

Allianz Group

Interim Report Second Quarter and First Half Year of 2010

Allianz 

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Group Management Report

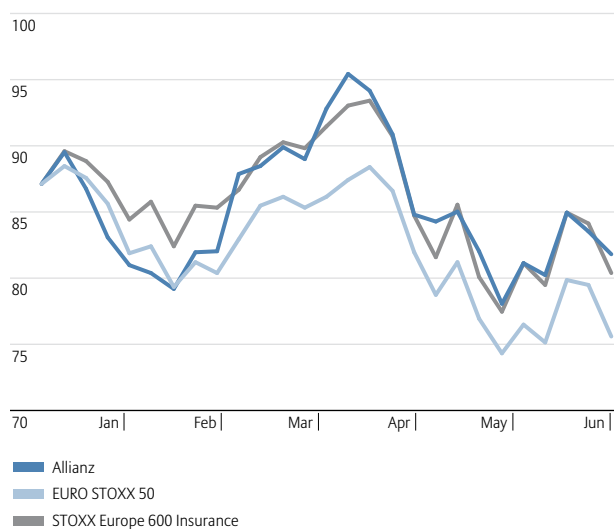
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Allianz Share

Development of the Allianz share price since January 1, 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 Allianz share information

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

Investor Relations

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

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Allianz Group Key Data

		Three months ended June 30,			Six months ended June 30,		
		2010	2009	Change from previous year	2010	2009	Change from previous year
INCOME STATEMENT							
Total revenues ¹⁾	€ mn	25,389	22,170	14.5 %	55,956	49,890	12.2 %
Operating profit ²⁾	€ mn	2,191	1,786	22.7 %	3,900	3,205	21.7 %
Net income from continuing operations	€ mn	1,085	1,887	(42.5) %	2,673	2,311	15.7 %
Net income (loss) from discontinued operations, net of income taxes ³⁾	€ mn	—	—	—	—	(395)	n.m.
Net income	€ mn	1,085	1,887	(42.5) %	2,673	1,916	39.5 %
SEGMENTS ⁴⁾							
Property-Casualty							
Gross premiums written	€ mn	9,951	9,522	4.5 %	23,945	23,408	2.3 %
Operating profit ²⁾	€ mn	1,147	895	28.2 %	1,859	1,864	(0.3) %
Combined ratio	%	96.3	98.9	(2.6) pts	98.4	98.8	(0.4) pts
Life/Health							
Statutory premiums	€ mn	14,124	11,766	20.0 %	29,480	24,779	19.0 %
Operating profit ²⁾	€ mn	713	990	(28.0) %	1,525	1,392	9.6 %
Cost-income ratio	%	96.0	93.8	2.2 pts	95.9	95.5	0.4 pts
Asset Management							
Operating revenues	€ mn	1,188	780	52.3 %	2,304	1,496	54.0 %
Operating profit ²⁾	€ mn	516	246	109.8 %	982	457	114.9 %
Cost-income ratio	%	56.6	68.5	(11.9) pts	57.4	69.5	(12.1) pts
Corporate and Other							
Total revenues	€ mn	138	124	11.3 %	266	241	10.4 %
Operating profit ²⁾	€ mn	(155)	(313)	(50.5) %	(406)	(497)	(18.3) %
Cost-income ratio (Banking)	%	103.7	166.9	(63.2) pts	105.7	135.3	(29.6) pts
BALANCE SHEET							
Total assets as of June 30, ⁵⁾	€ mn	621,839	584,045	6.5 %	621,839	584,045	6.5 %
Shareholders' equity as of June 30, ⁵⁾	€ mn	43,764	40,166	9.0 %	43,764	40,166	9.0 %
Non-controlling interests as of June 30, ⁵⁾	€ mn	2,169	2,121	2.3 %	2,169	2,121	2.3 %
SHARE INFORMATION							
Basic earnings per share	€	2.25	4.14	(45.7) %	5.69	4.21	35.2 %
Diluted earnings per share	€	2.21	4.13	(46.5) %	5.65	4.17	35.5 %
Share price as of June 30, ⁵⁾	€	81.85	87.15	(6.1) %	81.85	87.15	(6.1) %
Market capitalization as of June 30, ⁵⁾	€ bn	37.2	39.6	(6.1) %	37.2	39.6	(6.1) %
OTHER DATA							
Third-party assets under management as of June 30, ⁵⁾	€ bn	1,139	926	23.0 %	1,139	926	23.0 %

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

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

³⁾ Following the announcement of the sale on August 31, 2008, Dresdner Bank was classified as held for sale and discontinued operations. Therefore, all revenue and profit figures presented for our continuing business do not include the parts of Dresdner Bank that we sold to Commerzbank on January 12, 2009. Assets and liabilities of Dresdner Bank have been deconsolidated in the first quarter 2009. The loss from derecognition of discontinued operations amounted to € 395 mn and represents mainly the recycling of components of other comprehensive income. All income and expenses relating to the discontinued operations of Dresdner Bank have been reclassified and presented in a separate line item "Net loss from discontinued operations, net of income taxes" in the condensed consolidated income statements for all years presented in accordance with IFRS 5.

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

⁵⁾ 2009 figures as of December 31, 2009.

Executive Summary and Outlook

- Revenues up 10.8 %¹⁾ to € 25.4 billion.
- Strong operating profit of € 2,191 million.
- Net income at € 1.1 billion, reflecting low harvesting.
- Capital position strong, with 170 %²⁾ solvency ratio.

In the second quarter of 2010, we generated total revenues of € 25,389 million, representing growth of 10.8 % on an internal basis¹⁾. Operating profit increased by € 405 million to € 2,191 million, reaching its highest level since the second quarter of 2008. Net income amounted to € 1,085 million, a decrease of 42.5 % compared to € 1,887 million in 2009, largely due to lower realized gains in the current period.

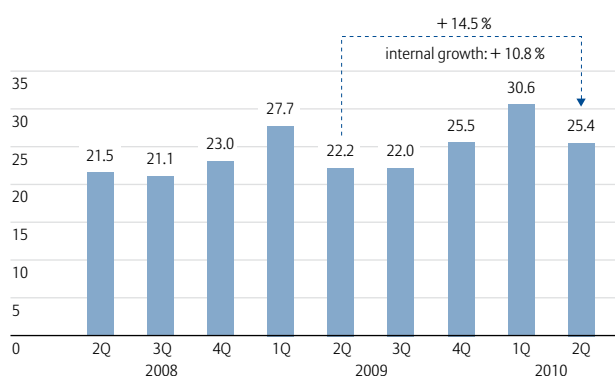
Earnings Summary

Total revenues³⁾

2010 to 2009 second quarter comparison

Total revenues

in € bn



¹⁾ Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 42 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

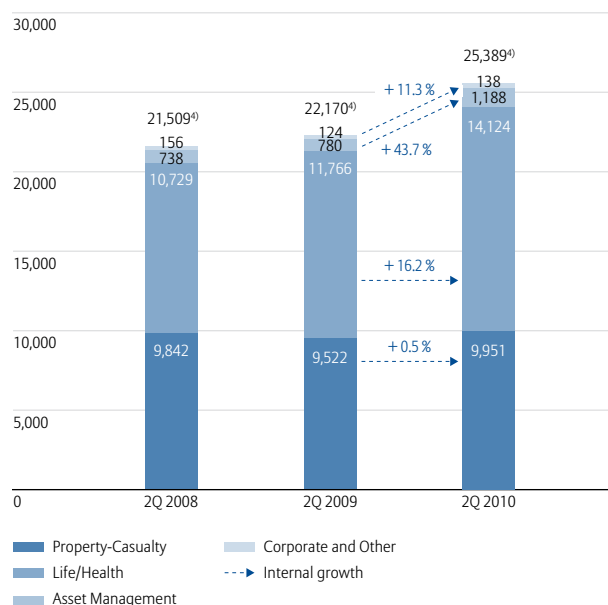
²⁾ Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. The solvency ratio excluding off-balance sheet reserves would be 161 % (2009: 155 %).

³⁾ Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

Life/Health, with internal growth of 16.2 %, delivered the majority of the total revenue growth. Asset Management continued to deliver outstanding growth with 43.7 %, while Property-Casualty premiums were flat.

Total revenues – Segments⁴⁾

in € mn



Gross written premiums from **Property-Casualty** operations were up 0.5 % on an internal basis, comprising a negative volume effect of 0.1 % and a positive price effect of 0.6 %, reflecting selective underwriting.

We grew **Life/Health** statutory premiums by 16.2 % on an internal basis, driven by a recovery of unit-linked sales and strong demand for traditional life products.

⁴⁾ Total revenues include € (12) mn, € (22) mn and € 44 mn from consolidation for 2Q 2010, 2009 and 2008, respectively.

Due to an exceptional performance, our **Asset Management** segment achieved very high revenue growth of 43.7 % on an internal basis, largely due to higher management and performance fees. Third-party assets under management amounted to € 1,139 billion, up € 213 billion compared to December 31, 2009. This growth resulted from high net inflows of € 60 billion, positive market effects of € 44 billion, and favorable foreign currency translation effects of € 118 billion. Total assets under management have now reached € 1,430 billion.

Total revenues from our Banking operations (reported in our **Corporate and Other** segment), increased by € 14 million to € 138 million on a nominal basis (internal growth of 11.3 %). The Allianz Bank in Germany, launched in June 2009, contributed to this development.

2010 to 2009 first half year comparison

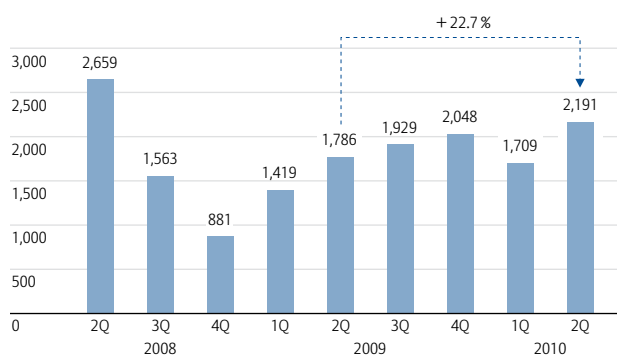
Total revenues amounted to € 55,956 million and increased by 10.0 % on an internal basis. While all segments contributed positively, Life/Health delivered the majority of this growth (€ 4,701 million) following strong demand for investment-oriented products combined with an increase in traditional life business revenues.

Operating profit

2010 to 2009 second quarter comparison

Operating profit

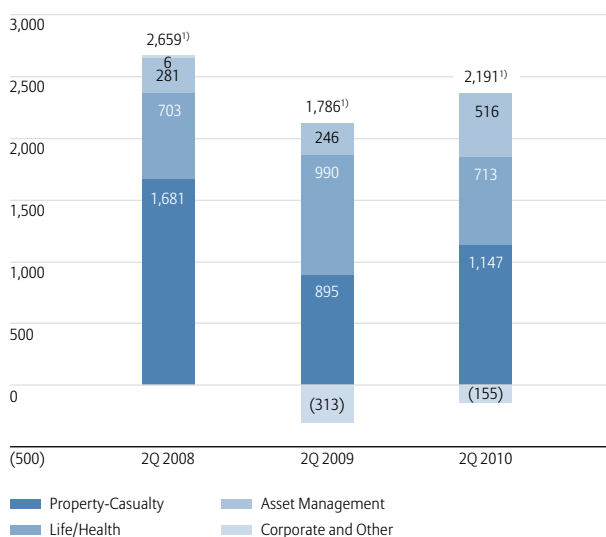
in € mn



Operating profit increased by 22.7 % from € 1,786 million to € 2,191 million.

Operating profit – Segments

in € mn



Operating profit from the **Property-Casualty** business of € 1,147 million was 28.2 % above the same period in the previous year. This positive development was due to an improved underwriting result and higher investment result. Our combined ratio improved by 2.6 percentage points to 96.3 %.

At € 713 million, **Life/Health** segment operating profit reached a strong level, and is fully in line with our expectations. Compared to the second quarter of 2009, which was our strongest ever quarter, 2010 was lower by 28.0 %. Last year's result was exceptionally high as positive market developments in the United States and France resulted in a higher fair value income.

Asset Management operating profit more than doubled, by 109.8 % to € 516 million. Strong growth in performance fees helped reduce the cost-income ratio by 11.9 percentage points to 56.6 %.

In the **Corporate and Other** segment, we recorded an operating loss of € 155 million compared to a loss of € 313 million for the second quarter of 2009. Part of this improvement is due to non-recurring Allianz Bank set-up costs in the second quarter of 2009 of € 84 million, combined with a higher foreign currency result.

¹⁾ Includes € (30) mn, € (32) mn and € (12) mn from consolidation for 2Q 2010, 2009 and 2008, respectively.

2010 to 2009 first half year comparison

Operating profit increased by 21.7 % to € 3,900 million (first half 2009: € 3,205 million). This was largely attributable to an additional contribution of € 525 million from Asset Management operating profit, and an increase in Life/Health operating profit of € 133 million. Corporate and Other operating loss also declined, while the Property-Casualty operating profit was flat.

Non-operating result

2010 to 2009 second quarter comparison

Non-operating items amounted to a loss of € 597 million, compared to a profit of € 548 million in the second quarter of 2009.

Non-operating income from financial assets and liabilities carried at fair value through income was down € 323 million, largely due to a € 264 million difference in the fair value measurement of The Hartford warrants. In October 2008 Allianz invested U.S. Dollar 2.5 billion in The Hartford, in the form of subordinated debentures, shares and warrants, which currently entitle Allianz to purchase 18% of The Hartford. Since the warrants represent a freestanding financial derivative they are measured at fair value through income. A decrease in the price of the underlying The Hartford shares in the second quarter of 2010 led to a negative fair value impact of € 167 million, compared to a positive impact of € 97 million in the previous quarter.

Realized gains decreased by € 778 million to € 181 million. In the second quarter of 2009 we booked gains of € 666 million from the sale of shares in the Industrial and Commercial Bank of China (ICBC) compared to € 115 million in the current quarter. As of June 30, 2010, gross ICBC unrealized gains amounted to € 628 million.

Expenses from fully consolidated private equity investments improved by € 86 million to € 15 million, mostly due to a one-off expense in the prior year on one of our fully consolidated private equity investments.

The outstanding performance in our Asset Management segment is the main driver of the € 65 million increase in acquisition-related expenses to € 110 million. When PIMCO was acquired, B-units were created entitling senior management to profit participation. Under the B-Unit plan,

Allianz has the right to call, while PIMCO senior management has the right to put, those B-units over several years. Fair value changes due to changes in underlying earnings are reflected in acquisition-related expenses. Distributions received by the senior management B-Unit holders are also included. With the acquisition of 24,993 B-units in 2010 we have now acquired 79.3 % of all outstanding B-units, reducing the number outstanding to 30,990.

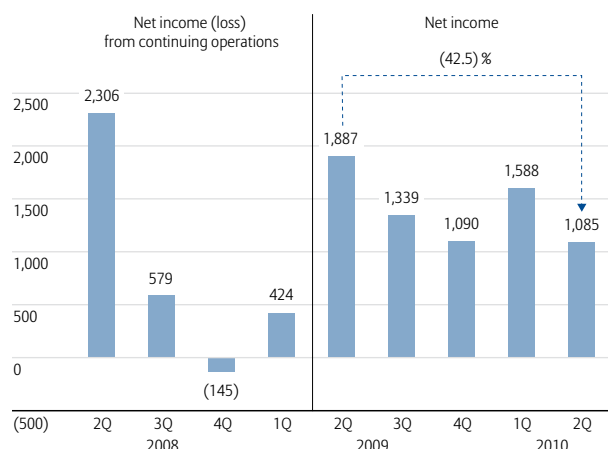
2010 to 2009 first half year comparison

For the first six months of 2010 we recorded a **non-operating loss** of € 338 million compared to a loss of € 426 million for the same period in 2009. Capital markets recovery led to much lower impairments. This was partly offset by lower realized gains and an increase in PIMCO B-unit expenses following outstanding performance in Asset Management.

Net income

2010 to 2009 second quarter comparison

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



Net income amounted to € 1,085 million, compared to € 1,887 million in the second quarter of 2009.

Net income attributable to shareholders decreased by € 852 million to € 1,017 million.

Despite a lower pre-tax income, the income tax expense increased by € 62 million to € 509 million. The effective tax rate of 32.0 % was impacted mainly by lower tax-exempted income.

Earnings per share¹⁾

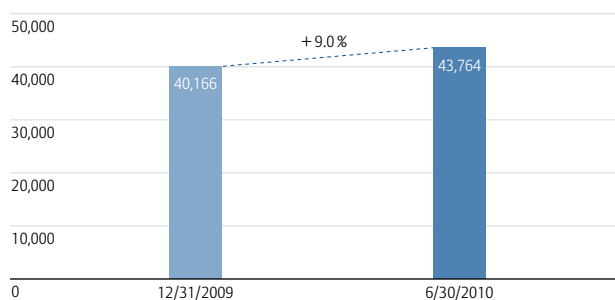
in €

**2010 to 2009 first half year comparison**

Net income of € 2,673 million exceeded the prior year's net result by € 757 million. € 395 million of this difference was attributable to the loss from discontinued operations due to the sale and deconsolidation of Dresdner Bank, recorded in the first quarter of 2009.

Shareholders' equity**Shareholders' equity²⁾**

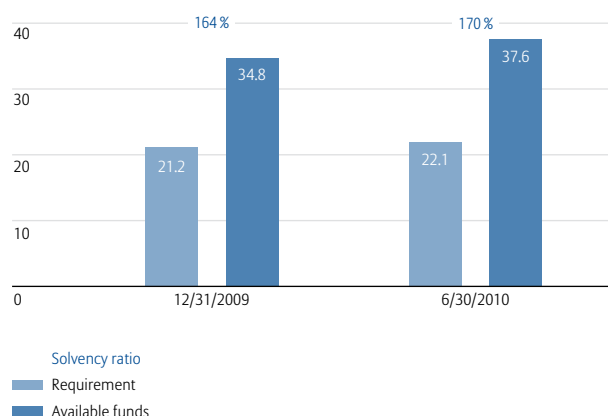
in € mn



As of June 30, 2010, shareholders' equity amounted to € 43,764 million, up 9.0 % from December 31, 2009. Net income attributable to shareholders and positive foreign currency translation effects increased our equity by € 2,567 million and € 2,331 million respectively. Unrealized gains grew by € 468 million. In the second quarter of 2010, Allianz SE paid dividends of € 1,850 million for the fiscal year 2009, which reduced equity.

Conglomerate solvency³⁾

in € bn



As of June 30, 2010, our eligible capital for solvency purposes, required for our insurance segments and our banking and asset management business, was € 37.6 billion, including off-balance sheet reserves of € 2.0 billion, surpassing the minimum legally stipulated level by € 15.5 billion. This margin resulted in a cover ratio of 170% at June 30, 2010. Eligible capital at June 30, 2010 also includes a deduction for accrued dividends of € 1.0 billion for the first six months of 2010, which represents 40% of net income attributable to shareholders. Our solvency position remains strong.

¹⁾ For further information please refer to note 37 of our condensed consolidated interim financial statements.

²⁾ Does not include non-controlling interests.

³⁾ Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. The solvency ratio excluding off-balance sheet reserves would be 161 % (2009: 155 %).

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

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Total revenues¹⁾	25,389	22,170	55,956	49,890
Premiums earned (net)	15,496	14,477	30,793	29,157
Operating investment result				
Interest and similar income	5,169	4,800	9,748	9,214
Operating income from financial assets and liabilities carried at fair value through income (net)	(50)	505	(14)	505
Operating realized gains/losses (net)	215	659	762	824
Interest expenses, excluding interest expenses from external debt	(139)	(131)	(268)	(303)
Operating impairments of investments (net)	(190)	(271)	(229)	(1,409)
Investment expenses	(215)	(185)	(392)	(353)
Subtotal	4,790	5,377	9,607	8,478
Fee and commission income	1,909	1,426	3,710	2,762
Other income	36	15	65	19
Claims and insurance benefits incurred (net)	(11,096)	(11,105)	(22,763)	(22,884)
Change in reserves for insurance and investment contracts (net)	(3,473)	(2,684)	(6,649)	(3,305)
Loan loss provisions	(9)	(24)	(21)	(39)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(4,806)	(5,167)	(9,597)	(9,967)
Fee and commission expenses	(629)	(552)	(1,228)	(1,043)
Operating restructuring charges	—	4	(1)	3
Other expenses	(29)	(1)	(32)	(2)
Reclassification of tax benefits	2	20	16	26
Operating profit (loss)	2,191	1,786	3,900	3,205
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(185)	138	(102)	38
Non-operating realized gains/losses (net)	181	959	944	1,213
Non-operating impairments of investments (net)	(187)	(144)	(239)	(896)
Subtotal	(191)	953	603	355
Income from fully consolidated private equity investments (net)	(15)	(101)	(52)	(157)
Interest expenses from external debt	(220)	(214)	(442)	(452)
Acquisition-related expenses	(110)	(45)	(308)	(54)
Amortization of intangible assets	(17)	(11)	(34)	(15)
Non-operating restructuring charges	(42)	(14)	(89)	(77)
Reclassification of tax benefits	(2)	(20)	(16)	(26)
Non-operating items	(597)	548	(338)	(426)
Income (loss) from continuing operations before income taxes	1,594	2,334	3,562	2,779
Income taxes	(509)	(447)	(889)	(468)
Net income (loss) from continuing operations	1,085	1,887	2,673	2,311
Net income (loss) from discontinued operations, net of income taxes	—	—	—	(395)
Net income (loss)	1,085	1,887	2,673	1,916
Net income (loss) attributable to:				
Non-controlling interests	68	18	106	18
Shareholders	1,017	1,869	2,567	1,898

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

Risk Management

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

For further information, we refer you to the risk report in our 2009 Annual Report.

Events After the Balance Sheet Date

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

Between July 13 and July 15, 2010, the thunderstorms “Norina” and “Olivia” caused damages in parts of western Europe, mainly in France, Benelux and northern and western Germany. Based on the current information, net claims are expected to amount to approximately € 35 million before income taxes.

On July 16 and 17, 2010, the hail storm “Petra” hit parts of southern Germany and Austria. Based on current information, net claims are expected to amount to approximately € 30 million before income taxes.

Outlook

Economic Outlook

Emerging from the crisis

Thanks to expansionary monetary and fiscal policies that have been unparalleled on a global scale, the world economy freed itself from recession last year and gained growth momentum in the first half of 2010. Although economic dynamics are very disparate across different regions, the economic recovery is set to continue in the remainder of 2010. However, in a host of countries it will take several years before output is back to pre-crisis levels. The financial markets are likely to remain susceptible to noise and the ongoing need for adjustment and consolidation, meaning that financial service providers will continue to operate in an uncertain environment.

More moderate economic growth as base scenario

The first half of 2010 was overshadowed by the Euro area sovereign debt crisis. The widening of credit spreads seen in individual member countries (first and foremost in Greece, Portugal, Ireland and Spain) was, at least in the early stages, mainly driven by uncertainties surrounding Greece’s fiscal austerity measures and the support efforts by the IMF and the E.U. In spite of the commitment to provide up to € 110 billion to support Greece, and the much less problematic fiscal and credibility picture in other Euro area countries, risk premiums have remained at very high levels. The Greek debt crisis was increasingly threatening to become a Euro crisis, with unforeseeable repercussions for the European economy as a whole. That is why, in May, 2010, the Eurozone member countries together with the E.U. and the IMF agreed on a € 750 billion rescue package. However, the huge sum involved will not itself be the key to its success. Above all, it is essential now that, firstly, the debt-laden countries forge ahead with rigorous and credible reforms and, secondly, that the European Union gives its fiscal discipline an institutional anchor. It must be plain that the Stability and Growth Pact will be massively reinforced. A deficit cap, medium-term spending rules and swifter deficit procedures spring to mind. If the will for fiscal discipline in the E.U. is supported by credible actions, long-term confidence in the Euro will be restored.

Our base scenario is that in the coming years the necessary consolidation efforts of the highly indebted countries – not only those within the Euro area, but also outside – will weigh on the economic prospects and as a consequence growth will be more moderate than in the years before the crisis.

Current economic data such as industrial production point to a quite strong economic performance on a global level in the second quarter of 2010. However, the second quarter might already have represented the peak in quarterly GDP growth rates. In the coming quarters we expect a more moderate economic development, but no relapse into recession. The world economy is likely to see growth in the region of 3.5 % in 2010. The picture in the industrial countries is not quite so favorable. Growth of 2 to 2.5 % this year will still not fully offset last year's drop of almost 3.5 %. The importance of the emerging markets in the world economy has continued to grow, even throughout the crisis. They have become the global growth engine. Their overall output is set to rise by almost 6.5 % in 2010 following an increase of close to 1 % in 2009.

Economies without seriously over-indebted private and public sectors will tend to recover more quickly than countries where consolidation is of the essence. This also explains why the emerging but, in some cases, heavily indebted economies of Eastern Europe are getting back into stride more slowly than the Asian emerging markets with their surpluses. The robust performance in key Latin American countries such as Brazil is a positive surprise. The U.S. economy shook off the crisis in the second half of 2009 and has recorded moderate growth in the first half of 2010. In Europe, the German economy is likely to record a considerably above-average performance this year, with particularly strong growth to be expected in the second and third quarters.

The sovereign debt crisis in several Euro area countries considerably increased the uncertainty on financial markets. First and foremost, the flight to safety triggered a further slide in German government bond yields. We do not expect yields to languish permanently at historically low levels: we anticipate a slight pickup in inflation, government bond issuance weighing heavily on capital markets and a gradual reining in of expansionary monetary policy. In an overall friendly economic environment, all of this will serve to push up capital market yields, once risk aversion has declined. In the case of the Euro area, we expect to see 10-year government benchmark bond yields rising to slightly above 3 % by the end of this year. On the back of higher capacity utilization in the corporate sector, rising profits will help to underpin the stock market. However, uncertainty about the medium term economic growth outlook can dampen strong stock market gains.

Outlook for the Allianz Group

The Allianz Group remains strongly capitalized, with a solvency ratio of 170 %.

Based on the strong results we posted for the first half, we are well on track to achieve our published outlook for Allianz Group operating profit for 2010 of around € 7.2 billion, plus or minus € 0.5 billion.

However, it would be inappropriate to predict operating profit for the whole year by simply doubling the first half year operating profit of € 3.9 billion. Positive and negative business developments that significantly exceeded expectations in the first half of 2010 may not recur or continue at the same levels in the second half.

Despite our Property-Casualty business being burdened with an unusually high level of losses from natural catastrophes in the first six months and challenging market conditions in a number of our core markets, there was a positive development in our underlying accident year loss ratio excluding natural catastrophes that keeps achievement of our targets for 2010 within reach.

In Life/Health, we benefited from strong top line growth that might not continue in the second half of this year, and the segment faces a challenging low interest rate environment. We believe that the operating profit for the whole year will reach the expected range, although results in the segment can still be significantly impacted by capital market volatility.

In Asset Management, third-party assets under management and operating profit grew strongly in the first six months. Due to the volatility in the capital markets we cannot forecast a repeat of this outstanding performance in the second half of 2010.

The operating profit outlook for the Corporate and Other segment together with consolidation effects remain consistent with the original guidance. For full details of the assumptions and sensitivities on which our outlook is based, please refer to the Allianz Group Annual Report 2009.

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

Property-Casualty Insurance Operations

- Gross premiums written increased slightly to € 9,951 million.
- Operating profit was up by 28.2% to € 1,147 million.
- Combined ratio improved by 2.6 percentage points to 96.3%.

Earnings Summary

Gross premiums written¹⁾

2010 to 2009 second quarter comparison

Gross premiums written increased by 0.5% on an internal basis, predominantly driven by a favorable price effect of 0.6%. This effect stemmed mainly from the credit insurance business (up by 14.8%), the United Kingdom (up by 3.5%) and Australia (up by 3.0%). The positive price effect was partially offset by a 0.1% decline in volume, largely attributable to our operations in Italy (down by 6.4%), Central and Eastern Europe (down by 11.6%) and the credit insurance business (down by 13.4%).

On a nominal basis, revenues increased by 4.5% or € 429 million, of which € 378 million were attributable to a positive foreign currency translation effect, largely due to the weakening of the Euro versus the Australian Dollar, the Brazilian Real and the U.S. Dollar.

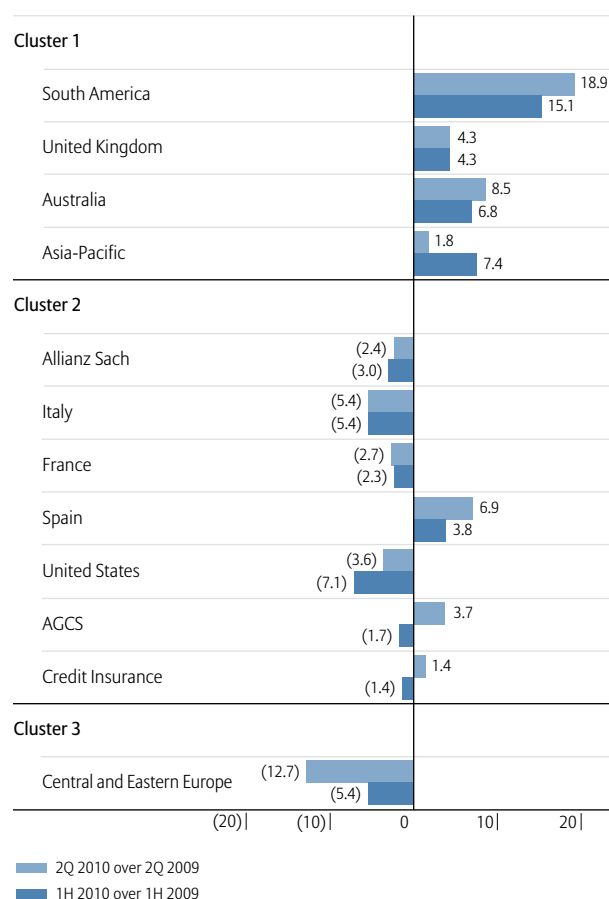
We analyze our property-casualty internal premium growth according to 'price' and 'volume' effects. This produces the following clusters:

Cluster 1: Both price and volume effects are positive

Cluster 2: Either price or volume effects are positive

Cluster 3: Both price and volume effects are negative

Gross premiums written – Internal growth rates²⁾ in %



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

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

Cluster 1

In **South America**, gross premiums written stood at € 383 million. All countries contributed positively to the premium growth of 18.9%. Growth in Brazil mainly stemmed from health, which is reported within the Property-Casualty business, and other non-motor commercial business (marine, aviation, transport, fire and engineering insurance). Including positive foreign currency translation effects of € 68 million, premiums grew by 44.5% on an nominal basis.

In the **United Kingdom** we recorded revenues of € 528 million. Adjusted for a positive foreign currency effect of € 16 million, premiums went up by 4.3% on an internal basis. This was mainly driven by an increase in policy count in commercial lines and new corporate partnerships. Higher rates in the retail business partially offset a lower policy count due to ongoing portfolio cleaning. We estimate the positive price effect to be 3.5%.

Gross premiums written in **Australia** amounted to € 555 million. Internal growth, excluding a favorable foreign currency translation effect of € 109 million, was 8.5%. Volumes increased, in particular in our motor and property business and prices were higher following 2009 rate increases. We estimate the positive price effect to be 3.0%.

Gross premiums written in **Asia-Pacific** amounted to € 130 million. Growth of 1.8% was mostly volume driven, and stemmed largely from our Malaysian operations (particularly from the motor business). The positive price effect amounted to 0.7%. On a nominal basis, premiums increased by 4.0%, including the effect of the transfer of Allianz Fire and Marine Insurance Japan from Asia-Pacific to AGCS, which was more than compensated by a positive foreign currency translation effect.

Cluster 2

At **Allianz Sach** revenues fell by 2.4% to € 1,642 million. Despite a positive volume development, the overall decline was mainly driven by our non-motor business, particularly attributable to our liability and commercial property insurance business. Motor business also declined, mainly due to ongoing portfolio cleaning in fleets and reduced car pools in commercial lines. We estimate the negative price effect to be 3.4%, predominantly driven by non-motor commercial business.

In **Italy** we recorded revenues of € 1,023 million. The decline in premiums of 5.4% was predominantly driven by a decrease in our non-motor business as small- and medium-sized commercial businesses continued to be burdened by the effects of the economic recession. We strictly observed our selective underwriting approach and undertook further portfolio cleaning and re-pricing, which resulted in some volume decrease. In motor business, significant tariff increases were implemented in the last quarter of 2009 to compensate for the impacts of the so-called “Bersani law” and “Milan tables” (new tables for bodily injury claims). However, these price increases could not compensate for declining volume. The estimated positive price effect on premiums written was 1.0%.

We recorded gross premiums written of € 714 million in **France**, down by 2.7%. The decrease was mostly volume driven, largely attributable to our commercial lines, in particular due to portfolio cleaning in fleets business. In personal lines premiums grew due to strong price increases. Overall, we estimate the positive price effect on premiums written to be 2.4%.

In **Spain**, revenues increased by 6.9% to € 526 million. This stemmed from higher volume resulting from good cycle management and the recovery of private car sales supported by car scrapping incentives from the end of 2009. Rates fell however, as economic recession continued to put prices under pressure, especially in the highly competitive commercial lines. Despite the negative price impact – which we estimate at around 0.9% – our Spanish operation is one of our most profitable businesses.

In the **United States** revenues amounted to € 805 million. Adjusting for a positive foreign currency translation impact of € 54 million, revenues declined by 3.6% on an internal basis. This development was driven by lower volume, mainly observed in our commercial and personal business lines due to continued soft market conditions, the economic recession and selective underwriting. The decrease in volume was partially offset by our crop insurance business which contributed positively. We estimate the overall price effect to be positive at 1.3%, due to rate increases in personal lines.

At **AGCS**, premiums were € 952 million. Overall, the price effect was negative at around 2.2%, with almost all of our business lines being affected. On a nominal basis revenues increased by 6.8%, including the transfer of Allianz Fire and Marine Insurance in Japan from Asia-Pacific to AGCS.

In our **credit insurance business** premiums increased by 1.4% to € 427 million. Volume was down by 13.4% following a deliberate and drastic reduction of our exposure in high-risk classes as well as a fall in the business turnover of our customers. At the same time, we increased prices, and estimate this positive effect to be 14.8%.

Cluster 3

In **Central and Eastern Europe**, revenues amounted to € 608 million. On an internal basis, excluding a positive foreign currency translation impact of € 36 million, the decrease was 12.7%. Motor business declined due to high competition in the market combined with selective underwriting and the ongoing effects of the economic recession, mainly observed in the Hungarian and the Czech markets. In addition, we discontinued some large industrial contracts in Russia where we also suffered from a fall in new car sales and reduced premium levels. Overall, the price effect was negative at 1.1%.

2010 to 2009 first half year comparison

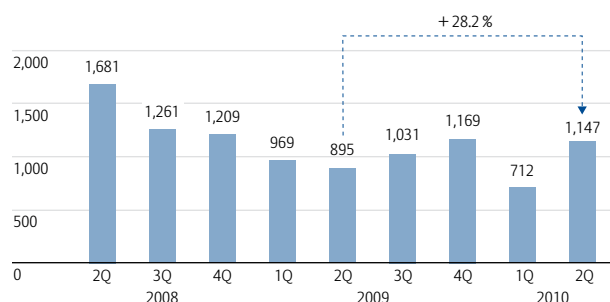
Gross premiums written on an internal basis remained largely flat (down by 0.1%). This is explained by a 0.5% reduction in volume and a positive price effect of 0.4%. On a nominal basis, revenues increased by 2.3% mainly driven by favorable foreign currency translation effects amounting to € 563 million. We recorded no changes in the scope of consolidation.

Operating profit

2010 to 2009 second quarter comparison

Operating profit

in € mn



Operating profit increased by 28.2%, or € 252 million, to € 1,147 million. This development was attributable to a higher underwriting and a higher investment result.

The underwriting result increased by € 217 million to € 286 million. Here we benefited from a favorable premium development and a favorable prior year claims development, which more than offset the much higher losses from natural catastrophes compared to the previous year.

Net investment income increased by 7.9% to € 844 million, primarily driven by higher income from equities.

The **combined ratio** decreased by 2.6 percentage points and stood at 96.3% compared to 98.9% in 2009. Our accident year loss ratio increased slightly by 0.1 percentage points to 72.8%, while the expense ratio declined by 0.6 percentage points to 27.7%. We recorded a favorable run-off ratio of 4.2%.

The **accident year loss ratio** amounted to 72.8%. Of this, 2.6 percentage points (€ 255 million) were due to natural catastrophes, in particular from the tornado in Saxony (Germany), flooding in Central and Eastern Europe and a hailstorm and flash floods in France. Natural catastrophes in the previous year period accounted for 1.1 percentage points of the 72.7% accident year loss ratio. Without the impact of natural catastrophes, our accident year loss ratio decreased by 1.4 percentage points. This mainly reflected the impact of favorable development in our credit insurance business, lower level of large claims and a reduction in frequency and severity in total.

Contributions to the adverse development of our accident year loss ratio came mainly from:

- Our businesses in Central and Eastern Europe accounted for 0.8 percentage points of negative impact on the accident year loss ratio development. This was largely driven by bad weather conditions mainly in Hungary, Poland, Slovakia and the Czech Republic.
- Our reinsurance business added 0.6 percentage points to the increase in our accident year loss ratio. This was mainly driven by the extraordinarily high level of ceded claims from our operating entities due to natural catastrophes.
- France contributed to the accident year loss ratio development with 0.4 percentage points. The hailstorm and flash floods caused high net losses. Moreover, 2009 average claims costs were rather low and returned in 2010 to the 2008 level. Both effects were partly offset by a lower impact from large and weather-related claims.
- In the United States we recorded a higher level of natural catastrophe losses, including losses from the Nashville flood and Midwest winds. In addition, we recorded a slight increase in claims cost for general third-party liability which was not compensated by price increases. Our crop insurance business contributed positively. Overall, this added 0.4 percentage points to our accident year loss ratio development.

Positive contributions to the accident year loss ratio development came from the following operating entities:

- Our operations in Germany contributed 0.7 percentage points to the development of our accident year loss ratio. The local accident year loss ratio in Germany decreased by 3.9 percentage points due to an overall lower level of losses from natural catastrophes – even taking into account the tornado in Saxony – and large claims. Also, average claims costs in 2009 were higher due to tap water claims recorded in the second quarter.

- The credit insurance business also contributed positively to our accident year loss ratio development. We again recorded a sharp decline in claims frequency following the drastic risk and commercial actions taken since the end of 2007. In addition, there were no large claims. The impact on our accident year loss ratio development was a reduction of 0.7 percentage points.
- The Italian business contributed a favorable impact of 0.2 percentage points to our accident year loss ratio development, reflecting losses from the earthquake in the Abruzzo mountains from April 2009, as well as strong price increases in our motor third-party liability. Whereas, the so-called “Milan tables” had a negative impact of 2.5 percentage points on the local accident year loss ratio.

The **expense ratio** decreased by 0.6 percentage points to 27.7%.

Acquisition and administrative expenses increased only on a nominal basis by 1.2% or € 31 million to € 2,688 million. Adjusted for an unfavorable foreign currency translation effect of € 88 million, overall costs were down as we reduced our administrative expenses especially in France, Italy and Germany.

Operating net investment income

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Interest and similar income	960	932	1,839	1,865
Operating income from financial assets and liabilities carried at fair value through income (net)	(21)	(14)	(12)	48
Operating realized gains/losses (net)	3	20	12	16
Interest expenses	(19)	(26)	(44)	(60)
Operating impairments of investments (net)	(6)	(4)	(6)	(66)
Investment expenses	(54)	(62)	(109)	(116)
Change in reserves for insurance and investment contracts (premium refunds)	(19)	(64)	(62)	(54)
Operating net investment income	844	782	1,618	1,633

Net investment income increased by 7.9% to € 844 million.

Interest and similar income exceeded the previous year's result by € 28 million and amounted to € 960 million. The development was mainly driven by higher income on equities, mostly from associated entities. The development of interest income on debt securities was flat as the decline in yields was compensated by the increase in our debt portfolio value. Net of lower interest expenses, the increase was € 35 million.

2010 to 2009 first half year comparison

Operating profit was basically flat with a decline of 0.3% to € 1,859 million. On a six-month basis we recorded a higher underwriting result, up by € 50 million to € 203 million, and lower operating net investment income, down by € 15 million to € 1,618 million.

Our **combined ratio** was down by 0.4 percentage points to 98.4%. Here, 4.3 percentage points were related to the exceptionally high load from natural catastrophes. A large number of weather-related losses amounted to additional 0.5 percentage points. Overall we benefited from favorable releases of prior years' loss reserves to the tune of 3.9 percentage points effect.

The **expense ratio** decreased by 0.1 percentage points to 27.9%.

Property-Casualty segment information

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Gross premiums written¹⁾	9,951	9,522	23,945	23,408
Ceded premiums written	(1,076)	(985)	(2,425)	(2,355)
Change in unearned premiums	814	828	(2,418)	(2,356)
Premiums earned (net)	9,689	9,365	19,102	18,697
Interest and similar income	960	932	1,839	1,865
Operating income from financial assets and liabilities carried at fair value through income (net)	(21)	(14)	(12)	48
Operating realized gains/losses (net)	3	20	12	16
Fee and commission income	282	270	536	542
Other income	4	5	8	8
Operating revenues	10,917	10,578	21,485	21,176
Claims and insurance benefits incurred (net)	(6,645)	(6,608)	(13,467)	(13,241)
Change in reserves for insurance and investment contracts (net)	(89)	(95)	(173)	(125)
Interest expenses	(19)	(26)	(44)	(60)
Loan loss provisions	—	(2)	—	(8)
Operating impairments of investments (net)	(6)	(4)	(6)	(66)
Investment expenses	(54)	(62)	(109)	(116)
Acquisition and administrative expenses (net)	(2,688)	(2,657)	(5,321)	(5,232)
Fee and commission expenses	(264)	(229)	(501)	(463)
Other expenses	(5)	—	(5)	(1)
Operating expenses	(9,770)	(9,683)	(19,626)	(19,312)
Operating profit	1,147	895	1,859	1,864
Loss ratio ²⁾ in %	68.6	70.6	70.5	70.8
Expense ratio ³⁾ in %	27.7	28.3	27.9	28.0
Combined ratio⁴⁾ in %	96.3	98.9	98.4	98.8

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 June 30,	Gross premiums written				Premiums earned (net)		Operating profit/ loss		Combined ratio		Loss ratio		Expense ratio	
	2010 € mn	2009 € mn	internal ¹⁾		2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 %	2009 %	2010 %	2009 %	2010 %	2009 %
			2010 € mn	2009 € mn										
Germany	1,642	1,682	1,642	1,682	1,809	1,820	149	54	100.4 ²⁾	106.2	72.3 ²⁾	77.7	28.1	28.5
Switzerland	137	126	128	126	339	312	50	38	91.9	91.5	72.8	68.0	19.1	23.5
Austria	199	198	199	198	176	169	20	20	93.5	95.1	67.9	73.3	25.6	21.8
German Speaking Countries	1,978	2,006	1,969	2,006	2,324	2,301	219	112	98.6	103.3	72.1	76.1	26.5	27.2
Italy	1,023	1,085	1,023	1,081	984	1,054	82	94	100.7	100.9	77.4	74.9	23.3	26.0
France	714	734	714	734	768	776	42	4	103.8	106.2	76.8	76.5	27.0	29.7
Spain	526	492	526	492	458	447	58	74	92.7	89.4	72.2	68.5	20.5	20.9
South America	383	265	315	265	272	200	25	14	98.4	99.8	65.7	64.8	32.7	35.0
Netherlands	203	214	203	214	201	199	24	12	93.8	99.9	63.4	68.6	30.4	31.3
Turkey	131	103	120	103	85	64	4	1	102.4	108.0	75.1	81.5	27.3	26.5
Belgium	85	76	85	76	68	67	13	16	93.9	92.1	61.3	56.3	32.6	35.8
Portugal	67	66	67	66	60	59	9	11	92.1	90.8	68.0	65.6	24.1	25.2
Greece	27	24	27	24	21	17	4	3	84.9	90.7	52.3	56.9	32.6	33.8
Africa	19	17	19	17	11	11	1	1	99.6	96.1	55.9	51.1	43.7	45.0
Europe incl. South America	3,178	3,076	3,099	3,072	2,928	2,894	266³⁾	234³⁾	99.2	100.1	73.5	72.6	25.7	27.5
United States ⁴⁾	805	786	751	779	643	702	40	88	107.3	99.7	73.8	67.5	33.5	32.2
Mexico	56	50	49	50	22	20	2	1	99.5	90.1	67.7	65.0	31.8	25.1
NAFTA Markets	861	836	800	829	665	722	42	89	106.9	99.4	73.5	67.4	33.4	32.0
Allianz Global Corporate & Specialty ⁵⁾	952	891	952	918	710	557	120	149	93.5	88.0	65.2	62.9	28.3	25.1
Reinsurance PC	730	810	730	810	784	780	119	112	89.3	90.7	66.4	66.2	22.9	24.5
United Kingdom	528	491	512	491	438	406	49	53	94.2	94.0	59.6	60.5	34.6	33.5
Credit Insurance	427	421	427	421	285	293	123	(33)	67.4	118.9	36.9	92.9	30.5	26.0
Australia	555	411	446	411	403	291	117	71	85.0	88.6	59.2	63.4	25.8	25.2
Ireland	173	154	173	154	146	145	14	—	99.6	110.4	77.6	82.9	22.0	27.5
ART	156	75	146	75	29	49	11	14	68.0	108.5	3.6	60.6	64.4	47.9
Global Insurance Lines & Anglo Markets	3,521	3,253	3,386	3,280	2,795	2,521	553	366	88.6	95.2	60.9	68.2	27.7	27.0
Russia	165	196	146	196	145	132	(2)	12	107.8	94.1	66.3	53.3	41.5	40.8
Hungary	83	97	80	97	91	104	10	20	99.0	80.1	62.5	51.6	36.5	28.5
Poland	111	94	100	94	83	71	(7)	3	111.8	101.8	74.2	65.4	37.6	36.4
Slovakia	76	81	76	81	72	79	4	21	101.9	75.0	73.2	48.6	28.7	26.4
Romania	57	73	57	73	40	37	—	1	109.3	98.4	89.6	70.1	19.7	28.3
Czech Republic	64	63	62	63	51	55	7	8	92.2	82.4	64.9	60.0	27.3	22.4
Croatia	22	22	21	22	18	20	2	1	94.2	99.3	59.2	62.2	35.0	37.1
Bulgaria	26	26	26	26	14	14	3	—	83.5	104.6	52.9	61.2	30.6	43.4
Kazakhstan	2	2	2	2	2	2	(1)	(1)	134.6	236.2	54.8	95.9	79.8	140.3
Ukraine	2	1	2	1	1	1	—	(1)	105.0	140.0	4.8	35.0	100.2	105.0
Central and Eastern Europe ⁶⁾	608	655	572	655	517	515	11	59	103.7	89.6	68.8	56.4	34.9	33.2
Asia-Pacific (excl. Australia) ⁵⁾	130	125	112	110	73	62	10	6	91.7	97.8	62.5	66.3	29.2	31.5
Middle East and North Africa	21	16	18	14	11	9	1	2	104.6	134.3	69.8	71.2	34.8	63.1
Growth Markets	759	796	702	779	601	586	22	67	102.2	91.1	68.1	57.7	34.1	33.4
Assistance (Mondial)	376	345	376	346	364	327	24	27	95.6	98.8	59.9	60.9	35.7	37.9
Consolidation ⁷⁾	(722)	(790)	(759)	(791)	12	14	21	—	—	—	—	—	—	—
Total	9,951	9,522	9,573	9,521	9,689	9,365	1,147	895	96.3	98.9	68.6	70.6	27.7	28.3

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

²⁾ Net change of reserves related to savings component of UBR-business now included in claims (claims reduction of € 17 mn for 6M 2010 and of € 6 mn for 2Q 2010). Prior periods have not been retrospectively adjusted.

³⁾ Contains € 7 mn and € 7 mn for 6M 2010 and 6M 2009, respectively from a management holding located in Luxembourg (€ 3 mn and € 4 mn for 2Q 2010 and 2Q 2009, respectively) and also € 1 mn and € 1 mn for 6M 2010 and 6M 2009, respectively from AGF UK (€ 1 mn and € — mn for 2Q 2010 and 2Q 2009, respectively).

Six months ended June 30,	Gross premiums written				Premiums earned (net)		Operating profit/ loss		Combined ratio		Loss ratio		Expense ratio	
	2010 € mn	2009 € mn	internal ¹⁾		2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 %	2009 %	2010 %	2009 %	2010 %	2009 %
			2010 € mn	2009 € mn										
Germany	5,542	5,716	5,542	5,716	3,596	3,598	318	332	100.1 ²⁾	100.6	72.2 ²⁾	72.4	27.9	28.2
Switzerland	1,001	959	971	959	683	652	82	84	93.9	92.6	73.8	70.3	20.1	22.3
Austria	531	537	531	537	349	350	41	38	94.3	95.4	68.2	71.4	26.1	24.0
German Speaking Countries	7,074	7,212	7,044	7,212	4,628	4,600	441	454	98.7	99.0	72.1	72.0	26.6	27.0
Italy	1,968	2,088	1,968	2,081	1,969	2,117	151	205	100.9	99.9	76.5	75.3	24.4	24.6
France	1,860	1,904	1,860	1,904	1,547	1,558	51	(67)	105.3	110.1	78.5	81.8	26.8	28.3
Spain	1,194	1,150	1,194	1,150	909	899	130	150	90.8	89.5	70.7	69.3	20.1	20.2
South America	716	523	602	523	513	383	49	31	98.2	100.1	66.0	66.4	32.2	33.7
Netherlands	529	526	529	526	407	397	25	27	99.5	99.6	69.5	69.1	30.0	30.5
Turkey	268	227	252	227	160	127	8	2	102.9	110.7	75.5	84.4	27.4	26.3
Belgium	195	190	195	190	133	131	21	23	97.9	96.0	63.7	60.3	34.2	35.7
Portugal	152	147	152	147	121	119	16	21	94.1	90.9	69.7	65.3	24.4	25.6
Greece	58	47	58	47	40	29	8	6	86.7	88.4	54.2	57.2	32.5	31.2
Africa	47	44	47	44	19	18	3	3	96.0	94.7	59.4	59.2	36.6	35.5
Europe incl. South America	6,987	6,846	6,857	6,839	5,818	5,778	470³⁾	409³⁾	99.9	101.0	74.0	74.7	25.9	26.3
United States ⁴⁾	1,443	1,574	1,429	1,539	1,222	1,464	80	190	107.0	99.0	70.8	65.9	36.2	33.1
Mexico	98	100	89	100	42	40	4	5	99.5	91.1	69.1	66.2	30.4	24.9
NAFTA Markets	1,541	1,674	1,518	1,639	1,264	1,504	84	195	106.7	98.8	70.7	65.9	36.0	32.9
Allianz Global Corporate & Specialty ⁵⁾	2,129	2,084	2,129	2,165	1,400	1,138	243	303	93.5	86.0	66.9	63.0	26.6	23.0
Reinsurance PC	2,378	2,294	2,378	2,294	1,579	1,552	60	115	99.1	98.2	76.1	71.3	23.0	26.9
United Kingdom	991	924	964	924	848	790	91	98	95.3	95.0	61.1	61.8	34.2	33.2
Credit Insurance	939	952	939	952	552	603	174	(24)	79.1	116.7	47.1	88.5	32.0	28.2
Australia	995	738	788	738	756	544	137	100	96.8	96.8	71.4	71.9	25.4	24.9
Ireland	367	344	367	344	281	287	8	(5)	106.5	111.4	85.1	83.8	21.4	27.6
ART	346	155	331	155	78	94	21	27	72.9	96.0	29.1	53.4	43.8	42.6
Global Insurance Lines & Anglo Markets	8,145	7,491	7,896	7,572	5,494	5,008	734	614	94.8	97.7	67.7	70.4	27.1	27.3
Russia	362	365	330	365	275	264	(3)	19	106.7	95.5	64.1	54.5	42.6	41.0
Hungary	246	244	229	244	188	205	26	37	95.9	91.9	62.4	64.4	33.5	27.5
Poland	214	180	192	180	165	141	(4)	7	105.8	100.5	71.1	63.7	34.7	36.8
Slovakia	194	203	194	203	146	155	20	42	92.9	77.1	65.3	49.5	27.6	27.6
Romania	119	149	117	149	78	72	1	1	103.8	102.4	82.9	77.4	20.9	25.0
Czech Republic	139	140	132	140	101	106	13	21	92.1	81.2	68.3	60.2	23.8	21.0
Croatia	49	49	48	49	37	39	4	2	95.1	101.5	61.1	64.5	34.0	37.0
Bulgaria	43	45	43	45	34	33	8	5	79.8	88.6	48.9	53.5	30.9	35.1
Kazakhstan	20	4	20	4	4	3	1	(2)	77.6	186.2	24.6	66.5	53.0	119.7
Ukraine	4	4	4	4	2	4	—	(1)	110.7	132.6	28.7	44.2	82.0	88.4
Central and Eastern Europe ⁶⁾	1,390	1,383	1,309	1,383	1,030	1,022	56	121	99.8	92.1	66.1	59.5	33.7	32.6
Asia-Pacific (excl. Australia) ⁵⁾	252	251	231	215	135	126	21	11	91.5	98.7	61.7	62.9	29.8	35.8
Middle East and North Africa	40	35	38	31	21	17	—	2	110.9	136.9	75.5	68.6	35.4	68.3
Growth Markets	1,682	1,669	1,578	1,629	1,186	1,165	77	134	99.1	93.5	65.8	60.0	33.3	33.5
Assistance (Mondial)	773	695	773	695	697	622	42	40	96.3	98.1	60.7	61.1	35.6	37.0
Consolidation ⁷⁾	(2,257)	(2,179)	(2,284)	(2,179)	15	20	11	18	—	—	—	—	—	—
Total	23,945	23,408	23,382	23,407	19,102	18,697	1,859	1,864	98.4	98.8	70.5	70.8	27.9	28.0

⁴⁾ Fireman's Fund's reserve strengthening for asbestos and environmental risks of U.S. Dollar 301 mn (Euro equivalent € 237 mn converted at the average exchange rate of the second quarter) has no impact on the financial results of Allianz Group and Fireman's Fund's combined ratio under IFRS.

⁵⁾ From 1Q 2010 onwards, Allianz Fire and Marine Insurance Japan Ltd. is shown within AGCS. Prior year balances have not been adjusted.

⁶⁾ Contains income and expense items from a management holding.

⁷⁾ Represents elimination of transactions between Allianz Group companies in different geographic regions.

Life/Health Insurance Operations

- Strong revenue growth of 16.2%¹⁾.
- Operating profit of € 713 million, down 28.0% compared to an exceptional prior year quarter.

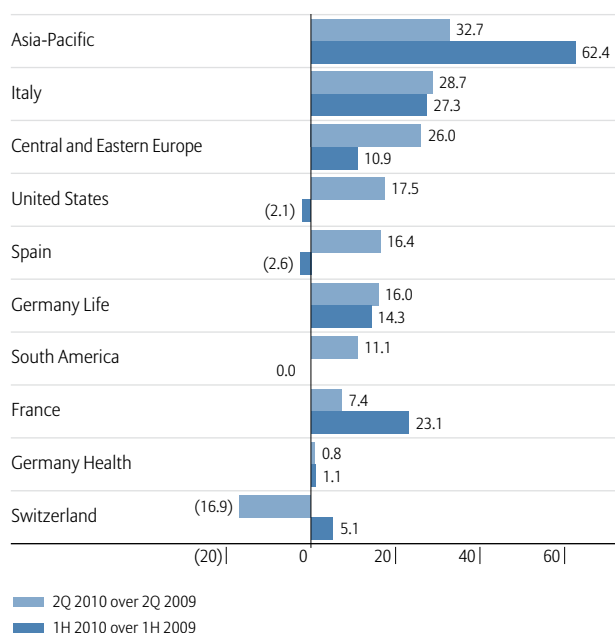
Earnings Summary

Statutory premiums¹⁾

2010 to 2009 second quarter comparison

Statutory premiums grew by 16.2% on an internal basis. The recovery of unit-linked sales and a return in demand for traditional life products continued to drive growth in our major markets. Approximately one-third of the total growth of € 2.4 billion stemmed from traditional life business. Consumers are also showing an increased appetite for investment products in general with continued preference for investment contracts with guarantees.

Statutory premiums – Internal growth rates²⁾ in %



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 Allianz Group companies in different geographic regions and different segments.

In **Asia-Pacific**, we benefited from an ongoing high demand for pure unit-linked and investment-oriented products. Premiums grew by 32.7% on an internal basis to € 1,481 million due to a significant increase in sales in Japan and South Korea. Our new bank partnerships in Japan were successfully selling our variable annuity products and as a result premiums grew from € 12 million to € 255 million. Growth in South Korea was driven by our investment-oriented business with guarantees, with strong demand for our single premium equity index and other investment products sold via the bancassurance channel. Premiums in Taiwan declined by 10.5% on an internal basis. In the second quarter of 2009, we had a marked increase in sales of structured products due to regulatory changes.

Premiums in **Italy** were up by 28.7% to € 2,491 million. The first quarter trend carried over into the second quarter, with a continued increase in consumer demand for unit-linked products, after a crisis-dominated first half of 2009. This development drove the strong sales in both our financial advisors and bancassurance channels.

In **Central and Eastern Europe**, our premiums grew by 26.0% on an internal basis to € 275 million. Major drivers were positive developments in Czech Republic and Hungary based on successful sales campaigns for index-linked and unit-linked products. While our premiums from investment-oriented products profited from this development, the traditional business decreased slightly.

In the **United States**, the increase in variable annuity sales led to a total premium of € 2,053 million, resulting in an internal growth rate of 17.5%. Our new variable annuity riders, which we repriced the year before, are selling well and we see continued strong demand for our fixed index annuities.

Premiums in our **German** life business grew by 16.0% to € 3,985 million. This development is mainly driven by continued growth in single premiums from traditional life Group pension products. Recurring premiums decreased slightly. The German health business recorded revenue growth of 0.8%.

In **France**, our premiums increased by 7.4% to € 1,876 million. After a campaign in the last quarter, sales of investment-oriented products through our partnerships distribution channel increased steadily. The other driver for growth was the ongoing increase in single premiums from pure unit-linked contracts.

In **Switzerland**, premiums were down by 16.9% to € 233 million, mainly due to lower single premiums from investment-oriented contracts and less traditional business.

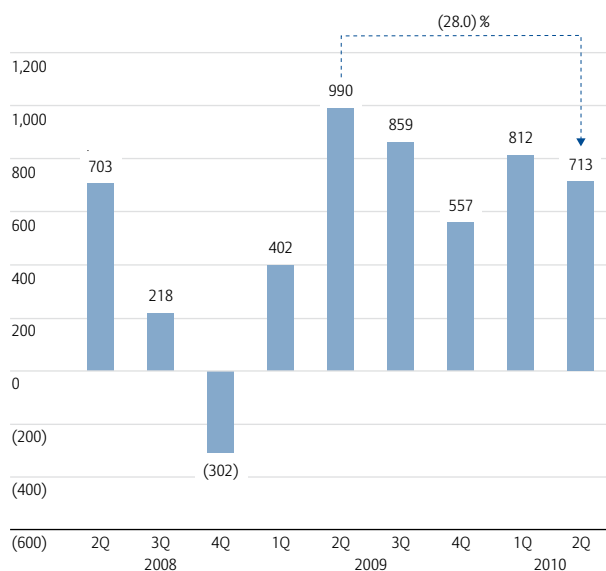
2010 to 2009 first half year comparison

In the first six months of 2010, our **statutory premiums** grew by 16.8% on an internal basis to € 29,480 million. On a nominal basis, growth amounted to 19.0%. Last year's development was affected by the financial markets crisis. In 2010, our premium growth reflects the ongoing return of consumer demand for investment and traditional products. This development is in line with the effects described for the second quarter.

Operating profit

Operating profit

in € mn



2010 to 2009 second quarter comparison

Operating profit decreased from € 990 million to € 713 million. Last year's result was exceptionally high as positive market developments in the United States and France resulted in a higher fair value income¹⁾. In the second quarter 2010, we saw the same developments, but in the opposite direction. In addition, our level of net harvesting was lower in the second quarter of this year.

Interest and similar income amounted to € 4,005 million, which is an increase of € 367 million. This resulted mainly from higher income from debt securities with a corresponding quarterly yield of 1.1 %²⁾. The growth-driven increase of our debt portfolio more than compensated the decline in yields from lower interest rates.

Net gains from financial assets and liabilities carried at fair value decreased by € 580 million to a loss of € 18 million. The change is mainly driven by the comparatively higher gains in the second quarter of 2009 from credit

¹⁾ Recorded in net gain from financial assets and liabilities carried at fair value through income.

²⁾ On debt securities including cash components, based on an average asset base of € 308.5 bn.

spread narrowing in the United States and an increase in fair value option results in France. In the second quarter of this year, lower interest rates and higher capital market volatility impacted both the United States and France.

Investment expenses increased by € 32 million and stood at € 184 million.

Realized gains and losses (net) decreased from € 639 million to € 212 million. Net harvesting was lower this quarter, as we had major realizations in the second quarter of 2009.

Net impairments on investments decreased from € 267 million to € 184 million.

Change in reserves for insurance and investment contracts (net) amounted to € 3,365 million, € 910 million higher than in the second quarter of 2009. The rise is explained by two factors: increased reserves as a consequence of higher traditional sales in Germany and higher variable annuity reserves in the United States where interest rates were lower.

Net claims and insurance benefits incurred decreased by 1.0% to € 4,451 million.

Acquisition and administrative expenses (net) amounted to € 1,150 million, down 29.5%. Administration expenses decreased by 8.7%, while acquisition costs fell by 35.9%. Higher profit from spread related recovery in the second quarter of 2009 led to higher amortization of deferred acquisition costs in the United States. In Germany, lower amortization of deferred acquisition costs from a model true-up was offset by the reserves increase in reserves for insurance and investment contracts.

Our **cost-income ratio** increased by 2.2 percentage points to 96.0% due to lower investment performance compared to the premiums generated in the period.

2010 to 2009 first half year comparison

Operating profit reached € 1,525 million in the first six months of 2010 and is 9.6% higher than the same period in 2009. The increase in premiums and general capital market recovery outweighed the impact from credit spreads widening on our United States business and the negative fair value option result in France. In addition, this result reflects the sound underlying profitability of our Life/Health business. Line item movements were largely consistent with the developments in the second quarter.

Life/Health segment information

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Statutory premiums¹⁾	14,124	11,766	29,480	24,779
Ceded premiums written	(129)	(127)	(263)	(270)
Change in unearned premiums	(55)	(24)	(108)	(53)
Statutory premiums (net)	13,940	11,615	29,109	24,456
Deposits from insurance and investment contracts	(8,133)	(6,503)	(17,418)	(13,996)
Premiums earned (net)	5,807	5,112	11,691	10,460
Interest and similar income	4,005	3,638	7,550	6,943
Operating income from financial assets and liabilities carried at fair value through income (net)	(18)	562	44	503
Operating realized gains/losses (net)	212	639	750	810
Fee and commission income	129	122	247	241
Other income	29	6	49	9
Operating revenues	10,164	10,079	20,331	18,966
Claims and insurance benefits incurred (net)	(4,451)	(4,497)	(9,296)	(9,643)
Change in reserves for insurance and investment contracts (net)	(3,365)	(2,455)	(6,411)	(3,040)
Interest expenses	(31)	(27)	(54)	(71)
Loan loss provisions	1	(12)	2	(14)
Operating impairments of investments (net)	(184)	(267)	(223)	(1,343)
Investment expenses	(184)	(152)	(329)	(290)
Acquisition and administrative expenses (net)	(1,150)	(1,631)	(2,351)	(3,060)
Fee and commission expenses	(63)	(52)	(117)	(116)
Operating restructuring charges	—	4	(1)	3
Other expenses	(24)	—	(26)	—
Operating expenses	(9,451)	(9,089)	(18,806)	(17,574)
Operating profit	713	990	1,525	1,392
Cost-income ratio²⁾ in %	96.0	93.8	95.9	95.5

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

²⁾ Represents deposits from insurance and investment contracts, claims and insurance benefits incurred (net), change in reserves for insurance and investment contracts (net) and acquisition and administrative expenses (net) divided by statutory premiums (net), interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), operating realized gains/losses (net), fee and commission income, other income, interest expenses, loan loss provisions, operating impairments of investments (net), investment expenses, fee and commission expenses, operating restructuring charges and other expenses.

Life/Health Operations by Business Divisions

Three months ended June 30,	Statutory premiums ¹⁾				Premiums earned (net)		Operating profit (loss)		Cost-income ratio	
	2010 € mn	2009 € mn	internal ²⁾		2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 %	2009 %
			2010 € mn	2009 € mn						
Germany Life	3,985	3,436	3,985	3,436	2,795	2,255	255	185	95.6	96.4
Germany Health ³⁾	798	792	798	792	798	792	48	27	95.5	97.2
Switzerland	233	260	216	260	107	120	18	30	94.2	91.0
Austria	89	131	89	131	63	62	5	6	94.9	95.9
German Speaking Countries	5,105	4,619	5,088	4,619	3,763	3,229	326	248	95.5	96.2
Italy	2,491	1,935	2,491	1,935	154	187	73	86	97.4	96.2
France	1,876	1,746	1,876	1,746	745	748	123	235	94.7	90.8
Spain	249	214	249	214	105	109	27	26	91.1	90.6
South America	12	9	10	9	10	7	2	—	88.5	96.4
Netherlands	77	88	77	88	31	33	12	5	89.6	90.7
Turkey	25	21	23	21	9	9	1	2	97.4	93.3
Belgium/Luxembourg	280	208	280	208	96	82	23	25	93.8	91.7
Portugal	46	35	46	35	20	20	4	4	90.5	89.6
Greece	30	30	30	30	18	15	2	—	93.2	98.4
Africa	11	9	11	9	6	5	2	1	104.8	90.9
Europe incl. South America	5,097	4,295	5,093	4,295	1,194	1,215	269	384	95.5	93.2
United States	2,053	1,630	1,915	1,630	176	170	53	305	99.6	94.2
Mexico	24	10	22	10	16	8	—	—	3.3	28.2
NAFTA Markets	2,077	1,640	1,937	1,640	192	178	53	305	97.9	87.8
Reinsurance LH	56	71	56	71	58	67	(2)	8	104.2	90.6
Global Insurance Lines & Anglo Markets	56	71	56	71	58	67	(2)	8	104.2	90.6
South Korea	501	339	424	339	193	158	24	19	97.5	100.0
Taiwan	420	421	377	421	36	12	25	1	94.9	93.5
Malaysia	58	41	50	41	46	37	3	3	90.7	90.1
Indonesia	106	42	86	42	40	21	10	4	103.4	111.8
Other	396	63	265	63	119	35	(14)	(7)	92.3	90.9
Asia-Pacific	1,481	906	1,202	906	434	263	48	20	89.8	88.8
Hungary	63	23	61	23	17	17	5	3	89.8	88.8
Slovakia	60	61	60	61	46	44	8	8	93.7	87.9
Czech Republic	46	24	43	24	13	11	3	3	93.5	93.9
Poland	74	72	67	72	30	44	5	4	77.4	89.6
Romania	6	6	6	6	2	3	1	1	74.9	73.6
Croatia	12	11	12	11	12	10	1	2	123.6	118.7
Bulgaria	6	6	6	6	6	5	3	2	92.5	88.3
Russia	8	5	7	5	7	4	(2)	(2)	90.3	98.1
Central and Eastern Europe	275	208	262	208	133	138	24	21	103.3	100.6
Middle East and North Africa	33	24	28	23	31	21	4	—	103.3	100.6
Global Life	61	53	61	53	2	1	(1)	—	97.9	87.8
Growth Markets	1,850	1,191	1,553	1,190	600	423	75	41	96.3	96.8
Consolidation ⁴⁾	(61)	(50)	(58)	(49)	—	—	(8)	4	—	—
Total	14,124	11,766	13,669	11,766	5,807	5,112	713	990	96.0	93.8

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

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

³⁾ Loss ratios were 69.2% and 69.1% for the three months ended June 30, 2010 and 2009, respectively, and 74.4% and 74.3% for the six months ended June 30, 2010 and 2009, respectively.

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

Six months ended June 30,	Statutory premiums ¹⁾				Premiums earned (net)		Operating profit (loss)		Cost-income ratio	
	2010 € mn	2009 € mn	internal ²⁾		2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 %	2009 %
			2010 € mn	2009 € mn						
Germany Life	7,904	6,915	7,904	6,915	5,477	4,615	510	350	95.5	96.3
Germany Health ³⁾	1,601	1,583	1,601	1,583	1,602	1,584	94	46	95.6	97.6
Switzerland	1,039	953	1,002	953	346	356	39	38	96.7	96.4
Austria	211	249	211	249	156	151	18	10	93.4	96.4
German Speaking Countries	10,755	9,700	10,718	9,700	7,581	6,706	661	444	95.6	96.5
Italy	5,331	4,189	5,331	4,189	311	374	145	95	97.5	98.0
France	4,347	3,530	4,347	3,530	1,511	1,457	301	358	94.4	92.0
Spain	447	459	447	459	212	219	55	53	90.3	90.8
South America	24	20	20	20	18	16	4	5	88.4	83.9
Netherlands	162	193	162	193	65	81	26	15	87.2	93.3
Turkey	48	42	45	42	18	18	3	3	95.6	94.7
Belgium/Luxembourg	534	375	534	375	194	176	44	34	93.8	93.5
Portugal	81	70	81	70	40	40	9	9	89.2	88.7
Greece	60	60	60	60	34	33	2	1	96.5	97.5
Africa	18	20	18	20	11	11	—	2	101.1	91.3
Europe incl. South America	11,052	8,958	11,045	8,958	2,414	2,425	589	575	95.5	94.6
United States	3,704	3,760	3,682	3,760	338	340	132	308	97.1	93.9
Mexico	48	23	44	23	29	15	2	1	96.4	94.5
NAFTA Markets	3,752	3,783	3,726	3,783	367	355	134	309	97.1	93.9
Reinsurance LH	150	144	150	144	150	143	8	9	95.1	94.8
Global Insurance Lines & Anglo Markets	150	144	150	144	150	143	8	9	95.1	94.8
South Korea	943	638	803	638	365	311	57	35	95.0	95.4
Taiwan	1,066	719	1,017	719	83	41	35	6	96.8	99.2
Malaysia	110	79	101	79	91	71	6	5	94.7	93.9
Indonesia	185	81	152	81	74	38	24	8	87.6	89.7
Other	802	134	609	134	224	53	(23)	(27)	102.7	120.9
Asia-Pacific	3,106	1,651	2,682	1,651	837	514	99	27	94.4	84.8
Hungary	131	45	123	45	32	32	8	8	94.4	84.8
Slovakia	124	129	124	129	90	85	16	17	89.3	88.3
Czech Republic	75	64	70	64	28	24	6	4	93.1	93.4
Poland	218	221	195	221	79	84	10	6	95.6	97.2
Romania	12	12	11	12	5	7	1	1	87.8	91.6
Croatia	23	22	23	22	22	20	2	2	90.7	93.3
Bulgaria	12	12	12	12	12	11	4	2	79.8	85.9
Russia	13	9	12	9	12	8	(2)	(3)	114.7	128.1
Central and Eastern Europe	608	514	570	514	280	271	45	37	92.0	120.4
Middle East and North Africa	63	48	56	48	59	45	6	(9)	92.0	120.4
Global Life	117	92	117	92	3	1	(2)	—	102.2	100.0
Growth Markets	3,894	2,305	3,425	2,305	1,179	831	148	55	96.5	97.8
Consolidation ⁴⁾	(123)	(111)	(114)	(111)	—	—	(15)	—	—	—
Total	29,480	24,779	28,950	24,779	11,691	10,460	1,525	1,392	95.9	95.5

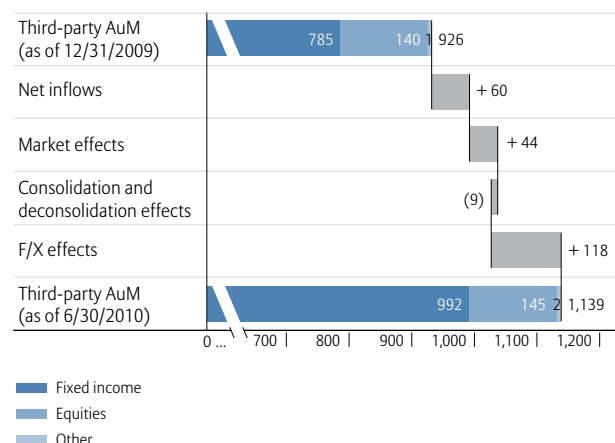
Asset Management

- Third-party assets under management reached € 1,139 billion.
- Strong net inflows of € 23 billion in the second quarter of 2010 leading to € 60 billion for the first half year of 2010.
- Quarterly operating profit more than doubled to € 516 million.

Assets under Management

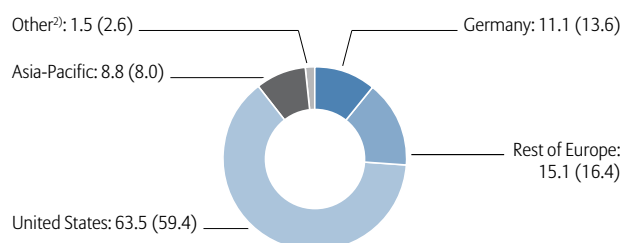
As of June 30, 2010, total assets under management amounted to € 1,430 billion, an increase of € 228 billion compared to December 31, 2009. Of the total, € 1,139 billion related to third-party assets under management and € 291 billion to Allianz Group assets. Third-party assets increased by € 213 billion.

Development of third-party assets under management in € bn



More than half of the growth in third-party assets resulted from positive foreign currency translation effects of € 118 billion. These were mainly due to the strengthening U.S. Dollar versus the Euro. In addition, we recorded net inflows of € 60 billion for the first six months of 2010: fixed-income products contributed € 63 billion, while equity products recorded a net outflow of € 3 billion. The € 44 billion contribution from market effects was driven by our fixed-income securities (up by € 47 billion); equity values, however, decreased by € 3 billion.

Third-party assets under management by geographic region as of June 30, 2010 (December 31, 2009)¹⁾ in %



We observed a shift between the share of third-party assets under management in the United States (up by 4.1 percentage points) and in Europe (down by 3.8 percentage points). The United States accounted for 63.5% of third-party assets as a result of strong net inflows to our fixed-income business and positive foreign currency effects from the U.S. Dollar.

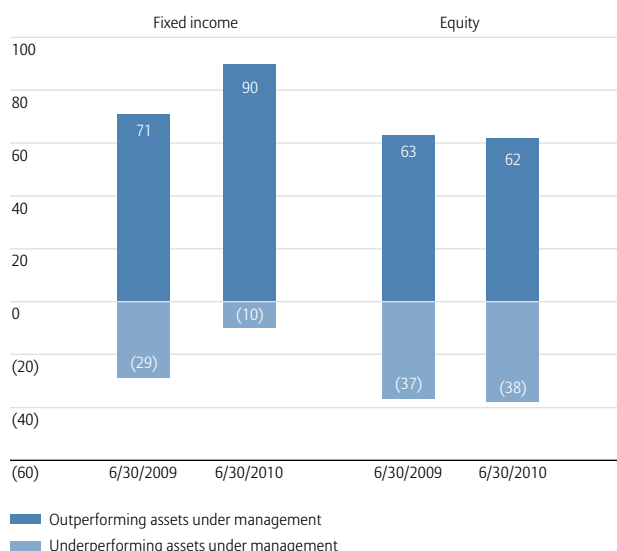
The split between fixed-income and equity assets changed slightly: fixed-income assets increased from 85% to 87% and equity assets decreased from 15% to 13%.

The share of retail assets rose by 1.0 percentage point in the second quarter compared to the same period in 2009. This increase contributed to higher asset management driven margins (excluding performance fees). Compared to December 31, 2009, the split between institutional and retail third-party assets remained largely unaltered, at 67% and 33%, respectively.

¹⁾ Based on the origination of assets.

²⁾ Consists of third-party assets managed by other Allianz Group companies (approximately € 18 bn as of June 30, 2010 and € 24 bn as of December 31, 2009, respectively).

Rolling investment performance of Allianz Global Investors¹⁾ in %



The overall performance of Allianz Global Investors' assets under management was outstanding at 87% (June 30, 2009: 70%) as 90% (June 30, 2009: 71%) of our fixed-income products outperformed their benchmarks. Our equity performance remained stable at 62% (June 30, 2009: 63%) and improved by 1 percentage point against the previous quarter (March 31, 2010: 61%).

Earnings Summary

Operating revenues

2010 to 2009 second quarter comparison

Operating revenues amounted to € 1,188 million. Adjusting for positive foreign currency effects of € 65 million, revenues increased by 43.7% on an internal basis. The main drivers of this outstanding performance were higher management and performance fees.

Net fee and commission income rose by € 436 million to € 1,188 million. **Management and loading fees** grew by € 396 million to € 1,339 million primarily due to a strong increase in average assets under management. The shift to retail assets and products with a higher profit margin compared to the second quarter 2009 was also a positive factor.

Performance fees were up € 68 million to € 88 million, the majority of which came from our fixed-income products. The level of performance fees is driven by the parameters of the applied fee measurement approach and investment performance of the individual mandates and funds. As a result, the order of magnitude of performance fees can vary considerably.

The decrease to € (4) million in **income from financial assets and liabilities carried at fair value through income (net)** was driven by a negative swing in seed money investments. In the previous period, we recorded a positive result of € 24 million.

2010 to 2009 first half year comparison

Operating revenues increased by 52.7%, on an internal basis, to € 2,304 million. Favorable foreign currency translation effects amounted to € 12 million.

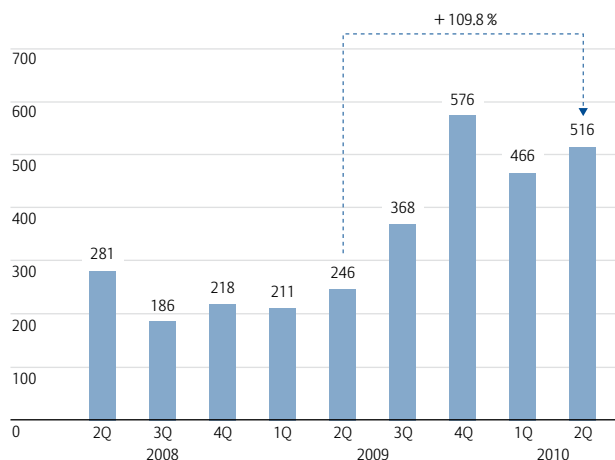
¹⁾ AGI account-based, asset-weighted 3-year investment performance of third-party assets vs. benchmark including all equity and fixed-income accounts managed by equity and fixed-income managers of AGI. For some retail funds the net of fee performance is compared to the median performance of an appropriate 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. Also not included: in parts WRAP accounts and accounts of Joint-Venture GTJA China.

Operating profit

2010 to 2009 second quarter comparison

Operating profit

in € mn



Operating profit of € 516 million more than doubled (up by 109.8%). This reflects higher management and performance fees, supported by positive foreign currency effects.

Administrative expenses increased by € 138 million (up by 25.8%) to € 672 million, of which € 35 million was due to the stronger U.S. Dollar. Strong profit growth led to an increase in performance-related personnel expenses. Non-personnel expenses went up in line with business development.

Our **cost-income ratio** continued to improve, down by 11.9 percentage points to 56.6%, supported by the increase in performance fees.

2010 to 2009 first half year comparison

Operating profit of € 982 million was up nearly 115%. The developments in the respective positions were consistent overall with the 2010 to 2009 second quarter comparison.

Asset Management segment information

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Management and loading fees	1,339	943	2,532	1,822
Performance fees	88	20	216	34
Other income	31	8	63	22
Fee and commission income	1,458	971	2,811	1,878
Commissions	(266)	(213)	(517)	(406)
Other expenses	(4)	(6)	(9)	(11)
Fee and commission expenses	(270)	(219)	(526)	(417)
Net fee and commission income	1,188	752	2,285	1,461
Net interest income ¹⁾	(1)	(2)	8	10
Income from financial assets and liabilities carried at fair value through income (net)	(4)	24	1	16
Other income	5	6	10	9
Operating revenues	1,188	780	2,304	1,496
Administrative expenses (net), excluding acquisition-related expenses	(672)	(534)	(1,322)	(1,039)
Operating expenses	(672)	(534)	(1,322)	(1,039)
Operating profit	516	246	982	457
Cost-income ratio²⁾ in %	56.6	68.5	57.4	69.5

¹⁾ Represents interest and similar income less interest expenses.

²⁾ Represents operating expenses divided by operating revenues.

Corporate and Other

- Operating loss down by € 158 million to € 155 million, largely due to Banking set-up costs in the prior period and a higher foreign currency result.

Corporate and Other segment information

	Holding & Treasury		Banking ¹⁾		Alternative Investments		Corporate and Other ²⁾	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Three months ended June 30,								
Interest and similar income	125	122	173	163	(1)	(1)	297	283
Operating income from financial assets and liabilities carried at fair value through income (net)	5	(83)	(3)	5	(1)	—	2	(78)
Fee and commission income	27	65	107	87	37	24	169	174
Other income	—	—	—	—	1	3	—	3
Operating revenues	157	104	277	255	36	26	468	382
Interest expenses, excluding interest expenses from external debt	(96)	(112)	(83)	(87)	—	—	(179)	(199)
Loan loss provisions	—	—	(10)	(10)	—	—	(10)	(10)
Investment expenses	(22)	(18)	—	—	(1)	—	(23)	(17)
Administrative expenses (net), excluding acquisition-related expenses	(133)	(121)	(141)	(206)	(37)	(32)	(309)	(358)
Fee and commission expenses	(44)	(63)	(58)	(44)	—	(3)	(102)	(110)
Other expenses	—	—	—	(1)	—	—	—	(1)
Operating expenses	(295)	(314)	(292)	(348)	(38)	(35)	(623)	(695)
Operating loss	(138)	(210)	(15)	(93)	(2)	(9)	(155)	(313)
Cost-income ratio³⁾ in %			103.7	166.9				

¹⁾ Total revenues in the Corporate and Other segment refer to the total revenues of the Banking business only. For further information on the reconciliation of total revenues, please refer to page 41.

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

³⁾ Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses, other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), fee and commission income, other income, interest expenses, excluding interest expenses from external debt, fee and commission expenses.

	Holding & Treasury		Banking ¹⁾		Alternative Investments		Corporate and Other ²⁾	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Six months ended June 30,								
Interest and similar income	178	238	342	363	7	(2)	526	597
Operating income from financial assets and liabilities carried at fair value through income (net)	(14)	(97)	(9)	6	(1)	(1)	(23)	(92)
Fee and commission income	86	100	209	163	64	57	356	317
Other income	—	—	—	—	1	3	—	3
Operating revenues	250	241	542	532	71	57	859	825
Interest expenses, excluding interest expenses from external debt	(191)	(238)	(167)	(206)	—	—	(358)	(443)
Loan loss provisions	—	—	(23)	(17)	—	—	(23)	(17)
Investment expenses	(43)	(38)	—	—	(1)	—	(44)	(36)
Administrative expenses (net), excluding acquisition-related expenses	(277)	(274)	(279)	(325)	(74)	(65)	(626)	(663)
Fee and commission expenses	(103)	(71)	(110)	(85)	—	(6)	(213)	(162)
Other expenses	—	—	(1)	(1)	—	—	(1)	(1)
Operating expenses	(614)	(621)	(580)	(634)	(75)	(71)	(1,265)	(1,322)
Operating loss	(364)	(380)	(38)	(102)	(4)	(14)	(406)	(497)
Cost-income ratio³⁾ in %			105.7	135.3				

Holding & Treasury

2010 to 2009 second quarter comparison

The **operating loss** for Holding & Treasury was € 138 million compared to a loss of € 210 million in 2009, mainly attributable to a higher foreign currency result.

We recorded an increase of € 3 million to € 125 million in **interest and similar income**. Higher income from associated enterprises compensated for still lower short-term interest yields, affecting interest income.

Operating income from financial assets and liabilities carried at fair value (net) improved by € 88 million to € 5 million. This was primarily due to an improvement in the foreign currency result.

Interest expenses, excluding interest expenses from external debt benefited from lower interest rates with a decrease of € 16 million to € 96 million.

Net fee and commission result was down by € 19 million due to a reduction in net fees generated by our internal IT service provider.

2010 to 2009 first half year comparison

We recorded an **operating loss** of € 364 million (down from € 380 million). This result was driven by an improvement in operating income from financial assets and liabilities carried at fair value, nearly offset by a lower net interest and net fee and commission result.

¹⁾ Total revenues in the Corporate and Other segment refer to the total revenues of the Banking business only. For further information on the reconciliation of total revenues, please refer to page 41.

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

³⁾ Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses, other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), fee and commission income, other income, interest expenses, excluding interest expenses from external debt, fee and commission expenses.

Banking

2010 to 2009 second quarter comparison

Operating revenues increased by € 22 million to € 277 million largely driven by the Banking business in Germany (Allianz Bank was launched in June 2009). The increase in operating revenues can be attributed in particular to higher fee and commission income and interest income, partially offset by lower operating income from financial assets carried at fair value.

The **operating loss** amounted to € 15 million compared to a loss of € 93 million in 2009. Operating expenses fell by € 56 million to € 292 million. Administrative expenses declined by 31.6% to € 141 million as the second quarter of 2009 included Allianz Bank set-up costs of € 84 million. Fee and commission expenses increased by € 14 million in line with business development.

2010 to 2009 first half year comparison

The **operating loss** decreased by € 64 million to € 38 million: improved net interest and net fee and commission results, as well as lower administrative expenses due to non-recurring Allianz Bank set-up costs, contributed to this positive development.

Alternative Investments

2010 to 2009 second quarter comparison

The **operating loss** declined by € 7 million to € 2 million. This improvement was driven by a € 16 million increase in net fee and commission result to € 37 million, partially offset by € 5 million higher administrative expenses. The earnings of Alternative Investments derive from the alternative investments of Allianz SE and from the activities of the managers of Allianz Capital Partners and Allianz Real Estate.

2010 to 2009 first half year comparison

The **operating loss** declined from € 14 million to € 4 million. The increase in net interest and in net fee and commission results was partially offset by the increase in administrative expenses.

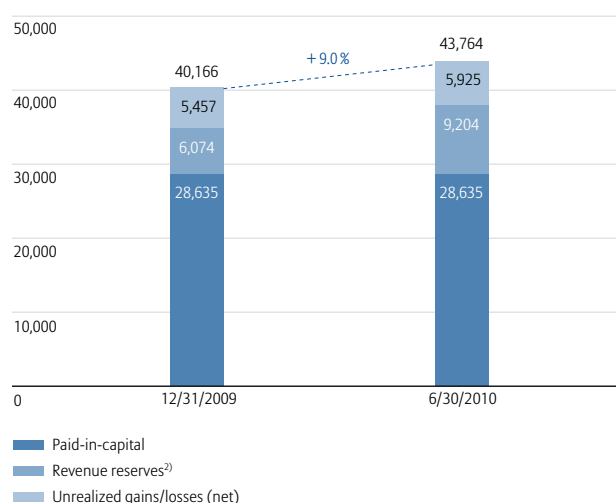
Balance Sheet Review

- Shareholders' equity increased by 9.0% to € 43.8 billion.
- Solvency ratio of 170%.

Shareholders' Equity¹⁾

Shareholders' equity

in € mn



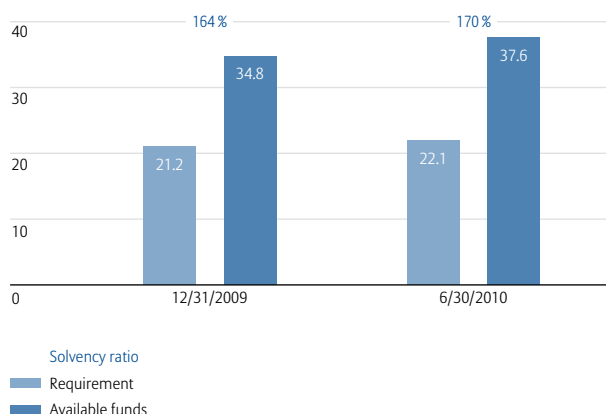
As of June 30, 2010, shareholders' equity amounted to € 43,764 million, up 9.0% from December 31, 2009. Net income attributable to shareholders and positive foreign currency translation effects increased our equity by € 2,567 million and € 2,331 million respectively. Unrealized gains grew by € 468 million. In the second quarter of 2010, Allianz SE paid dividends of € 1,850 million for the fiscal year 2009, which reduced equity.

Regulatory Capital Adequacy

Allianz Group is a financial conglomerate within the scope of the Financial Conglomerates Directive and the related German law effective since January 1, 2005. Under this directive, a financial conglomerate is defined as any financial parent holding company that, together with its subsidiaries has significant cross-border and cross-sector activities. The law requires that a financial conglomerate calculates the capital needed to meet the respective solvency requirements on a consolidated basis.

Conglomerate solvency³⁾

in € bn



As of June 30, 2010, the Allianz Group's eligible capital for the solvency margin, required for the insurance segments and the asset management and banking business, was € 37.6 billion (2009: € 34.8 billion) including off-balance sheet reserves³⁾ of € 2.0 billion (2009: € 2.0 billion), and surpassing the minimum legally stipulated level by € 15.5 billion (2009: € 13.6 billion). This margin resulted in a cover ratio of 170% (2009: 164%) as of June 30, 2010. Eligible capital also includes a deduction for accrued dividends of € 1.0 billion for the first half of 2010. Our solvency position remains strong.

¹⁾ Does not include non-controlling interests of € 2,169 mn and € 2,121 mn as of June 30, 2010 and December 31, 2009, respectively. For further information, please refer to note 19 of the condensed consolidated interim financial statements.

²⁾ Includes foreign currency translation effects.

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 161% (2009: 155%).

Total Assets and Total Liabilities

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

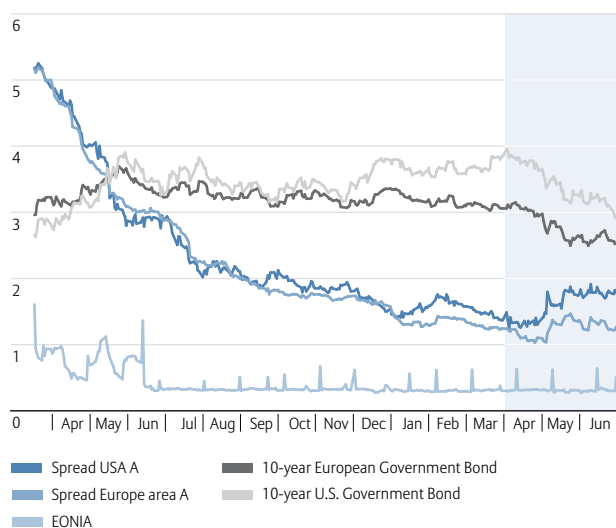
As of June 30, 2010, total assets amounted to € 621.8 billion and total liabilities amounted to € 575.9 billion. When compared to the year-end 2009 total assets and total liabilities increased by € 37.8 billion and by € 34.1 billion, respectively.

Market environment of different asset classes

During the first half of 2010, we saw volatile equity markets. After a positive start in the first quarter, equity markets turned and all major markets showed a negative development in the second quarter of 2010, resulting in a slightly negative six months development.

Interest rates and credit spreads development

in %



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

For the first time since the second quarter of 2009, credit spreads widened in the United States whilst in Europe, the trend was relatively stable.

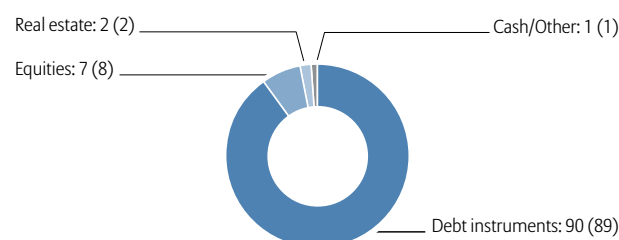
Structure of investments – Portfolio overview

Allianz Group's asset portfolio mainly derives 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 June 30, 2010: € 440.3 billion
(as of December 31, 2009: € 408.7 billion)



Overall, the Group's investment portfolio grew by € 31.6 billion compared to the end of 2009 and by € 13.7 billion compared to the end of the first quarter of 2010. These increases were both market-driven as well as through inflows provided by our underlying operating businesses, primarily from the Life/Health entities.

Equities

During the first half of 2010, our gross exposure to equities decreased slightly by € 0.3 billion to € 30.3 billion as market developments were slightly negative and we had net equity divestments. During this half year, 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 – a 90% share – comprises debt instruments. Our investments in this asset class rose from € 364.8 billion to € 396.0 billion during the first half of 2010, mainly driven by new net investments, especially from our Life business.

¹⁾ Does not include our banking operations.

From our well-diversified exposure in this asset class, a share of more than 60% relates to governments and covered bonds. In line with our operating business profile 65% of our fixed-income portfolio is invested in Eurozone bonds and loans. Similarly, approximately 95% is invested in investment-grade bonds and loans.

More than 75% of our government exposure is located in the Eurozone, where some governments experienced the threat of a liquidity shortage in recent quarters. Combined support efforts by other E.U. members and the International Monetary Fund could help to ensure financial stability.

As of June 30, 2010 our sovereign bond exposure (market values) towards Portugal, Ireland, Greece and Spain (PIGS) amounted to € 9.4 billion. This exposure varies due to portfolio optimization strategies. The current unrealized losses of the PIGS sovereign bond holding were € 0.9 billion as of June 30, 2010.

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 ABS securities of € 23.9 billion. We closely monitor this exposure and feel comfortable with our holdings in this sector. We have seen rating downgrades in our ABS portfolio, mainly from AAA to AA or A, but we did not record significant impairments in this asset class. Around 34% or € 8.2 billion of our ABS securities are made up of U.S. agency MBS which were backed by the U.S. government.

Our exposure in subordinated securities in banks amounted to € 11.0 billion. Our tier 1 share remains low at 0.4% of our total exposure to debt instruments.

Real Estate

Our exposure to real estate held for investment increased by 6.7% to € 8.0 billion.

Investment result

Net investment income

Three months ended June 30,	2010 € mn	2009 € mn
Interest and similar income ¹⁾	5,030	4,669
Income from financial assets and liabilities carried at fair value through income (net)	(235)	643
Realized gains/losses (net)	396	1,618
Impairments of investments (net)	(377)	(415)
Investment expenses	(215)	(185)
Net investment income	4,599	6,330

In the second quarter of 2010, our total **investment result (net)** amounted to € 4,599 million, a decrease of 27.3% compared to last year's second quarter. The positive effect from a higher asset base and lower impairments from equities was offset by significantly lower realized gains and loss from fair value option results and trading. Last year's result was exceptionally high due to positive effects from credit spread narrowing in the United States and a positive fair value option result in France.

A lower yield on debt securities in the second quarter of 2010 was more than compensated by an increased volume on debt investments with the effect that **interest and similar income¹⁾** rose by € 361 million.

Volatile income drivers such as **income from investments held on fair value option and trading (net)** were negatively affected by widened credit spreads.

Realized gains and losses (net) decreased significantly compared to the second quarter of 2009, standing at € 396 million this quarter. This is partly attributable to one-off effects such as the sale of ICBC shares last year (realized gain of more than € 0.7 billion of which nearly € 0.7 billion was non-operating result).

Impairments (net) decreased. In the second quarter of 2009, we booked total impairments of € 415 million, compared to € 377 million in the second quarter of 2010.

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

Assets and liabilities of the Property-Casualty segment

Property-Casualty assets

During the first six months of 2010, our Property-Casualty asset base increased by € 4.5 billion to € 96.7 billion. This was primarily attributable to positive net inflows and favorable foreign currency translation effects, mainly in debt securities which rose by € 4.1 billion in total. Equity investments increased by € 0.2 billion to € 5.2 billion. Our cash and cash pool assets were stable and amounted to € 4.3 billion.

Composition of asset base

fair values¹⁾

	As of June 30, 2010 € bn	As of December 31, 2009 € bn
Financial assets and liabilities carried at fair value through income		
Equities	0.2	0.2
Debt securities	1.4	1.7
Other ²⁾	0.1	0.1
Subtotal	1.7	2.0
Investments³⁾		
Equities	5.2	5.0
Debt securities	62.1	58.0
Cash and cash pool assets ⁴⁾	4.3	4.4
Other	6.7	6.5
Subtotal	78.3	73.9
Loans and advances to banks and customers	16.7	16.3
Property-Casualty asset base	96.7	92.2

Of our Property-Casualty asset base, asset-backed securities (ABS) made up € 5.2 billion as of June 30, 2010, which is approximately 5% of our asset-base. CDOs accounted for only € 56 million of this amount.

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

²⁾ Comprises assets of € 0.2 bn and € 0.2 bn and liabilities of € (0.1) and € (0.1) bn as of June 30, 2010 and December 31, 2009 respectively.

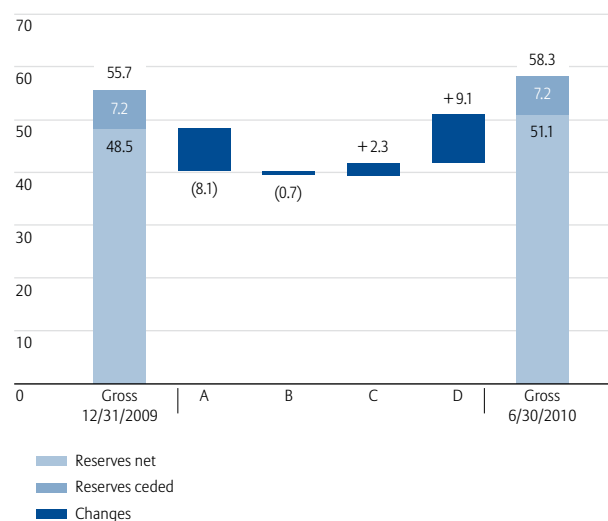
³⁾ Does not include affiliates of € 11.0 bn and € 10.9 bn as of June 30, 2010 and December 31, 2009, respectively.

⁴⁾ Including cash and cash equivalents as stated in our segment balance sheet of € 2.5 bn and € 2.3 bn and receivables from cash pooling amounting to € 2.0 bn and € 2.1 bn net of liabilities from securities lending of € (0.2) bn and € 0 bn as of June 30, 2010 and December 31, 2009, respectively.

Property-Casualty liabilities

Development of reserves for loss and loss adjustment expenses⁵⁾

in € bn



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

As of June 30, 2010, the segment's gross reserves for loss and loss adjustment expenses increased by 4.7% to € 58.3 billion. On a net basis, reserves were up 5.4% to € 51.1 billion. Foreign currency translation effects and other changes accounted for a € 2.3 billion increase.

At Fireman's Fund in the U.S., reserves for asbestos and environmental risks on a stand-alone statutory basis were increased by 301 million U.S. Dollar (recorded in the local statutory books).⁶⁾ This followed the completion of a regular independent external asbestos exposure review. The increase of reserves at Fireman's Fund insurance company had no impact on the financial results of Allianz Group.

⁵⁾ After group consolidation. For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty segment, please refer to note 14 of the condensed consolidated interim financial statements.

⁶⁾ Euro equivalent € 246 million converted at the period end exchange rate.

Assets and liabilities of the Life/Health segment

Life/Health assets

In the first six months of 2010, the Life/Health asset base increased by 7.4% to € 407.5 billion. Thereof € 61.0 billion are financial assets for unit-linked contracts. In our asset base without unit-linked contracts we recorded a significant increase in debt investments from € 182.5 billion to € 208.5 billion. This development was driven by strong net inflows from our Life insurance business, which outweighed credit spread widening, resulting in a decrease in the value of our corporate bonds. Our equity investments increased by € 0.5 billion to € 21.4 billion. Cash and cash pool assets were down by € 1.8 billion to € 4.2 billion following our strategy of reducing our cash position in favor of other asset classes.

Composition of asset base

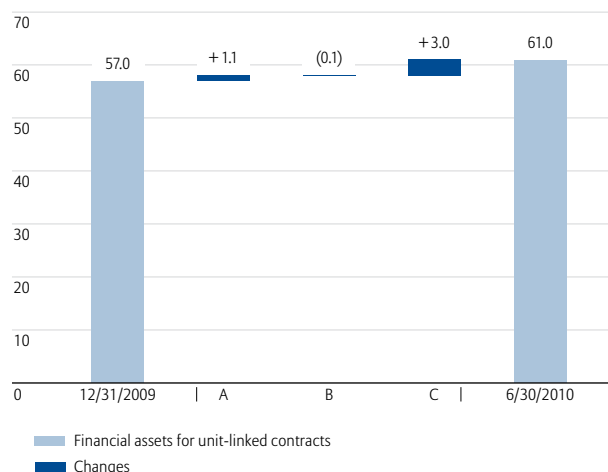
fair values

	As of June 30, 2010 € bn	As of December 31, 2009 € bn
Financial assets and liabilities carried at fair value through income		
Equities	2.5	2.8
Debt securities	6.0	7.3
Other ¹⁾	(6.4)	(5.4)
Subtotal	2.1	4.7
Investments²⁾		
Equities	21.4	20.9
Debt securities	208.5	182.5
Cash and cash pool assets ³⁾	4.2	6.0
Other	8.4	7.9
Subtotal	242.5	217.3
Loans and advances to banks and customers	101.9	100.3
Financial assets for unit-linked contracts⁴⁾	61.0	57.0
Life/Health asset base	407.5	379.3

Within our Life/Health asset base, ABS amounted to € 18.2 billion as of June 30, 2010, which is less than 5% of total Life/Health assets. Of these, € 1.1 billion are CDOs.

Financial assets for unit-linked contracts

in € bn



Financial assets for unit-linked contracts grew by € 4.0 billion to € 61.0 billion. Unit-linked insurance contracts increased by € 1.1 billion due to solid fund performance and recovering premium inflows exceeding outflows by € 1.5 billion. Unit-linked investment contracts decreased by € 0.1 billion, mainly driven by AZ Italy. Positive currency translation effects resulted mainly from the stronger U.S. Dollar (€ 1.9 billion) and Asian currencies (€ 1.0 billion).

¹⁾ Comprises assets of € 1.5 bn and € 1.2 bn and liabilities of € (7.9) bn and € (6.6) bn as of June 30, 2010 and December 31, 2009 respectively.

²⁾ Do not include affiliates of € 1.6 bn and € 1.8 bn as of June 30, 2010 and December 31, 2009, respectively.

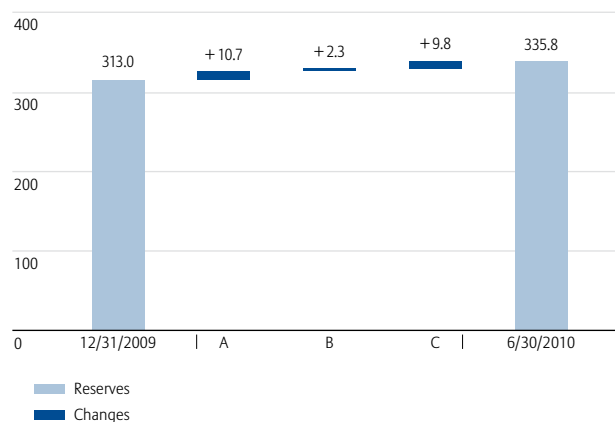
³⁾ Including cash and cash equivalents as stated in our segment balance sheet of € 2.9 bn and € 2.5 bn and receivables from cash pooling amounting to € 1.8 bn and € 3.5 bn net of liabilities from securities lending of € (0.5) bn and € 0 bn as of June 30, 2010 and December 31, 2009, respectively.

⁴⁾ Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts.

Life/Health liabilities

Development of reserves for insurance and investment contracts

in € bn



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

Life/Health reserves for insurance and investment contracts increased by € 22.8 billion or 7% in the first half of 2010.

€ 10.6 billion of the increase was driven by higher aggregate policy reserves, main contributors were our operations in Germany (€ 4.2 billion), Italy (€ 2.0 billion), the United States (€ 1.4 billion, excluding currency effects) and France (€ 1.3 billion). Reserves for premium refund were up by € 2.3 billion due to recovering capital markets. Significant positive currency effects resulted mainly from the stronger U.S. Dollar (€ 7.0 billion), Asian currencies (€ 1.6 billion) and the Swiss Franc (€ 1.0 billion).

Assets and liabilities of the Asset Management segment

Asset Management assets

Our Asset Management segment's results of operations stem primarily from its management of third-party assets.¹⁾ In this section we refer only to our own assets. In the first six months of 2010, our own asset base of the Asset Management segment without third-party assets increased by € 0.6 billion to € 3.6 billion.

Asset Management liabilities

Our liabilities amounted to € 4.6 billion (up by 8.9%), mainly driven by higher liabilities to banks and customers.

Assets and liabilities of the Corporate and Other segment

Corporate and Other assets

In the first six months of 2010, our Corporate and Other asset base was down by 6.2% to € 37.9 billion due to repayments of loans and a decrease in reverse repos. Investments in debt securities increased by € 3.3 billion due to a shift within our portfolio. In contrast, loans and advances to banks and customers decreased by € 5.2 billion to € 15.5 billion. Our equity investments also declined by € 1.0 billion as we recorded net outflows and negative market effects.

¹⁾ For further information on the development of these third-party assets, please refer to page 24.

Composition of asset base

fair values

	As of June 30, 2010 € bn	As of December 31, 2009 € bn
Financial assets and liabilities carried at fair value through income		
Equities	0.0	0.0
Debt securities	0.4	0.1
Other ¹⁾	0.0	0.0
Subtotal	0.4	0.1
Investments²⁾		
Equities	3.8	4.8
Debt securities	16.6	13.3
Cash and cash pool assets ³⁾	1.4	1.3
Other	0.2	0.2
Subtotal	22.0	19.6
Loans and advances to banks and customers	15.5	20.7
Corporate and Other asset base	37.9	40.4

ABS in our Corporate and Other asset base, amounted to € 0.5 billion as of June 30, 2010, which is around 1.4% of our Corporate and Other asset base.

Corporate and Other liabilities

Our liabilities to banks and customers amounted to € 19.2 billion after € 21.2 billion at year-end 2009. This development was mainly driven by a decrease in liabilities from short term deposits and a lower usage of repurchase operations at our Banking entities.

Other liabilities decreased by € 1.5 billion to € 14.6 billion.

The increase within the certificated liabilities from € 14.1 billion to € 14.9 billion was mainly driven by an increase of the Allianz SE issued debt outstanding⁴⁾ in this investment category of € 0.7 billion.

¹⁾ Comprises assets of € 0.5 bn and € 0.5 bn and liabilities of € (0.5) bn and € (0.5) bn as of June 30, 2010 and December 31, 2009 respectively.

²⁾ Do not include affiliates of € 68.2 bn and € 67.5 bn as of June 30, 2010 and December 31, 2009, respectively.

³⁾ Including cash and cash equivalents as stated in our segment balance sheet of € 1.2 bn and € 1.1 bn and receivables from cash pooling amounting to € 0.2 bn and € 0.2 bn net of liabilities from securities lending of € 0 bn and € 0 bn as of June 30, 2010 and December 31, 2009, respectively.

⁴⁾ For further information on Allianz SE issued debt outstanding as of June 30, 2010, please refer to note 17 and 18 of our condensed consolidated interim financial statements.

Allianz SE bonds outstanding as of June 30, 2010¹⁾

		Interest expense in 2Q 2010			Interest expense in 2Q 2010
1. Senior bonds²⁾					
5.625% bond issued by Allianz Finance II B.V., Amsterdam			7.25% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.9 bn		Volume	USD 0.5 bn	
Year of issue	2002		Year of issue	2002	
Maturity date	11/29/2012		Maturity date	Perpetual Bond	
ISIN	XS 015 879 238 1		ISIN	XS 015 915 072 0	
Interest expense		€ 12.4 mn	Interest expense		€ 7.7 mn
5.0% bond issued by Allianz Finance II B.V., Amsterdam			5.5% bond issued by Allianz SE		
Volume	€ 1.5 bn		Volume	€ 1.5 bn	
Year of issue	2008		Year of issue	2004	
Maturity date	03/06/2013		Maturity date	Perpetual Bond	
ISIN	DE 000 A0T R7K 7		ISIN	XS 018 716 232 5	
Interest expense		€ 19.1 mn	Interest expense		€ 21.2 mn
4.0% bond issued by Allianz Finance II B.V., Amsterdam			4.375% bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn		Volume	€ 1.4 bn	
Year of issue	2006		Year of issue	2005	
Maturity date	11/23/2016		Maturity date	Perpetual Bond	
ISIN	XS 027 588 026 7		ISIN	XS 021 163 783 9	
Interest expense		€ 15.4 mn	Interest expense		€ 15.7 mn
4.75% bond issued by Allianz Finance II B.V., Amsterdam			5.375% bond ⁴⁾ issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn		Volume	€ 0.8 bn	
Year of issue	2009		Year of issue	2006	
Maturity date	7/22/2019		Maturity date	Perpetual Bond	
ISIN	DE 000 A1A KHB 8		ISIN	DE 000 A0G NPZ 3	
Interest expense		€ 17.9 mn	Interest expense		€ 11.6 mn
Total interest expense for senior bonds		€ 64.8 mn	8.375% bond issued by Allianz SE		
			Volume	USD 2.0 bn	
2. Subordinated bonds³⁾			Year of issue	2008	
6.125% bond issued by Allianz Finance II B.V., Amsterdam			Maturity date	Perpetual Bond	
Volume	€ 2.0 bn		ISIN	US 018 805 200 7	
Year of issue	2002		Interest expense		€ 37.6 mn
Maturity date	5/31/2022		Total interest expense for subordinated bonds		€ 137.1 mn
ISIN	XS 014 888 756 4				
Interest expense		€ 26.8 mn	Total interest expense		€ 201.9 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		€ 16.5 mn			

¹⁾ For further information on Allianz SE debt as of June 30, 2010, please refer to notes 17 and 18 of our financial statements.

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

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

⁴⁾ Pursuant to the terms and conditions the trigger with respect to a potential mandatory coupon deferral has been breached as of September 30, 2009. In case this trigger breach is not cured in time, Allianz intends to continue to timely pay relevant coupons by making use of certain mechanisms as provided for in the terms and conditions.

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

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

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

To better understand the ongoing operations of the business, we exclude the following non-operating effects:

- acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations;
- restructuring charges, because the timing of these restructuring charges is largely at our discretion, and their exclusion provides additional insight into the operating trends of the underlying business. This differentiation is not made if the profit sources are shared with policyholders;

- interest expenses from external debt, as these relate to our capital structure;
- income from fully consolidated private equity investments (net), as this represents income from industrial holdings, which is outside the Allianz Group's normal scope of operating business;
- income from financial assets and liabilities held for trading (net) as part of the income from financial assets and liabilities carried at fair value through income (net) for the Property-Casualty insurance operations and the Corporate and Other activities (except for certain items for the Holding & Treasury activities and Banking operations where the trading income refers to operating business). For the Life/Health insurance and Asset Management operations, this item is treated as operating business and is therefore not excluded;
- realized capital gains and losses (net) or impairments of investments (net), as the timing of sales that would result in such realized gains or losses is largely at our discretion and impairments are largely dependent on market cycles or issuer-specific events over which we have little or no control and which can and do vary, sometimes materially, through time. This exclusion does not apply to Life/Health insurance operations, where the expenses for premium refunds in the operating profit correlate with realized gains and losses and impairments of investments.

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

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

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

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Operating profit	2,191	1,786	3,900	3,205
Non-operating realized gains/losses (net) and impairments of investments (net)	(6)	815	705	317
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(185)	138	(102)	38
Income (loss) from fully consolidated private equity investments (net)	(15)	(101)	(52)	(157)
Interest expenses from external debt	(220)	(214)	(442)	(452)
Non-operating restructuring charges	(42)	(14)	(89)	(77)
Acquisition-related expenses	(110)	(45)	(308)	(54)
Amortization of intangible assets	(17)	(11)	(34)	(15)
Reclassification of tax benefits	(2)	(20)	(16)	(26)
Income from continuing operations before income taxes	1,594	2,334	3,562	2,779

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 June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Property-Casualty				
Gross premiums written	9,951	9,522	23,945	23,408
Life/Health				
Statutory premiums	14,124	11,766	29,480	24,779
Asset Management				
Operating revenues	1,188	780	2,304	1,496
consisting of:				
Net fee and commission income	1,188	752	2,285	1,461
Net interest income	(1)	(2)	8	10
Income from financial assets and liabilities carried at fair value through income (net)	(4)	24	1	16
Other income	5	6	10	9
Corporate and Other				
Total revenues	138	124	266	241
consisting of:				
Interest and similar income	173	163	342	363
Income from financial assets and liabilities carried at fair value through income (net)	(3)	5	(9)	6
Fee and commission income	107	87	209	163
Interest expenses	(83)	(87)	(167)	(206)
Fee and commission expenses	(58)	(44)	(110)	(85)
Consolidation effects (Banking within Corporate and Other)	2	—	1	—
Consolidation	(12)	(22)	(39)	(34)
Allianz Group	25,389	22,170	55,956	49,890

Composition of Total Revenue Growth

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

Reconciliation of nominal total revenue growth to internal total revenue growth

	Three months ended June 30, 2010				Six months ended June 30, 2010			
	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
	%	%	%	%	%	%	%	%
Property-Casualty	0.5	—	4.0	4.5	(0.1)	—	2.4	2.3
Life/Health	16.2	0.8	3.0	20.0	16.8	0.7	1.5	19.0
Asset Management	43.7	0.4	8.2	52.3	52.7	0.5	0.8	54.0
Corporate and Other	11.3	—	—	11.3	10.8	—	(0.4)	10.4
Allianz Group	10.8	0.4	3.3	14.5	10.0	0.4	1.8	12.2

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Consolidated Balance Sheets

	Note	As of June 30, 2010 € mn	As of December 31, 2009 € mn
ASSETS			
Cash and cash equivalents		7,213	6,089
Financial assets carried at fair value through income	4	13,123	14,321
Investments	5	328,002	294,252
Loans and advances to banks and customers	6	125,478	128,996
Financial assets for unit-linked contracts		61,008	56,963
Reinsurance assets	7	14,508	13,559
Deferred acquisition costs	8	21,456	20,623
Deferred tax assets		2,560	2,719
Other assets	9	33,568	33,047
Non-current assets and assets of disposal groups classified as held for sale	10	829	—
Intangible assets	11	14,094	13,476
Total assets		621,839	584,045
	Note	As of June 30, 2010 € mn	As of December 31, 2009 € mn
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	12	8,155	6,743
Liabilities to banks and customers	13	20,566	21,248
Unearned premiums		19,388	15,676
Reserves for loss and loss adjustment expenses	14	67,152	64,441
Reserves for insurance and investment contracts	15	345,030	322,188
Financial liabilities for unit-linked contracts		61,008	56,963
Deferred tax liabilities		4,226	3,905
Other liabilities	16	32,000	33,285
Liabilities of disposal groups classified as held for sale	10	554	—
Certificated liabilities	17	8,729	7,962
Participation certificates and subordinated liabilities	18	9,098	9,347
Total liabilities		575,906	541,758
Shareholders' equity		43,764	40,166
Non-controlling interests		2,169	2,121
Total equity	19	45,933	42,287
Total liabilities and equity		621,839	584,045

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Consolidated Income Statements

	Note	Three months ended June 30,		Six months ended June 30,	
		2010 € mn	2009 € mn	2010 € mn	2009 € mn
Premiums written		15,945	14,770	35,997	34,160
Ceded premiums written		(1,208)	(1,098)	(2,678)	(2,594)
Change in unearned premiums		759	805	(2,526)	(2,409)
Premiums earned (net)	20	15,496	14,477	30,793	29,157
Interest and similar income	21	5,169	4,800	9,748	9,214
Income from financial assets and liabilities carried at fair value through income (net)	22	(235)	643	(116)	543
Realized gains/losses (net)	23	396	1,618	1,706	2,037
Fee and commission income	24	1,909	1,426	3,710	2,762
Other income	25	36	15	65	19
Income from fully consolidated private equity investments	26	398	489	766	958
Total income		23,169	23,468	46,672	44,690
Claims and insurance benefits incurred (gross)		(11,632)	(11,480)	(23,620)	(23,871)
Claims and insurance benefits incurred (ceded)		536	375	857	987
Claims and insurance benefits incurred (net)	27	(11,096)	(11,105)	(22,763)	(22,884)
Change in reserves for insurance and investment contracts (net)	28	(3,473)	(2,684)	(6,649)	(3,305)
Interest expenses	29	(359)	(345)	(710)	(755)
Loan loss provisions	30	(9)	(24)	(21)	(39)
Impairments of investments (net)	31	(377)	(415)	(468)	(2,305)
Investment expenses	32	(215)	(185)	(392)	(353)
Acquisition and administrative expenses (net)	33	(4,916)	(5,212)	(9,905)	(10,021)
Fee and commission expenses	34	(629)	(552)	(1,228)	(1,043)
Amortization of intangible assets		(17)	(11)	(34)	(15)
Restructuring charges		(42)	(10)	(90)	(74)
Other expenses		(29)	(1)	(32)	(2)
Expenses from fully consolidated private equity investments	26	(413)	(590)	(818)	(1,115)
Total expenses		(21,575)	(21,134)	(43,110)	(41,911)
Income from continuing operations before income taxes		1,594	2,334	3,562	2,779
Income taxes	35	(509)	(447)	(889)	(468)
Net income from continuing operations		1,085	1,887	2,673	2,311
Net income (loss) from discontinued operations, net of income taxes	36	—	—	—	(395)
Net income		1,085	1,887	2,673	1,916
Net income attributable to:					
Non-controlling interests		68	18	106	18
Shareholders		1,017	1,869	2,567	1,898

	Note	Three months ended June 30,		Six months ended June 30,	
		2010 €	2009 €	2010 €	2009 €
Basic earnings per share	37	2.25	4.14	5.69	4.21
from continuing operations		2.25	4.14	5.69	5.08
from discontinued operations		—	—	—	(0.87)
Diluted earnings per share	37	2.21	4.13	5.65	4.17
from continuing operations		2.21	4.13	5.65	5.04
from discontinued operations		—	—	—	(0.87)

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Consolidated Statements of Comprehensive Income

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Net income	1,085	1,887	2,673	1,916
Other comprehensive income				
Foreign currency translation adjustments				
Reclassifications to net income	2	(26)	2	522
Changes arising during the period	1,465	(220)	2,405	(69)
Subtotal	1,467	(246)	2,407	453
Available-for-sale investments				
Reclassifications to net income	(86)	(742)	(818)	(391)
Changes arising during the period	(211)	2,340	1,331	685
Subtotal	(297)	1,598	513	294
Cash flow hedges				
Reclassifications to net income	(1)	(5)	(1)	(4)
Changes arising during the period	(21)	9	(18)	(25)
Subtotal	(22)	4	(19)	(29)
Share of other comprehensive income of associates				
Reclassifications to net income	—	5	—	5
Changes arising during the period	9	22	32	31
Subtotal	9	27	32	36
Miscellaneous				
Reclassifications to net income	—	—	—	—
Changes arising during the period	16	9	34	(63)
Subtotal	16	9	34	(63)
Total other comprehensive income	1,173	1,392	2,967	691
Total comprehensive income	2,258	3,279	5,640	2,607
Total comprehensive income attributable to:				
Non-controlling interests	110	38	206	36
Shareholders	2,148	3,241	5,434	2,571

For further details concerning income taxes relating to components of other comprehensive income, please see note 35.

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Consolidated Statements of Changes in Equity

	Paid-in capital	Revenue reserves	Foreign currency translation adjustments	Unrealized gains and losses (net)	Shareholders' equity	Non- controlling interests	Total equity
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Balance as of January 1, 2009	28,569	7,110	(4,006)	2,011	33,684	3,564	37,248
Total comprehensive income	—	1,865	450	256	2,571	36	2,607
Paid-in capital	—	—	—	—	—	—	—
Treasury shares	—	(137)	—	—	(137)	—	(137)
Transactions between equity holders ¹⁾	—	(8)	—	—	(8)	(1,431)	(1,439)
Dividends paid	—	(1,580)	—	—	(1,580)	(88)	(1,668)
Balance as of June 30, 2009	28,569	7,250	(3,556)	2,267	34,530	2,081	36,611
Balance as of January 1, 2010	28,635	9,689	(3,615)	5,457	40,166	2,121	42,287
Total comprehensive income	—	2,635	2,331	468	5,434	206	5,640
Paid-in capital	—	—	—	—	—	—	—
Treasury shares	—	4	—	—	4	—	4
Transactions between equity holders	—	20	(10)	—	10	(55)	(45)
Dividends paid	—	(1,850)	—	—	(1,850)	(103)	(1,953)
Balance as of June 30, 2010	28,635	10,498	(1,294)	5,925	43,764	2,169	45,933

¹⁾ Includes € (1,738) mn changes in non-controlling interests from the derecognition of Dresdner Bank and € 307 mn related to capital movements of subsidiaries in whom the Allianz Group owns less than 100%.

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Condensed Consolidated Statements of Cash Flows

Six months ended June 30,

	2010 € mn	2009 € mn
Summary		
Net cash flow provided by operating activities	9,130	5,744
Net cash flow used in investing activities	(10,469)	(37,630)
Net cash flow provided by (used in) financing activities	2,145	(727)
Effect of exchange rate changes on cash and cash equivalents	318	11
Change in cash and cash equivalents	1,124	(32,602)
Cash and cash equivalents at beginning of period of continuing operations	6,089	8,958
Cash and cash equivalents at beginning of period reclassified to assets of disposal groups classified as held for sale	—	30,238
Cash and cash equivalents at end of period	7,213	6,594
Cash flow from operating activities		
Net income	2,673	1,916
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(116)	25
Realized gains/losses (net) and impairments of investments (net) of:		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers	(1,238)	268
Other investments, mainly financial assets held for trading and designated at fair value through income	730	(354)
Depreciation and amortization	499	289
Loan loss provisions	21	39
Interest credited to policyholder accounts	1,724	1,696
Net change in:		
Financial assets and liabilities held for trading	(1,390)	(481)
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(41)	144
Repurchase agreements and collateral received from securities lending transactions	167	(540)
Reinsurance assets	331	419
Deferred acquisition costs	(830)	126
Unearned premiums	2,942	2,811
Reserves for loss and loss adjustment expenses	151	(382)
Reserves for insurance and investment contracts	5,276	1,183
Deferred tax assets/liabilities	(12)	(215)
Other (net)	(1,757)	(1,200)
Subtotal	6,457	3,828
Net cash flow provided by operating activities	9,130	5,744
Cash flow from investing activities		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	7,088	1,919
Available-for-sale investments	57,873	53,481
Held-to-maturity investments	123	123
Investments in associates and joint ventures	419	1,636
Non-current assets and assets of disposal groups classified as held for sale	—	—
Real estate held for investment	247	64
Loans and advances to banks and customers (purchased loans)	3,239	5,348
Property and equipment	129	103
Subtotal	69,118	62,674

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Condensed Consolidated Statements of Cash Flows (continued)

Six months ended June 30,	2010 € mn	2009 € mn
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(4,665)	(745)
Available-for-sale investments	(75,080)	(60,384)
Held-to-maturity investments	(213)	(93)
Investments in associates and joint ventures	(267)	(757)
Non-current assets and assets of disposal groups classified as held for sale	(232)	(36)
Real estate held for investment	(511)	(84)
Loans and advances to banks and customers (purchased loans)	(3,198)	(14,056)
Property and equipment	(521)	(329)
Subtotal	(84,687)	(76,484)
Business combinations		
Proceeds from sale of subsidiaries, net of cash disposed	—	(26,975)
Acquisitions of subsidiaries, net of cash acquired	—	77
Change in other loans and advances to banks and customers (originated loans)	5,264	2,659
Other (net)	(164)	419
Net cash flow used in investing activities	(10,469)	(37,630)
Cash flow from financing activities		
Policyholders' account deposits	11,351	10,525
Policyholders' account withdrawals	(6,265)	(6,298)
Net change in liabilities to banks and customers	(934)	(499)
Proceeds from the issuance of certificated liabilities, participation certificates and subordinated liabilities	3,878	7,624
Repayments of certificated liabilities, participation certificates and subordinated liabilities	(3,747)	(10,375)
Cash inflow from capital increases	—	—
Transactions between equity holders	(45)	258
Dividends paid to shareholders	(1,953)	(1,668)
Net cash from sale or purchase of treasury shares	5	(213)
Other (net)	(145)	(81)
Net cash flow provided by (used in) financing activities	2,145	(727)

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Notes to the Condensed Consolidated Interim Financial Statements

1 Basis of presentation

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

Within these condensed consolidated interim financial statements, the Allianz Group has applied all IFRS issued by the IASB and endorsed by the E.U., that are compulsory as of January 1, 2010, or adopted early. See note 2 for further details.

For existing and unchanged IFRS the accounting policies for recognition, measurement, consolidation and presentation applied in the preparation of the condensed consolidated interim financial statements are consistent with the accounting policies that have been applied in the preparation of the consolidated financial statements for the year ended December 31, 2009. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Allianz Group Annual Report 2009.

IFRS 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 August 5, 2010.

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

Recently adopted accounting pronouncements (effective January 1, 2010)

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

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

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

The amended version of IAS 27 includes the following changes:

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

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

Further adopted accounting pronouncements

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

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

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

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

Reclassification of foreign currency gains and losses

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

The change in accounting policy is applied retrospectively and results in changes in the presentation as described in the table on page 52. There is no impact on recognition, initial or subsequent measurement, net income or operating profit arising from this reclassification of foreign currency gains and losses.

Change in presentation of "Net income"

Until the third quarter of 2009, non-controlling interests (minority interests) were not included in "Net income" but were shown separately in the line item "Non-controlling interests (Minority interests in earnings)". Non-controlling interests were significantly larger in prior years. With year-end reporting 2009, the Allianz Group now includes all interests in "Net income". The allocation attributable to shareholders and attributable to non-controlling interests is presented just below "Net income". The change in presentation is applied retrospectively and results in changes in presentation as described in the table on page 52. There is no impact on recognition, initial or subsequent measurement or operating profit arising from this change in presentation.

Other reclassifications

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

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

The following table summarizes the impacts on the consolidated income statements for the three and six months ended June 30, 2009, relating to the reclassification of foreign currency gains and losses and the change in presentation of net income:

	Three months ended June 30, 2009			Six months ended June 30, 2009		
	As previously reported	Reclassification of foreign currency gains and losses	As reported	As previously reported	Reclassification of foreign currency gains and losses	As reported
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Premiums written	14,770	—	14,770	34,160	—	34,160
Ceded premiums written	(1,098)	—	(1,098)	(2,594)	—	(2,594)
Change in unearned premiums	805	—	805	(2,409)	—	(2,409)
Premiums earned (net)	14,477	—	14,477	29,157	—	29,157
Interest and similar income	4,800	—	4,800	9,214	—	9,214
Income from financial assets and liabilities carried at fair value through income (net)	887	(244)	643	557	(14)	543
Realized gains/losses (net)	1,618	—	1,618	2,037	—	2,037
Fee and commission income	1,426	—	1,426	2,762	—	2,762
Other income	15	—	15	19	—	19
Income from fully consolidated private equity investments	489	—	489	958	—	958
Total income	23,712	(244)	23,468	44,704	(14)	44,690
Claims and insurance benefits incurred (gross)	(11,480)	—	(11,480)	(23,871)	—	(23,871)
Claims and insurance benefits incurred (ceded)	375	—	375	987	—	987
Claims and insurance benefits incurred (net)	(11,105)	—	(11,105)	(22,884)	—	(22,884)
Change in reserves for insurance and investment contracts (net)	(2,684)	—	(2,684)	(3,305)	—	(3,305)
Interest expenses	(345)	—	(345)	(755)	—	(755)
Loan loss provisions	(24)	—	(24)	(39)	—	(39)
Impairments of investments (net)	(415)	—	(415)	(2,305)	—	(2,305)
Investment expenses	(429)	244	(185)	(367)	14	(353)
Acquisition and administrative expenses (net)	(5,212)	—	(5,212)	(10,021)	—	(10,021)
Fee and commission expenses	(552)	—	(552)	(1,043)	—	(1,043)
Amortization of intangible assets	(11)	—	(11)	(15)	—	(15)
Restructuring charges	(10)	—	(10)	(74)	—	(74)
Other expenses	(1)	—	(1)	(2)	—	(2)
Expenses from fully consolidated private equity investments	(590)	—	(590)	(1,115)	—	(1,115)
Total expenses	(21,378)	244	(21,134)	(41,925)	14	(41,911)
Income from continuing operations before income taxes	2,334	—	2,334	2,779	—	2,779
Income taxes	(447)	—	(447)	(468)	—	(468)
Net income from continuing operations	1,887	—	1,887	2,311	—	2,311
Net income (loss) from discontinued operations, net of income taxes	—	—	—	(395)	—	(395)
Net income	1,887	—	1,887	1,916	—	1,916
Net income attributable to:						
Non-controlling interests			18			18
Shareholders			1,869			1,898

3 Segment reporting

Identification of reportable segments

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

Property-Casualty

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

Life/Health

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

Asset management activities represent a separate reportable segment. Due to differences in the nature of products, risks and capital allocation, corporate and other activities are divided into three reportable segments: Holding & Treasury, Banking and Alternative Investments. In sum, the Allianz Group has identified 15 reportable segments in accordance with IFRS 8, Operating Segments.

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

Property-Casualty

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

Life/Health

In the Life/Health category, reportable segments offer a comprehensive range of life and health insurance products on both individual and group basis, including annuity,

endowment and term insurance, unit-linked and investment-oriented products as well as full private health and supplemental health and care insurance.

Asset Management

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

Corporate and Other

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

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

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

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Transactions between reportable segments are eliminated in the consolidation. For the 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 Group as a whole. Operating profit highlights the portion of income before income taxes attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

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

- acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations;
- restructuring charges, because the timing of these are largely at the discretion of the Allianz Group, and accordingly their exclusion provides additional insight into the operating trends of the underlying business. This differentiation is not made if the profit sources are shared with policyholders;
- interest expenses from external debt, as these relate to the capital structure of the Allianz Group;
- income from fully consolidated private equity investments (net), as this represents income from industrial holdings, which is outside the Allianz Group's normal scope of operating business;
- income from financial assets and liabilities held for trading (net) as part of the income from financial assets and liabilities carried at fair value through income (net) for the Property-Casualty insurance operations and the Corporate and Other activities (except for certain items for the Holding & Treasury activities and Banking operations where the trading income refers to operating business). For the Life/Health insurance and Asset Management operations, this item is treated as operating business and is therefore not excluded;
- realized 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. This exclusion applies not for Life/Health insurance operations, where the expenses for premium refunds in the operating profit are correlating with realized gains and losses and impairments of investments.

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

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

In certain cases the policyholders participate in the tax benefits of the Allianz Group. IFRS requires that the consolidated income statements present all tax benefits in the income tax line item, even though these belong to policyholders. In the segment reporting, the tax benefits are reclassified and shown 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 from continuing operations before income taxes or net income as determined in accordance with IFRS.

Recent Organizational Changes

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

Business Segment Information – Consolidated Balance Sheets

	Property-Casualty		Life/Health	
	As of June 30, 2010 € mn	As of December 31, 2009 € mn	As of June 30, 2010 € mn	As of December 31, 2009 € mn
ASSETS				
Cash and cash equivalents	2,553	2,281	2,857	2,478
Financial assets carried at fair value through income	1,858	2,100	10,006	11,269
Investments	84,922	80,401	239,901	213,036
Loans and advances to banks and customers	16,687	16,325	101,953	100,316
Financial assets for unit-linked contracts	—	—	61,008	56,963
Reinsurance assets	9,466	8,885	5,057	4,691
Deferred acquisition costs	4,309	3,789	17,003	16,685
Deferred tax assets	1,198	1,329	248	316
Other assets	20,902	19,980	14,365	16,024
Non-current assets and assets from disposal groups classified as held for sale ¹⁾	—	—	549	—
Intangible assets	2,497	2,361	2,357	2,306
Total assets	144,392	137,451	455,304	424,084

	Property-Casualty		Life/Health	
	As of June 30, 2010 € mn	As of December 31, 2009 € mn	As of June 30, 2010 € mn	As of December 31, 2009 € mn
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	122	68	7,911	6,541
Liabilities to banks and customers	982	426	1,420	861
Unearned premiums	17,093	13,471	2,296	2,210
Reserves for loss and loss adjustment expenses	58,317	55,715	8,847	8,738
Reserves for insurance and investment contracts	9,301	9,159	335,808	313,018
Financial liabilities for unit-linked contracts	—	—	61,008	56,963
Deferred tax liabilities	2,685	2,656	1,923	1,317
Other liabilities	14,747	15,642	13,364	14,131
Liabilities from disposal groups classified as held for sale ²⁾	—	—	324	—
Certificated liabilities	156	139	2	2
Participation certificates and subordinated liabilities	398	846	65	65
Total liabilities	103,801	98,122	432,968	403,846

¹⁾ Comprises the assets from the disposal groups Porta di Roma, Rome, in Life/Health and Allianz Bank Zrt., Budapest, in Corporate and Other. See note 10 for further information.

²⁾ Comprises the liabilities from the disposal groups Porta di Roma, Rome, in Life/Health and Allianz Bank Zrt., Budapest, in Corporate and Other. See note 10 for further information.

Asset Management		Corporate and Other		Consolidation		Group	
As of June 30, 2010 € mn	As of December 31, 2009 € mn	As of June 30, 2010 € mn	As of December 31, 2009 € mn	As of June 30, 2010 € mn	As of December 31, 2009 € mn	As of June 30, 2010 € mn	As of December 31, 2009 € mn
997	701	1,161	1,089	(355)	(460)	7,213	6,089
783	731	917	621	(441)	(400)	13,123	14,321
1,244	1,103	88,801	85,732	(86,866)	(86,020)	328,002	294,252
356	276	15,468	20,745	(8,986)	(8,666)	125,478	128,996
—	—	—	—	—	—	61,008	56,963
—	—	—	—	(15)	(17)	14,508	13,559
144	149	—	—	—	—	21,456	20,623
312	169	1,458	1,272	(656)	(367)	2,560	2,719
3,646	3,770	4,631	5,636	(9,976)	(12,363)	33,568	33,047
—	—	289	—	(9)	—	829	—
7,366	6,901	1,874	1,908	—	—	14,094	13,476
14,848	13,800	114,599	117,003	(107,304)	(108,293)	621,839	584,045

Asset Management		Corporate and Other		Consolidation		Group	
As of June 30, 2010 € mn	As of December 31, 2009 € mn	As of June 30, 2010 € mn	As of December 31, 2009 € mn	As of June 30, 2010 € mn	As of December 31, 2009 € mn	As of June 30, 2010 € mn	As of December 31, 2009 € mn
—	—	565	534	(443)	(400)	8,155	6,743
1,010	739	19,218	21,236	(2,064)	(2,014)	20,566	21,248
—	—	—	—	(1)	(5)	19,388	15,676
—	—	—	—	(12)	(12)	67,152	64,441
—	—	72	161	(151)	(150)	345,030	322,188
—	—	—	—	—	—	61,008	56,963
91	93	183	206	(656)	(367)	4,226	3,905
3,503	3,396	14,556	16,108	(14,170)	(15,992)	32,000	33,285
—	—	312	—	(82)	—	554	—
—	—	14,901	14,134	(6,330)	(6,313)	8,729	7,962
14	14	8,878	8,679	(257)	(257)	9,098	9,347
4,618	4,242	58,685	61,058	(24,166)	(25,510)	575,906	541,758
Total equity						45,933	42,287
Total liabilities and equity						621,839	584,045

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

Three months ended June 30,	Property-Casualty		Life/Health	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Total revenues¹⁾	9,951	9,522	14,124	11,766
Premiums earned (net)	9,689	9,365	5,807	5,112
Operating investment result				
Interest and similar income	960	932	4,005	3,638
Operating income from financial assets and liabilities carried at fair value through income (net)	(21)	(14)	(18)	562
Operating realized gains/losses (net)	3	20	212	639
Interest expenses, excluding interest expenses from external debt	(19)	(26)	(31)	(27)
Operating impairments of investments (net)	(6)	(4)	(184)	(267)
Investment expenses	(54)	(62)	(184)	(152)
Subtotal	863	846	3,800	4,393
Fee and commission income	282	270	129	122
Other income	4	5	29	6
Claims and insurance benefits incurred (net)	(6,645)	(6,608)	(4,451)	(4,497)
Change in reserves for insurance and investment contracts (net)	(89)	(95)	(3,365)	(2,455)
Loan loss provisions	—	(2)	1	(12)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(2,688)	(2,657)	(1,150)	(1,631)
Fee and commission expenses	(264)	(229)	(63)	(52)
Operating restructuring charges	—	—	—	4
Other expenses	(5)	—	(24)	—
Reclassification of tax benefits	—	—	—	—
Operating profit (loss)	1,147	895	713	990
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	4	(35)	26	15
Non-operating realized gains/losses (net)	93	355	13	17
Non-operating impairments of investments (net)	(85)	(118)	(10)	(9)
Subtotal	12	202	29	23
Income from fully consolidated private equity investments (net)	—	—	—	3
Interest expenses from external debt	—	—	—	—
Acquisition-related expenses	—	—	—	—
Amortization of intangible assets	(4)	(4)	—	—
Non-operating restructuring charges	(15)	(2)	(6)	(5)
Reclassification of tax benefits	—	—	—	—
Non-operating items	(7)	196	23	21
Income (loss) from continuing operations before income taxes	1,140	1,091	736	1,011
Income taxes	(303)	(333)	(248)	(332)
Net income (loss) from continuing operations	837	758	488	679
Net income (loss) from discontinued operations, net of income taxes	—	—	—	—
Net income (loss)	837	758	488	679
Net income (loss) attributable to:				
Non-controlling interests	51	9	19	18
Shareholders	786	749	469	661

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

Asset Management		Corporate and Other		Consolidation		Group	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
1,188	780	138	124	(12)	(22)	25,389	22,170
—	—	—	—	—	—	15,496	14,477
12	10	297	283	(105)	(63)	5,169	4,800
(4)	24	2	(78)	(9)	11	(50)	505
—	—	—	—	—	—	215	659
(13)	(12)	(179)	(199)	103	133	(139)	(131)
—	—	—	—	—	—	(190)	(271)
—	—	(23)	(17)	46	46	(215)	(185)
(5)	22	97	(11)	35	127	4,790	5,377
1,458	971	169	174	(129)	(111)	1,909	1,426
5	6	—	3	(2)	(5)	36	15
—	—	—	—	—	—	(11,096)	(11,105)
—	—	—	—	(19)	(134)	(3,473)	(2,684)
—	—	(10)	(10)	—	—	(9)	(24)
(672)	(534)	(309)	(358)	13	13	(4,806)	(5,167)
(270)	(219)	(102)	(110)	70	58	(629)	(552)
—	—	—	—	—	—	—	4
—	—	—	(1)	—	—	(29)	(1)
—	—	—	—	2	20	2	20
516	246	(155)	(313)	(30)	(32)	2,191	1,786
—	—	—	—	—	—	—	—
—	—	(224)	206	9	(48)	(185)	138
—	3	71	616	4	(32)	181	959
—	—	(92)	(17)	—	—	(187)	(144)
—	3	(245)	805	13	(80)	(191)	953
—	—	(32)	(219)	17	115	(15)	(101)
—	—	(220)	(214)	—	—	(220)	(214)
(114)	(44)	4	(1)	—	—	(110)	(45)
(7)	—	(6)	(7)	—	—	(17)	(11)
(7)	(6)	(14)	(1)	—	—	(42)	(14)
—	—	—	—	(2)	(20)	(2)	(20)
(128)	(47)	(513)	363	28	15	(597)	548
388	199	(668)	50	(2)	(17)	1,594	2,334
(158)	(88)	197	286	3	20	(509)	(447)
230	111	(471)	336	1	3	1,085	1,887
—	—	—	—	—	—	—	—
230	111	(471)	336	1	3	1,085	1,887
—	—	—	—	—	—	—	—
3	1	(5)	(18)	—	8	68	18
227	110	(466)	354	1	(5)	1,017	1,869

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

Six months ended June 30,	Property-Casualty		Life/Health	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Total revenues¹⁾	23,945	23,408	29,480	24,779
Premiums earned (net)	19,102	18,697	11,691	10,460
Operating investment result				
Interest and similar income	1,839	1,865	7,550	6,943
Operating income from financial assets and liabilities carried at fair value through income (net)	(12)	48	44	503
Operating realized gains/losses (net)	12	16	750	810
Interest expenses, excluding interest expenses from external debt	(44)	(60)	(54)	(71)
Operating impairments of investments (net)	(6)	(66)	(223)	(1,343)
Investment expenses	(109)	(116)	(329)	(290)
Subtotal	1,680	1,687	7,738	6,552
Fee and commission income	536	542	247	241
Other income	8	8	49	9
Claims and insurance benefits incurred (net)	(13,467)	(13,241)	(9,296)	(9,643)
Change in reserves for insurance and investment contracts (net)	(173)	(125)	(6,411)	(3,040)
Loan loss provisions	—	(8)	2	(14)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(5,321)	(5,232)	(2,351)	(3,060)
Fee and commission expenses	(501)	(463)	(117)	(116)
Operating restructuring charges	—	—	(1)	3
Other expenses	(5)	(1)	(26)	—
Reclassification of tax benefits	—	—	—	—
Operating profit (loss)	1,859	1,864	1,525	1,392
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(19)	(59)	(12)	8
Non-operating realized gains/losses (net)	294	546	31	15
Non-operating impairments of investments (net)	(84)	(450)	(8)	(68)
Subtotal	191	37	11	(45)
Income from fully consolidated private equity investments (net)	—	1	—	9
Interest expenses from external debt	—	—	—	—
Acquisition-related expenses	—	—	—	—
Amortization of intangible assets	(7)	(7)	(1)	(1)
Non-operating restructuring charges	(42)	(28)	(22)	(9)
Reclassification of tax benefits	—	—	—	—
Non-operating items	142	3	(12)	(46)
Income (loss) from continuing operations before income taxes	2,001	1,867	1,513	1,346
Income taxes	(573)	(666)	(464)	(341)
Net income (loss) from continuing operations	1,428	1,201	1,049	1,005
Net income (loss) from discontinued operations, net of income taxes	—	—	—	—
Net income (loss)	1,428	1,201	1,049	1,005
Net income (loss) attributable to:				
Non-controlling interests	82	21	40	23
Shareholders	1,346	1,180	1,009	982

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

Asset Management		Corporate and Other		Consolidation		Group	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
2,304	1,496	266	241	(39)	(34)	55,956	49,890
—	—	—	—	—	—	30,793	29,157
25	27	526	597	(192)	(218)	9,748	9,214
1	16	(23)	(92)	(24)	30	(14)	505
—	—	—	—	—	(2)	762	824
(17)	(17)	(358)	(443)	205	288	(268)	(303)
—	—	—	—	—	—	(229)	(1,409)
—	—	(44)	(36)	90	89	(392)	(353)
9	26	101	26	79	187	9,607	8,478
2,811	1,878	356	317	(240)	(216)	3,710	2,762
10	9	—	3	(2)	(10)	65	19
—	—	—	—	—	—	(22,763)	(22,884)
—	—	—	—	(65)	(140)	(6,649)	(3,305)
—	—	(23)	(17)	—	—	(21)	(39)
(1,322)	(1,039)	(626)	(663)	23	27	(9,597)	(9,967)
(526)	(417)	(213)	(162)	129	115	(1,228)	(1,043)
—	—	—	—	—	—	(1)	3
—	—	(1)	(1)	—	—	(32)	(2)
—	—	—	—	16	26	16	26
982	457	(406)	(497)	(60)	(11)	3,900	3,205
—	—	—	—	—	—	—	—
—	—	(97)	124	26	(35)	(102)	38
1	3	564	681	54	(32)	944	1,213
—	(6)	(147)	(372)	—	—	(239)	(896)
1	(3)	320	433	80	(67)	603	355
—	—	(102)	(282)	50	115	(52)	(157)
—	—	(442)	(452)	—	—	(442)	(452)
(310)	(55)	2	1	—	—	(308)	(54)
(15)	—	(11)	(7)	—	—	(34)	(15)
(11)	(39)	(14)	(1)	—	—	(89)	(77)
—	—	—	—	(16)	(26)	(16)	(26)
(335)	(97)	(247)	(308)	114	22	(338)	(426)
647	360	(653)	(805)	54	11	3,562	2,779
(274)	(157)	406	670	16	26	(889)	(468)
373	203	(247)	(135)	70	37	2,673	2,311
—	—	—	(395)	—	—	—	(395)
373	203	(247)	(530)	70	37	2,673	1,916
—	—	—	—	—	—	—	—
(3)	2	(13)	(36)	—	8	106	18
376	201	(234)	(494)	70	29	2,567	1,898

Reportable segments – Property-Casualty business

Three months ended June 30,	German Speaking Countries		Europe incl. South America		NAFTA Markets ¹⁾	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Gross premiums written	1,978	2,006	3,178	3,076	861	836
Ceded premiums written	(357)	(402)	(348)	(317)	(187)	(140)
Change in unearned premiums	703	697	98	135	(9)	26
Premiums earned (net)	2,324	2,301	2,928	2,894	665	722
Interest and similar income	300	304	294	266	89	89
Operating income from financial assets and liabilities carried at fair value through income (net)	(3)	5	(16)	14	(1)	(2)
Operating realized gains/losses (net)	3	20	—	—	—	—
Fee and commission income	32	39	7	17	—	—
Other income	5	—	—	3	—	—
Operating revenues	2,661	2,669	3,213	3,194	753	809
Claims and insurance benefits incurred (net)	(1,675)	(1,750)	(2,153)	(2,100)	(489)	(487)
Change in reserves for insurance and investment contracts (net)	(71)	(98)	(2)	2	1	—
Interest expenses	(20)	(21)	(11)	(21)	—	—
Loan loss provisions	—	(1)	—	—	—	—
Operating impairments of investments (net)	(6)	(4)	—	—	—	—
Investment expenses	(17)	(22)	(21)	(28)	(1)	(2)
Acquisition and administrative expenses (net)	(617)	(628)	(753)	(797)	(222)	(231)
Fee and commission expenses	(32)	(33)	(7)	(16)	—	—
Other expenses	(4)	—	—	—	—	—
Operating expenses	(2,442)	(2,557)	(2,947)	(2,960)	(711)	(720)
Operating profit	219	112	266	234	42	89
Loss ratio ³⁾ in %	72.1	76.1	73.5	72.6	73.5	67.4
Expense ratio ⁴⁾ in %	26.5	27.2	25.7	27.5	33.4	32.0
Combined ratio⁵⁾ in %	98.6	103.3	99.2	100.1	106.9	99.4

¹⁾ Fireman's Fund's reserve strengthening for asbestos and environmental risks of USD 301 mn (Euro equivalent € 237 mn converted at the average exchange rate of the second quarter) has no impact on the financial results of Allianz Group and Fireman's Fund's combined ratio under IFRS.

²⁾ From 2010 on Allianz Fire and Marine Insurance Japan Ltd. is shown within AGCS. Prior year balances have not been adjusted.

³⁾ Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

⁴⁾ Represents acquisition and administrative expenses (net) divided by premiums earned (net).

⁵⁾ Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

⁶⁾ Presentation not meaningful.

Global Insurance Lines & Anglo Markets ²⁾		Growth Markets ²⁾		Assistance (Mondial)		Consolidation		Property-Casualty	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
3,521	3,253	759	796	376	345	(722)	(790)	9,951	9,522
(759)	(727)	(156)	(202)	(3)	(1)	734	804	(1,076)	(985)
33	(5)	(2)	(8)	(9)	(17)	—	—	814	828
2,795	2,521	601	586	364	327	12	14	9,689	9,365
255	248	42	42	5	6	(25)	(23)	960	932
(5)	(17)	4	(15)	(1)	1	1	—	(21)	(14)
—	—	—	—	—	—	—	—	3	20
153	135	11	13	94	86	(15)	(20)	282	270
—	—	(1)	2	—	—	—	—	4	5
3,198	2,887	657	628	462	420	(27)	(29)	10,917	10,578
(1,700)	(1,719)	(409)	(338)	(218)	(199)	(1)	(15)	(6,645)	(6,608)
(18)	6	1	(5)	—	—	—	—	(89)	(95)
(8)	(7)	(1)	(3)	—	—	21	26	(19)	(26)
—	—	—	(1)	—	—	—	—	—	(2)
—	—	—	—	—	—	—	—	(6)	(4)
(12)	(8)	(4)	(1)	—	—	1	(1)	(54)	(62)
(775)	(680)	(205)	(196)	(130)	(124)	14	(1)	(2,688)	(2,657)
(132)	(113)	(16)	(17)	(90)	(70)	13	20	(264)	(229)
—	—	(1)	—	—	—	—	—	(5)	—
(2,645)	(2,521)	(635)	(561)	(438)	(393)	48	29	(9,770)	(9,683)
553	366	22	67	24	27	21	—	1,147	895
60.9	68.2	68.1	57.7	59.9	60.9	— ⁶⁾	— ⁶⁾	68.6	70.6
27.7	27.0	34.1	33.4	35.7	37.9	— ⁶⁾	— ⁶⁾	27.7	28.3
88.6	95.2	102.2	91.1	95.6	98.8	— ⁶⁾	— ⁶⁾	96.3	98.9

Reportable segments – Property-Casualty business (continued)

Six months ended June 30,	German Speaking Countries		Europe incl. South America		NAFTA Markets ¹⁾	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Gross premiums written	7,074	7,212	6,987	6,846	1,541	1,674
Ceded premiums written	(1,180)	(1,289)	(788)	(762)	(323)	(293)
Change in unearned premiums	(1,266)	(1,323)	(381)	(306)	46	123
Premiums earned (net)	4,628	4,600	5,818	5,778	1,264	1,504
Interest and similar income	589	620	536	520	171	182
Operating income from financial assets and liabilities carried at fair value through income (net)	—	27	3	44	(1)	(2)
Operating realized gains/losses (net)	12	16	—	—	—	—
Fee and commission income	63	74	15	28	—	—
Other income	6	1	1	3	—	—
Operating revenues	5,298	5,338	6,373	6,373	1,434	1,684
Claims and insurance benefits incurred (net)	(3,339)	(3,312)	(4,310)	(4,314)	(894)	(991)
Change in reserves for insurance and investment contracts (net)	(134)	(114)	(4)	(1)	1	—
Interest expenses	(44)	(44)	(28)	(49)	—	—
Loan loss provisions	—	(1)	—	—	—	—
Operating impairments of investments (net)	(6)	(66)	—	—	—	—
Investment expenses	(37)	(41)	(42)	(50)	(2)	(3)
Acquisition and administrative expenses (net)	(1,231)	(1,244)	(1,505)	(1,521)	(455)	(495)
Fee and commission expenses	(62)	(62)	(14)	(29)	—	—
Other expenses	(4)	—	—	—	—	—
Operating expenses	(4,857)	(4,884)	(5,903)	(5,964)	(1,350)	(1,489)
Operating profit	441	454	470	409	84	195
Loss ratio ³⁾ in %	72.1	72.0	74.0	74.7	70.7	65.9
Expense ratio ⁴⁾ in %	26.6	27.0	25.9	26.3	36.0	32.9
Combined ratio⁵⁾ in %	98.7	99.0	99.9	101.0	106.7	98.8

¹⁾ Fireman's Fund's reserve strengthening for asbestos and environmental risks of USD 301 mn (Euro equivalent € 237 mn converted at the average exchange rate of the second quarter) has no impact on the financial results of Allianz Group and Fireman's Fund's combined ratio under IFRS.

²⁾ From 2010 on Allianz Fire and Marine Insurance Japan Ltd. is shown within AGCS. Prior year balances have not been adjusted.

³⁾ Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

⁴⁾ Represents acquisition and administrative expenses (net) divided by premiums earned (net).

⁵⁾ Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

⁶⁾ Presentation not meaningful.

Global Insurance Lines & Anglo Markets ²⁾		Growth Markets ²⁾		Assistance (Mondial)		Consolidation		Property-Casualty	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
8,145	7,491	1,682	1,669	773	695	(2,257)	(2,179)	23,945	23,408
(2,024)	(1,777)	(377)	(429)	(5)	(4)	2,272	2,199	(2,425)	(2,355)
(627)	(706)	(119)	(75)	(71)	(69)	—	—	(2,418)	(2,356)
5,494	5,008	1,186	1,165	697	622	15	20	19,102	18,697
494	495	83	82	12	15	(46)	(49)	1,839	1,865
(15)	(20)	1	(4)	(2)	2	2	1	(12)	48
—	—	—	—	—	—	—	—	12	16
283	266	27	28	179	172	(31)	(26)	536	542
—	—	1	4	—	—	—	—	8	8
6,256	5,749	1,298	1,275	886	811	(60)	(54)	21,485	21,176
(3,718)	(3,526)	(780)	(699)	(423)	(380)	(3)	(19)	(13,467)	(13,241)
(36)	(3)	—	(6)	—	(1)	—	—	(173)	(125)
(15)	(17)	(2)	(4)	—	—	45	54	(44)	(60)
—	—	—	(7)	—	—	—	—	—	(8)
—	—	—	—	—	—	—	—	(6)	(66)
(21)	(17)	(7)	(3)	—	—	—	(2)	(109)	(116)
(1,489)	(1,368)	(395)	(390)	(248)	(230)	2	16	(5,321)	(5,232)
(243)	(204)	(36)	(31)	(173)	(160)	27	23	(501)	(463)
—	—	(1)	(1)	—	—	—	—	(5)	(1)
(5,522)	(5,135)	(1,221)	(1,141)	(844)	(771)	71	72	(19,626)	(19,312)
734	614	77	134	42	40	11	18	1,859	1,864
67.7	70.4	65.8	60.0	60.7	61.1	— ⁶⁾	— ⁶⁾	70.5	70.8
27.1	27.3	33.3	33.5	35.6	37.0	— ⁶⁾	— ⁶⁾	27.9	28.0
94.8	97.7	99.1	93.5	96.3	98.1	— ⁶⁾	— ⁶⁾	98.4	98.8

Reportable segments – Life/Health business

Three months ended June 30,	German Speaking Countries		Europe incl. South America	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Statutory premiums¹⁾	5,105	4,619	5,097	4,295
Ceded premiums written	(47)	(50)	(70)	(76)
Change in unearned premiums	(34)	(18)	1	27
Statutory premiums (net)	5,024	4,551	5,028	4,246
Deposits from insurance and investment contracts	(1,261)	(1,322)	(3,834)	(3,031)
Premiums earned (net)	3,763	3,229	1,194	1,215
Interest and similar income	2,120	1,983	1,097	1,019
Operating income from financial assets and liabilities carried at fair value through income (net)	179	(147)	(137)	284
Operating realized gains/losses (net)	122	522	79	112
Fee and commission income	9	7	94	87
Other income	26	4	—	2
Operating revenues	6,219	5,598	2,327	2,719
Claims and insurance benefits incurred (net)	(3,018)	(3,075)	(1,077)	(1,135)
Change in reserves for insurance and investment contracts (net)	(2,353)	(1,655)	(374)	(527)
Interest expenses	(22)	(27)	(7)	(10)
Loan loss provisions	—	(6)	—	—
Operating impairments of investments (net)	(119)	(198)	(57)	(36)
Investment expenses	(101)	(85)	(54)	(54)
Acquisition and administrative expenses (net)	(248)	(301)	(443)	(536)
Fee and commission expenses	(8)	(7)	(46)	(37)
Operating restructuring charges	—	4	—	—
Other expenses	(24)	—	—	—
Operating expenses	(5,893)	(5,350)	(2,058)	(2,335)
Operating profit (loss)	326	248	269	384
Cost-income ratio²⁾ in %	95.5	96.2	95.5	93.2

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

²⁾ Represents deposits from insurance and investment contracts, claims and insurance benefits incurred (net), change in reserves for insurance and investment contracts (net) and acquisition and administrative expenses (net) divided by statutory premiums (net), interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), operating realized gains/losses (net), fee and commission income, other income, interest expenses, loan loss provisions, operating impairments of investments (net), investment expenses, fee and commission expenses, operating restructuring charges and other expenses.

³⁾ Presentation not meaningful.

NAFTA Markets		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
2,077	1,640	56	71	1,850	1,191	(61)	(50)	14,124	11,766
(43)	(33)	(1)	(2)	(29)	(16)	61	50	(129)	(127)
2	4	3	(2)	(27)	(35)	—	—	(55)	(24)
2,036	1,611	58	67	1,794	1,140	—	—	13,940	11,615
(1,844)	(1,433)	—	—	(1,194)	(717)	—	—	(8,133)	(6,503)
192	178	58	67	600	423	—	—	5,807	5,112
584	505	13	21	178	125	13	(15)	4,005	3,638
(35)	422	(22)	(3)	11	—	(14)	6	(18)	562
3	3	—	—	8	2	—	—	212	639
13	10	—	—	17	20	(4)	(2)	129	122
—	—	—	1	3	(1)	—	—	29	6
757	1,118	49	86	817	569	(5)	(11)	10,164	10,079
(27)	(18)	(60)	(82)	(269)	(187)	—	—	(4,451)	(4,497)
(429)	(125)	24	14	(232)	(162)	(1)	—	(3,365)	(2,455)
(2)	(2)	—	—	(2)	(2)	2	14	(31)	(27)
—	(5)	—	(1)	1	—	—	—	1	(12)
(5)	(34)	—	—	(3)	1	—	—	(184)	(267)
(14)	(9)	(1)	—	(6)	(4)	(8)	—	(184)	(152)
(215)	(610)	(14)	(9)	(231)	(174)	1	(1)	(1,150)	(1,631)
(12)	(10)	—	—	—	—	3	2	(63)	(52)
—	—	—	—	—	—	—	—	—	4
—	—	—	—	—	—	—	—	(24)	—
(704)	(813)	(51)	(78)	(742)	(528)	(3)	15	(9,451)	(9,089)
53	305	(2)	8	75	41	(8)	4	713	990
97.9	87.8	104.2	90.6	96.3	96.8	— ³⁾	— ³⁾	96.0	93.8

Reportable segments – Life/Health business (continued)

Six months ended June 30,	German Speaking Countries		Europe incl. South America	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Statutory premiums¹⁾	10,755	9,700	11,052	8,958
Ceded premiums written	(90)	(101)	(162)	(177)
Change in unearned premiums	(53)	(41)	(14)	35
Statutory premiums (net)	10,612	9,558	10,876	8,816
Deposits from insurance and investment contracts	(3,031)	(2,852)	(8,462)	(6,391)
Premiums earned (net)	7,581	6,706	2,414	2,425
Interest and similar income	3,988	3,755	2,060	1,906
Operating income from financial assets and liabilities carried at fair value through income (net)	293	7	(51)	41
Operating realized gains/losses (net)	502	455	200	349
Fee and commission income	12	10	191	177
Other income	35	6	—	2
Operating revenues	12,411	10,939	4,814	4,900
Claims and insurance benefits incurred (net)	(6,435)	(6,785)	(2,147)	(2,250)
Change in reserves for insurance and investment contracts (net)	(4,311)	(1,799)	(913)	(457)
Interest expenses	(52)	(61)	(15)	(32)
Loan loss provisions	—	(6)	—	—
Operating impairments of investments (net)	(133)	(890)	(85)	(384)
Investment expenses	(183)	(162)	(99)	(95)
Acquisition and administrative expenses (net)	(600)	(785)	(874)	(1,024)
Fee and commission expenses	(11)	(10)	(92)	(83)
Operating restructuring charges	(1)	3	—	—
Other expenses	(24)	—	—	—
Operating expenses	(11,750)	(10,495)	(4,225)	(4,325)
Operating profit	661	444	589	575
Cost-income ratio²⁾ in %	95.6	96.5	95.5	94.6

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

²⁾ Represents deposits from insurance and investment contracts, claims and insurance benefits incurred (net), change in reserves for insurance and investment contracts (net) and acquisition and administrative expenses (net) divided by statutory premiums (net), interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), operating realized gains/losses (net), fee and commission income, other income, interest expenses, loan loss provisions, operating impairments of investments (net), investment expenses, fee and commission expenses, operating restructuring charges and other expenses.

³⁾ Presentation not meaningful.

NAFTA Markets		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
3,752	3,783	150	144	3,894	2,305	(123)	(111)	29,480	24,779
(78)	(75)	(3)	1	(53)	(29)	123	111	(263)	(270)
3	—	3	(2)	(47)	(45)	—	—	(108)	(53)
3,677	3,708	150	143	3,794	2,231	—	—	29,109	24,456
(3,310)	(3,353)	—	—	(2,615)	(1,400)	—	—	(17,418)	(13,996)
367	355	150	143	1,179	831	—	—	11,691	10,460
1,133	1,033	38	40	336	239	(5)	(30)	7,550	6,943
(181)	456	(23)	(10)	25	8	(19)	1	44	503
14	4	—	—	34	2	—	—	750	810
22	19	—	—	28	38	(6)	(3)	247	241
—	—	—	1	14	—	—	—	49	9
1,355	1,867	165	174	1,616	1,118	(30)	(32)	20,331	18,966
(53)	(38)	(146)	(169)	(515)	(401)	—	—	(9,296)	(9,643)
(747)	(512)	22	25	(462)	(297)	—	—	(6,411)	(3,040)
(3)	(3)	(1)	(1)	(3)	(4)	20	30	(54)	(71)
1	(8)	—	(1)	1	1	—	—	2	(14)
(5)	(68)	—	—	—	(1)	—	—	(223)	(1,343)
(24)	(18)	(2)	—	(12)	(14)	(9)	(1)	(329)	(290)
(369)	(885)	(30)	(19)	(475)	(347)	(3)	—	(2,351)	(3,060)
(21)	(26)	—	—	—	—	7	3	(117)	(116)
—	—	—	—	—	—	—	—	(1)	3
—	—	—	—	(2)	—	—	—	(26)	—
(1,221)	(1,558)	(157)	(165)	(1,468)	(1,063)	15	32	(18,806)	(17,574)
134	309	8	9	148	55	(15)	—	1,525	1,392
97.1	93.9	95.1	94.8	96.5	97.8	— ³⁾	— ³⁾	95.9	95.5

Reportable segments – Asset Management business

Three months ended June 30,	2010 € mn	2009 € mn
Net fee and commission income ¹⁾	1,188	752
Net interest income ²⁾	(1)	(2)
Income from financial assets and liabilities carried at fair value through income (net)	(4)	24
Other income	5	6
Operating revenues	1,188	780
Administrative expenses (net), excluding acquisition-related expenses	(672)	(534)
Operating expenses	(672)	(534)
Operating profit	516	246
Cost-income ratio³⁾ in %	56.6	68.5

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

²⁾ Represents interest and similar income less interest expenses.

³⁾ Represents operating expenses divided by operating revenues.

Six months ended June 30,	2010 € mn	2009 € mn
Net fee and commission income ¹⁾	2,285	1,461
Net interest income ²⁾	8	10
Income from financial assets and liabilities carried at fair value through income (net)	1	16
Other income	10	9
Operating revenues	2,304	1,496
Administrative expenses (net), excluding acquisition-related expenses	(1,322)	(1,039)
Operating expenses	(1,322)	(1,039)
Operating profit	982	457
Cost-income ratio³⁾ in %	57.4	69.5

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

²⁾ Represents interest and similar income less interest expenses.

³⁾ Represents operating expenses divided by operating revenues.

Reportable segments – Corporate and Other business

Three months ended June 30,	Holding & Treasury	
	2010 € mn	2009 € mn
Interest and similar income	125	122
Operating income from financial assets and liabilities carried at fair value through income (net)	5	(83)
Fee and commission income	27	65
Other income	—	—
Operating revenues	157	104
Interest expenses, excluding interest expenses from external debt	(96)	(112)
Loan loss provisions	—	—
Investment expenses	(22)	(18)
Administrative expenses (net), excluding acquisition-related expenses	(133)	(121)
Fee and commission expenses	(44)	(63)
Other expenses	—	—
Operating expenses	(295)	(314)
Operating loss	(138)	(210)
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.

Six months ended June 30,	Holding & Treasury	
	2010 € mn	2009 € mn
Interest and similar income	178	238
Operating income from financial assets and liabilities carried at fair value through income (net)	(14)	(97)
Fee and commission income	86	100
Other income	—	—
Operating revenues	250	241
Interest expenses, excluding interest expenses from external debt	(191)	(238)
Loan loss provisions	—	—
Investment expenses	(43)	(38)
Administrative expenses (net), excluding acquisition-related expenses	(277)	(274)
Fee and commission expenses	(103)	(71)
Other expenses	—	—
Operating expenses	(614)	(621)
Operating loss	(364)	(380)
Cost-income ratio¹⁾ for the reportable segment Banking in %		

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

Banking		Alternative Investments		Consolidation		Corporate and Other	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
173	163	(1)	(1)	—	(1)	297	283
(3)	5	(1)	—	1	—	2	(78)
107	87	37	24	(2)	(2)	169	174
—	—	1	3	(1)	—	—	3
277	255	36	26	(2)	(3)	468	382
(83)	(87)	—	—	—	—	(179)	(199)
(10)	(10)	—	—	—	—	(10)	(10)
—	—	(1)	—	—	1	(23)	(17)
(141)	(206)	(37)	(32)	2	1	(309)	(358)
(58)	(44)	—	(3)	—	—	(102)	(110)
—	(1)	—	—	—	—	—	(1)
(292)	(348)	(38)	(35)	2	2	(623)	(695)
(15)	(93)	(2)	(9)	—	(1)	(155)	(313)
103.7	166.9						

Banking		Alternative Investments		Consolidation		Corporate and Other	
2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn	2010 € mn	2009 € mn
342	363	7	(2)	(1)	(2)	526	597
(9)	6	(1)	(1)	1	—	(23)	(92)
209	163	64	57	(3)	(3)	356	317
—	—	1	3	(1)	—	—	3
542	532	71	57	(4)	(5)	859	825
(167)	(206)	—	—	—	1	(358)	(443)
(23)	(17)	—	—	—	—	(23)	(17)
—	—	(1)	—	—	2	(44)	(36)
(279)	(325)	(74)	(65)	4	1	(626)	(663)
(110)	(85)	—	(6)	—	—	(213)	(162)
(1)	(1)	—	—	—	—	(1)	(1)
(580)	(634)	(75)	(71)	4	4	(1,265)	(1,322)
(38)	(102)	(4)	(14)	—	(1)	(406)	(497)
105.7	135.3						

Supplementary Information to the Consolidated Balance Sheets

5 Investments

4 Financial assets carried at fair value through income

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Financial assets held for trading		
Debt securities	785	363
Equity securities	131	105
Derivative financial instruments	1,902	1,663
Subtotal	2,818	2,131
Financial assets designated at fair value through income		
Debt securities	7,258	8,814
Equity securities	3,047	3,376
Subtotal	10,305	12,190
Total	13,123	14,321

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Available-for-sale investments	312,277	279,045
Held-to-maturity investments	3,761	3,475
Funds held by others under reinsurance contracts assumed	1,175	1,193
Investments in associates and joint ventures	2,836	3,025
Real estate held for investment	7,953	7,514
Total	328,002	294,252

Available-for-sale investments

	As of June 30, 2010				As of December 31, 2009			
	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	8,272	432	(1)	8,703	8,202	209	(53)	8,358
Corporate mortgage-backed securities (residential and commercial)	9,965	481	(204)	10,242	8,116	76	(444)	7,748
Other asset-backed securities	3,849	238	(51)	4,036	3,878	119	(110)	3,887
Government and government agency bonds	121,279	6,328	(1,286)	126,321	110,550	4,069	(667)	113,952
Corporate bonds	129,082	6,441	(1,882)	133,641	113,338	4,338	(1,902)	115,774
Other	1,577	100	(3)	1,674	1,570	66	(34)	1,602
Subtotal	274,024	14,020	(3,427)	284,617	245,654	8,877	(3,210)	251,321
Equity securities	18,547	9,384	(271)	27,660	17,647	10,227	(150)	27,724
Total	292,571	23,404	(3,698)	312,277	263,301	19,104	(3,360)	279,045

6 Loans and advances to banks and customers

	As of June 30, 2010			As of December 31, 2009		
	Banks € mn	Customers € mn	Total € mn	Banks € mn	Customers € mn	Total € mn
Short-term investments and certificates of deposit	6,449	—	6,449	10,530	—	10,530
Reverse repurchase agreements	907	—	907	848	19	867
Collateral paid for securities borrowing transactions	1	—	1	—	—	—
Loans	69,431	46,453	115,884	69,845	44,313	114,158
Other	2,316	59	2,375	3,525	60	3,585
Subtotal	79,104	46,512	125,616	84,748	44,392	129,140
Loan loss allowance	—	(138)	(138)	—	(144)	(144)
Total	79,104	46,374	125,478	84,748	44,248	128,996

Loans and advances to customers by type of customer

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Corporate customers	15,481	13,722
Private customers	24,138	23,743
Public customers	6,893	6,927
Total	46,512	44,392

7 Reinsurance assets

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Unearned premiums	1,907	1,424
Reserves for loss and loss adjustment expenses	7,565	7,456
Aggregate policy reserves	4,945	4,613
Other insurance reserves	91	66
Total	14,508	13,559

8 Deferred acquisition costs

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Deferred acquisition costs		
Property-Casualty	4,309	3,789
Life/Health	14,957	14,748
Asset Management	144	149
Subtotal	19,410	18,686
Present value of future profits	1,201	1,212
Deferred sales inducements	845	725
Total	21,456	20,623

9 Other assets

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Receivables		
Policyholders	4,997	4,865
Agents	4,635	3,922
Reinsurers	2,324	2,437
Other	4,142	3,480
Less allowance for doubtful accounts	(596)	(564)
Subtotal	15,502	14,140
Tax receivables		
Income taxes	1,446	2,277
Other taxes	813	950
Subtotal	2,259	3,227
Accrued dividends, interest and rent	6,605	6,865
Prepaid expenses		
Interest and rent	21	20
Other prepaid expenses	354	284
Subtotal	375	304
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	512	304
Property and equipment		
Real estate held for own use	3,149	2,916
Software	1,302	1,297
Equipment	760	803
Fixed assets of Alternative Investments	907	822
Subtotal	6,118	5,838
Other assets	2,197	2,369
Total	33,568	33,047

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

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Non-current assets and assets of disposal groups classified as held for sale		
Allianz Bank Zrt., Budapest	280	—
Porta di Roma, Rome	549	—
Total	829	—
Liabilities of disposal groups classified as held for sale		
Allianz Bank Zrt., Budapest	237	—
Porta di Roma, Rome	317	—
Total	554	—

Allianz Bank Zrt., Budapest

During the second quarter 2010, the Allianz Group reclassified the assets and liabilities related to its 100% ownership of Allianz Bank Zrt., Budapest, within the segment Corporate and Other to disposal groups held for sale in accordance with IFRS 5. The sale of Allianz Bank Zrt. is expected to occur in the third quarter 2010.

	As of June 30, 2010 € mn
Cash and cash equivalents	11
Investments	103
Loans and advances to banks and customers	160
Other assets	6
Total assets of disposal groups classified as held for sale	280
Financial liabilities carried at fair value through income	6
Liabilities to banks and customers	181
Deferred tax liabilities	2
Other liabilities	48
Total liabilities of disposal groups classified as held for sale	237

Due to the remeasurement of the disposal group Allianz Bank Zrt. to fair value less costs to sell at the reclassification date, an impairment loss of € 34 mn was recognized in the consolidated income statements for the three and six months ended June 30, 2010. Also see note 31 "Impairments of investments (net)".

Galleria Commerciale Porta di Roma S.p.A., Rome

During the second quarter 2010, the Allianz Group acquired 100% of the Galleria Commerciale Porta di Roma S.p.A. shopping mall in Rome, Italy. At the same time, the Allianz Group agreed to sell a 50% stake, which is subject to approval of the E.U. antitrust authority. The approval is expected during the third quarter 2010.

In accordance with IFRS 5, the assets, including goodwill, and liabilities within the segment Life/Health relating to the Allianz Group's 100% ownership of Galleria Commerciale Porta di Roma were classified and presented as disposal groups held for sale at the acquisition date. No gain or loss was recognized on initial or subsequent measurement of the disposal group to fair value less costs to sell.

11 Intangible assets

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Intangible assets with indefinite useful lives		
Goodwill	12,664	12,014
Brand names ¹⁾	313	309
Subtotal	12,977	12,323
Intangible assets with finite useful lives		
Long-term distribution agreements with Commerzbank AG	607	620
Customer relationships	316	352
Other ²⁾	194	181
Subtotal	1,117	1,153
Total	14,094	13,476

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

²⁾ Includes primarily research and development costs of € 73 mn and bancassurance agreements of € 16 mn.

Changes in goodwill for the six months ended June 30, 2010, were as follows:

	2010 € mn
Cost as of January 1,	12,291
Accumulated impairments as of January 1,	(277)
Carrying amount as of January 1,	12,014
Additions	42
Foreign currency translation adjustments	608
Carrying amount as of June 30,	12,664
Accumulated impairments as of June 30,	277
Cost as of June 30,	12,941

Additions include goodwill from the acquisition of a 100% participation in Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt, in the first quarter 2010.

12 Financial liabilities carried at fair value through income

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Financial liabilities held for trading		
Derivative financial instruments	8,109	6,660
Other trading liabilities	46	83
Subtotal	8,155	6,743
Financial liabilities designated at fair value through income	—	—
Total	8,155	6,743

13 Liabilities to banks and customers

	As of June 30, 2010			As of December 31, 2009		
	Banks € mn	Customers € mn	Total € mn	Banks € mn	Customers € mn	Total € mn
Payable on demand	357	4,163	4,520	366	4,106	4,472
Savings deposits	—	2,454	2,454	—	1,980	1,980
Term deposits and certificates of deposit	1,172	1,731	2,903	1,188	2,185	3,373
Repurchase agreements	505	140	645	1,025	172	1,197
Collateral received from securities lending transactions	765	—	765	44	—	44
Other	6,571	2,708	9,279	6,885	3,297	10,182
Total	9,370	11,196	20,566	9,508	11,740	21,248

14 Reserves for loss and loss adjustment expenses

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Property-Casualty	58,317	55,715
Life/Health	8,847	8,738
Consolidation	(12)	(12)
Total	67,152	64,441

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

	2010			2009		
	Gross € mn	Ceded € mn	Net € mn	Gross € mn	Ceded € mn	Net € mn
As of January 1,	55,715	(7,175)	48,540	55,616	(7,820)	47,796
Loss and loss adjustment expenses incurred						
Current year	15,582	(1,380)	14,202	14,853	(1,204)	13,649
Prior years	(1,502)	767	(735)	(835)	427	(408)
Subtotal	14,080	(613)	13,467	14,018	(777)	13,241
Loss and loss adjustment expenses paid						
Current year	(5,437)	295	(5,142)	(5,232)	247	(4,985)
Prior years	(8,930)	877	(8,053)	(9,465)	1,146	(8,319)
Subtotal	(14,367)	1,172	(13,195)	(14,697)	1,393	(13,304)
Foreign currency translation adjustments and other changes	2,889	(636)	2,253	740	(205)	535
As of June 30,	58,317	(7,252)	51,065	55,677	(7,409)	48,268

15 Reserves for insurance and investment contracts

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Aggregate policy reserves	317,374	297,112
Reserves for premium refunds	26,859	24,430
Other insurance reserves	797	646
Total	345,030	322,188

16 Other liabilities

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Payables		
Policyholders	4,242	4,798
Reinsurers	1,813	1,804
Agents	1,489	1,407
Subtotal	7,544	8,009
Payables for social security	405	398
Tax payables		
Income taxes	1,423	1,890
Other taxes	1,082	1,028
Subtotal	2,505	2,918
Accrued interest and rent	462	715
Unearned income		
Interest and rent	14	9
Other	342	316
Subtotal	356	325
Provisions		
Pensions and similar obligations	3,863	3,819
Employee related	1,789	1,887
Share-based compensation plans	1,061	1,296
Restructuring plans	302	346
Loan commitments	7	8
Contingent losses from non-insurance business	120	137
Other provisions	1,265	1,395
Subtotal	8,407	8,888
Deposits retained for reinsurance ceded	2,591	2,547
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	374	310
Financial liabilities for puttable equity instruments	2,661	3,451
Other liabilities	6,695	5,724
Total	32,000	33,285

17 Certificated liabilities

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Allianz SE¹⁾		
Senior bonds	5,333	5,330
Money market securities	2,249	1,504
Subtotal	7,582	6,834
Banking subsidiaries		
Senior bonds	1,120	1,100
Subtotal	1,120	1,100
All other subsidiaries		
Certificated liabilities	27	28
Subtotal	27	28
Total	8,729	7,962

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

18 Participation certificates and subordinated liabilities

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Allianz SE¹⁾		
Subordinated bonds	8,465	8,162
Participation certificates	—	121
Subtotal	8,465	8,283
Banking subsidiaries		
Subordinated bonds	190	173
Subtotal	190	173
All other subsidiaries		
Subordinated liabilities	398 ²⁾	846
Hybrid equity	45	45
Subtotal	443	891
Total	9,098	9,347

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

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

19 Equity

	As of June 30, 2010 € mn	As of December 31, 2009 € mn
Shareholders' equity		
Issued capital	1,162	1,162
Capital reserves	27,473	27,473
Revenue reserves	10,707	9,902
Treasury shares	(209)	(213)
Foreign currency translation adjustments	(1,294)	(3,615)
Unrealized gains and losses (net) ¹⁾	5,925	5,457
Subtotal	43,764	40,166
Non-controlling interests	2,169	2,121
Total	45,933	42,287

¹⁾ As of June 30, 2010, includes € 168 mn (2009: € 187 mn) related to cash flow hedges.

Dividends

In the second quarter of 2010 a total dividend of € 1,850 mn (2009: € 1,580 mn) or € 4.10 (2009: € 3.50) per qualifying share was paid to the shareholders.

Supplementary Information to the Consolidated Income Statements

20 Premiums earned (net)

Three months ended June 30,

	Property- Casualty € mn	Life/Health € mn	Consolidation € mn	Total € mn
2010				
Premiums written				
Direct	9,170	5,904	—	15,074
Assumed	781	96	(6)	871
Subtotal	9,951	6,000	(6)	15,945
Ceded	(1,076)	(138)	6	(1,208)
Net	8,875	5,862	—	14,737
Change in unearned premiums				
Direct	874	(56)	—	818
Assumed	(62)	2	—	(60)
Subtotal	812	(54)	—	758
Ceded	2	(1)	—	1
Net	814	(55)	—	759
Premiums earned				
Direct	10,044	5,848	—	15,892
Assumed	719	98	(6)	811
Subtotal	10,763	5,946	(6)	16,703
Ceded	(1,074)	(139)	6	(1,207)
Net	9,689	5,807	—	15,496
2009				
Premiums written				
Direct	8,855	5,168	—	14,023
Assumed	667	85	(5)	747
Subtotal	9,522	5,253	(5)	14,770
Ceded	(985)	(118)	5	(1,098)
Net	8,537	5,135	—	13,672
Change in unearned premiums				
Direct	892	(20)	—	872
Assumed	(34)	(2)	2	(34)
Subtotal	858	(22)	2	838
Ceded	(30)	(1)	(2)	(33)
Net	828	(23)	—	805
Premiums earned				
Direct	9,747	5,148	—	14,895
Assumed	633	83	(3)	713
Subtotal	10,380	5,231	(3)	15,608
Ceded	(1,015)	(119)	3	(1,131)
Net	9,365	5,112	—	14,477

20 Premiums earned (net) (continued)

Six months ended June 30,

	Property-Casualty € mn	Life/Health € mn	Consolidation € mn	Total € mn
2010				
Premiums written				
Direct	22,273	11,860	—	34,133
Assumed	1,672	202	(10)	1,864
Subtotal	23,945	12,062	(10)	35,997
Ceded	(2,425)	(263)	10	(2,678)
Net	21,520	11,799	—	33,319
Change in unearned premiums				
Direct	(2,528)	(110)	—	(2,638)
Assumed	(275)	2	(2)	(275)
Subtotal	(2,803)	(108)	(2)	(2,913)
Ceded	385	—	2	387
Net	(2,418)	(108)	—	(2,526)
Premiums earned				
Direct	19,745	11,750	—	31,495
Assumed	1,397	204	(12)	1,589
Subtotal	21,142	11,954	(12)	33,084
Ceded	(2,040)	(263)	12	(2,291)
Net	19,102	11,691	—	30,793
2009				
Premiums written				
Direct	21,972	10,597	—	32,569
Assumed	1,436	166	(11)	1,591
Subtotal	23,408	10,763	(11)	34,160
Ceded	(2,355)	(250)	11	(2,594)
Net	21,053	10,513	—	31,566
Change in unearned premiums				
Direct	(2,570)	(51)	—	(2,621)
Assumed	(131)	(2)	(1)	(134)
Subtotal	(2,701)	(53)	(1)	(2,755)
Ceded	345	—	1	346
Net	(2,356)	(53)	—	(2,409)
Premiums earned				
Direct	19,402	10,546	—	29,948
Assumed	1,305	164	(12)	1,457
Subtotal	20,707	10,710	(12)	31,405
Ceded	(2,010)	(250)	12	(2,248)
Net	18,697	10,460	—	29,157

21 Interest and similar income

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Interest from held-to-maturity investments	42	43	86	86
Dividends from available-for-sale investments	511	531	632	669
Interest from available-for-sale investments	2,933	2,633	5,704	5,272
Share of earnings from investments in associates and joint ventures	67	10	116	(25)
Rent from real estate held for investment	189	171	351	336
Interest from loans to banks and customers	1,396	1,370	2,788	2,797
Other interest	31	42	71	79
Total	5,169	4,800	9,748	9,214

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

Three months ended June 30,	Property-Casualty € mn	Life/Health € mn	Asset Management € mn	Corporate and Other € mn	Consolidation € mn	Group € mn
2010						
Income (expenses) from financial assets and liabilities held for trading (net)	(30)	(537)	(2)	(203)	1	(771)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	12	145	(22)	(1)	—	134
Income (expenses) from financial liabilities for puttable equity instruments (net)	—	(54)	13	—	—	(41)
Foreign currency gains and losses (net)	1	454	7	(18)	(1)	443
Total	(17)	8	(4)	(222)	—	(235)
2009						
Income (expenses) from financial assets and liabilities held for trading (net)	(13)	149	3	245	(38)	346
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	31	665	63	8	—	767
Income (expenses) from financial liabilities for puttable equity instruments (net)	(1)	(184)	(42)	—	—	(227)
Foreign currency gains and losses (net)	(66)	(53)	—	(125)	1	(243)
Total	(49)	577	24	128	(37)	643
Six months ended June 30,						
2010						
Income (expenses) from financial assets and liabilities held for trading (net)	(103)	(1,079)	(1)	(86)	4	(1,265)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	40	468	(9)	1	—	500
Income (expenses) from financial liabilities for puttable equity instruments (net)	(5)	(136)	2	—	—	(139)
Foreign currency gains and losses (net)	37	779	9	(35)	(2)	788
Total	(31)	32	1	(120)	2	(116)
2009						
Income (expenses) from financial assets and liabilities held for trading (net)	(80)	129	1	164	(4)	210
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	61	355	38	11	—	465
Income (expenses) from financial liabilities for puttable equity instruments (net)	(2)	(92)	(24)	(1)	—	(119)
Foreign currency gains and losses (net)	10	119	1	(142)	(1)	(13)
Total	(11)	511	16	32	(5)	543

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

Life/Health

Income from financial assets and liabilities held for trading for the six months ended June 30, 2010, includes in the Life/Health segment expenses of € 1,079 mn (2009: income of € 122 mn) from derivative financial instruments. This includes expenses of € 463 mn (2009: € 108 mn) of German entities from financial derivative positions to protect against equity and foreign exchange rate fluctuations as well as for duration management. Also included are expenses from U.S. entities amongst others from embedded derivatives required to be separated related to equity-indexed annuity contracts and guaranteed benefits under unit-linked contracts of € 536 mn (2009: income of € 284 mn).

Corporate and Other

Income from financial assets and liabilities held for trading for the six months ended June 30, 2010, includes in the Corporate and Other segment expenses of € 103 mn (2009: income of € 129 mn) from derivative financial instruments. This includes expenses of € 3 mn (2009: income of € 91 mn)

from financial derivative instruments to protect investments and liabilities against foreign exchange rate fluctuations. In 2010, hedging of strategic equity investments not designated for hedge accounting resulted in expenses of € 31 mn (2009: € 170 mn). Financial derivatives related to investment strategies had expenses of € 13 mn (2009: income of € 134 mn). Additionally, income from financial assets and liabilities held for trading for the six months ended June 30, 2010, includes income of € 3 mn (2009: € 31 mn) from hedges of share based compensation plans (restricted stock units).

Foreign currency gains and losses (net)

Foreign currency gains and losses are reported within income from financial assets and liabilities carried at fair value through income (net). These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency, excluding exchange differences arising on financial assets and liabilities measured at fair value through profit or loss, which do not have to be disclosed separately. The Allianz Group is substantially hedged against foreign currency fluctuations with freestanding derivatives resulting in an offsetting effect of € (672) mn (2009: € 13 mn) for the six months ended June 30, 2010.

23 Realized gains/losses (net)

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Realized gains				
Available-for-sale investments				
Equity securities	348	2,211	1,285	2,963
Debt securities	461	362	859	869
Subtotal	809	2,573	2,144	3,832
Investments in associates and joint ventures ¹⁾	19	7	24	13
Real estate held for investment	45	15	120	27
Loans and advances to banks and customers	22	79	63	104
Subtotal	895	2,674	2,351	3,976
Realized losses				
Available-for-sale investments				
Equity securities	(51)	(722)	(85)	(1,310)
Debt securities	(415)	(328)	(525)	(614)
Subtotal	(466)	(1,050)	(610)	(1,924)
Investments in associates and joint ventures ²⁾	(4)	(2)	(4)	(5)
Real estate held for investment	(1)	—	(3)	(3)
Loans and advances to banks and customers	(28)	(4)	(28)	(7)
Subtotal	(499)	(1,056)	(645)	(1,939)
Total	396	1,618	1,706	2,037

¹⁾ During the three and six months ended June 30, 2010 and 2009, includes realized gains from the disposal of subsidiaries of € 16 mn (2009: € 2 mn) and € 16 mn (2009: € 2 mn) respectively.

²⁾ During the three and six months ended June 30, 2010 and 2009, includes realized losses from the disposal of subsidiaries of € 4 mn (2009: € — mn) and € 4 mn (2009: € — mn) respectively.

24 Fee and commission income

Three months ended June 30,

	2010			2009		
	Segment	Consoli- dation	Group	Segment	Consoli- dation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty						
Fees from credit and assistance business	176	(1)	175	177	(1)	176
Service agreements	106	(11)	95	90	(15)	75
Investment advisory	—	—	—	3	—	3
Subtotal	282	(12)	270	270	(16)	254
Life/Health						
Service agreements	25	(7)	18	24	(8)	16
Investment advisory	104	(8)	96	97	(6)	91
Other	—	—	—	1	(1)	—
Subtotal	129	(15)	114	122	(15)	107
Asset Management						
Management fees	1,248	(26)	1,222	877	(25)	852
Loading and exit fees	91	—	91	66	(1)	65
Performance fees	88	—	88	20	—	20
Other	31	(3)	28	8	1	9
Subtotal	1,458	(29)	1,429	971	(25)	946
Corporate and Other						
Service agreements	27	(11)	16	64	(7)	57
Investment advisory and Banking activities	142	(62)	80	110	(48)	62
Subtotal	169	(73)	96	174	(55)	119
Total	2,038	(129)	1,909	1,537	(111)	1,426

Six months ended June 30,

	2010			2009		
	Segment	Consoli- dation	Group	Segment	Consoli- dation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty						
Fees from credit and assistance business	333	(2)	331	356	(1)	355
Service agreements	203	(23)	180	180	(29)	151
Investment advisory	—	—	—	6	—	6
Subtotal	536	(25)	511	542	(30)	512
Life/Health						
Service agreements	42	(11)	31	44	(15)	29
Investment advisory	205	(15)	190	194	(11)	183
Other	—	—	—	3	(3)	—
Subtotal	247	(26)	221	241	(29)	212
Asset Management						
Management fees	2,352	(52)	2,300	1,697	(50)	1,647
Loading and exit fees	180	—	180	125	(1)	124
Performance fees	216	—	216	34	—	34
Other	63	(5)	58	22	—	22
Subtotal	2,811	(57)	2,754	1,878	(51)	1,827
Corporate and Other						
Service agreements	86	(17)	69	99	(12)	87
Investment advisory and Banking activities	270	(115)	155	218	(94)	124
Subtotal	356	(132)	224	317	(106)	211
Total	3,950	(240)	3,710	2,978	(216)	2,762

25 Other income

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Income from real estate held for own use				
Realized gains from disposals of real estate held for own use	3	2	15	3
Other income from real estate held for own use	—	5	—	5
Subtotal	3	7	15	8
Income from alternative investments	31	—	41	—
Other	2	8	9	11
Total	36	15	65	19

26 Income and expenses from fully consolidated private equity investments

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Income				
Sales and service revenues	394	487	760	951
Other operating revenues	3	2	5	6
Interest income	1	—	1	1
Subtotal	398	489	766	958
Expenses				
Cost of goods sold	(232)	(323)	(458)	(627)
Commissions	(31)	(31)	(58)	(65)
General and administrative expenses	(134)	(279)	(280)	(396)
Other operating expenses	(10)	(50)	(29)	(96)
Interest expenses	(23)	(22)	(43)	(46)
Subtotal	(430)¹⁾	(705)¹⁾	(868)¹⁾	(1,230)¹⁾
Total	(32)¹⁾	(216)¹⁾	(102)¹⁾	(272)¹⁾

¹⁾ The presented subtotal for expenses and total income and expenses from fully consolidated private equity investments for the three and six months ended June 30, 2010, differs from the amounts presented in the "Consolidated Income Statements" and in "Total revenues and reconciliation of Operating profit (loss) to Net income (loss)". This difference is due to a consolidation effect of € 17 mn (2009: € 115 mn) and € 50 mn (2009: € 115 mn) for the three and six months ended June 30, 2010, respectively. This consolidation effect results from the deferred policyholder participation, recognized on the result from fully consolidated private equity investments within operating profit in the business segment Life/Health, 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 June 30,

	Property- Casualty € mn	Life/Health € mn	Consolidation € mn	Total € mn
2010				
Gross				
Claims and insurance benefits paid	(7,235)	(4,490)	1	(11,724)
Change in loss and loss adjustment expenses	175	(80)	(3)	92
Subtotal	(7,060)	(4,570)	(2)	(11,632)
Ceded				
Claims and insurance benefits paid	577	118	(1)	694
Change in loss and loss adjustment expenses	(162)	1	3	(158)
Subtotal	415	119	2	536
Net				
Claims and insurance benefits paid	(6,658)	(4,372)	—	(11,030)
Change in loss and loss adjustment expenses	13	(79)	—	(66)
Total	(6,645)	(4,451)	—	(11,096)
2009				
Gross				
Claims and insurance benefits paid	(6,864)	(4,496)	3	(11,357)
Change in loss and loss adjustment expenses	(18)	(106)	1	(123)
Subtotal	(6,882)	(4,602)	4	(11,480)
Ceded				
Claims and insurance benefits paid	434	107	(3)	538
Change in loss and loss adjustment expenses	(160)	(2)	(1)	(163)
Subtotal	274	105	(4)	375
Net				
Claims and insurance benefits paid	(6,430)	(4,389)	—	(10,819)
Change in loss and loss adjustment expenses	(178)	(108)	—	(286)
Total	(6,608)	(4,497)	—	(11,105)

27 Claims and insurance benefits incurred (net) (continued)

Six months ended June 30,	Property- Casualty € mn	Life/Health € mn	Consolidation € mn	Total € mn
2010				
Gross				
Claims and insurance benefits paid	(14,367)	(9,439)	4	(23,802)
Change in loss and loss adjustment expenses	287	(104)	(1)	182
Subtotal	(14,080)	(9,543)	3	(23,620)
Ceded				
Claims and insurance benefits paid	1,172	234	(4)	1,402
Change in loss and loss adjustment expenses	(559)	13	1	(545)
Subtotal	613	247	(3)	857
Net				
Claims and insurance benefits paid	(13,195)	(9,205)	—	(22,400)
Change in loss and loss adjustment expenses	(272)	(91)	—	(363)
Total	(13,467)	(9,296)	—	(22,763)
2009				
Gross				
Claims and insurance benefits paid	(14,697)	(9,730)	8	(24,419)
Change in loss and loss adjustment expenses	679	(132)	1	548
Subtotal	(14,018)	(9,862)	9	(23,871)
Ceded				
Claims and insurance benefits paid	1,393	234	(8)	1,619
Change in loss and loss adjustment expenses	(616)	(15)	(1)	(632)
Subtotal	777	219	(9)	987
Net				
Claims and insurance benefits paid	(13,304)	(9,496)	—	(22,800)
Change in loss and loss adjustment expenses	63	(147)	—	(84)
Total	(13,241)	(9,643)	—	(22,884)

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

Three months ended June 30,

	Property- Casualty € mn	Life/Health € mn	Consolidation € mn	Total € mn
2010				
Gross				
Aggregate policy reserves	(70)	(1,924)	1	(1,993)
Other insurance reserves	(4)	(26)	—	(30)
Expenses for premium refunds	(18)	(1,392)	(19)	(1,429)
Subtotal	(92)	(3,342)	(18)	(3,452)
Ceded				
Aggregate policy reserves	4	(31)	(1)	(28)
Other insurance reserves	—	4	—	4
Expenses for premium refunds	(1)	4	—	3
Subtotal	3	(23)	(1)	(21)
Net				
Aggregate policy reserves	(66)	(1,955)	—	(2,021)
Other insurance reserves	(4)	(22)	—	(26)
Expenses for premium refunds	(19)	(1,388)	(19)	(1,426)
Total	(89)	(3,365)	(19)	(3,473)
2009				
Gross				
Aggregate policy reserves	(30)	(1,034)	1	(1,063)
Other insurance reserves	(40)	(36)	—	(76)
Expenses for premium refunds	(65)	(1,407)	(135)	(1,607)
Subtotal	(135)	(2,477)	(134)	(2,746)
Ceded				
Aggregate policy reserves	3	22	—	25
Other insurance reserves	36	2	—	38
Expenses for premium refunds	1	(2)	—	(1)
Subtotal	40	22	—	62
Net				
Aggregate policy reserves	(27)	(1,012)	1	(1,038)
Other insurance reserves	(4)	(34)	—	(38)
Expenses for premium refunds	(64)	(1,409)	(135)	(1,608)
Total	(95)	(2,455)	(134)	(2,684)

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

Six months ended June 30,	Property-Casualty € mn	Life/Health € mn	Consolidation € mn	Total € mn
2010				
Gross				
Aggregate policy reserves	(112)	(3,736)	1	(3,847)
Other insurance reserves	(4)	(154)	—	(158)
Expenses for premium refunds	(61)	(2,518)	(65)	(2,644)
Subtotal	(177)	(6,408)	(64)	(6,649)
Ceded				
Aggregate policy reserves	6	(15)	(1)	(10)
Other insurance reserves	(1)	7	—	6
Expenses for premium refunds	(1)	5	—	4
Subtotal	4	(3)	(1)	—
Net				
Aggregate policy reserves	(106)	(3,751)	—	(3,857)
Other insurance reserves	(5)	(147)	—	(152)
Expenses for premium refunds	(62)	(2,513)	(65)	(2,640)
Total	(173)	(6,411)	(65)	(6,649)
2009				
Gross				
Aggregate policy reserves	(74)	(1,651)	1	(1,724)
Other insurance reserves	(1)	(20)	—	(21)
Expenses for premium refunds	(54)	(1,394)	(141)	(1,589)
Subtotal	(129)	(3,065)	(140)	(3,334)
Ceded				
Aggregate policy reserves	4	24	—	28
Other insurance reserves	—	3	—	3
Expenses for premium refunds	—	(2)	—	(2)
Subtotal	4	25	—	29
Net				
Aggregate policy reserves	(70)	(1,627)	1	(1,696)
Other insurance reserves	(1)	(17)	—	(18)
Expenses for premium refunds	(54)	(1,396)	(141)	(1,591)
Total	(125)	(3,040)	(140)	(3,305)

29 Interest expenses

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Liabilities to banks and customers	(95)	(120)	(189)	(258)
Deposits retained on reinsurance ceded	(17)	(15)	(36)	(35)
Certificated liabilities	(77)	(64)	(152)	(140)
Participation certificates and subordinated liabilities	(140)	(139)	(278)	(279)
Other	(30)	(7)	(55)	(43)
Total	(359)	(345)	(710)	(755)

30 Loan loss provisions

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Additions to allowances including direct impairments	(26)	(36)	(56)	(72)
Amounts released	12	6	25	19
Recoveries on loans previously impaired	5	6	10	14
Total	(9)	(24)	(21)	(39)

31 Impairments of investments (net)

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Impairments				
Available-for-sale investments				
Equity securities	(302)	(304)	(311)	(2,107)
Debt securities	(46)	(101)	(127)	(183)
Subtotal	(348)	(405)	(438)	(2,290)
Investments in associates and joint ventures	—	(4)	—	(4)
Real estate held for investment	(19)	(7)	(19)	(13)
Loans and advances to banks and customers	(11)	—	(12)	—
Non-current assets and assets and liabilities of disposal groups classified as held for sale	(34)	—	(34)	—
Subtotal	(412)	(416)	(503)	(2,307)
Reversals of impairments				
Available-for-sale investments				
Debt securities	33	1	33	1
Real estate held for investment	2	—	2	1
Subtotal	35	1	35	2
Total	(377)	(415)	(468)	(2,305)

32 Investment expenses

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Investment management expenses	(108)	(106)	(210)	(191)
Depreciation of real estate held for investment	(54)	(39)	(92)	(87)
Other expenses for real estate held for investment	(53)	(40)	(90)	(75)
Total	(215)	(185)	(392)	(353)

33 Acquisition and administrative expenses (net)

Three months ended June 30,

	2010			2009		
	Segment	Consolidation	Group	Segment	Consolidation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty¹⁾						
Acquisition costs						
Incurred	(2,126)	—	(2,126)	(1,861)	—	(1,861)
Commissions and profit received on reinsurance business ceded	94	(1)	93	152	(1)	151
Deferrals of acquisition costs	1,230	—	1,230	1,144	—	1,144
Amortization of deferred acquisition costs	(1,278)	—	(1,278)	(1,254)	—	(1,254)
Subtotal	(2,080)	(1)	(2,081)	(1,819)	(1)	(1,820)
Administrative expenses	(608)	12	(596)	(838)	(3)	(841)
Subtotal	(2,688)	11	(2,677)	(2,657)	(4)	(2,661)
Life/Health						
Acquisition costs						
Incurred	(1,056)	2	(1,054)	(891)	1	(890)
Commissions and profit received on reinsurance business ceded	22	—	22	18	(1)	17
Deferrals of acquisition costs	752	—	752	549	—	549
Amortization of deferred acquisition costs	(511)	—	(511)	(916)	—	(916)
Subtotal	(793)	2	(791)	(1,240)	—	(1,240)
Administrative expenses	(357)	15	(342)	(391)	2	(389)
Subtotal	(1,150)	17	(1,133)	(1,631)	2	(1,629)
Asset Management						
Personnel expenses	(535)	—	(535)	(402)	—	(402)
Non-personnel expenses	(251)	(1)	(252)	(176)	3	(173)
Subtotal	(786)	(1)	(787)	(578)	3	(575)
Corporate and Other						
Administrative expenses	(305)	(14)	(319)	(359)	12	(347)
Subtotal	(305)	(14)	(319)	(359)	12	(347)
Total	(4,929)	13	(4,916)	(5,225)	13	(5,212)

¹⁾ The allocation of overhead expenses between functional areas in the business segment Property-Casualty was prospectively changed in 2010. The change led to a reclassification of € 204 mn from administrative expenses into acquisition costs.

33 Acquisition and administrative expenses (net) (continued)

Six months ended June 30,

	2010			2009		
	Segment	Consolidation	Group	Segment	Consolidation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty¹⁾						
Acquisition costs						
Incurred	(4,583)	—	(4,583)	(4,095)	—	(4,095)
Commissions and profit received on reinsurance business ceded	250	(2)	248	246	(2)	244
Deferrals of acquisition costs	2,798	—	2,798	2,610	—	2,610
Amortization of deferred acquisition costs	(2,466)	—	(2,466)	(2,330)	—	(2,330)
Subtotal	(4,001)	(2)	(4,003)	(3,569)	(2)	(3,571)
Administrative expenses	(1,320)	11	(1,309)	(1,663)	5	(1,658)
Subtotal	(5,321)	9	(5,312)	(5,232)	3	(5,229)
Life/Health						
Acquisition costs						
Incurred	(2,101)	2	(2,099)	(1,855)	2	(1,853)
Commissions and profit received on reinsurance business ceded	47	—	47	38	(1)	37
Deferrals of acquisition costs	1,491	—	1,491	1,105	—	1,105
Amortization of deferred acquisition costs	(1,054)	1	(1,053)	(1,601)	—	(1,601)
Subtotal	(1,617)	3	(1,614)	(2,313)	1	(2,312)
Administrative expenses	(734)	30	(704)	(747)	7	(740)
Subtotal	(2,351)	33	(2,318)	(3,060)	8	(3,052)
Asset Management						
Personnel expenses	(1,162)	—	(1,162)	(723)	—	(723)
Non-personnel expenses	(470)	(2)	(472)	(371)	4	(367)
Subtotal	(1,632)	(2)	(1,634)	(1,094)	4	(1,090)
Corporate and Other						
Administrative expenses	(624)	(17)	(641)	(662)	12	(650)
Subtotal	(624)	(17)	(641)	(662)	12	(650)
Total	(9,928)	23	(9,905)	(10,048)	27	(10,021)

¹⁾ The allocation of overhead expenses between functional areas in the business segment Property-Casualty was prospectively changed in 2010. The change led to a reclassification of € 380 mn from administrative expenses into acquisition costs.

34 Fee and commission expenses

Three months ended June 30,

	2010			2009		
	Segment	Consolidation	Group	Segment	Consolidation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty						
Fees from credit and assistance business	(158)	—	(158)	(125)	—	(125)
Service agreements	(106)	11	(95)	(104)	15	(89)
Subtotal	(264)	11	(253)	(229)	15	(214)
Life/Health						
Service agreements	(13)	3	(10)	(13)	5	(8)
Investment advisory	(50)	—	(50)	(39)	(4)	(43)
Subtotal	(63)	3	(60)	(52)	1	(51)
Asset Management						
Commissions	(266)	46	(220)	(213)	33	(180)
Other	(4)	1	(3)	(6)	1	(5)
Subtotal	(270)	47	(223)	(219)	34	(185)
Corporate and Other						
Service agreements	(44)	9	(35)	(63)	7	(56)
Investment advisory and Banking activities	(58)	—	(58)	(47)	1	(46)
Subtotal	(102)	9	(93)	(110)	8	(102)
Total	(699)	70	(629)	(610)	58	(552)

Six months ended June 30,

	2010			2009		
	Segment	Consolidation	Group	Segment	Consolidation	Group
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Property-Casualty						
Fees from credit and assistance business	(304)	—	(304)	(266)	—	(266)
Service agreements	(197)	23	(174)	(197)	27	(170)
Subtotal	(501)	23	(478)	(463)	27	(436)
Life/Health						
Service agreements	(18)	4	(14)	(23)	9	(14)
Investment advisory	(99)	2	(97)	(93)	2	(91)
Subtotal	(117)	6	(111)	(116)	11	(105)
Asset Management						
Commissions	(517)	84	(433)	(406)	63	(343)
Other	(9)	2	(7)	(11)	1	(10)
Subtotal	(526)	86	(440)	(417)	64	(353)
Corporate and Other						
Service agreements	(103)	14	(89)	(71)	12	(59)
Investment advisory and Banking activities	(110)	—	(110)	(91)	1	(90)
Subtotal	(213)	14	(199)	(162)	13	(149)
Total	(1,357)	129	(1,228)	(1,158)	115	(1,043)

35 Income taxes

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Current income taxes	(573)	(556)	(1,003)	(713)
Deferred income taxes	64	109	114	245
Total	(509)	(447)	(889)	(468)

For the three and six months ended June 30, 2010 and 2009, the income taxes relating to components of other comprehensive income consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Foreign currency translation adjustments	16	(32)	46	(1)
Available-for-sale investments	(144)	(698)	(649)	(288)
Cash flow hedges	7	(4)	—	9
Share of other comprehensive income of associates	1	—	(4)	1
Miscellaneous	(12)	—	(10)	3
Total	(132)	(734)	(617)	(276)

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

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Net income (loss) from discontinued operations, net of income taxes	—	—	—	(395)

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

37 Earnings per share

Basic earnings per share

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

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Net income (loss) attributable to shareholders used to calculate basic earnings per share	1,017	1,869	2,567	1,898
from continuing operations	1,017	1,869	2,567	2,293
from discontinued operations	—	—	—	(395)
Weighted average number of common shares outstanding	451,230,566	451,024,346	451,214,974	451,360,017
Basic earnings per share (in €)	2.25	4.14	5.69	4.21
from continuing operations	2.25	4.14	5.69	5.08
from discontinued operations	—	—	—	(0.87)

Diluted earnings per share

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

period, both adjusted for the effects of potentially dilutive common shares. Potentially dilutive common shares arise from the assumed conversion of participation certificates issued by Allianz SE and share-based compensation plans into Allianz shares.

	Three months ended June 30,		Six months ended June 30,	
	2010 € mn	2009 € mn	2010 € mn	2009 € mn
Net income attributable to shareholders	1,017	1,869	2,567	1,898
Effect of potentially dilutive common shares	(15)	2	(12)	(4)
Net income (loss) used to calculate diluted earnings per share	1,002	1,871	2,555	1,894
from continuing operations	1,002	1,871	2,555	2,289
from discontinued operations	—	—	—	(395)
Weighted average number of common shares outstanding	451,230,566	451,024,346	451,214,974	451,360,017
Potentially dilutive common shares resulting from assumed conversion of:				
Participation certificates	—	1,469,443	—	1,469,443
Share-based compensation plans	1,411,254	909,844	1,236,671	1,372,452
Subtotal	1,411,254	2,379,287	1,236,671	2,841,895
Weighted average number of common shares outstanding after assumed conversion	452,641,820	453,403,633	452,451,645	454,201,912
Diluted earnings per share (in €)	2.21	4.13	5.65	4.17
from continuing operations	2.21	4.13	5.65	5.04
from discontinued operations	—	—	—	(0.87)

For the six months ended June 30, 2010, the weighted average number of common shares excludes 2,685,026 (2009: 1,689,983) treasury shares.

Other Information

38 Financial instruments

Reclassification of financial assets

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

During mid-2009, these CDOs were transferred to one of the Allianz Group's USD functional currency subsidiaries. As of December 31, 2009, the carrying amount and fair value of the CDOs was € 863 mn and € 856 mn, respectively. As of June 30, 2010, the carrying amount and fair value of the CDOs were both € 952 mn. For the sixth months ended June 30, 2010, the change in carrying amount and fair value was especially impacted by cash receipts and the appreciation of the USD. For the sixth months ended June 30, 2010, the foreign currency effects were recognized in other comprehensive income and the net profit related to these CDOs was not significant.

39 Supplementary information on the condensed consolidated statements of cash flows

Six months ended June 30,	2010 € mn	2009 € mn
Income taxes paid	(558)	(313)
Dividends received	646	591
Interest received	9,053	8,053
Interest paid	(967)	(1,022)
Significant non-cash transactions		
Effects from deconsolidation of Dresdner Bank		
Commerzbank shares		
Available-for-sale investments	—	746
Assets of disposal groups classified as held for sale	—	(746)
Distribution channel		
Intangible assets	—	480
Assets of disposal groups classified as held for sale	—	(480)
Cominvest		
Available-for-sale investments	—	179
Loans and advances to banks and customers	—	7
Deferred tax assets	—	6
Intangible assets	—	602
Property and equipment	—	3
Other assets	—	38
Assets of disposal groups classified as held for sale	—	(835)
Liabilities to banks and customers	—	1
Deferred tax liabilities	—	(1)
Certificated liabilities, participation certificates and subordinated liabilities	—	(50)
Other liabilities	—	(133)
Liabilities of disposal groups classified as held for sale	—	183

40 Other Information

Number of employees

	As of June 30, 2010	As of December 31, 2009
Germany	47,769	49,051
Other countries	104,301	104,152
Total	152,070	153,203

41 Subsequent events

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

Between July 13 and July 15, 2010, the thunderstorms “Norina” and “Olivia” caused damages in parts of western Europe, mainly in France, Benelux and northern and western Germany. Based on the current information, net claims are expected to amount to approximately € 35 mn before income taxes.

On July 16 and 17, 2010, the hail storm “Petra” hit parts of southern Germany and Austria. Based on current information, net claims are expected to amount to approximately € 30 mn before income taxes.

Munich, August 5, 2010

Allianz SE
The Board of Management

Responsibility statement

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

Munich, August 5, 2010

Allianz SE
The Board of Management



The image displays ten handwritten signatures arranged in two columns. The signatures are in black ink on a white background. The first column contains five signatures, and the second column contains five signatures. The signatures are:

- Row 1: "M. Müller" and "G. Helt"
- Row 2: "Oliver Biele" and "B. Zöfel"
- Row 3: "A. [unclear]" and "L. [unclear]"
- Row 4: "K. [unclear]" and "J. [unclear]"
- Row 5: "H. [unclear]" and "Z. [unclear]"

 The signatures are stylized and cursive.

Review report

To Allianz SE, Munich

We have reviewed the condensed consolidated interim financial statements of the Allianz SE, Munich - comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, condensed consolidated statements of cash flows and selected explanatory notes - together with the interim group management report of the Allianz SE, Munich, for the period from January 1 to June 30, 2010 that are part of the semi annual financial report according to § 37 w WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed consolidated interim financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the E.U., and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We performed our review of the condensed consolidated interim financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation,

with a certain level of assurance, that the condensed consolidated interim financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U., and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U., 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, August 6, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft



Dr. Frank Ellenbürger
Wirtschaftsprüfer
(Independent Auditor)

Johannes Pastor
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