

# Allianz – well positioned for uncertain times!

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Goldman Sachs  
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# Agenda

- A** Allianz – a winning business model
- B** Allianz – well positioned for uncertain times
- C** Summary

# Allianz at a glance

EUR **104bn** total revenues<sup>1</sup>

EUR **1,653bn** total AuM<sup>2</sup>

EUR **7.9bn** operating profit<sup>1</sup>

**202%** economic solvency ratio<sup>2</sup>

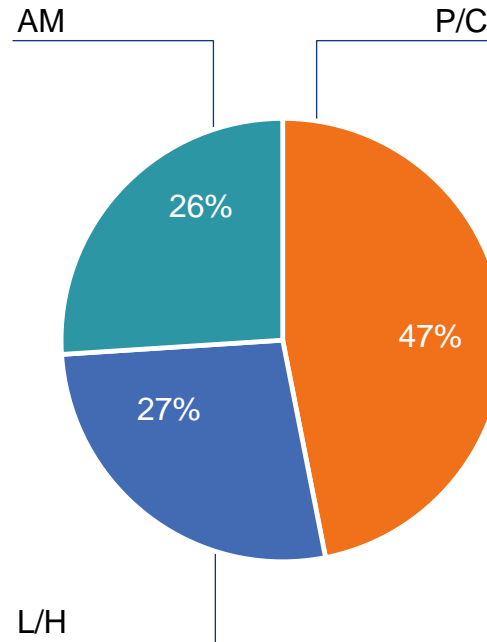
EUR **48.2bn** S/H equity<sup>2</sup>

EUR **40.7bn** market cap<sup>2</sup>

More than **78mn** customers<sup>1</sup>

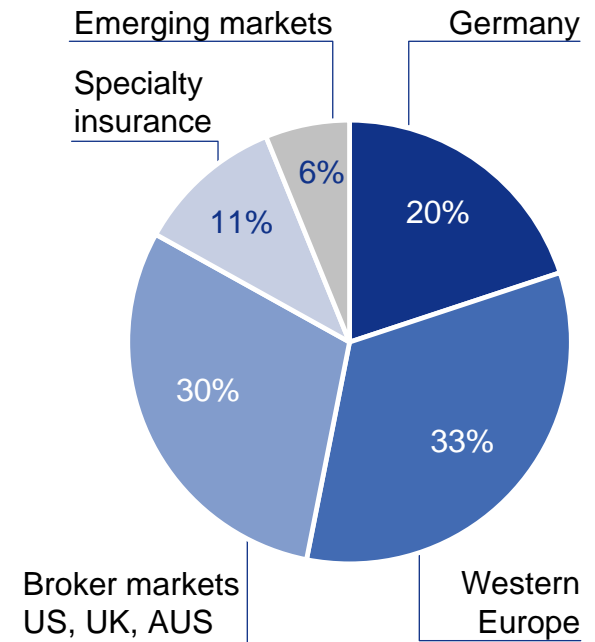
## Segments<sup>1,3</sup>

Operating profit in %



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

Operating profit in %



1) 12/2011

2) 03/2012

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

1

Success factors

# 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

**EH** EULER HERMES

**Allianz** 

Global Corporate & Specialty

1) All rankings based on 2011 data

**2**  
Success factors

## Balanced business portfolio

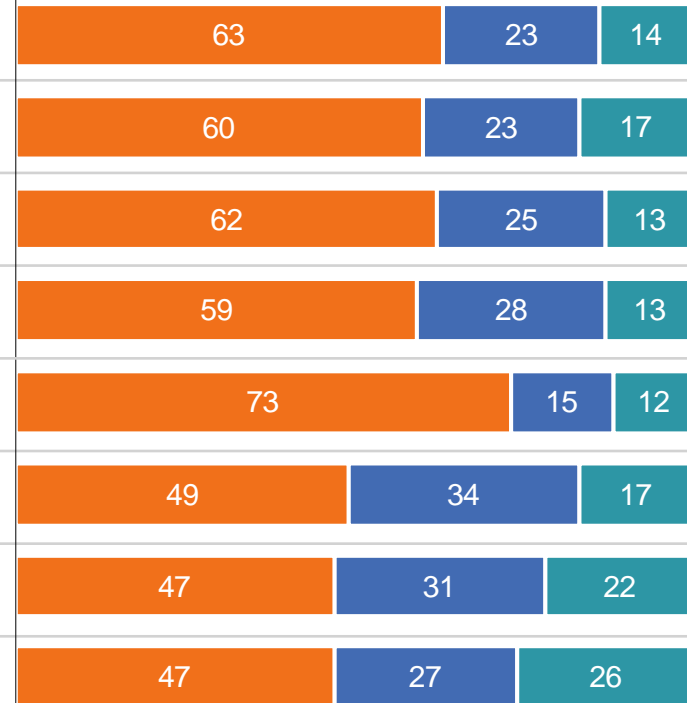
Stable operating profit in tough environment ...

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



... thanks to diversification

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



1) Historically reported figures excluding Banking segment  
2) Based on historically reported figures excluding Corporate & Other, Banking and consolidation

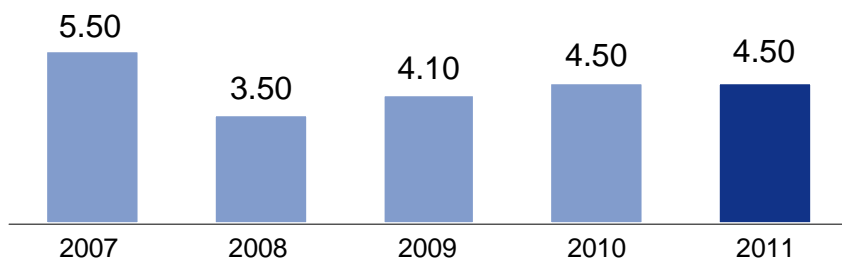
■ P/C   ■ L/H   ■ AM

## 3

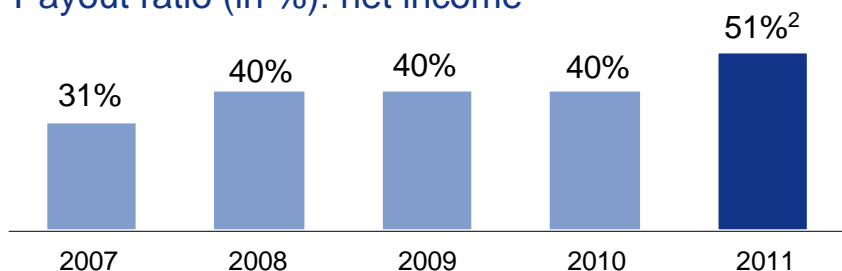
## Success factors

## Dividend continuity and attractive yield

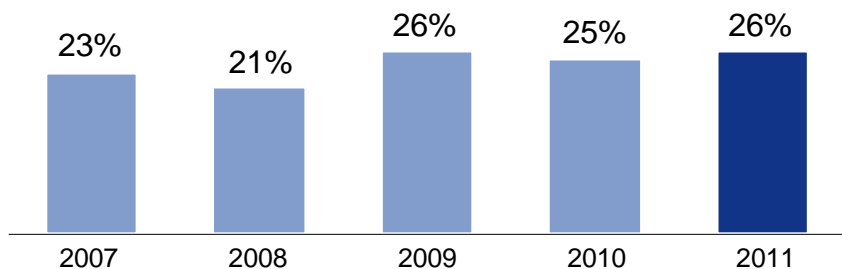
### DPS (EUR)



### Payout ratio (in %): net income<sup>1</sup>



### Payout ratio (in %): operating profit<sup>3</sup>



- EUR 2.0bn payout
- Attractive dividend yield > 5%
- Normal payout ratio of 40%
- Dividend supported by
  - ✓ operating profit
  - ✓ business outlook 2012
- Stable payout ratio in relation to operating profit
- Dividend policy subject to maintaining strong capital adequacy

1) Based on net income from continuing operations, net of non-controlling interests, as historically reported

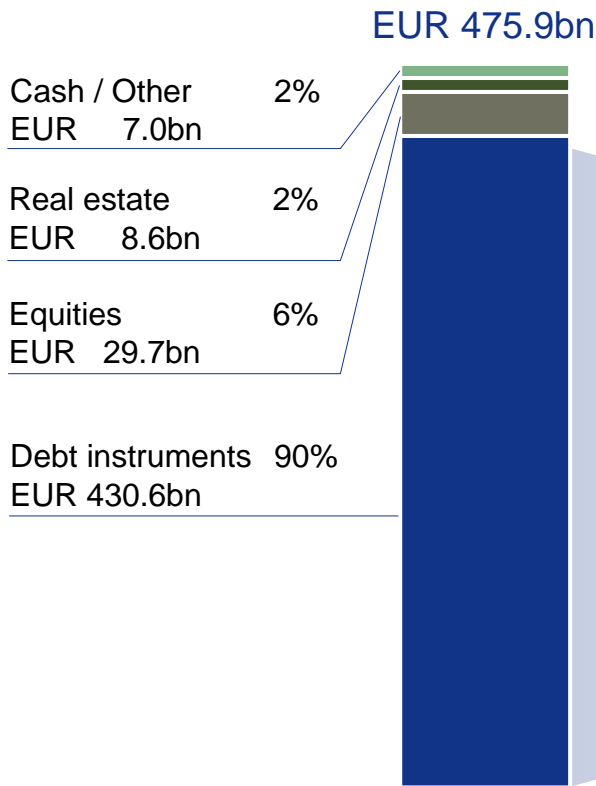
2) Excluding additional non-operating impairments compared to 2010. Otherwise ratio would amount to 81%

3) Based on operating profit, as historically reported

**4**  
Success factors

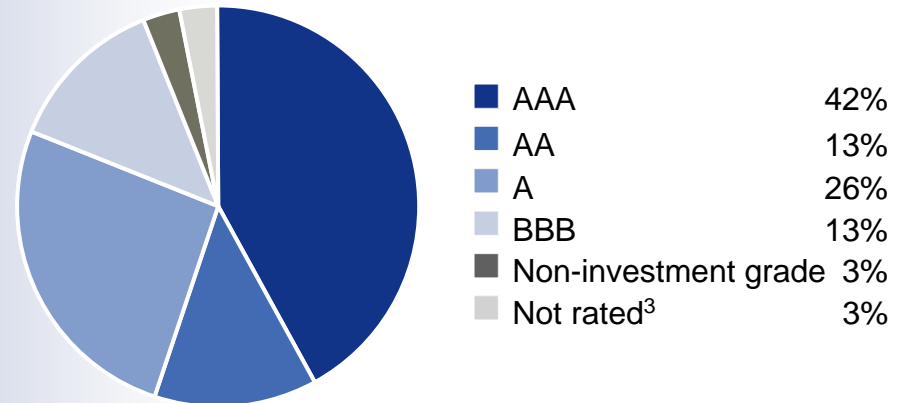
# High-quality investment portfolio

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



## High-quality fixed income portfolio

### Rating profile<sup>2</sup>



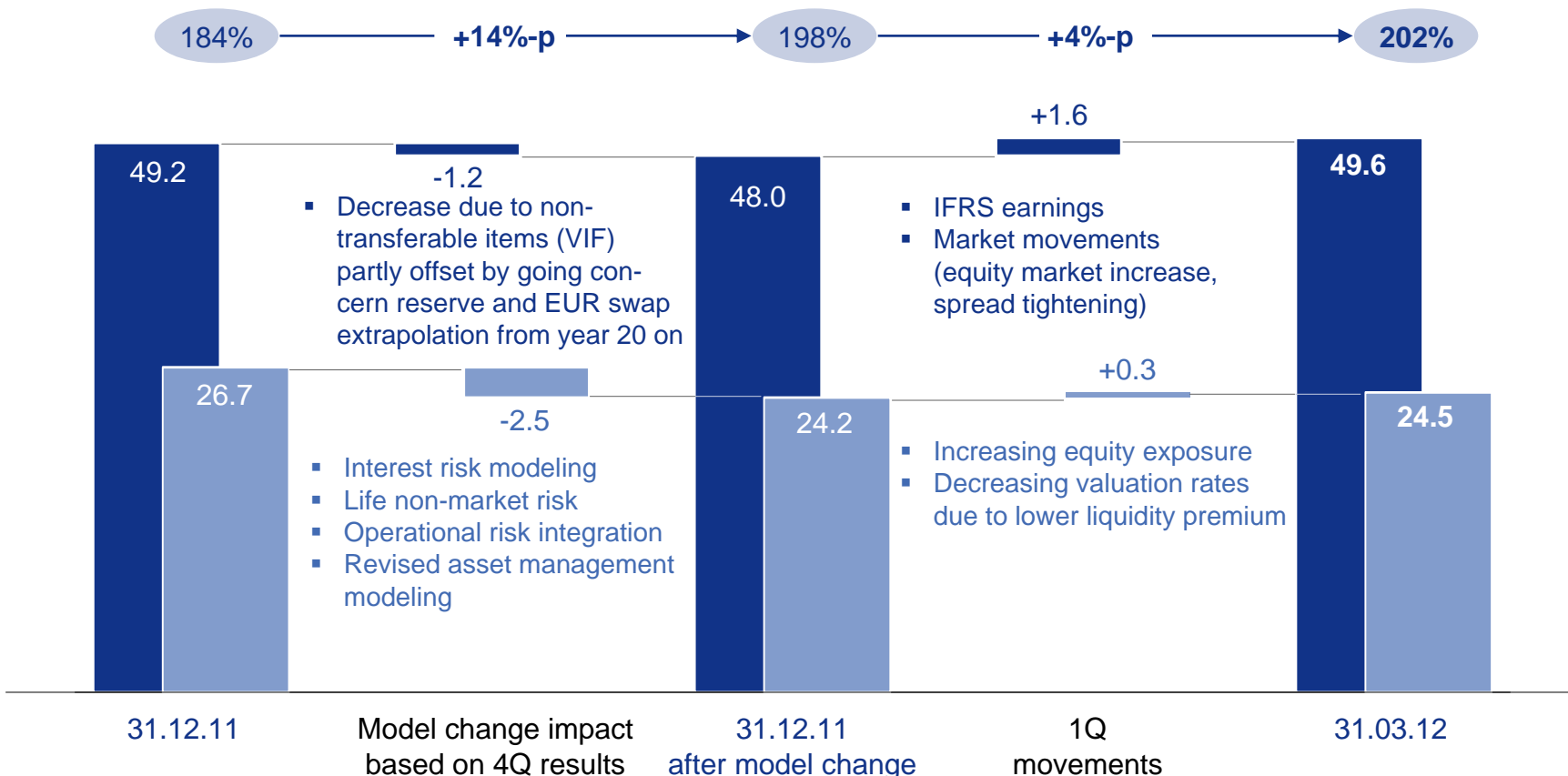
1) 1Q 2012, based on consolidated insurance portfolios (P/C, L/H), Corporate & Other

2) Excluding self-originated German private retail mortgage loans

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

**5**  
Success factors

# Strong economic solvency (EUR bn)



▶ Model changes reflect Allianz' current understanding of forthcoming Solvency II rules

■ Available funds  
■ Requirement (confidence level 99.5%)

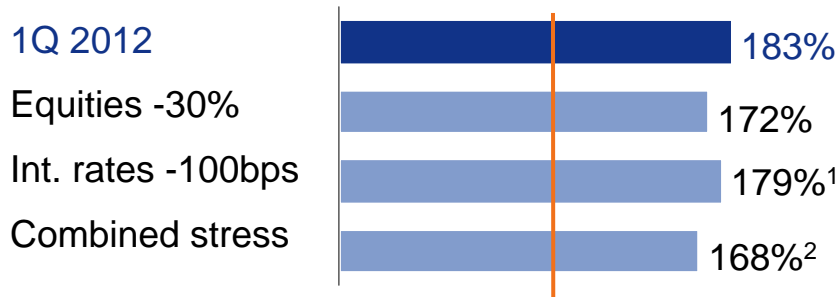
● Economic solvency ratio (confidence level 99.5%)



**5**  
Success factors

## Resilient capital adequacy with moderate sensitivities

### FCD solvency (in %)



### Economic solvency (in %)



- Regulatory capital **ex**cluding unrealized gains on bonds, but **in**cluding impairments sovereign debt
- Economic capital based on marked-to-market sovereign bond portfolio
- Economic solvency ratio of 202% based on Solvency II confidence level of 50bps
- All solvency ratios after 40% net income dividend accrual
- Resilient even under combined shock of interest rates and equities

### S&P rating

AA / outlook negative

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

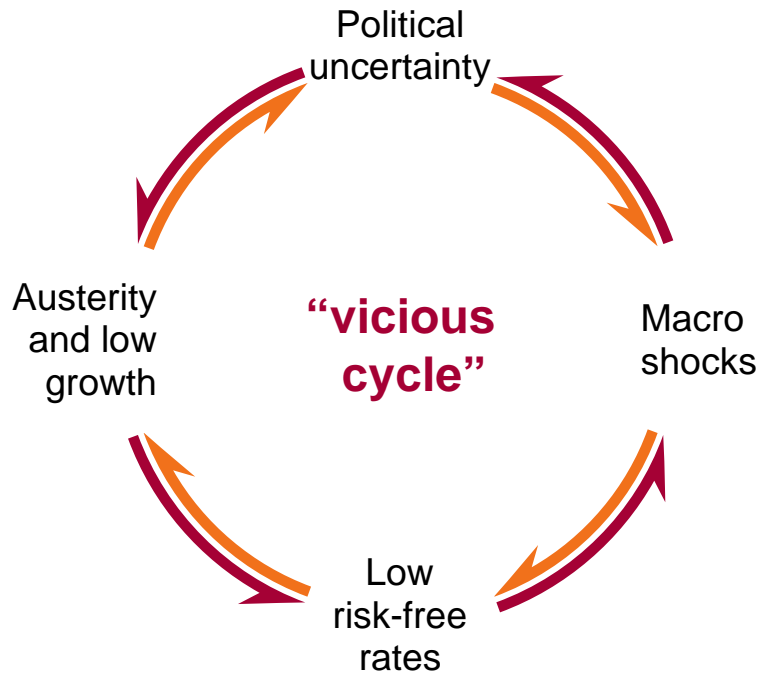
2) Contemporary shock of Interest rates -100bps and equities -30%

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# Allianz well prepared for uncertain times

## Environment



## Allianz

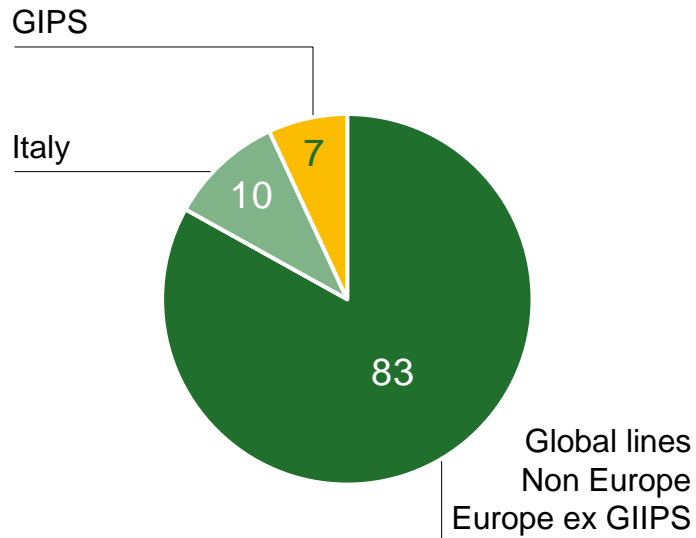


- No quick solution for sovereign debt crisis
- Risks are interdependent
- Long term impact on real economy

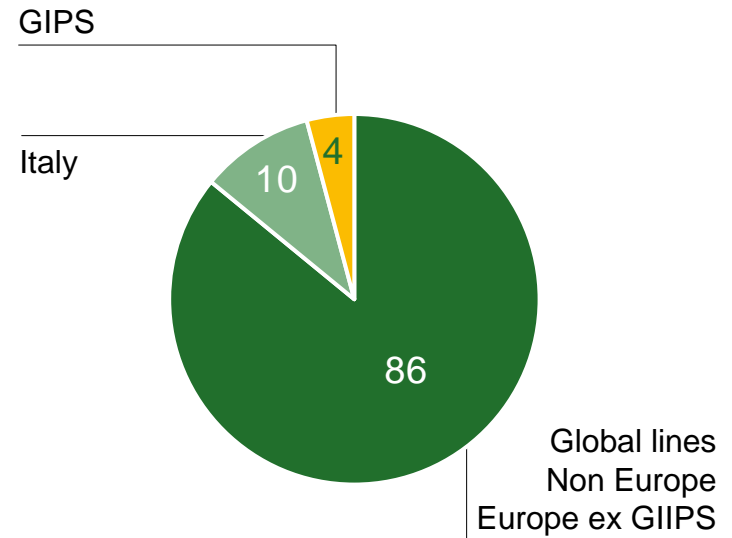
- We are not immune but we are well capitalized and have internal hedges in our business model
- Our strengths make us a relative winner

# Low operating profit exposure to peripheral EU countries

2011: Operating profit<sup>1,2</sup>



2011: Revenues<sup>2</sup>



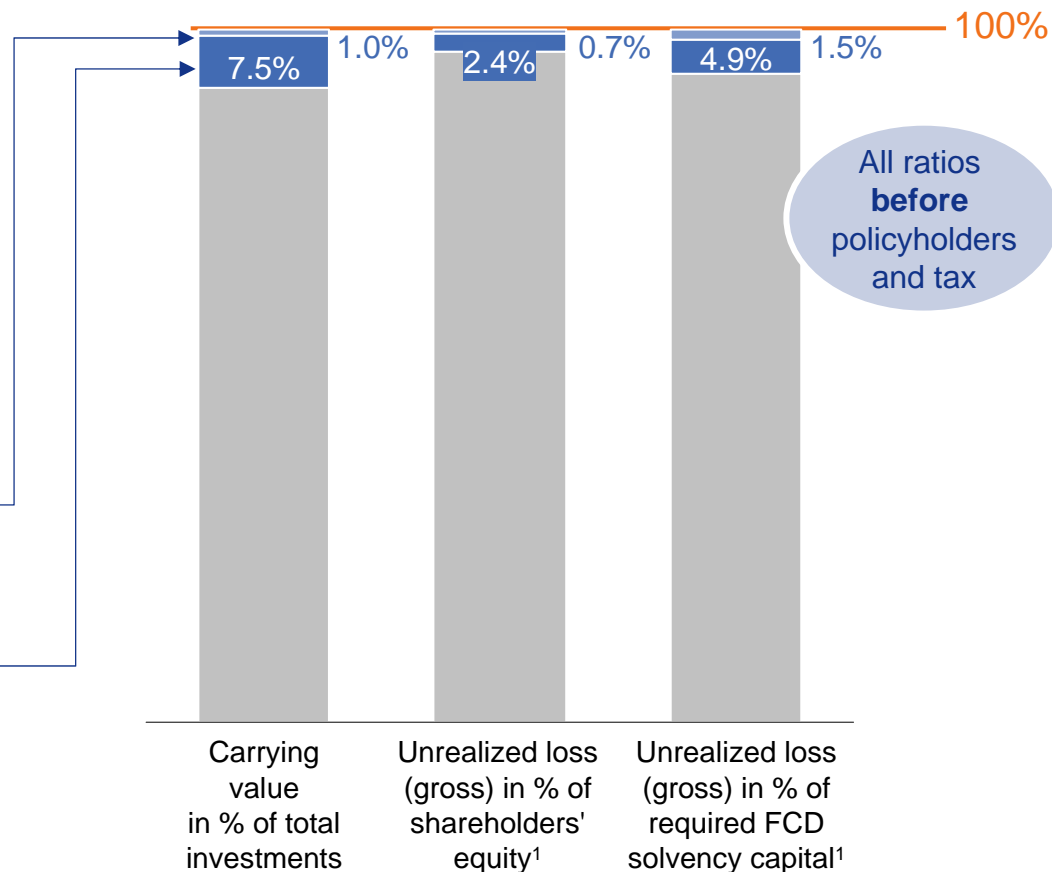
1) Excluding Holding & Treasury  
2) Figures used for the split are not consolidated on a Group basis

# Low remaining asset gearing to peripheral sovereign bonds

Absolute exposure  
(EUR mn)

3M 2012	Carrying value	Unrealized loss (gross)
Ireland	176	-11
Portugal	278	-94
Greece	70	-18
Spain	4,390	-238
<b>Sub-total</b>	<b>4,914</b>	<b>-361</b>
Italy	31,179	-800
<b>Total</b>	<b>36,093</b>	<b>-1,161</b>

Relative exposure



1) Ratios slightly overstated, because net unrealized losses are already deducted from shareholders' equity

# Active de-risking to strengthen our capital position

## Key levers

## Examples

Further de-risking of peripheral counterparty and sovereign exposures

- Concentrate sovereign exposures in domestic carriers
- In domestic carriers reduce exposure in the P/C segment
- Where locked policyholder capital available, use spreads to close duration gap (Allianz Leben)

De-risking of net exposure to financials

- Reduction of sub-bond banking exposures
- Unicredit and Commerzbank de-risked
- Reduction of un-collateralized banking exposure in cash-pool

Optimize interest rate and spread sensitivity

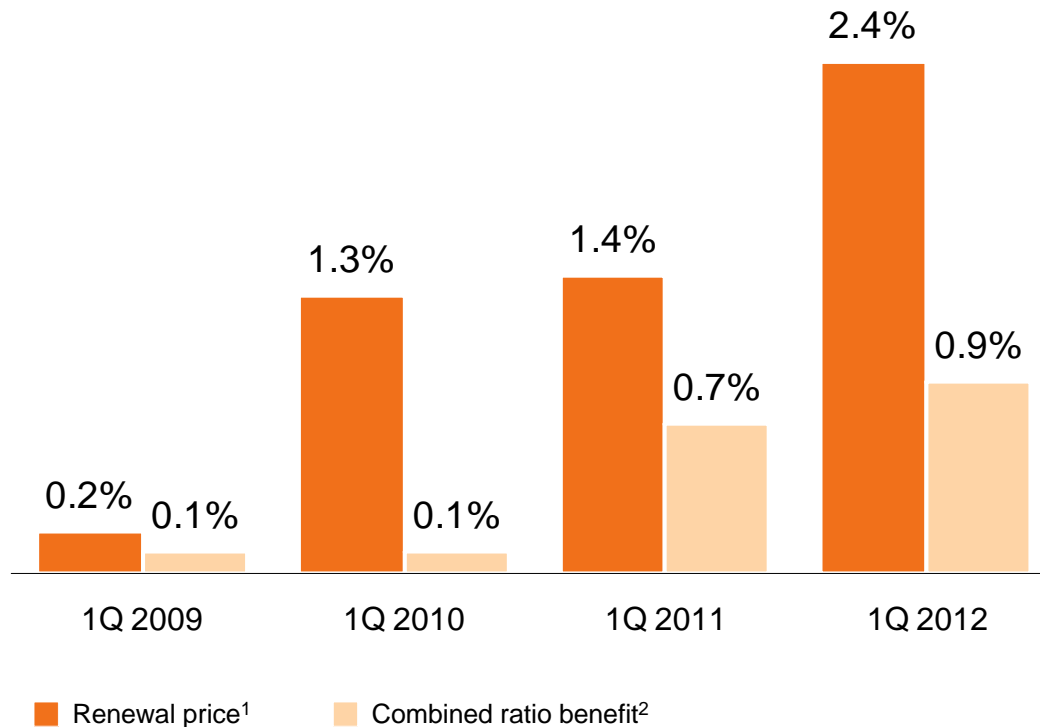
- Selective duration management measures
- Enhanced life product design and inforce management approach
- Liquidity monitoring and buffer enhancements for lapse risk

Focus investments on businesses with stronger cash returns and lower tail risk

- Closure of life unit in Japan
- Focus on P/C and AM growth initiatives
- Further reduce exposure to mis-priced markets (e.g. high value of O&G, high NatCat exposures)
- Use existing levers in VA business

## Resilient pricing supports P/C earnings power

### Effective price impact on portfolio (in %)



- Renewal prices with upward trend
- Stronger developments in Germany and France offset weaker trends in Italy, Spain, UK and Australia
- Growing combined ratio benefit from overall price development

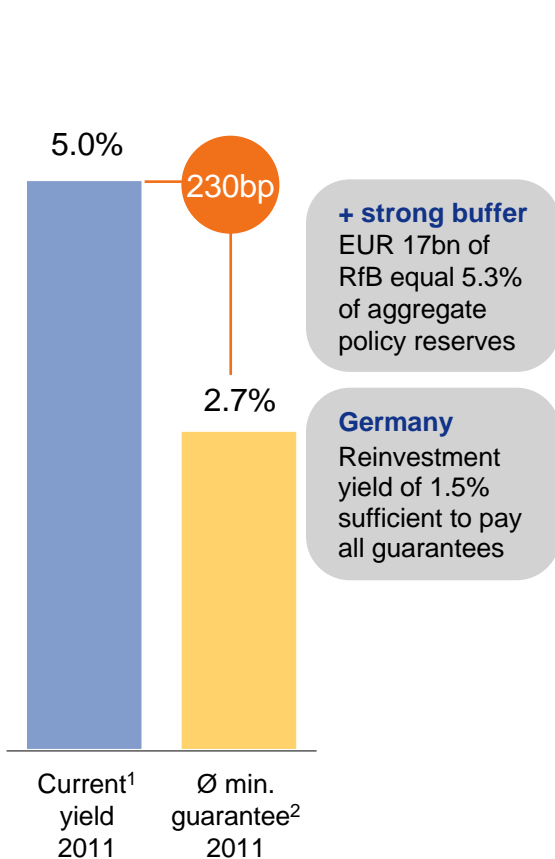
1) Actual rate change on YTD renewals for Allianz flagships Germany, Austria, Italy, France, Spain, US, UK, Australia, Ireland, excluding Credit Insurance

2) Overall benefit from total price change including renewed business and new business

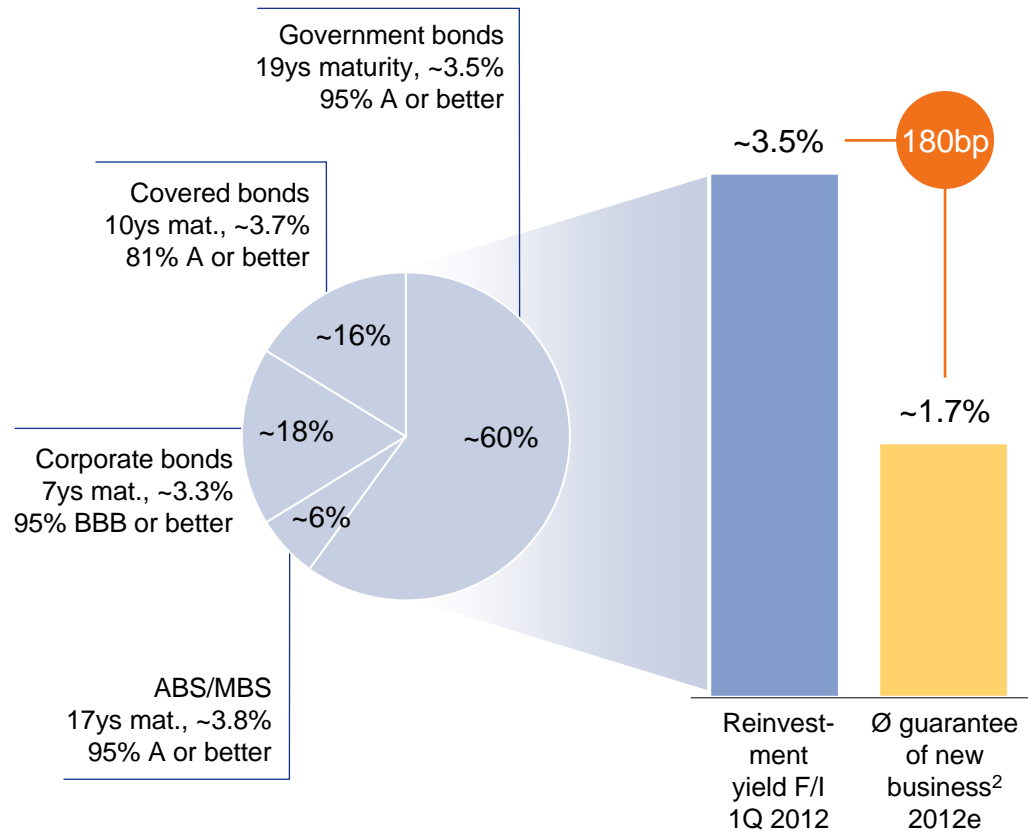
# L/H margins remain healthy despite low interest rates

## Business in force

(based on aggregate policy reserves)



## New business



1) Based on IFRS current interest and similar income

2) Weighted by aggregate policy reserves

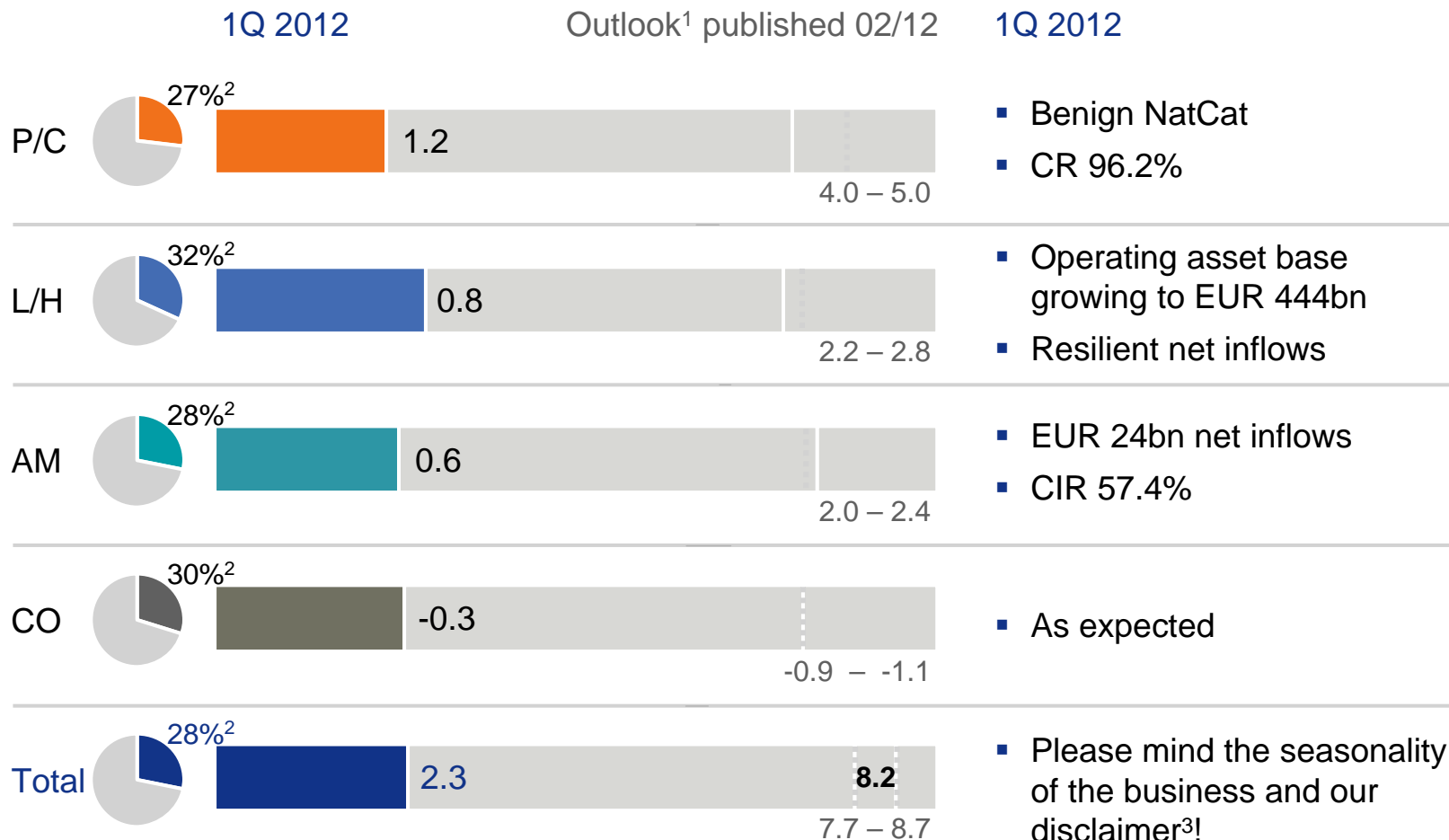


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# Unchanged profit outlook 2012

## Operating profit (EUR bn)



1) For FY2012

2) As % of mid-point target range

3) 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** Attractive dividend policy
- 4** High-quality investment portfolio
- 5** Strong and resilient solvency
- 6** Operating profit outlook unchanged

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