



Allianz Group
Interim Report First Quarter of 2012

Three months ended 31 March		2012	2011	Change from previous year	More details on page
INCOME STATEMENT					
Total revenues ¹	€ mn	30,053	29,905	0.5%	▶ 3
Operating profit ²	€ mn	2,330	1,660	40.4%	▶ 4
Net income	€ mn	1,445	915	57.9%	▶ 5
SEGMENTS³					
PROPERTY-CASUALTY					
Gross premiums written	€ mn	14,797	14,251	3.8%	▶ 12
Operating profit ²	€ mn	1,189	663	79.3%	▶ 14
Combined ratio	%	96.2	101.3	5.1 pts	▶ 11
LIFE/HEALTH					
Statutory premiums	€ mn	13,699	14,270	(4.0)%	▶ 21
Operating profit ²	€ mn	826	702	17.7%	▶ 22
Margin on reserves	bps	78	69	9	▶ 23
ASSET MANAGEMENT					
Operating revenues	€ mn	1,439	1,273	13.0%	▶ 27
Operating profit ²	€ mn	613	528	16.1%	▶ 28
Cost-income ratio	%	57.4	58.5	(1.1) pts	▶ 28
CORPORATE AND OTHER					
Total revenues	€ mn	155	151	2.6%	▶ 4
Operating result ²	€ mn	(284)	(223)	(27.4)%	▶ 30
Cost-income ratio (Banking)	%	80.1	88.2	(8.1) pts	▶ 66
BALANCE SHEET					
Total assets as of 31 March ⁴	€ mn	661,229	641,472	3.1%	▶ 34
Shareholders' equity as of 31 March ⁴	€ mn	48,245	44,915	7.4%	▶ 33
Non-controlling interests as of 31 March ⁴	€ mn	2,444	2,338	4.5%	▶ 33
SHARE INFORMATION					
Basic earnings per share	€	3.03	1.90	59.5%	▶ 85
Diluted earnings per share	€	3.02	1.88	60.6%	▶ 85
Share price as of 31 March ⁴	€	89.47	73.91	21.1%	▶ 1
Market capitalization as of 31 March ⁴	€ mn	40,736	33,651	21.1%	▶ –
OTHER DATA					
Total assets under management as of 31 March ⁴	€ bn	1,653	1,657	(0.2)%	▶ 26
thereof: Third-party assets under management as of 31 March ⁴	€ bn	1,266	1,281	(1.2)%	▶ 26

1| Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

2| The Allianz Group uses operating profit as a key financial indicator to assess the performance of its business segments and the Group as a whole.

3| The Allianz Group operates and manages its activities through four segments: Property-Casualty, Life/Health, Asset Management and Corporate and Other. For further information, please refer to note 3 of our condensed consolidated interim financial statements.

4| 2011 figures as of 31 December 2011.

Content



THEN AND NOW

Ever since it was established in 1890, Allianz has consistently geared its portfolio to meet the needs of its customers. We operate around the world and millions of people still place their trust in us. Our selected marketing motifs take up the spirit of the various epochs and form a bridge from the pioneering days at the beginning of the 20th century to the knowledge society of tomorrow.

1973: While the German Bundestag agreed to publish its road safety strategy in the form of a regular accident prevention report, Allianz launched tailored casualty insurance policies for the entire family.

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BASIC ALLIANZ SHARE INFORMATION

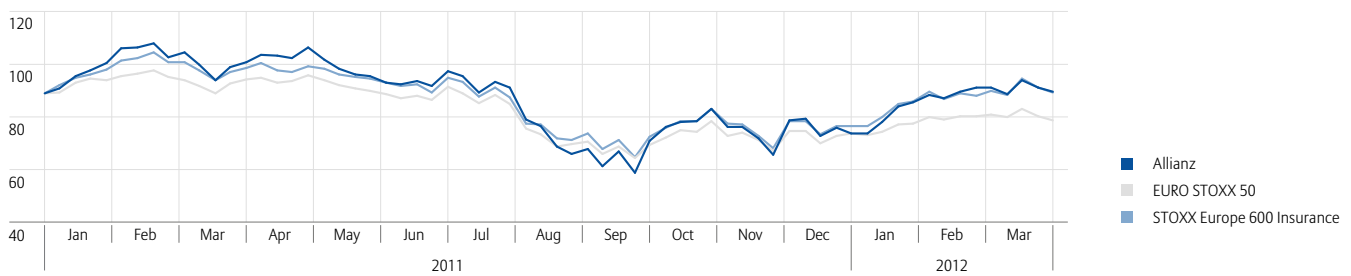
Share type	Registered share with restricted transfer
Security Codes	WKN 840 400 ISIN DE 000 840 400 5
Bloomberg	ALV GY
Reuters	ALVG.DE

NAVIGATION HELP

- Allianz Group
- Property-Casualty
- Asset Management
- Life/Health
- Corporate & Other

DEVELOPMENT OF THE ALLIANZ SHARE PRICE VERSUS EURO STOXX 50 AND STOXX EUROPE 600 INSURANCE

Indexed on the Allianz share price in €



Source: Thomson Reuters Datastream. Up-to-date information on the development of the Allianz share price is available at www.allianz.com/share.

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IMPRINT

Design/Concept	Allianz SE – Group Management Reporting
Photo Story	Allianz SE – Group Management Reporting and Allianz Center for Corporate History

Date of publication: 15 May 2012

SALOON



GROUP MANAGEMENT REPORT

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1977: The cowboy on the cover page of the Annual Report proudly illustrated Allianz's market entry to the US.

2012: From the United States to China and from Russia to Australia – Allianz, as one of the world's leading insurance companies, operates in about 70 countries today.

I. Executive Summary

- Revenues stable at € 30.1 bn.
- Solid operating profit of € 2,330 mn.
- Net income at € 1,445 mn.
- Strong solvency ratio at 183%.¹

■ SEGMENT OVERVIEW

The Allianz Group consists of its operating subsidiaries in about 70 countries and the parent company, Allianz SE. The Group's results are reported by business segment: Property-Casualty insurance, Life/Health insurance, Asset Management and Corporate and Other activities. Although the majority of profits are still derived from our insurance operations, contributions from Asset Management have grown steadily over recent years. In response to the significant scale of our Asset Management business, we implemented, as of 1 January 2012, a new structure with our PIMCO and AllianzGI business units under the common roof of Allianz Asset Management Holding (AAM).

■ KEY FIGURES

Three months ended 31 March	Total revenues	Operating profit	Δ DIFFERENCE QUARTER OVER QUARTER	Net income	Solvency ratio ^{1,2}
	€ mn	€ mn		€ mn	%
2012	30,053	2,330	Δ +40.4%	1,445	183
2011	29,905	1,660	Δ (4.2)%	915	179
2010	30,567	1,732		1,603	173

■ EARNINGS SUMMARY

□ OPERATING ENVIRONMENT IN THE FIRST QUARTER OF 2012

A low level of natural catastrophes and improved market conditions resulted in a very good start for Allianz in 2012.

After several years of rather active first quarters with respect to natural catastrophes, the first quarter of 2012 was relatively benign. This is in contrast to the first quarter of 2011, which had been affected by severe natural catastrophe claims.

With an apparent lull in the European sovereign debt crisis, there was an upswing in almost all major equity markets in the first quarter of 2012. Interest rates, however, did not follow a clear direction. They remained low in Germany, increased in the United States but fell in Italy and France. Throughout 2011, many credit spreads had widened as a reaction

1 | Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 31 March 2012 would be 174% (31 December 2011: 170%; 31 December 2010: 164%).

2 | 2011 and 2010 solvency ratio figures as of 31 December 2011 and 2010, respectively.

to the European sovereign debt crisis. During the first quarter of 2012, however, selected sovereign and corporate credit spreads lowered. Thanks in part to the overall improved market conditions, we also saw an increase in our investment result.

Clearly, however, the debt crisis is not over yet and we saw the lingering market impacts from 2011 still affecting the demand for investment related life products.

MANAGEMENT'S ASSESSMENT OF FIRST QUARTER 2012 RESULTS

We recorded **TOTAL REVENUES** of € 30.1 bn. On an internal basis¹ these remained relatively stable, down by just 0.8%. Higher Property-Casualty and Asset Management revenues were offset by lower sales of Life/Health investment oriented products.

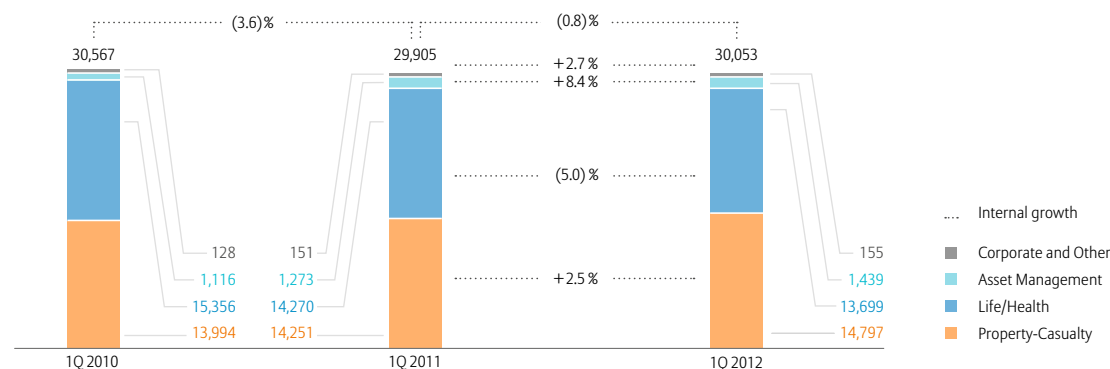
Solid growth in all major operating segments led to an increase of our **OPERATING PROFIT** by 40.4% to € 2,330 mn. Property-Casualty contributed the most to this growth, as our result in the same quarter of the previous year had been heavily impacted by high losses from natural catastrophes. Life/Health also showed a strong increase in operating profit, supported by a higher investment result. Asset Management again demonstrated outstanding performance, supported by higher assets under management.

Overall, our **NET INCOME** increased 57.9% to € 1,445 mn due to solid results in all major operating segments and a moderating impact from non-operating items.

We further strengthened our **CAPITALIZATION**. Shareholder's equity rose 7.4% to € 48,245 mn compared to 31 December 2011. Our conglomerate solvency stood at 183%.²

Total Revenues³

TOTAL REVENUES – SEGMENTS⁴ | in € mn



PROPERTY-CASUALTY gross premiums written generated strong internal growth of 2.5%. Volume and pricing effects were both positive at 1.3% and 1.2%, respectively. Most of the growth stemmed from Allianz Global Corporate & Specialty (AGCS), our subsidiary in Australia and our Credit Insurance business.

LIFE/HEALTH statutory premiums were impacted by the effects from the continuing difficult market environment in the first quarter of 2012, resulting in a decline of 5.0% on an internal basis. Lower sales of investment-oriented products accounted for nearly all of this decrease, especially in Italy and Asia-Pacific. Our traditional business, however, remained stable.

1 | Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 43 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

2 | Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 31 March 2012 would be 174%.

3 | Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

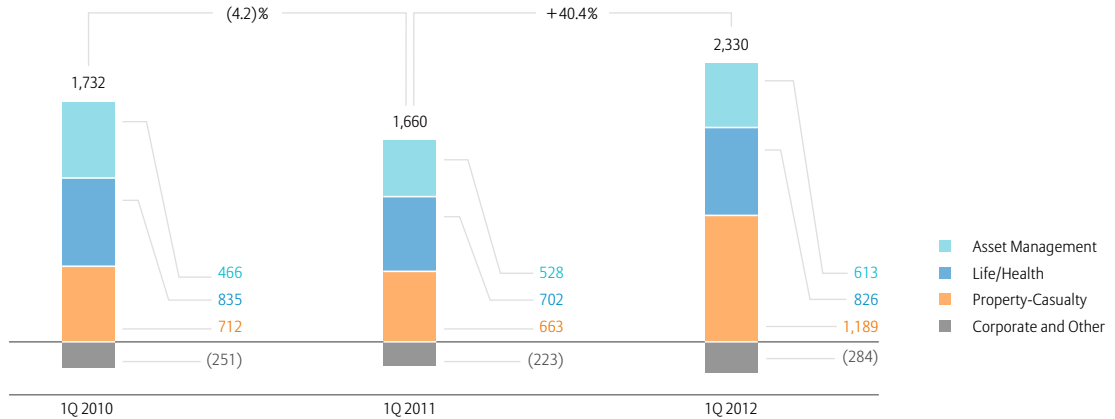
4 | Total revenues include € (37) mn, € (40) mn and € (27) mn from consolidation for 1Q 2012, 2011 and 2010, respectively.

In **ASSET MANAGEMENT** we grew by 8.4% on an internal basis, benefiting from higher assets under management. As of 31 March 2012, total assets under management amounted to € 1,653 bn. Third-party net inflows for the first three months of this year totaled almost € 24 bn.

Total revenues from our Banking operations (reported in our **CORPORATE AND OTHER** segment) stood at € 155 mn, up by 2.7% on an internal basis.

Operating Profit

OPERATING PROFIT – SEGMENTS¹ | in € mn



PROPERTY-CASUALTY operating profit improved by € 526 mn to € 1,189 mn. Our underwriting result rebounded by € 513 mn thanks to lower losses from natural catastrophes. Our combined ratio likewise improved from 101.3% to 96.2%. Our operating investment income remained stable.

LIFE/HEALTH operating profit grew by € 124 mn to € 826 mn, mainly due to an increased investment result. This positive development was primarily supported by higher realized gains.

ASSET MANAGEMENT continued to deliver outstanding performance. Operating profit grew 16.1% to € 613 mn (10.3% on an internal basis), reflecting growth in our assets under management and in our margins as well as the operational effectiveness of our business. The cost-income ratio of 57.4% remained at an excellent level.

CORPORATE AND OTHER operating loss increased by € 61 mn to € 284 mn, driven mainly by declines in Holding & Treasury and in our Banking business.

Non-operating Result

Our **NON-OPERATING RESULT** improved by € 79 mn to a loss of € 95 mn, driven largely by lower **ACQUISITION-RELATED EXPENSES** and a slightly better **NON-OPERATING INVESTMENT RESULT**.

REALIZED GAINS AND LOSSES (NET) declined by € 270 mn to € 116 mn, mainly due to lower realized gains from debt securities (down by € 125 mn) and equities (down by € 107 mn). The decrease in realized gains from equities resulted primarily from € 129 mn in capital gains from the sale of shares in the Industrial and Commercial Bank of China (ICBC) recorded in the first quarter of 2011.

1| Operating profit for the Allianz Group includes € (14) mn, € (10) mn and € (30) mn from consolidation in 1Q 2012, 2011 and 2010, respectively.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) increased by € 324 mn to € 228 mn. Of this change, € 263 mn was related to the valuation of The Hartford warrants. The valuation of The Hartford warrants in the current quarter resulted in income of € 180 mn. For further information regarding the sale of The Hartford warrants and debentures, please refer to the Events after the Balance Sheet Date on page 9.

IMPAIRMENTS (NET) amounted to € 123 mn, up by € 40 mn. Equity impairments increased by € 59 mn, primarily due to impairments of our investments in the financial sector.

ACQUISITION-RELATED EXPENSES decreased by € 89 mn to € 12 mn, largely due to lower PIMCO B-unit expenses¹. We purchased a further 7,210 B-units in the first quarter of 2012. We have now acquired 93.8% of all outstanding B-units, with only 9,305 B-units still outstanding. The fall in expenses was mostly driven by the following components:

- The growth of operating profit in the last 12 months stayed slightly below the growth we saw in the first quarter of 2011. In addition, the number of B-units outstanding declined by 47% compared to 31 March 2011, driving the fair value adjustments to the provision for future B-unit repurchases down to € 4 mn (1Q 2011: € 23 mn).
- Distribution expenses also declined to € 7 mn (1Q 2011: € 11 mn) despite the increase in operating profit. This was mainly driven by the strong decrease in the number of B-units outstanding.
- We recorded no premium effect from the exercise of our call option to purchase the 7,210 B-units. In comparison, the purchase of 12,686 B-units in the first quarter of 2011 resulted in premium expenses of € 61 mn.

Income Tax

The **INCOME TAX** expenses increased by € 219 mn to € 790 mn due to a higher pre-tax income. The effective tax rate amounted to 35.3% (1Q 2011: 38.4%). This represents a decrease of about 3 percentage points, mainly because we had significant losses from natural catastrophes in jurisdictions with low average tax rates in the same period in 2011. The effective tax rate was above the expected level due to trade and prior year taxes in the first quarter of 2012.

Net Income

NET INCOME increased by € 530 mn to € 1,445 mn, largely driven by our solid operating profit and, to a lesser extent, the improved non-operating result.

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS and **NON-CONTROLLING INTERESTS** amounted to € 1,371 mn (1Q 2011: € 857 mn) and € 74 mn (1Q 2011: € 58 mn), respectively. The net income attributable to non-controlling interests related largely to Euler Hermes.

¹ | When PIMCO was acquired, B-units were created, entitling senior management to profit participation. Under the B-unit plan, Allianz has the right to call, while PIMCO senior management has the right to put those B-units over several years. Fair value changes due to changes in operating earnings are reflected in acquisition-related expenses. The marginal difference between a higher call versus the put price upon any exercise, which is partially linked to the adherence to certain parameters, and distributions received by the senior management B-unit holders, is also included in our acquisition-related expenses.

TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT TO NET INCOME (LOSS)

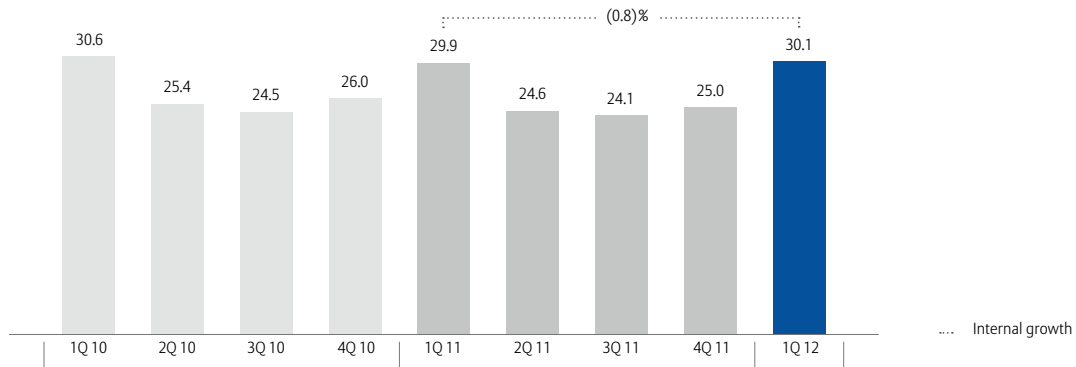
Three months ended 31 March in € mn	2012	2011
Total revenues¹	30,053	29,905
Premiums earned (net)	16,442	15,861
Operating investment result		
Interest and similar income	5,132	4,894
Operating income from financial assets and liabilities carried at fair value through income (net)	(134)	(129)
Operating realized gains/losses (net)	1,072	728
Interest expenses, excluding interest expenses from external debt	(123)	(125)
Operating impairments of investments (net)	(65)	(62)
Investment expenses	(197)	(202)
Subtotal	5,685	5,104
Fee and commission income	2,145	1,987
Other income	51	31
Claims and insurance benefits incurred (net)	(11,991)	(11,978)
Change in reserves for insurance and investment contracts (net) ²	(3,807)	(3,762)
Loan loss provisions	(46)	(16)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(5,452)	(4,915)
Fee and commission expenses	(684)	(649)
Operating restructuring charges	(1)	—
Other expenses	(19)	(15)
Reclassification of tax benefits	7	12
Operating profit	2,330	1,660
Non-operating investment result		
Non-operating income from financial assets and liabilities carried at fair value through income (net)	228	(96)
Non-operating realized gains/losses (net)	116	386
Non-operating impairments of investments (net)	(123)	(83)
Subtotal	221	207
Income from fully consolidated private equity investments (net)	(6)	(19)
Interest expenses from external debt	(259)	(225)
Acquisition-related expenses	(12)	(101)
Amortization of intangible assets	(25)	(22)
Non-operating restructuring charges	(7)	(2)
Reclassification of tax benefits	(7)	(12)
Non-operating items	(95)	(174)
Income before income taxes	2,235	1,486
Income taxes	(790)	(571)
Net income	1,445	915
Net income attributable to		
Non-controlling interests	74	58
Shareholders	1,371	857
Basic earnings per share in €	3.03	1.90
Diluted earnings per share in €	3.02	1.88

1 | Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

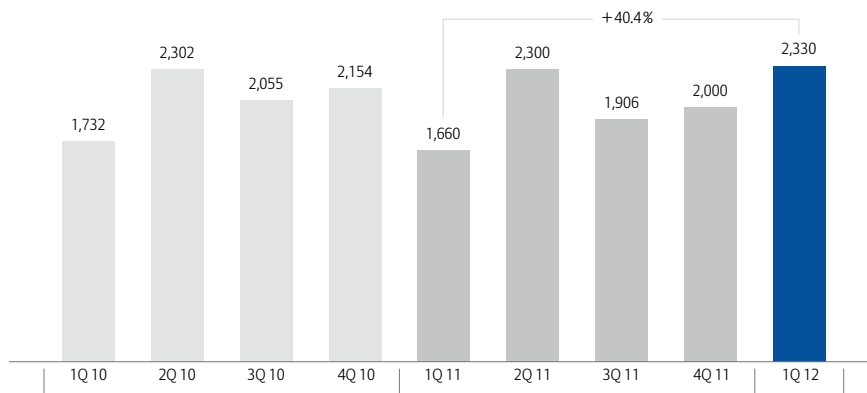
2 | Includes expenses for premium refunds (net) in Property-Casualty of € (26) mn (1Q 2011: € (45) mn).

Key Figures Quarterly Overview

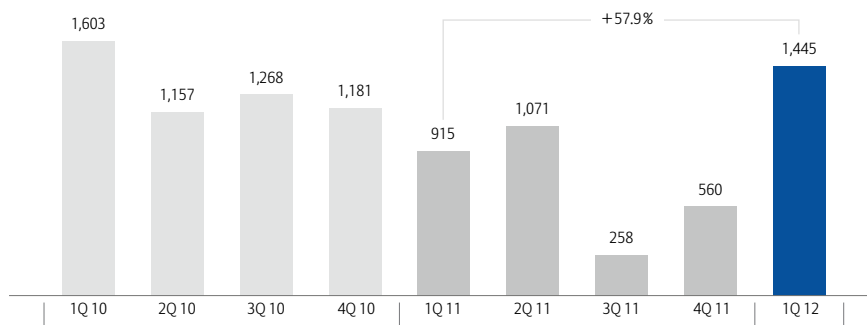
TOTAL REVENUES | in € bn



OPERATING PROFIT | in € mn



NET INCOME | in € mn



Risk Management

Risk management is an integral part of our business processes and supports our value-based management. For further information we refer you to the Risk Report in our 2011 Annual Report. The Allianz Group's management feels comfortable with the Group's overall risk profile and is confident that the Group's risk management framework can meet the challenges of a rapidly changing environment as well as day-to-day business needs. However, we would like to highlight below two specific areas related to the 2011 Risk Report:

□ THE EUROPEAN SOVEREIGN DEBT CRISIS

Although markets improved somewhat in the first quarter of 2012, the fundamental or underlying risks described therein remain much the same, especially those associated with the European sovereign debt crisis, which continues to cause a higher level of volatility for sovereign spreads and the general markets. In addition, with the exception of the affected sovereign issuers, interest rates have generally fallen – especially in Germany – as a consequence of an accommodative monetary policy. Credit and equity market risk perceptions also remain volatile, especially for those financial issuers which are potentially most affected by the crisis.

These factors may continue to have adverse implications on our business development, existing asset values and the theoretical value of our liabilities. In addition to continuously monitoring these developments, management has responded to the external events by, for example, reviewing new business pricing in the Life/Health segment, selectively reducing non-domestic sovereign bond exposures and reducing exposure limits for potentially affected corporate and financial services bond issuers, amongst other actions.

□ MODEL CHANGES IN ANTICIPATION OF SOLVENCY II

Although the final Solvency II rules are still being discussed, Allianz has nonetheless taken the opportunity of updating our internal model in the first quarter to better reflect the current draft proposal. This has led us to make a large number of partially offsetting changes.

Ignoring market developments and focusing only on these model changes, our 4Q 2011 restated economic solvency ratio on a 99.5% confidence interval would improve from 184% to 198%, driven by a reduction in required capital of € 2.5 bn, which was offset to a certain extent by a reduction in available financial resources of € 1.2 bn. The following briefly summarizes the most important model changes implemented in the first quarter to better align our internal model with Solvency II, for example regarding the confidence interval, available financial resources and internal capital model, with effects measured relative to 4Q 2011 numbers excluding the impact of subsequent market developments.

First, the Solvency Capital Requirement (SCR) under Solvency II is designed to represent the worst case loss within a 99.5% confidence interval. In order to align our internal and external communications, we will, in the future, be disclosing the results of our internal model based on the 99.5% confidence interval, as opposed to 99.97%, which was historically reported. Based on 4Q 2011 results excluding market developments and all model changes, the change from a 99.97% to a 99.5% confidence interval leads to a decrease in our required risk capital figures from € 34.5 bn by € 7.8 bn to € 26.7 bn.

Second, with respect to Allianz's internal capital model used for calculating the SCR, the aggregate impact of all model changes (but excluding market developments) leads to a reduction in risk capital at 99.5% confidence interval of € 2.5 bn, from € 26.7 bn to € 24.2 bn, based on 4Q 2011 balances. Changes to our market risk models increased SCR requirements by € 1.3 bn, especially the introduction of higher interest rate shocks offset only partially by the recognition of the risk mitigating effects of the Counter-Cyclical Premium. Similarly, credit risk capital also increased by € 0.3 bn due to an update of parameters and models. Underwriting risk capital decreased by € 0.1 bn, driven by higher longevity shocks offset by greater diversification. Business risk was the area most affected by the model changes, with a net reduction in SCR requirements of € 3.3 bn, primarily stemming from the introduction of our Operational Risk internal model and the removal of cost risk allocated to the Asset Management segment. Finally, we have also implemented a conservative recognition of the contingent effects of a large loss on our tax position, leading to a further reduction in modeled risk capital of € 0.6 bn (differences in sum of € 0.1 bn to the total effect of € 2.5 bn due to rounding).

Finally, with respect to the recognition of Available Financial Resources (AFR), we are now reporting our AFR including the recognition of restrictions on transferability and fungibility as prescribed by Solvency II, even though we continue to believe that such restrictions are not economically appropriate. The impact of these restrictions (minus € 7.4 bn) has been partially offset by other model changes, including starting the extrapolation of the Euro yield curve beginning in year 20 (€ 2.8 bn) and the introduction of the Going Concern Reserve for our German Life business (€ 4.3 bn), leading, together with further changes (total effect of minus € 0.9 bn), to a net reduction in AFR of € 1.2 bn (excluding market developments).

Events After the Balance Sheet Date

..... ■ ALLIANZ CALLS A € 2 BN SUBORDINATED BOND

In April 2012, Allianz Finance II B.V., a 100% subsidiary of Allianz SE, called for redemption of a € 2 bn subordinated bond, effective 31 May 2012.

..... ■ ALLIANZ SE AND THE HARTFORD CLOSE REPURCHASE TRANSACTION

In April 2012, the U.S. insurer The Hartford bought back warrants and debentures in the amount of U.S. Dollar 2.4 bn. The repurchase transaction was entered into on 30 March 2012 and closed on 17 April 2012.

The warrants were recognized as financial assets carried at fair value through income. At the balance sheet date, the fair value reflected the sale proceeds; thus the gain from disposal was already included in the consolidated financial statements of the first quarter of 2012 with an impact on net income of approximately € 0.1 bn.

The debentures were recorded at amortized cost and derecognized at the closing date of the transaction, 17 April 2012. At this date, i.e. in the second quarter of 2012, the difference between the sale proceeds and the carrying amount was recognized as a gain in the consolidated income statement with an impact on net income of approximately € 0.1 bn.

..... ■ ALLIANZ PLACES CATASTROPHE BOND THROUGH NEW BLUE DANUBE PROGRAM

In April 2012, the Allianz Group placed a three-year catastrophe bond through the new Blue Danube Ltd. program with a total volume of U.S. Dollar 240 mn. The bond was issued in two tranches of U.S. Dollar 120 mn each and protects Allianz Group against the risk of loss from certain hurricane events in the United States, the Caribbean and Mexico, as well as certain earthquake events in the United States and Canada.

..... ■ DAMAGES THROUGH SEVERAL TORNADOS IN THE UNITED STATES

During April 2012, several tornados caused severe damage in various states of the United States. As of today, the Allianz Group expects an approximate net loss of € 66 mn.

..... ■ ALLIANZ EXTENDS REAL ESTATE INVESTMENT

In April 2012, Allianz Real Estate GmbH entered on behalf of various Allianz insurance companies into a number of strategic real estate investments in Germany with a total volume of approximately € 600 mn.

Other Information

BUSINESS OPERATIONS AND GROUP STRUCTURE

The Allianz Group's business operations and structure are described in the Business Operations and Markets chapter starting on page 56 of our Annual Report 2011. For further information about recent organizational changes, please refer to note 3 of the condensed consolidated interim financial statements as well as to our Asset Management chapter starting on page 25.

STRATEGY

The Allianz Group's strategy is described in the Our Strategy chapter on page 69 of our Annual Report 2011. There have been no material changes to our strategy since.

PRODUCTS, SERVICES AND SALES CHANNELS

For an overview of the products and services offered by the Allianz Group, as well as sales channels, please refer to the Business Operations and Markets chapter starting on page 56 of our Annual Report 2011. Information on our brand can also be found in the Our Progress in Sustainable Development chapter on page 74 of our Annual Report 2011.

I. Property-Casualty Insurance Operations

- Gross premiums written increased to € 14.8 bn.
- Operating profit up 79.3% to € 1,189 mn due to lower losses from natural catastrophes.
- Combined ratio at 96.2%.

■ SEGMENT OVERVIEW

Our Property-Casualty business offers a broad range of products and services for both private and corporate clients. Our offerings cover many insurance classes such as accident/disability, property, general liability and motor. We conduct business worldwide in more than 50 countries. We are also a global leader in travel and assistance services and credit insurance. We distribute our products via a broad network of agents, brokers, banks and direct channels.

■ KEY FIGURES

Three months ended 31 March	Gross premiums written € mn	Operating profit € mn	Δ DIFFERENCE QUARTER OVER QUARTER	Loss ratio %	Expense ratio %	Combined ratio %
2012	14,797	1,189	Δ +79.3%	68.3	27.9	96.2
2011	14,251	663	Δ (6.9%)	73.3	28.0	101.3
2010	13,994	712		72.4	28.0	100.4

■ EARNINGS SUMMARY

GROSS PREMIUMS WRITTEN amounted to € 14,797 mn – up 3.8% – reflecting both positive price and volume effects. The internal growth of 2.5% stemmed primarily from Allianz Global Corporate & Specialty (AGCS), our subsidiary in Australia and our Credit Insurance business.

Our **OPERATING PROFIT** increased € 526 mn or 79.3% to € 1,189 mn. The underwriting result improved by € 513 mn, due to significantly lower losses from natural catastrophes. Our operating investment income remained stable.

The **COMBINED RATIO** was 96.2%, compared to 101.3% in the first quarter of the previous year. This improvement was supported by considerably lower losses from natural catastrophes, as well as a positive price development but was partly offset by less favorable run-off.

Gross Premiums Written¹

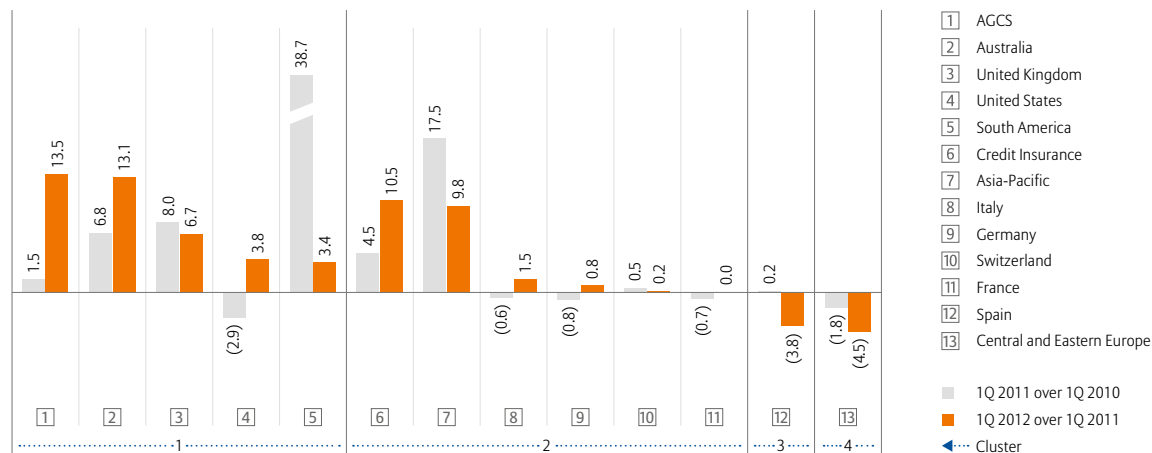
GROSS PREMIUMS WRITTEN increased by 2.5%, supported by a positive volume effect of 1.3% and a positive price effect of 1.2%. Most of the growth in gross premiums came from AGCS, our subsidiary in Australia and our Credit Insurance business. However, this was partially offset by reductions in Central and Eastern Europe and the Netherlands.

On a nominal basis, gross premiums written grew by 3.8% – or € 546 mn – to € 14,797 mn. Favorable foreign currency translation effects accounted for € 165 mn of this growth, largely due to the appreciation of the Swiss Franc and the Australian Dollar against the Euro.²

Analyzing internal premium growth in terms of price and volume, we use four clusters based on 1Q 2012 internal growth over 1Q 2011:

- **CLUSTER 1:**
Overall growth – both price and volume effects are positive.
- **CLUSTER 2:**
Overall growth – either price or volume effects are positive.
- **CLUSTER 3:**
Overall decline – either price or volume effects are positive.
- **CLUSTER 4:**
Overall decline – both price and volume effects are negative.

GROSS PREMIUMS WRITTEN BY OPERATING ENTITY – INTERNAL GROWTH RATES^{3,4} | in %



1] We comment on the development of our gross premiums written on an internal basis; meaning adjusted for foreign currency translation and (de-)consolidation effects in order to provide more comparable information.

2] Based on the quarterly average exchange rates of 2012 compared to 2011.

3] Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

4] Allianz Risk Transfer (ART) now shown within AGCS. Previous years were adjusted accordingly.

CLUSTER 1

At **AGCS**, gross premiums increased to € 1,624 mn, up by 13.5%. This strong volume growth was driven by our single premium Allianz Risk Transfer (ART) fronting business, as well as our property and marine lines. Further growth resulted from the appreciation of the U.S. Dollar and Swiss Franc against the Euro. We estimate an overall positive price effect of 0.4%.

In **AUSTRALIA**, gross premiums amounted to € 675 mn. Even after adjusting for foreign currency translation effects of € 59 mn, gross premiums went up by 13.1%. This strong growth was driven by a significant volume increase in both retail and commercial lines through agent and broker distribution channels. The overall price effect was positive, at about 3.9%, in part reflecting higher charges due to the high level of natural catastrophes in 2011.

In the **UNITED KINGDOM**, gross premiums stood at € 568 mn, including € 13 mn of favorable foreign currency translation effects. We achieved strong growth of 6.7%, reflecting an upswing in both the retail and commercial lines of our motor business. Tariff increases, mainly in our motor business, continued to support this overall growth and led to a positive price effect of around 3.4%.

In the **UNITED STATES**, we recorded gross premiums of € 656 mn, including positive foreign currency translation effects of € 28 mn. The growth of 3.8% stemmed mostly from our crop business, as a result of higher commodity prices, and our commercial lines. This partially compensated for volume losses in our personal lines. We estimate a positive price effect of approximately 1.6%.

In **SOUTH AMERICA**, gross premiums increased to € 514 mn. We grew by 3.4%, with Argentina and Colombia accounting for most of this positive development. Gross premiums in Brazil declined as we did not underwrite as many large risks as in the first quarter 2011. Excluding this effect, Brazil also contributed positively.

CLUSTER 2

In our **CREDIT INSURANCE** business, gross premiums amounted to € 591 mn, up by 10.5% thanks to an increase in insured turnover and new customer growth. Price decreases and slightly higher rebates to our customers led to a negative price effect of about 2.4%.

In **ASIA-PACIFIC**, gross premiums totaled € 152 mn. Our growth of 9.8% was mainly driven by the strong volume development at our Malaysian motor business. The negative price effect was estimated at 2.1%.

In **ITALY**, gross premiums increased 1.5% to € 953 mn reflecting tariff increases in our motor business and double-digit growth in direct channels. This more than offset volume losses resulting from our non-motor business due to the highly competitive market and our strict underwriting guidelines. We estimate the overall price effect to be 2.7%.

In **GERMANY**, we recorded gross premiums of € 3,893 mn, an increase of 0.8%. The growth mainly resulted from our commercial lines. However, our personal lines fell slightly, due to a lower level of accident business with premium refunds, while our personal motor operations remained stable. Price increases in our non-motor business led to a positive price effect of approximately 3.3%.

In **SWITZERLAND**, gross premiums stood at € 976 mn, including positive foreign currency translation effects of € 61 mn. We grew by 0.2%, benefiting from stable progress in other business lines, despite a decline in our accident business. The overall price effect was negative at around 0.6%.

In **FRANCE**, gross premiums remained unchanged at € 1,138 mn. We estimate a positive price effect of about 3.4% due to tariff increases, in particular in our non-motor business.

CLUSTER 3

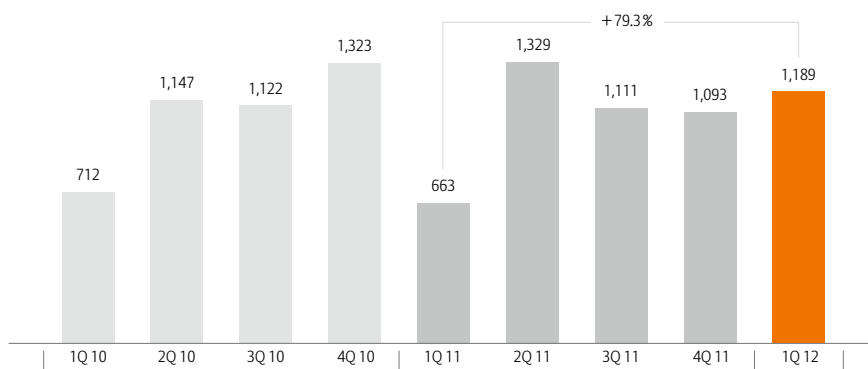
In **SPAIN**, gross premiums went down 3.8% to € 607 mn. The ongoing economic recession put intense pressure on prices, especially in the highly competitive motor and commercial lines. This led to a negative price effect of around 7.5%.

CLUSTER 4

In **CENTRAL AND EASTERN EUROPE**, we generated gross premiums of € 710 mn, including unfavorable foreign currency translation effects of € 20 mn. The overall decline in our motor business in Hungary and our health business in Russia resulted in a negative internal growth of 4.5%. The price effect was negative – at around 1.4% – and was caused by unfavorable developments in Romania and the Czech Republic.

Operating Profit

OPERATING PROFIT | in € mn



We analyze the operating profit in the Property-Casualty segment in terms of underwriting result, operating investment income and other result.¹

Three months ended 31 March in € mn	2012	2011
Underwriting result	333	(180)
Operating investment income	839	823
Other result	17	20
Operating profit	1,189	663

OPERATING PROFIT increased by € 526 mn to € 1,189 mn.

Our **UNDERWRITING RESULT** improved by € 513 mn to € 333 mn, mainly due to significantly lower losses from natural catastrophes. Positive price movements also contributed positively. This upswing was partially offset by a less favorable run-off, partly due to higher loss estimates from the 2011 Thailand floods.

Our **OPERATING INVESTMENT INCOME** of € 839 mn was up slightly, largely attributable to increased income in debt instruments.

The **COMBINED RATIO** stood at 96.2% compared to 101.3% in the first quarter of the previous year. Considerably lower losses from natural catastrophes and a positive price development were partly outweighed by a less favorable run-off.

1 | Consists of fee and commission income/expenses and other income/expenses.

Our **ACCIDENT YEAR LOSS RATIO** was 70.9%. The impact from natural catastrophes was rather benign at only 0.4 percentage points. Net losses from these natural catastrophes amounted to € 42 mn. In comparison, we recorded severe losses from natural catastrophes in the first quarter of 2011, largely driven by the earthquakes in Japan and New Zealand as well as the floods in Australia. The total losses from natural catastrophes in the first quarter of 2011 amounted to € 737 mn, or 7.6 percentage points of the accident year loss ratio of 77.2%.

UNDERWRITING RESULT

Three months ended 31 March | in € mn

	2012	2011
Premiums earned (net)	10,081	9,676
Accident year claims	(7,146)	(7,469)
Previous year claims (run-off)	264	379
Claims and insurance benefits incurred (net)	(6,882)	(7,090)
Acquisition and administrative expenses (net)	(2,812)	(2,708)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds) ¹	(54)	(58)
Underwriting result	333	(180)

Excluding natural catastrophes, our accident year loss ratio went up by 0.9 percentage points. This was mainly due to unfavorable changes in claims frequency and severity, mainly stemming from the high volume of tap water claims in Germany as well as a changed business mix in the United States due to notable growth in our crop business – which carries structurally higher loss ratios but also lower expense ratios – and in our commercial lines, where we experienced higher losses, in particular in workers' compensation. The mentioned negative effects were partly offset by the overall higher average annual premium.

The following operations contributed positively to the development of the accident year loss ratio:

- **REINSURANCE:** 4.6 percentage points. This was primarily due to the extraordinary high level of losses from natural catastrophes in the first quarter of 2011.
- **AGCS:** 1.9 percentage points. We recorded significantly lower losses from natural catastrophes compared to the previous year.
- **ITALY:** 0.4 percentage points. This was thanks to higher prices and lower claims frequency – especially in third-party motor liability. The claims improvement was attributable to the high level of fuel prices and our strict profitability management, which is now focusing on our non-motor business. The higher level of losses from severe weather events, especially snow, partly offset these positive developments.
- **AUSTRALIA:** 0.4 percentage points. The impact of the extraordinarily high volume of losses from natural catastrophes in the first quarter of 2011 was only partly compensated for – due to overall higher large claims and high losses from heavy rain in the first quarter of 2012.

The following operations contributed negatively to the development of the accident year loss ratio:

- **GERMANY:** 0.4 percentage points. This was driven by a higher level of frost-related tap water claims, which more than offset the impact of natural catastrophes and severe weather events, which, overall, were lower in volume and claims costs than in the previous year, as well as the positive impact of price increases.
- **UNITED STATES:** 0.2 percentage points. This was mainly due to notable growth in our crop business, carrying structurally higher loss ratios, as well as in commercial lines, where we experienced – particularly in workers' compensation, in line with the market – higher losses. The lower burden from natural catastrophes and large claims had a partly compensating effect.

¹ | Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 28 of our condensed consolidated interim financial statements.

Our **RUN-OFF RESULT** was negatively affected by an overall increase of approximately € 80 mn for the estimated ultimate loss for the 2011 Thailand floods. Adjusting for this effect, the run-off result was relatively stable.

Total expenses stood at € 2,812 mn (1Q 2011: € 2,708 mn). Our **EXPENSE RATIO** was almost flat at 27.9%.

OPERATING INVESTMENT INCOME¹

Three months ended 31 March in € mn	2012	2011
Interest and similar income (net of interest expenses)	928	896
Operating income from financial assets and liabilities carried at fair value through income (net)	2	19
Operating realized gains/losses (net)	5	9
Operating impairments of investments (net)	(3)	–
Investment expenses	(67)	(56)
Expenses for premium refunds (net) ²	(26)	(45)
Operating investment income	839	823

OPERATING INVESTMENT INCOME increased by € 16 mn to € 839 mn, mainly driven by higher interest and similar income (net of interest expenses).

INTEREST AND SIMILAR INCOME (NET OF INTEREST EXPENSES) improved by € 32 mn to € 928 mn due to increased income on debt instruments. The total average asset base³ grew by 3.7% – from € 95.3 bn in the first quarter of 2011 to € 98.8 bn in the first quarter of 2012.

OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) fell by € 17 mn to € 2 mn. The decrease was driven by a negative development on hedging effects partly compensated by a better foreign currency result.

We recorded lower **OPERATING REALIZED GAINS/LOSSES (NET)** of € 5 mn compared to € 9 mn in the first quarter of 2011.

OTHER RESULT

Three months ended 31 March in € mn	2012	2011
Fee and commission income	290	273
Other income	7	4
Fee and commission expenses	(276)	(254)
Other expenses	(4)	(3)
Other result	17	20

1 | The "operating investment income" for our Property-Casualty segment consists of the "operating investment result" – as shown in note 3 of the condensed consolidated interim financial statements – and "expenses for premium refunds (net)" (policyholder participation) as shown in note 28 of the condensed consolidated interim financial statements.

2 | Refers to policyholder participation, mainly from UBR (accident insurance with premium refunds) business, and consists of the investment-related part of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 28 of our condensed consolidated interim financial statements.

3 | As of 1 January 2012, the asset base changed as liabilities from cash pooling are now included. Previous years were adjusted accordingly.

PROPERTY-CASUALTY SEGMENT INFORMATION

Three months ended 31 March in € mn	2012	2011
Gross premiums written¹	14,797	14,251
Ceded premiums written	(1,463)	(1,346)
Change in unearned premiums	(3,253)	(3,229)
Premiums earned (net)	10,081	9,676
Interest and similar income	939	909
Operating income from financial assets and liabilities carried at fair value through income (net)	2	19
Operating realized gains/losses (net)	5	9
Fee and commission income	290	273
Other income	7	4
Operating revenues	11,324	10,890
Claims and insurance benefits incurred (net)	(6,882)	(7,090)
Change in reserves for insurance and investment contracts (net)	(80)	(103)
Interest expenses	(11)	(13)
Loan loss provisions	–	–
Operating impairments of investments (net)	(3)	–
Investment expenses	(67)	(56)
Acquisition and administrative expenses (net)	(2,812)	(2,708)
Fee and commission expenses	(276)	(254)
Other expenses	(4)	(3)
Operating expenses	(10,135)	(10,227)
Operating profit	1,189	663
Loss ratio ² in %	68.3	73.3
Expense ratio ³ in %	27.9	28.0
Combined ratio⁴ in %	96.2	101.3

1 | For the Property-Casualty segment, total revenues are measured based upon gross premiums written.

2 | Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

3 | Represents acquisition and administrative expenses (net) divided by premiums earned (net).

4 | Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

Property-Casualty Operations by Business Divisions

Three months ended 31 March in € mn	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
	2012	2011	internal ¹		2012	2011	2012	2011
			2012	2011				
Germany	3,893	3,864	3,893	3,864	1,803	1,793	196	186
Switzerland	976	913	915	913	375	355	50	41
Austria	338	336	338	336	192	177	16	12
German Speaking Countries²	5,214	5,113	5,153	5,120	2,374	2,325	263	239
Italy	953	939	953	939	958	953	163	108
France	1,138	1,138	1,138	1,138	801	801	96	100
Netherlands	251	295	251	296	174	197	–	7
Turkey	146	137	159	137	91	84	3	1
Belgium	109	102	109	102	73	68	9	9
Greece	30	32	30	32	23	22	6	2
Africa	36	33	36	33	13	12	2	2
Western & Southern Europe³	2,663	2,676	2,676	2,677	2,133	2,137	283	233
Spain	607	631	607	631	450	447	75	78
South America	514	497	514	497	350	297	31	35
Portugal ⁴	120	86	90	86	63	61	9	10
Mexico	52	47	53	47	30	26	8	3
Iberia & Latin America	1,293	1,261	1,264	1,261	893	831	123	126
United States	656	606	628	605	528	530	35	62
USA	656	606	628	605	528	530	35	62
Allianz Global Corporate & Specialty	1,624	1,431	1,623	1,430	824	729	116	56
Reinsurance PC	1,490	1,450	1,490	1,450	766	753	64	(295)
Australia	675	542	613	542	544	468	68	23
United Kingdom	568	519	554	519	518	460	42	40
Credit Insurance	591	535	591	535	322	291	99	94
Ireland	261	230	261	230	183	157	21	8
Global Insurance Lines & Anglo Markets⁵	5,209	4,707	5,132	4,706	3,157	2,858	410	(73)
Russia	205	217	203	217	155	154	1	1
Poland	109	111	117	111	91	91	4	1
Hungary	114	137	124	137	58	76	12	15
Slovakia	109	114	109	114	64	69	15	15
Czech Republic	78	82	80	82	57	55	7	8
Romania	47	55	49	55	36	46	1	–
Bulgaria	15	17	15	17	17	17	4	5
Croatia	29	27	29	27	19	19	3	3
Ukraine	4	4	4	4	2	2	–	–
Kazakhstan ⁶	–	10	–	–	–	1	–	–
Central and Eastern Europe ⁷	710	774	730	764	499	530	46	46
Asia-Pacific (excl. Australia)	152	132	145	132	76	69	15	13
Middle East and North Africa	18	19	18	18	12	12	–	(1)
Growth Markets	880	925	893	914	587	611	61	58
Assistance	473	460	473	460	409	380	14	16
Consolidation and Other ⁸	(1,591)	(1,497)	(1,622)	(1,504)	–	4	–	2
Total	14,797	14,251	14,597	14,239	10,081	9,676	1,189	663

1 | This reflects gross premiums written on an internal basis (adjusted for foreign currency translation and (de-)consolidation effects).

2 | In 2012, "Münchener und Magdeburger Agrarversicherung AG" was transferred from Consolidation and Other to German Speaking Countries. Prior year figures were not adjusted. The first three months of 2012 contain € 7 mn gross premiums written, € 4 mn premiums earned (net) and € 1 mn operating profit.

3 | Contains € 4 mn and € 4 mn operating profit for 1Q 2012 and 1Q 2011, respectively, from a management holding located in Luxembourg.

4 | In 4Q 2011 the premium accounting method changed which is adjusted in the internal growth.

5 | Contains € (0.1) mn and € 1 mn operating profit for 1Q 2012 and 1Q 2011, respectively, from AGF UK.

6 | In 2011, the Allianz Group sold its subsidiary in Kazakhstan.

7 | Contains income and expense items from a management holding and consolidations between countries in this region.

8 | Represents elimination of transactions between Allianz Group companies in different geographic regions.

	Combined ratio		Loss ratio		Expense ratio	
	2012	2011	2012	2011	2012	2011
Three months ended 31 March in %						
Germany	98.0	98.5	70.5	70.8	27.5	27.7
Switzerland	93.4	93.6	71.8	72.9	21.6	20.7
Austria	98.1	95.4	70.9	68.7	27.2	26.7
German Speaking Countries²	97.2	97.5	70.7	71.0	26.5	26.5
Italy	91.6	97.9	67.6	73.6	24.0	24.3
France	98.6	97.7	73.3	73.0	25.3	24.7
Netherlands	104.8	100.6	75.4	70.0	29.4	30.6
Turkey	103.4	104.2	75.4	75.3	28.0	28.9
Belgium	99.5	98.4	65.2	64.8	34.3	33.6
Greece	78.1	99.1	47.9	58.2	30.2	40.9
Africa	89.9	94.2	63.3	57.4	26.6	36.8
Western & Southern Europe³	96.0	98.4	70.4	72.6	25.6	25.8
Spain	89.4	88.7	69.5	68.7	19.9	20.0
South America	98.8	96.5	68.8	65.1	30.0	31.4
Portugal	91.8	91.0	68.7	67.1	23.1	23.9
Mexico	81.8	95.8	56.7	70.1	25.1	25.7
Iberia & Latin America	93.1	91.8	68.8	67.3	24.3	24.5
United States	105.7	102.5	70.6	65.7	35.1	36.8
USA	105.7	102.5	70.6	65.7	35.1	36.8
Allianz Global Corporate & Specialty	95.6	103.2	67.0	73.7	28.6	29.5
Reinsurance PC	95.7	142.5	67.1	114.5	28.6	28.0
Australia	99.9	109.5	75.8	85.7	24.1	23.8
United Kingdom	97.3	97.1	64.2	65.3	33.1	31.8
Credit Insurance	76.9	77.6	50.3	49.2	26.6	28.4
Ireland	93.5	101.7	69.3	76.9	24.2	24.8
Global Insurance Lines & Anglo Markets⁵	94.7	111.0	66.5	82.8	28.2	28.2
Russia	102.5	101.4	60.3	64.0	42.2	37.4
Poland	99.9	101.7	67.0	68.3	32.9	33.4
Hungary	90.8	90.5	52.2	50.6	38.6	39.9
Slovakia	83.2	86.4	53.1	58.0	30.1	28.4
Czech Republic	92.4	89.8	63.6	66.0	28.8	23.8
Romania	102.4	102.0	79.3	73.6	23.1	28.4
Bulgaria	81.4	71.7	50.2	41.7	31.2	30.0
Croatia	92.5	92.5	56.1	56.1	36.4	36.4
Ukraine	95.7	110.6	45.9	26.9	49.8	83.7
Kazakhstan ⁶	–	83.8	–	16.2	–	67.6
Central and Eastern Europe ⁷	96.0	95.6	60.8	61.8	35.2	33.8
Asia-Pacific (excl. Australia)	90.2	88.2	61.5	59.3	28.7	28.9
Middle East and North Africa	111.1	116.3	77.4	76.7	33.7	39.6
Growth Markets	95.4	95.3	61.2	61.9	34.2	33.4
Assistance	98.3	97.6	62.1	61.8	36.2	35.8
Consolidation and Other ⁸	–	–	–	–	–	–
Total	96.2	101.3	68.3	73.3	27.9	28.0

I. Life/Health Insurance Operations

- Statutory premiums down to € 13.7 bn but traditional business firm.
- Operating profit at € 826 mn, supported by a higher investment result.

■ SEGMENT OVERVIEW

Allianz offers a broad range of life, savings and investment-oriented products including individual and group life insurance contracts. Via our distribution channels – mainly tied agents, brokers and bank partnerships – we offer life and health products for both private and corporate clients. As one of the worldwide market leaders in life business we serve customers in more than 45 countries. In 17 countries, we are one of the market leaders based on premiums.

■ KEY FIGURES

Three months ended 31 March	Statutory premiums € mn	Operating profit		Margin on reserves ¹ bps
		€ mn	Δ DIFFERENCE QUARTER OVER QUARTER	
2012	13,699	826	Δ +17.7%	78
2011	14,270	702	Δ (15.9)%	69
2010	15,356	835		87

■ EARNINGS SUMMARY

STATUTORY PREMIUMS decreased from € 14,270 mn to € 13,699 mn. On an internal basis², premiums declined by 5.0%, which excludes positive foreign currency effects of € 165 mn, and was mainly impacted by the drop in sales of investment-oriented products in Italy, Taiwan and Japan. This reflected the overall market trend of increased competition, especially in the bancassurance channel where banks are pushing sales of their own products rather than insurance products. In addition, we stopped selling new business in Japan. However, our traditional Life/Health business held firm. As we continue to focus on our margin, product pricing actions will continue to be taken in order to maintain profitability.

Our **OPERATING PROFIT** increased by € 124 mn to € 826 mn, mainly due to an increase in the investment result.

MARGIN ON RESERVES increased from 69 to 78 basis points, driven by the improvement of operating profit.

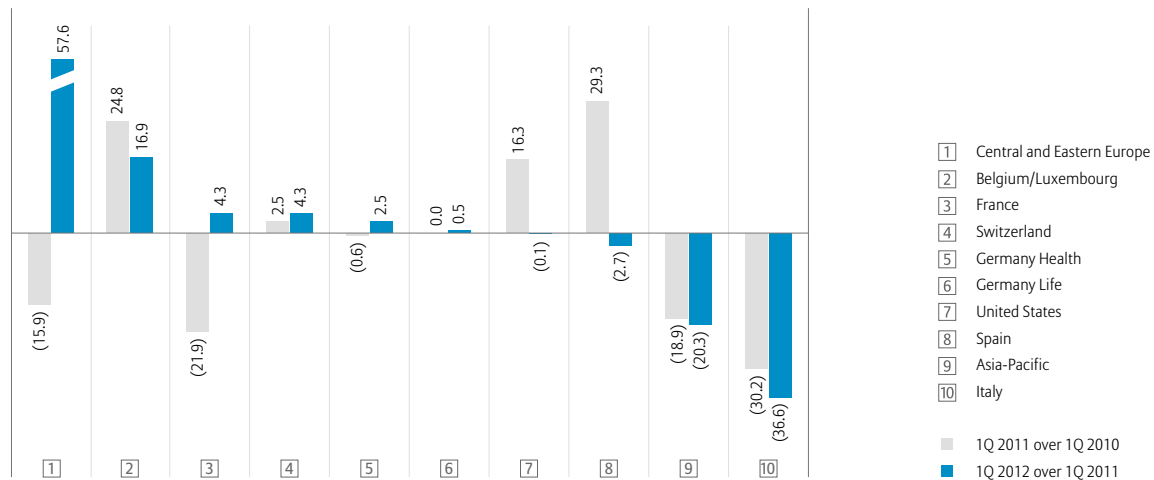
1 | Represents operating profit (loss) divided by the average of the current and prior quarter net reserves, whereby net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

2 | Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.

Statutory Premiums

In the following section, we comment on the development of our statutory premiums written on an internal basis, i.e. adjusted for foreign currency translation and (de-)consolidation effects in order to provide more comparable information.

STATUTORY PREMIUMS – INTERNAL GROWTH RATES IN SELECTED MARKETS^{1,2} | in %



Premiums in **CENTRAL AND EASTERN EUROPE** increased 57.6% and amounted to € 424 mn. Both our traditional as well as investment-oriented business saw positive growth in premiums. Poland, which contributed € 128 mn to internal growth, generated higher sales of deposit business and index-linked products. This was partially offset by lower sales of unit-linked products. In Hungary, premium growth of € 26 mn was driven by two single premium investment product campaigns.

In **BELGIUM/LUXEMBOURG**, we recorded premiums of € 374 mn, an increase of 16.9% or € 54 mn, stemming from our investment-oriented products. Growth in Luxembourg Life (€ 66 mn) was partly offset by negative growth in Belgium Life.

Premiums in **FRANCE** increased 4.3% and amounted to € 2,018 mn. Our investment-oriented products contributed the most while traditional business remained stable. Premiums from group pension products primarily helped boost the revenues. While we had good performance from financial advisors, we saw negative developments in the tied agent channel. Overall, we performed better than the French market, which continued to be impacted by fiscal uncertainties due to the presidential elections and pressure from banks to offer on-balance sheet products.

In **SWITZERLAND**, we recorded a premium increase of 4.3% to € 1,030 mn. Our group life business achieved particularly good results. Both regular and single premium business contributed to this positive development.

In our **GERMAN** life business, premiums increased 0.5% to € 3,940 mn. Traditional life business remained stable while premiums from investment-oriented products increased. We had a slight decrease in new business premiums which was entirely attributable to the weakening single premium business, whereas regular premium business slightly increased. Premiums from German health business were up 2.5% – mainly due to price increases and new business in supplementary insurance, while customers with full coverage insurance decreased.

Premiums in the **UNITED STATES** remained relatively unchanged and amounted to € 2,023 mn. Sales of fixed-indexed annuities were still at a low level in January 2012 due to product changes introduced in September 2011, but picked up in the following months. This was compensated for by a higher level of variable annuity sales in January 2012 after the announcement of product changes in the same month. However, variable annuity sales returned to a more normal level in February and March.

1 | Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

2 | Starting from the first quarter of 2010, Luxembourg Life was consolidated into Belgium for reporting purposes.

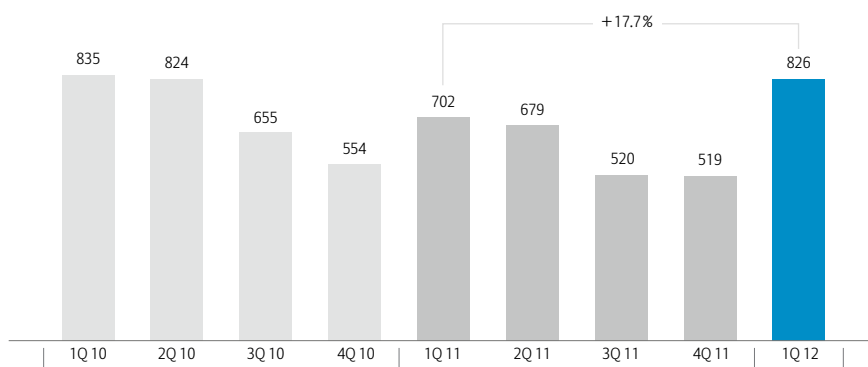
Despite a difficult market environment, due to the continuing recession and austerity measures, **SPAIN** recorded a moderate decline in premiums of 2.7% which amounted to € 250 mn. Overall, investment-oriented products saw negative premium growth while traditional Life business increased slightly. We had an increase in premiums from pension business, although not enough to compensate for declines in saving and investment products.

Premiums in **ASIA-PACIFIC** amounted to € 1,164 mn, a decline of 20.3%, affected by Japan and the slowing of sales in Taiwan and South Korea. In Japan, premiums dropped by € 203 mn as no new business premiums were recorded in 2012. Taiwan recorded a premium decrease of € 136 mn on an internal basis. This was mainly due to the decrease in unit-linked business without guarantees through agency and bancassurance channels, as competitors offered what we believe are unsustainable guarantee products. The decrease in South Korea of € 20 mn was largely caused by our traditional business and the slowing new business sales since last year.

In **ITALY**, premiums fell 36.6% – or € 731 mn – and amounted to € 1,267 mn. The market remains very difficult due to the worsening economic environment and bancassurance business where banks focus on selling their own products rather than insurance products. All this put severe downward pressure on premiums and translated into a drop in sales of investment-oriented products. Nevertheless, traditional business remained almost stable and we recorded positive growth in our agent channel, outperforming the market.

Operating Profit

OPERATING PROFIT | in € mn



Our **OPERATING PROFIT** amounted to € 826 mn, an increase of € 124 mn, largely driven by a higher investment result.

INTEREST AND SIMILAR INCOME NET OF INTEREST EXPENSES grew by € 235 mn and amounted to € 4,042 mn. This was mainly due to higher interest from debt investments – reflecting the higher asset base – as well as higher dividend income from available-for-sale investments and income from associated enterprises.

OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) remained flat at a loss of € 162 mn. Higher valuation and yields on debt and equity securities were offset mainly by a negative impact from hedging on equities.

OPERATING REALIZED GAINS AND LOSSES (NET) increased by € 349 mn to € 1,067 mn. Higher realized gains, mainly in Germany, from equity, and, to a lesser extent, from debt, were more than enough to compensate for lower realized gains from real estate.

OPERATING IMPAIRMENTS ON INVESTMENTS (NET) were flat at € 62 mn. Impairments on available-for-sale equities were partially offset by the reversals of debt impairments compared to impairments in the previous year.

CLAIMS AND INSURANCE BENEFITS INCURRED (NET) increased by € 221 mn to € 5,109 mn, mainly because we experienced higher maturities for traditional products.

CHANGES IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET) increased by € 85 mn to € 3,714 mn, mainly due to higher expenses for premium refunds in Germany, which was related to the higher investment result. Partly offsetting was the positive impact from lower premium refunds in France, driven by lower investment result and reserve releases largely related to the higher maturities in traditional business.

INVESTMENT EXPENSES decreased by € 16 mn and amounted to € 162 mn, mainly impacted by lower expenses from real estate.

ACQUISITION AND ADMINISTRATIVE EXPENSES (NET) amounted to € 1,521 mn, an increase by € 352 mn. Acquisition costs increased due to higher deferred acquisition cost amortization, largely in Germany Life and the United States.

We had an increase in **MARGIN ON RESERVES** from 69 to 78 basis points, which was related to the improvement of our operating profit.

LIFE/HEALTH SEGMENT INFORMATION

Three months ended 31 March | in € mn

	2012	2011
Statutory premiums¹	13,699	14,270
Ceded premiums written	(154)	(167)
Change in unearned premiums	(67)	(89)
Statutory premiums (net)	13,478	14,014
Deposits from insurance and investment contracts	(7,117)	(7,829)
Premiums earned (net)	6,361	6,185
Interest and similar income	4,062	3,833
Operating income from financial assets and liabilities carried at fair value through income (net)	(162)	(162)
Operating realized gains/losses (net)	1,067	718
Fee and commission income	127	130
Other income	42	23
Operating revenues	11,497	10,727
Claims and insurance benefits incurred (net)	(5,109)	(4,888)
Changes in reserves for insurance and investment contracts (net)	(3,714)	(3,629)
Interest expenses	(20)	(26)
Loan loss provisions	–	–
Operating impairments of investments (net)	(62)	(62)
Investment expenses	(162)	(178)
Acquisition and administrative expenses (net)	(1,521)	(1,169)
Fee and commission expenses	(63)	(59)
Operating restructuring charges	(1)	–
Other expenses	(19)	(14)
Operating expenses	(10,671)	(10,025)
Operating profit	826	702
Margin on reserves² in basis points	78	69

1 | Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

2 | Represents operating profit (loss) divided by the average of the current and prior quarter net reserves, whereby net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

Life/Health Operations by Business Divisions

Three months ended 31 March in € mn	Statutory premiums ¹				Premiums earned (net)		Operating profit (loss)		Margin on reserves ²	
			internal ³							
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Germany Life	3,940	3,919	3,940	3,919	2,937	2,926	242	245	59	63
Germany Health	818	798	818	798	818	799	43	24	75	45
Switzerland	1,030	927	966	926	299	268	20	19	65	65
Austria	134	115	134	115	100	88	19	11	195	113
German Speaking Countries	5,922	5,759	5,858	5,758	4,154	4,081	324	299	64	62
Italy	1,267	1,998	1,267	1,998	148	145	73	68	68	62
France ⁴	2,018	1,958	2,018	1,935	771	761	86	108	51	64
Belgium/Luxembourg	374	317	374	320	106	129	16	14	73	69
Netherlands	74	104	74	101	33	56	13	12	128	111
Greece	26	29	26	29	16	17	2	1	209	147
Turkey	23	27	26	27	8	8	1	1	91	77
Africa	18	12	18	12	7	6	1	1	244	161
Western & Southern Europe	3,800	4,445	3,803	4,422	1,089	1,122	192	205	61	65
Spain	250	256	250	257	151	109	31	27	209	191
Portugal	39	45	39	45	22	20	(11)	5	(938)	438
Mexico	34	39	35	39	5	16	2	1	264	219
South America	31	14	28	14	28	10	1	3	180	431
Iberia & Latin America	354	354	352	355	206	155	23	36	130	221
United States	2,023	1,939	1,937	1,939	200	167	166	92	102	63
USA	2,023	1,939	1,937	1,939	200	167	166	92	102	63
Reinsurance LH	120	99	120	99	108	92	13	5	237	80
Global Insurance Lines & Anglo Markets	120	99	120	99	108	92	13	5	237	80
South Korea	462	467	447	467	145	166	43	40	196	196
Taiwan	278	406	270	406	29	34	2	(23)	17	(159)
Indonesia	181	126	176	126	63	48	16	15	562	752
Malaysia	76	65	73	65	51	51	3	4	153	220
Japan	1	204	1	204	1	2	5	(6)	82	(124)
Other	166	144	159	144	138	98	15	7	184	79
Asia-Pacific	1,164	1,412	1,126	1,412	427	399	84	37	158	73
Poland	215	102	230	102	26	20	4	4	252	218
Slovakia	63	61	63	61	46	46	8	8	270	286
Hungary	69	49	75	49	13	15	1	2	163	186
Czech Republic	32	37	33	37	16	14	3	3	247	268
Russia	20	10	19	10	19	9	(1)	–	(294)	(268)
Croatia	13	11	13	11	13	11	1	1	193	133
Bulgaria	7	7	7	7	6	6	2	1	526	446
Romania	5	6	6	6	3	3	1	1	389	458
Central and Eastern Europe	424	283	446	283	142	124	19	20	238	241
Middle East and North Africa	39	53	40	50	35	45	2	3	180	371
Global Life	1	1	1	1	–	–	–	–	– ⁵	– ⁵
Growth Markets	1,628	1,749	1,613	1,746	604	568	105	60	169	99
Consolidation ⁶	(148)	(75)	(149)	(75)	–	–	3	5	– ⁵	– ⁵
Total	13,699	14,270	13,534	14,244	6,361	6,185	826	702	78	69

1 | Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

2 | Represents operating profit divided by the average of the current and the prior quarter net reserves, whereby net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

3 | Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.

4 | In December 2011, the Allianz Group sold the subsidiary Coparc.

5 | Presentation not meaningful.

6 | Represents elimination of transactions between Allianz Group companies in different geographic regions.

I. Asset Management

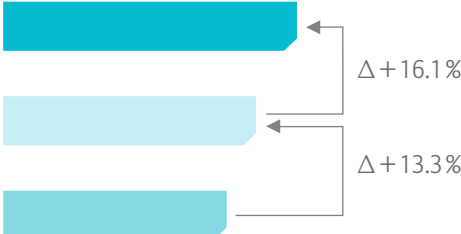
- Total assets under management of € 1,653 bn.
- Third-party net inflows of almost € 24 bn.
- Outstanding performance continued, operating profit up 16.1% to € 613 mn.

■ SEGMENT OVERVIEW

Allianz offers Asset Management products and services for third-party investors and the Allianz Group's insurance operations. We serve a wide range of retail and institutional clients worldwide with investment and distribution capacities in all major markets. Our particular strongholds are in the United States, Europe and the Asia-Pacific region. Based on total assets under management, we are one of the four largest asset managers in the world managing third-party assets with active investment strategies.

As of 1 January 2012, we brought our PIMCO and Allianz Global Investors (AllianzGI) business units under the common governance of Allianz Asset Management Holding (AAM). Therefore, we now show the rolling investment performance of PIMCO and AllianzGI versus benchmarks. In addition, we enhanced our investment performance methodology. For comparability, the enhanced methodology is applied retrospectively.

■ KEY FIGURES

Three months ended 31 March	Total assets under management € bn	Operating revenues € mn	Operating profit € mn	Δ DIFFERENCE QUARTER OVER QUARTER	Cost-income ratio %
2012	1,653	1,439	613		57.4
2011	1,492	1,273	528		58.5
2010	1,312	1,116	466		58.2

■ EARNINGS SUMMARY

Our **OPERATING REVENUES** climbed by € 166 mn to € 1,439 mn. On an internal basis, operating revenues increased by 8.4%, reflecting the increase in assets under management resulting from positive market development and organic growth.

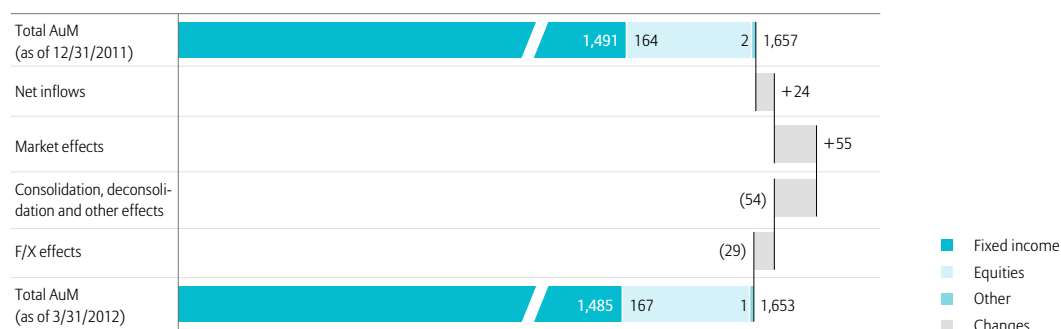
The **COST-INCOME RATIO** further improved by 1.1 percentage points to 57.4% compared to the first quarter of 2011.

We recorded an outstanding **OPERATING PROFIT** of € 613 mn, an increase of € 85 mn. On an internal basis, we grew by 10.3%, supported by an increase in assets under management and margins as well as the effectiveness of our operational business. In this quarter, third-party assets under management net inflows totaled almost € 24 bn.

Assets under Management

As of 31 March 2012, total assets under management amounted to € 1,653 bn, € 1,266 bn of which were held by third parties and € 387 bn by Allianz Group. We show the development of total assets under management based on asset classes as they are relevant for the segment's business development.

DEVELOPMENT OF TOTAL ASSETS UNDER MANAGEMENT | in € bn



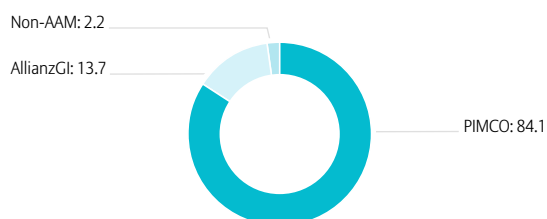
In the first three months of 2012, net inflows of total assets under management amounted to € 24 bn, almost all of which were third-party. Fixed income business contributed € 25 bn while our equity business recorded net outflows of € 1 bn.

We experienced favorable market effects of € 55 bn, largely driven by fixed income with € 42 bn and equities with € 14 bn. These were offset by negative effects of € 54 bn, mainly related to a refinement of the definition of assets under management. This resulted in a reclassification from assets under management to assets under administration with no impact on our revenue base. Unfavorable foreign currency translation effects amounted to € 29 bn, primarily resulting from the depreciation of the U.S. Dollar versus the Euro.¹

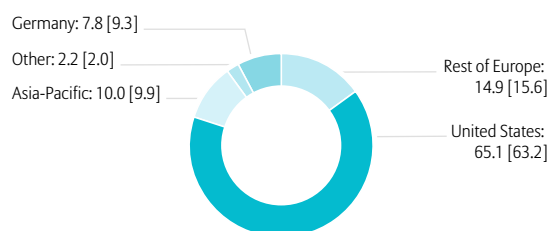
In the following section, we focus on the development of third-party assets under management.

THIRD-PARTY ASSETS UNDER MANAGEMENT | in %

■ BY BUSINESS UNIT AS OF 31 MARCH 2012²



■ BY REGION/COUNTRY AS OF 31 MARCH 2012 [31 DECEMBER 2011]^{3,4}



The regional allocation of third-party assets under management shifted slightly, as shown above. The United States further increased its share by 1.9 percentage points to 65.1%. However, Germany lost 1.5 percentage points, mainly due to the before-mentioned reclassification of assets under management to assets under administration.

The ratio of third-party assets from fixed income and equity changed to 88% (1Q 2011: 86%) and 12% (1Q 2011: 14%) respectively, as a result of continued strong inflows and market effects of fixed income.

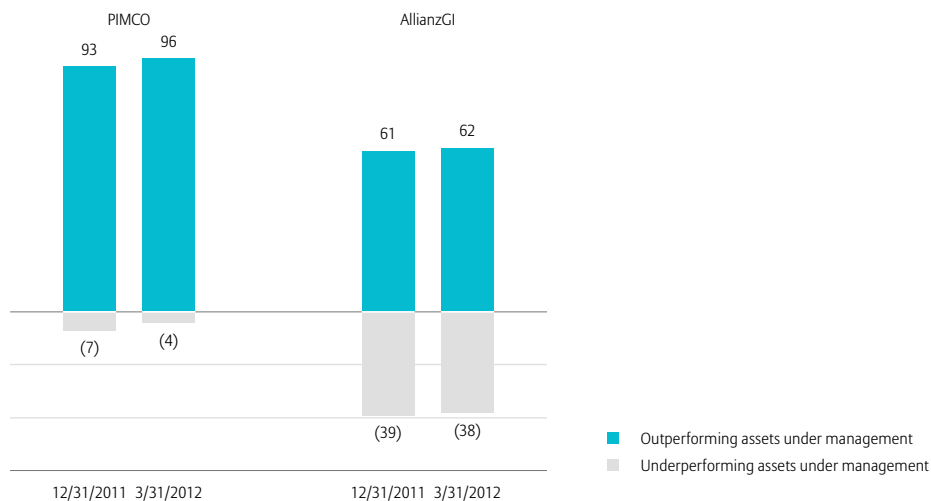
The split of third-party assets under management between retail and institutional clients remained almost the same, with one percentage point up for our retail clients (to 35%) and one percentage point down for our institutional clients (65%).

1| Based on the closing rate on the respective balance sheet dates.

2| Retrospective figures as of 31 December 2011 are not provided since the composition of total assets under management is impacted by the new structure for Asset Management implemented as of 1 January 2012.

3| Based on the origin of assets by the asset management company.

4| The region "Other" consists of third-party assets managed by other Allianz Group companies (approximately € 27 bn as of 31 March 2012 and € 26 bn as of 31 December 2011, respectively).

ROLLING INVESTMENT PERFORMANCE OF PIMCO AND ALLIANZGI¹ | in %

In conjunction with the new AAM structure, we now show the rolling investment performance of PIMCO and AllianzGI versus their benchmarks.

The overall investment performance of the AAM businesses was outstanding, with 91 % outperforming their respective benchmarks (31 December 2011: 89%). PIMCO recorded an excellent performance of 96% versus its respective benchmarks. AllianzGI outperformed 62% of its benchmarks.

Operating Revenues

We increased our **OPERATING REVENUES** by € 166 mn to € 1,439 mn – mainly due to increased assets under management. On an internal basis, operating revenues rose by 8.4%.

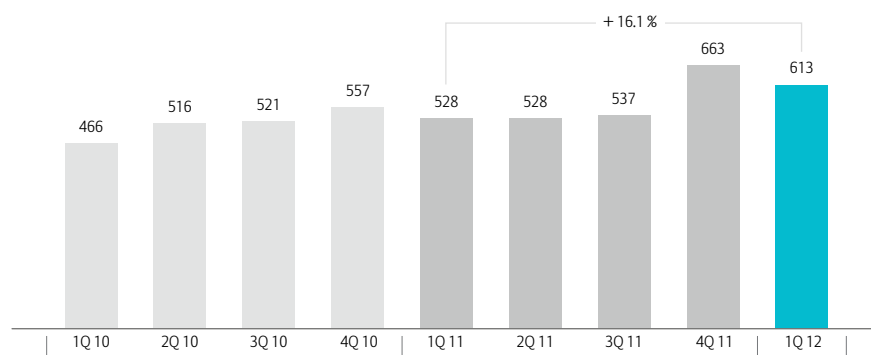
NET FEE AND COMMISSION INCOME grew by € 159 mn to € 1,415 mn. This was largely driven by higher management fees in line with the increase of assets under management and higher margins. **PERFORMANCE FEES** amounted to € 44 mn compared to € 56 mn in the first quarter of 2011.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) rose by € 8 mn to € 14 mn. This resulted from the positive effects of mark-to-market valuations of seed money – predominantly in the United States.

¹ | Allianz Asset Management account-based, asset-weighted three-year investment performance of third-party assets versus the primary target including all accounts managed by equity and fixed income managers of Allianz Asset Management. For some retail funds, the net of fee performance is compared to the median performance of the corresponding Morningstar peer group (first and second quartile mean outperformance). For all other retail funds and for all institutional accounts, the gross of fee performance (revaluated based on closing prices) is compared to the respective benchmark based on different metrics.

Operating Profit

OPERATING PROFIT | in € mn



Our **OPERATING PROFIT** went up 16.1% to € 613 mn, reflecting both assets under management and margin growth. Excluding foreign currency effects of € 21 mn and consolidation/deconsolidation effects of € 14 mn, internal growth was 10.3%.

ADMINISTRATIVE EXPENSES increased to € 826 mn, reflecting our favorable business development and due to investments. This led to higher personnel and non-personnel expenses. The rise in non-personnel expenses also reflected our higher asset base.

Our revenues grew at a stronger rate than our operating expense base – which allowed us to further improve the already remarkable **COST-INCOME RATIO** to 57.4% (1Q 2011: 58.5%).

ASSET MANAGEMENT SEGMENT INFORMATION

Three months ended 31 March | in € mn

	2012	2011
Management and loading fees	1,611	1,431
Performance fees	44	56
Other income	37	44
Fee and commission income	1,692	1,531
Commissions	(274)	(272)
Other expenses	(3)	(3)
Fee and commission expenses	(277)	(275)
Net fee and commission income	1,415	1,256
Net interest income ¹	6	7
Income from financial assets and liabilities carried at fair value through income (net)	14	6
Other income	4	4
Operating revenues	1,439	1,273
Administrative expenses (net), excluding acquisition-related expenses	(826)	(745)
Operating expenses	(826)	(745)
Operating profit	613	528
Cost-income ratio² in %	57.4	58.5

1 | Represents interest and similar income less interest expenses.

2 | Represents operating expenses divided by operating revenue.

I. Corporate and Other

Operating loss increased by € 61 mn to € 284 mn, mainly driven by Holding & Treasury and Banking.

■ SEGMENT OVERVIEW

Corporate and Other encompasses the operations of Holding & Treasury, Banking and Alternative Investments. Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk management, corporate finance, treasury, financial control, communication, legal, human resources and technology functions. Our banking products offered in Germany, Italy, France, the Netherlands and Bulgaria complement our insurance product portfolio. We also provide global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors, mainly on behalf of the Allianz Group.¹

■ KEY FIGURES

□ CORPORATE AND OTHER²

Three months ended 31 March	Operating revenues € mn	Operating expenses € mn	Operating result € mn	Δ DIFFERENCE QUARTER OVER QUARTER
2012	422	(706)	(284)	<p>Δ (27.4%)</p> <p>Δ +11.2%</p>
2011	434	(657)	(223)	
2010	391	(642)	(251)	
HOLDING & TREASURY				
2012	70	(337)	(267)	
2011	110	(331)	(221)	
2010	93	(319)	(226)	
BANKING				
2012	310	(325)	(15)	
2011	294	(292)	2	
2010	265	(288)	(23)	
ALTERNATIVE INVESTMENTS				
2012	46	(47)	(1)	
2011	33	(37)	(4)	
2010	35	(37)	(2)	

1] For further information on private equity investments, please refer to note 26 of the condensed consolidated interim financial statements.

2] Consolidation included. For further information about our Corporate and Other segment, please refer to note 3 of our condensed consolidated interim financial statements. Banking figures include loan loss provisions in operating expenses.

..... ■ EARNINGS SUMMARY

Our OPERATING RESULT worsened by € 61 mn to a loss of € 284 mn. Holding & Treasury accounted for € 46 mn of this development. In Banking, we recorded a lower operating result, down by € 17 mn, while Alternative Investments' operating result improved by € 3 mn.

Earnings Summary – Holding & Treasury

Holding & Treasury's OPERATING RESULT declined by € 46 mn to a loss of € 267 mn. While operating expenses remained almost unchanged, operating revenues decreased by € 40 mn.

Our NET FEE AND COMMISSION RESULT registered a loss of € 49 mn compared to a deficit of € 21 mn in the same period of the previous year. These losses were primarily attributable to costs incurred by our internal IT service provider which have not been recovered from our group companies.

Our NET INTEREST RESULT deteriorated by € 18 mn to a loss of € 54 mn. This reflected lower interest and similar income and higher interest expenses. INTEREST AND SIMILAR INCOME was down by € 10 mn to € 55 mn, largely driven by lower dividends. INTEREST EXPENSES, EXCLUDING INTEREST EXPENSES FROM EXTERNAL DEBT, increased by € 8 mn to € 109 mn. This was primarily a result of higher cash pool costs.

At € 2 mn, OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME was almost the same as the previous year's level.

ADMINISTRATIVE EXPENSES (NET), EXCLUDING ACQUISITION-RELATED EXPENSES, remained relatively stable and amounted to € 146 mn (1Q 2011: € 140 mn).

Earnings Summary – Banking

Overall, the OPERATING RESULT in our Banking business decreased from a gain of € 2 mn to a loss of € 15 mn. This was largely because of a significant rise in credit loss provisions which was only partially offset by a better net interest result.

In the following section, we focus on the development of our ongoing Banking businesses. To make the figures comparable, we have excluded the disposed operations in Poland. As of 1 January 2012, the Banking segment also includes our banking business in the Netherlands, which had previously been assigned to the Asset Management segment.

Our LOAN LOSS PROVISION increased by € 32 mn to € 46 mn. This increase was mainly due to financial guarantees related to Greek sovereign bonds within certain unit-linked products.

Our NET INTEREST, FEE AND COMMISSION RESULT improved by € 8 mn and amounted to € 147 mn. The net interest result increased by € 13 mn to € 98 mn, thanks to short-term investments in bonds offering higher yields. Net fee and commission income declined by € 5 mn to € 49 mn.

ADMINISTRATIVE EXPENSES totaled € 125 mn – a reduction of € 6 mn compared to the first quarter of the previous year.

Earnings Summary – Alternative Investments

Alternative Investments' OPERATING RESULT improved by € 3 mn to a loss of € 1 mn. This improvement was mainly due to an increase in fee and commission income (net) but was partially offset by higher acquisition and administrative expenses.

I. Outlook

- An economic upswing is expected to continue at a moderate pace in 2012 and 2013.
- Our outlook for the Allianz Group's 2012 operating profit is unchanged at € 8.2 bn, plus or minus € 0.5 bn.

Economic Outlook

Following a dip in late 2011 and early 2012, the world economy is likely to regain some momentum as the year progresses. Global output is expected to grow moderately by 2.7% in 2012 and by 3.3% next year (2011: 2.9%). On both sides of the Atlantic, public and private sector efforts to curb high debt levels will continue to restrain economic activity. Monetary policy, however, is still very accommodative in the United States, Japan and Europe, providing favorable financing conditions for private households and the corporate sector. Monetary tightening is unlikely to materialize before 2013 in the Eurozone. This might even take longer in the United States. The emerging market economies remain a key driver of global growth and their importance in the world economy continues. We expect these markets to grow by 5.2% this year and 5.8% in 2013.

The U.S. economy will probably stabilize in 2012 and record higher growth rates than in 2011. We forecast real GDP growth of 2.3% for this and next year (2011: 1.7%). In the Eurozone, economic activity is likely to stagnate in 2012. While fiscal austerity will act as a headwind, moderate global growth, a weaker currency and supportive monetary policy should foster economic activities. Countries' economies with a high need for consolidation are likely to shrink. Following zero growth in the Eurozone this year, a 1.3% increase is expected in 2013. The German economy will outperform the Eurozone average thanks to robust domestic demand, a stable labor market and relatively lower need for consolidation in the public sector. Following real GDP growth of 1.0% this year, we expect an increase of 2.0% in 2013.

Growth will only accelerate in Europe if the European sovereign debt crisis does not escalate substantially. We still expect the debt crisis to abate slowly in the course of this year as E.U. summit decisions are implemented, structural reforms in over-indebted countries make progress, public finances continue to consolidate and ECB measures prove effective in preventing a credit crunch. Other risks that could severely dampen the economic outlook are a strong increase in oil prices – following a disruption to global oil supplies due to geopolitical tensions – a renewed flare-up of the banking crisis or a hard landing of the Chinese economy.

Financial market jitters regarding the European sovereign debt crisis have increased again in recent weeks. German government bonds continue to be considered a "safe haven", with yields on 10-year bonds below 2.0%. In the course of 2012, with the "safe haven" effect starting to fade somewhat, yields on German government bonds are likely to creep up towards 2.5%, which is a bit more in line with macroeconomic fundamentals. Provided that the debt crisis abates, spreads on other EMU government bonds are likely to narrow gradually, although their level will remain lofty. As far as the stock market is concerned, solid corporate earnings, low interest rates and relatively attractive price/earning-ratios provide a sound foundation for a significant recovery of equities. However, as we have seen in recent weeks, a renewed pickup in risk aversion can easily send stock markets south again, no matter how positive corporate sector fundamentals appear to be.

Industry Outlook

Our industry outlook remains unchanged. For full details, please refer to pages 121 and 122 of the Allianz Group Annual Report 2011.

Outlook for the Allianz Group

The Allianz Group remains strongly capitalized: our solvency ratio strengthened by a further 4 percentage points since 31 December 2011 to 183%.¹

Our operating profit for the first quarter of 2012 of € 2,330 mn was more than 40% above the respective quarter of the previous year, primarily thanks to significantly lower losses from natural catastrophes. Property-Casualty operating profit was strong. Despite a decline in statutory premiums, Life/Health achieved a solid operating profit, primarily due to an increased investment result. Asset Management performance continued to be outstanding.

After a very good start in 2012, we confirm our published outlook for the Allianz Group operating profit for 2012 at € 8.2 bn, plus or minus € 0.5 bn. Given the lower losses from natural catastrophes and higher investment result, it would be inappropriate to simply annualize the current quarter's operating profit and net income to arrive at an expected result for the full year. For full details of the assumptions and sensitivities on which this outlook is based, please refer to pages 122 to 130 of the Allianz Group Annual Report 2011.

As always, natural catastrophes and adverse developments in the capital markets – including a sovereign debt crisis – as well as factors stated in our cautionary note regarding forward-looking statements, may also affect the results of our operations.

Cautionary note regarding forward-looking statements

The statements contained herein may include prospects, 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. Actual results, performance or events may differ materially from those expressed in such forward-looking statements. Such deviations may arise, without limitation, because of changes in the general economic condition and competitive situation, particularly in the Allianz Group's core business and core markets, or the impact of acquisitions, related integration issues and reorganization measures. Deviations may also arise from the frequency and severity of insured loss events, including natural catastrophes, and from the development of loss expenses, mortality and morbidity levels and trends, persistency levels, and, particularly in our banking business, the extent of credit defaults. In addition, the performance of the financial markets (particularly market volatility, liquidity and credit defaults) as well as changes in interest rate levels, currency exchange rates and changes in national and international laws and regulations, particularly tax regulation, may have a relevant impact. 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.

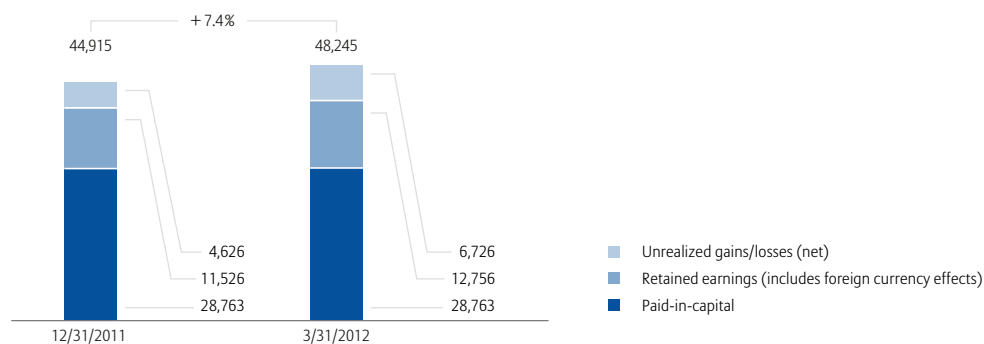
¹ | Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 31 March 2012 would be 174% (31 December 2011: 170%).

I. Balance Sheet Review

- Shareholders' equity increased 7.4% to € 48.2 bn.
- Strong solvency ratio of 183%, up by 4 percentage points.¹

Shareholders' Equity²

SHAREHOLDERS' EQUITY | in € mn



As of 31 March 2012, **SHAREHOLDERS' EQUITY** amounted to € 48,245 mn, an increase of € 3,330 mn – or 7.4% – compared to 31 December 2011. Net income attributable to shareholders accounted for € 1,371 mn. In addition, unrealized gains rose by € 2,100 mn. This was driven by favorable developments in equity markets and an easing in debt markets – in particular in Italy. Changes in foreign currency translation effects had a negative impact of € 209 mn, primarily due to the strengthening of the Euro against the U.S. Dollar.³

Regulatory Capital Adequacy

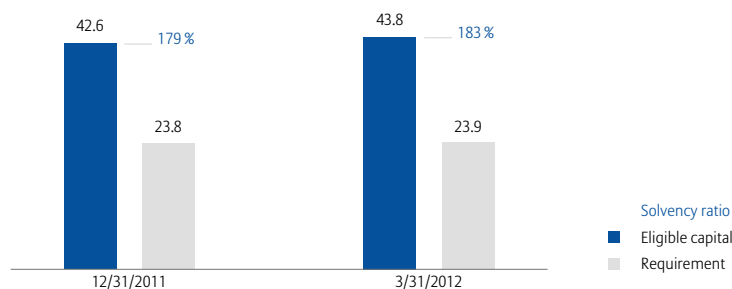
The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and the related German law in force since 2005. The law requires that financial conglomerates calculate the capital available to meet its solvency requirements on a consolidated basis, which we refer to as “eligible capital”.

1 | Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 31 March 2012 would be 174% (31 December 2011: 170%).

2 | This does not include non-controlling interests of € 2,444 mn and € 2,338 mn as of 31 March 2012 and 31 December 2011, respectively. For further information, please refer to note 19 of the condensed consolidated interim financial statements. Retained earnings include foreign currency translation effects of € (2,205) mn and € (1,996) mn as of 31 March 2012 and 31 December 2011, respectively.

3 | Based on the closing rate on the respective balance sheet dates.

CONGLOMERATE SOLVENCY¹ | in € bn



The conglomerate solvency ratio strengthened 4 percentage points to 183% since the end of 2011. As of 31 March 2012, the Group’s eligible capital for solvency purposes amounted to € 43.8 bn (31 December 2011: € 42.6 bn), including an off-balance sheet reserve of € 2.2 bn (31 December 2011: € 2.2 bn). The increase of € 1.2 bn was mainly driven by our net income (net of accrued dividends) of € 0.8 bn and higher unrealized gains on equities. The required funds grew by € 0.1 bn to € 23.9 bn. As a result, our eligible capital surpassed the minimum legally stipulated level by € 19.9 bn. Hence our strong solvency position improved once again.

Total Assets and Total Liabilities

In the following sections, we show the asset allocation for our insurance portfolio and analyze important developments within the balance sheets of our segments.

As of 31 March 2012, total assets amounted to € 661.2 bn and total liabilities were € 610.5 bn. Compared to year-end 2011, total assets and total liabilities increased by € 19.8 bn and € 16.3 bn, respectively.

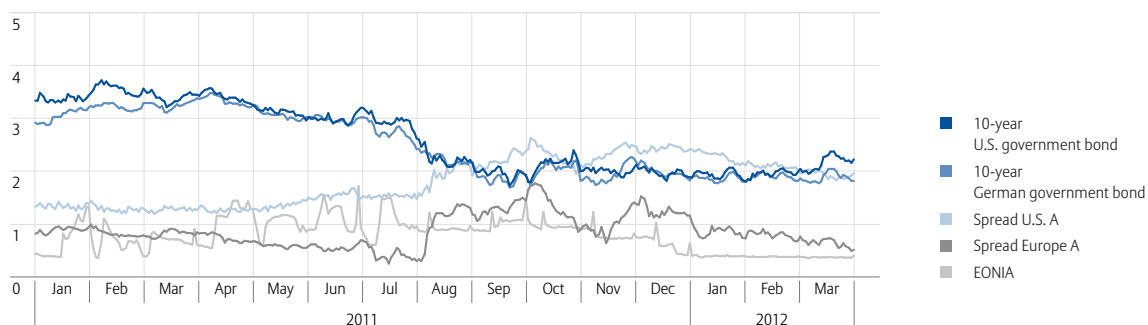
This section mainly focuses on our financial investments – debt instruments, equities, real estate, cash and other – along with insurance reserves and external financing, since these reflect the major developments in our balance sheet.

MARKET ENVIRONMENT OF DIFFERENT ASSET CLASSES

As highlighted in the Executive Summary, **FINANCIAL MARKETS** experienced a positive development in the first three months of 2012, supported by a lull in the European sovereign debt crisis.

During the first quarter of 2012, most equity markets continued their upward trend from the fourth quarter of 2011. For example, the German Stock Index (DAX®) rose by about 18% in the first quarter of 2012.

INTEREST RATES AND CREDIT SPREADS DEVELOPMENT | in %



¹ Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 31 March 2012 would be 174% (31 December 2011: 170%).

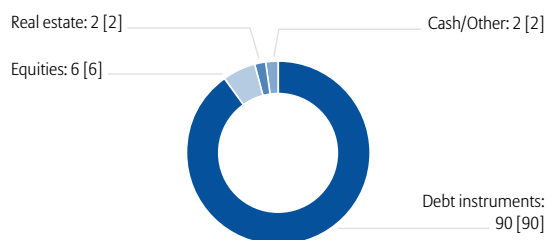
In 2011, economic uncertainties and the resulting “flight to quality” had driven German and U.S. government bond yields to low levels. In the first quarter of 2012, German government bond yields stabilized whereas U.S. government bond yields increased slightly. Furthermore, Italian government bond yields decreased after they had risen in 2011. Both German and U.S. **CREDIT SPREADS** for less well-rated debtors narrowed in 2012 after they had substantially widened in the previous year.

STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

The Allianz Group's investment portfolio is mainly determined by our core business of insurance. The following asset allocation covers the insurance segments and the Corporate and Other segment.

ASSET ALLOCATION¹ | in %

Allianz Group's investment portfolio as of 31 March 2012: € 475.9 bn
[as of 31 December 2011: € 461.1 bn]



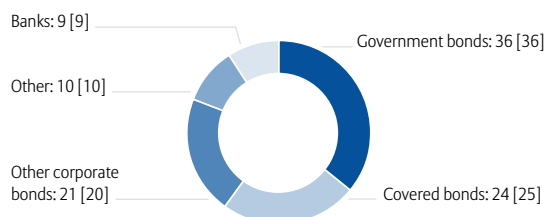
The Group's investment portfolio grew by € 14.8 bn – or 3.2% – to € 475.9 bn. This increase was mainly due to the investment performance of our underlying operating businesses. The asset allocation remained stable.

Our gross exposure to **EQUITIES** increased from € 28.8 bn to € 29.6 bn. Market developments more than offset realizations in the first quarter of 2012. Our equity gearing – a ratio of our equity holdings allocated to the shareholder after policyholder participation and hedges to shareholder's equity plus off-balance sheet reserves less goodwill – decreased from 31% to 28%.

The vast majority of our investment portfolio is made up of **DEBT INSTRUMENTS**. Our investments in this asset class grew from € 416.5 bn to € 430.6 bn, to a large extent because of positive market developments and reinvested interest flows. Our exposure in this asset class was well diversified, with 60% in government and covered bonds. In line with our operating business profile, 63% of our fixed income portfolio was invested in Eurozone bonds and loans. About 94% of our portfolio of debt instruments² was invested in investment-grade bonds and loans.

FIXED INCOME PORTFOLIO | in %

Total fixed income portfolio as of 31 March 2012: € 430.6 bn
[as of 31 December 2011: € 416.5 bn]



1 | This does not include our banking operations.

2 | Excluding self-originated German private retail mortgage loans. For 3%, no ratings are available.

Our **SOVEREIGN EXPOSURE** accounted for 36% of our investments in debt. As of 31 March 2012, our sovereign bond exposure in Spain, Greece, Ireland, Portugal and Italy comprised approximately 8.4% of our fixed income portfolio, with 1.0% in Spain and 7.2% in Italy. As of 31 December 2011, we had written down our Greek sovereign bonds to 24.7% of their nominal value. In the first quarter of 2012 we accepted Greece's offer of a voluntary conversion of Greek sovereign bonds. The conversion proposal of 24 February 2012 allows private investors to convert Greek sovereign bonds they hold into new Greek bonds (31.5% of the original nominal value) and European Financial Stability Facility (EFSF) securities with durations of up to two years (15% of the original nominal value).

CARRYING VALUES AND UNREALIZED LOSSES IN SPANISH, GREEK, IRISH, PORTUGUESE AND ITALIAN SOVEREIGN BONDS

As of 31 March 2012 in € mn	Carrying value	Unrealized loss (gross) ¹	Unrealized loss (net) ²
Spain	4,390	(238)	(52)
Greece ³	70	(18)	(8)
Ireland	176	(11)	(7)
Portugal	278	(94)	(58)
Subtotal	4,914	(361)	(125)
Italy	31,179	(800)	(116)
Total	36,093	(1,161)	(241)

Unrealized losses (gross) on the above-mentioned exposures decreased from € 3,713 mn as of 31 December 2011 to € 1,161 mn by the end of the first quarter of 2012. This was largely attributable to Italian government bonds, reflecting the narrowing of their spreads.

53% of the **COVERED BONDS** were German Pfandbriefe, backed by either public sector loans or mortgage loans. Covered bonds provide a cushion against real estate price deterioration and payment defaults through minimum required security buffers and over-collateralization. An additional 14% and 10% were French and Spanish covered bonds, respectively.

Our exposure to subordinated securities in banks decreased by € 0.2 bn to € 8.2 bn, driven by realizations. The tier 1 portion increased by € 0.1 bn to € 1.4 bn and accounted for only 0.3% of our fixed income portfolio.

Our portfolio included asset-backed securities (ABS) of € 20.0 bn, of which more than 80% were related to mortgage-backed securities (MBS). Around 27% of our ABS securities are made up of MBS issued by U.S. agencies and backed by the U.S. government. Overall, 96% of the total ABS portfolio received an investment grade rating, with 80% rated "AAA" (31 December 2011: 58%) due to a rating improvement.

Our exposure to **REAL ESTATE** held for investment remained almost stable and totaled € 8.6 bn (31 December 2011: € 8.7 bn).

INVESTMENT RESULT

NET INVESTMENT INCOME

Three months ended 31 March in € mn	Group		
	2012	2011	Delta
Interest and similar income (net) ⁴	5,009	4,769	240
Income from financial assets and liabilities carried at fair value through income (net)	94	(225)	319
Realized gains/losses (net)	1,188	1,114	74
Impairments of investments (net)	(188)	(145)	(43)
Investment expenses	(197)	(202)	5
Net investment income	5,906	5,311	595

1 | Before policyholder participation and taxes.

2 | After policyholder participation and taxes; based on 31 March 2012, balance sheet figures reflected in accumulated other comprehensive income.

3 | After exchange.

4 | Net of interest expenses (excluding interest expenses from external debt).

In the first quarter of 2012, our total **NET INVESTMENT INCOME** amounted to € 5,906 mn. The increase of 11.2% was mainly driven by an improved fair value result and a higher interest and similar income.

As a result of our growing asset base – primarily within the Life/Health segment – **INTEREST AND SIMILAR INCOME (NET)**¹ rose by € 240 mn to € 5,009 mn.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) improved from a loss of € 225 mn to a positive amount of € 94 mn. This growth largely resulted from income on The Hartford warrants, (1Q 2012: € 180 mn; 1Q 2011: € (83) mn) driven by a positive value development relative to the agreed sales price. Furthermore, gains from foreign currencies were only partly compensated for due to decreased income from financial derivative positions. Financial derivatives are used to protect against equity and foreign currency fluctuations as well as to manage duration and other interest rate-related exposures.

REALIZED GAINS AND LOSSES (NET) amounted to € 1,188 mn, an increase of 6.6%. The increase in gains on equities more than offset moderate decreases in gains from debt securities and real estate. In the first quarter of 2011, we had higher realizations on real estate investments, but no major realizations in the first three months of 2012.

IMPAIRMENTS (NET) rose from € 145 mn to € 188 mn. While we recorded € 44 mn lower impairments on debt securities – which benefited from reversals – impairments on equities increased by € 97 mn, in particular related to our investments in the financial sector.

INVESTMENT EXPENSES (NET) remained almost stable and amounted to € 197 mn.

ASSETS AND LIABILITIES OF THE PROPERTY-CASUALTY SEGMENT

■ PROPERTY-CASUALTY ASSETS

In the first quarter of 2012, our Property-Casualty asset base grew by € 3.2 bn to € 101.4 bn. Debt securities increased by € 2.1 bn to € 65.3 bn and cash and cash pool assets by € 1.1 bn to € 5.2 bn, respectively.

COMPOSITION OF ASSET BASE | fair values²

In € bn	As of 31 March 2012	As of 31 December 2011
Financial assets and liabilities carried at fair value through income		
Equities	0.2	0.2
Debt securities	0.7	0.9
Other ³	0.1	–
Subtotal	1.0	1.1
Investments⁴		
Equities	5.2	4.9
Debt securities	65.3	63.2
Cash and cash pool assets ⁵	5.2	4.1
Other	7.3	7.1
Subtotal	83.0	79.3
Loans and advances to banks and customers	17.4	17.8
Property-Casualty asset base	101.4	98.2

ABS made up € 3.9 bn of our Property-Casualty asset base, as of 31 March 2012. This was approximately 3.8% of its asset base.

1 | Net of interest expenses (excluding interest expenses from external debt).

2 | Loans and advances to banks and customers, held-to-maturity investments and real estate held for investment are stated at amortized cost. Investments in associates and joint ventures are stated at either amortized cost or equity, depending on – among other factors – our ownership percentage.

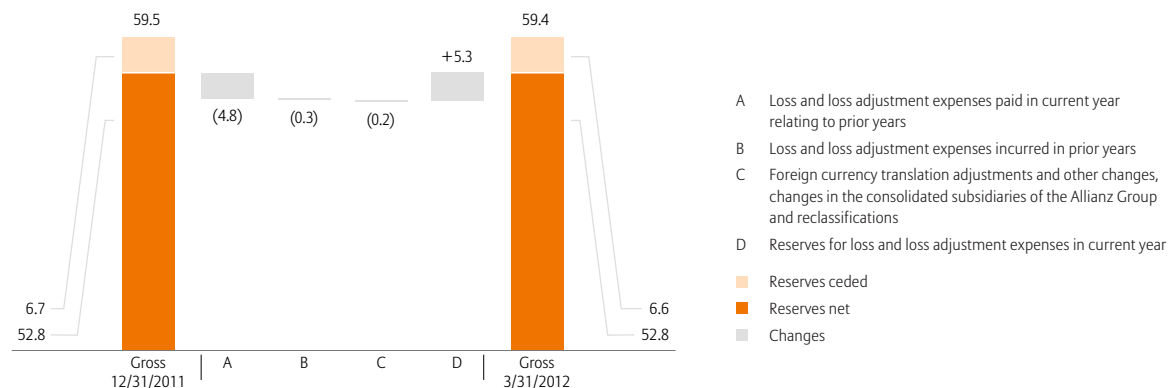
3 | This comprises assets of € 0.2 bn and € 0.1 bn and liabilities of € (0.1) bn and € (0.1) bn as of 31 March 2012 and 31 December 2011, respectively.

4 | These do not include affiliates of € 8.7 bn and € 9.1 bn as of 31 March 2012 and 31 December 2011, respectively.

5 | Including cash and cash equivalents, as stated in our segment balance sheet of € 2.8 bn and € 2.4 bn and receivables from cash pooling amounting to € 2.7 bn and € 2.1 bn, net of liabilities from securities lending and derivatives of € (0.2) bn and € (0.3) bn, as well as liabilities from cash pooling of € (0.1) bn and € (0.1) bn as of 31 March 2012 and 31 December 2011, respectively. As of 1 January 2012, the definition of cash and cash pool assets has changed. Now, they also include liabilities from cash pooling. Therefore the previous year's figures have been adjusted accordingly.

PROPERTY-CASUALTY LIABILITIES

DEVELOPMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES¹ | in € bn



As of 31 March 2012, the segment's gross, as well as net, reserves for loss and loss adjustment expenses remained almost unchanged and amounted to € 59.4 bn and € 52.8 bn, respectively.

ASSETS AND LIABILITIES OF THE LIFE/HEALTH SEGMENT

LIFE/HEALTH ASSETS

In the first quarter of 2012, the Life/Health asset base grew 3.0% to € 440.4 bn. Of this total, € 66.8 bn were financial assets for unit-linked contracts. Overall, our debt investments increased by € 10.6 bn to € 240.2 bn, primarily due to investment performance.

COMPOSITION OF ASSET BASE | fair values

In € bn	As of 31 March 2012	As of 31 December 2011
Financial assets and liabilities carried at fair value through income		
Equities	2.3	2.1
Debt securities	2.4	2.5
Other ²	(4.1)	(4.4)
Subtotal	0.6	0.2
Investments³		
Equities	22.4	22.1
Debt securities	240.2	229.6
Cash and cash pool assets ⁴	5.0	5.1
Other	8.6	9.0
Subtotal	276.2	265.8
Loans and advances to banks and customers	96.8	98.0
Financial assets for unit-linked contracts⁵	66.8	63.5
Life/Health asset base	440.4	427.5

Within our Life/Health asset base, ABS amounted to € 15.8 bn as of 31 March 2012. This represents 3.6% of total Life/Health assets.

1] After group consolidation. For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty segment, please refer to note 14 of the condensed consolidated interim financial statements.

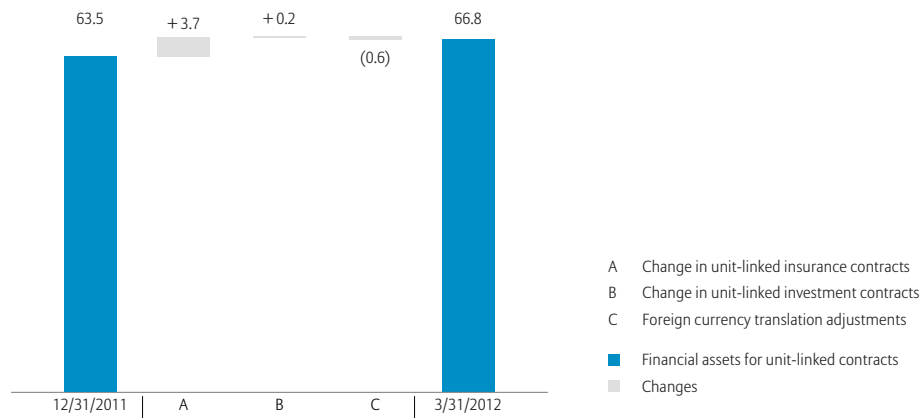
2] This comprises assets of € 1.4 bn and € 1.9 bn and liabilities (including the market value liability option) of € (5.5) bn and € (6.3) bn as of 31 March 2012 and 31 December 2011, respectively.

3] These do not include affiliates of € 1.3 bn and € 1.4 bn as of 31 March 2012 and 31 December 2011, respectively.

4] Including cash and cash equivalents, as stated in our segment balance sheet, of € 4.9 bn and € 5.3 bn and receivables from cash pooling amounting to € 2.1 bn and € 2.5 bn, net of liabilities from securities lending and derivatives of € (1.0) bn and € (1.8) bn, as well as liabilities from cash pooling of € (1.0) bn and € (0.9) bn as of 31 March 2012 and 31 December 2011, respectively.

5] Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts.

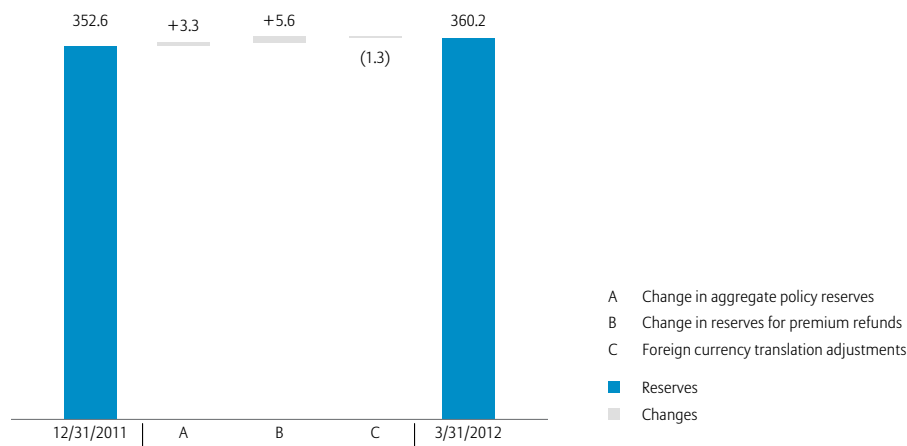
FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS | in € bn



Financial assets for unit-linked contracts increased by € 3.3 bn or 5.2%. Unit-linked insurance contracts grew by € 3.7 bn due to good fund performance (1Q 2012: € 2.8 bn). In addition, premium inflows to unit-linked insurance contracts exceeded outflows by € 1.2 bn. Unit-linked investment contracts grew by € 0.2 bn as the net outflows (mainly from Italy) were more than compensated for by positive fund performance. The main drivers of currency effects were the weaker U.S. Dollar (€ (0.4) bn) and Asian currencies (€ (0.2) bn).¹

..... ■ LIFE/HEALTH LIABILITIES

DEVELOPMENT OF RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS | in € bn



Life/Health reserves for insurance and investment contracts grew by € 7.6 bn – or 2.2% – in the first quarter of 2012. The € 3.3 bn increase in aggregate policy reserves was mainly driven by our operations in Germany (€ 2.2 bn), Switzerland (€ 0.7 bn excluding currency effects) and Belgium (€ 0.2 bn). Reserves for premium refunds rose by € 5.6 bn as unrealized gains on bonds to be shared with policyholders increased. Currency losses resulted primarily from the weaker U.S. Dollar (€ (1.3) bn).¹

1 | Based on the closing rate on the respective balance sheet dates.

ASSETS AND LIABILITIES OF THE ASSET MANAGEMENT SEGMENT

ASSET MANAGEMENT ASSETS

Our Asset Management segment's results are derived primarily from third-party asset management. In this section, we refer only to the segment's own assets.¹

The main components of the Asset Management segment's asset base were loans and advances, cash and cash pool assets and debt securities. Driven by higher loans and advances, the segment's asset base increased by € 0.5 bn to € 5.0 bn while the other components remained almost stable.

ASSET MANAGEMENT LIABILITIES

Liabilities in our Asset Management segment fell by € 0.5 bn to € 5.2 bn, reflecting decreases in provisions and other liabilities, which were partly driven by a decline in Group internal financing. Furthermore, the figures have been affected by changes in segment allocation. A former entity of the Asset Management segment in the Netherlands is now assigned to the Corporate and Other segment.²

ASSETS AND LIABILITIES OF THE CORPORATE AND OTHER SEGMENT

CORPORATE AND OTHER ASSETS

Our asset base for Corporate and Other grew by € 3.7 bn to € 39.5 bn. A reduction of cash and cash pool assets was more than offset by an increase in debt securities while equities remained stable.

COMPOSITION OF ASSET BASE | fair values

In € bn	As of 31 March 2012	As of 31 December 2011
Financial assets and liabilities carried at fair value through income		
Equities	–	0.1
Debt securities	–	–
Other ³	–	(0.3)
Subtotal	–	(0.2)
Investments⁴		
Equities	2.0	1.9
Debt securities	21.4	18.1
Cash and cash pool assets ⁵	(3.0)	(1.9)
Other	0.4	0.2
Subtotal	20.8	18.3
Loans and advances to banks and customers	18.7	17.7
Corporate and Other asset base	39.5	35.8

ABS in our Corporate and Other asset base amounted to € 0.3 bn, which was 0.8 % of our Corporate and Other asset base.

CORPORATE AND OTHER LIABILITIES

Other liabilities increased by € 0.7 bn to € 16.5 bn. The growth in certificated liabilities from € 13.8 bn to € 15.6 bn was primarily driven by a senior bond of € 1.5 bn issued in February 2012. Participation certificates and subordinated liabilities remained at the previous year's level.⁶

1 | For further information on the development of these third-party assets, please refer to the Asset Management chapter.

2 | Please refer to the Corporate and Other chapter (Earnings Summary – Banking) on page 30 for details regarding the change in the segment assignment.

3 | This comprises assets of € 0.4 bn and € 0.2 bn and liabilities of € (0.4) bn and € (0.5) bn as of 31 March 2012 and 31 December 2011, respectively.

4 | These do not include affiliates of € 73.7 bn and € 73.4 bn as of 31 March 2012 and 31 December 2011, respectively.

5 | Including cash and cash equivalents, as stated in our segment balance sheet, of € 1.2 bn and € 1.8 bn and receivables from cash pooling amounting to € 0.2 bn and € 0.5 bn, net of liabilities from securities lending and derivatives of € (0.1) bn and € 0.0 bn, as well as liabilities from cash pooling of € (4.3) bn and € (4.2) bn as of 31 March 2012 and 31 December 2011, respectively.

6 | For further information on Allianz SE debt as of 31 March 2012, please refer to notes 17 and 18 of our condensed consolidated interim financial statements.

ALLIANZ SE BONDS OUTSTANDING AS OF 31 MARCH 2012¹

	Interest expense in 1Q 2012	Interest expense in 1Q 2012
1. SENIOR BONDS²		
5.625% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.9 bn	
Year of issue	2002	
Maturity date	11/29/2012	
ISIN	XS 015 879 238 1	
Interest expense	€ 12.7 mn	
5.0% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2008	
Maturity date	3/6/2013	
ISIN	DE 000 A0T R7K 7	
Interest expense	€ 19.0 mn	
4.0% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2006	
Maturity date	11/23/2016	
ISIN	XS 027 588 026 7	
Interest expense	€ 15.3 mn	
4.75% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2009	
Maturity date	7/22/2019	
ISIN	DE 000 A1A KHB 8	
Interest expense	€ 18.2 mn	
3.5% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2012	
Maturity date	2/14/2022	
ISIN	DE 000 A1G ORU 9	
Interest expense	€ 6.9 mn	
Total interest expense for senior bonds	€ 72.1 mn	
2. SUBORDINATED BONDS³		
6.125% bond ⁴ issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 2.0 bn	
Year of issue	2002	
Maturity date	5/31/2022	
ISIN	XS 014 888 756 4	
Interest expense	€ 29.5 mn	
6.5% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.0 bn	
Year of issue	2002	
Maturity date	1/13/2025	
ISIN	XS 015 952 750 5	
Interest expense	€ 16.4 mn	
5.5% bond issued by Allianz SE		
Volume	€ 1.5 bn	
Year of issue	2004	
Maturity date	Perpetual Bond	
ISIN	XS 018 716 232 5	
Interest expense	€ 21.0 mn	
4.375% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.4 bn	
Year of issue	2005	
Maturity date	Perpetual Bond	
ISIN	XS 021 163 783 9	
Interest expense	€ 15.7 mn	
5.375% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.8 bn	
Year of issue	2006	
Maturity date	Perpetual Bond	
ISIN	DE 000 A0G NPZ 3	
Interest expense	€ 10.6 mn	
8.375% bond issued by Allianz SE		
Volume	USD 2.0 bn	
Year of issue	2008	
Maturity date	Perpetual Bond	
ISIN	US 018 805 200 7	
Interest expense	€ 34.6 mn	
5.75% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 2.0 bn	
Year of issue	2011	
Maturity date	7/8/2041	
ISIN	DE 000 A1GNAH1	
Interest expense	€ 29.2 mn	
Total interest expense for subordinated bonds	€ 157.0 mn	
Total interest expense	€ 229.1 mn	

1 | This does not include, among others, the € 0.5 bn 30-year convertible subordinated note issued in July 2011. For further information on Allianz SE debt (issued or guaranteed) as of 31 March 2012, please refer to notes 17 and 18 of our condensed consolidated interim financial statements.

2 | Senior bonds provide for early termination rights in case of non-payment of amounts due under the bond (interest and principal) as well as in case of insolvency of the relevant issuer or, if applicable, the relevant guarantor (Allianz SE). The same applies to one subordinated bond issued in 2002.

3 | The terms of the subordinated bonds (except for the one subordinated bond mentioned in footnote 2 above) do not explicitly provide for early termination rights in favor of the bondholder. Interest payments are subject to certain conditions which are linked, inter alia, to our net income, and may have to be deferred. Nevertheless, the terms of the relevant bonds provide for alternative settlement mechanisms which allow us to avoid an interest deferral using cash raised from the issuance of specific newly issued instruments.

4 | The 6.125% bond has been called for redemption effective 31 May 2012.

I. Reconciliations

The previous analysis is based on our consolidated financial statements and should be read in conjunction with them. In addition to our stated figures according to the International Financial Reporting Standards (IFRS), the Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, and not as a substitute for, our figures determined according to IFRS.

For further information, please refer to note 3 of the condensed consolidated interim financial statements.

Composition of Total Revenues

Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).

COMPOSITION OF TOTAL REVENUES

Three months ended 31 March | in € mn

	2012	2011
Property-Casualty		
Gross premiums written	14,797	14,251
Life/Health		
Statutory premiums	13,699	14,270
Asset Management		
Operating revenues	1,439	1,273
consisting of:		
Net fee and commission income	1,415	1,256
Net interest income	6	7
Income from financial assets and liabilities carried at fair value through income (net)	14	6
Other income	4	4
Corporate and Other		
Total revenues (Banking)	155	151
consisting of:		
Interest and similar income	190	178
Income from financial assets and liabilities carried at fair value through income (net)	8	9
Fee and commission income	112	107
Interest expenses	(91)	(89)
Fee and commission expenses	(63)	(53)
Consolidation effects (Banking within Corporate and Other)	(1)	(1)
Consolidation	(37)	(40)
Allianz Group total revenues	30,053	29,905

Composition of Total Revenue Growth

We believe that an understanding of our total revenue performance is enhanced when the effects of foreign currency translation as well as acquisitions and disposals (or “changes in scope of consolidation”) are separately analyzed. Accordingly, in addition to presenting “nominal growth”, we also present “internal growth”, which excludes these effects.

RECONCILIATION OF NOMINAL TOTAL REVENUE GROWTH TO INTERNAL TOTAL REVENUE GROWTH

Three months ended 31 March in %	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
Property-Casualty	2.5	0.2	1.1	3.8
Life/Health	(5.0)	(0.2)	1.2	(4.0)
Asset Management	8.4	0.8	3.8	13.0
Corporate and Other	2.7	(0.1)	–	2.6
Allianz Group	(0.8)	–	1.3	0.5



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1969: Ten years before Mother Teresa received the Nobel Peace Prize, Allianz developed an insurance cover specially tailored to the needs of women.

2011: Allianz offers suitable insurance for today's modern women, whether they are independent like Audrey Hepburn in 'Breakfast at Tiffany's' or more like Sarah Jessica Parker in 'Working Mum'.

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Consolidated Balance Sheets

In € mn	Note	As of 31 March 2012	As of 31 December 2011
ASSETS			
Cash and cash equivalents		9,548	10,492
Financial assets carried at fair value through income	4	8,034	8,466
Investments	5	367,223	350,645
Loans and advances to banks and customers	6	124,350	124,738
Financial assets for unit-linked contracts		66,774	63,500
Reinsurance assets	7	13,233	12,874
Deferred acquisition costs	8	20,436	20,772
Deferred tax assets		2,260	2,321
Other assets	9	35,806	34,346
Non-current assets and assets of disposal groups classified as held for sale	10	344	14
Intangible assets	11	13,221	13,304
Total assets		661,229	641,472

In € mn	Note	As of 31 March 2012	As of 31 December 2011
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	12	5,688	6,610
Liabilities to banks and customers	13	21,704	22,155
Unearned premiums		20,981	17,255
Reserves for loss and loss adjustment expenses	14	68,796	68,832
Reserves for insurance and investment contracts	15	369,837	361,954
Financial liabilities for unit-linked contracts		66,774	63,500
Deferred tax liabilities		4,416	3,881
Other liabilities	16	31,699	31,210
Liabilities of disposal groups classified as held for sale	10	55	–
Certificated liabilities	17	9,450	7,649
Participation certificates and subordinated liabilities	18	11,140	11,173
Total liabilities		610,540	594,219
Shareholders' equity		48,245	44,915
Non-controlling interests		2,444	2,338
Total equity	19	50,689	47,253
Total liabilities and equity		661,229	641,472

Consolidated Income Statements

Three months ended 31 March in € mn	Note	2012	2011
Premiums written		21,359	20,674
Ceded premiums written		(1,597)	(1,495)
Change in unearned premiums		(3,320)	(3,318)
Premiums earned (net)	20	16,442	15,861
Interest and similar income	21	5,132	4,894
Income from financial assets and liabilities carried at fair value through income (net)	22	94	(225)
Realized gains/losses (net)	23	1,188	1,114
Fee and commission income	24	2,145	1,987
Other income	25	51	31
Income from fully consolidated private equity investments	26	195	393
Total income		25,247	24,055
Claims and insurance benefits incurred (gross)		(12,609)	(12,454)
Claims and insurance benefits incurred (ceded)		618	476
Claims and insurance benefits incurred (net)	27	(11,991)	(11,978)
Change in reserves for insurance and investment contracts (net)	28	(3,807)	(3,762)
Interest expenses	29	(382)	(350)
Loan loss provisions	30	(46)	(16)
Impairments of investments (net)	31	(188)	(145)
Investment expenses	32	(197)	(202)
Acquisition and administrative expenses (net)	33	(5,464)	(5,016)
Fee and commission expenses	34	(684)	(649)
Amortization of intangible assets		(25)	(22)
Restructuring charges		(8)	(2)
Other expenses	35	(19)	(15)
Expenses from fully consolidated private equity investments	26	(201)	(412)
Total expenses		(23,012)	(22,569)
Income before income taxes		2,235	1,486
Income taxes	36	(790)	(571)
Net income		1,445	915
Net income attributable to:			
Non-controlling interests		74	58
Shareholders		1,371	857

Three months ended 31 March in €	Note	2012	2011
Basic earnings per share	37	3.03	1.90
Diluted earnings per share	37	3.02	1.88

Consolidated Statements of Comprehensive Income

Three months ended 31 March in € mn	2012	2011
Net income	1,445	915
Other comprehensive income		
Foreign currency translation adjustments		
Reclassifications to net income	–	–
Changes arising during the period	(214)	(795)
Subtotal	(214)	(795)
Available-for-sale investments		
Reclassifications to net income	(40)	(311)
Changes arising during the period	2,188	(771)
Subtotal	2,148	(1,082)
Cash flow hedges		
Reclassifications to net income	–	(1)
Changes arising during the period	11	(7)
Subtotal	11	(8)
Share of other comprehensive income of associates		
Reclassifications to net income	–	–
Changes arising during the period	6	50
Subtotal	6	50
Miscellaneous		
Reclassifications to net income	–	–
Changes arising during the period	75	(5)
Subtotal	75	(5)
Total other comprehensive income	2,026	(1,840)
Total comprehensive income	3,471	(925)
Total comprehensive income attributable to:		
Non-controlling interests	151	8
Shareholders	3,320	(933)

For further details concerning income taxes relating to components of the other comprehensive income, please see note 36.

Consolidated Statements of Changes in Equity

In € mn	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Shareholders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2011	28,685	13,088	(2,339)	5,057	44,491	2,071	46,562
Total comprehensive income ¹	–	900	(776)	(1,057)	(933)	8	(925)
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	7	–	–	7	–	7
Transactions between equity holders	–	(5)	–	–	(5)	4	(1)
Dividends paid	–	–	–	–	–	(28)	(28)
Balance as of 31 March 2011	28,685	13,990	(3,115)	4,000	43,560	2,055	45,615
Balance as of 1 January 2012	28,763	13,522	(1,996)	4,626	44,915	2,338	47,253
Total comprehensive income ¹	–	1,429	(209)	2,100	3,320	151	3,471
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	10	–	–	10	–	10
Transactions between equity holders	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	(45)	(45)
Balance as of 31 March 2012	28,763	14,961	(2,205)	6,726	48,245	2,444	50,689

1 | Total comprehensive income in shareholders' equity for the three months ended 31 March 2012, comprises net income attributable to shareholders of € 1,371 mn (2011: € 857 mn).

Condensed Consolidated Statements of Cash Flows

Three months ended 31 March in € mn	2012	2011
SUMMARY		
Net cash flow provided by operating activities	4,826	6,932
Net cash flow used in investing activities	(7,833)	(8,891)
Net cash flow provided by financing activities	2,150	2,015
Effect of exchange rate changes on cash and cash equivalents	(87)	(233)
Change in cash and cash equivalents	(944)	(177)
Cash and cash equivalents at beginning of period	10,492	8,747
Cash and cash equivalents at end of period	9,548	8,570
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	1,445	915
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(9)	(19)
Realized gains/losses (net) and impairments of investments (net) of		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers	(1,000)	(969)
Other investments, mainly financial assets held for trading and designated at fair value through income	89	(262)
Depreciation and amortization	264	263
Loan loss provisions	46	16
Interest credited to policyholder accounts	901	968
Net change in		
Financial assets and liabilities held for trading	(911)	312
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(61)	68
Repurchase agreements and collateral received from securities lending transactions	(422)	476
Reinsurance assets	(495)	(38)
Deferred acquisition costs	(278)	(610)
Unearned premiums	3,766	3,677
Reserves for loss and loss adjustment expenses	137	273
Reserves for insurance and investment contracts	2,663	2,377
Deferred tax assets/liabilities	(207)	(91)
Other (net)	(1,102)	(424)
Subtotal	3,381	6,017
Net cash flow provided by operating activities	4,826	6,932
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of		
Financial assets designated at fair value through income	556	2,599
Available-for-sale investments	32,327	32,120
Held-to-maturity investments	67	54
Investments in associates and joint ventures	79	68
Non-current assets and assets of disposal groups classified as held for sale	34	124
Real estate held for investment	33	190
Loans and advances to banks and customers (purchased loans)	2,994	1,916
Property and equipment	95	28
Subtotal	36,185	37,099

Condensed Consolidated Statements of Cash Flows (continued)

Three months ended 31 March in € mn	2012	2011
Payments for the purchase or origination of		
Financial assets designated at fair value through income	(293)	(2,484)
Available-for-sale investments	(40,163)	(40,267)
Held-to-maturity investments	(367)	(40)
Investments in associates and joint ventures	(189)	(59)
Non-current assets and assets of disposal groups classified as held for sale	(226)	–
Real estate held for investment	(35)	(131)
Loans and advances to banks and customers (purchased loans)	(1,857)	(1,609)
Property and equipment	(421)	(298)
Subtotal	(43,551)	(44,888)
Business combinations		
Proceeds from sale of subsidiaries, net of cash disposed	–	–
Acquisitions of subsidiaries, net of cash acquired	–	–
Change in loans and advances to banks and customers (originated loans)	(738)	(1,267)
Other (net)	271	165
Net cash flow used in investing activities	(7,833)	(8,891)
CASH FLOW FROM FINANCING ACTIVITIES		
Policyholders' account deposits	4,709	4,844
Policyholders' account withdrawals	(4,305)	(3,450)
Net change in liabilities to banks and customers	34	(643)
Proceeds from the issuance of certificated liabilities, participation certificates and subordinated liabilities	3,043	2,967
Repayments of certificated liabilities, participation certificates and subordinated liabilities	(1,240)	(1,688)
Cash inflow from capital increases	–	–
Transactions between equity holders	–	(1)
Dividends paid to shareholders	(45)	(28)
Net cash flow from sale or purchase of treasury shares	9	7
Other (net)	(55)	7
Net cash flow provided by financing activities	2,150	2,015
SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS		
Income taxes paid	(780)	(315)
Dividends received	169	149
Interest received	5,289	5,037
Interest paid	(532)	(554)

II. Notes to the Condensed Consolidated Interim Financial Statements

1 Basis of presentation

The condensed consolidated interim financial statements of the Allianz Group – comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, condensed consolidated statements of cash flows and selected explanatory notes – are presented in accordance with the requirements of IAS 34, Interim Financial Reporting, and have been prepared in conformity with International Financial Reporting Standards (IFRS), as adopted under European Union (E.U.) regulations in accordance with § 315 a of the German Commercial Code (HGB). IFRS comprise the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), and the interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

Within these condensed consolidated interim financial statements, the Allianz Group has applied all IFRS issued by the IASB and endorsed by the E.U. that are compulsory as of 1 January 2012 or adopted earlier. See note 2 for further details.

For existing and unchanged IFRS, the accounting policies for recognition, measurement, consolidation and presentation applied in the preparation of the condensed consolidated interim financial statements are consistent with the accounting policies that have been applied in the preparation of the consolidated financial statements for the year ended 31 December 2011. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Allianz Group Annual Report 2011.

IFRS do not provide specific guidance concerning all aspects of the recognition and measurement of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Therefore, as envisioned in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the provisions embodied under accounting principles generally accepted in the United States of America (US GAAP) have been applied to those aspects where specific guidance is not provided by IFRS 4, Insurance Contracts.

The condensed consolidated interim financial statements are presented in millions of Euros (€ mn), unless otherwise stated.

These condensed consolidated interim financial statements of the Allianz Group were authorized for issue by the Board of Management on 14 May 2012.

2 Recently adopted accounting pronouncements and changes in the presentation of the condensed consolidated interim financial statements

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS | effective 1 January 2012

The following amendments to standards have become effective for the Allianz Group's consolidated financial statements as of 1 January 2012:

- IFRS 7 Financial Instruments: Disclosures – Amendment for Transfers of Financial Assets
- IAS 12 Income Taxes – Amendment for Deferred Tax: Recovery of Underlying Assets

The Allianz Group adopted the amendments as of 1 January 2012, with no material impact on its financial results or financial position.

OTHER RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the current period presentation.

3 Segment Reporting

IDENTIFICATION OF REPORTABLE SEGMENTS

The business activities of the Allianz Group are first organized by product and type of service: insurance activities, asset management activities and corporate and other activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided between Property-Casualty and Life/Health categories. In accordance with the responsibilities of the Board of Management, each of the insurance categories is grouped into the following reportable segments:

- German Speaking Countries
- Western & Southern Europe
- Iberia & Latin America
- USA
- Global Insurance Lines & Anglo Markets
- Growth Markets
- Assistance (Property-Casualty only)

Asset management activities represent a separate reportable segment. Due to differences in the nature of products, risks and capital allocation, corporate and other activities are divided into three reportable segments: Holding & Treasury, Banking and Alternative Investments. In total, the Allianz Group has identified 17 reportable segments in accordance with IFRS 8, Operating Segments.

The types of products and services from which reportable segments derive revenue are described below.

..... □ **PROPERTY-CASUALTY**

In the Property-Casualty category, reportable segments offer a wide variety of insurance products to both private and corporate customers, including motor liability and own damage, accident, general liability, fire and property, legal expense, credit and travel insurance.

..... □ **LIFE/HEALTH**

In the Life/Health category, reportable segments offer a comprehensive range of life and health insurance products on both individual and group basis, including annuity, endowment and term insurance, unit-linked and investment-oriented products as well as full private health and supplemental health and long-term care insurance.

..... □ **ASSET MANAGEMENT**

The reportable segment Asset Management operates as a global provider of institutional and retail asset management products and services to third-party investors and provides investment management services to the Allianz Group's insurance operations. The products for retail and institutional customers include equity and fixed income funds as well as alternative products. The United States and Germany as well as France, Italy and the Asia-Pacific region represent the primary asset management markets.

..... □ **CORPORATE AND OTHER**

The reportable segment Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources and technology functions. The reportable segment Banking consists of the banking activities in Germany, France, Italy, the Netherlands and Bulgaria. The banks offer a wide range of products for corporate and retail clients with the main focus on the latter. The reportable segment Alternative Investments provides global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors, mainly on behalf of the Allianz Group's insurance operations. The Alternative Investments reportable segment also includes a fully consolidated private equity investment. The income and expenses of this investment are included in the non-operating result. For further details please see note 26.

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Transactions between reportable segments are eliminated in Consolidation. For the reportable segment Asset Management, interest revenues are reported net of interest expenses.

..... ■ REPORTABLE SEGMENTS MEASURE OF PROFIT OR LOSS

The Allianz Group uses operating profit to evaluate the performance of its reportable segments and the Allianz Group as a whole. Operating profit highlights the portion of income before income taxes attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

- acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations;
- restructuring charges, because the timing of these is largely at the discretion of the Allianz Group, and accordingly, their exclusion provides additional insight into the operating trends of the underlying business;
- interest expenses from external debt, as these relate to the capital structure of the Allianz Group;
- income from fully consolidated private equity investments (net), as this represents income from industrial holdings, which is outside the Allianz Group's normal scope of operating business;
- income from financial assets and liabilities carried at fair value through income (net), as this does not reflect the Allianz Group's long-term performance;
- realized capital gains and losses (net) or impairments of investments (net), as the timing of sales that would result in such realized gains or losses is largely at the discretion of the Allianz Group and impairments are largely dependent on market cycles or issuer-specific events over which the Allianz Group has little or no control and which can and do vary, sometimes materially, through time.

Against this general rule the following exceptions apply:

- in all segments, income from financial assets and liabilities carried at fair value through income (net) is treated as operating profit if the income refers to operating business;
- for Life/Health insurance business and Property-Casualty insurance products with premium refunds, all items listed above are included in operating profit if the profit sources are shared with policyholders. This is also applicable to tax benefits, which are shared with policyholders. IFRS requires that the consolidated income statements present all tax benefits in the income taxes line item, even though these belong to policyholders. In the segment reporting, the tax benefits are reclassified and shown within operating profit in order to properly reflect the policyholder participation in tax benefits.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRS.

..... ■ RECENT ORGANIZATIONAL CHANGES

At the beginning of 2012, the Allianz Group reorganized the structure of its insurance activities to reflect the changes in the responsibilities of the Board of Management. The insurance activities of Spain, Portugal, Mexico and South America were combined in the newly created reportable segment Iberia & Latin America. As a consequence, the former Europe incl. South America was renamed into Western & Southern Europe and NAFTA Markets was reduced to USA. Previously reported information has been adjusted to reflect this change in the composition of the Allianz Group's reportable segments. Additionally, some minor reallocations between the reportable segments have been made.

Business Segment Information – Consolidated Balance Sheets

In € mn	Property-Casualty		Life/Health	
	As of 31 March 2012	As of 31 December 2011	As of 31 March 2012	As of 31 December 2011
ASSETS				
Cash and cash equivalents	2,818	2,405	4,857	5,301
Financial assets carried at fair value through income	1,121	1,187	6,130	6,518
Investments	86,510	84,195	272,507	262,126
Loans and advances to banks and customers	17,368	17,842	96,843	98,019
Financial assets for unit-linked contracts	–	–	66,774	63,500
Reinsurance assets	8,482	8,050	4,776	4,846
Deferred acquisition costs	4,524	4,197	15,767	16,429
Deferred tax assets	885	1,050	243	236
Other assets	22,520	20,772	15,555	16,085
Non-current assets and assets of disposal groups classified as held for sale	3	3	277	4
Intangible assets	2,255	2,232	2,193	2,195
Total assets	146,486	141,933	485,922	475,259

In € mn	Property-Casualty		Life/Health	
	As of 31 March 2012	As of 31 December 2011	As of 31 March 2012	As of 31 December 2011
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	91	122	5,540	6,302
Liabilities to banks and customers	1,620	1,488	1,583	2,348
Unearned premiums	18,433	14,697	2,553	2,562
Reserves for loss and loss adjustment expenses	59,366	59,493	9,449	9,357
Reserves for insurance and investment contracts	9,761	9,520	360,199	352,558
Financial liabilities for unit-linked contracts	–	–	66,774	63,500
Deferred tax liabilities	2,300	2,246	2,291	2,186
Other liabilities	14,198	14,999	13,623	13,077
Liabilities of disposal groups classified as held for sale	–	–	55	–
Certificated liabilities	25	25	–	–
Participation certificates and subordinated liabilities	–	–	65	65
Total liabilities	105,794	102,590	462,132	451,955

Asset Management		Corporate and Other		Consolidation		Group	
As of 31 March 2012	As of 31 December 2011	As of 31 March 2012	As of 31 December 2011	As of 31 March 2012	As of 31 December 2011	As of 31 March 2012	As of 31 December 2011
1,268	1,406	1,213	1,846	(608)	(466)	9,548	10,492
712	726	370	312	(299)	(277)	8,034	8,466
856	1,087	97,614	93,665	(90,264)	(90,428)	367,223	350,645
1,873	1,443	18,659	17,717	(10,393)	(10,283)	124,350	124,738
–	–	–	–	–	–	66,774	63,500
–	–	–	–	(25)	(22)	13,233	12,874
145	146	–	–	–	–	20,436	20,772
257	262	1,429	1,657	(554)	(884)	2,260	2,321
1,989	1,889	4,518	5,066	(8,776)	(9,466)	35,806	34,346
8	7	56	–	–	–	344	14
7,410	7,498	1,363	1,379	–	–	13,221	13,304
14,518	14,464	125,222	121,642	(110,919)	(111,826)	661,229	641,472

Asset Management		Corporate and Other		Consolidation		Group	
As of 31 March 2012	As of 31 December 2011	As of 31 March 2012	As of 31 December 2011	As of 31 March 2012	As of 31 December 2011	As of 31 March 2012	As of 31 December 2011
1	–	402	516	(346)	(330)	5,688	6,610
2,392	2,231	20,393	20,112	(4,284)	(4,024)	21,704	22,155
–	–	–	–	(5)	(4)	20,981	17,255
–	–	–	–	(19)	(18)	68,796	68,832
–	–	–	–	(123)	(124)	369,837	361,954
–	–	–	–	–	–	66,774	63,500
163	168	216	165	(554)	(884)	4,416	3,881
2,622	3,237	16,508	15,822	(15,252)	(15,925)	31,699	31,210
–	–	–	–	–	–	55	–
–	–	15,621	13,845	(6,196)	(6,221)	9,450	7,649
14	14	11,316	11,349	(255)	(255)	11,140	11,173
5,192	5,650	64,456	61,809	(27,034)	(27,785)	610,540	594,219
				Total equity		50,689	47,253
				Total liabilities and equity		661,229	641,472

Business Segment Information – Total revenues and reconciliation of Operating profit (loss) to Net income (loss)

Three months ended 31 March in € mn	Property-Casualty		Life/Health	
	2012	2011	2012	2011
Total revenues¹	14,797	14,251	13,699	14,270
Premiums earned (net)	10,081	9,676	6,361	6,185
Operating investment result				
Interest and similar income	939	909	4,062	3,833
Operating income from financial assets and liabilities carried at fair value through income (net)	2	19	(162)	(162)
Operating realized gains/losses (net)	5	9	1,067	718
Interest expenses, excluding interest expenses from external debt	(11)	(13)	(20)	(26)
Operating impairments of investments (net)	(3)	–	(62)	(62)
Investment expenses	(67)	(56)	(162)	(178)
Subtotal	865	868	4,723	4,123
Fee and commission income	290	273	127	130
Other income	7	4	42	23
Claims and insurance benefits incurred (net)	(6,882)	(7,090)	(5,109)	(4,888)
Change in reserves for insurance and investment contracts (net) ²	(80)	(103)	(3,714)	(3,629)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(2,812)	(2,708)	(1,521)	(1,169)
Fee and commission expenses	(276)	(254)	(63)	(59)
Operating restructuring charges	–	–	(1)	–
Other expenses	(4)	(3)	(19)	(14)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	1,189	663	826	702
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	20	2	13	(9)
Non-operating realized gains/losses (net)	12	209	23	10
Non-operating impairments of investments (net)	(46)	(33)	(5)	(4)
Subtotal	(14)	178	31	(3)
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
Amortization of intangible assets	(5)	(4)	(1)	(1)
Non-operating restructuring charges	(6)	(1)	(1)	–
Reclassification of tax benefits	–	–	–	–
Non-operating items	(25)	173	29	(4)
Income (loss) before income taxes	1,164	836	855	698
Income taxes	(328)	(279)	(229)	(216)
Net income (loss)	836	557	626	482
Net income (loss) attributable to:				
Non-controlling interests	39	38	23	21
Shareholders	797	519	603	461

1 | Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

2 | During the three months ended 31 March 2012, includes expenses for premium refunds (net) in Property-Casualty of € (26) mn (2011: € (45) mn).

Asset Management		Corporate and Other		Consolidation		Group	
2012	2011	2012	2011	2012	2011	2012	2011
1,439	1,273	155	151	(37)	(40)	30,053	29,905
-	-	-	-	-	-	16,442	15,861
12	13	250	245	(131)	(106)	5,132	4,894
14	6	10	7	2	1	(134)	(129)
-	-	-	-	-	1	1,072	728
(6)	(6)	(202)	(190)	116	110	(123)	(125)
-	-	-	-	-	-	(65)	(62)
-	-	(23)	(23)	55	55	(197)	(202)
20	13	35	39	42	61	5,685	5,104
1,692	1,531	162	182	(126)	(129)	2,145	1,987
4	4	-	-	(2)	-	51	31
-	-	-	-	-	-	(11,991)	(11,978)
-	-	-	-	(13)	(30)	(3,807)	(3,762)
-	-	(46)	(16)	-	-	(46)	(16)
(826)	(745)	(310)	(307)	17	14	(5,452)	(4,915)
(277)	(275)	(125)	(120)	57	59	(684)	(649)
-	-	-	-	-	-	(1)	-
-	-	-	(1)	4	3	(19)	(15)
-	-	-	-	7	12	7	12
613	528	(284)	(223)	(14)	(10)	2,330	1,660
-	-	200	(88)	(5)	(1)	228	(96)
-	3	81	152	-	12	116	386
-	-	(72)	(46)	-	-	(123)	(83)
-	3	209	18	(5)	11	221	207
-	-	(12)	(37)	6	18	(6)	(19)
-	-	(259)	(225)	-	-	(259)	(225)
(11)	(95)	(1)	(6)	-	-	(12)	(101)
(11)	(7)	(8)	(10)	-	-	(25)	(22)
-	-	-	(1)	-	-	(7)	(2)
-	-	-	-	(7)	(12)	(7)	(12)
(22)	(99)	(71)	(261)	(6)	17	(95)	(174)
591	429	(355)	(484)	(20)	7	2,235	1,486
(212)	(120)	(28)	32	7	12	(790)	(571)
379	309	(383)	(452)	(13)	19	1,445	915
11	3	1	(4)	-	-	74	58
368	306	(384)	(448)	(13)	19	1,371	857

Reportable segments – Property-Casualty business

Three months ended 31 March in € mn	German Speaking Countries ¹		Western & Southern Europe ²		Iberia & Latin America	
	2012	2011	2012	2011	2012	2011
Gross premiums written	5,214	5,113	2,663	2,676	1,293	1,261
Ceded premiums written	(805)	(806)	(219)	(214)	(225)	(298)
Change in unearned premiums	(2,035)	(1,982)	(311)	(325)	(175)	(132)
Premiums earned (net)	2,374	2,325	2,133	2,137	893	831
Interest and similar income	286	296	216	204	56	43
Operating income from financial assets and liabilities carried at fair value through income (net)	5	–	4	16	9	19
Operating realized gains/losses (net)	5	9	–	–	–	–
Fee and commission income	38	35	6	8	–	–
Other income	6	4	1	–	–	–
Operating revenues	2,714	2,669	2,360	2,365	958	893
Claims and insurance benefits incurred (net)	(1,679)	(1,650)	(1,502)	(1,551)	(614)	(559)
Change in reserves for insurance and investment contracts (net)	(61)	(82)	–	–	–	–
Interest expenses	(21)	(22)	(2)	(3)	(1)	(1)
Operating impairments of investments (net)	(3)	–	–	–	–	–
Investment expenses	(17)	(21)	(19)	(20)	(3)	(3)
Acquisition and administrative expenses (net)	(629)	(617)	(545)	(551)	(217)	(204)
Fee and commission expenses	(38)	(35)	(8)	(7)	–	–
Other expenses	(3)	(3)	(1)	–	–	–
Operating expenses	(2,451)	(2,430)	(2,077)	(2,132)	(835)	(767)
Operating profit (loss)	263	239	283	233	123	126
Loss ratio ³ in %	70.7	71.0	70.4	72.6	68.8	67.3
Expense ratio ⁴ in %	26.5	26.5	25.6	25.8	24.3	24.5
Combined ratio⁵ in %	97.2	97.5	96.0	98.4	93.1	91.8

1| In 2012, Münchener und Magdeburger Agrarversicherung AG was transferred from Consolidation and Other to German Speaking Countries. Prior year figures have not been adjusted.

2| From 2012 on, AGF UK is shown in Global Insurance Lines & Anglo Markets instead of Western & Southern Europe. Prior year figures have been adjusted.

3| Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

4| Represents acquisition and administrative expenses (net) divided by premiums earned (net).

5| Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

6| Presentation not meaningful.

USA		Global Insurance Lines & Anglo Markets ²		Growth Markets		Assistance		Consolidation and Other ¹		Property-Casualty	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
656	606	5,209	4,707	880	925	473	460	(1,591)	(1,497)	14,797	14,251
(124)	(115)	(1,463)	(1,206)	(212)	(206)	(6)	(2)	1,591	1,501	(1,463)	(1,346)
(4)	39	(589)	(643)	(81)	(108)	(58)	(78)	–	–	(3,253)	(3,229)
528	530	3,157	2,858	587	611	409	380	–	4	10,081	9,676
65	75	286	265	41	38	8	7	(19)	(19)	939	909
1	1	(12)	(11)	(4)	(5)	(1)	(1)	–	–	2	19
–	–	–	–	–	–	–	–	–	–	5	9
–	–	140	142	9	13	104	90	(7)	(15)	290	273
–	–	–	–	–	–	–	–	–	–	7	4
594	606	3,571	3,254	633	657	520	476	(26)	(30)	11,324	10,890
(373)	(348)	(2,101)	(2,367)	(359)	(378)	(254)	(235)	–	(2)	(6,882)	(7,090)
–	–	(19)	(22)	–	1	–	–	–	–	(80)	(103)
–	–	(5)	(5)	(1)	(1)	–	–	19	19	(11)	(13)
–	–	–	–	–	–	–	–	–	–	(3)	–
(1)	(1)	(25)	(8)	(2)	(3)	–	–	–	–	(67)	(56)
(185)	(195)	(889)	(804)	(201)	(204)	(148)	(136)	2	3	(2,812)	(2,708)
–	–	(122)	(121)	(9)	(14)	(104)	(89)	5	12	(276)	(254)
–	–	–	–	–	–	–	–	–	–	(4)	(3)
(559)	(544)	(3,161)	(3,327)	(572)	(599)	(506)	(460)	26	32	(10,135)	(10,227)
35	62	410	(73)	61	58	14	16	–	2	1,189	663
70.6	65.7	66.5	82.8	61.2	61.9	62.1	61.8	– ⁶	– ⁶	68.3	73.3
35.1	36.8	28.2	28.2	34.2	33.4	36.2	35.8	– ⁶	– ⁶	27.9	28.0
105.7	102.5	94.7	111.0	95.4	95.3	98.3	97.6	– ⁶	– ⁶	96.2	101.3

Reportable segments – Life/Health business

Three months ended 31 March in € mn	German Speaking Countries		Western & Southern Europe		Iberia & Latin America	
	2012	2011	2012	2011	2012	2011
Statutory premiums¹	5,922	5,759	3,800	4,445	354	354
Ceded premiums written	(42)	(42)	(163)	(90)	(13)	(13)
Change in unearned premiums	(34)	(46)	2	(12)	(1)	(1)
Statutory premiums (net)	5,846	5,671	3,639	4,343	340	340
Deposits from insurance and investment contracts	(1,692)	(1,590)	(2,550)	(3,221)	(134)	(185)
Premiums earned (net)	4,154	4,081	1,089	1,122	206	155
Interest and similar income	2,073	1,983	982	941	96	89
Operating income from financial assets and liabilities carried at fair value through income (net)	(58)	(82)	75	81	5	2
Operating realized gains/losses (net)	905	399	111	249	(16)	1
Fee and commission income	9	5	83	91	1	1
Other income	40	22	2	1	–	–
Operating revenues	7,123	6,408	2,342	2,485	292	248
Claims and insurance benefits incurred (net)	(3,540)	(3,514)	(949)	(859)	(141)	(141)
Change in reserves for insurance and investment contracts (net)	(2,574)	(2,072)	(631)	(878)	(72)	(31)
Interest expenses	(24)	(32)	(7)	(10)	(1)	–
Loan loss provisions	–	–	–	–	–	–
Operating impairments of investments (net)	(25)	(37)	(44)	(26)	–	–
Investment expenses	(103)	(107)	(42)	(51)	(2)	(2)
Acquisition and administrative expenses (net)	(506)	(330)	(433)	(407)	(53)	(38)
Fee and commission expenses	(9)	(4)	(42)	(48)	–	–
Operating restructuring charges	(1)	–	–	–	–	–
Other expenses	(17)	(13)	(2)	(1)	–	–
Operating expenses	(6,799)	(6,109)	(2,150)	(2,280)	(269)	(212)
Operating profit	324	299	192	205	23	36
Margin on reserves² in basis points	64	62	61	65	130	221

1| Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

2| Represents operating profit divided by the average of the current and prior quarter net reserves, whereby net reserves equals reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

3| Presentation not meaningful.

USA		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
2,023	1,939	120	99	1,628	1,749	(148)	(75)	13,699	14,270
(30)	(31)	(12)	(7)	(42)	(59)	148	75	(154)	(167)
–	(2)	–	–	(34)	(28)	–	–	(67)	(89)
1,993	1,906	108	92	1,552	1,662	–	–	13,478	14,014
(1,793)	(1,739)	–	–	(948)	(1,094)	–	–	(7,117)	(7,829)
200	167	108	92	604	568	–	–	6,361	6,185
704	637	17	23	205	179	(15)	(19)	4,062	3,833
(168)	(154)	(23)	(13)	4	(1)	3	5	(162)	(162)
23	11	–	–	44	58	–	–	1,067	718
15	13	–	–	19	20	–	–	127	130
–	–	–	–	–	–	–	–	42	23
774	674	102	102	876	824	(12)	(14)	11,497	10,727
(22)	(19)	(77)	(83)	(380)	(272)	–	–	(5,109)	(4,888)
(288)	(400)	6	–	(155)	(248)	–	–	(3,714)	(3,629)
(2)	(2)	–	–	(2)	(2)	16	20	(20)	(26)
–	–	–	–	–	–	–	–	–	–
7	–	–	–	–	1	–	–	(62)	(62)
(8)	(10)	–	(1)	(7)	(6)	–	(1)	(162)	(178)
(283)	(144)	(18)	(13)	(227)	(237)	(1)	–	(1,521)	(1,169)
(12)	(7)	–	–	–	–	–	–	(63)	(59)
–	–	–	–	–	–	–	–	(1)	–
–	–	–	–	–	–	–	–	(19)	(14)
(608)	(582)	(89)	(97)	(771)	(764)	15	19	(10,671)	(10,025)
166	92	13	5	105	60	3	5	826	702
102	63	237	80	169	99	– ³	– ³	78	69

Reportable segments – Asset Management business

Three months ended 31 March in € mn	2012	2011
Net fee and commission income ¹	1,415	1,256
Net interest income ²	6	7
Income from financial assets and liabilities carried at fair value through income (net)	14	6
Other income	4	4
Operating revenues	1,439	1,273
Administrative expenses (net), excluding acquisition-related expenses	(826)	(745)
Operating expenses	(826)	(745)
Operating profit	613	528
Cost-income ratio³ in %	57.4	58.5

1| Represents fee and commission income less fee and commission expenses.

2| Represents interest and similar income less interest expenses.

3| Represents operating expenses divided by operating revenues.

Reportable segments – Corporate and Other business

Three months ended 31 March in € mn	Holding & Treasury	
	2012	2011
Interest and similar income	55	65
Operating income from financial assets and liabilities carried at fair value through income (net)	2	(1)
Fee and commission income	13	46
Other income	–	–
Operating revenues	70	110
Interest expenses, excluding interest expenses from external debt	(109)	(101)
Loan loss provisions	–	–
Investment expenses	(20)	(23)
Administrative expenses (net), excluding acquisition-related expenses	(146)	(140)
Fee and commission expenses	(62)	(67)
Other expenses	–	–
Operating expenses	(337)	(331)
Operating profit (loss)	(267)	(221)
Cost-income ratio¹ for the reportable segment Banking in %		

1| Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses and other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), fee and commission income, other income, interest expenses, excluding interest expenses from external debt and fee and commission expenses.

Banking		Alternative Investments		Consolidation		Corporate and Other	
2012	2011	2012	2011	2012	2011	2012	2011
190	178	6	2	(1)	–	250	245
8	9	–	–	–	(1)	10	7
112	107	39	30	(2)	(1)	162	182
–	–	1	1	(1)	(1)	–	–
310	294	46	33	(4)	(3)	422	434
(91)	(89)	(2)	(1)	–	1	(202)	(190)
(46)	(16)	–	–	–	–	(46)	(16)
–	–	(3)	–	–	–	(23)	(23)
(125)	(133)	(42)	(36)	3	2	(310)	(307)
(63)	(53)	–	–	–	–	(125)	(120)
–	(1)	–	–	–	–	–	(1)
(325)	(292)	(47)	(37)	3	3	(706)	(657)
(15)	2	(1)	(4)	(1)	–	(284)	(223)
80.1	88.2						

II. Supplementary Information to the Consolidated Balance Sheets

4 Financial assets carried at fair value through income

In € mn	As of 31 March 2012	As of 31 December 2011
Financial assets held for trading		
Debt securities	198	238
Equity securities	141	135
Derivative financial instruments	1,797	2,096
Subtotal	2,136	2,469
Financial assets designated at fair value through income		
Debt securities	3,081	3,375
Equity securities	2,817	2,622
Subtotal	5,898	5,997
Total	8,034	8,466

5 Investments

In € mn	As of 31 March 2012	As of 31 December 2011
Available-for-sale investments	350,044	333,880
Held-to-maturity investments	4,554	4,220
Funds held by others under reinsurance contracts assumed	1,109	1,123
Investments in associates and joint ventures	2,875	2,758
Real estate held for investment	8,641	8,664
Total	367,223	350,645

AVAILABLE-FOR-SALE INVESTMENTS

In € mn	As of 31 March 2012				As of 31 December 2011			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	5,237	265	(2)	5,500	5,095	300	(1)	5,394
Corporate mortgage-backed securities (residential and commercial)	10,650	1,006	(151)	11,505	10,868	863	(182)	11,549
Other asset-backed securities	2,393	210	(26)	2,577	2,393	196	(30)	2,559
Government and government agency bonds								
Germany	12,846	1,193	(11)	14,028	11,988	1,269	(3)	13,254
Italy	32,944	253	(1,071)	32,126	30,158	4	(3,263)	26,899
France	25,818	1,829	(23)	27,624	25,326	1,531	(45)	26,812
United States	7,229	616	(12)	7,833	7,202	704	(3)	7,903
Spain	4,557	38	(279)	4,316	5,097	46	(286)	4,857
Belgium	6,723	433	(5)	7,151	5,801	175	(25)	5,951
Greece	88	1	(18)	71	303	–	–	303
Portugal	373	–	(94)	279	761	–	(209)	552
Ireland	189	–	(11)	178	439	–	(51)	388
Hungary	752	–	(40)	712	723	–	(60)	663
All other countries	44,004	3,067	(250)	46,821	41,887	2,903	(155)	44,635
Subtotal	135,523	7,430	(1,814)	141,139	129,685	6,632	(4,100)	132,217
Corporate bonds	153,101	8,710	(1,968)	159,843	151,481	6,571	(4,298)	153,754
Other	2,501	186	(10)	2,677	2,045	190	(16)	2,219
Subtotal	309,405	17,807	(3,971)	323,241	301,567	14,752	(8,627)	307,692
Equity securities	18,348	8,562	(107)	26,803	18,746	7,623	(181)	26,188
Total	327,753	26,369	(4,078)	350,044	320,313	22,375	(8,808)	333,880

6

Loans and advances to banks and customers

In € mn	As of 31 March 2012			As of 31 December 2011		
	Banks	Customers	Total	Banks	Customers	Total
Short-term investments and certificates of deposit	6,886	–	6,886	6,341	–	6,341
Reverse repurchase agreements	1,278	–	1,278	1,147	–	1,147
Collateral paid for securities borrowing transactions and derivatives	193	–	193	264	–	264
Loans	66,411	48,788	115,199	67,442	48,393	115,835
Other	958	40	998	1,310	38	1,348
Subtotal	75,726	48,828	124,554	76,504	48,431	124,935
Loan loss allowance	–	(204)	(204)	–	(197)	(197)
Total	75,726	48,624	124,350	76,504	48,234	124,738

LOANS AND ADVANCES TO CUSTOMERS BY TYPE OF CUSTOMER

In € mn	As of	As of
	31 March 2012	31 December 2011
Corporate customers	17,826	17,354
Private customers	23,274	23,430
Public customers	7,728	7,647
Total	48,828	48,431

7 Reinsurance assets

In € mn	As of 31 March 2012	As of 31 December 2011
Unearned premiums	1,890	1,394
Reserves for loss and loss adjustment expenses	6,963	7,006
Aggregate policy reserves	4,275	4,364
Other insurance reserves	105	110
Total	13,233	12,874

8 Deferred acquisition costs

In € mn	As of 31 March 2012	As of 31 December 2011
Deferred acquisition costs		
Property-Casualty	4,524	4,197
Life/Health	14,065	14,579
Asset Management	145	146
Subtotal	18,734	18,922
Present value of future profits	1,011	1,053
Deferred sales inducements	691	797
Total	20,436	20,772

9 Other assets

In € mn	As of 31 March 2012	As of 31 December 2011
Receivables		
Policyholders	6,160	5,653
Agents	5,024	4,352
Reinsurers	2,589	2,497
Other	3,795	3,405
Less allowance for doubtful accounts	(664)	(669)
Subtotal	16,904	15,238
Tax receivables		
Income taxes	1,880	1,708
Other taxes	1,133	1,150
Subtotal	3,013	2,858
Accrued dividends, interest and rent	7,150	7,672
Prepaid expenses		
Interest and rent	16	18
Other prepaid expenses	324	286
Subtotal	340	304
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	152	430
Property and equipment		
Real estate held for own use	2,822	2,806
Software	1,440	1,393
Equipment	831	849
Fixed assets of Alternative Investments	1,217	1,113
Subtotal	6,310	6,161
Other assets	1,937	1,683
Total	35,806	34,346

10

Non-current assets and assets and liabilities of disposal groups classified as held for sale

In € mn	As of 31 March 2012	As of 31 December 2011
Assets of disposal groups classified as held for sale		
LLC Allianz Life, Moscow	–	4
Seed money investments	339	7
Subtotal	339	11
Non-current assets classified as held for sale		
Real estate held for investment	5	3
Subtotal	5	3
Total	344	14
Liabilities related to disposal groups classified as held for sale		
Seed money investments	55	–
Total	55	–

As of 31 March 2012, the Allianz Group owned several seed money funds for which a sale is expected to occur within one year. As a result, the assets in the amount of € 339 mn and liabilities in the amount of € 55 mn relating to these seed money funds have been classified as disposal groups held for sale. These funds primarily comprise equity and debt securities. Upon measurement of the disposal groups at fair value less costs to sell, no impairment loss was recognized in the consolidated income statement for the three months ended 31 March 2012. As of 31 March 2012, cumulative gains recognized in other comprehensive income relating to the seed money investments amounted to € 11 mn.

The largest seed money investment pertains to Allianz Life Insurance Company of North America's ownership of a new seed money fund for its variable annuity business. The assets and liabilities of this investment fund, which are € 275 mn and € 55 mn, respectively, pertain to the segment Life/Health. The remaining investments of € 8 mn and € 56 mn pertain to the segments Asset Management and Corporate and Other, respectively.

11

Intangible assets

In € mn	As of 31 March 2012	As of 31 December 2011
Intangible assets with indefinite useful lives		
Goodwill	11,669	11,722
Brand names ¹	312	310
Subtotal	11,981	12,032
Intangible assets with finite useful lives		
Long-term distribution agreements ²	926	941
Customer relationships	194	207
Other ³	120	124
Subtotal	1,240	1,272
Total	13,221	13,304

1 | Includes primarily the brand name of Selecta AG, Muntelier.

2 | Consists of the long-term distribution agreements with Commerzbank AG of € 528 mn (2011: € 539 mn) and Banco Popular S.A. of € 398 mn (2011: € 402 mn).

3 | Includes primarily acquired business portfolios of € 33 mn (2011: € 34 mn), other distribution rights of € 21 mn (2011: € 22 mn), bancassurance agreements of € 12 mn (2011: € 12 mn) and research and development costs of € 8 mn (2011: € 9 mn).

GOODWILL

In € mn	2012
Cost as of 1 January	12,527
Accumulated impairments as of 1 January	(805)
Carrying amount as of 1 January	11,722
Additions	–
Disposals	–
Foreign currency translation adjustments	(53)
Impairments	–
Carrying amount as of 31 March	11,669
Accumulated impairments as of 31 March	805
Cost as of 31 March	12,474

12 Financial liabilities carried at fair value through income

In € mn	As of 31 March 2012	As of 31 December 2011
Financial liabilities held for trading		
Derivative financial instruments	5,686	6,608
Other trading liabilities	2	2
Subtotal	5,688	6,610
Financial liabilities designated at fair value through income	–	–
Total	5,688	6,610

13 Liabilities to banks and customers

In € mn	As of 31 March 2012			As of 31 December 2011		
	Banks	Customers	Total	Banks	Customers	Total
Payable on demand	208	4,471	4,679	409	4,138	4,547
Savings deposits	–	2,923	2,923	–	2,879	2,879
Term deposits and certificates of deposit	1,037	2,114	3,151	1,107	2,234	3,341
Repurchase agreements	476	242	718	229	106	335
Collateral received from securities lending transactions and derivatives	1,316	–	1,316	2,151	–	2,151
Other	5,827	3,090	8,917	5,693	3,209	8,902
Total	8,864	12,840	21,704	9,589	12,566	22,155

14 Reserves for loss and loss adjustment expenses

In € mn	As of 31 March 2012	As of 31 December 2011
Property-Casualty	59,366	59,493
Life/Health	9,449	9,357
Consolidation	(19)	(18)
Total	68,796	68,832

..... ■ CHANGE IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES
 FOR THE PROPERTY-CASUALTY SEGMENT

In € mn	2012			2011		
	Gross	Ceded	Net	Gross	Ceded	Net
As of 1 January	59,493	(6,658)	52,835	57,509	(6,659)	50,850
Loss and loss adjustment expenses incurred						
Current year	7,605	(459)	7,146	8,234	(765)	7,469
Prior years	(234)	(30)	(264)	(794)	415	(379)
Subtotal	7,371	(489)	6,882	7,440	(350)	7,090
Loss and loss adjustment expenses paid						
Current year	(1,876)	39	(1,837)	(1,782)	47	(1,735)
Prior years	(5,405)	522	(4,883)	(5,235)	358	(4,877)
Subtotal	(7,281)	561	(6,720)	(7,017)	405	(6,612)
Foreign currency translation adjustments and other changes	(217)	(7)	(224)	(1,006)	190	(816)
Reclassifications	—	—	—	(6)	3	(3)
As of 31 March	59,366	(6,593)	52,773	56,920	(6,411)	50,509

15

Reserves for insurance and investment contracts

In € mn	As of 31 March 2012	As of 31 December 2011
Aggregate policy reserves	340,376	338,318
Reserves for premium refunds	28,692	22,868
Other insurance reserves	769	768
Total	369,837	361,954

16 Other liabilities

In € mn	As of 31 March 2012	As of 31 December 2011
Payables		
Policyholders	4,209	4,979
Reinsurance	2,111	1,990
Agents	1,548	1,443
Subtotal	7,868	8,412
Payables for social security	451	469
Tax payables		
Income taxes	2,001	1,504
Other taxes	1,476	1,086
Subtotal	3,477	2,590
Accrued interest and rent	546	695
Unearned income		
Interest and rent	8	6
Other	284	268
Subtotal	292	274
Provisions		
Pensions and similar obligations	3,746	3,754
Employee related	1,999	1,901
Share-based compensation plans	550	792
Restructuring plans	235	280
Loan commitments	56	24
Contingent losses from non-insurance business	178	374
Other provisions	1,273	1,430
Subtotal	8,037	8,555
Deposits retained for reinsurance ceded	1,871	1,760
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	299	237
Financial liabilities for puttable equity instruments	2,971	2,881
Other liabilities	5,887	5,337
Total	31,699	31,210

17 Certificated liabilities

In € mn	As of 31 March 2012	As of 31 December 2011
Allianz SE¹		
Senior bonds ²	6,829	5,343
Money market securities	1,451	1,119
Subtotal	8,280	6,462
Banking subsidiaries		
Senior bonds	1,145	1,162
Subtotal	1,145	1,162
All other subsidiaries		
Certificated liabilities	25	25
Subtotal	25	25
Total	9,450	7,649

1 | Includes senior bonds issued by Allianz Finance II B.V., guaranteed by Allianz SE, and money market securities issued by Allianz Finance Corporation, a wholly-owned subsidiary of Allianz SE, which are fully and unconditionally guaranteed by Allianz SE.

2 | Change due to the issuance of a € 1.5 bn bond in the first quarter of 2012.

18

Participation certificates and subordinated liabilities

In € mn	As of 31 March 2012	As of 31 December 2011
Allianz SE¹		
Subordinated bonds	10,422	10,456
Subtotal	10,422	10,456
Banking subsidiaries		
Subordinated bonds	274	274
Subtotal	274	274
All other subsidiaries		
Subordinated bonds	399	398
Hybrid equity	45	45
Subtotal	444	443
Total	11,140	11,173

1 | Includes subordinated bonds issued by Allianz Finance II B.V. and guaranteed by Allianz SE.

19

Equity

In € mn	As of 31 March 2012	As of 31 December 2011
Shareholders' equity		
Issued capital	1,166	1,166
Capital reserves	27,597	27,597
Retained earnings ¹	14,961	13,522
Foreign currency translation adjustments	(2,205)	(1,996)
Unrealized gains and losses (net) ²	6,726	4,626
Subtotal	48,245	44,915
Non-controlling interests	2,444	2,338
Total	50,689	47,253

1 | Include € (213) mn (2011: € (223) mn) related to treasury shares.

2 | Include € 202 mn (2011: € 191 mn) related to cash flow hedges.

II. Supplementary Information to the Consolidated Income Statements

20 Premiums earned (net)

Three months ended 31 March in € mn	Property-Casualty	Life/Health	Consolidation	Group
2012				
Premiums written				
Direct	14,010	6,438	–	20,448
Assumed	787	135	(11)	911
Subtotal	14,797	6,573	(11)	21,359
Ceded	(1,463)	(145)	11	(1,597)
Net	13,334	6,428	–	19,762
Change in unearned premiums				
Direct	(3,583)	(67)	–	(3,650)
Assumed	(148)	(1)	2	(147)
Subtotal	(3,731)	(68)	2	(3,797)
Ceded	478	1	(2)	477
Net	(3,253)	(67)	–	(3,320)
Premiums earned				
Direct	10,427	6,371	–	16,798
Assumed	639	134	(9)	764
Subtotal	11,066	6,505	(9)	17,562
Ceded	(985)	(144)	9	(1,120)
Net	10,081	6,361	–	16,442
2011				
Premiums written				
Direct	13,593	6,313	–	19,906
Assumed	658	116	(6)	768
Subtotal	14,251	6,429	(6)	20,674
Ceded	(1,346)	(155)	6	(1,495)
Net	12,905	6,274	–	19,179
Change in unearned premiums				
Direct	(3,505)	(91)	–	(3,596)
Assumed	(106)	1	–	(105)
Subtotal	(3,611)	(90)	–	(3,701)
Ceded	382	1	–	383
Net	(3,229)	(89)	–	(3,318)
Premiums earned				
Direct	10,088	6,222	–	16,310
Assumed	552	117	(6)	663
Subtotal	10,640	6,339	(6)	16,973
Ceded	(964)	(154)	6	(1,112)
Net	9,676	6,185	–	15,861

21 Interest and similar income

Three months ended 31 March in € mn	2012	2011
Interest from held-to-maturity investments	52	46
Dividends from available-for-sale investments	168	147
Interest from available-for-sale investments	3,304	3,094
Share of earnings from investments in associates and joint ventures	9	19
Rent from real estate held for investment	181	192
Interest from loans to banks and customers	1,382	1,355
Other interest	36	41
Total	5,132	4,894

22 Income from financial assets and liabilities carried at fair value through income (net)

Three months ended 31 March in € mn	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2012						
Income (expenses) from financial assets and liabilities held for trading (net)	28	(239)	1	227	(2)	15
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	17	219	40	(1)	(1)	274
Income (expenses) from financial liabilities for puttable equity instruments (net)	(3)	(114)	(27)	–	–	(144)
Foreign currency gains and losses (net)	(20)	(15)	–	(16)	–	(51)
Total	22	(149)	14	210	(3)	94
2011						
Income (expenses) from financial assets and liabilities held for trading (net)	46	226	1	(104)	(4)	165
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	11	80	5	(5)	–	91
Income (expenses) from financial liabilities for puttable equity instruments (net)	10	(19)	1	–	–	(8)
Foreign currency gains and losses (net)	(46)	(458)	(1)	28	4	(473)
Total	21	(171)	6	(81)	–	(225)

■ INCOME (EXPENSES) FROM FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (NET)

□ LIFE/HEALTH SEGMENT

For the three months ended 31 March 2012, income (expenses) from financial assets and liabilities held for trading (net) in the Life/Health segment includes expenses of € 258 mn (2011: income of € 218 mn) from derivative financial instruments. This includes expenses of € 59 mn (2011: income of € 374 mn) of German entities from financial derivative positions held for duration management and protection against equity and foreign exchange rate fluctuations. Also included are expenses related to fixed-indexed annuity products and guaranteed benefits under unit-linked contracts of € 185 mn (2011: € 162 mn) from U.S. entities.

□ CORPORATE AND OTHER SEGMENT

For the three months ended 31 March 2012 income (expenses) from financial assets and liabilities held for trading (net) in the Corporate and Other segment includes income of € 265 mn (2011: expenses of € 88 mn) from derivative financial instruments. This includes income of € 22 mn (2011: expenses of € 23 mn) from financial derivative instruments to protect investments and liabilities against foreign exchange rate fluctuations. In 2012, hedging of equity investments not designated for hedge accounting induced income of € 10 mn (2011: expenses of € 9 mn). Financial derivatives related to investment strategies generated income of € 180 mn (2011: expenses of € 83 mn). Expenses of € 47 mn (2011: € 25 mn) from the hedges of share based compensation plans (restricted stock units) are also included.

..... ■ INCOME (EXPENSES) FROM FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH INCOME (NET)

For the three months ended 31 March 2012, income (expenses) from financial assets and liabilities designated at fair value through income (net) in the Life/Health segment includes income from equity investments of € 138 mn (2011: € 54 mn) and income of € 81 mn (2011: € 26 mn) from debt investments.

..... ■ FOREIGN CURRENCY GAINS AND LOSSES (NET)

Foreign currency gains and losses are reported within income from financial assets and liabilities carried at fair value through income (net). These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency, that are monetary items. This excludes exchange differences arising on financial assets and liabilities measured at fair value through profit or loss, which do not have to be disclosed separately. The Allianz Group uses freestanding derivatives to hedge against foreign currency fluctuations, for which it recognized income of € 85 mn (2011: € 355 mn) for the three months ended 31 March 2012.

23

Realized gains/losses (net)

Three months ended 31 March in € mn	2012	2011
REALIZED GAINS		
Available-for-sale investments		
Equity securities	963	703
Debt securities	455	445
Subtotal	1,418	1,148
Investments in associates and joint ventures ¹	1	–
Real estate held for investment	15	73
Loans and advances to banks and customers	132	59
Non-current assets and assets and liabilities of disposal groups classified as held for sale	8	76
Subtotal	1,574	1,356
REALIZED LOSSES		
Available-for-sale investments		
Equity securities	(54)	(43)
Debt securities	(329)	(197)
Subtotal	(383)	(240)
Real estate held for investment	(1)	–
Loans and advances to banks and customers	(2)	–
Non-current assets and assets and liabilities of disposal groups classified as held for sale	–	(2)
Subtotal	(386)	(242)
Total	1,188	1,114

1 | During the three months ended 31 March 2012 and 2011, includes no realized gains from the disposal of subsidiaries.

24 Fee and commission income

Three months ended 31 March in € mn	2012			2011		
	Segment	Consolidation	Group	Segment	Consolidation	Group
PROPERTY-CASUALTY						
Fees from credit and assistance business	189	(1)	188	164	–	164
Service agreements	101	(15)	86	109	(15)	94
Subtotal	290	(16)	274	273	(15)	258
LIFE/HEALTH						
Service agreements	19	(1)	18	17	(4)	13
Investment advisory	108	(12)	96	113	(9)	104
Subtotal	127	(13)	114	130	(13)	117
ASSET MANAGEMENT						
Management fees	1,507	(34)	1,473	1,336	(34)	1,302
Loading and exit fees	104	–	104	95	–	95
Performance fees	44	–	44	56	–	56
Other	37	(4)	33	44	(4)	40
Subtotal	1,692	(38)	1,654	1,531	(38)	1,493
CORPORATE AND OTHER						
Service agreements	13	(3)	10	46	(4)	42
Investment advisory and Banking activities	149	(56)	93	136	(59)	77
Subtotal	162	(59)	103	182	(63)	119
Total	2,271	(126)	2,145	2,116	(129)	1,987

25 Other income

Three months ended 31 March in € mn	2012	2011
Realized gains from disposals of real estate held for own use	7	1
Income from alternative investments	42	26
Other	2	4
Total	51	31

26 Income and expenses from fully consolidated private equity investments

Three months ended 31 March in € mn	2012	2011
Income		
Sales and service revenues	195	390
Other operating revenues	–	3
Subtotal	195	393
Expenses		
Cost of goods sold	(62)	(218)
Commissions	–	(26)
General and administrative expenses	(130)	(151)
Other operating expenses	–	(16)
Interest expenses	(15)	(19)
Subtotal	(207)¹	(430)¹
Total	(12)¹	(37)¹

1 | The presented subtotal for expenses and total income and expenses from fully consolidated private equity investment for the three months ended 31 March 2012 differs from the amounts presented in the "Consolidated Income Statements" and in "Total revenues and reconciliation of Operating profit (loss) to Net income (loss)". This difference is due to a consolidation effect of € 6 mn (2011: € 18 mn) for the three months ended 31 March 2012. This consolidation effect results from the deferred policyholder participation, recognized on the result from fully consolidated private equity investments within operating profit in the Life/Health segment, that was reclassified into expenses from fully consolidated private equity investments in non-operating profit to ensure a consistent presentation of the Allianz Group's operating profit.

27

Claims and insurance benefits incurred (net)

Three months ended 31 March in € mn	Property-Casualty	Life/Health	Consolidation	Group
2012				
Gross				
Claims and insurance benefits paid	(7,281)	(5,128)	4	(12,405)
Change in loss and loss adjustment expenses	(90)	(115)	1	(204)
Subtotal	(7,371)	(5,243)	5	(12,609)
Ceded				
Claims and insurance benefits paid	561	107	(4)	664
Change in loss and loss adjustment expenses	(72)	27	(1)	(46)
Subtotal	489	134	(5)	618
Net				
Claims and insurance benefits paid	(6,720)	(5,021)	–	(11,741)
Change in loss and loss adjustment expenses	(162)	(88)	–	(250)
Total	(6,882)	(5,109)	–	(11,991)
2011				
Gross				
Claims and insurance benefits paid	(7,017)	(5,002)	4	(12,015)
Change in loss and loss adjustment expenses	(423)	(14)	(2)	(439)
Subtotal	(7,440)	(5,016)	2	(12,454)
Ceded				
Claims and insurance benefits paid	405	108	(4)	509
Change in loss and loss adjustment expenses	(55)	20	2	(33)
Subtotal	350	128	(2)	476
Net				
Claims and insurance benefits paid	(6,612)	(4,894)	–	(11,506)
Change in loss and loss adjustment expenses	(478)	6	–	(472)
Total	(7,090)	(4,888)	–	(11,978)

28

Change in reserves for insurance and investment contracts (net)

Three months ended 31 March in € mn	Property-Casualty	Life/Health	Consolidation	Group
2012				
Gross				
Aggregate policy reserves	(54)	(2,041)	–	(2,095)
Other insurance reserves	–	(34)	–	(34)
Expenses for premium refunds	(26)	(1,664)	(13)	(1,703)
Subtotal	(80)	(3,739)	(13)	(3,832)
Ceded				
Aggregate policy reserves	–	24	–	24
Other insurance reserves	–	1	–	1
Expenses for premium refunds	–	–	–	–
Subtotal	–	25	–	25
Net				
Aggregate policy reserves	(54)	(2,017)	–	(2,071)
Other insurance reserves	–	(33)	–	(33)
Expenses for premium refunds	(26)	(1,664)	(13)	(1,703)
Total	(80)	(3,714)	(13)	(3,807)
2011				
Gross				
Aggregate policy reserves	(49)	(2,325)	–	(2,374)
Other insurance reserves	–	(46)	–	(46)
Expenses for premium refunds	(45)	(1,289)	(30)	(1,364)
Subtotal	(94)	(3,660)	(30)	(3,784)
Ceded				
Aggregate policy reserves	(9)	26	–	17
Other insurance reserves	–	3	–	3
Expenses for premium refunds	–	2	–	2
Subtotal	(9)	31	–	22
Net				
Aggregate policy reserves	(58)	(2,299)	–	(2,357)
Other insurance reserves	–	(43)	–	(43)
Expenses for premium refunds	(45)	(1,287)	(30)	(1,362)
Total	(103)	(3,629)	(30)	(3,762)

29

Interest expenses

Three months ended 31 March in € mn	2012	2011
Liabilities to banks and customers	(93)	(92)
Deposits retained on reinsurance ceded	(13)	(14)
Certificated liabilities	(81)	(73)
Participation certificates and subordinated liabilities	(173)	(147)
Other	(22)	(24)
Total	(382)	(350)

30 Loan loss provisions

Three months ended 31 March in € mn	2012	2011
Additions to allowances including direct impairments	(63)	(37)
Amounts released	12	15
Recoveries on loans previously impaired	5	6
Total	(46)	(16)

31 Impairments of investments (net)

Three months ended 31 March in € mn	2012	2011
IMPAIRMENTS		
Available-for-sale investments		
Equity securities	(209)	(96)
Debt securities	(3)	(24)
Subtotal	(212)	(120)
Real estate held for investment	–	(10)
Loans and advances to banks and customers	(2)	(1)
Non-current assets and assets and liabilities of disposal groups classified as held for sale	–	(16)
Subtotal	(214)	(147)
REVERSALS OF IMPAIRMENTS		
Available-for-sale investments		
Debt securities	15	–
Loans and advances to banks and customers	11	2
Subtotal	26	2
Total	(188)	(145)

32 Investment expenses

Three months ended 31 March in € mn	2012	2011
Investment management expenses	(123)	(115)
Depreciation of real estate held for investment	(44)	(46)
Other expenses from real estate held for investment	(30)	(41)
Total	(197)	(202)

33

Acquisition and administrative expenses (net)

Three months ended 31 March in € mn	2012			2011		
	Segment	Consolidation	Group	Segment	Consolidation	Group
PROPERTY-CASUALTY						
Acquisition costs						
Incurring	(2,556)	–	(2,556)	(2,487)	1	(2,486)
Commissions and profit received on reinsurance business ceded	99	(2)	97	76	(1)	75
Deferrals of acquisition costs	1,716	–	1,716	1,615	–	1,615
Amortization of deferred acquisition costs	(1,345)	–	(1,345)	(1,215)	–	(1,215)
Subtotal	(2,086)	(2)	(2,088)	(2,011)	–	(2,011)
Administrative expenses	(726)	37	(689)	(697)	37	(660)
Subtotal	(2,812)	35	(2,777)	(2,708)	37	(2,671)
LIFE/HEALTH						
Acquisition costs						
Incurring	(1,148)	3	(1,145)	(1,091)	1	(1,090)
Commissions and profit received on reinsurance business ceded	23	–	23	25	(1)	24
Deferrals of acquisition costs	735	(1)	734	771	–	771
Amortization of deferred acquisition costs	(785)	–	(785)	(513)	–	(513)
Subtotal	(1,175)	2	(1,173)	(808)	–	(808)
Administrative expenses	(346)	(20)	(366)	(361)	4	(357)
Subtotal	(1,521)	(18)	(1,539)	(1,169)	4	(1,165)
ASSET MANAGEMENT						
Personnel expenses	(542)	–	(542)	(572)	–	(572)
Non-personnel expenses	(295)	12	(283)	(268)	4	(264)
Subtotal	(837)	12	(825)	(840)	4	(836)
CORPORATE AND OTHER						
Administrative expenses	(311)	(12)	(323)	(313)	(31)	(344)
Subtotal	(311)	(12)	(323)	(313)	(31)	(344)
Total	(5,481)	17	(5,464)	(5,030)	14	(5,016)

34

Fee and commission expenses

Three months ended 31 March in € mn	2012			2011		
	Segment	Consolidation	Group	Segment	Consolidation	Group
PROPERTY-CASUALTY						
Fees from credit and assistance business	(189)	1	(188)	(148)	–	(148)
Service agreements	(87)	15	(72)	(106)	15	(91)
Subtotal	(276)	16	(260)	(254)	15	(239)
LIFE/HEALTH						
Service agreements	(17)	1	(16)	(6)	1	(5)
Investment advisory	(46)	–	(46)	(53)	2	(51)
Subtotal	(63)	1	(62)	(59)	3	(56)
ASSET MANAGEMENT						
Commissions	(274)	34	(240)	(272)	38	(234)
Other	(3)	–	(3)	(3)	–	(3)
Subtotal	(277)	34	(243)	(275)	38	(237)
CORPORATE AND OTHER						
Service agreements	(62)	1	(61)	(67)	3	(64)
Investment advisory and Banking activities	(63)	5	(58)	(53)	–	(53)
Subtotal	(125)	6	(119)	(120)	3	(117)
Total	(741)	57	(684)	(708)	59	(649)

35 Other expenses

Three months ended 31 March in € mn	2012	2011
Expenses from alternative investments	(19)	(14)
Other	-	(1)
Total	(19)	(15)

36 Income taxes

Three months ended 31 March in € mn	2012	2011
Current income taxes	(1,059)	(653)
Deferred income taxes	269	82
Total	(790)	(571)

For the three months ended 31 March 2012 and 2011, the income taxes relating to components of the other comprehensive income consist of the following:

Three months ended 31 March in € mn	2012	2011
Foreign currency translation adjustments	(2)	(16)
Available-for-sale investments	(850)	405
Cash flow hedges	(5)	3
Share of other comprehensive income of associates	1	2
Miscellaneous	8	42
Total	(848)	436

37 Earnings per share

■ BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period.

Three months ended 31 March in € mn	2012	2011
Net income attributable to shareholders used to calculate basic earnings per share	1,371	857
Weighted average number of common shares outstanding	452,499,514	451,557,793
Basic earnings per share (in €)	3.03	1.90

■ DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period, both adjusted for the effects of potentially dilutive common shares. Potentially dilutive common shares arise from various share-based compensation plans of the Allianz Group.

Three months ended 31 March in € mn	2012	2011
Net income attributable to shareholders	1,371	857
Effect of potentially dilutive common shares	(6)	(8)
Net income used to calculate diluted earnings per share	1,365	849
Weighted average number of common shares outstanding	452,499,514	451,557,793
Potentially dilutive common shares resulting from assumed conversion of:		
Share-based compensation plans	235,906	4,249
Subtotal	235,906	4,249
Weighted average number of common shares outstanding after assumed conversion	452,735,420	451,562,042
Diluted earnings per share (in €)	3.02	1.88

For the three months ended 31 March 2012, the weighted average number of common shares excludes 2,800,486 (2011: 2,942,207) treasury shares.

II Other Information

38 Financial instruments

RECLASSIFICATION OF FINANCIAL ASSETS

On 31 January 2009, the CDOs were reclassified from financial assets held for trading to loans and advances to banks and customers in accordance with IAS 39. The fair value of € 1.1 bn became the new carrying amount of the CDOs at the reclassification date.

For 2011, the carrying amount and fair value of the CDOs significantly declined due to the liquidation of the Palmer Square 2 CDO tranche, which resulted in direct ownership of the underlying collateral securities. As of 31 December 2011, the carrying amount and fair value of the CDOs was € 431 mn and € 428 mn, respectively. As of 31 March 2012, the carrying amount and fair value of the CDOs is € 409 mn and € 397 mn, respectively. For the three months ended 31 March 2012, the net profit related to the CDOs was not significant.

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As of 31 March 2012, there were no significant changes in the fair value hierarchy of financial instruments and no significant transfers of financial instruments between the levels of the fair value hierarchy compared to the consolidated financial statements for the year ended 31 December 2011.

39 Other information

EMPLOYEE INFORMATION

	As of 31 March 2012	As of 31 December 2011
Germany	40,584	40,837
Other countries	101,223	101,101
Total	141,807	141,938

CONTINGENT LIABILITIES AND COMMITMENTS

As of 31 March 2012, there were no significant changes in contingent liabilities compared to the consolidated financial statements for the year ended 31 December 2011.

As of 31 March 2012, commitments outstanding to invest in private equity funds and similar financial instruments amounted to € 3,757 mn (31 December 2011: € 3,536 mn) and commitments outstanding to invest in real estate and infrastructure amounted to € 821 mn (31 December 2011: € 1,565 mn). All other commitments showed no significant changes.

40 Subsequent events

..... ■ ALLIANZ CALLS A € 2 BN SUBORDINATED BOND

In April 2012, Allianz Finance II B.V., a 100% subsidiary of Allianz SE, called for redemption of a € 2 bn subordinated bond, effective 31 May 2012.

..... ■ ALLIANZ SE AND THE HARTFORD CLOSE REPURCHASE TRANSACTION

In April 2012, the U.S. insurer The Hartford bought back warrants and debentures in the amount of U.S. Dollar 2.4 bn. The repurchase transaction was entered into on 30 March 2012 and closed on 17 April 2012.

The warrants were recognized as financial assets carried at fair value through income. At the balance sheet date, the fair value reflected the sale proceeds; thus the gain from disposal was already included in the consolidated financial statements of the first quarter of 2012 with an impact on net income of approximately € 0.1 bn.

The debentures were recorded at amortized cost and derecognized at the closing date of the transaction, 17 April 2012. At this date, i.e. in the second quarter of 2012, the difference between the sale proceeds and the carrying amount was recognized as a gain in the consolidated income statement with an impact on net income of approximately € 0.1 bn.

..... ■ ALLIANZ PLACES CATASTROPHE BOND THROUGH NEW BLUE DANUBE PROGRAM

In April 2012, the Allianz Group placed a three-year catastrophe bond through the new Blue Danube Ltd. program with a total volume of U.S. Dollar 240 mn. The bond was issued in two tranches of U.S. Dollar 120 mn each and protects Allianz Group against the risk of loss from certain hurricane events in the United States, the Caribbean and Mexico, as well as certain earthquake events in the United States and Canada.

..... ■ DAMAGES THROUGH SEVERAL TORNADOS IN THE UNITED STATES












During April 2012, several tornados caused severe damage in various states of the United States. As of today, the Allianz Group expects an approximate net loss of € 66 mn.

..... ■ ALLIANZ EXTENDS REAL ESTATE INVESTMENTS

In April 2012, Allianz Real Estate GmbH entered on behalf of various Allianz insurance companies into a number of strategic real estate investments in Germany with a total volume of approximately € 600 mn.

Munich, 14 May 2012

Allianz SE
The Board of Management

Review report

To Allianz SE, Munich

We have reviewed the condensed consolidated interim financial statements of Allianz SE, Munich – comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, condensed consolidated statements of cash flows and selected explanatory notes – together with the interim group management report of Allianz SE, Munich, for the period from January 1 to March 31, 2012 that are part of the quarterly financial report according to § 37 x Abs. 3 WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed consolidated interim financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the E.U., and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We performed our review of the condensed consolidated interim financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U., and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, May 14, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft



Johannes Pastor
Wirtschaftsprüfer
(Independent Auditor)



Dr. Frank Pfaffenzeller
Wirtschaftsprüfer
(Independent Auditor)



ALLIANZ APPS



Since there is a trend towards the use of iPhones and iPads among our shareholders, investors and analysts, our current Investor Relations information as well as Allianz Financial Reports are available as Apps. You can find our iPhone and iPad Apps in the Apple App store. To get directly to the specific Allianz App, you can also scan the respective QR Code below.



ALLIANZ INVESTOR RELATIONS HD



QR-Code | iPad App



QR-Code | iPhone App



ALLIANZ FINANCIAL REPORTS



QR-Code | iPad App

FINANCIAL CALENDAR

IMPORTANT DATES FOR SHAREHOLDERS AND ANALYSTS¹

Interim Report 2Q 3 August 2012

Interim Report 3Q 9 November 2012

Financial Results 2012 21 February 2013

Annual General Meeting 7 May 2013

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Interim Report on the internet – www.allianz.com/interim-report | Design/Concept: Allianz SE – Group Management Reporting | Photo Story: Allianz SE – Group
Management Reporting and Allianz Center for Corporate History | Photo iPad: © manaemedia/fotolia.com

This is a translation of the German Interim Report First Quarter of 2012 of the Allianz Group. In case of any divergences, the German original is legally binding.

1 | The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact, irrespective of the communicated schedules. Therefore we cannot exclude that we have to announce key figures of quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the internet at www.allianz.com/financialcalendar.