HDI Global SE

2022 Annual Report

HDI Global SE at a glance

		2022	2021
Gross premium income	EUR million	5,796	5,109
Increase/decrease in gross premium income	%	13.5	12.9
Income from premiums earned for own account	EUR million	2,220	2,088
Expenses on insurance claims for own account	EUR million	1,759	1,691
Loss ratio for own account[1]	%	79.2	81.0
Expenses for insurance operations for own account	EUR million	415	395
Expense ratio for own account[2]	%	18.7	18.9
Underwriting result before equalisation reserve for own account	EUR million	51	44
Combined ratio for own account	%	97.9	99.9
Investments	EUR million	9,302	8,915
Investment income	EUR million	292	371
Non-underwriting result[4]	EUR million	138	203
Result from ordinary activities	EUR million	189	160
Tax expense	EUR million	71	51
Loss (–)/ profit transferred under a profit-and-loss transfer agreement	EUR million	118	108
Operating profit/loss (result from ordinary activities less changes in the equalisation reserve)	EUR million	190	246
Capital, reserves and underwriting provisions			
Equity	EUR million	409	409
Subordinated liabilities	EUR million	380	380
Equalisation reserve and similar provisions for own account	EUR million	804	803
Other underwriting provisions for own account[5]	EUR million	7,834	7,278
Total	EUR million	9,427	8,870
Of earned premiums for own account	%	424.6	424.8
Ratio of underwriting provisions for own account[6]	%	321.1	317.0
Insurance contracts	1,000	712	671
Reported claims	1,000	203	180
Average number of employees throughout the year *German employees transferred to HDI AG as of March 1, 2022*	Number	1,499	2,805

1) *Expenses on insurance claims for own account as a percentage of premiums earned for own account*
2) *Expenses on insurance operations for own account as a percentage of premiums earned for own account*
3) *Sum of expenses on insurance claims for own account and expenses on insurance operations for own account as a percentage of earned premiums for own account*
4) *Sum of net investment income and other comprehensive income*
5) *Excluding provision for premium refunds*
6) *Provision for outstanding claims for own account as a percentage of earned premiums for own account*

For computational reasons, the tables may show rounding differences of +/- one unit count. Monetary amounts that are smaller than EUR 0.5 thousand are shown as ‚0‘. Figures that are not available for the Company are marked with an ‚n-dash‘.

Contents

Ladies and Gentlemen,

HDI Global successfully concluded financial year 2022 despite the challenges faced by the world economy during the past year. Armed conflicts in Europe, a global pandemic, rising inflation and the UK mourned the loss of a head of state. That outlines the circumstances of HDI's founding years in the early 20th century, but is also a good description of the past year.

Nevertheless, these historical parallels end when examined more closely. After all, many of the risks that companies regularly cite today when asked about the biggest threats to their business did not exist when HDI was founded: international supply chains, container ships up to 400 metres long, cyber risks and exponentially increasing natural disasters.

Take hurricane "Ian", for example. The hurricane was the third costliest natural disaster of all time and caused widespread damage in western Cuba and the southeastern United States. Anyone who had followed the news must have undoubtedly thought of hurricane "Katrina" in the summer of 2005. The insured loss at the time was 65 billion dollars. In today's prices, that would be 89 billion dollars. According to current estimates, "Ian" could lead to a total economic loss of well over 100 billion dollars.

Or take a look at China – specifically at the container freight business at the time of the Chinese zero-Covid strategy. This rigorous approach to Covid-19 has caused significant dislocation in the world's supply chains. Whereas in the past it was mainly the electronics sector or the automotive industry that were affected due to the chip shortage, in the case outlined here nearly all sectors were affected.

Both examples are emblematic of global developments that we are currently seeing. On the one hand, climate change is causing extreme weather events to occur more frequently. With that in mind, the increasing value added concentration is intensifying the risk situation in companies. Aggregate losses are rising and we are clearly seeing a trend towards very large losses. The second example shows how the supply chains of globally operating companies can be disrupted today. These risks can affect any industry.

The fact that many of our customers have recognised these trends and are responding to them gives me confidence. Risk management is playing an increasingly important role in companies. Certainly, the Covid-19 pandemic was something of a wake-up call for many businesses. The new approaches taken by companies are here to stay.

The fact that we at HDI Global are helping companies successfully navigate their way in this increasingly complex world also gives me confidence. Ingrained in our DNA is the approach to always find solutions to make our customers resilient and successful. As a partner to industry and its transformation, we support our customers with our expertise in more than 175 countries – in 39 of which with local HDI Group entities.

Our experts at HDI Risk Consulting address the fragility of international supply chains by helping our customers identify such critical bottlenecks and determine their loss potential. For example, if you are a medium-sized enterprise with 250 million euros in sales and you see that a supplier has a loss potential of 50 million euros, that is a very different statement than simply classifying the supplier in a red risk category. To do this, you need experts from a wide range of professional fields – and the best data basis.

Given the increasing frequency and intensity of loss events caused by natural hazards, prevention is key. It starts with site planning. With our geographical information system Argos or HDI Green 4.0, we can assess the extent of natural hazard risks more accurately and support our customers in their planning.

Inflation, recession concerns and global tensions are creating a challenging market environment for managerial liability. Nevertheless, our customers continue to adhere to globalisation. As part of international programmes, we support them in countering the increasing liability risks arising from globally ramified business and supply relationships as well as rising compliance requirements.

And we also want to further raise awareness of cyber risk among companies. With Value Added Services, we offer services that go beyond traditional risk transfer and improve companies' risk defences. This way, we boost companies' resilience to cyber risks, thereby rendering the remaining cyber risk insurable.

The fact that HDI Global grew profitably again in 2022 gives me confidence. This growth comes from international business, but also from our home market Germany.

You could say that we have grown despite the challenges outlined earlier. But I think it‘s much more likely that these challenges have facilitated our growth and our customers' awareness of serious, long-term relationships. This is because we offer customers genuine added value for their business, standing by their side preemptively well before crises occur – and we remain a reliable partner when they do occur. We will consistently continue along this path in 2023.

Our “HDI Global 4.0” strategy, our vision of “Pioneering value driven insurance solutions globally” and our purpose “Together we take care of the unexpected and foster entrepreneurship” give me confidence that we are well-prepared to act as an efficient underwriting champion offering our innovative insurance solutions and services worldwide.

Last but not least, our employees in Germany and abroad, who bring our vision and purpose to life for our customers every day, give me the most confidence. With their expertise and dedication, they are the backbone of all those services that underpin my aforementioned confidence. For this, I and HDI Global's entire Board of Management would like to express our sincere thanks to our employees.

In addition, as the Board of Management team, we would also like to thank our customers and business partners for their close relationship with us and for their confidence in our insurance solutions and services.

Sincerely

Dr Edgar Puls
Chairman of the Board of Management of HDI Global

Governing bodies of the Company

Supervisory Board

Torsten Leue
Chairman
Hannover
Chairman of the Board of Management of
HDI Haftpflichtverband der Deutschen
Industrie V. a. G. and of Talanx AG

Ulrich Weber
(until 3.3.2022)
Deputy Chairman
Krefeld
Attorney-at-law

Ulrich Wallin
(since 3.3.2022)
Deputy Chairman
Hannover
former Chairman of the
Board of Management of
Hannover Rück SE

Dr Joachim Brenk
Lübeck
Chairman of the Board of
Management of L. Possehl & Co. mbH

Dr Michael Ollmann
Hamburg
Management Consultant

Sebastian Gascard*
(until 28.2.2022)
Isernhagen
In-house Company Lawyer
(Liability Underwriter)
HDI Global SE

Jutta Mück*
(until 28.2.2022)
Diemelstadt
Account Manager
Industrial Lines Sales
HDI Global SE

Harald Rauw*
(since 1.3.2022)
Büllingen (Belgium)
Director Property
HDI Global SE
Belgium branch office

Stylianos Vasilopoulos*
(since 1.3.2022)
Athens (Greece)
Underwriting Manager Transport
HDI Global SE
Greece branch office

* Employee representative

Board of Management

Dr Edgar Puls
Chairman
Member of the Board of Management responsible for
- the Chairman duties as stipulated under the Rules of Procedure
- Internal Auditing
- Human Resources
- Corporate Development
- Region Germany

as well as Member of the Board of Management of HDI Haftpflichtverband der Deutschen Industrie V. a. G. and of Talanx AG

Ralph Beutter
Member of the Board of Management responsible for
- Specialty Business
- Aviation insurance
- Legal protection insurance
- Communications

Dr Mukadder Erdönmez
Member of the Board of Management responsible for
- Liability insurance
- Cyber insurance
- Motor insurance
- Coordination of passive reinsurance

Dr Christian Hermelingmeier
Member of the Board of Management responsible for
- Accounting
- Premium Collections
- Investment Management
- Controlling
- Risk Management
- HDI Reinsurance (Ireland) SE
- Actuarial Function
- Money Laundering Prevention
- Compliance

David Hullin
Member of the Board of Management responsible for
- Global Marketing & Distribution
- Region Europe
- Region America (North and South America)
- Region East: Africa, APAC, Russia

Dr Thomas Kuhnt
Member of the Board of Management responsible for
- IT
- Guidance/Technical Pricing
- Operations
- HDI Global Network AG
- Group accident insurance
- Strategic investments

Andreas Luberichs
(until 30.6.2022)

Claire McDonald
Member of the Board of Management responsible for
- Property insurance (fire insurance and engineering insurance)
- Marine insurance
- Risk Engineering

Jens Wohlthat
(until 30.9.2022)

Report of the Supervisory Board

The Supervisory Board continuously monitored the Board of Management's conduct of business in the past financial year 2022 in accordance with the responsibilities incumbent on it under the law, the articles of association and the rules of procedure and received comprehensive oral and written reports from the Board of Management on the business development and economic position of the Company. The Chairman of the Supervisory Board was further informed by the Chairman of the Board of Management about important developments and upcoming decisions on a regular basis.

The Supervisory Board held two ordinary meetings on 3 March 2022 and 3 November 2022 and one extraordinary meeting on 14 June 2022. During these meetings, the reports of the Board of Management on the current financial year and the economic and financial performance of the Company were discussed in detail. As part of the written and verbal reporting, the Supervisory Board was also informed about the Company‘s risk position as well as any changes that had occurred together with their causes.

Based on the results of the annual self-assessment, the existing knowledge, skills and experience were discussed within the Supervisory Board. In this context, it was decided to additionally include the issue of sustainability in the catalogue of topics relevant for the self-assessment in view of the increasing importance that this topic also has for Supervisory Board activities.
Likewise, the previous topic of "IT" was expanded to include the item "Digital transformation" in order to take into account the increasing demands of technological innovation on Supervisory Board members.

The Supervisory Board participated in the decisions of the Board of Management within the scope of its legal and statutory responsibility and assured itself that the management of the Company was conducted in a manner that was lawful, proper, appropriate and profitable. During the 2022 financial year, there was no occasion for the Supervisory Board to undertake examinations within the meaning of section 111(2) of the German Stock Corporation Act (AktG).

The Supervisory Board's Personnel Committee convened for three meetings in the reporting period and made recommendations to the full Supervisory Board regarding resolutions, in particular with respect to the composition of the Board of Management as well as the remuneration of its members.

Points of focus for the deliberations in plenary sessions
The Supervisory Board's advice focused, among other things, on dealing with the Company's specific inflation risks, developing a globally harmonised HR strategy and the digital transformation. Furthermore, the operational planning of the Company for financial year 2023 was discussed in detail.

To the extent that the transactions and measures taken by the Board of Management required the approval of the Supervisory Board in accordance with the law, the articles of association and the rules of procedure, resolutions to that effect were adopted after a review and deliberations.

The Supervisory Board satisfied itself that the internal control and risk management systems were performing well and received ongoing reports on this from the Board of Management.

Audit of the annual financial statements
The annual financial statements as at 31 December 2022 as well as the management report presented by the Board of Management, including the accounting, were audited by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Hannover. The auditors were appointed by the Supervisory Board, which also awarded the specific audit engagement.

The audit did not lead to any reservations. The unqualified audit opinion states that the accounting and the annual financial statements present fairly, in all material respects, the net assets, financial position and results of operations, and that the management report is consistent with the annual financial statements. The documentation for the annual financial statements and the PricewaterhouseCoopers GmbH audit reports were forwarded to all Supervisory Board members on a timely basis.

The independent auditor was present at the meeting of the Finance and Auditing Committee held on 3 March 2023 to discuss the annual financial statements and the management report, reported on the performance and quality of the audit, and was available to the Committee to provide additional information. The Committee discussed the annual financial statements prepared by the Board of Management, reviewed the audit report of the independent auditor, and addressed follow-up questions to the independent auditor on some specific points. The Committee arrived at the conclusion that the audit report was in compliance with sections 317 and 321 of the German Commercial Code (HGB) and that it did not raise any concerns. The Committee further concluded that the management report satisfied the requirements in section 289 HGB and conformed to the statements in the reports to the Supervisory Board pursuant to section 90 AktG. The management report was also consistent with the Committee's own assessment of the Company's position. The management report, and in particular the statements made therein regarding the future development of the Company, were approved by the Committee.

Following the final results of the Committee's examination of the annual financial statements and the management report, it concurred with the auditor's opinion and recommended that the Supervisory Board approve the annual financial statements prepared by the Board of Management.

Furthermore, the Committee examined the quality of the audit based on the report presented.

The auditor was also present at the meeting of the Supervisory Board held on the same day, summarised the items discussed at the Audit Committee meeting and presented the results of the audit. No objections are to be raised based on the final results of the examination of the annual financial statements and management report carried out by the Supervisory Board; consequently, the Supervisory Board concurred with the Committee‘s recommendation and approved the annual financial statements prepared by the Board of Management on 3 March 2023. The annual financial statements are thereby adopted.

Composition of the Supervisory Board and the Board of Management

In the course of an internal reorganisation under which all German employees were transferred from HDI Global SE to HDI AG effective 1 March 2022, the previous employee representatives on the Supervisory Board, Jutta Mück and Sebastian Gascard, stepped down from the Board. Harald Rauw and Stylianos Vasilopoulos were newly elected to the Supervisory Board as employee representatives beginning 1 March 2022.

Furthermore, the Annual General Meeting on 3 March 2022 reelected Torsten Leue, Dr Joachim Brenk and Dr Michael Ollmann as members of the Supervisory Board in the regular election of shareholder representatives on the Supervisory Board. Ulrich Weber was no longer available for reelection due to his age. Ulrich Wallin was newly elected to the Company's Supervisory Board as a shareholder representative by the Annual General Meeting. Messrs. Leue and Wallin were subsequently elected Chairman and Vice Chairman of the Supervisory Board, respectively, at the constituent meeting of the Supervisory Board.

Andreas Luberichs and Jens Wohlthat stepped down from the Board of Management effective upon the expiry of 30 June 2022 and 30 September 2022, respectively.

The Supervisory Board wishes to thank the members of the Board of Management and all employees for their commitment and contribution during the reporting period.

Hannover, 3 March 2023
On behalf of the Supervisory Board

Torsten Leue
(Chairman)

Management report

Basic principles of the Company

HDI Global SE is an entity of the Talanx Group and bundles the worldwide operations in the Industrial Lines Division. It is a wholly owned subsidiary of Talanx AG headquartered in Hannover, Germany.

For decades, HDI Global SE has been one of the leading insurance providers of corporate groups, industry and small and medium-sized enterprises in Europe. Beyond its prominent presence in the German market, the Company conducts significant activities in more than 160 countries through foreign branch offices, subsidiaries and fellow subsidiaries as well as a network of partners. One of HDI Global SE's strategic objectives is globalisation in order to serve globally active clients with local policies even better by providing the specified service and insurance protection worldwide for all risks included.

From third-party liability, motor insurance, accident as well as fire and property insurance to marine and engineering insurance: HDI Global SE offers the complete range of products for the coverage of entrepreneurial risks. Global coverage in the form of international insurance programmes demonstrates the operational capabilities of the Company.

Report on economic position

Macroeconomic and industry-specific environment

Macroeconomic development

With the less dangerous Omicron variant, a largely immunised population and the gradual lifting of COVID-related restrictions, the stage seemed set in early 2022 for a continuation of the post-COVID upswing from the previous year. However, the economic outlook deteriorated substantially as a consequence of the Russian war against Ukraine and the resulting explosion in energy and food commodity prices. Slowed by record high inflation and tighter monetary policy, the global economy grew by only 3.4% year-over-year in 2022 after its record year in 2021 (+6.2%).

In Germany, these worsening economic conditions had a negative impact in particular on the (energy-intensive) industrial sector, whose most recent output was still almost 9% below their pre-pandemic level. Supported by extensive financial incentives (including energy assistance, 9-euro ticket, etc.) and high savings resulting from forestalled consumption in the pandemic years, private households, on the other hand, increased their consumption considerably by 4.6% year-over-year despite substantial price pressure – the highest figure since reunification. In the wake of strong domestic demand, growth in imports exceeded that of exports despite a weaker euro. The deteriorating economic sentiment among households and businesses along with a sharp rise in interest rates again ensured that capital expenditure (CapEx) was virtually stagnant in 2022, with construction investment declining. German gross domestic product (GDP) growth of +1.9% year-over-year lagged behind that of the eurozone as a whole (+3.3%), partly as a result of greater dependence on Russian pipeline gas, the supply of which almost ground to a complete halt in the summer.

GDP in the USA contracted in the first two quarters of 2022, putting the economy in a temporary technical recession. However, both increases in private consumption and capital expenditure (excluding housing) in this period and the robust labour market (+4.8 million new jobs) argued against broad-based weakness in the US economy last year. Nevertheless, headwinds from high inflation and the US Federal Reserve's continuous tightening of monetary policy beginning in March ensured that growth of 2.1% in 2022 fell considerably short of the record year 2021 (+5.9%).

In contrast to industrialised countries, growth in emerging markets and developing countries in 2022 fell below the recent years' average, although the picture here differed from one country to the next. Eastern European countries brought up the rear, led by the warring parties Russia and Ukraine, while commodity-exporting countries in particular, for example from Latin America, took the lead in the face of the global commodity price rally. China's growth fell to its second-lowest level in almost 50 years (+3.0%) due to its strict zero-COVID policy, which continued until December, along with the distortions on the real estate market.

Sharply increasing demand in the wake of the post-pandemic recovery, the mere gradual easing of supply chain bottlenecks and the commodity price shock provided for new inflation records in 2022. For example, while the price of gas in Europe was below EUR 20/MWh on average until 2020, it exceeded EUR 70/MWh by the end of 2021 even before the outbreak of war and rose to a peak of EUR 311/MWh in 2022. Against this backdrop, inflation in the eurozone peaked at 10.7% and averaged 8.4% in 2022 – the highest level since the inception of the monetary union. In the USA, broad-based price pressure resulting from high demand and rising wages, in particular, ensured a peak of 9.1% (annual average 2022: 8.0%; 4-decade high).

Against this backdrop, the Fed and the ECB, among many other central banks around the world, also implemented a monetary policy reversal in 2022. The former raised its key interest rate from 0.00 – 0.25% to 4.25 – 4.50% at a pace not seen since the 1980s. The ECB, on the other hand, ended the phase of negative key interest rates that had lasted since 2014 and increased the deposit rate from -0.50% to 2.00%. Thus, commercial banks are receiving a positive interest rate on their deposits with the central bank for the first time since 2011.

Capital markets
International stock markets reacted to the outbreak of war in February/March with substantial price losses and were unable to recover the initial losses over the course of the year (DAX -12.4%; EURO STOXX -14.5%; S&P 500 -19.7%). Emerging markets performed even worse (MSCI EM -21.8%), with heterogeneous regional developments as a result of the direct and indirect effects of the Ukraine war and China's COVID policy (MSCI China -22.1%; MSCI Latin America -0.1%; MSCI Eastern Europe -82.9%, all in US dollars). Apart from regional developments, the main reason for the stock markets' weak performance was the departure of central banks from their loose monetary policy, which at the same time also led to sharp price losses on the bond markets. For example, the yield on 10-year US Treasuries rose from 1.51% to 4.24% at its peak and stood at 3.87% at the end of the year. The yield on German government bonds of the same maturity left negative territory in 2022 and climbed from -0.18% to 2.57%. In line with the prices of many other commodities, the price of oil (Brent) rose sharply at its peak from USD 78 to USD 128 per barrel. However, at USD 86 per barrel at the end of the year it was only around 10% higher than at the beginning of the year. The euro temporarily fell below parity with the US dollar for the first time in 20 years, declining 5.9% to USD 1.07 over the year.

International insurance markets
In light of the macroeconomic environment the international property/casualty insurance business proved to be robust. Despite high ´global inflation, positive real premium growth was recorded overall in 2022. The industrial business in particular benefited from further market hardening. Growth in emerging markets was higher than in the developed insurance markets.

Asia-Pacific exhibited the strongest growth among the developed insurance markets. North America also recorded positive real premium growth. In Europe, on the other hand, the premium trend was below the rate of inflation. Positive real premium growth in emerging markets was driven by growth in both China as well as in Latin America.

Losses caused by natural catastrophes in the reporting period were below the previous year's level, but again above the ten-year average to date. More than a third of the total losses and around half of the insured losses worldwide were caused by Hurricane Ian in the USA and Cuba at the end of September. In 2022, Europe was affected by winter storms "Ylenia", "Zeynep" and "Antonia" as well as by hailstorms in France and neighbouring Spain.

International non-life reinsurance also recorded positive premium growth in the reporting period. In light of the heightened macroeconomic uncertainty, the continuing trend towards higher individual losses from natural catastrophes and the development of inflation in particular, the trend towards price increases already observed in previous years continued in the course of the policy renewal rounds during the year.

German insurance industry
In property/casualty insurance, the German insurance industry recorded higher premium growth in 2022 than in the previous year. The overall development was characterised by inflationary adjustments of premiums and insured sums to reflect rising price levels. The motor insurance business recorded a nominal increase in premiums, but was impacted by fewer new registrations and re-registrations compared with the previous year.

Total claims payments were below the previous year's level. The final assessment of losses due to natural hazards by German property insurers was marked by fewer extreme weather events in 2022 than in the previous year and thereby barely exceeded the long-term average. The most severe natural hazard losses were caused by winter storms “Ylenia”, “Zeynep” and “Antonia” at the beginning of the year.

Legal and regulatory environment

Insurance companies (primary insurers and reinsurance companies) are subject to comprehensive legal and financial supervision by supervisory authorities around the world. In the Federal Republic of Germany, this is the responsibility of the Federal Financial Supervisory Authority (BaFin). In addition, there are extensive legal requirements for business activities. In recent years, the regulatory framework has become more stringent, which has led to increasing complexity. This trend continued in 2022.

The marketing of insurance products is subject to extensive legal requirements. When cooperating with intermediaries, primary insurers must comply with the statutory requirements as well as the requirements of BaFin Circular 11/2018 Insurance Distributions governing cooperation with insurance intermediaries as well as regarding risk management relating to distribution. Product monitoring and the governance of insurance products isare governed, among other things, by Delegated Regulation (EU) 2017/2358 of the European Commission.

Overarching aspects of business organisation (“system of governance”) as well as key terms such as “proportionality”, “management boards” and “supervisory boards” are explained from the perspective of the supervisory authority in BaFin Circular 2/2017 (VA) regarding the regulatory interpretation of the Minimum Requirements under Supervisory Law on the System of Governance of Insurance Undertakings (MaGo). Regardless of the lack of direct legally binding obligation of this Circular, the MaGo will also be taken into consideration in the structure of the Group’s organisation, in particular in the areas of general governance, key functions, the risk management system, requirements on own funds, the internal control system, outsourcing and business continuity management.

HDI Global SE is obligated to prevent money laundering based on the Money Laundering Act (GwG). Minimum standards for HDI Global SE are defined for this purpose by HDI V. a. G. as the parent company of the Talanx Group. The Group Money Laundering function rolled out a Group-wide risk analysis in all divisions driven by events or at least annually in the fourth quarter of the year based on the requirements of the German Money Laundering Act (GwG) and documents the risk-based measures taken by Group companies obligated to prevent money laundering. In addition, Group-wide reporting on a quarterly basis ensures the exchange of information within the Group. HDI Global SE’s risk of being misused for money laundering or the financing of terrorism is classified as low overall.

Digitalisation has increased in significance in recent years. This is accompanied by a transition to digital, data-based business models; the resulting legal issues and challenges with a focus on IT security are also playing an increasingly important role for HDI Global SE.

With Circular 10/ 2018 regarding Supervisory Requirements for IT in Insurance Undertakings (VAIT), the BaFin provided instructions for interpreting the provisions governing business organisation in the Insurance Supervision Act (VAG) insofar as they relate to the companies' technical/organisational provisioning.

The same applies with respect to Circular 11/2019 regarding Supervisory Requirements for IT in German Asset Managers (KAIT). These Circulars are updated and expanded on an ongoing basis. Furthermore, the agency published guidance for outsourcing to cloud providers. In addition, there were regulatory initiatives this year at the level of the EU and in Germany for the development, implementation and use of artificial intelligence that also affect the insurance industry and whose development and concrete effect on the Talanx Group is being observed.

In HDI Global SE we handle extensive personal data, among other things, for the processing of applications and payments as well as the execution of contracts. In order to ensure compliance with data protection requirements, such as the EU General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG), the data protection management system is designed to observe and monitor the requirements. Employees are sensitised to the careful handling of data (training) and are committed in writing to compliance with data protection requirements. For process-independent data protection requirements, such as the commissioning of service providers, central procedures must be observed. The same applies to the data protection rights of customers, shareholders and employees.

Compliance with applicable laws is a requirement for the permanently successful operations of HDI Global SE. The Company pays close attention to adapting its business and products to the legal, regulatory and tax environment. The mechanisms installed for this purpose ensure that future legal developments and their effects on our business activities are identified and evaluated at an early stage so that we can make the necessary adjustments in good time.

Business performance

Insurance business as a whole

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	5,796	2,277	5,109	2,154
Premiums earned	5,586	2,220	4,897	2,088
Expenses for insurance claims	3,989	1,759	3,397	1,691
Expenses for insurance operations	950	415	861	395
Underwriting result for own account		51		-42
In %				
Loss ratio*	71.4	79.2	69.4	81.0
Expense ratio**	17.0	18.7	17.6	18.9
Combined ratio***	88.4	97.9	87.0	99.9

** Expenses on insurance claims as a percentage of premiums earned.*

*** Expenses on insurance operations as a percentage of premiums earned.*

**** Sum of expenses on insurance claims and expenses on insurance operations as a percentage of premiums earned.*

HDI Global SE's gross written premiums increased by EUR 687 million to EUR 5,796 (5,109) million in the reporting period, thereby exceeding the expectations. This is due in particular to portfolio growth in the third-party liability, all-risk and engineering insurance lines.

Gross premiums for the financial year

EUR million, %		
Liability insurance	1,902	32.8
All-risk insurance	1,854	32.0
Engineering Insurance	570	9.8
Motor insurance	495	8.5
Marine and aviation insurance	479	8.3
Fire insurance	209	3.6
Other Insurance	205	3.5
Casualty insurance	83	1.4
Total	**5,796**	**100.0**

Net premiums earned increased less significantly than gross written premiums, rising by EUR 133 million to EUR 2,220 (2,088) million, which can be primarily attributed to adjustments to intra-group reinsurance.

Despite a lower burden of large losses compared with the previous year, gross claims expenses increased substantially by EUR 591 million to EUR 3,989 (3,397) million. In addition to the higher volume of losses due to growth, the natural catastrophes – the flood in Australia and Hurricane Ian – were characteristic of the claims expenses for the financial year. In addition, the currently high rates of inflation led to an inflationary increase in claims expenses across all lines of business due to rising price levels. Moreover, in motor insurance an increase in claims compared with the previous year could be observed after the pandemic subsided. Run-off profit decreased significantly by EUR 320 million year-over-year to EUR 217 (537) million due to the consideration of loss inflation in the underwriting provisions for previous years. Consequently, the gross loss ratio increased moderately by 2.0 percentage points to 71.4% (69.4%).

The aforementioned effects were less evident in net expenses for insurance claims as a result of reinsurance relief. These expenses nevertheless increased by EUR 68 million to EUR 1,759 (1,691) million, resulting in an expected 1.8 percentage point improvement in the net loss ratio from 81.0% to 79.2%.

Gross commission expenses rose by EUR 45 million to EUR 553 (508) million and therefore in line with robust growth on a gross basis. Gross administrative expenses increased by EUR 44 million to EUR 397 (353) million and thus lagged disproportionately behind the premium trend, which led to a slight decrease in the expense ratio on a gross basis of 0.6 percentage points to 17.0% (17.6%). This trend continued on a net basis, resulting in a stable net expense ratio of 18.7% (18.9%), despite an increase of EUR 20 million to EUR 415 (395) million in net expenses for insurance operations.

The combined ratio reflected the aforementioned effects and increased to 88.4% (87.0%) on a gross basis as a result of claims expenses, while expectations were exceeded with a substantial net decrease of 2.0 percentage points to 97.9% (99.9%).

Overall, an improved underwriting result of EUR 51 (-42) million was achieved, thereby exceeding our expectations. In addition to the aforementioned effects, the result includes income from the reduction in other net underwriting provisions of EUR 13 (41) million, mainly from the all-risk, fire and liability insurance lines. This also includes an addition to the equalisation reserve in the amount of EUR 1 (86) million.

Direct written insurance business

Liability Insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	1.351	631	1,174	507
Premiums earned	1.325	613	1,157	523
Expenses for insurance claims	1.189	520	856	442
Expenses for insurance operations	195	90	171	66
Underwriting result for own account		1		21
In %				
Loss ratio	89,7	84,7	74.0	84.6
Expense ratio	14,7	14,6	14.8	12.7
Combined ratio	104,5	99,4	88.8	97.3

Liability insurance mainly covers commercial general liability (CGL). In addition, the special lines, personal, pharmaceutical, planning, medical malpractice and nuclear facility liability insurance lines and pecuniary loss liability insurance for governing bodies as well as the US casualty business currently being liquidated are presented under this item.

Gross written premiums were increased in the financial year by a total of EUR 176 million to EUR 1,351 (1,174) million owing to portfolio growth. Net premiums earned rose year-on-year by a total of EUR 90 million to EUR 613 (523) million.

Gross expenses on insurance claims climbed EUR 333 million to EUR 1,189 (856) million. The loss ratio for the financial year increased year-on-year to 77.6% (71.5%) and the loss ratio for the prior financial year rose to 12.1% (2.5%). The run-off loss increased by EUR 132 million to EUR 160 (29) million. This development is due to effects of inflation and to increases in reserves for individual claims in Germany and abroad, most of which are reinsured. Claims expenses for the financial year increased by EUR 202 million to EUR 1,029 (827) million.

Net expenses for insurance claims increased by EUR 77 million to EUR 520 (442) million as a result of higher expenses in Germany and abroad for the financial year. The run-off result increased by EUR 60 million to a run-off profit of EUR 56 (run off loss of EUR 4) million. Accordingly, the net loss ratio increased slightly in the financial year by 0.1 percentage point to 84.7% (84.6%).

Expenses for insurance operations amounted to EUR 195 (171) million on a gross basis and EUR 90 (66) million on a net basis due to the increase in premium volume. The gross expense ratio decreased slightly by 0.1 percentage points to 14.7% (14.8%). The net expense ratio increased to 14.6% (12.7%) due to a reduction in reinsurance commissions.

The combined ratio reflected the developments described above and was equal to 104.5% (88.8%) for the gross ratio and 99.4% (97.3%) for the net ratio.

After allocating EUR 5 (7) million to the equalisation reserve, the liability insurance line shows a net underwriting loss of EUR 1 (21) million.

Fire insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	195	84	194	79
Premiums earned	194	84	187	73
Expenses for insurance claims	83	65	146	77
Expenses for insurance operations	35	15	37	18
Underwriting result for own account		-1		-23
In %				
Loss ratio	42.5	77.6	78.1	105.5
Expense ratio	17.8	18.1	19.7	24.8
Combined ratio	60.2	95.7	97.8	130.3

At EUR 195 (194) million, gross premium income from industrial fire and fire business interruption insurance remained at the previous year's level in the financial year. Net premiums earned rose by EUR 11 million and were equal to EUR 84 (73) million.

Gross expenses on insurance claims for the financial year fell by EUR 63 million to EUR 83 (146) million. Claims expenses for the financial year decreased by EUR 76 million to EUR 127 (203) million, due in particular to lower expenses for large losses in both the NatCat and ManMade segments. The run-off result showed a profit of EUR 44 (56) million. The gross loss ratio declined by 35.6 percentage points to 42.5% (78.1%).

Net expenses for insurance claims decreased analogous to insurance claims on a gross basis, falling by EUR 12 million to EUR 65 (77) million. The net loss ratio fell accordingly by 27.9 percentage points to 77.6% (105.5%).

Gross expenses for insurance operations decreased by EUR 2 million to EUR 35 (37) million. Net expenses for insurance operations also decreased by EUR 3 million to EUR 15 (18) million. As a result, the gross expense ratio fell to 17.8% (19.7%) and the net expense ratio by 6.7 percentage points to 18.1% (24.8%). The combined ratio reflected the development described above and improved to 60.2% (97.8%) on a gross basis and to 95.7% (130.3%) on a net basis.

Overall, an underwriting result of EUR -1 (-23) million remained for the financial year after a reversal of the equalisation reserve in the amount of EUR 0.5 (5) million.

Motor insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	386	299	371	269
Premiums earned	382	297	370	289
Expenses for insurance claims	307	247	275	222
Expenses for insurance operations	64	53	61	47
Underwriting result for own account		-1		23
In %				
Loss ratio	80.4	83.2	74.2	76.9
Expense ratio	16.8	17.8	16.5	16.3
Combined ratio	97.3	101.0	90.7	93.2

An increase in premiums year-on-year was recorded in 2022. Gross written premiums in the motor insurance line rose in the financial year by EUR 15 million to EUR 386 (371) million. This increase was based on agreements on surplus premiums and new customer relationships. The increase in gross premiums earned was somewhat smaller. It rose by EUR 12 million to EUR 382 (370) million.

Net premiums earned increased by EUR 8 million to EUR 297 (289) million.

Gross expenses on insurance claims rose by EUR 32 million and were equal to EUR 307 (275) million. Claims expenses for the financial year increased by EUR 27 million to EUR 348 (320) million as a consequence of normalised traffic patterns owing to the receding COVID-19 pandemic. Run-off profit fell year-on-year by EUR 5 million to EU 40 (46) million due to inflation. The gross loss ratio of 80.4% (74.2%) exceeded the previous year's level.

Net expenses for claims incurred increased by EUR 25 million to EUR 247 (222) million. The net loss ratio rose to 83.2% (76.9%).

Gross expenses for insurance operations increased in line with the growth in premiums and amounted to EUR 64 (61) million. At EUR 41 (37) million, administrative expenses increased on a gross basis, while commission expenses at EUR 23 (24) million were lower than in the previous year.

The gross expense ratio rose slightly to 16.8% (16.5%). At 17.8% (16.3%), the net expense ratio considerably exceeded the previous year's ratio.

The combined ratio increased to 97.3% (90.7%) on a gross basis and to 101.0% (93.2%) on a net basis.

After additions to the equalisation reserve in the amount of EUR 1 million as in the previous year, the overall net underwriting result for the financial year was EUR -1 (23) million.

Marine and aviation insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	367	77	322	204
Premiums earned	354	83	316	197
Expenses for insurance claims	219	50	167	109
Expenses for insurance operations	73	26	70	55
Underwriting result for own account		57		-13
In %				
Loss ratio	61.8	60.9	52.8	55.2
Expense ratio	20.7	31.9	22.1	27.9
Combined ratio	82.5	92.8	74.9	83.0

Gross written premiums for marine and aviation insurance rose by EUR 46 million to EUR 367 (322) million in the financial year. The marine line recorded an increase of EUR 43 million, attributable, in particular, to international business. The aviation line recorded premium growth of EUR 3 million to EUR 26 (23) million, primarily in the general aviation business.

Gross expenses for claims incurred rose overall by EUR 52 million to EUR 219 (167) million. Gross expenses for the financial year in the marine insurance line rose by EUR 88 million to EUR 296 (208) million, which can be attributed, above all, to an expanded portfolio and large losses. Run-off profit in the amount of EUR 64 (49) million was more positive than in financial year 2021.

Gross expenses for the financial year increased by EUR 4 million to EUR 21 (16) million in the aviation insurance line, which can be attributed primarily to higher claims expenses in Germany. The run-off result increased to a profit of EUR 33 (7) million.

The gross loss ratio rose in total by 9.0 percentage points to 61.8% (52.8%).

Net expenses on insurance claims declined by EUR 58 million to EUR 50 (109) million. A significant decrease in claims expenses for the financial year and a slight improvement in the run-off result were recorded in the result for the marine insurance line.

The decrease in claims expenses for the financial year resulted, among other things, from a change in the insurance line's reinsurance structure.

The combined ratio increased to 82.5% (74.9%) on a gross basis and to 92.8% (83.0%) on a net basis.

The underwriting result for the financial year was EUR 57 (-13) million after a withdrawal from the equalisation reserve in the amount of EUR 49 million (previous year: allocation of EUR 45 million) and a gain from the decrease in other net underwriting provisions in the amount of EUR 4 (1) million.

Engineering insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	402	167	354	145
Premiums earned	368	156	327	144
Expenses for insurance claims	306	106	245	114
Expenses for insurance operations	74	22	68	22
Underwriting result for own account		25		7
In %				
Loss ratio	83.3	68.0	74.7	79.3
Expense ratio	20.1	13.9	20.7	14.9
Combined ratio	103.4	82.0	95.4	94.2

The engineering insurance line encompasses insurance for machinery, installation, construction services, existing buildings', electronics and machinery warranties, as well as the respective associated business interruption insurances.

Gross written premiums in the engineering insurance line rose year-on-year to EUR 402 (354) million, which can be attributed primarily to premium growth abroad. Net premiums earned amounted to EUR 156 (144) million due to the revised reinsurance structure.

Gross expenses on insurance claims for the financial year rose by EUR 62 million to EUR 306 (245) million. Gross claims expenses for the financial year rose by EUR 113 million to EUR 370 (257) million, which can be attributed mainly to the branch offices in Japan and Australia. Gross run-off showed a profit of EUR 64 (13) million, which can be attributed primarily to international business. These developments increased the gross loss ratio by 8.5 percentage points to 83.3% (74.7%).

Net expenses for insurance claims decreased by EUR 8 million to EUR 106 (114) million, resulting from several large losses from abroad in the financial year that exhibit a high level of reinsurance. Net run-off profit increased by EUR 26 million to a run-off profit of EUR 51 (25) million. The net loss ratio fell accordingly by 11.3 percentage points to 68.0% (79.3%).

Expenses for insurance operations increased to EUR 74 (68) million on a gross basis while remaining at the previous year's level of EUR 22 (22) million on a net basis.

The expense ratio fell on a gross basis to 20.1% (20.7%) and on a net basis to 13.9% (14.9%).

The combined ratio reflected the developments described above and was equal to 103.4% (95.4%) for the gross ratio and 82.0% (94.2%) for the net ratio.

Overall, a net underwriting profit of EUR 25 (7) million was reported for the engineering insurance line.

Casualty insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	72	62	73	62
Premiums earned	68	58	72	60
Expenses for insurance claims	37	34	34	32
Expenses for insurance operations	20	18	19	17
Underwriting result for own account		-2		0
In %				
Loss ratio	53.7	59.2	46.9	53.8
Expense ratio	28.8	31.4	26.7	28.9
Combined ratio	82.6	90.6	73.6	82.6

The casualty insurance line includes the general accident, motor accident, clinical trials and aviation accident insurance classes. By far the largest share of gross premium income is attributable to the general casualty insurance class, which is, in turn, driven by group casualty insurance.

The casualty insurance line recorded gross written premiums of EUR 72 (73) million in the financial year, thereby fluctuating at the previous year's level. The decrease in net premiums earned to EUR 58 (60) million was based on a reclassification of contracts within the portfolio.

Gross expenses for claims incurred rose year-on-year by EUR 3 million to EUR 37 (34) million. On the one hand, claims expenses for the financial year decreased due to the restructuring of a portfolio. On the other hand, the run-off result decreased, leading to an increase of 6.8 percentage points in the gross loss ratio to 53.7% (46.9%).

Net expenses on insurance claims rose by EUR 2 million to EUR 34 (32) million. The net claims trend followed the gross trend. The net loss ratio climbed by 5.4 percentage points to 59.2% (53.8%).

Expenses for insurance operations rose to EUR 20 (19) million on a gross basis and EUR 18 (17) million on a net basis. Both the gross expense ratio of 28.8% (26.7%) as well as the net expense ratio of 31.4% (28.9%) exceeded the previous year's level.

The combined ratios reflected the development described above, increasing to 82.6% (73.6%) on a gross basis and to 90.6% (82.6%) on a net basis.

The financial year exhibited an underwriting result of EUR -2 (0) overall. The underwriting result in the financial year includes an allocation to the equalisation reserve in the amount of EUR 7 (10) million.

All-risk insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	**Gross**	**Net**
Premiums	800	192	691	139
Premiums earned	754	181	665	131
Expenses for insurance claims	699	172	596	176
Expenses for insurance operations	89	18	82	8
Underwriting result for own account		-8		-34
In %				
Loss ratio	92.6	94.8	89.5	134.4
Expense ratio	11.8	9.7	12.4	6.3
Combined ratio	104.4	104.5	101.9	140.7

The all-risk business includes the insurance classes all-risk property insurance and all-risk business interruption insurance.

In the financial year, the all-risk insurance line achieved an increase in gross written premiums by EUR 109 million to EUR 800 (691) million. This increase can be attributed substantially to the foreign branches. Net premiums earned rose by EUR 50 million and were equal to EUR 181 (131) million.

Gross expenses on insurance claims rose by EUR 103 million to EUR 699 (596) million. Claims expenses for the financial year increased by EUR 16 million to EUR 705 (688) million in particular due to losses in the NatCat segment. The run-off result showed a profit of EUR 6 (93) million. Overall, the gross loss ratio rose by 3.1 percentage points to 92.6% (89.5%).

Net expenses for insurance claims decreased by EUR 4 million to EUR 172 (176) million, contrary to the development of gross expenses. This is due to the fact that few larger losses exhibit a high level of reinsurance. The net loss ratio improved accordingly by 39.6 percentage points to 94.8% (134.4%).

Gross expenses for insurance operations for the financial year increased to EUR 89 (82) million. At EUR 18 million, net expenses for insurance operations exceeded the previous year's level by EUR 10 million.

The expense ratio fell on a gross basis to 11.8% (12.4%) and rose on a net basis to 9.7% (6.3%).

The combined ratios reflected the developments described above and were recorded at 104.4% (101.9%) for the gross ratio and 104.5% (140.7%) for the net ratio.

In total, an underwriting result of EUR -8 (-34) million is reported for the all-risk insurance line.

Other insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	193	65	180	68
Premiums earned	190	65	183	68
Expenses for insurance claims	103	49	190	45
Expenses for insurance operations	37	10	39	14
Underwriting result for own account		7		11
In %				
Loss ratio	54.3	75.0	103.8	66.1
Expense ratio	19.3	15.4	21.1	20.7
Combined ratio	73.6	90.5	124.8	86.7

Those insurance classes that, in light of their business volumes, are not required to be reported separately, are combined under other insurance. The most important aspects of this line of business relate to industrial risks in the extended coverage (EC) insurance class. Furthermore, the multi-line and multi-risk products as well as the legal protection, crisis management and cyber classes that are available across all insurance lines, are included in the other insurance line.

On balance, gross written premiums in the other insurance line grew year-on-year to EUR 193 (180) million. The positive premium trend was mainly driven by strong growth in the cyber segment. The current hard market phase and new business gave support to this increase in premiums in particular in cyber, while the premium level hardly changed in the other lines of insurance. Contrary to the gross trend, net premiums earned decreased to EUR 65 (68) million as a result of higher amounts ceded to reinsurers. Premiums and expenses for the financial year were ceded in full to HDI Global Specialty SE both for the legal protection as well as the crisis management business for financial year 2022.

Gross expenses for claims incurred declined by a total of EUR 87 million to EUR 103 (190) million. The gross loss ratio reflected a corresponding decrease by 49.5 percentage points and was at 54.3% (103.8%).

Net expenses for claims incurred rose by EUR 4 million to a total of EUR 49 (45) million. As a result, the net loss ratio increased by 8.9 percentage points to a total of 75.0% (66.1%).

Gross expenses for insurance operations fell year-on-year by EUR 2 million to EUR 37 (39) million. Therefore, the gross expense ratio decreased to 19.3% (21.1%). Net expenses for insurance operations fell year-on-year by EUR 4 million to EUR 10 (14) million. As a result, the net expense ratio fell to 15.4% (20.7%).

Compared with the previous year, the combined ratio decreased on a gross basis to 73.6% (124.8%). However, it rose on a net basis to 90.5% (86.7%) owing to higher reinsurance expenses.

There was an underwriting result of EUR 7 (11) million overall in the reporting period in the other insurance classes.

Business accepted for reinsurance

Total

EUR million	2022 Gross	2022 Net	2021 Gross	2021 Net
Premiums	2,030	700	1,750	681
Premiums earned	1,950	683	1,620	604
Expenses for insurance claims	1,047	515	891	474
Expenses for insurance operations	363	164	314	147
Underwriting result for own account		-27		-33
In %				
Loss ratio	53.7	75.5	55.0	78.6
Expense ratio	18.6	24.0	19.4	24.4
Combined ratio	72.3	99.5	74.4	103.0

The business accepted for reinsurance predominantly represents the share of foreign premiums from international insurance programmes for which HDI Global SE acts as the lead or sole underwriter for its customers in Germany and abroad. The ceding companies in these cases are foreign units of HDI Global SE and subsidiaries of the Talanx Group, that have written policies in the respective countries in accordance with the specifications of HDI Global SE as well as the direct subsidiary HDI Global Network AG.

Other sources of our indirect insurance business are the reinsurance of captives of German and selected international key accounts as well as the central underwriting, in Hannover, of international risks of large foreign companies.

Gross premium income from business accepted for reinsurance amounted to EUR 2,030 (1,750) million in the financial year and therefore considerably exceeded the previous year's amount. The major part of this total, or EUR 1,054 (851) million, was attributable to the all-risk insurance line (including business interruption), followed by liability at EUR 552 (514) million and engineering insurance lines at EUR 168 (141) million. This increase resulted primarily from portfolio growth.

Net premiums earned reflect the gross trend and at EUR 683 (604) million likewise considerably exceeded the previous year's amount.

Gross expenses for insurance cases increased in the financial year by EUR 156 million to EUR 1,047 (891) million, which can be attributed primarily to the higher business volume. The gross loss ratio decreased by 1.3 percentage points to 53.7% (55.0%) as a consequence of disproportionately high premium growth. Net expenses for insurance claims rose by EUR 41 million and amounted to EUR 515 (474) million. The net loss ratio was 75.5% (78.6%).

Despite an increase of EUR 49 million in gross expenses for insurance operations to EUR 363 (314) million, these expenses are growing at a slower rate than premiums earned. The growth is mainly reflected in the EUR 31 million increase in commission expenses to EUR 266 (235) million, whereas administrative expenses increased by EUR 18 million to EUR 98 (80) million. At 18.6% (19.4%), the gross expense ratio was 0.8 percentage points lower than in the previous year. Net expenses increased to EUR 164 (147) million. Given a simultaneous increase in net premiums earned, the result is a slight decrease in the net expense ratio of 0.4 percentage points to 24.0% (24.4%).

The combined ratio reflected the aforementioned developments, declining to 72.3% (74.4%) on a gross basis and to 99.5 (103.0%) on a net basis.

Overall, a slightly improved underwriting result of EUR -27 (-33) million was reported in the business accepted for reinsurance. This includes an addition to the equalisation reserve in the amount of EUR 38 (28) million.

All-risk insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	1,054	236	851	204
Premiums earned	1,004	229	810	193
Expenses for insurance claims	518	204	463	173
Expenses for insurance operations	164	52	136	40
Underwriting result for own account		-22		-11
In %				
Loss ratio	51.6	89.0	57.2	89.5
Expense ratio	16.4	22.7	16.8	20.6
Combined ratio	67.9	111.7	73.9	110.1

Liability insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	552	297	513	298
Premiums earned	542	288	465	263
Expenses for insurance claims	322	196	269	194
Expenses for insurance operations	103	65	95	61
Underwriting result for own account		-1		-5
In %				
Loss ratio	59.5	67.8	57.9	73.9
Expense ratio	19.1	22.6	20.5	23.3
Combined ratio	78.6	90.4	78.4	97.1

Engineering insurance

	2022	2022	2021	2021
EUR million	**Gross**	**Net**	Gross	Net
Premiums	168	46	141	51
Premiums earned	158	50	121	37
Expenses for insurance claims	93	43	16	21
Expenses for insurance operations	41	13	33	13
Underwriting result for own account		-5		4
In %				
Loss ratio	58.7	87.7	13.5	58.8
Expense ratio	25.7	25.4	27.7	34.5
Combined ratio	84.4	113.1	41.1	93.3

Branch office report

Branches as representative offices of HDI Global SE in foreign markets

HDI Global SE maintains branches in foreign target markets in order to offer international customers a direct presence. HDI Global SE thereby develops additional growth opportunities outside of the domestic German market both in new markets as well as in new customer segments.

Branches of HDI Global SE

	2022	2022	2021	2021
EUR million, number	**Gross prem.**	**Employees***	Gross prem.	Employees*
Germany, Hannover**	2.868	0	2,694	1,801
France, Paris	605	153	507	145
United Kingdom, London	432	134	380	120
Belgium, Brussels	294	88	221	79
The Netherlands, Rotterdam	268	169	285	186
Australia, Sydney	267	111	199	83
Spain, Madrid	175	83	143	78
Italy, Milan	162	79	141	81
Switzerland, Zurich	159	78	133	87
Singapore	127	31	68	28
Canada, Toronto	127	36	100	31
Ireland, Dublin	76	5	36	5
Japan, Tokyo	71	23	65	28
Greece, Athens	63	29	56	26
Denmark, Copenhagen	48	24	38	19
China, Hong Kong	45	30	39	30
Malaysia, Labuan	8	1	4	1
Norway, Oslo	0	2	0	2
Total	**5,796**	**1,076**	5,109	2,830

**Active core employees as at the reporting date.*

*** Employeess employed by HDI AG since 1 March 2022*

Key processes in individual branches

In the Dutch branch, a decision was made in connection with a strategic realignment in 2021 not to continue the motor and marine insurance business. The first restructuring effects from this can already be seen in gross premiums as well as in the claims trend in the motor insurance line at the end of 2022.

Significant changes in the gross premiums of individual branches

In the French branch, in particular new business and rate increases in the fire, liability and motor insurance divisions led to an increase in gross premiums of EUR 98 million to EUR 605 (507) million.

Gross premiums in the UK branch increased by EUR 52 million to EUR 432 (380) million, which can be attributed primarily to rate hikes and the expansion in the liability, fire and engineering insurance segments as well as increased premium volume with respect to policies ordered for international insurance programmes.

The Belgium branch also benefited from rate increases and new business, delivering a EUR 73 million rise in gross premiums to EUR 294 (221) million. Marine insurance contributed EUR 37 million to the increase in gross premiums.

The Australia branch was also able to increase gross written premiums by EUR 68 million to EUR 267 (199) million as a result of new business and rate adjustments in particular in the fire and liability insurance lines owing to the hard insurance market.

The Spanish branch also recorded gross premium growth. Here, premium volume increased by EUR 32 million to EUR 175 (143) million, due in particular to premiums in fire and liability insurance.

In the Italian branch, gross premiums increased by EUR 21 million to EUR 162 (141) million, mainly due to new business in the motor and engineering insurance lines.

Despite the discontinuation of a sub-portfolio of the casualty business in the Swiss branch, premiums increased by EUR 26 million to EUR 159 (133) million. This can be attributed mainly to the liability and fire insurance lines.

In line with the general business strategy, additional branches were able to expand their portfolio by means of new acquisitions or through premium adjustments in the respective market. This applied in particular to the Singapore, Canadian and Irish branches, which were able to increase their premium volume to EUR 127 (68) million, EUR 127 (100) million and EUR 76 (36) million, respectively.

Only the Dutch branch recorded a EUR 17 million decline in gross premiums due to restructuring measures in the motor and marine insurance business. As a result, gross premiums amounted to EUR 268 (285) million in the financial year just ended.

Non-insurance business

Investment result

Current-year investment income for the reporting period, which was mainly attributable to coupon payments on fixed-interest investments was equal to EUR 274 (334) million. This compares to current-year expenses in the amount of EUR 17 (17) million. The current result amounted to EUR 257 (317) million. Alternative forms of investment, for example private equity, are proving to be largely stable even in difficult times of interest rate reversal and global conflicts.

The average rate of return* was 2.8% (3.8%). Net realised gains on the disposal of investments for the year under review were equal to EUR -5 (14) million. These gains in the amount of EUR 16 (25) million, which resulted from the sale of bearer notes (EUR 7 million), fund investments (EUR 5 million) as well as the sale of a real estate (EUR 4 million), were offset by losses in the amount of EUR 22 (11) million, in particular from the disposal of bearer bonds (EUR 17 million) and loans to affiliated companies (EUR 4 million). These investments were sold in the ordinary course of business.

The cumulative balance of write-downs and reversals thereof amounted to EUR -9 (-35) million, which can be attributed primarily to interest-bearing securities classified as current assets that suffered temporary measurement losses due to the increase in market interest rates.

Overall, an extraordinary investment result in the amount of EUR -14 (-20) million contributed to the decrease in net income.

The accounting profit resulting from investments amounted to a total of EUR 243 (309) million which was below the previous year's result as expected. The total net return** for the reporting period reached 2.7% (3.7%).

** Ongoing gross income less expenses for the management of investments less amortisation in relation to the average portfolio of investments as at 1 January and 31 December of the respective financial year.*

*** All income less all expenses for investments in relation to the average portfolio of investments as at 1 January and 31 December of the respective financial year.*

Other income/other expenses

The other comprehensive income in the financial year was EUR -105 (-106) million. Other income included, among other things, an increase of EUR 14 million to EUR 15 (1) million in income from the reversal of provisions, offset by a decrease in income of EUR 11 million to EUR 4 (15) million from the reversal of global valuation allowances for bad debt. Other expenses include, among other things, interest expenses, which rose by EUR 19 million to EUR 30 (11) million, and expenses for the Company as a whole, which increased by EUR 7 million to EUR 77 (69) million. This was offset by a EUR 20 million decrease in write-downs on receivables to EUR 9 (29) million and a EUR 12 million decrease in interest allocated to pension provisions to EUR 16 (28) million. The net balance of exchange rate gains and losses for the financial year was a net loss of EUR -13 (1) million.

Comprehensive income of HDI Global SE

	2022	**2021**
EUR million		
Underwriting result for own account	51	-42
Total investment income (incl. underwriting interest income)	243	309
Result from other income/other expenses	-105	-106
Result from ordinary activities	**189**	**161**
Taxes	-71	-51
Profit/loss (-) transferred to Talanx AG	**118**	**108**

A year-on-year increase in profits of EUR 118 (108) million which exceeded expectations was transferred to the parent company of HDI Global SE, Talanx AG, in the financial year based on the existing profit and loss transfer agreement.

Net assets and financial position

Investments

The volume of investments (excluding funds withheld) of HDI Global SE at the end of the year amounted to EUR 9,284 (8,899) million and therefore exceeded the previous year's level.

Fixed-interest investments (loans to affiliated companies, loans to long-term investees and investors, bearer bonds and other fixed-interest securities, loans guaranteed by mortgages, land charges and annuity land charges, registered bonds and promissory notes and loans) that are held directly in a portfolio, had a total volume of EUR 5,291 (5,205) million at the end of the year. This corresponded to a share of 57.0% (58.5%) of the total investments. Additional significant investment categories included bond funds at 13.5% (14.7%) as well as long-term equity investments and investments in affiliated companies at 24.0% (21.7%). Investments in fixed-interest securities included in particular bearer bonds with good credit ratings. The quality of fixed-interest securities remained constant with an average rating of A- (A-). The portfolio of bond funds decreased to EUR 1,249 (1,304) million.

Over the course of the year, the accumulation of equities and equity funds begun in the previous year was successively continued. The portfolio amounted to EUR 175 (114) million at the end of the year.

The portfolio of real estate amounted to EUR 156 (168) million. The decrease of EUR 14 million resulted from depreciation and the sale of a property.

The carrying amounts of investments in affiliated companies and long-term equity investments increased in the reporting period to EUR 2,227 (1,928) million. The carrying amounts of the investees HDI AI EUR Beteiligungs-GmbH, Cologne, and HDI AI USD Beteiligungs-GmbH, Cologne, increased by a total of EUR 238 million to EUR 1,037 (799) million as a result of the successive capitalisation on the part of HDI Global SE. The investments in private equity, infrastructure and indirect properties, which also represent a focus of the investments, are managed in particular over these companies. In addition, the carrying amounts of strategic investments were increased by a net amount of EUR 61 million.

Time deposits amounted to EUR 35 (65) million at the end of the year.

The market value of the investments as at the balance sheet date was equal to EUR 9,442 (10,018) million. The decline can be attributed above all to the negative market trend owing to the turnaround in interest rates. The volume of hidden reserves amounted to EUR 888 (1,143) million, and that of unrealised losses to EUR 730 (30) million.

Equity (fully paid in)
The Company's capital stock still amounts to EUR 125 million. It is divided into 125,000 registered shares with no par value.

Subordinated liabilities
The subordinated liabilities relate to subordinated loans in the amount of EUR 200 million that specify a fixed-interest period ending 12 August 2031 with a coupon of 1.7% p.a.. After this date, the variable interest rate will be calculated based on the three-month EURIBOR plus a margin of 2.79% p.a.. These subordinated loans can be terminated early by the borrower for the first time on 12 August 2031. In addition, there is a subordinated loan in the amount of EUR 180 million that specifies a fixed-interest period ending 2 December 2031 with a coupon of 2.28% p.a.. After this date, the variable interest rate will be calculated based on the three-month EURIBOR plus a margin of 3.14% p.a.. This subordinated loan can be terminated early by the borrower for the first time on 2 December 2031.

Underwriting provisions
Underwriting provisions rose by EUR 554 million to EUR 8,646 (8,092) million. This line item primarily includes a provision for outstanding claims in the amount of EUR 7,129 (6,618) million.

HDI Global SE operates on an international scale and therefore recognises underwriting liabilities in foreign currencies. Corresponding to the development of underwriting equity and liabilities denominated in foreign currency, the aim is to achieve continuous matching coverage in foreign currency on the assets side of the balance sheet.

Financial position
The Company realises incoming cash flows from ongoing premium income, investment income and the return flows from investments of capital. According to the current liquidity planning, which covers projected changes in liquidity for the coming twelve months, the cash flows required to meet current payment obligations is assured.

In addition, a profit and loss transfer agreement is in effect with Talanx AG.

Other balance sheet items
The composition of the above, as well as other line items on the balnce sheet, is set out in the notes to the financial statements.

Overall assessment of the economic position

The reporting period was significantly impacted by political and macroeconomic uncertainties as well as by natural disasters. Despite the resulting charges, the underwriting result improved compared with the previous year and exceeded expectations. In particular the measures to boost profitability and the ongoing hard market phase are showing a positive effect on the combined ratio. The expense ratio was slightly below the level of the previous year. We therefore expect to remain one of the cost leaders in the industrial insurance market. We remain committed to sustainably increasing our profability. The investment result exceeded the expectations and contributed positively to the result for the year. HDI Global SE's year-end economic position remained unchanged at the time in which the management report was prepared.

Personnel and social report

Transition of German employees
The operating structures of German Talanx Group companies bound by collective bargaining agreements were streamlined in connection with the "One HDI" project. The project comprises the twelve employer companies bound by collective bargaining agreements. The tasks and functions of German employees of HDI Global SE were successfully spun off to HDI AG on 1 March 2022. The employees continue to act on behalf of HDI Global SE and represent it vis-à-vis the market and to customers.

Key employee indicators
In the reporting year, the average annual headcount for HDI Global SE was 1,499 (2,805) employees. The part-time employment ratio was 13.5% (15.5%).

The Board of Management of HDI Global SE would like to express its thanks to all of the employees for their personal commitment and contribution to the success of the Company. The Board would also like to thank all social partners for their constructive collaboration.

Non-financial statement

HDI Global SE is exempted under section 289b(2) of the German Commercial Code (HGB) from the obligation to include a non-financial statement in the management report, because it is included in the non-financial group statement of the parent company Talanx AG. The non-financial group statement for the Talanx Group is prepared based on section 315b(1) HGB in compliance with Directive 2013/34/EU und is published as a part of the group management report in the annual report on the parent company's website https://www.talanx.com/en/investor_relations/reporting/financial_reports.

Corporate governance declaration pursuant to section 289f (4) sentence 1 in conjunction with paragraph (2) no. 4 of the German Commercial Code (HGB)

Pursuant to section 111(5) of the German Stock Corporation Act (AktG), the Supervisory Board of HDI Global SE had set an unchanged target of 16.7% for the proportion of women on the Company's Supervisory Board (corresponding to one woman on the Board) and of 14.3% on the Board of Management (also corresponding to one woman on the Board) for the period ending 30 June 2022. As of 30 June 2022, the target for the Supervisory Board was missed at 0%, while the target of one woman on the Board of Management was achieved. The number of women on the Supervisory Board fell short of the target due to a change in the composition of the employee representatives as a result of an internal reorganisation.

Furthermore, in accordance with Section 76(4) of the German Stock Corporation Act (AktG) the Board of Management was obligated to specify the targets for the proportion of women in the two management levels below the Company's Board of Management in the period ending 30 June 2022. A target of 15% was set for both management levels. As of 30 June 2022, the proportion of women was 14.3% in the first management level and 25.9% in the second management level. The target set for the first management level was narrowly missed due to internal restructuring. All employees in Germany, including managers, were transferred from HDI Global SE to HDI AG effective 1 March 2022. The target for the second management level was exceeded.

30 June 2027 was set as the new deadline for the targets for the proportion of women in the Supervisory Board, Board of Management and in the Company's first two management levels. The Supervisory Board resolved to specify a target of 16.7% again for the proportion of women on the Company's Supervisory Board and 12.5% on the Board of Management (one woman on the Board out of a foreseeable eight board members) – however, without prejudice for potential other decisions based on the situation in due course. In the meantime, the Board of Management has only seven members, so that the target of one woman on the Board again amounts to 14.3%.

The Board of Management resolved a target of 25.0% for the first management level and a target of 35.0% for the second management level for the same period.

The paragraphs entitled "Personnel and Social Report", "Non-financial statement" and "Corporate governance declaration pursuant to section 289f (4) sentence 1 in conjunction with paragraph (2) no. 4 of the German Commercial Code (HGB)" are expressly exempted under section 317(2) sentence 6 and/or sentence 4 HGB from being examined in connection with the audit of the annual financial statements and/or of the management report.

Risk report

Risk controlling in a time of change

HDI Global SE offers their policyholders comprehensive insurance protection so that the assumption of risks represents the core of its business. Pronounced risk awareness is an indispensable prerequisite for managing these risks. In this context, the Company developed a variety of processes and instruments some time ago, that are used not only to recognise, assess and manage risk but also to identify opportunities. The Company's risk management is focused on the negative random variations, i.e. risks.

HDI Global SE uses a comprehensive internal model to calculate risk capital for regulatory purposes. The time horizon considered in the internal model is one calendar year.

The monitoring systems and decision-making processes of HDI Global SE are embedded in the standards of the Talanx Group.

Structural organisation of risk management

The structural and organisational framework for the Company's risk management has been set out using a role concept that defines and delimits the tasks, rights and responsibilities. In addition, risk management and risk monitoring functions are separated under the segregation of functions.

The Company's Board of Management is responsible for the introduction and continued development of the risk management system as well as the risk strategy. It is assisted by the Risk Committee. The major tasks of the Risk Committee include, for example, the coordination of risk control measures, the analysis of risk positions, with particular regard to the risk strategy adopted by the Board of Management as well as the regular reporting of risk positions.

The roles of the Head of Risk Management include, inter alia, the coordination of activities of the independent Risk Controlling function.

The activities of the independent Risk Controlling function are mainly focused on the identification and assessment of risks at the aggregate level, including the validation of the risk assessments made by the risk management officers. The preparations for risk reporting, including statements about the utilisation of existing limits and thresholds as well as the regular quantitative analysis of risk bearing capacities also fall within the scope of its responsibilities.

The risk management system is regularly reviewed by Talanx AG's Internal Auditing department.

Risk controlling process

Based on the Company's risk strategy targets, which are consistent with those of Talanx AG, as well as the objectives of its own business strategy, the Company's risk-bearing capacity is regularly reviewed and reported to the Board of Management throughout the year. These quantitative observations are put into operation in connection with a consistent limit and threshold value system at the enterprise level. The utilisation of limits is regularly monitored. Concentration risk is accommodated, among other things, by means of appropriate limits and threshold values.

Within the framework of the qualitative risk control process, HDI Global SE focuses on significant risks. As a general rule, the single risks named by the risk management officers are aggregated into a report on risks and opportunities attached to future developments. The risk meetings, which are regularly held by the divisions and the corporate functions, rely on systems-supported risk identification.

The findings from the qualitative and quantitative analyses of the risk position provide the foundation for an internal risk report that is regularly prepared by HDI Global SE. This ensures that an overview of the Company's risk situation can be provided at all times. The risk categories required under Solvency II are fully covered by HDI Global SE. This enables them to be mapped to the risk categories in the German Accounting Standard GAS 20, which are discussed in the following.

Underwriting risks

Underwriting risks derive primarily from the premium/loss risk and the reserve risk.

In the property and casualty insurance line the premium/loss risk refers to the risk of having to pay future indemnification from insurance premiums that have been fixed in advance, but that, due to their limited predictability, are not known with certainty when premiums are set (risk of random loss and change). To limit this risk, HDI Global SE uses actuarial models, in particular for the setting of rates, monitors the claims experience on a regular basis and obtains reinsurance coverage.

The reserve risk refers to the risk that the underwriting provisions will not be sufficient to settle all unsettled and unreported claims in full. In order to lower this risk, the level of provisions is regularly reviewed on a period-by-period basis and the run-off results are monitored, whereby inflationary risks are also taken into account. In addition, a provision (Spätschadenrückstellung) is recognised for losses presumed to have occurred but not yet reported ('IBNR').

The following table shows the development of the loss ratio for own account:

Loss ratio for own account

Claims expenses as percentage of premium earned	
2022	79.2
2021	81.0
2020	76.7
2019	80.3
2018	89.9
2017	88.2
2016	77.9
2015	79.1
2014	83.3
2013	85.7

HDI Global SE seeks, in particular, to mitigate the potential effect of a simultaneous occurrence of natural disasters and accumulation losses arising from underwriting risk by obtaining adequate reinsurance cover on behalf of the Company for peak claims. In addition, it uses loss analyses, natural disaster models, selective underwriting and regular monitoring of the claims experience to control and reduce risk.

The following table shows the development of the run-off ratio for own account:

Run-off result

Run-off result of the initial loss provision in %	
2022	5.4
2021	5.0
2020	4.6
2019	4.1
2018	5.0
2017	6.3
2016	5.6
2015	9.0
2014	11.4
2013	10.7

Risks of default on insurance business receivables

HDI Global SE reduces the risk of default on receivables from reinsurers by means of instructions and guidelines that apply to the entire segment. The reinsurance partners are carefully selected by the Group Reinsurance Committee, among others, and their creditworthiness is reviewed on an ongoing basis. The consistent and uniform utilisation of rating information applicable at the respective cut-off date is ensured by means of a rating information system accessible Group-wide. In order to avoid and/or limit default risks from the reinsurance business, appropriate measures are taken to collateralise receivables and/or other contractual obligations on the part of these reinsurance partners. Amounts contractually ceded to reinsurers are managed by way of operational hedging and placement guidelines.

The default risk from claims due from policy holders and insurance agents is accounted for in the form of general allowances for doubtful debt. Agents are also evaluated in terms of their credit worthiness. In particular a strict reminder and dunning process is carried out to counter potential delays or defaults on premium payments in collections directly from policyholders or from intermediaries and the development of outstanding receivables with respect to amount and age is closely followed.

In the direct written insurance business outstanding receivables due from policy holders and insurance agents that were more than 90 days in arrears as at the balance sheet date totalled EUR 238.2 million. This represents 29.1% of gross receivables. Over the past three years, HDI Global SE was required to write down an average of 1.0% (0.9%) of receivables on reinsurance business as at the balance sheet date.

The receivables from reinsurers based on rating classes are presented as follows as at the reporting date:

Receivables from reinsurers based on rating classes

EUR million, %		
≥ AA	148.7	24.0
A	167.6	27.0
BBB	1.2	0.2
NON	303.2	48.8
of which captives	*29.5*	
Total	**620.7**	**100.0**

Investment risks
Investment risks encompass primarily market risk, credit risk and liquidity risk.

Market risk arises from potential losses due to unfavourable changes in market prices and may be attributable to changes in interest rates, share prices and exchange rates. Credit risk refers to the risk that a debtor will be unable to meet its payment obligations. Liquidity risk involves the inability to meet payment obligations, in particular those under insurance agreements.

The measurement, control and management of risks with respect to market price risk rely on stress tests, modified duration and convexity and on the asset-liability management model that has been implemented. The actual developments in the capital markets are then taken into account as part of the ongoing process.

Credit risk is managed by means of a system of rating classes under the special investment guidelines. Credit risk related to mortgages and land charges as well as real estate is limited under the special investment guidelines. With respect to the management of liquidity and concentration risk, the focus is on the fungibility and diversification of the investments.

If derivative transactions are effected for the purpose of increasing income, to prepare acquisitions and hedge portfolios as well as transactions with structured products, they are entered into in accordance with the Company's internal guidelines.

Derivatives positions and transactions are shown in detail in the reporting. On the one hand, derivatives are efficient and flexible instruments of portfolio management. On the other hand, the use of derivatives is associated with additional risks such as basis risk, curve risk and spread risk, which are monitored in detail and systematically managed. Currently, derivatives are employed in the vast majority of cases for hedging purposes. The risk associated with the employed derivatives is adequately taken into account in the risk controlling.

Risk management objectives
The aim of risk management is to ensure that the investment targets give appropriate consideration to safety, profitability and liquidity while maintaining an appropriate asset allocation and diversification. The intent is to consider the overall-risk situation of the Company. This is characterised, in particular, by the underwriting obligations assumed, the existing structure of investments, own funds and other financial reserves of the Company.

The results of liquidity planning and controlling performed throughout the year are incorporated into the risk management and are taken into account in terms of the time horizon.

Management of the investment portfolio
Investments are subject to detailed guidelines and adherence is continuously monitored, as is compliance with the supervisory provisions. These investment guidelines are designed to serve as framework for the investment strategy, taking into account the operating insurance business and the time horizon, and as evidence vis-à-vis outside parties (BaFin, independent auditors, etc.). The monitoring of the ratios and limits specified in these guidelines is incumbent on the asset manager's risk controlling and on the Chief Financial Officer. All material changes to the investment guidelines including appendices and/or investment policies must be approved by the full Management Board of the Group and reported to the Supervisory Board.

Risk measurement and control
The risk associated with the bond portfolio is monitored by determining the interest rate risk on the basis of scenario analyses. Compliance with the specified limit in terms of bond portfolio's duration is also controlled. To monitor changes in the market values of interest-rate sensitive products, the convexity limits of bond products are further tracked on a daily basis. In connection with listed shares, Risk Controlling determines the risk associated with equity instruments on the basis of scenario analyses and stress tests, which are performed at least monthly in compliance with the supervisory regulations.

Fair value development scenarios for securities

Portfolio changes based on market value (EUR million)	
Portfolio	
Equities and other non-fixed interest securities	
Share prices -20%	-42.9
Fixed-interest securities and other loans	
Rise in yield +100 basis points	-233.9
Decline in yield -100 basis points	+245.4

In connection with the exchange rate risk, cover in matching currencies is monitored. In addition, exposures are controlled with respect to the additional limits by currency set by the Chief Financial Officer.

The default risks to be monitored comprise counterparty and issuer risk. Counterparty and issuer risk is controlled on the basis of counterparty lists as well as by monitoring the limits that are defined for each rating class.

EUR million, %		
Bearer bonds	3,886	59.4
Registered bonds/ Promissory note loans	715	10.9
Fixed income funds	1,249	19.1
Loans	690	10.6
Total	**6,540**	**100.0**
Rating AAA	1.604	24.5
Rating AA	995	15.2
Rating A	1.749	26.7
Rating BBB	1.889	28.9
Rating < BBB	44	0.7
n. r.	259	4.0
Total	**6,540**	**100.0**

The liquidity risk is taken into account through adequate fungibility and diversification of investments. The Company ensures sufficient liquidity at all times through the coordination between the investment portfolio and insurance obligations as well as the planning of its cash flows.

Key liquidity indicators are reviewed and reported regularly to monitor liquidity risk. Compliance with the specified minimum and maximum limits is tested in connection with the liquidity reserve.

Any risk limit excesses are immediately reported to the Chief Financial Officer and to Portfolio Management.

Operational risks

Operational risks include operating and legal risks. According to the internal risk categories these are as follows: compliance, legal and tax risks, risks arising from processes, security risks associated with information and computer technology, risks associated with business continuity and IT service continuity, personnel risks and the risks of fraud and/or outsourcing risks.

Failure of IT systems is seen as a typical risk scenario in the category of risk associated with business continuity and IT service continuity. This risk is limited, for example, by a back-up data centre as well as by contingency plans.

Risks from the category of process risks are mitigated by the integrated internal control system. Building on structured process documentation, their inherent material process risks and associated controls are identified, documented, implemented, executed and evaluated, and action items are formulated, where necessary. In a specific case, this might mean that existing controls are adapted and/or that new/additional improvements and measures are initiated by the risk management and control officers.

In the compliance, legal and tax risk category, contractual arrangements or regulatory frameworks can lead to risk. In organisational terms, the handling of these issues is supported by appropriate organisational and operational arrangements, such as a competency framework.

Against the background of a business that grows ever more complex and in which customer orientation plays an important role, HDI Global SE attaches a high priority to the qualitative aspects of human resources management as well as the continuing education and training programmes for functional and management staff. This is intended to counter other operational risk, for example in the risk category of personnel risk with the potentially limited availability of personnel.

Other risks

Other risks may include strategic risks, risks to reputation and so-called emerging risks. The principal strategic risk of a rating downgrade is mitigated by the continuous monitoring of capital adequacy and/or the risk bearing capacity as well as regular analyses of plans and forecasts. Risk management also deals specifically with sustainability risk and in particular addresses the question of how it effects the Company (“outside-in”). This risk entails events or conditions from the areas of environment, social and governance (ESG) that can have an actual or potentially significant negative impact on the Company’s net assets, financial position or results of operations as well as on its reputation should they occur. In principle, sustainability risks effect all of the risk categories that the Company has analysed. It can affect all areas of our business activities in the form of physical risk as well as transition risk in connection with transition processes.

Overall summary of the risk position

Ongoing geopolitical tensions and military armed conflicts such as currently in Ukraine entail significant risks for the political balance of power in Europe and worldwide. A more difficult and unstable economic environment, e.g. increased volatility on the stock markets, rising inflation and interest rates and a slowdown in global growth still cannot be ruled out.

On balance, there are presently no known risks that could jeopardise the continued existence of HDI Global SE as a going concern. The Company fulfils the solvency requirements. The Company will publish the specific ratios in April 2023 in the Solvency and Financial Condition Report (SFCR) for the year ended 31 December 2022.

The audit does not cover the determination of the solvency capital requirement (SCR) or the determination of regulatory capital, the entire Solvency and Financial Condition Report (SFCR) in accordance with section 40 of the Insurance Supervision Act (Versicherungsaufsichtsgesetz; VAG) or other reports to the supervisory authorities and the internal models.

Report on expected developments and on opportunities

Our comments below are based on sound expert third-party opinions as well as on plans and forecasts deemed cogent by us; nevertheless, they represent our subjective opinion. Therefore, it cannot be ruled out that actual developments may differ from the expected development presented here.

Economic climate
The global economy is on the brink of recession at the beginning of 2023. Among other things, the reasons for this include the war in Ukraine, the reorganisation of energy supplies and high inflation, which central banks in most currency areas are combating by tightening their monetary policy. As a consequence, the economy has already cooled noticeably. Although price pressures and therefore the pressure on central banks to act should ease considerably in the course of the year, industrialised countries are unlikely to move beyond stagnation in 2023 against this backdrop, with a gradual recovery beginning in the spring/summer following a difficult winter. We trust emerging markets and developing countries to grow more robustly than in 2022 with China's departure from its zero-COVID policy.

A mild recession in the winter half-year is unlikely to be avoided in Germany and the eurozone – even without involuntary rationing of gas consumption. After the winter, all signs point to recovery if gradually declining inflation thanks to base effects stabilises private households' disposable income and thereby consumption – in conjunction with government support and above-average wage increases in view of robust labour markets. A global economic recovery should also boost capital expenditure again in the second half of the year. Regardless, we expect that energy costs in Europe will remain above pre-war levels and thus constitute a permanent burden for companies and private households.

The Fed's monetary tightening will noticeably slow economic growth in the USA this year. However, we expect the Fed to end its interest rate cycle in the first half of the year in light of successes in combating inflation, so that the US economy can also be expected to revive in the further course of the year. The US economy is likely to benefit not only from extensive subsidies under the Inflation Reduction Act (IRA) passed in 2022, but also from the competitive advantage over European industry due to less significant increases in energy costs.

Regardless, the economies of Europe and the USA will be walking a fine line in 2023. In our view, the main risk of a deeper recession is that the Fed and the ECB take the fight against inflation too far and create negative growth momentum by raising key interest rates too sharply. Potential virus variants that are even more dangerous or a high number of serious disease outbreaks in China following its departure from the zero-COVID policy and the associated renewed disruption of global supply chains also pose significant risks to the outlook. Last but not least, a further escalation of the war in Ukraine or a (re)flare-up of geopolitical conflicts (especially China/Taiwan/USA) is also likely to push the global economy into a deeper recession. In addition, structural risks such as climate change and excessive debt, in particular in Europe, remain.

Capital markets
Base effects, supply chain easing and weaker aggregate demand in the wake of the developments described above are likely to dampen inflation substantially over the course of the year. In light of this, many central banks could end their interest rate cycle in 2023 and cut key rates again for the first time towards the end of the year. We therefore expect the key US interest rate to end 2023 at 4.25%, 0.50 percentage point below its current level. We see the ECB deposit rate at 2.50% (currently: 2.50%). The ECB will also start reducing its bond holdings in 2023.

After a difficult year in 2022, we expect international capital markets to stabilise in 2023. The rise in yields suggests stronger demand and thus a consolidation of yields on the bond markets at elevated levels. However, we see a risk in the high supply of new government bonds, as central banks are no longer available as buyers of additional securities following the monetary policy reversal. If a deep recession is avoided, as we expect, higher risk premiums for corporate bonds are not to be expected. This would also be good news for equity markets, which we believe have the potential for a slight uptrend in 2023.

International insurance markets
In international property/casualty insurance, we expect positive real premium growth in 2023 and anticipate positive growth in both developed insurance markets as well as emerging markets whereby the latter will likely exhibit greater momentum.

For the developed European insurance markets, we expect premium income to increase in 2023 compared with the reporting period, albeit below the long-term average. Growth in North America is expected at a similar level. We see a further hardening market with respect to commercial and industrial insurance lines as a driver of this development. We also expect a positive trend for Central and Eastern Europe as well as Latin America. The strongest growth momentum will likely come from Asia in the current year, in particular from China.

Profitability in international property/casualty insurance is expected to recover slightly in 2023 after coming under pressure in 2022. We expect both the underwriting result and the investment result to improve.

German insurance industry
After a challenging year for insurers in 2022, we expect the overall situation to gradually improve in 2023. For the German insurance market, we expect positive premium growth slightly above inflation.

In the property/casualty insurance business in Germany, we expect positive premium income growth above the trend for 2023. In particular, the inflationary adjustments of premiums and insured sums to reflect rising price levels will also continue in 2023.

HDI Global SE
Financial year 2022 was essentially characterised by political and macroeconomic uncertainties, such as in particular the sharp rise in inflation. Despite these burdens and the large losses from natural disasters, HDI Global SE's underwriting result showed a marked improvement over the previous year. For the year 2023, we expect a further significant increase in profitability and the underwriting result.

The implementation of the "HDI Global 4.0" transformation programme was consistently continued in the 2022 financial year. The programme was flanked by our long-term strategy with the aim to create a global underwriting organisation that takes advantage of profitable growth opportunities in the international industrial insurance market beyond market cycles.

The focus for financial year 2022 was on the part of the strategy implementation that guides us on the path to excellence. A key driver of success here is the involvement of all employees in the implementation process, with a high level of decentralised responsibility. An agile implementation process was introduced globally for this purpose. The key aspects of the strategy, i.e. global player, underwriting and service champion while maintaining cost leadership, will in our view lead HDI Global SE to significant growth in gross premiums and an increase in profitability in 2023.

In addition to traditional insurance solutions, we also facilitate the needs-based coverage of complex risks together with our customers. Furthermore, we want to strengthen our market leadership in "International Programmes" (IP) through a broad digital transformation offensive and make it even more attractive for our customers.

We know that in a constantly changing world, our future success depends heavily on our employees. We have therefore introduced a global People & Culture function focused on sustainably promoting existing talent and attracting new talent. In line with our corporate vision of "Pioneering value-driven insurance solutions globally," we have invested in dedicated resources for innovation and anchored them in the organisation through an "Innovation Board" with Board of Management participation.

We assume slightly improved net loss ratio from the normalisation of the large loss situation and the sustained profitability of the portfolio.

The capacity for innovation and a focus on service is becoming increasingly important in the insurance industry. We are pressing ahead with numerous projects in order to shape the digital transformation as well as to harmonise and optimise the process and IT landscape worldwide. Despite the correspondingly necessary investments, we expect the net expense ratio to decline slightly.

As a consequence of the assumptions made, we expect a slight decrease in the combined ratio on a net basis before allocations to the equalisation reserve.

In 2022, the capital markets were determined in particular by the conflict in Ukraine, rising inflation rates and the resulting turnaround in monetary policy by many central banks. The current monetary policy has resulted in rising interest rate levels, so that we will earn a higher current interest rate on new investments in 2023. Nevertheless, in our view, the coming year will be characterised by uncertainties regarding the economic and macroeconomic trends with the ongoing conflict in Ukraine, inflation and the risk of a recession and thus possible high volatility on the capital markets. We therefore expect net investment income in 2023 to be at the same level as in 2022.

Due to the aforementioned developments and the existing macroeconomic uncertainties, we expect comprehensive income in 2023 to remain constant compared with the previous year.

Opportunities arising from changes in the framework conditions
Climate change
The average temperature on earth is rising with the increasing emission of greenhouse gases. As a result, extreme weather events are becoming more frequent, which significantly increases the volume

of losses from natural disasters and leads us as an insurer to expect increasing demand for insurance solutions to cover risks from natural disasters. This applies to the primary insurance sector as well as to reinsurance. We have both highly developed risk models for estimating risks from natural disasters and extensive expertise in risk management. This puts us in a position to offer our customers tailor-made insurance solutions to cover existential risks. Furthermore, there is an increased need as a result of climate change to cover rising energy needs from renewable sources of energy. As an institutional investor, this enables us to put much more money into alternative investments such as wind farms.

If demand for insurance in this regard rises faster than expected, it could have a positive effect on premium growth and financial performance as a result of which our forecasts could be exceeded.

Energy transition

Germany made the fundamental decision for its society to meet its energy requirements in the future primarily from renewable sources. At the federal level, the energy transition and climate protection are of great importance. The reorganisation of the energy system in favour of a regenerative provision of energy is to be accelerated, whereby the focus will be simultaneously placed on halting the cost increase for the consumers. In addition to a further expansion of renewable sources of energy in a stable regulatory environment, energy efficiency is becoming increasingly important. We see an opportunity to make Germany an even better place to do business by reorganising the energy system, which can become an important driver for innovation and technological progress. As insurance group, we are actively supporting this transformation.

Industrial insurance customers are offered tailored solutions for the development, sales and implementation of new energy technologies. In addition to renewable sources of energy, storage technologies, the expansion of the grid and the intelligent management of individual components (smart grid) will contribute to the success of the energy transition. The energy transition is being supported with these investment activities in the energy sector. Building on existing investments in energy networks and wind farms, in the future we want to further expand our investments in the energy distribution and renewable energy segments.

If we should benefit more than currently expected from sales opportunities due to the energy transition, it could have a positive effect on premium growth and financial performance as a result of which our forecasts could be exceeded.

Opportunities created by the Company

Digitalisation

Hardly any other development is changing the insurance industry as permanently as technological innovation: Business processes and models are being fundamentally redesigned through the use of IT systems. This development is crucial in particular for the competitiveness of insurance companies. This creates new opportunities in the communication with customers, the processing of insurance claims, the evaluation of data and the development of new business fields. We are conducting numerous projects in order to shape the digital transformation.

Thanks to the digital transformation, it is possible to process insurance claims considerably quicker, more simply and more cost-effectively. Already today we use IT systems to precisely tailor offers to customers and determine premiums automatically and in real time. Above all things, however, technological innovation affords the opportunity to benefit from operations of scale as a large internationally operating Group. As part of the digital transformation, customers' behaviour and expectations have changed with respect to claims adjustment. This relates in particular to the young generation of customers that expects quick and easy solutions. In order to quickly help customers also following exceptional loss events – such as torrential rain, storms or severe hail showers – we developed a virtual call centre assistant. This chat bot asks for the customer's basic data using artificial intelligence. This way, our employees gain time that they can use to assist affected customers on a case-by-case basis developing measures that are precisely tailored to their needs.

If the Group's IT projects are implemented faster and adopted by the customers more quickly than currently expected, it could have a positive effect on premium growth and financial performance as a result of which our forecasts could be exceeded.

Agility

Changes in the globalised world in the information era are taking place at an increasingly fast pace. The world is characterised by volatility, uncertainty, complexity and ambiguity (VUCA). As an insurance company, in order to keep up with the speed of these changes, it is necessary for the Company to transform itself into an agile organisation. Being an agile organisation means for us being a learning organisation that focuses on the customers' benefit in order to increase the Company's profits.

For this reason, we are counting on interdisciplinary and creative teams, open and direct communication and flat hierarchies as well as practising the art of dealing with errors. By numerous initiatives, we are supporting the transformation of our company into an agile organisation. We design our workplaces in a way to shorten paths of communication and promote interdepartmental exchange. With the help of our Agility Campus our employees become familiar with agile methods and are given the ability to develop new solutions independently. Daily stand-up meetings are conducted in our teams in order to improve the teams' self-management. Furthermore, we are focusing on hybrid work and offer our employees the opportunity to complete up to 60% of their work remotely, i.e. outside of the office. This enables our employees to better balance work and family life, while at the same time maintaining a direct exchange among colleagues. We also conduct, for example, hackathons in order to collect new ideas that we further develop in our digital lab. Agility offers opportunities for customers, employees and investors. Customers can benefit from new insurance solutions that are tailored precisely to their needs. Employees have greater flexibility and scope for new ideas when they work agilely and can grow with new challenges.

If the transformation into an agile organisation should be implemented more quickly than expected, it could have a positive effect on premium growth and financial performance as a result of which our forecasts could be exceeded.

Focusing on the core HDI brand
As an entity of the Talanx Group, we can look back on a tradition of over one hundred years. By focusing on the core HDI brand within the Talanx Group, we see opportunities both to develop a stronger common identity internally as well as to increase visibility vis-à-vis our customers and speak with one voice.

If the focus on the core HDI brand as part of the brand strategy of the Talanx Group should make a greater contribution than expected towards strengthening the HDI brand, it could have a positive effect on premium growth and financial performance as a result of which our forecasts could be exceeded.

Sales opportunities
New markets and the bundling of business
Owing to the Group's decentral structure, individual entrepreneurial thinking and action can be developed, which leads to a focused observation of the customer markets. For example, the expansion of the international market for special risks was tackled with the establishment of HDI Global Specialty SE and further focused beginning in 2022 with the acquisition of all shares. Further market opportunities are likewise seen in the continuous expansion of the insurance business in local markets abroad as well as in international programmes.

Despite the challenges, as a traditional and experienced industrial insurer we have the necessary expertise as well as the corresponding processes and working methods, etc., to take advantage of our opportunities and to press ahead down our path of profitability.

If we can better utilise the sales opportunities arising from the development of new markets and the bundling of business than currently expected, it could have a positive effect on premium growth and financial performance as a result of which our forecasts could be exceeded.

Report on equality and equal pay

Diversity Management

The diversity of employees is also part of HDI Global SE's corporate identity. As a company, we derive a large part of our performance and efficiency from precisely this diversity. We are convinced that a diverse, inclusive and respectful corporate culture is a key factor for business success and helps ensure that all employees reach their full potential.

People with different genders and gender identities of all ages with various national, ethnic, social and religious backgrounds and different sexual orientations as well as people with and without physical and mental disabilities work together at HDI Global SE. A corporate culture characterised by respect, appreciation and mutual acceptance is cultivated. The goal is to provide not only for a working atmosphere characterised by openness and inclusion, but also to actively and consciously take advantage of diversity in order to maintain and further increase the success and competitiveness of the Group and the companies. HDI Global SE is committed to embedding diversity, equity and inclusion (DE&I) strategically under the motto "BeYou. Together we are traditionally different." The commitment to DE&I and the strategy adopted are reflected in a number of activities and measures already initiated and increasingly established in the Group: A DE&I Policy with six principles to complement the Code of Conduct (Promote DE&I; Ensure equal opportunity, fairness and respect; zero tolerance for discrimination; actively promote civility; knowledge as strength and transparency). Filling half of all vacant management positions with female employees and applicants. The introduction of inclusive language (start and focus in 2022 is the diversity dimension "Gender and gender identity"). A package of measures for 2022 (including workshops and round tables with the Talanx Board of Management, internal communication campaigns, raising awareness in recruiting, mentoring, training). Engagement in the external diversity network BeyondGenderAgenda. Three additional employee networks were also established during the financial year (International DE&I Community, Parents@hdi and Internationals@HDI).

HDI Global SE pledges to support equal opportunities and would like to further increase the number of women in managerial positions. The development of talented women in higher technical or management positions is supported with the help of a development programme. The women's network Women@Talanx, which provides women in the Group with a platform for discussion and mutual support, has been in operation since 2016. In order to prevent a lack of female managers, an effort is made to bring about a balanced level of diversity when hiring apprentices.

In order to bolster the personal resources, the employees fall back on comprehensive prevention measures as part of holistic health management. This year, for example, a digital health week programme was conducted for the third time. The Employee Assistance Programme introduced in 2016 will be continued. The offer includes an anonymous and immediate consultation free of charge in the event of private, professional or psychological health concerns as well as a family service. There are also many other offerings with respect to balancing work and family life, such as arranging daycare places, parent-child offices, holiday and leisure activities and support in the provision of nursing care for relatives with cooperation partners.

Equal pay

Remuneration is paid independent of gender. Employees who are remunerated based on the collective salary agreement for the private insurance industry receive a collectively agreed salary based on the relevant pay scale group. In addition, the pay of pay-scale and non-pay-scale employees is reviewed annually as part of a uniform process with the goal of avoiding any wage differences between the sexes.

In accordance with section 21(2) of the Act to Promote the Transparency of Pay Structures (EntgTranspG), the following disclosures reflect the changes compared with the last report:

The average number of employees was 1,941 in the 2021 calendar year, of which 889 women and 1,052 men. Compared with the previous year, the share of female employees increased by 2.7 percentage points. The average number of full-time employees was 1,615, of which 605 women and 1,010 men. Compared with the previous year, the share of female employees increased by 3.5 percentage points.

The average number of part-time employees was 327, of which 285 women and 42 men. Compared with the previous year, the share of female part-time employees increased by 1.0 percentage points.

The Report on equality and equal pay is neither a component of the annual financial statements nor of the management report; as such, the corresponding provisions and thereby associated legal consequences in particular under the German Commercial Code (HGB) do not apply.

Scope of business operations

Branches

In Germany
Berlin, Dortmund, Düsseldorf, Essen, Hamburg, Hannover, Leipzig, Mainz, Munich, Nuremberg, Stuttgart.

International
Athens, Brussels, Copenhagen, Dublin, Hong Kong, Labuan, London, Madrid, Milan, Oslo, Paris, Rotterdam, Singapore, Sydney, Tokyo, Toronto, Zurich.

Products

Fire insurance

Liability insurance

Motor insurance

Credit and collateral insurance

Aerospace liability insurance

Aviation insurance

Legal protection insurance

Marine insurance

Casualty insurance

Comprehensive contents insurance

Comprehensive residential building insurance

Other property insurance

Other non-life insurance

Balance sheet as at 31 December 2022

Assets			**31.12.2022**	**31.12.2021**
EUR thousand				
A. Intangible fixed assets				
I. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets			801	472
B. Investments				
I. Land, land rights and buildings, including buildings on third-party land		156,290		168,268
II. Investments in affiliated companies and other equity investments				
1. Shares in affiliated companies	2,074,943			1,739,732
2. Loans to affiliated companies	657,783			663,984
3. Other long-term equity investments	151,786			188,377
4. Loans to other long-term investees and investors	31,747			32,259
		2,916,259		**2,624,353**
III. Other investments				
1. Shares, interests or shares in investment funds and other floating-rate securities	1,574,449			1,532,823
2. Bearer bonds and other fixed-interest securities	3,886,171			3,651,242
3. Mortgages, land charges and annuity land charges	307			313
4. Other loans				
a) Registered bonds	546,105			646,225
b) Notes receivable and loans	169,179			210,836
5. Deposits with financial institutions	34,924			64,745
		6,211,134		**6,106,184**
IV. Deposits retained by ceding companies on busniess accepted for reinsurance		18,034		16,588
			9,301,718	**8,915,394**
C. Receivables				
I. Receivables arising from direct written insurance business, due from:				
1. Policy holders	366,692			315,413
2. Intermediaries	444,555			369,560
		811,247		**684,973**
II. Receivables on reinsurance business of which due to affiliated companies: EUR 100,248 (148,800) thousand		613,516		653,610
III. Other receivables of which due to affiliated companies: EUR 165,407 (194,663) thousand		832.594		768,539
			2,257,358	**2,107,121**
D. Other assets				
I. Tangible fixed assets and inventories		11,385		10,533
II. Cash at banks, cheques and cash-in-hand		476,230		532,944
			487,615	**543,477**
E. Accrued or deferred items				
I. Deferred rent and interest income		52,575		48,890
II. Other prepaid expenses		5,683		5,851
			58,257	**54,741**
F. Excess of plan assets over post-employment benefit liability			79	3,828
Total assets			**12,105,828**	**11,625,032**

Equity and liabilities			**31.12.2022**	**31.12.2021**
EUR thousand				
A. Equity				
I. Subscribed capital		125,000		125,000
II. Capital reserves		284,043		284,043
			409,043	**409,043**
B. Subordinated liabilities			380,000	380,000
C. Underwriting provisions				
I. Unearned premium reserve				
1. Gross amount	1,485,270			1,271,985
2. less: share for business ceded for reinsurance	829,954			674,421
		655,316		**597,564**
II. Provision for outstanding claims				
1. Gross amount	14,282,194			12,941,950
2. less: share for business ceded for reinsurance	7,153,622			6,324,118
		7,128,572		**6,617,832**
III. Provision for profit-related and non-profit-related premium refunds				
1. Gross amount	8,338			16,174
2. less: share for business ceded for reinsurance	471			5,176
		7,866		**10,998**
IV. Equalisation reserve and similar provisions		803,525		802,918
V. Other underwriting provisions				
1. Gross amount	66,182			85,452
2. less: share for business ceded for reinsurance	15,842			22,711
		50,340		**62,741**
			8,645,618	**8,092,053**
D. Other provisions				
I. Provisions for pensions and similar obligations		523,053		494,548
II. Provisions for taxes		60,942		51,531
III. Other provisions		71,949		96,843
			655,944	**642,923**
E. Deposits retained on reinsurance ceded			156,253	157,096
F. Other liabilities				
I. Liabilities from direct written insurance business due to:				
1. Policy holders	77,007			89,280
2. Intermediaries	173,338			168,105
		250,345		**257,385**
II. Payables on reinsurance business of which due to affiliated companies: EUR 181,131 (233,297) thousand		767,846		757,983
III. Other liabilities of which taxes: EUR 57,701 (55,127) thousand of which social security: EUR 1,685(1,633 thousand of which due to affiliated companies: EUR 262,262 (408,614) thousand		837,254		924,638
			1,855,445	**1,940,006**
G. Deferred and accrued items			3,524	3,910
Total equity and liabilities			**12,105,828**	**11,625,032**

The annuity provision recognised on the balance sheet as at the close of the 2021 financial year under equity and liabilities C.II. is equal to EUR 54,595,987.49. It is confirmed that the provision for outstanding pension claims shown on the balance sheet under line C.II. has been calculated in consideration of section 341f and section 341g HGB as well as in compliance with the regulation issued based on section 88 (3) of the Insurance Supervision Act (*Versicherungsaufsichtsgesetz;* VAG).

Hannover, 31 January 2023 The Responsible Actuary Thomas Adrian Schmidt

Income statement for the period from 1 January to 31 December 2022

I. Underwriting account			**2022**	**2021**
EUR thousand				
1. Premiums earned for own account				
a) Gross written premiums	5,796,388			5,109,096
b) Premiums ceded to reinsurance	3,519,039			2,954,753
		2,277,349		**2,154,343**
c) Change to the gross premium reserve unearned	-210,609			-212,157
d) Adjustment of reinsurers' share in gross premiums unearned	-153,586			-145,724
		-57,023		**-66,432**
			2,220,326	**2,087,910**
2. Underwriting interest income for own account			108	330
3. Other underwriting income for own account			7,182	4,557
4. Expenses on insurance claims for own account				
a) Claims payments				
aa) Gross amount	2,732,231			2,019,859
bb) Reinsurers' share	1,428,450			919,809
		1,303,780		**1,100,050**
b) Changes to the provision for outstanding claims				
aa) Gross amount	1,256,857			1,377,625
bb) Reinsurers' share	801,387			786,444
		455,470		**591,180**
			1,759,251	**1,691,230**
5. Change to other net underwriting provisions			-13,313	-41,266
6. Expenses for profit-related and non-profit related premium refunds for own account			2,221	674
7. Expenses for insurance operations for own account				
a) Gross expenses for insurance operations		949,868		860,831
b) less: commissions and profit commissions received for business ceded to reinsurance		534,480		465,620
			415,388	**395,211**
8. Other underwriting expenses for own account			12,675	3,103
9. Subtotal			**51,395**	**43,845**
10. Changes to equalisation reserve and similar provisions			-606	-86,248
11. Underwriting result for own account			**50,788**	**-42,403**

II. Non-underwriting account			2022	2021
EUR thousand				
1. Investment income				
a) Income from long-term equity investments of which from affiliated companies: EUR 13,298 (2,951) thousand	26,195			12,276
b) Income from other investments of which from affiliated companies: EUR 18,262 (8,038) thousand				
ba) Income from land, land rights and buildings, including buildings on third-party land	13,391			13,481
bb) Income from other investments	128,597			154,337
c) Income from reversal of write-downs	1,481			174
d) Gains on disposal of investments	16,416			24,898
e) Income from profits received under profit pooling, profit-or-loss transfer, or partial profit transfer agreements	105,602			166,278
		291,682		**371,444**
2. Investment expenses				
a) Investment management expenses, interest expenses and other expenses related to capital investments	12,724			12,777
b) Write-downs of investments	13,968			38,979
c) Losses on disposal of investments	21,586			10,836
d) Cost of loss absorption	0			15
		48,278		**62,607**
		243,404		**308,837**
3. Underwriting interest income		108		330
			243,295	**308,507**
4. Other income		86,058		80,204
5. Other expenses		190,966		185,956
			-104,908	**-105,752**
6. Result from ordinary activities			**189,176**	**160,352**
7. Extraordinary expenses		0		1,500
8. Extraordinary result			**0**	**-1,500**
9. Taxes on income		55,593		45,848
10. Other taxes		15,840		4,952
			71,432	**50,800**
12. Profit transferred on the basis of profit pooling, profit-and-loss-transfer, or partial profit transfer agreements		117,743		108,053
			-117,743	**-108,053**
13. Net profit/loss for the year			**0**	**0**

Notes to the financial statements

General information

HDI Global SE is headquartered at HDI-Platz 1, 30659 Hannover, entered in the commercial register of the Local Court of Hannover (Amtsgericht Hannover) under HRB 60320.

The annual financial statements and the management report for the 2022 financial year were prepared in accordance with the regulations in the German Commercial Code (HGB), the German Stock Corporation Act (AktG), the German Insurance Supervision Act (VAG) and the Regulation on the Accounting of Insurance Undertakings (RechVersV) in the version applicable as at the balance sheet date.

Accounting policies

Assets

Intangible fixed assets
Intangible fixed assets were recognised at cost less amortisation applied in accordance with their customary useful lives. The domains hdi-global.com and hdiglobal.com represent an exception to this rule. They were recognised at cost and are not amortised.

Land, land rights and buildings, including buildings on third-party land
Land and buildings were accounted for at cost, less straight-line depreciation of buildings based on the typical useful life (section 341b(1) sentence 1 in conjunction with sections 255 and 253(3) HGB) and write-downs if the impairment is expected to be permanent (section 253(3) sentence 5 HGB).

Investments in affiliated companies and other long-term equity investments
Investments in affiliated companies and long-term equity investments were recognised at cost less any write-downs to the lower fair value in accordance with section 341b(1) sentence 2 HGB in conjunction with section 253(3) sentence 5 HGB.

Loans to affiliated companies and other long-term investees and investors were measured at amortised cost using the effective interest method in accordance with section 341c(3) HGB. Necessary write-downs were recognised based on the less strict lower-of-cost-or-market principle.

Other investments
Provided that they are accounted for based on the principles governing current assets, stocks, shares, or investment fund units and other variable-interest-bearing securities as well as bearer bonds and other fixed-interest securities were measured according to the strict lower-of-cost-or-market principle at cost or the lower quoted or market price. The requirement to reverse write-downs was observed (section 341b(2) HGB in conjunction with sections 255(1) and 253(1) sentence 1, (4) and (5) HGB). If these securities are intended to serve the business operations permanently, they were measured according to the less strict lower-of-cost-or-market principle (section 341b(2) HGB in conjunction with section 253(3) HGB). Permanent impairment was recognised in profit or loss. For securities acquired above or below par, the difference was amortised over the term to maturity using the effective interest method.

Mortgages, land charges and annuity land charges as well as registered bonds, notes receivable and loans were measured at amortised cost (section 341c[3] HGB), whereby the investments are recognised at the purchase price or the payout amount upon acquisition. The difference to the repayment amount was amortised using the effective interest method. Necessary write-downs were recognised based on the less strict lower-of-cost-or-market principle.

As a general rule, derivatives were measured at cost or the lower fair value prevailing on the balance sheet date. In case of a negative market value, provisions for anticipated losses from pending transactions were recognised.

Options were valued separately. The costs represent the upper value limits. Provisions for anticipated losses were recognised in the event of negative fair values.

Foreign exchange futures are subject to a prohibition on recognition according to the so-called non-recognition principle for pending transactions. In case of a negative market value, provisions for anticipated losses from pending transactions would be recognised. There were no open forward exchange contracts as of 31 December 2022.

With respect to the structured products in the portfolio, they are financial instruments for which the underlying instrument in the form of a fixed-income cash instrument is contractually bundled as a unit with one or more derivatives. They are generally accounted for uniformly at amortised cost based on the provisions for investments accounted for as assets according to the less strict lower of cost or market principle (section 341b(1) sentence 2 HGB in conjunction with section 253(3) sentence 5 HGB).

Deposits with banks and funds withheld were recognised at their nominal amounts.

Receivables
Receivables from direct written insurance business were recognised at their nominal amounts. For the business in Germany, a global valuation allowance for receivables from policy holders and insurance brokers was calculated in the amount of 1%. For the international business, a global valuation allowance was recognised for receivables from policy holders based on the age structure of the receivables. In order to take the general risk of default into account, an adequate global valuation allowance was recognised for receivables from insurance brokers by applying locally recognised global valuation allowances of the foreign branch offices.

Reinsurance receivables and other receivables were recognised on the balance sheet date at their nominal amounts. The general default risk related to reinsurance receivables was accounted for by recognising an adequate global valuation allowance.

Since the cost accounts were closed for new postings before the balance sheet date, costs that were posted after the record date for accrued and deferred items were recognised as other receivables. This item is offset by estimated costs for the period between the closing of the cost accounts and the balance sheet date, which were reported under other provisions.

Other assets
Operating and office equipment was recognised at cost and is depreciated over the customary useful life. The depreciation was applied according to the straight-line method; the periods of useful life range from 3 to 20 years. Low-value items up to EUR 250 are immediately recognised as operating expenses. Low-value items costing between EUR 250 and EUR 800 are capitalised and written off in the year of acquisition. Some inventory items are carried at a fixed value.

Cash at banks, cheques and cash-in-hand were recognised at their nominal amount.

Prepaid expenses

The items to be included under prepaid expenses were recognised at nominal value.

Excess of plan assets over post-employment benefit liability

The line item "Excess of plan assets over post-employment benefit liability" represents the excess amount remaining after netting post-employment benefit obligations with plan assets under individual contracts (mainly pension liability insurances).

Deferred taxes

Since HDI Global SE in its relationship with Talanx AG is a consolidated tax group subsidiary (Organgesellschaft), deferred taxes on measurement differences of the German parent company were presented at the level of the consolidated tax group parent (Organträger), so that only differences between the carrying amounts in the financial accounts and in the local tax accounts of the foreign branch office are to be taken into account.

The anticipated future tax expenses and refunds for each permanent establishment were netted when determining accrued tax amounts. For this purpose, deferred tax liabilities from temporary differences (in particular from equalisation reserves) were netted with the deferred tax assets from temporary differences (in particular with respect to the differing carrying amounts in the financial accounts and the local tax accounts of the provisions for outstanding claims) as well as with deferred tax assets on tax loss carry forwards for all foreign branches separately for each individual country. Deferred taxes were measured based on the local tax rate. Due to the existing option to recognise deferred tax assets, the excess of assets over liabilities resulting from the netting was not accounted for on the balance sheet.

Tax rates

	2022
In %	
Australia, Sydney	30.0
Japan, Tokyo	28.0
Canada, Toronto	26.5
France, Paris/The Netherlands, Rotterdam	25.8
Belgium, Brussels/Norway, Oslo/Spain, Madrid/United Kingdom, London	25.0
Italy, Milan/Malaysia, Labuan	24.0
Denmark, Copenhagen/Greece, Athens	22.0
Switzerland, Zurich	21.3
Singapore (onshore / offshore)	17.0/10.0
Ireland, Dublin	12.5
China, Hong Kong	8.3

Equity and liabilities

Subordinated liabilities
The subordinated liabilities were recognised at their nominal amount.

Underwriting provisions
For both the direct written business and the business accepted for reinsurance – provided no information in this respect was provided by the ceding companies – unearned premiums were determined according to the 1/360 method or for the exact number of days (pro rata temporis) in compliance with the regulations of the supervisory authority and the circular from the German Federal Minister of Finance dated 30 April 1974. The shares ceded for reinsurance are accrued in accordance with the contractual agreements.

For the direct written insurance business, the provision for outstanding claims was determined separately for each individual claim. In the co-insurance business, the information provided by the lead insurers was adopted. If the information from the lead insurers was not available as at the balance sheet date, the provisions were estimated for each business relationship on the basis of past experience. In motor liability, motor comprehensive and motor partial own damage insurance, the group-valuation option was used for unsettled minor claims. The provision for the indemnification of claims for losses in the financial year was measured globally in the maritime area for the investment and underwriting business based on past experience from prior years.

Corresponding provisions for claims incurred but not yet reported (“IBNR”) were recognised for insurance claims that were not yet known at the balance sheet date. These provisions for claims incurred but not yet reported were calculated based on the origin of the insurance business as well as the distinctive characteristics of the respective lines using various methods. In the motor liability class, the provisions were calculated based on the chain ladder method. In the other classes the calculation is made based on the expected claims expenses and geared towards a three to five-year average, taking special factors, like effects of inflation, into account.

The annuity provision calculated in accordance with section 65 VAG (German Insurance Supervisory Act) and the provision for anticipated claims adjustment expenses were recognised in addition. The provision for external claims adjustment expenses is comprised of external and internal costs. Whereas the provision for external claims adjustment expenses is recognised for each individual insurance claim, the provision for internal claims adjustment expenses is determined using a factor-based approximation method. This method is based on actual claims payments made as a measure of volume for costs incurred and determines the future provision for internal claims adjustment expenses as a percentage share of the current provision for claims payments based on this relationship. The corresponding percentage rate/factor is determined as the average of historical observation years. Since it is assumed that the claims for reported losses have already been partially adjusted, the determined factor is reduced based on past experience for specific lines.

The (gross) annuity claims provision included in the provision for outstanding claims was calculated based on actuarial principles. The calculation was made based on the DAV 2006 HUR actuarial chart for women and men. As in the previous year, the actuarial interest rate is 0.2%.

Receivables from recoveries, salvages and loss sharing agreements for settled claims have been taken into account as deductions to the loss provision (“loss reserve”).

A provision for premium refunds was recognised in accordance with contractual terms and conditions.

The equalisation reserve was calculated in compliance with the regulations according to section 29 RechVersV and the Appendix to section 29 RechVersV as well as the Regulations on Reporting for Insurance Undertakings (BerVersV).

The provision for the insurance for nuclear facilities and terrorism risk was calculated in accordance with section 30(2) and/or (2a) RechVersV. The provision for major risks relating to pharmaceutical risk was determined in accordance with section 30(1) RechVersV.

The other underwriting provisions were determined as follows:

The provision for premium adjustments was recognised on the basis of portfolio analyses in connection with expert opinions.

The provision for premium lapse risks was calculated by determining the average rate of premium lapses for the last three years and multiplying it with the premiums for the current year.

The provision for obligations arising from membership in the Verkehrsopferhilfe e. V. association was recognised according to the notice from the association. The provision for repayment amounts on suspended motor insurance policies was determined on a contract-by-contract basis.

The provision for impending losses from directly written insurance business or insurance business accepted for reinsurance reported under other underwriting provisions in accordance with section 31(1) no. 2 RechVersV are recognised as the negative balance of the income expected for the contracts for which there is a legal obligation at the balance sheet date and the expected expenses. The income includes the expected premium as well as the effects of interest. The expenses include claim expenses and administrative expenses. The expense items are derived based on past experience and adjusted as needed if the forecast of future performance was distorted by effects in prior loss years.

With respect to the underwriting provisions from the insurance business accepted for reinsurance, the provisions ceded by the prior insurers were generally recognised under liabilities unless the Company had better knowledge. To the extent that the amounts ceded were not yet available at the time that the financial statements were prepared, the provision for losses ("loss reserve") was estimated using the amounts ceded last year.

Other provisions
Pension liabilities were recognised in accordance with section 253(1) sentence 2 HGB in the amount of the settlement amount dictated by prudent business judgement and discounted according to section 253(2) sentence 2 HGB with the average interest rate for the past 10 years forecasted as of 31 December 2022 with an assumed remaining term of 15 years by the German Bundesbank in accordance with the Regulation on the Discounting of Provisions (RückAbzinsV) published on 30 September 2022.

The principles of IDW AcPS FAB 1.021 are applied for the first time to the measurement of provisions for reinsured direct commitments.

The projected unit credit method was used to determine pension provisions for non-reinsured employer-financed pension commitments. With regard to reinsured employer-financed pension commitments, pension provisions are either measured at the carrying amount of the corresponding reinsurance claim (Aktivprimat) or using the actuarial provision method (Deckungskapitalverfahren). Pension provisions for non-securities-linked employee-financed commitments were calculated using the projected unit credit method, unless the benefits are covered by reinsurance. For reinsured benefits, the settlement amount therefore corresponds to the fair value of the plan assets of the life insurance policy plus surplus participation. The adjustment of benefits with respect to commitments under deferred compensation as a result of future expected surplus participation on the part of reinsurers was taken into account based on individual agreements.

The measurement is based on the turnover probabilities (probabilities of withdrawal) according to the “Heubeck 2018G actuarial charts”, which were reduced based on the risk trend observed in the portfolio. Further information regarding trend assumptions, the discount rate and the difference in accordance with section 253(6) HGB is provided under section D.1 Provisions for pensions and similar obligations of this report. The total expected return required for the valuation of the reinsured direct commitments was set at the level of the net return published in the life insurer’s most recent annual report. The first-time application of IDW AcPS FAB 1.021 for employer-financed commitments results in a conversion effect with respect to pension provisions in the amount of EUR -169 thousand.

The securities-linked employee-financed commitments are exclusively pension commitments covered by fully matched benefit reinsurance, which are measured in accordance with section 253(1) sentence 3 HGB. For these commitments, the settlement amount therefore corresponds to at least the fair value of the plan assets of the life insurance policy plus surplus participation. The first-time application of IDW AcPS FAB 1.021 for employee-financed commitments results in a conversion effect with respect to pension provisions in the amount of EUR -288 thousand.

Provisions for taxes and other provisions take all identifiable risks and uncertain obligations into account and were recognised at the settlement amount dictated by prudent business judgement.

Provisions with a remaining term of more than one year relate primarily to obligations from the share-based payment system, which were recognised at fair value.

Deposits retained
Deposits retained on ceded business from direct insurance business were recognised at the settlement amount.

Other liabilities
The other liabilities are recognised at the settlement amounts.

Deferred income
Deferred income includes income received prior to the balance sheet date to the extent that it represents income for a certain period thereafter.

Currency translation
If there are items denominated in foreign currency, they are translated as at the balance sheet date at the closing rate (mean spot exchange rate) for balance sheet items and at the average rate for items in the income statement. With respect to monthly foreign currency measurement, the portfolio positions are translated at the respective exchange rate prevailing at the end of the month.

The translation rate for the monthly measurement of income statement line items is the respective final rate on the last day of the preceding month. These items are translated using a rolling method. The addition of the translated individual items effectively resulted in a translation at average rates.

In order to limit exposure to currency risk as much as possible, liabilities denominated in a foreign currency are largely matched with assets in the same currencies/amount. For each currency, the foreign currency liabilities are combined with the foreign currency assets matching them in hedging relationships in accordance with section 254 HGB (portfolio hedges), whereby the items allocated to the hedging relationships are primarily non-current assets, underwriting provisions and non-current liabilities. Foreign currencies are generally translated regardless of the restrictions of the historical cost convention and the realisation principle.

If there is a surplus for a particular currency, it is examined whether it is sustainable or not. Sustainable surpluses are combined with currency forwards in separate hedging relationships in accordance with section 254 HGB and are generally translated independent of the restrictions of the historical cost convention and the realisation principle. In the reporting period, there were sustainable surpluses exclusively in the Canadian dollar.

The gross hedge presentation method is applied to the effective portion of the hedging relationships.

Temporary surpluses and deficits are generally translated immediately through profit or loss. The remaining assets and liabilities outside of the aforementioned hedging relationships per currency have a remaining term of less than one year and are therefore measured in compliance with section 256a HGB.

In addition to this, the Company applied further hedge accounting in accordance with section 254 HGB (microhedge; purchase and sale of offsetting derivatives in USD) in the financial year.

The net hedge presentation method is applied to the effective portion of the hedging relationship. The ineffective portion of the hedging relationship would be recognised by setting up a provision for hedging relationships.

Assets

Changes to assets A. and B. I. to B. III in the 2022 financial year

		Balance sheet amounts for the prior year	Additions
EUR thousand			
A.	Intangible fixed assets		
	I. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	472	105
B. I.	Land, land rights and buildings, including buildings on third-party land	168,268	81
B. II.	Investments in affiliated companies and long-term equity investments		
	1. Shares in affiliated companies	1,739,732	298,246
	2. Loans to affiliated companies	663,984	62,193
	3. Long-term equity investments	188,377	3,942
	4. Loans to other long-term investees and investors	32,259	–
	Total B. II.	**2,624,353**	**364,382**
B. III.	Other investments		
	1. Shares, shares in investment funds and other non-fixed interest securities	1,532,823	143,380
	2. Bearer bonds and other fixed interest securities	3,651,242	1,090,529
	3. Mortgages, land charges and annuity land charges	313	–
	4. Other loans		
	a) Registered bonds	646,225	167
	b) Promissory notes and loans	210,836	39,931
	5. Deposits with financial institutions	64,745	–
	Total B. III.	**6,106,185**	**1,274,007**
Total		**8,899,277**	**1,638,574**

Disposals	Reclassifications	Exchange rate fluctuations	Reversal of write-downs	Amortisation, depreciation and write-downs	Balance sheet values for the financial year	Market values 31.12.2022
7	–	9	–	206	**372**	**n/a**
8,917	–	–	–	3,142	**156,290**	**234,734**
24,746	39,181	21,719	811	–	**2,074,943**	**2,821,762**
74,751	–	6,356	–	–	**657,783**	**580,801**
1,974	–39,181	622	–	–	**151,786**	**212,838**
1,282	–	770	–	–	**31,747**	**31,747**
102,753	**–**	**29,467**	**–**	**–**	**2,916,259**	**3,647,148**
103,319	–	2,315	–	750	**1,574,449**	**1,419,419**
875,189	–	28,359	670	9,439	**3,886,171**	**3,461,882**
7	–	–	–	–	**307**	**240**
100,287	–	–	–	–	**546,105**	**486,168**
83,757	–	2,169	–	–	**169,179**	**157,465**
32,661	–	2,840	–	–	**34,924**	**34,924**
1,195,221	**–**	**35,683**	**670**	**10,189**	**6,211,134**	**5,560,098**
1,306,898	**–**	**65,158**	**1,481**	**13,537**	**9,284,056**	**9,441,980**

B. Investments

The fair values of the investments were determined as follows:

The income capitalisation approach in accordance with the regulations concerning the principles governing the assessment of the fair market values of properties (German Ordinance on the Valuation of Property/Real estate; ImmoWertV) and the supplementary Valuation Guidelines are applied to determine the fair value of our real estate. The present value of cash flows generated by the real estate and discounted over its remaining economic useful life was determined using this approach. As a rule, current market values are determined by external experts every five years (section 55(3) RechVersV). The cost or the value assessed in a report compiled by an external, publicly certified expert was recognised for all land and buildings newly acquired as well as properties under construction.

When determining the fair values of the interest in affiliated companies and long-term equity investments, companies valued using the income capitalisation approach were recognised by default at the present value of their future distributable financial surpluses (income capitalisation value). If the continuation of operations as a legally independent unit could no longer be assumed in the short to medium term, a net asset value would be applied. In individual cases, the fair value was set equal to the carrying amount as long as there was no indication of impairment. For companies whose noteworthy assets comprise land and buildings, the fair market value of the land and buildings was taken into account.

The fair values of loans to affiliated companies and to long-term investees and investors were determined by means of product and rating-specific yield curves using a net present value method. Special structures such as deposit protection, guaranty obligations, and subordination were taken into account with respect to the spread premiums applied.

The fair value of other investments was generally determined on the basis of their open market value in accordance with section 56 of the German Regulation on the Accounting of Insurance Undertakings (RechVersV). For investments having a market or listed price, the market value was defined as the market or listed price on the balance sheet date, or on the last day prior to this date for which a market or listed price could be identified. In cases in which no stock market quotations were available, yield-implied prices were used based on price formation methods established in financial markets. Investments were valued at maximum at their expected realisable value in accordance with the principle of prudence.

The fair values of the registered bonds, notes receivable and loans were determined by means of product and rating-specific yield curves using a net present value method. Special structures such as deposit protection, guaranty obligations, or subordination were taken into account with respect to the spread premiums applied. The fair value of zero-coupon registered bonds and zero-coupon notes receivable was determined based on the Company’s own calculations derived using actuarial methods.

Disclosures pursuant to section 52 no. 1a RechVersV
The carrying amount of owned properties used in connection with Company operations was equal to EUR 0 (0) thousand.

Disclosures pursuant to section 55(7) RechVersV

The fair values were determined on the basis of internal and external expert opinions from 2022. The fair value as at 31 December 2022 is EUR 234,734 million.

Investments with hidden losses (section 285 no. 18 HGB)

	Carrying amounts 31.12.2022	Market values 31.12.2022
EUR thousand		
Shares, shares in investment funds and other non-fixed interest securities	1,509,854	1,353,991
Bearer bonds and other fixed interest securities	3,490,886	3,065,639
Total	**5,000,741**	**4,419,630**

A write-down in the amount of EUR 581,044 (28,454) thousand was avoided by means of dedication as fixed assets in accordance with section 341b(2) HGB. In the opinion of the Company, the omitted write-downs are temporary impairments.

In order to identify the existence of expected permanent impairment, in particular with respect to publicly-traded shares, units or shares of investment funds, the applicability criteria recommended by the Technical Committee for Insurance (Versicherungsfachausschuss) of the Institut der Wirtschaftsprüfer [in Deutschland] (IDW) are applied. Accordingly, permanent impairment may exist whenever the fair value of a security is continuously more than 20% below its carrying amount in the six months preceding the balance sheet date, as well as in the event that the average value of the daily stock market prices in the last twelve months is more than 10% below the carrying amount.

Hedge accounting in accordance with section 254 HGB (section 285 no. 23 HGB)

Type of hedge	Hedged item	Hedging transaction	Nature of the risks	Amount of risks hedged
Section 285 no. 23a HGB Portfolio-Hedge	Foreign currency liabilities	Foreign currency assets	Foreign currency risk	Currency result from the hedged foreign currency liabilities; Recognition of effective changes in the value of hedged items and hedging transactions based on the application of the gross hedge presentation method in the balance sheet and income statement
	As of the balance sheet date, hedging relationships in the total amount of EUR 1,859 million were recognised and broken down to the following major currencies:			
	US dollar	EUR 701 million		
	Pounds sterling	EUR 326 million		
	Swiss franc	EUR 250 million		
	Canadian dollar	EUR 280 million		
	Australian dollar	EUR 197 million		
Section 285 no. 23b HGB Portfolio-Hedge	Variable securities portfolio (sustained surplus in foreign currency assets)	Hedging is carried out by means of currency forwards (sale of Canadian dollars against the purchase of euros)	Foreign currency risk	Currency result from the hedged foreign currency assets; Recognition of effective changes in the value of hedged items and hedging transactions based on the application of the gross hedge presentation method in the balance sheet and income statement
Micro-Hedge	Forward foreign exchange transaction in usd	Hedging is carried out by means of currency forward (sale US dollars against euros)	Foreign currency risk	Currency result from hedged foreign currency assets; the freezing method is used to depict the effective portion of the offsetting cash flows. The ineffective portion is recognised as a provision in the income statement.

Disclosures pursuant to section 277(3) HGB

The write-downs on investments include write-downs of EUR 1,641 thousand (EUR 31,775 thousand) in accordance with section 277(3) sentence 1 HGB

Shares or shares in investment funds pursuant to section 285 no. 26 HGB

Line item B. III. 1. Shares, interests or shares in investment funds and other floating rate securities includes the funds listed below in which our Company holds an interest of more than 10%. There are no restrictions with respect to the daily surrender option.

	Balance sheet values 31.12.2022	Market values 31.12.2022	Distribution 31.12.2022
EUR thousand			
Bond funds			
EURO-RENT 3 Master	1,089,865	967,525	8,000
Ampega Credit Opportunities Rentenfonds I (a)	3,802	3,287	76
Subtotal Bond fund	**1,093,668**	**970,813**	**8,076**
Equity funds			
HDI Global SE Absolute Return	573	530	–
HDI Globale Equities	171,122	167,223	284
Subtotal Equity funds	**171,695**	**167,753**	**284**
Mixed funds			
HDI Globale Equities	15,000	14,457	185
Subtotal Mixed funds	**15,000**	**14,457**	**185**
Special investments			
Caplantic AIF, SICAV-SIF S.C.Sp. - CI I Sub-Fund 1)	329	329	0
Subtotal Mixed funds	**329**	**329**	**0**
Total	**1,280,691**	**1,153,352**	**8,545**

Write-downs pursuant to section 253(3) sentence 4 HGB were not applied to the special funds reportable under unrealised losses, since the Company considered the impairments to be temporary, as the fair value of the fund is higher than its carrying amount.

The fair value for shares and stock funds accounted for as fixed assets is determined using the earnings per share (EPS) method, an income approach for each share on the basis of expected annual profits estimated by independent analysts, or the higher fair market value. If earnings per share exceed 120% of fair market value, they are capped at 120%.

For mixed funds accounted for as fixed assets, the fair value is determined separately for the individual components such as shares and bonds using the aforementioned methods. The remaining constituents of the fund are also factored into the fair value of the described fund; for example, liquid assets (nominal value), interest accruals, carrying amount of receivables and payables.

For bond funds held as fixed assets, the fair value of fund shares represents the sum of its constituting components (bonds, cash, accrued interest, payables/receivables, derivatives, etc.). The fair value of each individual bond in the portfolio corresponds to the amortised cost for each bond or the lower market value in a credit event or if the market value is lower than 50% of the nominal value.

There are no restrictions with respect to the daily surrender option.

Disclosures pursuant to section 341b(2) HGB

The Company has exercised the option pursuant to section 341b(2) HGB to classify investments with a carrying amount of EUR 5,127,048 (4,938,889) thousand as fixed assets. EUR 1,569,486 (1,532,823) thousand of this amount can be attributed to shares, shares in investment funds and other floating-rate securities and EUR 3,557,561 (3,406,065) thousand to bearer bonds and other fixed-interest securities.

B. II. Investments in affiliated companies and long-term equity investments

Name, registered office	Share in %[1]	Currency	Equity in thousand	Result in thousand
Caplantic AIF, SICAV-SIF S.C.Sp., Luxembourg[2]	24.71	EUR	9,567	-7,964
Credit Suisse (Lux) Gas Transit Switzerland SCS, Luxembourg[3]	16.31	EUR	154,835	18,788
Credit Suisse (Lux) Wind Power Central Norway SCS, Luxembourg[4]	10.96	EUR	263,840	-70,120
Extremus Versicherungs-Aktiengesellschaft, Cologne[4]	13.00	EUR	63,466	2,225
Ferme Eolienne des Mignaudieres SNC, Toulouse[4]	99.99	EUR	15,881	480
Funderburk Lighthouse Limited, Grand Cayman[4]	100.00	USD	54,301	16,755
HDI AI EUR Beteiligungs-GmbH, Cologne[4]	100.00	EUR	576,200	74,457[6]
HDI AI USD Beteiligungs-GmbH, Cologne[4]	100.00	EUR	290,597	65,226[6]
HDI Global Insurance Company, Chicago[4]	100.00	USD	226,732	39,730
HDI Global Insurance Limited Liability Company, Moscow[4]	100.00	RUB	486,936	43,248
HDI Global Network AG, Hannover[4]	100.00	EUR	211,564	25,323[6]
HDI Global Network AG Escritório de Representaçao no Brasil Ltda, São Paulo[4]	100.00	BRL	381	22
HDI Global SA Ltd., Johannesburg[4]	100.00	ZAR	68,000	3,389
HDI Global SE - UK Services Limited, London[7]	100.00	GBP	-	-
HDI Global Seguros S.A., Mexiko City[4]	100.00	MXN	252	22
HDI Global Seguros S.A., São Paulo[4]	100.00	BRL	62,947	25,935
HDI Global Specialty Holding GmbH, Hannover[4]	100.00	EUR	307,544	15[6]
HDI Global Specialty Schadenregulierung GmbH, Hannover[4]	100.00	EUR	25	1
HDI Global Specialty SE, Hannover[4]	100.00	EUR	215,679	1,226
HDI Reinsurance (Ireland) SE, Dublin[4]	100.00	EUR	356,150	31,182
HDI Risk Consulting GmbH, Hannover[4]	100.00	EUR	1,626	1,273[6]
HDI Specialty Insurance Company, Chicago[4]	100.00	USD	55,570	7,946
HDI Versicherung AG, Vienna[4]	89.74	EUR	26,514	15,198
Heuberg S.L., Barcelona[4]	15.00	EUR	13,604	1,590
IVEC Institutional Venture and Equity Capital GmbH, Cologne[4]	23.80	EUR	10,924	2,640
Le Souffle des Pellicornes S.N.C, Lille	100.00	EUR	15,915	904
Magma HDI General Insurance Ltd., Kolkata[5]	15.18	INR	4,076,563	-251,719
Petro Vietnam Insurance Holdings Joint Stock Corporation, Hanoi[4]	51.01	VND	7,146,750,301	846,039,569
Riethorst Grundstücksgesellschaft AG & Co. KG, Hannover[4]	50.00	EUR	138,025	5,913
Talanx Infrastructure France 1 GmbH, Cologne[4]	100.00	EUR	40,176	-1,039
Talanx Infrastructure Portugal GmbH, Cologne[4]	30.00	EUR	744	-5
Teko - Technisches Kontor für Versicherungen GmbH, Dusseldorf	12.00	EUR	142	31
Windfarm Bellheim GmbH & Co. KG, Cologne[4]	15.00	EUR	49,872	1,805
Windpark Vier Fichten GmbH & Co. KG, Cologne[4]	100.00	EUR	5,867	111
WP Berngerode GmbH & Co. KG, Cologne[4]	20.00	EUR	36,765	993
WP Mörsdorf Nord GmbH & Co. KG, Cologne[4]	25.00	EUR	26,189	872

1) The percentage of shares held is determined as the sum of all shares held directly or indirectly.

2) Carrying amounts as at 30 September 2021

3) Carrying amounts as at 30 June 2022

4) Carrying amounts as at 31 December 2021

5) Carrying amounts as at 31 March 2022

6) A profit-and-loss transfer agreement is in effect.

C. III. Other receivables

EUR thousand	31.12.2022	31.12.2021
Claims payments/Co-insurance/Share of losses attributable to other companies	542,780	471,331
Receivables from affiliated companies	162,963	191,459
Receivables from tax authorities	42,875	37,983
Payments not yet assigned	39,225	23,239
Receivables due to timing differences in accounting entries	20,250	26,666
Receivables from the service business	11,618	4,174
Receivables for incidental expenses incurred in connection with real estate	2,211	2,535
Receivables from the sale of renewal rights	1,989	1,989
Receivables from security deposits, sureties and loan collaterals	1,987	1,884
Receivables from insurance pools	251	293
Miscellaneous	6,444	6,985
Total	**832,594**	**768,539**

Receivables from affiliated companies relate to receivables from HDI AI EUR Beteiligungs-GmbH in the amount of EUR 48,119 (74,457) thousand, from HDI AI USD Beteiligungs-GmbH in the amount of EUR 34.654 (65,226) thousand, from HDI Global Network AG in the amount of EUR 22,528 (25,322) thousand and from HDI Risk Consulting GmbH in the amount of EUR 301 (1,273) thousand from profit transfers.

Receivables from the sale of renewal rights to affiliated companies amount to EUR 1,989 (1,989) thousand.

D. I. Tangible fixed assets and inventories

EUR thousand	2022	2021
Balance as at 01.01.2022	10,533	9,528
Additions	6,038	4,127
Disposals	2,338	263
Amortisation, depreciation and write-downs	2,840	2,922
Exchange rate fluctuations	-8	63
Balance as at the end of the financial year	**11,385**	**10,533**

E. I. Deferred rent and interest income

Only income from interest was accrued in the amount of EUR 52,575 (48,890) thousand.

E. II. Other prepaid expenses

Other prepaid expenses in the amount of EUR 5,683 (5,851) thousand relate to administrative costs.

Equity and liabilities

A. I. Subscribed capital

The subscribed capital of TEUR 125,000 is fully paid up and divided into 125,000 registered shares of EUR 1,000 each. The sole shareholder is Talanx AG.

A. II. Capital reserves

The capital reserve amounts to 284,043 TEUR. The formation of a legal reserve is not necessary, as § 150 paragraph 2 AktG ("legal reserve fund") is already fulfilled by the formation of the capital reserve according to § 272 paragraph 2 no. 1 HGB.

B. Subordinated liabilities

	31.12.2022	31.12.2021
EUR thousand		
Talanx AG, Hannover	280,000	280,000
HDI Lebensversicherungs AG, Cologne	40,000	40,000
TARGO Lebensversicherung AG, Hilden	20,000	20,000
HDI Versicherung AG, Hannover	15,000	15,000
neue leben Pensionskasse AG, Hamburg	10,000	10,000
HDI Pensionskasse AG, Cologne	7,500	7,500
PB Lebensversicherung AG, Hilden	5,000	5,000
Gerling Versorgungskasse VVaG, Cologne	2,500	2,500
neue leben Lebensversicherung AG, Hamburg	-	-
Gesamt	**380,000**	**380,000**

With a contract dated 2 December 2021, Talanx AG granted HDI Global SE a subordinated loan in the nominal amount of EUR 180,000 thousand maturing on 2 December 2041. All other subordinated loans were extended to HDI Global SE by the respective lender with a contractual date of 12 August 2021 maturing on 12 August 2041.

C. Total gross underwriting provisions

	31.12.2022	31.12.2021
EUR thousand		
Direct written insurance business		
Casualty insurance	245,527	239,886
Liability insurance	6,474,093	5,865,858
Motor third-party liability insurance	895,854	830,813
Other motor insurance	172,060	158,222
Fire and property insurance	1,628,109	1,502,907
of which:		
a) Fire insurance	431,661	449,781
b) Engineering insurance	1,092,841	921,596
c) Other property insurance	103,607	131,531
Marine and aviation insurance	637,351	643,273
Legal protection insurance	76,917	74,976
All-risk insurance	1,546,071	1,211,222
Other insurance	187,249	179,977
Total	**11,863,232**	**10,707,134**
Business accepted for reinsurance	4,782,276	4,411,345
Total insurance business	**16,645,508**	**15,118,478**

Of which:

a) Gross provision for outstanding claims: EUR 14,282,194 (12,941,950) thousand

b) Equalisation reserve and similar provisions: EUR 803,525 (802,918) thousand

C. II. 1. Gross provision for outstanding claims

	31.12.2022	31.12.2021
EUR thousand		
Direct written insurance business		
Casualty insurance	187,247	187,159
Liability insurance	6,007,604	5,424,700
Motor third-party liability insurance	862,169	798,537
Other motor insurance	77,801	65,478
Fire and property insurance	1,229,847	1,133,099
of which:		
a) Fire insurance	318,543	336,294
b) Engineering insurance	820,706	676,877
c) Other property insurance	90,598	119,928
Marine and aviation insurance	536,255	507,009
Legal protection insurance	73,359	71,461
All-risk insurance	1,321,362	1,018,849
Other insurance	172,774	166,603
Total	**10,468,418**	**9,372,895**
Business accepted for reinsurance	3,813,776	3,569,055
Total insurance business	**14,282,194**	**12,941,950**

C.III. Gross provision for profit-related and non-profit-related premium refunds

This item amounts to EUR 8,338 (16,174) million and, as in the previous year, relates exclusively to non-performance-related premium refunds.

C. IV. Equalisation reserve and similar provisions

	31.12.2022	**31.12.2021**
EUR thousand		
Direct written insurance business		
Casualty insurance	16,750	10,034
Liability insurance	159,849	154,977
Other motor insurance	79,605	78,842
Fire and property insurance	79,605	79,956
of which:		
a) Fire insurance	79,485	79,956
Marine and aviation insurance	45,138	93,898
Other insurance	–	915
Total	**380,826**	**418,620**
Business accepted for reinsurance	422,698	384,298
Total insurance business	**803,525**	**802,918**

D. I. Provision for pensions and similar obligations

	2022	2021
EUR thousand		
Balance as at the start of the financial year	494,548	472,020
Change	12,306	-4,036
Accrued interest / interest rate change	16,198	26,565
Balance as at the end of the financial year	**523,053**	**494,548**

As required by the German Accounting Law Modernisation Act (BilMoG), the provision for pensions was measured at the settlement amount, taking into account salary and pension trends as well as employee turnover rates, and discounted to the balance sheet date. In Germany, the presumed trend was 3.50% (2.90%) for salary increases and 2.34% (1.90%) for pension increases. The provisions for pensions were discounted using an interest rate of 1.79% (1.87%) and assuming a remaining term of 15 years. The discount rate applied in the measurement of pension obligations at the UK branch is 2.89% (2.96%). Salary increases were factored into the calculation at 0.00% (2.90%) and pension increases at 3.59% (3.70%).

Probable staff turnover rates (%)

Age	Men	Women
20	0.0	2.7
25	16.5	12.6
30	10.7	8.3
35	6.8	5.6
40	6.4	5.3
45	5.6	4.6
50	3.6	3.5
55	2.7	3.2
60 or older	0.0	0.0

The settlement amount for the employer-financed pension provision as at 31 December 2022 was EUR 567,385 (551,706) thousand. The fund held to cover this amount was accounted for at fair value of EUR 45,765 (62,905) thousand in accordance with section 253(1) sentence 4 HGB. The cost of the fund converted based on the exchange rate prevailing on the reporting date was EUR 46,443 (52,236) thousand.

The settlement amount for the employee-financed pension provision was EUR 5,109 (9,955) thousand. Nettable plan assets totalling EUR 3,755 (8,036) thousand represent pension liability insurance claims offset in the amount of EUR 3,676 (8,035) thousand with the obligations. The amortised cost determined according to the lower of cost or market principle and thus the fair value within the meaning of section 255(4) sentence 3 HGB is equal to the so-called actuarial reserves of the insurance agreement plus excess.

Income from plan assets for pension obligations in the amount of EUR 1,078 thousand was netted with expenses from the unwinding of the discount on provisions for pension obligations in the amount of EUR 137 thousand in the reporting period.

The difference in accordance with section 253(6) sentence 1 amounts to EUR 27,314 thousand. In order to calculate the difference, the commitment discounted at the average interest rate of the past ten years and recognised was compared to the amount that would have resulted if it had been discounted at the average interest rate of the past seven years.

D. III. Other provisions

EUR thousand	31.12.2022	31.12.2021
Remuneration payable	32,256	43,129
Consulting costs	15,432	15,208
Vacation claims and credit balances in flextime accounts	5,643	9,052
Costs for the preparation of the annual financial statements	4,302	2,477
Administrative expenses of foreign branch offices	3,839	2,782
Litigation expenses	1,013	811
Provisions for costs	360	3,025
Outstanding invoices for building-related expenses	196	785
Partial retirement	–	7,762
Anniversary bonuses	–	1,112
Pension fund	–	1,174
Berufsgenossenschaft (Employers´ Liability Association)	–	524
Miscellaneous	8,909	9,002
Total	**71,949**	**96,843**

The settlement amount of the provision for partial retirement was equal to EUR 0 (13,399) thousand. The fund held to cover this amount was accounted for at fair value in the amount of EUR 0 (5,637) thousand. The cost of the fund amounted to EUR 0 (5,637) thousand.

F. IV. Other liabilities

EUR thousand	Term < 1 year 31.12.2022	Term < 1 year 31.12.2021	Term > 1 year 31.12.2022	Term > 1 year 31.12.2021	Total 31.12.2022	Total 31.12.2021
Liabilities from non-group lead business	464,371	392,064	–	–	464,371	392,064
Liabilities to affiliated companies	262,262	400,802	–	–	262,262	400,802
Liabilities due to tax authorities	57,713	55,138	–	–	57,713	55,138
Liabilities not yet attributed	37,289	60,332	–	–	37,289	60,332
Trade payables	2,938	3,869	9	17	2,947	3,886
Liabilities to social security institutions	1,685	1,633	–	–	1,685	1,633
Liabilities from the investing activities based on claim payments	–	1	–	–	–	1
Liability from the acquisition of corporate bonds	–	–	–	–	–	–
Miscellaneous	10,988	10,782	–	–	10,988	10,782
Total	**837,245**	**924,621**	**9**	**17**	**837,254**	**924,638**

The decrease of EUR 138,540 thousand in other liabilities to affiliated companies to EUR 262,262 (400,802) thousand can be attributed mainly to a reduction in liabilities from service transactions (decrease of EUR 185,669 thousand to EUR 63,652 thousand), which is offset by increases in liabilities from non-group lead business to affiliated companies (increase of EUR 34,471 thousand to EUR 79,072 thousand) and liabilities from the transfer of profits to the parent company Talanx AG (increase of EUR 9,690 thousand to EUR 117,743 thousand.

Other liabilities do not include any liabilities with a remaining term to maturity of more than five years.

G. Deferred income

EUR 3,157 (3,001) thousand in deferred income items in the amount of EUR 3,524 (3,910) thousand relates to management commissions collected for the subsequent year.

Income statement

I. 1. a) Gross written premiums

	2022	2021
EUR thousand		
Direct written insurance business		
Casualty insurance	72,135	72,954
Liability insurance	1,350,531	1,174,122
Motor third-party liability insurance	253,847	233,958
Other motor insurance	132,351	136,814
Fire and property insurance	667,654	609,478
of which:		
a) Fire insurance	195,382	194,412
b) Engineering insurance	401,809	354,158
c) Other property insurance	70,463	60,909
Marine and aviation insurance	367,493	321,778
All-risk insurance	799,854	690,798
Legal protection insurance	24,716	25,336
Other insurance	97,563	94,227
Total	**3,766,143**	**3,359,465**
Business accepted for reinsurance	2,030,244	1,749,631
Total insurance business	**5,796,388**	**5,109,096**

Origin of gross written premiums for the direct written insurance business

	2022	2021
EUR thousand		
In Germany	1,624,153	1,552,774
Other member states of the European Community as well as other treaty states of the Agreement Creating the European Economic Area	1,267,817	1,075,341
Third countries	874,174	731,350
Total	**3,766,144**	**3,359,465**

I. 1. Gross premiums earned

EUR thousand	2022	2021
Direct written insurance business		
Casualty insurance	68,265	71,910
Liability insurance	1,324,965	1,156,645
Motor third-party liability insurance	250,349	234,373
Other motor insurance	131,526	135,770
Fire and property insurance	631,257	577,372
of which:		
a) Fire insurance	194,475	187,367
b) Engineering insurance	367,759	327,196
c) Other property insurance	69,023	62,809
Marine and aviation insurance	353,798	315,539
All-risk insurance	754,480	665,396
Legal protection insurance	24,676	25,257
Other insurance	96,167	94,581
Total	**3,635,483**	**3,276,843**
Business accepted for reinsurance	1,950,296	1,620,097
Total insurance business	**5,585,779**	**4,896,940**

I. 1. Net premiums earned

EUR thousand	2022	2021
Direct written insurance business		
Casualty insurance	58,158	60,340
Liability insurance	613,117	522,740
Motor third-party liability insurance	189,251	174,598
Other motor insurance	108,132	113,992
Fire and property insurance	269,866	244,522
of which:		
a) Fire insurance	84,020	73,159
b) Engineering insurance	155,676	144,301
c) Other property insurance	30,169	27,062
Marine and aviation insurance	82,618	196,606
All-risk insurance	181,434	130,596
Legal protection insurance	146	-68
Other insurance	34,852	41,073
Total	**1,537,574**	**1,484,399**
Business accepted for reinsurance	682,752	603,511
Total insurance business	**2,220,326**	**2,087,910**

I. 2. Underwriting interest income for own account

In the direct written gross insurance business, underwriting interest income was calculated on the annuity claims provision by multiplying the previous year's annuity provisions by the associated actuarial interest rate of 0.2% (0.7%).

I. 4. Gross expenses for insurance claims

	2022	**2021**
EUR thousand		
Direct written insurance business		
Casualty insurance	36,693	33,711
Liability insurance	1,189,013	855,887
Motor third-party liability insurance	205,268	182,849
Other motor insurance	101,845	91,673
Fire and property insurance	411,272	492,576
of which:		
a) Fire insurance	82,556	146,344
b) Engineering insurance	306,179	244,510
c) Other property insurance	22,537	101,722
Marine and aviation insurance	218,589	166,536
All-risk insurance	698,636	595,596
Legal protection insurance	12,156	3,529
Other insurance	68,341	84,250
Total	**2,941,813**	**2,506,608**
Business accepted for reinsurance	1,047,275	890,876
Total insurance business	**3,989,088**	**3,397,483**

I. 7. a) Gross expenses for insurance operations

	2022	**2021**
EUR thousand		
Direct written insurance business		
Casualty insurance	19,685	19,183
Liability insurance	195,031	170,994
Motor third-party liability insurance	39,196	36,275
Other motor insurance	25,070	24,886
Fire and property insurance	118,598	114,220
of which:		
a) Fire insurance	34,595	36,842
b) Engineering insurance	74,076	67,583
c) Other property insurance	9,927	9,795
Marine and aviation insurance	73,197	69,699
All-risk insurance	88,927	82,345
Legal protection insurance	4,899	4,561
Other insurance	21,883	24,176
Total	**586,486**	**546,339**
Business accepted for reinsurance	363,382	314,492
Total insurance business	**949,868**	**860,831**

Of the gross expenses for insurance operations for the financial year, EUR 127,754 (138,969) thousand are attributable to acquisition expenses and EUR 822,114 (721,862) thousand are attributable to general and administrative expenses.

Reinsurance balance

	2022	2021
EUR thousand		
Direct written insurance business		
Casualty insurance	-6,415	-8,534
Liability insurance	62,992	-115,653
Motor third-party liability insurance	-7,787	-11,328
Other motor insurance	-5,715	-3,538
Fire and property insurance	-53,564	4,863
of which:		
a) Fire insurance	-73,707	-26,325
b) Engineering insurance	40,580	-6,707
c) Other property insurance	-20,437	37,896
Marine and aviation insurance	-56,065	-45,972
All-risk insurance	24,839	-40,646
Legal protection insurance	-8,114	-7,453
Other insurance	-15,351	23,961
Total	**-65,178**	**-204,300**
Business accepted for reinsurance	-535,958	-432,856
Total insurance business	**-601,136**	**-637,156**

– = in favour of the reinsurers

The reinsurance balance is calculated as the reinsurers' earned premiums and the reinsurers' share of gross expenses for insurance claims and gross expenses for insurance operations.

The balance for the reinsurance business includes a total amount of EUR 120 (128) million for non-cash reinstatement premiums. This breaks down into EUR 100 (106) million for the direct written insurance business and EUR 20 (22) million for the business accepted for reinsurance.

I. 11. Underwriting result for own account

	2022	2021
EUR thousand		
Direct written insurance business		
Casualty insurance	-1,721	27
Liability insurance	660	21,205
Motor third-party liability insurance	729	8,358
Other motor insurance	-2,229	14,307
Fire and property insurance	40,141	-26,826
of which:		
a) Fire insurance	-1,414	-23,096
b) Engineering insurance	25,488	7,115
c) Other property insurance	16,067	-10,846
Marine and aviation insurance	57,069	-13,164
All-risk insurance	-8,303	-34,379
Legal protection insurance	-492	9,715
Other insurance	-8,314	11,620
Total	**77,539**	**-9,138**
Business accepted for reinsurance	-26,751	-33,264
Total insurance business	**50,788**	**-42,403**

Run-off result for own account

In the financial year, HDI Global SE realised a run-off profit in the amount of EUR 360,625 (302,304) thousand. The information on the run-off results for the individual lines of business are discussed in the management report under Results of operations.

Commissions and other compensation for insurance agents, personnel expense

	2022	2021
EUR thousand		
Commissions of any kind for insurance agents within the meaning of section 92 HGB for direct written insurance business	287,689	272,879
Wages and salaries	137,663	248,158
Social insurance contributions and expenses for benefits	20,953	38,226
Expenses for retirement benefits	24,702	25,507
Total expenses	**471,007**	**584,769**

Number of insurance contracts with a minimum term of one year

	2021	2021
Number		
Direct written insurance business		
Casualty insurance	17,022	11,684
Liability insurance	57,265	62,240
Motor insurance	557,551	519,024
Fire and property insurance	32,003	33,973
of which:		
a) Fire insurance	7,109	7,753
b) Engineering insurance	15,277	15,565
c) Other property insurance	9,617	10,655
Marine and aviation insurance	19,626	19,660
All-risk insurance	13,715	12,224
Legal protection insurance	6,585	6,599
Other insurance	8,403	5,819
Total	**712,170**	**671,223**

II. 4. Other income

	2022	2021
EUR thousand		
Income from services rendered	43,756	43,931
Income from the reversal of other provisions	14,565	655
Currency exchange gains	7,530	9,403
Income from the sale of renewal rights	5,355	3,645
Income from the derecognition of liabilities	5,066	1,399
Income from reversal of specific and global valuation allowances	4,369	15,378
Interest and similar income	3,438	2,323
Miscellaneous	1,979	3,470
Total	**86,058**	**80,204**

II. 5. Other expenses

EUR thousand	2022	2021
Other expenses for the Company as a whole	76,536	69,256
Expenses for services	32,654	36,448
Interest expense	29,688	10,648
Currency exchange losses	20,356	7,929
Additions to the interest portion of the provision for pensions	16,058	28,286
Write-downs of receivables	9,045	29,320
Miscellaneous	6,629	4,069
Total	**190,966**	**185,956**

Interest expenses include expenses for the unwinding of the discount in the amount of EUR 8,773 (155) thousand.

As a general rule, the expense of changes in interest rates related to pension obligations is shown under other expenses in compliance with IDW AcP HFA 30 para. 87 in order to facilitate greater transparency in the presentation of the costs of the ongoing insurance business in contrast with capital market and regulatory influences on the existing pension obligation.

II 7. Extraordinary result.
The extraordinary result amounts to EUR 0 (-1,500) thousand.

II. 9. Taxes on income

Taxes on income amount to EUR 55,593 (45,848) thousand. These are essentially the actual taxes for the financial year of the foreign branches in the amount of EUR 55,036 thousand. The expense from German taxes on income amounted to EUR 557 thousand and relates primarily to deductible withholding tax.

II. 10. Other taxes
The line item Other taxes relates in the amount of EUR 8,936 thousand to expenses on the part of the foreign branches and in the amount of EUR 6,903 thousand to German expenses from other taxes (of which EUR 531 thousand can be attributed to property taxes and EUR 10,209 thousand to insurance and fire protection taxes), resulting in an expense from other taxes in the amount of EUR 15,840 thousand.

Other disclosures

Employees

	2022	2021
Number (average)		
Full-time employees*	1,297	2,374
Part-time employees*	202	431
Total	**1,499**	**2,805**

** German employees transferred to HDI AG as of March 1, 2022*

Employee share programme

In September 2022, the parent company Talanx AG launched an employee share programme under which the employees of HDI Global SE were each offered various options under which a maximum of 30, 120 or 480 shares could be subscribed. The shares were issued to the employees in December. The exercise price was based on the lowest daily price on the Frankfurt and Hannover stock exchanges on 30 September 2022, less a discount of 15, 7.50 or 3 euros per share depending on the chosen option, and amounted to EUR 20.88, EUR 28.38 or EUR 32.88. A total of 58,833 shares were acquired. The transaction resulted in personnel expenses of EUR 513 thousand. The shares issued are subject to a vesting period ending on 30 November 2024.

Governing bodies of the Company

The members of the Supervisory Board and of the Board of Management are listed on pages 4 and 5. These two pages are part of the notes to the financial statements.

Remuneration for the members of governing bodies and advisory boards

Remuneration for the members of the Board of Management totalled EUR 7,853 (8,156) thousand. Total remuneration for the Supervisory Board was equal to EUR 72 (73) thousand and remuneration for the Advisory Board totalled EUR 478 (522) thousand. The remuneration of former Board of Management members and their survivors totalled EUR 6,834 (5,918) thousand. A total of EUR 70,433 (64,585) thousand was recognised for pension liabilities due to former Management Board members and their survivors.

Under the share-based remuneration system introduced in 2011, the Board of Management was allocated 69,710 (17,087) virtual shares with a fair value of EUR 2,740 (622) thousand in the reporting period.

Important agreements

A control and profit and loss transfer agreement is in effect with Talanx AG as the controlling company (parent entity). In addition, there are control and profit and loss transfer agreements between HDI Global SE as the controlling company and HDI Risk Consulting GmbH, HDI Global Network AG, HDI Global Specialty Holding GmbH, HDI AI EUR Beteiligungs-GmbH and HDI AI USD Beteiligungs-GmbH, each as the controlled company.

Shareholdings in the Company

The sole shareholder of HDI Global SE is Talanx AG, which holds 100% of the share capital. Talanx AG has notified the Company that it holds a direct majority interest in HDI Global SE, Hannover (notice pursuant to section 20(4) AktG) and that it holds more than one fourth of the shares of HDI Global SE directly at the same time (notice pursuant to section 20(1) and (3) AktG).

Credit lines granted

The subsidiary HDI Global Network AG was extended a credit line under a loan agreement in the amount of CAD 460,000 thousand with a term ending on 1 October 2024. HDI Global Network AG had drawn down a loan of CAD 215,500 thousand from this amount as at the balance sheet date.

Contingencies and other financial obligations

HDI Global SE is a member of Verkehrsopferhilfe e.V., Hamburg. As a result of this membership, it is obligated to contribute to the potential payments made by the association as well as its general and administrative expenses in line with our pro-rata share of the premium income generated by the members of the association in direct written motor liability insurance in the next to last calendar year.

As a member of the Pharma-Rückversicherungs-Gemeinschaft, HDI Global SE is required to assume a pro-rata share of the outstanding obligations in the event that any of the remaining members becomes insolvent. The similar obligation exists under a contractual agreement with the Deutsche Kernreaktor-Versicherungsgemeinschaft as regards a default of one of the association members.

HDI Global SE set up a trust account that showed a current balance of EUR 294,569 (321,275) thousand as at the balance sheet date in order to provide collateral for underwriting liabilities to HDI Global Insurance Company. The carrying amount of the collateral deposited in this trust account in the form of securities and cash amounted to EUR 329,374 (310,226) thousand as at the balance sheet date. In addition, there are further assets with a carrying amount of EUR 237,087 (223,540) thousand that are pledged, transferred as collateral or deposited, resulting in a total value of EUR 566,461 (533,765) thousand.

Talanx AG, Hannover, assumed the fulfilment of the Company's obligations for old age pensions from former employees for internal and external arrangements. Under this pension commitment, the Company has a joint liability in an amount totalling EUR 60,291 (64,585) thousand as at the end of the financial year.

The shortfall due to pension obligations within the meaning of Article 28(1) EGHGB that is not recognised on the balance sheet is equal to EUR 2,131 (4,686) thousand.

As the sponsoring undertaking for Gerling Versorgungskasse VVaG, the Company is proportionately liable for any deficits at Gerling Versorgungskasse.

Other financial obligations amounting to EUR 5,383 (6,582) thousand consist primarily of guarantee credits and bank guarantees. Letters of credit in effect with various banks total EUR 823,462 (980,792) thousand. In addition, there are obligations under fixed liability guarantees in the amount of EUR 68,000 (68,000) thousand.

The Company’s Board of Management views the probability that obligations arising from the above contingent liabilities will result in actual claims and payments to be remote.

The total amount of other financial obligations and contingent liabilities was EUR 1,534,668 (1,658,410) thousand.

Capital contribution commitments vis-à-vis contracting parties

	31.12.2022	31.12.2021
EUR thousand		
HDI AI EUR Beteiligungs-GmbH	75.881	53.881
HDI AI USD Beteiligungs-GmbH	11.442	10.767
Bridgepoint Direct Lending III unlevered SCSp	7.214	0
Muzinich Pan-European Private Debt II, SCSp	4.547	10.000
Bridgepoint Credit Opportunities II LP	4.516	4.516
UBS Clean Energy Infrastructure Switzerland 2 KmGK	3.464	5.158
Ares Senior Direct Lending Parallel Fund (U) LP	3.036	4.459
AG DLI III Offshore Unlevered LP	2.459	2.314
Monroe Capital SCSp SICAV-RAIF- Priv Credit F III	2.075	0
Ares Capital Europe IV (E) Unlevered	2.008	1.630
Arcmont Senior Loan Fund I (A) SLP	1.991	2.560
Five Arrows Direct Lending SCSp	1.870	2.730
CVC Credit Partners EU DL II Co-Invest Feeder SCSp	1.806	2.335
Crown European Private Debt II SCSp	1.500	1.500
Ares Capital Europe II (E) LP	1.409	1.520
Barings European Private Loan Fund II	1.334	1.429
BlackRock European Middle Market Debt II SCSp	1.199	2.895
Muzinich Pan-European Private Debt I SCSp	933	1.307
Projekt Spring -Tranche B- MC	0	1.641
Monroe Capital Private Credit Fund III LP	0	1.322
Total	**128,684**	**111,965**

For HDI Global SE, there are other financial obligations from outstanding capital contribution commitments in the amount of EUR 128,684 thousand resulting from an investment programme with a total subscription volume of EUR 680,000 thousand.

This includes outstanding residual capital contribution commitments in the amount of EUR 87,323 thousand to affiliated and associated companies from a subscription volume of EUR 560,000 thousand.

Related party disclosures

The Company is engaged in extensive reinsurance agreements with companies in the Talanx Group. Appropriate considerations are paid and received for reinsurance coverage as well as any and all services that are received and/or rendered in connection with this protection. To that extent, this business has no effect on the net assets or results of operations when compared to the use and rendering of the described services by or for companies that are not related parties.

In the reporting period, there were no non-arms' length transactions with related parties that were relevant to an assessment of the financial position or results of operations.

Total audit fees

The fee for the independent auditor – broken down into expenses for audit service, for other certification services, and for other services – are included in the consolidated financial statements of HDI Haftpflichtverband der Deutschen Industrie V.a.G. and Talanx AG on a pro-rata basis.

The independent auditor audited the annual financial statements, including the management report and the reporting package prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2022. The reporting packages prepared on a quarterly basis in accordance with IFRS were subjected to a review. In addition, the solvency statement for the year ended 31 December 2022 was audited. Furthermore, assurance engagements were performed in the reporting period based on the International Standard on Assurance Engagements 3000 (ISAE 3000). Moreover, (agreed-upon) procedures were performed in the reporting period based on the International Standard on Assurance Engagements 4400 (ISAE 4400).

Consolidated financial statements

The Company is a group company of the HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit, Hannover and of Talanx AG, Hannover. HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit (the parent company of the HDI Group) prepares consolidated financial statements (for the largest group of companies) according to section 341i HGB in conjunction with section 290 HGB that includes the Company within the basis of consolidation. Talanx AG as the parent company of the Talanx Group is further required to prepare consolidated financial statements (for the smallest group of companies) pursuant to section 341i HGB in conjunction with section 290 HGB, which are prepared – as provided for in section 315e(1) HGB – on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) in accordance with article 4 of Regulation (EC) No. 1606/2002. The consolidated financial statements are published in the German Federal Gazette (Bundesanzeiger). The inclusion of HDI Global SE in the consolidated financial statements of HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit and Talanx AG exempts the Company in accordance with section 291(1) HGB from preparing its own consolidated financial statements.

Report on post-balance sheet date events

There were no known significant events after the closing of the financial year that might have a material effect on the net assets, financial position and results of operations of the Company.

Hannover, 16 February 2023

The Board of Management

Dr. Edgar Puls

Ralph Beutter	Dr. Mukadder Erdönmez	Dr. Christian Hermelingmeier
David Hullin	Dr. Thomas Kuhnt	Claire McDonald

INDEPENDENT AUDITOR’S REPORT

To HDI Global SE, Hannover

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions
We have audited the annual financial statements of HDI Global SE, Hannover, which comprise the balance sheet as at 31 December 2022, and the statement of profit and loss for the financial year from 1 January to 31 December 2022 and notes to the financial statements, including the presenta- tion of the recognition and measurement policies. In addition, we have audited the management report of HDI Global SE for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f Abs. [paragraph] 4 HGB [Handelsgesetzbuch: Ger- man Commercial Code] (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the re- quirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 in compliance with German Legally Required Accounting Principles and

- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions
We conducted our audit of the annual financial statements and of the management report in ac- cordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these re- quirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Measurement of investments

❷ Measurement of the provision for outstanding claims (“loss reserves”)

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ Measurement of investments

① Investments are stated at EUR 9,301.7 million (76,8 % of total assets) in the Company’s annual financial statement. The commercial-law valuation of the individual investments is based on the acquisition costs and the lower fair value. According to 341b (2) Sentence 1 HGB certain investments of insurance companies that are intended to serve the business on a permanent basis may be valued in accordance with the provisions applicable to fixed assets. In this case, unscheduled write-downs to the lower fair value are only made if the impairment in value is expected to be permanent (mitigated lower-of-cost-or-market principle) and only temporary impairments are carried forward as hidden charges in subsequent years. A designation as permanently serving the business operations presupposes an intention and ability to hold these investments on a permanent basis. The fair value is determined on the basis of the market price of the respective investment, if available. For investments that are not measured on the basis of stock exchange prices or other market prices (e.g. for equity investments not quoted on stock exchanges, registered bonds, notes receivable and loans as well as real estate), there is an elevated measurement risk due to the necessity of using model calculations. In this context judgements, estimates and assumptions are to be made by the management, also with regard to the effects of the increased interest rates. Minor changes in these assumptions as well as in the methods applied can have a significant effect on the measurement of the investments. The measurement of the investments was particularly important during our audit due to the material importance of the investments for the Company’s net assets and results of operations as well as the judgements on the part of management and the associated estimation uncertainties.

② Considering the importance of the investments for the Company’s business as a whole, we assessed, together with our internal investment specialists, the models used by the Company and assumptions made by the management during our audit, based, among other things, on our valuation expertise for investments, our industry knowledge and our industry experience. We also assessed the structure and effectiveness of the controls set up by the Company for the valuation of the investments and recognition of the result from investments. Building on this, we conducted further analytical audit procedures and tests of detail with respect to the valuation of the investments. In this context, we also assessed the management’s assessment of the impact of higher interest rates on the valuation of the investments. Among other things, we also closely examined the underlying carrying amounts and their recoverability using the records provided and reviewed the consistent application of valuation methods and proper accrual of the investments. In addition, we assessed the valuation reports obtained by the Company (including the applied valuation parameters and assumptions made) for the Company's key properties. Based on our audit procedures, we were satisfied that the estimates and assumptions made by the management regarding the valuation of investments are justified and sufficiently documented.

③ The Company's disclosures regarding its shares in affiliated companies are contained in the Notes to the annual financial statements in the Section entitled Accounting policies and Assets.

❷ Measurement of the provision for outstanding claims ("loss reserves")

① In the Company's annual financial statements, provision for outstanding claims ("loss reserves") are reported in the gross amount of EUR 14,282.2 million (117.9 % of total liabilities) under the balance sheet item Provision for outstanding claims. Insurance companies are to recognise underwriting provisions insofar as they are necessary based on prudent business judgement in order to ensure the permanent ability to satisfy obligations under insurance contracts. In addition to taking the requirements under German GAAP and regulatory requirements into account, the determination of assumptions in order to measure the underwriting provisions requires an estimation of future events and the application of appropriate valuation methods. This also includes the expected imact of increased inflation rates on the determination of loss reserves in the affected lines of business. Judgements and assumptions made by the management are based on the methods applied to determine the amount of the provision for outstanding claims as well as the calculation parameters. Minor changes in these assumptions as well as in the methods applied can have a significant effect on the measurement of the provision for outstanding claims. The measurement of the provision for outstanding claims was particularly important during our audit due to the material importance of these provisions for the Company's net assets and results of operations as well as the management's significant (accounting) judgements and the associated estimation uncertainties.

② Considering the importance of the provision for outstanding claims for the Company's business as a whole, we assessed the methods used by the Company and the assumptions made by the management during our audit together with our internal valuation specialists, based, among other things, on our industry knowledge and our industry experience as well as on generally accepted methods. We also assessed the structure and effectiveness of the controls set up by the Company for the determination and recognition of the provision for outstanding claims. Building on this, we conducted further analytical audit procedures and tests of detail with respect to the measurement of the provision for outstanding claims. Among other things, we also reconciled the data underlying the calculation of the settlement amount with the base documents. Accordingly, we closely examined the results calculated by the Company regarding the amount of the provisions on the basis of the applied statutory requirements and reviewed the consistent application of the measurement methods and the proper accrual of the provisions. In this context, we also assessed the management's assessment regarding the impact of increased inflatioon rates on the affected lines of business. Based on our audit procedures, we were satisfied that the estimates and assumptions made by the management regarding the measurement of the provision for outstanding claims are justified and sufficiently documented.

③ The Company's disclosures regarding its provision for outstanding claims are contained in the Notes to the financial statements in the sections entitled Accounting policies and Equity and liabilities.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) as an unaudited part of the management report.

The other information comprises further all remaining parts of the annual report – excluding crossreferences to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as auditor by the annual general meeting on 2 March 2022. We were engaged by the supervisory board on 2 December 2022. We have been the auditor of the HDI Global SE, Hannover, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Mathias Röcker.

Hannover, 2 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Mathias Röcker
Wirtschaftsprüfer
[German public auditor]

Janna Brüning
Wirtschaftsprüferin
[German public auditor]

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This is a translation of the original German text; the German version takes precedence in case of any discrepancies in the translation.
The German version is avaliable on www.bundesanzeiger.de.

Konzernstruktur
Group structure

Talanx AG

Geschäftsbereich Industrieversicherung
Industrial Lines Division

- HDI Global SE
- HDI Global Specialty SE
- HDI Versicherung AG (Austria)
- HDI Global Seguros S.A. (Brazil)
- HDI Global Seguros S.A. (Mexico)
- HDI Global Insurance Limited Liability Company (Russia)
- HDI Global SA Ltd. (South Africa)
- HDI Global Insurance Company (USA)
- HDI Global Network AG
- HDI Reinsurance (Ireland) SE

Geschäftsbereich Privat- und Firmenversicherung Deutschland
Retail Germany Division

Schaden/Unfallversicherung
Property/Casualty Insurance

Lebensversicherung
Life Insurance

- HDI Deutschland AG
- HDI Versicherung AG
- Lifestyle Protection AG
- neue leben Unfallversicherung AG
- LPV Versicherung AG (formerly PB Versicherung AG)
- TARGO Versicherung AG
- HDI Lebensversicherung AG
- HDI Pensionskasse AG
- Lifestyle Protection Lebensversicherung AG
- neue leben Lebensversicherung AG
- LPV Lebensversicherung AG (formerly PB Lebensversicherung AG)
- HDI Pensionsfonds AG (formerly PB Pensionsfonds AG)
- HDI Pensionsmanagement AG
- TARGO Lebensversicherung AG

Geschäftsbereich Privat- und Firmenversicherung International
Retail International Division

- HDI International AG
- HDI Seguros S.A. (Argentina)
- HDI Seguros S.A. (Brazil)
- HDI Seguros S.A. (Chile)
- HDI Seguros S.A. (Colombia)
- HDI Seguros de Vida S.A. (Colombia)
- HDI Seguros S.A. de C.V. (Mexico)
- HDI Seguros S.A. (Uruguay)
- TUiR WARTA S.A. (Poland)
- TU na Życie WARTA S.A. (Poland)
- TU na Życie Europa S.A. (Poland)
- TU Europa S.A. (Poland)
- HDI Assicurazioni S.p.A. (Italy)
- Magyar Posta Biztosító Zrt. (Hungary)
- Magyar Posta Életbiztosító Zrt. (Hungary)
- HDI Sigorta A.Ş. (Türkiye)

Geschäftsbereich Rückversicherung
Reinsurance Division

Schaden-Rückversicherung
Property/Casualty Reinsurance

Personen-Rückversicherung
Life/Health Reinsurance

- Hannover Rück SE
- E+S Rückversicherung AG
- Hannover ReTakaful B.S.C. (c) (Bahrain)
- Hannover Re (Bermuda) Ltd.
- Hannover Africa Limited
- Hannover Life Re of Australasia Ltd
- Hannover Life Reassurance Bermuda Ltd.
- Hannover Re (Ireland) DAC
- Hannover Re South Africa Limited
- Hannover Life Reassurance Company of America

Konzernfunktionen
Corporate Operations

- HDI AG
- Ampega Asset Management GmbH
- Ampega Investment GmbH
- Talanx Reinsurance Broker GmbH

Nur die wesentlichen Beteiligungen
Main participations only

Stand / As at: 31.12.2022

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