

Allianz Group

Interim Report First Quarter of 2010

Allianz 

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Group Management Report

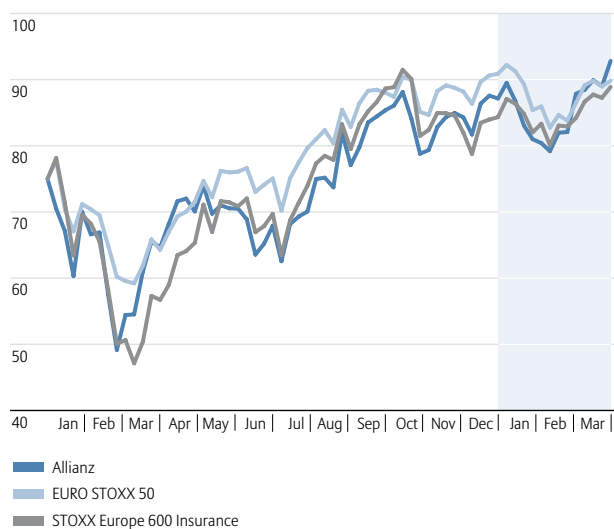
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Allianz Share

Development of the Allianz share price since January 1, 2009
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.

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

Investor Relations

We strive to keep our shareholders up-to-date on all company developments. Our Investor Relations team is pleased to answer any questions you may have.

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Allianz Group Key Data

Three months ended March 31,		2010	2009	Change from previous year
INCOME STATEMENT				
Total revenues ¹⁾	€ mn	30,567	27,720	10.3%
Operating profit ²⁾	€ mn	1,709	1,419	20.4%
Net income from continuing operations ³⁾	€ mn	1,588	424	274.5%
Net income (loss) from discontinued operations, net of income taxes ³⁾	€ mn	—	(395)	n.m.
Net income ³⁾	€ mn	1,588	29	n.m.
SEGMENTS⁴⁾				
Property-Casualty				
Gross premiums written	€ mn	13,994	13,886	0.8%
Operating profit ²⁾	€ mn	712	969	(26.5)%
Combined ratio	%	100.4	98.7	1.7 pts
Life/Health				
Statutory premiums	€ mn	15,356	13,013	18.0%
Operating profit ²⁾	€ mn	812	402	102.0%
Cost-income ratio	%	95.8	97.3	(1.5) pts
Asset Management				
Operating revenues	€ mn	1,116	716	55.9%
Operating profit ²⁾	€ mn	466	211	120.9%
Cost-income ratio	%	58.2	70.5	(12.3) pts
Corporate and Other				
Total revenues	€ mn	128	117	9.4%
Operating profit ²⁾	€ mn	(251)	(184)	36.4%
Cost-income ratio (Banking)	%	107.8	101.7	6.1 pts
BALANCE SHEET				
Total assets as of March 31, ⁵⁾	€ mn	607,693	584,045	4.0%
Shareholders' equity as of March 31, ⁵⁾	€ mn	43,461	40,166	8.2%
Non-controlling interests as of March 31, ⁵⁾	€ mn	2,124	2,121	0.1%
SHARE INFORMATION				
Basic earnings per share	€	3.44	0.06	n.m.
Diluted earnings per share	€	3.43	0.04	n.m.
Share price as of March 31, ⁵⁾	€	92.83	87.15	6.5%
Market capitalization as of March 31, ⁵⁾	€ bn	42.1	39.6	6.5%
OTHER DATA				
Third-party assets under management as of March 31, ⁵⁾	€ bn	1,023	926	10.5%

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⁾ Following the announcement of the sale on August 31, 2008, Dresdner Bank was classified as held for sale and discontinued operations. Therefore, all revenue and profit figures presented for our continuing business do not include the parts of Dresdner Bank that we sold to Commerzbank on January 12, 2009. Assets and liabilities of Dresdner Bank have been deconsolidated in the first quarter 2009. The loss from derecognition of discontinued operations amounted to € 395 mn and represents mainly the recycling of components of other comprehensive income. All income and expenses relating to the discontinued operations of Dresdner Bank have been reclassified and presented in a separate line item "Net loss from discontinued operations, net of income taxes" in the condensed consolidated income statements for all years presented in accordance with IFRS 5.

⁴⁾ 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.

⁵⁾ 2009 figures as of December 31, 2009.

Executive Summary and Outlook

- Revenues increased by 9.7% driven by Life/Health and Asset Management.
- Operating profit up 20.4%, to € 1,709 million.
- Property-Casualty combined ratio of 100.4%, heavily impacted by natural catastrophes.
- Solvency ratio strengthens further to 168%¹⁾.

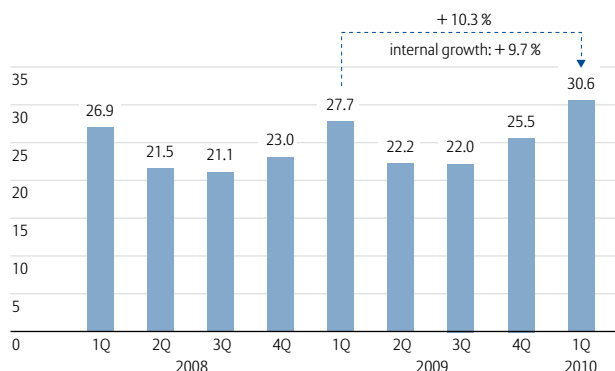
In the first quarter 2010 net income amounted to € 1,588 million, an increase of € 1,164 million compared to the low first quarter 2009 net income from continuing operations. Our Property-Casualty operations were severely impacted by a high level of natural catastrophe-related claims. Life/Health benefited both from strong sales growth and a higher investment result, while Asset Management continued to deliver outstanding results.

On an internal basis³⁾, revenues increased by 9.7%, predominantly driven by 17.3% growth in Life/Health. Asset Management achieved outstanding growth of 62.4%, while premium development in Property-Casualty was flat at (0.1)%.

Earnings Summary

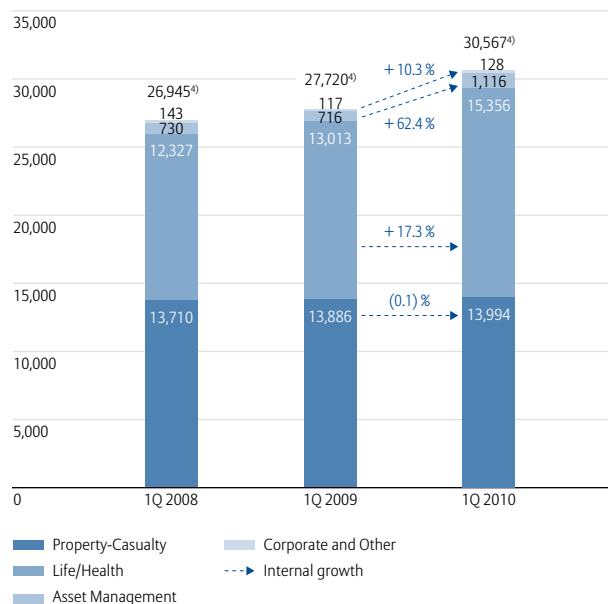
Total revenues²⁾

Total revenues
in € bn



Total revenues – Segments

in € mn



Gross premiums written from **Property-Casualty** insurance were 0.1% behind the previous year on an internal basis, comprising a negative volume effect of 0.3% and a positive price effect of 0.2%, reflecting our selective underwriting.

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. The solvency ratio excluding off-balance sheet reserves would be 159% (2009: 155%).

²⁾ 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).

³⁾ Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 36 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.

⁴⁾ Total revenues include € (27) mn, € (12) mn and € 35mn from consolidation for 1Q 2010, 2009 and 2008, respectively.

Life/Health statutory premiums grew by 17.3% on an internal basis. We observed positive developments in our major markets and recovery of unit-linked sales. Consumer demand for investment-oriented products returned, while traditional life business also supported overall growth.

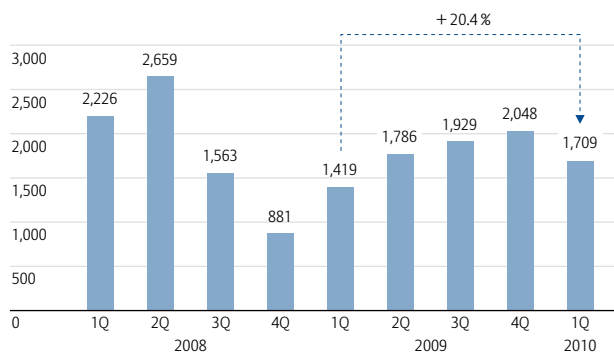
On an internal basis **Asset Management** revenues were 62.4% above the first quarter 2009, mostly driven by higher management and performance fees. Third-party assets under management continued to grow, supported by net inflows of € 37 billion and favorable market effects of € 26 billion. This positive development was mainly attributable to our fixed-income business and our equity business also contributed positively.

Total revenues from our **Corporate and Other** segment, which were entirely attributable to our Banking operations, increased by € 11 million to € 128 million on a nominal basis. This was predominantly due to the Allianz Bank in Germany, which was not yet active in the first quarter 2009.

Operating profit

Operating profit

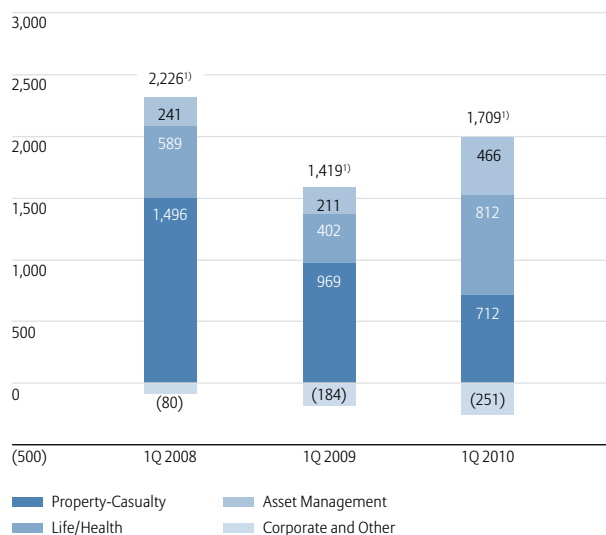
in € mn



In the quarter under review, operating profit amounted to € 1,709 million, up 20.4% compared to the prior year period. Increased operating profit in Life/Health and Asset Management more than compensated for the lower operating profit in the Property-Casualty segment and increased operating loss from Corporate and Other.

Operating profit – Segments

in € mn



At € 712 million **Property-Casualty** segment operating profit fell by 26.5%. The high level of natural catastrophe claims of € 555 million dominated this unfavorable development. Our combined ratio increased to 100.4% from 98.7%.

In the **Life/Health** segment operating profit doubled from € 402 million to € 812 million. The strong development was driven by a robust investment result as capital markets improved and impairments reduced significantly.

Operating profit from our **Asset Management** segment increased by 120.9% to € 466 million. Our cost-income ratio continued its downward trend from the first quarter 2009, dropping to 58.2%, driven mainly by the strong rise in management and performance fees.

We recorded an operating loss of € 251 million in **Corporate and Other** compared to € 184 million for the first quarter 2009. A lower net interest result and fee result were the main drivers of this development.

¹⁾ Includes € (30) mn, € 21 mn and € (20) mn from consolidation for 1Q 2010, 2009 and 2008, respectively.

Non-operating result

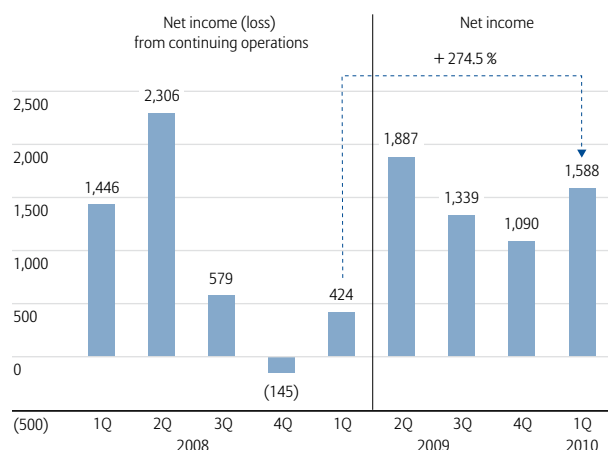
Non-operating items amounted to a positive € 259 million, compared to a negative € 974 million in the prior year period. This positive development was driven by a € 1,392 million improvement in the non-operating investment result due to significantly lower impairments and much higher realized gains following capital markets recovery. Impairments decreased by € 700 million, while net realized gains rose by € 509 million to € 763 million, mostly attributable to a € 0.5 billion gain from the sale of shares in the Industrial and Commercial Bank of China (ICBC).

In addition, non-operating income from financial assets and liabilities carried at fair value through income was up € 183 million, positively impacted by a fair value increase in The Hartford warrants. In October 2008 Allianz invested U.S. Dollar 2.5 billion in The Hartford, in the form of subordinated debentures, shares and warrants, which currently entitle Allianz to purchase 18% of The Hartford. Since the warrants represent a freestanding financial derivative they are measured at fair value through income. An increase in the price of the underlying The Hartford shares in the first quarter 2010 led to a positive fair value impact of € 154 million.

Acquisition-related expenses rose by € 189 million to € 198 million mainly driven by higher so-called PIMCO B-unit expenses. 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 underlying earnings are reflected in acquisition-related expenses. The marginal difference between a higher call versus the put price upon any exercise is also included. The third expense component in this line item are the distributions received by the senior management B-unit holders.

Net income

Net income (loss) from continuing operations/Net income
in € mn



Net income was € 1,588 million compared to € 424 million net income from continuing operations in the respective quarter of 2009.

In the first quarter 2009 we recorded a € 395 million loss from discontinued operations due to the sale and deconsolidation of Dresdner Bank.

Net income attributable to shareholders grew by € 1,521 million to € 1,550 million.

Income taxes amounted to € 380 million largely stemming from higher pre-tax income. The effective tax rate with 19.3% was positively affected by a tax exempt gain from the sale of ICBC shares.

Earnings per share¹⁾

in €

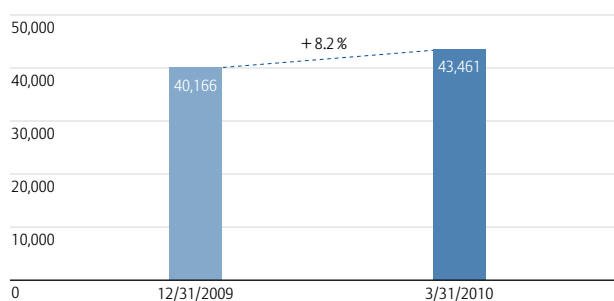


Our net income translates into basic earnings per share of € 3.44 and diluted earnings per share of € 3.43 for the first quarter of 2010.

Shareholders' equity

Shareholders' equity²⁾

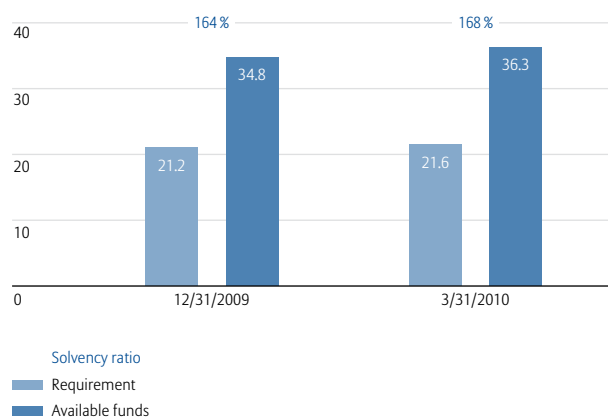
in € mn



As of March 31, 2010, shareholders' equity amounted to € 43,461 million, up 8.2% from December 31, 2009. Net income attributable to shareholders and unrealized gains increased our equity by € 1,550 million and € 787 million respectively, together with positive foreign currency translation effects of € 907 million.

Conglomerate solvency³⁾

in € bn



As of March 31, 2010, our eligible capital for solvency purposes, required for our insurance segments and our banking and asset management business, was € 36.3 billion, including off-balance sheet reserves of € 2.0 billion (2009: € 2.0 billion) and surpassing the minimum legally stipulated level by € 14.7 billion. This margin resulted in a cover ratio of 168% at March 31, 2010. Eligible capital also includes a deduction for accrued dividends of € 1.9 billion at December 31, 2009, and an additional € 0.6 billion for the first quarter 2010 at March 31, 2010, which represents 40% of net income. Our solvency position therefore remains strong.

¹⁾ For further information please refer to note 36 to our condensed consolidated interim financial statements.

²⁾ Does not include non-controlling interests.

³⁾ Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. The solvency ratio excluding off-balance sheet reserves would be 159% (2009: 155%).

Total revenues and reconciliation of operating profit to net income (loss)

Three months ended March 31,	2010 € mn	2009 € mn
Total revenues¹⁾	30,567	27,720
Premiums earned (net)	15,297	14,680
Operating investment result		
Interest and similar income	4,579	4,414
Operating income from financial assets and liabilities carried at fair value through income (net)	36	—
Operating realized gains/losses (net)	547	165
Interest expenses, excluding interest expenses from external debt	(129)	(172)
Operating impairments of investments (net)	(39)	(1,138)
Investment expenses	(177)	(168)
Subtotal	4,817	3,101
Fee and commission income	1,801	1,336
Other income	29	4
Claims and insurance benefits incurred (net)	(11,667)	(11,779)
Change in reserves for insurance and investment contracts (net)	(3,176)	(621)
Loan loss provisions	(12)	(15)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(4,791)	(4,800)
Fee and commission expenses	(599)	(491)
Operating restructuring charges	(1)	(1)
Other expenses	(3)	(1)
Reclassification of tax benefits	14	6
Operating profit (loss)	1,709	1,419
Non-operating investment result		
Non-operating income from financial assets and liabilities carried at fair value through income (net)	83	(100)
Non-operating realized gains/losses (net)	763	254
Non-operating impairments of investments (net)	(52)	(752)
Subtotal	794	(598)
Income from fully consolidated private equity investments (net)	(37)	(56)
Interest expenses from external debt	(222)	(238)
Acquisition-related expenses	(198)	(9)
Amortization of intangible assets	(17)	(4)
Non-operating restructuring charges	(47)	(63)
Reclassification of tax benefits	(14)	(6)
Non-operating items	259	(974)
Income (loss) from continuing operations before income taxes	1,968	445
Income taxes	(380)	(21)
Net income (loss) from continuing operations	1,588	424
Net income (loss) from discontinued operations, net of income taxes	—	(395)
Net income (loss)	1,588	29
Net income (loss) attributable to:		
Non-controlling interests	38	—
Shareholders	1,550	29

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).

Risk Management

Risk management is an integral part of our business processes and supports our value-based management.

The information contained in the risk report in our 2009 Annual Report is still valid.

Events After the Balance Sheet Date

In April 2010, the Allianz Group sold 0.3 billion ICBC shares with a capital gain of approximately € 0.1 billion.

In April 2010, the following catastrophes occurred, none of which will lead to significant net claims to the Allianz Group based on the currently available information:

- Eruption of the volcano Eyjafjallajökull in Iceland and the consequential disruption to air travel.
- Sinking of the oil rig “Deepwater Horizon” in the Gulf of Mexico and the resulting environmental disaster.

After many years of heavy government borrowing and spending in Greece, the rising level of Greek sovereign debt has placed a huge strain on the country’s economy, resulting in a dramatic widening of credit spreads there. This also affected foreign currency rates, equity markets and the prices for other sovereign debt. With more than € 50 billion of debt to refinance in 2010, Greece has fallen into a severe sovereign debt crisis, and the risk of contagion to other Eurozone countries has arisen.

On May 7, 2010, Eurozone leaders approved a € 110 billion loan package to Greece, which will be backed by the E.U. and the IMF. The package is designed to prevent Greece from defaulting on its debt.

On May 10, 2010 Eurozone leaders agreed a € 750 billion plan to support the currency and prevent the Greek debt crisis from affecting other Eurozone countries. The financial markets reacted very favorably to these measures.

Outlook

Economic Outlook

The following Outlook should be interpreted in light of the high uncertainty surrounding the future development of the economy and financial markets, exacerbated by the continuing repercussions from the financial crisis of 2008-2009.

Emerging from the crisis

Thanks to unparalleled fiscal expansion policies, the world economy began its recovery in Spring 2009 and gained growth momentum in the course of last year. Although economic dynamics are very varied across different regions, we expect economic recovery to continue in the course of 2010. However, in a host of countries it will take several years until output is back at pre-crisis levels. The financial markets, which regained their composure surprisingly quickly, are likely to remain susceptible to noise. In view of the risks stemming from the ongoing need for adjustment and consolidation, financial service providers will continue to operate in an uncertain environment.

Moderate growth: base scenario

The early months of 2010 were overshadowed by the Eurozone sovereign-debt crisis. The widening of credit spreads seen in individual Euro area countries (i.e. Portugal, Ireland, Italy, Greece, and Spain) was mainly driven by uncertainties surrounding Greece's fiscal austerity measures and the support efforts by the IMF and the E.U. In spite of the commitment to provide up to € 110 billion of support to Greece, and the much less problematic fiscal and credibility picture in other Eurozone countries, risk premiums remained at very high levels. Further contagion of other markets cannot be ruled out. The need for timely, wide-ranging, and market-convincing austerity measures – not only in Greece but also in most other Eurozone countries as well as in the U.K. and the U.S. – has moved center-stage.

Our base scenario is that, eventually, such measures will weigh on the medium-term economic prospects and as a consequence growth will be positive but more moderate than in the years before the crisis.

The decline of the Euro against the U.S. Dollar and the low interest rate level will give a stimulus to economic activity. Furthermore, in most countries fiscal and monetary policy will still be having an expansionary impact in 2010. The world economy is likely to see growth in the region of 3 to 3.5% in 2010. The picture in the industrial countries is not quite so favorable. Growth of 2 to 2.5% this year will still not fully offset last year's drop of almost 3.5%. The importance of the emerging markets in the world economy continues to grow. They have become the global growth engine. Their overall output is set to rise by 5.5% in 2010 following stagnation in 2009.

Economies without seriously over-indebted private and public sectors will tend to recover more quickly than countries where consolidation is of the essence. This also explains why the upcoming but, in some cases, heavily indebted economies of Eastern Europe are getting back into their stride more slowly than the Asian emerging markets with their surpluses. The robust performance of key Latin American countries is a positive surprise.

The U.S. economy shook off the crisis in the second half of 2009. There are now indications that it will record higher growth than the Euro area in 2010. In Europe, the German economy is likely to record a slightly above-average performance. In the course of the first quarter of 2010, the risk assessment of the creditworthiness of European government bonds has changed substantially. Greece, in particular, has seen its bond spreads over German Bunds soar. Concomitantly, Euro area members and the IMF have agreed on the importance of delivering a financial assistance program to Greece large enough to allow it to refrain from tapping capital markets in the near term. This type of crisis management was necessary in the short run; in the longer run, a revision of the Stability and Growth Pact is essential. With the political will to strengthen the Stability and Growth Pact, confidence in the single currency should be restored gradually.

The financial market crisis had a substantial impact on asset prices. First and foremost, the flight to safety triggered a dramatic slide in government bond yields – particularly for the core industrial countries. This pattern repeated itself during the Greek crisis. We do not expect yields to languish permanently at a low level. In particular, we expect to see a slight pickup in inflation, hefty government bond issuance weighing heavily on capital markets and a gradual reining in of expansionary monetary policy. In a somewhat more friendly economic environment, all of this will serve to push up capital market yields. The economic recovery will provide a positive boost to stock markets despite ongoing market volatility.

Our base scenario is that Greece's sovereign debt crisis will not derail the unfolding economic recovery. The € 750 billion safety net for overstretched countries just announced by E.U. leaders demonstrates resolute E.U. action to ensure financial stability. This mitigates the lingering risk of contagion in the Eurozone and potentially to the banking industry. However, to secure long-term confidence in the Euro, the E.U. must give its fiscal discipline a stronger institutional anchor by strengthening the Stability and Growth Pact and the debt-laden countries must forge ahead with their own rigorous and credible reforms.

Outlook for the Allianz Group

We remain strongly capitalized, and the underlying fundamentals in our operations are healthy and robust. Allianz is well positioned to deliver increasing value over the long term.

Our performance in the first quarter of 2010 reflects this. Our solvency ratio stood at 168%, and we delivered a significant improvement in operating profit over the same period in the previous year despite our Property-Casualty business experiencing an unusually high burden of losses from natural causes. Both our Life/Health and Asset Management segments performed very strongly, delivering results that more than offset the shortfall in Property-Casualty. This demonstrated once again that we are able to compensate for earnings volatility in single business segments, and to exploit profitable growth opportunities.

Our guidance for Allianz Group operating profit in 2010 is unchanged at around € 7.2 billion, plus or minus € 0.5 billion. For full details of the assumptions and sensitivities on which this outlook is based, please refer to the Allianz Group Annual Report 2009.

As stated in those assumptions, a U.S. Dollar conversion rate diverging by more than 10% from the planned rate of 1.45 to the Euro would lead to an operating profit impact of plus or minus € 0.2 billion. As of May 11, 2010, the Euro had an exchange rate of around 1.30 implying a favorable foreign currency translation effect of approximately € 0.2 billion for the year as a whole should this exchange rate persist. This was already allowed for in the Allianz Group operating profit range mentioned above.

As always, natural catastrophes and adverse developments in the capital markets, as well as the factors stated in our cautionary note regarding forward-looking statements, may severely impact our results of operations.

Property-Casualty Insurance Operations

- Gross premiums written flat at € 13,994 million.
- Operating profit of € 712 million significantly burdened by natural catastrophe claims of € 555 million.
- Combined ratio of 100.4%, including 5.9 percentage points from natural catastrophes.

Earnings Summary

Gross premiums written¹⁾

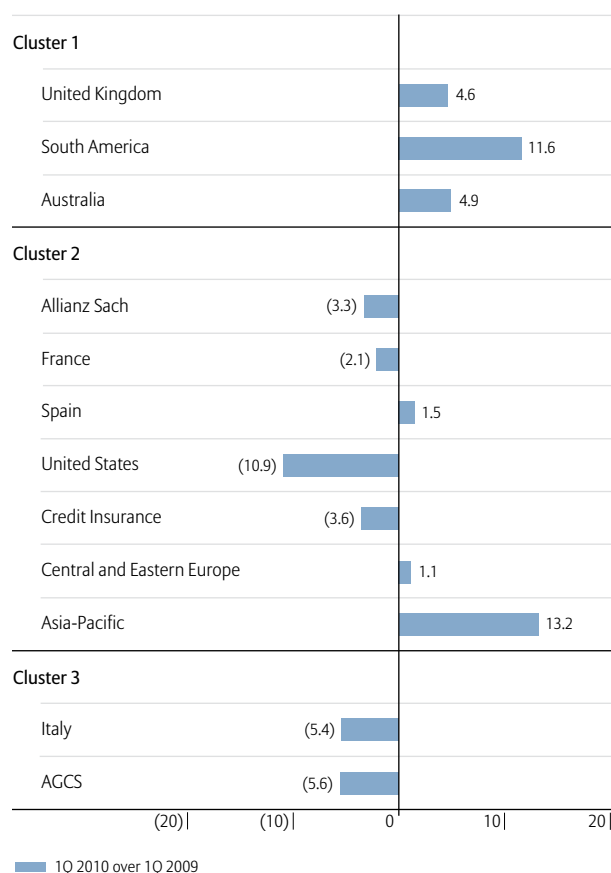
Gross premiums written were stable, down marginally by 0.1% on an internal basis. This development was mainly due to lower volume, down by 0.3%, and a positive price effect of 0.2%. The volume effect was driven by our operations in Germany (down by 3.3%), the United States (down by 11.5%), France (down by 4.5%), Italy (down by 4.6%) and the credit insurance business (down by 8.6%). Nonetheless, we observed progress in growth markets such as South America, and where we observed positive price increases (Australia and the United Kingdom).

On a nominal basis, revenues increased by 0.8% or € 108 million to € 13,994 million including a favorable foreign currency translation effect of € 126 million. This stemmed mainly from a positive development of the Australian Dollar, the Brazilian Real and the Swiss Franc which over-compensated a negative effect of the U.S. Dollar.

We analyze our property-casualty internal premium growth according to 'price' and 'volume'-effects. This produces the following clusters:

- Cluster 1:** Both price and volume effects are positive
- Cluster 2:** Either price or volume effects are positive
- Cluster 3:** Both price and volume effects are negative

Gross premiums written – Internal growth rates²⁾ 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⁾ Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Cluster 1

In the **United Kingdom** revenues were € 463 million. On an internal basis, excluding a negative foreign currency effect of € 10 million stemming from a weaker pound sterling, premiums went up by 4.6%. This was mainly due to an increased policy count in commercial lines and new partnerships in corporate. Higher rates in the retail business partially offset a lower policy count due to the ongoing portfolio cleaning. We estimate the positive price effect to be 3.5%.

In **South America**, gross premiums written stood at € 333 million. All countries contributed positively to the premium growth of 11.6%. Brazil contributed with increases mainly in health and other non-motor business, whereas motor insurance business shrunk due to high competition. On a nominal growth basis we benefited from a favorable foreign currency translation effect of € 45 million, leading to a nominal growth rate of 29.1%.

In **Australia** we recorded revenues of € 440 million. Internal growth, excluding a favorable foreign currency translation effect of € 97 million, was 4.9%. This development was mainly a result of rate increases, implemented during 2009, which affected commercial motor business, as well as household in non-motor business. We estimate the positive price effect to be 4.5%. Volume also grew, particularly in personal lines.

Cluster 2

At **Allianz Sach** in Germany revenues fell by 3.3% to € 3,900 million. This decline was driven by a reduction in volume, mainly relating to our motor business due to portfolio cleaning in fleets and selective underwriting in the last renewal season in the retail business. Whereas in motor overall prices declined, we recorded substantial price increases in non-motor business. We estimate the overall price effect to be zero.

Gross premiums written in **France** amounted to € 1,146 million, down by 2.1%. We accepted the loss of some volume, particularly in our commercial lines, especially due to portfolio cleaning in fleet business. However, in personal lines we grew due to strong price increases. The estimated positive price effect on premiums written was 2.5%.

Despite the impact of the strong economic recession in **Spain**, revenues increased by 1.5% to € 668 million. We recorded higher volume due to dynamic commercial activity, supported by the recovery of private car sales from the end of 2009 due to car scrapping incentives. Prices fell however, mainly due to a negative development in fleet business and commercial lines, and a generally soft market environment. Despite the negative price impact – which we estimate at around 5.8% – our Spanish operation is one of our most profitable businesses.

Revenues in the **United States** amounted to € 638 million. On an internal basis, excluding a negative foreign currency translation impact of € 39 million, revenues declined by 10.9%. This development was due to reduced volume, mainly in our crop insurance business (impact of € 61 million) and in commercial business. In the latter, the decline was attributable mostly to persistent soft market conditions, economic recession and selective underwriting. However, the overall price effect was positive, we estimate it to be 0.6%, and was driven by rate increases in personal lines.

In our **credit insurance** business premiums declined by 3.6% to € 512 million. Volume was down by 8.6% following a deliberate and drastic reduction of our exposure in high risk classes as well as a fall in the business turnover of our customers. At the same time, we increased prices, and estimate this positive effect to be 5.0%.

In **Central and Eastern Europe**, revenues amounted to € 782 million. On an internal basis, excluding a positive foreign currency translation impact of € 46 million, the increase was 1.1%. The development was driven by an increase in volume, for example in voluntary health insurance business in Russia. A fall in new car sales and reduced premium levels, especially in our motor business, had a negative impact particularly in Hungary, Poland and the Czech Republic. Overall, the price effect was negative, we estimate it to be 1.1%.

Gross premiums written in **Asia-Pacific** amounted to € 122 million. Growth was 13.2% mainly driven by higher volume stemming mostly from our Malaysian operations thanks to a favorable development in motor business. On a nominal basis, premiums reduced by 3.2%, which was almost entirely related to the transfer of Allianz Fire and Marine Insurance Japan from Asia-Pacific to AGCS.

Cluster 3

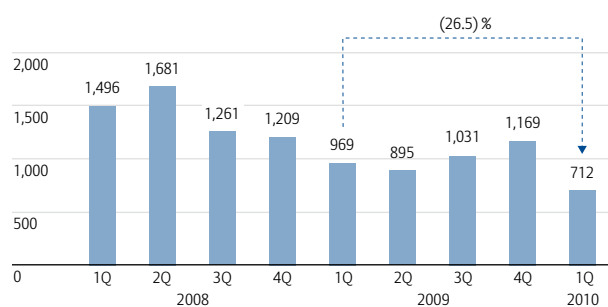
In **Italy** we recorded revenues of € 945 million. The decline in premiums was 5.4% and was predominantly driven by a decrease in our non-motor business as small- and medium-sized commercial businesses were burdened by the effects of economic recession. We strictly observed our selective underwriting approach and undertook further portfolio cleaning and re-pricing. This resulted in a decrease in volume for example in the motor business, where significant tariff increases, implemented in the last quarter of 2009 to compensate for the impacts of the so-called “Bersani law” and “Milan tables” (new tables for bodily injury claims), could not compensate for declining volume. Overall, we estimate the negative price effect on premiums written to be 0.8%.

At **AGCS**, premiums amounted to € 1,177 million, representing a decrease of 5.6%, largely stemming from volume declines, in particular in the marine and property insurance businesses. Volume growth in financial lines and energy partly counteracted that development. Overall, price changes were slightly negative with only aviation rates showing an increase. We estimate the negative price effect to be 1.0%. On a nominal basis revenues decreased only by 1.3%, including the transfer of Allianz Fire and Marine Insurance in Japan, from Asia-Pacific to AGCS.

Operating profit

Operating profit

in € mn



The segment’s **operating profit** was down by 26.5%, or € 257 million, to € 712 million, severely hit by natural catastrophes in the first three months of 2010. We estimate the total net impact of these claims from natural catastrophes to be € 555 million for Allianz Group, which is € 367 million higher than the average natural catastrophe impact that we allow for (2.0 percentage points of the accident year loss ratio per year). These impacts were partially offset by reserve releases of € 331 million relating to prior years. Nonetheless, the underwriting result was significantly burdened by the above-mentioned claims from natural catastrophes and therefore decreased by € 167 million, turning to a negative € 83 million. Net investment income decreased by 9.0% to € 774 million, primarily because of lower interest rates and lower foreign currency gains, partially offset by foreign exchange hedging activities.

The **combined ratio** stood at 100.4%, 1.7 percentage points above the comparison period in 2009. Some 5.9 percentage points of the combined ratio related to the already mentioned natural catastrophes. Our accident year loss ratio increased by 2.5 percentage points to 75.9%. The expense ratio increased by 0.4 percentage points to 28.0%. The favorable run-off ratio was 3.5%, 1.2 percentage points higher than last year.

The **accident year loss ratio** of 75.9%, included 5.9 percentage points or € 555 million related to natural catastrophe claims. The impact of natural catastrophes in the prior year period accounted for € 200 million and made up for 2.1 percentage points of the 73.4% accident year loss ratio. The most significant events in the first quarter 2010 were wind-

storm “Xynthia” and the earthquake in Chile. “Xynthia” affected us in France, the Iberian Peninsula, and large parts of Central Europe. The Chilean earthquake affected AGCS.

The following operating entities contributed most to the development of our accident year loss ratio:

- Our operations in Germany added 1.3 percentage points to the adverse development of our accident year loss ratio. Germany was severely hit by the windstorm “Xynthia” (impact on the German accident year loss ratio development was 3.6 percentage points). Tap water claims resulting from the hard winter were again high. In addition, claims frequency increased, especially in motor due to black ice as the northern part of Germany in particular was hit by severe weather conditions. In addition, the impact of large claims was also slightly higher.
- Italy added another 0.1 percentage points to the development of the accident year loss ratio due to the impact of the so-called “Milan tables”, which increased severity significantly, and some large claims in property business. In addition, past average premium development in motor still put the Italian accident year loss ratio under pressure. Price increases, which were implemented to compensate the effects of the Milan tables were not yet earned in the first quarter. Nonetheless, we observed in motor, liability and property business a sharp decline in frequency due to portfolio cleaning executed in the last months.
- In the United States we recorded the highest level of first quarter natural catastrophe losses over the past five years, amounting to € 46 million due to a number of natural catastrophe events in different parts of the country such as freezes, snow storms, flood and high winds. For commercial lines we observed increasing average claims costs. Overall, this led to an impact of 0.8 percentage points on the accident year loss ratio.
- Our reinsurance business contributed 0.8 percentage points to the increase in our accident year loss ratio. This is mainly driven by the extraordinarily high level of ceded claims from our operating entities due to natural catastrophes.

- Some relief in the adverse development of our accident year loss ratio came from France, where the accident year loss ratio declined, due to the relatively lower impact of natural catastrophes. The impact of windstorm “Xynthia” in 2010, affecting France with € 66 million, was less than the impact of windstorms “Klaus” and “Quinten” (impact of € 86 million) in the previous year. In addition, we recorded a significantly lower impact of single large claims summing up to € 67 million, which were exceptionally high in the first quarter of 2009 at € 136 million. Higher prices helped at the same time. The favorable effect from France on the segment accident year loss ratio was 1.1 percentage points.
- The credit insurance business also contributed positively to our accident year loss ratio development as we recorded a sharp decline in claims frequency following the drastic risk and commercial actions taken since the end of 2007. In addition, there were no large claims. The impact on our accident year loss ratio was 0.6 percentage points.

Releases of prior years' loss reserves of € 331 million were € 119 million greater than prior year. Consequently, our run-off ratio of 3.5% was 1.2 percentage points higher than last year.

The **expense ratio** went up by 0.4 percentage points to 28.0%.

Acquisition and administrative expenses increased by 2.3% or € 58 million to € 2,633 million, although we benefited from a positive one-off effect in the first quarter of 2010 from changes to our external reinsurance arrangements. However, an unfavorable foreign currency translation effect of € 33 million and some exceptional items like the concentration of the Swiss back-office function in Zurich or start-up costs for our partnerships newly entered in the United Kingdom, led in total to the above mentioned increase.

Operating net investment income

Three months ended March 31,	2010 € mn	2009 € mn
Interest and similar income	879	933
Operating income from financial assets and liabilities carried at fair value through income (net)	9	62
Operating realized gains/losses (net)	9	(4)
Interest expenses	(25)	(34)
Operating impairments of investments (net)	—	(62)
Investment expenses	(55)	(54)
Change in reserves for insurance and investment contracts (premium refunds)	(43)	10
Operating net investment income	774	851

Net investment income decreased by 9.0% to € 774 million. **Interest and similar income** declined by € 54 million to € 879 million mainly driven by lower yields on debt compared to the previous year. However, compared to the fourth quarter 2009, the decline in interest income was only minor. Most of the debt previously at higher interest-bearing levels in the portfolio has now rolled over at lower interest rates. Net of interest expenses, which also decreased, the decline was € 45 million.

Change in reserves for insurance and investment contracts (premium refunds) stood at € (43) million and showed an increase in reserves of € 53 million as a consequence of higher investment income.

Operating income from financial assets and liabilities carried at fair value through income (net) declined by € 53 million to € 9 million, mainly stemming from unfavorable foreign currency translation effects, down by € 40 million, and negative impacts from equity hedging, which are offset in shareholders' equity through unrealized gains.

These developments were counteracted by **operating impairments of investments (net)** which were zero for the first three months of 2010 after € 62 million in the respective comparison period one year ago, reflecting the improvement in capital market conditions.

Operating realized gains/losses net increased by € 13 million to € 9 million, due to favorable sales of debt securities within the UBR business (a casualty insurance product with premium refunds issued in the German market).

Property-Casualty segment information

Three months ended March 31,	2010 € mn	2009 € mn
Gross premiums written¹⁾	13,994	13,886
Ceded premiums written	(1,349)	(1,370)
Change in unearned premiums	(3,232)	(3,184)
Premiums earned (net)	9,413	9,332
Interest and similar income	879	933
Operating income from financial assets and liabilities carried at fair value through income (net)	9	62
Operating realized gains/losses (net)	9	(4)
Fee and commission income	254	272
Other income	4	3
Operating revenues	10,568	10,598
Claims and insurance benefits incurred (net)	(6,822)	(6,633)
Change in reserves for insurance and investment contracts (net)	(84)	(30)
Interest expenses	(25)	(34)
Loan loss provisions	—	(6)
Operating impairments of investments (net)	—	(62)
Investment expenses	(55)	(54)
Acquisition and administrative expenses (net)	(2,633)	(2,575)
Fee and commission expenses	(237)	(234)
Other expenses	—	(1)
Operating expenses	(9,856)	(9,629)
Operating profit	712	969
Loss ratio ²⁾ in %	72.4	71.1
Expense ratio ³⁾ in %	28.0	27.6
Combined ratio⁴⁾ in %	100.4	98.7

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 March 31,	Gross premiums written				Premiums earned (net)		Operating profit		Combined ratio		Loss ratio		Expense ratio	
	2010 € mn	2009 € mn	internal ¹⁾		2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 %	2009 %	2010 %	2009 %	2010 %	2009 %
			2010 € mn	2009 € mn										
Germany	3,900	4,034	3,900	4,034	1,787	1,778	169	278	99.8 ²⁾	94.8	72.1 ²⁾	67.0	27.7	27.8
Switzerland	864	833	844	833	344	340	32	46	95.8	93.6	74.6	72.4	21.2	21.2
Austria	332	339	332	339	173	181	21	18	95.1	95.6	68.5	69.6	26.6	26.0
German Speaking Countries	5,096	5,206	5,076	5,206	2,304	2,299	222	342	98.9	94.7	72.3	67.9	26.6	26.8
Italy	945	1,003	945	999	985	1,063	69	111	101.2	99.0	75.8	75.8	25.4	23.2
France	1,146	1,170	1,146	1,170	779	782	9	(71)	106.8	114.0	80.1	87.1	26.7	26.9
Spain	668	658	668	658	451	452	72	76	88.9	89.7	69.2	70.0	19.7	19.7
South America	333	258	288	258	241	183	24	17	98.0	100.3	66.3	68.0	31.7	32.3
Netherlands	326	312	326	312	206	198	1	15	105.1	99.3	75.4	69.6	29.7	29.7
Turkey	137	124	132	124	75	63	4	1	103.4	113.5	75.8	87.3	27.6	26.2
Belgium	110	114	110	114	65	64	8	7	102.1	100.0	66.3	64.4	35.8	35.6
Portugal	85	81	85	81	61	60	7	10	96.0	90.9	71.3	65.0	24.7	25.9
Greece	31	23	31	23	19	12	4	3	88.6	85.3	56.3	57.6	32.3	27.7
Africa	28	27	28	27	8	7	2	2	91.2	92.4	64.3	73.0	26.9	19.4
Europe incl. South America	3,809	3,770	3,759	3,766	2,890	2,884	204³⁾	175³⁾	100.7	101.9	74.7	76.8	26.0	25.1
United States	638	788	677	760	579	762	40	102	106.7	98.4	67.6	64.4	39.1	34.0
Mexico	42	50	40	50	20	20	2	4	99.6	92.2	70.7	67.6	28.9	24.6
NAFTA Markets	680	838	717	810	599	782	42	106	106.5	98.2	67.6	64.5	38.9	33.7
Allianz Global Corporate & Specialty ⁴⁾	1,177	1,193	1,177	1,247	690	581	123	154	93.5	84.1	68.6	63.1	24.9	21.0
Reinsurance PC	1,648	1,484	1,648	1,484	795	772	(59)	3	108.8	105.8	85.7	76.4	23.1	29.4
United Kingdom	463	433	453	433	410	384	42	45	96.5	96.0	62.8	62.9	33.7	33.1
Credit Insurance	512	531	512	531	267	310	51	9	91.7	114.6	58.1	84.3	33.6	30.3
Australia	440	327	343	327	353	253	20	29	110.3	106.3	85.4	81.6	24.9	24.7
Ireland	194	190	194	190	135	142	(6)	(5)	114.0	112.4	93.3	84.8	20.7	27.6
ART	190	80	185	80	49	45	10	13	80.0	82.6	48.3	45.8	31.7	36.8
Global Insurance Lines & Anglo Markets	4,624	4,238	4,512	4,292	2,699	2,487	181	248	101.2	100.3	74.7	72.6	26.5	27.7
Russia	197	169	184	169	130	132	(1)	7	105.5	96.9	61.7	55.6	43.8	41.3
Hungary	163	147	149	147	97	101	16	17	93.0	104.0	62.3	77.4	30.7	26.6
Poland	103	86	91	86	82	70	3	4	99.6	99.1	67.9	61.9	31.7	37.2
Slovakia	118	122	118	122	74	76	16	21	84.0	79.3	57.4	50.4	26.6	28.9
Romania	62	76	60	76	38	35	1	—	98.0	106.5	75.7	85.0	22.3	21.5
Czech Republic	75	77	70	77	50	51	6	13	92.1	79.9	72.0	60.2	20.1	19.7
Croatia	27	27	27	27	19	19	2	1	96.0	103.7	63.0	66.9	33.0	36.8
Bulgaria	17	19	17	19	20	19	5	5	77.4	76.5	46.4	47.8	31.0	28.7
Kazakhstan	18	2	18	2	2	1	2	(1)	41.0	147.3	5.3	43.7	35.7	103.6
Ukraine	2	3	2	3	1	3	—	—	115.4	127.5	48.5	50.3	66.9	77.2
Central and Eastern Europe ⁵⁾	782	728	736	728	513	507	45	62	96.0	94.7	63.4	62.7	32.6	32.0
Asia-Pacific (excl. Australia) ⁴⁾	122	126	120	106	62	64	11	5	91.3	99.5	60.8	59.4	30.5	40.1
Middle East and North Africa	19	19	20	17	10	8	(1)	—	118.3	139.6	82.1	65.9	36.2	73.7
Growth Markets	923	873	876	851	585	579	55	67	95.9	95.9	63.4	62.4	32.5	33.5
Assistance (Mondial)	397	350	397	350	333	295	18	13	97.0	97.3	61.6	61.2	35.4	36.1
Consolidation ⁶⁾	(1,535)	(1,389)	(1,469)	(1,389)	3	6	(10)	18	—	—	—	—	—	—
Total	13,994	13,886	13,868	13,886	9,413	9,332	712	969	100.4	98.7	72.4	71.1	28.0	27.6

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

²⁾ Net change of reserves related to savings component of UBR-business now included in claims (claims reduction of € 12.7 mn for 1Q 2010). Prior periods have not been retrospectively adjusted.

³⁾ Contains € 4 mn and € 3 mn for 1Q 2010 and 1Q 2009, respectively, from a management holding located in Luxembourg and also € 0 mn and € 1 mn for 1Q 2010 and 1Q 2009, respectively, from AGF UK.

⁴⁾ From 1Q 2010, Allianz Fire and Marine Insurance Japan Ltd. is shown within AGCS. Prior year balances have not been adjusted.

⁵⁾ Contains income and expense items from a management holding.

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

Life/Health Insurance Operations

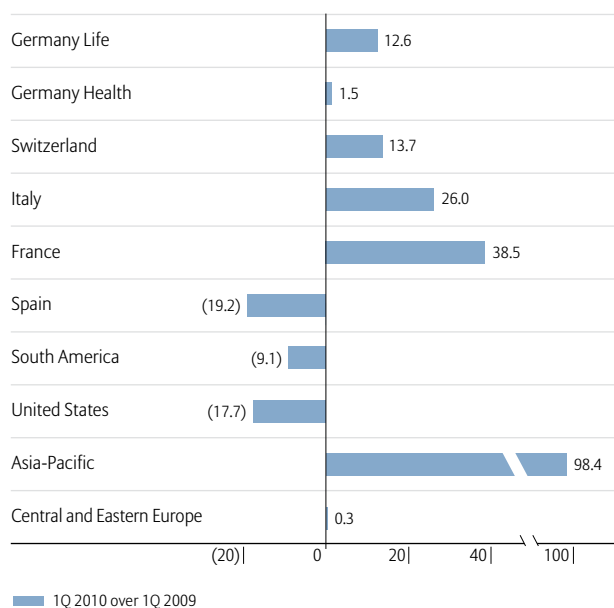
- Double-digit revenue growth to € 15.4 billion.
- Operating profit doubled to € 812 million, driven by a strong improvement in investment results.

Earnings Summary

Statutory premiums¹⁾

Statutory premiums grew by 17.3% on an internal basis. Growth was driven by a combination of positive developments in our major markets and recovery of unit-linked sales following a particularly low level in 2009. We see a return of consumer demand for investment products in general with continued preference for investment contracts with guarantees. Traditional life business also supported overall growth.

Statutory premiums – Internal growth rates²⁾ in %



Premiums in our **German** life business grew by 12.6% to € 3,919 million. This increase is a result of a return in demand for traditional life products as well as continued demand for investment-oriented products from private and commercial customers. The growth is attributable to single premium business, recurring premiums decreased slightly. The German health business recorded revenue growth of 1.5%.

In **Switzerland**, premiums increased to € 806 million. The growth rate of 13.7% reflects higher sales of single premium and regular premium group life contracts.

Premiums in **Italy** were up by 26.0% to € 2,840 million, as unit-linked products came back into favor after a crisis-dominated first quarter in 2009, where growth was driven by strong sales in our financial advisors channels. We also continue to see strong sales in our investment products with guarantees via our bancassurance channel. New bancassurance agreements with small local banks further supported this growth development.

Our premiums in **France** increased by 38.5% to € 2,471 million. Similar to our Italian development, we see a return in demand for single premium pure unit-linked contracts. In addition, investment-oriented products with guarantees continued to perform well, especially with our partnerships distribution channel following a sales campaign this quarter.

In the **United States**, following the first quarter large sales volume of variable annuity products in 2009, we have comparatively lower sales this quarter. The drop in variable annuity sales leads to a total premium decrease of 17.7% to € 1,651 million. Our new variable annuity riders are selling well and we continued to see strong demand for our fixed index annuity products.

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

²⁾ Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

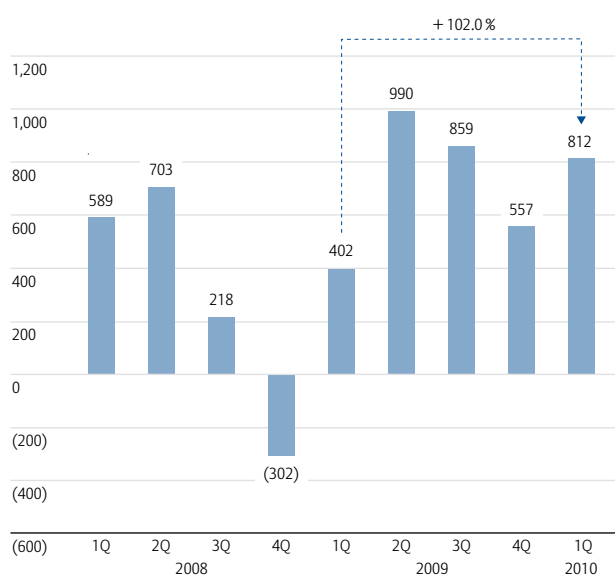
In **Asia-Pacific**, consumer demand for pure unit-linked and investment-oriented products is high. Our premiums grew by 98.4% to € 1,625 million following a marked increase in sales in Taiwan, Japan and South Korea. The majority of our growth of 116.4% or € 347 million in Taiwan is in single premium unit-linked business. In Japan, new bank partnerships selling our variable annuity products drove the increase in premiums by 545.5% or € 240 million. In South Korea growth came from investment-oriented business with guarantees, mainly due to strong demand for our single premium equity index annuity products sold via the bancassurance channel.

In last year's quarter, we saw strong premium growth in **Central and Eastern Europe**. Given the challenging economic conditions we performed well and have been able to maintain broadly the same level of premiums, with a slight increase of 0.3%. Due to favorable currency effects, premiums increased on a nominal basis by 8.8% to € 333 million. In the first three months of 2010, we saw a shift in demand from index-linked to pure unit-linked and traditional products.

Operating profit

Operating profit

in € mn



Operating profit doubled from € 402 million to € 812 million. The strong development was driven by a robust investment result as capital markets improved and impairments reduced significantly.

Interest and similar income amounted to € 3,545 million, equating to a quarterly yield of 1.1%¹⁾. We recorded an increase of € 240 million mainly due to higher interest income on a growing portfolio, and higher dividends from our equity holdings.

Net gain from financial assets and liabilities carried at fair value through income increased to € 62 million. Recovering equity markets resulted in a positive effect on fair value, offsetting a decrease in trading result, mainly in the United States.

Investment expenses stood at € 145 million.

Improved market conditions allowed for an increase in **net realized gains and losses (net)** from € 171 million to € 538 million.

Net impairments on investments decreased significantly from € 1,076 million to € 39 million. Last year's high equity impairments, especially in Germany and France, were not repeated this quarter as financial markets stabilized.

Change in reserves for insurance and investment contracts (net) amounted to € 3,046 million, € 2,461 million higher than in the first quarter 2009. This was driven by an increase of reserves for premium refunds to policyholders as a consequence of higher investment income.

Net claims and insurance benefits incurred decreased by 5.8% to € 4,845 million.

Acquisition and administrative expenses (net) amounted to € 1,201 million, down 16%. Administration expenses increased slightly by 5.9%. Acquisition costs decreased by 23.3%. This is driven by a change in our presentation of deferred sales inducements (DSI) in the United States from net to gross, and comparatively lower deferred acquisition costs (DAC) amortization from assumption changes impacting true-ups in Germany.

Our **cost-income ratio** improved by 1.5 percentage points to 95.8% due to better investment performance compared to the premiums generated in the period.

¹⁾ On debt securities including cash components, based on an average asset base of € 295.7 bn.

Life/Health segment information

Three months ended March 31,	2010 € mn	2009 € mn
Statutory premiums¹⁾	15,356	13,013
Ceded premiums written	(134)	(143)
Change in unearned premiums	(53)	(29)
Statutory premiums (net)	15,169	12,841
Deposits from insurance and investment contracts	(9,285)	(7,493)
Premiums earned (net)	5,884	5,348
Interest and similar income	3,545	3,305
Operating income from financial assets and liabilities carried at fair value through income (net)	62	(59)
Operating realized gains/losses (net)	538	171
Fee and commission income	118	119
Other income	20	3
Operating revenues	10,167	8,887
Claims and insurance benefits incurred (net)	(4,845)	(5,146)
Change in reserves for insurance and investment contracts (net)	(3,046)	(585)
Interest expenses	(23)	(44)
Loan loss provisions	1	(2)
Operating impairments of investments (net)	(39)	(1,076)
Investment expenses	(145)	(138)
Acquisition and administrative expenses (net)	(1,201)	(1,429)
Fee and commission expenses	(54)	(64)
Operating restructuring charges	(1)	(1)
Other expenses	(2)	—
Operating expenses	(9,355)	(8,485)
Operating profit (loss)	812	402
Cost-income ratio²⁾ in %	95.8	97.3

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 deposits from insurance and investment contracts, claims and insurance benefits incurred (net), change in reserves for insurance and investment contracts (net) and acquisition and administrative expenses (net) divided by statutory premiums (net), interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), operating realized gains/losses (net), fee and commission income, other income, interest expenses, loan loss provisions, operating impairments of investments (net), investment expenses, fee and commission expenses, operating restructuring charges and other expenses.

Life/Health Operations by Business Divisions

Three months ended March 31,	Statutory premiums ¹⁾				Premiums earned (net)		Operating profit		Cost-income ratio	
	2010 € mn	2009 € mn	internal ²⁾		2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 %	2009 %
			2010 € mn	2009 € mn						
Germany Life	3,919	3,479	3,919	3,479	2,682	2,360	255	165	95.5	96.1
Germany Health ³⁾	803	791	803	791	804	792	46	19	95.7	98.0
Switzerland	806	693	788	693	239	236	21	8	97.6	98.9
Austria	122	118	122	118	93	89	13	4	92.3	96.9
German Speaking Countries	5,650	5,081	5,632	5,081	3,818	3,477	335	196	95.7	96.8
Italy	2,840	2,254	2,840	2,254	157	187	72	9	97.7	99.6
France	2,471	1,784	2,471	1,784	766	709	178	123	94.2	93.5
Spain	198	245	198	245	107	110	28	27	89.2	90.9
South America	12	11	10	11	8	9	2	5	88.2	75.2
Netherlands	85	105	85	105	34	48	14	10	87.1	91.4
Turkey	23	21	22	21	9	9	2	1	93.8	95.8
Belgium/Luxembourg	254	167	254	167	98	94	21	9	93.8	95.9
Portugal	35	35	35	35	20	20	5	5	87.5	87.8
Greece	30	30	30	30	16	18	—	1	99.8	96.3
Africa	7	11	7	11	5	6	(2)	1	118.4	91.9
Europe incl. South America	5,955	4,663	5,952	4,663	1,220	1,210	320	191	95.4	96.2
United States	1,651	2,130	1,753	2,130	162	170	79	3	96.1	99.9
Mexico	24	13	22	13	13	7	2	1	93.5	94.8
NAFTA Markets	1,675	2,143	1,775	2,143	175	177	81	4	96.0	99.8
AZ Reinsurance LH	94	73	94	73	92	76	10	1	91.2	98.9
Global Insurance Lines & Anglo Markets	94	73	94	73	92	76	10	1	91.2	98.9
South Korea	442	299	379	299	172	153	33	16	94.1	95.6
Taiwan	646	298	645	298	47	29	10	5	98.5	98.5
Malaysia	52	38	51	38	45	34	3	2	94.5	94.3
Indonesia	79	39	67	39	34	17	14	4	83.9	89.4
Other	406	71	336	71	105	18	(9)	(20)	102.1	129.5
Asia-Pacific	1,625	745	1,478	745	403	251	51	7	97.2	99.2
Hungary	68	22	62	22	15	15	3	5	95.8	80.7
Slovakia	64	68	64	68	44	41	8	9	88.7	87.9
Czech Republic	29	40	27	40	15	13	3	1	92.2	96.8
Poland	144	149	127	149	49	40	5	2	96.7	98.8
Romania	6	6	5	6	3	4	—	—	99.1	93.6
Croatia	11	11	11	11	10	10	1	—	88.8	96.9
Bulgaria	6	6	6	6	6	6	1	—	86.6	95.8
Russia	5	4	5	4	5	4	—	(1)	102.5	146.3
Central and Eastern Europe	333	306	307	306	147	133	21	16	94.1	94.8
Middle East and North Africa	30	24	29	24	28	24	2	(9)	93.6	158.2
Global Life	56	39	56	39	1	—	(1)	—	101.0	99.2
Growth Markets	2,044	1,114	1,870	1,114	579	408	73	14	96.7	98.9
Consolidation ⁴⁾	(62)	(61)	(59)	(61)	—	—	(7)	(4)	—	—
Total	15,356	13,013	15,264	13,013	5,884	5,348	812	402	95.8	97.3

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

³⁾ Loss ratios were 79.6% and 79.5% for the three months ended March 31, 2010 and 2009, respectively.

⁴⁾ Represents elimination of transactions between Allianz Group companies in different geographic regions.

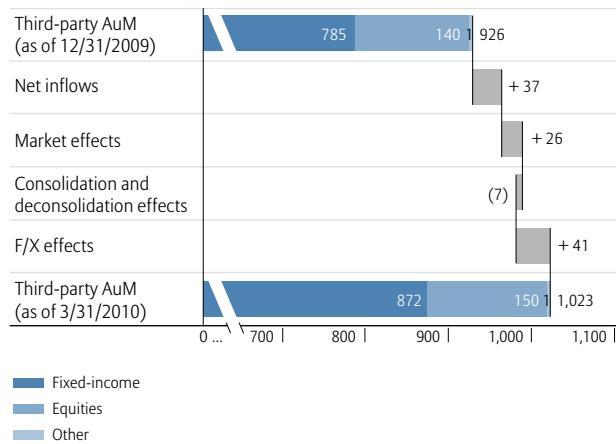
Asset Management

- Third-party assets under management exceed € 1.0 trillion.
- Strong net inflows continue, with € 37 billion in the first quarter.
- Outstanding quarterly operating profit of € 466 million.

Assets under Management

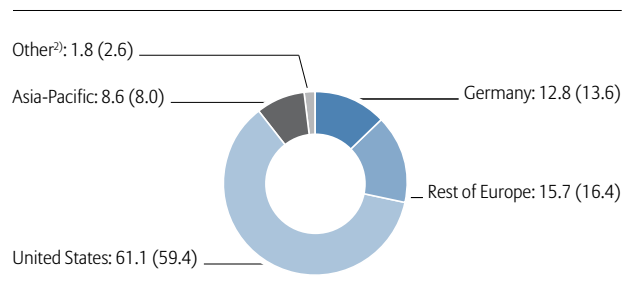
As of March 31, 2010 total assets under management amounted to € 1,312 billion, representing a € 110 billion increase since December 31, 2009. Of the total, € 1,023 billion related to third-party assets under management and € 289 billion to Allianz Group assets. Third-party assets increased by € 97 billion between December 31, 2009 and March 31, 2010.

Development of third-party assets under management in € bn



Our fixed-income products contributed € 35 billion and equity business made up the remaining € 2 billion of the € 37 billion net inflows. Further recovery of the markets led to market-related appreciation of € 26 billion, of which € 21 billion came from fixed-income securities and € 5 billion from equities. Positive foreign currency translation effects of € 41 billion, mainly driven by the strengthening U.S. Dollar versus the Euro, added to the growth in asset values.

Third-party assets under management by geographic region as of March 31, 2010 (December 31, 2009)¹⁾ in %



The strong net inflows to our fixed-income business, especially in the United States, increased the proportion of investments originated in the United States since the beginning of the year to 61.1% (December 31, 2009: 59.4%).

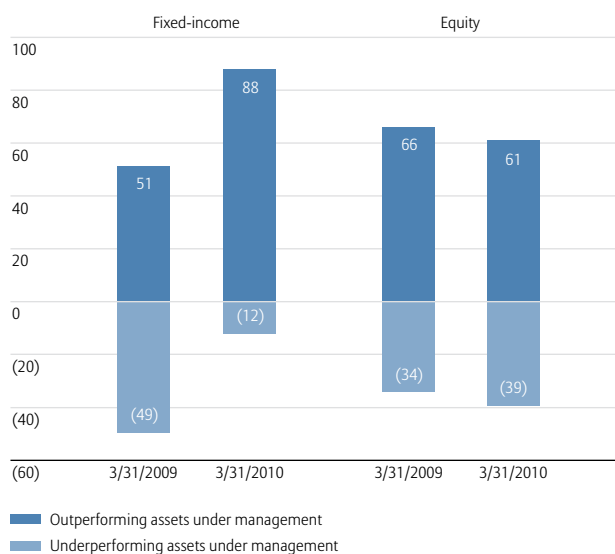
The split between fixed income and equity assets remained unchanged at 85% and 15% respectively compared to December 31, 2009.

The split between institutional and retail clients remained largely unchanged, at 67% and 33% respectively compared to December 31, 2009.

¹⁾ Based on the origination of assets.

²⁾ Consists of third-party assets managed by other Allianz Group companies (approximately € 18 bn as of March 31, 2010 and € 24 bn as of December 31, 2009, respectively).

Rolling investment performance of Allianz Global Investors¹⁾ in %



Compared to year-end 2009, the performance of Allianz Global Investors' assets under management remained robust for equity products, 61% of which (December 31, 2009: 63%) outperformed their benchmarks. Our fixed-income products performed strongly with 88% (December 31, 2009: 83%) outperforming their respective benchmarks.

¹⁾ AGI account-based, asset-weighted 3-year investment performance of 3rd party assets vs. benchmark including all accounts managed on a discretionary basis by equity and fixed income managers of AGI. Fund-of-funds at AGI Germany and AGI Solutions as well as funds/accounts at Allianz GTJA China are not considered. For some retail equity funds the net of fee performance is compared to the median performance of an appropriate peer group (Morningstar or Lipper; 1st and 2nd quartile mean out-performance). For all other retail funds and for all institutional accounts performance is calculated gross of fees using closing prices (revaluated) where appropriate and compared to the benchmark of each individual fund or account. Other than under GIPS, the performance of closed funds/accounts is not included in the analysis. Not included until 3Q 2009: AGI Taiwan, AGI Singapore, AGI Korea, AGI France, AGI Netherlands and AGI Italy.

Earnings Summary

Operating revenues

Three months ended March 31,	2010 € mn	2009 € mn
Management and loading fees	1,193	879
Performance fees	128	14
Other income	32	14
Fee and commission income	1,353	907
Commissions	(251)	(193)
Other expenses	(5)	(5)
Fee and commission expenses	(256)	(198)
Net fee and commission income	1,097	709
Other revenues	19	7
Operating revenues	1,116	716

Operating revenues amounted to € 1,116 million, exceeding the first quarter 2009 by 55.9%. This includes negative foreign currency exchange effects of € 52 million.

Net fee and commission income rose by € 388 million to € 1,097 million. **Management fees** grew by € 284 million to € 1,104 million reflecting the increase in average assets under management and respective assets under management driven margin.

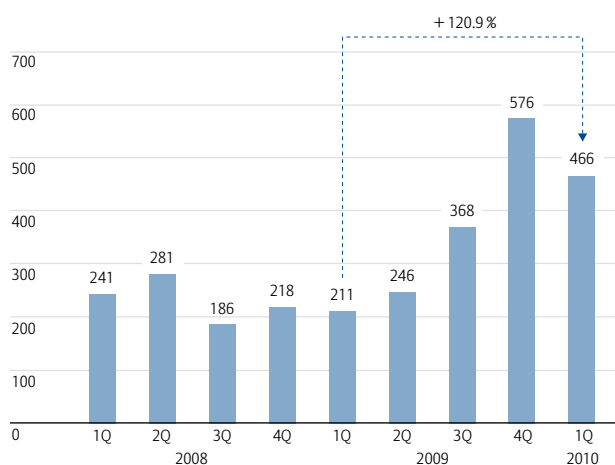
Performance fees of € 128 million exceed the previous year's quarter by € 114 million. The majority came from our fixed income business and equity products also contributed positively. The level of performance fees observed in the first quarter 2010 is driven by the fee measurement approach and the investment performance of the individual mandates and funds. As the occurrence of performance fees is very much dependent on the parameters of every single fee measurement approach, the order of magnitude of performance fees can vary considerably.

The increase in **other revenues** is predominantly due to a positive swing in seed money investments, reported under **income from financial assets and liabilities carried at fair value through income**.

Operating profit

Operating profit

in € mn



At € 466 million **operating profit** was up 120.9% compared to the same period in the previous year. This outstanding development was due to higher management and performance fees, partially offset by an increase in variable compensation in line with the improvement in results.

Administrative expenses increased by € 145 million (+28.7%) to € 650 million. Strong profit growth led to an increase in performance-related expenses, while non-performance related staff expenses remained almost flat.

Our **cost-income ratio** improved considerably, down 12.3 percentage points to 58.2%.

Asset Management segment information

Three months ended March 31,	2010 € mn	2009 € mn
Net fee and commission income ¹⁾	1,097	709
Net interest income ²⁾	9	12
Income from financial assets and liabilities carried at fair value through income (net)	5	(8)
Other income	5	3
Operating revenues	1,116	716
Administrative expenses (net), excluding acquisition-related expenses	(650)	(505)
Operating expenses	(650)	(505)
Operating profit	466	211
Cost-income ratio³⁾ in %	58.2	70.5

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.

Corporate and Other¹⁾

– Operating loss of € 251 million mostly attributable to lower net interest and net fee result.

Corporate and Other segment information

Three months ended March 31,	Holding & Treasury		Banking		Alternative Investments		Corporate and Other ²⁾	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Interest and similar income	53	116	169	200	8	(1)	229	314
Operating income from financial assets and liabilities carried at fair value through income (net)	(19)	(14)	(6)	1	—	(1)	(25)	(14)
Fee and commission income	59	35	102	76	27	33	187	143
Other income	—	—	—	—	—	—	—	—
Operating revenues	93	137	265	277	35	31	391	443
Interest expenses, excluding interest expenses from external debt	(95)	(126)	(84)	(119)	—	—	(179)	(244)
Loan loss provisions	—	—	(13)	(7)	—	—	(13)	(7)
Investment expenses	(21)	(20)	—	—	—	—	(21)	(19)
Administrative expenses (net), excluding acquisition-related expenses	(144)	(153)	(138)	(119)	(37)	(33)	(317)	(305)
Fee and commission expenses	(59)	(8)	(52)	(41)	—	(3)	(111)	(52)
Other expenses	—	—	(1)	—	—	—	(1)	—
Operating expenses	(319)	(307)	(288)	(286)	(37)	(36)	(642)	(627)
Operating profit (loss)	(226)	(170)	(23)	(9)	(2)	(5)	(251)	(184)
Cost-income ratio³⁾ in %			107.8	101.7				

¹⁾ With effect from the fourth quarter 2009 (retrospectively applied) our ongoing Banking and Alternative Investments activities are grouped together in the Corporate and Other segment together with Holding & Treasury activities with the same effective date.

²⁾ Including consolidation in between the Corporate and Other segment as recorded in the segment information in note 3 to the condensed consolidated interim financial statements.

³⁾ Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses, 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, fee and commission expenses.

Earnings Summary Holding & Treasury Earnings Summary Banking

The Holding & Treasury's **operating loss** increased by € 56 million to € 226 million. This was attributable to a € 32 million decline in the net interest result driven by lower yields and a € 27 million decrease in the net fee result. This was due to a reduction in net fees generated by our internal IT service provider.

Interest and similar income amounted to € 53 million compared to € 116 million in the prior year period. This development is mainly due to the continuing low short-term interest rate environment.

Interest expenses, excluding interest expenses from external debt were impacted by lower yields and lower levels of internal debt, leading to a decrease of € 31 million to € 95 million.

Operating revenues declined by € 12 million to € 265 million. Fee and commission income rose by € 26 million to € 102 million through improved sales volumes in Germany (Allianz Bank was not yet operational in 1Q 2009), and in Italy. However, lower interest rates and deposit volumes led to a € 31 million decline (to € 169 million) in interest and similar income.

The **operating loss** amounted to € 23 million compared to a loss of € 9 million in the same period in the previous year. Operating expenses remained flat at € 288 million (1Q 2009: € 286 million). Interest expenses were also affected by lower interest rates and decreased by € 35 million. This was mostly offset by a € 19 million increase in administrative expenses, as the Allianz Bank in Germany is now operational, together with an € 11 million rise in fee and commission expenses.

Earnings Summary Alternative Investments

The **operating loss** declined by € 3 million to € 2 million. This improvement was driven by an increase in interest and similar income, partly off-set by a decrease in fee and commission income. The earnings of Alternative Investments derive from the alternative investments of Allianz SE and from the activities of the managers of Allianz Captial Partners (Private Equity) and Allianz Real Estate.

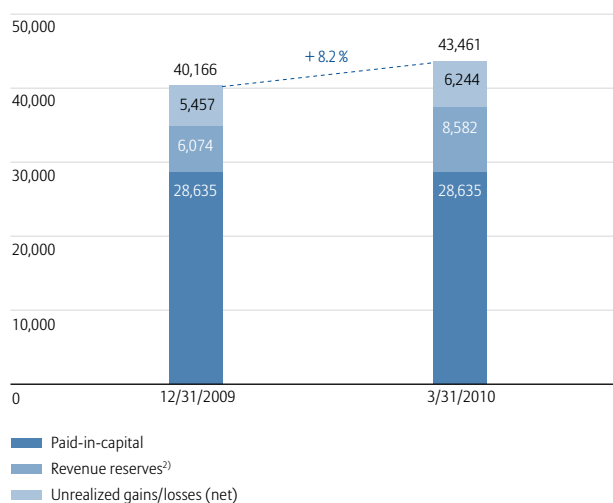
Balance Sheet Review

- Shareholders' equity of € 43.5 billion.
- Strong solvency ratio of 168%.

Shareholders' Equity¹⁾

Shareholders' equity

in € mn



As of March 31, 2010, shareholders' equity amounted to € 43,461 million, up 8.2% from December 31, 2009. Net income attributable to shareholders and unrealized gains increased our equity by € 1,550 million and € 787 million respectively, together with positive foreign currency translation effects of € 907 million.

Regulatory Capital Adequacy

Allianz Group is a financial conglomerate within the scope of the Financial Conglomerates Directive and the related German law effective since January 1, 2005. Under this directive, a financial conglomerate is defined as any financial parent holding company that, together with its subsidiaries

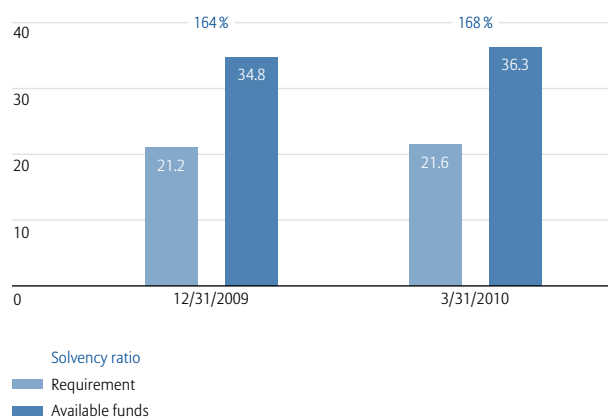
¹⁾ Does not include non-controlling interests of € 2.124 bn and € 2.121 bn as of March 31, 2010 and December 31, 2009, respectively. For further information please refer to note 18 to the condensed consolidated interim financial statements.

²⁾ Includes foreign currency translation effects.

has significant cross-border and cross-sector activities. The law requires that a financial conglomerate calculates the capital needed to meet the respective solvency requirements on a consolidated basis.

Conglomerate solvency

in € bn



As of March 31, 2010, the Allianz Group's eligible capital for the solvency margin, required for the insurance segments and the asset management and banking business, was € 36.3 billion (2009: € 34.8 billion) including off-balance sheet reserves³⁾ of € 2.0 billion (2009: € 2.0 billion), and surpassing the minimum legally stipulated level by € 14.7 billion (2009: € 13.6 billion). This margin resulted in a cover ratio of 168% (2009: 164%) as of March 31, 2010. Eligible capital also includes a deduction for accrued dividends of € 1.9 billion (approved at the Annual General Meeting) at December 31, 2009 and additional € 0.6 billion for the first quarter 2010 at March 31, 2010. Our solvency position therefore remains strong.

³⁾ Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. The solvency ratio excluding off-balance sheet reserves would be 159% (2009: 155%).

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 Property-Casualty, Life/Health, Asset Management and Corporate and Other segments.

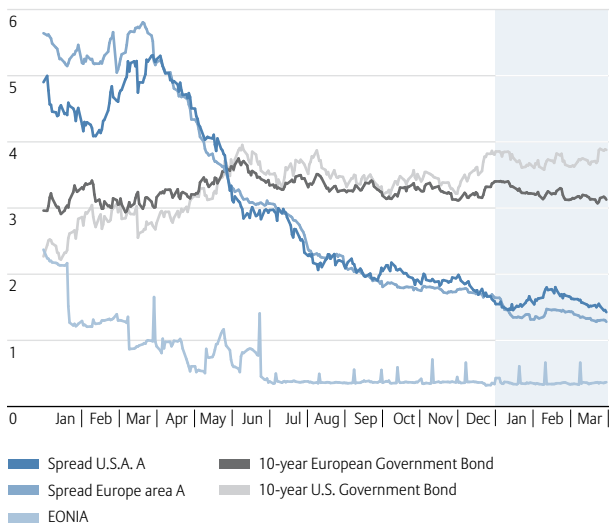
As of March 31, 2010, total assets amounted to € 607.7 billion and total liabilities amounted to € 562.1 billion. When compared to the year-end 2009 total assets and total liabilities increased by € 23.7 billion and by € 20.3 billion, respectively.

Market environment of different asset classes

During the first quarter 2010 equity markets showed a moderate positive development, positively impacted by increasing optimism with regards to economy recovery.

Interest rates and credit spreads development

in %



10-year interest rates of all major countries decreased during the first quarter 2010. Overall, interest rate levels are above end of first quarter 2009 levels.

Credit spreads have reached the level of the second half of 2007. The first three months in 2010 showed a slight – but further – decrease in corporate spreads.

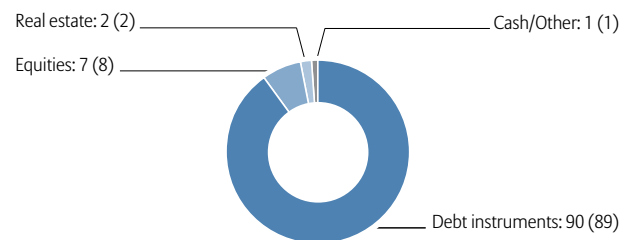
Structure of investments – Portfolio overview

Allianz Group's asset portfolio mainly derives from our core business of insurance. The following asset allocation represents the insurance segments and the Corporate and Other segment.

Asset allocation¹⁾

in %

Allianz Group's asset portfolio as of March 31, 2010: € 426.6 billion (as of December 31, 2009: € 408.7 billion)



Overall, the Group's investment portfolio increased by € 17.9 billion compared to the end of 2009. This increase was both market-driven as well as through growth provided by our underlying operating business, primarily from the Life/Health entities.

Equities

During the first three months in 2010, our gross exposure to equities slightly increased by € 0.5 billion to € 31.1 billion as positive market developments outweighed net equity divestments. During the course of the first quarter 2010, our equity gearing after policyholder participation and after hedges – which is a ratio of our equity holdings allocated to the shareholder to shareholder's equity plus off-balance sheet reserves less goodwill – was stable at 0.4.

Debt instruments

The vast majority of our investment portfolio comprises debt instruments. Our exposure to this asset class rose from € 364.8 billion to € 382.1 billion during the first three months 2010, representing a portfolio share of 90%. The increase is driven by net investments especially from our Life business as well as bond market performance. Currency effects due to U.S. Dollar appreciation also had a positive impact.

¹⁾ Does not include our banking operations.

From our well-diversified exposure in this asset class, a share of more than 60% relates to governments and covered bonds. In line with our operating business profile, nearly 70% of our fixed-income portfolio is invested in Eurozone bonds and loans. Similarly, approximately 95% is invested in investment-grade bonds and loans.

More than 75% of our government exposure is located in the Eurozone, where some governments have begun to struggle during the last quarters. Our exposure to Greece is significantly underweight compared to market benchmarks.

Exposure (gross) of total fixed income portfolio¹⁾

Three months ended March 31, 2010	€ bn	%
Greece	3.3	0.9
Total PIGS ²⁾	14.3	3.7

We currently do not expect any impact on net income from our Greek exposure based on current information available.

More than 60% of covered bonds are German Pfandbriefe backed by either public sector loans or mortgage loans. On these as well as on all other covered bond exposures, a cushion against house price deterioration and payment defaults is provided by minimum required security buffers and voluntary over-collateralization.

Our portfolio includes ABS securities of € 21.4 billion. We closely monitor this exposure and feel comfortable with our holdings in this sector. We have seen rating downgrades in our ABS portfolio, mainly from AAA to AA or A, but we did not have significant impairments in this asset class. Around 36% or € 7.7 billion of our ABS securities are made up of U.S. agency MBS which received a helping hand from the U.S. government.

Our exposure in subordinated securities in banks amounted to € 11.7 billion. Our tier 1 share remains low at less than 1% of our total exposure to debt instruments.

Real Estate

Our exposure to real estate instruments held for investments remained at € 7.4 billion.

¹⁾ Total fixed income portfolio amounted to € 382.1 bn.

²⁾ Including Greece, Portugal, Ireland and Spain.

Investment result

Net investment income

Three months ended March 31,	2010 € mn	2009 € mn
Interest and similar income ³⁾	4,450	4,242
Income from financial assets and liabilities carried at fair value through income (net)	119	(100)
Realized gains/losses (net)	1,310	419
Impairments of investments (net)	(91)	(1,890)
Investment expenses	(177)	(168)
Net investment income	5,611	2,503

In the first quarter 2010, we earned a total investment result of € 5,611 million, an increase of more than 124% compared to last year's first quarter. The increase mainly reflects lower impairments from equities and a higher harvesting appetite.

A lower yield on our debt securities in the first quarter 2010 was compensated by an increased volume on debt investments with the effect that interest and similar income (net of interest expenses) rose by € 208 million. Volatile income drivers such as income from fair value option and trading have positively benefited from reduced credit spreads as well as from positive equity market development.

Realized gains and losses increased significantly compared to the first quarter 2009, standing at € 1,310 million. This is partly attributable to one-off effects such as the sale of ICBC shares (realized gain of € 0.6 billion of which € 0.5 billion is non-operating result). Also, we normally see cyclicity in the harvesting result in the first and second quarter, and this is now reflected in a comparable high harvesting result.

Impairments, especially for equities, decreased significantly. In the first quarter of 2009 we took total impairments of € 1.9 billion, compared to € 0.1 billion in the first quarter 2010.

³⁾ Net of interest expenses (excluding interest expenses from external debt).

Assets and liabilities of the Property-Casualty segment

Property-Casualty assets

During the first quarter 2010, our Property-Casualty asset base increased by € 4.3 billion to € 96.5 billion. This was primarily attributable to positive net inflows of € 2.5 billion, mainly in debt securities which rose by € 3.0 billion in total. Another positive driver was a favorable foreign currency translation effect of € 0.9 billion. The equity investments were stable at € 5.0 billion. Our cash and cash pool assets amounted to € 4.7 billion, showing a slight increase of € 0.3 billion.

Composition of asset base

fair values¹⁾

	As of March 31, 2010 € bn	As of December 31, 2009 € bn
Financial assets and liabilities carried at fair value through income		
Equities	0.2	0.2
Debt securities	1.5	1.7
Other ²⁾	0.1	0.1
Subtotal	1.8	2.0
Investments³⁾		
Equities	5.0	5.0
Debt securities	61.0	58.0
Cash and cash pool assets ⁴⁾	4.7	4.4
Other	6.5	6.5
Subtotal	77.2	73.9
Loans and advances to banks and customers	17.5	16.3
Property-Casualty asset base	96.5	92.2

¹⁾ 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 upon, among other factors, our ownership percentage.

²⁾ Comprises assets of € 0.2 bn and € 0.2 bn and liabilities of € (0.1) and € (0.1) bn as of March 31, 2010 and December 31, 2009 respectively.

³⁾ Do not include affiliates of € 11.0 bn and € 10.9 bn as of March 31, 2010 and December 31, 2009, respectively.

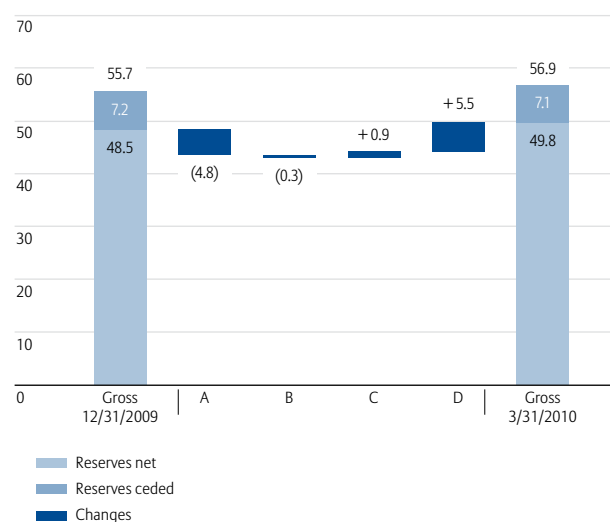
⁴⁾ Including cash and cash equivalents as stated in our segment balance sheet of € 2.5 bn and € 2.3 bn and receivables from cash pooling amounting to € 2.4 bn and € 2.1 bn net of liabilities from securities lending of € (0.2) bn and € 0 bn as of March 31, 2010 and December 31, 2009, respectively.

Of our Property-Casualty asset base, asset-backed securities (ABS) made up € 4.8 billion as of March 31, 2010, which is less than 5% of our asset-base. CDOs accounted for € 56 million of this amount.

Property-Casualty liabilities

Development of reserves for loss and loss adjustment expenses⁵⁾

in € bn



A Loss and loss adjustment expenses paid in current year relating to prior years

B Loss and loss adjustment expenses incurred in prior years

C Foreign currency translation adjustments and other changes, changes in the consolidated subsidiaries of the Allianz Group and reclassifications

D Reserves for loss and loss adjustment expenses in current year

As of March 31, 2010, the segment's gross reserves for loss and loss adjustment expenses increased by 2.2% to € 56.9 billion. On a net basis reserves were up 2.7% to € 49.8 billion. Foreign currency translation effects and other changes accounted for a € 0.9 billion increase.

⁵⁾ 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 to the condensed consolidated interim financial statements.

Assets and liabilities of the Life/Health segment

Life/Health assets

In the first quarter 2010, the Life/Health asset base increased by 4.7% to € 397.0 billion. We recorded a significant increase in debt investments from € 282.8 billion to € 297.0 billion. This development was driven by strong net inflows from our Life insurance business and by credit spread narrowing resulting in an increase in the value of our corporate bonds. Our equity investments increased slightly by € 1.0 billion to € 21.9 billion due to well performing equity markets. Cash and cash pool assets were down by € 0.5 billion to € 5.5 billion following our strategy for further decreasing our cash position.

Composition of asset base

fair values

	As of March 31, 2010 € bn	As of December 31, 2009 € bn
Financial assets and liabilities carried at fair value through income		
Equities	2.8	2.8
Debt securities	7.8	7.3
Other ¹⁾	(5.9)	(5.4)
Subtotal	4.7	4.7
Investments²⁾		
Equities	21.9	20.9
Debt securities	196.4	182.5
Cash and cash pool assets ³⁾	5.5	6.0
Other	7.8	7.9
Subtotal	231.6	217.3
Loans and advances to banks and customers	100.6	100.3
Financial assets for unit-linked contracts⁴⁾	60.1	57.0
Life/Health asset base	397.0	379.3

¹⁾ Comprises assets of € 1.3 bn and € 1.2 bn and liabilities of € (7.2) bn and € (6.6) bn as of March 31, 2010 and December 31, 2009 respectively.

²⁾ Do not include affiliates of € 1.7 bn and € 1.8 bn as of March 31, 2010 and December 31, 2009, respectively.

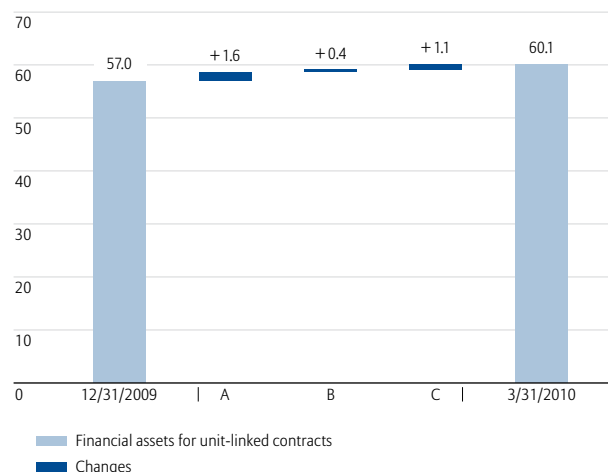
³⁾ Including cash and cash equivalents as stated in our segment balance sheet of € 3.4 bn and € 2.5 bn and receivables from cash pooling amounting to € 2.6 bn and € 3.5 bn net of liabilities from securities lending of € (0.5) bn and € 0 bn as of March 31, 2010 and December 31, 2009, respectively.

⁴⁾ Financial assets for unit-linked contracts represent assets owned by, and managed on the 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.

Within our Life/Health asset base, ABS amounted to € 16.1 billion as of March 31, 2010, which is less than 5% of total Life/Health assets. Thereof, € 1.1 billion are CDOs.

Financial assets for unit-linked contracts

in € bn



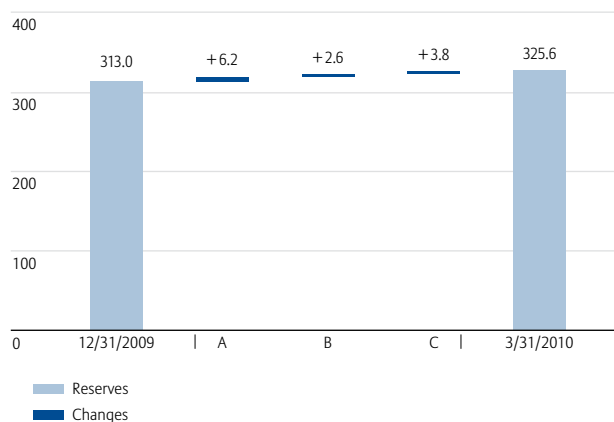
A Change in unit-linked insurance contracts
B Change in unit-linked investment contracts
C Foreign currency translation adjustments

Financial assets for unit-linked contracts grew by € 3.1 billion to € 60.1 billion. Unit-linked insurance contracts increased by € 1.6 billion due to solid fund performance and recovering premium inflows exceeding outflows by € 0.7 billion. Unit-linked investment contracts increased by € 0.4 billion, mainly from strong sales in AZ Italy's financial advisors channel. Currency effects resulted mainly from the stronger U.S. Dollar (€ 684 million) and Asian currencies (€ 385 million).

Life/Health liabilities

Development of reserves for insurance and investment contracts

in € bn



- A Change in aggregate policy reserves
- B Change in reserves for premium refunds
- C Foreign currency translation adjustments

Life/Health reserves for insurance and investment contracts increased by € 12.6 billion or 4% in the first quarter 2010. About half of the increase was driven by higher aggregate policy reserves, main contributors were our operations in Germany (€ 3.2 billion), France (€ 1.8 billion), Italy (€ 1.4 billion) and the United States (€ 0.6 billion excluding currency effects). Reserves for premium refund were up by € 2.6 billion due to recovering capital markets. Significant currency effects resulted mainly from the stronger U.S. Dollar (€ 2.4 billion) and Asian currencies (€ 0.9 billion).

Assets and liabilities of the Asset Management segment

Asset Management assets

Our Asset Management segment's results of operations stem primarily from its management of third-party assets.¹⁾ In this section we refer only to our own assets. In the first quarter 2010, our own asset base of the Asset Management segment without third-party assets increased by 3.3% to € 3.1 billion.

Asset Management liabilities

Our liabilities amounted to € 4.1 billion (down 3.0%), mainly driven by lower provisions.

Assets and liabilities of the Corporate and Other segment

Corporate and Other assets

In the first quarter 2010, our Corporate and Other asset base was down by 5.2% to € 38.3 billion. Investments in debt securities increased by € 1.1 billion due to net inflows. In contrast, loans and advances to banks and customers decreased by € 2.5 billion to € 18.2 billion. Our equity investments also declined by € 0.5 billion as net outflows were higher than positive market effects.

¹⁾ For further information on the development of these third-party assets please refer to page 21.

Composition of asset base

fair values

	As of March 31, 2010 € bn	As of December 31, 2009 € bn
Financial assets and liabilities carried at fair value through income		
Equities	0.0	0.0
Debt securities	0.1	0.1
Other ¹⁾	0.1	0.0
Subtotal	0.2	0.1
Investments²⁾		
Equities	4.3	4.8
Debt securities	14.4	13.3
Cash and cash pool assets ³⁾	1.0	1.3
Other	0.2	0.2
Subtotal	19.9	19.6
Loans and advances to banks and customers	18.2	20.7
Corporate and Other asset base	38.3	40.4

ABS in our Corporate and Other asset base, amounted to € 0.5 billion as of March 31, 2010, which is around 1.5% of our Corporate and Other asset base.

Corporate and Other liabilities

Our liabilities to banks and customers amounted to € 19.6 billion after € 21.2 billion at year end 2009. This development was mainly driven by a decrease in liabilities from short term deposits at our Banking entities.

The increase within the certificated liabilities from € 14.1 billion to € 14.4 billion was mainly driven by an increase of the Allianz SE issued debt outstanding⁴⁾ in this investment category of € 0.2 billion.

¹⁾ Comprises assets of € 0.6 bn and € 0.5 bn and liabilities of € (0.5) bn and € (0.5) bn as of March 31, 2010 and December 31, 2009 respectively.

²⁾ Do not include affiliates of € 68.2 bn and € 67.5 bn as of March 31, 2010 and December 31, 2009, respectively.

³⁾ Including cash and cash equivalents as stated in our segment balance sheet of € 0.9 bn and € 1.1 bn and receivables from cash pooling amounting to € 0.1 bn and € 0.2 bn net of liabilities from securities lending of € 0 bn and € 0 bn as of March 31, 2010 and December 31, 2009, respectively.

⁴⁾ For further information on Allianz SE issued debt outstanding as of March 31, 2010, please refer to note 16 and 17 of our condensed consolidated interim financial statements.

Allianz SE bonds outstanding as of March 31, 2010¹⁾

	Interest expense in 1Q 2010		Interest expense in 1Q 2010
1. Senior bonds²⁾			
5.625% bond issued by Allianz Finance II B.V., Amsterdam		7.25% bond issued by Allianz Finance II B.V., Amsterdam	
Volume	€ 0.9 bn	Volume	USD 0.5 bn
Year of issue	2002	Year of issue	2002
Maturity date	11/29/2012	Maturity date	Perpetual Bond
ISIN	XS 015 879 238 1	ISIN	XS 015 915 072 0
Interest expense	€ 12.6 mn	Interest expense	€ 6.7 mn
5.0% bond issued by Allianz Finance II B.V., Amsterdam		5.5% bond issued by Allianz SE	
Volume	€ 1.5 bn	Volume	€ 1.5 bn
Year of issue	2008	Year of issue	2004
Maturity date	03/06/2013	Maturity date	Perpetual Bond
ISIN	DE 000 A0T R7K 7	ISIN	XS 018 716 232 5
Interest expense	€ 18.9 mn	Interest expense	€ 20.7 mn
4.0% bond issued by Allianz Finance II B.V., Amsterdam		4.375% bond issued by Allianz Finance II B.V., Amsterdam	
Volume	€ 1.5 bn	Volume	€ 1.4 bn
Year of issue	2006	Year of issue	2005
Maturity date	11/23/2016	Maturity date	Perpetual Bond
ISIN	XS 027 588 026 7	ISIN	XS 021 163 783 9
Interest expense	€ 15.3 mn	Interest expense	€ 15.6 mn
4.75% bond issued by Allianz Finance II B.V., Amsterdam		5.375% bond ⁴⁾ issued by Allianz Finance II B.V., Amsterdam	
Volume	€ 1.5 bn	Volume	€ 0.8 bn
Year of issue	2009	Year of issue	2006
Maturity date	7/22/2019	Maturity date	Perpetual Bond
ISIN	DE 000 A1A KHB 8	ISIN	DE 000 A0G NPZ 3
Interest expense	€ 18.0 mn	Interest expense	€ 11.5 mn
Total interest expense for senior bonds	€ 64.8 mn	8.375% bond ⁴⁾ issued by Allianz SE	
2. Subordinated bonds³⁾		Volume	USD 2.0 bn
6.125% bond issued by Allianz Finance II B.V., Amsterdam		Year of issue	2008
Volume	€ 2.0 bn	Maturity date	Perpetual Bond
Year of issue	2002	ISIN	US 018 805 200 7
Maturity date	5/31/2022	Interest expense	€ 32.7 mn
ISIN	XS 014 888 756 4	Total interest expense for subordinated bonds	€ 134.0 mn
Interest expense	€ 30.5 mn	Total interest expense	€ 198.8 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	€ 16.3 mn		

¹⁾ For further information on Allianz SE debt (issued or guaranteed) as of March 31, 2010, please refer to note 16 and 17 to our financial statements.

²⁾ Senior bonds and commercial papers 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 two subordinated bonds issued in 2002.

³⁾ The terms of the subordinated bonds (except for the two subordinated bonds mentioned in footnote 2 above) do not explicitly provide for early termination rights in favor of the bond holder. 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⁾ Pursuant to the terms and conditions of two hybrid bonds issued by Allianz (ISIN US 0188052007 and DE 000A0GNPZ3 respectively), the triggers with respect to a potential mandatory coupon deferral have been breached as of September 30, 2009. In accordance with the respective terms and conditions Allianz intends to timely make further relevant coupon payments by making use of certain mechanisms as provided for therein.

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 Standard (IFRS), Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional values should be viewed as complementary to, and not a substitute for, our figures determined in accordance with IFRS.

Reconciliation of Income from Continuing Operations before Income Taxes to Operating Profit¹⁾

The Allianz Group uses operating profit to evaluate the performance of its business segments and the 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, we exclude 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 the restructuring charges is largely at our discretion, and accordingly their exclusion provides additional insight into the operating trends of the underlying business. This differentiation is not made if the profit sources are shared with policyholders;
- interest expenses from external debt, as these relate to our capital structure;
- 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 held for trading (net) as part of the income from financial assets and liabilities carried at fair value through income (net) for the Property-Casualty insurance operations and the Corporate and Other activities (except for certain items for the Holding & Treasury activities and Banking operations where the trading income refers to operating business). For the Life/Health insurance and Asset Management operations, this item is treated as operating business and is therefore not excluded;
- realized capital gains and losses (net) or impairments of investments (net), as these are largely dependent on market cycles or issuer-specific events over which we have little or no control. These can and do vary, sometimes materially, across periods except for Life/Health insurance operations where the expenses for premium refunds in the operating profit are correlating with realized gains and losses and impairments of investments. Furthermore, the timing of sales that would result in such gains or losses is largely at our discretion.

¹⁾ For further information please refer to note 3 to our condensed consolidated interim financial statements.

The definitions for non-operating income from financial assets and liabilities held for trading (net), realized capital gains and losses (net) and impairments of investments (net) state the general treatment in the segments. However, there are special cases which are different from this general treatment:

- Property-Casualty insurance business: the line items are generally booked within the non-operating items; they can be classified as operating items if they are shared with the policyholders which occurs in the context of a casualty insurance product with premium refunds issued in the German market.

- Life/Health insurance business: the line items are generally booked within operating profit; they can be classified as non-operating items if they stem from an investment where the results are not shared with the policyholders, for example strategic investments.

In certain cases the policyholders participate in the tax benefits of the Allianz Group. IFRS requires that the consolidated income statements present all tax benefits in the income tax line item, even though these belong to policyholders. In the segment reporting the tax benefits are reclassified and shown as operating income in order to properly reflect the policyholder participation in tax benefits.

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

Reconciliation of operating profit to the Allianz Group's income from continuing operations before income taxes

Three months ended March 31,	2010 € mn	2009 € mn
Operating profit	1,709	1,419
Non-operating realized gains/losses (net) and impairments of investments (net)	711	(498)
Non-operating income from financial assets and liabilities carried at fair value through income (net)	83	(100)
Income (loss) from fully consolidated private equity investments (net)	(37)	(56)
Interest expenses from external debt	(222)	(238)
Non-operating restructuring charges	(47)	(63)
Acquisition-related expenses	(198)	(9)
Amortization of intangible assets	(17)	(4)
Reclassification of tax benefits	(14)	(6)
Income from continuing operations before income taxes	1,968	445

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 March 31,	2010 € mn	2009 € mn
Property-Casualty		
Gross premiums written	13,994	13,886
Life/Health		
Statutory premiums	15,356	13,013
Asset Management		
Operating revenues	1,116	716
consisting of:		
Net fee and commission income	1,097	709
Net interest income	9	12
Income from financial assets and liabilities carried at fair value through income (net)	5	(8)
Other income	5	3
Corporate and Other		
Total revenues	128	117
consisting of:		
Interest and similar income	169	200
Income from financial assets and liabilities carried at fair value through income (net)	(6)	1
Fee and commission income	102	76
Interest expenses	(84)	(119)
Fee and commission expenses	(52)	(41)
Consolidation effects (Banking within Corporate and Other)	(1)	—
Consolidation	(27)	(12)
Allianz Group	30,567	27,720

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 excluded. 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 March 31, 2010	Internal growth	Changes in scope of consoli- dation	Foreign currency translation	Nominal growth
	%	%	%	%
Property-Casualty	(0.1)	0.0	0.9	0.8
Life/Health	17.3	0.6	0.1	18.0
Asset Management	62.4	0.7	(7.2)	55.9
Corporate and Other	10.3	0.0	(0.9)	9.4
Allianz Group	9.7	0.3	0.3	10.3

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Consolidated Balance Sheets

	Note	As of March 31, 2010 € mn	As of December 31, 2009 € mn
ASSETS			
Cash and cash equivalents		6,641	6,089
Financial assets carried at fair value through income	4	14,972	14,321
Investments	5	312,785	294,252
Loans and advances to banks and customers	6	127,906	128,996
Financial assets for unit-linked contracts		60,097	56,963
Reinsurance assets	7	14,068	13,559
Deferred acquisition costs	8	21,227	20,623
Deferred tax assets		2,589	2,719
Other assets	9	33,700	33,047
Intangible assets	10	13,708	13,476
Total assets		607,693	584,045
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	11	7,417	6,743
Liabilities to banks and customers	12	20,355	21,248
Unearned premiums		19,633	15,676
Reserves for loss and loss adjustment expenses	13	65,435	64,441
Reserves for insurance and investment contracts	14	334,777	322,188
Financial liabilities for unit-linked contracts		60,097	56,963
Deferred tax liabilities		4,159	3,905
Other liabilities	15	33,107	33,285
Certificated liabilities	16	8,231	7,962
Participation certificates and subordinated liabilities	17	8,897	9,347
Total liabilities		562,108	541,758
Shareholders' equity		43,461	40,166
Non-controlling interests		2,124	2,121
Total equity	18	45,585	42,287
Total liabilities and equity		607,693	584,045

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Consolidated Income Statements

Three months ended March 31,	Note	2010 € mn	2009 € mn
Premiums written		20,052	19,390
Ceded premiums written		(1,470)	(1,496)
Change in unearned premiums		(3,285)	(3,214)
Premiums earned (net)	19	15,297	14,680
Interest and similar income	20	4,579	4,414
Income from financial assets and liabilities carried at fair value through income (net)	21	119	(100)
Realized gains/losses (net)	22	1,310	419
Fee and commission income	23	1,801	1,336
Other income	24	29	4
Income from fully consolidated private equity investments	25	368	469
Total income		23,503	21,222
Claims and insurance benefits incurred (gross)		(11,988)	(12,391)
Claims and insurance benefits incurred (ceded)		321	612
Claims and insurance benefits incurred (net)	26	(11,667)	(11,779)
Change in reserves for insurance and investment contracts (net)	27	(3,176)	(621)
Interest expenses	28	(351)	(410)
Loan loss provisions	29	(12)	(15)
Impairments of investments (net)	30	(91)	(1,890)
Investment expenses	31	(177)	(168)
Acquisition and administrative expenses (net)	32	(4,989)	(4,809)
Fee and commission expenses	33	(599)	(491)
Amortization of intangible assets		(17)	(4)
Restructuring charges		(48)	(64)
Other expenses		(3)	(1)
Expenses from fully consolidated private equity investments	25	(405)	(525)
Total expenses		(21,535)	(20,777)
Income from continuing operations before income taxes		1,968	445
Income taxes	34	(380)	(21)
Net income from continuing operations		1,588	424
Net income (loss) from discontinued operations, net of income taxes	35	—	(395)
Net income		1,588	29
Net income attributable to:			
Non-controlling interests		38	—
Shareholders		1,550	29

Three months ended March 31,	Note	2010 €	2009 €
Basic earnings per share	36	3.44	0.06
from continuing operations		3.44	0.94
from discontinued operations		—	(0.88)
Diluted earnings per share	36	3.43	0.04
from continuing operations		3.43	0.91
from discontinued operations		—	(0.87)

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Consolidated Statements of Comprehensive Income

Three months ended March 31,	2010 € mn	2009 € mn
Net income	1,588	29
Other comprehensive income		
Foreign currency translation adjustments		
Reclassifications to net income	—	548
Changes arising during the period	940	151
Subtotal	940	699
Available-for-sale investments		
Reclassifications to net income	(732)	351
Changes arising during the period	1,542	(1,655)
Subtotal	810	(1,304)
Cash flow hedges		
Reclassifications to net income	—	1
Changes arising during the period	3	(34)
Subtotal	3	(33)
Share of other comprehensive income of associates		
Reclassifications to net income	—	—
Changes arising during the period	23	9
Subtotal	23	9
Miscellaneous		
Reclassifications to net income	—	—
Changes arising during the period	18	(72)
Subtotal	18	(72)
Total other comprehensive income	1,794	(701)
Total comprehensive income	3,382	(672)
Total comprehensive income attributable to:		
Non-controlling interests	96	(2)
Shareholders	3,286	(670)

For further details concerning income taxes relating to components of the other comprehensive income, please see note 34.

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Consolidated Statements of Changes in Equity

	Paid-in capital	Revenue reserves	Foreign currency translation adjustments	Unrealized gains and losses (net)	Shareholders' equity	Non-controlling interests	Total equity
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Balance as of January 1, 2009	28,569	7,110	(4,006)	2,011	33,684	3,564	37,248
Total comprehensive income	—	(32)	696	(1,334)	(670)	(2)	(672)
Paid-in capital	—	—	—	—	—	—	—
Treasury shares	—	21	—	—	21	—	21
Transactions between equity holders ¹⁾	—	(5)	—	—	(5)	(1,472)	(1,477)
Dividends paid	—	—	—	—	—	(25)	(25)
Balance as of March 31, 2009	28,569	7,094	(3,310)	677	33,030	2,065	35,095
Balance as of January 1, 2010	28,635	9,689	(3,615)	5,457	40,166	2,121	42,287
Total comprehensive income	—	1,592	907	787	3,286	96	3,382
Paid-in capital	—	—	—	—	—	—	—
Treasury shares	—	2	—	—	2	—	2
Transactions between equity holders	—	17	(10)	—	7	(63)	(56)
Dividends paid	—	—	—	—	—	(30)	(30)
Balance as of March 31, 2010	28,635	11,300	(2,718)	6,244	43,461	2,124	45,585

¹⁾ Includes € (1,738) mn non-controlling interest changes from the derecognition of Dresdner Bank and € 266 mn related to capital movements of subsidiaries in whom the Allianz Group owns less than 100%.

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Condensed Consolidated Statements of Cash Flows

Three months ended March 31,	2010 € mn	2009 € mn
Summary		
Net cash flow provided by operating activities	5,278	3,739
Net cash flow used in investing activities	(5,726)	(35,078)
Net cash flow provided by (used in) financing activities	882	(1,170)
Effect of exchange rate changes on cash and cash equivalents	118	13
Change in cash and cash equivalents	552	(32,496)
Cash and cash equivalents at beginning of period of continuing operations	6,089	8,958
Cash and cash equivalents at beginning of period reclassified to assets of disposal groups classified as held for sale	—	30,238
Cash and cash equivalents at end of period	6,641	6,700
Cash flow from operating activities		
Net income	1,588	29
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(49)	35
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	(1,219)	1,471
Other investments, mainly financial assets held for trading and designated at fair value through income	114	616
Depreciation and amortization	245	156
Loan loss provisions	12	15
Interest credited to policyholder accounts	897	946
Net change in:		
Financial assets and liabilities held for trading	(456)	(17)
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(463)	(716)
Repurchase agreements and collateral received from securities lending transactions	431	(531)
Reinsurance assets	(14)	425
Deferred acquisition costs	(621)	(260)
Unearned premiums	3,622	3,622
Reserves for loss and loss adjustment expenses	(33)	(583)
Reserves for insurance and investment contracts	2,061	(509)
Deferred tax assets/liabilities	(48)	(187)
Other (net)	(789)	(773)
Subtotal	3,690	3,710
Net cash flow provided by operating activities	5,278	3,739
Cash flow from investing activities		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	2,624	923
Available-for-sale investments	26,524	28,464
Held-to-maturity investments	59	92
Investments in associates and joint ventures	209	959
Non-current assets and assets of disposal groups classified as held for sale	—	21
Real estate held for investment	135	32
Loans and advances to banks and customers (purchased loans)	1,734	3,098
Property and equipment	95	60
Subtotal	31,380	33,649

Allianz Group

Condensed Consolidated Statements of Cash Flows – continued

Three months ended March 31,	2010 € mn	2009 € mn
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(2,072)	(385)
Available-for-sale investments	(34,921)	(32,233)
Held-to-maturity investments	(108)	(67)
Investments in associates and joint ventures	(213)	(951)
Non-current assets and assets of disposal groups classified as held for sale	—	—
Real estate held for investment	(42)	(21)
Loans and advances to banks and customers (purchased loans)	(1,589)	(5,724)
Property and equipment	(282)	(171)
Subtotal	(39,227)	(39,552)
Business combinations		
Proceeds from sale of subsidiaries, net of cash disposed	—	(26,975)
Acquisitions of subsidiaries, net of cash acquired	—	—
Change in other loans and advances to banks and customers (originated loans)	2,204	(2,355)
Other (net)	(83)	155
Net cash flow used in investing activities	(5,726)	(35,078)
Cash flow from financing activities		
Policyholders' account deposits	6,042	5,674
Policyholders' account withdrawals	(3,156)	(3,339)
Net change in liabilities to banks and customers	(1,446)	(1,513)
Proceeds from the issuance of certificated liabilities, participation certificates and subordinated liabilities	1,724	5,136
Repayments of certificated liabilities, participation certificates and subordinated liabilities	(2,044)	(7,339)
Cash inflow from capital increases	—	—
Transactions between equity holders	(56)	261
Dividends paid to shareholders	(30)	(25)
Net cash from sale or purchase of treasury shares	2	(53)
Other (net)	(154)	28
Net cash flow provided by (used in) financing activities	882	(1,170)

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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 section 315 a of the German Commercial Code (“HGB”). IFRS comprise International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), and 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 January 1, 2010, or adopted early. 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 December 31, 2009. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Allianz Group Annual Report 2009.

IFRS does 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 Euro (€ mn), unless otherwise stated.

These condensed consolidated interim financial statements of the Allianz Group were authorized for issue by the Board of Management on May 11, 2010.

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

Recently adopted accounting pronouncements (effective January 1, 2010)

IFRS 3, Business Combinations – revised and IAS 27, Consolidated and Separate Financial Statements – amended

In January 2008, the IASB issued a revised version of IFRS 3, Business Combinations, and an amended version of IAS 27, Consolidated and Separate Financial Statements. The revised version of IFRS 3 contains the following major changes:

- The scope of IFRS 3 has been extended and applies now also to combinations of mutual entities and to combinations achieved by contract alone.
- For each business combination, non-controlling interests are measured at their proportionate interest in the net identifiable assets or at the fair value of the interests.
- Under the former IFRS 3, if control was achieved in stages, it was required to measure at fair value every asset and liability at each step for the purpose of calculating a portion of goodwill. The revised version requires that goodwill is measured as the difference at the acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. The acquirer remeasures any previously-held equity interest to fair value at the date of obtaining control with the difference being recorded in the consolidated income statement.
- Acquisition-related costs are generally recognized as expenses and are not included in goodwill.
- Contingent consideration must be recognized and measured at fair value at the acquisition date. Subsequent changes in fair value are recognized in accordance with other IFRSs, usually in profit and loss. Goodwill is no longer adjusted for those changes.

The amended version of IAS 27 includes the following changes:

- Transactions with non-controlling interests, i. e., changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, are accounted for as equity transactions.
- Losses are allocated to a non-controlling interest even if they exceed the non-controlling interest's share of equity in the subsidiary.
- Any retained non-controlling investment at the date control is lost is remeasured to fair value.

The revised IFRS 3 applies prospectively for financial years beginning on or after July 1, 2009. The carrying amounts of any assets and liabilities that arose under business combinations prior to the application of the revised IFRS 3 are not adjusted. The amendments to IAS 27 need to be applied retrospectively with certain exceptions. Both standards have to be applied together. The Allianz Group adopted the revised IFRS 3 and the amended IAS 27 as of January 1, 2010. The adoption did not have a material impact on the condensed consolidated interim financial statements for the first quarter of 2010.

Further adopted accounting pronouncements

In addition to the above mentioned recently adopted accounting pronouncements, the following amendments and revisions to standards and the following interpretation have been adopted by the Allianz Group as of January 1, 2010:

- IAS 39, Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items
- IFRS 2, Share-based Payment – Amendments relating to group cash-settled share-based payment transactions
- Improvements to IFRSs issued in May 2008 and April 2009 with an effective date as of January 1, 2010
- IFRIC 17, Distributions of Non-cash Assets to Owners

The Allianz Group adopted the revisions, amendments and interpretations as of January 1, 2010, with no material impact on its financial result or financial position.

Changes in accounting policies and changes in the presentation of the condensed consolidated interim financial statements with impact on the consolidated income statements

Reclassification of expenses for GEI plans

In prior years, the Allianz Group accrued the fair value of the awards relating to Group Equity Incentive ("GEI") plans as compensation expenses over the vesting period. The fair value of the recorded liability is driven by two separate effects being (1) the accrual of the plan benefits over the vesting period and (2) changes in the share price of Allianz SE. In prior years, both effects were included in administrative expenses. The second effect is hedged with derivatives with changes in the fair value of the derivatives recognized in the line item "Income from financial assets and liabilities carried at fair value through income (net)".

Effective June 30, 2009, the Allianz Group voluntarily changed its accounting policy with regard to the presentation of expenses relating to the second effect. The accrual of plan benefits over the vesting period continues to be shown in administrative expenses. Expenses relating to changes in the share price of the Allianz SE are now presented within the line item "Income from financial assets and liabilities carried at fair value through income (net)". The Allianz Group believes that this presentation is more relevant and gives a clearer picture of expenses relating to the GEIs at grant date. Subsequent fluctuations in the share price are offset due to the hedging of the share price fluctuations. Therefore, the recognition of expenses relating to share price fluctuations within the line item "Income from financial assets and liabilities carried at fair value through income (net)" better reflects the results of the Allianz Group.

The change in accounting policy is applied retrospectively and results in changes in the presentation as described in the table below. There is no impact on recognition, initial or subsequent measurement of GEI plans.

Reclassification of foreign currency gains and losses

In prior periods, the Allianz Group reported foreign currency gains and losses arising from foreign currency transactions within "Investment expenses". With year-end reporting 2009, the Allianz Group voluntarily changed its accounting policy with regard to the presentation of foreign currency gains and losses. Those are now reported within "Income from financial assets and liabilities carried at fair value through income (net)". The Allianz Group believes that this presentation is more relevant and gives a clearer picture of investment expenses by excluding the distorting effects arising from foreign currency fluctuations. In addition, the

Allianz Group is hedged substantially against foreign currency fluctuations with freestanding derivatives. Therefore, the recognition of foreign currency fluctuations within the line item "Income from financial assets and liabilities carried at fair value through income (net)" better reflects the results of the Allianz Group.

The change in accounting policy is applied retrospectively and results in changes in the presentation as described in the table below. There is no impact on recognition, initial or subsequent measurement, net income or operating profit arising from this reclassification of foreign currency gains and losses.

Change in presentation of "Net income"

In prior periods, non-controlling interests (minority interests) were not included in "Net income" but were shown separately in the line item "Non-controlling interests (Minority interests in earnings)". Non-controlling interests were significantly larger in past years. With year-end reporting 2009, the Allianz Group now includes all interests in "Net income". The allocation attributable to shareholders and attributable to non-controlling interests is presented just below "Net income". The change in presentation is applied retrospectively and results in changes in presentation as described in the table below. There is no impact on recognition, initial or subsequent measurement or operating profit arising from this change in presentation.

Impact of the changes in accounting policies and changes in presentation on the Allianz Group's consolidated income statements

The following table summarizes the impacts on the consolidated income statement for the three months ended March 31, 2009, relating to the change in accounting policy for GEI plans, the reclassification of foreign currency gains and losses and the change in presentation of "net income":

	Three months ended March 31, 2009			
	As previously reported	Change of GEI accounting	Reclassification of foreign currency gains and losses	As reported
	€ mn	€ mn	€ mn	€ mn
Premiums written	19,390	—	—	19,390
Ceded premiums written	(1,496)	—	—	(1,496)
Change in unearned premiums	(3,214)	—	—	(3,214)
Premiums earned (net)	14,680	—	—	14,680
Interest and similar income	4,414	—	—	4,414
Income from financial assets and liabilities carried at fair value through income (net)	(360)	30	230	(100)
Realized gains/losses (net)	419	—	—	419
Fee and commission income	1,336	—	—	1,336
Other income	4	—	—	4
Income from fully consolidated private equity investments	469	—	—	469
Total income	20,962	30	230	21,222
Claims and insurance benefits incurred (gross)	(12,391)	—	—	(12,391)
Claims and insurance benefits incurred (ceded)	612	—	—	612
Claims and insurance benefits incurred (net)	(11,779)	—	—	(11,779)
Change in reserves for insurance and investment contracts (net)	(621)	—	—	(621)
Interest expenses	(410)	—	—	(410)
Loan loss provisions	(15)	—	—	(15)
Impairments of investments (net)	(1,890)	—	—	(1,890)
Investment expenses	62	—	(230)	(168)
Acquisition and administrative expenses (net)	(4,779)	(30)	—	(4,809)
Fee and commission expenses	(491)	—	—	(491)
Amortization of intangible assets	(4)	—	—	(4)
Restructuring charges	(64)	—	—	(64)
Other expenses	(1)	—	—	(1)
Expenses from fully consolidated private equity investments	(525)	—	—	(525)
Total expenses	(20,517)	(30)	(230)	(20,777)
Income from continuing operations before income taxes	445	—	—	445
Income taxes	(21)	—	—	(21)
Net income from continuing operations	424	—	—	424
Net income (loss) from discontinued operations, net of income taxes	(395)	—	—	(395)
Net income	29	—	—	29
Net income attributable to:				
Non-controlling interests				—
Shareholders				29

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, the insurance categories are grouped into the following reportable segments:

Property-Casualty

- German Speaking Countries
- Europe incl. South America
- NAFTA Markets
- Global Insurance Lines & Anglo Markets
- Growth Markets
- Assistance (Mondial)

Life/Health

- German Speaking Countries
- Europe incl. South America
- NAFTA Markets
- Global Insurance Lines & Anglo Markets
- Growth Markets

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 sum, the Allianz Group has identified 15 reportable segments in accordance with IFRS 8, Operating Segments.

The types of products and services from which reportable segments derive revenue are listed 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 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 control, communication, legal, human resources and technology functions.

The reportable segment Banking consists of the banking activities in Germany, France, Italy and Central and Eastern Europe. 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 Allianz Group. The Alternative Investments reportable segment also includes certain fully consolidated private equity investments.

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 the consolidation. For the Asset Management reportable segment, 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 business segments and the 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 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 the restructuring charges are largely at the discretion of the Allianz Group, and accordingly their exclusion provides additional insight into the operating trends of the underlying business. This differentiation is not made if the profit sources are shared with policyholders;
- 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 held for trading (net) as part of the income from financial assets and liabilities carried at fair value through income (net) for the Property-Casualty insurance operations and the Corporate and Other activities (except for certain items for the Holding & Treasury activities and Banking operations where the trading income refers to operating business). For the Life/Health insurance and Asset Management operations, this item is treated as operating business and is therefore not excluded;
- realized gains/losses (net) or impairments of investments (net), as these are largely dependent on market cycles or issuer-specific events over which the Allianz Group has little or no control, and can and do vary, sometimes materially, across periods (except for Life/Health insurance operations where the expenses for premium refunds in the operating profit are correlating with realized gains and losses and impairments of investments). Furthermore, the timing of sales that would result in such gains or losses is largely at the discretion of the Allianz Group.

The definitions for non-operating income from financial assets and liabilities held for trading (net), realized gains/losses (net) and impairments of investments (net) state the general treatment in the segments. However, there are special cases which are different from this general treatment:

- Property-Casualty insurance business: the line items are generally booked within the non-operating items; they can be classified as operating items if they are shared with the policyholders, which occurs in the context of a casualty insurance product with premium refunds issued in the German market.
- Life/Health insurance business: the line items are generally booked within operating profit; they can be classified as non-operating items if they stem from an investment where the results are not shared with the policyholders, for example strategic investments.

In certain cases the policyholders participate in the tax benefits of the Allianz Group. IFRS requires that the consolidated income statements present all tax benefits in the income tax line item, even though these belong to policyholders. In the segment reporting, the tax benefits are reclassified and shown as operating income in order to properly reflect the policyholder participation in tax benefits.

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

Recent Organizational Changes

At the beginning of 2010, the Allianz Group reorganized the structure of its insurance activities to reflect the changes in the responsibilities of the Board of Management. European insurance operations are shown together while Global Insurance Lines & Anglo Markets are shown separately from NAFTA Markets, respectively for both Property-Casualty and Life/Health insurance activities. Furthermore, Assistance (Mondial) now comprises a separate reportable segment within Property-Casualty insurance activities. Previously reported information has been restated to reflect this change in the composition of the Allianz Group's reportable segments.

Business Segment Information – Consolidated Balance Sheets

	Property-Casualty		Life/Health	
	As of March 31, 2010 € mn	As of December 31, 2009 € mn	As of March 31, 2010 € mn	As of December 31, 2009 € mn
ASSETS				
Cash and cash equivalents	2,492	2,281	3,352	2,478
Financial assets carried at fair value through income	1,902	2,100	11,905	11,269
Investments	83,433	80,401	227,884	213,036
Loans and advances to banks and customers	17,516	16,325	100,629	100,316
Financial assets for unit-linked contracts	—	—	60,097	56,963
Reinsurance assets	9,225	8,885	4,861	4,691
Deferred acquisition costs	4,273	3,789	16,803	16,685
Deferred tax assets	1,268	1,329	274	316
Other assets	21,359	19,980	14,841	16,024
Intangible assets	2,424	2,361	2,331	2,306
Total assets	143,892	137,451	442,977	424,084

	Property-Casualty		Life/Health	
	As of March 31, 2010 € mn	As of December 31, 2009 € mn	As of March 31, 2010 € mn	As of December 31, 2009 € mn
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	86	68	7,230	6,541
Liabilities to banks and customers	619	426	1,362	861
Unearned premiums	17,395	13,471	2,240	2,210
Reserves for loss and loss adjustment expenses	56,856	55,715	8,592	8,738
Reserves for insurance and investment contracts	9,254	9,159	325,588	313,018
Financial liabilities for unit-linked contracts	—	—	60,097	56,963
Deferred tax liabilities	2,722	2,656	1,714	1,317
Other liabilities	15,596	15,642	14,175	14,131
Certificated liabilities	143	139	2	2
Participation certificates and subordinated liabilities	398	846	65	65
Total liabilities	103,069	98,122	421,065	403,846

Asset Management		Corporate and Other		Consolidation		Group	
As of March 31, 2010 € mn	As of December 31, 2009 € mn	As of March 31, 2010 € mn	As of December 31, 2009 € mn	As of March 31, 2010 € mn	As of December 31, 2009 € mn	As of March 31, 2010 € mn	As of December 31, 2009 € mn
514	701	863	1,089	(580)	(460)	6,641	6,089
786	731	798	621	(419)	(400)	14,972	14,321
1,284	1,103	86,980	85,732	(86,796)	(86,020)	312,785	294,252
308	276	18,215	20,745	(8,762)	(8,666)	127,906	128,996
—	—	—	—	—	—	60,097	56,963
—	—	—	—	(18)	(17)	14,068	13,559
151	149	—	—	—	—	21,227	20,623
298	169	1,321	1,272	(572)	(367)	2,589	2,719
3,751	3,770	5,616	5,636	(11,867)	(12,363)	33,700	33,047
7,063	6,901	1,890	1,908	—	—	13,708	13,476
14,155	13,800	115,683	117,003	(109,014)	(108,293)	607,693	584,045

Asset Management		Corporate and Other		Consolidation		Group	
As of March 31, 2010 € mn	As of December 31, 2009 € mn	As of March 31, 2010 € mn	As of December 31, 2009 € mn	As of March 31, 2010 € mn	As of December 31, 2009 € mn	As of March 31, 2010 € mn	As of December 31, 2009 € mn
—	—	516	534	(415)	(400)	7,417	6,743
951	739	19,587	21,236	(2,164)	(2,014)	20,355	21,248
—	—	—	—	(2)	(5)	19,633	15,676
—	—	—	—	(13)	(12)	65,435	64,441
—	—	85	161	(150)	(150)	334,777	322,188
—	—	—	—	—	—	60,097	56,963
101	93	194	206	(572)	(367)	4,159	3,905
3,049	3,396	15,934	16,108	(15,647)	(15,992)	33,107	33,285
—	—	14,403	14,134	(6,317)	(6,313)	8,231	7,962
14	14	8,678	8,679	(258)	(257)	8,897	9,347
4,115	4,242	59,397	61,058	(25,538)	(25,510)	562,108	541,758
Total equity						45,585	42,287
Total liabilities and equity						607,693	584,045

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

Three months ended March 31,	Property-Casualty		Life/Health	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Total revenues¹⁾	13,994	13,886	15,356	13,013
Premiums earned (net)	9,413	9,332	5,884	5,348
Operating investment result				
Interest and similar income	879	933	3,545	3,305
Operating income from financial assets and liabilities carried at fair value through income (net)	9	62	62	(59)
Operating realized gains/losses (net)	9	(4)	538	171
Interest expenses, excluding interest expenses from external debt	(25)	(34)	(23)	(44)
Operating impairments of investments (net)	—	(62)	(39)	(1,076)
Investment expenses	(55)	(54)	(145)	(138)
Subtotal	817	841	3,938	2,159
Fee and commission income	254	272	118	119
Other income	4	3	20	3
Claims and insurance benefits incurred (net)	(6,822)	(6,633)	(4,845)	(5,146)
Change in reserves for insurance and investment contracts (net)	(84)	(30)	(3,046)	(585)
Loan loss provisions	—	(6)	1	(2)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(2,633)	(2,575)	(1,201)	(1,429)
Fee and commission expenses	(237)	(234)	(54)	(64)
Operating restructuring charges	—	—	(1)	(1)
Other expenses	—	(1)	(2)	—
Reclassification of tax benefits	—	—	—	—
Operating profit (loss)	712	969	812	402
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(23)	(24)	(38)	(7)
Non-operating realized gains/losses (net)	201	191	18	(2)
Non-operating impairments of investments (net)	1	(332)	2	(59)
Subtotal	179	(165)	(18)	(68)
Income from fully consolidated private equity investments (net)	—	1	—	6
Interest expenses from external debt	—	—	—	—
Acquisition-related expenses	—	—	—	—
Amortization of intangible assets	(3)	(3)	(1)	(1)
Non-operating restructuring charges	(27)	(26)	(16)	(4)
Reclassification of tax benefits	—	—	—	—
Non-operating items	149	(193)	(35)	(67)
Income (loss) from continuing operations before income taxes	861	776	777	335
Income taxes	(270)	(333)	(216)	(9)
Net income (loss) from continuing operations	591	443	561	326
Net income (loss) from discontinued operations, net of income taxes	—	—	—	—
Net income (loss)	591	443	561	326
Net income (loss) attributable to:				
Non-controlling interests	31	12	21	5
Shareholders	560	431	540	321

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).

Asset Management		Corporate and Other		Consolidation		Group	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
1,116	716	128	117	(27)	(12)	30,567	27,720
—	—	—	—	—	—	15,297	14,680
13	17	229	314	(87)	(155)	4,579	4,414
5	(8)	(25)	(14)	(15)	19	36	—
—	—	—	—	—	(2)	547	165
(4)	(5)	(179)	(244)	102	155	(129)	(172)
—	—	—	—	—	—	(39)	(1,138)
—	—	(21)	(19)	44	43	(177)	(168)
14	4	4	37	44	60	4,817	3,101
1,353	907	187	143	(111)	(105)	1,801	1,336
5	3	—	—	—	(5)	29	4
—	—	—	—	—	—	(11,667)	(11,779)
—	—	—	—	(46)	(6)	(3,176)	(621)
—	—	(13)	(7)	—	—	(12)	(15)
(650)	(505)	(317)	(305)	10	14	(4,791)	(4,800)
(256)	(198)	(111)	(52)	59	57	(599)	(491)
—	—	—	—	—	—	(1)	(1)
—	—	(1)	—	—	—	(3)	(1)
—	—	—	—	14	6	14	6
466	211	(251)	(184)	(30)	21	1,709	1,419
—	—	127	(82)	17	13	83	(100)
1	—	493	65	50	—	763	254
—	(6)	(55)	(355)	—	—	(52)	(752)
1	(6)	565	(372)	67	13	794	(598)
—	—	(70)	(63)	33	—	(37)	(56)
—	—	(222)	(238)	—	—	(222)	(238)
(196)	(11)	(2)	2	—	—	(198)	(9)
(8)	—	(5)	—	—	—	(17)	(4)
(4)	(33)	—	—	—	—	(47)	(63)
—	—	—	—	(14)	(6)	(14)	(6)
(207)	(50)	266	(671)	86	7	259	(974)
259	161	15	(855)	56	28	1,968	445
(116)	(69)	209	384	13	6	(380)	(21)
143	92	224	(471)	69	34	1,588	424
—	—	—	(395)	—	—	—	(395)
143	92	224	(866)	69	34	1,588	29
(6)	1	(8)	(18)	—	—	38	—
149	91	232	(848)	69	34	1,550	29

Reportable segments – Property-Casualty business

Three months ended March 31,	German Speaking Countries		Europe incl. South America		NAFTA Markets	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Gross premiums written	5,096	5,206	3,809	3,770	680	838
Ceded premiums written	(823)	(887)	(440)	(445)	(136)	(153)
Change in unearned premiums	(1,969)	(2,020)	(479)	(441)	55	97
Premiums earned (net)	2,304	2,299	2,890	2,884	599	782
Interest and similar income	289	316	242	254	82	93
Operating income from financial assets and liabilities carried at fair value through income (net)	3	22	19	30	—	—
Operating realized gains/losses (net)	9	(4)	—	—	—	—
Fee and commission income	31	35	8	11	—	—
Other income	1	1	1	—	—	—
Operating revenues	2,637	2,669	3,160	3,179	681	875
Claims and insurance benefits incurred (net)	(1,664)	(1,562)	(2,157)	(2,214)	(405)	(504)
Change in reserves for insurance and investment contracts (net)	(63)	(16)	(2)	(3)	—	—
Interest expenses	(24)	(23)	(17)	(28)	—	—
Loan loss provisions	—	—	—	—	—	—
Operating impairments of investments (net)	—	(62)	—	—	—	—
Investment expenses	(20)	(19)	(21)	(22)	(1)	(1)
Acquisition and administrative expenses (net)	(614)	(616)	(752)	(724)	(233)	(264)
Fee and commission expenses	(30)	(29)	(7)	(13)	—	—
Other expenses	—	—	—	—	—	—
Operating expenses	(2,415)	(2,327)	(2,956)	(3,004)	(639)	(769)
Operating profit	222	342	204	175	42	106
Loss ratio ²⁾ in %	72.3	67.9	74.7	76.8	67.6	64.5
Expense ratio ³⁾ in %	26.6	26.8	26.0	25.1	38.9	33.7
Combined ratio⁴⁾ in %	98.9	94.7	100.7	101.9	106.5	98.2

¹⁾ From 2010 on Allianz Fire and Marine Insurance Japan Ltd. is shown within AGCS. Prior year balances have not been adjusted.

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).

⁵⁾ Presentation not meaningful.

Global Insurance Lines & Anglo Markets ¹⁾		Growth Markets ¹⁾		Assistance (Mondial)		Consolidation		Property-Casualty	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
4,624	4,238	923	873	397	350	(1,535)	(1,389)	13,994	13,886
(1,265)	(1,050)	(221)	(227)	(2)	(3)	1,538	1,395	(1,349)	(1,370)
(660)	(701)	(117)	(67)	(62)	(52)	—	—	(3,232)	(3,184)
2,699	2,487	585	579	333	295	3	6	9,413	9,332
239	247	41	40	7	9	(21)	(26)	879	933
(10)	(3)	(3)	11	(1)	1	1	1	9	62
—	—	—	—	—	—	—	—	9	(4)
130	131	16	15	85	86	(16)	(6)	254	272
—	—	2	2	—	—	—	—	4	3
3,058	2,862	641	647	424	391	(33)	(25)	10,568	10,598
(2,018)	(1,807)	(371)	(361)	(205)	(181)	(2)	(4)	(6,822)	(6,633)
(18)	(9)	(1)	(1)	—	(1)	—	—	(84)	(30)
(7)	(10)	(1)	(1)	—	—	24	28	(25)	(34)
—	—	—	(6)	—	—	—	—	—	(6)
—	—	—	—	—	—	—	—	—	(62)
(9)	(9)	(3)	(2)	—	—	(1)	(1)	(55)	(54)
(714)	(688)	(190)	(194)	(118)	(106)	(12)	17	(2,633)	(2,575)
(111)	(91)	(20)	(14)	(83)	(90)	14	3	(237)	(234)
—	—	—	(1)	—	—	—	—	—	(1)
(2,877)	(2,614)	(586)	(580)	(406)	(378)	23	43	(9,856)	(9,629)
181	248	55	67	18	13	(10)	18	712	969
74.7	72.6	63.4	62.4	61.6	61.2	— ⁵⁾	— ⁵⁾	72.4	71.1
26.5	27.7	32.5	33.5	35.4	36.1	— ⁵⁾	— ⁵⁾	28.0	27.6
101.2	100.3	95.9	95.9	97.0	97.3	— ⁵⁾	— ⁵⁾	100.4	98.7

Reportable segments – Life/Health business

Three months ended March 31,	German Speaking Countries		Europe incl. South America	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Statutory premiums¹⁾	5,650	5,081	5,955	4,663
Ceded premiums written	(43)	(51)	(92)	(101)
Change in unearned premiums	(19)	(23)	(15)	8
Statutory premiums (net)	5,588	5,007	5,848	4,570
Deposits from insurance and investment contracts	(1,770)	(1,530)	(4,628)	(3,360)
Premiums earned (net)	3,818	3,477	1,220	1,210
Interest and similar income	1,868	1,772	963	887
Operating income from financial assets and liabilities carried at fair value through income (net)	114	154	86	(243)
Operating realized gains/losses (net)	380	(67)	121	237
Fee and commission income	3	3	97	90
Other income	9	2	—	—
Operating revenues	6,192	5,341	2,487	2,181
Claims and insurance benefits incurred (net)	(3,417)	(3,710)	(1,070)	(1,115)
Change in reserves for insurance and investment contracts (net)	(1,958)	(144)	(539)	70
Interest expenses	(30)	(34)	(8)	(22)
Loan loss provisions	—	—	—	—
Operating impairments of investments (net)	(14)	(692)	(28)	(348)
Investment expenses	(82)	(77)	(45)	(41)
Acquisition and administrative expenses (net)	(352)	(484)	(431)	(488)
Fee and commission expenses	(3)	(3)	(46)	(46)
Operating restructuring charges	(1)	(1)	—	—
Other expenses	—	—	—	—
Operating expenses	(5,857)	(5,145)	(2,167)	(1,990)
Operating profit	335	196	320	191
Cost-income ratio²⁾ in %	95.7	96.8	95.4	96.2

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 deposits from insurance and investment contracts, claims and insurance benefits incurred (net), change in reserves for insurance and investment contracts (net) and acquisition and administrative expenses (net) divided by statutory premiums (net), interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), operating realized gains/losses (net), fee and commission income, other income, interest expenses, loan loss provisions, operating impairments of investments (net), investment expenses, fee and commission expenses, operating restructuring charges and other expenses.

³⁾ Presentation not meaningful.

NAFTA Markets		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
1,675	2,143	94	73	2,044	1,114	(62)	(61)	15,356	13,013
(35)	(42)	(2)	3	(24)	(13)	62	61	(134)	(143)
1	(4)	—	—	(20)	(10)	—	—	(53)	(29)
1,641	2,097	92	76	2,000	1,091	—	—	15,169	12,841
(1,466)	(1,920)	—	—	(1,421)	(683)	—	—	(9,285)	(7,493)
175	177	92	76	579	408	—	—	5,884	5,348
549	528	25	19	158	114	(18)	(15)	3,545	3,305
(146)	34	(1)	(7)	14	8	(5)	(5)	62	(59)
11	1	—	—	26	—	—	—	538	171
9	9	—	—	11	18	(2)	(1)	118	119
—	—	—	—	11	1	—	—	20	3
598	749	116	88	799	549	(25)	(21)	10,167	8,887
(26)	(20)	(86)	(87)	(246)	(214)	—	—	(4,845)	(5,146)
(318)	(387)	(2)	11	(230)	(135)	1	—	(3,046)	(585)
(1)	(1)	(1)	(1)	(1)	(2)	18	16	(23)	(44)
1	(3)	—	—	—	1	—	—	1	(2)
—	(34)	—	—	3	(2)	—	—	(39)	(1,076)
(10)	(9)	(1)	—	(6)	(10)	(1)	(1)	(145)	(138)
(154)	(275)	(16)	(10)	(244)	(173)	(4)	1	(1,201)	(1,429)
(9)	(16)	—	—	—	—	4	1	(54)	(64)
—	—	—	—	—	—	—	—	(1)	(1)
—	—	—	—	(2)	—	—	—	(2)	—
(517)	(745)	(106)	(87)	(726)	(535)	18	17	(9,355)	(8,485)
81	4	10	1	73	14	(7)	(4)	812	402
96.0	99.8	91.2	98.9	96.7	98.9	— ³⁾	— ³⁾	95.8	97.3

Reportable segments – Asset Management business

Three months ended March 31,	2010 € mn	2009 € mn
Net fee and commission income ¹⁾	1,097	709
Net interest income ²⁾	9	12
Income from financial assets and liabilities carried at fair value through income (net)	5	(8)
Other income	5	3
Operating revenues	1,116	716
Administrative expenses (net), excluding acquisition-related expenses	(650)	(505)
Operating expenses	(650)	(505)
Operating profit	466	211
Cost-income ratio³⁾ in %	58.2	70.5

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 March 31,	Holding & Treasury	
	2010 € mn	2009 € mn
Interest and similar income	53	116
Operating income from financial assets and liabilities carried at fair value through income (net)	(19)	(14)
Fee and commission income	59	35
Other income	—	—
Operating revenues	93	137
Interest expenses, excluding interest expenses from external debt	(95)	(126)
Loan loss provisions	—	—
Investment expenses	(21)	(20)
Administrative expenses (net), excluding acquisition-related expenses	(144)	(153)
Fee and commission expenses	(59)	(8)
Other expenses	—	—
Operating expenses	(319)	(307)
Operating loss	(226)	(170)
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	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
169	200	8	(1)	(1)	(1)	229	314
(6)	1	—	(1)	—	—	(25)	(14)
102	76	27	33	(1)	(1)	187	143
—	—	—	—	—	—	—	—
265	277	35	31	(2)	(2)	391	443
(84)	(119)	—	—	—	1	(179)	(244)
(13)	(7)	—	—	—	—	(13)	(7)
—	—	—	—	—	1	(21)	(19)
(138)	(119)	(37)	(33)	2	—	(317)	(305)
(52)	(41)	—	(3)	—	—	(111)	(52)
(1)	—	—	—	—	—	(1)	—
(288)	(286)	(37)	(36)	2	2	(642)	(627)
(23)	(9)	(2)	(5)	—	—	(251)	(184)
107.8	101.7						

Supplementary Information to the Consolidated Balance Sheets

5 Investments

4 Financial assets carried at fair value through income

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Financial assets held for trading		
Debt securities	572	363
Equity securities	128	105
Derivative financial instruments	1,856	1,663
Subtotal	2,556	2,131
Financial assets designated at fair value through income		
Debt securities	9,022	8,814
Equity securities	3,394	3,376
Subtotal	12,416	12,190
Total	14,972	14,321

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Available-for-sale investments	297,808	279,045
Held-to-maturity investments	3,607	3,475
Funds held by others under reinsurance contracts assumed	1,168	1,193
Investments in associates and joint ventures	2,780	3,025
Real estate held for investment	7,422	7,514
Total	312,785	294,252

Available-for-sale investments

	As of March 31, 2010				As of December 31, 2009			
	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	7,990	263	(38)	8,215	8,202	209	(53)	8,358
Corporate mortgage-backed securities (residential and commercial)	8,539	287	(202)	8,624	8,116	76	(444)	7,748
Other asset-backed securities	3,691	166	(64)	3,793	3,878	119	(110)	3,887
Government and government agency bonds	114,852	5,595	(522)	119,925	110,550	4,069	(667)	113,952
Corporate bonds	122,885	5,539	(1,296)	127,128	113,338	4,338	(1,902)	115,774
Other	1,555	88	(30)	1,613	1,570	66	(34)	1,602
Subtotal	259,512	11,938	(2,152)	269,298	245,654	8,877	(3,210)	251,321
Equity securities	18,097	10,527	(114)	28,510	17,647	10,227	(150)	27,724
Total	277,609	22,465	(2,266)	297,808	263,301	19,104	(3,360)	279,045

6 Loans and advances to banks and customers

	As of March 31, 2010			As of December 31, 2009		
	Banks € mn	Customers € mn	Total € mn	Banks € mn	Customers € mn	Total € mn
Short-term investments and certificates of deposit	8,766	—	8,766	10,530	—	10,530
Reverse repurchase agreements	1,310	—	1,330	848	19	867
Loans	69,820	45,006	114,826	69,845	44,313	114,158
Other	3,074	60	3,134	3,525	60	3,585
Subtotal	82,970	45,086	128,056	84,748	44,392	129,140
Loan loss allowance	—	(150)	(150)	—	(144)	(144)
Total	82,970	44,936	127,906	84,748	44,248	128,996

Loans and advances to customers by type of customer

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Corporate customers	14,362	13,722
Private customers	23,887	23,743
Public customers	6,837	6,927
Total	45,086	44,392

7 Reinsurance assets

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Unearned premiums	1,823	1,424
Reserves for loss and loss adjustment expenses	7,395	7,456
Aggregate policy reserves	4,762	4,613
Other insurance reserves	88	66
Total	14,068	13,559

8 Deferred acquisition costs

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Deferred acquisition costs		
Property-Casualty	4,273	3,789
Life/Health	14,816	14,748
Asset Management	151	149
Subtotal	19,240	18,686
Present value of future profits	1,206	1,212
Deferred sales inducements	781	725
Total	21,227	20,623

9 Other assets

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Receivables		
Policyholders	4,934	4,865
Agents	4,896	3,922
Reinsurers	2,055	2,437
Other	4,013	3,480
Less allowance for doubtful accounts	(595)	(564)
Subtotal	15,303	14,140
Tax receivables		
Income taxes	1,813	2,277
Other taxes	937	950
Subtotal	2,750	3,227
Accrued dividends, interest and rent	6,523	6,865
Prepaid expenses		
Interest and rent	19	20
Other prepaid expenses	302	284
Subtotal	321	304
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	400	304
Property and equipment		
Real estate held for own use	3,095	2,916
Software	1,285	1,297
Equipment	791	803
Fixed assets of Alternative Investments	904	822
Subtotal	6,075	5,838
Other assets	2,328	2,369
Total	33,700	33,047

10 Intangible assets

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Intangible assets with indefinite useful lives		
Goodwill	12,266	12,014
Brand names ¹⁾	312	309
Subtotal	12,578	12,323
Intangible assets with finite useful lives		
Long-term distribution agreements with Commerzbank AG	614	620
Customer relationships	331	352
Other ²⁾	185	181
Subtotal	1,130	1,153
Total	13,708	13,476

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

²⁾ Includes primarily research and development costs of € 77 mn and bancassurance agreements of € 15 mn.

Changes in goodwill for the three months ended March 31, 2010, were as follows:

	2010 € mn
Cost as of January 1,	12,291
Accumulated impairments as of January 1,	(277)
Carrying amount as of January 1,	12,014
Additions	17
Foreign currency translation adjustments	235
Carrying amount as of March 31,	12,266
Accumulated impairments as of March 31,	277
Cost as of March 31,	12,543

Additions include goodwill from the acquisition of a 100% participation in Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt.

11 Financial liabilities carried at fair value through income

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Financial liabilities held for trading		
Derivative financial instruments	7,369	6,660
Other trading liabilities	48	83
Subtotal	7,417	6,743
Financial liabilities designated at fair value through income		
	—	—
Total	7,417	6,743

12 Liabilities to banks and customers

	As of March 31, 2010			As of December 31, 2009		
	Banks € mn	Customers € mn	Total € mn	Banks € mn	Customers € mn	Total € mn
Payable on demand	346	4,054	4,400	366	4,106	4,472
Savings deposits	—	2,245	2,245	—	1,980	1,980
Term deposits and certificates of deposit	1,196	1,841	3,037	1,188	2,185	3,373
Repurchase agreements	846	149	995	1,025	172	1,197
Collateral received from securities lending transactions	678	—	678	44	—	44
Other	6,308	2,692	9,000	6,885	3,297	10,182
Total	9,374	10,981	20,355	9,508	11,740	21,248

13 Reserves for loss and loss adjustment expenses

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Property-Casualty	56,856	55,715
Life/Health	8,592	8,738
Consolidation	(13)	(12)
Total	65,435	64,441

Change in reserves for loss and loss adjustment expenses for the Property-Casualty segment

	2010			2009		
	Gross € mn	Ceded € mn	Net € mn	Gross € mn	Ceded € mn	Net € mn
As of January 1,	55,715	(7,175)	48,540	55,616	(7,820)	47,796
Loss and loss adjustment expenses incurred						
Current year	7,834	(681)	7,153	7,491	(646)	6,845
Prior years	(814)	483	(331)	(355)	143	(212)
Subtotal	7,020	(198)	6,822	7,136	(503)	6,633
Loss and loss adjustment expenses paid						
Current year	(1,786)	88	(1,698)	(1,846)	97	(1,749)
Prior years	(5,346)	507	(4,839)	(5,987)	862	(5,125)
Subtotal	(7,132)	595	(6,537)	(7,833)	959	(6,874)
Foreign currency translation adjustments and other changes	1,253	(318)	935	574	(115)	459
As of March 31,	56,856	(7,096)	49,760	55,493	(7,479)	48,014

14 Reserves for insurance and investment contracts

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Aggregate policy reserves	306,909	297,112
Reserves for premium refunds	27,097	24,430
Other insurance reserves	771	646
Total	334,777	322,188

15 Other liabilities

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Payables		
Policyholders	4,251	4,798
Reinsurers	1,572	1,804
Agents	1,495	1,407
Subtotal	7,318	8,009
Payables for social security	413	398
Tax payables		
Income taxes	1,971	1,890
Other taxes	1,273	1,028
Subtotal	3,244	2,918
Accrued interest and rent	495	715
Unearned income		
Interest and rent	10	9
Other	316	316
Subtotal	326	325
Provisions		
Pensions and similar obligations	3,839	3,819
Employee related	1,793	1,887
Share-based compensation plans	958	1,296
Restructuring plans	315	346
Loan commitments	8	8
Contingent losses from non-insurance business	126	137
Other provisions	1,251	1,395
Subtotal	8,290	8,888
Deposits retained for reinsurance ceded	2,631	2,547
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	329	310
Financial liabilities for puttable equity instruments	3,275	3,451
Other liabilities	6,786	5,724
Total	33,107	33,285

16 Certificated liabilities

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Allianz SE¹⁾		
Senior bonds	5,332	5,330
Money market securities	1,711	1,504
Subtotal	7,043	6,834
Banking subsidiaries		
Senior bonds	1,161	1,100
Subtotal	1,161	1,100
All other subsidiaries		
Certificated liabilities	27	28
Subtotal	27	28
Total	8,231	7,962

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.

17 Participation certificates and subordinated liabilities

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Allianz SE¹⁾		
Subordinated bonds	8,271	8,162
Participation certificates	—	121
Subtotal	8,271	8,283
Banking subsidiaries		
Subordinated bonds	184	173
Subtotal	184	173
All other subsidiaries		
Subordinated liabilities	397 ²⁾	846
Hybrid equity	45	45
Subtotal	442	891
Total	8,897	9,347

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

²⁾ Early redemption of subordinated bonds amounting to € 450 mn issued by Allianz France.

18 Equity

	As of March 31, 2010 € mn	As of December 31, 2009 € mn
Shareholders' equity		
Issued capital	1,162	1,162
Capital reserves	27,473	27,473
Revenue reserves	11,511	9,902
Treasury shares	(211)	(213)
Foreign currency translation adjustments	(2,718)	(3,615)
Unrealized gains and losses (net) ¹⁾	6,244	5,457
Subtotal	43,461	40,166
Non-controlling interests	2,124	2,121
Total	45,585	42,287

¹⁾ As of March 31, 2010, includes € 190 mn (2009: € 187 mn) related to cash flow hedges.

Supplementary Information to the Consolidated Income Statements

19 Premiums earned (net)

Three months ended March 31,	Property- Casualty € mn	Life/Health € mn	Consolidation € mn	Total € mn
2010				
Premiums written				
Direct	13,103	5,956	—	19,059
Assumed	891	106	(4)	993
Subtotal	13,994	6,062	(4)	20,052
Ceded	(1,349)	(125)	4	(1,470)
Net	12,645	5,937	—	18,582
Change in unearned premiums				
Direct	(3,402)	(54)	—	(3,456)
Assumed	(213)	—	(2)	(215)
Subtotal	(3,615)	(54)	(2)	(3,671)
Ceded	383	1	2	386
Net	(3,232)	(53)	—	(3,285)
Premiums earned				
Direct	9,701	5,902	—	15,603
Assumed	678	106	(6)	778
Subtotal	10,379	6,008	(6)	16,381
Ceded	(966)	(124)	6	(1,084)
Net	9,413	5,884	—	15,297
2009				
Premiums written				
Direct	13,117	5,429	—	18,546
Assumed	769	81	(6)	844
Subtotal	13,886	5,510	(6)	19,390
Ceded	(1,370)	(132)	6	(1,496)
Net	12,516	5,378	—	17,894
Change in unearned premiums				
Direct	(3,462)	(31)	—	(3,493)
Assumed	(97)	—	(3)	(100)
Subtotal	(3,559)	(31)	(3)	(3,593)
Ceded	375	1	3	379
Net	(3,184)	(30)	—	(3,214)
Premiums earned				
Direct	9,655	5,398	—	15,053
Assumed	672	81	(9)	744
Subtotal	10,327	5,479	(9)	15,797
Ceded	(995)	(131)	9	(1,117)
Net	9,332	5,348	—	14,680

20 Interest and similar income

Three months ended March 31,	2010 € mn	2009 € mn
Interest from held-to-maturity investments	44	43
Dividends from available-for-sale investments	121	138
Interest from available-for-sale investments	2,771	2,639
Share of earnings from investments in associates and joint ventures	49	(35)
Rent from real estate held for investment	162	165
Interest from loans to banks and customers	1,392	1,427
Other interest	40	37
Total	4,579	4,414

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

Three months ended March 31,	Property- Casualty € mn	Life/Health € mn	Asset Management € mn	Corporate and Other € mn	Consoli- dation € mn	Group € mn
2010						
Income (expenses) from financial assets and liabilities held for trading (net)	(73)	(542)	1	117	3	(494)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	28	323	13	2	—	366
Income (expenses) from financial liabilities for puttable equity instruments (net)	(5)	(82)	(11)	—	—	(98)
Foreign currency gains and losses (net)	36	325	2	(17)	(1)	345
Total	(14)	24	5	102	2	119
2009						
Income (expenses) from financial assets and liabilities held for trading (net)	(67)	(20)	(2)	(81)	34	(136)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	30	(310)	(25)	3	—	(302)
Income (expenses) from financial liabilities for puttable equity instruments (net)	(1)	92	18	(1)	—	108
Foreign currency gains and losses (net)	76	172	1	(17)	(2)	230
Total	38	(66)	(8)	(96)	32	(100)

Income from financial assets and liabilities held for trading (net)

Life/Health

Income from financial assets and liabilities held for trading for the three months ended March 31, 2010, includes in the Life/Health segment expenses of € 554 mn (2009: € 12 mn) from derivative financial instruments. This includes expenses of € 210 mn (2009: € 4 mn) of German entities from financial derivative positions to protect against equity and foreign exchange rate fluctuations as well as for duration management. Also included are expenses from U.S. entities amongst others from embedded derivatives required to be separated related to equity-indexed annuity contracts and guaranteed benefits under unit-linked contracts of € 314 mn (2009: income of € 109 mn).

Corporate and Other

Income from financial assets and liabilities held for trading for the three months ended March 31, 2010, includes in the Corporate and Other segment income of € 146 mn (2009: expenses of € 148 mn) from derivative financial instruments. This includes expenses of € 2 mn (2009: € 25 mn) from financial derivative instruments to protect investments and liabilities against foreign exchange rate fluctuations. Hedging of strategic equity investments not designated for hedge accounting induced expenses of € 9 mn (2009: € 55 mn). Financial derivatives related to investment strategies generated income of € 154 mn (2009: € 37 mn). Additionally, income from financial assets and liabilities held for trading for the three months ended March 31, 2010, includes expenses of € 15 mn (2009: income of € 59 mn) from hedges of share based compensation plans (restricted stock units).

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, excluding 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 is substantially hedged against foreign currency fluctuations with freestanding derivatives resulting in an offsetting effect of € (261) mn (2009: € (53) mn) for the three months ended March 31, 2010.

22 Realized gains/losses (net)

Three months ended March 31,	2010 € mn	2009 € mn
Realized gains		
Available-for-sale investments		
Equity securities	937	752
Debt securities	398	507
Subtotal	1,335	1,259
Investments in associates and joint ventures¹⁾	5	6
Real estate held for investment	75	12
Loans and advances to banks and customers	41	25
Subtotal	1,456	1,302
Realized losses		
Available-for-sale investments		
Equity securities	(34)	(588)
Debt securities	(110)	(286)
Subtotal	(144)	(874)
Investments in associates and joint ventures²⁾	—	(3)
Real estate held for investment	(2)	(3)
Loans and advances to banks and customers	—	(3)
Subtotal	(146)	(883)
Total	1,310	419

¹⁾ During the three months ended March 31, 2010 and 2009, includes no realized gains from the disposal of subsidiaries and businesses.

²⁾ During the three months ended March 31, 2010 and 2009, includes no realized losses from the disposal of subsidiaries.

23 Fee and commission income

Three months ended March 31,	2010			2009		
	Segment	Consolidation	Group	Segment	Consolidation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty						
Fees from credit and assistance business	157	(1)	156	179	—	179
Service agreements	97	(12)	85	90	(14)	76
Investment advisory	—	—	—	3	—	3
Subtotal	254	(13)	241	272	(14)	258
Life/Health						
Service agreements	17	(4)	13	20	(7)	13
Investment advisory	101	(7)	94	97	(5)	92
Other	—	—	—	2	(2)	—
Subtotal	118	(11)	107	119	(14)	105
Asset Management						
Management fees	1,104	(26)	1,078	820	(25)	795
Loading and exit fees	89	—	89	59	—	59
Performance fees	128	—	128	14	—	14
Other	32	(2)	30	14	(1)	13
Subtotal	1,353	(28)	1,325	907	(26)	881
Corporate and Other						
Service agreements	59	(6)	53	35	(5)	30
Investment advisory and Banking activities	128	(53)	75	108	(46)	62
Subtotal	187	(59)	128	143	(51)	92
Total	1,912	(111)	1,801	1,441	(105)	1,336

24 Other income

Three months ended March 31,	2010	2009
	€ mn	€ mn
Realized gains from disposals of real estate held for own use	12	1
Other	17	3
Total	29	4

25 Income and expenses from fully consolidated private equity investments

Three months ended March 31,	2010	2009
	€ mn	€ mn
Income		
Sales and service revenues	366	464
Other operating revenues	2	4
Interest income	—	1
Subtotal	368	469
Expenses		
Cost of goods sold	(226)	(304)
Commissions	(27)	(34)
General and administrative expenses	(146)	(117)
Other operating expenses	(19)	(46)
Interest expenses	(20)	(24)
Subtotal	(438)¹⁾	(525)
Total	(70)¹⁾	(56)

¹⁾ The presented subtotal for expenses and total income and expenses from fully consolidated private equity investment for the three months ended March 31, 2010, 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 € 33 mn (2009: € — mn) for the three months ended March 31, 2010. 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.

26 Claims and insurance benefits incurred (net)

Three months ended March 31,	Property-Casualty € mn	Life/Health € mn	Consolidation € mn	Total € mn
2010				
Gross				
Claims and insurance benefits paid	(7,132)	(4,949)	3	(12,078)
Change in loss and loss adjustment expenses	112	(24)	2	90
Subtotal	(7,020)	(4,973)	5	(11,988)
Ceded				
Claims and insurance benefits paid	595	116	(3)	708
Change in loss and loss adjustment expenses	(397)	12	(2)	(387)
Subtotal	198	128	(5)	321
Net				
Claims and insurance benefits paid	(6,537)	(4,833)	—	(11,370)
Change in loss and loss adjustment expenses	(285)	(12)	—	(297)
Total	(6,822)	(4,845)	—	(11,667)
2009				
Gross				
Claims and insurance benefits paid	(7,833)	(5,234)	5	(13,062)
Change in loss and loss adjustment expenses	697	(26)	—	671
Subtotal	(7,136)	(5,260)	5	(12,391)
Ceded				
Claims and insurance benefits paid	959	127	(5)	1,081
Change in loss and loss adjustment expenses	(456)	(13)	—	(469)
Subtotal	503	114	(5)	612
Net				
Claims and insurance benefits paid	(6,874)	(5,107)	—	(11,981)
Change in loss and loss adjustment expenses	241	(39)	—	202
Total	(6,633)	(5,146)	—	(11,779)

27 Change in reserves for insurance and investment contracts (net)

Three months ended March 31,	Property- Casualty € mn	Life/Health € mn	Consolidation € mn	Total € mn
2010				
Gross				
Aggregate policy reserves	(42)	(1,812)	—	(1,854)
Other insurance reserves	—	(128)	—	(128)
Expenses for premium refunds	(43)	(1,126)	(46)	(1,215)
Subtotal	(85)	(3,066)	(46)	(3,197)
Ceded				
Aggregate policy reserves	2	16	—	18
Other insurance reserves	(1)	3	—	2
Expenses for premium refunds	—	1	—	1
Subtotal	1	20	—	21
Net				
Aggregate policy reserves	(40)	(1,796)	—	(1,836)
Other insurance reserves	(1)	(125)	—	(126)
Expenses for premium refunds	(43)	(1,125)	(46)	(1,214)
Total	(84)	(3,046)	(46)	(3,176)
2009				
Gross				
Aggregate policy reserves	(44)	(617)	—	(661)
Other insurance reserves	39	16	—	55
Expenses for premium refunds	11	13	(6)	18
Subtotal	6	(588)	(6)	(588)
Ceded				
Aggregate policy reserves	1	2	—	3
Other insurance reserves	(36)	1	—	(35)
Expenses for premium refunds	(1)	—	—	(1)
Subtotal	(36)	3	—	(33)
Net				
Aggregate policy reserves	(43)	(615)	—	(658)
Other insurance reserves	3	17	—	20
Expenses for premium refunds	10	13	(6)	17
Total	(30)	(585)	(6)	(621)

28 Interest expenses

Three months ended March 31,	2010 € mn	2009 € mn
Liabilities to banks and customers	(94)	(138)
Deposits retained on reinsurance ceded	(19)	(20)
Certificated liabilities	(75)	(76)
Participation certificates and subordinated liabilities	(138)	(140)
Other	(25)	(36)
Total	(351)	(410)

29 Loan loss provisions

Three months ended March 31,	2010 € mn	2009 € mn
Additions to allowances including direct impairments	(30)	(36)
Amounts released	13	13
Recoveries on loans previously impaired	5	8
Total	(12)	(15)

30 Impairments of investments (net)

Three months ended March 31,	2010 € mn	2009 € mn
Impairments		
Available-for-sale investments		
Equity securities	(9)	(1,803)
Debt securities	(81)	(82)
Subtotal	(90)	(1,885)
Real estate held for investment	—	(6)
Loans and advances to banks and customers	(1)	—
Subtotal	(91)	(1,891)
Reversals of impairments		
Real estate held for investment	—	1
Subtotal	—	1
Total	(91)	(1,890)

31 Investment expenses

Three months ended March 31,	2010 € mn	2009 € mn
Investment management expenses	(102)	(85)
Depreciation of real estate held for investment	(38)	(48)
Other expenses for real estate held for investment	(37)	(35)
Total	(177)	(168)

32 Acquisition and administrative expenses (net)

Three months ended March 31,	2010			2009		
	Segment	Consolidation	Group	Segment	Consolidation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty						
Acquisition costs						
Incurred	(2,457)	—	(2,457)	(2,234)	—	(2,234)
Commissions and profit received on reinsurance business ceded	156	(1)	155	94	(1)	93
Deferrals of acquisition costs	1,568	—	1,568	1,466	—	1,466
Amortization of deferred acquisition costs	(1,188)	—	(1,188)	(1,076)	—	(1,076)
Subtotal	(1,921)	(1)	(1,922)	(1,750)	(1)	(1,751)
Administrative expenses	(712)	(1)	(713)	(825)	8	(817)
Subtotal	(2,633)	(2)	(2,635)	(2,575)	7	(2,568)
Life/Health						
Acquisition costs						
Incurred	(1,045)	—	(1,045)	(964)	1	(963)
Commissions and profit received on reinsurance business ceded	25	—	25	20	—	20
Deferrals of acquisition costs	739	—	739	556	—	556
Amortization of deferred acquisition costs	(543)	1	(542)	(685)	—	(685)
Subtotal	(824)	1	(823)	(1,073)	1	(1,072)
Administrative expenses	(377)	15	(362)	(356)	5	(351)
Subtotal	(1,201)	16	(1,185)	(1,429)	6	(1,423)
Asset Management						
Personnel expenses	(627)	—	(627)	(321)	—	(321)
Non-personnel expenses	(219)	(1)	(220)	(195)	1	(194)
Subtotal	(846)	(1)	(847)	(516)	1	(515)
Corporate and Other						
Administrative expenses	(319)	(3)	(322)	(303)	—	(303)
Subtotal	(319)	(3)	(322)	(303)	—	(303)
Total	(4,999)	10	(4,989)	(4,823)	14	(4,809)

33 Fee and commission expenses

Three months ended March 31,	2010			2009		
	Segment	Consolidation	Group	Segment	Consolidation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty						
Fees from credit and assistance business	(146)	—	(146)	(141)	—	(141)
Service agreements	(91)	12	(79)	(93)	12	(81)
Subtotal	(237)	12	(225)	(234)	12	(222)
Life/Health						
Service agreements	(5)	1	(4)	(10)	4	(6)
Investment advisory	(49)	2	(47)	(54)	6	(48)
Subtotal	(54)	3	(51)	(64)	10	(54)
Asset Management						
Commissions	(251)	38	(213)	(193)	30	(163)
Other	(5)	1	(4)	(5)	—	(5)
Subtotal	(256)	39	(217)	(198)	30	(168)
Corporate and Other						
Service agreements	(59)	5	(54)	(8)	5	(3)
Investment advisory and Banking activities	(52)	—	(52)	(44)	—	(44)
Subtotal	(111)	5	(106)	(52)	5	(47)
Total	(658)	59	(599)	(548)	57	(491)

34 Income taxes

Three months ended March 31,	2010	2009
	€ mn	€ mn
Current income tax expense	(430)	(157)
Deferred income tax expense	50	136
Total	(380)	(21)

For the three months ended March 31, 2010 and 2009, the income taxes relating to components of the other comprehensive income consist of the following:

Three months ended March, 31	2010	2009
	€ mn	€ mn
Foreign currency translation adjustments	30	31
Available-for-sale investments	(505)	410
Cash flow hedges	(7)	13
Share of other comprehensive income of associates	(5)	1
Miscellaneous	2	3
Total	(485)	458

35 Net income (loss) from discontinued operations, net of income taxes

Three months ended March 31,	2010	2009
	€ mn	€ mn
Net income (loss) from discontinued operations, net of income taxes	—	(395)

On January 12, 2009, the Allianz Group completed the transfer of ownership of Dresdner Bank AG to Commerzbank AG. Accordingly, assets and liabilities of Dresdner Bank AG, that were classified as held for sale as of December 31, 2008, have been deconsolidated in the first quarter 2009. The loss from derecognition of discontinued operations amounts to € 395 mn and represents mainly the reclassification of components of other comprehensive income to net income.

36 Earnings per share

Basic earnings per share

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

Three months ended March, 31	2010 € mn	2009 € mn
Net income (loss) attributable to shareholders used to calculate basic earnings per share	1,550	29
from continuing operations	1,550	424
from discontinued operations	—	(395)
Weighted average number of common shares outstanding	451,198,878	451,699,418
Basic earnings per share (in €)	3.44	0.06
from continuing operations	3.44	0.94
from discontinued operations	—	(0.88)

Diluted earnings per share

Diluted earnings per share are calculated by dividing net income (loss) 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 the assumed conversion of participation certificates issued by Allianz SE and share-based compensation plans into Allianz shares.

Three months ended March, 31	2010 € mn	2009 € mn
Net income (loss) attributable to shareholders	1,550	29
Effect of potentially dilutive common shares	(2)	(12)
Net income (loss) used to calculate diluted earnings per share	1,548	17
from continuing operations	1,548	412
from discontinued operations	—	(395)
Weighted average number of common shares outstanding	451,198,878	451,699,418
Potentially dilutive common shares resulting from assumed conversion of:		
Participation certificates	—	—
Share-based compensation plans	606,814	1,456,306
Subtotal	606,814	1,456,306
Weighted average number of common shares outstanding after assumed conversion	451,805,692	453,155,724
Diluted earnings per share (in €)	3.43	0.04
from continuing operations	3.43	0.91
from discontinued operations	—	(0.87)

For the three months ended March 31, 2010, the weighted average number of common shares excludes 2,701,122 (2009: 1,350,582) treasury shares.

Other Information

37 Financial instruments

Reclassification of financial assets

In January 2009, certain USD denominated CDOs with a fair value of € 1.1 bn (notional amount of € 2.2 bn) were retained from Dresdner Bank. On January 31, 2009, subsequent to the derecognition of Dresdner Bank, these CDOs were reclassified from financial assets held for trading to loans and advances to banks and customers in accordance with IAS 39, as the Allianz Group has the intention to hold the CDOs until maturity. The fair value of € 1.1 bn became the new carrying amount of the CDOs at the reclassification date. The expected recoverable cash flows as of the date of reclassification were € 1.8 bn, leading to an effective interest rate of approximately 7%.

During mid-2009, these CDOs were transferred to one of the Allianz Group's USD functional currency subsidiaries. As of December 31, 2009, the carrying amount and fair value of the CDOs was € 863 mn and € 856 mn, respectively. As of March 31, 2010, the carrying amount and fair value of the CDOs was € 899 mn and € 903 mn, respectively. The increase in the carrying amount and fair value for the three months ended March 31, 2010, is mainly due to foreign currency effects. For the three months ended March 31, 2010, the foreign currency effects were recognized in other comprehensive income and the net profit related to these CDOs was not significant.

The CDOs are senior tranches that were high-grade ABS at the time of origination. In January 2009, the CDOs were rated B1 (2%), Ba3 (29%), Caa2 (46%) and Caa3 (23%) by Moody's. In March 2010, the CDOs were rated Caa2 (40%) and Caa3 (60%). In the current environment of highly illiquid markets for these types of assets, valuation techniques are required to estimate fair value. As significant input parameters are non-observable, significant management judgment is required.

38 Supplementary information on the condensed consolidated statements of cash flows

Three months ended March 31,	2010 € mn	2009 € mn
Income taxes received/(paid)	82	(268)
Dividends received	135	137
Interest received	4,641	4,414
Interest paid	(572)	(575)
Significant non-cash transactions		
Effects from deconsolidation of Dresdner Bank		
Commerzbank shares		
Available-for-sale investments	—	746
Assets of disposal groups classified as held for sale	—	(746)
Distribution channel		
Intangible assets	—	480
Assets of disposal groups classified as held for sale	—	(480)
Cominvest		
Available-for-sale investments	—	179
Loans and advances to banks and customers	—	7
Deferred tax assets	—	6
Intangible assets	—	602
Property and equipment	—	3
Other assets	—	38
Assets of disposal groups classified as held for sale	—	(835)
Liabilities to banks and customers	—	1
Deferred tax liabilities	—	(1)
Certificated liabilities, participation certificates and subordinated liabilities	—	(50)
Other liabilities	—	(133)
Liabilities of disposal groups classified as held for sale	—	183

39 Other Information

Number of employees

	As of March 31, 2010	As of December 31, 2009
Germany	48,362	49,051
Other countries	103,438	104,152
Total	151,800	153,203

40 Subsequent events

In April 2010, the Allianz Group sold 0.3 bn ICBC shares with a capital gain of approximately € 0.1 bn.

In April 2010, the following catastrophes occurred, none of which will lead to significant net claims to the Allianz Group based on the currently available information:

- Eruption of the volcano Eyjafjallajökull in Iceland and the consequential disruption to air travel.
- Sinking of the oil rig “Deepwater Horizon” in the Gulf of Mexico and the resulting environmental disaster.

After many years of heavy government borrowing and spending in Greece, the rising level of Greek sovereign debt has placed a huge strain on the country’s economy, resulting in a dramatic widening of credit spreads there. This also affected foreign currency rates, equity markets and the prices for other sovereign debt. With more than € 50 bn of debt to refinance in 2010, Greece has fallen into a severe sovereign debt crisis, and the risk of contagion to other Eurozone countries has arisen.

On May 7, 2010, Eurozone leaders approved a € 110 bn loan package to Greece, which will be backed by the E.U. and the IMF. The package is designed to prevent Greece from defaulting on its debt.

On May 10, 2010 Eurozone leaders agreed a € 750 bn plan to support the currency and prevent the Greek debt crisis from affecting other Eurozone countries. The financial markets reacted very favorably to these measures.

Munich, May 11, 2010

Allianz SE
The Board of Management

The image shows ten handwritten signatures arranged in two columns. The signatures are:

Left column (top to bottom):

1. A signature that appears to be 'M. ...'

2. A signature that appears to be 'Oliver ...'

3. A signature that appears to be 'Stefan ...'

4. A signature that appears to be 'Klaus ...'

5. A signature that appears to be 'Ruppel'

Right column (top to bottom):

1. A signature that appears to be 'G. ...'

2. A signature that appears to be 'B. ...'

3. A signature that appears to be 'L. ...'

4. A signature that appears to be 'J. ...'

5. A signature that appears to be 'Z. ...'

Review report

To Allianz SE, Munich

We have reviewed the condensed consolidated interim financial statements of the 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 the Allianz SE, Munich for the period from January 1 to March 31, 2010 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 IFRS applicable to interim financial reporting as adopted by the E.U., and in accordance with the IFRS for interim financial reporting as issued by the International Accounting Standards Board (IASB), 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 aspects, in accordance with the IFRS

applicable to interim financial reporting as adopted by the E.U. and in accordance with the IFRS for interim financial reporting as issued by the IASB, and that the interim group management report has not been prepared, in material aspects, 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 E.U., and in accordance with the IFRS for interim financial reporting as issued by the IASB, 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 12, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft



Dr. Frank Ellenbürger
Wirtschaftsprüfer
(Independent Auditor)

Johannes Pastor
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Interim Report on the Internet
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