Talanx Group Interim Report as at 30 June 2022

talanx.
Insurance. Investments.

GROUP KEY FIGURES

	Unit	6M 2022	6M 2021	+/– 6M 2022 vs 6M 2021
Gross written premiums	EUR million	**28,332**	**24,075**	**+17.7 %**
by region				
Germany	%	20	20	–0.2 ppts
United Kingdom	%	8	9	–0.2 ppts
Central and Eastern Europe (CEE), including Turkey	%	7	7	–0.3 ppts
Rest of Europe	%	15	17	–2.4 ppts
USA	%	25	21	+4.0 ppts
Rest of North America	%	4	4	+0.2 ppts
Latin America	%	6	6	+0.2 ppts
Asia and Australia	%	14	15	–1.1 ppts
Africa	%	1	1	–0.1 ppts
Gross written premiums by type and class of insurance [1]				
Property/casualty primary insurance	EUR million	8,519	7,196	+18.4 %
Life primary insurance	EUR million	3,101	3,215	–3.5 %
Property/casualty reinsurance	EUR million	12,054	9,275	+30.0 %
Life/health reinsurance	EUR million	4,352	4,128	+5.4 %
Net premiums earned	EUR million	**21,198**	**18,272**	**+16.0 %**
Underwriting result	EUR million	**–498**	**–982**	**–49.3 %**
Net investment income	EUR million	**1,887**	**2,350**	**–19.7 %**
Net return on investment [2]	%	**2.7**	**3.3**	**–0.7 pt.**
Operating profit/loss (EBIT)	EUR million	**1,358**	**1,333**	**+1.9 %**
Net income (after financing costs and taxes)	EUR million	**957**	**936**	**+2.3 %**
of which attributable to shareholders of Talanx AG	EUR million	560	546	+2.6 %
Return on equity [3]	%	**11.8**	**10.5**	**+1.3 ppts**
Earnings per share				
Basic earnings per share	EUR	2.21	2.16	+2.3 %
Diluted earnings per share	EUR	2.21	2.16	+2.3 %
Combined ratio in property/casualty primary insurance and property/casualty reinsurance [4]	%	**98.4**	**95.9**	**+2.5 ppts**
Combined ratio of property/casualty primary insurers [1]	%	97.0	94.9	+2.1 ppts
Combined ratio of property/casualty reinsurance	%	99.1	96.0	+3.0 ppts

	Unit	30.6.2022	31.12.2021	+/–
Policyholders' surplus	EUR million	**18,104**	**22,704**	**–20.3 %**
Equity attributable to shareholders of Talanx AG	EUR million	8,240	10,776	–23.5 %
Non-controlling interests	EUR million	5,603	7,169	–21.9 %
Hybrid capital	EUR million	4,261	4,759	–10.5 %
Assets under own management	EUR million	**129,170**	**136,073**	**–5.1 %**
Total investments	EUR million	**142,297**	**147,835**	**–3.7 %**
Total assets	EUR million	**195,954**	**197,524**	**–0.8 %**
Carrying amount per share at end of period	EUR	**32.56**	**42.58**	**–23.5 %**
Share price at end of period	EUR	**36.32**	**42.54**	**–14.6 %**
Market capitalisation of Talanx AG at end of period	EUR million	**9,193**	**10,767**	**–14.6 %**
Employees	as at the reporting date	**24,049**	**23,954**	**+0.4 %**

[1] Excluding Corporate Operations segment and after elimination of intragroup cross-segment transactions.
[2] Ratio of annualised net investment income excluding interest income on funds withheld and contract deposits and profit on investment contracts to average assets under own management (30.6.2022 and 31.12.2021).
[3] Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.
[4] Combined ratio taking into account interest income on funds withheld and contract deposits, before elimination of intragroup cross-segment transactions.

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Guideline on Alternative Performance Measures – for further information on the calculation and definition of specific alternative performance measures please refer to https://www.talanx.com/en/investor_relations/reporting/outlook

Interim Group Management Report

Report on economic position

Markets, business climate and the industry environment

The global economic outlook deteriorated when Russia began its war against Ukraine in February. This prompted a massive increase in the prices of energy and foodstuff raw materials, at the same time as supply chain disruptions caused by the pandemic resolved only slowly and in some cases even worsened.

Despite new Covid-19 lockdowns, the eurozone's economic output continued to grow in the winter half of the year. Nevertheless, economic momentum slowed considerably when the war broke out and household and company sentiment took a nosedive. The economy was galvanised by a recovery in demand for services as most pandemic restrictions were lifted. After a 0.6% increase in the first quarter compared to the previous period, growth slowed to an expected 0.2% in the second quarter.

The US economy began the year down 1.6% in annualised terms. Nevertheless, this decline concealed solid growth in private consumer spending and investment in equipment. Imports picked up substantially in connection with this while exports declined, with foreign trade accounting for a negative contribution to growth as a result. The US labour market clearly shows how the economy is working at full capacity: there are now two vacancies for every unemployed American and wage growth was consistently above 5% in the first half of the year. As the US is affected only indirectly by the war in Ukraine as a result of higher commodities prices, gross domestic product (GDP) in the second quarter is expected to have risen by 3.0% (annualised) compared to the previous period.

China imposed fresh lockdowns on entire regions (especially Shanghai) in the first half of the year as part of its zero Covid strategy. After rising by 1.3% in the first quarter, economic output is forecast to have declined by 1.5% recently. The picture for emerging markets as a whole is mixed: while countries that export energy and industrial commodities saw their income improve thanks to higher prices, dependency on food imports took a toll in other emerging markets.

International capital markets can look back at a historically weak first half of the year. The start of the year was initially dominated by inflation fears and a move around the world towards more restrictive monetary policy. Fears of recession also mounted with the outbreak of war in Ukraine and new shocks for commodities prices, supply chains and global trade as a result. In this environment, equities in the eurozone (EURO STOXX: down 20.1%), the US (S&P 500: down 20.6%) and industrialised countries as a whole (MSCI WORLD: down 21.2%) experienced similar losses. Asian stock markets reported somewhat lower losses (MSCI CHINA: down 11.7%; MSCI ASIA EX JAPAN: down 17.3%). Given the dwindling monetary policy support (including interest rate hikes) in many currency areas, global bond markets also suffered price losses. Yields on ten-year German government bonds rose from –0.18% to +1.34%, with yields on US Treasuries with the same maturity increasing from +1.51% to +3.01%.

The insurance industry initially seemed to have recovered well from the impact of the coronavirus pandemic at the start of 2022. However, hopes that the insurance industry would continue to recover dimmed over the course of the first half of the year, chiefly due to the outbreak of war in Ukraine. As well as rising inflation, the emerging risk of recession tempered insurers' expectations. In terms of investments, by contrast, higher interest rates on the bond market brought about renewed confidence in the face of negative stock market performance.

Exchange differences on translating foreign operations

Talanx AG's reporting currency is the euro (EUR).

EXCHANGE RATES FOR OUR KEY FOREIGN CURRENCIES

		Balance sheet (reporting date)		Statement of income (average)	
EUR 1 corresponds to		**30.6.2022**	31.12.2021	**6M 2022**	6M 2021
AUD	Australia	1.5106	1.5596	1.5215	1.5725
BRL	Brazil	5.3833	6.4086	5.5940	6.4562
CAD	Canada	1.3427	1.4491	1.3900	1.5092
CNY	China	6.9657	7.2297	7.0695	7.8006
GBP	United Kingdom	0.8581	0.8393	0.8432	0.8708
HUF	Hungary	397.0700	370.1700	376.8686	358.1343
MXN	Mexico	21.0081	23.2733	22.1267	24.3613
PLN	Poland	4.6869	4.5982	4.6380	4.5420
USD	USA	1.0392	1.1344	1.0921	1.2064
ZAR	South Africa	17.0135	18.0275	17.0365	17.5632

Business development

Group's course of business

- Gross premiums up 13.5% adjusted for currency effects
- Large losses about 30% higher than pro rata large loss budget
- Significant increase in combined ratio, due in part to high large losses

GROUP KEY FIGURES

EUR million	6M 2022	6M 2021	+/–
Gross written premiums	28,332	24,075	+17.7 %
Net premiums earned	21,198	18,272	+16.0 %
Underwriting result	–498	–982	+49.3 %
Net investment income	1,887	2,350	–19.7 %
Operating profit/loss (EBIT)	1,358	1,333	+1.9 %
Combined ratio (net, property/casualty only) in % [1]	98.4	95.9	+2.5 ppts

[1] Taking into account interest income on funds withheld.

MANAGEMENT METRICS

%	6M 2022	6M 2021	+/–
Gross premium growth (adjusted for currency effects)	13.5	13.0	+0.6 ppts
Group net income in EUR million	560	546	+2.6 %
Net return on investment [1]	2.7	3.3	–0.7 ppts
Return on equity [2]	11.8	10.5	+1.3 ppts

[1] Ratio of annualised net investment income excluding interest income on funds withheld and contract deposits and profit on investment contracts to average assets under own management.
[2] Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

Premium volume

In the first half of 2022, the Talanx Group boosted its gross written premiums by 17.7% to EUR 28.3 (24.1) billion (by 13.5% adjusted for currency effects). The Industrial Lines (17.0%), Property/Casualty Reinsurance (25.9%) and Retail International (12.6%) segments were particularly instrumental in this growth. Net premiums earned rose by 16.0% to EUR 21.2 (18.3) billion. The consolidated retention ratio increased by 0.5% to 88.0% (87.5%).

Underwriting result

The underwriting result improved by 49.3% to EUR –498 (–982) million, with the decline in the property/casualty insurance more than offset by life business. Overall, the impact of the coronavirus pandemic on the underwriting result is declining. Instead, we are seeing the effects of the war in Ukraine, for which EUR 346 million has been reserved, primarily in the Property/Casualty Reinsurance and Industrial Lines segments. Large losses doubled to EUR 1,083 (526) million in the first half of 2022, with the Property/Casualty Reinsurance segment accounting for the lion's share – large losses chiefly from natural disasters – at EUR 507 million. All in all, large losses in the first half of 2022 were about 30% higher than the pro rata budget for the period of EUR 816 (681) million.

The combined ratio deteriorated to 98.4% (95.9%), 2.5 percentage points higher than in the previous year period.

Net investment income

Net investment income decreased by 19.7% to EUR 1.9 (2.4) billion. Extraordinary investment income declined to EUR –64 (555) million, essentially due to the loss of financing for the additional interest reserve in the Life segment of the Retail Germany Division due to higher interest rates. Ordinary investment income picked up by 11.7%, driven primarily by income from our inflation-indexed bonds in the Reinsurance and Retail International divisions. In the first six months of 2022 the Group net return on investment decreased by 0.7 percentage points to 2.7% (3.3%).

Operating profit and Group net income

Operating profit (EBIT) picked up by 1.9% to EUR 1,358 (1,333) million. At EUR 560 million, Group net income was up 2.6% on the high prior year figure (EUR 546) million. Return on equity came to 11.8% (10.5%), 1.3 percentage points higher than in the previous year.

Performance of the Group's Divisions

At a strategic level, Talanx divides its business into seven reportable segments: Industrial Lines, Retail Germany (divided into Property/Casualty and Life Insurance), Retail International, Property/Casualty Reinsurance, Life/Health Reinsurance and Corporate Operations. Please refer to the "Segment reporting" section of the Notes to the consolidated financial statements of the Talanx Group's 2021 annual report for details of these segments' structure and scope of business. Employees from employer companies in the German Talanx Primary Insurance Group have been merged in HDI AG since March 2022.

Industrial Lines

- Premium growth driven by specialty, third-party liability and property business
- Underwriting result improves thanks to good performance in frequency losses
- Net investment income down on previous year, as expected, after extraordinarily high income from private equity

KEY FIGURES FOR THE INDUSTRIAL LINES DIVISION

EUR million	6M 2022	6M 2021	+/–
Gross written premiums	4,897	4,185	+17.0 %
Net premiums earned	2,006	1,654	+21.3 %
Underwriting result	70	27	+154.4 %
Net investment income	119	141	–15.7 %
Operating profit/loss (EBIT)	102	97	+4.8 %

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%	6M 2022	6M 2021 [1]	+/–
Gross premium growth (adjusted for currency effects)	12.9	11.0	+1.9 ppts
Combined ratio (net) [2]	96.5	98.4	–1.9 ppts
Return on equity [3]	7.1	6.2	+0.9 ppts

[1] Adjusted in accordance with IAS 8, see the 2021 Group Annual Report, "Accounting policies" section of the Notes.
[2] Taking into account interest income on funds withheld.
[3] Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

The division pools global activities relating to industrial insurance within the Talanx Group and operates on the German market and in over 150 countries through its foreign branches, subsidiaries, affiliates and network partners.

Premium volume

Gross written premiums for the division amounted to EUR 4.9 (4.2) billion as at 30 June 2022, a substantial increase of 17.0% (12.9% after adjustment for currency effects). The premium growth was the result primarily of growth in specialty, third-party liability and property business. Net premiums earned rose by as much as 21.3% due to higher retention in specialty.

Net underwriting result

At EUR 70 (27) million, the net underwriting result in the division was up significantly on the previous year. The (net) loss ratio is characterised primarily by good performance in frequency losses and improved to 78.8% (81.4%). Large losses are on par with the comparative period and result from the flood in Australia as well as a provision for potential negative effects in connection with Russia's war in Ukraine. The net cost ratio increased slightly to 17.8% (17.0%). The combined ratio in the Industrial Lines Division was 96.5% (98.4%).

Net investment income

At EUR 119 (141) million, net investment income was lower than in the comparative period, which saw exceptionally high income from private equity.

Other income/expenses came to EUR –87 (–71) million and are shaped by currency losses of EUR –52 (–15) million, primarily from changes in the US dollar.

Operating profit and Group net income

Thanks to the much improved underwriting result and net investment income in the first half of 2022, which easily offset the lower net investment income and other income/expenses, the division's operating profit was up EUR 102 (97) million year on year. Group net income amounted to EUR 71 (68) million.

Retail Germany

Property/Casualty Insurance

- Increase in premiums thanks to growth in all lines, especially corporate customers/liberal professions
- Substantial decline in underwriting result due to high losses from natural disasters, a rise in frequency losses in motor and an increase in average losses as a result of inflation
- Decrease in net investment income due to lower gains on disposal and higher impairment losses

KEY FIGURES FOR THE RETAIL GERMANY DIVISION – PROPERTY/CASUALTY INSURANCE SEGMENT

EUR million	6M 2022	6M 2021	+/–
Gross written premiums	1,141	1,031	+10.6 %
Net premiums earned	775	666	+16.3 %
Underwriting result	4	56	–92.1 %
Net investment income	37	53	–29.4 %
Operating profit/loss (EBIT)	33	102	–67.4 %

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY INSURANCE SEGMENT

%	6M 2022	6M 2021	+/–
Gross premium growth	10.6	2.6	+8.0 ppts
Combined ratio (net) [1]	99.5	91.7	+7.8 ppts

[1] Taking into account interest income on funds withheld.

Premium volume and new business

Premiums rose by 10.6% to EUR 1,141 (1,031) million in the Property/Casualty Insurance segment in the first half of the year. Growth was achieved in the corporate customers/liberal professions, motor and retail businesses, as well as in the biometric core business of bancassurance, after a prior year that was still impacted by pandemic restrictions.

Net underwriting result

The underwriting result declined considerably on the prior year in the current financial year to EUR 4 (56) million. While fewer miles were driven in the first half of the prior year due to the coronavirus pandemic, the claims frequency rose noticeably in the financial year to pre-pandemic levels. As well as higher losses from natural disasters, average losses also increased due to inflation. The (net) combined ratio rose by 7.8 percentage points overall from 91.7% to 99.5%.

Net investment income

Net investment income fell to EUR 37 (53) million. This was due to lower gains on disposal and higher impairment losses.

Operating profit

Operating profit fell to EUR 33 (102) million on account of the significant strain on the underwriting result and the decline in net investment income.

Life Insurance

- Rise in premium income and new business
- Substantial decline in net investment income due to lower gains on disposal
- Earnings upturn attributable to update to actuarial assumptions and interest rate trends on the capital market

KEY FIGURES FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

EUR million	6M 2022	6M 2021	+/–
Gross written premiums	2,215	2,202	+0.6 %
Net premiums earned	1,632	1,685	–3.2 %
Underwriting result	–435	–1,040	+58.1 %
Net investment income	547	1,114	–50.9 %
Operating profit/loss (EBIT)	98	56	+76.2 %
New business measured in annual premium equivalent	205	183	+12.3 %
Single premiums	742	714	+3.9 %
Regular premiums	131	111	+17.8 %
New business by product measured in annual premium equivalent	205	183	+12.3 %
of which capital-efficient products	111	95	+16.5 %
of which biometric products	61	51	+19.8 %

MANAGEMENT METRICS FOR THE LIFE INSURANCE SEGMENT

%	6M 2022	6M 2021	+/–
Gross premium growth	0.6	2.8	–2.2 ppts

Premium volume and new business

In the first half of the year, the Life Insurance segment saw premiums increase by 0.6% to EUR 2,215 (2,202) million, which includes the savings elements of premiums from unit-linked life insurance policies. This primarily reflects the EUR 77 million increase in bancassurance biometric business, which more than made up for the EUR 44 million decline in single premiums (excluding bancassurance biometric business) and the EUR 20 million decrease in regular premiums.

Allowing for the savings elements of premiums from our unit-linked products and the change in the unearned premium reserve, net premiums earned in the Life Insurance segment decreased by 3.2% to EUR 1.6 (1.7) billion.

Measured in APE, new business in life insurance products improved by 12.3% from EUR 183 million to EUR 205 million.

Net underwriting result

The underwriting result improved to EUR –435 (–1,040) million. This was partly due to the unwinding of discounts on the technical provisions and policyholder participation in net investment income. Net investment income, in particular, experienced a considerable drop in response to lower gains on disposal. These expenses are offset by investment income, which is not recognised in the underwriting result.

Net investment income

Net investment income halved to EUR 547 (1,114) million, essentially due to lower gains on disposal. Thanks to good interest rate trends on the capital market, it was not necessary to use gains on disposal to finance the additional interest reserve. Ordinary investment income remained slightly down on the previous year at EUR 589 (611) million.

Operating profit

Thanks to good interest rate trends on the capital market, operating profit (EBIT) in the Life Insurance segment rose by EUR 42 million to EUR 98 (56) million.

Retail Germany Division as a whole

RETURN ON EQUITY FOR THE RETAIL GERMANY DIVISION AS A WHOLE

%	6M 2022	6M 2021	+/–
Return on equity [1]	6.5	7.2	–0.8 ppts

[1] Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

After adjusting for taxes on income, financing costs and non-controlling interests, Group net income declined to EUR 75 (97) million as a result of lower earnings in property/casualty insurance. This decreased the return on equity by 0.8 percentage points to 6.5%.

Retail International

- Gross written premiums in property/casualty insurance up 25.5%, especially in motor insurance due to higher average premiums as a result of inflation
- Combined ratio rises to 96.6%, primarily in connection with inflation effects
- Contract signed to acquire the Brazilian retail business of Sompo Seguros S. A. by HDI Seguros S. A. (Brazil) in May 2022

KEY FIGURES FOR THE RETAIL INTERNATIONAL DIVISION

EUR million	6M 2022	6M 2021	+/–
Gross written premiums	3,436	3,052	+12.6 %
Net premiums earned	2,868	2,630	+9.1 %
Underwriting result	29	47	–37.8 %
Net investment income	193	194	–0.6 %
Operating profit/loss (EBIT)	164	173	–5.0 %

MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%	6M 2022	6M 2021	+/–
Gross premium growth (adjusted for currency effects, property/casualty insurance)	31.2	15.4	+15.8 ppts
Combined ratio (net, property/casualty only) [1]	96.6	92.8	+3.8 ppts
Return on equity [2]	9.4	8.9	+0.5 ppts

[1] Taking into account interest income on funds withheld.
[2] Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

This division bundles the Talanx Group's international retail business activities and is active in both Europe and Latin America. In the Latin America region, the Brazilian HDI Seguros S. A. signed a contract on 24 May 2022 to acquire the Brazilian retail business of Sompo Seguros S. A. to further expand its presence there. The transaction is subject to approval by the supervisory authorities responsible, which is expected in 2023.

Premium development

The division's gross written premiums (including premiums from unit-linked life and annuity insurance) increased by 12.6% compared to the first half of 2021 to EUR 3.4 (3.1) billion. Adjusted for currency effects, gross premiums rose by 16.9% on the comparison period.

The Europe region reported a 6.2% increase in gross written premiums to EUR 2.5 billion, driven primarily by premium growth (adjusted for currency effects) of 142.4% at the Turkish HDI Sigorta A.Ş thanks to higher average premiums and more contracts. The Polish TUiR WARTA S. A. boosted its premium volume by 17.2% adjusted for currency effects, a result primarily of premiums in motor insurance, which saw a rise of 19.9%. In line with the strategy, single premiums in the life insurance line of the Italian HDI Assicurazioni S. p. A. decreased, reducing life insurance premiums by 12.2% to EUR 919 (1,047) million.

In the Latin America region, gross written premiums rose by 34.2% compared to the same period of the previous year to EUR 934 (696) million. Premium growth was generated primarily in Chile, with the sales partnership between HDI Chile and the state-owned bank BancoEstado in the property business contributing EUR 62 million.

Net underwriting result

The combined ratio from property insurance companies increased by 3.8 percentage points year-on-year to 96.6%. The higher loss ratio accounts for 3.7 percentage points of this rise. Delayed price adjustments in new business did not offset the claims frequency, which returned to pre-pandemic levels, and the sharp rise in claims inflation. The expense ratio for the division was on par with the previous year (30.0%), at 30.1%.

The underwriting result in life insurance improved, in part because mortality, which had increased in the prior year due to the pandemic, declined again and because of the sale of the Russian life insurance unit OOO Strakhovaya Kompaniya CiV Life.

Net investment income

Net investment income remained stable overall compared to the first half of 2021 at EUR 193 (194) million. Higher interest rates in Poland, Turkey and Brazil increased ordinary investment income, making up for the lower volumes in life insurance and the decline in extraordinary investment income due to realised losses. The return on investment rose by 0.2 percentage points year-on-year to 3.0% (2.8%).

Operating profit and Group net income

In the first half of 2022, operating profit (EBIT) in the Retail International Division declined by 5.0%, compared with the same period of the previous year, to EUR 164 (173) million, but was negatively affected by non-recurring effects from deconsolidation expenses of EUR 23 million in connection with the sale of the Russian life insurance unit OOO Strakhovaya Kompaniya CiV Life to the Russian Sovcombank in mid-February 2022 (partially offset by payments of EUR 16 million received as part of a clawback agreement in connection with the end of a partnership with the Polish TU Europa). Without this non-recurring effect, operating profit would have been in line with the prior year figure. The deconsolidation effect also squeezed earnings in the Europe region, which generated EBIT of EUR 143 (159) million and contributed to the segment's operating profit and benefited from the higher earnings contribution by the Polish TUiR WARTA S. A. Operating profit (EBIT) for the Latin America region declined to EUR –12 (25) million on account of lower earnings at the Brazilian HDI Seguros. Group net income after minority interests decreased accordingly by 8.5% to EUR 95 (104) million. Without the non-recurring effects described above, it would have risen by 3.3%. Return on equity improved to 9.4 (8.9)% thanks to lower equity.

Additional key figures

RETAIL INTERNATIONAL DIVISION BY LINE OF BUSINESS AT A GLANCE

EUR million	6M 2022	6M 2021	+/–
Gross written premiums	**3,436**	**3,052**	**+12.6 %**
Property/Casualty	2,517	2,005	+25.5 %
Life	919	1,047	–12.2 %
Net premiums earned	**2,868**	**2,630**	**+9.1 %**
Property/Casualty	1,976	1,668	+18.5 %
Life	892	962	–7.3 %
Underwriting result	**29**	**47**	**–37.8 %**
Property/Casualty	69	121	–43.2 %
Life	–40	–74	+46.7 %
Net investment income	**193**	**194**	**–0.6 %**
Property/Casualty	124	94	+31.3 %
Life	73	104	–30.0 %
Others	–4	–4	+11.5 %
New business by product measured in annual premium equivalent (life)	**94**	**103**	**–8.6 %**
Single premiums	584	650	–10.2 %
Regular premiums	36	38	–5.9 %
New business by product measured in annual premium equivalent (life)	**94**	**103**	**–8.6 %**
of which capital-efficient products	35	48	–26.2 %
of which biometric products	33	37	–9.5 %

RETAIL INTERNATIONAL DIVISION BY REGION AT A GLANCE

EUR million	6M 2022	6M 2021	+/–
Gross written premiums	**3,436**	**3,052**	**+12.6 %**
of which Europe	2,503	2,356	+6.2 %
of which Latin America	934	696	+34.2 %
Net premiums earned	**2,868**	**2,630**	**+9.1 %**
of which Europe	2,106	2,024	+4.0 %
of which Latin America	762	606	+25.9 %
Underwriting result	**29**	**47**	**–37.8 %**
of which Europe	29	32	–11.1 %
of which Latin America	–30	14	–308.9 %
Net investment income	**193**	**194**	**–0.6 %**
of which Europe	154	173	–11.0 %
of which Latin America	43	25	+69.0 %
Operating profit/loss (EBIT)	**164**	**173**	**–5.0 %**
of which Europe	143	159	–9.7 %
of which Latin America	–12	25	–147.7 %

Reinsurance

Property/Casualty Reinsurance

- Gross premiums picked up by 25.9%
- Large loss expenditure far higher than expected
- EUR 316 million provision for potential negative effects from the war in Ukraine
- Combined ratio rises to 99.1%

KEY FIGURES FOR THE REINSURANCE DIVISION – PROPERTY/CASUALTY REINSURANCE SEGMENT

EUR million	6M 2022	6M 2021	+/–
Gross written premiums	12,922	10,267	+25.9 %
Net premiums earned	9,819	7,847	+25.1 %
Underwriting result	52	299	–82.5 %
Net investment income	709	596	+18.9 %
Operating profit/loss (EBIT)	601	789	–23.9 %

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%	6M 2022	6M 2021	+/–
Gross premium growth (adjusted for currency effects)	18.2	17.2	+1.0 ppts
Combined ratio (net) [1]	99.1	96.0	+3.0 ppts

[1] Taking into account interest income on funds withheld.

Business development

The Property/Casualty Reinsurance segment faced a new challenge in an already tough market environment in the first half of the year when Russia declared war against Ukraine. Rising energy prices in response to the war in Ukraine pushed up interest rates further. In addition, the consequences of the pandemic are still taking a toll on international flows of goods and supply chains. The resulting supply shortage in global trade also drove up prices.

Given the still strained risk situation worldwide, the main renewal season in traditional Property/Casualty Reinsurance on 1 January 2022 was satisfactory. The prior year's price dynamic continued and our renewed business again saw growth at significantly better prices and conditions. As at 1 January, 62% of traditional Property/Casualty Reinsurance (excluding facultative reinsurance, business in the securitisation of reinsurance risks and structured reinsurance) was up for renewal. We boosted premium volumes by 8.3% here. On average, prices rose by 4.1%. Hannover Re traditionally calculates price changes on a risk-adjusted basis, i.e. higher rates of inflation are already adjusted here.

The contract renewal as at 1 April 2022, where we traditionally renew our business in Japan and, to a lessor extent, in Australia, New Zealand, other Asian markets and North America, also went well for Hannover Re. The total premium volume for the renewal rose by 17.4%. The average, risk-adjusted price increase was 3.7%.

Premium development

Gross written premiums in the Property/Casualty Reinsurance segment increased by 25.9% to EUR 12.9 (10.3) billion in the first half of the year. At constant exchange rates, the increase would have amounted to 18.2%. Net premiums earned grew by 25.1% to EUR 9.8 (7.8) billion. Adjusted for currency effects, growth would have come to 17.8%. Given the attractive market conditions, Hannover Re increased its retention marginally to 91.7% (91.3%).

Net underwriting result

Net large losses, including provisions for losses from the war in Ukraine, in the first half of the year were up considerably year-on-year at EUR 850 (326) million, higher than the EUR 611 million we expected. We classify large losses as claims for which we expect to pay out over EUR 10 million in gross claims and claims expenses.

The largest single losses in the first half of the year were the floods in Australia caused by heavy rainfall, with a net loss of EUR 186 million, and winter storm "Ylenia" in Central Europe, at EUR 126 million. We also recognised another IBNR reserve of EUR 186 million in the second quarter for potential negative effects from the war in Ukraine.

While there are currently only a small number of claims notifications for the war in Ukraine and estimates of potential loss scenarios remain subject to considerable uncertainty, we thus recognised a total of EUR 316 million in IBNR reserves for potential losses at the end of the first half of 2022.

There were also additional reserves of EUR 130 million in the first half of the year for the drought in Brazil last year following corresponding loss notifications.

As at the end of June, we reversed EUR 88 million of our pandemic-related loss reserves established in financial year 2020.

The underwriting result declined by 82.5% to EUR 52 (299) million. The combined ratio rose to 99.1% (96.0%), exceeding our expectations of no higher than 96%.

Net investment income

Net investment income in the Property/Casualty Reinsurance segment rose by 18.9% to EUR 709 (596) million, with inflation-indexed bonds one factor in the increase in ordinary investment income.

Operating profit

Operating profit (EBIT) for the Property/Casualty Reinsurance segment declined by 23.9% to EUR 601 (789) million. The EBIT margin was 6.1% (10.1%).

Life/Health Reinsurance

- Gross premiums picked up by 5.3%
- Global demand for longevity cover and financial solutions remains high
- Negative impact of coronavirus pandemic declines, as expected
- Operating profit up 88.2% year-on-year

KEY FIGURES FOR THE REINSURANCE DIVISION – LIFE/HEALTH REINSURANCE SEGMENT

EUR million	6M 2022	6M 2021	+/–
Gross written premiums	4,420	4,198	+5.3 %
Net premiums earned	3,947	3,669	+7.6 %
Underwriting result	−224	−349	+35.6 %
Net investment income	285	280	+1.8 %
Operating profit/loss (EBIT)	330	175	+88.2 %

MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

%	6M 2022	6M 2021	+/–
Gross premium growth (adjusted for currency effects)	0.3	7.3	−7.0 ppts

Business development

The repercussions of the pandemic remained a dominant issue in the Life/Health Reinsurance segment in the first half of 2022, especially in terms of mortality coverage.

Negative effects in the Life/Health Reinsurance segment attributable to the pandemic came to EUR 194 (263) million in the first half of the year. At EUR 109 million, most of these occurred in the US – the largest market for mortality coverage. Other notable negative effects were in South Africa and Latin America. As announced in May, negative effects declined, coming to EUR 72 million in the second quarter compared to EUR 123 million in the first quarter.

From our extreme mortality coverage, from which we have placed regular tranches on the capital market since 2013, we recognised income of EUR 88 million in the year under review under the assets measured at fair value through profit or loss in investments in Life/Health Reinsurance.

Russia's war against Ukraine did not have a direct impact on the Life/Health Reinsurance segment, as we do not underwrite significant business in either of these two countries.

We continued to expand our financial solutions business, generating growth in many markets including China. Around the world, the first half of the year was also dominated by a further upturn in demand for longevity risk hedging solutions. It was pleasing that we were able to issue our first longevity reinsurance treaty in Australia in the first quarter. Demand was again particularly high in the UK, which remains the largest market, as well as in the US, Canada and Australia. All in all, conditions in the Life/Health Reinsurance segment were satisfactory.

Premium development

The gross premium volume in the Life/Health Reinsurance segment rose by 5.3% to EUR 4.4 (4.2) billion as at 30 June 2022. At constant exchange rates, the growth would have amounted to 0.3%. Net premiums earned grew by 7.6% to EUR 3.9 (3.7) billion. Adjusted for currency effects, growth would have come to 2.3%.

Net investment income

Net investment income improved to EUR 285 (280) million.

The underwriting result in the Life/Health Reinsurance segment came to EUR −224 (−349) million. We also generated a positive non-recurring effect of EUR 40 million from restructuring a cedant's contract. This was recognised in other income/expenses.

Operating profit

Operating profit (EBIT) picked up by 88.2% to EUR 330 (175) million.

Reinsurance Division as a whole

RETURN ON EQUITY FOR THE REINSURANCE DIVISION AS A WHOLE

%	6M 2022	6M 2021	+/–
Return on equity [1]	12.8	12.7	+0.1 ppts

[1] Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

Group net income in the Reinsurance Division came to EUR 326 (336) million in the first half of 2022, with return on equity rising by 0.1 percentage point to 12.8% (12.7%).

Corporate Operations

- Written premiums from intragroup takeovers rose to EUR 1,117 (1,025) million
- Underwriting result improves to EUR 7 (–22) million

The Group's reinsurance specialists

Gross written premiums from intragroup takeovers in the Corporate Operations segment amounted to EUR 1,117 (1,025) million in the first half of 2022. They resulted from reinsurance cessions in the Industrial Lines, Retail Germany and Retail International Divisions. The underwriting result in the Corporate Operations segment totalled EUR 7 (–22) million in the first six months of 2022. The comparative period was negatively affected by additional reserves for a liability loss in industrial business, which was underwritten as part of a loss portfolio transfer in 2020.

The Group's investment specialists

In cooperation with its subsidiary Ampega Investment GmbH, Ampega Asset Management GmbH is chiefly responsible for handling the management and administration of the Group companies' investments and provides related services such as investment accounting and reporting. The Group's assets under own management declined to EUR 129 (136) billion compared to the end of 2021 on account of a decrease in fair value caused by the sharp rise in interest rates. The Ampega companies together accounted for a total of EUR 36 (32) million of the segment's operating profit in the first half of 2022.

As an investment company, Ampega Investment GmbH manages retail and special funds and provides financial portfolio management services for institutional clients. It focuses on portfolio management and investment administration. The first half of 2022 was dominated by the war in Ukraine and the impact this had on the economy, inflation and interest and stock markets. The investment sector was doubly affected: firstly by price losses in all product categories, from equity, bond and mixed funds and absolute return strategies. Secondly high inflation, the massive hike in energy prices and uncertainty about macroeconomic development are clearly making investors reluctant to take on new risky investments. Furthermore, the European Central Bank's change of tack when it comes to its interest rate policy means that conventional forms of saving are becoming more appealing again in the medium term. Given this, only providers with a high share of savings schemes are able to generate significant cash inflows. The total volume of assets managed at Ampega Investment GmbH fell by 1.2% against the figure at the beginning of the year to EUR 40.8 (41.3) billion. At EUR 11.6 (14.6) billion, slightly less than one third of the total volume is managed on behalf of Group companies using special funds and direct investment mandates. Of the remainder, EUR 20.6 (17.1) billion was attributable to institutional third-party clients and EUR 8.6 (9.6) billion to the retail business. The latter is offered not only through the Group's own distribution channels and products such as unit-linked life insurance, but also via external asset managers and banks.

Operating profit

The operating profit in the Corporate Operations segment improved to EUR 31 (–33) million in the first six months of 2022. The comparative period was adversely affected by factors including additional reserves in underwriting and higher impairment losses on investments. Group net income attributable to shareholders of Talanx AG for this segment amounted to EUR –23 (–60) million after financing costs in the first half of 2022.

Net assets and financial position

Net assets

- Total assets down EUR 1.6 billion to EUR 196.0 billion
- Investments account for 73% of total assets

Significant changes in the asset structure

The EUR 1.6 billion decline in our total assets to EUR 196.0 billion is primarily attributable to the reduction in investments (down EUR 5.5 billion) and investments for the benefit of life insurance policyholders who bear the investment risk (down EUR 1.7 billion). Accounts receivable on insurance business (up EUR 3.0 billion), deferred acquisition costs (up EUR 1.1 billion) and reinsurance recoverables on technical provisions (up EUR 1.1 billion) trended in the opposite direction.

Changes in investments

The eurozone's economic output picked up in the winter half of the year despite new Covid-19 lockdowns. The global economic outlook deteriorated as a result of Russia's war against Ukraine. Capital markets can look back at a historically weak first half of the year. As well as the stock market declines discussed (see Report on economic position, page 4 of this report), inflation also prompted more restrictive monetary policy worldwide.

The total investment portfolio declined to EUR 142.3 (147.8) billion in mid-2022. The portfolio of assets under own management shrunk by 5.1% to EUR 129.2 (136.1) billion. This smaller portfolio reflects the substantial, rapid rise in interest rates due to measures taken by central banks. Derecognising the holdings of Russian subsidiary OOO Strakhovaya Kompaniya CiV Life, Moscow, Russia, resulted in a cash outflow of about EUR 0.6 billion. At EUR 1.4 billion, the portfolio of investment contracts was also lower than at the start of the year (EUR 1.5 billion). Funds withheld by ceding companies rose by about 13.8% in the first half of the year to EUR 11.7 billion.

The Talanx Group monitors the liquidity risk of its investments by allocating these to liquidity classes. The L0-L3 cash equivalents and investments are the most liquid. After the decline at the start of the pandemic, these holdings are currently showing a clear recovery.

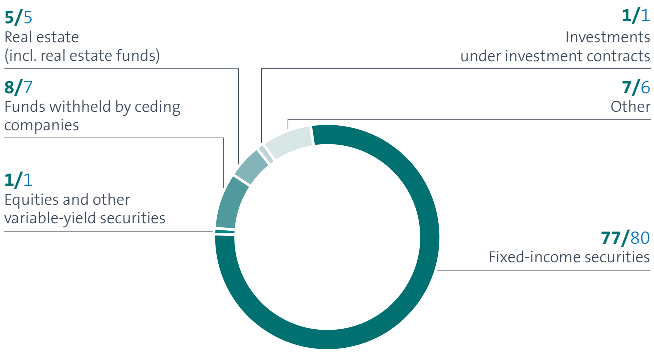
Fixed-income investments were again the most significant asset class in the first half of 2021. Reinvestments were mostly made in this asset class, taking the existing investment structure into account. The asset class contributed EUR 1.4 (1.8) billion to earnings, with the figure being almost totally reinvested in the reporting period.

As far as matching currency cover is concerned, US dollar-denominated investments continue to account, virtually unchanged, for the largest share of the Talanx Group's foreign currency portfolio, at 22% (20%). Sizeable exposures – amounting to 8% (8%) of total investments – are also held in pound sterling, Polish zloty and Australian dollars. The total share of assets under own management in foreign currencies was 38% (35%) as at 30 June 2022.

The equity allocation ratio after derivatives (equity ratio of listed securities) was 1.3% (1.4%) at the end of the six-month period.

INVESTMENT PORTFOLIO

%



30.6.2022/31.12.2021

BREAKDOWN OF ASSETS UNDER OWN MANAGEMENT BY ASSET CLASS

EUR million	30.6.2022		31.12.2021	
Investment property	4,899	4%	4,650	3%
Shares in affiliated companies and participating interests	542	0%	511	0%
Shares in associates and joint ventures	544	0%	504	0%
Loans and receivables				
Loans including mortgage loans	745	1%	687	1%
Loans and receivables due from government or quasi-governmental entities and fixed-income securities	24,614	19%	25,049	18%
Held-to-maturity financial instruments	403	0%	356	0%
Available-for-sale financial instruments				
Fixed-income securities	84,312	65%	92,634	68%
Variable-yield securities	4,056	3%	3,765	3%
Financial instruments at fair value through profit or loss				
Financial instruments classified at fair value through profit or loss				
Fixed-income securities	609	0%	541	0%
Variable-yield securities	46	0%	50	0%
Financial instruments held for trading				
Fixed-income securities	—	0%	—	0%
Variable-yield securities	134	0%	164	0%
Derivatives [1]	418	0%	341	0%
Other investments	7,846	6%	6,821	5%
Assets under own management	**129,170**	**100%**	**136,073**	**100%**

[1] Only derivatives with positive fair values.

Fixed-income securities

The portfolio of fixed-income investments (excluding mortgage and policy loans) was down by about EUR 8.6 billion in the first half of the year to total EUR 109.9 (118.6) billion at the end of the six-month period. At 77% (80%) of total investments, this asset class continues to represent the most significant share of our investments by volume. Fixed-income investments are primarily divided into the "Loans and receivables" and "Available-for-sale financial instruments" categories.

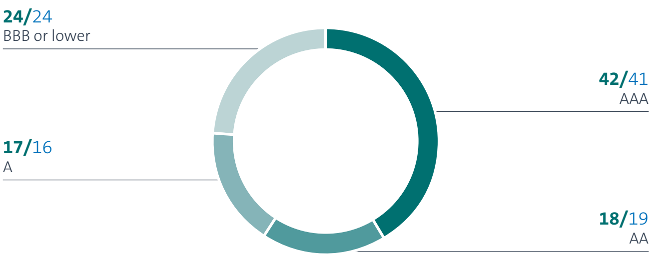
"Available for sale fixed-income securities" accounted for 77% (78%) of the total portfolio of fixed-income securities and declined by EUR 8.3 billion to EUR 84.3 (92.6) billion. Corporate bonds and government bonds accounted for the majority of these investments. Valuation reserves – i.e. net unrealised gains and losses – have moved into negative territory, going from EUR 3.8 billion of unrealised gains to unrealised losses of EUR –9.2 billion since the end of 2021, largely due to the higher interest rates in our main currency areas. This was not offset by the currencies' appreciation against the euro. The volatility of "available for sale fixed-income securities" is reflected in equity.

Investments in the "Loans and receivables" category were primarily held in government securities, German covered bonds (Pfandbriefe) or similarly secure securities. Total holdings in fixed-income securities in the "Loans and receivables" category amounted to EUR 25.4 (25.7) billion as at the end of the year, or 23% (22%) of total holdings in the fixed-income asset class. Off-balance-sheet valuation reserves for "Loans and receivables" (including mortgage and policy loans) were also negative as at the reporting date, declining by EUR 4.8 billion to EUR –1.7 (+3.1) billion.

Investments made in fixed-income securities in 2022 continued to focus on highly rated government bonds or securities from issuers with a similar credit quality. Holdings of AAA-rated bonds amounted to EUR 47.0 (49.1) billion as at the reporting date.

RATING STRUCTURE OF FIXED-INCOME SECURITIES

%



30.6.2022/31.12.2021

The Talanx Group pursues a comparatively conservative investment policy. As a result, 76% (76%) of securities in the fixed-income asset class are rated A or higher. The Group has only a small portfolio of investments in government bonds from countries with a rating lower than A–. On a fair value basis, this portfolio amounts to EUR 5.9 (6.2) billion and therefore corresponds to a share of 4.5% (4.5%) of the assets under own management.

Equities and equity funds

Net unrealised gains and losses on the Group's equity holdings (not including "Other investments") decreased by EUR 274 million to EUR 130 (404) million, in part due to sales of equity holdings in the Property/Casualty Reinsurance segment.

Real estate including shares in real estate funds

The investment property portfolio totalled EUR 4.9 (4.7) billion as at the reporting date. An additional EUR 2.4 (2.0) billion is held in real estate funds, which are reported as "Available-for-sale financial instruments".

This rise reflects our increasing involvement in this area. Depreciation of EUR 46 (37) million was recognised on investment property in the reporting period. Impairment losses amounted to EUR 0.1 (0) million. Impairment losses on real estate funds stood at EUR 6 (8) million.

Infrastructure investments

The Talanx Group currently has a total of around EUR 3.9 (3.8) billion invested in infrastructure projects, both directly and indirectly.

Investments in infrastructure projects are a core component of asset management. The infrastructure asset class proved resilient against inflation and current market fluctuations caused by Covid-19 and the war in Ukraine. This trend seen in 2020 and 2021 continued in 2022. Values are stable overall essentially because the assets in question address the public's basic needs and so demand is inelastic. Some assets even saw a positive effect in the last few months. For example, renewable energy projects in particular benefited from higher electricity prices, as this allowed them to generate higher income and thus higher profits.

Given the general rise in interest rates, when looking at the asset class in more detail it should also be noted that debt financing returns for infrastructure projects have improved. This is primarily attributable to higher base rates.

At present, our diversified infrastructure portfolio includes, among other things, finance for wind farms and solar farms, power grids, utilities, traffic and transport projects, fibre optic providers and public-private partnership (PPP) projects in Germany and other countries in Europe.

Talanx further expanded its infrastructure portfolio in the first half of 2022, including by adding renewable energy and local public transport projects. These transactions are also a good example of the Group's sustainable investment strategy, which complies with ESG guidelines. Direct infrastructure investments are also planned for the future, with a volume per project of between EUR 50 million and EUR 150 million (equity) and between EUR 75 million and EUR 200 million (debt), and an investment horizon of five to 30 years. The investments are intended chiefly to support attempts to transition to green energy and public utilities and services in Europe.

Private equity

The Talanx Group has a long-term, broadly diversified private equity portfolio with investments in a growing number of funds. The portfolio is dispersed worldwide over many regions and various sectors of the economy and investments stretch back over a decade, making the fund portfolio both defensive and high-performance.

After above-average increases in value and profit distributions in the prior year, the private equity portfolio consolidated slightly but remained stable in the first half of 2022 and reported significant distributions on the basis of ongoing realisation activities by individual fund managers. So far, turbulence on public markets – chiefly due to the Ukraine conflict and interest rate changes by the US Federal Reserve – have done little to change this. In particular, significant write-downs in the tech sector, which had previously played a key role on stock markets, had little impact on the Talanx portfolio in its current form.

Lower stock market multiples overall and the fact that it is now harder to use stock exchanges as an exit channel are expected to indirectly affect the fund's performance too. All in all, a period of adjustment to the more volatile market environment is expected over the year, which will limit the current portfolio's performance. However, existing unused capital commitments could allow new transactions for the funds in the portfolio to benefit from lower entry prices and opportunities that arise as a result of market turbulence.

Net investment income

CHANGES IN NET INVESTMENT INCOME

EUR million	6M 2022	6M 2021
Ordinary investment income	1,987	1,778
of which current income from interest	1,443	1,280
of which attributable to profit/loss from shares in associates	42	28
Realised net gains on disposal of investments and expenses	143	728
Depreciation on and impairment losses/reversals of impairment losses on investments	–161	–135
Unrealised net gains/losses on investments	–47	–39
Other investment expenses	160	150
Income from assets under own management	1,763	2,183
Net interest income from funds withheld and contract deposits	122	165
Net income from investment contracts	3	2
Total	**1,887**	**2,350**

The net investment income amounted to EUR 1,887 (2,350) million in the first half of the year, and was thus lower than the exceptionally high figure in the prior year. The annualised net return on investment for the assets under own management declined to 2.7% (3.3%).

Current income from interest increased on the prior year thanks to real portfolio growth as well as higher income from amortisation of our inflation-linked bonds. We were able to take advantage of the rise in global interest rates for our new investments and reinvestments, which also shape the average coupon of our fixed-income securities. After temporarily declining to 2.3%, this rose to the prior year's level (2.4%).

Total realised net gains on the disposal of investments in the financial year were far lower than the prior-year figure, at EUR 143 (728) million. This was driven by higher interest rates and, in turn, the fact that realisations to finance the additional interest reserve (HGB) for life insurance and occupational pension plans were no longer necessary. In addition, regular portfolio turnover in all segments also contributed to net gains. Some of our holdings in Russian and Ukrainian bonds were also sold.

Total depreciation and amortisation in the reporting period rose to EUR 161 (135) million in the reporting period on account of the crisis situation. EUR 62 (54) million of this related to depreciation on directly held real estate and infrastructure investments. Impairment losses amounted to a total of EUR 100 (81) million. EUR 50 (1) million were attributable to equities and EUR 27 (55) million to fixed-income securities, which also included impairment losses on Russian and Ukrainian issuers. Real estate funds accounted for impairment losses of EUR 6 (8) million. Reversals of impairment losses in the financial year were very low at EUR 1 (0) million.

Unrealised net gains/losses dropped by EUR 8 million to EUR −47 (−39) million. We recognise a derivative for the credit risk of special life reinsurance contracts (ModCo), under which cedants' securities accounts are held in our name. In the reporting period, the performance of this derivative resulted in a EUR 12 million improvement in unrealised losses through profit or loss to EUR 2 (14) million. We are assuming a neutral economic development in this position, hence the volatility that can occur in individual quarters is not indicative of actual business performance. In addition, net income improved thanks to the performance of two other underwriting derivatives, the changes in value of which improved unrealised losses through profit or loss by EUR 38 million to EUR 4 (42) million. In the year under review, this included income of EUR 88 million from our extreme mortality coverage, from which we have placed regular tranches on the capital market since 2013. The opposite was true of the unrealised net gains/losses of derivative positions due to interest-related market fluctuations in the Retail Germany – Life segment, which deteriorated by EUR 75 million to EUR −72 (+3) million compared to the comparative period as a result.

Net interest income from funds withheld and contract deposits contracted to EUR 122 (165) million.

NET INVESTMENT INCOME BY GROUP SEGMENT

EUR million	6M 2022	6M 2021
Industrial Lines	119	141
Retail Germany – Property/Casualty	37	53
Retail Germany – Life	547	1,114
Retail International	193	194
Property/Casualty Reinsurance	709	596
Life/Health Reinsurance	285	280
Corporate Operations	−39	−61
Consolidation	36	32
Total	**1,887**	**2,350**

Financial position

Capital structure analysis

- Equity was down significantly on the previous year at EUR 13.8 billion
- Technical provisions climbed EUR 4.4 billion to EUR 143.4 billion

Significant changes in the capital structure

Overall, net technical provisions rose by 2.6% or EUR 3.3 billion year-on-year to EUR 133.7 (130.3) billion. This increase essentially related to the unearned premium reserve (up EUR 3.8 billion) and the loss and loss adjustment expense reserve (up EUR 4.9 billion). The provision for premium refunds (EUR −5.5 billion) developed in the opposite direction.

The ratio of net provisions in the insurance business to total investments, including funds withheld by ceding companies but excluding investments under investment contracts, was 94.9% (89.0%) at the reporting date. Investments exceeded provisions by EUR 7.2 (16.0) billion.

Equity

Changes in equity

Group equity (equity excluding non-controlling interests) declined by EUR 2,536 million (23.5%) against 31 December 2021. The considerable downturn is the result of accumulated other comprehensive income (other reserves), which decreased by EUR 2,684 million to EUR −2,318 million in comparison to 31 December 2021. The change in other reserves essentially reflects the negative change in unrealised gains on investments (down EUR 8,512 million) and the opposite effect from the change in policyholder participation/shadow accounting (up EUR 5,288 million). In addition, measurement gains/losses on cash flow hedges (EUR −211 million) had a negative impact. By contrast, effects from exchange differences on translating foreign operations had a positive impact (up EUR 406 million) as some currencies gained significant ground against the euro, as did changes in actuarial gains from the decline in pension provisions due to interest rates (up EUR 347 million). The shift from unrealised gains on investments to unrealised losses is essentially due to a rise in interest in the first six months of the year.

The considerable decline in other reserves was offset by a slight increase in retained earnings. This is partially due to net income, EUR 560 (546) million of which is attributable to our shareholders and which was allocated in full to retained earnings. This was offset by the EUR 405 (379) million dividend payment to the shareholders of Talanx AG in May of the reporting period.

CHANGE IN EQUITY

	30.6.2022	31.12.2021	Change	+/– %
Subscribed capital	316	316	—	—
Capital reserves	1,385	1,385	—	—
Retained earnings	8,856	8,709	148	1.7
Accumulated other comprehensive income and other reserves	–2,318	366	–2,684	–733.3
Group equity	**8,240**	**10,776**	**–2,536**	**–23.5**
Non-controlling interests in equity	5,603	7,169	–1,567	–21.9
Total	**13,843**	**17,945**	**–4,103**	**–22.9**

EQUITY BY DIVISION[1] INCLUDING NON-CONTROLLING INTERESTS

EUR million	30.6.2022	31.12.2021
Division		
Industrial Lines	1,864	2,153
of which non-controlling interests	—	4
Retail Germany	2,098	2,660
of which non-controlling interests	57	79
Retail International	2,122	2,417
of which non-controlling interests	247	233
Reinsurance	9,639	12,712
of which non-controlling interests	5,298	6,854
Corporate Operations	–1,954	–2,055
of which non-controlling interests	—	—
Consolidation	75	58
of which non-controlling interests	—	—
Total equity	**13,843**	**17,945**
Group equity	8,240	10,776
Non-controlling interests	5,603	7,169

[1] Equity for the divisions is defined as the difference between the assets and liabilities of the division concerned.

Debt analysis

Subordinated liabilities amount to EUR 4.3 (4.8) billion as at the reporting date. On 15 June 2022, Talanx Finanz (Luxembourg) S.A. called a EUR 500 million guaranteed subordinated bond under normal conditions after ten years and repaid it in full.

Further information can be found in the Notes, Note 8 “Subordinated liabilities”.

As at 30 June 2022, the Group had one syndicated variable-rate credit line with a nominal value of EUR 250 million. As in the prior year, this had not been drawn down as at the reporting date. The existing syndicated credit line can be terminated by the lenders if there is a change of control, i.e. if a person or a group of persons acting in concert other than HDI Haftpflichtverband der Deutschen Industrie V.a.G. gains direct or indirect control over more than 50% of the voting rights or share capital of Talanx AG.

Further information can be found in the Notes, Note 10 “Notes payable and loans”.

In addition, a cooperation agreement with HDI V.a.G. allows the Group to offer HDI V.a.G. subordinated bonds with a maturity of five years and a volume of up to EUR 750 million on a revolving basis.

Further information can be found in the Notes, “Other disclosures – Related party disclosures”.

Other reports and declarations

Risk report

Our 2021 annual report describes our risk profile and the various types of risk in accordance with German Accounting Standard GAS 20. A detailed description of the various types of risks is not provided here; these are disclosed in the 2021 annual report on page 102ff. Risk reporting in this half-yearly financial report focuses on relevant changes to the risk position that have occurred since Talanx's 2021 Group annual report was prepared.

The summary of the overall risk position remains unchanged in this respect; there continues to be no discernible concrete risks that could have a material adverse effect on the Group's net assets, financial position or results of operations. The Talanx Group has established a functioning, appropriate system of governance and risk management, which is consistently refined and corresponds to demanding quality requirements and standards. We are therefore able to identify our risks in a timely manner, and to manage them effectively.

The following risks – stated by their level of materiality – continue to determine the Group's overall risk profile: risks in connection with investments, premium and reserve risk in property/casualty insurance; natural catastrophe risk, life insurance underwriting risk; operational risk and reinsurance default risk. Similarly, diversification is becoming increasingly important with regard to assessing the overall risk. This results from our geographical diversity and the diversity of our business. As a result, the Group is well positioned, even if an accumulated materialisation of risks occurs.

By their very nature, major geopolitical crises such as the current situation in Ukraine result in uncertainty and greater volatility on capital markets. The resulting economic turbulence can hurt our customers, our subsidiaries and the Group.

Direct exposure in the conflict areas is relatively moderate in terms of both underwriting and investments, in part due to the sale of the Russian subsidiary OOO Strakhovaya Kompaniya CiV Life that was concluded in February. In particular, risks can arise as a result of unforeseeable downstream effects. The impact on the underwriting risk is highly dependent on macroeconomic performance and on how business development progresses. For example, there could be declines in premiums and losses from cyber attacks or business interruption in connection with supply chain risks. In relation to claims reserves and the underlying assumptions, uncertainties are increasing due to the discovery of additional claims, the amount and payout duration of (known and unknown) claims incurred and the costs of settling these claims. The most important source of uncertainty, which can be attributed to the war in Ukraine, is how inflation will develop in the future. A distinction should be drawn here between the general rise in consumer prices and the claims and cost inflation relevant for reserves, which makes it difficult to determine the downstream effects. Internal sensitivity analyses based on macroeconomic scenarios show that the safety margins within the loss reserve are currently sufficient to offset the higher inflation expected.

Risks in connection with Covid-19 seem manageable at present. Hybrid business operations at our locations, with staff alternating between working at home and in the office in response to the coronavirus pandemic, continues to work smoothly. Nonetheless, there is still coverage for credit insurance, life insurance and health and personal accident insurance and so future claims will depend on how the pandemic develops moving forward and on countermeasures at national level. Accordingly, uncertainty remains high. We are continuing to monitor developments in our mortality business (especially in the US) and our global morbidity business, especially in view of the impact of the coronavirus pandemic, on an ongoing basis. The coronavirus pandemic is expected to continue to have negative effects in 2022. As well as US business, South African and South American business should be noted here. In morbidity business, we are focusing primarily on developments in the Australian/Asian market.

Financial market volatility has increased as expected. The highs achieved on stock markets last year are now far out of reach. Interest rates and their development are another issue defining the current risk situation. Despite a recent interest rate hike by the ECB, current interest rates are still low by historical standards. The prolonged period of low interest rates could, for example, have a material adverse effect on earnings and solvency in parts of the life insurance business due to increased interest guarantee and reinvestment risk. Life insurers and pension funds especially are countering the risks arising from low interest rates with extensive measures that improve their ability to satisfy their obligations to policyholders moving ahead.

Given the rapid, significant jump in interest rates at present, there is a risk that valuation reserves will disappear and so there may not be sufficient current interest income in the future to finance the guaranteed interest rates for life insurance and pension plans. In addition, further additions to the additional interest reserve could be required in the future, but this could be combined with a lack of sufficient valuation reserves to finance this. Legislators already reduced this effect significantly by introducing the corridor method for the additional interest reserve in 2018. The risks described are effectively mitigated by permanently optimising the reinvestment strategy and strategic asset allocation and, for pension funds, by selecting an appropriate valuation rate for the additional interest reserve in the old portfolio. There is also the option of proactively using valuation reserves.

Our credit risk is shaped by the default risk at reinsurers. Most of our reinsurance partners/retrocessionaires in the unsecured portion have a category A rating or higher. The large proportion of reinsurers with a good rating reflects our efforts to avoid default risk in this area.

In terms of the liquidity risk, we still assume that we would be able to comply with even relatively large, unexpected payout requirements within the required time frame.

There are no material changes to the estimates for operational risk.

One dynamic factor relevant to the current risk situation is the inflation trend. Low interest rates can further drive up inflation, which has a direct impact on costs and, in property insurance, especially on losses, but can also adversely affect the sales environment.

Systemic risks, especially to the stability of the financial market, can affect the Group directly as an actor in the financial market and can also affect it indirectly due to potentially negative consequences for its customers.

Likewise, political and macroeconomic uncertainty, on both existing core markets and our target and future markets, pose risks to our net assets, financial position and results of operations.

Furthermore, there is uncertainty regarding the development of the legal framework for our business activities in all the countries in which the Group operates. This continues to pose specific legal risks for our German life insurance companies. This also includes tax risks relating to the handling of certain capital investment instruments in the course of company audits, as well as the handling in the annual financial statements of the companies in question.

Another specific risk is the political-economic crisis in Italy, as the Group also holds direct investments in Italian securities that could be vulnerable to impairment. The scope and risks of these investments are limited by the internal system of limits and thresholds and by concentration/counterparty limits.

Outlook

Economic environment

Fears that the global economy was headed towards a recession picked up at the start of the second half of 2022. The war in Ukraine is a major factor here. Not only is it resulting in high commodities prices and causing ongoing disruption to global trade, it could also do serious damage to the eurozone economy if all gas and oil supplies to Europe were to stop. On top of this, there are worries that the Federal Reserve and other central banks are introducing overly restrictive monetary policy on account of persistently high inflation, excessively curbing aggregate demand. Last but not least, new waves of the pandemic and the restrictions on public life that these entail cannot be ruled out.

Although the gas supply poses a significant risk, we do not believe that supply will be cut entirely and think that the eurozone can avoid a severe recession. The US is affected only indirectly by the war in Ukraine as a result of higher commodities prices. On both sides of the Atlantic, sound budget finances due to pandemic savings and low unemployment, fiscal support and investment in light of current excess demand should prevent a severe economic downturn. However, headwind caused by high inflation and poor sentiment indicate that growth momentum is continuing to cool off.

We expect greater growth momentum in emerging markets. Nonetheless, there will likely be regional differences as a result of factors including dependency on raw materials, geographical and trade proximity to the war zone and uneven Covid-19 vaccination rates. In China, economic momentum should continue to recover but is unlikely to reach pre-pandemic growth rates.

Capital markets

Higher inflation and growth fluctuation compared to pre-pandemic levels will likely continue to cause increased volatility on international capital markets in the second half of the year. However, we assume that the changing monetary policy environment is largely priced in on bond markets and that further increases in yields will be limited. Stock markets have also now likely priced in a good portion of the negative developments. In light of this, we are optimistic about the months ahead if, as we expect, there is no severe recession caused by gas supplies being cut off.

Anticipated financial development of the Group

We are making the following assumptions:

- moderate global economic growth
- higher inflation rates
- further very low interest rates in the eurozone
- no sudden upheavals on the capital markets
- no exchange rate shocks
- no significant fiscal or regulatory changes
- large losses in line with expectations
- coronavirus pandemic is contained this year

At the half-year point, we issue forecasts for the Talanx Group and its divisions for the key figures the Group uses to manage its business. This outlook confirms the 2022 earnings outlook published in the 2021 Group annual report regarding the Talanx Group and its divisions.

Given the good pace of growth, the Group now expects gross premiums to rise by a high single-digit percentage figure in the current financial year, after adjustment for currency effects.

Talanx Group

MANAGEMENT METRICS

%	Outlook for 2022 on the basis of 6M 2022	Outlook for 2022 on the basis of Q1 2022	Forecast for 2022 from the 2021 Annual Report
Gross premium growth (adjusted for currency effects)	high single-digit percentage growth	medium single-digit growth	medium single-digit growth
Net return on investment	~ 2.4	~ 2.4	~ 2.4
Group net income in EUR million	1,050–1,150	1,050–1,150	1,050–1,150
Return on equity	~ 10	~ 10	~ 10
Payout ratio	35–45	35–45	35–45

Industrial Lines

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%	Outlook for 2022 on the basis of 6M 2022	Outlook for 2022 on the basis of Q1 2022	Forecast for 2022 from the 2021 Annual Report
Gross premium growth (adjusted for currency effects)	> 7	> 7	> 7
Combined ratio (net)	< 98	< 98	< 98
Return on equity	~ 8	~ 8	~ 8

Retail Germany

Property/Casualty Insurance

In our outlook for 2022 in the 2021 annual report, we had expected a combined ratio of about 96% in the Property/Casualty Insurance segment. We now anticipate a combined ratio of around 100% for our Property/Casualty Insurance segment. This is due to claims experiences in the first half of the year, especially in connection with natural disasters (primarily winter storms) and higher basic losses in the motor line as a result of greater mobility.

MANAGEMENT METRICS FOR THE RETAIL GERMANY DIVISION – PROPERTY/CASUALTY INSURANCE SEGMENT

%	Outlook for 2022 on the basis of 6M 2022	Outlook for 2022 on the basis of Q1 2022	Forecast for 2022 from the 2021 Annual Report
Gross premium growth	high single-digit percentage growth	high single-digit percentage growth	high single-digit percentage growth
Combined ratio (net)	~ 100	~ 96	~ 96

Life insurance

MANAGEMENT METRICS FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

%	Outlook for 2022 on the basis of 6M 2022	Outlook for 2022 on the basis of Q1 2022	Forecast for 2022 from the 2021 Annual Report
Gross premium growth	low single-digit percentage decline	low single-digit percentage decline	low single-digit percentage decline

Retail Germany as a whole

RETURN ON EQUITY MANAGEMENT METRIC FOR THE RETAIL GERMANY DIVISION OVERALL

%	Outlook for 2022 on the basis of 6M 2022	Outlook for 2022 on the basis of Q1 2022	Forecast for 2022 from the 2021 Annual Report
Return on equity	~ 6.5	~ 6.5	~ 6.5

Retail International

Our outlook for 2022 in the 2021 annual report anticipated high single-digit growth in gross premiums (adjusted for currency effects) in the Retail International Division. Based on current business developments, we expect gross premiums (adjusted for currency effects, property/casualty insurance) to see low double-digit percentage growth in 2022 as a whole. In our outlook for 2022 in the 2021 annual report, we had expected a combined ratio of less than 95% in the Retail International Division. We now anticipate a combined ratio of around 96% for our Retail International Division as a result of higher claims inflation.

MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%	Outlook for 2022 on the basis of 6M 2022	Outlook for 2022 on the basis of Q1 2022	Forecast for 2022 from the 2021 Annual Report
Gross premium growth (adjusted for currency effects, property/casualty insurance)	low double-digit percentage growth	high single-digit growth	high single-digit growth
Combined ratio (net, property/casualty insurance)	~ 96	< 95	< 95
Return on equity	~ 8	~ 8	~ 8

Reinsurance

Property/Casualty Reinsurance

In our outlook for 2022 in the 2021 annual report, we had expected a combined ratio not exceeding 96% in the Property/Casualty Reinsurance segment. We now anticipate a combined ratio not exceeding 96% over the 2021-2023 strategy cycle for our Property/Casualty Reinsurance segment.

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%	Outlook for 2022 on the basis of 6M 2022	Outlook for 2022 on the basis of Q1 2022	Forecast for 2022 from the 2021 Annual Report
Combined ratio (net)	≤ 96 over the 2021 – 2023 strategy cycle	≤ 96	≤ 96

Life/Health Reinsurance

MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

EUR million	Outlook for 2022 on the basis of 6M 2022	Outlook for 2022 on the basis of Q1 2022	Forecast for 2022 from the 2021 Annual Report
Value of new business [1]	≥ 125	≥ 125	≥ 125

[1] Excluding non-controlling interests.

Reinsurance Division as a whole

In our outlook for 2022 in the 2021 annual report, we had expected a gross premium growth, adjusted for currency effects, of at least 5% in the Property/Casualty and Life/Health Reinsurance segments as a whole. Based on current business developments we now anticipate a gross premium growth, adjusted for currency effects, for the 2022 year as a whole of more than 7.5%.

RETURN ON EQUITY MANAGEMENT METRIC FOR THE REINSURANCE DIVISION OVERALL

%	Outlook for 2022 on the basis of 6M 2022	Outlook for 2022 on the basis of Q1 2022	Forecast for 2022 from the 2021 Annual Report
Gross premium growth (adjusted for currency effects)	> 7.5% for Property/Casualty Reinsurance and Life/Health Reinsurance segments as a whole	> 5% for Property/Casualty Reinsurance and Life/Health Reinsurance segments as a whole	> 5% for Property/Casualty Reinsurance and Life/Health Reinsurance segments as a whole
Return on equity	12–13	12–13	12–13

Assessment of future opportunities and challenges

Opportunities have not changed significantly compared with the 2021 reporting period. For further information, please refer to Talanx's 2021 Group Annual Report.

Interim consolidated financial statements

Consolidated balance sheet

as at 30 June 2022

CONSOLIDATED BALANCE SHEET – ASSETS

EUR million	Notes			30.6.2022	31.12.2021
A. Intangible assets	1				
a. Goodwill				1,022	1,028
b. Other intangible assets				915	889
				1,937	**1,918**
B. Investments					
a. Investment property			4,899		4,650
b. Shares in affiliated companies and participating interests			542		511
c. Shares in associates and joint ventures			544		504
d. Loans and receivables	2		25,360		25,737
e. Other financial instruments					
i. Held to maturity	3	403			356
ii. Available for sale	4/6	88,368			96,399
iii. At fair value through profit or loss	5/6	1,207			1,096
f. Other investments	6		7,846		6,821
Assets under own management			**129,170**		**136,073**
g. Investments under investment contracts	6		1,400		1,457
h. Funds withheld by ceding companies			11,727		10,305
Investments				**142,297**	**147,835**
C. Investments for the benefit of life insurance policyholders who bear the investment risk				11,940	13,687
D. Reinsurance recoverables on technical provisions				10,035	8,929
E. Accounts receivable on insurance business				13,697	10,746
F. Deferred acquisition costs				7,136	6,020
G. Cash at banks, cheques and cash-in-hand				3,883	4,002
H. Deferred tax assets				1,180	611
I. Other assets	6			3,724	3,153
J. Non-current assets and assets of disposal groups classified as held for sale[1]				124	625
Total assets				**195,954**	**197,524**

[1] For further information see "Non-current assets held for sale and disposal groups" in the Notes.

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

EUR million	Notes			30.6.2022	31.12.2021
A. Equity	7				
a. Subscribed capital		316			316
Nominal amount: 316 (previous year: 316) Contingent capital: 158 (previous year: 158)					
b. Reserves		7,924			10,460
Equity excluding non-controlling interests			**8,240**		**10,776**
c. Non-controlling interests in equity			5,603		7,169
Total equity				**13,843**	**17,945**
B. Subordinated liabilities	8		4,261		4,759
C. Technical provisions	9				
a. Unearned premium reserve		16,654			12,154
b. Benefit reserve		57,495			57,489
c. Loss and loss adjustment expense reserve		65,845			60,541
d. Provision for premium refunds		2,308			7,832
e. Other technical provisions		1,096			935
			143,398		**138,951**
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders			11,940		13,687
E. Other provisions					
a. Provisions for pensions and other post-employment benefits		1,637			2,200
b. Provisions for taxes		597			535
c. Miscellaneous other provisions		791			988
			3,025		**3,722**
F. Liabilities					
a. Notes payable and loans	10	2,523			2,432
b. Funds withheld under reinsurance treaties		4,355			4,085
c. Other liabilities	6	11,084			8,818
			17,963		**15,335**
G. Deferred tax liabilities			1,426		2,513
H. Liabilities included in disposal groups classified as held for sale[1]			99		612
Total liabilities/provisions				**182,111**	**179,579**
Total equity and liabilities				**195,954**	**197,524**

1 For further information see “Non-current assets held for sale and disposal groups” in the Notes.

The accompanying Notes form an integral part of the consolidated financial statements.

Consolidated statement of income

for the period from 1 January to 30 June 2022

CONSOLIDATED STATEMENT OF INCOME

EUR million	Notes	6M 2022	6M 2021
1. Gross written premiums including premiums from unit-linked life and annuity insurance		28,332	24,075
2. Savings elements of premiums from unit-linked life and annuity insurance		471	509
3. Ceded written premiums		3,333	2,937
4. Change in gross unearned premiums		–3,961	–2,864
5. Change in ceded unearned premiums		–631	–507
Net premiums earned	**11**	**21,198**	**18,272**
6. Claims and claims expenses (gross)		17,890	16,210
Reinsurers' share		1,570	1,436
Claims and claims expenses (net)	**14**	**16,320**	**14,775**
7. Acquisition costs and administrative expenses (gross)		5,716	4,770
Reinsurers' share		401	372
Acquisition costs and administrative expenses (net)	**15**	**5,316**	**4,398**
8. Other technical income		35	26
Other technical expenses		96	106
Other technical result		**–61**	**–81**
Net technical result		**–498**	**–982**
9. a. Investment income		2,674	2,677
b. Investment expenses		911	495
Net income from assets under own management		**1,763**	**2,183**
Net income from investment contracts		3	2
Net interest income from funds withheld and contract deposits		122	165
Net investment income	**12/13**	**1,887**	**2,350**
of which share of profit or loss of equity-accounted associates and joint ventures		42	28
10. a. Other income		1,093	822
b. Other expenses		1,124	856
Other income/expenses	**16**	**–31**	**–35**
Profit before goodwill impairments		**1,358**	**1,333**
11. Goodwill impairments		—	—
Operating profit/loss (EBIT)		**1,358**	**1,333**
12. Financing costs		88	88
13. Taxes on income		312	309
Net income		**957**	**936**
of which attributable to non-controlling interests		397	389
of which attributable to shareholders of Talanx AG		560	546
Earnings per share			
Basic earnings per share (EUR)		2.21	2.16
Diluted earnings per share (EUR)		2.21	2.16

Consolidated statement of comprehensive income

for the period from 1 January to 30 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	6M 2022	6M 2021
Net income	**957**	**936**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on pension provisions		
Gains (losses) recognised in other comprehensive income for the period	531	164
Tax income (expense)	–157	–55
	374	**110**
Changes in policyholder participation/shadow accounting		
Gains (losses) recognised in other comprehensive income for the period	–26	–7
Tax income (expense)	—	—
	–26	**–7**
Total items that will not be reclassified to profit or loss, net of tax	**348**	**103**
Items that may be reclassified subsequently to profit or loss		
Unrealised gains and losses on investments		
Gains (losses) recognised in other comprehensive income for the period [1]	–13,114	–2,019
Reclassified to profit or loss	70	–430
Tax income (expense)	2,126	311
	–10,918	**–2,138**
Exchange differences on translating foreign operations		
Gains (losses) recognised in other comprehensive income for the period [2]	884	403
Reclassified to profit or loss	—	—
Tax income (expense)	–76	–47
	808	**356**
Changes in policyholder participation/shadow accounting		
Gains (losses) recognised in other comprehensive income for the period	5,809	1,679
Tax income (expense)	–120	–34
	5,689	**1,645**
Changes from cash flow hedges		
Gains (losses) recognised in other comprehensive income for the period	–204	–124
Reclassified to profit or loss	–30	–21
Tax income (expense)	10	6
	–224	**–138**
Changes from equity method measurement		
Gains (losses) recognised in other comprehensive income for the period	3	12
Reclassified to profit or loss	—	—
Tax income (expense)	—	—
	3	**12**
Changes from disposal groups in accordance with IFRS 5		
Gains (losses) recognised in other comprehensive income for the period	–6	—
Reclassified to profit or loss	—	—
Tax income (expense)	—	—
	–6	**—**
Total items that may be reclassified subsequently to profit or loss, net of tax	**–4,648**	**–263**
Other comprehensive income for the period, net of tax	**–4,300**	**–160**
Total comprehensive income for the period [3]	**–3,343**	**775**
of which attributable to non-controlling interests	–1,219	347
of which attributable to shareholders of Talanx AG	–2,124	429

The accompanying Notes form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Subscribed capital	Capital reserves	Retained earnings
2022			
Balance at 1.1.2022	**316**	**1,385**	**8,709**
Changes in ownership interest without a change in control	—	—	−8
Other changes in basis of consolidation	—	—	—
Net income	—	—	560
Other comprehensive income [1, 2]	**—**	**—**	**—**
of which not eligible for reclassification	**—**	**—**	**—**
of which actuarial gains or losses on pension provisions	—	—	—
of which changes in policyholder participation/shadow accounting	—	—	—
of which eligible for reclassification [2]	**—**	**—**	**—**
of which unrealised gains and losses on investments [2]	—	—	—
of which currency translation [2]	—	—	—
of which change from cash flow hedges	—	—	—
of which change from equity method measurement	—	—	—
of which changes in policyholder participation/shadow accounting	—	—	—
of which changes from disposal groups in accordance with IFRS 5	—	—	—
Total comprehensive income [1]	**—**	**—**	**560**
Capital increases	—	—	—
Dividends to shareholders	—	—	−405
Other changes outside profit or loss	—	—	—
Balance at 30.6.2022	**316**	**1,385**	**8,856**
2021			
Adjusted balance at 1.1.2021 [3]	**316**	**1,373**	**8,061**
Changes in ownership interest without a change in control	—	—	—
Other changes in basis of consolidation	—	—	—
Net income	—	—	546
Other comprehensive income	**—**	**—**	**—**
of which not eligible for reclassification	**—**	**—**	**—**
of which actuarial gains or losses on pension provisions	—	—	—
of which changes in policyholder participation/shadow accounting	—	—	—
of which eligible for reclassification	**—**	**—**	**—**
of which unrealised gains and losses on investments	—	—	—
of which currency translation	—	—	—
of which change from cash flow hedges	—	—	—
of which change from equity method measurement	—	—	—
of which changes in policyholder participation/shadow accounting	—	—	—
Total comprehensive income	**—**	**—**	**546**
Capital increases	—	—	—
Dividends to shareholders	—	—	−379
Other changes outside profit or loss	—	—	—
Balance at 30.6.2021 [3]	**316**	**1,373**	**8,228**

[1] In the context of transactions with shareholders recognised separately in the consolidated statement of changes in equity and the "Other changes in basis of consolidation", an amount of EUR 4 million, relating to non-controlling interests, and an amount of EUR −10 million relating to the equity attributable to shareholders of Talanx AG were reclassified under this item in the consolidated statement of comprehensive income.

[2] The consolidated statement of comprehensive income contains an amount of EUR 7 million, which was to be reclassified separately in the consolidated statement of changes in equity in the "Of which" line; of this EUR −1 million relates to unrealised gains/losses on investments and EUR +8 million to currency translation gains.

[3] Adjusted in accordance with IAS 8, see 2021 Annual Report, "Accounting policies" section of the Notes.

Other reserves						
Unrealised gains/losses on investments	Currency translation gains/losses	Other changes in equity	Measurement gains/losses on cash flow hedges	Equity attributable to shareholders of Talanx AG	Non-controlling interests	Total equity
3,906	**−380**	**−3,278**	**118**	**10,776**	**7,169**	**17,945**
2	2	—	—	−4	49	45
−1	8	—	—	7	—	7
—	—	—	—	560	397	957
−8,512	**396**	**5,633**	**−211**	**−2,694**	**−1,613**	**−4,307**
—	**—**	**325**	**—**	**325**	**23**	**348**
—	—	347	—	347	26	374
—	—	−23	—	−23	−4	−26
−8,512	**396**	**5,308**	**−211**	**−3,019**	**−1,636**	**−4,654**
−8,512	—	—	—	−8,512	−2,405	−10,917
—	396	—	—	396	404	800
—	—	—	−211	−211	−13	−224
—	—	4	—	4	−1	3
—	—	5,310	—	5,310	379	5,689
—	—	−6	—	−6	—	−6
−8,512	**396**	**5,633**	**−211**	**−2,134**	**−1,216**	**−3,349**
—	—	—	—	—	—	—
—	—	—	—	−405	−400	−805
—	—	—	—	—	—	—
−4,606	**26**	**2,355**	**−93**	**8,240**	**5,603**	**13,843**
6,434	**−695**	**−5,360**	**237**	**10,367**	**6,732**	**17,099**
—	—	—	—	—	—	1
—	—	—	—	—	—	—
—	—	—	—	546	389	936
−1,833	**181**	**1,660**	**−125**	**−117**	**−43**	**−160**
—	**—**	**96**	**—**	**96**	**7**	**103**
—	—	102	—	102	8	110
—	—	−6	—	−6	−1	−7
−1,833	**181**	**1,564**	**−125**	**−213**	**−50**	**−263**
−1,833	—	—	—	−1,833	−305	−2,138
—	181	—	—	181	176	356
—	—	—	−125	−125	−13	−138
—	—	12	—	12	—	12
—	—	1,552	—	1,552	92	1,644
−1,833	**181**	**1,660**	**−125**	**429**	**347**	**775**
—	—	—	—	—	—	—
—	—	—	—	−379	−338	−717
—	—	—	—	—	—	—
4,602	**−514**	**−3,700**	**112**	**10,417**	**6,741**	**17,158**

The accompanying Notes form an integral part of the consolidated financial statements.

Consolidated cash flow statement

for the period from 1 January to 30 June 2022

CONSOLIDATED CASH FLOW STATEMENT

EUR million	6M 2022	6M 2021[5]
I. 1. Net income	957	936
I. 2. Changes in technical provisions	6,264	6,166
I. 3. Changes in deferred acquisition costs	−807	−461
I. 4. Changes in funds withheld and in accounts receivable and payable	−2,687	−1,582
I. 5. Changes in other receivables and liabilities	421	767
I. 6. Changes in investments and liabilities under investment contracts	1	7
I. 7. Changes in financial instruments held for trading	−13	−6
I. 8. Gains/losses on disposal of investments and property, plant and equipment	−117	−734
I. 9. Changes in technical provisions for life insurance policies where the investment risk is borne by the policyholders	−1,744	1,302
I. 10. Other non-cash expenses and income (including income tax expense/income)	441	181
I. Cash flows from operating activities[1, 2]	**2,717**	**6,578**
II. 1. Cash inflow from the sale of consolidated companies	21	8
II. 2. Cash outflow from the purchase of consolidated companies	—	−213
II. 3. Cash inflow from the sale of real estate	13	13
II. 4. Cash outflow from the purchase of real estate	−294	−533
II. 5. Cash inflow from the sale and maturity of financial instruments	14,085	16,421
II. 6. Cash outflow from the purchase of financial instruments	−16,390	−20,083
II. 7. Changes in investments for the benefit of life insurance policyholders who bear the investment risk	1,743	−1,299
II. 8. Changes in other investments	−666	−425
II. 9. Cash outflows from the acquisition of tangible and intangible assets	−74	−179
II. 10. Cash inflows from the sale of tangible and intangible assets	8	99
II. Cash flows from investing activities	**−1,555**	**−6,189**
III. 1. Cash inflow from capital increases	—	—
III. 2. Cash outflow from capital reductions	—	—
III. 3. Dividends paid	−805	−717
III. 4. Net changes attributable to other financing activities	−598	570
III. Cash flows from financing activities[2]	**−1,404**	**−147**
Net change in cash and cash equivalents (I. + II. + III.)	**−242**	**242**
Cash and cash equivalents at the beginning of the reporting period	**4,011**	**3,477**
Effect of exchange rate changes on cash and cash equivalents	**115**	**40**
Effect of changes in the basis of consolidation on cash and cash equivalents[3]	**—**	**1**
Cash and cash equivalents at the end of the reporting period[4]	**3,884**	**3,760**

[1] EUR 160 (42) million of "Income taxes paid", EUR 241 (285) million of "Dividends received" and EUR 1.730 (1.835) million of "Interest received" are allocated to "Cash flows from operating activities". Dividends received also include quasi-dividend profit-sharing payments from investment funds and private equity firms.
[2] Of the "Interest paid" item of EUR 277 (354) million, EUR 125 (122) million is attributable to "Cash flows from financing activities" and EUR 152 (233) million to "Cash flows from operating activities".
[3] This item relates primarily to changes in the basis of consolidation, excluding disposals and acquisitions.
[4] The "Cash and cash equivalents at the end of the reporting period" item includes changes in the portfolio of disclosed disposal groups in the amount of EUR 1 (0) million as at the reporting date.
[5] Adjusted in accordance with IAS 8, see 2021 Annual Report, "Accounting policies" section of the Notes.

The accompanying Notes form an integral part of the consolidated financial statements.

Notes to the interim consolidated financial statements

Basis of preparation and application of IFRSs

Basis of preparation

The consolidated half-yearly financial report as at 30 June 2022 was presented in accordance with IAS 34 and prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim reporting, as adopted by the European Union.

The accounting policies applied are the same as in the previous annual report and the associated interim reporting period, except for the first-time application of new and amended standards, as explained below. See also our disclosures in the "Changes to accounting policies" section.

As allowed by IAS 34.41, we make greater use of estimation methods and assumptions in preparing the interim consolidated financial statements than we do in preparing the annual financial reports. There were no changes in estimates during the interim reporting period with a material effect on the Group's net assets, financial position and results of operations. The tax expense (income taxes in Germany, comparable income taxes at foreign subsidiaries and changes in deferred taxes) is calculated for interim reporting periods by applying the effective tax rate expected for the full year to net income for the period. Pension provisions are extrapolated for interim reporting periods by recognising the actuarially estimated effect of interest rate changes on pension liabilities at the end of the interim reporting period in other comprehensive income ("Other reserves"). Other actuarial assumptions are not updated for interim reporting periods.

Estimation uncertainties in the reporting period also result from the conflict in Ukraine, which we consider a significant event under IAS 34.15 and for which there are only a small number of claims notifications as at the reporting date. We conducted probability-weighted scenario analyses for all relevant business lines, taking account of market knowledge available at present and deriving our reserves from this on the basis of our own assessments. As at the reporting date, the business lines affected essentially comprised political violence and other property coverage, political risk, marine and aviation. The Group recognised provisions of EUR 346 million as at 30 June 2022 (Property/Casualty Reinsurance: EUR 316 million, Industrial Lines: EUR 30 million). The range of potential claims scenarios remains high and may result in far higher claims expenses in the future in the event of adverse developments or unfavourable legislation, which are not currently expected. In line with existing sanctions regulations, transactions with Russian cedants are not continued. We reduced the portfolio investments of Russian and Ukrainian issuers in the reporting period. Impairment losses on Russian fixed-income securities in the low double-digit millions of euros area were also to be recognised pursuant to IAS 39.

The effects of the coronavirus pandemic on the consolidated financial statements were felt primarily in the Life/Health Reinsurance segment. In the first half of the year, negative effects attributable to the pandemic came to EUR 194 (263) million. In this segment, this was offset in the reporting period by income from a risk swap to hedge against an extreme rise in mortality rates, for example due to pandemics. The change in the value of this derivative resulted in earnings of EUR 88 (–2) million over the course of the year. As at the end of June, we reduced our pandemic-related loss reserves (Property/Casualty Reinsurance) established in financial year 2020 by EUR 88 million.

The interim financial statements were prepared in euro (EUR). The amounts shown have been rounded to millions of euros (EUR million). This may give rise to rounding differences in the tables presented in this report. As a rule, amounts in brackets refer to the prior year.

Application of new and revised standards/interpretations

The Group applied the following revised IFRS regulations as at 1 January 2022 which had no material effect on the consolidated financial statements:

- Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"
- Amendments as part of the "Annual Improvements (2018 to 2020 Cycle)": Amendments to IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial Instruments", IFRS 16 "Leases" and IAS 41 "Agriculture"

Material revisions to standards that were not yet effective in 2022 and that were not applied by the Group prior to their effective date

IFRS 17 will, for the first time, implement uniform requirements for the recognition, measurement and presentation of notes on insurance contracts, reinsurance contracts and investment contracts with discretionary surplus participation.

IFRS 17 "Insurance Contracts" was published by the IASB on 18 May 2017 and will replace the current IFRS 4 as at 1 January 2023. The announcement of Commission Regulation no. 2021/2036 adopted IFRS 17 into EU law, including the amendments from June 2020, and this version is effective for financial years beginning on or after 1 January 2023. However, the Regulation includes an optional exception that is valid only in the EU, which allows companies to apply an optional exemption from the annual cohort requirement for contracts with a surplus participation feature, as is typical in Germany and a number of other EU states. The Talanx Group does not utilise this option and will apply IFRS 17 in the IASB version for the financial year beginning 1 January 2023.

The most important revisions of the standard include the discounting of loss reserves, increased transparency for loss-making portfolios and the introduction of the risk adjustment for non-financial risks.

IFRS 17 lists three valuation models that reflect different degrees of policyholder involvement in the investment result or in the company's success. These are the general measurement model (GMM), the variable fee approach (VFA) and the premium allocation approach (PAA). Valuation is based on groups of contracts, not on individual contracts. To form groups of contracts, an entity must first define portfolios that include contracts with similar risks that are managed together. These portfolios are divided into groups of contracts on the basis of profitability and annual cohorts.

Measurement under the general measurement model (GMM) is based on the expected value of discounted cash flows with an explicit risk adjustment for non-financial risks and a contractual service margin, which leads to a profit recognition corresponding to the provision of services. Changes in the assumptions that do not relate to interest or financial risks are booked against the contractual service margin (CSM) and are distributed over the term of the insurance coverage that is still due to be provided and the investment management service. If the service margin becomes negative, a corresponding amount must be recognised through profit or loss. The Talanx Group uses the general measurement model primarily in the Reinsurance Division, at Talanx as intragroup reinsurer in the Corporate Operations Division and in part in the Retail Germany and Retail International Divisions.

A modified form of the general assessment model is used for the life insurance business that provides for surplus participation – the variable fee approach (VFA). All future changes to assumptions are booked against the CSM in the VFA and reflected in the statement of income through the reversal of the CSM. The VFA is applied chiefly at the Talanx Group in the two segments Retail Germany – Life and Retail International. We apply the VFA for business with direct profit participation where the rules for profit participation by policyholders are determined by statutory or contractual rights, as well as to value unit-linked insurance contracts. This approach is not permitted for active and passive reinsurance.

The premium allocation approach (PAA) is a simplified procedure that can be used chiefly for short-term contracts (coverage period not more than 12 months) or if the measurement of the benefit reserve does not differ substantially from the measurement under the general measurement model. The premium allocation approach recognises the liability to grant insurance cover, as previously, through unearned premiums less potential acquisition costs for obtaining the insurance contract. In the case of short-term contracts, the standard includes an option not to discount this benefit reserve, which the Talanx Group will exercise. The Standard introduces compulsory discounting for the loss reserve and a risk adjustment for non-financial risks. The premium allocation approach applies in the Group chiefly in property/casualty primary insurance, provided the contracts meet the above requirements.

We discount the insurance obligation using currency-specific, risk-free yield curves that are standardised throughout the Group and that are adjusted to account for the characteristics of cash flows and liquidity of the underlying insurance contracts (bottom-up approach). The illiquidity premiums used here are based on risk-adjusted spreads of corporate and government bonds.

Separately to the measurement technique, capitalised acquisition costs and receivables on insurance business are no longer presented separately in the balance sheet and are instead recognised as part of liabilities on insurance business. This will reduce the balance sheet but has little effect on equity.

In addition, the standard makes fundamental changes to the consolidated statement of income and differentiates between the underwriting result that comprises income and technical expenses and insurance financing earnings and expenses.

Instead of written premiums in every period, the changes arising from the discounted liability to grant insurance cover are recognised as technical income, for which the insurance company receives a fee minus incoming and outgoing payments of savings components. With business volume remaining unchanged, we expect the amount of insurance turnover recognised to decline compared to current gross written premiums and premiums earned, but with no material impact on the underwriting result.

Insurance financing earnings and costs result from discounting effects and financial risks and changes in these. They may be recognised for each portfolio either in the statement of income entirely through profit or loss or divided between the statement of income and other comprehensive income (OCI option). To reduce volatility in the statement of income, the Talanx Group will utilise the option for almost all portfolios and divide insurance financing earnings and expenses between the statement of income and other comprehensive income.

IFRS 17 is to be initially applied retrospectively in principle. If there is no sufficient data on which to base a full retrospective application of IFRS 17, there is the option to apply a modified retrospective approach – provided sufficient appropriate and reliable data are available for this – or the fair value approach. The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. Certain modifications are permitted where retrospective application is not possible. Under the fair value approach, a group's contractual service margin from insurance contracts at the transition date is determined as the difference between the fair value under IFRS 13 and the fulfilment cash flows under IFRS 17.

In the Talanx Group, we will use all three procedures depending on the availability of data. In the property/casualty area, we currently assume that we will apply the fair value approach if retrospective application is not possible.

The Talanx Group's multi-year IFRS 17 project managed by the Group, which examined the impact of the standard on the consolidated financial statements, including the interaction with IFRS 9, and took the necessary steps towards implementation, was concluded at the start of this financial year. The technical accounting principles have largely been completed and the extensive requirements implemented into the Group's processes and systems. Implementation work relating to the general measurement model, documentation and analyses is still ongoing.

At the same time as the regular financial statements, in this financial year our employees are also preparing the first provisional opening statement of financial position and provisional quarterly financial statements in accordance with IFRS 17. Analyses of the impact of the Standard on Group financial data are conducted on an ongoing basis.

Based on the analyses carried out to date, we expect the following effects on equity at the date of transitioning to IFRS 17:

- We expect an equity-reducing effect in the Retail Germany – Life and the Life/Health Reinsurance segments. As this is measured using current interest rates, we anticipate an increase in the insurance obligation. In addition, some of the profit shares currently recognised in equity will be included in the insurance obligation, as part of the contractual service margin, following the introduction of IFRS 17. This will also have the effect of increasing the insurance obligation.
- In the Industrial Lines Division and Property/Casualty Reinsurance segment, the mandatory discounting of the loss reserve increases equity. However, the equity-increasing effect of discounting the loss reserve is offset by the introduction of the risk adjustment. For this reason, we do not expect any material effects on equity for property/casualty business.
- Equity in the Retail International Division will likely increase slightly.
- All in all, we anticipate an equity-reducing effect at the date of transitioning to IFRS 17 as a result of the measurement in the life insurance business (Retail Germany – Life segment and Life/Health Reinsurance). The reduction in equity will have a positive impact on "return on equity".

As the premium allocation approach is applied in property/casualty primary insurance, we expect most of the contractual service margin from the Reinsurance Division and life insurance business. We plan to develop new key indicators for the CSM in order to manage these areas.

The combined ratio will remain a central key indicator in the property/casualty area even after IFRS 17. We expect a decline in the combined ratio, in part due to discounting.

The exact quantitative effects of IFRS 17 on the consolidated financial statements cannot yet be reliably stated at the current time.

IFRS 9 "Financial Instruments", which was published on 24 July 2014, supersedes the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 contains revised guidance for the classification and measurement of financial instruments, including a new model for impairing financial assets that provides for expected credit losses, and the new general hedge accounting requirements. It also takes over the existing guidance on recognising and derecognising financial instruments from IAS 39. IFRS 9 is effective for financial years beginning on or after 1 January 2018, but will not be applied by the Talanx Group until financial years from 1 January 2023 – taking into account all adjustments made to the Standard by that date – on account of the new amendments to IFRS 4 "Application of

IFRS 9 and IFRS 4" – which allow certain insurance companies to postpone the obligatory application of IFRS 9. The option exists for companies that are active primarily in the insurance business to apply the temporary exemption from IFRS 9. The Talanx Group fulfils the relevant necessary prerequisites (the proportion of the Group's insurance activities was 96.7% as at 31 December 2015 and there has been no change in business since) and is therefore exercising the option to postpone, in part due to the interaction between the recognition of financial instruments and insurance contracts.

IFRS 9.7.2.15 includes the option to adjust earlier reporting periods at the date of application, and the Group intends to apply this option to financial year 2022. However, this option does not extend to financial instruments that had already been derecognised at the date of initial application. Accordingly, the IASB introduced a transition option for comparative information on financial assets by publishing the amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 – Comparative information" in December 2021. The amendment to IFRS 17 allows those applying the Standard for the first time to present financial assets in the comparison period – i.e. for 2022 – as if the classification and measurement regulations in IFRS 9 had also been applied to financial assets that were derecognised in the comparison period (classification overlay). The Group intends to apply this approach, including the provisions of IFRS 9 on impairment, consistently to all eligible financial instruments. EU endorsement for this amendment is expected in the second half of 2022.

Given the nature of the insurance business, we expect the majority of our debt instruments portfolio to be allocated to the "hold and sell" business model. Accordingly, it is expected that a significant share of these financial instruments in the Group will be measured at fair value. The Group intends to make use of the option to measure equities, in particular, at fair value through other comprehensive income. The new classification regulations of IFRS 9 will mean that far more financial instruments are recognised at fair value through profit or loss. Instruments this affects include our complex structured products, units in retail funds and private equity interests. The new impairment model is also expected to have an impact on debt instruments.

After initial unaudited calculations, the risk provision is expected to be in the very low triple digit millions of euro area. The final impact of IFRS 9 can be fully determined only taking into account the interaction with the IFRS 17 accounting standard (see above). As a result, the impact on net assets, financial position and results of operations could not be reliably quantified at the time of publishing this interim report.

The number and size of associates and joint ventures included in the consolidated financial statements using the equity method and that are already required to apply IFRS 9 due to local regulations is insignificant. Given this, these companies are not remeasured, nor is any other information provided.

Segment reporting

The description of the business activities, the divisions and the reportable segments of the Talanx Group in the 2021 Annual Report, as well as the products and services with which these earnings are generated, is still accurate as at the end of the reporting period. The general specifications about segment reporting given there and the statements about the measurement basis for the performance of the reportable segments are still applicable.

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 30 JUNE 2022

EUR million

Assets	Industrial Lines		Retail Germany	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
A. Intangible Assets	164	164	716	682
B. Investments	11,319	11,129	50,942	56,741
C. Investments for the benefit of life insurance policyholders who bear the investment risk	—	—	11,541	13,208
D. Reinsurance recoverables on technical provisions	9,216	8,495	1,911	1,989
E. Accounts receivable on insurance business	3,219	2,547	393	384
F. Deferred acquisition costs	180	95	1,851	1,622
G. Cash at banks, cheques and cash-in-hand	990	1,079	571	651
H. Deferred tax assets	150	83	256	123
I. Other assets	1,011	803	838	737
J. Non-current assets and assets of disposal groups classified as held for sale	20	9	105	17
Total assets	**26,267**	**24,404**	**69,122**	**76,154**

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 30 JUNE 2022

EUR million

Equity and liabilities	Industrial Lines		Retail Germany	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
B. Subordinated liabilities	410	410	206	257
C. Technical provisions	20,106	17,769	51,633	56,023
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders	—	—	11,541	13,208
E. Other provisions	628	850	327	410
F. Liabilities	3,158	3,001	3,217	3,387
G. Deferred tax liabilities	55	164	48	210
H. Liabilities included in disposal groups classified as held for sale	47	56	52	—
Total liabilities/provisions	**24,404**	**22,251**	**67,025**	**73,495**

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
772	780	203	204	83	88	—	—	1,937	1,918
13,621	14,726	68,074	66,871	1,255	1,451	−2,913	−3,083	142,297	147,835
400	479	—	—	—	—	—	—	11,940	13,687
1,307	1,198	3,394	3,073	1,864	1,104	−7,656	−6,930	10,035	8,929
1,546	1,358	8,884	7,208	797	312	−1,142	−1,063	13,697	10,746
667	612	4,070	3,351	58	47	309	294	7,136	6,020
404	297	1,415	1,325	503	651	—	—	3,883	4,002
369	227	140	54	279	296	−13	−173	1,180	611
667	641	2,971	2,831	764	1,068	−2,527	−2,927	3,724	3,153
—	598	—	—	—	2	—	−1	124	625
19,753	**20,915**	**89,152**	**84,917**	**5,602**	**5,017**	**−13,943**	**−13,882**	**195,954**	**197,524**

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
103	103	3,360	3,396	1,246	1,746	−1,064	−1,152	4,261	4,759
13,897	14,110	61,973	55,357	2,533	1,648	−6,744	−5,956	143,398	138,951
400	479	—	—	—	—	—	—	11,940	13,687
291	312	449	484	1,329	1,666	—	—	3,025	3,722
2,886	2,868	12,550	10,754	2,383	2,012	−6,231	−6,687	17,963	15,335
54	69	1,180	2,214	65	—	22	−145	1,426	2,513
—	557	—	—	—	—	—	−1	99	612
17,630	**18,498**	**79,513**	**72,205**	**7,556**	**7,072**	**−14,017**	**−13,941**	**182,111**	**179,579**

	30.6.2022	31.12.2021
Equity [1]	**13,843**	**17,945**
Total liabilities	**195,954**	**197,524**

[1] Equity attributable to Group shareholders and non-controlling interests.

CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JANUARY TO 31 JUNE 2022 [1]

	Industrial Lines		Retail Germany	
EUR million	6M 2022	6M 2021	6M 2022	6M 2021
1. Gross written premiums including premiums from unit-linked life and annuity insurance	4,897	4,185	3,356	3,233
of which attributable to other divisions/segments	35	25	34	35
of which attributable to third parties	4,862	4,160	3,322	3,199
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	444	425
3. Ceded written premiums	2,129	2,090	197	251
4. Change in gross unearned premiums	–1,013	–840	–327	–259
5. Change in ceded unearned premiums	–252	–398	–19	–54
Net premiums earned	**2,006**	**1,654**	**2,407**	**2,352**
6. Claims and claims expenses (gross)	2,790	2,443	2,378	2,896
Reinsurers' share	1,220	1,117	81	67
Claims and claims expenses (net)	**1,570**	**1,326**	**2,297**	**2,829**
7. Acquisition costs and administrative expenses (gross)	752	659	619	561
Reinsurers' share	396	378	70	88
Acquisition costs and administrative expenses (net)	**356**	**280**	**549**	**473**
8. Other technical income	3	2	7	9
Other technical expenses	13	22	–1	42
Other technical result	**–10**	**–20**	**8**	**–33**
Net technical result	**70**	**27**	**–431**	**–984**
9. a. Investment income	166	196	1,016	1,319
b. Investment expenses	49	55	426	146
Net income from assets under own management	**117**	**141**	**590**	**1,173**
Net income from investment contracts	—	—	—	—
Net interest income from funds withheld and contract deposits	1	—	–6	–6
Net investment income	**119**	**141**	**585**	**1,167**
of which share of profit or loss of equity-accounted associates and joint ventures	8	9	1	5
10. a. Other income	183	176	111	109
b. Other expenses	270	247	133	134
Other income/expenses	**–87**	**–71**	**–22**	**–25**
Profit before goodwill impairments	**102**	**97**	**132**	**157**
11. Goodwill impairments	—	—	—	—
Operating profit/loss (EBIT)	**102**	**97**	**132**	**157**
12. Financing costs	5	6	3	5
13. Taxes on income	25	20	49	52
Net income	**71**	**70**	**79**	**101**
of which attributable to non-controlling interests	—	2	4	4
of which attributable to shareholders of Talanx AG	71	68	75	97

[1] With the exception of the Retail Germany Division and the Reinsurance Division, the statements of income of the other divisions are the same as those of the reportable segments.

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
6M 2022	6M 2021	**6M 2022**	6M 2021	**6M 2022**	6M 2021	**6M 2022**	6M 2021	**6M 2022**	6M 2021
3,436	3,052	17,342	14,465	1,117	1,025	−1,815	−1,885	28,332	24,075
—	1	937	1,062	810	763	−1,815	−1,885	—	—
3,436	3,051	16,406	13,403	307	262	—	—	28,332	24,075
27	84	—	—	—	—	—	—	471	509
365	303	1,574	1,385	881	794	−1,813	−1,886	3,333	2,937
−236	−73	−2,115	−1,662	−523	−509	252	479	−3,961	−2,864
−60	−38	−113	−98	−432	−399	244	479	−631	−507
2,868	**2,630**	**13,767**	**11,515**	**145**	**121**	**6**	**—**	**21,198**	**18,272**
2,380	2,125	10,928	9,254	524	341	−1,111	−850	17,890	16,210
229	150	703	737	442	246	−1,105	−881	1,570	1,436
2,151	**1,975**	**10,225**	**8,517**	**82**	**95**	**−6**	**31**	**16,320**	**14,775**
726	641	3,891	3,165	153	135	−425	−391	5,716	4,770
58	60	184	119	100	97	−407	−370	401	372
668	**581**	**3,708**	**3,046**	**53**	**38**	**−17**	**−21**	**5,316**	**4,398**
25	15	—	—	—	—	—	—	35	26
46	42	6	2	3	9	29	−10	96	106
−21	**−27**	**−6**	**−1**	**−3**	**−9**	**−29**	**10**	**−61**	**−81**
29	**47**	**−172**	**−50**	**7**	**−22**	**—**	**—**	**−498**	**−982**
272	222	1,234	945	14	27	−29	−31	2,674	2,677
81	28	367	241	53	87	−64	−63	911	495
191	**194**	**867**	**704**	**−39**	**−61**	**36**	**32**	**1,763**	**2,183**
3	2	—	—	—	—	—	—	3	2
−1	−1	127	172	—	—	—	—	122	165
193	**194**	**994**	**876**	**−39**	**−61**	**36**	**32**	**1,887**	**2,350**
—	—	33	15	—	—	—	—	42	28
133	68	584	406	740	409	−660	−346	1,093	822
192	136	475	268	677	359	−623	−289	1,124	856
−58	**−68**	**109**	**138**	**63**	**50**	**−36**	**−57**	**−31**	**−35**
164	**173**	**930**	**964**	**31**	**−33**	**−1**	**−25**	**1,358**	**1,333**
—	—	—	—	—	—	—	—	—	—
164	**173**	**930**	**964**	**31**	**−33**	**−1**	**−25**	**1,358**	**1,333**
−2	4	53	50	53	51	−25	−27	88	88
44	48	184	212	1	−24	8	1	312	309
122	**121**	**693**	**702**	**−23**	**−60**	**16**	**1**	**957**	**936**
26	17	366	366	—	—	—	—	397	389
95	104	326	336	−23	−60	16	1	560	546

CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE RETAIL GERMANY (PROPERTY/CASUALTY AND LIFE), PROPERTY/CASUALTY REINSURANCE AND LIFE/HEALTH REINSURANCE REPORTABLE SEGMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022

	Retail Germany – Property/Casualty		Retail Germany – Life		Property/Casualty Reinsurance		Life/Health Reinsurance	
EUR million	6M 2022	6M 2021	6M 2022	6M 2021	6M 2022	6M 2021	6M 2022	6M 2021
1. Gross written premiums including premiums from unit-linked life andannuity insurance	1,141	1,031	2,215	2,202	12,922	10,267	4,420	4,198
of which attributable to other segments	—	—	34	35	868	991	69	70
of which attributable to third parties	1,141	1,031	2,181	2,167	12,054	9,275	4,352	4,128
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	444	425	—	—	—	—
3. Ceded written premiums	91	142	106	109	1,078	891	495	494
4. Change in gross unearned premiums	–295	–278	–31	19	–2,137	–1,627	22	–36
5. Change in ceded unearned premiums	–21	–55	2	2	–113	–98	—	—
Net premiums earned	**775**	**666**	**1,632**	**1,685**	**9,819**	**7,847**	**3,947**	**3,669**
6. Claims and claims expenses (gross)	531	412	1,847	2,485	7,131	5,554	3,797	3,701
Reinsurers' share	24	15	58	52	279	281	424	456
Claims and claims expenses (net)	**507**	**397**	**1,789**	**2,432**	**6,853**	**5,272**	**3,373**	**3,245**
7. Acquisition costs and administrative expenses (gross)	292	263	327	299	3,043	2,378	848	787
Reinsurers' share	35	54	35	34	131	106	52	12
Acquisition and administrative expenses (net)	**257**	**209**	**292**	**264**	**2,912**	**2,272**	**796**	**774**
8. Other technical income	—	1	7	8	—	—	—	—
Other technical expenses	7	6	–7	36	3	3	3	–2
Other technical result	**–7**	**–5**	**14**	**–28**	**–3**	**–3**	**–3**	**2**
Net technical result	**4**	**56**	**–435**	**–1,040**	**52**	**299**	**–224**	**–349**
9. a. Investment income	60	62	957	1,257	894	724	340	221
b. Investment expenses	22	8	404	138	226	142	141	98
Net income from assets under own management	**38**	**53**	**553**	**1,120**	**668**	**582**	**199**	**122**
Net income from investment contracts	—	—	—	—	—	—	—	—
Net interest income from funds withheld and contract deposits	—	—	–5	–6	41	15	86	157
Net investment income	**37**	**53**	**547**	**1,114**	**709**	**596**	**285**	**280**
of which share of profit or loss of equity-accounted associates and joint ventures	—	—	1	5	7	1	26	14
10. a. Other income	12	29	99	80	222	116	362	289
b. Other expenses	20	36	113	98	382	223	92	46
Other income/expenses	**–9**	**–7**	**–13**	**–18**	**–161**	**–106**	**269**	**244**
Profit before goodwill impairments	**33**	**102**	**98**	**56**	**601**	**789**	**330**	**175**
11. Goodwill impairments	—	—	—	—	—	—	—	—
Operating profit/loss (EBIT)	**33**	**102**	**98**	**56**	**601**	**789**	**330**	**175**

OTHER SEGMENT INFORMATION

EUR million	Industrial Lines	Retail Germany – Property/ Casualty	Retail Germany – Life	Retail International	Property/ Casualty Reinsurance	Life/Health Reinsurance	Corporate Operations	Consolidation	Total
6M 2022									
included within investment income									
Current interest income unit-linked life and annuity insurance	77	34	455	210	527	158	10	−29	**1,443**
Interest income from funds withheld and contract deposits	1	—	—	—	41	108	—	−4	**146**
Interest expense from funds withheld and contract deposits	—	—	5	1	—	23	—	−4	**25**
share of profit or loss of equity-accounted associates and joint ventures	8	—	1	—	7	26	—	—	**42**
Depreciation of/ impairment losses on investment property									
Depreciation	2	—	20	1	23	—	—	—	**46**
Impairment losses	—	—	—	—	—	—	—	—	**—**
Depreciation of/ impairment losses on infrastructure investments									
Depreciation	3	2	11	—	—	—	—	—	**16**
included within other income/expenses									
other interest income	1	—	5	3	7	48	7	−2	**70**
other interest expenses	5	1	7	3	9	4	6	−6	**29**
Depreciation of/impairment losses on fixed assets [1]									
Depreciation	9	—	2	21	10	4	19	—	**65**
Impairment losses	—	—	—	—	—	—	—	—	**—**
6M 2021									
included within investment income									
Current interest income unit-linked life and annuity insurance [1]	90	37	508	169	351	129	26	−31	**1,280**
Interest income from funds withheld and contract deposits	—	—	—	—	15	275	—	−2	**288**
Interest expense from funds withheld and contract deposits	—	—	6	1	—	118	—	−2	**123**
share of profit or loss of equity-accounted associates and joint ventures	9	—	5	—	1	14	—	—	28
Depreciation of/ impairment losses on investment property									
Depreciation	2	—	16	1	18	—	—	—	**37**
Impairment losses	—	—	—	—	—	—	—	—	**—**
Depreciation of/ impairment losses on infrastructure investments									
Depreciation	3	2	11	—	—	—	—	—	**17**
Impairment losses	—	—	—	—	—	—	—	—	**—**
included within other income/expenses									
other interest income	—	—	1	1	16	8	1	−2	**25**
other interest expenses	3	1	7	3	6	4	3	−5	**21**
Depreciation of/impairment losses on fixed assets [1]									
Depreciation	9	—	3	21	8	4	18	—	**64**
Impairment losses	—	—	—	1	—	—	—	—	**1**

[1] This includes not only the amortisation, reversals of impairment losses and impairment losses recognised in "Other income/expenses", but also those recognised in the cost distribution in underwriting items.

Consolidation

Basis of consolidation

As at the reporting date, 137 (142) individual companies, 31 (26) investment funds, three (three) structured entities and five subgroups (including four foreign subgroups) were consolidated as a group (including associates) in Talanx's consolidated financial statements, and eight (eight) companies were included using the equity method.

Significant changes in the basis of consolidation compared with yearend 2021 are presented in the following.

Significant additions and disposals of consolidated subsidiaries and other changes under company law

An agreement dated 20 June 2022 ended the cooperation between HDI International AG, Hannover (HINT; Retail International segment), Meiji Yasuda Life Insurance Company, Tokyo, Japan (Meiji Yasuda) and the Getin Holding Group, Warsaw, Poland (Getin) in connection with the long-term equity investment in Towarzystwo Ubezpieczeń Europa S. A. (TU Europa), Warsaw, Poland (Retail International segment).

In the above agreement, the parties involved agreed that Meiji Yasuda would acquire a 16.54% share in TU Europa directly from Getin, reversing a written put option. This decreased the share recognised by the Group in TU Europa to 50.01%. Accordingly, equity attributable to non-controlling interests rose by EUR 53 million, with the own share declining by EUR 9 million.

In addition, a payment of PLN 73 million (EUR 16 million) from Meiji Yasuda to HINT was agreed as part of a clawback agreement.

The forward purchase agreed in 2019 of the remaining 23.5% share in Svedea AB, Stockholm, Sweden was realised by HDI Global Specialty SE, Hannover (both Industrial Lines segment) at a price of SEK 332 million (EUR 31 million) as at 30 June 2022. Accordingly, equity attributable to non-controlling interests declined by EUR 4 million, with the own share increasing by EUR 5 million.

Non-current assets held for sale and disposal groups

OOO Strakhovaya Kompaniya CiV Life, Moscow, Russia (Retail International segment)

As at 31 December 2021, the Group recognised the subsidiary OOO Strakhovaya Kompaniya CiV Life, Moscow, Russia, held by HDI International AG, Hannover, as a disposal group with assets of EUR 597 million and liabilities of EUR 556 million. Effective 24 February 2022, the Group sold its 100% interest with a disposal loss of EUR 23 million.

GERLING Pensionsenthaftungs- und Rentenmanagement GmbH, Cologne (Retail Germany – Life segment)

As at the reporting date, the wholly-owned subsidiary GERLING Pensionsenthaftungs- und Rentenmanagement GmbH, held by HDI Lebensversicherung AG, Cologne, was classified as held for sale. The disposal group contains assets of EUR 18 million and liabilities of EUR 52 million. The main carrying amounts for the disposal group relate to "claims under pension liability insurance" (EUR 10 million), "investments" (EUR 7 million), "cash at banks, cheques and cash-in-hand" (EUR 1 million), "pension provisions" (EUR 47 million) and "other provisions" (EUR 6 million). The classification did not require any valuation adjustments. The disposal relates to the optimisation of the segment's portfolio and is expected to take place in the second half of 2022.

Magma HDI General Insurance Company Ltd., Kolkata, India (Industrial Lines segment)

As at the reporting date, the equity-accounted interest in Magma HDI General Insurance Company Ltd., Kolkata, India, was classified by HDI Global SE, Hannover, as held for sale. The disposal relates to the strategic orientation in the Industrial Lines segment and is expected to take place in the second half of 2022.

HDI Global SE, Hannover (Industrial Lines segment)

HDI Global SE, Hannover is planning to sell an insurance portfolio in the motor vehicle and marine insurance lines held by its branch in the Netherlands. The portfolio contains assets of EUR 10 (0) million and technical provisions of EUR 51 (61) million. The disposal relates to the strategic orientation in the Industrial Lines segment and is expected to take place in 2022. No valuation adjustments were required.

Real estate

We report property holdings as held for sale in the amount of EUR 86 (17) million as at the reporting date, which are attributable entirely to the Retail Germany Division. Fair values are largely measured internally within the Group using the German discounted cash flow method plus external expert opinions in individual cases. The purchase price is used where a sale has been agreed as binding. The intentions to sell were based on individual property market and property conditions, taking into account current and future opportunity/risk profiles.

Notes to individual items of the consolidated balance sheet

The principal items of the consolidated balance sheet are as follows:

(1) Intangible assets

INTANGIBLE ASSETS

EUR million	30.6.2022	31.12.2021
a. Goodwill	1,022	1,028
b. Other intangible assets	915	889
of which		
insurance-related intangible assets	463	435
Software	233	214
Other		
Acquired distribution networks and customer relationships	26	28
Acquired brand names	30	31
Other	163	182
Total	**1,937**	**1,918**

(2) Loans and receivables

LOANS AND RECEIVABLES

	Amortised cost		Unrealised gains/losses		Fair value	
EUR million	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Mortgage loans	646	586	30	196	676	783
Loans and prepayments on insurance policies	99	101	—	—	99	101
Loans and receivables due from government or quasi-governmental entities[1]	10,365	10,586	−1,504	1,064	8,861	11,649
Corporate bonds	4,862	4,873	−133	235	4,730	5,108
Covered bonds/asset-backed securities	9,371	9,584	−59	1,633	9,311	11,217
	10	—	—	—	10	—
	7	7	—	—	7	7
Total	**25,360**	**25,737**	**−1,667**	**3,128**	**23,693**	**28,865**

[1] Loans and receivables due from government or quasi-governmental entities include securities of EUR 2,162 (2,294) million that are guaranteed by the Federal Republic of Germany, other EU member states or German federal states.

The “Covered bonds/asset-backed securities” item includes German covered bonds (Pfandbriefe) with a carrying amount of EUR 9.370 (9,583) million; this corresponds to 99% (99%) of the total amount.

(3) Held-to-maturity financial instruments

HELD-TO-MATURITY FINANCIAL INSTRUMENTS

	Amortised cost		Unrealised gains/losses		Fair value	
EUR million	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Government debt securities issued by EU member states	120	117	−3	5	117	122
Other foreign government debt securities	44	19	−2	—	41	19
Debt securities issued by quasi-governmental entities [1]	223	209	−63	−33	160	176
Corporate bonds	16	11	−3	−1	13	9
Total	**403**	**356**	**−71**	**−30**	**332**	**326**

[1] Debt securities issued by quasi-governmental entities include securities of EUR 222 (208) million that are guaranteed by the Federal Republic of Germany, other EU member states or German federal states.

(4) Available-for-sale financial instruments

AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS

	Amortised cost		Unrealised gains/losses		Fair value	
EUR million	30.6.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021
Fixed-income securities						
Government debt securities issued by EU member states	15,207	14,623	−1,143	1,141	14,064	15,764
US treasury notes	11,437	9,422	−653	367	10,784	9,789
Other foreign government debt securities	5,555	4,808	−321	57	5,234	4,865
Debt securities issued by quasi-governmental entities [1]	17,665	16,710	−2,498	851	15,167	17,561
Corporate bonds	29,444	29,771	−3,238	673	26,206	30,444
Investment funds	2,221	2,330	−183	109	2,038	2,439
Covered bonds/asset-backed securities	11,972	11,157	−1,154	614	10,818	11,771
Profit participation certificates	1	1	—	—	1	1
Other	1	—	—	—	1	—
Total fixed-income securities	**93,502**	**88,822**	**−9,190**	**3,812**	**84,312**	**92,634**
Variable-yield securities						
Equities	1,167	870	71	180	1,238	1,050
Investment funds	2,366	2,215	369	418	2,735	2,633
Profit participation certificates	79	77	3	6	82	82
Total variable-yield securities	**3,613**	**3,162**	**443**	**604**	**4,056**	**3,765**
Total securities	**97,115**	**91,984**	**−8,747**	**4,416**	**88,368**	**96,399**

[1] Debt securities issued by quasi-governmental entities include securities of EUR 3,654 (4,046) million that are guaranteed by the Federal Republic of Germany, other EU member states or German federal states.

The "Covered bonds/asset-backed securities" item includes German covered bonds (Pfandbriefe) with a carrying amount of EUR 7,923 (8,943) million; this corresponds to 73% (76%) of the total amount.

(5) Financial instruments at fair value through profit or loss

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Fair value	
EUR million	30.6.2022	31.12.2021
Fixed-income securities		
Government debt securities issued by EU member states	29	2
Other foreign government debt securities	27	37
Debt securities issued by quasi-governmental entities	16	17
Corporate bonds	404	375
Investment funds	103	90
Covered bonds/asset-backed securities	4	4
Profit participation certificates	26	15
Other	1	1
Total fixed-income securities	**609**	**541**
Investment funds (variable-yield securities)	23	28
Other variable-yield securities	23	23
Total financial instruments classified at fair value through profit or loss	**655**	**592**
Investment funds (variable-yield securities)	134	164
Derivatives	418	341
Total financial instruments held for trading	**552**	**504**
Total	**1,207**	**1,096**

The “Covered bonds/asset-backed securities” item includes German covered bonds (Pfandbriefe) with a carrying amount of EUR 4 (4) million; this corresponds to 100% (100%) of the total amount.

(6) Fair value hierarchy for financial instruments

Fair value hierarchy

The disclosures in accordance with IFRS 13 “Fair Value Measurement” require financial instruments measured at fair value to be allocated to a three-level fair value hierarchy. One goal of this requirement is to reveal the link between market inputs and the data used in determining fair value. The following classes of financial instruments are affected: financial instruments available for sale, financial instruments at fair value through profit or loss, other investments and investment contracts (financial assets and liabilities) that are measured at fair value, other liabilities (negative fair values of derivative financial instruments) and hedging instruments (derivatives used in hedge accounting).

The guideline for the allocation to the individual levels of the valuation hierarchy and of the valuation process, the valuation models for measuring fair value, the essential input factors, the essential level 3 portfolios and the statements on the sensitivity analysis have not materially changed compared to the description in the 2021 Annual Report. Level 3 financial instruments had fair values totalling EUR 8.1 (7.2) billion as at the reporting date. Of this figure, the Group generally measures EUR 7.3 (6.5) billion using the net asset value method, under which alternative inputs within the meaning of the standard cannot reasonably be established. The fair value of level 3 financial instruments at which the use of reasonable alternative inputs leads to a material change in fair value is EUR 148 (191) million and, at 1.9% (2.6%) of the carrying amount of financial instruments assigned to level 3, is immaterial.

As at the reporting date, we allocate around 5% (5%) of the investments at fair value at level 1 of the fair value hierarchy, 87% (89%) at level 2 and 8% (7%) at level 3.

There were no transfers between levels 1 and 2 in the reporting period (2021: reclassifications of EUR 4 million from level 2 to level 1).

As in the prior year, there were no debts issued with an inseparable third-party credit enhancement within the meaning of IFRS 13.98 as at the reporting date.

FAIR VALUE HIERARCHY – FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

EUR million

Carrying amounts of financial instruments measured at fair value by class	Level 1	Level 2	Level 3 [1]	Carrying amount
30.6.2022				
Financial assets measured at fair value				
Available-for-sale financial instruments				
Fixed-income securities	39	84,155	118	84,312
Variable-yield securities	1,533	132	2,391	4,056
Financial instruments at fair value through profit or loss				
Financial instruments classified at fair value through profit or loss	15	419	221	655
Derivatives held for trading	—	262	155	418
Other financial instruments held for trading	134	—	—	134
Other investments	1,244	605	4,859	6,708
Other assets, derivative financial instruments (hedging instruments)	—	2	—	2
Investment contracts				
Financial instruments classified at fair value through profit or loss	1,272	—	125	1,397
Total financial assets measured at fair value	**4,237**	**85,576**	**7,869**	**97,682**
Financial liabilities measured at fair value				
Other liabilities (negative fair values from derivative financial instruments)				
Negative fair values from derivatives	—	242	18	261
Negative fair values from hedging instruments	—	267	—	267
Other liabilities (investment contracts)				
Financial instruments classified at fair value through profit or loss	561	711	125	1,398
Total financial liabilities measured at fair value	**561**	**1,221**	**144**	**1,926**
31.12.2021				
Financial assets measured at fair value				
Available-for-sale financial instruments				
Fixed-income securities	127	92,400	108	92,634
Variable-yield securities	1,668	80	2,017	3,765
Financial instruments at fair value through profit or loss				
Financial instruments classified at fair value through profit or loss	22	357	213	592
Derivatives held for trading	11	169	161	341
Other financial instruments held for trading	164	—	—	164
Other investments	952	500	4,328	5,779
Other assets, derivative financial instruments	—	11	—	11
Investment contracts				
Financial instruments classified at fair value through profit or loss	1,307	—	146	1,454
Total financial assets measured at fair value	**4,250**	**93,517**	**6,973**	**104,740**
Financial liabilities measured at fair value				
Other liabilities (negative fair values from derivative financial instruments)				
Negative fair values from derivatives	—	99	108	207
Negative fair values from hedging instruments	—	58	—	58
Other liabilities (investment contracts)				
Financial instruments classified at fair value through profit or loss	597	711	146	1,454
Total financial liabilities measured at fair value	**597**	**868**	**254**	**1,719**

[1] Classification as Level 3 is not an indication of quality. No conclusions may be drawn as to the credit quality of the issuers.

Analysis of financial instruments for which significant inputs are not based on observable market data (Level 3)

RECONCILIATION OF FINANCIAL INSTRUMENTS[1] (FINANCIAL ASSETS) CLASSIFIED AS LEVEL 3 AT THE BEGINNING OF THE REPORTING PERIOD TO CARRYING AMOUNTS AS AT 30 JUNE 2022

EUR million	Available for sale FI/ fixed-income securities	Available for sale FI/ variable-yield securities	FI classified at fair value through profit or loss	Derivatives held for trading	Other investments	Investment contracts/FI classified at fair value through profit or loss	Total financial assets measured at fair value
2022							
Opening balance at 1.1.2022	**108**	**2,017**	**213**	**161**	**4,328**	**146**	**6,973**
Income and expenses							
recognised in the statement of income	—	–7	1	20	–17	–14	–17
recognised in other comprehensive income	—	104	—	—	128	—	231
Transfer into Level 3[2]	10	—	—	—	—	—	10
Transfers out of Level 3	—	—	—	—	—	—	—
Additions							
Purchases	—	359	19	—	424	4	807
Disposals							
Sales	—	140	16	24	206	8	395
Repayments/redemptions	—	—	—	—	—	—	—
Exchange rate changes	1	58	3	–1	202	–3	261
Closing balance at 30.6.2022	**118**	**2,391**	**221**	**155**	**4,859**	**125**	**7,869**

[1] The term “financial instruments” is abbreviated to “FI” in the following.
[2] No trading in an active market.

RECONCILIATION OF FINANCIAL INSTRUMENTS[1] (FINANCIAL LIABILITIES) CLASSIFIED AS LEVEL 3 AT THE BEGINNING OF THE REPORTING PERIOD TO CARRYING AMOUNTS AS AT 30 JUNE 2022

EUR million	Other liabilities/ negative fair values from derivatives	Investment contracts/FI classified at fair value through profit or loss	Total financial liabilities measured at fair value
2022			
Opening balance at 1.1.2022	**108**	**146**	**254**
Income and expenses			
recognised in the statement of income	8	14	23
recognised in other comprehensive income	—	—	—
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Additions			
Purchases	—	4	4
Disposals			
Sales	80	8	88
Repayments/redemptions	—	—	—
Exchange rate changes	–1	–3	–4
Closing balance at 30.6.2022	**18**	**125**	**144**

[1] The term “financial instruments” is abbreviated to "FI" in the following.

Income and expenses for the period that were recognised in the consolidated statement of income, including gains and losses on Level 3 assets and liabilities held in the portfolio at the end of the reporting period, are shown in the following table.

EFFECT ON PROFIT OR LOSS OF LEVEL 3 FINANCIAL INSTRUMENTS[1] (FINANCIAL ASSETS) MEASURED AT FAIR VALUE

EUR million	Available-for-sale FI/fixed income securities	Available-for-sale FI/variable-yield securities	FI classified at fair value through profit or loss	Derivatives held for trading	Other investments	Investment contracts/FI classified at fair value through profit or loss	Total financial assets measured at fair value
2022							
Gains and losses in financial year 2022 until 30.6.2022							
Investment income	—	—	3	20	—	2	25
Investment expenses	—	–7	–2	—	–17	–16	–42
of which attributable to financial instruments included in the portfolio as at 30.6.2022							
Investment income[2]	—	—	3	20	—	2	25
Investment expenses[3]	—	–7	–2	—	–16	–16	–41

[1] The term "financial instruments" is abbreviated to "FI" in the following.
[2] Of which EUR 25 million attribute to unrealised gains.
[3] Of which EUR 18 million attribute to unrealised losses.

EFFECT ON PROFIT OR LOSS OF LEVEL 3 FINANCIAL INSTRUMENTS[1] (FINANCIAL LIABILITIES) MEASURED AT FAIR VALUE

EUR million	Other liabilities/negative fair values from derivatives	Investment contracts/FI classified at fair value through profit or loss	Total financial liabilities measured at fair value
2022			
Gains and losses in financial year 2022 until 30.6.2022			
Investment income	—	16	16
Investment expenses	—	–2	–2
Financing income	8	—	8
of which attributable to financial instruments included in the portfolio as at 30.6.2022			
Investment income[2]	—	16	16
Investment expenses[3]	—	–2	–2
Financing income	—	—	—

[1] The term "financial instruments" is abbreviated to "FI" in the following.
[2] Of which EUR 16 million attributable to unrealised gains.
[3] Of which EUR 2 million attributable to unrealised losses.

(7) Equity

Subscribed capital

The share capital was unchanged at EUR 316 million and is composed of 253,100,132 no-par value registered shares; it is fully paid up. The nominal value per share is EUR 1.25. For details of equity, please see the "Consolidated statement of changes in equity".

Contingent capital

On 5 May 2022, the Annual General Meeting resolved to contingently increase the share capital by up to EUR 94 million divided into up to 75,000,000 new no-par value shares (Contingent Capital I). The contingent capital increase serves to grant no-par value shares to holders of registered bonds to be issued against cash contributions in the period up to 4 May 2027 by Talanx AG or a subordinate Group company within the meaning of section 18 of the German Stock Corporation Act (AktG) on the basis of the authorisation granted to the Board of Management under the Annual General Meeting's resolution on the same date. The shares will be used to satisfy the contingent conversion obligation. The same Annual General Meeting resolved to contingently increase the share capital by up to EUR 63 million by issuing up to 50,000,000 new no-par value shares (Contingent Capital II). The contingent capital increase serves to grant no-par value shares to holders of bonds (convertible bonds and bonds with warrants) and participating bonds and profit participation rights with conversion rights or warrants or (contingent) conversion obligations and/or subordinated (hybrid) financial instruments to create equity components within the meaning of section 89 of the German Insurance Supervision Act (VAG) (or a subsequent regulation) or within the meaning of the Solvency II Directive (Directive 2009/138/EC) and the latest version of related national measures or measures adopted by the European Union, where the issue of these must be approved by the Annual General Meeting under section 221 of the German Stock Corporation Act (AktG), for example due to profit-related interest, the structure of loss participation or for other reasons, to be issued by Talanx AG or its subordinate Group companies within the meaning of section 18 of the AktG in the period between 5 May 2022 and 4 May 2027 on the basis of the authorising resolution adopted by the Annual General Meeting on the same date. The amendments to the Articles of Association took effect on their entry in the commercial register on 2 June 2022.

Authorised capital

On 5 May 2022, the Annual General Meeting resolved to renew the authorised capital in accordance with article 7(1) of Talanx AG's Articles of Association and to insert a new article 7(1) authorising the Board of Management, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to 4 May 2027 by a maximum of EUR 158 million by issuing new no-par value registered shares in exchange for cash or non-cash contributions (Authorised Capital 2022/I). Subject to the approval of the Supervisory Board, EUR 2.5 million of this may be used to issue employee shares. Shareholders' pre-emptive rights may be disapplied in the case of cash capital increases for certain specified purposes, subject to the approval of the Supervisory Board. They may be disapplied in the case of noncash capital increases, also subject to the approval of the Supervisory Board, where this is in the Company's overriding interest. The total shares issuable on the basis of this authorisation while excluding pre-emptive rights may not exceed 10% of the share capital. The amendment to the Articles of Association took effect on its entry in the commercial register on 2 June 2022.

Attributable to non-controlling interests

RECONCILIATION ITEMS FOR NON-CONTROLLING INTERESTS IN EQUITY

EUR million	30.6.2022	31.12.2021
Unrealised gains and losses on investments	–1,232	1,174
Share of net income	397	718
Other equity	6,437	5,276
Total	**5,603**	**7,169**

Non-controlling interests in equity primarily consist of the interests in the equity of the Hannover Re subgroup held by non-Group shareholders.

(8) Subordinated liabilities

LONG-TERM SUBORDINATED DEBT

EUR million	Nominal amount	Coupon	Maturity	Rating[2]	Issue	30.6.2022	31.12.2021
Talanx AG	750	Fixed (2.25%)	2017/2047	(—; A–)	These guaranteed subordinated bonds were issued in 2017 on the European capital market. They can be called under normal conditions for the first time in 2027.	750	750
Talanx AG	500	Fixed (1.75%), then floating rate	2021/2042	(—; A–)	These guaranteed subordinated bonds were issued in 2021 on the European capital market. They can be called under normal conditions for the first time in 2032.	496	496
Hannover Rück SE	750	Fixed (1.375%), then floating rate	2021/2042	(—; A)	These guaranteed subordinated bonds were issued on the European capital market in 2021. They can be called for the first time under normal conditions in 2031.	744	743
Hannover Rück SE	500	Fixed (1.75%), then floating rate	2020/2040	(—; A)	These guaranteed subordinated bonds were issued on the European capital market in 2020. They can be called for the first time under normal conditions in 2030.	496	495
Hannover Rück SE	750	Fixed (1.125%), then floating rate	2019/2039	(—; A)	These guaranteed subordinated bonds were issued on the European capital market in 2019. They can be called for the first time under normal conditions in 2029.	742	742
Hannover Rück SE[1]	450	Fixed (3.375%), then floating rate	2014/no final term	(a+; A)	These guaranteed subordinated bonds were issued on the European capital market in 2014. They can be called for the first time under normal conditions in 2025.	448	447
Hannover Finance (Luxembourg) S. A.	500	Fixed (5.0%), then floating rate	2012/2043	(aa–; A)	These guaranteed subordinated bonds in the amount of EUR 500 million were issued in 2012 on the European capital market. They can be called for the first time under normal conditions after ten years.	500	499
Talanx Finanz (Luxemburg) S. A.	500	Fixed (8.37%), then floating rate	2012/2042	(—; —)	These guaranteed subordinated bonds in the amount of EUR 500 million were issued in 2012 on the European capital market. They can be called for the first time under normal conditions after ten years.	—	500
HDI Italia S. p. A. (formerly: Amissima Assicurazioni S. p. A.)	25	Fixed (7.25%)	2020/2030	(—; —)	These subordinated bonds in the amount of EUR 25 million were issued in 2020 on the European capital market. They can be called for the first time under normal conditions after five years.	35	35
HDI Assicurazioni S. p. A.	27	Fixed (5.5%)	2016/2026	(—; —)	Subordinated loan	27	27
HDI Assicurazioni S. p. A.	11	Fixed (5,7557%)	2020/2030	(—; —)	Two subordinated loans, callable after ten years.	11	11
HDI Global SE	13	Fixed (1.70%), then floating rate	2021/2041	(—; —)	Two subordinated loans, callable after ten years.	13	13
Magyar Posta Életbiztosító Zrt.	1	Fixed (7.57%)	2015/2045	(—; —)	Subordinated loan, callable for the first time after ten years.	1	1
Total						**4,261**	**4,759**

[1] In addition, Group companies (included in the consolidated financial statements) held bonds with a nominal amount of EUR 50 million as at the reporting date.
[2] A. M. Best debt rating; S&P debt rating.

The EUR 500 million guaranteed subordinated bond of Talanx Finanz (Luxemburg) S. A. was called under normal conditions after ten years as at 15 June 2022 and repaid in full.

For additional information on the features of the bonds, please refer to the published 2021 Annual Report, page 198f.

The fair value of the subordinated liabilities amounted to EUR 3,652 (4,907) million at the reporting date.

(9) Technical provisions

TECHNICAL PROVISIONS

EUR million	30.6.2022			31.12.2021		
	Gross	Re	Net	Gross	Re	Net
a. Unearned premium reserve	16,654	1,556	15,099	12,154	883	11,271
b. Benefit reserve	57,495	421	57,074	57,489	422	57,067
c. Loss and loss adjustment expense reserve	65,845	7,741	58,104	60,541	7,287	53,254
d. Provision for premium redunds	2,308	1	2,306	7,832	5	7,827
e. Other technical provisions	1,096	15	1,081	935	16	919
Total	**143,398**	**9,734**	**133,664**	**138,951**	**8,614**	**130,337**

Technical provisions where the investment risk is borne by the policyholders amounted to EUR 11,940 (13,687) million; the reinsurers' share of this total amounts to EUR 301 (315) million.

(10) Notes payable and loans

The following items were reported under this heading at the reporting date:

NOTES PAYABLE AND LOANS

EUR million	30.06.2022	31.12.2021
Talanx AG notes payable	1,065	1,065
Hannover Rück SE	745	745
Loans from infrastructure investments	71	75
Hannover Re Real Estate Holdings, Inc. mortgage loans	226	152
HR GLL Central Europe GmbH & Co. KG mortgage loans	177	146
Real Estate Asia Select Fund Limited mortgage loans	229	238
Others	9	11
Total	**2,523**	**2,432**

As at 30 June 2022, the Group had one syndicated variable-rate credit line with a nominal value of EUR 250 million. They had not been drawn down as at the reporting date.

The fair value of notes payable and loans amounted to EUR 2,481 (2,562) million at the reporting date.

NOTES PAYABLE

EUR million	Nominal amount	Coupon	Maturity	Rating [1]	Issue	30.6.2022	31.12.2021
Talanx AG [2]	565	Fixed (3.125%)	2013/2023	(—; A+)	These senior unsecured bonds have a fixed term and can only be called for extraordinary reasons.	565	565
Talanx AG	500	Fixed (2.5%)	2014/2026	(—; A+)	These senior unsecured bonds have a fixed term and can only be called for extraordinary reasons.	500	500
Hannover Rück SE	750	Fixed (1.125%)	2018/2028	(—; AA–)	These unsubordinated unsecured bonds have a fixed term.	745	745
Total						**1,810**	**1,810**

[1] A. M. Best debt rating; S&P debt rating.
[2] Group companies also held bonds with a nominal amount of EUR 185 million as at the reporting date.

Notes to individual items of the consolidated statement of income

(11) Net premiums earned

NET PREMIUMS EARNED

EUR million	6M 2022	6M 2021
Gross written premiums, including premiums from unit-linked life and annuity insurance	28,332	24,075
Savings elements of premiums from unit-linked life and annuity insurance	471	509
Ceded written premiums	3,333	2,937
Change in gross unearned premiums	−3,961	−2,864
Change in ceded unearned premiums	−631	−507
Net premiums earned	**21,198**	**18,272**

(12) Net investment income

NET INVESTMENT INCOME IN THE REPORTING PERIOD

EUR million	6M 2022	6M 2021
Income from real estate	211	156
Dividends	86	53
Current interest income	1,443	1,280
Other income	247	289
Ordinary investment income	**1,987**	**1,778**
Income from reversal of impairment losses	1	—
Realised gains on disposal of investments	518	828
Unrealised gains on investments	167	71
Investment income	**2,674**	**2,677**
Realised losses on disposal of investments and expenses	375	100
Unrealised losses on investments	214	110
Total	**589**	**210**
Depreciation of/impairment losses on investment property		
Depreciation	46	37
Impairment losses	—	—
Impairment losses on equity securities	50	1
Impairment losses on fixed-income securities	27	55
Amortisation of/impairment losses on other investments		
Amortisation	16	17
Impairment losses	23	26
Investment management expenses	88	90
Other expenses	72	60
Other investment expenses/impairment losses	**322**	**285**
Investment expenses	**911**	**495**
Net income from assets under own management	**1,763**	**2,183**
Net income from investment contracts	**3**	**2**
Interest income from funds withheld and contract deposits	146	288
Interest expense from funds withheld and contract deposits	25	123
Net interest income from funds withheld and contract deposits	**122**	**165**
Net investment income	**1,887**	**2,350**

(13) Net investment income by asset class

NET INVESTMENT INCOME BY ASSET CLASS

EUR million	6M 2022	6M 2021
Shares in affiliated companies and participating interests	5	4
Loans and receivables	394	539
Held-to-maturity financial instruments	11	8
Available-for-sale financial instruments		
Fixed-income securities	985	1,262
Variable-yield securities	136	114
Financial instruments at fair value through profit or loss		
Financial instruments classified at fair value through profit or loss		
Fixed-income securities	6	12
Variable-yield securities	–1	2
Financial instruments held for trading		
Variable-yield securities	–2	2
Derivatives	60	–29
Other investments (financial instruments)	248	285
Other [1]	81	137
Total assets under own management	**1,923**	**2,333**
Investment contracts: investments/liabilities [2]	3	2
Funds withheld by ceding companies/funds withheld under reinsurance treaties	122	165
Total	**2,048**	**2,500**

[1] For the purposes of reconciliation to the consolidated statement of income, the "Other" item combines the gains on investment property, associates and joint ventures, and derivative financial instruments where the fair values are negative. Derivatives held for hedging purposes included in hedge accounting are not included in the list if they do not relate to hedges of investments.

[2] Includes income and expenses (net) from the management of investment contracts amounting to EUR 3 (0) million. Financial instruments (assets/liabilities) measured at fair value through profit or loss account for income of EUR 78 (79) million and expenses of EUR –79 (–75) million. In addition, expenses include amortisation of PVFP amounting to EUR 0 (–1) million.

Including investment management expenses (EUR 88 [90] million) and other expenses for assets under own management (EUR 72 [60] million), total net investment income as at the reporting date amounted to EUR 1,887 (2,350) million.

(14) Claims and claims expenses

CLAIMS AND CLAIMS EXPENSES

EUR million	6M 2022	6M 2021
Gross		
Claims and claims expenses paid	14,857	12,261
Change in loss and loss adjustment expense reserve	2,984	2,828
Change in benefit reserve	–119	355
Expenses for premium refunds	168	766
Total	**17,890**	**16,210**
Reinsurers' share		
Claims and claims expenses paid	1,381	1,406
Change in loss and loss adjustment expense reserve	207	40
Change in benefit reserve	–14	–11
Expenses for premium refunds	–3	—
Total	**1,570**	**1,436**
Net		
Claims and claims expenses paid	13,476	10,855
Change in loss and loss adjustment expense reserve	2,777	2,788
Change in benefit reserve	–104	366
Expenses for premium refunds	171	766
Total	**16,320**	**14,775**

(15) Acquisition costs and administrative expenses

ACQUISITION COSTS AND ADMINISTRATIVE EXPENSES

EUR million	6M 2022	6M2021
Gross		
Acquisition costs and reinsurance commissions	5,933	4,709
Changes in deferred acquisition costs and in provisions for commissions	–902	–578
Total acquisition costs	**5,030**	**4,131**
Administrative expenses	686	639
Total acquisition costs and administrative expenses	**5,716**	**4,770**
Reinsurers' share		
Acquisition costs and reinsurance commissions	496	489
Changes in deferred acquisition costs and in provisions for commissions	–95	–117
Total acquisition costs	**401**	**372**
Net		
Acquisition costs and reinsurance commissions	5,437	4,220
Changes in deferred acquisition costs and in provisions for commissions	–807	–461
Total acquisition costs	**4,630**	**3,760**
Administrative expenses	686	639
Total acquisition costs and administrative expenses	**5,316**	**4,398**

(16) Other income/expenses

OTHER INCOME/EXPENSES

EUR million	6M 2022	6M 2021
Other income		
Foreign exchange gains	467	213
Income from services, rents and commissions	234	225
Recoveries on receivables previously written off	12	5
Income from contracts recognised in accordance with the deposit accounting method	225	199
Income from the sale of property, plant and equipment	1	1
Income from the reversal of other non-technical provisions	45	6
Interest income	70	25
Miscellaneous other income	39	147
Total	**1,093**	**822**
Other expenses		
Foreign exchange losses	601	288
Other interest expenses	29	21
Depreciation, amortisation and impairment losses	28	28
Expenses for the company as a whole	196	188
Personnel expenses	11	11
Expenses for services and commissions	127	120
Expenses from contracts recognised in accordance with the deposit accounting method	4	14
Other taxes	39	41
Miscellaneous other expenses	87	146
Total	**1,124**	**856**
Other income/expenses	**–31**	**–35**

Other disclosures

Number of employees

The Group's total workforce at the reporting date numbered 24,049 (23,954).

Related party disclosures

Related parties in the Talanx Group include HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit (HDI V. a. G.), Hannover, which directly holds the majority of the shares of Talanx AG, all subsidiaries that are not consolidated on the grounds of insignificance, and associates and joint ventures. Pension funds ("Versorgungskassen") that pay benefits in favour of employees of Talanx AG or one of its related parties after their employment has ended also fall within this category. Individuals classed as related parties are the members of the Board of Management and the Supervisory Board of Talanx AG and HDI V. a. G.

Transactions between Talanx AG and its subsidiaries (including structured entities) are eliminated in the course of consolidation and are therefore not disclosed in the Notes. In addition, HDI V. a. G. conducts primary insurance business in the form of co-insurance, with the lead insurers being HDI Global SE (HG), Hannover, and HDI Versicherung AG (HV), Hannover. In accordance with the Articles of Association of HDI V. a. G., the insurance business is split uniformly in the ratio of 0.1% (HDI V. a. G.) to 99.9% (HG/HV).

On 16 December 2021, Talanx AG signed a master agreement with HDI V. a. G. which allows Talanx AG to offer HDI subordinated bonds with a maturity of five years and a volume of up to EUR 750 million on a revolving basis. This replaced the master agreement for the same amount which expired in October 2021. Talanx AG is obliged to convert these bonds into registered shares with voting rights in the event of a rights issue. When the bonds are converted, HDI V. a. G. will waive the rights accruing to it under the capital increase leading to the conversion to subscribe for the number of new Talanx AG shares corresponding to the number of Talanx shares that HDI V. a. G. will receive in the course of the obligatory conversion of the bond. In other words, the waiver only applies if and to the extent that new shares resulting from the capital increase are replaced by shares resulting from the conversion.

Other business relationships with unconsolidated companies or with associates and joint ventures are insignificant overall.

Other disclosures on financial instruments

As at the end of the reporting period, in the context of a securities lending transaction, the Group recognised securities that were lent to third parties in exchange for collateral in the form of securities. The loaned securities are still reported on the balance sheet as their significant risks and opportunities remain with the Group, while the securities received as collateral have not been recognised. The carrying amount as at the reporting date of financial assets belonging to the "available-for-sale financial instruments" category loaned under securities lending transactions was EUR 143 (186) million. The fair value is equivalent to the carrying amount. The components of these transactions that were recognised as income were reported under the "Net investment income" item.

As at the end of the reporting period, the Group also recognised securities in the "available-for-sale financial instruments" category that were sold to third parties with a repurchase commitment at a fixed price (genuine repurchase transactions), as the principal risks and opportunities associated with the financial assets remained within the Group. As at the reporting date, the carrying amount of transferred financial assets from repo transactions was EUR 757 (94) million, with the associated liabilities at EUR 789 (94) million. The difference between the amount received for the transfer and the amount agreed for the return is allocated for the term of the repurchase transaction and recognised in net investment income.

Litigation

We were not involved in any significant new litigation in the reporting period or at the end of the reporting period in comparison to 31 December 2021.

Earnings per share

Earnings per share are calculated by dividing the Group net income attributable to the shareholders of Talanx AG by the average number of shares outstanding. There were no dilutive effects requiring to be recognised separately when calculating earnings per share, either at the reporting date or in the prior year. In the future, earnings per share may be potentially diluted as a result of share or rights issues from contingent or authorised capital.

EARNINGS PER SHARE

	6M 2022	6M 2021
Net income attributable to shareholders of Talanx AG used to calculate earnings per share (EUR million)	560	546
Weighted average number of ordinary shares outstanding	253,100,132	252,797,634
Basic earnings per share (EUR)	2.21	2.16
Diluted earnings per share (EUR)	2.21	2.16

Dividend per share

In the second quarter of 2022, a dividend of EUR 1.60 per share was paid for financial year 2021 (in 2021 for financial year 2020: EUR 1.50), resulting in a total distribution of EUR 405 (379) million.

Contingent liabilities and other financial commitments

As at 30 June 2022, outstanding capital commitments for investments in private equity funds and venture capital companies rose by EUR 891 million to EUR 4,138 (3,247) million. There were no other significant changes in contingent liabilities or other financial commitments in the reporting period compared with 31 December 2021.

Revenue

Revenue from contracts with customers covered by IFRS 15 is largely recognised over time and can be broken down as follows:

REVENUE CATEGORY

EUR million	6M 2022	6M 2021
Capital management services and commission [1]	155	142
Other insurance-related services [1]	80	71
Income from infrastructure investments [2]	49	29
Total revenue [3]	**284**	**241**

[1] Largely time-based revenue recognition.
[2] Time-based revenue recognition.
[3] Revenue is recognised in the statement of income under "10.a. Other income" EUR 225 (204) million, under "9.a. Investment income" EUR 49 (29) million and under "Net income from investment contracts" EUR 10 (8) million.

Events after the end of the reporting period

There were no events of particular significance after the reporting date that would have a material impact on the net assets, financial position and results of operations of the Group.

Prepared and hence authorised for publication in Hannover on 3 August 2022.

Board of Management

Torsten Leue, Chairman

Jean-Jacques Henchoz

Dr Wilm Langenbach

Dr Christopher Lohmann

Dr Edgar Puls

Caroline Schlienkamp

Dr Jan Wicke

Review report

To Talanx AG, Hannover

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and selected explanatory notes – and the interim group management report of Talanx AG for the period from Januar 1 to June 30, 2022 which are part of the half-year financial report pursuant to § (Article) 115 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Hanover, August 3, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Mathias Röcker	Janna Brüning
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations 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 material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Hannover, 3 August 2022

Board of Management

Torsten Leue,
Chairman

Jean-Jacques Henchoz

Dr Wilm Langenbach

Dr Christopher Lohmann

Dr Edgar Puls

Caroline Schlienkamp

Dr Jan Wicke

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This is a translation of the original German text; the German version shall be authoritative in case of any discrepancies in the translation.

Interim Report online
https://talanx.com/investor-relations

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Financial calendar 2022

14 November
Quarterly Statement as at 30 September

6 December
Capital Markets Day