Financing Investments Transactions

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Member of the Board of Management

Financial Press Conference
February 23, 2012

Based on
preliminary figures

Allianz

Agenda

1 **Financing & transactions**

2 Investment result and allocation

3 Outlook

Allianz

Highlights 2011/2012

Financing/ Transactions

- Mar 2011: EUR 2,000mn 30-year Solvency II style subordinated bond issuance
- Jul 2011: EUR 500mn contingent convertible subordinated notes issuance
- Feb 2012: EUR 1,500mn 10-year senior bond issuance

2011 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2012 | Jan | Feb

Redemption/ Investments

- Jan 2011: USD 855mn additional CPIC H-share investment
- Mar 2011: EUR 185mn extension of Allianz Popular bancassurance joint venture
- May 2011: EUR 290mn Commerzbank capital increase
- Jun 2011: USD 500mn redemption of subordinated bond issued in 2002
- Jan 2012: EUR 150mn Unicredit capital increase
- Feb 2012: EUR 800mn acquisition of Gassled gas grid stake in Norway[1]

1) Announced June 2011

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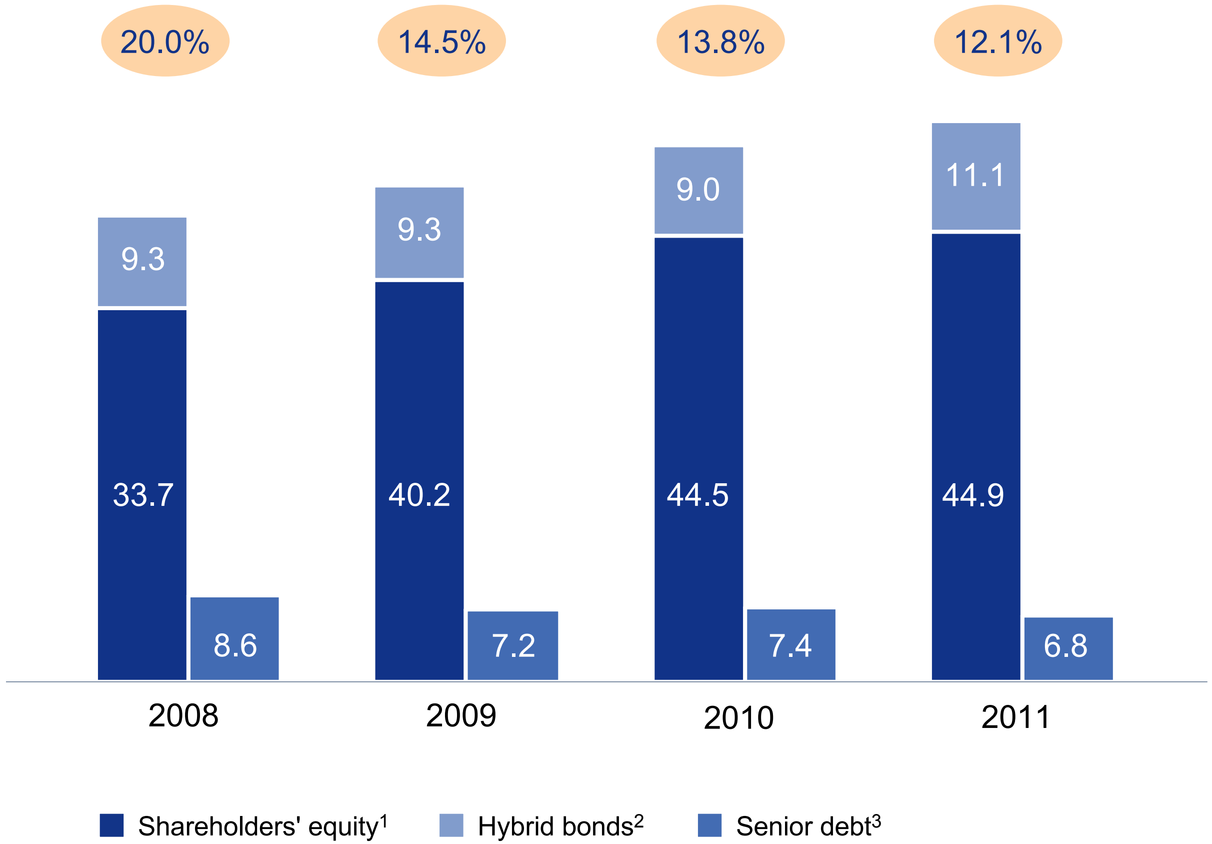
Capital structure
(EUR bn)

Debt / equity ratio



1) As historically reported
2) Subordinated liabilities excluding bank subsidiaries; nominal value
3) Certificated liabilities excluding bank subsidiaries; nominal value

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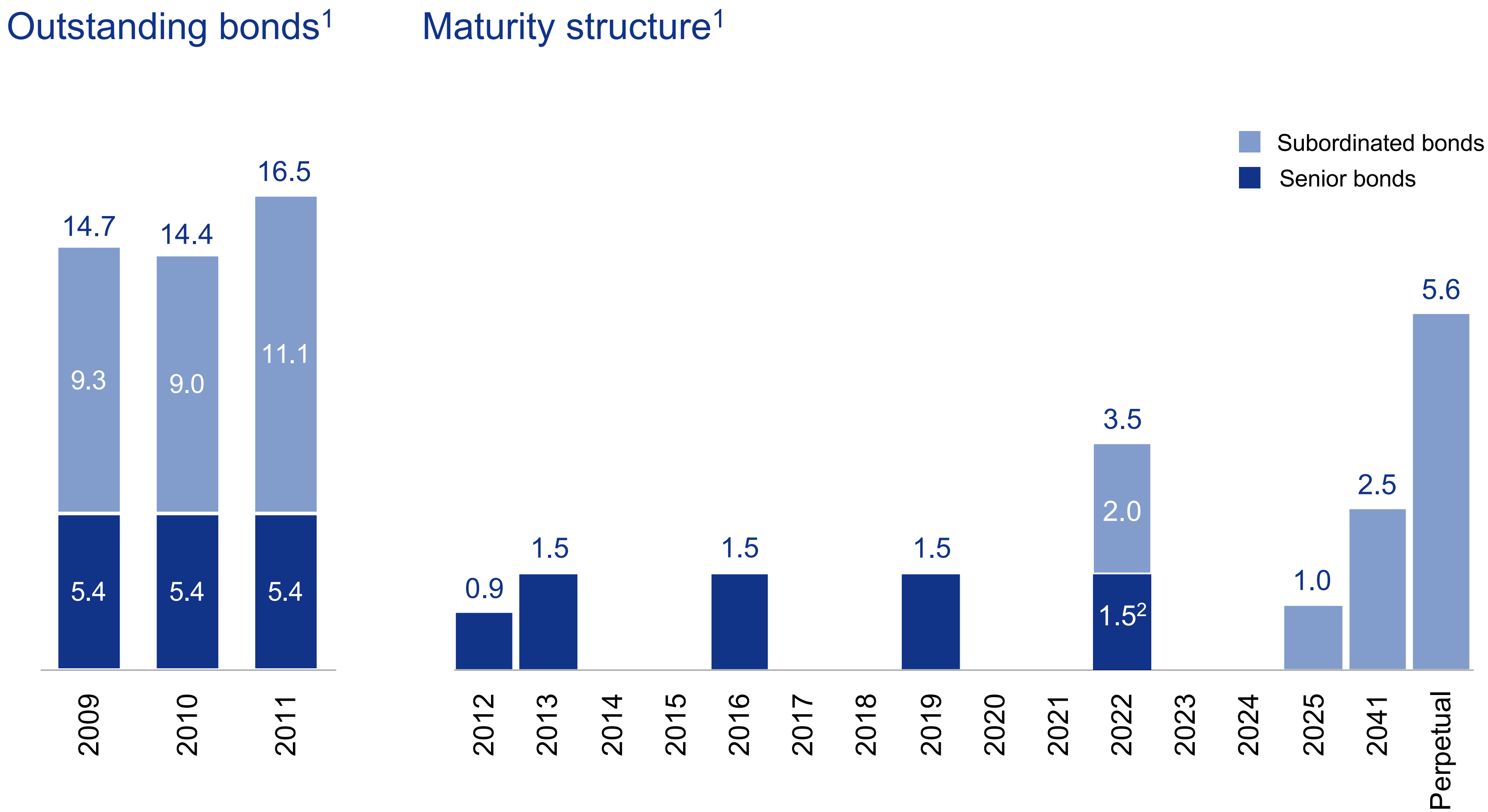
Maturity profile of external bonds
(EUR bn)



1) Group excluding bank subsidiaries; nominal value
2) Senior bond issued effective February 14, 2012

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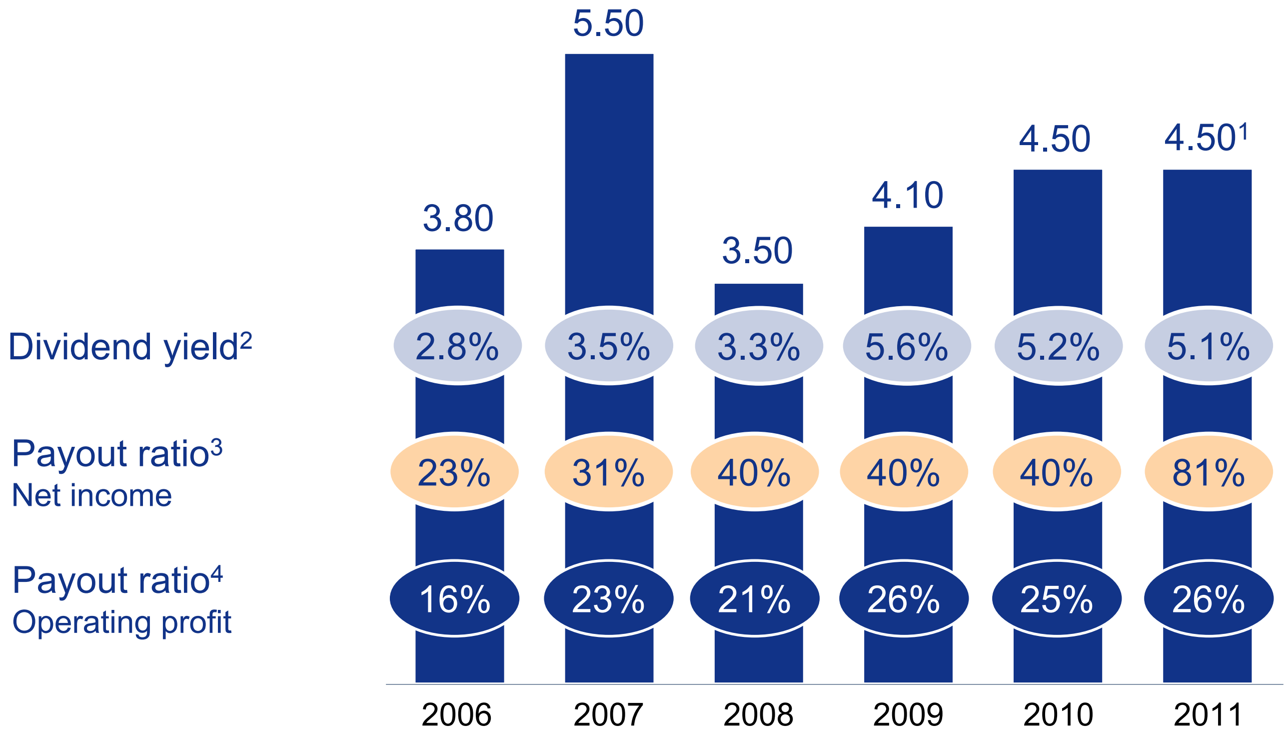
Attractive dividend policy

Dividend per share
(EUR)



1) Proposal
2) Based on average share price of fiscal year
3) Based on net income from continuing operations, net of non-controlling interests; as historically reported
4) Based on operating profit as historically reported

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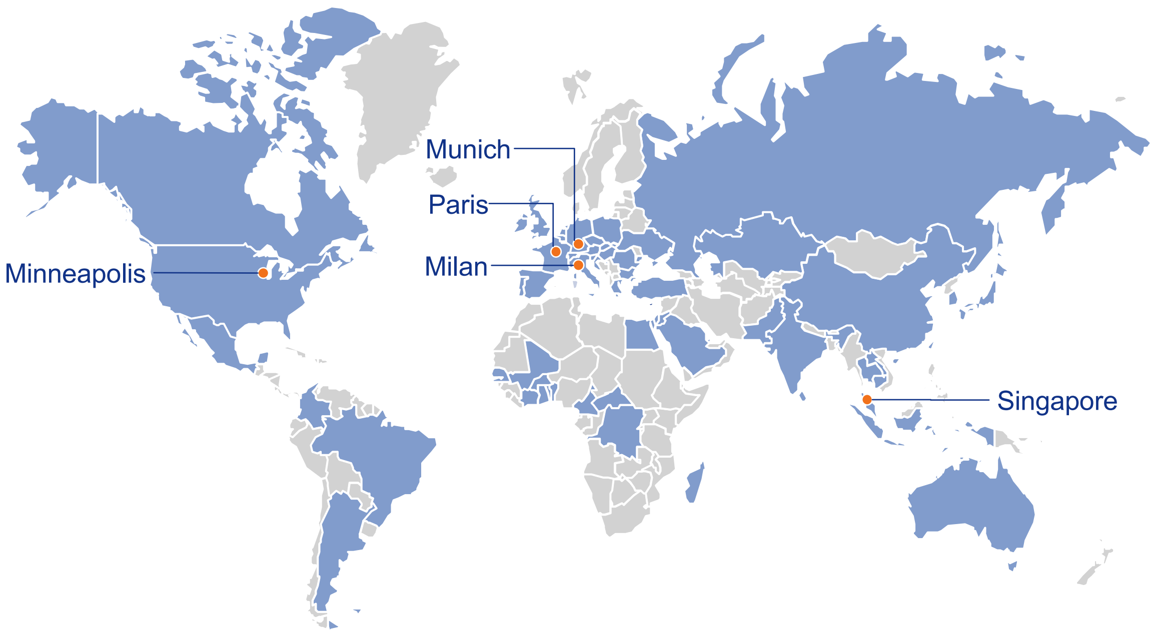
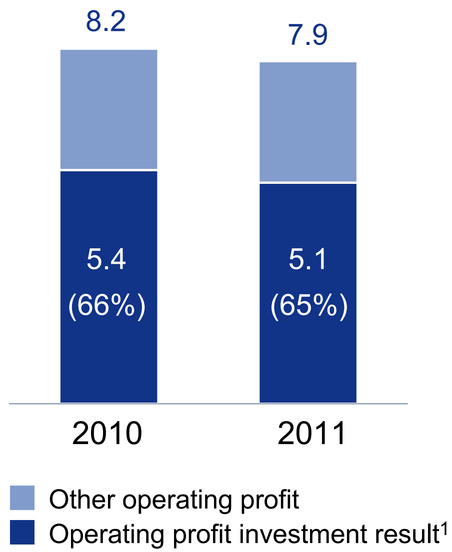
AIM ensured strong contribution of investment result to operating profit

Allianz Investment Management

Objective	Facts
Contributes to capital efficiency by maximizing risk adjusted investment return within a standardized process	▪ Covering EUR 461bn (445bn in 2010) insurance assets ▪ 5 regional hubs ▪ 300 employees

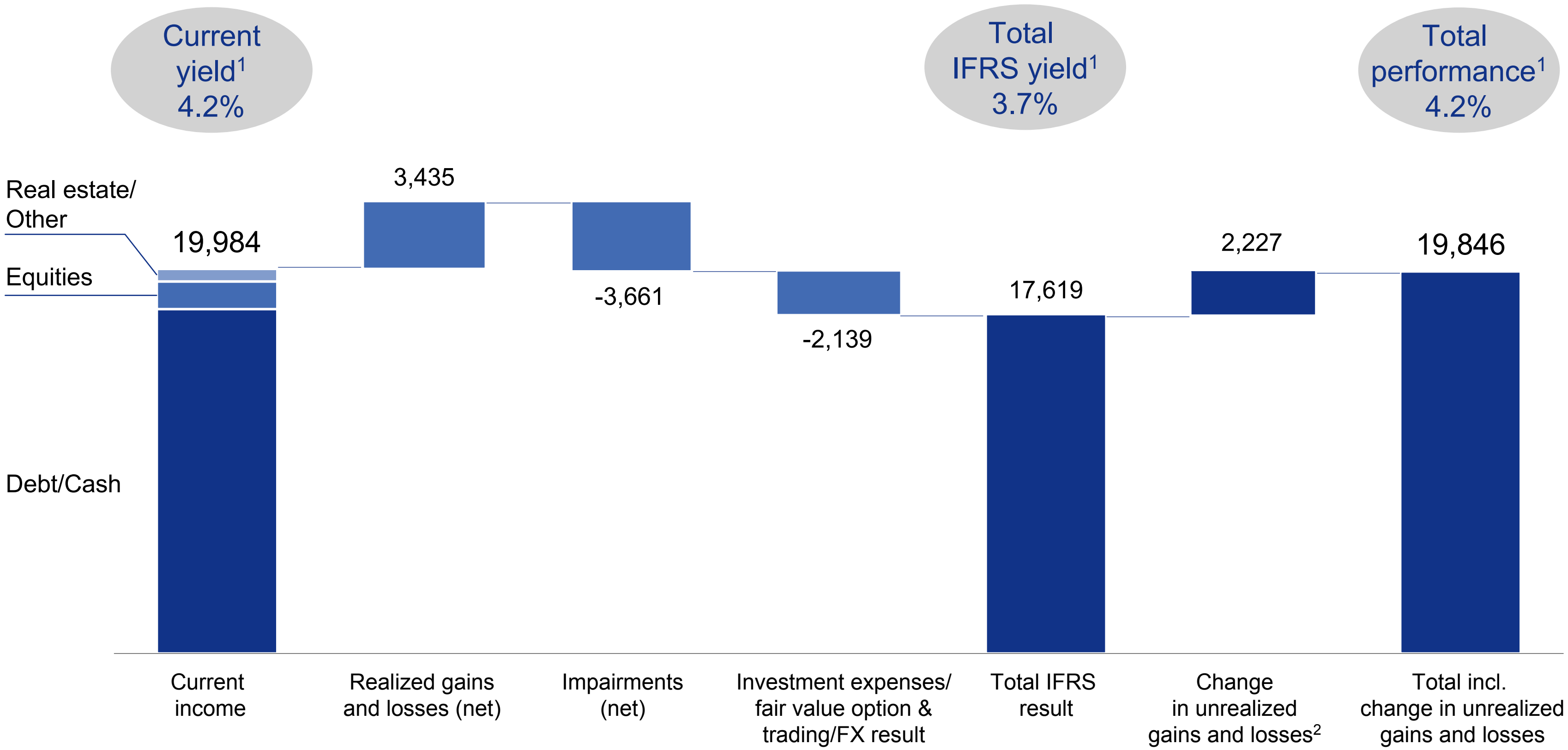


Operating profit (EUR bn)



1) Insurance business only (P/C + L/H)

Investment performance 2011 – overview
(EUR mn)



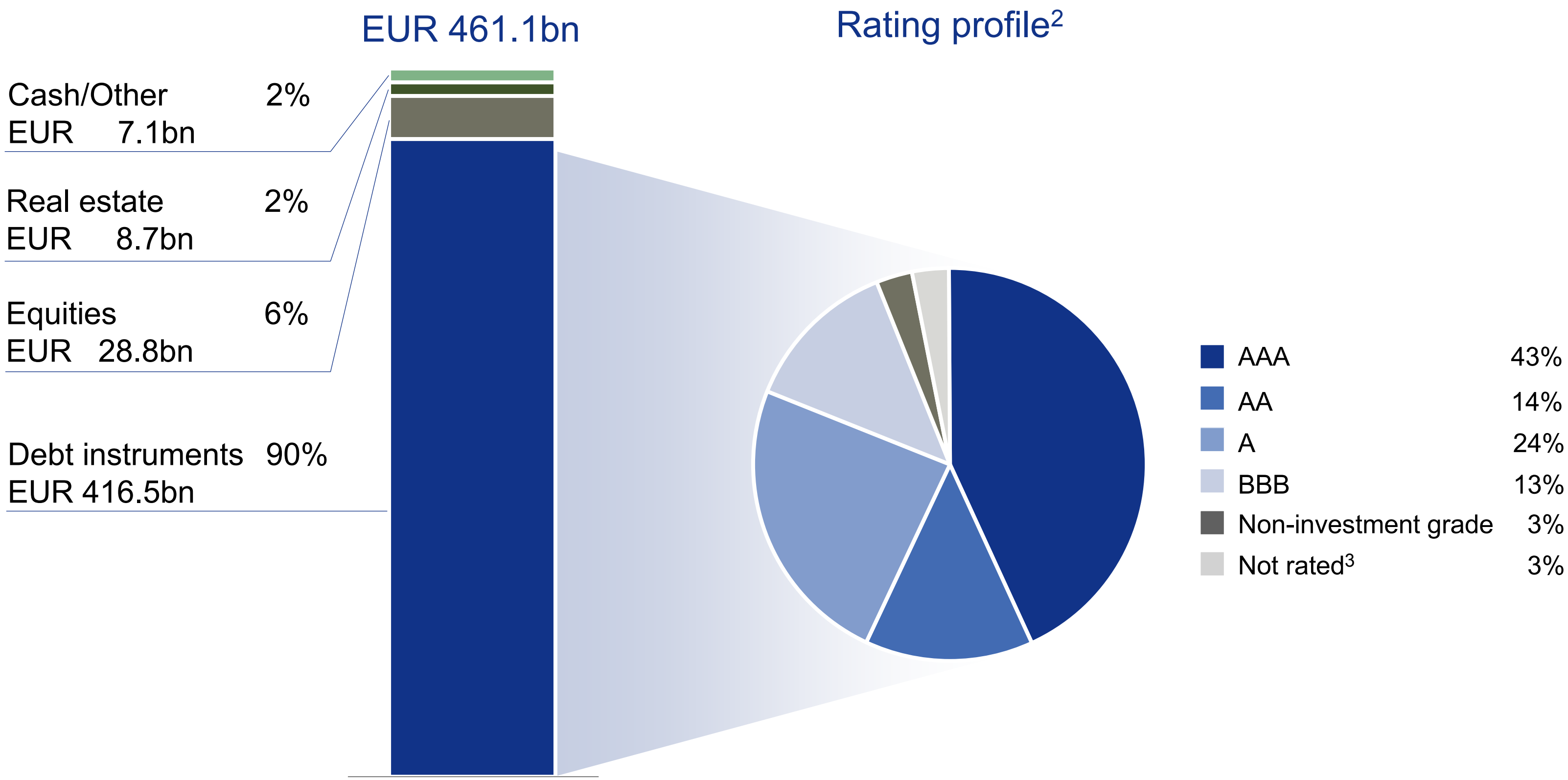
- Current income dominated by debt; current income yield stable with 4.2%
- Realized gains (net) on equities (~2/3) and also on debt securities (~1/3)
- Impairments mainly on equity (~2/3) and Greek government bonds (~1/3)

1) Yield calculation is based on the average asset base at carrying value
2) Includes AFS equity and debt, held-to-maturity investments as well as loans and advances to banks and customers

High quality investment portfolio

Conservative asset allocation[1]

High quality fixed income portfolio



1) Portfolio discussion is based on consolidated insurance portfolios (P/C, L/H, Corporate and Other; excl. unit-linked)
2) Excluding seasoned self-originated German private retail mortgage loans
3) Mostly mortgage loans, policyholder loans, registered debentures all of investment grade quality

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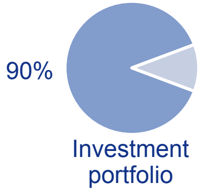
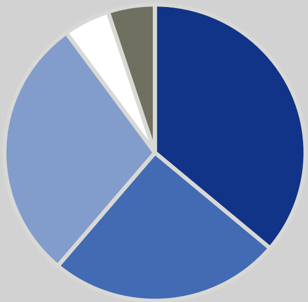


Fixed income portfolio

By type of issuer

Total
EUR 416.5bn

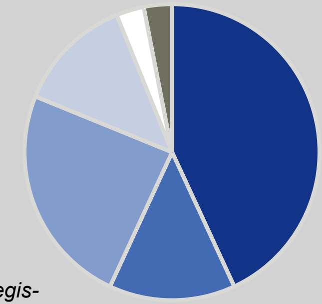
Government	36%
Covered	25%
Corporate	29%
thereof Banking	*9%*
ABS/MBS[1]	5%
Other[2]	5%



By rating[3]

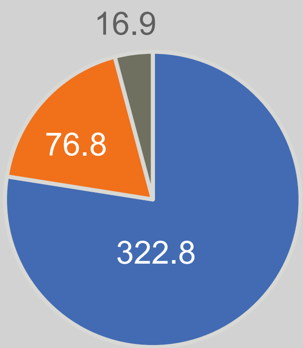
AAA	43%
AA	14%
A	24%
BBB	13%
Non-investment grade	3%
Not rated*	3%

**) mostly mortgage loans, policyholder loans, registered debentures, all of investment grade quality*

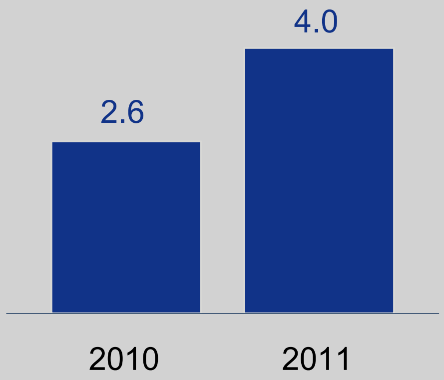


By segment (EUR bn)

L/H	78%
P/C	18%
Corporate and Other	4%



Net AFS unrealized gains/losses (EUR bn)[4]



1) Including US agency backed investments (EUR 5.2bn)
2) Including 4% seasoned self-originated German private retail mortgage loans; 1% short-term deposits at banks
3) Excluding seasoned self-originated German private retail mortgage loans
4) On-balance unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC

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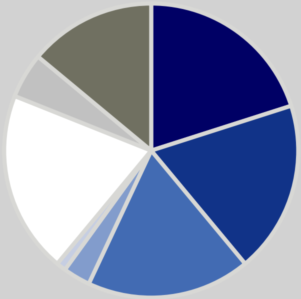
Government bond allocation concentrated in EMU core countries

By region

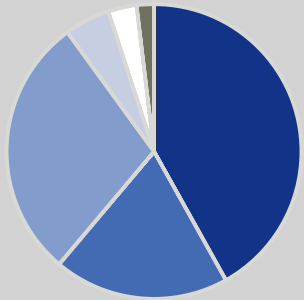
Total
EUR 147.9bn[1]

Germany	20%
France	19%
Italy	18%
Spain	3%
UK	1%
Rest of Europe	20%
USA	5%
Rest of World	14%



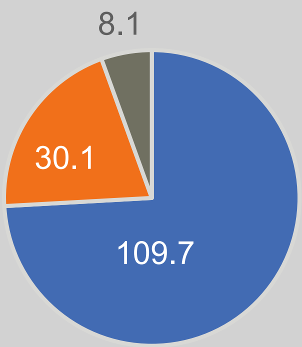
By rating

AAA	42%
AA	19%
A	29%
BBB	5%
Non-investment grade	3%
Not rated	2%

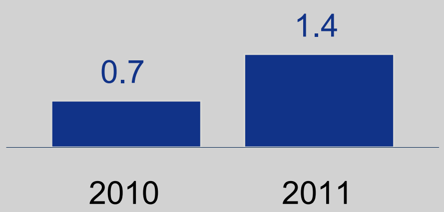


By segment (EUR bn)

L/H	74%
P/C	20%
Corporate and Other	6%



Net AFS unrealized gains/losses (EUR bn)[2]



1) Government and government related (excl. US agency MBS)
2) On-balance unrealized gains/losses after tax, non-controlling interests and policyholders and before shadow DAC

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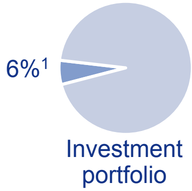
Details sovereigns
(EUR bn)

	Group			L/H			P/C		
	Book Value	% of F/I	thereof domestic	Book Value	% of F/I (L/H)	thereof domestic	Book Value	% of F/I (P/C)	thereof domestic
Germany	29.1	7.0%	25.2	20.7	6.4%	18.5	4.8	6.2%	3.0
France	27.6	6.6%	18.2	22.0	6.8%	15.3	4.3	5.6%	2.9
Italy	26.1	6.3%	19.5	22.3	6.9%	16.4	3.7	4.8%	3.1
USA	8.4	2.0%	6.0	4.9	1.5%	4.2	2.5	3.3%	1.8
Switzerland	6.0	1.4%	5.9	4.6	1.4%	4.5	1.4	1.8%	1.4
Belgium	5.9	1.4%	2.2	4.6	1.4%	1.9	0.9	1.2%	0.2
South Korea	5.7	1.4%	5.6	5.7	1.8%	5.6	0.0	0.0%	0.0
Spain	4.9	1.2%	3.1	3.8	1.2%	2.1	1.1	1.4%	1.0
Austria	4.1	1.0%	0.3	3.2	1.0%	0.2	0.7	0.9%	0.1
Netherlands	2.9	0.7%	0.3	1.6	0.5%	0.2	0.8	1.1%	0.1
Australia	2.4	0.6%	2.2	0.0	0.0%	0.0	2.3	3.0%	2.2
UK	2.1	0.5%	1.4	0.2	0.1%	0.0	1.8	2.4%	1.4
Poland	1.7	0.4%	0.4	1.3	0.4%	0.1	0.4	0.5%	0.3
Mexico	1.5	0.4%	0.3	1.3	0.4%	0.2	0.2	0.3%	0.1
Thailand	1.4	0.3%	1.2	1.4	0.4%	1.2	0.0	0.0%	0.0
Brazil	1.4	0.3%	0.4	0.9	0.3%	0.0	0.5	0.6%	0.4
Canada	1.2	0.3%	0.0	0.6	0.2%	0.0	0.6	0.7%	0.0
Portugal	0.5	0.1%	0.2	0.3	0.1%	0.1	0.2	0.3%	0.1
Ireland	0.4	0.1%	0.2	0.3	0.1%	0.0	0.1	0.2%	0.1
Greece	0.3	0.1%	0.1	0.2	0.1%	0.0	0.1	0.1%	0.0
Other	14.3	3.4%	n.a.	9.8	3.0%	n.a.	3.7	4.8%	n.a.
Total 2011	**147.9**	**35.5%**	**n.a.**	**109.7**	**34.0%**	**n.a.**	**30.1**	**39.2%**	**n.a.**
Total 2010	**142.3**	**36.0%**	**n.a.**	**104.0**	**34.1%**	**n.a.**	**29.4**	**39.7%**	**n.a.**

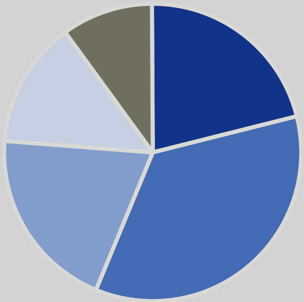


Equity portfolio

By region

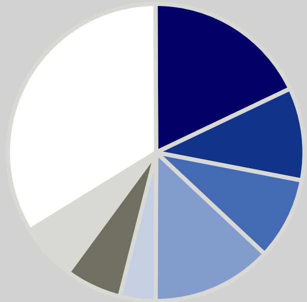
Total
EUR 28.8bn[2]

Germany	21%
Eurozone ex Germany	35%
Europe ex Eurozone	20%
NAFTA	14%
Rest of World	10%



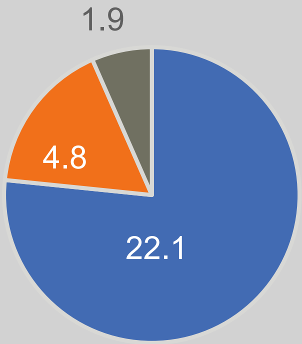
By industry

Consumer	18%
Basic materials	10%
Banking	9%
Other financials	13%
Utilities	4%
Industrial	6%
Energy	6%
Funds and Other[3]	34%

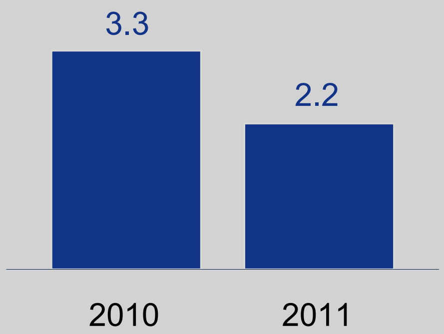


By segment (EUR bn)

L/H	76%
P/C	17%
Corporate and Other	7%



Net AFS unrealized gains/losses (EUR bn)[4]



1) Before hedges; equity quota after hedges 6%
2) Incl. non-equity retail funds (EUR 0.6bn), excl. equities designated at fair value through income (EUR 2.1bn)
3) Diversified investment funds (EUR 2.1bn); private and unlisted equity (EUR 5.1bn)
4) On-balance unrealized gains/losses after tax, non-controlling interests and policyholders and before shadow DAC

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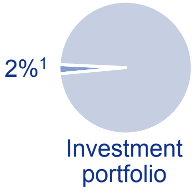


Alternative investments

Renewables

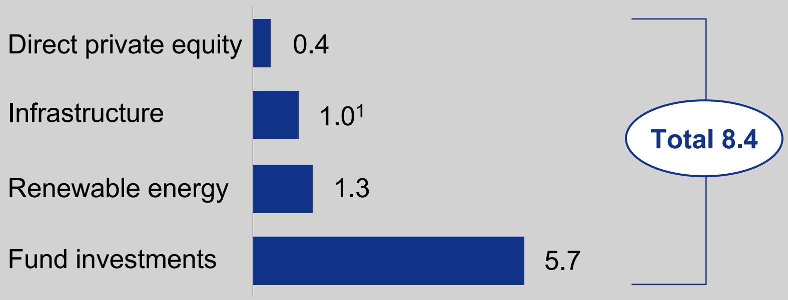
- Further increased investment volume of renewable energies by various **solar and windparks**
- Wind energy investments strengthened in **France and Germany**, photovoltaic park investments conducted in **Italy and France**
- Continuing build-up of portfolio to be executed in newly established **pan-European structure** comprising various Allianz entities in Germany, France and Italy

Infrastructure

- Portfolio significantly increased to EUR 1bn by acquisition of the Norwegian gas transportation grid stake **Gassled**
- **Investment team** drives expansion of Allianz' portfolio, eyeing on core assets with a low-risk profile and long-term, stable and inflation-linked cash flows
- Major target sectors remain **power and gas grids**, **rail** and **other transportation infrastructure**

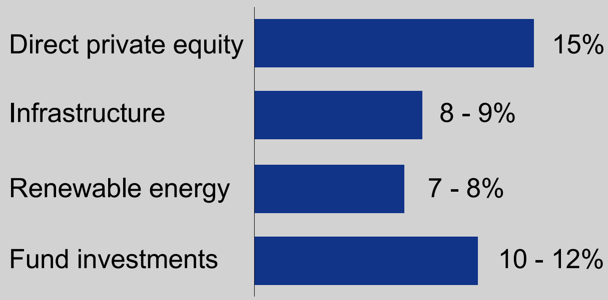
Assets under Management

(4Q 2011, in EUR bn)



Target IRR

(in %)



1) Including Gassled stake

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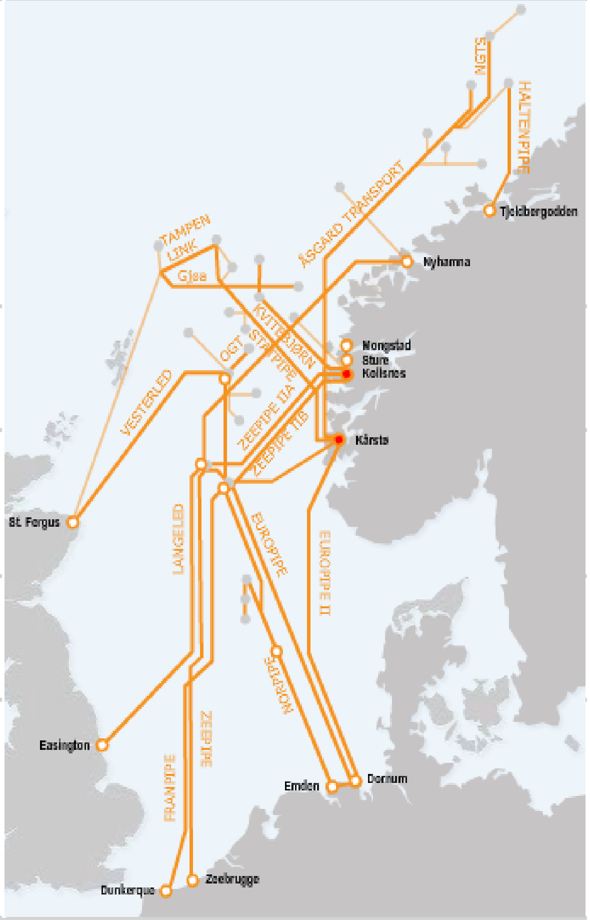
Gassled

Example for infrastructure investments

	Total stake (6.4%[1])	Statoil stake (24.1%[1])
General	▪ World's largest offshore gas transportation system (ca. 8,000 km; consists of rich and dry gas pipelines, as well as related platforms and terminals) ▪ Connects the offshore gas fields on the Norwegian continental shelf with receiving terminals in Continental Europe and the UK ▪ License runs until 2028	
Region	Norway	Norway
Economic figures	Transaction value: NOK 4.6bn (~EUR 0.6bn)	Transaction total value: NOK 17.4bn (~EUR 2.2bn) (Allianz equity share: EUR 0.2 bn)
Ownership	Allianz	Consortium of Allianz, ADIA and CPPIB
Investment highlights	▪ Strategic asset of vital importance to ensure continuity of gas supply to Europe ▪ Regulated asset with inflation protected returns ▪ Limited risk profile underpinned by "ship or pay" contracts	

Pipeline system



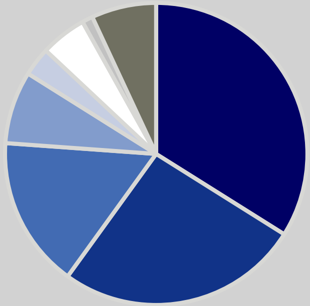
1) Direct and indirect participation

Real estate portfolio

By region

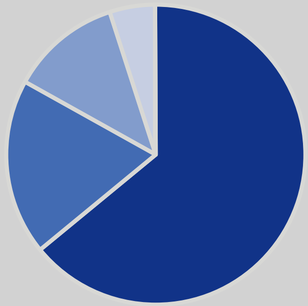
Total EUR 17.3bn[2]

France	34%
Germany	26%
Switzerland	16%
Italy	8%
Spain	3%
Rest of Eurozone	5%
USA	1%
Rest of World	7%



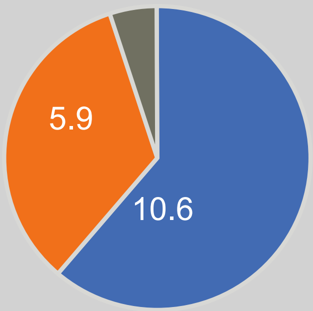
By sector

Office	64%
Residential	19%
Retail	12%
Other/mixed	5%



By segment (EUR bn)

L/H	61%
P/C	34%
Corporate and Other	5%



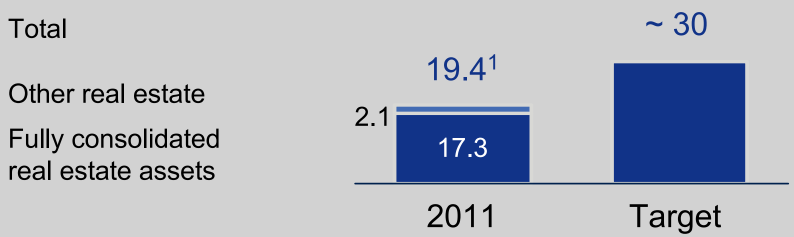
Net unrealized gains/losses (EUR bn)[3]

	2010	2011
Own use	0.6	0.6
3rd party use	1.5	1.5
Total	2.1	2.1

1) Based on carrying value, 3rd party use only
2) Market value of fully consolidated real estate assets including real estate own use (EUR 4.1bn) and minorities (EUR 0.3bn)
3) Off-balance unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC, based on external and internal real estate valuations

Allianz Real Estate (ARE): active portfolio management

Real estate exposure:

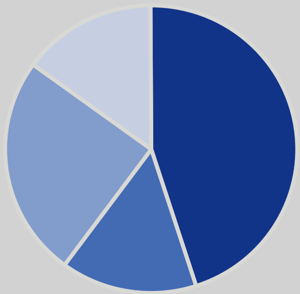


ARE Assets under Management (EUR bn)

Real estate investment strategy

Target sector allocation

Sector	Allocation
Office	~ 45%
Residential	~ 15%
Retail	~ 30%
Other/mixed	~ 10%



Target returns

5 - 6%	Income return
1 - 3%	Capital growth

In 2011 more than EUR 1.5bn new investments …

Major investments	Market/city	Sector
Prologis Europe	Europe	Logistics
Archstone	USA	Residential
Brahms Quartier	Germany	Office
Forum Seine	France	Office
Friedrichstraße 200	Germany	Office
Front de Seine	France	Office
PGRESS	USA	Mixed
Skyline Plaza	Germany	Retail

… but also approx. EUR 1bn divestments of non-strategic assets

Divestments	Market/city	Sector
Small lines, secondary locations	Mainly in France, Germany	Residential, office
Logistic portfolio	USA	Logistics

1) Contains EUR 17.3bn fully consolidated real estate assets and EUR 2.1bn other real estate assets (including EUR 0.9bn joint ventures and associated enterprises, EUR 1.5bn available-for-sale investments with open commitments and excluding EUR 0.3bn minorities).

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Real estate opportunity – expansion of debt business in Europe

The market opportunity

- Significant commercial real estate debt volumes to mature in the next years
- Banks partly retrench from new property lending (Basel III, liquidity issues, …)
- Portfolios of performing commercial mortgage loans on the market
- Attractive credit spreads, including low risk transactions

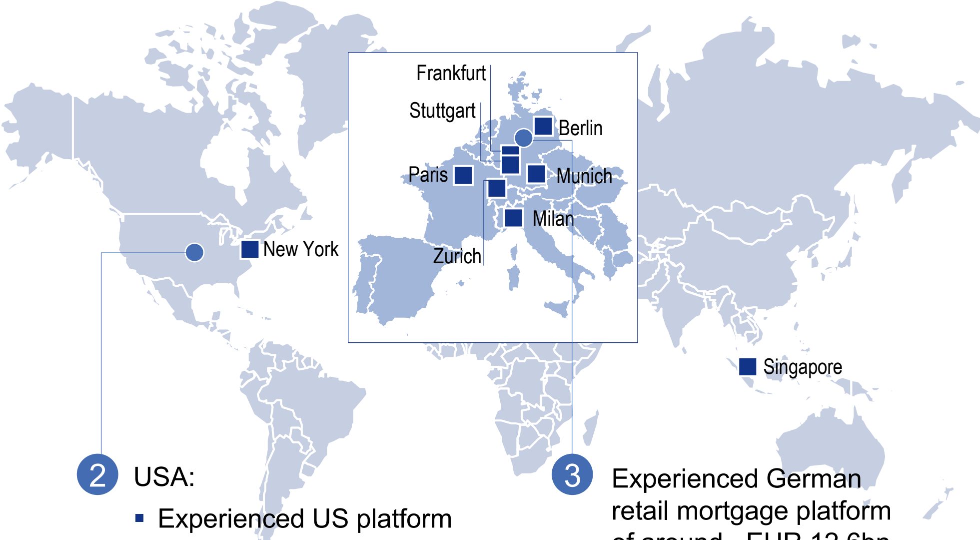
Landmark transaction in Europe in 2011

Transaction	Market/City	Sector
Deutsche Bank towers	Germany/Frankfurt	Office

Allianz is well positioned

1 Sound real estate expertise locally available (Hubs in FR, GER, IT, CH, A/P, US)

■ Allianz Real Estate offices



2 USA:
- Experienced US platform with a high quality debt portfolio of around ~USD 6.1bn
- USD 1bn new investments in 2011

3 Experienced German retail mortgage platform of around ~EUR 12.6bn

Leveraging existing mortgage debt and real estate experience in Allianz

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3 **Outlook**

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Major portfolio actions in 2011 and expectation for 2012

	2011		2012	
	Portfolio action	Assessment	Portfolio action	Implications
Debt securities		▪ Non-domestic Italian government bonds have been reduced in time ▪ Corporate bonds clearly outperformed on high spreads and limited peripheral exposure ▪ Government bonds underperformed on peripheral concerns ▪ Long duration paid off		▪ Invest in direct lending ▪ Increase High Yield and selected corporates ▪ Management of financials, particularly by reducing subordinated exposure through redemptions ▪ Retain Emerging Markets for yield and solvency
Equities		▪ Benefited from initial equity rally ▪ Maximum underweight ▪ Very bad year for equities		▪ Equity valuations do not reflect risk to earnings ▪ Disappointing earnings season and Greek resolution might mark an entry moment
Real estate		▪ Continuing rebalancing of portfolio keeping focus on high quality investments		▪ Selective and opportunistic investments ▪ Allows for inflation adjustment
Alternatives		▪ Successful investments in selective assets		▪ Continue strategic increase in alternative investments (infrastructure and distressed opportunities)

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Key topics 2011 and expected topics for 2012

2011

- Asset allocation further optimized with respect to **Solvency II** boundaries
- Low interest rate environment taken into consideration by **intensive asset duration management**
- **Euro debt crisis**:
  - rebalancing of sovereign exposure
  - pushing for insurance mechanism in EFSF/ESM framework

2012

- Close monitoring of **financial exposure** (equity and corporates)
- Continued **tight management of currency** exposure
- Increase exposure to **real assets** (directly financing economy instead of indirectly via banks)
- Seize **special situations/direct lending**

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

The company assumes no obligation to update any information contained herein.