income of 1.071 billion euros, despite a net burden of 326 million euros due to current impairments for Greek sovereign bonds and significantly adverse currency movements. The quarter ended 7.4 percent below the second-quarter 2010 result of 1.157 billion euros.

Allianz also maintained its strong capitalization, with solvency remaining at its first-quarter 2011 level of 180 percent. After dividend payments to Allianz shareholders of 2.032 billion euros, shareholder equity stood at 42.6 billion euros at the end of the second quarter.

For the first half-year revenues amounted to 54.5 billion euros, compared to 56.0 billion euros in 2010. Operating profit at 3.960 billion euros remained close to last year's level of 4.034 billion euros. Net income was 1.986 billion euros and 2.760 billion euros in 2010.

"These are very satisfying results," says Michael Diekmann, CEO of Allianz SE. "Our geographic and business segment diversification is keeping us at stable profitability levels. I think that the results - be it in the second quarter or for the half-year - are remarkably solid considering the high level of natural catastrophe events, the uncertainty of the capital markets, currency fluctuations and, last but not least, the current impairment of our Greek sovereign bond portfolio. Therefore, I am confident we can achieve our 2011 operating profit target of 8.0 billion euros, plus or minus 0.5 billion euros."

### **Property and Casualty insurance premiums and profitability increase**

The Property and Casualty insurance business booked a 2.4 percent increase in gross written premiums over the second quarter of 2011 to 10.2 billion euros from 10.0 billion euros the year before. Internal growth amounted to 3.7 percent for the quarter.

In addition to the rise in volume came an increase in profitability. Quarterly operating profit grew 15.9 percent to 1.329 billion euros from 1.147 billion euros in 2010. The combined ratio of 95.0 percent was among the best since late 2008. Positive impacts on the claims ratio included a lower natural catastrophe load in the second quarter, especially compared to the first quarter 2011.

"Our very good Property and Casualty insurance results demonstrate our continuous focus on profitable growth," says Oliver Bäte, Chief Financial Officer of Allianz SE. "The accident year loss ratio excluding natural catastrophes is continuing the downward trend it has shown in recent quarters, and increased rates are now reflected both in top and bottom lines."

### **Life and Health insurance with another solid quarter**

External market factors strongly influenced Life and Health insurance. Revenues amounted to 13.0 billion euros, 8.1 percent off the 14.1 billion euros in the second quarter of 2010. The second-quarter level was more normal than 2010 during which one-off effects boosted sales in countries like Italy and demand for single-premium products in Germany. Those two effects accounted for nearly the entire difference in revenues.

Operating profit amounted to 679 million euros, 17.6 percent below 824 million euros the year before, reflecting the burden of current impairments on Greek sovereign bonds. The new business margin of 2.5 percent and the value of new business of 242 million euros both reached a high level.

"The Life and Health segment remains on track, as indicated by our robust sales and the healthy value and margin of our new business," says Oliver Bäte. "Life insurance in particular is a long-term business, designed to endure a variety of market effects and cyclical variations."

### **Asset Management performance continuing at record levels**

Asset Management remains a driver for strong Group profitability. Net fee and commission income for the quarter progressed to 1.297 billion euros from 1.188 billion euros the year before, an increase of 9.2 percent. Operating profit rose to 528 million euros in the second quarter,

2.3 percent higher than 516 million euros in the previous year; excluding foreign currency exchange effects, the increase amounts to 14.5 percent.

With 1,508 billion euros in assets under management on June 30, 2011, Allianz managed to grow its business 5.4 percent from 1,430 billion euros the year before.

Third-party assets under management reached 1,151 billion euros. Allianz Global Investors recorded net inflows of 21.1 billion euros for the quarter, compared to 22.6 billion euros in 2010. The cost income ratio for the Group stood at a healthy 59.5 percent, up 2.9 percentage points from 56.6 percent the year before.

Oliver Bäte: "The very good performance of our Asset Management business has an even greater weight when considering foreign currency exchange effects. Adjusted for this, figures for the quarter show 21.3 percent growth in net fee and commission income, 14.5 percent growth in operating profit and total assets under management up by 11.1%. These are outstanding results."

#### Allianz Group - Key figures 2nd quarter and 1st half year of 2011

		2Q 2010*	2Q 2011	Δ	6M 2010*	6M 2011	Δ	
<b>Total revenues</b>	€ bn	25.4	24.6	-3.2%	56.0	54.5	-2.6%	
<b>Operating profit / loss</b>	€ mn	2,302	2,300	-0.1%	4,034	3,960	-1.8%	
- Property-Casualty	€ mn	1,147	1,329	15.9%	1,859	1,992	7.2%	
- Life/Health	€ mn	824	679	-17.6%	1,659	1,381	-16.8%	
- Asset Management	€ mn	516	528	2.3%	982	1,056	7.5%	
- Corporate and Other	€ mn	-155	-205	32.3%	-406	-428	5.4%	
- Consolidation	€ mn	-30	-31	3.3%	-60	-41	-31.7%	
<b>Income before income taxes</b>	€ mn	1,705	1,614	-5.3%	3,696	3,100	-16.1%	
Income taxes	€ mn	-548	-543	-0.9%	-936	-1,114	19.0%	
<b>Net income / loss</b>	€ mn	1,157	1,071	-7.4%	2,760	1,986	-28.0%	
- Property-Casualty	€ mn	837	952	13.7%	1,428	1,509	5.7%	
- Life/Health	€ mn	560	214	-61.8%	1,136	696	-38.7%	
- Asset Management	€ mn	230	289	25.7%	373	598	60.3%	
- Corporate and Other	€ mn	-471	-363	-22.9%	-247	-815	230%	
- Consolidation	€ mn	1	-21	-	70	-2	-	
<b>Net income</b>	€ mn	1,157	1,071	-7.4%	2,760	1,986	-28.0%	
attributable to non-controlling interests	€ mn	68	71	4.4%	106	129	21.7%	
attributable to shareholders	€ mn	1,089	1,000	-8.2%	2,654	1,857	-30.0%	
<b>Basic earnings per share</b>	€	2.41	2.21	-8.3%	5.88	4.11	-30.1%	
<b>Diluted earnings per share</b>	€	2.37	2.17	-8.4%	5.84	4.07	-30.3%	
<b>Ratios</b>								
- Property-Casualty	Combined ratio	%	96.3%	95.0%	-1.3% -p	98.4%	98.1%	-0.3% -p
- Life/Health	Cost-income ratio	%	95.4%	95.9%	0.5% -p	95.6%	96.0%	0.4% -p
- Asset Management	Cost-income ratio	%	56.6%	59.5%	2.9% -p	57.4%	59.0%	1.6% -p
					<b>12/31/10</b>	<b>06/30/11</b>	<b>Δ</b>	
<b>Shareholders' equity**</b>	€ bn	-	-	-	44.5	42.6	-4.2%	
<b>Conglomerate solvency ratio***</b>	%	-	-	-	173%	180%	7% -p	
<b>Third-party assets under management</b>	€ bn	-	-	-	1,164	1,151	-1.1%	

\* 2Q 2010 and 6M 2010 figures have been restated to reflect a change in Allianz Group's accounting policy

\*\* Excluding non-controlling interests

\*\*\* Including off-balance sheet reserves (06/30/11: €2.1bn, 12/31/10: €2.1 bn). The solvency ratio excluding off-balance sheet reserves would amount to 171% as of 06/30/11 and 164% as of 12/31/10

These assessments are, as always, subject to the disclaimer provided below.

**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 company assumes no obligation to update any forward-looking statement.

**No duty to update**

The company assumes no obligation to update any information contained herein.