FIRST HALF-YEAR 2020

INTERIM REPORT 2020

ALLIANZ GROUP

Allianz

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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		2020	2019	Delta
Total revenues[2]	€ mn	73,495	73,479	16
Operating profit[3]	€ mn	4,869	6,121	(1,252)
Net income[3]	€ mn	3,101	4,316	(1,215)
thereof: attributable to shareholders	€ mn	2,927	4,109	(1,181)
Solvency II capitalization ratio[4]	%	187	212	(26) %-p
Return on equity[5]	%	10.0	13.6	(3.5) %-p
Earnings per share	€	7.07	9.76	(2.69)
Diluted earnings per share	€	6.94	9.75	(2.80)

Earnings summary

ECONOMIC AND INDUSTRY ENVIRONMENT

The first half-year of 2020 was marked by the COVID-19 pandemic. What was set to become a year of unspectacular growth is now expected to see a very severe recession, as the COVID-19 outbreak forced governments around the world to put the economy on an unprecedented pause in order to fight the pandemic. Although the trough of the crisis might already be behind us, the global economy is still operating at only 70 – 80% capacity, reflecting the need for targeted lockdowns to combat new outbreaks of the virus and prolonged sanitary restrictions. It will take time before we can witness a return to business as usual.

Governments have come to the rescue with huge fiscal support packages, amounting to more than € 9 tn at the global level (around 12% of global GDP). Central banks, too, have responded quickly and boldly to contain the pandemic-related crisis, using the whole toolbox of monetary instruments (more than € 7 tn or close to 10% of global GDP). These expansionary fiscal and monetary policy measures have left their mark on financial markets, in particular equity markets: After initially falling by around 30% in reaction to COVID-19, equity markets started to recover as early as March and recouped most of their losses, leading to a decoupling between the real economy and equity market performance.

The insurance industry is affected by the COVID-19 outbreak in three ways: First, claims, which will evolve over a much longer time horizon, as compared to property related catastrophes such as hurricanes, while the reduced claims frequency observed during the lockdown period has a positive effect. Second, in the capital markets, falling interest rates, widening spreads, and volatile stock markets will weigh on profit and loss accounts and balance sheets of insurers. Third, there will be second-round effects of the recession, as new business was virtually brought to a halt during lockdowns and will recover only gradually. On top of these market challenges, there is the operational challenge of business continuity: maintaining operations and serving clients while protecting employees.

The global asset management industry ended 2019 on a high note, only to face a new chapter of economic turmoil when the COVID-19 pandemic broke out in early 2020. As already described, the volatility seen in stock markets reached new heights in March 2020, as investors sold their positions in a wave of uncertainty about consequences of the pandemic. Central banks around the world have been implementing stimulus packages in an attempt to lessen the impact of the pandemic on the economy. Thus, though volatile, there was a turnaround in the stock markets with the MSCI World listing not even 10% below end of 2019 as per end of June 2020. For fixed-income indices, U.S. interest rates have been a shock absorber. In light of progressive market recovery, long-term net inflows were starting to stabilize in May 2020, yet with a mixed picture across asset classes: Equity fund outflows were worsening in May 2020. Fixed-income funds on the other hand saw an improvement to a robust level of growth.

MANAGEMENT'S ASSESSMENT

Our **total revenues** decreased by 1.5% on an internal basis[6], compared to the same period of the previous year, driven by our Life/Health business segment. Our Asset Management business segment recorded volume-driven revenue growth, while our revenues from our Property-Casualty business segment increased very slightly.

COVID-19 severely impacted the **operating profit** from our insurance operations. Our Property-Casualty business segment's operating profit was burdened by a much lower underwriting result, due to COVID-19-related losses as well as higher claims from natural catastrophes. In our Life/Health business segment we recorded a lower operating profit. This decline was mainly due to a lower investment margin – a result of the financial market turmoil as well as a change in the amortization period for deferred acquisition cost, which the United States had introduced in the second quarter of 2019, resulting in a favorable effect that year. Despite difficult markets, our Asset Management business segment's operating profit grew due to higher average assets under management. The operating result of our Corporate and Other business segment worsened, driven by a lower operating investment result and a contribution to a COVID-19 solidarity fund.

Our **operating investment result** decreased by € 2,838 mn to € 8,827 mn, compared to the previous year's period. This decrease was due to significantly higher impairments and a lower trading result, partly offset by higher realizations on debt securities.

Our **non-operating result** worsened by € 284 mn to a loss of € 745 mn. This was partly due to higher investments in productivity and efficiency. In addition, COVID-19-related market impacts reduced our non-operating investment result.

1_For further information on Allianz Group figures, please refer to note 5 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).
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_2019 figures as of 31 December 2019. 2020 figures as of 30 June 2020, and exclude the application of transitional measures for technical provisions.
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 of the period and at the end of the period. Annualized figures are not a forecast for full year numbers. For 2019, 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. 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, please refer to the chapter Reconciliations.

Income taxes decreased by € 321 mn to € 1,023 mn, due to lower income before taxes. The effective tax rate increased to 24.8 % (23.7 %), in particular as a result of a lower positive impact from DTA recognition (+0.7 percentage points) and a higher negative impact from local taxes (+0.3 percentage points).

The decrease in net income was largely driven by the drop in operating profit.

Our shareholders' equity[1] decreased by € 1.9 bn to € 72.1 bn, compared to 31 December 2019, driven by a dividend payout of € 4.0 bn and € 750 mn for the purchase of 4.9 million own shares as part of the latest share buy-back program announced in March 2020[2]. This was partly offset by a net income attributable to shareholders of € 2.9 bn. Over the same period, our Solvency II capitalization ratio decreased to 187 %[3].

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

Group Risk has a central role within our risk governance framework: It is both the key Group function to support the Board of Management in fulfilling its risk oversight responsibilities, and also Allianz SE's Risk Management function. This also includes the ongoing assessment of risks in the context of pandemics such as COVID-19. For assessing current developments with potentially significant effects on the Allianz Group, such as COVID-19, it is particularly important to perform specific analyses. Therefore, our risk management processes include measures such as risk assessments, scenario analyses, solvency projections, and an increased reporting frequency if and as needed, making them suitable for coping with adverse developments such as COVID-19.

RISK PROFILE

UNDERWRITING RISK

In our Life/Health insurance business, the COVID-19 pandemic could affect, amongst other things, the frequency and severity of diseases, mortality, and inflation. In our Property-Casualty insurance business, we continue to expect our Global lines to be hit the hardest – Allianz Partners via travel insurance, Euler Hermes via credit insurance, and AGCS in the entertainment or business interruption line of business – since the ongoing COVID-19 pandemic still leads to the cancelation or postponement of big events such as trade fairs or sporting events, or has the potential to increase insolvencies in case the termination of state aid is not accompanied by increasing economic activity. Decreasing claims frequency in motor business especially observed during the lockdown period has an offsetting effect, provided we do not face significant premium refunds.

In addition, there is the risk that political pressure to retroactively extend insurance coverage may lead to legislative developments with adverse impacts on the insurance business.

For underwriting risk, emerging events such as pandemics are analyzed and taken into account as part of the specific analyses or regular model reviews carried out by our experts.

FINANCIAL RISK

The COVID-19 pandemic continues to have an impact on the Group's market risk, as it is causing significant price impacts on the financial market especially for equities. It is also expected to continue having an impact on credit risk, in particular that associated with loans granted, investments in fixed-income securities, and reinsurance as well as credit spread risk – mainly when these are associated with investments in fixed-income securities. Nevertheless, due to the high quality of our fixed-income portfolio, which is characterized by highly rated investments, the impact on credit risk should remain limited. The resulting impact on our financial risk is estimated based on specific analyses.

LIQUIDITY RISK

In the current market environment, which is under the influence of the COVID-19 pandemic, Allianz's liquidity situation is affected in particular by the economic and solvency situation of our related entities as well as the political and regulatory requirements regarding corporate capital management activities, such as the general ability to pay dividends. We are carefully monitoring this development to ensure that Allianz SE in its role as the Group's holding company has sufficient resources to support solvency capital needs within the Group as well as its own operative liquidity needs. We still expect to retain a satisfactory liquidity position, as we define our risk appetite based on stress scenarios, and in Allianz SE's liquidity risk reporting we consider specific stress scenarios. For example, a dedicated scenario simultaneously assumes disturbances in the financial market as well as potential recapitalization needs of related undertakings. Furthermore, we have been in ongoing contact with our entities to get a timely and comprehensive picture on COVID-19-related impacts on liquidity and developments that could potentially have an adverse effect.

OPERATIONAL RISK

The Group's operational risks associated with the COVID-19 pandemic mainly result from possible operational delays due to public measures to restrict social contacts, as well as from employee health problems, costs of evoking the business continuity plans, and delays or failures in the provision of external services. The advanced digitalization of our operations has enhanced the Group's ability to deal with the consequences of the crisis. In particular, it has helped us to shift the workforce to "Work from Home"-mode without major challenges and to ensure that all business processes continued without interruptions.

CAPITALISATION

In the first six months of 2020, our capitalization decreased from 212 % as of 31 December 2019, to 187 %[3] as of 30 June 2020. The drop was mainly driven by the impact the pandemic and respective policy measures had on the financial markets. Key drivers have been declining interest rates in combination with falling equity prices and increased credit spreads. While equity markets have recovered most of their losses in the second quarter, especially interest rates still remain at very low levels.

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 18 to the condensed consolidated interim financial statements.

3_Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio amounted to 217 % as of 30 June 2020. For further information, please refer to the Balance Sheet Review.

We are carefully monitoring the development of the COVID-19 crisis and are also managing our portfolios with great diligence to ensure that the Group and its entities continue to have sufficient resources to back their solvency capital needs in line with our dynamic own-risk and solvency management processes. Based on stress tests conducted, there is currently no indication of Allianz Group not being compliant with its Solvency Capital Requirement (SCR) or minimum consolidated Group Solvency Capital Requirement. This statement takes into account the known impacts of the COVID-19 pandemic as well as expected developments, based on the conditions that existed as of 30 June 2020.

OTHER INFORMATION

Allianz has expanded its security and business continuity management measures to ensure the safety of employees and their families, while continuing to operate as smoothly as possible for the sake of our customers.

Our statements on risks associated with the COVID-19 pandemic are based on our assessments as of end of June 2020. The overall impacts associated with the COVID-19 pandemic still cannot be predicted with any certainty, due to the fact that the crisis is still ongoing.

Events after the balance sheet date

For information on any events occurring after the balance sheet date, please refer to note 34 to the condensed consolidated interim financial statements.

Other information

RECENT ORGANIZATIONAL CHANGES

In the course of the first half-year of 2020, there were some minor reallocations between the reportable segments.

STRATEGY

The Allianz Group's strategy is described in the Risk and Opportunity Report that forms part of our Annual Report 2019. 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 2019.

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 5 to the condensed consolidated interim financial statements or to the Business Operations chapter in our Annual Report 2019.

PROPERTY-CASUALTY INSURANCE OPERATIONS

KEY FIGURES

Key figures Property-Casualty[1]

Six months ended 30 June		2020	2019	Delta
Total revenues[2]	€ mn	33,785	32,916	869
Operating profit	€ mn	2,175	2,838	(663)
Net income	€ mn	926	2,079	(1,153)
Loss ratio[3]	%	70.1	66.4	3.7 %-p
Expense ratio[4]	%	26.5	27.6	(1.0) %-p
Combined ratio[5]	%	96.7	94.0	2.7 %-p

Total revenues[6]

On a nominal basis, we recorded a 2.6% increase in **total revenues** compared to the first six months of the previous year.

This includes unfavorable foreign currency translation effects of € 171 mn[7] and positive (de)consolidation effects of € 956 mn. On an internal basis, our total revenues went up 0.3%, driven by a positive price effect of 3.8% and a negative volume effect of 3.5%.

The following operations contributed positively to internal growth:

AGCS: Total revenues increased to € 5,532 mn – up 12.1% on an internal basis. Much of this was a result of positive price effects across our Property, Liability, and Financial Lines lines of business.

Asia-Pacific: Total revenues amounted to € 660 mn, corresponding to 14.9% internal growth. It was mainly due to favorable volume effects in China through our partnership with JD.com.

Germany: Total revenues grew to € 6,770 mn, an increase of 1.1% on an internal basis. It was the result of positive price effects in our motor and houseowner insurance business.

The following operations weighed on internal growth:

Allianz Partners: Total revenues decreased to € 3,261 mn, a 10.7% drop on an internal basis. Much of this was a result of COVID-19-related negative volume effects in our travel insurance business, particularly in the U.S.

Italy: Total revenues fell to € 1,835 mn. This decrease of 4.9% on an internal basis was mainly due to unfavorable volume and price effects in our motor insurance business.

Allianz Direct: Total revenues amounted to € 597 mn – a decline of 11.5% on an internal basis. This was based on negative volume effects in our motor insurance business.

Operating profit

Operating profit
€ mn

Six months ended 30 June	2020	2019	Delta
Underwriting result	717	1,346	(629)
Operating investment income (net)	1,287	1,454	(167)
Other result[1]	171	37	134
Operating profit	**2,175**	**2,838**	**(663)**

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

Driven largely by the deterioration of our underwriting result, our **operating profit** decreased compared to the first six months of the previous year. A decline in our operating investment income added to that outcome.

The significant decrease in our **underwriting result** was driven by higher claims from natural catastrophes and an overall negative impact of COVID-19 that amounted to € 0.8 bn. Strong improvements on the expense side stood in contrast to a lower contribution from run-off, compared to the first six months of the previous year. Overall, our **combined ratio** worsened by 2.7 percentage points to 96.7%.

Underwriting result
€ mn

Six months ended 30 June	2020	2019	Delta
Premiums earned (net)	26,030	25,179	850
Accident year claims	(18,706)	(17,468)	(1,239)
Previous year claims (run-off)	456	740	(284)
Claims and insurance benefits incurred (net)	(18,250)	(16,727)	(1,523)
Acquisition and administrative expenses (net)	(6,909)	(6,939)	31
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(154)	(167)	13
Underwriting result	**717**	**1,346**	**(629)**

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 25 to the condensed consolidated interim financial statements.

Our **accident year loss ratio**[8] stood at 71.9% – a 2.5 percentage point deterioration compared to the first half of the previous year, due to COVID-19-related losses and higher losses from natural catastrophes. This translates into a negative impact on our combined ratio of 0.8 percentage points: from 1.5% to 2.3%.

Leaving aside losses from natural catastrophes, our accident year loss ratio was 69.6%, an increase by 1.7 percentage points in comparison to previous year's ratio.

1_For further information on Property-Casualty figures, please refer to note 5 to the condensed consolidated interim financial statements.
2_Total revenues in Property-Casualty also include fee and commission income.
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 2020 compared to 2019.
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:

Italy: 0.5 percentage points. This was driven by a lower claims frequency in our retail insurance business as a consequence of the lockdown.

Allianz Direct: 0.4 percentage points. The improvement resulted from a significant reduction in claims frequency in our motor insurance business across all markets, also due to COVID-19. The biggest impact stemmed from Italy.

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

AGCS: 2.1 percentage points. This deterioration resulted from an increase in natural catastrophes and a severe impact of COVID-19, mostly on the Entertainment line of business.

Reinsurance: 1.5 percentage points. This increase was almost exclusively due to the negative effects from the COVID-19 pandemic.

Our positive run-off result amounted to € 456 mn, compared to € 740 mn in the first half-year of 2019. This translates into a run-off ratio of 1.8%, after the 2.9% we saw in the prior year. Most of our operations contributed positively to our run-off result.

Total expenses amounted to € 6,909 mn in the first six months of 2020, compared to € 6,939 mn in the same period of 2019. Our expense ratio improved significantly by 1.0 percentage points, benefiting from our acquisitions in the United Kingdom and a positive cost development at AGCS.

Operating investment income (net)
€ mn

Six months ended 30 June	2020	2019	Delta
Interest and similar income (net of interest expenses)	1,517	1,665	(149)
Operating income from financial assets and liabilities carried at fair value through income (net)	(59)	(20)	(40)
Operating realized gains (net)	58	117	(59)
Operating impairments of investments (net)	(117)	(19)	(99)
Investment expenses	(201)	(192)	(10)
Expenses for premiums refunds (net)[1]	90	(98)	188
Operating investment income (net)[2]	**1,287**	**1,454**	**(167)**

1_Refers to policyholder participation, mainly from APR business (accident insurance with premium refunds), reported within "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 25 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 5 to the condensed consolidated interim financial statements – and expenses for premium refunds (net) (policyholder participation).

Our operating investment income (net) decreased in the first half-year of 2020. Almost all line items contributed to that development, which was particularly driven by turbulent financial markets.

Other result
€ mn

Six months ended 30 June	2020	2019	Delta
Fee and commission income	851	992	(140)
Other income	150	1	148
Fee and commission expenses	(830)	(954)	124
Other expenses	-	(2)	2
Other result	**171**	**37**	**134**

Our other result benefited from the sale of an owner-occupied property in Germany.

Net income

Our net income decreased strongly in the first six months of 2020. Beside the decline in operating profit, a deterioration of our non-operating investment result – which was due to the aforementioned turbulent financial markets – as well as an increase in our expenditure on efficiency measures contributed to this outcome. The overall effect was only partially offset by lower income taxes.

LIFE/HEALTH INSURANCE OPERATIONS

KEY FIGURES

Key figures Life/Health[1]

Six months ended 30 June		2020	2019	Delta
Statutory premiums[2]	€ mn	36,356	37,399	(1,043)
Operating profit	€ mn	1,810	2,327	(517)
Net income	€ mn	1,802	1,788	14
Return on equity[3]	%	12.3	12.7	(0.4) %-p

Statutory premiums[4]

On a nominal basis, statutory premiums decreased by 2.8% in the first half of 2020, affected by social distancing due to COVID-19. Favorable foreign currency translation effects amounted to € 177 mn and positive (de-)consolidation effects stood at € 59 mn. On an internal basis[4], statutory premiums declined by € 1,280 mn – or 3.4% – to € 36,356 mn.

Statutory premiums in the German life business increased to € 13,782 mn. This 1.6% growth on an internal basis was mainly driven by higher sales in our business with capital-efficient products. In the German health business, statutory premiums reached € 1,864 mn, up 4.9% on an internal basis. This was largely attributable to premium adjustments in the comprehensive health care coverage and from the acquisition of new customers in supplementary health care coverage.

In the United States, statutory premiums declined to € 4,863 mn. The decrease – 18.4% on an internal basis – was mostly caused by weakened sales of fixed index annuity products, with the effect partly offset by higher sales of non-traditional variable annuity products.

In Italy, statutory premiums grew to € 5,213 mn, up 7.8% on an internal basis. This resulted mainly from stronger sales in our business with unit-linked and capital-efficient products.

In France, statutory premiums decreased to € 3,207 mn. Most of this drop – 26.4% on an internal basis – was due to lower sales of our guaranteed savings & annuities products compared to a high base in the first half of 2019.

In the Asia-Pacific region, statutory premiums went up to € 2,948 mn, translating into an 8.2% rise on an internal basis. It was mainly driven by a sales increase in unit-linked products in Indonesia and Taiwan.

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

Our PVNBP decreased by € 3,292 mn to € 31,269 mn, under the impact of the pandemic. Most of the drop was a result of the lower sales of capital-efficient products in the German life business and in the United States. Another contributing factor was the decline in sales of guaranteed savings & annuities products in France. The negative effects were partly offset by increased volumes from protection & health products in the German health business as well as in the United States, and from unit-linked products in Italy.

Present value of new business premiums by lines of business
%

Six months ended 30 June	2020	2019	Delta
Guaranteed savings & annuities	12.2	20.3	(8.1)
Protection & health	20.3	16.8	3.5
Unit-linked without guarantee	22.3	18.7	3.6
Capital-efficient products	45.2	44.1	1.0
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	2020	2019	Delta
Loadings and fees	3,257	3,266	(9)
Investment margin	1,602	1,729	(127)
Expenses	(3,674)	(3,602)	(72)
Technical margin	688	616	72
Impact of changes in DAC	(63)	319	(382)
Operating profit	**1,810**	**2,327**	**(517)**

Our operating profit decreased, which was mainly due to the fact that in the second quarter of 2019, the amortization period for deferred acquisition costs had been extended in the United States, resulting in a favorable effect in that year. Further contributing factors included a COVID-19-induced decrease in the investment margin – driven by higher impairments in the first quarter of 2020 and increased hedging expenses in our U.S. variable-annuities business in the first half of 2020 – as well as the disposal of Allianz Popular S.L. in Spain. The overall COVID-19-related negative impact on the operating profit amounted to € 0.4 bn in the first half of 2020.

1_For further information on Life/Health figures, please refer to note 5 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 2019, 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 changed in order to reflect the refinement of profit source reporting in the USA.

LOADINGS AND FEES[1]

Loadings and fees
€ mn

Six months ended 30 June	2020	2019	Delta
Loadings from premiums	2,094	2,119	(25)
Loadings from reserves	818	793	25
Unit-linked management fees	346	354	(8)
Loadings and fees	**3,257**	**3,266**	**(9)**
Loadings from premiums as % of statutory premiums	5.8	5.7	0.1
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 down, mostly due to lower sales of single-premium capital-efficient products in the German life business in the second quarter of 2020. Loadings from reserves rose, largely driven by higher reserve volumes mainly in Germany and in the United States, and were stable in relation to reserves. Unit-linked management fees decreased, which was primarily caused by the disposal of Allianz Popular S.L. in Spain. This was partly compensated by an increase in Italy, predominantly attributable to a rise in the assets under management.

INVESTMENT MARGIN[2]

Investment margin
€ mn

Six months ended 30 June	2020	2019	Delta
Interest and similar income	9,130	9,283	(153)
Operating income from financial assets and liabilities carried at fair value through income (net)	(2,159)	(351)	(1,808)
Operating realized gains/losses (net)	4,791	2,081	2,710
Interest expenses	(52)	(56)	3
Operating impairments of investments (net)	(3,557)	(539)	(3,017)
Investment expenses	(787)	(697)	(90)
Other[1]	(205)	233	(437)
Technical interest	(4,588)	(4,498)	(90)
Policyholder participation	(970)	(3,727)	2,756
Investment margin	**1,602**	**1,729**	**(127)**
Investment margin in basis points[2,3]	32.8	37.5	(4.8)

1_"Other" comprises the delta of out-of-scope entities, on the one hand, which are added here with their respective operating profit, and different line item definitions compared to the 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 United States, we saw increased hedging expenses, which were due to market turbulences in our variable-annuities business. In most countries of the Eurozone, we recorded higher impairments in the first quarter of 2020, mostly for equities, driven by the market turmoil caused by the COVID-19 pandemic. This was partly offset by higher realizations and lower policyholder participations.

EXPENSES[3]

Expenses
€ mn

Six months ended 30 June	2020	2019	Delta
Acquisition expenses and commissions	(2,722)	(2,681)	(41)
Administrative and other expenses	(952)	(922)	(30)
Expenses	**(3,674)**	**(3,602)**	**(72)**
Acquisition expenses and commissions as % of PVNBP[1]	(8.7)	(7.8)	(0.9)
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. Much of this was due to higher commissions in France and to a shift from administrative and other expenses in Thailand. In addition, stronger unit-linked sales in Indonesia and Italy, as well as higher protection & health sales in Turkey also contributed to the increase. The positive effects were partly offset by a decline in our product sales for fixed index annuities in the United States.

Administrative and other expenses went up, largely due to higher IT and sponsorship expenses in Italy and increased social security contributions as well as IT expenses in France.

TECHNICAL MARGIN[4]

Our technical margin improved, mainly due to lower claims experience and growth in the Asia-Pacific region. A release of claim reserves as well as a large claim in the first half of 2019 in France and a stronger lapse result in Italy also helped the upswing. Negative drivers included the deconsolidation of Allianz Popular S.L. in Spain, reduced disability margin in Switzerland, and a worsened risk margin in the German health business due to a higher policyholder participation.

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	2020	2019	Delta
Capitalization of DAC	831	881	(50)
Amortization, unlocking and true-up of DAC	(894)	(563)	(332)
Impact of change in DAC	**(63)**	**319**	**(382)**

The **impact of change in DAC** turned negative. This was mainly caused by a change in the U.S. DAC amortization period in the second quarter of 2019, leading to a favorable effect in that year, and by true-ups due to market turmoil in the traditional variable-annuities business in the United States, as well as in the unit-linked business in Taiwan. The lower capitalization was largely driven by the weakened sales of fixed index annuity products in the United States.

OPERATING PROFIT BY LINES OF BUSINESS[2]

Operating profit by lines of business
€ mn

Six months ended 30 June	2020	2019	Delta
Guaranteed savings & annuities	783	1,127	(344)
Protection & health	443	473	(31)
Unit-linked without guarantee	220	241	(20)
Capital-efficient products	364	486	(122)
Operating profit	**1,810**	**2,327**	**(517)**

The operating profit in our **guaranteed savings & annuities** line of business decreased. Most of this was a consequence of a declined investment margin in the United States. A product re-allocation to the capital-efficient products line of business coupled with a lower contribution due to the decreased portfolio share in the German life business were further key factors. The drop in our operating profit in the **protection & health** line of business was largely driven by the lower investment margins in France, and in the German health business. The deconsolidation of Allianz Popular S.L. in Spain also contributed negatively, while lower claims as well as growth in the Asia-Pacific region had a partially offsetting effect. The operating profit generated by our **unit-linked without guarantee** line of business decreased, mainly due to the disposal of Allianz Popular S.L. in Spain but also due to developments in our business in Taiwan. The decline in the operating profit in the **capital-efficient products** line of business resulted primarily from a change in the DAC amortization period in the United States in the second quarter of 2019, leading to a favorable effect in that year. This was partly compensated by higher volumes in the German life business.

Net income

Our **net income** remained stable. A higher non-operating result – mainly due to increased realizations resulting from the disposal of Allianz Popular S.L. in Spain – and reduced income taxes in the first half-year of 2020 compensated for the decrease in the operating profit.

Return on equity

Our **return on equity** decreased slightly by 0.4 percentage points to 12.3 %. This was largely attributable to the increase in total equity compared to year-end 2019.

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 refinement of profit source reporting in the USA.

ASSET MANAGEMENT

KEY FIGURES

Key figures Asset Management[1]

Six months ended 30 June		2020	2019	Delta
Operating revenues	€ mn	3,493	3,320	173
Operating profit	€ mn	1,319	1,251	68
Cost-income ratio[2]	%	62.2	62.3	(0.1) %-p
Net income	€ mn	906	926	(20)
Total assets under management as of 30 June[3]	€ bn	2,250	2,268	(18)
thereof: Third-party assets under management as of 30 June[3]	€ bn	1,658	1,686	(28)

Assets under management

Composition of total assets under management

€ bn

Type of asset class	As of 30 June 2020	As of 31 December 2019	Delta
Fixed income	1,815	1,801	14
Equities	155	170	(15)
Multi-assets[1]	168	177	(9)
Alternatives	113	120	(7)
Total	**2,250**	**2,268**	**(18)**

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 outflows[4] of **total assets under management** (AuM) amounted to € 20.5 bn for the first half of 2020, driven by third-party AuM net outflows of € 20.6 bn. A major part of these net outflows was attributable to PIMCO, although AllianzGI contributed as well. (PIMCO: € 16.6 bn total/€ 20.3 bn third-party; AllianzGI: € 3.9 bn total/€ 0.3 bn third-party). Caused by COVID-19-related market turbulences, the net outflows concentrated in the first quarter of the year, while in the second quarter we saw net inflows again.

Positive effects from market and dividends[5] totaled € 6.2 bn. Of these, € 27.8 bn came from PIMCO and were related to fixed-income assets, while € 21.6 bn negative effects stemmed from AllianzGI and were attributable to all asset classes except fixed-income assets.

Positive effects from consolidation, deconsolidation, and other adjustments added € 0.3 bn to total AuM.

Unfavorable foreign currency translation effects amounted to € 4.0 bn and concerned PIMCO.

Third-party assets under management

		As of 30 June 2020	As of 31 December 2019	Delta
Third-party assets under management	**€ bn**	**1,658**	**1,686**	**(1.7) %**
Business units' share				
PIMCO	%	79.6	78.8	0.7 %-p
AllianzGI	%	20.4	21.2	(0.7) %-p
Asset classes split				
Fixed income	%	79.8	78.6	1.2 %-p
Equities	%	8.3	8.6	(0.3) %-p
Multi-assets	%	9.1	9.5	(0.4) %-p
Alternatives	%	2.8	3.3	(0.5) %-p
Investment vehicle split[1]				
Mutual funds	%	57.3	58.8	(1.5) %-p
Separate accounts	%	42.7	41.2	1.5 %-p
Regional allocation[2]				
America	%	56.3	55.4	0.9 %-p
Europe	%	31.7	33.4	(1.7) %-p
Asia-Pacific	%	11.9	11.2	0.7 %-p
Overall three-year rolling investment outperformance[3]	%	67	92	(25) %-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).

The decrease in the overall three-year rolling investment outperformance is due to COVID-19-driven significant market dislocation; also investors shifted significant amounts of capital from both debt and equity capital markets into money market funds during the first quarter of the year, which created a challenging performance environment for some of our funds.

1_For further information on Asset Management figures, please refer note 5 to the condensed consolidated interim financial statements.

2_Represents operating expenses divided by operating revenues.

3_2019 figure as of 31 December 2019.

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 increased by 5.2 % on a nominal basis. This development was driven by higher average third-party AuM at PIMCO, due to strong market effects – despite a downturn in the first quarter of 2020 – especially from fixed-income assets. Net inflows and favorable foreign currency translation effects supported the increase. On an internal basis[1] operating revenues increased by 3.0 %.

We recorded lower performance fees at both AllianzGI and PIMCO due to a challenging performance environment following COVID-19.

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

Operating profit

Our operating profit increased by 5.4 % on a nominal basis, as growth in operating revenues exceeded an increase in operating expenses. On an internal basis[1], our operating profit grew by 3.3 %, which was due to higher average third-party AuM.

The nominal increase in administrative expenses was driven by PIMCO, where an increase in headcount as well as a positive business development led to higher personnel expenses. AllianzGI, on the other hand, recorded lower expenses due to cost containment.

Our cost-income ratio remained almost unchanged.

Asset Management business segment information
€ mn

Six months ended 30 June	2020	2019	Delta
Performance fees	72	122	(50)
Other net fee and commission income	3,423	3,198	225
Other operating revenues	(2)	-	(2)
Operating revenues	3,493	3,320	173
Administrative expenses (net), excluding acquisition-related expenses	(2,174)	(2,069)	(105)
Operating expenses	(2,174)	(2,069)	(105)
Operating profit	**1,319**	**1,251**	**68**

Net income

The decrease in our net income was driven by a lower non-operating result due to restructuring expenses.

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	2020	2019	Delta
Operating revenues	1,402	1,399	3
Operating expenses	(1,833)	(1,694)	(139)
Operating result	(432)	(296)	(136)
Net loss	(535)	(482)	(53)

Earnings summary

Our **operating result** declined strongly, compared to the first six months of the previous year, mainly due to a deterioration in our operating investment result and a contribution to a COVID-19 solidarity fund.

Our **net loss** worsened as well. The decline of our operating result was partly offset by lower interest expenses for external debt and a higher income tax result.

1_For further information on Corporate and Other figures, please refer to note 5 to the condensed consolidated interim financial statements.

OUTLOOK

Economic outlook[1]

Given the gradual recovery from lockdowns, we expect the global GDP (gross domestic product) to fall by 4.7% in 2020, followed by growth of 4.8% in 2021. The return to pre-crisis levels, mainly driven by China and the United States, is expected at the end of 2021 at the earliest. Uncertainty, however, remains extremely high. This U-shaped scenario hinges upon the assumption that fiscal and monetary policies remain effective and no second wave of infections force governments to re-impose generalized domestic lockdowns. The unprecedented health and economic crisis triggered by COVID-19 creates unprecedented levels of uncertainty, too.

In our base case, the U.S. GDP will shrink by 5.3% in 2020 and grow by 3.7% in 2021. In the Eurozone, the shape of the U will be even more pronounced, plunging by 9% in 2020 and recovering by 6% in 2021. Continued sanitary restrictions, lingering contagion fears, heightened economic uncertainty, and the expected uneven global recovery will shape consumption and investment decisions and have an impact on underlying growth dynamics. As a result, the Eurozone GDP is expected to recover to pre-crisis levels in late 2022.

Fiscal and monetary policy will remain expansionary for the time being. For money markets, in particular, a new cycle of interest rate hikes seems to be a long way off. It is very likely, after this very severe recession, that central banks will be more cautious than ever when it comes to monetary normalization. In this context, yields in developed markets are expected to remain on a long-term downward slope. For 2020, we expect 10-year Bunds to finish the year at -0.5% and 10-year U.S. Treasuries at 1.0%, slightly above current levels.

Insurance industry outlook[1]

The COVID-19 pandemic rendered our forecast at the beginning of the year, which predicted rising premiums in 2020, obsolete. Now, a decline in global premiums has to be expected.

In the **property-casualty sector**, the link between economic activity and insurance demand is close. Therefore, the recession and gradual recovery, affecting new business in many lines of business, are expected to have an impact on premium growth.

In the **life sector,** demand for some products, such as unit-linked policies, is directly influenced by capital markets; therefore, higher volatility could influence premium growth. Industry profitability could be affected by two factors: Increased market volatility and suppressed yields may put pressure on investment income while COVID-19-related claims may shape underwriting profitability. Visibility on claims remains still relatively low and capital market developments are hardly predictable amidst an evolving pandemic. The trend of market hardening, however, might not be stopped by the pandemic, quite the contrary.

Over the long-term, COVID-19 might accelerate structural changes in the industry: The digitalization of the business model, the pivot to Asia, and the growing significance of ESG-factors (ESG = Environment, Social, Governance) are likely to gather steam after COVID-19.

Asset management industry outlook[1]

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 / illiquid and solutions-oriented strategies, but also in equity and fixed-income products. 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. Overall, it will be essential for asset managers to address their asset flows and profitability through continued structural changes in areas such as product innovation, cost structure, and growth strategies.

Outlook for the Allianz Group

The outlook for 2020 assumed no significant deviation from the underlying assumptions, i.e. stable global economic growth and no major disruption. In light of the macroeconomic development caused by the pandemic, however, and the expected impact on the financial development of the operating entities of the Group, the Board of Management does not assume that Allianz Group will be able to achieve the target range for the operating profit 2020 in the amount of € 12 bn +/- € 500 mn as communicated in the 2019 Annual Report. Therefore, the overall outlook for 2020 was withdrawn on 30 April 2020.

In our **Property-Casualty** insurance business, the strongest impact from the pandemic concerns the underwriting result, with a negative net effect of € 0.8 bn at the end of the first half of 2020 which is equally split over the first two quarters. The negative impact was primarily in entertainment, business interruption, business closure, Euler Hermes and travel. This negative impact is partly offset by a decline in frequency. Overall, the impact for 2020 will depend on the further development of the pandemic. Consequently, despite some positive impacts as described above, we expect a reduction in annual operating profit compared to the prior year.

1_The information presented is based on our own estimates.

The impact of the pandemic on the Life/Health business is largely due to the capital markets development. The market turbulences seen in the first six months led to a negative impact of € 0.4 bn, mainly via higher impairments and a spike in market volatility affecting the hedge result of our U.S. business. The overall impact for 2020 will depend on the further pandemic development and its impact on capital markets. We expect a lower operating profit compared to 2019.

The Asset Management segment was affected by the financial market downturn and related investor uncertainties which led to negative market valuation of AuM, net outflows and lower performance fees in the first quarter 2020. Although latest market developments have provided some tailwind, markets still face high volatility and a pronounced level of risk.

Our Corporate and Other segment is also affected by the development of the capital markets due to a lower expected investment result.

Given the overall uncertainty due to the pandemic as described above, a quantitative outlook in the usual manner cannot be given at the moment.

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.

BALANCE SHEET REVIEW

Shareholders' equity[1]

Shareholders' equity
€ mn

	As of 30 June 2020	As of 31 December 2019	Delta
Shareholders' equity			
Paid-in capital	28,928	28,928	-
Retained earnings	27,654	29,577	(1,924)
Foreign currency translation adjustment	(2,937)	(2,195)	(742)
Unrealized gains and losses (net)	18,491	17,691	800
Total	**72,136**	**74,002**	**(1,866)**

The decrease in **shareholders' equity** – € 1,866 mn – was attributable to the dividend payout in May 2020 (€ 3,952 mn) and the change in treasury shares (€ 760 mn) due to the share buy-back. The net income attributable to shareholders amounting to € 2,927 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 2020[3]	As of 31 December 2019	Delta
Eligible own funds	€ bn	80.7	84.0	(3.3)
Capital requirement	€ bn	43.2	39.5	3.7
Capitalization ratio	%	187	212	(26) %-p

Our **Solvency II capitalization ratio** decreased from 212 % to 187 %[3] over the first six months of 2020. The decrease was predominantly driven by negative market developments following the COVID-19 pandemic and associated policy responses. This impact was only partly offset by capital generation and management actions.

Two of our operating entities (Allianz Leben and Allianz Private Krankenversicherung) requested approval from the BaFin to apply transitional measures on their technical provisions, which the BaFin granted in June 2020. The application of transitionals decreases the value of technical provisions as disclosed in the market value balance sheet, with a partially offsetting impact in deferred taxes. As a result, Group eligible own funds increased by € 13.5 bn and our Solvency II capitalization ratio by 31 percentage points to 217 %. Our general capital steering will continue to be based on the past approach, excluding the application of transitional measures for technical provisions. As this is the first-time application, we neither restate nor recalculate previously disclosed ratios.

1_This does not include non-controlling interests of € 3,228 mn and € 3,363 mn as of 30 June 2020 and 31 December 2019, respectively. For further information, please refer to note 18 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 84 in the Allianz Group Annual Report 2019.
3_Eligible own funds excluding the application of transitional measures for technical provisions. Including the application of transitional measures for technical provisions, the own funds amounted to € 94.2 bn; and a Solvency II ratio of 217 % as of 30 June 2020.

Total assets and total liabilities

As of 30 June 2020, total assets amounted to € 1,018.8 bn (up € 7.6 bn compared to year-end 2019). Total liabilities were € 943.4 bn, representing a rise of € 9.6 bn compared to year-end 2019.

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 2020	As of 31 December 2019	Delta	As of 30 June 2020	As of 31 December 2019	Delta
Type of investment	€ bn	€ bn	€ bn	%	%	%-p
Debt instruments; thereof:	**663.7**	**643.6**	**20.1**	**86.6**	**85.3**	**1.3**
Government bonds	246.3	238.1	8.2	37.1	37.0	0.1
Covered bonds	68.1	71.3	(3.2)	10.3	11.1	(0.8)
Corporate bonds	241.9	228.9	13.0	36.4	35.6	0.9
Banks	36.3	35.8	0.5	5.5	5.6	(0.1)
Other	71.0	69.4	1.6	10.7	10.8	(0.1)
Equities	**68.3**	**78.3**	**(10.0)**	**8.9**	**10.4**	**(1.5)**
Real estate	**13.3**	**13.0**	**0.2**	**1.7**	**1.7**	**-**
Cash, cash equivalents, and other	**20.9**	**19.4**	**1.5**	**2.7**	**2.6**	**0.2**
Total	**766.2**	**754.4**	**11.8**	**100.0**	**100.0**	**-**

Compared to year-end 2019, our overall asset allocation remained rather stable, with a decrease in our equity investments.

Our well-diversified exposure to debt instruments increased compared to year-end 2019, mainly due to new investments. About 92% 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 17.4%, 13.7%, 7.2% and 6.2% of our portfolio shares. Our corporate bonds portfolio contained bonds from the United States, Eurozone, and Europe excl. Eurozone. They represented 39.4%, 33.2% and 12.1% of our portfolio shares.

Our exposure to equities decreased due to sales and market movements.

LIABILITIES

PROPERTY-CASUALTY LIABILITIES

As of 30 June 2020, the business segment's gross reserves for loss and loss adjustment expenses as well as discounted loss reserves amounted to € 71.9 bn, compared to € 70.0 bn at year-end 2019. On a net basis, our reserves, including discounted loss reserves, increased from € 60.1 bn to € 61.1 bn.[2]

LIFE/HEALTH LIABILITIES

Life/Health reserves for insurance and investment contracts increased by € 8.0 bn to € 580.9 bn over the first six months of 2020. The € 9.3 bn increase in aggregate policy reserves before foreign currency translation effects was mainly driven by our operations in Germany (€ 8.2 bn). Reserves for premium refunds decreased by € 0.8 bn (before foreign currency translation effects) and foreign currency translation effects reduced the balance sheet value by € 0.5 bn.

1_Excluding self-originated German private retail mortgage loans. For 4%, 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 14 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 5 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).

Composition of total revenues
€ mn

Six months ended 30 June	2020	2019
PROPERTY-CASUALTY		
Total revenues	**33,785**	**32,916**
consisting of:		
Gross premiums written	32,933	31,924
Fee and commission income	851	992
LIFE/HEALTH		
Statutory premiums	**36,356**	**37,399**
ASSET MANAGEMENT		
Operating revenues	**3,493**	**3,320**
consisting of:		
Net fee and commission income	3,495	3,320
Net interest and similar income	(8)	(6)
Income from financial assets and liabilities carried at fair value through income (net)	5	6
CORPORATE AND OTHER		
thereof: Total revenues (Banking)	**111**	**118**
consisting of:		
Interest and similar income	34	38
Income from financial assets and liabilities carried at fair value through income (net)[1]	1	2
Fee and commission income	265	285
Interest expenses, excluding interest expenses from external debt	(10)	(10)
Fee and commission expenses	(179)	(195)
CONSOLIDATION	(250)	(275)
Allianz Group total revenues	**73,495**	**73,479**

1_Includes trading income.

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 2020	Internal Growth	Changes in scope of consolidation	Foreign currency translation	Nominal Growth
Property-Casualty	0.3	2.9	(0.5)	2.6
Life/Health	(3.4)	0.2	0.5	(2.8)
Asset Management	3.0	-	2.2	5.2
Corporate and Other	(6.0)	-	-	(6.0)
Allianz Group	**(1.5)**	**1.4**	**0.1**	**-**

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, 23 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	2020	2019
Acquisition expenses and commissions[2]	(2,722)	(2,681)
Definitions	6	7
Scope	(68)	(42)
Acquisition costs incurred	(2,783)	(2,716)
Capitalization of DAC[2]	831	881
Definition: URR capitalized	319	283
Definition: policyholder participation[3]	527	594
Scope	17	14
Capitalization of DAC	1,694	1,773
Amortization, unlocking, and true-up of DAC[2]	(894)	(563)
Definition: URR amortized	(45)	(29)
Definition: policyholder participation[3]	(543)	(450)
Scope	(19)	(11)
Amortization, unlocking, and true-up of DAC	(1,501)	(1,052)
Commissions and profit received on reinsurance business ceded	59	45
Acquisition costs[4]	**(2,531)**	**(1,950)**
Administrative and other expenses[2]	(952)	(922)
Definitions	79	73
Scope	(78)	(84)
Administrative expenses on reinsurance business ceded	4	6
Administrative expenses[4]	**(947)**	**(926)**

1_Prior year figures changed in order to reflect the refinement of profit source reporting in the USA.
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.

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.

Reconciliation to Notes[1]

€ mn

Six months ended 30 June	2020	2019
Acquisition expenses and commissions[2]	(2,722)	(2,681)
Administrative and other expenses[2]	(952)	(922)
Capitalization of DAC[2]	831	881
Amortization, unlocking, and true-up of DAC[2]	(894)	(563)
Acquisition and administrative expenses	**(3,737)**	**(3,284)**
Definitions	343	479
Scope	(148)	(122)
Commissions and profit received on reinsurance business ceded	59	45
Administrative expenses on reinsurance business ceded	4	6
Acquisition and administrative expenses (net)[3]	**(3,478)**	**(2,876)**

1_Prior year figures changed in order to reflect the refinement of profit source reporting in the USA.
2_As per Interim Group Management Report.
3_As per notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet
€ mn

	Note	As of 30 June 2020	As of 31 December 2019
ASSETS			
Cash and cash equivalents		22,987	21,075
Financial assets carried at fair value through income	6	14,569	13,187
Investments	7	633,163	625,746
Loans and advances to banks and customers	8	115,591	112,672
Financial assets for unit-linked contracts		125,728	132,168
Reinsurance assets	9	19,413	17,545
Deferred acquisition costs	10	23,478	24,777
Deferred tax assets		1,090	1,133
Other assets	11	46,606	44,532
Non-current assets and assets of disposal groups classified as held for sale	4	1,644	3,555
Intangible assets	12	14,537	14,796
Total assets		**1,018,806**	**1,011,185**
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income[1]		19,270	18,049
Liabilities to banks and customers	13	14,558	13,445
Unearned premiums		29,313	25,468
Reserves for loss and loss adjustment expenses	14	79,790	77,541
Reserves for insurance and investment contracts	15	595,667	588,023
Financial liabilities for unit-linked contracts		125,728	132,168
Deferred tax liabilities		7,404	6,538
Other liabilities	16	46,998	47,904
Liabilities of disposal groups classified as held for sale	4	716	2,236
Certificated liabilities	17	9,745	9,209
Subordinated liabilities	17	14,254	13,238
Total liabilities		943,443	933,820
Shareholders' equity		72,136	74,002
Non-controlling interests		3,228	3,363
Total equity	18	75,363	77,364
Total liabilities and equity		**1,018,806**	**1,011,185**

1_Include mainly derivative financial instruments.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement

€ mn

Six months ended 30 June	Note	2020	2019
Gross premiums written		45,660	44,803
Ceded premiums written		(4,012)	(3,106)
Change in unearned premiums (net)		(3,578)	(4,192)
Premiums earned (net)	19	38,071	37,505
Interest and similar income	20	10,808	11,199
Income from financial assets and liabilities carried at fair value through income (net)	21	(2,341)	(350)
Realized gains/losses (net)	22	5,555	2,503
Fee and commission income	23	5,881	5,891
Other income		160	6
Total income		58,135	56,755
Claims and insurance benefits incurred (gross)		(31,199)	(28,328)
Claims and insurance benefits incurred (ceded)		2,774	1,540
Claims and insurance benefits incurred (net)	24	(28,424)	(26,787)
Change in reserves for insurance and investment contracts (net)	25	(4,374)	(7,457)
Interest expenses	26	(491)	(559)
Loan loss provisions		(4)	(1)
Impairments of investments (net)	27	(4,319)	(703)
Investment expenses	28	(782)	(682)
Acquisition and administrative expenses (net)	29	(13,161)	(12,459)
Fee and commission expenses	30	(2,062)	(2,258)
Amortization of intangible assets		(105)	(105)
Restructuring and integration expenses		(288)	(77)
Other expenses		-	(6)
Total expenses		(54,011)	(51,096)
Income before income taxes		**4,124**	**5,659**
Income taxes	31	(1,023)	(1,344)
Net income		**3,101**	**4,316**
Net income attributable to:			
Non-controlling interests		174	207
Shareholders		2,927	4,109
Basic earnings per share (€)		7.07	9.76
Diluted earnings per share (€)		6.94	9.75

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income
€ mn

Six months ended 30 June	2020	2019
Net income	**3,101**	**4,316**
Other comprehensive income		
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments		
Reclassifications to net income	(16)	-
Changes arising during the period	(761)	38
Subtotal	(776)	38
Available-for-sale investments		
Reclassifications to net income	436	(387)
Changes arising during the period	243	9,368
Subtotal	679	8,982
Cash flow hedges		
Reclassifications to net income	(27)	(3)
Changes arising during the period	141	144
Subtotal	114	141
Share of other comprehensive income of associates and joint ventures		
Reclassifications to net income	-	18
Changes arising during the period	(96)	58
Subtotal	(96)	76
Miscellaneous		
Reclassifications to net income	-	-
Changes arising during the period	85	226
Subtotal	85	226
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	(155)	(839)
Total other comprehensive income	(149)	8,623
Total comprehensive income	**2,952**	**12,939**
Total comprehensive income attributable to:		
Non-controlling interests	112	745
Shareholders	2,840	12,194

For further details concerning income taxes on components of the other comprehensive income, please see note 31.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement 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 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	-	(1,275)	-	-	(1,275)	-	(1,275)
Transactions between equity holders	-	(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**
Balance as of 1 January 2020	**28,928**	**29,577**	**(2,195)**	**17,691**	**74,002**	**3,363**	**77,364**
Total comprehensive income[1]	-	2,782	(742)	800	2,840	112	2,952
Paid-in capital	-	-	-	-	-	-	-
Treasury shares[2]	-	(760)	-	-	(760)	-	(760)
Transactions between equity holders	-	6	-	-	6	(126)	(120)
Dividends paid	-	(3,952)	-	-	(3,952)	(121)	(4,073)
Balance as of 30 June 2020	**28,928**	**27,654**	**(2,937)**	**18,491**	**72,136**	**3,228**	**75,363**

1_Total comprehensive income in shareholders' equity for the six months ended 30 June 2020 comprises net income attributable to shareholders of € 2,927 mn (2019: € 4,109 mn).

2_In February 2020, a share buy-back with an intended volume of € 1.5 bn was announced and executed since 9 March 2020. During the first half-year of 2020, Allianz SE purchased 4.9 million own shares for an amount of € 750 mn as a first tranche. The second tranche with a volume of € 750 mn was suspended in April 2020.

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows

€ mn

Six months ended 30 June	2020	2019
SUMMARY		
Net cash flow provided by operating activities	14,401	23,301
Net cash flow used in investing activities	(9,591)	(16,904)
Net cash flow used in financing activities	(2,958)	(3,083)
Effect of exchange rate changes on cash and cash equivalents	(249)	5
Change in cash and cash equivalents	1,604	3,319
Cash and cash equivalents at beginning of period	21,075	17,234
Cash and cash equivalents reclassified to assets of disposal groups held for sale in 2019	-	(168)
Cash and cash equivalents reclassified to assets of disposal groups held for sale and disposed of in 2020	309	-
Cash and cash equivalents at end of period	**22,987**	**20,385**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**3,101**	**4,316**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(174)	(169)
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	(1,378)	(1,800)
Other investments, mainly financial assets held for trading and designated at fair value through income	1,560	171
Depreciation and amortization	1,064	968
Loan loss provisions	4	1
Interest credited to policyholder accounts	2,143	2,917
Net change in:		
Financial assets and liabilities held for trading	(593)	243
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(1,082)	34
Repurchase agreements and collateral received from securities lending transactions	618	956
Reinsurance assets	(2,313)	(558)
Deferred acquisition costs	(334)	(1,315)
Unearned premiums	4,410	4,654
Reserves for loss and loss adjustment expenses	2,982	1,214
Reserves for insurance and investment contracts	5,698	12,386
Deferred tax assets/liabilities	561	(77)
Other (net)	(1,866)	(640)
Subtotal	11,300	18,985
Net cash flow provided by operating activities	**14,401**	**23,301**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	1,797	980
Available-for-sale investments	89,030	75,642
Held-to-maturity investments	157	325
Investments in associates and joint ventures	264	235
Non-current assets and disposal groups classified as held for sale	345	4
Real estate held for investment	112	56
Loans and advances to banks and customers (purchased loans)	2,044	3,430
Property and equipment	63	39
Subtotal	93,812	80,712

CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

Consolidated statement of cash flows
€ mn

Six months ended 30 June	2020	2019
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(1,783)	(1,612)
Available-for-sale investments	(94,915)	(89,157)
Held-to-maturity investments	(115)	(148)
Investments in associates and joint ventures	(1,244)	(1,407)
Non-current assets and disposal groups classified as held for sale	(66)	-
Real estate held for investment	(422)	(514)
Fixed assets from alternative investments	(5)	(8)
Loans and advances to banks and customers (purchased loans)	(1,142)	(1,849)
Property and equipment	(632)	(535)
Subtotal	(100,325)	(95,229)
Business combinations (note 4):		
Proceeds from sale of subsidiaries, net of cash disposed	470	-
Change in other loans and advances to banks and customers (originated loans)	**(3,051)**	**(2,001)**
Other (net)	**(496)**	**(386)**
Net cash flow used in investing activities	**(9,591)**	**(16,904)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	479	514
Proceeds from the issuance of certificated liabilities and subordinated liabilities	4,169	3,092
Repayments of certificated liabilities and subordinated liabilities	(2,562)	(1,599)
Net change in lease liabilities	(188)	(51)
Transactions between equity holders	31	164
Dividends paid to shareholders	(4,073)	(3,865)
Net cash from sale or purchase of treasury shares	(760)	(1,276)
Other (net)	(54)	(62)
Net cash flow used in financing activities	**(2,958)**	**(3,083)**
SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS		
Income taxes paid (from operating activities)	(1,360)	(1,006)
Dividends received (from operating activities)	1,059	1,394
Interest received (from operating activities)	9,465	9,552
Interest paid (from operating activities)	(465)	(364)

Changes in liabilities arising from financing activities

€ mn

	Liabilities to banks and customers	Certificated and subordinated liabilities	Lease liabilities	Total
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**
As of 1 January 2020	**8,894**	**22,448**	**2,791**	**34,132**
Net cash flows	479	1,608	(188)	1,898
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	34	-	-	34
Foreign currency translation adjustments	(26)	(4)	(20)	(49)
Fair value and other changes	2	(53)	165	114
As of 30 June 2020	**9,383**	**23,999**	**2,748**	**36,129**

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 2019. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

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 3 August 2020.

2 _ Recently adopted accounting pronouncements (effective 1 January 2020)

The following amendments and revisions to existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2020:

- IFRS 3, Definition of a Business,
- IAS 1 and IAS 8, Definition of Material,
- IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform (Phase 1),
- Revised Conceptual Framework,
- Amendments to References to the Conceptual Framework in IFRS Standards.

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

3 _ Impact due to COVID-19

The COVID-19 pandemic is currently affecting all aspects of personal and professional lives, global economic development, and the financial markets. Despite all these uncertainties, the Allianz Group is very well prepared for the situation. The interim financial statements for the first half-year of 2020 have been prepared on a going concern basis.

Consequently, the pandemic had impacts on all business segments. In the business segment Property-Casualty, the business interruption, entertainment, and credit were concerned due to higher claims. These effects were partly compensated by lower claims from reduced frequencies of claims in motor. In addition, the net income was lowered by reduced realized gains / losses (net) and higher impairments of investments. The business segment Life/Health was also impacted by negative effects, especially due to market turndowns in the investment areas and higher hedging costs. The business segment Asset Management was impacted by the severe financial market disruption and related investor uncertainties which led to a negative market valuation of assets under management and net outflows in the first quarter of 2020. In the second quarter of 2020, the business units PIMCO and Allianz GI were able to almost fully recover from the aforementioned impacts by reaching strong positive market effects and third-party net inflows.

According to the US CARES Act which has been signed into law on 27 March 2020 in response to COVID-19, a carryback of tax losses generated in 2018, 2019, and 2020 to tax years 2015 and following years is permissible. For Allianz Life Insurance of North America, a tax loss carry back potential to those periods occurred leading to a tax asset valued with a tax rate of 35 % instead of a tax loss carry forward valued with a tax rate of 21%. The resulting tax benefit amounts to € 92 mn.

Given to the Solvency II capitalization ratio of 187 %[1], the Allianz Group does not see any indication of any non-compliance with its Solvency Capital Requirements of the minimum consolidated Group Solvency Capital Requirement.

Due to the COVID-19 pandemic, the default risk for trade credits provided by suppliers has increased significantly. In order to protect the real economy, many governments, particularly European Union member states, established temporary state support schemes for the area of private credit insurance. In return for these state support schemes, the insurance companies have committed to maintaining their current level of credit limits.

Euler Hermes, the credit insurer within the Allianz Group, entered into agreements with Germany, Denmark, Belgium, the Netherlands, and Norway as of 30 June 2020. Whereas some of the state support

1_Without transitionals.

schemes the Allianz Group entered into are reinsurance schemes, others are structured as guarantee contracts from a legal point of view. Irrespective of this legal qualification, for IFRS accounting purposes these contracts fulfill the definition of reinsurance contracts. Consequently, the state support schemes are consistently accounted for as reinsurance contracts. Until 30 June 2020, the total of premiums ceded under the state support schemes are € 164 mn. Against the backdrop of COVID-19, no active market exists for such transactions with comparable volume and price.

Regarding impairments of assets next to investments (e.g. software, deferred tax assets, right-of-use assets, and property, plant and equipment), the Allianz Group did not realize any material impairments. After evaluation, the Allianz Group concludes that the COVID-19 pandemic and the respective economic slowdown does not result in an impairment of goodwill.

So far, the Allianz Group has not observed any material nor sustained impacts on mortality, longevity, lapses, or health to justify significant changes of assumption in projections parameters. In the second half-year of 2020, the assumptions will be reviewed in detail.

Regarding 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, no material changes have occurred in combination with the COVID-19 pandemic.

In total, the operating profit of the Allianz Group was reduced by € 1.2 bn due to COVID-19. Of this amount, € 0.8 bn were related to Property-Casualty and the remaining € 0.4 bn to Life/Health.

In light of the macroeconomic developments caused by the pandemic and the expected impact on the financial development of the operating entities of the Group, the outlook for 2020 was withdrawn on 30 April 2020.

4 _ Consolidation and classification as held for sale

SIGNIFICANT BUSINESS COMBINATIONS IN 2020

Effective 10 July 2020, Allianz Seguros S.A. Brazil acquired 100% in automobile and other Property-Casualty business from SulAmérica ("SulAmérica Auto e Massificados" – "SASAM"). The acquisition strengthens the competitive position of Allianz in Brazil, making it one of the top 3 insurers of the largest economy in South America with a market share of around 15 percent in motor and 9 percent in Property-Casualty insurance, and establishing Allianz as the number 2 in motor insurance.

Allianz Brazil acquired approximately € 0.6 bn in assets and € 0.4 bn in liabilities of SASAM in consideration for a total purchase price of approximately up to € 0.5 bn. At the time the condensed consolidated interim financial statements of Allianz Group were authorized for issue, the initial accounting for the business combination was incomplete. Specifically, the initial valuation of identifiable intangible assets as well as the transition of accounting policies of SASAM to IFRS requirements was still pending. Therefore, detailed disclosures of the amounts to be recognized as of the acquisition date for major classes of identifiable assets acquired and liabilities assumed including goodwill cannot be made at this point. Furthermore, the impact on revenue and net income of the consolidated income statement of the Allianz Group had SASAM been consolidated from 1 January 2020 cannot be reliably disclosed.

CLASSIFICATION AS HELD FOR SALE

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

	As of 30 June 2020	As of 31 December 2019
Assets of disposal groups classified as held for sale		
Allianz Popular	-	1,884
Allianz Sakura	1,266	1,132
Other disposal groups	15	15
Subtotal	1,281	3,031
Non-current assets classified as held for sale		
Real estate held for investment	363	501
Real estate held for own use	-	23
Subtotal	363	524
Total	**1,644**	**3,555**
Liabilities of disposal groups classified as held for sale		
Allianz Popular	-	1,589
Allianz Sakura	706	637
Other disposal groups	10	10
Total	**716**	**2,236**

ALLIANZ SAKURA, TOKYO

As of 30 June 2020, all requirements were fulfilled to present the Sakura investment in Japan, allocated to the reportable segments German Speaking Countries and Central & Eastern Europe (Life/Health) and Corporate and Other, as a disposal group classified as held for sale.

Reclassified assets and liabilities
€ mn

Cash and cash equivalents	28
Investments	1,237
Other assets	1
Total assets	**1,266**
Liabilities to banks and customers	695
Other liabilities	10
Total liabilities	**706**

No impairment loss has been recognized in connection with this transaction. The closing of the transaction was completed on 1 July 2020. With the completion of the sale, the Allianz Group lost control of the Sakura investment, but retained a 50%-interest in Sakura subject to at equity accounting.

ALLIANZ POPULAR, MADRID

Effective 31 January 2020, the Allianz Group disposed of Allianz Popular S.L., Madrid, a 60 % owned subsidiary of the Allianz Group allocated to the reportable segment Iberia & Latin America (Life/Health). The entity had been classified as held for sale since 30 June 2019. Until its deconsolidation on 31 January 2020, no impairment loss had been recognized. Upon closing of the sale, the Allianz Group recognized a gain of € 483 mn, included in the line realized gains/losses (net) of the consolidated income statement.

The impact of the disposal, net of cash disposed, on the consolidated statement of cash flows for the first six months of 2020 was as follows:

Impact on the disposal
€ mn

Investments	1,402
Loans and advances to banks and customers	13
Financial assets for unit-linked contracts	7
Reinsurance assets	6
Deferred acquisitions costs	17
Other assets	327
Unearned premiums	(29)
Reserves for loss and loss adjustment expenses	(75)
Reserves for insurance and investment contracts	(1,468)
Financial liabilities for unit-linked contracts	(7)
Deferred tax liabilities	(72)
Other liabilities	(45)
Other comprehensive income	(17)
Derecognition of a derivate asset	78
Realized gain from the disposal	483
Non-controlling interests	(150)
Proceeds from sale of the subsidiary, net of cash disposed[1]	**470**

1_Includes cash and cash equivalents at an amount of € 309 mn which were disposed of with the entity.

5 _ 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 2019. The statement contained therein regarding general segment reporting information is still applicable and valid.

RECENT ORGANIZATIONAL CHANGES

Only 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 2020	As of 31 December 2019	As of 30 June 2020	As of 31 December 2019
ASSETS				
Cash and cash equivalents	5,473	5,334	10,888	10,165
Financial assets carried at fair value through income	1,408	1,415	13,001	11,661
Investments	105,478	107,740	509,853	500,885
Loans and advances to banks and customers	10,755	11,016	104,556	100,466
Financial assets for unit-linked contracts	-	-	125,728	132,168
Reinsurance assets	13,405	11,739	6,102	5,898
Deferred acquisition costs	5,218	4,936	18,260	19,841
Deferred tax assets	782	794	709	836
Other assets	30,208	27,296	19,123	20,592
Non-current assets and assets of disposal groups classified as held for sale	95	100	912	3,016
Intangible assets	4,116	4,335	2,660	2,695
Total assets	**176,938**	**174,706**	**811,791**	**808,223**

	Property-Casualty		Life/Health	
	As of 30 June 2020	As of 31 December 2019	As of 30 June 2020	As of 31 December 2019
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	193	114	18,932	17,900
Liabilities to banks and customers	1,223	1,556	5,105	4,616
Unearned premiums	23,639	20,022	5,702	5,472
Reserves for loss and loss adjustment expenses	67,301	65,414	12,549	12,184
Reserves for insurance and investment contracts	14,982	15,333	580,887	572,904
Financial liabilities for unit-linked contracts	-	-	125,728	132,168
Deferred tax liabilities	2,659	2,712	6,137	5,273
Other liabilities	20,396	22,574	15,148	15,704
Liabilities of disposal groups classified as held for sale	10	10	353	1,958
Certificated liabilities	-	-	-	12
Subordinated liabilities	12	12	68	69
Total liabilities	**130,414**	**127,746**	**770,610**	**768,261**

Asset Management		Corporate and Other		Consolidation		Group	
As of 30 June 2020	As of 31 December 2019	As of 30 June 2020	As of 31 December 2019	As of 30 June 2020	As of 31 December 2019	As of 30 June 2020	As of 31 December 2019
819	967	5,988	4,773	(180)	(165)	22,987	21,075
50	66	498	517	(388)	(473)	14,569	13,187
81	79	107,607	106,426	(89,855)	(89,383)	633,163	625,746
54	270	5,570	5,739	(5,345)	(4,820)	115,591	112,672
-	-	-	-	-	-	125,728	132,168
-	-	-	-	(94)	(92)	19,413	17,545
-	-	-	-	-	-	23,478	24,777
185	166	1,164	1,092	(1,749)	(1,755)	1,090	1,133
4,674	4,582	6,287	7,668	(13,685)	(15,607)	46,606	44,532
-	-	637	566	-	(127)	1,644	3,555
7,596	7,607	165	159	-	-	14,537	14,796
13,458	**13,739**	**127,916**	**126,940**	**(111,296)**	**(112,423)**	**1,018,806**	**1,011,185**

Asset Management		Corporate and Other		Consolidation		Group	
As of 30 June 2020	As of 31 December 2019	As of 30 June 2020	As of 31 December 2019	As of 30 June 2020	As of 31 December 2019	As of 30 June 2020	As of 31 December 2019
-	-	534	523	(389)	(487)	19,270	18,049
43	43	10,767	8,827	(2,579)	(1,597)	14,558	13,445
-	-	-	-	(28)	(26)	29,313	25,468
-	-	-	-	(59)	(56)	79,790	77,541
-	-	(72)	(82)	(129)	(131)	595,667	588,023
-	-	-	-	-	-	125,728	132,168
31	24	326	284	(1,749)	(1,755)	7,404	6,538
4,016	4,408	28,651	27,960	(21,214)	(22,742)	46,998	47,904
-	-	353	319	-	(51)	716	2,236
-	-	12,423	12,336	(2,677)	(3,139)	9,745	9,209
-	-	14,193	13,177	(20)	(20)	14,254	13,238
4,090	**4,475**	**67,175**	**63,344**	**(28,846)**	**(30,006)**	**943,443**	**933,820**
				Total equity		**75,363**	**77,364**
				Total liabilities and equity		**1,018,806**	**1,011,185**

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	2020	2019	2020	2019
Total revenues[1]	**33,785**	**32,916**	**36,356**	**37,399**
Premiums earned (net)	26,030	25,179	12,041	12,326
Operating investment result				
Interest and similar income	1,577	1,723	9,130	9,283
Operating income from financial assets and liabilities carried at fair value through income (net)	(59)	(20)	(2,159)	(351)
Operating realized gains/losses (net)	58	117	4,791	2,081
Interest expenses, excluding interest expenses from external debt	(60)	(57)	(52)	(56)
Operating impairments of investments (net)	(117)	(19)	(3,557)	(539)
Investment expenses	(201)	(192)	(787)	(697)
Subtotal	1,197	1,553	7,366	9,721
Fee and commission income	851	992	742	800
Other income	150	1	10	4
Claims and insurance benefits incurred (net)	(18,250)	(16,727)	(10,174)	(10,062)
Operating change in reserves for insurance and investment contracts (net)[2]	(64)	(265)	(4,326)	(7,169)
Loan loss provisions	-	-	-	-
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(6,909)	(6,939)	(3,478)	(2,876)
Fee and commission expenses	(830)	(954)	(354)	(403)
Operating amortization of intangible assets	-	-	(10)	(10)
Operating restructuring and integration expenses	-	-	(6)	(1)
Other expenses	-	(2)	-	(4)
Operating profit (loss)	**2,175**	**2,838**	**1,810**	**2,327**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(3)	(56)	(19)	81
Non-operating realized gains/losses (net)	(31)	226	586	30
Non-operating impairments of investments (net)	(463)	(110)	(118)	(20)
Subtotal	(497)	60	449	90
Non-operating change in reserves for insurance and investment contracts (net)	-	-	27	(34)
Interest expenses from external debt	-	-	-	-
Acquisition-related expenses	-	-	-	-
Non-operating amortization of intangible assets	(55)	(56)	(23)	(26)
Non-operating restructuring and integration expenses	(133)	(41)	(28)	(15)
Non-operating items	(685)	(37)	425	15
Income (loss) before income taxes	1,490	2,801	2,236	2,342
Income taxes	(563)	(721)	(433)	(553)
Net income (loss)	**926**	**2,079**	**1,802**	**1,788**
Net income (loss) attributable to:				
Non-controlling interests	54	38	79	90
Shareholders	872	2,041	1,724	1,698

1_Total revenues comprise gross premiums written and 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).
2_For the six months ended 30 June 2020, includes expenses for premium refunds (net) in Property-Casualty of € 90 mn (2019: € (98) mn).

Asset Management		Corporate and Other		Consolidation		Group	
2020	2019	2020	2019	2020	2019	2020	2019
3,493	**3,320**	**111**	**118**	**(250)**	**(275)**	**73,495**	**73,479**
-	-	-	-	-	-	38,071	37,505
6	10	188	259	(93)	(76)	10,808	11,199
5	6	(34)	12	(3)	(3)	(2,250)	(356)
-	-	-	-	4	(8)	4,853	2,190
(14)	(16)	(98)	(79)	96	78	(128)	(130)
-	-	-	-	-	-	(3,674)	(558)
-	-	(52)	(39)	259	246	(782)	(682)
(3)	-	4	154	263	237	8,827	11,664
4,396	4,211	1,248	1,127	(1,357)	(1,238)	5,881	5,891
-	-	-	-	-	-	160	6
-	-	-	-	-	2	(28,424)	(26,787)
-	-	-	-	(11)	11	(4,401)	(7,423)
-	-	(4)	(1)	-	-	(4)	(1)
(2,174)	(2,069)	(586)	(559)	(14)	(15)	(13,161)	(12,459)
(901)	(891)	(1,093)	(1,016)	1,115	1,005	(2,062)	(2,258)
-	-	-	-	-	-	(10)	(10)
-	-	-	-	-	-	(6)	(1)
-	-	-	-	-	-	-	(6)
1,319	**1,251**	**(432)**	**(296)**	**(3)**	**1**	**4,869**	**6,121**
(2)	-	(65)	(22)	(2)	3	(90)	6
-	-	141	55	6	1	702	313
-	-	(64)	(15)	-	-	(645)	(145)
(2)	-	13	18	4	5	(33)	173
-	-	-	-	-	-	27	(34)
-	-	(362)	(429)	-	-	(362)	(429)
-	-	-	-	-	-	-	-
(8)	(8)	(9)	(5)	-	-	(95)	(95)
(86)	(1)	(36)	(20)	-	-	(282)	(76)
(96)	(9)	(394)	(435)	4	5	(745)	(461)
1,223	1,242	(825)	(731)	1	6	4,124	5,659
(317)	(316)	290	249	1	(2)	(1,023)	(1,344)
906	**926**	**(535)**	**(482)**	**2**	**4**	**3,101**	**4,316**
53	40	(12)	39	-	-	174	207
853	885	(523)	(520)	2	5	2,927	4,109

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	2020	2019	2020	2019	2020	2019
German Speaking Countries and Central & Eastern Europe	9,935	9,805	877	798	438	608
Western & Southern Europe and Asia Pacific	6,356	6,405	910	815	475	573
Iberia & Latin America and Allianz Partners	6,207	6,799	373	247	227	155
Global Insurance Lines & Anglo Markets, Middle East and Africa	15,433	14,142	14	979	(213)	743
Consolidation	(4,146)	(4,235)	1	-	-	-
Total Property-Casualty	**33,785**	**32,916**	**2,175**	**2,838**	**926**	**2,079**
German Speaking Countries and Central & Eastern Europe	17,563	17,240	753	820	515	565
Western & Southern Europe and Asia Pacific	12,856	13,644	775	777	561	578
Iberia & Latin America	679	787	72	131	542	133
USA	4,863	5,817	216	588	243	506
Global Insurance Lines & Anglo Markets, Middle East and Africa	573	432	19	30	(40)	21
Consolidation and Other	(178)	(520)	(24)	(20)	(19)	(16)
Total Life/Health	**36,356**	**37,399**	**1,810**	**2,327**	**1,802**	**1,788**
Asset Management	**3,493**	**3,320**	**1,319**	**1,251**	**906**	**926**
Corporate and Other	**111**	**118**	**(432)**	**(296)**	**(535)**	**(482)**
Consolidation	**(250)**	**(275)**	**(3)**	**1**	**2**	**4**
Group	**73,495**	**73,479**	**4,869**	**6,121**	**3,101**	**4,316**

NOTES TO THE CONSOLIDATED BALANCE SHEET

6 _ Financial assets carried at fair value through income

Financial assets carried at fair value through income
€ mn

	As of 30 June 2020	As of 31 December 2019
Financial assets held for trading		
Debt securities	423	431
Equity securities	234	251
Derivative financial instruments	8,049	6,884
Subtotal	8,706	7,566
Financial assets designated at fair value through income		
Debt securities	3,362	3,005
Equity securities	2,501	2,616
Subtotal	5,863	5,620
Total	**14,569**	**13,187**

7 _ Investments

Investments
€ mn

	As of 30 June 2020	As of 31 December 2019
Available-for-sale investments	599,416	593,178
Held-to-maturity investments	2,498	2,589
Funds held by others under reinsurance contracts assumed	770	752
Investments in associates and joint ventures	14,495	13,462
Real estate held for investment	13,269	13,049
Fixed assets of alternative investments	2,716	2,716
Total	**633,163**	**625,746**

AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments
€ mn

	As of 30 June 2020				As of 31 December 2019			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Debt securities								
Corporate bonds	254,152	23,599	(1,163)	276,588	247,684	21,033	(354)	268,363
Government and government agency bonds[1]	193,062	39,150	(492)	231,720	189,229	34,743	(573)	223,400
MBS/ABS	27,917	1,234	(268)	28,883	27,752	762	(61)	28,453
Other	6,973	1,484	(38)	8,420	6,721	1,465	(30)	8,156
Subtotal	482,105	65,468	(1,962)	545,612	471,387	58,004	(1,018)	528,373
Equity securities	42,358	11,915	(469)	53,804	48,723	16,337	(255)	64,805
Total	**524,463**	**77,383**	**(2,431)**	**599,416**	**520,110**	**74,341**	**(1,273)**	**593,178**

1_As of 30 June 2020, fair value and amortized costs of bonds from countries with a rating below AA amounted to € 86,892 mn (31 December 2019: € 84,788 mn) and € 77,668 mn (31 December 2019: € 74,997 mn), respectively.

8 _ Loans and advances to banks and customers

Loans and advances to banks and customers

€ mn

	As of 30 June 2020	As of 31 December 2019
Short-term investments and certificates of deposit	2,153	2,574
Loans	109,391	107,084
Other	4,110	3,072
Subtotal	115,654	112,730
Loan loss allowance	(63)	(58)
Total	**115,591**	**112,672**

9 _ Reinsurance assets

Reinsurance assets

€ mn

	As of 30 June 2020	As of 31 December 2019
Unearned premiums	2,632	1,853
Reserves for loss and loss adjustment expenses	11,237	10,304
Aggregate policy reserves	5,413	5,260
Other insurance reserves	131	128
Total	**19,413**	**17,545**

10 _ Deferred acquisition costs

Deferred acquisition costs

€ mn

	As of 30 June 2020	As of 31 December 2019
Deferred acquisition costs		
Property-Casualty	5,218	4,936
Life/Health	17,783	19,195
Subtotal	23,001	24,130
Deferred sales inducements	204	351
Present value of future profits	273	295
Total	**23,478**	**24,777**

11 _ Other assets

Other assets

€ mn

	As of 30 June 2020	As of 31 December 2019
Receivables		
Policyholders	7,460	7,241
Agents	5,273	4,676
Reinsurance	4,549	3,636
Other	6,271	5,848
Less allowances for doubtful accounts	(674)	(673)
Subtotal	22,879	20,728
Tax receivables		
Income taxes	1,933	1,504
Other taxes	1,966	2,329
Subtotal	3,899	3,833
Accrued dividends, interest and rent	5,746	6,388
Prepaid expenses	846	621
Derivative financial instruments used for hedging, that meet the criteria for hedge accounting, and firm commitments	976	702
Property and equipment		
Real estate held for own use	2,934	2,848
Software	3,165	3,183
Equipment	1,322	1,379
Right-of-use assets	2,349	2,416
Subtotal	9,770	9,826
Other assets	2,491	2,434
Total	**46,606**	**44,532**

12 _ Intangible assets

Intangible Assets

€ mn

	As of 30 June 2020	As of 31 December 2019
Goodwill	13,146	13,207
Distribution agreements[1]	543	598
Other[2]	848	991
Total	**14,537**	**14,796**

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.

13 _ Liabilities to banks and customers

Liabilities to banks and customers
€ mn

	As of 30 June 2020	As of 31 December 2019
Payables on demand and other deposits	1,201	1,082
Repurchase agreements and collateral received from securities lending transactions and derivatives	5,175	4,551
Other	8,182	7,812
Total	**14,558**	**13,445**

14 _ Reserves for loss and loss adjustment expenses

As of 30 June 2020, the reserves for loss and loss adjustment expenses of the Allianz Group totaled € 79,790 mn (31 December 2019: € 77,541 mn). The following table reconciles the beginning and ending reserves of the Property-Casualty business segment for the half-years ended 30 June 2020 and 2019.

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

	2020	2019
As of 1 January	**65,414**	**61,442**
Balance carry forward of discounted loss reserves	4,552	4,157
Subtotal	69,965	65,598
Loss and loss adjustment expenses incurred		
Current year	21,248	18,786
Prior years	(494)	(768)
Subtotal	20,754	18,018
Loss and loss adjustment expenses paid		
Current year	(6,448)	(6,522)
Prior years	(11,635)	(11,018)
Subtotal	(18,083)	(17,540)
Foreign currency translation adjustments and other changes	(760)	250
Changes in the consolidated subsidiaries of the Allianz Group	-	224
Subtotal	71,876	66,550
Ending balance of discounted loss reserves	(4,575)	(4,347)
As of 30 June	**67,301**	**62,203**

15 _ Reserves for insurance and investment contracts

Reserves for insurance and investment contracts
€ mn

	As of 30 June 2020	As of 31 December 2019
Aggregate policy reserves	506,275	497,558
Reserves for premium refunds	88,788	89,781
Other insurance reserves	604	685
Total	**595,667**	**588,023**

16 _ Other liabilities

Other liabilities
€ mn

	As of 30 June 2020	As of 31 December 2019
Payables		
Policyholders	3,936	5,425
Reinsurance	3,101	2,103
Agents	1,745	1,760
Subtotal	8,782	9,288
Payables for social security	387	425
Tax payables		
Income taxes	1,405	1,773
Other taxes	2,182	1,988
Subtotal	3,587	3,761
Accrued interest and rent	553	537
Unearned income	525	502
Provisions		
Pensions and similar obligations	10,699	10,556
Employee related	2,635	2,849
Share-based compensation plans	272	429
Restructuring plans	304	322
Other provisions	1,916	1,957
Subtotal	15,826	16,114
Deposits retained for reinsurance ceded	2,308	2,443
Derivative financial instruments used for hedging, that meet the criteria for hedge accounting, and firm commitments	290	532
Financial liabilities for puttable equity instruments	2,464	2,073
Lease liabilities	2,748	2,791
Other liabilities	9,529	9,439
Total	**46,998**	**47,904**

17 _ Certificated and subordinated liabilities

Certificated and subordinated liabilities

€ mn

	As of 30 June 2020	As of 31 December 2019
Senior bonds[1]	8,520	8,085
Money market securities	1,225	1,124
Total certificated liabilities	**9,745**	**9,209**
Subordinated bonds[2]	14,209	13,193
Hybrid equity[3]	45	45
Total subordinated liabilities	**14,254**	**13,238**

1_Change due to the issuance of two senior bonds with a total volume of € 1.25 bn and the redemption of a € 0.75 bn senior bond in the first half-year of 2020.
2_Change due to the issuance of a subordinated bond in the first half-year of 2020 with a volume of € 1.0 bn.
3_Relates to hybrid equity issued by subsidiaries.

Bonds outstanding as of 30 June 2020

mn

	ISIN	Year of issue	Currency	Notional amount	Coupon in %	Maturity date
Certificated liabilities						
Allianz Finance II B.V., Amsterdam	DE000A19S4T0	2017	EUR	500	3-months Euribor + 50 bps	07 December 2020
	DE000A1G0RU9	2012	EUR	1,500	3.500	14 February 2022
	DE000A19S4U8	2017	EUR	750	0.250	06 June 2023
	DE000A28RSQ8	2020	EUR	500	Non-interest bearing	14 January 2025
	DE000A2RWAX4	2019	EUR	750	0.875	15 January 2026
	DE000A19S4V6	2017	EUR	750	0.875	06 December 2027
	DE000A1HG1K6	2013	EUR	750	3.000	13 March 2028
	DE000A2RWAY2	2019	EUR	750	1.500	15 January 2030
	DE000A28RSR6	2020	EUR	750	0.500	14 January 2031
	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	07 July 2045
	DE000A2DAHN6	2017	EUR	1,000	3.099	06 July 2047
	XS1556937891	2017	USD	600	5.100	30 January 2049
	DE000A2YPFA1	2019	EUR	1,000	1.301	25 September 2049
	DE000A254TM8	2020	EUR	1,000	2.121	08 July 2050
	XS0857872500	2012	USD	1,000	5.500	Perpetual bond
	DE000A1YCQ29	2013	EUR	1,500	4.750	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	1,096	5.750	08 July 2041
	DE000A0GNPZ3	2006	EUR	800	5.375	Perpetual bond

18 _ Equity

Equity
€ mn

	As of 30 June 2020	As of 31 December 2019
Shareholders' equity		
Issued capital	1,170	1,170
Additional paid-in capital	27,758	27,758
Retained earnings[1,2]	27,654	29,577
Foreign currency translation adjustments	(2,937)	(2,195)
Unrealized gains and losses (net)[3]	18,491	17,691
Subtotal	72,136	74,002
Non-controlling interests	3,228	3,363
Total	**75,363**	**77,364**

1_As of 30 June 2020, include € (815) mn (31 December 2019: € (55) mn) related to treasury shares.
2_In February 2020, a share buy-back with an intended volume of € 1.5 bn was announced and executed since 9 March 2020. During the first half-year of 2020, Allianz SE purchased 4.9 million own shares for an amount of € 750 mn as a first tranche. The second tranche with a volume of € 750 mn was suspended in April 2020.
3_As of 30 June 2020, include € 533 mn (31 December 2019: € 415 mn) related to cash flow hedges.

DIVIDENDS

In the second quarter of 2020, a total dividend of € 3,952 mn (2019: € 3, 767 mn) or € 9.60 (2019: € 9.00) per qualifying share was paid to the shareholders.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

19 _ Premiums earned (net)

Premiums earned (net)
€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Consoli-dation	Group
2020				
Premiums written				
Gross	32,933	12,779	(52)	45,660
Ceded	(3,651)	(412)	52	(4,012)
Net	29,282	12,367	-	41,649
Change in unearned premiums (net)	(3,252)	(326)	-	(3,578)
Premiums earned (net)	**26,030**	**12,041**	**-**	**38,071**
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**

20 _ Interest and similar income

Interest and similar income
€ mn

Six months ended 30 June	2020	2019
Dividends from available-for-sale investments	1,063	1,420
Interest from available-for-sale investments	6,816	6,834
Interest from loans to banks and customers	1,857	1,949
Rent from real estate held for investment	497	461
Other	575	535
Total	**10,808**	**11,199**

21 _ 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	2020	2019
Income from financial assets and liabilities held for trading (net)	(1,290)	(681)
Income from financial assets and liabilities designated at fair value through income (net)	(10)	407
Income from financial liabilities for puttable equity instruments (net)	(15)	(186)
Foreign currency gains and losses (net)[1]	(1,026)	110
Total	**(2,341)**	**(350)**

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.

22 _ Realized gains/losses (net)

Realized gains/losses (net)
€ mn

Six months ended 30 June	2020	2019
REALIZED GAINS		
Available-for-sale investments		
Equity securities	2,533	1,197
Debt securities	4,244	1,616
Subtotal	6,778	2,813
Other	757	199
Subtotal	7,534	3,012
REALIZED LOSSES		
Available-for-sale investments		
Equity securities	(1,480)	(191)
Debt securities	(469)	(265)
Subtotal	(1,949)	(457)
Other	(30)	(52)
Subtotal	(1,979)	(509)
Total	**5,555**	**2,503**

23 _ Fee and commission income

Fee and commission income
€ mn

Six months ended 30 June	2020	2019
PROPERTY-CASUALTY		
Fees from credit and assistance business	661	798
Service agreements	191	194
Subtotal	851	992
LIFE/HEALTH		
Investment advisory	660	707
Service agreements	82	94
Subtotal	742	800
ASSET MANAGEMENT		
Management and advisory fees	4,091	3,870
Loading and exit fees	199	193
Performance fees	72	122
Other	34	26
Subtotal	4,396	4,211
CORPORATE AND OTHER		
Service agreements	910	781
Investment advisory and banking activities	338	346
Subtotal	1,248	1,127
CONSOLIDATION	(1,357)	(1,238)
Total	**5,881**	**5,891**

24 _ Claims and insurance benefits incurred (net)

Claims and insurance benefits incurred (net)
€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2020				
Gross	(20,754)	(10,479)	34	(31,199)
Ceded	2,504	305	(34)	2,774
Net	**(18,250)**	**(10,174)**	**-**	**(28,424)**
2019				
Gross	(18,018)	(10,346)	36	(28,328)
Ceded	1,291	284	(34)	1,540
Net	**(16,727)**	**(10,062)**	**2**	**(26,787)**

25 _ 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
2020				
Gross	(75)	(4,428)	(11)	(4,513)
Ceded	11	128	-	139
Net	**(64)**	**(4,299)**	**(11)**	**(4,374)**
2019				
Gross	(266)	(7,314)	11	(7,570)
Ceded	1	111	-	113
Net	**(265)**	**(7,203)**	**11**	**(7,457)**

26 _ Interest expenses

Interest expenses
€ mn

Six months ended 30 June	2020	2019
Liabilities to banks and customers	(37)	(44)
Deposits retained for reinsurance ceded	(42)	(36)
Certificated liabilities	(80)	(127)
Subordinated liabilities	(280)	(304)
Other	(52)	(48)
Total	**(491)**	**(559)**

27 _ Impairments of investments (net)

Impairments of investments (net)
€ mn

Six months ended 30 June	2020	2019
Impairments		
Available-for-sale investments		
Equity securities	(3,694)	(625)
Debt securities	(511)	(15)
Subtotal	(4,205)	(639)
Other	(115)	(65)
Non-current assets and assets of disposal groups classified as held for sale	-	(2)
Subtotal	(4,320)	(706)
Reversals of impairments	1	3
Total	**(4,319)**	**(703)**

28 _ Investment expenses

Investment expenses
€ mn

Six months ended 30 June	2020	2019
Investment management expenses	(436)	(390)
Expenses from real estate held for investment	(205)	(186)
Expenses from fixed assets of alternative investments	(141)	(106)
Total	**(782)**	**(682)**

29 _ Acquisition and administrative expenses (net)

Acquisition and administrative expenses (net)
€ mn

Six months ended 30 June	2020	2019
PROPERTY-CASUALTY		
Acquisition costs[1]	(5,177)	(5,269)
Administrative expenses	(1,731)	(1,671)
Subtotal	(6,909)	(6,939)
LIFE/HEALTH		
Acquisition costs	(2,531)	(1,950)
Administrative expenses	(947)	(926)
Subtotal	(3,478)	(2,876)
ASSET MANAGEMENT		
Personnel expenses	(1,348)	(1,268)
Non-personnel expenses	(826)	(802)
Subtotal	(2,174)	(2,069)
CORPORATE AND OTHER		
Administrative expenses	(586)	(559)
Subtotal	(586)	(559)
CONSOLIDATION	(14)	(15)
Total	**(13,161)**	**(12,459)**

1_Include € 457 mn (2019: € 328 mn) ceded acquisition costs.

30 _ Fee and commission expenses

Fee and commission expenses
€ mn

Six months ended 30 June	2020	2019
PROPERTY-CASUALTY		
Fees from credit and assistance business	(652)	(773)
Service agreements	(178)	(181)
Subtotal	(830)	(954)
LIFE/HEALTH		
Investment advisory	(299)	(339)
Service agreements	(55)	(64)
Subtotal	(354)	(403)
ASSET MANAGEMENT		
Commissions	(883)	(881)
Other	(18)	(10)
Subtotal	(901)	(891)
CORPORATE AND OTHER		
Service agreements	(917)	(823)
Investment advisory and banking activities	(176)	(193)
Subtotal	(1,093)	(1,016)
CONSOLIDATION	1,115	1,005
Total	**(2,062)**	**(2,258)**

31 _ Income taxes

Income taxes
€ mn

Six months ended 30 June	2020	2019
Current income taxes	(564)	(1,650)
Deferred income taxes	(459)	307
Total	**(1,023)**	**(1,344)**

For the six months ended 30 June 2020 and 2019, 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	2020	2019
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments	10	33
Available-for-sale investments	(533)	(2,716)
Cash flow hedges	(29)	(54)
Share of other comprehensive income of associates and joint ventures	(24)	(2)
Miscellaneous	35	(5)
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	74	326
Total	**(467)**	**(2,418)**

OTHER INFORMATION

32 _ 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 2020		As of 31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash and cash equivalents	22,987	22,987	21,075	21,075
Financial assets held for trading	8,706	8,706	7,566	7,566
Financial assets designated at fair value through income	5,863	5,863	5,620	5,620
Available-for-sale investments	599,416	599,416	593,178	593,178
Held-to-maturity investments	2,498	2,829	2,589	2,887
Investments in associates and joint ventures	14,495	17,722	13,462	16,754
Real estate held for investment	13,269	23,745	13,049	23,463
Loans and advances to banks and customers	115,591	136,456	112,672	131,216
Financial assets for unit-linked contracts	125,728	125,728	132,168	132,168
FINANCIAL LIABILITIES				
Financial liabilities held for trading	19,270	19,270	18,049	18,049
Liabilities to banks and customers	14,558	14,604	13,445	13,475
Financial liabilities for unit-linked contracts	125,728	125,728	132,168	132,168
Financial liabilities for puttable equity instruments	2,464	2,464	2,073	2,073
Certificated liabilities	9,745	10,830	9,209	10,375
Subordinated liabilities	14,254	14,910	13,238	14,334

As of 30 June 2020, fair values could not be reliably measured for equity investments whose carrying amounts totaled € 78 mn (31 December 2019: € 81 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 2020 and 31 December 2019:

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

	As of 30 June 2020				As of 31 December 2019			
	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	1,085	7,577	44	8,706	394	7,099	73	7,566
Financial assets designated at fair value through income	3,751	1,902	211	5,863	3,740	1,723	158	5,620
Subtotal	4,836	9,479	255	14,569	4,133	8,822	231	13,187
Available-for-sale investments								
Corporate bonds	12,142	236,640	27,807	276,588	11,645	230,327	26,391	268,363
Government and government agency bonds	17,479	213,430	811	231,720	17,836	204,721	843	223,400
MBS/ABS	38	28,560	286	28,883	46	28,154	253	28,453
Other	933	1,243	6,244	8,420	1,102	1,123	5,932	8,156
Equity securities	33,941	512	19,352	53,804	45,755	878	18,173	64,805
Subtotal	64,532	480,384	54,499	599,416	76,384	465,203	51,591	593,178
Financial assets for unit-linked contracts	96,154	28,334	1,239	125,728	103,695	27,314	1,159	132,168
Total	**165,522**	**518,198**	**55,993**	**739,713**	**184,212**	**501,338**	**52,982**	**738,532**
FINANCIAL LIABILITIES								
Financial liabilities carried at fair value through income	148	5,021	14,101	19,270	130	4,832	13,087	18,049
Financial liabilities for unit-linked contracts	96,154	28,334	1,239	125,728	103,695	27,314	1,159	132,168
Financial liabilities for puttable equity instruments	1,927	242	295	2,464	1,674	85	314	2,073
Total	**98,229**	**33,597**	**15,635**	**147,461**	**105,499**	**32,231**	**14,561**	**152,290**

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 2019. 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 2020	**231**	**33,418**	**18,173**	**1,159**	**52,982**
Additions through purchases and issues	64	2,191	3,095	119	5,469
Net transfers into (out of) Level 3	3	(148)	(36)	(11)	(193)
Disposal through sales and settlements	(361)	(832)	(830)	(27)	(2,050)
Net gains (losses) recognized in consolidated income statement	319	(129)	(9)	4	185
Net gains (losses) recognized in other comprehensive income	-	629	(684)	-	(55)
Impairments	-	(5)	(350)	-	(355)
Foreign currency translation adjustments	(2)	(52)	(7)	(2)	(63)
Changes in the consolidated subsidiaries of the Allianz Group	-	77	(1)	(3)	73
Carrying value (fair value) as of 30 June 2020	**255**	**35,148**	**19,352**	**1,239**	**55,993**
Net gains (losses) recognized in consolidated income statement held at the reporting date	(35)	(72)	-	4	(102)

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 2020	**13,087**	**1,159**	**314**	**14,561**
Additions through purchases and issues	362	119	-	481
Net transfers into (out of) Level 3	-	(11)	-	(11)
Disposal through sales and settlements	(546)	(27)	(19)	(592)
Net losses (gains) recognized in consolidated income statement	1,219	4	-	1,223
Net losses (gains) recognized in other comprehensive income	-	-	-	-
Impairments	-	-	-	-
Foreign currency translation adjustments	(22)	(2)	-	(24)
Changes in the consolidated subsidiaries of the Allianz Group	-	(3)	-	(3)
Carrying value (fair value) as of 30 June 2020	**14,101**	**1,239**	**295**	**15,635**
Net losses (gains) recognized in consolidated income statement held at the reporting date	1,195	4	-	1,199

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 27.

33 _ Other information

LITIGATION

In July 2020, complaints were filed against certain Allianz Global Investors (AllianzGI) entities as well as, in part, Allianz SE and Allianz Asset Management GmbH in the U.S. Federal Court for the Southern District of New York, in connection with losses suffered by investors in AllianzGI's Structured Alpha funds during the COVID-19-related market downturn. Allianz expects that other investors in such AllianzGI funds may bring similar actions. Allianz is currently reviewing the complaints and intends to defend vigorously against the allegations therein, which Allianz believes to be legally and factually flawed. AllianzGI U.S. has also received a related information request from the U.S. Securities and Exchange Commission (SEC) regarding AllianzGI's Structured Alpha funds, and is fully cooperating with the SEC.

CONTINGENT LIABILITIES AND COMMITMENTS

The following table shows the composition of commitments as of 30 June 2020:

Commitments
€ mn

	As of 30 June 2020	As of 31 December 2019
Commitments to acquire interests in associates and available-for-sale investments	21,715	20,691
Debt investments	7,688	8,197
Other	4,670	4,545
Total	**34,073**	**33,433**

As described in the Allianz Group's Annual Report 2019, the Tier 1 Capital Securities issued by HT1 Funding GmbH have been redeemed on 30 June 2020. This automatically terminated the contingent indemnity agreement between Allianz and HT1 Funding GmbH, pursuant to which Allianz was, under certain circumstances, obliged to make payments to HT1.

All other contingent liabilities and commitments had no significant changes compared to the consolidated financial statements for the year ended 31 December 2019.

34 _ 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.

FURTHER INFORMATION

C

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, 3 August 2020

Allianz SE
The Board of Management

Oliver Bäte

Sergio Balbinot

Jacqueline Hunt

Dr. Christof Mascher

Niran Peiris

Dr. Klaus-Peter Röhler

Iván de la Sota

Giulio Terzariol

Dr. Günther Thallinger

Renate Wagner

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 2020 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, 4 August 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger
Wirtschaftsprüfer
(German Public Auditor)

Clemens Koch
Wirtschaftsprüfer
(German Public Auditor)

Financial calendar

Important dates for shareholders and analysts[1]

Financial Results 3Q	6 November 2020
Financial Results 2020	19 February 2021
Annual Report 2020	5 March 2021
Annual General Meeting	5 May 2021
Financial Results 1Q	12 May 2021
Financial Results 2Q/Interim Report 6M	6 August 2021
Financial Results 3Q	10 November 2021

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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