QUARTERLY STATEMENT

Talanx grows premiums and Group net income significantly despite high losses from natural disasters

- Double-digit rise in gross premiums (18.5 percent, or 13.8 percent adjusted for currency effects) to EUR 41.7 (35.2) billion
- Group net income up 8.6 percent to EUR 785 (723) million – squarely on track to meet annual targets
- Combined ratio of 98.6 (97.6) percent driven by reserves related to Ukraine and large losses caused by Hurricane "Ian"
- Return on equity up year-on-year at 11.5 (9.2) percent
- Robust Solvency 2 ratio of 211 percent
- Full-year outlook for Group net income confirmed for EUR 1,050–1,150 million range

Hannover, 14 November 2022

The Talanx Group is fully on track to meet its annual targets, clearly growing its premium income and Group net income in the first nine months of the year. This compensates for high losses from natural disasters and the reserves booked for potential losses arising from Russia's war of aggression against Ukraine. Gross written premiums rose by 18.5 percent to EUR 41.7 billion, or 13.8 percent after adjustment for currency effects. All divisions contributed to this growth. Group net income climbed 8.6 percent to EUR 785 (723) million. Talanx's primary insurance operations played a key role in this, increasing the contribution to Group net income in the third quarter by 13 percent year-on-year, as did reinsurance activities for these primary insurance operations, which are bundled at Talanx AG. The return on equity rose from 9.2 percent to 11.5 percent year-on-year. The Talanx Group is expecting premium income in excess of EUR 50 billion for the current year as a whole. It is confirming its outlook for Group net income in the range of EUR 1,050–1,150 million.

"We have delivered a strong performance in the year to date, despite the challenges posed by the high large losses from natural disasters. Among other things, this is due to our comparatively low exposure to Hurricane

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Financial Calendar

6 December 2022
Capital Markets Day

9 February 2023
Selected preliminary FY 2022 results

15 March 2023
FY 2022 results

4 May 2023
Annual General Meeting

15 May 2023
Q1 2023 results

"Ian". Our strategy, with its decentralised divisions and extensive diversification across different countries, lines and risks has clearly proven to be right once more. The third quarter in particular has demonstrated the solid state of our primary insurance operations. Moreover, the profitability enhancement measures in the Industrial Lines Division are having an extremely positive effect. All in all, we remain extremely optimistic that we shall meet our ambitious goals in 2022", said Torsten Leue, Chairman of Talanx AG's Board of Management.

The Talanx Group's primary insurance operations (consisting of the Industrial Lines, Retail Germany and Retail International divisions) contributed significantly to the Group's strong business performance. Gross written premiums for the primary insurance area rose by 11.0 percent to EUR 16.7 (15) billion. As a result, its share of premiums remained almost constant at 39 (6M 2022: 40) percent. Its nine-month contribution to Group net income rose to 44 (6M 2022: 43) percent, or EUR 350 million.

The combined ratio rose slightly year-on-year in the reporting period up to 30 September 2022, to 98.6 (97.6) percent, due to the reserves booked for Ukraine and losses from natural disasters. The Talanx Group has now booked reserves of EUR 361 million for potential claims expenses arising from Russia's war of aggression against Ukraine. Total claims paid for losses from natural disasters in the first nine months were EUR 1.4 billion, with EUR 350 million being attributable to Hurricane "Ian". Overall, large losses rose to almost EUR 1.9 billion. Industrial Lines recorded large losses of EUR 316 million, while EUR 1,484 million are related to Reinsurance. The large loss budget for the first nine months of the year was EUR 1.4 billion.

Net investment income amounted to EUR 2.6 (3.5) billion, largely due to the fact that it was no longer necessary to realise hidden reserves to finance the *Zinszusatzreserve* (ZZR – additional interest reserve). Operating profit rose 6.9 percent to EUR 2.0 (1.8) billion and Group net income by 8.6 percent to EUR 785 (723) million.

Third quarter: clear increase in Group net income

In the third quarter, the Talanx Group’s gross written premiums increased by 20.4 percent year-on-year to EUR 13.3 (11.1) billion. The underwriting result improved significantly by 81.2 percent to EUR –117 (–622) million, while net investment income was EUR 711 (1,128) million. Operating profit rose by 20.1 percent to EUR 608 (506) million, while Group net income climbed 27.1 percent to EUR 225 (177) million.

Industrial Lines: strong double-digit premium growth in the specialty, liability and property business in particular

Premium growth at the Industrial Lines Division rose by a clear double-digit 17.8 percent in the first nine months, to EUR 6.9 (5.8) billion. Adjusted for currency effects, the increase amounted to 12.7 percent. The liability and property businesses and speciality risks were the main growth drivers. HDI Global Specialty generated roughly half of the growth, lifting premium income year-on-year by EUR 456 million to EUR 2.2 billion. A positive trend in frequency losses helped to restrain the combined ratio for the Industrial Lines Division at a level of 96.7 (98.6) percent, despite the impact of Russia’s war of aggression in Ukraine and of Hurricane “Ian”. As a result, the Industrial Lines Division is on track to meet its medium-term target of 95 percent. This underscores yet again how successful the measures taken since 2019 to enhance profitability in the division have been. Client claims expenses relating to natural disasters, and especially Hurricane “Ian”, the floods in Australia and the reserves recognised for losses arising from Russia’s war of aggression in Ukraine led to a rise in total large losses. This impacted the division in the first nine months, although at EUR 316 (340) million the figure was lower than in the previous period. Operating profit for the division rose to EUR 159 (151) million in the first nine months. The division's contribution to Group net income increased to EUR 113 (101) million year-on-year.

In the third quarter, gross written premiums jumped by 19.9 percent year-on-year to EUR 2.0 (1.6) billion; currency-adjusted, the increase represents 12.0 percent. The combined ratio fell to 97.0 (99.1) percent. Operating profit rose to EUR 57 (54) million, while the contribution made by the division to Group net income climbed to EUR 42 (32) million.

Retail Germany: premium growth in line with strategy

At EUR 4,643 (4,633) million, the Retail Germany Division slightly improved its premium level year-on-year in the first nine months. In line with its growth strategy, the division grew premiums in its business with small and medium-sized enterprises and in liberal professions. Operating profit was EUR 177 (234) million. While claims expenses rose due to the impact of higher large losses and an inflation-driven increase in claims costs, net investment income fell substantially, since it was no longer required to realise hidden reserves to finance the ZZR. The division's contribution to Group net income was EUR 97 (131) million.

Property/Casualty Insurance segment: double-digit increase in premiums

Gross written premiums in the Property/Casualty segment rose by a double-digit 10.3 percent in the first nine months to EUR 1.4 (1.3) billion, primarily as a result of growth in motor insurance and in the business with small and medium-sized enterprises and liberal professions. Moreover, growth in unemployment insurance was recorded. The combined ratio was 99.9 (96.8) percent and was dominated by claims expenses resulting from natural disasters (the storms in February and low-pressure system “Emmelinde” in May). In addition, claims frequency levels for motor insurance returned to pre-pandemic levels in the first nine months. Moreover, higher inflation strongly impacted average loss amounts. Consequently, operating profit for the reporting period amounted to EUR 36 (99) million.

In the third quarter, gross written premiums increased by 9.0 percent year-on-year to EUR 301 (276) million. The combined ratio was 100.8 (108.0) percent. An operating profit of EUR 3 (-3) million was recorded.

Life Insurance segment: increases in biometric business and bancassurance

In the first nine months, premium income in the Life Insurance segment (including the savings elements of premiums from unit-linked life insurance) stood at EUR 3.2 (3.3) billion. This was predominantly driven by a decline in the single-premium business. New life insurance products business – measured using the annual premium equivalent (APE), the international standard – rose 4.7 percent to EUR 295 (282) million. Net investment income fell appreciably since there is currently no need to make a financial contribution to the ZZR. Operating profit increased by 4.4 percent to EUR 141 (135) million.

In the third quarter, premium volumes in the Life Insurance segment totalled EUR 986 (1,124) million. Net investment income amounted to EUR 145 (458) million, while operating profit was EUR 43 (79) million.

Retail International: strong premium growth driven by Property/Casualty Insurance segment

In the first nine months, gross written premiums in the Retail International Division saw a double-digit rise of 13.3 percent to EUR 5.1 (4.5) billion;

the increase after adjustment for currency effects was 19.5 percent. The main driver was the Property/Casualty Insurance segment, where the currency-adjusted increase was 34.9 percent.

Gross written premiums in Europe rose by 6.8 percent year-on-year overall to EUR 3.7 (3.4) billion, or by 18.0 percent at constant exchange rates. Key growth drivers in this region were the adjusted average premiums in Turkey – a result of the high inflation there – and a rise in premiums at Warta in Poland. Premium volumes in Latin America strongly increased by 33.4 percent to EUR 1.5 (1.1) billion, or currency-adjusted 24.2 percent. The sales partnership in the property business entered into by HDI Chile and state-owned bank BancoEstado, which took effect at the start of the year, also supported this growth. In addition, premium adjustments partly driven by higher inflation in Brazil had a positive effect.

At 96.9 (94.3) percent, the combined ratio for the property insurance companies was up year-on-year; this was largely driven by inflation and the return to more normal claims frequency levels following the end of the coronavirus lockdowns. However, intrayear price increases and efficiency gains helped to offset these effects to a large extent.

In the first nine months, the division rose the operating profit by 8.7 percent to EUR 247 (227) million. This was due to the increase in net investment income in the Property/Casualty Insurance segment resulting from the rise in interest rates. Consequently, the Group net income contribution of the division rose to EUR 140 (135) million. Excluding the deconsolidation effect in relation to the sale of CiV Russia and the realignment of the shareholder structure at TU Europe in Poland, the division's contribution to Group net income would have risen to EUR 152 million.

In the third quarter, gross written premiums rose by a double-digit 14.7 percent to EUR 1.7 (1.5) billion. The combined ratio amounted to 97.6

(97.0) percent. Operating profit rose tangibly year-on-year to EUR 83 (54) million. Equally, the contribution made by the division to Group net income in the third quarter climbed to EUR 45 (31) million.

Reinsurance: strong premium growth

The Reinsurance Division grew by a clear double-digit figure in the first nine months of the year. Gross written premiums rose by 21.4 percent to EUR 26.3 (21.6) billion, or 13.5 percent after adjustment for currency effects. The increase in total large losses from natural disasters, especially as a result of Hurricane “Ian”, the floods in Australia and the reserves recognised in relation to Russia’s war of aggression in Ukraine impacted the Property/Casualty Reinsurance segment. By contrast, the impact of the coronavirus pandemic on the Life/Health Reinsurance segment eased substantially. All in all, operating profit was EUR 1,345 (1,290) million, while the division’s contribution to Group net income was EUR 438 (427) million.

Property/Casualty Reinsurance segment: premium growth in excess of 25 percent

Gross written premiums in the Property/Casualty Reinsurance segment rose by a substantial 27.6 percent year-on-year in the first nine months to EUR 19.5 (15.3) billion. Adjusted for currency effects, the increase amounted to 18.6 percent. At EUR 1,484 (1,070) million, net large losses from natural disasters were substantially higher than both the figure for the comparative period and the pro rata large loss budget of EUR 1,079 million. The largest single losses in the first nine months were Hurricane “Ian” (net impact: EUR 276 million), the floods in Australia (EUR 211 million), and Winter Storms “Ylenia” and “Zeynep”, which hit Central Europe in February (EUR 115 million). In addition, the Property/Casualty Reinsurance segment recognised reserves of EUR 331 million for potential losses resulting from Russia’s war of aggression in Ukraine.

Additional reserves of EUR 130 million were recognised for the past year for the drought in Brazil, based on corresponding insurance claims. The impact of the coronavirus pandemic on the Property/Casualty Reinsurance segment is now also becoming clearer: While the outcome in the credit, surety and political risk areas was positive, casualty and health insurance in the Asia-Pacific region was negatively impacted. In line with this, the combined ratio was 99.3 (97.9) percent, while operating profit was EUR 909 (1,076) million.

In the third quarter, gross written premiums jumped by 31.2 percent to EUR 6.6 (5.0) billion. The combined ratio was 99.7 (101.5) percent, while operating profit rose to EUR 308 (287) million.

Life/Health Reinsurance segment: clear decline in the impact of the coronavirus pandemic

Gross written premiums in Life/Health Reinsurance rose by 6.6 percent in the first nine months of the year to EUR 6.8 (6.4) billion. If exchange rates had remained unchanged, growth would have amounted to 1.1 percent. The effects of the coronavirus pandemic declined sharply in the first nine months of the year to total EUR 228 (440) million. EUR 123 million of this amount was attributable to the first quarter and EUR 72 million to the second, while pandemic-related losses in the third quarter amounted to a mere EUR 34 million. Operating profit doubled in the first nine months to EUR 436 (214) million.

In the third quarter, gross written premiums rose by 9.0 percent to EUR 2.3 (2.2) billion. Operating profit recorded a substantial increase to EUR 106 (39) million.

Outlook for 2022 confirmed despite uncertainties

The Talanx Group reaffirms its outlook for 2022: Currency-adjusted growth is expected to rise to around 10 percent. Consequently, the Talanx Group expects to record gross written premiums in excess of EUR 50 billion for the first time in its history. The net return on investment should be approximately 2.5 percent, with a lower extraordinary result being forecast year-on-year. The Talanx Group is expecting Group net income in the range of EUR 1,050–1,150 million. This should correspond to a return on equity of more than 10 percent, thus clearly exceeding the strategic minimum goal of at least 800 basis points above the risk-free rate.

As usual, the outlook for financial year 2022 is subject to the proviso that no turbulence occurs on the currency and capital markets, and that large losses remain in line with expectations. Russia’s war in Ukraine, higher inflation and the resulting changes to central banks’ monetary policy are material sources of uncertainty for the current financial year.

Key data from the Talanx Group income statement, 9M 2022, consolidated (IFRS)

EUR million	9M 2022	9M 2021	+/–
Gross written premiums	41,661	35,150	+18.5%
Net premiums earned	32,658	27,767	+17.6%
Combined ratio for property/casualty primary insurance and property/casualty reinsurance[1]	98.6%	97.6%	+1.0 ppts
Net investment income	2,598	3,477	–25.3%
Operating profit/loss (EBIT)	1,966	1,839	+6.9%
Group net income (after non-controlling interests)	785	723	8.6%
Return on equity[2]	11.5%	9.2%	+2.3 ppts

Key data from the Talanx Group income statement for Q3 2022, consolidated (IFRS)

EUR million	Q3 2022	Q3 2021	+/–
Gross written premiums	13,329	11,075	+20.4%
Net premiums earned	11,460	9,495	+20.7%
Combined ratio for property/casualty primary insurance and property/casualty reinsurance[1]	99.1%	100.9%	–1.8 ppts
Net investment income	711	1,128	-36.9%
Operating profit/loss (EBIT)	608	506	+20.1%
Group net income (after non-controlling interests)	225	177	+27.1%
Return on equity[2]	11.5%	6.7%	+4.8 ppts

1) Including net interest income on funds withheld and contract deposits.
2) The ratio of annualised net income for the reporting period excluding non-controlling interests to average shareholders' equity excluding non-controlling interests.

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

All reporting documents

Financial calendar

About Talanx

Talanx is a major European insurance group with premium income of EUR 45.5 billion (2021) and roughly 24,000 employees worldwide. Based in Hannover, Germany, the Group is active in more than 175 countries. Talanx is a multibrand provider with a focus on B2B insurance. Its industrial insurance and retail business in Germany and abroad is operated under the HDI brand, which has a rich tradition stretching back about 120 years. Other Group brands include Hannover Re, one of the world's leading reinsurers; the bancassurance specialists Targo insurers, PB insurers and neue leben; and Polish insurer Warta. Ampega, one of Germany's largest asset management companies, manages the Talanx Group's assets and is also an experienced provider of asset management solutions for non-group institutional investors. Rating agency Standard & Poor's has awarded the Talanx Primary Insurance Group a financial strength rating of

A+/stable ("strong") and the Hannover Re Group one of AA–/stable ("very strong"). Talanx AG is listed on the Frankfurt Stock Exchange, where it is a member of the MDAX, and on the Hannover stock exchange (ISIN: DE000TLX1005, German Securities Code: TLX100).

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

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

Current photographs and company logos are available at https://mediathek.talanx.de.

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Forward-looking statements

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