

**Extract of
Talanx AG
financial
statements 2023**

talanx.

Insurance. Investments.

Annual financial statements

Balance sheet as at 31 December 2023

ASSETS

EUR thousand		31.12.2023	31.12.2022
A. Intangible assets			
I. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets		214	90
B. Investments			
I. Investments in affiliated companies and other long-term equity investments			
1. Shares in affiliated companies	8,102,901		7,843,235
2. Loans to affiliated companies	1,728,000		783,000
3. Other long-term equity investments	15		5,984
		9,830,916	8,632,219
II. Other investments			
1. Shares, shares in investment funds and other floating-rate securities	33,752		25,457
2. Bearer bonds and other fixed-income securities	351,681		1,198,789
3. Other loans			
a) Registered bonds	7,631		68,234
b) Notes receivable and loans	8,252		39,628
4. Deposits with financial institutions	438,929		744,000
		840,245	2,076,107
III. Funds withheld by ceding companies from business ceded for reinsurance		44,990	32,670
		10,716,152	10,740,997
C. Receivables			
I. Receivables on reinsurance business		619,748	278,969
of which due to affiliated companies: EUR 597,053 (150,772) thousand			
II. Other receivables		841,112	654,206
of which due to affiliated companies: EUR 699,041 (482,779) thousand			
		1,460,860	933,175
D. Other assets			
I. Tangible fixed assets and inventories		277	433
II. Cash at banks, cheques and cash-in-hand		513,661	101,797
		513,938	102,230
E. Prepaid expenses			
I. Deferred rent and interest income		27,933	15,917
II. Other prepaid expenses		10,999	13,113
		38,932	29,030
F. Excess of plan assets over post-employment benefit liability		66	371
Total assets		12,730,162	11,805,893

EQUITY AND LIABILITIES

EUR thousand	31.12.2023		31.12.2022
A. Equity			
I. Subscribed capital		322,786	316,689
II. Capital reserves		1,708,847	1,414,945
III. Revenue reserves			
1. Other revenue reserves		2,901,819	2,901,819
IV. Distributable profit		1,400,937	1,164,373
		6,334,389	5,797,825
B. Subordinated liabilities		2,000,000	1,250,000
C. Technical provisions			
I. Provision for unearned premiums			
1. Gross amount	206,714		169,912
2. less:			
share for business ceded for reinsurance	133,065		128,626
		73,649	41,285
II. Provision for outstanding claims			
1. Gross amount	2,445,883		1,802,747
2. less:			
share for business ceded for reinsurance	1,762,503		1,337,282
		683,380	465,465
III. Equalisation reserve and similar provisions		94,605	65,009
		851,633	571,760
D. Other provisions			
I. Provisions for pensions and similar obligations		998,922	1,019,496
II. Provisions for taxes		77,794	71,514
III. Other provisions		63,254	71,137
		1,139,969	1,162,148
E. Deposits retained on reinsurance ceded		1,920	162
F. Other liabilities			
I. Liabilities on reinsurance business		515,422	269,855
of which due to affiliated companies: EUR 484,425 (97,876) thousand			
II. Bonds		1,750,000	2,607,500
of which due to affiliated companies: EUR 750,000 (1,042,100) thousand			
III. Other liabilities		135,860	145,774
of which taxes: EUR 115 (121) thousand			
of which due to affiliated companies: EUR 119,257 (116,113) thousand			
		2,401,282	3,023,129
G. Prepaid expenses		968	869
Total equity and liabilities		12,730,162	11,805,893

Statement of income for the period 1 January to 31 December 2023

EUR thousand	2023		2022
I. Underwriting account			
1. Premiums earned for own account			
a) Gross written premiums	1,617,776		1,151,160
b) Premiums ceded to reinsurance	1,160,839		894,304
		456,937	256,857
c) Change in the provision for gross unearned premiums	-39,279		-19,557
d) Adjustment of reinsurers' share in gross premiums unearned	-6,626		-17,424
		-32,653	-2,133
		424,284	254,724
2. Expenses on insurance claims for own account			
a) Claims payments			
aa) Gross premium	413,285		480,202
bb) Reinsurers' share	-290,401		-315,689
		122,884	164,513
b) Changes in the provision for outstanding claims			
aa) Gross premium	655,557		382,388
bb) Reinsurers' share	432,668		379,678
		222,889	2,710
		345,773	167,224
3. Expenses for insurance operations for own account			
a) Gross expenses for insurance operations		357,333	267,025
b) less:			
Commissions and profit commissions received for business ceded to reinsurance		249,643	192,388
		107,689	74,638
4. Other underwriting expenses for own account		4,300	2,862
5. Subtotal		-33,479	10,000
6. Changes to equalisation reserve and similar provisions		-29,595	-28,646
7. Underwriting result for own account		-63,074	-18,646

EUR thousand	2023		2022
II. Non-underwriting account			
1. Investment income			
a) Income from long-term equity investments	363,410		349,965
of which:			
from affiliated companies: EUR 363,382 (348,241) thousand			
b) Income from other investments	71,582		26,586
of which:			
from affiliated companies: EUR 36,161 (16,136) thousand			
c) Gains on disposal of investments	12,658		126
d) Income from profit-pooling, profit transfer and partial profit transfer agreements	581,429		437,848
		1,029,079	814,526
2. Investment expenses			
a) Investment management expenses, interest expenses and other expenses related to capital investments	5,330		5,967
b) Write-downs of investments	–		1,123
c) Losses on disposal of investments	39,589		472
		44,918	7,561
		984,161	806,965
3. Other income		45,425	30,654
4. Other expenses		212,640	240,518
		–167,215	–209,864
5. Result from ordinary activities		753,873	578,455
6. Taxes on Income		10,605	735
7. Other taxes		1	–1,056
		10,607	–321
8. Net income for the financial year		743,266	578,775
9. Retained profit brought forward		657,671	585,598
10. Distributable profit		1,400,937	1,164,373

Notes to the statement of income

I.1. a) Gross written premiums

EUR thousand	2023	2022
Business ceded for reinsurance		
Casualty insurance	55,614	30,328
Liability insurance	160,515	112,908
Motor third-party liability insurance	42,561	47,198
Other motor insurance	60,970	47,951
Fire and property insurance	531,555	364,563
of which		
a) Fire insurance	149,181	117,374
b) Engineering insurance	291,388	188,630
c) Other property insurance	90,986	58,559
Marine and aviation insurance	32,138	20,903
All-risk insurance	618,440	430,112
Legal protection insurance	187	170
Other insurance	115,795	97,028
Total insurance business	1,617,776	1,151,160

ORIGIN OF GROSS WRITTEN PREMIUMS FOR BUSINESS CEDED FOR REINSURANCE

EUR thousand	2023	2022
Germany	1,265,813	859,366
Other member states of the European Community and other contracting states to the Agreement on the European Economic Area	135,207	128,820
Rest of world	216,756	162,974
Total	1,617,776	1,151,160

I.1. Gross premiums earned

EUR thousand	2023	2022
Business ceded for reinsurance		
Casualty insurance	58,080	25,357
Liability insurance	162,690	113,031
Motor third-party liability insurance	42,550	49,199
Other motor insurance	60,502	44,086
Fire and property insurance	525,383	319,296
of which		
a) Fire insurance	148,058	115,511
b) Engineering insurance	295,009	146,332
c) Other property insurance	82,316	57,453
Marine and aviation insurance	31,316	19,676
All-risk insurance	609,352	466,922
Legal protection insurance	187	170
Other insurance	88,438	93,868
Total insurance business	1,578,497	1,131,603

I.2. Gross expenses for insurance claims

EUR thousand	2023	2022
Business ceded for reinsurance		
Casualty insurance	9,276	3,428
Liability insurance	120,242	81,229
Motor third-party liability insurance	40,216	38,632
Other motor insurance	44,229	34,134
Fire and property insurance	487,936	338,131
of which		
a) Fire insurance	157,072	148,517
b) Engineering insurance	292,425	89,049
c) Other property insurance	38,440	100,565
Marine and aviation insurance	26,843	-3,575
All-risk insurance	248,720	308,126
Legal protection insurance	109	97
Other insurance	91,271	62,389
Total insurance business	1,068,842	862,590

I. 4. a) Gross expenses for insurance operations

EUR thousand	2023	2022
Business ceded for reinsurance		
Casualty insurance	46,698	20,602
Liability insurance	4,605	4,146
Motor third-party liability insurance	14,006	12,663
Other motor insurance	14,694	12,215
Fire and property insurance	104,658	79,270
of which		
a) Fire insurance	23,589	25,128
b) Engineering insurance	72,681	47,898
c) Other property insurance	8,389	6,244
Marine and aviation insurance	3,750	3,521
All-risk insurance	122,881	87,098
Legal protection insurance	–	–
Other insurance	46,041	47,511
Total insurance business	357,333	267,025

I. 8. Net underwriting result

EUR thousand	2023	2022
Business ceded for reinsurance		
Casualty insurance	–18,237	–8,676
Liability insurance	–7,039	5,916
Motor third-party liability insurance	–9,503	–5,793
Other motor insurance	2,609	1,724
Fire and property insurance	–28,406	–4,101
of which		
a) Fire insurance	–22,842	–7,029
b) Engineering insurance	–10,920	–1,241
c) Other property insurance	5,355	4,169
Marine and aviation insurance	653	444
All-risk insurance	4,901	–10,959
Legal protection insurance	237	35
Other insurance	–8,288	2,765
Total insurance business	–63,074	–18,646

Run-off result for own account

A run-off result for own account of EUR –126,495 (–15,029) thousand was recognised in the financial year. Run-off losses essentially resulted from additional reserves for a loss portfolio transfer for 2017, which were offset, however, by the payment of a premium in the same amount. Also, in property business there were run-off losses for several cedants and for a large loss due to fire and the February storms in 2022.

Personnel expenses

EUR thousand	2023	2022
Wages and salaries	22,379	19,008
Social security and employee benefit expenses	1,155	1,609
Post-employment benefit costs	2,966	45,666
Total expenses	26,500	66,283

II. 1./2. Net investment income

Net investment income increased by EUR 177,197 thousand in the reporting period, rising from EUR 806,965 thousand to EUR 984,161 thousand. Investment income of EUR 1,029,079 (814,526) thousand was shaped essentially by income from profit transfer agreements of EUR 581,429 (437,848) thousand and income from long-term equity investments of EUR 363,410 (349,965) thousand. This income is offset by investment expenses of EUR 44,918 (7,561) thousand that relate to losses on the disposal of investments of EUR 39,589 (472) thousand in the reporting period.

II. 3. Other income

EUR thousand	2023	2022
Currency translation gains	16,734	12,152
Income from the reversal of provisions	13,246	3,639
Interest and similar income	13,004	10,471
Income from services	2,305	4,118
Miscellaneous	136	274
Total	45,425	30,654

In the reporting period, the income from reversal of provisions of EUR 9,161 (–) thousand relates to the absence of tax risks for the assessment years 2010 to 2014.

EUR 8,198 (635) thousand of the income from interest and similar income results from deposits at banks.

Income from services declined by EUR 1,813 thousand from EUR 4,118 thousand to EUR 2,305 thousand. This was due to the transfer of employees in conjunction with the “One HDI” project as at 1 March 2022.

II. 4. Other expenses

EUR thousand	2023	2022
Interest expenses	105,688	97,710
Expenses for the Company as a whole	77,059	106,929
Interest cost included in additions to pension provisions	18,685	18,595
Currency translation losses	8,824	12,725
Expenses for services	2,305	4,118
Miscellaneous	79	441
Total	212,640	240,518

Interest expenses include EUR 202 (16) thousand from the unwinding of discounts.

Expenses for services declined by EUR 1,813 thousand from EUR 4,118 thousand to EUR 2,305 thousand. This was due to the transfer of employees in conjunction with the “One HDI” project as at 1 March 2022.

II. 6. Income taxes

The pre-tax profit of EUR 754 (578) million results in tax expenditure of EUR 11 (1) million. Significant amounts of income in the financial year were recognised practically free of tax.

At Talanx AG, including its tax group subsidiaries, deferred taxes are measured using a corporation tax rate (including the solidarity surcharge) of 15.83% (unchanged) and a trade tax rate of 16.31%. Deferred tax liabilities, which relate in particular to the balance sheet item “Shares in affiliated companies” (due to differences between the carrying amounts of shares in partnerships) were offset against deferred tax assets, in particular in respect of the balance sheet item “Provision for outstanding claims”. Exercising the option under section 274(1) sentence 2 HGB, any excess deferred tax assets after netting are not recognised. There was no excess of deferred tax liabilities.

Introduction of a global minimum tax

Given that it belongs to the group of HDI V.a.G., as a partially owned parent company, Talanx AG is subject to the minimum tax rules applicable from 30 December 2023. However, no current tax expense results from this as the legal provisions were not yet effective in the reporting period. The Company exercises the waiver under section 274(3) no. 1 HGB for accounting for deferred tax assets and liabilities.

The national taxation regime allows a “minimum tax group” in which the group parent acts as the sole taxable entity. The parent company HDI V.a.G. is currently in the process of assessing the impact of the German Minimum Taxation Directive Implementation Act after the legislation became effective. The initial assessment found that any surtaxes can essentially be apportioned to the companies abroad pro rata, to the extent that they caused the surtaxes. The operating activities of Talanx AG itself are not expected to result in any surtaxes. An effective tax rate of more than 15% is expected for the tax jurisdiction of Germany.

II. 7. Other taxes

The “Other taxes” item was essentially defined by a VAT reimbursement of EUR 1,059 thousand for the years 2010 to 2014.