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## Allianz achieves strong third quarter results

- Revenues grow by 11.4 percent to 24.5 billion euros
- Operating profit increases by 2.3 percent to 2.1 billion euros
- Quarterly net income reflects higher tax expense
- Solvency ratio of 168 percent
- Full-year operating profit expected to reach upper end of target range

Allianz Group today announced strong results for the third quarter and confirmed its operating profit outlook for 2010. Revenues in the third quarter grew by 11.4 percent to 24.5 billion euros. In the same period of 2009, this figure was 22.0 billion euros. Internal growth<sup>1</sup> of revenues amounted to 6.5 percent. Quarterly operating profit grew by 2.3 percent to 2.1 billion euros, from 2.0 billion euros in the third quarter of last year. Quarterly net income of 1.3 billion euros was impacted by a higher tax expense. Compared to 1.4 billion euros in third quarter 2009, net income decreased by 8.8 percent.

Michael Diekmann, CEO of Allianz SE: "We increased our nine-month operating profit by 19.8 percent to 6.1 billion euros. With this strong performance, I expect our full-year operating profit to trend towards the upper end of our target range of around 7.2 billion euros plus or minus 500 million euros. Also, for the first time since 2005 we are likely to end the year with total revenues above 100 billion euros."

Allianz Group's capital position remains solid with a solvency ratio of 168 percent as of September 30, 2010, following 170 percent at the end of second quarter 2010. Shareholders' equity increased by 2.5 percent to 44.9 billion euros as of September 30, 2010, from 43.8 billion euros at the end of June 2010.

## Property-Casualty operating profit up 8.8 percent

In the Property and Casualty business, gross premiums written increased by 3.6 percent to 10.6 billion euros, compared to 10.2 billion euros in third quarter 2009. Adjusted for currency effects, premiums decreased by 1.1 percent. Operating profit grew by 8.8 percent to 1.1 billion euros, compared to 1.0 billion euros in third quarter 2009. As in the second quarter of 2010, an improved underwriting result and higher operating investment income contributed to the operating profit growth.

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

The combined ratio amounted to 97.1 percent, compared to 96.9 percent in the same period of last year. Claims from natural catastrophes in the third quarter amounted to 307 million euros, accounting for 3.0 percentage points of the combined ratio. A run-off ratio of 3.4 percent offset the high NatCat impact.

"For natural catastrophes during the first nine months, about 1.1 billion euros were used worldwide to pay the claims of our policyholders and to build provisions for these occurrences. Higher-than-expected NatCat impact aside, the segment substantially improved its operating profit in the third quarter. This was evidenced by improvements in the accident year loss ratio excluding natural catastrophes. At 69.1 percent, it is below 70 percent for the first time in eight quarters. In addition, prices in several core markets continued to rise, and are expected to keep rising in 2011," said Oliver Bäte, Chief Financial Officer of Allianz SE.

### **Life/Health revenues grow by 16.4 percent**

In the Life/Health segment, revenues grew by 16.4 percent to 12.6 billion euros, compared to 10.8 billion euros in third quarter 2009. Adjusted for currency effects, growth amounted to 11.7 percent. The increase was based on continued demand for old age provisioning, including unit-linked insurance as well as traditional life insurance.

Operating profit<sup>2</sup> amounted to 655 million euros, 30.2 percent lower than the 939 million euros earned in third quarter 2009. This decrease reflects last year's exceptionally high third quarter investment result when markets strongly rebounded from the financial crisis.

"The Life/Health segment continued its good performance during the third quarter. Our nine-month operating profit of 2.3 billion euros is already within our full-year target range," said Oliver Bäte.

### **Asset Management with 100 billion euros nine-month third-party net inflows**

The Asset Management business achieved an operating profit of 521 million euros. This translates into 41.6 percent growth, compared to 368 million euros in third quarter 2009. Net fee and commission income increased by 42.6 percent to 1.24 billion euros, from 866 million euros. On an internal basis, growth amounted to 31.9 percent. The cost-income ratio improved further to 58.5 percent, compared to 59.1 percent in third quarter 2009.

Total assets under management grew by 25.5 percent to 1,443 billion euros as of September 30, 2010, compared to 1,150 billion euros at the end of the third quarter 2009. This growth was supported by exceptionally strong third-party net inflows of 40 billion euros during the third quarter of 2010.

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<sup>2</sup> We changed our accounting policy for fixed-indexed annuities as of July 1, 2010, which impacted the result of our U.S. business. Therefore the prior quarter figures were restated.

Oliver Bäte: "The segment's outstanding performance has continued. In the third quarter, Asset Management contributed more than one-fifth of Group net income. Nine-month operating profit has already outperformed the annual target, and third-party net inflows during the first nine months reached 100 billion euros. At its current level, Assets under Management provide a strong basis for future profitability."

**Allianz Group - Key figures 3rd quarter and first 9 months of 2010\***

		3Q 2009	3Q 2010	Δ	9M 2009	9M 2010	Δ
<b>Total revenues</b>	€ bn	22.0	24.5	11.4%	71.9	80.5	11.9%
<b>Operating profit / loss</b>	€ mn	2,009	2,055	2.3%	5,084	6,089	19.8%
- Property-Casualty	€ mn	1,031	1,122	8.8%	2,895	2,981	3.0%
- Life/Health	€ mn	939	655	-30.2%	2,201	2,314	5.1%
- Asset Management	€ mn	368	521	41.6%	825	1,503	82.2%
- Corporate and Other	€ mn	-295	-270	-8.5%	-792	-676	-14.6%
- Consolidation	€ mn	-34	27	-	-45	-33	-26.7%
<b>Income from continuing operations before income taxes</b>	€ mn	1,917	1,932	0.8%	4,566	5,628	23.3%
Income taxes	€ mn	-527	-664	26.0%	-949	-1,600	68.6%
<b>Net income / loss from continuing operations</b>	€ mn	1,390	1,268	-8.8%	3,617	4,028	11.4%
- Property-Casualty	€ mn	781	872	11.7%	1,982	2,300	16.0%
- Life/Health	€ mn	661	445	-32.7%	1,582	1,581	-0.1%
- Asset Management	€ mn	146	281	92.5%	349	654	87.4%
- Corporate and Other	€ mn	-145	-454	213%	-280	-701	150%
- Consolidation	€ mn	-53	124	-	-16	194	-
<b>Net loss from discontinued operations, net of income taxes</b>	€ mn	0	0	-	-395	0	-100%
<b>Net income</b>	€ mn	1,390	1,268	-8.8%	3,222	4,028	25.0%
attributable to non-controlling interests	€ mn	16	4	-75.0%	34	110	224%
attributable to shareholders	€ mn	1,374	1,264	-8.0%	3,188	3,918	22.9%
<b>Basic earnings per share</b>	€	3.06	2.80	-8.5%	7.07	8.68	22.8%
- from continuing operations	€	3.06	2.80	-8.5%	7.94	8.68	9.3%
- from discontinued operations	€	0.00	0.00	-	-0.87	0.00	-100%
<b>Diluted earnings per share</b>	€	3.05	2.78	-8.9%	7.05	8.62	22.3%
- from continuing operations	€	3.05	2.78	-8.9%	7.92	8.62	8.8%
- from discontinued operations	€	0.00	0.00	-	-0.87	0.00	-100%
<b>Ratios</b>							
- Property-Casualty Combined ratio	%	96.9%	97.1%	0.2% -p	98.2%	97.9%	-0.3% -p
- Life/Health Cost-income ratio	%	93.6%	96.0%	2.4% -p	95.2%	95.7%	0.5% -p
- Asset Management Cost-income ratio	%	59.1%	58.5%	-0.6% -p	65.6%	57.8%	-7.8% -p
					<b>12/31/09</b>	<b>09/30/10</b>	<b>Δ</b>
<b>Shareholders' equity**</b>	€ bn	-	-	-	40.1	44.9	11.9%
<b>Conglomerate solvency ratio***</b>	%	-	-	-	164%	168%	4% -p
<b>Third-party assets under management</b>	€ bn	-	-	-	926	1,131	22.1%

\* Figures prior to third quarter of 2010 have been restated to reflect a change in Allianz Group's accounting policy. For further information please refer to note 2 of our condensed consolidated interim financial statements within the quarterly report.

\*\* Excluding non-controlling interests

\*\*\* Including off-balance sheet reserves (12/31/09: € 1,993mn, 09/30/10: € 1,914mn) pro forma. The solvency ratio excluding off-balance sheet reserves would amount to 159% as of 09/30/10 and 155% as of 12/31/09.

We would like to remind you of our **conference call** which will take place today at 2.00 p.m. CET | 1.00 p.m. UK time.

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

**Cautionary Note Regarding Forward-Looking Statements**

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market

volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The company assumes no obligation to update any forward-looking statement.

**No duty to update**

The company assumes no obligation to update any information contained herein.