

Investments

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Member of the Board of Management

Financial Press Conference
February 21, 2013

Based on
preliminary figures

Agenda

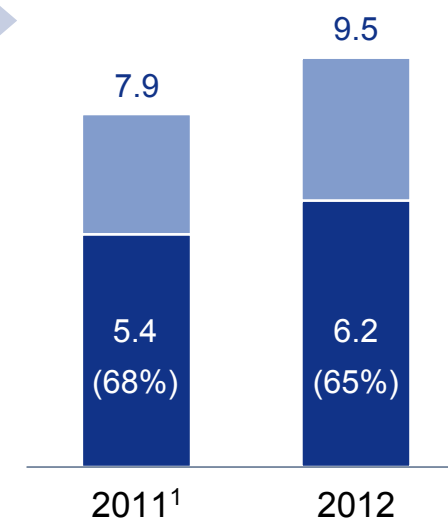
- 1 Challenges 2012**
- 2 Outlook 2013
- 3 Portfolio information

Increased investment result contributes to strong operating profit

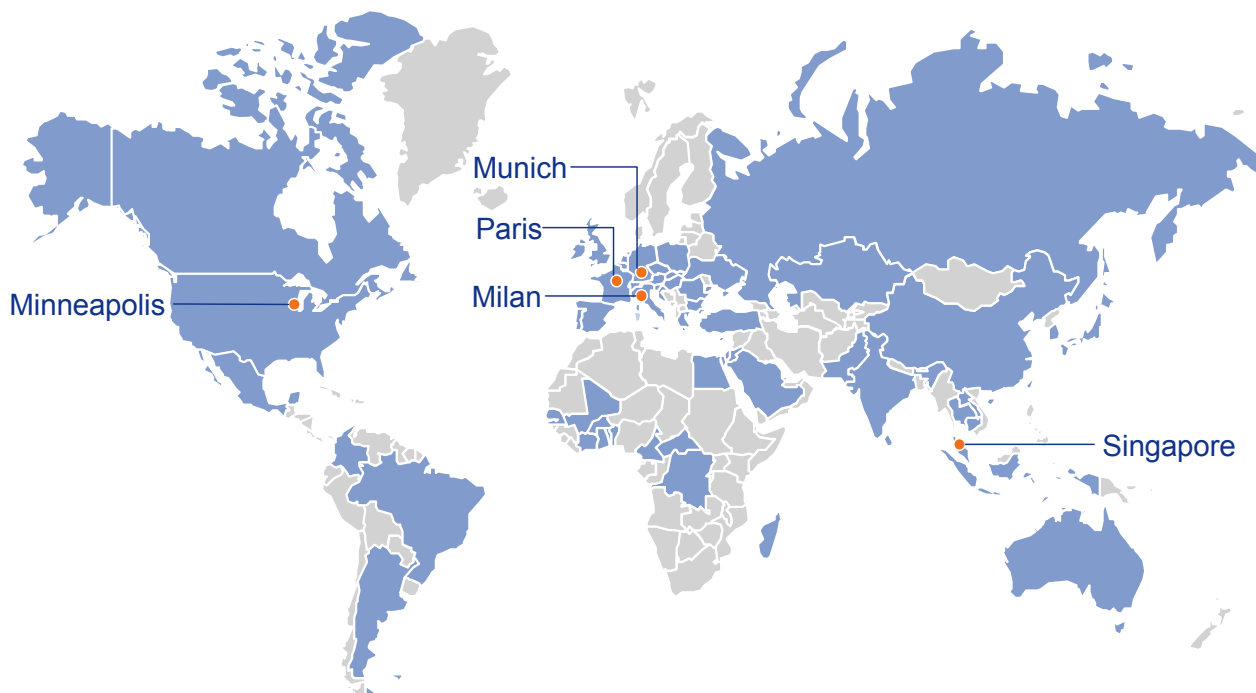
Allianz Investment Management (AIM)

Objective	Facts
Define asset allocation considering capital efficiency and product requirements (asset liability management)	<ul style="list-style-type: none"> Covering EUR 508bn (461bn in 2011) insurance assets 5 regional hubs 325 employees

Operating profit (EUR bn)

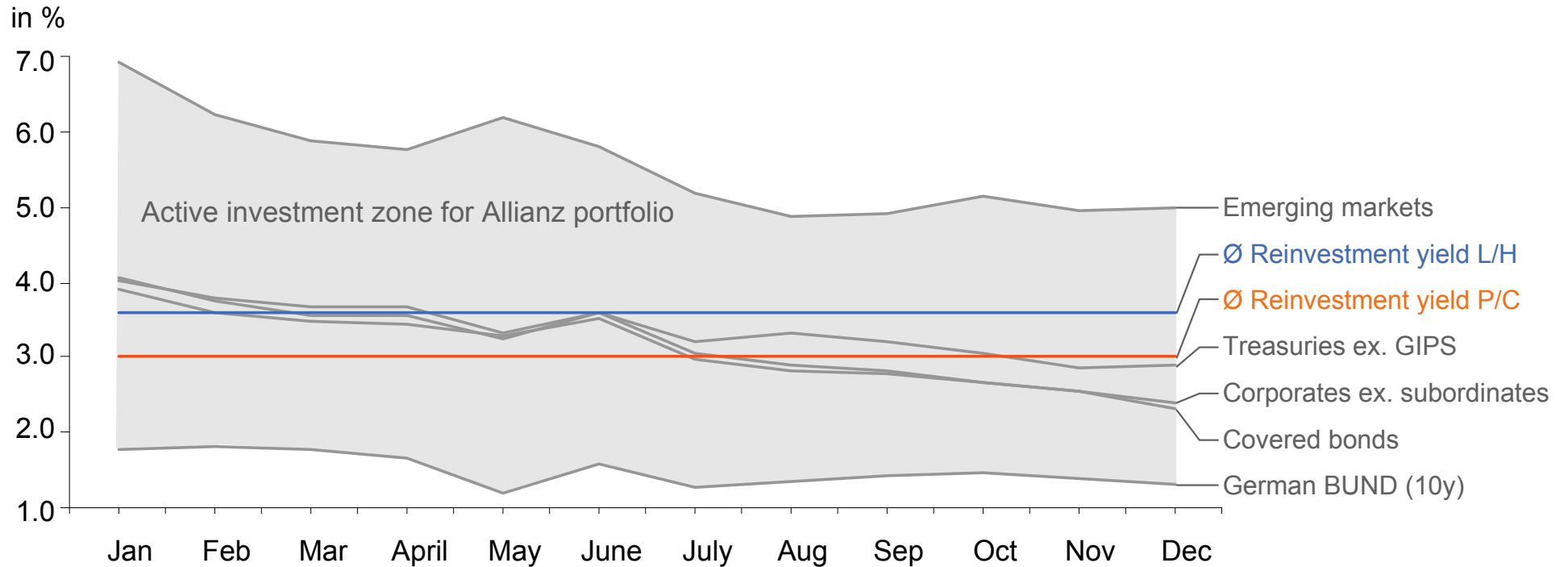


■ Thereof investments²



1) L/H investment margin in 2011 is restated for the new reporting format of operating profit sources introduced in 2012
 2) Insurance business only (P/C + L/H)

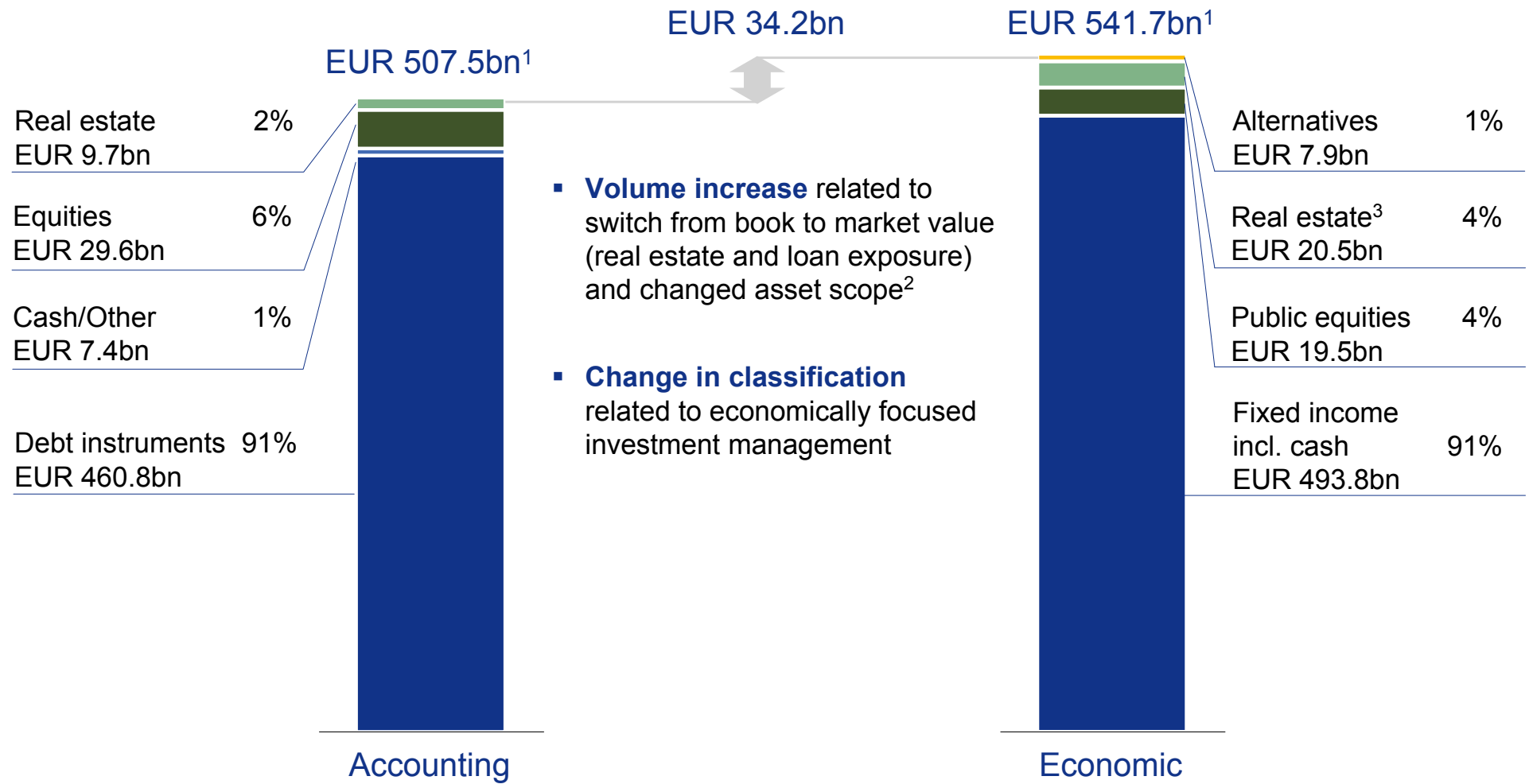
New investment yields in line with conservative investment strategy



- Professional, long-term-oriented fixed income asset management (PIMCO, AllianzGI) assures attractive yields
- Pursuing a risk-averse investment strategy in a volatile and unstable capital market environment

Investments based on market values

From an accounting (IFRS) view to an economic view









1) Portfolio discussion is based on consolidated insurance portfolios (P/C, L/H, Corporate and Other, does not include Banking operations; excl. unit-linked)
 2) E.g. including real estate own use and alternative assets

3) Including EUR 18.4bn fully consolidated real estate assets and EUR 2.1bn other real estate assets

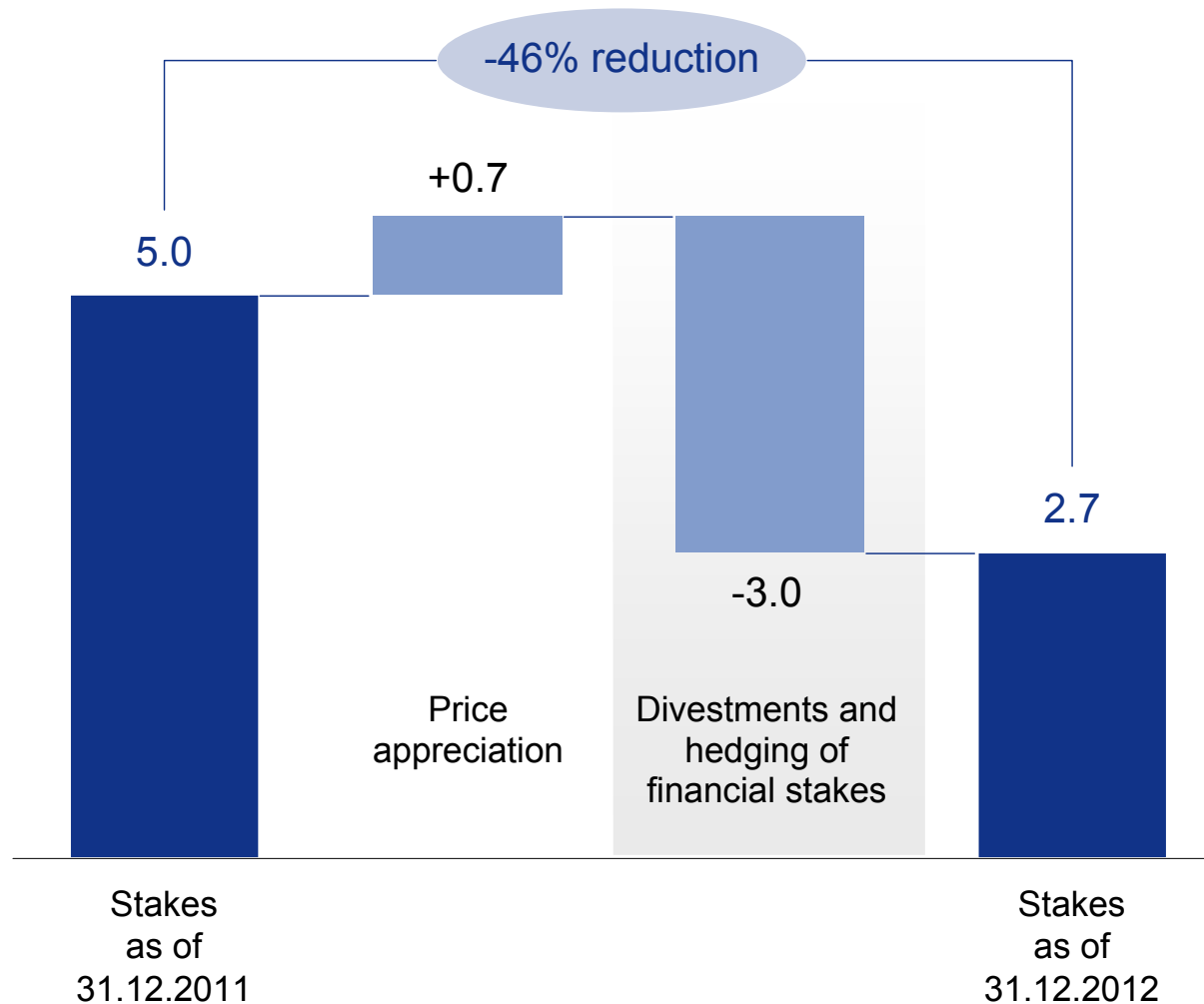
Portfolio measures 2012

Focus on duration extension, active management of sovereigns and reduction of banking exposure

		Portfolio action 2012	Rationale
Debt securities	Sovereigns		<ul style="list-style-type: none"> Utilizing ultra-long maturities for duration extension in Life portfolios and inflation-linked bonds for P/C Weighting adjusted related to the euro crisis
	Covered		<ul style="list-style-type: none"> Additional layer of protection compared to unsecured bank debt Attractive re-investment yields in some markets (IT, FR)
	Corporates		<ul style="list-style-type: none"> Diversification across main markets (US, EUR, EM) Reduction of banking exposure (esp. in subordinates)
Equities			<ul style="list-style-type: none"> Significant reduction of major financial stakes Market value increase keeps equity exposure constant
Real estate			<ul style="list-style-type: none"> Further increase to lift share of real assets
Alternatives			<ul style="list-style-type: none"> Utilizing illiquidity premium

Reduction of major financial stakes¹

Fair values
(EUR bn)

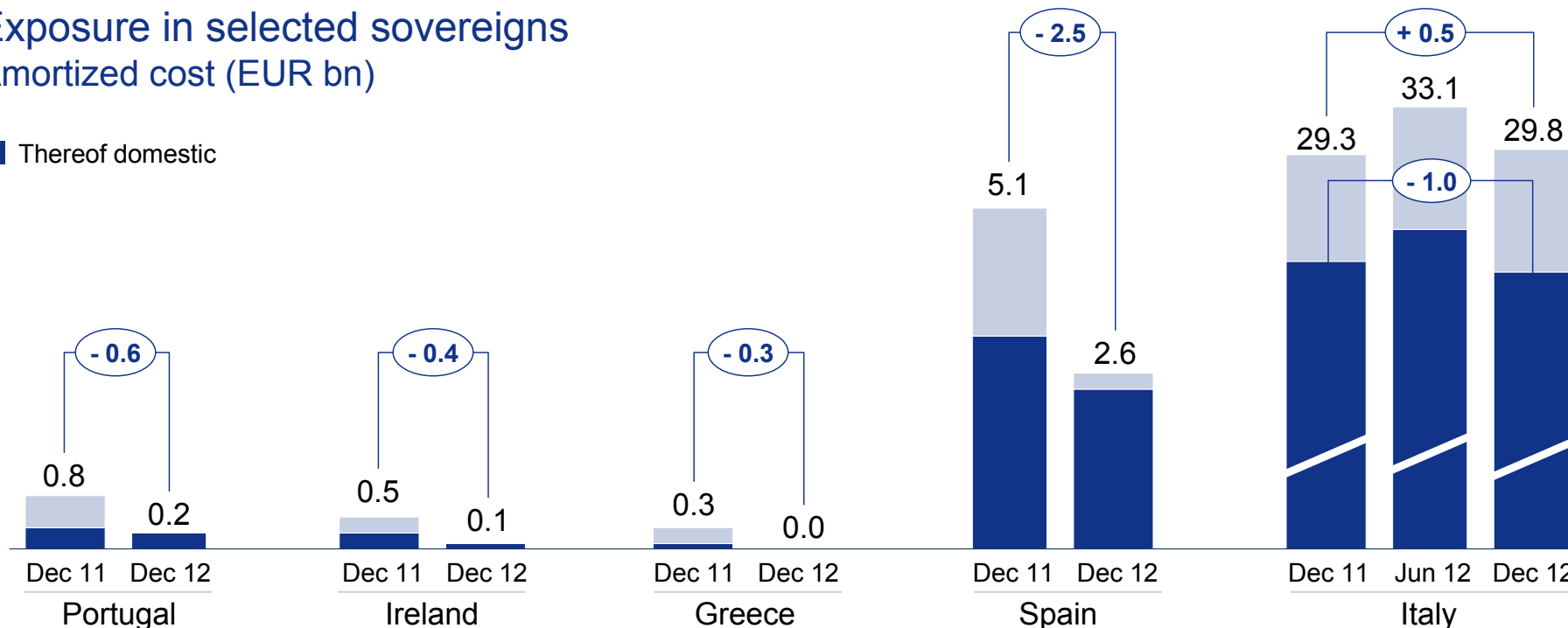


1) Major financial stakes include Hartford, CPIC, Commerzbank, UniCredit, Banco BPI, Banco Popular Espanol, Zagrebacka Banka and others

Further reduction of selected sovereign exposure

Exposure in selected sovereigns Amortized cost (EUR bn)

■ Thereof domestic



Unrealized gains/losses:



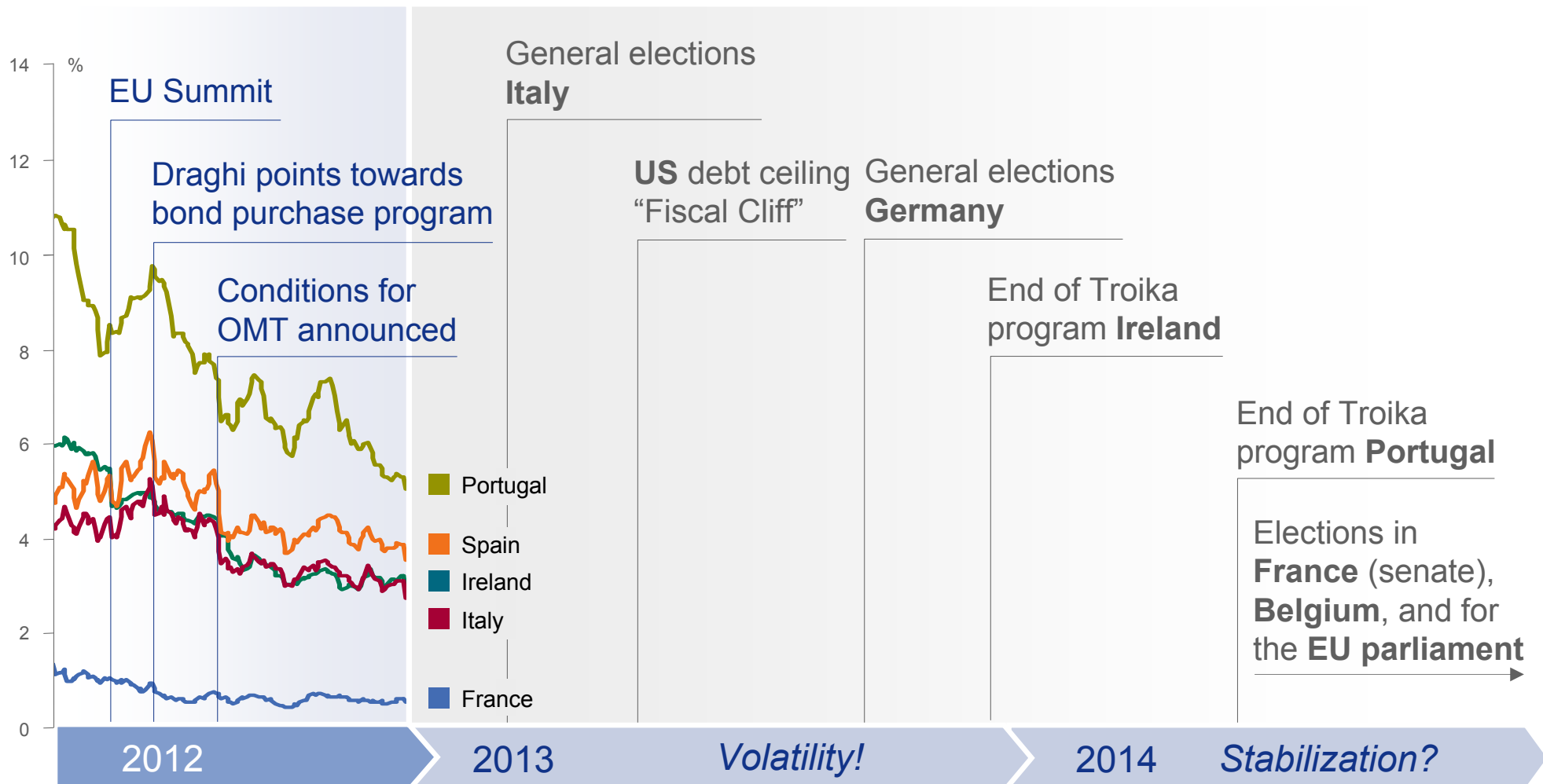
- **Spanish** sovereign exposure reduced by almost **50%**
- Using high spreads in the first quarter of the year to increase level of **Italian sovereign bonds**, reduction after spread tightening in second half of the year
- ➔ benefiting from spread tightening with an **EUR 4.5bn increase** of **unrealized gains/losses** in 2012

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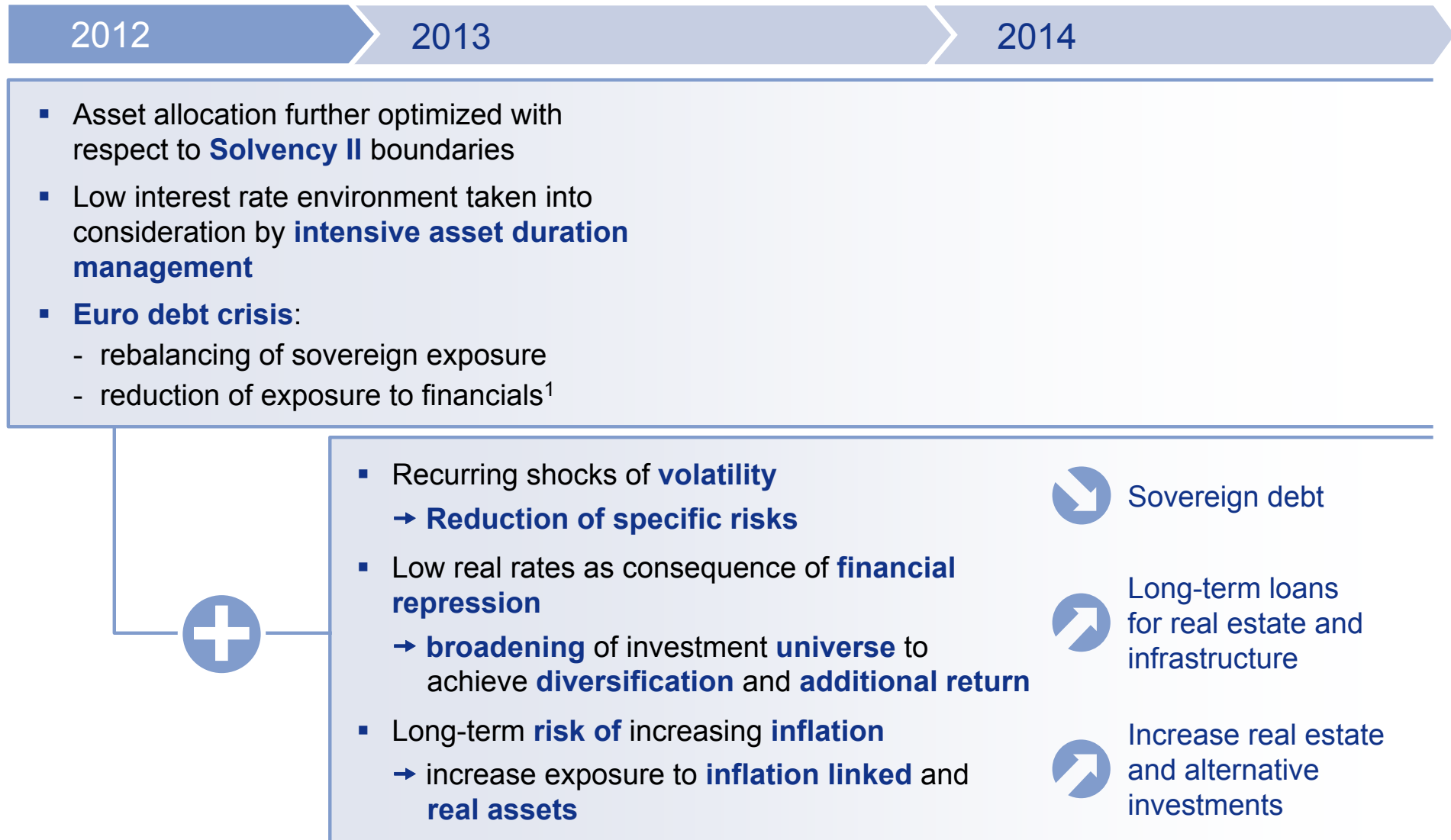
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The euro debt crisis as key influence on capital markets

Selected sovereign spreads over BUND



Key topics 2012 and looking ahead

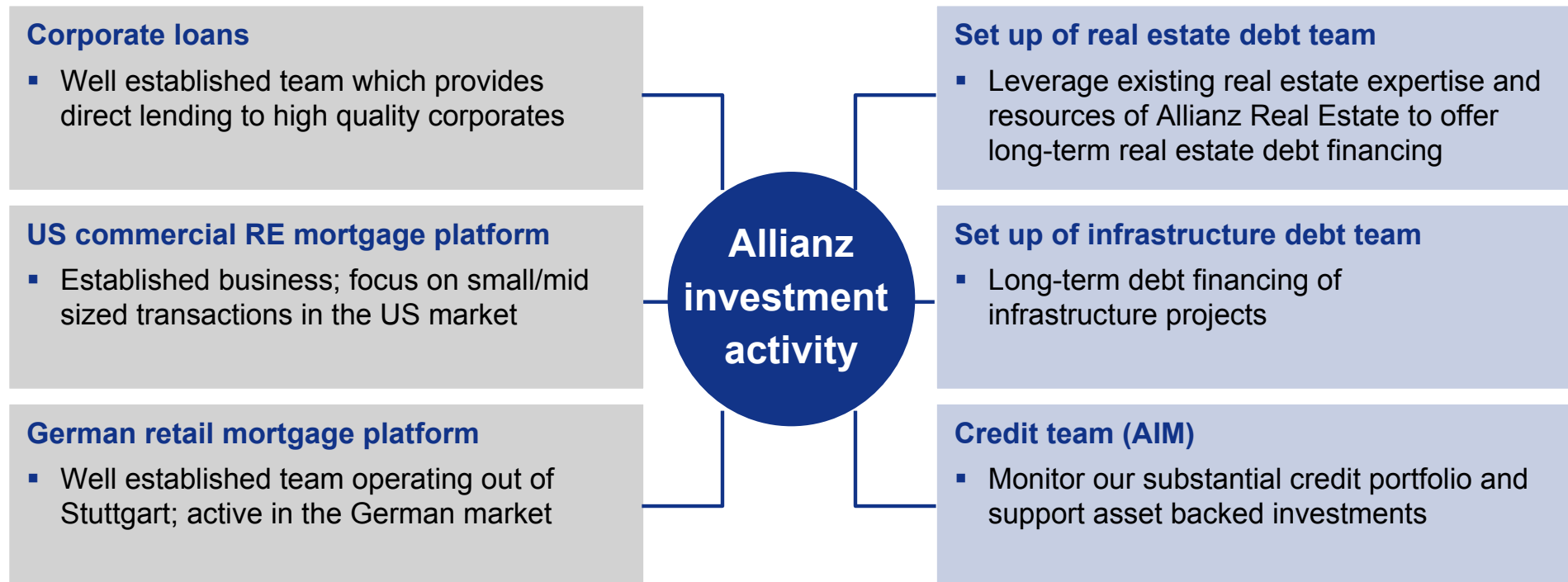


1) Major financial stakes and senior, T1 and T2 bank debt

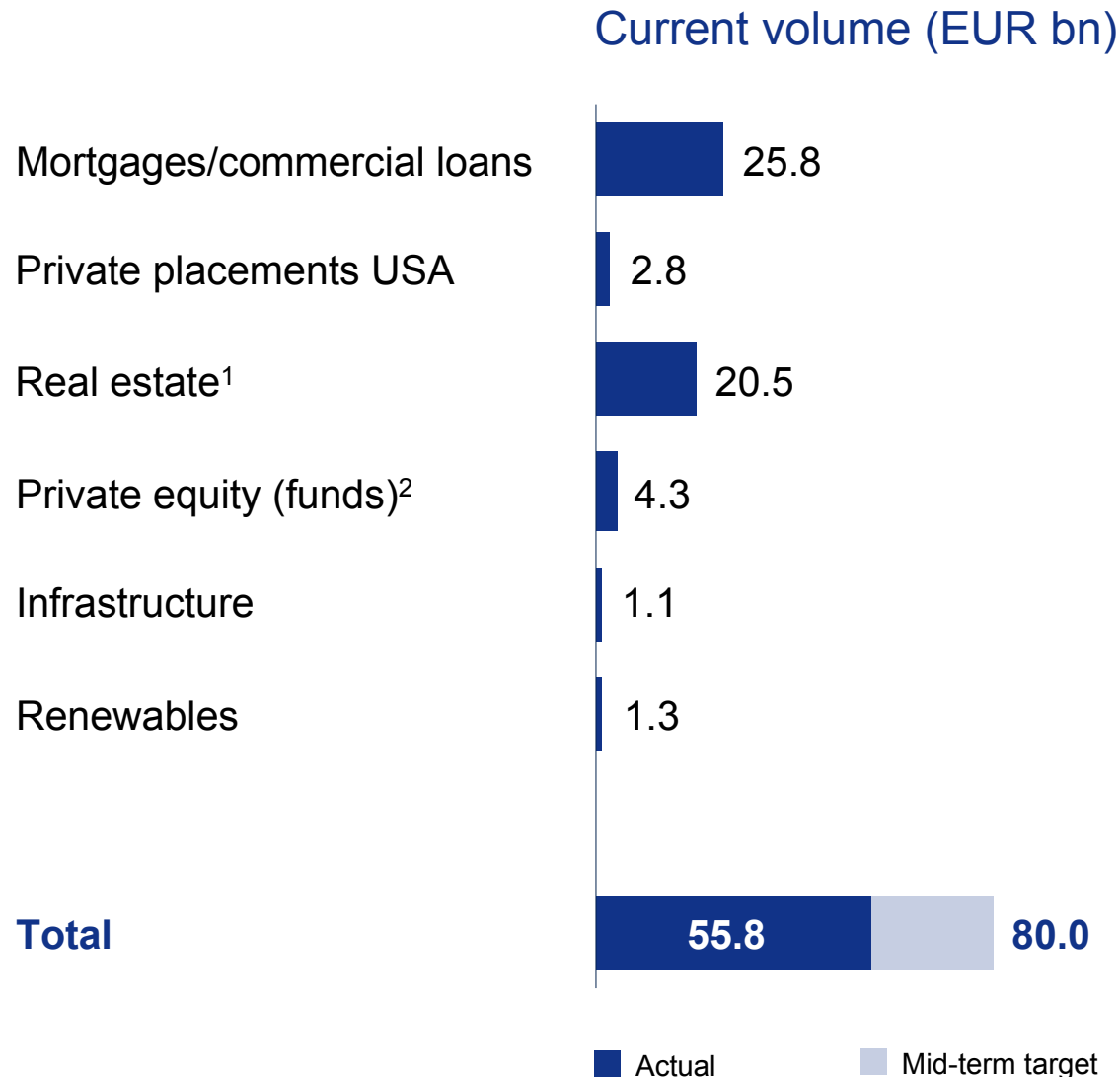
Direct financing – debt

Allianz is active in the following investment areas

- Replace unsecured bonds with **secured credit exposure**, e.g. commercial/residential mortgage lending, covered bonds
- Increase **direct lending** to corporates and infrastructure projects



Overview direct financing – debt and equity



Key characteristics

- **Require** dedicated teams and **capabilities**
- **Long-term approach** to investing to cover long-term liabilities
- **Premium** for illiquidity, size, and term
- **Protection** via asset backing and focus on high quality
- Partial **inflation linkage**

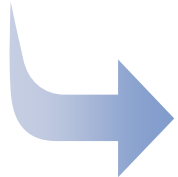
1) Including EUR 18.4bn fully consolidated real estate assets and EUR 2.1bn other real estate assets

2) Thereof EUR 0.3bn direct private equity investments

In a nutshell

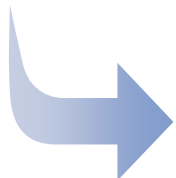
2012 – successful investment management ...

- **Solid** investment **performance**
- Further **de-risking** of investment portfolio
- Solid **re-investment yields**
- **Diversification** via alternative assets
- **Well positioned** in all regimes



2013 – another year of challenges ...

- **Negative real rates**, persistent **low interest rates**
- **Euro crisis** ongoing
- **Solvency II** postponed but still to come

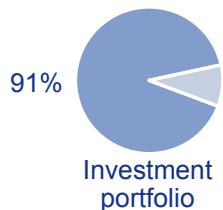


... whatever will come, Allianz ...

- can rely on its **first class** proven investment **expertise**
- generates **attractive future returns** for clients and shareholders
- is in a position to **withstand** even severe **headwinds**

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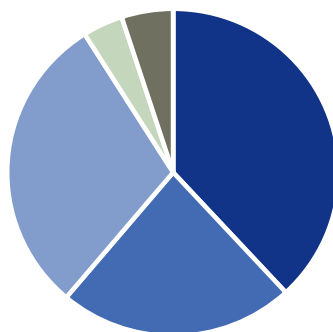


High quality fixed income portfolio

By type of issuer

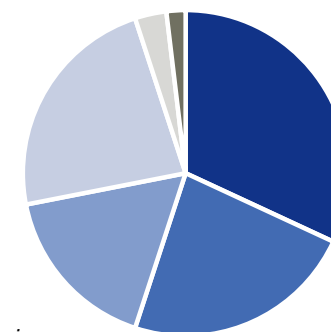
Government	38%
Covered	23%
Corporate	30%
<i>thereof Banking</i>	8%
ABS/MBS ¹	4%
Other ²	5%

Total
EUR 460.8bn



By rating³

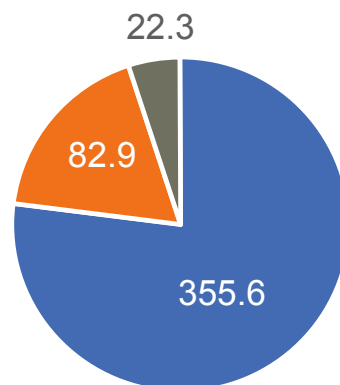
AAA	32%
AA	23%
A	17%
BBB	23%
Non-investment grade	3%
Not rated*	2%



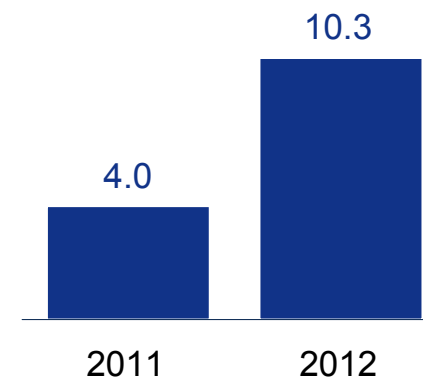
*) mostly mortgage loans, policyholder loans, registered debentures, all of investment grade quality

By segment (EUR bn)

L/H	77%
P/C	18%
Corporate and other	5%

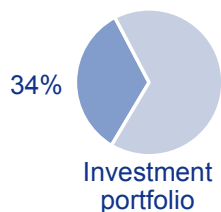


Net AFS unrealized gains/losses (EUR bn)⁴



1) Including U.S. agency MBS investments (EUR 4.2bn)
 2) Including 4% seasoned self-originated German private retail mortgage loans;
 1% short-term deposits at banks

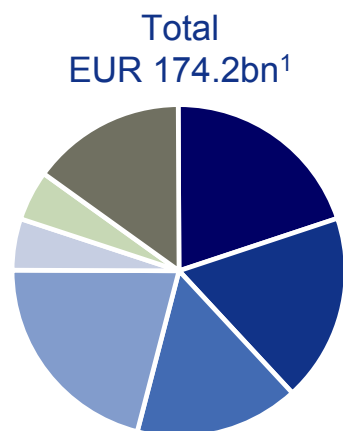
3) Excluding seasoned self-originated German private retail mortgage loans
 4) On-balance unrealized gains/ losses after tax, non-controlling interests,
 policyholders and before shadow DAC



Government bond allocation concentrated in EMU core countries

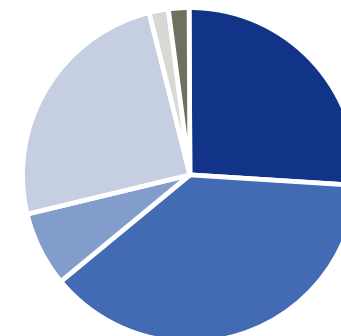
By region

France	20%
Italy	18%
Germany	16%
Rest of Europe	21%
USA	5%
Supranational	5%
Rest of World	15%



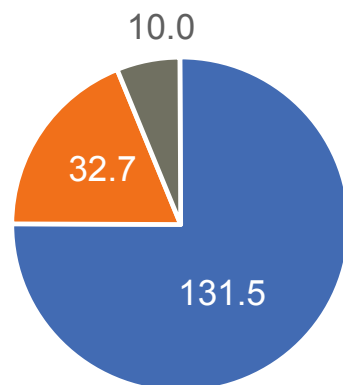
By rating

AAA	26%
AA	38%
A	7%
BBB	25%
Non-investment grade	2%
Not rated	2%

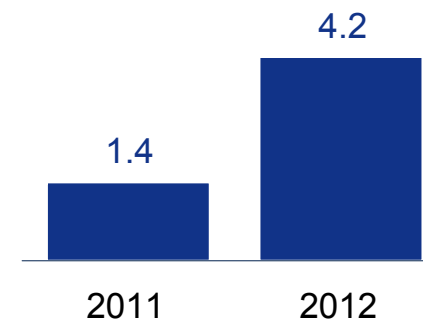


By segment (EUR bn)

L/H	75%
P/C	19%
Corporate and other	6%



Net AFS unrealized gains/losses (EUR bn)²

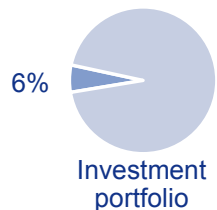


1) Government and government related (excl. U.S. agency MBS)

2) On-balance unrealized gains/ losses after tax, non-controlling interests and policyholders and before shadow DAC

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
France	35.6	7.7%	20.8	28.7	8.1%	16.9	5.7	6.9%	3.9
Italy	31.1	6.7%	21.0	27.3	7.7%	18.3	3.5	4.3%	2.7
Germany	27.4	6.0%	24.1	19.0	5.4%	16.9	4.1	4.9%	2.8
USA	9.0	1.9%	7.1	5.1	1.5%	4.8	2.9	3.4%	2.2
Belgium	7.0	1.5%	3.6	5.7	1.6%	3.1	0.9	1.1%	0.5
South Korea	6.3	1.4%	6.1	6.2	1.8%	6.1	0.0	0.0%	0.0
Austria	6.0	1.3%	0.5	4.8	1.4%	0.4	0.8	0.9%	0.1
Switzerland	5.9	1.3%	5.9	4.5	1.3%	4.5	1.4	1.7%	1.4
Netherlands	4.0	0.9%	0.3	2.4	0.7%	0.1	0.9	1.1%	0.1
Australia	2.5	0.5%	2.4	0.0	0.0%	0.0	2.5	3.0%	2.4
Spain	2.5	0.5%	2.3	2.2	0.6%	1.9	0.3	0.4%	0.3
Poland	2.4	0.5%	0.5	1.8	0.5%	0.1	0.6	0.7%	0.4
Brazil	1.7	0.4%	0.7	1.0	0.3%	0.0	0.7	0.9%	0.7
Mexico	1.6	0.3%	0.3	1.3	0.4%	0.2	0.3	0.3%	0.1
UK	1.6	0.3%	1.0	0.1	0.0%	0.0	1.5	1.8%	1.0
Thailand	1.5	0.3%	1.3	1.5	0.4%	1.3	0.0	0.0%	0.0
Malaysia	1.4	0.3%	0.9	1.0	0.3%	0.5	0.4	0.5%	0.4
Portugal	0.2	0.1%	0.2	0.1	0.0%	0.1	0.1	0.2%	0.1
Ireland	0.1	0.0%	0.1	0.0	0.0%	0.0	0.1	0.1%	0.1
Greece	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0
Other	26.4	5.7%	n.a.	18.8	5.3%	n.a.	6.0	7.2%	n.a.
Total 2012	174.2	37.8%	n.a.	131.5	37.0%	n.a.	32.7	39.4%	n.a.
Total 2011	147.9	35.5%	n.a.	109.7	34.0%	n.a.	30.1	39.2%	n.a.

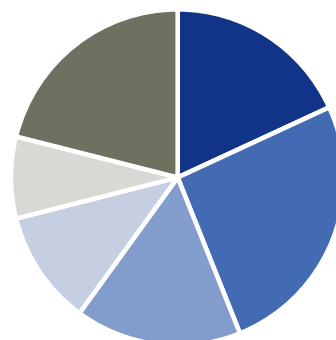


Equity portfolio¹

By region

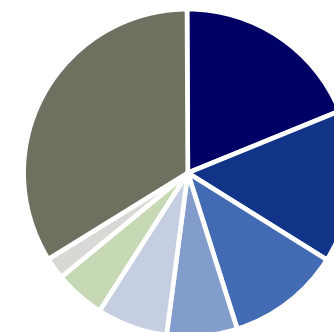
Germany	18%
Eurozone ex Germany	26%
Europe ex Eurozone	16%
NAFTA	11%
Rest of World	8%
Multinational ³	21%

Total
EUR 29.6bn²



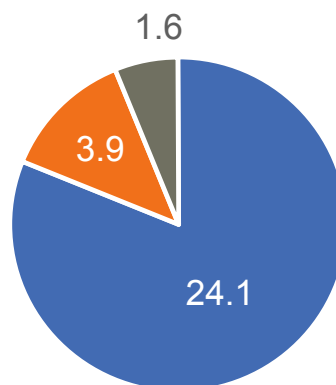
By industry

Consumer	19%
Financials (excl. banking)	15%
Basic materials	11%
Energy	7%
Banking	7%
Industrial	5%
Utilities	2%
Funds and Other ⁴	34%

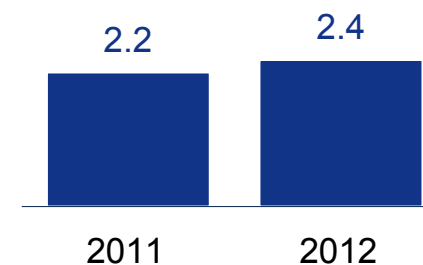


By segment (EUR bn)

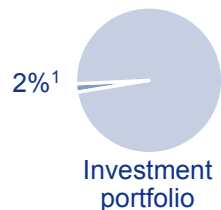
L/H	81%
P/C	13%
Corporate and other	6%



Net AFS unrealized gains/losses (EUR bn)⁵



1) IFRS accounting view
 2) Incl. non-equity retail funds (EUR 0.7bn), excl. equities designated at fair value through income (EUR 2.0bn)
 3) Incl. private equity funds (EUR 3.4bn) and mutual stock funds (EUR 2.6bn)
 4) Diversified investment funds (EUR 2.6bn); private and unlisted equity (EUR 6.1bn)
 5) On-balance unrealized gains/ losses after tax, non-controlling interests and policyholders and before shadow DAC

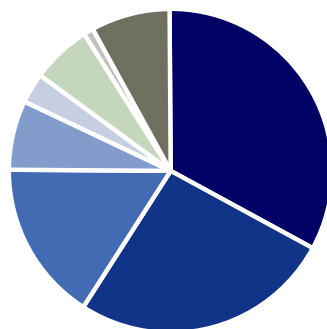


Real estate portfolio

By region

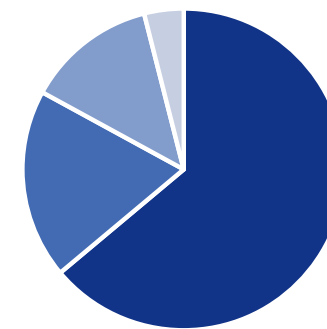
France	33%
Germany	26%
Switzerland	16%
Italy	7%
Spain	3%
Rest of Eurozone	6%
USA	1%
Rest of World	8%

Total
EUR 18.4bn²



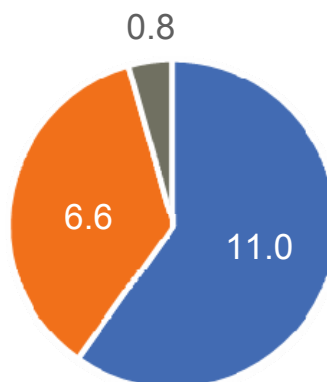
By sector

Office	64%
Residential	19%
Retail	13%
Other/mixed	4%

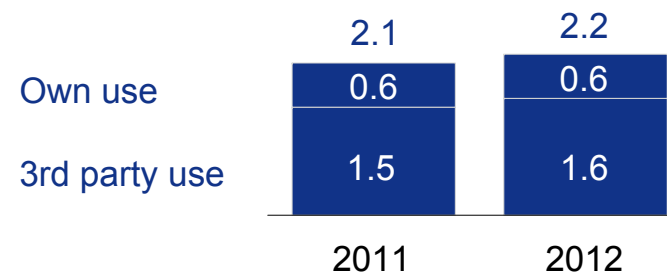


By segment (EUR bn)

L/H	60%
P/C	36%
Corporate and other	4%



Net unrealized gains/losses (EUR bn)³



1) Based on carrying value, 3rd party use only, IFRS accounting view

2) Market value of fully consolidated real estate assets including real estate own use (EUR 4.2bn) and minorities (EUR 0.1bn)

3) Off-balance unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC, based on external and internal real estate valuations

Disclaimer

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

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The statements contained herein may include prospects, 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. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels,

(vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) 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.

No duty to update

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