

**talanx.**

Insurance. Investments.

# 6M 2022 results

10 August 2022 | Jan Wicke, CFO





# Agenda

1

**Group financials**

2

Segments

3

Investments and capital

4

Outlook

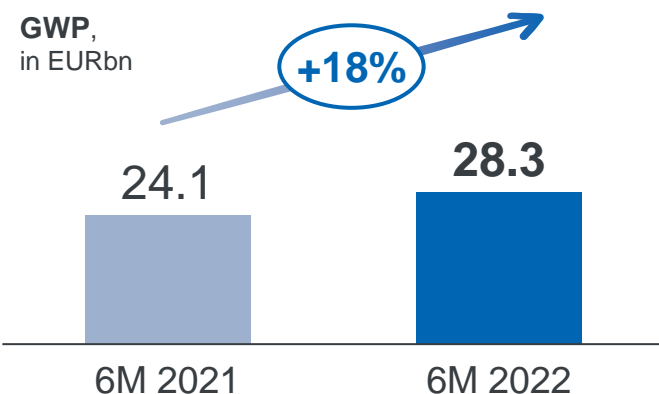
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Appendix

# Double digit growth and strong result despite additional Ukraine reserves



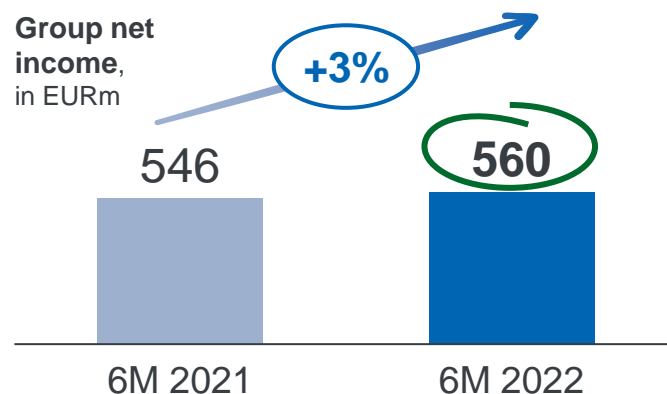
## Top line



- Growth momentum continues – GWP currency adjusted up 14%
- All segments contributed with Industrial Lines outpacing other segments in Q2, driven by both Specialty and traditional business
- Updated growth outlook for FY 2022: Now expecting high-single digit GWP increase (currency-adjusted)



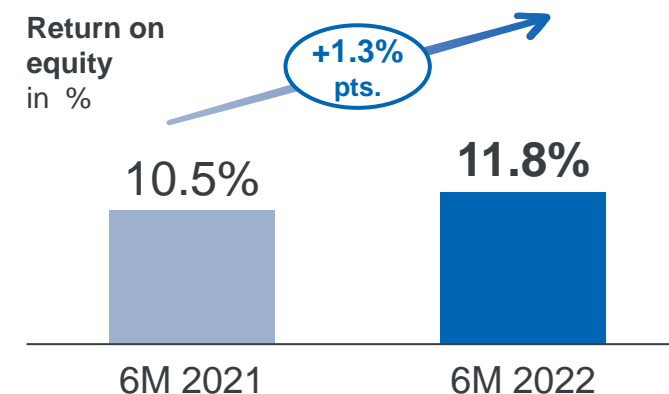
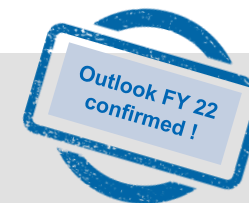
## Bottom line



- Combined ratio 98.4% incl. EUR 346m reserves for the Russian war in Ukraine which resulted in exceeding the pro-rata large loss budget by EUR 267m
- Net investment income significantly below previous year as currently no more ZZR funding for German Life business necessary
- Earnings outlook FY 2022 confirmed in the range between EUR 1.05 and 1.15bn



## Profitability



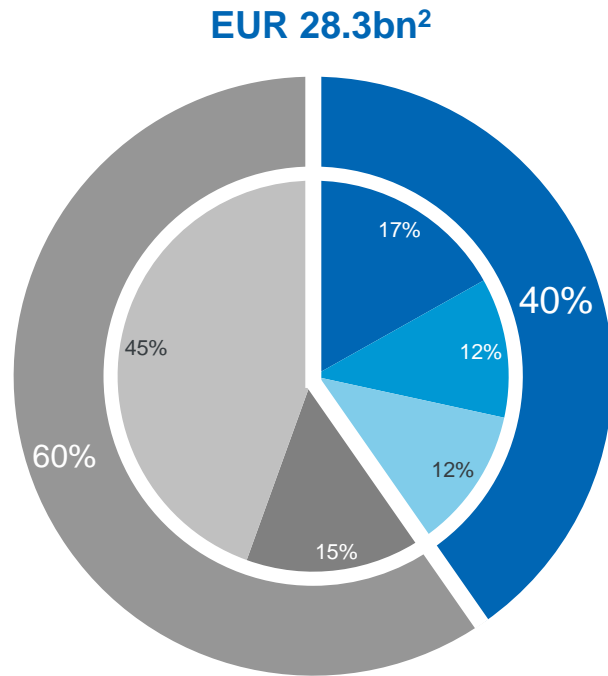
- RoE improvement largely driven by reduced shareholders' equity as a result of increasing interest rates
- On track to deliver RoE of 10% for FY 2022



# Diversification pays off

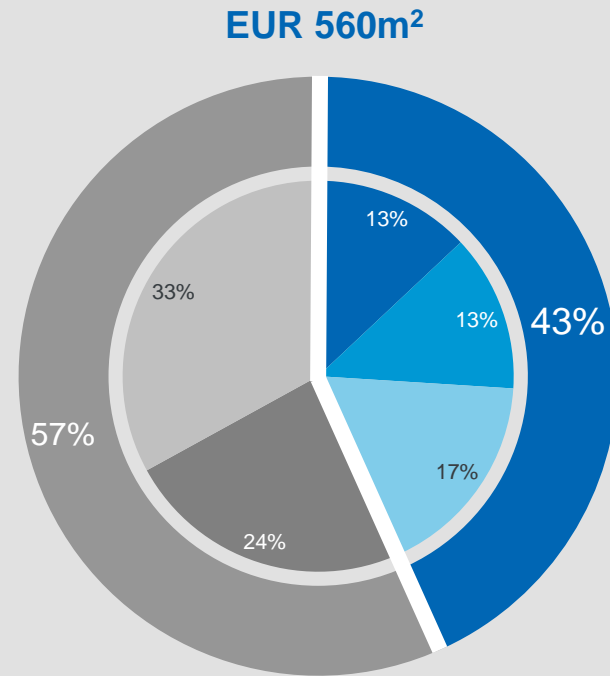
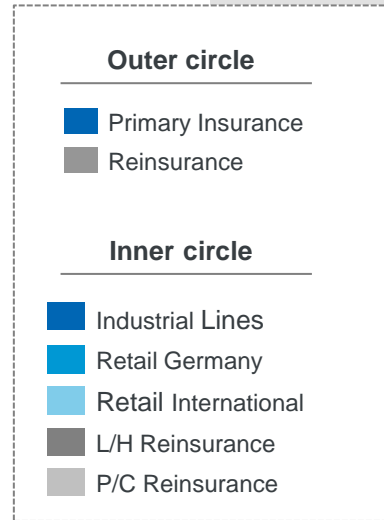
## Premiums mix

6M 2022, GWP



## Earnings mix

6M 2022, net income attributable to Talanx shareholders<sup>1</sup>



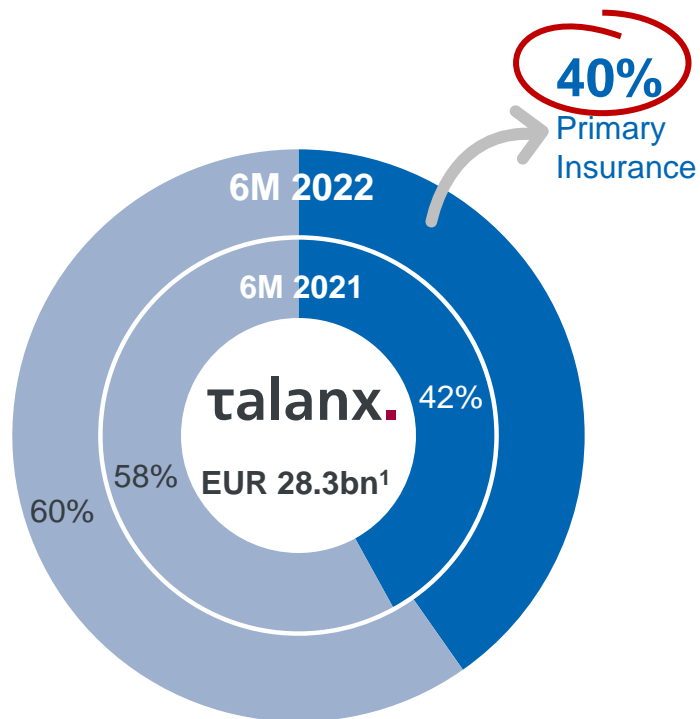
Note: Primary Insurance is the sum of Industrial Lines, Retail Germany and Retail International

<sup>1</sup> Net income split L/H Reinsurance vs. P/C Reinsurance based on pro-forma tax calculations using internal assumptions on segmental tax allocation <sup>2</sup> Percentages are calculated in percent of Group GWP / net income adjusted for Corporate Operations and Consolidation, i.e. in percent of EUR 29.0bn GWP and EUR 567m net income attributable to Talanx shareholders

# Primary Insurance generated 40% of GWP but 43% of net income

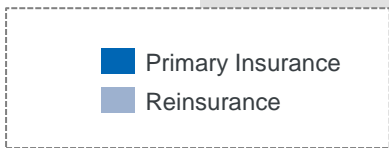
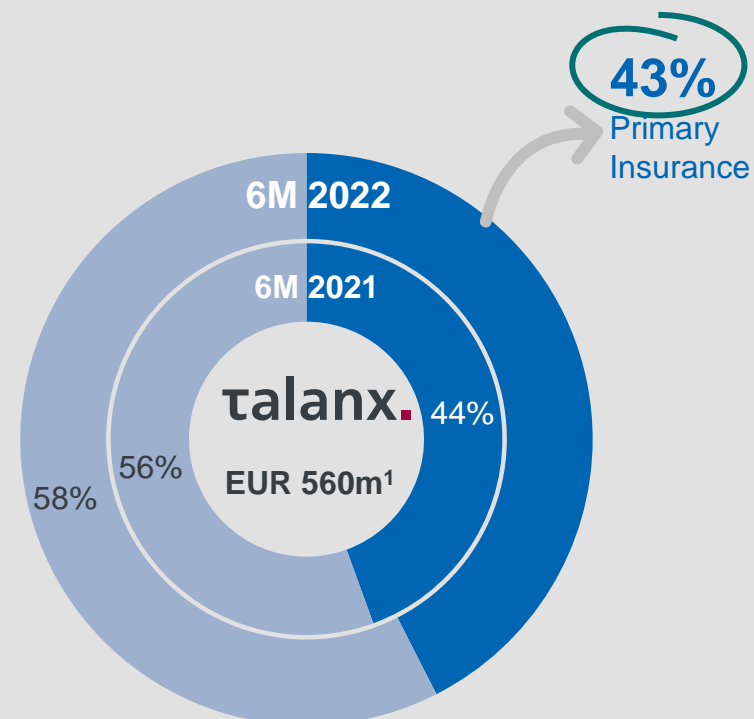
## GWP (% share Primary Insurance vs Reinsurance)

in % of total GWP



## Net income (% share Primary Insurance vs Reinsurance)

in % of total net income



Note: Primary Insurance is the sum of Industrial Lines, Retail Germany and Retail International

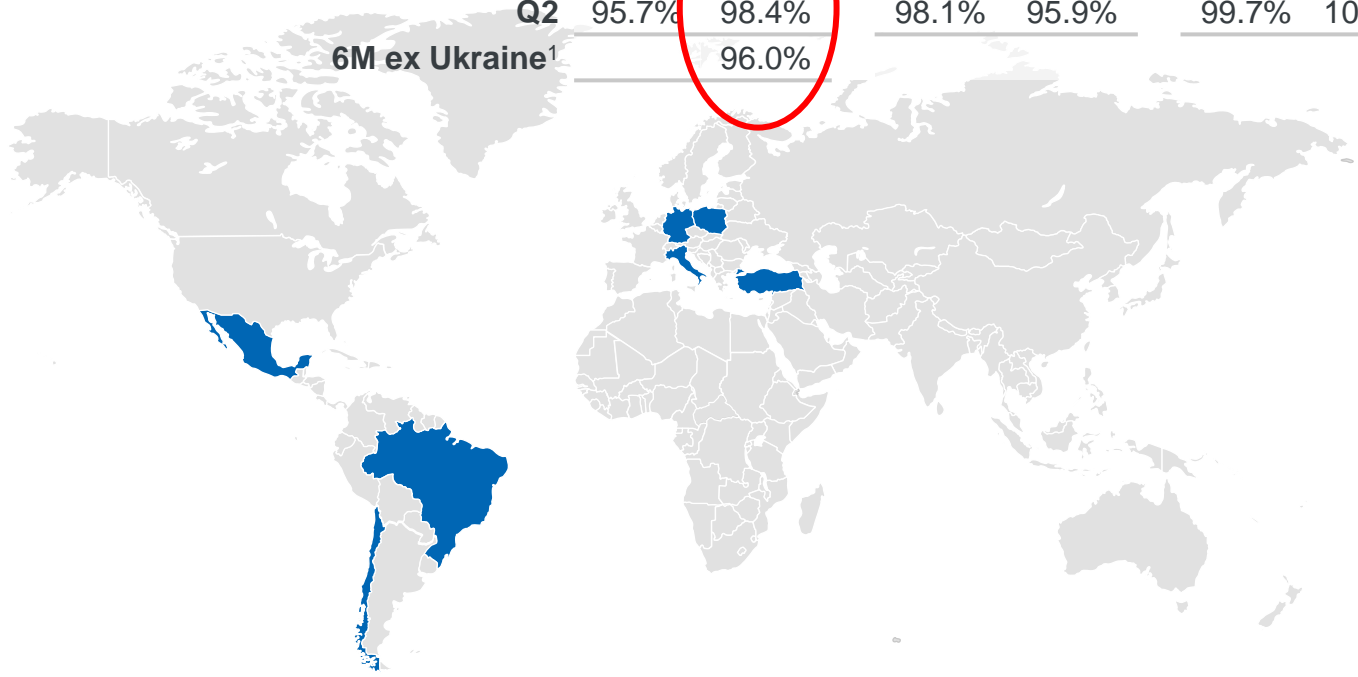
1 Percentages are calculated in percent of Group GWP / net income adjusted for Corporate Operations and Consolidation, i.e. for 6M 2022 in percent of EUR 29.0bn GWP and EUR 567m net income attributable to Talánx shareholders

# 1 Combined ratios affected by Ukraine reserves

Impact of Ukraine reserves in 6M 2022:

- 1.5%points in Industrial Lines,
- 0.6%points in Primary Insurance,
- 3.2%points in Reinsurance
- 2.4%points in Talanx Group

	Talanx Group		Industrial Lines		Retail Germany P/C		Retail International		Primary Insurance		Reinsurance P/C	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
6M	95.9%	98.4%	98.4%	96.5%	91.7%	99.5%	92.8%	96.6%	94.9%	97.0%	96.0%	99.1%
Q2	95.7%	98.4%	98.1%	95.9%	99.7%	101.0%	91.8%	98.9%	95.7%	98.0%	95.8%	98.7%
6M ex Ukraine <sup>1</sup>		96.0%										



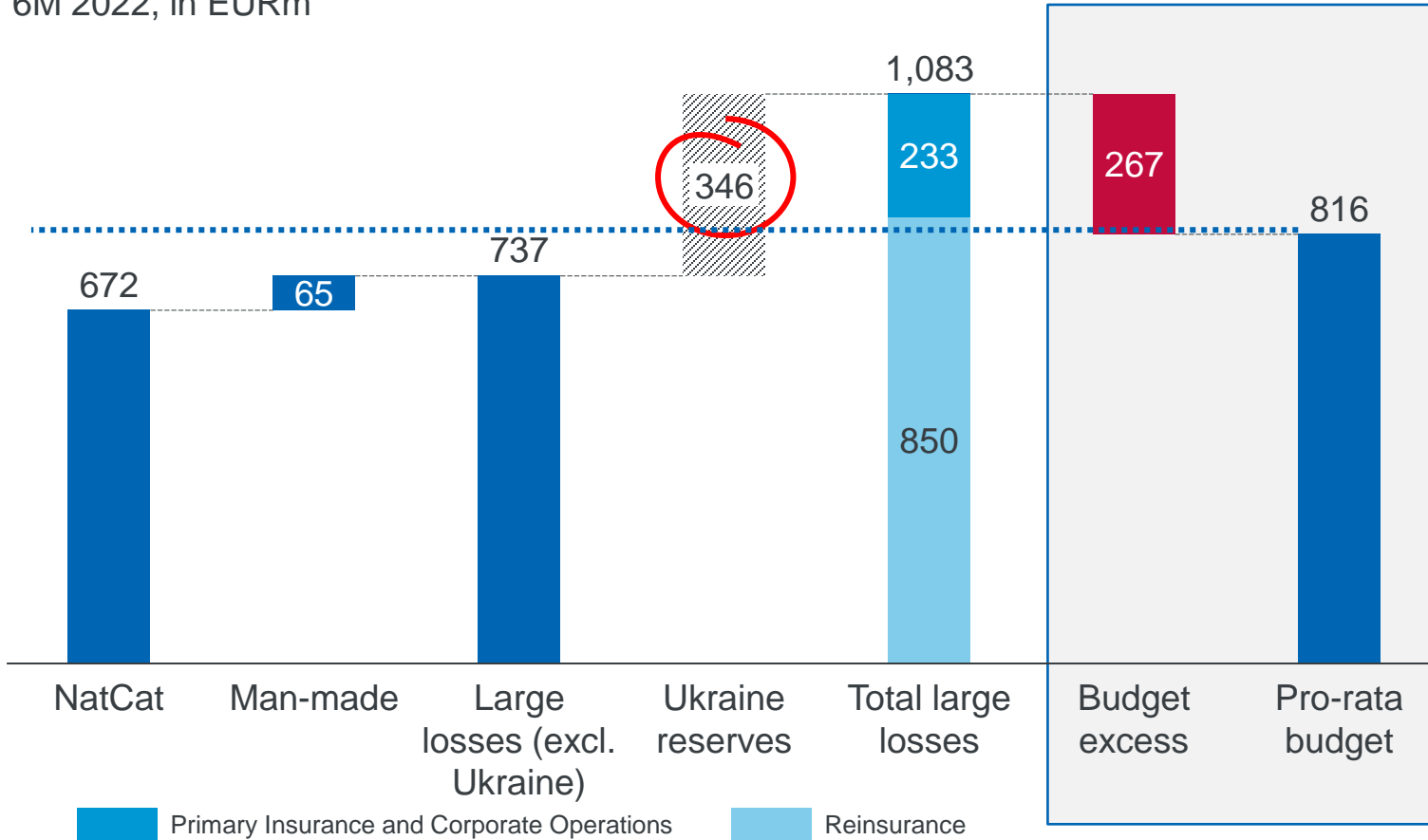
		Mexico		Chile		Brazil <sup>2</sup>		Italy		Poland		Turkey <sup>3</sup>	
		2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
6M		96.5%	94.1%	94.5%	97.1%	99.8%	113.8%	71.8%	81.0%	92.7%	90.8%	108.4%	148.7%
Q2		95.4%	94.8%	93.9%	96.0%	99.7%	112.7%	67.7%	85.1%	92.2%	91.2%	107.6%	153.1%

Note: Non-life business. Primary Insurance excludes figures for Corporate Operations. For Retail International this page highlights only core markets plus Italy. Poland includes TUIR Warta only, which generates approx. 95% of P/C GWP in Poland. | 1 Combined ratio excluding the reserves related to the Russian war in Ukraine 2 SELIC benchmark interest rate in Brazil was 13.15% in 6M 2022, after 4.15% in 6M 2021. 3 Two-year government bond yield in Turkey was 14% in 6M 2022 after 19% in 6M 2021

# Large loss budget exceeded by EUR 267m due to Ukraine reserves

## Large losses

6M 2022, in EURm



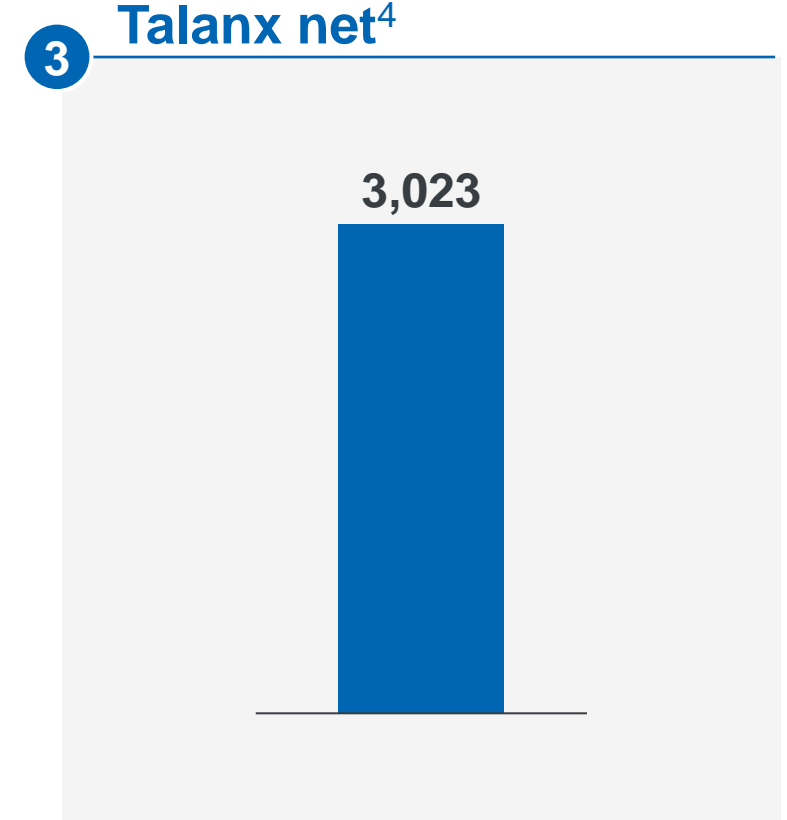
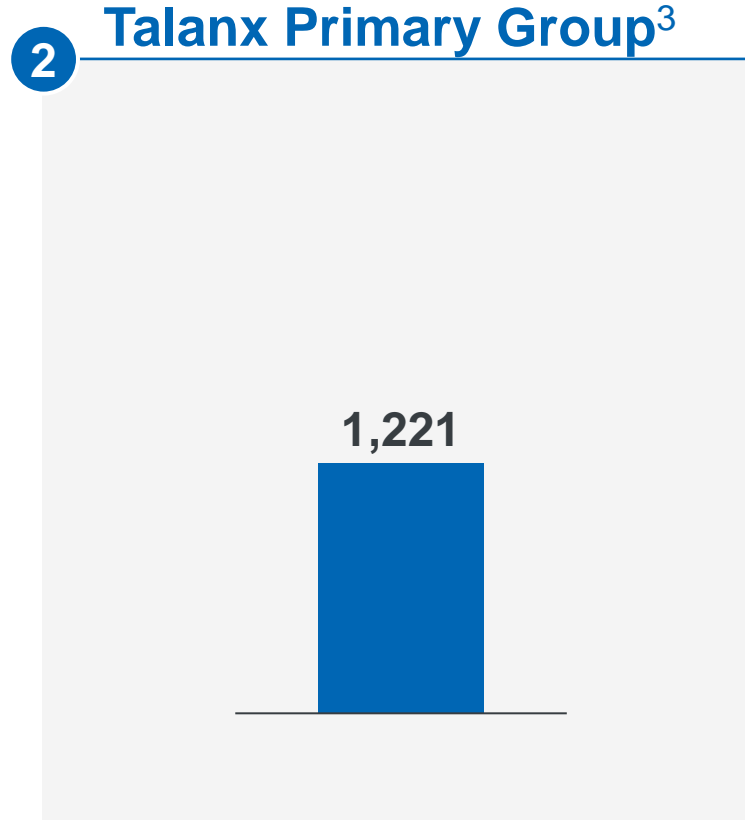
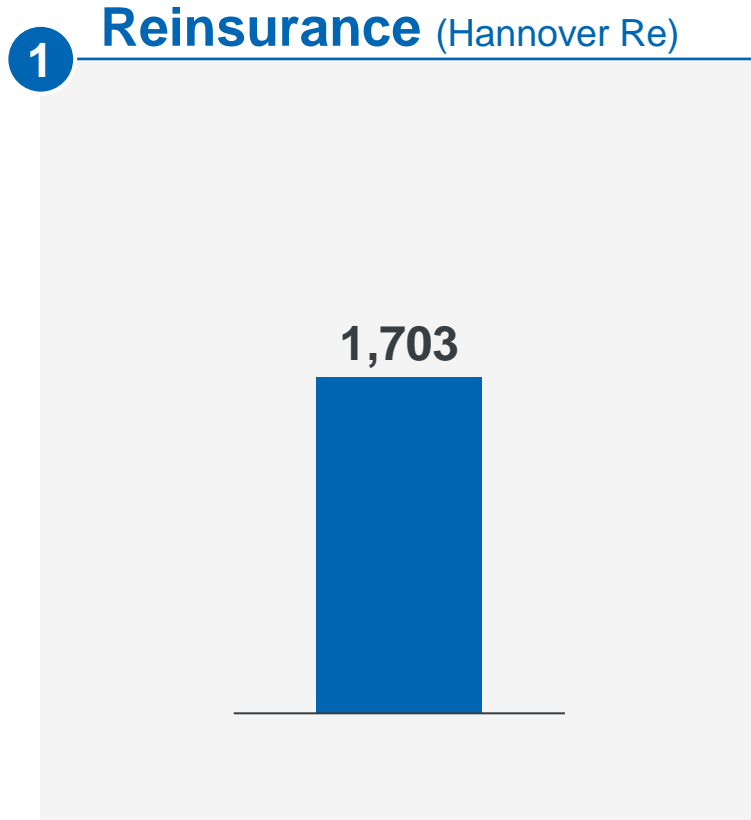
Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance.

## Comments

- Large losses still largely driven by NatCat events
- Top 5 large loss events
  1. Russian war in the Ukraine (EUR 346m)
  2. Floods in Australia (EUR 259m)
  3. February storms in Europe (EUR 179m)
  4. Floods in South Africa (EUR 84m)
  5. Hail in France (EUR 65m)
- Conservative reserving for Ukraine situation with high IBNR portion

# 1 Prudent reserving will help manage current inflation

Net resiliency reserves<sup>1</sup> embedded in best estimate<sup>2</sup>, as of 31 Dec 2021, in EURm



1 Resiliency reserves are defined as the difference between booked reserves (based on Talanx' own best estimates) and WTW analysis. 2 Before taxes and minorities; source: WTW calculation based on data provided by Talanx. 3 Includes Industrial Lines, Retail Germany and Retail International. Excludes Talanx AG, which had EUR 98m of resiliency reserves per 31 Dec 2021. 4 Sum of Hannover Re, Talanx Primary Group, Talanx AG (not consolidated)





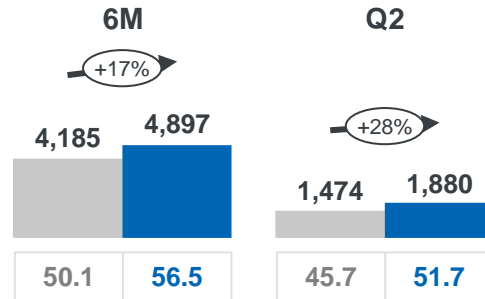
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- 2 **Segments**
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- 4 Outlook
- 5 Appendix

# Industrial Lines

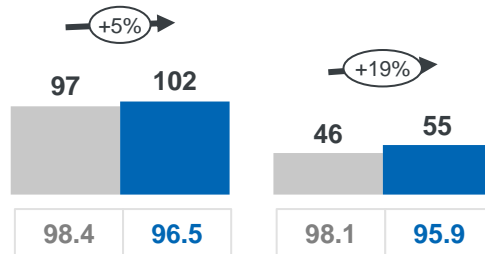
## 2 Accelerated growth and further improvement of technical result despite Ukraine

### Gross written premiums (GWP)



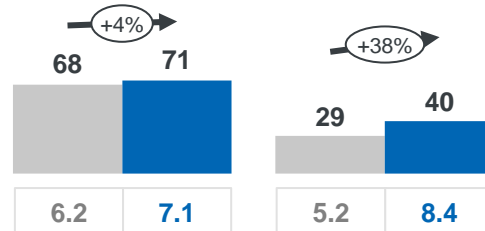
### Retention ratio in %

### Operating result (EBIT)



### Combined ratio in %

### Net income



### RoE in %

EURm, IFRS    ■ 2021    ■ 2022

- Strongest growing Group segment in Q2 (currency-adjusted +20.9%)
- Specialty's GWP contribution of ~ EUR 1.5bn in 6M represents an increase of 29%; other lines recorded 12% growth
- Higher retention due to reduced Reinsurance quota share in connection with realignment of shareholding structure of HDI Global Specialty SE effective 1 January 2022

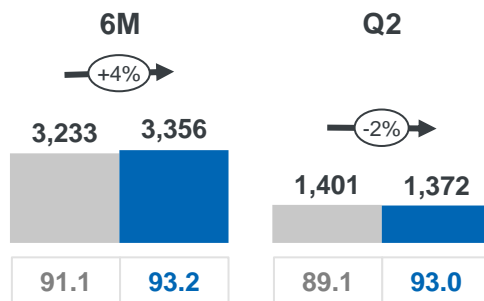
- Further improvement of combined ratio in 6M despite overrunning EUR 165m pro-rata large loss budget by EUR 9m, mainly due to Ukraine IBNR reserves and floods in Australia. Positive development as a result of continued portfolio restructuring
- Q2 large losses of EUR 83m, including Ukraine, at pro-rata quarterly budget with very low man-made losses recorded

- 6M return on investment of 2.1% vs. 2.7% in previous period reflects normalisation of private equity distributions, which were exceptionally high in FY 2021
- 6M tax rate up from 22.4% to 26.1%, reflecting lower taxation on higher private equity gains in previous year

# Retail Germany (total)

## 2 Growth initiatives work – NatCat and inflation impact on profitability

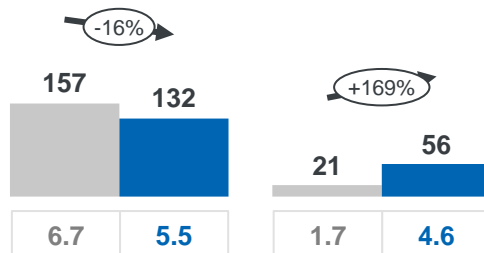
Gross written premiums (GWP)



Retention ratio in %



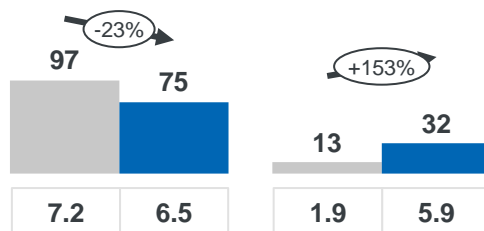
Operating result (EBIT)



EBIT margin in %



Net income (after minorities)



RoE in %



EURm, IFRS ■ 2021 ■ 2022

- 6M gross written premiums up 10.6% in P/C and 0.6% in Life, reflecting growth strategies in SME for P/C and focus on capital light products in Life
- Q2 GWP up 6.9% in P/C, down 4.0% in Life primarily driven by decline in single premium business (excl. biometric products) in line with industry as traditional banking products regain attractiveness vs life products in current market environment

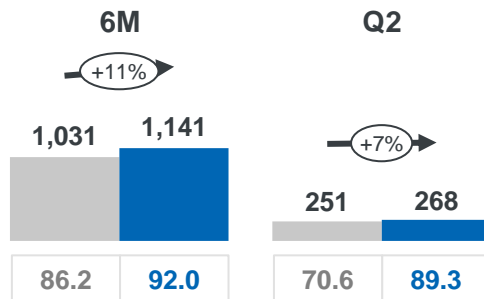
- 6M EBIT negatively impacted by claims development in P/C, which was not fully compensated by EUR 43m EBIT increase in Life
- Q2 EBIT: Significant increase in Life partially offset by EUR 19m decrease in P/C driven by NatCat events as well as by higher inflation and frequency in motor
- Significantly lower net investment income (down by EUR 582m in 6M, by EUR 348m in Q2 y/y) mainly reflects absence of additional ZZR funding requirements

- 6M RoE of 7.9% including Asset Management contribution (8.3% in 6M 2021)

# Retail Germany P/C

## 2 Storms, higher frequency claims and inflation weigh on profitability

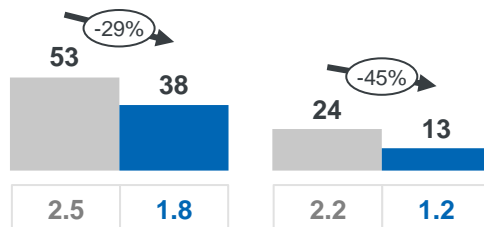
### Gross written premiums (GWP)



### Retention ratio in %



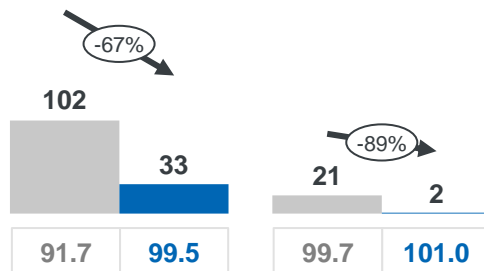
### Net investment income



### Return on investment in %



### Operating result (EBIT)



### Combined ratio in %



EURm, IFRS ■ 2021 ■ 2022

- 15% GWP increase in target business with SMEs and self-employed professionals to EUR 415m in 6M, thereof EUR 61m in Q2 (most contracts renewed in Q1)
- Successful renewal campaign resulted in 3% motor GWP increase in 6M to EUR 384m
- Net premiums earned up 16% in 6M, 24% in Q2 y/y, partly impacted by change in the reinsurance structure versus 2021 (EBIT-neutral)

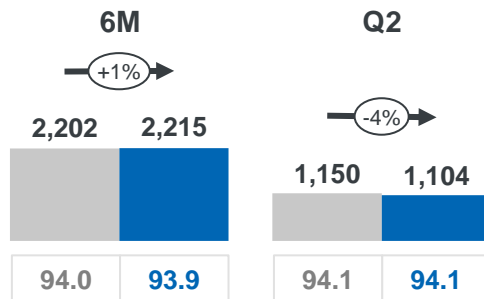
- Declining return on investment reflects rising interest rates which affects market value of fixed income portfolio accordingly
- Portfolio management measures resulted in EUR 13m extraordinary loss in 6M (6M2021 gain of EUR 8m) while increasing ordinary investment income was EUR 55m

- 6M technical result (EUR 4m vs. EUR 56m in 6M 2021) mainly reflects
  - EUR 20m overshooting of large loss budget resulting from February and May 2022 storms
  - inflation-induced increase of average claims
  - normalisation of frequency losses to pre-pandemic level
- 6M administrative cost ratio improved by +2.8%points versus 6M 2021
- 6M combined ratio at 96.9% if adjusted for excess of large loss budget (Corona-adjusted combined ratio 6M 2021 was at 95.3%, Corona-adjusted combined ratio Q2 2021 at 101.4%)
- FY 2022 combined ratio now expected at ~100% (previously ~96%)

# Retail Germany Life

## 2 Flat 6M GWP development in line with intended shift to capital light products

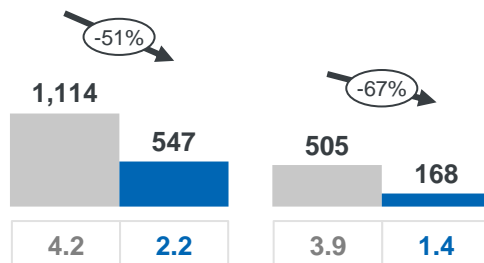
### Gross written premiums (GWP)



### Retention ratio in %



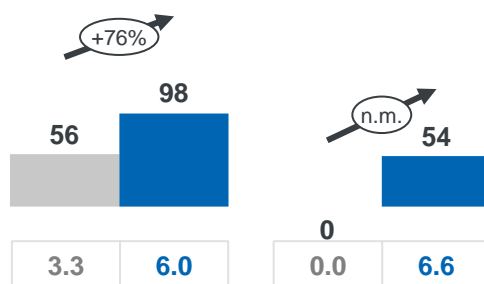
### Net investment income



### Return on investment in %



### Operating result (EBIT)



### EBIT margin in %



EURm, IFRS ■ 2021 ■ 2022

1 EUR 39m reduction in Q2 2022 (EUR 111m increase in Q2 2021)

- Successful shift of product portfolio to unit-linked products, new business generation up 12% to EUR 205m (APE) for 6M 2021, while market-induced decline in single premium business (excl. biometric products) slowed down overall growth
- Market share in new business up to 4.2% (6M2021: 3.7%)
- Given ongoing streamlining of business mix and current market dynamics in single premium business, we continue to expect low single-digit percentage decline of GWP 2022 versus 2021

- Declining return on investment reflects rising interest rates which affects market value of fixed income portfolio accordingly
- No additional realisation of capital gains for ZZR funding required based on current interest environment. Instead, EUR 29m release of ZZR reserves under German accounting in 6M 2022 (increase of EUR 216m in previous period).<sup>2</sup> Total stock of ZZR as of 30 June 2022 at EUR 4.9bn, after EUR 5.0 bn as of 31 March 2022

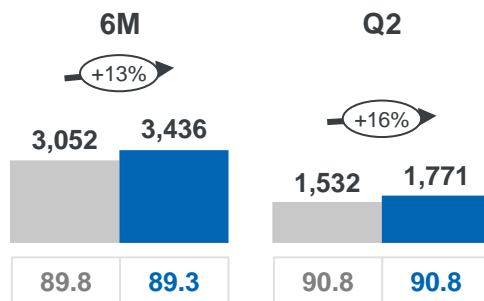
- Significant EBIT increase due mainly to EUR 36m revaluation impact related to update of accounting parameters, thereof EUR 28m in Q2
- As-if-merged Solvency 2 Capital Adequacy Ratio for the four German life entities as of 30 June 2022, without transitional measure, at 349% (291% as of 31 Dec 2021)



# Retail International

## 2 Resilient performance compensating high inflation

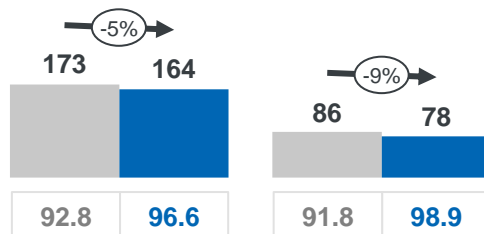
### Gross written premiums (GWP)



### Retention ratio in %



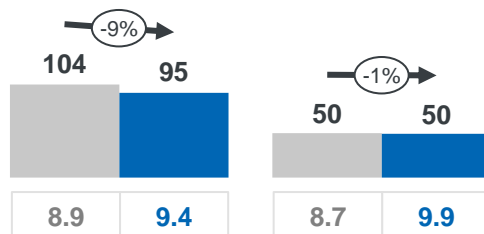
### Operating result (EBIT)



### Combined ratio P/C in %



### Net income (after minorities)



### RoE in %



EURm, IFRS ■ 2021 ■ 2022

- Curr.-adj. GWP increase of 16.9%
- GWP in P/C up 25.5% (curr.-adj. +31.2%), especially in Turkey, Chile and Poland. Life business down -12.2% (curr.-adj. -10.6%), driven by intended lower single premium business in Italy and sale of Russian life entity in Q1
- Europe up 6.2% to EUR 2,503m (+14.0% curr.-adj.). LatAm grew by 34.2% to EUR 934m (+26.4% curr.-adj.) with Chile also benefiting from the cooperation with Banco Estado starting 1 Jan 2022 (EUR 62m)

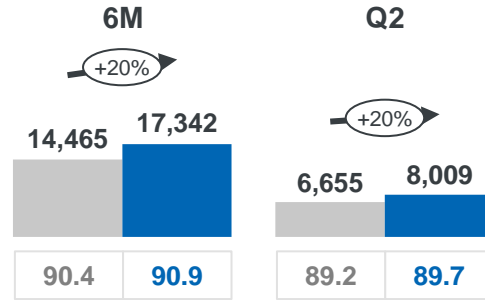
- Overall strong resilience, especially in Poland, Italy, Mexico and Chile
- However, very high claims inflation in Brazil and Turkey in particular as well as general normalisation of claims frequency. Very strong Warta performance did not fully offset negative EBIT in Turkey and Brazil
- FY 2022 combined ratio now expected at ~96% (previously below 95%)

- Return on investment of 3.0% versus 2.8% (6M 2021) due to higher interest rates offsetting negative currency effects and lower volumes
- Other result: EUR 23m negative deconsolidation effect from CiV Russia in Q1 partly offset by positive one-off effect in Q2 related to realignment of shareholder structure in TU Europa (EUR 16m)
- Net income attributable to Talanx shareholders slightly diluted by minority stakes, in particular in Poland

# 2 Reinsurance

## Profitable growth continues

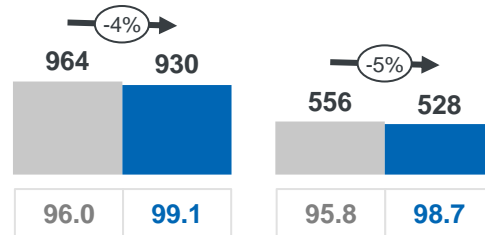
### Gross written premiums (GWP)



### Retention ratio in %



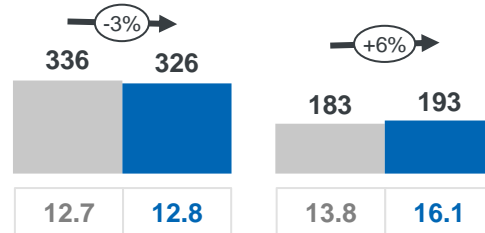
### Operating result (EBIT)



### Combined ratio P/C in %



### Net income



### RoE in %



EURm, IFRS ■ 2021 ■ 2022

- Strong GWP growth (currency-adj. +13.0%) with particularly strong growth in P/C (+25.9%; currency-adj. +18.2%), well diversified in both traditional and structured reinsurance business
  - GWP in L/H up 5.3% (currency-adj. +0.3%), with growth in Mortality and Longevity
  - Net premiums earned up 19.6% (currency-adj. +12.9%)
- 
- EBIT impacted by EUR 316m precautionary reserves for potential losses related to Russian war in Ukraine and EUR 130m reserve strengthening for last year's drought in Brazil
  - Combined ratio of 99.1% predominantly driven by Russia/Ukraine (effect on combined ratio 3.2%-pts); large losses excl. Russia/Ukraine within pro-rata budget
  - Corona-related mortality losses (6M 2022 EUR 194m vs EUR 263m in 6M 2021) gradually fading out as anticipated
- 
- Net investment income from assets under own management up by 23%, supported by contribution from inflation-linked bonds, higher reinvestment yield and improved returns from real estate investments
  - Liquidation of listed equity portfolio in Q2 generated EUR 95m capital gains
  - Solid capitalisation with S2 CAR of 235%
  - FY 2022 net income guidance confirmed in the range between EUR 1.4 and 1.5bn; GWP now expected to grow by more than 7.5% (currency-adjusted)



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### 3 Net investment income

EURm	6M 2021	6M 2022	Change		Q2 2021	Q2 2022	Change
<b>Ordinary investment income</b>	<b>1,778</b>	<b>1,987</b>	<b>11.7%</b>	<b>1</b>	<b>960</b>	<b>1,026</b>	<b>7.0%</b>
▪ thereof current interest income	1,280	1,443	12.7%		701	741	8.4%
▪ thereof income from real estate	156	211	35.6%		96	116	34.4%
<b>Extraordinary investment income</b>	<b>555</b>	<b>-64</b>	<b>n.m.</b>		<b>260</b>	<b>-187</b>	<b>n.m.</b>
▪ Realised net gains/losses on investments	728	143	-80.4%	<b>2</b>	170	-27	-56.9%
▪ Write-ups/write-downs on investments	-135	-161	19.2%		-49	-112	-27.6%
▪ Unrealised net gains/losses on investments	-39	-47	20.7%		1	-48	n.m.
Other investment expenses	-150	-160	6.4%		-86	-74	27.4%
<b>Income from assets under own management</b>	<b>2,183</b>	<b>1,763</b>	<b>-19.2%</b>		<b>997</b>	<b>765</b>	<b>-11.4%</b>
Interest income on funds withheld & contract deposits	165	122	-26.5%		52	70	-59.3%
Income from investment contracts	2	3	64.6%		1	1	15.7%
<b>Total: Net investment income</b>	<b>2,350</b>	<b>1,887</b>	<b>-19.7%</b>		<b>1,050</b>	<b>837</b>	<b>-16.2%</b>
Assets under own management at period end	132,650	129,170	-2.6%	<b>3</b>	123,498	129,170	1.9%
Average assets under own management	130,476	132,622	1.6%		124,786	131,334	4.0%
<b>Net return on investment<sup>1</sup></b>	<b>3.3%</b>	<b>2.7%</b>	<b>- 0.7%pts</b>	<b>4</b>	<b>3.2%</b>	<b>2.3%</b>	<b>- 0.9%pts</b>
Current return on investment <sup>2</sup>	2.5%	2.8%	+0.3%pts	<b>4</b>	2.4%	2.9%	+0.5%pts

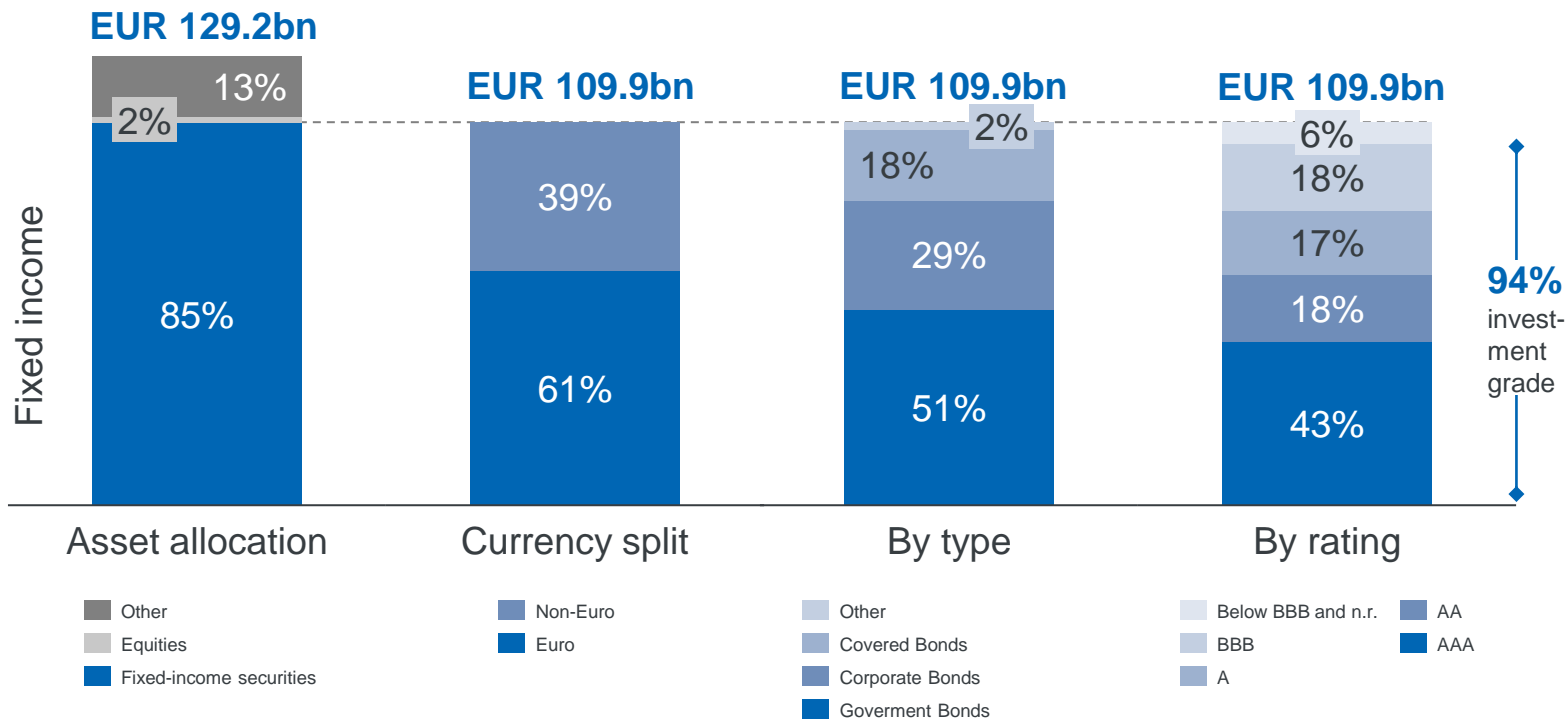
1 Net return on investment: Income from assets under own management (annualised) divided by average assets under own management.  
 2 Current return on investment: Income from assets under own management excl. extraordinary investment income (annualised) divided by average assets under own management

### Comments

- 1 Increase in ordinary investment income in 6M 2022 driven by EUR 245m gains from inflation-linked securities, thereof EUR 150m in Q2. EUR 50m of these gains in primary insurance, thereof EUR 25m in Q2
- 2 No additional ZZR funding required based on current interest levels leading to significantly lower realised gains in Q2 and 6M. Front-loaded ZZR funding in FY2021 led to high level of EUR 531m net realised gains in German Life in 6M 2021
- 3 Due to increase in interest rates, which resulted in decline in market value of fixed income securities, assets under own management decreased by EUR 4.3bn, or 3.2%, in Q2 2022 (EUR 6.8bn, or 5%, versus 31 Dec 2021)
- 4 Increase in ordinary investment offset by realised and unrealised losses, mainly on fixed income securities in Q2 2022 as a result of significant interest rate increases

### 3 Structure of our low-beta investment portfolio

Assets under own management, as of 30 Jun 2022



### Comments

- Total volume of investment portfolio down by EUR 4.3 bn (3.3%) vs. 31 Mar 2022 due to significant interest rate increases
- Portfolio remains dominated by fixed-income securities: 85% portfolio share stable vs. 31 Mar 2022
- 21% of fixed-income portfolio is held in USD (31 Mar 2022: 20%)
- Portion of fixed-income portfolio invested in “A” or higher-rated bonds (77%) slightly up vs. 31 Mar 2022 (76%)
- 94% of bonds are investment grade

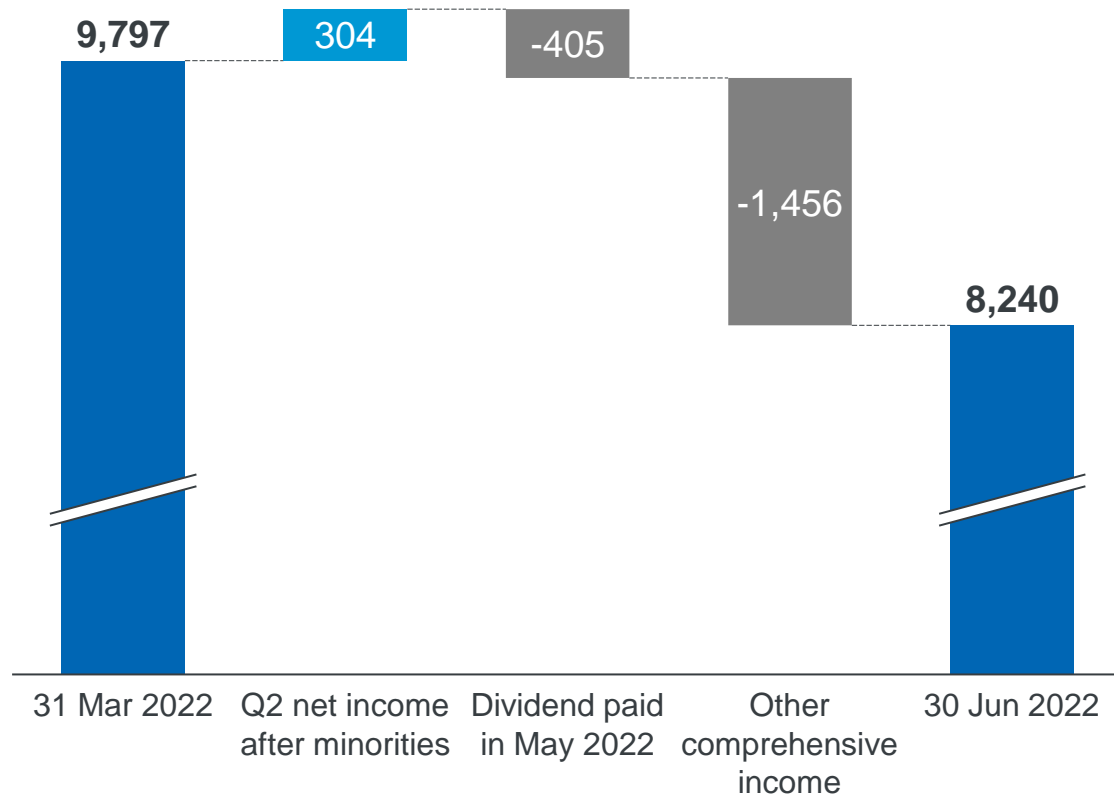
Note: Percentages may not add up due to rounding. “Below BBB and n.r.” includes non-rated bonds



# Equity down in Q2 due to interest rate shift and accounting mismatch

## Shareholders' equity

in EURm



## Comments

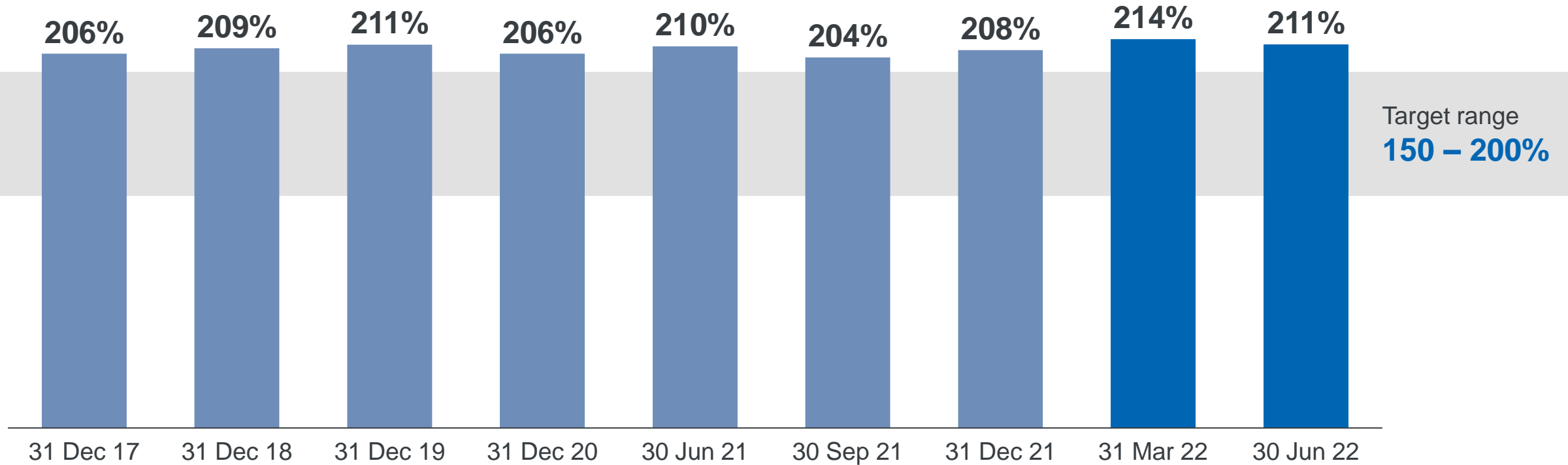
- Shareholders' equity at EUR 8,240m, down 16% versus the level of March 2022
- In other comprehensive income, significant impact from interest rate increase on assets under own management, which is not offset by corresponding positive effects on liabilities due to accounting mismatch under current IFRS regime
- As a result, book value excl. goodwill per share down EUR 6.10 versus 31 March 2022

## Book value per share

EUR	31 Dec	30 Jun	31 Dec	31 Mar	30 Jun	Change in Q2	
	2020	2021	2021	2022	2022	Abs.	%
Including goodwill	41.01	41.21	42.58	38.71	<b>32.56</b>	-6.15	-15.9
Excluding goodwill	37.00	37.13	38.51	34.62	<b>28.52</b>	-6.10	-17.6

### 3 Ongoing strong capital position

Solvency 2 ratio HDI Group, excluding transitional



Note: Solvency 2 ratio including transitional measure as of 30 June 2022: 249%



# Agenda

- 1 Group financials
- 2 Segments
- 3 Investments and capital
- 4 **Outlook**
- 5 Appendix

# 4 Outlook 2022 for Talanx Group



Currency-adjusted GWP growth



Net return on investment



Group net income



Return on equity



Dividend payout



Outlook 2022

High single-digit % growth<sup>1</sup>

~2.4%

EUR 1,050 - 1,150m

~10%

35 – 45% of IFRS earnings  
DPS at least stable y/y

*Dividend policy subject to review as part of general strategy update 2023-2025*

Note: All targets are subject to large losses not exceeding the large loss budget, no turbulences on capital markets, and no material currency fluctuations. The Russian war in Ukraine has emerged as an uncertainty factor. It is currently too early to fully assess the impact on the 2022 business year.

<sup>1</sup> Previous expectation was mid single-digit % growth



# Agenda

- 1 Group financials
- 2 Segments
- 3 Investments and capital
- 4 Outlook
- 5 **Appendix**



# 5 Talanx Primary Insurance and Reinsurance

## Contributions to net income

Net income attributable to Talanx AG shareholders, in EURm

	1	2	3	4	5	6	7	8
	Industrial Lines	Retail Germany	Retail International	Σ Primary Insurance	Reinsurance	Corporate Operations	Consolidation	Talanx Group
2015	127	-76	148	199 25%	606 75%	-51	-20	734
2016	241	68	124	433 42%	595 58%	-135	+10	903
2017	91	102	138	331 41%	479 59%	-141	2	671
2018	-16	102	161	247 31%	540 69%	-80	-4	703
2019	103	133	164	400 39%	619 61%	-97	+1	923
2020	47	119	160	326 42%	442 58%	-117	-3	648
2021	143	161	189	493 45%	609 55%	-105	+14	1,011
6M 2022	71	75	95	241 43%	326 57%	-23	+16	560

Note: Primary Insurance is the sum of Industrial Lines, Retail Germany and Retail International. Percentages are calculated in percent of Group net income adjusted for Corporate Operations and Consolidation (e.g. adding back EUR 23m to, and subtracting EUR 16m from, EUR 560m in 6M 2022)

## 5 6M results overview

EURm

	6M 2021	6M 2022	Delta	
<b>Gross written premiums (GWP)</b>	<b>24,075</b>	<b>28,332</b>	<b>17.7%</b>	1
Net premiums earned	18,272	21,198	16.0%	
Net technical result	-982	-498	-49.3%	2
▪ thereof P/C	481	202	-58.0%	
▪ thereof Life	-1,463	-699	-52.2%	
Net investment income	2,350	1,887	-19.7%	3
Other income/expenses	-35	-31	10.3%	
<b>Operating result (EBIT)</b>	<b>1,333</b>	<b>1,358</b>	<b>1.9%</b>	
Financing costs	-88	-88	-0.4%	
Taxes on income	-309	-312	1.2%	
Net income before minorities	936	957	2.3%	
Non-controlling interests	389	397	2.0%	
<b>Net income after minorities</b>	<b>546</b>	<b>560</b>	<b>2.6%</b>	
<b>Earnings per share (EPS)</b>	<b>2.16</b>	<b>2.21</b>		
Combined ratio (CR) in P/C	95.9%	98.4%	+2.5%pts	4
Tax ratio	24.8%	24.6%	-0.2%pts	
Return on equity	10.5%	11.8%	+1.3%pts	5
Return on investment	3.3%	2.7%	-0.7%pts	3

### Comments

- 1 Continued solid growth in all segments, currency-adjusted increase of 13.5%
- 2 Technical result in P/C includes EUR 346m reserves related to Ukraine situation (thereof EUR 30m in primary insurance). EUR 194m Corona-related claims in L/H Reinsurance (mortality)
- 3 Decline in net investment income reflects normalisation of realised capital gains as, based on current interest rates, no additional ZZR funding is necessary. 6M 2021 included EUR 531m realised gains in German Life related to ZZR funding
- 4 Combined ratio affected by EUR 267m overshooting of large loss budget (translating into 1.8%pts of combined ratio), as well as by claims inflation in Retail Germany and Retail International
- 5 RoE up 1.3%pts, mainly due to lower shareholders' equity as a result of the recent rise in interest rates

## 5 Q2 2022 results overview

EURm	Q2 2021	Q2 2022	Delta	
<b>Gross written premiums (GWP)</b>	<b>10,426</b>	<b>12,427</b>	<b>19.2%</b>	1
Net premiums earned	9.256	10,866	17.4%	
Net technical result	-382	-75	-80.5%	
▪ thereof P/C	252	86	-65.8%	2
▪ thereof Life	-634	-161	-74.6%	
Net investment income	1.096	837	-23.7%	
Other income/expenses	-6	-34	nm	
<b>Operating result (EBIT)</b>	<b>707</b>	<b>728</b>	<b>3.0%</b>	
Financing costs	-46	-43	-5.9%	
Taxes on income	-180	-150	-16.9%	
Net income before minorities	481	535	11.2%	
Non-controlling interests	212	231	8.9%	
<b>Net income after minorities</b>	<b>269</b>	<b>304</b>	<b>+13%</b>	
<b>Earnings per share (EPS)</b>	<b>1.06</b>	<b>1.20</b>		
Combined ratio in P/C	95.7%	98.4%	-2.7%pts	2
Tax ratio	27.3%	21.9%	-5.4%pts	
Return on equity	10.3%	13.5%	+3.2%pts	3
Return on investment	3.2%	2.3%	-0.9%pts	

### Comments

- 1 Industrial Lines outpacing all other segments both in nominal terms (27.6% growth YoY) and currency adjusted (20.9% growth YoY)
- 2 Additional EUR 196m reserves related to Ukraine situation (thereof EUR 18m in Primary insurance) booked in Q2, offset by lower claims in Life. Large losses excl. Ukraine reserves total EUR 279m in Q2 (thereof EUR 71m in Primary insurance), predominantly driven by NatCat events
- 3 RoE up 3.2%pts, mainly due to lower shareholders' equity as a result of the recent rise in interest rates

# Large losses in 6M 2022

## 5 Budget exceeded due to Ukraine-related reserves

<b>Net losses</b> in EURm, 6M 2022 (6M 2021)	<b>Industrial Lines</b>	<b>Retail Germany</b>	<b>Retail International</b>	<b>∑ Primary Insurance</b>	<b>Reinsurance</b>	<b>Corporate Operations</b>	<b>Talanx Group</b>
<b>Sum NatCat</b>	<b>119.5 (56.8)</b>	<b>35.3 (7.5)</b>	<b>8.6 (9.4)</b>	<b>163.5 (73.7)</b>	<b>507.2 (182.6)</b>	<b>1.3 (5.1)</b>	<b>671.9 (261.4)</b>
Fire/Property	14.7		4.3	19.0	12.4	8.5	39.9
Marine	10.0			10.0	14.6	0.6	25.3
Casualty				0.0			0.0
Credit				0.0			0.0
Aviation				0.0			0.0
Cyber				0.0			0.0
<b>Sum other large losses</b>	<b>24.7 (119.4)</b>	<b>0.0 (0.0)</b>	<b>4.3 (0.0)</b>	<b>29.0 (119.4)</b>	<b>27.0 (143.3)</b>	<b>9.1 (1.4)</b>	<b>65.2 (264.1)</b>
<b>Russian war in Ukraine</b>	<b>30.0</b>			<b>30.0</b>	<b>316.2</b>		<b>346.2</b>
<b>Total large losses</b>	<b>174.3 (176.2)</b>	<b>35.3 (7.5)</b>	<b>12.9 (9.4)</b>	<b>222.5 (193.2)</b>	<b>850.4 (325.9)</b>	<b>10.4 (6.5)</b>	<b>1,083.3 (525.6)</b>
Pro-rata large loss budget	165.0	15.0	5.0	185.0	611.0	20.0	816.0

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance.

## 5 NatCat large loss detail for 6M 2022

Net losses in EURm, 6M 2022 (6M 2021)	Industrial Lines	Retail Germany	Retail International	$\Sigma$ Primary Insurance	Reinsurance	Corporate Operations	Talanx Group
Flood Sydney, Australia (February/March)	72.7			72.7	186.1		258.8
Storms Central Europe (February)	16.8	26.2	8.6	51.6	126.1	1.3	178.9
Flood South Africa (April)	1.7			1.7	82.1		83.7
Hail storm France (Jun.)					65.0		65.0
Storm <i>Emmelinde</i> Germany (May)	15.2	9.1		24.3			24.3
Earthquake Japan (March)	13.3			13.3	10.5		23.8
Tornados USA (May)					19.8		19.8
Windstorm Canada (May)					13.8		13.8
Hail storm USA (April)					3.8		3.8
<b>Sum NatCat</b>	<b>119.5 (56.8)</b>	<b>35.3 (7.5)</b>	<b>8.6 (9.4)</b>	<b>163.5 (73.7)</b>	<b>507.2 (182.6)</b>	<b>1.3 (5.1)</b>	<b>671.9 (261.4)</b>

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance.



## 5 Details on selected fixed-income country exposure

Investments into issuers from countries with a rating below A- (in EURm), as of 30 June 2022

Country	Rating	1	2	3	4	5	6	7
		Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	3,769	-	642	481	257	3	5,152
Mexico	BBB	268	-	104	197	-	21	590
Russia	BBB	368	-	167	306	-	-	841
Hungary	BBB	437	-	11	14	5	-	468
Brazil	BB-	107	-	6	14	-	-	127
South Africa	BB-	123	-	5	131	-	2	261
Portugal	BBB	102	-	10	27	11	-	150
Turkey	B+	93	-	14	10	-	-	117
Other BBB+		69	-	15	42	-	-	126
Other BBB		231	91	102	222	-	-	646
Other BBB-		293	80	126	196	-	2	698
<b>Total</b>		<b>5,861</b>	<b>171</b>	<b>1,201</b>	<b>1,641</b>	<b>273</b>	<b>28</b>	<b>9,176</b>
<b>In % of total investments under own management<sup>1</sup></b>		4.5%	0.1%	0.9%	1.3%	0.2%	0.0%	7.1%
<b>In % of total Group assets<sup>2</sup></b>		3.0%	0.1%	0.6%	0.8%	0.1%	0.0%	4.7%

Note: Percentages may not add up due to rounding. 1 EUR 129,170m. 2 EUR 195,954m

# 5 Outlook 2022 for Primary Insurance segments



Currency-adjusted  
GWP growth



Combined  
ratio



Return  
on equity

Industrial Lines

>7%

<98%

~8%

Retail Germany

Retail Germany P/C

High single-digit % growth

~100%<sup>2</sup>

Retail Germany Life

Low single-digit % decline

Retail International

High single-digit % growth in P/C  
business

~96%<sup>3</sup>

~8%

1 -6.5% excluding Asset Management contribution. 2 Previous expectation was ~96%, which has been changed on the basis of loss experience in 6M 2022, in particular due to natural catastrophes (mainly winter storms) and increased frequency losses in Motor as a result of rising mobility after the Covid 19 pandemic. 3 Previous expectation was <95%, which has been changed due to increasing claims inflation

6M 2022 results, 10 August 2022

# Details on reserve review by WTW (as per page 8 of this presentation)

- WTW was separately engaged by Talanx AG and Hannover Rück SE to review certain parts of the held loss and loss adjustment expense reserve, net of outwards reinsurance, from the consolidated financial statements in accordance with IFRS as at each 31 December 2020 and 2021, and the implicit resiliency margin (excess over expected loss estimate), for the non-life business of Talanx Primary Group and Hannover Rück SE. WTW concludes that the reviewed loss and loss adjustment expense reserve, net of reinsurance, less the resiliency margin is reasonable in that it falls within WTW's range of reasonable estimates.
  - Life and health insurance and reinsurance business are excluded from the scope of this review.
  - WTW's review of non-life reserves as at 31 December 2021 covered 94.5% / 96.2% of the gross and net held non-life reserves before consolidation of EUR 60.2bn and EUR 48.6bn respectively.
  - The WTW results referenced in this presentation are based on a series of assumptions as to the future. It should be recognised that actual future claim experience is likely to deviate, perhaps materially, from WTW's estimates. This is because the ultimate liability for claims will be affected by future external events; for example, the likelihood of claimants bringing suit, the size of judicial awards, changes in standards of liability, and the attitudes of claimants towards the settlement of their claims.
  - The WTW results referenced are not intended to represent an opinion of market value and should not be interpreted in that manner. The WTW analysis does not purport to encompass all of the many factors that may bear upon a market value.
  - WTW's analysis was carried out based on data as at evaluation dates for each 31 December. WTW's analysis may not reflect claim development or all information that became available after the valuation dates and WTW's results, opinions and conclusions presented herein may be rendered inaccurate by developments after the valuation dates.
  - As is typical for insurance and reinsurance companies, claims reporting can be delayed due to late notifications by some claimants and cedents. This increases the uncertainty in the WTW results.
  - The reviewed reserves of Hannover Rück SE and Talanx AG include asbestos, environmental and other health hazard (APH) exposures which are subject to greater uncertainty than other general liability exposures. WTW's analysis of the APH exposures assumes that the reporting and handling of APH claims is consistent with industry benchmarks. However, there is wide variation in estimates based on these benchmarks. Thus, although the reviewed reserves of Hannover Rück SE's show some resiliency compared to WTW's indications, the actual losses could prove to be significantly different to both the held and indicated amounts.
  - WTW has not anticipated any extraordinary changes to the legal, social, inflationary or economic environment, or to the interpretation of policy language, that might affect the cost, frequency, or future reporting of claims. In addition, Towers Watson's estimates make no provision for potential future claims arising from causes not substantially recognised in the historical data (such as new types of mass torts or latent injuries, terrorist acts), except in so far as claims of these types are included incidentally in the reported claims and are implicitly developed.
  - After the completion of the analysis, it has become evident that the Russian war in Ukraine that began in February 2022 could have significant effects on global economic activity and create inflationary pressures in addition to those caused by disruption of supply chains by Covid-19. Longer term implications for inflation from increased energy prices, potential reductions in food supplies, disruption in global trading and their impacts on insurance exposures remain highly uncertain. The WTW analysis makes no explicit allowance for effects of the war on the projection results.
  - In accordance with its scope WTW's estimates are on the basis that all of Talanx AG's and Hannover Rück SE's reinsurance protection will be valid and collectable. Further liability may exist for any reinsurance that proves to be irrecoverable.
  - WTW's estimates are in Euros based on the exchange rates provided by Talanx AG and Hannover Rück SE as at each 31 December evaluation date. However, a substantial proportion of the liabilities is denominated in foreign currencies. To the extent that the assets backing the reserves are not held in matching currencies, future changes in exchange rates may lead to significant exchange gains or losses.
  - WTW has not attempted to determine the quality of Talanx AG's and Hannover Rück SE's current asset portfolio, nor has WTW reviewed the adequacy of the balance sheet provisions except as otherwise disclosed herein.
- In its review, WTW has relied on audited and unaudited data and financial information supplied by Talanx AG, Hannover Rück SE and their respective subsidiaries, including information provided orally. WTW relied on the accuracy and completeness of this information without independent verification.
- Except for any agreed responsibilities WTW may have to Talanx AG or Hannover Rück SE, WTW do not assume any responsibility and will not accept any liability to any third party for any damages suffered by such third party arising out of this commentary or references to WTW in this document.

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