ALLIANZ ANNUAL GENERAL MEETING 2018

FACT BOOK for investors
on capital authorizations

- Authorized and Conditional Capital
- Acquisition of treasury shares

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Allianz

Agenda Items included in this FACT BOOK

Authorized and Conditional Capital

Item 5	Creation of an Authorized Capital 2018/I with the authorization to exclude shareholders' subscription rights, cancellation of the Authorized Capital 2014/I and corresponding amendment to the Statutes
Item 6	Creation of an Authorized Capital 2018/II for the issuance of shares to employees with exclusion of shareholders' subscription rights, cancellation of the Authorized Capital 2014/II and corresponding amendment to the Statutes
Item 7	Approval of a new authorization to issue convertible bonds, bonds with warrants, convertible participation rights, participation rights and subordinated financial instruments, each with the authorization to exclude shareholders' subscription rights, cancellation of the current authorization to issue convertible bonds and bonds with warrants, amendment of the existing Conditional Capital 2010/2014 and corresponding amendment of the Statutes

✎ Authorizations to be significantly reduced. Conditional Capital includes Solvency II instruments (acc. to regulatory requirements).

Acquisition of treasury shares

Item 8	Authorization to acquire treasury shares for trading purposes pursuant to § 71 (1) no. 7 AktG
Item 9	Authorization to acquire treasury shares for other purposes pursuant to § 71 (1) no. 8 AktG and to their utilization with the authorization to exclude shareholders' subscription rights
Item 10	Authorization to use derivatives in connection with the acquisition of treasury shares pursuant to § 71 (1) no. 8 AktG

✎ Renewal of existing authorizations, no changes.

AGENDA ITEMS 5 – 7
AUTHORIZED AND CONDITIONAL CAPITAL

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www.allianz.com/agm

www.allianz.com/capital-structure

What is new?

For your reference: Issued capital = EUR 1,169,920,000 | Market capitalization = approx. EUR 82 bn (03/22/2018)

Authorization	Item	Proposal	Proposed authorizations		Authorizations as of May 7, 2014		Duration
			Nominal	%	Nominal	%	
Authorized Capital I	Item 5	Creation of an Authorized Capital 2018/I with the authorization to exclude shareholders' subscription rights, cancellation of the Authorized Capital 2014/I and corresponding amendment to the Statutes	334,960,000 Significantly reduced	28.6	550,000,000	47.0	5 years
Authorized Capital II	Item 6	Creation of an Authorized Capital 2018/II for the issuance of shares to employees with exclusion of shareholders' subscription rights, cancellation of the Authorized Capital 2014/II and corresponding amendment to the Statutes	15,000,000	1.3	15,000,000	1.3	5 years
Conditional Capital	Item 7	Approval of a new authorization to issue convertible bonds, bonds with warrants, convertible participation rights, participation rights and subordinated financial instruments, each with the authorization to exclude share-holders‘ subscription rights, cancellation of the current authorization to issue convertible bonds and bonds with warrants, amendment of the existing Conditional Capital 2010/2014 and corresponding amendment of the Statutes	230,000,000[1] Includes Solvency II Instruments	19.7	230,000,000[1]	19.7	5 years

Detailed explanation of **Solvency II Instruments**: see slides 7-9

1) Conditional Capital of EUR **250,000,000** (21.4%), as outlined in the agenda, comprises authorization of EUR **230,000,000** (19.7%) for new to be issued instruments and EUR **20,000,000** (1.7%) exclusively reserved for currently outstanding EUR 500,000,000 convertible bond issued in 2011 under authorization 2010.

Caps for general and special purpose authorizations

Conditional Capital to include regular convertibles and Solvency II Instruments issued in accordance with regulatory requirements.

Item 5: Authorized Capital I max. 28.6%

Item 7: Conditional Capital max. 19.7%

- "Regular convertibles"
- "Solvency II Instruments"

Cap **40%** — **General authorizations**
thereof **10%** w/o subscription rights[1]
(Cap of 40% outlined on pages 8/15 and cap of 10% on pages 9/18 of the agenda)

+

Cap **10%** — **Special purpose authorizations**
Cap for Solvency II Instruments w/o subscription rights
(Cap of 10% outlined on page 18 of the agenda)

Item 6: Authorized Capital II max. 1.3%

Please note: Conversion of Solvency II Instruments into shares is a **very unlikely event**, thus the **risk of dilution can be considered remote** (please see detailed explanation on slide 8).

1) The 10% maximum exclusion of subscription rights incorporates the possible dilution in case the EUR 500,000,000 convertible bond issued in 2011 (already mentioned in footnote 1 of the previous slide) would convert, even though the issuance of this bond is associated with the authorization from the AGM on May 5, 2010. The cap of 10% thus currently translates into 8.3%.

Utilization of current and preceding authorizations

Current and preceding authorization hardly utilized

All current authorizations adopted by the AGM on May 7, 2014 under item 6-8 of the agenda, and expiring on May 6, 2019, **shall be cancelled** upon the new authorizations becoming effective.

Current authorizations (AGM approval on May 7, 2014)

General authorization	Nominal (EUR)	%[2]	Utilization	Purpose
Authorized Capital I	550,000,000	47.1	0	-
Conditional Capital	230,000,000[1]	19.7	0	-
Σ		**66.7**	**0**	

Special purpose authorization	Nominal (EUR)	%[2]	Utilization[2]	Purpose
Authorized Capital II	15,000,000	1.3	1,280,000 **= 0.1%**	Employee shares

Preceding authorization (AGM approval on May 5, 2010)

General authorization	Nominal (EUR)	%[3]	Utilization[3]	Purpose
Authorized Capital I	550,000,000	47.3	0	-
Conditional Capital	250,000,000	21.5	20,000,000	Convertible bond
Σ		**68.8**	**= 1.7%**	

Special purpose authorization	Nominal (EUR)	%[3]	Utilization[3]	Purpose
Authorized Capital II	15,000,000	1.3	6,656,000 **= 0.6%**	Employee shares

1) Conditional Capital of EUR 250,000,000, as outlined in the agenda, comprises the authorization of EUR 230,000,000 for new to be issued instruments and EUR 20,000,000 (1.7%) exclusively reserved for in 2011 for still outstanding EUR 500,000,000 convertible bond issued in 2011 under authorization 2010. Bond has not converted up to now.
2) Related to issued capital: EUR 1,168,640,000 | Number of shares: 456,500,000
3) Related to issued capital: EUR 1,161,984,000 | Number of shares: 453,900,000

About Solvency II Instruments - 1/3

Purpose	**Insurance companies**, similar to banks, are subject to **strict regulatory requirements** with regard to their capitalization**.**
	Under the European "**Solvency II Directive**", insurance companies can choose to strengthen their Tier 1 own funds with **Solvency II Instruments**.
	Solvency II Instruments have to be **subordinated** and **perpetual** and are also referred to as "Restricted Tier 1 Capital" (RT1).
	The "Solvency II Directive" for insurance companies **corresponds to the "Basel III"** requirements **for banks** where respective instruments are called "Additional Tier 1 Capital" (AT1).
	Allianz has **not yet decided** if and to what extent Solvency II Instruments shall be issued.
Advantages for shareholders	Solvency II Instruments **help comply with regulatory capital requirements** in a capital-efficient manner. Solvency II instruments are **more cost-efficient** than equity.
	In case of a crisis, Solvency II Instruments help avert other more stringent measures, and hence can **protect shareholders' equity.**

About Solvency II Instruments - 2/3

Mechanism	Should **solvency ratios** fail to meet the legal requirements, Solvency II Instruments with conversion feature **automatically convert** into shares (**trigger mechanism**).
	Defined **trigger levels** mark **very low levels of own funds** making the conversion an unlikely event: e.g. Group Solvency II ratio < 75% (as of 12/31/2017: 229%) or < 100% for more than 3 months.
	The supervisory law's aim of this mandatory conversion is the **participation of investors in crisis scenarios** (Principal Loss Absorbency Mechanism). Therefore Solvency II Instruments may have a **protective impact** on shareholders' equity.
Dilution/ Subscription rights	Given that Solvency II Instruments with mandatory conversion can de facto only be issued by "healthy" companies, the triggering event is unlikely to occur.
	While Solvency II Instruments will typically be issued without shareholders' subscription rights, the risk of conversion and therefore the **risk of voting right dilution** can be considered to be remote. !
	The **risk of economic dilution** seems even more remote as the conversion price is defined at issuance (healthy solvency) and very likely to exceed the share price at trigger breach (crisis).

About Solvency II Instruments – 3/3

Summary	
	• **Insurance-specific** matter (similar to banks). • **Special-purpose authorization** in accordance with **regulatory capital requirements**. • Issuance of Solvency II Instruments is **aligned with long-term interests of shareholders**. • Given that conversion will only be triggered in crisis scenarios, the instruments are **unlikely to convert** and thus do **not require the usual dilution protection by subscription rights**.

AGENDA ITEMS 8 – 10

ACQUISITION OF TREASURY SHARES

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Parameters unchanged

Proposed authorizations equal current authorizations

For trading purposes	For other purposes	Use of derivatives
Volume: max. 10% of issued capital	**Volume:** max. 10% of issued capital	**Volume:** thereof max. 5% of issued capital
Price range: Reference price +10% / -10% **Reference price:** Average of Xetra closing prices on the 3 trading days preceding the acquisitions of shares	**Buy-back through a stock exchange:** **Price range:** Reference price +10% / -10% **Reference price:** Xetra opening auction price on the day of trading	**Duration of derivative instruments:** max. 18 months To be carried out by a **credit institution**
Volume: max. 5% of issued capital at the end of any day	**Buy-back through public tender offer:** **Price range:** Reference price +10% / -20% **Reference price:** Xetra closing price on the 3rd trading day prior to public announcement	**Price range:** max. +10% / -10% share price **Duration**: 5 years (May 8, 2023)
For majority-owned credit institutions and financial (services) institutions authorization is necessary	**Use of shares:** If used for employee shares: Max. EUR 5mn of issued capital	
Duration: 5 years (May 8, 2023)	**Duration:** 5 years (May 8, 2023)	

All current authorizations adopted by the AGM on May 7, 2014 under item 9-11 of the agenda, and expiring on May 6, 2019, **shall be cancelled** upon the new authorizations becoming effective.

Current share buy-back program

Allianz has recently completed a share buy-back program and is currently conducting a second one

Share buy-back 2017 (completed)	Share buy-back 2018 (ongoing)
Volume: EUR 3 billion	**Planned volume:** EUR 2 billion
Numbers of shares acquired: 16,750,354	Current status is updated every Monday on www.allianz.com/share-buyback
Percentage of share capital[1]: 3.67%	
All acquired shares have been redeemed.	

The Allianz share outperformed its peers once again in 2017 and closed at EUR 191.50, a plus of 22.0%.
Insurance stocks developed in line with the broader market (EURO STOXX +6.5 %) as the STOXX Europe 600 Insurance advanced 6.9%.

1) Based on the number of the shares outstanding as of 12/31/2016 (457,000,000 shares).

Explanation

Advantages for the company & its shareholders	
	Integral part of our capital management and dividend strategy: https://www.allianz.com/dividend.
	Besides organic and external earnings growth, share buy-backs support our 2015 – 2018 strategic program “Renewal agenda” (https://www.allianz.com/strategy) with respect to: • EPS growth target of 5%. • RoE target of 13%.
	Assuming a flat level of net income and thus an unchanged dividend sum, dividend per share increases (according to our dividend policy that implies a 50% payout ratio).
	Flexible instrument: • Program size is scalable. • Timing is flexible. • Share buy-backs can be paused or stopped.

Thank you for casting your vote!