Financing Investments Transactions

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Member of the Board of Management

Financial Press Conference
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Based on
preliminary figures

Allianz

Agenda

1 **Financing and transactions**

2 Investment result and allocation

3 Milestones 2010 and expectations 2011

Allianz

Highlights 2010

Financing/ Transactions

- USD 150mn cat bond transaction for Allianz Re covering US hurricane and earthquake risks (May)
- Sale of AGF Private Equity (May)
- Sale of Allianz Bank (Hungary) (Sep)
- Sale of AAAM (France) (Sep)
- Sale of Allianz Bank (Poland)[1] (Nov)
- Sale of Swiss Alba and Phenix (Nov)

2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2011

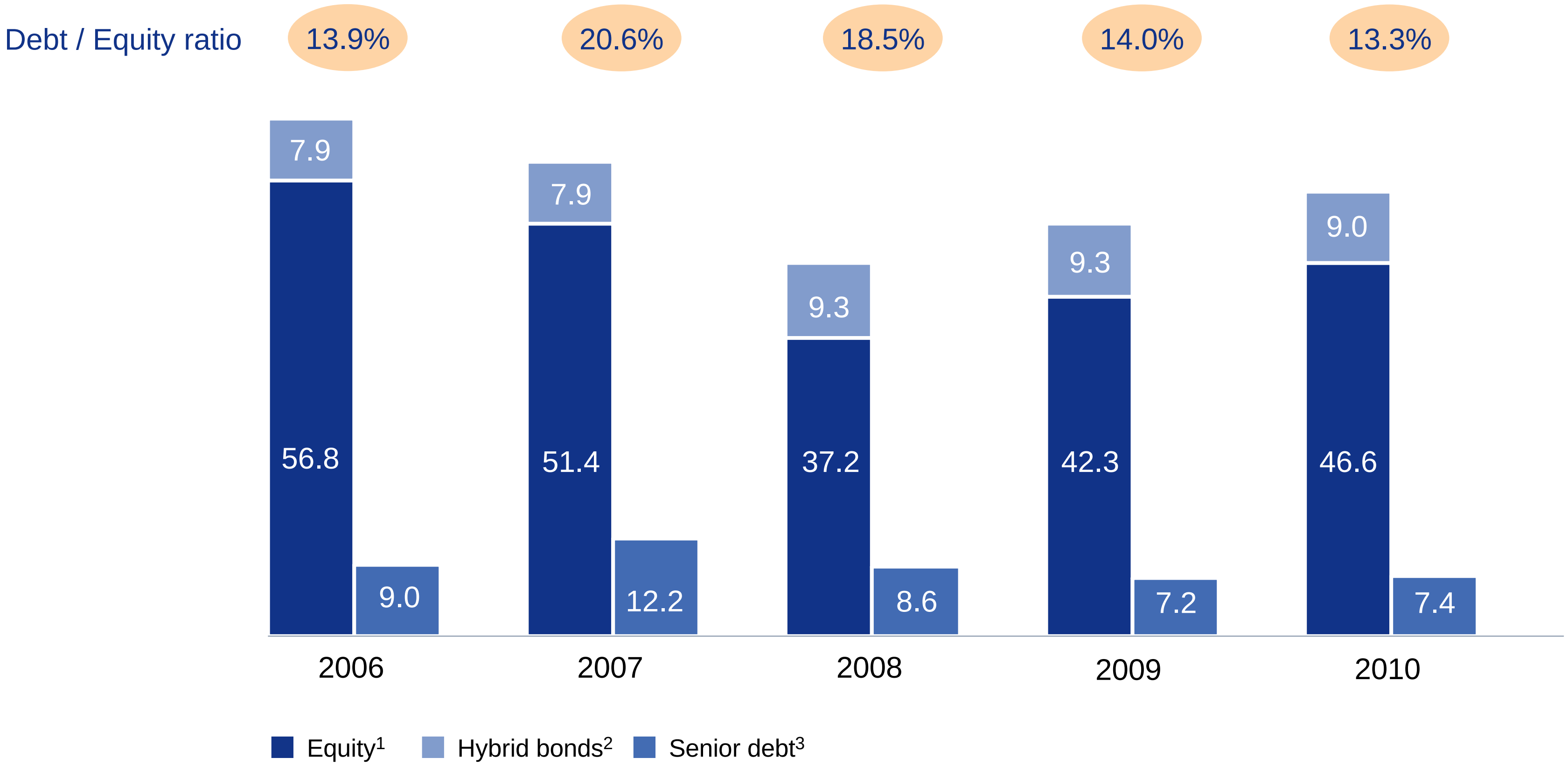
Redemption/ Investments

- EUR 450mn redemption of two subordinated bonds issued by Allianz France (Mar)
- Acquisition of Primacy and Agricola (Australia) (May)
- Acquisition of two prime properties in Paris (Dec)
  → Total real estate transaction volume 2010 ~ EUR 1.8bn
- Photovoltaic park investment Italy (Dec)
  → Total renewable energy investments > EUR 1bn
- USD 855mn additional China Pacific Insurance Co. (CPIC) H-share investment (Jan 2011)

1) Announced Nov. 2010

Allianz

Capital structure
(EUR bn)



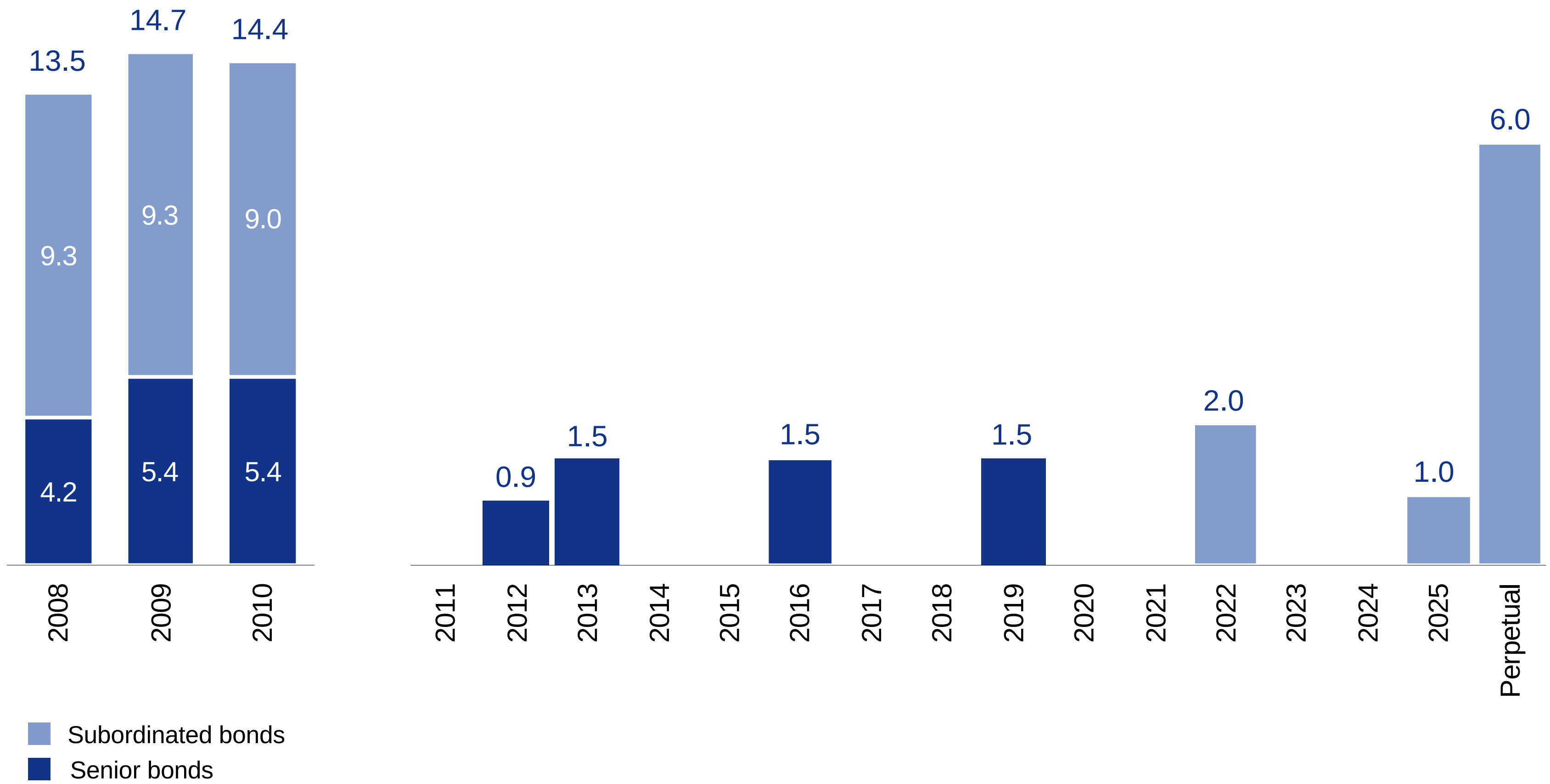
1) Including non-controlling interests
2) Subordinated liabilities excluding bank subsidiaries; nominal value
3) Certificated liabilities excluding bank subsidiaries; nominal value

Allianz

Maturity profile of external bonds
(EUR bn)

Outstanding bonds[1]

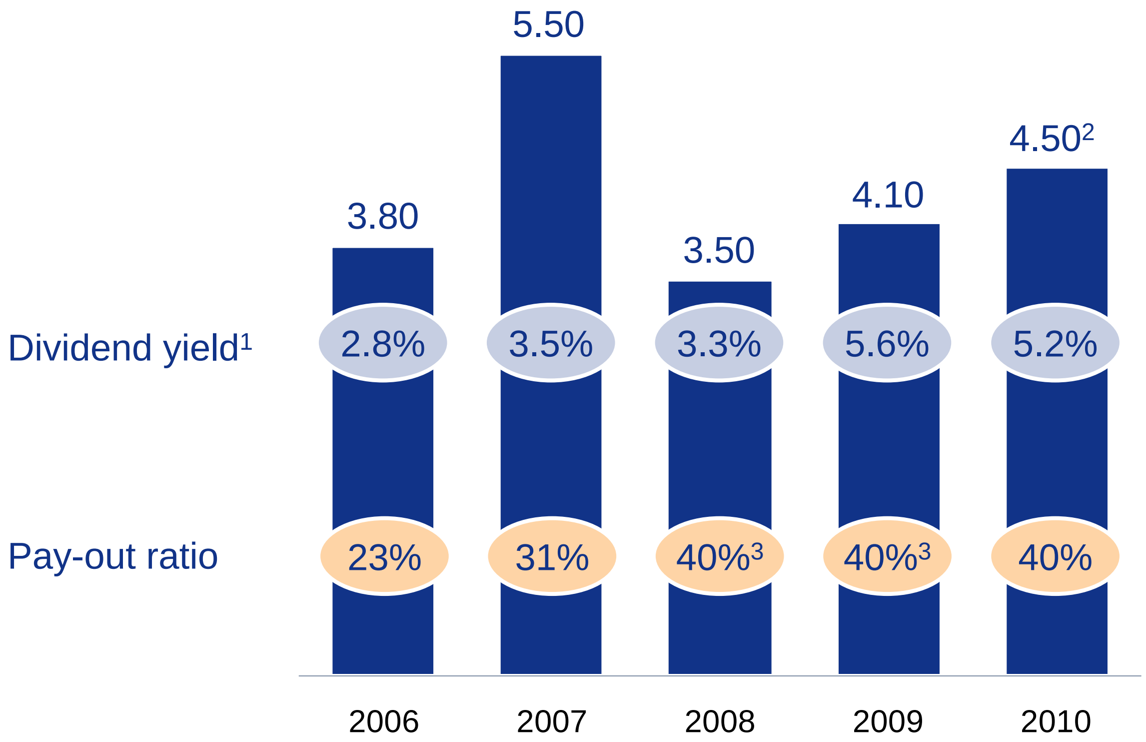
Maturity structure[1]



1) Group excluding bank subsidiaries; nominal value

Attractive dividend policy

Dividend per share
(EUR)



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

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

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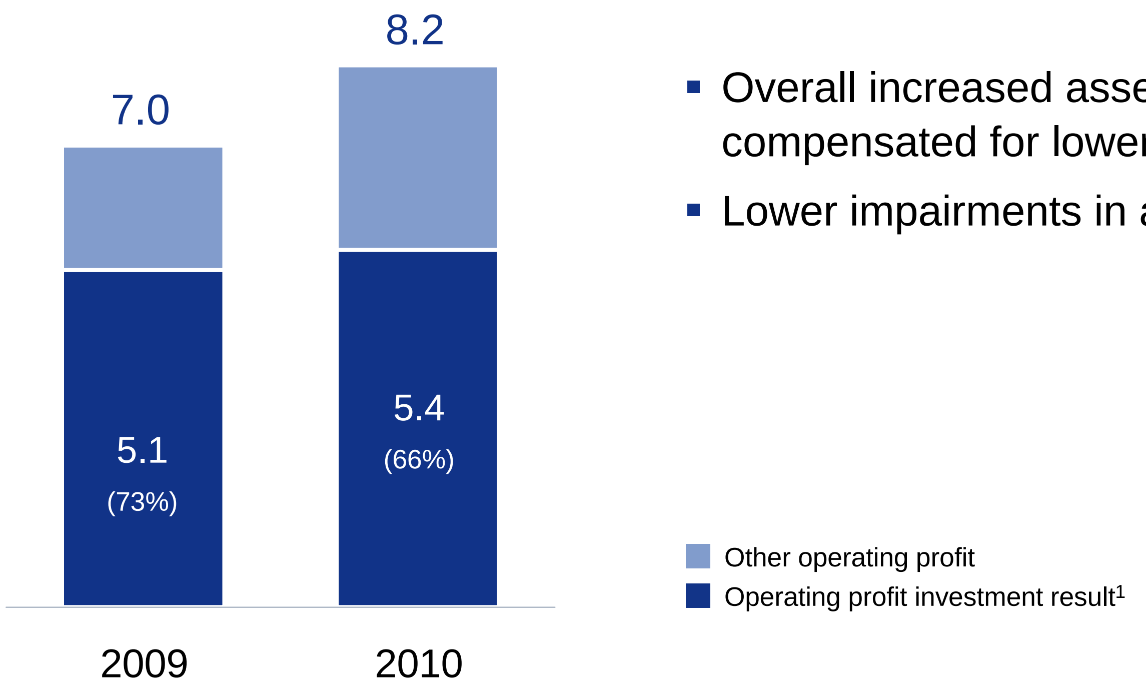
Strong contribution of investment result to operating profit (EUR bn)



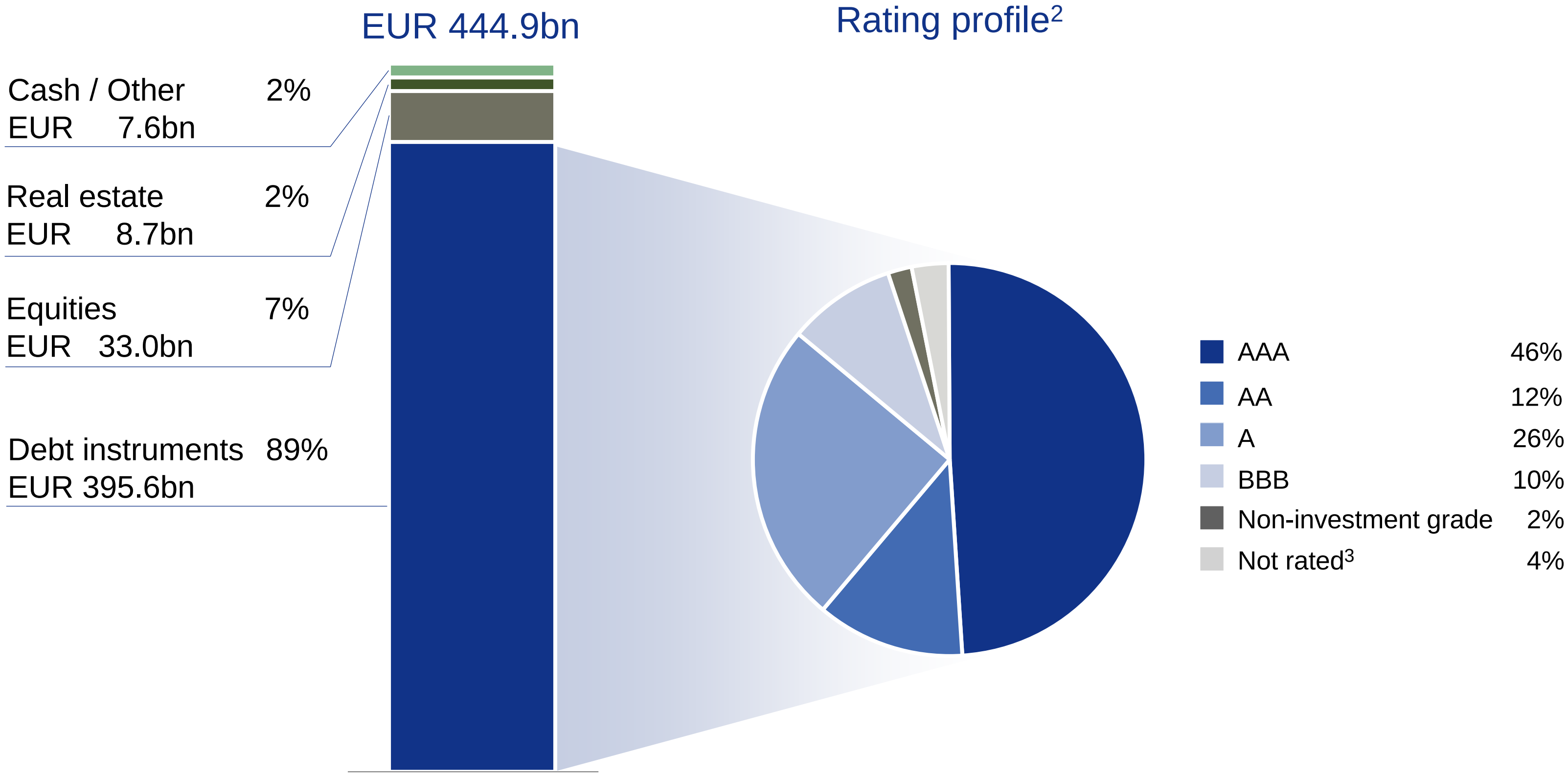
- Overall increased asset base compensated for lower current yield
- Lower impairments in all asset classes

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

High quality investment portfolio

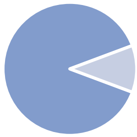
Conservative asset allocation[1]

High quality fixed income portfolio



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

89%



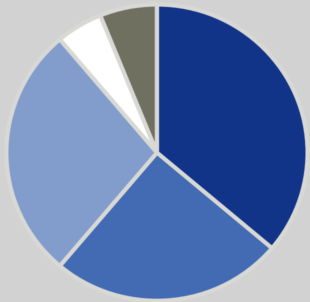
Investment portfolio

High quality fixed income portfolio

By type of issuer

Total
EUR 395.6bn

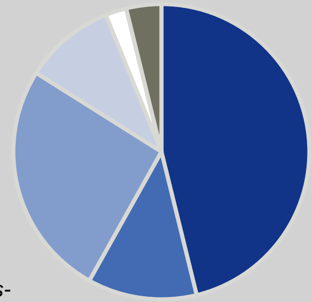
Government	36%
Covered	25%
Corporate	28%
thereof Banking	*9%*
ABS/MBS[1]	5%
Other[2]	6%



By rating[3]

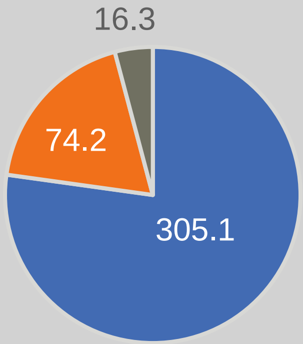
AAA	46%
AA	12%
A	26%
BBB	10%
Non-investment grade	2%
Not rated*	4%

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

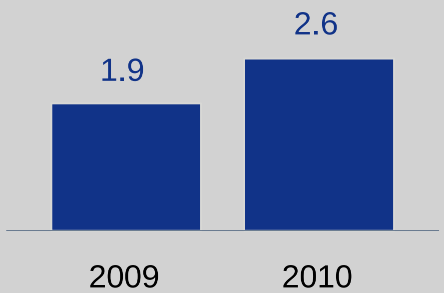


By segment (EUR bn)

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



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



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

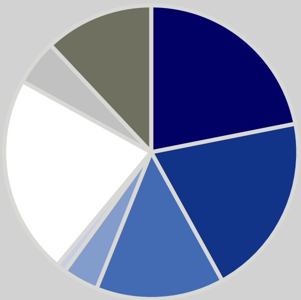
Allianz

Government bond allocation concentrated in EMU core countries

By region

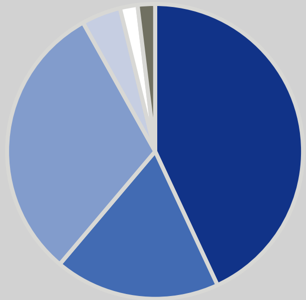
Total EUR 142.3bn[1]

Germany	22%
Italy	20%
France	14%
Spain	4%
UK	1%
Rest of Europe	22%
USA	5%
Rest of world	12%



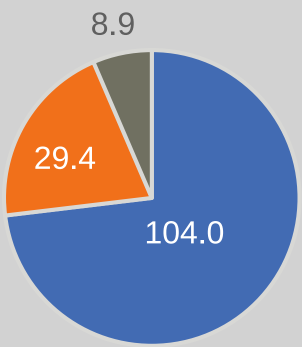
By rating

AAA	43%
AA	18%
A	31%
BBB	4%
Non-investment grade	2%
Not rated	2%

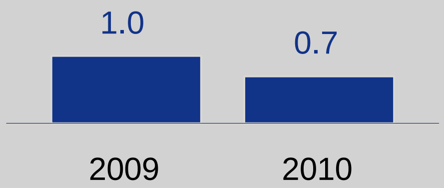


By segment (EUR bn)

L/H	73%
P/C	21%
Corporate	6%

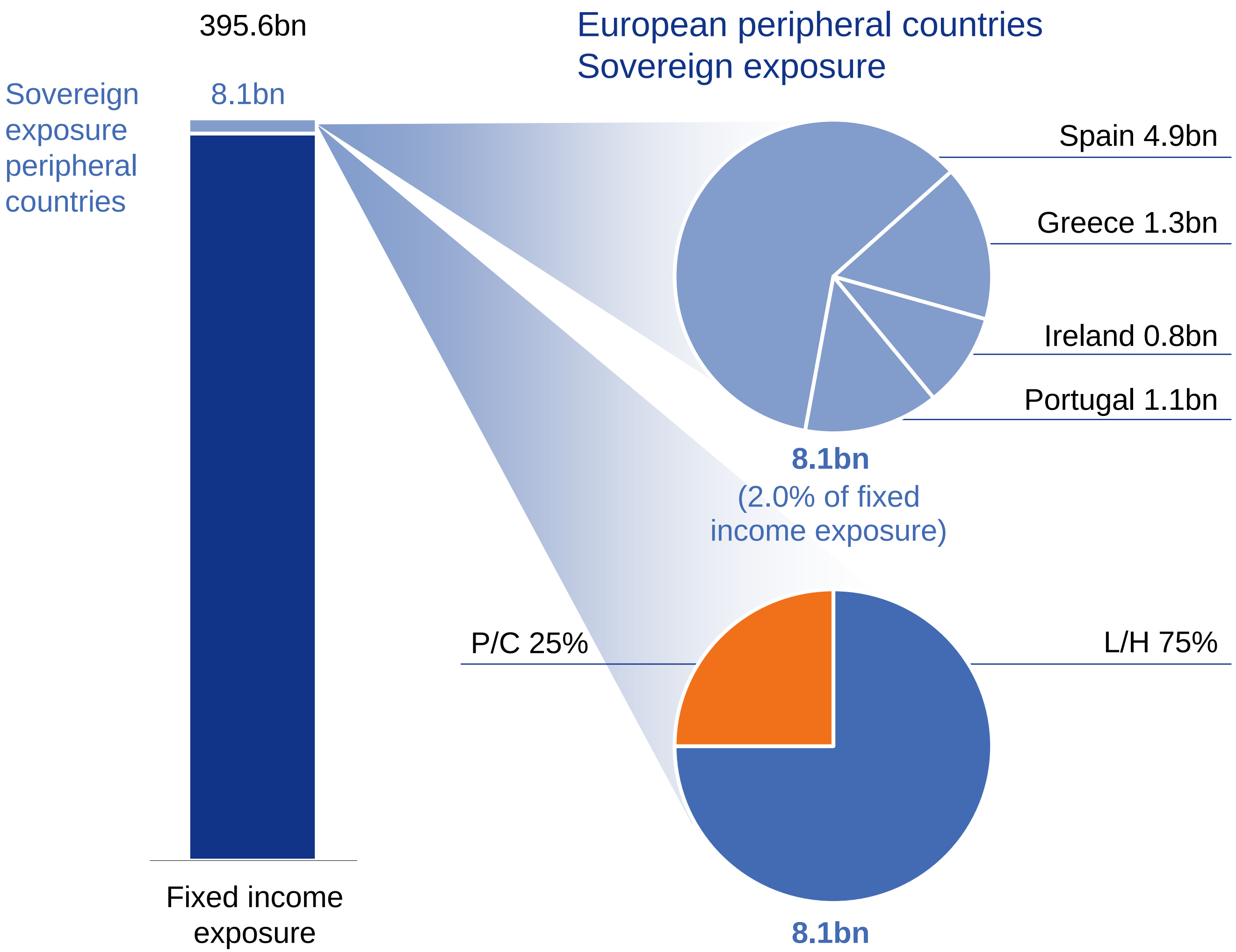


Net AFS unrealized gains / losses (EUR bn)[2]

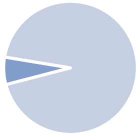


1) Government and government related (excl. U.S. Agency MBS)
2) On-balance unrealized gains / losses after tax, non-controlling interests, policyholders and without shadow DAC

Sovereigns: Low exposure to peripheral countries (EUR bn)



Allianz

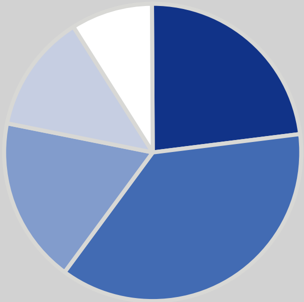


Equity portfolio

By regions

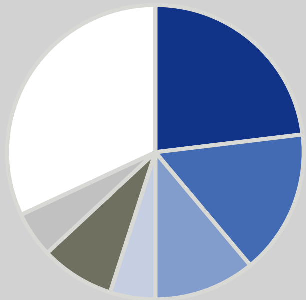
Total EUR 33.0bn[2]

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



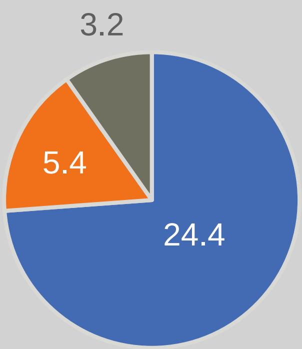
By industry

Financials	23%
Consumer	16%
Basic materials	11%
Utilities	5%
Industrial	8%
Energy	5%
Funds and other[3]	32%

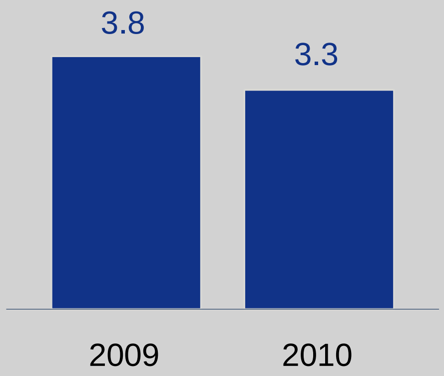


By segment (EUR bn)

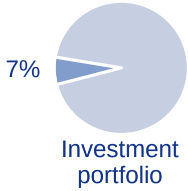
L/H	74%
P/C	16%
Corporate	10%



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

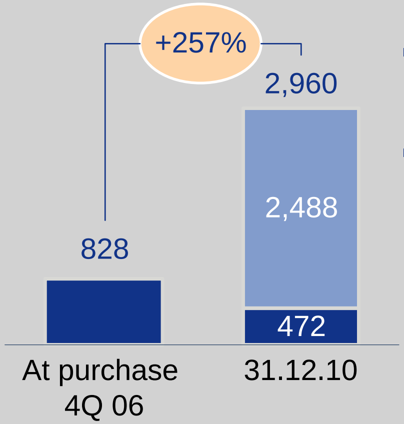


1) Before hedges; equity quota after hedges 7%
2) Incl. non-equity retail funds (EUR 0.6bn), excl. equities designated at fair value through income (EUR 2.7bn)
3) Diversified investment funds (EUR 2.4bn); private and unlisted equity (EUR 5.0bn)
4) On-balance unrealized gains / losses after tax, non-controlling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



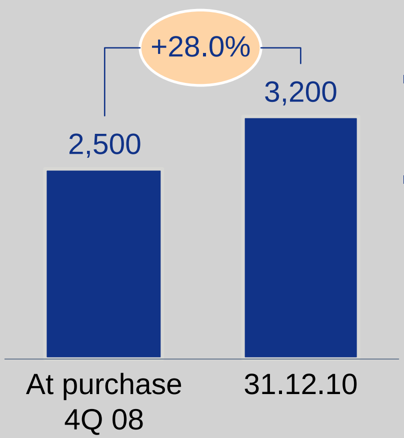
Equities: Significant Investments

ICBC (Fair values, EUR mn)



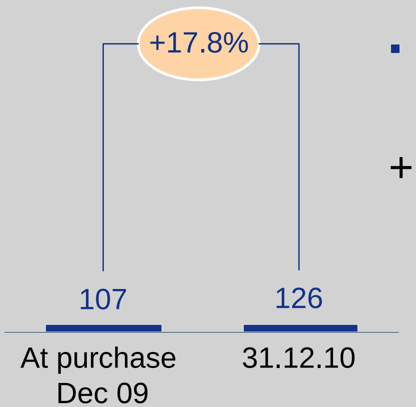
- Internal rate of return (IRR)[1] 41.6% p.a. since acquisition
- Return on investment[1] 276% since acquisition

The Hartford (Fair values, USD mn)



- 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)



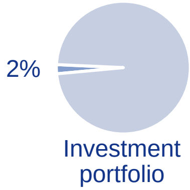
- Return on investment[2] 19.0% since acquisition

+ 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

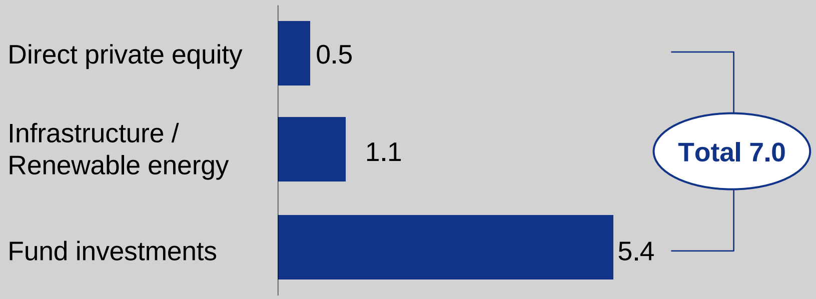
- Investment volume of renewable energies passed EUR 1bn in 2010
- Direct wind energy investments particularly strengthened in France
- Renewables portfolio also increased via direct photovoltaic park investments in Italy
- Further build-up of portfolio to be executed in newly established pan-European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

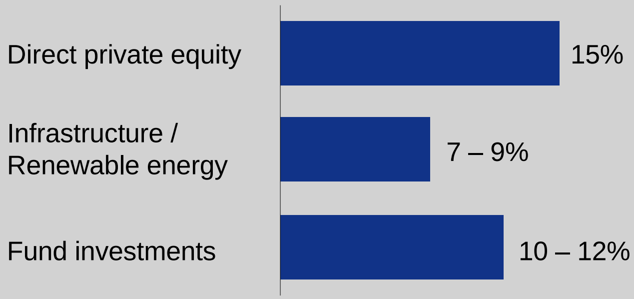
Assets under Management

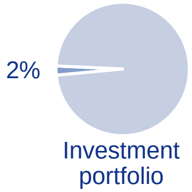
(Q4 2010, in EUR bn)



Target IRR

(in %)

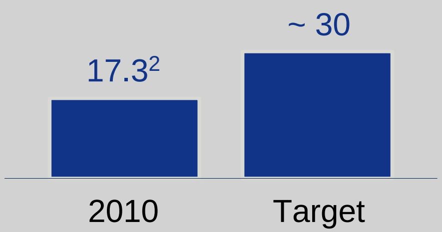




Real estate investments

ARE[1] Assets under Management (EUR bn)

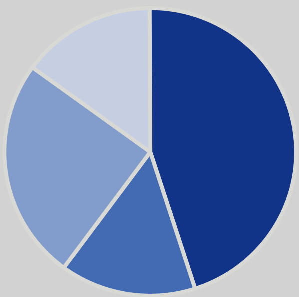
Significant portfolio growth



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:

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

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

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3 **Milestones 2010 and expectations 2011**

Major portfolio actions in 2010 and expectation for 2011

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

Allianz

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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Cautionary Note Regarding Forward-Looking Statements

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