Allianz Group

Interim Report Second Quarter and First Half Year of 2012

Allianz

Allianz at a Glance

		Three months ended 30 June			Six months ended 30 June			
		2012	2011	Change from previous year	2012	2011	Change from previous year	More details on page
INCOME STATEMENT								
Total revenues[1]	€ mn	25,196	24,574	2.5 %	55,249	54,479	1.4 %	▶ 3
Operating profit[2]	€ mn	2,364	2,300	2.8 %	4,694	3,960	18.5 %	▶ 4
Net income	€ mn	1,320	1,071	23.2 %	2,765	1,986	39.2 %	▶ 6
SEGMENTS[3]								
PROPERTY-CASUALTY								
Gross premiums written	€ mn	10,726	10,194	5.2 %	25,523	24,445	4.4 %	▶ 12
Operating profit[2]	€ mn	1,112	1,329	(16.3) %	2,301	1,992	15.5 %	▶ 14
Combined ratio	%	97.4	95.0	2.4 pts	96.8	98.1	(1.3) pts	▶ 15
LIFE/HEALTH								
Statutory premiums	€ mn	12,861	12,978	(0.9) %	26,560	27,248	(2.5) %	▶ 23
Operating profit[2]	€ mn	821	679	20.9 %	1,647	1,381	19.3 %	▶ 25
Margin on reserves	bps	76	66	10	77	67	10	▶ 25
ASSET MANAGEMENT								
Operating revenues	€ mn	1,497	1,303	14.9 %	2,936	2,576	14.0 %	▶ 32
Operating profit[2]	€ mn	635	528	20.3 %	1,248	1,056	18.2 %	▶ 33
Cost-income ratio	%	57.6	59.5	(1.9) pts	57.5	59.0	(1.5) pts	▶ 33
CORPORATE AND OTHER								
Total revenues	€ mn	141	137	2.9 %	296	288	2.8 %	▶ 4
Operating result[2]	€ mn	(191)	(205)	6.8 %	(475)	(428)	(11.0) %	▶ 36
Cost-income ratio (Banking)	%	85.0	93.4	(8.4) pts	82.4	90.6	(8.2) pts	▶ 81
BALANCE SHEET								
Total assets as of 30 June[4]	€ mn	668,960	641,472	4.3 %	668,960	641,472	4.3 %	▶ 41
Shareholders' equity as of 30 June[4]	€ mn	48,013	44,915	6.9 %	48,013	44,915	6.9 %	▶ 40
Non-controlling interests as of 30 June[4]	€ mn	2,389	2,338	2.2 %	2,389	2,338	2.2 %	▶ 40
SHARE INFORMATION								
Basic earnings per share	€	2.73	2.21	23.5 %	5.76	4.11	40.1 %	▶ 102
Diluted earnings per share	€	2.68	2.17	23.5 %	5.73	4.07	40.8 %	▶ 102
Share price as of 30 June[4]	€	79.11	73.91	7.0 %	79.11	73.91	7.0 %	▶ 1
Market capitalization as of 30 June[4]	€ mn	36,019	33,651	7.0 %	36,019	33,651	7.0 %	▶ –
OTHER DATA								
Total assets under management as of 30 June[4]	€ bn	1,748	1,657	5.5 %	1,748	1,657	5.5 %	▶ 31
thereof: Third-party assets under management as of 30 June[4]	€ bn	1,354	1,281	5.7 %	1,354	1,281	5.7 %	▶ 31

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

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

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

4 | 2011 figures as of 31 December 2011.

Content

I. GROUP MANAGEMENT REPORT

II. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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THEN AND NOW

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

1986: Allianz developed targeted information for schoolchildren, students and young professionals to provide them with information on asset formation and suitable insurance coverage.

BASIC ALLIANZ SHARE INFORMATION

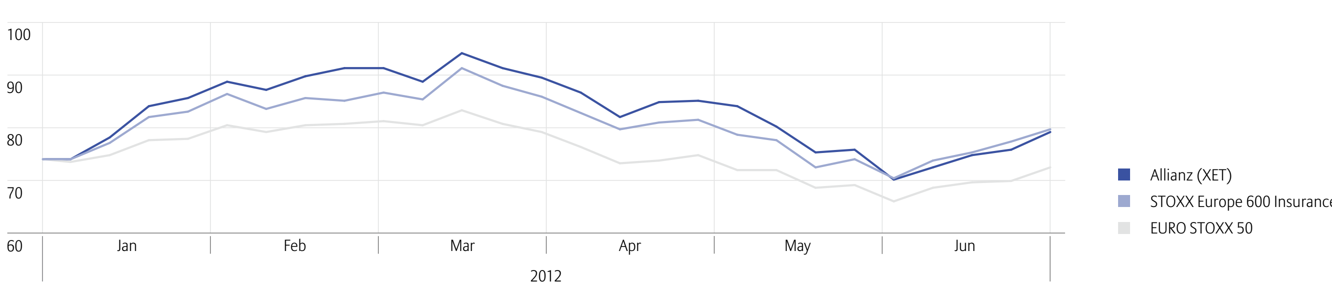
Security Codes	WKN 840 400 ISIN DE 000 840 400 5
Bloomberg	ALV GY
Reuters	ALVG.DE
Share type	Registered share with restricted transfer

NAVIGATION HELP

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

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

Indexed on the Allianz share price in €



Source: Thomson Reuters Datastream. Up-to-date information on the development of the Allianz share price is available at WWW.ALLIANZ.COM/SHARE.

CONTACT INVESTOR RELATIONS

Allianz SE
Investor Relations
Königinstrasse 28
80802 Munich, Germany

Allianz Investor Line
Mon - Fri: 8 a.m. - 8 p.m.
Phone: +49. 89. 3800 7555
Fax: +49. 89. 3800 3899

Email: investor.relations@allianz.com | www.allianz.com/investor-relations

IMPRINT

Design/Concept: Allianz SE – Group Management Reporting

Photo Story: Allianz SE – Group Management Reporting and Allianz Center for Corporate History

Date of publication: 3 August 2012


a car
“my freedom“
We take the most relevant point of view: Yours.
Car Insurance by Allianz.
www.allianz.com
Allianz
The Power On Your Side

GROUP MANAGEMENT REPORT

1976: Research from the Allianz Center for Technology strongly contributes to make wearing seat belts in Germany compulsory. 2003: Seat belt legislation has cut the number of casualties in road accidents significantly. Wearing a seatbelt reduces the risk of a fatality in crashes on public roads by 40 – 50 %.

I. Executive Summary

SECOND QUARTER 2012

- Revenues increased to € 25.2 bn.
- Operating profit grew to € 2,364 mn.
- Net income at € 1,320 mn, up 23 %.
- Strong solvency ratio at 186 %.[1]

SEGMENT OVERVIEW

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

KEY FIGURES

Three months ended 30 June	Total revenues € mn	Operating profit € mn	Δ | DIFFERENCE QUARTER OVER QUARTER	Net income € mn	Solvency ratio[1,2] %
2012	25,196	2,364	Δ +2.8 %	1,320	186
2011	24,574	2,300	Δ (0.1) %	1,071	179
2010	25,389	2,302		1,157	173

EARNINGS SUMMARY FOR THE SECOND QUARTER 2012

Even though natural catastrophes rose to a more normal – albeit still moderate – level and market conditions remained unsettled, our performance in the second quarter of 2012 remained strong.

OPERATING ENVIRONMENT

The impact from natural catastrophes in the second quarter of 2012 was in line with the level we experienced in the previous year's quarter, increasing after the benign first quarter in 2012. Nevertheless, claims from natural catastrophes for the first half year of 2012 still remained significantly lower than in the previous year period, which was burdened by severe losses in the first quarter.

The European sovereign debt crisis returned to prominence after the apparent lull in the first quarter. The upswing in almost all major equity markets in the first quarter of 2012 reversed strongly in the second and both equity and debt markets became more volatile. Yet, in the current quarter, we experienced no major debt impairments, in stark contrast to the previous year's second quarter which was heavily affected by impairments on Greek sovereign bonds.

1 | Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 June 2012 would be 177 % (31 December 2011: 170 %; 31 December 2010: 164 %).

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

Throughout 2011, many issuers' credit spreads widened as a reaction to the European sovereign debt crisis. During the first quarter of 2012, affected sovereign and corporate credit spreads narrowed but then retraced some of that improvement in the second quarter.

While the difficult environment has challenged us – for example, demand for investment-oriented products remains muted – we have managed through the turbulence with overall positive results.

MANAGEMENT'S ASSESSMENT OF RESULTS

TOTAL REVENUES increased from € 24.6 bn to € 25.2 bn, an increase of 2.5 %. This positive development stemmed largely from higher Property-Casualty and Asset Management revenues whereas Life/Health remained stable. Total revenue growth was flat on an internal basis[1].

Our OPERATING PROFIT increased 2.8 % to € 2,364 mn. Life/Health contributed strongly, supported by a higher operating investment result. Asset Management again showed strong operating profit growth in line with the positive business development. Property-Casualty declined due to a lower underwriting result but this was primarily impacted by a few effects driving the less favorable run-off development.

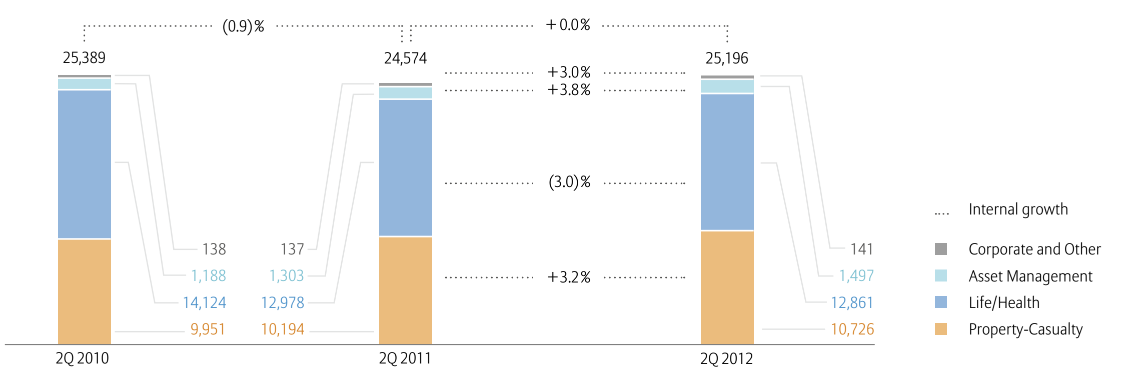
We recorded an increase in NET INCOME of 23.2 % to € 1,320 mn, reflecting our solid operating performance in the challenging environment as well as an improved non-operating result.

Compared to 31 December 2011, our CAPITALIZATION remained strong with an increase in shareholders' equity of 6.9 % to € 48,013 mn and a further strengthening in conglomerate solvency by 7 percentage points to 186 %[2].

Total Revenues[3]

2012 TO 2011 SECOND QUARTER COMPARISON

TOTAL REVENUES – SEGMENTS[4] | in € mn



In PROPERTY-CASUALTY gross premiums written grew by 5.2 % to € 10,726 mn. The internal growth was 3.2 %, supported by positive volume and pricing effects of 1.8 % and 1.4 %, respectively. The largest contributors to this growth were Latin America, Allianz Global Corporate & Speciality (AGCS), Germany and Australia.

1 | Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 51 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

2 | Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 June 2012 would be 177 %.

3 | Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking). For further information, please refer to page 50.

4 | Total revenues include € (29) mn, € (38) mn and € (12) mn from consolidation for 2Q 2012, 2011 and 2010, respectively.

LIFE/HEALTH statutory premiums remained almost flat at € 12,861 mn. On an internal basis, premiums declined by 3.0 %. Revenues were impacted by the effects of the difficult market environment and our continued efforts to protect our margins through pricing actions. Overall, lower sales of investment-oriented products accounted for nearly all of the premium decrease while our traditional business remained stable.

ASSET MANAGEMENT generated internal revenue growth of 3.8 %, mainly related to the increase in assets under management. In the second quarter of 2012, we recorded third-party net inflows of € 19 bn. As of 30 June 2012, total assets under management amounted to € 1,748 bn. On a nominal basis, our operating revenues grew by 14.9 %.

Total revenues from our Banking operations (reported in our CORPORATE AND OTHER segment) stood at € 141 mn, an internal growth of 3.0 %.

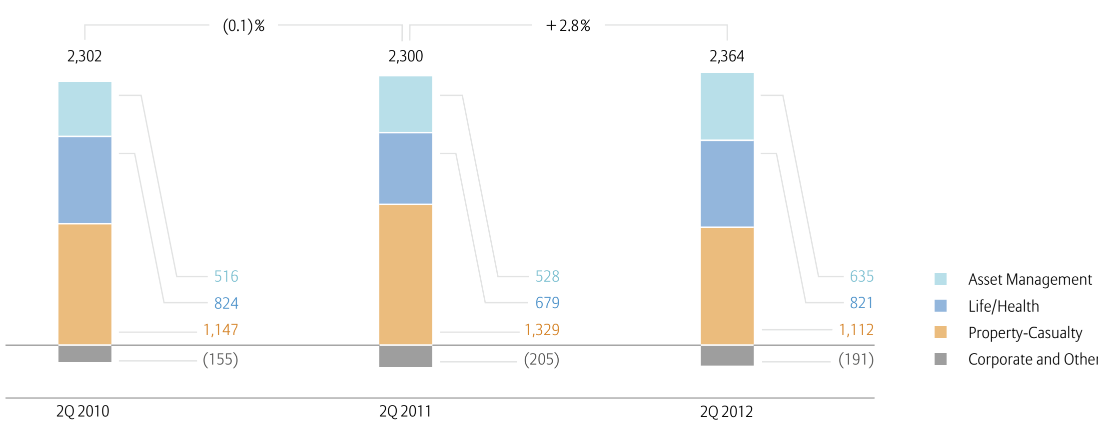
2012 TO 2011 FIRST HALF YEAR COMPARISON

We generated total revenues of € 55,249 mn, up 1.4 % compared to the same period last year (6M 2011: € 54,479 mn). On an internal basis, revenues were almost flat, down by 0.5 %.

Operating Profit

2012 TO 2011 SECOND QUARTER COMPARISON

OPERATING PROFIT – SEGMENTS[1] | in € mn



PROPERTY-CASUALTY operating profit decreased by € 217 mn to € 1,112 mn mainly due to the decline in the underwriting result of € 226 mn which was driven by less favorable net run-off. In this respect, like many other insurers in the current quarter, we experienced an increase in the estimated ultimate loss related to the 2011 Thailand floods. Of the 2.4 percentage points increase in the combined ratio to 97.4 %, the run-off development accounted for 1.9 percentage points. Our operating investment income remained almost flat.

Our LIFE/HEALTH operating profit improved by € 142 mn to € 821 mn. This was supported by a higher operating investment result, which benefited from realized gains on the sale of The Hartford debentures[2] as well as the absence of impairments on Greek sovereign bonds recorded in the second quarter of 2011.

1 | Operating profit for the Allianz Group includes € (13) mn, € (31) mn and € (30) mn from consolidation in 2Q 2012, 2011 and 2010, respectively.

2 | For further information about The Hartford transaction, please refer to page 44 in the Balance Sheet chapter.

The excellent performance from ASSET MANAGEMENT continued and operating profit grew by € 107 mn to € 635 mn. Positive foreign currency effects, higher assets under management as well as the further improved efficiency of our operational business were the main drivers of this positive development.

CORPORATE AND OTHER operating loss decreased by € 14 mn to a loss of € 191 mn. The improvement came from our Alternative Investments and was partly offset by Holding & Treasury. Banking operations remained almost stable.

2012 TO 2011 FIRST HALF YEAR COMPARISON

Operating profit increased by € 734 mn to € 4,694 mn, supported by high growth in all our operating segments.

Non-operating Result

2012 TO 2011 SECOND QUARTER COMPARISON

Our NON-OPERATING RESULT amounted to a loss of € 290 mn compared to a loss of € 686 mn in the second quarter of 2011. This improvement resulted almost entirely from a € 527 mn increase in our NON-OPERATING INVESTMENT RESULT.

NON-OPERATING REALIZED GAINS AND LOSSES (NET) increased by € 224 mn to € 370 mn. Of this increase, € 142 mn was attributable to realized gains on debt securities, primarily from the € 196 mn non-operating gain on disposal of The Hartford debentures[1]. Higher realized gains on equities contributed a further € 82 mn.

NON-OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) amounted to € 28 mn, up by € 81 mn from a loss of € 53 mn. This increase was partly related to the negative impact of the valuation of The Hartford warrants in the second quarter of 2011 which we sold in April 2012 with no additional valuation adjustments during the current quarter.

NON-OPERATING IMPAIRMENTS OF INVESTMENTS (NET) decreased from € 429 mn to € 207 mn. Debt impairments declined by € 363 mn as the second quarter of 2011 was affected by € 365 mn of non-operating impairments on Greek sovereign bonds. In contrast, we did not have any major debt impairments in the current quarter. However, due to the negative equity market developments, equity impairments increased by € 151 mn, mainly from our investments in the financial sector.

ACQUISITION-RELATED EXPENSES decreased from € 34 mn to € 10 mn, largely due to lower PIMCO B-unit expenses[2]. No B-units were purchased in the second quarters of 2012 and 2011. As of 30 June 2012, we have acquired 93.8 % of all B-units, with only 9,305 B-units still outstanding. The fair value adjustments to the provision for future repurchases as well as distribution expenses decreased to € 2 mn (2Q 2011: € 25 mn) and € 6 mn (2Q 2011: € 11 mn), respectively. This decrease was mainly due to the strong decline in the number of B-units outstanding (by 47 %) compared to 30 June 2011.

NON-OPERATING RESTRUCTURING CHARGES increased by € 102 mn to € 139 mn, mainly driven by restructuring programs at AGI and Allianz Beratungs- und Vertriebs-AG (ABV). AGI intends to create a global investment platform with the purpose of improving efficiency and positioning for growth. ABV is undergoing a reorganization of the bancassurance operations.[3]

1 | The total gain on disposal of The Hartford debentures amounted to € 407 mn. For further information about The Hartford transaction, please refer to page 44 in the Balance Sheet chapter.

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

3 | For further information about this reorganization please refer to Note 16 to the condensed consolidated interim financial statements.

2012 TO 2011 FIRST HALF YEAR COMPARISON

Our NON-OPERATING RESULT improved from a loss of € 860 mn to a loss of € 385 mn. This was mainly thanks to a higher non-operating investment result (up € 541 mn) and lower acquisition-related expenses (down € 113 mn).

Income Tax

2012 TO 2011 SECOND QUARTER COMPARISON

INCOME TAXES increased by € 211 mn to € 754 mn primarily due to higher pre-tax income. The effective tax rate amounted to 36.3 % (2Q 2011: 33.6 %) and was above the expected level mainly due to trade and prior year taxes as well as non tax-deductible impairments on equities.

2012 TO 2011 FIRST HALF YEAR COMPARISON

INCOME TAXES amounted to € 1,554 mn compared to € 1,114 mn for the first six months of 2011, an effective tax rate of 35.8 % (6M 2011: 35.9 %).

Net Income

2012 TO 2011 SECOND QUARTER COMPARISON

Thanks to the improvement in our non-operating result as well as higher operating profit, NET INCOME increased from € 1,071 mn to € 1,320 mn. In the second quarter of 2011, our operating results were heavily impacted by the European sovereign debt crisis, including the impairments on Greek sovereign bonds.

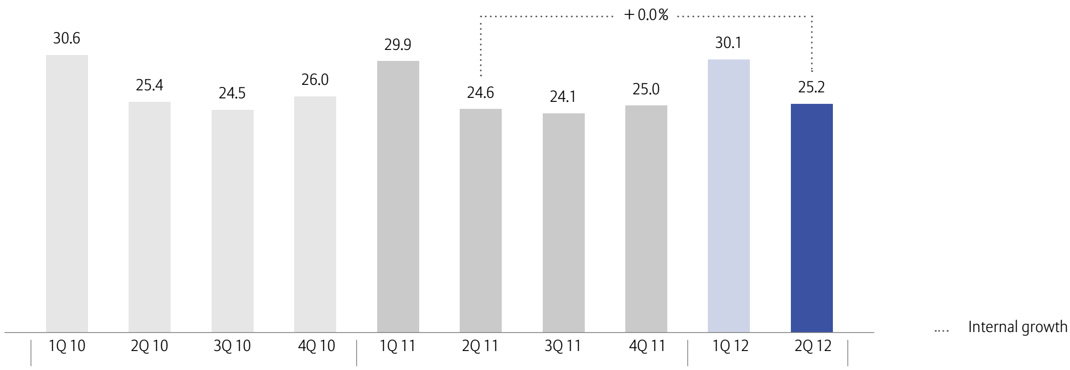
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS and NON-CONTROLLING INTERESTS amounted to € 1,234 mn (2Q 2011: € 1,000 mn) and € 86 mn (2Q 2011: € 71 mn), respectively. The net income attributable to non-controlling interests related mainly to Euler Hermes.

2012 TO 2011 FIRST HALF YEAR COMPARISON

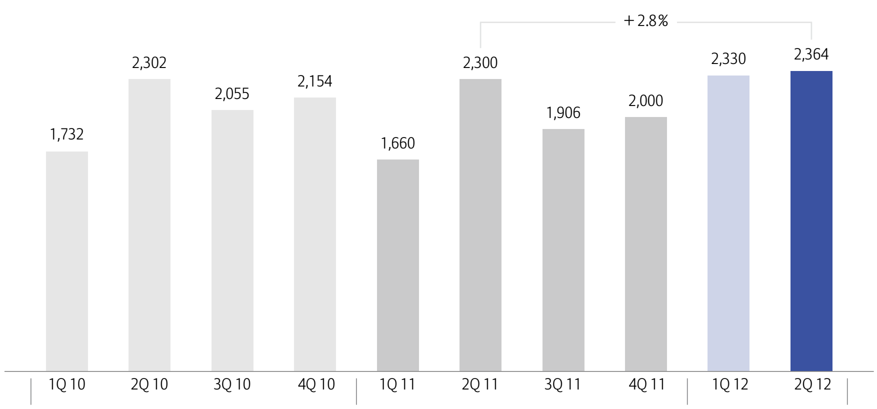
NET INCOME increased from € 1,986 mn to € 2,765 mn mainly due to our solid operating performance and significantly higher non-operating investment result. In the first six months of 2011, our results were heavily impacted by both the European sovereign debt crisis and related effects as well as one of our most loss intensive quarters with respect to natural catastrophes.

Key Figures Quarterly Overview

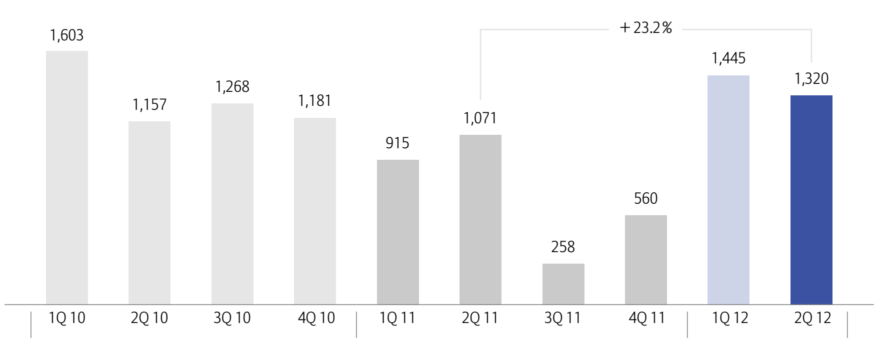
TOTAL REVENUES | in € bn



OPERATING PROFIT | in € mn



NET INCOME | in € mn



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

	Three months ended 30 June		Six months ended 30 June	
In € mn	2012	2011	2012	2011
Total revenues[1]	**25,196**	**24,574**	**55,249**	**54,479**
Premiums earned (net)	15,800	15,322	32,242	31,183
Operating investment result				
Interest and similar income	5,488	5,350	10,620	10,244
Operating income from financial assets and liabilities carried at fair value through income (net)	(212)	(102)	(346)	(231)
Operating realized gains/losses (net)	745	339	1,817	1,067
Interest expenses, excluding interest expenses from external debt	(117)	(128)	(240)	(253)
Operating impairments of investments (net)	(215)	(391)	(280)	(453)
Investment expenses	(216)	(208)	(413)	(410)
Subtotal	**5,473**	**4,860**	**11,158**	**9,964**
Fee and commission income	2,285	2,038	4,430	4,025
Other income	58	33	109	64
Claims and insurance benefits incurred (net)	(11,689)	(11,343)	(23,680)	(23,321)
Change in reserves for insurance and investment contracts (net)[2]	(3,551)	(2,836)	(7,358)	(6,598)
Loan loss provisions	(42)	(33)	(88)	(49)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(5,262)	(5,075)	(10,714)	(9,990)
Fee and commission expenses	(686)	(657)	(1,370)	(1,306)
Operating restructuring charges	–	(1)	(1)	(1)
Other expenses	(25)	(16)	(44)	(31)
Reclassification of tax benefits	3	8	10	20
Operating profit	**2,364**	**2,300**	**4,694**	**3,960**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	28	(53)	256	(149)
Non-operating realized gains/losses (net)	370	146	486	532
Non-operating impairments of investments (net)	(207)	(429)	(330)	(512)
Subtotal	**191**	**(336)**	**412**	**(129)**
Income from fully consolidated private equity investments (net)	(47)	(13)	(53)	(32)
Interest expenses from external debt	(251)	(239)	(510)	(464)
Acquisition-related expenses	(10)	(34)	(22)	(135)
Amortization of intangible assets	(31)	(19)	(56)	(41)
Non-operating restructuring charges	(139)	(37)	(146)	(39)
Reclassification of tax benefits	(3)	(8)	(10)	(20)
Non-operating items	**(290)**	**(686)**	**(385)**	**(860)**
Income before income taxes	**2,074**	**1,614**	**4,309**	**3,100**
Income taxes	(754)	(543)	(1,544)	(1,114)
Net income	**1,320**	**1,071**	**2,765**	**1,986**
Net income attributable to				
Non-controlling interests	86	71	160	129
Shareholders	1,234	1,000	2,605	1,857
Basic earnings per share in €	2.73	2.21	5.76	4.11
Diluted earnings per share in €	2.68	2.17	5.73	4.07

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

2 | For the three months ended 30 June 2012, expenses for premium refunds (net) in Property-Casualty of € (25) mn (2011: € (32) mn) are included. For the six months ended 30 June 2012, expenses for premium refunds (net) in Property-Casualty of € (51) mn (2011: € (77) mn) are included.

Risk Management

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

The risk profile described in the latest risk report remains unchanged. While markets deteriorated again in the second quarter of 2012, the fundamental or underlying risks described therein remain much the same, especially those associated with the European sovereign debt crisis, which continues to cause a higher level of volatility for sovereign spreads and the markets in general. Specifically Spain and several of its banks continued to experience financial market stress and received rating agency downgrades based on the declines in bank asset quality and, for Spain, the contingent fiscal costs that would stem from re-capitalizing the banking sector. Spain has approached European partners for bail-out assistance, intended to support the Spanish banking sector. In addition, with the exception of the affected sovereign issuers, interest rates have generally fallen as a consequence of accommodative monetary policies. Credit and equity market risk perceptions also remain volatile, especially for those financial issuers which are potentially most affected by the crisis.

For sovereigns considered a "safe haven", yields have continued to decline and some hover around all time lows. Depending on the individual investment strategy, a continuation of the low interest rate environment creates challenges for some life insurance companies, especially in delivering sufficient investment income to meet policyholders' future expectations and the long-term guarantees embedded in individual life insurance products.

These factors may continue to have adverse implications on our business development, existing asset values and the theoretical value of our liabilities. In addition to continuously monitoring these developments, management has responded decisively to the external events by, for example, further adjusting new business pricing in the Life/Health segment, selectively reducing non-domestic sovereign bond exposures and reducing exposure limits for potentially affected financial services bond issuers, amongst other actions. In this context, we continue to de-risk our portfolios focusing on exposures to peripheral borrowers and financial institutions as well as our non-domestic investment portfolios. We further de-risked our portfolio to increase our resilience to even remote shock event scenarios.

Events After the Balance Sheet Date

NATURAL CATASTROPHES WORLDWIDE

Since the beginning of July 2012, several countries and regions, including Germany, Switzerland, Russia and China, were hit by severe thunderstorms and floodings. As of today, the Allianz Group expects that losses could approximate € 100 mn. Furthermore, the ongoing drought in the United States could lead to losses in the crop business. Based on current information, the expected losses cannot be reliably estimated.

ACQUISITIONS OF INSURANCE ACTIVITIES IN BELGIUM AND FRANCE

After the approval of the General Assembly of Mensura CCA (Caisse Commune d'Assurances) on 13 July 2012, the Belgian National Bank gave their final approval for the acquisition of Mensura's property-casualty insurance activities by Allianz Belgium on 25 July 2012. As a result, Allianz Belgium will acquire approximately € 1 bn assets and € 1 bn liabilities of Mensura. As the effective date of this transaction was 1 August 2012 and the condensed consolidated interim financial statements of the Allianz Group were authorized for issue on 2 August 2012, further disclosures for this transaction according to IFRS 3 cannot be made.

On 24 July 2012, the European Commission approved the acquisition of a property-casualty portfolio of Gan Eurocourtage by Allianz France. Until now, the acquisition still needs the approval of the Autorité de Contrôle Prudentiel. We expect that the transaction will be closed before the end of this year.

Other Information

BUSINESS OPERATIONS AND GROUP STRUCTURE

The Allianz Group's business operations and structure are described in the Business Operations and Markets chapter starting on page 56 of our Annual Report 2011. For further information about recent organizational changes, please refer to note 3 of the condensed consolidated interim financial statements and to our Asset Management chapter starting on page 30.

STRATEGY

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

PRODUCTS, SERVICES AND SALES CHANNELS

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

I. Property-Casualty Insurance Operations

SECOND QUARTER 2012

- Gross premiums up 5.2 % to € 10.7 bn.
- Operating profit decreased to € 1,112 mn due to less favorable run-off.
- Combined ratio at 97.4 %.

SEGMENT OVERVIEW

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

KEY FIGURES

Three months ended 30 June	Gross premiums written € mn	Operating profit € mn	Δ | DIFFERENCE QUARTER OVER QUARTER	Loss ratio %	Expense ratio %	Combined ratio %
2012	10,726	1,112	Δ (16.3) %	69.4	28.0	97.4
2011	10,194	1,329	Δ+15.9 %	67.0	28.0	95.0
2010	9,951	1,147		68.6	27.7	96.3

EARNINGS SUMMARY FOR THE SECOND QUARTER 2012

GROSS PREMIUMS WRITTEN increased 5.2 % to € 10,726 mn benefiting from both positive price and volume effects. The internal growth of 3.2 % originated primarily from our subsidiaries in Latin America, Allianz Global Corporate & Specialty (AGCS)and our subsidiaries in Australia and Germany.

Our OPERATING PROFIT amounted to € 1,112 mn – a decrease of € 217 mn or 16.3 % compared to the second quarter of 2011. Unlike the variability we have seen in recent quarters, the losses from natural catastrophes were stable between the second quarters. The underwriting result declined by € 226 mn, mainly driven by a less favorable run-off development. In this respect, like many other insurers in the current quarter, we experienced an increase in the estimated ultimate loss related to the 2011 Thailand floods. Our operating investment income stood at € 861 mn, essentially flat compared to the previous year quarter.

The COMBINED RATIO was 97.4 % compared to 95.0 % in the second quarter of 2011. The overall positive price development was more than offset by increased losses in our Credit Insurance business and a less favorable run-off.

Gross Premiums Written[1]

2012 TO 2011 SECOND QUARTER COMPARISON

GROSS PREMIUMS WRITTEN grew by 3.2 % supported by a positive volume effect of 1.8 % and a positive price effect of 1.4 %. On a nominal basis, we recorded gross premiums written of € 10,726 mn – up € 532 mn or 5.2 %. Foreign currency translation effects had a favorable impact of € 217 mn, primarily because of the appreciation of the U.S. Dollar, the British Pound and the Australian Dollar against the Euro.[2]

Analyzing internal premium growth in terms of price and volume, we use four clusters based on 2Q 2012 internal growth over 2Q 2011:

- CLUSTER 1:
Overall growth – both price and volume effects are positive.

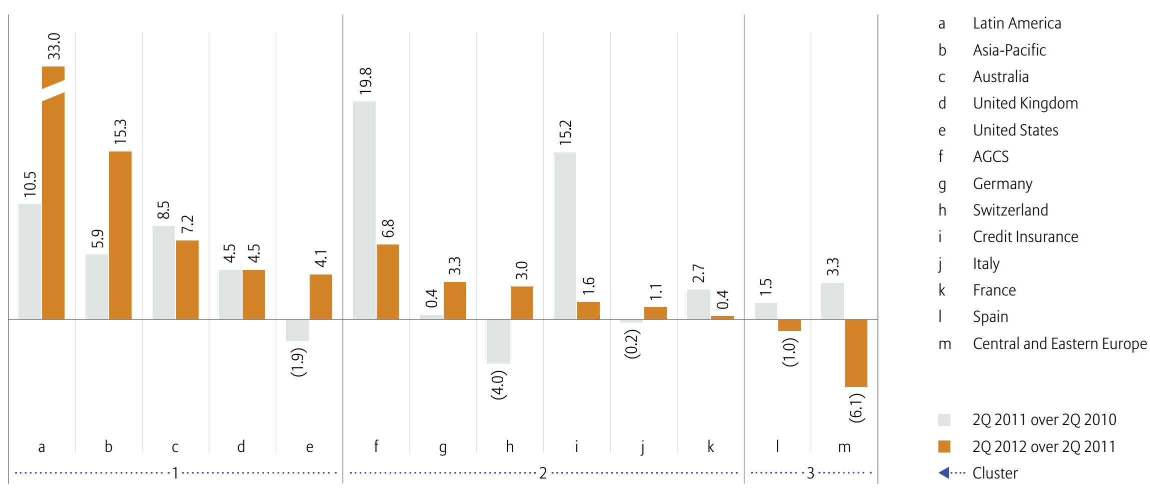
- CLUSTER 2:
Overall growth – either price or volume effects are positive.

- CLUSTER 3:
Overall decline – either price or volume effects are positive.

- CLUSTER 4:
Overall decline – both price and volume effects are negative.

Cluster 4 is not shown in this quarter as none of our operating entities represented here recorded both negative price and volume effects.

GROSS PREMIUMS WRITTEN BY OPERATING ENTITY – INTERNAL GROWTH RATES[3,4] | in %



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

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

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

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

CLUSTER 1

In LATIN AMERICA we recorded gross premiums of € 598 mn. Our growth of 33.0 % was largely driven by our Brazilian business, mainly in motor.

In ASIA-PACIFIC gross premiums increased to € 148 mn. We grew by 15.3 % benefiting from the strong volume development in our Malaysian motor business. The price effect was slightly positive at about 0.2 %.

In AUSTRALIA gross premiums amounted to € 737 mn, including € 46 mn of favorable foreign currency translation effects. We achieved strong growth of 7.2 % thanks to both volume and price increases in our property business through agent and broker distribution channels. The positive price effect was approximately 5.2 %.

In the UNITED KINGDOM gross premiums grew to € 606 mn, including positive foreign currency translation effects of € 50 mn. The growth of 4.5 % resulted from an increase in volume mainly stemming from our motor business. Tariff increases led to a positive price effect of around 0.9 %.

In the UNITED STATES gross premiums totaled € 805 mn. Excluding € 88 mn of favorable foreign currency translation effects, we grew by 4.1 %. The strong volume driven growth of our crop business – thanks to higher commodity prices – more than compensated for declines in our commercial and personal lines. In addition, we increased tariffs resulting in a positive price effect of about 1.9 %.

CLUSTER 2

Supported by a positive volume effect, gross premiums at AGCS increased 6.8 % to € 1,480 mn. Our Spanish branch and our marine line contributed most to the volume growth. We estimate a negative price effect of about 0.4 %.

In GERMANY gross premiums stood at € 1,690 mn, up 3.3 %. We benefited from a positive price effect of around 4.0 % stemming from our motor and non-motor business. This was partly offset by a small decline in volume caused by non-motor.

In SWITZERLAND gross premiums totaled € 144 mn, including positive foreign currency translation effects of € 6 mn. Continuous growth in our motor business lines contributed to the growth of 3.0 %. The price effect was negative at around 2.8 %.

In our CREDIT INSURANCE business, gross premiums amounted to € 500 mn, up 1.6 %. Given the market environment, we not only achieved high retention rates and insured turnover, but also acquired new customers, especially in growth markets. The overall price effect was negative at approximately 1.5 %.

In ITALY we recorded gross premiums of € 1,032 mn which grew by 1.1 % as strong tariff increases in our motor business more than offset volume losses. Our non-motor business slightly decreased reflecting the difficult operating environment but also the execution of our tight underwriting rules. We estimate the positive price effect to be 2.4 %.

In FRANCE gross premiums were slightly higher at € 736 mn. We benefited from a positive price effect of about 4.1 %, in particular from our retail lines, which exceeded the volume losses.

CLUSTER 3

Despite the ongoing economic recession in SPAIN, gross premiums decreased only 1.0 % to € 477 mn. Adverse price effects accounted for approximately 6.5 % due to lower average premiums in our commercial lines and our motor business.

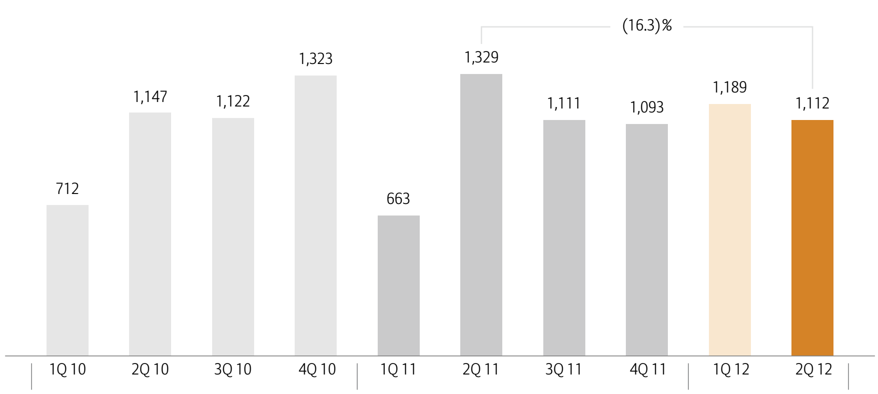
In CENTRAL AND EASTERN EUROPE gross premiums declined to € 562 mn, including unfavorable foreign currency translation effects of € 19 mn. This decrease of 6.1 % mainly stemmed from volume losses in our health business in Russia, due to selective underwriting, and our motor business in Russia, Poland and Hungary. The price effect was positive at around 1.0 %.

2012 TO 2011 FIRST HALF YEAR COMPARISON

On an internal basis, GROSS PREMIUMS WRITTEN grew by 2.8 %, benefiting from a positive volume effect of 1.5 % and a positive price effect of 1.3 %. On a nominal basis, gross premiums increased 4.4 % to € 25,523 mn.

Operating Profit

OPERATING PROFIT | in € mn



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

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Underwriting result	220	446	553	266
Operating investment income	861	865	1,700	1,688
Other result[1]	31	18	48	38
Operating profit	**1,112**	**1,329**	**2,301**	**1,992**

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

2012 TO 2011 SECOND QUARTER COMPARISON

OPERATING PROFIT amounted to € 1,112 mn, down € 217 mn.

The majority of this decrease related to our UNDERWRITING RESULT which declined by € 226 mn to € 220 mn. This decrease was mainly due to a less favorable run-off compared to the second quarter of last year. Further upward adjustments on the 2011 Thailand flood's loss estimates, together with a slight increase in our accident year losses more than offset the positive impact from favorable price movements and a strengthening of our business in Germany and Italy.

Our OPERATING INVESTMENT INCOME remained essentially flat at € 861 mn.

The COMBINED RATIO stood at 97.4 %, compared to 95.0 % in the second quarter of 2011. The positive price development was more than offset by less favorable run-off. Losses from natural catastrophes and the expense ratio were rather stable.

UNDERWRITING RESULT

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Premiums earned (net)	10,266	9,878	20,347	19,554
Accident year claims	(7,340)	(7,015)	(14,486)	(14,484)
Previous year claims (run-off)	221	396	485	775
Claims and insurance benefits incurred (net)	(7,119)	(6,619)	(14,001)	(13,709)
Acquisition and administrative expenses (net)	(2,876)	(2,768)	(5,688)	(5,476)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(51)	(45)	(105)	(103)
Underwriting result	**220**	**446**	**553**	**266**

Our ACCIDENT YEAR LOSS RATIO was 71.5 %, up 0.5 percentage points on the previous year. The impact from natural catastrophes of 1.7 percentage points was largely in line with the 2011 level. Net losses from natural catastrophes amounted to € 174 mn, mainly resulting from the earthquake in Northern Italy, thunderstorms in Germany and a tornado in the United States.

Excluding natural catastrophes, our accident year loss ratio was 69.8 %, up 0.6 percentage points compared to the second quarter of 2011. This was mainly attributable to an unfavorable increase in claims frequency / severity and higher large losses in our Credit Insurance business. This was partly compensated for by positive price trends and improvements in the accident year loss ratio in Germany, Italy and Reinsurance.

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

- GERMANY: 0.4 percentage points. The positive impact was mainly due to favorable price trends and fewer large claims.
- REINSURANCE: 0.3 percentage points. This improvement was primarily because of the lower burden of losses from natural catastrophes compared to the previous year.
- ITALY: 0.3 percentage points. This was supported by price increases and a positive trend in claims frequency, in particular in third-party motor liability – as well as strict profitability management. This was partly offset by large claims and a higher level of natural catastrophe losses due to the earthquake in Northern Italy.

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

- CREDIT INSURANCE: 0.6 percentage points. Compared to 2011, the second quarter of 2012 was affected by an unfavorable development of claims severity and an increase in claims frequency, especially in Southern Europe.
- AGCS: 0.3 percentage points. This reflects an overall higher burden of natural catastrophes compared to the previous year mainly due to a tornado in the United States and the earthquake in Northern Italy.
- FRANCE: 0.2 percentage points. This was driven by higher losses from severe weather events and large claims.
- SWITZERLAND: 0.2 percentage points. This is mainly attributable to an increase in claims frequency and to more severe weather related claims than in the previous year.

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

Our RUN-OFF RESULT declined by € 175 mn to € 221 mn, which led to an unfavorable development of 1.9 percentage points. This was partly attributable to an increase in the estimated ultimate loss for the 2011 Thailand floods of approximately € 120 mn and, to a lesser extent, by € 20 mn due to additional reserve strengthening in the United States in the second quarter of 2012 of € 89 mn. Furthermore, the second quarter of 2011 benefited from the favorable settlement of large losses in the previous year.

Total expenses stood at € 2,876 mn, compared to € 2,768 mn in the previous year. Our EXPENSE RATIO was stable at 28.0 %.

OPERATING INVESTMENT INCOME[1]

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Interest and similar income (net of interest expenses)	965	953	1,893	1,849
Operating income from financial assets and liabilities carried at fair value through income (net)	(7)	9	(5)	28
Operating realized gains/losses (net)	9	3	14	12
Operating impairments of investments (net)	(11)	(7)	(14)	(7)
Investment expenses	(70)	(61)	(137)	(117)
Expenses for premium refunds (net)[2]	(25)	(32)	(51)	(77)
Operating investment income	**861**	**865**	**1,700**	**1,688**

OPERATING INVESTMENT INCOME remained essentially flat at € 861 mn.

INTEREST AND SIMILAR INCOME (NET OF INTEREST EXPENSES) increased by € 12 mn to € 965 mn driven by an increase in income on debt instruments. The total average asset base[3] grew by 5.2 % from € 95.8 bn in the second quarter of 2011 to € 100.8 bn in the second quarter of 2012. This growth offsets the effect from decreasing yields.

OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) resulted in a loss of € 7 mn. The decrease of € 16 mn was mainly due to negative developments on hedging transactions compared to the previous year.

OPERATING REALIZED GAINS/LOSSES (NET) increased by € 6 mn to € 9 mn.

OTHER RESULT

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Fee and commission income	291	289	581	562
Other income	10	7	17	11
Fee and commission expenses	(264)	(275)	(540)	(529)
Other expenses	(6)	(3)	(10)	(6)
Other result	**31**	**18**	**48**	**38**

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

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

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

2012 TO 2011 FIRST HALF YEAR COMPARISON

OPERATING PROFIT increased by € 309 mn to € 2,301 mn. This improvement was driven by higher profitability in our core European markets of Italy and Germany, but also in Australia and in our Reinsurance business. A partial negative offsetting effect came from an overall unfavorable run-off.

However, overall, our COMBINED RATIO improved by 1.3 percentage points to 96.8 % mainly due to a lower burden from natural catastrophe claims. The first half year of 2011 was heavily impacted by extraordinary losses that amounted to € 910 mn. In contrast, in the current half year natural catastrophe losses amounted to only € 215 mn. Additionally, our combined ratio also improved due to a favorable pricing environment. A slight increase in large losses and a less favorable run-off had a partly offsetting effect.

OPERATING INVESTMENT INCOME and OTHER RESULT remained rather stable.

PROPERTY-CASUALTY SEGMENT INFORMATION

	Three months ended 30 June		Six months ended 30 June	
In € mn	2012	2011	2012	2011
Gross premiums written[1]	**10,726**	**10,194**	**25,523**	**24,445**
Ceded premiums written	(1,161)	(1,123)	(2,624)	(2,469)
Change in unearned premiums	701	807	(2,552)	(2,422)
Premiums earned (net)	**10,266**	**9,878**	**20,347**	**19,554**
Interest and similar income	976	967	1,915	1,876
Operating income from financial assets and liabilities carried at fair value through income (net)	(7)	9	(5)	28
Operating realized gains/losses (net)	9	3	14	12
Fee and commission income	291	289	581	562
Other income	10	7	17	11
Operating revenues	**11,545**	**11,153**	**22,869**	**22,043**
Claims and insurance benefits incurred (net)	(7,119)	(6,619)	(14,001)	(13,709)
Change in reserves for insurance and investment contracts (net)	(76)	(77)	(156)	(180)
Interest expenses	(11)	(14)	(22)	(27)
Operating impairments of investments (net)	(11)	(7)	(14)	(7)
Investment expenses	(70)	(61)	(137)	(117)
Acquisition and administrative expenses (net)	(2,876)	(2,768)	(5,688)	(5,476)
Fee and commission expenses	(264)	(275)	(540)	(529)
Other expenses	(6)	(3)	(10)	(6)
Operating expenses	**(10,433)**	**(9,824)**	**(20,568)**	**(20,051)**
Operating profit	**1,112**	**1,329**	**2,301**	**1,992**
Loss ratio[2] in %	69.4	67.0	68.8	70.1
Expense ratio[3] in %	28.0	28.0	28.0	28.0
Combined ratio[4] in %	**97.4**	**95.0**	**96.8**	**98.1**

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

	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal[1]					
Three months ended 30 June | in € mn	2012	2011	2012	2011	2012	2011	2012	2011
Germany	1,690	1,636	1,690	1,636	1,851	1,813	173	143
Switzerland	144	134	138	134	357	344	59	60
Austria	214	205	214	205	197	186	19	23
German Speaking Countries[2]	**2,070**	**1,975**	**2,064**	**1,995**	**2,422**	**2,343**	**257**	**226**
Italy	1,032	1,021	1,032	1,021	971	963	206	136
France	736	733	736	733	781	773	91	117
Netherlands	168	195	168	191	169	195	16	17
Turkey	150	138	153	138	98	84	4	–
Belgium	79	82	79	76	75	71	12	11
Greece	29	32	29	32	23	24	6	5
Africa	17	17	17	17	11	12	1	–
Western & Southern Europe[3]	**2,211**	**2,218**	**2,214**	**2,208**	**2,128**	**2,122**	**340**	**287**
South America	511	407	534	407	360	308	24	40
Mexico	87	62	90	62	28	27	2	3
Latin America	598	469	624	469	388	335	26	43
Spain	477	482	477	482	461	472	63	76
Portugal[4]	66	67	73	67	66	63	10	11
Iberia & Latin America	**1,141**	**1,018**	**1,174**	**1,018**	**915**	**870**	**99**	**130**
United States	805	689	717	689	603	548	(77)	(74)
USA	**805**	**689**	**717**	**689**	**603**	**548**	**(77)**	**(74)**
Allianz Global Corporate & Specialty	1,480	1,387	1,480	1,386	774	767	79	264
Reinsurance PC	692	662	692	662	816	819	50	77
Australia	737	642	688	642	521	461	103	102
United Kingdom	606	533	557	533	539	450	50	49
Credit Insurance	500	492	500	492	338	316	120	163
Ireland	202	179	202	179	187	166	11	26
Global Insurance Lines & Anglo Markets[5]	**4,217**	**3,895**	**4,119**	**3,894**	**3,175**	**2,979**	**412**	**681**
Russia	155	185	153	185	162	151	1	(4)
Poland	105	124	113	124	87	95	7	(1)
Hungary	60	70	66	70	58	75	(7)	2
Slovakia	76	76	76	76	70	69	19	29
Czech Republic	69	71	71	71	55	57	8	8
Romania	46	43	49	43	36	43	1	1
Bulgaria	27	26	27	26	14	14	–	3
Croatia	22	22	23	22	19	18	3	3
Ukraine	3	3	2	3	1	1	2	–
Kazakhstan[6]	–	4	–	–	–	2	–	1
Central and Eastern Europe[7]	562	624	581	619	502	525	30	36
Asia-Pacific	148	118	136	118	81	69	14	13
Middle East and North Africa	20	18	17	17	12	12	2	2
Growth Markets	**730**	**760**	**734**	**754**	**595**	**606**	**46**	**51**
Assistance	**432**	**408**	**432**	**409**	**428**	**394**	**35**	**25**
Consolidation and Other[8]	(880)	(769)	(939)	(779)	–	16	–	3
Total	**10,726**	**10,194**	**10,515**	**10,188**	**10,266**	**9,878**	**1,112**	**1,329**

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

2 | In 2012, "Münchener und Magdeburger Agrarversicherung AG" was transferred from Consolidation and Other to German Speaking Countries. Prior year figures were not adjusted. The three months ended 30 June 2012 contain € 22 mn gross premiums written, € 17 mn premiums earned (net) and € 6 mn operating profit.

3 | Contains € 4 mn and € 1 mn operating profit for 2Q 2012 and 2Q 2011, respectively, from a management holding located in Luxembourg.

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

5 | Contains € (1) mn and € (0.4) mn operating profit for 2Q 2012 and 2Q 2011, respectively, from AGF UK.

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

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

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

Three months ended 30 June | in %	Combined ratio		Loss ratio		Expense ratio	
	2012	2011	2012	2011	2012	2011
Germany	99.6	101.8	72.0	74.7	27.6	27.1
Switzerland	90.8	88.5	67.8	66.1	23.0	22.4
Austria	96.1	92.5	69.7	65.7	26.4	26.8
German Speaking Countries[2]	**97.8**	**99.1**	**71.2**	**72.7**	**26.6**	**26.4**
Italy	89.0	96.5	64.5	71.6	24.5	24.9
France	98.0	96.4	71.3	67.7	26.7	28.7
Netherlands	96.9	98.6	69.6	68.5	27.3	30.1
Turkey	102.6	108.5	74.6	80.9	28.0	27.6
Belgium	95.3	98.3	62.0	64.3	33.3	34.0
Greece	77.5	85.2	39.8	55.3	37.7	29.9
Africa	101.2	103.6	44.5	56.9	56.7	46.7
Western & Southern Europe[3]	**93.7**	**97.1**	**67.4**	**69.8**	**26.3**	**27.3**
South America	100.5	95.8	68.1	64.5	32.4	31.3
Mexico	96.5	95.1	72.2	67.9	24.3	27.2
Latin America	100.2	95.8	68.4	64.8	31.8	31.0
Spain	91.3	89.9	69.8	69.2	21.5	20.7
Portugal[4]	91.7	91.8	69.4	68.2	22.3	23.6
Iberia & Latin America	**95.1**	**92.3**	**69.2**	**67.5**	**25.9**	**24.8**
United States	122.6	125.7	90.6	92.9	32.0	32.8
USA	**122.6**	**125.7**	**90.6**	**92.9**	**32.0**	**32.8**
Allianz Global Corporate & Specialty	99.7	76.3	73.7	50.0	26.0	26.3
Reinsurance PC	97.9	93.9	71.3	66.0	26.6	27.9
Australia	94.1	92.0	65.5	65.3	28.6	26.7
United Kingdom	96.4	95.4	65.1	62.6	31.3	32.8
Credit Insurance	79.6	58.7	53.6	33.5	26.0	25.2
Ireland	99.1	92.2	73.7	67.3	25.4	24.9
Global Insurance Lines & Anglo Markets[5]	**95.6**	**85.5**	**68.1**	**57.9**	**27.5**	**27.6**
Russia	104.3	105.8	63.6	65.7	40.7	40.1
Poland	96.8	106.0	64.3	72.4	32.5	33.6
Hungary	124.6	107.6	65.4	62.4	59.2	45.2
Slovakia	81.5	62.8	51.6	35.3	29.9	27.5
Czech Republic	90.6	90.1	64.8	61.6	25.8	28.5
Romania	106.5	104.2	77.4	70.6	29.1	33.6
Bulgaria	99.9	82.1	68.0	47.8	31.9	34.3
Croatia	90.9	91.5	52.2	53.8	38.7	37.7
Ukraine	48.4	113.5	9.1	51.3	39.3	62.2
Kazakhstan[6]	–	24.0	–	18.3	–	5.7
Central and Eastern Europe[7]	100.3	97.6	62.8	61.4	37.5	36.2
Asia-Pacific	89.9	89.7	57.8	59.5	32.1	30.2
Middle East and North Africa	103.3	97.9	70.1	70.2	33.2	27.7
Growth Markets	**99.2**	**96.7**	**62.4**	**61.4**	**36.8**	**35.3**
Assistance	**94.4**	**94.7**	**58.4**	**58.4**	**36.0**	**36.3**
Consolidation and Other[8]	–	–	–	–	–	–
Total	**97.4**	**95.0**	**69.4**	**67.0**	**28.0**	**28.0**

Property-Casualty Operations by Business Divisions

	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal[1]					
Six months ended 30 June | in € mn	2012	2011	2012	2011	2012	2011	2012	2011
Germany	5,583	5,500	5,583	5,500	3,654	3,606	369	329
Switzerland	1,120	1,047	1,053	1,047	732	699	109	101
Austria	552	541	552	541	389	363	35	35
German Speaking Countries[2]	**7,284**	**7,088**	**7,217**	**7,115**	**4,796**	**4,668**	**520**	**465**
Italy	1,985	1,960	1,985	1,960	1,929	1,916	369	244
France	1,874	1,871	1,874	1,871	1,582	1,574	187	217
Netherlands	419	490	419	486	343	392	16	24
Turkey	296	275	313	275	189	168	7	1
Belgium	188	184	188	178	148	139	21	20
Greece	59	64	59	64	46	46	12	7
Africa	53	50	53	50	24	24	3	2
Western & Southern Europe[3]	**4,874**	**4,894**	**4,891**	**4,884**	**4,261**	**4,259**	**623**	**520**
South America	1,025	904	1,048	904	710	605	55	75
Mexico	139	109	143	109	58	53	10	6
Latin America	1,164	1,013	1,191	1,013	768	658	65	81
Spain	1,084	1,113	1,084	1,113	911	919	138	154
Portugal[4]	186	153	163	153	129	124	19	21
Iberia & Latin America	**2,434**	**2,279**	**2,438**	**2,279**	**1,808**	**1,701**	**222**	**256**
United States	1,461	1,295	1,346	1,294	1,131	1,078	(42)	(12)
USA	**1,461**	**1,295**	**1,346**	**1,294**	**1,131**	**1,078**	**(42)**	**(12)**
Allianz Global Corporate & Specialty	3,104	2,818	3,104	2,816	1,598	1,496	195	320
Reinsurance PC	2,182	2,112	2,182	2,112	1,582	1,572	114	(218)
Australia	1,412	1,184	1,301	1,184	1,065	929	171	125
United Kingdom	1,174	1,052	1,111	1,052	1,057	910	92	89
Credit Insurance	1,091	1,027	1,091	1,027	660	607	219	257
Ireland	463	409	463	409	370	323	32	34
Global Insurance Lines & Anglo Markets[5]	**9,426**	**8,602**	**9,252**	**8,600**	**6,332**	**5,837**	**822**	**608**
Russia	360	402	356	402	317	305	2	(3)
Poland	214	235	230	235	178	186	11	–
Hungary	174	207	191	207	116	151	5	17
Slovakia	185	190	185	190	134	138	34	44
Czech Republic	147	153	152	153	112	112	15	16
Romania	93	98	97	98	72	89	2	1
Bulgaria	42	43	42	43	31	31	4	8
Croatia	51	49	52	49	38	37	6	6
Ukraine	7	7	7	7	3	3	2	–
Kazakhstan[6]	–	14	–	–	–	3	–	1
Central and Eastern Europe[7]	1,272	1,398	1,311	1,383	1,001	1,055	76	82
Asia-Pacific	300	250	282	250	157	138	29	26
Middle East and North Africa	38	37	35	35	24	24	2	1
Growth Markets	**1,610**	**1,685**	**1,628**	**1,668**	**1,182**	**1,217**	**107**	**109**
Assistance	**905**	**868**	**905**	**869**	**837**	**774**	**49**	**41**
Consolidation and Other[8]	(2,471)	(2,266)	(2,563)	(2,281)	–	20	–	5
Total	**25,523**	**24,445**	**25,114**	**24,428**	**20,347**	**19,554**	**2,301**	**1,992**

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

2 | In 2012, "Münchener und Magdeburger Agrarversicherung AG" was transferred from Consolidation and Other to German Speaking Countries. Prior year figures were not adjusted. The first six months of 2012 contain € 29 mn gross premiums written, € 21 mn premiums earned (net) and € 7 mn operating profit.

3 | Contains € 8 mn and € 5 mn operating profit for 6M 2012 and 6M 2011, respectively, from a management holding located in Luxembourg.

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

5 | Contains € (1) mn and € 1 mn operating profit for 6M 2012 and 6M 2011, respectively, from AGF UK.

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

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

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

	Combined ratio		Loss ratio		Expense ratio	
Six months ended 30 June | in %	**2012**	2011	**2012**	2011	**2012**	2011
Germany	98.8	100.2	71.2	72.8	27.6	27.4
Switzerland	92.1	91.1	69.9	69.6	22.2	21.5
Austria	97.1	93.9	70.3	67.1	26.8	26.8
German Speaking Countries[2]	**97.5**	**98.3**	**70.9**	**71.8**	**26.6**	**26.5**
Italy	90.3	97.2	66.0	72.6	24.3	24.6
France	98.3	97.0	72.3	70.3	26.0	26.7
Netherlands	100.9	99.6	72.6	69.2	28.3	30.4
Turkey	103.0	106.4	75.0	78.2	28.0	28.2
Belgium	97.4	98.3	63.6	64.5	33.8	33.8
Greece	77.8	91.9	43.9	56.7	33.9	35.2
Africa	95.3	99.0	54.3	57.2	41.0	41.8
Western & Southern Europe[3]	**94.8**	**97.7**	**68.9**	**71.1**	**25.9**	**26.6**
South America	99.7	96.2	68.4	64.8	31.3	31.4
Mexico	88.9	95.4	64.2	69.0	24.7	26.4
Latin America	98.9	96.1	68.1	65.1	30.8	31.0
Spain	90.4	89.3	69.7	69.0	20.7	20.3
Portugal[4]	91.7	91.4	69.0	67.6	22.7	23.8
Iberia & Latin America	**94.1**	**92.1**	**69.0**	**67.4**	**25.1**	**24.7**
United States	114.7	114.3	81.3	79.5	33.4	34.8
USA	**114.7**	**114.3**	**81.3**	**79.5**	**33.4**	**34.8**
Allianz Global Corporate & Specialty	97.6	89.4	70.3	61.5	27.3	27.9
Reinsurance PC	96.8	117.2	69.2	89.2	27.6	28.0
Australia	97.1	100.8	70.8	75.6	26.3	25.2
United Kingdom	96.8	96.2	64.7	63.9	32.1	32.3
Credit Insurance	78.3	67.8	52.0	41.0	26.3	26.8
Ireland	96.4	96.8	71.6	72.0	24.8	24.8
Global Insurance Lines & Anglo Markets[5]	**95.2**	**98.0**	**67.4**	**70.1**	**27.8**	**27.9**
Russia	103.4	103.6	61.9	64.9	41.5	38.7
Poland	98.4	103.9	65.7	70.4	32.7	33.5
Hungary	107.8	98.9	58.9	56.4	48.9	42.5
Slovakia	82.3	74.6	52.3	46.7	30.0	27.9
Czech Republic	91.5	89.9	64.2	63.7	27.3	26.2
Romania	104.4	103.1	78.3	72.2	26.1	30.9
Bulgaria	89.9	76.5	58.4	44.5	31.5	32.0
Croatia	91.7	92.0	54.2	54.9	37.5	37.1
Ukraine	62.9	112.1	18.4	39.2	44.5	72.9
Kazakhstan[6]	–	54.5	–	17.3	–	37.2
Central and Eastern Europe[7]	98.1	96.6	61.8	61.6	36.3	35.0
Asia-Pacific	90.0	89.0	59.6	59.4	30.4	29.6
Middle East and North Africa	107.1	107.2	73.6	73.5	33.5	33.7
Growth Markets	**97.3**	**96.0**	**61.8**	**61.7**	**35.5**	**34.3**
Assistance	**96.3**	**96.1**	**60.2**	**60.1**	**36.1**	**36.0**
Consolidation and Other[8]	–	–	–	–	–	–
Total	**96.8**	**98.1**	**68.8**	**70.1**	**28.0**	**28.0**

I. Life/Health Insurance Operations

SECOND QUARTER 2012

- Statutory premiums almost flat at € 12.9 bn.
- Operating profit increased by € 142 mn supported by a higher operating investment result.

SEGMENT OVERVIEW

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

KEY FIGURES

Three months ended 30 June	Statutory premiums € mn	Operating profit € mn	Δ | DIFFERENCE QUARTER OVER QUARTER	Margin on reserves[1] bps
2012	12,861	821		76
			Δ +20.9 %	
2011	12,978	679		66
			Δ (17.6) %	
2010	14,124	824		83

EARNINGS SUMMARY FOR THE SECOND QUARTER 2012

STATUTORY PREMIUMS remained almost flat at € 12,861 mn, supported by positive foreign currency effects of € 298 mn. On an internal basis[2], premiums were down by 3.0 %, which was broadly in line with our expectations. Revenues were impacted by the effects of the difficult market environment and our continued efforts to protect our margin through pricing actions. We saw a decline in investment-oriented single premiums in Germany, the United States and Taiwan. This decrease also reflects the discontinuation of selling new business in Japan. These decreases were offset in part by growth in both traditional and investment-oriented products across a number of our markets.

OPERATING PROFIT increased by € 142 mn to € 821 mn, supported by a higher operating investment result.

MARGIN ON RESERVES increased from 66 to 76 basis points, driven by an improved operating profit.

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

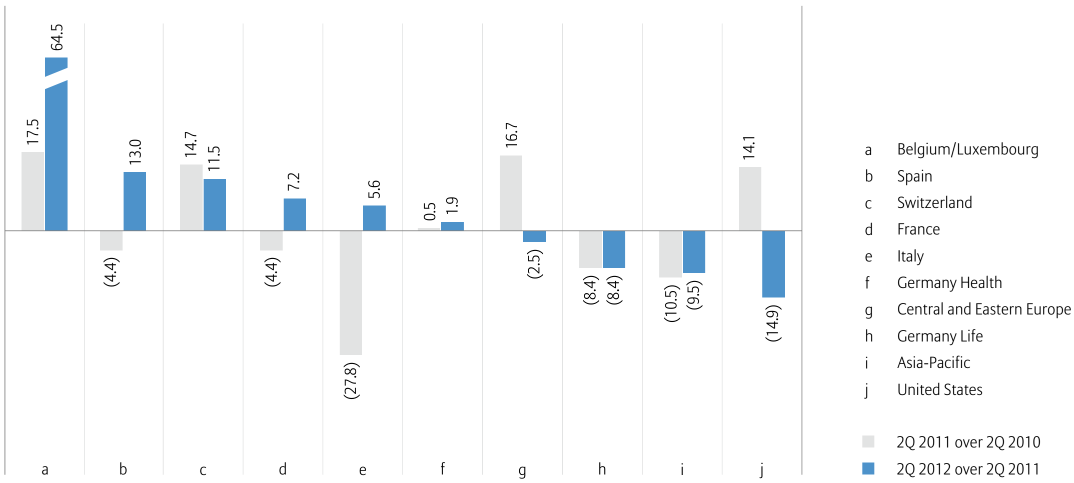
2 | Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.

Statutory Premiums[1]

2012 TO 2011 SECOND QUARTER COMPARISON

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

STATUTORY PREMIUMS – INTERNAL GROWTH RATES IN SELECTED MARKETS[2,3] | in %



In BELGIUM/LUXEMBOURG we recorded premiums of € 546 mn, an increase of 64.5 %, mainly stemming from our investment-oriented products in Luxembourg. This was marginally offset by a decrease in employee benefit product sales in Belgium to sustain profitability.

Despite a highly difficult market environment, including the continuing recession and austerity measures, premiums in SPAIN increased 13.0 % to € 270 mn. We saw a positive trend in traditional life products supported by an increase in investment-oriented sales, with a shift towards longer-term investments.

In SWITZERLAND premiums totaled € 335 mn. Adjusting for positive foreign currency translation effects of € 13 mn, premiums grew by 11.5 %. Our group life business was the primary contributor to this development. In individual life business, traditional life products with regular premiums increased while single premium unit-linked products declined due to negative market developments.

Premiums in FRANCE amounted to € 1,938 mn, an increase of 7.2 %. This growth was mainly attributable to our internal reinsurance of partnership business with our Belgium/Luxembourg operations which more than offset the decrease in single premium traditional products distributed by tied agents and other partnerships.

In ITALY premiums increased 5.6 % to € 1,916 mn. This was in spite of a difficult market environment characterized by weak saving propensity, low disposable incomes and banks focused on selling their own products. We saw a significant improvement in investment-oriented product sales and benefited from a large single premium contract as well as higher sales of savings products.

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

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

In our GERMAN life business, premiums declined 8.4 % to € 3,342 mn. The decrease was driven by lower sales of single premium investment-oriented products, where we have reinforced strict margin discipline. This decline was only partially offset by higher sales of higher margin regular premium products in our corporate business. Overall, we saw a positive product mix shift to more profitable traditional life products. Premiums in our German health business increased 1.9 % to € 817 mn, benefiting in part from price increases.

Premiums in CENTRAL AND EASTERN EUROPE decreased 2.5 % to € 306 mn, excluding € 13 mn adverse foreign currency translation effects. This was mainly driven by lower sales in Poland due to the focus on higher margin products as well as the base effect from a strong second quarter in 2011 driven by sales campaigns in Hungary. The launch of new investment-oriented products in the Czech Republic nearly offset this decrease.

In ASIA-PACIFIC premiums decreased 9.5 %, or € 121 mn, after adjusting for € 77 mn positive foreign currency translation effects, to € 1,228 mn. This result was mainly affected by the discontinuation of new sales in Japan and slower sales in Taiwan. Consequently, premiums dropped by € 204 mn in Taiwan and by € 141 mn in Japan. The decrease in Taiwan was mainly due to the declining unit-linked business without guarantees through agency and bancassurance channels, as competitors offered what we believe were unsustainable guaranteed product benefits. In South Korea and Indonesia, we saw strong growth in our single premium investment-oriented business.

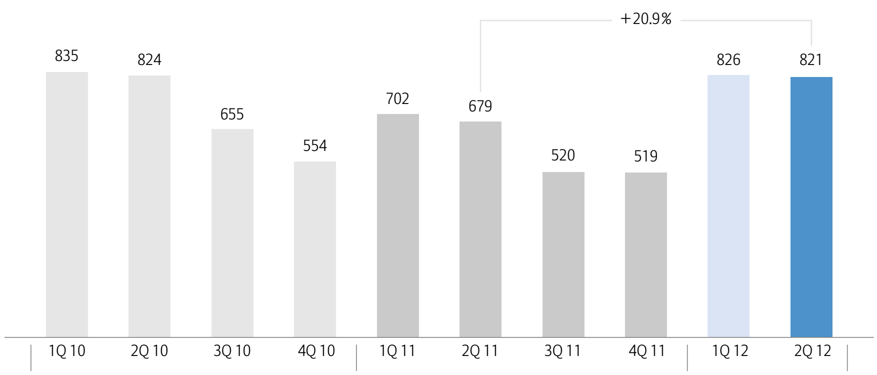
Premiums in the UNITED STATES declined 14.9 % to € 1,976 mn, excluding positive foreign currency translation effects of € 215 mn. We expect this trend to remain as we continue to take repricing actions in order to maintain acceptable margins. The quarter over quarter decline was primarily driven by a drop in fixed-indexed annuity sales as a result of the low interest rate environment, difficult economic conditions and the base effect from a strong second quarter in 2011 driven by sales promotions. Variable annuity sales were down slightly, following repricing actions in May 2012.

2012 TO 2011 FIRST HALF YEAR COMPARISON

STATUTORY PREMIUMS were 2.5 % below the first half year of 2011 and amounted to € 26,560 mn. On an internal basis, premiums decreased by 4.1 %. The decline in premiums in Italy, Taiwan, the United States and German life was largely offset by higher sales in Belgium/Luxembourg, Poland, Indonesia and South Korea.

Operating Profit

OPERATING PROFIT | in € mn



2012 TO 2011 SECOND QUARTER COMPARISON

Our OPERATING PROFIT amounted to € 821 mn, an increase of € 142 mn, supported by a higher operating investment result. This result benefited from a realized gain of € 211 mn on The Hartford debenture[1] sale in the second quarter of 2012 and the absence of impairments on Greek sovereign bonds of € 279 mn recorded in the second quarter of 2011.

INTEREST AND SIMILAR INCOME NET OF INTEREST EXPENSES increased by € 226 mn and amounted to € 4,402 mn. We recorded growth in interest income from debt investments due to a higher asset base – more than offsetting the modest decline in yield – as well as growth in income from equities, including affiliates.

OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) decreased by € 95 mn to a loss of € 205 mn. This decrease was mainly attributable to the impact of debt and equity market performance on our investment product related derivatives in the United States and Fair Value Option assets, primarily in France. Offsetting some of this decrease was overall positive performance from derivatives and foreign currency translation gains related to the German life business.

OPERATING REALIZED GAINS AND LOSSES (NET) increased by € 398 mn to € 733 mn. This positive development was driven by higher realized gains from debt investments, while realized gains from equity investments remained stable.

OPERATING IMPAIRMENTS ON INVESTMENTS (NET) amounted to € 204 mn, a decrease of € 180 mn. Increased equity impairments were more than offset by lower impairments on debt investments compared to the second quarter of 2011, which was burdened by Greek sovereign bond impairments.

CLAIMS AND INSURANCE BENEFITS INCURRED (NET) declined by € 154 mn to € 4,570 mn mainly due to higher maturities in the previous year.

CHANGES IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET) significantly increased by € 779 mn to € 3,517 mn. This was driven by policyholder participation stemming from the higher operating investment result. The increase was further impacted by a lower reserve release than last year related to the lower maturities in our traditional business. This effect was partially offset by positive impacts from adjustments and other effects.

INVESTMENT EXPENSES increased from € 183 mn to € 191 mn as a result of growth in the asset base.

ACQUISITION AND ADMINISTRATIVE EXPENSES (NET) increased 1.5 % to € 1,252 mn. The decrease in administrative expenses only partially offset higher acquisition costs.

MARGIN ON RESERVES increased from 66 to 76 basis points, following an improvement in the operating profit.

1 | For further information about The Hartford transaction, please refer to page 44 in the Balance Sheet chapter.

2012 TO 2011 FIRST HALF YEAR COMPARISON

We recorded OPERATING PROFIT of € 1,647 mn, an increase of € 266 mn, mainly as a result of a higher operating investment result. Although premium development was weaker, line item movements were broadly consistent with the developments in the second quarter of 2012. Compared to the first half year of 2011, this positive development was supported by realized equity investment gains and higher interest from debt investments – reflecting our higher asset base – partly offset by higher acquisition costs.

MARGIN ON RESERVES improved from 67 to 77 basis points, mainly as a result of a higher operating profit.

LIFE/HEALTH SEGMENT INFORMATION

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Statutory premiums[1]	**12,861**	**12,978**	**26,560**	**27,248**
Ceded premiums written	(179)	(115)	(333)	(282)
Change in unearned premiums	(51)	(55)	(118)	(144)
Statutory premiums (net)	12,631	12,808	26,109	26,822
Deposits from insurance and investment contracts	(7,097)	(7,364)	(14,214)	(15,193)
Premiums earned (net)	**5,534**	**5,444**	**11,895**	**11,629**
Interest and similar income	4,423	4,197	8,485	8,030
Operating income from financial assets and liabilities carried at fair value through income (net)	(205)	(110)	(367)	(272)
Operating realized gains/losses (net)	733	335	1,800	1,053
Fee and commission income	131	138	258	268
Other income	37	22	79	45
Operating revenues	**10,653**	**10,026**	**22,150**	**20,753**
Claims and insurance benefits incurred (net)	(4,570)	(4,724)	(9,679)	(9,612)
Changes in reserves for insurance and investment contracts (net)	(3,517)	(2,738)	(7,231)	(6,367)
Interest expenses	(21)	(21)	(41)	(47)
Loan loss provisions	–	–	–	–
Operating impairments of investments (net)	(204)	(384)	(266)	(446)
Investment expenses	(191)	(183)	(353)	(361)
Acquisition and administrative expenses (net)	(1,252)	(1,233)	(2,773)	(2,402)
Fee and commission expenses	(55)	(46)	(118)	(105)
Operating restructuring charges	–	(1)	(1)	(1)
Other expenses	(22)	(17)	(41)	(31)
Operating expenses	**(9,832)**	**(9,347)**	**(20,503)**	**(19,372)**
Operating profit	**821**	**679**	**1,647**	**1,381**
Margin on reserves[2] in basis points	**76**	**66**	**77**	**67**

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

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

Life/Health Operations by Business Divisions

	Statutory premiums[1]				Premiums earned (net)		Operating profit (loss)		Margin on reserves[2]	
			internal[3]							
Three months ended 30 June in € mn	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Germany Life	3,342	3,650	3,342	3,650	2,401	2,445	316	209	76	53
Germany Health	817	802	817	802	818	802	40	39	69	70
Switzerland	335	289	321	288	133	130	20	19	61	65
Austria	91	101	91	101	62	65	–	7	3	81
German Speaking Countries	**4,585**	**4,842**	**4,571**	**4,841**	**3,414**	**3,442**	**376**	**274**	**73**	**57**
Italy	1,916	1,814	1,916	1,814	123	157	63	66	58	58
France[4]	1,938	1,828	1,938	1,807	727	760	124	115	72	67
Belgium/Luxembourg	546	329	546	332	105	105	29	22	127	110
Netherlands	69	76	69	73	34	32	13	12	124	120
Greece	25	28	25	28	14	16	(1)	1	(54)	62
Turkey	27	24	27	24	10	9	2	1	211	105
Africa	11	11	11	11	5	4	1	1	99	212
Western & Southern Europe	**4,532**	**4,110**	**4,532**	**4,089**	**1,018**	**1,083**	**231**	**218**	**73**	**69**
South America	23	14	20	14	22	11	2	2	188	211
Mexico	36	35	36	35	5	10	–	1	32	122
Latin America	59	49	56	49	27	21	2	3	115	173
Spain	270	238	270	239	114	92	30	28	209	202
Portugal	45	46	45	46	21	22	5	4	460	350
Iberia & Latin America	**374**	**333**	**371**	**334**	**162**	**135**	**37**	**35**	**217**	**210**
United States	1,976	2,069	1,761	2,069	198	166	127	131	76	91
USA	**1,976**	**2,069**	**1,761**	**2,069**	**198**	**166**	**127**	**131**	**76**	**91**
Reinsurance LH	120	94	120	94	107	80	(5)	(1)	(97)	(18)
Global Insurance Lines & Anglo Markets	**120**	**94**	**120**	**94**	**107**	**80**	**(5)**	**(1)**	**(97)**	**(18)**
South Korea	503	387	477	387	140	145	11	(4)	50	(19)
Taiwan	225	410	206	410	46	22	2	2	16	15
Indonesia	243	122	234	122	62	44	10	7	356	352
Malaysia	79	65	73	65	49	45	5	4	186	180
Japan	–	141	–	141	2	3	(9)	(8)	(153)	(189)
Other	178	147	161	147	148	122	17	(1)	183	(20)
Asia-Pacific	1,228	1,272	1,151	1,272	447	381	36	–	66	–
Poland	94	117	101	117	32	24	4	5	238	290
Slovakia	60	64	60	64	49	47	8	7	288	236
Hungary	29	59	32	59	12	14	(1)	1	(124)	128
Czech Republic	71	47	73	47	17	15	8	3	573	258
Russia	24	14	24	14	23	13	(1)	–	(290)	368
Croatia	14	12	14	12	13	11	–	1	24	241
Bulgaria	7	7	7	7	6	5	1	2	436	580
Romania	7	6	7	6	4	3	–	–	53	57
Central and Eastern Europe	306	326	318	326	156	132	19	19	224	249
Middle East and North Africa	41	31	37	28	32	25	5	2	408	452
Global Life	1	1	1	1	–	–	–	–	–[5]	–[5]
Growth Markets	**1,576**	**1,630**	**1,507**	**1,627**	**635**	**538**	**60**	**21**	**93**	**38**
Consolidation[6]	(302)	(100)	(299)	(99)	–	–	(5)	1	–[5]	–[5]
Total	12,861	12,978	12,563	12,955	5,534	5,444	821	679	76	66

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

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

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

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

5 | Presentation not meaningful.

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

Six months ended 30 June in € mn	Statutory premiums[1]				Premiums earned (net)		Operating profit (loss)		Margin on reserves[2]	
			internal[3]							
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Germany Life	7,282	7,569	7,282	7,569	5,338	5,371	558	454	68	58
Germany Health	1,635	1,600	1,635	1,600	1,636	1,601	83	63	72	58
Switzerland	1,365	1,216	1,287	1,214	432	398	40	38	63	64
Austria	225	216	225	216	162	153	19	18	99	97
German Speaking Countries	**10,507**	**10,601**	**10,429**	**10,599**	**7,568**	**7,523**	**700**	**573**	**69**	**59**
Italy	3,183	3,812	3,183	3,812	271	302	136	134	63	60
France[4]	3,956	3,786	3,956	3,742	1,498	1,521	210	223	62	66
Belgium/Luxembourg	920	646	920	652	211	234	45	36	101	89
Netherlands	143	180	143	174	67	88	26	24	129	113
Greece	51	57	51	57	30	33	1	2	79	105
Turkey	50	51	53	51	18	17	3	2	152	91
Africa	29	23	29	23	12	10	2	2	171	187
Western & Southern Europe	**8,332**	**8,555**	**8,335**	**8,511**	**2,107**	**2,205**	**423**	**423**	**68**	**67**
South America	54	28	49	28	50	21	3	5	184	317
Mexico	70	74	72	74	10	26	2	2	144	170
Latin America	124	102	121	102	60	47	5	7	166	256
Spain	520	494	520	496	265	201	61	55	212	196
Portugal	84	91	84	91	43	42	(6)	9	(246)	394
Iberia & Latin America	**728**	**687**	**725**	**689**	**368**	**290**	**60**	**71**	**176**	**215**
United States	3,999	4,008	3,691	4,008	398	333	293	223	87	77
USA	**3,999**	**4,008**	**3,691**	**4,008**	**398**	**333**	**293**	**223**	**87**	**77**
Reinsurance LH	240	193	240	193	215	172	8	4	70	41
Global Insurance Lines & Anglo Markets	**240**	**193**	**240**	**193**	**215**	**172**	**8**	**4**	**70**	**41**
South Korea	965	854	925	854	285	311	54	36	120	87
Taiwan	503	816	475	816	75	56	4	(21)	16	(77)
Indonesia	424	248	411	248	125	92	26	22	448	545
Malaysia	155	130	146	130	100	96	8	8	169	199
Japan	1	345	1	345	3	5	(4)	(14)	(34)	(155)
Other	344	291	320	291	286	220	32	6	182	30
Asia-Pacific	2,392	2,684	2,278	2,684	874	780	120	37	111	35
Poland	309	219	331	219	58	44	8	9	262	249
Slovakia	123	125	123	125	95	93	16	15	280	260
Hungary	98	108	108	108	25	29	–	3	16	160
Czech Republic	103	84	106	84	33	29	11	6	416	265
Russia	44	24	43	24	42	22	(2)	–	(293)	63
Croatia	27	23	28	23	26	22	1	2	108	188
Bulgaria	14	14	14	14	12	11	3	3	477	511
Romania	12	12	13	12	7	6	1	1	220	258
Central and Eastern Europe	730	609	766	609	298	256	38	39	236	245
Middle East and North Africa	80	84	76	78	67	70	7	5	295	410
Global Life	2	2	2	2	–	–	–	–	–[5]	–[5]
Growth Markets	**3,204**	**3,379**	**3,122**	**3,373**	**1,239**	**1,106**	**165**	**81**	**130**	**69**
Consolidation[6]	(450)	(175)	(452)	(174)	–	–	(2)	6	–[5]	–[5]
Total	**26,560**	**27,248**	**26,090**	**27,199**	**11,895**	**11,629**	**1,647**	**1,381**	**77**	**67**

I. Asset Management

SECOND QUARTER 2012

- Total assets under management grew to € 1,748 bn.
- Third-party net inflows of € 19 bn in the second quarter of 2012.
- Strong operating profit of € 635 mn.
- Cost-Income Ratio at 57.6 %.

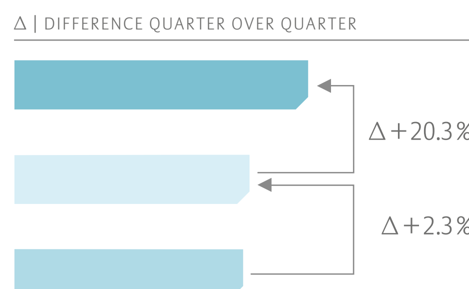
SEGMENT OVERVIEW

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

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

KEY FIGURES

Three months ended 30 June	Total assets under management € bn	Operating revenues € mn	Operating profit € mn	Cost-income ratio %
2012	1,748	1,497	635	57.6
2011	1,508	1,303	528	59.5
2010	1,430	1,188	516	56.6



EARNINGS SUMMARY FOR THE SECOND QUARTER 2012

Our OPERATING REVENUES rose by € 194 mn – or 14.9 % – to € 1,497 mn. On an internal basis, operating revenues increased by 3.8 % compared to the second quarter of 2011, supported by the growth in assets under management. Net inflows of third-party assets under management amounted to € 19 bn in the second quarter of 2012.

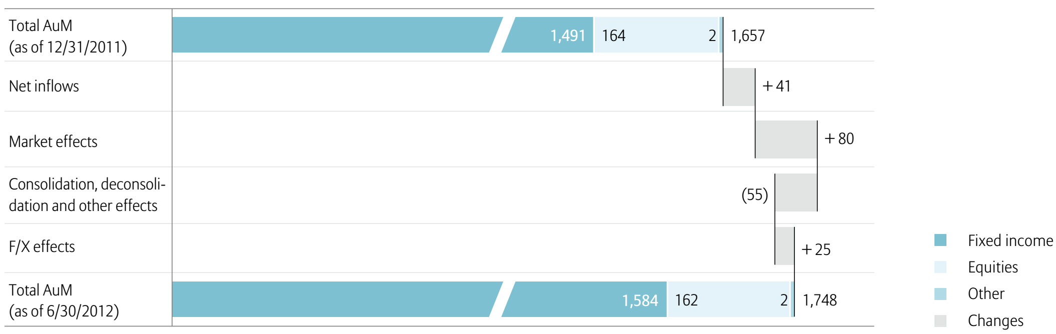
The strong performance continued with a 20.3 % increase in OPERATING PROFIT to € 635 mn, 7.2 % on an internal basis.

The COST-INCOME RATIO improved to 57.6 % compared to 59.5 % in the second quarter of 2011, a further demonstration of the efficiency of our operational business.

Assets under Management

As of 30 June 2012, total assets under management reached € 1,748 bn, consisting of third-party assets of € 1,354 bn and € 394 bn of Allianz Group assets. We show the development of total assets under management based on asset classes as they are relevant for the segment's business development.

DEVELOPMENT OF TOTAL ASSETS UNDER MANAGEMENT | in € bn



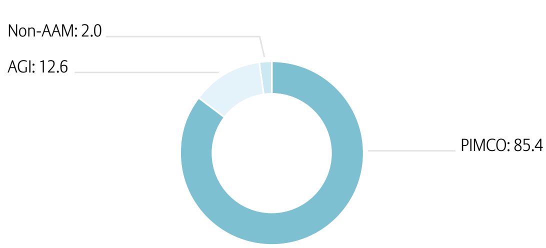
We recorded strong growth with net inflows of € 41 bn for the first six months of 2012. Of this, € 42 bn related to third-party net inflows and € 1 bn related to Allianz Group assets' net outflows. This positive development was driven by our fixed income business with net inflows of € 44 bn while equity business saw net outflows of € 3 bn. Fixed income flows were strong in the United States and in Europe.

In addition, favorable market effects contributed a further € 80 bn. This was driven by fixed income – with € 72 bn – and equities with € 8 bn. These positive effects were partly offset by negative consolidation effects of € 55 bn mainly attributable to the refinement of the definition of assets under management. This resulted in a reclassification from assets under management to assets under administration with no impact on our revenue base. Total assets grew by € 25 bn thanks to a higher appreciation of the U.S. Dollar versus the Euro.[1]

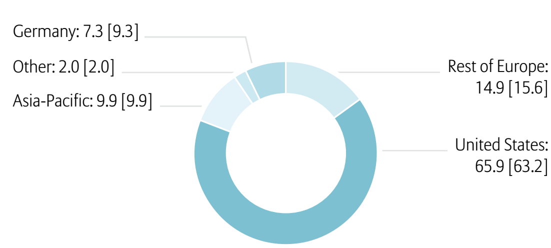
In the following section, we focus on the development of third-party assets under management.

THIRD-PARTY ASSETS UNDER MANAGEMENT | in %

BY BUSINESS UNIT AS OF 30 JUNE 2012[2]



BY REGION/COUNTRY AS OF 30 JUNE 2012 [31 DECEMBER 2011][3,4]



Based on a regional split of third-party assets under management, the United States further increased its share by 2.7 percentage points to 65.9 %. This result was supported by net inflows from our fixed income business. Germany decreased 2.0 percentage points to 7.3 %, largely due to the reclassification of "assets under management" to "assets under administration".

The ratio of third-party assets from fixed income and equity amounted to 89 % (2Q 2011: 87 %) and 11 % (2Q 2011: 13 %) respectively, as a result of continued strong growth of fixed income.

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

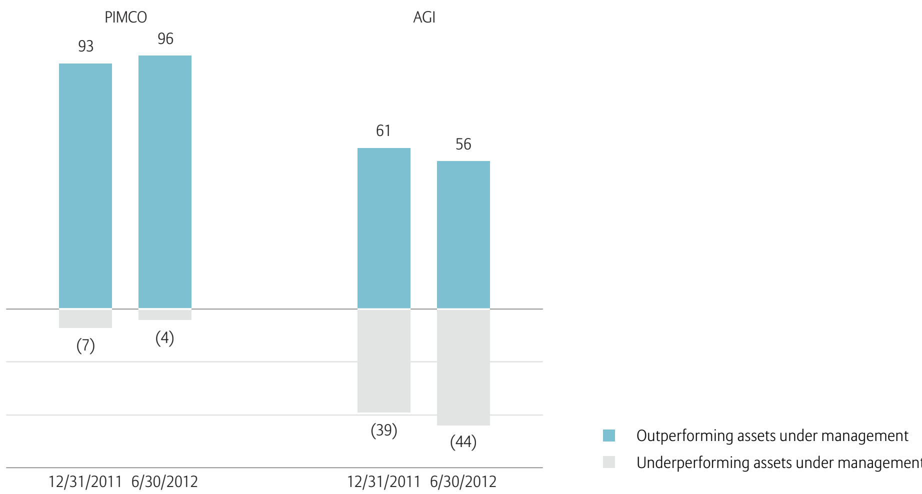
2 | Retrospective figures as of 31 December 2011 are not provided since the composition of total assets under management is impacted by the new structure for Asset Management in effect since 1 January 2012.

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

4 | The region "Other" consists of third-party assets managed by other Allianz Group companies (approximately € 27 bn as of 30 June 2012 and € 26 bn as of 31 December 2011, respectively).

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

ROLLING INVESTMENT PERFORMANCE OF PIMCO AND AGI[1] | in %



The overall investment performance of our AAM business was excellent with 91 % outperforming their respective benchmarks (31 December 2011: 89 %). PIMCO recorded an outstanding performance of 96 % versus its respective benchmarks, with AGI outperforming 56 % of its benchmarks.

Operating Revenues

2012 TO 2011 SECOND QUARTER COMPARISON

Our OPERATING REVENUES amounted to € 1,497 mn – up € 194 mn or 14.9 % – reflecting our higher assets under management. On an internal basis, operating revenues increased by 3.8 %.

Our NET FEE AND COMMISSION INCOME grew by € 197 mn to € 1,494 mn. This growth was mainly driven by an increase in management fees as a result of the higher asset base. We recorded € 55 mn in PERFORMANCE FEES – a lower level compared to € 81 mn in the second quarter of 2011, mainly due to carried interest from private funds.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) was a loss of € 7 mn compared to a € 3 mn loss in the previous year's quarter. This was largely driven by lower mark-to-market valuation of seed money in the United States.

2012 TO 2011 FIRST HALF YEAR COMPARISON

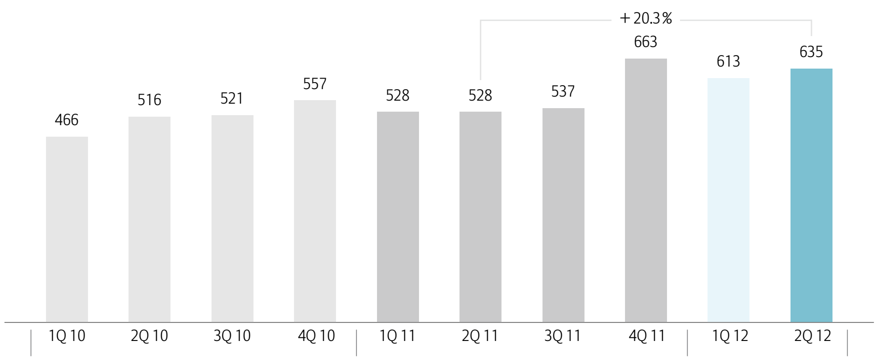
Our OPERATING REVENUES increased by € 360 mn to € 2,936 mn, up 14.0 %. On an internal basis, operating revenues grew by 6.1 %.

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

Operating Profit

2012 TO 2011 SECOND QUARTER COMPARISON

OPERATING PROFIT | in € mn



Benefiting from higher assets under management, the efficiency of our operational business as well as positive foreign currency translation effects, we achieved a strong OPERATING PROFIT of € 635 mn – up 20.3 %. Excluding the impact of foreign currency effects of € 58 mn and consolidation/deconsolidation effects of € 14 mn, internal growth amounted to 7.2 %.[1]

ADMINISTRATIVE EXPENSES increased to € 862 mn mainly driven by unfavorable foreign currency translation effects largely due to the appreciation of the U.S. Dollar against the Euro. On an internal growth basis, administrative expenses increased by 1.6 %.

Revenues continued to grow at a stronger rate than our operational cost base – which resulted in a 1.9 percentage point improvement in our COST-INCOME RATIO to 57.6 %.

2012 TO 2011 FIRST HALF YEAR COMPARISON

Our OPERATING PROFIT amounted to € 1,248 mn, an increase of 18.2 %. On an internal basis, operating profit grew by 8.7 %. This outstanding growth was primarily driven by our higher assets under management and the resulting increase in fee and commission income.

The COST-INCOME RATIO improved by 1.5 percentage points to 57.5 % compared to the first half year of 2011.

1 | Based on the quarterly average exchange rates of 2012 compared to 2011.

ASSET MANAGEMENT SEGMENT INFORMATION

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Management and loading fees	1,739	1,445	3,350	2,876
Performance fees	55	81	99	137
Other income	31	51	68	95
Fee and commission income	**1,825**	**1,577**	**3,517**	**3,108**
Commissions	(318)	(273)	(592)	(545)
Other expenses	(13)	(7)	(16)	(10)
Fee and commission expenses	**(331)**	**(280)**	**(608)**	**(555)**
Net fee and commission income	**1,494**	**1,297**	**2,909**	**2,553**
Net interest income[1]	6	4	12	11
Income from financial assets and liabilities carried at fair value through income (net)	(7)	(3)	7	3
Other income	4	5	8	9
Operating revenues	**1,497**	**1,303**	**2,936**	**2,576**
Administrative expenses (net), excluding acquisition-related expenses	(862)	(775)	(1,688)	(1,520)
Operating expenses	**(862)**	**(775)**	**(1,688)**	**(1,520)**
Operating profit	**635**	**528**	**1,248**	**1,056**
Cost-income ratio[2] in %	**57.6**	**59.5**	**57.5**	**59.0**

1 | Represents interest and similar income less interest expenses.
2 | Represents operating expenses divided by operating revenue.

I. Corporate and Other

SECOND QUARTER 2012

Operating loss reduced by € 14 mn to € 191 mn.

SEGMENT OVERVIEW

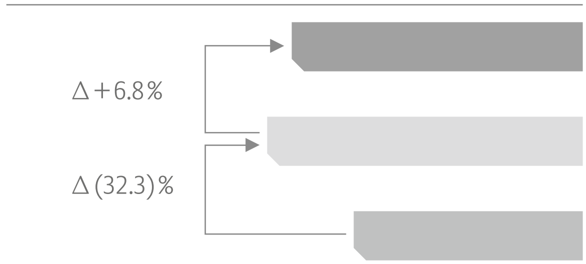
Corporate and Other encompasses the operations of Holding & Treasury, Banking and Alternative Investments. Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk management, corporate finance, treasury, financial control, communication, legal,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

KEY FIGURES

CORPORATE AND OTHER[2]

Three months ended 30 June	Operating revenues € mn	Operating expenses € mn	Operating result € mn
2012	431	(622)	(191)
2011	495	(700)	(205)
2010	468	(623)	(155)
HOLDING & TREASURY			
2012	102	(286)	(184)
2011	167	(337)	(170)
2010	157	(295)	(138)
BANKING			
2012	289	(310)	(21)
2011	295	(319)	(24)
2010	277	(292)	(15)
ALTERNATIVE INVESTMENTS			
2012	43	(30)	13
2011	35	(46)	(11)
2010	36	(38)	(2)

Δ | DIFFERENCE QUARTER OVER QUARTER



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

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

EARNINGS SUMMARY FOR THE SECOND QUARTER 2012

Our OPERATING RESULT improved by € 14 mn to a loss of € 191 mn. Alternative Investments accounted for € 24 mn of this improvement, which was partly offset by a € 14 mn higher operating loss in Holding & Treasury. The operating loss in our Banking operation was almost unchanged from the previous year's level.

Earnings Summary – Holding & Treasury

2012 TO 2011 SECOND QUARTER COMPARISON

Holding & Treasury's OPERATING RESULT weakened by € 14 mn to a loss of € 184 mn. The decline in operating revenues – mostly attributable to lower interest and similar income – could not be fully compensated for by a reduction in operating expenses.

Our NET INTEREST RESULT amounted to negative € 31 mn, compared to a gain of € 21 mn in the second quarter of 2011. INTEREST AND SIMILAR INCOME almost halved to € 72 mn, mainly as a result of lower equity related returns – both dividends and income from associates – and to a lesser extent due to lower yields. INTEREST EXPENSES, EXCLUDING INTEREST EXPENSES FROM EXTERNAL DEBT, were down by € 10 mn to € 103 mn, also driven by lower rates.

Our NET FEE AND COMMISSION RESULT improved by € 14 mn to a loss of € 3 mn. The increase of the net fee and commission result was attributable to our internal IT service provider, which increased cost recovery from other group companies and reduced expenses.

Because of a higher foreign currency result, OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME was up by € 16 mn to € 12 mn.

ADMINISTRATIVE EXPENSES (NET), EXCLUDING ACQUISITION-RELATED EXPENSES, decreased by € 12 mn to € 135 mn. This decrease was primarily also due to cost recoveries from other group companies.

2012 TO 2011 FIRST HALF YEAR COMPARISON

The OPERATING LOSS increased by € 60 mn to € 451 mn. This development stemmed largely from a lower net interest result, which was a further consequence of € 62 mn lower equity related returns – both dividends and income from associates. Other drivers of our operating loss remained almost stable.

Earnings Summary – Banking

2012 TO 2011 SECOND QUARTER COMPARISON

Overall, the OPERATING RESULT was about at the previous year's level with a loss of € 21 mn (2Q 2011: € (24) mn). The positive developments of our net interest result and lower administrative expenses were offset to a great extent by an increase in our loan loss provisions.

Our NET INTEREST, FEE AND COMMISSION RESULT amounted to € 141 mn compared to € 135 mn in the second quarter of the previous year. The net interest result grew by € 8 mn to € 96 mn as a result of lower costs of funding and short-term investments in bonds offering higher yields. Net fee and commission income remained stable at € 45 mn.

ADMINISTRATIVE EXPENSES declined by € 8 mn to € 118 mn. This was mainly driven by lower personnel expenses.

Our LOAN LOSS PROVISIONS increased by € 9 mn to € 42 mn, primarily due to financial guarantees within certain unit-linked products related to peripheral sovereign bonds, which were sold.

2012 TO 2011 FIRST HALF YEAR COMPARISON

Our OPERATING RESULT worsened by € 14 mn to a loss of € 36 mn. An € 11 mn increase in our net interest, fee and commission result and € 16 mn lower administrative expenses were more than offset by the negative development of our loan loss provisions, which were up by € 39 mn.

Earnings Summary – Alternative Investments

2012 TO 2011 SECOND QUARTER COMPARISON

Alternative Investments' OPERATING RESULT increased by € 24 mn to € 13 mn. This positive development was driven by both lower administrative expenses and higher fee and commission income (net).

2012 TO 2011 FIRST HALF YEAR COMPARISON

The OPERATING RESULT improved from a loss of € 15 mn to a profit of € 12 mn, largely as a result of higher fee and commission income. Lower acquisition and administrative expenses further contributed to this recovery.

I. Outlook

- Economic growth to continue at an even more moderate pace.
- Our outlook for the Allianz Group's 2012 operating profit is unchanged at € 8.2 bn, plus or minus € 0.5 bn.

Economic Outlook

The world economy is likely to continue to grow moderately in the second half of this year. Global output is expected to expand by 2.6 % in 2012 and by 3.2 % next year (2011: 2.9 %). Both in the United States and Europe, public and private sector efforts to rein in high debt levels will continue to restrain economic activity. Monetary policy, however, is still very accommodative in the United States, Japan and in Europe and favorable financing conditions are providing economic impetus for private households and the corporate sector. Monetary tightening is unlikely to materialize before late 2013 in the Eurozone. In the United States it might take even longer. Falling energy prices in the second quarter have also provided an economic stimulus as lower energy costs boost the purchasing power of both private households and the corporate sector. Although growth in emerging market economies is unlikely to reach pre-crisis levels in the foreseeable future, these countries remain key drivers of global growth and their importance in the world economy continues to rise. We expect emerging markets to grow by 5.0 % this year and 5.8 % in 2013.

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

A further escalation of the European sovereign debt crisis poses the biggest single risk to the economic outlook. The decisions taken at the European summit in late June represent an intermediate step towards overcoming the debt crisis. Summit outcomes such as the plan to establish a single European banking supervisory regime are to be welcomed. However, pivotal elements for the future of the Euro – fleshing out a potential banking union, establishing of a fiscal and political union – still have to be worked out. For the debt crisis to abate, it is also essential that structural reforms in over-indebted countries make progress, public finances continue to consolidate and ECB measures prove effective in preventing a credit crunch.

Financial market jitters related to the European sovereign debt crisis have increased again in recent weeks. German government bonds continue to be considered a "safe haven", with yields on 10-year bonds nearing 1.0 %. Provided that the debt crisis abates, the "safe haven" effect will start to fade somewhat and yields on German government bonds are likely to creep up modestly. The picture is the same for 10-year U.S. Treasury yields, which are currently only slightly higher than those on German bonds. When the debt crisis abates, spreads on other EMU government bonds will likely narrow gradually, although their level will remain high. As far as the stock market is concerned, overall solid corporate earnings, low interest rates and relatively attractive price/earnings-ratios provide a sound foundation for a recovery of equities. However, as we have seen repeatedly in recent months, a further pick-up in risk aversion can easily send stock markets down again, no matter how positive corporate sector fundamentals appear to be. Other risks that could dampen the economic outlook are a possible disruption to global oil supplies due to geopolitical tensions – triggering a steep increase in oil prices – as well as a hard landing of the Chinese economy.

Industry Outlook

With moderate global economic growth during 2012 and 2013, we also expect growth in the insurance industry to remain subdued. The underlying dynamics affecting the industry remain the same as described on pages 121 and 122 of the Allianz Group Annual Report 2011.

Outlook for the Allianz Group

The Allianz Group remains strongly capitalized with a solvency ratio of 186 %[1], an improvement of 7 percentage points compared to 31 December 2011.

Our operating profit grew by 18.5 % to € 4,694 mn in the first half year of 2012, supported by the solid performance of all our operating segments. Life/Health operating profit was strong mainly thanks to a high operating investment result. In Property-Casualty we also achieved stronger operating profit benefiting from lower losses from natural catastrophes. Asset Management performance and growth continued to be outstanding.

Despite the challenging operating environment, we are on track to reach our published outlook for the Allianz Group operating profit for 2012 of € 8.2 bn, plus or minus € 0.5 bn. Given the risks related to the European sovereign debt crisis and the ongoing challenges in our operating environment as well as natural catastrophe losses to date, it would be inappropriate to simply annualize the current half year's operating profit and net income to arrive at an expected result for the full year. For full details of the assumptions and sensitivities on which this outlook is based, please refer to pages 122 to 130 of the Allianz Group Annual Report 2011.

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

Cautionary note regarding forward-looking statements

The statements contained herein may include prospects, future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed in such forward-looking statements. Such deviations may arise, without limitation, because of changes in the general economic condition and competitive situation, particularly in the Allianz Group's core business and core markets, or the impact of acquisitions, related integration issues and reorganization measures. Deviations may also arise from the frequency and severity of insured loss events, including natural catastrophes, and from the development of loss expenses, mortality and morbidity levels and trends, persistency levels, and, particularly in our banking business, the extent of credit defaults. In addition, the performance of the financial markets (particularly market volatility, liquidity and credit defaults) as well as changes in interest rate levels, currency exchange rates and changes in national and international laws and regulations, particularly tax regulation, may have a relevant impact. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The company assumes no obligation to update any forward-looking statement.

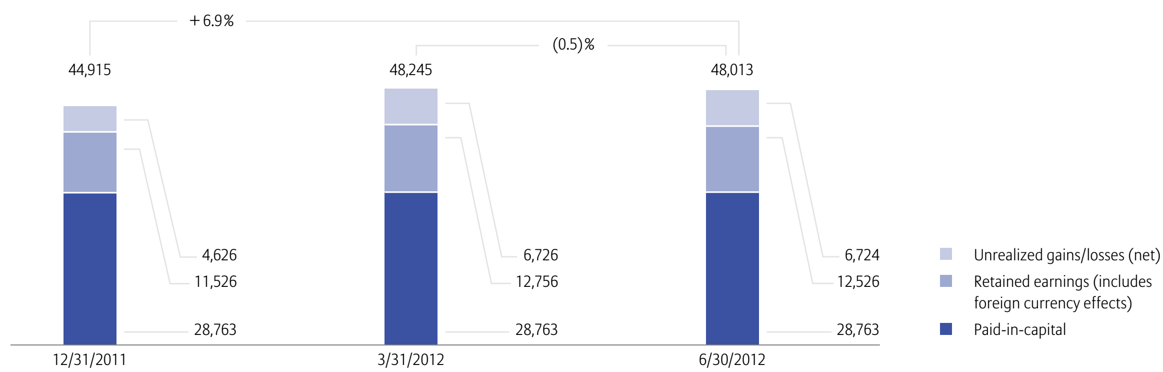
1 | Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 June 2012 would be 177% (31 December 2011: 170 %).

I. Balance Sheet Review

- Shareholders' equity increased 6.9% to € 48.0 bn, despite dividend payments of over € 2.0 bn.
- Strong solvency ratio of 186%, up by 7 percentage points.[1]

Shareholders' Equity[2]

SHAREHOLDERS' EQUITY | in € mn



For the six month ended 30 June 2012, SHAREHOLDERS' EQUITY increased by € 3,098 mn to € 48,013 mn, despite the payout of dividends of € 2,037 mn. Net income attributable to shareholders contributed € 2,605 mn to this growth. In addition, unrealized gains increased by € 2,098 mn. In particular, this was driven by debt securities, which benefited from lower interest rates. The most significant other driver of the increase was positive foreign currency translation effects of € 441 mn, primarily attributable to the strengthening of the U.S. Dollar against the Euro.[3]

Regulatory Capital Adequacy

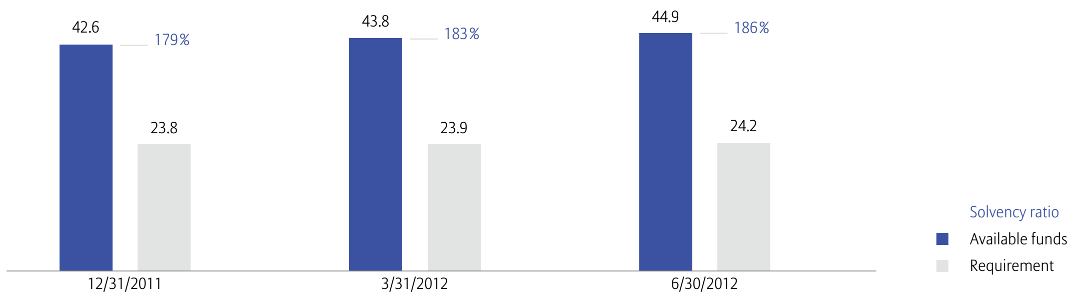
The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and the related German law in force since 2005. The law requires that financial conglomerates calculate the capital available to meet its solvency requirements on a consolidated basis, which we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

1 | Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 June 2012 would be 177% (31 March 2012: 174%, 31 December 2011: 170%).

2 | This does not include non-controlling interests of € 2,389 mn, € 2,444 mn and € 2,338 mn as of 30 June 2012, 31 March 2012 and 31 December 2011, respectively. For further information, please refer to note 19 to the condensed consolidated interim financial statements. Retained earnings include foreign currency translation effects of € (1,555) mn, € (2,205) mn and € (1,996) mn as of 30 June 2012, 31 March 2012 and 31 December 2011, respectively.

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

CONGLOMERATE SOLVENCY[1] | in € bn



Since the end of 2011 our CONGLOMERATE SOLVENCY RATIO strengthened by 7 percentage points to 186%. As of 30 June 2012, the Group's eligible capital for solvency purposes amounted to € 44.9 bn (31 December 2011: € 42.6 bn), including an off-balance sheet reserve of € 2.2 bn (31 December 2011: € 2.2 bn). The increase of € 2.3 bn was mainly driven by our net income (net of accrued dividends) of € 1.6 bn and positive currency translation effects. The required funds were up by € 0.4 bn to € 24.2 bn, largely due to higher aggregate policy reserves in our Life/Health business. As a result, our eligible capital exceeded the minimum legally stipulated level by € 20.7 bn, further improving our solvency position.

Total Assets and Total Liabilities

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

As of 30 June 2012, total assets amounted to € 669.0 bn and total liabilities were € 618.6 bn. Compared to year-end 2011, total assets and total liabilities increased by € 27.5 bn and € 24.3 bn, respectively.

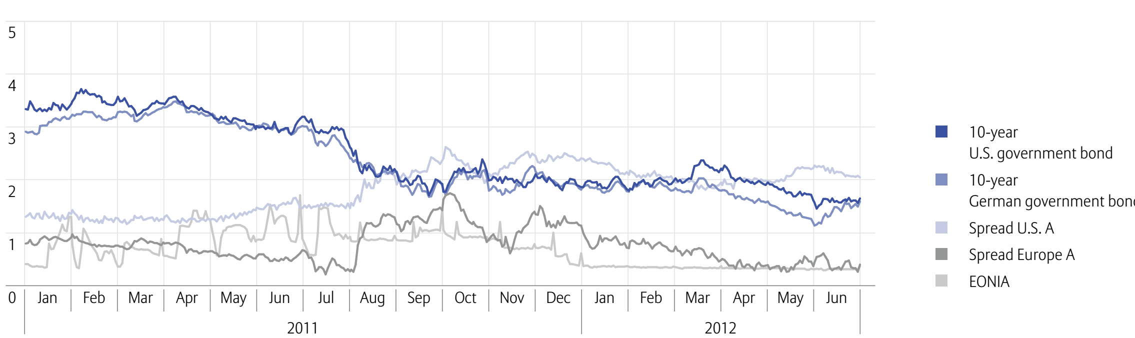
This section mainly focuses on our financial investments – debt instruments, equities, real estate, cash and other – along with insurance reserves and external financing, since these reflect the major developments in our balance sheet.

MARKET ENVIRONMENT OF DIFFERENT ASSET CLASSES

The positive FINANCIAL MARKET trends of the first quarter of 2012 did not continue in the second quarter.

Almost all major equity markets showed a negative development with single-digit percentage downturns predominating in the second quarter. Sovereign bond yields revealed a mixed picture. German and U.S. government bond yields declined in the second quarter as market uncertainty returned. Likewise, after contracting in the first months of 2012, yields on Italian government bonds increased in the second quarter but did not reach the levels seen on 31 December 2011.

INTEREST RATES AND CREDIT SPREADS DEVELOPMENT | in %



While European corporate CREDIT SPREADS narrowed, they widened slightly in the U.S. during the second quarter.

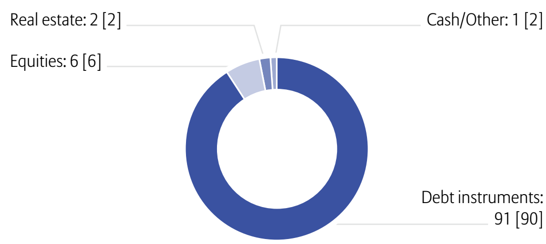
1 | Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 June 2012 would be 177% (31 March 2012: 174%, 31 December 2011: 170%).

STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

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

ASSET ALLOCATION[1] | in %

Allianz Group's investment portfolio as of 30 June 2012: € 481.9 bn
[as of 31 December 2011: € 461.1 bn]



The Group's investment portfolio grew by € 20.8 bn, or 4.5 %, to € 481.9 bn. This increase was mainly due to the investment performance of our underlying operating businesses. Overall, asset allocation remained stable and our balance sheet strength improved further.

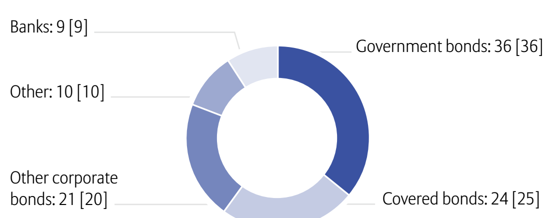
Our gross exposure to EQUITIES decreased by € 0.9 bn, driven by the downturn in equity markets and by realizations. Consequently, our equity gearing – a ratio of our equity holdings allocated to the shareholder after policyholder participation and hedges to shareholder's equity plus off-balance sheet reserves less goodwill – decreased 4 percentage points to 27 %.

Although our CASH AND OTHER holdings declined by one percentage point relative to our investment portfolio, we increased our net cash investments from € 6.0 bn to € 6.3 bn in absolute terms.

The vast majority of our investment portfolio is made up of DEBT INSTRUMENTS. Our investments in this asset class grew from € 416.5 bn to € 437.8 bn, largely because of lower interest rates and credit spreads as well as reinvested interest flows. Our exposure in this asset class was well diversified, with 60 % in government and covered bonds. In line with our operating business profile, 61 % of our fixed income portfolio was invested in Eurozone bonds and loans. About 95 % of our portfolio of debt instruments[2] was invested in investment-grade bonds and loans.

FIXED INCOME PORTFOLIO | in %

Total fixed income portfolio as of 30 June 2012: € 437.8 bn
[as of 31 December 2011: € 416.5 bn]



1 | This does not include our banking operations.

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

Our total SOVEREIGN EXPOSURE amounted to € 158.5 bn, which equaled 36 % of our fixed income portfolio. As of 30 June 2012, our sovereign bond exposure in Spain, Greece, Ireland, Portugal and Italy comprised approximately 8.0 % of our fixed income portfolio, of which 0.8 % in Spain and 7.1 % in Italy. Thereby, investments in Spanish, Greek, Irish and Portuguese sovereign bonds decreased from € 6,195 mn as of 31 December 2011 to € 3,775 mn, mainly due to sales.

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

As of 30 June 2012 | in € mn	Carrying value	Unrealized loss (gross)[1]	Unrealized loss (net)[2]
Spain	3,405	(442)	(108)
Greece	23	(15)	(8)
Ireland	151	(8)	(4)
Portugal	196	(54)	(33)
Subtotal	**3,775**	**(519)**	**(153)**
Italy	31,111	(1,997)	(333)
Total	**34,886**	**(2,516)**	**(486)**

Unrealized losses (gross) on the above-mentioned exposures decreased from € 3,713 mn as of 31 December 2011 to € 2,516 mn by the end of the second quarter of 2012. This drop was largely attributable to Italian government bonds, reflecting declining yields when compared to year-end 2011, but partly offset by an increase related to Spanish government bonds.

53 % of the COVERED BONDS were German Pfandbriefe, backed by either public sector loans or mortgage loans. Covered bonds provide a cushion against real estate price deterioration and payment defaults through minimum required security buffers and over-collateralization. An additional 15 % and 9 % were French and Spanish covered bonds, respectively.

9 % of our fixed income portfolio was made up of globally diversified BANK SECURITIES. The amount of subordinated securities in banks decreased from € 8.4 bn to € 7.7 bn, predominantly due to sales and, to a lesser extent, maturities.

Furthermore, our portfolio included asset-backed securities (ABS) of € 20.8 bn (31 December 2011: € 19.9 bn), of which more than 80 % were related to mortgage backed securities (MBS). Around 26 % of our ABS securities are made up of MBS issued by U.S. agencies and backed by the U.S. government. Overall, 96 % of the total ABS portfolio received an investment grade rating, with 88 % rated "AA" or better (31 December 2011: 84 %).

Our exposure to REAL ESTATE held for investment remained almost stable and totaled € 8.8 bn (31 December 2011: € 8.7 bn).

Overall, the reduction of our exposure to equities and bonds of selected European peripheral countries together with an increase of our net cash holdings leaves us better prepared to withstand further adverse effects of the European sovereign debt crisis and related market turmoil.

INVESTMENT RESULT

NET INVESTMENT INCOME

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Interest and similar income (net)[3]	5,371	5,222	10,380	9,991
Income from financial assets and liabilities carried at fair value through income (net)	(184)	(155)	(90)	(380)
Realized gains/losses (net)	1,115	485	2,303	1,599
Impairments of investments (net)	(422)	(820)	(610)	(965)
Investment expenses	(216)	(208)	(413)	(410)
Net investment income	**5,664**	**4,524**	**11,570**	**9,835**

1 | Before policyholder participation and taxes.

2 | After policyholder participation and taxes; based on 30 June 2012, balance sheet figures reflected in accumulated other comprehensive income.

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

2012 TO 2011 SECOND QUARTER COMPARISON

In the second quarter of 2012 our NET INVESTMENT INCOME increased by € 1,140 mn, or 25.2 %, to € 5,664 mn. This improvement was largely driven by higher realized gains as well as by lower impairments and, to a lesser extent, by a higher interest and similar income.

Mainly as a result of a growing asset base, in particular within our Life/Health segment, INTEREST AND SIMILAR INCOME (NET)[1] rose by € 149 mn to € 5,371 mn. Lower equity related returns, both dividends and income from associates, were more than offset by higher interest income on debt securities.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) worsened by € 29 mn to a loss of € 184 mn. This decrease was mainly attributable to the impact of debt and equity market performance on our investment product related derivatives in the United States and Fair Value Option assets, primarily in France. Offsetting some of this decrease was overall positive performance from derivatives and foreign currency translation gains related to the German life business. Financial derivatives are used to protect against equity and foreign currency fluctuations as well as to manage duration and other interest rate-related exposures. In addition, the comparison figures were affected by prior year valuation effects on The Hartford warrants, which were sold in April 2012.[2]

REALIZED GAINS AND LOSSES (NET) more than doubled to € 1,115 mn in the second quarter of 2012. This increase was primarily attributable to higher realizations on debt securities but also, to a lesser extent, to equities. This growth includes a gain from the disposal of The Hartford debentures of € 407 mn.[2]

IMPAIRMENTS (NET) almost halved to € 422 mn. We recorded an increase of impairments on equity investments of € 261 mn following more adverse equity market developments compared to the second quarter of the previous year. These impairments were mainly related to our investments in the financial sector. In contrast, impairments on debt securities fell by € 648 mn, since we hardly had any impairments on debt investments in the second quarter. In addition, the previous year's quarter was heavily impacted by € 644 mn of impairments on Greek sovereign bonds.

INVESTMENT EXPENSES (NET) amounted to € 216 mn, compared to € 208 mn in the previous year's quarter.

2012 TO 2011 FIRST HALF YEAR COMPARISON

Our NET INVESTMENT INCOME amounted to € 11,570 mn, up by € 1,735 mn. REALIZED GAINS AND LOSSES (NET) contributed € 704 mn to this increase, driven by realizations of both equities and debt instruments, while IMPAIRMENTS (NET) were down by € 355 mn. Our INTEREST AND SIMILAR INCOME (NET) rose by € 389 mn to € 10,380 mn, largely as a result of our higher asset base. INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) improved by € 290 mn. INVESTMENT EXPENSES remained stable.

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

2 | On 30 March 2012, Allianz SE entered into a transaction to sell the warrants and debentures back to The Hartford which closed on 17 April 2012. The warrants are classified as financial assets carried at fair value through income and therefore any related gain was already included in the first quarter of 2012. In the second quarter of 2012, the difference between the sale proceeds and the carrying amount of the debentures was recognized as a gain.

ASSETS AND LIABILITIES OF THE PROPERTY-CASUALTY SEGMENT

PROPERTY-CASUALTY ASSETS

Our Property-Casualty asset base increased by € 3.6 bn to € 101.8 bn during the first six months of 2012. Cash and cash pool assets were up by € 2.8 bn to € 6.9 bn and debt securities by € 1.9 bn to € 65.1 bn, respectively.

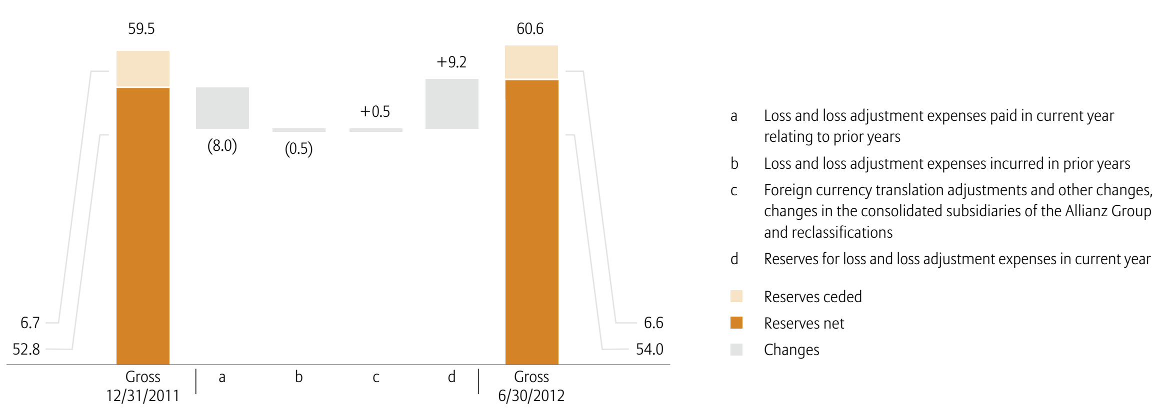
COMPOSITION OF ASSET BASE | fair values[1]

In € bn	As of 30 June 2012	As of 31 December 2011
Financial assets and liabilities carried at fair value through income		
Equities	0.3	0.2
Debt securities	0.4	0.9
Other[2]	–	–
Subtotal	**0.7**	**1.1**
Investments[3]		
Equities	4.1	4.9
Debt securities	65.1	63.2
Cash and cash pool assets[4]	6.9	4.1
Other	7.3	7.1
Subtotal	**83.4**	**79.3**
Loans and advances to banks and customers	17.7	17.8
Property-Casualty asset base	101.8	98.2

Within our Property-Casualty asset base, ABS amounted to € 4.0 bn as of 30 June 2012. This was approximately 3.9 % of its asset base.

PROPERTY-CASUALTY LIABILITIES

DEVELOPMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES[5] | in € bn



As of 30 June 2012, the segment's gross reserves for loss and loss adjustment expenses increased by € 1.1 bn to € 60.6 bn. On a net basis, reserves grew by € 1.2 bn to € 54.0 bn. Foreign currency translation effects and other changes accounted for € 0.5 bn.

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 on – among other factors – our ownership percentage.

2 | This comprises assets of € 0.1 bn and € 0.1 bn and liabilities of € (0.1) bn and € (0.1) bn as of 30 June 2012 and 31 December 2011, respectively.

3 | These do not include affiliates of € 8.8 bn and € 9.1 bn as of 30 June 2012 and 31 December 2011, respectively.

4 | Including cash and cash equivalents, as stated in our segment balance sheet of € 4.6 bn and € 2.4 bn and receivables from cash pooling amounting to € 2.7 bn and € 2.1 bn, net of liabilities from securities lending and derivatives of € (0.3) bn and € (0.3) bn, as well as liabilities from cash pooling of € (0.1) bn and € (0.1) bn as of 30 June 2012 and 31 December 2011, respectively. As of 1 January 2012, the definition of cash and cash pool assets has changed. Now, they also include liabilities from cash pooling. Therefore the previous year's figures have been adjusted accordingly.

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

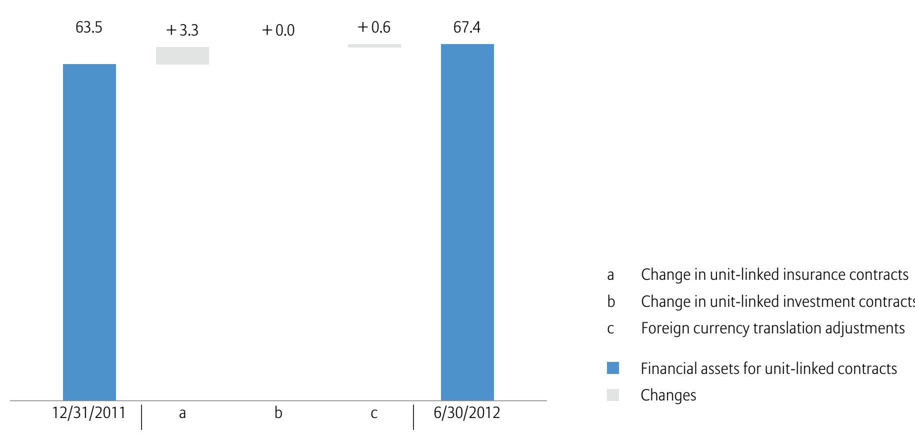
In the first six months of 2012, the Life/Health asset base grew 4.9 % to € 448.5 bn. Of this total, € 67.4 bn were financial assets for unit-linked contracts. The increase of the segment's asset base was almost completely driven by our debt investments, up by € 19.2 bn, primarily due to investment performance.

COMPOSITION OF ASSET BASE | fair values

In € bn	As of 30 June 2012	As of 31 December 2011
Financial assets and liabilities carried at fair value through income		
Equities	2.3	2.1
Debt securities	2.1	2.5
Other[1]	(4.0)	(4.4)
Subtotal	**0.4**	**0.2**
Investments[2]		
Equities	22.1	22.1
Debt securities	248.8	229.6
Cash and cash pool assets[3]	4.4	5.1
Other	9.0	9.0
Subtotal	**284.3**	**265.8**
Loans and advances to banks and customers	**96.4**	**98.0**
Financial assets for unit-linked contracts[4]	**67.4**	**63.5**
Life/Health asset base	**448.5**	**427.5**

As of 30 June 2012, our Life/Health asset base included ABS of € 16.5 bn. This represents 3.7 % of its asset base.

FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS[4] | in € bn



Financial assets for unit-linked contracts increased by € 3.9 bn, or 6.1 %. Unit-linked insurance contracts were up by € 3.3 bn due to good fund performance (€ 2.0 bn) and premium inflows exceeding outflows by € 2.0 bn. Unit-linked investment contracts remained flat as net outflows offset the good fund performance of € 0.7 bn. The net outflows from the first quarter (mainly in Italy) stabilized in the second quarter 2012. The main drivers of currency effects were the stronger U.S. Dollar (€ 0.4 bn) and Asian currencies (€ 0.1 bn).[5]

1 | This comprises assets of € 1.8 bn and € 1.9 bn and liabilities (including the market value liability option) of € (5.8) bn and € (6.3) bn as of 30 June 2012 and 31 December 2011, respectively.

2 | These do not include affiliates of € 1.3 bn and € 1.4 bn as of 30 June 2012 and 31 December 2011, respectively.

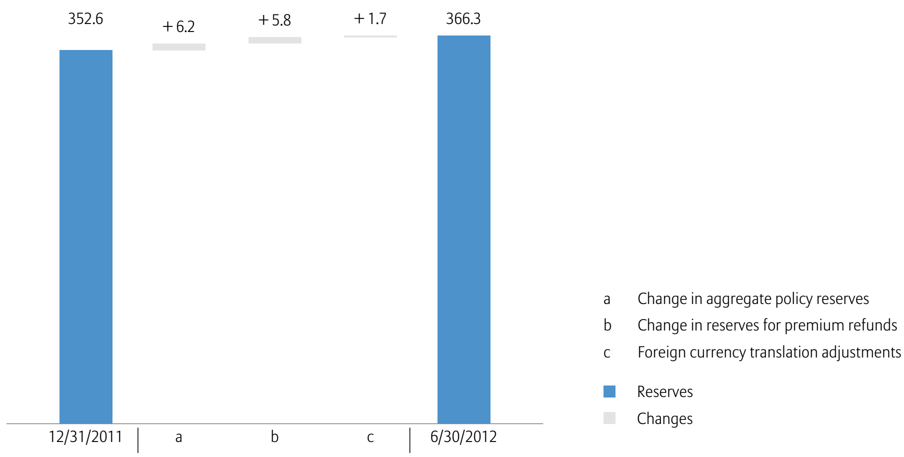
3 | Including cash and cash equivalents, as stated in our segment balance sheet, of € 4.7 bn and € 5.3 bn and receivables from cash pooling amounting to € 2.4 bn and € 2.5 bn, net of liabilities from securities lending and derivatives of € (1.7) bn and € (1.8) bn, as well as liabilities from cash pooling of € (1.0) bn and € (0.9) bn as of 30 June 2012 and 31 December 2011, respectively.

4 | Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts. The International Financial Reporting Standards (IFRS) require to classify any contract written by an insurance company either as an insurance contract or as an investment contract, depending on whether an insurance component is included. This requirement also applies to unit-linked products. In contrast to unit-linked investment contracts, unit-linked insurance contracts include a coverage for significant mortality or morbidity risk.

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

LIFE/HEALTH LIABILITIES

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



Life/Health reserves for insurance and investment contracts increased by € 13.7 bn, or 3.9 %, in the first six months of 2012. The € 6.2 bn increase in aggregate policy reserves was mainly driven by our operations in Germany (€ 3.8 bn), Switzerland (€ 0.7 bn excluding currency effects), Luxembourg and Belgium (each € 0.3 bn). Reserves for premium refunds increased by € 5.8 bn as the policyholders' share in net unrealized gains on bonds grew significantly (€ 4.4 bn). Foreign currency translation adjustments resulted mainly from the stronger U.S. Dollar (€ 1.2 bn), Asian currencies (€ 0.3 bn) and the Swiss Franc (€ 0.1 bn).[1]

ASSETS AND LIABILITIES OF THE ASSET MANAGEMENT SEGMENT

ASSET MANAGEMENT ASSETS

Our Asset Management segment's results are derived primarily from third-party asset management. In this section, we refer only to the segment's own assets.[2]

The main components of the Asset Management segment's asset base were cash and cash pool assets, loans and advances and debt securities. Overall, as of 30 June 2012, the segment's asset base remained stable at € 4.5 bn. A slight increase in cash and cash pool assets offset a decrease in loans and receivables.

ASSET MANAGEMENT LIABILITIES

Liabilities in our asset management segment were down from € 5.7 bn to € 4.8 bn, reflecting decreases in provisions and other liabilities, which were partly driven by a decline in Group internal financing. Furthermore, the figures have been affected by changes in segment allocation. As reported in our first quarter interim report, a former entity of the Asset Management segment in the Netherlands is now assigned to the Corporate and Other segment.[3]

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

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

3 | Please refer to the Corporate and Other chapter (Earnings Summary – Banking) on page 30 of the interim report for the first quarter of 2012 for details regarding the change in the segment assignment.

ASSETS AND LIABILITIES OF THE CORPORATE AND OTHER SEGMENT

CORPORATE AND OTHER ASSETS

As of 30 June 2012, our asset base for Corporate and Other amounted to € 38.4 bn, representing an increase of € 2.6 bn. A reduction in cash and cash pools assets was more than offset by an increase in debt securities while equities remained almost unchanged.

COMPOSITION OF ASSET BASE | fair values

In € bn	As of 30 June 2012	As of 31 December 2011
Financial assets and liabilities carried at fair value through income		
Equities	–	0.1
Debt securities	–	–
Other[1]	(0.2)	(0.3)
Subtotal	**(0.2)**	**(0.2)**
Investments[2]		
Equities	1.7	1.9
Debt securities	21.7	18.1
Cash and cash pool assets[3]	(3.3)	(1.9)
Other	0.3	0.2
Subtotal	**20.4**	**18.3**
Loans and advances to banks and customers	18.2	17.7
Corporate and Other asset base	38.4	35.8

As of 30 June 2012, ABS amounted to € 0.3 bn, which is around 0.8 % of our Corporate and Other asset base.

CORPORATE AND OTHER LIABILITIES

Other liabilities increased by € 0.8 bn to € 16.6 bn. The growth in certificated liabilities from € 13.8 bn to € 15.4 bn was primarily driven by a senior bond of € 1.5 bn issued in February 2012. Participation certificates and subordinated liabilities decreased by € 1.9 bn, reflecting the redemption of a subordinated bond of € 2.0 bn in May 2012.[4]

1 | This comprises assets of € 0.2 bn and € 0.2 bn and liabilities of € (0.4) bn and € (0.5) bn as of 30 June 2012 and 31 December 2011, respectively.
2 | These do not include affiliates of € 73.9 bn and € 73.4 bn as of 30 June 2012 and 31 December 2011, respectively.
3 | Including cash and cash equivalents, as stated in our segment balance sheet, of € 1.3 bn and € 1.8 bn and receivables from cash pooling amounting to € 0.2 bn and € 0.5 bn, net of liabilities from securities lending and derivatives of € (0.1) bn and € 0.0 bn, as well as liabilities from cash pooling of € (4.7) bn and € (4.2) bn as of 30 June 2012 and 31 December 2011, respectively.
4 | For further information on Allianz SE debt as of 30 June 2012, please refer to notes 17 and 18 of our condensed consolidated interim financial statements.

ALLIANZ SE BONDS[1] OUTSTANDING AS OF 30 JUNE 2012 AND INTEREST EXPENSES FOR THE FIRST SIX MONTHS

1. SENIOR BONDS[2]

5.625 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.9 bn	
Year of issue	2002	
Maturity date	11/29/2012	
ISIN	XS 015 879 238 1	
Interest expense		€ 25.5 mn
5.0 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2008	
Maturity date	3/6/2013	
ISIN	DE 000 A0T R7K 7	
Interest expense		€ 38.1 mn
4.0 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2006	
Maturity date	11/23/2016	
ISIN	XS 027 588 026 7	
Interest expense		€ 30.9 mn
4.75 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2009	
Maturity date	7/22/2019	
ISIN	DE 000 A1A KHB 8	
Interest expense		€ 36.5 mn
3.5 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2012	
Maturity date	2/14/2022	
ISIN	DE 000 A1G 0RU 9	
Interest expense		€ 20.4 mn
Total interest expense for senior bonds		**€ 151.4 mn**

2. SUBORDINATED BONDS[3]

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		€ 33.0 mn
5.5 % bond issued by Allianz SE		
Volume	€ 1.5 bn	
Year of issue	2004	
Maturity date	Perpetual Bond	
ISIN	XS 018 716 232 5	
Interest expense		€ 42.0 mn
4.375 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 1.4 bn	
Year of issue	2005	
Maturity date	Perpetual Bond	
ISIN	XS 021 163 783 9	
Interest expense		€ 31.6 mn
5.375 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 0.8 bn	
Year of issue	2006	
Maturity date	Perpetual Bond	
ISIN	DE 000 A0G NPZ 3	
Interest expense		€ 21.2 mn
8.375 % bond issued by Allianz SE		
Volume	USD 2.0 bn	
Year of issue	2008	
Maturity date	Perpetual Bond	
ISIN	US 018 805 200 7	
Interest expense		€ 70.7 mn
5.75 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 2.0 bn	
Year of issue	2011	
Maturity date	7/8/2041	
ISIN	DE 000 A1GNAH1	
Interest expense		€ 57.9 mn
Total interest expense for subordinated bonds		**€ 256.4 mn**

3. ISSUES MATURED IN 2012

6.125 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 2.0 bn	
Year of issue	2002	
Maturity date	5/31/2022	
ISIN	XS 014 888 756 4	
Interest expense		€ 47.7 mn
Total interest expense		**€ 455.5 mn**

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

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

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

I. Reconciliations

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

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

Composition of Total Revenues

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

COMPOSITION OF TOTAL REVENUES

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Property-Casualty				
Gross premiums written	**10,726**	**10,194**	**25,523**	**24,445**
Life/Health				
Statutory premiums	**12,861**	**12,978**	**26,560**	**27,248**
Asset Management				
Operating revenues	**1,497**	**1,303**	**2,936**	**2,576**
consisting of:				
Net fee and commission income	1,494	1,297	2,909	2,553
Net interest income	6	4	12	11
Income from financial assets and liabilities carried at fair value through income (net)	(7)	(3)	7	3
Other income	4	5	8	9
Corporate and Other				
Total revenues (Banking)	**141**	**137**	**296**	**288**
consisting of:				
Interest and similar income	183	183	373	361
Income from financial assets and liabilities carried at fair value through income (net)	(1)	1	7	10
Fee and commission income	107	111	219	218
Interest expenses	(87)	(95)	(178)	(184)
Fee and commission expenses	(62)	(64)	(125)	(117)
Consolidation effects (Banking within Corporate and Other)	1	1	–	–
Consolidation	**(29)**	**(38)**	**(66)**	**(78)**
Allianz Group total revenues	**25,196**	**24,574**	**55,249**	**54,479**

Composition of Total Revenue Growth

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

RECONCILIATION OF NOMINAL TOTAL REVENUE GROWTH TO INTERNAL TOTAL REVENUE GROWTH

	Three months ended 30 June 2012				Six months ended 30 June 2012			
In %	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
Property-Casualty	3.2	(0.1)	2.1	5.2	2.8	0.0	1.6	4.4
Life/Health	(3.0)	(0.2)	2.3	(0.9)	(4.1)	(0.2)	1.8	(2.5)
Asset Management	3.8	0.7	10.4	14.9	6.1	0.8	7.1	14.0
Corporate and Other	3.0	(0.1)	0.0	2.9	2.8	0.0	0.0	2.8
Allianz Group	**0.0**	**(0.1)**	**2.6**	**2.5**	**(0.5)**	**0.0**	**1.8**	**1.4**

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JMS Server
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Investment and Insurance Solutions
for the Indian Woman
For homemakers
and
working women
BAJAJ Allianz

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2009: The then recent financial crisis created a critical need for us to not only claim but to prove that, in the moments when our clients need us most, we are a trusted partner; for all our customers in all the markets we operate in.

2012: Today, while the financial industry is still working hard to regain trust from the public, Allianz continues to build strong and long-lasting relationships with our customers. The current "One" communication concept has enabled us to create a sense of community based on sharing knowledge and experience.

CONTENT

II. Condensed Consolidated Interim Financial Statements

Consolidated Balance Sheets

In € mn	Note	As of 30 June 2012	As of 31 December 2011
ASSETS			
Cash and cash equivalents		10,623	10,492
Financial assets carried at fair value through income	4	7,634	8,466
Investments	5	374,376	350,645
Loans and advances to banks and customers	6	123,280	124,738
Financial assets for unit-linked contracts		67,400	63,500
Reinsurance assets	7	13,634	12,874
Deferred acquisition costs	8	20,269	20,772
Deferred tax assets		2,219	2,321
Other assets	9	36,045	34,346
Non-current assets and assets of disposal groups classified as held for sale	10	148	14
Intangible assets	11	13,332	13,304
Total assets		**668,960**	**641,472**

In € mn	Note	As of 30 June 2012	As of 31 December 2011
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	12	6,087	6,610
Liabilities to banks and customers	13	22,714	22,155
Unearned premiums		20,683	17,255
Reserves for loss and loss adjustment expenses	14	70,206	68,832
Reserves for insurance and investment contracts	15	375,997	361,954
Financial liabilities for unit-linked contracts		67,400	63,500
Deferred tax liabilities		4,662	3,881
Other liabilities	16	32,080	31,210
Liabilities of disposal groups classified as held for sale	10	–	–
Certificated liabilities	17	9,299	7,649
Participation certificates and subordinated liabilities	18	9,430	11,173
Total liabilities		**618,558**	**594,219**
Shareholders' equity		48,013	44,915
Non-controlling interests		2,389	2,338
Total equity	**19**	**50,402**	**47,253**
Total liabilities and equity		**668,960**	**641,472**

Consolidated Income Statements

		Three months ended 30 June		Six months ended 30 June	
In € mn	Note	**2012**	2011	**2012**	2011
Premiums written		**16,467**	**15,803**	**37,826**	**36,477**
Ceded premiums written		(1,317)	(1,233)	(2,914)	(2,728)
Change in unearned premiums		650	752	(2,670)	(2,566)
Premiums earned (net)	**20**	**15,800**	**15,322**	**32,242**	**31,183**
Interest and similar income	21	5,488	5,350	10,620	10,244
Income from financial assets and liabilities carried at fair value through income (net)	22	(184)	(155)	(90)	(380)
Realized gains/losses (net)	23	1,115	485	2,303	1,599
Fee and commission income	24	2,285	2,038	4,430	4,025
Other income	25	58	33	109	64
Income from fully consolidated private equity investments	26	198	456	393	849
Total income		**24,760**	**23,529**	**50,007**	**47,584**
Claims and insurance benefits incurred (gross)		(12,282)	(12,018)	(24,891)	(24,472)
Claims and insurance benefits incurred (ceded)		593	675	1,211	1,151
Claims and insurance benefits incurred (net)	**27**	**(11,689)**	**(11,343)**	**(23,680)**	**(23,321)**
Change in reserves for insurance and investment contracts (net)	28	(3,551)	(2,836)	(7,358)	(6,598)
Interest expenses	29	(368)	(367)	(750)	(717)
Loan loss provisions	30	(42)	(33)	(88)	(49)
Impairments of investments (net)	31	(422)	(820)	(610)	(965)
Investment expenses	32	(216)	(208)	(413)	(410)
Acquisition and administrative expenses (net)	33	(5,272)	(5,109)	(10,736)	(10,125)
Fee and commission expenses	34	(686)	(657)	(1,370)	(1,306)
Amortization of intangible assets		(31)	(19)	(56)	(41)
Restructuring charges		(139)	(38)	(147)	(40)
Other expenses	35	(25)	(16)	(44)	(31)
Expenses from fully consolidated private equity investments	26	(245)	(469)	(446)	(881)
Total expenses		**(22,686)**	**(21,915)**	**(45,698)**	**(44,484)**
Income before income taxes		**2,074**	**1,614**	**4,309**	**3,100**
Income taxes	36	(754)	(543)	(1,544)	(1,114)
Net income		**1,320**	**1,071**	**2,765**	**1,986**
Net income attributable to:					
Non-controlling interests		86	71	160	129
Shareholders		1,234	1,000	2,605	1,857

		Three months ended 30 June		Six months ended 30 June	
In €	Note	**2012**	2011	**2012**	2011
Basic earnings per share	37	2.73	2.21	5.76	4.11
Diluted earnings per share	37	2.68	2.17	5.73	4.07

Consolidated Statements of Comprehensive Income

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Net income	**1,320**	1,071	**2,765**	1,986
Other comprehensive income				
Foreign currency translation adjustments				
Reclassifications to net income	–	–	–	–
Changes arising during the period	653	(150)	439	(945)
Subtotal	**653**	(150)	**439**	(945)
Available-for-sale investments				
Reclassifications to net income	(102)	131	(142)	(180)
Changes arising during the period	81	133	2,269	(638)
Subtotal	**(21)**	264	**2,127**	(818)
Cash flow hedges				
Reclassifications to net income	(1)	–	(1)	(1)
Changes arising during the period	17	1	28	(6)
Subtotal	**16**	1	**27**	(7)
Share of other comprehensive income of associates				
Reclassifications to net income	–	–	–	–
Changes arising during the period	(1)	7	5	57
Subtotal	**(1)**	7	**5**	57
Miscellaneous				
Reclassifications to net income	–	–	–	–
Changes arising during the period	15	3	90	(2)
Subtotal	**15**	3	**90**	(2)
Total other comprehensive income	**662**	125	**2,688**	(1,715)
Total comprehensive income	**1,982**	1,196	**5,453**	271
Total comprehensive income attributable to:				
Non-controlling interests	131	112	282	120
Shareholders	1,851	1,084	5,171	151

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

Consolidated Statements of Changes in Equity

In € mn	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Share-holders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2011	28,685	13,088	(2,339)	5,057	44,491	2,071	46,562
Total comprehensive income[1]	–	1,838	(911)	(776)	151	120	271
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	9	–	–	9	–	9
Transactions between equity holders	–	(4)	–	–	(4)	4	–
Dividends paid	–	(2,032)	–	–	(2,032)	(121)	(2,153)
Balance as of 30 June 2011	28,685	12,899	(3,250)	4,281	42,615	2,074	44,689
Balance as of 1 January 2012	28,763	13,522	(1,996)	4,626	44,915	2,338	47,253
Total comprehensive income[1]	–	2,648	427	2,096	5,171	282	5,453
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	12	–	–	12	–	12
Transactions between equity holders	–	(64)	14	2	(48)	(93)	(141)
Dividends paid	–	(2,037)	–	–	(2,037)	(138)	(2,175)
Balance as of 30 June 2012	28,763	14,081	(1,555)	6,724	48,013	2,389	50,402

1 | Total comprehensive income in shareholders' equity for the six months ended 30 June 2012, comprises net income attributable to shareholders of € 2,605 mn (2011: € 1,857 mn).

Condensed Consolidated Statements of Cash Flows

Six months ended 30 June | in € mn	2012	2011
SUMMARY		
Net cash flow provided by operating activities	11,288	11,836
Net cash flow used in investing activities	(9,541)	(10,935)
Net cash flow used in financing activities	(1,740)	(172)
Effect of exchange rate changes on cash and cash equivalents	124	(242)
Change in cash and cash equivalents	**131**	**487**
Cash and cash equivalents at beginning of period	10,492	8,747
Cash and cash equivalents at end of period	**10,623**	**9,234**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**2,765**	**1,986**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(45)	(84)
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	(1,693)	(634)
Other investments, mainly financial assets held for trading and designated at fair value through income	319	(351)
Depreciation and amortization	514	528
Loan loss provisions	88	49
Interest credited to policyholder accounts	1,933	2,116
Net change in:		
Financial assets and liabilities held for trading	(1,009)	242
Reverse repurchase agreements and collateral paid for securities borrowing transactions	262	(303)
Repurchase agreements and collateral received from securities lending transactions	656	1,179
Reinsurance assets	(559)	72
Deferred acquisition costs	(379)	(725)
Unearned premiums	3,312	3,009
Reserves for loss and loss adjustment expenses	872	544
Reserves for insurance and investment contracts	5,077	4,079
Deferred tax assets/liabilities	37	(65)
Other (net)	(862)	194
Subtotal	8,523	9,850
Net cash flow provided by operating activities	11,288	11,836
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	1,085	4,914
Available-for-sale investments	61,251	62,465
Held-to-maturity investments	373	93
Investments in associates and joint ventures	149	112
Non-current assets and assets of disposal groups classified as held for sale	112	142
Real estate held for investment	113	338
Loans and advances to banks and customers (purchased loans)	6,298	3,407
Property and equipment	149	49
Subtotal	69,530	71,520

Condensed Consolidated Statements of Cash Flows (continued)

Six months ended 30 June | in € mn	2012	2011
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(553)	(4,193)
Available-for-sale investments	(72,084)	(73,867)
Held-to-maturity investments	(720)	(124)
Investments in associates and joint ventures	(178)	(66)
Non-current assets and assets of disposal groups classified as held for sale	(223)	–
Real estate held for investment	(265)	(163)
Loans and advances to banks and customers (purchased loans)	(3,517)	(3,693)
Property and equipment	(737)	(571)
Subtotal	**(78,277)**	**(82,677)**
Business combinations		
Proceeds from sale of subsidiaries, net of cash disposed	–	–
Acquisitions of subsidiaries, net of cash acquired	–	–
Change in loans and advances to banks and customers (originated loans)	**(701)**	**73**
Other (net)	**(93)**	**149**
Net cash flow used in investing activities	**(9,541)**	**(10,935)**
CASH FLOW FROM FINANCING ACTIVITIES		
Policyholders' account deposits	9,298	9,161
Policyholders' account withdrawals	(8,266)	(7,271)
Net change in liabilities to banks and customers	(177)	(792)
Proceeds from the issuance of certificated liabilities, participation certificates and subordinated liabilities	4,401	4,345
Repayments of certificated liabilities, participation certificates and subordinated liabilities	(4,567)	(3,465)
Cash inflow from capital increases	–	–
Transactions between equity holders	(141)	–
Dividends paid to shareholders	(2,175)	(2,153)
Net cash flow from sale or purchase of treasury shares	11	8
Other (net)	(124)	(5)
Net cash flow used in financing activities	**(1,740)**	**(172)**
SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS		
Income taxes paid	(1,044)	(1,008)
Dividends received	672	696
Interest received	10,402	9,748
Interest paid	(827)	(855)

II. Notes to the Condensed Consolidated Interim Financial Statements

1 Basis of presentation

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

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

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

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

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

These condensed consolidated interim financial statements of the Allianz Group were authorized for issue by the Board of Management on 2 August 2012.

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

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS | effective 1 January 2012

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

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

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

OTHER RECLASSIFICATIONS

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

3 Segment Reporting

IDENTIFICATION OF REPORTABLE SEGMENTS

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

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

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

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

☐ PROPERTY-CASUALTY

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

☐ LIFE/HEALTH

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

☐ ASSET MANAGEMENT

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

☐ CORPORATE AND OTHER

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

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

REPORTABLE SEGMENTS MEASURE OF PROFIT OR LOSS

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

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

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

Against this general rule the following exceptions apply:

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

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

RECENT ORGANIZATIONAL CHANGES

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

Business Segment Information – Consolidated Balance Sheets

	Property-Casualty		Life/Health	
In € mn	**As of 30 June 2012**	As of 31 December 2011	**As of 30 June 2012**	As of 31 December 2011
ASSETS				
Cash and cash equivalents	4,527	2,405	4,705	5,301
Financial assets carried at fair value through income	801	1,187	6,261	6,518
Investments	85,364	84,195	281,147	262,126
Loans and advances to banks and customers	17,677	17,842	96,446	98,019
Financial assets for unit-linked contracts	–	–	67,400	63,500
Reinsurance assets	8,709	8,050	4,951	4,846
Deferred acquisition costs	4,504	4,197	15,624	16,429
Deferred tax assets	799	1,050	256	236
Other assets	23,279	20,772	15,751	16,085
Non-current assets and assets of disposal groups classified as held for sale	3	3	145	4
Intangible assets	2,237	2,232	2,202	2,195
Total assets	**147,900**	**141,933**	**494,888**	**475,259**

	Property-Casualty		Life/Health	
In € mn	**As of 30 June 2012**	As of 31 December 2011	**As of 30 June 2012**	As of 31 December 2011
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	135	122	5,854	6,302
Liabilities to banks and customers	1,591	1,488	2,094	2,348
Unearned premiums	18,081	14,697	2,608	2,562
Reserves for loss and loss adjustment expenses	60,598	59,493	9,627	9,357
Reserves for insurance and investment contracts	9,794	9,520	366,326	352,558
Financial liabilities for unit-linked contracts	–	–	67,400	63,500
Deferred tax liabilities	2,244	2,246	2,642	2,186
Other liabilities	15,416	14,999	13,414	13,077
Liabilities of disposal groups classified as held for sale	–	–	–	–
Certificated liabilities	25	25	–	–
Participation certificates and subordinated liabilities	–	–	95	65
Total liabilities	**107,884**	**102,590**	**470,060**	**451,955**

	Asset Management		Corporate and Other		Consolidation		Group	
	As of 30 June 2012	As of 31 December 2011	**As of 30 June 2012**	As of 31 December 2011	**As of 30 June 2012**	As of 31 December 2011	**As of 30 June 2012**	As of 31 December 2011
	1,341	1,406	1,256	1,846	(1,206)	(466)	10,623	10,492
	718	726	134	312	(280)	(277)	7,634	8,466
	919	1,087	97,595	93,665	(90,649)	(90,428)	374,376	350,645
	1,187	1,443	18,222	17,717	(10,252)	(10,283)	123,280	124,738
	–	–	–	–	–	–	67,400	63,500
	–	–	–	–	(26)	(22)	13,634	12,874
	141	146	–	–	–	–	20,269	20,772
	263	262	1,480	1,657	(579)	(884)	2,219	2,321
	2,080	1,889	4,449	5,066	(9,514)	(9,466)	36,045	34,346
	–	7	–	–	–	–	148	14
	7,548	7,498	1,345	1,379	–	–	13,332	13,304
	14,197	**14,464**	**124,481**	**121,642**	**(112,506)**	**(111,826)**	**668,960**	**641,472**

	Asset Management		Corporate and Other		Consolidation		Group	
	As of 30 June 2012	As of 31 December 2011	**As of 30 June 2012**	As of 31 December 2011	**As of 30 June 2012**	As of 31 December 2011	**As of 30 June 2012**	As of 31 December 2011
	–	–	372	516	(274)	(330)	6,087	6,610
	1,747	2,231	22,227	20,112	(4,945)	(4,024)	22,714	22,155
	–	–	–	–	(6)	(4)	20,683	17,255
	–	–	–	–	(19)	(18)	70,206	68,832
	–	–	–	–	(123)	(124)	375,997	361,954
	–	–	–	–	–	–	67,400	63,500
	163	168	192	165	(579)	(884)	4,662	3,881
	2,835	3,237	16,592	15,822	(16,177)	(15,925)	32,080	31,210
	–	–	–	–	–	–	–	–
	–	–	15,443	13,845	(6,169)	(6,221)	9,299	7,649
	14	14	9,385	11,349	(64)	(255)	9,430	11,173
	4,759	**5,650**	**64,211**	**61,809**	**(28,356)**	**(27,785)**	**618,558**	**594,219**
					Total equity		**50,402**	**47,253**
					Total liabilities and equity		**668,960**	**641,472**

Business Segment Information – Total Revenues and Reconciliation of Operating Profit (Loss) to Net Income (Loss)

	Property-Casualty		Life/Health	
Three months ended 30 June | in € mn	**2012**	2011	**2012**	2011
Total revenues[1]	**10,726**	**10,194**	**12,861**	**12,978**
Premiums earned (net)	10,266	9,878	5,534	5,444
Operating investment result				
Interest and similar income	976	967	4,423	4,197
Operating income from financial assets and liabilities carried at fair value through income (net)	(7)	9	(205)	(110)
Operating realized gains/losses (net)	9	3	733	335
Interest expenses, excluding interest expenses from external debt	(11)	(14)	(21)	(21)
Operating impairments of investments (net)	(11)	(7)	(204)	(384)
Investment expenses	(70)	(61)	(191)	(183)
Subtotal	**886**	**897**	**4,535**	**3,834**
Fee and commission income	291	289	131	138
Other income	10	7	37	22
Claims and insurance benefits incurred (net)	(7,119)	(6,619)	(4,570)	(4,724)
Change in reserves for insurance and investment contracts (net)[2]	(76)	(77)	(3,517)	(2,738)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(2,876)	(2,768)	(1,252)	(1,233)
Fee and commission expenses	(264)	(275)	(55)	(46)
Operating restructuring charges	–	–	–	(1)
Other expenses	(6)	(3)	(22)	(17)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	**1,112**	**1,329**	**821**	**679**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(82)	(14)	4	(3)
Non-operating realized gains/losses (net)	354	123	(10)	(129)
Non-operating impairments of investments (net)	(120)	(83)	(22)	(195)
Subtotal	**152**	**26**	**(28)**	**(327)**
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
Amortization of intangible assets	(11)	(1)	(1)	(1)
Non-operating restructuring charges	(76)	(34)	(2)	(1)
Reclassification of tax benefits	–	–	–	–
Non-operating items	**65**	**(9)**	**(31)**	**(329)**
Income (loss) before income taxes	**1,177**	**1,320**	**790**	**350**
Income taxes	(370)	(368)	(284)	(136)
Net income (loss)	**807**	**952**	**506**	**214**
Net income (loss) attributable to:				
Non-controlling interests	50	60	20	11
Shareholders	757	892	486	203

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

2 | During the three months ended 30 June 2012, includes expenses for premium refunds (net) in Property-Casualty of € (25) mn (2011: € (32) mn).

	Asset Management		Corporate and Other		Consolidation		Group	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	1,497	**1,303**	**141**	**137**	**(29)**	**(38)**	**25,196**	**24,574**
	–	–	–	–	–	–	15,800	15,322
	12	14	259	320	(182)	(148)	5,488	5,350
	(7)	(3)	10	(2)	(3)	4	(212)	(102)
	–	–	–	–	3	1	745	339
	(6)	(10)	(189)	(207)	110	124	(117)	(128)
	–	–	–	–	–	–	(215)	(391)
	–	–	(25)	(25)	70	61	(216)	(208)
	(1)	**1**	**55**	**86**	**(2)**	**42**	**5,473**	**4,860**
	1,825	1,577	161	175	(123)	(141)	2,285	2,038
	4	5	1	2	6	(3)	58	33
	–	–	–	–	–	–	(11,689)	(11,343)
	–	–	–	–	42	(21)	(3,551)	(2,836)
	–	–	(42)	(33)	–	–	(42)	(33)
	(862)	(775)	(283)	(317)	11	18	(5,262)	(5,075)
	(331)	(280)	(82)	(117)	46	61	(686)	(657)
	–	–	–	–	–	–	–	(1)
	–	–	(1)	(1)	4	5	(25)	(16)
	–	–	–	–	3	8	3	8
	635	**528**	**(191)**	**(205)**	**(13)**	**(31)**	**2,364**	**2,300**
	–	–	109	(33)	(3)	(3)	28	(53)
	–	–	26	22	–	130	370	146
	(1)	(2)	(64)	(19)	–	(130)	(207)	(429)
	(1)	**(2)**	**71**	**(30)**	**(3)**	**(3)**	**191**	**(336)**
	–	–	(1)	(26)	(46)	13	(47)	(13)
	–	–	(251)	(239)	–	–	(251)	(239)
	(8)	(37)	(2)	3	–	–	(10)	(34)
	(12)	(7)	(7)	(10)	–	–	(31)	(19)
	(61)	(1)	–	(1)	–	–	(139)	(37)
	–	–	–	–	(3)	(8)	(3)	(8)
	(82)	**(47)**	**(190)**	**(303)**	**(52)**	**2**	**(290)**	**(686)**
	553	**481**	**(381)**	**(508)**	**(65)**	**(29)**	**2,074**	**1,614**
	(208)	(192)	108	145	–	8	(754)	(543)
	345	**289**	**(273)**	**(363)**	**(65)**	**(21)**	**1,320**	**1,071**
	10	4	6	(4)	–	–	86	71
	335	285	(279)	(359)	(65)	(21)	1,234	1,000

Business Segment Information – Total Revenues and Reconciliation of Operating Profit (Loss) to Net Income (Loss) (continued)

	Property-Casualty		Life/Health	
Six months ended 30 June | in € mn	**2012**	2011	**2012**	2011
Total revenues[1]	**25,523**	**24,445**	**26,560**	**27,248**
Premiums earned (net)	20,347	19,554	11,895	11,629
Operating investment result				
Interest and similar income	1,915	1,876	8,485	8,030
Operating income from financial assets and liabilities carried at fair value through income (net)	(5)	28	(367)	(272)
Operating realized gains/losses (net)	14	12	1,800	1,053
Interest expenses, excluding interest expenses from external debt	(22)	(27)	(41)	(47)
Operating impairments of investments (net)	(14)	(7)	(266)	(446)
Investment expenses	(137)	(117)	(353)	(361)
Subtotal	**1,751**	**1,765**	**9,258**	**7,957**
Fee and commission income	581	562	258	268
Other income	17	11	79	45
Claims and insurance benefits incurred (net)	(14,001)	(13,709)	(9,679)	(9,612)
Change in reserves for insurance and investment contracts (net)[2]	(156)	(180)	(7,231)	(6,367)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(5,688)	(5,476)	(2,773)	(2,402)
Fee and commission expenses	(540)	(529)	(118)	(105)
Operating restructuring charges	–	–	(1)	(1)
Other expenses	(10)	(6)	(41)	(31)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	**2,301**	**1,992**	**1,647**	**1,381**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(62)	(12)	17	(12)
Non-operating realized gains/losses (net)	366	332	13	(119)
Non-operating impairments of investments (net)	(166)	(116)	(27)	(199)
Subtotal	**138**	**204**	**3**	**(330)**
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
Amortization of intangible assets	(16)	(5)	(2)	(2)
Non-operating restructuring charges	(82)	(35)	(3)	(1)
Reclassification of tax benefits	–	–	–	–
Non-operating items	**40**	**164**	**(2)**	**(333)**
Income (loss) before income taxes	**2,341**	**2,156**	**1,645**	**1,048**
Income taxes	(698)	(647)	(513)	(352)
Net income (loss)	**1,643**	**1,509**	**1,132**	**696**
Net income (loss) attributable to:				
Non-controlling interests	89	98	43	32
Shareholders	1,554	1,411	1,089	664

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

2 | During the six months ended 30 June 2012, includes expenses for premium refunds (net) in Property-Casualty of € (51) mn (2011: € (77) mn).

Asset Management		Corporate and Other		Consolidation		Group	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
2,936	**2,576**	**296**	**288**	**(66)**	**(78)**	**55,249**	**54,479**
–	–	–	–	–	–	32,242	31,183
24	27	509	565	(313)	(254)	10,620	10,244
7	3	20	5	(1)	5	(346)	(231)
–	–	–	–	3	2	1,817	1,067
(12)	(16)	(391)	(397)	226	234	(240)	(253)
–	–	–	–	–	–	(280)	(453)
–	–	(48)	(48)	125	116	(413)	(410)
19	**14**	**90**	**125**	**40**	**103**	**11,158**	**9,964**
3,517	3,108	323	357	(249)	(270)	4,430	4,025
8	9	1	2	4	(3)	109	64
–	–	–	–	–	–	(23,680)	(23,321)
–	–	–	–	29	(51)	(7,358)	(6,598)
–	–	(88)	(49)	–	–	(88)	(49)
(1,688)	(1,520)	(593)	(624)	28	32	(10,714)	(9,990)
(608)	(555)	(207)	(237)	103	120	(1,370)	(1,306)
–	–	–	–	–	–	(1)	(1)
–	–	(1)	(2)	8	8	(44)	(31)
–	–	–	–	10	20	10	20
1,248	**1,056**	**(475)**	**(428)**	**(27)**	**(41)**	**4,694**	**3,960**
–	–	309	(121)	(8)	(4)	256	(149)
–	3	107	174	–	142	486	532
(1)	(2)	(136)	(65)	–	(130)	(330)	(512)
(1)	**1**	**280**	**(12)**	**(8)**	**8**	**412**	**(129)**
–	–	(13)	(63)	(40)	31	(53)	(32)
–	–	(510)	(464)	–	–	(510)	(464)
(19)	(132)	(3)	(3)	–	–	(22)	(135)
(23)	(14)	(15)	(20)	–	–	(56)	(41)
(61)	(1)	–	(2)	–	–	(146)	(39)
–	–	–	–	(10)	(20)	(10)	(20)
(104)	**(146)**	**(261)**	**(564)**	**(58)**	**19**	**(385)**	**(860)**
1,144	**910**	**(736)**	**(992)**	**(85)**	**(22)**	**4,309**	**3,100**
(420)	(312)	80	177	7	20	(1,544)	(1,114)
724	**598**	**(656)**	**(815)**	**(78)**	**(2)**	**2,765**	**1,986**
21	7	7	(8)	–	–	160	129
703	591	(663)	(807)	(78)	(2)	2,605	1,857

Reportable Segments – Property-Casualty

	German Speaking Countries[1]		Western & Southern Europe[2]		Iberia & Latin America	
Three months ended 30 June | in € mn	**2012**	2011	**2012**	2011	**2012**	2011
Gross premiums written	**2,070**	**1,975**	**2,211**	**2,218**	**1,141**	**1,018**
Ceded premiums written	(350)	(345)	(124)	(134)	(212)	(172)
Change in unearned premiums	702	713	41	38	(14)	24
Premiums earned (net)	**2,422**	**2,343**	**2,128**	**2,122**	**915**	**870**
Interest and similar income	315	311	235	245	53	44
Operating income from financial assets and liabilities carried at fair value through income (net)	(2)	1	(5)	9	5	21
Operating realized gains/losses (net)	9	3	–	–	–	–
Fee and commission income	37	35	4	7	1	–
Other income	8	4	1	–	–	2
Operating revenues	**2,789**	**2,697**	**2,363**	**2,383**	**974**	**937**
Claims and insurance benefits incurred (net)	(1,723)	(1,705)	(1,434)	(1,480)	(633)	(587)
Change in reserves for insurance and investment contracts (net)	(68)	(68)	–	–	–	–
Interest expenses	(19)	(17)	(2)	(3)	(1)	(1)
Operating impairments of investments (net)	(11)	(7)	–	–	–	–
Investment expenses	(26)	(19)	(18)	(25)	(4)	(3)
Acquisition and administrative expenses (net)	(645)	(618)	(560)	(580)	(237)	(216)
Fee and commission expenses	(35)	(34)	(8)	(8)	–	–
Other expenses	(5)	(3)	(1)	–	–	–
Operating expenses	**(2,532)**	**(2,471)**	**(2,023)**	**(2,096)**	**(875)**	**(807)**
Operating profit (loss)	**257**	**226**	**340**	**287**	**99**	**130**
Loss ratio[3] in %	71.2	72.7	67.4	69.8	69.2	67.5
Expense ratio[4] in %	26.6	26.4	26.3	27.3	25.9	24.8
Combined ratio[5] in %	**97.8**	**99.1**	**93.7**	**97.1**	**95.1**	**92.3**

1 | In 2012, Münchener und Magdeburger Agrarversicherung AG was transferred from Consolidation and Other to German Speaking Countries. Prior year figures have not been adjusted.
2 | From 2012 on, AGF UK is shown in Global Insurance Lines & Anglo Markets instead of Western & Southern Europe. Prior year figures have been adjusted.
3 | Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
4 | Represents acquisition and administrative expenses (net) divided by premiums earned (net).
5 | Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).
6 | Presentation not meaningful.

USA		Global Insurance Lines & Anglo Markets[2]		Growth Markets		Assistance		Consolidation and Other[1]		Property-Casualty	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
805	**689**	**4,217**	**3,895**	**730**	**760**	**432**	**408**	**(880)**	**(769)**	**10,726**	**10,194**
(164)	(109)	(1,014)	(986)	(170)	(157)	(7)	(5)	880	785	(1,161)	(1,123)
(38)	(32)	(28)	70	35	3	3	(9)	–	–	701	807
603	**548**	**3,175**	**2,979**	**595**	**606**	**428**	**394**	**–**	**16**	**10,266**	**9,878**
59	69	283	271	40	39	8	6	(17)	(18)	976	967
–	(1)	(9)	(21)	3	–	1	–	–	–	(7)	9
–	–	–	–	–	–	–	–	–	–	9	3
–	–	148	163	21	13	108	94	(28)	(23)	291	289
–	–	–	–	1	–	–	2	–	(1)	10	7
662	**616**	**3,597**	**3,392**	**660**	**658**	**545**	**496**	**(45)**	**(26)**	**11,545**	**11,153**
(546)	(509)	(2,162)	(1,725)	(371)	(372)	(250)	(230)	–	(11)	(7,119)	(6,619)
–	–	(10)	(8)	2	(1)	–	–	–	–	(76)	(77)
–	–	(5)	(7)	–	(3)	(1)	(1)	17	18	(11)	(14)
–	–	–	–	–	–	–	–	–	–	(11)	(7)
–	(1)	(19)	(10)	(3)	(3)	–	–	–	–	(70)	(61)
(193)	(180)	(874)	(823)	(219)	(214)	(154)	(143)	6	6	(2,876)	(2,768)
–	–	(115)	(138)	(23)	(14)	(105)	(97)	22	16	(264)	(275)
–	–	–	–	–	–	–	–	–	–	(6)	(3)
(739)	**(690)**	**(3,185)**	**(2,711)**	**(614)**	**(607)**	**(510)**	**(471)**	**45**	**29**	**(10,433)**	**(9,824)**
(77)	**(74)**	**412**	**681**	**46**	**51**	**35**	**25**	**–**	**3**	**1,112**	**1,329**
90.6	92.9	68.1	57.9	62.4	61.4	58.4	58.4	–[6]	–[6]	69.4	67.0
32.0	32.8	27.5	27.6	36.8	35.3	36.0	36.3	–[6]	–[6]	28.0	28.0
122.6	**125.7**	**95.6**	**85.5**	**99.2**	**96.7**	**94.4**	**94.7**	**–[6]**	**–[6]**	**97.4**	**95.0**

Reportable Segments – Property-Casualty (continued)

	German Speaking Countries[1]		Western & Southern Europe[2]		Iberia & Latin America	
Six months ended 30 June | in € mn	**2012**	2011	**2012**	2011	**2012**	2011
Gross premiums written	**7,284**	**7,088**	**4,874**	**4,894**	**2,434**	**2,279**
Ceded premiums written	(1,155)	(1,151)	(343)	(348)	(437)	(470)
Change in unearned premiums	(1,333)	(1,269)	(270)	(287)	(189)	(108)
Premiums earned (net)	**4,796**	**4,668**	**4,261**	**4,259**	**1,808**	**1,701**
Interest and similar income	601	607	451	449	109	87
Operating income from financial assets and liabilities carried at fair value through income (net)	3	1	(1)	25	14	40
Operating realized gains/losses (net)	14	12	–	–	–	–
Fee and commission income	75	70	10	15	1	–
Other income	14	8	2	–	–	2
Operating revenues	**5,503**	**5,366**	**4,723**	**4,748**	**1,932**	**1,830**
Claims and insurance benefits incurred (net)	(3,402)	(3,355)	(2,936)	(3,031)	(1,247)	(1,146)
Change in reserves for insurance and investment contracts (net)	(129)	(150)	–	–	–	–
Interest expenses	(40)	(39)	(4)	(6)	(2)	(2)
Operating impairments of investments (net)	(14)	(7)	–	–	–	–
Investment expenses	(43)	(40)	(37)	(45)	(7)	(6)
Acquisition and administrative expenses (net)	(1,274)	(1,235)	(1,105)	(1,131)	(454)	(420)
Fee and commission expenses	(73)	(69)	(16)	(15)	–	–
Other expenses	(8)	(6)	(2)	–	–	–
Operating expenses	**(4,983)**	**(4,901)**	**(4,100)**	**(4,228)**	**(1,710)**	**(1,574)**
Operating profit (loss)	**520**	**465**	**623**	**520**	**222**	**256**
Loss ratio[3] in %	70.9	71.8	68.9	71.1	69.0	67.4
Expense ratio[4] in %	26.6	26.5	25.9	26.6	25.1	24.7
Combined ratio[5] in %	**97.5**	**98.3**	**94.8**	**97.7**	**94.1**	**92.1**

1 | In 2012, Münchener und Magdeburger Agrarversicherung AG was transferred from Consolidation and Other to German Speaking Countries. Prior year figures have not been adjusted.
2 | From 2012 on, AGF UK is shown in Global Insurance Lines & Anglo Markets instead of Western & Southern Europe. Prior year figures have been adjusted.
3 | Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
4 | Represents acquisition and administrative expenses (net) divided by premiums earned (net).
5 | Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).
6 | Presentation not meaningful.

	USA		Global Insurance Lines & Anglo Markets[2]		Growth Markets		Assistance		Consolidation and Other[1]		Property-Casualty	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	1,461	1,295	9,426	8,602	1,610	1,685	905	868	(2,471)	(2,266)	25,523	24,445
	(288)	(224)	(2,477)	(2,192)	(382)	(363)	(13)	(7)	2,471	2,286	(2,624)	(2,469)
	(42)	7	(617)	(573)	(46)	(105)	(55)	(87)	–	–	(2,552)	(2,422)
	1,131	1,078	6,332	5,837	1,182	1,217	837	774	–	20	20,347	19,554
	124	144	569	536	81	77	16	13	(36)	(37)	1,915	1,876
	1	–	(21)	(32)	(1)	(5)	–	(1)	–	–	(5)	28
	–	–	–	–	–	–	–	–	–	–	14	12
	–	–	288	305	30	26	212	184	(35)	(38)	581	562
	–	–	–	–	1	–	–	2	–	(1)	17	11
	1,256	1,222	7,168	6,646	1,293	1,315	1,065	972	(71)	(56)	22,869	22,043
	(919)	(857)	(4,263)	(4,092)	(730)	(750)	(504)	(465)	–	(13)	(14,001)	(13,709)
	–	–	(29)	(30)	2	–	–	–	–	–	(156)	(180)
	–	–	(10)	(12)	(1)	(4)	(1)	(1)	36	37	(22)	(27)
	–	–	–	–	–	–	–	–	–	–	(14)	(7)
	(1)	(2)	(44)	(18)	(5)	(6)	–	–	–	–	(137)	(117)
	(378)	(375)	(1,763)	(1,627)	(420)	(418)	(302)	(279)	8	9	(5,688)	(5,476)
	–	–	(237)	(259)	(32)	(28)	(209)	(186)	27	28	(540)	(529)
	–	–	–	–	–	–	–	–	–	–	(10)	(6)
	(1,298)	(1,234)	(6,346)	(6,038)	(1,186)	(1,206)	(1,016)	(931)	71	61	(20,568)	(20,051)
	(42)	(12)	822	608	107	109	49	41	–	5	2,301	1,992
	81.3	79.5	67.4	70.1	61.8	61.7	60.2	60.1	–[6]	–[6]	68.8	70.1
	33.4	34.8	27.8	27.9	35.5	34.3	36.1	36.0	–[6]	–[6]	28.0	28.0
	114.7	114.3	95.2	98.0	97.3	96.0	96.3	96.1	–[6]	–[6]	96.8	98.1

Reportable Segments – Life/Health

Three months ended 30 June | in € mn	German Speaking Countries 2012	German Speaking Countries 2011	Western & Southern Europe 2012	Western & Southern Europe 2011	Iberia & Latin America 2012	Iberia & Latin America 2011
Statutory premiums[1]	**4,585**	**4,842**	**4,532**	**4,110**	**374**	**333**
Ceded premiums written	(43)	(42)	(310)	(77)	(13)	(12)
Change in unearned premiums	(42)	(34)	16	20	–	1
Statutory premiums (net)	4,500	4,766	4,238	4,053	361	322
Deposits from insurance and investment contracts	(1,086)	(1,324)	(3,220)	(2,970)	(199)	(187)
Premiums earned (net)	**3,414**	**3,442**	**1,018**	**1,083**	**162**	**135**
Interest and similar income	2,323	2,203	1,106	1,098	88	86
Operating income from financial assets and liabilities carried at fair value through income (net)	139	17	(80)	6	–	(1)
Operating realized gains/losses (net)	533	190	144	113	(3)	1
Fee and commission income	13	9	82	95	2	1
Other income	33	21	4	1	–	–
Operating revenues	**6,455**	**5,882**	**2,274**	**2,396**	**249**	**222**
Claims and insurance benefits incurred (net)	(3,026)	(3,168)	(930)	(970)	(160)	(137)
Change in reserves for insurance and investment contracts (net)	(2,368)	(1,730)	(534)	(482)	(5)	(7)
Interest expenses	(27)	(30)	(5)	(4)	(1)	(2)
Operating impairments of investments (net)	(106)	(181)	(94)	(199)	–	(1)
Investment expenses	(131)	(110)	(44)	(54)	(1)	(1)
Acquisition and administrative expenses (net)	(398)	(369)	(392)	(433)	(45)	(39)
Fee and commission expenses	(3)	(3)	(42)	(35)	–	–
Operating restructuring charges	–	(1)	–	–	–	–
Other expenses	(20)	(16)	(2)	(1)	–	–
Operating expenses	**(6,079)**	**(5,608)**	**(2,043)**	**(2,178)**	**(212)**	**(187)**
Operating profit (loss)	**376**	**274**	**231**	**218**	**37**	**35**
Margin on reserves[2] in basis points	**73**	**57**	**73**	**69**	**217**	**210**

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

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

3 | Presentation not meaningful.

	USA		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	1,976	2,069	120	94	1,576	1,630	(302)	(100)	12,861	12,978
	(31)	(30)	(13)	(14)	(71)	(40)	302	100	(179)	(115)
	–	1	–	–	(25)	(43)	–	–	(51)	(55)
	1,945	2,040	107	80	1,480	1,547	–	–	12,631	12,808
	(1,747)	(1,874)	–	–	(845)	(1,009)	–	–	(7,097)	(7,364)
	198	166	107	80	635	538	–	–	5,534	5,444
	701	619	19	21	203	189	(17)	(19)	4,423	4,197
	(255)	(112)	2	(19)	(7)	(3)	(4)	2	(205)	(110)
	49	17	–	–	10	14	–	–	733	335
	16	14	–	–	18	19	–	–	131	138
	–	–	–	–	–	–	–	–	37	22
	709	704	128	82	859	757	(21)	(17)	10,653	10,026
	(25)	(18)	(90)	(86)	(339)	(345)	–	–	(4,570)	(4,724)
	(392)	(381)	(15)	18	(203)	(156)	–	–	(3,517)	(2,738)
	(1)	(1)	(1)	(1)	(2)	(3)	16	20	(21)	(21)
	1	(4)	–	–	(5)	1	–	–	(204)	(384)
	(9)	(10)	–	(1)	(6)	(7)	–	–	(191)	(183)
	(146)	(151)	(27)	(13)	(244)	(226)	–	(2)	(1,252)	(1,233)
	(10)	(8)	–	–	–	–	–	–	(55)	(46)
	–	–	–	–	–	–	–	–	–	(1)
	–	–	–	–	–	–	–	–	(22)	(17)
	(582)	(573)	(133)	(83)	(799)	(736)	16	18	(9,832)	(9,347)
	127	131	(5)	(1)	60	21	(5)	1	821	679
	76	91	(97)	(18)	93	38	–[3]	–[3]	76	66

Reportable Segments – Life/Health (continued)

	German Speaking Countries		Western & Southern Europe		Iberia & Latin America	
Six months ended 30 June | in € mn	2012	2011	2012	2011	2012	2011
Statutory premiums[1]	**10,507**	**10,601**	**8,332**	**8,555**	**728**	**687**
Ceded premiums written	(85)	(84)	(473)	(167)	(26)	(25)
Change in unearned premiums	(76)	(80)	18	8	(1)	–
Statutory premiums (net)	10,346	10,437	7,877	8,396	701	662
Deposits from insurance and investment contracts	(2,778)	(2,914)	(5,770)	(6,191)	(333)	(372)
Premiums earned (net)	**7,568**	**7,523**	**2,107**	**2,205**	**368**	**290**
Interest and similar income	4,396	4,186	2,088	2,039	184	175
Operating income from financial assets and liabilities carried at fair value through income (net)	81	(65)	(5)	87	5	1
Operating realized gains/losses (net)	1,438	589	255	362	(19)	2
Fee and commission income	22	14	165	186	3	2
Other income	73	43	6	2	–	–
Operating revenues	**13,578**	**12,290**	**4,616**	**4,881**	**541**	**470**
Claims and insurance benefits incurred (net)	(6,566)	(6,682)	(1,879)	(1,829)	(301)	(278)
Change in reserves for insurance and investment contracts (net)	(4,942)	(3,802)	(1,165)	(1,360)	(77)	(38)
Interest expenses	(51)	(62)	(12)	(14)	(2)	(2)
Operating impairments of investments (net)	(131)	(218)	(138)	(225)	–	(1)
Investment expenses	(234)	(217)	(86)	(105)	(3)	(3)
Acquisition and administrative expenses (net)	(904)	(699)	(825)	(840)	(98)	(77)
Fee and commission expenses	(12)	(7)	(84)	(83)	–	–
Operating restructuring charges	(1)	(1)	–	–	–	–
Other expenses	(37)	(29)	(4)	(2)	–	–
Operating expenses	**(12,878)**	**(11,717)**	**(4,193)**	**(4,458)**	**(481)**	**(399)**
Operating profit	**700**	**573**	**423**	**423**	**60**	**71**
Margin on reserves[2] **in basis points**	**69**	**59**	**68**	**67**	**176**	**215**

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

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

3 | Presentation not meaningful.

	USA		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	3,999	**4,008**	**240**	**193**	**3,204**	**3,379**	**(450)**	**(175)**	**26,560**	**27,248**
	(61)	(61)	(25)	(21)	(113)	(99)	450	175	(333)	(282)
	–	(1)	–	–	(59)	(71)	–	–	(118)	(144)
	3,938	3,946	215	172	3,032	3,209	–	–	26,109	26,822
	(3,540)	(3,613)	–	–	(1,793)	(2,103)	–	–	(14,214)	(15,193)
	398	**333**	**215**	**172**	**1,239**	**1,106**	**–**	**–**	**11,895**	**11,629**
	1,405	1,256	36	44	408	368	(32)	(38)	8,485	8,030
	(423)	(266)	(21)	(32)	(3)	(4)	(1)	7	(367)	(272)
	72	28	–	–	54	72	–	–	1,800	1,053
	31	27	–	–	37	39	–	–	258	268
	–	–	–	–	–	–	–	–	79	45
	1,483	**1,378**	**230**	**184**	**1,735**	**1,581**	**(33)**	**(31)**	**22,150**	**20,753**
	(47)	(37)	(167)	(169)	(719)	(617)	–	–	(9,679)	(9,612)
	(680)	(781)	(9)	18	(358)	(404)	–	–	(7,231)	(6,367)
	(3)	(3)	(1)	(1)	(4)	(5)	32	40	(41)	(47)
	8	(4)	–	–	(5)	2	–	–	(266)	(446)
	(17)	(20)	–	(2)	(13)	(13)	–	(1)	(353)	(361)
	(429)	(295)	(45)	(26)	(471)	(463)	(1)	(2)	(2,773)	(2,402)
	(22)	(15)	–	–	–	–	–	–	(118)	(105)
	–	–	–	–	–	–	–	–	(1)	(1)
	–	–	–	–	–	–	–	–	(41)	(31)
	(1,190)	**(1,155)**	**(222)**	**(180)**	**(1,570)**	**(1,500)**	**31**	**37**	**(20,503)**	**(19,372)**
	293	**223**	**8**	**4**	**165**	**81**	**(2)**	**6**	**1,647**	**1,381**
	87	**77**	**70**	**41**	**130**	**69**	**–[3]**	**–[3]**	**77**	**67**

Reportable Segments – Asset Management

Three months ended 30 June | in € mn	2012	2011
Net fee and commission income[1]	1,494	1,297
Net interest income[2]	6	4
Income from financial assets and liabilities carried at fair value through income (net)	(7)	(3)
Other income	4	5
Operating revenues	**1,497**	**1,303**
Administrative expenses (net), excluding acquisition-related expenses	(862)	(775)
Operating expenses	**(862)**	**(775)**
Operating profit	**635**	**528**
Cost-income ratio[3] in %	**57.6**	**59.5**

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.

Six months ended 30 June | in € mn	2012	2011
Net fee and commission income[1]	2,909	2,553
Net interest income[2]	12	11
Income from financial assets and liabilities carried at fair value through income (net)	7	3
Other income	8	9
Operating revenues	**2,936**	**2,576**
Administrative expenses (net), excluding acquisition-related expenses	(1,688)	(1,520)
Operating expenses	**(1,688)**	**(1,520)**
Operating profit	**1,248**	**1,056**
Cost-income ratio[3] in %	**57.5**	**59.0**

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

	Holding & Treasury	
Three months ended 30 June | in € mn	2012	2011
Interest and similar income	72	134
Operating income from financial assets and liabilities carried at fair value through income (net)	12	(4)
Fee and commission income	18	37
Other income	–	–
Operating revenues	**102**	**167**
Interest expenses, excluding interest expenses from external debt	(103)	(113)
Loan loss provisions	–	–
Investment expenses	(27)	(23)
Administrative expenses (net), excluding acquisition-related expenses	(135)	(147)
Fee and commission expenses	(21)	(54)
Other expenses	–	–
Operating expenses	**(286)**	**(337)**
Operating profit (loss)	**(184)**	**(170)**
Cost-income ratio[1] 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.

	Holding & Treasury	
Six months ended 30 June | in € mn	2012	2011
Interest and similar income	127	199
Operating income from financial assets and liabilities carried at fair value through income (net)	14	(5)
Fee and commission income	31	83
Other income	–	–
Operating revenues	**172**	**277**
Interest expenses, excluding interest expenses from external debt	(212)	(214)
Loan loss provisions	–	–
Investment expenses	(47)	(46)
Administrative expenses (net), excluding acquisition-related expenses	(281)	(287)
Fee and commission expenses	(83)	(121)
Other expenses	–	–
Operating expenses	**(623)**	**(668)**
Operating profit (loss)	**(451)**	**(391)**
Cost-income ratio[1] for the reportable segment Banking in %		

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

Banking		Alternative Investments		Consolidation		Corporate and Other	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
183	183	4	4	–	(1)	259	320
(1)	1	(1)	–	–	1	10	(2)
107	111	39	29	(3)	(2)	161	175
–	–	1	2	–	–	1	2
289	**295**	**43**	**35**	**(3)**	**(2)**	**431**	**495**
(87)	(95)	–	1	1	–	(189)	(207)
(42)	(33)	–	–	–	–	(42)	(33)
–	–	1	(2)	1	–	(25)	(25)
(118)	(126)	(31)	(45)	1	1	(283)	(317)
(62)	(64)	–	–	1	1	(82)	(117)
(1)	(1)	–	–	–	–	(1)	(1)
(310)	**(319)**	**(30)**	**(46)**	**4**	**2**	**(622)**	**(700)**
(21)	**(24)**	**13**	**(11)**	**1**	**–**	**(191)**	**(205)**
85.0	**93.4**						

Banking		Alternative Investments		Consolidation		Corporate and Other	
2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
373	361	10	6	(1)	(1)	509	565
7	10	(1)	–	–	–	20	5
219	218	78	59	(5)	(3)	323	357
–	–	2	3	(1)	(1)	1	2
599	**589**	**89**	**68**	**(7)**	**(5)**	**853**	**929**
(178)	(184)	(2)	–	1	1	(391)	(397)
(88)	(49)	–	–	–	–	(88)	(49)
–	–	(2)	(2)	1	–	(48)	(48)
(243)	(259)	(73)	(81)	4	3	(593)	(624)
(125)	(117)	–	–	1	1	(207)	(237)
(1)	(2)	–	–	–	–	(1)	(2)
(635)	**(611)**	**(77)**	**(83)**	**7**	**5**	**(1,328)**	**(1,357)**
(36)	**(22)**	**12**	**(15)**	**–**	**–**	**(475)**	**(428)**
82.4	**90.6**						

II. Supplementary Information to the Consolidated Balance Sheets

4 Financial assets carried at fair value through income

In € mn	As of 30 June 2012	As of 31 December 2011
Financial assets held for trading		
Debt securities	184	238
Equity securities	143	135
Derivative financial instruments	1,945	2,096
Subtotal	**2,272**	**2,469**
Financial assets designated at fair value through income		
Debt securities	2,570	3,375
Equity securities	2,792	2,622
Subtotal	**5,362**	**5,997**
Total	**7,634**	**8,466**

5 Investments

In € mn	As of 30 June 2012	As of 31 December 2011
Available-for-sale investments	357,018	333,880
Held-to-maturity investments	4,612	4,220
Funds held by others under reinsurance contracts assumed	1,122	1,123
Investments in associates and joint ventures	2,856	2,758
Real estate held for investment	8,768	8,664
Total	**374,376**	**350,645**

AVAILABLE-FOR-SALE INVESTMENTS

In € mn	As of 30 June 2012				As of 31 December 2011			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	5,357	328	(2)	5,683	5,095	300	(1)	5,394
Corporate mortgage-backed securities (residential and commercial)	11,049	1,096	(131)	12,014	10,868	863	(182)	11,549
Other asset-backed securities	2,416	248	(26)	2,638	2,393	196	(30)	2,559
Government and government agency bonds								
Germany	12,493	1,375	(4)	13,864	11,988	1,269	(3)	13,254
Italy	34,263	42	(2,056)	32,249	30,158	4	(3,263)	26,899
France	26,535	2,186	(24)	28,697	25,326	1,531	(45)	26,812
United States	8,111	848	(8)	8,951	7,202	704	(3)	7,903
Spain	3,845	3	(446)	3,402	5,097	46	(286)	4,857
Belgium	7,809	579	(4)	8,384	5,801	175	(25)	5,951
Greece	38	–	(15)	23	303	–	–	303
Portugal	250	–	(53)	197	761	–	(209)	552
Ireland	160	–	(8)	152	439	–	(51)	388
Hungary	722	3	(11)	714	723	–	(60)	663
All other countries	44,925	3,697	(146)	48,476	41,887	2,903	(155)	44,635
Subtotal	**139,151**	**8,733**	**(2,775)**	**145,109**	**129,685**	**6,632**	**(4,100)**	**132,217**
Corporate bonds[1]	156,967	9,679	(2,777)	163,869	151,481	6,571	(4,298)	153,754
Other	2,448	214	(75)	2,587	2,045	190	(16)	2,219
Subtotal	**317,388**	**20,298**	**(5,786)**	**331,900**	**301,567**	**14,752**	**(8,627)**	**307,692**
Equity securities[2]	17,578	7,666	(126)	25,118	18,746	7,623	(181)	26,188
Total	**334,966**	**27,964**	**(5,912)**	**357,018**	**320,313**	**22,375**	**(8,808)**	**333,880**

1 | Includes bonds issued by Spanish banks with a fair value of € 476 mn (2011: € 1,115 mn), thereof subordinated bonds with a fair value of € 150 mn (2011: € 322 mn).
2 | Includes shares invested in Spanish banks with a fair value of € 275 mn (2011: € 521 mn).

6 Loans and advances to banks and customers

In € mn	As of 30 June 2012			As of 31 December 2011		
	Banks	Customers	Total	Banks	Customers	Total
Short-term investments and certificates of deposit	6,085	–	6,085	6,341	–	6,341
Reverse repurchase agreements	918	–	918	1,147	–	1,147
Collateral paid for securities borrowing transactions and derivatives	231	–	231	264	–	264
Loans	66,645	48,279	114,924	67,442	48,393	115,835
Other	1,302	37	1,339	1,310	38	1,348
Subtotal	**75,181**	**48,316**	**123,497**	**76,504**	**48,431**	**124,935**
Loan loss allowance	–	(217)	(217)	–	(197)	(197)
Total	**75,181**	**48,099**	**123,280**	**76,504**	**48,234**	**124,738**

LOANS AND ADVANCES TO CUSTOMERS BY TYPE OF CUSTOMER

In € mn	As of 30 June 2012	As of 31 December 2011
Corporate customers	17,303	17,354
Private customers	23,461	23,430
Public customers	7,552	7,647
Total	**48,316**	**48,431**

7 Reinsurance assets

In € mn	As of 30 June 2012	As of 31 December 2011
Unearned premiums	2,076	1,394
Reserves for loss and loss adjustment expenses	7,048	7,006
Aggregate policy reserves	4,414	4,364
Other insurance reserves	96	110
Total	**13,634**	**12,874**

8 Deferred acquisition costs

In € mn	As of 30 June 2012	As of 31 December 2011
Deferred acquisition costs		
Property-Casualty	4,504	4,197
Life/Health	13,979	14,579
Asset Management	141	146
Subtotal	**18,624**	**18,922**
Present value of future profits	987	1,053
Deferred sales inducements	658	797
Total	**20,269**	**20,772**

9 Other assets

In € mn	As of 30 June 2012	As of 31 December 2011
Receivables		
Policyholders	6,135	5,653
Agents	4,857	4,352
Reinsurers	3,069	2,497
Other	4,242	3,405
Less allowance for doubtful accounts	(676)	(669)
Subtotal	**17,627**	**15,238**
Tax receivables		
Income taxes	1,509	1,708
Other taxes	1,036	1,150
Subtotal	**2,545**	**2,858**
Accrued dividends, interest and rent	6,859	7,672
Prepaid expenses		
Interest and rent	17	18
Other prepaid expenses	325	286
Subtotal	**342**	**304**
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	253	430
Property and equipment		
Real estate held for own use	2,882	2,806
Software	1,515	1,393
Equipment	863	849
Fixed assets of Alternative Investments	1,203	1,113
Subtotal	**6,463**	**6,161**
Other assets	1,956	1,683
Total	**36,045**	**34,346**

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

In € mn	As of 30 June 2012	As of 31 December 2011
Assets of disposal groups classified as held for sale		
LLC Allianz Life, Moscow	–	4
Seed money investments	145	7
Subtotal	145	11
Non-current assets classified as held for sale		
Real estate held for investment	3	3
Subtotal	3	3
Total	148	14

As of 30 June 2012, the Allianz Group owned a seed money investment for which a sale is expected to occur within one year. This seed money investment pertains to Allianz Life Insurance Company of North America, which made the investment to launch a new investment fund for its variable annuity business. The assets in the amount of € 145 mn relating to this investment fund have been classified as a disposal group held for sale and pertain to the segment Life/Health. The investment fund is primarily comprised of equity and debt securities. Upon measurement of the disposal group at fair value less costs to sell, no impairment loss was recognized in the consolidated income statement for the six months ended 30 June 2012.

11 Intangible assets

In € mn	As of 30 June 2012	As of 31 December 2011
Intangible assets with indefinite useful lives		
Goodwill	11,819	11,722
Brand names[1]	304	310
Subtotal	12,123	12,032
Intangible assets with finite useful lives		
Long-term distribution agreements[2]	911	941
Customer relationships	179	207
Other[3]	119	124
Subtotal	1,209	1,272
Total	13,332	13,304

1 | Includes primarily the brand name of Selecta AG, Muntelier.
2 | Consists of the long-term distribution agreements with Commerzbank AG of € 517 mn (2011: € 539 mn) and Banco Popular S.A. of € 394 mn (2011: € 402 mn).
3 | Includes primarily acquired business portfolios and renewal rights of € 40 mn (2011: € 44 mn), other distribution rights of € 22 mn (2011: € 22 mn), bancassurance agreements of € 11 mn (2011: € 12 mn) and research and development costs of € 13 mn (2011: € 9 mn).

GOODWILL

In € mn	2012
Cost as of 1 January	12,527
Accumulated impairments as of 1 January	(805)
Carrying amount as of 1 January	11,722
Additions	1
Disposals	–
Foreign currency translation adjustments	96
Impairments	–
Carrying amount as of 30 June	11,819
Accumulated impairments as of 30 June	805
Cost as of 30 June	12,624

12 Financial liabilities carried at fair value through income

In € mn	As of 30 June 2012	As of 31 December 2011
Financial liabilities held for trading		
Derivative financial instruments	6,085	6,608
Other trading liabilities	2	2
Subtotal	6,087	6,610
Financial liabilities designated at fair value through income	–	–
Total	6,087	6,610

13 Liabilities to banks and customers

	As of 30 June 2012			As of 31 December 2011		
In € mn	Banks	Customers	Total	Banks	Customers	Total
Payable on demand	65	4,541	4,606	409	4,138	4,547
Savings deposits	–	2,963	2,963	–	2,879	2,879
Term deposits and certificates of deposit	1,036	2,084	3,120	1,107	2,234	3,341
Repurchase agreements	806	317	1,123	229	106	335
Collateral received from securities lending transactions and derivatives	2,046	–	2,046	2,151	–	2,151
Other	5,555	3,301	8,856	5,693	3,209	8,902
Total	9,508	13,206	22,714	9,589	12,566	22,155

14 Reserves for loss and loss adjustment expenses

In € mn	As of 30 June 2012	As of 31 December 2011
Property-Casualty	60,598	59,493
Life/Health	9,627	9,357
Consolidation	(19)	(18)
Total	70,206	68,832

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

	2012			2011		
In € mn	Gross	Ceded	Net	Gross	Ceded	Net
As of 1 January	59,493	(6,658)	52,835	57,509	(6,659)	50,850
Loss and loss adjustment expenses incurred						
Current year	15,540	(1,054)	14,486	15,817	(1,333)	14,484
Prior years	(599)	114	(485)	(1,188)	413	(775)
Subtotal	14,941	(940)	14,001	14,629	(920)	13,709
Loss and loss adjustment expenses paid						
Current year	(5,631)	298	(5,333)	(5,251)	193	(5,058)
Prior years	(8,753)	742	(8,011)	(8,747)	801	(7,946)
Subtotal	(14,384)	1,040	(13,344)	(13,998)	994	(13,004)
Foreign currency translation adjustments and other changes	548	(87)	461	(1,088)	310	(778)
Changes in the consolidated subsidiaries of the Allianz Group	–	–	–	20	(8)	12
Reclassifications	–	–	–	(6)	3	(3)
As of 30 June	60,598	(6,645)	53,953	57,066	(6,280)	50,786

15 Reserves for insurance and investment contracts

In € mn	As of 30 June 2012	As of 31 December 2011
Aggregate policy reserves	346,322	338,318
Reserves for premium refunds	28,900	22,868
Other insurance reserves	775	768
Total	**375,997**	**361,954**

16 Other liabilities

In € mn	As of 30 June 2012	As of 31 December 2011
Payables		
Policyholders	4,198	4,979
Reinsurance	2,588	1,990
Agents	1,518	1,443
Subtotal	**8,304**	**8,412**
Payables for social security	393	469
Tax payables		
Income taxes	1,951	1,504
Other taxes	1,175	1,086
Subtotal	**3,126**	**2,590**
Accrued interest and rent	618	695
Unearned income		
Interest and rent	15	6
Other	281	268
Subtotal	**296**	**274**
Provisions		
Pensions and similar obligations	3,778	3,754
Employee related	1,902	1,901
Share-based compensation plans	561	792
Restructuring plans	341	280
Loan commitments	85	24
Contingent losses from non-insurance business	182	374
Other provisions	1,335	1,430
Subtotal	**8,184**	**8,555**
Deposits retained for reinsurance ceded	1,853	1,760
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	243	237
Financial liabilities for puttable equity instruments	2,674	2,881
Other liabilities	6,389	5,337
Total	**32,080**	**31,210**

RESTRUCTURING PLANS

The increase in the restructuring provisions is mainly driven by two new restructuring programs. Allianz Global Investors (AGI) recorded restructuring provisions of € 59 mn and restructuring charges of € 60 mn in order to create a global investment platform with the purpose of improving efficiency and positioning for growth. The restructuring measures primarily comprise reductions in headcount.

In addition, Allianz Beratungs- und Vertriebs-AG recorded restructuring provisions as well as restructuring charges of € 52 mn in order to reduce staff in the bancassurance operations.

The usage of the provisions as well as the transfers to other provisions of other restructuring programs partially offset this increase. There were no other significant changes in the estimates for restructuring charges as described in the Allianz Group Annual Report 2011.

17 Certificated liabilities

In € mn	As of 30 June 2012	As of 31 December 2011
Allianz SE[1]		
Senior bonds[2]	6,824	5,343
Money market securities	1,318	1,119
Subtotal	8,142	6,462
Banking subsidiaries		
Senior bonds	1,132	1,162
Subtotal	1,132	1,162
All other subsidiaries		
Certificated liabilities	25	25
Subtotal	25	25
Total	9,299	7,649

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

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

18 Participation certificates and subordinated liabilities

In € mn	As of 30 June 2012	As of 31 December 2011
Allianz SE[1]		
Subordinated bonds[2]	8,712	10,456
Subtotal	8,712	10,456
Banking subsidiaries		
Subordinated bonds	274	274
Subtotal	274	274
All other subsidiaries		
Subordinated bonds	399	398
Hybrid equity	45	45
Subtotal	444	443
Total	9,430	11,173

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

2 | Change due to redemption of a € 2 bn subordinated bond in the second quarter of 2012.

19 Equity

In € mn	As of 30 June 2012	As of 31 December 2011
Shareholders' equity		
Issued capital	1,166	1,166
Capital reserves	27,597	27,597
Retained earnings[1]	14,081	13,522
Foreign currency translation adjustments	(1,555)	(1,996)
Unrealized gains and losses (net)[2]	6,724	4,626
Subtotal	48,013	44,915
Non-controlling interests	2,389	2,338
Total	50,402	47,253

1 | Include € (211) mn (2011: € (223) mn) related to treasury shares.

2 | Include € 218 mn (2011: € 191 mn) related to cash flow hedges.

DIVIDENDS

In the second quarter of 2012, a total dividend of € 2,037 mn (2011: € 2,032 mn) or € 4.50 (2011: € 4.50) per qualifying share was paid to the shareholders.

II. Supplementary Information to the Consolidated Income Statements

20 Premiums earned (net)

Three months ended 30 June | in € mn	Property-Casualty	Life/Health	Consolidation	Group
2012				
Premiums written				
Direct	9,841	5,603	–	15,444
Assumed	885	148	(10)	1,023
Subtotal	**10,726**	**5,751**	**(10)**	**16,467**
Ceded	(1,161)	(166)	10	(1,317)
Net	**9,565**	**5,585**	**–**	**15,150**
Change in unearned premiums				
Direct	735	(51)	–	684
Assumed	(202)	2	–	(200)
Subtotal	**533**	**(49)**	**–**	**484**
Ceded	168	(2)	–	166
Net	**701**	**(51)**	**–**	**650**
Premiums earned				
Direct	10,576	5,552	–	16,128
Assumed	683	150	(10)	823
Subtotal	**11,259**	**5,702**	**(10)**	**16,951**
Ceded	(993)	(168)	10	(1,151)
Net	**10,266**	**5,534**	**–**	**15,800**
2011				
Premiums written				
Direct	9,368	5,499	–	14,867
Assumed	826	116	(6)	936
Subtotal	**10,194**	**5,615**	**(6)**	**15,803**
Ceded	(1,123)	(116)	6	(1,233)
Net	**9,071**	**5,499**	**–**	**14,570**
Change in unearned premiums				
Direct	791	(54)	–	737
Assumed	(173)	–	–	(173)
Subtotal	**618**	**(54)**	**–**	**564**
Ceded	189	(1)	–	188
Net	**807**	**(55)**	**–**	**752**
Premiums earned				
Direct	10,159	5,445	–	15,604
Assumed	653	116	(6)	763
Subtotal	**10,812**	**5,561**	**(6)**	**16,367**
Ceded	(934)	(117)	6	(1,045)
Net	**9,878**	**5,444**	**–**	**15,322**

20 Premiums earned (net) (continued)

Six months ended 30 June | in € mn	Property-Casualty	Life/Health	Consolidation	Group
2012				
Premiums written				
Direct	23,851	12,041	–	35,892
Assumed	1,672	283	(21)	1,934
Subtotal	**25,523**	**12,324**	**(21)**	**37,826**
Ceded	(2,624)	(311)	21	(2,914)
Net	**22,899**	**12,013**	**–**	**34,912**
Change in unearned premiums				
Direct	(2,848)	(118)	–	(2,966)
Assumed	(350)	1	2	(347)
Subtotal	**(3,198)**	**(117)**	**2**	**(3,313)**
Ceded	646	(1)	(2)	643
Net	**(2,552)**	**(118)**	**–**	**(2,670)**
Premiums earned				
Direct	21,003	11,923	–	32,926
Assumed	1,322	284	(19)	1,587
Subtotal	**22,325**	**12,207**	**(19)**	**34,513**
Ceded	(1,978)	(312)	19	(2,271)
Net	**20,347**	**11,895**	**–**	**32,242**
2011				
Premiums written				
Direct	22,961	11,812	–	34,773
Assumed	1,484	232	(12)	1,704
Subtotal	**24,445**	**12,044**	**(12)**	**36,477**
Ceded	(2,469)	(271)	12	(2,728)
Net	**21,976**	**11,773**	**–**	**33,749**
Change in unearned premiums				
Direct	(2,714)	(145)	–	(2,859)
Assumed	(279)	1	–	(278)
Subtotal	**(2,993)**	**(144)**	**–**	**(3,137)**
Ceded	571	–	–	571
Net	**(2,422)**	**(144)**	**–**	**(2,566)**
Premiums earned				
Direct	20,247	11,667	–	31,914
Assumed	1,205	233	(12)	1,426
Subtotal	**21,452**	**11,900**	**(12)**	**33,340**
Ceded	(1,898)	(271)	12	(2,157)
Net	**19,554**	**11,629**	**–**	**31,183**

21 Interest and similar income

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Interest from held-to-maturity investments	50	44	102	90
Dividends from available-for-sale investments	505	546	673	693
Interest from available-for-sale investments	3,351	3,106	6,655	6,200
Share of earnings from investments in associates and joint ventures	36	65	45	84
Rent from real estate held for investment	187	187	368	379
Interest from loans to banks and customers	1,329	1,373	2,711	2,728
Other interest	30	29	66	70
Total	**5,488**	**5,350**	**10,620**	**10,244**

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

Three months ended 30 June | in € mn	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consoli-dation	Group
2012						
Income (expenses) from financial assets and liabilities held for trading (net)	(124)	(447)	(5)	129	(6)	(453)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	11	(63)	(9)	(1)	–	(62)
Income (expenses) from financial liabilities for puttable equity instruments (net)	(10)	32	7	–	–	29
Foreign currency gains and losses (net)	34	277	–	(9)	–	302
Total	**(89)**	**(201)**	**(7)**	**119**	**(6)**	**(184)**
2011						
Income (expenses) from financial assets and liabilities held for trading (net)	(5)	17	1	(9)	5	9
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	33	(34)	–	(1)	–	(2)
Income (expenses) from financial liabilities for puttable equity instruments (net)	(4)	64	2	–	–	62
Foreign currency gains and losses (net)	(29)	(160)	(6)	(25)	(4)	(224)
Total	**(5)**	**(113)**	**(3)**	**(35)**	**1**	**(155)**

Six months ended 30 June | in € mn	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consoli-dation	Group
2012						
Income (expenses) from financial assets and liabilities held for trading (net)	(96)	(686)	(4)	356	(8)	(438)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	28	156	31	(2)	(1)	212
Income (expenses) from financial liabilities for puttable equity instruments (net)	(13)	(82)	(20)	–	–	(115)
Foreign currency gains and losses (net)	14	262	–	(25)	–	251
Total	**(67)**	**(350)**	**7**	**329**	**(9)**	**(90)**
2011						
Income (expenses) from financial assets and liabilities held for trading (net)	41	243	2	(113)	1	174
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	44	46	5	(6)	–	89
Income (expenses) from financial liabilities for puttable equity instruments (net)	6	45	3	–	–	54
Foreign currency gains and losses (net)	(75)	(618)	(7)	3	–	(697)
Total	**16**	**(284)**	**3**	**(116)**	**1**	**(380)**

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

LIFE/HEALTH SEGMENT

For the six months ended 30 June 2012, income (expenses) from financial assets and liabilities held for trading (net) in the Life/Health segment includes expenses of € 706 mn (2011: income of € 235 mn) from derivative financial instruments. This includes expenses of € 193 mn (2011: income of € 534 mn) of German entities from financial derivative positions held for duration management and protection against equity and foreign exchange rate fluctuations. Also included are expenses related to fixed-indexed annuity products and guaranteed benefits under unit-linked contracts of € 438 mn (2011: € 275 mn) from U.S. entities.

CORPORATE AND OTHER SEGMENT

For the six months ended 30 June 2012 income (expenses) from financial assets and liabilities held for trading (net) in the Corporate and Other segment includes income of € 375 mn (2011: expenses of € 92 mn) from derivative financial instruments. This includes income of € 31 mn (2011: expenses of € 5 mn) from financial derivative instruments to protect investments and liabilities against foreign exchange rate fluctuations. In 2012, hedging of equity investments not designated for hedge accounting induced income of € 6 mn (2011: expenses of € 17 mn). Financial derivatives related to investment strategies generated income of € 180 mn (2011: expenses of € 109 mn). Expenses of € 27 mn (2011: € 31 mn) from the hedges of share based compensation plans (restricted stock units) are also included.

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

For the six months ended 30 June 2012, income (expenses) from financial assets and liabilities designated at fair value through income (net) in the Life/Health segment includes income from equity investments of € 87 mn (2011: € 65 mn) and income of € 69 mn (2011: expenses of € 19 mn) from debt investments.

FOREIGN CURRENCY GAINS AND LOSSES (NET)

Foreign currency gains and losses are reported within income from financial assets and liabilities carried at fair value through income (net). These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency, that are monetary items. This excludes exchange differences arising on financial assets and liabilities measured at fair value through profit or loss, which do not have to be disclosed separately. The Allianz Group uses freestanding derivatives to hedge against foreign currency fluctuations, for which it recognized expenses of € (284) mn (2011: income of € 506 mn) for the six months ended 30 June 2012.

23 Realized gains/losses (net)

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
REALIZED GAINS				
Available-for-sale investments				
Equity securities	**425**	321	**1,388**	1,024
Debt securities	**500**	336	**955**	781
Subtotal	**925**	657	**2,343**	1,805
Investments in associates and joint ventures[1]	**1**	3	**2**	3
Real estate held for investment	**46**	66	**61**	139
Loans and advances to banks and customers	**474**	29	**606**	88
Non-current assets and assets and liabilities of disposal groups classified as held for sale	**–**	–	**8**	76
Subtotal	**1,446**	755	**3,020**	2,111
REALIZED LOSSES				
Available-for-sale investments				
Equity securities	**(74)**	(40)	**(128)**	(83)
Debt securities	**(258)**	(207)	**(587)**	(404)
Subtotal	**(332)**	(247)	**(715)**	(487)
Investments in associates and joint ventures[2]	**–**	(16)	**–**	(16)
Real estate held for investment	**–**	(1)	**(1)**	(1)
Loans and advances to banks and customers	**1**	(6)	**(1)**	(6)
Non-current assets and assets and liabilities of disposal groups classified as held for sale	**–**	–	**–**	(2)
Subtotal	**(331)**	(270)	**(717)**	(512)
Total	**1,115**	485	**2,303**	1,599

1 | During the three and six months ended 30 June 2012 and 2011, includes no realized gains from the disposal of subsidiaries.

2 | During the three and six months ended 30 June 2012, includes realized losses from the disposal of subsidiaries and businesses of € – mn (2011: € 14 mn).

24

Fee and commission income

Three months ended 30 June | in € mn	2012			2011		
	Segment	Consolidation	Group	Segment	Consolidation	Group
PROPERTY-CASUALTY						
Fees from credit and assistance business	174	(2)	172	174	(2)	172
Service agreements	117	(13)	104	115	(15)	100
Subtotal	**291**	**(15)**	**276**	**289**	**(17)**	**272**
LIFE/HEALTH						
Service agreements	18	(1)	17	22	(5)	17
Investment advisory	113	(14)	99	116	(13)	103
Subtotal	**131**	**(15)**	**116**	**138**	**(18)**	**120**
ASSET MANAGEMENT						
Management fees	1,578	(32)	1,546	1,353	(36)	1,317
Loading and exit fees	161	–	161	92	–	92
Performance fees	55	(1)	54	81	1	82
Other	31	(3)	28	51	(3)	48
Subtotal	**1,825**	**(36)**	**1,789**	**1,577**	**(38)**	**1,539**
CORPORATE AND OTHER						
Service agreements	19	(3)	16	36	(3)	33
Investment advisory and Banking activities	142	(54)	88	139	(65)	74
Subtotal	**161**	**(57)**	**104**	**175**	**(68)**	**107**
Total	**2,408**	**(123)**	**2,285**	**2,179**	**(141)**	**2,038**

Six months ended 30 June | in € mn	2012			2011		
	Segment	Consolidation	Group	Segment	Consolidation	Group
PROPERTY-CASUALTY						
Fees from credit and assistance business	363	(3)	360	338	(2)	336
Service agreements	218	(28)	190	224	(30)	194
Subtotal	**581**	**(31)**	**550**	**562**	**(32)**	**530**
LIFE/HEALTH						
Service agreements	37	(2)	35	39	(9)	30
Investment advisory	221	(26)	195	229	(22)	207
Subtotal	**258**	**(28)**	**230**	**268**	**(31)**	**237**
ASSET MANAGEMENT						
Management fees	3,085	(66)	3,019	2,689	(70)	2,619
Loading and exit fees	265	–	265	187	–	187
Performance fees	99	(1)	98	137	1	138
Other	68	(7)	61	95	(7)	88
Subtotal	**3,517**	**(74)**	**3,443**	**3,108**	**(76)**	**3,032**
CORPORATE AND OTHER						
Service agreements	32	(6)	26	82	(7)	75
Investment advisory and Banking activities	291	(110)	181	275	(124)	151
Subtotal	**323**	**(116)**	**207**	**357**	**(131)**	**226**
Total	**4,679**	**(249)**	**4,430**	**4,295**	**(270)**	**4,025**

25 Other income

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Realized gains from disposals of real estate held for own use	7	1	14	2
Income from alternative investments	46	27	88	53
Other	5	5	7	9
Total	58	33	109	64

26 Income and expenses from fully consolidated private equity investments

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Income				
Sales and service revenues	198	442	393	832
Other operating revenues	–	13	–	16
Interest income	–	1	–	1
Subtotal	198	456	393	849
Expenses				
Cost of goods sold	(64)	(265)	(126)	(483)
Commissions	–	(24)	–	(50)
General and administrative expenses	(128)	(156)	(258)	(307)
Other operating expenses	–	(23)	–	(39)
Interest expenses	(7)	(14)	(22)	(33)
Subtotal[1]	(199)	(482)	(406)	(912)
Total[1]	(1)	(26)	(13)	(63)

1 | The presented subtotal for expenses and total income and expenses from fully consolidated private equity investments for the three and the six months ended 30 June 2012 differs from the amounts presented in the "Consolidated Income Statements" and in "Total Revenues and Reconciliation of Operating Profit (Loss) to Net Income (Loss)". This difference is due to a consolidation effect of € (46) mn (2011: € 13 mn) and € (40) mn (2011: € 31 mn) for the three and the six months ended 30 June 2012, respectively. This consolidation effect results from the deferred policyholder participation, recognized on the result from fully consolidated private equity investments within operating profit in the Life/Health segment, that was reclassified into expenses from fully consolidated private equity investments in non-operating profit to ensure a consistent presentation of the Allianz Group's operating profit.

27 Claims and insurance benefits incurred (net)

Three months ended 30 June | in € mn	Property-Casualty	Life/Health	Consolidation	Group
2012				
Gross				
Claims and insurance benefits paid	(7,103)	(4,561)	12	(11,652)
Change in reserves for loss and loss adjustment expenses	(467)	(164)	1	(630)
Subtotal	(7,570)	(4,725)	13	(12,282)
Ceded				
Claims and insurance benefits paid	479	130	(12)	597
Change in reserves for loss and loss adjustment expenses	(28)	25	(1)	(4)
Subtotal	451	155	(13)	593
Net				
Claims and insurance benefits paid	(6,624)	(4,431)	–	(11,055)
Change in reserves for loss and loss adjustment expenses	(495)	(139)	–	(634)
Total	(7,119)	(4,570)	–	(11,689)
2011				
Gross				
Claims and insurance benefits paid	(6,981)	(4,708)	4	(11,685)
Change in reserves for loss and loss adjustment expenses	(208)	(126)	1	(333)
Subtotal	(7,189)	(4,834)	5	(12,018)
Ceded				
Claims and insurance benefits paid	589	125	(4)	710
Change in reserves for loss and loss adjustment expenses	(19)	(15)	(1)	(35)
Subtotal	570	110	(5)	675
Net				
Claims and insurance benefits paid	(6,392)	(4,583)	–	(10,975)
Change in reserves for loss and loss adjustment expenses	(227)	(141)	–	(368)
Total	(6,619)	(4,724)	–	(11,343)

Six months ended 30 June | in € mn	Property-Casualty	Life/Health	Consolidation	Group
2012				
Gross				
Claims and insurance benefits paid	(14,384)	(9,689)	16	(24,057)
Change in reserves for loss and loss adjustment expenses	(557)	(279)	2	(834)
Subtotal	(14,941)	(9,968)	18	(24,891)
Ceded				
Claims and insurance benefits paid	1,040	237	(16)	1,261
Change in reserves for loss and loss adjustment expenses	(100)	52	(2)	(50)
Subtotal	940	289	(18)	1,211
Net				
Claims and insurance benefits paid	(13,344)	(9,452)	–	(22,796)
Change in reserves for loss and loss adjustment expenses	(657)	(227)	–	(884)
Total	(14,001)	(9,679)	–	(23,680)
2011				
Gross				
Claims and insurance benefits paid	(13,998)	(9,710)	8	(23,700)
Change in reserves for loss and loss adjustment expenses	(631)	(140)	(1)	(772)
Subtotal	(14,629)	(9,850)	7	(24,472)
Ceded				
Claims and insurance benefits paid	994	233	(8)	1,219
Change in reserves for loss and loss adjustment expenses	(74)	5	1	(68)
Subtotal	920	238	(7)	1,151
Net				
Claims and insurance benefits paid	(13,004)	(9,477)	–	(22,481)
Change in reserves for loss and loss adjustment expenses	(705)	(135)	–	(840)
Total	(13,709)	(9,612)	–	(23,321)

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

Three months ended 30 June | in € mn	Property-Casualty	Life/Health	Consolidation	Group
2012				
Gross				
Aggregate policy reserves	(51)	(1,836)	–	(1,887)
Other insurance reserves	–	(27)	–	(27)
Expenses for premium refunds	(25)	(1,679)	42	(1,662)
Subtotal	(76)	(3,542)	42	(3,576)
Ceded				
Aggregate policy reserves	–	26	–	26
Other insurance reserves	–	2	–	2
Expenses for premium refunds	–	(3)	–	(3)
Subtotal	–	25	–	25
Net				
Aggregate policy reserves	(51)	(1,810)	–	(1,861)
Other insurance reserves	–	(25)	–	(25)
Expenses for premium refunds	(25)	(1,682)	42	(1,665)
Total	(76)	(3,517)	42	(3,551)
2011				
Gross				
Aggregate policy reserves	(41)	(1,714)	–	(1,755)
Other insurance reserves	2	(19)	–	(17)
Expenses for premium refunds	(43)	(994)	(21)	(1,058)
Subtotal	(82)	(2,727)	(21)	(2,830)
Ceded				
Aggregate policy reserves	(7)	(15)	–	(22)
Other insurance reserves	1	3	–	4
Expenses for premium refunds	11	1	–	12
Subtotal	5	(11)	–	(6)
Net				
Aggregate policy reserves	(48)	(1,729)	–	(1,777)
Other insurance reserves	3	(16)	–	(13)
Expenses for premium refunds	(32)	(993)	(21)	(1,046)
Total	(77)	(2,738)	(21)	(2,836)

28 Change in reserves for insurance and investment contracts (net) (continued)

Six months ended 30 June | in € mn	Property-Casualty	Life/Health	Consolidation	Group
2012				
Gross				
Aggregate policy reserves	(105)	(3,877)	–	(3,982)
Other insurance reserves	–	(61)	–	(61)
Expenses for premium refunds	(51)	(3,343)	29	(3,365)
Subtotal	**(156)**	**(7,281)**	**29**	**(7,408)**
Ceded				
Aggregate policy reserves	–	50	–	50
Other insurance reserves	–	3	–	3
Expenses for premium refunds	–	(3)	–	(3)
Subtotal	**–**	**50**	**–**	**50**
Net				
Aggregate policy reserves	(105)	(3,827)	–	(3,932)
Other insurance reserves	–	(58)	–	(58)
Expenses for premium refunds	(51)	(3,346)	29	(3,368)
Total	**(156)**	**(7,231)**	**29**	**(7,358)**
2011				
Gross				
Aggregate policy reserves	(90)	(4,039)	–	(4,129)
Other insurance reserves	2	(65)	–	(63)
Expenses for premium refunds	(88)	(2,283)	(51)	(2,422)
Subtotal	**(176)**	**(6,387)**	**(51)**	**(6,614)**
Ceded				
Aggregate policy reserves	(16)	11	–	(5)
Other insurance reserves	1	6	–	7
Expenses for premium refunds	11	3	–	14
Subtotal	**(4)**	**20**	**–**	**16**
Net				
Aggregate policy reserves	(106)	(4,028)	–	(4,134)
Other insurance reserves	3	(59)	–	(56)
Expenses for premium refunds	(77)	(2,280)	(51)	(2,408)
Total	**(180)**	**(6,367)**	**(51)**	**(6,598)**

29 Interest expenses

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Liabilities to banks and customers	(85)	(98)	(178)	(190)
Deposits retained on reinsurance ceded	(11)	(7)	(24)	(21)
Certificated liabilities	(89)	(74)	(170)	(147)
Participation certificates and subordinated liabilities	(164)	(168)	(337)	(315)
Other	(19)	(20)	(41)	(44)
Total	**(368)**	**(367)**	**(750)**	**(717)**

30 Loan loss provisions

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Additions to allowances including direct impairments	(58)	(58)	(121)	(95)
Amounts released	9	21	21	36
Recoveries on loans previously impaired	7	4	12	10
Total	**(42)**	**(33)**	**(88)**	**(49)**

31 Impairments of investments (net)

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
IMPAIRMENTS				
Available-for-sale investments				
Equity securities	(410)	(148)	(619)	(244)
Debt securities	(10)	(629)	(13)	(653)
Subtotal	**(420)**	**(777)**	**(632)**	**(897)**
Held-to-maturity investments	–	(23)	–	(23)
Investments in associates and joint ventures	(1)	–	(1)	–
Real estate held for investment	(2)	(8)	(2)	(18)
Loans and advances to banks and customers	(1)	(5)	(3)	(6)
Non-current assets and assets and liabilities of disposal groups classified as held for sale	–	(8)	–	(24)
Subtotal	**(424)**	**(821)**	**(638)**	**(968)**
REVERSALS OF IMPAIRMENTS				
Available-for-sale investments				
Debt securities	–	1	15	1
Loans and advances to banks and customers	2	–	13	2
Subtotal	**2**	**1**	**28**	**3**
Total	**(422)**	**(820)**	**(610)**	**(965)**

32 Investment expenses

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Investment management expenses	(128)	(117)	(251)	(232)
Depreciation of real estate held for investment	(47)	(46)	(91)	(92)
Other expenses from real estate held for investment	(41)	(45)	(71)	(86)
Total	**(216)**	**(208)**	**(413)**	**(410)**

33 Acquisition and administrative expenses (net)

Three months ended 30 June | in € mn	2012			2011		
	Segment	Consolidation	Group	Segment	Consolidation	Group
PROPERTY-CASUALTY						
Acquisition costs						
Incurred	(2,247)	–	(2,247)	(2,165)	2	(2,163)
Commissions and profit received on reinsurance business ceded	118	(3)	115	130	(1)	129
Deferrals of acquisition costs	1,339	–	1,339	1,229	–	1,229
Amortization of deferred acquisition costs	(1,382)	–	(1,382)	(1,293)	–	(1,293)
Subtotal	**(2,172)**	**(3)**	**(2,175)**	**(2,099)**	**1**	**(2,098)**
Administrative expenses	(704)	(34)	(738)	(669)	(6)	(675)
Subtotal	**(2,876)**	**(37)**	**(2,913)**	**(2,768)**	**(5)**	**(2,773)**
LIFE/HEALTH						
Acquisition costs						
Incurred	(1,085)	3	(1,082)	(1,079)	1	(1,078)
Commissions and profit received on reinsurance business ceded	31	(1)	30	21	(2)	19
Deferrals of acquisition costs	705	–	705	813	–	813
Amortization of deferred acquisition costs	(564)	–	(564)	(622)	–	(622)
Subtotal	**(913)**	**2**	**(911)**	**(867)**	**(1)**	**(868)**
Administrative expenses	(339)	5	(334)	(366)	21	(345)
Subtotal	**(1,252)**	**7**	**(1,245)**	**(1,233)**	**20**	**(1,213)**
ASSET MANAGEMENT						
Personnel expenses	(549)	–	(549)	(512)	–	(512)
Non-personnel expenses	(321)	–	(321)	(300)	8	(292)
Subtotal	**(870)**	**–**	**(870)**	**(812)**	**8**	**(804)**
CORPORATE AND OTHER						
Administrative expenses	(285)	41	(244)	(314)	(5)	(319)
Subtotal	**(285)**	**41**	**(244)**	**(314)**	**(5)**	**(319)**
Total	**(5,283)**	**11**	**(5,272)**	**(5,127)**	**18**	**(5,109)**

33 Acquisition and administrative expenses (net) (continued)

Six months ended 30 June | in € mn	2012			2011		
	Segment	Consolidation	Group	Segment	Consolidation	Group
PROPERTY-CASUALTY						
Acquisition costs						
Incurred	(4,803)	–	(4,803)	(4,652)	3	(4,649)
Commissions and profit received on reinsurance business ceded	217	(5)	212	206	(2)	204
Deferrals of acquisition costs	3,055	–	3,055	2,844	–	2,844
Amortization of deferred acquisition costs	(2,727)	–	(2,727)	(2,508)	–	(2,508)
Subtotal	**(4,258)**	**(5)**	**(4,263)**	**(4,110)**	**1**	**(4,109)**
Administrative expenses	(1,430)	3	(1,427)	(1,366)	31	(1,335)
Subtotal	**(5,688)**	**(2)**	**(5,690)**	**(5,476)**	**32**	**(5,444)**
LIFE/HEALTH						
Acquisition costs						
Incurred	(2,233)	6	(2,227)	(2,170)	2	(2,168)
Commissions and profit received on reinsurance business ceded	54	(1)	53	46	(3)	43
Deferrals of acquisition costs	1,440	(1)	1,439	1,584	–	1,584
Amortization of deferred acquisition costs	(1,349)	–	(1,349)	(1,135)	–	(1,135)
Subtotal	**(2,088)**	**4**	**(2,084)**	**(1,675)**	**(1)**	**(1,676)**
Administrative expenses	(685)	(15)	(700)	(727)	25	(702)
Subtotal	**(2,773)**	**(11)**	**(2,784)**	**(2,402)**	**24**	**(2,378)**
ASSET MANAGEMENT						
Personnel expenses	(1,091)	–	(1,091)	(1,084)	–	(1,084)
Non-personnel expenses	(616)	12	(604)	(568)	12	(556)
Subtotal	**(1,707)**	**12**	**(1,695)**	**(1,652)**	**12**	**(1,640)**
CORPORATE AND OTHER						
Administrative expenses	(596)	29	(567)	(627)	(36)	(663)
Subtotal	**(596)**	**29**	**(567)**	**(627)**	**(36)**	**(663)**
Total	**(10,764)**	**28**	**(10,736)**	**(10,157)**	**32**	**(10,125)**

34 Fee and commission expenses

Three months ended 30 June | in € mn	2012			2011		
	Segment	Consolidation	Group	Segment	Consolidation	Group
PROPERTY-CASUALTY						
Fees from credit and assistance business	(161)	(1)	(162)	(164)	–	(164)
Service agreements	(103)	12	(91)	(111)	13	(98)
Subtotal	**(264)**	**11**	**(253)**	**(275)**	**13**	**(262)**
LIFE/HEALTH						
Service agreements	(8)	1	(7)	(8)	–	(8)
Investment advisory	(47)	2	(45)	(38)	1	(37)
Subtotal	**(55)**	**3**	**(52)**	**(46)**	**1**	**(45)**
ASSET MANAGEMENT						
Commissions	(318)	24	(294)	(273)	43	(230)
Other	(13)	–	(13)	(7)	1	(6)
Subtotal	**(331)**	**24**	**(307)**	**(280)**	**44**	**(236)**
CORPORATE AND OTHER						
Service agreements	(20)	2	(18)	(53)	2	(51)
Investment advisory and Banking activities	(62)	6	(56)	(64)	1	(63)
Subtotal	**(82)**	**8**	**(74)**	**(117)**	**3**	**(114)**
Total	**(732)**	**46**	**(686)**	**(718)**	**61**	**(657)**

34 Fee and commission expenses (continued)

Six months ended 30 June | in € mn	2012			2011		
	Segment	Consolidation	Group	Segment	Consolidation	Group
PROPERTY-CASUALTY						
Fees from credit and assistance business	(350)	–	(350)	(312)	–	(312)
Service agreements	(190)	27	(163)	(217)	28	(189)
Subtotal	**(540)**	**27**	**(513)**	**(529)**	**28**	**(501)**
LIFE/HEALTH						
Service agreements	(25)	2	(23)	(14)	1	(13)
Investment advisory	(93)	2	(91)	(91)	3	(88)
Subtotal	**(118)**	**4**	**(114)**	**(105)**	**4**	**(101)**
ASSET MANAGEMENT						
Commissions	(592)	58	(534)	(545)	81	(464)
Other	(16)	–	(16)	(10)	1	(9)
Subtotal	**(608)**	**58**	**(550)**	**(555)**	**82**	**(473)**
CORPORATE AND OTHER						
Service agreements	(82)	3	(79)	(120)	5	(115)
Investment advisory and Banking activities	(125)	11	(114)	(117)	1	(116)
Subtotal	**(207)**	**14**	**(193)**	**(237)**	**6**	**(231)**
Total	**(1,473)**	**103**	**(1,370)**	**(1,426)**	**120**	**(1,306)**

35 Other expenses

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Realized losses from disposals of real estate held for own use	(1)	–	(1)	–
Expenses from alternative investments	(23)	(15)	(42)	(29)
Other	(1)	(1)	(1)	(2)
Total	**(25)**	**(16)**	**(44)**	**(31)**

36 Income taxes

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Current income taxes	(513)	(522)	(1,572)	(1,175)
Deferred income taxes	(241)	(21)	28	61
Total	**(754)**	**(543)**	**(1,544)**	**(1,114)**

For the three and six months ended 30 June 2012 and 2011, respectively, the income taxes relating to components of the other comprehensive income consist of the following:

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Foreign currency translation adjustments	–	1	(2)	(15)
Available-for-sale investments	(48)	(250)	(898)	155
Cash flow hedges	(6)	1	(11)	4
Share of other comprehensive income of associates	(2)	(2)	(1)	–
Miscellaneous	9	7	17	49
Total	**(47)**	**(243)**	**(895)**	**193**

37 Earnings per share

BASIC EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Net income attributable to shareholders used to calculate basic earnings per share	1,234	1,000	2,605	1,857
Weighted average number of common shares outstanding	452,510,887	451,622,459	452,536,964	451,590,305
Basic earnings per share (in €)	**2.73**	**2.21**	**5.76**	**4.11**

DILUTED EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
In € mn	**2012**	2011	**2012**	2011
Net income attributable to shareholders	1,234	1,000	2,605	1,857
Effect of potentially dilutive common shares	(14)	(15)	(4)	(18)
Net income used to calculate diluted earnings per share	**1,220**	**985**	**2,601**	**1,839**
Weighted average number of common shares outstanding	452,510,887	451,622,459	452,536,964	451,590,305
Potentially dilutive common shares resulting from assumed conversion of:				
Share-based compensation plans	1,897,953	1,302,331	1,293,091	620,641
Weighted average number of common shares outstanding after assumed conversion	**454,408,840**	**452,924,790**	**453,830,055**	**452,210,946**
Diluted earnings per share (in €)	**2.68**	**2.17**	**5.73**	**4.07**

For the six months ended 30 June 2012, the weighted average number of common shares excludes 2,763,036 (2011: 2,909,695) treasury shares.

II Other Information

38 Financial instruments

RECLASSIFICATION OF FINANCIAL ASSETS

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

For 2011, the carrying amount and fair value of the CDOs significantly declined due to the liquidation of the Palmer Square 2 CDO tranche, which resulted in direct ownership of the underlying collateral securities. As of 31 December 2011, the carrying amount and fair value of the CDOs was € 431 mn and € 428 mn, respectively. As of 30 June 2012, the carrying amount and fair value of the CDOs was € 415 mn and € 416 mn, respectively. For the six months ended 30 June 2012, the net profit related to the CDOs was not significant.

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As of 30 June 2012, there were no significant changes in the fair value hierarchy of financial instruments and no significant transfers of financial instruments between the levels of the fair value hierarchy compared to the consolidated financial statements for the year ended 31 December 2011.

39 Other information

EMPLOYEE INFORMATION

	As of 30 June 2012	As of 31 December 2011
Germany	40,577	40,837
Other countries	101,450	101,101
Total	**142,027**	**141,938**

CONTINGENT LIABILITIES AND COMMITMENTS

As of 30 June 2012, there were no significant changes in contingent liabilities compared to the consolidated financial statements for the year ended 31 December 2011.

As of 30 June 2012, commitments outstanding to invest in private equity funds and similar financial instruments amounted to € 3,959 mn (31 December 2011: € 3,536 mn) and commitments outstanding to invest in real estate and infrastructure amounted to € 927 mn (31 December 2011: € 1,565 mn). All other commitments showed no significant changes.

40 Subsequent events

NATURAL CATASTROPHES WORLDWIDE

Since the beginning of July 2012, several countries and regions, including Germany, Switzerland, Russia and China, were hit by severe thunderstorms and floodings. As of today, the Allianz Group expects that losses could approximate € 100 mn. Furthermore, the ongoing drought in the United States could lead to losses in the crop business. Based on current information, the expected losses cannot be reliably estimated.

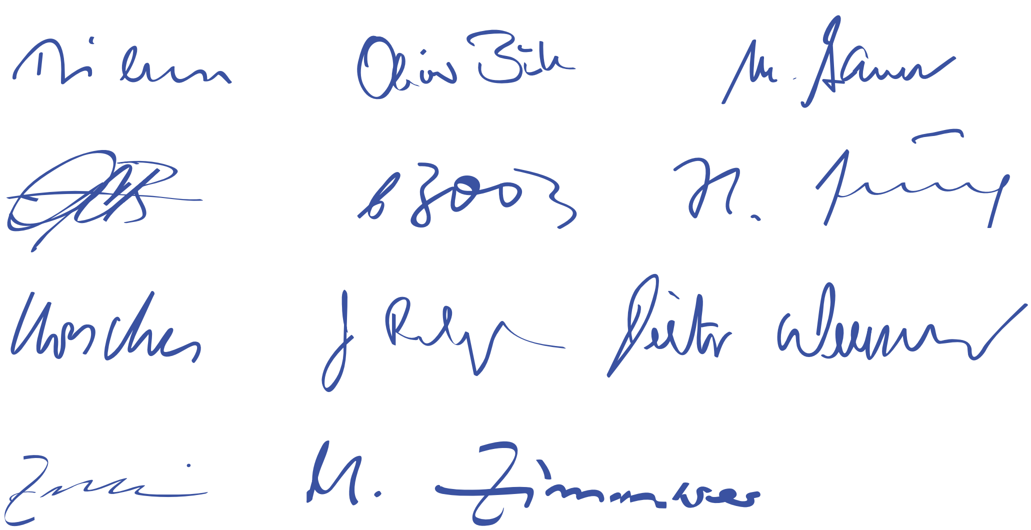
ACQUISITIONS OF INSURANCE ACTIVITIES IN BELGIUM AND FRANCE

After the approval of the General Assembly of Mensura CCA (Caisse Commune d'Assurances) on 13 July 2012, the Belgian National Bank gave their final approval for the acquisition of Mensura's property-casualty insurance activities by Allianz Belgium on 25 July 2012. As a result, Allianz Belgium will acquire approximately € 1 bn assets and € 1 bn liabilities of Mensura. As the effective date of this transaction was 1 August 2012 and the condensed consolidated interim financial statements of the Allianz Group were authorized for issue on 2 August 2012, further disclosures for this transaction according to IFRS 3 cannot be made.

On 24 July 2012, the European Commission approved the acquisition of a property-casualty portfolio of Gan Eurocourtage by Allianz France. Until now, the acquisition still needs the approval of the Autorité de Contrôle Prudentiel. We expect that the transaction will be closed before the end of this year.

Munich, 2 August 2012

Allianz SE
The Board of Management



Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, 2 August 2012

Allianz SE
The Board of Management

Review report

To Allianz SE, Munich

We have reviewed the condensed consolidated interim financial statements of Allianz SE, Munich – comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, condensed consolidated statements of cash flows as well as selected explanatory notes – together with the interim group management report of Allianz SE, Munich, for the period from 1 January to 30 June, 2012 that are part of the semi annual report according to § 37 w German Securities Trading Act ("Wertpapierhandelsgesetz – WpHG"). The preparation of the condensed consolidated interim financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the E.U., and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U., 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, 2 August 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Johannes Pastor Wirtschaftsprüfer (Independent Auditor)	Dr. Frank Pfaffenzeller Wirtschaftsprüfer (Independent Auditor)

ALLIANZ APPS

Available on the App Store

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

ALLIANZ INVESTOR RELATIONS HD

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ALLIANZ FINANCIAL REPORTS

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FINANCIAL CALENDAR

IMPORTANT DATES FOR SHAREHOLDERS AND ANALYSTS[1]

Interim Report 3Q .... 9 November 2012

Financial Results 2012 .... 21 February 2013

Annual General Meeting .... 7 May 2013

Allianz SE | Königinstrasse 28 | 80802 Munich | Germany | Telephone +49. 89. 3800 0 | Fax +49. 89. 3800 3425 | info@allianz.com | www.allianz.com
Interim Report on the internet – www.allianz.com/interim-report | Design/Concept: Allianz SE – Group Management Reporting | Photo Story: Allianz SE – Group Management Reporting and Allianz Center for Corporate History | Photo iPad: © manaemedia/fotolia.com
This is a translation of the German Interim Report Second Quarter and First Half Year of 2012 of the Allianz Group. In case of any divergences, the German original is legally binding.

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