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## **Allianz Group in the third quarter of 2009: Operating profit increased by 23 percent to 1.9 billion euros**

- **Net income from continuing operations more than doubled to 1.3 billion euros**
- **Property/Casualty: operating profit still below normal level, but with 1.0 billion euros best quarterly result in 2009 achieved**
- **Quarterly revenues grew by 5.2 percent to 22.0 billion euros, driven by Life/Health insurance and Financial Services**
- **Strong solvency ratio of 164 percent**

Allianz Group today reported results for the third quarter of 2009. Total quarterly revenues grew by 5.2 percent on an internal basis to 22.0 billion euros, compared to 21.1 billion euros in the third quarter of 2008. At 1.9 billion euros, quarterly operating profit reached its highest level since second quarter of 2008. Compared to the previous year's third quarter, this also represents an increase of 23.4 percent.

Quarterly net income from continuing operations improved significantly by 143 percent to 1.3 billion euros, compared to 545 million euros in the third quarter of 2008. Allianz Group's strong capital position further improved with a solvency ratio of 164 percent at September 30, 2009, including dividend accrual. Compared to June 30, 2009, shareholders' equity increased by 14 percent to 39.4 billion euros.

"Our very good third quarter result shows that Allianz has a sound platform for delivering solid earnings even in the 'new normal' of a challenging market environment with structurally lower returns. Allianz is well capitalized and our solvency ratio has a firm base founded on a high quality investment portfolio and conservative risk management approach," said Oliver Bäte, CFO of Allianz SE.

### **Property and Casualty insurance**

In the Property and Casualty insurance business, gross premiums written amounted to 10.2 billion euros in the third quarter, compared to 10.8 billion euros in the same quarter of 2008. Adjusted for foreign currency and consolidation effects, revenues declined by 2.4 percent. Operating profit reached 1.0 billion euros, which represents the segment's strongest quarter so far in 2009. Compared to the previous year's third quarter, operating profit decreased by 18.2 percent.

Germany, France, Italy and Credit Insurance were impacted by negative underwriting effects from the recession and an unusually high number of weather-related claims.

The combined ratio improved by 2 percentage points to 96.9 percent compared to 98.9 percent in the second quarter of 2009. It is slightly above the 96.5 percent of the previous year's third quarter.

"We achieved a reasonable result in the Property and Casualty business, given the still challenging market environment, but the operating result is not yet satisfactory. Top-line development reflects our disciplined risk selection approach in all markets. We remain focused on our efforts to improve productivity in this segment. While pricing shows an upward trend, volumes remain challenged due to weaker demand and portfolio cleaning measures," explained Oliver Bäte.

### **Life and Health insurance**

The Life and Health insurance business continued to recover strongly during the third quarter and was a major contributor to the improvement of the overall result. Statutory premium income grew by 14.6 percent to 10.8 billion euros in the third quarter, compared to 9.4 billion euros in the third quarter of 2008. This top-line growth was again based on strong demand for investment products with guarantees or investment participation.

Operating profit increased by 294 percent to 859 million euros, compared to 218 million euros in the third quarter of last year. Improved conditions in the capital markets led to a much improved investment result of about 580 million euros including significantly lower impairments. Net inflows amounted to 4.5 billion euros in the third quarter of 2009.

"Our Life and Health business is performing very well and generates both strongly growing revenues and very good margins, despite significantly reduced interest rates. Nearly all markets contributed to this excellent result. Italy, Switzerland, Germany and Asia-Pacific recorded double-digit growth in premiums," said Oliver Bäte.

### **Financial Services**

In Financial Services, quarterly revenues increased by 22.5 percent to 1.1 billion euros, compared to 0.9 billion euros in the previous year's third quarter. Higher fee and commission income from the Asset Management business was the major driver behind the segment's 14.0 percent internal revenue growth in the quarter.

Operating profit at 332 million euros almost doubled compared to 167 million euros in the third quarter of 2008. Asset Management was the main contributor to this development, while Banking contained set-up costs of 24 million euros for Allianz Bank in Germany.

In Asset Management, favorable capital markets and strong organic growth increased third-party assets under management by 65 billion euros in the third quarter of 2009 to a total of 878 billion euros, the highest level ever. This development was clearly driven by the strong performance of the fixed income business.

"Our Financial Services business had an outstanding quarter with the highest operating profit since the fourth quarter of 2007. An excellent cost-income-ratio of 59 percent underlines the high productivity of our Asset Management business. Combined with strong net inflows our Asset Management is performing at the top of the industry," commented Oliver Bäte.

#### Allianz Group - Key figures 3rd quarter and first 9 months 2009

		3Q 2008	3Q 2009	Δ	9M 2008	9M 2009	Δ	
<b>Total revenues</b>	€ bn	21.1	22.0	4.3%	69.6	71.9	3.3%	
<b>Operating result</b>	€ mn	1,563	1,929	23.4%	6,448	5,134	-20.4%	
- Property-Casualty	€ mn	1,261	1,031	-18.2%	4,438	2,895	-34.8%	
- Life/Health	€ mn	218	859	294%	1,510	2,251	49.1%	
- Financial Services	€ mn	167	332	98.8%	707	676	-4.4%	
- Corporate	€ mn	-50	-258	416%	-170	-641	277%	
- Consolidation	€ mn	-33	-35	6.1%	-37	-47	27.0%	
<b>Income / loss before income taxes &amp; minority interests</b>	€ mn	827	1,837	122%	5,660	4,616	-18.4%	
Income taxes	€ mn	-248	-498	101%	-1,329	-966	-27.3%	
Minority interests in earnings	€ mn	-34	-16	-52.9%	-181	-34	-81.2%	
<b>Net income / loss from continuing operations</b>	€ mn	545	1,323	143%	4,150	3,616	-12.9%	
- Property-Casualty	€ mn	791	764	-3.4%	3,670	1,944	-47.0%	
- Life/Health	€ mn	-5	601	-	872	1,583	81.5%	
- Financial Services	€ mn	-14	90	-	225	202	-10.2%	
- Corporate	€ mn	-154	-88	-42.9%	-362	-281	-22.4%	
- Consolidation	€ mn	-73	-44	-39.7%	-255	168	-	
<b>Net income / loss from discontinued operations</b>	€ mn	-2,568	0	-100%	-3,483	-395	-88.7%	
<b>Net income / loss</b>	€ mn	-2,023	1,323	-	667	3,221	383%	
<b>Basic earnings per share</b>	€	-4.49	2.94	-	1.48	7.15	383%	
- from continuing operations	€	1.21	2.94	143%	9.22	8.02	-13.0%	
- from discontinued operations	€	-5.70	0.00	-100%	-7.74	-0.87	-88.8%	
<b>Diluted earnings per share</b>	€	-4.48	2.94	-	1.41	7.12	405%	
- from continuing operations	€	1.20	2.94	145%	9.07	7.99	-11.9%	
- from discontinued operations	€	-5.68	0.00	-100%	-7.66	-0.87	-88.6%	
<b>Ratios</b>								
- Property-Casualty	Combined ratio*	%	96.5%	96.9%	0.4% -p	95.2%	98.2%	3.0% -p
- Life/Health	Cost-income ratio	%	98.1%	94.1%	-4.0% -p	96.2%	95.1%	-1.1% -p
- Financial Services	Cost-income ratio	%	79.9%	67.4%	-12.5% -p	73.2%	75.2%	2.0% -p
					12/31/08	09/30/09	Δ	
<b>Shareholders' equity**</b>	€ bn	-	-	-	33.7	39.4	16.8%	
<b>Conglomerate solvency ratio</b>	%	-	-	-	161%***	164%	3% -p	
<b>Third-party assets under management</b>	€ bn	-	-	-	703.5	877.5	24.7%	

\* Mark-to-market changes in group equity incentives reclassified from administrative expenses to trading. Prior periods have been retrospectively adjusted. Net change of reserves related to savings component of UBR-business now included in claims (claims reduction of EUR 35mn for 9M 09 included in 3Q 09). Prior periods have not been retrospectively adjusted.

\*\* Excluding minority interests

\*\*\* Pro forma after sale of Dresdner Bank

We would like to remind you of our **conference call** which will take place today at 2.00 p.m. CET | 1.00 p.m. UK time.

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 matters discussed herein may also be affected by risks and uncertainties described from time to time in Allianz SE's filings with the U.S. Securities and Exchange Commission. The company assumes no obligation to update any forward-looking statement.

**No duty to update**

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