CONSOLIDATED BALANCE SHEETS

Consolidated balance sheets

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| ASSETS Cash and cash equivalents Financial assets carried at fair value through income 5 Investments 6 Loons and advances to banks and customers 7 Financial assets for unit-linked contracts 8 Reinsurance assets 8 Deferred acquisition costs¹ 9 Deferred tax assets 10 Non-current assets and assets of disposal groups classified as held for sale 3 Intrangible assets 11 Total assets 11 LIABILITIES AND EQUITY 11 Financial liabilities corried at fair value through income¹² 12 Uneared premiums 12 Reserves for insurance and investment contracts³ 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 15 Financial liabilities for unit-linked contracts³ 15 Financial liabilities 17 Liabilities of disposal groups classified as held for sale 18 Schefered tax liabilities 18 Total disbilities 18 Shareholders' equity 5 Non-controlling interests | 2018 | 2017 |
|--|---------|---------|
| Financial assets carried at fair value through income 5 Investments 6 Loans and advances to banks and customers 7 Financial assets for unit-linked contracts 8 Reinsurunce assets 8 Deferred acquisition costs¹ 9 Deferred tax assets 10 Ohn-current assets and assets of disposal groups classified as held for sale 10 Non-current assets and assets of disposal groups classified as held for sale 11 Total assets 11 Intangible assets 11 Intangible assets 11 Intangible so bonks and customers 12 Uncarried premiums 12 Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts¹ 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 17 Liabilities of disposal groups classified as held for sale 17 Liabilities of disposal groups classified as held for sale 18 Subordinated liabilities 18 Total liabilities 18 Total liabilities 18 Sho | | |
| Investments 6 Loans and advances to banks and customers 7 Financial assets for unit-linked contracts 8 Reinsurance assets 8 Deferred acquisition costs 9 Deferred tax assets 9 D | 17,234 | 17,119 |
| Loans and advances to banks and customers 7 Financial assets for unit-linked contracts 8 Deferred acquisition costs¹ 9 Deferred tox assets 32 Other assets 10 Non-current assets and assets of disposal groups classified as held for sole 3 Intengible assets 11 Total assets 11 LIABILITIES AND EQUITY *** Financial liabilities corried at fair value through income¹² 12 Unearned premiums 13 Reserves for loss and customers 14 Reserves for insurance and investment contracts¹ 15 Financial liabilities for unit-linked contracts 15 Deferred tax liabilities 15 Deferred tax liabilities 17 Liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Total liabilities 18 Shareholders' equity 8 Non-controlling interests 8 | 7,611 | 8,177 |
| Financial assets for unit-linked contracts Reinsurance assets Reinsurance assets Reinsurance assets Reinsurance assets Deferred acquisition costs¹ Other assets Other assets Intracial assets of disposal groups classified as held for sale Intangible assets Intracial assets LIABILITIES AND EQUITY Financial liabilities carried at fair value through income¹² Liabilities to banks and customers Interpretation of the asset of insurance and investment contracts Interpretation of the individual asset of insurance and investment contracts Pereir data (iabilities for unit-linked contracts Deferred tax (iabilities Tital iabilities Other liabilities Certificated liabilities Subordinated liabilities Subordinated liabilities Shareholders' equity Non-controlling interests | 550,923 | 546,828 |
| Reinsurance assets 8 Deferred acquisition costs¹ 9 Deferred tox assets 32 Other assets 10 Non-current assets and assets of disposal groups classified as held for sale 3 Intengible assets 11 Total assets LIABILITIES AND EQUITY Financial liabilities corried at fair value through income¹²² 12 Liabilities to banks and customers 12 Unearned premiums 13 Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts¹ 15 Deferred tax liabilities or unit-linked contracts 15 Deferred tax liabilities for unit-linked contracts 16 Deferred tax liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Subordinated liabilities 18 Shareholders' equity Non-controlling interests 4 | 108,270 | 104,224 |
| Deferred acquisition costs¹ 9 Deferred tax assets 32 Other assets 10 Non-current assets and assets of disposal groups classified as held for sale 3 Intagible assets 11 Total assets LIABILITIES AND EQUITY Financial liabilities corried at fair value through income¹¹² 12 Unearned premiums 13 Reserves for loss and loss adjustment expenses 14 Reserves for loss and investment contracts¹ 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 32 Other liabilities 3 Certificated liabilities 3 Subordinated liabilities 18 Subordinated liabilities 18 Subordinated liabilities 18 Shareholders' equity 5 Non-controlling interests 5 | 115,361 | 119,141 |
| Deferred tax assets 32 Other assets 10 Non-current assets and assets of disposal groups classified as held for sale 3 Intangible assets 11 Total assets LIABILITIES AND EQUITY Financial liabilities rarried at fair value through income ^{1,2} Liabilities to banks and customers 12 Unearned premiums 13 Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts ¹ 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 3 Other liabilities 3 Certificated liabilities 17 Liabilities of disposal groups classified as held for sale 3 Subordinated liabilities 18 Subordinated liabilities 18 Shareholders' equity 5 Non-controlling interests 5 | 16,400 | 16,375 |
| Other assets 10 Non-current assets and assets of disposal groups classified as held for sale 3 Intangible assets 11 Total assets LIABILITIES AND EQUITY Financial liabilities carried at fair value through income ^{1,2} Liabilities to banks and customers 12 Unearned premiums 13 Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts ¹ 15 Financial liabilities or unit-linked contracts 16 Deferred tax liabilities 32 Other liabilities 32 Other liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity Non-controlling interests | 27,709 | 23,184 |
| Non-current assets and assets of disposal groups classified as held for sale 3 Intangible assets 11 Total assets LIABILITIES AND EQUITY Financial liabilities carried at fair value through income ^{1,2} Liabilities to banks and customers 12 Unearned premiums 13 Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts ¹ 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 32 Other liabilities of disposal groups classified as held for sale 3 Liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity 5 Non-controlling interests 5 | 959 | 931 |
| Intongible assets LIABILITIES AND EQUITY Financial liabilities carried at fair value through income12 Liabilities to banks and customers 12 Unearned premiums Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts1 Financial liabilities for unit-linked contracts 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 17 Liabilities of disposal groups classified as held for sale 28 Certificated liabilities 18 Subordinated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Total liabilities | 39,209 | 37,731 |
| LIABILITIES AND EQUITY Financial liabilities carried at fair value through income 12 Liabilities to banks and customers Liabilities to banks and customers Liabilities to loss and loss adjustment expenses Liabilities for insurance and investment contracts 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 132 Other liabilities 17 Liabilities of disposal groups classified as held for sale 18 Subordinated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity Non-controlling interests | 125 | 14,329 |
| LIABILITIES AND EQUITY Financial liabilities carried at fair value through income ¹² Liabilities to banks and customers 12 Unearned premiums Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts ¹ Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 20 Other liabilities 17 Liabilities of disposal groups classified as held for sale Subordinated liabilities 18 Subordinated liabilities Shareholders' equity Non-controlling interests | 13,767 | 13,262 |
| Financial liabilities carried at fair value through income ¹² Liabilities to banks and customers 112 Unearned premiums Reserves for loss and loss adjustment expenses 114 Reserves for insurance and investment contracts ¹ Financial liabilities for unit-linked contracts 115 Financial liabilities 117 Liabilities of disposal groups classified as held for sale Certificated liabilities 118 Total liabilities Shareholders' equity Non-controlling interests | 897,567 | 901,300 |
| Financial liabilities carried at fair value through income ¹² Liabilities to banks and customers 112 Unearned premiums Reserves for loss and loss adjustment expenses 114 Reserves for insurance and investment contracts ¹ Financial liabilities for unit-linked contracts 115 Financial liabilities 117 Liabilities of disposal groups classified as held for sale Certificated liabilities 118 Total liabilities Shareholders' equity Non-controlling interests | | |
| Liabilities to banks and customers 12 Unearned premiums 13 Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts¹ 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 32 Other liabilities 17 Liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity 5hareholders' equity Non-controlling interests | | |
| Unearned premiums Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts¹ 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 17 Liabilities of disposal groups classified as held for sale 32 Certificated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity Non-controlling interests | 11,626 | 11,291 |
| Reserves for loss and loss adjustment expenses 14 Reserves for insurance and investment contracts¹ 15 Financial liabilities for unit-linked contracts 16 Deferred tax liabilities 32 Other liabilities 17 Liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity Shareholders' equity Non-controlling interests Image: Control of the properties of the | 14,222 | 12,746 |
| Reserves for insurance and investment contracts¹ Financial liabilities for unit-linked contracts Deferred tax liabilities Other liabilities Other liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities Shareholders' equity Non-controlling interests | 22,891 | 21,442 |
| Financial liabilities for unit-linked contracts Deferred tax liabilities Other liabilities Other liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Total liabilities Shareholders' equity Non-controlling interests | 73,054 | 73,292 |
| Deferred tax liabilities 32 Other liabilities 17 Liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity Non-controlling interests | 529,687 | 513,687 |
| Other liabilities 17 Liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity 18 Non-controlling interests 18 | 115,361 | 119,141 |
| Liabilities of disposal groups classified as held for sale 3 Certificated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity 18 Non-controlling interests 18 | 4,080 | 4,906 |
| Certificated liabilities 18 Subordinated liabilities 18 Total liabilities 18 Shareholders' equity Non-controlling interests | 40,232 | 39,639 |
| Subordinated liabilities Total liabilities Shareholders' equity Non-controlling interests | 62 | 13,662 |
| Total liabilities Shareholders' equity Non-controlling interests | 9,199 | 9,596 |
| Shareholders' equity Non-controlling interests | 13,475 | 13,295 |
| Non-controlling interests | 833,888 | 832,698 |
| Non-controlling interests | 61,232 | 65,553 |
| | 2,447 | 3,049 |
| iotat equity 19 | 63,679 | 68,602 |
| Total liabilities and equity | 897,567 | 901,300 |

^{1.} For 2018, the amounts include the impact from changes related to fixed index annuities. For further information, please refer to <u>note 2</u>, chapter reserves for insurance and investment contracts, paragraph aggregate policy reserves. 2. Include mainly derivative financial instruments.

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CONSOLIDATED INCOME STATEMENTS

Consolidated income statements

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| e mn | | | |
|--|------|----------|----------|
| | Note | 2018 | 2017 |
| Gross premiums written | | 77,824 | 77,345 |
| Ceded premiums written | | (5,141) | (4,912) |
| Change in unearned premiums (net) | | (1,211) | (1,007) |
| Premiums earned (net) | 20 | 71,472 | 71,427 |
| Interest and similar income | 21 | 21,616 | 21,848 |
| Income from financial assets and liabilities carried at fair value through income (net) ¹ | 22 | (3,301) | (1,204) |
| Realized gains/losses (net) | 23 | 6,096 | 6,546 |
| Fee and commission income | 24 | 11,534 | 10,937 |
| Other income | | 24 | 36 |
| Total income | | 107,442 | 109,590 |
| | | | |
| Claims and insurance benefits incurred (gross) | | (54,459) | (56,644) |
| Claims and insurance benefits incurred (ceded) | | 2,302 | 5,427 |
| Claims and insurance benefits incurred (net) | 25 | (52,157) | (51,218) |
| Change in reserves for insurance and investment contracts (net) ¹ | 26 | (9,684) | (14,427) |
| Interest expenses | 27 | (1,035) | (1,149) |
| Loan loss provisions | | (2) | (25) |
| Impairments of investments (net) | 28 | (3,152) | (1,160) |
| Investment expenses | 29 | (1,333) | (1,269) |
| Acquisition and administrative expenses (net) ¹ | 30 | (24,600) | (25,702) |
| Fee and commission expenses | 31 | (4,302) | (3,857) |
| Amortization of intangible assets | | (375) | (154) |
| Restructuring charges | | (398) | (477) |
| Other expenses | | (6) | (5) |
| Total expenses | | (97,043) | (99,442) |
| | | | |
| Income before income taxes¹ | | 10,399 | 10,148 |
| Income taxes | 32 | (2,696) | (2,941) |
| Net income | | 7,703 | 7,207 |
| Net income attributable to: | | | |
| Non-controlling interests | | 241 | 404 |
| Shareholders | | 7,462 | 6,803 |
| | | | |
| Basic earnings per share (€) | 40 | 17.43 | 15.24 |
| Diluted earnings per share (€) | 40 | 17.30 | 15.23 |

1_For 2018, the amounts include the impact from changes related to fixed index annuities. For further information, please refer to note 2, chapter reserves for insurance and investment contracts, paragraph aggregate policy reserves.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Consolidated statements of cash flows

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| | 2018 | 2017 |
|---|----------|----------|
| SUMMARY | | |
| Net cash flow provided by operating activities | 25,672 | 33,188 |
| Net cash flow used in investing activities | (19,310) | (24,755) |
| Net cash flow used in financing activities | (6,821) | (5,027) |
| Effect of exchange rate changes on cash and cash equivalents | 41 | (749) |
| Change in cash and cash equivalents | (416) | 2,656 |
| Cash and cash equivalents at beginning of period | 17,119 | 14,463 |
| Cash and cash equivalents reclassified to assets of disposal groups held for sale and disposed of in 2018 | 531 | |
| Cash and cash equivalents at end of period | 17,234 | 17,119 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net income | 7,703 | 7,207 |
| Adjustments to reconcile net income to net cash flow provided by operating activities | | |
| Share of earnings from investments in associates and joint ventures | (228) | (506) |
| 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 | (2,945) | (5,452) |
| Other investments, mainly financial assets held for trading and designated at fair value through income | 5,256 | (2,481) |
| Depreciation and amortization | 1,586 | 1,544 |
| Loan loss provisions | 2 | 25 |
| Interest credited to policyholder accounts | 3,811 | 4,868 |
| Net change in: | | |
| Financial assets and liabilities held for trading | (3,368) | 5,144 |
| Reverse repurchase agreements and collateral paid for securities borrowing transactions | (605) | 130 |
| Repurchase agreements and collateral received from securities lending transactions | 232 | 108 |
| Reinsurance assets | 243 | (2,455) |
| Deferred acquisition costs | (1,272) | (546) |
| Unearned premiums | 1,651 | 841 |
| Reserves for loss and loss adjustment expenses | (206) | 3,300 |
| Reserves for insurance and investment contracts | 14,753 | 15,233 |
| Deferred tax assets/liabilities | 748 | 806 |
| Other (net) | (1,689) | 5,421 |
| Subtotal | 17,969 | 25,981 |
| Net cash flow provided by operating activities | 25,672 | 33,188 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Proceeds from the sale, maturity or repayment of: | | |
| Financial assets designated at fair value through income | 2,956 | 2,079 |
| Available-for-sale investments | 154,368 | 147,599 |
| Held-to-maturity investments | 225 | 305 |
| Investments in associates and joint ventures | 731 | 945 |
| Non-current assets and disposal groups classified as held for sale | 357 | 420 |
| Real estate held for investment | 440 | 152 |
| Fixed assets of renewable energy investments | 1 | |
| Loans and advances to banks and customers (purchased loans) | 5,867 | 6,333 |
| Property and equipment | 144 | 153 |
| Subtotal | 165,089 | 157,986 |

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CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Consolidated statements of cash flows

| €mn | | |
|---|-----------|-----------|
| | 2018 | 2017 |
| Payments for the purchase or origination of: | | |
| Financial assets designated at fair value through income | (3,070) | (1,931) |
| Available-for-sale investments | (165,621) | (167,932) |
| Held-to-maturity investments | (320) | (616) |
| Investments in associates and joint ventures | (3,130) | (2,852) |
| Non-current assets and disposal groups classified held for sale | <u> </u> | (199) |
| Real estate held for investment | (1,374) | (680) |
| Fixed assets of renewable energy investments | (155) | (218) |
| Loans and advances to banks and customers (purchased loans) | (1,388) | (2,214) |
| Property and equipment | (1,258) | (1,374) |
| Subtotal | (176,315) | (178,016) |
| Business combinations (note 3): | | |
| Proceeds from sale of subsidiaries, net of cash disposed | (208) | - |
| Change in other loans and advances to banks and customers (originated loans) | (7,094) | (4,517) |
| Other (net) | (781) | (209) |
| Net cash flow used in investing activities | (19,310) | (24,755) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Net change in liabilities to banks and customers | 1,147 | (60) |
| Proceeds from the issuance of certificated liabilities and subordinated liabilities | 4,527 | 7,463 |
| Repayments of certificated liabilities and subordinated liabilities | (4,961) | (5,173) |
| Transactions between equity holders | (3,941) | (3,477) |
| Dividends paid to shareholders | (3,673) | (3,661) |
| Net cash from sale or purchase of treasury shares | 16 | 42 |
| Other (net) | 65 | (162) |
| Net cash flow used in financing activities | (6,821) | (5,027) |
| SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS | | |
| Income taxes paid (from operating activities) | (2,169) | (2,163)1 |
| Dividends received (from operating activities) | 2,564 | 2,2241 |
| Interest received (from operating activities) | 17,690 | 18,335 |
| Interest paid (from operating activities) | (1,060) | (1,251) |
| 1_Prior-year figures have been adjusted. | | |
| | | |

Cash and cash equivalents

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| As of 31 December | 2018 | 2017 |
|--|--------|--------|
| Balances with banks payable on demand | 7,660 | 8,745 |
| Balances with central banks | 2,990 | 1,973 |
| Cash on hand | 57 | 71 |
| Treasury bills, discounted treasury notes, similar treasury securities, bills of exchange and checks | 6,526 | 6,331 |
| Total | 17,234 | 17,119 |

Changes in liabilities arising from financing activities $\varepsilon_{\,mn}$

| CIIII | | | |
|---|--|--|--------|
| | Liabilities to banks and customers | Certificated and subordinated liabilities | Total |
| As of 1 January 2017 | 8,998 | 21,145 | 30,143 |
| Net cash flows | (60) | 2,291 | 2,231 |
| Non-cash transactions | | | |
| Changes in the consolidated subsidiaries of the Allianz Group | (180) | | (180) |
| Foreign currency translation adjustments | 59 | (8) | 50 |
| Fair value and other changes | 109 | (536) | (427) |
| As of 31 December 2017 | 8,925 | 22,891 | 31,817 |
| Net cash flows | 1,147 | (434) | 712 |
| Non-cash transactions | | | |
| Changes in the consolidated subsidiaries of the Allianz Group | (1) | _ | (1) |
| Foreign currency translation adjustments | (23) | 12 | (11) |
| Fair value and other changes | 1 | 205 | 206 |
| As of 31 December 2018 | 10,049 | 22,674 | 32,723 |

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