

Talanx fully on track to meet annual targets with strong quarterly results

- Insurance revenue of EUR 10.7 (10.1) billion – primary insurance sees strong double-digit growth of more than 14 percent
- Group net income increases by 31 percent to EUR 423 (322) million, 42.7 percent of it from primary insurance
- Solvency 2 ratio of 212 percent as at 31 March 2023 (31 December 2022: 209 percent)
- Earnings outlook for 2023 of approximately EUR 1.4 billion¹ clearly confirmed

Hannover, 15 May 2023

The Talanx Group grew its insurance revenue and Group net income in the first three months of 2023. Insurance revenue in the first quarter of 2023 was EUR 10.7 (10.1) billion. Growth was driven by primary insurance (+14.2 percent). Group net income increased by a significant double-digit 31 percent to EUR 423 (322) million compared to the prior-year quarter. The first quarter 2023 was dominated by a strong insurance service result, which benefited from lower large losses, and from unwinding and discounting effects caused by the new accounting standard. Primary insurance contributed 42.7 (37.2) percent to Group net income and Reinsurance 57.3 (62.8) percent. The Group continues to expect Group net income of EUR 1,400 million for the full year. The return on equity for the first quarter was 18.8 (14.6) percent, clearly above the strategic target of “more than 10 percent”. Apart from the unwinding and discount effects already mentioned, this was due to the minor effect of investments accounted for at fair value. The Group is expecting the full-year return on equity to be clearly above 10 percent, whereby the new accounting standard may lead to greater volatility in individual quarters.

“We have got off to a good start in the new financial year: our Group continued its growth. Our Group net income showed a very significant increase of 31 percent to EUR 423 million. Primary insurance made a

Talanx AG

Group Communications

Tel. +49 511 3747-2022

gc@tal anx.com

Investor Relations

Tel. +49 511 3747-2227

ir@tal anx.com

HDI-Platz 1

30659 Hannover

Germany

www.talanx.com

strong contribution to this performance”, said Torsten Leue, Chairman of Talanx AG’s Board of Management. “This clearly shows that the optimisation programmes in the Primary Insurance segments are having a lasting effect. Our Group remains resilient and our strategy is continuing to prove extremely successful. Not only are we confirming our forecast for the current financial year, but this is also a strong start to our new strategy cycle for the period up to 2025.”

The figures for the Group’s assets, liabilities, financial position and financial performance for the first quarter of 2023 have been reported under the new IFRS 17 and IFRS 9 accounting standards for the first time. A comprehensive discussion of the key changes resulting from the new/modified accounting principles is given in the Annual Report 2022 (pages 151–157). This Quarterly Statement provides a condensed statement of income for the first quarters of 2023 and 2022, plus the key figures from the Group’s opening balance as at 1 January 2022 and the balance sheets as at 31 December 2022 and 31 March 2023 in table form.

Compared to IAS 39 and IFRS 4, the standards that were required to be used until 2022, Talanx expects to see higher life insurance results as a consequence of initial application effects and a change in the distribution of profits. Unwinding and discount effects in the Property/Casualty Insurance segment are currently making a positive contribution to net income that somewhat overemphasises the quarterly result; this cannot be extrapolated in full to the year as a whole, as a result.

The insurance service result, which includes interest income on technical provisions, climbed to EUR 880 (633) million. This is due to the time value of money, an improved cost ratio and a normalised large loss budget: large loss payments in the first three months of the year declined year-on-year to EUR 419 (458) million, meaning that the proportionate large loss budget of EUR 466 million was not utilised in full. Man-made large losses amounted to EUR 65 million, while large losses from natural disasters were EUR 354 million. Total large losses in Primary Insurance

were EUR 54 (121) million, while the figure for Reinsurance was EUR 334 (336) million. The largest single loss in the Group as a whole was the earthquake in Türkiye and Syria (EUR 249 million). The overall combined ratio for the Group improved to 93.5 (95.8) percent.

The net insurance financial and investment result before currency effects amounted to EUR 330 (388) million. Operating profit stood at EUR 1,043 (773) million, while Group net income rose to EUR 423 (322) million. The Solvency 2 ratio as at 31 March 2023 was 212 percent.

Industrial Lines: combined ratio of less than 95 percent

First-quarter insurance revenue in the Industrial Lines Division amounted to EUR 2.1 (1.8) billion. This positive trend was driven by liability, fire and engineering insurance. The specialty business also continued its successful performance, recording insurance revenue of EUR 681 (615) million. The insurance service result rose to EUR 141 (69) million because of lower total large losses and an improved frequency loss ratio: the largest single loss in Industrial Lines (EUR 15 million) was the earthquake in Türkiye and Syria. Large loss payments by the division declined significantly overall compared to the prior-year period to EUR 34 (91) million. As a result, and due to low total frequency losses and higher interest rates, the combined ratio fell clearly to 93.2 (96.2) percent. This success demonstrates the effectiveness of the optimisation programmes implemented in the period since 2019. The net insurance financial and investment result before currency effects stood at EUR 21 (54) million; this was due to lower income from assets under own management and a larger unwinding effect on technical provisions caused by higher interest rates. Operating profit (EBIT) for the division amounted to EUR 86 (60) million. Industrial Lines contributed EUR 69 (35) million to Group net income.

Retail Germany: insurance revenue on a par with prior-year quarter

First-quarter insurance revenue in the Retail Germany Division amounted to EUR 807 (808) million, while the insurance service result was EUR 76 (102) million, and the net insurance financial and investment result before currency effects amounted to EUR 38 (29) million. In light of these developments, operating profit was EUR 59 (94) million, while the division's contribution to Group net income stood at EUR 40 (86) million.

Property/Casualty Insurance segment: growth in corporate customers/liberal professions business and unemployment insurance

Insurance revenue in the Property/Casualty Insurance segment was EUR 421 (388) million in the first quarter. This growth is primarily due to the business with corporate customers and members of the liberal professions, and to unemployment insurance. Large loss events did not impact the segment in the first three months of 2023; by contrast, the prior-year quarter saw higher claims expenses following natural disasters (especially winter storms). However, the negative effect from larger frequency losses in the motor vehicles area led to the insurance service result decreasing to EUR 21 (39) million. As a result, the combined ratio rose to 95.1 (89.9) percent. The net insurance financial and investment result before currency effects amounted to EUR 19 (17) million, while the division's operating profit for the first three months was EUR 24 (44) million.

Life Insurance segment: new business roughly at prior-year level

Insurance revenue in the Life Insurance segment was EUR 386 (420) million in the first three months of the year. At EUR 78 (81) million, new business in the first quarter roughly matched the prior-year quarter.

The insurance service result stood at EUR 56 (63) million, while the net insurance financial and investment result before currency effects was EUR 19 (12) million. Operating profit in the Life Insurance segment for the first three months amounted to EUR 36 (50) million.

Retail International: strong growth in insurance revenue and operating profit

Insurance revenue in the Retail International Division totalled EUR 1.5 (1.2) billion in the first three months. The figure for the Property/Casualty segment climbed 25.5 percent (or 29 percent adjusted for currency effects), largely driven by business in Türkiye and Latin America. Life Insurance saw a revenue increase of 25.9 percent (33 percent adjusted for currency effects), primarily due to the acquisition in January 2023 of Turkish company HDI Fiba Emeklilik ve Hayat A.Ş.

The improved combined ratio and lower negative effects in the Polish and Italian companies' life insurance business led to an insurance service result of EUR 119 (52) million. The combined ratio for the property insurance companies fell to 93.4 (96.3) percent. This was mainly the result of improvements in the Latin America region, and particularly Brazil. A balanced reinsurance structure meant that losses from the earthquake in Türkiye and the forest fires in Chile were a mere EUR 11 million overall. The net insurance financial and investment result before currency effects was EUR 72 (39) million, benefiting from higher yields and higher investment volumes.

Operating profit (EBIT) for the division stood at EUR 137 (29) million. The contribution to Group net income was EUR 75 (7) million.

Reinsurance: growth in Group net income

Insurance revenue in the Reinsurance Division totalled EUR 6,570 (6,612) million in first three months. The insurance service result was EUR 568 (421) million. The net insurance financial and investment result before currency effects amounted to EUR 222 (278) million. Operating profit amounted to EUR 772 (601) million. The contribution to Group net income in the first three months was EUR 247 (216) million.

Insurance revenue in the Property/Casualty Reinsurance segment totalled EUR 4,600 (4,589) million. Price increases in this area were offset by revenue-reducing policy conversions to non-proportional insurance.

At EUR 334 million, first-quarter large loss payments were within the budget of EUR 356 million; in the comparative period, this had been exceeded by EUR 52 million. The largest single losses were the earthquake in Türkiye and in Syria, which resulted in net losses of EUR 201 million, plus a cyclone (EUR 52 million) and severe floods (EUR 47 million), both in New Zealand. The improvement in the combined ratio to 93.2 (95.9) percent lifted the insurance service result to EUR 315 (189) million. Expressed in terms of net insurance revenue, the combined ratio improved to 92.3 (95.6) percent. The net insurance financial and investment result before currency effects amounted to EUR 176 (130) million. Operating profit was EUR 471 (306) million; the prior-year quarter had been impacted by negative one-time factors such as provisions for Russia's war of aggression against Ukraine.

Insurance revenue in the Life/Health Reinsurance segment was EUR 1,970 (2,023) million. The insurance service result totalled EUR 253 (232) million, since the effects of the COVID-19 pandemic decreased to EUR 11.5 million. Income from extreme mortality cover and non-recurring income from the remeasurement of a minority interest, which had positively influenced the comparative period, no longer

featured in the first quarter of 2023. Consequently, the net insurance financial and investment result before currency effects was EUR 45 (148) million, bringing operating profit for the Life/Health Reinsurance segment to EUR 251 (295) million.

Outlook for 2022: Group net income of EUR 1.4 billion¹ confirmed

The Group is reaffirming both the outlook for 2023 that it published in December of last year and its medium-term targets. It aims to grow its insurance revenue compared to 2022 to roughly EUR 42 billion. The Talanx Group is expecting Group net income of roughly EUR 1,400 billion¹, while the return on equity will be clearly above 10 percent.

As usual, the targets for financial year 2023 are subject to the proviso that no turbulence occurs on the currency and capital markets, and that large losses remain in line with expectations. Russia’s war in Ukraine remains a source of uncertainty.

¹ The earnings target assumes that large losses will not exceed the large loss budget, that the capital markets do not experience any upheavals and that no material currency fluctuations arise. In addition, the forecast for Group net income may be subject to particular fluctuations due to the use of the new IFRS 9 accounting standard to measure investments.

+++++

The Company’s auditors are currently reviewing the financial statements prepared using the new accounting standards. This review has not yet been completed. This Quarterly Statement has also not been reviewed.

Condensed consolidated balance sheet for the Talanx Group

EUR billion	1 January 2022 (opening balance)	31 December 2022	31 March 2023
Intangible assets	1.5	1.5	1.6
Insurance contract assets	1.5	1.4	1.9
Reinsurance contract assets	7.4	7.5	7.4
Investments for own risk	141.8	127.4	130.0
Other assets	22.3	20.7	21.6
Total assets	174.5	158.5	162.4
Equity excluding non-controlling interests	8.6	8.7	9.3
Non-controlling interests in equity	6.4	5.7	6.0
Total equity	15.0	14.4	15.3
Insurance contract liabilities (technical provisions)	139.9	122.5	125.3
Reinsurance contract liabilities	0.7	0.6	0.5
Other equity and liabilities	18.9	21.0	21.4
Total equity and liabilities	174.5	158.5	162.5
Contractual service margin (CSM)	9.1	9.6	10.4

The figures for the comparative reporting dates of 1 January 2022 and 31 December 2022 were adjusted in accordance with IAS 8.

Condensed consolidated statement of income for the Talanx Group

EUR million	Q1 2023	Q1 2022	Change
Insurance revenue	10,711	10,076	6.3%
Insurance service expenses	-9,408	-9,488	-0.8%
Net income/net expenses from reinsurance contracts held	-423	45	->999%
Insurance service result	880	633	39.0%
Net investment income for own risk	764	851	-10.1%
Net investment income for the benefit of life insurance policyholders who bear the investment risk	394	-546	172.0%
Net insurance financial result before currency effects	-827	84	->999%
Net insurance financial and investment result before currency effects	330	388	-14.9%
Net currency result	24	-26	193.4%
Other income/expenses	-192	-222	13.7%
Operating profit/loss (EBIT)	1,043	773	35.0%
Financing costs	-61	-45	-35.5%
Taxes on income	-249	-145	-72.0%
Net income attributable to non-controlling interests	311	261	18.9%
Group net income	423	322	31.3%
Diluted earnings per share (EUR)	1.67	1.27	+0.4 EUR
Return on equity ¹	18.8%	14.6%	+4.2 ppts
Combined ratio ²	93.5%	95.8%	-2.3 ppts

The comparative period for 2022 was adjusted in accordance with IAS 8.

- 1) The ratio of annualised net income for the reporting period excluding non-controlling interests to average shareholders' equity excluding non-controlling interests.
- 2) $1.0 - [(\text{net}) \text{ insurance service result} \text{ divided by insurance revenue (gross)}]$.

The figures for the Group's assets, liabilities, financial position and financial performance were prepared in accordance with the International Financial Reporting Standards (IFRSs). However, this quarterly statement does not represent an interim report as defined by IAS 34.


[All documents relating to the reporting](#)

[Financial calendar](#)

About Talanx

Talanx is a major European insurance group with premium income of around EUR 37 billion (2022, according to IFRS 17) and roughly 24,000 employees worldwide. Based in Hannover, Germany, the Group is active in more than 175 countries. Talanx is a multi-brand provider with a focus on B2B insurance. Its industrial insurance and retail business in Germany and abroad is operated under the HDI brand, which has a rich tradition stretching back about 120 years. Other Group brands include Hannover Re, one of the world's leading reinsurers; the bancassurance specialists TARGO insurers, LifeStyle Protection and neue leben; and Polish insurer Warta. Ampega, one of Germany's largest asset management companies, manages the Talanx Group's assets and is also an experienced provider of asset management solutions for non-group institutional investors. Rating agencies have awarded the Talanx Primary Insurance Group financial strength ratings of A+ ("strong"/Standard & Poor's) and A+ ("superior"/AM Best). Hannover Re Group is rated AA- ("very strong"/S&P) and A+ ("superior"/AM Best). Talanx AG is listed on the Frankfurt Stock Exchange, where it is a member of the MDAX, and on the Hannover stock exchange (ISIN: DE000TLX1005, German Securities Code: TLX100).

Talanx – Together we take care of the unexpected and foster entrepreneurship

For further information, please see www.talanx.com. 

Current photographs and Company logos are available at <https://mediathek.talanx.de>.

For **media enquiries** please contact:

Andreas Krosta

Phone: +49 511-3747-2020

E-mail: andreas.krosta@tal anx.com

Anna Gräuler

Phone: +49 511 3747-2094

E-mail: anna.graeuler@tal anx.com

For **investor relations enquiries** please contact:

Bernd Sablowsky

Phone: +49 511-3747-2793

E-mail: bernd.sablowsky@tal anx.com

Bernt Gade

Phone: +49 511-3747-2368

E-mail: bernt.gade@tal anx.com

Forward-looking statements

This news release contains forward-looking statements which are based on certain assumptions, expectations and opinions of the Talanx AG management. These statements are, therefore, subject to certain known or unknown risks and uncertainties. A variety of factors, many of which are beyond Talanx AG's control, affect Talanx AG's business activities, business strategy, results, performance and achievements. Should one or more of these factors or risks or uncertainties materialise, actual results, performance or achievements of Talanx AG may vary materially from those expressed or implied in the relevant forward-looking statement.

Talanx AG does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor does Talanx AG accept any responsibility for the actual occurrence of the forecasted developments. Talanx AG neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.