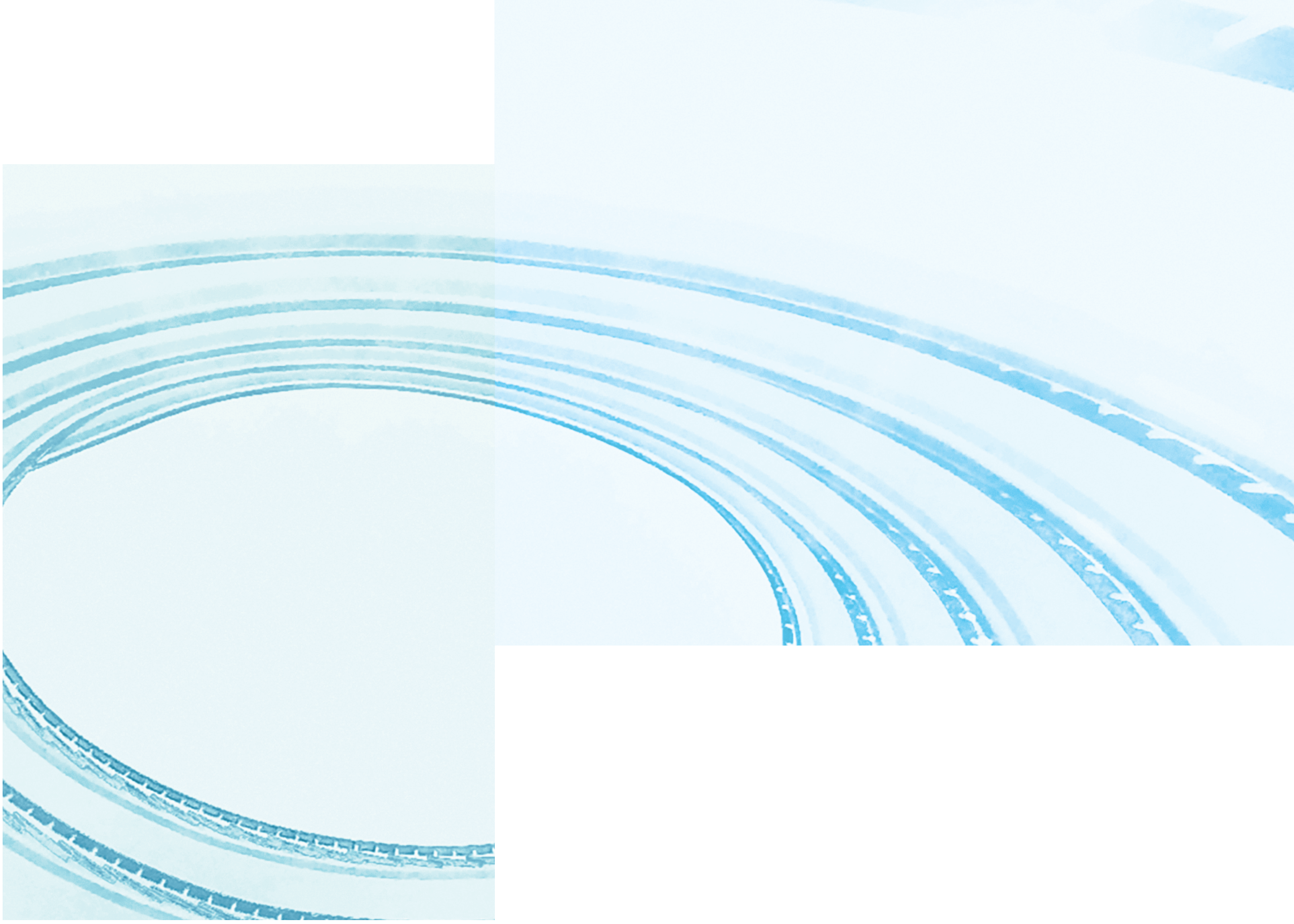
FIRST HALF-YEAR 2019

INTERIM REPORT 2019



ALLIANZ GROUP

▸ To go directly to any chapter, simply click on the headline or the page number.

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Disclaimer regarding roundings
The condensed consolidated interim financial statements are presented in millions of Euros (€ mn) unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Guideline on Alternative Performance Measures
For further information on the definition of our Alternative Performance Measures and their components, as well as the basis of calculation adopted, please refer to www.allianz.com/results.

INTERIM GROUP MANAGEMENT REPORT

A

EXECUTIVE SUMMARY

KEY FIGURES

Key figures Allianz Group[1]

Six months ended 30 June		2019	2018	Delta
Total revenues[2]	€ mn	73,479	68,198	5,281
Operating profit[3]	€ mn	6,121	5,753	367
Net income[3]	€ mn	4,316	4,025	290
thereof: attributable to shareholders	€ mn	4,109	3,830	279
Solvency II capitalization ratio[4]	%	213	229	(17) %-p
Return on equity[5]	%	14.7	13.2	1.5 %-p
Earnings per share	€	9.76	8.86	0.90
Diluted earnings per share	€	9.75	8.78	0.96

Earnings summary

ECONOMIC AND INDUSTRY ENVIRONMENT

The first half of 2019 was marked by two noteworthy moments. In the first quarter, GDP growth showed surprising upwards trends in the U.S., Europe, and China simultaneously. This macroeconomic improvement was accompanied by an impressive rally in the global equity and credit markets; as a result the losses of the fourth quarter of 2018, explained at this time by the assertiveness of the Federal Reserve in normalizing its monetary policy, were soon forgotten. The relief was short-lived, however, as there was some uncertainty about the outcome of U.S.-China trade negotiations, depressing trade and investments and causing major central banks to adopt a more cautious stance in their communication.

The second key moment was when the U.S. government announced in May its intention to increase tariffs from 10% to 25% on Chinese goods with a total volume of U.S. Dollar 200 bn. From that point on, both safe-haven and risky assets performed well: the former due to the elevated risk related to trade, clouding the short-term economic outlook, and the latter due to the dovish orientation of central banks.

The insurance industry had to cope with considerable headwinds in the first half of 2019: First, the slowing global economic dynamics in the wake of the trade escalation suppressed top-line growth; second, market volatility and in particular the relentless decline in yields put renewed pressure on industry profitability; and third, weather-related events such as hail storms remained at an elevated level. On the upside, however, prices continued to stabilize.

Markets were volatile during the first half of 2019. International equity indices recovered significantly, with a notable dip in May, and recovery in June. Fixed-income indices rallied, especially in the U.S., as major central banks such as the Federal Reserve and European Central Bank lowered their economic growth expectations, making a prime rate increase less likely for the near future. In light of the capital market rebound, long-term net inflows picked up in 2019. Overall, fixed-income assets regained strength, while equity flows were highly volatile, with a setback in May 2019. The net flow trend towards passive investments continued, especially in the U.S. and in equities.

MANAGEMENT'S ASSESSMENT

Our total revenues grew 7.7%, in the first half of 2019 – an increase of 5.9% on an internal basis[6] compared to the same period of the previous year, driven by our Life/Health and Property-Casualty business segments.

A major part of the increase in operating profit came from our insurance operations: In our Life/Health business segment, the operating profit, supported by a good underlying performance, grew due to an increase in the DAC amortization period of the fixed index annuity business, partly outweighed by a lower investment margin. Our Property-Casualty business segment recorded a better underwriting result, attributable to an improved expense ratio, lower claims from natural catastrophes and weather-related events, partly offset by an increase in large losses, as well as top-line growth. Our Asset Management business segment's operating profit was stable compared to the same period of 2018. An improvement in the operating result of our Corporate and Other business segment was mainly driven by profitability improvements at our internal IT service provider.

Our operating investment result increased by € 696 mn to € 11,664 mn compared to the previous year's period. We recorded a better trading result, which was largely attributable to foreign currency risk management in Germany, as well as higher interest and similar income, to some extent due to a higher asset base, and lower equity impairments. These were partially offset by lower operating realized gains/losses (net), mostly from equities.

Our non-operating result worsened by € 74 mn to a loss of € 461 mn. Lower non-operating realized gains/losses (net) were partially offset by a lower amortization of intangible assets (the first half-year of 2018 had been burdened by a negative impact from the sale of our traditional life insurance portfolio in Taiwan) as well as by a decrease in restructuring and integration expenses.

Income taxes increased slightly by € 3 mn to € 1,344 mn. The effective tax rate decreased to 23.7% (25.0%), which was mostly due to positive effects from DTA recognition.

The increase in net income was largely attributable to our operating profit growth.

1_For further information on Allianz Group figures, please refer to note 4 to the condensed consolidated interim financial statements.
2_Total revenues comprise Property-Casualty total revenues (gross premiums written and fee and commission income), Life/Health statutory gross premiums written, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking). Total revenues in Property-Casualty now include fee and commission income. Prior year figures were adjusted accordingly.
3_The Allianz Group uses operating profit and net income as key financial indicators to assess the performance of its business segments and of the Group as a whole.
4_2018 figures as of 31 December 2018, 2019 figures as of 30 June 2019.
5_Represents the annualized ratio of net income attributable to shareholders to the average shareholders' equity excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning and at the end of the period. Annualized figures are not a forecast for full year numbers. For 2018, the return on equity for the full year is shown.

6_Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 15 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our business segments and the Allianz Group as a whole.

Our shareholders' equity[1] grew by € 7.1 bn to € 68.4 bn compared to 31 December 2018, driven by a € 9.0 bn increase in unrealized gains and losses (net) and net income attributable to shareholders of € 4.1 bn. This was partly offset by a dividend payout of € 3.8 bn and € 1.3 bn for the purchase of 6.2 million own shares as part of the fourth share buy-back program announced in March 2019[2]. Over the same period, our Solvency II capitalization ratio decreased to 213 %.

For a more detailed description of the results generated by our business segments – Property-Casualty insurance operations, Life/Health insurance operations, Asset Management, and Corporate and Other – please consult the respective chapters on the following pages.

Risk and opportunity management

In our Annual Report 2018, we described our risk and opportunity profile and addressed potential risks that could adversely affect our business as well as our risk profile. The statements contained in that report remain largely unchanged. We continue to monitor developments in order to be able to react in a timely and appropriate manner, should the need arise. For further information, please refer to the chapter Outlook, which starts on **page 12.**

Events after the balance sheet date

For information on any events occurring after the balance sheet date, please refer to note 33 to the condensed consolidated interim financial statements.

Other information

RECENT ORGANIZATIONAL CHANGES

Due to the immateriality of the former reportable segments Banking and Alternative Investments, they have been combined with the former reportable segment Holding & Treasury to form the new reportable segment Corporate and Other, which is identical to the respective business segment. Previously reported information has been adjusted to reflect this change in the composition of the Allianz Group's reportable segments.

Additionally, some minor reallocations between the reportable segments have been made.

STRATEGY

The Allianz Group's strategy is described in the Risk and Opportunity Report that forms part of our Annual Report 2018. There have been no material changes to our Group strategy.

PRODUCTS, SERVICES AND SALES CHANNELS

For an overview of the products and services offered by the Allianz Group as well as of sales channels, please refer to the Business Operations chapter in our Annual Report 2018.

ALLIANZ GROUP AND BUSINESS SEGMENTS

The Allianz Group operates and manages its activities through the four business segments mentioned above. For further information, please refer to note 4 to the condensed consolidated interim financial statements or to the Business Operations chapter in our Annual Report 2018.

1_For further information on shareholders' equity, please refer to the Balance Sheet Review.
2_For further information on the share buy-back program, please refer to note 17 to the condensed consolidated interim financial statements.

PROPERTY-CASUALTY INSURANCE OPERATIONS

KEY FIGURES

Key figures Property-Casualty[1]

Six months ended 30 June		2019	2018	Delta
Total revenues[2]	€ mn	32,916	30,851	2,065
Operating profit	€ mn	2,838	2,729	109
Net income	€ mn	2,079	2,244	(165)
Loss ratio[3]	%	66.4	66.4	0.1 %-p
Expense ratio[4]	%	27.6	28.0	(0.5) %-p
Combined ratio[5]	%	94.0	94.4	(0.4) %-p

Total revenues[6]

On a nominal basis, we recorded a 6.7% increase in **total revenues** compared to the first six months of the previous year. This includes unfavorable foreign currency translation effects of € 4 mn[7] and positive (de)consolidation effects of € 696 mn. On an internal basis, our total revenues went up 4.5%.

The following operations contributed positively to internal growth:

AGCS: Total revenues increased to € 4,876 mn – up 8.8% on an internal basis. Much of this was a result of positive price effects across both our corporate and specialty lines of business.

Germany: Total revenues amounted to € 6,699 mn, an internal growth of 2.4%. This was mainly due to favorable price effects in our motor and commercial property insurance business.

Euler Hermes: Total revenues grew to € 1,594 mn – an increase of 10.0% on an internal basis. This was owed to positive volume effects in all regions, especially in Asia and the Americas.

In the first six months of 2019, there were no operations with a significant negative contribution to internal growth.

1_For further information on Property-Casualty figures, please refer to note 4 to the condensed consolidated interim financial statements.
2_Total revenues in Property-Casualty now include fee and commission income. Prior year figures were adjusted accordingly.
3_Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
4_Represents acquisition and administrative expenses (net) divided by premiums earned (net).
5_Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).
6_We comment on the development of our total revenues on an internal basis, which means figures have been adjusted for foreign currency translation and (de-)consolidation effects in order to provide more comparable information.
7_Based on the average exchange rates in 2019 compared to 2018.

Operating profit

Operating profit
€ mn

Six months ended 30 June	2019	2018	Delta
Underwriting result	1,346	1,185	161
Operating investment income (net)	1,454	1,482	(28)
Other result[1]	37	62	(25)
Operating profit	**2,838**	**2,729**	**109**

1_Consists of fee and commission income/expenses and other income/expenses.

Entirely driven by a higher underwriting result, our **operating profit** increased compared to the first six months of the previous year.

Our **underwriting result** went up, driven by efficiency and profitability improvements across our operating entities. Our investment result declined.

We saw strong improvements on the expense side as well as in accident year claims, which stood against a lower contribution from run-off when compared to the previous year. Overall, our **combined ratio** improved by 0.4 percentage points to 94.0%.

Underwriting result
€ mn

Six months ended 30 June	2019	2018	Delta
Premiums earned (net)	25,179	23,742	1,437
Accident year claims	(17,468)	(16,572)	(896)
Previous year claims (run-off)	740	813	(73)
Claims and insurance benefits incurred (net)	(16,727)	(15,759)	(969)
Acquisition and administrative expenses (net)	(6,939)	(6,657)	(283)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(166)	(142)	(24)
Underwriting result	**1,346**	**1,185**	**161**

1_Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 24 to the condensed consolidated interim financial statements.

Our **accident year loss ratio**[8] stood at 69.4% – a 0.4 percentage point improvement compared to the first six months of the last year. In the first half of this year, losses from natural catastrophes were lower than in the same period of 2018, decreasing the impact on our combined ratio by 0.4 percentage points, from 2.0% to 1.5%.

Excluding losses from natural catastrophes, our accident year loss ratio stood at 67.8%, almost unchanged from the previous year's ratio, as the impact of an increase in large losses was mainly offset by lower claims from weather-related events.

8_Represents claims and insurance benefits incurred (net) less previous year claims (run-off), divided by premiums earned (net).

The following operations contributed positively to the development of our accident year loss ratio:

France: 0.4 percentage points. This was driven by lower losses from natural catastrophes and weather-related events.

Germany: 0.4 percentage points. The improvement resulted from lower claims in our property and personal accident lines of business combined with lower large losses.

Allianz Partners: 0.2 percentage points. The accident year loss ratio benefited from favorable performance mainly in our travel insurance and assistance lines of business.

The following operations weighed on the development of our accident year loss ratio:

AGCS: 0.3 percentage points. This was driven by unfavorable loss development, including large losses, and not fully offset by strong price increases.

Spain: 0.1 percentage points. The deterioration resulted from a higher loss experience.

Our positive run-off result amounted to € 740 mn, compared to € 813 mn in the first half-year of 2018. This translates into a **run-off ratio** of 2.9 %, which is lower than the 3.4 % we saw in the prior year. Most of our operations contributed positively to this development.

Total expenses amounted to € 6,939 mn in the first half of 2019, compared to € 6,657 mn in the same period of 2018. Our **expense ratio** decreased by 0.5 percentage points, as it benefited from a strong premium growth in relation to the increase in expenses.

Operating investment income (net)
€ mn

Six months ended 30 June	2019	2018	Delta
Interest and similar income (net of interest expenses)	1,665	1,671	(5)
Operating income from financial assets and liabilities carried at fair value through income (net)	(20)	(19)	-
Operating realized gains (net)	117	92	26
Operating impairments of investments (net)	(19)	(28)	9
Investment expenses	(192)	(183)	(9)
Expenses for premiums refunds (net)[1]	(98)	(51)	(47)
Operating investment income (net)[2]	**1,454**	**1,482**	**(28)**

1_Refers to policyholder participation, mainly from APR business (accident insurance with premium refunds), and consists of the investment-related part of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 24 to the condensed consolidated interim financial statements.

2_The operating investment income (net) of our Property-Casualty business segment consists of the operating investment result – as shown in note 4 to the condensed consolidated interim financial statements – and expenses for premium refunds (net) (policyholder participation).

Our **operating investment income (net)** decreased slightly in the first six months of 2019. All line items except for realized gains (net) and impairments (net) contributed to that development.

Other result
€ mn

Six months ended 30 June	2019	2018	Delta
Fee and commission income	992	868	124
Other income	1	1	-
Fee and commission expenses	(954)	(806)	(148)
Other expenses	(2)	(1)	(1)
Other result	**37**	**62**	**(25)**

Our **other result** decreased, mainly due to a lower net fee and commission result generated by Allianz Partners.

Net income

Our **net income** decreased in the first six months of 2019. This was mainly due to lower realized gains and a reduction in our non-operating trading result, and could not be offset by the increase in our operating profit.

LIFE/HEALTH INSURANCE OPERATIONS

KEY FIGURES

Key figures Life/Health[1]

Six months ended 30 June		2019	2018	Delta
Statutory premiums[2]	€ mn	37,399	34,229	3,171
Operating profit	€ mn	2,327	2,144	182
Net income	€ mn	1,788	1,322	466
Return on equity[3]	%	13.4	11.4	2.0 %-p

Statutory premiums[4]

On a nominal basis, statutory premiums increased by 9.3 % in the first half of 2019. This includes favorable foreign currency translation effects of € 401 mn and positive (de-)consolidation effects of € 22 mn. On an internal basis[4], statutory premiums went up by € 2,747 mn – or 8.0 % – to € 36,973 mn.

In the German life business, statutory premiums amounted to € 13,569 mn, up 24.8 % on an internal basis. This was predominantly driven by the higher single premium sales in our business with capital-efficient products. In the German health business, statutory premiums went up to € 1,777 mn. The increase – 2.8 % on an internal basis – resulted mainly from the premium adjustments in the comprehensive health care coverage and from the acquisition of new customers in supplementary health care coverage.

Statutory premiums in the United States rose to € 5,817 mn, translating into 17.4 % growth on an internal basis. This was due to an increase in sales of fixed index annuity and non-traditional variable annuity products.

In Italy, statutory premiums declined to € 4,835 mn, a decrease of 14.9 % on an internal basis. This was caused by lower sales in our business with unit-linked products compared to a high base in the first half of 2018.

In France, statutory premiums increased to € 4,355 mn, up 6.7 % on an internal basis. This was largely due to stronger sales of our guaranteed savings & annuities products as well as of our protection & health products, with the effect partly offset by a decline in sales of unit-linked and capital-efficient products.

In the Asia-Pacific region, statutory premiums decreased to € 2,658 mn, a 13.0 % drop on an internal basis. It was largely attributable to a sales decrease in unit-linked products in Taiwan that could not be compensated by the higher sales of traditional products in China and that of the protection & health products in Malaysia.

Present value of new business premiums (PVNBP)[5]

Our PVNBP increased by € 3,138 mn to € 34,562 mn, most of which was a result of the stronger sales of capital-efficient products in the German life business and in the United States. These positive effects were partly offset by weakened sales of unit-linked products in Italy and Taiwan.

Present value of new business premiums (PVNBP) by lines of business
%

Six months ended 30 June	2019	2018	Delta
Guaranteed savings & annuities	20.3	17.8	2.5
Protection & health	16.8	17.3	(0.5)
Unit-linked without guarantee	18.7	27.2	(8.5)
Capital-efficient products	44.1	37.7	6.5
Total	**100.0**	**100.0**	**-**

Operating profit

OPERATING PROFIT BY PROFIT SOURCES[6,7]

Operating profit by profit sources
€ mn

Six months ended 30 June	2019	2018	Delta
Loadings and fees	3,238	3,019	219
Investment margin	1,728	1,920	(192)
Expenses	(3,574)	(3,413)	(161)
Technical margin	616	629	(13)
Impact of changes in DAC	319	(11)	329
Operating profit	**2,327**	**2,144**	**182**

Our operating profit increased. A key factor here was a change in the deferred acquisition cost amortization period from 20 to 25 years for fixed index annuities with lifetime income – based on an experience analysis illustrating an increase in persistency rates – in the United States. The effect was partly offset by lower investment margins in Germany, France, and the United States, largely due to increased policyholder participation.

1_For further information on Life/Health figures, please refer to note 4 to the condensed consolidated interim financial statements.
2_Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
3_Represents the annualized ratio of net income to the average total equity, excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning and at the end of the period. Annualized figures are not a forecast for full year numbers. For 2018, the return on equity for the full year is shown.
4_Our comments in the following section on the development of our statutory gross premiums written refer to figures determined "on an internal basis", i.e. adjusted for foreign currency translation and (de-)consolidation effects, in order to provide more comparable information.
5_PVNBP before non-controlling interests.
6_The purpose of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a Life/Health business segment consolidated basis.
7_Prior year figures have been changed in order to reflect the roll-out of profit source reporting to Mexico.

LOADINGS AND FEES[1]

Loadings and fees

€ mn

Six months ended 30 June	2019	2018	Delta
Loadings from premiums	2,119	1,945	174
Loadings from reserves	772	730	42
Unit-linked management fees	347	343	4
Loadings and fees	**3,238**	**3,019**	**219**
Loadings from premiums as % of statutory premiums	5.7	5.7	-
Loadings from reserves as % of average reserves[1,2]	0.1	0.1	-
Unit-linked management fees as % of average unit-linked reserves[2,3]	0.2	0.2	-

1_Aggregate policy reserves and unit-linked reserves.
2_Yields are pro rata.
3_Unit-linked management fees, excluding asset management fees, divided by unit-linked reserves.

Loadings from premiums went up in line with the higher sales, mostly in the German life business, and in the Asia-Pacific region. Loadings from reserves rose driven by the increased reserve volumes mainly in Germany and in the United States and were stable in relation to reserves.

INVESTMENT MARGIN[2]

Investment margin

€ mn

Six months ended 30 June	2019	2018	Delta
Interest and similar income	9,283	8,927	356
Operating income from financial assets and liabilities carried at fair value through income (net)	(351)	(1,127)	775
Operating realized gains/losses (net)	2,081	2,652	(571)
Interest expenses	(56)	(50)	(6)
Operating impairments of investments (net)	(539)	(743)	203
Investment expenses	(697)	(650)	(47)
Other[1]	232	97	135
Technical interest	(4,498)	(4,374)	(124)
Policyholder participation	(3,727)	(2,813)	(913)
Investment margin	**1,728**	**1,920**	**(192)**
Investment margin in basis points[2,3]	37.5	44.1	(6.6)

1_"Other" comprises the delta of out-of-scope entities, on the one hand, which are added here with their respective operating profit, and on the other hand a difference in line item definitions compared to our financial statements, such as interest paid on deposits for reinsurance, fee and commission income, and expenses excluding unit-linked management fees, on the other hand.
2_Investment margin divided by the average of current end-of-period and previous end-of-period aggregate policy reserves.
3_Yields are pro rata.

Our investment margin decreased. In the German life business, the increased trading result was offset by lower realizations on equities and by a higher policyholder participation. The latter also outweighed the positive effect from lower impairments in France. In the United States the quarterly unlocking effects and a higher policyholder participation offset the favorable hedging result in the traditional variable annuities business as well as the increase in interest and similar income, stemming mainly from debt instruments.

EXPENSES[3]

Expenses

€ mn

Six months ended 30 June	2019	2018	Delta
Acquisition expenses and commissions	(2,653)	(2,508)	(145)
Administrative and other expenses	(921)	(905)	(16)
Expenses	**(3,574)**	**(3,413)**	**(161)**
Acquisition expenses and commissions as % of PVNBP[1]	(7.7)	(8.0)	0.3
Administrative and other expenses as % of average reserves[2,3]	(0.2)	(0.2)	-

1_PVNBP before non-controlling interests.
2_Aggregate policy reserves and unit-linked reserves.
3_Yields are pro rata.

Our acquisition expenses and commissions increased in line with the sales growth mainly recorded in our German and U.S. life business as well as in the Asia-Pacific region. The lower unit-linked sales in Italy and Taiwan partly offset this development.

Administrative and other expenses increased slightly, largely due to higher claim settlement expenses resulting from increased IT and operational costs in the German life business as well as to unfavorable foreign exchange impacts in the United States. These effects were partly compensated for by lower expenses in Indonesia, as the first half-year of 2018 was burdened by a one-off provision.

TECHNICAL MARGIN[4]

Our technical margin went down mainly due to the negative claims experience in our businesses with savings & annuities and unit-linked without guarantees products in France as well as with protection & health products in the United States.

1_Loadings and fees include premium and reserve based fees, unit-linked management fees, and policyholder participation in expenses.
2_The investment margin is defined as IFRS investment income net of expenses, less interest credited to IFRS reserves and policyholder participation (including policyholder participation beyond contractual and regulatory requirements mainly for the German life business).
3_Expenses include acquisition expenses and commissions (excluding commission clawbacks, which are allocated to the technical margin) as well as administrative and other expenses.
4_The technical margin comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission clawbacks) and reinsurance result.

IMPACT OF CHANGE IN DEFERRED ACQUISITION COSTS (DAC)[1]

Impact of change in DAC
€ mn

Six months ended 30 June	2019	2018	Delta
Capitalization of DAC	881	859	22
Amortization, unlocking and true-up of DAC	(563)	(870)	307
Impact of change in DAC	**319**	**(11)**	**329**

The impact of change in DAC turned positive caused by the extension of the DAC amortization period in our U.S. business as well as by favorable true-ups in the United States and Germany.

OPERATING PROFIT BY LINES OF BUSINESS[2]

Operating profit by lines of business
€ mn

Six months ended 30 June	2019	2018	Delta
Guaranteed savings & annuities	1,127	1,085	42
Protection & health	473	468	6
Unit-linked without guarantee	241	208	33
Capital-efficient products	486	384	101
Operating profit	**2,327**	**2,144**	**182**

The increase of the operating profit in our guaranteed savings & annuities line of business was mainly due to favorable market-driven impacts in the United States. Our operating profit in the protection & health line of business increased slightly, which was largely driven by higher volumes and lower expense margin in France. The higher operating profit generated by our unit-linked without guarantee line of business mainly resulted from lower acquisition expenses in Taiwan, in France, and in Italy. An increase in operating profit in the capital-efficient products line was mainly attributable to the effect of the change in DAC in the United States.

Net income

An increase in our net income was due to the sale of our traditional life insurance portfolio in Taiwan in the previous year – which had generated a negative net impact of € 218 mn in the first six months of 2018 – as well as to the higher operating profit in the first half-year of 2019.

Return on equity

Our return on equity rose by 2.0 percentage points to 13.4 %, driven primarily by the increase in our net income.

1_"Impact of change in DAC" includes effects of change in DAC, unearned revenue reserves (URR) and value of business acquired (VOBA). It represents the net impact of deferral and amortization of acquisition costs as well as of front-end loadings on operating profit, and therefore differs from the figures reported in our IFRS financial statements.
2_Prior year figures changed in order to reflect the roll-out of profit source reporting to Mexico.

ASSET MANAGEMENT

KEY FIGURES

Key figures Asset Management[1]

Six months ended 30 June		2019	2018	Delta
Operating revenues	€ mn	3,320	3,257	63
Operating profit	€ mn	1,251	1,247	4
Cost-income ratio[2]	%	62.3	61.7	0.6 %-p
Net income	€ mn	926	934	(8)
Total assets under management as of 30 June[3]	€ bn	2,163	1,961	201
thereof: Third-party assets under management as of 30 June[3]	€ bn	1,591	1,436	155

Assets under management

Composition of total assets under management

€ bn

Type of asset class	As of 30 June 2019	As of 31 December 2018	Delta
Fixed income	1,718	1,553	164
Equities	161	143	18
Multi-assets[1]	172	160	11
Alternatives	112	105	8
Total	**2,163**	**1,961**	**201**

1_The term "multi-assets" refers to a combination of several asset classes (e.g. bonds, stocks, cash, and real property) used as an investment. Multi-asset class investments increase the diversification of an overall portfolio by distributing investments over several asset classes.

Net inflows[4] of **total assets under management** (AuM) amounted to € 39.1 bn for the first half of the year 2019. Third-party AuM net inflows were at € 38.1 bn. The inflows were attributable to PIMCO (€ 42.6 bn total/€ 43.7 bn third-party). AllianzGI on the other hand recorded net outflows (€ 3.4 bn total/€ 5.6 bn third-party), mainly due to outflows from equities and multi-assets, while alternatives gained net inflows.

Market and Dividends[5] amounted to € 141.7 bn related to both, PIMCO and AllianzGI and throughout all asset classes.

Positive effects from consolidation, deconsolidation, and other adjustments added € 12.7 bn to total AuM. € 12.5 bn of these were attributable to PIMCO's first consolidation of Gurtin Municipal Bond Management (Gurtin) in January 2019.

Favorable foreign currency translation effects amounted to € 7.7 bn and occurred mainly at PIMCO.

Third-party assets under management

		As of 30 June 2019	As of 31 December 2018	Delta
Third-party assets under management	**€ bn**	**1,591**	**1,436**	**10.8%**
Business units' share				
PIMCO	%	78.5	77.8	0.7 %-p
AllianzGI	%	21.5	22.2	(0.7) %-p
Asset classes split				
Fixed income	%	78.4	77.9	0.5 %-p
Equities	%	8.5	8.3	0.2 %-p
Multi-assets	%	9.8	10.2	(0.4) %-p
Alternatives	%	3.4	3.6	(0.2) %-p
Investment vehicle split[1]				
Mutual funds	%	58.9	59.3	(0.4) %-p
Separate accounts	%	41.1	40.7	0.4 %-p
Regional allocation[2]				
America	%	56.1	56.3	(0.1) %-p
Europe	%	32.8	32.2	0.6 %-p
Asia-Pacific	%	11.1	11.6	(0.5) %-p
Overall three-year rolling investment outperformance[3]	%	90	85	4 %-p

1_Mutual funds are investment vehicles (in the United States, investment companies subject to the U.S. code; in Germany, vehicles subject to the "Standard-Anlagerichtlinien des Fonds" Investmentgesetz) where the money of several individual investors is pooled into one account to be managed by the asset manager, e.g. open-end funds, closed-end funds. Separate accounts are investment vehicles where the money of a single investor is directly managed by the asset manager in a separate dedicated account (e.g. public or private institutions, high net worth individuals, and corporates).
2_Based on the location of the asset management company.
3_Three-year rolling investment outperformance reflects the mandate-based and volume-weighted three-year investment success of all third-party assets that are managed by Allianz Asset Management's portfolio-management units. For separate accounts and mutual funds, the investment success (valued on the basis of the closing prices) is compared with the investment success prior to cost deduction of the respective benchmark, based on various metrics. For some mutual funds, the investment success, reduced by fees, is compared with the investment success of the median of the respective Morningstar peer group (a position in the first and second quartile is equivalent to outperformance).

1_For further information on Asset Management figures, please refer to note 4 to the condensed consolidated interim financial statements.
2_Represents operating expenses divided by operating revenues.
3_2018 figure as of 31 December 2018.
4_Net flows represent the sum of new client assets, additional contributions from existing clients – including dividend reinvestment – withdrawals of assets from, and termination of, client accounts and distributions to investors.
5_"Market and dividends" represents current income earned on the securities held in client accounts, as well as changes in the fair value of these securities. This also includes dividends from net investment income and from net realized capital gains to investors of both open-ended mutual funds and closed-end funds.

Operating revenues

Our operating revenues went up by 1.9% on a nominal basis. The increase was driven by higher average third-party AuM at PIMCO and was supported by the Gurtin integration. On an internal basis[1] operating revenues decreased by 3.2%.

We recorded lower performance fees at both AllianzGI and PIMCO. At AllianzGI, performance fees went down in volatile equity markets. At PIMCO, the development was mainly due to weaker hedge funds and lower carried interest, whereas separate accounts increased.

Other net fee and commission income rose on a nominal basis, driven by increased average third-party AuM at PIMCO.

Other operating revenues decreased, which was largely due to a less favorable foreign currency translation result and lower net interest and similar income.

Operating profit

Our operating profit increased slightly by 0.4% on a nominal basis and was driven by revenue growth, almost offset by higher administrative expenses. On an internal basis,[1] operating profit went down by 4.9%, mainly driven by lower performance fees.

The nominal increase in administrative expenses was driven by PIMCO. It was due to a strong growth in number of employees, in line with investments in business growth and infrastructure. AllianzGI, on the other hand, recorded lower personnel expenses due to cost containment.

Our cost-income ratio went up due to investments in business growth as well as lower performance fees.

Asset Management business segment information
€ mn

Six months ended 30 June	2019	2018	Delta
Performance fees	122	166	(44)
Other net fee and commission income	3,198	3,083	115
Other operating revenues	-	7	(8)
Operating revenues	3,320	3,257	63
Administrative expenses (net), excluding acquisition-related expenses	(2,069)	(2,010)	(59)
Operating expenses	(2,069)	(2,010)	(59)
Operating profit	**1,251**	**1,247**	**4**

Net income

The decrease in our net income was driven by a lower non-operating result and higher income taxes, the latter due to unfavorable foreign currency translation effects.

1_Operating revenues/operating profit adjusted for foreign currency translation and (de-)consolidation effects.

CORPORATE AND OTHER

KEY FIGURES

Key figures Corporate and Other[1]
€ mn

Six months ended 30 June	2019	2018	Delta
Operating revenues	1,399	1,320	78
Operating expenses	(1,694)	(1,698)	4
Operating result	(296)	(378)	82
Net loss	(482)	(481)	-

Earnings summary

In the Corporate and Other business segment, our **operating result** improved over the first half-year, mainly driven by profitability improvements at our internal IT service provider.

Our **net loss** remained stable, as various effects offset one another. We recorded a higher operating result as well as lower restructuring and integration expenses. The positive development was partly offset by the deterioration in our non-operating investment result.

1_For further information on Corporate and Other figures, please refer to note 4 to the condensed consolidated interim financial statements.

OUTLOOK

Economic outlook[1]

The global economy seems to be heading towards a regime of low growth – low inflation after two years of strong activity. We expect global growth of 2.7 % in 2019 and 2020, after 3.1 % in 2018. This return to a weaker momentum primarily finds its roots in a regime of persistently high uncertainty (trade and political risks). On the trade front, new U.S. tariff measures in the first half of 2019 played a decisive role. We have therefore revised our global trade forecasts downwards for 2019 and 2020 (+2.2 % in volume terms this year, and +2.5 % in 2020, after +3.8 % in 2018). Against this backdrop, the U.S. economy is expected to grow by +2.5 % year over year in 2019 and by +1.7 % in 2020, while China is expected to grow by +6.3 % and +6.2 %, respectively. The Eurozone may significantly decelerate at +1.2 % year over year in 2019 and 2020, compared with +1.9 % year over year in 2018. Emerging markets have started to feel the pain, too. The only reason why the uncertainty is not felt more strongly at the moment is that we see low inflationary pressures, which could be halted with a surge in oil prices, triggered by an escalating US – Iran conflict.

Persistently high uncertainty until year-end, coupled with a deceleration of trade, already had and will have a strong impact, particularly in terms of financial market reactions: flight to quality, extremely dovish central banks, and lower commodity prices, coalescing into a prolonged era of low-yields. But high debt levels – not least in the corporate sector – continue to pose a risk. Equity markets have so far positively reacted to the dovishness of central banks, opening a rift between (weak) economic fundamentals and market valuations. Therefore, market volatility is bound to remain elevated, and market corrections cannot be excluded.

Insurance industry outlook

The downside risks for our insurance industry outlook for 2019 have increased. Higher economic and political uncertainty takes its toll on economic activity. The growth moderation is particularly felt in the property-casualty sector, while in the life sector, the rebound in China should lead to higher global growth, as expected. Most advanced markets, however, will continue to see very modest growth at best, with low interest rates depressing demand for savings products. But all in all, we expect global premium revenue to increase. Industry profitability remains challenged. Increased market volatility and suppressed yields continue to put pressure on investment income. Further strain on the bottom line is exerted by the unabated need to build new, digital business models.

Asset management industry outlook

The industry's profitability remains under pressure from continuous flows into passive products, new pricing models, and rising distribution costs. Digital channels such as robo-advisory platforms are gaining prominence and the strengthening of regulatory oversight could also affect profitability. At the same time, opportunities in the area of active management will continue to exist, particularly in alternative and solutions-oriented strategies, but also in equity and fixed-income. In order to continue growing, it is vital for asset managers to keep sufficient business volumes, ensure efficient operations, and maintain a strong investment performance.

Outlook for the Allianz Group

We are on track to meet the 2019 Allianz Group operating profit outlook of € 11.5 bn, plus or minus € 0.5 bn.

As always, natural catastrophes and adverse developments in the capital markets, as well as factors stated in our cautionary note regarding forward-looking statements may severely affect the results of our operations.

Cautionary note regarding forward-looking statements

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements.

Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in the Allianz Group's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates, most notably the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions including and related integration issues and reorganization measures, and (xi) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

No duty to update

The Allianz Group assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.

1_The information presented in the sections "Economic outlook", "Insurance industry outlook" and "Asset management industry outlook" is based on our own estimates.

BALANCE SHEET REVIEW

Shareholders' equity[1]

Shareholders' equity
€ mn

	As of 30 June 2019	As of 31 December 2018	Delta
Shareholders' equity			
Paid-in capital	28,928	28,928	-
Retained earnings	26,084	27,967	(1,883)
Foreign currency translation adjustment	(2,576)	(2,607)	32
Unrealized gains and losses (net)	15,943	6,945	8,998
Total	**68,379**	**61,232**	**7,147**

The increase in **shareholders' equity** – € 7,147 mn – was attributable to the significantly increased unrealized gains and losses (net) of € 8,998 mn and net income attributable to shareholders amounting to € 4,109 mn. The dividend payout in May 2019 (€ 3,767 mn) and share buy-back (€ 1,275 mn) partly offset these effects.

Regulatory capital adequacy

The Allianz Group's own funds and capital requirements are based on the market value balance sheet approach as the major economic principle of Solvency II rules.[2] Our regulatory capitalization is shown in the following table.

Solvency II regulatory capital adequacy

		As of 30 June 2019	As of 31 December 2018	Delta
Eligible own funds	€ bn	79.9	76.8	3.1
Capital requirement	€ bn	37.6	33.5	4.1
Capitalization ratio	%	213	229	(17) %-p

The **Solvency II capitalization ratio** decreased from 229 % to 213 % over the first six months of 2019. The decrease was predominantly driven by adverse market movements, capital management actions as well as regulatory and model changes, which were partly offset by positive operating S II earnings.

1_This does not include non-controlling interests of € 3,263 mn and € 2,447 mn as of 30 June 2019 and 31 December 2018, respectively. For further information, please refer to note 17 to the condensed consolidated interim financial statements.
2_Own funds are calculated under consideration of volatility adjustment and yield curve extension, as described on page 81 in the Allianz Group Annual Report 2018.

Total assets and total liabilities

As of 30 June 2019, total assets amounted to € 973.7 bn (increased by € 76.2 bn compared to year-end 2018). Total liabilities were € 902.1 bn, representing a rise of € 68.2 bn compared to year-end 2018.

The following section focuses on our financial investments in debt instruments, equities, real estate, and cash, as these reflect the major developments in our asset base.

STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

The following portfolio overview covers the Allianz Group's assets held for investment, which are largely driven by our insurance businesses.

Asset allocation and fixed income portfolio overview

	As of 30 June 2019	As of 31 December 2018	Delta	As of 30 June 2019	As of 31 December 2018	Delta
Type of investment	€ bn	€ bn	€ bn	%	%	%-p
Debt instruments; thereof:	**625.5**	**580.3**	**45.2**	**85.8**	**86.2**	**(0.4)**
Government bonds	230.5	211.6	19.0	36.9	36.5	0.4
Covered bonds	75.7	76.1	(0.4)	12.1	13.1	(1.0)
Corporate bonds	218.2	200.4	17.9	34.9	34.5	0.4
Banks	35.3	32.2	3.0	5.6	5.6	0.1
Other	65.8	60.0	5.8	10.5	10.3	0.2
Equities	**72.9**	**63.2**	**9.7**	**10.0**	**9.4**	**0.6**
Real estate	**12.9**	**12.5**	**0.4**	**1.8**	**1.9**	**(0.1)**
Cash, cash equivalents, and other	**17.7**	**16.9**	**0.8**	**2.4**	**2.5**	**(0.1)**
Total	**728.9**	**672.8**	**56.1**	**100.0**	**100.0**	**-**

Compared to year-end 2018, our overall asset allocation remained rather stable with a modest increase in our equity investments.

Our well-diversified exposure to debt instruments increased compared to year-end 2018, due to a positive performance on major debt markets. About 93% of this portfolio was invested in investment-grade bonds and loans.[1] Our government bonds portfolio contained bonds from France, Germany, Italy, and Spain that represented 17.6%, 13.4%, 7.8%, and 6.2% of our portfolio shares. Our corporate bonds portfolio contained bonds from the United States, Eurozone, and Europe excl. Eurozone. They represented 38.0%, 35.2% and 12.2% of our portfolio shares.

Our exposure to equities increased, due to a positive performance on major equity markets.

LIABILITIES

PROPERTY-CASUALTY LIABILITIES

As of 30 June 2019, the business segment's gross reserves for loss and loss adjustment expenses as well as discounted loss reserves amounted to € 66.6 bn, compared to € 65.6 bn at year-end 2018. On a net basis, our reserves, including discounted loss reserves, increased from € 56.4 bn to € 57.4 bn.[2]

LIFE/HEALTH LIABILITIES

Life/Health reserves for insurance and investment contracts increased by € 37.0 bn to € 552.5 bn over the first six months of 2019. The € 13.0 bn increase in aggregate policy reserves before foreign currency translation effects was mainly driven by our operations in Germany (€ 9.1 bn) and the United States (€ 3.3 bn before foreign currency translation effects). Reserves for premium refunds increased by € 23.1 bn (before foreign currency translation effects), due to higher unrealized gains to be shared with policyholders. Foreign currency translation effects increased the balance sheet value by € 0.9 bn.

1_Excluding self-originated German private retail mortgage loans. For 3 %, no ratings were available.

2_For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty business segment, please refer to note 13 to the condensed consolidated interim financial statements.

RECONCILIATIONS

The previous analysis is based on our condensed consolidated interim financial statements and should be read in conjunction with them. In addition to our figures stated in accordance with the International Financial Reporting Standards (IFRS), the Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, rather than a substitute for, our figures determined according to IFRS.

For further information, please refer to note 4 to the condensed consolidated interim financial statements.

Composition of total revenues

Total revenues comprise total revenues in Property-Casualty, statutory premiums in Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).[1]

Composition of total revenues
€ mn

Six months ended 30 June	2019	2018
PROPERTY-CASUALTY		
Total revenues	**32,916**	**30,851**
consisting of:		
Gross premiums written	31,924	29,984
Fee and commission income	992	868
LIFE/HEALTH		
Statutory premiums	**37,399**	**34,229**
ASSET MANAGEMENT		
Operating revenues	**3,320**	**3,257**
consisting of:		
Net fee and commission income	3,320	3,249
Net interest and similar income	(6)	-
Income from financial assets and liabilities carried at fair value through income (net)	6	5
Other income	-	2
CORPORATE AND OTHER		
thereof: Total revenues (Banking)	**118**	**147**
consisting of:		
Interest and similar income	38	65
Income from financial assets and liabilities carried at fair value through income (net)[1]	2	2
Fee and commission income	285	262
Other income	-	4
Interest expenses, excluding interest expenses from external debt	(10)	(14)
Fee and commission expenses	(195)	(172)
Consolidation	(275)	(286)
Allianz Group total revenues	**73,479**	**68,198**

1_Includes trading income.

1_Since 2019, total revenues in Property-Casualty include fee and commission income. Prior year figures were adjusted accordingly.

Composition of total revenue growth

We believe that the understanding of our total revenue performance is enhanced when the effects of foreign currency translation as well as acquisitions, disposals, and transfers (or "changes in scope of consolidation") are analyzed separately. Therefore, in addition to presenting nominal total revenue growth, we also present internal growth, which excludes these effects.

Reconciliation of nominal total revenue growth to internal total revenue growth
%

Six months ended 30 June	Internal Growth	Changes in scope of consolidation	Foreign currency translation	Nominal Growth
Property-Casualty	4.5	2.3	-	6.7
Life/Health	8.0	0.1	1.2	9.3
Asset Management	(3.2)	0.3	4.8	1.9
Corporate and Other	1.6	(20.7)	-	(19.5)
Allianz Group	**5.9**	**1.0**	**0.8**	**7.7**

Life/Health Insurance Operations

OPERATING PROFIT

The reconciling item **scope** comprises the effects from out-of-scope entities in the profit sources reporting compilation. Operating profit from operating entities that are not in-scope entities is included in the investment margin. Currently, 22 entities – comprising the vast majority of Life/Health total statutory premiums – are in scope.

EXPENSES

Expenses comprise acquisition expenses and commissions as well as administrative and other expenses.

The delta shown as **definitions** in acquisition expenses and commissions represents commission clawbacks, which are allocated to the technical margin. The delta shown as **definitions** in administrative and other expenses mainly represents restructuring charges, which are stated in a separate line item in the group income statement.

Acquisition, administrative, capitalization, and amortization of DAC[1]
€ mn

Six months ended 30 June	2019	2018
Acquisition expenses and commissions[2]	(2,653)	(2,508)
Definitions	7	6
Scope	(69)	(63)
Acquisition costs incurred	(2,716)	(2,564)
Capitalization of DAC[2]	881	859
Definition: URR capitalized	283	277
Definition: policyholder participation[3]	594	512
Scope	14	14
Capitalization of DAC	1,773	1,663
Amortization, unlocking, and true-up of DAC[2]	(563)	(870)
Definition: URR amortized	(29)	(50)
Definition: policyholder participation[3]	(450)	(600)
Scope	(11)	(10)
Amortization, unlocking, and true-up of DAC	(1,052)	(1,531)
Commissions and profit received on reinsurance business ceded	45	43
Acquisition costs[4]	**(1,950)**	**(2,390)**
Administrative and other expenses[2]	(921)	(905)
Definitions	73	60
Scope	(84)	(59)
Administrative expenses on reinsurance business ceded	6	7
Administrative expenses[4]	**(926)**	**(898)**

1_Prior year figures have been changed in order to reflect the roll-out of profit source reporting to Mexico.
2_As per Interim Group Management Report.
3_For German Speaking Countries, policyholder participation on revaluation of DAC/URR capitalization/amortization.
4_As per notes to the condensed consolidated interim financial statements.

Reconciliation to Notes[1]
€ mn

Six months ended 30 June	2019	2018
Acquisition expenses and commissions[2]	(2,653)	(2,508)
Administrative and other expenses[2]	(921)	(905)
Capitalization of DAC[2]	881	859
Amortization, unlocking, and true-up of DAC[2]	(563)	(870)
Acquisition and administrative expenses	**(3,255)**	**(3,424)**
Definitions	479	205
Scope	(151)	(118)
Commissions and profit received on reinsurance business ceded	45	43
Administrative expenses on reinsurance business ceded	6	7
Acquisition and administrative expenses (net)[3]	**(2,876)**	**(3,288)**

1_Prior year figures have been changed in order to reflect the roll-out of profit source reporting to Mexico.
2_As per Interim Group Management Report.
3_As per notes to the condensed consolidated interim financial statements.

IMPACT OF CHANGE IN DEFERRED ACQUISITION COSTS (DAC)

"Impact of change in DAC" includes effects of change in DAC, unearned revenue reserves (URR), and value of business acquired (VOBA), and is the net impact of the deferral and amortization of acquisition costs and front-end loadings on operating profit.

URR capitalized: Capitalization amount of unearned revenue reserves (URR) and deferred profit liabilities (DPL) for FAS 97 LP.

URR amortized: Total amount of URR amortized includes scheduled URR amortization, true-up, and unlocking.

Both capitalization and amortization are included in the line item premiums earned (net) in the group income statement.

Policyholder participation is included within "change in our reserves for insurance and investment contracts (net)" in the group income statement.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B

CONSOLIDATED BALANCE SHEETS

Consolidated balance sheets

€ mn

	Note	As of 30 June 2019	As of 31 December 2018
ASSETS			
Cash and cash equivalents		20,385	17,234
Financial assets carried at fair value through income	5	10,511	7,611
Investments	6	605,394	550,923
Loans and advances to banks and customers	7	109,042	108,270
Financial assets for unit-linked contracts		124,483	115,361
Reinsurance assets	8	16,988	16,400
Deferred acquisition costs	9	25,447	27,709
Deferred tax assets		890	959
Other assets	10	44,446	39,209
Non-current assets and assets of disposal groups classified as held for sale	3	2,469	125
Intangible assets	11	13,691	13,767
Total assets		**973,745**	**897,567**
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income[1]		14,786	11,626
Liabilities to banks and customers	12	15,731	14,222
Unearned premiums		27,422	22,891
Reserves for loss and loss adjustment expenses	13	74,159	73,054
Reserves for insurance and investment contracts	14	567,423	529,687
Financial liabilities for unit-linked contracts		124,483	115,361
Deferred tax liabilities		6,082	4,080
Other liabilities	15	46,015	40,232
Liabilities of disposal groups classified as held for sale	3	1,760	62
Certificated liabilities	16	10,692	9,199
Subordinated liabilities	16	13,551	13,475
Total liabilities		902,103	833,888
Shareholders' equity		68,379	61,232
Non-controlling interests		3,263	2,447
Total equity	17	71,642	63,679
Total liabilities and equity		**973,745**	**897,567**

1_Include mainly derivative financial instruments.

CONSOLIDATED INCOME STATEMENTS

Consolidated income statements

€ mn

Six months ended 30 June	Note	2019	2018
Gross premiums written		44,803	41,966
Ceded premiums written		(3,106)	(2,856)
Change in unearned premiums (net)		(4,192)	(3,877)
Premiums earned (net)	18	37,505	35,233
Interest and similar income	19	11,199	10,827
Income from financial assets and liabilities carried at fair value through income (net)	20	(350)	(1,109)
Realized gains/losses (net)	21	2,503	3,397
Fee and commission income	22	5,891	5,727
Other income		6	15
Total income		56,755	54,090
Claims and insurance benefits incurred (gross)		(28,328)	(26,411)
Claims and insurance benefits incurred (ceded)		1,540	916
Claims and insurance benefits incurred (net)	23	(26,787)	(25,494)
Change in reserves for insurance and investment contracts (net)	24	(7,457)	(5,956)
Interest expenses	25	(559)	(514)
Loan loss provisions		(1)	1
Impairments of investments (net)	26	(703)	(943)
Investment expenses	27	(682)	(630)
Acquisition and administrative expenses (net)	28	(12,459)	(12,525)
Fee and commission expenses	29	(2,258)	(2,204)
Amortization of intangible assets		(105)	(301)
Restructuring and integration expenses		(77)	(158)
Other expenses		(6)	(1)
Total expenses		(51,096)	(48,724)
Income before income taxes		**5,659**	**5,366**
Income taxes	30	(1,344)	(1,340)
Net income		**4,316**	**4,025**
Net income attributable to:			
Non-controlling interests		207	196
Shareholders		4,109	3,830
Basic earnings per share (€)		9.76	8.86
Diluted earnings per share (€)		9.75	8.78

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Consolidated statements of comprehensive income
€ mn

Six months ended 30 June	2019	2018
Net income	**4,316**	**4,025**
Other comprehensive income		
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments		
Reclassifications to net income	-	-
Changes arising during the period	38	71
Subtotal	38	71
Available-for-sale investments		
Reclassifications to net income	(387)	(446)
Changes arising during the period	9,368	(2,919)
Subtotal	8,982	(3,365)
Cash flow hedges		
Reclassifications to net income	(3)	-
Changes arising during the period	144	(30)
Subtotal	141	(30)
Share of other comprehensive income of associates and joint ventures		
Reclassifications to net income	18	-
Changes arising during the period	58	(15)
Subtotal	76	(15)
Miscellaneous		
Reclassifications to net income	-	-
Changes arising during the period	226	(89)
Subtotal	226	(89)
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	(839)	129
Total other comprehensive income	8,623	(3,299)
Total comprehensive income	**12,939**	**727**
Total comprehensive income attributable to:		
Non-controlling interests	745	80
Shareholders	12,194	647

For further details concerning income taxes on components of the other comprehensive income, please see note 30.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Consolidated statements of changes in equity
€ mn

	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Share-holders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2018	**28,928**	**27,199**	**(2,749)**	**12,175**	**65,553**	**3,049**	**68,602**
Total comprehensive income[1]	-	3,806	74	(3,233)	647	80	727
Paid-in capital	-	-	-	-	-	-	-
Treasury shares	-	4	-	-	4	-	4
Transactions between equity holders[2]	-	(2,491)	(19)	17	(2,493)	(587)	(3,080)
Dividends paid	-	(3,428)	-	-	(3,428)	(182)	(3,610)
Balance as of 30 June 2018	**28,928**	**25,090**	**(2,694)**	**8,958**	**60,282**	**2,360**	**62,642**
Balance as of 1 January 2019	**28,928**	**27,967**	**(2,607)**	**6,945**	**61,232**	**2,447**	**63,679**
Total comprehensive income[1]	-	3,171	29	8,994	12,194	745	12,939
Paid-in capital	-	-	-	-	-	-	-
Treasury shares[3]	-	(1,275)	-	-	(1,275)	-	(1,275)
Transactions between equity holders[2]	-	(11)	3	4	(4)	168	164
Dividends paid	-	(3,767)	-	-	(3,767)	(97)	(3,865)
Balance as of 30 June 2019	**28,928**	**26,084**	**(2,576)**	**15,943**	**68,379**	**3,263**	**71,642**

1_Total comprehensive income in shareholders' equity for the six months ended 30 June 2019 comprises net income attributable to shareholders of € 4.109 mn (2018: € 3,830 mn).
2_Includes income taxes within retained earnings.
3_As announced in March 2019, a share buy-back with a volume of € 1.5 bn has been executed since 4 March 2019. During the first half year of 2019, Allianz SE purchased 6.2 million own shares for an amount of € 1.3 bn.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Consolidated statements of cash flows
€ mn

Six months ended 30 June	2019	2018
SUMMARY		
Net cash flow provided by operating activities	23,301	15,030
Net cash flow used in investing activities	(16,904)	(8,567)
Net cash flow used in financing activities	(3,083)	(6,145)
Effect of exchange rate changes on cash and cash equivalents	5	6
Change in cash and cash equivalents	3,319	324
Cash and cash equivalents at beginning of period	17,234	17,119
Cash and cash equivalents reclassified to assets of disposal groups held for sale and disposed of in 2018	-	531
Cash and cash equivalents reclassified to assets of disposal groups held for sale in 2019	(168)	-
Cash and cash equivalents at end of period	**20,385**	**17,974**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**4,316**	**4,025**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(169)	(170)
Realized gains/losses (net) and impairments of investments (net) of:		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers, non-current assets and disposal groups classified as held for sale	(1,800)	(2,454)
Other investments, mainly financial assets held for trading and designated at fair value through income	171	2,293
Depreciation and amortization	968	710
Loan loss provisions	1	(1)
Interest credited to policyholder accounts	2,917	2,083
Net change in:		
Financial assets and liabilities held for trading	243	(1,803)
Reverse repurchase agreements and collateral paid for securities borrowing transactions	34	(820)
Repurchase agreements and collateral received from securities lending transactions	956	45
Reinsurance assets	(558)	239
Deferred acquisition costs	(1,315)	(339)
Unearned premiums	4,654	4,534
Reserves for loss and loss adjustment expenses	1,214	(282)
Reserves for insurance and investment contracts	12,386	8,674
Deferred tax assets/liabilities	(77)	154
Other (net)	(640)	(1,858)
Subtotal	18,985	11,005
Net cash flow provided by operating activities	**23,301**	**15,030**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	980	1,763
Available-for-sale investments	75,642	84,685
Held-to-maturity investments	325	206
Investments in associates and joint ventures	235	453
Non-current assets and disposal groups classified as held for sale	4	59
Real estate held for investment	56	46
Loans and advances to banks and customers (purchased loans)	3,430	2,460
Property and equipment	39	188
Subtotal	80,712	89,859

CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

Consolidated statements of cash flows

€ mn

Six months ended 30 June	2019	2018
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(1,612)	(1,901)
Available-for-sale investments	(89,157)	(89,230)
Held-to-maturity investments	(148)	(252)
Investments in associates and joint ventures	(1,407)	(1,893)
Real estate held for investment	(514)	(221)
Fixed assets of renewable energy investments	(8)	(113)
Loans and advances to banks and customers (purchased loans)	(1,849)	(596)
Property and equipment	(535)	(623)
Subtotal	(95,229)	(94,830)
Business combinations (note 3):		
Proceeds from sale of subsidiaries, net of cash disposed	-	(208)
Change in other loans and advances to banks and customers (originated loans)	**(2,001)**	**(3,084)**
Other (net)	**(386)**	**(304)**
Net cash flow used in investing activities	**(16,904)**	**(8,567)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	514	951
Proceeds from the issuance of certificated liabilities and subordinated liabilities	3,092	2,250
Repayments of certificated liabilities and subordinated liabilities	(1,599)	(2,666)
Net change in lease liabilities	(51)	-
Transactions between equity holders	164	(3,043)
Dividends paid to shareholders	(3,865)	(3,610)
Net cash from sale or purchase of treasury shares	(1,276)	10
Other (net)	(62)	(37)
Net cash flow used in financing activities	**(3,083)**	**(6,145)**
SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS		
Income taxes paid (from operating activities)	(1,006)	(824)
Dividends received (from operating activities)	1,394	1,472
Interest received (from operating activities)	9,552	9,257
Interest paid (from operating activities)	(364)	(350)

Changes in liabilities arising from financing activities
€ mn

	Liabilities to banks and customers	Certificated and subordinated liabilities	Lease liabilities	Total
As of 1 January 2018	**8,925**	**22,891**	**-**	**31,817**
Net cash flows	951	(416)	-	535
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	(2)	-	-	(2)
Foreign currency translation adjustments	(40)	6	-	(34)
Fair value and other changes	2	111	-	113
As of 30 June 2018	**9,836**	**22,592**	**-**	**32,428**
As of 1 January 2019	**10,049**	**22,674**	**-**	**32,723**
Net cash flows	514	1,493	(51)	1,956
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	(3)	-	-	(3)
Foreign currency translation adjustments	24	4	-	28
Fair value and other changes	3	72	2,737	2,813
As of 30 June 2019	**10,588**	**24,243**	**2,687**	**37,517**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

1 _ Basis of presentation

The Allianz Group's condensed consolidated interim financial statements are presented in accordance with the requirements of IAS 34 and have been prepared in conformity with International Financial Reporting Standards (IFRSs), as adopted under European Union regulations.

For existing and unchanged IFRSs, the condensed consolidated interim financial statements use the same accounting policies for recognition, measurement, consolidation and presentation as applied in the consolidated financial statements for the year ended 31 December 2018. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018.

In accordance with the provisions of IFRS 4, insurance contracts are recognized and measured on the basis of accounting principles generally accepted in the United States of America (US GAAP) as at first-time adoption of IFRS 4 on 1 January 2005.

Amounts are rounded to millions of Euro (€ mn), unless otherwise stated.

These condensed consolidated interim financial statements of the Allianz Group were authorized for issue by the Board of Management on 31 July 2019.

2 _ Recently adopted accounting pronouncements (effective 1 January 2019)

IFRS 16, LEASING

The Allianz Group has applied IFRS 16 using the modified retrospective approach; therefore, any comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. On transition to IFRS 16, the Allianz Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts previously identified as leases. Contracts that had not been identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

AS A LESSEE

As a lessee, the Allianz Group had previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Allianz Group. Under IFRS 16, the Allianz Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on balance sheet.

The Allianz Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (e.g. tablets, personal computers, telephones, office furniture, copy and fax machines) as well as car leases as these are considered not to be material for Allianz Group. The Allianz Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

LEASES PREVIOUSLY CLASSIFIED AS OPERATING LEASES UNDER IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Allianz Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at an amount equal to the lease liability and adjusted by the amount of any prepaid or accrued lease payments. The Allianz Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating lease under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term, if the contract contains options to extend or terminate the lease.

LEASES PREVIOUSLY CLASSIFIED AS FINANCE LEASES

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

AS A LESSOR

The Allianz Group was not required to make any adjustments on transition to IFRS 16 for leases for which it acts as a lessor, except for subleases. The Allianz Group accounted for its (sub)leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Allianz Group is required to assess the classification of subleases with reference to the right-of-use assets, not the underlying assets. On transition, the Allianz Group reassessed the classification of sublease contracts previously classified as operating leases under IAS 17.

The Allianz Group applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contracts to each lease and non-lease component.

IMPACTS ON CONSOLIDATED FINANCIAL STATEMENTS

On transition to IFRS 16, the Allianz Group recognized an additional € 2.3 bn of right-of-use assets in other assets and € 2.6 bn of lease liabilities in other liabilities, recognizing the difference against pre-paid rent, deferred rent, and onerous contract provisions.

Impact on consolidated balance sheet
€ mn

	Before first application of IFRS 16	Application of IFRS 16	After imple-mentation of IFRS 16
Other assets	39,209	2,290	41,499
Total assets	**39,209**	**2,290**	**41,499**
Other liabilities	40,232	2,628	42,860
Total liabilities and equity	**40,232**	**2,628**	**42,860**

When measuring lease liabilities, the Allianz Group discounted lease payments using a country- and asset-specific incremental borrowing rate at 1 January 2019, ranging between 0.1 % and 19.7 %.

The operating lease commitment can be reconciled to the lease liabilities according to IFRS 16 as follows:

Reconciliation of lease commitment to lease liabilities
€ mn

Operating lease commitment at 31 December 2018[1]	3,202
Recognition exemption for short-term leases or leases expiring before 31 December 2019, leases of low value assets, car leases, and leases for intangible assets	(183)
Extension and termination options reasonably certain to be exercised	105
Variable lease payments based on an index or a rate	10
New lease contracts with commencement date after 1 January 2019	(205)
Other	(32)
Discounted using the incremental borrowing rate at 1 January 2019	(268)
Lease liabilities recognized at 1 January 2019	**2,628**

1_Compared to note 37 of the Allianz Group's Annual Report 2018, the operating lease commitments were adjusted by € 797 mn for commitments not included.

OTHER ADOPTED ACCOUNTING PRONOUNCEMENTS

The following amendments and revisions to existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2019:

- IFRIC 23, Uncertainty over Income Tax Treatments,
- IAS 28, Long-term Interests in Associates and Joint Ventures,
- IAS 19, Plan amendment, Curtailment or Settlement,
- Annual Improvements to IFRSs (2015 – 2017 Cycle).

These changes had no material impact on the Allianz Group's financial results or financial position.

3 _ Classification as held for sale

CLASSIFICATION AS HELD FOR SALE

Non-current assets and disposal groups classified as held for sale
€ mn

	As of 30 June 2019	As of 31 December 2018
Assets of disposal groups classified as held for sale		
Allianz Popular	2,037	-
Other disposal groups	-	78
Subtotal	2,037	78
Non-current assets classified as held for sale		
Real estate held for investment	47	47
Real estate held for own use	47	-
Associates and joint ventures	338	-
Subtotal	432	47
Total	**2,469**	**125**
Liabilities of disposal groups classified as held for sale		
Allianz Popular	1,760	-
Other disposal groups	-	62
Total	**1,760**	**62**

ALLIANZ POPULAR, MADRID

As of 30 June 2019, all requirements were fulfilled to present Allianz Popular, Madrid, allocated to the reportable segment Iberia & Latin America (Life/Health), as a disposal group classified as held for sale.

Reclassification of assets and liabilities
€ mn

Cash and cash equivalents	168
Investments	1,455
Loans and advances to banks and customers	13
Financial assets for unit-linked contracts	48
Reinsurance assets	1
Deferred acquisition costs	17
Other assets	66
Intangible assets	269
Total assets	**2,037**
Unearned premiums	26
Reserves for loss and loss adjustment expenses	60
Reserves for insurance and investment contracts	1,492
Financial liabilities for unit-linked contracts	48
Deferred tax liabilities	70
Other liabilities	64
Total liabilities	**1,760**

A sales contract for the Allianz shares in Allianz Popular was signed on 24 June 2019. The closing of the transaction will be expected during the first quarter of 2020. No impairment loss has been recognized in connection with this transaction.

4 _ Segment reporting

The business activities of the Allianz Group, the business segments as well as the products and services from which the reportable segments derive their revenues are consistent with those described in the consolidated financial statements for the year ended 31 December 2018. The statement contained therein regarding general segment reporting information is still applicable and valid. Effective 1 January 2019, the Allianz Group amended its operating profit definition to exclude certain costs that arise directly from integration measures associated with external acquisitions of a certain magnitude or Group internal business combinations of entities with large business activities. Due to the one-off nature of integration expenses, the Allianz Group believes that the updated definition of operating profit provides more reliable and relevant information to the external audience, and accordingly, their exclusion provides additional insight into the operating profit trends of the underlying business.

RECENT ORGANIZATIONAL CHANGES

Due to the immateriality of the former reportable segments Banking and Alternative Investments, they have been combined with the former reportable segment Holding & Treasury to form the new reportable segment Corporate and Other, which is identical to the respective business segment. Previously reported information has been adjusted to reflect this change in the composition of the Allianz Group's reportable segments.

Additionally, some minor reallocations between the reportable segments have been made.

BUSINESS SEGMENT INFORMATION – CONSOLIDATED BALANCE SHEETS

Business segment information – consolidated balance sheets

€ mn

	Property-Casualty		Life/Health	
	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018
ASSETS				
Cash and cash equivalents	4,125	3,977	10,826	8,301
Financial assets carried at fair value through income	1,394	768	8,842	6,620
Investments	106,168	99,366	480,566	434,794
Loans and advances to banks and customers	10,709	10,773	97,791	95,808
Financial assets for unit-linked contracts	-	-	124,483	115,361
Reinsurance assets	11,430	10,987	5,653	5,504
Deferred acquisition costs	5,239	4,796	20,207	22,912
Deferred tax assets	606	714	689	710
Other assets	26,314	23,357	20,544	18,808
Non-current assets and assets of disposal groups classified as held for sale	97	48	2,605	77
Intangible assets	3,438	3,292	2,679	2,976
Total assets	**169,521**	**158,078**	**774,884**	**711,870**

	Property-Casualty		Life/Health	
	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	216	126	14,444	11,421
Liabilities to banks and customers	1,543	1,563	6,981	5,976
Unearned premiums	22,220	17,784	5,227	5,128
Reserves for loss and loss adjustment expenses	62,203	61,442	12,019	11,672
Reserves for insurance and investment contracts	15,113	14,388	552,505	515,537
Financial liabilities for unit-linked contracts	-	-	124,483	115,361
Deferred tax liabilities	2,574	2,190	4,909	3,374
Other liabilities	20,406	19,115	15,387	14,094
Liabilities of disposal groups classified as held for sale	-	35	1,807	27
Certificated liabilities	-	-	12	11
Subordinated liabilities	-	-	69	65
Total liabilities	**124,275**	**116,641**	**737,842**	**682,666**

Asset Management		Corporate and Other		Consolidation		Group	
As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018
896	1,073	4,808	4,136	(271)	(253)	20,385	17,234
55	69	657	506	(438)	(353)	10,511	7,611
71	72	107,449	103,084	(88,860)	(86,394)	605,394	550,923
260	68	5,007	5,449	(4,725)	(3,828)	109,042	108,270
-	-	-	-	-	-	124,483	115,361
-	-	-	-	(96)	(90)	16,988	16,400
-	-	-	-	-	-	25,447	27,709
166	162	1,140	1,095	(1,711)	(1,722)	890	959
4,195	3,731	7,073	7,462	(13,680)	(14,149)	44,446	39,209
-	-	-	-	(233)	-	2,469	125
7,563	7,488	11	12	-	-	13,691	13,767
13,207	**12,662**	**126,145**	**121,745**	**(110,013)**	**(106,788)**	**973,745**	**897,567**

Asset Management		Corporate and Other		Consolidation		Group	
As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018
-	-	570	433	(444)	(354)	14,786	11,626
174	174	8,601	8,045	(1,568)	(1,536)	15,731	14,222
-	-	-	-	(25)	(21)	27,422	22,891
-	-	-	-	(62)	(59)	74,159	73,054
-	-	(64)	(57)	(131)	(181)	567,423	529,687
-	-	-	-	-	-	124,483	115,361
52	46	258	193	(1,711)	(1,722)	6,082	4,080
3,936	3,370	27,815	25,012	(21,529)	(21,358)	46,015	40,232
-	-	-	-	(47)	-	1,760	62
-	-	13,824	11,458	(3,144)	(2,271)	10,692	9,199
-	-	13,502	13,430	(20)	(20)	13,551	13,475
4,161	**3,589**	**64,506**	**58,513**	**(28,681)**	**(27,522)**	**902,103**	**833,888**
				Total equity		**71,642**	**63,679**
				Total liabilities and equity		**973,745**	**897,567**

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

Business segment information – total revenues and reconciliation of operating profit (loss) to net income (loss)
€ mn

	Property-Casualty		Life/Health	
Six months ended 30 June	2019	2018	2019	2018
Total revenues[1]	**32,916**	**30,851**	**37,399**	**34,229**
Premiums earned (net)	25,179	23,742	12,326	11,491
Operating investment result				
Interest and similar income	1,723	1,717	9,283	8,927
Operating income from financial assets and liabilities carried at fair value through income (net)	(20)	(19)	(351)	(1,127)
Operating realized gains/losses (net)	117	92	2,081	2,652
Interest expenses, excluding interest expenses from external debt	(57)	(46)	(56)	(50)
Operating impairments of investments (net)	(19)	(28)	(539)	(743)
Investment expenses	(192)	(183)	(697)	(650)
Subtotal	1,553	1,533	9,721	9,010
Fee and commission income	992	868	800	767
Other income	1	1	4	12
Claims and insurance benefits incurred (net)	(16,727)	(15,759)	(10,062)	(9,738)
Operating change in reserves for insurance and investment contracts (net)[2]	(265)	(193)	(7,169)	(5,730)
Loan loss provisions	-	-	-	-
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(6,939)	(6,657)	(2,876)	(3,288)
Fee and commission expenses	(954)	(806)	(403)	(369)
Operating amortization of intangible assets	-	-	(10)	(9)
Operating restructuring and integration expenses	-	-	(1)	-
Other expenses	(2)	(1)	(4)	(1)
Operating profit (loss)	**2,838**	**2,729**	**2,327**	**2,144**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(56)	27	81	1
Non-operating realized gains/losses (net)	226	444	30	22
Non-operating impairments of investments (net)	(110)	(144)	(20)	(15)
Subtotal	60	327	90	7
Non-operating change in reserves for insurance and investment contracts (net)	-	-	(34)	2
Interest expenses from external debt	-	-	-	-
Acquisition-related expenses	-	-	-	-
Non-operating amortization of intangible assets	(56)	(29)	(26)	(251)
Non-operating restructuring and integration expenses	(41)	(50)	(15)	(32)
Non-operating items	(37)	247	15	(273)
Income (loss) before income taxes	2,801	2,976	2,342	1,872
Income taxes	(721)	(732)	(553)	(550)
Net income (loss)	**2,079**	**2,244**	**1,788**	**1,322**
Net income (loss) attributable to:				
Non-controlling interests	38	44	90	89
Shareholders	2,041	2,200	1,698	1,233

1_Total revenues comprise gross premiums written and (due to a definition change at the beginning of 2019) fee and commission income in Property-Casualty, statutory premiums in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking). Prior year figures have been adjusted accordingly.
2_For the six months ended 30 June 2019, includes expenses for premium refunds (net) in Property-Casualty of € (98) mn (2018: € (51) mn).

Asset Management		Corporate and Other		Consolidation		Group	
2019	2018	2019	2018	2019	2018	2019	2018
3,320	**3,257**	**118**	**147**	**(275)**	**(286)**	**73,479**	**68,198**
-	-	-	-	-	-	37,505	35,233
10	6	259	281	(76)	(104)	11,199	10,827
6	5	12	(8)	(3)	4	(356)	(1,145)
-	-	-	-	(8)	41	2,190	2,785
(16)	(5)	(79)	(100)	78	103	(130)	(98)
-	-	-	-	-	-	(558)	(770)
-	-	(39)	(45)	246	247	(682)	(630)
-	5	154	129	237	291	11,664	10,969
4,211	4,200	1,127	1,043	(1,238)	(1,150)	5,891	5,727
-	2	-	4	-	(5)	6	15
-	-	-	-	2	2	(26,787)	(25,494)
-	-	-	-	11	(35)	(7,423)	(5,958)
-	-	(1)	1	-	-	(1)	1
(2,069)	(2,010)	(559)	(552)	(15)	(18)	(12,459)	(12,525)
(891)	(951)	(1,016)	(1,003)	1,005	925	(2,258)	(2,204)
-	-	-	-	-	-	(10)	(9)
-	-	-	-	-	-	(1)	-
-	-	-	-	-	-	(6)	(1)
1,251	**1,247**	**(296)**	**(378)**	**1**	**12**	**6,121**	**5,753**
-	-	(22)	14	3	(4)	6	36
-	-	55	147	1	(2)	313	612
-	-	(15)	(12)	-	-	(145)	(172)
-	-	18	148	5	(6)	173	476
-	-	-	-	-	-	(34)	2
-	-	(429)	(416)	-	-	(429)	(416)
-	-	-	-	-	-	-	-
(8)	(7)	(5)	(5)	-	-	(95)	(291)
(1)	1	(20)	(77)	-	-	(76)	(158)
(9)	(6)	(435)	(350)	5	(6)	(461)	(388)
1,242	1,241	(731)	(728)	6	5	5,659	5,366
(316)	(307)	249	247	(2)	1	(1,344)	(1,340)
926	**934**	**(482)**	**(481)**	**4**	**7**	**4,316**	**4,025**
40	38	39	25	-	-	207	196
885	896	(520)	(506)	5	7	4,109	3,830

RECONCILIATION OF REPORTABLE SEGMENTS TO ALLIANZ GROUP FIGURES

Reconciliation of reportable segments to Allianz Group figures

€ mn

	Total revenues		Operating profit (loss)		Net income (loss)	
Six months ended 30 June	2019	2018	2019	2018	2019	2018
German Speaking Countries and Central & Eastern Europe	9,805	9,548	798	621	608	549
Western & Southern Europe and Asia Pacific	6,405	6,603	815	855	573	693
Iberia & Latin America and Allianz Partners	6,799	5,954	247	275	155	165
Global Insurance Lines & Anglo Markets, Middle East and Africa	14,142	13,254	979	994	743	851
Consolidation	(4,235)	(4,508)	-	(16)	-	(13)
Total Property-Casualty	**32,916**	**30,851**	**2,838**	**2,729**	**2,079**	**2,244**
German Speaking Countries and Central & Eastern Europe	17,240	14,322	820	857	565	579
Western & Southern Europe and Asia Pacific	13,644	14,483	777	712	578	303
Iberia & Latin America	787	987	131	160	133	111
USA	5,817	4,627	588	388	506	312
Global Insurance Lines & Anglo Markets, Middle East and Africa	432	336	30	28	21	18
Consolidation and Other	(520)	(527)	(20)	(1)	(16)	(1)
Total Life/Health	**37,399**	**34,229**	**2,327**	**2,144**	**1,788**	**1,322**
Asset Management	**3,320**	**3,257**	**1,251**	**1,247**	**926**	**934**
Corporate and Other	**118**	**147**	**(296)**	**(378)**	**(482)**	**(481)**
Consolidation	**(275)**	**(286)**	**1**	**12**	**4**	**7**
Group	**73,479**	**68,198**	**6,121**	**5,753**	**4,316**	**4,025**

NOTES TO THE CONSOLIDATED BALANCE SHEETS

5 _ Financial assets carried at fair value through income

Financial assets carried at fair value through income

€ mn

	As of 30 June 2019	As of 31 December 2018
Financial assets held for trading		
Debt securities	416	421
Equity securities	246	203
Derivative financial instruments	4,615	2,729
Subtotal	5,277	3,353
Financial assets designated at fair value through income		
Debt securities	2,939	2,276
Equity securities	2,295	1,982
Subtotal	5,233	4,258
Total	**10,511**	**7,611**

6 _ Investments

Investments

€ mn

	As of 30 June 2019	As of 31 December 2018
Available-for-sale investments	573,294	520,612
Held-to-maturity investments	2,632	2,787
Funds held by others under reinsurance contracts assumed	757	732
Investments in associates and joint ventures	13,384	11,823
Real estate held for investment	12,897	12,455
Fixed assets of renewable energy investments	2,429	2,514
Total	**605,394**	**550,923**

AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments

€ mn

	As of 30 June 2019				As of 31 December 2018			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Debt securities								
Corporate bonds	244,802	19,339	(485)	263,656	236,297	8,818	(3,923)	241,192
Government and government agency bonds[1]	181,512	34,695	(444)	215,763	180,094	19,106	(1,669)	197,531
MBS/ABS	26,364	693	(62)	26,995	24,267	202	(434)	24,035
Other	6,111	1,284	(21)	7,374	5,376	1,080	(14)	6,442
Subtotal	458,789	56,011	(1,012)	513,788	446,034	29,205	(6,040)	469,199
Equity securities	46,301	13,599	(396)	59,506	43,055	9,246	(888)	51,413
Total	**505,090**	**69,611**	**(1,408)**	**573,294**	**489,089**	**38,451**	**(6,928)**	**520,612**

1_As of 30 June 2019, fair value and amortized costs of bonds from countries with a rating below AA amounted to € 80,317 mn (31 December 2018: € 71,260 mn) and € 72,180 mn (31 December 2018: € 68,667 mn), respectively.

7 _ Loans and advances to banks and customers

Loans and advances to banks and customers

€ mn

	As of 30 June 2019	As of 31 December 2018
Short-term investments and certificates of deposit	2,882	3,105
Loans	103,900	102,898
Other	2,333	2,344
Subtotal	109,116	108,348
Loan loss allowance	(73)	(78)
Total	**109,042**	**108,270**

8 _ Reinsurance assets

Reinsurance assets

€ mn

	As of 30 June 2019	As of 31 December 2018
Unearned premiums	2,217	1,713
Reserves for loss and loss adjustment expenses	9,662	9,672
Aggregate policy reserves	4,976	4,887
Other insurance reserves	133	128
Total	**16,988**	**16,400**

9 _ Deferred acquisition costs

Deferred acquisition costs
€ mn

	As of 30 June 2019	As of 31 December 2018
Deferred acquisition costs		
Property-Casualty	5,239	4,796
Life/Health	19,396	21,727
Subtotal	24,635	26,523
Deferred sales inducements	480	803
Present value of future profits	332	383
Total	**25,447**	**27,709**

10 _ Other assets

Other assets
€ mn

	As of 30 June 2019	As of 31 December 2018
Receivables		
Policyholders	7,356	6,460
Agents	4,760	4,394
Reinsurance	3,568	2,942
Other	6,393	5,478
Less allowances for doubtful accounts	(642)	(600)
Subtotal	21,435	18,673
Tax receivables		
Income taxes	1,718	1,798
Other taxes	1,959	1,998
Subtotal	3,677	3,796
Accrued dividends, interest and rent	6,003	6,585
Prepaid expenses	672	507
Derivative financial instruments used for hedging, that meet the criteria for hedge accounting, and firm commitments	977	489
Property and equipment		
Real estate held for own use	2,738	2,856
Software	2,976	2,934
Equipment	1,373	1,378
Right-of-use assets[1]	2,330	-
Subtotal	9,417	7,168
Other assets	2,265	1,991
Total	**44,446**	**39,209**

1_For further information regarding the implementation of IFRS 16, please refer to note 2.

11 _ Intangible assets

Intangible Assets
€ mn

	As of 30 June 2019	As of 31 December 2018
Goodwill	12,430	12,330
Distribution agreements[1]	628	815
Other[2]	633	621
Total	**13,691**	**13,767**

1_Primarily includes the long-term distribution agreements with Commerzbank AG.
2_Primarily include acquired business portfolios, customer relationships, heritable building rights, land use rights, lease rights, and brand names.

12 _ Liabilities to banks and customers

Liabilities to banks and customers
€ mn

	As of 30 June 2019	As of 31 December 2018
Payable on demand and other deposits	1,143	1,115
Repurchase agreements and collateral received from securities lending transactions and derivatives	5,143	4,173
Other	9,445	8,934
Total	**15,731**	**14,222**

13 _ Reserves for loss and loss adjustment expenses

As of 30 June 2019, the reserves for loss and loss adjustment expenses of the Allianz Group totaled € 74,159 mn (31 December 2018: € 73,054 mn). The following table reconciles the beginning and ending reserves of the Property-Casualty business segment for the half-years ended 30 June 2019 and 2018.

Change in the reserves for loss and loss adjustment expenses in the Property-Casualty business segment
€ mn

	2019	2018
As of 1 January	**61,442**	**62,093**
Balance carry forward of discounted loss reserves	4,157	4,096
Subtotal	65,598	66,189
Loss and loss adjustment expenses incurred		
Current year	18,786	17,740
Prior years	(768)	(1,312)
Subtotal	18,018	16,427
Loss and loss adjustment expenses paid		
Current year	(6,522)	(6,383)
Prior years	(11,018)	(10,796)
Subtotal	(17,540)	(17,178)
Foreign currency translation adjustments and other changes	250	60
Changes in the consolidated subsidiaries of the Allianz Group	224	284
Subtotal	66,550	65,782
Ending balance of discounted loss reserves	(4,347)	(4,099)
As of 30 June	**62,203**	**61,683**

14 _ Reserves for insurance and investment contracts

Reserves for insurance and investment contracts
€ mn

	As of 30 June 2019	As of 31 December 2018
Aggregate policy reserves	480,514	466,406
Reserves for premium refunds	86,229	62,573
Other insurance reserves	680	707
Total	**567,423**	**529,687**

15 _ Other liabilities

Other liabilities
€ mn

	As of 30 June 2019	As of 31 December 2018
Payables		
Policyholders	3,925	4,880
Reinsurance	2,218	1,655
Agents	1,667	1,652
Subtotal	7,810	8,186
Payables for social security	401	425
Tax payables		
Income taxes	2,085	1,530
Other taxes	1,848	1,738
Subtotal	3,933	3,268
Accrued interest and rent	632	437
Unearned income	511	503
Provisions		
Pensions and similar obligations	10,224	9,091
Employee related	2,494	2,779
Share-based compensation plans	362	383
Restructuring plans	298	335
Other provisions	1,929	2,079
Subtotal	15,307	14,667
Deposits retained for reinsurance ceded	2,485	2,568
Derivative financial instruments used for hedging, that meet the criteria for hedge accounting, and firm commitments	294	330
Financial liabilities for puttable equity instruments	2,173	1,993
Lease liabilities[1]	2,687	-
Other liabilities	9,782	7,855
Total	**46,015**	**40,232**

1_For further information regarding the implementation of IFRS 16, please refer to note 2.

16 _ Certificated and subordinated liabilities

Certificated and subordinated liabilities
€ mn

	As of 30 June 2019	As of 31 December 2018
Senior bonds[1]	9,530	8,036
Money market securities	1,162	1,163
Total certificated liabilities	**10,692**	**9,199**
Subordinated bonds	13,506	13,430
Hybrid equity[2]	45	45
Total subordinated liabilities	**13,551**	**13,475**

1_Change due to the issuance of two senior bonds with a total volume of € 1.5 bn in the first half-year of 2019.
2_Relates to hybrid equity issued by subsidiaries.

Bonds outstanding as of 30 June 2019
€ mn

	ISIN	Year of issue	Currency	Notional amount	Coupon in %	Maturity date
Certificated liabilities						
Allianz Finance II B.V., Amsterdam	DE000A1AKHB8	2009	EUR	1,500	4.750	22 July 2019
	DE000A180B72	2016	EUR	750	0.000	21 April 2020
	DE000A19S4T0	2017	EUR	500	3-months Euribor +50 bps	7 December 2020
	DE000A1G0RU9	2012	EUR	1,500	3.500	14 February 2022
	DE000A19S4U8	2017	EUR	750	0.250	6 June 2023
	DE000A2RWAX4	2019	EUR	750	0.875	15 January 2026
	DE000A19S4V6	2017	EUR	750	0.875	6 December 2027
	DE000A1HG1K6	2013	EUR	750	3.000	13 March 2028
	DE000A2RWAY2	2019	EUR	750	1.500	15 January 2030
	DE000A180B80	2016	EUR	750	1.375	21 April 2031
	DE000A1HG1L4	2013	GBP	750	4.500	13 March 2043
Subordinated liabilities						
Allianz SE, Munich	DE000A1RE1Q3	2012	EUR	1,500	5.625	17 October 2042
	DE000A14J9N8	2015	EUR	1,500	2.241	7 July 2045
	DE000A2DAHN6	2017	EUR	1,000	3.099	6 July 2047
	XS1556937891	2017	USD	600	5.100	30 January 2049
	XS0857872500	2012	USD	1,000	5.500	Perpetual bond
	DE000A1YCQ29	2013	EUR	1,500	4.750	Perpetual bond
	CH0234833371[1]	2014	CHF	500	3.250	Perpetual bond
	DE000A13R7Z7	2014	EUR	1,500	3.375	Perpetual bond
	XS1485742438	2016	USD	1,500	3.875	Perpetual bond
Allianz Finance II B.V., Amsterdam	DE000A1GNAH1	2011	EUR	2,000	5.750	8 July 2041
	DE000A0GNPZ3	2006	EUR	800	5.375	Perpetual bond

1_CHF 0.5 bn subordinated bond called for redemption effective 4 July 2019.

17 _ Equity

Equity
€ mn

	As of 30 June 2019	As of 31 December 2018
Shareholders' equity		
Issued capital	1,170	1,170
Additional paid-in capital	27,758	27,758
Retained earnings[1,2]	26,084	27,967
Foreign currency translation adjustments	(2,576)	(2,607)
Unrealized gains and losses (net)[3]	15,943	6,945
Subtotal	68,379	61,232
Non-controlling interests	3,263	2,447
Total	**71,642**	**63,679**

1_As of 30 June 2019, include € (1,359) mn (31 December 2018: € (84) mn) related to treasury shares.
2_As announced in March 2019, a share buy-back with a volume of € 1.5 bn has been executed since 4 March 2019. During the first half year of 2019, Allianz SE purchased 6.2 million own shares for an amount of € 1.3 bn.
3_As of 30 June 2019, include € 409 mn (31 December 2018: € 267 mn) related to cash flow hedges.

DIVIDENDS

In the second quarter of 2019, a total dividend of € 3,767 mn (2018: € 3,428 mn) or € 9.00 (2018: € 8.00) per qualifying share was paid to the shareholders.

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

18 _ Premiums earned (net)

Premiums earned (net)
€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2019				
Premiums written				
Gross	31,924	12,936	(57)	44,803
Ceded	(2,861)	(302)	57	(3,106)
Net	29,063	12,634	-	41,697
Change in unearned premiums (net)	(3,884)	(308)	-	(4,192)
Premiums earned (net)	**25,179**	**12,326**	**-**	**37,505**
2018				
Premiums written				
Gross	29,984	12,052	(69)	41,966
Ceded	(2,651)	(274)	69	(2,856)
Net	27,332	11,778	-	39,110
Change in unearned premiums (net)	(3,590)	(287)	-	(3,877)
Premiums earned (net)	**23,742**	**11,491**	**-**	**35,233**

19 _ Interest and similar income

Interest and similar income
€ mn

Six months ended 30 June	2019	2018
Dividends from available-for-sale investments	1,420	1,476
Interest from available-for-sale investments	6,834	6,476
Interest from loans to banks and customers	1,949	1,917
Rent from real estate held for investment	461	445
Other	535	513
Total	**11,199**	**10,827**

20 _ Income from financial assets and liabilities carried at fair value through income (net)

Income from financial assets and liabilities carried at fair value through income (net)
€ mn

Six months ended 30 June	2019	2018
Income from financial assets and liabilities held for trading (net)	(681)	(1,856)
Income from financial assets and liabilities designated at fair value through income (net)	407	(110)
Income from financial liabilities for puttable equity instruments (net)	(186)	77
Foreign currency gains and losses (net)[1]	110	780
Total	**(350)**	**(1,109)**

1_These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency that are monetary items and not measured at fair value through income.

21 _ Realized gains/losses (net)

Realized gains/losses (net)
€ mn

Six months ended 30 June	2019	2018
REALIZED GAINS		
Available-for-sale investments		
Equity securities	1,197	1,967
Debt securities	1,616	1,741
Subtotal	2,813	3,708
Other	199	341
Subtotal	3,012	4,049
REALIZED LOSSES		
Available-for-sale investments		
Equity securities	(191)	(226)
Debt securities	(265)	(355)
Subtotal	(457)	(581)
Other	(52)	(71)
Subtotal	(509)	(653)
Total	**2,503**	**3,397**

22 _ Fee and commission income

Fee and commission income
€ mn

Six months ended 30 June	2019	2018
PROPERTY-CASUALTY		
Fees from credit and assistance business	798	657
Service agreements	194	210
Subtotal	992	868
LIFE/HEALTH		
Investment advisory	707	702
Service agreements	94	65
Subtotal	800	767
ASSET MANAGEMENT		
Management and advisory fees	3,870	3,735
Loading and exit fees	193	280
Performance fees	122	166
Other	26	19
Subtotal	4,211	4,200
CORPORATE AND OTHER		
Service agreements	781	727
Investment advisory and banking activities	346	316
Subtotal	1,127	1,043
CONSOLIDATION	(1,238)	(1,150)
Total	**5,891**	**5,727**

23 _ Claims and insurance benefits incurred (net)

Claims and insurance benefits incurred (net)
€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2019				
Gross	(18,018)	(10,346)	36	(28,328)
Ceded	1,291	284	(34)	1,540
Net	**(16,727)**	**(10,062)**	**2**	**(26,787)**
2018				
Gross	(16,427)	(10,009)	26	(26,411)
Ceded	669	272	(24)	916
Net	**(15,759)**	**(9,738)**	**2**	**(25,494)**

24 _ Change in reserves for insurance and investment contracts (net)

Change in reserves for insurance and investment contracts (net)
€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2019				
Gross	(266)	(7,314)	11	(7,570)
Ceded	1	111	-	113
Net	**(265)**	**(7,203)**	**11**	**(7,457)**
2018				
Gross	(197)	(5,838)	(35)	(6,070)
Ceded	4	110	-	115
Net	**(193)**	**(5,728)**	**(35)**	**(5,956)**

25 _ Interest expenses

Interest expenses
€ mn

Six months ended 30 June	2019	2018
Liabilities to banks and customers	(44)	(44)
Deposits retained for reinsurance ceded	(36)	(25)
Certificated liabilities	(127)	(121)
Subordinated liabilities	(304)	(300)
Other	(48)	(25)
Total	**(559)**	**(514)**

26 _ Impairments of investments (net)

Impairments of investments (net)
€ mn

Six months ended 30 June	2019	2018
Impairments		
Available-for-sale investments		
Equity securities	(625)	(831)
Debt securities	(15)	(103)
Subtotal	(639)	(934)
Other	(65)	(13)
Non-current assets and assets of disposal groups classified as held for sale	(2)	-
Subtotal	(706)	(946)
Reversals of impairments	3	4
Total	**(703)**	**(943)**

27 _ Investment expenses

Investment expenses
€ mn

Six months ended 30 June	2019	2018
Investment management expenses	(390)	(349)
Expenses from real estate held for investment	(186)	(173)
Expenses from fixed assets of renewable energy investments	(106)	(108)
Total	**(682)**	**(630)**

28 _ Acquisition and administrative expenses (net)

Acquisition and administrative expenses (net)
€ mn

Six months ended 30 June	2019	2018
PROPERTY-CASUALTY		
Acquisition costs[1]	(5,269)	(5,075)
Administrative expenses	(1,671)	(1,582)
Subtotal	(6,939)	(6,657)
LIFE/HEALTH		
Acquisition costs	(1,950)	(2,390)
Administrative expenses	(926)	(898)
Subtotal	(2,876)	(3,288)
ASSET MANAGEMENT		
Personnel expenses	(1,268)	(1,253)
Non-personnel expenses	(802)	(757)
Subtotal	(2,069)	(2,010)
CORPORATE AND OTHER		
Administrative expenses	(559)	(552)
Subtotal	(559)	(552)
CONSOLIDATION	(15)	(18)
Total	**(12,459)**	**(12,525)**

1_Include € 328 mn (2018: € 260 mn) ceded acquisition costs.

29 _ Fee and commission expenses

Fee and commission expenses
€ mn

Six months ended 30 June	2019	2018
PROPERTY-CASUALTY		
Fees from credit and assistance business	(773)	(638)
Service agreements	(181)	(168)
Subtotal	(954)	(806)
LIFE/HEALTH		
Service agreements	(64)	(34)
Investment advisory	(339)	(335)
Subtotal	(403)	(369)
ASSET MANAGEMENT		
Commissions	(881)	(869)
Other	(10)	(82)
Subtotal	(891)	(951)
CORPORATE AND OTHER		
Service agreements	(823)	(834)
Investment advisory and banking activities	(193)	(169)
Subtotal	(1,016)	(1,003)
CONSOLIDATION	1,005	925
Total	**(2,258)**	**(2,204)**

30 _ Income taxes

Income taxes
€ mn

Six months ended 30 June	2019	2018
Current income taxes	(1,650)	(1,153)
Deferred income taxes	307	(188)
Total	**(1,344)**	**(1,340)**

For the six months ended 30 June 2019 and 2018, the income taxes on components of other comprehensive income consist of the following:

Income taxes on components of other comprehensive income
€ mn

Six months ended 30 June	2019	2018
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments	33	59
Available-for-sale investments	(2,716)	924
Cash flow hedges	(54)	10
Share of other comprehensive income of associates and joint ventures	(2)	4
Miscellaneous	(5)	31
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	326	(21)
Total	**(2,418)**	**1,008**

OTHER INFORMATION

31 _ Fair values and carrying amounts of financial instruments

FAIR VALUES AND CARRYING AMOUNTS

The following table compares the carrying amount with the fair value of the Allianz Group's financial assets and financial liabilities:

Fair values and carrying amounts of financial instruments
€ mn

	As of 30 June 2019		As of 31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash and cash equivalents	20,385	20,385	17,234	17,234
Financial assets held for trading	5,277	5,277	3,353	3,353
Financial assets designated at fair value through income	5,233	5,233	4,258	4,258
Available-for-sale investments	573,294	573,294	520,612	520,612
Held-to-maturity investments	2,632	2,918	2,787	2,973
Investments in associates and joint ventures	13,384	16,636	11,823	15,284
Real estate held for investment	12,897	22,225	12,455	21,545
Loans and advances to banks and customers	109,042	127,796	108,270	121,839
Financial assets for unit-linked contracts	124,483	124,483	115,361	115,361
FINANCIAL LIABILITIES				
Financial liabilities held for trading	14,786	14,786	11,626	11,626
Liabilities to banks and customers	15,731	15,763	14,222	14,235
Financial liabilities for unit-linked contracts	124,483	124,483	115,361	115,361
Financial liabilities for puttable equity instruments	2,173	2,173	1,993	1,993
Certificated liabilities	10,692	11,647	9,199	9,830
Subordinated liabilities	13,551	14,632	13,475	13,897

As of 30 June 2019, fair values could not be reliably measured for equity investments whose carrying amounts totaled € 65 mn (31 December 2018: € 61 mn). These investments are primarily investments in privately held corporations and partnerships.

FAIR VALUE MEASUREMENT ON A RECURRING BASIS

The following financial assets and liabilities are carried at fair value on a recurring basis:

- Financial assets and liabilities held for trading,
- Financial assets and liabilities designated at fair value through income,
- Available-for-sale investments,
- Financial assets and liabilities for unit-linked contracts, and
- Financial liabilities for puttable equity instruments.

The following tables present the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheets as of 30 June 2019 and 31 December 2018:

Fair value hierarchy (items carried at fair value)
€ mn

	As of 30 June 2019				As of 31 December 2018			
	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
FINANCIAL ASSETS								
Financial assets carried at fair value through income								
Financial assets held for trading	435	4,683	160	5,277	1,341	1,888	123	3,353
Financial assets designated at fair value through income	3,345	1,725	164	5,233	3,112	985	161	4,258
Subtotal	3,780	6,407	324	10,511	4,453	2,874	284	7,611
Available-for-sale investments								
Corporate bonds	13,063	227,508	23,085	263,656	11,821	209,461	19,910	241,192
Government and government agency bonds	17,740	197,181	843	215,763	18,234	178,530	766	197,531
MBS/ABS	40	26,726	229	26,995	45	23,807	183	24,035
Other	974	1,090	5,310	7,374	826	1,075	4,540	6,442
Equity securities	43,139	611	15,755	59,506	37,163	655	13,595	51,413
Subtotal	74,956	453,117	45,221	573,294	68,089	413,529	38,994	520,612
Financial assets for unit-linked contracts	98,379	25,075	1,029	124,483	90,856	23,676	829	115,361
Total	**177,114**	**484,599**	**46,573**	**708,287**	**163,398**	**440,078**	**40,107**	**643,583**
FINANCIAL LIABILITIES								
Financial liabilities carried at fair value through income	107	2,580	12,099	14,786	36	1,568	10,023	11,626
Financial liabilities for unit-linked contracts	98,379	25,075	1,029	124,483	90,856	23,676	829	115,361
Financial liabilities for puttable equity instruments	1,777	90	306	2,173	1,665	108	221	1,993
Total	**100,262**	**27,745**	**13,434**	**141,441**	**92,556**	**25,351**	**11,073**	**128,980**

1_Quoted prices in active markets.
2_Market observable inputs.
3_Non-market observable inputs.

The valuation methodologies used for financial instruments carried at fair value, the policy for determining the levels within the fair value hierarchy, and the significant Level-3 portfolios, including the respective narratives and sensitivities, are described in the Allianz Group's Annual Report 2018. No material changes have occurred since this report was published.

SIGNIFICANT TRANSFERS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

In general, financial assets and liabilities are transferred from level 1 to level 2 when liquidity, trade frequency, and activity are no longer indicative of an active market. Conversely, the same policy applies for transfers from level 2 to level 1.

Transfers into/out of level 3 may occur due to a reassessment of the input parameters.

Reconciliation of level 3 financial instruments

The following tables show reconciliations of the financial instruments carried at fair value and classified as level 3.

Reconciliation of level 3 financial assets

€ mn

	Financial assets carried at fair value through income	Available-for-sale investments – Debt securities[1]	Available-for-sale investments – Equity securities	Financial assets for unit-linked contracts	Total
Carrying value (fair value) as of 1 January 2019	**284**	**25,399**	**13,595**	**829**	**40,107**
Additions through purchases and issues	9	3,218	2,326	168	5,722
Net transfers into (out of) Level 3	1	514	(1)	15	530
Disposal through sales and settlements	289	(737)	(429)	(5)	(882)
Net gains (losses) recognized in consolidated income statement	(261)	(326)	2	17	(569)
Net gains (losses) recognized in other comprehensive income	-	1,327	340	-	1,667
Impairments	-	(23)	(130)	-	(153)
Foreign currency translation adjustments	1	43	42	4	91
Changes in the consolidated subsidiaries of the Allianz Group	-	50	10	-	60
Carrying value (fair value) as of 30 June 2019	**324**	**29,466**	**15,755**	**1,029**	**46,573**
Net gains (losses) in profit or loss attributable to a change in unrealized gains or losses for financial assets held at the reporting date	38	6	-	17	61

1_Primarily include corporate bonds.

Reconciliation of level 3 financial liabilities

€ mn

	Financial liabilities carried at fair value through income	Financial liabilities for unit-linked contracts	Financial liabilities for puttable equity instruments	Total
Carrying value (fair value) as of 1 January 2019	**10,023**	**829**	**221**	**11,073**
Additions through purchases and issues	719	168	87	973
Net transfers into (out of) Level 3	-	15	-	15
Disposal through sales and settlements	(441)	(5)	(1)	(448)
Net losses (gains) recognized in consolidated income statement	1,776	17	-	1,793
Net losses (gains) recognized in other comprehensive income	-	-	-	-
Impairments	-	-	-	-
Foreign currency translation adjustments	22	4	-	26
Changes in the consolidated subsidiaries of the Allianz Group	-	-	-	-
Carrying value (fair value) as of 30 June 2019	**12,099**	**1,029**	**306**	**13,434**
Net losses (gains) in profit or loss attributable to a change in unrealized gains or losses for financial liabilities held at the reporting date	1,724	17	-	1,742

FAIR VALUE MEASUREMENT ON A NON-RECURRING BASIS

Certain financial assets are measured at fair value on a non-recurring basis when events or changes in circumstances indicate that the carrying amount may not be recoverable. If financial assets are measured at fair value on a non-recurring basis at the time of impairment, or if fair value less cost to sell is used as the measurement basis under IFRS 5, corresponding disclosures can be found in note 26.

32 _ Other information

LITIGATION

On 24 May 2002, pursuant to a statutory squeeze-out procedure, the general meeting of Dresdner Bank AG resolved to transfer shares from its minority shareholders to Allianz as principal shareholder in return for payment of a cash settlement amounting to € 51.50 per share. Allianz established the amount of the cash settlement on the basis of an expert opinion, and its adequacy was confirmed by a court appointed auditor. Some of the former minority shareholders applied for a court review of the appropriate amount of the cash settlement in a mediation procedure ("Spruchverfahren"). In September 2013, the district court ("Landgericht") of Frankfurt dismissed the minority shareholders' claims in their entirety. This decision has been appealed to the higher regional court ("Oberlandesgericht") of Frankfurt. With its decision of 6 June 2019, the higher regional court of Frankfurt dismissed the appeals of the minority shareholders. With this decision the civil court proceeding is closed.

CONTINGENT LIABILITIES AND COMMITMENTS

As of 30 June 2019, there were no significant changes in contingent liabilities, compared to the consolidated financial statements for the year ended 31 December 2018.

The following table shows the composition of purchase obligations as of 30 June 2019:

Purchase obligations
€ mn

	As of 30 June 2019	As of 31 December 2018
Commitments to acquire interests in associates and available-for-sale investments	18,101	17,199
Debt investments	6,797	5,746
Other	4,903	3,304
Total	**29,801**	**26,249**

All other commitments had no significant changes.

33 _ Subsequent events

The Allianz Group was not subject to any subsequent events that significantly impacted the Group's financial results after the balance sheet date and before the condensed consolidated interim financial statements were authorized for issue.

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FURTHER INFORMATION

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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Munich, 31 July 2019

Allianz SE
The Board of Management

Oliver Bäte

Sergio Balbinot

Jacqueline Hunt

Dr. Helga Jung

Dr. Christof Mascher

Niran Peiris

Iván de la Sota

Giulio Terzariol

Dr. Günther Thallinger

Dr. Axel Theis

REVIEW REPORT

To Allianz SE, Munich

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and selected explanatory notes – and the interim group management report of Allianz SE, Munich, for the period from 1 January to 30 June 2019 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Munich, 1 August 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger	Julia Unkel
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Financial calendar

Important dates for shareholders and analysts[1]

Financial Results 3Q	8 November 2019
Financial Results 2019	21 February 2020
Annual Report 2019	6 March 2020
Annual General Meeting	6 May 2020
Financial Results 1Q	12 May 2020
Financial Results 2Q/Interim Report 6M	5 August 2020
Financial Results 3Q	6 November 2020

1_The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact. Therefore we cannot exclude that we have to announce key figures related to quarterly and financial-year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking our financial calendar at www.allianz.com/financialcalendar.

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This is a translation of the German Interim Report of Allianz Group. In case of any divergences, the German original is legally binding.