The digital direct insurer

DFV Deutsche Familienversicherung AG

Consolidated Interim Report 2023

DEUTSCHE Familienversicherung

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Ladies and Gentlemen,

Although the coronavirus pandemic subsided at the beginning of 2023, the Russian aggressor still continues the war in Ukraine that began on 24 February 2022. The consequences for the population in Germany are being felt in the form of high inflation and, as a result, weak demand. Deutsche Familienversicherung remains robust in the face of these challenges, as we have a digital business model. We are countering the increased geopolitical uncertainty with scenario analyses that include indirect effects, particularly inflation, further interest rate hikes and high capital market volatility. These effects were also apparent once again with regard to the growing investment portfolio of Deutsche Familienversicherung. We overcame this challenge again in the first half of 2023 and, in particular, safeguarded client assets under management.

During the first half of the year, our portfolio of direct insurance contracts grew by € 8.1 million. A good half of this growth was attributable to our supplementary dental insurance. Here, we were once again named the test winner by the consumer organisation Stiftung Warentest, for the eighth time in a row. The well-established digital sales channels of Deutsche Familienversicherung have once again proven reliable. At the same time, we are further developing our direct marketing capabilities. This also includes intensified marketing, which is reflected in new product-related TV adverts, among other things. Together with our digital policy creation process, we are paving the way for further sustainable success.

This interim report introduces the standards IFRS 17 and IFRS 9 to our Group reporting. We increased our insurance service result significantly to € 2.8 million in the first half of 2023 (first half of 2022: € 1.8 million), thus continuing on our path to profitability. At € 1.7 million, consolidated income before tax was nevertheless lower in the first half of 2023 due to the weaker income from capital investments.

Innovation will continue to determine our course. We will harness the potential of artificial intelligence for our business model and in turn our customers. At the same time, we are still striving to remain an attractive company that operates sustainably on the job market. In July 2023, the sustainability focus of Deutsche Familienversicherung was awarded an ESG Score by the rating agency ESG Book and described as an 'excellent performance'. This rating promoted Deutsche Familienversicherung straight into the top 15% of all companies rated by this agency.

None of this would have been possible without the dedication and professionalism of all our employees. The Executive Board wishes to thank them specifically for their support. Together, we will continue to grow the company systematically. Our customers, for whom we are constantly developing further innovative solutions and business processes that live up to our credo, are always at the heart of everything we do: 'Simple. Sensible.' On behalf of the Executive Board and our employees, I would like to thank you for the trust you have placed in Deutsche Familienversicherung and invite you to continue to accompany us on our journey.

Yours sincerely,

Dr Stefan Knoll
Chief Executive Officer

Frankfurt am Main, 13 September 2023

CONSOLIDATED INTERIM MANAGEMENT REPORT

CONSOLIDATED INTERIM MANAGEMENT REPORT

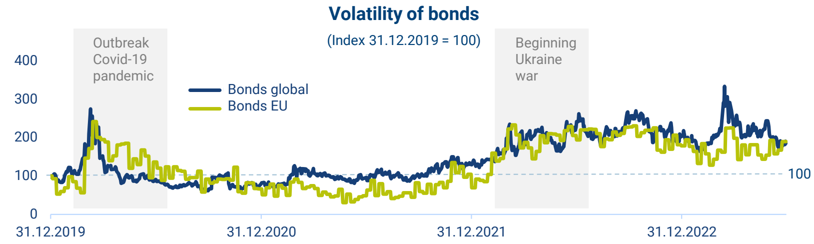
1 ECONOMIC ENVIRONMENT AND SECTOR DEVELOPMENT

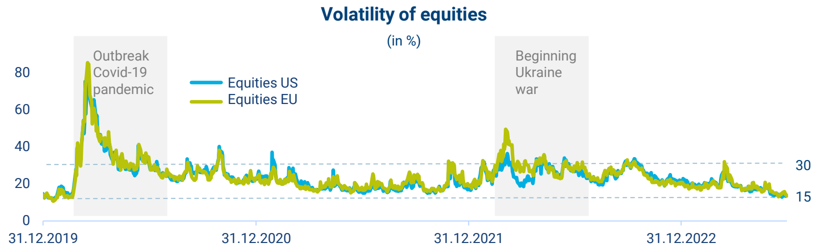
In the first half of 2023, the German economy was shaped by high inflation and, as a result, weak demand. Although advance costs, particularly for energy, are showing signs of price declines towards the middle of the year and will be passed on to customers, wage growth is expected to accelerate over the course of 2023 as inflation premiums are paid and collective wage increases take effect. The ifo Economic Forecast of 21 June 2023 predicts an overall inflation rate of 5.8% for the current year, compared with 6.9% in 2022. A reduced inflation rate of 2.1% is forecast for 2024 once the price increase has returned to normal.

Regardless of economic developments, demographic trends in particular will increasingly stand in the way of a substantial acceleration in employment growth in the labour market. In spite of immigration and the progressive integration of Ukrainian and other refugees into the labour market, the total labour force potential is expected to reach its peak in the near future due to ageing.

In monetary policy, an end to the cycle of interest rate hikes is now on the horizon, although the Governing Council of the ECB raised key interest rates by a further 25 basis points to 4.25% in its July meeting. According to the ifo Institute, key interest rates are expected to fall slightly again in summer 2024 as inflation weakens. Until then, at least, financing conditions for the economy will remain restrictive.

In times of heightened geopolitical uncertainty with an ongoing war in Ukraine, volatility in share and bond prices is likely to remain the order of the day. Share price volatility has recently declined, however, whereas bond volatility has increased. An important prerequisite for ending this 'volatility decoupling' may be for inflation to fall to a normal level and for share price volatility to move closer to that of bonds. The situation on the stock and bond markets remains challenging.





Source: Bloomberg

In its summer forecast '2023/03 Insurance Perspectives', the German Insurance Association (GDV) predicts a slight increase in premiums for the German insurance industry in 2023, despite the persistently uncertain economic situation and only a hesitant decline in inflation. According to the GDV, the decline in real income is having a particularly negative impact on the life insurance business, whereas the damage, accident and private health insurance segments can expect inflation-related premium increases. Based on these segment-specific forecasts, the GDV predicts premium growth of 1.3% for the insurance industry as a whole in 2023, while growth in the order of 2.9% to 4.8% is expected for 2024.

2 DEVELOPMENT OF THE COURSE OF BUSINESS

Deutsche Familienversicherung can look back on a positive business performance overall in the first half of 2023, despite the upheavals resulting from the Ukraine crisis, including inflation and restrictive monetary policy. It pressed on with its transition, initiated in 2021, from a purely growth-oriented business model to a performance-oriented one. Numerous individual measures underpin this further development of the company. This initially concerns the alignment of sales with a stronger focus on direct sales channels, supported by TV advertising and strategic marketing initiatives. Detailed initiatives will further increase the level of digitisation in claims and benefit settlement.

Ultimately, cost management measures and enhanced cost discipline are helping Deutsche Familienversicherung to consistently pursue its path to profitability. In the first half of 2023, these measures made a welcome contribution to meeting the annual target for set 2023; to generate positive consolidated income before tax of € 3–5 million.

2.1 Development of new business

In the first six months of 2023, Deutsche Familienversicherung was once again able to generate further growth in its direct insurance business. At € 8.1 million, new business in the first six months of 2023, measured in current premiums for a year, was nevertheless 14% lower than in the same period last year (€ 9.4 million). In the context of the general economic situation, and in particular due to the high level of uncertainty resulting from the ongoing crisis in Ukraine, Deutsche Familienversicherung decided to reduce absolute sales expenses by 25% in order to contribute to profitability. Digital sales channels in particular have once again proven robust and efficient, supported by marketing initiatives including product-related TV advertising.

Accounting for the sales activities and product-related initiatives we have planned for the second half of 2023, we are in line with our annual sales planning after the first six months of the current financial year. This planning provides for a new-business volume of € 15.0 million in regular premiums for one year. Multiple cooperation agreements that have begun or are currently in development promise additional potential for future sales successes. These include the renewed and intensified insurance partnership with Eintracht Frankfurt, where Deutsche Familienversicherung has been offering members bespoke pension solutions, including exclusive price benefits, in the new Eintracht insurance shop since spring 2023. Eintracht Frankfurt Fußball AG is operating as a tied agent for Deutsche Familienversicherung here.

2.2 Development of the product portfolio

Deutsche Familienversicherung aims to further broaden the direct insurance product base in order to offer its customers optimal cover, true to the motto 'Simple. Sensible'. In the first half of 2023, we revised our DFV pet health insurance in line with the requirements of the German Veterinary Fee Regulations (GOT), which were amended in 2022. We continue to successfully market DFV-UnfallSchutz, which was launched in mid-2022, including the exclusive product that was rated 'very good' (1.5) by Stiftung Warentest. This year, our growth driver DFV-ZahnSchutz was named test winner by Stiftung Warentest for the eighth time in a row. Recently, our liability insurance cover DFV-Haftpflichtschutz was also named the test winner (with a score of 0.6) by Stiftung Warentest.

In mid-2021, Deutsche Familienversicherung became the reinsurer of the CareFlex Chemie Group. This inward reinsurance business continued as planned in the first half of 2023.

2.3 Reporting on changes to forecasts from the group management report

In light of the forecasts from the group management report for 2022, we see no material changes within the meaning of DRS 16.35, with the exception of the adjustment to the expected earnings corridor presented below, nor any deviations from the fundamental development of the group as presented in the 2022 group management report. Provided that the macroeconomic landscape is not the cause of extraordinary negative influences on earnings, according to the outlook, Deutsche Familienversicherung expected consolidated income before tax of € 1–2 million for 2023. In connection with the publication of the group annual report on 30 March 2023, Deutsche Familienversicherung then adjusted the expected corridor to € 3–5 million.

As described in the outlook below, Deutsche Familienversicherung continues to aim for consolidated income before tax of € 3–5 million for 2023. It should be noted that Deutsche Familienversicherung has been applying the accounting standards IFRS 17 and IFRS 9 since 1 January 2023, which results in increased earnings volatility.

3 BUSINESS DEVELOPMENT

3.1 Reporting and performance indicators

Deutsche Familienversicherung has been reporting its business results in accordance with the new accounting standards IFRS 17 and IFRS 9 since 1 January 2023. For the sake of improved comparability, the figures for the previous year have also been calculated in accordance with these new standards.

Even after the application of the new IFRS standards on a group level for the first time, Deutsche Familienversicherung still primarily uses indicators for the purposes of internal management in accordance with the German HGB accounting regime as it continues to apply. However, the new reporting standards on a group level have resulted in some new performance indicators, for which the previous year’s figures have also been calculated for the sake of improved comparability.

KEY PERFORMANCE INDICATORS

in € million	First half 2023	First half 2022	Delta
New business (current premiums for one year)	8.1	9.4	-13.8%
Insurance revenue	64.9	60.3	+7.5%
Insurance service result	2.8	1.8	+52.1%
Consolidated income (before tax)	1.7	5.6	-69.7%
Combined ratio in %	95.5%	96.8%	-1.4 pp

3.2 Insurance revenue

Insurance revenue, introduced under IFRS 17, increased by 8% year-on-year to € 64.9 million in the first half of 2023. Both the supplementary health (+5%) and damage/accident (+25%) reporting segments contributed to this growth. Under the reporting logic of IFRS 17, the active reinsurance business commenced in 2021 is not included in insurance revenue in the amount of premium income.

Insurance benefits rose by 6%, from € 35.5 million to € 37.5 million. At 61.9%, the loss ratio remained unchanged compared with the first half of 2022. With the switch to IFRS 17, Deutsche Familienversicherung capitalises some acquisition costs paid and subsequently amortises them over time. These amortisation amounts resulting from the (also retrospective) capitalisation of acquisition costs increased by 10% to € 11.2 million in the first half of 2023.

Despite the continued growth in business, other operating expenses fell in the reporting period to € 9.1 million, both in relative terms (-7%) and in absolute terms (€ -0.7 million). This is due to the continued consistent implementation of the cost reduction programme initiated in 2021, with a particular focus on operating expenses (Opex). Expenses from reinsurance contracts held increased in line with the improved gross insurance service result.

3.3 Insurance service result

The insurance service result, as operating income under IFRS 17, increased by € 0.9 million or 52% to € 2.8 million in the first half of 2023. Through systematic cost management and strategic spending on sales, Deutsche Familienversicherung was able to generate positive operating income to underline its annual targets in the first six months of the 2023 financial year.

The combined ratio decreased accordingly from 96.8% (first half of 2022) to 95.5% in the reporting period. The target set by Deutsche Familienversicherung of keeping the combined ratio below 100.0% was therefore also achieved under the new accounting regime in the first six months of 2023.

3.4 Financial result

The income from capital investments calculated for the first time in this consolidated interim report for 2023 in accordance with IFRS 9 takes account of the fact that the unrealised changes in market value of certain financial instruments (classified as fair value through profit or loss) are recognised as investment income in the income statement. Although the income from capital investments for the same period in the previous year (also calculated in accordance with IFRS 9 for comparative purposes) was driven by significant increases in market value, there was no such increase in market value in the first half of 2023.

In addition, net losses on disposals weakened the income from capital investments for the first half of the year because Deutsche Familienversicherung decided to reposition the investment portfolio following the sharp rise in interest rates in 2022. Overall – after netting the insurance finance income from insurance contracts issued and from reinsurance contracts held in accordance with IFRS 17 – the financial result came to just € 0.1 million in the first half of the year, compared with € 4.9 million in the same period last year.

3.5 Consolidated income

Deutsche Familienversicherung closed the first half of 2023 with pre-tax profit of € 1.7 million (first half of 2022: € 5.6 million). After offsetting taxes, this results in earnings after taxes of € 1.2 million for the first half of 2023 (first half of 2022: € 3.8 million). The comprehensive income for the first half of 2023 amounts to € 2.1 million (first half of 2022: € 4.9 million).

The development of earnings in the reporting period is essentially characterised by the fact that a significant improvement in the insurance service result (operating income), driven by cost management measures implemented (Opex), was more than offset by a decline in the financial result in the reporting period.

3.6 Financial position

The financial position of Deutsche Familienversicherung continues to be significantly shaped by the growth in ageing provisions typical of the business model (especially for supplementary long-term care insurance), which must be backed by investments in separate ‘guarantee assets’ (‘*Sicherungsvermögen*’). Specific supervisory regulations apply to these assets to which the insured persons are entitled. The IFRS 17 accounting regime reflects this logic, which includes a legally standardised minimum participation of policyholders in surpluses, within the ‘variable fee approach’ valuation model.

Total investments increased by € 18.2 million, or 10%, from € 180.4 million as at 31 December 2022 to € 198.6 million as at 30 June 2023.

Consolidated equity (i.e. equity excluding non-controlling interests) increased by € 2.1 million or 2% to € 92.3 million compared to 31 December 2022. The increase stems from the total comprehensive income of € 2.1 million for the first half of 2023 (first half of 2022: € 4.9 million).

KEY INDICATORS REGARDING THE ASSET SITUATION AND FINANCIAL POSITION

in € m	30.06.2023	31.12.2022	Delta
Total assets	265.5	246.9	+7.5%
Equity of the shareholders of DFV Deutsche Familienversicherung AG	92.3	90.2	+2.3%
Investments	198.6	180.4	+10.1%

With an SCR coverage ratio well above the legal requirements, Deutsche Familienversicherung remained comfortably solvent in the first half of 2023. Deutsche Familienversicherung was able to meet its payment obligations at all times in the reporting period. There are no indications that this ability will be at risk in future.

3.7 Opportunity and risk report

3.7.1 Description of the risk structure

In its annual report for 2022, Deutsche Familienversicherung reported in detail on its opportunities and risks. The presentation and evaluation of the opportunity and risk situation of Deutsche Familienversicherung remain applicable without change.

The purpose of the company is insurance business, an activity that, by nature, is associated with risk. It is therefore important to take risks in a targeted manner based on the existing ability to bear risks, insofar as the opportunities associated with this allow for the expectation of sufficient added value. Risk management at Deutsche Familienversicherung aims to identify these risks at an early stage, to monitor them and, ultimately, to manage them in a systematic manner. Active risk management is carried out by the Executive Board and managers. Department heads routinely report to the member of the Executive Board responsible for their department, or the Executive Board as a whole, about the current course of business, including from a risk perspective.

The risk strategy of Deutsche Familienversicherung also includes the transfer of risk to solvent reinsurance companies with very good credit ratings by means of pro rata risk assumption and flexibly expandable cover for major losses and natural catastrophes, as well as annually adjusted insurance cover for loss of revenue or business interruptions, business liability, cyber risks and commercial buildings and inventory.

The full Executive Board and the Supervisory Board are informed on a rotating basis about the quarterly solvency figures. Amounting to more than 300%, the solvency capital requirements (SCR) coverage ratio of Deutsche Familienversicherung was well above the legal requirements in the first half of 2023.

The overall risk of Deutsche Familienversicherung can be divided into the following risk categories:

- Underwriting risks
- Risks from the default of receivables from insurance business
- Risks from capital investments, especially market and currency risks
- Operational risks
- Liquidity risks
- Strategic and reputational risks
- Sustainability risks

In addition to the risks presented, the opportunity and risk profile of Deutsche Familienversicherung contains opportunities to be taken advantage of with a balanced approach. These include, for example, underwriting opportunities arising from favourable claim developments, as well as investment opportunities arising from strategic and tactical considerations relating to investment management and capital market performance. Above all, strategic opportunities may arise from, for example, occupying future markets at an early stage, a rapid market launch as well as sales successes, potentially with partners.

In order to manage interest rate and market price risks in the area of investments, a hedging process based on derivative financial instruments has been implemented which provides for the use of standardised derivatives in predefined hedging cases. No such hedging existed as at the balance sheet date of 30 June 2023, so Deutsche Familienversicherung does not recognise any derivative financial instruments as at 30 June 2023.

In the uncertain geopolitical situation with persistently high inflation and in light of the Ukraine crisis with its inherent uncertainties, we are monitoring our environment very closely so as to be able to react to emerging opportunities and risks at short notice.

3.7.2 Summary of the risk situation

In summary, based on the current information and the described conditions, Deutsche Familienversicherung determines that there are no present developments which would endanger the existence of the company or which would significantly hinder the asset, financial and earnings position of the Group or its ability to bear risks.

3.8 Outlook

Deutsche Familienversicherung will continue its growth course and systematic cost management in the second half of 2023 and will not deviate from its stated new-business target of € 15 million in current premiums for one year. On the basis of these interim figures and the expectations for the remainder of the year, Deutsche Familienversicherung continues to expect positive earnings before taxes within a corridor of € 3–5 million for 2023 as a whole.

In light of the ongoing increase in premiums and the continuous positive effects of the cost management programme, Deutsche Familienversicherung believes it is well positioned for the future and expects its earnings to continue to improve. This forecast is fraught with uncertainty, particularly in light of potential turbulence on the capital market as a result of the Ukraine crisis.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS

In €		30.06.2023	31.12.2022
A.	**Cash and cash equivalents**	**9,847,778**	**11,493,912**
B.	**Investments**	**198,577,422**	**180,386,170**
C.	**Assets from insurance contracts issued**	**37,978,293**	**34,815,307**
D.	**Assets from reinsurance contracts held**	**1,223,543**	**1,474,806**
E.	**Other assets**	**6,963,874**	**7,114,827**
F.	**Intangible assets**	**5,595,649**	**5,952,432**
G.	**Rights of use for property pursuant to IFRS 16**	**0**	**0**
H.	**Own property, plant and equipment**	**884,348**	**377,309**
I.	**Deferred tax assets**	**4,477,598**	**5,323,829**
Total assets		**265,548,505**	**246,938,592**

EQUITY AND LIABILITIES

In €		30.06.2023	31.12.2022
A.	**Income tax liabilities**	**144,545**	**144,545**
B.	Other liabilities	**995,638**	**1,550,431**
C.	**Liabilities from insurance contracts issued**	**146,883,167**	**130,483,969**
D.	**Liabilities from reinsurance contracts held**	**23,664,106**	**22,797,086**
E.	Provisions	**1,444,179**	**1,647,748**
F.	Lease liabilities	**0**	**0**
G.	**Deferred tax liabilities**	**0**	**0**
H.	Equity	**92,332,494**	**90,226,787**
I.	Non-controlling interests	**84,376**	**88,026**
Total equity and liabilities		**265,548,505**	**246,938,592**

STATEMENT OF COMPREHENSIVE INCOME

In €		First half 2023	First half 2022
I. Income statement			
1. Insurance service result			
a) Insurance revenue		64,865,730	60,317,416
b) Insurance service expenses		-57,845,013	-55,455,441
c) Reinsurance result		-4,269,734	-3,052,948
		2,750,982	**1,809,028**
2. Income from capital investments			
a) Net interest income		3,076,340	3,185,816
b) Realised/unrealised gains/losses		-1,288,986	7,612,553
c) Expenses from financial assets		-1,171,734	-990,300
		615,620	**9,808,069**
3. Net insurance finance income			
a) Insurance service result from insurance contracts		-714,373	-6,274,866
b) Insurance service result from reinsurance contracts		174,983	1,390,667
		-539,390	**-4,884,199**
4. Financial result		**76,230**	**4,923,871**
5. Other result		**-1,115,462**	**-1,083,354**
6. Income for the period before income taxes		**1,711,750**	**5,649,545**
7. Income taxes		**-552,318**	**-1,802,957**
8. Income for the period		**1,159,431**	**3,846,589**
Of which attributable to shareholders in the parent company		**1,166,731**	**3,846,589**
Of which attributable to non-controlling interests		-7,300	0
II. Other comprehensive income			
1. Fixed-interest securities measured at fair value through other comprehensive income		**2,128,637**	**-26,993,876**
2. Realisation result from fixed-interest securities measured at fair value through other comprehensive income		**478,569**	**-1,206,217**
3. Changes in insurance finance reserve recognised directly in equity		**-1,222,621**	**29,738,012**
4. Deferred taxes on changes in the revaluation reserve		**-441,960**	**-490,904**
5. Other income for the period		**942,626**	**1,047,015**
III. Total comprehensive income		**2,102,057**	**4,893,604**
Of which attributable to shareholders in the parent company		2,109,357	4,893,604
Of which attributable to non-controlling interests		-7,300	0
Earnings per share for the period		**0.08**	**0.26**
Total earnings per share		0.14	0.34

DEVELOPMENT OF CONSOLIDATED EQUITY

In € thousand	Subscribed capital	Capital reserves	Retained earnings	Unrealised income from capital investments	Unrealised income from insurance contracts	Consolidated equity before non-controlling interests	Non-controlling interests	Consolidated equity
As at 31 December 2021	**29,401**	**72,873**	**-21,488**	**661**	**-5,780**	**75,667**	**0**	**75,667**
Income for the period	0	0	3,847	0	0	3,847	0	3,847
Other income for the period	0	0	0	-19,199	20,246	1,047	0	1,047
Capital contributions by non-controlling interests	0	0	0	0	0	0	100	100
As at 30 June 2022	**29,401**	**72,873**	**-17,641**	**-18,539**	**14,465**	**80,561**	**100**	**80,661**
As at 31 December 2022	**29,401**	**72,897**	**-15,903**	**-20,471**	**24,303**	**90,227**	**88**	**90,315**
Income for the period	0	0	1,163	0	0	1,163	-3	1,160
Other income for the period	0	0	0	1,775	-833	942	0	942
Capital contributions by non-controlling interests	0	0	0	0	0	0	0	0
As at 30 June 2023	**29,401**	**72,897**	**-14,740**	**-18,696**	**23,470**	**92,332**	**85**	**92,417**

The Annual Report for 2022 was published in March 2023 and contained a preliminary indication of the change in equity due to the application of IFRS 9/17 for the first time. This was based on estimates made up to mid-February 2023, in order to illustrate the potential effects of IFRS 9/17.

After the publication of the Annual Report for 2022, Deutsche Familienversicherung continued to prepare the opening balance sheet under IFRS 9/17 and made a few non-material adjustments. For this reason, the current changes in equity under IFRS 9/17 deviate from the provisional indication in the Annual Report for 2022.

STATEMENT OF CASH FLOW

In €	First half 2023	First half 2022
Cash and cash equivalents 01.01	**11,493,912**	**4,331,653**
of which cash reserves and cash equivalents	11,493,057	4,331,653
of which short-term investments	855	0
I. Cash flow from operating activities	**8,874,831**	**19,635,531**
1.1 Income for the period	1,159,431	3,846,589
1.2 Depreciation / reversals of write-downs of fixed assets	617,502	980,174
1.3 Income tax payments	-148,046	8,244
1.4 Net changes in insurance contracts issued and reinsurance contracts held (excl. OCI changes)	13,131,874	20,116,028
1.5 Changes in capital investments (excl. OCI changes)	-11,069,635	-5,820,872
1.6 Other non-cash changes	5,183,705	505,368
II. Cash flow from investing activities	**-10,520,964**	**-17,482,446**
2.1 Cash paid for investments in intangible assets	-220,904	-13,090
2.3 Cash paid for investments in property, plant and equipment	-571,237	-1,339
2.4 Net outgoing payments for capital investments	-9,728,823	-17,468,017
III. Cash flow from financing activities	**0**	**99,999**
3.1 Equity increases	0	99,999
3.2 Borrowing/repayment	0	0
3.3 Net changes from lease liabilities	0	0
3.4 Dividends	0	0
Total changes in cash flow	**-1,646,133**	**2,253,084**
Cash and cash equivalents 30.06	**9,847,779**	**6,584,737**
of which cash reserves and cash equivalents	3,834,749	6,584,715
of which short-term investments	6,013,029	23

SEGMENT REPORTING

SEGMENT INCOME STATEMENT	Supplementary health		Damage/accident		Other & consolidation		Group	
In €	First half 2023	First half 2022	First half 2023	First half 2022	First half 2023	First half 2022	First half 2023	First half 2022
1. Insurance revenue	**54,526,436**	**51,969,332**	**9,964,294**	**7,973,085**	**375,000**	**375,000**	**64,865,730**	**60,317,416**
2. Insurance expenses	-49,699,615	-48,118,887	-8,145,399	-7,336,554	0	0	-57,845,013	-55,455,441
2.1 Insurance benefits	-35,172,477	-33,650,281	-2,338,593	-1,820,616	0	0	-37,511,070	-35,470,897
2.2 Acquisition costs	-7,115,587	-6,597,084	-4,113,521	-3,593,394	0	0	-11,229,108	-10,190,478
2.3 Other expenses	-7,411,551	-7,871,522	-1,693,285	-1,922,544	0	0	-9,104,835	-9,794,066
3. Net underwriting expenses from reinsurance contracts held	-3,469,432	-2,439,864	-800,302	-613,083	0	0	-4,269,734	-3,052,948
4. Insurance service result	1,357,389	1,410,581	1,018,593	23,447	375,000	375,000	2,750,982	1,809,028
4.1 Interest on investments (not FVTPL)	1,390,794	1,015,618	228,333	180,284	579,359	554,884	2,198,486	1,750,786
4.2 Income from investments (FVTPL)	-227,852	4,921,701	-53,544	1,010,769	-129,737	3,115,112	-411,133	9,047,583
4.3 Net risk provisioning expenses	-650,369	-392,405	1,861	-32,140	4,723	-98,922	-643,785	-523,467
4.4 Other capital investment expenses	-331,875	-173,849	-55,429	-27,839	-140,644	-265,145	-527,948	-466,833
5. Income from capital investments	180,698	5,371,065	121,221	1,131,074	313,701	3,305,929	615,620	9,808,069
5.1 Insurance finance expenses – net	-713,399	-6,317,761	-974	42,895	0	0	-714,373	-6,274,866
5.2 Financial income from reinsurance – net	174,983	1,390,667	0	0	0	0	174,983	1,390,667
6. Insurance finance income	-538,416	-4,927,094	-974	42,895	0	0	-539,390	-4,884,199
7. Financial result	-357,718	443,973	120,246	1,173,968	313,701	3,305,929	76,230	4,923,871
8. Other results	0	0	0	0	-1,115,462	-1,083,354	-1,115,462	-1,083,354
9. Segment result before taxes	999,671	1,854,552	1,138,840	1,197,416	-426,761	2,597,575	1,711,750	5,649,544

SEGMENT BALANCE SHEET – ASSETS	Supplementary health		Damage/accident		Other & consolidation		Group	
In €	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022
A. Investments	133,033,695	120,683,254	18,529,087	17,675,456	47,014,640	42,027,460	198,577,422	180,386,170
B. Underwriting assets	30,747,130	30,487,019	7,231,163	4,328,288	0	0	37,978,293	34,815,307
C. Underwriting assets in reinsurance	711,257	727,413	512,287	747,393	0	0	1,223,543	1,474,806
D. Other assets	23,342,959	22,248,254	4,265,749	3,413,306	160,539	4,600,750	27,769,247	30,262,309
Total segment assets	**187,835,041**	**174,145,940**	**30,538,286**	**26,164,443**	**47,175,179**	**46,628,210**	**265,548,505**	**246,938,592**

SEGMENT BALANCE SHEET – LIABILITIES	Supplementary health		Damage/accident		Other & consolidation		Group	
In €	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022
A. Underwriting liabilities	146,702,991	130,005,266	164,176	462,703	16,000	16,000	146,883,167	130,483,969
B. Underwriting liabilities in reinsurance	16,288,622	21,885,202	7,375,484	911,883	0	0	23,664,106	22,797,086
C. Other liabilities	2,172,426	2,070,547	396,995	317,661	14,941	954,516	2,584,362	3,342,724
Total segment liabilities / Group liabilities and provisions	**165,164,039**	**153,961,015**	**7,936,655**	**1,692,247**	**30,941**	**970,516**	**173,131,635**	**156,623,779**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

1 BASES OF THE REPORT

The condensed consolidated interim financial statements of the DFV Group are presented in accordance with IAS 34 and were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting, as adopted by the European Union.

Deutsche Familienversicherung is applying IFRS 9 and IFRS 17 for the first time in these condensed consolidated interim financial statements. The associated changes to material accounting standards are explained in section 2_. Deutsche Familienversicherung has also changed the structure of its balance sheet and income statement in accordance with IAS 1.

For existing and unchanged IFRS, the accounting, valuation, consolidation and disclosure principles applied to prepare the condensed consolidated interim financial statements are consistent with those applied to prepare the consolidated financial statements for the 2022 financial year.

Unless stated otherwise, all amounts are rounded to euros (€).

2 ACCOUNTING PRINCIPLES AND (NEW) ACCOUNTING STANDARDS

2.1 Financial instruments (IFRS 9)

In the current 2023 financial year, Deutsche Familienversicherung applied IFRS 9 'Financial Instruments' for the first time, as well as the resulting amendments to other standards prior to the mandatory application date. Deutsche Familienversicherung has set 31 December 2021 as the date of initial application. This is the date on which the Group reassessed its existing financial assets and financial liabilities. This date was selected because IFRS 17, and thus also IFRS 9 for insurance companies, must be applied for the entire 2023 reporting period (or comparative figures for 2022).

For the reconciliation of the 2022 consolidated balance sheet from IAS 39 and IFRS 4 to IFRS 9 and IFRS 17, please see section 2.2 'Measurement of insurance contracts (IFRS 17)'.

2.1.1 Classification and measurement of financial assets

Based on the respective business model and characteristics of the contractual cash flows, the DFV Group classifies a financial asset into one of three measurement categories upon its recognition for the first time:

- Amortised cost
- At fair value through other comprehensive income as other income for the period, or
- At fair value through profit or loss

2.1.1.1 Measured at amortised cost

— Cash in hand

This consists of overnight bank balances, balances with central banks and the cash-in-hand of the HI DFV Master Funds.

— Credit receivables

This relates to an € 800,000 loan granted to members of management bodies, which has existed since the 2022 financial year and has been classified as an asset measured at amortised cost (ACO) due to the business model.

As the loan is over-secured with a mortgage/land charge in the amount of € 1.4 million, this does not represent a default risk for DFV; for this reason, an expected credit loss was not calculated or posted.

2.1.1.2 Measured at fair value through other comprehensive income

This includes fixed-interest and variable-interest debt instruments that have been classified as financial assets measured at FVOCI due to the business model.

The gross carrying amount reflects the maximum default risk.

2.1.1.3 Measured at fair value through profit or loss

This includes equity and equity-equivalent securities (equity ETFs and real estate funds) as well as derivatives that were classified as assets measured at fair value through profit and loss (FVTPL) on the basis of the cash flow criterion (SPPI).

2.1.2 Classification and measurement of financial liabilities

IFRS 9 also contains rules for the classification and measurement of financial liabilities.

Deutsche Familienversicherung does not currently recognise any financial liabilities, which is why a detailed description of the classification and measurement of financial liabilities is not provided here.

2.2 Measurement of insurance contracts (IFRS 17)

As part of the transition project to IFRS 9 and IFRS 17, Deutsche Familienversicherung converted its opening balance sheet from IAS 39 and IFRS 4 to IFRS 9 and IFRS 17. With regard to the reconciliation and recognition of IFRS 17 insurance items, certain insurance contracts and accounting methods are currently still under discussion, both in the literature and among auditing firms and in collaboration with our auditor.

As a result of this situation, we were forced to make adjustments to the opening balance (or changes in equity) between the publication of the Annual Report for 2022 in March 2023 and the current Interim Report 2023. In particular, these adjustments related to the measurement of reinsurance contracts under the General Measurement Model (GMM) using the OCI option. It is possible that further changes will have to be taken into consideration in the Annual Report for 2023.

Deutsche Familienversicherung assumes that the current Interim Report 2023 gives an accurate picture of the asset, financial and earnings position.

Reconciliation of the 2022 consolidated balance sheet from IAS 39 and IFRS 4 to IFRS 9 and IFRS 17:

ASSETS		IFRS 9 / 17	IAS 39 / IFRS 4	Reconciliation IFRS 9	Reconciliation IFRS 17
In €		31.12.2022	31.12.2022	31.12.2022	31.12.2022
A.	Cash and cash equivalents	11,493,912	11,493,912		
B.	Investments	180,386,170	180,386,170	0	
C.	Assets from insurance contracts issued	34,815,307	0		34,815,307
D.	Assets from reinsurance contracts held	1,474,806	566,959		907,847
E.	Other assets	7,114,827	5,462,308		1,652,518
F.	Intangible assets	5,952,432	5,952,432		
G.	Rights of use for property pursuant to IFRS 16	0	0		
H.	Own property, plant and equipment	377,309	377,309		
I.	Deferred tax assets	5,323,829	16,094,577		-10,770,747
Total assets		**246,938,592**	**220,333,667**	**0**	**26,604,925**

EQUITY AND LIABILITIES		IFRS 9 / 17	IAS 39 / IFRS 4	Reconciliation IFRS 9	Reconciliation IFRS 17
In €		31.12.2022	31.12.2022	31.12.2022	31.12.2022
A.	Income tax liabilities	144,545	144,545		
B.	Other liabilities	1,550,431	4,446,431		-2,896,000
C.	Liabilities from insurance contracts issued	130,483,969	146,869,512		-16,385,543
D.	Liabilities from reinsurance contracts held	22,797,086	0		22,797,086
E.	Provisions	1,647,748	1,647,748		
F.	Lease liabilities	0	0		
G.	Deferred tax liabilities	0	0		
H.	Equity	90,226,787	67,137,405	0	23,089,382
I.	Non-controlling interests	88,026	88,026		
Total equity and liabilities		246,938,592	220,333,667	0	26,604,925

— Reconciliation of IAS 39 to IFRS 9

With the transition to IFRS 9, Deutsche Familienversicherung transferred all securities to the 'hold to collect and sell' business model and continues to measure all securities at fair value. There have therefore been no changes to the investments item. Equity also did not change as a result of the transition; only the equity, bond and real estate funds are measured at FVTPL under IFRS 9. As a result, changes in earnings resulting from market value measurements are also reported as retained earnings in the opening balance sheet and no longer in the revaluation reserve.

— Reconciliation of IFRS 4 to IFRS 17

With the transition to IFRS 17, Deutsche Familienversicherung subjected all insurance contracts to a revaluation. This led to significant changes in insurance items, other assets and other liabilities. The significant changes result from the application of the variable fee approach (VFA) valuation model to insurance contracts in the health insurance business (by type of life insurance), the application of the general measurement approach (GMM) to reinsurance contracts and the application of the premium allocation approach (PAA) valuation model to insurance and reinsurance contracts issued and to the capitalisation of acquisition costs.

Further details on the methods and processes used by Deutsche Familienversicherung are described in more detail below:

2.2.1 Insurance and investment contracts

Insurance contracts and investment contracts with a discretionary participation feature are accounted for in accordance with the accounting provisions of IFRS 17. To this end, IFRS 17 contains three valuation models that reflect different levels of participation by policyholders in the investment result or in the company's performance: the general measurement model (also known as the modular approach), the variable fee approach and the premium allocation approach.

Contracts with direct participation features are contracts under which, upon conclusion of the contract,

- the contractual provisions stipulate that the policyholder holds a stake in a clearly defined pool of underlying reference values;
- the DFV Group expects to pay the policyholder an amount that corresponds to a significant portion of the income from the fair value of the underlying reference values; and
- the DFV Group expects a significant portion of any changes in the amounts payable to the policyholder to fluctuate depending on changes in the fair value of the underlying reference values.

Insurance contracts with direct participation features are accounted for in accordance with the VFA. Insurance contracts without direct participation features are measured under the GMM or under the PAA, provided the eligibility criteria for the PAA are met.

The DFV Group generally applies the same accounting principles and rules for issued reinsurance contracts as for issued insurance contracts.

2.2.2 Level of aggregation

Groups of contracts are formed for the purpose of measuring insurance contracts. The first step is to define portfolios that include contracts with similar risks and whose contracts are managed jointly. Within the portfolios, the contracts must then also be broken down according to profitability. The assignment takes place when the data are first entered. In addition, the groups must be determined at least on the basis of annual cohorts (i.e. contracts may not be assigned to the same group if the contracts are concluded more than one year apart). According to the EU endorsement, users in the EU have the option of using annual cohorts. Under this option, it is possible to dispense with the formation of annual cohorts for contracts with cross-generational participation features. Deutsche Familienversicherung makes use of this exception and does not form annual cohorts for health and long-term care insurance contracts by type of life insurance.

2.2.3 Actuarial provision according to the GMM/VFA

The liability for remaining coverage (LRC) is calculated as the sum of the fulfilment cash flows and the contractual service margin (CSM). The fulfilment cash flows are made up of three components, which represent the rights and obligations vis-à-vis the policyholders. The individual components of the fulfilment cash flows consist of the estimation of expected future cash flows, their discounting (to take into account financial risks and the present value of the money) and the risk adjustment for non-financial risks. The CSM represents the unrealised profit that a company expects from the future provision of services over the coverage period. The individual components of the LRC are assessed separately.

2.2.4 Estimation of future cash flows

The estimate of future cash flows includes all cash flows within the boundary of an insurance contract that relate to the performance of the contract. In particular, this estimate also includes cash flows, the amount or timing of which is at the discretion of Deutsche Familienversicherung. The estimate includes all reasonable and reliable information that can be derived without undue expense or effort. Cash flows include premiums from policyholders, payments to (or on behalf of) policyholders, acquisition costs and other costs directly related to fulfilling the contract. The acquisition costs consist of the costs of selling, underwriting and setting up a group of contracts that can be directly attributed to the portfolio of contracts to which the group belongs. Other costs incurred in fulfilling the contract include claims handling, maintenance and administrative costs, investment costs and recurring commission incurred in connection with premiums paid in instalments and payable within the limits of the contract.

2.2.5 Discounting

Future cash flows must be discounted in accordance with IFRS 17. In doing so, the standard sets out principle-based specifications, including for taking into account the illiquidity characteristics of insurance contracts and market consistency. In order to take into account the illiquidity of insurance liabilities, IFRS 17 requires the yield curves to be based on a risk-free base curve and portfolio-specific adjustments. Observable market data should be used to derive this information. Deutsche Familienversicherung uses a bottom-up approach to calculating the yield curves. The risk-free base curve is first derived from swap rates and then adjusted for the remaining credit risk. To take into account the illiquidity of the cash flows from insurance contracts, an illiquidity premium is added to the risk-free yield curve, which reflects the duration characteristics of the underwriting liabilities.

The following table shows the interest rates used to discount cash flows:

Insurance business: Discount rates in %

	30.06.2023	31.12.2022	30.06.2022
1 year	4.93	4.01	-0.19
5 years	4.08	3.96	0.31
10 years	3.82	3.93	0.59
20 years	3.60	3.60	0.84
30 years	3.48	3.43	1.39

2.2.6 Risk adjustment for non-financial risks

The risk adjustment corresponds to the compensation that a company requests for the uncertainty arising from non-financial risks relating to the amount and timing of the cash flows from insurance contracts. Underwriting risks, cancellation risks and cost risks are all non-financial risks. IFRS 17 merely provides principles for calculating risk adjustment; in particular, it does not specify any fixed methodological specifications. The risk adjustment is calculated separately for direct insurance and reinsurance and separately for the LRC and LIC.

As with Solvency II, Deutsche Familienversicherung uses a cost of capital approach to calculate the risk adjustment. The cost of capital rate used is derived from market data plus an expert estimate and is 8%. The main differences to Solvency II lie in the discounting and the exclusion of the operational risk.

The risk adjustment of health insurance by type of life insurance corresponds to a one-year confidence level of 80%. The LIC risk adjustment is derived for all portfolios based on a one-year confidence level of 99%. The confidence levels are calculated on the basis of the distribution assumptions used as a basis under Solvency II.

2.2.7 Contractual service margin

On initial recognition, the CSM is calculated in such a way that no income or expense arises from the fulfilment cash flows, the contract cash flows of the groups and the derecognition of acquisition costs and other assets recognised as assets. In the event of a net outflow (i.e. the CSM is negative), the corresponding group of contracts is onerous and the net outflow is immediately recognised in profit or loss. In subsequent measurements, the CSM is adjusted for changes in future cash flows. For the contracts valued using the GMM, interest is also compounded for the CSM in each period. The interest rates set at the time of the initial measurement of the group in question are used. For the services provided in the respective period, a portion of the CSM is released through profit or loss in each period on the basis of 'coverage units'. IFRS 17 provides fundamental principles for determining coverage units. Deutsche Familienversicherung uses a weighting between the premiums and the ageing provision selected according to the characteristics of the contract as coverage units.

The VFA is a modified form of the GMM for contracts with direct profit participation. The decision as to whether an insurance contract meets the criteria for the VFA is made at the start of the contract and is not changed thereafter, except in the event of a material contract amendment. For contracts measured using the VFA, the CSM is adjusted according to the entity's share of changes in the fair value of the underlying reference values. There is no explicit compounding of interest, as the CSM is adjusted to reflect changes in financial risks (i.e. a new measurement is carried out).

2.2.8 Actuarial provisions under the premium allocation approach

DFV uses the PAA to measure insurance and reinsurance contracts with a maximum coverage period of one year. In addition to such contracts with a term of one year or less, the PAA is used for groups of insurance contracts where the measurement of the actuarial provision does not differ materially from the results that would result from applying the GMM or the VFA. The DFV Group reviews the applicability of the PAA on the basis of qualitative and quantitative factors. At DFV, the PAA applies to damage and accident business, to supplementary health insurance policies conducted by type of damage insurance and in reinsurance.

If facts and circumstances (e.g. an expected combined ratio of more than 100%) indicate that a group of insurance contracts measured under the PAA is loss-making at initial recognition or will subsequently be loss-making, the value of the premium reserve is increased to the amount of the fulfilment cash flows determined under the general measurement model. The expected loss is shown in a loss component and recognised in underwriting expenses. The loss component is remeasured at each reporting date as the difference between the amounts of the fulfilment cash flows for future services determined under the general measurement model and the carrying amount of the actuarial provision excluding the loss component.

2.2.9 Acquisition costs

In the DFV Group, directly attributable expenses from the conclusion of insurance contracts are recognised differently:

a) for material insurance contracts measured under the PAA, the acquisition costs are not recognised as an expense when incurred, but are accounted for as an asset upon initial recognition in accordance with IFRS 17.28B and amortised over several years;

b) for insurance contracts measured using the VFA, the acquisition costs are recognised in accordance with IFRS 17.38 (c) and IFRS 17.B125; the acquisition costs are implicitly deferred over the coverage period of the contracts; and

c) for non-material insurance contracts currently measured under the PAA, the acquisition costs are expensed as incurred.

No acquisition costs were recognised for the reinsurance contracts (PAA and GMM) as at 30 June 2023.

2.2.10 Receivables and liabilities

IFRS 17 is conceptually based on a prospective cash perspective, i.e. all expected future cash flows from the insurance contract are taken into account in the measurement and recognised as an asset or a liability. At Deutsche Familienversicherung, these also include all receivables and liabilities from insurance and reinsurance contracts. Specifically, these are:

a) Receivables, such as

   a. Interest receivables

   b. Receivables from direct insurance business and

   c. Receivables from reinsurance contracts issued and held

These are recognised at amortised cost.

b) Liabilities, such as

   a. Liabilities from direct insurance business

   b. Deposits retained and accounts payable from reinsurance contracts issued and held

These are recognised at their nominal values.

2.2.11 Provision for outstanding claims (LIC)

The LIC is recognised for a group of insurance contracts at the amount of the fulfilment cash flows that relate to losses that have already occurred. For damage and accident insurance, the LIC consists of the present value of future cash flows from incurred losses plus a risk adjustment for non-financial risks. Discounting is carried out at the same interest rates as for the LRC. In the field of health and supplementary long-term care insurance, the value of the provisions for outstanding claims has been carried over unchanged from the financial statements prepared in accordance with the German Commercial Code (HGB).

2.2.12 Provision process

In the following section, 'provision' refers to the sum of the present value of future cash flows, the risk adjustment for non-financial risks and the CSM.

Provisions from health insurance business depend on biometric assumptions (e.g. mortality or claim per capita statistics), the behaviour of policyholders (e.g. cancellations), economic assumptions about future interest rates and cost assumptions. The assumptions used in the measurement are derived by the actuarial and accounting departments and are validated.

DFV introduced a stochastic cash flow model as part of the introduction of IFRS 17. The cash flow model carries assets and liabilities forward in interactive risk-neutral projections. Due to the complexity of such a calculation process, the model is constantly being developed. Experienced and qualified DFV employees are assigned to calculate the provisions in this area.

Actuarial methods are used to form provisions for damage and accident insurance. The selection of methods for the best possible estimation of future cash flows is carried out by experts and is heavily based on the assumptions and processes used under Solvency II.

2.3 Measurement at fair value (IFRS 13)

IFRS 13 defines the fair value as the sales price (i.e. the price that would be received in an ordinary transaction between market participants on the measurement date upon sale of an asset or upon transfer of a liability). All assets and liabilities measured at fair value are assigned to a fair value hierarchy (level) pursuant to IFRS 13. Moreover, level information also has to be disclosed for fair values, which are exclusively presented in the notes. The fair value hierarchy provides for three levels of valuation. The allocation informs which of the reported fair values have occurred through transactions on the market and to what extent the determination was based on observable market-derived data or using valuation models due to a lack of market transactions. On each key date, it is reviewed whether the allocation to the levels of the fair value hierarchy is still appropriate. If changes that require a different allocation have occurred due, for example, to inactive markets, corresponding reclassifications are made between the levels.

Level 1: Prices quoted in active markets on the valuation date for the assets and liabilities to be measured
Level 2: Use of quoted prices other than those defined in Level 1 that are either directly or indirectly observable for the asset or liability
Level 3: Unobservable input factors, if possible the application of a valuation model using unobservable, estimated input factors

Valuation techniques and input factors to determine fair values for assets and liabilities at Levels 2 and 3

The measurement of financial instruments and investments in these levels is mainly based on capital-value-oriented or multiplier methods. At Deutsche Familienversicherung, these are – especially at Level 3 – traditional valuation methods such as the gross rental method, the discounted cash flow method (utilising EBIT, cash flows, risk-free interest rates, beta factors or spreads) and even the net asset value method for subordinate financial investments. Overnight deposits are recognised at their acquisition costs.

2.4 Impairments under IFRS 9

Under IFRS 9, impairments due to credit risks in credit transactions and securities not measured at fair value through profit or loss are recognised using a three-stage model based on expected credit losses.

The scope of application of this impairment model for Deutsche Familienversicherung includes the following financial instruments:

- Financial assets in the form of loans and receivables measured at amortised cost
- Financial assets in the form of bonds measured at fair value through other comprehensive income (FVOCI)

Impairments are determined using a three-stage model:

Level 1 takes into account all financial instruments for which the default risk (default risk) has not increased significantly since their initial recognition in the balance sheet. For the financial instruments, a weighting is calculated on the basis of the expected credit losses over the next 12 months.

Level 2 includes financial instruments with a significantly increased risk that are not classified as low-risk business. The impairment is based on the expected credit losses over the entire life of the instrument.

Financial instruments that are classified as impaired on the reporting date are allocated to level 3. As a criterion for this, DFV uses an overdraft of payments for interest and repayments of more than 30 days or an indication of a price decline of 30% for listed bonds, whereby the change in creditworthiness is analysed in a second step.

In level 3, the leverage cost of capital (LECL) is used to measure the value of the expired financial instruments. The LECL is calculated on the basis of statistical risk parameters for transactions using expert estimates of future cash flows and probabilities of occurrence.

Calculating the expected credit loss (ECL)

Deutsche Familienversicherung generally calculates the ECL as the probability-weighted, undistorted and discounted expected value of future credit losses over the entire remaining term of the financial instrument in question.

The 12-month ECL for the recognition of impairments in level 1 is defined as the portion of the LECL that results from default events that are expected within 12 months of the reporting date.

The ECL is determined on a transaction-by-transaction basis for levels 1 and 2 and for non-significant financial instruments in level 3. The main parameters are:

- the customer-specific probability of default (PD);
- the loss given default (LGD);

The risk parameters from the internal insurance models are adjusted to the requirements of IFRS 9 and the projection period is extended to the entire life of the financial instruments. The risk parameters are analysed together with historical and current economic data, with the macroeconomic forecasts regularly examined for their impact on the level of credit losses and influencing the release of credit losses. This is based on a baseline scenario, which is based on the prevailing consensus (forecasts by various banks on key macroeconomic variables such as GDP growth and the unemployment rate) and is supplemented by further model-relevant macroeconomic parameters. The baseline scenario specifies bandwidths.

External information such as indicators, forecasts, global financial institutions, rating agencies and audit firms are also used for the calculation.

2.5 Impairments under IAS 36

Pursuant to IAS 36 (Impairment of Assets), all intangible and tangible assets used over the long term are assessed at least on each balance sheet date to determine whether there is any indication of material impairment. If this is the case, the recoverable amount of the corresponding asset is determined. Assets that do not generate separable cash inflows are allocated to so-called cash-generating units. The subject of an impairment test is the cash-generating unit. The recoverable amount is defined as the higher of the net realisable value (sales price less selling costs) and the value in use (present value of future cash flows from continued use). Irrespective of whether any indications of impairment exist, intangible assets with an indefinite useful life, such as, goodwill, brand names and intangible assets not yet ready for use, are subject to an annual impairment test.

Market prices quoted on active markets or prices from transactions with the same or comparable assets are used as the basis to determine recoverable amounts. Alternatively, fair values are determined using generally accepted mathematical valuation models. Details for this and the internally defined criteria for an impairment are explained in the notes to the general accounting and valuation methods under the corresponding items.

If the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, an impairment loss has to be recognised in accordance with IAS 36. An impairment loss is first allocated to the goodwill of a cash-generating unit and then proportionately to the other assets on the basis of their carrying amounts, and is immediately recognised in the result for the period.

Impairments of goodwill are shown in a separate item in the income statement. Impairments of other intangible assets and other assets are recognised as expenses for insurance operations, claims expenses, investment expenses and other expenses by function. Impairment losses are recognised directly by reducing the carrying amounts of the assets.

If the requirements of IAS 36 are met, reversals of impairment losses are performed for all assets – with the exception of goodwill – up to the lower of their recoverable amount and amortised acquisition costs.

2.6 Right of use pursuant to IFRS 16

IFRS 16 sets out principles for the recognition, valuation, disclosure and notes on leases with the aim of ensuring that lessees and lessors provide relevant information on the effects of leases. A lease exists if the lessee is contractually granted the right to control an identified asset by the lessor for a specified period of time and the lessor receives consideration from the lessee in return.

As a lessee, Deutsche Familienversicherung recognises an asset for the right of use and a lease liability. The right of use is measured at cost, which corresponds to the lease liabilities when measured for the first time. In subsequent measurements, the right of use is subject to straight-line depreciation until the end of the period of lease. Impairments are carried out if they become necessary. The lease liabilities are recognised at the present value of the remaining lease payments. They are generally discounted using the marginal interest rate of the lessee. Lease liabilities are measured at amortised cost using the effective interest method.

Deutsche Familienversicherung makes use of the relief in practice pursuant to IFRS 16.5 and does not recognise any leases with a basic term of less than one year.

Only the rented office building is presented on the balance sheet in the 2022 financial year. As of the reporting date, there were no rights of use pursuant to IFRS 16 because the rental contract expired at the end of the year. Due to extensive restructuring measures, a follow-up contract was not concluded until the second half of 2023.

2.7 Other balance sheet items

2.7.1 Income taxes

Income taxes are comprised of current taxes from corporation tax along with solidarity surcharge and trade tax from each group company. Additionally, changes in deferred tax assets and liabilities are included in this item.

Deutsche Familienversicherung is growing and increases its gross premiums significantly every year. Under current law, the sales expenses required for this cannot be capitalised for tax purposes, but the material acquisition costs are capitalised in accordance with IFRS 17. These acquisition costs are the prime driver of the company's accumulated tax loss carryforward, but are offset by offsetting deferred tax liabilities from insurance business. The tax loss carryforward will likely be able to be fully used during the five-year planning period.

2.7.2 Other assets

Other assets include operating and office equipment, accrued interest from capital investments, a loan to members of management bodies, prepaid expenses and other assets.

Operating and office equipment is recognised at acquisition cost less accumulated depreciation and impairment losses. The straight-line depreciation is based on expected useful lives of between three and five years.

Accruals and deferrals are reported pro rata temporis at nominal value.

2.7.3 Intangible assets

Intangible assets are capitalised if they are identifiable and Deutsche Familienversicherung has control over them. Additionally, there must be a future economic benefit and it must be possible to determine the acquisition costs reliably. They contain purchased software. Purchased software is recognised at amortised acquisition costs. For purchased software, the acquisition costs include the purchase price and directly attributable costs to prepare the software for its intended use. Subsequently, software is carried at acquisition cost or manufacturing costs less any accumulated amortisation and impairment losses. The additions and disposals of the financial year to intangible assets with limited useful lives are generally amortised pro rata temporis on a straight-line basis. The useful life is normally between three and 15 years. Depreciation and amortisation are allocated in accordance with the Regulation on the Accounting of Insurance Undertakings (RechVersV) and are essentially allocated to expenses for insurance operations.

2.7.4 Other liabilities

Other liabilities include liabilities for social security contributions, tax liabilities, deferred income and other liabilities.

2.7.5 Provisions

Provisions include provisions for holiday entitlements and anniversaries, provisions for acquisition costs and other provisions.

3 SEGMENT REPORTING

3.1 Identification of reportable segments

The business activities of Deutsche Familienversicherung are broken down by product and type of service into insurance and reinsurance contracts issued. Due to the different product types, risks and capital allocations, the insurance activities are further subdivided into the business areas of non-life and accident insurance and health and long-term care insurance.

In accordance with IFRS 8, Deutsche Familienversicherung has therefore identified a total of two reportable segments and the 'Other & consolidation' segment. Reinsurance contracts issued are reported in the 'Other & consolidation' segment.

The products and services with which the reportable segments generate income are listed below.

3.1.1 Health and long-term care insurance

In the health and long-term care insurance business area, the reportable segments offer a wide range of insurance products for private customers, such as supplementary dental insurance, hospital and daily sickness allowance insurance, supplementary outpatient insurance and supplementary long-term care insurance.

3.1.2 Damage and accident insurance

In the damage and accident insurance business area, the reportable segments offer a wide range of insurance products for private customers, such as foreign health insurance, accident insurance, 24-hour accident insurance, contents insurance, liability insurance and dog and cat health insurance.

3.1.3 Reinsurance contracts issued

The active reinsurance business segment includes the reinsurance of the CareFlex Chemie (Group) consortium concluded in 2021, in which primary insurance shares of Barmenia Krankenversicherung were taken over by DFV.

3.2 General disclosures on segment reporting

Transfer prices between reportable segments are determined on the basis of market prices in the same way as transactions with third parties. Internal allocations of income and expense items to the segments are broken down according to specific key parameters. Transactions between reportable segments are eliminated in the consolidation. Financial information is compiled on the basis of the reportable segments.

3.3 Basis for measurement of the earnings of reportable segments

In order to assess the financial success of the reportable segments and of Deutsche Familienversicherung as a whole, Deutsche Familienversicherung uses the insurance service result (operating income) and earnings before taxes (segment earnings before taxes) as criteria.

Operating income represents the portion of net income before income taxes that is attributable to the ongoing insurance business of Deutsche Familienversicherung. Deutsche Familienversicherung considers this indicator to be useful and meaningful for investors, as it broadens the understanding of operating profitability and improves comparability over time.

The segment earnings before taxes represent the earnings before taxes attributable to the shareholders (including non-controlling interests) of Deutsche Familienversicherung. Deutsche Familienversicherung considers this indicator useful for investors, as this result also includes the effects of short-term market fluctuations and non-operational items.

Operating income is not a substitute for earnings before taxes and net income for the period according to IFRS, but should be seen as supplementary information.

3.4 Consolidated balance sheet – broken down by business area

As part of its segment reporting, Deutsche Familienversicherung has also published a condensed balance sheet for each business segment. Essentially, the insurance assets and liabilities, reinsurance assets and liabilities and the capital investment item are broken down. There has been no division of equity.

4 CONSOLIDATION PRINCIPLES

Pursuant to IFRS 10 (Consolidated Financial Statements), a parent company controls another entity, irrespective of the nature of its engagement, if it has power of disposition over that entity, is exposed to or has rights to variable returns (positive or negative) from the entity and can influence those returns based on its power of disposition. In this context, a parent company has the power of disposition if it is currently able to determine the relevant activities of the entity based on existing voting rights or other rights. These are the activities that significantly influence the economic success of the investment company.

If voting rights are relevant, the group controls an entity if it directly or indirectly holds more than half of the voting rights in the entity. Potential voting rights are also taken into consideration in evaluating control if they are deemed to be substantial.

Special funds and other structured companies are included in the consolidated financial statements as subsidiaries according to the uniform criteria of IFRS 10, provided the aforementioned requirements have been met. They are also considered consolidated structured entities within the meaning of IFRS 12 (Disclosure of Interests in Other Entities). Pursuant to IFRS 12, structured entities are entities that are designed in such a way that voting rights or similar rights are not relevant to decide who controls the entity.

The balance sheet date of the consolidated subsidiaries is generally 31 December of each calendar year.

Inter-company receivables and liabilities, expenses and income as well as interim results are eliminated.

In general, as part of the consolidated financial statements, uniform group-wide accounting principles are applied. Subsidiaries are consolidated as of the date when Deutsche Familienversicherung obtains a controlling influence. The consolidation ends at the point in time when a controlling influence is no longer possible. A business combination exists when the DFV Group acquires control of another business. A business combination is recognised using the purchase method pursuant to IFRS 3 (Business Combinations). This requires the recognition of all identifiable assets, liabilities and contingent liabilities of the acquired company generally at their fair values on the acquisition date, in particular also the identification and measurement of intangible assets acquired as part of the business combination. The acquisition costs result from the total fair value of the consideration paid to obtain control. Incidental acquisition costs are recorded as an expense in the financial year in which they arise. If the acquisition costs exceed the group's share in the revalued net assets of the subsidiary, the difference is capitalised as goodwill. Differences on the liabilities side are immediately recognised through profit or loss after the carrying amounts have been reassessed.

The non-controlling interest in the net assets of the subsidiary is shown separately in the balance sheet.

At the time when Deutsche Familienversicherung loses control of a subsidiary, the assets and liabilities of the subsidiary are derecognised at their carrying amounts, the carrying amount of all non-controlling interests in the former subsidiary is derecognised and the fair value of the received consideration is recognised. The shares held in the former subsidiary are recognised at fair value and any resulting difference is recognised as a profit or loss in the consolidated income statement.

Amounts recognised in other comprehensive income directly in equity in prior periods associated with this subsidiary are transferred to the consolidated income statement or, if required by other standards, directly to retained earnings.

Pursuant to IFRS 10, the consolidated financial statements include all subsidiaries in addition to DFV Deutsche Familienversicherung AG, Frankfurt am Main, as the parent company. The shares in subsidiaries of the group are held directly by Deutsche Familienversicherung. The financial information in the consolidated financial statements contains data of the parent company together with its consolidated subsidiaries, presented as an economic unit.

Deutsche Familienversicherung (Group) consists of eight (previous year: seven) consolidated companies. In addition to the parent company and the five subsidiaries (previous year: four), this includes two special funds, the HI DFV Master Fund, 100% share, which exclusively comprises the capital assets for business conducted by type of life insurance, and the HI DFV Master II Fund, 100% share, which comprises investments not allocated to business conducted by type of life insurance.

Deutsche Familienversicherung holds 50% of the shares plus one in Hyrance AG, Grünwald, and in July 2023 decided to acquire Hyrance AG, Grünwald in full (see events after the reporting date).

There are no joint ventures or associated companies.

5 SUPPLEMENTARY DISCLOSURES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

Funds for financing purposes contain current bank balances. If an item recognised within the cash flow from operating activities contains components attributable to investing or financing activities, this can lead to differences in changes in value between the statement of cash flow and the balance sheet. The corresponding measurement gains and losses from the revaluation reserves were netted directly in the items ‘Net changes in insurance contracts issued and reinsurance contracts held (excl. OCI changes)’ and ‘Changes in investments (excl. OCI changes)’.

6 INSURANCE BUSINESS

6.1 Insurance revenue

Insurance revenue is broken down by business area in segment reporting. According to IFRS 17 measurement models, the breakdown is as follows:

Income under IFRS 17 models

In €	First half 2023	First half 2022
Premium allocation approach (PAA)	55,439,123	51,229,813
Variable fee approach (VFA)	9,051,607	8,712,604
Premium allocation approach (PAA) – reinsurance contracts issued	375,000	375,000
Income	**64,865,730**	**60,317,417**

6.2 Insurance service expenses

Insurance service expenses are broken down by business area and by other expense items in segment reporting. They are broken down as follows in line with the IFRS 17 measurement models:

Expenses according to IFRS 17 models

In €	First half 2023	First half 2022
Premium allocation approach (PAA)	-50,441,520	-48,616,995
Variable fee approach (VFA)	-7,403,493	-6,838,446
Premium allocation approach (PAA) – reinsurance contracts issued	-	-
Expenses	**-57,845,013**	**-55,455,441**

6.3 Reinsurance result

The reinsurance service results are broken down by business area in segment reporting. They break down as follows based on IFRS 17 measurement models:

Reinsurance results under IFRS 17 models

In €	First half 2023	First half 2022
Premium allocation approach (PAA) – reinsurance contracts held	-1,688,114	-1,977,688
General measurement model (GMM) – reinsurance contracts held	-2,581,621	-1,075,260
Reinsurance result	**-4,269,735**	**-3,052,948**

6.4 Total financial result

The following table analyses the components of the overall financial result recognised in the consolidated income statement and in equity:

Financial result – income from capital investments

In €	First half 2023	First half 2022
Interest on investments (not FVTPL)	2,198,486	1,750,786
Income from investments	-411,133	9,047,583
Net risk provisioning expenses	-643,785	-523,467
Other capital investment expenses	-527,948	-466,833
Total	**615,620**	**9,808,069**

Financial result – Insurance finance income

In €	First half 2023	First half 2022
Insurance finance expenses – net	-714,373	-6,274,866
Financial income from reinsurance – net	174,983	1,390,667
Total	**-539,390**	**-4,884,199**

Net change in revaluation reserves

In €	First half 2023	First half 2022
Fixed-interest securities measured at fair value through other comprehensive income	2,128,637	-26,993,876
Realisation result from fixed-interest securities measured at fair value through other comprehensive income	478,569	-1,206,217
Changes in insurance finance reserve recognised directly in equity	-1,222,621	29,738,012
Deferred taxes on changes in the revaluation reserve	-441,960	-490,904
Total	**942,625**	**1,047,015**

6.5 Measurement approach to insurance and reinsurance contracts

Under IFRS 17, the various insurance and reinsurance contracts were measured using the following methods:

a) Full retrospective approach: PAA (direct insurance and reinsurance)

b) Recognition measured on the basis of fair value: VFA (direct insurance)

c) Modified retroactive approach: GMM (reinsurance)

The following tables analyse the changes in net assets and liabilities from direct insurance and reinsurance contracts for each IFRS 17 measurement model. First, changes in the actuarial provision and liabilities are analysed. Changes in the valuation components of the contracts not measured using the PAA are then analysed.

6.5.1 Analysis by remaining coverage period and outstanding claims – contracts measured using the PAA

In €	LRC without loss components	LIC Loss reserves	Total	LRC without loss components	LIC Loss reserves	Total
		30.06.2023			31.12.2022	
Assets	0	0	0	840,256	0	840,256
Capitalised acquisition costs	49,154,702	0	49,154,702	50,006,220	0	50,006,220
Liabilities	-409,052	-20,981,545	-21,390,597	0	-17,817,637	-17,817,637
Net carrying amount as at 01.01	**48,745,651**	**-20,981,545**	**27,764,106**	**50,846,476**	**-17,817,637**	**33,028,840**
Insurance income	**55,439,123**	**0**	**55,439,123**	**105,309,779**	**0**	**105,309,779**
Insurance expenses	**-50,906,338**	**464,817**	**-50,441,520**	**-94,876,274**	**-3,268,734**	**-98,145,008**
Insurance benefits	-33,920,287	464,817	-33,455,469	-60,024,696	-3,268,734	-63,293,429
Capitalised acquisition costs	-9,937,646	0	-9,937,646	-17,767,182	0	-17,767,182
Other acquisition costs	-7,048,405	0	-7,048,405	-17,084,396	0	-17,084,396
Other comprehensive income	**0**	**-1,444,702**	**-1,444,702**	**0**	**104,825**	**104,825**
Other income	0	-1,444,702	-1,444,702	0	104,825	104,825
Total change recognised in profit or loss	**4,532,785**	**-979,885**	**3,552,900**	**10,433,505**	**-3,163,909**	**7,269,596**
Cash flows	**-832,626**	**0**	**-832,626**	**-12,534,330**	**0**	**-12,534,330**
Premium income	-52,491,129	0	-52,491,129	-106,756,016	0	-106,756,016
Capitalised acquisition costs	10,689,812	0	10,689,812	17,112,594	0	17,112,594
Other acquisition costs	7,048,405	0	7,048,405	17,084,396	0	17,084,396
Insurance benefits and expenses paid	33,920,287	0	33,920,287	60,024,696	0	60,024,696
Net carrying amount as at 30.06 / 31.12	**52,445,810**	**-21,961,430**	**30,484,380**	**48,745,651**	**-20,981,545**	**27,764,105**
Assets	2,932,322	0	2,932,322	0	0	0
Capitalised acquisition costs	49,513,488	0	49,513,488	49,154,702	0	49,154,702
Liabilities	0	-21,961,430	-21,961,430	-409,052	-20,981,545	-21,390,597

6.5.2 Analysis by remaining coverage period and outstanding claims – contracts not measured using the PAA

In €	LRC without loss components 30.06.2023	LRC loss component 30.06.2023	LIC Loss reserves 30.06.2023	Total 30.06.2023	LRC without loss components 31.12.2022	LRC loss component 31.12.2022	LIC Loss reserves 31.12.2022	Total 31.12.2022
Assets	0	0	0	0	0	0	0	0
Liabilities	-124,939,449	0	-261,387	-125,200,836	-112,204,007	0	-444,278	-112,648,285
Net carrying amount as at 01.01	**-124,939,449**	**0**	**-261,387**	**-125,200,836**	**-112,204,007**	**0**	**-444,278**	**-112,648,285**
Insurance income	**9,051,607**	**0**	**0**	**9,051,607**	**17,904,793**	**0**	**0**	**17,904,793**
Insurance expenses	**-7,313,024**	**0**	**-90,469**	**-7,403,493**	**-13,759,663**	**0**	**182,891**	**-13,576,772**
Insurance benefits	-4,055,601	0	0	-4,055,601	-7,456,491	0	0	-7,456,491
Acquisition costs	-1,291,462	0	0	-1,291,462	-2,658,621	0	0	-2,658,621
Administrative costs	-2,056,430	0	0	-2,056,430	-3,461,660	0	0	-3,461,660
Changes relating to past benefit periods	90,469	0	-90,469	0	-182,891	0	182,891	0
Other	**-339,769**	**0**	**0**	**-339,769**	**-598,135**	**0**	**0**	**-598,135**
Other revenue	1,052	0	0	1,052	2,091	0	0	2,091
Other expenses	-340,821	0	0	-340,821	-600,226	0	0	-600,226
TECHNICAL RESULT	**1,398,814**	**0**	**-90,469**	**1,308,345**	**3,546,995**	**0**	**182,891**	**3,729,886**
TECHNICAL FINANCIAL RESULT	**-2,374,108**	**0**	**0**	**-2,374,108**	**12,607,625**	**0**	**0**	**12,607,625**
Total change recognised in profit or loss or other comprehensive income	**-975,294**	**0**	**-90,469**	**-1,065,763**	**16,154,620**	**0**	**182,891**	**16,337,511**
Cash flows	**-15,128,036**	**0**	**0**	**-15,128,036**	**-28,890,061**	**0**	**0**	**-28,890,061**
Premium income	-22,780,829	0	0	-22,780,829	-43,247,859	0	0	-43,247,859
Acquisition and administration costs	3,347,892	0	0	3,347,892	6,120,281	0	0	6,120,281
Other income and expenses	339,769	0	0	339,769	598,135	0	0	598,135
Insurance benefits and expenses paid	3,965,132	0	0	3,965,132	7,639,382	0	0	7,639,382
Net as at 30.06 / 31.12	**-141,042,779**	**0**	**-351,856**	**-141,394,635**	**-124,939,448**	**0**	**-261,387**	**-125,200,835**
Assets	0	0	0	0	0	0	0	0
Liabilities	-141,042,779	0	-351,856	-141,394,635	-124,939,448	0	-261,387	-125,200,835

6.5.3 Analysis by valuation components – contracts not measured using the PAA

In €	Fulfilment cash flows	Risk adjustment	CSM	Total	Fulfilment cash flows	Risk adjustment	CSM	Total
		30.06.2023				31.12.2022		
Assets	0	0	0	0	93,268,294	0	0	93,268,294
Liabilities	-24,788,980	-2,249,645	-98,162,210	-125,200,835	0	-6,506,395	-199,410,184	-205,916,579
Net carrying amount as at 01.01	-24,788,980	-2,249,645	-98,162,210	-125,200,835	93,268,294	-6,506,395	-199,410,184	-112,648,285
Changes relating to the current benefit period	17,502,143	44,006	-16,193,797	1,352,352	16,282,436	193,670	-12,746,220	3,729,886
CSM recognised through profit or loss due to service provision	0	0	580,465	580,465	0	0	900,311	900,311
Risk adjustment change	0	44,006	44,006	88,012	0	193,670	0	193,670
Experience adjustments	17,502,143	0	-16,818,268	683,875	16,282,436	0	-13,646,531	2,635,905
Changes relating to future benefit periods	-10,886,566	-580,272	11,466,838	0	-118,240,165	4,063,081	114,177,085	1
Changes in estimates leading to an adjustment of the CSM	-11,287,864	-547,361	11,835,225	0	-119,066,193	4,243,207	114,822,987	1
New business	401,298	-32,911	-368,387	0	826,028	-180,126	-645,902	0
Changes relating to past benefit periods	-90,469	0	90,469	0	182,891	0	-182,891	0
Change in liability for incurred claims	*-90,469*	*0*	*90,469*	*0*	*182,891*	*0*	*-182,891*	*0*
Technical result	*6,525,109*	*-536,267*	*-4,680,497*	*1,308,345*	*-101,774,838*	*4,256,750*	*101,247,973*	*3,729,885*
Technical financial result	-2,374,108	0	-2,374,108	-4,748,216	12,607,625	0	0	12,607,625
Total change recognised in profit or loss or other comprehensive income	4,151,001	-536,267	-4,680,497	-1,065,763	-89,167,213	4,256,750	101,247,973	16,337,510
Cash flows	-15,128,036	0	-15,128,036	-30,256,072	-28,890,061	0	0	-28,890,061
Premium income	-22,780,829	0	-22,780,829	-45,561,658	-43,247,859	0	0	-43,247,859
Acquisition and administration costs	3,347,892	0	3,347,892	6,695,784	6,120,281	0	0	6,120,281
Other income and expenses	339,769	0	339,769	679,538	598,135	0	0	598,135
Insurance benefits and expenses paid	3,965,132	0	3,965,132	7,930,264	7,639,382	0	0	0
Net carrying amount as at 30.06 / 31.12	-35,766,014	-2,785,912	-102,842,707	-141,394,633	-24,788,980	-2,249,645	-98,162,210	-125,200,835
Assets	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Liabilities	*-35,766,014*	*-2,785,912*	*-102,842,707*	*-141,394,633*	*-24,788,980*	*-2,249,645*	*-98,162,210*	*-125,200,835*

6.6 Reconciliations of reinsurance contracts

6.6.1 Analysis by remaining coverage period and outstanding claims – reinsurance contracts measured using the PAA

Reinsurance contracts issued

In €	LRC without loss components	LIC Loss reserves	Total	LRC without loss components	LIC Loss reserves	Total
		30.06.2023			31.12.2022	
Liabilities from reinsurance contracts as at 01.01	0	-16,000	-16,000	0	-5,400	-5,400
Reinsurance income	375,000	0	375,000	750,000	0	750,000
Reinsurance expenses	0	0	0	0	0	0
Reinsurance benefits paid and profit-sharing	**0**	**0**	**0**	**0**	**0**	**0**
Change in the provision for outstanding claims	**0**	**0**	***0***	**0**	**0**	**0**
Total change recognised in profit or loss	**375,000**	**0**	**375,000**	**750,000**	**0**	**750,000**
Investment component	3,359,402	-3,359,402	0	6,118,997	-6,118,997	0
Cash flows for the period	-3,734,402	3,359,402	-375,000	-6,868,997	6,108,397	-760,600
Reinsurance premiums received	-3,734,402	0	-3,734,402	-6,868,997	0	-6,868,997
Reinsurance benefits paid and profit-sharing	**0**	**3,359,402**	**3,359,402**	**0**	**6,108,397**	**6,108,397**
Liabilities from reinsurance contracts as at 30.06 / 31.12	0	-16,000	-16,000	0	-16,000	-16,000

Reinsurance contracts held

In €	LRC without loss components	LIC Loss reserves	Total	LRC without loss components	LIC Loss reserves	Total
		30.06.2023			31.12.2022	
Balance of liabilities over assets as at 01.01	-29,410,292	7,758,747	-21,651,545	-30,248,608	6,713,830	-23,534,778
(Re)insurance service result from reinsurance contracts held	-10,500,686	8,812,572	-1,688,114	-18,639,447	13,177,377	-5,462,070
Reinsurance premiums paid	-12,387,113	0	-12,387,113	-19,477,764	0	-19,477,764
Recognition of income from reinsurance commissions for acquisition costs as liabilities	-1,927,032	0	-1,927,032	-6,705,848	0	-6,705,848
Amortisation of income from reinsurance commission for acquisition costs recognised as liabilities	3,813,459	0	3,813,459	7,544,165	0	7,544,165
Reinsurance payments received and profit-sharing	0	8,618,852	8,618,852	0	12,132,461	12,132,461
Change in the provision for outstanding claims	0	193,720	193,720	0	1,044,917	1,044,917
Financial income and expenses from reinsurance contracts held	0	0	0	0	0	0
Interim result	-10,500,686	8,812,572	-1,688,114	-18,639,447	13,177,377	-5,462,070
Investment component	-4,179,439	4,179,439	0	-9,302,985	9,302,985	0
Cash flows for the period	16,566,552	-12,798,291	3,768,261	28,780,749	-21,435,446	7,345,303
Reinsurance premiums paid	16,566,552	0	16,566,552	28,780,749	0	28,780,749
Reinsurance payments received and profit-sharing	0	-12,798,291	-12,798,291	0	-21,435,446	-21,435,446
Balance of liabilities over assets as at 30.06 / 31.12	-27,523,864	7,952,467	-19,571,397	-29,410,292	7,758,747	-21,651,545

6.6.2 Analysis by remaining coverage period and outstanding claims – reinsurance contracts not measured using the PAA

In €	LRC without loss components	LRC loss component	LIC Liabilities for incurred claims	Total	LRC without loss components	LRC loss component	LIC Liabilities for incurred claims	Total
	30.06.2023				31.12.2022			
Assets	0	0	-81,589	-81,589	0	0	1,861,601	1,861,601
Liabilities	645,824	0	0	645,824	-28,224,567	0	0	-28,224,567
Assets/liabilities from reinsurance contracts as at 01.01	**645,824**	**0**	**-81,589**	**564,235**	**-28,224,567**	**0**	**1,861,601**	**-26,362,966**
Reinsurance premiums	-2,546,349	0	0	-2,546,349	-267,463	0	0	-267,463
Changes relating to past benefit periods	0	0	-35,272	-35,272	0	0	-1,943,190	-1,943,190
Net income (expense) from reinsurance contracts held	**-2,546,349**	**0**	**-35,272**	**-2,581,621**	**-267,463**	**0**	**-1,943,190**	**-2,210,653**
Financial income from reinsurance contracts held	**189,203**	**0**	**0**	**189,203**	**4,049,225**	**0**	**0**	**4,049,225**
Total change recognised in profit or loss	**-2,357,146**	**0**	**-35,272**	**-2,392,418**	**3,781,762**	**0**	**-1,943,190**	**1,838,572**
Total change recognised directly in equity	**440,256**	**0**	**0**	**440,256**	**26,745,636**	**0**	**0**	**26,745,636**
Investment component	**-1,832,699**	**0**	**0**	**-1,832,699**	**-3,734,951**	**0**	**0**	**-3,734,951**
Cash flows	**3,698,161**	**0**	**0**	**3,698,161**	**2,077,944**	**0**	**0**	**2,077,944**
Premiums paid	4,020,759	0	0	4,020,759	2,546,992	0	0	2,546,992
Amounts received	-322,598	0	0	-322,598	-469,048	0	0	-469,048
Assets/liabilities from reinsurance contracts as at 30.06 / 31.12	**594,396**	**0**	**-116,861**	**477,535**	**645,824**	**0**	**-81,589**	**564,235**
Assets	594,396	0	0	594,396	645,824	0	0	645,824
Liabilities	0	0	-116,861	-116,861	0	0	-81,589	-81,589

6.6.3 Analysis by valuation components – contracts not measured using the PAA

In €	Fulfilment value	Risk adjustment	CSM	Total	Fulfilment cash flows	Risk adjustment	CSM	Total
		30.06.2023				31.12.2022		
Assets	0	1,682,794	53,584,808	55,267,602	0	3,135,895	122,677,469	125,813,364
Liabilities	-54,703,367	0	0	-54,703,367	-152,176,331	0	0	-152,176,331
Assets/liabilities from reinsurance contracts as at 01.01	**-54,703,367**	**1,682,794**	**53,584,808**	**564,235**	**-152,176,331**	**3,135,895**	**122,677,469**	**-26,362,967**
Changes relating to current benefit periods	**0**	**0**	**-390,765**	**-390,765**	**0**	**-90,994**	**-718,919**	**-809,913**
CSM recognised through profit or loss due to service provision	0	0	-390,765	-390,765	0	0	-718,919	-718,919
Risk adjustment change	0	0	0	0	0	-90,994	0	-90,994
Changes relating to future benefit periods	**-1,253,554**	**177,500**	**-752,595**	**-1,828,649**	**72,572,437**	**-1,362,107**	**-70,667,880**	**542,450**
Changes in estimates leading to an adjustment of the CSM	0	177,500	-177,500	0	70,154,159	-1,396,450	-68,757,710	-1
New business	0	0	0	0	-327,603	34,343	293,260	0
Experience value adjustments due to premiums paid in the period relating to future benefit periods (incl. change in deposit)	-1,253,554	0	-575,095	-1,828,649	2,745,881	0	-2,203,430	542,451
Changes relating to past benefit periods	**-35,272**	**0**	**0**	**-35,272**	**-1,943,190**	**0**	**0**	**-1,943,190**
Changes relating to past benefit periods – change to FCF in relation to the insurance coverage provided	-35,272	0	0	-35,272	-1,943,190	0	0	-1,943,190
Net income (expense) from reinsurance contracts held	**-1,288,826**	**177,500**	**-1,143,360**	**-2,254,686**	**70,629,247**	**-1,453,101**	**-71,386,799**	**-2,210,653**
Financial income from reinsurance contracts held	**-338,866**	**0**	**528,069**	**189,203**	**1,755,088**	**0**	**2,294,138**	**4,049,226**
Total change recognised in profit or loss	**-1,627,692**	**177,500**	**-615,291**	**-2,065,483**	**72,384,335**	**-1,453,101**	**-69,092,661**	**1,838,573**
Total change recognised directly in equity	**440,256**	**0**	**0**	**440,256**	**26,745,636**	**0**	**0**	**26,745,636**
Cash flows	**1,552,801**	**0**	**0**	**1,552,801**	**-1,657,007**	**0**	**0**	**-1,657,007**
Premiums paid	3,708,098	0	0	3,708,098	2,546,992	0	0	2,546,992
Amounts received	-2,155,297	0	0	-2,155,297	-4,203,999	0	0	-4,203,999
Assets/liabilities from reinsurance contracts as at 30.06 / 31.12	**-54,338,002**	**1,846,020**	**52,969,517**	**477,535**	**-54,703,367**	**1,682,794**	**53,584,808**	**564,235**
Assets	0	1,846,020	52,969,517	54,815,537	0	1,682,794	53,584,808	55,267,602
Liabilities	-54,338,002	0	0	-54,338,002	-54,703,367	0	0	-54,703,367

6.7 Transfer of insurance contracts to the balance sheet & segment balance sheet

In the following tables, insurance contracts are measured according to the GMM, VFA and PAA and the receivables and liabilities from the insurance and reinsurance business are reconciled to the balance sheet and segment balance sheet. The individual insurance contract portfolios (insurance products) are reported either as assets (positive values (+)) or as liabilities (negative values (-)).

Reconciliation of insurance contracts to the balance sheet

Assets (+) and liabilities (-)	Insurance contracts issued	Reinsurance contracts held	Insurance contracts issued	Reinsurance contracts held
In €	30.06.2023	30.06.2023	31.12.2022	31.12.2022
PAA (insurance contracts issued)	30,484,380	0	27,764,105	0
VFA (insurance contracts issued)	-141,394,634	0	-125,200,836	0
PAA (reinsurance contracts issued)	-16,000	0	-16,000	0
PAA (reinsurance contracts held)	0	-19,571,397		-21,651,545
GMM (reinsurance contracts held)	0	477,535		564,234
Insurance receivables/liabilities	2,021,380	-3,346,701		-234,969
Total	**-108,904,874**	**-22,440,563**	**-97,452,731**	**-21,322,280**
Of which: Insurance contracts – assets	37,978,293	1,223,543	34,815,307	1,474,806
Of which: Insurance contracts – liabilities	-146,883,167	-23,664,106	-130,483,969	-22,797,086

Reconciliation of insurance contracts to the segment balance sheet

Assets (+) and liabilities (-)	Insurance contracts	Supplementary health	Damage / accident	Other & consolidation
In €	30.06.2023	30.06.2023	30.06.2023	30.06.2023
Total – insurance contracts issued	**-108,904,874**	**-115.955.860**	**7,066,987**	**-16,000**
Of which: Insurance contracts – assets	37,978,293	30.747.130	7,231,163	0
Of which: Insurance contracts – liabilities	-146,883,167	-146.702.991	-164,176	-16,000
Total – reinsurance contracts held	**-22,440,563**	**-15.577.366**	**-6,863,197**	**0**
Of which: Insurance contracts – assets	1,223,543	711.257	512,287	0
Of which: Insurance contracts – liabilities	-23,664,106	-16.288.622	-7,375,484	0

Assets (+) and liabilities (-)	Insurance contracts	Supplementary health	Damage / accident	Other & consolidation
In €	31.12.2022	31.12.2022	31.12.2022	31.12.2022
Total – insurance contracts issued	**-97,452,731**	**-99.518.247**	**3,865,585**	**-16,000**
Of which: Insurance contracts – assets	34,815,307	30.487.019	4,328,288	0
Of which: Insurance contracts – liabilities	-130,483,969	-130.005.266	-462,703	-16,000
Total – reinsurance contracts held	**-21,322,280**	**-21.157.789**	**-164,490**	**0**
Of which: Insurance contracts – assets	1,474,806	727.413	747,393	0
Of which: Insurance contracts – liabilities	-22,797,086	-21.885.202	-911,883	0

6.8 Acquisition costs recognised as assets

Deutsche Familienversicherung capitalises the acquisition costs for pet health insurance and supplementary dental insurance. The declining balance method of depreciation is applied to pet health insurance acquisition costs over four years, and over eight years for supplementary dental insurance.

ACQUISITION COSTS RECOGNISED AS ASSETS

In € thousand	30.06.2023	31.12.2022
Pet health insurance	8,948	8,071
Supplementary dental insurance	48,085	46,386
Total	**57,033**	**54,457**

The following table shows the term in which Deutsche Familienversicherung expects the acquisition costs recognised as an asset (existing business) to be derecognised and taken into account when measuring the associated group of insurance contracts. Reversals for the current year and the following year are also shown.

ACQUISITION COSTS – TERM

In € thousand	Written off over	31.12.2023	31.12.2024	Written off by
Pet health insurance	4 years (declining balance method)	4,784	2,259	2027
Supplementary dental insurance	8 years (declining balance method)	11,000	9,538	2031

6.9 Fair values of underlying items

Underlying items may comprise any number of items. In the case of DFV, this is a reference portfolio of assets attributable to insurance contracts with direct participation features (variable fee approach).

The composition of the underlying items and their fair values are shown in the following table.

Fair values of underlying items	Supplementary health	Damage / accident	Total	Supplementary health	Damage / accident	Total
In €		30.06.2023			31.12.2022	
Equity fund	7,142,790	1,222,514	8,365,304	7,799,950	1,483,128	9,283,078
Real estate fund	30,551,614	0	30,551,614	30,990,196	0	30,990,196
Bond fund	4,060,208	2,243,328	6,303,536	11,202,225	2,460,773	13,662,998
Bonds	91,402,710	15,028,295	106,431,005	69,288,145	14,146,846	83,434,991
Total	**133,157,322**	**18,494,137**	**151,651,459**	**119,280,516**	**18,090,747**	**137,371,263**

7 FINANCIAL BUSINESS

7.1 Fair values and carrying amounts of financial instruments

7.1.1 Fair values and carrying amounts

The following table shows the carrying amounts and fair values of the financial instruments held by the DFV Group:

Carrying amounts and fair values of financial instruments	Carrying amount	Fair value	Carrying amount	Fair value
In €	30.06.2023		31.12.2022	
Financial assets – amortised cost	**10,648,897**	**10,631,725**	**12,293,912**	**12,273,685**
Cash (fund and own portfolio)	9,848,897	9,848,897	11,493,912	11,493,912
Loan to members of management bodies	800,000	782,827	800,000	779,774
Financial assets – OCI	**144,594,115**	**144,594,115**	**117,109,230**	**117,109,230**
Bonds	144,594,115	144,594,115	117,109,230	117,109,230
less MV* of the option (embedded bonds)	-31,177	-31,177	-36,861	-36,861
Financial assets – P&L	**53,983,307**	**53,983,307**	**63,276,940**	**63,276,940**
Equity fund	11,467,242	11,467,242	12,809,555	12,809,555
Bond fund	11,995,628	11,995,628	19,514,050	19,514,050
Bond and credit derivatives	-31,177	-31,177	-36,861	-36,861
including MV* of the option (embedded bonds)	-31,177	-31,177	-36,861	-36,861
Real estate fund	30,551,614	30,551,614	30,990,196	30,990,196
Total	**209,226,319**	**209,209,146**	**192,680,081**	**192,659,855**

7.1.2 Regular measurement at fair value

The following financial instruments are regularly measured at fair value:

- Securities measured at fair value through profit or loss (FVTPL)
- Securities measured at fair value through other comprehensive income (FVOCI)

The following table presents the fair value hierarchy of financial instruments measured at fair value:

Fair value hierarchy		30.06.2023			31.12.2022	
In €	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets – OCI	**144,594,115**	**0**	**135,147**	**117,109,230**	**0**	**0**
Bonds	144,594,115	0	135,147	117,109,230	0	0
less MV* of the option (embedded bonds)	-31,177	0	0	-36,861	0	0
Financial assets – P&L	**53,983,307**	**0**	**0**	**63,276,940**	**0**	**0**
Equity fund	11,467,242	0	0	12,809,555	0	0
Bond fund	11,995,628	0	0	19,514,050	0	0
Bond and credit derivatives	-31,177	0	0	-36,861	0	0
including MV* of the option (embedded bonds)	-31,177	0	0	-36,861	0	0
Real estate fund	30,551,614	0	0	30,990,196	0	0
Total	**198,577,422**	**0**	**135,147**	**180,386,170**	**0**	**0**

7.1.3 Reconciliation of financial instruments at Level 3

The following table shows the reconciliation of financial instruments measured at fair value and classified as Level 3:

Reconciliation of financial assets classified as Level 3 In €	Securities measured at FVOCI – bonds
As at 31 December 2022	**0**
Reclassifications (net) to (+) / from (-) Level 3	135,147
As at 30 June 2023	**135,147**

In the DFV Group, allowances are made through profit and loss and reduce the premium income and the carrying amount of the receivables. If fair values of receivables are to be determined for the required disclosures in the notes, it is assumed pursuant to IFRS 7.29 (a) that the carrying amount represents the best approximate value. According to the regulations of IFRS 13, this results in an allocation of these fair values to hierarchy level 3.

7.1.4 Fair value measurement of financial assets not measured at fair value

Fair value hierarchy (items not measured at fair value)	30.06.2023			31.12.2022		
In €	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets – amortised cost	**0**	**0**	**782,827**	**0**	**0**	**779,774**
Loan to members of management bodies	0	0	782,827	0	0	779,774

7.1.5 Gross carrying amounts and risk provision formed (ECL) for FVOCI instruments

The gross carrying amount reflects the maximum default risk. The following table shows the default risk by investment grade and category:

Maximum default risk by investment grade 31.12.2022 In €	12 months	expected over the term, but with no negative impact on creditworthiness	with impairment of creditworthiness	creditworthiness already impaired at the time of purchase or payment	Total
A	2,203,453	0	0	0	2,203,453
A-	3,991,033	0	0	0	3,991,033
AA	7,559,853	0	0	0	7,559,853
AA-	498,132	0	0	0	498,132
AA+	8,600,573	0	0	0	8,600,573
AAA	37,055,096	0	0	0	37,055,096
BB+	539,946	0	0	0	539,946
BBB	25,572,737	0	0	0	25,572,737
BBB-	30,144,310	0	0	0	30,144,310
BBB+	29,327,056	0	0	0	29,327,056
unrated	2,418,716	0	0	0	2,418,716
Total	**147,910,905**	**0**	**0**	**0**	**147,910,905**

Maximum default risk by investment grade 30.06.2023 In €	12 months	expected over the term, but with no negative impact on creditworthiness	with impairment of creditworthiness	creditworthiness already impaired at the time of purchase or payment	Total
A	4,615,028	0	0	0	4,615,028
A-	9,056,930	0	0	0	9,056,930
AA	1,680,928	0	0	0	1,680,928
AA-	2,344,098	0	0	0	2,344,098
AA+	8,024,617	0	0	0	8,024,617
AAA	9,998,394	0	0	0	9,998,394
BB+	32,230,878	0	0	0	32,230,878
BBB	31,901,836	0	0	0	31,901,836
BBB-	30,655,087	0	0	0	30,655,087
BBB+	41,340,454	0	0	0	41,340,454
unrated	1,638,490	0	780,226	0	2,418,716
Total	**173,486,740**	**0**	**780,226**	**0**	**174,266,966**

In addition, the current development of the risk provision (ECL) is disclosed under IFRS 9:

Reconciliation of the gross carrying amount and expected credit loss per category as at 30 June 2023 and 31 December 2022	12 months		expected over the term, but with no negative impact on creditworthiness		with impact on creditworthiness		creditworthiness already impaired at the time of purchase or payment		Total	
In €	Gross carrying amount	Exp. credit loss	Gross carrying amount	Exp. credit loss	Gross carrying amount	Exp. credit loss	Gross carrying amount	Exp. credit loss	Gross carrying amount	Exp. credit loss
As at 31 December 2021	**127,219,971**	**499,904**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Changes in inventories (purchase/sale)	20,690,935	-270,366	0	0	0	0	0	0	0	0
Changes in models and risk parameters and due to modifications	0	-8,398	0	0	0	0	0	0	0	0
Reclassification to the category 'with impact on creditworthiness' and changes in creditworthiness	0	0	0	0	0	0	0	0	0	0
As at 31 December 2022	**147,910,906**	**221,140**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
As at 31 December 2022	**147,910,906**	**221,140**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Changes in inventories (purchase/sale)	26,356,061	43,082	0	0	0	0	0	0	0	0
Changes in models and risk parameters and due to modifications	0	-44,958	0	0	0	0	0	0	0	0
Reclassification to the category 'with impact on creditworthiness' and changes in creditworthiness	-780,226	-12,135	0	0	780,226	657,214	0	0	780,226	657,214
As at 30 June 2023	**173,486,741**	**207,129**	**0**	**0**	**780,226**	**657,214**	**0**	**0**	**780,226**	**657,214**

8 OTHER INFORMATION

8.1 Income taxes

In the following table, deferred income taxes are allocated to the valuation differences. At Deutsche Familienversicherung, these mainly relate to valuation differences in capital investments resulting from measurement under IFRS 9 and in the insurance business from measurement under IFRS 17.

Deferred tax assets In € thousand	Total deferred tax assets	of which recognised in OCI	of which recognised in the income statement	of which directly in equity	Total deferred tax assets	of which recognised in OCI	of which recognised in the income statement	of which directly in equity
	30.06.2023				31.12.2022			
Intangible assets	0	0	0	0	0	0	0	0
Investments	8,765	8,765	0	0	9,597	9,597	0	0
Technical assets / liabilities	0	0	0	0	0	0	0	0
Other	162	0	162	0	162	0	162	0
Income tax loss carried forward	8,591	0	7,734	857	8,591	0	7,734	857
Total	**17,518**	**8,765**	**7,896**	**857**	**18,350**	**9,597**	**7,896**	**857**

Deferred tax liabilities In € thousand	Total deferred tax liabilities	of which recognised in OCI	of which recognised in the income statement	of which directly in equity	Total deferred tax assets	of which recognised in OCI	of which recognised in the income statement	of which directly in equity
	30.06.2023				31.12.2022			
Intangible assets	492	0	492	0	492	0	492	0
Investments	1,987	0	1,987	0	1,699	0	1,699	0
Technical assets / liabilities	10,541	11,003	0	0	10,815	11,393	0	0
Other	20	0	20	0	20	0	20	0
Total	**13,040**	**11,003**	**2,499**	**0**	**13,026**	**11,393**	**2,211**	**0**

The collectively agreed combined income tax rate for Deutsche Familienversicherung and the domestic corporate group is 31.9%. The following reconciliation shows the relationship between the income for the period before income taxes in accordance with IFRS and the income taxes for the period. The group tax rate to be used as the basis for the reconciliation is composed of the German corporation tax rate of 15.0% plus the solidarity surcharge of 5.5% and an average trade tax rate of 16.1%. This resulted in an income tax rate of 31.9% (previous year 31.9%).

Income taxes

In €	First half 2023	First half 2022
Actual income taxes	-18,512	38,107
Deferred income taxes	-533,807	-1,121,460
Total	-552,319	-1,083,353

8.2 Other comprehensive income

Deutsche Familienversicherung discloses expenses and income not attributable to the insurance business or investment management business in other comprehensive income. These expenses and income are allocated to the 'Other & consolidation' segment.

8.3 Relations to associated companies and persons (related parties)

Transactions between Deutsche Familienversicherung and its Group companies that are to be regarded as related parties have been eliminated as a result of consolidation and are not disclosed in the notes.

8.4 Events after the reporting date

On 31 July 2023, Mr Marcus Wollny resigned from the Executive Board of DFV Deutsche Familienversicherung AG after Dr Bettina Hornung had already been appointed as the new member of the Executive Board for IT with effect from 1 June 2023. With an agreement dated 4 August 2023, DFV Deutsche Familienversicherung AG acquired all the remaining shares of Hyrance AG, Grünwald, for a purchase price corresponding to the carrying amount of the equity. On 25 August 2023, a merger agreement was concluded in which it was agreed that Hyrance AG would be merged retroactively with DFV Deutsche Familienversicherungs-Krankenversicherung-Vermittlungs-AG (to operate as Hyrance AG in future) as the acquiring company with effect from 1 January 2023. Subsequently, the merger was registered with the Commercial Register. There were no further events of particular significance after the reporting date that could have a significant impact on the asset, financial and earnings position of the Group.

8.5 Disclosures regarding contingent liabilities

As at the reporting date (30 June 2023), there were no contingent liabilities in addition to the provisions recognised in the balance sheet that would have to be reported.

Frankfurt am Main, 13 September 2023

DFV Deutsche Familienversicherung AG

Executive Board

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

'We assure to the best of our knowledge that – in accordance with the applicable reporting principles for interim financial reporting – the consolidated interim financial statements as of 30 June 2023 give a true and fair view of the asset, financial and earnings position of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.'

Frankfurt am Main, 13 September 2023

DFV Deutsche Familienversicherung AG

Executive Board

DFV Deutsche Familienversicherung AG

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Germany