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Allianz starts 2012 with a strong first quarter

- **Quarterly revenues of 30.1 billion euros stable at high level**
- **Operating profit grows 40.4 percent to 2.3 billion euros**
- **Net income rises 57.9 percent to 1.4 billion euros**
- **Capital position continues to be very strong**
- **Operating profit outlook for 2012 of 8.2 billion euros plus/minus 0.5 billion euros confirmed**

Allianz has had a successful start in 2012: Revenues, operating profit and net income for the first quarter were above first-quarter 2011 levels. Allianz Group also further improved its already strong capital base.

In the first quarter of 2012, Allianz Group earned 30.1 billion euros in revenues, the second-highest level in its history. In the same period the year before, total revenues reached 29.9 billion euros.

Operating profit of 2.3 billion euros was 40.4 percent higher than the previous year's value of 1.7 billion euros. Property and Casualty insurance showed a substantial improvement in operating profit due to a lower impact from natural catastrophes; Life and Health insurance as well as Asset Management also produced significant increases.

Net income for the first quarter of 2012 rose 57.9 percent to 1.4 billion euros from 0.9 billion euros in the first quarter of 2011 which was impacted especially by high claims from natural catastrophes.

The conglomerate solvency ratio further improved to 183 percent from 179 percent as of December 31, 2011. Shareholders' equity grew over the same period by 7.4 percent to 48.245 billion euros from 44.915 billion euros.

"Allianz has put in a very good performance this quarter, following 2011 that was tough for the entire insurance industry," said Oliver Bäte, Chief Financial Officer of Allianz SE. "Despite the ongoing sovereign debt crisis, volatile markets and low interest rates, we continue to expect an operating profit for 2012 of 8.2 billion euros, plus or minus 0.5 billion euros."

Property and Casualty insurance with strong results

Gross premiums written in Property and Casualty insurance reached 14.8 billion euros. This result represents an increase of 3.8 percent compared to 14.3 billion euros in the first quarter of 2011. The segment benefited from both positive price and volume effects.

Nearly all regions and global business units contributed to this growth. Australia and the Asia-Pacific region as well as the credit insurance and industrial lines increased premiums significantly.

Operating profit of 1.2 billion euros for the first quarter of 2012 represents a rise of 79.3 percent compared to the same period last year. It benefited from a reduced natural catastrophe impact, which was 695 million euros lower than in the first three months of last year. The combined ratio improved to 96.2 percent from 101.3 percent in the first quarter of 2011. The expense ratio of 27.9 percent remained stable as compared to 28.0 percent in the first quarter of 2011.

Oliver Bäte: "Revenues in Property and Casualty insurance are at record levels, and operating profit is on track. Even though there was a lower incidence of natural catastrophes this quarter, we are seeing a trend toward higher natural catastrophe impacts. For this reason, we have increased our 2012 budget for these impacts to 1.2 billion euros."

Life and Health insurance with solid operating performance

Life and Health insurance recorded statutory premiums of 13.7 billion euros for the first quarter of 2012, 4.0 percent lower than the previous year's result of 14.3 billion euros.

Premiums for traditional life products increased to 6.6 billion euros from 6.4 billion euros in the first quarter of 2011, while the volume for investment-oriented products decreased to 7.1 billion euros from 7.9 billion euros. In addition to an overall drop in demand for unit-linked products, this development was mainly due to the discontinuation of new life insurance business in Japan and lower bancassurance sales, for example in Italy.

The operating profit for the first three months in 2012 – supported by benign capital market conditions – rose to 826 million euros, its highest level in two years. This represents an increase of 17.7 percent compared to 702 million euros in the first quarter 2011.

The average asset base for Life and Health insurance was 368.5 billion euros in the first quarter of 2012, 6.0 percent more than 347.8 billion euros over the same period in 2011. The value of new business stood at 223 million euros, compared to 243 million euros in the first quarter of 2011.

"The Life and Health insurance business remains robust. Traditional life insurance business is showing a positive development. In this challenging environment we continue to focus on value creation, not just the top line," said Oliver Bäte.

Asset Management maintains growth

Asset Management produced another outstanding performance in the first quarter of 2012. Net fee and commission income rose by 12.7 percent to 1.4 billion euros from 1.3 billion euros in the first quarter of 2011.

Operating profit in the quarter grew to 613 million euros from 528 million euros in the first quarter of 2011. This represents an increase of 16.1 percent. Adjusted for foreign currency and consolidation effects, operating profit grew by 10.3 percent. The cost-income ratio for the segment improved in the first quarter of 2012 to 57.4 percent from 58.5 percent in the first quarter of 2011.

Total assets under management of 1.7 trillion euros were 10.7 percent higher than 1.5 trillion euros at the same time in 2011. Third-party assets under management rose to 1.3 trillion euros on March 31, 2012 from 1.1 trillion euros the year before.

"The Asset Management business continues to grow and outperform the market," said Oliver Bäte. "The segment rounds out our portfolio and provides outstanding returns for customers. The new two-pillar setup with Allianz Global Investors and PIMCO helps us serve the needs of our customers even better and to continue this success story."

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

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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.

Allianz Group - Key figures 1st quarter 2012

		1Q 2011	1Q 2012	Δ	
Total revenues	€ bn	29.9	30.1	0.5%	
Operating profit / loss	€ mn	1,660	2,330	40.4%	
- Property-Casualty	€ mn	663	1,189	79.3%	
- Life/Health	€ mn	702	826	17.7%	
- Asset Management	€ mn	528	613	16.1%	
- Corporate and Other	€ mn	-223	-284	27.4%	
- Consolidation	€ mn	-10	-14	40.0%	
Income before income taxes	€ mn	1,486	2,235	50.4%	
Income taxes	€ mn	-571	-790	38.4%	
Net income / loss	€ mn	915	1,445	57.9%	
- Property-Casualty	€ mn	557	836	50.1%	
- Life/Health	€ mn	482	626	29.9%	
- Asset Management	€ mn	309	379	22.7%	
- Corporate and Other	€ mn	-452	-383	-15.3%	
- Consolidation	€ mn	19	-13	-	
Net income	€ mn	915	1,445	57.9%	
attributable to non-controlling interests	€ mn	58	74	27.6%	
attributable to shareholders	€ mn	857	1,371	60.0%	
Basic earnings per share	€	1.90	3.03	59.5%	
Diluted earnings per share	€	1.88	3.02	60.6%	
Ratios					
- Property-Casualty	Combined ratio	%	101.3%	96.2%	-5.1% -p
- Life/Health	Margin on reserves ¹	bps	69	78	9 bps
- Asset Management	Cost-income ratio	%	58.5%	57.4%	-1.1% -p
			12/31/2011	03/31/2012	Δ
Shareholders' equity²	€ bn	44.9	48.2	7.4%	
Conglomerate solvency ratio³	%	179%	183%	4% -p	
Third-party assets under management	€ bn	1,281	1,266	-1.2%	

¹ Operating profit (annualized) divided by average net reserves

² Excluding non-controlling interests

³ Including off-balance sheet reserves (03/31/12: € 2.2bn, 12/31/11: € 2.2bn). The solvency ratio excluding off-balance sheet reserves would amount to 174% as of 03/31/12 and 170% as of 12/31/11