

# Press

## Allianz Group increases operating profit 22.7 percent to 2.2 billion euros in the second quarter of 2010

- Quarterly revenues grow at double-digit rate to 25.4 billion euros
- Net income of 1.1 billion euros, reflecting lower harvesting
- Property-Casualty operating profit up 28 percent
- Life/Health with strong internal revenue growth of 16 percent
- Asset Management contributes 21.2 percent to Group net income
- Solvency ratio increases to 170 percent

Allianz Group today reported its results for the second quarter of 2010, which reflect a very good performance throughout the first half of the year. Total quarterly revenues grew by 14.5 percent to 25.4 billion euros, from 22.2 billion euros in the second quarter of 2009. Internal growth<sup>1</sup> for quarterly revenues amounted to 10.8 percent. Operating profit jumped by 22.7 percent to 2.2 billion euros, compared to 1.8 billion euros in the same period of last year.

All three business segments contributed positively to quarterly net income of 1.1 billion euros, which reflects a low level of harvesting. Net income in the second quarter of last year amounted to 1.9 billion euros, supported by high realized gains.

### Strong first half-year

Total revenues for the first six months of 2010 amounted to 56.0 billion euros, and were 12.2 percent higher than 49.9 billion euros in the same period of 2009. Half-year operating profit grew by 21.7 percent from 3.2 billion euros to 3.9 billion euros. Half-year net income jumped by 39.5 percent from 1.9 billion euros to 2.7 billion euros.

Allianz Group's capital position remains strong with a solvency ratio of 170 percent as of June 30, 2010, following 168 percent at the end of first quarter 2010. Shareholders' equity increased by 0.7 percent to 43.8 billion euros as of June 30, 2010, from 43.5 billion euros at the end of March.

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<sup>1</sup> Adjusted for foreign currency translation effects and consolidation

Michael Diekmann, CEO of Allianz SE: "We had a very good half-year with double-digit growth in both revenues and operating profit. In a first half-year marked by exceptionally high natural catastrophe losses, our success shows that our diversified approach across business segments and regions is helping us to ensure stable results. In addition, our strong capitalization and conservative capital management underline the reliability for which Allianz is renowned."

### **Property-Casualty operating profit up 28.2 percent**

In the Property and Casualty business gross premiums written increased to 10.0 billion euros in the second quarter. Compared to 9.5 billion euros in the second quarter of 2009, premiums increased by 4.5 percent. Adjusted for currency effects, premiums rose by 0.5 percent. An improved underwriting result and higher investment income contributed to a significant increase in quarterly operating profit of 28.2 percent to 1.1 billion euros, following 895 million euros in the second quarter of last year.

The combined ratio improved to 96.3 percent, compared to 98.9 percent in second quarter 2009 and 100.4 percent in first quarter 2010. Claims from natural catastrophes amounted to 255 million euros, and made up 2.6 percentage points of the combined ratio. This compares to 1.1 percentage points in second quarter 2009. A higher run-off ratio of 4.2 percent had a positive effect on the combined ratio.

Gross premiums written for the first six months of 2010 grew by 2.3 percent to 23.9 billion euros, compared to 23.4 billion euros in the first half of 2009. Half-year operating profit remained stable at 1.86 billion euros. The half-year combined ratio improved to 98.4 percent, following 98.8 percent in the first six months of 2009.

"While in the second quarter soft market conditions persisted in many insurance markets, positive price effects were observed in several of our core markets. In addition, our quarterly operating profit growth shows progress in terms of underwriting, claims management and productivity," said Oliver Bäte, Chief Financial Officer of Allianz SE.

### **Life/Health segment performed strongly again**

The Life/Health segment achieved a quarterly revenue of 14.1 billion euros, growing 20 percent, compared to 11.8 billion euros in the second quarter of last year. Internal growth amounted to 16.2 percent. The increase was driven by generally strong demand for investment-oriented products, such as unit-linked insurance and products with guarantees, as well as traditional life insurance.

Quarterly operating profit amounted to 713 million euros, compared to 990 million euros in an exceptional second quarter 2009 when markets strongly rebounded after the financial crisis. This translates into a quarter-on-quarter decrease of 28 percent.

Half-year 2010 statutory premiums grew by 19 percent to 29.5 billion euros, compared to 24.8 billion euros in the first half of 2009. Operating profit for the first six months of 2010 increased by 9.6 percent from 1.4 billion euros to 1.5 billion euros. Half-year operating investment income grew by 18 percent to 7.7 billion euros, compared to 6.6 billion euros in the same period of last year.

"Our Life/Health segment saw considerable top-line growth in the second quarter based on increasing demand for both traditional and unit-linked products, especially in Germany, Italy, France, the US and our growth markets in Asia and Central and Eastern Europe. In addition, operating profit is clearly on track," said Oliver Bäte.

### **Asset Management exceeds 1.1 trillion euros in third-party AuM**

The Asset Management segment more than doubled its quarterly operating profit, by 110 percent to 516 million euros, compared to 246 million euros in the prior year's second quarter. This was driven by an increase in net fee and commission income to 1.2 billion euros. Compared to 752 million euros in the same period of last year, net fee and commission income rose in total by 58 percent, representing 48.9 percent growth on an internal basis.

Supported by the strong growth in performance fees, the cost-income ratio improved to 56.6 percent, following 68.5 percent in the second quarter of 2009.

Net fee and commission income during the first six months of 2010 grew by 56 percent to 2.3 billion euros, from 1.5 billion euros in the same period of 2009. Half-year operating profit more than doubled to 982 million euros. Compared to the half-year 2009 figure of 457 million euros this translates into an increase of 114.9 percent. Third-party net inflows for the half-year amounted to 60 billion euros compared to 27.7 billion euros in the first half of 2009.

Third-party assets under management amounted to 1.139 trillion euros on June 30, 2010, following the previous historic high of 1.023 trillion euros at the end of March.

Oliver Bäte: "This quarter, Asset Management again delivered exceptional performance. With positive net inflows for six consecutive quarters, we are succeeding in growing our asset management business into a real performance engine. The contribution of this business to Allianz Group net income has grown significantly over time and accounted for 21.2 percent in the second quarter."

### **Outlook**

Michael Diekmann, CEO of Allianz SE: "We delivered an operating profit of 3.9 billion euros for the first half of 2010. Based on this very good result, we are confident that we can achieve our outlook for operating profit for the entire year of around 7.2 billion euros, with a fluctuation range of plus or minus 500 million euros."

**Allianz Group - Key figures 2nd quarter and 1st half year of 2010**

		2Q 2009	2Q 2010	Δ	6M 2009	6M 2010	Δ	
<b>Total revenues</b>	€ bn	22.2	25.4	14.5%	49.9	56.0	12.2%	
<b>Operating profit / loss</b>	€ mn	1,786	2,191	22.7%	3,205	3,900	21.7%	
- Property-Casualty	€ mn	895	1,147	28.2%	1,864	1,859	-0.3%	
- Life/Health	€ mn	990	713	-28.0%	1,392	1,525	9.6%	
- Asset Management	€ mn	246	516	110%	457	982	115%	
- Corporate and Other	€ mn	-313	-155	-50.5%	-497	-406	-18.3%	
- Consolidation	€ mn	-32	-30	-6.3%	-11	-60	445%	
<b>Income from continuing operations before income taxes</b>	€ mn	2,334	1,594	-31.7%	2,779	3,562	28.2%	
Income taxes	€ mn	-447	-509	13.9%	-468	-889	90.0%	
<b>Net income / loss from continuing operations</b>	€ mn	1,887	1,085	-42.5%	2,311	2,673	15.7%	
- Property-Casualty	€ mn	758	837	10.4%	1,201	1,428	18.9%	
- Life/Health	€ mn	679	488	-28.1%	1,005	1,049	4.4%	
- Asset Management	€ mn	111	230	107%	203	373	83.7%	
- Corporate and Other	€ mn	336	-471	-	-135	-247	83.0%	
- Consolidation	€ mn	3	1	-66.7%	37	70	89.2%	
<b>Net loss from discontinued operations, net of income taxes</b>	€ mn	0	0	-	-395	0	-100%	
<b>Net income</b>	€ mn	1,887	1,085	-42.5%	1,916	2,673	39.5%	
attributable to non-controlling interests	€ mn	18	68	278%	18	106	489%	
attributable to shareholders	€ mn	1,869	1,017	-45.6%	1,898	2,567	35.2%	
<b>Basic earnings per share</b>	€	4.14	2.25	-45.7%	4.21	5.69	35.2%	
- from continuing operations	€	4.14	2.25	-45.7%	5.08	5.69	12.0%	
- from discontinued operations	€	0.00	0.00	-	-0.87	0.00	-100%	
<b>Diluted earnings per share</b>	€	4.13	2.21	-46.5%	4.17	5.65	35.5%	
- from continuing operations	€	4.13	2.21	-46.5%	5.04	5.65	12.1%	
- from discontinued operations	€	0.00	0.00	-	-0.87	0.00	-100%	
<b>Ratios</b>								
- Property-Casualty	Combined ratio	%	98.9%	96.3%	-2.6% -p	98.8%	98.4%	-0.4% -p
- Life/Health	Cost-income ratio	%	93.8%	96.0%	2.2% -p	95.5%	95.9%	0.4% -p
- Asset Management	Cost-income ratio	%	68.5%	56.6%	-11.9% -p	69.5%	57.4%	-12.1% -p
					<b>12/31/09</b>	<b>06/30/10</b>	<b>Δ</b>	
<b>Shareholders' equity*</b>	€ bn	-	-	-	40.2	43.8	9.0%	
<b>Conglomerate solvency ratio**</b>	%	-	-	-	164%	170%	6% -p	
<b>Third-party assets under management</b>	€ bn	-	-	-	926	1,139	23.0%	

\* Excluding non-controlling interests

\*\* Including off-balance sheet reserves (12/31/09: EUR 1,993mn, 06/30/10: EUR 1,986mn) pro forma. The solvency ratio excluding off-balance sheet reserves would amount to 161% as of 06/30/10 and 155% as of 12/31/09.

Munich, August 6, 2010

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

**About Allianz**

Allianz SE is member of Transparency International Germany and supports the Principles of the United Nations Global Compact and the OECD Guidelines for Multinationals through its Code of Conduct.

Allianz SE is one of the leaders of the insurance sector in the Dow Jones Sustainability Index, listed in FTSE4GOOD and in the Carbon Disclosure Leadership Index (Carbon Disclosure Project, CDP6).

**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.