PERFORMANCE MATTERS

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Allianz SE

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Allianz Investor Relations App

Apple App Store  Google Play Store
Performance matters

Allianz at a glance

**EUR 122bn**
revenues

**EUR 7.0bn**
net income

**EUR 84bn**
market cap

**#1**
P/C insurer
EUR 52bn revenues

**Top 5**
L/H insurer
EUR 65bn revenues

**Top 5**
asset manager
EUR 1,922bn AuM

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1) FY 2016
2) FY 2016, attributable to shareholders
3) As per December 2017
4) As per September 2017
Our equity story in a nutshell

Performance matters

- **Downside protection**
- **Attractive capital management**
- **Upside potential**
Performance matters

Strong balance sheet and diversification

Excellent capital position¹

- Solvency II ratio: 227%
- S&P rating: AA

High quality debt portfolio¹ (EUR 574bn)

- Not rated 3%
- <BBB: 3%
- BBB: 29%
- A: 18%
- AAA: 21%
- AA: 26%

Diversification – operating profit by segments²

- Asset Management: 18%
- Property/Casualty: 46%
- Life/Health: 36%

Diversification – operating profit by geography²

- Growth markets: 5%
- Specialty insurance: 13%
- Broker markets: 28%
- W & S Europe³: 29%
- Germany: 25%

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1) As per 3Q 2017
2) 2016 (OP EUR 11.1bn)
3) W & S Europe = Western and Southern Europe
4) Broker markets include US, UK, Ireland, Australia
Allianz’ stated dividend policy may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate from the published dividend policy if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting. The entire dividend policy is subject to a sustainable S II ratio >160%.

Attractive capital generation and disciplined capital management

50% payout ratio

Dividend ratchet

△ Solvency II

+11%-p

Buy-back #1
EUR 3bn
completed in 2017

Buy-back #2
EUR 2bn
planned for 1H 2018

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2) SII capital generation within 9M 2017 after tax and dividend accrual

3) The implementation of the share buy-back program is subject to maintaining a sustainable S II ratio >160%
Performance matters

Solid earnings growth and RoE

1) 2016 figures have been restated for changed accounting policy. RoE excluding unrealized gains/losses on bonds net of shadow accounting.

2) Average shareholders’ equity excluding unrealized gains/losses on bonds net of shadow accounting.
### Outlook 2017 – on track

Operating profit 9M 2017 in % of full-year outlook midpoint

<table>
<thead>
<tr>
<th>Group</th>
<th>P/C</th>
<th>L/H</th>
<th>AM</th>
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</thead>
<tbody>
<tr>
<td>77%</td>
<td>71%</td>
<td>84%</td>
<td>76%</td>
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</tbody>
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Operating profit 2017 expected in upper half of target range of EUR 10.8bn +/- EUR 500mn¹

¹) Barring unforeseen events, crises or natural catastrophes
Ambition 2018 – attractive dividend growth

**EPS (EUR)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
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<tbody>
<tr>
<td>2015</td>
<td>14.6</td>
<td></td>
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<tr>
<td>2016</td>
<td>15.3</td>
<td>+10%</td>
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<tr>
<td>2018 ambition</td>
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</table>

**DPS (EUR)**

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<th>Year</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>7.3</td>
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<tr>
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<td>2018 ambition</td>
<td>8.4¹</td>
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Current status of US tax reform (January 2018)

- Available capital down due to lower net DTAs
- Required capital up due to tax impact on risk factors
- Reinstatement of 330% target RBC ratio would require USD 1.1bn retained dividends (worst case)

**Profit (Allianz USA)**

- Tax payment = tax rate down \(\downarrow\) \times\ tax base up \(\uparrow\)

  - Nominal tax rate of 35% reduced to 21% from 2018 onwards
  - 2017: \(\approx\) USD 0.2bn adverse one-off impact, mainly from DTA write-off
  - 2018ff: \(\approx\) USD 0.4bn annual tax savings

**Capital (Allianz Life)**

- RBC ratio = available capital down \(\downarrow\) \div \ required capital up \(\uparrow\)

- USA (Ø 32% tax rate)
  - Profit before tax 2016: 24%
  - Rest of world (Ø 29% tax rate)
    - Profit before tax 2016: 76%
Euler Hermes cash tender offer – an EPS accretive investment

**Euler Hermes basics**
- World’s largest credit insurer with strong market position
- Allianz already owned 63% and 74.34% following purchase of 11.34% of Euler Hermes’ share capital through share purchase agreements concluded with two large Euler Hermes shareholders on November 24, 2017
- Market cap EUR 4.2bn (pre announcement)¹, net income 2016 EUR 287mn / 9M 2017 EUR 228mn

**Transaction/financials**
- Cash offer price: EUR 122 per share; 20.7% premium on closing price day before announcement
- 2018e P/E of ~16x²; immediately ca. 1% EPS accretive
- Allianz SII ratio ~-4%-p, less than half of our expected annual SII operating capital generation
- No impact on current EUR 3bn and already announced EUR 2bn share buy-back programs

**Strategic rationale/timing**
- Profitable deployment of capital in a strategic business with solid operating performance
- Strengthening of our positions in our core markets with low execution risks
- Tender offer expected to be filed within the next weeks; closing of tender offer expected in 1Q 2018
- A squeeze-out is intended in the event our holding reaches 95%

¹) Excluding treasury shares
²) Bloomberg consensus
Source: market data Bloomberg

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