Allianz

Allianz Group

Interim Report 2022

First Half-Year

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

▸ All references to chapters, notes, internet pages, etc. within this report are also linked.

CONTENT

A _ Interim Group Management Report — Pages 1 –18

2 Executive Summary
5 Property-Casualty Insurance Operations
7 Life/Health Insurance Operations
10 Asset Management
12 Corporate and Other
13 Outlook
15 Balance Sheet Review
17 Reconciliations

B _ Condensed Consolidated Interim Financial Statements — Pages 19 – 52

20 Consolidated Balance Sheet
21 Consolidated Income Statement
22 Consolidated Statement of Comprehensive Income
23 Consolidated Statement of Changes in Equity
24 Consolidated Statement of Cash Flows

Notes to the Condensed Consolidated Interim Financial Statements
27 General Information
39 Notes to the Consolidated Balance Sheet
44 Notes to the Consolidated Income Statement
47 Other Information

C _ Further Information — Pages 53 – 55

54 Responsibility Statement
55 Review Report

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.

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**.

INTERIM GROUP MANAGEMENT REPORT

A

EXECUTIVE SUMMARY

Key figures

Key figures Allianz Group[1]

Six months ended 30 June		2022	2021	Delta
Total revenues[2]	€ mn	81,166	75,749	5,417
Operating profit[3]	€ mn	6,733	6,655	78
Net income[3]	€ mn	2,479	5,040	(2,562)
thereof: attributable to shareholders	€ mn	2,267	4,791	(2,524)
Solvency II capitalization ratio[4]	%	200	209	(9.0) %-p
Return on equity[5]	%	6.7	10.6	(3.9) %-p
Earnings per share	€	5.28	11.47	(6.20)
Diluted earnings per share	€	5.18	11.42	(6.24)

Earnings summary

Economic and industry environment

The first half-year of 2022 was overshadowed by the invasion of Ukraine. In addition to the human tragedy, the economic impact of the invasion has been far-reaching. Significantly rising commodity and food prices drove inflation – already elevated by supply shortages – to historic highs around the globe. International supply chains came under renewed stress, partly due to repeated lockdowns in China. Strong uncertainty among households and businesses was reflected in falling sentiment indicators – and an increasing reluctance to consume and invest. The bottom line is therefore that global growth in the first half of 2022 was rather weak.

Inflation and the reaction of monetary policy were the dominant themes in the financial markets. Despite growing concerns about the economy, almost all central banks around the world devoted themselves to the fight against rising prices and turned the interest rate screw – sharply, in some cases. For example, the U.S. Federal Reserve raised its key interest rate from 0.25% to 2.50%, with the latest rate hike of 75 basis points taking place in July. The European Central Bank ended its bond-buying program and raised the deposit rate to zero in July; thereby, the experiment of negative interest rates in the eurozone came to an end. Irrespective of the different speeds of the interest rate turnaround, government bond yields (10-year) shot up sharply on both sides of the Atlantic. At the end of June, the U.S. yield was (just) above 3% again, while its German counterpart was at 1.3% – this after still being in negative territory at the beginning of the year. Rising interest rates and yields significantly impacted the stock markets, which closed the first half of the year with a historically poor performance of around minus 20%.

The insurance industry was unable to escape the negative trend. High inflation in particular, – and thus sharply rising claims levels – impacted business, especially in the motor and property lines of business. At the same time, real losses in household incomes limited demand. Price increases, however, kept premiums growing in the property-casualty sector in the first half of the year. Inflation plays a lesser role in the life sector, as policy benefits are generally fixed when contracts are concluded. By contrast, the slump in the capital markets had a negative impact, especially on sales of savings products. This slump was compounded by a decline in the household savings rate caused by falling incomes (in real terms). These factors dampened premium income, even though the demand for risk protection continued to be driven by heightened risk awareness in the wake of the COVID-19 crisis.

In the asset management industry, market-related uncertainties entailed that, most asset classes faced redemptions in the first half-year of 2022, especially in the retail space. At the same time, passive investments remained attractive and continued to gain market share. This meant they grew more strongly than traditional active strategies and put additional pressure on fee margins across the industry. Despite the market turmoil, alternatives – and especially private investments – remain an attractive asset class, having proved their relative stability in the current difficult market environment.

Across all asset classes, investors are increasingly demanding fulfillment of ESG (environmental, social and governance) criteria.

Management's assessment

Our total revenues increased by 3.7 % on an internal basis[6], 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 Allianz Global Corporate & Specialty (AGCS), Türkiye, Germany and Brazil) and volume effects, largely from our U.S. travel insurance business. This internal growth was further supported by growth in the Life/Health business segment, but offset by negative internal growth in the Asset Management business segment.

Our operating profit increased slightly in comparison to the first half-year of 2021. This was due to higher operating profit in the Property-Casualty and Asset Management business segments, largely offset by the Life/Health business segment. The increase was driven by higher operating investment income, and a slight rise in underwriting result in the Property-Casualty business. However, operating profit fell in the Life/Health business segment, largely because of a negative change in DAC for the variable annuities products in the United States. The Asset Management business segment benefited from higher assets under management-driven revenues.

1_For further information on Allianz Group figures, please refer to note 5 to the condensed consolidated interim financial statements.
2_Total revenues comprise Property-Casualty total revenues (gross premiums written and fee and commission income), Life/Health statutory gross premiums written, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).
3_The Allianz Group uses operating profit and net income as key financial indicators to assess the performance of its business segments and of the Group as a whole.
4_2021 figures as of 31 December 2021. 2022 figures as of 30 June 2022. Figures exclude the application of transitional measures for technical provisions.
5_Represents the annualized ratio of net income attributable to shareholders to the average shareholders' equity at the beginning of the period and at the end of the period. The net income attributable to shareholders 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 unrealized gains/losses on bonds net of shadow accounting are excluded. Annualized figures are not a forecast for full year numbers. For 2021, the return on equity for the full year is shown.
6_Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. For a reconciliation of nominal total revenue growth to internal total revenue growth for each of our business segments and the Allianz Group as a whole, please refer to the chapter Reconciliations.

Our operating investment result decreased by € 8,021 mn to € 4,322 mn, compared to the previous year's period. This was largely driven by negative derivatives results caused by a combination of interest rate increases affecting mainly Allianz Leben and business factors in Allianz Life.

Our non-operating result declined by € 3.3 bn to a loss of € 3.4 bn. This was mostly due to the Structured Alpha provision booked in the first quarter of 2022 and lower non-operating investment income due to the difficult market conditions. In addition, we recorded higher restructuring expenses of € 0.1 bn in relation to the Voya transaction[1], as well as continued investments in productivity and efficiency.

Income taxes decreased by € 693 mn to € 880 mn, due to lower profit before tax. The effective tax rate increased to 26.2 % (23.8 %), due to higher non-tax-deductible expenses and higher local taxes.

The decrease in net income was largely driven by the Structured Alpha provision booked in the first quarter of 2022.

Our shareholders' equity[2] decreased by € 23.6 bn to € 56.4 bn, compared to 31 December 2021, mainly driven by a reduction of the unrealized gains and losses (net) from available-for-sale assets. Over the same period, our Solvency II capitalization ratio decreased to 200 %[3].

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 2021, we described our risk and opportunity profile and addressed potential risks that could adversely affect both our business and our risk profile.

As announced by ad-hoc disclosures on 17 February 2022 and 11 May 2022, Allianz decided to recognize a provision of € 3.7 bn for the fourth quarter of 2021 and a provision of € 1.9 bn for the first quarter of 2022 for the Structured Alpha matter. Further details on this can be found in note 33.

The invasion of Ukraine is another matter where new developments in the first half of 2022 are of specific importance for the Allianz Group's risk profile.

The invasion affects our strategic orientation and targets in the insurance business – directly for Central and Eastern Europe (CEE), and indirectly for Asia.

- Our strategy in CEE remains similar, i.e. we remain committed to the region and its growth potential. The exception to this strategy is that our sale of the majority share in our local Russian business is directing greater focus to other CEE entities.
- While we remain committed to our long-term strategy in Asia, we continue to monitor very closely the geopolitical implications of the invasion and its second-order effects on other emerging markets – such as the Asian economies – and on the regional political situation.

At this point and from a financial impact perspective, the invasion has had a negative impact on our investment performance, whereas its earnings impact via the insurance business is immaterial for the Allianz Group. The Allianz Group's capitalization as of the end of June 2022 is still adequate, and there is no strain on liquidity. In addition, the invasion has caused no cybersecurity incidents.

- In the first half of 2022, the investment performance of broader asset markets (equity, fixed income) was negative. This reflected persistently high inflation, rising rates, fears of a recession and earnings revision, as well as the impact of a prolonged conflict between Russia and Ukraine. In addition, the Allianz Group was affected by the invasion via market value losses on investments in Russian, Ukrainian and Belarussian bonds.
- There are two reasons why there was only a small impact via our insurance business. First, our local insurance operating entities in Ukraine and Russia amount to less than 0.3 % of the Allianz Group's operating profit. Second, even though conditions in insurance markets were volatile, the direct impact of the invasion on our Group business run by AGCS and other global entities was limited by application of war exclusions on much of the business, as well as by active efforts by these Allianz entities to reduce exposure through, for example, no new business, and by clients reducing their exposure.
- At this point, there is no evidence of significant direct and indirect impacts on Allianz Group's liquidity that are attributable to the invasion.
- Neither the Ukrainian entity nor other Allianz Group companies were hurt by cybersecurity incidents triggered by the invasion and the subsequent sanctions.

Looking to the future, a prolonged invasion of Ukraine could continue to have a negative impact on the global economic outlook, with high commodity prices and inflation reducing confidence and impacting the performance of financial markets. Given our sensitivity to financial markets, this could further affect our capitalization. In this scenario, our operations would continue to be exposed to cybersecurity risk, especially as groups of hackers targeting critical Ukrainian infrastructure might cause spill-over effects, and Russia might target the West in retaliation for sanctions or cyber-attacks against Russian targets.

The impact of the invasion on the Allianz Group is mitigated by a broad range of specific actions, which were implemented or initiated in the first half of the year, in combination with our general risk management processes.

- We are writing no new business in our Russian and Ukrainian local entities (except where required by law), and we are monitoring the related reputational risk. We consider this risk to be relatively small and mostly related to sanctions. In addition, entities operating globally will continue to actively reduce their insurance exposure in Russia.

1_For further information on the Voya transaction, please refer to note 4 of the condensed consolidated interim financial statements.

2_For further information on shareholders' equity, please refer to the Balance Sheet Review.

3_Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio amounted to 227 % as of 30 June 2022. For further information, please refer to the Balance Sheet Review.

- Reputational impacts will be reduced even further once the sale of our majority stake in the Russian local business is completed.
- Allianz SE and its subsidiaries continue to closely monitor underlying liquidity positions. This in particular includes analysis of potential liquidity needs at the level of Allianz SE if local entities have extraordinary recapitalization needs, or if there is unexpected adverse behavior regarding our cash pool balance.
- The Allianz Group has stepped up cybersecurity measures, with a special focus on strengthening data backup procedures for Allianz Ukraine. In addition, business interruption procedures and external insurance cover for cyber risk are in place. Allianz Group's cybersecurity situation is being monitored closely by the Allianz Technology Cyber Defense Center Team, and Allianz maintains close exchange with German governmental agencies, and global cyber threat information-sharing with (threat intelligence) communities continues.
- Our Group risk management framework takes a forward-looking view and regularly assesses a range of scenarios. This includes a potential amplification of geopolitical tensions in the Asian region, and how we can respond to such developments.

Nonetheless, in a worst case scenario, in which Russia completely cuts off its energy supply to Europe, and the resulting energy crisis and severe global recession lead to a sell-off for risky assets, the invasion of Ukraine could materially affect our capitalization, requiring additional countermeasures.

Overall, we continue to closely monitor the evolution of the invasion of 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.

Events after the balance sheet date

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

Other information

Recent organizational changes

Effective 1 January 2022, 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 Asia-Pacific and Greece form a new reportable segment. In the Property-Casualty business segment, Allianz Direct and Allianz Partners were combined with the insurance activities in Western & Southern Europe to form 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 purpose of Allianz is to secure the future of our customers. Allianz strategy centers around delivering on this purpose and creating value for shareholders, customers, employees, and society. Since December 2021, Allianz SE has defined three strategic objectives for Allianz Group: growth, margin expansion and capital efficiency. In addition, Allianz SE plays a role in steering the implementation of strategic objectives and has therefore defined five focus areas to steer execution. These focus areas are described in the Risk and Opportunity Report that forms part of our Annual Report 2021.

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 2021.

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 2021.

PROPERTY-CASUALTY INSURANCE OPERATIONS

Key figures

Key figures Property-Casualty[1]

Six months ended 30 June		2022	2021	Delta
Total revenues[2]	€ mn	37,662	33,610	4,052
Operating profit	€ mn	3,022	2,871	151
Net income	€ mn	1,651	2,095	(444)
Loss ratio[3]	%	67.2	66.8	0.4%-p
Expense ratio[4]	%	26.9	26.7	0.3%-p
Combined ratio[5]	%	94.1	93.4	0.7%-p

Total revenues[6]

On a nominal basis, we recorded a rise of 12.1% in **total revenues** compared to the first six months of the previous year.

This included favorable foreign currency translation effects of € 682 mn[7] and positive (de)consolidation effects of € 517 mn. On an internal basis, our revenues went up 8.5%. This was driven by a positive price effect of 4.8%, a positive volume effect of 2.8%, and a positive service effect of 0.8%.

The following operations contributed positively to internal growth:

Allianz Partners: Total revenues increased to € 4,325 mn, an internal growth of 28.3%. This was mainly due to favorable volume effects in our U.S. travel insurance business and – to a lesser extent – driven by higher revenues from service fees in our assistance business.

Türkiye: Total revenues amounted to € 499 mn – up 82.2% on an internal basis. Price increases following the rise in the consumer price index were key drivers for this development.

Germany: Total revenues went up 4.6% on an internal basis, totaling € 7,067 mn. Much of this was due to price increases in our motor and commercial property insurance business.

The following operations weighed on internal growth:

China: Total revenues decreased by 12.9% on an internal basis, totaling € 327 mn. Unfavorable volume effects due to economic conditions were the main drivers for this development.

Allianz Direct: Total revenues fell to € 519 mn. This internal decrease of 5.2% was a result of volume decline, especially in Italy, due to strong price competition.

Operating profit

Operating profit
€ mn

Six months ended 30 June	2022	2021	Delta
Underwriting result	1,564	1,540	24
Operating investment income (net)	1,448	1,324	124
Other result[1]	10	7	3
Operating profit	**3,022**	**2,871**	**151**

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

Driven largely by the positive development of our operating investment income, our **operating profit** increased considerably compared to the first six months of the previous year. A slight rise in our underwriting result added to that outcome.

Our **underwriting result** rose moderately despite our increased combined ratio, which was overcompensated by strong premium growth. Overall, our **combined ratio** increased by 0.7 percentage points to 94.1 %, which was due to normalization of claims frequency, higher claims from natural catastrophes and a slight worsening on the expenses side, compared to the first half-year of 2021. Higher contribution from run-off had a partially offsetting effect on our combined ratio.

Underwriting result
€ mn

Six months ended 30 June	2022	2021	Delta
Premiums earned (net)	28,446	25,620	2,826
Accident year claims	(20,296)	(17,759)	(2,537)
Previous year claims (run-off)	1,186	652	534
Claims and insurance benefits incurred (net)	(19,110)	(17,107)	(2,003)
Operating acquisition and administrative expenses (net)	(7,664)	(6,834)	(830)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(108)	(139)	31
Underwriting result	**1,564**	**1,540**	**24**

1_Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 25 to the condensed consolidated interim financial statements.

Our **accident year loss ratio**[8] stood at 71.3% – an increase of 2.0 percentage points compared to the first half of the previous year. This was mainly due to normalization of claims frequency and higher claims from natural catastrophes. The latter resulted in an increase in our combined ratio of 0.9 percentage points: from 3.1% to 4.0%.

1_For further information on Property-Casualty figures, please refer to note 5 to the condensed consolidated interim financial statements.
2_Total revenues in Property-Casualty also include fee and commission income.
3_Represents claims and insurance benefits incurred (net), divided by premiums earned (net).
4_Represents acquisition and administrative expenses (net), divided by premiums earned (net).
5_Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net), divided by premiums earned (net).
6_We comment on the development of our total revenues on an internal basis, which means figures have been adjusted for foreign currency translation and (de-)consolidation effects in order to provide more comparable information.
7_Based on the average exchange rates in 2022 compared to 2021.
8_Represents claims and insurance benefits incurred (net) less previous year claims (run-off), divided by premiums earned (net).

Leaving aside losses from natural catastrophes, our accident year loss ratio worsened by 1.1 percentage points to 67.3 %.

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

Allianz Partners: 0.7 percentage points. This resulted from a favorable business mix shift due to the strong rebound of the U.S. travel insurance business.

Germany: 0.4 percentage points. This was driven by a high level of large losses in the first six months of 2021.

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

United Kingdom: 0.8 percentage points. This was due to reduced claims frequency benefits and higher claims from natural catastrophes.

France: 0.7 percentage points. This resulted from higher claims from natural catastrophes, especially in May and June 2022.

Brazil: 0.5 percentage points. This was driven by a deteriorating situation in the motor insurance market.

Our positive run-off result was € 1,186 mn, translating into a run-off ratio of 4.2 % – compared to € 652 mn and 2.5 % in the first half-year of 2021. Most of our operations contributed positively to our run-off result.

Operating acquisition and administrative expenses amounted to € 7,664 mn in the first six months of 2022, compared to € 6,834 mn in the same period of 2021. Our expense ratio increased by 0.3 percentage points to 26.9 %.

Operating investment income (net)
€ mn

Six months ended 30 June	2022	2021	Delta
Interest and similar income (net of interest expenses)	1,717	1,527	190
Operating income from financial assets and liabilities carried at fair value through income (net)	(53)	(28)	(25)
Operating realized gains (net)	48	105	(57)
Operating impairments of investments (net)	(68)	(4)	(63)
Investment expenses	(234)	(216)	(18)
Expenses for premiums refunds (net)[1]	37	(60)	97
Operating investment income (net)[2]	**1,448**	**1,324**	**124**

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

2_The operating investment income (net) of our Property-Casualty business segment consists of the operating investment result – as shown in note 5 to the condensed consolidated interim financial statements – and expenses for premium refunds (net) (policyholder participation).

Our operating investment income (net) went up in the first half-year of 2022. This was largely driven by higher interest and similar income (net of interest expenses) due to inflation-linked bonds and higher interest rates.

Other result
€ mn

Six months ended 30 June	2022	2021	Delta
Fee and commission income	1,176	860	316
Other income	5	1	4
Fee and commission expenses	(1,162)	(848)	(313)
Other expenses	(10)	(6)	(4)
Other result	**10**	**7**	**3**

Our other result rose slightly, driven by a favorable fee result, especially from the travel business at Allianz Partners.

Net income

We registered a decrease of € 444 mn in our net income in the first six months of 2022. The favorable development of the operating profit and an improved tax result were more than offset by the non-operating result, which decreased by € 752 mn. It was strongly affected by a deterioration of our non-operating investment result mainly due to higher impairments, lower realized gains and losses as well as the change to hyperinflation accounting in Türkiye. Slightly higher restructuring expenses related to our efficiency initiatives also weighed on the non-operating result.

LIFE/HEALTH INSURANCE OPERATIONS

Key figures

Key figures Life/Health[1]

Six months ended 30 June		2022	2021	Delta
Statutory premiums[2]	€ mn	39,772	38,536	1,236
Operating profit	€ mn	2,336	2,495	(159)
Net income	€ mn	1,598	1,947	(349)
Return on equity[3]	%	9.6	13.0	(3.4) %-p

Statutory premiums[4]

On a nominal basis, statutory premiums increased by 3.2 % in the first half-year of 2022. This includes favorable foreign currency translation effects of € 752 mn as well as positive (de-)consolidation effects of € 330 mn. On an internal basis[4], statutory premiums grew by € 154 mn – or 0.4 % – to € 38,690 mn.

In the German life business, statutory premiums rose to € 12,035 mn, or by 1.7 % on an internal basis, mainly because of higher single premium sales in our business with capital-efficient products. In the German health business, statutory premiums reached € 1,998 mn, a 2.9% increase on an internal basis, largely due to growth in our comprehensive healthcare coverage.

In the United States, statutory premiums increased to € 7,381 mn, up 15.5 % on an internal basis. This was due to higher sales in our fixed index annuities business.

In Italy, statutory premiums declined to € 6,434 mn, a 12.9 % decrease on an internal basis. This resulted mainly from lower sales in our business with unit-linked products.

In France, statutory premiums dropped to € 3,586 mn. Most of this decrease – 4.9 % on an internal basis – was due to lower sales in our guaranteed savings & annuities business.

In the Asia-Pacific region, statutory premiums grew to € 3,573 mn. The rise was mainly driven by favorable foreign currency translation effects. On an internal basis, statutory premiums fell slightly by 0.6 %.

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

Our PVNBP decreased by € 3,050 mn to € 38,394 mn. This was predominantly driven by Italy in our guaranteed savings & annuities business due to a group contract renegotiation in 2021 and our unit-linked without guarantees business due to worsened market developments. Lower sales volumes for capital-efficient products in Germany also had a negative impact. Higher sales volumes for fixed index annuities in the United States partly offset this development.

Present value of new business premiums by lines of business
%

Six months ended 30 June	2022	2021	Delta
Guaranteed savings & annuities	8.8	14.5	(5.7)
Protection & health	20.3	19.0	1.3
Unit-linked without guarantee	25.4	25.9	(0.5)
Capital-efficient products	45.5	40.5	5.0
Total	**100.0**	**100.0**	**-**

Operating profit

Operating profit by profit sources[6]

Operating profit by profit sources
€ mn

Six months ended 30 June	2022	2021	Delta
Loadings and fees	3,613	3,387	227
Investment margin	1,893	2,129	(236)
Expenses	(4,164)	(3,791)	(372)
Technical margin	765	637	129
Impact of changes in DAC	228	134	94
Operating profit	**2,336**	**2,495**	**(159)**

Our operating profit decreased, largely because of a negative change in DAC for the variable annuities products in the United States. Additional unfavorable impacts came from a lower investment margin with negative hedge variance for the traditional variable annuities products. A lower investment margin in our German business contributed negatively to this result. Positive effects came from our acquisition in Poland resulting in higher loadings and fees, and an improved technical margin.

1_For further information on Life/Health figures, please refer to note 5 to the condensed consolidated interim financial statements.
2_Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
3_Represents the annualized ratio of net income to the average total equity, excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning and at the end of the period. Annualized figures are not a forecast for full-year numbers. For 2021, the return on equity for the full year is shown.
4_Our comments in the following section on the development of our statutory gross premiums written refer to figures determined "on an internal basis", i.e. adjusted for foreign currency translation and (de-)consolidation effects, in order to provide more comparable information.
5_PVNBP before non-controlling interests.
6_The purpose of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a Life/Health business segment consolidated basis.

Loadings and fees[1]

Loadings and fees
€ mn

Six months ended 30 June	2022	2021	Delta
Loadings from premiums	2,098	2,098	-
Loadings from reserves	1,017	864	152
Unit-linked management fees	498	424	74
Loadings and fees	**3,613**	**3,387**	**227**
Loadings from premiums as % of statutory premiums	5.3	5.4	(0.2)
Loadings from reserves as % of average reserves[1,2]	0.2	0.1	-
Unit-linked management fees as % of average unit-linked reserves[2,3]	0.3	0.3	-

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

Loadings from premiums remained stable. Loadings from reserves increased, most of which were driven by higher reserve volumes – mainly in Germany and the United States – and slightly increased in relation to reserves. Unit-linked management fees went up, primarily because of our acquisition in Poland, but were partly offset by Italy with worsened market developments.

Investment margin[2]

Investment margin
€ mn

Six months ended 30 June	2022	2021	Delta
Interest and similar income	10,315	9,493	822
Operating income from financial assets and liabilities carried at fair value through income (net)	(10,620)	(1,970)	(8,650)
Operating realized gains/losses (net)	6,778	4,271	2,507
Interest expenses	(402)	(71)	(331)
Operating impairments of investments (net)	(2,719)	(202)	(2,517)
Investment expenses	(1,017)	(903)	(114)
Other[1]	2,701	(677)	3,378
Technical interest	(4,349)	(4,514)	165
Policyholder participation	1,205	(3,298)	4,503
Investment margin	**1,893**	**2,129**	**(236)**
Investment margin in basis points[2,3]	38.0	42.4	(4.4)

1_"Other" comprises the delta of out-of-scope entities, on the one hand, which are added here with their respective operating profit, and different line item definitions compared to the financial statements, such as interest paid on deposits for reinsurance, fee and commission income, and expenses excluding unit-linked management fees, on the other hand.
2_Investment margin divided by the average of current end-of-period and previous end-of-period aggregate policy reserves. 2022 aggregated policy reserves are excluding reinsured reserves from back-book transactions.
3_Yields are pro rata.

Our investment margin decreased, mainly driven by our fixed index annuity business in the United States – following the prior year back-book transaction, which was partly offset by positive impacts in the technical margin and DAC amortization. Another contributing factor in the United States was a negative hedge variance from our traditional variable annuities products. In Germany, we saw losses from derivatives, as well as higher impairments. These negative effects were partly offset by higher realizations in Germany, Belgium, Taiwan, and Spain.

Expenses[3]

Expenses
€ mn

Six months ended 30 June	2022	2021	Delta
Acquisition expenses and commissions	(3,116)	(2,802)	(315)
Administrative and other expenses	(1,047)	(990)	(57)
Expenses	**(4,164)**	**(3,791)**	**(372)**
Acquisition expenses and commissions as % of PVNBP[1]	(8.1)	(6.8)	(1.4)
Administrative and other expenses as % of average reserves[2,3]	(0.2)	(0.2)	-

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

Our acquisition expenses and commissions increased. Much of this was due to higher sales for fixed index annuities in the United States, higher sales in Asia-Pacific and our acquisition in Poland. The trend was partly offset by lower sales volumes in our German life business. Administrative and other expenses went up, largely caused by our acquisition in Poland and in line with business growth in the United States.

Technical margin[4]

Our technical margin improved. This was mainly driven by a positive reinsurance margin due to the release of the ceding reinsurance commission following the prior year back-book transaction in the United States as well as the consolidation of the acquired Aviva operations in Poland.

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

Impact of change in deferred acquisition costs (DAC)[1]

Impact of change in DAC
€ mn

Six months ended 30 June	2022	2021	Delta
Capitalization of DAC	1,171	987	184
Amortization, unlocking and true-up of DAC	(943)	(852)	(91)
Impact of change in DAC	**228**	**134**	**94**

The impact of change in DAC was positive. The higher capitalization was largely driven by higher sales volumes in our business with fixed index annuity products in the United States as well as higher sales in Asia-Pacific. Increased amortization mainly resulted from negative true-ups in our traditional variable annuities business due to declining stock markets partly offset by less amortization following the prior year back-book transaction in the United States.

Operating profit by lines of business

Operating profit by lines of business
€ mn

Six months ended 30 June	2022	2021	Delta
Guaranteed savings & annuities	823	991	(168)
Protection & health	566	497	69
Unit-linked without guarantee	290	319	(30)
Capital-efficient products	657	688	(31)
Operating profit	**2,336**	**2,495**	**(159)**

A decrease in our operating profit in the guaranteed savings & annuities line of business was largely driven by negative change in DAC in our traditional variable annuities business due to declining stock markets in the United States, as well as a lower investment margin in the German Life business. An improved investment margin in Italy and China partly offset this development. A higher operating profit in our protection & health line of business was mainly a consequence of our acquisition in Poland leading to higher loadings and fees, and improved technical margin. Operating profit fell in our unit-linked without guarantee line of business – primarily in Italy and France – driven by declining equity markets. Higher unit-linked management fees in Poland partly offset this effect. The decrease in the operating profit in our capital-efficient products line of business was largely due to increased amortization, mainly resulting from negative change in DAC in our non-traditional variable annuities business as well as lower profits in our fixed index annuity business – following the prior year back-book transaction in the United States.

Net income

Our net income declined by € 349 mn, driven by the decrease in the operating profit and by a lower non-operating result. The latter was largely due to lower non-operating investment results in Lebanon and the United States as well as unfavorable impacts from premium refunds in our German life & health business. The decrease was further driven by policyholder participation for positive extraordinary tax impacts in our German life business, which however was mainly offset by taxes shown in the income taxes result.

Return on equity

Our return on equity declined by 3.4 percentage points to 9.6 %, mainly as a result of the decrease in the net income.

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

ASSET MANAGEMENT

Key figures

Key figures Asset Management[1]

Six months ended 30 June		2022	2021	Delta
Operating revenues	€ mn	4,082	3,835	247
Operating profit	€ mn	1,601	1,572	29
Cost-income ratio[2]	%	60.8	59.0	1.8 %-p
Net income	€ mn	(510)	1,216	(1,726)
Total assets under management as of 30 June[3]	€ bn	2,319	2,609	(290)
thereof: Third-party assets under management as of 30 June[3]	€ bn	1,769	1,966	(197)

Assets under management

Composition of total assets under management

€ bn

Type of asset class	As of 30 June 2022	As of 31 December 2021	Delta
Fixed income	1,698	1,929	(231)
Equities	175	229	(54)
Multi-assets[1]	197	220	(24)
Alternatives	250	230	19
Total	**2,319**	**2,609**	**(290)**

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 a challenging market environment, net outflows[4] of **total assets under management** (AuM) amounted to € 54.0 bn for the first half-year of 2022, driven by third-party AuM net outflows of € 42.8 bn. Both PIMCO and AllianzGI contributed to this outflow development (PIMCO: € 50.4 bn total/€ 42.4 bn third-party; AllianzGI: € 3.6 bn total/€ 0.5 bn third-party).

Negative effects from market and dividends[5] totaled € 361.7 bn. Thereby, negative effects of € 259.4 bn came from PIMCO and were mainly related to fixed-income assets, while € 102.2 bn negative effects stemmed from AllianzGI and were attributable to all asset classes.

Favorable foreign currency translation effects amounted to € 128.5 bn and were mainly related to PIMCO's AuM.

Third-party assets under management

		As of 30 June 2022	As of 31 December 2021	Delta
Third-party assets under management	**€ bn**	**1,769**	**1,966**	**(10.0) %**
Business units' share				
PIMCO	%	78.4	76.8	1.6 %-p
AllianzGI	%	21.6	23.2	(1.6) %-p
Asset classes split				
Fixed income	%	75.9	75.4	0.5 %-p
Equities	%	8.9	10.4	(1.5) %-p
Multi-assets	%	10.4	10.5	(0.1) %-p
Alternatives	%	4.8	3.7	1.1 %-p
Investment vehicle split[1]				
Mutual funds	%	58.4	58.5	-
Separate accounts	%	41.6	41.5	-
Regional allocation[2]				
America	%	55.7	55.5	0.2 %-p
Europe	%	31.9	32.4	(0.5) %-p
Asia-Pacific	%	12.4	12.1	0.3 %-p
Overall three-year rolling investment outperformance[3]	%	79	91	(12) %-p

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

The overall three-year rolling investment outperformance decreased – caused by difficult market conditions.

1_For further information on Asset Management figures, please refer to note 5 to the condensed consolidated interim financial statements.
2_Represents operating expenses divided by operating revenues.
3_2021 figure as of 31 December 2021.
4_Net flows represent the sum of new client assets, additional contributions from existing clients – including dividend reinvestment – withdrawals of assets from, and termination of, client accounts and distributions to investors.
5_"Market and dividends" represents current income earned on the securities held in client accounts, as well as changes in the fair value of these securities. This also includes dividends from net investment income and from net realized capital gains to investors of both open-ended mutual funds and closed-end funds.

Operating revenues

Our operating revenues increased by 6.4 % on a nominal basis. This development was driven by higher average third-party AuM, which led to higher AuM-driven fees at both PIMCO and AllianzGI. On an internal basis[1] operating revenues decreased by 1.7 %.

We recorded lower performance fees – mainly at PIMCO – in a challenging market environment.

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

Operating profit

Our operating profit increased by 1.8% on a nominal basis, as growth in operating revenues slightly exceeded an increase in operating expenses. On an internal basis[1], our operating profit decreased by 5.2 %.

The nominal increase in administrative expenses was mainly driven by PIMCO, where higher personnel and non-personnel expenses were recorded. AllianzGI also contributed to the increase to a minor extent due to investments in business growth.

Our cost-income ratio went up as a consequence of less growth in operating revenues and a higher increase in operating expenses, compared to the previous half-year.

Asset Management business segment information
€ mn

Six months ended 30 June	2022	2021	Delta
Performance fees	130	180	(50)
Other net fee and commission income	3,963	3,656	307
Other operating revenues	(12)	(1)	(11)
Operating revenues	4,082	3,835	247
Administrative expenses (net), excluding acquisition-related expenses	(2,480)	(2,263)	(218)
Operating expenses	(2,480)	(2,263)	(218)
Operating profit	**1,601**	**1,572**	**29**

Net income

The decrease in our net income was driven by a provision of € 1.6 bn after tax related to the Structured Alpha[2] matter and higher restructuring expenses in relation to the Voya transaction.

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 33 to the condensed consolidated interim financial statements.

CORPORATE AND OTHER

Key figures

Key figures Corporate and Other[1]
€ mn

Six months ended 30 June	2022	2021	Delta
Operating revenues	2,074	1,603	471
Operating expenses	(2,307)	(1,882)	(425)
Operating result	(233)	(278)	45
Net loss	(271)	(214)	(56)

Earnings summary

Our **operating result** improved, compared to the first six months of the previous year. This was mainly due to our higher operating investment result, driven by inflation-linked bonds and dividends, which was partially offset by increased administrative and investment expenses.

Our **net loss** increased, mainly driven by the decrease in our non-operating investment result, which was burdened by lower non-operating realized gains and losses (net) as well as higher impairments. The positive contribution from our operating result and our improved tax result only partially offset this development.

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 invasion of Ukraine has significantly worsened the growth outlook for 2022. Its direct and indirect effects have prompted us to significantly downgrade our forecast for global GDP (gross domestic product) in the current year, from 4.1% at the beginning of the year to 2.9% now. For the United States, we now expect growth of only 2%, which is also due to the sharp turnaround in monetary policy and the absence of fiscal policy support. In China, growth is likely to fall back to 4.1%, mainly reflecting the repeated lockdowns. Finally, for the eurozone we expect growth of 2.8%. At the same time, global inflation is expected to rise to over 8% on average for the year.

Despite these substantial revisions, there are still significant downside risks to this outlook: a further escalation and widening of the invasion of Ukraine and a complete halt to Russian gas supplies to Europe could plunge the global economy into recession before the end of the year. Other uncertainty factors include China's Zero-COVID policy (with possible lockdowns at any time) as well as rising political risks – in particular social unrest caused by the skyrocketing costs of living.

Monetary policy will likely prioritize the fight against inflation. The U.S. Federal Reserve is expected to raise its key interest rate to 3.5% by the end of the year; the European Central Bank's key interest rate – the deposit rate – is likely to stand at 0.75%. This approach will also give a further boost to the 10-year government bond yields, which we expect to climb to 3.2% (United States) and 1.5% (eurozone). At the same time, equity markets will remain under pressure and financial markets will remain highly volatile.

Insurance industry outlook

The invasion of Ukraine has also impacted the insurance industry. Rising prices continue to support premium income. However, weaker economic growth and declining real incomes are likely to limit demand. Premium growth in 2022 is therefore expected to be below original expectations. At the same time, while the investment environment remains very challenging due to stronger market movements, the increase in yields should generally have a positive impact on investment income.

In the **property-casualty sector,** premium growth is likely to be mainly driven by rising prices. On the other hand, record inflation will also lead to higher expenses in many lines of business.

In the **life sector,** the development of premium income will be dampened by declining savings rates and falling stock markets. However, greater awareness of the need for risk protection could boost risk products. There may also be some relief thanks to the expected decline in excess mortality as a result of the successful vaccination campaign in industrialized countries.

Asset management industry outlook

While the top-line has been negatively impacted by market turmoil, there is still potential for industry-wide growth in the asset management segment. Although passive funds and alternative investments are continuing to grow, active investments still make up a major share of AuM on a global scale. Demand for alternatives – and especially private investments – is expected to remain high. There are still opportunities in active public-equity and fixed-income strategies – for instance, with future yields that are expected to grow in the fixed-income space – in the context of broad interest rates increases.

The ESG (environmental, social and governance) segment of the industry is expected to grow strongly, but also to see greater regulation. Overall, regulation is expected to remain very substantial across the industry.

Despite this multifaceted situation, the industry is expected to continue and even accelerate the trend towards using technology to grow and support digital distribution channels. To remain competitive, firms must leverage advanced data and analytics, and create a scalable operating set-up.

Outlook for the Allianz Group

At the end of the first half-year of 2022 the Allianz Group operating profit amounted to € 6.7 bn. We are on track to meet the 2022 Allianz Group operating profit outlook of € 13.4 bn, plus or minus € 1 bn. We currently do not expect any impact from the invasion of Ukraine that would jeopardize the 2022 Allianz Group operating profit outlook.

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 the 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

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

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/U.S. dollar 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 2022	As of 31 December 2021	Delta
Shareholders' equity			
Paid-in capital	28,902	28,902	-
Undated subordinated bonds	4,892	4,699	193
Retained earnings	31,740	32,784	(1,045)
Foreign currency translation adjustments	(1,280)	(3,223)	1,943
Unrealized gains and losses (net)	(7,862)	16,789	(24,651)
Total	**56,392**	**79,952**	**(23,559)**

The decrease in shareholders' equity was attributable to the dividend payout in May 2022 (€ 4.4 bn) and a reduction of the unrealized gains and losses (net) of € 24.7 bn. The net income attributable to shareholders amounting to € 2.3 bn and an increase in foreign currency translation adjustments of € 1.9 bn partly offset these effects.

Regulatory capital adequacy

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

Solvency II regulatory capital adequacy

		As of 30 June 2022	As of 31 December 2021	Delta
Eligible own funds	€ bn	82.4	86.0	(3.6)
Capital requirement	€ bn	41.3	41.2	0.1
Capitalization ratio	%	200	209	(9) %-p

Our Solvency II capitalization ratio decreased by 9 percentage points from 209 % to 200 %[3] over the first six months of 2022. The decrease was predominantly driven by market impacts, other effects (especially a provision for the Structured Alpha matter, and taxes), capital and management actions, and the reduction of the ultimate forward rate. Solid operating capital generation partially offset these negative effects on the capitalization ratio.

1_This does not include non-controlling interests of € 3,892 mn and € 4,270 mn as of 30 June 2022 and 31 December 2021, respectively. For further information, please refer to note 18 to the condensed consolidated interim financial statements.

2_Own funds are calculated under consideration of volatility adjustment and yield curve extension, as described on page 106 in the Allianz Group Annual Report 2021.

3_Eligible own funds excluding the application of transitional measures for technical provisions. Including the application of transitional measures for technical provisions, the own funds amounted to € 93.7 bn; and a Solvency II ratio of 227 % as of 30 June 2022.

Total assets and total liabilities

As of 30 June 2022, total assets amounted to € 1,050.0 bn (down € 89.5 bn compared to year-end 2021). Total liabilities were € 990.0 bn, representing a fall of € 65.5 bn compared to year-end 2021.

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

Structure of investments – portfolio overview

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

Asset allocation and fixed-income portfolio overview

	As of 30 June 2022	As of 31 December 2021	Delta	As of 30 June 2022	As of 31 December 2021	Delta
Type of investment	€ bn	€ bn	€ bn	%	%	%-p
Debt instruments; thereof:	**584.8**	**672.3**	**(87.5)**	**81.7**	**83.1**	**(1.5)**
Government bonds	193.7	240.5	(46.9)	33.1	35.8	(2.7)
Covered bonds	46.5	55.6	(9.2)	7.9	8.3	(0.3)
Corporate bonds	231.3	259.6	(28.3)	39.6	38.6	0.9
Banks	30.4	36.0	(5.6)	5.2	5.3	(0.2)
Other	83.0	80.6	2.4	14.2	12.0	2.2
Equities	**92.1**	**95.2**	**(3.1)**	**12.9**	**11.8**	**1.1**
Real estate	**18.2**	**16.9**	**1.3**	**2.5**	**2.1**	**0.4**
Cash, cash equivalents, and other	**21.1**	**24.1**	**(3.0)**	**2.9**	**3.0**	**-**
Total	**716.2**	**808.5**	**(92.3)**	**100.0**	**100.0**	**-**

Compared to year-end 2021, our overall asset portfolio decreased by € 92.3 bn, mainly in our debt instruments.

Our well-diversified exposure to debt instruments decreased compared to year-end 2021, mainly due to market movements. About 91 % of the debt portfolio was invested in investment-grade bonds and loans.[1] Our government bonds portfolio contained bonds from France, Germany, United States and Italy, representing 15.2 %, 13.3 %, 9.8 % and 9.0% of our portfolio shares. Our corporate bonds portfolio contained bonds from the United States, eurozone, and Europe excl. eurozone. They represented 42.4 %, 28.8 % and 11.2 % of our portfolio shares.

Our exposure to equities decreased mainly due to market movements.

Liabilities

Property-Casualty liabilities

As of 30 June 2022, the business segment's gross reserves for loss and loss adjustment expenses as well as discounted loss reserves amounted to € 80.3 bn, compared to € 78.2 bn at year-end 2021. On a net basis, our reserves, including discounted loss reserves, increased from € 65.8 bn to € 67.4 bn.[2]

Life/Health liabilities

Life/Health reserves for insurance and investment contracts decreased by € 43.4 bn to € 573.7 bn over the first six months of 2022. Aggregate policy reserves increased by € 4.2 bn (before foreign currency translation effects), reserves for premium refunds decreased by € 59.6 bn (before foreign currency translation effects) due to higher unrealized losses reducing future policyholder participation, and foreign currency translation effects increased the balance sheet value by € 11.9 bn.

1_Excluding self-originated German private retail mortgage loans. For 4 %, no ratings were available.

2_For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty business segment, please refer to note 14 to the condensed consolidated interim financial statements.

RECONCILIATIONS

The 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 (IFRSs), the Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, rather than a substitute for, our figures determined according to IFRSs.

For further information, please refer to note 5 to the condensed consolidated interim financial statements.

Composition of total revenues

Total revenues comprise gross premiums written and fee and commission income in Property-Casualty, statutory premiums in Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).

Composition of total revenues
€ mn

Six months ended 30 June	2022	2021
PROPERTY-CASUALTY		
Total revenues	**37,662**	**33,610**
consisting of:		
Gross premiums written	36,486	32,750
Fee and commission income	1,176	860
LIFE/HEALTH		
Statutory premiums	**39,772**	**38,536**
ASSET MANAGEMENT		
Operating revenues	**4,082**	**3,835**
consisting of:		
Net fee and commission income	4,094	3,836
Net interest and similar income	(12)	(3)
Income from financial assets and liabilities carried at fair value through income (net)	(1)	2
CORPORATE AND OTHER		
thereof: Total revenues (Banking)	**136**	**131**
consisting of:		
Interest and similar income	34	30
Income from financial assets and liabilities carried at fair value through income (net)[1]	3	1
Fee and commission income	338	325
Interest expenses, excluding interest expenses from external debt	(12)	(12)
Fee and commission expenses	(228)	(214)
CONSOLIDATION	(486)	(364)
Allianz Group total revenues	**81,166**	**75,749**

1_Includes trading income.

Composition of total revenue growth

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

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

Six months ended 30 June 2022	Internal Growth	Changes in scope of consolidation	Foreign currency translation	Nominal Growth
Property-Casualty	8.5	1.5	2.0	12.1
Life/Health	0.4	0.9	2.0	3.2
Asset Management	(1.7)	-	8.1	6.4
Corporate and Other	3.5	-	-	3.5
Allianz Group	**3.7**	**1.1**	**2.3**	**7.2**

Life/Health insurance operations

The reconciling item **scope** comprises the effects from out-of-scope entities in the profit sources reporting compilation. Operating profit from operating entities that are not in-scope entities is included in the investment margin. Currently, 23 entities – comprising the vast majority of Life/Health total statutory premiums – are in scope.

Expenses

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

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

Acquisition, administrative, capitalization, and amortization of DAC
€ mn

Six months ended 30 June	2022	2021
Acquisition expenses and commissions[1]	(3,116)	(2,802)
Definitions	9	8
Scope	(95)	(68)
Acquisition costs incurred	(3,202)	(2,862)
Capitalization of DAC[1]	1,171	987
Definition: URR capitalized	360	349
Definition: policyholder participation[2]	507	530
Scope	74	24
Capitalization of DAC	2,113	1,890
Amortization, unlocking, and true-up of DAC[1]	(943)	(852)
Definition: URR amortized	(75)	(129)
Definition: policyholder participation[2]	(414)	(704)
Scope	(91)	(17)
Amortization, unlocking, and true-up of DAC	(1,522)	(1,702)
Commissions and profit received on reinsurance business ceded	253	65
Acquisition costs[3]	**(2,358)**	**(2,610)**
Operating administrative and other expenses[1]	(1,047)	(990)
Non-operating administrative and other expenses	(5)	(18)
Definitions	110	93
Scope	(84)	(78)
Administrative expenses on reinsurance business ceded	5	5
Administrative expenses[3]	**(1,021)**	**(988)**

1_As per Interim Group Management Report.
2_For German Speaking Countries, policyholder participation on revaluation of DAC/URR capitalization/amortization.
3_As per notes to the condensed consolidated interim financial statements.

Reconciliation to Notes
€ mn

Six months ended 30 June	2022	2021
Acquisition expenses and commissions[1]	(3,116)	(2,802)
Operating administrative and other expenses[1]	(1,047)	(990)
Non-operating administrative and other expenses	(5)	(18)
Capitalization of DAC[1]	1,171	987
Amortization, unlocking, and true-up of DAC[1]	(943)	(852)
Acquisition and administrative expenses	**(3,941)**	**(3,675)**
Definitions	499	146
Scope	(195)	(138)
Commissions and profit received on reinsurance business ceded	253	65
Administrative expenses on reinsurance business ceded	5	5
Acquisition and administrative expenses (net)[2]	**(3,378)**	**(3,598)**

1_As per Interim Group Management Report.
2_As per notes to the condensed consolidated interim financial statements.

Impact of change in deferred acquisition costs (DAC)

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

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

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

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

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet
€ mn

	Note	As of 30 June 2022	As of 31 December 2021
ASSETS			
Cash and cash equivalents		22,111	24,214
Financial assets carried at fair value through income	6	13,926	19,604
Investments	7	572,702	663,649
Loans and advances to banks and customers	8	125,758	124,079
Financial assets for unit-linked contracts		141,255	158,346
Reinsurance assets	9	61,021	56,731
Deferred acquisition costs	10	33,180	23,756
Deferred tax assets		5,757	1,910
Other assets	11	51,198	48,264
Non-current assets and assets of disposal groups classified as held for sale	4	4,127	145
Intangible assets	12	18,935	18,732
Total assets		**1,049,969**	**1,139,429**
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income[1]		16,017	20,891
Liabilities to banks and customers	13	17,086	15,468
Unearned premiums		33,838	27,501
Reserves for loss and loss adjustment expenses	14	89,438	86,974
Reserves for insurance and investment contracts	15	587,515	632,061
Financial liabilities for unit-linked contracts		141,255	158,346
Deferred tax liabilities		1,486	5,626
Other liabilities	16	78,442	86,596
Liabilities of disposal groups classified as held for sale	4	3,219	-
Certificated liabilities	17	9,102	10,788
Subordinated liabilities	17	12,288	10,956
Total liabilities		989,686	1,055,207
Shareholders' equity		56,392	79,952
Non-controlling interests		3,892	4,270
Total equity	18	60,284	84,222
Total liabilities and equity		**1,049,969**	**1,139,429**

1_Includes mainly derivative financial instruments.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement
€ mn

Six months ended 30 June	Note	2022	2021
Gross premiums written		49,942	45,569
Ceded premiums written		(4,539)	(4,355)
Change in unearned premiums (net)		(4,275)	(3,333)
Premiums earned (net)	19	41,128	37,881
Interest and similar income	20	12,397	11,229
Income from financial assets and liabilities carried at fair value through income (net)	21	(10,959)	(1,961)
Realized gains/losses (net)	22	7,176	4,973
Fee and commission income	23	7,057	6,500
Other income		10	3
Total income		56,808	58,625
Claims and insurance benefits incurred (gross)		(32,016)	(29,225)
Claims and insurance benefits incurred (ceded)		2,165	1,752
Claims and insurance benefits incurred (net)	24	(29,851)	(27,473)
Change in reserves for insurance and investment contracts (net)	25	804	(6,941)
Interest expenses	26	(731)	(485)
Loan loss provisions		-	(3)
Impairments of investments (net)	27	(3,319)	(313)
Investment expenses	28	(998)	(899)
Acquisition and administrative expenses (net)	29	(15,998)	(13,174)
Fee and commission expenses	30	(2,613)	(2,325)
Amortization of intangible assets		(169)	(155)
Restructuring and integration expenses		(566)	(239)
Other expenses		(7)	(6)
Total expenses		(53,449)	(52,012)
Income before income taxes		**3,359**	**6,614**
Income taxes	31	(880)	(1,573)
Net income		**2,479**	**5,040**
Net income attributable to:			
Non-controlling interests		211	249
Shareholders		2,267	4,791
Basic earnings per share (€)		5.28	11.47
Diluted earnings per share (€)		5.18	11.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income
€ mn

Six months ended 30 June	2022	2021
Net income	**2,479**	**5,040**
Other comprehensive income		
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments		
Reclassifications to net income	-	-
Changes arising during the period	2,223	573
Subtotal	2,223	573
Available-for-sale investments		
Reclassifications to net income	(877)	(960)
Changes arising during the period	(23,763)	(3,620)
Subtotal	(24,640)	(4,579)
Cash flow hedges		
Reclassifications to net income	(25)	(36)
Changes arising during the period	(267)	(107)
Subtotal	(292)	(143)
Share of other comprehensive income of associates and joint ventures		
Reclassifications to net income	(6)	-
Changes arising during the period	(19)	41
Subtotal	(25)	41
Miscellaneous		
Reclassifications to net income	-	-
Changes arising during the period	(32)	65
Subtotal	(32)	65
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	1,887	163
Total other comprehensive income	(20,879)	(3,881)
Total comprehensive income	**(18,401)**	**1,159**
Total comprehensive income attributable to:		
Non-controlling interests	(103)	151
Shareholders	(18,298)	1,008

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity
€ mn

	Paid-in capital	Undated subordinated bonds	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Share-holders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2021	**28,928**	**2,259**	**31,371**	**(4,384)**	**22,648**	**80,821**	**3,773**	**84,594**
Total comprehensive income[1]	-	-	5,060	583	(4,635)	1,008	151	1,159
Paid-in capital	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-
Transactions between equity holders	(26)	-	(119)	-	-	(145)	(28)	(172)
Undated subordinated bonds	-	46	(44)	(32)	-	(31)	-	(31)
Dividends paid	-	-	(3,956)	-	-	(3,956)	(205)	(4,161)
Balance as of 30 June 2021	**28,902**	**2,304**	**32,313**	**(3,833)**	**18,013**	**77,699**	**3,692**	**81,390**
Balance as of 1 January 2022	**28,902**	**4,699**	**32,784**	**(3,223)**	**16,789**	**79,952**	**4,270**	**84,222**
Total comprehensive income[1]	-	-	4,216	2,136	(24,651)	(18,298)	(103)	(18,401)
Paid-in capital	-	-	-	-	-	-	-	-
Treasury shares[2]	-	-	(826)	-	-	(826)	-	(826)
Transactions between equity holders	-	-	7	-	-	7	33	40
Undated subordinated bonds	-	193	(59)	(193)	-	(59)	-	(59)
Dividends paid	-	-	(4,383)	-	-	(4,383)	(309)	(4,692)
Balance as of 30 June 2022	**28,902**	**4,892**	**31,740**	**(1,280)**	**(7,862)**	**56,392**	**3,892**	**60,284**

1_Total comprehensive income in shareholders' equity for the six months ended 30 June 2022 comprises net income attributable to shareholders of € 2,267 mn (2021: € 4,791 mn).
2_In February 2022, a share buy-back with an intended volume of € 1 bn was announced and executed from 8 March 2022. During the first half-year of 2022, Allianz SE purchased 3.8 million own shares for an amount of € 766 mn.

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows
€ mn

Six months ended 30 June	2022	2021
SUMMARY		
Net cash flow provided by/used in operating activities	(2,257)	15,669
Net cash flow provided by/used in investing activities	4,863	(8,061)
Net cash flow used in financing activities	(4,928)	(5,985)
Effect of exchange rate changes on cash and cash equivalents	542	84
Change in cash and cash equivalents	(1,780)	1,707
Cash and cash equivalents at beginning of period	24,214	22,443
Cash and cash equivalents reclassified to assets of disposal groups held for sale in 2022	(324)	-
Cash and cash equivalents at end of period	**22,111**	**24,150**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**2,479**	**5,040**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(242)	(116)
Realized gains/losses (net) and impairments of investments (net) of:		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers, non-current assets and disposal groups classified as held for sale	(3,862)	(4,660)
Other investments, mainly financial assets held for trading and designated at fair value through income	16,199	4,156
Depreciation and amortization	1,275	1,158
Loan loss provisions	-	3
Interest credited to policyholder accounts	(577)	3,411
Other non-cash income/expenses	(3,570)	(1,851)
Net change in:		
Financial assets and liabilities held for trading	(15,148)	(3,198)
Reverse repurchase agreements and collateral paid for securities borrowing transactions	1,593	(324)
Repurchase agreements and collateral received from securities lending transactions	159	(106)
Reinsurance assets	(466)	(950)
Deferred acquisition costs	(895)	(528)
Unearned premiums	9,330	4,517
Reserves for loss and loss adjustment expenses	1,849	2,046
Reserves for insurance and investment contracts	3,302	7,527
Deferred tax assets/liabilities	40	(14)
Other (net)	(13,723)	(442)
Subtotal	(4,735)	10,629
Net cash flow provided by/used in operating activities	**(2,257)**	**15,669**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	2,348	2,126
Available-for-sale investments	121,971	95,298
Held-to-maturity investments	53	10
Investments in associates and joint ventures	537	529
Non-current assets and disposal groups classified as held for sale	35	279
Real estate held for investment	105	66
Loans and advances to banks and customers (purchased loans)	4,496	2,978
Property and equipment	43	57
Subtotal	129,587	101,343

CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

Consolidated statement of cash flows
€ mn

Six months ended 30 June	2022	2021
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(2,840)	(2,181)
Available-for-sale investments	(110,609)	(100,482)
Held-to-maturity investments	(155)	(55)
Investments in associates and joint ventures	(1,829)	(963)
Non-current assets and disposal groups classified as held for sale	-	-
Real estate held for investment	(1,227)	(371)
Fixed assets from alternative investments	(44)	(14)
Loans and advances to banks and customers (purchased loans)	(759)	(1,049)
Property and equipment	(603)	(557)
Subtotal	(118,064)	(105,673)
Business combinations:		
Proceeds from sale of subsidiaries, net of cash disposed	-	-
Acquisitions of subsidiaries, net of cash acquired	-	-
Change in other loans and advances to banks and customers (originated loans)	**(4,877)**	**(3,432)**
Other (net)	**(1,783)**	**(299)**
Net cash flow provided by/used in investing activities	**4,863**	**(8,061)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	1,190	670
Proceeds from the issuance of certificated liabilities and subordinated liabilities	3,026	1,675
Repayments of certificated liabilities and subordinated liabilities	(3,394)	(3,817)
Proceeds from the issuance of undated subordinated bonds classified as shareholders' equity	-	-
Net change in lease liabilities	(205)	(171)
Transactions between equity holders	8	(172)
Dividends paid to shareholders	(4,692)	(4,161)
Net cash from sale or purchase of treasury shares	(826)	-
Other (net)	(34)	(10)
Net cash flow used in financing activities	**(4,928)**	**(5,985)**
SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS		
Income taxes paid (from operating activities)	(1,872)	(1,680)
Dividends received (from operating activities)	1,840	1,608
Interest received (from operating activities)	9,589	9,159
Interest paid (from operating activities)	(801)	(438)

Changes in liabilities arising from financing activities

€ mn

	Liabilities to banks and customers	Certificated and subordinated liabilities	Lease liabilities	Total
As of 1 January 2021	**9,559**	**23,241**	**2,725**	**35,525**
Net cash flows	670	(2,141)	(171)	(1,643)
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	1	-	-	1
Foreign currency translation adjustments	(1)	4	28	31
Fair value and other changes	(1)	110	178	287
As of 30 June 2021	**10,228**	**21,214**	**2,759**	**34,200**
As of 1 January 2022	**11,034**	**21,744**	**2,790**	**35,568**
Net cash flows	1,190	(368)	(205)	616
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	(2)	-	1	(1)
Foreign currency translation adjustments	51	18	77	147
Fair value and other changes	(17)	(4)	52	31
As of 30 June 2022	**12,257**	**21,390**	**2,715**	**36,362**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

1 _ Basis of presentation

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

For existing and unchanged IFRSs, the condensed consolidated interim financial statements use the same accounting policies for recognition, measurement, consolidation and presentation as applied in the consolidated financial statements for the year ended 31 December 2021. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

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

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

These condensed consolidated interim financial statements of the Allianz Group were authorized for issue by the Board of Management on 3 August 2022.

2 _ New accounting pronouncements

Recently adopted accounting pronouncements (effective 1 January 2022)

The following amendments and revisions to existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2022:

- IFRS 3, Updating a Reference to the Conceptual Framework,
- IAS 16, Property, Plant and Equipment: Proceeds before Intended Use,
- IAS 37, Onerous Contracts – Cost of Fulfilling a Contract, and
- Annual Improvements to IFRS Standards 2018–2020 cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41).

These changes had no material impact on the Allianz Group's condensed consolidated interim financial statements for the first half-year of 2022.

Recently issued accounting pronouncements – IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. In addition, the IASB issued further amendments to IFRS 17 in June 2020 and December 2021. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4.

The effective date of the new standard was postponed until 1 January 2023. The latest amendment issued by the IASB on 9 December 2021 adds a transition option that permits an entity to apply a classification overlay in the comparative periods presented on initial application of IFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative periods in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The Allianz Group intends to apply the classification overlay, including the impairment requirements of IFRS 9, consistently to all eligible financial instruments.

IFRS 17 provides comprehensive guidance on accounting for insurance contracts issued, reinsurance contracts held, and investment contracts with discretionary participation features. It introduces three new measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance. The general measurement model, also known as the building block approach, consists of the fulfillment cash flows and the contractual service margin. The fulfillment cash flows represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. The contractual service margin represents the unearned profit from in-force contracts that an entity will recognize as it provides services over the coverage period. At inception, the contractual service margin cannot be negative. If the fulfillment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit and loss. At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfillment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services. The contractual service margin 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 contractual service margin 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. Allianz 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 the coverage units. If multiple services are provided in one contract, a weighting is applied.

The variable fee approach is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts. An insurance contract has a direct participation feature if the following three requirements are met: the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items; the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; the entity 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.

The assessment of whether an insurance contract meets these three 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 contractual service margin 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 contractual service margin is effectively remeasured when it is adjusted for changes in financial risks. The premium allocation approach is a simplified approach for the measurement of the liability of remaining coverage an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting.

IFRS 17 requires the separation of embedded derivatives, investment components, and performance obligations to provide non-insurance goods and services, 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).

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, an entity 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. On 23 November 2021, the E.U. Commission endorsed IFRS 17 into E.U. law. 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 E.U. endorsement: The E.U. Commission grants E.U. users the right to choose whether or not to apply the requirement in IFRS 17.22 for certain contracts. Allianz will not make use of this exemption and will apply IFRS 17 as issued by the IASB.

In the statement of financial position, deferred acquisition costs and insurance related receivables will no longer be presented separately but as part of the insurance liabilities. This change in presentation will lead to a reduction in total assets, offset by a reduction in total liabilities.

The amounts presented in the statement of financial performance need to be disaggregated into an insurance service result, consisting of the insurance revenue and the insurance service expenses, and insurance finance income and expenses. Income or expenses from reinsurance contracts held need to be presented separately from the expenses or income from insurance contracts issued.

Property-Casualty business

For non-life insurance contracts, the Allianz Group expects that a large part of the business qualifies for the premium allocation approach eligibility (the assessment performed as of the transition date has shown an eligibility of >95%). The premium allocation approach has similar mechanics as the current IFRS approach and therefore only limited impact on main result drivers and only limited judgmental areas for the underwriting result. The estimation of the expected claims with regard to the loss reserves is the main area of judgment for P/C business and remains unaffected by the introduction of IFRS 17.

The main changes for non-life insurance contracts comprise the mandatory discounting of loss reserves, a higher transparency of loss-making portfolios due to a more granular onerous contract testing, and the introduction of the risk adjustment for non-financial risk. While loss reserves are undiscounted under current IFRS, except for annuity claims, loss reserves are discounted under IFRS 17. Due to the discounting accident year loss ratios will be lower under IFRS 17 compared to current IFRS but also more volatile due to changes in interest rates. The standard requires the determination of the interest curve using observable market data based on a risk-free base curve and portfolio specific adjustments to reflect the illiquidity of insurance obligations. In general, the risk-free base curve as well as the adjustments are determined consistently with Solvency II.

IFRS 17 requires to reflect expected losses over a contract's lifetime at initial recognition in the income statement and the balance sheet as a loss component. The approach is very similar to the current premium deficiency testing, but IFRS 17 requires the calculation on a more granular level. As offsetting with profitable sets of insurance contracts is not allowed, the increasing granularity leads to an increasing number of onerous sub-segments.

IFRS 17 does not prescribe a specific approach for determining the risk adjustment for non-financial risk. Allianz applies a Cost of Capital approach with a Cost of Capital rate of currently 6% as under Solvency II. Besides some minor differences, the main difference is that IFRS 17 requires reflection of risk diversification across subsidiaries, which is not allowed under Solvency II. Allianz currently applies a diversification factor of 73% leading to a diversification benefit of 27%.

Furthermore, IFRS 17 will change the presentation of insurance contract revenue; a gross written premium will no longer be presented in the statement of comprehensive income. Insurance contract revenue is defined in such a way as to achieve comparability with the revenue of other industries and, in particular, investment components may not be recognized as part of insurance contract revenue. From a P&L and KPI perspective, the general measurement model and premium allocation approach lead to almost identical results and the Allianz Group does not plan to provide general measurement model specific KPIs for the P/C segment. The (net) combined ratio will remain the main KPI for the P/C segment and will be defined as the sum of insurance service expenses and the reinsurance result, divided by insurance revenue.

Generally, the Allianz Group expects only limited impacts on the underwriting result. There will be a positive impact from the discounting of loss reserves, but, while the operating investment income (i.e. interest and dividends) will remain almost unchanged, the interest accretion on historic loss reserves will notably decrease the investment result. IFRS 17 contains an accounting policy option to recognize changes in financial parameters either in profit or loss or in other comprehensive income. This so-called "OCI option" can be exercised at the level of individual portfolios. The Allianz Group generally will make use of this option. Under this option, loss reserves are discounted for profit or loss with locked-in interest rates from the respective accident years and the discounting effect needs to be recognized as interest accretion in the investment result until reserves expire. The Allianz Group further expects only limited impact on equity at transition due to the offsetting impacts from discounting and risk adjustment for the measurement of loss reserves.

Life/Health business

For long-duration life insurance contracts, IFRS 17 is expected to have a significant impact on actuarial modeling, as more granular cash flow projections and regular updates of all assumptions will be required, either impacting profit or loss or the contractual service margin. Allianz re-uses the cash flow models developed for Solvency II reporting and embedded value to the extent possible and reasonable. Best estimate assumptions are in general consistent with Solvency II. However, specifications to cash flow models are made, if considered necessary. For example, IFRS 17 takes a more economic view on contract boundaries, i.e. requires anticipating renewals or top-up premiums to a larger extent than Solvency II in some cases.

The Allianz Group expects that direct participating business, where the rules on profit sharing are defined by legal/contractual rights, will qualify for the variable fee approach eligibility (approximately 2/3 of present value of future cash flows in the L/H segment). Indirect participating business, where the payments to the policyholder depend on the investment performance but there are no fixed rules on how the performance is passed on to the policyholders, as well as non-participating business, i.e. business without policyholder participation, including savings and risk business, will be accounted for under the general measurement model. The Allianz Group will continue to have unit-linked investment contracts (to be accounted for under IFRS 9) and unit-linked insurance contracts, which are contracts with significant insurance risk, e.g. via death or other insurance riders. The Allianz Group expects unit-linked insurance contracts to be eligible for the variable fee approach.

In the statement of financial position, the Allianz Group expects an increase of the insurance liabilities as these will be discounted with current rates and will contain an explicit future profit margin with the contractual service margin. Current IFRS equity contains the shareholder share of unrealized capital gains in other comprehensive income. These will be part of the insurance liabilities accounted for under the variable fee approach. These effects will result in a decrease of equity. In the income statement, the release of the contractual service margin and the risk adjustment for non-financial risk will become the main components for the operating profit of the L/H business.

Besides the qualitative impacts described above, the Allianz Group is currently assessing the quantitative impact of the application of IFRS 17. The final figures will also depend on the application of the transition approaches. 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 very challenging due to the long-term nature of some (life) insurance contracts.

If a full retrospective application is impracticable, an entity can choose between a modified retrospective approach or a fair value approach. The objective of the modified retrospective approach is to use reasonable and supportable information available without undue cost or effort to achieve the closest possible outcome to full retrospective application. To the extent a retrospective determination is not possible, certain modifications are allowed. 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 measures at transition. Besides the determination of the contractual service margin, another crucial topic at transition is the determination of historic interest rates. Allianz makes use of the introduction of Solvency II, which is the general basis for the interest rates as explained above.

Although the IFRS 17 implementation project has made significant progress, as of the date of the publication of these consolidated financial statements, it is not practicable to finally quantify the effects on the Allianz Group consolidated IFRS 17 opening balance sheet for the fiscal year 2022 or on any consolidated financial statements for subsequent periods. Therefore, it is also not practicable to disclose any quantitative impacts on KPIs, like e.g. operating profit or net income.

3 _ Invasion of Ukraine

The invasion of Ukraine concerns the Allianz Group as a business operator with economic and financial implications, as an employer, and as a member of the international community. The repercussions of the invasion of Ukraine and an escalation of geopolitical conflicts are unpredictable and have the potential to significantly impact international financial markets and economies, e.g. due to higher inflation – or even stagflation – from energy prices, lower equity prices, a widening of credit spreads, as well as a rise in credit defaults.

The Allianz Group expects to continue to remain sufficiently capitalized, in compliance with the regulatory Solvency Capital Requirement.

The Allianz Group is neither insuring new business nor making new investments on behalf of the own investment portfolio in Russia or Belarus. The operating entities are no longer underwriting new insurance business in Russia, and have decisively reduced exposure in an orderly manner.

With effect of 30 June 2022, the Russian operations of the Allianz Group are classified as a disposal group as held for sale. For further information, please see note 4.

Overall, the financial impact on the condensed consolidated interim financial statements is so far limited for the Allianz Group. In the first half-year of 2022, impairments on Russian and Belarussian debt securities in the amount of € 1.1 bn had a total net impact of € (0.2) bn: € (0.1) bn for the business segment Property-Casualty and € (0.1) bn for the business segment Life/Health, after policyholder participation and taxes.

4 _ Consolidation and classification as held for sale

Business combinations after the end of the reporting period

European Reliance General Insurance Company S.A., Chalandri

On 28 July 2022, the Allianz Group completed through an over-the-counter transaction the acquisition of 72% of the shares of European Reliance General Insurance Company S.A., Chalandri, a leading Greek insurer, as agreed by virtue of certain share purchase agreements signed on 11 February 2022 with major shareholders. In the voluntary tender offer (VTO) with an acceptance period that ended on 1 August 2022, a further 9% of the shares were offered for purchase by minority shareholders. During the period from 11 February 2022 and until 1 August 2022, the Allianz Group also acquired an additional 16% of the shares of European Reliance General Insurance Company S.A. on the stock exchange. The total consideration for these acquisitions amounts to € 0.2 bn. The Allianz Group intends to proceed acquiring the remaining minority shares through a statutory squeeze-out process.

The Allianz Group acquired approximately € 0.6 bn assets and € 0.4 bn liabilities. Overall, the impact of the transaction on the financial position of the Allianz Group is not material.

Classification as held for sale

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

	As of 30 June 2022	As of 31 December 2021
Assets of disposal groups classified as held for sale		
African business operations[1]	2,980	-
Russian business operations	768	-
Investment management activities of AGI U.S.	195	-
Other disposal groups	67	-
Subtotal	4,010	-
Non-current assets classified as held for sale		
Real estate held for investment	115	125
Real estate held for own use	1	20
Associates and joint ventures	1	1
Subtotal	117	145
Total	**4,127**	**145**
Liabilities of disposal groups classified as held for sale		
African business operations[1]	2,373	-
Russian business operations	651	-
Investment management activities of AGI U.S.	-	-
Other disposal groups	195	-
Total	**3,219**	**-**

1_African business of the Global 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.

As of 30 June 2022, all requirements to present the assets and liabilities of the affected operations across Africa allocated to the reportable segments Global Insurance Lines & Anglo Markets, Middle East and Africa (Property-Casualty and Life/Health) as held for sale were fulfilled.

Reclassified assets and liabilities
€ mn

Cash and cash equivalents	270
Investments	1,427
Loans and advances to banks and customers	69
Financial assets for unit-linked contracts	485
Reinsurance assets	141
Deferred acquisition costs	19
Deferred tax assets	10
Other assets	422
Intangible assets	137
Total assets	**2,980**
Liabilities to banks and customers	18
Unearned premiums	184
Reserves for loss and loss adjustment expenses	476
Reserves for insurance and investment contracts	915
Financial liabilities for unit-linked contracts	485
Deferred tax liabilities	24
Other liabilities	270
Total liabilities	**2,373**

As of 30 June 2022, cumulative losses of € 29 mn were reported in other comprehensive income relating to the disposal group classified as held for sale. No impairment loss has been recognized in connection with this transaction. The agreement 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 first half-year of 2023.

Sale of Russian business operations to Interholding LLC, Moscow

On 3 June 2022, the Allianz Group announced to dispose of 50% plus one share in its Russian business operations to Interholding LLC, Moscow, the owner of Russian Property and Casualty insurer Zetta Insurance Company Ltd., Moscow.

As of 30 June 2022, all requirements to present the assets and liabilities of the affected Russian business operations allocated to the reportable segments German Speaking Countries and Central & Eastern Europe (Property-Casualty and Life/Health) as held for sale were fulfilled.

Reclassified assets and liabilities
€ mn

Cash and cash equivalents	45
Financial assets carried at fair value through income	5
Investments	469
Loans and advances to banks and customers	13
Reinsurance assets	15
Deferred acquisition costs	19
Deferred tax assets	34
Other assets	168
Total assets	**768**
Unearned premiums	123
Reserves for loss and loss adjustment expenses	71
Reserves for insurance and investment contracts	351
Deferred tax liabilities	1
Other liabilities	105
Total liabilities	**651**

As of 30 June 2022, cumulative losses of € 344 mn were reported in other comprehensive income relating to the disposal group classified as held for sale. No impairment loss has been recognized in connection with this transaction. The transaction is subject to regulatory approvals. The completion of the transaction is expected for the third quarter of 2022. Upon completion, a disposal loss of € 0.4 bn is expected to be recognized, largely due to the reclassification of cumulative losses from other comprehensive income to profit or loss.

Transfer of U.S. investment teams and assets to Voya Investment Management LLC, Atlanta

On 13 June 2022, the Allianz Group signed the agreement to transfer certain investment teams of AGI U.S. and the assets they manage with a volume of USD 101 bn to Voya Investment Management LLC, Atlanta, in consideration for a 24% equity stake and a global distribution agreement between the two firms.

As of 30 June 2022, all requirements to present the assets and liabilities connected to this transfer allocated to the reportable segment Asset Management as held for sale were fulfilled.

The transaction was closed on 25 July 2022. The Allianz Group expects to realize a low three-digit million euro revaluation gain pending finalization of the initial measurement of the consideration.

5 _ Segment reporting

The business activities of the Allianz Group, the business segments as well as the products and services from which the reportable segments derive their revenues are consistent with those described in the consolidated financial statements for the year ended 31 December 2021. The statement contained therein regarding general segment reporting information is still applicable and valid.

Recent organizational changes

Effective 1 January 2022, 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 Asia Pacific and Greece form a new reportable segment. In the business segment Property-Casualty, Allianz Direct and Allianz Partners were combined with the insurance activities in Western & Southern Europe to form 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.

This page intentionally left blank.

Business segment information – consolidated balance sheets

Business segment information – consolidated balance sheets

€ mn

	Property-Casualty		Life/Health	
	As of 30 June 2022	As of 31 December 2021	As of 30 June 2022	As of 31 December 2021
ASSETS				
Cash and cash equivalents	4,978	4,806	10,102	12,427
Financial assets carried at fair value through income	1,185	930	11,804	18,279
Investments	107,321	114,223	448,188	528,211
Loans and advances to banks and customers	11,301	11,773	113,286	111,827
Financial assets for unit-linked contracts	-	-	141,255	158,346
Reinsurance assets	16,169	14,718	44,900	42,059
Deferred acquisition costs	5,699	5,099	27,481	18,657
Deferred tax assets	1,838	1,081	3,420	945
Other assets	33,003	29,913	21,085	21,330
Non-current assets and assets of disposal groups classified as held for sale	1,680	47	2,341	92
Intangible assets	6,338	6,232	4,860	4,735
Total assets	**189,512**	**188,822**	**828,723**	**916,908**

	Property-Casualty		Life/Health	
	As of 30 June 2022	As of 31 December 2021	As of 30 June 2022	As of 31 December 2021
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	610	331	15,307	20,485
Liabilities to banks and customers	1,390	1,225	5,782	5,235
Unearned premiums	26,281	21,163	7,576	6,356
Reserves for loss and loss adjustment expenses	75,440	73,425	14,018	13,571
Reserves for insurance and investment contracts	14,038	15,203	573,704	617,109
Financial liabilities for unit-linked contracts	-	-	141,255	158,346
Deferred tax liabilities	1,392	2,529	1,709	4,749
Other liabilities	24,710	24,898	42,856	47,121
Liabilities of disposal groups classified as held for sale	1,036	-	2,197	-
Certificated liabilities	-	-	-	-
Subordinated liabilities	47	47	65	65
Total liabilities	**144,944**	**138,821**	**804,469**	**873,036**

Asset Management		Corporate and Other		Consolidation		Group	
As of 30 June 2022	As of 31 December 2021	As of 30 June 2022	As of 31 December 2021	As of 30 June 2022	As of 31 December 2021	As of 30 June 2022	As of 31 December 2021
1,194	1,130	6,005	5,973	(168)	(122)	22,111	24,214
212	224	1,251	591	(526)	(421)	13,926	19,604
137	135	117,307	115,351	(100,253)	(94,272)	572,702	663,649
164	129	6,331	6,333	(5,323)	(5,984)	125,758	124,079
-	-	-	-	-	-	141,255	158,346
-	-	-	-	(48)	(47)	61,021	56,731
-	-	-	-	-	-	33,180	23,756
542	1,145	2,331	765	(2,373)	(2,025)	5,757	1,910
6,068	6,714	7,726	8,223	(16,685)	(17,915)	51,198	48,264
196	1	6	6	(96)	-	4,127	145
7,626	7,514	110	250	-	-	18,935	18,732
16,139	**16,992**	**141,067**	**137,492**	**(125,472)**	**(120,785)**	**1,049,969**	**1,139,429**

Asset Management		Corporate and Other		Consolidation		Group	
As of 30 June 2022	As of 31 December 2021	As of 30 June 2022	As of 31 December 2021	As of 30 June 2022	As of 31 December 2021	As of 30 June 2022	As of 31 December 2021
-	-	641	523	(540)	(448)	16,017	20,891
100	100	12,397	12,101	(2,583)	(3,193)	17,086	15,468
-	-	-	-	(19)	(17)	33,838	27,501
-	-	-	-	(20)	(23)	89,438	86,974
-	-	(96)	(122)	(131)	(129)	587,515	632,061
-	-	-	-	-	-	141,255	158,346
-	(15)	694	389	(2,310)	(2,025)	1,486	5,626
5,873	9,373	30,275	30,922	(25,272)	(25,717)	78,442	86,596
-	-	-	-	(15)	-	3,219	-
-	-	11,755	13,441	(2,653)	(2,653)	9,102	10,788
-	-	12,196	10,864	(20)	(20)	12,288	10,956
5,974	**9,458**	**67,862**	**68,119**	**(33,563)**	**(34,226)**	**989,686**	**1,055,207**
				Total equity		**60,284**	**84,222**
				Total liabilities and equity		**1,049,969**	**1,139,429**

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

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

	Property-Casualty		Life/Health	
Six months ended 30 June	2022	2021	2022	2021
Total revenues[1]	**37,662**	**33,610**	**39,772**	**38,536**
Premiums earned (net)	28,446	25,620	12,682	12,261
Operating investment result				
Interest and similar income	1,786	1,597	10,315	9,493
Operating income from financial assets and liabilities carried at fair value through income (net)	(53)	(28)	(10,620)	(1,970)
Operating realized gains/losses (net)	48	105	6,778	4,271
Interest expenses, excluding interest expenses from external debt	(69)	(70)	(402)	(71)
Operating impairments of investments (net)	(68)	(4)	(2,719)	(202)
Investment expenses	(234)	(216)	(1,017)	(903)
Subtotal	1,410	1,384	2,336	10,618
Fee and commission income	1,176	860	963	852
Other income	5	1	7	-
Claims and insurance benefits incurred (net)	(19,110)	(17,107)	(10,741)	(10,365)
Operating change in reserves for insurance and investment contracts (net)[2]	(71)	(199)	964	(6,854)
Loan loss provisions	-	-	-	-
Operating acquisition and administrative expenses (net)	(7,664)	(6,834)	(3,373)	(3,580)
Fee and commission expenses	(1,162)	(848)	(456)	(396)
Operating amortization of intangible assets	-	-	(10)	(10)
Operating restructuring and integration expenses	-	-	(38)	(12)
Other expenses	(10)	(6)	3	-
Reclassifications	-	-	-	(18)
Operating profit (loss)	**3,022**	**2,871**	**2,336**	**2,495**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(212)	(69)	(93)	121
Non-operating realized gains/losses (net)	156	271	48	(10)
Non-operating impairments of investments (net)	(375)	(40)	(46)	(26)
Subtotal	(431)	162	(91)	85
Non-operating change in reserves for insurance and investment contracts (net)	-	-	(61)	97
Interest expenses from external debt	-	-	-	-
Non-operating acquisition and administrative expenses (net)[3]	(11)	-	(5)	(18)
Non-operating amortization of intangible assets	(100)	(106)	(42)	(19)
Non-operating restructuring and integration expenses	(298)	(144)	(34)	(28)
Reclassifications	-	-	-	18
Non-operating items	(840)	(88)	(234)	136
Income (loss) before income taxes	2,181	2,783	2,103	2,631
Income taxes	(530)	(688)	(504)	(684)
Net income (loss)	**1,651**	**2,095**	**1,598**	**1,947**
Net income (loss) attributable to:				
Non-controlling interests	53	59	64	112
Shareholders	1,598	2,036	1,535	1,835

1_Total revenues comprise gross premiums written and fee and commission income in Property-Casualty, statutory premiums in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).
2_For the six months ended 30 June 2022, includes expenses for premium refunds (net) in Property-Casualty of € 37 mn (2021: € (60) mn).
3_Includes, if applicable, acquisition-related expenses, income taxes related incidental benefits/expenses, litigation expenses and one-time effects from significant reinsurance transactions with disposal character.

Asset Management		Corporate and Other		Consolidation		Group	
2022	2021	2022	2021	2022	2021	2022	2021
4,082	**3,835**	**136**	**131**	**(486)**	**(364)**	**81,166**	**75,749**
-	-	-	-	-	-	41,128	37,881
1	7	382	200	(87)	(67)	12,397	11,229
(1)	2	(8)	10	1	2	(10,680)	(1,985)
-	-	-	-	32	(24)	6,857	4,352
(12)	(10)	(67)	(61)	83	64	(467)	(149)
-	-	-	-	-	-	(2,786)	(206)
-	-	(73)	(52)	326	272	(998)	(899)
(12)	(1)	233	97	354	246	4,322	12,343
5,171	4,910	1,700	1,394	(1,954)	(1,516)	7,057	6,500
-	-	-	-	(3)	1	10	3
-	-	-	-	-	-	(29,851)	(27,473)
-	-	-	-	(27)	15	865	(7,038)
-	-	-	(3)	-	-	-	(3)
(2,480)	(2,263)	(604)	(512)	(9)	1	(14,130)	(13,188)
(1,078)	(1,074)	(1,562)	(1,254)	1,644	1,248	(2,613)	(2,325)
-	-	-	-	-	-	(10)	(10)
-	-	-	-	-	-	(38)	(12)
-	-	-	-	-	-	(7)	(6)
-	-	-	-	-	-	-	(18)
1,601	**1,572**	**(233)**	**(278)**	**6**	**(6)**	**6,733**	**6,655**
(3)	3	32	(28)	(4)	(2)	(280)	24
(3)	85	108	268	10	6	319	621
(1)	-	(111)	(40)	-	-	(533)	(106)
(6)	88	29	200	6	4	(494)	538
-	-	-	-	-	-	(61)	97
-	-	(264)	(336)	-	-	(264)	(336)
(1,851)	-	(1)	32	-	-	(1,868)	14
(8)	(10)	(9)	(10)	-	-	(159)	(145)
(149)	(30)	(47)	(26)	-	-	(528)	(227)
-	-	-	-	-	-	-	18
(2,014)	49	(292)	(141)	6	4	(3,374)	(41)
(413)	1,621	(524)	(419)	12	(2)	3,359	6,614
(97)	(405)	254	204	(2)	(1)	(880)	(1,573)
(510)	**1,216**	**(271)**	**(214)**	**10**	**(3)**	**2,479**	**5,040**
88	73	7	5	(1)	-	211	249
(598)	1,144	(278)	(219)	11	(3)	2,267	4,791

Reconciliation of reportable segments to Allianz Group figures

Reconciliation of reportable segments to Allianz Group figures
€ mn

	Total revenues		Operating profit (loss)		Net income (loss)	
Six months ended 30 June	2022	2021	2022	2021	2022	2021
German Speaking Countries and Central & Eastern Europe	10,634	9,943	1,051	803	552	647
Western & Southern Europe, Allianz Direct and Allianz Partners	10,702	9,291	755	869	400	632
Iberia & Latin America	2,914	2,614	86	245	(83)	109
Asia Pacific and Greece	839	788	68	68	56	57
Global Insurance Lines & Anglo Markets, Middle East and Africa	16,142	14,226	1,060	886	726	650
Consolidation	(3,567)	(3,251)	-	-	-	-
Total Property-Casualty	**37,662**	**33,610**	**3,022**	**2,871**	**1,651**	**2,095**
German Speaking Countries and Central & Eastern Europe	16,329	15,717	914	867	615	596
Western & Southern Europe	11,335	12,586	706	639	414	451
Iberia & Latin America	593	710	85	78	63	53
Asia Pacific and Greece	3,614	3,415	292	279	228	224
USA	7,381	5,789	361	629	304	534
Global Insurance Lines & Anglo Markets, Middle East and Africa	670	563	4	25	(5)	107
Consolidation and Other	(149)	(242)	(26)	(22)	(21)	(18)
Total Life/Health	**39,772**	**38,536**	**2,336**	**2,495**	**1,598**	**1,947**
Asset Management	**4,082**	**3,835**	**1,601**	**1,572**	**(510)**	**1,216**
Corporate and Other	**136**	**131**	**(233)**	**(278)**	**(271)**	**(214)**
Consolidation	**(486)**	**(364)**	**6**	**(6)**	**10**	**(3)**
Group	**81,166**	**75,749**	**6,733**	**6,655**	**2,479**	**5,040**

NOTES TO THE CONSOLIDATED BALANCE SHEET

6 _ Financial assets carried at fair value through income

Financial assets carried at fair value through income
€ mn

	As of 30 June 2022	As of 31 December 2021
Financial assets held for trading		
Debt securities	709	708
Equity securities	50	63
Derivative financial instruments	5,790	11,190
Subtotal	6,549	11,961
Financial assets designated at fair value through income		
Debt securities	3,963	4,275
Equity securities	3,116	3,264
Loans	298	103
Subtotal	7,377	7,643
Total	**13,926**	**19,604**

7 _ Investments

Investments
€ mn

	As of 30 June 2022	As of 31 December 2021
Available-for-sale investments	531,008	625,250
Held-to-maturity investments	2,863	2,749
Funds held by others under reinsurance contracts assumed	925	838
Investments in associates and joint ventures	17,303	15,416
Real estate held for investment	18,185	16,923
Fixed assets from alternative investments	2,417	2,473
Total	**572,702**	**663,649**

Available-for-sale investments

Available-for-sale investments
€ mn

	As of 30 June 2022				As of 31 December 2021			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Debt securities								
Corporate bonds	262,549	2,151	(30,021)	234,679	260,903	18,761	(1,867)	277,797
Government and government agency bonds[1]	201,797	5,173	(26,498)	180,473	202,542	27,087	(2,882)	226,748
MBS/ABS	28,620	66	(1,845)	26,841	28,157	804	(149)	28,812
Other	10,535	3,715	(52)	14,198	9,493	2,671	(57)	12,106
Subtotal	503,501	11,104	(58,415)	456,190	501,094	49,323	(4,955)	545,462
Equity securities	57,590	18,215	(987)	74,818	53,609	26,626	(447)	79,788
Total	**561,091**	**29,319**	**(59,402)**	**531,008**	**554,703**	**75,948**	**(5,402)**	**625,250**

1_As of 30 June 2022, fair value and amortized costs of bonds from countries with a rating below AA amounted to € 83,975 mn (31 December 2021: € 92,825 mn) and € 75,270 mn (31 December 2021: € 86,440 mn), respectively.

8 _ Loans and advances to banks and customers

Loans and advances to banks and customers
€ mn

	As of 30 June 2022	As of 31 December 2021
Short-term investments and certificates of deposit	1,877	2,056
Loans	119,761	116,304
Other	4,195	5,797
Subtotal	125,833	124,157
Loan loss allowance	(75)	(79)
Total	**125,758**	**124,079**

9 _ Reinsurance assets

Reinsurance assets
€ mn

	As of 30 June 2022	As of 31 December 2021
Unearned premiums	3,217	2,216
Reserves for loss and loss adjustment expenses	13,610	13,033
Aggregate policy reserves	44,003	41,276
Other insurance reserves	191	206
Total	**61,021**	**56,731**

10 _ Deferred acquisition costs

Deferred acquisition costs
€ mn

	As of 30 June 2022	As of 31 December 2021
Deferred acquisition costs		
Property-Casualty	5,699	5,099
Life/Health	26,497	18,224
Subtotal	32,197	23,323
Deferred sales inducements	750	234
Present value of future profits	234	199
Total	**33,180**	**23,756**

11 _ Other assets

Other assets
€ mn

	As of 30 June 2022	As of 31 December 2021
Receivables		
Policyholders	8,274	7,580
Agents	5,735	4,574
Reinsurance	6,251	5,110
Other	7,437	7,114
Less allowances for doubtful accounts	(813)	(832)
Subtotal	26,883	23,546
Tax receivables		
Income taxes	1,948	2,124
Other taxes	2,066	2,370
Subtotal	4,015	4,494
Accrued dividends, interest and rent	5,513	5,716
Prepaid expenses	1,241	996
Derivative financial instruments used for hedging, that meet the criteria for hedge accounting, and firm commitments	518	331
Property and equipment		
Real estate held for own use	2,883	2,847
Software	3,337	3,377
Equipment	1,101	1,179
Right-of-use assets	2,235	2,338
Subtotal	9,557	9,741
Other assets	3,471	3,441
Total	**51,198**	**48,264**

12 _ Intangible assets

Intangible assets
€ mn

	As of 30 June 2022	As of 31 December 2021
Goodwill	16,148	15,945
Distribution agreements[1]	1,239	1,164
Customer relationships[2]	916	886
Other[3]	633	737
Total	**18,935**	**18,732**

1_Primarily includes the long-term distribution agreements with Banco Bilbao Vizcaya Argentaria, S.A. and with Santander Aviva Life.
2_Result primarily from business combinations.
3_Primarily includes acquired business portfolios and brand names.

13 _ Liabilities to banks and customers

Liabilities to banks and customers
€ mn

	As of 30 June 2022	As of 31 December 2021
Payables on demand and other deposits	1,536	1,474
Repurchase agreements and collateral received from securities lending transactions and derivatives	4,829	4,434
Other	10,721	9,561
Total	**17,086**	**15,468**

14 _ Reserves for loss and loss adjustment expenses

As of 30 June 2022, the reserves for loss and loss adjustment expenses of the Allianz Group totaled € 89,438 mn (31 December 2021: € 86,974 mn). The following table reconciles the beginning and ending reserves of the Property-Casualty business segment for the half-years ended 30 June 2022 and 2021.

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

	2022	2021
As of 1 January	**73,425**	**68,171**
Balance carry forward of discounted loss reserves	4,808	4,603
Subtotal	78,234	72,774
Loss and loss adjustment expenses incurred		
Current year	22,165	19,517
Prior years	(1,447)	(992)
Subtotal	20,718	18,525
Loss and loss adjustment expenses paid		
Current year	(7,590)	(6,415)
Prior years	(12,084)	(10,866)
Subtotal	(19,674)	(17,281)
Foreign currency translation adjustments and other changes	986	837
Changes in the consolidated subsidiaries of the Allianz Group	13	20
Subtotal	80,276	74,875
Ending balance of discounted loss reserves	(4,836)	(4,693)
As of 30 June	**75,440**	**70,182**

15 _ Reserves for insurance and investment contracts

Reserves for insurance and investment contracts
€ mn

	As of 30 June 2022	As of 31 December 2021
Aggregate policy reserves	553,717	537,876
Reserves for premium refunds	33,033	93,476
Other insurance reserves	765	709
Total	**587,515**	**632,061**

16 _ Other liabilities

Other liabilities
€ mn

	As of 30 June 2022	As of 31 December 2021
Payables		
Policyholders	3,750	5,560
Reinsurance	5,334	4,335
Agents	3,162	2,645
Subtotal	12,246	12,540
Payables for social security	400	435
Tax payables		
Income taxes	1,847	2,519
Other taxes	2,407	2,255
Subtotal	4,253	4,774
Accrued interest and rent	411	365
Unearned income	682	593
Provisions		
Pensions and similar obligations	7,944	11,185
Employee related	2,903	3,099
Share-based compensation plans	278	361
Restructuring plans	516	274
Other provisions	2,671	6,070
Subtotal	14,313	20,988
Deposits retained for reinsurance ceded	28,628	31,221
Derivative financial instruments used for hedging, that meet the criteria for hedge accounting, and firm commitments	1,649	994
Financial liabilities for puttable financial instruments	2,537	2,615
Lease liabilities	2,715	2,790
Other liabilities	10,607	9,281
Total	**78,442**	**86,596**

17 _ Certificated and subordinated liabilities

Certificated and subordinated liabilities

€ mn

	As of 30 June 2022	As of 31 December 2021
Senior bonds[1]	7,979	9,589
Money market securities	1,123	1,198
Total certificated liabilities	**9,102**	**10,788**
Subordinated bonds[2]	12,243	10,911
Subordinated loans[3]	45	45
Total subordinated liabilities	**12,288**	**10,956**

1_Change due to the redemption of a senior bond with a nominal value of € 1.5 bn in the first half-year of 2022.
2_Change due to the issuance of a subordinated bond with a nominal value of € 1.25 bn in the first half-year of 2022.
3_Relates to hybrid equity issued by subsidiaries.

Bonds outstanding as of 30 June 2022

mn

	ISIN	Year of issue	Currency	Notional amount	Coupon in %	Maturity date
Certificated liabilities						
Allianz Finance II B.V., Amsterdam	DE000A19S4U8	2017	EUR	750	0.250	6 June 2023
	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	DE000A1RE1Q3	2012	EUR	1,500	5.625	17 October 2042
	DE000A14J9N8	2015	EUR	1,500	2.241	7 July 2045
	DE000A2DAHN6	2017	EUR	1,000	3.099	6 July 2047
	XS1556937891	2017	USD	600	5.100	30 January 2049
	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
	DE000A1YCQ29	2013	EUR	1,500	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

18 _ Equity

Equity
€ mn

	As of 30 June 2022	As of 31 December 2021
Shareholders' equity		
Issued capital	1,170	1,170
Additional paid-in capital	27,732	27,732
Undated subordinated bonds	4,892	4,699
Retained earnings[1,2]	31,740	32,784
Foreign currency translation adjustments	(1,280)	(3,223)
Unrealized gains and losses (net)[3]	(7,862)	16,789
Subtotal	56,392	79,952
Non-controlling interests	3,892	4,270
Total	**60,284**	**84,222**

1_As of 30 June 2022, includes € (858) mn (31 December 2021: € (32) mn) related to treasury shares.
2_In February 2022, a share buy-back with an intended volume of € 1 bn was announced and executed from 8 March 2022. During the first half-year of 2022, Allianz SE purchased 3.8 million own shares for an amount of € 766 mn.
3_As of 30 June 2022, includes € 51 mn (31 December 2021: € 341 mn) related to cash flow hedges.

Dividends

In the second quarter of 2022, a total dividend of € 4,383 mn (2021: € 3,956 mn), or € 10.80 (2021: € 9.60) per qualifying share, was paid to the shareholders.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

19 _ Premiums earned (net)

Premiums earned (net)
€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2022				
Premiums written				
Gross	36,486	13,509	(53)	49,942
Ceded	(4,076)	(517)	53	(4,539)
Net	32,410	12,992	-	45,403
Change in unearned premiums (net)	(3,964)	(311)	-	(4,275)
Premiums earned (net)	**28,446**	**12,682**	**-**	**41,128**
2021				
Premiums written				
Gross	32,750	12,870	(52)	45,569
Ceded	(4,039)	(368)	52	(4,355)
Net	28,712	12,503	-	41,214
Change in unearned premiums (net)	(3,091)	(242)	-	(3,333)
Premiums earned (net)	**25,620**	**12,261**	**-**	**37,881**

20 _ Interest and similar income

Interest and similar income
€ mn

Six months ended 30 June	2022	2021
Dividends from available-for-sale investments	1,885	1,630
Interest from available-for-sale investments	7,414	6,781
Interest from loans to banks and customers	1,798	1,798
Rent from real estate held for investment	608	543
Other	691	477
Total	**12,397**	**11,229**

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

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

Six months ended 30 June	2022	2021
Income from financial assets and liabilities held for trading (net)	(14,716)	(4,247)
Income from financial assets and liabilities designated at fair value through income (net)	(1,049)	378
Income from financial liabilities for puttable equity instruments (net)	404	(179)
Foreign currency gains and losses (net)[1]	4,400	2,087
Total	**(10,959)**	**(1,961)**

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

22 _ Realized gains/losses (net)

Realized gains/losses (net)
€ mn

Six months ended 30 June	2022	2021
REALIZED GAINS		
Available-for-sale investments		
Equity securities	6,602	1,715
Debt securities	3,193	3,390
Subtotal	9,795	5,105
Other	886	680
Subtotal	10,681	5,785
REALIZED LOSSES		
Available-for-sale investments		
Equity securities	(572)	(132)
Debt securities	(2,853)	(566)
Subtotal	(3,425)	(698)
Other	(80)	(114)
Subtotal	(3,506)	(812)
Total	**7,176**	**4,973**

23 _ Fee and commission income

Fee and commission income
€ mn

Six months ended 30 June	2022	2021
PROPERTY-CASUALTY		
Fees from credit and assistance business	831	635
Service agreements	346	225
Subtotal	1,176	860
LIFE/HEALTH		
Investment advisory	858	772
Service agreements	105	81
Subtotal	963	852
ASSET MANAGEMENT		
Management and advisory fees	4,851	4,536
Loading and exit fees	169	175
Performance fees	130	180
Other	22	18
Subtotal	5,171	4,910
CORPORATE AND OTHER		
Service agreements	1,362	1,069
Investment advisory and banking activities	338	325
Subtotal	1,700	1,394
CONSOLIDATION	(1,954)	(1,516)
Total	**7,057**	**6,500**

24 _ Claims and insurance benefits incurred (net)

Claims and insurance benefits incurred (net)
€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2022				
Gross	(20,718)	(11,324)	25	(32,016)
Ceded	1,607	583	(25)	2,165
Net	**(19,110)**	**(10,741)**	**-**	**(29,851)**
2021				
Gross	(18,525)	(10,727)	27	(29,225)
Ceded	1,418	362	(27)	1,752
Net	**(17,107)**	**(10,365)**	**-**	**(27,473)**

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

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

Six months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2022				
Gross	(75)	489	(27)	386
Ceded	4	414	-	418
Net	**(71)**	**903**	**(27)**	**804**
2021				
Gross	(185)	(6,834)	15	(7,004)
Ceded	(14)	77	-	63
Net	**(199)**	**(6,757)**	**15**	**(6,941)**

26 _ Interest expenses

Interest expenses
€ mn

Six months ended 30 June	2022	2021
Liabilities to banks and customers	(79)	(61)
Deposits retained for reinsurance ceded	(337)	(40)
Certificated liabilities	(64)	(81)
Subordinated liabilities	(202)	(257)
Other	(49)	(46)
Total	**(731)**	**(485)**

27 _ Impairments of investments (net)

Impairments of investments (net)
€ mn

Six months ended 30 June	2022	2021
Impairments		
Available-for-sale investments		
Equity securities	(1,493)	(303)
Debt securities	(1,736)	(17)
Subtotal	(3,229)	(320)
Other	(143)	(12)
Non-current assets and assets of disposal groups classified as held for sale	-	-
Subtotal	(3,372)	(332)
Reversals of impairments	53	19
Total	**(3,319)**	**(313)**

28 _ Investment expenses

Investment expenses
€ mn

Six months ended 30 June	2022	2021
Investment management expenses	(505)	(479)
Expenses from real estate held for investment	(317)	(268)
Expenses from fixed assets from alternative investments	(176)	(152)
Total	**(998)**	**(899)**

29 _ Acquisition and administrative expenses (net)

Acquisition and administrative expenses (net)
€ mn

Six months ended 30 June	2022	2021
PROPERTY-CASUALTY		
Acquisition costs[1]	(5,719)	(5,016)
Administrative expenses	(1,956)	(1,818)
Subtotal	(7,675)	(6,834)
LIFE/HEALTH		
Acquisition costs	(2,358)	(2,610)
Administrative expenses	(1,021)	(988)
Subtotal	(3,378)	(3,598)
ASSET MANAGEMENT		
Personnel expenses	(1,560)	(1,408)
Non-personnel expenses[2]	(2,771)	(854)
Subtotal	(4,331)	(2,263)
CORPORATE AND OTHER		
Administrative expenses	(605)	(480)
Subtotal	(605)	(480)
CONSOLIDATION	(9)	1
Total	**(15,998)**	**(13,174)**

1_Includes € 515 mn (2021: € 523 mn) ceded acquisition costs.
2_Includes in 2022 € 1,857 mn in connection with Structured Alpha. Please see note 33 for further details.

30 _ Fee and commission expenses

Fee and commission expenses
€ mn

Six months ended 30 June	2022	2021
PROPERTY-CASUALTY		
Fees from credit and assistance business	(845)	(647)
Service agreements	(317)	(201)
Subtotal	(1,162)	(848)
LIFE/HEALTH		
Investment advisory	(361)	(340)
Service agreements	(95)	(56)
Subtotal	(456)	(396)
ASSET MANAGEMENT		
Commissions	(1,071)	(1,066)
Other	(7)	(8)
Subtotal	(1,078)	(1,074)
CORPORATE AND OTHER		
Service agreements	(1,337)	(1,044)
Investment advisory and banking activities	(225)	(211)
Subtotal	(1,562)	(1,254)
CONSOLIDATION	1,644	1,248
Total	**(2,613)**	**(2,325)**

31 _ Income taxes

Income taxes
€ mn

Six months ended 30 June	2022	2021
Current income taxes	(1,393)	(1,600)
Deferred income taxes	512	26
Total	**(880)**	**(1,573)**

For the six months ended 30 June 2022 and 2021, the income taxes on components of other comprehensive income consist of the following:

Income taxes on components of other comprehensive income
€ mn

Six months ended 30 June	2022	2021
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments	124	62
Available-for-sale investments	7,996	1,814
Cash flow hedges	117	56
Share of other comprehensive income of associates and joint ventures	13	2
Miscellaneous	92	47
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	(881)	(30)
Total	**7,460**	**1,951**

OTHER INFORMATION

32 _ Fair values and carrying amounts of financial instruments

Fair values and carrying amounts

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

Fair values and carrying amounts of financial instruments
€ mn

	As of 30 June 2022		As of 31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash and cash equivalents	22,111	22,111	24,214	24,214
Financial assets held for trading	6,549	6,549	11,961	11,961
Financial assets designated at fair value through income	7,377	7,377	7,643	7,643
Available-for-sale investments	531,008	531,008	625,250	625,250
Held-to-maturity investments	2,863	2,734	2,749	2,887
Investments in associates and joint ventures	17,303	23,001	15,416	20,149
Real estate held for investment	18,185	30,619	16,923	28,763
Loans and advances to banks and customers	125,758	123,078	124,079	138,234
Financial assets for unit-linked contracts	141,255	141,255	158,346	158,346
FINANCIAL LIABILITIES				
Financial liabilities held for trading	16,017	16,017	20,891	20,891
Liabilities to banks and customers	17,086	16,992	15,468	15,481
Financial liabilities for unit-linked contracts	141,255	141,255	158,346	158,346
Financial liabilities for puttable financial instruments	2,537	2,537	2,615	2,615
Certificated liabilities	9,102	8,762	10,788	11,611
Subordinated liabilities	12,288	11,408	10,956	11,547

As of 30 June 2022, fair values could not be reliably measured for equity investments whose carrying amounts totaled € 122 mn (31 December 2021: € 110 mn). These investments are primarily investments in privately held corporations and partnerships.

Fair value measurement on a recurring basis

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

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

The following tables present the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheets as of 30 June 2022 and 31 December 2021:

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

	As of 30 June 2022				As of 31 December 2021			
	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
FINANCIAL ASSETS								
Financial assets carried at fair value through income								
Financial assets held for trading	2,515	4,009	26	6,549	1,579	10,381	1	11,961
Financial assets designated at fair value through income	5,450	838	1,089	7,377	6,282	768	593	7,643
Subtotal	7,964	4,847	1,115	13,926	7,861	11,149	595	19,604
Available-for-sale investments								
Corporate bonds	9,635	189,808	35,235	234,679	12,171	230,675	34,951	277,797
Government and government agency bonds	15,223	164,564	685	180,473	15,943	210,121	684	226,748
MBS/ABS	14	25,376	1,451	26,841	30	28,001	781	28,812
Other	377	1,106	12,715	14,198	344	1,194	10,568	12,106
Equity securities	35,490	377	38,951	74,818	46,153	437	33,197	79,788
Subtotal	60,739	381,230	89,038	531,008	74,642	470,429	80,180	625,250
Financial assets for unit-linked contracts	107,308	32,198	1,749	141,255	120,768	36,070	1,508	158,346
Total	**176,012**	**418,275**	**91,902**	**686,189**	**203,270**	**517,647**	**82,283**	**803,200**
FINANCIAL LIABILITIES								
Financial liabilities carried at fair value through income	535	4,046	11,436	16,017	313	7,815	12,763	20,891
Financial liabilities for unit-linked contracts	107,308	32,198	1,749	141,255	120,768	36,070	1,508	158,346
Financial liabilities for puttable financial instruments	1,972	50	515	2,537	2,128	98	389	2,615
Total	**109,815**	**36,293**	**13,700**	**159,809**	**123,209**	**43,983**	**14,660**	**181,852**

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

The valuation methodologies used for financial instruments carried at fair value, the policy for determining the levels within the fair value hierarchy, and the significant level-3 portfolios, including the respective narratives and sensitivities, are described in the Allianz Group's Annual Report 2021. No material changes have occurred since this report was published.

Significant transfers of financial instruments carried at fair value

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

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

Reconciliation of level-3 financial instruments

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

Reconciliation of level-3 financial assets
€ mn

	Financial assets carried at fair value through income	Available-for-sale investments – Debt securities[1]	Available-for-sale investments – Equity securities	Financial assets for unit-linked contracts	Total
Carrying value (fair value) as of 1 January 2022	**595**	**46,983**	**33,197**	**1,508**	**82,283**
Additions through purchases and issues	562	7,802	3,770	307	12,442
Net transfers into (out of) level 3	-	230	(75)	6	160
Disposal through sales and settlements	(239)	(2,552)	(1,114)	(70)	(3,975)
Net gains (losses) recognized in consolidated income statement	187	4	40	(5)	226
Net gains (losses) recognized in other comprehensive income	-	(3,962)	3,300	-	(661)
Impairments	-	(200)	(159)	-	(359)
Foreign currency translation adjustments	11	1,564	254	(1)	1,829
Changes in the consolidated subsidiaries of the Allianz Group	(2)	218	(262)	3	(42)
Carrying value (fair value) as of 30 June 2022	**1,115**	**50,087**	**38,951**	**1,749**	**91,902**
Net gains (losses) recognized in consolidated income statement held at the reporting date	34	231	-	(5)	259

1_Primarily includes corporate bonds.

Reconciliation of level-3 financial liabilities
€ mn

	Financial liabilities carried at fair value through income	Financial liabilities for unit-linked contracts	Financial liabilities for puttable equity instruments	Total
Carrying value (fair value) as of 1 January 2022	**12,763**	**1,508**	**389**	**14,660**
Additions through purchases and issues	549	307	127	984
Net transfers into (out of) level 3	-	6	-	6
Disposal through sales and settlements	(847)	(70)	(13)	(930)
Net losses (gains) recognized in consolidated income statement	(1,998)	(5)	12	(1,992)
Net losses (gains) recognized in other comprehensive income	-	-	-	-
Impairments	-	-	-	-
Foreign currency translation adjustments	969	(1)	-	969
Changes in the consolidated subsidiaries of the Allianz Group	-	3	-	3
Carrying value (fair value) as of 30 June 2022	**11,436**	**1,749**	**515**	**13,700**
Net losses (gains) recognized in consolidated income statement held at the reporting date	(2,500)	(5)	12	(2,494)

Fair value measurement on a non-recurring basis

Certain financial assets are measured at fair value on a non-recurring basis when events or changes in circumstances indicate that the carrying amount may not be recoverable. If financial assets are measured at fair value on a non-recurring basis at the time of impairment, or if fair value less cost to sell is used as the measurement basis under IFRS 5, corresponding disclosures can be found in note 27.

33 _ Other information

Litigation

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:

In September 2015, a class action complaint was filed against Allianz Life Insurance Company of North America ("Allianz Life") making allegations similar to those made in prior class actions regarding the sale of Allianz Life's annuity products, including allegations of breach of contract and violation of California's unfair competition law. The action was certified as a class action, the parties reached a settlement agreement in the low two-digit million U.S. dollar range, and the Court granted preliminary approval of the settlement. Allianz Life has made a provision for the estimated cost of settlement.

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 funds have been dismissed after settlements were reached with the respective investors. Currently there is one putative class action pending in a U.S. Court filed by an investor in a mutual fund.

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 2022, 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. 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.

Contingent liabilities and commitments

The following table shows the composition of commitments as of 30 June 2022:

Commitments
€ mn

	As of 30 June 2022	As of 31 December 2021
Commitments to acquire interests in associates and available-for-sale investments	34,158	30,604
Debt investments	8,656	6,087
Other	5,734	6,560
Total	**48,548**	**43,251**

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 2021.

Hyperinflationary economies

Based on data published by the International Monetary Fund in April 2022, Türkiye is considered to be a hyperinflationary economy for financial reporting purposes since the second quarter of 2022. Consequently, operating entities with Turkish lira (TRY) as their functional currency have to apply hyperinflation accounting in accordance with IAS 29 for reporting periods ending on or after 30 June 2022. In addition, IAS 29 is already applied by subsidiaries of the Allianz Group that operate in Argentina and Lebanon.

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

Hyperinflationary economies

	Index	As of 30 June 2022	As of 31 December 2021
Türkiye	Consumer Price Index published by the Turkish Statistical Institute (TURKSTAT)	977.90	686.95
Lebanon	Consumer Price Index published by the Central Administration of Statistics (Lebanese Republic)	1,286.76	921.40
Argentina	Consumer Price Index published by the Argentinian Statistical Institute	794.57	582.46

Overall, for the six months ended 30 June 2022, the application of hyperinflation accounting according to IAS 29 had a negative impact on net income of € (149) mn.

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.

Due to reinsurance agreements with the joint venture Enhanzed Reinsurance Ltd., Allianz SE recognized reinsurance assets and deposits retained for reinsurance ceded amounting to each € 2.1 bn in the first half-year of 2022.

34 _ 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.

This page intentionally left blank.

FURTHER INFORMATION

C

RESPONSIBILITY STATEMENT

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

Munich, 3 August 2022

Allianz SE
The Board of Management

Oliver Bäte

Sergio Balbinot

Sirma Boshnakova

Dr. Barbara Karuth-Zelle

Dr. Klaus-Peter Röhler

Ivan de la Sota

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 2022 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Munich, 4 August 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger	Clemens Koch
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Financial calendar

Important dates[1]

Financial Results 3Q	10 November 2022
Financial Results 2022	17 February 2023
Annual Report 2022	3 March 2023
Annual General Meeting	4 May 2023
Financial Results 1Q	12 May 2023
Financial Results 2Q/Interim Report 6M	10 August 2023
Financial Results 3Q	10 November 2023

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

Allianz SE – Königinstrasse 28 – 80802 Munich – Germany – Phone +49 89 3800 0 – www.allianz.com
Front page design: Radley Yeldar – Typesetting: Produced in-house with SmartNotes
Interim Report online at: www.allianz.com/interim-report – Date of publication: 5 August 2022
This is a translation of the German Interim Report of the Allianz Group. In case of any divergences, the German original is legally binding.