



Allianz Group

Interim Report First Quarter of 2011

Allianz 

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Hong Kong International Airport, Terminal 1

In the fall of 2010, we launched the "One" campaign, which focuses on sharing the knowledge and experience of real people in authentic situations. The campaign will be active in more than 20 countries around the world by the end of this year. This report includes a selection of images that have already appeared.

Allianz Share

Development of the Allianz share price since January 1, 2010

indexed on the Allianz share price in €



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

Basic share information

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

Contact Investor Relations

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

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Allianz Group Key Data

Three months ended March 31,		2011	2010	Change from previous year
INCOME STATEMENT¹				
Total revenues ²				
Operating profit ³	€ mn	29,905	30,567	(2.2)%
Net income	€ mn	1,660	1,732	(4.2)%
	€ mn	915	1,603	(42.9)%
SEGMENTS⁴				
Property-Casualty				
Gross premiums written	€ mn	14,251	13,994	1.8%
Operating profit ³	€ mn	663	712	(6.9)%
Combined ratio	%	101.3	100.4	0.9 pts
Life/Health¹				
Statutory premiums	€ mn	14,270	15,356	(7.1)%
Operating profit ³	€ mn	702	835	(15.9)%
Cost-income ratio	%	96.1	95.7	0.4 pts
Asset Management				
Operating revenues	€ mn	1,273	1,116	14.1%
Operating profit ³	€ mn	528	466	13.3%
Cost-income ratio	%	58.5	58.2	0.3 pts
Corporate and Other				
Total revenues	€ mn	151	128	18.0%
Operating profit ³	€ mn	(223)	(251)	(11.2)%
Cost-income ratio (Banking)	%	88.2	107.8	(19.6) pts
BALANCE SHEET¹				
Total assets as of March 31, ⁵	€ mn	625,589	624,945	0.1%
Shareholders' equity as of March 31, ⁵	€ mn	43,560	44,491	(2.1)%
Non-controlling interests as of March 31, ⁵	€ mn	2,055	2,071	(0.8)%
SHARE INFORMATION				
Basic earnings per share ¹	€	1.90	3.47	(45.2)%
Diluted earnings per share ¹	€	1.88	3.46	(45.7)%
Share price as of March 31, ⁵	€	99.03	88.93	11.4%
Market capitalization as of March 31, ⁵	€ mn	45,009	40,419	11.4%
OTHER DATA				
Total assets under management as of March 31, ⁵	€ bn	1,492	1,518	(1.7)%
thereof: Third-party assets under management as of March 31, ⁵	€ bn	1,138	1,164	(2.2)%

1 Figures for the first quarter of 2010 have been restated to reflect a change in Allianz Group's accounting policy. For further information please refer to note 2 of our condensed consolidated interim financial statements.

2 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).

3 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.

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

5 2010 figures as of December 31, 2010.

Executive Summary

- Revenues on a high level at € 29.9 billion.
- Operating profit of € 1,660 million.
- Property-Casualty combined ratio of 101.3% was burdened by severe losses from natural catastrophes.
- Net income of € 915 million.
- Solvency ratio up 7 percentage points to 180%.¹

Allianz Group Overview

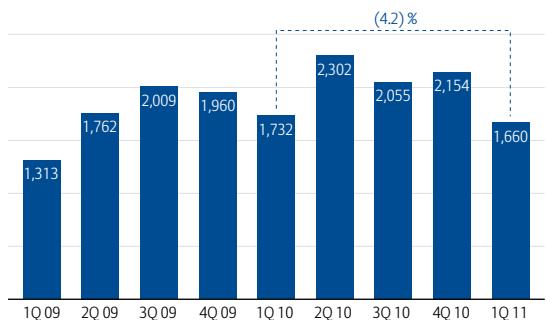
- The Group's results are reported by business segment: Property-Casualty insurance, Life/Health insurance, Asset Management and Corporate and Other activities.
- Although the majority of profits are still derived from our insurance operations, our Asset Management contributions have grown steadily over recent years.

Key Figures

Three months ended March 31,	2011 € mn	2010 € mn	2009 € mn
Total revenues	29,905	30,567	27,720
Operating profit ²	1,660	1,732	1,313
Net income ²	915	1,603	355 ³
Solvency ratio in % ^{1,4}	180	173	164

Summary

Operating profit²
in € mn



Management's assessment of 2011 first quarter result

Revenues declined slightly by 2.2% and 3.6% on a total and internal basis⁵, respectively, due to lower demand for investment-oriented products in our Life/Health business.

Operating profit amounted to € 1,660 million, down 4.2%. Our Property-Casualty insurance business was affected heavily by losses from natural catastrophes, mainly in Japan, New Zealand and Australia, of € 737 million. Life/Health operating profit was in line with expectations, but stood below last year's high level. Asset Management continued to deliver operating profit growth.

Net income amounted to € 915 million (1Q 2010: € 1,603 million). The decline was mainly due to a lower non-operating investment result and higher tax expenses.

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. The solvency ratio excluding off-balance sheet reserves would be 171% (2010: 164%).

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

3 Net income from continuing operations.

4 2010 and 2009 figures as of December 31.

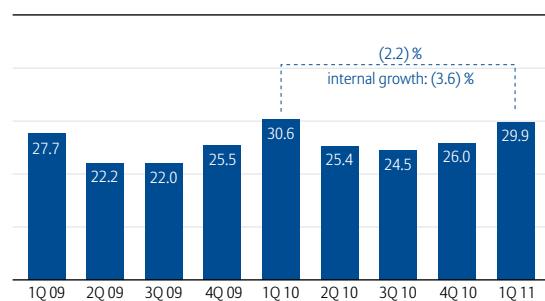
5 Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to the chapter 'Reconciliations' for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

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Total Revenues¹

Total revenues

in € bn



Life/Health statutory premiums were 8.5% behind the previous year on an internal basis. While traditional business sales increased, investment-oriented product sales declined due to strong competition mainly in Italy and France. In addition sales in the first quarter of 2010 benefited strongly from tax incentives in Italy and Taiwan.

Our Asset Management operations recorded internal growth of 14.1%, mainly driven by an increase in average assets under management. The positive business trend continued in the first quarter of 2011, where we recorded net inflows of € 15 billion. As of March 31, 2011 total assets under management amounted to € 1,492 billion.

Total revenues – Segments²

in € mn



Total revenues from our Banking operations (reported in our Corporate and Other segment) grew by 20.8% on an internal basis, mainly due to higher net operating income from financial assets and liabilities carried at fair value through income (trading income).

Gross premiums written from Property-Casualty insurance grew by 0.2% on an internal basis. Positive pricing effects of 0.8% offset negative volume effects of 0.6%, reflecting our selective underwriting.

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 Total revenues include € (40) mn, € (27) mn and € (12) mn from consolidation for 1Q 2011, 2010 and 2009, respectively.

Operating Profit¹

Operating profit – Segments

in € mn



Property-Casualty operating profit declined by € 49 million to € 663 million driven by a lower underwriting result, which was negatively impacted by a € 182 million increase in natural catastrophe losses. The combined ratio amounted to 101.3%, of which 7.6 percentage points related to natural catastrophes, partially offset by run-off of 3.9 percentage points. Our investment result increased by € 49 million.

The **Life/Health** operating profit decreased from last year's high level of € 835 million to € 702 million, despite an increased investment result, which was more than offset by a change in crediting rate assumptions.

Our **Asset Management** segment had another strong quarter and recorded operating profit of € 528 million. The € 62 million increase in operating profit was largely due to higher assets under management. The cost-income ratio remained low at 58.5%.

The **Corporate and Other** operating loss reduced by € 28 million to € 223 million, mostly attributable to the return to a positive result by our Banking business.

Non-operating Result

Our **non-operating result** decreased by € 433 million to a negative € 174 million. The main driver of this decrease was the € 587 million lower **non-operating investment result**, due to a decline in **realized gains** and **non-operating income from financial assets and liabilities carried at fair value through income**.

Realized gains and losses (net) amounted to € 386 million compared to € 763 million in the previous year. In the first quarter of 2010 we recorded capital gains from the sale of shares in the Industrial and Commercial Bank of China (ICBC) of € 522 million compared to € 129 million in the current quarter. As of March 31, 2011, gross ICBC unrealized gains amounted to € 221 million.

Non-operating income from financial assets and liabilities carried at fair value through income (net) decreased by € 179 million to negative € 96 million. € 237 million of the decline stemmed from a fair value change in the valuation of The Hartford warrants versus the previous year.

Impairments (net) increased slightly by € 31 million to € 83 million.

¹ Figures for 1Q 2010 and 2009 have been restated to reflect a change in Allianz Group's accounting policy. For further information please refer to note 2 of our condensed consolidated interim financial statements.

² Includes € (10) mn, € (30) mn and € 21 mn from consolidation for 1Q 2011, 2010 and 2009, respectively.

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Acquisition-related expenses decreased by € 97 million to € 101 million mainly driven by lower so-called PIMCO B-unit expenses¹. We have purchased further 13,547 B-units since the end of the first quarter of 2010 and have now acquired 88.4% of all B-units: 17,429 are still outstanding. The decline in expenses was mainly driven by the following components:

- The value of the 17,429 outstanding B-units increased due to significantly higher operating profit. However, the decline in the number of B-units outstanding compared to March 31, 2010 resulted in an overall decrease in expenses of € 77 million.
- The premium to acquire 12,686 B-units resulted in expenses of € 61 million compared to the premium of € 85 million for the first quarter of 2010; a decrease of € 24 million.

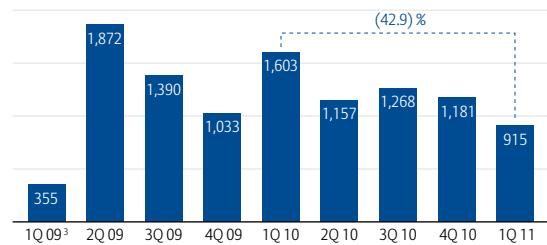
Non-operating restructuring charges reduced by € 45 million to € 2 million. In the previous period we incurred expenses for restructuring initiatives at a number of our operating entities including Allianz France and Allianz Sach.

Income Taxes

Income tax increased by € 183 million to € 571 million; an effective tax rate of 38.4% (1Q 2010: 19.5%). The increase in the effective tax rate for the first quarter of 2011 is primarily attributable to losses from natural catastrophe events incurred in jurisdictions with low effective tax rates. The lower effective tax rate in the first quarter of 2010 was primarily impacted by a high level of tax-exempt income from the sale of ICBC shares, which were substantially lower in the first quarter of 2011.

Net Income²

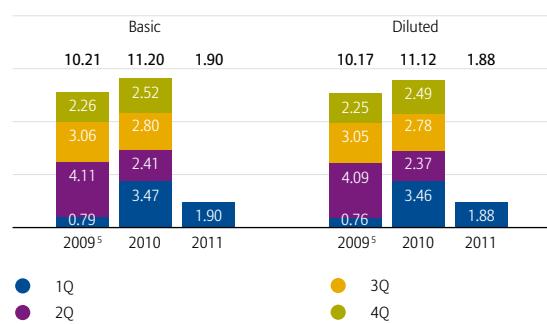
Net income
in € mn



Net income decreased by € 688 million to € 915 million, largely due to a lower non-operating investment result and an increase in the effective tax rate.

Net income attributable to shareholders amounted to € 857 million.

Earnings per share^{2,4}
in €



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

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

3 Net income from continuing operations.

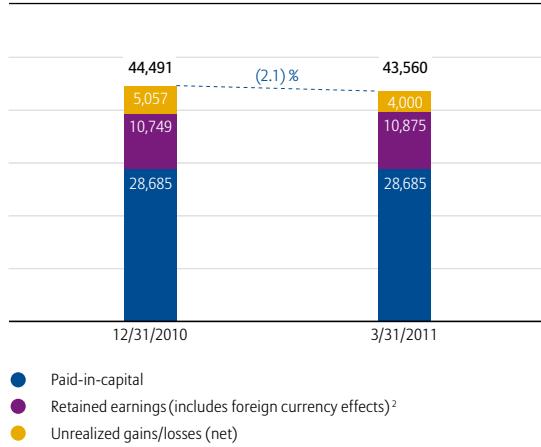
4 For further information please refer to note 37 of our condensed consolidated interim financial statements.

5 Earnings per share from continuing operations.

Shareholders' Equity

Shareholders' equity¹

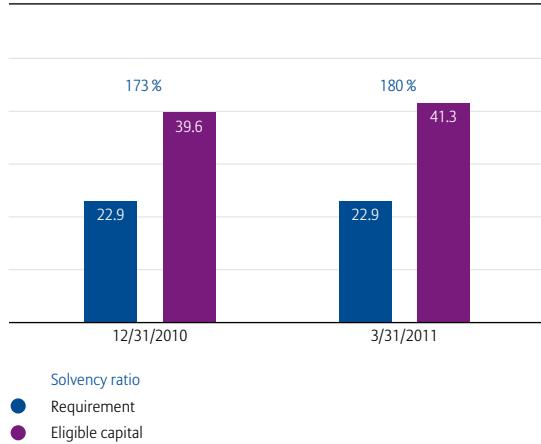
in € mn



As of March 31, 2011, shareholders' equity amounted to € 43,560 million, a decrease of € 931 million compared to December 31, 2010. Net income attributable to shareholders increased our equity by € 857 million while negative foreign currency translation effects led to a € 776 million reduction. Unrealized gains declined by € 1,057 million due to a reduction in bond values following higher interest rates as well as equity realizations.

Conglomerate solvency³

in € bn



¹ Does not include non-controlling interests.

² This includes foreign currency translation effects of € (3,115) mn and € (2,339) mn as of March 31, 2011 and December 31, 2010, respectively.

³ Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. The solvency ratio excluding off-balance sheet reserves would be 171% (2010: 164%).

The [conglomerate solvency ratio⁴](#) increased by 7 percentage points compared to December 31, 2010, to 180% mainly due to the issuance of subordinated debt of € 2.0 billion and net income (net of accrued dividends) of € 0.5 billion. These effects were partially offset by negative foreign currency effects and lower unrealized gains on available-for-sale equity securities (due to realizations), which both decreased eligible capital. As of March 31, 2011, our eligible capital for solvency purposes, required for our insurance segments and our Banking and Asset Management businesses, was € 41.3 billion, including off-balance sheet reserves of € 2.1 billion. Eligible capital surpassed the minimum legally stipulated level by € 18.4 billion. Eligible capital as of March 31, 2011 also includes a deduction for accrued dividends of € 2.0 billion for the fiscal year 2010, plus an additional € 0.4 billion for the first quarter of 2011, which represents 40% of net income attributable to shareholders. Our solvency position is strong.

⁴ Solvency according to the E.U. Financial Conglomerates Directive.

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Total revenues and reconciliation of operating profit to net income (loss)¹

Three months ended March 31,	2011 € mn	2010 € mn
Total revenues²	29,905	30,567
Premiums earned (net)	15,861	15,288
Operating investment result		
Interest and similar income	4,894	4,579
Operating income from financial assets and liabilities carried at fair value through income (net)	(129)	120
Operating realized gains/losses (net)	728	547
Interest expenses, excluding interest expenses from external debt	(125)	(129)
Operating impairments of investments (net)	(62)	(39)
Investment expenses	(202)	(177)
Subtotal	5,104	4,901
Fee and commission income	1,987	1,801
Other income	31	29
Claims and insurance benefits incurred (net)	(11,978)	(11,667)
Change in reserves for insurance and investment contracts (net) ³	(3,762)	(3,226)
Loan loss provisions	(16)	(12)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(4,915)	(4,793)
Fee and commission expenses	(649)	(599)
Operating restructuring charges	—	(1)
Other expenses	(15)	(3)
Reclassification of tax benefits	12	14
Operating profit	1,660	1,732
Non-operating investment result		
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(96)	83
Non-operating realized gains/losses (net)	386	763
Non-operating impairments of investments (net)	(83)	(52)
Subtotal	207	794
Income from fully consolidated private equity investments (net)	(19)	(37)
Interest expenses from external debt	(225)	(222)
Acquisition-related expenses	(101)	(198)
Amortization of intangible assets	(22)	(17)
Non-operating restructuring charges	(2)	(47)
Reclassification of tax benefits	(12)	(14)
Non-operating items	(174)	259
Income (loss) before income taxes	1,486	1,991
Income taxes	(571)	(388)
Net income (loss)	915	1,603
Net income (loss) attributable to:		
Non-controlling interests	58	38
Shareholders	857	1,565

1 Figures for the first quarter of 2010 have been restated to reflect a change in Allianz Group's accounting policy. For further information please refer to note 2 of our condensed consolidated interim financial statements.

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

3 For the three months ended March 31, 2011, includes expenses for premium refunds (net) in Property-Casualty of € (45) mn (2010: € (43) mn).

Risk Management

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

For further information, we refer you to the 'Risk Report' in our 2010 Annual Report. The risks described therein essentially remain unchanged.

Allianz Group's management feels comfortable with the Group's overall risk profile and is confident the Group's risk management framework can meet the challenges of a rapidly changing environment as well as day-to-day business needs.

Events After the Balance Sheet Date

New venture Allianz Popular in Spain

On March 24, 2011, Allianz SE and Banco Popular formed "Allianz Popular" in Spain to strengthen the existing partnership and unite all existing ventures under one roof. Allianz SE will own 60% of Allianz Popular. In this context, EUROPENSIONES S.A., Madrid, which is currently accounted for at equity, will be accounted for as a fully consolidated subsidiary of the Allianz Group. As a result a revaluation gain of approximately € 100 million is expected to be recognized during the second quarter of 2011. The transaction is subject to regulatory approvals which are expected for end of June 2011.

Natural catastrophes in southern U.S.A.

At the end of April and beginning of May 2011, the southern states of the U.S.A. were afflicted by several natural catastrophes. Based on current information the net claims regarding the tornadoes are expected to be € 60 million before income taxes. Regarding the flooding along the Mississippi River a reliable forecast for net claims is currently not possible.

Call of U.S. Dollar 500 million subordinated bond

In May 2011, Allianz Finance II B.V. has called for redemption with effect of June 10, 2011 the U.S. Dollar 500 million subordinated bond with the ISIN XS0159150720.

Capital increase at Commerzbank AG

On April 6, 2011, Commerzbank AG announced certain recapitalization measures in order to redeem support received from the German government in connection with the financial market crisis. In connection with these measures, the Allianz Group expects to invest in total approximately € 300 million. Based on current information, it is expected that the Allianz Group's aggregate shareholding in Commerzbank AG will decrease from approximately 9% to below 5%.

Other Information

Business operations and Group Structure

The Allianz Group business operations and structure are described in the 'Worldwide Presence and Business Divisions' and 'Our Business' chapters of our Annual Report 2010. There have been no organizational changes during the first quarter of 2011.

Strategy

The Allianz Group strategy is described in the 'Our Strategy' chapter of our Annual Report 2010. There have been no material changes to our strategy as described therein.

Products, services and sales channels

For an overview of the products and services offered by the Allianz Group, as well as the sales channels, please refer to the 'Worldwide Presence and Business Divisions' and 'Our Business' chapters of our Annual Report 2010. Information on our Brand can also be found in the chapter 'Allianz Brand'.

Property-Casualty Insurance Operations

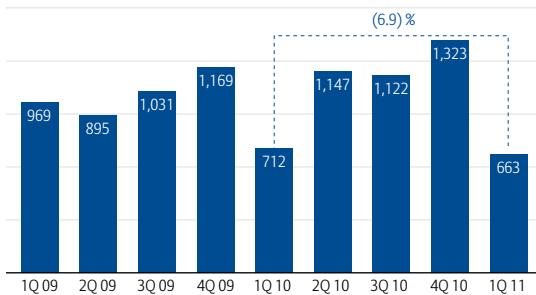
- Gross premiums written increased slightly to € 14.3 billion.
- Operating profit of € 663 million affected by high natural catastrophe claims of € 737 million.
- Combined ratio of 101.3%.

Segment Overview

- Our Property-Casualty business offers a broad range of products and services for both private and corporate clients.
- Our product and service offering covers many insurance classes such as accident/disability, property, general liability, and motor.
- We conduct business worldwide in more than 55 countries.
- We are also a global leader for travel and assistance services and for credit insurance.
- We distribute our products via a broad network of self-employed agents, brokers, banks and direct channels.

Operating profit
in € mn

€ 663 mn



Key Figures

Three months ended March 31,	2011 € mn	2010 € mn	2009 € mn
Gross premiums written	14,251	13,994	13,886
Operating profit	663	712	969
Loss ratio in %	73.3	72.4	71.1
Expense ratio in %	28.0	28.0	27.6
Combined ratio in %	101.3	100.4	98.7

Summary

Overall, gross premiums written amounted to € 14,251 million, an increase of € 257 million. On an internal basis gross premiums increased slightly by 0.2%.

Our operating profit was € 663 million, a decrease of 6.9% compared to the first quarter of 2010. This decrease was mainly driven by our negative underwriting result, which was burdened by severe losses from natural catastrophes mainly in Japan, New Zealand and Australia. Our operating investment result (after expenses for premium refunds) increased by 6.3% and partially compensated this decrease.

Despite high natural catastrophe claims of € 737 million, accounting for 7.6 percentage points of the combined ratio, our combined ratio stood at 101.3%.

Gross Premiums Written¹

Gross premiums written amounted to € 14,251 million, an increase of 1.8% or € 257 million on a nominal basis. Of this increase, foreign currency translation effects accounted for € 274 million, primarily from the appreciation of the Swiss Franc, the Australian Dollar and the Brazilian Real against the Euro. (De-)consolidation effects mainly from two Swiss subsidiaries had an offsetting effect with minus € 50 million.

On an internal basis gross premiums written increased slightly by 0.2%, driven by a positive price effect of 0.8% partially offset by a negative volume effect of 0.6%. The positive growth in gross premiums stemmed mainly from South America, our Travel and Assistance business, Australia and the United Kingdom, partially offset by Germany, the United States and Central and Eastern Europe.

In analyzing internal premium growth in terms of "price" and "volume" effects, we use four clusters based on the internal growth 1Q 2011 over 1Q 2010:

Growth Cluster 1: Overall positive growth; both price and volume effects are positive.

Growth Cluster 2: Overall positive growth; either price or volume effects are positive.

Growth Cluster 3: Overall negative growth; either price or volume effects are positive.

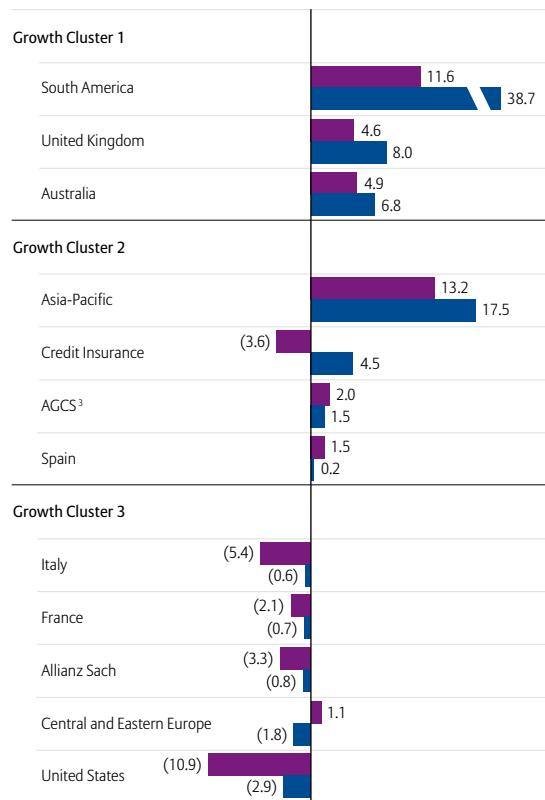
Growth Cluster 4: Overall negative growth; both price and volume effects are negative.

In this quarter, Growth Cluster 4 was not applicable as none of our operating entities represented here had both negative price and volume effects.

Gross premiums written by operating entity

– Internal growth rates²

in %



● 1Q 2010 over 1Q 2009

● 1Q 2011 over 1Q 2010

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

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

3 Allianz Risk Transfer (ART) business now shown within AGCS. Prior years were adjusted accordingly.

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Growth Cluster 1

In [South America](#) gross premiums grew by 38.7% supported by all countries in the region. Brazil contributed most to the strong growth, mainly due to its motor, health and commercial businesses. Gross premiums were in total € 497 million, including foreign currency translation effects of € 35 million.

In the [United Kingdom](#) gross premiums amounted to € 519 million. Excluding € 19 million of favorable foreign currency translation effects, gross premiums increased by 8.0%. Almost all business lines contributed to this growth. Tariff increases, especially in our motor and Animal Health insurance businesses, led to a positive price effect of about 5.4%. In addition, we managed to grow gross premiums in our private household and legal protection businesses through expansion of our distribution network.

In [Australia](#) gross premiums were € 542 million. We had a strong positive internal growth of 6.8%, accounting for positive foreign currency translation effects of € 58 million and the acquisition of specialized underwriting agencies. Almost all business lines achieved a positive growth, which was particularly strong in our retail and global transport business. The positive price effect was estimated at 5.1%.

Growth Cluster 2

In [Asia-Pacific](#) gross premiums amounted to € 132 million. Excluding the transfers of our Hong Kong and Singapore businesses from Asia-Pacific to AGCS and the transfer of our China branch from Allianz Sach to Asia-Pacific as well as positive foreign currency translation effects of € 11 million, internal growth was 17.5%. Malaysia was the main driver of the volume related growth as our motor business continued to expand despite our tighter underwriting rules. The price effect was overall negative at around 2.5%.

In the [Credit Insurance](#) business gross premiums grew by 4.5% to € 535 million, supported by a strong positive volume effect due to an increase in our customers' turnover. As expected the overall price effect weakened after two subsequent years of tariff increases and higher rebates to our customers due to a lower claims environment. The resulting negative price effect was about 1.6%.

At [AGCS](#) gross premiums amounted to € 1,431 million. Adjusting for several portfolio transfers to AGCS within the Property-Casualty segment, our internal growth was 1.5%. The increase in gross premiums stemmed mainly from our property, marine and liability businesses. This was partly offset by a negative price effect of around 1.7%.

In [Spain](#) gross premiums were € 632 million. Adjusting for a portfolio transfer to AGCS, we achieved a slightly positive growth of 0.2%. Thanks to our cycle management strategy, despite increased VAT and expiring car scrapping incentives, we managed to increase volume especially in our motor retail business. The ongoing economic recession put pressure on prices, especially in the highly competitive commercial lines, leading to a negative price effect of approximately 1.1%.

Growth Cluster 3

In [Italy](#) gross premiums decreased slightly by 0.6% to € 939 million. The decline was entirely driven by our non-motor business, as small- to medium-sized companies were still affected by the economic recession and we maintained strict underwriting rules. However, double-digit growth in our direct channel and strong tariff increases, particularly in our motor business, also contributed positively. We estimate the positive price effect at 4.4%.

In [France](#) gross premiums were € 1,138 million, a slight decline of 0.7% stemming from volume losses in our commercial lines, partially offset by a positive growth in personal lines. In line with a hardening market we executed price increases in our portfolio. These resulted in a positive price effect of approximately 2.5%.

At [Allianz Sach](#) gross premiums amounted to € 3,864 million. Taking into account the transfer of our China branch to Asia-Pacific, gross premiums fell by 0.8%. The slight decrease was driven by the highly competitive motor business whereas our non-motor business grew thanks to a strong positive price effect. The overall positive price effect was estimated at 1.0%.

In [Central and Eastern Europe](#) gross premiums stood at € 774 million. Excluding favorable foreign currency translation effects of € 6 million, internal growth was negative 1.8%. The decline in gross premiums was driven mainly by a negative price effect due to a shortfall in our motor business in Hungary and Romania, resulting from lower renewal tariffs in a difficult economic environment. On the other hand, we were able to achieve a positive volume effect supported by Russia, partially offset by a low level of car sales in Hungary and Romania. We estimate the price effect to be negative 3.2%.

In the [United States](#) gross premiums amounted to € 605 million. Adjusting for the transfer of our marine business to AGCS and unfavorable foreign currency translation effects of € 6 million, gross premiums declined by 2.9%. This decline was volume driven, in both our commercial and personal lines, reflecting the continuing soft market conditions. Part of the decline was offset by positive growth in our crop business as a result of increasing commodity prices. The overall price effect was positive at about 2.2% driven mainly by tariff increases in our personal lines.

Operating Profit

We analyze the operating profit in the Property-Casualty segment in terms of underwriting result, operating investment result (after expenses for premium refunds) and other result¹.

Three months ended March 31,	2011 € mn	2010 € mn
Underwriting result	(180)	(83)
Operating investment result (after expenses for premium refunds)	823	774
Other result	20	21
Operating profit	663	712

[Operating profit](#) decreased by 6.9% or € 49 million to € 663 million.

The [underwriting result](#) worsened by € 97 million to negative € 180 million, reflecting unusually high losses from natural catastrophes of € 737 million (1Q 2010: € 555 million). With respect to natural catastrophes, the first quarter of 2011 was one of the most loss-intensive quarters we have recorded. By taking advantage of positive price momentum and a further recovery of our Credit Insurance business as well as a more favorable run-off result we were able, however, to partially compensate the negative impact from natural catastrophes.

The [operating investment result \(after expenses for premium refunds\)](#) improved by € 49 million to € 823 million mainly driven by higher dividends and income from associates.

The [combined ratio](#) was 101.3% compared to 100.4% in the previous year. This increase was driven by a higher level of natural catastrophes, partly offset by a more favorable run-off.

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

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Underwriting result

Three months ended March 31,	2011 € mn	2010 € mn
Premiums earned (net)	9,676	9,413
Accident year claims	(7,469)	(7,153)
Previous year claims (run-off)	379	331
Claims and insurance benefits incurred (net)	(7,090)	(6,822)
Acquisition and administrative expenses (net)	(2,708)	(2,633)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds) ¹	(58)	(41)
Underwriting result	(180)	(83)

Our [accident year loss ratio](#) stood at 77.2% in a difficult environment. The impact from natural catastrophes was again very high, accounting for 7.6 percentage points of the accident year loss ratio. In total, the net losses from natural catastrophes amounted to € 737 million driven mainly by the events in Japan, New Zealand and Australia. In comparison, in the first quarter of 2010, natural catastrophes represented 5.9 percentage points of the accident year loss ratio of 75.9%.

Excluding natural catastrophes, our accident year loss ratio improved by 0.4 percentage points mainly due to a higher average annual premium and a lower impact from large claims. Claims frequency/severity had a slightly negative impact.

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

- France with minus 0.7 percentage points mainly due to a lower level of losses from natural catastrophes; February 2010 was impacted by the natural catastrophe event Xynthia.
- Italy with minus 0.4 percentage points mainly due to price increases, in particular in motor third-party liability, as well as strict profitability management. Also, in motor third-party liability, the overall positive trend in claims frequency offset the increase in severity.
- United States with minus 0.4 percentage points mainly due to a lower level of losses from natural catastrophes compared to the unusually high level in 2010. Strong improvements in the accident year loss ratio in our personal and commercial lines also contributed to the reduction.
- Germany with minus 0.3 percentage points mainly driven by a lower level of losses from natural catastrophes as we recorded high losses from Xynthia in 2010. A lower level of large claims led to an additional reduction in our accident year loss ratio.

Our Reinsurance business and AGCS had a negative impact on our accident year loss ratio due to a significantly higher level of losses from natural catastrophes. They added 2.9 percentage points and 1.2 percentage points, respectively.

¹ Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of 'Change in reserves for insurance and investment contracts (net)'.

The **expense ratio** remained stable at 28.0%. Total expenses were up by € 75 million to € 2,708 million. Of this increase, foreign currency translation effects accounted for € 47 million. One-off effects, such as the modification of our reinsurance structure and the centralization of our Swiss back-offices, added another € 13 million. Moreover, the ad hoc introduction of a financial crisis tax in Hungary in the third quarter of 2010 resulted in approximately € 7 million in additional costs. Overall, the underlying expense development was flat. Our cost reduction programs in Germany, France, Italy and the United States compensated for negative premium volume effects in some of our core markets, such as Germany and the United States, due to our ongoing efforts to ensure profitability.

Operating investment result (after expenses for premium refunds)

Three months ended March 31,	2011 € mn	2010 € mn
Interest and similar income (net of interest expenses)	896	854
Operating income from financial assets and liabilities carried at fair value through income (net)	19	9
Operating realized gains/losses (net)	9	9
Investment expenses	(56)	(55)
Operating investment result	868	817
Expenses for premium refunds (net) ¹	(45)	(43)
Operating investment result (after expenses for premium refunds)	823	774

Operating investment result (after expenses for premium refunds) amounted to € 823 million. This was an increase of € 49 million or 6.3%, mainly driven by interest and similar income.

Interest and similar income net of **interest expenses**, improved by € 42 million to € 896 million. Higher income from our equity investments as well as lower interest expenses accounted for most of this positive development. Income from debt investments, cash and real estate increased slightly. The total average asset base increased by 4.1% from € 92.5 billion in the first quarter of 2010, to € 96.3 billion in the first quarter of 2011.

Operating realized gains/losses (net) remained stable due to offsetting effects of higher realized gains on equities and lower realized gains on debt securities.

Operating income from financial assets and liabilities carried at fair value through income (net) improved by € 10 million to € 19 million.

Other result

Three months ended March 31,	2011 € mn	2010 € mn
Fee and commission income	273	254
Other income	4	4
Fee and commission expenses	(254)	(237)
Other expenses	(3)	—
Other result	20	21

¹ Consists of the investment-related part (expenses for premium refunds) of 'Change in reserves for insurance and investment contracts (net)'.

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Property-Casualty segment information

Three months ended March 31,	2011 € mn	2010 € mn
Gross premiums written¹	14,251	13,994
Ceded premiums written	(1,346)	(1,349)
Change in unearned premiums	(3,229)	(3,232)
Premiums earned (net)	9,676	9,413
Interest and similar income	909	879
Operating income from financial assets and liabilities carried at fair value through income (net)	19	9
Operating realized gains/losses (net)	9	9
Fee and commission income	273	254
Other income	4	4
Operating revenues	10,890	10,568
Claims and insurance benefits incurred (net)	(7,090)	(6,822)
Change in reserves for insurance and investment contracts (net)	(103)	(84)
Interest expenses	(13)	(25)
Investment expenses	(56)	(55)
Acquisition and administrative expenses (net)	(2,708)	(2,633)
Fee and commission expenses	(254)	(237)
Other expenses	(3)	—
Operating expenses	(10,227)	(9,856)
Operating profit	663	712
Loss ratio ² in %	73.3	72.4
Expense ratio ³ in %	28.0	28.0
Combined ratio⁴ in %	101.3	100.4

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

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

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

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

Property-Casualty Operations by Business Divisions

Three months ended March 31,	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal ¹					
	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn
Germany ²	3,864	3,900	3,864	3,894	1,793	1,787	186	169
Switzerland ³	913	864	804	800	355	344	41	32
Austria	336	332	336	332	177	173	12	21
German Speaking Countries	5,113	5,096	5,004	5,026	2,325	2,304	239	222
Italy	939	945	939	945	953	985	108	69
France	1,138	1,146	1,138	1,146	801	779	100	9
Spain ⁴	632	637	632	631	447	447	78	70
South America	497	333	462	333	297	241	35	24
Netherlands ⁵	295	326	295	306	197	206	7	1
Turkey	137	137	142	137	84	75	1	4
Belgium ⁵	102	110	102	91	68	65	9	8
Portugal	86	85	86	85	61	61	11	7
Greece	32	31	32	31	22	19	2	4
Africa	33	28	33	28	12	8	2	2
Europe incl. South America	3,891	3,778	3,861	3,733	2,942	2,886	357 ⁶	202 ⁶
United States	605	638	599	617	530	579	62	40
Mexico	47	42	44	42	26	20	3	2
NAFTA Markets	652	680	643	659	556	599	65	42
Allianz Global Corporate & Specialty (AGCS) ^{4,5,7}	1,431	1,381	1,431	1,410	729	743	56	135
Reinsurance PC	1,450	1,648	1,450	1,648	753	795	(295)	(59)
United Kingdom	519	463	500	463	460	410	40	42
Credit Insurance	535	512	535	512	291	267	94	51
Australia	542	440	470	440	468	353	23	20
Ireland	230	194	230	194	157	135	8	(6)
Global Insurance Lines & Anglo Markets	4,707	4,638	4,616	4,667	2,858	2,703	(74)	183
Russia	217	197	212	197	154	130	1	(1)
Hungary	137	163	139	163	76	97	15	16
Poland	111	103	111	103	91	82	1	3
Slovakia	114	118	114	118	69	74	15	16
Romania	55	62	56	62	46	38	—	1
Czech Republic	82	75	78	75	55	50	8	6
Croatia	27	27	27	27	19	19	3	2
Bulgaria	17	17	17	17	17	20	5	5
Kazakhstan	10	18	10	18	1	2	—	2
Ukraine	4	2	4	2	2	1	—	—
Central and Eastern Europe ⁸	774	782	768	782	530	513	46	45
Asia-Pacific (excl. Australia) ^{2,5}	132	122	121	103	69	62	13	11
Middle East and North Africa	19	19	19	19	12	10	(1)	(1)
Growth Markets	925	923	908	904	611	585	58	55
Assistance (Mondial)	460	397	460	397	380	333	16	18
Consolidation ^{4,7,9}	(1,497)	(1,518)	(1,529)	(1,456)	4	3	2	(10)
Total	14,251	13,994	13,963	13,930	9,676	9,413	663	712

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

2 In 2011, Allianz China General Insurance Company Ltd., a former branch of Allianz Versicherungs-AG, was transferred from Germany to Asia-Pacific (excl. Australia). Prior year figures have not been adjusted.

3 In November 2010, the Allianz Group sold the subsidiaries Alba and Phenix Iart.

4 Corporate customer business in Spain transferred to AGCS in 2010. Prior year figures have been adjusted accordingly.

5 Corporate customer business in the Netherlands and Belgium as well as Allianz Insurance (Hong Kong) Ltd. and Allianz Insurance Company of Singapore Pte. Ltd. were transferred to AGCS in 2010 and 2011. Prior year figures have not been adjusted.

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	Combined ratio		Loss ratio		Expense ratio	
	2011 %	2010 %	2011 %	2010 %	2011 %	2010 %
Three months ended March 31,						
Germany ²	98.5	99.8	70.8	72.1	27.7	27.7
Switzerland ³	93.6	95.8	72.9	74.6	20.7	21.2
Austria	95.4	95.1	68.7	68.5	26.7	26.6
German Speaking Countries	97.5	98.9	71.0	72.3	26.5	26.6
Italy	97.9	101.2	73.6	75.8	24.3	25.4
France	97.7	106.8	73.0	80.1	24.7	26.7
Spain ⁴	88.7	89.3	68.7	69.3	20.0	20.0
South America	96.5	98.0	65.1	66.3	31.4	31.7
Netherlands ⁵	100.6	105.1	70.0	75.4	30.6	29.7
Turkey	104.2	103.4	75.3	75.8	28.9	27.6
Belgium ⁵	98.4	102.1	64.8	66.3	33.6	35.8
Portugal	91.0	96.0	67.1	71.3	23.9	24.7
Greece	99.1	88.6	58.2	56.3	40.9	32.3
Africa	94.2	91.2	57.4	64.3	36.8	26.9
Europe incl. South America	96.6	100.8	71.2	74.7	25.4	26.1
United States	102.4	106.7	65.5	67.6	36.9	39.1
Mexico	95.8	99.6	70.1	70.7	25.7	28.9
NAFTA Markets	102.2	106.5	65.9	67.6	36.3	38.9
Allianz Global Corporate & Specialty (AGCS) ^{4,5,7}	103.2	92.3	73.7	67.2	29.5	25.1
Reinsurance PC	142.5	108.8	114.5	85.7	28.0	23.1
United Kingdom	97.1	96.5	65.3	62.8	31.8	33.7
Credit Insurance	77.6	91.7	49.2	58.1	28.4	33.6
Australia	109.5	110.3	85.7	85.4	23.8	24.9
Ireland	101.7	114.0	76.9	93.3	24.8	20.7
Global Insurance Lines & Anglo Markets	110.9	101.1	82.7	74.7	28.2	26.4
Russia	101.4	105.5	64.0	61.7	37.4	43.8
Hungary	90.5	93.0	50.6	62.3	39.9	30.7
Poland	101.7	99.6	68.3	67.9	33.4	31.7
Slovakia	86.4	84.0	58.0	57.4	28.4	26.6
Romania	102.0	98.0	73.6	75.7	28.4	22.3
Czech Republic	89.8	92.1	66.0	72.0	23.8	20.1
Croatia	92.5	96.0	56.1	63.0	36.4	33.0
Bulgaria	71.7	77.4	41.7	46.4	30.0	31.0
Kazakhstan	83.8	41.0	16.2	5.3	67.6	35.7
Ukraine	110.6	115.4	26.9	48.5	83.7	66.9
Central and Eastern Europe⁸	95.6	96.0	61.8	63.4	33.8	32.6
Asia-Pacific (excl. Australia)^{2,5}	88.2	91.3	59.3	60.8	28.9	30.5
Middle East and North Africa	116.3	118.3	76.7	82.1	39.6	36.2
Growth Markets	95.3	95.9	61.9	63.4	33.4	32.5
Assistance (Mondial)	97.6	97.0	61.8	61.6	35.8	35.4
Consolidation^{4,7,9}	—	—	—	—	—	—
Total	101.3	100.4	73.3	72.4	28.0	28.0

6 Contains € 3 mn and € 4 mn for 1Q 2011 and 1Q 2010, respectively, from a management holding located in Luxembourg and also € 1 mn and € 0.5 mn for 1Q 2011 and 1Q 2010, respectively, from AGF UK.

7 Allianz Risk Transfer (ART) business now shown within AGCS. Prior year figures have been adjusted accordingly.

8 Contains income and expense items from a management holding.

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

Life/Health Insurance Operations

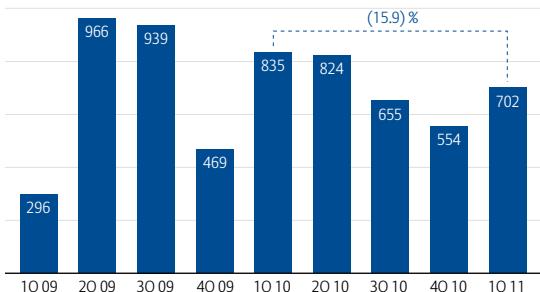
- Premiums amounted to € 14,270 million.
- Operating profit of € 702 million.

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 clients in more than 45 countries.
- In 12 countries we are one of the market leaders based on premiums.

Operating profit¹
in € mn

€ 702 mn



Key Figures

Three months ended March 31,	2011 € mn	2010 € mn	2009 € mn
Statutory premiums	14,270	15,356	13,013
Operating profit ¹	702	835	296
Cost-income ratio in % ¹	96.1	95.7	98.0

Summary

Statutory premiums amounted to € 14,270 million. Compared to the first quarter of 2010 revenues decreased by 7.1% or € 1,086 million on a nominal basis. On an internal basis the decrease amounted to 8.5%. Positive developments in our traditional life business were more than offset by a decline in premiums from investment-oriented products in some of our major markets where competition increased and last year's sales benefited from tax incentives.

Operating profit decreased from last year's high level of € 835 million to € 702 million, despite an increased investment result, which was more than offset by a change in crediting rate assumptions.

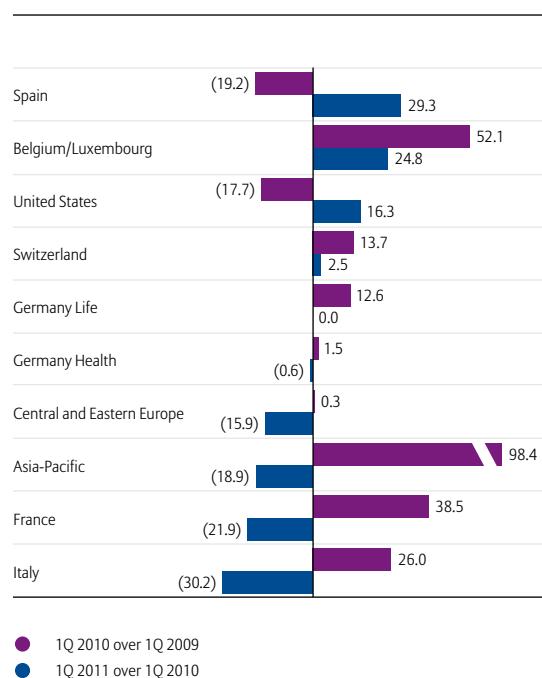
¹ Figures prior to the third quarter of 2010 have been restated to reflect a change in the Allianz Group's accounting policy. For further information please refer to note 2 of our condensed consolidated interim financial statements.

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Statutory Premiums¹

Statutory premiums – Internal growth rates²

in %



- 1Q 2010 over 1Q 2009
- 1Q 2011 over 1Q 2010

Despite a difficult environment in [Spain](#) driven by the economic recession and high unemployment, with banks offering high interest rates on short-term accounts, we recorded strong growth in premiums of 29.3% on an internal basis. Total premiums amounted to € 256 million. Sales of short- and long-term investment-oriented products, as well as sales of private pension products, contributed positively.

Premiums in [Belgium/Luxembourg](#) amounted to € 317 million. Internal growth of 24.8% was driven by both an increase in sales of investment-oriented products and higher premiums from our traditional business. Sales benefited from a new online tool for our brokers and product innovations.

In the [United States](#) premiums increased by 16.3% on an internal basis and amounted to € 1,939 million. This growth was driven by continued strong sales of

our fixed-index annuity products and variable annuity products. Our fixed-index annuity sales profited from product changes at the end of 2010.

Premiums in [Switzerland](#) amounted to € 927 million, resulting in internal growth of 2.5%. Sales of our investment-oriented products and premiums from our traditional business increased. Sales growth of our investment-oriented products was mainly driven by Group Life business, where we saw higher single and recurring premiums.

In our [German](#) life business premiums amounted to € 3,919 million, which is the same level as in the first quarter of the previous year. A decline in premiums from investment-oriented products was offset by growth in our traditional business, where regular premiums increased. Premiums in our German health business declined slightly as lapsed premium volume could not be fully compensated by new business and price increases.

In [Central and Eastern Europe](#) we recorded a decline of premiums by 15.9% on an internal basis, mainly driven by Poland and Hungary. In Poland, slightly higher unit-linked sales could only partially offset a drop in premiums from payment protection insurance and life deposit products. In Hungary, single premiums from investment-oriented products decreased significantly compared to last year's first quarter due to a successful campaign at the beginning of the first quarter 2010.

Premiums in [Asia-Pacific](#) decreased by 18.9% on an internal basis. In Taiwan, we recorded a significant drop in sales of our pure unit-linked products without guarantees resulting in a premium decrease of 42.9% on an internal basis. A decrease was expected as last year's positive development benefited from tax regulation. In Japan, premiums decreased by 33.9% driven by a shrinking variable annuity market and lower sales by our bank distribution partners. Premiums in South Korea increased by 2.5% on an internal basis due to higher single premiums from both unit-linked and investment-oriented products.

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

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

Premiums in [France](#) amounted to € 1,958 million, a decline of 21.9% on an internal basis. This deviation is in line with the general market decrease in life insurance activity and pressure from offerings of alternative short-term savings products.

In [Italy](#), premiums decreased by 30.2% on an internal basis to € 1,998 million. The decline is largely driven by high premium income in the previous year due to tax incentives on foreign investments and to a stagnating economic environment affecting the demand for financial products in general. While premiums from traditional business were down slightly, sales of investment-oriented and unit-linked products declined significantly.

Operating Profit

[Operating profit](#) decreased from last year's high level of € 835 million to € 702 million, despite an increased investment result, which was more than offset by a change in crediting rate assumptions.

[Interest and similar income net of interest expenses](#) increased by € 285 million to € 3,807 million mainly driven by debt investments due to higher asset base and a slightly higher yield on debt and cash as result of recovering interest rates.

[Net gains from financial assets and liabilities carried at fair value](#) amounted to a negative € 162 million, a decrease of € 308 million resulting primarily from a decrease in the fair value of derivatives in Germany, used to manage our interest rate related exposures, and a reduction of the gains on Fair Value Option assets. In the United States we sold the majority of the Fair Value Option portfolio and reinvested it in assets classified as available-for-sale during the third quarter of 2010.

[Realized gains and losses \(net\)](#) increased from € 538 million to € 718 million mainly due to realizations of equity investments especially in Germany and France.

[Net impairments on investments](#) increased slightly from € 39 million to € 62 million.

[Change in reserves for insurance and investment contracts \(net\)](#) increased from € 3,096 million to € 3,629 million primarily due to the allocation of premiums to policy reserves in line with the increased traditional business. Also contributing were higher expenses for premium refunds related to a change in crediting rate assumptions in France, and an adjustment in Taiwan.

[Acquisition and administrative expenses \(net\)](#) decreased slightly from € 1,203 million to € 1,169 million. Acquisition costs declined by € 18 million to € 808 million. Administration costs amounted to € 361 million, € 16 million lower than the first quarter of the previous year.

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Life/Health segment information¹

Three months ended March 31,	2011 € mn	2010 € mn
Statutory premiums²	14,270	15,356
Ceded premiums written	(167)	(134)
Change in unearned premiums	(89)	(53)
Statutory premiums (net)	14,014	15,169
Deposits from insurance and investment contracts	(7,829)	(9,294)
Premiums earned (net)	6,185	5,875
Interest and similar income	3,833	3,545
Operating income from financial assets and liabilities carried at fair value through income (net)	(162)	146
Operating realized gains/losses (net)	718	538
Fee and commission income	130	118
Other income	23	20
Operating revenues	10,727	10,242
Claims and insurance benefits incurred (net)	(4,888)	(4,845)
Change in reserves for insurance and investment contracts (net)	(3,629)	(3,096)
Interest expenses	(26)	(23)
Loan loss provisions	—	1
Operating impairments of investments (net)	(62)	(39)
Investment expenses	(178)	(145)
Acquisition and administrative expenses (net)	(1,169)	(1,203)
Fee and commission expenses	(59)	(54)
Operating restructuring charges	—	(1)
Other expenses	(14)	(2)
Operating expenses	(10,025)	(9,407)
Operating profit	702	835
Cost-income ratio³ in %	96.1	95.7

1 Figures for the first quarter of 2010 have been restated to reflect a change in the Allianz Group's accounting policy. For further information please refer to note 2 of our condensed consolidated interim financial statements.

2 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.

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

Life/Health Operations by Business Divisions¹

Three months ended March 31,	Statutory premiums ²				Premiums earned (net)		Operating profit (loss)		Cost-income ratio	
	internal ³				2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn
	2011 € mn	2010 € mn	2011 € mn	2010 € mn						
Germany Life ⁴	3,919	3,919	3,919	3,919	2,926	2,682	245	255	95.6	95.5
Germany Health ⁵	798	803	798	803	799	804	24	46	97.7	95.7
Switzerland	927	806	817	797	268	239	19	21	98.1	97.6
Austria	115	122	115	122	88	93	11	13	93.0	92.3
German Speaking Countries	5,759	5,650	5,649	5,641	4,081	3,818	299	335	96.2	95.7
Italy ⁴	1,998	2,840	1,998	2,862	145	157	68	72	97.0	97.7
France ⁴	1,958	2,471	1,958	2,506	761	766	108	178	96.0	94.2
Spain	256	198	256	198	109	107	27	28	91.6	89.2
South America	14	12	13	12	10	8	3	2	83.2	88.2
Netherlands	104	85	104	85	56	34	12	14	90.4	87.1
Turkey	27	23	28	23	8	9	1	2	97.2	93.8
Belgium/Luxembourg	317	254	317	254	129	98	14	21	96.6	93.8
Portugal	45	35	45	35	20	20	5	5	89.5	87.5
Greece	29	30	29	30	17	16	1	—	95.3	99.8
Africa	12	7	12	7	6	5	1	(2)	94.3	118.4
Europe incl. South America	4,760	5,955	4,760	6,012	1,261	1,220	240	320	96.0	95.4
United States	1,939	1,651	1,920	1,651	167	153	92	102	96.1	95.2
Mexico	39	24	36	24	16	13	1	2	97.3	93.5
NAFTA Markets	1,978	1,675	1,956	1,675	183	166	93	104	96.2	95.1
Reinsurance LH	99	94	99	94	92	92	5	10	95.0	91.2
Global Insurance Lines & Anglo Markets	99	94	99	94	92	92	5	10	95.0	91.2
South Korea	467	442	453	442	166	172	40	33	93.2	94.1
Taiwan	406	646	369	646	34	47	(23)	10	105.4	98.5
Malaysia	65	52	58	52	51	45	4	3	94.1	94.5
Indonesia	126	79	120	79	48	34	15	14	88.6	83.9
Other	348	406	318	406	100	105	1	(9)	99.7	102.1
Asia-Pacific	1,412	1,625	1,318	1,625	399	403	37	51	97.6	97.2
Hungary	49	68	50	68	15	15	2	3	96.3	95.8
Slovakia	61	64	61	64	46	44	8	8	88.8	88.7
Czech Republic	37	29	34	29	14	15	3	3	91.8	92.2
Poland	102	144	101	144	20	49	4	5	96.2	96.7
Romania	6	6	6	6	3	3	1	—	86.9	99.1
Croatia	11	11	12	11	11	10	1	1	94.3	88.8
Bulgaria	7	6	7	6	6	6	1	1	79.3	86.6
Russia	10	5	9	5	9	5	—	—	104.5	102.5
Central and Eastern Europe	283	333	280	333	124	147	20	21	93.6	94.1
Middle East and North Africa	53	30	56	30	45	28	3	2	93.9	93.6
Global Life ⁴	1	56	1	—	—	1	—	(1)	633.1	101.0
Growth Markets	1,749	2,044	1,655	1,988	568	579	60	73	96.9	96.7
Consolidation ⁶	(75)	(62)	(76)	(63)	—	—	5	(7)	—	—
Total	14,270	15,356	14,043	15,347	6,185	5,875	702	835	96.1	95.7

- 1 Figures for the first quarter of 2010 have been restated to reflect a change in Allianz Group's accounting policy. For further information please refer to note 2 of our condensed consolidated interim financial statements.
- 2 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.
- 3 Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.
- 4 From the first quarter 2011 on, the variable annuity business of Allianz Global Life is shown within Germany, France and Italy, respectively. Prior year figures have not been adjusted.
- 5 Loss ratios were 83.5% and 79.6% for the three months ended March 31, 2011 and 2010, respectively.
- 6 Represents elimination of transactions between Allianz Group companies in different geographic regions.

Asset Management

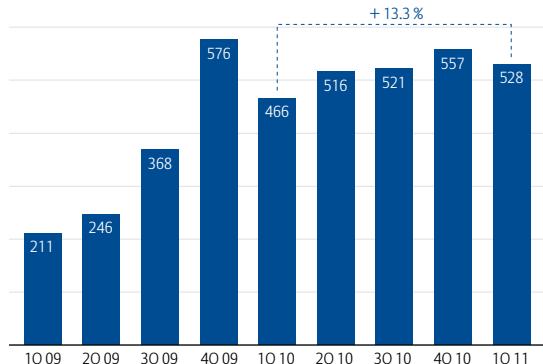
- Total assets under management of € 1,492 billion.
- Third-party net inflows at € 14 billion.
- Operating profit up 13.3% to € 528 million.

Segment Overview

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

Operating profit
in € mn

€ 528 mn



Key Figures

Three months ended March 31,	2011 € mn	2010 € mn	2009 € mn
Operating revenues	1,273	1,116	716
Operating profit	528	466	211
Cost-income ratio in %	58.5	58.2	70.5
Total assets under management in € bn	1,492	1,312	1,014

Summary

Operating revenues increased by 14.1% on both a total and internal basis to € 1,273 million.

Operating profit amounted to € 528 million, an increase of € 62 million compared to the first quarter of 2010, mainly driven by an increase in average assets under management. We saw net inflows of € 15 billion of which third-party net inflows contributed € 14 billion.

Our cost-income ratio increased slightly by 0.3 percentage points to 58.5% mainly due to a decline in performance fees.

Assets under Management

As of March 31, 2011 total assets under management amounted to € 1,492 billion. Of this, € 1,138 billion related to our third-party assets under management and € 354 billion to Allianz Group assets.

Development of total assets under management

in € bn

Total AuM (as of 12/31/2010)	1,336	180	2	1,518
Net inflows			+ 15	
Market effects			+ 11	
Consolidation and deconsolidation effects			+ 2	
F/X effects			(54)	
Total AuM (as of 3/31/2011)	1,315	175	2	1,492

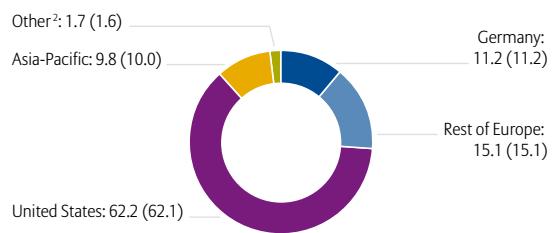
● Fixed income
● Equities
● Other

We continued to record net inflows of € 15 billion, of which € 14 billion came from our third-party assets. Fixed income business accounted for net inflows of € 19 billion, while equity business saw net outflows of € 4 billion. Market-related appreciation contributed an additional € 11 billion, of which € 8 billion came from fixed income assets and € 3 billion from equities. This was offset by unfavorable foreign currency translation effects of € 54 billion, mainly due to the weakening of the U.S. Dollar against the Euro.

In the following section we focus on the development of third-party assets under management since December 31, 2010.

Third-party assets under management by regions/countries as of March 31, 2011 (December 31, 2010)¹

in %



The regional distribution of third-party assets under management remained almost unchanged: the majority originated in the United States.

The split between fixed income and equity third-party assets was stable at 86% and 14%, respectively.

The proportion of third-party assets under management from institutional and retail clients also remained unchanged at 66% and 34%, respectively.

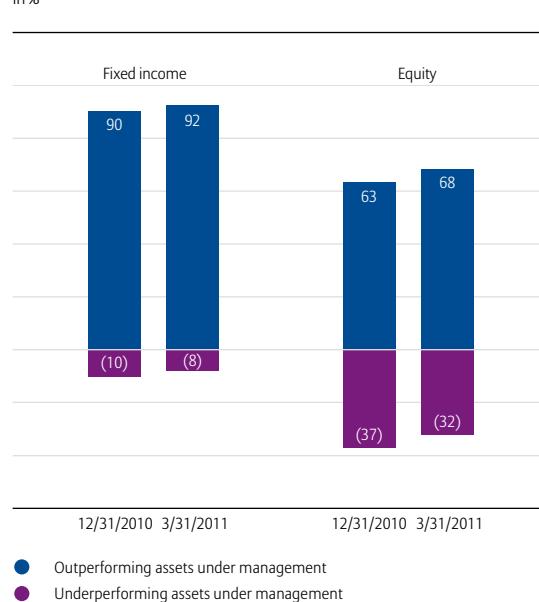
¹ Based on the origination of assets.

² Consists of third-party assets managed by other Allianz Group companies (approximately € 19 bn as of March 31, 2011 and € 19 bn as of December 31, 2010, respectively).

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Rolling investment performance of Allianz Global Investors¹

in %



The overall investment performance of Allianz Global Investors' assets under management was again outstanding with 89% outperforming their respective benchmarks (December 31, 2010: 87%). Fixed income assets recorded an exceptional performance of 92% versus their respective benchmarks. The performance of our equity assets strongly improved with 68% outperforming their respective benchmarks.

Operating Revenues

Operating revenues amounted to € 1,273 million, an improvement of € 157 million mainly due to our increased asset base. Our operating revenues increased by 14.1% both on an internal and total basis.

Net fee and commission income increased by € 159 million to € 1,256 million. The positive development was largely due to higher assets under management driven fees. **Performance fees** declined by € 72 million after an exceptionally high level in the first quarter of 2010.

Operating Profit

Operating profit increased by 13.3% to € 528 million, due to our higher asset base and the resulting increase in assets under management driven fees.

In line with the favorable business development, we also saw an increase in personnel and non-personnel expenses. In total, **administrative expenses** increased by € 95 million to € 745 million.

Our operating expense base grew in line with revenues which allowed us to maintain an outstanding **cost-income ratio**, of 58.5% (1Q 2010: 58.2%).

¹ AllianzGI account-based, asset-weighted 3-year investment performance of third-party assets vs. benchmark including all accounts managed by equity and fixed income managers of AllianzGI. For some retail equity funds the net of fee performance is compared to the median performance of an appropriate peer group (Morningstar or Lipper; 1st and 2nd quartile mean out-performance). For all other retail funds and for all institutional accounts performance is calculated gross of fees using closing prices (revaluated) where appropriate and compared to the benchmark of each individual fund or account. Other than under GIPS (Global Investment Performance Standards), the performance of closed funds/accounts is not included in the analysis. Accounts at AllianzGI Investments Europe, Zurich Branch and Joint-Venture GTJA China and in parts WRAP accounts are not considered.

Asset Management segment information

Three months ended March 31,	2011 € mn	2010 € mn
Management and loading fees	1,431	1,193
Performance fees	56	128
Other income	44	32
Fee and commission income	1,531	1,353
Commissions	(272)	(251)
Other expenses	(3)	(5)
Fee and commission expenses	(275)	(256)
Net fee and commission income	1,256	1,097
Net interest income ¹	7	9
Income from financial assets and liabilities carried at fair value through income (net)	6	5
Other income	4	5
Operating revenues	1,273	1,116
Administrative expenses (net), excluding acquisition-related expenses	(745)	(650)
Operating expenses	(745)	(650)
Operating profit	528	466
Cost-income ratio² in %	58.5	58.2

1 Represents interest and similar income less interest expenses.

2 Represents operating expenses divided by operating revenues.

Corporate and Other

- Operating loss reduced by € 28 million to € 223 million.
- Banking business now slightly positive; Holding & Treasury with slight improvements.

Segment Overview

- Corporate and Other encompasses operations of Holding & Treasury, Banking and Alternative Investments business.
- 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 offerings in Germany, Italy, France and Central and Eastern Europe complement our insurance product portfolio.
- We provide global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors mainly on behalf of the Allianz Group.

Key Figures

Three months ended March 31,	2011 € mn	2010 € mn	2009 € mn
Corporate and Other¹			
Operating revenues	434	391	443
Operating expenses	(657)	(642)	(627)
Operating loss	(223)	(251)	(184)
Holding & Treasury			
Operating revenues	110	93	137
Operating expenses	(331)	(319)	(307)
Operating loss	(221)	(226)	(170)
Banking			
Operating revenues	294	265	277
Operating expenses	(292)	(288)	(286)
Operating profit (loss)	2	(23)	(9)
Alternative Investments			
Operating revenues	33	35	31
Operating expenses	(37)	(37)	(36)
Operating loss	(4)	(2)	(5)

Summary

Operating loss reduced by € 28 million to € 223 million thanks to a positive Banking result and slight improvements in the Holding & Treasury segment.

¹ Consolidation included; for further information about our Corporate and Other segment please refer to note 3 to the consolidated financial statements.

Earnings Summary Holding & Treasury

The Holding & Treasury's **operating loss** slightly reduced by € 5 million to € 221 million mainly due to an improved foreign currency result.

Interest and similar income grew by € 12 million driven by higher dividend payments. Interest expenses, excluding interest expenses from external debt increased by € 6 million to € 101 million.

Operating income from financial assets and liabilities carried at fair value (net) improved by € 18 million to a loss of € 1 million due to better foreign currency matching.

Net fee and commission result was negative € 21 million compared to € 0 million in the same period in the previous year. **Administrative expenses (net), excluding acquisition-related expenses** of € 140 million almost remained at the prior year level.

Earnings Summary Banking

Our **net interest, fee and commission result** amounted to € 143 million in the first quarter of 2011, an increase of € 8 million compared to the first quarter of the previous year driven by volume and margin effects and higher fee income at Banking Germany.

Our **operating income from financial assets and liabilities carried at fair value through income** (trading income) improved by € 15 million mainly driven by our Banking business in Germany due to increased interest rates.

Administrative expenses amounted to € 133 million compared to € 138 million in the same period in the previous year. Our disposed banking business in Hungary accounted for € 4 million of this development.

Our **loan loss provision** increased by € 3 million to € 16 million.

Overall, our Banking business contributed a positive result. **Operating profit** improved by € 25 million to € 2 million. The cost income ratio amounted to 88.2%.

Earnings Summary Alternative Investments

Alternative Investment's **operating loss** of € 4 million was essentially unchanged.

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Outlook

- Global economic upswing looks set to continue in 2011 and 2012, although at a more moderate pace.
- Our published outlook for Allianz Group operating profit for 2011 is unchanged at € 8.0 billion, plus or minus € 0.5 billion.

Economic Outlook

The world economy is being buffeted by several positive and negative factors. On the positive side are the still solid results of the business surveys, reflecting not least the very healthy state of order books. It is also encouraging that higher overall output continues to ease the situation on labor markets. Additionally, monetary policy remains very accommodating in the U.S.A., Japan and Europe, where the European Central Bank in April started what is expected to be a very gradual tightening cycle. Favorable financing conditions will continue to provide significant economic impetus for private households and the corporate sector alike. Furthermore, the growth potential inherent in emerging markets has not yet been fully exhausted and their demand will continue to reinforce the global economic recovery. On their own, these trends would point to broader-based growth. But several negative factors still pose a substantial risk to forward movement of the world economy. These include a possible further spike in oil prices, the deterioration on the price front in emerging markets (particularly in China), the need for budgetary consolidation in several countries of the eurozone as well as in the U.S.A., and the repercussions of the earthquake and the nuclear catastrophe in Japan. All in all, the global economic upswing looks set to continue in 2011 and 2012, although at a more moderate pace of between 3 and 3.5% in both years (2010: + 4%).

The U.S. economy is expected to grow by about 2.5% both this year and next year. Not least due to declining government expenditures, we expect to see only a moderately upward economic trend. The same is true for the eurozone, where an increasingly restrictive

fiscal policy is set to slow economic momentum. GDP is expected to rise by between 1.5 and 2% both in 2011 and 2012. The German economy looks poised to record above-average growth of close to 3% in 2011, before falling back more or less into line with the European average again in 2012.

Tackling the sovereign debt crisis will remain a major challenge in Europe. Provided that consolidation efforts and structural reforms are pushed forward decisively and the economic situation stabilizes gradually, most of the heavily indebted countries will be able to reduce their fiscal deficits significantly. The situation in Greece is more critical, despite its enormous consolidation efforts, as the country is suffering a severe recession. A debt restructuring – e.g. an extension of maturities – cannot be ruled out. Yields on German and U.S. bonds are likely to continue to creep up, taking into account a gradual normalization of monetary policy (in particular ECB), a somewhat fading “safe haven”-effect and a strong inflationary push from the increase in energy prices.

As far as the stock market is concerned, further increases in corporate earnings should mean that the overall environment in 2011, and presumably also in 2012, will remain broadly benign, despite the existing risks.

Industry Outlook

The industry is heading for higher growth in 2011 and 2012, but expectations should not be set too high. The growth in industrialized markets will probably remain on the modest side compared to that of emerging markets, where the underlying economic fundamentals and developing maturity characteristics are more favorable. Solvency II will probably continue to be the dominant industry issue through this period; however we are optimistic that the current uncertainty over its final shape will lift as we approach its planned 2013 implementation.

Although fixed income yields will probably improve further over these years, they are still likely to remain below pre-financial crisis levels on a rolling average basis. While we expect non-life prices to improve slightly, price adequacy overall will remain a persistent concern for the industry, in particular against a backdrop of rising catastrophe losses and cost inflation.

In the [non-life sector](#), 2011 looks as if it will be another year dominated by catastrophes with first quarter losses alone that could top € 20 billion, including earthquakes in New Zealand and Japan and floods and cyclones in Australia. In terms of growth, we would expect premium income growth momentum to be more favorable in 2011 and 2012 on the back of improving economic conditions. While emerging markets can be expected to maintain a stronger growth trend than industrialized markets, we are encouraged by the growth prospects for our major European markets too. Our outlook for the pricing environment in 2011 and 2012 remains mixed, however. In those markets where prices increased in 2010, importantly for us including Western Europe, we would anticipate further positive momentum and a broadening to other lines. Yet elsewhere, for example U.S. commercial lines, it is hard to see the positive catalysts that could effect a significant improvement, including a better balance of supply and demand and an exhaustion of releases from prior-year claims reserves that are fueling lower prices. We remain steadfast in our belief that prices need to be significantly higher across the board, also to compensate for claims inflation, lower investment yields and long-

term catastrophe loss trends. However, we do not consider catastrophe losses incurred year to date to be large enough to catalyze a widespread positive turn in pricing.

In the [life sector](#), premium growth remains strong in emerging markets, where robust economic fundamentals and rising household income and wealth drive demand for savings products. As demographic change will not spare these markets, longevity products such as annuities will grow particularly strongly. In most industrialized markets, new business will benefit from the revived demand for savings products, reflecting the ever-increasing need to save for retirement. Investment returns are set to gradually improve from their low levels. And, while low interest rates and inflation will probably be worries for the industry through 2011 and 2012, we would still anticipate margins to improve over this period. At the product level, margins on fee business can be expected to rise as they benefit from increased assets under management and a semi-fixed cost base. They should also improve for spread business as a result of gradually improving investment returns, although these will probably remain on the low side compared to historical levels. If the prevailing return environment remains low and uncertainties associated with Solvency II persist, we could foresee a further shift away from spread business to higher margin risk products. Reported margins for 2011 and 2012 should also benefit from less reserve strengthening, as well as savings from recently implemented cost improvement programs.

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Outlook for the Allianz Group

The Allianz Group remains strongly capitalized: our solvency ratio strengthened by a further 7 percentage points since December 31, 2010 to 180%¹.

Our operating profit for the first quarter of 2011 of € 1,660 million is only slightly below the respective quarter of the previous year, despite this being one of the most loss intensive quarters in the history of the Allianz Group (losses from natural catastrophes amounted to € 737 million compared to € 555 million for the first quarter of 2010). Life/Health operating profit was in line with expectations, but stands below last year's extraordinary level. Asset Management performed strongly. This once again demonstrates that we are able to compensate for earnings volatility in single business segments.

Despite the difficult operating environment we remain on course. It would be inappropriate to simply multiply the current quarter's operating profit and net income by four to arrive at the expected result for the full year. Our published outlook for Allianz Group operating profit for 2011 is therefore unchanged at € 8.0 billion, plus or minus € 0.5 billion. For full details of the assumptions and sensitivities on which this outlook is based, please refer to the Allianz Group Annual Report 2010.

As always, natural catastrophes and adverse developments in the capital markets, as well as factors stated in our cautionary note regarding forward-looking statements, may severely 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 from 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. The solvency ratio excluding off-balance sheet reserves would be 171% (2010: 164%).

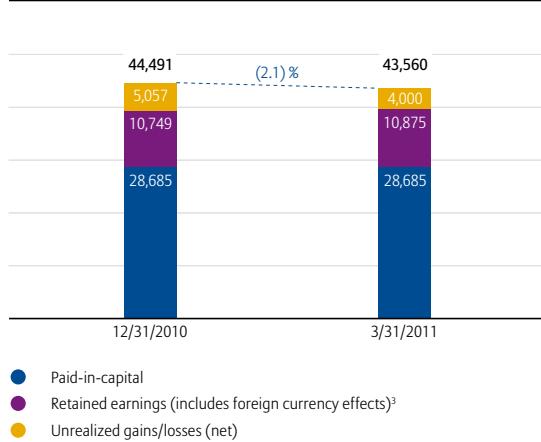
Balance Sheet Review

- Shareholders' equity decreased by 2.1% to € 43.6 billion.
- Strong solvency ratio of 180%, up by 7 percentage points.¹

Shareholders' Equity²

Shareholders' equity

in € mn



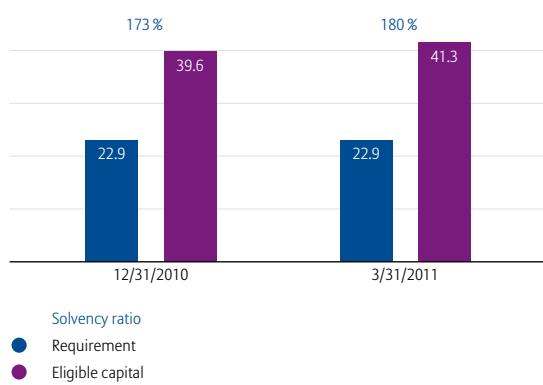
As of March 31, 2011, shareholders' equity amounted to € 43,560 million, a decrease of € 931 million compared to December 31, 2010. Net income attributable to shareholders increased our equity by € 857 million while negative foreign currency translation effects led to a € 776 million reduction. Unrealized gains declined by € 1,057 million due to a reduction in bond values following higher interest rates as well as equity realizations.

Regulatory Capital Adequacy

The Allianz Group is a financial conglomerate within the scope of the Financial Conglomerates Directive and the related German law in force since January 1, 2005. The law requires that a financial conglomerate calculate the capital needed to meet the respective solvency requirements on a consolidated basis.

Conglomerate solvency¹

in € bn



The [conglomerate solvency ratio⁴](#) increased by 7 percentage points compared to December 31, 2010, to 180% mainly due to the issuance of subordinated debt of € 2.0 billion and net income (net of accrued dividends) of € 0.5 billion. These effects were partially offset by negative foreign currency effects and lower unrealized gains on available-for-sale equity securities (due to realizations), which both decreased eligible capital. As of March 31, 2011, our eligible capital for solvency purposes, required for our insurance segments and our Banking and Asset Management businesses, was € 41.3 billion, including off-balance

¹ Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. The solvency ratio excluding off-balance sheet reserves would be 171% (2010: 164%).

² This does not include non-controlling interests of € 2,055 mn and € 2,071 mn as of March 31, 2011 and December 31, 2010, respectively. For further information, please refer to note 19 of the condensed consolidated interim financial statements.

³ This includes foreign currency translation effects of € (3,115) mn and € (2,339) mn as of March 31, 2011 and December 31, 2010, respectively.

⁴ Solvency according to the E.U. Financial Conglomerates Directive.

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sheet reserves of € 2.1 billion. Eligible capital surpassed the minimum legally stipulated level by € 18.4 billion. Eligible capital as of March 31, 2011 also includes a deduction for accrued dividends of € 2.0 billion for the fiscal year 2010, plus an additional € 0.4 billion for the first quarter of 2011, which represents 40% of net income attributable to shareholders. Our solvency position is strong.

Total Assets and Total Liabilities

In the following sections, we show the asset allocation for our insurance portfolio and analyze important developments within the balance sheets of our Property-Casualty, Life/Health, Asset Management and Corporate and Other segments.

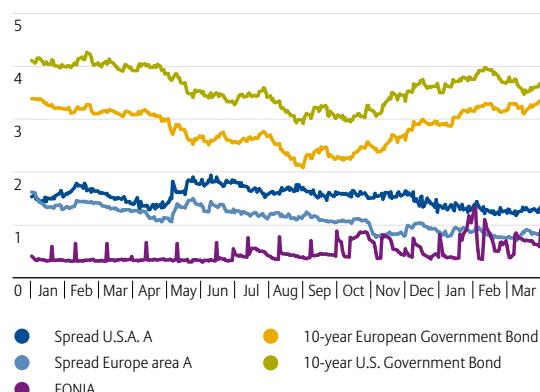
As of March 31, 2011, total assets amounted to € 625.6 billion and total liabilities amounted to € 580.0 billion. When compared to year-end 2010 total assets and total liabilities increased by € 0.6 billion and by € 1.6 billion, respectively.

Market environment of different asset classes

During the first quarter of 2011 most equity markets continued to show a positive trend.

Interest rates and credit spreads development

in %



10-year interest rates of all major countries increased during the first three months of 2011, whereas the first quarter of 2010 showed an overall decrease. The EONIA was almost constant in the first quarter of 2011, while an increase can be seen for the last 12 months.

The financial year 2009 showed tremendous credit spread narrowing as the economy was recovering from the impacts of the financial crisis. This trend slowed in 2010 but credit spreads were still declining. However, the pace of the 2010 decline nearly halted in the first quarter of 2011.

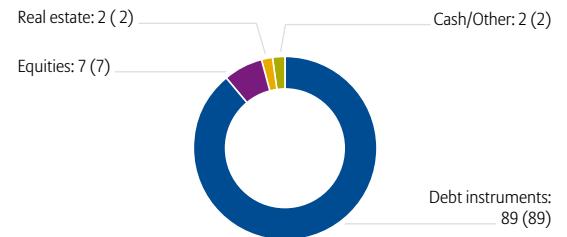
Structure of investments – portfolio overview

Allianz Group's asset portfolio is mainly derived from our core business of insurance. The following asset allocation covers the insurance segments together with the Corporate and Other segment.

Asset allocation¹

in %

Allianz Group's asset portfolio as of March 31, 2011: € 445.2 billion
(as of December 31, 2010: € 444.9 billion)



The Group's investment portfolio grew slightly by € 0.3 billion compared to the end of 2010 and by € 18.6 billion compared to the end of the first quarter of 2010.

¹ Does not include our banking operations.

Equities

During the first three months of 2011, our gross exposure to equities decreased slightly from € 33.0 billion to € 32.9 billion driven by divestments. During the first three months of 2011, our equity gearing after policyholder participation and hedges – which is a ratio of our equity holdings allocated to the shareholder to shareholder's equity plus off-balance sheet reserves less goodwill – remained stable at 0.4.

Debt instruments

The vast majority of our investment portfolio comprises debt instruments. Our investments in this asset class increased slightly from € 395.6 billion to € 396.5 billion during the first three months of 2011. Net inflows, primarily from our property-casualty business, were partially offset by lower market values following increased interest rates. Our exposure in this asset class is well-diversified with around 60% allocated to governments and covered bonds. In line with our operating business profile, 67% of our fixed income portfolio is invested in eurozone bonds and loans. Approximately 94% of this portfolio is invested in investment-grade bonds and loans.

Of our government exposure, 75% is located in the eurozone where some governments experienced the threat of a liquidity shortage in recent quarters. Combined support efforts by other E.U. member states and the International Monetary Fund are intended to ensure financial stability. As of March 31, 2011 our sovereign bond exposure (market values) in Portugal, Ireland, Greece and Spain amounted to € 8.3 billion (December 31, 2010: € 8.1 billion). This exposure varies due to portfolio optimization strategies. The current unrealized losses of these sovereign bond holdings were € 1.1 billion as of March 31, 2011.

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

Our portfolio includes asset-backed securities (ABS) of € 18.9 billion. Around 26% or € 4.9 billion of our ABS securities are made up of U.S. agency mortgage-backed securities (MBS) which are backed by the U.S. government.

Our exposure in subordinated securities in banks amounted to € 10.2 billion. Our tier 1 share remains low at 0.5% (€ 1.8 billion) of our total exposure to debt instruments.

Real Estate

Our exposure to real estate held for investment remained stable at € 8.7 billion.

Investment result

Net investment income

Three months ended March 31,	2011 € mn	2010 € mn
Interest and similar income ¹	4,769	4,450
Income from financial assets and liabilities carried at fair value through income (net)	(225)	203
Realized gains/losses (net)	1,114	1,310
Impairments of investments (net)	(145)	(91)
Investment expenses	(202)	(177)
Net investment income	5,311	5,695

In the first quarter of 2011, our total **net investment result** amounted to € 5,311 million. The decrease of 6.7% was mainly driven by lower realized gains and a lower fair value result.

Interest and similar income¹ increased by € 319 million mainly driven by a growing asset base, especially in our life business.

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

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Income from investments held on fair value option and trading (net) declined from € 203 million to a loss of € 225 million. In the United States we sold assets which were designated at fair value through income and reinvested them in assets classified as available-for-sale. Another main impact stemmed from our life business in France, where we reduced the assets classified as Fair Value Option and from a direct impact of mark to market valuation of various funds. Furthermore, losses from foreign currencies were partly compensated by increased income from financial derivative positions. Financial derivatives are used to protect against equity and foreign currency fluctuations as well as to manage duration and other interest rate-related exposures.

Realized gains and losses (net) amounted to € 1,114 million, a decrease of € 196 million, primarily related to lower gains on equities and partly compensated by higher realizations on real estate investments. Realized gains and losses on debt investments remained at previous year level. One of our major transactions was the sale of another tranche of ICBC shares. In the first quarter of 2010 we recorded capital gains from the sales of ICBC shares of € 0.6 billion compared to € 0.1 billion in the current quarter.

Impairments (net) increased from € 91 million to € 145 million due to higher equity impairments.

Assets and liabilities of the Property-Casualty segment

Property-Casualty assets

During the first three months of 2011, our Property-Casualty asset base increased slightly by € 1.7 billion to € 99.0 billion. Our debt securities rose by € 0.1 billion. Equity investments amounted to € 5.4 billion, the same level as year-end 2010. Our cash and cash pool assets increased from € 5.3 billion to € 6.5 billion.

Composition of asset base

fair values¹

	As of March 31, 2011 € bn	As of December 31, 2010 € bn
Financial assets and liabilities carried at fair value through income		
Equities	0.2	0.2
Debt securities	1.6	1.5
Other ²	0.1	0.1
Subtotal	1.9	1.8
Investments³		
Equities	5.4	5.4
Debt securities	60.5	60.4
Cash and cash pool assets ⁴	6.5	5.3
Other	6.8	6.7
Subtotal	79.2	77.8
Loans and advances to banks and customers	17.9	17.7
Property-Casualty asset base	99.0	97.3

Of our Property-Casualty asset base, ABS made up € 3.9 billion as of March 31, 2011, which is approximately 3.9% of our asset base.

¹ Loans and advances to banks and customers, held-to-maturity investments, and real estate held for investment are stated at amortized cost. Investments in associates and joint ventures are stated at either amortized cost or equity, depending upon, among other factors, our ownership percentage.

² This comprises assets of € 0.1 bn and € 0.2 bn and liabilities of € 0.0 and € (0.1) bn as of March 31, 2011 and December 31, 2010 respectively.

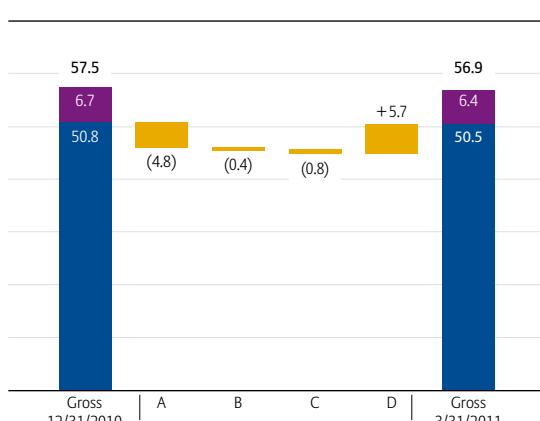
³ These do not include affiliates of € 10.3 bn and € 10.3 bn as of March 31, 2011 and December 31, 2010, respectively.

⁴ Including cash and cash equivalents as stated in our segment balance sheet of € 3.1 bn and € 2.5 bn and receivables from cash pooling amounting to € 3.6 bn and € 3.0 bn net of liabilities from securities lending and derivatives of € (0.2) bn and € (0.2) bn as of March 31, 2011 and December 31, 2010, respectively.

Property-Casualty liabilities

Development of reserves for loss and loss adjustment expenses¹

in € bn



- Reserves net
- Reserves ceded
- Changes

- A Loss and loss adjustment expenses paid in current year relating to prior years
- B Loss and loss adjustment expenses incurred in prior years
- C Foreign currency translation adjustments and other changes, changes in the consolidated subsidiaries of the Allianz Group and reclassifications
- D Reserves for loss and loss adjustment expenses in current year

As of March 31, 2011, the segment's gross reserves for loss and loss adjustment expenses decreased by 1.0% to € 56.9 billion. On a net basis, reserves were down to € 50.5 billion. Foreign currency translation effects and other changes accounted for a € 0.8 billion decrease.

Assets and liabilities of the Life/Health segment

Life/Health assets

In the first three months of 2011, the Life/Health asset base decreased by 0.6% to € 415.3 billion. Of this total, € 64.8 billion were financial assets for unit-linked contracts. Overall, our debt and equity investments remained nearly on the same level compared to year-end 2010. Cash and cash pool assets were down by € 0.9 billion to € 6.5 billion.

Composition of asset base

fair values

	As of March 31, 2011 € bn	As of December 31, 2010 € bn
Financial assets and liabilities carried at fair value through income		
Equities	2.3	2.7
Debt securities	3.0	3.2
Other ²	(3.7)	(3.9)
Subtotal	1.6	2.0
Investments³		
Equities	24.4	24.4
Debt securities	212.6	212.8
Cash and cash pool assets ⁴	6.5	7.4
Other	8.7	8.8
Subtotal	252.2	253.4
Loans and advances to banks and customers	96.7	97.4
Financial assets for unit-linked contracts⁵	64.8	64.8
Life/Health asset base	415.3	417.6

Within our Life/Health asset base, ABS amounted to € 14.6 billion as of March 31, 2011, which is less than 4% of total Life/Health assets.

2 This comprises assets of € 1.3 bn and € 1.0 bn and liabilities of € (5.0) bn and € (4.9) bn as of March 31, 2011 and December 31, 2010 respectively.

3 These do not include affiliates of € 1.6 bn and € 1.6 bn as of March 31, 2011 and December 31, 2010, respectively.

4 Including cash and cash equivalents as stated in our segment balance sheet of € 3.9 bn and € 4.4 bn and receivables from cash pooling amounting to € 3.5 bn and € 3.3 bn net of liabilities from securities lending and derivatives of € (0.9) bn and € (0.3) bn as of March 31, 2011 and December 31, 2010, respectively.

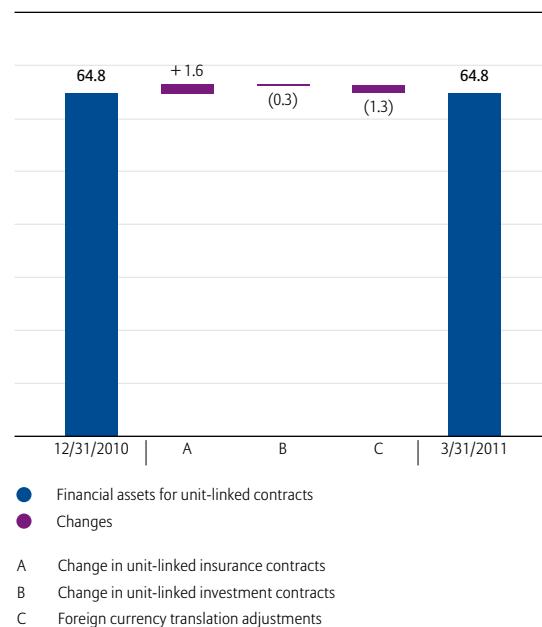
5 Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in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

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

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Financial assets for unit-linked contracts

in € bn

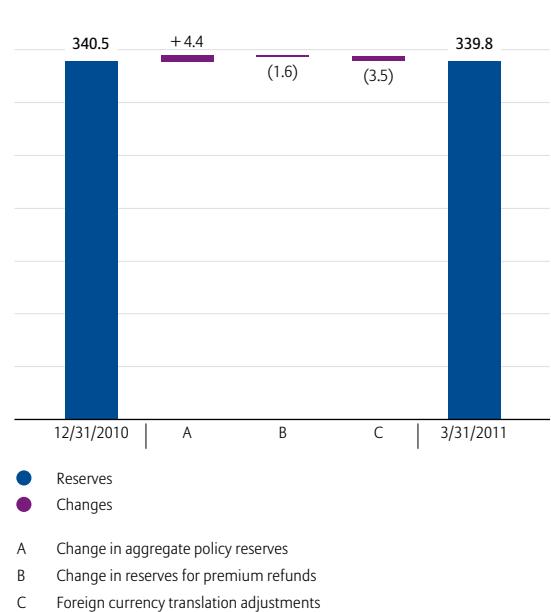


Financial assets for unit-linked contracts remained almost on the same level at € 64.8 billion. Unit-linked insurance contracts increased by € 1.6 billion due to good fund performance and premium inflows exceeding outflows by € 1.3 billion. The most significant contributions came from our operations in the United States (€ 0.9 billion) and France (€ 0.6 billion). Unit-linked investment contracts decreased by € 0.3 billion, mainly driven by Italy. The majority of currency effects resulted from the weaker U.S. Dollar (€ (0.8) billion) and Asian currencies (€ (0.4) billion).

Life/Health liabilities

Development of reserves for insurance and investment contracts

in € bn



Life/Health reserves for insurance and investment contracts decreased by € 0.7 billion or 0.2% in the first quarter 2011. The € 4.4 billion increase in aggregate policy reserves was mainly driven by our operations in Germany (€ 1.9 billion), the United States (€ 0.7 billion, excluding currency effects), Switzerland (€ 0.6 billion, excluding currency effects) and Italy (€ 0.4 billion). Reserves for premium refund decreased by € 1.6 billion due to unrealized losses on bonds following higher interest rates. Significant currency effects resulted mainly from the weaker U.S. Dollar (€ (2.6) billion), fluctuations of Asian currencies (€ (0.5) billion) and the strong Swiss Franc (€ (0.3) billion).

Assets and liabilities of the Asset Management segment

Asset Management assets

Our Asset Management segment's results of operations stem primarily from its management of third-party assets.¹ In this section we refer only to the segment's own assets.

The main components of the Asset Management segment's asset base are cash and cash pool assets and debt securities. In the first quarter of 2011 the asset base increased by € 0.2 billion to € 3.5 billion.

Asset Management liabilities

Liabilities in our Asset Management segment amounted to € 3.8 billion (down by 12.1%).

Assets and liabilities of the Corporate and Other segment

Corporate and Other assets

Our asset base for Corporate and Other was up by 3.1% in the first three months of 2011 to € 40.3 billion. Loans and advances to banks and customers were up by € 0.9 billion to € 17.3 billion. Our investments overall were nearly unchanged from year-end 2010.

Composition of asset base

fair values

	As of March 31, 2011 € bn	As of December 31, 2010 € bn
Financial assets and liabilities carried at fair value through income		
Equities	0.1	0.1
Debt securities	0.2	0.2
Other ²	0.0	0.0
Subtotal	0.3	0.3
Investments ³		
Equities	3.1	3.3
Debt securities	18.3	17.3
Cash and cash pool assets ⁴	1.1	1.6
Other	0.2	0.2
Subtotal	22.7	22.4
Loans and advances to banks and customers	17.3	16.4
Corporate and Other asset base	40.3	39.1

ABS in our Corporate and Other asset base amounted to € 0.4 billion as of March 31, 2011, which is around 1.0% of our Corporate and Other asset base.

Corporate and Other liabilities

Other liabilities increased by € 1.4 billion to € 16.7 billion. The development of certificated liabilities from € 14.4 billion to € 13.7 billion was driven by a decrease of Allianz SE's outstanding issued debt⁵ of € 0.7 billion. The increase in participation certificates and subordinated liabilities by € 2.3 billion to € 11.1 billion was mainly attributable to a Subordinated Bond issued by Allianz Finance II B.V.

² This comprises assets of € 0.5 bn and € 0.5 bn and liabilities of € (0.5) bn and € (0.5) bn as of March 31, 2011 and December 31, 2010, respectively.

³ These do not include affiliates of € 69.7 bn and € 69.2 bn as of March 31, 2010 and December 31, 2010, respectively.

⁴ Including cash and cash equivalents as stated in our segment balance sheet of € 0.9 bn and € 1.1 bn and receivables from cash pooling amounting to € 0.2 bn and € 0.5 bn net of liabilities from securities lending and derivatives of € 0 bn and € 0 bn as of March 31, 2011 and December 31, 2010, respectively.

⁵ For further information on Allianz SE debt as of March 31, 2011, please refer to note 17 and 18 of our financial statements.

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

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Allianz SE bonds outstanding as of March 31, 2011¹

	Interest expense in 1Q 2011	Interest expense in 1Q 2011
1. Senior bonds²		
5.625% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.9 bn	
Year of issue	2002	
Maturity date	11/29/2012	
ISIN	XS 015 879 238 1	
Interest expense	€ 12.7 mn	
5.0% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2008	
Maturity date	3/6/2013	
ISIN	DE 000 A0T R7K 7	
Interest expense	€ 18.8 mn	
4.0% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2006	
Maturity date	11/23/2016	
ISIN	XS 027 588 026 7	
Interest expense	€ 15.3 mn	
4.75% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2009	
Maturity date	7/22/2019	
ISIN	DE 000 A1A KHB 8	
Interest expense	€ 18.0 mn	
Total interest expense for senior bonds	€ 64.8 mn	
2. Subordinated bonds³		
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	€ 28.5 mn	
6.5% bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 1.0 bn	
Year of issue	2002	
Maturity date	1/13/2025	
ISIN	XS 015 952 750 5	
Interest expense	€ 16.3 mn	
7.25% bond ⁴ issued by Allianz Finance II B. V., Amsterdam		
Volume	USD 0.5 bn	
Year of issue	2002	
Maturity date	Perpetual Bond	
ISIN	XS 015 915 072 0	
Interest expense	€ 6.5 mn	
Total interest expense	€ 203.7 mn	

1 For further information on Allianz SE debt (issued or guaranteed) as of March 31, 2011, please refer to note 17 and 18 to our consolidated financial statements.

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

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

4 The 7.25% bond has been called for redemption effective June 10, 2011.

5 On October 23, 2009 the 8.375% subordinated bond was traded on the New York Stock Exchange for the last time. The bond is now traded in the U.S. OTC market and information on traded prices can be obtained from the website of FINRA (U.S. Financial Industry Regulatory Authority, Inc.).

Reconciliations

The previous analysis is based on our consolidated financial statements and should be read in conjunction with them. In addition to our stated figures according to the International Financial Reporting Standards (IFRS), 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 a substitute for our figures determined according to IFRS.

For further information, please refer to note 3 to 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 March 31,	2011 € mn	2010 € mn
Property-Casualty		
Gross premiums written	14,251	13,994
Life/Health		
Statutory premiums	14,270	15,356
Asset Management		
Operating revenues	1,273	1,116
consisting of:		
Net fee and commission income	1,256	1,097
Net interest income	7	9
Income from financial assets and liabilities carried at fair value through income (net)	6	5
Other income	4	5
Corporate and Other		
Total revenues	151	128
consisting of:		
Interest and similar income	178	169
Income from financial assets and liabilities carried at fair value through income (net)	9	(6)
Fee and commission income	107	102
Interest expenses, excluding interest expenses from external debt	(89)	(84)
Fee and commission expenses	(53)	(52)
Consolidation effects (Banking within Corporate and Other)	(1)	(1)
Consolidation	(40)	(27)
Allianz Group	29,905	30,567

Composition of Total Revenue Growth

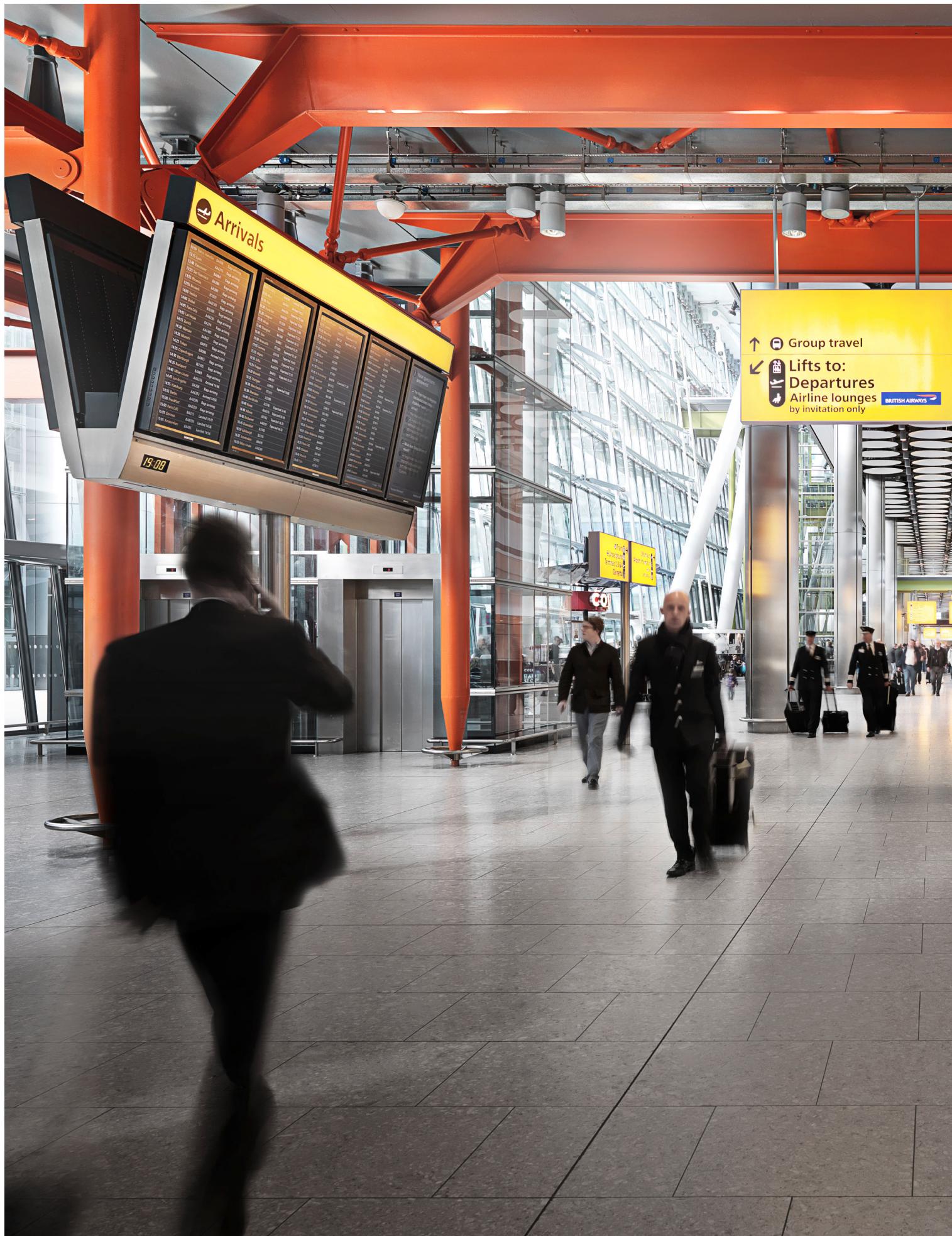
We believe that an understanding of our total revenue performance is enhanced when the effects of foreign currency translation as well as acquisitions and disposals (or "changes in scope of consolidation") are separately analyzed. Accordingly, in addition to presenting "nominal growth", we also present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

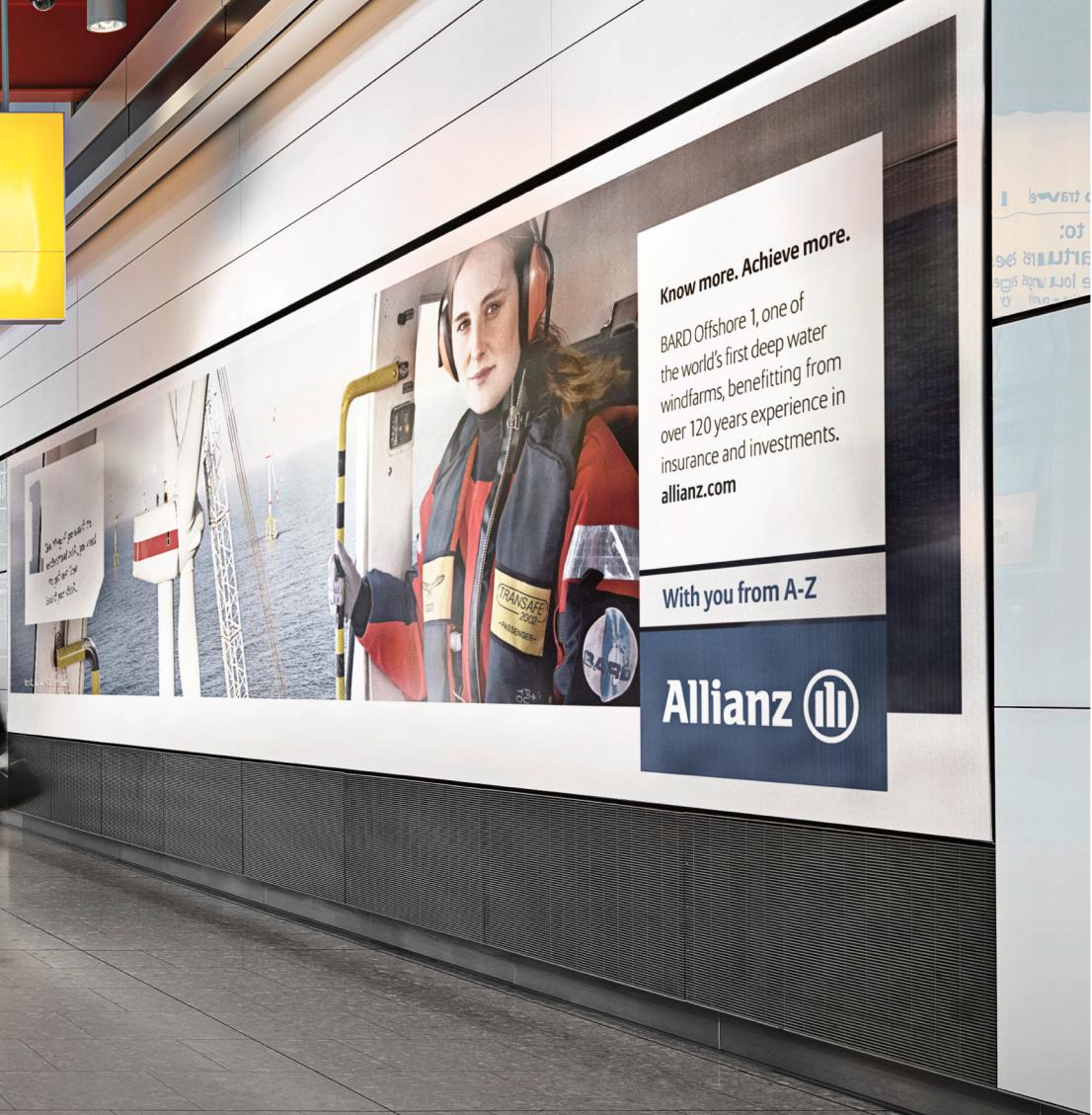
Reconciliation of nominal total revenue growth to internal total revenue growth

Three months ended March 31, 2011	Internal growth %	Changes in scope of consolidation %	Foreign currency translation %	Nominal growth %
Property-Casualty	0.2	(0.4)	2.0	1.8
Life/Health	(8.5)	(0.1)	1.5	(7.1)
Asset Management	14.1	(0.9)	0.9	14.1
Corporate and Other	20.8	(2.8)	0.0	18.0
Allianz Group	(3.6)	(0.2)	1.6	(2.2)



New York, John F. Kennedy Airport, Terminal 8





London, Heathrow Airport, Terminal 5



Munich Franz-Josef-Strauß Airport, Terminal 2

Allianz Group Condensed Consolidated Interim Financial Statements

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Allianz Group Consolidated Balance Sheets

	Note	As of March 31, 2011	As of December 31, 2010
		€ mn	€ mn
ASSETS			
Cash and cash equivalents		8,570	8,747
Financial assets carried at fair value through income	4	9,439	9,843
Investments	5	335,497	334,618
Loans and advances to banks and customers	6	123,012	122,678
Financial assets for unit-linked contracts		64,775	64,847
Reinsurance assets	7	12,720	13,135
Deferred acquisition costs	8	21,191	20,733
Deferred tax assets		2,764	2,663
Other assets	9	34,128	34,001
Non-current assets and assets of disposal groups classified as held for sale	10	331	299
Intangible assets	11	13,162	13,381
Total assets		625,589	624,945
 LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	12	5,048	5,013
Liabilities to banks and customers	13	20,889	21,155
Unearned premiums		19,878	16,497
Reserves for loss and loss adjustment expenses	14	65,840	66,474
Reserves for insurance and investment contracts	15	349,103	349,793
Financial liabilities for unit-linked contracts		64,775	64,847
Deferred tax liabilities		3,585	3,976
Other liabilities	16	32,206	33,213
Liabilities of disposal groups classified as held for sale	10	258	188
Certificated liabilities	17	7,485	8,229
Participation certificates and subordinated liabilities	18	10,907	8,998
Total liabilities		579,974	578,383
Shareholders' equity		43,560	44,491
Non-controlling interests		2,055	2,071
Total equity	19	45,615	46,562
Total liabilities and equity		625,589	624,945

Allianz Group Consolidated Income Statements

Three months ended March 31,	Note	2011 € mn	2010 € mn
Premiums written		20,674	20,043
Ceded premiums written		(1,495)	(1,470)
Change in unearned premiums		(3,318)	(3,285)
Premiums earned (net)	20	15,861	15,288
Interest and similar income	21	4,894	4,579
Income from financial assets and liabilities carried at fair value through income (net)	22	(225)	203
Realized gains/losses (net)	23	1,114	1,310
Fee and commission income	24	1,987	1,801
Other income	25	31	29
Income from fully consolidated private equity investments	26	393	368
Total income		24,055	23,578
Claims and insurance benefits incurred (gross)		(12,454)	(11,988)
Claims and insurance benefits incurred (ceded)		476	321
Claims and insurance benefits incurred (net)	27	(11,978)	(11,667)
Change in reserves for insurance and investment contracts (net)	28	(3,762)	(3,226)
Interest expenses	29	(350)	(351)
Loan loss provisions	30	(16)	(12)
Impairments of investments (net)	31	(145)	(91)
Investment expenses	32	(202)	(177)
Acquisition and administrative expenses (net)	33	(5,016)	(4,991)
Fee and commission expenses	34	(649)	(599)
Amortization of intangible assets		(22)	(17)
Restructuring charges		(2)	(48)
Other expenses	35	(15)	(3)
Expenses from fully consolidated private equity investments	26	(412)	(405)
Total expenses		(22,569)	(21,587)
Income before income taxes		1,486	1,991
Income taxes	36	(571)	(388)
Net income		915	1,603
Net income attributable to:			
Non-controlling interests		58	38
Shareholders		857	1,565
Three months ended March 31,	Note	2011 €	2010 €
Basic earnings per share	37	1.90	3.47
Diluted earnings per share	37	1.88	3.46

Allianz Group Consolidated Statements of Comprehensive Income

Three months ended March 31,	2011 € mn	2010 € mn
Net income	915	1,603
Other comprehensive income		
Foreign currency translation adjustments		
Reclassifications to net income	—	—
Changes arising during the period	(795)	937
Subtotal	(795)	937
Available-for-sale investments		
Reclassifications to net income	(311)	(732)
Changes arising during the period	(771)	1,542
Subtotal	(1,082)	810
Cash flow hedges		
Reclassifications to net income	(1)	—
Changes arising during the period	(7)	3
Subtotal	(8)	3
Share of other comprehensive income of associates		
Reclassifications to net income	—	—
Changes arising during the period	50	23
Subtotal	50	23
Miscellaneous		
Reclassifications to net income	—	—
Changes arising during the period	(5)	18
Subtotal	(5)	18
Total other comprehensive income	(1,840)	1,791
Total comprehensive income	(925)	3,394
Total comprehensive income attributable to:		
Non-controlling interests	8	96
Shareholders	(933)	3,298

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

Allianz Group Consolidated Statements of Changes in Equity

	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Shareholders' equity	Non-controlling interests	Total equity
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Balance as of January 1, 2010	28,635	9,642	(3,626)	5,457	40,108	2,121	42,229
Total comprehensive income	—	1,607	904	787	3,298	96	3,394
Paid-in capital	—	—	—	—	—	—	—
Treasury shares	—	2	—	—	2	—	2
Transactions between equity holders	—	17	(10)	—	7	(63)	(56)
Dividends paid	—	—	—	—	—	(30)	(30)
Balance as of March 31, 2010	28,635	11,268	(2,732)	6,244	43,415	2,124	45,539
Balance as of January 1, 2011	28,685	13,088	(2,339)	5,057	44,491	2,071	46,562
Total comprehensive income	—	900	(776)	(1,057)	(933)	8	(925)
Paid-in capital	—	—	—	—	—	—	—
Treasury shares	—	7	—	—	7	—	7
Transactions between equity holders	—	(5)	—	—	(5)	4	(1)
Dividends paid	—	—	—	—	—	(28)	(28)
Balance as of March 31, 2011	28,685	13,990	(3,115)	4,000	43,560	2,055	45,615

Allianz Group Condensed Consolidated Statements of Cash Flows

Three months ended March 31,	2011 € mn	2010 € mn
Summary		
Net cash flow provided by operating activities	6,932	5,332
Net cash flow used in investing activities	(8,891)	(5,726)
Net cash flow provided by financing activities	2,015	828
Effect of exchange rate changes on cash and cash equivalents	(233)	118
Change in cash and cash equivalents	(177)	552
Cash and cash equivalents at beginning of period	8,747	6,089
Cash and cash equivalents at end of period	8,570	6,641
Cash flow from operating activities		
Net income	915	1,603
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(19)	(49)
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	(969)	(1,219)
Other investments, mainly financial assets held for trading and designated at fair value through income	(262)	30
Depreciation and amortization	263	245
Loan loss provisions	16	12
Interest credited to policyholder accounts	968	1,172
Net change in		
Financial assets and liabilities held for trading	312	(618)
Reverse repurchase agreements and collateral paid for securities borrowing transactions	68	(463)
Repurchase agreements and collateral received from securities lending transactions	476	431
Reinsurance assets	(38)	(14)
Deferred acquisition costs	(610)	(619)
Unearned premiums	3,677	3,622
Reserves for loss and loss adjustment expenses	273	(33)
Reserves for insurance and investment contracts	2,377	2,061
Deferred tax assets/liabilities	(91)	(40)
Other (net)	(424)	(789)
Subtotal	6,017	3,729
Net cash flow provided by operating activities	6,932	5,332
Cash flow from investing activities		
Proceeds from the sale, maturity or repayment of		
Financial assets designated at fair value through income	2,599	2,624
Available-for-sale investments	32,120	26,524
Held-to-maturity investments	54	59
Investments in associates and joint ventures	68	209
Non-current assets and assets of disposal groups classified as held for sale	124	—
Real estate held for investment	190	135
Loans and advances to banks and customers (purchased loans)	1,916	1,734
Property and equipment	28	95
Subtotal	37,099	31,380

Allianz Group Condensed Consolidated Statements of Cash Flows – continued

Three months ended March 31,	2011 € mn	2010 € mn
Payments for the purchase or origination of		
Financial assets designated at fair value through income	(2,484)	(2,072)
Available-for-sale investments	(40,267)	(34,921)
Held-to-maturity investments	(40)	(108)
Investments in associates and joint ventures	(59)	(213)
Non-current assets and assets of disposal groups classified as held for sale	—	—
Real estate held for investment	(131)	(42)
Loans and advances to banks and customers (purchased loans)	(1,609)	(1,589)
Property and equipment	(298)	(282)
Subtotal	(44,888)	(39,227)
Business combinations		
Proceeds from sale of subsidiaries, net of cash disposed	—	—
Acquisitions of subsidiaries, net of cash acquired	—	—
Change in other loans and advances to banks and customers (originated loans)	(1,267)	2,204
Other (net)	165	(83)
Net cash flow used in investing activities	(8,891)	(5,726)
Cash flow from financing activities		
Policyholders' account deposits	4,844	6,042
Policyholders' account withdrawals	(3,450)	(3,210)
Net change in liabilities to banks and customers	(643)	(1,446)
Proceeds from the issuance of certificated liabilities, participation certificates and subordinated liabilities	2,967	1,724
Repayments of certificated liabilities, participation certificates and subordinated liabilities	(1,688)	(2,044)
Cash inflow from capital increases	—	—
Transactions between equity holders	(1)	(56)
Dividends paid to shareholders	(28)	(30)
Net cash flow from sale or purchase of treasury shares	7	2
Other (net)	7	(154)
Net cash flow provided by financing activities	2,015	828
Supplementary information on the condensed consolidated statements of cash flows		
Income taxes received / (paid)	(315)	74
Dividends received	149	135
Interest received	5,037	4,641
Interest paid	(554)	(572)

Allianz Group

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 § 315a of the German Commercial Code (HGB). IFRS comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

Within these condensed consolidated interim financial statements, the Allianz Group has applied all IFRS issued by the IASB and endorsed by the E.U., that are compulsory as of January 1, 2011 or adopted early. See note 2 for further details.

For existing and unchanged IFRS the accounting policies for recognition, measurement, consolidation and presentation applied in the preparation of the condensed consolidated interim financial statements are consistent with

the accounting policies that have been applied in the preparation of the consolidated financial statements for the year ended December 31, 2010. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Allianz Group Annual Report 2010.

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 Euro (€ mn), unless otherwise stated.

These condensed consolidated interim financial statements of the Allianz Group were authorized for issue by the Board of Management on May 11, 2011.

2

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

Recently adopted accounting pronouncements (effective January 1, 2011)

The following amendments and revisions to standards as well as interpretations have become effective for the Allianz Group's consolidated financial statements as of January 1, 2011:

- IAS 32, Financial Instruments: Presentation – Amendments relating to classification of rights issues
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments
- IAS 24, Related Party Disclosures – revised
- IFRIC 14, IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendments
- Improvements to IFRSs 2010

The Allianz Group adopted the revisions, amendments and interpretations as of January 1, 2011 with no material impact on its financial results or financial position.

Changes in accounting policies of the consolidated financial statements

Change in accounting policy for fixed-indexed annuities

Future policy benefits of the fixed-indexed annuity business implicitly include a series of annual market value liability options (MVLO) that are accounted for as derivatives at fair value. These embedded derivatives have been separated from the related policy reserves and presented within financial liabilities carried at fair value through income in the consolidated balance sheet. Historically, once the annual index option was credited to the policyholder's account, this benefit continued to be classified as a derivative at fair value. As such, the MVLO would continually grow over time.

Effective July 1, 2010, the Allianz Group voluntarily changed its accounting policy with regard to the valuation of the MVLO. Specifically, the fixed benefit accruing to the policyholder's account balance is reclassified back to policyholder reserves upon crediting. In addition, the fair value of the MVLO has been refined to incorporate a discount rate that is more consistent with the returns on the assets used to fund these derivative liabilities.

The effects of these changes are that the portion of the policyholder's account balance representing a credited amount will no longer be accounted for at fair value and the ongoing valuation of the MVLO will better reflect the indexed returns being offered to policyholders. The Allianz Group believes these changes mitigate artificial accounting volatility and better reflect the economics of the fixed-indexed annuity business, consequently resulting in the presentation of more relevant and reliable financial information.

The voluntary change in accounting policy is applied retrospectively and results in changes in the presentation as described in the table below.

Other reclassifications

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

Impacts of the changes in accounting policies on the Allianz Group's consolidated income statement

The following table summarizes the impacts on the consolidated income statement for the three months ended March 31, 2010 relating to the change in accounting policy for fixed-indexed annuities:

Three months ended March 31,	As previously reported	Change in accounting policy for fixed-indexed annuities	As reported
	€ mn	€ mn	€ mn
Premiums written	20,052	(9)	20,043
Ceded premiums written	(1,470)	—	(1,470)
Change in unearned premiums	(3,285)	—	(3,285)
Premiums earned (net)	15,297	(9)	15,288
Interest and similar income	4,579	—	4,579
Income from financial assets and liabilities carried at fair value through income (net)	119	84	203
Realized gains/losses (net)	1,310	—	1,310
Fee and commission income	1,801	—	1,801
Other income	29	—	29
Income from fully consolidated private equity investments	368	—	368
Total income	23,503	75	23,578
Claims and insurance benefits incurred (gross)	(11,988)	—	(11,988)
Claims and insurance benefits incurred (ceded)	321	—	321
Claims and insurance benefits incurred (net)	(11,667)	—	(11,667)
Change in reserves for insurance and investment contracts (net)	(3,176)	(50)	(3,226)
Interest expenses	(351)	—	(351)
Loan loss provisions	(12)	—	(12)
Impairments of investments (net)	(91)	—	(91)
Investment expenses	(177)	—	(177)
Acquisition and administrative expenses (net)	(4,989)	(2)	(4,991)
Fee and commission expenses	(599)	—	(599)
Amortization of intangible assets	(17)	—	(17)
Restructuring charges	(48)	—	(48)
Other expenses	(3)	—	(3)
Expenses from fully consolidated private equity investments	(405)	—	(405)
Total expenses	(21,535)	(52)	(21,587)
Income before income taxes	1,968	23	1,991
Income taxes	(380)	(8)	(388)
Net income	1,588	15	1,603
Net income attributable to:			
Non-controlling interests	38	—	38
Shareholders	1,550	15	1,565
Basic earnings per share (in €)	3.44	0.03	3.47
Diluted earnings per share (in €)	3.43	0.03	3.46

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
- Europe incl. South America
- NAFTA Markets
- Global Insurance Lines & Anglo Markets
- Growth Markets
- Assistance (Mondial) (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 15 reportable segments in accordance with IFRS 8, Operating Segments.

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

Property-Casualty

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

Life/Health

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

Asset Management

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

Corporate and Other

The reportable segment Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial control, communication, legal, human resources and technology functions.

The reportable segment Banking consists of the banking activities in Germany, France, Italy and Central and Eastern Europe. The banks offer a wide range of products for corporate and retail clients with the main focus on the latter.

The reportable segment Alternative Investments provides global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors mainly on behalf of the Allianz Group. The Alternative Investments reportable segment also includes certain fully consolidated private equity investments.

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Transactions between reportable segments are eliminated in 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 Asset Management and Banking, income from financial assets and liabilities held for trading (net) is generally treated as operating income;
- 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 a substitute for, income before income taxes or net income as determined in accordance with IFRS.

Business Segment Information – Consolidated Balance Sheets

	Property-Casualty		Life/Health	
	As of March 31, 2011	As of December 31, 2010	As of March 31, 2011	As of December 31, 2010
	€ mn	€ mn	€ mn	€ mn
ASSETS				
Cash and cash equivalents	3,071	2,520	3,906	4,482
Financial assets carried at fair value through income	1,954	1,852	6,519	6,867
Investments	83,028	82,786	247,398	247,568
Loans and advances to banks and customers	17,893	17,697	96,671	97,377
Financial assets for unit-linked contracts	—	—	64,775	64,847
Reinsurance assets	8,083	8,365	4,654	4,793
Deferred acquisition costs	4,426	4,121	16,611	16,460
Deferred tax assets	1,125	1,110	221	208
Other assets	22,868	21,738	16,254	16,424
Non-current assets and assets of disposal groups classified as held for sale ¹	62	28	—	24
Intangible assets	2,293	2,308	2,338	2,346
Total assets	144,803	142,525	459,347	461,396

	Property-Casualty		Life/Health	
	As of March 31, 2011	As of December 31, 2010	As of March 31, 2011	As of December 31, 2010
	€ mn	€ mn	€ mn	€ mn
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	46	79	4,956	4,905
Liabilities to banks and customers	1,182	1,368	1,395	796
Unearned premiums	17,499	14,206	2,379	2,291
Reserves for loss and loss adjustment expenses	56,920	57,509	8,937	8,984
Reserves for insurance and investment contracts	9,371	9,338	339,820	340,539
Financial liabilities for unit-linked contracts	—	—	64,775	64,847
Deferred tax liabilities	2,298	2,461	1,265	1,559
Other liabilities	16,507	16,756	14,098	15,124
Liabilities of disposal groups classified as held for sale ²	55	—	—	—
Certified liabilities	25	—	1	2
Participation certificates and subordinated liabilities	—	398	65	65
Total liabilities	103,903	102,115	437,691	439,112

1 Comprise the assets from the disposal group Allianz Bank Polska S.A., Warsaw, in Corporate and Other, the assets from the disposal group Allianz Kazakhstan ZAO, Almaty, and other non-current assets classified as held for sale in Property-Casualty. See note 10 for further information.

2 Comprise the liabilities from the disposal group Allianz Bank Polska S.A., Warsaw, in Corporate and Other and the liabilities from the disposal group Allianz Kazakhstan ZAO, Almaty, in Property-Casualty. See note 10 for further information.

Asset Management		Corporate and Other		Consolidation		Group	
As of March 31, 2011	As of December 31, 2010						
€ mn	€ mn						
994	899	918	1,045	(319)	(199)	8,570	8,747
735	729	712	826	(481)	(431)	9,439	9,843
1,138	1,208	91,379	90,039	(87,446)	(86,983)	335,497	334,618
368	358	17,328	16,443	(9,248)	(9,197)	123,012	122,678
—	—	—	—	—	—	64,775	64,847
—	—	—	—	(17)	(23)	12,720	13,135
154	152	—	—	—	—	21,191	20,733
263	271	1,369	1,372	(214)	(298)	2,764	2,663
3,697	3,725	5,265	5,525	(13,956)	(13,411)	34,128	34,001
—	—	270	248	(1)	(1)	331	299
6,893	7,065	1,638	1,662	—	—	13,162	13,381
14,242	14,407	118,879	117,160	(111,682)	(110,543)	625,589	624,945

Asset Management		Corporate and Other		Consolidation		Group	
As of March 31, 2011	As of December 31, 2010	As of March 31, 2011	As of December 31, 2010	As of March 31, 2011	As of December 31, 2010	As of March 31, 2011	As of December 31, 2010
€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
—	—	476	461	(430)	(432)	5,048	5,013
945	876	19,962	20,499	(2,595)	(2,384)	20,889	21,155
—	—	—	—	—	—	19,878	16,497
—	—	—	—	(17)	(19)	65,840	66,474
—	—	36	42	(124)	(126)	349,103	349,793
—	—	—	—	—	—	64,775	64,847
55	80	181	174	(214)	(298)	3,585	3,976
2,797	3,364	16,736	15,333	(17,932)	(17,364)	32,206	33,213
—	—	239	241	(36)	(53)	258	188
—	—	13,680	14,448	(6,221)	(6,221)	7,485	8,229
14	14	11,085	8,778	(257)	(257)	10,907	8,998
3,811	4,334	62,395	59,976	(27,826)	(27,154)	579,974	578,383
		Total equity				45,615	46,562
		Total liabilities and equity				625,589	624,945

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

	Property-Casualty		Life/Health	
Three months ended March 31,	2011 € mn	2010 € mn	2011 € mn	2010 € mn
Total revenues¹	14,251	13,994	14,270	15,356
Premiums earned (net)	9,676	9,413	6,185	5,875
Operating investment result				
Interest and similar income	909	879	3,833	3,545
Operating income from financial assets and liabilities carried at fair value through income (net)	19	9	(162)	146
Operating realized gains/losses (net)	9	9	718	538
Interest expenses, excluding interest expenses from external debt	(13)	(25)	(26)	(23)
Operating impairments of investments (net)	—	—	(62)	(39)
Investment expenses	(56)	(55)	(178)	(145)
Subtotal	868	817	4,123	4,022
Fee and commission income	273	254	130	118
Other income	4	4	23	20
Claims and insurance benefits incurred (net)	(7,900)	(6,822)	(4,888)	(4,845)
Change in reserves for insurance and investment contracts (net) ²	(103)	(84)	(3,629)	(3,096)
Loan loss provisions	—	—	—	1
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(2,708)	(2,633)	(1,169)	(1,203)
Fee and commission expenses	(254)	(237)	(59)	(54)
Operating restructuring charges	—	—	—	(1)
Other expenses	(3)	—	(14)	(2)
Reclassification of tax benefits	—	—	—	—
Operating profit (loss)	663	712	702	835
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	2	(23)	(9)	(38)
Non-operating realized gains/losses (net)	209	201	10	18
Non-operating impairments of investments (net)	(33)	1	(4)	2
Subtotal	178	179	(3)	(18)
Income from fully consolidated private equity investments (net)	—	—	—	—
Interest expenses from external debt	—	—	—	—
Acquisition-related expenses	—	—	—	—
Amortization of intangible assets	(4)	(3)	(1)	(1)
Non-operating restructuring charges	(1)	(27)	—	(16)
Reclassification of tax benefits	—	—	—	—
Non-operating items	173	149	(4)	(35)
Income (loss) before income taxes	836	861	698	800
Income taxes	(279)	(270)	(216)	(224)
Net income (loss)	557	591	482	576
Net income (loss) attributable to:				
Non-controlling interests	38	31	21	21
Shareholders	519	560	461	555

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 March 31, 2011, includes expenses for premium refunds (net) in Property-Casualty of € (45) mn (2010: € (43) mn).

Asset Management		Corporate and Other		Consolidation		Group	
2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn
1,273	1,116	151	128	(40)	(27)	29,905	30,567
—	—	—	—	—	—	15,861	15,288
13	13	245	229	(106)	(87)	4,894	4,579
6	5	7	(25)	1	(15)	(129)	120
—	—	—	—	1	—	728	547
(6)	(4)	(190)	(179)	110	102	(125)	(129)
—	—	—	—	—	—	(62)	(39)
—	—	(23)	(21)	55	44	(202)	(177)
13	14	39	4	61	44	5,104	4,901
1,531	1,353	182	187	(129)	(111)	1,987	1,801
4	5	—	—	—	—	31	29
—	—	—	—	—	—	(11,978)	(11,667)
—	—	—	—	(30)	(46)	(3,762)	(3,226)
—	—	(16)	(13)	—	—	(16)	(12)
(745)	(650)	(307)	(317)	14	10	(4,915)	(4,793)
(275)	(256)	(120)	(111)	59	59	(649)	(599)
—	—	—	—	—	—	—	(1)
—	—	(1)	(1)	3	—	(15)	(3)
—	—	—	—	12	14	12	14
528	466	(223)	(251)	(10)	(30)	1,660	1,732
—	—	(88)	127	(1)	17	(96)	83
3	1	152	493	12	50	386	763
—	—	(46)	(55)	—	—	(83)	(52)
3	1	18	565	11	67	207	794
—	—	(37)	(70)	18	33	(19)	(37)
—	—	(225)	(222)	—	—	(225)	(222)
(95)	(196)	(6)	(2)	—	—	(101)	(198)
(7)	(8)	(10)	(5)	—	—	(22)	(17)
—	(4)	(1)	—	—	—	(2)	(47)
—	—	—	—	(12)	(14)	(12)	(14)
(99)	(207)	(261)	266	17	86	(174)	259
429	259	(484)	15	7	56	1,486	1,991
(120)	(116)	32	209	12	13	(571)	(388)
309	143	(452)	224	19	69	915	1,603
3	(6)	(4)	(8)	—	—	58	38
306	149	(448)	232	19	69	857	1,565

Reportable segments – Property-Casualty business

	German Speaking Countries ¹		Europe incl. South America ^{2,3}	
	2011 € mn	2010 € mn	2011 € mn	2010 € mn
Three months ended March 31,				
Gross premiums written	5,113	5,096	3,891	3,778
Ceded premiums written	(806)	(823)	(491)	(408)
Change in unearned premiums	(1,982)	(1,969)	(458)	(484)
Premiums earned (net)	2,325	2,304	2,942	2,886
Interest and similar income	296	289	247	242
Operating income from financial assets and liabilities carried at fair value through income (net)	—	3	35	20
Operating realized gains/losses (net)	9	9	—	—
Fee and commission income	35	31	8	8
Other income	4	1	—	1
Operating revenues	2,669	2,637	3,232	3,157
Claims and insurance benefits incurred (net)	(1,650)	(1,664)	(2,094)	(2,155)
Change in reserves for insurance and investment contracts (net)	(82)	(63)	—	(2)
Interest expenses	(22)	(24)	(4)	(17)
Investment expenses	(21)	(20)	(23)	(21)
Acquisition and administrative expenses (net)	(617)	(614)	(747)	(753)
Fee and commission expenses	(35)	(30)	(7)	(7)
Other expenses	(3)	—	—	—
Operating expenses	(2,430)	(2,415)	(2,875)	(2,955)
Operating profit (loss)	239	222	357	202
Loss ratio ⁴ in %	71.0	72.3	71.2	74.7
Expense ratio ⁵ in %	26.5	26.6	25.4	26.1
Combined ratio⁶ in %	97.5	98.9	96.6	100.8

1 In 2011, Allianz China General Insurance Company Ltd., a former branch of Allianz Versicherungs-AG, was transferred from German Speaking Countries to Growth Markets. Prior year figures have not been adjusted.

2 Corporate customer business in Spain transferred to AGCS in 2010. Prior year figures have been adjusted accordingly.

3 Corporate customer business in the Netherlands and Belgium as well as Allianz Insurance (Hong Kong) Ltd. and Allianz Insurance Company of Singapore Pte. Ltd. were transferred to AGCS in 2010 and 2011. Prior year figures have not been adjusted.

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

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

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

7 Presentation not meaningful.

NAFTA Markets		Global Insurance Lines & Anglo Markets ^{2,3}		Growth Markets ^{1,3}		Assistance (Mondial)		Consolidation ²		Property-Casualty	
2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn
652	680	4,707	4,638	925	923	460	397	(1,497)	(1,518)	14,251	13,994
(136)	(136)	(1,206)	(1,280)	(206)	(221)	(2)	(2)	1,501	1,521	(1,346)	(1,349)
40	55	(643)	(655)	(108)	(117)	(78)	(62)	—	—	(3,229)	(3,232)
556	599	2,858	2,703	611	585	380	333	4	3	9,676	9,413
77	82	263	239	38	41	7	7	(19)	(21)	909	879
1	—	(11)	(11)	(5)	(3)	(1)	(1)	—	1	19	9
—	—	—	—	—	—	—	—	—	—	9	9
—	—	142	130	13	16	90	85	(15)	(16)	273	254
—	—	—	—	—	2	—	—	—	—	4	4
634	681	3,252	3,061	657	641	476	424	(30)	(33)	10,890	10,568
(366)	(405)	(2,365)	(2,020)	(378)	(371)	(235)	(205)	(2)	(2)	(7,090)	(6,822)
—	—	(22)	(18)	1	(1)	—	—	—	—	(103)	(84)
—	—	(5)	(7)	(1)	(1)	—	—	19	24	(13)	(25)
(1)	(1)	(8)	(9)	(3)	(3)	—	—	—	(1)	(56)	(55)
(202)	(233)	(805)	(713)	(204)	(190)	(136)	(118)	3	(12)	(2,708)	(2,633)
—	—	(121)	(111)	(14)	(20)	(89)	(83)	12	14	(254)	(237)
—	—	—	—	—	—	—	—	—	—	(3)	—
(569)	(639)	(3,326)	(2,878)	(599)	(586)	(460)	(406)	32	23	(10,227)	(9,856)
65	42	(74)	183	58	55	16	18	2	(10)	663	712
65.9	67.6	82.7	74.7	61.9	63.4	61.8	61.6	— ⁷	— ⁷	73.3	72.4
36.3	38.9	28.2	26.4	33.4	32.5	35.8	35.4	— ⁷	— ⁷	28.0	28.0
102.2	106.5	110.9	101.1	95.3	95.9	97.6	97.0	— ⁷	— ⁷	101.3	100.4

Reportable segments – Life/Health business

	German Speaking Countries ¹		Europe incl. South America ¹	
	2011 € mn	2010 € mn	2011 € mn	2010 € mn
Three months ended March 31,				
Statutory premiums²	5,759	5,650	4,760	5,955
Ceded premiums written	(42)	(43)	(102)	(92)
Change in unearned premiums	(46)	(19)	(13)	(15)
Statutory premiums (net)	5,671	5,588	4,645	5,848
Deposits from insurance and investment contracts	(1,590)	(1,770)	(3,384)	(4,628)
Premiums earned (net)	4,081	3,818	1,261	1,220
Interest and similar income	1,983	1,868	1,026	963
Operating income from financial assets and liabilities carried at fair value through income (net)	(82)	114	83	86
Operating realized gains/losses (net)	399	380	250	121
Fee and commission income	5	3	92	97
Other income	22	9	1	—
Operating revenues	6,408	6,192	2,713	2,487
Claims and insurance benefits incurred (net)	(3,514)	(3,417)	(994)	(1,070)
Change in reserves for insurance and investment contracts (net)	(2,072)	(1,958)	(899)	(539)
Interest expenses	(32)	(30)	(10)	(8)
Loan loss provisions	—	—	—	—
Operating impairments of investments (net)	(37)	(14)	(26)	(28)
Investment expenses	(107)	(82)	(53)	(45)
Acquisition and administrative expenses (net)	(330)	(352)	(442)	(431)
Fee and commission expenses	(4)	(3)	(48)	(46)
Operating restructuring charges	—	(1)	—	—
Other expenses	(13)	—	(1)	—
Operating expenses	(6,109)	(5,857)	(2,473)	(2,167)
Operating profit	299	335	240	320
Cost-income ratio³ in %	96.2	95.7	96.0	95.4

1 From 2011 on, the variable annuity business of Allianz Global Life is shown within Germany, France and Italy, respectively. Prior year figures have not been adjusted.

2 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.

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

4 Presentation not meaningful.

NAFTA Markets		Global Insurance Lines & Anglo Markets		Growth Markets ¹		Consolidation		Life/Health	
2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn
1,978	1,675	99	94	1,749	2,044	(75)	(62)	14,270	15,356
(32)	(35)	(7)	(2)	(59)	(24)	75	62	(167)	(134)
(2)	1	—	—	(28)	(20)	—	—	(89)	(53)
1,944	1,641	92	92	1,662	2,000	—	—	14,014	15,169
(1,761)	(1,475)	—	—	(1,094)	(1,421)	—	—	(7,829)	(9,294)
183	166	92	92	568	579	—	—	6,185	5,875
641	549	23	25	179	158	(19)	(18)	3,833	3,545
(154)	(62)	(13)	(1)	(1)	14	5	(5)	(162)	146
11	11	—	—	58	26	—	—	718	538
13	9	—	—	20	11	—	(2)	130	118
—	—	—	—	—	11	—	—	23	20
694	673	102	116	824	799	(14)	(25)	10,727	10,242
(25)	(26)	(83)	(86)	(272)	(246)	—	—	(4,888)	(4,845)
(410)	(368)	—	(2)	(248)	(230)	—	1	(3,629)	(3,096)
(2)	(1)	—	(1)	(2)	(1)	20	18	(26)	(23)
—	1	—	—	—	—	—	—	—	1
—	—	—	—	1	3	—	—	(62)	(39)
(10)	(10)	(1)	(1)	(6)	(6)	(1)	(1)	(178)	(145)
(147)	(156)	(13)	(16)	(237)	(244)	—	(4)	(1,169)	(1,203)
(7)	(9)	—	—	—	—	—	4	(59)	(54)
—	—	—	—	—	—	—	—	—	(1)
—	—	—	—	—	(2)	—	—	(14)	(2)
(601)	(569)	(97)	(106)	(764)	(726)	19	18	(10,025)	(9,407)
93	104	5	10	60	73	5	(7)	702	835
96.2	95.1	95.0	91.2	96.9	96.7	— ⁴	— ⁴	96.1	95.7

Reportable segments – Asset Management business

Three months ended March 31,	2011 € mn	2010 € mn
Net fee and commission income ¹	1,256	1,097
Net interest income ²	7	9
Income from financial assets and liabilities carried at fair value through income (net)	6	5
Other income	4	5
Operating revenues	1,273	1,116
Administrative expenses (net), excluding acquisition-related expenses	(745)	(650)
Operating expenses	(745)	(650)
Operating profit	528	466
Cost-income ratio³ in %	58.5	58.2

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

2 Represents interest and similar income less interest expenses.

3 Represents operating expenses divided by operating revenues.

Reportable segments – Corporate and Other business

	Holding & Treasury	
	2011 € mn	2010 € mn
Three months ended March 31,		
Interest and similar income	65	53
Operating income from financial assets and liabilities carried at fair value through income (net)	(1)	(19)
Fee and commission income	46	59
Other income	—	—
Operating revenues	110	93
Interest expenses, excluding interest expenses from external debt	(101)	(95)
Loan loss provisions	—	—
Investment expenses	(23)	(21)
Administrative expenses (net), excluding acquisition-related expenses	(140)	(144)
Fee and commission expenses	(67)	(59)
Other expenses	—	—
Operating expenses	(331)	(319)
Operating profit (loss)	(221)	(226)
Cost-income ratio¹ for the reportable segment Banking in %		

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

Banking		Alternative Investments		Consolidation		Corporate and Other	
2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn
178	169	2	8	—	(1)	245	229
9	(6)	—	—	(1)	—	7	(25)
107	102	30	27	(1)	(1)	182	187
—	—	1	—	(1)	—	—	—
294	265	33	35	(3)	(2)	434	391
(89)	(84)	(1)	—	1	—	(190)	(179)
(16)	(13)	—	—	—	—	(16)	(13)
—	—	—	—	—	—	(23)	(21)
(133)	(138)	(36)	(37)	2	2	(307)	(317)
(53)	(52)	—	—	—	—	(120)	(111)
(1)	(1)	—	—	—	—	(1)	(1)
(292)	(288)	(37)	(37)	3	2	(657)	(642)
2	(23)	(4)	(2)	—	—	(223)	(251)
88.2	107.8						

Supplementary Information to the Consolidated Balance Sheets

4 Financial assets carried at fair value through income

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Financial assets held for trading		
Debt securities	388	546
Equity securities	133	139
Derivative financial instruments	1,629	1,416
Subtotal	2,150	2,101
Financial assets designated at fair value through income		
Debt securities	4,378	4,430
Equity securities	2,911	3,312
Subtotal	7,289	7,742
Total	9,439	9,843

Available-for-sale investments

	As of March 31, 2011				As of December 31, 2010			
	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	4,963	186	(14)	5,135	5,043	235	(6)	5,272
Corporate mortgage-backed securities (residential and commercial)	9,746	613	(155)	10,204	10,023	625	(174)	10,474
Other asset-backed securities	2,737	137	(37)	2,837	3,501	186	(34)	3,653
Government and government agency bonds	122,830	3,018	(2,811)	123,037	123,726	4,339	(2,253)	125,812
Corporate bonds	144,749	3,517	(2,900)	145,366	138,576	4,786	(2,743)	140,619
Other	1,842	103	(17)	1,928	1,723	123	(9)	1,837
Subtotal	286,867	7,574	(5,934)	288,507	282,592	10,294	(5,219)	287,667
Equity securities	20,285	10,545	(241)	30,589	19,893	10,903	(148)	30,648
Total	307,152	18,119	(6,175)	319,096	302,485	21,197	(5,367)	318,315

5 Investments

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Available-for-sale investments	319,096	318,315
Held-to-maturity investments	3,941	3,987
Funds held by others under reinsurance contracts assumed	1,286	1,117
Investments in associates and joint ventures	2,514	2,527
Real estate held for investment	8,660	8,672
Total	335,497	334,618

6 Loans and advances to banks and customers

	As of March 31, 2011			As of December 31, 2010		
	Banks € mn	Customers € mn	Total € mn	Banks € mn	Customers € mn	Total € mn
Short-term investments and certificates of deposit	6,736	—	6,736	5,216	—	5,216
Reverse repurchase agreements	951	—	951	1,018	—	1,018
Collateral paid for securities borrowing transactions and derivatives	38	—	38	38	—	38
Loans	67,233	45,988	113,221	67,303	46,575	113,878
Other	2,131	54	2,185	2,605	69	2,674
Subtotal	77,089	46,042	123,131	76,180	46,644	122,824
Loan loss allowance	—	(119)	(119)	—	(146)	(146)
Total	77,089	45,923	123,012	76,180	46,498	122,678

Loans and advances to customers by type of customer

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Corporate customers	16,115	16,303
Private customers	23,240	23,433
Public customers	6,687	6,908
Total	46,042	46,644

7 Reinsurance assets

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Unearned premiums	1,678	1,372
Reserves for loss and loss adjustment expenses	6,756	6,986
Aggregate policy reserves	4,190	4,674
Other insurance reserves	96	103
Total	12,720	13,135

8 Deferred acquisition costs

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Deferred acquisition costs		
Property-Casualty	4,426	4,121
Life/Health	14,655	14,459
Asset Management	154	152
Subtotal	19,235	18,732
Present value of future profits	1,134	1,180
Deferred sales inducements	822	821
Total	21,191	20,733

9 Other assets

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Receivables		
Policyholders	5,490	5,322
Agents	4,801	4,129
Reinsurers	2,019	2,581
Other	4,206	3,515
Less allowance for doubtful accounts	(641)	(629)
Subtotal	15,875	14,918
Tax receivables		
Income taxes	1,441	1,691
Other taxes	1,059	1,043
Subtotal	2,500	2,734
Accrued dividends, interest and rent	6,810	7,356
Prepaid expenses		
Interest and rent	16	16
Other prepaid expenses	331	334
Subtotal	347	350
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	449	452
Property and equipment		
Real estate held for own use	2,969	3,075
Software	1,303	1,287
Equipment	738	735
Fixed assets of Alternative Investments	1,131	1,117
Subtotal	6,141	6,214
Other assets	2,006	1,977
Total	34,128	34,001

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

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Non-current assets and assets of disposal groups classified as held for sale		
Allianz Bank Polska S.A.	269	247
Allianz Kazakhstan ZAO	55	—
Real estate held for investment (Property-Casualty)	—	22
Real estate held for investment (Life/Health)	—	24
Real estate held for own use (Property-Casualty)	7	6
Total	331	299
Liabilities of disposal groups classified as held for sale		
Allianz Bank Polska S.A.	203	188
Allianz Kazakhstan ZAO	55	—
Total	258	188

Non-current assets and assets and liabilities of disposal groups classified as held for sale as of March 31, 2011

Allianz Bank Polska S.A., Warsaw

During the fourth quarter of 2010, the Allianz Group contractually agreed to dispose of Allianz Bank Polska S.A. Thus, the assets and liabilities related to the Allianz Group's 100% ownership of Allianz Bank Polska S.A. and allocated to the segment Corporate and Other, were reclassified as disposal group held for sale.

As of March 31, 2011, cumulative losses recognized in other comprehensive income relating to the disposal group classified as held for sale amounted to € 12 mn. The sale is expected to occur during the first half of 2011 and is subject to approval by the regulatory authorities. Upon remeasurement of the disposal group at fair value less costs to sell no impairment loss was recognized in the consolidated income statement for the three months ended March 31, 2011.

Assets held for sale include a capital increase of € 25 mn completed on March 31, 2011.

Allianz Kazakhstan ZAO, Almaty

During the first quarter of 2011 the Allianz Group decided to dispose of Allianz Kazakhstan ZAO. Thus, the assets and liabilities related to the Allianz Group's 100% ownership of Allianz Kazakhstan ZAO and allocated to the segment Property-Casualty, were reclassified as disposal group held for sale.

The following table presents the classes of assets and liabilities reclassified as held for sale:

As of March 31, 2011	Allianz Kazakhstan ZAO € mn
Cash and cash equivalents	2
Investments	13
Loans and advances to banks and customers	2
Reinsurance assets	35
Other assets	3
Total assets of disposal groups classified as held for sale	55
Unearned premiums	35
Reserves for loss and loss adjustment expenses	5
Other liabilities	15
Total liabilities of disposal groups classified as held for sale	55

As of March 31, 2011, cumulative losses recognized in other comprehensive income relating to the disposal group classified as held for sale amounted to € 3 mn. The sale is expected to occur during the year 2011. Upon measurement of the disposal group at fair value less costs to sell an impairment loss of € 16 mn was recognized in the consolidated income statement.

Real estate held for own use classified as held for sale

During the fourth quarter of 2010, the Allianz Group contractually agreed to dispose of one commercial property of Allianz Hungaria in Budapest. Thus, the asset allocated to the segment Property-Casualty and previously classified as real estate held for own use was reclassified and presented as non-current assets held for sale. The sale will be completed in the second quarter of 2011. Upon remeasurement of the non-current asset at fair value less costs to sell no impairment loss was recognized in the consolidated income statement for the three months ended March 31, 2011.

Disposals during the first quarter of 2011

Real estate held for investment classified as held for sale

During the fourth quarter of 2010, the Allianz Group contractually agreed to dispose of various residential properties of Allianz IARD S.A. and Allianz Vie S.A. in Paris on an individual basis. Thus, the assets allocated to the segments Property-Casualty and Life/Health and previously classified as real estate held for investment were reclassified and presented as non-current assets held for sale. The individual sales were completed during the first quarter of 2011.

11 Intangible assets

	As of March 31, 2011	As of December 31, 2010
	€ mn	€ mn
Intangible assets with indefinite useful lives		
Goodwill	11,831	12,020
Brand names ¹	311	311
Subtotal	12,142	12,331
Intangible assets with finite useful lives		
Long-term distribution agreement with Commerzbank AG	573	585
Customer relationships	270	287
Other ²	177	178
Subtotal	1,020	1,050
Total	13,162	13,381

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

2 Includes primarily research and development costs of € 63 mn (2010: € 67 mn) and bancassurance agreements of € 13 mn (2010: € 14 mn).

Goodwill

	2011 € mn
Cost as of January 1,	12,603
Accumulated impairments as of January 1,	(583)
Carrying amount as of January 1,	12,020
Additions	1
Foreign currency translation adjustments	(183)
Reclassification into non-current assets and assets of disposal groups classified as held for sale	(7)
Carrying amount as of March 31,	11,831
Accumulated impairments as of March 31,	583
Cost as of March 31,	12,414

The goodwill of Allianz Kazakhstan ZAO, Almaty, was reclassified to disposal groups classified as held for sale.

12 Financial liabilities carried at fair value through income

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Financial liabilities held for trading		
Derivative financial instruments	5,046	5,012
Other trading liabilities	2	1
Subtotal	5,048	5,013
Financial liabilities designated at fair value through income		
—	—	—
Total	5,048	5,013

13 Liabilities to banks and customers

	As of March 31, 2011			As of December 31, 2010		
	Banks € mn	Customers € mn	Total € mn	Banks € mn	Customers € mn	Total € mn
Payable on demand	290	4,527	4,817	68	4,110	4,178
Savings deposits	—	2,715	2,715	—	2,504	2,504
Term deposits and certificates of deposit	1,060	1,787	2,847	1,328	2,301	3,629
Repurchase agreements	829	165	994	867	129	996
Collateral received from securities lending transactions and derivatives	1,068	—	1,068	591	—	591
Other	5,574	2,874	8,448	6,278	2,979	9,257
Total	8,821	12,068	20,889	9,132	12,023	21,155

14 Reserves for loss and loss adjustment expenses

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Property-Casualty	56,920	57,509
Life/Health	8,937	8,984
Consolidation	(17)	(19)
Total	65,840	66,474

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

	2011			2010		
	Gross € mn	Ceded € mn	Net € mn	Gross € mn	Ceded € mn	Net € mn
As of January 1,	57,509	(6,659)	50,850	55,715	(7,175)	48,540
Loss and loss adjustment expenses incurred						
Current year	8,234	(765)	7,469	7,834	(681)	7,153
Prior years	(794)	415	(379)	(814)	483	(331)
Subtotal	7,440	(350)	7,090	7,020	(198)	6,822
Loss and loss adjustment expenses paid						
Current year	(1,782)	47	(1,735)	(1,786)	88	(1,698)
Prior years	(5,235)	358	(4,877)	(5,346)	507	(4,839)
Subtotal	(7,017)	405	(6,612)	(7,132)	595	(6,537)
Foreign currency translation adjustments and other changes	(1,006)	190	(816)	1,253	(318)	935
Reclassifications ¹	(6)	3	(3)	—	—	—
As of March 31,	56,920	(6,411)	50,509	56,856	(7,096)	49,760

1 In the first quarter of 2011, Allianz Kazakhstan ZAO was classified as held for sale. See note 10 for further information.

15 Reserves for insurance and investment contracts

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Aggregate policy reserves	325,186	324,189
Reserves for premium refunds	23,127	24,802
Other insurance reserves	790	802
Total	349,103	349,793

16 Other liabilities

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Payables		
Policyholders	4,241	4,855
Reinsurance	1,869	1,813
Agents	1,542	1,471
Subtotal	7,652	8,139
Payables for social security	424	434
Tax payables		
Income taxes	1,757	1,661
Other taxes	1,381	1,086
Subtotal	3,138	2,747
Accrued interest and rent	453	659
Unearned income		
Interest and rent	13	13
Other	313	293
Subtotal	326	306
Provisions		
Pensions and similar obligations	3,929	3,925
Employee-related	1,882	1,887
Share-based compensation plans	767	1,099
Restructuring plans	360	409
Loan commitments	21	7
Contingent losses from non-insurance business	155	155
Other provisions	1,329	1,564
Subtotal	8,443	9,046
Deposits retained for reinsurance ceded	2,253	2,320
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	211	225
Financial liabilities for puttable equity instruments	2,772	3,111
Other liabilities	6,534	6,226
Total	32,206	33,213

17 Certificated liabilities

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Allianz SE¹		
Senior bonds	5,337	5,336
Money market securities	1,053	1,791
Subtotal	6,390	7,127
Banking subsidiaries		
Senior bonds	1,069	1,099
Subtotal	1,069	1,099
All other subsidiaries		
Certificated liabilities	26	3
Subtotal	26	3
Total	7,485	8,229

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.

18 Participation certificates and subordinated liabilities

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Allianz SE¹		
Subordinated bonds ²	10,190	8,301
Subtotal	10,190	8,301
Banking subsidiaries		
Subordinated bonds	274	254
Subtotal	274	254
All other subsidiaries		
Subordinated bonds	398	398
Hybrid equity	45	45
Subtotal	443	443
Total	10,907	8,998

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

2 Increase due to issuance of a € 2.0 bn subordinated bond in the first quarter of 2011.

19 Equity

	As of March 31, 2011 € mn	As of December 31, 2010 € mn
Shareholders' equity		
Issued capital	1,164	1,164
Capital reserves	27,521	27,521
Retained earnings ¹	13,990	13,088
Foreign currency translation adjustments	(3,115)	(2,339)
Unrealized gains and losses (net) ²	4,000	5,057
Subtotal	43,560	44,491
Non-controlling interests	2,055	2,071
Total	45,615	46,562

1 As of March 31, 2011, includes € (230) mn (2010: € (237) mn) related to treasury shares.

2 As of March 31, 2011, includes € 188 mn (2010: € 196 mn) related to cash flow hedges.

Supplementary Information to the Consolidated Income Statements

20 Premiums earned (net)

Three months ended March 31,	Property-Casualty € mn	Life/Health € mn	Consolidation € mn	Group € mn
2011				
Premiums written				
Direct	13,593	6,313	—	19,906
Assumed	658	116	(6)	768
Subtotal	14,251	6,429	(6)	20,674
Ceded	(1,346)	(155)	6	(1,495)
Net	12,905	6,274	—	19,179
Change in unearned premiums				
Direct	(3,505)	(91)	—	(3,596)
Assumed	(106)	1	—	(105)
Subtotal	(3,611)	(90)	—	(3,701)
Ceded	382	1	—	383
Net	(3,229)	(89)	—	(3,318)
Premiums earned				
Direct	10,088	6,222	—	16,310
Assumed	552	117	(6)	663
Subtotal	10,640	6,339	(6)	16,973
Ceded	(964)	(154)	6	(1,112)
Net	9,676	6,185	—	15,861
2010				
Premiums written				
Direct	13,103	5,947	—	19,050
Assumed	891	106	(4)	993
Subtotal	13,994	6,053	(4)	20,043
Ceded	(1,349)	(125)	4	(1,470)
Net	12,645	5,928	—	18,573
Change in unearned premiums				
Direct	(3,402)	(54)	—	(3,456)
Assumed	(213)	—	(2)	(215)
Subtotal	(3,615)	(54)	(2)	(3,671)
Ceded	383	1	2	386
Net	(3,232)	(53)	—	(3,285)
Premiums earned				
Direct	9,701	5,893	—	15,594
Assumed	678	106	(6)	778
Subtotal	10,379	5,999	(6)	16,372
Ceded	(966)	(124)	6	(1,084)
Net	9,413	5,875	—	15,288

21 Interest and similar income

Three months ended March 31,	2011 € mn	2010 € mn
Interest from held-to-maturity investments	46	44
Dividends from available-for-sale investments	147	121
Interest from available-for-sale investments	3,094	2,771
Share of earnings from investments in associates and joint ventures	19	49
Rent from real estate held for investment	192	162
Interest from loans to banks and customers	1,355	1,392
Other interest	41	40
Total	4,894	4,579

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

Three months ended March 31,	Property-Casualty € mn	Life/Health € mn	Asset Management € mn	Corporate and Other € mn	Consolidation € mn	Group € mn
2011						
Income (expenses) from financial assets and liabilities held for trading (net)	46	226	1	(104)	(4)	165
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	11	80	5	(5)	—	91
Income (expenses) from financial liabilities for puttable equity instruments (net)	10	(19)	1	—	—	(8)
Foreign currency gains and losses (net)	(46)	(458)	(1)	28	4	(473)
Total	21	(171)	6	(81)	—	(225)
2010						
Income (expenses) from financial assets and liabilities held for trading (net)	(73)	(458)	1	117	3	(410)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	28	323	13	2	—	366
Income (expenses) from financial liabilities for puttable equity instruments (net)	(5)	(82)	(11)	—	—	(98)
Foreign currency gains and losses (net)	36	325	2	(17)	(1)	345
Total	(14)	108	5	102	2	203

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

Life/Health segment

Income (expenses) from financial assets and liabilities held for trading for the three months ended March 31, 2011 includes in the Life/Health segment income of € 218 mn (2010: expenses of € 470 mn) from derivative financial instruments. This includes income of € 374 mn (2010: expenses of € 210 mn) of German entities from financial derivative positions to protect against equity and foreign exchange rate fluctuations as well as for duration management. Also included are expenses from U.S. entities amongst others from embedded derivatives required to be separated related to fixed-indexed annuity products and guaranteed benefits under unit-linked contracts of € 162 mn (2010: € 230 mn).

Corporate and Other segment

Income (expenses) from financial assets and liabilities held for trading for the three months ended March 31, 2011, includes in the Corporate and Other segment expenses of € 88 mn (2010: income of € 146 mn) from derivative financial instruments. This includes expenses of € 23 mn (2010: € 2 mn) from financial derivative instruments to protect investments and liabilities against foreign exchange rate fluctuations. In 2011, hedging of strategic equity investments not designated for hedge accounting induced expenses of € 9 mn (2010: € 9 mn). Financial derivatives related to investment strategies exhibited expenses of € 83 mn (2010: income of € 154). Additionally, income (expenses) from financial assets and liabilities held for trading (net) for the three months ended March 31, 2011 includes expenses of € 25 mn (2010: € 15 mn) from the hedges of share based compensation plans (restricted stock units).

Foreign currency gains and losses (net)

Foreign currency gains and losses are reported within income from financial assets and liabilities carried at fair value through income (net). These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency, 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 is to a large extent hedged against foreign currency fluctuations with freestanding derivatives resulting in an offsetting effect of € 355 mn (2010: € (261) mn) on the foreign currency gains and losses (net) for the three months ended March 31, 2011.

23 Realized gains/losses (net)

	Three months ended March 31,	2011 € mn	2010 € mn
Realized gains			
Available-for-sale investments			
Equity securities	703	937	
Debt securities	445	398	
Subtotal	1,148	1,335	
Investments in associates and joint ventures ¹	—	5	
Real estate held for investment	73	75	
Loans and advances to banks and customers	59	41	
Non-current assets and assets and liabilities of disposal groups classified as held for sale	76	—	
Subtotal	1,356	1,456	
Realized losses			
Available-for-sale investments			
Equity securities	(43)	(34)	
Debt securities	(197)	(110)	
Subtotal	(240)	(144)	
Investments in associates and joint ventures ²	—	—	
Real estate held for investment	—	(2)	
Non-current assets and assets and liabilities of disposal groups classified as held for sale	(2)	—	
Subtotal	(242)	(146)	
Total	1,114	1,310	

1 During the three months ended March 31, 2011 and 2010, includes no realized gains from the disposal of subsidiaries.

2 During the three months ended March 31, 2011 and 2010, includes no realized losses from the disposal of subsidiaries.

24 Fee and commission income

Three months ended March 31,	2011			2010		
	Segment	Consolidation	Group	Segment	Consolidation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty						
Fees from credit and assistance business	164	—	164	157	(1)	156
Service agreements	109	(15)	94	97	(12)	85
Subtotal	273	(15)	258	254	(13)	241
Life/Health						
Service agreements	17	(4)	13	17	(4)	13
Investment advisory	113	(9)	104	101	(7)	94
Subtotal	130	(13)	117	118	(11)	107
Asset Management						
Management fees	1,336	(34)	1,302	1,104	(26)	1,078
Loading and exit fees	95	—	95	89	—	89
Performance fees	56	—	56	128	—	128
Other	44	(4)	40	32	(2)	30
Subtotal	1,531	(38)	1,493	1,353	(28)	1,325
Corporate and Other						
Service agreements	46	(4)	42	59	(6)	53
Investment advisory and Banking activities	136	(59)	77	128	(53)	75
Subtotal	182	(63)	119	187	(59)	128
Total	2,116	(129)	1,987	1,912	(111)	1,801

25 Other income

Three months ended March 31,	2011	2010
	€ mn	€ mn
Realized gains from disposals of real estate held for own use	1	12
Income from alternative investments	26	10
Other	4	7
Total	31	29

26 Income and expenses from fully consolidated private equity investments

Three months ended March 31,	2011	2010
	€ mn	€ mn
Income		
Sales and service revenues	390	366
Other operating revenues	3	2
Interest income	—	—
Subtotal	393	368
Expenses		
Cost of goods sold	(218)	(226)
Commissions	(26)	(27)
General and administrative expenses	(151)	(146)
Other operating expenses	(16)	(19)
Interest expenses	(19)	(20)
Subtotal	(430)¹	(438)¹
Total	(37)¹	(70)¹

1 The presented subtotal for expenses and total income and expenses from fully consolidated private equity investment for the three months ended March 31, 2011 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 € 18 mn (2010: € 33 mn) for the three months ended March 31, 2011. 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 March 31,	Property-Casualty € mn	Life/Health € mn	Consolidation € mn	Group € mn
2011					
Gross					
Claims and insurance benefits paid	(7,017)	(5,002)	4	(12,015)	
Change in reserves for loss and loss adjustment expenses	(423)	(14)	(2)	(439)	
Subtotal	(7,440)	(5,016)	2	(12,454)	
Ceded					
Claims and insurance benefits paid	405	108	(4)	509	
Change in reserves for loss and loss adjustment expenses	(55)	20	2	(33)	
Subtotal	350	128	(2)	476	
Net					
Claims and insurance benefits paid	(6,612)	(4,894)	—	(11,506)	
Change in reserves for loss and loss adjustment expenses	(478)	6	—	(472)	
Total	(7,090)	(4,888)	—	(11,978)	
2010					
Gross					
Claims and insurance benefits paid	(7,132)	(4,949)	3	(12,078)	
Change in reserves for loss and loss adjustment expenses	112	(24)	2	90	
Subtotal	(7,020)	(4,973)	5	(11,988)	
Ceded					
Claims and insurance benefits paid	595	116	(3)	708	
Change in reserves for loss and loss adjustment expenses	(397)	12	(2)	(387)	
Subtotal	198	128	(5)	321	
Net					
Claims and insurance benefits paid	(6,537)	(4,833)	—	(11,370)	
Change in reserves for loss and loss adjustment expenses	(285)	(12)	—	(297)	
Total	(6,822)	(4,845)	—	(11,667)	

28

Change in reserves for insurance and investment contracts (net)

Three months ended March 31,	Property-Casualty € mn	Life/Health € mn	Consolidation € mn	Group € mn
2011				
Gross				
Aggregate policy reserves	(49)	(2,325)	—	(2,374)
Other insurance reserves	—	(46)	—	(46)
Expenses for premium refunds	(45)	(1,289)	(30)	(1,364)
Subtotal	(94)	(3,660)	(30)	(3,784)
Ceded				
Aggregate policy reserves	(9)	26	—	17
Other insurance reserves	—	3	—	3
Expenses for premium refunds	—	2	—	2
Subtotal	(9)	31	—	22
Net				
Aggregate policy reserves	(58)	(2,299)	—	(2,357)
Other insurance reserves	—	(43)	—	(43)
Expenses for premium refunds	(45)	(1,287)	(30)	(1,362)
Total	(103)	(3,629)	(30)	(3,762)
2010				
Gross				
Aggregate policy reserves	(42)	(1,862)	—	(1,904)
Other insurance reserves	—	(128)	—	(128)
Expenses for premium refunds	(43)	(1,126)	(46)	(1,215)
Subtotal	(85)	(3,116)	(46)	(3,247)
Ceded				
Aggregate policy reserves	2	16	—	18
Other insurance reserves	(1)	3	—	2
Expenses for premium refunds	—	1	—	1
Subtotal	1	20	—	21
Net				
Aggregate policy reserves	(40)	(1,846)	—	(1,886)
Other insurance reserves	(1)	(125)	—	(126)
Expenses for premium refunds	(43)	(1,125)	(46)	(1,214)
Total	(84)	(3,096)	(46)	(3,226)

29 Interest expenses

Three months ended March 31,	2011 € mn	2010 € mn
Liabilities to banks and customers	(92)	(94)
Deposits retained on reinsurance ceded	(14)	(19)
Certificated liabilities	(73)	(75)
Participation certificates and subordinated liabilities	(147)	(138)
Other	(24)	(25)
Total	(350)	(351)

30 Loan loss provisions

Three months ended March 31,	2011 € mn	2010 € mn
Additions to allowances including direct impairments	(37)	(30)
Amounts released	15	13
Recoveries on loans previously impaired	6	5
Total	(16)	(12)

31 Impairments of investments (net)

Three months ended March 31,	2011 € mn	2010 € mn
Impairments		
Available-for-sale investments		
Equity securities	(96)	(9)
Debt securities	(24)	(81)
Subtotal	(120)	(90)
Real estate held for investment	(10)	—
Loans and advances to banks and customers	(1)	(1)
Non-current assets and assets and liabilities of disposal groups classified as held for sale	(16)	—
Subtotal	(147)	(91)
Reversals of impairments		
Loans and advances to banks and customers	2	—
Subtotal	2	—
Total	(145)	(91)

32 Investment expenses

Three months ended March 31,	2011 € mn	2010 € mn
Investment management expenses	(115)	(102)
Depreciation of real estate held for investment	(46)	(38)
Other expenses for real estate held for investment	(41)	(37)
Total	(202)	(177)

33 Acquisition and administrative expenses (net)

Three months ended March 31,	2011			2010		
	Segment	Consolidation	Group	Segment	Consolidation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty						
Acquisition costs						
Incurred	(2,487)	1	(2,486)	(2,457)	—	(2,457)
Commissions and profit received on reinsurance business ceded	76	(1)	75	156	(1)	155
Deferrals of acquisition costs	1,615	—	1,615	1,568	—	1,568
Amortization of deferred acquisition costs	(1,215)	—	(1,215)	(1,188)	—	(1,188)
Subtotal	(2,011)	—	(2,011)	(1,921)	(1)	(1,922)
Administrative expenses	(697)	37	(660)	(712)	(1)	(713)
Subtotal	(2,708)	37	(2,671)	(2,633)	(2)	(2,635)
Life/Health						
Acquisition costs						
Incurred	(1,091)	1	(1,090)	(1,045)	—	(1,045)
Commissions and profit received on reinsurance business ceded	25	(1)	24	25	—	25
Deferrals of acquisition costs	771	—	771	739	—	739
Amortization of deferred acquisition costs	(513)	—	(513)	(545)	1	(544)
Subtotal	(808)	—	(808)	(826)	1	(825)
Administrative expenses	(361)	4	(357)	(377)	15	(362)
Subtotal	(1,169)	4	(1,165)	(1,203)	16	(1,187)
Asset Management						
Personnel expenses	(572)	—	(572)	(627)	—	(627)
Non-personnel expenses	(268)	4	(264)	(219)	(1)	(220)
Subtotal	(840)	4	(836)	(846)	(1)	(847)
Corporate and Other						
Administrative expenses	(313)	(31)	(344)	(319)	(3)	(322)
Subtotal	(313)	(31)	(344)	(319)	(3)	(322)
Total	(5,030)	14	(5,016)	(5,001)	10	(4,991)

34 Fee and commission expenses

Three months ended March 31,	2011			2010		
	Segment € mn	Consoli- dation € mn	Group € mn	Segment € mn	Consoli- dation € mn	Group € mn
Property-Casualty						
Fees from credit and assistance business	(148)	—	(148)	(146)	—	(146)
Service agreements	(106)	15	(91)	(91)	12	(79)
Subtotal	(254)	15	(239)	(237)	12	(225)
Life/Health						
Service agreements	(6)	1	(5)	(5)	1	(4)
Investment advisory	(53)	2	(51)	(49)	2	(47)
Subtotal	(59)	3	(56)	(54)	3	(51)
Asset Management						
Commissions	(272)	38	(234)	(251)	38	(213)
Other	(3)	—	(3)	(5)	1	(4)
Subtotal	(275)	38	(237)	(256)	39	(217)
Corporate and Other						
Service agreements	(67)	3	(64)	(59)	5	(54)
Investment advisory and Banking activities	(53)	—	(53)	(52)	—	(52)
Subtotal	(120)	3	(117)	(111)	5	(106)
Total	(708)	59	(649)	(658)	59	(599)

35 Other expenses

Three months ended March 31,	2011 € mn	2010 € mn
Realized losses from disposals of real estate held for own use	—	(2)
Expenses from alternative investments	(14)	—
Other	(1)	(1)
Total	(15)	(3)

36 Income taxes

Three months ended March 31,	2011 € mn	2010 € mn
Current income taxes	(653)	(438)
Deferred income taxes	82	50
Total	(571)	(388)

For the three months ended March 31, 2011 and 2010, the income taxes relating to components of the other comprehensive income consist of the following:

Three months ended March 31,	2011 € mn	2010 € mn
Foreign currency translation adjustments	(16)	30
Available-for-sale investments	405	(505)
Cash flow hedges	3	(7)
Share of other comprehensive income of associates	2	(5)
Miscellaneous	42	2
Total	436	(485)

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 March 31,	2011 € mn	2010 € mn
Net income attributable to shareholders used to calculate basic earnings per share	857	1,565
Weighted average number of common shares outstanding	451,557,793	451,198,878
Basic earnings per share (in €)	1.90	3.47

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. These effects are derived from various share-based compensation plans of the Allianz Group.

Three months ended March 31,	2011 € mn	2010 € mn
Net income attributable to shareholders	857	1,565
Effect of potentially dilutive common shares	(8)	(2)
Net income used to calculate diluted earnings per share	849	1,563
Weighted average number of common shares outstanding	451,557,793	451,198,878
Potentially dilutive common shares resulting from assumed conversion of:		
Share-based compensation plans	4,249	606,814
Subtotal	4,249	606,814
Weighted average number of common shares outstanding after assumed conversion	451,562,042	451,805,692
Diluted earnings per share (in €)	1.88	3.46

For the three months ended March 31, 2011, the weighted average number of common shares excludes 2,942,207 (2010: 2,701,122) treasury shares.

Other Information

38 Financial instruments

Reclassification of financial assets

In January 2009, certain U.S. Dollar-denominated CDOs with a fair value of € 1.1 bn (notional amount of € 2.2 bn) were retained from Dresdner Bank. On January 31, 2009, subsequent to the derecognition of Dresdner Bank, 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. The expected recoverable cash flows as of the date of reclassification were € 1.8 bn, leading to an effective interest rate of approximately 7%.

During mid-2009, the CDOs were transferred to one of the Allianz Group's U.S. Dollar functional currency subsidiaries. As of December 31, 2010, the carrying amount and fair value of the CDOs were € 808 mn and € 810 mn, respectively. As of March 31, 2011, the carrying amount and fair value of the CDOs were € 748 mn and € 753 mn, respectively. For the three months ended March 31, 2011, the changes in carrying amount and fair value were primarily impacted by cash receipts and the depreciation of the U.S. Dollar. The foreign currency effects were recognized in other comprehensive income. The net profit related to the CDOs was not significant.

39 Other information

Number of employees

	As of March 31, 2011	As of December 31, 2010
Germany	47,199	47,889
Other countries	103,218	103,449
Total	150,417	151,338

40 Subsequent events

New venture Allianz Popular in Spain

On March 24, 2011, Allianz SE and Banco Popular formed "Allianz Popular" in Spain to strengthen the existing partnership and unite all existing ventures under one roof. Allianz SE will own 60% of Allianz Popular. In this context, EUROPENSIONES S.A., Madrid, which is currently accounted for at equity, will be accounted for as a fully consolidated subsidiary of the Allianz Group. As a result a revaluation gain of approximately € 100 mn is expected to be recognized during the second quarter of 2011. The transaction is subject to regulatory approvals which are expected for end of June 2011.

Natural catastrophes in southern U.S.A.

At the end of April and beginning of May 2011, the southern states of the U.S.A. were afflicted by several natural catastrophes. Based on current information the net claims regarding the tornadoes are expected to be € 60 mn before income taxes. Regarding the flooding along the Mississippi River a reliable forecast for net claims is currently not possible.

Call of USD 500 mn subordinated bond

In May 2011, Allianz Finance II B.V. has called for redemption with effect of June 10, 2011 the USD 500 mn subordinated bond with the ISIN XS0159150720.

Capital increase at Commerzbank AG

On April 6, 2011, Commerzbank AG announced certain recapitalization measures in order to redeem support received from the German government in connection with the financial market crisis. In connection with these measures, the Allianz Group expects to invest in total approximately € 300 mn. Based on current information, it is expected that the Allianz Group's aggregate shareholding in Commerzbank AG will decrease from approximately 9% to below 5%.

Munich, May 11, 2011

Allianz SE
The Board of Management

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Review report

To Allianz SE, Munich

We have reviewed the condensed consolidated interim financial statements of Allianz SE, Munich – comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, condensed consolidated statements of cash flows and selected explanatory notes - together with the interim group management report of Allianz SE, Munich, for the period from January 1 to March 31, 2011 that are part of the quarterly financial report according to § 37x Abs. 3 WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed consolidated interim financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the E.U., and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Munich, May 12, 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Johannes Pastor
Wirtschaftsprüfer
(Independent Auditor)

Dr. Frank Pfaffenzeller
Wirtschaftsprüfer
(Independent Auditor)

Financial Calendar

Important dates for shareholders and analysts

August 5, 2011	Interim Report 2nd quarter 2011
November 11, 2011	Interim Report 3rd quarter 2011
February 23, 2012	Financial press conference for 2011 financial year
February 24, 2012	Analysts' conference for 2011 financial year
March 23, 2012	Annual Report 2011
May 9, 2012	Annual General Meeting

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

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Interim Report on the internet
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