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Allianz achieves operating profit of 1.9 billion euros and confirms 2011 operating profit outlook

- **Stable revenues of 24.1 billion euros**
- **Net income of 258 million euros; heavily impacted by financial market turmoil**
- **Capital position remains resilient**
- **Operating profit outlook for 2011 of 8.0 billion euros plus/minus 0.5 billion euros confirmed**

In the third quarter of 2011, Allianz maintained revenues at a high level and achieved a solid operating profit. At the same time, it preserved its strong capital base despite the downturn of equity markets and the ongoing sovereign debt crises.

Allianz Group recorded total revenues of 24.1 billion euros, coming just 1.8 percent below the level from the third quarter of last year. When adjusted for currency conversion and consolidation effects, revenues for the Group rose by 0.2 percent.

Operating profit of 1.906 billion euros was off by 7.3 percent compared to the year before but remains on target. The decline in the result was largely due to lower investment results in Life and Health insurance compared to 2010. In Property and Casualty insurance operating profit remained stable, while Asset Management continued its successful path and again increased its operating profit.

Quarterly net income stood at 258 million euros, compared to 1.3 billion euros the year before. Non-operating impairments amounted to 931 million euros, in particular from investments in the financial sector and from Greek sovereign debt. In addition, the effective tax rate of Allianz Group surged to 60 percent, up from 34.4 percent in last year's third quarter as impaired investments were largely excluded from tax consideration.

Allianz maintained its capital strength: The regulatory solvency ratio stood at 179 percent, almost unchanged from 180 percent at the end of the second quarter. Shareholders' equity increased by 2.2 percent to 43.564 billion euros during the same period.

"All market participants have to face the uncertainty and high volatility of the capital markets. Because of our solid operating results and unwavering capital strength, Allianz is well able to withstand this adversity," said Oliver Bäte, Chief Financial Officer of Allianz SE. "We remain

committed to achieving our operating profit target for 2011 of 8.0 billion euros, plus or minus 0.5 billion euros."

Property and Casualty insurance segment steady

In Property and Casualty insurance business, gross premiums written in the third quarter increased by 2.2 percent to 10.8 billion euros from 10.6 billion euros over the same period last year. Internal growth was 4.2 percent.

Higher premiums in the US, UK, Australia and in the Asia-Pacific region offset declines in other markets, specifically in Germany and Reinsurance. Most of this growth stemmed from crop insurance in the US where higher commodity prices drove up revenues.

Operating profit remained robust at 1.111 billion euros, only 1.0 percent lower compared to 1.122 billion euros in the third quarter of 2010.

The expense ratio improved to 27.1 percent, down from 28.4 percent last year. However, an unusually high level of natural catastrophes added 4 percentage points to the accident year loss ratio. This resulted in a combined ratio of 97.6 percent compared to 97.1 percent in the previous year, while the run-off ratio of 3.6 percent also remained similar to 3.4 percent in 2010.

"Even though we again experienced an above-average burden from natural catastrophes, our Property and Casualty insurance business continued its stable development in the third quarter," said Oliver Bäte. "This is a clear demonstration of the balance and robustness of our portfolio."

Life and Health insurance segment showing stable demand for traditional products

The Life and Health insurance business was strongly influenced by uncertainty in the financial markets. Statutory premiums reached 11.8 billion euros compared to 12.6 billion euros in the same quarter the year before. The decline of 6.0 percent is entirely attributable to investment-oriented products. Premiums for traditional life products, on the other hand, achieved the previous year's level of 5.6 billion euros.

Premium volume grew in most major European markets or maintained at least last year's level; in Asia and the US the volume declined primarily due to one-off effects.

Operating profit stood at 520 million euros, 20.6 percent down from 655 million euros in the third quarter the year before. This decline is due to the net investment result which was lower by 224 million euros.

The average asset base for Life and Health insurance grew further to 357.7 billion euros in the third quarter of 2011, an increase of 3.2 percent from 346.7 billion euros at the same time in 2010. The value of new business was also higher, at 233 million euros compared to 206 million euros in the third quarter of 2010. The new business margin rose to 2.7 percent from the previous year's third-quarter level of 2.2 percent.

"Our Life and Health insurance business held up well in a difficult capital market environment. Despite a significant decline in investment income due to the crisis, we were able to achieve a solid result. The essentially stable demand for our products shows that especially in turbulent times Allianz is still considered a reliable partner for retirement provision," said Oliver Bäte.

Asset Management remains outstanding performer

Asset Management continued its course of profitable growth. In the third quarter of 2011, net fee and commission income increased by 8.1 percent to 1.335 billion euros from 1.235 billion euros the year before. Adjusted for currency and consolidation effects, the increase was 15.9 percent.

Operating profit stood at 537 million euros, compared to 521 million euros in the third quarter of 2010. Ongoing strong margins led to this 3.1 percent increase. Adjusted for foreign currency effects, growth amounted to 10.6 percent.

Total assets under management expanded by 10.3 percent to their highest-ever level of 1,592 billion euros from 1,443 billion euros at the end of the third quarter 2010. Third-party assets under management totaled 1,222 billion euros as of September 30, 2011, compared to the previous year's level of 1,131 billion euros. The cost-income ratio for the segment increased 1 percentage point to 59.5 percent.

"This segment remains a benchmark for the industry. The business continues to grow and deliver attractive returns, a remarkable achievement in the current environment," said Oliver Bäte. "Allianz profits from its well-balanced business model. Especially in difficult times like these our regional and business diversification provides stability and reliability."

Allianz Group - Key figures 3rd quarter and first 9 months of 2011

		3Q 2010	3Q 2011	Δ	9M 2010	9M 2011	Δ
Total revenues	€ bn	24.5	24.1	-1.8%	80.5	78.5	-2.4%
Operating profit / loss	€ mn	2,055	1,906	-7.3%	6,089	5,866	-3.7%
- Property-Casualty	€ mn	1,122	1,111	-1.0%	2,981	3,103	4.1%
- Life/Health	€ mn	655	520	-20.6%	2,314	1,901	-17.8%
- Asset Management	€ mn	521	537	3.1%	1,503	1,593	6.0%
- Corporate and Other	€ mn	-270	-233	-13.7%	-676	-661	-2.2%
- Consolidation	€ mn	27	-29	-	-33	-70	112%
Income before income taxes	€ mn	1,932	644	-66.7%	5,628	3,744	-33.5%
Income taxes	€ mn	-664	-386	-41.9%	-1,600	-1,500	-6.3%
Net income / loss	€ mn	1,268	258	-79.7%	4,028	2,244	-44.3%
- Property-Casualty	€ mn	872	513	-41.2%	2,300	2,022	-12.1%
- Life/Health	€ mn	445	235	-47.2%	1,581	931	-41.1%
- Asset Management	€ mn	281	333	18.5%	654	931	42.4%
- Corporate and Other	€ mn	-454	-832	83.3%	-701	-1,647	135%
- Consolidation	€ mn	124	9	-92.7%	194	7	-96.4%
Net income	€ mn	1,268	258	-79.7%	4,028	2,244	-44.3%
- attributable to non-controlling interests	€ mn	4	62	1450%	110	191	73.6%
- attributable to shareholders	€ mn	1,264	196	-84.5%	3,918	2,053	-47.6%
Basic earnings per share	€	2.80	0.43	-84.6%	8.68	4.55	-47.6%
Diluted earnings per share	€	2.78	0.34	-87.8%	8.62	4.42	-48.7%
Ratios							
- Property-Casualty: Combined ratio	%	97.1%	97.6%	0.5% -p	97.9%	97.9%	0.0% -p
- Life/Health: Cost-income ratio	%	96.0%	96.5%	0.5% -p	95.7%	96.2%	0.5% -p
- Asset Management: Cost-income ratio	%	58.5%	59.5%	1.0% -p	57.8%	59.2%	1.4% -p
					12/31/10	09/30/11	Δ
Shareholders' equity¹	€ bn	-	-	-	44.5	43.6	-2.1%
Conglomerate solvency ratio²	%	-	-	-	173%	179%	6% -p
Third-party assets under management	€ bn	-	-	-	1,164	1,222	5.0%

¹ Excluding non-controlling interests

² Including off-balance sheet reserves (09/30/11: € 2.0 bn, 12/31/10: € 2.1 bn). The solvency ratio excluding off-balance sheet reserves amounts to 171% as of 09/30/11 and 164% as of 12/31/10.

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

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