Allianz

ALLIANZ GROUP

Interim Report 2023

First Half-Year

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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 the **Allianz company website**.

New IFRS 9/17 accounting standards
The financial results are based on the new IFRS 9 (Financial Instruments) and IFRS 17 (Insurance Contracts) accounting standards, which have been adopted as of 1 January 2023. Comparative periods have been adjusted to reflect the application of these new accounting standards.

Disclaimer regarding roundings
The condensed consolidated interim financial statements are presented in millions of euro (€ 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.

INTERIM GROUP MANAGEMENT REPORT

A

EXECUTIVE SUMMARY

Key figures

Key figures Allianz Group[1]

Six months ended 30 June		2023	2022	Delta
Total business volume[1]	€ mn	85,588	81,663	3,926
Operating profit[2]	€ mn	7,513	6,536	977
Net income[2]	€ mn	4,647	2,675	1,972
thereof: attributable to shareholders	€ mn	4,369	2,452	1,917
Shareholders' core net income[3]	€ mn	4,690	2,466	2,224
Solvency II capitalization ratio[4]	%	208	201	7 %-p
Core return on equity[5]	%	16.7	12.7	4.0 %-p
Core earnings per share[6]	€	11.40	5.77	5.63
Core diluted earnings per share[7]	€	11.38	5.67	5.72

1_Total business volume in the Allianz Group comprises: gross premiums written as well as fee and commission income in Property-Casualty; statutory gross premiums written in Life/Health; and operating revenues in Asset Management.
2_The Allianz Group uses operating profit, net income and shareholder's core net income as key financial indicators to assess the performance of its business segments and of the Group as a whole.
3_Presents the portion of shareholders' net income before non-operating market movements and before amortization of intangible assets from business combinations (including any related income tax effects).
4_2022 figures as of 31 December 2022. 2023 figures as of 30 June 2023. Figures exclude the application of transitional measures for technical provisions.
5_Represents the annualized ratio of shareholders' core net income to the average shareholders' equity at the beginning and at the end of the period. Shareholders' core net income is adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity. From the average shareholders' equity undated subordinated bonds classified as shareholders' equity and net OCI are excluded.
6_Calculated by dividing the respective period's core net income attributable to shareholders, adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity, by the weighted average number of shares outstanding (basic core EPS).
7_From basic core EPS, the number of common shares outstanding and the core net income attributable to shareholders are adjusted to include the effects of potentially dilutive common shares that could still be exercised. Potentially dilutive common shares result from share-based compensation plans (diluted core EPS).

1_For further information on Allianz Group figures, please refer to note 5 to the condensed consolidated interim financial statements. The financial results are based on the new IFRS 9 (Financial Instruments) and IFRS 17 (Insurance Contracts) accounting standards, which have been adopted as of 1 January 2023. Comparative periods have been adjusted to reflect the application of these new accounting standards.

Earnings summary

Economic and industry environment

Economic growth continued to weaken in the first half of 2023, but the decline was somewhat less pronounced than expected at the beginning of the year. The U.S. economy avoided recession thanks to a robust labor market. The lifting of the COVID-19 restrictions gave the Chinese economy a strong boost at the beginning of the year, although this impetus was much weaker in the second quarter. In Europe, the picture is mixed. The weakness in industry hit Germany particularly hard and resulted in a recession in the first half of 2023. Southern Europe, in contrast, was able to benefit from the still strong demand for services. As expected, overall inflation fell significantly, mainly driven by falling energy prices. The decline in the core rate of inflation (excluding energy and food), on the other hand, was much slower; the, in part, strong increase in wages played a decisive role here.

The financial markets continued to be strongly influenced by monetary policy. The question of how high key interest rates must rise in order to get inflation under control again led to high volatility in the fixed-income markets. Despite strong fluctuations, however, the yield level hardly changed in the first half of 2023. The stock markets were able to record significant gains over the same time period. Even the temporary concerns about financial market stability, triggered by the collapse of some regional banks in the United States, led to only short-term setbacks.

The insurance industry proved resilient, even in this difficult economic environment, which was also characterized by elevated insured losses caused by natural catastrophes. Further price increases in property-casualty insurance contributed significantly to premium growth. Investment income also continued to benefit from higher interest rates. In contrast, demand in the life insurance business declined significantly in some areas, such as single-premium business and unit-linked products. This decline was driven by the cost-of-living crisis affecting many households. Overall, however, the demand for risk protection and retirement provisions remains high.

After a long period of accommodating monetary policies, globalization, political liberalization, and dampened inflation, the macro environment has changed significantly since the beginning of the year. In the first six months of 2023, revenues in the asset management industry were affected by rapidly rising interest rates, while the central banks were trying to balance taming inflation and avoiding recession.

Due to increased interest rates, bonds offer appealing yields and continue to present opportunities for active managers to demonstrate added value by drawing on their investment processes. However, passive investments are becoming increasingly popular and continue to gain market share.

Despite the market turmoil, alternatives – and especially private investments – remain an attractive asset class, having proved their relative overall stability in the current challenging market environment.

Across all asset classes, there is strong demand from investors for ESG (environmental, social and governance) and sustainability-related investment strategies.

Management's assessment

Our total business volume increased by 6.4 % on an internal basis[2], compared to the same period of the previous year. This was mostly driven by our Property-Casualty business segment due to positive price effects (mainly in Germany, Latin America, Türkiye, Allianz Global Corporate & Specialty (AGCS)), and volume effects, largely from Allianz Partners and Türkiye. This internal growth was supported by positive internal growth in the Life/Health business segment, which was partly offset by negative internal growth in the Asset Management business segment.

Our operating profit increased significantly in comparison to the first half of 2022. This was due to higher operating profit in the Life/Health business and Property-Casualty segment, partly offset by the Asset Management business segment. The increase was mainly driven by a higher operating investment result from our United States operations in the Life/Health business segment, and a stronger

2_Internal total business volume growth, excludes the effects of foreign currency translation as well as acquisitions and disposals. For a reconciliation of nominal total business volume growth to internal total business volume growth for each of our business segments and the Allianz Group as a whole, please refer to the chapter Reconciliations.

insurance service result in the Property-Casualty business. However, operating profit fell in the Asset Management business segment, due to reduced AuM-driven revenues not fully compensated by cost containment.

Our operating investment result increased by € 680 mn to € 2.1 bn, compared to the previous year's period. This was largely driven by the United States due to an accounting mismatch in the prior year. The volatility impact from hedging has been reduced significantly in 2023 after aligning our hedging strategy with IFRS 17 accounting.

Our non-operating result improved by € 1.1 bn to a loss of € 1.6 bn. This was mostly due to the Structured Alpha provision booked in the first quarter of 2022. That increase was partially offset by lower non-operating net investment income in the first half of 2023.

Income taxes increased by € 91mn to € 1.3 bn, due to higher profit before tax. The effective tax rate decreased to 21.7 % (31.0 %), due to higher non-tax-deductible expenses in the prior year.

The increase in net income was largely driven by the Structured Alpha provision booked in the first quarter of 2022, as well as the higher operating profit. Shareholders' core net income was strong at € 4.7 bn.

Our shareholders' equity[1] decreased by € 98 mn to € 54.3 bn, compared to 31 December 2022. This decrease was mainly driven by the dividend payout and share-buy-back program, mainly offset by positive net income and positive net OCI. Over the same period, our Solvency II capitalization ratio increased to 208 %[2].

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

Risk and opportunity management

In our Annual Report 2022, we described our risk and opportunity profile and addressed potential risks that could adversely affect both our business and our risk profile. The statements contained in that report remain largely unchanged. Overall, we continue to closely monitor the evolution of the war in Ukraine, related geopolitical conflicts, their impacts on the global economy, on financial markets and on the Allianz Group, so that we can react in a timely and appropriate manner, should the need arise. The risks are managed via our continuous own risk and solvency management processes. For further information, please refer to the chapter Outlook.

1_For further information on shareholders' equity, please refer to the Balance Sheet Review.
2_Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio amounted to 235 % as of 30 June 2023. For further information, please refer to the Balance Sheet Review.

Events after the balance sheet date

For information on any events occurring after the balance sheet date, please refer to note 8.13 to the condensed consolidated interim financial statements.

Other information

Recent organizational changes

Effective 1 January 2023, the Allianz Group reorganized the structure of its insurance activities to reflect the changes in the responsibilities of the Board of Management. The insurance activities in Iberia & Latin America have been included in the reportable segment Global Insurance Lines & Anglo Markets, Iberia & Latin America, Middle East and Africa. Greece was moved into the reportable segment Western & Southern Europe, Allianz Direct and Allianz Partners. Previously reported information has been adjusted to reflect this change in the composition of the Allianz Group's reportable segments.

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

Strategy

The Allianz Group's strategy is described in the Risk and Opportunity Report that forms part of our Annual Report 2022. 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 2022.

Allianz Group and business segments

The Allianz Group operates and manages its activities through the four business segments: Property-Casualty insurance operations, Life/Health insurance operations, Asset Management, and Corporate and Other. 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 2022.

PROPERTY-CASUALTY INSURANCE OPERATIONS

Key figures

Key figures Property-Casualty[1]

Six months ended 30 June		2023	2022	Delta
Total business volume[1]	€ mn	41,729	38,010	3,719
Operating profit	€ mn	3,855	3,316	539
Net income	€ mn	2,503	1,775	728
thereof: attributable to shareholders	€ mn	2,432	1,721	711
Shareholders' core net income	€ mn	2,556	1,852	704
Loss ratio[2]	%	67.2	68.1	(0.9) %-p
Expense ratio[3]	%	24.8	25.0	(0.2) %-p
Combined ratio[4]	%	92.0	93.2	(1.1) %-p

1_Total business volume in Property-Casualty comprises gross written premiums and fee and commission income.
2_Represents claims and benefits and the reinsurance result, divided by insurance revenue.
3_Represents operating acquisition and administrative expenses including non-attributable acquisition and administrative expenses, divided by insurance revenue.
4_Represents the total of claims and benefits, operating acquisition and administrative expenses including non-attributable acquisition and administrative expenses, and the reinsurance result, divided by insurance revenue.

Total business volume

On a nominal basis, we recorded a rise of 9.8% in total business volume compared to the first six months of the previous year.

This included unfavorable foreign currency translation effects of € 1,054 mn[2] and positive (de)consolidation effects of € 274 mn. On an internal basis[3], our total business volume increased by 11.8%. This was driven by a positive price effect of 6.4%, a positive volume effect of 5.4%, and a positive service effect of 0.1%.

Most of our operations contributed positively to internal growth, there were no significant negative contributions. The following entities contributed positively to internal growth:

Allianz Partners: Total business volume increased to € 5,182 mn, an internal growth of 20.0%. Much of this was due to favorable volume effects in our health business as well as in our travel insurance business.

Türkiye: Total business volume amounted to € 718 mn – up 151.1% on an internal basis. Strong volume and price increases, predominantly in motor and health, were key drivers for this development.

AGCS: Total business volume increased to € 6,594 mn, an internal growth of 8.3%, driven by positive price and volume effects.

Germany: Total business volume went up 5.7% on an internal basis, totaling € 7,501 mn. This was mainly caused by price increases, predominantly from motor and property.

Operating profit

Operating profit
€ mn

Six months ended 30 June	2023	2022	Delta
Operating insurance service result	2,656	2,095	561
Operating investment result	1,240	1,192	48
Operating fee and other result	(41)	29	(71)
Operating profit	**3,855**	**3,316**	**539**

Our operating profit increase was driven by a strong insurance service result and a slightly better operating investment result, partly offset by a decrease in our operating fee and other result.

The rise in our operating insurance service result was a result of our strong insurance revenue growth as well as an improvement in our accident year loss ratio and expense ratio. This development was partly offset by a lower contribution from run-off result. Overall, our combined ratio decreased by 1.1 percentage points to 92.0 %.

Operating insurance service result
€ mn

Six months ended 30 June	2023	2022	Delta
Insurance revenue	33,338	30,749	2,589
Claims and benefits including reinsurance result	(22,409)	(20,953)	(1,456)
Acquisition and administrative expenses	(8,276)	(7,693)	(583)
Other insurance service result	3	(9)	12
Operating insurance service result	**2,656**	**2,095**	**561**

Our accident year loss ratio[4] stood at 69.4% – a decrease of 3.4 percentage points compared to the first six months of the previous year, which was mainly due to lower claims from natural catastrophes. The impact of claims from natural catastrophes on our combined ratio decreased by 3.0 percentage points to 0.8%.

Leaving aside losses from natural catastrophes, our accident year loss ratio improved by 0.4 percentage points to 68.5%. This was mainly due to a positive discounting impact of 3.1%, an improvement of 1.9 percentage points compared to the first six months of the previous year due to the high interest rate environment. This positive effect was, however, partially offset by higher inflation.

Most of our operations contributed positively to the development of our accident year loss ratio, with no significant negative contributions. The main positive contributors were:

Reinsurance: 0.8 percentage points. This was driven by a high level of claims from natural catastrophes in the first six months of 2022.

France: 0.6 percentage points. This was mostly due to higher claims from natural catastrophes, especially in May and June 2022.

Germany: 0.3 percentage points. The biggest driver was a high level of claims from natural catastrophes in the first six months of 2022,

1_For further information on Property-Casualty figures, please refer to note 5 to the condensed consolidated interim financial statements.
2_Based on average exchange rates in 2023 compared to 2022 and based on spot rates in countries with hyperinflation (Türkiye, Argentina, Lebanon).
3_Internal total business volume growth, excludes the effects of foreign currency translation as well as acquisitions and disposals. For a reconciliation of nominal total business volume growth to internal total business volume growth for each of our business segments and the Allianz Group as a whole, please refer to the chapter Reconciliations.
4_Represents the loss ratio excluding the net result of the previous year claims (run-off).

which was partially offset by a higher level of large losses in the first six months of 2023.

Allianz Trade: 0.2 percentage points. This was driven by a higher level of large losses in the first six months of 2022.

Our run-off ratio[1] reduced to 2.1% – compared to 4.7% in the first six months of 2022. Most of our operations contributed positively to our run-off result.

Acquisition and administrative expenses amounted to € 8,276 mn in the first six months of 2023, compared to € 7,693 mn in the same period of 2022. Our expense ratio improved by 0.2 percentage points to 24.8%.

Operating investment result
€ mn

Six months ended 30 June	2023	2022	Delta
Interest and similar income (net of interest expenses)	2,013	1,714	299
Interest accretion	(401)	(227)	(174)
Valuation results & other	(372)	(295)	(77)
thereof: Investment expenses	(232)	(224)	(8)
Operating investment result[1]	**1,240**	**1,192**	**48**

1_For further information please refer to note 6.4 to the condensed consolidated interim financial statements. 'Valuation results & other' comprises realized gains/ losses (net), investment expenses, foreign exchange gains/ losses (net) on (re-)insurance contracts issued and held, and other items.

Our operating investment result increased slightly, mainly driven by higher interest and similar income (net of interest expenses), partially offset by a higher impact from interest accretion.

Operating fee and other result
€ mn

Six months ended 30 June	2023	2022	Delta
Fee and commission income	1,217	1,216	1
Other income	3	5	(2)
Fee and commission expenses	(1,241)	(1,182)	(59)
Other expenses	(20)	(10)	(10)
Operating fee and other result	**(41)**	**29**	**(71)**

Our operating fee and other result declined, driven by an unfavorable fee and commission result, especially at Allianz Partners.

Net income

Our net income increased by € 728 mn, as both our operating and our non-operating results improved. The € 416 mn rise in our non-operating result was largely due to the higher non-operating investment result, which increased by € 272 mn. The non-operating other result also contributed to the increase, mainly due to lower restructuring expenses.

Shareholders’ core net income

Compared to the previous year period our shareholders’ core net income rose by € 704 mn to € 2,556 mn, a development in line with our net income.

1_Represents the net result of the previous year claims (run-off) as a percentage of insurance revenue.

LIFE/HEALTH INSURANCE OPERATIONS

Key figures

Key figures Life/Health[1]

Six months ended 30 June		2023	2022	Delta
Total business volume[1]	€ mn	40,410	39,909	501
Operating profit	€ mn	2,521	1,787	734
Net income	€ mn	1,738	1,318	420
thereof: attributable to shareholders	€ mn	1,640	1,247	393
Shareholders' core net income	€ mn	1,638	1,317	322
Core return on equity[2]	%	14.7	13.7	1.1 %-p
Value of new business (VNB)[3]	€ mn	2,107	2,066	41
Contractual service margin (CSM)[4]	€ mn	52,854	52,227	628

1_Total business volume in Life/Health comprises statutory gross premiums written.
2_Represents the annualized ratio of core net income to the average total equity excluding net OCI at the beginning and at the end of the period.
3_VNB is the additional value to shareholders that results from the writing of new business. The VNB is determined as the present value of pre-tax future profits, adjusted for acquisition expenses overrun or underrun and non-attributable costs, minus a risk adjustment, all determined at issue date. Value of new business is calculated at point of sale, interpreted as at the beginning of each quarter assumptions.
4_2022 figures as of 31 December 2022. 2023 figures as of 30 June 2023.

Total business volume

On a nominal basis, total business volume increased by 1.3% in the first half-year 2023. This includes both unfavorable foreign currency translation effects of € 319 mn and negative (de-)consolidation effects of € 64 mn. On an internal basis[2], total business volume increased by 2.2% – or € 883 mn – to € 40,652 mn.

In the German life business, total business volume increased to € 12,170 mn, a 1.1% increase on an internal basis, mainly driven by higher single premium sales in investment products. In the German health business, total business volume reached € 2,057 mn, a 3.4% increase on an internal basis, mainly driven by premium adjustments.

In the United States, total business volume increased to € 9,426 mn, a 24.9% increase on an internal basis. This was due to higher sales in the fixed index annuities business as a result of sales promotions.

In Italy, total business volume declined to € 5,373 mn, a 16.6% decrease on an internal basis, mainly due to lower unit-linked business without guarantees.

In France, total business volume fell slightly to € 3,586 mn, a 0.5% decrease on an internal basis.

In the Asia-Pacific region, total business volume decreased across the region, except for Thailand, to € 3,020 mn, a 12.5% decrease, on an internal basis.

Present value of new business premiums (PVNBP)[3]

Our PVNBP decreased. This is predominantly driven by a decrease in unit-linked products in Italy and by a decrease in capital-efficient products in Germany Life, slightly offset by an increase in US Life and protection business in Allianz Reinsurance. Unit-linked and capital-efficient products are affected by reclassifications in Germany Life and Mexico.

Present value of new business premiums (PVNBP) by lines of business
€ mn

Six months ended 30 June	2023	2022	Delta
Capital-efficient products[1]	15,178	16,687	(1,510)
Unit-linked without guarantee[1]	8,975	8,957	19
Protection & health	9,345	8,471	874
Guaranteed savings & annuities	2,686	3,485	(799)
Total	**36,185**	**37,600**	**(1,416)**

1_Selected business in Germany Life and Mexico, with PVNBP of € 1.8 bn and VNB of € 163 mn, was reclassified from capital-efficient to unit-linked in 2023.

Value of new business (VNB)

Our VNB increased. This is driven by higher volume in protection & health and improved margin in guaranteed savings & annuities, partially offset by lower volume in Germany Life. The increase of VNB in unit-linked is driven by reclassification of selected products in Germany Life and Mexico from capital-efficient to unit-linked products, partially offset by decrease in unit-linked volume in Italy.

Value of new business by lines of business
€ mn

Six months ended 30 June	2023	2022	Delta
Capital-efficient products[1]	892	1,042	(149)
Unit-linked without guarantee[1]	386	278	107
Protection & health	677	631	45
Guaranteed savings & annuities	152	115	38
Total	**2,107**	**2,066**	**41**

1_Selected business in Germany Life and Mexico, with PVNBP of € 1.8 bn and VNB of € 163 mn, was reclassified from capital-efficient to unit-linked in 2023.

1_For further information on Allianz Life/Health figures, please refer to note 5 to the condensed consolidated interim financial statements.
2_Internal total business volume growth, excludes the effects of foreign currency translation as well as acquisitions and disposals. For a reconciliation of nominal total business volume growth to internal total business volume growth for each of our business segments and the Allianz Group as a whole, please refer to the chapter Reconciliations.
3_PVNBP before non-controlling interests.

Operating profit

Operating profit by profit sources[1]

Operating profit by profit sources
€ mn

Six months ended 30 June	2023	2022	Delta
CSM release[1]	2,460	2,355	105
Release of risk adjustment[1]	257	275	(18)
Variances from claims & expenses[2]	(158)	(153)	(5)
Losses and reversals of losses on onerous contracts[3]	5	(61)	67
Non-attributable expenses[4]	(524)	(474)	(50)
Operating investment result[5]	351	(336)	688
Other operating result[6]	129	181	(52)
Operating profit	**2,521**	**1,787**	**734**

1_Please refer to note 6.1 to the condensed consolidated interim financial statements.
2_Including reinsurance result.
3_Excluding amortization of loss component. For further information please refer to note 6.6 to the condensed consolidated interim financial statements. The figure there includes amortization of loss component.
4_For further information, please refer to note 8.3 to the condensed consolidated interim financial statements. Non-attributable expenses are the sum of non-attributable acquisition costs, non-attributable administrative expenses and non-attributable settlement costs. The above view includes insurance entities only.
5_For further information, please refer to note 5 to the condensed consolidated interim financial statements.
6_For further information, please refer to note 5 to the condensed consolidated interim financial statements. Other operating result represents the sum of Operating result from investment contracts, Operating fee and commission result and Operating other result.

Operating profit was strong at € 2.5 bn, up 41.1%, mainly due to a higher operating investment result. The main drivers of the increase in operating profit are described below:

Contractual Service Margin (CSM) release is the main source of profit. The increase is driven by France with low level prior year and Italy mainly due to increased CSM.

Release of risk adjustment decreased, mainly driven by the United States and Germany in line with a lower risk adjustment as a result of increasing discount rates.

Variance from claims and expenses decreased slightly, with various less material offsetting impacts.

Losses and reversals of losses on onerous contracts increased slightly, driven by prior year negative impacts with unprofitable unit-linked and protection business in France, credit losses in Russia following the war in Ukraine, and reversal of prior-year loss component in Taiwan.

Non-attributable expenses increased. This is driven by Germany Life, mainly due to higher marketing costs, and France as a result of the lower prior year level.

Operating investment result increased, mainly from our business in the United States due to negative hedge impacts on variable annuities in 2022, which turned positive. The volatility of impact from hedging has been reduced significantly in 2023 after aligning our hedging strategy with IFRS 17 accounting. In addition, we recorded a positive contribution from Central and Eastern Europe due to a better economic environment.

Other operating result decreased. This is driven by a lower fee result in Poland, mainly as a result of fee commission correction, partly offset by a higher fee result from investment contracts in Mexico due to the first time application of IFRS 9 for investment contracts.

Contractual service margin (CSM) development

The CSM increased by 1.2%, compared to 31 December 2022, from € 52.2 bn to € 52.9 bn. The drivers of the € 628 mn increase were as follows:

New business contribution strong at € 2,450 mn, mostly driven by the United States with € 673 mn, Germany Life € 479 mn, France € 317 mn, Asia-Pacific € 299 mn, and Italy € 237 mn.

Expected in-force return of € 1,411 mn is in line with expectations, mainly driven by positive unwinding of € 1,069 mn, and positive over-returns of € 342 mn.

Economic variances of € 211 mn were driven by favorable market movements especially in the first quarter of 2023. CSM increased by € 536 mn, mainly from lower interest rates and higher equity, slightly offset by negative development of real estate markets. The main contributors were Germany Life, and France. This was partly offset by negative foreign currency translation effects of € 324 mn, largely from the United States and Asia-Pacific.

Non-economic variances reduced CSM by € 984 mn, mainly driven by the classification transfer of investment business to IFRS 9 in Mexico of (€ 667 mn). Remaining non-economic variances include part of change in risk adjustment running through CSM with (€ 120 mn), assumption updates especially on expenses and other experience variances, partly offset by positive impacts from model changes.

CSM release of € 2,460 mn is largely stable.

Net income

Our net income increased by € 420 mn, driven by the increase in the operating profit, which was partly offset by a lower non-operating result. The latter was largely driven by tax reclassification in Germany and France, offset by lower income taxes. In addition, we recorded a negative contribution from non-operating investment result in Lebanon, mainly due to the recognition of an onerous contract provision for the expected disposal loss from the sale of our Lebanese business operations.

Shareholders' core net income

Shareholders' core net income increased by € 322 mn to € 1,638 mn, which is in line with the development of the net income.

Core return on equity

Our core return on equity increased by 1.1 percentage points to 14.7 %, mainly as a result of the increase in shareholders' core net income.

1_The purpose of Life/Health operating profit presentation is to explain movements in IFRS results by focusing on underlying drivers of performance, consolidated for the Life/Health business segment.

ASSET MANAGEMENT

Key figures

Key figures Asset Management[1]

Six months ended 30 June		2023	2022	Delta
Operating revenues	€ mn	3,778	4,084	(306)
Operating profit	€ mn	1,426	1,605	(179)
Cost-income ratio[1]	%	62.3	60.7	1.6 %-p
Net income (loss)	€ mn	1,054	(509)	1,562
thereof: attributable to shareholders	€ mn	966	(597)	1,563
Shareholders' core net income (loss)	€ mn	961	(592)	1,553
Total assets under management as of 30 June[2]	€ bn	2,163	2,141	21
thereof: Third-party assets under management as of 30 June[2]	€ bn	1,662	1,635	27

1_Represents operating expenses divided by operating revenues.
2_2022 figure as of 31 December 2022.

Assets under management[2]

Composition of total assets under management
€ bn

Type of asset class	As of 30 June 2023	As of 31 December 2022	Delta
Fixed income	1,589	1,580	9
Equities	160	148	12
Multi-assets[1]	182	179	4
Alternatives	231	235	(3)
Total	**2,163**	**2,141**	**21**

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.

In the first half-year of 2023, net inflows[3] of total assets under management (AuM) amounted to € 5.6 bn, driven by third-party AuM net inflows of € 17.5 bn. PIMCO contributed to this inflow development (€ 7.1 bn total / € 17.6 bn third-party), while AllianzGI recorded net outflows of € 1.5 bn in total AuM and nearly no movement in third-party AuM.

Positive effects from market and dividends[4] totaled € 53.3 bn. Thereby, positive effects of € 33.6 bn came from PIMCO and were mainly related to fixed-income assets, while € 19.7 bn positive effects stemmed from AllianzGI and were attributable to all asset classes, but mainly to equities.

Negative effects from consolidation, deconsolidation, and other adjustments amounted to € 1.4 bn and mainly resulted from adjustments related to the Voya partnership.

Unfavorable foreign currency translation effects amounted to € 36.1 bn and were mainly related to PIMCO's AuM.

Third-party assets under management

		As of 30 June 2023	As of 31 December 2022	Delta
Third-party assets under management	**€ bn**	**1,662**	**1,635**	**1.7%**
Business units' share				
PIMCO	%	78.7	79.2	(0.5) %-p
AllianzGI	%	21.3	20.8	0.5 %-p
Asset classes split				
Fixed income	%	75.9	76.3	(0.4) %-p
Equities	%	8.9	8.4	0.5 %-p
Multi-assets	%	10.3	10.3	-
Alternatives	%	4.9	5.0	(0.1) %-p
Investment vehicle split				
Mutual funds	%	58.4	58.2	0.2 %-p
Separate accounts	%	41.6	41.8	(0.2) %-p
Regional allocation[1]				
America	%	50.2	50.5	(0.3) %-p
Europe	%	34.3	33.5	0.8 %-p
Asia Pacific	%	15.5	16.0	(0.5) %-p
Overall three-year rolling investment outperformance[2]	%	82	79	3 %-p

1_As a consequence of the transfer of U.S. portfolio management activities to an external asset manager, the regional presentation of assets under management now shows the region where the respective assets are distributed.
2_Three-year rolling investment outperformance reflects the mandate-based and volume-weighted three-year investment success of all third-party assets. 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. For some mutual funds, the investment success, reduced by fees, is compared with the investment success of the median of the respective Morningstar peer group (a position in the first and second quartile is equivalent to outperformance).

1_For further information on our Asset Management figures, please refer to note 5 to the condensed consolidated interim financial statements.
2_Assets under management include portfolios sub-managed by third-party investment firms.

3_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.

4_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 decreased by 7.5 % on a nominal basis. This development was driven by lower AuM driven revenues at both PIMCO and AllianzGI due to lower AuM levels. On an internal basis[1], operating revenues decreased by 5.1 %.

Net fee and commission income declined, driven by a lower average third-party AuM level, while we recorded higher performance fees – mainly at PIMCO.

Operating profit

Our operating profit decreased by 11.1 % on a nominal basis, as the decline in operating revenues far exceeded a decrease in operating expenses. On an internal basis[1], our operating profit went down by 11.5 %.

The nominal decrease in administrative expenses was driven by both PIMCO and AllianzGI.

Our cost-income ratio went up as a consequence of lower operating revenues and a smaller decrease in operating expenses, compared to the previous year.

Asset Management business segment information
€ mn

Six months ended 30 June	2023	2022	Delta
Net fee and commission income excl. performance fees	3,531	3,963	(433)
Performance fees	202	130	71
Other operating revenues	46	(10)	56
Operating revenues	3,778	4,084	(306)
Administrative expenses (net), excluding acquisition-related expenses	(2,352)	(2,479)	127
Operating expenses	(2,352)	(2,479)	127
Operating profit	**1,426**	**1,605**	**(179)**

Net income

The increase of € 1.6 bn in our net income was driven by a provision for litigation expenses for Structured Alpha[2] booked in the prior year period.

Shareholders' core net income

Our shareholders' core net income increased by € 1.6 bn compared to the previous year, a development in line with the net income.

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

2_For further information on Structured Alpha, please refer to note 8.10 to the condensed consolidated interim financial statements.

CORPORATE AND OTHER

Key figures

Key figures Corporate and Other[1]
€ mn

Six months ended 30 June	2023	2022	Delta
Operating investment result	201	201	-
Operating administrative expenses[1]	(604)	(605)	2
Operating fee and commission result	116	138	(23)
Operating result	(287)	(265)	(22)
Net income (loss)	(647)	23	(670)
thereof: attributable to shareholders	(668)	12	(680)
Shareholders' core net income (loss)	(466)	(179)	(287)

1_The position operating administrative expenses is part of the operating other result. For further information, please refer to note 5 to the condensed consolidated interim financial statements.

Earnings summary

Our **operating result** worsened, compared to the first six months of the previous year. This was due to our lower operating fee and commission result.

Our **net income** turned into a loss, mainly driven by the decrease in our non-operating investment result, which was burdened by lower income from derivatives as well as lower non-operating realized gains and losses (net).

Our **shareholders' core net loss** increased by € 287 mn to € 466 mn compared to the prior year period, mainly driven by a decline of our operating result and lower non-operating realized gains and losses (net).

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]

The somewhat more stable development in the first half of the year has slightly improved the growth outlook for the year 2023 as a whole – even if the risks of recession have still not been averted. However, we now expect growth of 0.5 % in the eurozone and 1.5 % in the U.S. Among the major industrialized countries, we expect a decline of just 0.1 % for Germany for the year as a whole. Due to the lifting of the COVID-19 restrictions, China is expected to achieve a 5.8 % increase in economic activity. The picture for headline inflation is now also more stable due to the sharp drop in energy prices: on average for the year, we expect inflation to fall below 6 % in the eurozone and below 5 % in the United States.

However, this does not mean that the central banks are slackening their fight against inflation. Not only is the high core inflation rate still a concern, but the higher resilience of the real economy also gives the central banks more leeway to raise interest rates. At the end of the year, key rates are therefore likely to be slightly higher than at present. We expect 4.0 % in the eurozone and 5.75 % in the United States. This could still put pressure on the equity markets. In fixed-income markets, on the other hand, we expect the yield level to remain unchanged – albeit with continued high volatility.

Nevertheless, there are some potentially significant risks to this outlook. Even if the real economy – especially the labor market – has coped relatively well with the sharp interest rate hikes so far, this is no guarantee for the future: there are often long time lags before monetary policy takes effect. The turbulence at U.S. regional banks and the weak real-estate markets are examples of the stress caused by the interest rate turnaround, which could still endanger financial market stability. In addition, it is important to monitor political risks, especially social unrest as a result of the significant rise in the cost of living. This applies even more to a possible escalation and expansion of the war in Ukraine.

Insurance industry outlook

The situation in the insurance industry has hardly changed since the beginning of the year. High inflation and the resultant premium increases continue to be the dominant theme. This pressure is only likely to ease gradually over the next few years. The demand impulses from the real economy are likely to remain weak overall in 2023. On the other hand, the current interest rate level offers better opportunities for higher investment returns in new investments, as expected.

In the property-casualty insurance sector, premium growth will be driven primarily by rising prices. Investment income is expected to increase. At the same time, the promising development of generative artificial intelligence (AI) is giving new momentum to the digitalization of processes along the value chain.

In the life insurance sector, the reluctance of households to invest in savings products is hampering the development of premium income. Targeted offers to secure retirement income are becoming increasingly important. In the commercial business, this includes the outsourcing of pension obligations, referred to as pension buy-outs.

Asset management industry outlook

In 2023, the asset management industry continues to face multiple challenges, ranging from inflation and interest rate movements to higher market volatility and geopolitical tensions. Outperforming benchmarks will remain a top priority for active managers.

In fixed income, after a year of resolute rate hikes, yield levels in public markets appear much more attractive. Equity markets have largely rebounded, especially after some initial heightened volatility. Demand for alternatives – and especially private investments – remains high, supported by investors looking for diversification, as well as higher returns or protection against inflation. Infrastructure – including renewable energy – is expected to be further supported by governments who are driving significant climate policy initiatives. In this context, ESG-oriented investments and sustainability have become an increasingly important topic for the asset management industry. The expected further increase of heterogenous ESG regulation will create further challenges. Technology continues to be a priority for the industry across the value chain. If firms are to remain competitive, they must leverage advanced data and analytics in order to support investment decisions and client interactions as well as an efficient operation setup.

Margin pressure is expected to persist, further driven by passive products and fierce competition. Despite this multifaceted situation, the industry meets all the prerequisites to remain attractive and return to a growth path.

Firms that effectively leverage technology such as generative AI, build meaningful inroads to new and existing customers, and deliver exceptional client experiences will be well-positioned to thrive.

1_The information presented in the sections "Economic Outlook", "Insurance Industry Outlook", and "Asset Management Industry Outlook" is based on our own estimates.

Outlook for the Allianz Group

At the end of the first half-year of 2023 the Allianz Group operating profit amounted to € 7.5 bn. We are on track to meet the 2023 Allianz Group operating profit outlook of € 14.2 bn, plus or minus € 1 bn.

As always, natural catastrophes and adverse developments in the capital markets, as well as factors stated in our cautionary note regarding forward-looking statements may severely affect the operating profit and/or net income of our operations and the results of the Allianz Group.

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 Allianz’s core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) adverse publicity, regulatory actions or litigation with respect to the Allianz Group, other well-known companies, and the financial services industry generally, (iv) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (v) mortality and morbidity levels and trends, (vi) persistency levels, (vii) the extent of credit defaults, (viii) interest rate levels, (ix) currency exchange rates, most notably the EUR/USD exchange rate, (x) changes in laws and regulations, including tax regulations, (xi) the impact of acquisitions, including and related to integration issues and reorganization measures, and (xii) 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

Allianz 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 2023	As of 31 December 2022	Delta
Paid-in capital	28,902	28,902	-
Undated subordinated bonds	4,792	4,843	(51)
Retained earnings	27,928	29,354	(1,426)
Foreign currency translation adjustments	(3,211)	(3,048)	(163)
Unrealized gains and losses from insurance contracts (net)	48,660	54,854	(6,194)
Other unrealized gains and losses (net)	(52,754)	(60,490)	7,736
Total	**54,318**	**54,415**	**(98)**

Compared to 31 December 2022, shareholders' equity changed only slightly. Nevertheless, single components changed. The dividend payout in May 2023 (€ 4.5 bn) was nearly offset by the net income attributable to shareholders of € 4.4 bn for the six months ended 30 June 2023. The retained earnings were mainly decreased by the share buy-back program with an amount of € 1.1 bn. The increase in other unrealized gains and losses (net) of € 7.7 bn was partly offset by the decrease of unrealized gains and loss from insurance contracts (net) with an amount of € 6.2 bn.

Regulatory capital adequacy

The Allianz Group's own funds and capital requirements are based on the market value balance sheet[2] and our approved Solvency II internal model. Our regulatory capitalization is shown in the following table.

Solvency II regulatory capital adequacy

		As of 30 June 2023	As of 31 December 2022	Delta
Eligible own funds	€ bn	80.7	77.9	2.8
Capital requirement	€ bn	38.7	38.8	(0.1)
Capitalization ratio	%	208	201	7 %-p

Our Solvency II capitalization ratio increased by 7 percentage points from 201 % to 208 %[3] over the first six months of 2023. The rise was predominantly driven by a strong Solvency II capital generation (net of tax and dividends), as well as by positive impacts from capital market developments and the net impact of the issuance of a subordinated bond. It was partially compensated by negative effects, e.g., from the € 1.5 bn share buy-back announced in May.

Total assets and total liabilities

As of 30 June 2023, total assets amounted to € 957.7 bn and total liabilities were € 898.9 bn. Compared to year-end 2022, total assets and total liabilities increased by € 21.8 bn and € 21.7 bn, respectively.

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.

1_This does not include non-controlling interests of € 4,506 mn and € 4,320 mn as of 30 June 2023 and 31 December 2022, respectively. For further information, please refer to note 8.9 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 113 in the Allianz Group Annual Report 2022.

3_Eligible own funds excluding the application of transitional measures for technical provisions. Including the application of transitional measures for technical provisions, the Solvency II ratio amounted to 235 % as of 30 June 2023.

Asset allocation and fixed income portfolio overview

	As of 30 June 2023	As of 31 December 2022	Delta	As of 30 June 2023	As of 31 December 2022	Delta
Type of investment	€ bn	€ bn	€ bn	%	%	%-p
Debt instruments, thereof:	**537.5**	**534.8**	**2.7**	**75.3%**	**76.0%**	**(0.8)**
Government bonds	182.0	182.2	(0.2)	33.9%	34.1%	(0.2)
Covered bonds	43.7	45.3	(1.6)	8.1%	8.5%	(0.3)
Corporate bonds	191.2	190.2	0.9	35.6%	35.6%	-
Other	120.7	117.1	3.6	22.5%	21.9%	0.6
Equities	**50.4**	**49.1**	**1.3**	**7.1%**	**7.0%**	**0.1**
Funds	**70.5**	**66.6**	**3.9**	**9.9%**	**9.5%**	**0.4**
Real estate	**26.5**	**27.6**	**(1.1)**	**3.7%**	**3.9%**	**(0.2)**
Other	**29.2**	**25.2**	**4.0**	**4.1%**	**3.6%**	**0.5**
Total	**714.2**	**703.3**	**10.8**	**100.0%**	**100.0%**	**-**

Compared to year-end 2022, our overall asset portfolio increased by € 10.8 bn, mainly in our equities and cash included in Other.

Our well-diversified exposure to debt instruments is almost stable compared to year-end 2022. About 94 % of the debt portfolio was invested in investment-grade bonds and loans.[1] Our government bonds portfolio contained bonds from France, Germany, Italy and United States, representing 13.7%, 13.3 %, 9.9% and 8.9 % of our portfolio shares. Our corporate bonds portfolio contained bonds from the United States, eurozone, and Europe excl. eurozone. They represented 41.9 %, 31.0 % and 12.3 % of our portfolio shares.

Our exposure to equities increased mainly due to market movements.

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

RECONCILIATIONS

The analysis in the previous chapters 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, shareholders' core net income, 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.

Total business volume

Total business volume comprises gross premiums written as well as fee and commission income in Property-Casualty, statutory gross premiums in Life/Health, and operating revenues in Asset Management.

Composition of total business volume
€ mn

Six months ended 30 June	2023	2022
PROPERTY-CASUALTY		
Total business volume	**41,729**	**38,010**
consisting of:		
Gross premiums written	40,512	36,794
Fee and commission income	1,217	1,216
LIFE/HEALTH		
Statutory gross premiums	**40,410**	**39,909**
ASSET MANAGEMENT		
Operating revenues	**3,778**	**4,084**
consisting of:		
Net fee and commission income	3,732	4,094
Net investment result	30	(10)
Other income and expenses	16	-
CONSOLIDATION	(329)	(341)
Allianz Group total business volume	**85,588**	**81,663**

Internal growth

We believe that an understanding of our total business volume 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. Accordingly, in addition to presenting nominal total business volume growth, we also present internal growth, which excludes these effects.

Reconciliation of nominal total business volume growth to internal total business volume growth
%

Six months ended 30 June 2023	Internal Growth	Changes in scope of conso-lidation	Foreign currency translation	Nominal Growth
Property-Casualty	11.8	0.7	(2.8)	9.8
Life/Health	2.2	(0.2)	(0.8)	1.3
Asset Management	(5.1)	(3.0)	0.5	(7.5)
Allianz Group	**6.4**	**0.1**	**(1.7)**	**4.8**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet
€ mn

	Note	As of 30 June 2023	As of 31 December 2022	As of 1 January 2022
ASSETS				
Cash and cash equivalents	4	25,612	22,896	24,247
Investments	7.2	701,292	690,991	837,869
Financial assets for unit-linked contracts	8.5	148,892	141,034	158,359
Insurance contract assets	6.6	477	327	36
Reinsurance contract assets	6.7	25,294	25,605	26,141
Deferred tax assets	8.4	5,890	6,369	4,709
Other assets	8.6	31,606	30,234	27,222
Intangible assets	8.8	18,664	18,442	18,186
Total assets		**957,728**	**935,897**	**1,096,770**
LIABILITIES AND EQUITY				
Financial liabilities	7.3	55,133	51,310	50,877
Insurance contract liabilities	6.6	754,829	740,799	883,250
Reinsurance contract liabilities	6.7	1,024	257	55
Investment contract liabilities	8.5	51,435	47,827	55,872
Deferred tax liabilities	8.4	1,982	2,158	2,368
Other liabilities	8.7	34,501	34,810	38,956
Total liabilities		898,904	877,163	1,031,378
Shareholders' equity	8.9	54,318	54,415	61,157
Non-controlling interests	8.9	4,506	4,320	4,235
Total equity		58,823	58,735	65,392
Total liabilities and equity		**957,728**	**935,897**	**1,096,770**
Supplementary information				
Contractual service margin (CSM)		54,055	53,382	59,381
Risk adjustment		7,256	7,219	8,875

The Annual Report 2022 was released in March 2023 and included a preliminary version of the IFRS 9/17 opening balance sheet for 2022 based on assessments made until mid-February 2023 with the aim of illustrating the possible impacts of IFRS 9/17.

After the release of the Annual Report 2022, the Allianz Group continued with the preparation of the IFRS 9/17 opening balance sheet and made some non-material adjustments.

As such, the final version of the IFRS 9/17 opening balance sheet for 2022 is slightly different from the preliminary version in the Annual Report 2022.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement
€ mn

Six months ended 30 June	Note	2023	2022
Insurance revenue	6.1	44,481	42,055
Insurance service expenses	6.2	(36,810)	(35,710)
Reinsurance result	6.3	(1,377)	(811)
Insurance service result		6,293	5,534
Interest result[1]	7.1	12,282	11,996
Realized gains/losses (net)	7.1	(2,860)	1,227
Valuation result	7.1	5,876	(27,575)
Investment expenses	7.1	(884)	(858)
Net investment income		14,414	(15,211)
Finance income (expenses) from insurance contracts (net)	6.4	(13,720)	15,497
Finance income from reinsurance contracts (net)	6.4	300	1,053
Net insurance finance expenses		(13,421)	16,550
Investment result		994	1,339
Fee and commission income	8.1	6,516	6,607
Fee and commission expenses	8.2	(2,710)	(2,482)
Net result from investment contracts[2]		(97)	(38)
Acquisition and administrative expenses	8.3	(4,612)	(6,357)
Other income		20	9
Other expenses		(169)	(10)
Amortization of intangible assets		(159)	(162)
Restructuring and integration expenses		(139)	(566)
Income before income taxes		**5,936**	**3,874**
Income taxes	8.4	(1,290)	(1,199)
Net income		**4,647**	**2,675**
Net income attributable to:			
Non-controlling interests		278	223
Shareholders		4,369	2,452
Basic earnings per share (€)[3]		10.59	5.73
Diluted earnings per share (€)[3]		10.58	5.63

1_Includes interest expenses from external debt.
2_Excluding investment result and fee income.
3_According to IFRS, the net income attributable to shareholders was adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity. For the six months ended 30 June 2023, the Allianz Group recognized net financial charges of € (142) mn (2022: € (119) mn).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income
€ mn

Six months ended 30 June	2023	2022
Net income	**4,647**	**2,675**
Other comprehensive income		
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments		
Reclassifications to net income	375	-
Changes arising during the period	(610)	1,694
Subtotal	(235)	1,694
Debt investments at fair value through OCI		
Reclassifications to net income	2,033	3
Changes arising during the period	4,223	(78,594)
Subtotal	6,256	(78,591)
Cash flow hedges		
Reclassifications to net income	(37)	(187)
Changes arising during the period	(22)	(1,451)
Subtotal	(59)	(1,638)
Share of other comprehensive income of associates and joint ventures		
Reclassifications to net income	-	(6)
Changes arising during the period	5	3
Subtotal	5	(3)
Insurance liabilities		
Reclassifications to net income	4,679	(4,469)
Changes arising during the period	(9,436)	83,340
Subtotal	(4,757)	78,871

Six months ended 30 June	2023	2022
Items that may be reclassified to profit or loss in future periods (continued)		
Reinsurance assets		
Reclassifications to net income	-	-
Changes arising during the period	(99)	(2,171)
Subtotal	(99)	(2,171)
Miscellaneous		
Reclassifications to net income	-	-
Changes arising during the period	27	108
Subtotal	27	108
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	(71)	1,938
Equity investments at fair value through OCI	1,601	(8,386)
Insurance liabilities	(1,404)	4,386
Miscellaneous	(35)	181
Total other comprehensive income	1,228	(3,611)
Total comprehensive income	**5,875**	**(936)**
Total comprehensive income attributable to:		
Non-controlling interests	232	91
Shareholders	5,643	(1,026)

For further information on the income taxes associated with different components of other comprehensive income, please see note 8.4.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity
€ mn

	Paid-in capital	Undated subordinated bonds[1]	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses from insurance contracts	Other unrealized gains and losses	Shareholders' equity	Non-controlling interests	Total equity
Balance as of 31 December 2021	**28,902**	**4,699**	**32,784**	**(3,223)**	**-**	**16,789**	**79,952**	**4,270**	**84,222**
Adjustments of initial application of IFRS 9 and 17, net of tax	-	-	(5,393)	(251)	(46,554)	33,403	(18,795)	(35)	(18,830)
Restated balance as of 1 January 2022	**28,902**	**4,699**	**27,391**	**(3,474)**	**(46,554)**	**50,192**	**61,157**	**4,235**	**65,392**
Total comprehensive income	-	193	4,682	1,497	80,478	(87,831)	(982)	91	(891)
thereof net income	-	-	2,452	-	-	-	2,452	223	2,675
Purchase, sale, use and cancellation of treasury shares[2]	-	-	(826)	-	-	-	(826)	-	(826)
Changes in scope of consolidation	-	-	-	-	-	-	-	152	152
Changes in ownership interests in subsidiaries	-	-	(29)	-	-	-	(29)	(1)	(30)
Capital increases and decreases	-	-	-	-	-	-	-	25	25
Other changes	-	-	36	-	-	-	36	(4)	32
Dividends paid	-	-	(4,383)	-	-	-	(4,383)	(309)	(4,692)
Other distributions	-	-	(59)	-	-	-	(59)	-	(59)
Balance as of 30 June 2022	**28,902**	**4,892**	**26,812**	**(1,977)**	**33,924**	**(37,639)**	**54,914**	**4,188**	**59,102**
Balance as of 31 December 2022	**28,902**	**4,843**	**35,350**	**(2,406)**	**-**	**(15,215)**	**51,474**	**3,768**	**55,242**
Adjustments of initial application of IFRS 9 and 17, net of tax	-	-	(5,995)	(642)	54,854	(45,275)	2,941	552	3,493
Restated balance as of 1 January 2023	**28,902**	**4,843**	**29,354**	**(3,048)**	**54,854**	**(60,490)**	**54,415**	**4,320**	**58,735**
Total comprehensive income	-	(51)	4,314	(163)	(6,194)	7,736	5,643	232	5,875
thereof net income	-	-	4,369	-	-	-	4,369	278	4,647
Purchase, sale, use and cancellation of treasury shares[2]	-	-	(1,069)	-	-	-	(1,069)	-	(1,069)
Changes in scope of consolidation	-	-	-	-	-	-	-	67	67
Changes in ownership interests in subsidiaries	-	-	3	-	-	-	3	(7)	(5)
Capital increases and decreases	-	-	-	-	-	-	-	140	140
Other changes	-	-	9	-	-	-	9	(9)	-
Dividends paid	-	-	(4,541)	-	-	-	(4,541)	(237)	(4,778)
Other distributions	-	-	(142)	-	-	-	(142)	-	(142)
Balance as of 30 June 2023	**28,902**	**4,792**	**27,928**	**(3,211)**	**48,660**	**(52,754)**	**54,318**	**4,506**	**58,823**

1_For further information regarding the undated subordinated bonds, please refer to note 7.3.2.
2_In November 2022, a share buy-back with an intended volume of € 1 bn was announced and completed with the second tranche on 17 March 2023. In total, Allianz SE purchased 4.7 million own shares. On 10 May 2023, a further share buy-back with an intended volume of € 1.5 bn was announced which is intended to be completed until 31 December 2023. Up to 30 June 2023, Allianz SE purchased 1.8 million own shares with a volume of € 369 mn.

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows[1]
€ mn

Six months ended 30 June	2023	2022
SUMMARY		
Net cash flow provided by operating activities	14,360	10,952
Net cash flow used in investing activities	(4,696)	(8,942)
Net cash flow used in financing activities	(6,565)	(4,255)
Effect of exchange rate changes on cash and cash equivalents	(411)	537
Change in cash and cash equivalents	2,688	(1,708)
Cash and cash equivalents at beginning of period	22,896	24,247
Cash and cash equivalents reclassified to assets of disposal groups held for sale in 2022	-	(324)
Cash and cash equivalents reclassified to assets of disposal groups held for sale and disposed of in 2023	28	-
Cash and cash equivalents at end of period	**25,612**	**22,215**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**4,647**	**2,675**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(37)	8
Realized gains/losses (net), impairments of investments (net), valuation result (net)		
Investments at fair value through profit and loss/other comprehensive income and at amortized costs, investments in associates and joint ventures, real estate held for investments, non-current assets and disposal groups classified as held for sale	4,256	(686)
Other investments, mainly derivatives	(2,566)	16,954
Depreciation and amortization	1,091	1,081
Other non-cash income/expenses	1,112	(3,534)
Net change in:		
Reinsurance contract assets and liabilities	450	(839)
Insurance contract assets and liabilities	12,356	(11,953)
Investment contract liabilities	1,995	(4,771)
Financial assets for unit-linked contracts	(8,259)	17,155
Deferred tax assets/liabilities	325	(14)
Other (net)	(1,010)	(5,125)
Subtotal	9,713	8,277
Net cash flow provided by operating activities	**14,360**	**10,952**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale/maturity/repayment of:		
Investments at fair value through profit and loss	9,729	13,302
Investments at fair value through other comprehensive income	89,734	143,093
Investments at amortized cost	119	426
Investments in associates and joint ventures	156	327
Non-current assets and disposal groups classified as held for sale	72	35
Real estate held for investment	235	105
Fixed assets from alternative investments	-	-
Property and equipment	53	43
Subtotal	100,097	157,332
Payments for the purchase or origination of:		
Investments at fair value through profit and loss	(15,232)	(16,485)
Investments at fair value through other comprehensive income	(89,059)	(127,019)
Investments at amortized cost	(855)	(2,211)
Investments in associates and joint ventures	(403)	(1,807)
Non-current assets and disposal groups classified as held for sale	(150)	-
Real estate held for investment	(413)	(1,227)
Fixed assets from alternative investments	(71)	(44)
Property and equipment	(639)	(603)
Subtotal	(106,823)	(149,396)
Business combinations (note 3):		
Proceeds from sale of subsidiaries, net of cash disposed	(27)	-
Acquisitions of subsidiaries, net of cash acquired	(57)	-
Net change from derivative assets and liabilities	**2,191**	**(16,813)**
Other (net)	**(78)**	**(64)**
Net cash flow used in investing activities	**(4,696)**	**(8,942)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers and other financial liabilities	(391)	1,809
Proceeds from the issuance of certificated liabilities and subordinated liabilities	2,871	3,026
Repayments of certificated liabilities and subordinated liabilities	(3,048)	(3,394)
Proceeds from the issuance of undated subordinated bonds classified as shareholders' equity	-	-
Net change in lease liabilities	(191)	(205)
Transactions between equity holders	127	8
Dividends paid to shareholders	(4,778)	(4,692)
Net cash from sale or purchase of treasury stock	(1,069)	(826)
Other (net)	(85)	18
Net cash flow used in financing activities	**(6,565)**	**(4,255)**

1_As of 1 January 2023, some changes have been made to the classification of cash flows from operating, investing and financing activities to reflect the cash flows in the most appropriate manner for the Allianz Group. These changes have also been reflected in comparative periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

1 _ Nature of operations and 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) applicable to interim financial reporting, as adopted under European Union regulations.

In these condensed consolidated interim financial statements, the Allianz Group has applied IFRS 9 and IFRS 17 for the first time. The related changes in significant accounting policies are described in note 2.

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 2022.

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

2 _ Accounting policies, significant estimates, and new accounting pronouncements

Significant accounting policies and use of estimates and assumptions

The following paragraphs describe important accounting policies as well as significant estimates and assumptions that are relevant for the Allianz Group's consolidated financial statements. Estimates and assumptions particularly influence the inclusion method as well as the accounting treatment of financial instruments and insurance contracts, goodwill, litigation provisions, pension liabilities and similar obligations, and deferred taxes. Significant estimates and assumptions are explained in the respective paragraphs.

The Allianz Group's consolidated balance sheet is not presented using a current/non-current classification. The following balances are generally considered to be current: cash and cash equivalents, non-current assets and assets of disposal groups classified as held for sale, and liabilities of disposal groups classified as held for sale.

The following balances are generally considered to be non-current: investments, deferred tax assets, intangible assets, and deferred tax liabilities.

All other balances are mixed in nature (including both current and non-current portions).

Principles of consolidation

Scope of consolidation and consolidation procedures

In accordance with IFRS 10, the Allianz Group's consolidated financial statements include the financial statements of Allianz SE and its subsidiaries. Subsidiaries are generally entities where Allianz SE, directly or indirectly, owns more than half of the voting rights or similar rights with the ability to affect the returns of these entities for its own benefit.

Entities where the Allianz Group does not hold a majority stake are included in the consolidated financial statements if the Allianz Group controls these entities based on either distinctive rights stipulated by shareholder agreements between the Allianz Group and the other shareholders in these companies or voting rights held by the Allianz Group which are sufficient to direct the relevant activities unilaterally.

Entities where the Allianz Group holds a majority stake are not included in the consolidated financial statements if the Allianz Group does not control these entities because it has no majority representation in the governing bodies and/or it requires at least the confirmative vote of another investor to pass any decisions over relevant activities.

For certain entities, voting or similar rights are not the dominant factor of control, such as when voting rights relate to administrative tasks only and returns are directed by means of contractual arrangements, as is the case mainly for investment funds managed by Allianz Group internal asset managers. For investment funds managed by Allianz Group entities on the basis of contractual arrangements, the Allianz Group considers an exposure to variability from the aggregate economic interests (consisting of fees and direct interests in the investments funds) of more than 30% as indicative for control, unless there is evidence to the contrary, for example if the investment funds' financial and operating policies are largely predetermined or other parties engaged in the investment funds have substantive spin-off rights.

Initial accounting for business combinations and measurement of non-controlling interests

Where newly acquired subsidiaries are subject to business combination accounting, the provisions of IFRS 3 are applied. During the IFRS 3 measurement period, which is for a maximum of one year post the acquisition date, it may be necessary to adjust existing or recognize additional assets and liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are generally measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Associates and joint arrangements

Associates are entities over which the Allianz Group can exercise significant influence. In general, if the Allianz Group holds 20% or more of the voting power in an investee but does not control the investee, it is assumed to have significant influence.

Although the Allianz Group's share in some entities is below 20%, management has assessed that the Allianz Group has significant influence over these entities because it is sufficiently represented in the governing bodies that decide on the relevant activities of these entities.

For certain investment funds in which the Allianz Group holds a stake of above 20%, management has assessed that the Allianz Group has no significant influence because it is not represented in the governing bodies of these investment funds or their investment activities are largely predetermined.

Pursuant to IFRS 11, investments in joint arrangements have to be classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Allianz Group has assessed the nature of all its joint arrangements and determined them to be joint ventures in most cases.

Generally, these investments in associates and joint ventures are accounted for using the equity method, which may imply a time lag of up to three months. Income from investments in associates and joint arrangements – excluding distributions – is included in the interest result. Accounting policies of associates and joint arrangements are generally adjusted where necessary to ensure consistency with the accounting policies adopted by the Allianz Group.

However, if investments in associates or joint ventures are held as the underlying items for a group of insurance contracts with direct participation features, the Allianz Group elects the exemption from applying the equity method and measures these investments at fair value through profit and loss in accordance with IFRS 9 instead. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features. For further information, please refer to note 7.2.

Foreign currency translation

Foreign currency translation generally follows the guidance set forth in IAS 21. Income and expenses from subsidiaries that have a functional currency other than the Allianz Group's presentation currency (euro) are translated to euro at the quarterly average exchange rate, unless the subsidiary's functional currency is that of a hyperinflationary economy, in which case the closing rate is applied in accordance with IAS 21.42. Foreign currency gains and losses arising from foreign currency transactions are reported in the valuation result in the consolidated income statement, unless they relate to the foreign exchange component of fair value changes that are recognized in other comprehensive income. In the latter case, the foreign exchange component is also recognized in other comprehensive income.

Financial instruments

Recognition and derecognition

Financial assets are generally recognized and derecognized on the trade date, i.e., when the Allianz Group commits to purchase or sell securities.

Classification and measurement of financial assets

Based on the applicable business model and the respective contractual cash flow characteristics, the Allianz Group classifies a financial asset on initial recognition into one of the three measurement categories:

- amortized cost,
- fair value through other comprehensive income, or
- fair value through profit and loss.

At the Allianz Group, financial assets that are backing insurance liabilities are generally considered to be held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("hold and sell" business model).

In accordance with IFRS 9, investments in equity financial instruments are accounted at fair value. The Allianz Group generally uses the irrevocable election at initial recognition to present subsequent changes in the instrument's fair value in other comprehensive income, provided that the instrument is not held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Measurement at fair value through profit and loss is only applied in exceptional cases, e.g. in order to reduce an accounting mismatch that would otherwise arise or if the above-mentioned preconditions for fair value through other comprehensive income measurement are not fulfilled.

Classification and measurement of financial liabilities

In general, financial liabilities are classified as subsequently measured at amortized cost, except for:

- Financial liabilities that are classified as measured at fair value through profit and loss, either because they are held for trading (including derivatives) or irrevocably designated to be measured at fair value through profit or loss upon initial recognition in accordance with IFRS 9.4.2.2.
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. These liabilities are measured in accordance with paragraphs 3.2.15 and 3.2.17 of IFRS 9.
- Financial guarantee contracts. Provided that the measurement rules in any of the first two points above do not apply, financial guarantee contracts are measured at the higher of the amount of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized less (where appropriate) the cumulative amount of income recognized in accordance with the principles of IFRS 15.
- Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies; such contingent consideration shall subsequently be measured at fair value through profit and loss.

Measurement at fair value

The Allianz Group carries certain financial instruments at fair value and discloses the fair value of all financial instruments.

Assets and liabilities measured or disclosed at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS 13, which categorizes the inputs to valuation techniques used to measure fair value into three levels.

Level 1 inputs of financial instruments traded in active markets are based on unadjusted quoted market prices or dealer price quotations for identical assets or liabilities on the last exchange trading day prior to or at the reporting date, if the latter is a trading day.

Level 2 applies if the market for a financial instrument is not active or when the fair value is determined by using valuation techniques based on observable input parameters.

Level 3 applies if not all input parameters that are significant to the entire measurement are observable in the market. Accordingly, the fair value is based on valuation techniques using non-market observable inputs. Valuation techniques include the discounted cashflow method, comparison to similar instruments for which observable market prices exist, and other valuation models. Appropriate adjustments are made, for example, for credit risks.

For fair value measurements categorized as level 2 and level 3, the Allianz Group uses valuation techniques consistent with the three widely used valuation techniques listed in IFRS 13:

- Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach: Amount that would currently be required to replace the service capacity of an asset (current replacement cost).
- Income approach: Conversion of future amounts such as cash flows or income to a single current amount (present value technique).

There is no one-to-one connection between valuation technique and hierarchy level. Depending on whether valuation techniques are based on significant observable or unobservable inputs, financial instruments are classified in the fair value hierarchy.

Estimates and assumptions of fair values and hierarchies are particularly significant when determining the fair value of financial instruments for which at least one significant input is not based on observable market data (classified as level 3 of the fair value hierarchy). The availability of market information is determined by the relative trading levels of identical or similar instruments in the market, with emphasis placed on information that represents actual market activity or binding quotations from brokers or dealers.

The degree of judgment used in measuring the fair value of financial instruments closely correlates with the use of non-market observable inputs. The Allianz Group uses a maximum of observable inputs and a minimum of non-market observable inputs when measuring fair value. Observability of input parameters is influenced by various factors such as type of the financial instrument, whether a market is established for the particular instrument, specific transaction characteristics, liquidity, and general market conditions. If the fair value cannot be measured reliably, amortized cost is used as a proxy for determining fair values.

In discharging its responsibilities in the area of the fair value measurement of illiquid investments (level 3), the Allianz Group has set up an independent Group Valuation Committee (GVC). The GVC is a cross functional body which includes representation from the Allianz Group's accounting and reporting, risk, and, investment management functions as well as major operating entities. The GVC's objectives are the establishment and maintenance of appropriate market valuation standards as well as checks and balances in order to successfully manage the risks inherent in the internal and external fair valuation of illiquid investments. In this regard, the GVC initiates, approves, and maintains documented valuation best practices by illiquid asset cluster. Furthermore, the GVC is responsible for performing regular independent price verifications, onsite visits of operating entities, and for requiring the implementation of best practices in the area of the illiquid assets valuation. It also has prerogatives to implement measures to resolve any related findings and valuation disputes.

For further information with regards to the measurement at fair value, please refer to note 7.5.

Impairments

The Allianz Group's central risk framework under Solvency II serves as the basis for IFRS 9 impairment calculations. In regard of credit ratings which represent a central parameter of credit risk, the Allianz Group re-uses the Solvency II assessment of the long-term creditworthiness of its debtors. In detail, the Solvency II rating assignment for the investment portfolio of the Allianz Group is based on external agency ratings enhanced by the Group's internal credit assessment. The internal credit assessment is used to add a point-in-time component to long-term ratings in order to capture current market information and to add forward-looking information. The Allianz Group uses hurdle ratings that indicate a significant increase in credit risk and consequently a transfer from Stage 1 to Stage 2 on a notch-by-notch basis. In addition, the rating hurdle is dependent on the expected maturity of the investment. A transfer to Stage 3 is triggered by a D rating or when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. The loss-given default assignment is performed based on the established methods applied for Solvency II purposes. The Allianz Group follows a cash-flow-based approach for the expected credit loss (ECL) calculation. In order to calculate the ECL, the Allianz Group uses transition matrices that take into account the probability of default (PD) as a quantitative measure of the credit quality of a financial instrument or counterparty assigned per rating notch as well as the transition probabilities quantifying the likelihood of rating changes over time.

Hedge accounting

The Allianz Group has chosen as its accounting policy to apply the IFRS 9 hedge accounting requirements, except for fair value hedges of the interest rate exposure of a portfolio of financial assets or financial liabilities, which continue to be accounted for in accordance with IAS 39.

Derivative financial instruments designated as hedging instruments in hedge accounting relationships are included in the line items Investments at fair value through profit and loss and Financial liabilities at fair value through profit and loss. Freestanding derivatives are included in the same line items.

For further information on derivatives, please refer to note 7.4.

Cash and cash equivalents

Cash and cash equivalents comprise balances with banks payable on demand, balances with central banks, cash on hand, and treasury bills to the extent they are not included in investments at fair value through profit and loss. Furthermore, this balance sheet item contains checks and bills of exchange that are eligible for refinancing at central banks, subject to a maximum term of three months from the date of acquisition as well as reverse purchase agreements that are due within three months.

Investments

Investments at fair value through profit and loss

Investments at fair value through profit and loss comprise debt instruments that are classified as measured at fair value through profit and loss based on the underlying business model or cash flow characteristics as well as financial assets that are irrevocably designated to be measured at fair value through profit and loss at inception. Equity instruments are included in this line item if Allianz deviates from its general approach to designate them as measured at fair value through other comprehensive income or if they do not fulfill the prerequisites for such a designation.

Investments at fair value through other comprehensive income

These investments include debt financial assets that are held within a "hold and sell" business model and whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding ("SPPI").

In addition, investments in equity instruments that are designated to be measured at fair value through other comprehensive income are presented in this line item. As prescribed by IFRS 9, amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Instead, the Allianz Group accounting policies foresee that the cumulative amounts are transferred directly within equity upon derecognition of an investment in an equity instrument that is measured at fair value through other comprehensive income.

Investments at amortized cost

Investments at amortized cost relate to debt financial assets that are held within a "hold to collect" business model and whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Investments in associates and joint ventures

For details on the accounting for investments in associates and joint ventures, please see the section "Principles of consolidation".

Real estate held for investment

Real estate held for investment is initially measured at cost, including directly attributable transaction costs.

For the subsequent measurement, the Allianz Group applies the fair value model in accordance with IAS 40.33 if the property is held as an underlying item for insurance contracts with direct participation features and investment contracts with discretionary participation features.

In all other cases, the Allianz Group applies the cost model pursuant to IAS 40.56 and carries real estate held for investment at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is recognized on a straight-line basis over the property's useful life, with a maximum of 50 years. Furthermore, real estate held for investment is regularly tested for impairment.

Fixed assets from alternative investments

These assets are carried at cost less accumulated depreciation and impairments in accordance with IAS 16. They are depreciated on a straight-line basis over their useful life, with a maximum of 35 years, and regularly tested for impairment.

Reinsurance contract assets

To measure a group of reinsurance contracts held, the Allianz Group applies the same accounting policies that are applied to insurance contracts issued without direct participation features, with the following modifications:

The Allianz Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in profit or loss.

Other assets

Other assets primarily consist of leased or own used real estate, software and equipment, receivables, non-current assets and assets of disposal groups classified as held for sale, and deferred compensation amounts.

The Allianz Group has elected the fair value model in accordance with IAS 40 as its accounting policy to measure properties held for own use that are underlying items of (a group of) insurance contracts with direct participation features. For the purpose of this election, insurance contracts include investment contracts with discretionary participation features. All other items of property, plant and equipment are subsequently measured based on the cost model pursuant to IAS 16.30. When applying the cost model, depreciation is generally computed using the straight-line method over the estimated useful lives of the assets. The right-of-use assets related to leased property and equipment are depreciated generally over the lease term.

The table below summarizes estimated useful lives for real estate held for own use, software, and equipment.

Estimated useful lives (in years)

	Years
Real estate held for own use	max. 50
Software	2-13
Equipment	2-10

Intangible assets and goodwill

Intangible assets with finite useful lives are measured at cost less accumulated amortization and impairments.

The table below summarizes estimated useful lives and the amortization methods for each material class of intangible assets with finite useful lives.

Estimated useful lives (in years) and amortization methods

	Useful lives	Amortization method
Long-term distribution agreements	10 – 20	straight-line considering contractual terms
Customer relationships	4 – 40	straight-line or in relation to customer churn rates

Goodwill arising from business combinations is recognized in the amount of the consideration transferred plus the amount of any noncontrolling interest in the acquiree held by the direct parent in excess of the fair values assigned to the identifiable assets acquired and liabilities assumed. Goodwill is generally carried in the acquiree's functional currency. An evaluation of whether the goodwill is deemed recoverable takes place at least once a year.

Financial liabilities

Financial liabilities for puttable financial instruments

The Allianz Group records financial liabilities where non-controlling shareholders have the right to put their financial instruments back to the Allianz Group (puttable instruments). If these non-controlling shareholders still have present access to the risks and rewards associated with the underlying ownership interests, the non-controlling interests remain recognized, and profit and loss is allocated between controlling and non-controlling interests. The financial liabilities for puttable instruments are generally required to be recorded at the redemption amount. The Allianz Group recognizes valuation changes in equity where the non-controlling shareholders have present access to risks and rewards of ownership. In all other cases, valuation changes are recognized in the income statement. As an exception, for puttable instruments that are to be classified as equity instruments in the separate or individual financial statements of the issuer in accordance with IAS 32.16A-16B and are to be presented as liabilities in the consolidated financial statements of the Allianz Group instead of noncontrolling interests, valuation changes of these liabilities are always recognized in the income statement. This is the case for puttable instruments issued by mutual funds controlled but not wholly owned by the Allianz Group.

Certificated liabilities and subordinated liabilities
Certificated liabilities and subordinated liabilities are subsequently measured at amortized cost, using the effective interest method to amortize the premium or discount to the redemption value over the life of the liability.

Insurance contract liabilities

Insurance and investment contracts
Insurance contracts and investment contracts with discretionary participation features are accounted for under the insurance accounting provisions of IFRS 17. Investment contracts without discretionary participation features are accounted for as financial instruments in accordance with IFRS 9, please see section "Investment contracts liabilities". IFRS 17 includes three measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance: the general measurement model (GMM, also known as the building block approach), the variable fee approach (VFA), and the premium allocation approach (PAA).

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Allianz Group expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Allianz Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

As IFRS 17 does not provide any threshold for determining whether a share or proportion is substantial, this assessment requires judgment. Allianz has set up a group-wide process for assessing insurance contracts based on qualitative and quantitative criteria in order to appropriately reflect the individual contract specifics. For this assessment, the terms "substantial share" and "substantial proportion" have been applied by using 50 % as rebuttable presumption. Insurance contracts with direct participation features are accounted for under the VFA. Insurance contracts without direct participation features are measured under the GMM or the PAA, if the respective eligibility criteria for the PAA are fulfilled.

The Allianz Group generally applies the same accounting policies and rules to reinsurance contracts issued as to insurance contracts issued.

Separation of components
IFRS 17 requires the separation of embedded derivatives, investment components, and performance obligations to provide non-insurance goods and services at inception of a contract, if certain conditions are met. The separated components need to be accounted for separately according to IFRS 9 (embedded derivatives, investment components) or IFRS 15 (non-insurance goods and services). The Allianz Group has not identified material performance obligations embedded in insurance contracts to provide non-insurance goods and services.

The Allianz Group applies IFRS 9 to determine whether there is an embedded derivative to be separated and, if so, how to account for that derivative, unless the derivative is itself a contract within the scope of IFRS 17. The majority of embedded derivatives identified in insurance contracts issued by the Allianz Group have been considered closely related or to include significant insurance risk, because there are usually strong interdependencies with other components of the contract such as contractual options, policyholder behavior, contractual surplus sharing, and mortality.

IFRS 17 defines investment components as the amounts that an insurance contract requires the entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. The Allianz Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring.

An investment component is classified as being distinct or non-distinct. The Allianz Group has not identified material distinct investment components.

Investment components that are non-distinct are not to be separated from the host insurance contract but are excluded from insurance revenue and insurance service expenses. For most common life insurance products, the Allianz Group defines the cash surrender value as the non-distinct investment component. Generally, property-casualty contracts do not have a surrender or maturity value and only have a benefit payment when a claim occurs. Therefore, a standard property-casualty contract without additional guaranteed payment features does not include any investment component. However, it is common with property-casualty contracts that they have other explicit guaranteed payments, for example a low or no claim bonus or profit participation, which the Allianz Group defines as non-distinct investment components, if all respective criteria are met.

Level of aggregation
Measurement is not carried out at the level of individual contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, the Allianz Group first needs to define portfolios which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts. Based on these requirements, portfolios and groups of insurance contracts are always determined by the individual operating entities, considering their respective circumstances. The requirement to form annual cohorts that prevents contracts issued more than one year apart from being included in the same group (IFRS 17.22) is subject to an optional exemption in the EU endorsement of IFRS 17. The EU Commission grants EU users the right to choose whether or not to apply the requirement in IFRS 17.22 for certain contracts. The Allianz Group does not make use of this exemption.

Contracts in different currencies can fulfill the standard requirements of similar risks that are managed together. At the Allianz Group, there is one calculation currency per Group of Contract (GoC). In case of a GoC with contracts with different transaction currencies, a leading currency (GoC currency) is determined.

Liability for remaining coverage under the GMM/VFA
The liability for remaining coverage (LRC) under the GMM consists of the fulfillment cash flows related to future services and the contractual service margin (CSM). The fulfillment cash flows represent the risk-adjusted present value of Allianz's rights and obligations to the policyholders, comprising the building blocks of estimates of expected future cash flows, discounting, and an explicit risk adjustment for non-financial risk. The CSM represents the unearned profit from in-force contracts that an entity will recognize as it provides services over the coverage period. Each building block is measured separately, both on initial recognition and for subsequent measurement.

Estimates of expected cash flows
The estimates of future cash flows comprise all cash flows expected to arise as the insurance contract is fulfilled. In estimating these future

cash flows, the Allianz Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. Cash flows within the boundary of a contract relate directly to the fulfillment of the contract, including those for which the Allianz Group has discretion over the amount or timing. These include premiums from policyholders, payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling the contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs.

Depending on the type of services provided, other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Allianz Group will incur in providing investment services;
- costs that the Allianz Group will incur in performing investment activities to the extent that the Allianz Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Discounting

According to IFRS 17, all future cash flows must be discounted. The IFRS 17 requirements for the interest curves used in the discounting are principle based. An entity should use observable market data based on a risk-free base curve and portfolio-specific adjustments to reflect the illiquidity of insurance obligations in determining the interest curves. The Allianz Group applies a bottom-up approach in which the basic risk-free liquid yield curves are usually derived from swap rates or government yields for the specific currency and adjusted for remaining credit risk. These risk-free liquid yield curves are then adjusted to reflect illiquidity of the underlying insurance liabilities based on reference portfolios. In case of participating business, the reference portfolio reflects own assets and it is a currency-specific portfolio for non-participating business.

The table below sets out the continuously compounded rates used to discount the cash flows of insurance contracts for major currencies:

Discount rates
in %

	As of 30 June 2023					As of 31 December 2022					As of 1 January 2022				
	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
Unit-linked contracts															
EUR	4.00	3.18	2.93	2.72	2.73	3.20	3.16	3.12	2.80	2.74	(0.49)	0.02	0.31	0.56	1.12
USD	5.23	3.81	3.46	3.32	3.27	4.96	3.88	3.69	3.57	3.30	0.49	1.32	1.53	1.70	1.82
Immediate fixed annuity and property-casualty liability for incurred claims															
EUR	4.21	3.39	3.15	2.93	2.91	3.41	3.36	3.33	3.01	2.91	(0.49)	0.02	0.31	0.56	1.12
USD	6.01	4.59	4.25	4.11	3.96	5.73	4.66	4.47	4.35	4.05	0.79	1.61	1.83	2.00	2.10
Traditional participating and other insurance contracts															
EUR	4.13-4.57	3.31-3.75	3.07-3.51	2.85-3.30	2.84-3.21	3.35-3.84	3.31-3.80	3.27-3.76	2.95-3.45	2.87-3.27	(0.32) -0.19	0.19-0.70	0.48-0.99	0.73-1.24	1.25-1.67
USD	5.82-6.23	4.41-4.82	4.06-4.48	3.93-4.35	3.80-4.17	5.54-6.06	4.47-4.99	4.28-4.80	4.16-4.69	3.87-4.37	0.99-1.07	1.81-1.89	2.03-2.11	2.19-2.28	2.29-2.36

Risk adjustment for non-financial risk

The risk adjustment reflects the compensation an entity would require for bearing non-financial risks, i.e. the uncertainty of cash flows that arise from insurance contracts, other than the uncertainty arising from financial risks. Such non-financial risks include insurance risks, lapse and expense risk. IFRS 17 does not prescribe a specific approach for determining the risk adjustment. Allianz applies a Cost of Capital approach with a Cost of Capital rate of currently 6% as under Solvency II. The main differences in terms of disclosure are that IFRS 17 requires a separate presentation of the risk adjustment for non-financial risk for gross and ceded business, as well as a split for LRC and LIC. The main valuation differences are the reflection of diversification across Group subsidiaries in the risk adjustment of individual entities which is not allowed in the Solvency II risk margin, the exclusion of operational risk in the risk adjustment, differences in discounting, and the smoothing of risk inputs to address cross effects with financial risks not in scope of the risk adjustment.

The risk adjustment for LIC for property-casualty corresponds to a confidence level in the range of 65% to 70%; the risk adjustment for LRC for life/health corresponds to a confidence level of 72% to 77%. Both property-casualty and life/health confidence levels are calculated based on distribution assumptions consistent to Solvency II (where applicable). For property-casualty, this is based on the ultimate distribution underlying the Solvency II one-year-view used in the Cost of Capital methodology for the calculation of the risk adjustment for the LIC, aggregated and diversified at Group level. Likewise, for life/health an ultimate distribution is estimated based on the Solvency II one-year-view used in the Cost of Capital methodology for calculation of the risk adjustment for the LRC, projected to ultimate horizon per entity and aggregated to diversified group level. Both for property-casualty and life/health respectively, the confidence level is derived as the quantile of the Group net of reinsurance risk adjustment in the ultimate distribution of the Group.

Contractual service margin

At initial recognition, the CSM is measured to result in no income or expenses arising from the fulfillment cash flows, any cash flows arising from the contracts in the group at that date, and the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows and any other asset. If the fulfillment cash flows lead to a negative CSM at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit and loss. At subsequent measurement, the CSM gets adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the CSM is recognized in profit or loss each period to reflect the services provided in that period based on "coverage units". IFRS 17 only provides principle-based guidance on how to determine these coverage units. Generally, the Allianz Group has defined the account value for the reflection of investment services and the sum at risk for insurance services as the default approach to determine these coverage units. If multiple services are provided in one contract, a weighting is applied, which is determined by the respective operational entity based on the respective features of the contract.

The VFA is a mandatory modification of the GMM regarding the treatment of the CSM in order to accommodate direct participating contracts. The assessment of whether an insurance contract meets the VFA eligibility criteria is made at inception of the contract and not revised subsequently, except in case of a substantial modification of the contract. For contracts with direct participation features, the CSM is adjusted for changes in the amount of the entity's share of the fair value of the underlying items. No explicit interest accretion is required since the CSM is effectively remeasured when it is adjusted for changes in financial risks.

An additional CSM release is considered to avoid a delayed profit recognition by systematic real-world returns of direct participating business measured with the VFA. This adjustment reflects the expected real-world returns in relation to the risk-neutral returns applied in IFRS 17 measurement for a more appropriate allocation of the services provided in the current period, i.e. the relating income in the P&L is based on real-world assumptions. The adjustment is applied by the life/health entities in Germany, France, Italy, and Switzerland. Expected real-world returns are updated once a year based on a fundamental analysis of long-term expectations.

If certain criteria are met, an entity may apply the so-called risk mitigation option when it uses a derivative, a non-derivative financial instrument measured at fair value through profit or loss, or a reinsurance contract held to mitigate financial risk. The entity may then choose to exclude from the CSM some or all of the changes in the effect of the time value of money and financial risk on the amount of the entity's share of the underlying items, if the entity mitigates the effect of financial risk on that amount using derivatives or reinsurance contracts held; and changes in the effect of the time value of money and financial risks not arising from the underlying items, if the entity mitigates the effect of financial risk on those fulfillment cash flows using derivatives, non-derivative financial instruments measured at fair value through profit or loss, or reinsurance contracts held. The Allianz Group applies the risk mitigation option only for a limited number of portfolios in the Life/Health segment.

LRC under the PAA

The Allianz Group uses the PAA for measuring contracts with a coverage period of one year or less. In addition to the contracts with coverage of less than one year, the PAA is applied for the measurement of groups of contracts where it is reasonably expected that the measurement of the LRC does not differ materially from the one that would be produced by applying the GMM or the VFA. The PAA eligibility per Group of Contract is regularly assessed at OE level. This assessment takes into account qualitative and quantitative factors which are determined at the Group level. The qualitative factors include but are not limited to the volatility of financial variables, related embedded derivatives, and the average length of the coverage period. For the quantitative test, the Allianz Group provides detailed scenarios including interest rate shocks per selected currency. Overall, the PAA is applied for the vast majority of the Allianz Group's property-casualty business (gross and ceded).

If facts and circumstances (e.g. an expected combined ratio above 100%) indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or subsequently becomes onerous, the Allianz Group increases the carrying amount of the LRC to the amounts of the fulfillment cash flows determined under the GMM with the amount of such an increase recognized in insurance service expenses and a loss component established for the amount of the loss recognized. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the fulfillment cash flows determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

Insurance acquisition cash flow asset

At the Allianz Group, insurance acquisition cash flows are not expensed as incurred, but deferred over the coverage period for all measurement models. IFRS 17 foresees two levels of deferral (pre-coverage DAC and in-coverage DAC, DAC = deferred acquisition costs). Firstly, when insurance acquisition cash flows are incurred before the group of contract is recognized (pre-coverage), and secondly, when the contracts are recognized following IFRS 17.38 (c) and IFRS 17.B125, where the insurance acquisition cash flows are implicitly deferred over the coverage period of the contracts to which the insurance acquisition cash flows relate. Regarding the pre-coverage DAC, a four-step approach applies to ensure standard compliant measurement:

1. Identify and allocate insurance acquisition cash flows that relate to expected contract renewals and recognize those insurance acquisition CFs as an asset (pre-coverage DAC).
2. As soon as the expected contract renewals turn into insurance contracts, the pre-coverage DAC has to be transferred into in-coverage DAC and included in the contractual cash flows.
3. Regular assumption review of pre-coverage DAC per reporting period.
4. Perform an assessment regarding the recoverability of the pre-coverage DAC, if facts and circumstances indicate potential impairment.

Payables and receivables

IFRS 17 is conceptually based on a prospective cash view. All expected future cash flows arising from the contract are considered and reflected in one position, the insurance contract asset or liability. Therefore, payables and receivables from insurance contracts as well as any deposits are part of the insurance contract asset or liability.

Liability for incurred claims (LIC)

The LIC is measured at the fulfillment cash flows relating to incurred claims. It comprises the fulfillment cash flows related to past service at the reporting date. It is calculated at a level of aggregation, which is determined at the local level based on relevant factors, e.g. line of business, region or distribution channel. The LIC consists of the present value of future cash flows relating to incurred claims and the risk adjustment for non-financial risk, applying the same principles for the estimates of future cash flows, the discount rate and the risk adjustment for non-financial risk that apply to the LRC.

For the insurance contracts measured under the PAA, the Allianz Group decided to discount the future cash flows relating to incurred claims, even if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

Reserving process

In the following, the term reserves is meant to include the present value of future cash flows, the risk adjustment and the CSM.

For the business segments Life/Health and Property-Casualty, the central oversight process around reserve estimates includes the setting of group-wide standards and guidelines, regular site visits, as well as regular quantitative and qualitative reserve monitoring.

The oversight and monitoring of the Allianz Group's reserves culminate in quarterly meetings of the Allianz Group Reserve Committee, which is the supervising body that governs all significant reserves. It particularly monitors key developments across the Allianz Group affecting the level of the best estimate reserves.

Life/Health reserves are subject to estimates and assumptions, especially on the life expectancy and health of an insured individual (mortality, longevity, and morbidity risk), on portfolio persistency (surrender and premium increase), and on the development of interest rates and investment returns (including asset-liability mismatch risk). These assumptions also have an impact on the presentation of costs arising from the origination of insurance business (acquisition cash flows). To ensure consistency in the application of actuarial methods and assumptions in the Life/Health reserving process, the Allianz Group has designed a two-stage reserving process:

Stage one: Life/Health reserves are calculated by qualified local staff experienced in the subsidiaries' business. The process follows group-wide standards for applying consistent and reasonable assumptions. The appropriateness of the best-estimate reserves and their compliance with group-wide standards is confirmed by the local actuary.

Stage two: The Allianz Group actuarial function regularly evaluates the local reserving processes as well as reserving results, including the appropriateness and consistency of the assumptions, monitors and approves the validation of the actuarial models, and analyzes the movements of the reserves. Any adjustments to the reserves and other insurance-related reporting items are reported to and analyzed together with the Allianz Group Reserve Committee.

Property-Casualty reserves are set by leveraging the use of actuarial techniques and educated judgment. These include the best estimate of the cash flows (e.g. claims, premiums and expenses) and the discounting of the claims. A two-stage process exists for the setting of the Property-Casualty reserves in the Allianz Group:

Stage one: Property-Casualty reserves are calculated by local reserving actuaries at the Allianz subsidiaries. The reserves are set on a best-estimate level based on a thorough analysis of historical data, enhanced by interactions with other business functions (e.g., Underwriting, Claims and Reinsurance). Actuarial judgment is applied where necessary, especially in cases where data is unreliable, scanty, or unavailable. The judgment of Property-Casualty actuaries is based on past experience of the characteristics of each line of business, the current stage of the underwriting cycle, and the external environment in which the subsidiary operates. The reserves are proposed to a local reserve committee, where the rationale of the selections is discussed and subsequently documented. A final decision on the reserve selection is made in the reserve committee. Local reserving models are validated periodically. Local actuaries are responsible for their compliance with the Group Actuarial Standards and Guidelines.

Stage two: The Allianz Group Actuarial function forms an opinion on the best estimate level of the reserves proposed by the local entities. The Allianz Group Actuarial function challenges the operating entities' selection through their continuous interaction with local teams and quarterly attendance in the local reserve committees. The ability to form a view on the reserve best-estimate level is further enabled by regular reviews of the local reserving practices. Such reviews consist of an evaluation of the reserving process as well as of the appropriateness of models, methods, and assumptions, and an analysis of the movements of the reserves. Significant findings from these reviews are communicated in the Allianz Group Reserve Committee to initiate actions where necessary. The Allianz Group Actuarial function monitors and assesses the documentation of the validation work performed by the Allianz subsidiaries.

Distinction between financial and non-financial risk

In general, the Allianz Group recognizes inflation as a financial risk for claims benefits and other insurance expenses (e.g. claims handling) only when inflation is contractually linked to an index. There are insurance products where the amounts to be paid are legally or contractually linked to an inflation-index such as a consumer price index.

Interim reporting

For the interim financial reporting, the Allianz Group chooses to change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements and in the annual reporting period, i.e. to apply the year-to-date approach.

Investment contract liabilities

Investment contract liabilities include financial liabilities of investment contracts without discretionary participation features accounted for under IFRS 9. The financial liabilities for those contracts are initially recognized at fair value, or the amount of the deposit by the contract holder, net of the transaction costs, that are directly attributable to the issuance of the contract. Subsequently, the non-unit-linked investment contracts are measured at amortized cost using the effective interest method, while the unit-linked contracts are recorded at fair value with changes in fair value recognized in the income statement.

Other liabilities

Pensions and similar obligations

Pensions and similar obligations are measured at present value and presented net of plan assets by applying the provisions of IAS 19. For a reliable estimate of the obligations owed to employees, the Allianz Group makes separate estimates (actuarial assumptions) about demographic variables (such as employee turnover and mortality) and financial variables (such as discount rates, inflation rates, compensation increases, pension increases, and rates of medical cost trends) for each material pension plan, considering the circumstances in the individual countries.

Share-based compensation plans

The share-based compensation plans of the Allianz Group are classified as either equity-settled or cash-settled plans. Where equity-settled plans involve equity instruments of Allianz SE, a corresponding increase in shareholders' equity is recognized. Where equity-settled plans involve equity instruments of subsidiaries of the Allianz Group, the corresponding increase is recognized in non-controlling interests. Where expected tax deductions differ, in terms of amount and timing, from the cumulative share-based payment expense recognized in profit or loss, deferred taxes are recognized on temporary differences.

Lease liabilities

The Allianz Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Furthermore, the Allianz Group does not recognize right-of-use assets and lease liabilities for car leases. The expenses relating to the short-term leases and leases of low-value assets including car leases are expensed on a straight-line basis over the lease term.

Equity

Issued capital represents the mathematical per-share value received at the issuance of shares. Additional paid-in capital represents the premium exceeding the issued capital received at the issuance of shares.

Retained earnings comprise the net income of the current year and of prior years not yet distributed, treasury shares, amounts recognized in other comprehensive income, and any amounts directly recognized in equity according to IFRS.

Please refer to the section above for an explanation of foreign currency changes that are recognized in equity. The effective portion of gains and losses of hedging instruments designated as hedges of a net investment in a foreign operation is recognized in foreign currency translation adjustments.

Other unrealized gains and losses (net) include unrealized gains and losses from investments at fair value through other comprehensive income and from derivative financial instruments that either meet the criteria for cash flow hedge accounting or, in the case of a fair value hedging relationship, hedge equity financial instruments that are designated to be measured at fair value through other comprehensive income.

Undated subordinated debt comprises Restricted Tier 1 notes that qualify as equity instruments pursuant to IAS 32. The instruments are presented within shareholders' equity and any related interest charges are classified as distributions from shareholders' equity, without affecting profit and loss. The notes are measured at their historical value. In addition, notes denominated in foreign currencies are translated to Euro at the quarterly closing exchange rate. The corresponding foreign exchange differences are recognized as foreign currency translation adjustments in equity.

Non-controlling interests represent equity in subsidiaries, not attributable directly or indirectly, to Allianz SE as parent.

Insurance revenue

Insurance revenue under the GMM/VFA

The Allianz Group recognizes insurance revenue as it provides services under groups of insurance contracts. For contracts measured under the GMM or VFA, the insurance revenue relating to services provided for each reporting period represents the total of the changes in the LRC that relate to services for which the Allianz Group expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year, excluding amounts allocated to a potential loss component, repayments of investment components, insurance acquisition expenses, and amounts that relate to transaction-based taxes collected on behalf of third parties.
- Other amounts, including experience adjustments for premium receipts for current or past services.

Insurance revenue under the PAA

In applying the PAA, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period. As such, for contracts measured under the PAA at the Allianz Group, the expected premium receipts are allocated to insurance revenue based on the passage of time, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time, in which case the latter should be used.

Insurance service expenses

These expenses consist of claims and other insurance service expenses incurred during the period as well as the amortization of insurance acquisition cash flows, but exclude repayments of investment components. Furthermore, they include the changes in the fulfillment cash flows relating to the LIC, the losses on onerous groups of contracts and reversals of such losses and the impairment loss on the assets for the pre-coverage acquisition cash flows and the reversals of such losses. For the insurance contracts with direct participation features, it also includes an adjustment for experience adjustments of the non-financial underlying items.

Insurance service expenses include only costs that relate directly to the fulfillment of the insurance contracts. The Allianz Group furthermore distinguishes between direct costs and overhead costs.

Reinsurance result

The Allianz Group applies the accounting policy option outlined in IFRS 17.86 to present income and expenses from a group of reinsurance contracts held, other than insurance finance income and expenses, as a single amount.

Interest result

Interest result is recognized on an accrual basis using the effective interest method. This line item also includes dividends from equity securities as well as income from investments in associates and joint ventures measured using the equity method. Dividends are recognized in income when the right to receive the dividend is established.

Valuation result

Valuation result includes all investment income and expenses as well as realized and unrealized gains and losses from financial assets and liabilities carried at fair value through profit and loss. In addition, commissions attributable to trading operations and related interest expenses, as well as refinancing and transaction costs are included in this line item. Foreign currency gains and losses on monetary items are also reported within valuation result.

Net insurance finance expenses

Net insurance finance expenses consist of finance income or expenses from insurance contracts issued and the finance income or expenses from reinsurance contracts held including the effect of time value of money and the effect of financial risk. It includes the interest accretion of the fulfillment cash flows and the CSM as well as the changes in the fulfillment cash flows due to changes in financial assumptions. For groups of insurance contracts with direct participation features, changes in the value of underlying items excluding additions and withdrawals are included in net insurance finance expense.

Generally, the Allianz Group chooses to disaggregate the insurance finance income or expenses other than those arising from the risk mitigation option between profit or loss and other comprehensive income (OCI) based on a systematic allocation. Furthermore, the Allianz Group chooses to disaggregate the change in risk adjustment for non-financial risk between a change related to non-financial risk and the effect of the time value of money and changes in the time value of money, which are included in net insurance finance expenses.

For groups of insurance contracts accounted for under the GMM, the systematic allocation for the finance income or expenses is determined using the discount rates by which estimated future cash flows have been discounted on initial recognition, i.e. the "locked-in" interest rate. For Life/Health entities, the Allianz Group applies a cash-flow-weighted average of interest curves through the quarters. It means averaging each quarterly interest curve for each maturity over the cash flows with maturity over the quarters. For the indirect participating insurance contracts accounted for under the GMM, for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholder, the systematic allocation for the finance income or expenses arising from the future cash flows is determined by using the effective yield approach or expected crediting rate approach for contracts that use a crediting rate to determine amounts due to the policyholders. An expected crediting rate approach uses an allocation that is based on the amounts credited in the period and expected to be credited in future periods based on the crediting strategy of the operating entities and under the contractual features. For the finance income or expenses arising from the CSM, a systematic allocation is determined using the "locked-in rate".

For groups of insurance contracts with direct participation features accounted for under the VFA, the Allianz Group generally holds the underlying items. The insurance finance income or expense included in profit or loss is the amount that exactly matches the income or expenses included in profit or loss for the underlying items (i.e., the current period book yield of the underlying items), resulting in the net of the separately presented items being nil.

For groups of insurance contracts accounted for under the PAA, the systematic allocation for the finance income or expenses is determined using the discount rates at the date of the incurred claim, i.e. the "locked-in" interest rate based on accident year. For Property-Casualty entities, the Allianz approach is the simple average of interest curves through the quarters weighted by ¼ each.

Net result from investment contracts

The net result from investment contracts consists of changes to the investment contracts liabilities, benefits paid to the policyholders, acquisition costs, settlement costs and administrative expenses from unit-linked investment contracts and non-unit-linked investment contracts without discretionary participation features as well as investment income and expenses from unit-linked investment contracts.

Fee and commission income

Fee and commission income primarily consists of asset management fees which are recognized when the service is provided. For those fees, the service is considered to be provided periodically. Performance fees may not be recognized as fee income before the respective benchmark period is completed. Before its completion, the obligation to pay the fee is conditional, the fund performance is regularly not reliably estimable, and the related service is not fully performed. Carried interest is generally recognized as revenue on the date of the formal declaration of distribution by the investee and only earlier if sufficient evidence exists to support that it is highly probable that a significant reversal of carried interest revenue will not occur. The transaction price for asset management services is determined by the fees contractually agreed.

Lease income

Lease income from operating leases (excluding receipts for services provided such as insurance and maintenance, which are recognized directly as income) is recognized on a straight line basis over the lease term, even if the receipts are not on such a basis, for example upfront payments.

Income taxes

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. In addition, current income taxes presented for the period include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed, excluding interest expenses and penalties on the underpayment of taxes. In the event that amounts included in the tax return are considered unlikely to be accepted by the tax authorities (uncertain tax positions), a provision for income taxes is recognized. The amount is based on the best possible assessment of the tax payment expected. Tax refund claims from uncertain tax positions are recognized when it is probable that they can be realized.

Deferred tax assets and liabilities are calculated for temporary differences between the tax bases and the financial statement carrying amounts, including differences from consolidation, unused tax loss carry-forwards, and unused tax credits. The measurement of deferred tax assets has to take into account estimates on the availability of future taxable profits. This includes the character and amounts of taxable future profits, the periods in which those profits are expected to occur, and the availability of tax planning opportunities. The Allianz Group recognizes a valuation allowance for deferred tax assets when it is unlikely that a corresponding amount of future taxable profit will be available against which the deductible temporary differences, tax loss carry forwards, and tax credits can be utilized.

Recently adopted and issued accounting pronouncements

First application of IFRS 9 and 17

General information

The Allianz Group has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance contracts and financial instruments.

IFRS 17 supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held, and investment contracts with discretionary participation features. Detailed qualitative and quantitative descriptions of the effects from the initial application of IFRS 17 on the Allianz Group's financial statements have been included in Note 2 of the Annual Report 2022. IFRS 17 has to be applied retrospectively unless this is impracticable. Fulfillment cash flows are determined prospectively at every reporting date, including the date of initial application. However, the contractual service margin is rolled-forward over time, a split of profits between equity ("earned profits") and contractual service margin ("unearned profits") is required but is often judgmental. If a full retrospective application is impracticable, an entity can choose between a modified retrospective approach or a fair value approach. This accounting policy choice for the transition approach was made on a Group of Contract level. The decision involved the consideration of multiple criteria, such as availability of reliable and objective information, operational complexity, or the reasonableness of the split between earned and unearned profits. For contracts measured under the variable fee approach, the Allianz Group has generally applied the modified retrospective approach using the fair value of the underlying items as the basis from which to determine the contractual service margin at transition. The most significant portion of insurance contracts measured under the fair value approach is the life business in the U.S.

The Allianz Group applied modifications under the modified retrospective approach only to the extent that it did not have reasonable and supportable information available to apply IFRS 17 retrospectively.

Under the fair value approach, the contractual service margin of a group of contracts at transition is determined as the difference between the fair value of this group at transition determined in accordance with IFRS 13 and the corresponding IFRS 17 fulfillment cash flows measured at transition. Conceptually, the contractual service margin usually reflects the insurer's expected future profits from writing business (entry price concept). Under the fair value approach, however, the contractual service margin reflects the margin an average market participant would require taking over the contracts (exit price concept). Therefore, when determining the fair value of a group of contracts, the Allianz Group replaces entity-specific assumptions with objective assumptions that an average market participant would use for pricing the liability. For this, the Allianz Group has determined the exit price either based on a real-world projection of the present value of future profits of the group of contracts or using an internal rate of return methodology based on distributable earnings. For most groups of contracts for which the internal rate of return methodology was applied, the Allianz Group used an internal rate of return of 13 %.

Besides the determination of the contractual service margin, another crucial key topic at transition is the determination of historic interest rates. The Allianz Group makes use of the introduction of Solvency II, which is the general basis for the interest rates.

IFRS 9, Financial Instruments, issued by the IASB in July 2014, fully replaces IAS 39 and provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces a new forward-looking impairment model for debt instruments and provides new rules for hedge accounting.

Given the strong interrelation between the measurement of direct participating insurance contracts and the underlying assets held, the Allianz Group decided to use the option to defer the full implementation of IFRS 9 until annual reporting periods beginning on or after 1 January 2023 when IFRS 17 came into effect.

Upon transition to IFRS 17 and IFRS 9, the Allianz Group has elected to restate the comparative information of financial assets for IFRS 9. This includes the application of the classification overlay to all financial assets derecognized in the comparative period. In connection with the classification overlay, the Allianz Group also applies the impairment requirements of IFRS 9 to all financial assets in scope.

Transition from IAS 39 to IFRS 9

Transition from IAS 39 to IFRS 9
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	IAS 39 carrying amount 31 December 2022	Reclassifications	Remeasurements	Accrued Interest	IFRS 9 carrying amount 1 January 2023
	(i)	(ii)	(iii)	(iv)	(v) = (i) + (ii) + (iii)+(iv)
FAIR VALUE THROUGH PROFIT OR LOSS					
From available for sale (IAS 39)		69,193	-	46	69,239
From held to maturity (IAS 39)		4	-	-	4
From fair value through profit or loss (IAS 39)		15,680	-	360	16,040
From loans and advances to banks and customers (IAS 39)		3,256	(1,069)	28	2,215
Total fair value through profit or loss		**88,133**	**(1,069)**	**434**	**87,498**
FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME					
From available for sale (IAS 39)		426,970	-	3,161	430,131
From held to maturity (IAS 39)		1,804	(165)	19	1,658
From fair value through profit or loss (IAS 39)		1,595	-	16	1,611
From loans and advances to banks and customers (IAS 39)		118,289	(8,509)	1,712	111,492
Total fair value through other comprehensive income		**548,659**	**(8,675)**	**4,908**	**544,892**
AMORTIZED COST					
From available for sale (IAS 39)		2,881	22	1	2,904
From held to maturity (IAS 39)		1,059	-	2	1,062
From fair value through profit or loss (IAS 39)		(21)	-	-	(20)
From loans and advances to banks and customers (IAS 39)		4,430	(444)	10	3,996
Total amortized cost		**8,349**	**(421)**	**14**	**7,942**
OTHER ASSETS					
From receivables (in Other assets) (IAS 39)		586	(167)	(2)	417
To receivables (in Other assets) at fair value through profit or loss		**586**	**(167)**	**(2)**	**417**
CATEGORIES ACCORDING TO IAS 39					
Fair value through profit or loss (IAS 39)	17,254				
Available for sale (IAS 39)	499,044				
Held to maturity (IAS 39)	2,867				
Loans and advances to banks and customers (IAS 39)	125,975				
Receivables (in Other assets) (IAS 39)	586				
Total financial assets balances (affected by IFRS 9)	**645,726**	**645,726**	**(10,332)**	**5,353**	**640,748**

Further recently adopted accounting pronouncements

In addition to the new accounting standards IFRS 9 and IFRS 17, the following amendments and revisions to existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2023:

- IAS 1, Disclosure of Accounting Policies, and IFRS Practice Statement 2, Making Materiality Judgements,
- IAS 8, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates,
- IAS 12, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction,
- IAS 12, International Tax Reform – Pillar Two Model Rules[1].

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

Recently issued accounting pronouncements

The following amendments and revisions to standards and interpretations have been issued by the IASB but are not yet effective for or have not been adopted early by the Allianz Group.

Standard/Interpretation	Effective date
IAS 1, Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2024
IAS 1, Non-current Liabilities with Covenants	Annual periods beginning on or after 1 January 2024
IFRS 16, Lease Liability in a Sale and Leaseback	Annual periods beginning on or after 1 January 2024
IAS 7 and IFRS 7, Supplier Finance Arrangements	Annual periods beginning on or after 1 January 2024

These amendments are not expected to have a material impact on the financial position and financial results of the Allianz Group. Early adoption is generally allowed but not intended by the Allianz Group.

1_Endorsement in the EU is still outstanding.

3 _ Consolidation and classification as held for sale

Business combinations in 2023

Innovation Group Holdings Ltd., Whiteley

On 12 January 2023, the Allianz Group completed the acquisition of 100 % of the shares of Innovation Group Holdings Ltd., Whiteley, a leading global provider of claims and technology solutions to the insurance and automotive sectors.

Innovation Group's capabilities will complement the Allianz Group's existing claims management options. For example, Innovation Group operates a proprietary software platform to outsource claims management which enables largely automated claims management through a simple, intuitive user interface and connects all relevant participants, including data providers, in the claims process.

The Allianz Group acquired identifiable assets and liabilities with a fair value of € 259 mn and € 402 mn, respectively. Expected cost synergies and future revenues from operating Innovation Group independently serving all customers are the main factors that make up the goodwill recognized in an amount of € 270 mn.

Classification as held for sale

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

	As of 30 June 2023	As of 31 December 2022
Assets of disposal groups classified as held for sale		
African business operations[1]	2,298	2,549
Russian insurance operations	-	484
Allianz Lebanon	225	-
Other disposal groups	279	27
Subtotal	2,802	3,061
Non-current assets classified as held for sale		
Real estate held for investment	1	-
Real estate held for own use	1	1
Subtotal	2	1
Total	**2,804**	**3,062**
Liabilities of disposal groups classified as held for sale		
African business operations[1]	1,698	1,907
Russian insurance operations	-	775
Allianz Lebanon	316	-
Other disposal groups	37	160
Total	**2,051**	**2,842**

1_African business of the Global Insurance Lines is not affected.

African business operations

On 4 May 2022, the Allianz Group announced the conclusion of agreements to form a partnership with Sanlam Ltd., Cape Town, a non-banking financial service company in Africa, by contributing its African business operations and further capital contributions in consideration for a minority shareholding in the partnership.

The assets and liabilities of the affected operations across Africa classified as held for sale are allocated to the reportable segments Global Insurance Lines & Anglo Markets, Iberia & Latin America, Middle East and Africa (Property-Casualty and Life/Health).

Reclassified assets and liabilities
€ mn

Cash and cash equivalents	152
Investments	1,448
Financial assets for unit-linked contracts	376
Reinsurance contract assets	65
Deferred tax assets	10
Other assets	130
Intangible assets	117
Total assets	**2,298**
Financial liabilities	2
Insurance contract liabilities	1,537
Deferred tax liabilities	22
Other liabilities	137
Total liabilities	**1,698**

As of 30 June 2023, cumulative losses of € 191 mn were reported in other comprehensive income relating to the disposal group classified as held for sale mainly attributable to foreign currency translation effects. The disposal group is measured at its carrying amount.

The formation of the partnership is subject to certain conditions precedent that Sanlam and/or the Allianz Group would be required to fulfill for each jurisdiction. The completion of the transaction is expected for the third quarter of 2023.

Allianz Lebanon

On 24 February 2023, the Allianz Group signed an agreement to dispose of 100 % of its Lebanese business operations to GGC SNA Holdings Limited. The sale was completed on 3 July 2023.

The assets and liabilities of the Lebanese business operations classified as held for sale are allocated to the reportable segments Global Insurance Lines & Anglo Markets, Iberia & Latin America, Middle East and Africa (Property-Casualty and Life/Health).

Reclassified assets and liabilities
€ mn

Cash and cash equivalents	10
Investments	137
Financial assets for unit-linked contracts	36
Reinsurance contract assets	14
Other assets	27
Total assets	**225**
Insurance contract liabilities	151
Other liabilities	165
Total liabilities	**316**

As of 30 June 2023, cumulative losses of € 136 mn were reported in other comprehensive income relating to the disposal group classified as held for sale mainly attributable to foreign currency translation effects of the hyperinflationary economy. The disposal group is measured at its carrying amount.

On completion of the sale in the third quarter of 2023, in particular the required reclassification of the cumulative losses from other comprehensive income to profit or loss significantly contributed to the loss on disposal of € 142 mn, fully anticipated by the recognition of an onerous contract provision (included in other liabilities) in the second quarter of 2023.

Sale of Russian business operations to Interholding LLC, Moscow

Effective 17 May 2023, the Allianz Group disposed of 50 % plus one share in its Russian insurance operations to Interholding LLC, Moscow.

The assets and liabilities of the Russian insurance operations classified as held for sale were allocated to the reportable segments German Speaking Countries and Central & Eastern Europe (Property-Casualty and Life/Health).

On completion of the sale in the second quarter of 2023, in particular the required reclassification of the cumulative losses, largely consisting of foreign currency translation effects from the past, from other comprehensive income to profit or loss significantly contributed to the loss on disposal of € 435 mn, which was almost completely anticipated by the recognition of an onerous contract provision in the fourth quarter of 2022.

The impact of the disposal, net of cash disposed, on the consolidated statement of cash flows for the six months ended 2023 was as follows:

Impact of the disposal
€ mn

Investments	355
Reinsurance contract assets	16
Deferred tax assets	10
Other assets	20
Insurance contract liabilities	(308)
Deferred tax liabilities	(5)
Other liabilities	(9)
IFRS 5 impairment recognized in 2022	(28)
Release of onerous contract provision	409
Loss on disposal	(435)
Consideration received (non-cash)	(52)
Proceeds from sale of the subsidiary, net of cash disposed[1]	**(27)**

1_Includes cash and cash equivalents at an amount of € 27 mn which were disposed of with the entity.

4 _ Supplementary information on the consolidated statement of cash flows

Supplementary information on the consolidated statement of cash flows
€ mn

Six months ended 30 June	2023	2022
Income taxes paid (from operating activities)	(1,826)	(1,872)
Dividends received (from operating activities)	2,164	2,771
Interest received (from operating activities)	9,831	9,088
Interest paid (from operating activities)	(558)	(467)

Cash and cash equivalents
€ mn

	As of 30 June 2023	As of 31 December 2022
Balances with banks payable on demand	10,359	10,670
Balances with central banks	2,315	2,423
Cash on hand	33	46
Treasury bills, discounted treasury notes, similar treasury securities, bills of exchange and checks	6,367	7,009
Reverse repurchase agreements (due in three months or less)	6,542	2,751
Expected credit losses	(4)	(3)
Total	**25,612**	**22,896**

Changes in liabilities arising from financing activities
€ mn

	Liabilities to banks and customers	Certificated and sub-ordinated liabilities	Lease liabilities	Total
As of 1 January 2022	**17,270**	**21,988**	**2,790**	**42,047**
Net cash flows	1,809	(368)	(205)	1,237
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	(2)	-	1	(1)
Foreign currency translation adjustments	464	18	77	560
Fair value and other changes	412	66	52	530
As of 30 June 2022	**19,954**	**21,703**	**2,715**	**44,373**
As of 1 January 2023	**21,101**	**21,215**	**2,740**	**45,057**
Net cash flows	(391)	(177)	(191)	(759)
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	1	-	9	10
Foreign currency translation adjustments	(167)	(6)	(23)	(197)
Fair value and other changes	243	132	234	609
As of 30 June 2023	**20,787**	**21,163**	**2,769**	**44,719**

5 _ Segment reporting

Identification of reportable segments

The business activities of the Allianz Group are organized by product and type of service: insurance activities, asset management activities, and corporate and other activities. Due to differences in the nature of products, risks, and capital allocation, insurance activities are further divided into the business segments Property-Casualty and Life/Health. In accordance with the responsibilities of the Board of Management, each of the insurance business segments is grouped into the following reportable segments:

– German Speaking Countries and Central & Eastern Europe,
– Western & Southern Europe, Allianz Direct and Allianz Partners,
– Asia Pacific,
– USA (Life/Health only),
– Global Insurance Lines & Anglo Markets, Iberia & Latin America, Middle East and Africa.

Both asset management as well as corporate and other activities represent separate reportable segments. In total, the Allianz Group has identified 11 reportable segments in accordance with IFRS 8.

The types of products and services from which the reportable segments derive revenues are described below.

Property-Casualty

In the business segment Property-Casualty, reportable segments offer a wide variety of insurance products to both private and corporate customers, including motor liability and own damage, accident, general liability, fire and property, legal expense, credit, and travel insurance.

Life/Health

In the business segment Life/Health, reportable segments offer a comprehensive range of life and health insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and investment-oriented products, as well as full private health, supplemental health, and long-term care insurance.

Asset Management

The reportable segment Asset Management operates as a global provider of institutional and retail asset management products and services to third-party investors. It also provides investment management services to the Allianz Group's insurance operations. The products for retail and institutional customers include equity and fixed-income funds as well as multi-assets and alternative products. The United States, Canada, Europe, and the Asia-Pacific region represent the primary asset management markets.

Corporate and Other

The reportable segment Corporate and Other includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology, and other functions. Furthermore, it includes the banking activities in France, Italy, and Bulgaria, as well as digital investments.

General segment reporting information

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Lease transactions are accounted for in accordance with IFRS, except for intra-group lease transactions which are classified as operating leases (i.e., off-balance sheet treatment by lessee) for internal and segment reporting purposes. Transactions between reportable segments are eliminated in the consolidation. Financial information is recorded based on reportable segments; cross-segmental country-specific information is not determined.

Reportable segments measures of profit or loss

The Allianz Group uses operating profit and shareholders' core net income to evaluate the performance of its reportable segments as well as of the Allianz Group as a whole.

Operating profit highlights the portion of income before income taxes that is attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

– realized gains/losses (net),
– expected credit loss allowance,
– income from derivatives (net),
– interest expenses from external debt,
– impairments of investments (net),
– valuation result from investments and other assets and financial liabilities measured at FV-PL,
– specific acquisition and administrative expenses, consisting of acquisition-related expenses (from business combinations), income taxes related incidental benefits/expenses, litigation expenses, and one-time effects from significant reinsurance transactions with disposal character,
– amortization of intangible assets,
– restructuring and integration expenses, and
– income and expenses from the application of hyperinflation accounting.

The following exceptions apply to this general rule:

– In all reportable segments, the valuation result from investments and other assets and financial liabilities measured at FV-PL is treated as operating profit if it relates to operating business.
– For life/health insurance business and property-casualty insurance products with policyholder participation, all items listed above are included in operating profit if the profit sources are shared with policyholders.

Shareholders' core net income presents the shareholders' portion of income before market movements and amortization of specific intangible assets from business combinations (including any related tax effects). The Allianz Group considers the presentation of shareholders' core net income to be useful because it reduces the volatility and impact caused by non-operating items which are not attendant to the Allianz Group's sustainable performance.

When determining shareholders' core net income, the Allianz Group generally excludes the following non-operating items (including any related tax effects):

– Non-operating market movements:
  – valuation result from investments and other assets and financial liabilities measured at FV-PL, and
  – income from derivatives.
– Non-operating amortization and impairments of intangible assets from business combinations except for insurance, investment or service contracts or agreements for the distribution of such contracts.

Operating profit and shareholders' core net income should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRS.

Recent organizational changes

Effective 1 January 2023, the Allianz Group reorganized the structure of its insurance activities to reflect the changes in the responsibilities of the Board of Management. The insurance activities in Iberia & Latin America have been included in the reportable segment Global Insurance Lines & Anglo Markets, Iberia & Latin America, Middle East and Africa. Greece was moved into the reportable segment Western & Southern Europe, Allianz Direct and Allianz Partners. Previously reported information has been adjusted to reflect this change in the composition of the Allianz Group's reportable segments.

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

Business segment information – consolidated balance sheet

Business segment information – consolidated balance sheet
€ mn

	Property-Casualty		Life/Health		Asset Management		Corporate and Other		Consolidation		Group	
	As of 30 June 2023	As of 31 December 2022	As of 30 June 2023	As of 31 December 2022	As of 30 June 2023	As of 31 December 2022	As of 30 June 2023	As of 31 December 2022	As of 30 June 2023	As of 31 December 2022	As of 30 June 2023	As of 31 December 2022
ASSETS												
Cash and cash equivalents	5,584	5,342	15,359	12,040	1,129	1,290	3,748	4,515	(208)	(292)	25,612	22,896
Investments	112,396	110,442	561,674	550,968	1,012	1,046	124,946	127,855	(98,735)	(99,319)	701,292	690,991
Financial assets for unit-linked contracts	-	-	148,892	141,034	-	-	-	-	-	-	148,892	141,034
Insurance contract assets	426	285	51	42	-	-	-	-	-	-	477	327
Reinsurance contract assets	10,237	10,173	15,068	15,450	-	-	-	-	(10)	(18)	25,294	25,605
Deferred tax assets	1,758	1,781	4,649	4,914	359	307	1,447	1,859	(2,323)	(2,492)	5,890	6,369
Other assets	22,336	22,211	15,581	17,599	5,777	5,687	8,822	8,422	(20,911)	(23,686)	31,606	30,234
Intangible assets	6,276	6,202	4,555	4,517	7,528	7,615	302	106	3	3	18,664	18,442
Total assets	**159,013**	**156,436**	**765,828**	**746,563**	**15,805**	**15,945**	**139,265**	**142,757**	**(122,184)**	**(125,804)**	**957,728**	**935,897**
LIABILITIES AND EQUITY												
Financial liabilities	1,640	2,004	19,705	16,185	106	135	40,876	39,675	(7,193)	(6,689)	55,133	51,310
Insurance contract liabilities	94,232	91,641	660,614	649,184	-	-	-	-	(16)	(26)	754,829	740,799
Reinsurance contract liabilities	77	19	947	239	-	-	-	-	-	-	1,024	257
Investment contract liabilities	-	-	51,435	47,827	-	-	-	-	-	-	51,435	47,827
Deferred tax liabilities	1,743	1,661	1,982	2,482	121	125	466	363	(2,330)	(2,472)	1,982	2,158
Other liabilities	15,344	15,806	9,402	10,196	5,197	5,542	25,480	26,870	(20,922)	(23,603)	34,501	34,810
Total liabilities	113,035	111,130	744,085	726,112	5,424	5,802	66,822	66,908	(30,462)	(32,790)	898,904	877,163
Shareholders' equity	44,549	43,848	20,136	18,923	10,272	10,024	70,854	74,408	(91,493)	(92,788)	54,318	54,415
Non-controlling interests	1,429	1,459	1,607	1,528	109	119	1,589	1,441	(229)	(227)	4,506	4,320
Total equity	45,978	45,306	21,743	20,451	10,381	10,143	72,443	75,849	(91,722)	(93,015)	58,823	58,735
Total liabilities and equity	**159,013**	**156,436**	**765,828**	**746,563**	**15,805**	**15,945**	**139,265**	**142,757**	**(122,184)**	**(125,804)**	**957,728**	**935,897**

Business segment information – total revenues and reconciliation of operating profit (loss) to net income (loss) and of income (loss) before income taxes to shareholders’ core net income (loss)

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

€ mn

	Property-Casualty		Life/Health		Asset Management		Corporate and Other		Consolidation		Group	
Six months ended 30 June	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total business volume[1]	**41,729**	**38,010**	**40,410**	**39,909**	**3,778**	**4,084**	**-**	**-**	**(329)**	**(341)**	**85,588**	**81,663**
Total revenues[2]	**34,555**	**31,965**	**11,183**	**11,354**	**3,778**	**4,084**	**-**	**-**	**(315)**	**(338)**	**49,201**	**47,065**
Operating insurance service result												
Insurance revenue	33,338	30,749	11,183	11,354	-	-	-	-	(40)	(48)	44,481	42,055
Claims and benefits	(21,114)	(20,309)	(6,316)	(6,395)	-	-	-	-	23	14	(27,407)	(26,690)
Acquisition and administrative expenses	(8,276)	(7,693)	(2,788)	(2,789)	-	-	-	-	41	27	(11,023)	(10,455)
Reinsurance result	(1,295)	(644)	(90)	(198)	-	-	-	-	7	32	(1,377)	(811)
Other insurance service result	3	(9)	51	(29)	-	-	-	-	-	1	54	(37)
Subtotal	2,656	2,095	2,041	1,942	-	-	-	-	31	26	4,728	4,063
Operating investment result												
Operating net investment income, excluding interest expenses from external debt	1,509	1,602	13,585	(17,282)	30	(10)	201	201	269	364	15,594	(15,125)
Net operating (re)insurance finance income (expenses)	(269)	(410)	(13,234)	16,946	-	-	-	-	-	-	(13,504)	16,536
Subtotal	1,240	1,192	351	(336)	30	(10)	201	201	268	364	2,091	1,411
Operating result from investment contracts	-	-	97	95	-	-	-	-	33	43	130	138
Operating fee and commission result	(24)	34	90	128	3,732	4,094	116	138	(376)	(414)	3,537	3,980
Operating other result[3]	(17)	(5)	(57)	(41)	(2,336)	(2,478)	(604)	(605)	42	75	(2,972)	(3,055)
Operating profit	**3,855**	**3,316**	**2,521**	**1,787**	**1,426**	**1,605**	**(287)**	**(265)**	**(2)**	**94**	**7,513**	**6,536**
Non-operating investment result												
Non-operating investment income (net)	(228)	(500)	(218)	267	6	(7)	(407)	392	1	(4)	(846)	147
Interest expenses from external debt	-	-	-	-	-	-	(291)	(264)	-	-	(291)	(264)
Subtotal	(228)	(500)	(218)	267	6	(7)	(698)	128	1	(4)	(1,137)	(117)
Non-operating other result[4]	(264)	(407)	(125)	(74)	(18)	(2,009)	(33)	(56)	-	-	(440)	(2,546)
Income (loss) before income taxes	3,363	2,408	2,178	1,980	1,414	(411)	(1,018)	(193)	(1)	90	5,936	3,874
Income taxes	(859)	(633)	(440)	(662)	(361)	(98)	371	217	(1)	(23)	(1,290)	(1,199)
Net income (loss)	**2,503**	**1,775**	**1,738**	**1,318**	**1,054**	**(509)**	**(647)**	**23**	**(2)**	**67**	**4,647**	**2,675**
Net income (loss) attributable to:												
Non-controlling interests	71	54	98	71	88	88	21	11	-	(1)	278	223
Shareholders	2,432	1,721	1,640	1,247	966	(597)	(668)	12	(2)	68	4,369	2,452

1_Total business volume comprises gross written premiums and fee and commission income in Property-Casualty, statutory gross premiums in Life/Health, and operating revenues in Asset Management. The definition of total business volume is comparable to the definition of total revenues previously used within the Allianz Group. The revenues from the banking business are, however, not part of the total business volume anymore as the remaining banking activities can be considered immaterial. Moreover, in Property-Casualty and in Life/Health, smaller adjustments to premiums at some entities are applied, following some interpretation/presentation changes.
2_Total revenues comprise insurance revenue and fee and commission income in Property-Casualty, insurance revenue in Life/Health, and operating revenues in Asset Management.
3_Includes acquisition and administrative expenses, other income, and other expenses.
4_Includes, if applicable, acquisition-related expenses, income taxes related incidental benefits/expenses, litigation expenses, one-time effects from significant reinsurance transactions with disposal character, and income and expenses from the application of hyperinflation accounting. Until 2022, the effects from the application of hyperinflation accounting were included in non-operating investment income (net).

Business segment information – reconciliation of income (loss) before income taxes to shareholders' core net income (loss)
€ mn

	Property-Casualty		Life/Health		Asset Management		Corporate and Other		Consolidation		Group	
Six months ended 30 June	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Income (loss) before income taxes	**3,363**	**2,408**	**2,178**	**1,980**	**1,414**	**(411)**	**(1,018)**	**(193)**	**(1)**	**90**	**5,936**	**3,874**
Adjustment for non-operating market movements	105	237	(15)	73	(7)	4	295	(298)	1	(1)	379	15
Adjustment for amortization of intangible assets from business combinations	41	41	6	5	1	2	6	4	-	-	53	52
Core income (loss) before income taxes	3,509	2,686	2,169	2,057	1,408	(405)	(717)	(487)	-	90	6,369	3,941
Income taxes related to core income (loss)	(881)	(766)	(439)	(675)	(359)	(98)	294	321	(1)	(23)	(1,385)	(1,241)
Core net income (loss)	**2,628**	**1,920**	**1,730**	**1,382**	**1,050**	**(503)**	**(423)**	**(166)**	**(1)**	**67**	**4,983**	**2,700**
thereof: Shareholders' core net income (loss)	**2,556**	**1,852**	**1,638**	**1,317**	**961**	**(592)**	**(466)**	**(179)**	**(1)**	**67**	**4,690**	**2,466**

Reconciliation from external to management reporting

For steering purposes, the Allianz Group classifies certain income and expenses differently than required by IFRS as this is considered to provide more meaningful information. The main line items affected are the operating insurance service result, the operating net result from investment contracts, and the operating net investment income.

The Allianz Group uses operating insurance service result as a performance indicator. In contrast to the IFRS 17 definition of insurance service result, the following components not included in the IFRS insurance service result are included in the operating insurance service result:

- non-attributable acquisition, administrative, and claims expenses which under IFRS 4 were also included in the underwriting result. These expenses are included in the line acquisition and administrative expenses in the consolidated income statement[1];
- adjustments for experience variances at claims and expenses if the technical result is shared with the policyholders. In the consolidated income statement, these experience variances are part of the net insurance finance expenses;
- specific restructuring charges and amortization of intangible assets which are shared with the policyholders.

For a better analysis of the result from investment contracts, all related income and expenses are included in the line operating result from investment contracts. For this, fee and commission income and expenses as well as net investment income are reclassified from the respective line items in the Group income statement.

Fee and commission income and expenses are reclassified to operating net investment income if they are related to insurance contracts.

The following table reconciles the amounts in the consolidated group income statement to the amounts presented in the reconciliation of operating profit (loss) to net income (loss) (OP reconciliation).

1_For the following reconciliation, non-attributable acquisition, administrative, and claims expenses and restructuring charges and amortization of intangible assets are included in the line Other result.

Reconciliation for special line items between Group income statement and reconciliation of operating profit to net income

€ mn

Consolidated income statement line items	Consolidated income statement		Reclassification of non-attributable expenses		Reclassification of variances and restructuring expenses		Reclassification of income related to investment contracts		Reclassification of fee income related to insurance contracts		OP reconciliation		OP reconciliation line items
Six months ended 30 June	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Insurance revenue	44,481	42,055	-	-	-	-	-	-	-	-	44,481	42,055	Insurance revenue
Insurance service expenses	(36,810)	(35,710)	-	-	-	-	-	-	-	-	-	-	
thereof incurred claims and other insurance service expenses	(27,360)	(26,669)	(47)	(21)	-	-	-	-	-	-	(27,407)	(26,690)	Claims and benefits
thereof acquisition and administrative expenses	(9,451)	(9,041)	(1,572)	(1,414)	-	-	-	-	-	-	(11,023)	(10,455)	Acquisition and administrative expenses
Reinsurance result	(1,377)	(811)	-	-	-	-	-	-	-	-	(1,377)	(811)	Reinsurance result
	-	-	-	-	54	(37)	-	-	-	-	54	(37)	Other insurance service result
Insurance service result	6,293	5,534	(1,619)	(1,435)	54	(37)	-	-	-	-	4,728	4,063	Operating insurance service result
Net investment income	14,414	(15,211)	-	-	-	-	(140)	(63)	182	32	14,457	(15,242)	Net investment income
											15,594	(15,125)	thereof operating net investment income
											(846)	147	thereof non-operating net investment income
											(291)	(264)	thereof interest expenses from external debt
Net insurance finance expenses	(13,421)	16,550	-	-	(83)	(14)	-	-	-	-	(13,504)	16,536	Net insurance finance income (expenses)
Fee and commission income and expenses (net)	3,807	4,125	-	-	-	-	(87)	(113)	(182)	(32)	3,537	3,980	Operating fee and commission income and expenses (net)
Net result from investment contracts	(97)	(38)	-	-	-	-	227	176	-	-	130	138	Operating net result from investment contracts
Other result[1]	(5,060)	(7,086)	1,619	1,435	29	51	-	-	-	-	(3,411)	(5,600)	Other result
											(2,972)	(3,055)	thereof operating other result
											(440)	(2,546)	thereof non-operating other result
Income before income taxes	**5,936**	**3,874**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,936**	**3,874**	**Income before income taxes**
Income taxes	(1,290)	(1,199)	-	-	-	-	-	-	-	-	(1,290)	(1,199)	Income taxes
Net income	**4,647**	**2,675**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,647**	**2,675**	**Net income**

1_Includes acquisition and administrative expenses, other income, other expenses, amortization of intangible assets, and restructuring and integration expenses.

Reconciliation of reportable segments to Allianz Group figures

Reconciliation of reportable segments to Allianz Group figures
€ mn

	Total business volume		Operating profit (loss)		Shareholders' core net income (loss)		Net income (loss)	
Six months ended 30 June	2023	2022	2023	2022	2023	2022	2023	2022
German Speaking Countries and Central & Eastern Europe	11,284	10,668	1,274	1,153	861	674	845	658
Western & Southern Europe, Allianz Direct and Allianz Partners	12,216	10,753	977	804	665	378	648	338
Asia Pacific	3,251	2,947	152	179	95	105	115	99
Global Insurance Lines & Anglo Markets, Iberia & Latin America, Middle East and Africa	17,925	16,156	1,452	1,179	935	695	895	680
Consolidation	(2,946)	(2,515)	-	-	-	-	-	-
Total Property-Casualty	**41,729**	**38,010**	**3,855**	**3,316**	**2,556**	**1,852**	**2,503**	**1,775**
German Speaking Countries and Central & Eastern Europe	16,485	16,313	903	895	632	630	644	618
Western & Southern Europe	10,356	11,402	703	671	438	448	470	468
Asia Pacific	3,020	3,585	299	245	206	181	246	217
USA	9,427	7,481	535	(81)	440	(7)	452	(41)
Global Insurance Lines & Anglo Markets, Iberia & Latin America, Middle East and Africa	1,225	1,260	106	80	(57)	81	(52)	72
Consolidation and Other	(103)	(132)	(24)	(22)	(20)	(16)	(20)	(16)
Total Life/Health	**40,410**	**39,909**	**2,521**	**1,787**	**1,638**	**1,317**	**1,738**	**1,318**
Asset Management	**3,778**	**4,084**	**1,426**	**1,605**	**961**	**(592)**	**1,054**	**(509)**
Corporate and Other	**-**	**-**	**(287)**	**(265)**	**(466)**	**(179)**	**(647)**	**23**
Consolidation	**(329)**	**(341)**	**(2)**	**94**	**(1)**	**67**	**(2)**	**67**
Group	**85,588**	**81,663**	**7,513**	**6,536**	**4,690**	**2,466**	**4,647**	**2,675**

6 _ INSURANCE OPERATIONS

6.1 _ Insurance revenue

Insurance revenue
€ mn

	Property-Casualty		Life/Health		Consolidation		Group	
Six months ended 30 June	2023	2022	2023	2022	2023	2022	2023	2022
Insurance revenue from contracts measured under the PAA	33,163	30,524	537	475	(17)	(14)	33,683	30,986
Insurance revenue from contracts not measured under the PAA								
Amounts relating to changes in the liability for remaining coverage								
Insurance service expenses incurred	93	145	6,663	6,761	(26)	(37)	6,730	6,870
CSM recognized for services provided	55	51	2,460	2,355	(11)	(8)	2,504	2,398
Change in the risk adjustment	2	3	257	275	-	-	259	279
Other	5	4	(25)	110	13	11	(6)	125
Recovery of insurance acquisition cash flows	20	21	1,291	1,377	-	-	1,310	1,398
Subtotal	175	225	10,646	10,879	(24)	(34)	10,798	11,070
Total	**33,338**	**30,749**	**11,183**	**11,354**	**(40)**	**(48)**	**44,481**	**42,055**

6.2 _ Insurance service expenses

Insurance service expenses
€ mn

	Property-Casualty		Life/Health		Consolidation		Group	
Six months ended 30 June	2023	2022	2023	2022	2023	2022	2023	2022
Incurred claims	(21,077)	(20,296)	(6,306)	(6,387)	23	14	(27,360)	(26,669)
Acquisition and administrative expenses	(7,228)	(6,760)	(2,274)	(2,324)	51	43	(9,451)	(9,041)
Total	**(28,305)**	**(27,056)**	**(8,580)**	**(8,711)**	**74**	**57**	**(36,810)**	**(35,710)**

6.3 _ Reinsurance result

Reinsurance result
€ mn

	Property-Casualty		Life/Health		Consolidation		Group	
Six months ended 30 June	2023	2022	2023	2022	2023	2022	2023	2022
Allocation of reinsurance premiums	(3,098)	(2,616)	(1,521)	(1,405)	29	52	(4,590)	(3,968)
Amounts recoverable from reinsurers for incurred claims	1,804	1,972	1,431	1,206	(22)	(20)	3,213	3,157
Total	**(1,295)**	**(644)**	**(90)**	**(198)**	**7**	**32**	**(1,377)**	**(811)**

6.4 _ Total investment result

The following table analyzes the Allianz Group's total investment result recognized in profit or loss and OCI in the period:

Total investment result
€ mn

Six months ended 30 June	2023				2022			
	Property-Casualty	Life/Health	Consolidation	Total	Property-Casualty	Life/Health	Consolidation	Total
Total investment income								
Interest result	2,013	10,210	-	12,223	1,714	10,282	-	11,996
Realized gains/losses (net)	(160)	(2,676)	-	(2,836)	-	1,067	-	1,067
Valuation result	(340)	6,635	-	6,295	(389)	(27,482)	-	(27,870)
Investment expenses	(232)	(879)	1	(1,110)	(224)	(850)	1	(1,074)
Amounts recognized in OCI	1,167	8,722	-	9,889	(9,450)	(103,866)	-	(113,316)
Subtotal	2,448	22,013	1	24,461	(8,348)	(120,850)	1	(129,197)
Net insurance finance result								
Finance income (expenses) from insurance contracts (net)								
Interest accreted	(510)	(3,047)	-	(3,556)	(315)	(2,686)	1	(3,000)
Effect of changes in interest rates and other financial assumptions	(373)	(3,257)	(1)	(3,631)	5,522	28,347	(1)	33,868
Change in fair value of underlying items	(137)	(15,173)	-	(15,310)	1,470	93,378	-	94,848
Effects of risk mitigation option	-	421	-	421	-	1,008	-	1,008
Foreign exchange gains (losses) (net)[1]	18	(53)	-	(35)	(171)	(121)	-	(292)
Subtotal	(1,002)	(21,108)	(1)	(22,111)	6,507	119,925	-	126,432
Recognized in profit or loss	(405)	(13,315)	-	(13,720)	(560)	16,055	2	15,497
Recognized in OCI	(597)	(7,793)	(1)	(8,391)	7,066	103,870	(2)	110,934
Finance income (expenses) from reinsurance contracts (net)								
Interest accreted	109	226	-	335	88	256	-	343
Effect of changes in interest rates and other finance income (expenses) (net)	127	(250)	(11)	(135)	(751)	(1,986)	2	(2,735)
Foreign exchange gains (losses) (net)[1]	23	-	-	23	41	-	-	41
Subtotal	258	(24)	(11)	223	(622)	(1,730)	2	(2,350)
Recognized in profit or loss	139	161	-	300	141	913	-	1,053
Recognized in OCI	120	(185)	(11)	(76)	(763)	(2,642)	2	(3,403)
Total	**1,704**	**880**	**(11)**	**2,573**	**(2,464)**	**(2,654)**	**3**	**(5,116)**
Amounts recognized in P&L	1,014	136	1	1,151	682	(16)	2	669
Amounts recognized in OCI	690	744	(12)	1,422	(3,147)	(2,638)	-	(5,785)

1_Foreign exchange gains(losses) (net) are included in the line foreign currency translation adjustments for the analysis of movements in insurance and reinsurance contract balances in notes 6.6 and 6.7. The remaining deviation from the amounts disclosed as finance income (expenses) (net) in notes 6.6 and 6.7 results from different exchange rates used for the translation of profit and loss and balance sheet amounts.

6.5 _ Insurance and reinsurance contract balances

The following tables show the composition of insurance and reinsurance contract balances.

Insurance contracts[1]
€ mn

	As of 30 June 2023				As of 31 December 2022			
	Property-Casualty	Life/Health	Consolidation	Total	Property-Casualty	Life/Health	Consolidation	Total
Liability for remaining coverage								
Contracts measured under the PAA	23,663	1,295	(4)	24,953	18,872	1,381	(1)	20,251
Receivables	(15,509)	(290)	(1)	(15,801)	(12,473)	(4)	(4)	(12,481)
Payables and deposits	1,580	8	(2)	1,586	1,734	11	(6)	1,739
Subtotal	9,734	1,012	(8)	10,738	8,133	1,387	(11)	9,509
Contracts not measured under the PAA[1]								
Present value of future cash [2]	6,773	593,999	20	600,791	7,023	582,698	3	589,724
Risk adjustment	73	5,227	(1)	5,298	65	5,194	(5)	5,255
CSM	1,220	52,854	(19)	54,055	1,172	52,227	(16)	53,382
Receivables	(178)	(2,889)	25	(3,042)	(126)	(2,738)	29	(2,835)
Payables and deposits	35	1,814	(1)	1,849	43	2,163	(1)	2,205
Subtotal	7,924	651,005	24	658,952	8,176	639,544	11	647,731
Subtotal	17,657	652,017	15	669,690	16,309	640,931	-	657,240
thereof asset for acquisition cash flows	(1,219)	(36)	-	(1,255)	(1,258)	(36)	-	(1,294)
Liability for incurred claims								
Contracts measured under the PAA								
Present value of future cash flows	72,952	323	(13)	73,262	71,906	298	(7)	72,197
Risk adjustment	1,843	1	-	1,844	1,862	1	(1)	1,862
Receivables	(368)	-	-	(368)	(212)	-	-	(212)
Payables and deposits	1,453	189	(2)	1,640	1,230	129	(1)	1,358
Subtotal	75,880	513	(15)	76,379	74,786	428	(9)	75,204
Contracts not measured under the PAA[1]								
Present value of future cash flows	214	7,662	(25)	7,850	205	7,489	(26)	7,667
Risk adjustment	54	60	-	114	58	44	1	102
Receivables	-	-	-	-	-	-	-	-
Payables and deposits	-	311	8	319	-	251	8	259
Subtotal	268	8,033	(17)	8,284	262	7,783	(17)	8,028
Subtotal	76,148	8,546	(31)	84,662	75,048	8,211	(26)	83,232
Total	**93,806**	**660,563**	**(16)**	**754,352**	**91,356**	**649,142**	**(26)**	**740,472**

1_Amounts relevant for the analysis by measurement component in note 6.6.
2_Includes € 108,122 mn future discretionary benefits.

1_Insurance contract liabilities net of insurance contract assets.

Reinsurance contracts[1]

€ mn

	As of 30 June 2023				As of 31 December 2022			
	Property-Casualty	Life/Health	Consolidation	Total	Property-Casualty	Life/Health	Consolidation	Total
Asset for remaining coverage								
Contracts measured under the PAA	2,738	1,561	(4)	4,295	1,953	880	(4)	2,830
Deposits	(186)	-	(6)	(191)	(257)	-	5	(252)
Receivables	(20)	-	-	(20)	44	-	(4)	41
Payables	(3,577)	(11)	46	(3,542)	(2,583)	6	9	(2,568)
Subtotal	(1,044)	1,550	36	543	(843)	887	6	50
Contracts not measured under the PAA[1]								
Present value of future cash flows	(12)	33,151	(8)	33,131	(15)	35,013	(7)	34,991
Risk adjustment	6	1,186	-	1,191	4	1,275	(1)	1,279
CSM	17	1,916	6	1,940	19	1,950	6	1,976
Deposits	(1)	(23,585)	10	(23,577)	-	(24,061)	-	(24,061)
Receivables	-	65	-	65	-	48	-	49
Payables	(18)	(925)	6	(937)	(7)	(534)	24	(518)
Subtotal	(9)	11,808	14	11,813	1	13,692	23	13,716
Subtotal	(1,053)	13,359	50	12,356	(841)	14,579	29	13,767
Asset for incurred claims								
Contracts measured under the PAA								
Present value of future cash flows	10,652	39	(39)	10,652	10,245	43	(36)	10,252
Risk adjustment	333	-	-	333	344	-	(1)	342
Deposits	(1,270)	-	5	(1,265)	(1,280)	-	5	(1,275)
Receivables	266	116	(79)	303	900	118	(12)	1,006
Payables	(36)	-	-	(36)	(67)	(1)	3	(65)
Subtotal	9,944	156	(112)	9,988	10,141	160	(41)	10,260
Contracts not measured under the PAA[1]								
Present value of future cash flows	774	469	(5)	1,238	831	369	(6)	1,195
Risk adjustment	26	9	-	34	29	(7)	1	23
Deposits	-	(173)	-	(174)	(1)	(175)	-	(175)
Receivables	488	305	58	851	2	290	(1)	291
Payables	(19)	(3)	-	(22)	(7)	(6)	-	(12)
Subtotal	1,269	606	52	1,927	855	472	(6)	1,321
Subtotal	11,213	762	(60)	11,915	10,996	632	(47)	11,581
Total	**10,160**	**14,121**	**(10)**	**24,271**	**10,155**	**15,211**	**(18)**	**25,347**

1_Amounts relevant for the analysis by measurement component in note 6.7.

1_Reinsurance contract assets net of reinsurance contract liabilities.

6.6 _ Movements in insurance contract balances

The following tables analyze the movements in the net insurance contract liabilities during the reporting period.

The first set of tables analyzes the movements in the liability for remaining coverage and liability for incurred claims for the Allianz Group and the reportable segments. The second set analyzes the movements of contracts not measured under the PAA by measurement components. The corresponding analyses for reinsurance contracts are included in note 6.7.

6.6.1 Analysis by remaining coverage and incurred claims – Allianz Group

Analysis by remaining coverage and incurred claims – Allianz Group
€ mn

	2023						2022					
	Liability for remaining coverage		Liability for incurred claims			Total	Liability for remaining coverage		Liability for incurred claims			Total
				Contracts measured under the PAA						Contracts measured under the PAA		
	Excluding loss component	Loss component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment	
Insurance contract assets as of 1 January	(534)	-	-	207	-	(327)	(50)	-	-	14	-	(36)
Insurance contract liabilities as of 1 January	657,213	560	8,028	73,136	1,862	740,799	795,468	434	8,459	76,616	2,273	883,250
Net insurance contract liabilities as of 1 January	**656,680**	**560**	**8,028**	**73,342**	**1,862**	**740,472**	**795,418**	**434**	**8,459**	**76,630**	**2,273**	**883,214**
Insurance revenue	(44,481)	-	-	-	-	(44,481)	(86,985)	-	-	-	-	(86,985)
Insurance service expenses												
Incurred claims and other incurred insurance service expenses	(814)	-	9,104	8,939	-	17,228	5,825	-	10,670	23,327	-	39,821
Amortization of insurance acquisition cash flows	4,274	-	-	-	-	4,274	8,972	-	-	-	-	8,972
Changes in the liability for incurred claims	-	-	1,416	14,001	(9)	15,407	-	-	3,437	21,709	(154)	24,992
Losses on onerous groups of contracts and reversals of such losses	-	(101)	-	-	-	(101)	-	86	-	-	-	86
Impairments of assets for insurance acquisition cash flows	1	-	-	-	-	1	40	-	-	-	-	40
Subtotal	3,461	(101)	10,519	22,940	(9)	36,810	14,837	86	14,107	45,036	(154)	73,911
Investment component	(23,098)	-	22,588	510	-	-	(46,270)	-	45,150	1,120	-	-
Cash flows in the period												
Premiums received	75,641	-	-	-	-	75,641	137,216	-	-	-	-	137,216
Insurance acquisition cash flows	(9,197)	-	-	-	-	(9,197)	(17,275)	-	-	-	-	(17,275)
Incurred claims paid and other insurance service expenses paid	-	-	(32,979)	(23,130)	-	(56,109)	-	-	(59,052)	(43,634)	-	(102,686)
Deposits	35	-	4	9	-	48	19	-	(4)	(38)	-	(23)
Receivables and payables (net)	(4,001)	-	81	145	-	(3,776)	(875)	-	(187)	49	-	(1,013)
Subtotal	62,479	-	(32,894)	(22,976)	-	6,609	119,085	-	(59,243)	(43,624)	-	16,219
Finance income and expenses from insurance contracts (net)	21,075	-	65	892	23	22,055	(147,552)	-	(380)	(6,472)	(201)	(154,605)
Foreign currency translation adjustments	(3,826)	-	(26)	(412)	(13)	(4,277)	11,362	9	4	472	11	11,859
Changes in the consolidated subsidiaries of the Allianz Group	5	(8)	5	19	-	21	-	-	-	63	6	69
Reclassification into assets of disposal groups classified as held for sale	(76)	-	(10)	(4)	-	(90)	(1,893)	-	(50)	(444)	(3)	(2,390)
Other changes	(2,958)	(22)	9	223	(19)	(2,768)	(1,322)	32	(19)	562	(71)	(818)
Net insurance contract liabilities as of 30 June/31 December	**669,261**	**429**	**8,284**	**74,535**	**1,844**	**754,352**	**656,680**	**560**	**8,028**	**73,342**	**1,862**	**740,472**
Insurance contract assets as of 30 June/31 December	(671)	-	12	182	-	(477)	(534)	-	-	207	-	(327)
Insurance contract liabilities as of 30 June/31 December	669,931	429	8,272	74,353	1,844	754,829	657,213	560	8,028	73,136	1,862	740,799

6.6.2 Analysis by remaining coverage incurred claims – Property-Casualty

Analysis by remaining coverage incurred claims – Property-Casualty
€ mn

	2023						2022					
	Liability for remaining coverage		Liability for incurred claims			Total	Liability for remaining coverage		Liability for incurred claims			Total
				Contracts measured under the PAA						Contracts measured under the PAA		
	Excluding loss component	Loss component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment	
Insurance contract assets as of 1 January	(475)	-	-	190	-	(285)	(5)	-	-	-	-	(5)
Insurance contract liabilities as of 1 January	16,388	395	262	72,734	1,862	91,641	18,402	288	384	76,279	2,275	97,627
Net insurance contract liabilities as of 1 January	**15,914**	**395**	**262**	**72,924**	**1,862**	**91,356**	**18,396**	**288**	**384**	**76,279**	**2,275**	**97,622**
Insurance revenue	(33,338)	-	-	-	-	(33,338)	(63,963)	-	-	-	-	(63,963)
Insurance service expenses												
Incurred claims and other incurred insurance service expenses	2,356	-	115	8,604	-	11,075	4,344	-	294	23,009	-	27,647
Amortization of insurance acquisition cash flows	3,224	-	-	-	-	3,224	6,737	-	-	-	-	6,737
Changes in the liability for incurred claims	-	-	132	13,965	(9)	14,088	-	-	7	21,697	(156)	21,547
Losses and reversal of losses on onerous groups of contracts	-	(82)	-	-	-	(82)	-	78	-	-	-	78
Impairments of assets for insurance acquisition cash flows	1	-	-	-	-	1	26	-	-	-	-	26
Subtotal	5,580	(82)	247	22,569	(9)	28,305	11,107	78	301	44,705	(156)	56,035
Investment component	(966)	-	456	510	-	-	(1,941)	-	929	1,012	-	-
Cash flows in the period												
Premiums received	39,848	-	-	-	-	39,848	68,168	-	-	-	-	68,168
Insurance acquisition cash flows	(6,150)	-	-	-	-	(6,150)	(11,525)	-	-	-	-	(11,525)
Incurred claims paid and other insurance service expenses paid	-	-	(701)	(22,796)	-	(23,497)	-	-	(1,434)	(43,199)	-	(44,632)
Deposits	36	-	-	9	-	45	(76)	-	-	(38)	-	(114)
Receivables and payables (net)	(3,209)	-	4	86	-	(3,119)	(1,036)	-	10	-1	-	(1,027)
Subtotal	30,526	-	(697)	(22,701)	-	7,128	55,530	-	(1,424)	(43,238)	-	10,868
Finance income and expenses from insurance contracts (net)	136	-	2	891	22	1,051	(1,865)	-	(26)	(6,469)	(201)	(8,560)
Foreign currency translation adjustments	(4)	-	(1)	(408)	(13)	(427)	(5)	-	11	474	11	491
Changes in the consolidated subsidiaries of the Allianz Group	1	-	3	19	-	23	-	-	-	63	6	69
Reclassification into assets of disposal groups classified as held for sale	(102)	-	(3)	(8)	-	(113)	(221)	-	(10)	(432)	(2)	(665)
Other changes	(384)	(18)	(1)	242	(19)	(180)	(1,125)	29	97	529	(71)	(541)
Net insurance contract liabilities as of 30 June/31 December	**17,363**	**295**	**268**	**74,038**	**1,843**	**93,806**	**15,914**	**395**	**262**	**72,924**	**1,862**	**91,356**
Insurance contract assets as of 30 June/31 December	(602)	-	-	176	-	(426)	(475)	-	-	190	-	(285)
Insurance contract liabilities as of 30 June/31 December	17,965	295	268	73,861	1,843	94,232	16,388	395	262	72,734	1,862	91,641

6.6.3 Analysis by remaining coverage and incurred claims – Life/Health

Analysis by remaining coverage and incurred claims – Life/Health
€ mn

	2023						2022					
	Liability for remaining coverage		Liability for incurred claims			Total	Liability for remaining coverage		Liability for incurred claims			Total
				Contracts measured under the PAA						Contracts measured under the PAA		
	Excluding loss component	Loss component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment	
Insurance contract assets as of 1 January	(59)	-	-	17	-	(42)	(45)	-	-	13	-	(31)
Insurance contract liabilities as of 1 January	640,813	177	7,783	410	1	649,184	777,046	158	8,108	343	2	785,656
Net insurance contract liabilities as of 1 January	**640,754**	**177**	**7,783**	**427**	**1**	**649,142**	**777,001**	**158**	**8,108**	**356**	**2**	**785,625**
Insurance revenue	(11,183)	-	-	-	-	(11,183)	(23,114)	-	-	-	-	(23,114)
Insurance service expenses												
Incurred claims and other incurred insurance service expenses	(3,168)	-	9,034	340	-	6,207	1,482	-	10,462	345	-	12,290
Amortization of insurance acquisition cash flows	1,052	-	-	-	-	1,052	2,236	-	-	-	-	2,236
Changes in the liability for incurred claims	-	-	1,313	27	(1)	1,339	-	-	3,458	20	-	3,478
Losses and reversal of losses on onerous groups of contracts	-	(18)	-	-	-	(18)	-	7	-	-	-	7
Impairments of assets for insurance acquisition cash flows	-	-	-	-	-	-	14	-	-	-	-	14
Subtotal	(2,116)	(18)	10,348	366	(1)	8,580	3,732	7	13,920	366	-	18,026
Investment component	(22,136)	-	22,136	-	-	-	(44,331)	-	44,223	107	-	-
Cash flows in the period												
Premiums received	35,844	-	-	-	-	35,844	69,131	-	-	-	-	69,131
Insurance acquisition cash flows	(3,049)	-	-	-	-	(3,049)	(5,752)	-	-	-	-	(5,752)
Incurred claims paid and other insurance service expenses paid	-	-	(32,355)	(332)	-	(32,687)	-	-	(57,746)	(466)	-	(58,212)
Deposits	(1)	-	4	-	-	3	95	-	(3)	-	-	93
Receivables and payables (net)	(795)	-	77	60	-	(658)	167	-	(203)	54	-	19
Subtotal	31,999	-	(32,274)	(272)	-	(547)	63,641	-	(57,951)	(411)	-	5,278
Finance income and expenses from insurance contracts (net)	20,938	-	63	2	-	21,002	(145,688)	-	(357)	(3)	-	(146,048)
Foreign currency translation adjustments	(3,822)	-	(25)	(4)	-	(3,851)	11,366	9	(7)	(1)	-	11,367
Changes in the consolidated subsidiaries of the Allianz Group	4	(8)	2	-	-	(2)	-	-	-	-	-	-
Reclassification into assets of disposal groups classified as held for sale	26	-	(7)	4	-	23	(1,674)	-	(40)	(12)	(1)	(1,727)
Other changes	(2,582)	(15)	6	(11)	-	(2,601)	(180)	3	(114)	26	-	(266)
Net insurance contract liabilities as of 30 June/31 December	**651,882**	**135**	**8,033**	**512**	**1**	**660,563**	**640,754**	**177**	**7,783**	**427**	**1**	**649,142**
Insurance contract assets as of 30 June/31 December	(68)	-	12	6	-	(51)	(59)	-	-	17	-	(42)
Insurance contract liabilities as of 30 June/31 December	651,951	135	8,021	507	1	660,614	640,813	177	7,783	410	1	649,184

6.6.4 Analysis by measurement component – contracts not measured under the PAA – Allianz Group

Analysis by measurement component – contracts not measured under the PAA – Allianz Group
€ mn

	2023				2022			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Insurance contract assets as of 1 January	(1)	-	-	(1)	-	-	-	-
Insurance contract liabilities as of 1 January	597,022	5,357	53,382	655,761	727,909	6,602	59,381	793,892
Net insurance contract liabilities as of 1 January	**597,021**	**5,357**	**53,382**	**655,760**	**727,909**	**6,602**	**59,381**	**793,892**
Changes that relate to current service								
CSM recognized for the services provided	-	-	(2,504)	(2,504)	-	-	(5,117)	(5,117)
Change in RA, that does not relate to future or past service	-	(259)	-	(259)	-	(573)	-	(573)
Experience adjustments	(108)	-	-	(108)	171	-	-	171
Subtotal	(108)	(259)	(2,504)	(2,871)	171	(573)	(5,117)	(5,519)
Changes that relate to future service								
Changes in estimates that adjust CSM	(1,505)	129	1,376	-	7,416	(605)	(6,749)	62
Changes in estimates that do not adjust CSM (losses on groups of onerous contracts and reversals of such losses)	(18)	-	-	(18)	12	-	-	12
Effects of contracts initially recognized in the period	(2,678)	196	2,483	-	(5,083)	506	4,577	-
Subtotal	(4,202)	325	3,859	(18)	2,345	(99)	(2,172)	75
Changes that relate to past service								
Changes in fulfillment cash flows relating to incurred claims (changes in the liability for incurred claims)	121	13	-	134	218	(17)	-	201
Cash flows in the period								
Premiums received for insurance contracts issued	35,473	-	-	35,473	68,436	-	-	68,436
Insurance acquisition cash flows	(2,783)	-	-	(2,783)	(5,214)	-	-	(5,214)
Incurred claims paid and other insurance service expenses paid, including Investment component	(32,916)	-	-	(32,916)	(59,011)	-	-	(59,011)
Deposits	3	-	-	3	91	-	-	91
Receivables and payables (net)	(493)	-	-	(493)	(491)	-	-	(491)
Subtotal	(715)	-	-	(715)	3,811	-	-	3,811
Finance income and expenses from insurance contracts (net)	20,802	42	295	21,140	(147,755)	(721)	544	(147,933)
Foreign currency translation adjustments	(3,305)	(62)	(322)	(3,688)	10,861	261	694	11,816
Changes in the consolidated subsidiaries of the Allianz Group	-	-	-	-	-	-	-	-
Reclassification into assets of disposal groups classified as held for sale	-	-	-	-	(262)	(2)	(17)	(281)
Other changes	(1,815)	(4)	(655)	(2,475)	(277)	(95)	69	(303)
Net insurance contract liabilities as of 30 June/31 December	**607,799**	**5,412**	**54,055**	**667,267**	**597,021**	**5,357**	**53,382**	**655,760**
Insurance contract assets as of 30 June/31 December	(31)	-	-	(31)	(1)	-	-	(1)
Insurance contract liabilities as of 30 June/31 December	607,830	5,412	54,055	667,297	597,022	5,357	53,382	655,761

6.6.5 Analysis by measurement component – contracts not measured under the PAA – Property-Casualty

Analysis by measurement component – contracts not measured under the PAA – Property-Casualty
€ mn

	2023				2022			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Insurance contract assets as of 1 January	-	-	-	-	-	-	-	-
Insurance contract liabilities as of 1 January	7,144	123	1,172	8,438	9,667	139	1,351	11,157
Net insurance contract liabilities as of 1 January	**7,144**	**123**	**1,172**	**8,438**	**9,667**	**139**	**1,351**	**11,157**
Changes that relate to current service								
CSM recognized for the services provided	-	-	(55)	(55)	-	-	(107)	(107)
Change in RA, that does not relate to future or past service	-	(2)	-	(2)	-	(9)	-	(9)
Experience adjustments	114	-	-	114	246	-	-	246
Subtotal	114	(2)	(55)	57	246	(9)	(107)	130
Changes that relate to future service								
Changes in estimates that adjust CSM	(66)	5	60	-	172	(195)	23	-
Changes in estimates that do not adjust CSM (losses on groups of onerous contracts and reversals of such losses)	-	-	-	-	5	-	-	5
Effects of contracts initially recognized in the period	(47)	5	43	-	(93)	193	(100)	-
Subtotal	(113)	10	103	-	83	(2)	(76)	5
Changes that relate to past service								
Changes in fulfillment cash flows relating to incurred claims (changes in the liability for incurred claims)	7	(2)	-	5	(101)	(6)	-	(107)
Cash flows in the period								
Premiums received for insurance contracts issued	324	-	-	324	675	-	-	675
Insurance acquisition cash flows	(57)	-	-	(57)	(98)	-	-	(98)
Incurred claims paid and other insurance service expenses paid, including investment component	(653)	-	-	(653)	(1,421)	-	-	(1,421)
Deposits	-	-	-	-	-	-	-	-
Receivables and payables (net)	(58)	-	-	(58)	(28)	-	-	(28)
Subtotal	(444)	-	-	(444)	(872)	-	-	(872)
Finance income and expenses from insurance contracts (net)	138	1	-	139	(1,884)	(6)	-	(1,891)
Foreign currency translation adjustments	(1)	(1)	-	(2)	11	4	-	14
Changes in the consolidated subsidiaries of the Allianz Group	-	-	-	-	-	-	-	-
Reclassification into assets of disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Other changes	(1)	-	-	(1)	(6)	3	4	1
Net insurance contract liabilities as of 30 June/31 December	**6,844**	**127**	**1,220**	**8,192**	**7,144**	**123**	**1,172**	**8,438**
Insurance contract assets as of 30 June/31 December	-	-	-	-	-	-	-	-
Insurance contract liabilities as of 30 June/31 December	6,844	127	1,220	8,192	7,144	123	1,172	8,438

6.6.6 Analysis by measurement component – contracts not measured under the PAA – Life/Health

Analysis by measurement component – contracts not measured under the PAA – Life/Health
€ mn

	2023				2022			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Insurance contract assets as of 1 January	(1)	-	-	(1)	-	-	-	-
Insurance contract liabilities as of 1 January	589,864	5,238	52,227	647,329	718,219	6,464	58,052	782,735
Net insurance contract liabilities as of 1 January	**589,863**	**5,238**	**52,227**	**647,328**	**718,219**	**6,464**	**58,052**	**782,735**
Changes that relate to current service								
CSM recognized for the services provided	-	-	(2,460)	(2,460)	-	-	(5,043)	(5,043)
Change in RA, that does not relate to future or past service	-	(257)	-	(257)	-	(564)	-	(564)
Experience adjustments	(159)	-	-	(159)	51	-	-	51
Subtotal	(159)	(257)	(2,460)	(2,876)	51	(564)	(5,043)	(5,557)
Changes that relate to future service								
Changes in estimates that adjust CSM	(1,442)	120	1,321	-	7,232	(409)	(6,760)	62
Changes in estimates that do not adjust CSM (losses on groups of onerous contracts and reversals of such losses)	(18)	-	-	(18)	7	-	-	7
Effects of contracts initially recognized in the period	(2,641)	192	2,450	-	(5,008)	317	4,691	-
Subtotal	(4,101)	312	3,771	(18)	2,231	(93)	(2,069)	70
Changes that relate to past service								
Changes in fulfillment cash flows relating to incurred claims (changes in the liability for incurred claims)	114	17	-	131	318	(11)	-	306
Cash flows in the period								
Premiums received for insurance contracts issued	35,187	-	-	35,187	67,812	-	-	67,812
Insurance acquisition cash flows	(2,726)	-	-	(2,726)	(5,116)	-	-	(5,116)
Incurred claims paid and other insurance service expenses paid, including Investment component	(32,339)	-	-	(32,339)	(57,738)	-	-	(57,738)
Deposits	3	-	-	3	93	-	-	93
Receivables and payables (net)	(431)	-	-	(431)	(447)	-	-	(447)
Subtotal	(306)	-	-	(306)	4,603	-	-	4,603
Finance income and expenses from insurance contracts (net)	20,664	41	295	21,000	(145,875)	(715)	545	(146,045)
Foreign currency translation adjustments	(3,303)	(61)	(323)	(3,687)	10,850	257	694	11,801
Changes in the consolidated subsidiaries of the Allianz Group	-	-	-	-	-	-	-	-
Reclassification into assets of disposal groups classified as held for sale	-	-	-	-	(262)	(2)	(17)	(281)
Other changes	(1,844)	(4)	(655)	(2,503)	(272)	(98)	65	(305)
Net insurance contract liabilities as of 30 June/31 December	**600,927**	**5,287**	**52,854**	**659,068**	**589,863**	**5,238**	**52,227**	**647,327**
Insurance contract assets as of 30 June/31 December	(31)	-	-	(31)	(1)	-	-	(1)
Insurance contract liabilities as of 30 June/31 December	600,958	5,287	52,854	659,099	589,864	5,238	52,227	647,329

6.7 _ Movements in reinsurance contract balances

6.7.1 Analysis by remaining coverage and incurred claims – Allianz Group

Analysis by remaining coverage and incurred claims – Allianz Group
€ mn

	2023						2022					
	Asset for remaining coverage		Asset for incurred claims			Total	Asset for remaining coverage		Asset for incurred claims			Total
				Contracts measured under the PAA						Contracts measured under the PAA		
	Excluding loss recovery component	Loss recovery component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss recovery component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment	
Reinsurance contract assets as of 1 January	14,053	18	1,273	9,918	342	25,605	14,501	21	1,484	9,625	511	26,141
Reinsurance contracts liabilities as of 1 January	(305)	-	48	-	-	(257)	(76)	-	21	-	-	(55)
Net reinsurance contract assets as of 1 January	**13,749**	**18**	**1,321**	**9,918**	**342**	**25,347**	**14,425**	**21**	**1,505**	**9,625**	**511**	**26,086**
Allocation of reinsurance premiums	(4,590)	-	-	-	-	(4,590)	(8,165)	-	-	-	-	(8,165)
Amounts recoverable from reinsurers												
Incurred claims recovered and other expenses recovered	129	-	1,166	81	-	1,376	244	-	1,805	596	-	2,645
Changes in the asset for incurred claims	-	-	12	1,821	2	1,835	-	-	188	3,432	(178)	3,442
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	2	-	-	-	2	-	(13)	-	-	-	(13)
Subtotal	129	2	1,178	1,902	2	3,213	244	(13)	1,993	4,028	(178)	6,074
Investment component	(526)	-	514	11	-	-	(1,012)	-	849	164	-	-
Cash flows in the period												
Premiums paid, including amounts held in deposits	5,672	-	-	-	-	5,672	8,149	-	-	-	-	8,149
Amounts received	(155)	-	(1,966)	(1,613)	-	(3,733)	(360)	-	(2,861)	(3,327)	-	(6,548)
Deposits	135	-	2	57	-	194	2,220	-	(8)	141	-	2,354
Receivables and payables (net)	(1,463)	-	555	(674)	-	(1,582)	580	-	(20)	(438)	-	122
Subtotal	4,190	-	(1,410)	(2,230)	-	550	10,589	-	(2,888)	(3,625)	-	4,076
Finance income and expenses from reinsurance contracts (net)	(31)	-	32	196	6	202	(2,010)	-	(173)	(695)	(20)	(2,898)
thereof effect of changes in the risk of reinsurers' non-performance	-	-	-	7	-	7	-	-	3	32	-	35
Foreign currency translation adjustments	(332)	-	(25)	(83)	(6)	(446)	813	-	72	(14)	13	884
Changes in the consolidated subsidiaries of the Allianz Group	(11)	-	-	(18)	-	(29)	(3)	-	-	10	-	8
Reclassification into assets of disposal groups classified as held for sale	42	-	(1)	(21)	-	20	77	-	56	107	1	240
Other changes	(282)	-	319	(21)	(11)	3	(1,210)	10	(92)	318	16	(958)
Net reinsurance contract assets as of 30 June/31 December	**12,336**	**20**	**1,927**	**9,654**	**333**	**24,271**	**13,749**	**18**	**1,321**	**9,918**	**342**	**25,347**
Reinsurance contract assets as of 30 June/31 December	13,463	20	1,820	9,658	333	25,294	14,053	18	1,273	9,918	342	25,605
Reinsurance contract liabilities as of 30 June/31 December	(1,127)	-	107	(4)	-	(1,024)	(305)	-	48	-	-	(257)

6.7.2 Analysis by remaining coverage and incurred claims – Property-Casualty

Analysis by remaining coverage and incurred claims – Property-Casualty
€ mn

	2023						2022					
	Asset for remaining coverage		Asset for incurred claims			Total	Asset for remaining coverage		Asset for incurred claims			Total
				Contracts measured under the PAA						Contracts measured under the PAA		
	Excluding loss recovery component	Loss recovery component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss recovery component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment	
Reinsurance contract assets as of 1 January	(859)	18	874	9,797	344	10,173	(1,588)	21	1,104	9,533	515	9,585
Reinsurance contracts liabilities as of 1 January	-	-	(19)	-	-	(19)	-	-	-	-	-	-
Net reinsurance contract assets as of 1 January	**(859)**	**18**	**855**	**9,797**	**344**	**10,155**	**(1,588)**	**21**	**1,104**	**9,533**	**515**	**9,585**
Allocation of reinsurance premiums	(3,098)	-	-	-	-	(3,098)	(5,760)	-	-	-	-	(5,760)
Amounts recoverable from reinsurers												
Incurred claims recovered and other expenses recovered	62	-	9	70	-	142	213	-	(6)	589	-	796
Changes in the asset for incurred claims	-	-	(61)	1,720	2	1,660	-	-	(199)	3,440	12	3,253
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	2	-	-	-	2	-	(13)	-	-	-	(13)
Subtotal	62	2	(52)	1,790	2	1,804	213	(13)	(205)	4,028	12	4,035
Investment component	(19)	-	9	10	-	-	(161)	-	-	161	-	-
Cash flows in the period												
Premiums paid, including amounts held in deposits	4,023	-	-	-	-	4,023	7,001	-	-	-	-	7,001
Amounts received	(64)	-	(283)	(1,497)	-	(1,844)	(212)	-	1	(3,323)	-	(3,534)
Deposits	71	-	-	57	-	128	(61)	-	-	136	-	75
Receivables and payables (net)	(1,096)	-	478	(603)	-	(1,221)	556	-	(54)	(464)	-	39
Subtotal	2,934	-	194	(2,043)	-	1,085	7,284	-	(53)	(3,651)	-	3,580
Finance income or expenses from reinsurance contracts (net)	(2)	-	27	205	4	234	-	-	(148)	(705)	(20)	(873)
thereof effect of changes in the risk of reinsurers' non-performance	-	-	-	7	-	7	-	-	3	32	-	35
Foreign currency translation adjustments	(3)	-	(19)	(84)	(6)	(111)	-	-	74	2	13	88
Changes in the consolidated subsidiaries of the Allianz Group	(7)	-	-	(18)	-	(25)	-	-	-	9	1	9
Reclassification into assets of disposal groups classified as held for sale	45	-	(1)	(20)	-	24	57	-	45	105	1	207
Other changes	(124)	-	255	(26)	(11)	93	(904)	10	38	315	(177)	(717)
Net reinsurance contract liabilities as of 30 June/31 December	**(1,072)**	**20**	**1,269**	**9,611**	**333**	**10,160**	**(859)**	**18**	**855**	**9,797**	**344**	**10,155**
Reinsurance contract assets as of 30 June/31 December	(1,018)	20	1,287	9,615	333	10,237	(859)	18	874	9,797	344	10,173
Reinsurance contract liabilities as of 30 June/31 December	(55)	-	(18)	(4)	-	(77)	-	-	(19)	-	-	(19)

6.7.3 Analysis by remaining coverage and incurred claims – Life/Health

Analysis by remaining coverage and incurred claims – Life/Health
€ mn

	2023						2022					
	Asset for remaining coverage		Asset for incurred claims			Total	Asset for remaining coverage		Asset for incurred claims			Total
				Contracts measured under the PAA						Contracts measured under the PAA		
	Excluding loss recovery component	Loss recovery component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment		Excluding loss recovery component	Loss recovery component	Contracts not measured under the PAA	Present value of future cash flows	Risk adjustment	
Reinsurance contract assets as of 1 January	14,884	-	406	160	-	15,450	16,052	-	387	149	-	16,588
Reinsurance contract liabilities as of 1 January	(305)	-	66	-	-	(239)	(76)	-	21	-	-	(55)
Net reinsurance contract assets as of 1 January	**14,579**	**-**	**472**	**160**	**-**	**15,211**	**15,976**	**-**	**408**	**149**	**-**	**16,533**
Allocation of reinsurance premiums	(1,521)	-	-	-	-	(1,521)	(2,499)	-	-	-	-	(2,499)
Amounts recoverable from reinsurers												
Incurred claims recovered and other expenses recovered	69	-	1,154	13	-	1,236	37	-	1,820	19	-	1,877
Changes in the asset for incurred claims	-	-	196	(1)	-	195	-	-	210	22	-	232
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	69	-	1,350	12	-	1,431	37	-	2,030	41	-	2,109
Investment component	(511)	-	509	2	-	-	(849)	-	847	3	-	-
Cash flows in the period												
Premiums paid, including amounts held in deposits	1,695	-	-	-	-	1,695	1,238	-	-	-	-	1,238
Amounts received	(92)	-	(1,806)	(15)	-	(1,913)	(154)	-	(2,885)	(40)	-	(3,080)
Deposits	64	-	2	-	-	66	2,281	-	(8)	-	-	2,274
Receivables and payables (net)	(389)	-	18	(1)	-	(372)	34	-	32	11	-	77
Subtotal	1,278	-	(1,786)	(16)	-	(525)	3,399	-	(2,861)	(29)	-	509
Finance income and expenses from reinsurance contracts (net)	(29)	-	4	-	-	(24)	(2,010)	-	(25)	-	-	(2,036)
thereof effect of changes in the risk of reinsurers' non-performance	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	(329)	-	(7)	(1)	-	(336)	813	-	(2)	(1)	-	811
Changes in the consolidated subsidiaries of the Allianz Group	(4)	-	-	-	-	(4)	(3)	-	-	1	-	(2)
Reclassification into assets of disposal groups classified as held for sale	(3)	-	-	(1)	-	(4)	20	-	13	2	-	35
Other changes	(171)	-	63	-	-	(108)	(305)	-	62	(5)	-	(249)
Net reinsurance contract liabilities as of 30 June/31 December	**13,359**	**-**	**606**	**156**	**-**	**14,121**	**14,579**	**-**	**472**	**161**	**-**	**15,211**
Reinsurance contract assets as of 30 June/31 December	14,431	-	481	156	-	15,068	14,884	-	406	160	-	15,450
Reinsurance contract liabilities as of 30 June/31 December	(1,072)	-	125	-	-	(947)	(305)	-	66	-	-	(239)

6.7.4 Analysis by measurement component – contracts not measured under the PAA – Allianz Group

Analysis by measurement component – contracts not measured under the PAA – Allianz Group
€ mn

	2023				2022			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Reinsurance contract assets as of 1 January	12,274	1,302	1,976	15,551	13,591	1,720	1,561	16,871
Reinsurance contract liabilities as of 1 January	(257)	-	-	(257)	(55)	-	-	(55)
Net reinsurance contract assets as of 1 January	**12,017**	**1,302**	**1,976**	**15,294**	**13,535**	**1,720**	**1,561**	**16,816**
Changes that relate to current service								
CSM recognized for the services provided	-	-	(139)	(139)	-	-	(340)	(340)
Change in risk adjustment	-	(64)	-	(64)	-	(146)	-	(146)
Experience adjustments	1,112	-	-	1,112	19	-	-	19
Subtotal	1,112	(64)	(139)	909	19	(146)	(340)	(467)
Changes that relate to future service								
Changes in estimates that adjust CSM	(108)	(7)	115	-	(71)	(125)	206	9
Changes in estimates that do not adjust CSM (loss recovery component)	-	-	-	-	-	-	-	-
Effects of contracts initially recognized in the period	5	-	(5)	-	(430)	26	405	1
Subtotal	(103)	(7)	109	-	(501)	(99)	610	10
Changes that relate to past service								
Changes in the asset for incurred claims	(22)	10	-	(11)	(92)	(12)	-	(104)
Cash flows in the period								
Premiums paid	647	-	-	647	1,118	-	-	1,118
Amounts received	(1,973)	-	-	(1,973)	(3,003)	-	-	(3,003)
Deposits	76	-	-	76	2,274	-	-	2,274
Receivables and payables (net)	147	-	-	147	113	-	-	113
Subtotal	(1,103)	-	-	(1,103)	502	-	-	502
Finance income and expenses from reinsurance contracts (net)	(51)	12	39	-	(1,989)	(263)	70	(2,182)
thereof effect of changes in the risk of reinsurers' non-performance	1	-	-	1	3	-	-	3
Foreign currency translation adjustments	(279)	(26)	(36)	(340)	721	119	10	850
Changes in the consolidated subsidiaries of the Allianz Group	-	-	-	-	(3)	-	-	(3)
Reclassification into assets of disposal groups classified as held for sale	-	-	-	-	1	-	-	1
Other changes	1	(2)	(11)	(12)	(177)	(17)	65	(129)
Net reinsurance contract assets as of 30 June/31 December	**11,573**	**1,226**	**1,940**	**14,738**	**12,017**	**1,302**	**1,976**	**15,294**
Reinsurance contract assets as of 30 June/31 December	12,541	1,226	1,940	15,706	12,274	1,302	1,976	15,551
Reinsurance contract liabilities as of 30 June/31 December	(968)	-	-	(968)	(257)	-	-	(257)

6.7.5 Analysis by measurement component – contracts not measured under the PAA – Property-Casualty

Analysis by measurement component – contracts not measured under the PAA – Property-Casualty
€ mn

	2023				2022			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Reinsurance contract assets as of 1 January	840	34	19	893	1,058	41	(2)	1,097
Reinsurance contract liabilities as of 1 January	(19)	-	-	(19)	-	-	-	-
Net reinsurance contract assets as of 1 January	**822**	**34**	**19**	**875**	**1,058**	**41**	**(2)**	**1,097**
Changes that relate to current service								
CSM recognized for the services provided	-	-	-	-	-	-	-	-
Change in risk adjustment	-	-	-	-	-	(1)	-	(1)
Experience adjustments	200	-	-	200	(8)	-	-	(8)
Subtotal	200	-	-	200	(8)	(1)	-	(9)
Changes that relate to future service								
Changes in estimates that adjust CSM	5	-	(5)	-	(2)	(1)	3	-
Changes in estimates that do not adjust CSM (loss recovery component)	-	-	-	-	-	-	-	-
Effects of contracts initially recognized in the period	(3)	1	2	-	(8)	2	5	-
Subtotal	1	1	(3)	-	(10)	2	9	-
Changes that relate to past service								
Changes in the asset for incurred claims	(63)	(4)	-	(66)	(143)	(6)	-	(149)
Cash flows in the period								
Premiums paid	4	-	-	4	7	-	-	7
Amounts received	(201)	-	-	(201)	8	-	-	8
Deposits	-	-	-	-	-	-	-	-
Receivables and payables (net)	463	-	-	463	23	-	-	23
Subtotal	266	-	-	266	37	-	-	37
Finance income and expenses from reinsurance contracts (net)	24	1	-	25	(142)	(4)	-	(146)
thereof effect of changes in the risk of reinsurers' non-performance	1	-	-	1	2	-	-	2
Foreign currency translation adjustments	(18)	(1)	-	(19)	71	2	-	73
Changes in the consolidated subsidiaries of the Allianz Group	-	-	-	-	-	-	-	-
Reclassification into assets of disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Other changes	(3)	-	-	(3)	(41)	-	13	(29)
Net reinsurance contract assets as of 30 June/31 December	**1,229**	**31**	**17**	**1,278**	**822**	**34**	**19**	**875**
Reinsurance contract assets as of 30 June/31 December	1,248	31	17	1,296	840	34	19	893
Reinsurance contract liabilities as of 30 June/31 December	(18)	-	-	(18)	(19)	-	-	(19)

6.7.6 Analysis by measurement component – contracts not measured under the PAA – Life/Health

Analysis by measurement component – contracts not measured under the PAA – Life/Health
€ mn

	2023				2022			
	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Reinsurance contract assets as of 1 January	11,423	1,268	1,950	14,641	12,518	1,679	1,569	15,766
Reinsurance contract liabilities as of 1 January	(239)	-	-	(239)	(55)	-	-	(55)
Net reinsurance contract assets as of 1 January	**11,184**	**1,268**	**1,950**	**14,403**	**12,463**	**1,679**	**1,569**	**15,710**
Changes that relate to current service								
CSM recognized for the services provided	-	-	(135)	(135)	-	-	(345)	(345)
Change in risk adjustment	-	(63)	-	(63)	-	(145)	-	(145)
Experience adjustments	1,022	-	-	1,022	36	-	-	36
Subtotal	1,022	(63)	(135)	824	36	(145)	(345)	(454)
Changes that relate to future service								
Changes in estimates that adjust CSM	(107)	(8)	116	-	(70)	(124)	203	9
Changes in estimates that do not adjust CSM (loss recovery component)	-	-	-	-	-	-	-	-
Effects of contracts initially recognized in the period	9	(1)	(8)	-	(415)	25	391	1
Subtotal	(98)	(9)	107	-	(485)	(99)	594	10
Changes that relate to past service								
Changes in the asset for incurred claims	41	15	-	56	52	(8)	-	44
Cash flows in the period								
Premiums paid	654	-	-	654	1,128	-	-	1,128
Amounts received	(1,896)	-	-	(1,896)	(3,034)	-	-	(3,034)
Deposits	66	-	-	66	2,274	-	-	2,274
Receivables and payables (net)	(356)	-	-	(356)	87	-	-	87
Subtotal	(1,533)	-	-	(1,533)	454	-	-	454
Finance income and expenses from reinsurance contracts (net)	(75)	11	39	(25)	(1,847)	(259)	70	(2,036)
thereof effect of changes in the risk of reinsurers' non-performance	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	(261)	(25)	(35)	(321)	650	117	10	776
Changes in the consolidated subsidiaries of the Allianz Group	-	-	-	-	(3)	-	-	(3)
Reclassification into assets of disposal groups classified as held for sale	-	-	-	-	1	-	-	1
Other changes	4	(2)	(11)	(9)	(136)	(17)	52	(100)
Net reinsurance contract assets as of 30 June/31 December	**10,283**	**1,195**	**1,916**	**13,395**	**11,184**	**1,268**	**1,950**	**14,403**
Reinsurance contract assets as of 30 June/31 December	11,233	1,195	1,916	14,344	11,423	1,268	1,950	14,641
Reinsurance contract liabilities as of 30 June/31 December	(950)	-	-	(950)	(239)	-	-	(239)

6.8 _ Assets for insurance acquisition cash flows

Assets for insurance acquisition cash flows
€ mn

	Property-Casualty	Life/Health	Consolidation	Group
Balance as of 1 January 2022	1,215	8	-	1,222
Cash flows recognized as an asset during the year	3,713	43	-	3,756
Amounts derecognized on initial recognition of groups of insurance contracts	(3,658)	(1)	-	(3,659)
Impairment losses recognized during the year	(26)	(14)	-	(40)
Reversal of impairment losses recognized in prior periods	-	-	-	-
Foreign currency translation adjustments	9	-	-	9
Other changes	6	-	-	6
Balance as of 31 December 2022	**1,258**	**36**	**-**	**1,294**
Balance as of 1 January 2023	1,258	36	-	1,294
Cash flows recognized as an asset during the year	1,961	4	-	1,965
Amounts derecognized on initial recognition of groups of insurance contracts	(2,018)	(2)	-	(2,021)
Impairment losses recognized during the year	(1)	-	-	(1)
Reversal of impairment losses recognized in prior periods	-	-	-	-
Foreign currency translation adjustments	(2)	(2)	-	(3)
Other changes	21	-	-	21
Balance as of 30 June 2023	**1,219**	**36**	**-**	**1,255**

The following table sets out when the Allianz Group expects to derecognize assets for insurance acquisition cash flows and include them in the measurement of the group of insurance contracts to which they are allocated:

Derecognition of assets for insurance acquisition cash flows
€ mn

As of 30 June/31 December	Up to 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
2023							
Property-Casualty	237	215	172	149	108	337	1,219
Life/Health	1	29	-	-	-	5	36
Total	**238**	**244**	**173**	**149**	**108**	**343**	**1,255**
2022							
Property-Casualty	236	224	182	149	118	350	1,258
Life/Health	1	7	5	4	3	16	36
Total	**236**	**230**	**187**	**153**	**121**	**366**	**1,294**

6.9 _ Contracts initially recognized in the period

The effects on the measurement components arising from contracts initially recognized in the period which are not measured under the PAA are summarized in the following tables.

6.9.1 Insurance contracts initially recognized in the period

Contracts initially recognized in the period – Allianz Group
€ mn

	Six months ended 30 June 2023			Twelve months ended 31 December 2022		
	Contracts issued	Contracts acquired	Total	Contracts issued	Contracts acquired	Total
Present value of future cash outflows						
Claims and other insurance expenses payable	29,519	-	29,519	53,552	-	53,552
Insurance acquisition cash flows	(7,133)	-	(7,133)	2,670	-	2,670
Subtotal	22,386		22,386	56,222	-	56,222
Present value of future cash inflows	(25,064)	-	(25,064)	(61,305)	-	(61,305)
Risk adjustment	196	-	196	506	-	506
CSM	2,483	-	2,483	4,577	-	4,577

6.9.2 Reinsurance contracts initially recognized in the period

Contracts initially recognized in the period – Allianz Group
€ mn

	Six months ended 30 June 2023			Twelve months ended 31 December 2022		
	Contracts originated	Contracts acquired	Total	Contracts originated	Contracts acquired	Total
Present value of future cash outflows	157	-	157	483	-	483
Present value of future cash inflows	(152)	-	(152)	(913)	-	(913)
Risk adjustment	-	-	-	26	-	26
CSM	(5)	-	(5)	405	-	405

6.10 _ Insurance revenue and CSM by transition method

The following table sets out insurance revenue and the CSM per transition approach.

6.10.1 Insurance contracts

Insurance revenue and CSM by transition method – Allianz Group
€ mn

	2023				2022			
	Contracts measured under the modified retrospective transition approach	Contracts measured under the fair value transition approach	New contracts and contracts measured under the full retrospective transition approach	Total	Contracts measured under the modified retrospective transition approach	Contracts measured under the fair value transition approach	New contracts and contracts measured under the full retrospective transition approach	Total
Insurance revenue	7,425	1,924	35,132	44,481	16,398	3,736	67,851	87,985
CSM as of 1 January	**32,572**	**14,130**	**6,680**	**53,382**	**41,175**	**14,374**	**3,832**	**59,381**
Changes that relate to current service								
CSM recognized for services provided	(1,384)	(697)	(422)	(2,504)	(2,823)	(1,386)	(908)	(5,117)
Changes that relate to future service								
Changes in estimates that adjust CSM	1,568	(28)	(163)	1,376	(6,427)	(40)	(282)	(6,749)
Effects of contracts initially recognized in the period	-	-	2,483	2,483	-	-	4,577	4,577
Subtotal	1,568	(28)	2,319	3,859	(6,427)	(40)	4,295	(2,172)
Finance income or expenses from insurance contracts issued (net)	17	230	48	295	26	485	32	544
Currency translation adjustments	(22)	(234)	(65)	(322)	156	672	(134)	694
Other changes	24	(123)	(556)	(655)	464	24	(436)	52
CSM as of 30 June/31 December	**32,774**	**13,278**	**8,004**	**54,055**	**32,572**	**14,130**	**6,680**	**53,382**

6.10.2 Reinsurance contracts

CSM by transition method – Allianz Group
€ mn

	2023				2022			
	Contracts measured under the modified retrospective transition approach	Contracts measured under the fair value transition approach	New contracts and contracts measured under the full retrospective transition approach	Total	Contracts measured under the modified retrospective transition approach	Contracts measured under the fair value transition approach	New contracts and contracts measured under the full retrospective transition approach	Total
CSM as of 1 January	**140**	**1,777**	**59**	**1,976**	**75**	**1,430**	**56**	**1,561**
Changes that relate to current service								
CSM recognized for services provided	(76)	(42)	(21)	(139)	(202)	(95)	(43)	(340)
Changes that relate to future service								
Changes in estimates that adjust CSM	(10)	9	116	115	118	164	(76)	206
Effects of contracts initially recognized in the period	-	-	(5)	(5)	-	-	405	405
Subtotal	(10)	9	111	109	118	164	329	611
Finance income or expenses from reinsurance contracts held(net)	3	36	-	39	3	161	(94)	70
Currency translation adjustments	11	(17)	(30)	(36)	(6)	5	11	10
Other changes	74	(74)	(11)	(11)	152	112	(199)	65
CSM as of 30 June/31 December	**142**	**1,690**	**108**	**1,940**	**140**	**1,777**	**59**	**1,976**

6.11 _ CSM release projection

The following table sets out when the Allianz Group expects to recognize the CSM as of 1 January 2023 in profit or loss for contracts not measured under the PAA.

The pattern of recognition does not contain unwinding of valuation rates and expected over-return of assets for contracts measured using the VFA and interest accretion of the CSM arising from unwind of locked-in rates for contracts using the building block approach. Furthermore, the future CSM release will also include amounts related to new contracts written in future periods. Consequently, the CSM release should be not interpreted as the CSM release expected for future periods.

CSM release projection
€ mn

As of 1 January 2023	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 10 years	10 – 20 years	Over 20 years	Total
Insurance contracts issued	4,051	3,689	3,396	3,134	2,894	11,451	13,238	11,530	53,382
Reinsurance contracts held	(160)	(83)	(79)	(78)	(78)	(300)	(588)	(611)	(1,976)

6.12 _ Fair values of underlying items

Underlying items determine some of the amounts payable to policyholders. They can comprise any items; for example, a reference portfolio of assets, the net assets of the entity, or a specified subset of the net assets of the entity.

The underlying items are determined from a single entity view, i.e. not from a consolidated Allianz Group view, and are based on the specific contractual terms including applicable rules imposed by law or regulation. This includes underlying items that are not solely financial in nature, e.g. an entity's profit based on local accounting principles.

The composition of underlying items for contracts with direct participation features and their fair values are disclosed in the following table:

Fair values of underlying items

€ mn

	As of 30 June 2023			As of 31 December 2022		
	Property-Casualty[1]	Life/Health	Total	Property-Casualty[1]	Life/Health	Total
Equities	1,978	109,017	110,995	2,011	112,475	114,486
Debt securities	7,052	278,226	285,278	7,141	269,365	276,506
Investment funds	23	12,551	12,574	21	13,446	13,466
Real estate	159	10,198	10,356	110	10,815	10,926
Fixed assets of alternative investments	-	234	234	-	246	246
Derivatives	-	660	660	-	417	417
Financial assets for unit-linked contracts	-	109,121	109,121	-	102,894	102,894
Other	-	(83)	(83)	64	204	267
Total	**9,212**	**519,923**	**529,135**	**9,347**	**509,863**	**519,209**

1_Consists mainly of the underlying items of the accident insurance with premium refunds.

7 _ FINANCIAL OPERATIONS

7.1 _ Net investment income

Net investment income
€ mn

Six months ended 30 June	2023	2022
Interest result	12,282	11,996
Realized gains / losses (net)	(2,860)	1,227
Valuation result	5,876	(27,575)
Investment expenses	(884)	(858)
Total	**14,414**	**(15,211)**

Net investment income by measurement categories

€ mn

Six months ended 30 June									
				Other investments					
	Financial instruments			according to IAS 28	according to IAS 40	according to IAS 16			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Associates and joint ventures	Real estate	Alternative investments[1]	Other	Financial liabilities	Total
2023									
Interest result									
Interest income	1,868	9,394	162	37	616	312	422	-	12,812
Interest expenses	-	-	-	-	-	-	(126)	(404)	(530)
Subtotal	1,868	9,394	162	37	616	312	296	(404)	12,282
Realized gains / losses (net)									
Realized gains	-	330	-	26	9	-	8	-	373
Realized losses	-	(3,224)	(1)	(6)	-	-	(1)	-	(3,232)
Subtotal	-	(2,894)	(1)	20	8	-	7	-	(2,860)
Valuation result									
Expected credit loss allowance	-	220	(1)	-	-	-	-	-	219
Impairments (net)									
Impairments	-	-	-	(37)	(27)	(37)	(194)	-	(295)
Reversal of impairment	-	-	-	-	1	-	-	-	1
Subtotal	-	-	-	(37)	(26)	(37)	(194)	-	(295)
Income from derivatives	2,680	-	-	-	-	-	-	-	2,680
Valuation result on investments at fair value through profit and loss	44	-	-	(446)	(1,029)	-	(3)	(119)	(1,554)
Foreign currency gains / losses	-	-	-	-	-	-	(1,264)	-	(1,264)
Investment result from unit-linked assets (net)	-	-	-	-	-	-	6,089	-	6,089
Subtotal	2,724	220	(1)	(484)	(1,055)	(37)	4,627	(119)	5,876
Investment expenses	-	-	-	-	(178)	(193)	(513)	-	(884)
Total	**4,592**	**6,721**	**160**	**(426)**	**(609)**	**83**	**4,417**	**(522)**	**14,414**

1_Mainly investments in wind parks.

Net investment income by measurement categories (continued)

€ mn

Six months ended 30 June	Financial instruments			Other investments					
				according to IAS 28	according to IAS 40	according to IAS 16			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Associates and joint ventures	Real estate	Alternative investments[1]	Other	Financial liabilities	Total
2022									
Interest result									
Interest income	2,287	9,044	45	(8)	607	335	75	-	12,383
Interest expenses	-	-	-	-	-	-	(65)	(323)	(388)
Subtotal	2,287	9,044	45	(8)	607	335	10	(323)	11,996
Realized gains / losses (net)									
Realized gains	-	3,697	1	194	51	-	1	-	3,943
Realized losses	-	(2,692)	(21)	(3)	-	-	-	-	(2,716)
Subtotal	-	1,004	(21)	191	51	-	1	-	1,227
Valuation result									
Expected credit loss allowance	-	(759)	(2)	-	-	-	-	-	(761)
Impairments (net)									
Impairments	-	-	-	(26)	-	(9)	-	-	(35)
Reversal of impairment	-	-	-	-	7	-	-	-	7
Subtotal	-	-	-	(26)	7	(9)	-	-	(28)
Income from derivatives	(16,990)	-	-	-	-	-	-	-	(16,990)
Valuation result on investments at fair value through profit and loss	(994)	-	-	902	382	-	(3)	287	573
Foreign currency gains / losses	-	-	-	-	-	-	4,818	-	4,818
Investment result from unit-linked assets (net)	-	-	-	-	-	-	(15,187)	-	(15,187)
Subtotal	(17,984)	(759)	(2)	876	389	(9)	(10,372)	287	(27,575)
Investment expenses	-	-	-	-	(174)	(176)	(508)	-	(858)
Total	**(15,697)**	**9,289**	**23**	**1,058**	**873**	**150**	**(10,870)**	**(36)**	**(15,211)**

1_Mainly investments in wind parks.

7.2 _ Investments

7.2.1 Overview

Investments
€ mn

	As of 30 June 2023	As of 31 December 2022
Investments at fair value through profit and loss[1]	96,658	87,498
Investments at fair value through other comprehensive income[2]	547,935	544,892
Investments at amortized cost[3]	8,621	7,870
Investments in associates and joint ventures[4]	20,942	22,437
Real estate held for investment[5]	24,789	25,861
Fixed assets from alternative investments	2,346	2,433
Total	**701,292**	**690,991**

1_Includes derivative financial instruments of € 13,452 mn (31 December 2022: € 9,547 mn).
2_As of 30 June 2023, fair value and gross carrying amount with a contractual life of less than one year amounted to € 42,053 mn (31 December 2022: € 47,139 mn) and € 38,984 mn (31 December 2022: € 47,472 mn), respectively.
3_As of 30 June 2023, fair value and gross carrying amount with a contractual life of less than one year amounted to € 2,249 mn (31 December 2022: € 2,763 mn) and € 2,225 (31 December 2022: € 2,760 mn), respectively.
4_Includes investments in associates and joint ventures accounted for using the equity method of € 2,055 mn (31 December 2022: € 2,100 mn).
5_Consists of real estate held for investment measured at fair value of € 22,165 mn (31 December 2022: € 23,314 mn) and measured at amortized cost of € 2,625 mn (31 December 2022: € 2,546 mn).

7.2.2 Investments at fair value through other comprehensive income

7.2.2.1 Debt investments

Debt investments – Fair value
€ mn

	Gross carrying amount	Unrealized gains	Unrealized losses	Accrued interest	Fair value
30 June 2023					
Government bonds	205,164	2,796	(33,540)	2,044	176,464
Corporate bonds	211,234	773	(29,142)	2,328	185,193
Covered bonds	45,081	743	(4,159)	537	42,202
ABS/MBS	27,879	79	(2,449)	330	25,838
Loans	80,255	102	(8,114)	196	72,439
Alternative debt	13,668	32	(1,796)	83	11,986
Other	2,012	22	(19)	74	2,089
Total	**585,292**	**4,547**	**(79,220)**	**5,593**	**516,213**
31 December 2022					
Government bonds	210,925	2,428	(38,048)	1,838	177,143
Corporate bonds	214,270	678	(32,918)	2,427	184,456
Covered bonds	46,859	818	(4,498)	679	43,858
ABS/MBS	27,202	56	(2,504)	243	24,996
Loans	78,498	73	(8,167)	174	70,578
Alternative debt	13,542	25	(1,911)	82	11,738
Other	2,807	9	(6)	62	2,872
Total	**594,101**	**4,087**	**(88,052)**	**5,504**	**515,641**

Reconciliation of gross carrying amount and expected credit loss per stage as of 30 June 2023 and 31 December 2022

€ mn

	12-month		Lifetime, but not credit impaired		Credit impaired[1]		Total	
	Gross carrying amount	Expected credit loss	Gross carrying amount	Expected credit loss	Gross carrying amount	Expected credit loss	Gross carrying amount	Expected credit loss
1 January 2023	584,434	420	7,022	220	3,104	796	594,560	1,436
Additions	75,782	42	117	3	68	(2)	75,967	43
Changes in the consolidated subsidiaries of the Allianz Group	(650)	(9)	5	(1)	-	-	(645)	(10)
Changes in models and risk parameters and due to modifications	-	-	-	1	-	(2)	-	(1)
Matured or sold	(75,952)	(47)	(771)	(52)	(731)	(155)	(77,455)	(254)
Reclassification into non-current assets and assets of disposal groups classified as held for sale	(1,141)	1	(85)	1	4	(8)	(1,222)	(6)
Transfer to 12-month	1,864	5	(1,864)	(36)	-	-	-	(31)
Transfer to lifetime, but not credit impaired	(1,214)	(3)	1,214	36	-	-	-	34
Transfer to credit impaired	(75)	(2)	(1)	-	77	11	-	9
Write-offs	-	-	-	-	-	-	-	1
Amortization	(704)	(25)	(2)	19	-	(22)	(706)	(27)
Foreign currency translation adjustments	(1,860)	(11)	(92)	(12)	(79)	(32)	(2,030)	(55)
Other changes	(3,710)	5	83	23	450	(5)	(3,176)	23
30 June 2023	**576,773**	**376**	**5,625**	**202**	**2,893**	**582**	**585,292**	**1,160**
1 January 2022	567,613	410	24,048	417	157	17	591,818	843
Additions	166,491	118	44,450	7	64	2	211,005	127
Changes in the consolidated subsidiaries of the Allianz Group	(493)	(1)	(12)	-	-	-	(505)	-
Changes in models and risk parameters and due to modifications[2]	5	(1)	-	(1)	-	32	5	30
Matured or sold	(166,791)	(75)	(49,063)	(99)	(682)	(212)	(216,536)	(386)
Reclassification into non-current assets and assets of disposal groups classified as held for sale	(1,987)	(11)	(214)	(5)	163	-	(2,037)	(16)
Transfer to 12-month	16,123	48	(16,083)	(511)	(41)	(5)	-	(468)
Transfer to lifetime, but not credit impaired	(10,801)	(48)	10,844	1,103	(44)	(3)	-	1,053
Transfer to credit impaired	(797)	(20)	(1,841)	(620)	2,638	686	-	46
Write-offs	-	2	-	17	-	25	-	44
Amortization	546	(21)	800	(158)	10	155	1,356	(24)
Foreign currency translation adjustments	11,254	10	259	65	216	5	11,730	80
Other changes	3,270	9	(6,168)	6	623	93	(2,275)	108
31 December 2022	**584,434**	**420**	**7,022**	**220**	**3,104**	**796**	**594,560**	**1,436**

1_Includes also purchased or originated credit-impaired assets.

The gross carrying amount represents the maximum exposure to credit risk. The following table presents this maximum exposure per investment grade and stage:

Maximum exposure to credit risk per investment grade
€ mn

	12-month	Lifetime, but not credit impaired	Credit impaired	Purchased or originated credit impaired	Total
As of 30 June 2023					
AAA	109,334	-	-	-	109,334
AA	141,764	-	-	-	141,764
A	145,010	-	-	-	145,010
BBB	154,816	-	-	-	154,816
Non-investment grade	21,016	5,111	1,848	166	28,141
Not rated	4,833	514	843	35	6,226
Total	**576,773**	**5,625**	**2,692**	**202**	**585,292**
As of 31 December 2022					
AAA	113,956	-	-	-	113,956
AA	144,976	-	-	-	144,976
A	141,735	-	-	-	141,735
BBB	163,849	-	-	-	163,849
Non-investment grade	16,124	6,437	2,083	178	24,822
Not rated	3,336	585	810	34	4,764
Total	**583,975**	**7,022**	**2,892**	**212**	**594,101**

7.2.2.2 Equity investments designated at fair value through OCI

Equity investments designated at fair value through OCI
€ mn

	As of 30 June 2023	As of 31 December 2022
Listed shares	23,971	21,205
Non-redeemable preferred shares	262	262
Unlisted shares	2,299	2,114
Infrastucture	1,627	1,714
Other	1,309	1,334
Total	**29,469**	**26,628**

For the six months ended 30 June 2023, the dividend income for equity investments designated at fair value through OCI without recycling amounted to € 539 mn (for the year 2022: € 1,132 mn), thereof € 43 mn (for the year 2022: € 514 mn) for derecognized investments. The fair value of these derecognized instruments was € 2,402 mn (31 December 2022: € 25,761 mn). The Allianz Group realized a loss of € 118 mn for the six months ended 30 June 2023 (for the year 2022: a gain of € 6,021 mn). Disposals of equity investments are driven by overall risk management considerations including sensitivity considerations as well as changed market conditions such as higher interest rate levels. Equity investments are held by insurance-focused Allianz entities to diversify the portfolios and to take advantage of expected long-term returns.

7.2.3 Investments at amortized cost

Investments at amortized cost – Fair value
€ mn

	Gross carrying amount	Unrealized gains	Unrealized losses	Accrued interest	Fair value
As of 30 June 2023					
Government bonds	4,407	29	-	2	4,437
Corporate bonds	41	-	-	1	42
Covered bonds	-	-	-	-	-
ABS/MBS	-	-	-	-	-
Loans	4,161	63	-	14	4,238
Other debt	48	-	-	4	52
Other	13	-	-	-	13
Total	**8,670**	**92**	**-**	**20**	**8,782**
As of 31 December 2022					
Government bonds	3,934	-	(20)	2	3,915
Corporate bonds	27	-	(6)	-	21
Covered bonds	-	-	-	-	-
ABS/MBS	-	-	-	-	-
Loans	3,927	-	-	10	3,936
Other debt	27	-	-	-	27
Other	15	-	-	-	15
Total	**7,930**	**-**	**(26)**	**12**	**7,915**

Reconciliation of gross carrying amount and expected credit loss as of 30 June 2023 and 31 December 2022
€ mn

	2023		2022	
	Gross carrying amount[1]	Expected credit loss[2]	Gross carrying amount[1]	Expected credit loss[2]
As of 1 January	7,930	72	5,427	77
Additions	1,833	4	3,101	10
Changes in the consolidated subsidiaries of the Allianz Group	-	-	-	-
Changes in models and risk parameters and due to modifications	-	-	-	-
Matured or sold	(1,143)	(7)	(476)	(8)
Reclassifications between stages	(1)	-	(61)	-
Write-offs	-	-	-	-
Amortization	34	-	-	-
Foreign currency translation adjustments	-	-	(1)	-
Other changes	17	2	(60)	(6)
As of 30 June/31 December	**8,670**	**71**	**7,930**	**72**

1_Consists mainly of financial instruments in stage "12-month".
2_Consists mainly of financial instruments in stages "12-month" and "credit impaired".

7.2.4 Real estate held for investment

Real estate held for investment
€ mn

	At amortized cost		At fair value	
	2023	2022	2023	2022
Cost as of 1 January	3,674	3,798		
Accumulated depreciation as of 1 January	(1,128)	(1,164)		
Carrying amount as of 1 January	**2,546**	**2,634**	**23,314**	**22,771**
Additions	138	91	208	1,802
Changes in the consolidated subsidiaries of the Allianz Group	66	50	-	68
Disposals and reclassifications into non-current assets and assets of disposal groups classified as held for sale	(11)	(167)	(461)	(1,219)
Reclassifications	(63)	(62)	70	101
Foreign currency translation adjustments	2	58	(19)	290
Depreciation	(28)	(60)		
Impairments	(27)	(21)		
Reversals of impairments	1	24		
Changes in fair value			(955)	(498)
Other changes			7	-
Carrying amount as of 30 June/31 December	**2,625**	**2,546**	**22,165**	**23,314**
Accumulated depreciation as of 30 June/31 December	1,172	1,128		
Cost as of 30 June/31 December	3,797	3,674		

7.3 _ Financial liabilities

7.3.1 Overview

Financial liabilities
€ mn

	As of 30 June 2023	As of 31 December 2022
Financial liabilities at fair value through profit and loss		
Mandatory at fair value through profit and loss		
Derivatives	10,648	6,586
Puttable instruments	2,535	2,408
Subtotal	13,183	8,994
Designated at fair value through profit and loss	-	-
Subtotal	13,183	8,994
Financial liabilities at amortized cost		
Liabilities to banks	6,782	8,283
Liabilities to customers	11,242	10,936
Certificated liabilities[1]	8,304	9,126
Subordinated liabilities[2]	12,859	12,089
Other	2,763	1,882
Subtotal	41,950	42,316
Total	**55,133**	**51,310**

1_As of 30 June 2023, includes accrued interests of € 37 mn (31 December 2022: € 79 mn).
2_As of 30 June 2023, includes accrued interests of € 298 mn (31 December 2022: € 149 mn).

7.3.2 Certificated and subordinated liabilities

Certificated and subordinated liabilities
€ mn

	As of 30 June 2023	As of 31 December 2022
Senior bonds	7,371	8,132
Money market securities	1,053	1,123
Fair value hedge effects related to certificated liabilities	(119)	(130)
Total certificated liabilities[1]	**8,304**	**9,126**
Subordinated bonds	12,910	12,145
Subordinated loans[2]	45	45
Fair value hedge effects related to subordinated liabilities	(96)	(101)
Total subordinated liabilities[3]	**12,859**	**12,089**

1_As of 30 June 2023, includes accrued interests of € 37 mn (31 December 2022: € 79 mn).
2_Relates to subordinated loans issued by subsidiaries.
3_As of 30 June 2023, includes accrued interests of € 298 mn (31 December 2022: € 149 mn).

Bonds outstanding as of 30 June 2023
mn

	ISIN	Year of issue	Currency	Notional amount	Coupon in %	Maturity date
Certificated liabilities						
Allianz Finance II B.V., Amsterdam	DE000A3KY367	2021	EUR	300	3-months Euribor +100 bps	22 November 2024
	DE000A28RSQ8	2020	EUR	500	Non-interest bearing	14 January 2025
	DE000A2RWAX4	2019	EUR	750	0.875	15 January 2026
	DE000A3KY342	2021	EUR	700	Non-interest bearing	22 November 2026
	DE000A19S4V6	2017	EUR	750	0.875	6 December 2027
	DE000A1HG1K6	2013	EUR	750	3.000	13 March 2028
	DE000A2RWAY2	2019	EUR	750	1.500	15 January 2030
	DE000A28RSR6	2020	EUR	750	0.500	14 January 2031
	DE000A180B80	2016	EUR	750	1.375	21 April 2031
	DE000A3KY359	2021	EUR	500	0.500	22 November 2033
	DE000A1HG1L4	2013	GBP	750	4.500	13 March 2043
Subordinated liabilities						
Allianz SE, Munich	DE000A30VTT8	2022	EUR	1,250	4.597	7 September 2038
	DE000A14J9N8	2015	EUR	1,500	2.241	7 July 2045
	DE000A2DAHN6	2017	EUR	1,000	3.099	6 July 2047
	XS1556937891	2017	USD	600	5.100	30 January 2049
	DE000A2YPFA1	2019	EUR	1,000	1.301	25 September 2049
	DE000A254TM8	2020	EUR	1,000	2.121	8 July 2050
	DE000A30VJZ6	2022	EUR	1,250	4.252	5 July 2052
	DE000A351U49	2023	EUR	1,250	5.824	25 July 2053
	DE000A1YCQ29	2013	EUR	912.5	4.750	Perpetual
	DE000A13R7Z7	2014	EUR	1,500	3.375	Perpetual
	XS1485742438	2016	USD	1,500	3.875	Perpetual
	DE000A289FK7	2020	EUR	1,250	2.625	Perpetual
	US018820AA81/ USX10001AA78	2020	USD	1,250	3.500	Perpetual
	DE000A3E5TR0	2021	EUR	1,250	2.600	Perpetual
	US018820AB64/ USX10001AB51	2021	USD	1,250	3.200	Perpetual

7.4 _ Hedge accounting

Derivatives held for risk management per instrument type
€ mn

As of 30 June	2023					
	Maturity by notional amount					
	Up to 1 year	1-5 years	Over 5 years	Notional principal amounts	Assets	Liabilities
Interest rate contracts	1,653	2,401	1,021	5,075	14	(999)
Equity/index contracts	1,107	-	-	1,107	4	(802)
Foreign exchange contracts	5,054	1,566	2,063	8,683	328	(136)
Total	**7,814**	**3,967**	**3,084**	**14,865**	**346**	**(1,937)**
thereof fair value hedges[1]	896	1,653	871	3,420	9	(922)
thereof cash flow hedges[2]	2,152	1,676	2,213	6,041	294	(922)
thereof net investment hedges[3]	4,766	638	-	5,404	44	(93)

1_Consists mainly of interest rate contracts
2_Consists mainly of equity/index contracts and foreign exchange contracts.
3_Consists solely of foreign exchange contracts

Derivatives which form part of hedge accounting relationships are included in the line items investments and financial liabilities, respectively. The table shows the notional amounts of all derivatives for which hedge accounting is applied by the Allianz Group as of 30 June 2023. The notional principal amounts indicated in the table are cumulative, as they include the absolute value of the notional principal amounts of derivatives with positive and negative fair values. Although these notional principal amounts reflect the degree of the Allianz Group's involvement in derivative transactions, they do not represent amounts exposed to risk.

Fair value hedges

The Allianz Group uses fair value hedges to hedge the exposure to changes in the fair value of financial assets and financial liabilities due to movements in interest or exchange rates, and to hedge its equity portfolio against equity market risk. As of 30 June 2023, the derivative financial instruments used for the related fair value hedges of the Allianz Group had a total negative fair value of € 913 mn.

The ineffectiveness that arises from fair value hedges amounted to € (2) mn for the six months ended 30 June 2023.

Cash flow hedges

Cash flow hedges were used to hedge the exposure to the variability of cash flows arising from interest rate or exchange rate fluctuations as well as inflation. As of 30 June 2023, the derivative instruments utilized had a total negative fair value of € 628 mn.

The ineffectiveness that arises from cash flow hedges amounted to € 12 mn for the six months ended 30 June 2023. The change in the value of the hedging instrument recognized in other comprehensive income was € (88) mn for the six months ended 30 June 2023.

Hedges of net investment in foreign operations

As of 30 June 2023, the Allianz Group hedged part of its foreign currency net investments through the issuance of several foreign currency denominated liabilities and the use of forward contracts. The total negative fair value was € 49 mn for the six months ended 30 June 2023.

7.5 _ Fair values and carrying amounts of financial instruments

Fair values and carrying amounts

The following table compares the carrying amount and 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 2023		As of 31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash and cash equivalents	25,612	25,612	22,896	22,896
Financial assets at fair value through profit and loss	96,658	96,658	87,498	87,498
Financial assets at fair value through other comprehensive income	547,935	547,935	544,892	544,892
Financial assets at amortized costs	8,621	8,782	7,870	7,915
Investments in associates and joint ventures at equity	2,055	2,448	2,100	2,481
Investments in associates and joint ventures at fair value	18,888	18,888	20,337	20,337
Real estate held for investment at fair value	22,165	22,165	23,314	23,314
Real estate held for investment at cost	2,625	5,785	2,546	5,812
Financial assets for unit-linked contracts	148,892	148,892	141,034	141,034
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit and loss	13,183	13,183	8,994	8,994
Liabilities to banks and customers	18,023	17,879	19,219	19,063
Certificated liabilities	8,304	7,747	9,126	8,490
Subordinated liabilities	12,859	11,876	12,089	10,937
Other (Financial liabilities at amortized costs)	2,763	2,763	1,882	1,882
Unit-linked investment contracts at fair value	39,063	39,063	37,510	37,510
Non-unit-linked investment contracts at cost	12,372	12,378	10,317	10,317

Fair value measurement on a recurring basis

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

- financial assets at fair value through profit and loss,
- financial assets at fair value through other comprehensive income,
- investments in associates and joint ventures (under the VFA),
- real estate held for investment,
- financial assets for unit-linked contracts
- financial liabilities at fair value through profit and loss,
- unit-linked investment contracts

The following table presents the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheet:

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

	As of 30 June 2023				As of 31 December 2022			
	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
FINANCIAL ASSETS								
Financial assets at fair value through profit and loss								
Debt investments	121	9,512	3,082	12,716	436	9,017	1,852	11,304
Equity investments	1	-	3	4	1	3	12	15
Funds	8,181	4,646	57,660	70,486	9,631	4,313	52,688	66,632
Derivatives	1,150	12,029	273	13,452	1,479	7,716	352	9,547
Subtotal	9,453	26,187	61,019	96,658	11,547	21,048	54,903	87,498
Financial assets at fair value through other comprehensive income								
Corporate bonds	3,999	160,095	21,100	185,193	3,248	160,352	20,856	184,456
Government and government agency bonds	11,354	163,634	1,477	176,464	11,242	164,340	1,561	177,143
MBS/ABS	124	23,011	2,703	25,838	125	21,858	3,014	24,996
Covered Bonds	4,292	37,901	9	42,202	4,175	39,674	10	43,858
Loans	3,043	4,518	64,878	72,439	3,093	4,541	62,943	70,578
Other	2,618	1,352	12,360	16,330	3,459	1,453	12,322	17,234
Equity investments	23,359	769	5,341	29,469	20,950	393	5,285	26,628
Subtotal	48,789	391,280	107,866	547,935	46,293	392,610	105,989	544,892
Investments in associates and joint ventures	-	177	18,711	18,888	-	181	20,155	20,337
Real estate held for investment	-	-	22,165	22,165	-	-	23,314	23,314
Financial assets for unit-linked contracts	114,784	31,742	2,366	148,892	108,032	30,792	2,210	141,034
Total	**173,026**	**449,386**	**212,126**	**834,538**	**165,871**	**444,632**	**206,572**	**817,075**
FINANCIAL LIABILITIES								
Financial liabilities at fair value through profit and loss	2,793	9,980	410	13,183	2,715	5,895	384	8,994
Unit-linked investment contracts at fair value	27,049	12,009	6	39,063	24,521	12,983	6	37,510
Total	**29,841**	**21,989**	**416**	**52,246**	**27,236**	**18,878**	**390**	**46,504**

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

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 at fair value through profit and loss	Financial assets at fair value through other comprehensive income – Debt securities[1]	Financial assets at fair value through other comprehensive income – Equity securities	Investments in associates and joint ventures	Real estate held for investment	Financial assets for unit-linked contracts	Total
Carrying value (fair value) as of 1 January 2023	**54,903**	**100,704**	**5,285**	**20,155**	**23,314**	**2,210**	**206,572**
Additions through purchases and issues	7,540	9,931	244	323	208	373	18,619
Net transfers into (out of) level 3	(50)	(728)	7	37	-	15	(720)
Disposals through sales and settlements	(1,310)	(5,090)	(68)	(1,242)	(215)	(123)	(8,048)
Reclassifications	-	-	-	-	70	-	70
Net gains (losses) recognized in consolidated income statement	(268)	(66)	(4)	(403)	(948)	17	(1,671)
Net gains (losses) recognized in other comprehensive income	-	(959)	(42)	-	-	-	(1,000)
Impairments	-	(4)	-	-	-	-	(3)
Foreign currency translation adjustments	(128)	(913)	(16)	(160)	(19)	1	(1,235)
Changes in the consolidated subsidiaries of the Allianz Group[2]	396	(461)	(66)	-	(246)	(127)	(503)
Change in accrued interest recognized in consolidated income statement	(33)	1,312	-	-	-	-	1,279
Change in accrued interest recognized in other comprehensive income - cash settlement	(32)	(1,232)	-	-	-	-	(1,264)
Carrying value (fair value) as of 30 June 2023	**61,019**	**102,495**	**5,341**	**18,711**	**22,165**	**2,366**	**212,095**
Net gains (losses) recognized in consolidated income statement held at the reporting date	(213)	(69)	2	(407)	(946)	17	(1,617)

1_Primarily include loans.
2_Include for real estate held for investment reclassifications into non-current assets and assets of disposal groups classified as held for sale of € (246) mn.

Reconciliation of level 3 financial liabilities
€ mn

	Financial liabilities at fair value through profit and loss
Carrying value (fair value) as of 1 January 2023	**384**
Additions through purchases and issues	24
Net transfers into (out of) level 3	-
Disposals through sales and settlements	(12)
Net losses (gains) recognized in consolidated income statement	13
Foreign currency translation adjustments	(1)
Changes in the consolidated subsidiaries of the Allianz Group	1
Change in accrued interest recognized in consolidated income statement	(6)
Change in accrued interest recognized in other comprehensive income - cash settlement	7
Carrying value (fair value) as of 30 June 2023	**410**
Net losses (gains) recognized in consolidated income statement held at the reporting date	(1)

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 7.1.

Fair value information about financial assets and liabilities not carried at fair value

Fair value hierarchy (items not carried at fair value)
€ mn

	As of 30 June 2023				As of 31 December 2022			
	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
FINANCIAL ASSETS								
Financial assets at amortized costs	4,409	212	4,161	8,782	3,915	63	3,936	7,915
Investments in associates and joint ventures at equity	-	344	2,104	2,448	-	398	2,083	2,481
Real estate held for investment	-	-	5,785	5,785	-	-	5,812	5,812
Total	**4,409**	**556**	**12,050**	**17,016**	**3,915**	**462**	**11,831**	**16,208**
FINANCIAL LIABILITIES								
Financial liabilities at amortized costs								
Liabilities to banks and customers	9,418	5,609	2,851	17,879	10,333	4,249	4,481	19,063
Certificated liabilities	-	7,547	200	7,747	-	8,287	203	8,490
Subordinated liabilities	-	11,876	-	11,876	-	10,937	-	10,937
Other (Financial liabilities at amortized costs)	-	2,763	-	2,763	-	1,882	-	1,882
Non-unit-linked investment contracts	718	11,601	59	12,378	-	2,771	7,546	10,317
Total	**10,136**	**39,397**	**3,111**	**52,643**	**10,333**	**28,126**	**12,230**	**50,689**

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

Valuation methodologies of financial instruments

Debt investments in fair value through profit and loss and in fair value through other comprehensive income

Debt investments are part of financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income which include corporate and government and government agency bonds, MBS/ABS, covered bonds, and other debt investments.

The valuation techniques for these debt investments are similar. The fair value is determined using the market and the income approach. Primary inputs for the market approach are quoted prices for identical or comparable assets in active markets, where comparability between the security and the benchmark defines the fair value level. The income approach in most cases means that a present value technique is applied where either the cash flows or the discount curve are adjusted to reflect credit risk and/or liquidity risk. Depending on the observability of these risk parameters in the market, the security is classified as level 2 or level 3.

Level 3 investments are mainly priced based on the income approach. The primary non-market observable input used in the discounted cash flow method is an option-adjusted spread taken from a set of benchmark securities with similar characteristics. A significant yield increase of the benchmark securities in isolation could result in a decreased fair value, while a significant yield decrease could result in an increased fair value. However, a 10 % stress of the main non-market observable inputs has only immaterial impact on fair value.

Equity investments in fair value through other comprehensive income

For level 2, the fair value is mainly determined using the market approach or net asset value techniques for funds. For certain private equity investments, the funds are priced based on transaction prices using the cost approach. As there are only a few holders of these funds, the market is not liquid and transactions are only known to participants.

Funds

Level 3 mainly comprises private equity fund investments as well as alternative investments of the Allianz Group, and in most cases these are delivered as net asset values by the fund managers. These net asset values are calculated using material, non-public information about the respective private equity companies. The Allianz Group has only limited insight into the specific inputs used by the fund managers, hence a sensitivity analysis is not applicable. The fund's asset manager generally prices the underlying single portfolio companies in line with the International Private Equity and Venture Capital Valuation (IPEV) guidelines, using discounted cash flow (income approach) or multiple methods (market approach). For certain investments, the capital invested is considered to be a reasonable proxy for the fair value. In these cases, sensitivity analyses are also not applicable.

Derivatives
The fair value of these derivatives is mostly determined based on the income approach, using present value techniques and the Black-Scholes-Merton model. Primary inputs for the valuation include volatilities, interest rates, yield curves and foreign exchange rates observable at commonly quoted intervals. In some cases, it is determined based on the market approach.

Loans at fair value through other comprehensive income
For loans at fair value through other comprehensive income, quoted market prices are rarely available. Level 1 mainly consists of highly liquid advances, e.g., short-term investments. The fair value for assets in level 2 and level 3 is mainly derived based on the income approach using deterministic discounted cash flow models.

Associates and joint ventures
For level 2 and level 3, fair values are mainly based on the income approach, using a discounted cash flow method or net asset values as provided by third-party vendors.

Real estate held for investment
Fair values are mostly determined using the market or the income approach. Valuation techniques applied for the market approach include market prices of comparable assets in markets that are not active. The fair values are either calculated internally and validated by external experts or derived from expert appraisals with internal controls in place to monitor these valuations.

Financial liabilities at fair value through profit and loss
This position mainly includes derivative financial instruments.
For level 2, the fair value is determined using the income or the market approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Main observable input parameters include volatilities, yield curves observable at commonly quoted intervals, and credit spreads observable in the market.

For level 3, the fair value is determined using the income or the market approach. Valuation techniques applied for the income approach mainly include discounted cash flow models. A significant proportion of level 3 liabilities represent derivatives embedded in certain life insurance and annuity contracts. Significant non-market observable input parameters include mortality rates and surrender rates. A significant decrease (increase) in surrender rates, in mortality rates, or in the utilization of annuitization benefits could result in a higher (lower) fair value. For products with a high death benefit, surrender rates may show an opposite effect.

Financial assets at amortized cost
Financial assets at amortized costs only include debt investments.
For the valuation measurement please refer to the passage debt investments.

Liabilities to banks and customers
Level 1 mainly consists of highly liquid liabilities, e.g., payables on demand. The fair value for liabilities in level 2 and level 3 is mainly derived based on the income approach, using future cash flows discounted with risk-specific interest rates. Main non-market observable inputs include credit spreads. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate of the fair value.

Certificated and subordinated liabilities
For level 2, the fair value is mainly determined based on the market approach, using quoted market prices, and based on the income approach, using present value techniques. For level 3, fair values are mainly derived based on the income approach, using deterministic cash flows with credit spreads as primary non-market observable inputs. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate for the fair value.

Financial assets for unit-linked contracts
For level 2, the fair value is determined using the market or the income approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Financial liabilities for unit-linked contracts are valued based on their corresponding assets.

8 _ OTHER INFORMATION

8.1 _ Fee and commission income

Fee and commission income
€ mn

Six months ended 30 June	2023	2022
PROPERTY-CASUALTY		
Fees from credit and assistance business	872	831
Service agreements	314	385
Investment advisory	32	-
Subtotal	1,217	1,216
LIFE/HEALTH		
Investment advisory	564	402
Service agreements	101	72
Subtotal	665	473
ASSET MANAGEMENT		
Management and advisory fees	4,369	4,851
Performance fees	202	130
Loading and exit fees	160	169
Other	33	22
Subtotal	4,764	5,171
CORPORATE AND OTHER		
Service agreements	1,941	1,362
Investment advisory and banking activities	318	338
Subtotal	2,259	1,700
CONSOLIDATION	(2,389)	(1,955)
Total	**6,516**	**6,607**

8.2 _ Fee and commission expenses

Fee and commission expenses
€ mn

Six months ended 30 June	2023	2022
PROPERTY-CASUALTY		
Fees from credit and assistance business	(922)	(844)
Service agreements	(301)	(338)
Other	(18)	-
Subtotal	(1,241)	(1,182)
LIFE/HEALTH		
Investment advisory	(203)	(158)
Service agreements	(101)	(84)
Subtotal	(304)	(242)
ASSET MANAGEMENT		
Commissions	(1,019)	(1,071)
Other	(12)	(7)
Subtotal	(1,031)	(1,078)
CORPORATE AND OTHER		
Service agreements	(1,933)	(1,337)
Investment advisory and banking activities	(210)	(225)
Subtotal	(2,144)	(1,562)
CONSOLIDATION	2,011	1,582
Total	**(2,710)**	**(2,482)**

8.3 _ Acquisition and administrative expenses

The acquisition and administrative expenses disclosed in the following table are the administrative expenses of the Allianz Group's non-insurance entities and the acquisition and administrative expenses, as well as settlement costs of the Allianz Group's insurance entities that are not directly attributable to fulfilling insurance contracts. Expenses which are directly attributable to fulfilling insurance contracts are included in insurance service expenses.

Acquisition and administrative expenses
€ mn

Six months ended 30 June	2023	2022
PROPERTY-CASUALTY		
Non-attributable acquisition costs	(525)	(475)
Non-attributable and non-insurance administrative expenses	(501)	(469)
Non-attributable settlement costs	(37)	(12)
Subtotal	(1,064)	(956)
LIFE/HEALTH		
Non-attributable acquisition costs	(245)	(220)
Non-attributable and non-insurance administrative expenses	(349)	(299)
Non-attributable settlement costs	(10)	(8)
Subtotal	(604)	(527)
ASSET MANAGEMENT		
Personnel expenses	(1,435)	(1,560)
Non-personnel expenses[1,2]	(926)	(2,770)
Subtotal	(2,362)	(4,330)
CORPORATE AND OTHER		
Administrative expenses	(616)	(606)
Subtotal	(616)	(606)
CONSOLIDATION	33	62
Total	**(4,612)**	**(6,357)**

1_Includes € 103 mn (2022: € (174) mn) changes in assets and € (103) mn (2022: € 174 mn) changes in liabilities related to certain deferred compensation programs, entirely offsetting each other.
2_Includes for 2022 € (1,857) mn for a litigation provision for Structured Alpha. For further information, please refer to note 8.10.

8.4 _ Income taxes

Income taxes
€ mn

Six months ended 30 June	2023	2022
Current income taxes	(1,196)	(1,388)
Deferred income taxes	(94)	189
Total	**(1,290)**	**(1,199)**

For the six months ended 30 June 2023 and 2022, the income taxes relating to components of other comprehensive income consist of the following:

Income taxes relating to components of other comprehensive income
€ mn

Six months ended 30 June	2023	2022
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments	(3)	270
Debt investments measured at fair value through OCI	(2,241)	29,001
Cash flow hedges	32	677
Share of other comprehensive income of associates and joint ventures	1	(1)
Insurance liabilities	2,213	(30,502)
Reinsurance assets	(4)	1,160
Miscellaneous	166	(17)
Items that may never be reclassified to profit or loss		
Actuarial gains and losses on defined benefit plans	48	(847)
Equity investments measured at fair value through OCI	(590)	3,145
Insurance liabilities	438	(1,176)
Miscellaneous	5	(16)
Total	**64**	**1,695**

8.5 _ Financial assets for unit-linked contracts and investment contract liabilities

Financial assets for unit-linked contracts
€ mn

	As of 30 June 2023	As of 31 December 2022
Financial assets for unit-linked insurance contracts	109,829	103,524
Financial assets for unit-linked investment contracts	39,063	37,510
Total	**148,892**	**141,034**

Investment contract liabilities
€ mn

	As of 30 June 2023	As of 31 December 2022
Unit-linked investment contracts	39,063	37,510
Non-unit-linked investment contracts	12,372	10,317
Total	**51,435**	**47,827**

8.6 _ Other assets

Other assets
€ mn

	As of 30 June 2023	As of 31 December 2022
Property and equipment		
Real estate held for own use[1]	3,448	3,520
Software	3,469	3,457
Equipment	1,074	1,108
Right-of-use assets	2,291	2,269
Subtotal	10,282	10,354
Receivables		
Gross receivables	7,900	7,189
Expected credit loss	(92)	(91)
Subtotal	7,808	7,098
Tax receivables		
Income taxes	2,989	2,345
Other taxes	2,185	2,525
Subtotal	5,174	4,870
Prepaid expenses	1,201	921
Non-current assets and assets of disposal groups classified as held for sale	2,804	3,062
Other assets[2]	4,337	3,930
Total	**31,606**	**30,234**

1_As of 30 June 2023, consists of real estate held for own use measured at fair value of € 1,702 mn (31 December 2022: € 1,762 mn) and of real estate held for own use measured at amortized cost of € 1,746 mn (31 December 2022: € 1,757 mn).
2_As of 30 June 2023, includes € 1,383 mn (31 December 2022: € 1,295 mn) assets for deferred compensation programs which are mainly level 2 for fair value measurement.

Reconciliation of gross carrying amount for trade and lease receivables as of 30 June 2023 and 31 December 2022
€ mn

	2023	2022
1 January	6,039	6,860
Additions	521	1,105
Changes in the consolidated subsidiaries of the Allianz Group	558	34
Changes in models and risk parameters and due to modifications	(21)	(23)
Matured or sold	(246)	(692)
Reclassification into non-current assets and assets of disposal groups classified as held for sale	107	(1,959)
Write-offs	-	-
Amortization	-	-
Foreign currency translation adjustments	(47)	161
Other changes	1,268	552
30 June/31 December	**8,179**	**6,039**

As of 30 June 2023, the corresponding expected credit loss amounted to € 92 mn (31 December 2022: € 91 mn).

8.7 _ Other liabilities

Other liabilities
€ mn

	As of 30 June 2023	As of 31 December 2022
Tax payables		
Income taxes	1,771	1,743
Other taxes, interest, and penalties	2,350	2,115
Subtotal	4,121	3,858
Payables for social security and other payables	736	804
Unearned income	772	610
Provisions		
Pensions and similar obligations	8,109	7,994
Employee related	2,822	3,092
Share-based compensation plans	357	369
Restructuring plans	226	309
Other provisions	2,566	2,654
Subtotal	14,080	14,418
Liabilities of disposal groups held for sale	2,051	2,842
Other liabilities	12,741	12,278
Total	**34,501**	**34,810**

8.8 _ Intangible assets

Intangible assets
€ mn

	As of 30 June 2023	As of 31 December 2022
Goodwill	16,550	16,255
Distribution agreements[1]	1,091	1,176
Customer relationships[2]	689	691
Other[2]	333	320
Total	**18,664**	**18,442**

1_Primarily includes the long-term distribution agreements with Banco Bilbao Vizcaya Argentaria, S.A., and Santander Aviva Life.
2_Primarily results from business combinations.

8.9 _ Equity

Equity
€ mn

	As of 30 June 2023	As of 31 December 2022
Shareholders' equity		
Issued capital	1,170	1,170
Additional paid-in capital	27,732	27,732
Undated subordinated bonds	4,792	4,843
Retained earnings[1]	27,928	29,354
Foreign currency translation adjustments	(3,211)	(3,048)
Unrealized gains and losses from insurance contracts (net)	48,660	54,854
Other unrealized gains and losses (net)[2,3]	(52,754)	(60,490)
Subtotal	54,318	54,415
Non-controlling interests	4,506	4,320
Total	**58,823**	**58,735**

1_As of 30 June 2023, includes € (1,403) mn (31 December 2022: € (333) mn) related to treasury shares.
2_As of 30 June 2023, includes € 886 mn (31 December 2022: € 1,059 mn) related to expected credit losses.
3_As of 30 June 2023, includes € (1,517) mn (31 December 2022: € (1,460) mn) related to cash flow hedges.

Dividends

In the second quarter of 2023, a total dividend of € 4,541 mn (2022: € 4,383 mn), or € 11.40 (2022: € 10.80) per qualifying share, was paid to the shareholders.

8.10 _ Litigation, contingent liabilities and commitments

Litigation

Allianz Group companies are involved in legal, regulatory, and arbitration proceedings in Germany and a number of foreign jurisdictions, including the United States. Such proceedings arise in the ordinary course of business, including, amongst others, their activities as insurance, banking and asset management companies, employers, investors and taxpayers. While it is not feasible to predict or determine the ultimate outcome of such proceedings, they may result in substantial damages or other payments or penalties, or result in adverse publicity and damage to the Allianz Group's reputation. As a result, such proceedings could have an adverse effect on the Allianz Group's business, financial condition and results of operations. Apart from the proceedings discussed below, Allianz SE is not aware of any threatened or pending legal, regulatory or arbitration proceedings which may have, or have had in the recent past, significant effects on its and/or the Allianz Group's financial position or profitability. Material proceedings in which Allianz Group companies are involved are in particular the following:

With respect to the multiple complaints which had been filed in U.S. Courts in connection with losses suffered by investors in AllianzGI U.S.'s Structured Alpha funds ("Funds") during the COVID-19 related market downturn, in the meantime all actions regarding private and mutual funds have been dismissed after settlements were reached with the respective investors.

In addition, as announced by ad-hoc disclosure on 17 May 2022, AllianzGI U.S. has entered into settlements with the U.S. Department of Justice ("DOJ") and the U.S. Securities and Exchange Commission ("SEC") in connection with the Structured Alpha matter. Pursuant to the DOJ resolution, AllianzGI U.S. pleaded guilty to one count of criminal securities fraud, and pursuant to the SEC resolution the SEC found that AllianzGI U.S. violated relevant U.S. securities laws. These settlements fully resolve the U.S. governmental investigations of the Structured Alpha matter for Allianz.

As announced by ad-hoc disclosures on 17 February 2022 and 11 May 2022, Allianz recognized a provision of € 3.7 bn for the fourth quarter of 2021 and an additional provision of € 1.9 bn for the first quarter of 2022 for the Structured Alpha matter. As of 30 June 2023, the majority of the amounts provisioned have been paid out already for settlements with investors in the Funds and for payments to the U.S. authorities according to the resolutions reached with them. Allianz SE believes that the remaining provision is a fair estimate of its financial exposure in relation to any remaining compensation payments to Structured Alpha investors in mutual funds. Allianz is seeking a timely resolution with remaining fund investors and expects that the disclosure of additional information could have a negative impact on its position in the ongoing discussions with investors and therefore, in accordance with IAS 37.92, management refrains from providing further details on the provision recognized as well as on any contingent liabilities.

In January 2023, a putative class action complaint has been filed against Allianz SE and its CEO in the United States District Court for the Central District of California. The complaint alleges violation of Federal U.S. Securities Laws by making false or misleading statements in public disclosures such as the annual reports of Allianz in the period between March 2018 and May 2022 regarding the AllianzGI U.S. Structured Alpha matter and internal controls. Allianz SE considers the action to be unfounded.

Contingent liabilities and commitments

The following table shows the composition of commitments as of 30 June 2023:

Commitments
€ mn

	As of 30 June 2023	As of 31 December 2022
Commitments to acquire interests in joint ventures, associates and equity investments	36,246	36,605
Commitments to purchase debt investments	8,606	8,072
Other commitments	4,212	4,164
Total	**49,064**	**48,841**

Any material contingent liabilities resulting from litigation matters are captured in the litigation section above. All other contingent liabilities and commitments had no significant changes compared to the consolidated financial statements for the year ended 31 December 2022.

8.11 _ Hyperinflationary economies

Subsidiaries of the Allianz Group that operate in Türkiye, Argentina and Lebanon have to apply hyperinflation accounting in accordance with IAS 29. In applying IAS 29, the Allianz Group has adopted the accounting policy to present the combined effect of the restatement in accordance with IAS 29 and the translation according to IAS 21 as a net change for the year in other comprehensive income.

The identities and levels of the price indices applied by the operating entities concerned are as follows:

Hyperinflationary economies

	Index	As of 30 June 2023	As of 31 December 2022
Türkiye	Consumer Price Index published by the Turkish Statistical Institute (TURKSTAT)	1,351.59	1,128.45
Lebanon	Consumer Price Index published by the Central Administration of Statistics (Lebanese Republic)	4,549.38	2,045.46
Argentina	Consumer Price Index published by the Argentinian Statistical Institute	1,709.61	1,134.59

Overall, for the six months ended 30 June 2023, the application of hyperinflation accounting according to IAS 29 had a negative impact on net income of € (148) mn (30 June 2022: € (215) mn).

8.12 _ Related party transactions

Transactions between Allianz SE and its subsidiaries that are to be deemed related parties have been eliminated in the consolidation and are not disclosed in the notes.

Business relations with joint ventures and associates are set on an arm's length basis.

8.13 _ Subsequent events

The Allianz Group was not subject to any subsequent events that significantly impacted the Group's financial result after the balance sheet date and before the 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, 8 August 2023

Allianz SE
The Board of Management

Oliver Bäte	Sirma Boshnakova	Dr. Barbara Karuth-Zelle
Dr. Klaus-Peter Röhler	Giulio Terzariol	Dr. Günther Thallinger
Christopher Townsend	Renate Wagner	Dr. Andreas Wimmer

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 2023 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, 9 August 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Florian Möller	Clemens Koch
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Financial calendar

Important dates[1]

Financial Results 3Q	10 November 2023
Financial Results 2023	23 February 2024
Annual Report 2023	7 March 2024
Annual General Meeting	8 May 2024
Financial Results 1Q	15 May 2024
Financial Results 2Q/Interim Report 6M	8 August 2024
Financial Results 3Q	13 November 2024

1_The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact, irrespective of the communicated schedules. Therefore we cannot exclude that we have to announce key figures related to quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes to these dates, we recommend checking them online on the **Allianz company website.**

Imprint

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Interim Report online: www.allianz.com/interim-report

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