Clement B. Booth, Member of the Board of Management of Allianz SE

The way forward

Morgan Stanley European Financials Conference
London, March 23, 2010
Solid performance in difficult 2009 …

- Revenues up 5.2% to EUR 97.4 bn
- Operating profit at EUR 7.2 bn
- Net profit from continued operations\(^1\) up 18.3% to EUR 4.7 bn
- Shareholders’ equity up 19.2% to EUR 40.2 bn
- Solvency ratio up 7%-points to 164%
- Proposed dividend up 17.1% to EUR 4.10 per share

\(^1\) After minorities
... and during the entire crisis ...

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th></th>
<th>2008</th>
<th></th>
<th>2009</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td></td>
<td></td>
<td>Q1</td>
<td></td>
<td>Q1</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>2.2</td>
<td>2.9</td>
<td>Q2</td>
<td>2.6</td>
<td>Q2</td>
<td>1.4</td>
</tr>
<tr>
<td>Q3</td>
<td>2.6</td>
<td>2.6</td>
<td>Q3</td>
<td>2.7</td>
<td>Q3</td>
<td>1.8</td>
</tr>
<tr>
<td>Q4</td>
<td>2.2</td>
<td>2.7</td>
<td>Q4(^1)</td>
<td>1.6</td>
<td>Q4(^1)</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Operating profit (in EUR bn)

Solvency ratio (in \%)\(^1\)

1) Adjusted to current methodology; 4Q 2008 pro-forma after sale of Dresdner Bank completed; intangible assets related to Selecta fully deducted, starting in 3Q 2007
... supported by a well balanced business portfolio ...

Segments
Operating profit in %

- P/C: 49%
- L/H: 34%
- AM: 17%

Regions
Operating profit in %

- Germany: 6%
- Western Europe: 32%
- Broker markets US, UK, AUS: 31%
- Specialty insurance: 14%
- Growth markets: 6%

Distribution
Insurance revenues in %

- Tied agents: 36%
- Brokers and independent IFA: 14%
- Bancassurance: 34%
- Other prop. networks: 9%
- Direct: 1%
- Other (thereof car manufacturers 2%)

1) Relation of positive parts of operating profit
… and world class operations

Excellent business positions¹

- Leading P/C insurer globally
- Top 5 in Life business globally
- Top 5 asset manager globally
- Global top 5 insurer by market cap
- Strong rating (AA, stable outlook)²
- Largest global Assistance provider
- Worldwide leader in Credit Insurance
- One of the leading industrial insurers globally

1) Based on 2008 and estimated 2009 data
2) According to S&P
Strong capitalization

Shareholders’ equity\(^1\)
(EUR mn)

<table>
<thead>
<tr>
<th></th>
<th>31.12.07</th>
<th>31.12.08</th>
<th>31.12.09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains/losses</td>
<td>10,470</td>
<td>8,962</td>
<td>5,457</td>
</tr>
<tr>
<td>Revenue reserves</td>
<td>28,321</td>
<td>28,569</td>
<td>28,635</td>
</tr>
</tbody>
</table>

\(^{+19.2\%}\)

Conglomerate solvency
(EUR bn)

<table>
<thead>
<tr>
<th></th>
<th>31.12.07</th>
<th>31.12.08</th>
<th>31.12.09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available funds(^3)</td>
<td>45.6</td>
<td>31.8</td>
<td>34.8</td>
</tr>
<tr>
<td>Requirement</td>
<td>28.9</td>
<td>20.3</td>
<td>21.2</td>
</tr>
<tr>
<td>Solvency ratio</td>
<td>158%</td>
<td>157%</td>
<td>164%</td>
</tr>
</tbody>
</table>


\(^{2}\) Intangible assets in relation to fully consolidated private equity investments have been fully deducted from our available funds for the first time.

\(^{3}\) The solvency ratio restated for private equity investments would be 161\% (2007), 161\% (2008), 168\% (2009)

\(^{3}\) Pro-forma after sale of Dresdner Bank completed
Attractive dividend policy

Dividend per share (EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per Share</th>
<th>Dividend Yield</th>
<th>Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2.00</td>
<td>1.9%</td>
<td>19%</td>
</tr>
<tr>
<td>2006</td>
<td>3.80</td>
<td>2.8%</td>
<td>23%</td>
</tr>
<tr>
<td>2007</td>
<td>5.50</td>
<td>3.5%</td>
<td>31%</td>
</tr>
<tr>
<td>2008</td>
<td>3.50</td>
<td>3.3%</td>
<td>40%</td>
</tr>
<tr>
<td>2009</td>
<td>4.10</td>
<td>5.6%</td>
<td>40%</td>
</tr>
</tbody>
</table>

- Balance between payout and solvency
- Target solvency range 150 - 170%
- Current dividend yield ~5%

1) Based on net income from continued operations, net of minorities
2) Based on average share price
3) Proposal
Building blocks of Allianz strategy … (1/5)

Global lines:
- AGCS²
- Asset Management
- Credit
- Assistance + Worldwide Care
- Automotive

Regions:
- Europe + South America
- Germany + Austria Suisse
- NAFTA
- Growth-markets
- Broker-markets¹

Strategic rationale:
- Focus
- Balanced portfolio

Implication:
- Diversification

¹ UK, Australia, Ireland
² Allianz Global Corporate & Specialty
Building blocks of Allianz strategy … (2/5)

### Investment portfolio

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash/Other</td>
<td>1%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>2%</td>
</tr>
<tr>
<td>Equities</td>
<td>8%</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>89%</td>
</tr>
<tr>
<td>EUR 409bn</td>
<td></td>
</tr>
</tbody>
</table>

#### Strategic rationale
- Comprehensive strategic and tactical asset allocation

#### Implication
- Asset allocation determined by liability structure
- Conservative asset selection
- Transparency and time-to-market

### Credit Ratings

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>49%</td>
</tr>
<tr>
<td>AA</td>
<td>14%</td>
</tr>
<tr>
<td>A</td>
<td>24%</td>
</tr>
<tr>
<td>BBB</td>
<td>8%</td>
</tr>
<tr>
<td>Non investment grade</td>
<td>1%</td>
</tr>
<tr>
<td>Not rated</td>
<td>4%</td>
</tr>
</tbody>
</table>

1) Consolidated insurance portfolios (P/C, L/H, Corporate and Other) excluding Banking, real estate own use and real estate held for sale
Building blocks of Allianz strategy … (3/5)

Capital management

**Solvency ratio**
- Target range: 170% - 150%
- Stress buffer: 50%
- Minimum: 100%
- 164% (2009)

**Risk capital**
- 13% Corporate
- 6% AM
- 29% L/H
- 52% P/C

**Strategic rationale**
- Strong capitalization
- Transparent capital management
- Attractive dividend policy

**Implication**
- Capital allocation focused on cash generation
- Selective M&A, focused on expense synergies in attractive markets, distribution and growth markets
- Potential recalibration following Solvency II
Building blocks of Allianz strategy … (4/5)

External reinsurance
- Mega Cat
- Super Cat
- Cat bonds, swaps

Internal reinsurance
- Allianz Re
- OE retention

Strategic rationale
- Efficient risk management
- Efficient capital management
- Efficient cost structures
- Retention management

Implication
- Centralized management
- Pooling concept
- Focus on XL protection
- Counterparty control

Premium retention already reached approx. EUR 1.8bn

1) Advanced risk intermediation
Building blocks of Allianz strategy … (5/5)

Central functions

- IT frames
- Application management
- Shared services

Target operating model (TOM)

Global initiatives

- Sustainability
- Operational Transformation Program
- Customer Focus
- Corporate and Social Responsibility
- Workforce planning

Strategic rationale

- Scale advantage
- Service quality

Implication

- Harmonization
- Simplification
- Converging IT-architecture
… supporting a clear mission

Our mission
Integrity and superior performance
for all stakeholders

1) UK, Australia, Ireland
Going forward: Top global priorities (1/2)

- Investments: Low interest rates
- Markets: Permanent review
- Reinsurance: Counterparties
- Operations: Complexity reduction
- Capital: Solvency 2
### Going forward: Top global priorities (2/2)
#### Underwriting quality

<table>
<thead>
<tr>
<th>Combined ratio in %</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>German Speaking Countries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany¹,²</td>
<td>92.5</td>
<td>95.5</td>
<td>98.7</td>
</tr>
<tr>
<td>Switzerland</td>
<td>93.7</td>
<td>93.1</td>
<td>93.5</td>
</tr>
<tr>
<td><strong>Europe I</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>94.8</td>
<td>96.9</td>
<td>100.8</td>
</tr>
<tr>
<td>Spain</td>
<td>91.5</td>
<td>90.6</td>
<td>89.7</td>
</tr>
<tr>
<td>South America</td>
<td>99.0</td>
<td>98.5</td>
<td>98.4</td>
</tr>
<tr>
<td><strong>Europe II</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>97.3</td>
<td>97.5</td>
<td>106.8</td>
</tr>
<tr>
<td>Credit Insurance</td>
<td>76.6</td>
<td>104.8</td>
<td>110.4</td>
</tr>
<tr>
<td><strong>Growth Markets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Europe</td>
<td>94.3</td>
<td>92.9</td>
<td>92.9</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>98.6</td>
<td>96.9</td>
<td>93.1</td>
</tr>
<tr>
<td>** Anglo-Broker Markets**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>91.2</td>
<td>101.3</td>
<td>99.8</td>
</tr>
<tr>
<td>UK</td>
<td>98.8</td>
<td>95.1</td>
<td>92.9</td>
</tr>
<tr>
<td>Australia</td>
<td>95.7</td>
<td>97.5</td>
<td>94.8</td>
</tr>
<tr>
<td>AGCS</td>
<td>96.4</td>
<td>90.1</td>
<td>87.2</td>
</tr>
</tbody>
</table>

### Combined ratio in %

**Loss ratio**
- 2007: 66.1
- 2008: 68.0
- 2009: 69.5

**Exp. ratio**
- 2007: 27.6
- 2008: 27.4
- 2009: 27.9

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We are mainly growing in regions with low combined ratios

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1) Excluding Allianz Re
2) Net change of reserves related to savings component of UBR business now included in claims (claims reduction of EUR 49mn for 2009 included in 2009).
Prior periods have not been retrospectively adjusted.
Industry and investors have to prepare for the New Normal

**New Normal**

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate recovery of world economy</td>
<td>Need for fiscal consolidation</td>
<td>Return to “normal” inflation rates</td>
</tr>
</tbody>
</table>

**What matters?**

- Δ Capital strength
- Δ Diversified and high quality investment portfolio
- Δ Operational efficiency and complexity reduction
- Δ Client centricity
- Δ Global positioning

**Key Challenges**

- Continued globalization but lower growth
- Higher risk aversion
- More regulation and consumer protection
- Lower recurring investment yield
- Higher market and accounting volatility
- Higher private savings
Outlook 2010: Solid operating profit (EUR bn)

- 2009 operating profit supported by positive market developments
- Still, similar operating profit level aspired in 2010
- Deviation range of Group result reflects diversification

Disclaimer: Impact from NatCat, financial markets and global economic development not predictable!
Key take-aways

- Significant scale and diversification advantages
- Resilient and proven business model
- Conservative investment portfolio
- Strong capital base with limited sensitivity
- Transparent and tight capital management
- Attractive underlying profitability
- Strong underwriting focus
- Well positioned for the New Normal
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