

**Talanx to achieve record Group net income in 2023; clear rise in profits to more than EUR 1.7 billion expected for 2024**

- New Group net income target for 2024 of more than EUR 1.7 billion will reach and clearly exceed the 2025 forecast a year earlier than planned
- Strong business performance during the first nine months of 2023:
  - Insurance revenue up 8 percent to EUR 32.3 (29.9) billion
  - Group net income 38 percent higher at EUR 1.3 (0.9) billion – 2023 earnings forecast lifted to significantly more than EUR 1.5 billion
  - Positive trend in business operations in all divisions
  - Primary Insurance sees above-average growth and contributes 47 (43) percent to Group net income
  - Combined ratio improves to 93.5 (95.5) percent
  - Return on equity of 18.4 (13.9) percent is clearly above the strategic target of at least 10 percent

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**The Talanx Group generated extremely strong Group net income of EUR 1,279 million in the first nine months of 2023 and has lifted its full-year earnings forecast to “significantly more than EUR 1.5 billion” on the basis of its strong operating performance. Talanx is also expecting Group net income in excess of EUR 1.7 billion for 2024. Its previous medium-term strategic target was set for earnings of about EUR 1.6 billion in 2025. The new target means that this figure will be reached and clearly exceeded a year ahead of schedule. The Talanx Group will present new targets for 2025 in March 2024 when it publishes its financial statements for 2023.**

**The Talanx Group lifted its insurance revenue by 8 percent year-on-year as at 30 September 2023 to EUR 32.3 (29.9) billion; adjusted for currency effects, the rise is a double-digit 11 percent. Operating profit grew 23 percent to EUR 2.8 (2.2) billion, while Group net income climbed 38 percent to EUR 1.3 (0.9) billion. All divisions improved their results. Primary Insurance performed**

**particularly well, lifting its share of Group net income to 47 (43) percent. The return on equity was 18.4 (13.9) percent and is expected to be well above the strategic target of more than 10 percent for the full year. The strong insurance service result was a key driver in the first nine months, buoyed by inflation-related price increases and large loss payments that remained within budget.**

“The Talanx Group can look back at an extremely successful nine months: we shall exceed our ambitious financial targets for 2023 and have lifted our earnings forecast to significantly more than EUR 1.5 billion. Primary Insurance made a major contribution to this, generating strong operating profit and above-average growth. This demonstrates our continued resilience, even in a challenging market environment, and shows that our focused strategy is paying off sustainably”, said Torsten Leue, Chairman of Talanx AG’s Board of Management. “Based on our strong results in the financial year to date, we are expecting to reach our medium-term target, which was originally for 2025, a year earlier than planned. Furthermore, we shall exceed it with our new target for Group net income of EUR 1.7 billion.”

For the first time in 2023, The Group’s assets, liabilities, financial position and financial performance are reported under the new IFRS 17 and IFRS 9 accounting standards. The prior-year figures have also been adjusted in line with the new standards to ensure comparability. A comprehensive discussion of the key changes resulting from the new/modified accounting principles is part of the Interim Report as at 30 June 2023. The current Quarterly Statement provides a condensed statement of income for the first nine months 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 30 September 2023 in table form.

The insurance service result for the first nine months of 2023 was up 44 percent overall to EUR 2.6 (1.8) billion. The insurance service result

for Primary Insurance grew particularly strongly by 66 percent. This was due to inflation-related price increases, interest rate effects and the fact that loss payments were within the large loss budget. Nine-month large loss payments declined year-on-year to EUR 1.6 (1.9) billion, meaning that the pro rata large loss budget of EUR 1.7 billion was not utilised in full. Large loss payments of EUR 398 million were attributable to man-made causes, while those due to natural disasters totalled EUR 1,192 million. The largest single loss sustained by the Group resulted from the earthquake in Türkiye and Syria in February 2023 (EUR 329 million). All in all, Primary Insurance recorded large losses of EUR 320 million, while the corresponding figure for Reinsurance was EUR 1,204 million. The combined ratio benefited from higher interest rates and, hence, from positive discounting effects in the loss reserves, although this was partly offset by inflation adjustments to these reserves. All in all, the combined ratio improved to 93.5 (95.5) percent.

The net insurance financial and investment result before currency effects was EUR 1.0 (1.2) billion. This decrease was more than offset by the higher insurance service result, so that operating profit (EBIT) and Group net income both rose by strong double digits. Operating profit climbed 23 percent to EUR 2.8 (2.2) billion and Group net income jumped 38 percent to EUR 1.3 (0.9) billion. The Solvency 2 ratio as at 30 September 2023 was 222 percent (31 December 2022: 209 percent).

Third-quarter insurance revenue rose by 7 percent to EUR 11.4 (10.7) billion. The insurance service result increased to EUR 950 (496) million, while operating profit rose to EUR 802 (747) million. Group net income for the quarter jumped substantially to EUR 452 (240) million. The combined ratio improved to 93.3 (96.4) percent.

### **Industrial Lines: strong growth in revenue and earnings**

The Industrial Lines Division is continuing its strong revenue and earnings growth. The division's strategy, which positions it as a global industrial insurer offering profitable underwriting and first-rate service, is clearly paying off. The division provides its customers with insurance solutions and services, acting as a transformation partner in areas such as climate change, energy, mobility, technology and digitalisation.

Insurance revenue rose by 10 percent year-on-year to EUR 6.6 (6.0) billion, or 12 percent adjusted for currency effects. The increase is attributable to growth in the property and liability business. The insurance service result rose to EUR 481 (275) million on the back of lower frequency losses and large losses, and of higher interest rates, which led to positive discounting effects in the loss reserves. Large losses fell year-on-year to EUR 267 (316) million and were EUR 16 million below the pro rata budget for the period. The combined ratio improved to 92.7 (95.4) percent. As a result, Industrial Lines' combined ratio for full-year 2023 will be clearly lower than forecast. The net insurance financial and investment result before currency effects fell year-on-year to EUR 22 (169) million, largely because of higher interest accretion in the loss reserves. Operating profit rose to EUR 293 (271) million, while the division's contribution to Group net income increased to EUR 243 (199) million.

Third-quarter insurance revenue rose to EUR 2.4 (2.1) billion. Operating profit was EUR 102 (97) million, while the contribution to Group net income rose to EUR 92 (75) million.

### **Retail Germany sees strong operating profit**

Nine-month insurance revenue in the Retail Germany Division was stable at EUR 2,627 (2,641) million, with growth in the Property/Casualty Insurance segment offsetting the market-wide decline in single-premium business in the Life Insurance segment. The insurance service result rose 22 percent to EUR 314 (259) million,

while the net insurance financial and investment result before currency effects jumped to EUR 87 (19) million. In line with this, operating profit also increased significantly to EUR 268 (178) million. The division's contribution to Group net income remained stable year-on-year at EUR 158 (159) million, due to a higher tax burden.

*Property/Casualty segment: clear increase in operating profit*

Insurance revenue in the Property/Casualty Insurance segment rose by 7 percent to EUR 1.3 (1.2) billion. This positive trend is primarily due to growth in the business with corporate customers and members of the liberal professions, and in unemployment insurance in the bancassurance area. The insurance service result was EUR 58 (68) million, with key factors being higher claims frequency levels in the motor vehicle insurance area and rising average losses due to inflation. However, these trends were largely offset by the bancassurance business. Large loss payments declined year-on-year to EUR 22 (36) million, EUR 12 million below the division's pro rata large loss budget. The combined ratio rose to 95.6 (94.4) percent. The net insurance financial and investment result before currency effects jumped significantly to EUR 59 (37) million on the back of higher extraordinary net investment income, more than offsetting the trend in the insurance service result. In line with this, operating profit rose to EUR 72 (58) million.

Third-quarter insurance revenue in the Property/Casualty Insurance segment totalled EUR 439 (417) million. The combined ratio improved slightly to 94.6 (94.7) percent. Operating profit rose to EUR 33 (25) million.

*Life Insurance segment: sharp increase in new bancassurance business*

Insurance revenue in the Life Insurance segment totalled EUR 1.3 (1.4) billion in the first nine months. The new business margin improved to EUR 264 (182) million due to better biometric business in the bancassurance area. The insurance service result jumped by a clear 35 percent to EUR 257 (190) million. At EUR 28 (-18) million, the net insurance financial and investment result before currency effects also increased due to an improvement in net investment income. Operating profit rose to EUR 196 (120) million.

Third-quarter insurance revenue in the Life Insurance segment amounted to EUR 465 (512) million, while operating profit rose significantly to EUR 85 (10) million.

**Retail International: all major companies contribute to strong, profitable growth**

The Retail International Division saw strong growth in earnings and revenue in the first nine months of 2023. Insurance revenue rose by 26 percent to EUR 4.9 (3.9) billion, or 33 percent adjusted for currency effects. Both the Property/Casualty Insurance and the Life Insurance segments contributed to the increase. Insurance revenue in the Property/Casualty business climbed 26 percent (33 percent adjusted for currency effects), buoyed by growth within all major companies and due to inflation-related price rises. The Life Insurance business also grew, increasing its insurance revenue by 33 percent (41 percent adjusted for currency effects). This positive performance was largely driven by the acquisition in January 2023 of a majority stake in HDI Fiba Emekilik v Hayat A.S. in Türkiye, and by Warta in Poland.

The fall in the combined ratio for the division to 94.9 (96.9) percent was due to operating improvements, especially in Brazil. The insurance service result jumped in line with this to EUR 303 (127) million. Large

loss payments rose to EUR 32 (13) million due to the earthquake in Türkiye in particular. The net insurance financial and investment result before currency effects rose clearly to EUR 262 (134) million on the back of an improvement in net investment income. Operating profit climbed to EUR 407 (128) million, while the division's contribution to Group net income jumped to EUR 223 (55) million.

Third-quarter insurance revenue rose by a double-digit 30 percent to EUR 1.8 (1.4) billion; at constant exchange rates, growth would have been 41 percent. The purchase of HDI Seguros do Brasil S.A. (formerly Sompo Consumer Seguradora S.A.), which closed in August 2023, also contributed to this. The combined ratio improved to 94.1 (97.7) percent. Operating profit climbed sharply to EUR 158 (23) million. In line with this, the division's contribution to Group net income also rose significantly to EUR 82 (8) million.

The division continued to strategically expand its activities through acquisitions and partnerships; in May, HDI International signed a contract to buy Liberty Mutual's personal and small commercial business operations in Brazil, Chile, Colombia and Ecuador. This is the largest acquisition ever made by the Talanx Group. The transaction to acquire Liberty's business in Brazil is expected to close in the fourth quarter of 2023, and the purchase of its activities in Chile, Colombia and Ecuador in the first half of 2024.

### **Reinsurance: strong growth in Group net income**

The net contractual service margin for the Reinsurance Division rose by 26 percent to EUR 8.3 (6.6) billion. This clear increase reflects the growth in the business and improved earnings prospects, which are, in particular, due to improved policy terms and conditions in the Property/Casualty Reinsurance business. Nine-month insurance revenue rose to EUR 18.5 (18.3) billion; at constant exchange rates, growth would have been 4 percent. The insurance service result

jumped 47 percent to EUR 1.6 (1.1) billion, while the net insurance financial and investment result before currency effects was EUR 688 (897) million. Operating profit climbed to EUR 1.9 (1.7) billion, with the division's contribution to Group net income also increasing to EUR 704 (559) million as a result.

Insurance revenue in the Property/Casualty Reinsurance segment rose by 3 percent to EUR 12.7 (12.4) million. Adjusted for currency effects, growth would have been 6 percent. Nine-month large loss payments amounted to EUR 1.2 (1.5) billion, roughly EUR 100 million below the pro rata budget for the period of EUR 1.3 billion. The most significant large loss payments in the first nine months (EUR 273 million) are related to the earthquake in Türkiye and Syria. Other events impacting the large loss budget were the severe storms in northern Italy over the summer (EUR 132 million), the forest fires in Hawaii (EUR 87 million), the major earthquake in Morocco (EUR 70 million), Cyclone "Gabrielle" in New Zealand (EUR 66 million) and Hurricane "Idalia" in the USA (EUR 55 million). The insurance service result rose by a clear 46 percent to EUR 885 (606) million, partly because the prior-year period contained reserves recognised for Russia's war against Ukraine. The combined ratio improved to 93.1 (95.1) percent, while the net/net ratio was 91.9 (94.6) percent. The net insurance financial and investment result before currency effects was EUR 502 (628) million; by contrast, operating profit rose to EUR 1.1 (1.0) billion.

Third-quarter insurance revenue amounted to EUR 4.4 (4.5) billion; adjusted for currency effects, the increase would have been 1 percent. The (net/gross) combined ratio improved to 93.4 (95.4) percent, while operating profit was EUR 287 (386) million.

Insurance revenue in the Life/Health Reinsurance segment totalled EUR 5.8 (5.9) billion. The insurance service result climbed by a clear 48 percent to EUR 677 (458) million. Key growth drivers were the year-on-year improvement in the mortality business and the continuing strong financial solutions business. The net insurance financial and



investment result before currency effects returned to a normal level after the one-time factors seen in the previous year and amounted to EUR 186 (269) million. By contrast, operating profit rose 15 percent to EUR 725 (629) million.

Third-quarter insurance revenue amounted to EUR 1.9 (2.0) billion, whereas both the insurance service result and operating profit rose by clear double-digit amounts to EUR 196 (161) million and EUR 204 (165) million respectively.

**Outlook for 2023: record net income targeted and earnings forecast lifted**

Following the strong operating profit generated in the first nine months of the 2023 financial year, the Talanx Group is expecting to exceed its target profit of EUR 1.4 billion for 2023 and to generate Group net income of more than EUR 1.5 billion. The return on equity will clearly surpass the strategic target of at least 10 percent.

For 2024, the Talanx Group is expecting Group net income of more than EUR 1.7 billion and, hence, expects to reach and exceed its previous goal of EUR 1.6 billion for 2025, a year earlier than planned. The Talanx Group will present new targets for 2025 in March 2024, when it publishes its annual financial statements.

As usual, the targets for financial years 2023 and 2024 are subject to the proviso that no turbulence occurs on the currency and capital markets, and that large losses remain in line with expectations. The current geopolitical and macroeconomic situation is an additional source of uncertainty.

**Condensed consolidated balance sheet for the Talanx Group**

EUR billion	1 January 2022 (opening balance)	31 December 2022	30 September 2023
Intangible assets	1.5	1.5	1.8
Insurance contract assets	1.5	1.4	1.2
Reinsurance contract assets	7.4	7.5	7.3
Investments for own risk	141.8	127.3	130.3
Other assets	22.3	20.7	22.9
<b>Total assets</b>	<b>174.5</b>	<b>158.5</b>	<b>163.4</b>
<b>Equity excluding non-controlling interests</b>	<b>8.7</b>	<b>8.6</b>	<b>9.9</b>
Non-controlling interests in equity	6.4	5.7	6.0
<b>Total equity</b>	<b>15.1</b>	<b>14.3</b>	<b>15.9</b>
Insurance contract liabilities (technical provisions)	139.8	122.6	125.3
Reinsurance contract liabilities	0.7	0.6	0.6
Other equity and liabilities	18.9	21.0	21.6
<b>Total equity and liabilities</b>	<b>174.5</b>	<b>158.5</b>	<b>163.4</b>
Contractual service margin (CSM)	9.1	9.6	11.4

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	9M 2023	9M 2022	Change
Insurance revenue	32,274	29,871	8%
Insurance service expenses	-27,832	-27,397	-2%
Net income/net expenses from reinsurance contracts held	-1,865	-684	-172%
<b>Insurance service result</b>	<b>2,577</b>	<b>1,789</b>	<b>44%</b>
<b>Net investment income for own risk</b>	<b>2,657</b>	<b>2,177</b>	<b>22%</b>
Net investment income for the benefit of life insurance policyholders who bear the investment risk	707	-1,850	138%
Net insurance financial result before currency effects	-2,360	856	-376%
<b>Net insurance financial and investment result before currency effects</b>	<b>1,004</b>	<b>1,182</b>	<b>-15%</b>
Net currency result	0	34	-99%
Other income/expenses	-822	-756	-9%
<b>Operating profit/loss (EBIT)</b>	<b>2,760</b>	<b>2,249</b>	<b>23%</b>
Financing costs	-175	-128	-37%
Taxes on income	-540	-461	-17%
<b>Net income</b>	<b>2,045</b>	<b>1,661</b>	<b>23%</b>
of which attributable to non-controlling interests	765	735	4%
of which attributable to shareholders of Talanx AG	1,279	926	38%
Diluted earnings per share (EUR)	5.05	3.66	+ EUR 1.39
Return on equity <sup>1</sup>	18.4%	13.9%	+4.6 pts
Combined ratio <sup>2</sup>	93.5%	95.5%	-1.9 pts

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.

**About Talanx**

Talanx is a major European insurance group with insurance revenue of around EUR 39.7 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](http://www.talanx.com). 

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**Forward-looking statements**

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