

Paul Achleitner, Member of the Board

# FIT to Stay on Course

Financial press conference  
February 21, 2008

INSURANCE | ASSET MANAGEMENT | BANKING

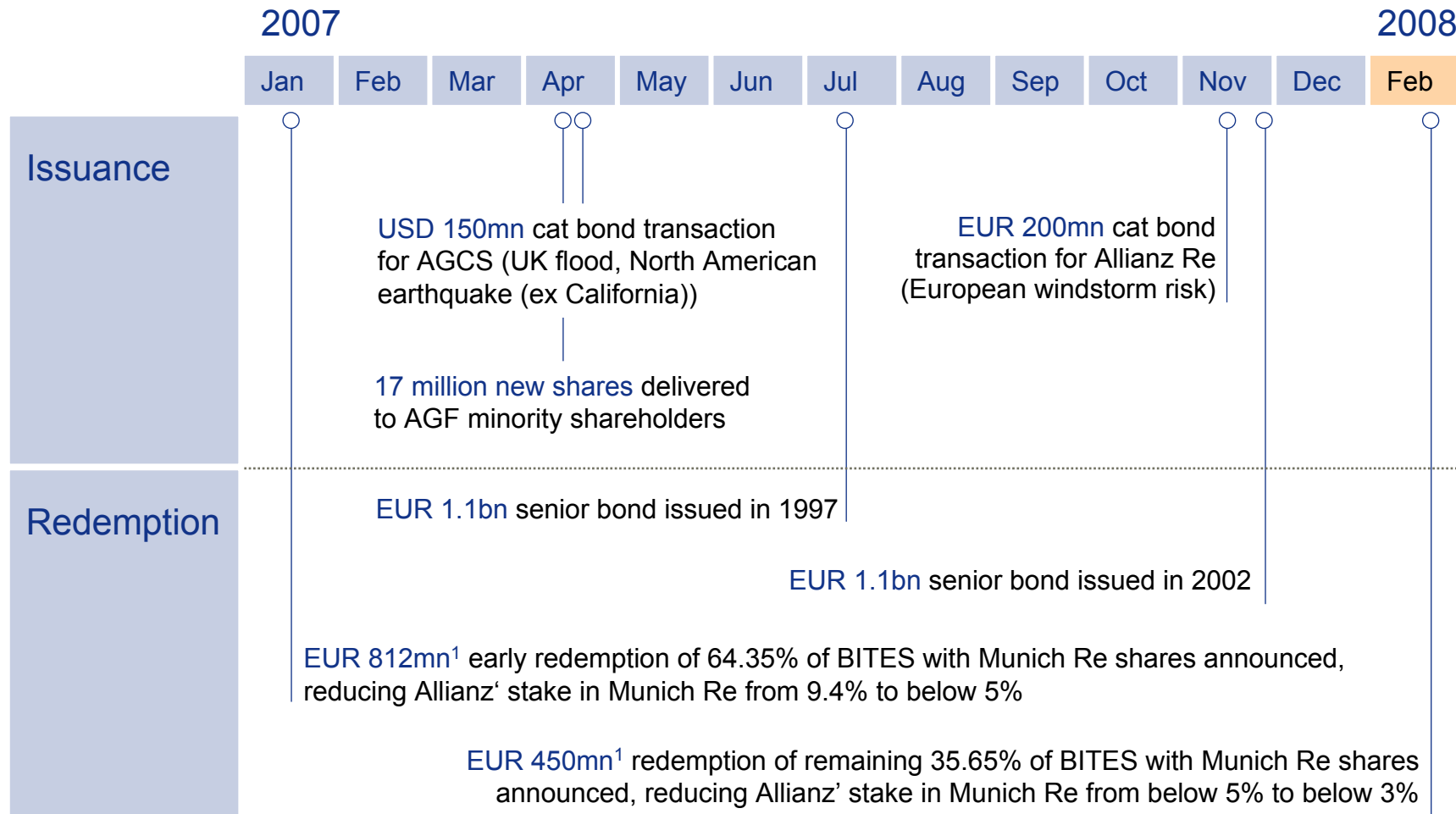


**F**inancing

**I**nvestments

**T**ransactions

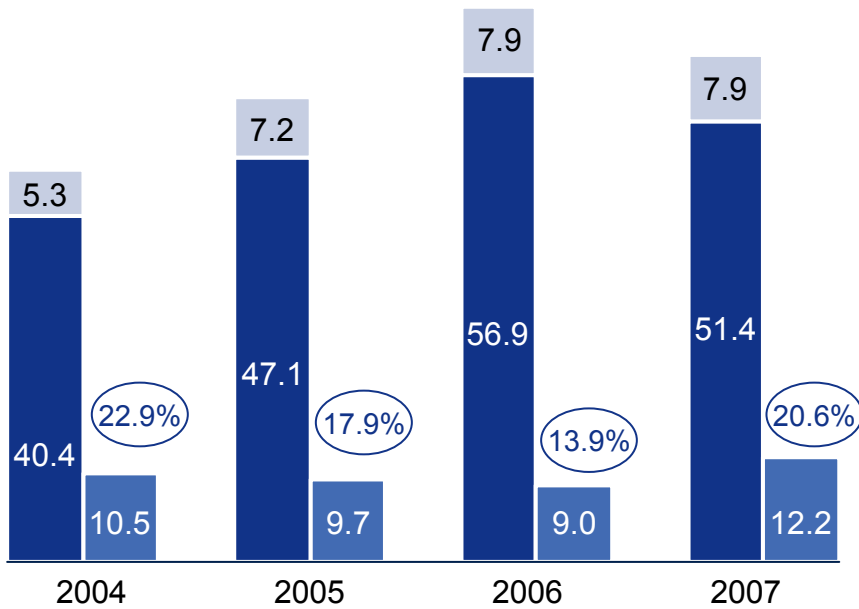
# Financing highlights 2007



1) Nominal value at issue

# Strong capital structure with prudent use of leverage

Debt / Equity ratio<sup>1</sup>  
(EUR bn)



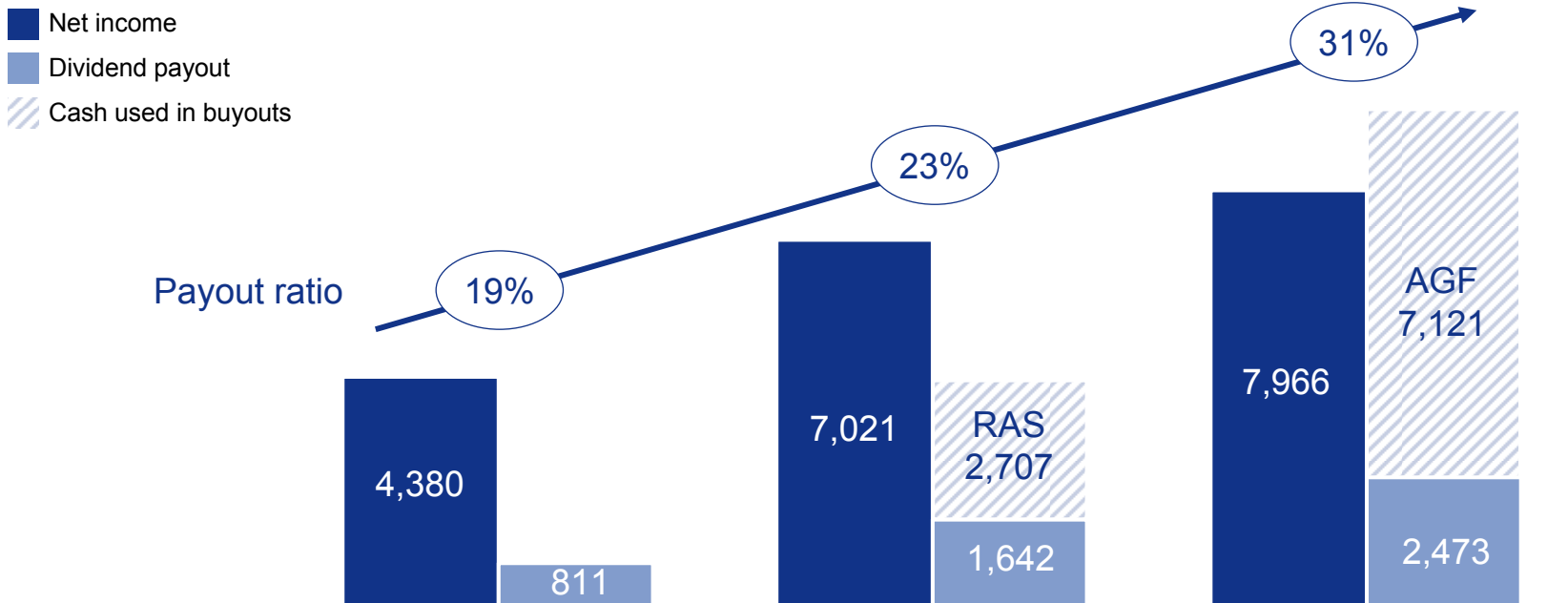
■ Equity   
 ■ Hybrid bonds   
 ■ Senior debt   
 ○ Debt / Equity ratio

Financial strength ratings

	End of 2006		End of 2007
S&P	AA- (positive)	↗	AA (stable)
AM Best	A+ (stable)	→	A+ (stable)
Moody's	Aa3 (stable)	→	Aa3 (stable)

1) Group excluding bank subsidiaries; nominal value

# Strong capital position enables optimized dividend policy (EUR mn)



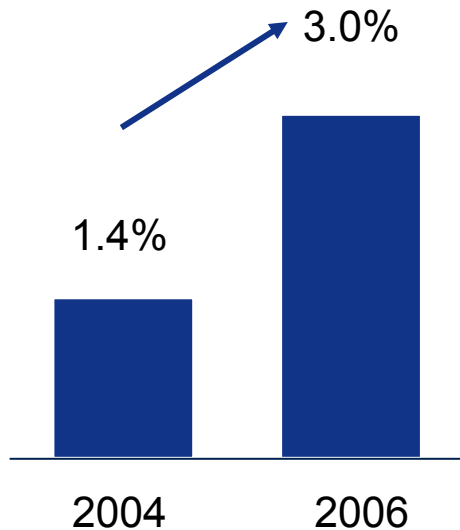
	2005	2006	2007
Dividend per share	EUR 2.00	EUR 3.80	EUR 5.50
Dividend yield	1.6%	2.5%	3.7%
Payout ratio incl. cash used in buyouts		62% <sup>1</sup>	120% <sup>1</sup>

1) Adjusted for cash used in AGF and RAS buyouts

# Allianz increasingly attractive for Social Responsible Investors (SRI)

## Our Sustainable Development Program: a success story

Share of Allianz stocks held by Socially Responsible Investors (SRI)<sup>1</sup>



Allianz is ...

- Insurance sector leader in the Dow Jones Sustainability Index for a 2nd time and SAM<sup>2</sup> Gold Class Member
- Component of the Climate Leadership Index (Carbon Disclosure Project)
- The “greenest” financial service provider within the Dow Jones Sustainability Index
- Finalist in the category “Corporate Sustainability” (European Business Award)



Insurance Sector Leader

1) Source: Sustainable Business Institute GmbH (SBI)  
2) Sustainable Asset Management

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# Allianz Investment Management (AIM): Improved governance and more effective decision processes

## AIM

- Concentration of dispersed national investment activities in one global organization

## Basic principles<sup>1</sup>

- OEs outsource the investment management function to AIM
- AIM manages the Group's insurance assets



## Benefits

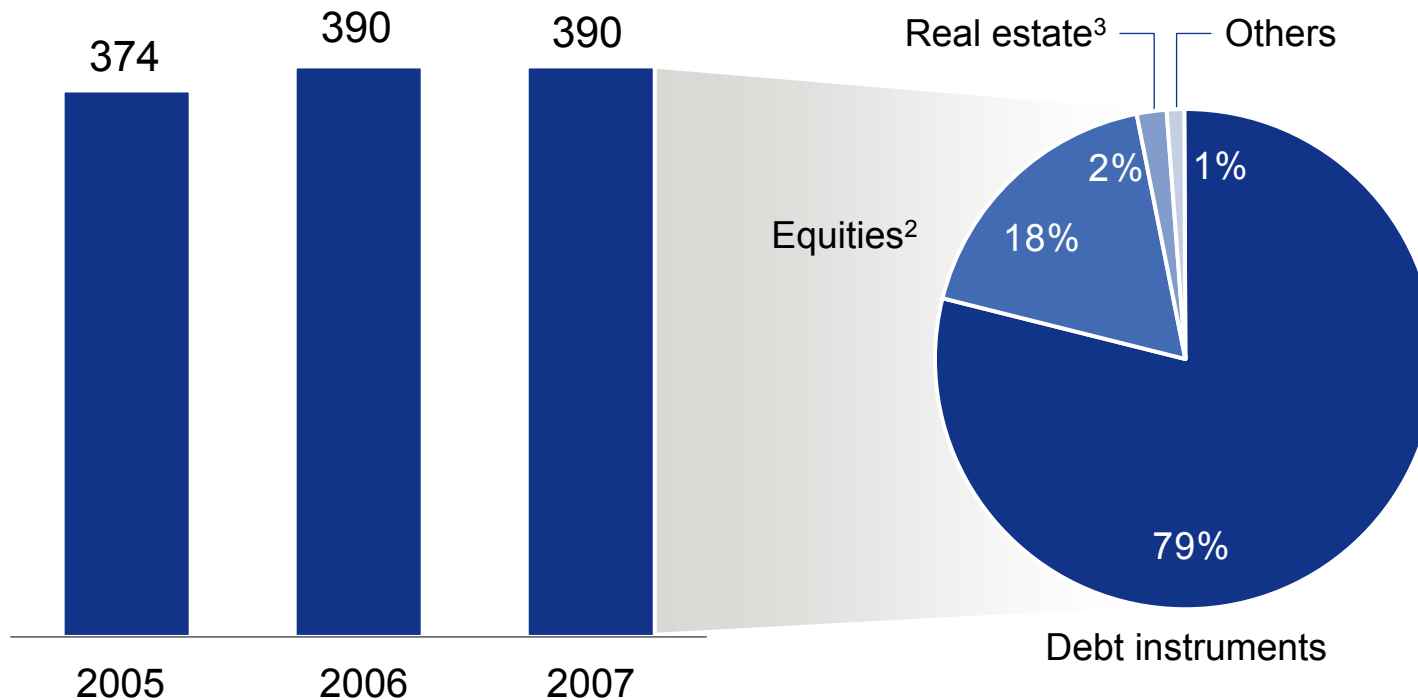
- Enhances capability to invest proactively on a global scale
- Enhances risk management and steering capabilities
- Ensures Group-wide application of investment best practice

1) RBC = Risk based capital, ALM = Asset liability management, SAA = Strategic asset allocation, DAA = Dynamic asset allocation, TAA = Tactical asset allocation, AM = Asset manager



# AIM portfolio – Overview

## Group investments and loans<sup>1</sup> (EUR bn)



1) Investments & loans excluding debt portfolios Banking and Asset Management

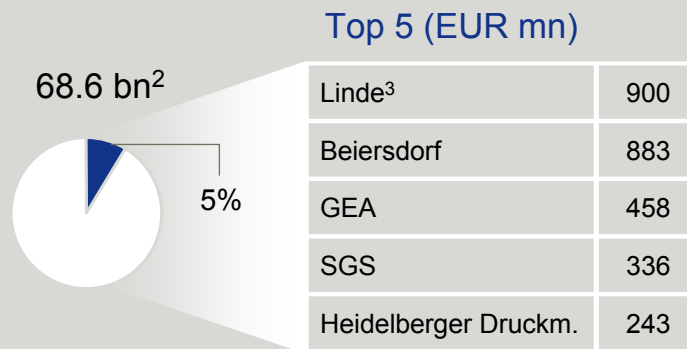
2) Economic equity quota at 15%, i.e. after hedge

3) Real estate 3rd party use at IFRS book value of EUR 7.8bn (fair value EUR 12.0bn). Not included: Real estate own use EUR 3.7bn (fair value EUR 5.1bn) and real estate held for sale EUR 1.9bn (fair value EUR 2.5bn)

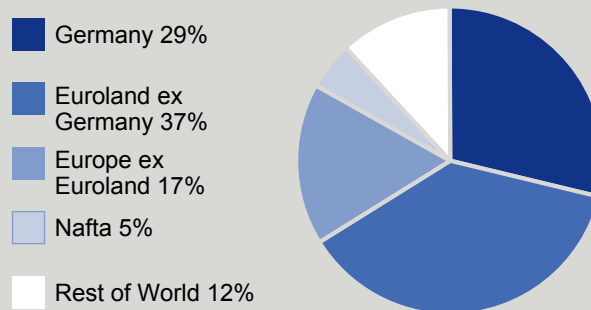
# AIM portfolio - Equities

## Further improvement

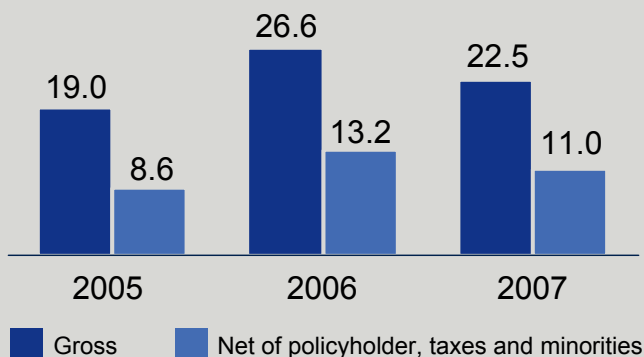
### Low equity cluster risks<sup>1</sup> (EUR bn)



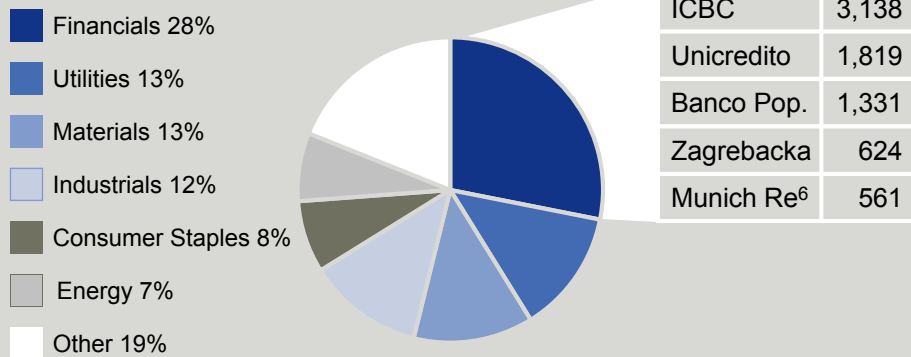
### Regional diversification<sup>4</sup> (%)



### Net unrealized gains/losses (EUR bn)



### By industry<sup>5</sup>

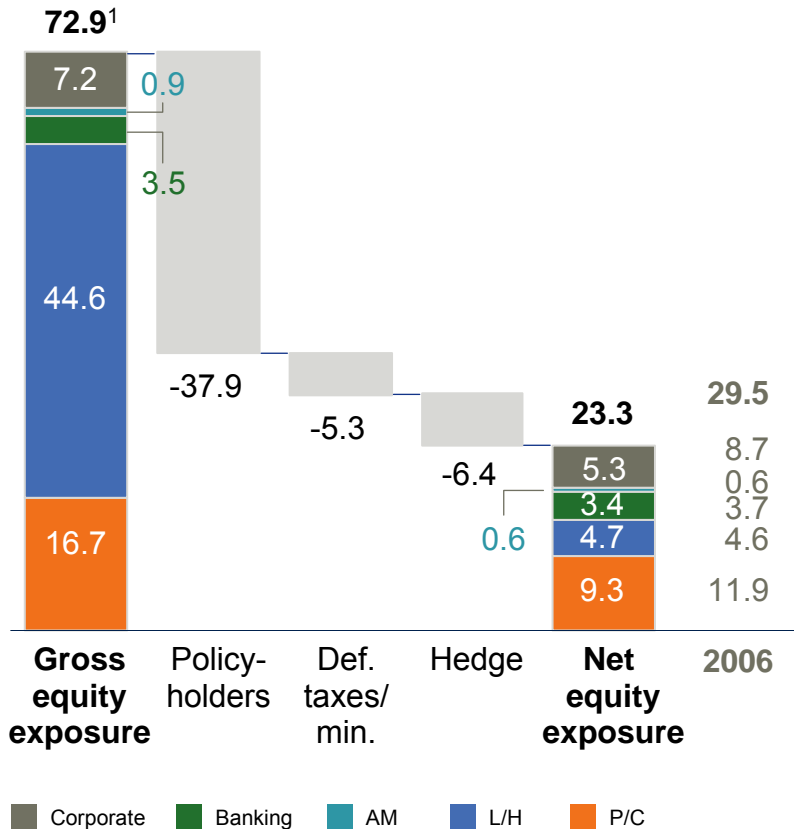


1) Non-strategic and non real-estate holdings with market value ≥ EUR 50mn and stake ≥ 5% as of 31/12/2007  
 2) Equity investments held available for sale, affiliates, associates and JVs  
 3) Economic exposure as of 31/12/2007

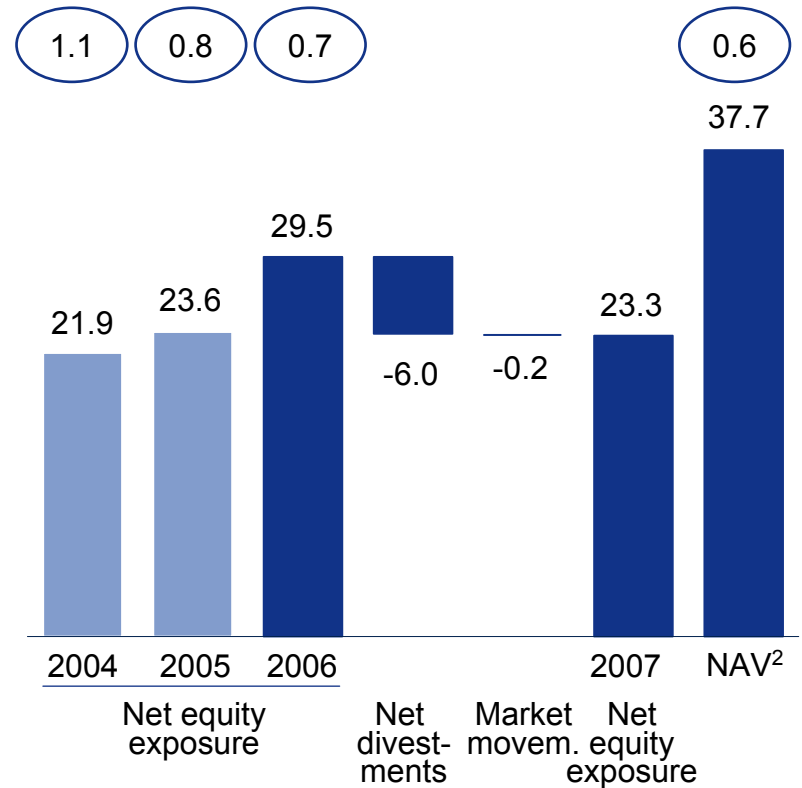
4) Equity investments held available for sale  
 5) Publicly listed equities held available for sale  
 6) After redemption BITES 27/02/2008

# Group equity gearing reduced to target level (EUR bn)

## Reconciliation of net equity exposure at 31/12/2007



## Equity gearing

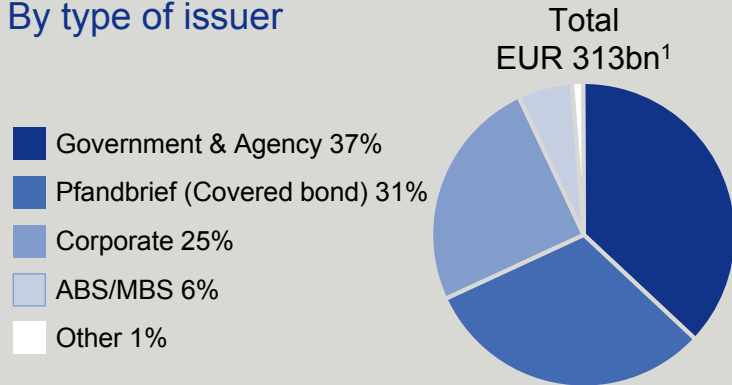


1) Equity investments held available for sale and designated at fair value; associated enterprises, non consolidated affiliated enterprises and JVs  
 2) Shareholder's equity + shareholders' share of off-balance sheet reserves excluding goodwill

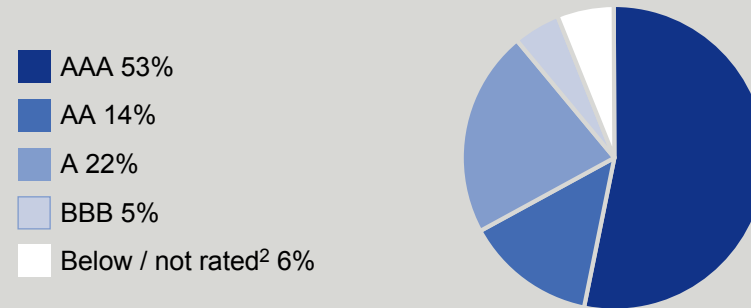
# AIM portfolio – Debt instruments

## High quality

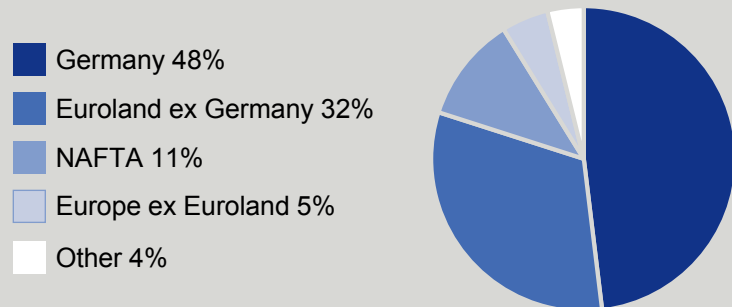
By type of issuer



By rating



By region



By duration<sup>3</sup> (years)

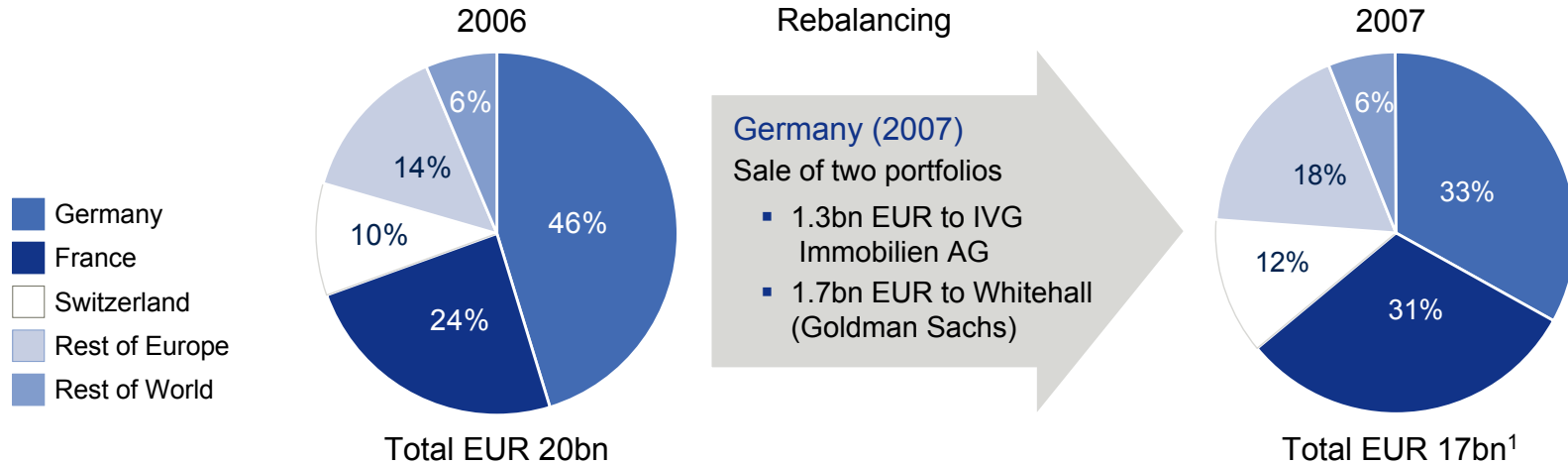


**Virtually no subprime exposure in insurance portfolio: EUR 0.1bn**

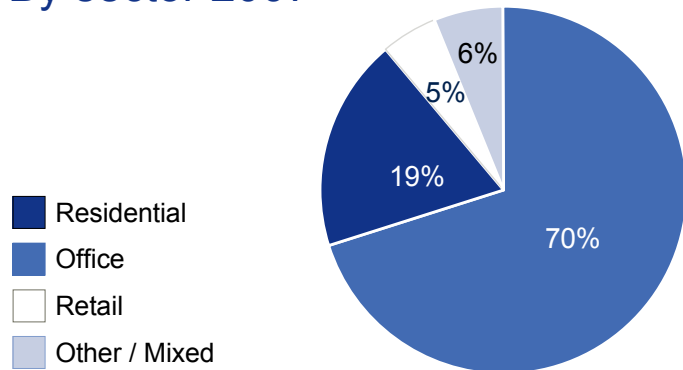
1) Debt portfolio from P/C, L/H and Corporate  
 2) Investments for which no individual rating information is available. The majority consists of corporate loans/ bonds (e.g. to German public banks)  
 3) Duration for available for sale debt investments

# AIM portfolio – Real estate improved allocation

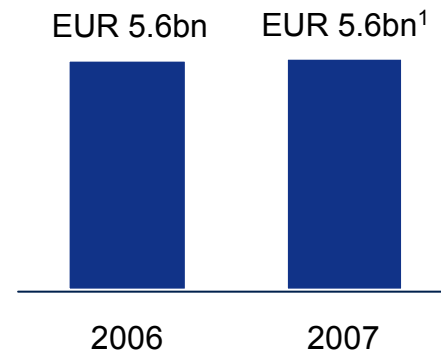
By regions: less skewed towards Germany



By sector 2007



Unrealized gains (off-balance sheet)



1) Excluding sold but not yet transferred properties held for sale (EUR 2.5bn)

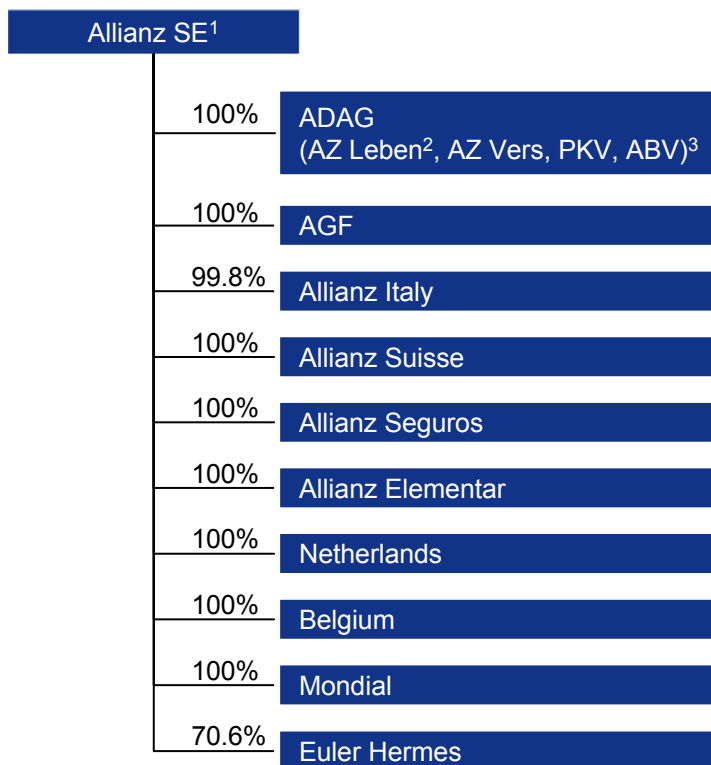
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# “Streamlining” transactions successfully continued – Complexity reduced

Simplified structure today



In 2007



AGF minority buyout and squeeze out (investment EUR 9.7bn)













Creation of Allianz S.p.A in Italy (integration of RAS, Lloyd Adriatico, Allianz Subalpina)



AZ Leben minority buyout now possible as squeeze-out threshold achieved

1) Directly or indirectly held  
 2) Squeeze out planned at Annual General Meeting 7/5/2008  
 3) AZ Versicherungs-AG, Allianz Private Krankenversicherung, Allianz Beratungs- und Vertriebs-AG

## Other transactions carefully selected – Strong position in “Growth Markets” secured

Country	Company	Deal status	Market position
Russia	ROSNO	 	Top 3 in Russia and CIS Region
	Progress-Garant	 	
Kazakhstan	ATF-Polis	 	Top 4
Malaysia	Commerce Assurance Berhad	 	Top 2 in Non-life
Taiwan	Allianz Taiwan Life	 	Top 4 in Life

► Total investments in Growth Markets approx. EUR 1.0bn

Selected divestitures: Allianz Hana Life (Korea), Adriatica de Seguros (Venezuela), Tindall Riley (UK), Fondsdepotbank (Germany), RAS Fin (Italy), DEGI (Germany)



## Takeaways

- 1 Strong capital position
- 2 Well financed
- 3 Efficient capital management
- 4 Solid and well-diversified investment portfolio
- 5 Conservative risk-return profile
- 6 Focused and disciplined acquisition strategy

## 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, (iii) the frequency and severity of insured loss events, (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 / US 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 matters discussed herein may also be affected by risks and uncertainties described from time to time in Allianz SE's filings with the US Securities and Exchange Commission. 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.