

Munich, November 9, 2012

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## Allianz with third consecutive strong quarter

- **Revenues increase in the third quarter by 4.7 percent to 25.2 billion euros**
- **Operating profit grows by one third to 2.5 billion euros**
- **Quarterly net income of 1.4 billion euros at high level**
- **Solvency ratio further improves to 190 percent**
- **Allianz expects 2012 operating profit to exceed 9 billion euros**

In the third quarter of 2012, Allianz continued its momentum from the first half of the year. As in the first two quarters, revenues, operating profit and net income increased compared to the respective quarter in 2011.

Total revenues for the third quarter of 2012 grew to 25.2 billion euros from 24.1 billion euros in 2011, an increase of 4.7 percent. Quarterly operating profit rose 32.8 percent to 2.5 billion euros from 1.9 billion euros in the third quarter of 2011. All three business segments saw improvements.

Net income reached 1.4 billion euros for the third quarter of 2012, compared to 258 million euros in the third quarter of 2011. In the previous year, impairments on financial sector investments and Greek sovereign bonds had heavily impacted net income.

The conglomerate solvency ratio as of September 30, 2012 was 190 percent, an increase of 4 percentage points from 186 percent as of June 30, 2012. Shareholders' equity over the same period grew 8.1 percent to 51.915 billion euros from 48.013 billion euros.

Following the strong operating performance, Allianz expects the 2012 full year operating profit to exceed 9 billion euros, assuming no adverse developments during the remainder of the year.<sup>1</sup> Net income development will continue to be influenced by balance sheet strengthening including investment de-risking and restructuring activities.

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<sup>1</sup> This outlook considers preliminary estimates regarding the impacts of hurricane "Sandy" as per November 8, 2012. As common with such large catastrophes, comprehensive and reliable loss estimates from all affected clients across various business segments and operating entities can only be made weeks or even months after the event. Furthermore, as always, other natural catastrophes, adverse developments in the capital markets as well as subsequent events and factors stated in the "Cautionary Note Regarding Forward-Looking Statements", may also affect the results of operations.

"The third quarter contributed significantly to our very strong nine-month results," said Michael Diekmann, CEO of Allianz SE. "Especially in challenging times, customers are looking for reliability in insurance and investments."

### **Revenues in Property and Casualty insurance continue to grow**

The Property and Casualty insurance business maintained its solid operating performance. In the third quarter of 2012, gross written premiums grew by 5.2 percent to 11.4 billion euros from 10.8 billion euros for the same period in 2011.

Operating profit in the third quarter of 2012 increased 4.3 percent to 1.2 billion euros from 1.1 billion euros the previous year. The combined ratio for the third quarter of this year improved 1.3 percentage points to 96.3 percent from 97.6 percent in the third quarter of 2011. Lower claims from natural catastrophes contributed to this development, impacting the loss ratio by 0.8 percentage points in the third quarter of this year compared to 4.0 percentage points for the same period in 2011. The run-off ratio for the third quarter of 2012 was 1.5 percent.

"Our Property and Casualty insurance business has benefited from positive pricing effects and lower claims from natural catastrophes, so our focus will remain on securing profitable growth," said Oliver Bäte, Chief Financial Officer of Allianz SE.

### **Life and Health insurance remains on track**

Statutory premiums in Life and Health insurance for the third quarter of 2012 were 11.9 billion euros, 0.9 percent higher than the previous year's figure of 11.8 billion euros. In particular, markets such as the Asia-Pacific region, France, Spain and Switzerland recorded strong revenue growth.

In the third quarter of 2012 statutory premiums for traditional life insurance products increased to 5.9 billion euros from 5.6 billion euros in the third quarter the year before. Revenues in investment-oriented products followed the current trend in major markets, declining to 6.0 billion euros. For the same period in 2011, the figure was 6.2 billion euros.

Operating profit in the third quarter of 2012 was 822 million euros, compared to 520 million euros in the previous year. This increase of 58.1 percent stems mainly from an improved investment result after high impairments in 2011.

The average asset base for the segment increased by 9.0 percent in the third quarter of 2012 to 386.8 billion euros from 354.9 billion euros in the third quarter the year before. The value of new business was 149 million euros, compared to 235 million euros for the third quarter of 2011, reflecting the impact of the low interest rate environment.

"In today's ongoing challenging environment for the Life and Health insurance segment, we are focused on the quality of our portfolio," said Oliver Bäte. "Customers are looking for a strong partner like Allianz. Our asset base continues to grow, and our operating profit is also on a very good track."

## **Asset Management continues to achieve excellent results**

In the Asset Management business, net fee and commission income reached 1.8 billion euros in the third quarter of 2012, 36.4 percent above the previous year's value of 1.3 billion euros. This increase reflects higher assets under management, higher performance fees and positive foreign currency exchange effects.

Total assets under management grew 14.8 percent to a record 1.8 trillion euros at the end of the third quarter of 2012 from 1.6 trillion euros as of the end of September 2011. Third-party assets rose over the same period to 1.4 trillion euros from 1.2 trillion euros.

Operating profit for Asset Management grew by 58.1 percent in the third quarter of 2012 to 849 million euros, compared to 537 million euros for the third quarter of the previous year. The increase was 40.9 percent adjusted for foreign currency and consolidation effects. The cost-income ratio improved by 5.5 percentage points to 54.0 percent from 59.5 percent in the third quarter of 2011.

Oliver Bäte: "This positive result reflects PIMCO's continued success. In addition to strong results in the US business, PIMCO is growing strongly globally. With another outstanding quarter, the Asset Management business has again made an important contribution to the stability and profitability of Allianz."

**Allianz Group - Key figures 3rd quarter and first 9 months of 2012**

		3Q 2011	3Q 2012	Δ	9M 2011	9M 2012	Δ	
<b>Total revenues</b>	€ bn	24.1	25.2	4.7%	78.5	80.5	2.4%	
<b>Operating profit / loss</b>	€ mn	1,906	2,532	32.8%	5,866	7,226	23.2%	
- Property-Casualty	€ mn	1,111	1,159	4.3%	3,103	3,460	11.5%	
- Life/Health	€ mn	520	822	58.1%	1,901	2,469	29.9%	
- Asset Management	€ mn	537	849	58.1%	1,593	2,097	31.6%	
- Corporate and Other	€ mn	-233	-272	16.7%	-661	-747	13.0%	
- Consolidation	€ mn	-29	-26	-10.3%	-70	-53	-24.3%	
<b>Income before income taxes</b>	€ mn	644	2,181	239%	3,744	6,490	73.3%	
Income taxes	€ mn	-386	-744	92.7%	-1,500	-2,288	52.5%	
<b>Net income / loss</b>	€ mn	258	1,437	457%	2,244	4,202	87.3%	
- Property-Casualty	€ mn	513	814	58.7%	2,022	2,457	21.5%	
- Life/Health	€ mn	235	540	130%	931	1,672	79.6%	
- Asset Management	€ mn	333	521	56.5%	931	1,245	33.7%	
- Corporate and Other	€ mn	-832	-445	-46.5%	-1,647	-1,101	-33.2%	
- Consolidation	€ mn	9	7	-22.2%	7	-71	-	
<b>Net income</b>	€ mn	258	1,437	457%	2,244	4,202	87.3%	
- attributable to non-controlling interests	€ mn	62	93	50.0%	191	253	32.5%	
- attributable to shareholders	€ mn	196	1,344	586%	2,053	3,949	92.4%	
<b>Basic earnings per share</b>	€	0.43	2.97	591%	4.55	8.73	91.9%	
<b>Diluted earnings per share</b>	€	0.34	2.94	765%	4.42	8.68	96.4%	
<b>Ratios</b>								
- Property-Casualty	Combined ratio	%	97.6%	96.3%	-1.3% -p	97.9%	96.6%	-1.3% -p
- Life/Health	Margin on reserves <sup>1</sup>	bps	50	74	24 bps	62	76	14 bps
- Asset Management	Cost-income ratio	%	59.5%	54.0%	-5.5% -p	59.2%	56.1%	-3.1% -p
<b>Shareholders' equity<sup>2</sup></b>	€ bn	-	-	-	44.9	51.9	15.6%	
<b>Conglomerate solvency ratio<sup>3</sup></b>	%	-	-	-	179%	190%	11% -p	
<b>Third-party assets under management</b>	€ bn	-	-	-	1,281	1,419	10.8%	

<sup>1</sup> Operating profit (annualized) divided by average net reserves

<sup>2</sup> Excluding non-controlling interests

<sup>3</sup> Including off-balance sheet reserves (09/30/12: € 2.2bn, 12/31/11: € 2.2 bn). The solvency ratio excluding off-balance sheet reserves would amount to 181% as of 09/30/12 and 170% as of 12/31/11

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.