Allianz Group
Fiscal Year 2014
Investments

Maximilian Zimmerer
Chief Investment Officer Allianz SE

Financial Press Conference
February 26, 2015

Based on
preliminary figures
Agenda

1. Allianz Investment Management 2014
2. Portfolio Information
High quality investment portfolio

Asset allocation

Total: EUR 614.6bn
(2013: EUR 536.8bn)

- Debt instruments: 89% (90%)
- Equities: 7% (7%)
- Real estate: 2% (2%)
- Cash/Other: 2% (2%)

Debt instruments by rating

- AAA: 25%
- AA: 24%
- A: 20%
- BBB: 26%
- Non-investment grade: 3%
- Not rated: 2%

By segment (EUR bn)

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>P/C</th>
<th>L/H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt instruments</td>
<td>549.8</td>
<td>84.3</td>
<td>419.6</td>
</tr>
<tr>
<td>Equities</td>
<td>41.2</td>
<td>6.3</td>
<td>32.2</td>
</tr>
<tr>
<td>Real estate</td>
<td>11.3</td>
<td>3.1</td>
<td>8.0</td>
</tr>
<tr>
<td>Cash/Others</td>
<td>12.2</td>
<td>3.3</td>
<td>5.5</td>
</tr>
<tr>
<td>Total</td>
<td>614.6</td>
<td>97.0</td>
<td>465.4</td>
</tr>
</tbody>
</table>

Duration

- Assets:
  - Group: 7.5
  - P/C: 8.3
  - L/H: 8.3
- Liabilities:
  - Group: 8.0
  - P/C: 3.8
  - L/H: 8.9

1) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10
2) Excluding real estate held for own use and real estate held for sale
3) Excluding seasoned self-originated private retail loans
4) Mostly mutual funds and short-term investments
5) Consolidated on Group level
6) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used from 1Q 14 onwards. Data includes internal pensions for Group, while excludes internal pensions residing in P/C and L/H segments
Investment performance 2014 driven by interest rates (EUR bn)

- Current income yield of 3.7% reflects long portfolio duration
- Lower interest rates lead to price increase of bonds

1) Yield calculation is based on the average asset base (IFRS)
2) Includes hedging result from fixed index and variable annuities fully offset in insurance P&L
3) Includes AFS equity and debt, held-to-maturity investments as well as loans and advances to banks and customers acc. to IFRS, not included FX-effect on non-EUR denominated insurance portfolios
## Ongoing active increase of real assets and further diversification of fixed income

### Selected portfolio measures

<table>
<thead>
<tr>
<th>Increase in real assets</th>
<th>Equity: active increase of traded equity</th>
<th>Active changes in 2014(^1) (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+3.7bn</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Private equity, infrastructure and renewables: expansion continues</th>
<th>+1.1bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate: selective growth ongoing</td>
<td>+2.1bn</td>
</tr>
</tbody>
</table>

### Fixed income diversification

| Alternative debt: focus on infrastructure, mortgages and private placements | +5.2bn |

### Increase in efficiency

| Cash: reduced cash quota in investment portfolio | -2.5bn |

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1) Based on portfolio transactions without market movements

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Real asset-based financing – sustainable growth to continue

<table>
<thead>
<tr>
<th>Current volume EUR bn</th>
<th>(vs. 2013)</th>
<th>Investment examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages¹</td>
<td>30.9</td>
<td>+6%</td>
</tr>
<tr>
<td>Private placements¹</td>
<td>8.9</td>
<td>+39%</td>
</tr>
<tr>
<td>Infrastructure debt¹</td>
<td>1.8</td>
<td>+157%</td>
</tr>
<tr>
<td>Real estate²</td>
<td>24.7</td>
<td>+9%</td>
</tr>
<tr>
<td>Private equity</td>
<td>4.4</td>
<td>+10%</td>
</tr>
<tr>
<td>Infrastructure equity</td>
<td>2.0</td>
<td>+43%</td>
</tr>
<tr>
<td>Renewables</td>
<td>1.7</td>
<td>+6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74.4 (+13%)</strong></td>
<td><strong>110.0</strong></td>
</tr>
</tbody>
</table>

1) Not including unrealized gains of EUR 3.5bn (mortgages EUR 3.0bn, private placements EUR 0.4bn, infrastructure debt EUR 0.1bn)
2) Market value of real estate assets including EUR 20.1bn directly held real estate assets (e.g. held for investment, held for own use) and EUR 4.6bn indirectly held real estate assets (e.g. associates and joint ventures, available-for-sale investments)

Porterbrook (railway rolling stock leasing)
- One of the three major rolling stock leasing companies in the UK rail industry
- It offers rolling stock equipment to the majority of passenger and freight operating companies across the UK
- Business model based on long-term contracts leading to stable income

Nice Etoile
- Acquisition of a dominant inner-city shopping center in Nice
- Fully let to a diversified tenant base of 97 retail units including Hollister, Maisons du Monde, C&A, etc.
- Partner is best-in-class operator Hammerson

Aberdeen Bypass Road
- Second financing of a road project in Scotland
- 30-year fixed interest financing on terms that were attractive to the borrower relative to short-term bank financing
- Attractive match with long-term insurance liabilities
Strong buffers and resilient margins in L/H

**Business in force**

- **Current yield (assets):** 3.9%
- **Current yield (reserves):** 4.6%
- **Total yield 2014:** 4.7%
- **Ø min. guarantee 2014:** 230bp
- **Current yield (reserves):** 2.4%
- **Reinvestment yield F/I 2014:** ~1.0%
- **Reinvestment yield new business 2014:** ~2.7%

**New business**

- **Ø guarantee new business 2014:** 170bp

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1. IFRS current interest and similar income (net of interest expenses) relative to average asset base (IFRS) which excludes unit-linked, FVO and trading
2. IFRS current interest and similar income (net of interest expenses) relative to average aggregate policy reserves
3. IFRS current interest and similar income (net of interest expenses) + net harvesting and other (operating) relative to average aggregate policy reserves
4. Weighted by aggregate policy reserves

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Underlying trends 2014 and Allianz' strategic response

- Strong **decrease of interest rates** in EUR, less pronounced in the US
- **Heterogeneous** stock market performance
- Different approach to **structural issues** in peripheral Europe
- **Euro devaluation** against USD and most emerging markets currencies

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Geopolitical tensions continue to drive <strong>volatility</strong></td>
<td>Differentiation and diversification key</td>
<td>Manage duration in light of rates environment</td>
</tr>
<tr>
<td>▪ Weak Euro and low oil price support European prospects; decoupling of US rates</td>
<td></td>
<td>Expansion of direct financing with high quality collaterals</td>
</tr>
<tr>
<td>▪ Extremely loose monetary policy exacerbates risk-taking in financial markets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Agenda

1. Allianz Investment Management 2014
2. Portfolio information
Allianz Group – Fiscal Year – 2014 Investments

High quality fixed income portfolio

By type of issuer
- Government: 38%
- Covered: 20%
- Corporate: 32%
- ABS/MBS\(^1\): 4%
- Other\(^2\): 6%

By rating\(^3\)
- AAA: 25%
- AA: 24%
- A: 20%
- BBB: 26%
- Non-investment grade: 3%
- Not rated\(^4\): 2%

By segment (EUR bn)
- L/H: 76%
- P/C: 15%
- Corporate and other: 8%
- Asset Management: 0%

AFS unrealized gains/losses (EUR bn)
- Gross unrealized gains/losses
- Net unrealized gains/losses\(^5\)

1) Including U.S. agency MBS investments (EUR 3.4bn)
2) Including seasoned self-originated private retail loans and short-term deposits at banks
3) Excluding seasoned self-originated private retail loans
4) Mostly mutual funds and short-term investments
5) On-balance sheet 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: 15%
- Germany: 14%
- Spain: 3%
- Rest of Europe: 20%
- USA: 5%
- Rest of World: 14%
- Supranational: 9%

By rating

- AAA: 25%
- AA: 40%
- A: 7%
- BBB: 24%
- Non-investment grade: 2%
- Not rated: 2%

By segment (EUR bn)

- L/H: 77%
- P/C: 15%
- Corporate and other: 7%
- Asset Management: 0%

AFS unrealized gains/losses (EUR bn)

- Gross unrealized gains/losses
  - 2013: 8.0
  - 2014: 29.6
- Net unrealized gains/losses
  - 2013: 2.1
  - 2014: 6.7

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1) Government and government related (excl. U.S. agency MBS)
2) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC
## Details sovereigns (EUR bn)

<table>
<thead>
<tr>
<th>Group</th>
<th>Book value</th>
<th>% of F/I</th>
<th>thereof domestic</th>
<th>% of F/I (L/H)</th>
<th>thereof domestic</th>
<th>% of F/I (P/C)</th>
<th>thereof domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>40.8</td>
<td>7.4%</td>
<td>20.6</td>
<td>8.1%</td>
<td>17.8</td>
<td>5.6%</td>
<td>2.6</td>
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<tr>
<td>Italy</td>
<td>31.4</td>
<td>5.7%</td>
<td>17.3</td>
<td>6.3%</td>
<td>14.3</td>
<td>4.3%</td>
<td>2.5</td>
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<tr>
<td>Germany</td>
<td>28.4</td>
<td>5.2%</td>
<td>25.3</td>
<td>4.8%</td>
<td>18.0</td>
<td>4.0%</td>
<td>2.4</td>
</tr>
<tr>
<td>Supranational</td>
<td>19.1</td>
<td>3.5%</td>
<td>0.0</td>
<td>3.7%</td>
<td>0.0</td>
<td>2.1%</td>
<td>0.0</td>
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<tr>
<td>USA</td>
<td>11.4</td>
<td>2.1%</td>
<td>9.4</td>
<td>1.9%</td>
<td>7.4</td>
<td>3.0%</td>
<td>2.0</td>
</tr>
<tr>
<td>Austria</td>
<td>7.9</td>
<td>1.4%</td>
<td>0.5</td>
<td>1.6%</td>
<td>0.3</td>
<td>0.8%</td>
<td>0.1</td>
</tr>
<tr>
<td>Belgium</td>
<td>7.7</td>
<td>1.4%</td>
<td>3.9</td>
<td>1.5%</td>
<td>3.5</td>
<td>0.9%</td>
<td>0.1</td>
</tr>
<tr>
<td>South Korea</td>
<td>7.6</td>
<td>1.4%</td>
<td>7.2</td>
<td>1.8%</td>
<td>7.2</td>
<td>0.1%</td>
<td>0.0</td>
</tr>
<tr>
<td>Spain</td>
<td>6.1</td>
<td>1.1%</td>
<td>3.0</td>
<td>1.2%</td>
<td>2.7</td>
<td>1.1%</td>
<td>0.3</td>
</tr>
<tr>
<td>Switzerland</td>
<td>5.9</td>
<td>1.1%</td>
<td>5.9</td>
<td>1.1%</td>
<td>4.6</td>
<td>1.6%</td>
<td>1.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4.6</td>
<td>0.8%</td>
<td>0.3</td>
<td>0.7%</td>
<td>0.2</td>
<td>0.9%</td>
<td>0.1</td>
</tr>
<tr>
<td>Australia</td>
<td>2.6</td>
<td>0.5%</td>
<td>2.5</td>
<td>0.0%</td>
<td>0.0</td>
<td>2.6</td>
<td>3.0%</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.5</td>
<td>0.5%</td>
<td>1.7</td>
<td>0.6%</td>
<td>1.7</td>
<td>0.1%</td>
<td>0.0</td>
</tr>
<tr>
<td>Finland</td>
<td>2.3</td>
<td>0.4%</td>
<td>0.0</td>
<td>0.4%</td>
<td>0.0</td>
<td>0.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Poland</td>
<td>2.3</td>
<td>0.4%</td>
<td>0.6</td>
<td>0.4%</td>
<td>0.2</td>
<td>0.8%</td>
<td>0.4</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1.8</td>
<td>0.3%</td>
<td>0.8</td>
<td>0.3%</td>
<td>0.6</td>
<td>0.4%</td>
<td>0.2</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.8</td>
<td>0.3%</td>
<td>0.6</td>
<td>0.3%</td>
<td>0.0</td>
<td>0.7</td>
<td>0.8%</td>
</tr>
<tr>
<td>Ireland</td>
<td>0.6</td>
<td>0.1%</td>
<td>0.0</td>
<td>0.1%</td>
<td>0.0</td>
<td>0.1</td>
<td>0.2%</td>
</tr>
<tr>
<td>Russia</td>
<td>0.4</td>
<td>0.1%</td>
<td>0.1</td>
<td>0.1%</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1%</td>
</tr>
<tr>
<td>Portugal</td>
<td>0.2</td>
<td>0.0%</td>
<td>0.2</td>
<td>0.0%</td>
<td>0.1</td>
<td>0.2%</td>
<td>0.1</td>
</tr>
<tr>
<td>Greece</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other</td>
<td>23.7</td>
<td>4.3%</td>
<td>n.a.</td>
<td>3.8%</td>
<td>n.a.</td>
<td>8.0%</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Total 2014</strong></td>
<td><strong>209.3</strong></td>
<td><strong>38.1%</strong></td>
<td><strong>n.a.</strong></td>
<td><strong>38.6%</strong></td>
<td><strong>n.a.</strong></td>
<td><strong>38.3%</strong></td>
<td><strong>n.a.</strong></td>
</tr>
<tr>
<td><strong>Total 2013</strong></td>
<td><strong>179.6</strong></td>
<td><strong>37.4%</strong></td>
<td><strong>n.a.</strong></td>
<td><strong>37.5%</strong></td>
<td><strong>n.a.</strong></td>
<td><strong>38.8%</strong></td>
<td><strong>n.a.</strong></td>
</tr>
</tbody>
</table>
Allianz Group – Fiscal Year – 2014 Investments

**Equity portfolio**

By region

- Germany: 14%
- Eurozone ex Germany: 23%
- Europe ex Eurozone: 18%
- NAFTA: 14%
- Rest of World: 11%
- Multinational: 20%

Total EUR 41.2bn

By industry

- Consumer: 22%
- Banking: 8%
- Other Financials: 13%
- Basic materials: 7%
- Utilities: 3%
- Industrial: 6%
- Energy: 6%
- Funds and other: 36%

By segment (EUR bn)

- L/H: 78%
- P/C: 15%
- Corporate and other: 6%
- Asset Management: 0%

AFS unrealized gains/losses (EUR bn)

- Gross unrealized gains/losses: 9.5, 11.1
- Net unrealized gains/losses: 2.4, 3.0

1) Incl. non-equity retail funds (EUR 0.1bn), excl. equities designated at fair value through income (EUR 1.8bn)
2) Incl. private equity limited partnership funds (EUR 4.4bn) and mutual stock funds (EUR 3.2bn)
3) Diversified investment funds (EUR 3.4bn); private and unlisted equity (EUR 6.6bn)
4) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC
Real estate portfolio
(market value)

By region

- France: 28%
- Germany: 25%
- Switzerland: 12%
- Italy: 8%
- USA: 6%
- Poland: 2%
- Rest of Eurozone: 10%
- Rest of World: 9%

By sectors

- Office: 61%
- Retail: 18%
- Residential: 15%
- Other/mixed: 6%

By segment (EUR bn)

- L/H: 66%
- P/C: 30%
- Corporate and other: 3%
- Asset Management: 0%

Unrealized gains/losses (EUR bn)

- Gross unrealized gains/losses
  - 2013: 7.5
  - 2014: 16.4
- Net unrealized gains/losses
  - 2013: 2.3
  - 2014: 2.3

1) Based on carrying value, 3rd party use only
2) Market value of real estate assets including EUR 20.1bn directly held real estate assets (e.g. held for investment, held for own use) and EUR 4.6bn indirectly held real estate assets (e.g. associates and joint ventures, available-for-sale investments)
3) Associates and joint ventures as well as available-for-sale indirectly held real estate investments are also part of the equity portfolio and fixed income portfolio
4) Unrealized gains/losses after tax, non-controlling interests, policy holders and before shadow DAC, based on external and internal real estate valuations
### Excursus Solvency II – standard model

**Allianz applies internal model**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Capital charges¹</th>
<th>Solvency II framework</th>
<th>Economic implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government bonds</td>
<td>0% for EU member states²</td>
<td>- Sovereign debt crisis not reflected</td>
<td>- Sovereigns become preferred asset class</td>
</tr>
<tr>
<td>Corporate bonds and loans</td>
<td>0.9% - 7.0%</td>
<td>- Loans treated like bonds</td>
<td>- More limited financing possibilities, esp. for banks</td>
</tr>
<tr>
<td>(AAA rating, 1 - 10 yrs. duration)</td>
<td></td>
<td>- Equal treatment of all industry sectors</td>
<td>- Increased pressure to shorten liability duration</td>
</tr>
<tr>
<td>Covered bonds</td>
<td>0.7% - 6.0%</td>
<td>- Charges too high compared to corporate bonds</td>
<td>- Reduced refinancing possibilities for banks</td>
</tr>
<tr>
<td>(AAA rating, 1 - 10 yrs. duration)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Securitization”</td>
<td>2.1% - 21%</td>
<td>- Very high charges for Type 1</td>
<td></td>
</tr>
<tr>
<td>(AAA rating, Type 1, 1 - 10 yrs. duration)</td>
<td></td>
<td>- Type 2 charges: &gt;4 times higher (up to 100%)</td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>39% - 49%</td>
<td>- In combination with IFRS 9, high charges drive insurance sector more and more out of this asset class</td>
<td>- Role of insurance industry as equity investor becomes less important</td>
</tr>
<tr>
<td>Real estate</td>
<td>25%</td>
<td>- Proposed charges calibrated to UK market (traditionally high volatility – unlike many markets in continental Europe)</td>
<td>- Attractiveness of real estate investments decreases</td>
</tr>
</tbody>
</table>

1) As in the “Delegated Acts Solvency II” (October 2014). Before diversification, not taking into account interest rate risk. Equities without participations

2) Includes also other institutions like the European Central Bank or, e.g., multilateral development banks

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Forward-looking statements
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.

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