Financing
Investments
Transactions

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Member of the Board of Management

Financial Press Conference
February 24, 2011

Based on preliminary figures
Agenda

1. Financing and transactions
2. Investment result and allocation
3. Milestones 2010 and expectations 2011
Financial Press Conference – February 24, 2011

Highlights 2010

Financing/Transactions

<table>
<thead>
<tr>
<th>2010</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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<td>2010</td>
</tr>
</tbody>
</table>

- USD 150mn cat bond transaction for Allianz Re covering US hurricane and earthquake risks
- Sale of AGF Private Equity

Redemption/Investments

- EUR 450mn redemption of two subordinated bonds issued by Allianz France
- Acquisition of two prime properties in Paris
  - Total real estate transaction volume 2010 ~ EUR 1.8bn
- Acquisition of Primacy and Agricola (Australia)
- Photovoltaic park investment Italy
  - Total renewable energy investments > EUR 1bn
- USD 855mn additional China Pacific Insurance Co. (CPIC) H-share investment

1) Announced Nov. 2010
Capital structure (EUR bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity (BN)</th>
<th>Hybrid Bonds (BN)</th>
<th>Senior Debt (BN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>56.8</td>
<td>9.0</td>
<td>13.9</td>
</tr>
<tr>
<td>2007</td>
<td>51.4</td>
<td>12.2</td>
<td>20.6</td>
</tr>
<tr>
<td>2008</td>
<td>37.2</td>
<td>8.6</td>
<td>18.5</td>
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<tr>
<td>2009</td>
<td>42.3</td>
<td>7.2</td>
<td>14.0</td>
</tr>
<tr>
<td>2010</td>
<td>46.6</td>
<td>7.4</td>
<td>13.3</td>
</tr>
</tbody>
</table>

Debt / Equity ratio:
- 2006: 13.9%
- 2007: 20.6%
- 2008: 18.5%
- 2009: 14.0%
- 2010: 13.3%

1) Including non-controlling interests
2) Subordinated liabilities excluding bank subsidiaries; nominal value
3) Certificated liabilities excluding bank subsidiaries; nominal value
Maturity profile of external bonds (EUR bn)

Outstanding bonds\(^1\)  Maturity structure\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>13.5</td>
<td>14.7</td>
<td>14.4</td>
</tr>
<tr>
<td>Subordinated bonds</td>
<td>9.3</td>
<td>9.3</td>
<td>9.0</td>
</tr>
<tr>
<td>Senior bonds</td>
<td>4.2</td>
<td>5.4</td>
<td>5.4</td>
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</tbody>
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</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>6.0</td>
</tr>
</tbody>
</table>

\(^1\) Group excluding bank subsidiaries; nominal value
Attractive dividend policy

Dividend per share (EUR)

- **2006**: 3.80 EUR (23%)
- **2007**: 5.50 EUR (31%)
- **2008**: 4.10 EUR (40%)
- **2009**: 4.50 EUR (40%)
- **2010**: 5.6% (40%)

**Dividend yield**

- **2006**: 2.8%
- **2007**: 3.5%
- **2008**: 3.3%
- **2009**: 5.6%
- **2010**: 5.2%

- **Balance between payout and solvency**
- **Dividend yield ~5%**

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1) Based on average share price of fiscal year
2) Proposal
3) Based on net income from continuing operations, net of non-controlling interests
Agenda

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Strong contribution of investment result to operating profit (EUR bn)

- Overall increased asset base compensated for lower current yield
- Lower impairments in all asset classes

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating profit investment result</th>
<th>Other operating profit</th>
<th>Total Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>5.1 (73%)</td>
<td>1.9</td>
<td>7.0</td>
</tr>
<tr>
<td>2010</td>
<td>5.4 (66%)</td>
<td>2.8</td>
<td>8.2</td>
</tr>
</tbody>
</table>

1) Insurance business only (P/C + L/H)
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High quality investment portfolio

Conservative asset allocation

- Cash / Other: EUR 7.6bn (2%)
- Real estate: EUR 8.7bn (2%)
- Equities: EUR 33.0bn (7%)
- Debt instruments: EUR 395.6bn (89%)

EUR 444.9bn

High quality fixed income portfolio

Rating profile

- AAA: 46%
- AA: 12%
- A: 26%
- BBB: 10%
- Non-investment grade: 2%
- Not rated: 4%

1) Portfolio discussion is based on consolidated insurance portfolios (P/C, L/H, Corporate and other)
2) Excluding seasoned self-originated German private retail mortgage loans
3) Mostly policyholder loans, registered debentures all of investment grade quality
High quality fixed income portfolio

By type of issuer

- Government: 36% (EUR 395.6bn)
- Covered: 25%
- Corporate: 28%
- ABS/MBS\(^1\): 5%
- Other\(^2\): 6%

By rating\(^3\)

- AAA: 46%
- AA: 12%
- A: 26%
- BBB: 10%
- Non-investment grade: 2%
- Not rated\(^*\): 4%

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

By segment (EUR bn)

- L/H: 77%
- P/C: 19%
- Corporate: 4%

Net AFS unrealized gains / losses (EUR bn)\(^4\)

- 2009: 1.9
- 2010: 2.6

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1) Including U.S. agency backed investments (EUR 5.1bn)
2) Including 4% seasoned self-originated German private retail mortgage loans; 2% 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 without shadow DAC
Government bond allocation concentrated in EMU core countries

**By region**

- Germany: 22% EUR 25.9bn
- Italy: 20% EUR 28.5bn
- France: 14% EUR 19.9bn
- Spain: 4% EUR 5.7bn
- UK: 1% EUR 0.8bn
- Rest of Europe: 22% EUR 25.9bn
- USA: 5% EUR 6.1bn
- Rest of world: 12% EUR 13.8bn

**Total EUR 142.3bn**

**By rating**

- AAA: 43% EUR 61.8bn
- AA: 18% EUR 25.6bn
- A: 31% EUR 44.1bn
- BBB: 4% EUR 5.7bn
- Non-investment grade: 2% EUR 2.9bn
- Not rated: 2% EUR 2.9bn

**By segment (EUR bn)**

- L/H: 73% EUR 104.0bn
- P/C: 21% EUR 29.4bn
- Corporate: 6% EUR 8.9bn

**Net AFS unrealized gains / losses (EUR bn)**

- 2009: 1.0 EUR bn
- 2010: 0.7 EUR bn

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1) Government and government related (excl. U.S. Agency MBS)
2) On-balance unrealized gains / losses after tax, non-controlling interests, policyholders and without shadow DAC
Sovereigns: Low exposure to peripheral countries (EUR bn)

European peripheral countries

- Spain 4.9bn
- Greece 1.3bn
- Ireland 0.8bn
- Portugal 1.1bn

8.1bn (2.0% of fixed income exposure)

Fixed income exposure

8.1bn

L/H 75%
P/C 25%
Equity portfolio

By regions

- Germany 23%
- Eurozone ex. Germany 37%
- Europe ex. Eurozone 18%
- NAFTA 13%
- Rest of world 9%

Total EUR 33.0bn²

By industry

- Financials 23%
- Consumer 16%
- Basic materials 11%
- Utilities 5%
- Industrial 8%
- Energy 5%
- Funds and other³ 32%

By segment (EUR bn)

- L/H 74%
- P/C 16%
- Corporate 10%

24.4

Net AFS unrealized gains / losses (EUR bn)⁴

2009 3.8
2010 3.3

1) Before hedges; equity quota after hedges 7%
2) Incl. non-equity retail funds (EUR 0.6bn), excl. equities designated at fair value through income (EUR 2.7bn)
3) Diversified investment funds (EUR 2.4bn); private and unlisted equity (EUR 5.0bn)
4) On-balance unrealized gains / losses after tax, non-controlling interests, policyholders and without shadow DAC
Equities: Significant Investments

ICBC (Fair values, EUR mn)

- At purchase 4Q 06: 828
- At 31.12.10: 2,488
- +257%
- 2,960
- 472

- Internal rate of return (IRR)\(^1\): 41.6% p.a. since acquisition
- Return on investment\(^1\): 276% since acquisition

The Hartford (Fair values, USD mn)

- At purchase 4Q 08: 2,500
- At 31.12.10: 3,200
- +28.0%

- Internal rate of return (IRR)\(^1\): 22.4% p.a. since acquisition
- Return on investment\(^1\): 50.7% since acquisition

CPIC (Fair values, EUR mn)

- At purchase Dec 09: 107
- At 31.12.10: 126
- +17.8%

- Return on investment\(^2\): 19.0% since acquisition
- + additional investment of EUR 659mn and 198mn H-shares in January 2011; equals in total now 10% stake in CPIC H-shares outstanding

Other significant investments:
- BASF
- Unicredit
- E.ON
- Linde
- Siemens
- Commerzbank

1) Based on acquisition cost, cash inflows received during holding period and fair values as of 31.12.10
2) Based on acquisition cost, dividends received and fair values as of 31.12.10
Alternative investments

Renewables
- Investment volume of renewable energies passed EUR 1bn in 2010
- Direct wind energy investments particularly strengthened in France
- Renewables portfolio also increased via direct photovoltaic park investments in Italy
- Further build-up of portfolio to be executed in newly established pan-European structure comprising various Allianz entities in Germany, France and Italy

Infrastructure
- Successful refinancing of parking meters asset in 2010
- Further expansion of infrastructure portfolio in 2011-15
- Focus on core infrastructure in Eurozone countries
- Major target sectors remain power and gas grids, rail and other transportation infrastructure
- Credibility of Allianz brand and financial strength represent competitive advantages

Assets under Management (Q4 2010, in EUR bn)
- Direct private equity: 0.5
- Infrastructure / Renewable energy: 1.1
- Fund investments: 5.4
- Total: 7.0

Target IRR (in %)
- Direct private equity: 15%
- Infrastructure / Renewable energy: 7 – 9%
- Fund investments: 10 – 12%
Real estate investments

Significant portfolio growth

ARE\(^1\) Assets under Management (EUR bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>17.3</td>
</tr>
<tr>
<td>Target</td>
<td>30</td>
</tr>
</tbody>
</table>

Real estate investment strategy

Target sector allocation

- **Office**: ~45%
- **Residential**: ~15%
- **Retail**: ~25%
- **Other/mixed**: ~15%

Target returns

- **5 – 6%**: Income return
- **1 – 3%**: Capital growth

Total transaction volume 2010: ~EUR 1.8bn

Major transactions:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Market / city</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALDI Süd portfolio</td>
<td>Germany</td>
<td>Retail</td>
</tr>
<tr>
<td>Allee Shopping Centre</td>
<td>Hungary (Budapest)</td>
<td>Retail</td>
</tr>
<tr>
<td>Capital 8 - Messine</td>
<td>France (Paris)</td>
<td>Office</td>
</tr>
<tr>
<td>Crédit Suisse portfolio</td>
<td>France (Paris)</td>
<td>Office</td>
</tr>
<tr>
<td>Espace St. Quentin</td>
<td>France (Greater Paris)</td>
<td>Retail</td>
</tr>
<tr>
<td>Le Colisée</td>
<td>France (Paris)</td>
<td>Office</td>
</tr>
<tr>
<td>Porta di Roma</td>
<td>Italy (Rome)</td>
<td>Retail</td>
</tr>
<tr>
<td>Spherion</td>
<td>Germany (Düsseldorf)</td>
<td>Office</td>
</tr>
<tr>
<td>The Beursgallery</td>
<td>NL (Rotterdam)</td>
<td>Retail</td>
</tr>
<tr>
<td>Triton</td>
<td>Germany (Frankfurt a.M.)</td>
<td>Office</td>
</tr>
</tbody>
</table>

1) Allianz Real Estate
2) Direct and fully consolidated real estate assets (incl. minorities; at equity consolidated and available-for-sale investments not included)
Agenda

1. Financing and transactions
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3. Milestones 2010 and expectations 2011
## Major portfolio actions in 2010 and expectation for 2011

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Portfolio action</strong></td>
<td><strong>Assessment</strong></td>
<td><strong>Portfolio action</strong></td>
<td><strong>Implications</strong></td>
</tr>
<tr>
<td>Debt securities</td>
<td>▪ Peripheral government bonds reduced</td>
<td></td>
<td>▪ Maintain cautious stance towards peripheral risk</td>
</tr>
<tr>
<td></td>
<td>▪ Increase of corporate positions and extension of duration paid off</td>
<td></td>
<td>▪ Keep exposure in corporates and covered bonds stable</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ Rebalance emerging market exposure</td>
</tr>
<tr>
<td>Equities</td>
<td>▪ Equity position with strong contribution</td>
<td></td>
<td>▪ Remain cautious until risk framework clarified</td>
</tr>
<tr>
<td></td>
<td>▪ However, more and more restricted by new risk framework (Solvency II)</td>
<td></td>
<td>▪ Selective investments in EMU</td>
</tr>
<tr>
<td>Real estate</td>
<td>▪ Re-entry in selected markets after strong reduction in 2007 and 2008</td>
<td></td>
<td>▪ Opportunistic investments to extend exposure and allow for inflation management</td>
</tr>
<tr>
<td>Alternatives</td>
<td>▪ Successful expansion of portfolio (~1bn in renewables)</td>
<td></td>
<td>▪ Continue strategic increase in alternative investments (infrastructure, renewable energy, and distressed opportunities)</td>
</tr>
</tbody>
</table>

**Major portfolio actions in 2010 and expectation for 2011**

- **2010**
  - Debt securities:
    - Peripheral government bonds reduced
    - Increase of corporate positions and extension of duration paid off
  - Equities:
    - Equity position with strong contribution
    - However, more and more restricted by new risk framework (Solvency II)
  - Real estate:
    - Re-entry in selected markets after strong reduction in 2007 and 2008
  - Alternatives:
    - Successful expansion of portfolio (~1bn in renewables)

- **2011**
  - Debt securities:
  - Equities:
  - Real estate:
  - Alternatives:
Key topics 2010 and 2011

2010

- Using increasingly concrete Solvency II implications as boundary conditions for asset allocation optimization
- Continued optimization of asset duration relative to liabilities in volatile interest rate environment
- Ensuring solid credit exposure by rebalancing sovereigns around the dominating core Europe position and extending the strong corporate position

2011

- Management of corporates as bank financing continues to be weak (possibly aggravated by Solvency II and Basel III)
- Continued tight management of currency exposure
- Rebalancing of emerging markets (watch political triggers)
Challenges

- Global Deleveraging
  - Capital availability (e.g. Bank refinancing through insurers)
  - Capital costs
  - Capital structures of the banking system (Basel III, SiFi, CoCo)

- Government debt problem
  - EU/EMU (liquidity vs. solvency problem)
  - USA (Quantitative Easing 2, individual states, municipal bonds)

- Political unrest
  - North Africa
  - Developing countries

- Mid-term danger of inflation
  - Boom of raw materials and precious metals
  - EU inflation
  - US monetary policy
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