

# Allianz – well positioned for uncertain times!

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Commerzbank German  
Investment Seminar  
New York, January 2012

Allianz 

# Agenda

- A** Allianz – a winning business model
- B** Asset Management – growing in importance
- C** Allianz – well positioned for uncertain times
- D** Summary

# Allianz at a glance

EUR **106bn** total revenues<sup>1</sup>

EUR **1,592bn** total AuM<sup>2</sup>

EUR **8.2bn** operating profit<sup>1</sup>

**179%** solvency ratio<sup>2</sup>

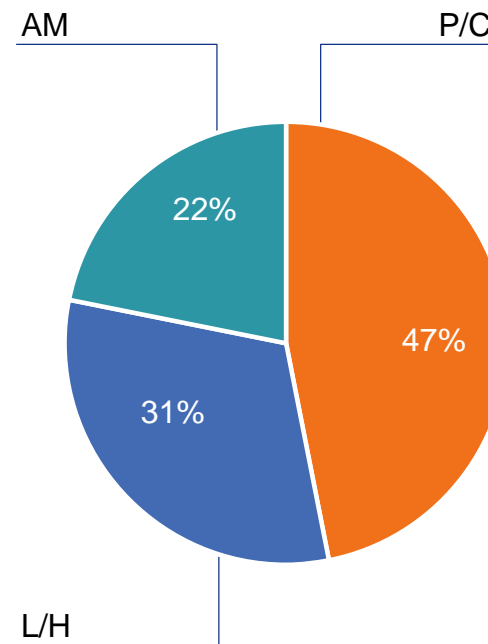
EUR **44bn** S/H equity<sup>2</sup>

EUR **33.7bn** market cap<sup>4</sup>

More than **76mn** customers<sup>1</sup>

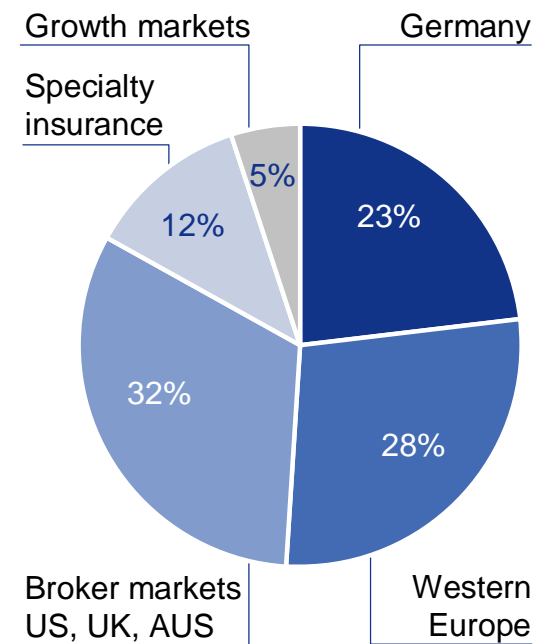
## Segments<sup>1,3</sup>

Operating profit in %



## Regions<sup>1,3</sup>

Operating profit in %



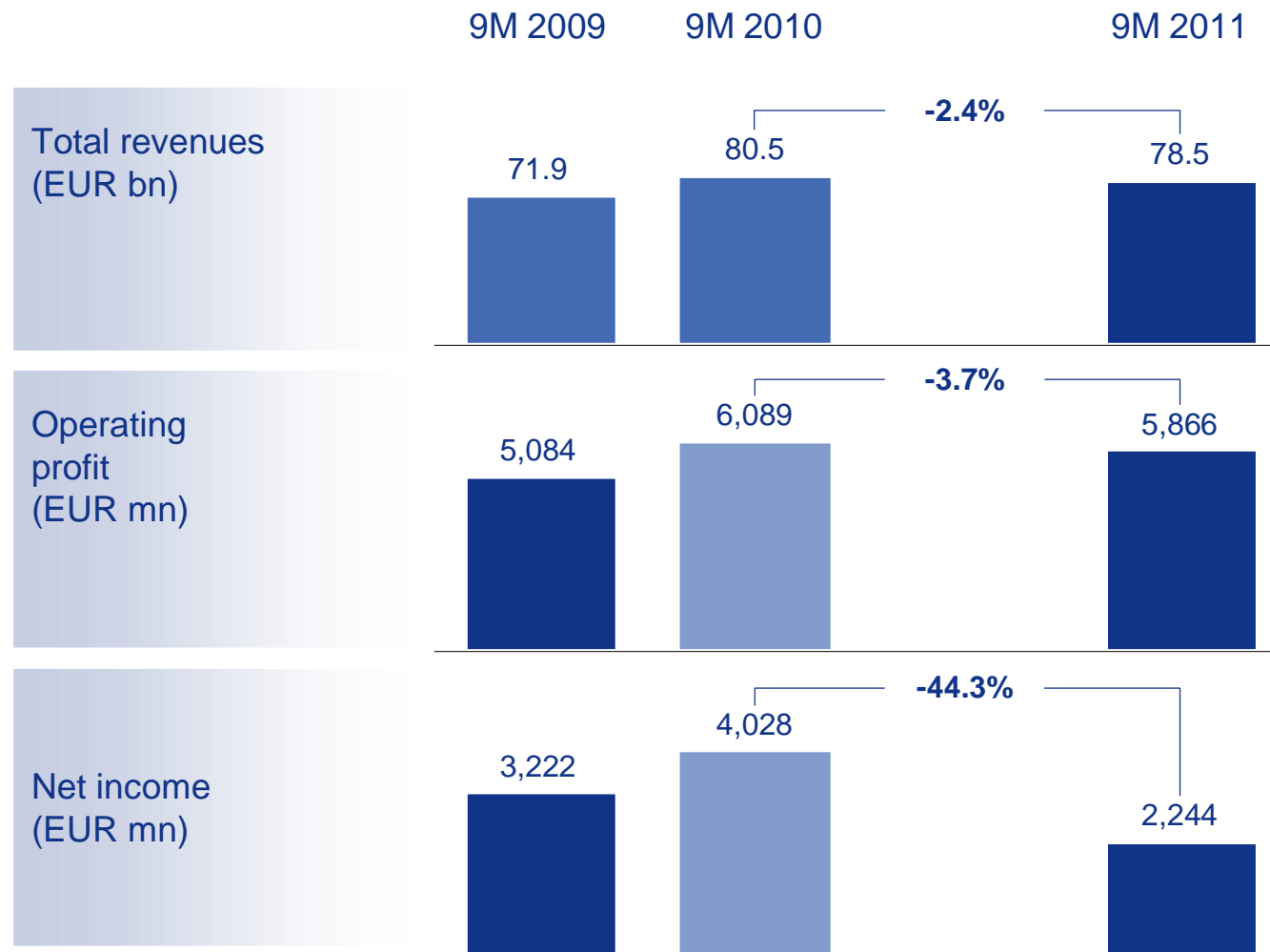
1) 12/2010

2) 09/2011

3) Relation of business segments excluding Corporate & Other and consolidation

4) 12/2011

## 9M: healthy operative performance in tough environment



**1**

Success  
factor

## Strong market positions and brands<sup>1</sup>

- § Leading P/C insurer globally
- § Top 5 in Life business globally
- § Top 5 asset manager globally
- § Largest global assistance provider
- § Worldwide leader in credit insurance
- § One of the leading industrial insurers globally
- § Building the leading global automotive provider

**Allianz** 

**Allianz** 

Global Investors

P I M C O

**Allianz** 

Global Assistance

 EULER HERMES

**Allianz** 

Global Corporate & Specialty

1) All rankings based on 2010 data

## 2

Success factor

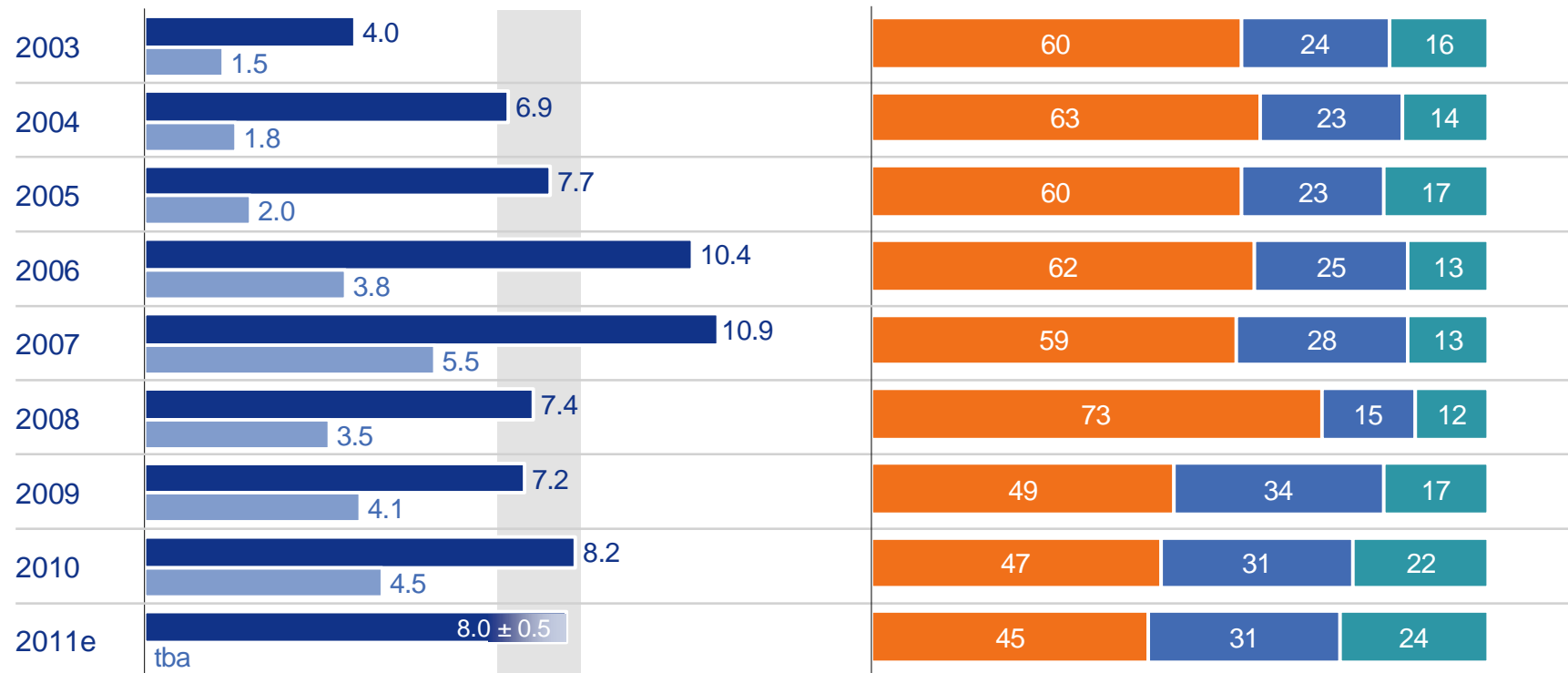
# Balanced business portfolio

We delivered in tough environments ...

... thanks to diversification

Operating profit<sup>1</sup> (EUR bn) and DPS (EUR)

Operating profit by business segment in %<sup>2</sup>



1) Historical reported figures

2) Based on historical reported figures excluding Corporate & Other, Banking and consolidation

■ Operating profit  
■ Dividend per share

■ P/C  
■ L/H  
■ AM

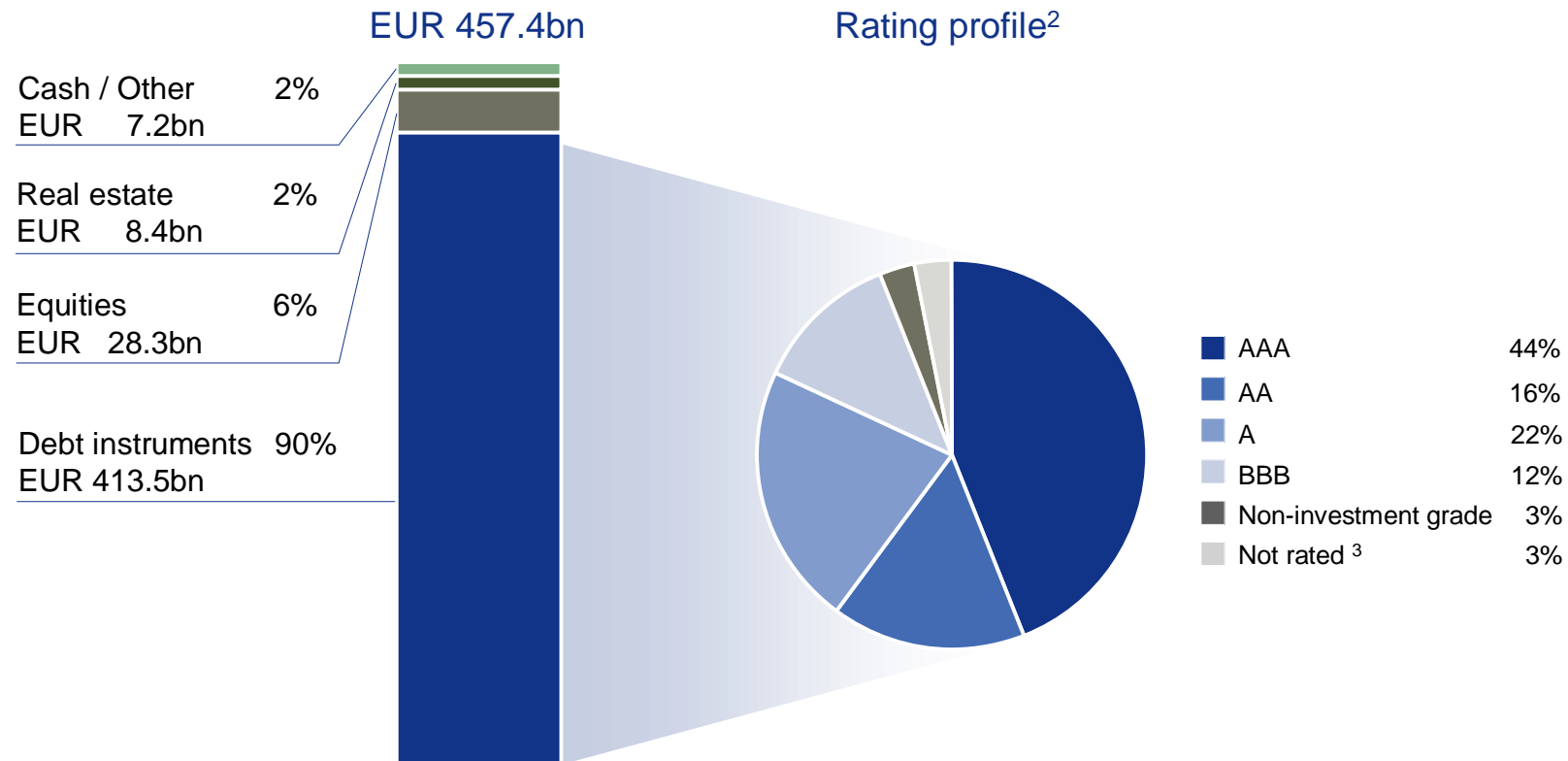
### 3

Success factor

## High-quality investment portfolio

### Conservative asset allocation<sup>1</sup>

### High-quality fixed income portfolio



1) 9M 2011, based on consolidated insurance portfolios (P/C, L/H), Corporate and Other

2) Excluding self-originated German private retail mortgage loans

3) Mostly policyholder loans and registered debentures, all of investment grade quality

**4**  
Strong capital

## Sound regulatory/economic capital ratios with moderate sensitivities

### FCD solvency (%)



§ Regulatory capital **excluding** unrealized gains on bonds, but **including** impairments on Greek sovereign debt

§ Economic capital based on marked-to-market sovereign bond portfolio

§ Economic solvency calibrated to 3bps confidence level (Solvency II: 50bps)

§ Economic solvency ratio of 186% based on Solvency II confidence level of 50bps

§ All solvency ratios after 40% net income dividend accrual

### Economic solvency (%)



### S&P rating

AA watch negative

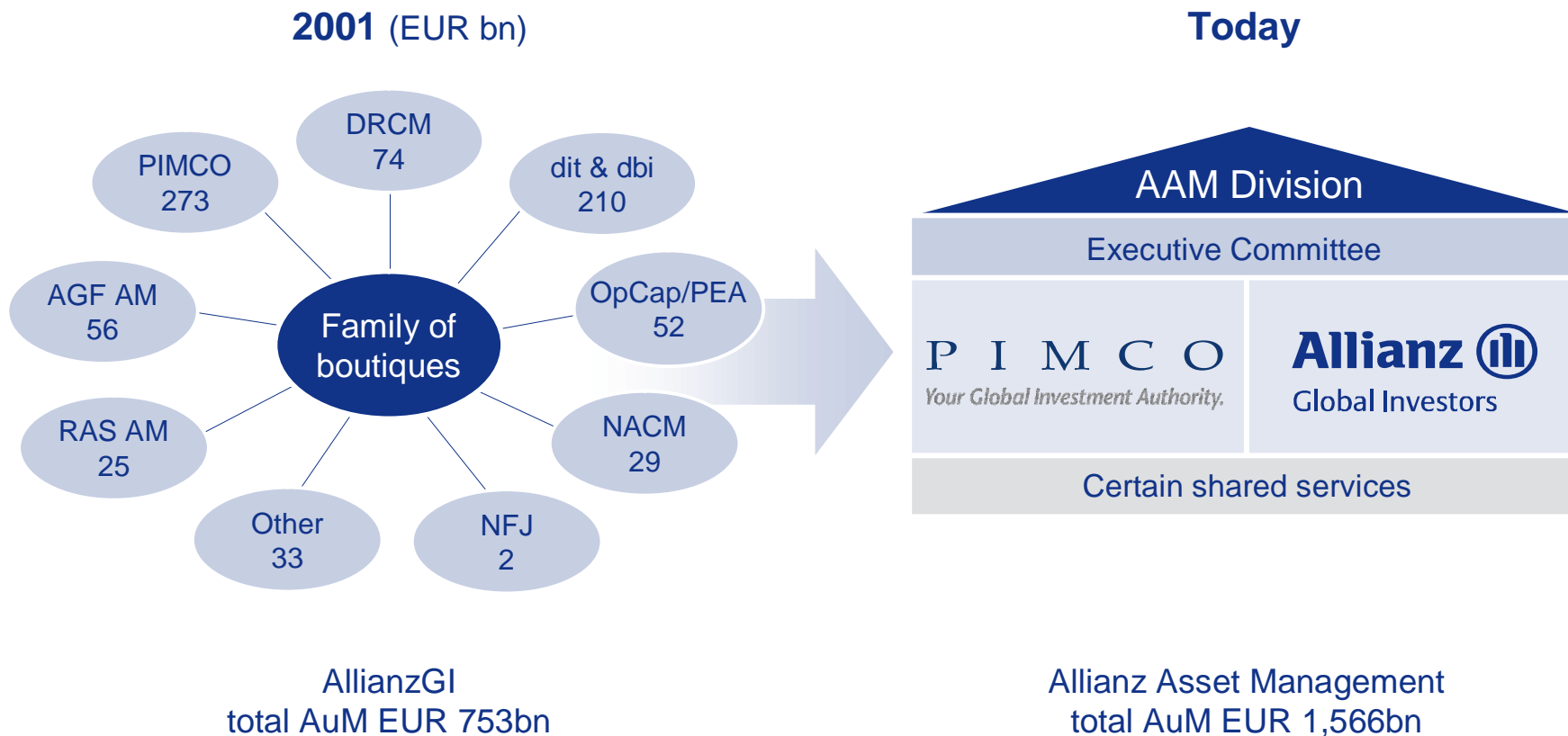
1) Lower FCD capital driven by change in DAC write-off (shadow DAC) and negative impact from reserve discounting.



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Allianz Asset Management (AAM) has evolved from a “family of boutiques” into two strong, successful managers ...

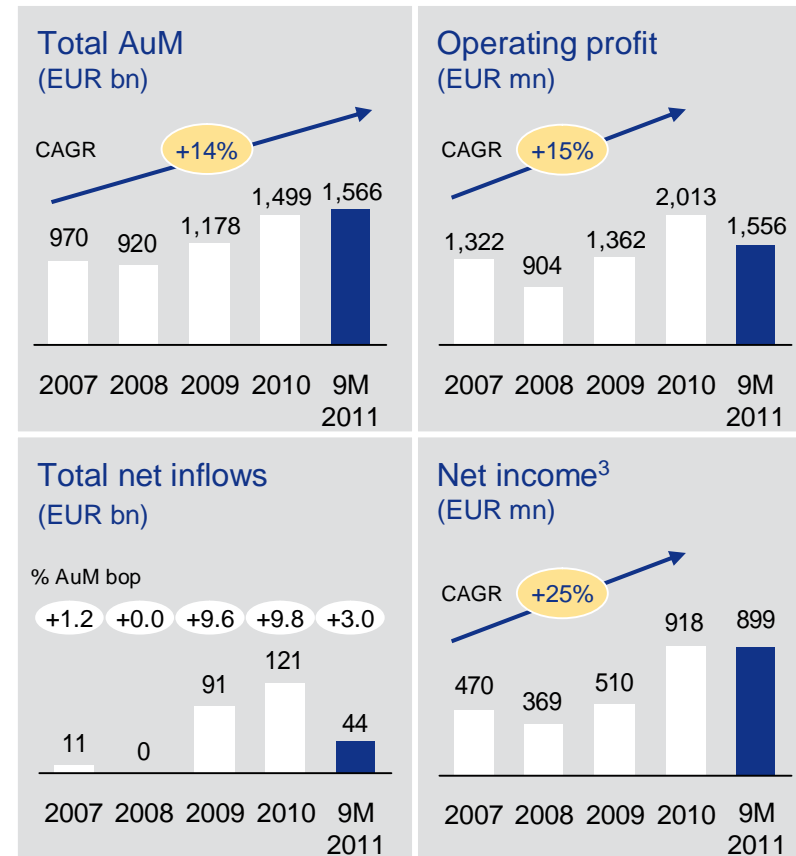


▶ ... to better respond to client demands

# ... and creating one of the leading asset management franchises worldwide

## Highlights<sup>1</sup>

- ▶ **Size**  
One of the world's largest active asset managers
- ▶ **Global presence**  
Strong presence in all major markets worldwide
- ▶ **Products & solutions**  
Complete range of products and styles
- ▶ **Performance history**  
90% outperforming assets under management<sup>2</sup>
- ▶ **Brands**  
PIMCO, Allianz Global Investors
- ▶ **Profitability**  
Contributing 24%<sup>4</sup> to Allianz Group's oper. profit



1) Figures in the diagrams – as on following slides – related to former AGI only  
 2) 3-year outperformance  
 3) Net income attributable to shareholders  
 4) Based on business segments, excluding Corporate & Other and consolidation

## Our aspiration for the future: continuing excellence in all dimensions

Achievements 2001 – 2010 (in %)

AAM aspiration (over full cycle)

Operating profit growth:

Ø 23%



5% – 10% p.a.<sup>1</sup>

Average CIR:

Ø 64.3%



≤ 65%

3-year asset weighted  
outperformance

Ø 79%<sup>2</sup>



≥ 70%

3rd party net inflows:

Ø 7.0%



≥ 5%

1) Operating profit growth excluding f/x impact

2) Only 1 year below 70% (2008)

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# Allianz well positioned for uncertain times ...

## Uncertain times

	Assessment	Rationale
Insurance market		<ul style="list-style-type: none"> <li>↓ Potential industry consolidation</li> <li>↓ PC market hardening</li> <li>↑ Changing lapse dynamics</li> </ul>
Macro environment		<ul style="list-style-type: none"> <li>↑ Low economic growth leads to moderate premium growth</li> <li>↑ Tax and regulatory concerns</li> <li>↓ Increased demand for pension products</li> </ul>
Debt securities		<ul style="list-style-type: none"> <li>↑ Low interest rate environment</li> <li>↑ Wide sovereign spreads and potential further haircuts</li> <li>↑ Risk of credit downgrades</li> </ul>
Equities		<ul style="list-style-type: none"> <li>↑ High volatility</li> <li>↑ Banking sector critical</li> </ul>

## Allianz well positioned

### Positioning

<ul style="list-style-type: none"> <li>● Strong capital position</li> <li>● Disciplined underwriting</li> <li>● Broad product portfolio</li> </ul>	
<ul style="list-style-type: none"> <li>● Effective cost control</li> <li>● Global positioning in non-EUR "safe haven"</li> <li>● Excellent position in retirement due to strong life and asset management positions</li> </ul>	
<ul style="list-style-type: none"> <li>● Growing asset base</li> <li>● Low exposure to peripheral sovereign bonds</li> <li>● High quality fixed income portfolio</li> </ul>	
<ul style="list-style-type: none"> <li>● Modest equity exposure</li> <li>● Strong position in alternative investments</li> <li>● Sizeable banking holdings due to bank distribution model in selected markets</li> </ul>	

... even for (unlikely!) breakup scenario ...

Things that matter:

- § Regional asset/liability matching
- § Strong capitalization
- § No liquidity issues – long-duration liabilities
- § Strong underlying operating earnings and cash flows
- § Good regional diversification in non-Euro countries (both in operational and in investment terms)
- § Majority of Euro business in the stronger Euro countries
- § Mark-to-market of assets and reasonable impairments

Operating profit<sup>1</sup>

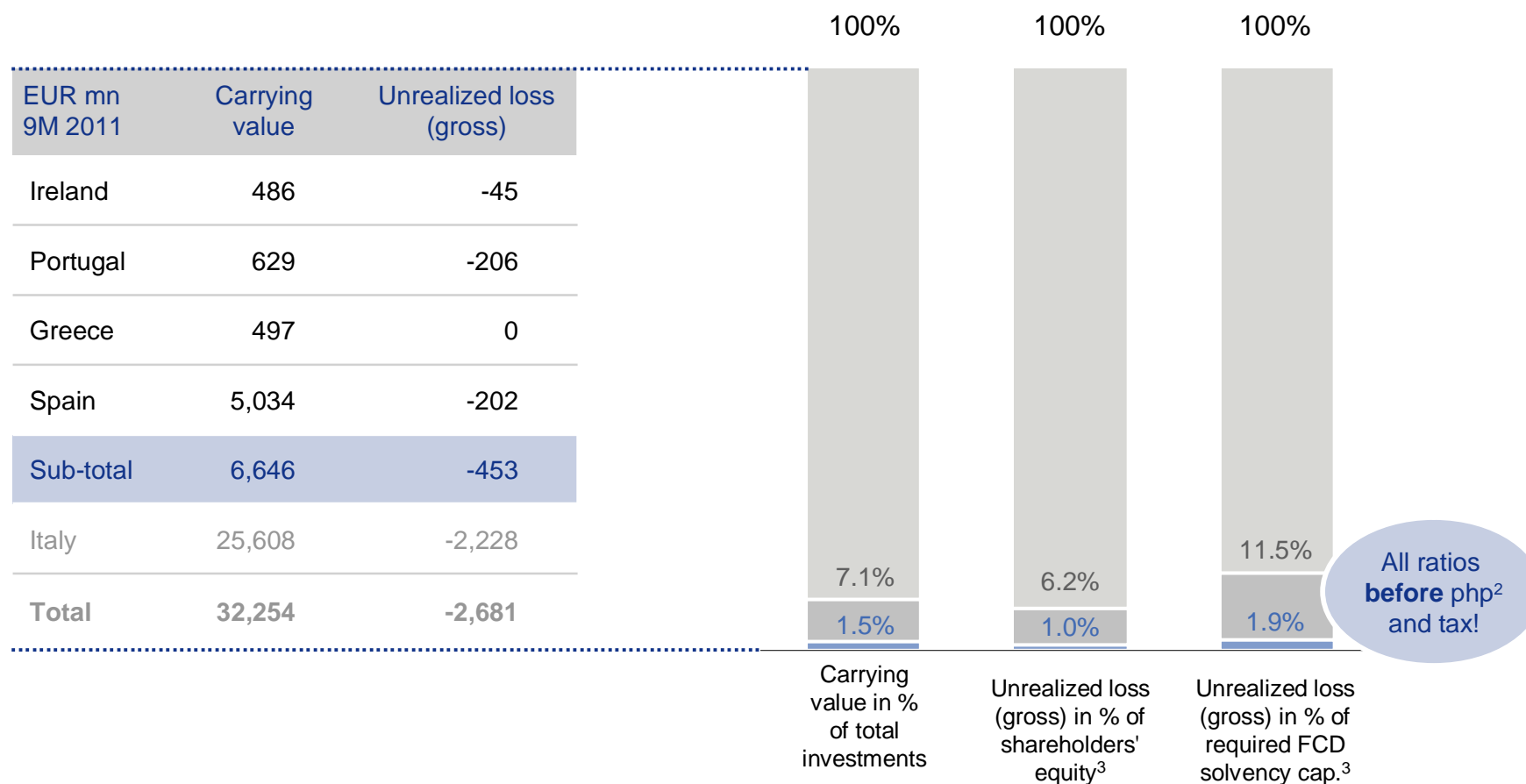


1) Excluding Holding & Treasury

## ... with low remaining exposure to peripheral sovereign bonds ...

Absolute exposure

Relative exposure<sup>1</sup>



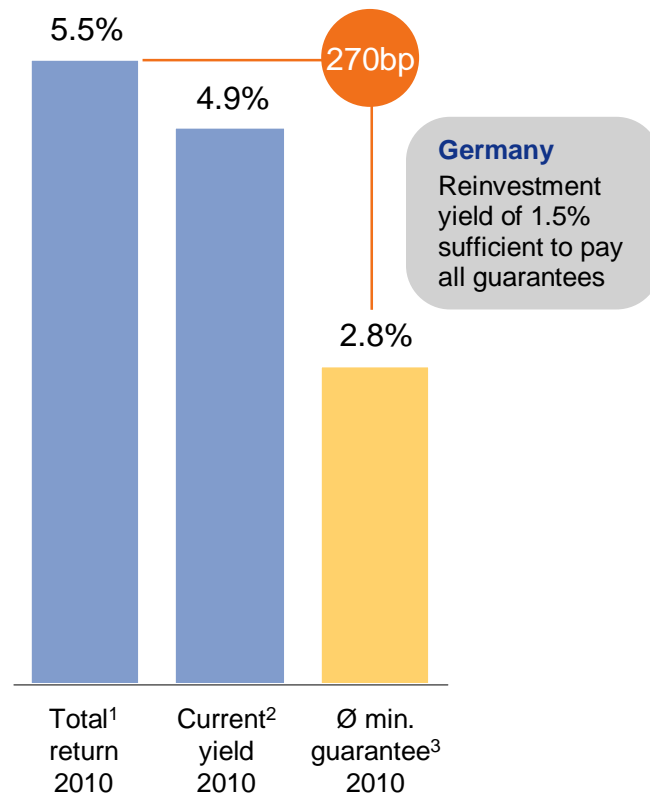
- 1) Light grey ratios refer to total exposure (peripherals plus Italy)
- 2) Policyholder participation
- 3) Ratios slightly overstated, because net unrealized losses are already deducted from S/H equity



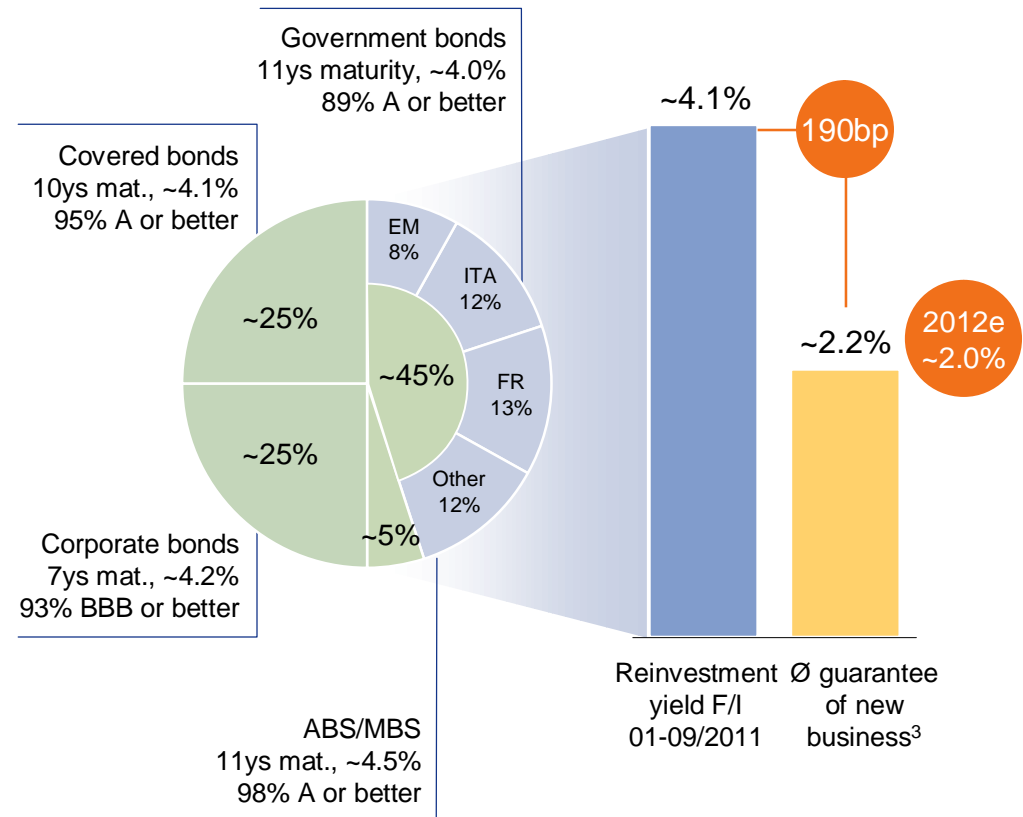
# ...and positive L/H margins despite low interest rates

## Business in force

(based on aggregate policy reserves)



## New business



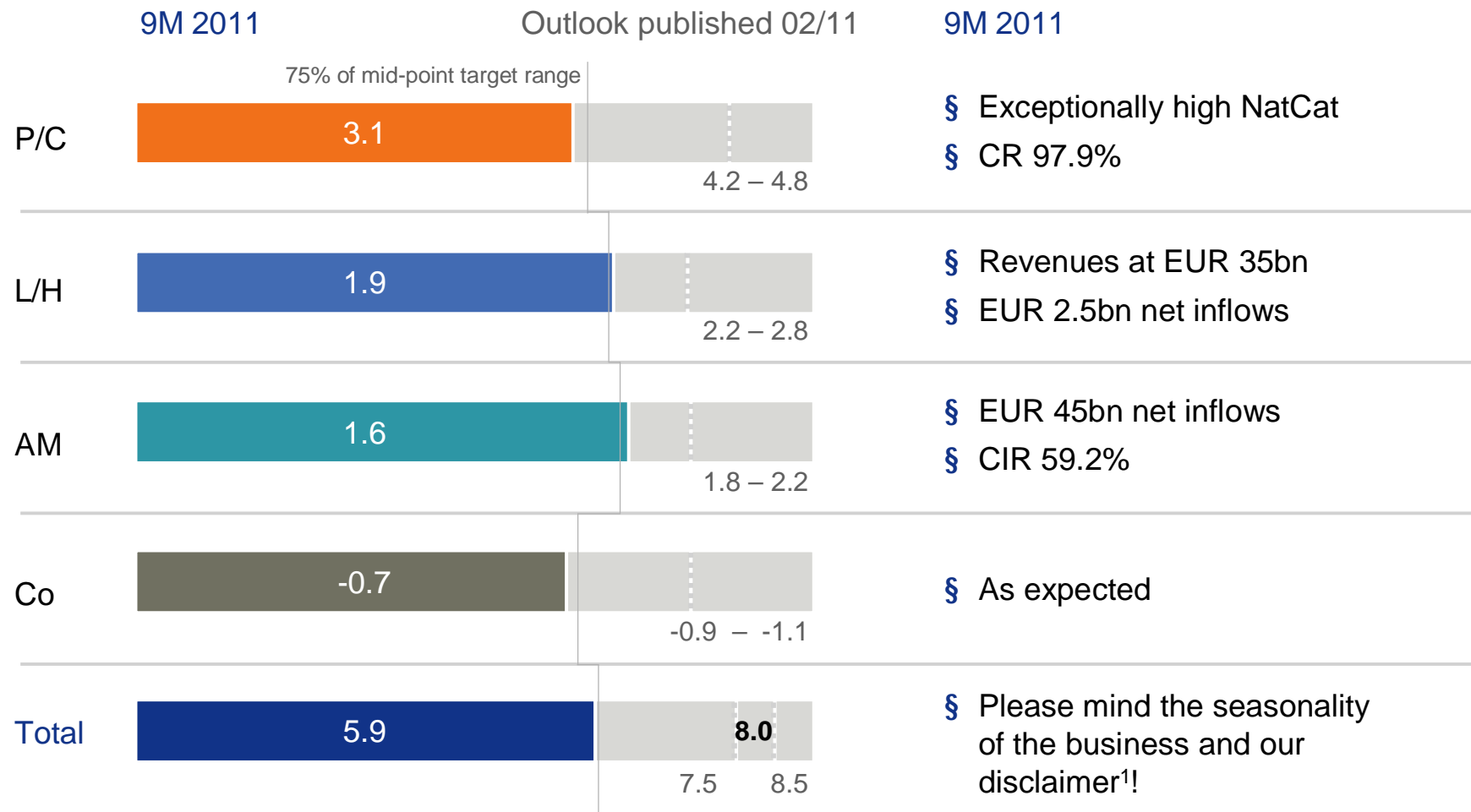
1) Based on IFRS investment + underwriting result  
 2) Based on IFRS current interest and similar income  
 3) Weighted by aggregate policy reserves

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# EUR 7.5 – 8.5bn operating profit expected in 2011

## Operating profit (EUR bn)



1) Disclaimer: Impact from NatCat, financial markets and global economic development not predictable!

## Summary: Allianz well positioned for uncertain times

- 1** Strong market positions and brands
- 2** Resilient and well diversified business model
- 3** High-quality investment portfolio
- 4** Strong capital base
- 5** Eurozone exposure well managed
- 6** Operating profit outlook unchanged



# Appendix

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## Financial calendar

February 23, 2012	Financial press conference for the 2011 fiscal year
February 24, 2012	Analysts' conference for the 2011 fiscal year
March 23, 2012	Annual Report 2011
May 9, 2012	Annual General Meeting
May 15, 2012	Interim Report 1st quarter 2012
August 3, 2012	Interim Report 2nd quarter 2012
November 9, 2012	Interim Report 3rd quarter 2012

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

# Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

## Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency

levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/ or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/ or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The company assumes no obligation to update any forward-looking statement.

## No duty to update

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