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Allianz Group: Operating profit of 1.6 billion euros in the third quarter achieved, 6.5 billion euros year-to-date

- **Dresdner Bank treated as discontinued business¹; Transaction on track**
- **Q3 net income from continued operations of 545 million euros**
- **Q3 net loss considering discontinued operations of 2.0 billion euros**
- **Solvency ratio at 157 percent**
- **Perlet: “We maintained our strong capital and solvency positions”**

Allianz Group maintained its financial strength and earning power in the third quarter of 2008, although turmoil in the equity markets and a difficult economic environment severely affected the business of the financial services industry as a whole. Total revenues decreased slightly by 3.8 percent to 21.1 billion euros, compared to 21.9 billion euros in the third quarter of 2007. Operating profit decreased to 1.6 billion euros, compared to 2.6 billion euros in the same period of 2007. Quarterly net income from continued operations amounted to 545 million euros, compared to 2.0 billion euros in third quarter 2007.

During the first nine months of 2008, Allianz Group achieved an operating profit of 6.5 billion euros, compared to 7.7 billion euros in the same period of 2007. Net income from continued operations amounted to 4.2 billion euros, compared to 6.1 billion euros in the same period of last year.

Difficult capital market conditions during the third quarter had a negative effect on revenues and on the operating profit from the life insurance and asset management businesses. However, Allianz Group's largest segment, the Property & Casualty business, proved to be resilient.

The sale of Dresdner Bank will be reported under “discontinued operations” as of September 1, 2008. Discontinued operations accounted for a net loss of 2.6 billion euros in the third quarter, comprised of a net loss from the bank’s operations of 1.2 billion euros as well as transaction-based impairments according to IFRS 5 of 1.4 billion euros.

Allianz's net loss for the third quarter stood at 2.0 billion euros, compared to a net income of 1.9 billion euros in the third quarter of 2007.

With a shareholder's equity of 37.5 billion euros, Allianz Group's capital base remains on a high level. This also applies to the solvency ratio of 157 percent², net of a dividend accrual of 1.6 billion euros.

"Despite volatility in the financial markets we have maintained our strong capital and solvency positions. Allianz will continue to act prudently and invest conservatively in the interest of our customers, employees, and shareholders. The sale of Dresdner Bank is on track", said Helmut Perlet, CFO of Allianz SE.

The **Property and Casualty** business delivered a solid performance in the third quarter. Gross premiums written increased to 10.8 billion euros, compared with 10.7 billion euros in the third quarter of 2007. Adjusted for exchange rates and consolidation effects, revenue grew by 7.8 percent.

The operating profit in the third quarter decreased to 1.2 billion euros from 1.5 billion euros in the third quarter of 2007. The decline is largely due to two factors. The credit insurance business recorded payment delays as suppliers faced liquidity bottlenecks. In addition, the US crop business had to absorb losses following the slump in commodity prices at the end of September.

The expense ratio decreased from 27.6 percent in the third quarter of 2007 to 26.2 percent, while the combined ratio reached 96.2 percent, compared to 94.1 percent for the same period in 2007.

"Our Property & Casualty business remains very resilient, even in the present situation. We are in good shape because we continue to put profitability before volume growth", said Helmut Perlet.

In the **Life & Health** business total premium income decreased to 9.4 billion euros in the third quarter, compared to 10.2 billion euros in third quarter 2007. Financial market conditions negatively impacted the sale of unit-linked products, which was down by 1.3 billion euros, while traditional life insurance business increased by 10 percent or 400 million euros. Especially Germany, Switzerland, and France experienced growth in their traditional business.

The financial market downturn impacted operating investment result through impairments level of 1.6 billion euros and around 500 million euros lower realized gains compared to the third quarter of 2007. Operating profit in the third quarter 2008 declined to 218 million euros from 873 million euros in the same quarter of last year.

Allianz Banking, which now consists of Oldenburgische Landesbank (OLB) and one million banking customers acquired by Allianz tied agents in Germany, as well as Allianz Banking in Italy, France, and New Europe, achieved operating revenues of 123 million euros in the third quarter of 2008. The operating loss in the third quarter amounted to 17 million euros, compared to an operating loss of 14 million euros in the same period of 2007.

Dresdner Bank, now accounted for as discontinued business, had operating revenues of 747 million euros, down from 1.2 billion euros a year ago. Dresdner Bank continued to suffer from weak and volatile markets in the third quarter. The operating loss in the third quarter of 2008 amounted to 835 million euros, compared to an operating profit of 87 million euros in the same period of 2007.

The Tier I ratio of Dresdner Bank stood at 8.1 percent as of end of September.

In **Asset Management**, operating revenues decreased to 698 million euros in the third quarter from 803 million euros in third quarter 2007. Asset Management's operating profit was strongly influenced by foreign currency and capital market effects and amounted to 186 million euros, down by 44 percent from the strong third quarter of last year, when the operating profit amounted to 330 million euros.

Third-party assets under management increased to 754 billion euros by the end of the quarter. At the end of the second quarter they stood at 740 billion euros. Despite increasingly challenging conditions, net inflows amounted to 5.6 billion euros in the third quarter. A negative capital market effect of 44 billion euros was more than offset by a positive foreign exchange effect of 53 billion euros.

"Continued net inflows and a solid performance clearly show that even during turbulent times we have maintained a strong position with third-party assets under management", said Helmut Perlet.

Outlook

"Our standard caveat with respect to the financial markets has never been more important than during the third quarter. Without a major equity market recovery, the operating profit outlook of 9 billion euros before banking for this year and next year cannot be reached. In this environment, reliable statements about future earnings are not possible", said Helmut Perlet and added: "6.5 billion euros of operating profit from January to September prove the fundamental strength of our business."

¹ Following the announcement of the sale, Dresdner Bank qualifies as held-for-sale and discontinued operations. Therefore, all revenue and profit figures presented for our continuing business do not include the parts of Dresdner Bank which we will sell to Commerzbank.

² Solvency computed according to the draft amendment of FkSolV published by the BaFin, which revises the treatment of unrealized gains/losses on the bond portfolio.

Allianz Group - Key figures 3rd quarter and first 9 months 2008

		3Q 2007	3Q 2008	Δ	9M 2007	9M 2008	Δ	
Total revenues	€ bn	21.9	21.1	-3.8%	72.1	69.5	-3.5%	
Operating profit	€ mn	2,563	1,556	-39.3%	7,715	6,477	-16.0%	
- Property-Casualty	€ mn	1,487	1,249	-16.0%	4,648	4,411	-5.1%	
- Life/Health	€ mn	873	218	-75.0%	2,381	1,510	-36.6%	
- Banking	€ mn	-14	-17	21.4%	28	-6	-	
- Asset Management	€ mn	330	186	-43.6%	967	708	-26.8%	
- Corporate	€ mn	-155	-54	-65.2%	-266	-125	-53.0%	
- Consolidation	€ mn	42	-26	-	-43	-21	-51.2%	
Income before income taxes & minority interests	€ mn	2,600	827	-68.2%	8,733	5,660	-35.2%	
Income taxes	€ mn	-451	-248	-45.0%	-2,065	-1,329	-35.6%	
Minority interests in earnings	€ mn	-100	-34	-66.0%	-604	-181	-70.0%	
Net income from continuing operations	€ mn	2,049	545	-73.4%	6,064	4,150	-31.6%	
- Property-Casualty	€ mn	1,708	791	-53.7%	4,268	3,670	-14.0%	
- Life/Health	€ mn	563	-5	-	1,595	872	-45.3%	
- Banking	€ mn	24	-62	-	65	-72	-	
- Asset Management	€ mn	142	52	-63.4%	375	250	-33.3%	
- Corporate	€ mn	-455	-159	-65.1%	-82	-316	285.4%	
- Consolidation	€ mn	67	-72	-	-157	-254	61.8%	
Net income from discontinued operations	€ mn	-128	-2,568	1906.3%	1,237	-3,483	-	
Net income	€ mn	1,921	-2,023	-	7,301	667	-90.9%	
Basic earnings per share	€	4.30	-4.49	-	16.72	1.48	-91.1%	
- from continuing operations	€	4.59	1.21	-73.7%	13.89	9.22	-33.6%	
- from discontinued operations	€	-0.29	-5.70	1890.7%	2.83	-7.74	-	
Diluted earnings per share	€	4.23	-4.48	-	16.41	1.41	-91.4%	
- from continuing operations	€	4.51	1.20	-73.5%	13.63	9.07	-33.4%	
- from discontinued operations	€	-0.28	-5.68	1919.6%	2.78	-7.66	-	
Ratios:								
- Property-Casualty	Combined ratio	%	94.1%	96.2%	2.1% -p	94.6%	94.9%	0.3% -p
- Life/Health	Statutory expense ratio	%	11.0%	10.1%	-0.9% -p	9.2%	10.4%	1.2% -p
- Dresdner Bank	Cost-income ratio	%	91.1%	176.8%	85.7% -p	74.7%	172.2%	97.5% -p
- Asset Management	Cost-income ratio	%	58.9%	73.4%	14.5% -p	59.4%	67.3%	7.9% -p
					12/31/07	09/30/08	Δ	
Shareholders' equity*	€ bn	-	-	-	47.8	37.5	-21.4%	
Third-party assets under management	€ bn	-	-	-	765	754	-1.4%	

* Excluding minority interests

You will find this message, the Interim Report as well as further documents from Monday, November 10, 2008, at approx. 7.00 a.m. CET | 6.00 a.m. UK time on the Internet at <http://www.allianz.com/3q>.

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, (iii) the frequency and severity of insured loss events, (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 / US 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 US 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.