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Allianz continues solid performance in second quarter of 2012

- **Revenues increase to 25.2 billion euros**
- **Operating profit rises to 2.4 billion euros**
- **Quarterly net income grows over 20 percent**
- **Strong capital position fortified**
- **Operating profit outlook for 2012 of 8.2 billion euros plus/minus 0.5 billion euros confirmed**

Allianz has followed up its strong start into 2012 with another solid performance in the second quarter. Revenues and operating profit grew due to the Group's diversified business portfolio; net income also improved compared to the second quarter of 2011.

Allianz Group recorded revenues of 25.2 billion euros in the second quarter of 2012. This was an increase of 2.5 percent from 24.6 billion euros in the same period the year before.

Quarterly operating profit rose 2.8 percent to 2.4 billion euros from 2.3 billion euros in the second quarter of 2011. Growth in operating profit in both Life and Health insurance and in Asset Management offset a lower operating profit in Property and Casualty insurance.

At 1.3 billion euros, net income in the second quarter of 2012 was 23.2 percent higher than 1.1 billion euros in the same period the year before which had been impacted by write-downs of Greek sovereign debt.

The conglomerate solvency ratio further improved over the quarter to 186 percent, compared to 183 percent as of March 31, 2012. Shareholders' equity over the same period was stable at 48.013 billion euros, compared to 48.245 billion euros at the end of the first quarter of 2012 – despite dividend payments of 2.037 billion euros to Allianz shareholders in May 2012.

"Our consistently good results show that we weather the difficult market conditions very well. Our operative business is stable and remains on course," said Michael Diekmann, CEO of Allianz SE. "Despite the challenging environment, we confirm our outlook of an operating profit for 2012 of 8.2 billion euros, plus or minus 0.5 billion euros."

Property and Casualty insurance with strong revenue growth

Property and Casualty insurance saw a further increase in gross premiums written of 5.2 percent to 10.7 billion euros in the second quarter of 2012 from 10.2 billion euros over the same period in 2011.

Internal growth of 3.2 percent was attributable to price increases of 1.4 percent and volume growth of 1.8 percent. Nearly all markets showed rises in premiums, including an increase of 33.0 percent in Latin America driven by growth in Brazil. Revenues in Germany rose by 3.3 percent, benefitting from a positive price effect.

In the second quarter of 2012, operating profit of 1.1 billion euros was 16.3 percent lower than 1.3 billion euros in the second quarter of 2011. The main driver for this change was a lower run-off, following reserve additions of approximately 120 million euros related to the Thailand flooding of 2011. At 2.1 percent, run-off for the second quarter of 2012 was about half the level it was in the second quarter of 2011 of 4.0 percent. As a result, the combined ratio increased 2.4 percentage points to 97.4 percent from 95.0 percent over the same period. The expense ratio for the quarter was 28.0 percent, unchanged from the second quarter of 2011.

"We are seeing a solid performance in our Property and Casualty business. Premiums are growing both in markets where Allianz is well-established and in important growth markets like Brazil," said Oliver Bäte, Chief Financial Officer of Allianz SE. "These are clear signs that our business is robust."

Life and Health insurance resilient in difficult environment

In the second quarter of 2012, statutory premiums in Life and Health insurance supported by positive foreign currency effects were stable at 12.9 billion euros, close to the level of 13.0 billion euros in the second quarter of 2011.

Italy and Spain both recorded strong revenue growth for the second quarter of 2012, despite the ongoing sovereign debt crisis in Europe. Statutory premiums for traditional life insurance products increased to 5.8 billion euros compared to 5.6 billion euros in the second quarter of 2011. This partially balanced out the effects of difficult financial markets on investment-oriented products, especially in Europe. Premiums in investment-oriented products decreased to 7.1 billion euros for the quarter from 7.4 billion euros in the second quarter of 2011.

Operating profit for the second quarter of 2012 rose 20.9 percent to 821 million euros from 679 million euros over the same period in 2011. The technical and expense results in particular contributed to this increase.

The average asset base reached 376.9 billion euros in the second quarter of 2012, an increase of 8.0 percent from 349.0 billion euros in the same period of 2011. The value of new business was 163 million euros, compared to 244 million euros for the second quarter of 2011, reflecting the pressures of declining interest rates and market volatility.

"Our Life and Health segment is holding up well in this difficult environment. Profitability remains our primary focus. Quarterly premiums overall are broadly stable – indeed, premiums are even growing in regions that have been hit hard by high market volatility," said Oliver Bäte. "And not only that, but operating profit has risen compared to last year based on improvements across all result components."

Asset Management finishes another excellent quarter

In Asset Management growth in revenues and profit continued. Net fee and commission income of 1.5 billion euros for the second quarter was 15.2 percent higher than the result in the second quarter of 2011 of 1.3 billion euros.

Total assets under management rose 15.9 percent to 1.7 trillion euros at the end of the second quarter of 2012 from 1.5 trillion euros at the end of June 2011. Third-party assets under management at the conclusion of the second quarter of 2012 were 1.4 trillion euros, compared to 1.2 trillion euros at the same period in 2011.

The segment increased its operating profit in the second quarter of 2012 to 635 million euros from 528 million euros over the same period in 2011, a rise of 20.3 percent. Adjusted for foreign currency and consolidation effects, this represents an increase of 7.2 percent. Asset Management recorded a cost-income ratio in the second quarter of 2012 of 57.6 percent, an improvement of 1.9 percentage points from 59.5 percent in the second quarter of 2011.

Oliver Bäte: "We are more than satisfied with our Asset Management business. Its performance has been outstanding throughout the last few years, despite the crisis. And we are now in a virtuous circle of 'flight to quality', strong margins and growing cash earnings."

Allianz Group - Key figures 2nd quarter and 1st half year of 2012

		2Q 2011	2Q 2012	Δ	6M 2011	6M 2012	Δ	
Total revenues	€ bn	24.6	25.2	2.5%	54.5	55.2	1.4%	
Operating profit / loss	€ mn	2,300	2,364	2.8%	3,960	4,694	18.5%	
- Property-Casualty	€ mn	1,329	1,112	-16.3%	1,992	2,301	15.5%	
- Life/Health	€ mn	679	821	20.9%	1,381	1,647	19.3%	
- Asset Management	€ mn	528	635	20.3%	1,056	1,248	18.2%	
- Corporate and Other	€ mn	-205	-191	-6.8%	-428	-475	11.0%	
- Consolidation	€ mn	-31	-13	-58.1%	-41	-27	-34.1%	
Income before income taxes	€ mn	1,614	2,074	28.5%	3,100	4,309	39.0%	
Income taxes	€ mn	-543	-754	38.9%	-1,114	-1,544	38.6%	
Net income / loss	€ mn	1,071	1,320	23.2%	1,986	2,765	39.2%	
- Property-Casualty	€ mn	952	807	-15.2%	1,509	1,643	8.9%	
- Life/Health	€ mn	214	506	136%	696	1,132	62.6%	
- Asset Management	€ mn	289	345	19.4%	598	724	21.1%	
- Corporate and Other	€ mn	-363	-273	-24.8%	-815	-656	-19.5%	
- Consolidation	€ mn	-21	-65	210%	-2	-78	3800%	
Net income	€ mn	1,071	1,320	23.2%	1,986	2,765	39.2%	
- attributable to non-controlling interests	€ mn	71	86	21.1%	129	160	24.0%	
- attributable to shareholders	€ mn	1,000	1,234	23.4%	1,857	2,605	40.3%	
Basic earnings per share	€	2.21	2.73	23.5%	4.11	5.76	40.1%	
Diluted earnings per share	€	2.17	2.68	23.5%	4.07	5.73	40.8%	
Ratios								
- Property-Casualty	Combined ratio	%	95.0%	97.4%	2.4% -p	98.1%	96.8%	-1.3% -p
- Life/Health	Margin on reserves ¹	bps	66	76	10 bps	67	77	10 bps
- Asset Management	Cost-income ratio	%	59.5%	57.6%	-1.9% -p	59.0%	57.5%	-1.5% -p
					12/31/11	06/30/12	Δ	
Shareholders' equity²	€ bn	-	-	-	44.9	48.0	6.9%	
Conglomerate solvency ratio³	%	-	-	-	179%	186%	7% -p	
Third-party assets under management	€ bn	-	-	-	1,281	1,354	5.7%	

¹ Operating profit (annualized) divided by average net reserves

² Excluding non-controlling interests

³ Including off-balance sheet reserves (06/30/12: € 2.2bn, 12/31/11: € 2.2 bn). The solvency ratio excluding off-balance sheet reserves would amount to 177% as of 06/30/12

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

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No duty to update

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