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Allianz Group Grows Net Income¹ 13 percent to 4.7 Billion Euros in 2009, Shows Strength in Challenging Times

- Revenues up 5.2 percent to 97.4 billion euros, Life and Health revenues exceed 50 billion euros
- Operating profit of 7.2 billion euros, combined ratio at 97.4 percent
- Solvency Ratio increases 7 percentage points to 164 percent
- Proposed dividend up 17 percent to 4.10 euros per share for 2009

Allianz Group today reported solid results for fiscal year 2009, despite a challenging global economy. Based on preliminary figures, total revenues grew 5.2 percent to 97.4 billion euros for the year. Operating profit totaled 7.2 billion euros, or 147 million euros below the previous year's level. The company's business segments coped with one of the most volatile economic environments in history during the first two quarters, and achieved positive growth and earnings momentum in the second half of the year.

The continued profitability of the operating segments, along with lower impairments following the recovery of the capital markets, contributed to net income from continuing operations of 4.7 billion euros. This translates into an increase of 13.2 percent from 4.2 billion euros in 2008.

Allianz Group again reported an improved solvency ratio, with 164 percent at the end of fiscal year 2009, including dividend accrual. This represents an increase of 7 percentage points on a comparable basis over the previous year and falls well within the target range of 150 to 170 percent. Allianz Group's diversified business model showed remarkable resilience through turbulent times, as proven by its very sound solvency ratio over the past two years.

At the end of 2009, shareholders' equity had grown by 19 percent to 40.2 billion euros. The Board of Management will suggest a dividend proposal of 4.10 euros per share to the Supervisory Board of Allianz SE, up 17 percent from 3.50 euros last year.

¹ From continuing operations

Michael Diekmann, CEO of Allianz SE, said: “2009 was an important and successful year for the Allianz Group. While the financial crisis undoubtedly impacted our results, we have nevertheless delivered a very robust and sound performance quarter on quarter. This reliability is highly-valued by our customers and all our other stakeholders alike.”

New segment reporting structure to reflect lines of business

In order to better reflect its core business activities, Allianz Group implemented a new segment reporting structure in the fourth quarter of 2009. Asset Management is now shown on a stand-alone basis. Banking and Alternative Investments are shown together with the Holding and Treasury function in a new segment called “Corporate and Other”.

In 2009, this segment had an operating loss of 1.0 billion euros, primarily coming from the Holding and Treasury side because of lower net interest income and a weaker US dollar.

Property and Casualty Insurance saw improvements in combined ratio in 2H

The sluggish economy and soft markets put downward pressure on overall results in this segment, and gross premiums written decreased 2 percent to 42.5 billion euros. However, Allianz was able to grow its Property and Casualty insurance business in 2009 in Australia, the Asia-Pacific region, South America, and the United Kingdom, where margins are attractive.

Operating profit amounted to 4.1 billion euros, a 28 percent drop compared to 5.6 billion euros in 2008. The two biggest drivers were a decline of 0.6 billion euros in operating investment income and an underwriting result which was down 0.7 billion euros.

The combined ratio reached 97.4 percent, 2.0 percentage points above previous year’s figure. While entities in Germany and France, as well as the Credit Insurance business, are still challenged by the soft market environment, they showed a positive trend in the second half of the year.

“We saw extraordinary challenges in the first half of 2009,” said Oliver Bäte, member of the Board of Management of Allianz SE. “But our Property and Casualty business is well positioned for improvements in 2010 after seeing a positive trend in operating profit during the last two quarters of the year.”

Life and Health Insurance sees strong growth in revenues, profit and earnings

The Life and Health insurance business surpassed the 50 billion euro mark in statutory premiums, growing 11 percent from 45.6 billion euros to 50.8 billion euros. This is attributed to a strong performance in Italy, Germany, the Asia-Pacific region, and the USA.

Overall, operating profit more than doubled to 2.8 billion euros in 2009, compared to 1.2 billion euros in the previous year. This was mainly driven by a 1.7 billion euro increase in the investment result.

“This segment saw exceptional growth last year as consumers showed an increasingly strong interest in our products,” said Bäte. “In an unstable market environment, life insurance customers look for safety and want to do business with companies they can trust.”

Asset Management with record level of assets under management

In 2009, the total assets under management exceeded 1,200 billion euros. Third-party assets under management amounted to 926 billion euros, which represents a more than 31 percent increase from 703 billion euros in 2008. Third party net inflows reached a record level with 84 billion euros.

Net fee and commission income rose nearly 25 percent to 3.6 billion euros, compared to 2.9 billion euros in 2008. As a result, operating profit increased from 926 million euros in the previous year by 51.3 percent to 1.4 billion euros.

Assets under management for third parties increased in both the fixed income and equities business. Fixed income grew by 31 percent to 785 billion euros. Equities ended the year with a 37 percent increase to 140 billion euros, which was supported by the improvement in market value of the assets under management.

The cost-income ratio, a key indicator of business efficiency, outperformed the peer group’s cost-income ratio, averaging 62.0 percent in 2009, 6 percentage points better than the previous year.

“2009 was a very strong year for our Asset Management segment, with an exceptional fourth quarter and an excellent investment performance at PIMCO,” said Bäte.

Outlook for 2010

“With regard to key figures for the fiscal year 2010, we believe that our operating profit will be at the same level as 2009. However, given the still volatile market environment, it is impossible to give a precise forecast. Already, a change in our combined ratio of one percentage point impacts our operating profit by around 400 million euros. Management focus in 2010 will be again on investment performance as well as combined ratio,” commented Diekmann.

Allianz Group - Key figures 4th quarter and fiscal year 2009

		4Q 2008	4Q 2009	Δ	12M 2008	12M 2009	Δ	
Total revenues	€ bn	23.0	25.5	10.7%	92.6	97.4	5.2%	
Operating profit / loss	€ mn	881	2,048	132%	7,329	7,182	-2.0%	
- Property-Casualty	€ mn	1,209	1,169	-3.3%	5,647	4,064	-28.0%	
- Life/Health	€ mn	-302	557	-	1,208	2,808	132%	
- Asset Management	€ mn	218	576	164%	926	1,401	51.3%	
- Corporate and Other	€ mn	-195	-236	21.0%	-323	-1,028	218%	
- Consolidation	€ mn	-49	-18	-63.3%	-129	-63	-51.2%	
Income / loss from continuing operations before income taxes	€ mn	-187	712	-	5,473	5,328	-2.6%	
Income taxes	€ mn	42	378	800%	-1,287	-588	-54.3%	
Net income / loss from continuing operations	€ mn	-145	1,090	-	4,186	4,740	13.2%	
- Property-Casualty	€ mn	654	797	21.9%	4,447	2,779	-37.5%	
- Life/Health	€ mn	-505	432	-	413	2,047	396%	
- Asset Management	€ mn	130	194	49.2%	384	543	41.4%	
- Corporate and Other	€ mn	-583	-360	-38.3%	-1,119	-640	-42.8%	
- Consolidation	€ mn	159	27	-83.0%	61	11	-82.0%	
Net loss from discontinued operations, net of income tax	€ mn	-2,933	0	-100%	-6,373	-395	-93.8%	
Net income / loss	€ mn	-3,078	1,090	-	-2,187	4,345	-	
attributable to minority interests	€ mn	33	14	-57.6%	257	48	-81.3%	
attributable to shareholders	€ mn	-3,111	1,076	-	-2,444	4,297	-	
Basic earnings per share	€	-6.92	2.39	-	-5.43	9.53	-	
- from continuing operations	€	-0.41	2.39	-	8.81	10.41	18.2%	
- from discontinued operations	€	-6.51	0.00	-100%	-14.24	-0.88	-93.8%	
Diluted earnings per share	€	-6.96	2.38	-	-5.47	9.50	-	
- from continuing operations	€	-0.47	2.38	-	8.59	10.37	20.7%	
- from discontinued operations	€	-6.49	0.00	-100%	-14.06	-0.87	-93.8%	
Dividend per share	€	-	-	-	3.50	4.10*	17.1%	
Ratios								
- Property-Casualty	Combined ratio**	%	96.2%	95.3%	-0.9% -p	95.4%	97.4%	2.0% -p
- Life/Health	Cost-income ratio	%	102.3%	97.0%	-5.3% -p	97.7%	95.6%	-2.1% -p
- Asset Management	Cost-income ratio	%	70.0%	55.5%	-14.5% -p	68.0%	62.0%	-6.0% -p
					12/31/08	12/31/09	Δ	
Shareholders' equity****	€ bn	-	-	-	33.7	40.2	19.2%	
Conglomerate solvency ratio****	%	-	-	-	157%	164%	7% -p	
Third-party assets under management	€ bn	-	-	-	703.5	925.7	31.6%	

* Proposal.

** Mark-to-market changes in group equity incentives reclassified from administrative expenses to trading. Prior periods have been retrospectively adjusted.

*** Excluding minority interests.

**** 2008: Pro forma after sale of Dresdner Bank. 2009 and 2008: Intangible assets related to fully consolidated private equity investments are deducted from our available funds.

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.