2023

Group Annual Report

talanx.
Insurance. Investments.

Financial year at a glance

PROFILE

The Talanx Group is a multi-brand provider in the insurance and financial services sector. The Group companies operate under a number of different brands. These include HDI, delivering insurance solutions to retail customers and industrial clients, Hannover Re, one of the world's leading reinsurers, the bancassurance specialists neue leben insurers, LifeStyle Protection and TARGO insurers as well as Ampega, a funds provider and asset manager. The Hannover-based Group is active in more than 175 countries.

INSURANCE REVENUE

EUR billion

43.2

OPERATING PROFIT (EBIT)

EUR billion

3.1

GROUP NET INCOME

EUR million

1,581

PROPOSED DIVIDEND PER SHARE

EUR

2.35

NET RETURN ON INVESTMENT

%

2.5

RETURN ON EQUITY

%

16.6

GROUP KEY FIGURES

	Unit	2023	2022[1]
Insurance revenue	EUR million	**43,237**	**39,645**
Primary Insurance	EUR million	19,722	16,967
Property/casualty primary insurance	EUR million	17,346	14,794
Life primary insurance	EUR million	2,376	2,173
Reinsurance	EUR million	24,456	24,017
Property/casualty reinsurance	EUR million	16,824	16,265
Life/health reinsurance	EUR million	7,633	7,752
Insurance revenue by region			
Germany	%	16	15
United Kingdom	%	10	11
Central and Eastern Europe (CEE), including Türkiye	%	9	8
Rest of Europe	%	13	12
USA	%	24	26
Rest of North America	%	4	4
Latin America	%	10	8
Asia and Australia	%	13	14
Africa	%	1	2
Insurance service result (net)	EUR million	**3,234**	**2,454**
Net investment income for own risk	EUR million	**3,235**	**2,342**
Net return on investment for own risk[2]	%	**2.5**	**1.7**
Operating profit/loss (EBIT)	EUR million	**3,068**	**2,815**
Net income attributable to shareholders of Talanx AG	EUR million	**1,581**	**706**
Primary Insurance	EUR million	790	439
Reinsurance	EUR million	917	392
Return on equity[3]	%	**16.6**	**8.2**
Earnings per share			
Basic earnings per share	EUR	6.21	2.79
Diluted earnings per share	EUR	6.21	2.79
Combined ratio (net/gross)[4]	%	**94.3**	**95.2**
Property/casualty primary insurance (net/gross)[4]	%	93.4	95.2
Property/casualty reinsurance (net/net)[5]	%	94.0	94.5
Total assets	EUR million	**169,347**	**158,479**
Equity attributable to shareholders of Talanx AG	EUR million	**10,447**	**8,640**
Contractual service margin	EUR million	**10,720**	**9,592**
Subordinated liabilities (hybrid capital)	EUR million	**5,262**	**5,009**
Investments for own risk	EUR million	**135,390**	**127,345**
Carrying amount per share at end of period	EUR	**40.46**	**34.10**
excluding goodwill	EUR	34.22	30.08
Share price at end of period	EUR	**64.65**	**44.32**
Number of shares outstanding	number	**258,228,991**	**253,350,943**
Employees	as at the reporting date	27,863	23,669

[1] Adjusted in accordance with IFRS 9 and IFRS 17 in conjunction with IAS 8 and adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.
[2] Ratio of net investment income for own risk to average investment portfolio for own risk.
[3] Ratio of net income (after financing costs and taxes) excluding non-controlling interests to average equity excluding non-controlling interests.
[4] 1– [insurance service result (net) divided by insurance revenue (gross)].
[5] 1– [insurance service result (net) divided by (insurance revenue (gross) – reinsurance expenses)].
Reinsurance expenses are made up of the "allocation of reinsurance premiums paid" and "changes in the non-performance risk of reinsurers" line items in the analysis by remaining coverage and incurred claims, see also Note 18 "Insurance contracts liabilities".

»Yet again, our 28,000 or so highly motivated and dedicated staff demonstrated this year that Talanx is on a sustainable and profitable growth path. We have reported record Group net income despite macroeconomic and geopolitical challenges. As a result, we are already clearly above our strategic earnings path for the period up to 2025.

A promise is a promise.«

Torsten Leue
(Chairman of the Board of Management)

Contents

The XHTML file of this annual report to be submitted to the Federal Gazette has been optimised for screen display.

Guideline on Alternative Performance Measures – for further information on the calculation and definition of specific alternative performance measures please refer to https://www.talanx.com/en/investor_relations/reporting/key_figures/alternative_performance_measures_(apm)

Letter to our share-holders

Dear Shareholders,

2023 was a highly successful year for your Talanx Group – one in which we again showed substantial resilience against a backdrop of worsening geopolitical crises and high inflation, but lower large losses. Our strategy paid off and we actually exceeded our ambitious targets in this challenging market environment. Insurance revenue rose by nearly double digits to EUR 43.2 billion, fuelling a further rise in our market share. What is more, our record Group net income of EUR 1,581 million very clearly surpassed our original target for 2023 of EUR 1.4 billion, and almost reached our strategic target for 2025. Our return on equity climbed to a high 16.6 percent.

We want you to share in this positive performance. As a result, the Board of Management and Supervisory Board will be proposing a substantial 35-cent dividend increase at the Annual General Meeting, to EUR 2.35. This is the second-highest rise in the dividend since your Talanx Group went public, following the 40-cent increase last year. It means we have lifted the dividend by 75 cents – almost 50 percent – from EUR 1.60 in the last two financial years.

Our consistent implementation of our ambitious strategy continued to pay off for you in the last financial year. Talanx's shares generated a high total shareholder return in a volatile capital market environment, producing a dividend return of 4.4 percent and climbing almost 50 percent in price. This means that our shares outperformed our peer indices – the DAX, MDAX and STOXX Europe 600 Insurance.

The hard work and enthusiasm of each and every one of our 28,000 or so highly motivated, dedicated members of staff helped us exceed our ambitious targets and live up to the Talanx Purpose – "Together we take care of the unexpected and foster entrepreneurship" – with confidence every day. On behalf of all my colleagues on the Board of Management, I would like to thank all our employees wholeheartedly for their outstanding efforts. I am looking forward to continuing our extremely successful work together.

Gratifyingly, all divisions contributed to our record Group net income by lifting their earnings. Primary insurance now accounts for 46 percent of our total net income. We defended our cost leadership in the areas of industrial insurance, reinsurance and the international retail business. More than 80 percent of our insurance revenue comes from our B2B business.

»We actually exceeded our ambitious targets in this challenging market environment.«

Our **Industrial Lines insurer**, HDI Global, turned in a strong performance, and is now a core mainstay of our Group again. Its operating profit rose to EUR 446 million on the back of lower large losses and balanced risk selection. At 91.5 percent, the combined ratio reached our strategic target of less than 93 percent ahead of schedule. The division's strategy of offering a mix of profitable underwriting and excellent service as a global industrial insurer is working. Industrial Lines' forward-looking vision of being a "transformation partner" for our corporate customers underscores its aim of helping them with insurance solutions and services in areas such as climate- and energy-related issues, mobility, technology and digital transformation.

Our **Retail Germany Division** increased its share of our record Group net income compared to 2022 despite significant claims inflation and falling interest rates. Operating profit amounted to EUR 260 million and the combined ratio to 97.5 percent. Insurance revenue in the Property/Casualty segment rose to EUR 1.764 billion, while operating profit dropped to EUR 49 million due to the impact of persistent inflation-fuelled price rises on the claims we settled. By contrast, operating profit in the Life Insurance segment rose to EUR 211 million on the back of our biometric products, with insurance revenue remaining stable at EUR 1,793 million. The continued very high resilience of our life insurance solvency ratio is also gratifying, as is the extremely good reception that customers gave our innovative product solutions in our new business.

Torsten Leue, Chairman of the Board of Management

HDI International again proved to be a profitable growth driver for our Group. Insurance revenue climbed by a double-digit 33 percent – or 41 percent after adjustment for currency effects – to more than EUR 7 billion. Operating profit rose to EUR 507 million. Our successful cycle and inflation management resulted in a combined ratio of 95 percent. HDI International's acquisition of Liberty Insurance Inc. in Brazil, Chile, Colombia and Ecuador will make it the second-largest provider of property/casualty insurance solutions in Latin America, measured in terms of insurance revenue. The purchase continues our success story on the continent, as well as further diversifying the Talanx Group's operations.

Our **Reinsurance Division** continued successfully expanding its market position in a challenging environment. Insurance revenue rose slightly to EUR 24.5 billion, while operating profit was EUR 2.0 billion.

We are continuously enhancing the Group's sustainability goals and targets with the aim of supporting industry, businesses and society in their sustainable transformation. Our asset management portfolios and our insurance business will reach net zero emissions by 2050. Key milestones on this journey are to fully exit thermal coal infrastructure by 2038 in our insurance business, and to achieve a 30 percent reduction in the carbon intensity of our liquid assets under own management by 2025. Our operating establishments throughout the world will be operating at net zero emissions (including offsetting of remaining emissions) by 2030. A number of ratings confirmed our focused sustainability strategy – for example, we again improved our CDP rating to A– in the reporting period.

Our 2024 outlook for Group net income of more than EUR 1.7 billion means we will reach and exceed our strategic target for 2025 of approximately EUR 1.6 billion in Group net income a year ahead of schedule. We are now setting ourselves a new, ambitious target for your Talanx Group in 2025: EUR 1.9 billion, or EUR 300 million more than originally planned. We are continuing to concentrate on a mix of targeted, customer-driven divisional strategies, strict capital management, a focused sustainability strategy and people management policies designed to combat the shortage of skilled professionals by positioning Talanx as a globally outward-looking and international Group.

Dear shareholders, we are facing the challenges of the future with a clear, systematic strategy based on our decentralised, entrepreneurial culture of trust, and on living our Purpose: "Together we take care of the unexpected and foster entrepreneurship".

I would like to express my sincere thanks for your confidence in us and hope very much to continue our journey together with you.

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Yours sincerely,

Board of Management

Torsten Leue
Chairman
Hannover
Chairman of the Board of Management
HDI V. a. G., Hannover

Responsible on the Talanx Board of Management for:
- Auditing
- Best Practice Lab
- Communications
- Corporate Development
- Governance/Corporate Office
- Investor Relations
- Sustainability/ESG

Jean-Jacques Henchoz
Hannover
Chairman of the Board of Management
Hannover Rück SE, Hannover

Responsible on the Talanx Board of Management for:
- Reinsurance Division

Dr Wilm Langenbach
Hannover
Chairman of the Board of Management
HDI International AG, Hannover

Responsible on the Talanx Board of Management for:
- Retail International Division

Dr Edgar Puls
Hannover
Member of the Board of Management
HDI V. a. G., Hannover
Chairman of the Board of Management
HDI Global SE, Hannover

Responsible on the Talanx Board of Management for:
- Industrial Lines Division
- Reinsurance Captive Talanx AG

Caroline Schlienkamp
Gehrden
Speaker of the Board of Management
HDI AG, Hannover

Responsible on the Talanx Board of Management for:
- Business Organisation (since 1 December 2023)
- Data Protection
- Facility Management
- People & Culture
- Legal/Compliance
- Procurement (Non-IT)

Jens Warkentin
Cologne
Chairman of the Board of Management
HDI Deutschland AG, Hannover

Responsible on the Talanx Board of Management for:
- Retail Germany Division
- Brand Management
- Business Organisation (until 30 November 2023)
- Information Technology

Dr Jan Wicke
Hannover
Member of the Board of Management
HDI V. a. G., Hannover

Responsible on the Talanx Board of Management for:
- Accounting
- Collections
- Controlling
- Finance/Participating Interests/Real Estate
- Investments
- IT Security (since 1 January 2023)
- Reinsurance Procurement
- Risk Management
- Taxes

Supervisory Board

Herbert K. Haas
(since 8 May 2018)
Chairman
Burgwedel
Former Chairman of the Board of Management,
Talanx AG

Dr Thomas Lindner
(until 4 May 2023)
Deputy Chairman
Albstadt
Chairman of the Board of Directors,
Groz-Beckert KG

Ralf Rieger*
(since 19 May 2006)
Deputy Chairman
Raesfeld
Employee,
HDI AG

Angela Titzrath
(since 8 May 2018)
Deputy Chairwoman (since 4 May 2023)
Hamburg
Chairwoman of the Board of Management,
Hamburger Hafen und Logistik AG

Antonia Aschendorf
(until 4 May 2023)
Hamburg
Lawyer,
Member of the Board of Management,
APRAXA eG
Director,
2-Sigma GmbH
Director,
legaltron Beteiligungsgesellschaft mbH

Benita Bierstedt*
(since 9 May 2019)
Hannover
Employee,
E+S Rückversicherung AG

Rainer-Karl Bock-Wehr*
(since 9 May 2019)
Cologne
Head of Competence Centre Commercial,
HDI AG

Dr Joachim Brenk
(since 4 May 2023)
Lübeck
Chairman of the Board of Management,
L. Possehl & Co. mbH

Sebastian Gascard*
(since 9 May 2019)
Isernhagen
In-house Company Lawyer
(Liability Underwriter),
HDI AG

Dr Christof Günther
(since 4 May 2023)
Merseburg
Director,
InfraLeuna GmbH

Jutta Hammer*
(since 1 February 2011)
Bergisch Gladbach
Employee,
HDI AG

Dr Hermann Jung
(since 6 May 2013)
Heidenheim
Former Member of the Board of Directors,
Voith GmbH

Dirk Lohmann
(since 6 May 2013)
Forch, Switzerland
Vice Chairman,
Schroders Capital ILS,
Schroder Investment Management
(Switzerland) AG

Christoph Meister*
(since 8 May 2014)
Hannover
Member of the ver.di
National Executive Board

Jutta Mück*
(since 17 June 2009)
Diemelstadt
Market Management & Distribution,
HDI AG

Dr Sandra Reich
(since 4 May 2023)
Gräfelfing
Self-employed Business Consultant
L. Possehl & Co. mbH

Dr Erhard Schipporeit
(until 4 May 2023)
Hannover
Self-employed Business Consultant

Prof. Dr Jens Schubert*
(since 8 May 2014)
Potsdam
Trade Union secretary
ver.di National Administration
Apl. Professor,
Leuphana Universität Lüneburg

Norbert Steiner
(since 6 May 2013)
Baunatal
Former Chairman of the Board of Management,
K+S AG

* Staff representative

Details of memberships of statutory supervisory boards and comparable control boards at other domestic and foreign business enterprises are contained in the annual report published by Talanx AG.

Supervisory Board Committees

Composition as at 31 December 2023

The Supervisory Board has formed four committees from among its ranks. The members of these committees support the work of the full Supervisory Board.

Finance and Audit Committee
Dr Hermann Jung, Chairman
Dr Christof Günther
Herbert K. Haas
Jutta Hammer
Ralf Rieger
Angela Titzrath

Personnel Committee
Herbert K. Haas, Chairman
Jutta Mück
Norbert Steiner
Angela Titzrath

Standing Committee
Herbert K. Haas, Chairman
Ralf Rieger
Prof. Dr Jens Schubert
Angela Titzrath

Nomination Committee
Herbert K. Haas, Chairman
Dr Joachim Brenk
Dirk Lohmann

Tasks of the committees

You can find a detailed description of the committees' tasks in the "Supervisory Board" section of the corporate governance report.

Finance and Audit Committee
- Preparation of financial decisions for the full Supervisory Board
- Decisions in lieu of the full Supervisory Board on certain financial matters, including the establishment of companies, acquisition of participating interests and capital increases at subsidiaries within defined value limits

Personnel Committee
- Preparation of personnel matters for the full Supervisory Board
- Decisions in lieu of the full Supervisory Board on certain personnel matters for which the full Supervisory Board is not required to assume sole responsibility

Standing Committee
- Proposal for the appointment of a Board member if the necessary two-thirds majority is not achieved in the first ballot in accordance with section 31(3) of the German Co-determination Act (MitbestG)

Nomination Committee
- Proposal of suitable candidates for the Supervisory Board's nominations to the Annual General Meeting

Report of the Supervisory Board

Dear Ladies and Gentlemen,

The Supervisory Board performed the tasks and duties required of it by law, the Articles of Association and the Rules of Procedure in full in financial year 2023, as in the past. We addressed in detail the economic situation and risk position for Talanx AG and its major subsidiaries in Germany and in the most important foreign markets. We advised the Board of Management on all issues that were material to the Company, continuously monitored its management of the business and were directly involved in decisions of fundamental importance. One major focus of reporting to the Supervisory Board this year was again the large losses resulting from natural disasters, as well as inflation developments and their impact on the global economy and our Group.

Overview

In the reporting period, there were four ordinary meetings and one inaugural meeting, following the election of new shareholder representatives on the Supervisory Board by the Annual General Meeting, and one extraordinary meeting of the Supervisory Board. The ordinary meetings and the inaugural meeting were held in person and the extraordinary meeting was held as a video call. Two representatives of the Federal Financial Supervisory Authority (BaFin) took part in the ordinary meeting on 10 November 2023 in line with routine practice. The Supervisory Board's Finance and Audit Committee likewise held four ordinary meetings, one inaugural meeting and two extraordinary meetings. These ordinary meetings and the inaugural meeting were also held in person and the extraordinary meetings as video calls. The Personnel Committee held three meetings, each of which in person. The Nomination Committee and the Standing Committee formed in accordance with the provisions of the German Codetermination Act (MitbestG) did not meet in 2023. The full Supervisory Board was briefed in each case on the work of the committees at its meetings.

The Supervisory Board was briefed by the Board of Management in written and verbal reports on the course of business and the position of both the Company and the Group, based on the quarterly statements and the interim report for the first half of the financial year. At no point during the reporting period did we consider it necessary to perform inspections or examinations pursuant to section 111(2) sentence 1 of the German Stock Corporation Act (AktG). The chairmen of the Supervisory Board and of the Board of Management were in regular contact regarding material developments and transactions at the Company and the Talanx Group, and discussed questions relating to strategy, planning, performance, the risk situation, opportunity and risk management, and compliance. Altogether, we satisfied ourselves of the lawfulness, appropriateness, regularity and efficiency of the work of the Board of Management, in line with our statutory responsibilities and our terms of reference under the Articles of Association.

The Board of Management provided us with regular, timely and comprehensive information on the Company's business situation and financial position, on risk management, on major capital expenditure projects and on fundamental corporate policy issues. It reported in detail on the impact of natural disasters and other large losses, the status of major lawsuits, and other key developments at the Company and the Group and in the regulatory environment. At our meetings, we intensively discussed the reports provided by the Board of Management, made suggestions and proposed improvements. The Supervisory Board met regularly, also without the Board of Management. Topics discussed included personnel matters of the Board of Management and internal matters of the Supervisory Board.

Following examination and discussion with the Board of Management, we passed resolutions on transactions and measures requiring our approval in accordance with the law, the Articles of Association and the Rules of Procedure.

Key issues discussed by the full Supervisory Board

Reporting and discussions focused on the following issues, which were discussed in detail at our meetings: the performance of the Company and its individual divisions in the current financial year, issues relating to the strategic orientation in individual divisions, potential acquisition projects abroad and the planning for 2024. The Supervisory Board also devoted considerable time to discussing and approving the Group's strategic targets.

At its meeting on 14 March 2023, the Supervisory Board also discussed the audited annual and consolidated financial statements along with the Board of Management's proposal for the appropriation of the distributable profit in financial year 2022. The auditor stated that an unqualified audit opinion had been issued for both the single-entity and the consolidated financial statements. Regarding the election of the shareholder representatives at the Annual General Meeting on 4 May 2023, the Supervisory Board addressed the nominations and adopted its resolution; the new candidates introduced themselves in person. The Supervisory Board also approved the agenda and the other resolutions for the Annual General Meeting. Furthermore, it discussed the strategic portfolio analysis for HDI International and addressed various projects and reportable events, for instance an acquisition project in Latin America. In addition, the Supervisory Board regularly discussed the appropriateness and structure of the remuneration system for the members of the Board of Management and obtained external opinions as part of its assessment. Moreover, it specified the variable remuneration due to the members of the Board of Management for financial year 2022.

There was an inaugural meeting of the Supervisory Board on 4 May 2023 following the election of new shareholder representatives on the Supervisory Board by the 2023 Annual General Meeting of the Company. At this inaugural meeting, Mr Haas was re-elected as the Chairman of the Supervisory Board and Ms Titzrath was elected as the new Deputy Chairwoman of the Supervisory Board. The Supervisory Board also carried out the elections for new members of its committees at this meeting.

At the Supervisory Board meeting on 12 May 2023, the Board of Management reported on the results of the first quarter of 2023 and gave an outlook for the current financial year. The Supervisory Board intensively addressed the acquisition project in Latin America already raised at the preceding meeting in March, discussed its risks and opportunities at length and resolved to make a binding purchase offer. A further key issue was the briefing on the central statements of the 100-day report by the new member of the Board of Management responsible for the Retail Germany Division appointed in the prior year. The Supervisory Board also received the annual report on the key content of the Group's IT strategy. The results of annual self-assessments by members of the Supervisory Board of their knowledge of subjects material to the Group in accordance with insurance supervision requirements were also discussed as scheduled.

At the meeting of the Supervisory Board on 11 August 2023, the Board of Management initially reported on the half-year results and expectations regarding the 2023 financial statements for both Talanx AG and the Group. Furthermore, the Supervisory Board received the annual report on expense ratios compared with competitors and the report on related party transactions and discussed risk reporting at length. Moreover, it debated a temporary authorisation for Hannover Rück SE to issue subordinated capital and approved Hannover Rück SE's plans to increase the capital resources of Hannover Re (Ireland) DAC.

The Supervisory Board discussed capital management matters at the extraordinary meeting on 15 September 2023. It resolved to review the feasibility of a capital increase from authorised capital in accordance with article 7 of the Articles of Association and delegated the further, more detailed resolutions concerning this project to the Finance and Audit Committee. The share placement for the capital increase was successfully carried out on 19 September 2023.

A special session was held on 6 October 2023 for further training of the members of the Supervisory Board on the new financial reporting standard IFRS 17/9 for the European insurance sector. The members of the Supervisory Board also received sustainability training in this context. In addition to current market trends and regulatory requirements, this concerned the Group's sustainability strategy and issues of sustainability governance in particular.

At the Supervisory Board meeting on 10 November 2023, the Board of Management reported on the third-quarter results and gave an outlook for the 2023 annual financial statements for Talanx AG and the Group. The Supervisory Board devoted considerable time to the planning for financial year 2024 and also addressed Hannover Re's strategy. The Supervisory Board was also briefed on a range of projects and reportable events and received the regular risk management report (ORSA report) and the report on pending litigation and the structure of remuneration systems at Group companies. Furthermore, it discussed an internal capital injection and resolved the declaration of compliance with the German Corporate Governance Code. The results of the 2023 Organisational Health Check were presented and discussed as well. In addition to the two sustainability experts on the Supervisory Board already appointed, Mr Steiner and Professor Schubert, Dr Reich was appointed as a further expert for sustainability/ESG at this meeting. In addition to the regular professional dialogue with employees in the Group Sustainability area, the duties of the sustainability experts on the Supervisory Board include advising on and discussing the Group's sustainability strategy, reviewing the content of the non-financial statement and advising the Company on implementing the requirements of the Corporate Sustainability Reporting Directive (CSRD).

Work of the committees

The Supervisory Board has established a number of committees to enable it to perform its duties efficiently. These are the Finance and Audit Committee, which has six members, the Personnel Committee and the Standing Committee, each of which has four members, and the Nomination Committee, which has three members. The committees prepare the discussions in, and the resolutions to be adopted by, the full Supervisory Board. They have also been delegated with the authority to pass resolutions themselves in specific areas. The minutes of Finance and Audit Committee meetings are also made available to those members of the Supervisory Board who do not belong to this committee. The members of the different committees are listed on page 6 of the Annual Report.

Along with preparing the discussions and resolutions by the full Supervisory Board, the Finance and Audit Committee examined in depth the Company's and the Group's annual financial statements, the report for the first six months of the year and quarterly statements, together with the individual components of the financial statements and the key performance indicators, as well as the results of the auditors' review of the interim report. Additionally, the Finance and Audit Committee discussed the findings of the annual internal and external actuarial audit of the gross and net claims reserves for the Group's non-life insurance business as well as the appropriateness of the reinsurance/retrocession cover purchased to protect the retention. The Committee devoted considerable time to the planning for the coming financial year and discussed strategic decisions in individual divisions of the Group. Furthermore, we examined the risk reports and received an audit planning report from the auditors. The Committee listened to reports on non-audit services provided by the auditors in accordance with the "whitelist" and also looked in detail at the current implementation status of the introduction of the new IFRS 17/9 accounting standard. The Committee also received the annual reports from the four key functions (Risk Controlling, Actuarial, Auditing and Compliance), which were presented to us by the heads of these functions and explained in more detail where committee members had any questions. The Finance and Audit Committee regularly examined matters related to accounting, auditing and the internal control system. It discussed the assessment of audit risk, the audit strategy, audit planning and audit findings with the auditor. The Chairman of the Audit Committee regularly discussed the progress of the audit with the auditor and reported on this to the Committee. The Finance and Audit Committee also met to discuss individual items of the agenda without the members of the Board of Management in attendance.

As well as preparing the discussions and resolutions by the full Supervisory Board, the Personnel Committee also again closely addressed succession planning for the Company's Board of Management in 2023. It also addressed the issue of how suitable the amount of remuneration paid to members of the Board of Management is on the basis of horizontal and vertical remuneration comparisons. Recommendations were also made to the full Supervisory Board in connection with the regular forthcoming review of Board of Management remuneration, determining variable Board of Management remuneration components and setting targets for Board of Management members for financial year 2024.

The following table provides an overview of individual meeting attendance by members of the Supervisory Board and the committees in 2023.

INDIVIDUALISED DISCLOSURE OF MEETING ATTENDANCE

	Attendance rate	
	Number of meetings	%
Full Supervisory Board attendance		
Herbert K. Haas	6/6	100
Dr Thomas Lindner (until 4 May 2023)	1/1	100
Angela Titzrath	5/6	83
Ralf Rieger	6/6	100
Antonia Aschendorf (until 4 May 2023)	1/1	100
Benita Bierstedt	6/6	100
Rainer-Karl Bock-Wehr	6/6	100
Dr Joachim Brenk (since 4 May 2023)	5/5	100
Sebastian L. Gascard	6/6	100
Dr Christof Günther (since 4 May 2023)	5/5	100
Jutta Hammer	6/6	100
Dr Hermann Jung	6/6	100
Dirk Lohmann	6/6	100
Christoph Meister	6/6	100
Jutta Mück	6/6	100
Dr Sandra Reich (since 4 May 2023)	5/5	100
Dr Erhard Schipporeit (until 4 May 2023)	1/1	100
Prof Dr Jens Schubert	6/6	100
Norbert Steiner	6/6	100
Finance and Audit Committee attendance		
Dr Hermann Jung	7/7	100
Dr Thomas Lindner (until 4 May 2023)	1/1	100
Dr Christof Günther (since 4 May 2023)	6/6	100
Ralf Rieger	7/7	100
Herbert K. Haas	7/7	100
Jutta Hammer	7/7	100
Dr Erhard Schipporeit (until 4 May 2023)	1/1	100
Angela Titzrath (since 4 May 2023)	5/6	83
Personnel Committee attendance		
Herbert K. Haas	3/3	100
Dr Thomas Lindner (until 4 May 2023)	1/1	100
Jutta Mück	3/3	100
Norbert Steiner	2/3	67
Angela Titzrath (since 4 May 2023)	1/2	50

Declaration of compliance and consolidated non-financial statement

The Government Commission on the German Corporate Governance Code published an updated version of the German Corporate Governance Code (the Code) from 28 April 2022 on 27 June 2022. No departures from the recommendations of the Code were declared in the current declaration of compliance. The departure from recommendation C.1 of the Code, declared purely as a precaution in the prior year (independence of the Chairman of the Supervisory Board and Chairman of the Personnel Committee), no longer applies. Further information on corporate governance can be found on Talanx AG's website.

In 2023, we again also examined the Board of Management's report on the consolidated non-financial statement (see page 82ff. of the Group management report). The Board of Management presented the report at the Finance and Audit Committee meeting on 13 March 2023 and the Supervisory Board meeting on 14 March 2023. Auditor representatives were present at both meetings and reported the material findings of their audit. The audit firm PricewaterhouseCoopers GmbH (PwC) conducted a limited assurance review and issued an unqualified audit opinion. No objections were raised following the Supervisory Board's own examination of the consolidated non-financial statement, and the result of the audit by PwC GmbH was noted and approved.

Audit of the annual and consolidated financial statements

The annual financial statements for Talanx AG submitted by the Board of Management, the consolidated financial statements for the Talanx Group, which were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the corresponding management reports were audited together with the bookkeeping by PricewaterhouseCoopers (PwC) GmbH, Wirtschaftsprüfungsgesellschaft, Hannover. The auditors were appointed by the company's Annual General Meeting on 4 May 2023; the Finance and Audit Committee issued the detailed audit engagement and specified that, in addition to the usual audit tasks, the audit of the financial statements should give special attention to audit support for the implementation of IFRS 17/9. The enforcement priorities set out by the German Financial Reporting Enforcement Panel (FREP) were also included in the audit activities performed by the auditors.

The audits performed by the auditors did not give rise to any grounds for objection. The auditors issued unqualified audit reports stating that the bookkeeping and the annual and consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance, and that the management reports are consistent with the annual and consolidated financial statements.

The financial statements documents and PwC's audit reports were circulated to all members of the Supervisory Board well in advance. They were examined in detail at the Finance and Audit Committee meeting on 18 March 2024 and at the Supervisory Board meeting on 19 March 2024. The auditors took part in the discussions of the annual and consolidated financial statements by both the Finance and Audit Committee and the full Supervisory Board, reported on the performance of the audits and were available to provide us with additional information. On completion of our own examination of the annual financial statements, the consolidated financial statements, the corresponding management reports including the consolidated non-financial statement and the audit reports by the external auditors, we concurred with the opinion of the auditors in each case and approved the annual and consolidated financial statements prepared by the Board of Management.

The annual financial statements have therefore been adopted. We agree with the statements made in the management reports regarding the Company's future development. After examining all relevant considerations, we concur with the Board of Management's proposal for the appropriation of the distributable profit.

The report on the Company's relationships with affiliated companies that was drawn up by the Board of Management in accordance with section 312 of the AktG was also audited by PwC GmbH and was issued with the following unqualified audit opinion:

"Following the completion of our audit, which was carried out in accordance with professional standards, we confirm that

1. The information contained in the report is correct,

2. The compensation paid by the Company with respect to the transactions listed in the report was not inappropriately high."

We examined the report on relationships with affiliated companies and reached the same conclusion as the auditors. We have no objections to the statement that is reproduced in this report.

Composition of the Board of Management and the Supervisory Board

There were no changes in the composition of the Board of Management in the reporting period.

There were personnel changes among the shareholder representatives on the Supervisory Board: New elections had to be held by the Annual General Meeting as the previous shareholder representatives' term in office ended after the Annual General Meeting on 4 May 2023. It was no longer possible for Ms Antonia Aschendorf, Dr Thomas Lindner or Dr Erhard Schipporeit to stand for re-election, either because of the amount of time already served on the Supervisory Board or the age limit stipulated in the Rules of Procedure. The Supervisory Board therefore nominated Dr Joachim Brenk, Dr Christof Günther and Dr Sandra Reich as new members of the Supervisory Board, all of whom were elected by the Annual General Meeting. Furthermore, Mr Herbert Haas, Dr Hermann Jung, Mr Dirk Lohmann, Mr Norbert Steiner and Ms Angela Titzrath were re-elected as members of the Supervisory Board by the Annual General Meeting. To enable a flexible response to changing skills requirements, the proposed term in office for some of the candidates named was reduced to three or four years, while the standard term in office of five years was retained for others. The gradual formation of a staggered board for the future was thus enabled.

At its inaugural meeting, the newly elected Supervisory Board re-elected Mr Haas as its Chairman and Ms Titzrath as a further Deputy Chairwoman of the Supervisory Board. The Company thanked Ms Aschendorf, Dr Lindner and Dr Schipporeit for their years of valued service.

Our thanks to the Board of Management and employees

We again generated extraordinarily Group net income for financial year 2023. This achievement is thanks to the dedication and tireless commitment shown by our employees. We would like to express our sincere thanks to them and to the Board of Management.

Hannover, 19 March 2024

On behalf of the Supervisory Board

Herbert Haas
(Chairman)

Talanx shares

Record high for Talanx shares

At the start of 2023 especially, the insurance industry was shaken by the significant rise in inflation since 2022. Additionally, there was Russia's ongoing war in Ukraine as well as the war in the Middle East and progressive climate change. Overall, the insurance sector demonstrated an impressive resistency in the face of these effects. In this challenging market environment as well, Talanx AG once again proved its resilience and robustness. It ended the financial year with a new record result and with its share price at a historic high.

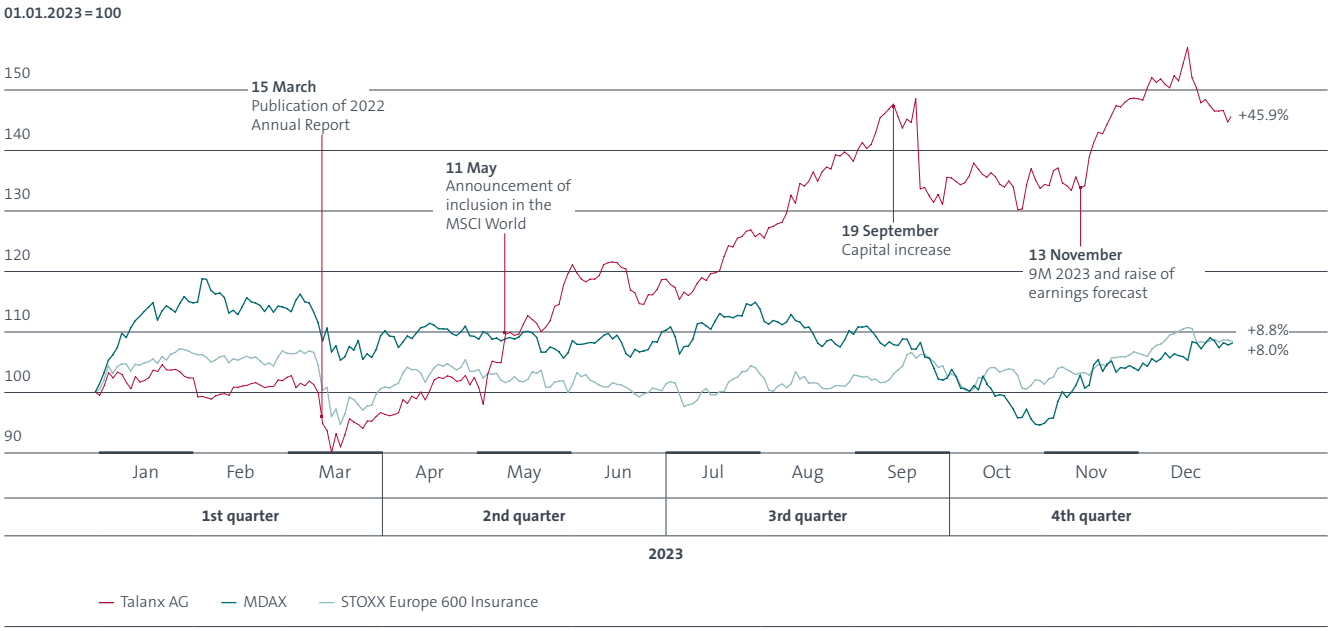
Talanx began financial year 2023 with a share price of EUR 44.10 (XETRA daily closing price). It remained at a stable level of between EUR 42.00 and EUR 45.00 for the first five months of the financial year. A brief contraction in the share price ended on 15 March 2023, the day on which the 2022 Annual Report was published, at an annual low of EUR 39.90. In the days that followed, the shares quickly recovered from this low, which was also influenced by the collapse of Credit Suisse.

The strong upward trend began with the announcement of Talanx AG's inclusion in the MSCI World Index and with the company presenting a solid result for the first quarter of 2023. This was also helped by the acquisition of Liberty Mutual in South America, which was declared at the end of May. These factors triggered a price increase lasting several months, before Talanx's shares experienced a setback in September 2023, mainly for technical reasons, in connection with a small cash capital increase (see the following section, "First capital increase since IPO"). The capital market's positive response to the nine-month reporting and the associated raising of targets for financial years 2023 and 2024 allowed Talanx's share price to recover in the weeks that followed, thereby returning to their historic high as at the end of the year and even surpassing this with an all-time high, and an annual high, of EUR 69.55 on 13 December 2023.

Looking at the market as a whole, Talanx's shares significantly outperformed the MDAX and STOXX Europe 600 Insurance indices. Since the announcement that Talanx's shares would be included in the MSCI World as at 1 June 2023, Talanx AG's share price performance has comfortably surpassed that of its competitors as well as the indices referred to above.

On 29 December 2023, the last trading day of the year, Talanx's shares were quoted at a price of EUR 64.65. This marks an increase of 45.9% (adjusted for dividend: 52.7%) as against the closing price on 30 December 2022 of EUR 44.32.

TALANX SHARE PERFORMANCE INDEX COMPARISONS



Source: Factset

Index membership and shareholder structure

Talanx shares have been listed on the Frankfurt Stock Exchange (Prime Standard) and on the Hannover Stock Exchange since October 2012. They have been included in the MDAX since September 2021. In terms of free-float market capitalisation, they ranked 10th out of 50 stocks in total as at the end of December 2023 and are therefore one of the top equities in the index. Effective 1 June 2023, Talanx's shares were also included in the MSCI World, which is regarded as one of the most significant indices in the world in terms of investment volume. These index memberships helped to significantly invigorate the daily trading volume of Talanx's shares.

Shareholder basis stable despite change in free float

Talanx regularly analyses the shareholder base in order to be able to address its institutional investors in a targeted manner. Using these analyses, almost 100% of Talanx shares can be allocated. The share of the free float in Talanx AG as defined by the German Stock Exchange was 23.3% at the end of the year and the HDI V. a. G. share was reduced to 76.7% in conjunction with the capital increase in September 2023. There are no individual shareholders among Talanx AG's shareholders who hold more than 5% of the share capital.

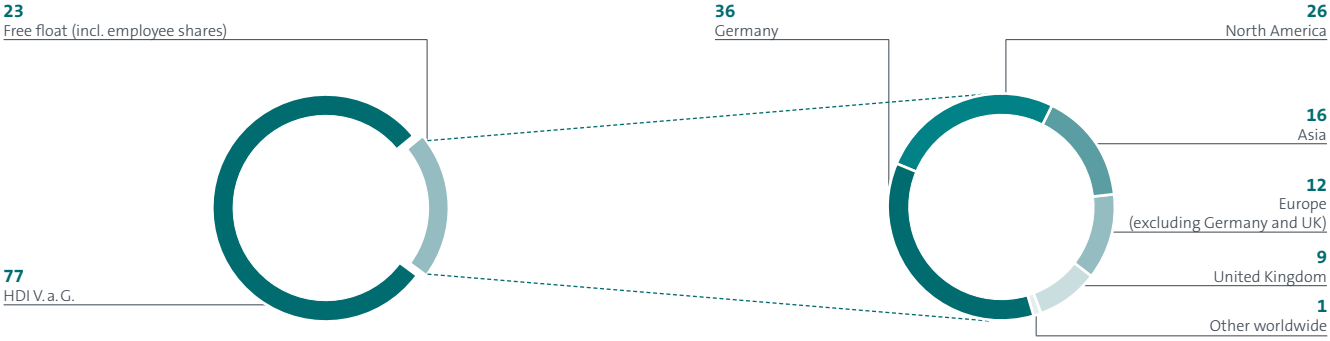
Within the free float, 57 (61) % of the shares – the majority – are held by German and European shareholders. While the share of the free float held by these investors fell slightly, the share of North American investors rose slightly by 4 percentage points to 26%. This shift is mainly due to the inclusion in the MSCI World and the associated purchase of shares by so-called index trackers, which are mainly based in North America. The Asian share fell only slightly from 17% to 16%. The rest of the world accounted for another 1% of the free float and private shareholders accounted for around a quarter of the free float. 41,698 shareholders were entered in the share register as at 31 December 2023, a slight increase on the number of registered shareholders in the prior year (41,386).

Employee share programme

Employees of Talanx Group's Primary Insurance Group were again able to purchase discounted Talanx shares in the reporting period. The model successfully introduced in 2021 was retained in 2023, allowing employees to choose from various levels of discounted share packages of up to 30, 120 and 480 shares each. The participation rate was at a similarly high level to prior years: 39% (42%) of employees subscribed discounted shares in the reporting period. The shares subscribed by the employees were acquired on the market under a share buyback programme. The shares have to be held for at least two years.

SHAREHOLDER STRUCTURE AS AT 31.12.2023

%



Capital market communication

Intensive investor dialogue

The Talanx investor relations team is committed to open, ongoing dialogue with private shareholders, institutional investors and equity and credit analysts. This year as well, the various stakeholders appreciated the flexibility in their choice of format. The Board of Management team attended a large number of events in person, while some roadshows and investor conferences were also held in virtual format, which further cut back on travel time and costs. In financial year 2023, the Board of Management team took part in nine investor conferences and held 26 roadshow meetings.

Dialogue and communication with private shareholders is highly important to Talanx AG as well. In order to enhance visibility in these circles and to enable private investors to engage in a direct dialogue with the investor relations team, company presentations at various shareholder associations were a firm fixture of capital market communications in the reporting period. Moreover, private shareholders as well as analysts and investors can find a wealth of information on the website.

Acquisition of Liberty Mutual

At the end of May 2023, Talanx AG announced that the Retail International Division had acquired selected business lines from Liberty Mutual Insurance Inc. in Brazil, Chile, Colombia and Ecuador, and that the acquisition will make it one of the leading insurers in Latin America. This is one of the largest acquisitions in the history of the Talanx Group. The transaction will significantly bolster the Group's market position in Latin America, allowing HDI International AG to rise to number 2 in property/casualty insurance business for retail customers in the region. The news was positively received on the capital market and, following its announcement on 27 May 2023, contributed to a price increase of approximately 8% in the following week of trading (29 May to 2 June 2023).

First capital increase since IPO

In September, Talanx AG successfully carried out its first capital increase since going public, thereby responding to the request frequently expressed by investors to increase the free float and trading liquidity of shares. After the close of trading on 19 September 2023, 4,878,048 new shares from authorised capital were placed with institutional investors at a price of EUR 61.50 per share using an accelerated bookbuilding process. Pre-emption rights were disapplied for existing shareholders. This placement price was equivalent to a reduction of 6.5% on the closing price on the placement date, which had been the highest price ever achieved by Talanx's shares at that time at EUR 65.80, or a reduction of 4.4% compared to the volume-weighted price of the shares on the five trading days prior to

placement. The 1,626,016 Talanx shares also offered for sale from the personal holdings of the majority shareholder HDI V. a. G. were placed on the same terms, thereby reducing its interest in Talanx's share capital to 76.7%. Talanx's free float was thus increased to 23.3%. The total placement volume was EUR 400 million.

First virtual annual general meeting under new legislation

The virtual 2023 Annual General Meeting was held for the first time under the new legislation that allows virtual annual general meetings as a permanent format, provided that a corresponding temporary authorisation has been adopted in the articles of association. The resolutions proposed regarding the virtual annual general meeting format were accepted by a large majority of more than 90%. The resolutions proposed included:

- an addition to article 13 of the Articles of Association allowing a two-year authorisation of the Board of Management to hold a virtual annual general meeting
- an addition to article 14 of the Articles of Association allowing members of the Supervisory Board to participate in a virtual annual general meeting by way of audio and video transmission
- the resolution on the amendment of article 15(3) of the Articles of Association relating to the chairperson imposing time restrictions on the right to speak and ask questions

All other resolutions were also passed with the required majority of votes cast and share capital represented. In total, 3,676 (3,621) shareholders had registered. This was equivalent to 91.57% (92.47%) of the share capital with voting rights.

Based on the positive experience gained in recent years and what we consider to be the far more shareholder-friendly conditions under the new legislation, the aim of which is equal status for annual general meetings held virtually or in person, we will also hold the 2024 Annual General Meeting in virtual format.

For future annual general meetings, we would like to reserve the right to be flexible about which meeting format we choose, taking account of the circumstances and the items on the agenda to be resolved.

New targets for financial years 2024 and 2025

Talanx AG had announced new financial targets for the 2023–2025 strategy cycle in December 2022. In particular, these included increasing Group net income to EUR 1.6 billion by 2025 and gradually raising the dividend from EUR 2.00 per share for financial year 2022 to EUR 2.50 per share for financial year 2025.

A consistently good business performance prompted Talanx AG to raise its sights for the period ending 2025. As the figure of almost EUR 1.6 billion originally envisaged for 2025 was already achieved in financial year 2023 and thus two years sooner than expected, Talanx AG is now aiming for Group net income of more than EUR 1.7 billion for financial year 2024 and has raised its earnings outlook for financial year 2025 to around EUR 1.9 billion.

This more ambitious target for Group net income will also be reflected in a higher dividend. Having already increased the dividend for financial year 2022 by EUR 0.40 to EUR 2.00, the Board of Management of Talanx AG will propose to the Annual General Meeting for financial year 2023 to further raise the dividend by EUR 0.35 per share to EUR 2.35. This would translate into a dividend yield of 4.4% (5.1%) for financial year 2023, based on an average share price for the year of EUR 53.48. One year sooner than originally intended, the dividend for financial year 2024 is to be increased to EUR 2.50 per share. This amount would then be raised further for financial year 2025.

GENERAL INFORMATION ON TALANX SHARES

German securities identification number (WKN)	TLX100
ISIN	DE000TLX1005
Trading symbol (XETRA)	TLX
Share class	No-par value ordinary registered shares
Number of shares at year-end	258,228,991
Year-end closing price	EUR 64.65 (29 December 2023)
Annual high	EUR 69.55 (13 December 2023)
Annual low	EUR 39.90 (15 March 2023)
Stock exchanges	XETRA, Frankfurt, Hannover
Trading segment	Prime Standard of the Frankfurt Stock Exchange

Share prices based on XETRA daily closing prices.

Remunera-
tion

Remuneration report

Introduction

This remuneration report presents the remuneration structure and system for Talanx AG's Board of Management and Supervisory Board, and provides detailed information on the individual remuneration and other benefits awarded and due to current and former members of Talanx AG's Board of Management and Supervisory Board for their activities in financial year 2023.

The report was prepared by the Company's Board of Management and Supervisory Board in accordance with the requirements of section 162 of the German Stock Corporation Act (AktG) and complies with the recommendations and suggestions contained in the version of the German Corporate Governance Code (the "Code") published on 28 April 2022.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft performed a formal and content audit of the remuneration report that went above and beyond the requirements set out in section 162(3) of the AktG. The remuneration report and the auditor's opinion on the audit of the remuneration report have been made available on Talanx AG's website (https://www.talanx.com/en/investor_relations/reporting/financial_reports).

Remuneration of the Board of Management

Overview of the remuneration system

The current remuneration system for the Board of Management has been in place since 1 January 2021. It meets the statutory and regulatory requirements of the Code and was approved by the Annual General Meeting of Talanx AG on 6 May 2021 with a majority of 96.5%. However, if material changes are made to the remuneration system, it is submitted to the Annual General Meeting for approval at least every four years. Given the approval of the remuneration report granted by the Annual General Meeting in 2023 with a majority of 97.8%, there was no need to examine or amend the remuneration system, its implementation or the nature of reporting. Spurred on by comments in investor meetings, in the previous year's remuneration report we took the opportunity to describe in more detail the application of the remuneration system in relation to variable remuneration. In addition to payouts relating to multi-year variable remuneration components in 2023, in this year's remuneration report we again also show the current status which is to be paid from multi-year variable remuneration in the next few years.

The structure of the remuneration system takes the expectations of investors and other key stakeholders into account. Remuneration comprises fixed (non-performance-related) and variable (performance-related) components. The focus here continues to be on the high degree of relevance of the variable remuneration and on strengthening the "pay for performance" principle. Variable remuneration is based on financial and non-financial performance criteria taken from the Talanx Group strategy. The Board of Management can influence these. Sustainability criteria are also taken into account when measuring performance and support the Company's sustainable, long-term development. Furthermore, the Board of Management's remuneration has been aligned closely with our investors' interests by increasing its equity-related aspects; this has been achieved using a performance share plan and by measuring Talanx's relative share price performance in comparison to our competitors. Malus and clawback rules allow the variable remuneration components paid to be reduced or reclaimed in the event of severe breaches of compliance. The main features of the remuneration system are shown below.

REMUNERATION SYSTEM STRUCTURE

Fixed remuneration	Fixed remuneration			**Maximum remuneration**
	Fringe benefits			
	Pension scheme			
Variable remuneration	Short-term incentive	40%	**Malus and clawback**	
	Long-term incentive (Talanx performance shares)	60%		

Principles governing Board of Management remuneration

The Talanx Group's strategy aims to sustainably enhance the Group's value for its stakeholders, and particularly its investors, customers and employees. In line with this, our Board of Management remuneration focuses on the principles of continuity, financial strength and profitability. Board of Management remuneration is a key means of advancing our Group strategy and the Talanx Group's long-term, sustainable development. Remuneration ensures a transparent, performance-driven incentive effect that is strongly aligned with the Company's long-term success and that is based in particular on performance criteria that are derived from the Group's strategy, as well as on Talanx AG's share price performance, including in a peer comparison. This aims to prevent excessive risk appetite.

The members of the Board of Management are remunerated in line with their performance and their areas of activity and responsibility, while taking the Company's situation into account. The regulatory framework for this is supplied by the provisions of the German Stock Corporation Act, the provisions of Article 275 of Delegated Regulation (EU) 2015/35 as amended by Delegated Regulation (EU) 2016/2283, and of the Insurance Supervision Act (VAG) in conjunction with the German Remuneration Regulation for Insurance Companies (VersVergV), plus the recommendations on the remuneration of members of the Board of Management contained in section G of the German Corporate Governance Code.

The Supervisory Board focuses on the following basic principles when establishing the remuneration for Talanx AG's Board of Management:

PRINCIPLES GOVERNING TALANX'S BOARD OF MANAGEMENT REMUNERATION

Advancement of corporate strategy	■ Performance criteria derived from corporate strategy
Long-term approach and sustainability	■ Variable remuneration predominately share-based/with a multi-year focus ■ Sustainability risks and targets (ESG) included in measurement of variable remuneration
Pay for performance	■ A majority of the target direct remuneration consists of variable remuneration components ■ Adequate, ambitious performance criteria ■ Variable remuneration can range between zero and a cap
Appropriateness of remuneration	■ Remuneration paid to members of the Board of Management appropriately reflects both the members' responsibilities and performance and the Company's situation ■ Both internal and external remuneration ratios are taken into account ■ Caps apply to both individual variable remuneration components and total remuneration
Alignment with shareholder interests	■ Harmonisation of interests of members of the Board of Management and our shareholders ■ Malus and clawback rules apply to entire variable remuneration ■ Measuring relative performance creates incentives to ensure that we outperform our competitors on the capital markets in the long term
Market practice and regulatory compliance	■ Current market practice at relevant insurers taken into account for Board of Management remuneration ■ Compliance with the key statutory and regulatory requirements applicable to Talanx is ensured
Transparency	■ Ex post publication of targets and target achievement ■ Ex post publication of individual premiums/discounts per member of the Board of Management

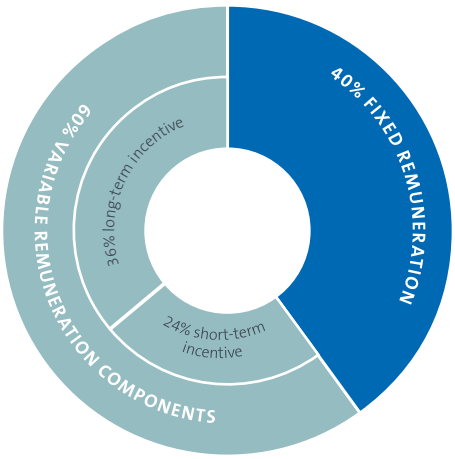
Remuneration structure

The key ideas behind Talanx's remuneration system for its Board of Management are pay for performance and a long-term approach.

The principle of pay for performance is underscored by the fact that the target direct remuneration (which comprises the total of the fixed remuneration and the target amounts for the variable remuneration components) consists of 40% fixed remuneration and 60% variable remuneration components. Variable remuneration is made up of a short-term incentive (STI) and a long-term incentive (LTI) that has a four-year performance period.

The remuneration structure is geared towards the Talanx Group's sustainable long-term development. The STI accounts for 40% of the variable remuneration components and hence for 24% of the target direct remuneration. The LTI accounts for 60% of the variable remuneration components and hence for 36% of the target direct remuneration.

STRUCTURE OF TARGET DIRECT REMUNERATION



Reviewing the appropriateness of Board of Management remuneration

The Supervisory Board determines the remuneration of the members of the Board of Management on the basis of the remuneration system, building on the recommendations made by the Personnel Committee. When establishing the remuneration, the Supervisory Board takes the individual members' responsibilities and tasks, their individual performance, the economic situation, and the Company's success and future prospects into account.

The question of whether the remuneration is customary in relation to other, comparable companies (horizontal comparison) and with respect to the amount and structure of remuneration within the Company (vertical comparison) was reviewed by the Supervisory Board at its meeting on 10 November 2023. The companies included in the MDAX as at 1 July 2023 (with the exception of Talanx AG) were used as the peer group for this horizontal comparison. As an additional indicator, the Board of Management's remuneration was also subject to a comparison with an individual peer group of relevant competitors. This peer group is also used in the multi-year variable remuneration to measure relative total shareholder return. The vertical comparison is based on the ratio between the remuneration paid to the Board of Management and the remuneration paid to Talanx's entire workforce. The process took both the status quo and the development of the remuneration ratios over time into account. To assess the appropriateness of Board of Management remuneration, the Supervisory Board took the opportunity open to it to engage an external remuneration consultant who is independent of the Board of Management and the Company.

Determining target remuneration

The contracts of service for all members of the Board of Management guarantee that they will be paid target remuneration in line with market conditions. This remuneration is based on their areas of responsibility and the skills and experience that are relevant to their work.

There is a good balance between fixed and variable remuneration components. The fixed component accounts for a sufficiently high share of target total remuneration, allowing the company to apply a flexible bonus policy, including the option of not paying any variable remuneration at all. Accordingly, there is no incentive for members of the Board of Management to take inappropriately high risks in exchange for higher bonus payments.

The following table shows the target remuneration for all members of the Board of Management for financial year 2023. The target remuneration comprises the remuneration that will be awarded for the financial year if the target achievement is 100%.

TARGET REMUNERATION

	Torsten Leue (Chairman of the Board of Management) Chairman since 8 May 2018, member since 1 September 2010			Jean-Jacques Henchoz[1] Head of Division since 1 April 2019			Dr Wilm Langenbach Head of Division since 1 December 2020		
EUR thousand		2023	2022		2023	2022		2023	2022
Base remuneration	1,020	40%	1,020	960	40%	960	540	40%	540
Fringe benefits	8	—	6	12	—	14	6	—	6
Other[2]	—	—	—	—	—	1,000	—	—	—
Fixed remuneration components	**1,028**		**1,026**	**972**		**1,974**	**546**		**546**
One-year variable remuneration (STI)	612	24%	612	576	24%	576	324	24%	324
Multi-year variable remuneration (LTI) – (performance shares 2023/2022)	918	36%	918	864	36%	864	486	36%	486
Variable remuneration components	**1,530**		**1,530**	**1,440**		**1,440**	**810**		**810**
Total target remuneration	**2,558**	**100%**	**2,556**	**2,412**	**100%**	**3,414**	**1,356**	**100%**	**1,356**
Pension expense[3]	646		691	118		152	84		91

[1] Including target remuneration for Hannover Re in the amount of EUR 2,112 thousand in 2023 and EUR 3,114 thousand in 2022.
[2] Payment made to compensate for a loss of salary under a previous contract of service. To compensate lapsed benefits at his previous employer, the Supervisory Board contracted with Jean-Jacques Henchoz to a payment in instalments. The compensation payment in 2022 is the last instalment from this agreement, which was also contingent on his reappointment as at 1 April 2022.
[3] The figure shown represents the service cost recognised in the reporting period for pensions and other post-retirement benefits.

Pay ratios

Total remuneration for the Chairman of the Board of Management in the year under review was 31 times the average target total remuneration for all employees (excluding the Board of Management). Target total remuneration for the average of all members of the Board of Management was 20 times the average target total remuneration for all employees (excluding the Board of Management). The target total remuneration of the average of all employees refers to the workforce of the Talanx Group in Germany.

Compliance with the maximum remuneration

The Supervisory Board has defined a maximum amount of remuneration for each member of the Board of Management, comprising the sum of the fixed remuneration, fringe benefits, the STI and LTI, and the pension expense ("maximum remuneration"), in accordance with section 87a(1) sentence 2 no. 1 of the AktG. The maximum remuneration sets a limit on all payouts resulting from awards made for a specific financial year, regardless of when they actually accrue. The maximum remuneration for the Chairman of the Board of Management is EUR 6,000,000, that for the Head of the Reinsurance Division is EUR 5,000,000 and that for all other members of the Board of Management is EUR 4,000,000.

A final report on compliance with the maximum remuneration for financial year 2023 can only be made once the tranche of the LTI granted for 2023 has been paid out in 2028. Should the LTI payout lead to the maximum remuneration being exceeded, the payout will be reduced so as to ensure compliance with the cap.

Dr Edgar Puls Head of Division since 9 May 2019			Caroline Schlienkamp Member of the Board of Management since 1 May 2022			Jens Warkentin Member of the Board of Management since 1 January 2023			Dr Jan Wicke (Chief Financial Officer) Chief Financial Officer since 1 September 2020, member since 1 May 2014		
2023		2022	**2023**		2022	**2023**		2022	**2023**		2022
512	40%	512	400	40%	267	400	40%	—	646	40%	646
6	—	9	12	—	8	11	—	—	6	—	6
—	—	—	—	—	—	—	—		—	—	
518		**521**	**412**		**275**	**411**		**—**	**652**		**652**
307	24%	307	240	24%	160	240	24%	—	388	24%	388
461	36%	461	360	36%	240	360	36%	—	581	36%	581
768		**768**	**600**		**400**	**600**		**—**	**969**		**969**
1,286	**100%**	**1,289**	**1,012**	**100%**	**675**	**1,011**	**100%**	**—**	**1,621**	**100%**	**1,621**
91		131	48		90	43		—	142		143

Application of the remuneration system in financial year 2023

The following table provides an overview of the components of Talanx's remuneration system in financial year 2023 and the associated targets:

OVERVIEW OF REMUNERATION COMPONENTS

Component		Basis of assessment/parameters	Objective
FIXED REMUNERATION COMPONENTS	**Fixed remuneration**	The fixed remuneration is paid in cash in 12 equal monthly instalments	
	Fringe benefits	Company vehicle for business and private use; appropriate levels of accident, luggage and D&O insurance	■ Recruitment and retention of the best-suited members of the Board of Management ■ Remuneration reflecting the responsibilities, skills and experience of the individual members of the Board of Management concerned
	Pension scheme	Defined contribution commitments: Annual contribution to funding of 25% of defined basis of assessment Chairman of the Board of Management: Defined benefit pension commitment: claim to pension calculated as percentage of the fixed annual pensionable salary	■ Fringe benefits granted in line with normal market conditions/retirement provision systems in order to recruit and retain the best-suited members of the Board of Management
VARIABLE REMUNERATION COMPONENTS	**Short-term incentive (STI)**	**Target bonus model** Performance criteria: ■ Talanx Group RoE ■ Individual performance criteria (financial and non-financial, including ESG goals) Cap: 200% of STI target amount	■ Incentive to achieve or surpass the annual corporate and divisional targets, and remuneration reflecting members' individual contribution to earnings and sustainability
	Long-term incentive (LTI)	**Performance share plan ("Talanx performance shares")** **Four-year performance period** LTI award amount depends on target achievement levels determined for: ■ Talanx Group's average RoE for previous financial year ■ Individual performance criteria for previous financial year Performance criteria: ■ Talanx's share price performance (plus dividends) ■ Relative total shareholder return (compared to relevant competitors) Cap: 400% of LTI target amount	■ Recognition of success achieved in previous year ■ Incentive to create long-term shareholder value ■ Motivation to outperform competitors
		For the STI and the LTI a retroactive adjustment of the targets/comparative parameters is excluded.	
OTHER ARRANGEMENTS	**Maximum remuneration**	Chairman of the Board of Management: EUR 6,000,000 Head of the Reinsurance Division: EUR 5,000,000 Other members of the Board of Management: EUR 4,000,000	■ Cap on total remuneration granted in a financial year ■ Compliance with the regulatory requirements set out in the AktG
	Malus and clawback	Ability of the Supervisory Board not to pay out ("malus") or to reclaim ("claw back") variable remuneration in whole or in part in cases of gross misconduct or errors in the consolidated financial reporting. Reduction or cancellation of variable remuneration also possible where required for regulatory reasons	■ Strengthens the Supervisory Board's position in the case of severe compliance breaches

Fixed remuneration components

Fixed remuneration

The fixed remuneration is paid in cash in 12 equal monthly instalments. It is primarily based on the range of tasks performed by, and professional experience of, the member of the Board of Management concerned.

Fringe benefits

In addition, the members of the Board of Management receive certain non-performance-related fringe benefits; these are in line with normal market conditions and are reviewed at regular intervals. The members of the Board of Management are provided with a vehicle for their business and private use for the duration of their appointment. The tax on the non-cash benefit resulting from the private use of this company vehicle shall be paid by the member of the Board of Management concerned. In addition, the Company provides members of the Board of Management with an appropriate level of insurance protection under group contracts (accident, luggage and D&O insurance).

Sign-on/recruitment bonuses are paid only in exceptional cases if a new member of the Board of Management loses out on a bonus from his/her previous employer. Compensation for remuneration components not received from the previous employer is generally paid in several instalments and is subject to conditions.

Pension scheme

With the exception of the Chairman of the Board of Management, Mr Leue, for whom a commitment to pay a final salary-based annual retirement pension has been made, the members of the Board of Management have been given defined contribution pension commitments. Additional information can be found in the section entitled "Termination benefits".

Variable remuneration components

The variable remuneration components comprise a short-term incentive (STI), which is measured on the basis of the financial year in question, and a long-term incentive (LTI) with a four-year performance period.

The performance criteria used to measure and assess target achievement are derived from Talanx's corporate strategy. The variable remuneration components are designed to promote the Talanx Group's long-term development. The following overview shows the close links between the performance criteria and other aspects of the variable remuneration on the one hand and Talanx's corporate strategy on the other, and explains how the variable remuneration promotes Talanx's long-term development.

As a general rule, the Company does not grant members of the Board of Management guaranteed variable remuneration.

VARIABLE REMUNERATION COMPONENTS

Remuneration component	Performance criterion/aspect	Alignment with strategy/promotion of long-term development
SHORT-TERM INCENTIVE (STI)	**Group RoE**	■ RoE is one of Talanx's strategic management metrics ■ Target aligned with the objective of creating sustainable value creation
	Individual premium/discount	■ Takes the contribution made by individual members of the Board of Management and the results of the divisions for which they are responsible into account ■ Consideration of sustainability risks and targets in Board of Management remuneration
LONG-TERM INCENTIVE (LTI)	**Award amount depends on STI target achievement levels**	■ Increases incentive to achieve STI target ■ Underscores idea of pay for performance
	Share price performance	■ Alignment of share price performance and Board of Management remuneration ■ Harmonisation of interests of members of the Board of Management and shareholders
	Four-year performance period	■ Focus on long-term success and ensuring Talanx's long-term development
	Relative TSR	■ Incentives to ensure that Talanx outperforms relevant competitors on the capital markets in the long term

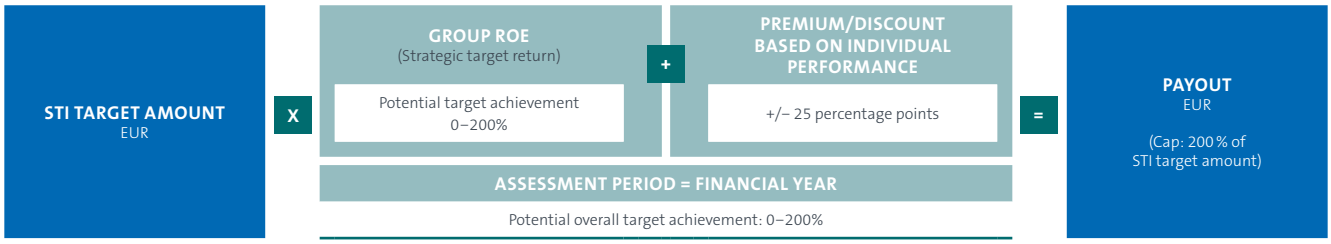
Short-term incentive (STI)

a) Basic information

The STI is geared towards Talanx AG's business performance in a particular financial year. In addition to the financial performance criterion of the Talanx Group's return on equity (RoE) as stated in Talanx's consolidated financial statements ("Group RoE"), an individual premium or discount is applied when determining the amount to be paid out. This includes both financial and non-financial performance criteria (especially sustainability targets and risks) and takes into account both the overall responsibility of the Board of Management and the divisional responsibilities of its individual members. As a result, the STI helps achieve the objective of ensuring a high, stable return on equity for the Talanx Group, promotes the implementation of strategic focus topics assigned specifically to the Board of Management or individual areas, and reflects the interests of our investors, clients, employees and other key stakeholders.

The STI payout is based on the contractually determined STI target amount, which assumes an overall target achievement of 100%. The overall target achievement (including individual premiums and discounts) can range between 0% and 200% of the STI target amount. As a result, the payout under the STI is capped at 200% of the target amount.

SHORT-TERM INCENTIVE



b) Financial performance criterion

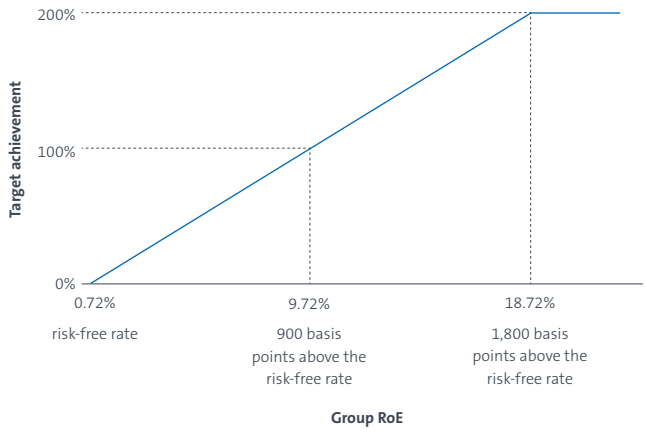
The main financial performance criterion for the STI (which has a weighting of 100%) is Group RoE as compared to a strategic target return; this is determined using the five-year average risk-free rate for 10-year German government bonds plus an ambitious spread. Group RoE is one of the key performance indicators in Talanx's management system and as such has also been implemented in the Board of Management's remuneration. Talanx aims to achieve a high return on equity. The Group is focused on a long-term increase in value. Using Group RoE as a key performance criterion for the STI offers incentives to achieve this target.

The Supervisory Board sets the target for Group RoE and the target corridor complete with a ceiling and floor in advance for the coming financial year. The target is aligned with the strategic target return for the Talanx Group that applies at the time it is established.

The target (100% target achievement) for Group RoE set by the Supervisory Board for financial year 2023 was 900 basis points above the risk-free rate. The floor set was the risk-free rate without any additional spread, while the ceiling was defined as 1,800 basis points above the risk-free rate.

The five-year average risk-free rate for ten-year German government bonds at the end of 2023 was 0.72%. This puts target RoE for financial year 2023 at 972 basis points. Group RoE in financial year 2023 was 16.57% (1,657 basis points). This corresponds to a target achievement for the Group RoE performance criterion of 176.11%.

TARGET ACHIEVEMENT FOR GROUP ROE IN FINANCIAL YEAR 2023



Group RoE	16.57%
Risk-free rate	0.72%
Target RoE	9.72%
Target achievement	**176.11%**

At its meeting on 10 November 2023, the Supervisory Board raised the target for Group RoE (strategic target return) in the 2024 financial year from 900 to 950 basis points above the risk-free rate to account for the improved market situation.

c) Individual premium/discount

In addition to the Talanx Group's financial performance, the Supervisory Board can use individual premiums or discounts on the target achievement for the Group RoE performance criterion within the STI to take into account the individual contributions to earnings and to achieving sustainability targets made by members of the Board of Management and, where appropriate, the divisions for which they are responsible. The Supervisory Board establishes the size of the premium or discount, which can range between –25 percentage points and +25 percentage points, at its reasonable discretion. The Supervisory Board specifies the various criteria and indicators used to determine the individual premium/discount in advance for the coming year, and informs the members of the Board of Management of them.

The Supervisory Board had specified the following criteria and indicators for financial year 2023 for the individual members of the Board of Management and, based on this, applied the following individual premiums/discounts after the end of the financial year:

Board of Management member	Individual contribution to earnings			Sustainability		Individual premium/ discount
	Performance	Ability to pay dividends/ distribution	Strategic goal	Leadership/ commitment (OHC)[1]	Contribution to sustainability goals	
Torsten Leue	■ Covered by Group RoE performance criterion	■ Talanx AG's ability to pay dividends	■ Implementation of 2025 strategy including ensuring achievement of strategic targets at Talanx level	■ Change in OHC score for 2022/2023 ■ Relative improvement in OHC score in focus area	■ Further development and implementation of sustainability strategy to position Talanx as a sustainable group in the areas of underwriting, investment and emissions reduction	+24 ppts
Jean-Jacques Henchoz	■ Reinsurance segment RoE	■ Ability of Hannover Re to make a distribution to Talanx AG	■ Sustainable peer group outperformance by Reinsurance segment	■ Change in OHC score for 2022/2023 ■ Relative improvement in OHC score in focus area	■ Further development and implementation of sustainability strategy to position Talanx as a sustainable group in the areas of underwriting, investment and emissions reduction	+5 ppts
Dr Wilm Langenbach	■ Retail International segment RoE	■ Ability of Retail International Division to make a distribution to Talanx AG	■ Implementation of HINexT 2025 strategy ■ Achieve or reduce gap to top 5 position in core markets through profitable organic and inorganic growth	■ Change in OHC score for 2022/2023 ■ Relative improvement in OHC score in focus area	■ Further development and implementation of sustainability strategy to position Talanx as a sustainable group in the areas of underwriting, investment and emissions reduction	+24 ppts
Dr Edgar Puls	■ Industrial Lines segment RoE	■ Ability of Industrial Lines Division to make a distribution to Talanx AG	■ Further implementation of the HDI 4.0 project as per project plan with a focus on underwriting excellence, global player, HDI Global Specialty target operating model	■ Change in OHC score for 2022/2023 ■ Relative improvement in OHC score in focus area	■ Further development and implementation of sustainability strategy to position Talanx as a sustainable group in the areas of underwriting, investment and emissions reduction	+10 ppts
Caroline Schlienkamp	■ Cost and employee development as per plan	■ Talanx AG's ability to pay dividends	■ Ensuring governance activities in Compliance, CISO Office and Data Protection ■ Further intensification of Purchasing's involvement in procurement processes ■ Implementation of the People & Culture strategy	■ Change in OHC score for 2022/2023 ■ Relative improvement in OHC score in focus area	■ Further development and implementation of the sustainability strategy through sustainability consulting (Legal & Compliance) and CO_2 reduction in German operations ■ Contribution to promoting and improving diversity at Talanx AG	+5 ppts
Jens Warkentin	■ Retail Germany segment RoE	■ Ability of Retail Germany Division to make a distribution to Talanx AG	■ Implementation of GO2025 strategy ■ Implementation of package of measures for 2023	■ Change in OHC score for 2022/2023 ■ Relative improvement in OHC score in focus area	■ Further development and implementation of sustainability strategy to position Talanx as a sustainable group in the areas of underwriting, investment and emissions reduction	+5 ppts
Dr Jan Wicke	■ Covered by Group RoE performance criterion	■ Talanx AG's ability to pay dividends	■ Ampega Asset Management cost-income ratio III as per plan ■ Optimisation of IFRS 17 accounting and further development of IFRS 17 controlling	■ Change in OHC score for 2022/2023 ■ Relative improvement in OHC score in focus area	■ Performance of an externally audited ESG investment process at Ampega Asset Management	+5 ppts

[1] The OHC score is the result of the annual employee survey of Talanx's corporate culture ("Organizational Health Check"). Talanx's OHC was conducted for the fifth time in financial year 2023.

d) Overall target achievement and payouts for the 2023 STI

The following table shows the overall target achievement and the resulting payouts to be made to the individual members of the Board of Management:

PAYOUTS UNDER TALANX AG'S 2023 STI

EUR thousand

Board of Management member	Target amount	Group RoE target achieved	Individual premium/ discount	Overall target achieve-ment	Payout
Torsten Leue	612	176.1%	+24 ppts	**200.0%**	**1,224**
Jean-Jacques Henchoz	72	176.1%	+5 ppts	**181.1%**	**130**
Dr Wilm Langenbach	324	176.1%	+24 ppts	**200.0%**	**648**
Dr Edgar Puls	307	176.1%	+10 ppts	**186.1%**	**572**
Caroline Schlienkamp	240	176.1%	+5 ppts	**181.1%**	**435**
Jens Warkentin	240	176.1%	+5 ppts	**181.1%**	**435**
Dr Jan Wicke	388	176.1%	+5 ppts	**181.1%**	**702**

In addition, Jean-Jacques Henchoz receives payouts under the STI for the Hannover Rück SE remuneration system due, since he is Chairman of Hannover Rück SE's Board of Management. Hannover Rück SE's STI system is structured in a similar manner to Talanx's STI. Target achievement for the Group RoE performance criterion is based on the RoE achieved by Hannover Rück SE. The target (100% target achievement) for Hannover Re's Group RoE set by Hannover Re's Supervisory Board for financial year 2023 was 1,000 basis points above the risk-free rate. The five-year average risk-free rate for ten-year German government bonds at the end of 2023 was 0.72%. This puts Hannover Re's target RoE for financial year 2023 at 1,072 basis points. Hannover Re generated Group RoE of 19.0% in financial year 2023 (1,900 basis points). This corresponds to a target achievement for the Group RoE performance criterion of 182.80%.

The individual premiums/discounts are determined by Hannover Re's Supervisory Board on the basis of predefined criteria.

The following table provides a detailed overview of the payouts made to Mr Henchoz under Hannover Rück SE's STI.

PAYOUTS UNDER HANNOVER RÜCK SE'S 2023 STI

EUR thousand

Board of Management member	Target amount	Group RoE target achieved	Individual premium/ discount	Overall target achieve-ment	Payout
Jean-Jacques Henchoz	504	182.8%	+5 ppts	**187.8%**	**947**

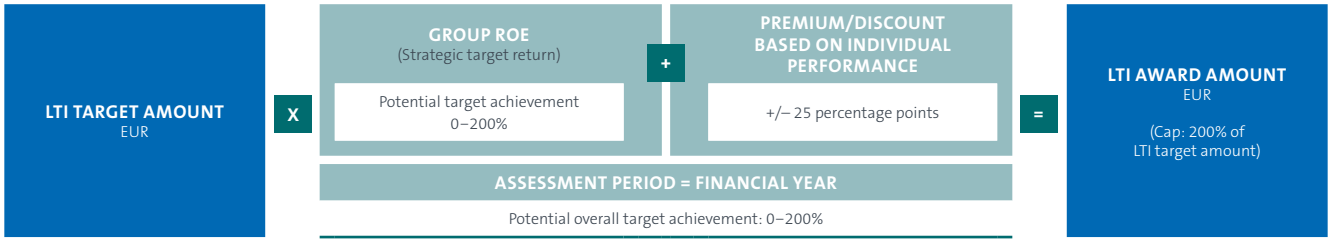
Long-term incentive (LTI)

a) Basic information

The LTI plays a key role in aligning the interests of the Board of Management with those of our shareholders. Measuring the relative performance of the Talanx shares creates incentives to ensure that we outperform our competitors on the capital markets in the long term.

The LTI takes the form of a performance share plan, offering an incentive to increase the value of Talanx's shares in the interests of our investors. The amount awarded under the LTI (LTI award amount) is based on the contractually agreed LTI target amount and depends on the target achievement for the Group RoE financial performance criterion that was established in the context of the STI for the financial year in question, plus the individual premium or discount specified by the Supervisory Board for the financial year (overall target achievement).

LONG-TERM INCENTIVE



The 2023 LTI tranche (Talanx 2023 performance shares) will be awarded in financial year 2024 on the basis of the overall target achievement for the 2023 STI. The number of Talanx performance shares awarded is determined by the LTI award amount plus Talanx's average share price in the period between the 15 exchange trading days before and the 15 exchange trading days after the Supervisory Board meeting that considers the consolidated financial statements in the year in which the award is made. The total term of the Talanx performance shares ("performance period") is four years. The 2023 LTI tranche will be paid out at the end of the four-year performance period in calendar year 2028.

The following table shows the award amounts of the LTI tranche.

AWARDS UNDER TALANX AG'S 2023 LTI TRANCHE

EUR thousand

Board of Management member	Target amount	Overall target achievement for the 2023 STI	Award amount
Torsten Leue	918	200.0%	**1,836**
Jean-Jacques Henchoz	108	181.1%	**196**
Dr Wilm Langenbach	486	200.0%	**972**
Dr Edgar Puls	461	186.1%	**858**
Caroline Schlienkamp	360	181.1%	**652**
Jens Warkentin	360	181.1%	**652**
Dr Jan Wicke	581	181.1%	**1,053**

At the end of the four-year performance period, the basic payout is calculated in a first step based on the basis of Talanx's share price performance. This payout is the product of the number of Talanx performance shares awarded and Talanx AG's average share price in the period between the 15 trading days before and the 15 trading days after the Supervisory Board meeting that considers the consolidated financial statements in the year in which the four-year performance period ends, plus the dividends paid during the performance period. The change in performance thus reflects the total shareholder return in full.

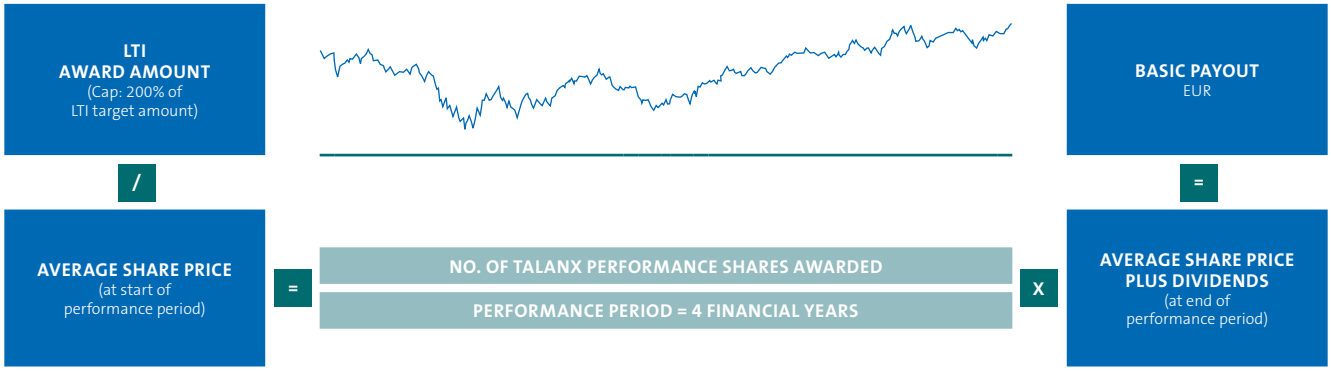
In addition, Jean-Jacques Henchoz receives payouts under the LTI for the Hannover Rück SE remuneration system due, since he is Chairman of Hannover Rück SE's Board of Management. Hannover Rück SE's LTI system is structured in a similar manner to Talanx's LTI.

AWARDS UNDER HANNOVER RÜCK SE'S 2023 LTI TRANCHE

EUR thousand

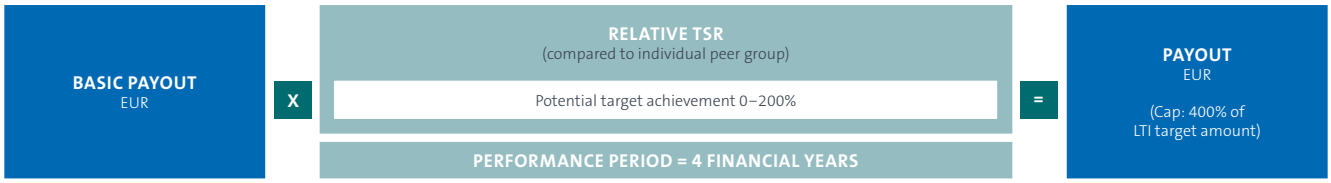
Board of Management member	Target amount	Overall target achievement for the 2023 STI	Award amount
Jean-Jacques Henchoz	756	187.8%	**1,420**

LTI – ADJUSTMENT FOR SHARE PRICE PERFORMANCE



The final payout is the product of the basic payout and the target achievement for the relative total shareholder return ("relative TSR") compared to a peer group. The payout for the LTI is capped at 200% of the LTI award amount and can therefore amount to a maximum of 400% of the LTI target amount overall – provided that the sum of all remuneration components does not exceed the maximum remuneration set out in section 87a(1) sentence 2 no. 1 of the AktG.

LTI – ADJUSTMENT FOR PERFORMANCE PEER GROUP



b) Financial performance criterion

The main performance criterion for the final LTI payout is the relative TSR. The use of this measure incorporates an external, capital market-driven performance criterion into the variable remuneration, thus permitting relative performance measurement and the alignment of Board of Management and shareholder interests. The relative TSR represents Talanx's share price performance over the four-year performance period, including the gross dividends paid, in comparison to a peer group comprising relevant competitors in the insurance sector. As a result, the LTI creates incentives for ensuring long-term, sustainably strong market performance by Talanx's shares.

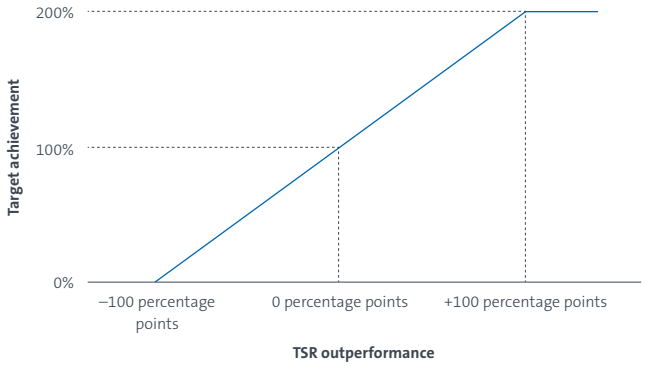
The target achievement for the relative TSR is determined by comparing the TSR for Talanx AG's shares with the shares of its peer group companies during the four-year performance period. This is done by comparing the TSR of Talanx's shares during the performance period in question with the unweighted average TSR for the peer group. The Supervisory Board reviews the peer group before the start of each performance period for a new LTI tranche. In the case of the 2023 LTI tranche it consists of the following companies:

PEER GROUP COMPANIES

Allianz SE	Münchener Rückversicherungs Gesellschaft AG
AXA S. A.	Swiss Re AG
Generali S. p. a.	Vienna Insurance Group AG
Mapfre S. A.	Zurich Insurance Group AG

If the TSR for Talanx's shares corresponds to the unweighted average TSR for the peer group, the target achievement for the relative TSR is 100%. Every percentage point by which the TSR for Talanx's shares exceeds or fails to reach the unweighted average TSR for the peer group results in a corresponding increase or decrease of the target achievement (linear scaling). If the TSR for Talanx's shares exceeds the unweighted average TSR for the peer group by 100 percentage points or more, the target achievement for the relative TSR is 200%. Any further increase in the relative TSR does not lead to a further increase in the target achievement. If the TSR for Talanx's shares is 100 percentage points or more below the unweighted average TSR for the peer group, the target achievement for the relative TSR is 0%.

TARGET ACHIEVEMENT GRAPH RELATIVE TSR



The target achievement for the 2023 LTI tranche is published in the remuneration report for the 2028 financial year after the end of the performance period.

Payouts relating to multi-year variable remuneration components

Payouts relating to multi-year variable remuneration components under the old remuneration system, which was used up to the end of financial year 2020, were made in financial year 2023. Under the old system, the variable remuneration for a financial year consisted of a Group bonus, an individual personal bonus and – in the case of Board Members responsible for a specific division – a divisional bonus. 60% of the amount determined for each member of the Board of Management was paid out after the end of the financial year concerned, while 20% was added to a bonus bank and a further 20% was awarded as virtual shares (Talanx share awards). The Talanx share awards made in financial year 2019 on the basis of the target achievements for the variable remuneration for financial year 2018 (Talanx share awards 2018) and the amount added to the bonus bank in financial year 2020 on the basis of the target achievement for the variable remuneration for financial year 2019 (bonus bank 2019) were paid out in 2023.

a) Talanx 2018 share awards

Under the previous remuneration system, the equivalent of 20% of the variable remuneration determined was awarded automatically as Talanx share awards once the variable remuneration had been determined for a financial year. The share price at the time the award was made was determined using the unweighted arithmetic mean of the XETRA closing prices in the period between the five trading days before to the five trading days after the Supervisory Board meeting considering the consolidated financial statements. After a lock-up period of four years, the value of the Talanx share awards as determined at the payout date is paid out. Once again, the value of the shares is determined using the unweighted arithmetic mean of the XETRA closing prices in the period between the five trading days before to the five trading days after the Supervisory Board meeting considering the consolidated financial statements. In addition, the aggregate dividends per share distributed during the lock-up period are paid out.

The lock-up period for the Talanx share awards awarded in financial year 2019 on the basis of the variable remuneration for 2018 expired in financial year 2023 and the value determined was paid out.

The following table provides an overview of the payments under the Talanx 2018 share awards:

PAYMENTS UNDER THE TALANX 2018 SHARE AWARDS

Board of Management member	Award amount (20% of 2018 variable remuneration) EUR thousand	Average share price at award EUR	Average share price at end of lock-up period EUR	Total dividends per share distributed EUR	Payment amount EUR thousand
Torsten Leue	231	34.14	42.52	6.05	**328**
Dr Jan Wicke	183	34.14	42.52	6.05	**261**

b) 2019 bonus bank

Additionally, the amount added to the bonus bank in financial year 2020 on the basis of the variable remuneration for 2019 was paid out in financial year 2023.

The payout in each case is the positive amount that was added to the bonus bank three years before the payout date, provided that it does not exceed the balance available in the bonus bank after taking credits/debits into account (up to and including credits/debits for the most recent past financial year). Any upcoming payouts that are not covered by a positive bonus bank balance lapse.

The following table provides an overview of the payments from 2019 bonus bank:

2019 BONUS BANK PAYMENTS

EUR thousand

Board of Management member	Amount added (20% of 2019 variable remuneration)	Payout
Torsten Leue	318	**318**
Jean-Jacques Henchoz	45	**45**
Dr Edgar Puls	69	**69**
Dr Jan Wicke	210	**210**

The following table provides an overview of the payments from 2019 bonus bank of Hannover Rück SE:

2019 BONUS BANK PAYMENTS OF HANNOVER RÜCK SE

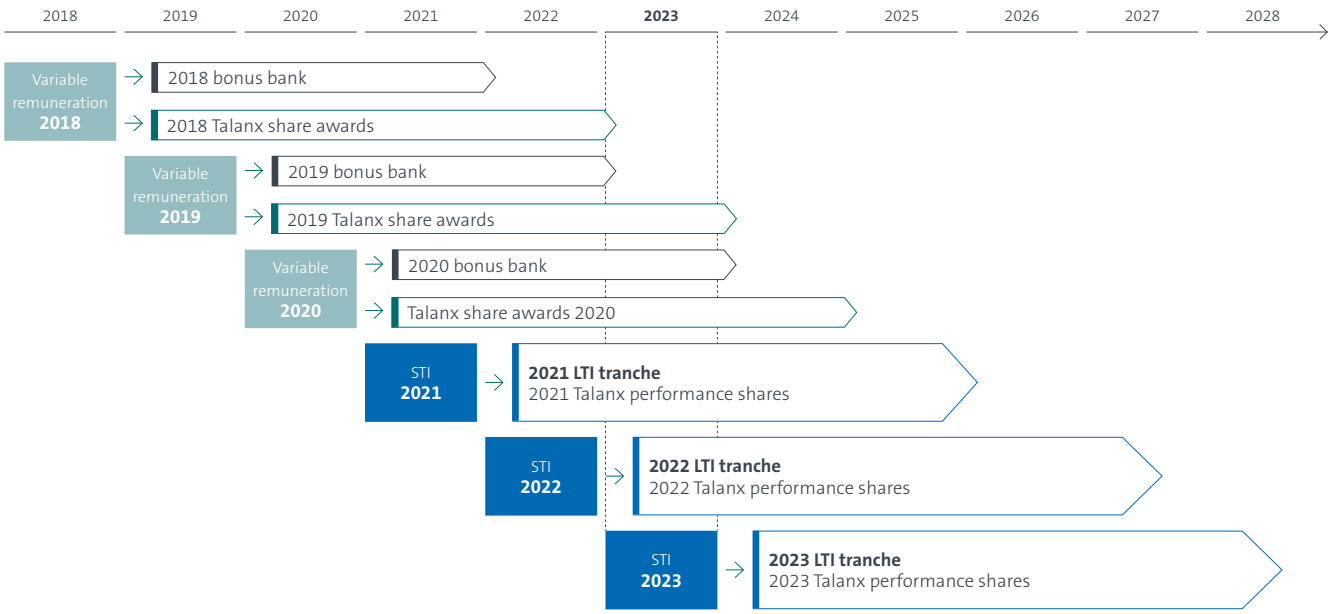
EUR thousand

Board of Management member	Amount added (20% of 2019 variable remuneration)	Payout
Jean-Jacques Henchoz	207	**207**

Overview of multi-year variable remuneration components

The following table provides an overview of the multi-year variable remuneration components:

MULTI-YEAR VARIABLE REMUNERATION COMPONENTS



The following table gives an overview of what is to be paid from multi-year variable remuneration in the next few years:

TALANX SHARE AWARDS FOR ACTIVE BOARD OF MANAGEMENT MEMBERS AS AT 31 DECEMBER 2023 (REMUNERATION SYSTEM UP TO 2020)

Board of Management member	No. of shares awarded for FY 2020 Average share price at award: EUR 36.38	No. of shares awarded for FY 2019 Average share price at award: EUR 29.25	Total
Torsten Leue	8,271	10,869	**19,140**
Jean-Jacques Henchoz	1,765	1,553	**3,318**
Dr Wilm Langenbach	—	—	**—**
Dr Edgar Puls	3,066	2,369	**5,435**
Caroline Schlienkamp	—	—	**—**
Jens Warkentin	—	—	**—**
Dr Jan Wicke	5,438	7,194	**12,632**

BONUS BANK FOR ACTIVE BOARD OF MANAGEMENT MEMBERS AS AT 31 DECEMBER 2023 (REMUNERATION SYSTEM UP TO 2020)

EUR thousand

Board of Management member	Amount added for FY 2020	Total
Torsten Leue	301	**301**
Jean-Jacques Henchoz	64	**64**
Dr Wilm Langenbach	—	**—**
Dr Edgar Puls	112	**112**
Caroline Schlienkamp	—	**—**
Jens Warkentin	—	**—**
Dr Jan Wicke	198	**198**

TALANX PERFORMANCE SHARES FOR BOARD OF MANAGEMENT MEMBERS AS AT 31 DECEMBER 2023 (REMUNERATION SYSTEM AS FROM 2021)

Board of Management member	No. of shares awarded for FY 2022 Average share price at award: EUR 43.27	No. of shares awarded for FY 2021 Average share price at award: EUR 39.31	Total
Torsten Leue	34,692	32,835	**67,527**
Jean-Jacques Henchoz	3,906	3,726	**7,632**
Dr Wilm Langenbach	18,374	16,765	**35,139**
Dr Edgar Puls	17,417	17,068	**34,485**
Caroline Schlienkamp	8,736	—	**8,736**
Jens Warkentin	—	—	**—**
Dr Jan Wicke	21,020	20,056	**41,076**

The following table gives an overview of what is to be paid from multi-year variable remuneration of Hannover Rück SE for Mr Henchoz in the next few years:

HANNOVER RE SHARE AWARDS FOR MR HENCHOZ AS AT 31 DECEMBER 2023 (REMUNERATION SYSTEM UP TO 2020)

Board of Management member	No. of shares awarded for FY 2020 Average share price at award: EUR 150.42	No. of shares awarded for FY 2019 Average share price at award: EUR 139.04	Total
Jean-Jacques Henchoz	1,786	1,489	**3,275**

HANNOVER RE BONUS BANK FOR MR HENCHOZ AS AT 31 DECEMBER 2023 (REMUNERATION SYSTEM UP TO 2020)

EUR thousand

Board of Management member	Amount added for FY 2020	Total
Jean-Jacques Henchoz	269	**269**

HANNOVER RE PERFORMANCE SHARES FOR MR HENCHOZ AS AT 31 DECEMBER 2023 (REMUNERATION SYSTEM AS FROM 2021)

Board of Management member	No. of shares awarded for FY 2022 Average share price at award: EUR 176.66	No. of shares awarded for FY 2021 Average share price at award: EUR 156.31	Total
Jean-Jacques Henchoz	6,441	6,554	12,995

Malus and clawback policy, risk adjustment

If a member of the Board of Management intentionally infringes one of their fundamental duties of care in accordance with section 93 of the AktG, a material duty under their contract of service, or other material principles of conduct set out by the Company (e.g. in the Code of Conduct or the Compliance Guidelines), the Supervisory Board can, at its reasonable discretion, reduce the as yet unpaid variable remuneration either in part or to zero ("malus") or reclaim the gross amount of the variable remuneration that has already been paid in whole or in part ("clawback"). No clawback is possible if the infringement in question took place more than five years ago.

When reaching its discretionary decision, the Supervisory Board will take into account the severity of the infringement, the degree of culpability exhibited by the member of the Board of Management, and the pecuniary and non-pecuniary damage caused to the Company.

Furthermore, members of the Board of Management must repay variable remuneration that has already been paid if and to the extent that it transpires following the payout that the audited and adopted consolidated financial statements on which the calculation of the payout was based were incorrect and that they therefore have to be corrected in line with the relevant accounting standards and, based on the corrected audited consolidated financial statements and the applicable remuneration system, a lower or no payout of variable remuneration would have been due.

Furthermore, the payout of variable remuneration components can be restricted or cancelled in full if the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin – the Federal Financial Supervisory Authority) has issued a non-appealable or immediately enforceable order prohibiting or restricting the payout (for example if the Company's own funds are lower, or in danger of becoming lower, than the Solvency 2 capital requirement), or if this is required under Article 275(2) letter e of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014.

No clawback or reduction was made in financial year 2023; nor was the payout of variable remuneration components restricted or cancelled.

Termination benefits

Pension scheme

The Chair of the Board of Management, Mr Leue, has been granted a commitment to pay a life-long retirement pension, part of which can be paid out on application as one-time retirement capital when he turns 65, plus a surviving dependants' pension. The size of his post-retirement benefits are calculated using a length-of-service-based percentage of between 20% and a maximum of 50% of his pensionable income (the last monthly salary that he received). If he draws his pension before turning 65, 50% of any other income received is offset against the retirement pension. Current pension payments are adjusted annually in line with the changes in Germany's consumer price index.

The other members of the Board of Management have been granted defined contribution commitments to pay retirement, surviving dependants and occupational disability pensions. The retirement pension can be paid out as a one-time capital payment on application by the member of the Board of Management. The post-retirement benefits are granted via HDI Unterstützungskasse e. V., which takes out appropriate reinsurance policies to finance the retirement benefits. The size of the post-retirement benefits corresponds to the benefits under the reinsurance policies, based on the annual financing contributions made by the Company in the amount of 25% of the members' pensionable income (annual fixed remuneration). Current pensions are increased annually by at least 1% of their last (gross) amount.

The following table shows the accrued pension rights under IAS 19 for the current members of the Board of Management.

ACCRUED PENSION RIGHTS

EUR thousand

				IAS 19
		Service cost [1]		Present value of the pension obligation
Board of Management member	2023	2022	2023	2022
Torsten Leue	646	691	9,302	7,450
Jean-Jacques Henchoz [2]	118	152	618	479
Dr Wilm Langenbach	84	91	277	164
Dr Edgar Puls	91	131	1,057	890
Caroline Schlienkamp	48	90	247	177
Jens Warkentin	43	—	251	—
Dr Jan Wicke	142	143	1,299	997

[1] The figure shown represents the service cost recognised in the reporting period for pensions and other post-retirement benefits.
[2] This relates to the personnel expenses recognised by Hannover Rück SE.

Variable remuneration in the event of the premature termination of contracts of service

Short-term incentive (STI)

If the contract of service with a member of the Board of Management ends in the course of a financial year for a reason other than good cause as defined by section 626(1) of the German Civil Code (BGB) for which the member of the Board of Management is responsible, the plan participant is entitled to a pro rata STI for that financial year. If the contract of service ends before the end of the financial year as a result of extraordinary termination by the Company for good cause as defined by section 626(1) of the BGB for which the member of the Board of Management is responsible, the claim to the STI for that financial year shall lapse without substitution or compensation.

Long-term incentive (LTI)

If the contract of service or Board of Management appointment ends before the end of a performance period for a reason other than those stated below and prior to the end of the financial year, the plan participant is entitled to a pro rata LTI for that financial year. In this case, the variable remuneration components are determined and paid out in the normal manner as set out in the terms and conditions for the LTI plan. The premature payout of the LTI before the end of the performance period is not provided for in such cases.

If the contract of service or Board of Management appointment ends in the course of a financial year due to them stepping down or resigning (exception: resignation or termination by the member of the Board of Management for good cause), if the member of the Board of Management refuses to accept an extension offering at least equal contractual conditions (exception: the member of the Board of Management has turned 60 and has been a member of the Board of Management for two terms of office), if the Company extraordinarily terminates the member of the Board of Management's contract of service without notice for good cause or if the member of the Board of Management's appointment is terminated for good cause within the meaning of section 84(3) of the AktG (exception: a vote of no confidence by the General Meeting), all conditionally granted Talanx performance shares shall lapse without substitution or compensation.

Severance pay

The contracts of service for the members of the Board of Management do not provide for any claims to severance pay. Equally, the contracts of service with the members of the Board of Management do not pledge any benefits arising from the premature termination of the members of the Board of Management's activities due to a change of control.

Remuneration awarded and due in financial year 2023

Current members of the Board of Management

The following table shows the remuneration awarded and due to the individual members of the Board of Management in accordance with section 162 of the AktG. The remuneration disclosed as "remuneration awarded" is the remuneration for which the relevant work had been performed in full by the reporting date. "Remuneration due" is remuneration that is due but has not yet actually been paid. The amounts disclosed for financial year 2023 comprise the following:

- The fixed remuneration paid out in 2023
- The fringe benefits received in financial year 2023
- The STI established for financial year 2023 that is to be paid out in 2024
- The amount added to the bonus bank for financial year 2019 that was paid out in financial year 2023
- The share awards made for financial year 2018 that were paid out in financial year 2023

Furthermore, the pension expense for the pension plan commitments for financial year 2023 is disclosed in the table as part of the Board of Management remuneration.

In addition, the table shows the relative shares of the overall remuneration awarded and due that are accounted for by the individual remuneration components.

REMUNERATION AWARDED AND DUE

	Torsten Leue (Chairman of the Board of Management) Chairman since 8 May 2018, member since 1 September 2010			Jean-Jacques Henchoz[6] Head of Division since 1 April 2019			Dr Wilm Langenbach Head of Division since 1 December 2020		
in %	2023		2022	2023		2022	2023		2022
Base remuneration	1,020		1,020	960		960	540		540
Fringe benefits	8		6	12		14	6		6
Other[1]	—		—	—		1,000	—		—
Fixed remuneration components	**1,028**	**35%**	**1,026**	**972**	**42%**	**1,974**	**546**	**46%**	**546**
One-year variable remuneration (2023 STI)[2,3]	1,224		1,001	1,077		871	648		530
Multi-year variable remuneration	646		459	252		—	—		—
2019 bonus bank (3 years)[4]	318		231	252		—	—		—
2018 share awards (4 years)[5]	328		228	—		—	—		—
Variable remuneration components	**1,870**	**65%**	**1,460**	**1,329**	**58%**	**871**	**648**	**54%**	**530**
Total remuneration (as defined by section 162 of the AktG)	**2,898**	**100%**	**2,486**	**2,301**	**100%**	**2,845**	**1,194**	**100%**	**1,076**
Pension expense	646		691	118		152	84		91

[1] Payment made in compensation for a loss of salary under a previous contrast of service and contract termination costs. To compensate lapsed benefits at his previous employer, Hannover Rück SE contracted with Jean-Jacques Henchoz to a payment in instalments. The payment in 2022 is the last instalment from this agreement, which also was contingent on re-appointment as at 1 April 2022.
[2] Of which Supervisory Board remuneration by Group companies: Mr Leue EUR 363 (371) thousand, Dr Wicke EUR 60 (40) thousand.
[3] The amounts disclosed for financial year 2022 comprise payments from the 2022 one-year variable remuneration.
[4] The amounts disclosed for financial year 2022 comprise payments from the 2018 bonus bank.
[5] The amounts disclosed for financial year 2022 comprise payments from the 2017 share awards.
[6] Including remuneration awarded and due from Hannover Rück SE in the amount of EUR 2,006 (2,613) thousand, of which EUR 840 thousand was base remuneration, EUR 1,154 thousand the STI and EUR 12 thousand fringe benefits.

	Dr Edgar Puls Head of Division since 9 May 2019			Caroline Schlienkamp Member of the Board of Management since 1 May 2022			Jens Warkentin Member of the Board of Management since 1 January 2023			Dr Jan Wicke (Chief Financial Officer) Chief Financial Officer since 1 September 2020, member since 1 May 2014		
	2023		2022	**2023**		2022	**2023**		2022	**2023**		2022
	512		512	400		267	400		—	646		646
	6		9	12		8	11		—	6		6
	—		—	—		—				—		—
	518	**45%**	**521**	**412**	**49%**	**275**	**411**	**49%**	**—**	**652**	**36%**	**652**
	572		502	435		252	435		—	702		607
	69		—	—		—	—		—	471		410
	69		—	—		—	—		—	210		183
	—		—	—		—	—		—	261		227
	641	**55%**	**502**	**435**	**51%**	**252**	**435**	**51%**	**—**	**1,173**	**64%**	**1,017**
	1,159	**100%**	**1,023**	**847**	**100%**	**527**	**846**	**100%**	**—**	**1,825**	**100%**	**1,669**
	91		131	48		90	43		—	142	—	143

Former members of the Board of Management

The following table shows the remuneration awarded and due to the former members of Talanx's Board of Management in accordance with section 162 of the AktG in financial year 2023:

REMUNERATION AWARDED AND DUE

	Sven Fokkema (until 31 December 2020)			Herbert Haas (until 8 May 2018)			Dr Christopher Lohmann (until 31 December 2023)			Dr Immo Querner (until 31 August 2020)			Ulrich Wallin (until 9 May 2019)		
in %		2023	2022		2023	2022		2023	2022		2023	2022		2023	2022
Base remuneration	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**647**	**—**	**—**	**—**	**—**	**—**	**—**
One-year variable remuneration (2023 STI)	—		—	—		—	—		616	—		—	—		—
Multi-year variable remuneration	258		85	131		418	—		—	401		373	578		725
2019 bonus bank (3 years)	136		85	—		92	—		—	170		162	115		307
2018 share awards (4 years)	122		—	131		326	—		—	231		211	463		418
Variable remuneration	**258**	**100%**	**85**	**131**	**18%**	**418**	**—**	**—**	**616**	**401**	**65%**	**373**	**578**	**65%**	**725**
Payment made in compensation for claims under a previous contract of service	—	—	—	—	—	—	—	—	1,450	—	—	—	—	—	—
Pension payments	—	—	—	596	82%	531	—	—	—	217	35%	265	313	35%	279
Total remuneration (as defined by section 162 of the AktG)	**258**	**100%**	**85**	**727**	**100%**	**949**	**—**	**—**	**2,713**	**618**	**100%**	**638**	**891**	**100%**	**1,004**

Total remuneration paid to former members of the Board of Management and their surviving dependants, for whom there were 10 (10) pension liabilities, came to EUR 2 (2) million in the year under review. A total of EUR 36 (34) million was set aside for pension liabilities.

Supervisory Board remuneration

Principles governing Supervisory Board remuneration

The remuneration for Supervisory Board members resolved by the Annual General Meeting is set out in Article 12 of the Company's Articles of Association. The remuneration system for the Supervisory Board was passed by a majority of 99.9% of the votes cast by the Talanx Annual General Meeting on 6 May 2021 and has been in use since 1 January 2021.

Members of the Supervisory Board receive purely fixed remuneration so as to reinforce the Supervisory Board's independence and ensure it is not subject to influence when performing its advisory and oversight functions. The fixed remuneration for all members of the Supervisory Board is EUR 100,000. In line with the recommendations set out in the German Corporate Governance Code, the Chairman of the Supervisory Board and his or her Deputies, and the chairs and members of committees, receive additional remuneration to appropriately reflect the greater time commitment involved. The Chairman of the Supervisory Board receives two-and-a-half times the base remuneration of a simple member of the Supervisory Board, while each of his or her deputies receives one-and-a-half times the base remuneration. The members of the Finance and Audit Committee and of the Personnel Committee receive additional remuneration of EUR 25,000 per annum each. The chairs of these committees receive double this amount. The attendance fee is EUR 1,000 per meeting and is paid only once where multiple meetings are held on the same day. Members are also entitled to receive the attendance fee if they participate in meetings by phone or via video conferences. All attendance fees are paid on the date of the meeting. Additionally, Supervisory Board members are included in D&O insurance for governing body members and certain Talanx Group employees that is taken out in an appropriate amount and paid for by the Company in the Company's interests. Furthermore, the Company reimburses all members of the Supervisory Board for any expenses incurred by them.

Remuneration awarded and due to Supervisory Board members

The following table shows the remuneration awarded and due to Supervisory Board members in financial year 2023, broken down by the individual remuneration components. In addition, the table shows the relative shares of the total remuneration accounted for by the remuneration components.

REMUNERATION AWARDED AND DUE TO THE SUPERVISORY BOARD

	Remuneration for Supervisory Board activity			Remuneration for work on committees			Attendance allowance			Supervisory Board payments by Group companies			Total remuneration	
EUR thousand		2023	2022		2023	2022		2023	2022		2023	2022	2023	2022
Herbert K. Haas	250	50%	250	75	15%	81	13	3%	12	162	32%	167	**500**	**510**
Dr Thomas Lindner (until 4 May 2023)	52	72%	150	17	24%	50	3	4%	11	—	—	—	**72**	**211**
Ralf Rieger	150	81%	150	25	13%	25	11	6%	9	—	—	1	**186**	**185**
Angela Titzrath	133	76%	100	33	19%	—	9	5%	5	—	—	—	**175**	**105**
Antonia Aschendorf (until 4 May 2023)	34	52%	100	—	—	—	1	2%	5	30	46%	24	**65**	**129**
Benita Bierstedt	100	68%	100	—	—	—	6	4%	5	40	27%	40	**146**	**145**
Rainer-Karl Bock-Wehr	100	94%	100	—	—	—	6	6%	5	—	—	—	**106**	**105**
Dr Joachim Brenk (since 4 May 2023)	66	80%	—	—	—	—	5	6%	—	11	13%	—	**82**	**—**
Sebastian L. Gascard	100	94%	100	—	—	—	6	6%	5	—	—	2	**106**	**107**
Dr Christof Günther (since 4 May 2023)	66	73%	—	16	18%	—	9	10%	—	—	—	—	**91**	**—**
Jutta Hammer	100	71%	100	25	18%	25	11	8%	9	5	4%	2	**141**	**136**
Dr Hermann Jung	100	65%	100	44	28%	44	11	7%	9	—	—	—	**155**	**153**
Dirk Lohmann	100	94%	100	—	—	—	6	6%	5	—	—	—	**106**	**105**
Christoph Meister	100	94%	100	—	—	—	6	6%	5	—	—	—	**106**	**105**
Jutta Mück	100	75%	100	25	19%	25	9	7%	8	—	—	2	**134**	**135**
Dr Sandra Reich (since 4 May 2023)	66	93%	—	—	—	—	5	7%	—	—	—	—	**71**	**—**
Dr Erhard Schipporeit (until 4 May 2023)	34	24%	100	9	6%	25	2	1%	9	96	68%	96	**141**	**230**
Prof. Dr Jens Schubert	100	86%	100	—	—	—	6	5%	5	10	9%	1	**116**	**106**
Norbert Steiner	100	75%	100	25	19%	25	8	6%	8	—	—	—	**133**	**133**

Comparison of changes in remuneration and earnings

In line with the requirements of section 162(1) sentence 2 no. 2 of the AktG, the following table compares the changes in the remuneration paid to members of the Board of Management, members of the Supervisory Board and employees, plus changes in the Company's earnings.

The remuneration shown for the Board of Management and Supervisory Board is the awarded and due remuneration in accordance with section 162 of the AktG.

The Talanx Group's workforce in Germany is used as the basis for the average employee remuneration shown. The employee remuneration shown comprises personnel expenses (not including the expenses for Board of Management remuneration) for wages and salaries, fringe benefits, employer contributions to social security funds, variable remuneration components attributable to the financial year and, in the case of share-based remuneration, the amounts paid in the financial year.

COMPARATIVE INFORMATION ON CHANGES IN THE REMUNERATION

EUR thousand	2023	2022	Change 2023 v. 2022	Change 2022 v. 2021	Change 2021 v. 2020
Current members of the Board of Management					
Torsten Leue	2,898	2,486	+16.6%	+6.4%	+5.5%
Jean-Jacques Henchoz	2,301	2,845	–19.1%	+50.9%	–1.3%
Dr Wilm Langenbach	1,194	1,076	+11.0%	+8.9%	+767.0%
Dr Edgar Puls	1,159	1,023	+13.3%	+5.7%	+37.5%
Caroline Schlienkamp	847	527	+60.7%	—	—
Jens Warkentin	846	—	—	—	—
Dr Jan Wicke	1,825	1,669	+9.4%	+5.6%	–3.9%
Former members of the Board of Management					
Sven Fokkema (until 31 December 2020)	258	85	+203.5%	–78.8%	–51.6%
Herbert Haas (until 8 May 2018)	727	949	–23.4%	–13.1%	+1.9%
Dr Christopher Lohmann (until 31 December 2022)	—	2,713	–100.0%	+130.3%	+36.9%
Dr Immo Querner (until 31 August 2020)	618	638	–3.1%	–39.5%	–37.0%
Ulrich Wallin (until 9 May 2019)	891	1,004	–11.2%	–0.9%	–2.2%
Current members of the Supervisory Board					
Herbert K. Haas	500	510	–2.0%	–7.4%	+13.6%
Ralf Rieger	186	185	+0.5%	–2.1%	+3.3%
Angela Titzrath	175	105	+66.7%	—	+6.1%
Benita Bierstedt	146	145	+0.7%	—	+4.3%
Rainer-Karl Bock-Wehr	106	105	+1.0%	—	–2.8%
Dr Joachim Brenk (since 4 May 2023)	82	—	—	—	—
Sebastian L. Gascard	106	107	–0.9%	–10.1%	+5.3%
Dr Christof Günther (since 4 May 2023	91	—	—	—	—
Jutta Hammer	141	136	+3.7%	–5.6%	+4.3%
Dr Hermann Jung	155	153	+1.3%	+14.2%	+3.1%
Dirk Lohmann	106	105	+1.0%	—	+5.0%
Christoph Meister	106	105	+1.0%	—	+5.0%
Jutta Mück	134	135	–0.7%	–8.8%	+4.2%
Dr Sandra Reich (since 4 May 2023)	71	—	—	—	—
Prof. Dr Jens Schubert	116	106	+9.4%	+1.0%	+5.0%
Norbert Steiner	133	133	—	–0.7%	+3.9%
Former members of the Supervisory Board					
Antonia Aschendorf (until 4 May 2023)	65	129	–49.6%	–4.4%	+3.8%
Dr Thomas Lindner (until 4 May 2023)	72	211	–65.9%	–0.9%	+2.9%
Dr Erhard Schipporeit (until 4 May 2023)	141	230	–38.7%	–0.4%	+14.4%
Employees in Germany					
Average	99	94	+5.3%	+5.6%	+3.5%

EUR million	2023	2022	Change 2023 v. 2022	Change 2022 v. 2021	Change 2021 v. 2020[1]
Earnings					
Talanx AG net income (HGB)	743	579	+28.3%	+17.0%	–10.5%
Group net income[2]	1,581	706	+123.8%	+15.9%	+50.6%

[1] Adjusted in accordance with IAS 8, see the "Accounting policies" section of the Notes.
[2] Prior-year figure adjusted in accordance with new IFRS 9/17 accounting standards.

Auditor's Report

To Talanx AG, Hanover

We have audited the remuneration report of Talanx AG, Hannover, for the financial year from January 1 to December 31, 2023, including the related disclosures, which was prepared to comply with § 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Talanx AG are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2023, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor's report on the basis of the engagement agreed with Talanx AG. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Hannover, March 18, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Martin Eibl	ppa. Philipp Rütter
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Combined management report

Fundamental information about the Group

The Talanx Group

Business model

The Talanx Group is a multi-brand provider in the insurance and financial services sector. It employed 27.863 people worldwide as at the 2023 year-end. The Group parent is Talanx AG, the listed financial and management holding company that is domiciled in Hannover. Talanx AG's majority shareholder (76.74%) is HDI V.a.G., a mutual insurance undertaking formed more than 120 years ago. The free float including employee shares amounted to 23.26%.

Group companies write business in the classes of insurance specified in the Regulation on Reporting by Insurance Undertakings (BerVersV); in some cases the business is directly written, while in others it takes the form of reinsurance with a different geographical focus (see the graphic).

CLASSES OF INSURANCE WRITTEN BY THE GROUP

		TALANX GROUP		
LIFE	CASUALTY	LIABILITY	MOTOR	AVIATION [1]
LEGAL PROTECTION	FIRE	BURGLARY AND THEFT	WATER DAMAGE	PLATE GLASS
WINDSTORM	COMPREHENSIVE HOUSEHOLDERS	COMPREHENSIVE HOME-OWNERS	HAIL	LIVESTOCK
ENGINEERING	OMNIUM	MARINE	CREDIT AND SURETY [2]	EXTENDED COVERAGE [3]
BUSINESS INTERRUPTION	TRAVEL ASSISTANCE	AVIATION AND SPACE LIABILITY	OTHER PROPERTY	OTHER NON-LIFE

[1] Including space insurance.
[2] Reinsurance only.
[3] For fire and fire loss of profits insurance (extended coverage insurance).

Talanx has its own companies or branch offices throughout the world and does business with primary insurance and reinsurance customers in more than 175 countries in all. Its retail business focuses firstly on Germany and, at an international level, primarily on the growth regions of Central and Eastern Europe (including Türkiye) and Latin America.

The Talanx Group's divisions operate their core processes independently. The main core processes in Industrial Lines, which has an international focus, and in the Reinsurance segments are product development, sales and underwriting, including the relevant technical supervision. The core processes in the Retail segments comprise product development, rate setting, sales, product management and product marketing. The Corporate Operations segment is responsible for asset management, corporate development, risk management, human resources, other services and intragroup reinsurance of the primary insurance segments.

Legal and regulatory environment

Insurance companies (in both primary and reinsurance) and asset management companies around the world are subject to comprehensive legal and financial oversight by supervisory authorities. In the Federal Republic of Germany, this task is performed by the Federal Financial Supervisory Authority (BaFin). In addition, there are extensive legal provisions governing the companies' business operations. The regulatory framework has been tightened further in recent years, a process that has led to increasing complexity. This trend continued in 2023.

The sale of insurance products is subject to extensive legal requirements. When collaborating with intermediaries, primary insurers must comply with the requirements of the Federal Financial Supervisory Authority (BaFin) circular 11/2018 on collaboration with insurance intermediaries and on risk management in sales, as well as with statutory provisions. Product monitoring and governance for insurance products are also regulated by the Commission Delegated Regulation (EU) 2017/2358. Regarding residual debt insurance, the

Schwarmfinanzierungs-Begleitgesetz (German Crowdfunding Accompanying Act) enshrined a cap on commission in law that came into effect on 1 July 2022. Furthermore, the Zukunftsfinanzierungsgesetz (German Future Financing Act) will introduce a seven-day waiting period for the conclusion of residual debt insurance for general consumer credit agreements, which is due to become effective from 1 January 2025.

The BaFin circular 2/2017 (VA) on the official interpretation of the Minimum Requirements under Supervisory Law (MaGo) on the System of Governance of Insurance Undertakings explains high-level aspects of the system of governance as well as key terms such as "proportionality", "management boards" and "supervisory boards" from the supervisory authority's perspective. Although the MaGo is not directly legally binding, the HDI Group takes the circular into consideration when designing its business organisation, especially in the areas of general governance, key functions, the risk management system, own funds requirements, the internal control system, outsourcing and emergency planning.

On the basis of the German Money Laundering Act (GwG), as the "parent company of the Group" HDI V. a. G. is responsible for ensuring that all Group companies obliged to prevent money laundering meet established minimum standards. The Group money laundering function rolls out a Group-wide risk analysis in accordance with the provisions of the GwG in all divisions on an ad hoc basis or at least yearly in the fourth quarter of each year and documents the risk-based measures of Group companies subject to money laundering prevention obligations. Quarterly Group-wide reporting also ensures that information is exchanged within the Group. The risk of the Group being abused for money laundering or terrorist financing purposes is considered low overall.

Digitalisation has become increasingly important in the last few years and the associated transition to digital, data-based business models as well as the resulting legal issues and challenges with a focus on IT security are playing an ever more significant role for Talanx Group companies. In the circular dated 10/2018 relating to insurance supervisory requirements for IT (VAIT), BaFin provided information on the interpretation of the business organisation provisions in the German Insurance Supervision Act that relate to the companies' technical and organisational infrastructure. The same applies regarding the circular dated 11/2019 on supervisory requirements for IT in asset management (KAIT). These circulars are subject to ongoing modifications and additions. The Authority also published guidance on outsourcing to cloud providers. Furthermore, 2023 also saw regulatory initiatives introduced at EU level and in Germany for the development and use of artificial intelligence. These also affect the insurance industry and the development of these initiatives and the specific impact they have on the Talanx Group are being monitored.

In this context, the EU's Digital Operational Resilience Act (DORA) sets out new requirements that insurance undertakings, for instance, will have to comply with from January 2025. This is intended to make the European financial market more resilient to cyber risks and information and communication technology incidents. Ongoing developments and their specific impact on the Talanx Group are being monitored. If possible, the Talanx Group comments on the planned projects through its advocacy organisations and prepares the implementation of the respective current regulatory requirements.

The Talanx Group processes substantial volumes of personal data, for example during application and contract management and when making payments. Our data protection management system has been designed to guarantee compliance with data protection requirements such as the European Union's General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG) by focusing on providing advice and monitoring observance. Employees have been made aware of the need for them to handle the data with due care (training) and are required to undertake in writing to adhere to data protection requirements. Uniform procedures must be observed in the case of data protection requirements that are not tied to specific processes, such as when outsourcing providers are commissioned. The same applies to customers', shareholders' and employees' data protection rights.

For the companies in the Talanx Group, observing the law is a precondition for doing business successfully in the long term. The Group focuses hard on ensuring that our business and products comply with statutory, supervisory and tax law requirements. The mechanisms established as part of this process ensure that future legal developments and their consequences for our business are identified and assessed sufficiently early to enable the necessary adjustments to be made.

As securities issuers, Talanx AG and other Group companies are subject to capital market supervision in Germany and Luxembourg, among other countries.

Group structure

The Group's business is divided into "Insurance" – which has six reportable segments – and a seventh segment, "Corporate Operations".

Primary insurance comprises three divisions – **Industrial Lines, Retail Germany** (which consists of the Property/Casualty Insurance and Life Insurance segments) and **Retail International**. A separate member of the Board of Management is responsible for each of the divisions.

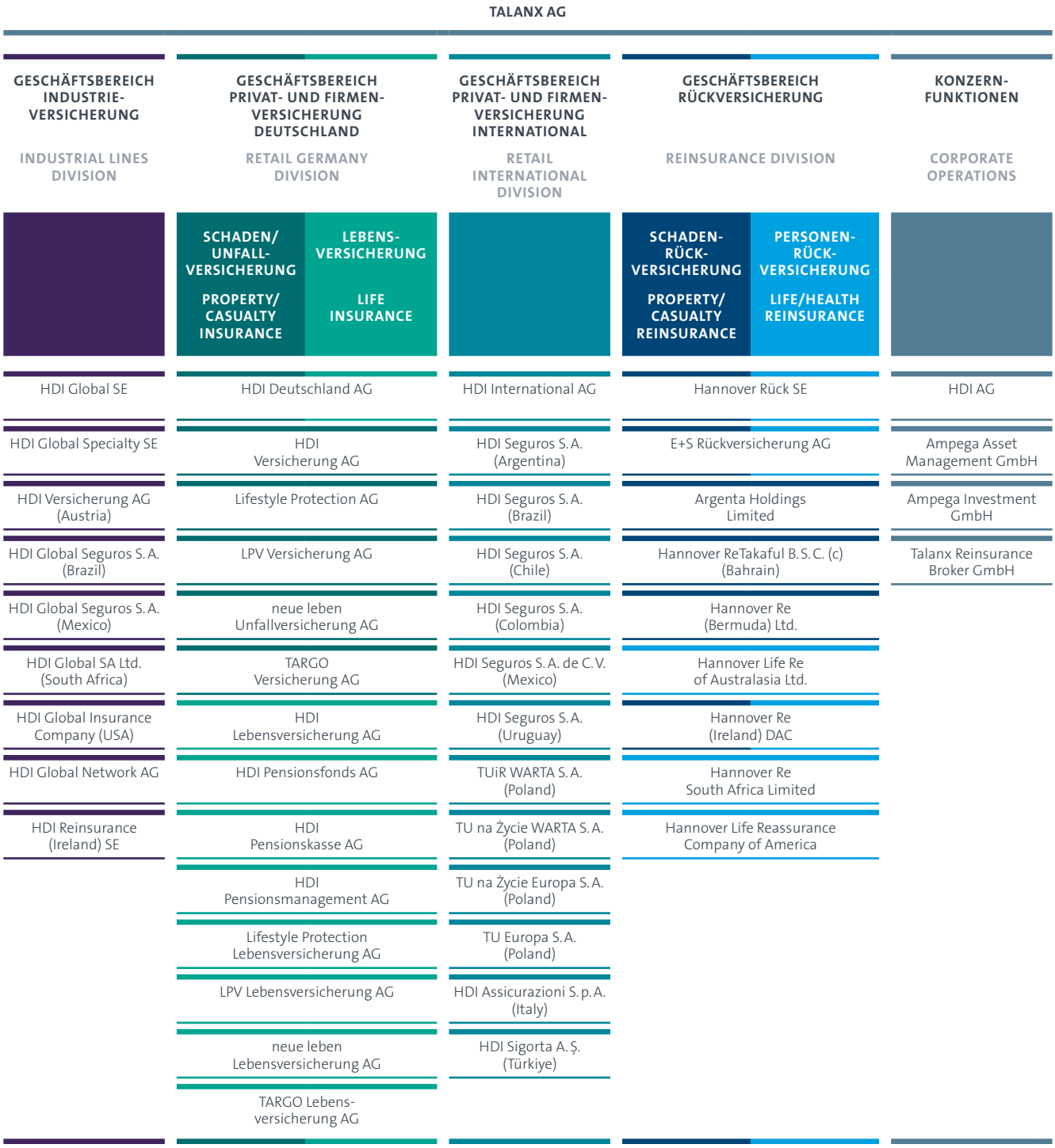
Industrial Lines operates worldwide; it is largely independent of third companies and is capable of leading international consortia. The Retail Germany Division bundles insurance offerings for retail clients and small and medium-sized companies in Germany. The Retail International Division focuses on the strategic core markets of Latin America and Central and Eastern Europe (including Türkiye).

Our **Reinsurance** operations comprise the Property/Casualty Reinsurance and Life/Health Reinsurance segments, which are operated by Hannover Rück SE. The target markets for Property/Casualty Reinsurance are Europe, the Middle East and Africa, America as well as Asia-Pacific; in addition, the segment runs a number of global reinsurance lines worldwide. Life/Health Reinsurance is divided into the

financial solutions and risk solutions units, which comprises longevity solutions, and mortality and morbidity insurance.

The **Corporate Operations** segment includes Talanx AG, which primarily performs strategic tasks and acts as the Group's internal reinsurer. In addition, the segment includes HDI AG as the employer company for the German Primary Insurance Group since 1 March 2022, and the reinsurance broker Talanx Reinsurance Broker GmbH, Ampega Asset Management GmbH and Ampega Investment GmbH; the Ampega companies primarily manage the Group's investments and offer financial and other services.

GROUP STRUCTURE



Nur die wesentlichen Beteiligungen
Main participations only

Stand/As at: 31.12.2023

Strategy

The Talanx Group is active in primary insurance and reinsurance around the world in both the property/casualty and life insurance businesses. In the more than 100 years of our history, we have evolved from a pure-play liability insurer for industry into a global insurance group with a focus on industrial and retail lines and the reinsurance business. We attach particular importance to close collaboration with our industrial partners and retail clients, many of whom have worked with us for many years, in order to provide them with the best possible service. The Talanx Group optimises the relationship between insurance and reinsurance as an integral component of our business model with the aim of consistently enhancing our opportunity/risk profile and improving capital efficiency. The composition of the Group's portfolio ensures that we have sufficient independent risk capacities in all market phases to support our clients reliably and over the long term and to tap into promising markets. This diversification approach bolsters our independence, minimises our exposure to risk and enables us to sustainably grow the Group's success to the benefit of clients, investors and employees.

The Group parent is Talanx AG, a financial and management holding company. It ensures that the Group achieves its primary objective – sustainable, profitable growth and long-term value creation. This is also the guiding principle for all divisional strategies, which are based on the Group strategy. The Talanx Group's organisation centralises Group management and service functions while delegating responsibility for earnings to the divisions. This organisational structure, which offers the individual divisions a high level of entrepreneurial freedom and responsibility for earnings, is key to the Talanx Group's success as it enables the individual divisions to take maximum advantage of their growth and profit opportunities.

While the Talanx brand is oriented towards the capital market, the high level of national and international product expertise, forward-looking underwriting policy and strong distribution resources of our operational divisions are reflected in a multi-brand strategy. This enables us to align ourselves optimally to the needs of different client groups, regions and cooperation partners. It also ensures that new companies and/or business sectors can be efficiently integrated into the Group. This structure also creates a good basis for cooperation, in particular with a wide range of partners and business models.

We are resolutely continuing our growth trajectory through the 2025 Group strategy and setting more ambitious growth and profitability targets. The Group as a whole aims for a return on equity (in accordance with IFRS) of at least 10% in order to ensure long-term value creation. Our objective is to increase Group net income by more than 25% by 2025, underpinned by focused divisional strategies and strategic growth initiatives. We want to steadily increase the dividend per share to EUR 2.50 by 2025 (25% on 2022). As strategic subsidiary conditions, we have also set ourself the goal of achieving limited market risk (≤ 50%) and a high regulatory solvency ratio (150% – 200%).

Our strengths, and by that measure the basis of our success, include the Group's distinctive entrepreneurial corporate culture with clear local responsibilities, the focus on B2B business – the source of over 80% of our insurance revenue – and strong regional diversification in terms of business and product mix.

Ongoing capital management optimisation is also an integral part of the 2025 strategy. The main focus here is on boosting profit and loss transfers from primary insurance in order to maximise financial flexibility within the Group, provide solid capital resources at all times and being able to pay dividends in the long term. Capital for expanding business is used only where the strategic and profitability criteria have been met. Business decisions are managed in such a way that capital and liquidity are transferred to the holding company whenever possible. For this purpose, both the Group capital structure and local capital resources of our subsidiaries are optimised on an ongoing basis. In addition, we pool the reinsurance requirements for primary insurance on an intragroup basis at the holding company in order to take advantage of capital and diversification effects throughout the Group.

People management is another key focus of our 2025 strategy. With our people strategy, we think about recruiting holistically and in terms of target groups ("hire"). We offer our employees targeted, attractive development pathways ("develop"). We inspire our employees to actively work to develop our culture and encourage entrepreneurship ("inspire"). To do so, we provide the freedom and scope necessary and bring our culture to life ("xperience"). One particular focus area here is diversity, a way of drawing on our differences as a strength for the Group's long-term development. Additional details on our people management strategy can be found in the section "Consolidated non-financial statement", page 82 ff.

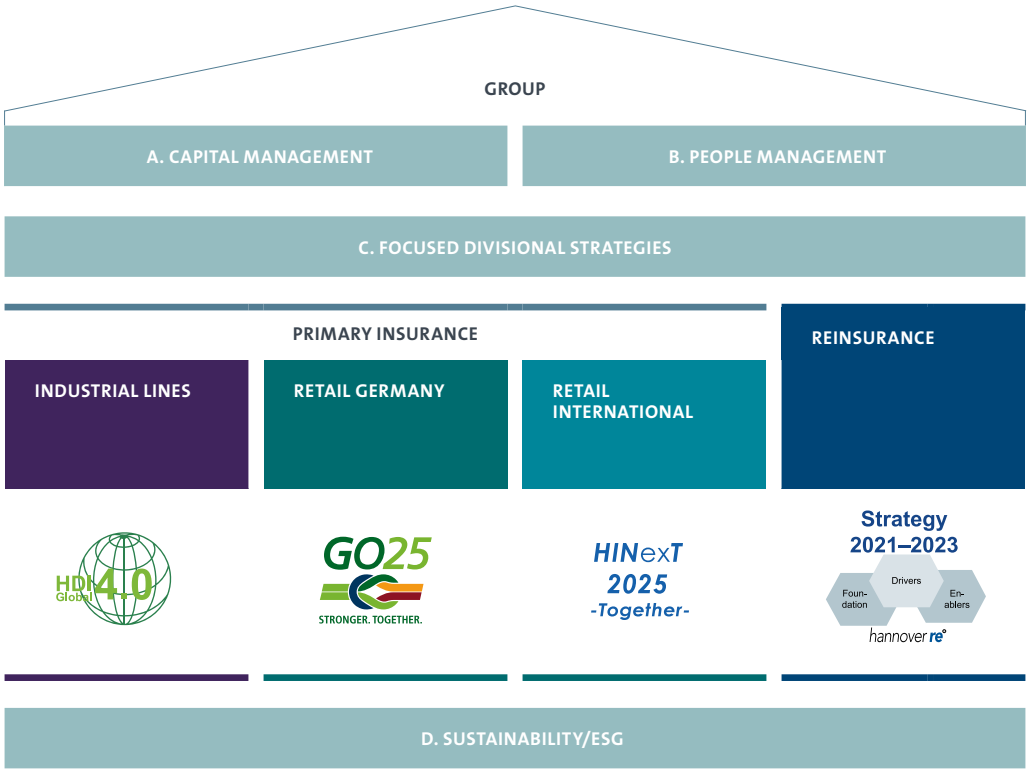
The strategies of the individual divisions were further refined and focussed. The "HDI Global 4.0" strategy positions us as a leading partner to international insurance programmes and service provider for captives in the Industrial Lines Division. Our profitability-driven underwriting policy is combined with an efficient cost structure. Specialty insurance remains a key growth area. In industrial business, we believe there is particular growth potential in North America, Europe, Australia and selected emerging markets. The Retail Germany Division is continuing to focus on its "G025" strategy. As well as substantial growth in business with small and medium-sized enterprises (SMEs), its main aim here is to establish additional cooperation and organic growth in the area of banking partnerships. In the Retail International Division, we aim to continue our strong growth through the "HINexT 2025" strategy while also further advancing diversification. Our goal is to position ourself as a leader in the five defined core markets in Latin America and in central and eastern Europe, i.e. to be one of the top five providers in property/casualty insurance. This is to be achieved by means of profitable organic and non-organic growth. Working with its "Strategy 2021 – 2023", the Reinsurance Division concentrated on building further on its existing strengths, particu-

larly with regard to competitiveness and profitability. Making consistent use of diversification benefits and continuing to expand integrated and innovative reinsurance offers plays a key role in this. In addition, as a long-term majority shareholder in Hannover Rück SE, our goal is to consolidate and selectively expand that company's position as a global player.

As an international insurance group and long-term investor, the Talanx Group has long been committed to responsible corporate governance designed to ensure sustainable value creation. The sustainability strategy is therefore an integral component of Group strategy. It is based on systematically implementing ESG-specific aspects (environment, social and governance) into investment, underwriting, our facilities and our social commitments. Our goal for investment and insurance business is to achieve net zero by 2050.[1] At our facilities, we are following our "net zero 2030" target worldwide (including compensation). Our social focus is primarily on "diversity, equity and inclusion" and (employee) training. Additional information on our sustainability strategy can be found in the "Consolidated non-financial statement" section, page 82 ff.

The risk strategy is explained in the "Risk report" section, page 118 ff., and so is not described in more detail here.

TALANX GROUP STRATEGY



[1] The Talanx Group always takes decisions on the basis of current data and the applicable regulatory framework. It reserves the right to update such decisions if the preconditions for them change.

Enterprise management

The Talanx Group's strategy is geared towards long-term value creation for all Group stakeholders (and in particular investors, clients and employees). To achieve this, we focus on continuity, financial strength and profitability. At the same time, we also take the regulatory demands placed on insurance undertakings and rating agencies' expectations into account. Our system of targets is based on four pillars:

- Financial strength
- Sustainable growth
- Long-term value creation
- Optimal capital efficiency

Our end-to-end, integrated management system is designed to help us achieve these goals. It focuses primarily on four fundamental management processes that govern the interactions between Talanx AG and the divisions:

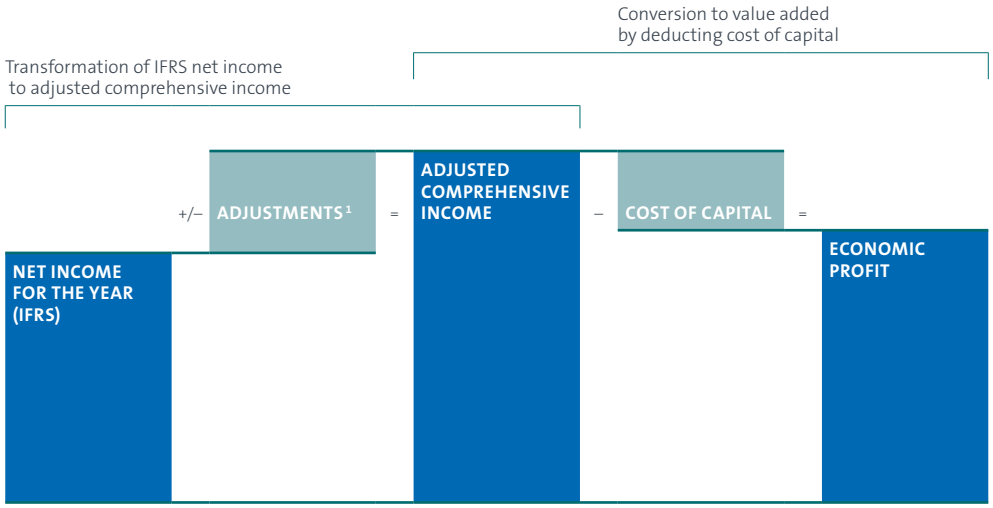
- Capital management
- Performance management
- Risk management
- Mergers & acquisitions

This interplay between Talanx AG and the divisions is underpinned by the Talanx Group's guiding organisational principle, which centralises Group management functions while delegating responsibility for earnings to the divisions.

We measure our Group's financial position using our Solvency 2 ratios and the S&P rating model.

We use our economic performance measurement (EPM) concept and the metric of economic profit to manage long-term value added and to enhance the Group's capital efficiency. This metric enables us to compare different business models. Economic profit measures economic net income (adjusted comprehensive income) net of the cost of capital. In addition to IFRS net income for the financial year, adjusted comprehensive income takes into account other components of the IFRS balance sheet and off-balance-sheet positions (see figure below for calculation). The cost of capital is derived from the capital asset pricing model (CAPM) and is broken down among the segments consistently using the internal model.

ECONOMIC PERFORMANCE MEASUREMENT: RECONCILIATION FROM IFRS NET INCOME TO ECONOMIC PROFIT



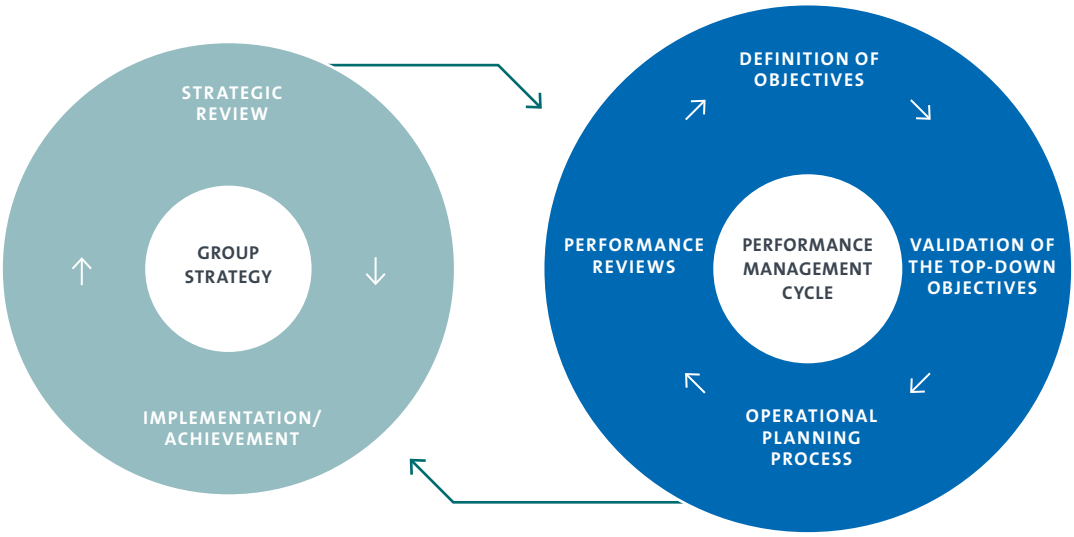
[1] Adjustments, e.g. change in CMS and risk adjustment.

Performance management

Performance management is at the core of our central management system. It ensures efficient, systematic Group management and links business activities at Group and division level with our strategic goals.

The performance management cycle combines our strategic and operational planning and is closely integrated with our Group strategy. It took the following form in the reporting period:

PERFORMANCE MANAGEMENT CYCLE



At the start of the annual performance management cycle, Talanx AG's Board of Management gives the divisions indicative objectives in order to enable them to align their business activities with the strategy. These objectives are derived from the Group's strategic management metrics and initiatives. The strategic management metrics include the return on equity (RoE) and the dividend. A risk budget and a minimum capital adequacy figure are also defined, providing the accompanying framework for these management metrics. Taken together, the indicative objectives formulated by the holding company's Board of Management therefore clearly define its expectations as to profitability, the ability to pay dividends, risk appetite and the level of security for each planning year.

After the indicative objectives have been set, the objectives defined are validated by the divisions in terms of their feasibility and then set by the Talanx Board of Management in the operational planning process.

The Group and the divisions use the management dashboard for business management. The management dashboard bundles all key strategic and operational management metrics, thereby providing an overview of whether the objectives of the Group and the divisions can be achieved sustainably. Running through the performance management process using the management dashboard allows us to ensure end-to-end, uniform management for the entire Group. All areas of the Group are aligned with the strategic objectives and presented in a transparent and balanced manner with the help of measurable metrics. For operational management, we translate our strategic objectives into operational value drivers that are consistent with the strategy.

Currently, the Group is only managed by financial performance indicators. Non-financial management metrics are not relevant for managing the Group. The operational management metrics at Group and division level shown in the following table therefore are purely financial performance indicators.

OPERATIONAL MANAGEMENT METRICS USED IN THE GROUP[1]

INDUSTRIAL LINES DIVISION	RETAIL GERMANY DIVISION		RETAIL INTERNATIONAL DIVISION	REINSURANCE DIVISION[1]		GROUP
	PROPERTY/ CASUALTY INSURANCE SEGMENT	LIFE INSURANCE SEGMENT		PROPERTY/ CASUALTY REINSURANCE SEGMENT[1]	LIFE/HEALTH REINSURANCE SEGMENT[1]	
Growth of insurance revenue (adjusted for currency effects)	Growth of insurance revenue	Growth of insurance revenue	Growth of insurance revenue (adjusted for currency effects, property/casualty and life insurance)	Growth of insurance revenue (adjusted for currency effects)		Growth of insurance revenue (adjusted for currency effects)
—	—	New business value (gross)	—	Operating profit/loss (EBIT)	Operating profit/loss (EBIT)	Group net income
Combined ratio (net/gross)	Combined ratio (net/gross)	—	Combined ratio (net/gross, property/ casualty insurance only)	—	—	—
Return on equity	Return on equity		Return on equity	Return on equity		Return on equity

[1] The management metrics are being modified for the forecast for financial year 2024: In the Life Insurance segment of the Retail Germany Division, the value of new business will be forecast net instead of gross. In the Reinsurance Division, growth in insurance revenue (adjusted for currency effects) will be forecast at the overall level, instead of per segment. The combined ratio (net/net) will be forecast in the Property/Casualty Reinsurance segment and the insurance service result in the Life/Health Reinsurance segment, replacing the EBIT per segment previously used.

Definitions of management metrics

Combined ratio (property/casualty insurance)

net/gross: 1 – [insurance service result (net) divided by insurance revenue (gross)]

net/net: 1 – [insurance service result (net) divided by insurance revenue (net)][1]

Group net income

Consolidated net income for the period (after financing costs and taxes) excluding non-controlling interests

Growth of insurance revenue (adjusted for currency effects)

Growth of insurance revenue is defined as nominal growth adjusted for currency effects: insurance revenue for the current year at the prior year (PY) exchange rate less insurance revenue (PY), divided by insurance revenue (PY)

Insurance service result

Insurance revenue less insurance service expenses and net income or expenses from reinsurance contracts held

New business value (life insurance)

Gross: contractual service margin (CSM) for new business (gross) less loss component of new business (gross)

Net: contractual service margin (CSM) for new business (net) less loss component of new business (net)

Operating profit/loss (EBIT)

The sum of net investment income, the insurance service result and other income/expenses including goodwill impairments before interest on other debt borrowed for financing purposes (financing costs) and before taxes (taxes on income)

Return on equity

The ratio of net income for the period (after financing costs and taxes) excluding non-controlling interests to average equity excluding non-controlling interests

[1] Insurance revenue (gross) less reinsurance expenses; these are made up of the "allocation of reinsurance premiums paid" and "changes in the non-performance risk of reinsurers" line items in the analysis by remaining coverage and incurred claims.

Report on economic position

Markets and business climate

Macroeconomic development

Declining but still high inflation, ongoing geopolitical tensions and the consequences of restrictive monetary policy at most central banks slowed global economic momentum in 2023 but did not tip the global economy into a recession. While global economic growth in 2022 (3.5%) was impacted by the start of Russia's war on Ukraine and the price explosion for energy and food raw materials that followed, the global economy is believed to have grown by just 3.1% as against the prior year in 2023.

In Germany, economic doldrums stemmed from (energy-intensive) industry in particular. The purchasing manager index has already been signalling an ongoing contraction here for 18 months, with industrial production now standing approximately 10% below its pre-Covid level. Private households reduced their consumer spending significantly year-on-year in light of limited real wage growth. Meanwhile, investment in equipment was surprisingly positive despite an uncertain geopolitical landscape and higher interest rates, while the latter again led to a slowdown in construction investment. The weaker global economic environment also caused a drop in exports, with the result that German GDP declined by 0.3% as against the prior year in 2023. This means that growth was not only much lower than in the prior year, but was also left trailing that of the eurozone as a whole (projection: 0.5%).

The US economy was surprisingly resilient in 2023: Despite the Fed's virtually unprecedented cycle of interest rate hikes (11 increases since March 2022) and the turbulence that this triggered in the banking sector in spring, the US economy proved robust and grew by an anticipated 2.5% year-on-year. Besides the consistently sound labour market (with an unemployment rate of 3.6%), this was attributed to rising private and government spending and to declining inflation, which decreased from its peak of 9.1% in June 2022 to 3.4% in December 2023.

Growth in emerging markets in 2023 was lower than the average for recent years, though the picture here was mixed. While growth in Eastern Europe continued to be impacted by the ongoing Russia/Ukraine war, it nonetheless increased compared to the prior year. By contrast, there was a slowdown in growth in Latin America. China's economic recovery again lacked momentum in the first year following the lifting of Covid restrictions. While Chinese GDP had risen sharply at the start of the year, by 2.1% on the prior quarter, growth flattened considerably in the following quarters. This was due to both the lingering turbulence in the real estate sector, which caused sentiment to deteriorate significantly and weighed on private consumer spending, and the downturn of the world economy. Chinese GDP is projected to have increased by 5.2% year-on-year, just ahead the government's growth target of 5%.

REAL GDP

% change year-on-year	2023 [1]	2022
Germany	–0.3	+1.8
Eurozone	+0.5	+3.4
USA	+2.5	+1.9
China	+5.2	+3.0

[1] Source: Bloomberg; provisional figures as at 15 Februar 2024.

Inflationary pressure eased around the world in 2023. While the rate of inflation in the eurozone had been 8.4% in 2022, this declined to 5.5% on average over 2023. The dynamics of inflation slowed as the year progressed, with the annual rate of inflation declining from 8.0% in the first quarter to just 2.7% in the fourth quarter. The pattern in the United States was similar, albeit at a slightly lower level, as the annual average rate of inflation fell from 8.0% in 2022 to 4.1% in 2023. At the start of the year, both the Fed and the ECB tightened their monetary policy and raised their prime rate – the Fed in four stages from 4.5% to 5.5% (upper limit) and the ECB in six increments from 2% to 4% (deposit rate) by the third quarter. In line with diminishing inflationary pressure, there were no further changes in interest rates in the second half of the year.

Capital markets

International capital markets performed well in a challenging environment of elevated inflation, worries about an imminent recession and aggressive cycles of interest rate hikes by many central banks over the course of 2023. Buoyed by an end-of-year rally, US stocks (S&P 500: +24.2%) closed ahead of industrialised countries as a whole (MSCI WORLD: +21.8%) and ahead of Europe (EURO STOXX: +19.2%). With minor price gains, the Asian stock markets lagged far behind (MSCI ASIA EX JAPAN: 3.6%), with Chinese equities suffering heavy losses (MSCI CHINA: –13.2%). After yields on ten-year government bonds responded to the increasingly restrictive monetary policy environment by picking up substantially last year, in the first six months of this year they tended to move sideways, before rising sharply into the fourth quarter in the face of new fears of a more-restrictive central bank policy. As the dynamics of inflation slowed

and hope emerged for interest rate cuts in 2024, yields on government bonds declined again towards the end of the year. Yields on ten-year US Treasuries were at 3.88% (+0.01 percentage points) at the end of 2023, while those on ten-year Bunds were at 2.02% (–0.55 percentage points). At its peak, the price of oil (Brent) also surged from USD 86 to USD 97 a barrel, but ended the year lower than it began at USD 77 a barrel. The euro climbed by 3.1% to USD 1.10 over the year as a whole.

German insurance industry

Property/Casualty Insurance

The performance in property/casualty insurance in the German insurance industry was characterised by inflation-related benefit and premium adjustments in 2023. There was a weak trend in average premiums and low portfolio growth in motor insurance as a result of the consistently low number of new registrations and changes of ownership. Loss expenditure was significantly higher than in the prior year owing to inflation. Losses due to natural hazards were up in 2023 compared to the prior year and were relatively stable at the level of the gradually rising long-term average. The most severe natural hazard losses were caused by Summer Storms "Kay" and "Lambert" in June of the reporting period.

Life Insurance

Premium income in the German life insurance industry remained in decline in 2023 and fell short of the prior-year level. This was caused by the weak performance in single premium business in particular. There was only a slight decline in regular premium business. The macroeconomic environment also heavily impacted life insurance business in 2023 on account of falling real wages and consistently high interest rates.

International insurance markets

The Talanx Group has defined the regions of Europe and Latin America as target regions for expanding its international retail business. The Group is further expanding its global presence in industrial insurance. The following section focuses primarily on developments in these international target regions.

Property/Casualty Insurance

International property/casualty insurance achieved real premium growth again in 2023 despite waning economic growth and lingering inflation. Industrial business benefited from a hard market.

Growth on the developed insurance markets was less than that on the emerging markets and was defined by synergies between high price momentum and a weak economic performance. **Asia-Pacific** reported the strongest real premium growth, followed by **Europe** and **North America**. Positive real premium growth in emerging markets was driven by the strong growth in **China** in particular.

Losses caused by natural disasters were again lower in the year under review than in the prior year but significantly higher than the ten-year average. The bulk of losses relate to a series of events of low to medium impact, in particular heavy storms. However, the largest insured natural catastrophe losses in 2023 were caused by the earthquake in Türkiye and Syria. Losses due to heavy storms increased in Europe as well in 2023. Italy was impacted particularly hard. Losses due to natural disasters rose to a new record level.

International property/casualty reinsurance also generated positive premium growth in the year under review. As a result of the ongoing geopolitical and macroeconomic uncertainty, the continuing trend in the impact of natural disasters and the development in inflation, there were once again price increases in conjunction with treaty renewal rounds during the year.

Life Insurance

Premium income on the **international life insurance markets** was slightly higher than the long-term trend in 2023. The rise in total premiums was primarily attributable to the emerging markets, **China** in particular, and benefited from a series of factors such as regulatory changes and elevated demand for inflation-linked products. By contrast, the developed insurance markets, in **Europe** in particular, reported reduced premium income. **Asia-Pacific** alone achieved minor positive growth above the level of inflation.

The development in **international life/health reinsurance** continued to be negatively affected by macroeconomic challenges in 2023 as well, though minor positive premium growth was achieved nonetheless.

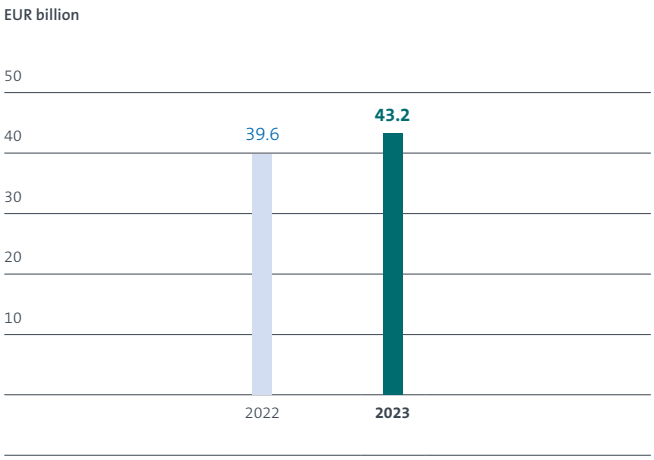
Performance

The Group continues to enhance profitability in primary insurance both in Germany and abroad. The Industrial Lines Division is focussing on systematic profitability in its business combined with an efficient cost structure, growth in international business and in the area of specialty insurance. The Retail Germany Division is continuing to focus on its strategy. It aims to generate further growth in business with small and medium-sized enterprises (SMEs) and organic growth in the area of banking partnerships. The Retail International Division looks set to see its strong growth continue and further advance diversification with the aim of being one of the top five in property/casualty insurance in our core markets. The Reinsurance Division is concentrating on building on its existing strengths by making consistent use of diversification benefits and on expanding integrated and innovative reinsurance offers, particularly with regard to competitiveness and profitability.

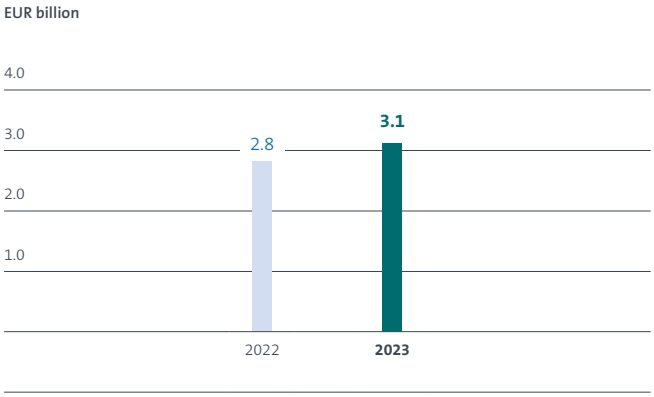
The Talanx Group has reported its business results in accordance with the new accounting standards IFRS 17 and IFRS 9 since 1 January 2023. To ensure better comparability of the business figures, prior year figures are also calculated pursuant to the new standards.

Despite the consistently challenging conditions, insurance revenue (EUR 43.2 billion) and operating profit (EUR 3,068 million) were up by 9.1% and 9.0% respectively on the prior year. Group net income (EUR 1,581 million) more than doubled.

INSURANCE REVENUE



OPERATING PROFIT/LOSS (EBIT)



Talanx successfully completes acquisitions in Brazil

The Retail International Division of the Talanx Group successfully closed its acquisition of the Liberty Seguros business with retail customers and small to mid-sized enterprises in Brazil on 22 November 2023. HDI is thereby strengthening its market position in Brazil and moves up to number 2 in the property and casualty insurance market. The acquisition of the retail business of Sompo Seguros S. A. enables HDI to gain scale in motor business and to diversify into non-motor property/casualty and life protection business.

Talanx Group invests in Swedish hydropower

The so-called power purchase agreement (PPA) has a term of 15 years. Talanx's partners in the deal are Augusta Investment Management and German energy company Uniper. The latter owns and operates the plants, which have been feeding electricity into the Swedish grid for some decades now. The innovatively structured investment expands the Talanx Group's support for the transition to green energy and enhances its role as a leading renewables investor.

Talanx strengthens its business in core market Poland

The Retail International Division of the Talanx Group is strengthening its presence in the core market of Poland. Europa Group, a subsidiary of HDI International AG, and Bank Millennium are concluding a ten-year exclusive bancassurance agreement. As part of the transaction Europa Group is acquiring 80% of the shares in a company owned by the bank for the sale of life protection and non-motor products. By entering into this cooperation Talanx is further strengthening its position in its core market Poland.

Group's course of business

- Insurance revenue up 11.9% adjusted for currency effects
- Large losses within pro rata large loss budget
- Slight decline in combined ratio

GROUP KEY FIGURES

EUR million	2023	2022	+/–
Insurance revenue	43,237	39,645	+9.1%
Insurance service result	3,234	2,454	+31.8%
Net insurance financial and investment result before currency effects	1,130	824	+37.1%
of which investment income	4,649	776	+499.4%
of which net insurance financial result before currency effects	–3,519	49	–7,345.6%
Operating profit/loss (EBIT)	3,068	2,815	+9.0%
Combined ratio (property/casualty only) in %	94.3	95.2	–0.9 ppts

GROUP MANAGEMENT METRICS

EUR million	2023	2022	+/–
Insurance revenue	43,237	39,645	+9.1%
Group net income	1,581	706	+123.8%
Return on equity in %	16.6	8.2	+8.4 ppts

Insurance revenue

The Talanx Group increased its insurance revenue by 9.1% in the reporting period to EUR 43.2 (39.6) billion (11.9% adjusted for currency effects), thanks in particular to growth in the Industrial Lines (+10.3%) and Retail International (+33.0%) segments, with acquisitions in the core Latin America market also contributing to the high growth in the Retail International segment.

Insurance service result

The insurance service result improved by 31.8% to EUR 3,234 (2,454) million. At EUR 2,168 million, large losses were in line with the expected budget for the financial year of EUR 2,200 million. The insurance service result for the prior year also included the recognition of provisions for the negative effects of the war in Ukraine. Higher interest rates continued to have a positive effect. The Group also used the reporting period to further enhance its own resilience and that of its balance sheet. The Life/Health Reinsurance segment contributed to this thanks to rate improvements after the major negative effects of the pandemic seen in prior years and good claims experiences in mortality business.

The combined ratio improved by 0.9 percentage points to 94.3% (95.2%).

Net insurance financial and investment result before currency effects

Investment income amounted to EUR 4,649 (776) million in the reporting period, EUR 1,414 (–1,566) million of which due to income from unit-linked insurance contracts attributable to policyholders. Net investment income for own risk improved from EUR 2,342 million to EUR 3,235 million. Ordinary investment income picked up primarily thanks to higher interest income. Net income from investment portfolios measured at fair value through profit or loss improved considerably as against the prior year. The financial result adjusted for currency effects, which includes the unwinding of discounted technical provisions and policyholder participation in the net investment result, including income from unit-linked insurance contracts, was EUR –3,519 (49) million. Overall, the net insurance financial and investment result before currency effects rose by 37.1% to EUR 1,130 (824) million.

Operating profit and Group net income

Operating profit (EBIT) picked up by 9.0% to EUR 3,068 (2,815) million. The decline in "Other income/expenses" caused by the absence of a positive non-recurring effect present in the prior year was comfortably offset by improvements in the net insurance service result and the net insurance financial and investment result (before currency effects). The increase was mainly driven by EBIT growth in the Retail Germany – Life Insurance (+207.2%), Retail International (+264.9%) and Life/Health Reinsurance (+34.4%) segments. Tax expenditure was reduced as a result of different regional earnings contributions and a non-recurring effect in connection with the introduction of a global minimum tax resolved by the OECD. Group net income (EUR 1,581 million) was 123.8% higher than the prior-year figure of EUR 706 million. Return on equity in the reporting period was 16.6% (8.2%).

The net contractual service margin climbed by 11.8% to EUR 10.7 (9.6) billion, essentially as a result of profitable new business written in the Group.

Comparison of actual performance with the 2023 forecast

GROUP MANAGEMENT METRICS

EUR billion	2023	Forecast for 2023 from the 2022 Annual Report
Insurance revenue [1]	43.2	~ 42
Group net income [2]	1.6	~ 1,4
Return on equity in %	16.6	> 10

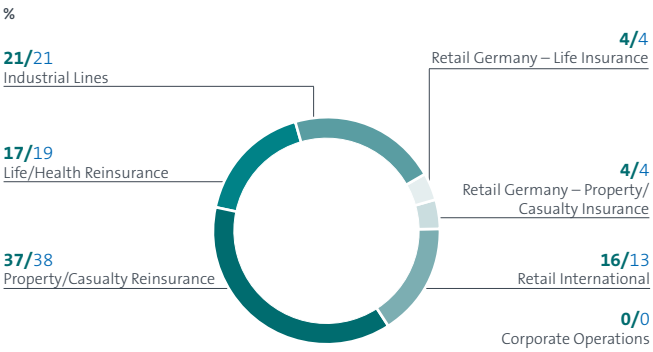
[1] Adjusted for currency effects EUR 44.5 billion. The forecast was adjusted to ">EUR 42 billion" during 2023.
[2] The forecast was adjusted to ">EUR 1,4 billion" during 2023.

Insurance revenue came EUR 43.2 billion in the reporting period, higher than the forecast of over EUR 42 million for 2023 that was revised during the year. At EUR 1.6 billion, Group net income also exceeded the guidance for the reporting period (revised during the year), which anticipated Group net income of more than EUR 1.4 billion. The return on equity (16.6%) was also significantly higher than the forecast of more than 10%.

Performance of the Group's Divisions

At a strategic level, Talanx divides its business into seven reportable segments: Industrial Lines, Retail Germany (divided into Property/Casualty and Life Insurance), Retail International, Property/Casualty Reinsurance, Life/Health Reinsurance and Corporate Operations. Please refer to the "Segment reporting" section of the Notes to the consolidated financial statements for details of these segments' structure and scope of business.

INSURANCE REVENUE BY SEGMENT [1]



2023/2022

[1] After elimination of intragroup cross-segment transactions.

Industrial Lines

- Double-digit growth in insurance revenue driven by property and liability business
- Insurance service result improved thanks to good performance in frequency and large losses
- Net investment income down on prior year due to reduction in unrealised losses

KEY FIGURES FOR THE INDUSTRIAL LINES DIVISION

EUR million	2023	2022	+/–
Insurance revenue	9,065	8,218	+10.3%
Insurance service result	770	574	+34.1%
Net insurance financial and investment result before currency effects	11	169	–93.5%
of which investment income	196	223	–11.8%
of which net insurance financial result before currency effects	–185	–53	–248.4%
Operating profit/loss (EBIT)	446	430	+3.9%

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%	2023	2022	+/–
Growth of insurance revenue (adjusted for currency effects)	12.3	n.a.[1]	–
Combined ratio (net/gross)	91.5	93.0	–1.5 ppts
Return on equity	14.3	14.1	+0.2 ppts

[1] Calculation not possible as IFRS 9 and 17 not retrospectively applied until the 2022 financial year onwards.

The division pools global activities relating to industrial insurance within the Talanx Group and operates in more than 175 countries through its companies, branches and network partners.

Insurance revenue

Insurance revenue for the division amounted to EUR 9.1 (8.2) billion as at 31 December 2023, a substantial increase of 10.3% (12.3% after adjustment for currency effects). Growth was primarily a result of property/liability business.

Insurance service result

At EUR 770 (574) million, the net insurance service result in the division was up significantly on the prior year. The loss ratio improved to 74.5% (76.1%) thanks to low frequency losses and lower large losses, as well as the rise in interest rates. At 17.0% (16.9%), the expense ratio was on par with the prior year. The developments described resulted in a combined ratio (net/gross) in the Industrial Lines Division of 91.5% (93.0%).

Net insurance financial and investment result before currency effects

Net investment income amounted to EUR 196 (223) million, lower than in the prior year despite the increase in current interest income on account of the realisation of unrealised losses. The increase in the expense in the net insurance financial result to EUR –186 (–53) million, which was expected, was the result of higher interest rates and portfolio growth.

Operating profit and Group net income

Other income/expenses declined to EUR –358 (EUR –267) million, essentially due to rising costs driven by growth. At EUR 446 (430) million, the division's operating profit was higher than in the prior year thanks to the considerable improvement in operating performance. The division's share in Group net income accounted for EUR 351 (311) million.

Comparison of actual performance with the 2023 forecast

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%	2023	Forecast for 2023 from the 2022 Annual Report
Growth of insurance revenue (adjusted for currency effects)	12.3	high single-digit percentage
Combined ratio (net/gross)	91.5	< 96
Return on equity	14.3	> 9

Insurance revenue was up 10.3% (adjusted for currency effects: 12.3%), above our original expectations. This was driven by higher-than-average growth in property/liability business in particular. At 91.5%, the combined ratio (net/gross) in the Industrial Lines Division exceeded our expectations for the financial year, essentially as a result of successful rate adjustments and higher interest rates.

The developments described above resulted in return on equity of 14.3%, far higher than the expected figure of more than 9%.

Retail Germany

Property/Casualty Insurance

- Insurance revenue growth in all lines
- Higher average losses in motor due to inflation weigh heavily on insurance service result
- Net investment income improves thanks to higher extraordinary net income

KEY FIGURES FOR THE RETAIL GERMANY DIVISION – PROPERTY/CASUALTY INSURANCE SEGMENT

EUR million	2023	2022	+/–
Insurance revenue	1,764	1,641	+7.6%
Insurance service result	43	81	–46.2%
Net insurance financial and investment result before currency effects	77	55	+40.4%
of which investment income	100	53	+89.6%
of which net insurance financial result before currency effects	–23	2	–1,177.6%
Operating profit/loss (EBIT)	49	61	–19.9%

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY INSURANCE SEGMENT

%	2023	2022	+/–
Growth of insurance revenue	7.6	n.a.[1]	–
Combined ratio (net/gross)	97.5	95.1	+2.5 ppts

[1] Calculation not possible as IFRS 9 and 17 not retrospectively applied until the 2022 financial year onwards.

Insurance revenue

Insurance revenue rose by 7.6% to EUR 1.8 (1.6) billion in the Property/Casualty Insurance segment. Growth was achieved in the corporate customers/liberal professions, motor and retail businesses as well as in the biometric core business of bancassurance.

Insurance service result

The insurance service result declined on the prior year in the reporting period to EUR 43 (81) million. This stems primarily from higher claims frequency, especially in motor, and an increase in average losses due to inflation. Improved earnings in the biometric core business of bancassurance and in the corporate customers/liberal professions line offset these negative effects only in part.

The (net) combined ratio (net/gross) rose by 2.5 percentage points from 95.1% to 97.5%.

Net insurance financial and investment result before currency effects

The net insurance financial and investment result rose to EUR 77 (55) million. This is mainly as a result of improved extraordinary net income of EUR 27 million and higher current income of EUR 21 million. On the other hand, the net insurance financial result before currency effects declined to EUR –23 (2) million on account of higher interest rates.

Operating profit

Operating profit declined to EUR 49 (61) million, essentially due to increased losses in motor.

Comparison of actual performance with the 2023 forecast

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY INSURANCE SEGMENT

%	2023	Forecast for 2023 from the 2022 Annual Report
Growth of insurance revenue	7.6	medium single-digit percentage
Combined ratio (net/gross)	97.5	~97

Insurance revenue growth in the Property/Casualty segment met our expectations in full, both in the corporate customers/liberal professions business and retail business. The line-specific combined ratio (net/gross) was higher than forecast given the increased frequency losses and natural disasters and large losses.

Life Insurance

- Good new business in biometric core business of bancassurance
- Rise in net investment income thanks to improved extraordinary net income
- EBIT increase, essentially because no longer negatively affected by loss component

KEY FIGURES FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

EUR million	2023	2022	+/–
Insurance revenue	1,793	1,771	+1.2%
Insurance service result	317	175	+80.7%
Net insurance financial and investment result before currency effects	43	28	+54.5%
of which investment income	2,178	–794	+374.3%
of which net insurance financial result before currency effects	–2,135	822	–359.8%
Operating profit/loss (EBIT)	211	69	+207.2%

MANAGEMENT METRICS FOR THE LIFE INSURANCE SEGMENT

%	2023	2022	+/–
Growth of insurance revenue	1.2	n.a.[1]	–
New business value in EUR million (gross)	368	250	+47.3%

[1] Calculation not possible as IFRS 9 and 17 not retrospectively applied until the 2022 financial year onwards.

Insurance revenue

Insurance revenue rose by 1.2% to EUR 1.793 (1.771) million in the Life Insurance segment. Above all, this was as a result to good new business in the biometric core business of bancassurance.

The new business value (gross) climbed by 47.3% to EUR 368 (250) million and is thanks exclusively to the improvement in the biometric core business of bancassurance.

Insurance service result

The insurance service result increased, essentially because it was no longer negatively affected by interest rates as in the prior year. A loss component was recognised in the prior year for existing insurance portfolios with guaranteed interest rates.

Net insurance financial and investment result before currency effects

The net insurance financial and investment result (before currency effects) rose to EUR 43 (28) million as a whole. This was mainly due to a result of improved net investment income of EUR 809 (718) million and higher income from unit-linked insurance contracts of EUR 1.4 (–1.5) billion. Policyholders participated in these results, putting the insurance financial result before currency effects including net income from unit-linked life insurance contracts at EUR –766 (–690) million.

Operating profit

Operating profit/loss (EBIT) in the Life Insurance segment rose to EUR 211 (68) million because a loss component was not recognised due to interest rates and thanks to improved profitability in the biometric core business of bancassurance.

Comparison of actual performance with the 2023 forecast

MANAGEMENT METRICS FOR THE LIFE INSURANCE SEGMENT

%	2023	Forecast for 2023 from the 2022 Annual Report
Growth of insurance revenue[1]	1.2	high single-digit percentage
New business value in EUR million (gross)	368	> 300

[1] The forecast was adjusted to "low single-digit percentage decline" during 2023.

Despite strong sales in the prior year, insurance revenue growth in the Life Insurance segment was slightly lower than our guidance for 2023.

Retail Germany Division as a whole

MANAGEMENT METRIC FOR THE RETAIL GERMANY DIVISION AS A WHOLE

%	2023	2022	+/–
Return on equity	11.0	4.9	+6.2 ppts

After adjusting for taxes on income, financing costs and non-controlling interests, Group net income rose to EUR 161 (72) million, increasing the return on equity by 6.2 percentage points to 11.0%.

Comparison of actual performance with the 2023 forecast

MANAGEMENT METRIC FOR THE RETAIL GERMANY DIVISION AS A WHOLE

%	2023	Forecast for 2023 from the 2022 Annual Report
Return on equity	11.0	> 9

As a result of Group net income increasing to EUR 161 (72), return on equity was higher than forecast.

Retail International

- Insurance revenue in property/casualty insurance up 39.7% adjusted for currency effects, especially in motor insurance, due to higher average premiums as a result of inflation
- Decline in combined ratio to 95.0% due chiefly to positive developments at HDI Brazil
- Contract signed in May 2023 to acquire Liberty Mutual companies in Brazil, Chile, Colombia and Ecuador; transaction in Brazil closed in November 2023 and in Chile, Colombia and Ecuador on 1 March 2024

KEY FIGURES FOR THE RETAIL INTERNATIONAL DIVISION

EUR million	2023	2022	+/–
Insurance revenue	7,099	5,337	+33.0%
Insurance service result	426	109	+288.8%
Net insurance financial and investment result before currency effects	368	232	+58.6%
of which investment income	628	366	+71.6%
of which net insurance financial result before currency effects	–261	–134	–94.0%
Operating profit/loss (EBIT)	507	139	+264.9%

MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%	2023	2022	+/–
Growth of insurance revenue (adjusted for currency effects, property/casualty insurance)	39.7	n.a.[1]	–
Combined ratio (property/casualty insurance, net/gross)	95.0	98.8	–3.9,ppts
Growth of insurance revenue (adjusted for currency effects, life insurance)	55.3	n.a.[1]	–
Return on equity	11.2	2.5	+8.7 ppts

[1] Calculation not possible as IFRS 9 and 17 not retrospectively applied until the 2022 financial year onwards.

This division bundles the Talanx Group's international retail business activities and is active in both Europe and Latin America. On 27 May 2023, the Retail International Division signed a purchase agreement to acquire business with retail clients and small and medium-sized companies from Liberty Seguros in Brazil, Chile, Colombia and Ecuador. In Brazil, the transaction by HDI Seguros (Brazil) was successfully completed as at 22 November 2023. This bolstered HDI's market position in Brazil and brought it up to number 2 in property and casualty business. The acquisition of other Liberty Mutual companies in Chile, Colombia and Ecuador is still subject to customary closing conditions, including regulatory approval processes, and is expected to close in the first half of 2024. The acquisition of the Brazilian retail business of Sompo Seguros S.A. by HDI Seguros S.A. (Brazil) closed on 24 August 2023.

In the Europe region, the Italian companies HDI Italia S.p.A. and HDI Assicurazioni S.p.A. were merged on 5 May 2023, while the sale of the Hungarian Magyar Posta Eletbiztosito Zrt. and Magyar Posta Biztosito Zrt. to the Hungarian state-owned holding company Corvinus Nemzetközi Befektetési Zrt. (Corvinus) was concluded with an economic effect on 5 April 2023. The acquisition of 60% of the company, which has now been renamed HDI Fiba Emeklilik ve Hayat A.Ş., by HDI Sigorta A.Ş. in Türkiye closed in the first quarter on 16 January 2023. Business in the core Polish market is also being further expanded, with the Europa Group and Bank Millennium signing an exclusive ten-year bancassurance agreement. In line with the Division's strategic goals, this should create profitable growth in biometric products and other property insurance business. The acquisition was concluded on 13 February 2023.

Insurance revenue

Insurance revenue in the Division increased by 33.0% compared to 2022 to EUR 7.1 (5.3) billion. Insurance revenue adjusted for currency effects was up 40.8% on the comparative period.

The Europe region reported a 26.7% increase in insurance revenue to EUR 4.4 billion, driven primarily by premium growth (adjusted for currency effects) of 177.5% at the Turkish HDI Sigorta A.Ş. as a result of higher average premiums due to inflation. The Turkish HDI Fiba Emeklilik ve Hayat A.Ş. also contributed to growth in the region with insurance revenue of EUR 155 million adjusted for currency effects. The Polish Towarzystwo Ubezpieczeń i Reasekuracji Warta S.A. boosted its insurance revenue adjusted for currency effects by 13.7% both in motor insurance and through growth in homeowners insurance.

In the Latin America region, insurance revenue increased by 44.5% compared to the same period of the prior year to EUR 2.7 (1.9) billion with all core markets in the region contributing with double-digit growth rates, in particular the newly acquired Sompo Seguros S.A. and Liberty Seguros in Brazil.

Insurance service result

The insurance service result in property insurance increased by EUR 270 million to EUR 328 million. The combined ratio from property insurance companies decreased by 3.9 percentage points year-on-year to 95.0% with the decline in the loss ratio in Brazil playing a key role. The measures implemented to improve technical excellence, in pricing in particular, had a positive impact.

The insurance service result in life insurance improved by a total of EUR 47 million. While the Polish Towarzystwo Ubezpieczeń na Życie Warta S.A. experienced positive post-COVID effects in the form of lower loss expenditures, the Italian HDI Assicurazioni S.p.A. reported positive effects from the subsequent measurement of the loss component. In addition, the newly acquired HDI Fiba Emeklilik ve Hayat A.Ş. contributed to the year-on-year improvement with a positive insurance service result.

Net insurance financial and investment result before currency effects

Net investment income rose compared to the 2022 financial year to EUR 368 (232) million. Higher volumes and interest rates, above all in Türkiye and Poland, increased ordinary net investment income. Income from unit-linked insurance contracts also increased net investment income by EUR 99 million. However, this effect was offset in the net insurance financial result by policyholder participation. In the net insurance financial result of property insurance companies, expenses from unwinding discounts on technical provisions increased by EUR 62 million.

Operating profit and Group net income

In the 2023 financial year, operating profit (EBIT) in the Retail International Division rose by 264.9%, compared to the same period of the prior year, to EUR 507 (139) million. This operating improvement was the result of improvements at Latin American companies, in particular in Brazil, and in Poland, Italy and Türkiye. The prior year was also negatively affected by one-time effects from deconsolidation expenses of EUR 23 million from the sale of the Russian life insurance unit OOO Strakhovaya Kompaniya CiV Life. Operating profit (EBIT) for the Latin America region rose by EUR 113 million to EUR 142 million while EBIT for the Europe region increased to EUR 408 (113) million. Group net income after minority interests increased accordingly to EUR 277 (56) million with return on equity of 11.2% (2.5%).

Comparison of actual performance with the 2023 forecast

MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%	2023	Forecast for 2023 from the 2022 Annual Report
Growth of insurance revenue (adjusted for currency effects, property/casualty insurance)	39.7	low double-digit growth
Combined ratio (property/casualty insurance, net/gross)	95.0	< 95
Growth of insurance revenue (adjusted for currency effects, life insurance)[1]	55.3	medium single-digit percentage
Return on equity	11.2	~ 8,5

[1] The forecast was adjusted to „low double-digit growth" during 2023.

Adjusted for currency effects, the Retail International Division saw insurance revenue climb by 39.7% in property/casualty insurance and by 55.3% in life insurance in the 2023 financial year, far higher than the most recent outlook published (low double-digit growth/ medium single-digit percentage). The combined ratio (net/gross) for international property/casualty insurance was 95.0%, remaining at the lower end of the forecast range. At 11.2%, return on equity significantly exceeded the expectations for 2023 of around 8.5%.

Additional key figures

RETAIL INTERNATIONAL DIVISION BY LINE OF BUSINESS AT A GLANCE

EUR million	2023	2022	+/–
Insurance revenue	**7,099**	**5,337**	**33.0%**
Property/Casualty	6,516	4,936	32.0%
Life	583	402	45.2%
Insurance service result	**426**	**109**	**288.8%**
Property/Casualty	328	58	464.5%
Life	98	51	90.1%
Net insurance financial and investment result before currency effects	**368**	**232**	**58.6%**
Property/Casualty	350	221	58.1%
Life	21	16	32.1%
Other	–3	–5	47.3%

RETAIL INTERNATIONAL DIVISION BY REGION AT A GLANCE

EUR million	2023	2022	+/–
Insurance revenue	**7,099**	**5,337**	**33.0%**
of which Europe	4,353	3,437	26.7%
of which Latin America	2,746	1,901	44.5%
Insurance service result	**426**	**109**	**288.8%**
of which Europe	263	103	154.5%
of which Latin America	163	6	2,496.2%
Net insurance financial and investment result before currency effects	**368**	**232**	**58.6%**
of which Europe	270	150	80.4%
of which Latin America	102	88	16.7%
Operating profit/loss (EBIT)	**507**	**139**	**264.9%**
of which Europe	408	113	261.8%
of which Latin America	142	29	391.5%

Reinsurance

Property/Casualty Reinsurance

- 6.5% growth in insurance revenue (gross), adjusted for currency effects
- Trend towards rate increases in treaty renewal rounds continues at rapid pace in 2023
- Large loss expenditure within expected budget despite high loss claims frequency
- Combined ratio of 94.0%; operating profit down 26.6%

KEY FIGURES FOR THE REINSURANCE DIVISION – PROPERTY/CASUALTY REINSURANCE SEGMENT

EUR million	2023	2022	+/–
Insurance revenue	16,824	16,265	+3.4%
Insurance service result	848	801	+5.9%
Net insurance financial and investment result before currency effects	483	163	+196.0%
of which investment income	1,205	639	+88.8%
of which net insurance financial result before currency effects	–722	–475	+51.9%
Operating profit/loss (EBIT)	1,127	1,534	–26.6%

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%	2023	2022	+/–
Growth of insurance revenue (adjusted for currency effects)	6.5	n.a.[1]	–
Operating profit/loss (EBIT) in EUR million	1,127	1,534	–26.6%

[1] Calculation not possible as IFRS 9 and 17 not retrospectively applied until the 2022 financial year onwards.

Performance

Global property/casualty reinsurance markets were presented with numerous challenges in the financial year just ended. For example, numerous natural disasters and persistently high inflation weighed heavily on the sector as a whole.

In response, the trend towards a significant improvement in risk-adjusted prices and conditions continued in both primary insurance and reinsurance. The renewal rounds in 2023 marked a turning point for the sector as it shifted towards more adequate prices and better conditions. At the same time, demand for high-quality reinsurance cover began to rise. Overall, the renewals went well for us. We traditionally report price changes on a risk-adjusted basis, i.e. higher rates of inflation and model adjustments are already adjusted here.

In natural catastrophe business, we maintained our profit-driven underwriting policy. Our risk appetite for natural disaster coverage increased at a lower rate in the original currency than premium growth in the Property/Casualty Reinsurance segment.

Insurance revenue

Thanks to an underwriting approach that focuses on quality, the contractual service margin (CSM) from new business rose by a significant 29.7% to EUR 2,368(1,825) million. The net loss component from new business declined to EUR 40 (236) million.

Insurance revenue (gross) in the Property/Casualty Reinsurance segment increased by 3.4% to EUR 16.8 (16.3) billion. At constant exchange rates, the growth would have amounted to 6.5%.

Insurance service result

The 2023 financial year was shaped by a high frequency of medium-scale catastrophe losses. Net losses from large losses totalled EUR 1,621 (1,706) million in the financial year. This puts them within the expected budget for 2023 of EUR 1,725 million. We classify large losses as events for which we expect to pay out over EUR 10 million in gross claims and claims expenses.

The largest single losses included the major storms in Italy in July (net loss of EUR 313 million), the devastating earthquakes in Türkiye and Syria at the start of the year (EUR 270 million), Hurricane "Otis" in Mexico (EUR 142 million) and the forest fires in Hawaii (EUR 97 million). The major earthquake in Morocco also had an impact of EUR 74 million. Tropical Cyclone "Gabrielle" in New Zealand, floods in New Zealand at the start of the year and major storms and flooding in Australia at the end of the year resulted in losses of EUR 67 million, EUR 47 million and EUR 44 million respectively.

Unrest in France also incurred further expenses of EUR 48 million. The Asia-Pacific region also saw further pandemic-related effects in the casualty and health insurance business, although these were in line with expectations and far lower than in the prior year.

The insurance service result (net) rose by 5.9% to EUR 848 (801) million. The prior-year result included provisions for services in connection with the war in Ukraine. Despite the significantly higher confidence level in the loss reserve in 2023, the combined ratio improved to 94.0% (94.5%).

Net insurance financial and investment result before currency effects

Investment income in the Property/Casualty Reinsurance segment increased by 88.8% to EUR 1,205 (639) million. Realised gains/losses for the prior year were exceptionally low in the IFRS 9 presentation as the realisation of high gains from our private equity portfolio under IFRS 9 was not reflected in the statement of income. The insurance financial result, adjusted for currency effects, amounted to EUR –722 (–475) million.

Operating profit and net investment income

Operating profit (EBIT) fell by 26.6% to EUR 1,127 (1,534) million, lower than our EBIT target for the Property/Casualty Reinsurance segment of EUR 1.6 billion. In the fourth quarter in particular, EBIT was considerably impacted by the increase in provisions in Property/Casualty Reinsurance described above, which resulted in a far greater increase in confidence levels for the reserves than originally planned.

Comparison of actual performance with the 2023 forecast

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%	2023	Forecast for 2023 from the 2022 Annual Report
Growth of insurance revenue (adjusted for currency effects)	6.5	moderate growth
Operating profit/loss (EBIT)[1] in EUR billion	1.1	1.6

[1] The forecast was adjusted to "≥EUR 1,6 billion" during 2023.

Insurance revenue (gross) in the Property/Casualty Reinsurance segment rose by 6.5% adjusted for currency effects. At EUR 1,621 million, the impact of large losses remained within the expected budget for the financial year of EUR 1,725 million. Operating profit amounted to EUR 1.1 billion, falling short of the EUR 1.6 billion forecast.

Life/Health Reinsurance

- Insurance revenue (gross) rose by 1.6% adjusted for currency effects to EUR 7.6 billion.
- Contractual service margin (CSM) from new business of EUR 359 million
- Continued high customer demand for longevity cover and financial solutions
- Operating profit rose to EUR 864 million

KEY FIGURES FOR THE REINSURANCE DIVISION – LIFE/HEALTH REINSURANCE SEGMENT

EUR million	2023	2022	+/–
Insurance revenue	7,633	7,752	–1.5%
Insurance service result	810	535	+51.3%
Net insurance financial and investment result before currency effects	258	250	+3.3%
of which investment income	416	358	+16.4%
of which net insurance financial result before currency effects	–158	–108	–46.6%
Operating profit/loss (EBIT)	864	642	+34.4%

MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

%	2023	2022	+/–
Growth of insurance revenue (adjusted for currency effects)	1.6	n.a.[1]	–
Operating profit/loss (EBIT) in EUR million	864	642	+34.4%

[1] Calculation not possible as IFRS 9 and 17 not retrospectively applied until the 2022 financial year onwards.

Performance

All areas of Life/Health Reinsurance enjoyed consistently high customer demand in 2023. Our business was again shaped by the trend of stiff competition on global life/health reinsurance markets in the reporting period.

We reported significant new business in financial solutions, especially in the US and China.

There were similar trends in longevity cover, with volumes picking up in the UK, Canada and Australia. High local capital requirements for this kind of business continue to drive reinsurance coverage at primary insurers and pension funds.

The traditional reinsurance business for mortality and morbidity risks performed well in regions including Latin America and countries such as Italy, France and Spain.

The COVID-19 pandemic no longer had a material negative impact on our business in 2023. Compared to the prior year, this had a particularly positive effect on net income in mortality business.

Insurance revenue

Good demand for our coverage resulted in a decline of 34.1% in the contractual service margin (CSM) from new business to EUR 359 (545) million. The net loss component from new business was EUR 14 (4) million. In addition, contract renewals/amendments in portfolio business increased the net contractual service margin (CSM) by 9.0% million to EUR 5,950 million.

Insurance revenue in the Life/Health Reinsurance segment came to EUR 7.6 (7.8) billion; adjusted for currency effects, growth would have amounted to 1.6%.

Insurance service result

The insurance service result (net) improved to EUR 810 (535) million.

Net insurance financial and investment result before currency effects

Net investment income in the Life/Health Reinsurance segment increased by 16.4% to EUR 415 (358) million. This includes income of EUR 13.5 (87) million from extreme mortality coverage. The net insurance financial result, which reflects the reversal of discounting recognised in prior years, fell from EUR –108 million to EUR –158 million.

Operating profit

Operating profit (EBIT) rose by 34.4% to EUR 864 (642) million, exceeding our EBIT target for the Life/Health Reinsurance segment of EUR 750 billion.

Comparison of actual performance with the 2023 forecast

MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

%	2023	Forecast for 2023 from the 2022 Annual Report
Growth of insurance revenue (adjusted for currency effects)	1.6	moderate growth
Operating profit/loss (EBIT)[1] in EUR million	864	750

[1] The forecast was adjusted to "≥ EUR 750 million" during 2023.

Insurance revenue growth of EUR 1.6 billion was within the expected range in the reporting period. Meanwhile, at EUR 864 million, operating profit far exceeded the forecast, which was adjusted during the year.

Reinsurance Division as a whole

MANAGEMENT METRICS FOR THE REINSURANCE DIVISION AS A WHOLE

%	2023	2022	+/–
Growth of insurance revenue (adjusted for currency effects)	4.9	n.a.[1]	–
Return on equity	19.4	8.4	+11.1 ppts

[1] Calculation not possible as IFRS 9 and 17 not retrospectively applied until the 2022 financial year onwards.

Insurance revenue (adjusted for currency effects) grew by 4.9%. Return on equity rose by 11.1 percentage points to 19.4% (8.4%). Group net income in the Reinsurance Division amounted to EUR 917 (392) million.

Comparison of actual performance with the 2023 forecast

MANAGEMENT METRICS FOR THE REINSURANCE DIVISION AS A WHOLE

%	2023	Forecast for 2023 from the 2022 Annual Report
Growth of insurance revenue (adjusted for currency effects)	4.9	≥ 5% for Property/Casualty Reinsurance and Life/Health Reinsurance as a whole
Return on equity[1]	19.4	above minimum target

[1] 1,000 basis points above the five-year average for ten-year German government bonds.

At 4.9%, insurance revenue growth in the Property/Casualty and Life/Health Reinsurance segments was lower than the guidance for 2023. The equity item in the Reinsurance Division remained very solid, as measured by the capital adequacy ratio which is still far higher than the thresholds. Return on equity increased to 19.4%, far higher than forecast.

Corporate Operations

- Insurance revenue from intragroup takeovers rises to EUR 965 (849) million
- Insurance service result stable at EUR 27 (24) million
- Investments for own risk in the Group up 6% at EUR 135 billion

The Group's reinsurance specialists

Insurance revenue from intragroup takeovers in the Corporate Operations segment amounted to EUR 965 (849) million in 2023 and resulted from reinsurance cessions in the Industrial Lines, Retail Germany and Retail International Divisions. The insurance service result in the Corporate Operations segment was stable in 2023 at EUR 27 (24) million. High loss expenditures, including for the hailstorm in Italy (around EUR 25 million) and the earthquake in Türkiye (around EUR 19 million), caused the large loss budget to be exceeded. However, this was offset by existing provisions and higher interest rates.

The Group's investment specialists

In cooperation with its subsidiary Ampega Investment GmbH, Ampega Asset Management GmbH is chiefly responsible for handling the management and administration of the Group companies' investments and provides related services such as investment accounting and reporting. The Group's investments for own risk increased to EUR 135 (127) billion compared to the end of 2023. All divisions saw an upturn. The Ampega companies together accounted for a total of EUR 57 (45) million of the segment's operating profit in the 2023 financial year.

As an investment company, Ampega Investment GmbH manages retail and special funds and provides financial portfolio management services for institutional clients. It focuses on portfolio management and investment administration. The total volume of assets managed at Ampega Investment GmbH rose by 13% against the figure at the beginning of the year to EUR 47.1 (41.7) billion. At EUR 13.1 (12.7) billion, slightly less than one third of the total volume is managed on behalf of Group companies using special funds and direct investment mandates. Of the remainder, EUR 24.0 (20.2) billion was attributable to institutional third-party clients and EUR 10.0 (8.8) billion to the retail business. The latter is offered not only through the Group's own distribution channels and products such as unit-linked life insurance, but also via external asset managers and banks.

Operating profit

The operating profit in the Corporate Operations segment improved to EUR 26 (17) million in 2023. A stable insurance service result and positive currency effects contributed to this. Group net income attributable to shareholders of Talanx AG for this segment in 2023 amounted to EUR –87 (–107) million after taxes and financing costs and includes EUR 12 million in extraordinary tax expenses for prior years. By contrast, impairment of trade tax loss carryforwards in the amount of EUR 35 million was taken into account in the 2022 annual financial statements.

Assets, liabilities and financial position

Assets and liabilities

- Total assets up EUR 10.9 billion to EUR 169.3 billion
- Investments account for 87% of total assets

ASSET STRUCTURE

EUR million	2023		2022[1]	
Intangible assets	2,393	1%	1,472	1%
Insurance contracts assets	1,049	1%	1,444	1%
Reinsurance contracts assets	7,074	4%	7,492	5%
Investments for own risk	135,390	80%	127,345	80%
Investments for the benefit of life insurance policyholders who bear the investment risk	12,478	7%	11,266	7%
Cash at banks, cheques and cash-in-hand	5,102	3%	3,592	2%
Deferred tax assets	1,358	1%	1,224	1%
Other assets	4,483	3%	4,110	3%
Non-current assets and assets of disposal groups classified as held for sale	20	0%	534	0%
Total assets	**169,347**	**100%**	**158,479**	**100%**

[1] Adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.

Significant changes in the asset structure

The EUR 10.9 billion rise in our total assets to EUR 169.3 billion is attributable primarily to the increase in investments for own risk (up EUR +8.0 billion). Non-current assets and assets of disposal groups classified as held for sale moved in the opposite direction (down EUR 0.5 billion).

Intangible assets of EUR 2,393 (1,472) million include capitalised goodwill of EUR 1,611 (1,020) million and other intangible assets of EUR 782 (452) million. The increase in goodwill results from the acquisitions in the reporting period of the companies Liberty International Brasil Ltda, São Paulo, Brazil (Liberty), (EUR +445 million), Fiba Emeklilik ve Hayat A.Ş. Istanbul, Türkiye (renamed HDI Fiba Emeklilik ve Hayat A.Ş. Istanbul, Türkiye (Fiba), in January 2023) (EUR +28 million) and HDI Seguros do Brasil S.A. (formerly Sompo Consumer Seguradora S.A.), São Paulo, Brazil (HDI Seguros do Brasil), (EUR +106 million). At EUR +214 million, the increase in other intangible assets of EUR 331 million essentially results from the above acquisitions and is mainly attributable to acquired sales networks and customer relationships (see also "Significant additions and disposals of consolidated subsidiaries and other changes under company law" in the Notes).

"Liabilities from insurance contracts issued" rose in line with the increase in "Investments for the account and risk of life insurance policyholders", which include investments for unit-linked insurance products. In the case of these life insurance products, for which the policyholders themselves bear the investment risk, the technical liabilities reflect the fair values of the corresponding investments.

As at the reporting date, EUR 20 million is reported under "Non-current assets and assets of disposal groups classified as held for sale", which essentially relates to a planned disposal of an insurance portfolio in the Industrial Lines segment. In the prior year, this item essentially included the assets of Magyar Posta Biztosító Zrt. and Magyar Posta Életbiztosító Zrt., Budapest, Hungary, of EUR 459 million (see also "Non-current assets and disposal groups held for sale" in the Notes).

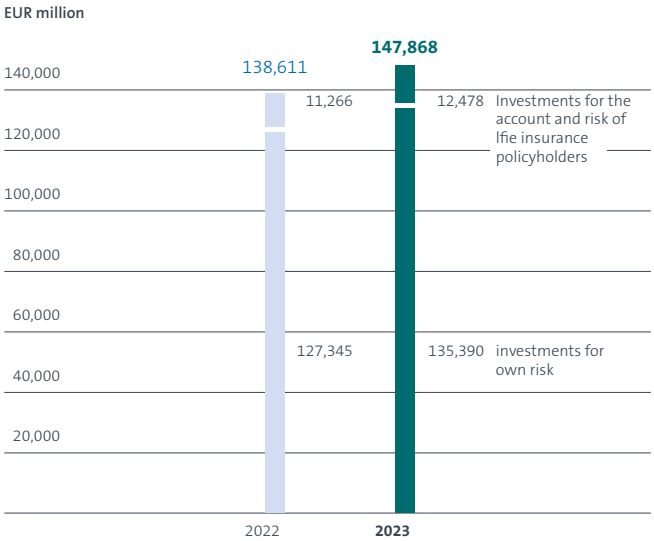
Asset management and objectives

The consequences of restrictive monetary policy, ongoing geopolitical tension and inflation, which is now in decline but still at an elevated level, slowed the momentum of the global economy in 2023 – but did not tip it into a recession.

The international capital markets performed well over 2023 against this difficult backdrop. The year ended with a rally on American and European stock markets. As the dynamics of inflation slowed and hope emerged for interest rate cuts in 2024, yields on government bonds declined again towards the end of the year. Yields on ten-year Bunds were at 2.04% at the end of 2023 (–0.52 percentage points). The euro climbed by 2.8% from USD 1.07 to USD 1.10 over the year as a whole.

Changes in investments

INVESTMENT PORTFOLIO



Investments for own risk rose significantly as at the end of 2023 by around 6.3% to EUR 135.4 (127.3) billion. Above all, this was thanks to the positive effects of inflows from operating activities, falling interest rates for euro investments at the medium and longer end and lower risk premiums on corporate bonds. Furthermore, there was an increase in investments thanks in part to acquisitions (EUR +998 million).

Investments for the account and risk of life insurance policyholders rose to EUR 12.5 (11.3) billion.

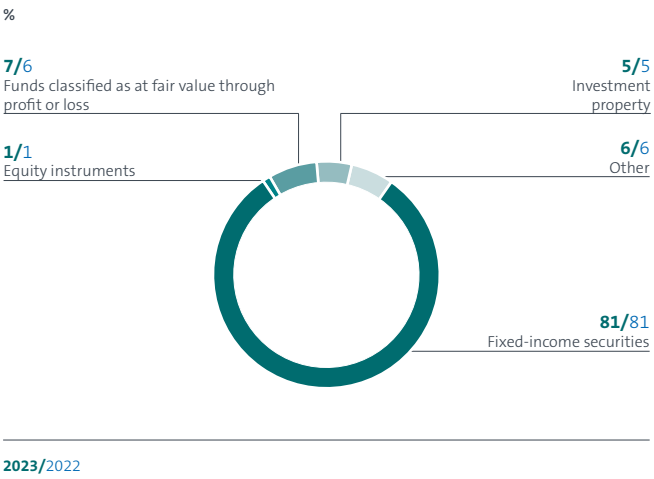
Debt instruments were again the most significant asset class in the past financial year. Reinvestments were mostly made in this asset class, taking the existing investment structure into account. The asset class contributed EUR 3.5 (3.1) billion to ordinary earnings, with the figure being almost totally reinvested in the reporting period.

A broad-based system designed to limit accumulation risk resulted in a balanced mix of investments.

Our investment activities are bounded by the Group's internal risk model and the individual companies' risk budgets. In accordance with our asset/liability management guidelines and the individual companies' risk-bearing capacity, we continued to optimise and improve the portfolios as part of individual company strategies.

The equity allocation ratio after derivatives (equity ratio of listed securities) was 1.2% (1.1%) at the end of the year.

INVESTMENT PORTFOLIO



BREAKDOWN OF ASSETS FOR OWN RISK BY ASSET CLASS

EUR million	2023		2022	
Investment property	6,230	5%	5,971	5%
Shares in affiliated companies and participating interests	1,105	1%	949	1%
Shares in associates and joint ventures	2,249	2%	2,263	2%
Financial instruments measured at cost	954	1%	857	1%
Financial instruments measured at fair value through other comprehensive income				
Debt instruments	107,687	80%	101,561	80%
Equity instruments	1,522	1%	1,265	1%
Financial instruments at fair value through profit or loss				
Debt instruments	1,429	1%	1,268	1%
Equity instruments	322	0%	311	0%
Derivatives (assets)	415	0%	593	0%
Funds classified as at fair value through profit or loss	8,906	7%	8,223	6%
Short-term investments	2,233	2%	1,897	1%
Investments related to investment contracts	1,971	1%	1,792	1%
infrastructure investments (other investments)	366	0%	394	0%
Investments for own risk	**135,390**	**100%**	**127,345**	**100%**
Derivatives (liabilities)	–276	12%	–430	19%
Liabilities related to investment contracts	–1,980	88%	–1,805	81%
Liabilities related to Investments	**–2,256**	**100%**	**–2,235**	**100%**

Debt instruments

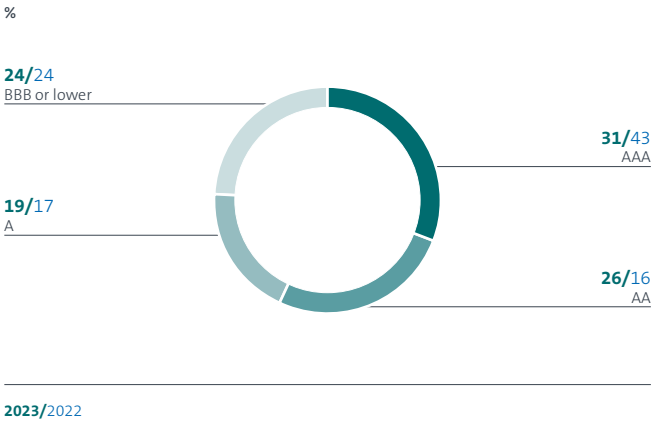
The portfolio of debt instruments rose by EUR 6.4 billion in 2023 to EUR 110.1 (103.7) billion as at the end of the reporting period. At 81% (81%) of total investments, this asset class represents the most significant share of our investments for own risk by volume. Debt instruments are divided into the "Financial instruments at amortised cost", "Financial instruments measured at fair value through other comprehensive income" and "Financial instruments measured at fair value through profit or loss" categories. In accordance with the business model, the Group holds only a small portfolio of financial instruments measured at amortised cost.

"Financial instruments measured at fair value through OCI" accounted for 98% (98%) of the total portfolio of debt instruments and increased by EUR 6.1 billion to EUR 107.7 (101.6) billion. Government bonds, corporate bonds, German covered bonds (Pfandbriefe) and other similar bonds accounted for the majority of these investments. Valuation reserves recognised in other comprehensive income – i.e. net unrealised gains and losses – amounted to EUR –10.9 (–15.5) billion. After the sharp rise in interest rates in the prior year, rates declined at the end of the reporting period for EUR and USD, especially for medium and longer-term maturities. This essentially resulted in a decline in unrealised gains for debt securities.

The "Debt instruments measured at fair value through profit or loss" contained primarily corporate bonds. Total holdings in debt instruments in this category amounted to EUR 1.4 (1.3) billion as at the end of the year, or 1% (1%) of total holdings in the debt instrument asset class.

Investments made in debt instruments continued to focus on highly rated government bonds or securities from issuers with a similar credit quality as at the reporting date. Holdings of AAA-rated debt instruments amounted to EUR 34.5 (44.3) billion as at the reporting date. The decline in AAA-rated investments, with an opposing increase in AA-rated debt instruments, was essentially due to the downgrade of the United States of America. The Group holds a corresponding exposure in US Treasuries on account of its international nature.

RATING STRUCTURE FOR FIXED-INCOME SECURITIES



The Talanx Group pursues a comparatively conservative investment policy. As a result, 76% (76%) of the debt instruments are rated A or higher. The Group has only a small portfolio of investments in government bonds from countries with a rating lower than A–. On a fair value basis, this portfolio amounts to EUR 5.7 (5.5) billion and therefore corresponds to a share of 4.2% (4.3%) of investments for own risk.

Equities and equity funds

As part of diversification, the Talanx Group also invests in equities. As at the end of the reporting period, the size of the equities portfolio rose slightly to around EUR 1.6 (1.4) billion.

The share of "Equities measured at fair value through other comprehensive income" with a portfolio of EUR 1,519 (1,262) billion saw a EUR 146 million increase in net valuation reserves to EUR 188 (42) million. This increase is partially a result of the significant recovery of the stock markets as at the end of the year. These valuation reserves are recognised in equity and cannot be subsequently recycled to the statement of income.

Real estate including shares in real estate funds

The investment property portfolio totalled EUR 6.2 (6.0) billion as at the reporting date. An additional EUR 1.8 (1.9) billion is held in real estate funds, which are reported under financial instruments as "Funds classified as at fair value through profit or loss".

This rise reflects our increasing involvement in this area. Depreciation of EUR 62 (54) million was recognised on investment property in the reporting period. Impairment losses amounted to EUR 79 (19) million as a result of global pressure in the reporting period on market values in the commercial real estate segment, which is key to the Group. The Group has taken this into account by recognising impairment losses on some directly held properties. The Group was not affected by the disruption triggered by the insolvency of the Signa Group, which mainly operated in German-speaking countries.

The Germany-wide transaction volume for direct real estate investments was only around EUR 31.7 billion in 2023, down by around 52% as against the prior year. Accounting for the largest share of the total German volume at 17% in 2022, the office investment market reported a transaction volume of around EUR 5.2 billion in 2023. The frontrunner among the asset classes is the living segment with a transaction volume of around EUR 9.2 billion (29% of the total volume), followed by logistics (23% of the total volume). Aggregate net initial yields at Germany's top seven real estate locations have continued to rise significantly since the end of 2022: office +98 basis points, currently at 4.29%, living +73 basis points, currently at 3.71% and logistics +48 basis points, currently at 4.41%. Smaller transactions of not more than EUR 70 million, which predominantly entail equity investments, are the most active market segment. The ongoing increase in the prime rate led to a significant decline in debt capital investors.

Investors are still focused on real estate in prime locations or the big seven cities that complies with ESG regulations.

The effects of rising interest rates continued to be keenly felt on the international real estate markets in 2023. The rise in bond yields triggered by the reversal of interest rates has reduced yield spreads between real estate and bond yields compared to the last ten to 15 years. In turn, this led to elevated yield expectations of real estate in 2023, bringing pressure to bear on property values. At the same time, this trend has left the transaction markets very dry, with buyers and sellers having difficulty reaching an agreement on prices at present. The global real estate transaction volume has fallen by around 23% year-on-year as at the end of the reporting period.

Meanwhile, developments on the rental markets are dominated by economic doldrums and fears of a recession. In particular, office markets in the United States are experiencing high pressure as a result of the consequences of the COVID-19 pandemic (working from home) on top of the economic factors. Fundamental trends such as take-up and rent development are still positive on the global logistics markets, albeit at a lower level than last year.

Despite this overall sluggishness on the international real estate markets, the indirect real estate portfolio managed by Ampega proved relatively robust. While the portfolio was generally confronted by declines in value in the low single-digit percentage range, this was partially compensated by distributions. The portfolio benefited from its broad diversification as well as a variety of leases protected against inflation. Furthermore, funds with an active management approach in particular continued to add value in spite of the changes in the interest landscape. The infrastructure portfolio was even more resilient and the portfolio as a whole reported slight increases in value in 2023. As declines in value on real asset markets frequently take significantly longer compared to liquid assets, further corrections in the course of 2024 cannot be ruled out and will largely depend on the macroeconomic environment. Nevertheless, the portfolio has a robust positioning moving ahead thanks to its broad diversification in line with sectoral, geographical and strategic considerations.

Infrastructure investments

Infrastructure projects are a key component of our investments overall. The Talanx Group currently has around EUR 1.6 (1.3) billion invested in direct and indirect infrastructure projects. The infrastructure investment asset class proved highly resilient in light of market fluctuations caused by energy price volatility and inflation and remained so in 2023. Values are stable overall essentially because the assets in question address the public's basic needs and so demand is inelastic. In addition, many projects generate income that is guaranteed by regulations (e.g. feed-in fees for renewable energy). This constitutes another stabilising element and reduces risk for investors.

At the same time, the projects are a good fit for an insurer's long-term investment horizon. Our affinity for long maturities and our expertise in this area allow us to leverage illiquidity, complexity and duration premiums. As a result, these carefully selected projects offer attractive returns for an acceptable level of risk. At present, our diversified infrastructure portfolio includes, among other things, finance for wind farms and solar farms, power grids, utilities, transport projects, data centre and fibre optic providers and public-private partnership (PPP) projects in Germany and other countries in Europe. Talanx expanded and diversified its infrastructure portfolio in 2023, including through rail transport, fibre optic expansion, data centres, hydropower and recycling with more than EUR 225 million in new commitments. Direct infrastructure investments are also planned for the future, with a volume per project of between EUR 20 million and EUR 100 million and an investment horizon of five to 30 years. Indirect infrastructure facilities also performed well.

Other alternative investments

The Group has a long-term, broadly diversified private equity portfolio: The portfolio is dispersed worldwide over many sectors and financing phases and has been established and continuously further developed in the Talanx Group for decades. The fund portfolio enjoys exclusive market access and generates consistently high income. After increases in value and above-average profit distributions in the prior year, the private equity portfolio consolidated slightly but remained stable, with still significant, albeit lower, distributions. Healthy quality companies in particular are still easy to sell in the current market environment. For other portfolio companies, however, an exit is currently more difficult and many private equity managers are choosing to hold these companies in the portfolio for longer. They are generally to be sold only under more favourable general conditions. This tends to result in lower internal rates of return for the investments (with the same multiples). The market environment continues to be characterised by increased inflation, elevated interest rates and high liquidity. There is an emerging trend of higher equity shares in generally smaller transactions owing to high financing costs. While realisations are losing momentum at present, private equity managers are taking advantage of declining measurements to make promising new investments. We therefore assume further potential for value added in the medium to long term, and we also anticipate an improvement in the exit situation if initial steps towards an interest rate cut are taken in the course of the year.

Net investment income

CHANGES IN NET INVESTMENT INCOME

EUR million	2023	2022
Ordinary investment income	4,788	4,339
of which current income from interest	3,531	3,072
of which current income from investment fonds	328	468
of which income from real estate	429	432
of which income from investment contracts	240	182
Realised net gains on disposal of investments	–573	–680
Gain/losses from fair value changes	–166	–563
Expenses from investment contracts	–244	–178
Depreciation on and impairment losses/reversals of impairment losses on investments	–192	–215
Other investment expenses	–378	–361
Net investment income for own risk	**3,235**	**2,342**
Net investment income for the account and risk of life insurance policyholders	1,414	–1,566
Net investment income	**4,649**	**776**

The net investment income for own risk amounted to EUR 3,235 (2,342) million in the past financial year and was thus higher than the figure in the prior year. The annualised net return on investment for investments for own risk increased to 2.5% (1.7%).

Current income from interest increased sharply by EUR 459 million on the prior year to EUR 3,531 (3,072) million. As well as real portfolio growth for our debt instruments, this also reflects higher income from our short-term investments. This rise reflects an inflow of liquidity and the fact that our portfolios are already benefiting from higher interest rates. The lower amortisation result from inflation-linked bonds, which was EUR 245 (552) million in the reporting period, was more than compensated by higher interest income. This reflects the reduced inflation expectations compared to the prior year. Income from investment funds was also lower year-on-year.

Total realised net gains on the disposal of investments were higher than the prior-year figure, at EUR –573 (–680) million. This was as a result of active portfolio turnover in all segments in order to benefit from high interest moving ahead. With higher losses on realisation in the prior year, the disposal of debt instruments in conjunction with the turnover of the loan portfolio to boost interest income in the medium term and the liquidity position in the Reinsurance Division also had a noticeable impact. In accordance with IFRS 9, the prior year's gains offsetting this from the private equity portfolio in this division were not shown in the statement of income and were instead recognised directly in equity.

The result of changes in fair value was negative at EUR –166 (–563) million as at the end of the year, but improved significantly by EUR 397 million year-on-year. In particular, there were positive changes in market value as against the prior year in our debt instruments held directly and through funds. This was countered by changes in the market value of alternative investment funds, mainly in the real estate sector, and in our direct real estate portfolio.

Total depreciation and amortisation in the reporting period came to EUR 192 (215) million. EUR 94 (87) million of this related to depreciation on directly held real estate (EUR 62 (54) million) and infrastructure investments (EUR 32 (34) million).

In addition to this depreciation, there were also impairment losses of EUR 79 (19) million (see above).

The addition to provisions for expected credit losses (ECLs) to be recognised in accordance with IFRS 9 declined by EUR 108 million to EUR –24 (–132) million through profit or loss. Above all, this was due to the default on debt instruments of an issuer in the Chinese real estate sector.

Net income from investments for the account and risk of life insurance policyholders, which is attributable exclusively to policyholders, improved by a substantial EUR 2,980 million to EUR 1,414 (–1,566) million thanks to positive capital market developments. The offsetting item can be found under net insurance financial result with the inverse sign.

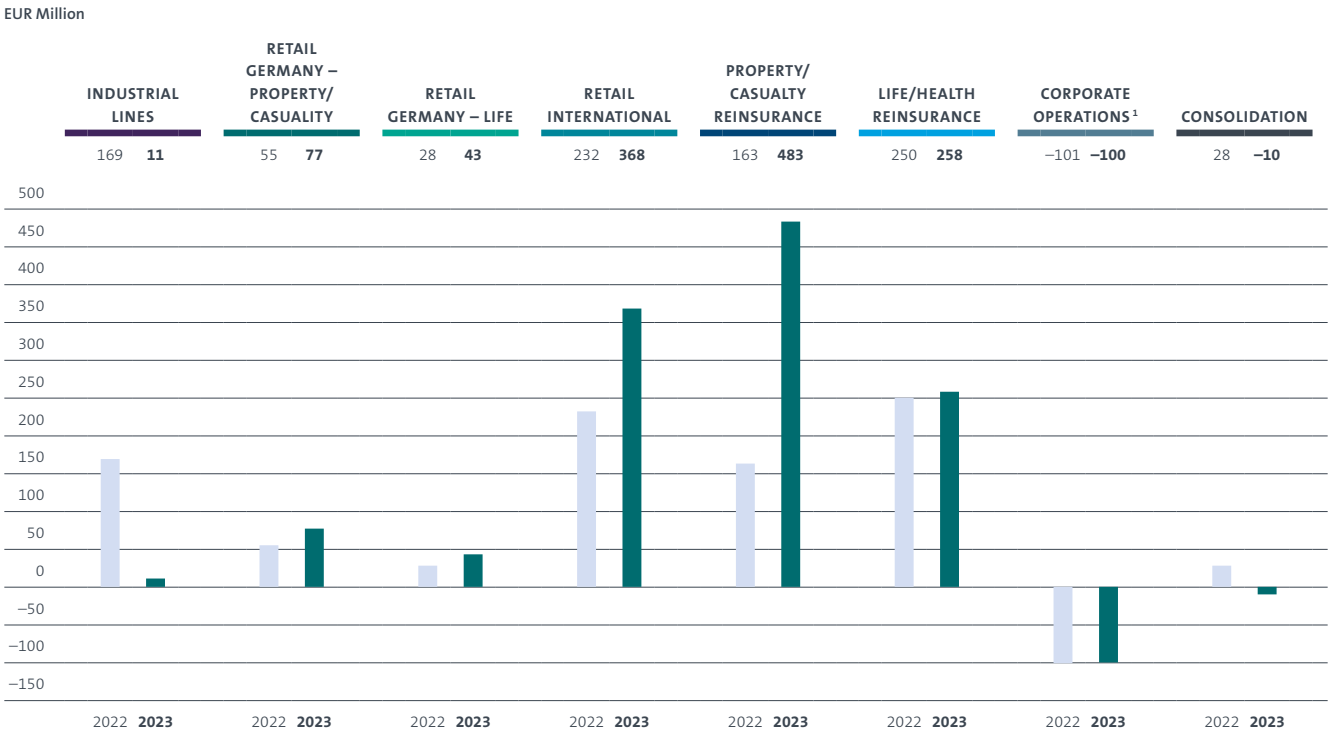
Net insurance financial and investment result before currency effects

As well as the EUR 893 million increase in net investment income from investments for own risk to EUR 3,235 (2,342) million, income from unit-linked insurance contracts attributable to policyholders also improved by EUR 2,980 million. Net investment income thus climbed to EUR 4,649 (+776) million overall, while the net insurance financial result before currency effects declined by EUR 3,568 million to EUR –3,519 (+49) million. This decrease is attributable to the EUR 573 million increase in expenses from unwinding discounts on insurance obligations due to higher interest rates (EUR –1,289 million; 31 December 2022: EUR –716 million) and the EUR 2,995 million increase in policyholder participation in positive net investment result, including net income from unit-linked life insurance (EUR –2,230 million; 31 December 2022: EUR +765 million).

Overall, the net insurance financial and investment result before currency effects thus increased by EUR 306 million to EUR 1,130 (824) million.

Further information can be found in Note 28 "Net investment income" and Note 27 "Net insurance financial result" in the Notes to the consolidated statement of income.

NET INSURANCE FINANCIAL AND INVESTMENT RESULT BEFORE CURRENCY EFFECTS



[1] It is primarily the investment expenses of Ampega companies that are recognised in the Corporate Operations segment.

Currency effects

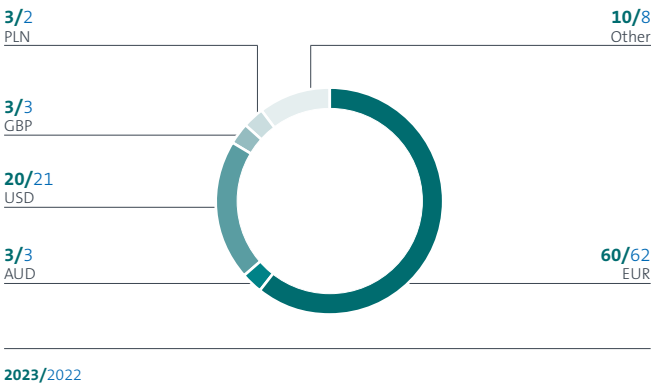
Given the international nature of the insurers in the Group, which is a result of our business model, there are currency-related interdependencies between our assets, liabilities and financial position.

As a general rule, our international insurers receive payments and pay claims in their respective national currencies. This means that assets are also held in foreign currencies (currency matching). Please see the disclosures in our risk report for further details. For the purposes of the consolidated financial statements, the exchange rates for key currencies are presented in the "Summary of significant accounting policies – Exchange differences on translating foreign operations" section of the Notes.

As far as matching currency cover is concerned, US dollar-denominated investments continue to account, virtually unchanged, for the largest share of the Talanx Group's foreign currency portfolio, at 20% (21%). Sizeable exposures – amounting to 9% (8%) of total investments – are also held in pound sterling, Polish zloty and Australian dollars. The total share of investments for own risk in foreign currencies was 40% (38%) as at the reporting date.

Our investments for own risk comprise the following currencies:

INVESTMENTS



Financial position

Capital structure analysis

- Equity was up by EUR 2.5 billion on the prior year at EUR 16.8 billion
- Insurance contract liabilities rose by EUR 7.7 billion to EUR 130.3 billion

CAPITAL STRUCTURE

EUR million	2023		2022[1]	
Equity	16,793	10%	14,332	9%
Subordinated liabilities	5,262	3%	5,009	3%
Insurance contract liabilities	130,264	77%	122,606	77%
Reinsurance contract liabilities	737	0%	564	0%
Other provisions	3,573	2%	3,092	2%
Liabilities	10,423	6%	10,130	6%
Deferred tax liabilities	2,271	1%	2,296	1%
Liabilities included in disposal groups classified as held for sale	25	0%	450	0%
Total equity and liabilities	**169,347**	**100%**	**158,479**	**100%**

[1] Adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.

Significant changes in the capital structure

Overall, net technical provisions (i.e. the balance of assets and liabilities from insurance/reinsurance contracts) rose by 7.6% or EUR 8.6 billion year-on-year to EUR 122.9 (114.2) billion. This increase related to the liability for incurred claims (EUR +5.6 billion) and the liability for remaining coverage (EUR +3.1 billion). The increase in the liability for incurred claims essentially results from the Property/Casualty Reinsurance and Industrial Lines segments, while the increase in the liability for remaining coverage essentially results from the Retail Germany – Life and Property/Casualty Reinsurance segments. The acquisitions of Fiba (EUR +13 million), HDI Seguros do Brasil (EUR +157 million) and Liberty (EUR +419 million EUR) increased the liability for remaining coverage by EUR 589 million in total. The technical provisions shown are comfortably covered by our investments.

The Group's contractual net service margin rose by EUR 1.1 billion to EUR 10.7 (9.6) billion and the overall net risk adjustment by EUR 0.2 billion to EUR 5.1 (4.9) billion. EUR 7.7 (6.6) billion of the contractual net service margin can essentially be attributed to the Reinsurance Division and EUR 2.6 (2.6) billion to the Retail Germany Division.

As at the reporting date, EUR 25 million is reported under "Liabilities included in disposal groups classified as held for sale", which relates to liabilities in an insurance portfolio in the Industrial Lines segment. In the prior year, this item essentially included the liabilities of Magyar Posta Biztosító Zrt. and Magyar Posta Életbiztosító Zrt., Budapest, Hungary, of EUR 406 million (see also "Non-current assets and disposal groups held for sale" in the Notes).

Off-balance-sheet transactions

Information on contingent liabilities can be found in the "Other disclosures – contingent liabilities and other financial commitments" section of the Notes.

Asset/liability management (ALM)

The structure of our technical provisions and other liabilities is at the heart of the Group's investment strategy. The focus here is on asset/liability management: as far as possible, investment-market induced changes in the value of our investments should match the changes in our technical liabilities and should meet our liability-side requirements. This keeps our exposures stable in the face of capital market volatility.

In line with this, we mirror key features of our liabilities such as their maturity, currency structure and sensitivity to inflation, by investing where possible in assets that behave in a similar way. For further information, please also see our disclosures in the risk report on page 118ff.

The effective duration of the Talanx Group's fixed-income securities is 6.9 (7.1) as at the end of the reporting period. Effective duration is a measure of the interest rate sensitivity of the present value of assets/liabilities that takes the options into account. The larger the value, the greater the interest rate sensitivity is. Within the individual segments, duration is managed in line with underwriting business requirements, as described above. For example, the effective duration of the investments in the Retail Germany Division at 11.3 (11.5) years is relatively long compared with that of the Industrial Lines Division at 4.0 (4.2) years. This reflects the particular length of the capital commitment period in the case of life insurance products. The insurance providers and Ampega Asset Management GmbH liaise regularly to coordinate asset-side duration and liability-side requirements.

We also use derivative financial instruments to manage our assets as effectively as possible. For further information, please see Note 14 in the Notes to the consolidated balance sheet.

Capital management process

CAPITAL MANAGEMENT PROCESS

Effective, efficient capital management is a core component of the Group's integrated management tools for the optimisation of capital employed. In doing so, we differentiate between the HDI Group's regulatory perspective and the Talanx Group's economic perspective. We distinguish between the following capital concepts:

- Basic own funds
- Solvency capital required

The term "basic own funds" refers to the economic capital available in a business unit. These funds represent the surplus of assets over liabilities in the solvency balance sheet. They differ from equity under the IFRSs (adjusted for intangible assets) in that they disclose unrealised gains and losses on assets or liabilities after taxes, hybrid capital and surplus funds. For regulatory purposes, the HDI Group uses the concept of "eligible own funds". In particular, these differ from the Talanx Group's basic own funds in that they include HDI V. a. G.'s own funds and deduct the basic own funds in excess of the solvency capital required that are attributable to non-controlling interests ("haircut").

Solvency capital required is the amount of capital needed to operate the insurance business. It is calculated for supervisory purposes (Solvency 2) using a confidence level of 99.5% for a one-year period. In the case of the HDI Group, the capital required for this purpose is determined using the approved internal capital model. The Talanx Group's solvency capital required differs from that of the HDI Group in that it accounts for pension plans differently and excludes HDI V. a. G. on account of the different consolidated group.

The ratio of basic own funds to solvency capital required is an indicator of capital adequacy. The confidence level applied under the Talanx Group's risk strategy exceeds the level required by supervisory law (confidence level of 99.5%, 200-year shock).

The target corridor without transitional measures defined for the HDI Group's Solvency 2 ratio for supervisory law purposes is between 150% and 200%. The Talanx Group's minimum capital adequacy target from an economic perspective is 200%.

Talanx's primary capital management objective is to protect its financial strength and enhance its capital efficiency. In line with this, the Talanx Group systematically allocates capital in accordance with risk/return considerations and its target portfolio, above and beyond meeting its statutory and, as a secondary consideration, rating agencies' capital requirements (Standard & Poor's capital model requirements for an "AA" rating). Unneeded capital or liquidity is transferred to the holding company wherever possible. For example, if individual companies are significantly overcapitalised, capital management aims to systematically reduce the free excess capital and reinvest it more efficiently elsewhere within the Group. Our stated aim is to use our capital as efficiently as possible while at the same time ensuring excellent capital adequacy levels.

By optimising the Group's capital structure, our capital management activities safeguard our capital resources, both from a ratings standpoint and from a solvency and economic perspective. Furthermore, they ensure that sustainable dividends are generated for shareholders, in keeping with Talanx's strategy. Going forward, our capital structure must continue to let us respond to organic and external growth opportunities at both Group and division level, and to offer the certainty that volatility on the capital markets and in the insurance business can be absorbed without undershooting our target confidence level. Talanx's efficient management of its capital resources is a strong signal to existing and potential investors that it uses the capital made available to it responsibly. Talanx AG monitors its subsidiaries' capital resources with the utmost diligence as part of its Group-wide capital management activities.

Another core objective is the judicious substitution of equity surrogates such as hybrid capital for equity, which has a positive impact on the Group's capital structure.

Equity

Equity ratio and return on equity

The equity ratio, defined as the ratio of total equity to total assets, and the return on equity changed as follows:

CHANGES IN THE EQUITY RATIO

EUR million	2023	2022[1]
Total equity	16,793	14,332
of which non-controlling interests	6,347	5,692
Total assets	169,347	158,479
Equity ratio	9.9%	9.0%

[1] Adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.

RETURN ON EQUITY

EUR million	2023	2022[1]
Group net income[1]	1,581	706
Return on equity[2]	16.6%	8.2%

[1] Adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.
[2] Net income excluding non-controlling interests.
[3] Ratio of net income excluding non-controlling interests to average equity excluding non-controlling interests.

Changes in equity

Equity rose by EUR 2,461 million – up 17% – to EUR 16,793 (14,332) million in the reporting period just ended.

Group equity (equity excluding non-controlling interests) rose by EUR 1,806 million to EUR 10,447 (8,640) million against 31 December 2022. This is partially due to net income, EUR 1,581 (706) million of which is attributable to our shareholders and which was allocated in full to retained earnings. It was offset by the EUR 507 (405) million dividend payment to the shareholders of Talanx AG in May of the reporting period. In addition, accumulated other comprehensive income (other reserves) increased by EUR +459 million to EUR –610 million in comparison to 31 December 2022. The change in other reserves essentially reflects the positive change in unrealised gains on investments (up EUR +2,686 million) and the opposite effect from the change in insurance finance income/expenses from insurance contracts issued (down EUR 2,100 million). The shift from unrealised losses on investments to unrealised gains is due essentially to the decline in interest in the reporting period. The first-time application of IFRS 17 and IFRS 9 has made the balance sheet more resilient to fluctuations in market value as it is now also shown that the market values of assets and liabilities sensitive to interest rates respond to changes in market interest rates oppositely. High interest rate volatil-

ity therefore has only a limited impact on our equity. Equity was further increased by EUR 297 million as a result of the capital increase performed in the reporting period.

Non-controlling interests increased by EUR 655 million (11.5%) to EUR 6,347 million. Net income attributable to non-controlling interests in the reporting period amounted to EUR 964 (1,196) million. The dividend payment to non-Group shareholders of EUR 432 (402) million mainly related to the Hannover Re Group.

EQUITY BY DIVISION INCLUDING NON-CONTROLLING INTERESTS

EUR million	31.12.2023	31.12.2022[1]
Division		
Industrial Lines	2,664	2,242
of which non-controlling interests	—	—
Retail Germany	1,527	1,511
of which non-controlling interests	65	56
Retail International	3,211	2,491
of which non-controlling interests	422	323
Reinsurance	10,981	9,919
of which non-controlling interests	5,982	5,469
Corporate Operations	–1,419	–1,689
of which non-controlling interests	—	—
Consolidation	–169	–140
of which non-controlling interests	–122	–156
Total equity	**16,793**	**14,332**
Group equity	10,447	8,640
Non-controlling interests	6,347	5,692

[1] Adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.

The negative figure reported by the Corporate Operations segment reflects Talanx AG's leverage. As the Group holding company, Talanx AG is responsible for Group financing in the area of primary insurance and for the companies in the Corporate Operations segment. In addition to increasing the holding company function, acquiring the reinsurance license in 2019 also expanded underwriting business, although the volume of this is not currently enough to offset the financing effects. The associated liabilities mainly relate to three subordinated bonds totalling EUR 1,996 (1,246) million, provisions for pensions of EUR 876 (859) million, notes payable of EUR 1,746 (2,311) million, liabilities from insurance contracts issued of EUR 1,135 (821) million and provisions for taxes of EUR 78 (72) million. These liabilities are matched on Talanx AG's balance sheet by liquid assets, assets from reinsurance contracts held, tax refund claims and, above all, the carrying amounts of its interests in its subsidiaries, which are eliminated against the proportionate equity for the latter in the consolidated financial statements.

Changes in unrecognised valuation reserves

The unrecognised valuation reserves shown in the following table have not been adjusted for technical liabilities. At EUR 0.6 (0.7) billion, valuation reserves are essentially attributable to investment property measured at amortised cost. Please refer to the information under "Notes to the consolidated balance sheet" concerning "Investment property", "Financial instruments measured at cost", "Fair value hierarchy – financial instruments", "Other assets", "Subordinated liabilities" and "Notes payable and loans".

EQUITY AND UNRECOGNISED VALUATION RESERVES

EUR billion	2023	2022[1]
Group equity	16.8	14.3
Unrecognised valuation reserves before taxes and non-controlling interests	0.9	1.6

[1] Adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.

Liquidity and financing

Talanx AG's cash inflows are primarily derived from dividends and profit and loss transfers from subsidiaries, as well as from equity and debt raised on the capital market. When coordinating capital requirements for the Talanx Group and the individual divisions, one of Talanx AG's core tasks is to optimise the Group's access to liquidity while minimising financing costs. Regular liquidity planning and an investment strategy aligned with liquidity requirements ensured that the Group was able to meet its payment obligations at all times. Moreover, a number of current account arrangements provide reliable access to internal Group funds, further enhancing the financial flexibility of both Talanx AG and the Talanx Group.

The Talanx AG bond with an interest rate of 3.125% that matured on 13 February 2023 was repaid in full in the amount of EUR 750 million. Group companies had held bonds with a nominal amount of EUR 185 million.

The EUR 250 million syndicated variable-rate credit line expired in the reporting period. The extension option was not exercised.

The EUR 500 million subordinated bond issued by Hannover Finance (Luxembourg) S.A. in 2012 was called and repaid at the earliest possible call date, 30 June 2023.

On 19 September 2023, Talanx AG partially utilised its authorised capital to perform a capital increase against cash contributions. Its equity was thus increased by EUR 297 million.

On 18 September 2023, Talanx AG drew down a EUR 750 million credit line in the form of a subordinated bond under the master agreement concluded with HDI V. a. G. in 2021. This credit line can be cancelled on a monthly basis and matures in 2026. EUR 750 million of the credit line had been drawn down as at the reporting date.

In addition to the funds resulting from the changes in equity described above and borrowing, we can also use our assets to cover provisions and liabilities. Various credit institutions have furnished us with guarantees in the form of letters of credit as surety for our technical liabilities. Further information on our liquidity management can be found in the "Liquidity risk" section of the risk report.

Debt analysis

Our subordinated bonds and other debt instruments are used to supplement our equity so as to optimise our cost of capital, and help to maintain adequate liquidity at all times. The following table provides an overview of the amortised costs of our borrowings.

CHANGES IN DEBT

EUR million	2023	2,022
Subordinated bonds issued by Hannover Finance (Luxembourg) S. A.	—	500
Subordinated bonds issued by Talanx AG	1,996	1,246
Subordinated bond issued by Hannover Rück SE	3,180	3,176
Subordinated loan taken out by HDI Assicurazioni S. p. A.	73	74
Subordinated loans HDI Global SE	13	13
Notes payable issued by Talanx AG	1,746	2,311
Notes payable issued by Hannover Rück SE	747	746
Mortgage loans taken out by HR GLL Central Europe GmbH & Co. KG	206	227
Mortgage loans taken out by Hannover Re Real Estate Holdings, Inc.	206	228
Loans from infrastructure investments	54	67
Mortgage loans taken out by Real Estate Asia Select Fund Limited	217	231
KOP4 GmbH & Co. KG mortgage loans	44	—
Hannover Rück SE loans	138	198
E+S Rückversicherung AG loans	31	43
Other	6	8
Total	**8,657**	**9,067**

Further information on borrowing and changes to it can be found in Note 17 and Note 22 of the "Notes to the consolidated balance sheet".

Analysis of the consolidated cash flow statement

The Group's cash flow is largely determined by its business model, which is typical for a primary insurance and reinsurance undertaking. We generally receive premiums in advance for risks we have taken on and only make payments later on in the event of a claim. Funds are parked in interest-bearing investments until they are needed so as to earn regular income. We therefore do not regard the cash flow statement as a substitute for liquidity planning or financial planning, and nor do we use it as a management tool.

CASH FLOW SUMMARY

EUR million	2023	2022
Cash flows from operating activities	8,095	5,876
Cash flows from investing activities	–5,029	–6,862
Cash flows from financing activities	–1,485	521
Net change in cash and cash equivalents	1,582	–465

Cash flows from operating activities are characterised chiefly by changes in cash flow from the insurance business and investment income, such as interest and dividends received. The increase reflects good operating business performance.

Cash outflow from investing activities was determined primarily by the purchase of financial instruments and cash inflow from the sale and maturity of financial instruments – in accordance with the company's investment policy, with particular emphasis on matching the currencies and maturities of technical liabilities.

Cash flows from financing activities were impacted primarily by dividend payments for the last financial year, interest paid on borrowings and the balance from taking up and repaying non-current liabilities, primarily bonds and the capital increases in the reporting period.

Cash and cash equivalents, which include cash at banks, cheques and cash-in-hand, and which also represent the total cash flows from operating activities, investing activities and financing activities, increased by EUR 1.5 billion overall year-on-year to EUR 5.1 (3.6) billion.

Group ratings

The Talanx Group and its companies again received very good ratings from international rating agencies Standard & Poor's (S&P) and AM Best in the reporting year. Generally, a distinction must be made between insurer financial strength ratings and issuer or counterparty credit ratings. The former primarily assess a company's ability to meet obligations to policyholders, while the latter rate its general credit quality.

Insurer Financial strength ratings

At the end of the reporting period, AM Best confirmed the Primary Insurance Group's financial strength rating, which was raised by one notch in the prior year, at A+ ("superior"). The systematic progress made by the Group in its earnings performance and risk management culture in recent years was cited as a key factor here. The outlook is still rated "stable". AM Best still rates the Hannover Re subgroup A+ ("superior") with a stable outlook. The rating agency justified the continuing very high rating on the grounds of its healthy earnings situation and excellent capitalisation.

S&P ratings for the subgroups Talanx Primary Insurance Group and Hannover Re were also unchanged compared to the prior year, as was the stable outlook. The financial strength rating for the Primary Insurance Group and its core companies was confirmed at A+, with S&P attesting to the Talanx Primary Insurance Group's particularly good financial risk profile. S&P also confirmed Hannover Re's rating of AA–, an extremely strong assessment compared to competitors. The S&P financial strength ratings for the individual subsidiaries also remained stable in the reporting period, and were therefore unchanged. The Group's financial strength ratings are now as follows:

FINANCIAL STRENGTH RATINGS FOR THE GROUP AND ITS SUBGROUPS

	Standard & Poor's		AM Best	
	Rating	Outlook	Rating	Outlook
Talanx Group [1]	—	—	A+	Stable
Talanx Primary Insurance Group [2]	A+	Stable	—	—
Hannover Re subgroup [3]	AA–	Stable	A+	Stable

[1] Definition used by AM Best: "HDI V. a. G. and its rated insurance subsidiaries".
[2] Subgroup of primary insurers including HDI V. a. G.; definition: "Talanx Primary Insurance Group". Corresponds to the Industrial Lines, Retail Germany and Retail International Divisions, including Talanx AG.
[3] Hannover Rück SE and its major core companies; corresponds to the Talanx Group's Reinsurance Division.

Issuer credit ratings

AM Best also confirmed Talanx AG's issuer credit rating at the end of the reporting period. Talanx AG's issuer credit rating thus remains aa– with a "stable" outlook. S&P's issuer credit rating for Talanx AG is also unchanged at A+, outlook "stable". This means that the rating agencies still consider Talanx AG's credit quality to be good (S&P) or excellent (AM Best).

ISSUER CREDIT RATINGS

	Standard & Poor's		AM Best	
	Rating	Outlook	Rating	Outlook
Talanx AG	A+	Stable	aa–	Stable
Hannover Rück SE	AA–	Stable	aa	Stable

In addition, there are various issuer ratings for bonds issued and/or guaranteed by Talanx AG. These ratings and all other issuer ratings for bonds and loans issued by Group companies are set out in the disclosures on the consolidated balance sheet under Note 17 "Subordinated liabilities" and Note 22 "Notes payable and loans" in the consolidated financial statements.

The financial strength ratings for our primary insurance subsidiaries can be found on Talanx AG's website, while detailed information about the ratings for Hannover Re and its subsidiaries is on Hannover Rück SE's website (www.hannover-re.com).

Talanx AG (condensed version in accordance with the HGB)

The annual financial statements and the management report for the financial year 2023, in the version in force at the reporting date, were prepared in accordance with the provisions of the German Commercial Code (HGB), the German Stock Corporation Act (AktG), the German Insurance Supervision Act (VAG) and the German Regulation on the Accounting of Insurance Undertakings (RechVersV).

Talanx AG – as a listed financial and management holding company – is responsible for managing the Group's subsidiaries. The Talanx statement of income is thus also shaped by income and expenses in connection with its affiliated companies and long-term equity investments. In addition, Talanx AG essentially underwrites property/casualty risks from Group companies as a reinsurer.

Net income for the financial year in accordance with HGB is a key management metric for Talanx AG as the distributable dividends are measured in accordance with net income for the financial year under HGB.

Financial performance

STATEMENT OF INCOME (HGB)

EUR million	2023	2022
Technical account		
Net income before equalisation reserve	–33	10
Change in equalisation reserve and similar reserves	–30	–29
Underwriting result for own account	**–63**	**–19**
Non-technical reserve		
Income from investments	1,029	815
Investment expenses	45	8
Other income	45	31
Other expenses	213	241
Non-underwriting result	**817**	**597**
Result from ordinary activities	**754**	**578**
Taxes	11	–0
Net income for the financial year	**743**	**579**

The underwriting result before the equalisation reserve came to EUR –33 (10) million in the reporting year. After a low level of losses in 2022, Talanx AG's large losses in the reporting period were considerably above budget, with the earthquake in Türkiye and a hail storm in Italy being key contributing factors in particular.

Performance in lines of business

INSURANCE BUSINESS AS A WHOLE

	2023		2022	
EUR million	Gross	Net	Gross	Net
Written premiums	1,618	457	1,151	257
Premiums earned	1,578	424	1,132	255
Expenses on insurance claims	1,069	346	863	167
Expenses for insurance operations	357	108	267	75
Underwriting result for own account	112	–63	–36	–19
%				
Expense ratio	67.7	81.5	76.2	65.7
Cost ratio	22.6	25.4	23.6	29.3
Combined ratio	90.4	106.9	99.8	95.0

GROSS PREMIUMS BY LINE OF BUSINESS

	2023		2022	
	EUR million	%	EUR million	%
All risk insurance	618	38.2	430	37.4
Engineering insurance	291	18.0	189	16.4
Other insurance	207	12.8	156	13.5
Liability insurance	161	9.9	113	9.8
Fire insurance	149	9.2	117	10.2
Motor vehicle insurance	104	6.4	95	8.3
Casualty insurance	56	3.4	30	2.6
Marine and aviation insurance	32	2.0	21	1.8
Total	**1,618**	**100.0**	**1,151**	**100.0**

All risk insurance

Gross premium income for all risk insurance came to EUR 618 (430) million, representing 38.2% (37.4%) of total premiums. As well as higher participation in contracts, the year-on-year rise resulted from significant price increases in reinsurance contracts in a hard reinsurance market. The gross loss ratio fell to 40.8% (66.0%) due to a reduced claims experience as well as positive run-off results. The gross underwriting result was EUR 226 (47) million. The positive gross underwriting result in this line was shaped by the lack of relevant large losses.

Engineering insurance

18.0% (16.4%) or EUR 291 (189) million of gross premiums can be attributed to engineering insurance. Premium increases were achieved through reorganisation measures in original business. The engineering insurance line was unable to maintain the prior year's good claims experience, with the underwriting result declining by a notable EUR –68 (6) million (gross) as a result. The gross loss ratio was 99.1% (60.9%).

Other insurance

Other insurance mainly comprises the other non-life insurance and other property insurance lines, which include the comprehensive householders, storm and legal protection classes. At EUR 207 (156) million, other insurance accounted for 12.8% (13.5%) of gross premiums. The gross loss ratio improved to 75.9% (107.6%), with a gross underwriting result of EUR –9 (–65) million.

Liability insurance

The liability insurance line's contribution was stable, at 9.9% (9.8%) of gross premiums. Gross premium income increased by 42.5%, from EUR 113 million in 2022 to EUR 161 million in 2023, as a result of premium adjustments. A gross loss ratio of 73.9% (71.9%) resulted in a gross underwriting result of EUR 30 (23) million. As in 2022, there were no significant large losses in 2023.

Fire insurance

Fire insurance gross premiums came to EUR 149 (117), representing a share of 9.2% (10.2%). The rise in gross premiums compared to the prior year essentially reflects an increase in the share of gross business attributable to participating interests. The gross loss ratio was 106.1% (128.6%), with a gross underwriting result of EUR –38 (–54) million.

Motor vehicle insurance

Gross premiums in motor insurance came to EUR 104 (95) million, representing a share of 6.4% (8.3%). The gross loss ratio increased slightly to 81.9% (78.0%), with a gross underwriting result of EUR –10 (–5) million.

Non-underwriting business

The balance of income and expenses from investments increased to EUR 984 (807) million. Net income from long-term equity investments included in this, resulting from income from long-term equity investments and income from profit and loss transfers from our subsidiaries, rose to EUR 945 (788) million in the financial year. HDI Deutschland AG reported a profit transfer of EUR 214 (140) million, HDI International AG of EUR 165 (126) million and HDI Global SE of EUR 128 (118) million. Higher income was again generated from other investments, primarily interest income on short-term investments and fixed-income securities.

The balance of other income and expenses was EUR –167 (–210) million, chiefly due to lower expenses for the company as a whole of EUR 77 (107) million on the back of lower pension expenses.

Net income for the financial year rose year-on-year to EUR 743 (579) million. After adding in the retained profit brought forward of EUR 658 (586) million, the distributable profit amounted to EUR 1,401 (1,164) million. The proposal for the appropriation of the distributable profit can be found in the Notes to the Group Annual Report.

Assets and liabilities

BALANCE SHEET STRUCTURE – ASSETS (HGB)

EUR million	31.12.2023	31.12.2022
Investments in affiliated companies and other long-term equity investments	9,831	8,632
Other investments	840	2,076
Funds withheld by ceding companies from business ceded for reinsurance	45	33
Receivables	1,461	933
Other assets	553	132
Total assets	**12,730**	**11,806**

As in previous years, Talanx AG's balance sheet is shaped predominantly by its role as a holding company and, on the assets side, largely by its interests in its subsidiaries, which are denominated in euros. The reinsurance business was also reflected in individual balance sheet items. Total assets rose by 7.8% to EUR 12,730 (11,806) million. Investments in affiliated companies and other long-term equity investments rose to EUR 9,831 (8,632) million, primarily due to higher loans to affiliated companies. The funds came largely from a reduction in fixed-income securities and bearer bonds, as well as lower short-term overnight money and term deposits at banks. Other investments thus declined to EUR 840 (2,076) million. Receivables increased to EUR 1,461 (933) million, mainly due to higher accounts receivable from reinsurance business. Other assets in the reporting period included higher cash at banks.

BALANCE SHEET STRUCTURE – EQUITY AND LIABILITIES (HGB)

EUR million	31.12.2023	31.12.2022
Equity	6,334	5,798
Subordinated liabilities	2,000	1,250
Technical provisions	852	572
Other provisions	1,140	1,162
Other liabilities	2,404	3,024
Total equity and liabilities	**12,730**	**11,806**

Talanx AG's capital structure and the composition of its liabilities primarily reflect its role as a holding company, a role which has been expanded to include the reinsurance business assumed in 2019. Equity amounted to EUR 6,334 (5,798) million. The increase of EUR 537 million was essentially due to the increase in capital reserves as well as distributable profit. This reflects the cash capital increase in the financial year with gross revenue of approximately EUR 300 million, which increased the free float and trading liquidity of shares and further consolidated Talanx AG's position in share indices.

Subordinated liabilities rose to EUR 2,000 (1,250) million as a credit line from HDI Haftpflichtverband der Deutschen Industrie V. a. G. was drawn down.

Technical provisions increased to EUR 852 (572) million in the financial year, primarily due to the higher level of the loss and loss adjustment expense reserve. Other provisions were on par with the prior year at EUR 1,140 (1,162) million.

The decrease in other liabilities to EUR 2,404 (3,024) million was essentially the result of two bonds that matured in February 2023 with a total volume of EUR 858 million.

Financial position

Liquidity planning – which is performed by the Accounting department at least once a month – ensures that Talanx AG can meet its payment obligations at all times. This is flanked by an investment strategy that is aligned with liquidity requirements.

Talanx AG's main inflows of funds come from profit and loss transfer agreements with affiliated companies, income from participating interests, underwriting premium income and interest income from loans. The Group Controlling & Finance and Cash Management departments liaise regularly on expected liquidity flows during liquidity planning. The Company mainly uses its funds to make interest and principal repayments on liabilities, to pay dividends and for underwriting payments. Additionally, activities associated with acquiring or selling companies can lead to short-term inflows and outflows of liquidity.

On the basis of a cooperation agreement concluded with HDI Haftpflichtverband der Deutschen Industrie V. a. G. in 2021, Talanx AG is able to offer this entity subordinated bonds with a maturity of five years and a volume of up to EUR 750 million on a revolving basis. An offer was made for the first time in September 2023. The full EUR 750 million with a maturity of one month was utilised to acquire Liberty Mutual Insurance Inc. companies.

Talanx AG had also already secured a EUR 1,250 million financing package in the prior year. The bonds with identical conditions comprise one senior unsecured bond with a volume of EUR 500 million, rated A+ by the rating agency Standard & Poor's. This was placed broadly with institutional investors from Germany and abroad. At the same time, HDI Haftpflichtverband der Deutschen Industrie V. a. G. subscribed a EUR 750 million bond. The two bonds denominated in euros mature on 25 October 2029. The cash inflows were used primarily to replace existing financing of EUR 858 million that matured in the first quarter of 2023. The unused credit line with a banking group and a nominal amount of EUR 250 million expired in December.

The Company focuses on long-term reliability and capital strength when selecting lenders. Ampega Asset Management GmbH is responsible for ongoing monitoring of lenders' capital strength.

Targets in accordance with sections 76(4) and 111(5) of the AktG

With regard to targets for the proportion of women on the Board of Management and in the next two management levels below Talanx AG's Board of Management in accordance with sections 76(4) and 111(5) AktG, please see our comments in the "Corporate Governance Statement" in accordance with sections 289f and 315d HGB in the section of this report entitled "Corporate Governance".

Remuneration report

The principles and structure of remuneration for the Talanx AG Board of Management and Supervisory Board are described in the remuneration report. The remuneration report provides information about individual remuneration for members of Talanx AG's Board of Management and Supervisory Board for their work for the Talanx Group in the financial year 2023. In addition to remuneration components relating to work for Talanx AG, the amounts shown also include remuneration for work performed for the companies consolidated in the Talanx Group.

Risk report

As the holding company of a Group offering primary and reinsurance and financial services, Talanx AG's business performance is subject to the same risks as that of the Talanx Group. Talanx AG's earnings, and hence its risk, are mainly determined by its income from long-term equity investments and by profit and loss transfers from the individual companies. Talanx AG shares the risk associated with its long-term equity investments and subsidiaries firstly in proportion to its

long-term equity interests in them and secondly via intragroup reinsurance. The risks applicable to the subsidiaries and to Talanx AG itself are primarily affected by adverse macroeconomic developments, rising interest rates and uncertainties over future inflation trends. Inflation is proving persistent. Although it is currently declining slightly, new adverse shocks (e.g. extreme weather and failed harvests, the escalation of current or new geopolitical conflicts or wage/price spirals on strained labour markets) could cause inflation to pick up again significantly.

Extensive interest rate hikes by most major central banks and the decline in commodity and energy prices are contributing to the current fall in inflation. On the other hand, core inflation is largely unchanged and hence the International Monetary Fund (IMF) anticipates only a slight decline. Real interest rates are also expected to rise, a trend that is increasingly also reflected in lower business investment and flagging property markets. Highly volatile energy, commodity and food prices, poorer financing conditions and ongoing supply chain disruption are curbing global growth. Geopolitical tensions are rising: As well as the war in Ukraine, conflicts in the South Caucasus, the Middle East and the South China Sea are all threatening to escalate, to name just a few. The pandemic, which is not yet completely over, is also a factor in persistently high levels of uncertainty. In addition, financial stability risks are growing on account of the economic downturn and structural changes.

Potential breaches of sanctions in the context of dynamic developments pose fundamental risk potential. Appropriate risk mitigation measures have therefore been put into place, including monitoring sanctions lists on an ongoing basis and passing on relevant information to operating areas.

As an intragroup reinsurer, we work in close collaboration with the Talanx Group primary insurers. This ensures that we closely monitor the overall risk situation and ensure optimal collections from retrocessionaires. Counterparty risk is strictly monitored with regard to the selection of retrocessionaires. Existing business relations with reinsurers are also regularly assessed in terms of the counterparty risk in accordance with Group-wide guidelines. We are also in direct, permanent contact with our reinsurance partners and reinsurance brokers that operate on the market in order to assess the overall market situation and allow us to take action at an early stage if needed.

Talanx AG recognised a loss ratio of 81.5% (65.7%) in the financial year 2023 as a reinsurer, with the loss ratio for the financial year coming to 51.7% (59.8%). A net run-off result of EUR –126 (–15) million was recognised. The run-off ratio was 27.4% (3.2%).

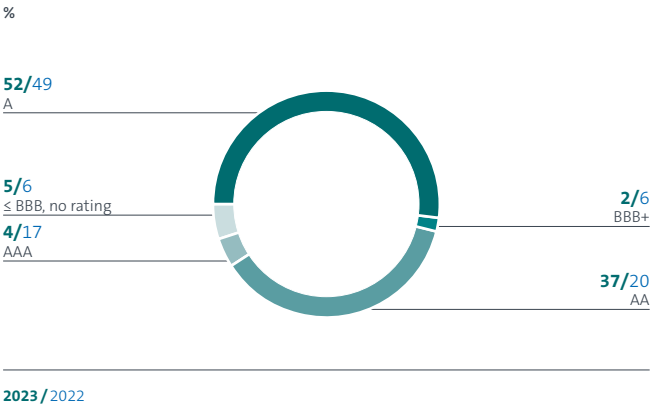
As at 31 December 2023, Talanx AG reported funds withheld by ceding companies of EUR 45 (33) million, which essentially comprise the balance from two reinsurance treaties (prior year: one reinsurance treaty). As at 31 December 2023, Talanx AG also had receivables due from cedants of EUR 46 (22) million. These receivables are essentially the sum of individual receivables from various market participants and most are less than 90 days past due. There are many reasons these are past due. We do not currently expect to recognise any write-downs on individual receivables.

SCENARIOS FOR FAIR VALUE CHANGES IN SECURITIES

EUR million	2023	2022
Change in portfolio on a fair value basis		
Equities and other variable-yield securities		
Equity prices –20%	–1	–1
Fixed-income securities and other loans		
Increase in yield +100 basis points	–16	–23
Decrease in yield –100 basis points	+17	+26

Talanx AG predominantly holds securities rated A or better, with only a relatively small number rated lower than A.

SECURITIES BY RATING CLASS



Report on expected developments and on opportunities

Talanx AG is closely intertwined with the Group companies and plays a correspondingly large role in the Group, and so the statements made in the Group forecast and report on opportunities also reflect expectations for the parent company Talanx AG. In 2024, we expect to see a significant increase in net income for Talanx AG, in part due to income from long-term equity investments.

Dependent company report

The dependent company report that has to be prepared by the Board of Management in accordance with section 312 AktG stated that Talanx AG received appropriate consideration for all transactions with affiliated companies under the circumstances known at the time the transactions were conducted. There were no measures requiring to be reported in the reporting period.

Overall assessment of the economic situation

Talanx AG's management believes that business performance was outstanding in the reporting period, especially considering the overall global economic environment and conditions in the industry, and despite the many global challenges. Our success here is thanks to factors including the consistent implementation of our ambitious Group strategy and the divisional strategies this includes, a performance-focused culture based on trust and even greater global diversification. Group net income amounted to more than one and a half billion euro, more than double the prior-year figure, and insurance revenue growth reached the high single digits. The Group return on equity significantly exceeded our guidance for the reporting period, as did return on equity in all of the Group's divisions.

The Group remains financially robust and its solvency ratio continues to be well above the level required by law and on the upper end of our target range. The Board of Management is of the opinion that the Group's economic situation is sound as at the preparation date of the management report. The Group kept control of the effects of inflation in the reporting year and the war in Ukraine had no material impact on its assets, liabilities, financial position and financial performance. We believe that our targets for 2024 as a whole are achievable.

Other reports and declarations

Consolidated non-financial statement [1]

Introduction

The Talanx Group's business success is influenced to a significant extent by non-financial factors. Consequently, we report on these non-financial factors for the Talanx Group and Talanx AG in this consolidated non-financial statement (hereinafter referred to as the "non-financial statement") as prescribed by the German CSR Directive Implementing Act (CSR-RUG), by the German Commercial Code (HGB) and by Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter referred to as the "Taxonomy Regulation").

This non-financial statement covers the period from 1 January to 31 December 2023. It contains information on the management approaches used throughout the Group for a selection of non-financial topics and describes the key activities undertaken and progress made in financial year 2023, plus the relevant governance structures.

This non-financial statement has been prepared in accordance with sections 315b to 315c in conjunction with sections 289c to 289e of the HGB and the Taxonomy Regulation; the preparation of the materiality analysis and the management approaches is based on the 2021 Global Reporting Initiative (GRI) Standards and, in the case of climate-related disclosures, on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

With one exception, all Group companies required under national legislation as a consequence of Directive 2014/95/EU as regards disclosure of non-financial and diversity information to issue their own non-financial statements exempt themselves from that requirement by referring to this non-financial statement. Hannover Rück SE has not exercised the exemption option and publishes its own combined non-financial statement in its management report.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft performed a voluntary limited-assurance review pursuant to ISAE 3000 (revised) on this consolidated non-financial statement (see the review opinion on page 336f.).

References to information not contained in the management report and the consolidated financial statements represent additional information and do not form part of the non-financial statement.

Business model and strategy

The Talanx Group is a global multi-brand provider in the insurance and financial services sector with brands that include HDI, Hannover Re, Warta, neue leben and TARGO insurers, among others. A detailed description of Talanx's business model and Group strategy is given on page 42ff. of the combined management report.

As an international insurance group and long-term investor, the Talanx Group is committed to responsible corporate governance designed to achieve sustainable value creation. Its sustainability strategy is an integral part of the Group's strategy. It is based on the effective implementation of ESG (environmental, social and governance) aspects in asset management and underwriting, in the Group's operations, and in its corporate social commitment activities.

The Group underlines its strategic focus on sustainability by applying internationally recognised frameworks, initiatives and (reporting) standards. It regularly evaluates its sustainability strategy and repeatedly adjusts it over time to reflect new insights, the legal framework and changed stakeholder requirements.

The Group has already set a net zero target for its global operations, which it aims to achieve by 2030 at the latest (Scope 1, 2 and 3, including offsetting of remaining emissions). In addition, it has committed to reaching net zero in its underwriting and asset management activities by 2050, in line with the goals of the Paris Agreement on climate change. [2] Since 2023, its sustainability strategy has included a stricter position on fossil fuels in the underwriting area.

[1] The consolidated non-financial statement section of the report has been specifically exempted by the legislators from the audit requirement (section 317(2) sentence 6 of the HGB). However, auditors PricewaterhouseCoopers GmbH performed a limited assurance review of this consolidated non-financial statement in accordance with ISAE 3000 (Revised).

[2] The Talanx Group always takes decisions on the basis of current data and the applicable regulatory framework. It reserves the right to update such decisions if the preconditions for them change.

Policies

Governance

The Talanx Group's corporate governance policy plays a key role in ensuring responsible corporate governance designed to achieve sustainable value creation, and the effective implementation of the sustainability strategy required for this. In line with this, the Talanx Group's corporate governance policy and its dedicated sustainability governance structures are described in detail in the "Governance" section of this non-financial statement. In addition, specific governance information on how non-financial reporting topics are handled can be found in the relevant sections of this report.

Risk management

The Talanx Group integrates both financial risks and non-financial risks in its risk management process so as to be able to take well-founded decisions. Non-financial risks include environmental, social and governance risks ("sustainability risks"), among other things. Sustainability risks do not represent a separate or new risk category; rather, they can occur in all existing risk categories. This applies to underwriting, asset management and operational risks, and to strategic and reputational risks. The Talanx Group accommodates this fact by continuously integrating sustainability aspects throughout the entire risk management process.

Sustainability risks are explicitly identified during the risk inventory and other, focused risk surveys such as those performed as part of the ESG risk assessment and the emerging risk process (see the risk report). The ESG risk assessment is a qualitative sustainability risk survey and analysis process that involves all business segments. It covers identified risks, their short-, medium- and long-term impacts, and risk mitigation measures alike. The goal of the assessment is to ensure end-to-end monitoring of sustainability risks and associated measures.

The emerging risk process uses scenario techniques to investigate new risks and the potential impact of megatrends on the Talanx Group's business. The assessments takes a variety of different sources, methods and feedback loops into account, and analyses risk drivers and cause-and-effect mechanisms along the entire value chain. Risk identification and assessment are followed by the definition of appropriate risk management measures, in line with good risk management practice. All material functions are included in order to produce an end-to-end picture of all risks at single-entity and consolidated level, and the results are reported to the decision-making bodies. In addition, the Talanx Group continuously monitors current economic, scientific and regulatory developments in order to prevent losses arising from sustainability risks. At the same time, its proactive examination of sustainability aspects allows it to react to changes and take advantage of business opportunities that arise, such as greater demand for (re)insurance products or an increased need for loss prevention consulting.

The Talanx Group is successively expanding the methods it uses to measure and model sustainability risks from both a qualitative and a quantitative perspective. One key instrument is its internal risk capital model, which has been approved by the supervisory authorities. This is used to calculate Solvency 2 capital requirements and, for example, assesses the risk to the Group as a whole of natural disaster events occurring in the coming year. The inputs for some of the model's components can be adapted depending on sustainability risk factors. In addition, the high level of uncertainty associated with sustainability risks, which only materialise over the long term, and limited data availability mean that the Talanx Group addresses model risks and change risks.

The Talanx Group uses scenario analyses and stress tests to accommodate the particular importance of climate change. These analyse the business model's exposure to, and resilience against, types of risk potentially associated with climate change – i.e. physical risks, transition risks and liability risks – and take potential short-, medium- and long-term impacts into account. The uncertainty surrounding the timing and extent of future developments is reflected by looking at two internally consistent scenarios. The first is a transition scenario in which political measures are only taken after a delay, and in which global warming amounts to slightly less than 2°C above pre-industrial levels by the end of the scenario horizon (2050). The second case analyses a business-as-usual scenario in which global warming exceeds 3°C above pre-industrial levels by 2050. The Talanx Group uses a qualitative approach to identifying risk factors and analysing their materiality, which allows causalities and interdependent factors to be depicted. The Group bases its approach on current scientific findings and (scenario) data from well-known research institutions and initiatives such as the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS). The insights obtained from the climate change scenario analysis are used to derive suitable mitigation measures whose implementation is systematically pursued and reported to the Board of Management, and which are adjusted where necessary. This process is being continued and successively expanded to incorporate new aspects for consideration.

In addition to ad hoc risk reporting to the Company's decision-making bodies, one key occasion on which sustainability risks are reported and classified is the annual Own Risk and Solvency Assessment (ORSA), which is approved by the Board of Management and made available to the supervisory authority. Additionally, the Talanx Group bases its actions on the recommendations on reporting climate-related risks and opportunities contained in the framework drawn up by the Task Force on Climate-related Financial Disclosures (TCFD).

No material non-financial risks were identified in the 2023 reporting period that could have severe adverse impacts on the Talanx Group's business activities. For additional information on sustainability risks (and in particular climate change risks) and a basic overview of the Talanx Group's risk management system and risk profile, please see page 118ff. of the risk report in the combined management report.

GOALS AND MEASURES: RISK MANAGEMENT

Area	Goal	Key measures	Scope	Status in 2023	Status in 2022	Status in 2021
Risk management	Enhance climate change scenario analysis	Use and enhance scenario analyses for assessing physical and transition risks	Group-wide	Ongoing	Ongoing	Ongoing
	Actively position the Company for future regulatory and market changes	Work in relevant bodies and participate in consultations	Group-wide	Ongoing	Ongoing	Ongoing
	Successively incorporate additional sustainability aspects into risk management	Increase the focus on social and governance aspects in addition to environmental aspects	Group-wide	Ongoing	Ongoing	Ongoing
	Implement the TCFD recommendations	Base reporting of climate-related risks and opportunities on the TCFD Framework	Group-wide	Ongoing	Ongoing	Ongoing

Materiality analysis

The Talanx Group uses its annual materiality process to identify, assess and review its key sustainability topics. External and internal stakeholders' expectations and assessments, and the relevance of the non-financial topics to the Group's business, are taken into account when assessing materiality. Constant stakeholder contact plays an important role in enhancing the Talanx Group's sustainability strategy. In line with this, the Talanx Group's material aspects are determined using a materiality analysis that is closely aligned with the Group's strategy process and that includes a broad-based stakeholder survey.

A new, full materiality analysis was performed in financial year 2022 with the assistance of an external consulting firm, as part of the regular analysis cycle. In addition to the legal basis for materiality analyses set out in section 289c of the HGB, the report was designed on the basis of the 2021 Global Reporting Initiative (GRI) Standards.

A three-stage process was used to determine the material topics:

1. Analysis of relevant stakeholder groups: The Talanx Group's segment-specific and overarching stakeholders were identified, and their influence and interests per segment were evaluated, with stakeholders being assigned to one of two core groups: "affected stakeholders" and "users". The groups identified for the Talanx Group are customers (retail, corporate and industrial customers), brokers, the Board of Management, employees, the Supervisory Board, investors, rating agencies, supervisory authorities, suppliers, reinsurers, policymakers, NGOs, associations, the media and the research community.

2. Identification of non-financial topics: A list of relevant, future-looking topics was drawn up on the basis of common standards, ESG ratings, peer reports, the existing and emerging regulatory framework, megatrends and sector developments. The topics were prioritised on the basis of their strategic relevance for the Talanx Group during the stakeholder survey.

3. Implementation: The participating stakeholders documented the defined topics in line with their business relevance to the Group (financial materiality) and the Group's effect on the topics concerned (impact materiality) using an interview/questionnaire guide or desk research and scored them using a points system. The overlaps for "financial materiality" and for "impact materiality" were defined as being material topics.

The stakeholder survey revealed seven material topics that are highly relevant for the Talanx Group. The topics have been arranged in the Talanx Group's materiality matrix on the basis of their business relevance (horizontal, "financial materiality") and the Group's impact on the individual topics concerned (vertical, "impact materiality"). The allocation to specific E, S and G clusters is indicated using colours, whereas the symbols used stand for "operations", "asset management" and "underwriting".

THE TALANX GROUP'S MATERIALITY MATRIX

E Climate-related and environmental matters S Social matters G Governance ○ Operations ◇ Asset management □ Underwriting

The regular annual review of the materiality analysis was performed in 2023. A number of different processes were used to ensure that both internal and external viewpoints are considered. These include the discussions that take place within the Group's sustainability network (see "ESG governance" on page 104f.), in which experts from the areas of asset management, underwriting, operations, social affairs and governance provide internal takes on these issues. The external perspective is taken into account by performing sustainability-based market and competitor analyses. Additional input comes from regulatory requirements and from the regular contacts with ESG rating agencies.

The review of the materiality analysis established that the material non-financial topics that had been defined are still highly relevant for the Talanx Group. Slight shifts among the topics contained in the matrix resulted from updates to the regulatory framework, market developments and social change. However, these shifts do not change the topics that have been defined as material.

MAPPING THE REPORT STRUCTURE TO THE MATERIAL TOPICS IN ACCORDANCE WITH SECTION 289C OF THE HGB[1]

	Report structure	Material topics
E (Environmental)[2]	Climate-related and environmental matters	Climate change mitigation in underwriting
		Support for climate action in asset management
		Climate action and environmental protection in Talanx's own operations
S (Social)[3]	Social matters	Responsibility to customers
		Employee matters
		Human rights and supply chain[5]
G (Governance)[4]	Governance	Governance in asset management
		Data protection and cybersecurity

[1] In addition, the Talanx Group reports voluntarily on the progress it has made in the areas of "social matters in asset management and underwriting", "corporate social commitment", "digital transformation", "compliance" and "supplier management".
[2] "E" comprises environmental matters (in accordance with section 289c of the HGB).
[3] "S" comprises social and employee matters and respect for human rights (in accordance with section 289c of the HGB).
[4] "G" comprises anti-corruption and bribery matters (in accordance with section 289c of the HGB).
[5] The Talanx Group still reports on progress made in this area; however, it is not a material topic as defined by the materiality analysis.

E – Climate-related and environmental matters

Climate-related and environmental matters in asset management

The Talanx Group's total investment assets for own risk amounted to approximately EUR 135 billion as at the end of the 2023 financial year. Of this figure, 81% was invested in fixed-income securities as at 31 December 2023, while equities accounted for roughly 1.2%. Roughly 4.6% of total investments were invested in real estate. The remainder was attributable to asset classes such as private equity and infrastructure, and to short-term investments and other investments.

The sustainability strategy for the asset management area aims to generate long-term capital growth on the basis of a broadly diversified, actively managed securities portfolio, while putting a particular focus on ESG criteria. The Talanx Group wants to avoid negative impacts from investments in issuers that are not sustainable, and also to have a positive impact on society and the environment. Its basic philosophy is that sustainable development can only be achieved if environmental, economic and social objectives are achieved simultaneously.

A Group-wide ESG screening process has been developed and implemented to facilitate this. The Responsible Investment Committee (RIC), which is chaired by Talanx's Chief Financial Officer, defines and regularly reviews the filter criteria used for screening, and makes individual decisions on whether to increase, retain or divest asset holdings. The use of the screening criteria and the engagement activities relate to the liquid asset classes of equities and corporate bonds.

The UN Global Compact's principles were specified as the initial screening criteria for investment decisions. In addition, the Talanx Group has expanded its filter catalogue above and beyond the environmental criteria anchored in the Compact, so as to exclude thermal coal. In line with this, it no longer invests proprietary funds in companies which, according to available information, generate more than 25% of their revenue and production from thermal coal. Existing investments will be divested by 2038 as part of the Talanx Group's planned exit from thermal coal. A similar exclusion for companies that generate more than 25% of their revenue from oil and tar sands, which are particularly harmful for the climate and the environment, was also added to the filter catalogue. In addition, no investments shall be made in companies involved in new greenfield Arctic drilling projects. Therefore, the screening process excludes those issuers from investment that generate 10% or more of their revenue from offshore oil and gas extraction north of the Arctic Circle (66° 34' N).

The Talanx Group also signed up to the United Nations' Principles for Responsible Investment (PRI) in 2019, committing itself to observing the PRI's six principles for responsible investing, and incorporates these into its asset management processes.

The Talanx Group also discharges its responsibility as an investor by engaging in an active and systematic dialogue with individual issuers. This structured process starts by using objective criteria to identify those issuers in greatest need of engagement. These criteria include both all screening criteria already mentioned and particularly high carbon intensities or critical ESG ratings from leading external rating agencies. The expected effectiveness of engagement is then assessed for the issuers identified in this way, based on the size and nature of the investments, but also on regional and cultural aspects. Where the Talanx investments are sufficiently material, a dialogue is held between Ampega, the Talanx Group's asset management arm, and the issuers identified.

In parallel to its classic screening-/exclusion-based approach, the Talanx Group aims to continuously improve its sustainability policy. The carbon intensity of the Talanx Group's liquid assets for own risk in the equities and fixed-income areas (corporate bonds and covered bonds) was reduced in line with the climate strategy developed in 2021.

The Talanx Group's medium-term goal is to achieve a 30% reduction in the carbon intensity of its portfolio of liquid assets for own risk by 2025 compared to the 2019 baseline. This corresponds to an annual

reduction in its carbon intensity of roughly 7% and is an important part of the Group's long-term path towards becoming net zero by 2050. The Talanx Group hit its target in the reporting period, reducing its carbon intensity by 34% compared to the 2019 baseline.

In addition to reducing the carbon intensity of its investment portfolio, the Talanx Group is increasingly focusing on investments that combat climate change. Chief among these are investments in sustainable infrastructure projects. The Group has been investing directly in selected projects, supplying both equity and debt, for roughly 10 years via a dedicated unit that was specially founded for this.

Among other things, the infrastructure portfolio includes investments in wind and solar farms, power grids, hydropower plants, the digital infrastructure, and social and transport infrastructure projects in Germany and the rest of Europe. The Talanx Group has provided financing solutions for, or is an equity investor in, 23 wind farms, four of which are located offshore. As at the end of financial year 2023, the Group's portfolio included total investments in infrastructure transactions of approximately EUR 2.8 billion, with roughly EUR 1.2 billion of this figure being attributable to renewable energy generation infrastructure.

The European Commission has also prioritised the topics of climate action, environmental protection and sustainability with its Green Deal, and has resolved far-reaching measures to reduce greenhouse gas emissions by 2050.

The rules for sustainable finance that are being drawn up are initially designed to align financing activities with climate and environmental policy goals; additional sustainability goals are to follow.

At the heart of these rules is the Taxonomy Regulation – an assessment scheme in which the Commission provides binding technical details of which economic activities are considered to be environmentally sustainable. In other words, the Taxonomy Regulation creates transparency as to whether a particular economic activity makes a positive contribution to defined EU sustainability goals from the Commission's perspective.

In line with this, the Taxonomy Regulation is also a relevant transparency criterion for the sustainability of the Talanx Group's investments.

The key performance indicators (KPIs) for the EU Taxonomy are determined in accordance with Commission Delegated Regulation (EU) 2021/2178. They have not yet been included in strategic decisions as there is still substantial uncertainty as to exactly how, and how broadly, to interpret them. Other approaches are used to manage the environmental sustainability of investments. Taxonomy reporting is designed to present the proportion of the Talanx Group's total investments under consideration (denominator) accounted for by environmentally sustainable (Taxonomy-aligned) investments and potentially environmentally sustainable (Taxonomy-eligible) investments (numerator).

Thus economic activities are defined as Taxonomy-aligned if the technical screening criteria that ensure a positive contribution to one or more of the six environmental objectives are met, if no significant harm is done to any of the environmental objectives, and if the minimum safeguards are complied with.

The denominator represents the investments reported in the balance sheet minus the Talanx Group's funds withheld by ceding companies. In addition, Article 7 of Commission Delegated Regulation (EU) 2021/2178 specifies that all exposures to central governments, central banks and supranational issuers shall be excluded when calculating the denominator.

The numerator's evaluation horizon primarily includes investments in securities whose issuers that are subject to European NFRD (Non-Financial Reporting Directive) reporting requirements; property, plant and equipment; and loans to finance specific identified activities. The Group defines exposures to undertakings required to be excluded from the numerator in accordance with Article 7(3) of the Commission Delegated Regulation as including funds, investments in equity interests and special purpose vehicles, and liquid investments whose issuers are not domiciled in the EU. Where issuers are domiciled in the EU, a check is made as to whether they are obliged to publish non-financial information. In the case of funds, this represents a change in the methodology used compared to the previous year; as a result, investments in real estate funds of approximately EUR 1,753 million are no longer reported as Taxonomy-eligible in the numerator this year.

Data supplied by a third-party service provider and the results of internal screening are used to assist assessment in a substantial proportion of cases when checking the Taxonomy eligibility and Taxonomy alignment of liquid investments from issuers that are domiciled in the EU and that therefore potentially fall within the scope of the NFRD reporting requirements. In the case of issuers that are subject to NFRD reporting requirements, the Taxonomy ratios published in their non-financial reporting are used for the Talanx Group's investments. The ratios reported are also sourced from an external service provider and are manually entered there in those cases in which they do not form part of the data supplied.

As a basic principle, all investments in property, plant and equipment associated with the purchase and ownership of real estate are considered to be Taxonomy-eligible. This includes investment property. In addition, properties held are considered to be Taxonomy-aligned where compliance with the technical screening criteria (i.e. the "do no significant harm" criteria) and the minimum safeguards has been demonstrated. To date, no proof of Taxonomy-alignment could be provided for 94.7% of property investments. Property, plant and equipment that the Talanx Group acquires as part of infrastructure investments, and loans for which the economic activity that is being financed is known, are assessed internally for Taxonomy eligibility and Taxonomy conformity. The Group has no such data for 3.4% of assets, which therefore could not initially be reported as Taxonomy-eligible or Taxonomy-aligned. Nevertheless, following a reasonable amount of effort it was possible to obtain information on the correct assessment for roughly 96.6% of the total volume of investments considered for the numerator. A conservative approach was taken in the case of the remaining 3.4%, which have been reported as Taxonomy-non-eligible in the reporting period. The Talanx Group is endeavour-

ing to successively increase data quality and data coverage, and expects to see a further improvement in the information base going forward, helped among other things by the ongoing standardisation of reporting and by the extension of the regulatory reporting requirements.

The KPIs for the Taxonomy-eligible and Taxonomy-aligned investments and the other disclosures required can be found in the section entitled "Metrics and targets". At present, no property, plant and equipment or loans to finance specific identified activities relate to energy generation from nuclear processes or gas as defined in Delegated Act (EU) 2022/1214. The Group has a minor, indirect exposure to issuers from the utilities sector that it has not broken down individually in the Notes due to the low level of materiality involved. The draft Frequently Asked Questions (FAQs) that were published at the end of December 2023 could not be taken into account in full because of the short notice and remaining regulatory uncertainties. Requirements that have not yet been met will be addressed over the course of the year.

The Talanx Group's Taxonomy-aligned investments primarily comprise liquid investments in companies that are covered by NFRD reporting requirements and that publish Taxonomy-aligned turnover and CapEx ratios. In addition, three properties held are included in the Group's Taxonomy-aligned investments. Since the requirement to report on Taxonomy alignment only applies to financial undertakings with effect from the 2023 financial year, the only data available so far for exposures to financial undertakings relates to Taxonomy eligibility. Starting next year, these issuers' Taxonomy alignment will be reflected in the numerator for the KPIs. The Talanx Group's international investment universe naturally leads to a large proportion of its investments being made in issuers that are not covered by the NFRD reporting requirements. In turn, this means that only a small proportion of its investments are Taxonomy-eligible or Taxonomy-aligned. The numerator is broken down to the individual environmental objectives using the value of the Taxonomy-aligned investments as the denominator, since no uniform interpretation exists. It has not been possible to break down the Taxonomy-aligned investments to environmental objectives 1–2 [3] in full due to the non-uniform publication of Taxonomy ratios for the counterparties to date. Since counterparty ratios for environmental objectives 3–6 [4] were only reported for the first time this year, liquid investments can only be included starting in the next reporting period. Equally, the "acquisition and ownership of buildings" activity has only been defined for environmental objectives 1–2; as a result, no disclosures on Taxonomy-aligned property, plant and equipment can be made for environmental objectives 3–6.

Retail mortgage loans are also covered by the EU Taxonomy Regulation's Taxonomy eligibility and Taxonomy alignment assessment requirements.

We were unable to assess the Taxonomy alignment of private mortgage loans this year since the data required, and in particular the energy performance certificates for the portfolio of properties that have already been financed, was not available. The relevant volume is EUR 909 million. The data will be captured going forward in the case of new business.

STANDARD TEMPLATE FOR THE DISCLOSURE REQUIRED UNDER ARTICLE 8 OF THE TAXONOMY REGULATION (EU) 2020/852 [1]

Row	Nuclear energy related activities	Yes/No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	No
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

[1] Nuclear and fossil gas related activities that were disclosed by the undertaking as Taxonomy-aligned.

[3] Environmental objective 1: climate change mitigation; environmental objective 2: climate change adaptation.
[4] Environmental objective 3: sustainable use and protection of water and marine resources; environmental objective 4: transition to a circular economy; environmental objective 5: pollution prevention and control; and environmental objective 6: protection and restoration of biodiversity and ecosystems.

Climate-related and environmental matters in underwriting

The Talanx Group's insurance services can have indirect environmental and economic impacts on sustainable development. The Company is aware of this, which is why it is continuously expanding its ESG approach in its underwriting activities as well. By signing up to the UN Principles for Sustainable Insurance (PSI) in May 2020, the Group has voluntarily committed to continuously improving the sustainability of its insurance business in line with the initiative's four principles. In other words, it aims to work together with customers and business partners to raise awareness of sustainability, identify and manage risks and develop appropriate solutions. The Talanx Group is partnering proactively with its customers during this transformation, so as to drive forward the economy's sustainable structural transformation.

This being the case, Group-wide underwriting restrictions have been introduced for thermal coal risks, among other things, mirroring the policy adopted in asset management. Since coal can only be phased out responsibly in the medium to long term, the Group's aim is to have removed all thermal coal infrastructure from its insurance portfolio by 2038. In 2022, the Talanx Group developed a multi-stage plan that sets out its exit from thermal coal by 2038 in greater detail. The plan aims to use thresholds to successively phase out existing risks from thermal coal infrastructure in the Group.

The Group is engaging in a cooperative and focused dialogue with the companies concerned in order to implement its exit plan. The objective is to transparently examine the companies' transformation potential together, so as to actively contribute to customers' sustainable development.

In addition to its restrictive underwriting policy for thermal coal infrastructure, the Talanx Group is increasingly concentrating on restrictions relating to insuring oil and gas projects. Initially, the main focus in this area was on excluding oil and tar sands, which are particularly harmful for the environment, with the goal being to reduce existing risks to zero by 2038.

Then, during the reporting period, the Group adopted a stricter stance on insuring oil and gas projects. The following additional Group-wide exclusions on an individual risk basis have applied since 1 July 2023: the Talanx Group will not provide insurance cover for new greenfield upstream oil and gas projects. This extends the existing decision, which was limited to the Arctic, to all regions. In addition, the Group will not offer insurance cover for new midstream projects for pipelines and tank farms (new and stand-alone) that are directly linked to greenfield upstream oil developments. Equally, it will exclude insurance cover for any stand-alone oil-fired power plants that were not under construction or operation as of 1 July 2023.

The Talanx Group is of the opinion that regions that play a particularly sensitive role in relation to nature conservancy and environmental protection must receive special treatment. As a result, it will not accept any new Arctic region oil and gas drilling project policies. The Arctic region is defined as the zone to the north of the Arctic Circle, which has a latitude of 66° 34' north of the Equator. This also includes the Arctic National Wildlife Refuge (ANWR) in the United States.

However, in those countries in which thermal coal plays a particularly large role in the energy mix and where access to alternative energy sources remains insufficient, the Group's main focus is on accelerating the withdrawal from thermal coal and supporting the shift to renewable energy. In line with this, the Talanx Group will make a limited number of exceptions so as to permit insurance of new greenfield gas projects. These exceptions will be made on a case-by-case basis following an examination of the technical standards, provided that the project concerned supports the exit from thermal coal.

As an insurer and key partner for industry, the Talanx Group is monitoring all fossil energy sectors in dialogue with its customers, and is continuing its existing policy of consistently adjusting its underwriting guidelines in line with the risks involved.

In addition to its restrictive approach to fossil fuels, the Talanx Group is increasingly focusing on risks associated with preserving natural habitats and ecosystems. The Group is aware of its role and its influence with respect to the exclusion of particularly environmentally detrimental projects. For example, deep sea mining not only impacts ecosystems directly but can potentially also lead to the loss of unique biodiversity. This is why the Group excluded underwriting of deep sea mining project risks with effect from 1 July 2023.

The exclusions mentioned in this section apply to all Group risk carriers and companies over which Talanx exercises control. In the case of the Hannover Re Group, the restrictions apply to its facultative division.

The Responsible Underwriting Committee (RUC) sets the screening criteria and regularly reviews the underwriting policy. The RUC comprises the members of Talanx AG's Board of Management. Resolutions are incorporated in the underwriting guidelines at the level of the business segments and risk takers responsible for the businesses in question.

The Talanx Group is committed to the Paris Agreement on climate change and, in line with this, has adopted a net zero emissions target for its insurance portfolio by 2050. By doing so, it is expressing its obligation to protect the climate. The standard and methodological guidance published by the Partnership for Carbon Accounting Financials (PCAF) and regulatory developments are being monitored and analysed closely, so as to ensure that an adequate methodology for managing the insurance portfolio by its carbon emissions is implemented in a timely manner. In the immediate future, the management approach for the underwriting area will continue to be based primarily on exclusions or underwriting limits for certain risks.

In its role as a leading industrial insurance and reinsurance group, the Talanx Group aims to act as a partner for businesses and to support them in their sustainable transformation to a low-carbon economy through constructive yet critical dialogue. On the one hand, it uses the opportunities it has to exert an influence when discussing risk with the companies that it insures. On the other, the Talanx Group's

engineering insurance business, for example, is constantly examining new, environmentally friendly technologies and their insurability – something that is a precondition for providing significant insurance protection for the shift to green energy that is required. The Talanx Group is already one of the most important (re-)insurers for renewable energy sources such as (onshore and offshore) wind power, photovoltaic plants, geothermal technology and hydroelectric power, as well as for specific transition risks such as those associated with heavy industry's transformation to green hydrogen. This means that it is well positioned to successfully support structural change in the economy by supplying suitable risk transfer products and associated risk analyses.

The Group is also continuing to embed sustainability aspects across the entire product offering for its German and international retail and commercial clients business. The products are being reviewed and optimised for their sustainability impact as part of this process. Life insurance operations are also constantly taking additional sustainability aspects into account. HDI Germany's new sustainable product offerings allow customers to choose from a variety of different sustainable fund products. In addition to establishing customers' sustainability preferences, customer advisory processes are used to provide comprehensive and meaningful information on the specific funds' sustainability objectives. Both customer preferences and strict sustainability criteria are taken into account when preselecting the funds on offer.

The EU Taxonomy Regulation represents another relevant transparency criterion for the sustainability of the Talanx Group's insurance portfolio. However, its definition of insurance activities only includes property/casualty insurance and reinsurance activities, and only refers to the environmental objective of "climate change adaptation". This means that it only takes those lines of insurance into account that explicitly insure climate change risks.

Primary insurance and reinsurance solutions covering climate-related natural hazards such as flood and storm damage can help with climate change adaptation. Offering such primary insurance and reinsurance capacity increases resilience to natural disasters by providing cover to those affected and compensating them if they suffer losses. In addition, primary insurance and reinsurance offerings ensure that large projects can be continued and new technology can be developed, and hence sustainably promote economic growth. The Talanx Group's many years' experience of risk assessment and risk management help to identify new and future risks at an early stage, and to develop suitable risk transfer solutions.

The Taxonomy eligibility of primary insurance and reinsurance activities determines the proportion of economic activities described in the Taxonomy and the economic activities for which technical screening criteria have been developed. These criteria determine the material contribution to the environmental objectives set, prevent a negative impact on the environmental objectives and aim to ensure that the minimum safeguards are complied with. The proportions of economic activities determined by applying the screening criteria are Taxonomy-aligned and are required to be reported for the first time in the 2023 financial year. Since full reporting only started in the reporting period, the informative value of the KPIs is considered to be too low at present for them to be used as a management tool in decision-making and product development processes.

The EU Taxonomy Regulation and the Delegated Acts that build on it contain requirements and passages that make unambiguous, uniform interpretation and implementation difficult. When applying the full criteria developed for primary insurance and reinsurance undertakings for the first time, the Talanx Group took into account all official documents, FAQs and statements by the European Commission published in the period up to the preparation of the reporting, with the exception of the draft FAQs that were published at the end of 2023, which could not be implemented in full. For example, no weighted average of the KPIs from underwriting has been disclosed as yet. The Talanx Group will address the new requirements in depth in the course of the current reporting period. Due to this and to remaining uncertainties as to how the requirements are to be interpreted, it is to be expected that the assessment of the disclosures in accordance with Article 8 of the EU Taxonomy Regulation – and especially the assessment of Taxonomy eligibility and Taxonomy alignment – will be successively adjusted over time, and that sector comparability will only emerge gradually. What is more, as a primary insurance and reinsurance undertaking, the Talanx Group relies for an adequate evaluation of its Taxonomy alignment on large amounts of external data from its customers and business partners, a large proportion of which are not covered by European reporting requirements. In this context, substantial gaps in the data provided in connection with "do no significant harm" ("DNSH") information must be expected in some cases in the initial reporting periods. Additional information on our conservative treatment of these data gaps can be found in the descriptions concerned.

In its primary insurance and reinsurance business, the Talanx Group considers all turnover from Solvency 2 business areas described in Delegated Act (EU) 2021/2139 as Taxonomy-eligible in those cases in which direct cover of climate-related natural hazards can be evidenced. Such evidence is provided on the one hand by internal risk monitoring and on the other by concrete proof of a corresponding contract from the identified business area. In the absence of any additional information from the legislators, the Talanx Group classifies all other business areas that do not contain any direct climate-related cover, or that are not described in Delegated Act (EU) 2021/2139, as Taxonomy-non-eligible.

This comprises the following products:

(a) medical expense insurance
(b) income protection insurance
(c) workers' compensation insurance
(d) motor vehicle liability insurance
(e) other motor insurance
(f) marine, aviation and transport insurance
(g) fire and other damage to property insurance
(h) assistance

Taxonomy alignment is shown by demonstrating compliance with the technical screening criteria designed to ensure the significant contribution made by reinsurance (economic activity 10.2; NACE code K65.2.0) and primary insurance (economic activity 10.1; NACE code K65.1.2) to the "climate change adaptation" environmental objective. After this, it must be shown that these activities do not negatively impact the "climate change mitigation" environmental objective and that the minimum safeguards criteria are met.

Delegated Act (EU) 2021/2139 sets out five dedicated technical screening criteria for reinsurance undertakings. These reflect business practices and processes that are considered by the legislature to be preconditions for being able to declare sustainable turnover within the meaning of the EU Taxonomy.

The Talanx Group's reinsurance activities use state-of-the-art modelling techniques for climate-related natural hazards. Please see the consolidated risk report for further information on how Talanx handles these risks.

The Group has put processes in place to ensure that material customer needs with respect to climate-related natural hazards are taken into account in reinsurance products. These products use risk-based pricing, which means that preventive measures taken to minimise the risks concerned (e.g. compliance with certain building standards) can be taken into account during pricing. In the case of obligatory reinsurance, only the proportion of portfolio premiums that complies with the technical screening criteria is disclosed as Taxonomy-aligned.

The Talanx Group supports the development of innovative reinsurance solutions for climate-related natural hazards so as to accommodate customers' and society's growing needs in this area. These products use risk-based pricing, which means that preventive measures taken to minimise the risks concerned (e.g. compliance with certain building standards) can be taken into account during pricing.

Compliance with the technical screening criteria for the reinsurance business can be ensured using standardised processes, work instructions and guidelines. These apply to all reinsurance products (in both the obligatory and the facultative areas) that are considered in principle to be Taxonomy-eligible and for which a Talanx Group company serves as the risk carrier. When establishing the premiums for Taxonomy-aligned products, the Talanx Group uses its internal underwriting risk and classification processes and only takes into account those proportions of reinsurance products that cover the climate change-related hazards set out in Appendix A of Delegated Climate Act (EU) 2021/2139. These include wind-related natural hazards such as storms, water-related natural hazards such as floods and heavy precipitation, and temperature-related natural hazards such as heat waves and wildfires. Consequently, the turnover reported as Taxonomy-aligned in line with this method materially contributes to adapting to the dangers of climate change.

In the case of primary insurance undertakings, the Delegated Climate Act sets out the following five dedicated technical screening criteria:

A pioneering role in modelling and pricing climate risk: The Talanx Group's primary insurance activities use state-of-the-art modelling techniques for climate-related natural hazards. Please see the consolidated risk report for further information on how Talanx handles these risks.

Product design: In the case of its Taxonomy-aligned products, the Talanx Group offers either reduced premiums or extended insurance cover where specific preventive measures are taken. This is designed to enable customers to better assess and reduce climate-related risks and occurs at least once a year in direct discussions between the underwriter and the customer.

Innovative insurance solutions: The Talanx Group's Taxonomy-aligned products are designed to provide policyholders with end-to-end insurance protection. If a climate-related loss event occurs, the ensuing costs are borne.

Data sharing: The Talanx Group is in regular contact with government authorities and shares data if requested for the purposes of analysis, so as to promote knowledge-building about changes caused by climate change. This fully complies with the requirements of technical screening criterion 4.1.

High service levels following catastrophes: The Talanx Group has implemented strict standards for handling large loss events stemming from climate-related natural hazards, and supports its customers swiftly and fairly.

Within Primary Insurance, which is strategically heterogeneous, a questionnaire process has been used to survey all material relevant non-life insurance products that provide cover for climate hazards, so as to establish whether they and the turnover associated with them are Taxonomy-aligned.

The results of this analysis revealed that only a small proportion of products could be classified as Taxonomy-aligned.

To be able to disclose economic activities as sustainable within the meaning of the EU Taxonomy it must first be ensured that they do no significant harm to other environmental objectives. In the case of primary insurance and reinsurance activities, this proof must be provided for environmental objective 1, "climate change mitigation". This means that activities that have been disclosed as sustainable do not involve either the transfer of insurance for the extraction, storage, transport or manufacture of fossil fuels or the transfer of insurance for vehicles, property, plant and equipment, or other facilities and assets serving this purpose.

The Talanx Group has put processes in place to ensure that turnover that has been disclosed as Taxonomy-aligned does not contain any cover relating to fossil fuels as shown above. The Group depends on data supplied by its customers and brokers to identify such coverage

in its obligatory reinsurance activities (providing cover for large portfolios), and actively requests this information from them. Data gaps, which are significant in some cases, existed in the reporting period. The Talanx Group takes a conservative approach and reports portfolios for which no information is available as Taxonomy-non-eligible. Increasing data coverage can be expected to influence the ratio of Taxonomy-aligned turnover disclosed in the coming years.

The Talanx Group is able to use its internal sector classification system for commercial customers when identifying turnover in its primary insurance activities so as to ensure that significant harm is avoided.

Economic activities that are to be disclosed as Taxonomy-aligned must be performed in compliance with the minimum safeguards criteria. In the absence of additional details on this topic from the European Commission, the Talanx Group bases its assessment on the recommendations contained in the Final Report on Minimum Safeguards published by the Platform on Sustainable Finance (PSF) in October 2022. This highlights the following four core topics that companies should take into account:

- human rights
- bribery/corruption
- fair taxation
- fair competition

The Talanx Group has implemented processes to ensure that it complies with all four core topics in its business activities. It is not aware of any incidents or pending proceedings for the reporting period that led it to expect a breach of the minimum safeguards.

The Taxonomy KPIs for reinsurance for the 2023 financial year contain information on the Taxonomy-eligible and Taxonomy-aligned turnover from economic activity 10.2 Reinsurance (NACE code K65.2.0).

The Taxonomy KPIs for primary insurance for the 2023 financial year contain information on the Taxonomy-eligible and Taxonomy-aligned turnover from economic activity 10.1 Non-life insurance (NACE code K65.1.2).

The mandatory template for (re-) insurance undertakings contained in Annex X of Delegated Act (EU) 2021/2178 was used to declare the turnover. The Talanx Group has not supplied any prior-year figures because the disclosures on Taxonomy alignment were determined for the first time. Equally, no prior-year figures have been disclosed for Taxonomy eligibility, since this was the first reporting period in which its revenue had to be reported in accordance with IFRS 17.

In line with the European Commission's draft FAQs, which were published on 21 December 2023, the Talanx Group is only disclosing those reinsurance premiums as Taxonomy-aligned that demonstrably serve to provide concrete cover for climate-related natural hazards (premium split).

In the primary insurance area, it was also possible at short notice to use information from natural hazards pricing and loss data to report that portion of the premiums that can be demonstrably and concretely allocated to cover for natural hazards (premium split). Following the premium split, the Talanx Group reports the "Named Perils" and "All Risk" products, for which HDI Global SE is the risk carrier, as Taxonomy-aligned. Ceded Taxonomy-aligned amounts are reported on the basis of their proportion of total insurance revenue. This calculation will be further refined in the coming financial year and expanded to include additional risk carriers.

In the case of both primary insurance and reinsurance, revenue identified as relating to fossil fuels is deducted from this revenue. The Taxonomy ratio represents the ratio of Taxonomy-aligned turnover (numerator) to total turnover for the non-life business (denominator).

The informative value of the Taxonomy alignment KPIs for the products from the Talanx Group, as an insurance undertaking, that are determined using this regulatory methodology is highly limited, especially in comparison to other sectors and in no way reflects the Talanx Group's sustainability credentials.

The Talanx Group is monitoring developments relating to Taxonomy reporting and will take them into account as it extends and enhances its reporting.

Climate and environmental protection in the enterprise

One integral part of the Talanx Group's sustainability strategy is to manage, and as far as possible reduce, its own environmental footprint.

The Talanx Group does not operate any physical production facilities but rather offers insurance and finance services. As such, its operations by definition have less of an impact on the environment or the climate than, for example, manufacturing enterprises or companies that make heavy use of raw materials. Nevertheless, the Group employs roughly 28,000 employees at its locations around the world, and they consume energy and materials, take business trips and engage in remote working. In addition, the Group purchases products and operating materials that its employees need to do their jobs, such as office equipment, IT products and food for its canteens. Consequently, the Talanx Group is working systematically to implement its two main environmental objectives in its operations as well. These are:

- to remain carbon-neutral (including offsetting of remaining emissions) in Germany, where roughly 38% of the Group's staff are employed and
- to achieve net zero emissions at an operational level throughout the Group by 2030 at the latest (Scope 1, 2 and 3, including offsetting of remaining emissions)

To do this, the Group is steadily reducing its carbon emissions, uses energy and other resources as efficiently as possible, procures energy from renewable sources and offsets the remaining emissions in Germany using emission reduction certificates. In addition, it attempts to use water and paper responsibly, and to reduce waste.

The Talanx Group follows ISO 14064, the international greenhouse gas (GHG) standard. It built on this systematically in the 2023 reporting period to expand its internal framework for ensuring uniform data capture and reporting, and the quantification of greenhouse gas emissions throughout the Group. Scope 1 and Scope 2 greenhouse gas emissions, and Scope 3 emissions from business travel, fuel- and energy-related activities, paper and water consumption categories, are measured and reported in line with the reporting thresholds defined in the GHG Protocol's operating approach. Similarly, the data centre and remote working categories were added to Scope 3 in Germany in 2022 and expanded to cover international units in the 2023 reporting period. In addition, the 2023 emissions figures include emissions data for the business in Brazil and Türkiye that was acquired in the reporting period.

The reporting categories are defined as follows:

- **Scope 1:** Direct emissions from sources owned or controlled by the organisation (liquid or gas fossil fuels, owned and leased vehicles, and refrigerants emitted by cooling systems)
- **Scope 2:** Indirect emissions from purchased or acquired energy (electricity, district heating, steam and cooling water)
- **Scope 3:** Indirect emissions from business-related activities and supply chains (e.g. business travel or purchased goods and services)

Total emissions for the Group not including the Hannover Re Group amounted to 31,187 metric tons of CO_2 equivalents (CO_2e) in 2023; this corresponds to a drop of 34% compared to 2019. More specifically, 8,821 tonnes of this figure related to Scope 1 emissions and 9,739 tonnes to Scope 2 emissions. Total Scope 3 emissions amounted to 12,627 tonnes. The basis for the 2019, 2021 and 2022 reporting periods was adjusted to 47,196 tCO_2e, 30,737 tCO_2e and 30,714 tCO_2e respectively due to better-quality data and adjustments made to the emissions factors for air travel (DEFRA).The fact that the reduction in emissions achieved compared to 2019 was largely maintained points to long-term effects caused by fundamental changes in working practices. In particular, however, it is due to the results of the continuing efforts to reduce the Talanx Group's environmental footprint.

Metrics and targets

The following tables provide an overview firstly of the key objectives and measures and secondly of the Taxonomy KPIs for climate-related and environmental matters in asset management and underwriting.

In addition to the ESG KPIs presented here, the Talanx Group is currently working to develop uniform metrics and indicators for the Group, plus corresponding processes that will permit concrete management approaches for climate-neutral investment and insurance portfolios in line with the Paris Agreement's climate goals.

Material changes in the KPIs year-on-year are primarily due to the fact that the Taxonomy information reported by issuers made it possible for the first time to classify investments as Taxonomy-aligned. The Talanx Group assumes that the KPIs will continue to change in future reporting periods as more data becomes available.

The informative value of the Taxonomy alignment KPIs for the products from the Talanx Group, as an insurance undertaking, that are determined using this regulatory methodology is highly limited, especially in comparison to other sectors, and in no way reflects the Talanx Group's sustainability credentials.

The Talanx Group is monitoring developments relating to Taxonomy reporting and will take action where they become more important.

Due to the regulatory requirements governing how the KPIs are to be reported for financial year 2023, the information on Taxonomy alignment and Taxonomy eligibility relates to that portion of

turnover and capital expenses (capex) that is generated from Taxonomy-aligned, Taxonomy-eligible and Taxonomy-non-eligible issuer activities.

At the investment strategy level, issuers' Taxonomy KPIs are taken into account during analysis. The Taxonomy Regulation has not yet had a strategic impact on the product design process.

GOALS AND MEASURES: CLIMATE-RELATED AND ENVIRONMENTAL MATTERS

Area	Goal	Key measures	Scope	Status in 2023	Status in 2022	Status in 2021
Climate-related and environ-mental matters in asset management	Net zero emissions by 2050	Reduce carbon intensity (Scope 1 and 2) by 30% compared to 2019 baseline	Group-wide	–34%	–20%	–15%
		Expand sustainable investments to EUR 8 billion by 2025	Group-wide	EUR 11.3 billion [1]	EUR 7.9 billion	EUR 7.2 billion
		ESG screening of investment portfolio	Group-wide	Ongoing	Ongoing	Ongoing
		Exit thermal coal by 2038; exclude companies generating more than 25% of their revenue and production from thermal coal and divest existing holdings in such companies by 2038	Group-wide	Ongoing	Ongoing	Ongoing
		Exit greenfield Arctic drilling: no investments in companies that generate 10% or more of their revenue from offshore oil and gas extraction north of the Arctic Circle (66° 34' N)	Group-wide	Introduced	–	–
Climate-related and environ-mental matters in underwriting	Net zero emissions by 2050	Reduce carbon intensity	Group-wide	Ongoing	Ongoing	Ongoing
		Exit thermal coal and oil sands by 2038: reduce thermal coal infrastructure risks compared to 2019 baseline	Group-wide	Ongoing	Ongoing	Ongoing
		ESG screening of insurance portfolio	Group-wide	Ongoing	Ongoing	Ongoing
		Increase premium volume for renewable energies and green technologies	Group-wide	Ongoing	Ongoing	Ongoing
		Restrict oil and gas extraction project insurance	Group-wide	Introduced	–	–
		Exclude insurance solutions for deep sea mining projects	Group-wide	Introduced	–	–
	Expand sustainable insurance solutions	Expand sustainable insurance solutions to mitigate the consequences of natural disasters	Group-wide	Ongoing	Ongoing	Ongoing
		Support the global shift to green energy by providing insurance for renewable energies and technologies	Group-wide	Ongoing	Ongoing	Ongoing
Operations	Net zero emissions by 2030 (including offsetting of remaining emissions)	Reduce GHG emissions compared to 2019	Group-wide [2]	–34%	–35%	–35%
		Optimise energy consumption	Group-wide	Ongoing	Ongoing	Ongoing
		Increase use of renewable energy sources	Group-wide	Ongoing	Ongoing	Ongoing

[1] The amount may change due to changes in interest rates and durations, the goal was initially reached in mid-December 2022. It was exceeded as at the 31 December 2023 reporting date, with the volume of sustainable investments totalling EUR 11.3 billion; without a change in the methodology the volume would also have been above the target figure, at EUR 9.5 billion.
[2] Excluding Hannover Re.

STANDARD TEMPLATE FOR THE DISCLOSURE REQUIRED UNDER ARTICLE 8 OF THE TAXONOMY REGULATION (EU) 2020/852 [1]

	%		EUR
The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:		The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, Taxonomy-aligned economic activities with following weights for investments in undertakings per below:	
Turnover-based:	0.86	Turnover-based:	845,973,740
Capital expenditures-based:	1.45	Capital expenditures-based:	1,432,766,960
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.	
Coverage ratio:	100.00	Coverage:	98,880,731,895
Additional, complementary disclosures: breakdown of denominator of the KPI			
The percentage of derivatives relative to total assets covered by the KPI.	0.42	The value in monetary amounts of derivatives.	414,772,894
The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	32.79	For non-financial undertakings:	32,420,173,323
For financial undertakings:	36.07	For financial undertakings:	35,670,400,823
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	28.77	For non-financial undertakings:	28,448,072,266
For financial undertakings:	20.72	For financial undertakings:	20,487,028,026
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	5.62	For non-financial undertakings:	5,555,644,537
For financial undertakings:	15.48	For financial undertakings:	15,310,269,468
The proportion of exposures to other counterparties over total assets covered by the KPI:	9.62	Value of exposures to other counterparties:	9,509,470,850
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	87.38	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	86,402,684,924
The value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:		Value of all the investments that are funding economic activities that are not Taxonomy-eligible:	
Turnover-based:	17.13	Turnover-based:	16,933,778,785
Capital expenditures-based:	19.39	Capital expenditures-based:	19,168,683,270
The value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI:		Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned:	
Turnover-based:	12.74	Turnover-based:	12,595,632,331
Capital expenditures-based:	9.88	Capital expenditures-based:	9,773,934,625

[1] The proportion of assets of the insurance or reinsurance undertaking that are directed at funding, or are associated with, Taxonomy-aligned economic activities relative to the total assets.

STANDARD TEMPLATE FOR THE DISCLOSURE REQUIRED UNDER ARTICLE 8 OF THE TAXONOMY REGULATION (EU) 2020/852 [1]

	%		EUR
Additional, complementary disclosures: breakdown of numerator of the KPI			
The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:		For non-financial undertakings:	
Turnover-based:	0.52	Turnover-based:	518,128,587
Capital expenditures-based:	1.12	Capital expenditures-based:	1,104,921,807
For financial undertakings:		For financial undertakings:	
Turnover-based:	0.00	Turnover-based:	0
Capital expenditures-based:	0.00	Capital expenditures-based:	0
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:	
Turnover-based:	0.86	Turnover-based:	845,973,740
Capital expenditures-based:	1.45	Capital expenditures-based:	1,432,766,960
The proportion of Taxonomy-aligned exposures to other counterparties in over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to other counterparties over total assets covered by the KPI:	
Turnover-based:	0.33	Turnover-based:	327,845,153
Capital expenditures-based:	0.33	Capital expenditures-based:	327,845,153

Taxonomy-aligned activities – provided "do-not-significant-harm" (DNSH) and social safeguards positive assessment:		%		Turnover %	CapEx %
(1) Climate change mitigation	Turnover:	94.80	Transitional activities:	3.78	0.63
	CapEx:	66.36	Enabling activities:	24.00	12.05
(2) Climate change adaptation	Turnover:	0.16			
	CapEx:	27.56	Enabling activities:	0.06	4.62
(3) The sustainable use and protection of water and marine resources	Turnover:				
	CapEx:		Enabling activities:		
(4) The transition to a circular economy	Turnover:				
	CapEx:		Enabling activities:		
(5) Pollution prevention and control	Turnover:				
	CapEx:		Enabling activities:		
(6) The protection and restoration of biodiversity and ecosystems	Turnover:				
	CapEx:		Enabling activities:		

[1] The proportion of assets of the insurance or reinsurance undertaking that are directed at funding, or are associated with, Taxonomy-aligned economic activities relative to the total assets.

STANDARD TEMPLATE FOR THE DISCLOSURE REQUIRED UNDER ARTICLE 8 OF THE TAXONOMY REGULATION (EU) 2020/852 [1]

	Substantial contribution to climate change adaptation		DNSH (do no significant harm)					
Economic activities	Absolute premiums	Proportion of premiums	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
	EUR thousand	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
A.1 Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	1,179,053.90	3.53	Yes	Yes	Yes	Yes	Yes	Yes
A.1.1 Of which reinsured	476,004.61	1.42	Yes	Yes	Yes	Yes	Yes	Yes
A.1.2 Of which stemming from reinsurance activity	1,020,691.76	3.05	Yes	Yes	Yes	Yes	Yes	Yes
A.1.2.1 Of which reinsured (retrocession)	440,825.77	1.32	Yes	Yes	Yes	Yes	Yes	Yes
A.2 Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	19,700,009.75	58.95						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	12,537,237.22	37.52						
Total (A.1 + A.2 + B)	**33,416,300.86**	**100.00**						

[1] The underwriting KPI for non-life and reinsurance undertakings.

S – Social matters

Social matters in asset management and underwriting

As a listed enterprise with roughly 28,000 employees serving customers in more than 175 countries around the world, the Talanx Group takes its social responsibilities seriously. This is why social aspects also play a role in its asset management and underwriting decisions.

For example, compliance with social standards and principles has been stipulated throughout the Group as a key filter for the ESG screening performed in the asset management area. In addition to complying with the social criteria set out in the UN Global Compact, the Talanx Group has systematically expanded its filter catalogue to include international social standards such as the conventions drawn up by the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). Investments in companies involved in controversial weapons (such as anti-personnel mines) are also excluded. The Responsible Investment Committee (RIC) defines and regularly reviews the social screening and exclusion criteria used, and makes recommendations to the Group companies on whether to retain or shed investments, taking the economic interests of the community of insured customers into account. ESG screening is performed for the liquid asset classes of equities and corporate bonds.

The Talanx Group has made sustainable investments of EUR 11.3 billion to finance public infrastructure projects (such as hospitals and educational institutions), among other things. In addition, the Group invests in social bonds pursuant to the standards set out by the International Capital Market Association (ICMA). This illustrates the social dimension to the Talanx Group's investment policy.

The revision of the social focus of the Group's sustainability strategy led to the addition of the "promoting access to infrastructure" action area as a strategic social focus. Access to infrastructure is considered to have a social dimension because of its positive impact on society. This focus area comprises transport, energy, telecommunications, waste disposal, recycling, hospitals, universities and court buildings.

Social aspects are highly important for the Talanx Group in the underwriting area, too. By offering insurance services, the Group provides reliable long-term financial protection against a variety of life risks for people and companies around the world. The range of products offered in primary insurance covers existential risks for retail and commercial customers. In addition, reinsurance enables other insurance companies around the world to also offer such products.

Above and beyond this core role as a risk taker, compliance with international social standards and principles serves as a key decision-making and exclusion criterion when underwriting insurance risks.

Social aspects are also increasingly being incorporated into concrete solutions for products. For example, in life/health reinsurance, the Group is addressing the trend towards higher life expectancy and is supporting the development of innovative annuity products that are tailored to end customers' needs. In Germany, new essential abilities policies were introduced in the area of biometric risks products. Both term life insurance and occupational disability insurance have had a firm place in the Group's product portfolio for many years. What is more, by providing insurance solutions such as agricultural insurance and microinsurance, the Group contributes to social advances in underdeveloped regions. These offerings enable people without large financial reserves to insure themselves against basic risks such as the consequences of failed harvests and sickness.

The Talanx Group also takes on social responsibility in its advisory activities, by protecting customers against financial risks and supplementing or in some cases offering alternatives to public sector social security systems. In particular, the Group's life insurance products help relieve the pressure on social security systems.

Corporate social commitment

Social commitment is a key area in which the Talanx Group can contribute directly to society and also promote employee involvement by providing publicity, and supporting volunteering and donations.

Social commitment was not identified as a material aspect during the materiality analysis. Nevertheless, the issue is important to the Talanx Group, which is systematically addressing and continuously enhancing it as part of its sustainability strategy.

The sustainability strategy review in 2022 created a uniform framework for the Group's social responsibility activities, among other things, and embedded this in the Group strategy. Consequently, projects addressing "diversity, equity and inclusion", the "employee journey" and "ensuring access to education" are given special consideration in the Group's social commitment activities.

Due to the Group's decentralised organisational structure and the deep roots that its local subsidiaries have in their respective locations, the individual subsidiaries and branches select their own projects and assign their own resources to them. Involvement takes many forms and is always tailored to local needs in the countries concerned. This allows the Talanx Group to have a positive impact on society above and beyond its own business activities.

Employee matters

As Germany's third-largest insurance group with business ties in more than 175 countries, the Talanx Group is an important employer and provider of vocational training and continuous professional development, and hence has an impact on society. Due to the Group's decentralised structure and resulting local differences, the statements that follow focus on Germany, where roughly 38% of the workforce is employed.

Group Board of Management member Caroline Schlienkamp has been Labour Relations Director, and hence responsible for Group People & Culture, since 1 July 2022. The "HDI.X" people management strategy that was developed as part of the 2025 Group strategy was announced at the beginning of 2023 and is being promoted and implemented by Group People & Culture using a number of different measures. These form part of a four-pronged strategic approach: "Hire", "Develop", "Inspire" and "Xperience".

The Talanx Group's people management activities aim to provide the best possible support for, and to value, employees in line with the Group's Purpose, "Together we take care of the unexpected and foster entrepreneurship".

Talanx as an employer

As an employer, the Talanx Group emphasises the need for a healthy work-life balance, providing support in this area through flexible working time models, opportunities for part-time work and a deferred compensation scheme, among other things. Additionally, remote working enables employees to be more flexible about where they do their daily work.

For many years now, the Talanx Group in Germany has also provided flexible and reliable childcare offerings, among other things. For example, the Company runs its own day-care centre in Hannover, helps to find kindergarten places, provides parent-child offices and offers a tax-free subsidy for children attending fee-paying facilities. In addition, a partner organisation offers staff assistance with home-schooling and (virtual and local) options for vacation and leisure time activities. A pilot project offered vacation childcare for employees' children at the Group's Hannover location in 2022 and the services were expanded in 2023. The Talanx Group also works together with another partner organisation to support employees who are having to juggle long-term care for relatives alongside their jobs, or who find that they themselves require care.

Employees in Germany can access a wide range of preventive measures as part of the Company's holistic health management programme, allowing them to strengthen their personal resilience. Services range from subsidised preventive health measures through advice on mental well-being down to addiction prevention. Additional offerings are available as part of tried-and-tested projects such as the HDI Health Year or individual health days on different topics. Employees who find themselves in stressful private, professional or health-related situations can obtain free, anonymous, professional counselling from an external service, and can also use a family service.

The Group's remuneration system comprises a performance-driven salary that matches the responsibilities involved, results-based payments and social benefits. Salary adjustments based on internal and external remuneration analyses ensure that the remuneration paid by the Group is competitive. At the Talanx Group, individual salaries depend on the function performed and the individual employee's professional qualifications and performance. In addition to assigning positions to the salary bands set out in the collective agreement for the insurance industry, a uniform, non-employee-specific evaluation of all management positions throughout the Group is performed using the standardised Hay method.

The Group aims to ensure that its salary structure is not only performance-driven and responsibility-based, but also market-competitive.

In 2023, Talanx Group staff in Germany (not including the Hannover Re Group) had the opportunity to participate in Talanx AG's sixth employee share programme. A total of 39% of employees took up this offer, matching the good participation rates seen in recent years. Employees could choose flexibly between three different programme options, and received a tax-free subsidy of up to a maximum of EUR 1,440. This brought the total number of shares subscribed for in the six years in which the employee share programme has been running in Germany to 1,119,757. In addition, HDI Global employees outside Germany had the chance for the first time to participate in an international employee share programme in 2023. A total of 22% of employees took up this offer. All in all, 16,206 shares were issued to staff.

Staff satisfaction and identification with the enterprise are among the reasons for the moderate employee turnover rate of 7.6% and the long average periods (14.8 years) that staff in Germany (not including the Hannover Re Group) spend with the Company.

Employee recruitment and development

The Group has been using a uniform employer brand, HDI Group,[5] for employer marketing in Germany since 2021.

The local human resources units are responsible for implementing recruitment. In 2022, a new Recruiting Centre was set up in Germany (not including the Hannover Re Group) to optimise and enhance recruitment measures; the new unit provides a one-stop shop for all recruitment activities including employer branding and sourcing. This speeds up appointment processes and ensures that different groups of candidates are addressed in a focused manner. The management of the recruitment process was enhanced in financial year 2023.

Cross-border talent recruitment is becoming an increasingly important issue. The Talanx Group's foreign units around the world recruit their own talent for their domestic markets. At the same time, the Talanx Group has included diversifying the recruitment basis in all countries and promoting international intercultural exchanges in its strategy.

Employee recruitment in Germany focuses on customising approaches for specific target groups, expanding social media activity, and ensuring attractive employer marketing. In 2023, social media campaigns were developed as part of the recruiting strategy to specifically raise awareness of career opportunities in the Talanx Group among younger age groups. Sources of information for students include job fairs, site visits and podcasts by former HDI Group students in Germany. Another goal is to cater better to potential employees' needs by optimising advertisements for part-time positions and expanding our

[5] For the purposes of employer branding, the HDI Group consists of the Primary Insurance Group in Germany.

dual-track vocational training and degree courses, and our graduate trainee programmes. The HDI Group's strategic approach to recruiting talented young staff also extends to supporting students via a number of scholarship programmes such as the HDI Foundation and the "Deutschlandstipendium" scholarships. Financial year 2023 saw the launch of an additional internal development programme for student employees and interns, which is designed to provide effective support to talented students who have already been recruited.

Human resources development conferences are used to systematically identify and specifically develop the Group's high-potential employees and managers throughout Germany. The goal is to ensure that internal candidates can be appointed to vacant positions in the future. An annual succession planning exercise for the Board of Management, senior management and key positions means that vacancies can be filled rapidly. Our international units are also included in the search for suitable succession candidates. What is more, the human resources development conferences pay special attention to female high-potentials.

An objective selection process is used when filling vacant middle management positions, comprising aptitude testing and a variety of situation-based exercises that are monitored by multiple observers. This process is also used in other European countries. An external management assessment is performed before senior management positions are filled. This ensures an objective approach is taken to recruiting management staff at all levels.

Continuously growing and developing employees is extremely important to the Talanx Group. In a volatile world, the knowledge and skills that are needed are changing all the time. The Group is adapting to this situation by offering employees both classic learning formats and self-directed learning in line with their needs and interests, e.g. via access to a variety of digital platforms.

Not only do we provide a large number of offerings designed to enhance and expand employees' professional, linguistic and methodological expertise, we also focus on developing their interpersonal skills and on promoting a corporate culture than is based on respect. Changes in the working world, such as in the area of agile transformation, are accommodated using specially tailored course offerings. A variety of needs-driven programmes, which in some cases have an international reach, are available to support individual target groups including young professionals, selected high-potential employees, experts, and middle and top-level management. The Female Empowerment Programme aims to specifically develop women.

The multi-year "Together Leadership Journey", a Group-wide leadership initiative that focused on systematically embedding the management principles of transparency, commitment and collaboration, came to an end in 2023. Preparations for its successor format, the "Talanx Executive Campus" have begun.

The Talanx Group encourages all employees to say what they think and to provide honest feedback, without having to fear any consequences. For example, the Group offers a variety of instruments such as "Let's talk", the annual employee review procedure, or "LET'S GROW", the participatory development model that permits participants to obtain systematic feedback from colleagues.

The importance that the Group attaches to its feedback culture can also be seen from its "Organisational Health Check" (OHC), which was performed for the fifth time in a row. This polls Group employees about their views on the Group's culture and organisation, among other things. The OHC will be replaced in financial year 2024 by the engagement survey that was piloted in 2023.

Diversity, equity and inclusion

For the Talanx Group, diversity, equity and inclusion (DE&I) are more than just material aspects of our corporate culture – they are also seen as an opportunity to leverage potential and contribute fresh viewpoints. The Group aims to recruit the most suitable staff possible and to retain them for the long term – regardless of their age, physical or mental abilities, gender and gender orientation, ethnic origin and nationality, social origin, religion or belief, or sexual orientation.

The Group has supported DE&I for over a decade now – ever since the Board of Management signed up to Germany's Diversity Charter. The Labour Director has been responsible for diversity, equity and inclusion since 2023. The fact that a Board of Management member is responsible for this topic demonstrates its importance within the Group.

Management of diversity, equity and inclusion has been systematically embedded in the Group's people management and business processes. This strategic focus is also underscored by the motto for the Group (not including the Hannover Re Group), "BeYou. Together we are traditionally different".

This commitment to DE&I and the strategy that has been resolved are expressed in a series of activities and measures that have already been launched, and are now being successively rolled out within the Group.

These educational and awareness-raising activities were continued in 2023 and included a digital training series on people with disabilities, DE&I workshops for the Recruiting function and a combined workshop and series of presentations on different generations.

The Talanx Group is also aiming to increase the proportion of women in management positions. In addition to its expanded range of training offerings, mentoring programmes and the "Women@Talanx" network, the Group has set itself the goal of filling half of all vacant management positions with women.

There are a number of networks in the Talanx Group relating to diversity, equity and inclusion: the "Women@Talanx" women's network, the "pride@hdi" international LGBTIQ* network; an international DE&I community; the "HDI Starters Network" for vocational trainees and students; the "BIPoC@HDI" Safe(r) Space for and by Black People and People of Colour (BIPoC); "Parents@HDI"; and "Internationals@HDI".

Responsibility to customers

Easy-to-understand information about insurance solutions, fair sales advice, and rapid, transparent claims processing are all especially material for the Talanx Group in the "responsibility to customers" group of topics. These issues have a significant impact on customer satisfaction. Meeting customer needs is a top priority. Key elements in addition to high-quality advice are transparency, fairness and innovative, customer-oriented products and services.

The German Regulation on Information Obligations for Insurance Contracts (VVG-InfoV) imposes extensive duties on the insurance industry to inform customers.

A binding framework for sustainability disclosure requirements in the financial services sector has applied in the European Union since 10 March 2021 under Regulation (EU) 2019/2088 of the European Parliament and of the Council. This legislation establishes obligations with respect to undertakings, products and intermediaries:

- Companies must provide information about sustainability
- Sustainability information must be included in the descriptions of certain products (insurance-based investment products (IBIPs), occupational retirement provision schemes, Riester pension products and basic pension products)
- Insurance intermediaries must provide sustainability information both in general and when providing advice on certain products

In addition, Level 2 of Commission Delegated Regulation of 6 April 2022 supplementing the EU Sustainable Finance Disclosure Regulation ((EU) 2022/1288) has applied since 1 January 2023. This involves more concrete disclosure requirements. New features include templates that must be used to present pre-contractual information and annual benefit statements, the publication of Principal Adverse Impact (PAI) statements and more details of product disclosure requirements.

Above and beyond this, providing easy-to-understand information about insurance solutions is a key component of the Code of Conduct for Insurance Distribution produced by the German Insurance Association (GDV). The companies in the Retail Germany business segment have voluntarily undertaken to comply with this Code as well.

Following the implementation of the EU's Insurance Distribution Directive (IDD) in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council, manufacturers of insurance products have had to comply with more extensive supervisory and management requirements since 23 February 2018. The Directive also introduced stricter requirements with respect to qualifications and the advice provided. The companies in the Retail Germany business segment, and the EU branches of the Retail International and Industrial Lines divisions comply with these. With effect from 2 August 2022, two supplementary Commission delegated regulations were introduced, expanding the provisions of the IDD to include sustainability aspects. Sustainability factors now have to be observed during the product development and product review process and with respect to the target market. Customers' sustainability objectives must be taken account when determining whether there are any conflicts of interest during the distribution of insurance-based investment products. In addition, the suitability and appropriateness test must be expanded to include explaining and asking about sustainability preferences and, where possible, must take these into account. The companies in the Retail Germany segment comply with all these requirements. As regards the IDD and its practical implementation in sales operations at the Talanx Group's partners, the sales organisations at the Group's bancassurance partners are being provided with coaches, training courses and qualification measures for their own sales operations, or legally compliant integration is being facilitated at the software level.

Retail Germany obliges its tied agents and the banks and other partners with which it works to put determining customer needs at the heart of their brokerage activities during consultations. The contracts for tied agents require these to comply with HDI's Basic Code for Insurance Agents, whereas the contracts for brokers/non-exclusive agents refer to the basic tenets underpinning the GDV Code of Conduct or an alternative, vetted broker code. In addition, consultations have to be carefully documented using standardised report forms. This is monitored by Complaints Management. Confirmation from customers that they have received a record of the advice provided or (exceptionally) that they have expressly waived such a record is an integral part of our application/contract documentation. The standardised digital sales processes provided by HDI also draw up a consultation document that is made available to customers.

Giving customers easy-to-understand information and focusing on their needs are points that are included in independent reviews and audits. In 2016, the Talanx Group introduced a compliance management system aimed at ensuring that the code is properly implemented at HDI Versicherung AG, HDI Lebensversicherung AG and the bancassurance companies. This system is regularly recertified by independent auditors in accordance with audit standard IDW PS980.

The HDI Germany Compliance Steering Committee is the core steering and oversight body both for the compliance management systems that are used by those companies that have signed up to the GDV Code of Conduct and for the implementation of the requirements relating to material risk takers in the Retail Germany segment resulting from the transposition of the IDD into national law and the implementation of the relevant national legislation.

To ensure that intermediaries have the necessary qualifications and expertise required for advising customers, the Talanx Group companies concerned are active in the "Gut beraten – Weiterbildung der Versicherungsvermittler in Deutschland" initiative, which was set up by the GDV and the associations representing intermediaries in the German insurance industry. All tied agents are contractually required to take part.

National and international Group companies use a variety of instruments to poll customer satisfaction – from their own customer satisfaction surveys at various customer contact points through external assessment tools down to market studies, specialist conferences and the stakeholder dialogues that form part of our sustainability management activities.

Human rights and supply chain

The Talanx Group is aware of its responsibilities to customers, investors, employees and business partners when it comes to complying with applicable laws, conventions and regulations on human rights and on actively supporting employee rights, and takes these seriously in its business activities. Among other things, the following disclosures create the transparency required pursuant to section 54(5) of the UK Modern Slavery Act 2015, to the extent that this applies.

In 2021, the Talanx Group rolled out its Code of Conduct, which had been expanded to include compliance with human rights, worldwide to all Group employees. The rules in the Code of Conduct make clear that nobody in the Company may in any way be forced to work through the use of violence or intimidation. All forms of involuntary labour, child labour and human trafficking are expressly prohibited, as are other forms of employee abuse. Fairness, politeness and respect for individuals' dignity and personal rights are key principles that are enshrined in the Company's Code of Conduct and that form the basis for how we interact with each other.

These rules have been set out in a separate chapter on sustainability in the Group's Compliance Guidelines. The Compliance Guidelines are addressed to all Talanx Group employees throughout the world (not including the Hannover Re Group) and contain minimum compliance standards. The chapter mainly comprises rules on compliance with human rights that are based on the obligations set out in the German Supply Chain Due Diligence Act (LkSG), which came into force on 1 January 2023.

Under the LkSG, the Talanx Group is required to establish adequate and effective risk management so as to ensure compliance with certain due diligence requirements that are designed to prevent human rights abuses in supply chains. These due diligence obligations comprise the duty to perform a risk analysis so as to determine human rights and environmental risks in its own business areas and at its direct suppliers. The Talanx Group performed this risk analysis for the first time in 2023.

In addition to internal rules such as those set out in the Code of Conduct, the Talanx Group has drawn up a Code of Conduct for Business Partners, which is designed to oblige external partners to comply with human rights. The document was revised in 2022 to comply with the provisions of the LkSG applying as from 1 January 2023, and the new version was published.

In addition, the Talanx Group published a human rights policy statement on its corporate website in 2022 in which it expressly commits to respecting human rights and to exercising corporate due diligence in respect of these rights.

The Talanx Group also has a whistle-blowing system, which is accessible both internally and externally and which enables human rights abuses to be reported (including anonymously).

By signing up to the UN Global Compact, the Talanx Group has undertaken to comply with international human rights. The first six of the initiative's principles cover respect for human rights and the implementation of labour standards (the ILO core labour standards). The Group's decision to become a signatory to the UNGC committed it not only to support international human rights but also to ensuring freedom of association, eliminating forced labour and child labour, and taking steps to prevent employee discrimination.

The Talanx Group has also committed itself to the United Nations' 17 Sustainable Development Goals. Due to its business priorities, it focuses particularly on specific goals, which include topics such as Gender Equality and Decent Work and Economic Growth.

Measures taken to ensure respect for human rights in the supply chain are described in more detail in the "Supplier management" section in particular. In addition, the Talanx Group takes human rights aspects into account in its asset management and underwriting activities (see the "Social matters in asset management and underwriting" sections). The Group also discharges its human rights responsibilities by systematically promoting diversity, equity and inclusion as part of its people management strategy (see the "Diversity, equity and inclusion" section).

Metrics and targets

The following table provides a summary of the key objectives and measures for the Talanx Group's social aspects described above.

GOALS AND MEASURES: SOCIAL MATTERS

Area	Goal	Key measures	Scope	Status in 2023	Status in 2022	Status in 2021
Social matters in asset management and underwriting	Enhance social responsibility in asset management	ESG screening of investment portfolio	Group-wide	Ongoing	Ongoing	Ongoing
		Exclude issuers that do not comply with social criteria	Group-wide	Ongoing	Ongoing	Ongoing
		Expand sustainable investments to EUR 8 billion by 2025	Group-wide	EUR 11.3 billion [1]	EUR 7.9 billion	EUR 7.2 billion
	Enhance social responsibility in underwriting	Include social criteria when underwriting risks	Group-wide	Ongoing	Ongoing	Ongoing
		Expand insurance cover for previously inadequately insured sections of the population	Hannover Re Group	Ongoing	Ongoing	Ongoing
Corporate social commitment	Strengthen the Company's social responsibility	Support charitable projects and social initiatives	Group-wide	Ongoing	Ongoing	Ongoing
		HDI Foundation sponsored projects	HDI Group Germany	Ongoing	Ongoing	Ongoing
Talanx as an employer	Improve work-family balance	Flexible working time models	HDI Group Germany	Ongoing	Ongoing	Ongoing
		Expand support provided for childcare	HDI Group Germany	Ongoing	Ongoing	Ongoing
		Expand support provided for long-term care of relatives	HDI Group Germany	Ongoing	Ongoing	Introduced
	Promote employee health	HDI Health Year with offerings on specific topics	HDI Group Germany	Ongoing	Ongoing	Ongoing
		(Medical) advice for employees and addiction prevention	HDI Group Germany	Ongoing	Ongoing	Ongoing
	Internationality	International programmes, shadowing opportunities and secondments abroad	Group-wide	Ongoing	Ongoing	Ongoing
	Performance-related pay	Assign positions to salary bands set out in collective agreement for the insurance industry	Group-wide	Ongoing	Ongoing	Ongoing
		Use Hay job evaluation method for management functions	Group-wide	Ongoing	Ongoing	Ongoing
	Cultural transformation	Implement the Organisational Health Check (OHC) global employee survey	Group-wide	Comple-ted [2]	Ongoing	Ongoing
Employee recruitment and development	Talent recruitment/optimum vacancy filling	Establish a recruiting centre	HDI Group Germany	Ongoing	Ongoing	–
		Participate in careers fairs	HDI Group Germany	Ongoing	Ongoing	Ongoing
		Implement assessment centres for middle management	HDI Group Germany	Ongoing	Ongoing	Ongoing
	Strengthen employer brand	HR podcast, closely targeted campaigns	HDI Group Germany	Ongoing	Ongoing	Ongoing
	Optimise development measures for specialists and managers	"Together Leadership Journey" for enhancing leadership skills	Group-wide	Comple-ted [3]	Ongoing	Ongoing
		Launch new development programmes (e.g. Female Empowerment Programme/ Induction Programme for New Managers)	HDI Germany/ HDI Global	Ongoing	Ongoing	Ongoing
		Promote a new culture of learning	HDI Group Germany	Ongoing	Ongoing	Introduced
		Strengthen feedback culture	Group-wide	Ongoing	Ongoing	–

GOALS AND MEASURES: SOCIAL MATTERS

Area	Goal	Key measures	Scope	Status in 2023	Status in 2022	Status in 2021
Diversity, equity and inclusion	Increase diversity at all levels of management, especially with respect to women	Women in management positions	Group-wide	33.9%	32.3%	31.7%
	Promote diversity and equal opportunities	Promote a non-discriminatory working environment e.g. through training to prevent unconscious bias, racism and discrimination	HDI Group Germany	Ongoing	Ongoing	Ongoing
Responsibility to customers	Enhance customer dialogue	Easy-to-understand information about insurance solutions	HDI Germany	Ongoing	Ongoing	Ongoing
Human rights and supply chain	Implement and monitor LkSG due diligence obligations	Perform LkSG risk analysis	Group-wide	Introduced	–	–
		Group Compliance to monitor the risk management activities required to be established under the LkSG	Group-wide	Introduced	–	–

[1] The amount may change due to changes in interest rates and durations. The goal was initially reached in mid-December 2022. It was exceeded as at the 31 December 2023 reporting date, with the volume of sustainable investments totalling EUR 11.3 billion; without a change in the methodology the volume would also have been above the target figure, at EUR 9.5 billion.
[2] To be replaced in 2024 by the engagement survey.
[3] To be replaced in 2024 by the Talanx Executive Campus.

G – Governance

Corporate governance

Effective, Group-wide corporate governance plays a key role in ensuring responsible corporate management based on sustainable value creation.

As a listed company based in Hannover, Talanx AG is governed by German stock corporation and capital markets law, and by the German Co-determination Act (MitbestG). In line with this, the Company's three governing bodies – the Board of Management, the Supervisory Board and the General Meeting – form the Group's top-level management and governance structure. The duties and powers of these bodies are defined by law, Talanx AG's Articles of Association and the Rules of Procedure for the Board of Management and the Supervisory Board.

Talanx AG has a two-tier board structure comprising the Board of Management and the Supervisory Board. The Supervisory Board appoints, oversees and advises the Board of Management. It is directly involved in decisions of fundamental importance and cooperates closely with the Board of Management in the Company's interests. However, the Supervisory Board does not perform any management functions, in line with the two-tier corporate governance system in which a deliberate distinction is made between oversight and management.

As required by Germany's MitbestG, Talanx AG's Supervisory Board consists of 16 members comprising equal numbers of shareholder and employee representatives. The Supervisory Board has established four permanent committees to deal in depth with topics of material importance. These include the Finance and Audit Committee, which addresses among other things the effectiveness of the internal control system and of the risk management and internal audit system, plus measures relating to environmental, social and governance aspects.

Further information on corporate governance in general can be found in Talanx AG's Corporate Governance Principles and its Articles of Association, and in the "Corporate governance" section of the Talanx Group Annual Report.

ESG governance

The Talanx Group continued to expand and strengthen its sustainability governance in the reporting period in a number of different application areas.

The importance that the Group places on sustainability was underlined by the appointment of another expert to the Supervisory Board. This means that there are now three sustainability specialists on this body. At the same time, dialogue with the Supervisory Board on this topic was strengthened by a training offering, among other things.

Starting in financial year 2024, the Talanx Group will be required to report in accordance with the Corporate Sustainability Reporting Directive (CSRD). The Group prepared in detailed for the resulting changes and extensions to its non-financial reporting in the reporting period with the help of an enterprise-wide implementation programme.

In addition, Talanx AG's Group Strategy & Sustainability function provided further support for the topic by systematically expanding the sustainability departments in the business segments and a number of central units.

Group Strategy & Sustainability is at the heart of the Group's current sustainability activities. It is responsible for coordinating and enhancing activities at Group level and for launching new ones, and also reports regularly to the Board of Management and Supervisory Board.

In addition, it uses the Group-wide, cross-functional sustainability network to support the Group's operating units as they embed the Group's strategic sustainability approach and guidelines in its business processes. Goals here include not only ensuring an end-to-end, long-term sustainability strategy but also establishing comprehensive governance practices and hence further facilitating internal networking and best practice sharing on sustainability. Defined core processes are used to structure information sharing with central functions, operating segments and local Group companies within

the sustainability network. These processes serve to create transparency as to external requirements and to translate these as efficiently and effectively as possible into corporate practice. Above and beyond this expert network, a number of working groups on specific ESG topics regularly share information within the Group. The Talanx Group uses external support where needed in specific situations.

At business segment level, the sustainability function in the strategy department concerned handles overarching coordination of sustainability topics. It is responsible for their implementation within the individual segments and for associated sustainability reporting there. Mirroring the Group sustainability function at Group level, the sustainability functions in the individual business segments are assigned at an organisational level, and report regularly, to the member of Talanx's Board of Management responsible for the business segment concerned. Here, too, the way in which sustainability is embedded within the organisation underscores its significance and strategic importance for the Talanx Group.

In addition, two core sustainability bodies have been established in the form of the Responsible Investment Committee (RIC) and the Responsible Underwriting Committee (RUC), which are each headed by Group Board of Management members. These committees regularly monitor and spearhead the process of embedding sustainability aspects in all core asset management and underwriting processes in line with the strategy. Sustainability ownership rests with Talanx AG's full Board of Management. Consequently, the Board of Management regularly examines the implementation status for the sustainability strategy, along with the strategic action areas and sustainability reporting. In the process, they discuss both ESG-related opportunities and risks and the environmental and social impacts of the Talanx Group's business activities.

Above and beyond this, the Talanx Group underlines its sustainability and transparency credentials by voluntarily undertaking to comply with internationally recognised principles, frameworks, initiatives and ESG reporting standards, and through the Board of Management's Sustainability Commitment.

In its core business, the Talanx Group has signed up to two United Nations initiatives: the Principles for Responsible Investment (PRI) and the Principles for Sustainable Insurance (PSI). These are the world's leading standards and guidelines for integrating sustainability criteria in their respective areas.

In addition, the Talanx Group has joined the UN Global Compact (UNGC) – the world's largest initiative for good corporate governance. The Talanx Group is continuously progressing implementation of the Global Compact's Ten Principles and guidelines in the areas of human rights, labour standards, the environment and anti-corruption.

Starting in financial year 2021, the Talanx Group also included sustainability aspects in the remuneration system for the Board of Management and tied part of the latter's variable remuneration to achieving concrete individual sustainability goals that promote the Company's sustainable long-term development (see the remuneration report on page 18ff.).

The Talanx Group bases its ESG reporting on the Global Reporting Initiative (GRI) requirements – which have become established as one of the main ESG reporting standards worldwide – so as to ensure a high level of transparency and data quality for the Group in this area as well. This alignment with an established global standard also permits transparency on sustainability performance, both within and across individual sectors.

Digital transformation, data protection and cybersecurity

Digital transformation

Digital transformation and the resulting potential for both innovation and disruption are radically changing customers' and business partners' expectations of what we do and the services we provide, and are hence a constant driver for change in the insurance sector.

The Talanx Group is addressing digital transformation throughout its entire value chain. In addition to digitalising its own processes, it is focusing on digital processes and products for customers.

Best practice labs provide specific support for digital innovation throughout the Group; activities here include international information sharing in the Group Digital Lab, scaling up innovative best practices using "agile desks", and the scouting and market intelligence partnerships entered into with start-ups and established technology companies alike. In addition, regular events are organised to present innovative approaches from the insurtech scene to the Talanx Group's operating units and to initiate pilot installations. Transparency about Talanx's digital assets allows rapid information sharing and the replication of best practices.

Data protection, information security and cybersecurity have a key role to play given current dynamic developments and in particular the structural changes resulting from the digital transformation process.

Data protection and cybersecurity

In an increasingly networked and global world, information and data are exposed to a large number of risks, threats and other unpredictable challenges.

Information security and cybersecurity also always imply ensuring data protection at a technical level, and are a material component of the "appropriate technical and organisational measures" required by the General Data Protection Regulation (GDPR).

The Group sees data protection and information security as adding value, since new technologies, processes and processing methods will only prove successful if they comply with data protection and security requirements right from the start.

Data protection, information security and cybersecurity form part of the Group-wide internal control system (ICS) in the second line of defence under the "three lines" model used by the supervisory authorities. The associated tasks and responsibilities comprise risk identification, assessment, management, monitoring and reporting at the overarching enterprise level.

The Information Security Office and Data Protection are independent Group units that work closely together. They share common values in the form of their focus on technical security issues and the sensitive treatment of data and information. These values are reflected in particular in the restrictive use of data and information, which are only processed for their intended purpose. This applies even though the Talanx Group's business is data-driven, and data is also needed in large volumes and high quality in an era that is dominated by artificial intelligence and machine learning.

The Talanx Group uses individual recognition strategies plus response and contingency plans to protect its customer data and assets, and to repel attackers from cyberspace. This reduces any damage suffered and permits countermeasures to be taken to ensure that the systems are restored rapidly and in full.

The Information Security function and the Talanx Group's Chief Information Security Officer (CISO) are responsible for managing and overseeing the information security management system (ISMS) established by the Board of Management. The core HDI ISMS is certified in accordance with ISO/IEC 27001.

The Group Board of Management and the boards of management of the risk takers involved receive a quarterly security report and are informed ad hoc in critical cases. The CISO reports directly to the Group's Chief Financial Officer.

The Group's data protection strategy is based on compliance with the data protection legislation. Consequently, business processes are aligned with the statutory data protection requirements. Data Protection has implemented a reporting system that provides for annual data protection reports at a minimum, which are addressed to senior management. A direct reporting line to the Group Board of Management also exists during the year for ad hoc events.

The data protection management system is central to the German Data Protection Act (BDSG) and other statutory data protection requirements. It provides end-to-end coverage of typical data handling processes in the insurance business (contract management, claims processing, and communication with sales partners and reinsurers).

The Group Data Protection Guidelines regulate how all domestic Group companies (not including the Hannover Re Group) handle data and information, creating a binding, uniform framework. They regulate material topics such as documentation requirements, responsibilities, data protection officers and dedicated data protection coordinators, data protection monitoring and transparent data processing. All proactive and preventive measures such as training courses or ad hoc checks are aligned with these Group requirements.

The Group Data Protection Guidelines also address claims for damages and actions for cease-and-desist orders in cases of data protection breaches.

Proactive and reactive measures ensure transparency and a high level of protection for all information and data processing processes.

Compliance

For the Talanx Group, complying with the law is a vital prerequisite for its long-term global business success. Compliance plays a key role for the Talanx Group and everyone in it, from the business segments through the departments down to individual employees.

Group Compliance is organised at Group level as a department within Group Legal. It is headed by the Chief Compliance Officer, who reports directly to the member of Talanx AG's Board of Management responsible for Compliance.

A global network of local compliance managers at the foreign locations assists the Chief Compliance Officer in his tasks. This means that local compliance breaches can also be reported directly to the Compliance department without going through the local hierarchy. Group Compliance and local compliance managers use the established "ComplianceXchange" format to communicate with each other and discuss potential best practice solutions.

The Group's compliance management system (CMS) is an important component. It consists of a number of different elements that interoperate systematically: culture and rules, training and communication, organisation, risks, core/coordination topics, and monitoring and improvement. The CMS builds on Talanx's compliance policy, which comprises Talanx's Code of Conduct, the Talanx Compliance Guidelines and work instructions.

"Together for Integrity", our Group-wide Code of Conduct, is an effective tool for ensuring transparency on our commitment to complying with existing laws and our voluntary undertakings. The Code serves to explain fundamental legal and ethical requirements to employees and to provide further details of their duties in this area. Among other things, it includes a clear commitment to respecting human rights and prohibits all kinds of involuntary labour, child labour and human trafficking.

Talanx's Compliance Guidelines, which are updated on an ongoing basis, break down the Code of Conduct in greater detail. The principles they contain are binding for Group companies in Germany and abroad (not including the Hannover Re Group).

Talanx's whistle-blowing system gives employees, customers, suppliers and other business partners the opportunity to report potential breaches of the law or of the requirements set out in the Code of Conduct; this can also be done anonymously if desired. The system can be accessed from around the world in a total of nine languages via Talanx's website. Additionally, employees can report suspected breaches of the law or guidelines to their line manager or directly to the compliance officer for the company in question. As from March 2023, it has also been possible to report breaches of human rights and environmental pollution in addition to the previous focus areas.

Compliance has implemented an external tool for monitoring legal changes. The unit provides managers and staff with quarterly (and since Q2 2023 two-monthly) overviews of the results of its monitoring of statutory initiatives that could impact business processes in the Primary Insurance Group in Germany and Corporate Operations, hence ensuring that statutory requirements are complied with.

Regular communication of compliance issues is a key element of how compliance is defined. The objective is to make employees aware of the rules and principles agreed and hence to strengthen the Group's compliance culture. The training courses are therefore a key way of preventing the rules from being breached and a core component of the CMS.

Preventing corruption is a material core topic for the Compliance department, and hence also an essential component of compliance management at the Talanx Group. The Code of Conduct explicitly states that the Group combats all types of bribery and corruption. These principles are set out in more detail in the Compliance Guidelines. The rules for dealing with gifts from and to business partners are contained in work instructions on the topic.

The Talanx Group provides a broad information and training offering on how to prevent corruption, with the aim of raising employee awareness and enhancing the anti-corruption skills that are needed.

The annual compliance report, which also covers anti-corruption, informs the Board of Management and the Supervisory Board about significant compliance risks and the measures taken to ensure that compliance requirements are met.

The Talanx Group is not aware of any significant fines or non-monetary sanctions that were levied for non-compliance with laws and regulations in relation to financial year 2023.

Supplier management

In addition to rolling out its internal employee codes of conduct on observing human rights, among other things (see "Human rights and the supply chain" on page 102), the Talanx Group expects its business partners to demonstrate a similar level of compliance. The Group takes care when selecting suppliers to ensure that these comply with national legislation on environmental protection and respect for human rights, and with the Talanx Values.

The Talanx Group uses a uniform Group Code of Conduct for Business Partners to operationalise its commitment and to exert a positive influence over and above the legal requirements. The document is used by both Group Procurement and IT Purchasing, for example when entering into contracts with suppliers. It sets out binding rules on the following topics: anti-corruption and bribery matters; respect for human rights; environmental, social and other employee matters; data protection and the protection of business secrets. It was updated in 2022 to reflect the requirements of the German Supply Chain Due Diligence Act (LkSG).

The introduction of the LkSG with effect from 1 January 2023 led to the creation of new processes to create adequate global transparency on supplier risks, to analyse and mitigate the risks identified in a legally compliant manner, and hence to ensure that the LkSG requirements are met in full. Among other things, an external IT platform was selected that supports the systematic annual risk analysis performed in connection with the LkSG. The application was rolled out in 2023 when the risk analysis was performed.

Professionalised supplier management activities (IT Purchasing and Group Procurement) were introduced in the reporting period.

Metrics and targets

The following table provides a summary of the key objectives and measures for the Talanx Group's governance aspects described above.

GOALS AND MEASURES: GOVERNANCE

Area	Goal	Key measures	Scope	Status in 2023	Status in 2022	Status in 2021
Corporate governance	Ensure good organisational governance	New Board of Management remuneration system pursuant to the ARUG II	Group-wide	Ongoing	Ongoing	Introduced
		Include ESG in new Board of Management remuneration system	Group-wide	Ongoing	Ongoing	Introduced
		Take sustainability expertise into account in fit and proper declarations for Supervisory Board members	Group-wide	Ongoing	Introduced	–
		Strengthen sustainability expertise on the Supervisory Board and Talanx AG's Supervisory Board to regularly address the topic of sustainability	Talanx Supervisory Board	Ongoing	Introduced	–
ESG governance	Ensure good organisational governance	Integrate the Sustainability unit into the Group Strategy function headed by the Chairman of the Board of Management	Group-wide	Ongoing	Ongoing	Introduced
		Establish Group-wide sustainability expert network	Group-wide	Ongoing	Ongoing	Introduced
Digital transformation, data protection and cybersecurity	Maintain information security management system (ISMS)	Ensure ISO 27001 certification of information security management system (ISMS) through annual audits/recertification after three years	Group-wide (excluding Hannover Re and individual (foreign) companies	Audit completed	Recertification performed	Ongoing
	Enhance employee awareness	Mandatory employee training to raise awareness of current cyberattack methods	Group-wide	Ongoing	Ongoing	Ongoing
	Enhance management approaches	Expand and optimise processes for international reporting	Group-wide (excluding Hannover Re and individual (foreign) companies	Ongoing	Ongoing	–
	Process optimisation	Introduce technical workflow-based register of processing pursuant to the GDPR	Group-wide (excluding Hannover Re and individual (foreign) companies	Ongoing	Ongoing	Ongoing
Compliance	Optimise compliance management	Perform annual review of corruption risks as part of compliance risk analysis and regularly monitor the related measures in the compliance planning	Group-wide	Ongoing	Ongoing	Ongoing
Supplier management	Give greater weight to sustainability criteria in Procurement (IT Procurement and Group Procurement)	Establish strategic supplier management	HDI Group Germany	Introduced	2024[1]	2024[1]

[1] Date originally planned for introduction.

Corporate Governance

Corporate Governance Statement in accordance with sections 289f, 315d of the German Commercial Code (HGB)[1]

Talanx AG hereby provides an insight into its corporate governance practices by way of the Corporate Governance Statement in accordance with section 289f of the HGB and section 315d of the HGB in conjunction with section 289f of the HGB for the Talanx Group.

Corporate Governance

The Board of Management and the Supervisory Board define good corporate governance as the responsible management and supervision of Talanx AG and the Talanx Group that is geared towards sustainable value creation. In particular, we aim to continue growing the trust placed in us by investors, our business partners and our employees, and by the public at large. We also attach great importance to the efficiency of the work performed by the Board of Management and the Supervisory Board, to good cooperation between these governing bodies and with the Company's staff, and to open and transparent corporate communication. Our understanding of good corporate governance is summarised in Talanx AG's Corporate Governance Principles, which are based on the German Corporate Governance Code (the "Code") (https://www.talanx.com/media/Files/talanx-gruppe/pdf/corp_gov_en.pdf). We aim to always apply the highest ethical and legal standards both to strategic considerations and in our day-to-day business, since Talanx AG's public image and that of the entire Group depend on how each and every employee behaves, acts and conducts themselves.

The German Corporate Governance Code sets out current best practices in corporate governance, and aims to make the German corporate governance system clear and transparent and promote confidence in the management and oversight of listed German companies among international and national investors, customers, employees and the general public.

Talanx AG complied with all recommendations of the Code in the reporting period. The Board of Management and Supervisory Board issued the following declaration of compliance with the German Corporate Governance Code in the version dated 28 April 2022 on behalf of Talanx AG before the annual financial statements were adopted:

Declaration of Compliance with the German Corporate Governance Code by Talanx AG pursuant to section 161 of the AktG

Section 161 of the German Stock Corporation Act (AktG) requires the boards of management and supervisory boards of German listed companies to issue an annual declaration of compliance with the recommendations of the Government Commission on the German Corporate Governance Code ("the Code") published by the Federal Ministry of Justice and Consumer Protection, or alternatively to explain which recommendations were not or are not being followed and why not.

The Board of Management and Supervisory Board hereby declare pursuant to section 161 of the AktG that Talanx AG complies with all of the recommendations of the German Corporate Governance Code in the version dated 28 April 2022 (published in the Bundesanzeiger (Federal Gazette) on 27 June 2022).

The Company will continue to comply with the recommendations of the Code in the version dated 28 April 2022 in future, too.

Hannover, 10 November 2023

The Board of Management The Supervisory Board

The declaration of compliance and further information on corporate governance at Talanx can be found on the Company's website at https://www.talanx.com/en/talanx-group/corporate_governance/declaration_of_conformity.

Remuneration

Remuneration of the Board of Management

The current remuneration system for the Board of Management has been in place since 1 January 2021. It was approved by the Annual General Meeting of Talanx AG on 6 May 2021 with a majority of 96.5%. It was developed by the Supervisory Board with the assistance of an independent advisor and complies with the requirements of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code (the "Code") in the current version published on 28 April 2022. The Supervisory Board regularly reviews the rules governing remuneration and the remuneration system for appropriateness. The Annual General Meeting addresses the approval of the remuneration system for members of the Board of Management at least every four years and in those cases in which proposals are made to change the remuneration rules.

The remuneration system for the Board of Management and details on current remuneration for the Talanx AG Board of Management are described at length in the 2023 remuneration report, which can be found on page 18ff. of this annual report.

[1] This subsection has been explicitly exempted by lawmakers from the audit of the financial statements/management report (section 317(2) sentence 6 of the German Commercial Code (HGB); unaudited information).

Supervisory Board remuneration

The remuneration system for Supervisory Board members is also based on the statutory requirements and takes the requirements of the German Corporate Governance Code into account. It is set out in article 12 of the Company's Articles of Association. The Supervisory Board regularly reviews the rules governing Supervisory Board remuneration and the remuneration system for appropriateness. The Annual General Meeting addresses the remuneration paid to Supervisory Board members at least every four years and in those cases in which proposals are made to change the remuneration rules. This was last the case at the Annual General Meeting on 6 May 2021, when the meeting resolved the current remuneration system for the Supervisory Board.

The individual remuneration paid to Supervisory Board members for financial year 2023 is broken down on page 37f. of the Annual Report in the 2023 remuneration report.

Other corporate governance practices at Talanx AG

Code of Conduct

Talanx's code of conduct, "Together for Integrity", serves as the linchpin for the Group's internal compliance rules. It contains the key principles and rules designed to ensure that all Talanx Group employees act in a legally compliant and responsible manner, identifies areas where risks and conflicts may potentially occur and their importance to our Company, and explains them.

The Code of Conduct applies throughout the Group and is available in a number of languages. Clients, suppliers and other stakeholders can access it publicly on Talanx's website at https://www.talanx.com/media/Files/talanx-gruppe/pdf/Verhalten_2023_EN.pdf.

Sustainability

As an international insurance group and long-term investor, the Talanx Group has long been committed to responsible corporate governance designed to ensure sustainable value creation.

Sustainability is one of the central pillars of the Group strategy. The sustainability approach is based on the targeted implementation of sustainability and ESG (environmental, social and governance) aspects in the areas of investment, underwriting and operations, and in the Group's corporate social responsibility (CSR) activities.

The Group underlines its strategic sustainability credentials by focusing on incorporating internationally recognised frameworks, initiatives such as the Principles for Responsible Investment (PRI), Principles for Sustainable Insurance (PSI) and the UN Global Compact (UNGC), and (reporting) standards. The Group's sustainability focus is adjusted repeatedly over time to reflect new insights, legal conditions and changes in social perceptions that need to be accommodated.

Further information on the Talanx Group's sustainability activities can be found on page 82ff. of the consolidated non-financial statement, which is subject to a separate limited assurance review pursuant to ISAE 3000.

Compliance

Compliance with the law and with internal Company guidelines, and ensuring that Group companies observe these, are essential elements of management and oversight throughout the Talanx Group. This calls for a strong compliance culture underpinned by a compliance management system tailored to the Company's specific needs.

The Group has a robust, risk-based compliance management system. The Group-level process for identifying compliance risks is reviewed and refined on a regular basis. As a result, an up-to-date risk map is available at all times. The compliance function also continuously monitors regulatory and statutory developments. The insights gained from risk analysis and from monitoring the legal situation are included in the compliance plan, which is at the heart of a risk-based approach to resource allocation for our Group-wide compliance work. The results of the compliance activities are documented in the annual compliance report, which sets out the Talanx Group's structure and its wide range of activities in this area. The Board of Management submits the compliance report to the Finance and Audit Committee before the annual financial statements are adopted every year.

Working practices of the Board of Management and the Supervisory Board

Talanx AG's Board of Management and Supervisory Board work together closely and constructively to manage and oversee the Company and the Group as a whole. Both the risks and opportunities for the Company, as well as the environmental and social impact of business activities, are suitably taken into account here.

Board of Management

The Board of Management is directly responsible for managing the Company and defines its goals and strategy with the help of the Supervisory Board. Article 8(1) of the Articles of Association states that the Board of Management shall comprise at least two persons. Beyond that, the Supervisory Board determines the number of members. In accordance with the Supervisory Board's Rules of Procedure, diversity is considered when appointing Board of Management members. In addition, only persons under the age of 65 are appointed to the Board of Management. The term of office should be designed so that it expires no later than the end of the month at which the member of the Board of Management turns 65.

The current members of the Board of Management and their areas of responsibility are set out on page 4 of this Annual Report.

The activities of the Board of Management are governed by Rules of Procedure for the Board of Management of Talanx AG issued by the Supervisory Board. These define the areas of responsibility of the individual members of the Board of Management. Notwithstanding their collective responsibility, each member of the Board of Management is individually responsible for the area(s) assigned to them, subject to the resolutions passed by the full Board of Management. However, all members of the Board of Management are obliged by the Rules of Procedure to inform the other members of major undertakings and proposals, transactions and developments in their areas of responsibility. In addition, the Rules of Procedure set out the matters reserved for the full Board of Management and the required voting majorities. The full Board of Management resolves on all cases in which a resolution by the full Board of Management is required by law, the Articles of Association or the Rules of Procedure. An appropriate internal control and risk management system was created to ensure responsible management of risks from business activities.

The Board of Management meets at least once a month. It reports regularly, promptly and comprehensively to the Supervisory Board on performance, the Company's financial position and financial performance, planning and goal achievement, and on current opportunities and risks. The Supervisory Board has set out the Board of Management's information and reporting obligations in more detail in a binding information policy for the Supervisory Board of Talanx AG. Documents required for decisions, and particularly the single-entity financial statements, the consolidated financial statements and the auditors' reports, are forwarded to the members of the Supervisory Board without undue delay after they have been prepared. The Board of Management may only execute certain transactions of special importance or strategic significance with the approval of the Supervisory Board. Some of these approval requirements are prescribed by law, while others are set out in the Rules of Procedure for the Board of Management. For instance, the Supervisory Board's prior approval is required for the following actions and transactions, among others:

- adoption of strategic principles and targets for the Company and the Group
- adoption of the annual planning for the Company and the Group
- any decision to exit the industrial insurance business at domestic Group companies
- the signing, amendment and termination of intercompany agreements
- the acquisition and disposal of parts of undertakings in excess of a certain size

Members of the Board of Management may only perform side-line activities, and in particular may only be appointed to the supervisory boards of non-Group companies, with the consent of the Supervisory Board.

Supervisory Board

The Supervisory Board advises and oversees the Board of Management in its activities. It is also responsible in particular for the appointment and contracts of service of members of the Board of Management, and for examining and approving the single-entity and consolidated financial statements. The Chairman of the Supervisory Board is in regular contact with the Chairman of the Board of Management to discuss the Company's strategy, performance and important transactions. The Supervisory Board has introduced Rules of Procedure for its work: among other things, these govern membership of the Supervisory Board and its internal organisation, and contain general and specific rules for the committees to be formed by the Supervisory Board in accordance with the Rules of Procedure.

The Supervisory Board consists of 16 members. Half of these are elected by the shareholders and half by the Company's staff. The composition of the Supervisory Board and its committees is set out on page 5f. of this Annual Report.

The Supervisory Board holds ordinary meetings regularly, and at least once per quarter. Extraordinary meetings are convened as required. The Finance and Audit Committee and the Personnel Committee also hold regular meetings. The Supervisory Board is quorate when all members have been invited to the meeting or called upon to vote and at least half of the total number of members of which the Supervisory Board is required to be composed take part in the resolution. All decisions are passed by a simple majority, unless another majority is prescribed by law. If a vote is tied and a further vote is held on the same subject, the Chairman shall have a casting vote in the event of a further tie.

The Supervisory Board regularly assesses the effectiveness of its work as a whole and of its committees. The most recent of the self-assessments performed every three years was carried out in 2022 and confirmed efficient, effective working practices.

The Supervisory Board has formed the following committees to ensure that it performs its tasks effectively:

- Personnel Committee
- Finance and Audit Committee
- Nomination Committee
- Standing Committee

The Supervisory Board committees prepare the decisions of the Supervisory Board that lie within their respective remits and pass resolutions in lieu of the Supervisory Board to the extent that such powers have been assigned to them by the Rules of Procedure. The committee chairs report regularly to the Supervisory Board on the work of the committee for which they are responsible.

The Finance and Audit Committee (FAC) oversees the financial reporting process, including the effectiveness of the internal control system and of the risk management and internal audit systems. It discusses the quarterly reports and deals with issues relating to compliance, profitability trends at Group companies and the size of the loss reserves. Additionally, it prepares the Supervisory Board's review of the annual financial statements, the management report, the Board of Management's proposal for the appropriation of distributable profit, and the consolidated financial statements and Group management report, including the non-financial statement. In this context, the FAC familiarises itself in detail with the auditors' opinion of the assets, liabilities, financial position and financial performance, and obtains explanations of the effects of any changes in the accounting policies. The FAC is also responsible for monitoring the impartiality of the auditors, and the quality of the audit and of additional services provided by the auditors. It handles auditor selection and submits a recommendation to the Supervisory Board on the proposed resolution on the appointment of the auditors by the Annual General Meeting. The FAC engages the auditors and is responsible for defining the focal points for the audits and for agreeing the auditors' fees. It receives reports from the Board of Management and also, once a year, directly from the heads of the four key functions (compliance, risk management, actuarial and internal audit functions).

The Personnel Committee prepares resolutions by the Supervisory Board relating to members of the Board of Management and passes resolutions in lieu of the Supervisory Board on the content, signature, amendment and termination of contracts of service with them, with the exception of remuneration issues and their implementation. The committee is responsible for granting loans to the persons referred to in sections 89(1) and 115 of the AktG and to persons assigned a similar status in accordance with section 89(3) of the AktG, and for approving contracts with Supervisory Board members in accordance with section 114 of the AktG. It exercises the powers set out in section 112 of the AktG on behalf of the Supervisory Board and ensures long-term succession planning together with the Board of Management. Succession planning is systematic and considers potential candidates for leadership and Board of Management positions in the Group. It is designed with a view to diversity targets and is regularly included on the agenda for, and considered during, committee meetings.

The role of the Nomination Committee is to advise the Supervisory Board on suitable candidates for election to the Supervisory Board to be proposed by the latter to the Annual General Meeting. In this context, the Nomination Committee has drawn up a catalogue of requirements for Supervisory Board members to ensure that the Supervisory Board has the necessary expertise to cover all of the Group's business areas.

The Supervisory Board's Rules of Procedure state that the Supervisory Board may not include more than two former members of the Company's Board of Management, so as to guarantee the independence of Supervisory Board members. Additionally, Supervisory Board members may not hold office on the governing bodies of, or provide advisory services in an individual capacity to, any significant competitors of the Company, Group companies or the Talanx Group. Supervisory Board members ensure that they have sufficient time available to perform their activities and avoid potential conflicts of interest. In accordance with the Rules of Procedure for the Supervisory Board, Supervisory Board members should be less than 72 years old at the time of their election and, as a rule, they should belong to the Supervisory Board for a maximum of three consecutive periods of office. The period of office that begun in 2018 (or in 2019 in the case of the employee representatives) is the first period of office to be taken into account in this context.

The Supervisory Board should have what it considers to be an appropriate number of independent members among its shareholder representatives. Both the Company and its Board of Management and the controlling shareholder consider an appropriate number to be at least two independent members. A review of the current Supervisory Board found that all currently serving shareholder representatives are to be considered as independent as defined in this way.

Targets in accordance with sections 76(4) and 111(5) of the AktG; statutory quota for the Board of Management in accordance with section 76(3a) AktG and for the Supervisory Board in accordance with section 96(2) of the AktG

A minimum target quota for women on Talanx AG's Supervisory Board of 30% has been defined, in line with the statutory requirements. Talanx AG's Supervisory Board comprises more than 30% women, both when taken as a whole and when broken down by employee and shareholder representatives.

The Supervisory Board set a target for the share of women on the Board of Management of at least 14% (at least one of seven members) for the period from 1 July 2022 to 30 June 2027. There is currently one woman on Talanx AG's Board of Management. This also achieved the gender-specific minimum quota for the Board of Management in accordance with section 76(3a) AktG. A target of 0% has been set for tier 1 executives reporting directly to the Board of Management and 25% for tier 2 executives. The 0% target for tier 1 executives reporting directly to the Board of Management is solely because there is only one person in this category at Talanx AG following the transfer of the vast majority of employees to HDI AG.

Diversity policy – targets for Board of Management and Supervisory Board composition and implementation status

Talanx AG is also guided by the principle of diversity when making appointments to its Board of Management and Supervisory Board. The broad-based skills, knowledge and relevant experience offered by the members of its Board of Management and Supervisory Board permit a nuanced assessment to be made of the opportunities and risks facing the Company in its business operations, and balanced and professional actions and decisions to be taken on that basis. Diversity is appropriately considered when appointing Board of Management and Supervisory Board members. Factors include, in particular, candidates' age, gender, education and professional experience, as well as their specialist skills and personal attributes (expertise). All new appointments to the Board of Management or Supervisory Board are assessed to determine whether they also serve to implement the diversity policy, so as to ensure that the latter is implemented consistently. At present, the Supervisory Board has five female members. Two of these are members of the Finance and Audit Committee and the Personnel Committee, while one of the female members of the Supervisory Board is a member of the Standing Committee. There is one woman on the Board of Management.

Appointments to the Supervisory Board should ensure that, as a whole, its members possess the knowledge, skills and specialist experience required to duly perform their duties. The composition of the Supervisory Board should ensure that the latter can provide qualified oversight of and advice to the Board of Management of this international, highly diversified insurance group, and should preserve the Group's good reputation in the public eye. In addition to the professional expertise in the areas of investment, underwriting and accounting required by supervisory law, auditing, an international perspective and knowledge of human resources, risk management, IT/digitalisation, compliance and sustainability were taken into account in the reporting period. The enhanced professional requirements for Supervisory Board members introduced by the German Act Strengthening Financial Market Integrity (FISG), which entered into force on 1 July 2021, have also been met. Particular attention is paid to the integrity, personality, motivation, professionalism and independence of the individuals put forward for election. The objective is for the Supervisory Board as a whole to possess all knowledge and experience that is deemed to be material in light of the Talanx Group's activities. In view of Talanx's international focus, it is ensured that the Supervisory Board has a sufficient number of members with many years of international experience. All shareholder representatives on the Supervisory Board have many years of international experience thanks to their current or previous positions as board of management members/CEOs or similar executive roles in international companies or organisations. The Supervisory Board believes that the international dimension is sufficiently taken into consideration. The goal is to maintain the Board's current international makeup.

Based on the targets for its composition, the Talanx AG Supervisory Board has prepared the following overview of its qualifications:

QUALIFICATIONS OF THE MEMBERS OF TALANX AG'S SUPERVISORY BOARD

		Herbert Haas [1, 2]	Ralf Rieger	Angela Titzrath	Benita Bierstedt	Rainer-Karl Bock-Wehr	Dr Joachim Brenk	Sebastian Gascard
Length of service	Member since	2018	2006	2018	2019	2019	2023	2019
Personal suitability		✔	✔	✔	✔	✔	✔	✔
Diversity	Gender	Male	Male	Female	Female	Male	Male	Male
	Year of birth	1954	1962	1966	1963	1960	1961	1964
	Nationality	German	German	German	German	German	German	German

	Qualifications	Business administration graduate (Dipl.-Kaufmann)	Trained insurance administrator (Versicherungskaufmann)	Graduate in economics (Dipl.-Ökonomin)	Graduate in geography (Dipl.-Geographin)	Graduate in law (Jurist)	Dr. Ing./ Mechanical engineer (Dipl.-Ingenieur)	Graduate in law (Jurist)/ trained banker (Bankkaufmann)
Expertise/ professional suitability[4]	Investment	✔	✔	✔	✔	✔	✔	✔
	Underwriting	✔	✔	✔	✔	✔	✔	✔
	Accounting/ auditing	✔	✔	✔	✔	✔	✔	✔
	Internationality	✔	✔	✔	✔	✔	✔	✔
	Compliance	✔	✔	✔	✔	✔	✔	✔
	Risk management	✔	✔	✔	✔	✔	✔	✔
	Human resources	✔	✔	✔	✔	✔	✔	✔
	IT/digital transformation	✔	✔	✔	✔	✔	✔	✔
	Sustainability/ESG	✔	✔	✔	✔	✔	✔	✔

[1] Auditing expertise within the meaning of section 100 (5) of the AktG ("Financial Expert").
[2] Accounting expertise within the meaning of section 100 (5) of the AktG ("Financial Expert").
[3] ESG (environmental, social and governance) expertise.
[4] Evaluation based on self-assessment.

Takeover-related disclosures

Structure of subscribed capital

The structure of the subscribed capital is explained in Note 16 of the "Notes to the consolidated balance sheet". This also includes disclosures on the issue of new shares in the framework of the employee share programme and the capital increase from authorised capital, disapplying pre-emption rights.

Restrictions on voting rights and on the transfer of shares

The voting rights for shares are excluded by law in the cases set out in section 136 of the AktG. Beyond that, there are no restrictions on voting rights or the transfer of shares currently in force.

Direct and indirect interests in the share capital exceeding 10% of the voting rights

HDI Haftpflichtverband der Deutschen Industrie V.a.G., HDI-Platz 1, 30659 Hannover, holds 76.7% of the voting rights in the Company.

Shares conveying special control rights

There are no shares conveying special control rights.

System of voting rights control where employees are shareholders

No employees are shareholders within the meaning of section 315a(1) no. 5 of the HGB.

Dr Christof Günther	**Jutta Hammer**	**Dr Hermann Jung**[1, 2]	**Dirk Lohmann**	**Christoph Meister**	**Jutta Mück**	**Dr Sandra Reich**[1, 2, 3]	**Prof. Dr Jens Schubert**[3]	**Norbert Steiner**[3]
2023	2011	2013	2013	2014	2009	2023	2014	2013
✓	✓	✓	✓	✓	✓	✓	✓	✓
Male	Female	Male	Male	Male	Female	Female	Male	Male
1969	1968	1955	1958	1965	1962	1977	1969	1954
German	German	German	German/Swiss	German	German	German	German	German
Dr. rer. pol./ Industrial engineering graduate (Dipl.-Wirtschaftsingenieur)/ Electrical engineering technician	Trained insurance administrator (Versicherungskauffrau)	Dr. rer. pol./ Business engineering graduate (Dipl-Wirtschaftsingenieur)	Business administration graduate (Dipl.-Kaufmann)/ politics and economics graduate (Politik- und Volkswirt)	Graduate in law (Jurist)	Certified insurance specialist (Versicherungsfachwirtin)	Dr. jur./ graduate in law (Juristin)/ trained banker (Bankkauffrau)	Graduate in law (Jurist)	Graduate in law (Jurist)
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓

Statutory requirements and provisions of the Articles of Association governing the appointment and dismissal of members of the Board of Management and amendments to the Articles of Association

The appointment and dismissal of members of Talanx AG's Board of Management are regulated in sections 84 and 85 of the AktG, section 31 of the German Co-determination Act (MitbestG) and section 5 of the Supervisory Board's Rules of Procedure.

The Supervisory Board initially appoints the members of the Board of Management for a maximum of three years. Members can subsequently be reappointed for a maximum of five years in each case. As the MitbestG applies to Talanx AG, members of the Board of Management must be appointed in an initial round of voting by a majority of two-thirds of the Supervisory Board members' votes. If such a majority is not obtained, section 31(3) of the MitbestG stipulates that appointments can be made in a second round of voting on the basis of a simple majority of the members' votes. If the necessary majority is still not obtained, a third round of voting is held. In this case, a simple majority of votes is again required, but the Chairman of the Supervisory Board has a casting vote in accordance with section 31(4) of the MitbestG.

German supervisory law requires members of the Board of Management to be reliable and professionally qualified to run an insurance company (section 24(1) sentence 1 of the German Insurance Supervision Act (VAG)). Persons who are already senior executives of two insurance companies, pension funds, insurance holding companies or special purpose entities for insurance cannot be appointed as members of the Board of Management. However, the supervisory authority can permit more offices to be held if the companies concerned belong to the same insurance group or group of companies (section 24(3) in conjunction with section 293(1) of the VAG). The Federal Financial Supervisory Authority must be notified of plans to appoint Board of Management members (section 47 no. 1 in conjunction with section 293(1) of the VAG).

The Annual General Meeting resolves amendments to the Articles of Association (section 179 of the AktG). Unless otherwise mandated by law, resolutions by the Annual General Meeting are passed by a simple majority of votes cast and, if a majority of the capital is required, by a majority of the share capital represented at the time the resolution is passed (article 16(2) of the Articles of Association). A larger majority is required by law, for example, in the case of a change to the corporate purpose (section 179(2) of the AktG). According to section 179(1) sentence 2 of the AktG in conjunction with article 11 of Talanx AG's Articles of Association, the Supervisory Board can make amendments to the Articles of Association that affect the wording only.

Powers of the Board of Management to issue or repurchase shares

The powers of the Board of Management to issue and repurchase shares are regulated by the Company's Articles of Association and by sections 71ff. of the AktG. In this context, the Company's Annual General Meeting on 5 May 2022 authorised the Board of Management in accordance with section 71(1) no. 8 of the AktG to acquire treasury shares, including by means of derivatives, for a period of five years, i.e. up to 4 May 2027, under certain conditions.

The Annual General Meeting on 5 May 2022 authorised the Board of Management, subject to the approval of the Supervisory Board, to issue registered bonds with a total nominal value of up to EUR 750 million on one or more occasions in the period up to 4 May 2027, and to impose contingent conversion obligations for no-par value shares of Talanx AG on the creditors of the bonds, without granting them rights of exchange or pre-emptive rights. The Board of Management may disapply pre-emptive rights subject to Supervisory Board approval. The share capital was increased conditionally by up to EUR 93,750,000.00 at the same Annual General Meeting (contingent capital I) in order to service the registered bonds. The Annual General Meeting on 5 May 2022 also authorised the Board of Management, subject to the approval of the Supervisory Board, to issue bonds (convertible bonds and bonds with warrants), participating bonds and/or profit participation rights, each of which can also be combined with conversion rights or warrants or (contingent) conversion obligations, with a total nominal value of up to EUR 500 million on one or more occasions in the period up to 4 May 2027. The Board of Management may disapply pre-emptive rights for certain specified purposes, subject to the approval of the Supervisory Board. The share capital was increased contingently by up to EUR 62,500,000.00 (contingent capital II) at the same Annual General Meeting in order to service the above bonds, participating bonds and/or profit participation rights. The Annual General Meeting on 5 May 2022 resolved to renew the authorised capital in accordance with article 7(1) of Talanx AG's Articles of Association and to insert a new article 7(1), which authorises the Board of Management, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to 4 May 2027 by a maximum of EUR 157,874,068.25 by issuing new no-par value registered shares in exchange for cash or non-cash contributions. EUR 2,186,486.25 of this may be used to issue employee shares, subject to the approval of the Supervisory Board. Shareholders' pre-emptive rights may be disapplied in the case of cash capital increases for certain specified purposes, subject to the approval of the Supervisory Board. They may be disapplied in the case of non-cash capital increases, also subject to the approval of the Supervisory Board, where this is in the Company's overriding interest. The amendment to the Articles of Association took effect on its entry in the commercial register on 2 June 2022.

Material agreements of Talanx AG subject to change of control clauses

The distribution agreement with Deutsche Bank AG, norisbank GmbH and Postbank sales subsidiaries dated 26 November 2020 contains a clause granting the banking partners a right of termination if one of the HDI parties experiences a change of control and the contractual obligations as an insurer were not transferred to another HDI company. At the same time, the contract grants HDI a right of termination in the event of a change of control at the banking partner. Change of control is defined as when a third company that is not affiliated with the parties directly or indirectly acquires control over one of the parties to the contract.

Compensation arrangements in the event of a takeover bid

No compensation arrangements are in place at the Company for members of the Board of Management or employees in the event of a takeover bid.

Report on post-balance sheet date events

Events that may influence our assets, liabilities, financial position and financial performance are described in the report on expected developments and opportunities, as well as under "Events after the end of the reporting period" on page 322 of the Notes.

Risk report

Risk strategy

Talanx's risk strategy is derived from, and is therefore directly intertwined with, our Group strategy. The main aims of risk management are to guarantee our predefined strategic risk position while complying with the risk budget. Our strategic risk position is defined as follows:

- The Group's investment risk is capped at a maximum of 50% of the total risk capital requirement.
- The capital adequacy ratio from an economic perspective is at least 200%.
- The target corridor for the Solvency 2 ratio is between 150% and 200%.

In addition, Talanx's risk strategy takes the supervisory requirements into account. It is reviewed annually and adjusted as necessary.

Talanx Enterprise Risk Model (TERM)

TERM is an internal model for managing the risk kernel, i.e. the Talanx Group. We have expanded our model to also cover HDI V. a. G. for regulatory purposes. At Group level, modelling covers all risk categories.

The basis of consolidation used in the internal model corresponds to that in the Group annual report. There is one exception to this: the solvency capital requirements for our occupational pension scheme providers are still calculated in accordance with the applicable sector requirements.

The results of the model run as at 31 December 2023 are not yet available. The Group has set a target corridor of 150% to 200% for its regulatory solvency ratio before adjustment for approved transitional measures. We will publish the actual ratio in May 2024 in the Solvency and Financial Condition Report as at 31 December 2023. We expect to comply with our own limits.

Business organisation

Supervisory law requires the Group and all its insurance and reinsurance companies to have a proper, effective business organisation in place that ensures sound, prudent business management. The following four key functions have been established throughout the Group in line with this:

- the independent risk controlling function (risk management function)
- the compliance function
- the internal audit function
- the actuarial function

Talanx AG's Board of Management has set out policy guidelines defining the principles, tasks, processes and reporting obligations for each of these key functions. These guidelines also specify that the key functions rank equally and have equal rights. When performing their duties, function heads are subject only to the – non-technical – instructions issued by the Board of Management. They have all requisite rights to obtain information, and report directly to the Board of Management.

The heads of the key functions, like the members of the Board of Management and of the Supervisory Board, have to meet special supervisory requirements as regards their professional qualifications and personal characteristics.

Risk management system

Structure of the risk management system

The risk management system represents the sum of all measures in place for identifying, analysing, assessing, communicating, monitoring and managing risks and opportunities. The Group manages its risk management system along the lines of an enterprise risk management system. The system's design and structure draw on the ISO 31000 standard for risk management.

We use our internal model as the starting point for deriving a risk budget and a limit and threshold system that is designed to ensure our risk-bearing capacity. This system is suited to assessing risks in the Group (including risks associated with participating interests) both individually and in the aggregate.

It describes a contingent risk potential that reflects the Board of Management's risk appetite as derived from the company's goals and targets. In addition, it takes the divisions' risk-bearing capacity into account.

The Group's risk management function ensures consistent implementation of the risk management system by directly integrating the risk management units at the divisions and subsidiaries with its own risk management activities. It does this using binding Group guidelines and by participating in the relevant bodies and/or decision-making and escalation processes.

The following table provides an overview of the tasks performed by the main bodies and management staff involved in the risk management process.

RISK MANAGEMENT SYSTEM

Managers and organisational units	Key roles in the Risk Management System
Supervisory Board	■ Advises and oversees the Board of Management in its management of the Company, including with respect to risk strategy and risk management
Board of Management	■ Overall responsibility for proper functioning of risk management ■ Defines, approves and conducts an annual review of the Group strategy and risk strategy ■ Defines material limits and thresholds ■ Establishes the early warning system ■ Oversees the risk-bearing capacity ■ Defines the central strategic risk input parameters ■ Specifies consistent Group standards in risk management ■ Ongoing monitoring of the risk profile
Executive Risk Committee (ERC)	■ Preliminary examination of material risk management matters that require a Board of Management resolution ■ Manages, coordinates and prioritises the activities of the service centre with services in the area of risk management ■ Handles limit breaches below the materiality threshold ■ Approves guidelines and other frameworks in line with the Group frameworks for the governance of the Group's internal model, to the extent that these do not require the approval of the full Board of Management ■ Proposes and oversees the material limits and thresholds as well as recommendations for risk limitation
Chief Risk Officer (CRO)	■ Responsible for holistic monitoring (identification, assessment and analysis, monitoring, control and reporting) across divisions of all asset and liability risks that are material from a Group perspective ■ Responsible for the Group's internal model
Central Group Risk Management	■ An independent risk controlling function at Group level, i.e. holistic monitoring across divisions of all asset and liability risks that are material from a Group perspective ■ Develops methods, standards and processes for identification, assessment and analysis as well as monitoring and controlling risk ■ Reporting identified and analysed risks
Local Risk Management functions	■ An independent risk controlling function at division and subsidiary level, i.e. holistic monitoring (identification, assessment and analysis, monitoring, control and reporting) of all asset and liability risks that are material from a local perspective ■ Develops methods, standards and processes for the assessment and monitoring of risk, especially for the solo models

Key aspects of the Group's risk management organisation are defined in binding internal guidelines and specific regulations. We ensure that our risk management system is up to date by reviewing the guidelines each year. In accordance with the principle of "centralised strategic management and decentralised divisional responsibility", this framework is further specified in line with requirements at division and subsidiary level.

Risk management process and communication

We use key risk metrics and risk surveys to identify the risks to which our Group is exposed. We capture qualitative risks systematically using a Group-wide risk capture system. Risks spanning multiple divisions, such as compliance risks, are addressed by involving the responsible experts from the divisions concerned. Product risks are identified at an early stage as part of our new products process.

An overall risk assessment is also performed during modelling and validation of our internal model. The latter is key to ensuring that diversification effects are presented adequately.

Solvency risk analysis and risk measurement for regulatory purposes is performed using our internal model. In addition, we use a series of additional models for the operational management of certain risk categories. The model runs performed here are generally more frequent and much more granular when it comes to modelling the underlying financial instruments.

Risk assessment includes an holistic appraisal of the information produced during risk analysis, so as to ensure that the Board of Management can make risk-informed decisions. In accordance with our risk management approach, we take into account the model uncertainties inherent in the use of models, including uncertainties arising from partial or missing information about events, their consequences or their probability of occurrence.

Risk reporting

Risk reporting aims to provide the Board of Management and the Supervisory Board with systematic, timely information about risks and their potential effects, to strengthen the risk culture, and to ensure smooth internal communication about all material risks so as to provide a basis for effective decision-making.

The Solvency and Financial Condition Report, supervisory reporting and our Own Risk and Solvency Assessment are key items in the reporting cascade. These core reports are produced annually. In addition, we produce a range of short-term reporting formats allowing up-to-date information to be provided on the latest risk developments.

The contents and frequency of these reports are set out in various measures including guidelines, among other things. The documentation and the reporting process are regularly reviewed by the Group Auditing department and the supervisory authorities.

Material external factors that affect risk management

The external factors described below were particularly important for risk management in 2023.

The main geopolitical factors monitored were the ongoing war in Ukraine, the conflict in the Middle East as well as the growing tensions in the Taiwan Strait. These conflicts can affect our customers, our subsidiaries and the Talanx Group in different ways. Further sanctions against Russia or states that cooperate with Russia could have an impact on global trade and financial markets. Depending on its precise nature, any escalation of the Middle East conflict may also impact global trade and oil prices, thus reigniting macroeconomic inflation. Likewise, a possible conflict between China and Taiwan could have serious economic consequences and severely disrupt global supply chains.

The stock markets experienced a substantial recovery overall in 2023. Global stock markets reported significant share price increases, especially during the first half and in the final two months of the year. Whereas macroeconomic inflation increased noticeably at the beginning of the year, the effect weakened again as the year progressed. Many of the world's central banks halted the cycle of interest rate hikes over the course of the year, fuelling hopes of falling interest rates towards the end of the year. This was one factor that drove prices higher on the stock markets. From a global perspective, major restrictions due to COVID-19 measures were no longer in place, although the easing of measures did not deliver a major economic boost, especially in China.

The Group's direct exposure in Russia and Ukraine is relatively moderate in terms of both underwriting and investments. Specific companies of the Talanx Group are affected in different ways in different lines of business. While most general insurance policies contain a war exclusion clause, explicit war policies are offered in certain lines. The aviation insurance line of business in particular is uncertain about the final loss adjustment. The agreements reached to date open the prospect of a considerable reduction in the claim levels originally anticipated. In the shipping line of business, there is limited exposure to war.

Major losses resulting from the current conflict in the region around Israel have not yet been reported. In particular, risks can arise as a result of unforeseeable downstream effects or further escalations. For example, there could be declines in premiums and losses from cyber attacks or business interruption in connection with supply chain risks.

Our Group-wide risk management is based on forward-looking analysis, as part of which various scenarios are regularly assessed, including escalations in geopolitical conflicts and our potential response to these developments. This also includes analyses of the resulting change in cyber threat situation. The war in Ukraine saw a rise in cyber activities against parties involved in the conflict and their allies, as well as against key infrastructure. We monitored the impact this could have on our IT.

The COVID-19 pandemic, the war in Ukraine and the resulting challenges in the supply of energy and raw materials have led to a significant increase in macroeconomic inflation, particularly in the last two years. In relation to claims reserves and the underlying assumptions, uncertainties are increasing due to the difficulty of forecasting the further development of inflation. Electoral or geopolitical decisions may fuel further uncertainties in the inflation forecast for 2024.

A distinction should be drawn here between the increase in macroeconomic inflation (e.g. measured on the basis of consumer prices) and the claims and cost inflation relevant for reserves. This makes it more difficult to determine the downstream effects. Internal sensitivity analyses based on macroeconomic scenarios show that the reserves recognised are currently sufficient to offset the development of inflation. We monitored drivers of inflation over the course of business and reduced these, in part by accounting for them in premium calculations, and by using index clauses and sliding-scale commissions. We also hedge inflation risks partly on the basis of inflation-indexed securities.

Our investments performed very well overall in the reporting period despite numerous geopolitical challenges. In particular, the extensive fixed-income portfolios benefited from the significant fall in interest rates during the last quarter of 2023. The riskier asset classes also recorded significant gains following an end-of-year rally in the fourth quarter. Despite significant turbulence at regional US banks as well as the rescue of Credit Suisse, the risk premiums on bank bonds declined, leading to an increase in their value that mirrored that of corporate bonds. As a result of changing lifestyles caused by the COVID-19 pandemic, office and retail properties are impacted by declining demand, which is putting commercial property valuations under pressure, particularly in the USA.

The restrictive monetary policy of the ECB and Fed central banks and the associated slowdown in economic activity in the eurozone and the USA led to a decline in inflation observed during 2023 and in future inflation expectations. Based on expectations of impending interest rate cuts by the central banks, the interest rate markets already anticipated this development in the fourth quarter of 2023.

The decline in interest rates had a positive impact on valuation reserves for investments. However, this effect is to be considered from an asset-liability perspective for the Talanx Group. The higher interest rates that persisted for large parts of 2023 had a positive impact on new investments and reinvestments, which were above the prior-year level.

Bonds from developing countries and issuers with low creditworthiness also benefited from the improved sentiment in the last quarter of 2023. During the year, their risk premiums fell significantly in some cases and contributed to the positive results in the fixed-income area.

The strong performance of the euro against the US dollar and other currencies in 2023 meant that the extensive foreign currency holdings in US dollars did not achieve any positive currency effects.

In 2023, natural disaster events in various regions of the world impacted the Group. The storm and hail event in Italy in July, the earthquake in Türkiye in February and Hurricane "Otis" in the USA and Mexico in October were particularly noteworthy occurrences during the reporting period.

Natural disasters must be seen together with climate change. The related effects represent a large challenge for risk management. We used both external and internal risk models for modelling the impact of catastrophes. Stress tests as well as scenario and sensitivity analyses are used to complete the monitoring of risks resulting from natural disasters. For further information, refer to the "non-financial statement" (NfS).

After almost four years of operational and financial experience with COVID-19, we regard the risks associated with COVID-19 to be manageable. Hybrid business operations at our locations, with staff alternating between working at home and in the office, continue to work smoothly. The burden imposed by the COVID-19 pandemic on the US mortality business continued to decrease significantly last year compared to the prior year. We monitor how the underlying mortality develops on an ongoing basis in the aftermath of COVID-19. The impact on our morbidity business in Life/Health Reinsurance was limited. We continue to monitor the potential impact of the COVID-19 pandemic on our global Life/Health Reinsurance business, though we only anticipate minor burdens in the future.

The Italian banking system has been troubled by a high level of non-performing loans for a number of years, due not least to continuing weak economic growth. A few problem banks have been resolved or taken over. As a result, receivables may have to be written down to their fair value.

The effects of supervisory requirements

Regulatory developments are extremely dynamic. From the Group's perspective, the review of the Solvency 2 Directive by the Trilogue parties of the Commission, the Council and the Parliament is being monitored in this context. The European insurance supervisory authority EIOPA is involved in this review. In September 2021, the European Commission published legislative proposals for amendments to the Solvency 2 Directive. These include new macroprudential supervisory powers, changes to yield curves and changes to how risk margins are calculated, among other things. The EIOPA also proposed extensive changes to reporting by insurance companies. An agreement between the European Council and the European Parliament was reached in December 2023. The final transposition into national law is expected to be completed in 2025 and will finally enter into force in 2026.

We are also monitoring developments surrounding the Insurance Recovery and Resolution Directive (IRRD, which is expected to apply from 2026) as well as the Digital Operational Resilience Act (DORA, applicable from 17 January 2025) and preparing for their implementation in the Group.

The Group is also subject to a range of other supervisory requirements. Capital must therefore be held for the risks incurred, which is calculated using our internal risk model approved by the supervisory authorities. The consolidated minimum capital requirements is the lower limit of the Group solvency capital requirement from a regulatory perspective. The minimum capital requirement of the HDI Group is formed from the sum of the company-specific minimum capital requirements (MCR), which amounts to a maximum of 45% and at least 25% of the solvency capital requirement for companies domiciled in the European Economic Area (EEA). Companies that have approval for the (partial) internal model at solo level are subject to a cap based on the (partial) internal model. For the other EEA companies, the cap is implemented on the basis of the standard formula. For companies domiciled outside the European Economic Area, the local minimum capital requirement is applied.

Internal control system

We consider the internal control system (ICS) an integral aspect of corporate governance. It combines all monitoring measures that are integrated in and independent of processes (internal controls and organised safeguards) that ensure that the organisation and the processes work smoothly. It is used at all levels of the Group and focuses on process risks and the controls in place to monitor these. Framework Group guidelines are the basis for an ICS that is consistent across the Group.

The compliance function carries out monitoring, early warning, risk control and advisory measures set out in the compliance plan to ensure that all relevant legal, regulatory and own rules are observed in the long term. Relevant information is exchanged through the interfaces between the compliance function and Group Auditing, technical departments responsible for expanded compliance issues, compliance officers abroad and the other three key functions.

Effectiveness of risk management and the ICS [1]

The appropriateness and effectiveness of the ICS and risk management are ensured on an ongoing basis, for example through a number of quality assurance measures and the internal audit function. The entire governance and risk management system is functional, appropriate and developed at a high level on an ongoing basis. We are therefore able to identify our risks in a timely manner, and to manage them effectively.

[1] The information in this section is unaudited.

Accounting-related internal control system and risk management system

The key requirements regarding the consolidated financial reporting process that must be met by the internal control system (ICS) and the risk management system that have been implemented at Talanx AG can be described as follows:

- There is a clear separation of the functions involved in the financial reporting process.
- The financial systems used are protected against unauthorised access at the IT level. Where possible, standard security software is used for the systems concerned.
- The processes, controls, working instructions and guidelines for the accounting-related internal control and risk management systems are recorded in the overarching ICS documentation. They are reviewed as and when required, but at least once a year, for appropriateness and to determine whether any changes are necessary.

Financial reporting must comply with International Financial Reporting Standards (IFRSs). To ensure that this is the case, controls have been implemented as part of the process of preparing the consolidated financial statements to ensure that the data in the financial statements are complete and accurate. Potential risks arising from the Group financial reporting process are identified and assessed by Group Accounting and included in the Group's risk management process.

The Group's internal IFRS accounting policies are set out in an accounting manual. The latter ensures that the International Financial Reporting Standards are applied consistently and correctly throughout the Group, and is regularly updated and amended to reflect changing legal requirements. Group Accounting ensures compliance with the requirements.

We use an IT tool featuring standardised reporting and consolidation rules to prepare the consolidated financial statements. Intragroup transactions are examined in an upstream reconciliation process and eliminated where necessary. Written instructions ensure that appropriate procedures are followed here. An approval process for manual accounting entries ensures that the principle of dual control is applied to items that exceed certain value limits.

The subsidiaries are responsible for ensuring compliance with the Group's accounting policies and for proper and timely performance and operation of their accounting-related processes and systems. A package review, which is performed and documented by Group Accounting employees, has been implemented as part of the process of preparing the consolidated financial statements.

Risk profile

This report has been prepared in accordance with German Accounting Standard (GAS) 20, which serves as the basis for the following presentation and categorisation of our risks:

- Underwriting risk
- Default risk
- Investment risks
- Operational risks
- Other material risks

Risk management also specifically looks at sustainability risks. These risks are events or conditions related to the environment, society or corporate governance that could have a real or potential negative impact on the company's net assets, financial position and results of operations and reputation. Sustainability risks are not a risk category of their own and can affect all the risk categories we analyse. They can have an impact on all areas of our business activities in the form of physical risks and transitional risks in connection with changeover processes.

Underwriting risk

Underwriting risk refers to the danger of an unexpected disadvantageous change in the value of the insurance liabilities in the solvency balance sheet. Such a deviation may be due to random chance, error or a change in the assumptions underlying the calculation (e.g. biometrics, loss amounts, pay-out duration or costs of loss adjustment).

Underwriting risks in property/casualty insurance

Reserve risk

Reserve risk refers to unexpected disadvantageous changes in the value of insurance liabilities that have an effect on the amount of the loss run-off. Key reasons for these changes include the loss amount, the pay-out duration and the loss adjustment costs. Reserve risk is used to take loss events occurring before the reporting date into account.

The adequacy of the reserves for asbestos-related claims and environmental damage is usually assessed on the basis of the survival ratio as well. This expresses the number of years for which the reserves would last if payments were to continue to be made at the average amount for the last three years. At the end of the reporting year, our survival ratio in the Property/Casualty Reinsurance segment was 25.1 (24.3) years.

Loss run-off triangles are another tool used within the Group to review our assumptions. These triangles show how reserves change over time as claims are settled and the reserves required to be recognised are recalculated as at each reporting date. Adequacy is monitored using actuarial methods (see "Notes to the consolidated balance sheet – equity and liabilities", Note 18). In addition, we engage external actuarial and consulting firms every year to validate the quality of our actuarial calculations of the adequacy of the reserves.

One of the ways in which our subsidiary Hannover Rück SE partially hedges inflation risk is by including securities offering inflation-linked coupons and repayments in its portfolio. Inflation risk stems in particular from the possibility that, due to inflation, liabilities (e.g. loss reserves) may not change as assumed when the reserves were recognised. The financial instruments help protect portions of these loss reserves against inflation risk. Further information can be found in the "Notes to the consolidated balance sheet – assets" section, under "Derivative financial instruments and hedge accounting".

In addition, external actuaries regularly analyse the effects of the expected future change in inflation on the Primary Insurance Group, so that the impact of an unexpected change in inflation on the Group's loss reserves can be assessed in more detail.

Furthermore, all the property/casualty insurance reserves were subjected to a stress test and the impact on basic own funds under Solvency 2 was analysed. An increase in provisions of 5% is assumed, for example, in anticipation of higher inflation. A conservative calculation method results in a change to basic own funds of EUR –1,854 (–1,777) million.

Premium risk

The term premium risk describes unexpected disadvantageous changes in insurance liabilities. These arise from fluctuations in the occurrence, frequency and severity of insured events. In contrast to reserve risk, premium risk includes any loss events (excluding natural disasters) that occur after the reporting date. Premium risk is determined by comparing expected premium income with future loss events.

The Group largely manages and reduces the various components of premium risk using claims analyses, actuarial modelling, selective underwriting, specialist audits and regular monitoring of the claims experience, as well as by appropriate reinsurance cover. Please see Note 18 of the Notes to the consolidated financial statements for details of the loss run-off triangles.

One way in which we address the premium risk that we have assumed is by taking out appropriate reinsurance cover.

Large losses are losses that exceed a defined amount or meet criteria that make them particularly significant for property/casualty insurance. The following table shows the large losses for the financial year, broken down into natural catastrophes, other large losses, in absolute figures and as a percentage of the Group's combined ratio:

LARGE LOSSES (NET) IN THE FINANCIAL YEAR[1]

EUR million	2023	2022
Large -loss budget	2,200	1,810
Large losses (net)	2,168	2,176
of which Russian/Ukraine war	—	367
of which natural catastrophes	1,611	1,529
of which other large losses	557	280
%		
Combined ratio for property/casualty primary insurance and reinsurance	94.3	95.2
of which large losses (net)	6.2	6.8

[1] The Group's share of natural catastrophes and other large losses in excess of EUR 10 million gross, nominal values (undiscounted).

The loss ratio (underwriting expenses [net] divided by insurance revenue [gross]) for property/casualty insurance as a whole is 81.0% (82.6%). The loss ratio is 74.5% (76.1%) in the Industrial Lines segment, 65.5 (63.1)% in the Retail Germany – Property/Casualty segment, 67.8 (72.2)% in the Retail International segment, 90.4 (90.3)% in the Property/Casualty Reinsurance segment and 97.1 (96.8)% in the Corporate Operations segment.

In addition, the sensitivity of Solvency 2 basic own funds is determined in relation to the premium risk (excluding NatCat). In this case, a 50-year event is considered for large and basic losses. This stress test resulted in changes to basic own funds of EUR –2,012 (–1,982) million before and EUR –1,375 (–1,442) million after risk mitigation measures.

Concentration risk

In non-life insurance, concentration risk mainly results from geographical concentrations, reinsurance and investment clusters, and insured natural catastrophe risks and man-made disasters.

Natural catastrophe risk deals with future loss events in line with premium risk. The extremely high potential impact of loss events caused by natural disasters mean that these are addressed separately. Based on scenarios specified throughout the Group, the natural catastrophe risk is derived primarily with the help of licensed provider models. The units model losses for events in different hazard regions. The results of the units are then aggregated at group level and analysed for each accumulation scenario. The results of the Chile earthquake accumulation scenario for 2023 include a model adjustment and the completion of the acquisition of Liberty Mutual:

ACCUMULATION SCENARIOS INCLUDING NON-CONTROLLING INTERESTS, EFFECT ON OWN FUNDS [1]

EUR million	Gross	Net
2023		
250-year loss Hurricane US	–4,871	–2,449
250-year loss Flood Europe	–4,588	–2,069
250-year loss Earthquake US West Coast	–3,766	–1,707
250-year loss Winterstorm Europe	–3,544	–1,588
250-year loss Earthquake Chile	–6,219	–1,547
250-year loss Earthquake Europe	–3,048	–1,407
250-year loss Earthquake Japan	–2,415	–1,133
2022		
250-year loss Hurricane US	–4,874	–2,354
250-year loss Flood Europe	–3,956	–1,464
250-year loss Earthquake US West Coast	–3,813	–1,599
250-year loss Winterstorm Europe	–3,019	–1,149
250-year loss Earthquake Chile	–2,738	–1,362
250-year loss Earthquake Europe	–2,879	–1,340
250-year loss Earthquake Japan	–2,781	–1,115

[1] Actual developments in the area of natural hazards may differ from model assumptions. Information not audited by the independent auditor.

We also regularly test other accumulation scenarios. Peak exposures from accumulation risks are covered by taking out specific reinsurance cover.

Concentration risk is capped by limiting the maximum permissible natural catastrophe risk by hazard region at Group and division level. The risk modelling and business planning processes work together closely to achieve this.

Loss expectations are modelled during business planning using the large loss budget, among other things. Net large losses in the financial year amounting to EUR 2,168 (2,176) million included, in particular, losses in connection with a storm and hail event in Italy (net loss: EUR 354 million), an earthquake in south-east Türkiye (net loss: EUR 315 million) and hurricane "Otis" in Mexico and the USA (net loss: EUR 171 million).

The distribution of the provision for outstanding claims from property insurers by region is as follows:

PROVISION FOR OUTSTANDING CLAIMS [1]

EUR million	Gross	Re	Net [2]
31.12.2023			
Germany	19,685	6,436	13,249
United Kingdom	4,266	864	3,403
Central and Eastern Europe (CEE), including Türkiye	3,471	322	3,149
Rest of Europe	7,099	1,585	5,515
USA	15,237	1,357	13,880
Rest of North America	2,028	1,795	233
Latin America	2,391	386	2,005
Asia and Australia	6,260	549	5,711
Africa	393	65	328
Total	**60,831**	**13,358**	**47,473**
31.12.2022			
Germany	18,041	5,698	12,343
United Kingdom	4,510	838	3,673
Central and Eastern Europe (CEE), including Türkiye	2,862	297	2,565
Rest of Europe	6,104	1,852	4,252
USA	13,030	1,326	11,704
Rest of North America	1,833	2,129	–296
Latin America	2,217	378	1,839
Asia and Australia	6,247	511	5,735
Africa	302	71	230
Total	**55,144**	**13,099**	**42,045**

[1] Before elimination of intragroup cross-segment transactions.
[2] After adjustment for the reinsurers' share of these liabilities.

The insurance revenue in the property/casualty primary insurance area is distributed as follows by type and class of insurance:

INSURANCE REVENUE BY TYPE AND CLASS OF INSURANCE [1]

EUR million	Gross insurance revenue 2023	Gross insurance revenue 2022
Property/casualty primary insurance	17,346	14,794
Motor insurance	5,631	4,517
Property insurance	3,751	3,311
Liability insurance	3,514	3,333
Casualty insurance	410	350
Marine	1,140	915
Other property/casualty insurance	2,900	2,367
Property/Casualty Reinsurance	16,824	16,265
Corporate Operations	965	849
Total	**35,134**	**31,908**

[1] Before elimination of intragroup cross-segment transactions.

Technical risks, life

Typical life insurance risks are derived from the fact that policies include guaranteed long-term biometric and/or investment benefits. Whereas the premium for a given benefit is fixed at the inception of the policy for the entire policy period, the underlying parameters may change over time. This also applies to the legal framework underlying the contractual relationship, which is defined by the legislators and the courts. Changes that can aggravate the risk here are discussed in the "Operational risks" section.

Biometric risks and lapse risks in life primary insurance

Biometric actuarial assumptions such as mortality, longevity and morbidity are established at the inception of a contract. Over time, these assumptions may prove to be no longer accurate, and additional expenditure may be needed to boost the benefit reserve. Departures from the actuarial assumptions can also be affected by global trends. Therefore, the adequacy of the underlying biometric actuarial assumptions is regularly reviewed.

Epidemics, a pandemic or a global shift in lifestyle habits may change the risk situation for contracts under which death is the insured risk. In Germany, we do not currently expect mortality to increase in the medium term due to COVID-19.

In the case of annuity insurance, the risk situation may change first and foremost as a result of steadily improving medical care and social conditions as well as unexpected medical innovations. These factors increase longevity and lead to insurees in the aggregate drawing benefits for longer than the calculated period.

Premiums and technical provisions are calculated on the basis of prudent biometric actuarial assumptions. We ensure the adequacy of the latter by regularly comparing the claims expected on the basis of the mortality and morbidity tables with the claims that have actually been incurred. Adequate safety margins are applied for error risk, random fluctuation risk and change risk.

Most life primary insurance policies are long-term contracts with a discretionary surplus participation feature. Relatively small changes in the assumptions about biometric factors, interest rates and costs that are used as the basis for calculations are absorbed by the safety margins included in the actuarial assumptions. If these safety margins are not required, we largely pass the resulting surpluses on to policyholders, in line with statutory requirements. The impact on earnings of changes in risk, cost and interest rate expectations can therefore be mitigated by adjusting policyholders' future surplus participation.

We use reinsurance contracts primarily to provide additional protection against biometric risks. We establish reserves on the basis of how biometric actuarial assumptions are forecast to develop to ensure that we can meet our commitments under these policies at all times. In addition, specially trained life actuaries establish safety margins that also make sufficient allowance for change risk.

Life insurance policies also entail lapse risk. For example, an unusual cluster of cancellations could result in the available liquid assets being insufficient to cover the benefits payable. This could lead to unplanned losses being realised when assets are sold. Unexpectedly high lapse rates would also necessitate the sale of investment portfolios that are recognised in accordance with the principles for fixed assets and contain unrealised gains. This is offset by the release of an additional interest reserve. To mitigate this risk, the Group's life insurers maintain a sufficiently large portfolio of short-term investments and regularly analyse the lapse situation. They also regularly compare and manage the durations of their assets and liabilities.

What is more, cancellations may result in defaults in premium refunds from insurance intermediaries, which is why intermediaries are carefully selected.

Higher levels of cancellations may also increase the cost risk if new business drops off significantly and fixed costs – unlike variable costs – cannot be reduced in the short term.

We regularly review policyholders' lapse behaviour and lapse activity trends in our insurance portfolio.

We perform scenario and sensitivity analyses in our internal model in order to quantify underwriting risk. These analyses relate to our basic own funds and help indicate which areas to focus on from a risk management perspective.

UNDERWRITING RISK SENSITIVITY RANGES, LIFE PRIMARY INSURANCE

Change in basic own funds in %	2023	2022
Mortality/morbidity +5% (excluding annuity business)	–3 to 0	–3 to 0
Mortality –5% (annuity business only)	–3 to 0	–4 to 0
Lapse rate +10%	–2 to +2	–1 to +2
Expenses +10%	–4 to 0	–4 to 0

The exposure of the Group's life insurers depends on the type of insurance product concerned. Annuities and death cover are not netted in the sensitivities.

Interest guarantee risk including investment risk

In endowment life insurance, a basic distinction is made between unit-linked and index-linked policies and traditional policies with guaranteed actuarial interest rates, with the latter accounting for the majority of the Group's portfolio. While with unit-linked and

index-linked policies the investment risk is borne by customers, under traditional policies the insurer promises customers a guaranteed return on the savings elements of the premium. In the case of newly-developed (modern classic) products, we work with significantly curtailed guarantees in order to meet increasing solvency capital requirements.

In the case of our German life primary insurance, the most significant risk is that investments do not generate sufficient returns to meet liabilities to customers. The guaranteed returns on savings elements under traditional life insurance policies largely depend on the policies' actuarial interest rate generation. Actuarial interest rates are between 4% (4%) and 0.3% (0.3%) per annum, depending on the tariff generation concerned. Taking into account the additional interest reserve following the change to the calculation method in 2018, the average guaranteed interest rate for the Group's German life insurance companies and for HDI Pensionskasse AG as at 31 December 2023 was 1.4% (1.4%).

In particular, due to the limited availability of long-term fixed-income securities on the capital markets, it is only possible to match the maturities for the interest liabilities to a certain extent. As a result, fixed interest rates on the assets side regularly have a shorter term than those on the liabilities side (this is known as a duration mismatch or asset-liability mismatch).

As at 31 December 2023, the duration for the Group as a whole for fixed-income securities (including interest rate derivatives) was 6.9 (7.1) years, and the Macaulay duration of the liabilities including the expected future surplus participation for the life insurance business with options and guarantees was 9.8 (11.5) years.[1]

The duration mismatch shown means that the basic own funds are sensitive to the discounting assumptions used in the model. For terms beyond 20 years, these are not derived from the capital markets, but instead follow the industry convention used by the European supervisory authorities in the Solvency 2 regime. If standard industry assumptions about the discount rate for liabilities with a term of more than 20 years are higher than the interest rates actually obtainable in the market at that time, the valuation models used to calculate the basic own funds underestimate the liabilities to policyholders and interest rate sensitivity in life insurance. If, on the other hand, the interest rates actually obtainable are higher than the discount rates, the liabilities to policyholders and interest rate risk are overestimated. At present, the interest rates actually obtainable in the illiquid capital market segments for particularly long-term securities tend to suggest that the valuation models slightly underestimate the liabilities to policyholders and interest rate sensitivity and slightly overestimate the basic own funds.

Interest guarantee risk exposure is calculated on the basis of our investment risks. These are presented together with the relevant stress tests and sensitivities in the "Investment risks" section.

In the case of unit-linked life insurance contracts, the technical provisions are recognised in the amount of the fund volumes held for the policyholders. This means that changes in share prices have a direct impact on the amount of the technical provisions for unit-linked insurance, although this is offset by equal effects on the investments. Consequently, the basic own funds are only impacted by investments that are not held for the benefit of life insurance policyholders who bear the investment risk. Here a drop in share prices would have a negative impact, albeit a very minor one as the equity ratio is currently small.

Technical risks in life/health reinsurance

Biometric risks are especially important in life/health reinsurance. Reserves in this area are recognised on the basis of the information provided by our ceding companies and reliable biometric actuarial assumptions. The biometric assumptions and lapse assumptions used are continuously reviewed with regard to their appropriateness and adjusted where necessary. This is performed using the company's own empirical data and market-specific insights.

New business written by the Group in all regions complies with our global underwriting guidelines. These guidelines are revised annually to ensure that they appropriately reflect the type, quality, level and origin of the risks. Specific underwriting guidelines cater to the particular features of individual markets. Monitoring of compliance with these underwriting guidelines reduces the risk associated with cedant insolvency or a deterioration in their credit quality. Regular reviews are performed and the overall view considered in the case of new business or when international portfolios are acquired.

We have confidence in our underwriters' business skills and assign them the highest responsibilities. Our decentralised organisation manages risks where they arise, adopting a uniform approach throughout the Group to gain an overall view of the risks involved in life/health reinsurance. The global underwriting guidelines provide our underwriters with a suitable framework for this. Life/health reinsurance risks are reflected in the internal capital model.

Interest guarantee risk, which is so important in life primary insurance, is of little relevance to life/health reinsurance risk, owing to contract structures in the latter area. The risk profile in life/health reinsurance is dominated by mortality and longevity risks. This is because some of the contracts have to pay death benefits while others pay survival benefits. We take a prudent approach to calculating the diversification effect between mortality and longevity risks; contracts are usually arranged for different regions, age groups and people. Morbidity risks also play an increasingly important role here. Addi-

[1] The figure reported here is based on the ratio of the cash flows of the liabilities calculated using the valuation models to the certainty equivalent path; this corresponds to the most recent requirement set out by EIOPA in its insurer stress test and the deliverables of financial stability reporting.

tionally, life/health reinsurance is exposed to lapse risks, as the payment flows resulting from the reinsurance contracts also depend on policy holders' lapse behaviour.

Hannover Re took over a large US life/health reinsurance portfolio in 2009. We adjusted rates in 2018 as part of our portfolio management. This process has since been successfully concluded. The claims imposed by the COVID-19 pandemic on this portfolio continued to decrease significantly last year compared to the prior year. We monitor how the underlying mortality develops on an ongoing basis.

Based on information available at present, we continue to assume that the US mortality business will generate a positive earnings figure overall. Should further information cause us to conclude that this is no longer the case, this would have a non-recurring negative impact on the IFRS result.

The sensitivities affecting the Reinsurance Division's basic own funds are as follows:

UNDERWRITING RISK SENSITIVITIES, REINSURANCE DIVISION

Change in basic own funds in %	2023	2022
Mortality +5% (excluding annuity business)	–6 to –4	–6 to –4
Morbidity +5%	–4 to –2	–4 to –2
Mortality –5% (annuity business only)	–3 to –1	–3 to –1
Lapse rate +10%	–2 to 0	–2 to 0
Expenses +10%	–1 to 0	–1 to 0

Derivatives embedded in life insurance contracts and not recognised separately

Life primary insurance products may include the following significant options for policyholders:

- minimum return/guaranteed interest rate
- surrender and premium waiver options
- increase in the insured benefit without another medical examination
- option under deferred annuity policies to take the insurance benefit as a one-time payment (lump-sum option) instead of drawing a pension

In the case of unit-linked products, policyholders may opt to have the units transferred on termination of the contract rather than to receive payment of their equivalent value (benefit in kind). To this extent, there is no direct market risk.

Default risk

The default risk primarily consists of the risk of complete or partial unwillingness or inability to pay on the part of counterparties and the associated payment default. Default risks exist in relation to reinsurers, retrocessionaires, policyholders and insurance brokers as well as in the context of short-term deposits with banks. Credit risks from fixed-income securities are addressed in the investment risks section.

Accounts receivable from policyholders and insurance intermediaries are generally unsecured. There is no material financial risk for the Group in these cases as the amounts involved are small and the range of debtors is diverse.

Additionally, default risk arises in the primary insurance business on accounts receivable from reinsurers and in the reinsurance business on receivables from retrocessionaires. In reinsurance ceded, we take care to ensure that the reinsurers concerned are financially highly sound, especially in the case of accounts with a long run-off period. The Group counters the default risk on accounts receivable from reinsurers and retrocessionaires using Group-wide policies and guidelines. Reinsurance partners are carefully selected by security committees made up of experts, and their creditworthiness is continually monitored. To do so, we use information from external rating agencies. Since we are also the active reinsurer for most of our reinsurers and retrocessionaires (particularly in the Property/Casualty Reinsurance segment), there is some potential for offsetting defaults against our own liabilities. Assets from reinsurance contracts held – gross of any collateral or other arrangements that reduce default risk – are equivalent to the maximum default risk exposure at the reporting date.

Investment risks

Market risk covers both fluctuations in the value of investments on the asset side of the balance sheet and effects on the underwriting risks caused by capital markets developments that are recognised economically on the liabilities side. Fluctuations in the value of investments are the result of changes in their market price, which if unfavourable may result in impairment losses being charged.

In line with the principle of commercial prudence, our investment policy is guided by the following goals:

- optimising the return on investment while at the same time preserving a high level of security
- ensuring liquidity requirements are satisfied at all times (solvency)
- risk diversification (mix and spread)

Our portfolio of fixed-income securities is exposed to interest rate risk. Declining market yields lead to increases, and rising market yields to decreases, in the market price of the fixed-income securities

portfolio. Similarly, changes in credit spreads affect the market price of fixed-income securities.

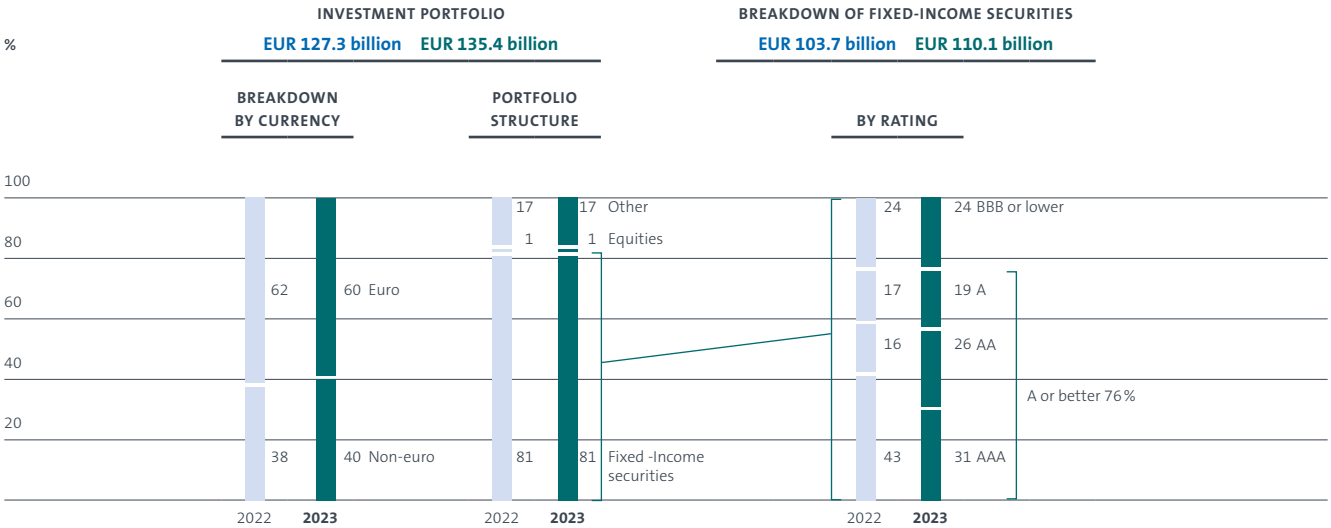
Equity price risk arises from negative changes in the value of equities, equity derivatives and equity index derivatives held in the portfolio.

Currency risk results from exchange rate fluctuations. These have a particularly pronounced impact if there is a currency imbalance between the technical liabilities and the assets.

Real estate risks may result from negative changes in value, which may occur either directly or via fund units. They can be triggered by a deterioration in the features of a particular property or by a general downturn in market prices.

Exposure to these risks is largely managed using the investment portfolio structure. The following table shows the Talanx Group's portfolio of investments for own risk, including mortgage loans, broken down by currency, asset class and rating, using the valuations reported in the IFRS financial statements:

THE TALANX GROUP'S PORTFOLIO BY CURRENCY, ASSET CLASS AND RATING



The portfolio is dominated by fixed-income securities, 76% (77%) of which hold a minimum of an A rating. We add selected high-yield bonds with short maturities to our bonds with excellent credit ratings and long durations. The majority of our investments are denominated in euros, with the US dollar being the main currency outside this area.

Government bonds account for 51% (51%) of the fixed-income securities. In contrast to the standard formula, we always model these in TERM taking account of the credit spread risks, regardless of the issuers and issue currency.

Despite our relatively low-risk portfolio, the investment volume involved means that market risk is still highly significant for the Group's risk profile. We assess the market risks with TERM. In particular, credit spread risk is material. Furthermore, some of the companies assessed with TERM are materially exposed to interest rate risks.

We display the risk concentration in the model, which contains not only the effect of issuer concentration on its own but also the impact of correlations resulting from economic and geographical links between issuers.

Market risk is primarily monitored and managed using our limit and threshold system. One key aspect here involves regularly reviewing

the value at risk (VaR), taking into account not only the investments themselves but also the forecast cash flows for the technical liabilities and their sensitivity to market risk factors. The ALM VaR is calculated using a confidence level of 99.5% and a holding period of ten days. In other words, there is only a 0.5% probability that this estimated potential loss will be exceeded within ten days.

As at 31 December 2023, the ALM VaR was EUR 2,247 (2,047) million, or 1.70% (1.64%) of the investments under consideration. The marginal increase in market risk compared to the prior year can be attributed to a range of factors that include the declining EUR interest level – especially for medium and longer-term maturities.

Additionally risk early warning uses a version of the model in which shorter time periods are taken into account and the most recent market observations have a stronger impact on the risk indicators thanks to exponential weighting. This version of the ALM VaR model is much more sensitive to current changes in capital market volatility and can also provide an early warning of increases in risk.

Stress tests and scenario analyses complement the range of management tools. For interest rate-sensitive products and equities, we calculate potential changes in fair value on a daily basis using a historical worst-case scenario, which allows us to estimate the potential loss under extreme market conditions. We use scenarios to simulate changes in equity prices and exchange rates, general interest rates and spreads on bonds from issuers exposed to credit risk. Interest rate risk entails the risk of an adverse change in the value of the financial instruments held in the portfolio due to changes in market interest rates. With regard to the relevant capital market stresses under IFRS 17, see the end of the section on credit risks.

The Group enters into derivative transactions

- to hedge existing assets, mainly against price risk or interest rate risk
- to prepare for subsequent purchases or disposals of securities or
- to generate additional earnings from existing securities.

The boards of management of the Group companies decide on the nature and scope of investments in derivative financial instruments or structured products. Very strict limits apply for the use of these and they are regulated by investment guidelines. We constantly monitor the investment guideline requirements and the statutory provisions governing the use of derivative financial instruments and structured products. Further information on the use of derivative financial instruments can be found in Note 14 of the "Notes to the consolidated balance sheet – assets" section of the Notes.

Credit risk

Credit risk or counterparty credit risk refers to a deterioration in debtors' credit quality that results in them being unable to make agreed payments in part or in full. In addition, the value of financial instruments can decline as a result of impaired issuer credit quality. Credit risks can be broken down into the following key categories:

- issuer risk (default risk, migration risk)
- counterparty risk (replacement and settlement risk)
- concentration risk

Credit risk is divided into the following sub-risks during risk modelling: spread, migration and default risk, and correlation and concentration risk. While spread, migration and default risk can be quantified at the level of individual assets, correlation and concentration effects can only be observed in specific portfolio contexts. Correlations show the interrelationships between different issuers' credit quality. In other words, correlation and concentration risks measure the concentration of investments at individual issuers, including such interrelationships in credit quality.

Counterparty credit risk is capped using Talanx's system of limits and thresholds and by its segment and company-specific investment guidelines, and is continuously monitored. Limits are set at portfolio, issuer/counterparty and in some cases also at asset class level, ensuring a broad mix and spread within the portfolio.

Issuer credit quality is a key criterion when deciding whether to invest. Creditworthiness is assessed on the basis of the Group's own credit risk analyses, which are supplemented by ratings from external agencies. Most new investments are made in investment-grade securities. An early warning system based on market information (such as credit spreads and equity prices) has been put in place to spot initial signs of deteriorating credit quality. To reduce counterparty risk, OTC transactions are entered into only with a select group of counterparties. We reduce the risk of financial default by counterparties arising from the use of OTC derivatives by clearing, netting and by entering into collateral agreements (see the information provided in Note 14 of the Notes to the consolidated financial statements). In addition, credit default swaps ensure efficient credit risk management.

We assess counterparty credit risk at individual counterparty level using the following features:

- the probability of default, which is derived from the composite rating (second-best of the available agency ratings from Standard & Poor's, Moody's, Fitch and Scope)
- the loss given default (LGD), which is derived from the volume of collateral furnished and the seniority of an issue
- the exposure at default (EAD), which represents the expected amount of the receivable at the time of default

An expected loss and a credit value at risk (CVaR) are calculated for the portfolios, taking ratings/the allocated probability of default and the expected loss given default (LGD) into account. The CVaR represents the amount of the (unexpected) loss that will not be exceeded

within a year for a probability of 99.5%. The stochastic simulation used to calculate the CVaR takes into consideration issue-specific features, portfolio concentrations (e.g. in sectors and countries) and correlations between the individual assets.

The risk indicators calculated in this way are aggregated at the various management levels and serve as the basis for monitoring and managing credit risk.

As at 31 December 2023, the credit VaR for the Group as a whole was EUR 6,131 (5,951) million, or 4.6% (4.7%) of the assets under consideration. In other words, the average credit risk for investments declined year-on-year. The internal risk calculations capture all investments exposed to credit risk. This also includes European government bonds, which are notionally considered to be risk-free under the Solvency 2 standard model.

The year-on-year decrease in the relative credit VaR is the result of selective risk mitigation within the corporate bond portfolio. As previously, the investments are still based on the conservative reinvestment strategy in the Group's investments.

To manage credit risk, it is essential to have an overview of the implications of certain influences at Group portfolio level and at the level of individual issuers. Three credit scenarios are shown below.

CREDIT VAR STRESS TEST

	31.12.2023		31.12.2022	
	EUR million	%	EUR million	%
Rating downgrade by one notch	7,115	+16	6,910	+16
Rating downgrade by two notches	8,342	+36	8,099	+36
Increase of ten percentage points in LGD	6,640	+8	6,467	+9

The table shows the sensitivity of the credit VaR to certain credit scenarios. It illustrates both the effect of issuer ratings being downgraded by one or two notches and the reduction in expected recovery rates in the event of default.

As regards its assets under own management, the Group's exposure to government bonds with a rating of less than A– amounted to EUR 5.7 (5.5) billion on a fair value basis, or 4.2% (4.3%) of the total.

EXPOSURE TO BONDS WITH A RATING OF LESS THAN A–

EUR million	Rating[1]	Government bonds	Semi-government bonds	Financial bonds	Corporate bonds	Covered bonds	Other	Total
31.12.2023								
Italy	BBB	3,080	—	644	447	216	3	**4,391**
Brazil	BB	1,122	—	81	295	—	37	**1,535**
Mexico	BBB	390	2	149	297	—	—	**837**
South Africa	BB	112	—	3	139	—	2	**256**
Hungary	BBB	97	—	15	23	—	—	**134**
Türkiye	B	73	—	13	9	—	—	**96**
Russia	SD[2]	20	—	1	9	—	—	**30**
Other BBB+		70	—	29	49	—	—	**149**
Other BBB		316	336	75	267	—	—	**993**
Other <BBB		447	206	127	175	—	—	**956**
31.12.2022								
Italy	BBB	3,478	—	632	456	174	1	**4,742**
Brazil	BB–	239	—	45	223	—	36	**543**
Mexico	BBB	363	—	143	270	—	—	**777**
South Africa	BB–	103	—	4	133	—	2	**242**
Hungary	BBB	393	—	12	15	5	—	**425**
Türkiye	B	110	—	9	11	—	—	**130**
Russia	SD[2]	25	—	1	9	—	—	**35**
Portugal	BBB	90	—	7	49	—	—	**147**
Other BBB+		83	—	8	45	—	—	**136**
Other BBB		257	152	96	226	—	—	**731**
Other <BBB		353	128	80	178	—	—	**739**

[1] External issue ratings (Standard & Poor's, Moody's, Fitch or another rating agency appointed by Talanx [ECAI]). Where external issue ratings are available from more than one agency, the second-best rating is used.
[2] Selective default based on Ampega-internal rating.

The maximum exposure to default risk of our investments as at the reporting date, disregarding collateral or other arrangements to reduce default risk, corresponds to the balance sheet items.

Within the Group as a whole, financial assets totalling EUR 1,854 (2,056) million serve as collateral for liabilities and contingent liabilities. These include the standard collateral furnished by Hannover Re Real Estate Holdings to various banks for liabilities relating to investments in real estate businesses and real estate transactions. This collateral amounted to EUR 1,210 (1,334) million as at the reporting date.

Further information on collateral pledged by the Group can be found under "Disclosures on the nature and extent of significant restrictions" in the "Consolidation" section of the Notes to the consolidated financial statements.

As regards the Group, various banks have furnished guarantees in the form of letters of credit as surety for technical liabilities totalling EUR 3.4 (3.1) billion. In addition, assets with a fair value of EUR 542 (143) million have been furnished as collateral to the Group that can be sold or transferred as collateral even if the owner is not in default on payment.

As at the reporting date, the portfolio did not contain any material past-due investments that were not impaired, since past-due securities (with the exception of mortgage loans secured by charges on property) are impaired immediately. See Note 28 and 29 for information on impairment losses on investments in the reporting year.

The rating structure of our fixed-income securities, broken down by balance sheet item, investment contracts and short-term investments is presented in the "Notes to the consolidated balance sheet – assets" section.

Capital market stress tests were carried out on the basis of the change in basic own funds under Solvency 2. In this case, the yield curve for all maturities was shifted in parallel by 50 basis points, upwards and downwards in separate stress tests. For the credit spread stress, the

spread curve for all ratings was shifted upwards by 50 basis points and the volatility adjustment (VA) was adjusted to the new economic environment using the DVA calculation logic. The stress of the yield and spread curve is applied to all investments that are sensitive to interest rates or spreads. For the equities stress, the market value of all listed shares in the portfolio was stressed by –30% and the impact on basic own funds was determined.

Compared to the prior year, the method was adjusted in such a way that impacts on own funds arising from changes in pension provisions are no longer considered. This has an impact on interest rate and credit spread stresses. The change is in line with the new requirements of IFRS 17.

CAPITAL MARKET STRESS TEST

	31.12.2023	31.12.2022
Change in basic own funds	EUR million	EUR million
Interest rate –50 basis points	–9	–65
Interest rate +50 basis points	–87	–31
Credit spread +50 basis points	–864	–560
Equities –30%	–261	–262

Liquidity risk

We define the liquidity risk as the risk of being unable to convert investments and other assets into cash in time to meet our financial obligations as they fall due. Liquidity risk results from the different timing of payment inflows and outflows and arises in particular from inflows from investments and premiums as well as the uncertainty of payouts on insurance obligations.

The operating units are responsible for managing liquidity risk. For this purpose, they use appropriate systems that reflect the particular features of the different business models in the Group accordingly. This allows us to maximise the flexibility of our liquidity management overall. An essential element of liquidity risk management is asset/liability management in order to balance investments and liabilities appropriately. The management of liquidity risk is also subject to limits and thresholds.

As a rule, the Group generates significant liquidity positions on an ongoing basis because regular premium income accrues well before claims and claims expenses are paid and other benefits are rendered.

The table below shows the amount and timing of the expected cash flows in liabilities from insurance contracts issued.

NET LIABILITY INSURANCE CONTRACTS ISSUED

	Industrial Lines		Retail Germany – Property/Casualty		Retail Germany – Life	
EUR million	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Due within one year	6,212	6,198	1,228	1,147	2,307	2,120
More than 1 year and up to 2 years	3,067	3,257	446	418	2,120	1,990
More than 2 years and up to 3 years	2,067	2,081	302	290	2,128	2,072
More than 3 years and up to 4 years	1,492	1,386	236	228	2,382	2,198
More than 4 years and up to 5 years	1,101	1,017	196	190	2,493	2,886
More than 5 years and up to 10 years	2,588	2,423	630	617	12,935	13,650
More than 10 years	2,093	1,890	690	674	67,982	67,593
Cumulative discounting effect	–1,143	–2,380	–462	–516	–36,625	–39,112
Total	**17,476**	**15,873**	**3,266**	**3,048**	**55,721**	**53,396**

The net liability from reinsurance contracts held has a term of up to one year.

Retail International		Property/Casualty Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
4,342	3,277	7,516	5,018	1,703	1,875	1,072	1,145	–1,387	–1,179	22,992	19,601
1,451	1,343	8,722	8,529	1,100	1,098	630	459	–1,143	–1,170	16,393	15,924
998	997	5,618	5,775	845	695	590	310	–676	–802	11,872	11,417
833	863	4,274	4,213	368	361	133	124	–460	–521	9,259	8,852
619	757	3,180	3,121	346	326	90	78	–332	–373	7,693	8,001
2,138	2,270	7,353	7,294	1,178	1,115	291	253	–750	–859	26,362	26,763
4,343	7,276	4,828	4,682	7,975	8,509	224	181	–577	–630	87,558	90,176
–3,289	–5,859	–6,379	–6,541	–5,408	–5,751	–270	–262	680	859	–52,896	–59,560
11,436	**10,923**	**35,112**	**32,090**	**8,108**	**8,231**	**2,759**	**2,288**	**–4,646**	**–4,675**	**129,231**	**121,174**

The table below shows the amounts payable on demand and the carrying amount of the associated contract portfolios.

AMOUNTS PAYABLE ON DEMAND

EUR million	Amounts payable on demand	Carrying amount	Amounts payable on demand	Carrying amount
		31.12.2023		31.12.2022
Industrial Lines	—	—	—	—
Retail Germany – Property/Casualty	173	381	169	359
Retail Germany – Life	47,725	55,727	41,646	53,400
Retail International	4,029	6,145	5,656	6,430
Property/Casualty Reinsurance	—	35,112	—	32,090
Life/Health Reinsurance	—	8,108	—	8,230
Corporate Operations	—	2,759	—	2,288
Consolidation	–33	–4,592	–34	–4,609
Total	**51,894**	**103,640**	**47,437**	**98,189**

In addition to the assets available to cover provisions and liabilities, the Group has agreements with banks regarding letter of credit (LoC) facilities amounting to the equivalent of EUR 5.0 (4.6) billion. Where durations have been agreed, these run until 2028 at the latest. A number of LoC facilities include standard contractual clauses that give the banks concerned the right to terminate the facilities in the event of significant changes in the ownership structure of our Group company Hannover Rück SE, or that trigger a requirement to provide collateral if certain material adverse events occur, such as a significant rating downgrade.

We mitigate liquidity risk at Group level for Talanx AG and HDI V. a. G. through regular liquidity planning on a single and multi-year basis and by continuously matching the maturities of our investments and financial liabilities. Our forward-looking calculations enable us to anticipate risks in advance and initiate countermeasures at an early stage. In addition to this basic scenario planning, we identify potential liquidity requirements at Group level as part of a liquidity stress test conducted in the event of a deterioration in the macroeconomic environment and other adverse scenarios. To cushion any short-term liquidity requirements that occur within the Group, among other things, Talanx AG holds a minimum level of liquidity, most of which is placed in money market investments for selected credit institutes of good credit quality. Another aspect of liquidity management is to provide a sufficiently large credit line. For further information, please see the "Liquidity and financing" subsection of the "Assets, liabilities and financial position" section of the Group management report. Above and beyond this, Talanx AG ensures the Group has access to long-term and, if necessary, also short-term external finance sources.

For liquidity management at Talanx AG, investments in fixed and current assets are recognised within the meaning of section 341b HGB. Potential impairment losses on investments could have a direct impact both on the HGB result at Talanx AG and an indirect impact on the profit and loss transfers for subsidiaries/income from long-term equity investments.

In terms of the liquidity risk, we still assume that we would be able to comply with even relatively large, unexpected payout requirements within the required time frame.

Operational risks

Operational risks encompass the risk of loss arising from the inappropriateness or failure of internal processes, employees or systems or as a result of external events. Operational risk is an inevitable corollary of our business.

We have recorded and described the Group processes, and assigned key controls to them within the internal control system so as to identify the operational risks entailed in our workflows. Operational risks are subject to a quantitative evaluation using scenarios calculated by obtaining the advice/assessments of experts on the frequency and severity of potential loss events. Internal and external operational loss data are used both to support the assessment and as validation.

Our most important subcategories for operational risk and the relevant mitigating measures taken are described in the following:

An operational risk is the risk of loss arising from the potential inappropriateness or failure of internal processes, or from inadequate data quality. The use of an effective internal controlling system is a key way of reducing this risk. We have also established Group-wide process management standards, and enhance them continuously.

Legal, tax and compliance risks are other operational risks. This category also explicitly includes the risk of legal change. A number of central Group functions, and particularly the compliance function and the Legal and Tax departments, monitor the risk situation here closely and advise our subsidiaries and technical departments on these issues.

One example of this are tax law changes based on pronouncements by the Federal Ministry of Finance (BMF). In 2017 the BMF adopted a restrictive position on the fiscal treatment of various securities transactions that could result in additional tax claims for our Group. These securities transactions were previously not only common, but also

generally classified as unproblematic from a tax law perspective, and were therefore also entered into by individual companies in the Group as part of their investment activities. Another statement in 2021 tightened the regulations once again, although relief is permitted for the specific securities transactions conducted. Based on external reports, it is still assumed that there is a high probability that the additional tax claim will ultimately be able to be dismissed. To limit an interest rate risk until a final decision is made, partial payments of the amounts set out in the tax assessments were voluntarily made to the tax office in 2020. This was done as a highly precautionary measure without any acknowledgement of any legal obligation. The payments made were recognised in the 2020 annual financial statements in net investment income. Legal clarification is currently being sought for this recognition regarding supervisory rules and powers.

In addition to the risk of legal change, the Group is involved in court and out-of-court proceedings as part of its normal business activities. The outcome of such proceedings is usually uncertain. Although we were exposed to proceedings in the course of our standard insurance and reinsurance business, there was no litigation materially impacting the Group's net assets, financial position and results of operations in the reporting period and at the reporting date.

The risk arising from negligent or deliberate breaches of laws, and in particular from offences against property or breaches of internal regulations by employees or third parties, is another component of operational risk. We counter this risk internally primarily through compliance training and the measures provided for under the internal control system (ICS). In cases of suspicion, special audits may also be performed by Internal Auditing, for example.

Information and IT security risk refers to risks that could potentially endanger the completeness, confidentiality or availability of information or IT systems. We have done justice to the growing importance of these risks, for instance in connection with the use of artificial intelligence (AI), by instituting Group-wide information security guidelines and through regular communications measures that are designed to increase security awareness. Our internal IT service provider is certified in accordance with ISO 27001 – Information Security, while external partners are obliged to comply with high standards.

Cyber attacks and the loss of sensitive information can involve considerable financial losses and reputational risks. To reduce the risk of successful attacks and limit their potential impact, the Group companies take measures within the framework of central guidelines to protect against, detect and respond appropriately to these incidents.

Other material risks

We have identified emerging risk, strategic risk, reputational risk and model risk as "other material risks". The common factor is that these risks cannot be analysed meaningfully with mathematical models, which means that we have to rely mainly on qualitative analyses in these cases. Risks analysed in this way are taken into account as part of the Own Risk and Solvency Assessment (ORSA).

We define emerging risks as new future risks where the risk content is not yet reliably known and for which the impact is difficult to assess. For example, increasing uncertainty about (geo)political developments around the world and in individual countries can lead to market jitters and to an increased likelihood of systemic shocks. The spread of new technologies, medicines or materials can have downstream effects that in turn lead to unforeseeable losses. We identify and evaluate these risks – including risks associated with artificial intelligence and big data – with a Group-wide process, involving the experts from various units. For this process, we also call on externally available expertise and material.

Strategic risks result from a potential misalignment between our corporate strategy and the constantly changing general environment. Such an imbalance might be caused, for example, by inappropriate strategic decisions, failure to consistently implement strategies once defined, the inadequate implementation of strategic projects or increased management complexity due to the need to accommodate differing attitudes towards capital, opportunities and risks. We therefore review our corporate strategy and risk strategy annually and adjust our processes and structures as required.

Reputational risks are risks that could damage the Company's reputation as a consequence of unfavourable public perception. Our well-established communication channels, professional corporate communications, tried-and-tested processes for defined crisis scenarios and established Code of Conduct help us to manage this risk.

At Group level, model risk receives particular attention. We define this as the risks associated with incorrect decisions resulting from uncertainty due to a potential partial or total lack of information as to the understanding or knowledge of an event, its repercussions or its likelihood. The steps we have taken to restrict model risk include implementing quality assurance measures and a rigorous model adjustment process.

Projects are generally used to address complex tasks that to this extent may also be associated with specific operational risks (project risks). In particular, project risks may arise in the context of major IT projects.

Sustainability risks (ESG risks) are not a risk category of their own and can instead materialise in all risk categories. This is especially true of underwriting, investment, operational risks and of strategic and reputational risks. For example, assets can lose value as a result of climate change or violations of social standards can result in reputational damage. The Talanx Group accommodates this fact by integrating sustainability aspects throughout the entire risk management process.

In conjunction with climate change, the Talanx Group believes there are opportunities and risks throughout various dimensions of its business activities. The transition to a low-carbon economy and the measures that this entails, such as higher CO_2 pricing and/or a reduction in emissions rights and the regulation of energy efficiency, could decrease the fair value of investments in high-carbon sectors and government bonds in countries whose economies are heavily dependent on the fossil fuel energy industry and carbon-intensive industry. Abrupt decarbonisation could also prompt macroeconomic turbulence and uncertainties, which could result in higher risk aversion and volatility on financial markets. An increase in the intensity and frequency of extreme weather events can result in higher risk premiums and credit rating downgrades for government and municipal bonds for highly exposed countries or regions and for other assets (such as property, infrastructure). The Talanx Group thus uses the ESG scoring model in investment in order to identify risks at an early stage and take measures to address these. These can range from exposure reduction to complete divestment of the investments in question.

In underwriting, the effects of climate change can increase the intensity and frequency of natural hazards. We can respond to this by continuously adjusting models and pricing on the basis of observed and assumed developments. At the same time, this may also lead to new types and patterns of losses elsewhere. The Talanx Group helps its customers adapt their risk management and prevention measures and believes this consulting service offers business opportunities. New liability risks could arise for customers as a result of legislative changes in connection with climate change. The Talanx Group also provides advice and support here, reviews the effects on the portfolio and makes changes to risk coverage (e.g. exclusions) where necessary.

Similarly to ESG risks, geopolitical tension and armed conflicts such as the current war in Ukraine or in the Middle East bring a wide range of risks. As in the case of the war in Ukraine, this can create great risks for political power structures globally. Considerable repercussions on financial and currency markets are possible.

Potential breaches of sanctions in the context of dynamic developments also pose fundamental risk potential. Appropriate risk mitigation measures were thus put into place, for example monitoring sanctions lists on an ongoing basis and passing on relevant information to operating areas such as underwriting, claims and sales.

The Group's other risks also implicitly include Talanx AG's participation risks; these relate in particular to the performance of subsidiaries, earnings stability in our portfolio of participating interests, and potential imbalances in the business. Talanx AG participates directly in its subsidiaries' performance and risks through profit and loss transfer agreements and dividend payments.

Summary of the overall risk position

From our perspective – taking into account model uncertainties, for example, due to a lack of information about events, their consequences or their probability of occurrence as well as any shortcomings in processes of deduction – there are no discernible risks that could have a material adverse effect on the Group's assets, liabilities, financial position or financial performance. Capital resources are reviewed on an ongoing basis against the background of possible changes to the risk profile. Our risk management system continuously monitors the uptake and change of risk and is able to react flexibly to changing internal and external factors.

The following risks – listed in order of their importance – determine the Group's overall risk profile: investment risks; premium and reserve risk in property/casualty insurance, natural catastrophe risk, life insurance underwriting risk, operational risk and default risk.

Diversification is particularly important for managing our overall risk. We are broadly based both geographically and in terms of our business offering. As a result, we consider ourselves to be well positioned to handle even an accumulated materialisation of risks.

Report on expected developments and on opportunities

Economic environment

The global economy continued to contract in 2023 in an environment of ever-higher inflation, far more restrictive monetary policy around the globe and ongoing (Ukraine) and new (Israel) geopolitical conflict. While most central banks are unlikely to raise interest rates any further on account of recent inflation rates, the aftermath of monetary policy tightening looks likely to continue squeezing the economy well into 2024. Industrialised countries should bottom out in the first half of 2024, while emerging markets could see more substantial growth again as early as the spring.

In Germany and the eurozone, the large-scale stagnation seen in the prior year will likely continue into the summer. Falling inflation, combined with substantial wage growth on tight labour markets, should result in higher real incomes and bolster private consumer spending. These developments should also allow the ECB to start cautiously cutting interest rates from the second quarter onwards. From the second half of the year onwards, a recovery of the global economy should boost exports and investment. We had already assumed that energy costs in Europe would not return to the lower levels seen before the outbreak of war in Ukraine, thus putting permanent pressure on companies and private households, and the conflict between Hamas and Israel and the related disruption to supply routes through the Red Sea has now added a new risk factor.

Unlike in Europe, the US economy enjoyed strong growth into the fourth quarter of 2023. This was likely the peak, and we expect the economy to shrink in the first half of 2024. Not only are higher interest rates holding back lending and investment, they are also increasingly taking a toll on the labour market and so the substantial wage hikes seen last year are unlikely to be maintained. Private consumer spending is also being adversely affected by the resumption of student loan repayments, which had been temporarily suspended. After their experiences during the pandemic, however, companies will likely be hesitant to lay off large swathes of their workforce, which should help avoid a sharp drop in demand. Initial interest rate cuts by the Fed starting in the spring and a recovery of the global economy also promise tailwinds in the second half of the year.

One major downside risk for our outlook is that central banks could take monetary policy tightening too far because of fears that inflation might return, leading to a severe recession. In a year in which not only the United States but more than half of the world's population is set to go to the ballot box, we believe there is an elevated risk of escalating (geo)political conflicts (China/Taiwan/US in particular). There are also structural risks such as climate change, the stability of the Chinese economy in view of the persistent real estate sector crisis and high public and private debt levels in many countries after the end of the low interest rate environment.

Capital markets

The decline in inflation in the United States and the eurozone towards central bank targets should help the Fed and the ECB shift their focus from tackling inflation to bolstering the economy and begin reducing interest rates in the spring. The US prime rate should fall from 5.50% to 4.00% by the end of the year and the ECB deposit rate from 4.00% to 3.25%, with both central banks likely to continue reducing their bond portfolios.

Rallies on bond and stock markets at the end of 2023 have likely already largely pre-empted interest rate cuts by the ECB and the Fed and so yields on German government bonds and US Treasuries look set to remain at their current levels at the end of 2024. We believe that higher issuing activities coupled with a decline in government securities issuance by central banks represents a particular risk. Share price potential is considered limited at best in 2024, as the weak economy means that considerable profit gains are not expected. As we do not anticipate a serious recession, however, share and corporate bond prices should be spared any major setbacks, provided that geopolitical risks do not materialise.

Future state of the industry

The macroeconomic environment is still dominated by considerable risk factors. Future inflation trends will be particularly critical both for the national and the international insurance market. Our forecasts are therefore subject to higher uncertainty than usual.

German insurance industry

We expect the overall situation to improve significantly in 2024. On the German insurance market, we anticipate a substantial increase in premium growth compared to 2023.

In **property/casualty insurance**, we again expect positive premium income growth above the trend in 2024 in Germany, driven by inflation-related benefit and premium adjustments.

We do not expect the macroeconomic environment to have any significant positive impact on the development of German **life insurance** in 2024 either, and so anticipate only a minor increase in premium income compared to the prior year.

International insurance markets

We expect positive real premium growth slightly higher than 2023 levels for **international property/casualty insurance** in 2024. Both developed insurance markets and emerging markets are expected to see improved performance. For developed insurance markets, we expect premiums to increase against the reporting year in 2024, albeit with North America in particular remaining below the long-term average. We also expect premium growth on emerging markets to be lower than the long-term average, which is still being driven by good premium growth in China. Profitability in international property/casualty insurance will likely continue to recover in 2024, putting it far higher than the ten-year average. We assume further improve-

ments in both investment income (due to higher interest rates) and underwriting income (due to more appropriate premium rates for corporate and private insurance).

We believe that **international life insurance markets**, both for developed insurance markets and for emerging markets, will see a slight increase in real premium growth above the long-term average. The strongest stimulus will likely come from China, supported in particular by a growing middle class and increased risk awareness among the general public.

Focus and forecasts for the Talanx Group in financial year 2024

Our expectations for the Group and its divisions for the current year are presented below. The earnings forecast is subject to increased geopolitical risk, macroeconomic developments and the ongoing war in Ukraine.

In the Industrial Lines Division we will continue our profit-driven underwriting policy. In addition to new business, premium increases in specialty and commercial business are also expected to continue contributing to growth. In the Retail Germany Division, we are continuing the "G025" programme which focuses on areas including profitable growth, chiefly in corporate customers/liberal professions business. Our ongoing aim in the Retail International Division is to generate profitable growth through our core markets and the integration of the Liberty companies in Latin America. In the Reinsurance Division, we expect to see further growth adjusted for currency effects thanks to the consistently positive market environment.

Anticipated financial development of the Group

We are making the following assumptions:

- moderate global economic growth
- inflation still high
- end of cycle of interest rate hikes
- no sudden upheavals on the capital markets
- no exchange rate shocks
- no significant fiscal or supervisory changes
- no extraordinarily high number of large losses
- no escalation of geopolitical tension

Talanx Group

MANAGEMENT METRICS

%	2024
Growth of insurance revenue (adjusted for currency effects)	high single-digit percentage
Group net income in EUR billion	> 1.7
Return on equity	~ 15

We anticipate high single-digit percentage growth in insurance revenue (adjusted for currency effects) for the Talanx Group in 2024. We are aiming for Group net income of more than EUR 1.7 billion. This corresponds to a return on equity of around 15%, if there are no fluctuations in equity for other reasons (e.g. credit spread changes). This is well above our strategic target of more than 10%. This expectation assumes that large losses will not exceed the large loss budget and that there is no turbulence on capital markets or material currency fluctuations. In addition, expected Group net income may be subject to particular fluctuations as regards the application of the new IFRS 9 standard for measuring investments.

Industrial Lines

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%	2024
Growth of insurance revenue (adjusted for currency effects)	high single-digit percentage
Combined ratio (net/gross)	< 93
Return on equity	~ 13

We anticipate high single-digit percentage growth in insurance revenue (adjusted for currency effects) in financial year 2024. Both new business and premium increases in specialty and commercial business are contributing to growth. The goal of our strategy is to create a global underwriting organisation that takes advantage of profitable growth opportunities on the international industrial insurance market throughout market cycles. For 2024, we anticipate a combined ratio (net/gross) below 93% in Industrial Lines. The return on equity is expected to be around 13%.

Retail Germany

Property/Casualty Insurance

MANAGEMENT METRICS FOR THE RETAIL GERMANY DIVISION – PROPERTY/CASUALTY INSURANCE SEGMENT

%	2024
Growth of insurance revenue	stable
Combined ratio (net/gross)	< 98

For the Property/Casualty Insurance segment, we anticipate stable growth of insurance revenue in 2024. This should be supported by our "Go25" programme that focuses on profitability and improving competitiveness. We will achieve this, among other things, as the best broker insurer, best digital bank insurer and best competitive private insurer. The combined ratio (net/gross) is expected to be below 98%.

Life Insurance

MANAGEMENT METRICS FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

%	2024
Growth of insurance revenue	stable
New business value (net) in EUR million	> 300

We expect insurance revenue in the Life Insurance segment to remain stable. The new business value (net) should be over EUR 300 million. The sales partnership with TARGOBANK runs until the end of 2025.

Retail Germany as a whole

MANAGEMENT METRIC FOR THE RETAIL GERMANY DIVISION AS A WHOLE

%	2024
Return on equity	> 10

We consider the return on equity of the Retail Germany Division on an overall basis and expect it to exceed 10% for 2024.

Retail International

MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%	2024
Growth of insurance revenue (adjusted for currency effects, property/casualty insurance)	low double-digit growth
Combined ratio (property/casualty insurance, net/gross)	< 95
Growth of insurance revenue (adjusted for currency effects, life insurance)	medium single-digit growth
Return on equity	> 8.5

For the Retail International Division, we are aiming for low double-digit growth in insurance revenue in property/casualty insurance (adjusted for currency effects) for 2024. Medium single-digit percentage growth (adjusted for currency effects) is anticipated for insurance revenue in life insurance business, generated both by growth in our core markets and the integration of the acquired Liberty companies in Latin America. According to our estimates, the combined ratio (net/gross) for property/casualty insurance is likely to be below 95% in 2024. We expect to see return on equity of more than 8.5% for the division.

Reinsurance

Property/Casualty Reinsurance

MANAGEMENT METRICS FOR THE REINSURANCE DIVISION – PROPERTY/CASUALTY REINSURANCE SEGMENT

%	2024
Combined ratio (property/casualty insurance, net/net)	< 89

Thanks to the improved market environment, we expect the combined ratio (net/net) in the current financial year to be below 89% in the Property/Casualty Reinsurance segment.

Life/Health Reinsurance

MANAGEMENT METRICS FOR THE REINSURANCE DIVISION – LIFE/HEALTH REINSURANCE SEGMENT

EUR million	2024
Insurance service result (net)	> 850

In the Life/Health Reinsurance segment, we expect an insurance service result of more than EUR 850 million in the current financial year.

Reinsurance Division as a whole

MANAGEMENT METRICS FOR THE REINSURANCE DIVISION AS A WHOLE

%	2024
Growth of insurance revenue (adjusted for currency effects)	> 5
Return on equity	~ 19

At constant exchange rates, insurance revenue should grow by upwards of 5%, with higher growth expected in Property/Casualty Reinsurance than in Life/Health Reinsurance. Due to the continued positive market environment for reinsurers, we expect the Reinsurance Division's share in Group net income in accordance with IFRS 17 to grow to at least EUR 1.05 billion after Talanx minorities in the 2024 financial year. This corresponds to a return on equity of around 19%, if there are no fluctuations in equity for other reasons (e.g. credit spread changes). This is well above the minimum target set by Hannover Re of 1,000 basis points above the risk-free interest rate.

Overall assessment by the Board of Management

The Talanx AG Board of Management's objectives focus on reliable continuity, a high and stable return on equity, financial strength and sustainable profitable growth and so are gearing the Talanx Group towards long-term value creation. To achieve these goals, the Talanx Group must have a strong capital basis that provides its clients with effective risk cover. By giving that assurance, we serve the interests of our shareholders, clients, employees and other stakeholders, and create the greatest possible benefit for all concerned. For this purpose, we have structured our organisation in tune with the needs of our customers in order to offer them the best service possible. Our main focus is on bolstering our own strengths and pooling forces within the Group in order to generate sustainable and profitable growth.

The Talanx Group actively addresses the challenges presented by a globalised world and has set itself the goal of success in business abroad. Strategic cooperations and acquisitions of companies with good sales positions in the defined regions of Latin America and Europe will help the Group prosper abroad. The Industrial Lines Division offers industrial groups and small and medium-sized enterprises industrial insurance services across the world while, at the same time, wins new customers in local markets abroad. The foreign companies incorporated under HDI International conduct local business with retail clients. Reinsurance is intrinsically an international business. Global diversification is one of the key aspects of reinsurance when it comes to ensuring that large and complex risks remain sustainable.

Opportunities management

Identifying and tapping opportunities is an integral part of our performance management process. We see the consistent exploitation of available opportunities as a key business task that is crucial to achieving our corporate objectives. The core element of our opportunities management process is the integrated management dashboard with key performance indicators. It forms the link between our strategic and operational opportunities management.

In the area of strategic opportunities management, Group management evaluates the strategic targets and specific strategic core issues and these are broken down into indicative targets for the divisions. Previously, these were identified as part of the annual performance management cycle on the basis of our umbrella strategy.

On this basis, the divisions validate the targets and develop specific strategic action programmes.

In the area of operational opportunities management, strategic inputs are translated into operational targets and a detailed schedule of activities, and are also implemented as mandatory goal agreements at levels below division level. Whether and to what extent opportunities and possibilities actually result in operational success is assessed and tracked using mid-year and end-of-year performance reviews. These reviews generate forward-oriented management inputs for the next opportunities management cycle.

Two key aspects of opportunities management at the Talanx Group are therefore shifting the focus from short-term performance and purely financial results onto the success factors and actions required in the long term, and monitoring the successful implementation of these value drivers as part of a regular, integrated management and assessment process.

Assessment of future opportunities and challenges

Opportunities associated with developments in the business environment

Climate change: Increasing greenhouse gas emissions are causing average temperatures on earth to rise. With this comes a surge in extreme weather, which significantly amplifies the losses from natural disasters and means that we, as insurers, can assume that the need for insurance solutions to protect against risks from natural catastrophes will also rise. This affects both primary insurance and reinsurance. We have developed and refined risk models that assess risks from natural disasters and we also have extensive expertise in the area of risk management. This puts us in a position to offer our customers tailor-made insurance solutions to hedge against existential risks. Climate change also means that it is increasingly important to meet rising energy needs with renewable energy. As institutional investors, this allows us to step up investments in alternative areas such as wind parks. We have also published a green bond framework which allows us to issue green bonds. We issued our first green bond on the market in December 2021. Green bonds are an important element of meeting the sustainability targets we have set ourselves such as carbon neutrality and ESG conformity. In addition, we also expect green bonds to offer interest rate discounts compared to traditional bonds, ultimately increasing our company's profits.

Should the demand for insurance for these developments and the demand for green bonds rise faster than expected, this could have a positive impact on our premium growth and financial performance, and could lead to us exceeding our forecasts.

Demographic change in Germany: Demographic change is currently creating two markets offering considerable growth potential: firstly, a market for products for senior citizens, and secondly, a market for young customers needing to make additional personal provision in response to the diminishing benefits offered by social welfare systems. Senior citizens can no longer be equated with the "traditional" pensioners of the past. Not only are these customers increasingly making use of services – for which they are willing and able to pay – but, even more significantly, this customer group is increasingly active and is therefore devoting more attention than previous generations to finding the necessary financial cover for various risks.

This means that it is not enough for providers simply to add assistance benefits onto existing products; instead, they have to offer innovatively designed products to cater for these newly emerging needs. Examples include products for second homes and extensive foreign travel, for sporting activities pursued well into pensioners' advancing years, and for passing assets on to their heirs. At the same time, younger customers are also becoming increasingly aware of the issue of financial security in old age. It is possible to tap into this potential via a range of (state-subsidised) private retirement products and attractive occupational retirement provision schemes. We currently expect to see a trend in this client group towards increased demand for retirement provision products with more flexible saving and pay-out phases. Due to their comprehensive range of new products and sales positioning, the Group's life insurance companies may be able to profit from the senior citizen and young customer markets.

Should we be able to benefit more from the sales opportunities arising from demographic change than currently expected, this could have a positive impact on our premium growth and financial performance, and could lead to us exceeding our forecasts.

Change in energy policy: Germany has decided in principle that it will meet its future energy requirements primarily from renewable sources. The change in energy policy and climate protection feature strongly at the federal-government level. The policy of converting the energy system to supplying renewable energy is to be accelerated, while attention is also to be focused on moderating price increases for the end consumer. In addition to further extending the use of renewable energies within a stable regulatory framework, energy efficiency is becoming increasingly important. We see the changes to the energy system as an important chance to stimulate innovation and technological progress, thus creating an opportunity to strengthen Germany as a business location. As an insurance group, we are actively supporting this change. We offer tailor-made solutions for our industrial clients for developing, marketing and using new energy technologies. Apart from renewable energy sources, storage technologies, the expansion of the power grid and intelligent control of individual components (smart grid) will make a contribution to the success of the change in energy policy. We are supporting the change with our investments in the energy sector. Building on our existing investments in energy networks and wind farms, we are planning to further increase our investments in power distribution and renewable energies.

Should we be able to benefit from sales opportunities arising from the change in energy policy more than currently expected, this could have a positive impact on our premium growth and financial performance, and could lead to us exceeding our forecasts.

Financial market situation: After a long phase of very low inflation in the eurozone, rates picked up rapidly in 2022 and remained well above the European Central Bank's inflation target in 2023 too. Interest rates thus remained high but extremely volatile. This situation is challenging for us as an insurer, but does also create opportunities. In particular, we benefit from higher interest income in connection with rising interest rates. On the other hand, we are responding to more volatile inflation by making increased use of inflation-linked financial instruments. In the German life insurance business, this is now resulting in a decrease in the additional interest reserve recognised in previous years as a risk provision as a result of low/negative interest rates.

Should our interest income continue to improve, this could have a positive impact on our net return on investment and financial performance, and could lead to us exceeding our forecast.

Sales opportunities

Bancassurance: The sale of insurance products via banks, known as bancassurance, has become an established practice in recent years. Bancassurance has been a great success at the Talanx Group. The basis of this success is a special business model in which the insurance business is fully integrated into the banking partner's business structures. The insurance companies design and develop the insurance products and, in return, banks, savings institutions and post offices provide a variety of sales outlets.

This sales channel is established within the Talanx Group both in Germany and in particular in Poland and Italy. In principle, we see the use of this model outside Germany as a means of promoting profitable growth. The success of Talanx's bancassurance model primarily stems from three factors: firstly, we draw up exclusive long-term cooperation agreements, enabling insurance products to be sold via our partners' sales outlets. Secondly, the highest possible degree of integration is required, together with high-quality products and services: cooperation is part of our partners' strategic focus. The insurance companies design exclusive, tailor-made products for the bank's client segments, and form an integral part of their market presence. Integration with our partners' IT systems also makes it easier to provide all-round advice when selling banking and insurance products. Thirdly, success depends on providing customised sales support to our partners. Bank sales staff are given individual training and exclusive guidance by sales coaches from the insurance companies, allowing them to build up product expertise and experience of sales approaches. The insurance companies also supply readily understandable and supportive sales materials.

Our companies abroad also market their established products via sales partnerships, but often use a number of different banks and are not fully integrated with their partners' market presence.

Should we be able to expand our bancassurance activities better than currently expected, this could have a positive impact on our premium growth and financial performance, and could lead to us exceeding our forecasts.

Cyber risks: Growing digitalisation means that companies are increasingly suffering massive losses as a result of cyber attacks. Most notably, hacking attacks demonstrate that the manufacturing industry in particular is not immune to risks from cyber-crime, despite excellent defence mechanisms. Attention is also increasingly focused on senior management responsibility. For this reason, HDI Global SE has developed Cyber+, an insurance solution that comprehensively covers the various risks. HDI's all-round protection spans all lines of business and covers both first-party losses arising as a result of cyber-crime and also third-party losses by customers, service providers or other third parties, for which companies are liable. In addition, it allows management's civil and criminal responsibilities to be taken into account.

Should we be able to exploit the sales opportunities arising from the need for additional cyber risk cover to a greater extent than currently expected, this could have a positive impact on our premium growth and financial performance, and could lead to us exceeding our forecasts.

Opportunities within the Group

Digitalisation: Hardly any other development has changed the insurance industry as profoundly as digitalisation: business processes and models are being redesigned from the ground up using IT systems. This development is particularly critical for the competitiveness of insurance companies. It has created new opportunities for communication with customers, for the processing of insurance claims, the evaluation of data and the opening up of new business fields.

We are conducting numerous projects in order to shape this digital change. This also includes creating value added through artificial intelligence (AI). Experts at HDI Global have already been using AI models that produce clear findings from structured data for many years. However, using its own generative AI solution HDI GPT, the company can now for the first time gain insights from unstructured data in text or image format in real time to support HDI Global employees. This is already producing massive advantages for customers and employees, above all saving them time through optimised processes that comply with data protection and compliance regulations. Ongoing investigation of other potential use cases is a key element of the corporate strategy.

If we are able to implement the digitalisation projects in the Group and have them accepted by customers faster than currently expected, this could have a positive impact on our premium growth and financial performance, and could lead to us exceeding our forecasts.

Knowledge management: Knowledge and innovation management are increasingly important in the insurance sector. We have set up a Best Practice Lab at the Group in order to foster the exchange of knowledge and innovation: international experts come together in "excellence teams" to discuss specific topics and develop new solutions together. These topics include pricing, sales, marketing, damage, fraud management, the customer service centre and digitalisation. The results and solutions conceived at the Best Practice Lab are made available to our companies so that they can use these to bring about lasting improvements to their processes and methods.

If our Best Practice Lab allows us to generate new solutions and ideas more quickly than currently anticipated, this could have a positive impact on our premium growth and financial performance, and could lead to us exceeding our forecasts.

Agility: In today's age of information, changes in the globalised world are unfolding faster than ever. The world is shaped by volatility, uncertainty, complexity and ambiguity (VUCA). If we as an insurance company want to be able to keep up with the pace of change, we must transform into an agile organisation. We believe that being an agile organisation means being a learning organisation that puts the needs of its customers at the heart of what it does in order to boost company profits. This is why we are committed to interdisciplinary and creative teams, open and direct communication, flat hierarchies and adopting a positive approach to mistakes. We have numerous initiatives in place to support our company's transition to an agile organisation. Our work places are designed to minimise communication channels and promote cross-divisional communication. Our agility campus provides a space for our employees to get familiar with agile methods and acquire the skills to develop new solutions on their own. Our teams hold daily stand-up meetings in order to improve teams' self-management. We are also committed to hybrid working and offer our employees the opportunity to work remotely, i.e. outside the office, up to 60% of the time. This helps provide a better work-life balance while retaining face-to-face interaction between colleagues. Agility opens up opportunities for clients, employees and investors. Clients benefit from new insurance solutions that are tailor-made to their needs. Agile work methods provide employees with more creative opportunities and allow them to grow by taking on new challenges. Last but not least, investors benefit from increasing company profits, satisfied clients and employees who are able to realise their full potential.

If we implement the transition to an agile organisation more quickly than expected, this could have a positive impact on our premium growth and financial performance, and could lead to us exceeding our forecasts.

Summary of future opportunities

Talanx AG's Board of Management considers identifying, managing and taking advantage of opportunities as an integral part of the Talanx Group's range of management tools. Our systematic approach sets out a clear strategy for ensuring the Group' long-term viability and its implementation. This is key to efficient enterprise and Group management. We therefore constantly monitor changing external market conditions to enable us to identify opportunities at an early stage, and to respond to them via our flexible internal structure. This allows us to fully exploit future opportunities that are crucial to achieving our corporate goals.

Consolidated financial statements

Consolidated balance sheet

as at 31 December 2023

ASSETS

EUR million	Notes		31.12.2023	31.12.2022[1]	01.01.2022[1]
A. Intangible assets					
a. Goodwill	1	1,611		1,020	1,028
b. Other intangible assets	2	782		452	456
			2,393	**1,472**	**1,484**
B. Insurance contract assets	3/18		1,049	1,444	1,505
C. Reinsurance contract assets	4		7,074	7,492	7,429
D. Investments					
a. Investment property	5/13	6,230		5,971	5,443
b. Shares in affiliated companies, associates, joint ventures and participating interests	6/7/13	3,355		3,212	846
c. Other financial instruments					
i. Financial instruments measured at amortised cost	8/12/13	954		857	589
ii. Financial instruments measured at fair value through other comprehensive income	9/12/13	109,210		102,826	118,955
iii. Financial instruments measured at fair value through profit or loss	10/12/13/14	15,276		14,084	15,552
f. Other investments	11/12/13	366		394	423
Investments for own risk		**135,390**		**127,345**	**141,809**
E. Investments for the account and risk of life insurance policyholders		12,478		11,266	12,991
Investments			**147,868**	**138,611**	**154,800**
F. Cash at banks, cheques and cash-in-hand			5,102	3,592	4,001
G. Deferred tax assets	25		1,358	1,224	1,264
H. Other assets	13/15		4,483	4,110	3,412
I. Non-current assets and assets of disposal groups classified as held for sale[2]			20	534	608
Total assets			**169,347**	**158,479**	**174,504**

[1] Adjusted in accordance with IFRS 9 and IFRS 17 in conjunction with IAS 8 and adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.
[2] For further information, see the "Non-current assets and disposal groups held for sale" section of these Notes.

EQUITY AND LIABILITIES

EUR million	Notes		31.12.2023	31.12.2022[1]	01.01.2022[1]
A. Equity	16				
a. Subscribed capital[2]		323		317	316
b. Reserves		10,124		8,324	8,409
Equity excluding non-controlling interests		**10,447**		**8,640**	**8,726**
c. Non-controlling interests in equity		6,347		5,692	6,397
Total equity			**16,793**	**14,332**	**15,122**
B. Subordinated liabilities	13/17/24		5,262	5,009	4,761
C. Insurance contract liabilities	18		130,264	122,606	139,759
D. Reinsurance contract liabilities			737	564	697
E. Other provisions					
a. Provisions for pensions and other post-employment benefits	19	1,722		1,678	2,200
b. Provisions for taxes	20	770		541	492
c. Miscellaneous other provisions	21	1,081		873	939
			3,573	**3,092**	**3,631**
F. Liabilities					
a. Notes payable and loans	13/22/24	3,395		4,058	2,432
b. Other liabilities	13/23/24	7,027		6,072	5,015
			10,423	**10,130**	**7,447**
G. Deferred tax liabilities	25		2,271	2,296	2,464
H. Liabilities included in disposal groups classified as held for sale[3]			25	450	622
Total liabilities/provisions			**152,554**	**144,147**	**159,382**
Total equity and liabilities			**169,347**	**158,479**	**174,504**

[1] Adjusted in accordance with IFRS 9 and IFRS 17 in conjunction with IAS 8 and adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.
[2] The nominal amount is EUR 323 (317) million; the contingent capital is EUR 158 (158) million.
[3] For further information, see the "Non-current assets and disposal groups held for sale" section of the Notes.

Consolidated statement of income

for the period from 1 January to 31 December 2023

CONSOLIDATED STATEMENT OF INCOME

EUR million	Notes			2023	2022[1]
1. Insurance revenue	26		43,237		39,645
2. Insurance service expenses			–37,059		–36,115
3. Net income or expense from reinsurance contracts held			–2,945		–1,076
Insurance service result				**3,234**	**2,454**
4. a. Investment income for own risk		5,523			5,729
b. Investment expenses for own risk		–2,289			–3,387
Net investment income for own risk	**27/28/29**	**3,235**			**2,342**
of which impairments and reversals of impairments on financial instruments		–24			–132
of which share of profit or loss of equity-accounted associates and joint ventures		32			–41
4. c. Investment income for the account and risk of life insurance policyholders		1,486			256
d. Investment expenses for the account and risk of life insurance policyholders		–72			–1,823
Net investment income for the account and risk of life insurance policyholders		**1,414**			**–1,566**
Net investment income			**4,649**		**776**
5. a. Insurance finance income and expenses from insurance contracts issued (including currency effects)		–2,926			–902
b. Insurance finance income and expenses from reinsurance contracts held (including currency effects)		–61			363
Net insurance financial result	**27**	**–2,987**			**–539**
Correction for currency result from net insurance financial result[2]		–532			588
Net insurance financial result before currency effects[2]			**–3,519**		**49**
Net insurance financial and investment result before currency effects				**1,130**	**824**
6. a. Currency result on investments			–459		607
b. Currency result on net insurance financial result[2]			532		–588
c. Other currency result			13		–36
Net currency result				**87**	**–17**
7. a. Other income			742		1,468
b. Other expenses			–2,125		–1,915
Other income/expenses	**30**			**–1,383**	**–446**
Profit before goodwill impairments				**3,068**	**2,815**
8. Goodwill impairments				—	—
Operating profit/loss (EBIT)				**3,068**	**2,815**
9. Financing costs	31			–234	–182
10. Taxes on income	32			–289	–731
Net income				**2,545**	**1,902**
of which attributable to non-controlling interests				964	1,196
of which attributable to shareholders of Talanx AG				1,581	706
Earnings per share					
Basic earnings per share (EUR)				6.21	2.79
Diluted earnings per share (EUR)				6.21	2.79

[1] Adjusted in accordance with IFRS 9 and IFRS 17 in conjunction with IAS 8, see also the "Accounting policies" section of the Notes.
[2] To illustrate the currency matching of technical liabilities by investments, the currency effects are first eliminated from the net insurance financial result as defined by IFRS 17 and then shown in the currency result.

Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2023

EUR million	2023	2022[1]
Net income	**2,545**	**1,902**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on pension provisions		
Gains (losses) for the period recognised in other comprehensive income	–83	466
Tax income (expense)	24	–146
	–59	**320**
Unrealised gains and losses on investments (equity instruments)		
Gains (losses) for the period recognised in other comprehensive income	225	26
Tax income (expense)	–38	18
	187	**44**
Exchange differences on translating foreign operations		
Gains (losses) for the period recognised in other comprehensive income	–8	–4
Tax income (expense)	–1	—
	–9	**–3**
Total items that will not be reclassified to profit or loss, net of tax	**119**	**361**
Items that may be reclassified subsequently to profit or loss		
Unrealised gains and losses on investments (debt instruments)		
Gains (losses) for the period recognised in other comprehensive income	4,075	–23,006
Reclassified to profit or loss	602	724
Tax income (expense)	–1,361	6,630
	3,316	**–15,652**
Insurance finance income or expenses from insurance contracts issued		
Gains (losses) for the period recognised in other comprehensive income	–3,818	20,442
Reclassified to profit or loss	—	—
Tax income (expense)	1,163	–6,601
	–2,655	**13,842**
Insurance finance income or expenses from reinsurance contracts held		
Gains (losses) for the period recognised in other comprehensive income	180	–342
Reclassified to profit or loss	—	—
Tax income (expense)	–122	439
	58	**98**
Exchange differences on translating foreign operations		
Gains (losses) for the period recognised in other comprehensive income	–278	283
Reclassified to profit or loss	–2	—
Tax income (expense)	65	–16
	–216	**266**
Changes from cash flow hedges		
Gains (losses) for the period recognised in other comprehensive income	–16	–221
Reclassified to profit or loss	–24	–63
Tax income (expense)	11	94
	–30	**–189**
Changes from equity method measurement		
Gains (losses) for the period recognised in other comprehensive income	–28	–3
Reclassified to profit or loss	—	—
Tax income (expense)	—	—
	–28	**–3**
Other changes		
Gains (losses) for the period recognised in other comprehensive income	—	–6
Reclassified to profit or loss	—	—
Tax income (expense)	—	—
	—	**–6**
Total items that may be reclassified subsequently to profit or loss, net of tax	**446**	**–1,645**
Other comprehensive income for the period, net of tax	**565**	**–1,284**
Total comprehensive income for the period	**3,110**	**618**
of which attributable to non-controlling interests	2,039	223
of which attributable to shareholders of Talanx AG	1,071	395

[1] Adjusted in accordance with IFRS 9 and IFRS 17 in conjunction with IAS 8 and adjusted in accordance with IAS 8, see also the "Accounting policies" section of the Notes.

Consolidated statement of changes in equity

EUR million	Subscribed capital	Capital reserves	Retained earnings	Unrealised gains and losses on investments
2023				
Balance at 01.01.2023	**317**	**1,394**	**7,998**	**–8,583**
Changes in ownership interest without a change in control	—	—	–1	—
Other changes in basis of consolidation	—	—	—	—
Net income	—	—	1,581	—
Other comprehensive income	**—**	**—**	**—**	**2,686**
of which not eligible for reclassification	**—**	**—**	**—**	**141**
of which actuarial gains or losses on pension provision	—	—	—	—
of which currency translation	—	—	—	—
of which unrealised gains and losses on investments (equity instruments)	—	—	—	141
of which eligible for reclassification	**—**	**—**	**—**	**2,545**
of which unrealised gains and losses on investments (debt instruments)	—	—	—	2,545
of which finance gains and losses on insurance contracts issued	—	—	—	—
of which finance gains and losses on reinsurance contracts held	—	—	—	—
of which currency translation	—	—	—	—
of which change from cash flow hedges	—	—	—	—
of which change from equity method measurement	—	—	—	—
Total comprehensive income	**—**	**—**	**1,581**	**2,686**
Capital increases	6	291	—	—
Dividends to shareholders	—	—	–507	—
Other changes outside profit or loss	—	—	–22	—
Balance at 31.12.2023	**323**	**1,685**	**9,050**	**–5,897**

	Other reserves							
Insurance finance income/expenses from insurance contracts issued	Insurance finance income/expenses from reinsurance contracts held	Currency translation gains/losses	Other changes in equity	Measurement gains/ losses on cash flow hedges	Equity attributable to shareholders of Talanx AG	Equity attributable to non-controlling interests	Total equity
8,372	**–11**	**–307**	**–438**	**–102**	**8,640**	**5,692**	**14,332**
—	—	—	—	—	–1	–2	–3
—	—	—	—	—	—	–10	–10
—	—	—	—	—	1,581	964	2,545
–2,100	**20**	**–48**	**–70**	**–29**	**458**	**107**	**565**
—	**—**	**–5**	**–54**	**—**	**82**	**37**	**119**
—	—	—	–54	—	–54	–5	–59
—	—	–5	—	—	–5	–4	–9
—	—	—	—	—	141	46	187
–2,100	**20**	**–44**	**–16**	**–29**	**376**	**70**	**446**
—	—	—	—	—	2,545	770	3,316
–2,100	—	—	—	—	–2,100	–555	–2,655
—	20	—	—	—	20	39	58
—	—	–44	—	—	–44	–173	–216
—	—	—	—	–29	–29	—	–30
—	—	—	–16	—	–16	–11	–28
–2,100	**20**	**–48**	**–70**	**–29**	**2,039**	**1,071**	**3,110**
—	—	—	—	—	297	28	325
—	—	—	—	—	–507	–432	–939
—	—	—	—	—	–22	–1	–23
6,273	**8**	**–355**	**–508**	**–131**	**10,447**	**6,347**	**16,793**

EUR million	Subscribed capital	Capital reserves	Retained earnings	Unrealised gains and losses on investments
2022				
Balance at 31.12.2021 (as reported)	**316**	**1,385**	**8,709**	**3,906**
IAS 8 adjustments	—	—	—	—
IFRS 9 adjustments	—	—	816	1,388
IFRS 17 adjustments	—	—	–3,185	—
Other adjustments [1]	—	—	1,273	–1,307
Balance at 01.01.2022 (adjusted)	**316**	**1,385**	**7,612**	**3,987**
Changes in ownership interest without a change in control	—	—	–7	2
Other changes in basis of consolidation	—	—	—	—
Net income	—	—	706	—
Other comprehensive income	**—**	**—**	**—**	**–12,572**
of which not eligible for reclassification	**—**	**—**	**—**	**–19**
of which actuarial gains or losses on pension provision	—	—	—	—
of which currency translation	—	—	—	—
of which unrealised gains and losses on investments (equity instruments)	—	—	—	–19
of which eligible for reclassification	**—**	**—**	**—**	**–12,552**
of which unrealised gains and losses on investments (debt instruments)	—	—	—	–12,552
of which finance gains and losses on insurance contracts issued	—	—	—	—
of which finance gains and losses on reinsurance contracts held	—	—	—	—
of which currency translation	—	—	—	—
of which change from cash flow hedges	—	—	—	—
of which change from equity method measurement	—	—	—	—
of which other changes	—	—	—	—
Total comprehensive income	**—**	**—**	**706**	**–12,572**
Capital increases	—	9	—	—
Dividends to shareholders	—	—	–405	—
Other changes outside profit or loss	—	—	91	—
Balance at 31.12.2022	**317**	**1,394**	**7,998**	**–8,583**

[1] "Other" transition effect also includes deferred taxes relating to the IFRS 9 transition effect (EUR –1,271 million) and the IFRS 17 effect (EUR 2,044 million), as it was not reasonably possible to precisely allocate between the shareholders' portion and minority interests at Group level.

	Other reserves							
Insurance finance income/expenses from insurance contracts issued	Insurance finance income/expenses from reinsurance contracts held	Currency translation gains/losses	Other changes in equity	Measurement gains/ losses on cash flow hedges	Equity attributable to shareholders of Talanx AG	Equity attributable to non-controlling interests	Total equity
—	**—**	**–380**	**–3,278**	**118**	**10,776**	**7,169**	**17,945**
81	—	—	—	—	81	—	81
—	—	—	—	—	2,204	419	2,622
–5,162	–27	—	2,555	—	–5,820	–1,277	–7,097
1,602	–16	–28	–3	–35	1,486	86	1,571
–3,480	**–43**	**–409**	**–726**	**82**	**8,726**	**6,397**	**15,122**
—	—	2	—	—	–4	49	45
—	—	—	—	—	—	–765	–765
—	—	—	—	—	706	1,196	1,902
11,852	**32**	**100**	**288**	**–184**	**–483**	**–801**	**–1,284**
—	**—**	**–3**	**297**	**—**	**274**	**87**	**361**
—	—	—	297	—	297	23	320
—	—	–3	—	—	–3	—	–3
—	—	—	—	—	–19	63	44
11,852	**32**	**103**	**–9**	**–184**	**–757**	**–887**	**–1,645**
—	—	—	—	—	–12,552	–3,100	–15,652
11,852	—	—	—	—	11,852	1,989	13,842
—	32	—	—	—	32	65	98
—	—	103	—	—	103	163	266
—	—	—	—	–184	–184	–5	–189
—	—	—	–3	—	–3	—	–3
—	—	—	–6	—	–6	—	–6
11,852	**32**	**100**	**288**	**–184**	**223**	**395**	**618**
—	—	—	—	—	9	—	9
—	—	—	—	—	–405	–402	–807
—	—	—	—	—	91	18	109
8,372	**–11**	**–307**	**–438**	**–102**	**8,640**	**5,692**	**14,332**

Consolidated cash flow statement

for the period from 1 January to 31 December 2023

EUR million	2023	2022[5]
I. 1. Net income	2,545	1,902
I. 2. Changes in insurance contracts issued	8,484	–17,684
I. 3. Changes in reinsurance contracts held	526	–44
I. 4. Changes in other receivables and liabilities	1,145	46
I. 5. Other non-cash expenses and income (including income tax expense/income)	–4,605	21,656
I. Cash flows from operating activities[1, 2]	**8,095**	**5,876**
II. 1. Cash outflows for the purchase of real estate	–461	–436
II. 2. Cash inflows from the sale of real estate	52	15
II. 3. Cash outflows for the purchase of unconsolidated companies	–116	–146
II. 4. Cash inflows from the sale of unconsolidated companies	25	109
II. 5. Cash outflows for the purchase of consolidated companies	–1,299	–63
II. 6. Cash inflows from the sale of consolidated companies	60	13
II. 7. Cash outflows for the purchase of investments measured at amortised cost	–196	–300
II. 8. Cash inflows from the sale of investments measured at amortised cost	96	32
II. 9. Cash outflows for the purchase of investments measured at fair value through other comprehensive income	–33,776	–35,718
II. 10. Cash inflows from the sale of investments measured at fair value through other comprehensive income	31,763	29,707
II. 11. Cash outflows for the purchase of investments measured at fair value through profit or loss	–6,829	–5,537
II. 12. Cash inflows from the sale of investments measured at fair value through profit or loss	6,081	5,407
II. 13. Changes in short-term investments	–117	–886
II. 14. Cash outflows for the purchase of other investments	–16,336	–5,527
II. 15. Cash inflows from the sale of other investments	16,147	6,432
II. 16. Other changes	–125	34
II. Cash flows from investing activities	**–5,029**	**–6,862**
III. 1. Proceeds from long-term liabilities	1,155	2,147
III. 2. Repayments of long-term liabilities	–2,024	–873
III. 3. Cash inflows from capital increases	325	9
III. 4. Cash outflows from capital reductions	—	—
III. 5. Changes in ownership interests in a subsidiary that do not result in a loss of control	–3	45
III. 6. Dividends paid	–939	–807
III. Cash flows from financing activities[2]	**–1,485**	**521**
Net change in cash and cash equivalents (I. + II. + III.)	**1,582**	**–465**
Cash and cash equivalents at the start of the reporting period	**3,596**	**4,001**
Effect of exchange rate changes on cash and cash equivalents	**–76**	**67**
Effect of changes in the basis of consolidation on cash and cash equivalents[3]	**—**	**4**
Cash and cash equivalents at the end of the reporting period[4]	**5,102**	**3,596**

[1] EUR 404 (227) million of "income taxes paid", EUR 346 (506) million of "dividends received" and EUR 3,849 (3,348) million of "interest received" are allocated to the "Cash flows from operating activities" item. Dividends received also include quasi-dividend profit-sharing payments from investment funds and private equity firms.
[2] EUR 215 (191) million of the "interest paid" is attributable to "Cash flows from financing activities" and EUR 358 (418) million to "Cash flows from operating activities".
[3] This item relates primarily to changes in the basis of consolidation other than disposals and acquisitions.
[4] The "Cash and cash equivalents at the end of the reporting period" item includes EUR 0 (4) million in cash and cash equivalents held by recognised disposal groups as at the reporting date.
[5] Adjusted in accordance with IFRS 9 and IFRS 17 in conjunction with IAS 8, see also the "Accounting policies" section of the Notes.

The accompanying Notes form an integral part of the consolidated financial statements.

Notes

General information

The consolidated financial statements include the financial statements for Talanx AG and its subsidiaries (referred to collectively as the Talanx Group). The Group, which is active either directly or via partnerships in over 175 countries worldwide, offers services in the fields of property/casualty insurance, life insurance and reinsurance, plus asset management.

Talanx AG's registered office is at HDI-Platz 1, 30659 Hannover, Germany. The Company is entered in the commercial register of the Local Court in Hannover under the number HR Hannover B 52546. Talanx AG is the financial and management holding for the Group and also acts operationally as the Group's internal reinsurer for primary insurance.

HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit (HDI V. a. G.), the Hannover-based parent company, is the majority shareholder of Talanx AG, with 76.74% (78.86%). HDI V. a. G. is required by section 341i HGB in conjunction with section 290 of the German Commercial Code (HGB) to prepare consolidated financial statements that include the financial statements of Talanx AG and its subsidiaries. HDI V. a. G.'s consolidated financial statements are published in the Bundesanzeiger (Federal Gazette).

Basis of preparation and application of IFRSs

The Talanx Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and with the additional requirements of German commercial law in accordance with section 315e(1) of the HGB.

IFRS 17 "Insurance Contracts" requires disclosures to be made about the nature and extent of risks associated with insurance contracts, while IFRS 7 "Financial Instruments: Disclosures" requires similar disclosures on risks associated with financial instruments. Additionally, section 315(2) no. 1 of the HGB requires insurance undertakings to disclose in the management report how they manage underwriting and financial risks. This information can be found in the risk report in the Group management report. Please see the section "Technical risks" of the Group management report for the corresponding disclosures in accordance with IFRS 17, and "Risks from investments" for disclosures in accordance with IFRS 7. These sections of the Group management report are integral to the Notes. Both the risk report and the disclosures in the Notes must be consulted to obtain a full overview of the Group's risk position. To assist in comprehension, we have added cross references to the corresponding disclosures in both the risk report and the Notes.

The consolidated financial statements were prepared in euros (EUR). The amounts shown have been rounded to millions of euros (EUR million), unless figures in thousands of euros (EUR thousand) are required for reasons of transparency. Rounding differences may occur in the tables presented in this report. Amounts in brackets refer to the prior year.

Application of new and revised standards/ interpretations

The Group applied the following revised IFRS regulations as at 1 January 2023:

IFRS 9 "Financial Instruments", which was published on 24 July 2014, supersedes the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 contains revised guidance for the classification and measurement of financial instruments, including a new expected credit loss model for impairing financial assets and new general hedge accounting requirements. As from the date of initial application, a distinction is made when classifying financial assets between equity and debt instruments; in the case of the latter,

this is based on the business models used to manage the asset and on the contractual cash flows. If the cash flows are solely payments of principal and interest ("SPPI test"), debt instruments are measured at amortised cost (AC), at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL), depending on the business model concerned. Equity instruments and derivatives are measured at fair value through profit or loss. In addition, the standard has taken over the existing IAS 39 rules on the recognition and derecognition of financial instruments. IFRS 9 is effective for financial years beginning on or after 1 January 2018, but will not be applied by the Talanx Group until financial years from 1 January 2023 – taking into account all adjustments made to the Standard by that date – on account of the amendments to IFRS 4 "Application of IFRS 9 and IFRS 4" – which allow certain insurance companies to postpone the obligatory application of IFRS 9. The option existed for companies that are active primarily in the insurance business to apply the temporary exemption from IFRS 9. Please see the information in the "Accounting policies" section of these Notes for specific details of the new recognition, disclosure and measurement requirements, including the new impairment provisions.

Whereas the retrospective application of IFRS 17 (see below) requires comparative figures to be prepared for the 2022 financial year, this does not apply to the initial application of IFRS 9. However, the Group has decided to exercise the option set out in IFRS 9.7.2.15 and to restate the 2022 financial year in the same way as for IFRS 17. The IASB also introduced a transition option for comparative information on financial assets in the amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information", which it issued in December 2021. Contrary to the original IFRS 9 regulation, this amendment to IFRS 17 allows those applying the Standard for the first time to present financial assets in the 2022 comparative period as if the classification and measurement regulations in IFRS 9 had also been applied to financial assets that were derecognised in 2022 (classification overlay). The Group has applied this approach, including the IFRS 9 provisions governing impairment, consistently to all eligible financial instruments. EU endorsement for this amendment was granted in September 2022. In the opening balance as at 1 January 2022, the initial application of IFRS 9 increased equity compared to the presentation in the 2021 Annual Report by a total of EUR 2.6 billion (before taxes), due largely to the realisation of hidden reserves on securities that had previously been measured at amortised cost.

The following effects resulted from the change in financial instrument accounting as at the transition date of 1 January 2022:

Given the nature of the insurance business, the majority of our debt instruments portfolio is allocated to the "held to collect and sell" business model. As a result, these financial instruments are measured at fair value through other comprehensive income in the Group. This increased the holdings of financial instruments measured at fair value through other comprehensive income reported in the opening balance as at 1 January 2022 to EUR 119,305 (IAS 39: 102,164) million. These holdings include equity instruments of just over EUR 1,385 million, which the Talanx Group has opted to measure at fair value through other comprehensive income with no subsequent recognition through profit or loss on disposal. The reclassification of financial instruments of EUR 332 million that were recognised at fair value through profit or loss under IAS 39 to at fair value through other comprehensive income led to unrealised gains and losses of EUR 6 million being recognised in other comprehensive income (previously these were included in retained earnings).

Financial instruments for investment and receivables allocated to other assets are only assigned to the "held to collect" business model in exceptional cases. This led to a clear drop in the holdings of financial instruments measured at amortised cost to EUR 1,371 (IAS 39: 27,511) million. No major reclassifications of financial instruments that had been measured at fair value under IAS 39 to the "held to collect" business model were made.

The new IFRS 9 classification rules also mean that substantially more financial instruments are now measured at fair value through profit or loss. As at 1 January 2022, the Group reported financial instruments totalling EUR 32,704 million at fair value through profit or loss; under IAS 39, these holdings had amounted to EUR 20,766 million. A large part of this increase was attributable to funds classified as at fair value through profit or loss (such as private equity funds, infrastructure funds and bond funds) and debt instruments that do not pass the SPPI test. This can result in more volatile net income in

future financial years. Initial application of IFRS 9 led to an option to redesignate assets and liabilities at fair value through profit or loss. The Group only exercised this option for liabilities relating to investment contracts of EUR 15 million. The measurement at fair value through profit or loss of equity instruments that were previously measured at amortised cost led to EUR 11 million being recognised in retained earnings on initial application of IFRS 9. In addition, initial application of IFRS 9 led to a retrospective adjustment of the carrying amounts of the investments at our equity-accounted associates.

The application of the new impairment model for debt instruments measured at amortised cost or at fair value through other comprehensive income also had an effect. IFRS 9 prescribes an expected loss model for recognising impairments under which – in contrast to the previous incurred loss model under IAS 39 – expected losses must be anticipated and expensed before they occur. A loss allowance of approximately EUR 143 million was recognised for the first time in the opening balance as at 1 January 2022 (reduction in retained earnings). Previously, under IAS 39, impairment losses on debt instruments of EUR 17 million had been included in measurement. Please see Note 12 for further information.

Hedge accounting under IFRS 9 is more closely aligned with corporate risk management than was previously the case under IAS 39; there were no material effects on existing hedges.

The following table provides a reconciliation of the carrying amounts of the financial instruments under IAS 39 to the carrying amounts of the opening balance as at 1 January 2022 under IFRS 9. The changes in value are based entirely on the application of the new measurement criteria.

RECONCILIATION OF MEASUREMENT CATEGORIES

Carrying amounts as at 31 Dezember 2022	IAS 39	IFRS 9	Carrying amounts as at 1 January 2023
AC			**AC**
Loans and receivables	25,061		
Held-to-maturity financial instruments	428	857	Debt instruments held under the "held to collect" business model
Other investments	759	1,030	Miscellaneous other assets
Investments under investment contracts	3		
Other assets – interest and rent due	26	26	Other assets – interest and rent due
Miscellaneous other assets	1,004		
	27,281	**1,913**	
FVOCI			**FVOCI**
Available-for-sale financial instruments	82,365	101,561	Debt instruments held under the "held to collect and sell" business model
Available-for-sale financial instruments (variable-yield securities)	4,106	811	Shares in affiliated companies and (strategic) investments designated at FVOCI without recycling
Other investments	5,405	1,265	Other equity instruments designated at FVOCI without recycling
	91,876	**103,637**	
FVPL			**FVPL**
Shares in affiliated companies and participating interests	1,042	140	Shares in affiliated undertakings and participating interests (financial investments)
Investments under investment contracts	1,372	1,792	Investments under investment contracts
Fixed-income securities at FVPL	639	311	Equity instruments
Trading portfolios and variable-income securities at FVPL (not including derivatives)	190	8,223	Investment funds
Derivatives (including other assets)	606	1,268	Debt instruments held under the "held to sell" and "other" business models
Investments for the account and risk of life insurance policyholders	11,902	606	Derivatives (including other assets)
Other investments	13	11,266	Investments for the account and risk of life insurance policyholders
Cash at banks, cheques and cash-in-hand	3,595	1,897	Short-term investments
		3,592	Cash at banks, cheques and cash-in-hand
	19,359	**29,095**	
Equity-accounted			**Equity-accounted**
Equity-accounted associates under IAS 28	2,495	2,261	Equity-accounted associates under IAS 28
	2,495	**2,261**	

IFRS 17 was issued by the IASB on 18 May 2017 and replaced IFRS 4 as at 1 January 2023. **IFRS 17 "Insurance Contracts"** introduces for the first time uniform requirements for the recognition, measurement and presentation in the Notes of information on insurance contracts, reinsurance contracts and investment contracts with discretionary surplus participation features. The announcement of Commission Regulation (EU) 2021/2036 transposed IFRS 17, including the amendments made in June 2020, into EU law; this version is applicable at the latest to financial years beginning on or after 1 January 2023. At the same time, however, the Regulation set out an optional exception that is valid only in the EU and that allows companies to apply an elective exemption from the annual cohort requirement for contracts with a surplus participation feature – a common feature in Germany and a number of other EU states. The Talanx Group has not utilised this option but has applied the IASB version of IFRS 17 for the financial year starting on 1 January 2023. The most important changes in the standard relate to the presentation of underwriting operations in the balance sheet and the statement of income, the discounting of

loss reserves, greater transparency with respect to loss-making portfolios and the introduction of the risk adjustment for non-financial risks. IFRS 17 lists three valuation models that reflect different degrees of policyholder involvement in the investment result or in the company's success: the general measurement model (GMM), the variable fee approach (VFA) and the premium allocation approach (PAA). Please see the disclosures in the "Accounting policies" section for details of the accounting for insurance contracts.

Information on the transitional accounting treatment as at 1 January 2022 and on the material effects of the transition to IFRS 17 is given below.

One key difference in the presentation of the statement of income under IFRS 17 compared to under IFRS 4 relates to the allocation of income from insurance contracts to the periods in which it is earned, especially in the case of multi-year contracts. Under IFRS 4, the gross premiums earned and technical expenses incurred during the period were the core elements of presentation in the statement of income. Under IFRS 17, the net income for a specific period is collected in the case of the GMM and VFA measurement models by deducting the share of the expected net income for an insurance contract earned in the period in question (the service fee) from the contractual service margin (CSM) and recognising this amount in profit or loss in the statement of income as a component of insurance revenues. Short term contracts (i.e. contracts with a coverage period of less than 12 months) can be accounted for under the PAA without recognising a CSM; however, the measurement of the liability for remaining coverage and hence the presentation of short-term contracts in the statement of income does not differ materially under the PAA to treatment under the GMM.

IFRS 17 was initially applied retrospectively as at 1 January 2023 using the full retrospective approach (FRA). If there is insufficient data on which to base full retrospective application of IFRS 17, an option permits application of the modified retrospective approach (MRA) – provided that sufficiently reasonable and supportable data are available for this – or the fair value approach (FVA). The objective of the modified retrospective approach is to achieve the closest possible outcome to retrospective application using reasonable and supportable information that is available without undue cost or effort. Certain modifications are permitted where retrospective application is not possible. Under the fair value approach, the contractual service margin of a group of insurance contracts at the transition date is determined as the difference between the fair value under IFRS 13 and the fulfilment cash flows under IFRS 17. The Talanx Group uses all three approaches depending on the availability of data. The Group primarily applies the FRA for portfolios from 2016 onwards. Exceptions are the Retail Germany – Life and Life/Health Reinsurance segments and one company in the Retail International segment. In these cases, the variable fee approach was only applied with the FRA as from 2019 and 2021 respectively, due to the quality of the life insurance data available. Prior to 2016, the MRA and FVA were used extensively here, depending on the data available and the modelling quality for the groups of contracts. This applies both to insurance contracts reported as assets and to those reported as liabilities. The FVA was used in the property/casualty area if retrospective application was not possible. In the primary insurance area, the MRA was largely used to measure direct participating life insurance contracts. The following simplifications provided under the MRA were applied here:

- As with the FVA, contracts issued at intervals of more than one year were combined into groups of actuarial interest rate generations
- Direct surplus participation features were identified on the basis of information as at 1 January 2022. Specifically it has been assumed, on the basis of our analyses, that the VFA could also have been applied to contracts with a surplus participation feature in the past.
- As with the FVA, no distinction was made between purchased insurance portfolios and direct business.
- A yield curve was used that, for at least three years immediately before the transition date to IFRS 17, approximates the estimated yield curve based on the general approach for calculating discount rates.
- The amount of the expected reversal of the non-financial risk adjustment as at 1 January 2022 was adjusted to account for expected reversals of the risk adjustment before 1 January 2022.
- IFRS 17.C17(e) permitted existing loss components to be adjusted to nil as at 1 January 2022 and the liability for remaining coverage to be increased by the same amount. Certain areas of the participating life insurance business were affected by this simplification.
- Determining other comprehensive income (OCI): OCI for the technical provisions in the VFA as at 1 January 2022 was determined by multiplying the OCI for investments accounted for in accordance with IFRS 9 by the share of investments used to cover obligations from insurance business measured using the VFA. Total OCI is the balance of the technical OCI items and the investment OCI and is largely attributable to investments that do not serve to cover insurance obligations. OCI for technical provisions in the GMM as at 1 January 2022 is the difference in the technical reserves discounted using the locked-in interest rate for the year in which the contracts were added and the current interest rate at the reporting date.
- The CSM (or loss component) as at 1 January 2022 was calculated as follows: the fair value of the underlying items as at 1 January 2022 less the fulfilment cash flows as at 1 January 2022, adjusted for:
  - amounts charged to policyholders (including costs deducted from the underlying items) before 1 January 2022
  - amounts paid before 1 January 2022 and amounts not affecting the basis of the underlying items
  - the reversal of the non-financial risk adjustment before 1 January 2022
  - insurance acquisition cash flows paid before the transition date that are allocated to the group of insurance contracts.

In the opening balance sheet, total equity as at 1 January 2022 – taking account of mitigating effects from deferred taxes – declined by EUR 2.9 billion in comparison to under IAS 39/IFRS 4. A EUR 5.1 billion decrease in equity here is attributable to IFRS 17. This effect is primarily due to measurement in the life insurance area (i.e. the Retail Germany – Life Insurance and Life/Health Reinsurance segments), and is essentially driven by prevailing interest rates as at the transition date of 1 January 2022. By contrast, equity rose by EUR 1.4 billion as a result of the initial application of IFRS 9. In addition, the measurement options for real estate in the portfolios of life primary insurance companies were again exercised as part of the initial application of IFRS 9 and 17, with the result that our real estate portfolio is partially measured at fair value. This increased equity by EUR 0.8 billion.

As the PAA is used in the property/casualty primary insurance area, most of the contractual service margin is recognised in the Reinsurance Division and the life insurance business. The reduction in reported equity is offset by the recognition of the contractual service margin as the present value of expected future profits. This shows EUR 9.1 billion for the Group as at the transition date (GMM EUR 6.3 billion; VFA EUR 2.8 billion) and thus significantly exceeds the decrease in reported equity. The combined ratio will remain a critical key indicator in the property/casualty area even according to IFRS 17. This will decrease, in particular due to the discounting of the loss reserve.

Separately to the measurement technique, acquisition costs and receivables and liabilities (including funds withheld by ceding companies and funds withheld under reinsurance treaties) on insurance business are no longer presented separately in the balance sheet and are instead recognised as part of assets and liabilities on insurance business. This reduced the opening balance sheet by a low double-digit billion figure compared to accounting under IFRS 4. However, this did not have any material effects on equity.

Based on analyses carried out at the transition date to IFRS 9 and 17 as at 1 January 2022, the initial application of these two standards reduced the equity attributable to shareholders of Talanx AG by a total of EUR 2.1 billion. This breaks down between the segments as follows:

- Equity in the Industrial Lines segment increased by EUR 24 million as at the date of first-time application. This was mainly due to the effects of the introduction of IFRS 17. Mandatory discounting of the loss reserve in the Industrial Lines segment increased equity by EUR +289 million. However, this increase in equity caused by discounting of the loss reserve was more than offset by the introduction of the risk adjustment (EUR–328 million). IFRS 9 resulted in an equity-increasing effect of EUR 45 million.
- These offsetting effects from IFRS 17 led to equity in the Retail Germany – Property/Casualty segment decreasing by EUR 25 million. The measurement of investments at fair value that were previously measured at amortised cost resulted in an increase of EUR 52 million. As a whole, equity increased by EUR 35 million.
- Initial application of IFRS 17 in the Retail Germany – Life segment led to a significant decrease in equity totalling EUR 1.1 billion. EUR 300 million of this is attributable to the stochastic measurement of guarantees at current interest rates and a near-market valuation of reinsurance. In addition, profit shares previously recognised in equity were assigned to the insurance obligations on introduction of IFRS 17 as a component of the contractual service margin, leading to a reduction in the insurance obligations and hence in equity of EUR 285 million. The requirement to recognise a loss component directly for onerous insurance contracts also reduced equity by around EUR 330 million.
- Equity in the Retail International Division increased by EUR 149 million as at the date of initial application, essentially due to the effects of introducing IFRS 17. The effect of discounting the loss reserve (EUR +329 million) also increased equity, while the introduction of the risk adjustment reduced it (EUR –337 million).
- In the Reinsurance Division, the change in technical liabilities reduced equity attributable to Talanx Group shareholders by around EUR 0.9 billion, essentially in the Life/Health Reinsurance segment. This was mainly due to the measurement of portfolios in the US and Asian markets and from the United Kingdom.
- In the Corporate Operations segment, the obligation to recognise the loss component (EUR –224 million) and the risk adjustment (EUR –61 million) in particular had a negative effect. This was offset by the effect of discounting the loss reserve in the amount of EUR 41 million.

In addition to the changes made in the course of transitioning to the initial application of IFRS 9 and IFRS 17, the Group applied **the following revised IFRS standards as at 1 January 2023,** which did not lead to any material effects on the consolidated financial statements:

- IAS 1 "Presentation of Financial Statements": Disclosure of Accounting Policies
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates
- IAS 12 "Income Taxes": Deferred taxes from transactions in which taxable and deductible differences of the same amount arise on initial recognition

The Group already applied the amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules" in the financial year. Please see "Introduction of a global minimum tax" for details of the effects.

Standards, Interpretations and revisions to issued standards that were not yet effective in 2023 and that were not applied by the Group prior to their effective date

a) EU endorsement already granted

The following standard amendments have been passed, but are not expected to have any material impact on the Group's assets, liabilities, financial position and financial performance:

APPLICATION OF NEW STANDARD AMENDMENTS

Standard/project	Title of the standard/interpretation/ amendment	First application[1]
IAS 1 "Presentation of Financial Statements"	Adjustment of the Assessment Criteria for classifying Liabilities as current or non-current	01.01.2024
IAS 1	Non-current Liabilities with Covenants	01.01.2024
IFRS 16 "Leases"	Lease Liability in a Sale and Leaseback Transaction	01.01.2024

[1] Effective for financial years beginning on or after the date stated.

b) EU endorsement pending

The following standard amendments have been passed, but are not expected to have any material impact on the Group's assets, liabilities, financial position and financial performance:

APPLICATION OF NEW STANDARD AMENDMENTS

Standard/project	Title of the standard/interpretation/ amendment	First application[1]
IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures"	Supplier Finance Arrangements	01.01.2024
IAS 21 "The Effects of Changes in Foreign Exchange Rates"	The Effects of Changes in Foreign Exchange Rates	01.01.2025

[1] Effective for financial years beginning on or after the date stated.

Introduction of a global minimum tax

The OECD published guidance for new global minimum tax in December 2021 that applies to domestic and multinational groups or companies with total annual revenue upwards of EUR 750 million. The directive to implement these regulations in the EU was adopted in December 2022. The EU Member States had to transpose the directive into national law by the end of 2023. In Germany, the directive was transposed into national law through the Minimum Taxation Directive Implementation Act on 21 December 2023. The regulations of this act are effective for financial years beginning after 30 December 2023. 136 EU and non-EU states also declared that they would transpose the minimum taxation regulations into national law.

As a subgroup of the HDI Group, the Talanx Group is subject to the minimum tax regulations and is currently working closely on preparing to apply the regulations in the next financial year. Suitable organisational and technical measures are currently being made/prepared to ensure compliance with the legal requirements.

As the legal provisions had not yet become effective as at the reporting date, they do not have any impact on income for the Talanx Group in the reporting period. To recognise deferred tax assets and liabilities and certain disclosure requirements in connection with the global minimum tax, the Talanx Group applies the temporary exception provided in the amendments to IAS 12 published in May 2023.

In accordance with the minimum taxation regulations, the Talanx Group will have to pay an additional tax for the difference between the effective tax rate per (tax) jurisdiction and the minimum tax rate of 15% in future.

Based on the current status of the implementation project, the Talanx Group has units subject to the minimum tax regulations in 44 jurisdictions in the reporting period and is subject there to an effective tax rate of (significantly) more than 15%. The HDI Group is currently in the process of assessing the impact of the German Minimum Taxation Directive Implementation Act after the legislation became effective. In this context, it conducted an initial assessment of areas affected based on data from the 2022 country-by-country reporting (CbCR), which the HDI Group currently considers the most reliable source of data, and calculated the amount of the preliminary effective tax rate per jurisdiction. The analysis found that 31 jurisdictions currently have an effective tax rate of more than 15%, covering around 75% of the pre-tax gains/losses reported in the 2022 CbCR. The jurisdictions of Ireland, Bermuda and Bahrain, however, have an effective tax rate of less than 15% based on the 2022 CbCR. The greatest material impact in future is expected for Bermuda and Ireland. Given the recent changes made to national tax laws in these jurisdictions and the resulting complex effects on minimum tax regulations, it is not currently possible to quantify this impact.

The quantitative impact of the legislation passed cannot yet be adequately determined due to the complexity of applying the legislating and calculating the effective tax rate under the minimum tax regulations. Companies with an effective tax rate upwards of 15% may also experience tax effects from applying the minimum taxation.

Accounting policies

The material accounting policies applied during the preparation of the consolidated financial statements are presented below. Accounting standards requiring to be applied for the first time in financial year 2023 are described in the "Basis of preparation and application of IFRSs" section on pages 155ff., while the consolidation principles are described in the "Consolidation" section on pages 190ff.

In the third quarter of 2023, there was the retrospective correction of an error in the measurement of mortgage loans in the Retail Germany – Life segment for which the fair values had been calculated as too low as at 30 September 2023. The Group measures the loans themselves at amortised cost. The share of the fair values of the mortgage loans in question, which cover the technical liabilities, form the underlying item at a certain percentage of the fair value. The underlying item defines the amount of the liability for remaining coverage. The retrospective correction of the fair values of the mortgage loans thus resulted in an adjustment of the liability for remaining coverage. The corrected amounts as at 1 January 2022 and 31 December 2022 are shown in the tables below:

EFFECTS ON THE CONSOLIDATED BALANCE SHEET AS AT 1 JANUARY 2022

EUR milion		01.01.2022 as reported	Changes from IAS 8 adjustments	01.01.2022
Assets				
G.	Deferred tax assets	1,303	–39	1,264
Liabilities				
A. b.	Reserves	8,329	81	8,409
C.	Insurance contract liabilities	139,878	–119	139,759

EFFECTS ON THE CONSOLIDATED BALANCE SHEET AS AT 1 JANUARY 2022

EUR milion		31.12.2022 as reported	Changes from IAS 8 adjustments	31.12.2022
Assets				
G.	Deferred tax assets	1,205	19	1,224
Liabilities				
A. b.	Reserves	8,363	–39	8,324
C.	Insurance contract liabilities	122,547	59	122,606

Significant management judgement and estimates

Preparation of the consolidated financial statements requires management to make judgements, assumptions and estimates. These relate to the accounting policies applied, the carrying amounts of assets, liabilities, income and expenses that are recognised, and the disclosures made on contingent liabilities. Actual results may differ from these estimates.

Estimates and the assumptions underlying them are reassessed continuously; they are based on past experience and on expectations of future events that currently appear reasonable. Revisions of estimates are recognised prospectively.

Risks relating to the consequences of climate change are highly important for insurance companies' business models. Estimating the probability of occurrence of, and the size of the losses associated with, climate-change driven storms, flooding and droughts is a key element of our risk management system. It significantly impacts our

underwriting policy in the area of natural hazard risks and requires adequate levels of risk capital to be held. In addition, physical risks such as extreme weather events and their consequences, and long-term changes in the climate and environmental conditions (e.g. amounts of rainfall, rising sea levels and increasing average temperatures), can affect the value of property that we hold or the measurement of securities in our investment portfolio.

Apart from the impact of these physical risks, measurement of our investment portfolio is also subject to transition risks resulting from climate change. Transition risks are defined as risks associated with the consequences of climate change that result from the shift to a low-carbon economy. This shift is essentially being initiated and underpinned by political regulation. Should the latter have an adverse effect on the issuers of the equities or corporate bonds in our investment portfolio, for example, this would also impact the value of these securities.

Overall, the evaluation of climate risks is taken into account when testing for impairment of non-financial assets, including goodwill in accordance with IAS 36, determining useful lives and the residual value of assets in accordance with IAS 16 or IAS 38, in the recognition and subsequent measurement of investments in accordance with IFRS 9 and when recognising provisions and disclosing contingent liabilities in accordance with IAS 37.

Estimation uncertainties also arose in the reporting period in connection with the conflict in Ukraine. We conducted probability-weighted scenario analyses for all relevant business lines, taking currently available market insights into account, and then used these analyses to develop our own estimates as a basis for our reserving process. The main business lines affected as at the reporting date were political violence and other property coverage, political risk, marine and aviation. The Group recognised provisions of EUR 425 (367) million as at 31 December 2023 (Property/Casualty Reinsurance: EUR 382 (331) million, Industrial Lines: EUR 43 (36) million). Our expense for this set of claims increased marginally year-on-year in the reporting period. However, the range of potential claims scenarios remains high, which could result in substantially higher claims expenses in future if adverse developments were to occur or unfavourable court rulings be handed down; however, these are not expected at present. Legal uncertainties continue to exist, particularly in connection with the status of leased aircraft that are still in Russia. Transactions with Russian cedants are not being continued, in line with the sanctions in force.

The conflict in Ukraine and its repercussions impacted global raw materials and energy prices and hence inflation rates. Inflation is taken into account in our reserving process at a minimum using average past inflation rates. In addition, realistic inflation assumptions are made when calculating premiums and additional provisions are recognised during the reserving process for the individual underwriting years, also permitting changes in inflation to be partially offset. Index clauses also protect a substantial share of the business from negative inflation effects. Inflation-linked bonds in the Group's investment portfolio act as a partial hedge against inflation. A scenario analysis was performed to ensure that inflation is adequately taken into account in the technical provisions. The various future inflation scenarios were compared to historically observed rates so as to estimate the potential effect on technical provisions. The scenarios observed include ones featuring longer periods of higher inflation. However, we currently expect inflation rates to be above the central banks' targets.

Judgements, assumptions and estimates are particularly relevant in the case of the following items:

- **Goodwill** (see "Impairment test" section in Note 1 "Goodwill")
- **Fair value and impairments of financial instruments** (see Note 13 "Fair value hierarchy – financial instruments" and the disclosures on determining the fair values and the expected credit loss allowance given in the "Accounting policies" section)
- **Deferred tax assets** (see Notes 25 and 32 and the information on the availability of future taxable profit against which tax loss carryforwards can be utilised in the "Accounting policies" section)
- **Leases** (see under "Leases" in the "Other balance sheet items" section and the "Other disclosures" section of the Notes to the consolidated financial statements)
- **Insurance contract assets and liabilities and reinsurance contract assets and liabilities** (see Notes 4 and 18): The classification and measurement of, and level of aggregation for, insurance and reinsurance contracts require judgements to be made. Contracts are classified either as (re)insurance contracts or as investment contracts, depending on whether they are considered to involve a significant transfer of insurance risk. Insurance contracts that exhibit certain specific characteristics at inception of the contract are classified as insurance contracts with direct surplus participation features. An appropriate level of aggregation must be found, since contract portfolios have to be identified by distinguishing between those groups of contracts that are onerous at initial recognition and those with no significant possibility of subsequently becoming onerous. When measuring insurance and reinsurance contracts, the measurement method to be used to estimate the risk adjustments for non-financial risk and the volume of services to be provided under the contract must be determined. The measurement of insurance and reinsurance contracts is associated with assumptions and estimation uncertainties. Information on the assumptions made in the course of measuring insurance and reinsurance contracts can be found in Note 18. Changes in material assumptions regarding discount rates (including illiquidity premiums), property insurance claims development and future cash flows relating to mortality, invalidity, policyholder behaviour, participation percentages and differences between crediting rates and discount rates may lead to significant differences in the fulfilment cash flows in the following financial year. These changes do not affect the reported carrying amounts of the insurance or reinsurance contracts (unless these result from onerous contracts or do

not relate to future service). However, they may lead to an adjustment to the contractual service margin, among other things, in those cases in which the GMM or VFA measurement models are used.

- **Provisions for pensions and other post-employment benefits** (see disclosures on key actuarial assumptions set out in Note 19)
- **Other provisions** and **contingent liabilities** (see Note 21 and the explanations in the "Accounting policies" and "Other disclosures" sections of these Notes to the consolidated financial statements)
- **Basis of consolidation** (see the "Consolidation principles" subsection – and in particular the inclusion of investment funds managed by the Group or third parties)

Summary of significant accounting policies

Technical balance sheet items

Classification of insurance contracts issued and reinsurance contracts held, and separation of components

A contract must be classified as an insurance contract issued or a reinsurance contract held if it results in the assumption or transfer of a significant insurance risk. In addition, the Group is exposed to financial risk through its insurance contracts and reinsurance contracts. The same rules are used to treat these types of contracts, regardless of whether the contracts concerned are issued, acquired in the course of a business combination, or acquired in a transfer of insurance contracts that do not form a business. Insurance contracts issued and reinsurance contracts held that were acquired in a business combination within the scope of IFRS 3 or in the course of a portfolio transfer are assumed to have been issued at the time of acquisition. Contracts that have the legal form of an insurance contract but do not transfer any significant insurance risk are classified as investment contracts. The recognition and measurement of such contracts is performed in line with the rules governing the accounting treatment of financial instruments under IFRS 9.

Level of aggregation

Insurance contracts are allocated to portfolios in those cases in which the contracts are exposed to the same risk and are managed together. They are allocated on the basis of the main risk for the contract. On initial recognition, the contracts within a portfolio are grouped into three groups of contracts issued within a single calendar year. These annual cohorts comprise a) contracts that are onerous, b) contracts that have no significant possibility of becoming onerous in subsequent periods and c) any remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Reinsurance contracts held within a portfolio are divided into three groups on the basis of profitability criteria and annual cohorts. With regard to the expected profitability at the date of initial recognition, a distinction is made between contracts that a) are onerous in the net view, b) have no significant possibility of becoming onerous in subsequent periods and c) a group of the remaining contracts. Contracts are not allocated to different groups only because law or regulation specifically constrains the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics (e.g. unisex policies). This exception is only applied within the Group to motor vehicle insurance in Türkiye and to bancassurance contracts in the Polish life insurance business. Insurance contracts that have been allocated to specific groups are not reassessed in subsequent periods. Aggregation has a number of different effects on the measurement of insurance contracts.

Before the Group recognises an insurance contract on the basis of the guidance set out in IFRS 17, we analyse whether the contract contains components that must be separated. IFRS 17 sets out three different categories of components that must be accounted for separately:

- Cash flows relating to embedded derivatives that are required to be accounted for separately under IFRS 9
- Cash flows relating to distinct investment components and
- Promises to transfer distinct goods or services as defined by IFRS 15 that are not insurance contract services.

The Group applies IFRS 17 to all remaining components of the contract.

Accounting treatment and contract boundaries

A group of insurance contracts is recognised when the coverage period begins, or on the date when the first payment from a policyholder for their first contract becomes due, unless facts and circumstances indicate that the group of insurance contracts is onerous. Additional contracts can be added to an existing group of insurance contracts after initial recognition provided that the aggregation criteria are met.

Reinsurance contracts held are accounted for as a separate group of reinsurance contracts per contract as from the start of the coverage period for the group. In the case of reinsurance contracts held that provide proportionate coverage, initial recognition of the group of reinsurance contracts is performed either at the start of the coverage period or on the date on which any underlying insurance contract is initially recognised, where this is later. If, however, an onerous group of underlying contracts is recognised before the start of the coverage period of the group of reinsurance contracts held, the reinsurance contract held is recognised on the same date as the group of underly-

ing contracts. The composition of the groups is not reassessed in subsequent periods. The reinsurance contracts held are entered into on the basis of the underwriting year or the accident year.

All future cash flows within the boundary of each contract in the group are included in the measurement of a group of contracts. All services acquired are within the contract boundary with the exception of services that do not yet represent a substantive obligation. A substantive obligation to provide insurance services ends when the Group can reassess the risks and, as a result, has the practical ability to set a price or level of benefits that fully reflects those reassessed risks, and when the pricing of the premiums paid for insurance coverage up to the reassessment date does not take into account the risks that relate to periods after the reassessment date. The contract boundary is reassessed at the end of each reporting period.

Measurement

IFRS 17 provides for three measurement approaches: the general measurement model (GMM), the variable fee approach (VFA) and the premium allocation approach (PAA). These apply to different lines of business when certain requirements and conditions are met. The Group distinguishes between a pre-claims phase (liability for remaining coverage) and a claims phase once the insured event has occurred (liability for incurred claims) in the case of all measurement models.

General measurement model and variable fee approach

The general measurement model (GMM) is the basic model used to recognise insurance contracts under IFRS 17. The GMM is based on the prospective cash flows, which are discounted for the time value of money, the individual financial risks and the uncertainty of the cash flows involved. The GMM is used in the Reinsurance segments and for contracts that fall outside the scope of the other two approaches – the VFA and the PAA.

The VFA is a modified form of the GMM. The VFA must be used if the insurance contracts have direct surplus participation features at inception. Contracts are classified as insurance contracts with direct surplus participation features if they exhibit the following criteria:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items
- The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items and
- The Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items

Underlying items are items that determine a portion of payments to policyholders, e.g. a local gross surplus, an individual result or investments, provided that this is clearly set out in the insurance contract and that the payments to policyholders fluctuate with the changes in fair value of the underlying items. In the case of German life insurance business, surplus participation primarily includes policyholder participation in net investment income, the risk result and the cost result. The underlying item is based on this type of surplus participation.

The assessment as to whether an insurance contract meets these three criteria is made at inception of the contract and cannot be changed at a later date, except in the case of a material contractual amendment.

In line with this, we apply the VFA to business involving direct profit participation by policyholders and when measuring unit-linked insurance contracts. The VFA is mainly used in the Retail Germany and Retail International segments. Reinsurance contracts issued and reinsurance contracts held do not meet the criteria for classification as contracts with direct surplus participation features.

Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the total of:

- the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk and
- the contractual service margin (CSM).

Fulfilment cash flows

Cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract, including cash flows for which the Group has discretion over the amount or timing. These cash flows comprise payments to or in the name of policyholders, insurance acquisition cash flows and other costs incurred in fulfilling the contract. Insurance acquisition cash flows result from the costs of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs incurred in fulfilling the contract include loss adjustment expenses, policy administration and maintenance costs, and recurring commissions in connection with premiums paid in instalments that fall due within the contract boundaries. In addition to these direct costs, fixed and variable overheads are allocated to groups of contracts using systematic methods.

The fulfilment cash flows of a group of insurance contracts do not reflect the Group's non-performance risk.

Risk adjustment
The risk adjustment for a group of insurance contracts corresponds to the compensation demanded by the Group for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. In the case of reinsurance contracts held, the risk adjustment is the risk that is transferred by the Group to the reinsurer.

Contractual service margin (CSM) for insurance contracts issued
The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued. It represents the unearned profit that the Group will recognise as it provides insurance contract services in the future.

Except in the case of an onerous group of contracts or where previously recognised cash flows are derecognised, the CSM does not normally lead on initial recognition to income or expenses from

- the initial recognition of the fulfilment cash flows
- cash flows arising from the contracts in the group at the date of initial recognition
- the derecognition of assets for insurance acquisition cash flows and
- the derecognition of other cash flows recognised in previous periods. Insurance revenue and insurance service expenses are recognised directly for these types of derecognised assets.

If this results in a net cash inflow, the CSM is measured at the equal but opposite amount to the net cash inflow. In the case of a net cash outflow (for contracts not measured using the PAA), the group of contracts is onerous and the net cash outflow is recognised in profit or loss. The loss component determines the amount of fulfilment cash flows that are not included in insurance revenue on subsequent measurement. If such cash flows from fulfilment cash flows occur, they are allocated to the loss component and the liability for remaining coverage excluding the loss component using a systematic method, based on the release of the CSM. Any later decrease in fulfilment cash flows following the reduction of the loss component to nil is allocated to the CSM in the amount by which the decrease exceeds the amount allocated to the loss component.

In the case of groups of contracts acquired in the course of a transfer of contracts or a business combination, the consideration received for the contracts is used as a proxy for the premiums received on acquisition. In the case of business combinations, the consideration received corresponds to the fair value of the contracts on the acquisition date.

Contractual service margin (CSM) for reinsurance contracts held
On initial recognition, the CSM for a group of reinsurance contracts corresponds to the net cost or net gain on purchase, unless the net cost on purchase of the reinsurance relates to events in the past; in such cases, the net cost is expensed immediately in profit or loss. The CSM is calculated in the same way as the CSM for insurance contracts issued. An exception applies to assets for insurance acquisition cash flows, which are not applicable to the reinsurance business. Where the Group recognises a loss on the initial recognition of an onerous group of underlying insurance contracts or on additions of onerous underlying insurance contracts to this group of contracts, the income must be recognised in profit or loss.

The risk adjustment for non-financial risk corresponds to the amount of risk being transferred by the Group to the reinsurer.

A loss-recovery component is recognised or adjusted for remaining coverage for reinsurance contracts held in the amount of the income recognised in the case of an onerous group of underlying insurance contracts. This amount is calculated by multiplying the loss recognised on the underlying insurance contracts by the percentage of claims under the underlying insurance contracts which the Group expects to recover from the group of reinsurance contracts held in those cases in which the contracts held are entered into before or at the same time as the loss from onerous underlying insurance contracts is recognised.

In the case of reinsurance contracts with onerous underlying contracts that are acquired in the course of a transfer or business combination, the adjustment is made in a similar manner to that explained above, with the exception that measurement is based on the acquisition date.

Subsequent measurement
The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims.

- The liability for remaining coverage consists of the fulfilment cash flows related to future service allocated to the group of contracts at that date, the risk adjustment for non-financial risk and the CSM for the group of contracts at the end of the reporting period
- The liability for incurred claims comprises the fulfilment cash flows for claims incurred plus expenses that have not yet been paid, including claims that have been incurred but not yet reported

The liability for incurred claims is measured in the same way in all three measurement models, with the exception of the interest rates used for discounting, which are established on initial recognition.

The asset for remaining coverage for reinsurance contracts held is recognised in the same way as for insurance contracts issued.

Fulfilment cash flows

The figure for the fulfilment cash flows plus the estimates for current assumptions made by the Group in earlier interim consolidated financial statements is updated at the end of each reporting period using current estimates of the amount, timing and uncertainty of the future cash flows and discount rates. The Group allocates the insurance finance income or expenses between profit or loss and other comprehensive income. Systematic allocation is ensured by using the discount rate applied on initial recognition.

The treatment of changes in the estimated insurance acquisition cash flows for contracts measured under the GMM depends on the estimate used. Changes relating to current or past services are recognised in profit or loss, whereas changes relating to future service are accounted for by adjusting the CSM or the loss component within the liability for remaining coverage.

Changes relating to future service that adjust the CSM for contracts measured under the GMM contain the following things, among others:

- Changes in estimates of the present value of the future cash flows in the liability for remaining coverage, except those described in the following paragraph
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period and that impacts future service Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable
- Changes in the risk adjustment for non-financial risk that relate to future service
- Experience adjustments arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows and premium-based taxes

The following changes do not result in an adjustment to the CSM in the GMM and are therefore recognised directly in profit or loss:

- Changes in fulfilment cash flows due to the effect of the time value of money and of financial risk, plus any changes in these
- Changes in fulfilment cash flows that relate to the liability for incurred claims
- Experience adjustments arising from premiums received in the period that do not relate to future service, and related cash flows such as insurance acquisition cash flows and premium-based taxes
- Experience adjustments that relate to insurance service expenses (not including insurance acquisition cash flows)

In the case of insurance contracts measured under the VFA, the following changes relate to future service and hence lead to an adjustment to the CSM:

- Changes in the amount of the Group's share of the fair value of the underlying items
- Changes in the fulfilment cash flows that do not vary based on the returns on underlying items
  - Changes in the effect of the time value of money and financial risk, including the effect of financial guarantees
  - Experience adjustments arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows and premium-based taxes
  - Changes in the estimated present value of the future cash flows in the liability for remaining coverage, except those described in the following paragraph
  - Differences between an investment component expected to become payable in the period and the actual investment component that becomes payable in the period Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable
  - Changes in the risk adjustment for non-financial risk that relate to future service

The following changes do not lead to any adjustment to the CSM under the VFA:

- Changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items
- Changes in the fulfilment cash flows that do not vary based on the returns on underlying items
  - Changes in fulfilment cash flows that relate to the liability for incurred claims
  - Experience adjustments arising from premiums received in the period that do not relate to future service, and related cash flows such as insurance acquisition cash flows and premium-based taxes
  - Experience adjustments that relate to insurance service expenses (not including insurance acquisition cash flows)

Contractual service margin

The CSM for each group of contracts is calculated at the end of each reporting period as described below. This means that net income is not affected by the treatment of accounting estimates made in earlier interim financial statements.

In the case of insurance contracts issued that are measured under the GMM, the carrying amount of the CSM at the end of the reporting period corresponds to the carrying amount as at the start of the period, adjusted for:

- The CSM for new contracts added to the group during the financial year
- Interest accreted on the carrying amount of the CSM, using the interest rate determined on initial recognition (locked-in discount rate)
- Changes in fulfilment cash flows that relate to cash flows relating to the fulfilment of future service These are recognised by adjusting the CSM, to the extent that this is available If an increase in the fulfilment cash flows exceeds the CSM, the excess amount is recognised in insurance service expenses and a loss component is created
- The effect of any currency exchange differences
- The release of the CSM to the insurance revenue determined after all adjustments have been taken into account

In the case of insurance contracts issued with direct surplus participation features under the VFA, the following changes lead to adjustments to the CSM:

- The CSM for new contracts added to the group in the financial year
- The amount recognised as insurance revenue for services provided during the financial year
- Changes in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future service, with the exception of changes that
  - Result in a loss component or
  - Result in a change to a loss component
- The effect of any currency exchange differences on the CSM

In the case of reinsurance contracts held, the carrying amount of the CSM at the start of the financial year is adjusted for the following effects:

- The CSM for new contracts added to the group in the financial year
- Interest accreted on the carrying amount of the CSM, using the interest rate determined on initial recognition (locked-in discount rate)
- Changes in fulfilment cash flows that relate to cash flows relating to the fulfilment of future service
- Income recognised in profit or loss during the reporting period that leads to a loss-recovery component
- Reversals of a loss-recovery component where these do not represent changes in the fulfilment cash flows of the group of reinsurance contracts held
- The effect of currency exchange differences on the CSM
- The amount for insurance services received in the financial year recognised in profit or loss

Premium allocation approach (PAA)

The premium allocation approach (PAA) is a simplified approach that is applicable to certain types of short-term insurance and reinsurance contracts held. Under the PAA, premiums are recognised on the basis of appropriate timelines for receipts (e.g. a linear method). The PAA can be used for contracts with a coverage period of less that twelve months or for contracts for which the measurement of the liability for remaining coverage does not differ materially from measurement under the GMM in those cases in which the coverage period extends for more than twelve months. When comparing the different possible measurements, the Group takes into account the effects of the different potential timelines for reversing the liability for remaining coverage to profit or loss and the effects of the time value of money. This criterion is not met if significant variability in the fulfilment cash flows is expected during the period before a claim is incurred. The Group uses the PAA in property/casualty primary insurance, provided the contracts meet the above requirements.

Initial recognition

The carrying amount of the liability for remaining coverage is measured on initial recognition on the basis of the premiums received, less the insurance acquisition cash flows allocated to the group of contracts at this date and adjusted for amounts from the derecognition of assets or liabilities previously recognised for the cash flows that relate to the group. The Group has decided not to expense insurance acquisition cash flows when these are incurred.

Subsequent measurement

Changes in the liability for remaining coverage result from:

- the premiums received in the period
- amortisation of the insurance acquisition cash flows expensed during the period
- the insurance services provided that were reported as insurance revenue during the period
- the additional insurance acquisition cash flows allocated following initial recognition
- any adjustment to a financing component

The Group does not accrete interest on the liability for remaining coverage if a group of insurance contracts only contains contracts with coverage periods of one year or less; in all other cases, the time value of money is included in the liability for remaining coverage.

If at any time during the coverage period facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in the statement of income and increases the liability for remaining coverage, to the extent that the current estimates of the fulfilment cash flows that relate to the remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current interest rates) if the liability for incurred claims is also discounted.

The liability for incurred claims is recognised for a group of insurance contracts in the amount of the fulfilment cash flows that relate to incurred claims. The liability is discounted to account for the time value of money if the maximum claims adjustment period is in excess of one year; in this case, current interest rates are used. The discount rate is determined as at the date on which the claim was incurred. The Group has decided to allocate the insurance finance income or expenses between profit and loss and other comprehensive income. Systematic allocation is ensured under the PAA by applying the average interest rate on the date on which the claim was incurred.

Reinsurance contracts held

The accounting policies described above are also applied to reinsurance contracts held, subject to the following adjustments for onerous underlying insurance contracts.

If a loss-recovery component is established for a group of reinsurance contracts, the asset for remaining coverage is adjusted by the carrying amount of this component.

Derecognition and contract modifications

Contracts are derecognised when they are extinguished or their conditions are modified in accordance with the criteria under IFRS 17.72. If this is not the case, the contract modification results in a change in the estimated fulfilment cash flows.

Derecognition can also affect the fulfilment cash flows for the group of contracts concerned, the CSM (unless the changes are allocated to a loss component) and the number of coverage units. In addition, if a transfer to third parties results in a derecognition, the CSM is also adjusted by the premium charged by the third party unless the group of contracts is onerous. If the derecognition is the result of a contract modification, the CSM is also adjusted for the premium that would have been calculated for a new contract with comparable terms and conditions at the date of the contract modification. Contract modifications recognised under the PAA are accounted for by adjusting the pattern of recognition.

Investment component

The investment component of an insurance contract is defined as the amount that the entity is contractually required to repay to the policyholder even if the insured event does not occur. Investment components are not included in either insurance revenue or insurance service expenses; instead, they are accounted for under IFRS 9. Examples of investment components include incoming and outgoing payments of primary life insurance savings components and certain commissions paid to cedants.

Assets for insurance acquisition cash flows

Assets for insurance acquisition cash flows consist of those insurance acquisition cash flows that are allocated to future insurance contracts until the expected contracts are recognised. The assets are tested for impairment at the end of each reporting period; any irrecoverable amounts are taken to profit or loss.

Investments and financial instruments

Investment property is recognised at cost. Straight-line depreciation is charged over the expected useful life, up to a maximum of 50 years. An impairment loss is recognised if the difference between the market value determined using recognised valuation techniques (recoverable amount) and the carrying amount is less than the depreciation recognised in a calendar year. Appraisals of the directly held portfolio are performed by internal Group experts using the German income capitalisation approach; external appraisals are produced every five years. By contrast, investment property that is used to cover technical liabilities (VFA) is measured at fair value through profit or loss in line with the practical expedient set out in IAS 40.32A. In this case, the market value determined using an appraisal is used as the fair value of the property concerned. In the case of investment property measured at fair value and of special real estate funds, an external market value appraisal is obtained every twelve months, with the end of the reporting period being the reporting date for the initial appraisal.

Gains or losses from the disposal of properties, maintenance costs and repairs, depreciation and any impairment losses or their reversal are recognised in profit or loss under "Net investment income".

The **"Shares in affiliated companies, associates, joint ventures and participating interests"** item comprises all strategic investments in subsidiaries that are not consolidated because of their insignificance for the presentation of the Group's assets, liabilities, financial position and financial performance, and other strategic investments. These are measured at fair value through profit or loss in some cases and at fair value through other comprehensive income in others. This item also includes all shares in strategic associates and joint ventures. Material associates and joint ventures are accounted for using the equity method. Following initial recognition, the consolidated financial statements contain the Group's share of the overall profit or loss from these investments. Shares in immaterial associates and joint ventures are either measured at fair value through other comprehensive income or at fair value through profit or loss.

Unconsolidated shares in affiliated companies and participating interests that are held as financial investments are recognised as financial instruments at fair at value through profit or loss in the "Equity instruments" item. Investments in associates and joint ventures that are used to cover liabilities from insurance contracts with discretionary surplus participation features (VFA) are measured at fair value through profit or loss and reported in the "Other financial instruments" item. Minor investments in associates and joint ventures that are held as investments are also reported in the "Other financial instruments" item either as financial instruments measured at fair value through other comprehensive income or as financial instruments at fair value through profit or loss under the equity instruments.

In accordance with IFRS 9, **financial instruments** are recognised and derecognised at the settlement date on acquisition or disposal. Financial assets are assigned to one of the following three categories on initial recognition, depending on their purpose: financial instruments measured at amortised cost (AC), financial instruments at fair value through other comprehensive income (FVOCI) or financial instruments measured at fair value through profit or loss (FVPL). Financial liabilities are classified either as financial instruments measured at fair value through profit or loss or as financial instruments measured at amortised cost. Transaction costs directly connected with the acquisition of the financial instrument are added or deducted depending on the classification used.

Subsequent measurement of financial instruments is either at amortised cost or at fair value. Amortised cost is calculated on the basis of the original cost of the instrument, after allowing for redemption amounts, premiums or discounts amortised using the effective interest method and recognised in profit or loss, and any impairment losses or reversals of impairment losses.

The debt instruments held are reported at amortised cost (AC) and measured at amortised cost in subsequent periods using the effective interest method if the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). At the Talanx Group, this business model primarily consists of investments whose premature disposal is generally uncommon (e.g. mortgage loans).

Debt instruments are classified as financial instruments measured at fair value through other comprehensive income (FVOCI) if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and by selling the instruments, and the contractual cash flows meet the SPPI requirement. Financial assets allocated to the FVOCI category are measured at fair value, with all changes in the fair value being recognised in other comprehensive income after adjustment for accrued interest and deferred taxes, and reported in equity under the "Other reserves" item. Premiums and discounts are amortised over the term of the instruments using the effective interest method. A large proportion of the Group's investments are assigned to the business model whose objective is to collect contractual cash flows and to sell the investments, since they are largely used cover underwriting risk and sales are therefore influenced by the need to meet these obligations.

There is an option to designate equity instruments on initial recognition as measured at fair value through other comprehensive income without reclassifying them to profit or loss ("recycling"). In this case the changes in fair value are recognised directly in other comprehensive income. In contrast to the procedure used for debt instruments assigned to this category, the amounts recognised in other comprehensive income are not reclassified to profit or loss even on disposal and are instead reclassified to retained earnings within equity. The Group uses this option selectively in the case of equities and unconsolidated participating interests.

Financial instruments measured at fair value through profit or loss (FVPL) include all equity instruments that were not designated as measured at fair value through other comprehensive income without subsequent recycling, plus all debt instruments whose cash flows do not meet the SPPI criteria or that are not held within business models whose objective is achieved by collecting contractual cash flows or by collecting contractual cash flows and selling the instruments. These primarily comprise complex structured products, units in investment funds and private equity interests, short-term investments and investments under investment contracts for which payments of principal and interest are not the main factors influencing the holding period. In addition, all derivative assets used for investment purposes are measured at fair value through profit or loss and are reported in this category if their fair values are positive. Derivatives that are not used for investment purposes are reported under the "Other assets" item, but are still measured at fair value through profit or loss. Derivatives with negative fair values are recognised in "Other liabilities". All securities measured at fair value through profit or loss are carried at their fair value at the reporting date. If no market prices are available that can be used to determine the fair values, the carrying amounts of the financial instruments concerned are determined using accepted valuation techniques. All unrealised measurement gains and losses of this kind and all realised gains and losses are recognised in profit or loss under "Net investment income".

The individual balance sheet items for the investments are reconciled to the IFRS 7 classes of financial instruments in the relevant Notes.

Derivatives designated as hedging instruments (hedge accounting) are recognised at their fair value under "Investments" or under "Other assets" or "Other liabilities", depending on the type of underlying concerned. The method used to recognise gains and losses on subsequent measurement depends on the type of risk that was hedged. The Group designates certain derivatives as fair value hedges. By contrast, other derivatives are used to hedge exposures to variability in cash flows attributable to a particular risk associated with a recognised liability or asset, or a highly probable forecasted transaction (cash flow hedges).

Fair value measurement: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of financial instruments are determined on the basis of current, publicly available, unadjusted market prices. Where prices are quoted on markets for financial instruments, the bid price/traded

price is used. Financial liabilities are measured at the ask price at the end of the reporting period. In the event that no current market price is available, they are measured using established financial models on the basis of current and observable market data. The following table shows the valuation techniques used to measure fair values. Financial assets for which publicly available prices or observable market data are not available (Level 3 financial instruments) are mainly measured with the assistance of independent professional experts using plausibility checks (e.g. audited net asset values). Please see the disclosures in Note 13 for further details.

MEASUREMENT MODELS FOR DETERMINING FAIR VALUE

Financial instrument	Pricing method	Input parameter	Pricing model
Debt instruments			
Unlisted plain vanilla bonds	Theoretical price	Yield curve	Present value method
Unlisted structured bonds	Theoretical price	Yield curve, volatility surfaces, correlations	Hull-White and other interest rate models
ABSs/MBSs for which no market prices are available	Theoretical price	Prepayment speed, incurred losses, default probabilities, recovery rates	Present value method
CDOs/CLOs	Theoretical price	Prepayment speed, risk premiums, default rates, recovery rates, redemptions	Present value method
Equities and funds			
Unlisted equities	Theoretical price	Cost, cash flows, EBIT multiples, expert opinions, carrying amount where applicable	NAV method [1]
Unlisted equities funds, real estate funds and bond funds	Theoretical price	Audited net asset value (NAV) [1]	NAV method [1]
Other investments			
Private equity funds/ private equity real estate funds	Theoretical price	Audited net asset value (NAV) [1]	NAV method [1]
Derivative financial instruments			
Listed equity options	Quoted price	—	—
Equity and index futures	Quoted price	—	—
Interest rate and bond futures	Quoted price	—	—
Plain vanilla interest rate swaps	Theoretical price	Yield curve	Present value method
Cross currency swaps	Theoretical price	ield curve, spot exchange rate	Present value method
Total return swaps	Theoretical price	Listed basis value, yield curve	Present value method
OTC equity options, OTC equity index options	Theoretical price	Listed basis value, implied volatilities, money market rate, dividend yield	Black-Scholes
Currency forwards	Theoretical price	Spot and forward rates	Present value method
Interest rate futures (forward purchases, forward sales)	Theoretical price	Yield curve	Present value method
Credit default swaps	Theoretical price	Yield curves, recovery rates	ISDA model
Insurance derivatives	Theoretical price	Fair values of CAT bonds, yield curve	Present value method
Zero coupon inflation swaps	Theoretical price	Yield curve, inflation curve	Present value method
Other			
Real estate	Theoretical value	Location, year of construction, rental space, type of use, term of leases, amount of rent	Extended German discounted cash flow method
Infrastructure debt financing	Theoretical price	Yield curve	Present value method
Infrastructure equity investment	a) Payment (construction phase) b) Theoretical price (in operation)	Cost, derived cash flow, yield curve	a) Net payments b) Present value method

[1] NAV: Net Asset Value.

Impairment losses: The IFRS 9 impairment requirements are applied to all debt instruments that are recognised at amortised cost or at fair value through other comprehensive income, to off-balance sheet loan commitments and to financial guarantees.

Impairment losses are determined using a three-stage model under IFRS 9:

- Stage 1 consists of debt instruments for which it is assumed that the credit risk has not increased significantly since initial recognition.
- Stage 2 consists of debt instruments that are not in default but whose credit risk has increased significantly since initial recognition. This significant increase in the credit risk is determined using quantitative and qualitative information, a credit risk assessment and forward-looking information.
- Stage 3 comprises all debt instruments that have been classified as in default. The Group defines these debt instruments as impaired.

At present, the Group does not have any purchased or originated credit-impaired (POCI) assets.

The IFRS 9 impairment process is an integral part of the Group's credit risk management activities. The expected credit loss (ECL), which serves as the basis for recognising impairments within the Group, is either calculated automatically using an ECL engine or, in the case of assets in default (Stage 3), individually. In both cases, the calculations are performed separately for each individual debt instrument. The ECL engine is used to determine the expected credit losses for all Stage 1 and Stage 2 financial assets.

Impairment losses on Stage 3 financial instruments are recognised individually at each quarterly reporting date.

Impairment losses and reversals of impairment losses relating to the ECL are recognised in profit or loss regardless of the measurement model involved.

The Group primarily uses the three following components for measuring the ECL:

- the probability of default (PD)
- the loss given default (LGD), and
- the exposure at default (EAD)

As far as possible, the ECL is determined at the transaction level using a risk-adjusted cash flow model. Where necessary, these inputs are adjusted to comply with the requirements of IFRS 9 (e.g. the use of point-in-time (PIT) transfer factors). Including forecasts of future economic conditions when measuring expected credit losses impacts the loss allowances for Stage 1 and Stage 2 assets. Appropriate multi-year probabilities of default are used here to calculate the ECL for the remaining terms of the assets.

During the asset allocation process, all financial assets are initially allocated to Stage 1. In those cases in which the credit risk has increased significantly, the financial assets are transferred to Stage 2. Significant deteriorations are determined using ratings-specific and process-based indicators. By contrast, financial instruments are allocated to Stage 3 on the basis of the counterparty's default status.

Ratings-specific indicators: The Group uses the dynamic change in the counterparty's probability of default to compare the current actual probability of default as at the end of the reporting period with the original probability of default as at the date of initial recognition. The threshold used depends on the debtor's original credit quality. Assets are only transferred to a different stage if the current rating has deteriorated by at least two notches compared to the initial rating. In addition, the Group utilises the simplification option applicable to low-risk financial instruments. Under this option, items are not allocated to Stage 2 if they still have an investment grade issuer rating.

Process-based indicators: The Group's qualitative processes are based on existing risk management indicators that are designed to determine whether the credit risk associated with financial assets has increased significantly. These indicators consist of the assets' obligatory inclusion in a watch list and the qualitative assessment of the changes in risk that have occurred since the assets were initially recognised.

If the preconditions for a stage transfer have been met but the financial asset has not been classified as in default, it remains in Stage 2. If none of the indicators apply any longer and the financial asset has not defaulted, it is assigned to Stage 1.

Financial assets in default are allocated to Stage 3. If a previously defaulted financial asset is no longer classified as being in default, it is transferred to Stage 2 or Stage 1. The treatment of trade receivables and lease/rent receivables uses a simplified impairment model: the amount disclosed on initial recognition of an impairment is the amount of the expected losses over the remaining term of the receivables, irrespective of the receivables' credit quality. The Group determines the expected losses for trade receivables and lease/rent receivables on the basis of historical default rates. The adjusted default rates are based on the average values for recent years. These model inputs are regularly reviewed and updated. See Note 12 for an overview of the impairment losses on financial instruments.

Under the simplified impairment model, receivables are transferred to Stage 3 as soon as objective evidence of impairment exists.

Financial assets and liabilities are only offset and **reported net** if there is a legally enforceable right to do this and the Group intends either to settle such items on a net basis or to realise the asset and settle the liability simultaneously.

Securities loaned out under securities lending transactions continue to be recognised on the balance sheet, since the material opportunities and risks resulting from them remain within the Group. Cash securities are reported under "Other liabilities", whereas securities received as collateral are not recognised, since the associated risks and opportunities have not been transferred.

The Group enters into **genuine securities repurchase transactions** (repo transactions) in which it sells securities while simultaneously entering into an obligation to repurchase them at a later date at an agreed price. It continues to recognise these investments on the balance sheet since the material risks and opportunities associated with them remain within the Group. The repurchase obligation associated with the payment received is recognised on the balance sheet under "Other liabilities". Any difference between the amount received for the transfer and the agreed retransfer amount is allocated over the term of the repurchase transaction using the effective interest method and reported in profit or loss under "Net investment income".

The Group mainly uses the **"Other investments"** item to report assets from infrastructure investments (and especially from consolidated wind farm project companies) that are recognised at cost. These are depreciated on a straight-line basis over a useful life of 20 years. Any provisions for restoration obligations are reported in "Miscellaneous other provisions". In addition, we test these assets for impairment as at the end of the reporting period. Impairment losses, reversals of impairment losses, depreciation and revenue relating to these assets are recognised in "Net investment income".

The **investments for the account and risk of life insurance policyholders** consist of policyholders' investments under unit-linked life insurance contracts. The insurance services under these policies are linked to the unit values of investment funds or to a portfolio of separate financial instruments. They are recognised at fair value. Gains and losses on these investments are reported in "Net investment income", whereas the associated changes in technical provisions are reported in insurance finance income or expenses. Policyholders are entitled to the profits generated and are likewise liable for any losses that are incurred.

For further information on the risks associated with financial instruments, please see the Group management report in the 2023 annual report ("Risks from investments" section of the risk report).

Cash at banks, cheques and cash-in-hand are recognised at their nominal amounts.

Subordinated liabilities comprise financial obligations that, in the event that the Company goes into liquidation or becomes insolvent, will only be settled after claims by other creditors have been met. These financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities, including **notes payable and loans,** are recognised at amortised cost where they do not relate to **liabilities from derivatives** or financial obligations under **investment contracts** at fair value through profit or loss. Liabilities from derivatives are measured at fair value. Interest accreted on these financial liabilities is reported in "Financing costs". The fair values of investment contracts are calculated using the surrender values for policyholders and account balances. In addition, the Group uses the fair value option to eliminate or significantly reduce accounting mismatches in relation to the assets from investment contracts used to cover the liabilities.

Other balance sheet items

Goodwill resulting from business combinations is tested for impairment once a year and if there are indications that impairment could be present, and is measured at cost less accumulated impairment losses.

Purchased **intangible assets** with finite useful lives are recognised at cost less accumulated amortisation and impairment losses. They are amortised over their estimated useful life, generally on a straight-line basis. The useful life is generally one to 15 years for software, four to 16 years for acquired sales networks and customer relationships and up to one year for acquired right-of-use assets for brand names. Intangible assets with indefinite useful lives (e.g. acquired brand names) are tested for impairment annually plus whenever there is evidence of impairment. Amortisation, reversals of impairment losses and impairment losses that are required to be recognised in profit or loss are allocated to specific insurance functions if possible and reported in "Other income/expenses" if not.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between carrying amounts in the tax base and in the financial accounts. Deferred tax assets are also recognised for tax credits and tax loss carryforwards. Valuation allowances are recognised for impaired deferred tax assets.

The deferred tax assets are determined by local tax and finance experts in the countries concerned. The earnings projections are based on business plans that have been duly reviewed and approved. They are also used for enterprise management. In line with uniform Group principles, a particularly high level of evidence is required if the

Group company concerned has reported a loss in the current or a prior period. The recognition and recoverability of material deferred tax assets are reviewed by the Group Tax department.

Deferred taxes are calculated using the country-specific tax rates for the year in question. In the event that the tax rates used to calculate the deferred taxes change, an adjustment is made in the year in which the change in the tax rate is adopted. Items recognised at Group level use the Group tax rate of 32.2% unless they can be allocated to specific companies.

Other assets are reported at amortised cost, with the exception of hedging instruments and properties used to cover technical liabilities (VFA). Items of property, plant and equipment are recognised at cost less straight-line depreciation and impairment losses. The maximum useful life for real estate held and used is 50 years. The useful life of operating and office equipment is normally between two and 10 years. The statements made in connection with the presentation of investment property also apply to the measurement and impairment testing of real estate held and used. Depreciation and impairments are allocated to the insurance functions or recognised in "Other income/expenses". Receivables are recognised at amortised cost. A simplified, portfolio-level impairment approach based on historical default rates (see above) is used for these financial instruments due to their short holding period and to the large number of transactions involved.

Non-current assets held for sale (or groups of assets and liabilities held for sale) are classified as held for sale and disclosed separately if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The sale must be highly probable. These assets are measured at the lower of the carrying amount and fair value less costs of disposal. Measurements of financial instruments are not changed in subsequent periods. Depreciation and amortisation charges are recognised as "held for sale" until the date of classification. Impairment losses are recognised in profit or loss, with any subsequent increase in value leading to the recognition of a gain up to the amount of the cumulative impairment loss.

The most important **leases** entered into by the Group relate to buildings, and technical and IT equipment. The Group assesses at inception whether a contract is, or contains, a lease. It uses a uniform model for the recognition and measurement of all leases with a term of more than twelve months, with the exception of low-value assets. As a lessee, the Group recognises a right-of-use asset and a lease liability representing the Group's obligation to make lease payments as at the commencement date. Right-of-use assets from leases are reported under "Property, plant and equipment" in the respective balance sheet items. Lease liabilities are reported in the "Other liabilities" item and measured in accordance with the requirements of IFRS 16. The Group utilises the option not to apply IFRS 16 to short-term leases (i.e. leases with a term of twelve months or less as from the commencement date) and to leases of low-value technical and IT equipment. In these cases the lease payments are expensed as they occur.

The Group's **equity** consists of subscribed capital, capital reserves, retained earnings and other reserves. Subscribed capital and capital reserves contain the amounts paid in for shares by shareholders of Talanx AG.

Retained earnings consist of allocations from net income and reinvested profits that Group companies have generated since becoming members of the Group. Moreover, where accounting policies are changed retrospectively, the adjustment amount for previous periods is recognised in the opening balance for the retained earnings.

Other reserves: Unrealised gains and losses resulting from changes in the fair value of financial instruments measured at fair value through other comprehensive income are recognised in "Unrealised gains and losses on investments". Exchange differences on translating foreign operations in the financial statements of foreign subsidiaries and unrealised gains and losses from equity-method accounting are recognised in "Other reserves", as is the effective portion of the gain or loss attributable to hedging instruments in the context of cash flow hedges.

Net income attributable to non-controlling interests is presented below "Net income" in the consolidated statement of income, and in the "Non-controlling interests" item in equity. It consists of interests held by non-Group third parties in the equity of subsidiaries.

Provisions for pensions and other post-employment benefits: Obligations under defined benefit pension plans are calculated separately for each plan in line with actuarial principles. They are valued using the projected unit credit method. Measurement reflects not only known benefit entitlements and current pension payments at the end of the reporting period but also their future trends. The discount rate for pension liabilities is based on the rates for high-quality corporate bonds. The discount rate used is a payment-weighted average interest rate reflecting the maturities, the amount and the currency of the payments due. When extrapolating the euro yield curve, the Group also accounts for a trend in the corporate bond spread in order to improve the accuracy of estimates. For material plans, individual interest rates are used in accordance with spot rate methods to calculate interest expenses and income, i.e. the various cash flows are weighted with different interest rates.

Where pension liabilities are partially matched by assets of a legally independent entity (e.g. a fund or by benefit commitments funded by external assets) that may only be used to settle the pension obliga-

tions entered into and are exempt from attachment by creditors, they are recognised net of those assets. If the fair value of such assets exceeds the associated pension liabilities, the net amount is recognised in "Other accounts receivable" after adjustment for any effects arising from the application of the asset ceiling. The cost components from changes to defined benefit plans are recognised in profit or loss for the period, insofar as they relate to service costs and net interest on the net liability. Past service costs resulting from plan amendments or curtailments, and gains and losses from plan settlements, are recognised in profit or loss as they occur. All remeasurement effects are recognised in other comprehensive income and presented in equity. Remeasurements of pension liabilities consist firstly of actuarial gains or losses on gross pension liabilities and secondly of the difference between the actual return on plan assets and the actuarial interest income on plan assets. Moreover, where plans are in surplus, the remeasurement component includes the difference between the interest rate on the effect of the asset ceiling and the total changes in net assets due to the effect of the asset ceiling. Further information and sensitivity analyses are provided in Note 19.

Miscellaneous other provisions and tax provisions are recognised in their likely settlement amount, based on best estimates. Provisions are discounted where the effect of the time value of money is material. Restructuring provisions are recognised if a detailed, formal restructuring plan has been approved by the Group and the main features of the restructuring have been publicly announced. Among other things, the provisions reflect assumptions as to the number of employees affected by redundancy, severance payment amounts and contract termination costs. Expenses for future business activities (e.g. relocation costs) are not included when determining the provisions.

Share-based payments in the Group are settled exclusively in cash. Liabilities for cash-settled share-based payment plans are measured at the end of each reporting period and at the settlement date. The fair value of each of these plans is expensed across the vesting period. Thereafter, any change in the fair value of plans that have not yet been exercised is recognised in the statement of income.

Profit and loss recognition

Insurance revenue is defined as the total changes in the asset for remaining coverage from (re)insurance and the changes in the liability for remaining coverage that have occurred during the period to which the insurance coverage or other services for which the Group expects to receive consideration relate. The Group recognises revenue from the transfer of the promised coverage and other services in the amount of the consideration to which the Group expects to be entitled in exchange for those services. This means that the Group does not include any investment components in the insurance revenue and that it recognises the latter in each reporting period as the amount with which the performance obligations under the insurance contracts are met. Insurance revenue is the core KPI used to provide information on the volume of business transacted and on gross performance.

Insurance revenue – contracts not measured using the PAA

The following items are included in insurance revenue under the GMM and the VFA:

- Any release of the CSM, the measurement of which is based on the coverage units provided (see the section entitled "Release of the CSM" below)
- Changes in risk adjustment for non-financial risk for the risk expired
- Claims and other insurance service expenses payable before the end of the financial year; these are normally measured at the amounts expected at the start of the year. This item also contains amounts from the derecognition of assets for cash flows (with the exception of insurance acquisition cash flows) as at the date of the initial recognition of a group of contracts that are recognised as insurance revenue, plus the insurance service expenses incurred as at the date concerned
- Other amounts including experience adjustments relating to premium income for current or past services in the Life Insurance business, plus amounts in connection with tax expenses for the discretionary surplus participation business incurred by the policyholder

Release of the CSM

The amount of the CSM for a group of insurance contracts recognised as insurance revenue in a specific financial year is determined by identifying the coverage units in the group, by allocating the CSM remaining at the end of the period before allocating it equally to each coverage unit provided in the current period and expected to be provided in the future, and by recognising in profit or loss the amount of the CSM allocated to the coverage units provided in the period. The number of coverage units is the quantity of services provided by the contracts in the group; this is determined by considering for each contract the quantity of the benefits provided under a contract and the contract's expected coverage period. These coverage units are reviewed and updated as at the end of each reporting period. This is done by comparing the insurance volumes, at the end of the period that has expired with those for the total contract period, resulting in the service for the period. We select the coverage units for each insurance transaction so that they best reflect the respective provision of services.

The services provided under insurance contracts comprise insurance coverage and, in the case of all contracts with direct surplus participation features, investment-related services in connection with the management of the underlying items on behalf of the policyholders and, where appropriate, the investment-return services for contracts

with indirect participation features. The expected coverage period reflects expectations regarding contract cancellations and the probability that insured events will occur, to the extent that these affect the expected coverage period. The period for investment-related services ends at the latest on the date on which all amounts due to current policyholders in relation to these services have been paid out.

The amount recognised in profit or loss for the period is the ratio of the coverage units for the current period of the CSM to the total coverage units for the current and all remaining periods, applied to the adjusted CSM before its release.

Insurance revenue – contracts measured under the PAA

Under the PAA, the insurance revenue in each period is the amount of premium income received for providing insurance coverage during that period. The expected premium income is allocated on the basis of the passage of time or of an alternative timeline for receipts if the expected pattern of release from risk during the coverage period differs significantly from the passage of time.

Insurance service expenses

Insurance service expenses from insurance contracts are recognised directly in profit or loss. They do not include any repayments of investment components. Insurance service expenses comprise the following items, among others:

- Incurred claims and other insurance service expenses
- Amortisation of insurance acquisition cash flows: In the case of contracts not measured under the PAA, this corresponds to the amount of the insurance revenue that relates to recovering those cash flows recognised in the financial year In the case of contracts measured under the PAA, the Group performs straight-line amortisation of the insurance acquisition cash flows over the coverage period for the group of contracts.
- Losses from onerous contracts and reversals of such losses
- Adjustments to the liability for incurred claims not resulting from the effect of the time value of money, of financial risk and of changes in financial risk
- Impairment losses on assets for insurance acquisition cash flows and reversals of such losses

Net income from reinsurance contracts

Net income from reinsurance contracts must be presented separately from income or expenses from insurance contracts issued and comprises amounts recovered from reinsurers less insurance service expenses from reinsurance contracts held (net). The Group recognises payments from reinsurers from incurred claims as income from reinsurance contracts held. In the case of contracts measured under the PAA, the insurance service expenses from reinsurance contracts held correspond to the amount of the expected premium payments for maintaining the reinsurance coverage in the reporting period, plus the change in the reinsurer's non-performance risk. The reversal of the CSM is also included in the contracts measured using the GMM.

Insurance finance income and expenses

The "Net insurance financial result" item comprises the changes in the carrying amount of the group of insurance contracts that result from the effects of the time value of money (interest must be accreted on the amount as at the start of the period using the interest rate used for discounting [the locked-in interest rate]), of financial risk and of changes in financial risk, unless such changes in groups of insurance contracts with direct participation features are allocated to a loss component and reported in the "Insurance service expenses" item.

The Group has decided to allocate the insurance finance income or expenses for all Group portfolios between profit and loss and other comprehensive income. In the case of contracts measured under the VFA, recognition in other comprehensive income results in the elimination of accounting mismatches within the statement of income. The amount corresponding to the income or expenses from underlying assets recognised in profit or loss (net investment income including net income from investments for the account and risk of life insurance policyholders) is included in finance income or expenses from insurance contracts issued. The remaining amount of finance income or expenses from insurance contracts issued for the reporting period is recognised in other comprehensive income.

Where a contract without direct surplus participation features is derecognised as a result of a transfer to a third party, or in the case of a contract modification, all remaining amounts for the contract accumulated in other comprehensive income are reclassified to profit or loss as a reclassification adjustment. Insurance finance income and expenses for all other contracts are disclosed in the statement of income.

The amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Group derecognises a contract without direct surplus participation features as a result of a transfer to a third party or a contract modification, all remaining amounts for the contract accumulated in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

Net investment income

A breakdown of the net investment income is given in Note 28 to the consolidated financial statements.

Other income/expenses

A breakdown of the "Other income/expenses" item is given in Note 30 to the consolidated financial statements. This item also includes (under "Expenses for the company as a whole") costs that cannot be

directly allocated to insurance contracts (e.g. product development and training costs).

Revenue

In addition to its core business activities (which fall within the scope of IFRS 17), the Group provides various services relating to the insurance business in the wider sense. In particular, these comprise asset management services and other insurance-related services that fall within the scope of IFRS 15 "Revenue from Contracts with Customers". Revenue from contracts with customers is recognised when control of the promised goods or services is transferred to the customer. The amount of revenue recognised corresponds to the amount of consideration to which the Group expects to be entitled for transferring goods or services to the customer. The Group acts as the principal for contracts falling within the scope of IFRS 15, as it generally has control over the goods or services before they are transferred to the customer. Contracts with customers do not usually contain significant financing components. This revenue is reported in the "Other disclosures" section of the Notes to the consolidated financial statements.

Income taxes

Tax expenditures consist of the current taxes levied on the results of Group companies to which local tax rates are applied, plus changes in deferred tax assets and deferred tax liabilities. Expenses for and income from interest and penalties payable to the tax authorities are reported under "Other income/expenses".

Foreign exchange differences arising on translation of foreign operations

The Group's reporting currency is the euro.

Transactions in foreign currencies are generally translated into the functional currency of the units of the company in question at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies on the reporting date are translated into the functional currency using the exchange rate prevailing on the reporting date. Gains or losses arising from this translation are reported under the net currency result. Exchange rate gains and losses from non-monetary (e.g. equity instruments) classified as FVOCI are recognised in other comprehensive income and cannot be subsequently transferred to profit or loss.

Foreign currency items (including goodwill) at foreign subsidiaries in countries that do not use the euro as their national currency are translated into euros at the middle rates at the end of the reporting period. Foreign currency items in the statement of income are translated at their average exchange rates. All resulting exchange differences on translating foreign operations that are not attributable to non-controlling interests are recognised in other comprehensive income and presented in equity in the currency translation reserve.

EXCHANGE RATES FOR OUR KEY FOREIGN CURRENCIES

		Balance sheet (reporting date)		Statement of income (average)	
EUR 1 corresponds to		**2023**	2022	**2023**	2022
AUD	Australia	1.6273	1.5710	1.6291	1.5188
BRL	Brazil	5.3625	5.6362	5.4056	5.4833
CAD	Canada	1.4651	1.4449	1.4601	1.3763
CLP	Chile	974.1800	910.0600	910.2154	915.8262
CNY	China	7.8454	7.3650	7.6562	7.0861
GBP	United Kingdom	0.8689	0.8872	0.8700	0.8538
MXN	Mexico	18.7337	20.8805	19.2065	21.2336
PLN	Poland	4.3386	4.6843	4.5371	4.6814
TRY	Türkiye	32.6830	19.9821	25.7923	17.2707
USD	USA	1.1051	1.0675	1.0813	1.0570
ZAR	South Africa	20.3788	18.0975	19.8975	17.2599

Türkiye has been classified as hyperinflationary within the meaning of IAS 29 "Financial Reporting in Hyperinflationary Economies" for the purposes of financial reporting since the second quarter of 2022. As a result, companies that use the Turkish lira (TRY) as their functional currency must apply the provisions of IAS 29 for reporting periods ending on or after 30 June 2022. This means that the financial statements concerned are adjusted for the effects of inflation rather than recognised on the basis of historical cost. The consumer index used by the Turkish Statistical Institute (TURKSTAT) was 1,859.38 as at 31 December 2023 (31 December 2022: 1,128.45). Overall, a gain on the net monetary position of EUR 87 (17) million was recognised in other income/expenses for the period from 1 January to 31 December 2023. This includes a contribution to earnings after non-controlling interests of EUR +45 (–5) million.

Segment reporting

Identification of reportable segments

In accordance with IFRS 8 "Operating Segments", reportable segments are identified in line with the Group internal reporting and management structure, which is used by the Group Board of Management to regularly review the performance of the segments and to make decisions about the resources to be allocated to them.

The Group classifies its business activities into Insurance and Corporate Operations. Insurance activities (excluding intragroup reinsurance of Talanx AG) are further subdivided into six reportable segments, with a preliminary classification into primary insurance and reinsurance being made in view of the different product types, risks and capital allocations involved.

Insurance activities in the **primary insurance** sector are divided into four reportable segments – "Industrial Lines", "Retail Germany – Property/Casualty", "Retail Germany – Life" and "Retail International" – based on the way they are managed by customer group, geographical region (Germany or the rest of the world) and, in the case of Retail Germany, by line of business (property insurance and life insurance). This segmentation also corresponds to the responsibilities of the individual members of the Board of Management.

Reinsurance business is handled solely by the Hannover Re Group and is divided into two segments – Property/Casualty Reinsurance and Life/Health Reinsurance – in line with the Hannover Re Group's internal reporting system.

In a departure from the segmentation used in Hannover Rück SE's consolidated financial statements, we also allocate this group's holding company functions to its Property/Casualty Reinsurance segment. Intersegment loans within the Hannover Re Group are allocated to the two reinsurance segments in the Talanx Group's consolidated financial statements (they are reported in the "Consolidation" column in Hannover Rück SE's consolidated financial statements). This means that differences between the segment results for the reinsurance business as presented in Talanx AG's consolidated financial statements and in Hannover Rück SE's financial statements are unavoidable.

The key products and services from which these reportable segments generate income are described in the following.

Industrial Lines: This segment reports our global industrial business. Its business operations encompass a wide selection of insurance products such as liability, motor, casualty, fire, property, legal protection, marine, financial lines, agency and specialty (including in lines such as errors & omissions liability insurance, directors' and officers' (D&O) liability insurance, sports and entertainment, aviation, offshore energy and livestock insurance) and engineering insurance for large and medium-sized enterprises in Germany and abroad. In addition, reinsurance is provided for various insurance classes.

Retail Germany – Property/Casualty: This segment manages all our property and casualty insurance services for German retail and commercial customers. The product portfolio ranges from insurance products for price- and service-conscious customers through tailor-made products for customers seeking a consulting-based approach, down to affinity business. It focuses on small and medium-sized enterprises, who we would also like to offer optimal insurance cover. Sales are made by the Group's own field organisation, independent brokers and non-exclusive agents, and via partnerships and online and direct channels.

Retail Germany – Life: This segment manages our life insurance activities including our nationwide bancassurance business (i.e. insurance products sold over the counter at partner banks). It also provides insurance services in Austria. The product portfolio ranges from unit-linked life insurance through annuity and risk insurance to long-term and occupational disability insurance. Most sales are made via banks, independent brokers and non-exclusive agents as well as own tied agents.

Retail International: This segment covers our foreign insurance business with retail and commercial customers in various lines of insurance, including our bancassurance activities. Our offering includes motor insurance, property and casualty insurance, and marine and fire insurance, as well as a considerable number of life insurance products. A large part of our international business is transacted by brokers and agents. Additionally, many companies in this segment use banks as sales channels.

Property/Casualty Reinsurance: The global activities in all lines of property and liability business are reinsured in this segment. This also includes the specialty lines of marine and aviation business, credit/surety business, agriculture business, structured reinsurance, and our facultative and nat cat business and parametric solutions.

Life/Health Reinsurance: This segment comprises the Hannover Re Group's global activities in all lines of life, health, annuity and personal accident insurance, to the extent that these are underwritten and reinsured by life/health insurers.

Corporate Operations: In contrast to the six operating segments, this segment is responsible for Group management and other activities supporting the Group's business. The latter include asset management, the run-off and placement of portions of reinsurance cessions for the primary insurance sector including intragroup reinsurance and Group financing. Asset management activities performed by Ampega Investment GmbH, Cologne, for non-Group private and institutional investors is also reported here. This segment also includes central service companies that provide specific billable services – such as IT, collection, human resources and accounting services – mainly to the Group's primary insurers in Germany.

Performance measurement for the reportable segments

All transactions between reportable segments are market-based transfer prices. Intersegment transactions within the Group are eliminated in the "Consolidation" column; income from dividend payments and profit/loss transfer agreements attributable to the Group holding company is eliminated in the segment concerned. For reasons of consistency and comparability, we have structured the statements of income for the individual divisions/reportable segments in line with the consolidated statement of income. The same applies to the consolidated balance sheet.

No taxes on income or financing costs are determined and reported to the main decision makers for the "Retail Germany – Property/Casualty" and "Retail Germany – Life" segments; as a result, these statements of income end with EBIT and no segment balance sheet can be drawn up for them. The EBIT of the Retail Germany Division can be found by adding the figures from the two reportable segments. The balance sheet for the Reinsurance Division is produced by adding together the segment balance sheets for its reportable segments, Property/Casualty Reinsurance and Life/Health Reinsurance.

A number of different management metrics and performance indicators are used to assess the financial performance of the reportable segments within the Group, depending on the nature and time frame of the business activities involved. Operating profit (EBIT) – which is determined on the basis of IFRS earnings contributions – is used as the consistent measurement base. Net income for the period before income taxes is the main indicator used to capture actual operating profitability and to enhance comparability. In addition, the figure is adjusted for interest on borrowings and from the unwinding of discounts for lease liabilities (financing costs).

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 31 DECEMBER 2023

EUR million

Assets	Industrial Lines		Retail Germany	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022[2]
A. Intangible assets				
a. Goodwill	152	152	248	248
b. Other intangible assets	20	11	49	55
	172	**164**	**297**	**304**
B. Insurance contract assets	82	63	—	—
C. Reinsurance contract assets	7,285	7,193	189	211
D. Investments				
a. Investment property and finance leases	160	160	3,427	3,371
b. Shares in affiliated companies, associates, joint ventures and participating interests	203	219	82	77
c. Other financial instruments				
i. Financial instruments measured at cost	—	75	875	943
ii. Financial instruments measured at fair value through other comprehensive income	10,348	8,511	36,815	36,220
iii. Financial instruments measured at fair value through profit or loss	2,289	2,164	5,541	5,382
d. Other investments	96	101	591	597
Investments for own risk	**13,096**	**11,230**	**47,332**	**46,591**
E. Investments for the account and risk of life insurance policyholders	—	—	12,106	10,907
F. Cash at banks, cheques and cash-in-hand	1,089	889	1,823	817
G. Deferred tax assets	56	46	299	304
H. Other assets	943	901	646	609
I. Non-current assets and assets of disposal groups classified as held for sale[1]	18	34	—	36
Total assets	**22,741**	**20,519**	**62,691**	**59,779**

[1] For further information, see the "Non-current assets and disposal groups held for sale" section of the Notes.
[2] Adjusted in accordance with IAS 8, see the "Accounting policies" section of the Notes.

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022 [2]
1,175	584	35	35	—	—	—	—	1,611	1,020
517	174	138	138	58	74	—	—	782	452
1,692	**758**	**174**	**173**	**58**	**74**	**—**	**—**	**2,393**	**1,472**
26	17	1,020	1,448	—	—	–78	–83	1,049	1,444
1,038	870	1,526	2,590	1,942	1,618	–4,906	–4,991	7,074	7,492
106	121	2,537	2,319	—	—	—	—	6,230	5,971
51	38	3,019	2,877	—	—	—	—	3,355	3,212
78	91	—	48	—	—	—	–300	954	857
11,076	9,950	50,619	46,894	352	1,250	—	—	109,210	102,826
2,925	2,545	3,994	3,163	528	833	–1	–2	15,276	14,084
—	—	553	568	1,752	790	–2,626	–1,662	366	394
14,235	**12,745**	**60,722**	**55,869**	**2,632**	**2,873**	**–2,627**	**–1,964**	**135,390**	**127,345**
372	359	—	—	—	—	—	—	12,478	11,266
472	329	1,016	1,309	703	248	—	—	5,102	3,592
301	298	631	458	242	285	–171	–166	1,358	1,224
867	753	4,557	4,107	1,180	1,015	–3,711	–3,276	4,483	4,110
4	473	—	—	—	—	–2	–9	20	534
19,008	**16,603**	**69,645**	**65,954**	**6,757**	**6,113**	**–11,495**	**–10,488**	**169,347**	**158,479**

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 31 DECEMBER 2023

EUR million

Equity and liabilities	Industrial Lines		Retail Germany	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022 [2]
B. Subordinated liabilities	410	410	194	206
C. Insurance contract liabilities	17,558	15,935	58,987	56,444
D. Reinsurance contract liabilities	59	167	69	28
E. Other provisions				
a. Provisions for pensions and other post-employment benefits	443	432	107	102
b. Provisions for taxes	197	136	133	83
c. Miscellaneous other provisions	98	85	156	98
	738	**654**	**396**	**283**
F. Liabilities				
a. Notes payable and loans	—	9	116	58
b. Other liabilities	1,068	897	1,358	1,181
	1,068	**907**	**1,473**	**1,239**
G. Deferred tax liabilities	219	161	46	69
H. Liabilities included in disposal groups classified as held for sale [1]	25	44	—	—
Total liabilities/provisions	**20,077**	**18,277**	**61,165**	**58,268**

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022[2]
104	105	3,587	4,096	1,996	1,246	–1,029	–1,054	5,262	5,009
11,444	10,928	44,239	41,769	2,759	2,288	–4,724	–4,758	130,264	122,606
—	1	699	557	—	—	–90	–188	737	564
74	78	164	154	934	912	—	—	1,722	1,678
128	68	226	173	87	81	—	—	770	541
259	138	220	190	348	361	—	—	1,081	873
461	**284**	**610**	**516**	**1,369**	**1,354**	**—**	**—**	**3,573**	**3,092**
1,279	321	1,726	1,860	1,834	2,690	–1,559	–880	3,395	4,058
2,380	1,994	5,704	5,058	218	223	–3,701	–3,282	7,027	6,072
3,659	**2,315**	**7,431**	**6,918**	**2,052**	**2,914**	**–5,260**	**–4,162**	**10,423**	**10,130**
129	74	2,100	2,178	—	—	–223	–185	2,271	2,296
—	406	—	—	—	—	—	—	25	450
15,797	**14,112**	**58,666**	**56,035**	**8,176**	**7,802**	**–11,327**	**–10,348**	**152,554**	**144,147**
						Equity[3]		**16,793**	**14,332**
						Total liabilities		**169,347**	**158,479**

[1] For further information, see the "Non-current assets and disposal groups held for sale" section of the Notes.
[2] Adjusted in accordance with IAS 8, see the "Accounting policies" section of the Notes.
[3] Equity attributable to Group shareholders and non-controlling interests.

CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023 [1]

	Industrial Lines		Retail Germany	
EUR million	2023	2022	2023	2022
1. Insurance revenue	9,065	8,218	3,558	3,412
of which attributable to other divisions/segments	63	36	80	61
of which attributable to third parties	9,002	8,182	3,477	3,351
2. Insurance service expenses	–7,055	–6,725	–3,099	–3,074
3. Net income or expense from reinsurance contracts held	–1,240	–919	–98	–82
Insurance service result	**770**	**574**	**360**	**256**
4. a. Investment income for own risk	517	462	1,801	2,186
b. Investment expenses for own risk	–320	–240	–892	–1,415
Net investment income for own risk	**196**	**223**	**909**	**771**
of which impairments on financial instruments	3	–2	–1	3
of which share of profit or loss of equity-accounted associates and joint ventures	16	21	—	—
4. c. Investment income for the account and risk of life insurance policyholders	—	—	1,437	251
d. Investment expenses for the account and risk of life insurance policyholders	—	—	–68	–1,763
Net investment income for the account and risk of life insurance policyholders	**—**	**—**	**1,369**	**–1,512**
Net investment income	**196**	**223**	**2,279**	**–741**
5. a. Insurance finance income and expenses from insurance contracts issued (including currency effects)	–91	–354	–2,160	821
b. Insurance finance income and expenses from reinsurance contracts held (including currency effects)	–22	231	1	3
Net insurance financial result	**–114**	**–123**	**–2,158**	**824**
Correction for currency result from net insurance financial result	–72	70	—	—
Net insurance financial result before currency effects	**–185**	**–53**	**–2,158**	**824**
Net insurance financial and investment result before currency effects	**11**	**169**	**120**	**83**
6. a. Currency result on investments	–29	11	–18	17
b. Currency result on net insurance financial result	72	–70	—	—
c. Other currency result	–18	12	–2	1
Net currency result	**24**	**–47**	**–20**	**18**
7. a. Other income	77	131	96	73
b. Other expenses	–435	–398	–297	–300
Other income/expenses	**–358**	**–267**	**–201**	**–228**
Profit before goodwill impairments	**446**	**430**	**260**	**129**
8. Goodwill impairments	—	—	—	—
Operating profit/loss (EBIT)	**446**	**430**	**260**	**129**
9. Financing costs	–10	–10	–8	–6
10. Taxes on income	–85	–109	–81	–40
Net income	**351**	**311**	**170**	**83**
of which attributable to non-controlling interests	—	—	9	11
of which attributable to shareholders of Talanx AG	351	311	161	72

[1] With the exception of the Retail Germany Division and the Reinsurance Division, the statements of income of the other divisions are the same as those of the reportable segments.

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
7,099	5,337	24,456	24,017	965	849	–1,906	–2,188	43,237	39,645
—	1	853	1,370	909	720	–1,906	–2,188	–1	—
7,099	5,336	23,604	22,647	56	129	—	—	43,238	39,645
–6,644	–5,126	–20,802	–22,298	–900	–819	1,443	1,927	–37,059	–36,115
–29	–102	–1,996	–383	–37	–6	456	416	–2,945	–1,076
426	**109**	**1,658**	**1,336**	**27**	**24**	**–7**	**154**	**3,234**	**2,454**
912	734	2,284	2,368	78	36	–69	–57	5,523	5,729
–329	–314	–663	–1,372	–171	–133	87	87	–2,289	–3,387
583	**420**	**1,622**	**996**	**–93**	**–97**	**17**	**29**	**3,235**	**2,342**
–4	–14	–23	–120	—	—	—	—	–24	–132
—	—	16	–63	—	—	—	—	32	–41
49	5	—	—	—	—	—	—	1,486	256
–4	–59	—	—	—	—	—	—	–72	–1,823
45	**–54**	**—**	**—**	**—**	**—**	**—**	**—**	**1,414**	**–1,566**
628	**366**	**1,622**	**996**	**–93**	**–97**	**17**	**29**	**4,649**	**776**
–363	–229	–361	–1,160	–3	–20	52	40	–2,926	–902
68	65	–24	97	–5	9	–80	–41	–61	363
–295	**–165**	**–385**	**–1,064**	**–8**	**–11**	**–28**	**–1**	**–2,987**	**–539**
34	30	–496	480	1	8	—	—	–532	588
–261	**–134**	**–880**	**–583**	**–7**	**–3**	**–28**	**–1**	**–3,519**	**49**
368	**232**	**741**	**413**	**–100**	**–101**	**–10**	**28**	**1,130**	**824**
38	29	–450	548	1	2	—	—	–459	607
–34	–30	496	–480	–1	–8	—	—	532	–588
–8	3	41	–51	—	—	—	—	13	–36
–5	**2**	**87**	**16**	**1**	**–6**	**—**	**—**	**87**	**–17**
191	86	238	1,125	1,691	1,507	–1,550	–1,455	742	1,468
–473	–290	–734	–714	–1,593	–1,408	1,406	1,196	–2,125	–1,915
–281	**–204**	**–496**	**411**	**98**	**100**	**–144**	**–259**	**–1,383**	**–446**
507	**139**	**1,990**	**2,177**	**26**	**17**	**–161**	**–77**	**3,068**	**2,815**
—	—	—	—	—	—	—	—	—	—
507	**139**	**1,990**	**2,177**	**26**	**17**	**–161**	**–77**	**3,068**	**2,815**
–36	–7	–138	–112	–102	–97	61	50	–234	–182
–118	–37	–26	–526	–11	–28	32	9	–289	–731
353	**95**	**1,826**	**1,539**	**–87**	**–107**	**–68**	**–19**	**2,545**	**1,902**
76	39	909	1,146	—	—	–30	–1	964	1,196
277	56	917	392	–87	–107	–38	–17	1,581	706

CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE RETAIL GERMANY (PROPERTY/CASUALTY AND LIFE), PROPERTY/CASUALTY REINSURANCE AND LIFE/HEALTH REINSURANCE REPORTABLE SEGMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

	Retail Germany – Property/Casualty		Retail Germany – Life		Property/Casualty Reinsurance		Life/Health Reinsurance	
EUR million	2023	2022	2023	2022	2023	2022	2023	2022
1. Insurance revenue	1,764	1,641	1,793	1,771	16,824	16,265	7,633	7,752
of which attributable to other divisions/segments	—	—	80	61	745	1,267	107	103
of which attributable to third parties	1,764	1,641	1,713	1,710	16,079	14,998	7,525	7,649
2. Insurance service expenses	–1,694	–1,528	–1,405	–1,546	–14,088	–15,113	–6,714	–7,184
3. Net income or expense from reinsurance contracts held	–27	–32	–71	–50	–1,887	–350	–109	–33
Insurance service result	**43**	**81**	**317**	**175**	**848**	**801**	**810**	**535**
4. a. Investment income for own risk	149	147	1,652	2,039	1,754	1,890	530	479
b. Investment expenses for own risk	–48	–94	–843	–1,321	–549	–1,251	–114	–121
Net investment income for own risk	**100**	**53**	**809**	**718**	**1,205**	**639**	**416**	**358**
of which impairments on financial instruments	—	—	–1	3	–20	–112	–2	–8
of which share of profit or loss of equity-accounted associates and joint ventures	—	—	—	—	15	10	1	–74
4. c. Investment income for the account and risk of life insurance policyholders	—	—	1,437	251	—	—	—	—
d. Investment expenses for the account and risk of life insurance policyholders	—	—	–68	–1,763	—	—	—	—
Net investment income for the account and risk of life insurance policyholders	**—**	**—**	**1,369**	**–1,512**	**—**	**—**	**—**	**—**
Net investment income	**100**	**53**	**2,178**	**–794**	**1,205**	**639**	**416**	**358**
5. a. Insurance finance income and expenses from insurance contracts issued (including currency result)	–23	2	–2,137	819	–191	–1,126	–170	–34
b. Insurance finance income and expenses from reinsurance contracts held (including currency result)	—	—	2	3	–23	133	–1	–36
Net insurance financial result	**–23**	**2**	**–2,135**	**822**	**–214**	**–993**	**–171**	**–70**
Correction for currency result from net insurance financial result	—	—	—	—	–508	518	13	–38
Net insurance financial result before currency effects	**–23**	**2**	**–2,135**	**822**	**–722**	**–475**	**–158**	**–108**
Net insurance finance and investment result before currency result	**77**	**55**	**43**	**28**	**483**	**163**	**258**	**250**
6. a. Currency result on investments	–1	2	–17	14	–471	587	21	–39
b. Currency result on net insurance financial result	—	—	—	—	508	–518	–13	38
c. Other currency result	–1	1	–1	—	63	–44	–22	–8
Net currency result	**–2**	**3**	**–18**	**15**	**100**	**25**	**–13**	**–9**
7. a. Other income	19	19	76	53	205	1,071	32	54
b. Other expenses	–90	–98	–207	–203	–510	–526	–223	–188
Other income/expenses	**–71**	**–78**	**–131**	**–149**	**–305**	**545**	**–191**	**–134**
Profit before goodwill impairments	**49**	**61**	**211**	**69**	**1,127**	**1,534**	**864**	**642**
8. Goodwill impairments	—	—	—	—	—	—	—	—
Operating profit/loss (EBIT)	**49**	**61**	**211**	**69**	**1,127**	**1,534**	**864**	**642**

OTHER SEGMENT INFORMATION

EUR million	Industrial Lines	Retail Germany – Property/ Casualty	Retail Germany – Life	Retail International	Property/ Casualty Reinsurance	Life/Health Reinsurance	Corporate Operations	Consolidation	Total
2023									
Included in net investment income									
Current interest income incl. investment contracts	269	77	899	585	1,337	368	74	–68	**3,541**
Current interest expense	—	–1	–2	–11	–13	—	—	—	**–27**
Share of profit or loss of equity-accounted associates and joint ventures	16	—	—	—	15	1	—	—	**32**
Depreciation of/ impairment losses on investment property									
Depreciation	–3	—	—	–2	–56	—	—	—	**–62**
Impairment losses	—	—	—	—	–79	—	—	—	**–79**
Depreciation of/ impairment losses on infrastructure investments									
Depreciation	–6	–4	–22	—	—	—	—	—	**–32**
Income from reversal of impairment losses	—	—	2	—	2	—	—	—	**4**
Other positions in profit or loss									
Other interest income	21	6	27	14	21	12	14	–7	**108**
Other interest expense	–22	–1	–21	–14	–38	–11	–37	15	**–129**
Depreciation and amortisation of/impairment losses on property, plant and equipment and intangible assets									
Depreciation and amortisation	–17	—	–3	–77	–21	–6	–46	—	**–170**
Impairment losses	–3	–1	—	—	—	—	—	—	**–5**
Income from reversal of impairment losses on fixed assets	—	—	—	—	—	—	2	—	**2**

OTHER SEGMENT INFORMATION

2022									
Included in net investment income									
Current interest income incl. investment contracts	167	64	879	467	1,192	349	28	–57	**3,089**
Current interest expense	–1	–1	–2	–1	–2	—	–1	—	**–9**
Share of profit or loss of equity-accounted associates and joint ventures	21	—	—	—	10	–74	—	—	**–41**
Depreciation of/ impairment losses on investment property									
Depreciation	–3	—	—	–2	–49	—	—	—	**–54**
Impairment losses	—	—	—	–1	–18	—	—	—	**–19**
Depreciation of/ impairment losses on infrastructure investments									
Depreciation	–6	–4	–23	—	—	—	—	—	**–34**
Income from reversal of impairment losses	—	1	4	—	19	—	—	—	**23**
Other positions in profit or loss									
Other interest income	4	1	6	5	24	55	7	–3	**99**
Other interest expense	–10	–1	–12	–7	–22	5	–15	11	**–51**
Depreciation and amortisation of/impairment losses on property, plant and equipment and intangible assets									
Depreciation and amortisation	–18	—	–3	–37	–21	–8	–39	—	**–126**

Insurance revenue, assets for own risk and non-current assets by geographical origin

INVESTMENTS FOR OWN RISK BY GEOGRAPHICAL ORIGIN

EUR million	31.12.2023	31.12.2022
Germany	31,867	31,045
United Kingdom	6,739	6,049
Central and Eastern Europe (CEE), including Türkiye	4,976	3,934
Rest of Europe	43,470	42,593
USA	24,886	23,783
Rest of North America	7,035	6,351
Latin America	3,665	2,166
Asia and Australia	12,558	11,217
Africa	194	207
Total	**135,390**	**127,345**

INSURANCE REVENUE BY TYPE OF INSURANCE

EUR million	2023	2022
Property/casualty primary insurance	17,346	14,794
Life primary insurance	2,376	2,173
Property/casualty reinsurance	16,824	16,265
Life/health reinsurance	7,633	7,752
Corporate Operations	965	849
Consolidation	–1,906	–2,188
Total	**43,237**	**39,645**

NON-CURRENT ASSETS BY GEOGRAPHICAL ORIGIN [1]

EUR million	31.12.2023	31.12.2022
Germany	5,233	5,259
United Kingdom	99	100
Rest of Europe	576	415
USA	966	845
Rest of North America	627	498
Latin America	308	119
Asia and Australia	17	23
Africa	2	3
Total [1]	**9,439**	**8,283**

[1] Non-current assets largely consist of intangible assets (including goodwill) plus real estate held and used/investment property, including right-of-use assets arising from leases. Goodwill is not allocated by region, but is included in total in the amount of EUR 1,611 (1,020) million.

INSURANCE REVENUE BY GEOGRAPHICAL ORIGIN (ESSENTIALLY BY CUSTOMER DOMICILE)

	Primary Insurance		Reinsurance		Corporate Operations		Consolidation		Total	
EUR million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Germany	5,744	5,568	1,433	1,234	665	662	–1,028	–1,347	6,815	6,117
United Kingdom	1,013	897	3,795	3,808	—	—	–297	–307	4,510	4,398
Central and Eastern Europe (CEE), including Türkiye	3,604	2,687	329	366	59	26	–86	–56	3,905	3,023
Rest of Europe	3,194	2,875	2,434	2,181	97	66	–189	–182	5,536	4,940
USA	1,566	1,437	9,016	8,863	—	—	–19	–23	10,563	10,276
Rest of North America	362	306	1,302	1,196	—	—	–73	–69	1,591	1,433
Latin America	3,221	2,257	1,113	956	144	96	–175	–111	4,302	3,198
Asia and Australia	909	866	4,570	4,884	—	—	–42	–93	5,437	5,657
Africa	110	73	465	529	—	—	4	—	580	602
Total	**19,722**	**16,967**	**24,456**	**24,017**	**965**	**849**	**–1,906**	**–2,188**	**43,237**	**39,645**

Consolidation

Consolidation principles

The annual financial statements included in the consolidated financial statements are subject to uniform accounting policies. For subsidiaries with differing reporting dates that are more than three months prior to the Group reporting date, interim financial statements were prepared for the purposes of the consolidated financial statements. Intragroup balances and transactions are eliminated.

Subsidiaries are defined as all entities that are controlled by the Group. The Group controls a Group company if it directly or indirectly has decision-making powers over the latter from voting rights or other rights and is thereby exposed, or has rights, to variable returns from the Group company and has the ability to affect those returns through its decision-making powers over the investee. All of these criteria must be met. The Group holds the majority of voting rights in all its non-structured subsidiaries. When assessing whether control exists, potential voting rights are considered where these are substantive.

A separate review of the principal-agent relationship is performed for investment funds – both where investment funds are managed by the Group and for funds managed by third parties in which the Group holds an interest. This analyses the decision-making processes to establish whether control of the material business activities lies with the fund management or the investors. Apart from the variability of the fund management fee, the focus is on substantive rights to dismiss the management or to trigger the liquidation of the fund, and on the role of the investors on the investment fund's governing and other bodies.

The Group accounts for **business combinations** using the purchase method if the set of activities and assets qualify as a business. Subsidiaries must be consolidated as from the date on which control passes to the Group and are deconsolidated as soon as control ends. Costs corresponds to the fair value of the assets acquired and liabilities arising or assumed as at the transaction date. Assets, liabilities and contingent liabilities that can be identified in a business combination are measured during initial consolidation at their acquisition-date fair values. Any positive difference arising when the cost is eliminated against the fair value of the net assets is recognised as goodwill under the "Intangible assets" item. Non-controlling interests in acquired companies are generally reported based on the proportionate interest in the net assets of the acquired companies.

Companies over which the Group is able to exercise significant influence are generally accounted for as **associates** using the equity method in accordance with IAS 28, and are initially recognised at cost (including transaction costs). An individual analysis of the Group's actual ability to influence associates is performed for all material participating interests. This is based on the assumption that a significant influence exists if a company belonging to the Group directly or indirectly holds at least 20%, but no more than 50%, of the voting rights.

A **joint venture** is an arrangement over which the Group has joint control, giving it rights to the net assets of the arrangement rather than rights in relation to its assets and obligations in relation to its liabilities. These entities are accounted for using the equity method.

Following the introduction of IFRS 17, associates and joint ventures held as the underlying items for a group of insurance contracts with direct and discretionary participation features are accounted for at fair value.

Equity method accounting ends when the Group ceases to have significant influence or joint control. For further information, please see our disclosures in the "Accounting policies" section.

Structured entities as defined in IFRS 12 are entities that have been designed in such a way that voting or similar rights are not the dominant factor in assessing who controls the entity. This is the case, for example, where any voting rights relate to administrative tasks only and the relevant activities are governed by contractual arrangements.

Within the Group, the requirement to consolidate structured entities is examined by analysing both transactions in which the Group initiates a structured entity, either by itself or together with third parties, and transactions in which it enters into a contractual relationship, either by itself or with third parties, with an existing structured entity. Decisions whether or not to consolidate entities are reviewed as needed, and at least once a year.

Basis of consolidation

Subsidiaries, associates and joint ventures that are insignificant both individually and in the aggregate for the Group's assets, liabilities, financial position and financial performance are exempted from consolidation or from application of the equity method. Insignificance is determined by comparing the company's total assets and net income with the corresponding average figures for the Group as a whole for the last three years.

For this reason, 37 (36) subsidiaries whose primary business purpose is to provide services for the Group's insurance companies were not consolidated in the reporting period. A further eight (seven) associates and two (two) joint ventures were not accounted for using the equity method due to insignificance. Altogether, the total assets of these entities amounted to less than 1% of average total Group assets in the last three years. Additionally, the companies' net income amounted altogether to less than 2% of the Group's average net in-

come for the last three years. The entities not included in the basis of consolidation for reasons of insignificance are examined at each reporting date to establish whether they should be consolidated or accounted for using the equity method because the assessment of their materiality has changed.

For information on the composition of the Group, including a complete list of all shareholdings, please refer to the "List of Shareholdings" section on pages 323ff. of the Notes to the consolidated financial statements. Information on associates and joint ventures can be found in Note 5.

BASIS OF CONSOLIDATION

	2023	2022
Number of consolidated subsidiaries		
Domestic [1]	76	74
Foreign [2]	158	151
Subtotal	**234**	**225**
Number of consolidated investment funds (subsidiaries) [3]		
Domestic	26	26
Foreign	6	4
Subtotal	**32**	**30**
Number of consolidated structured entities		
Domestic	—	—
Foreign	3	3
Subtotal	**3**	**3**
Total number of consolidated entities		
Domestic	102	100
Foreign	167	158
Total	**269**	**258**
Number of equity-accounted associates and joint ventures		
Domestic [4]	4	4
Foreign [5, 6]	5	6
Total	**9**	**10**
Number of fair value-accounted associates and joint ventures		
Domestic [7]	4	4
Foreign	5	5
Total	**9**	**9**

[1] This figure comprises 74 (72) individual entities and 2 (2) entities consolidated in 1 (1) subgroup.
[2] This figure comprises 65 (63) individual entities and 93 (88) entities consolidated in 4 (4) subgroups.
[3] These investment funds do not constitute structured entities since control is exercised through voting rights or similar rights.
[4] Includes 1 (1) domestic joint venture.
[5] This figure comprises 2 (3) individual entities and 3 (3) equity-accounted investments included in a subgroup.
[6] Includes 1 (1) foreign joint venture.
[7] Includes 1 (1) domestic joint venture.

Disclosures on the nature and extent of significant restrictions

Statutory, contractual or supervisory restrictions, and protective rights of non-controlling interests can restrict the Group's ability to access or use the assets, to transfer them freely to or from other entities within the Group, and to settle the Group's liabilities. The following significant restrictions applied to the following subsidiaries with non-controlling interests as at the reporting date because of protective rights in favour of the shareholders concerned.

SIGNIFICANT RESTRICTIONS AT MATERIAL SUBSIDIARIES

Company	Nature and extent of significant restrictions
Towarzystwo Ubezpieczeń i Reasekuracji WARTA S. A. und Towarzystwo Ubezpieczeń na Życie WARTA S. A., both Warsaw, Poland	Under the consortium agreement with a minority shareholder, a dividend or a capital decrease may only be resolved with that shareholder's approval. In addition, the consortium agreement specifies that the shares held by the Group are subject to a restriction on disposal.
E+S Rückversicherung AG, Hannover	The sale and transfer of shares of E+S Rückversicherung AG are subject to endorsement and must be approved by the company's supervisory board. The supervisory board has the right to issue or refuse approval and is not obliged to give any reasons in the event of a refusal.

Other restrictions on transferring assets between Group companies may exist in certain countries as a result of local minimum capital and solvency requirements and, to a lesser extent, of currency restrictions. The Group has established US trust accounts and furnished other collateral for US cedants totalling EUR 10,305 (8,600) million in order to secure our technical liabilities. The securities held in the trust accounts are reported as investments measured at fair value through other comprehensive income. The amount includes the equivalent of EUR 5,112 (3,323) million provided by investors as security for possible technical liabilities arising from transactions with insurance-linked securities (ILS). Other blocked custody accounts and other trust accounts in favour of reinsurers and cedants, generally outside the USA, were also established in the amount of EUR 3,758 (3,566) million. In certain countries, collateral for liabilities to credit institutions of EUR 1,210 (1,344) million was provided in connection with property companies and real estate transactions. For further information, please refer to our disclosures in the "Risks from investments" subsection of the "Credit risks" section of the risk report in the Group management report.

Disclosures on subsidiaries with significant non-controlling interests

Non-controlling interests in the equity of subsidiaries are reported separately in equity. They amounted to EUR 6,347 (5,692) million as at the reporting date.

SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS [1]

	Hannover Rück SE subgroup [2]		Towarzystwo Ubezpieczeń i Reasekuracji WARTA S. A.	
EUR million	**2023**	2022	**2023**	2022
Domicile/country of formation	Hannover, Germany	Hannover, Germany	Warsaw, Poland	Warsaw, Poland
Non-controlling interests	49.78%	49.78%	24.26%	24.26%
Investments	60,129	55,285	3,621	2,780
Reinsurance contract assets	1,526	2,590	2	2
Insurance contract assets	1,020	1,448	243	192
Total assets	**66,487**	**62,959**	**4,204**	**3,309**
Subordinated liabilities	3,230	3,726	—	—
Insurance contract liabilities	44,239	41,769	2,843	2,237
Reinsurance contract liabilities	699	557	—	—
Other provisions	610	516	32	21
Equity	**11,020**	**9,957**	**1,112**	**855**
of which non-controlling interests [3]	5,857	5,310	270	208
Total debt	**55,468**	**53,002**	**3,092**	**2,453**
Insurance revenue (gross)	24,457	24,017	1,912	1,629
Insurance service result (net)	1,658	1,336	176	134
Net investment income	1,588	965	174	115
Operating profit/loss (EBIT)	1,971	1,516	238	164
Net income	**1,828**	**898**	**187**	**129**
of which non-controlling interests [3]	879	1,145	45	31
Other comprehensive income	**–21**	**–1,177**	**146**	**–51**
Total comprehensive income	**1,807**	**–279**	**333**	**78**
of which non-controlling interests [3]	–158	–339	81	19
Cash flows from operating activities	5,786	4,947	538	388
Cash flows from investing activities	–4,510	–5,077	–434	–311
Cash flows from financing activities	–1,501	44	–86	–78
Cash and cash equivalents at the end of the reporting period	**1,055**	**1,323**	**27**	**11**
Dividends paid to non-controlling interests during the year [4]	**405**	**375**	**18**	**19**

[1] All amounts relate to financial information before consolidation.
[2] Information provided by the Hannover Rück SE subgroup.
[3] The non-controlling interests in equity, net income and total comprehensive income of the Hannover Rück SE subgroup are based on the proportionate indirect share.
[4] Contained in cash flows from financing activities.

Significant additions and disposals of consolidated subsidiaries and other changes under company law

By way of purchase agreement dated 16 November 2022, HDI Sigorta A.Ş., Istanbul, Türkiye, a wholly owned Group subsidiary of HDI International AG, Hannover, Germany (Retail International segment), acquired 60% of the shares in Fiba Emeklilik ve Hayat A.Ş., Istanbul, Türkiye (renamed HDI Fiba Emeklilik ve Hayat A.Ş., Istanbul, Türkiye, in January 2023). Based on the agreements reached, the Group accounts for the acquisition as at 16 January 2023 (date of initial consolidation). The purchase price (EUR 55 million) was settled entirely in cash. The acquisition resulted in goodwill of EUR 28 million, providing the potential to significantly expand property insurance business (establishment of Fiba Sigorta A.Ş., Istanbul, Türkiye, on 30 December 2022). In the Group's tax accounts, this transaction does not result in any tax-deductible goodwill (share deal).

Acquisition-related costs of the transaction (EUR 0.3 million) are included in "Other income/expenses".

FAIR VALUES OF ACQUIRED ASSETS AND ASSUMED LIABILITIES OF HDI FIBA EMEKLILIK VE HAYAT A.Ş AS AT 16 JANUARY 2023

EUR million	HDI Fiba Emeklilik ve Hayat A.Ş
Intangible assets	45
Insurance contracts assets	1
Reinsurance contracts assets	3
Investments	26
Cash at banks, cheques and cash-in-hand	2
Other assets	4
Total assets	**81**
Insurance contracts liabilities	13
Other provisions	4
Other liabilities	8
Deferred tax liabilities	12
Total liabilities	**37**
Acquired net assets (before consolidation)	**44**

The intangible assets acquired primarily relate to acquired distribution networks and customer relationships. No contingent liabilities were identified in connection with the acquired company that must be accounted for in accordance with IFRS 3.23 or that have not been recognised due to a lack of a reliable measurement of their fair value. No contingent consideration, assets for compensation or separate transactions within the meaning of IFRS 3 were recognised.

The company's insurance revenue was included in the financial statements at EUR 103 million and net income before non-controlling interests at EUR 30 million.

By way of a purchase agreement dated 13 February 2023, Towarzystwo Ubezpieczeń na Życie Europa S.A., Wrocław, Poland (hereinafter referred to as TU Europa Life) and Towarzystwo Ubezpieczeń Europa S.A., Wrocław, Poland (hereinafter referred to as TU Europa Non-Life), a wholly-owned and 50% Group subsidiary of HDI International AG, Hannover, Germany, in the Retail International segment, together acquired 80% of the shares in Millennium Financial Services SP. Z O. O, Warsaw, Poland. 72% was attributable to TU Europa Life and 8% to TU Europa Non-Life. Based on the agreements reached, the Group will account for the acquisition as at 29 March 2023 (date of initial consolidation). As part of this acquisition, distribution agreements for life and non-life insurance products were entered into with Bank Millennium Spółka Akcyjna, Warsaw, Poland. The purchase price of the entire transaction, which was settled entirely in cash, amounted to EUR 111 million, EUR 21 thousand of which related to the acquisition of the shares; the remaining amount was attributable to the distribution agreements. The distribution agreements were recognised as intangible assets on a pro rata basis at TU Europa Life and TU Europa Non-Life.

By way of a purchase agreement dated 23 April 2020 and a supplementary agreement dated 20 June 2023, HDI Lebensversicherung AG, Cologne, neue leben Lebensversicherung AG, Hamburg, LPV Lebensversicherung AG, Hilden, HDI Versicherung AG, Hannover, and TARGO Lebensversicherung AG, Hilden, (all Retail Germany Division) acquired 79.56% of shares in KOP4 GmbH & Co. KG, Baierbrunn. Based on the agreements reached, the Group will account for the acquisition as at 30 June 2023 (date of initial consolidation). The purchase price (EUR 82 million) was settled entirely in cash. The acquisition did not result in any goodwill.

Overall, assets of EUR 296 million and liabilities of EUR 193 million were acquired. The assets relate to investments (EUR 274 million), other assets (EUR 17 million) and cash at banks, cheques and cash-in-hand (EUR 6 million). Material liabilities assumed relate to liabilities from notes payable and loans (EUR 147 million) and other provisions (EUR 45 million).

In a merger agreement dated 5 May 2023, HDI Italia S.p.A., Milan, Italy, was merged with HDI Assicurazioni S.p.A., Rome, Italy, (both Retail International segment) with retrospective effect from 1 January 2023.

Regarding the disposal of Magyar Posta Biztosító Zrt. and Magyar Posta Életbiztosító Zrt., Budapest, Hungary, and Magma HDI General Insurance Company Ltd., Kolkata, India, please see the "Non-current assets held for sale and disposal groups" section.

By way of purchase agreement dated 24 May 2022, HDI Seguros S.A., São Paulo, Brazil, a wholly owned Group subsidiary of HDI International AG, Hannover, Germany (Retail International segment), acquired 100% of the shares in HDI Seguros do Brasil S.A. (formerly Sompo Consumer Seguradora S.A.), São Paulo, Brazil. Based on the agreements reached, the Group will account for the acquisition as at 24 August 2023 (date of initial consolidation). The purchase price

hedged against exchange rate movements (EUR 193 million) was settled entirely in cash. The acquisition resulted in goodwill of EUR 106 million, representing the long-term potential to significantly expand property insurance business and to benefit from significant synergies. For tax purposes, this transaction results in goodwill with an expected value of BRL 639 million, which is calculated exclusively in accordance with Brazilian regulations and is tax-deductible there.

Acquisition-related costs of the transaction (EUR 8.1 million) are included in "Other income/expenses".

FAIR VALUES OF ACQUIRED ASSETS AND ASSUMED LIABILITIES OF HDI SEGUROS DO BRASIL S. A. AS AT 24 AUGUST 2023

EUR million	HDI Seguros do Brasil S. A.
Intangible assets	37
Reinsurance contracts assets	4
Investments	208
Cash at banks, cheques and cash-in-hand	1
Other assets	11
Total assets	**261**
Insurance contracts liabilities	157
Other provisions	12
Other liabilities	5
of which insurance-related	1
Total liabilities	**175**
Acquired net assets (before consolidation)	**87**

The intangible assets acquired primarily relate to acquired distribution networks and customer relationships. No contingent liabilities were identified in connection with the acquired company that must be accounted for in accordance with IFRS 3.23 or that have not been recognised due to a lack of a reliable measurement of their fair value. No contingent consideration, assets for compensation or separate transactions within the meaning of IFRS 3 were recognised.

The company's insurance revenue was included in the financial statements at EUR 202 million and net income at EUR –4 million. If the company had already been acquired as at 1 January 2023, the net income to be included would have amounted to EUR –0.5 million.

By way of purchase agreement dated 27 May 2023, HDI Seguros S. A., São Paulo, Brazil, and Saint Honoré Iberia S. L., Madrid, Spain, both wholly owned Group subsidiaries of HDI International AG, Hannover, Germany (Retail International segment), acquired 100% of the shares in Liberty International Brasil Ltda, São Paulo, Brazil, and thus indirectly 100% of the shares in Liberty Seguros S. A., São Paulo, Brazil, and Indiana Seguros S. A., São Paulo, Brazil. Based on the agreements reached, the Group will account for the acquisition as at 22 November 2023 (date of initial consolidation). The purchase price hedged against exchange rate movements (EUR 973 million) was settled entirely in cash. The acquisition resulted in goodwill of EUR 445 million, representing the long-term potential to significantly expand property insurance business and to benefit from significant synergies. For tax purposes, this transaction results in goodwill with an expected value of BRL 2,372 million, which is calculated exclusively in accordance with Brazilian regulations and is tax-deductible there.

Acquisition-related costs of the transaction (EUR 18.2 million) and a fee to hedge the purchase price (EUR 8.4 million) are included in "Other income/expenses".

FAIR VALUES OF ACQUIRED ASSETS AND ASSUMED LIABILITIES OF HDI LIBERTY COMPANIES AS AT 22 NOVEMBER 2023

EUR million	Liberty Seguros S. A.	Indiana Seguros S. A.	Liberty International Brasil Ltda
Intangible assets	125	7	—
Reinsurance contracts assets	50	12	—
Investments	647	89	527
of which shares in affiliated companies (before consolidation)	—	—	509
Cash at banks, cheques and cash-in-hand	9	1	1
Deferred tax assets	—	12	1
Other assets	51	46	—
Total assets	**882**	**166**	**529**
Insurance contracts liabilities	374	45	—
Other provisions	39	6	1
Other liabilities	29	47	—
of which insurance-related	4	—	—
Deferred tax liabilities	1	—	—
Total liabilities	**442**	**98**	**1**
Acquired net assets (before consolidation)	**440**	**69**	**528**

The intangible assets acquired primarily relate to acquired distribution networks and customer relationships. Contingent liabilities were identified in connection with the acquired company that were accounted for in accordance with IFRS 3.23. No contingent consideration, assets for compensation or separate transactions within the meaning of IFRS 3 were recognised.

The companies' insurance revenue was included in the financial statements at EUR 316 million and net income at EUR 14 million. If the group had already been acquired as at 1 January 2023, the net income to be included would have amounted to EUR 121 million.

Disclosures on consolidated structured entities

Kaith Re Ltd., LI RE and Kubera Insurance (SAC) Ltd. (all Hamilton, Bermuda) were consolidated as at the reporting date.

Kaith Re Ltd. is a "segregated accounts company" (SAC) whose sole purpose is to transform reinsurance risks into securitised investment products. This transfers the entire risk to the investor concerned in all cases. SACs have segregated accounts in addition to their general account that are legally entirely separate from each other and from the general account in terms of liability, and that are used to execute the above-mentioned securitisation transactions for the investors.

Kubera Insurance (SAC) Ltd. is also a SAC whose purpose is to establish segregated accounts which are then made available to non-Group companies for structured financial transactions.

In accordance with IFRS 10, we classify the general account and segregated accounts as separate entities and apply the principles of "silo accounting" to them. Accordingly, Hannover Rück SE is required to consolidate the general accounts of Kaith Re Ltd. and Kubera Insurance (SAC) Ltd. and is contractually obliged to pay the costs of external service providers, which must be met from the funds in the general account. Each segregated account must be examined separately by the parties involved (investors) to establish whether a consolidation requirement exists, and must be consolidated on the basis of the individual contractual arrangements.

LI RE is a segregated account of Kaith Re Ltd. whose purpose – as in the case of all of Kaith Re Ltd.'s segregated accounts – is to securitise underwriting risks. In contrast to the other segregated accounts, Leine Investment SICAV-SIF, Luxembourg, is LI RE's sole investor and risk taker.

At the reporting date, the Group had not provided any financial or other support for a consolidated structured entity. The Group does not intend to provide financial or other support to one or more of these entities where it is not contractually obliged to do so.

Disclosures on unconsolidated structured entities

The unconsolidated structured entities are used for the following types of transactions:

BREAKDOWN OF UNCONSOLIDATED STRUCTURED ENTITIES BY THE NATURE OF THE ENTITY, INCLUDING A PRESENTATION OF THE LOSS EXPOSURE

Nature and purpose of the business relationship or investment
Investments (including investments in CAT bonds (ILS))
Investments: As part of its asset management activities, the Group is invested in various funds, which themselves transact certain types of equity and debt investments, and whose fund/corporate management has been outsourced to a fund manager. The investments consist of special funds, private equity funds, bond funds, collateralised debt obligations, real estate funds, index funds and other retail funds. In some cases, Talanx companies also act as fund managers (as an agent) in order to collect management fees on behalf of the investors. Material risks consist of the risk of loss of capital invested that is typical for funds. The maximum loss exposure corresponds to the carrying amounts. With regard to the fund management for non-Group investors, the loss exposure is limited to any default on the future administration fees. The volume of assets managed for non-Group investors amount to EUR 34 (29) billion and the generated commissions total EUR 120 (140) million.
Leine Investment SICAV-SIF: Hannover Rück SE is invested via its subsidiary Leine Investment SICAV-SIF, Luxembourg, in a number of structured entities that issue catastrophe bonds to securitise catastrophe risks. Leine Investment General Partner S. à r. l. is the managing partner of Leine Investment SICAV-SIF, whose purpose consists of the development, holding and management of a portfolio of insurance-linked securities (CAT bonds), including for investors outside the Group. The volume of these transactions is the carrying amount of the relevant investments and amounted to the equivalent of EUR 157 (126) million at the reporting date. The maximum loss exposure corresponds to the carrying amounts.
Unit-linked life insurance contracts
There are unit-linked life insurance contracts at the reporting date resulting from the life insurance business of Group companies. In this form of investment, all risks and returns are attributable to the policyholder, meaning that the Group has no obligations or risk exposures. The investments and the attributable obligations to the policyholders are classified as a single unit for which the policyholder makes the investment decision; there is therefore no requirement to consolidate them. Liabilities from these contracts are included in technical provisions.
Collateralised fronting (ILS)
As part of its extended ILS activities, Hannover Rück SE has entered into collateralised fronting arrangements, under which risks assumed from cedants are passed on to institutional investors outside the Group using structured entities. The purpose of such transactions is to directly transfer clients' business. The volume of the transactions refers to the reinsurance layer of the underlying retrocession agreements and amounted to EUR 6,278 (6,183) million at the reporting date. A portion of the reinsurance layer is funded and collateralised by contractually defined investments in the form of cash and cash equivalents. A further portion remains uncollateralised or is collateralised by less liquid securities. The maximum loss exposure from the uncollateralised reinsurance layer as at the reporting date was EUR 1,851 (1,865) million. However, this does not correspond to the economic loss exposure measured in accordance with recognised actuarial methods. The worst-case modelled expected loss in 10,000 years is a maximum of EUR 43 (44) million.
Retrocessions and securitisation of reinsurance risks
The securitisation of reinsurance risks is largely performed using structured entities. "K Cession": Through its "K" transactions, Hannover Rück SE secured underwriting capacity for catastrophe risks on the capital market. The "K Cession", which was placed with institutional investors from North America, Europe and Asia, involves a quota share cession on its worldwide natural catastrophe business as well as aviation and marine risks of Hannover Rück SE. From the total volume of the "K Cession", an amount converted as at the reporting date of EUR 647 (370) million was securitised through structured entities. The transaction has an indefinite term and can be called annually by the investors. Segregated accounts of Kaith Re Ltd. are being used as a transformer in relation to part of this transaction. Hannover Rück SE also uses further segregated accounts of Kaith Re Ltd. and other structured entities outside the Group for various retrocessions both of its traditional cover and also its ILS cover that are both passed on to institutional investors in the form of securitised transactions. The volume of these transactions is measured by reference to the reinsurance layer of the underlying retrocession agreements and amounted to EUR 6,790 (5,989) million at the reporting date. All structured entities are fully funded by contractually defined investments in the form of cash and cash equivalents. As the entire reinsurance layer of the structured entities is thus fully collateralised in each case, there is no underwriting loss exposure for Hannover Rück SE in this respect.
"Unterstützungskassen" (provident funds)
"Unterstützungskassen" are provident funds with legal capacity that assume responsibility for performing a benefit commitment for an employer. The Group's relationship with these entities is based on the support it provides to establish these entities and the insurance business it concludes. As the Group cannot direct the relevant activities of the "Unterstützungskassen" and has no rights to variable returns from them, there is no requirement for the Group to consolidate these entities. These entities do not result in assets, liabilities or default risk for the Group.

BUSINESS RELATIONSHIPS AND CARRYING AMOUNTS OF THE ASSETS AND LIABILITIES OF UNCONSOLIDATED STRUCTURED ENTITIES

EUR million	31.12.2023				31.12.2022			
Type of unconsolidated structured entity	General investment activity/ investments	Unit-linked life insurance contracts	Investments in CAT bonds (ILS)	Retrocession: securitisations of reinsurance risks	General investment activity/ investments	Unit-linked life insurance contracts	Investments in CAT bonds (ILS)	Retrocession: securitisations of reinsurance risks
Assets								
Financial instruments measured at fair value through other comprehensive income	3,364	—	—	—	2,925	—	—	—
Financial instruments measured at fair value through profit or loss	8,892	—	157	—	8,553	—	126	—
Investments for the account and risk of life insurance policyholders[1]	—	12,478	—	—	—	11,266	—	—
Reinsurance contract assets	—	—	—	186	—	—	—	752
Total asset items	**12,256**	**12,478**	**157**	**186**	**11,478**	**11,266**	**126**	**752**
Equity and liabilities								
Reinsurance contract liabilities	—	—	—	298	—	—	—	228
Total equity and liabilities items	**—**	**—**	**—**	**298**	**—**	**—**	**—**	**228**

[1] Under the VFA, the fair values of investments for the account and risk of life insurance policyholders are used as reference values in the calculation of technical provisions.

Where they result from general investment activities or investments in CAT bonds, income and expenses from business relationships with unconsolidated structured entities are reported in "Net investment income"; if they are attributable to retrocessions and securitisations, they are reported in the technical account.

Kubera Insurance (SAC) Ltd has set up an additional segregated account that gathered investor capital via issued bonds that was provided to an Australian insurance broker in a swap agreement to finance the broker's business. Redemption of the bonds depends on the intermediary's performance. Hannover Rück SE, along with other external parties, is an investor in the bonds. The segregated account can be used flexibly for other rounds of financing. Hannover Re does not own the segregated account.

As at the reporting date, no Group company had provided any financial or other support for these unconsolidated structured entities. Equally, there are currently no intentions to provide financial or other support without a contractual obligation to do so. Commitments that we do not classify as support – such as outstanding capital commitments under existing investment exposures – are presented in the "Contingent liabilities and other financial commitments" subsection of the "Other disclosures" section.

Non-current assets held for sale and disposal groups

HDI Global SE, Hannover (Industrial Lines segment)

HDI Global SE, Hannover is planning to sell an insurance portfolio in the motor vehicle and marine insurance lines held by its branch in the Netherlands. The portfolio contains assets of EUR 16 (22) million and technical provisions of EUR 25 (44) million. The disposal relates to the strategic orientation in the Industrial Lines segment and is expected to take place in the first quarter of 2024. No valuation adjustments were required.

Real estate

We report property holdings as held for sale in the amount of EUR 4 (43) million as at the reporting date, which are attributable to the Retail International Division (EUR 4 (8) million) and Retail Germany Division (EUR 0 (36) million). Fair values are largely measured internally within the Group using the German discounted cash flow method plus external expert opinions in individual cases. The purchase price is used where a sale has been agreed as binding. The intentions to sell were based on individual property market and property conditions, taking into account current and future opportunity/risk profiles.

Magma HDI General Insurance Company Ltd., Kolkata, India (Industrial Lines segment)

The Group had classified the equity-accounted interest in Magma HDI General Insurance Company Ltd., Kolkata, India, held through HDI Global SE, Hannover, as held for sale as at 31 December 2022. Effective 4 November 2023, the Group sold its investment with a gain on disposal of EUR 17 million.

Magyar Posta Biztosító Zrt. and Magyar Posta Életbiztosító Zrt., Budapest, Hungary (Retail International segment)

As at 31 December 2022, the Group recognised the subsidiary Magyar Posta Biztosító Zrt., Budapest, Hungary, held by HDI International AG, Hannover, Germany, as a disposal group with assets of EUR 32 million and liabilities of EUR 25 million. The subsidiary Magyar Posta Életbiztosító Zrt., Budapest, Hungary, also held by HDI International AG, Hannover, Germany, was also recognised as a disposal group with assets of EUR 427 million and liabilities of EUR 381 million. Effective 30 May 2023, the Group sold its 66.9% interest with a disposal gain of EUR 1 million.

Notes to the consolidated balance sheet – assets

(1) Goodwill

GOODWILL BY SEGMENT

EUR million	Industrial Lines	Retail Germany – Property/ Casualty	Retail International	Property/ Casualty Reinsurance	2023	2022[1]
Gross carrying amount as at 31.12. of the previous year	**157**	**324**	**600**	**35**	**1,116**	**1,123**
Changes in the basis of consolidation	—	—	568	—	568	–5
Exchange rate changes	—	—	24	—	24	–2
Gross carrying amount as at 31.12. of the financial year	**157**	**324**	**1,192**	**36**	**1,708**	**1,116**
Accumulated impairment losses as at 31.12. of the previous year	**–5**	**–75**	**–16**	**—**	**–96**	**–95**
Exchange rate changes	—	—	–1	—	–1	–1
Accumulated impairment losses as at 31.12. of the financial year	**–5**	**–75**	**–17**	**—**	**–97**	**–96**
Carrying amount as at 31.12. of the previous year	152	248	584	35	1,020	1,028
Carrying amount as at 31.12. of the financial year	**152**	**248**	**1,175**	**35**	**1,611**	**1,020**

[1] In the prior year, this included fully amortised goodwill of EUR 202 million in the Retail Germany – Life segment and EUR 4 million in Corporate Operations.

Impairment testing

Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs in accordance with IFRS 3 in conjunction with IAS 36. The allocation is made to those CGUs or groups of CGUs that are expected to derive economic benefits in the form of cash flows from the business combination that gave rise to the goodwill. The CGUs to which goodwill is allocated represent the lowest organisational level at which goodwill is monitored for internal management purposes.

The Group has therefore allocated all goodwill to CGUs or groups of CGUs. In the case of the Industrial Lines, Retail Germany – Property/Casualty and Property/Casualty Reinsurance segments, the CGUs correspond to the segments of the same name in accordance with IFRS 8. In the Retail International segment, each foreign market essentially represents a separate CGU; however, the lowest goodwill monitoring level corresponds to the geographical regions, which represent groups of CGUs.

CGUS TO WHICH GOODWILL IS ALLOCATED

EUR million (measured at the exchange rate of the reporting date)	31.12.2023	31.12.2022
Industrial Lines segment	152	152
Retail Germany – Property/Casualty segment	248	248
Retail International segment		
Latin America	744	181
Europe	431	403
Property/Casualty Reinsurance segment	35	35

The Group regularly tests goodwill for impairment in the fourth quarter of each year, based on data as at 30 September of that year. Since there was no evidence of impairment for any of the CGUs or groups of CGUs as at the reporting date, it was not necessary to perform an unscheduled impairment test.

Potential indications of impairment are identified by comparing the carrying amount of the CGU or the group of CGUs, including the allocated goodwill, with its recoverable amount. If the carrying amounts exceed the recoverable amount, a goodwill impairment is recognised in the statement of income. Recoverable amount is the higher of fair value less costs of disposal and value in use. With the exception of the reinsurance segments, it is measured for all CGUs or groups of CGUs on the basis of value in use. The latter is calculated using a recognised valuation technique, normally the discounted cash flow method. If

CGUs or groups of CGUs comprise more than one Group company, a sum-of-the-parts approach is used. Recoverable amount in the Reinsurance segment is measured on the basis of fair value less costs of disposal (Level 1 of the fair value hierarchy).

Key assumptions used in determining recoverable amount (value in use)

When the property/casualty insurers and the life insurers are measured using the German discounted cash flow method, the present value of future cash flows is calculated based on the projected income statements approved by the management of the companies concerned. The projections are prepared on a standalone basis, based on the going concern assumption and on the premise that the entity will continue to operate a generally unchanged concept. As a rule, they project after-tax net income for the next five years and then extrapolate to perpetuity starting in the sixth year. The constant growth rates shown below – which are based on conservative assumptions – are used to extrapolate the cash flows beyond the detailed planning period.

Climate factors are taken into account in the actuarial function. These also include the risks of climate change and risks from changes to the macroeconomic environment. The underwriting result as part of the cash flow extrapolation is incorporated when preparing projections and thus affects the recoverable amount.

The bancassurance property insurers are measured at the present value of their future cash flows; only future earnings up to the end of the relevant cooperation period are factored into the calculation. After this, a linear decrease in earnings over three years and notional liquidation proceeds after that are assumed.

Macroeconomic assumptions as to economic growth, inflation, interest rate trends and the market environment are made when forecasting future company-specific cash flows for individual CGUs or groups of CGUs. These assumptions correspond to the economic forecasts for the countries in which the units to be measured are located and are in line with market expectations and sector forecasts.

The combined ratio is an indicator of business performance in the area of property/casualty insurance, and is derived from the projections for premium trends and expenses. When forecasting premiums and expenses, key estimates include the growth opportunities in the market environment concerned and claims and cost trends in the context of measures planned at company level. Investment income is projected on the basis of the individual asset portfolios, including their relevant term structure and currency distribution, with the projection being based on the assumptions regarding interest rate trends. The net return on investment therefore varies widely by CGU or group of CGUs, depending on the level of interest rates in the currency area in question. The main planning assumption made in life insurance relates to interest rate trends.

The key assumptions shown above are produced by aggregating the business plans for the individual companies in a CGU or a group of CGUs. The values assigned to the key parameters are arrived at from past experience and future expectations. The values for the assumptions regarding interest rate trends in individual countries are defined uniformly throughout the Group and are derived from publicly available information sources. Any present values calculated in local currency are translated at the exchange rate as at the reporting date.

The German discounted cash flow method is normally used to measure the life insurance companies (this is relevant only for the "Europe" and "Latin America" groups of CGUs). For the Italian life insurance company in the "Europe" group of CGUs, valuation is made on the basis of market consistent embedded value (MCEV).

The discount factor (capitalisation rate) for the Group companies is calculated on the basis of the capital asset pricing model (CAPM). The assumptions underlying the calculation of the capitalisation rate, including the risk-free base interest rate, the market risk premium and the beta factor, are determined on the basis of publicly available information and/or capital market data. The constant long-term growth rates used are arrived at using past experience and future expectations, taking into account country-based inflation assumptions. The long-term average growth rates for the markets in which the companies operate are exceeded only in individual cases in countries in which very high nominal inflation rates are observed so as to avoid an inappropriate, real contraction scenario.

CAPITALISATION RATES AND LONG-TERM GROWTH RATES

	Capitalisation rate		Long-term growth rate	
%	**2023** [1]	2022 [1]	**2023** [1]	2022 [1]
Industrial Lines				
Eurozone	9,65–9,90	8,90–9,65	1.00	1.00
Other countries	10,65–21,90	9,90–18,65	1,00–4,00	1,00–4,00
Retail Germany – Property/Casualty	9,15–13,00	7,90–8,15	0,00–1,00	0,00–1,00
Retail International				
Europe				
Poland	12.15	12.65	2.00	2.00
Italy	11.65	10.65	1.00	1.00
Other countries	9,90–24,90	8,90–20,15	1,00–8,00	1,00–8,00
Latin America				
Brazil	17.40	18.65	4.00	4.00
Chile	12.40	13.40	3.00	3.00
Mexico	15.65	15.40	3.00	3.00
Other countries	15,15–101,90	15,15–64,15	3,00–10,00	3,00–8,00

[1] The figures relate to the reference date for the regular impairment test (30 September of each financial year).

Impairment losses in the reporting period

As in the prior year, there was no need to recognise goodwill impairment losses in the financial year.

Sensitivity analyses

The Group performed sensitivity analyses on the key parameters when calculating the recoverable amounts for all CGUs or groups of CGUs to which goodwill is allocated.

A number of conceivable scenarios plus the relevant changes in inputs were defined and studied in detail in order to ensure that key risks were covered when calculating value in use. These risks include underwriting risk (combined ratio), interest rate inputs (interest rate risk), currency inputs (foreign exchange risk) and equity inputs (equity risk). In each different scenario, one input was modified when calculating value in use, whereas the other assumptions were left unchanged in the medium-term planning and in the extrapolation, and the resulting change in fair value was then calculated. The calculations are based on the value in use determined during impairment testing.

Unless stated otherwise below, the calculations of conceivable input changes have not led to any potential impairment. In the case of the "Europe" group of CGUs, the recoverable amount determined as the value in use exceeds the carrying amount by EUR 62 million. Depending on the country, the detailed planning was based on a combined ratio of approximately 80%–100% for the material companies of the group of CGUs. A +0.23 percentage point change in the combined ratio for the "Europe" group of CGUs in the detailed planning and a 3.80% depreciation of local currencies against the euro would have brought the group of CGUs' recoverable amount closer to the carrying amount. In addition, a reduction in the interest rates for investment income of 12 basis points, or of 23 basis points if combined with an adjustment of the discount rate for the "Europe" group of CGUs in the detailed planning, would have brought the group of CGUs' recoverable amount closer to the carrying amount. Detailed planning for the "Europe" group of CGUs is based on investment income with interest rates of between 1.3% and 20.2%, depending on the country and currency.

In the case of the "Retail Germany – Property/Casualty" CGU, the recoverable amount determined as the value in use exceeds the carrying amount by EUR 76 million. Detailed planning was based on a combined ratio of approximately 90%–100% for the CGU. A +0.45 percentage point change in the combined ratio or a reduction in the interest rates for the investment income of 20 basis points, or of 31 basis points if combined with an adjustment of the discount rate for the CGU in the detailed planning, would have brought the CGU's recoverable amount closer to the carrying amount. Detailed planning for the CGU is based on investment income with interest rates of between 2.4% and 2.7%, depending on the planning year.

(2) Other intangible assets

CHANGES IN OTHER INTANGIBLE ASSETS

				Finite useful life	Indefinite useful life		
		Software	Acquired distribution networks and customer relationships				
EUR million	Purchased	Developed		Other	Acquired brand names [1]	2023	2022
Gross carrying amount as at 31.12. of the previous year	**729**	**80**	**155**	**279**	**35**	**1,277**	**1,214**
Changes in the basis of consolidation	—	53	156	38	19	267	—
Additions	48	9	125	36	—	219	88
Disposals	–27	–1	–6	–16	–4	–54	–25
Reclassifications	35	—	—	–35	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—	–11
Exchange rate changes	10	4	18	—	3	35	12
Gross carrying amount as at 31.12. of the financial year	**796**	**146**	**449**	**302**	**52**	**1,745**	**1,277**
Accumulated amortisation and impairment losses as at 31.12. of the previous year	**–547**	**–50**	**–133**	**–92**	**–5**	**–826**	**–758**
Changes in the basis of consolidation	—	–28	—	–13	—	–41	—
Disposals	23	1	5	—	4	33	20
Amortisation/impairment losses							
Amortisation	–75	–8	–12	–11	–2	–108	–85
Impairment losses	—	—	—	–3	—	–3	–1
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—	9
Exchange rate changes	–6	–2	–11	1	—	–18	–10
Accumulated amortisation and impairment losses as at 31.12. of the financial year	**–604**	**–87**	**–151**	**–118**	**–2**	**–963**	**–826**
Carrying amount as at 31.12. of the previous year	182	30	22	187	30	452	456
Carrying amount as at 31.12. of the financial year	**192**	**58**	**298**	**184**	**50**	**782**	**452**

[1] Right-of-use assets for brand names were acquired in the reporting period. These brand names may be used for no more than one year and are amortised over their useful life.

The acquired brand names worth EUR 50 (30) million (essentially "WARTA" [EUR 30 million]) are indefinite-lived intangible assets since, based on an analysis of all relevant factors (including anticipated use, control, dependence on other assets), there is no foreseeable limitation on the period during which the asset can be expected to generate net cash flows.

(3) Insurance contract assets

The insurance acquisition cash flows of EUR 17 (12) million recognised as assets in the Retail International segment are expected to be derecognised in full in the following two calendar years.

More information on the insurance contracts issued can be found in Note 18.

(4) Reinsurance contract assets

Reconciliation of changes in the carrying amount

Industrial Lines

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets at the start of the reporting period	15	5	—	6,912	261	7,193
Carrying amount of liabilities at the start of the reporting period	–547	—	—	377	3	–167
Net opening balance	**–532**	**5**	**—**	**7,289**	**264**	**7,026**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	5	—	5
Disposal groups in accordance with IFRS 5	—	—	—	7	—	7
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–3,292**	**—**	**—**	**—**	**—**	**–3,292**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	–3	—	1,855	25	1,878
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	4	—	—	—	4
Adjustments to assets for incurred claims	—	—	—	210	–40	170
Total amounts recoverable from reinsurers	**—**	**1**	**—**	**2,065**	**–15**	**2,052**
Investment components	—	—	—	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–3,292**	**1**	**—**	**2,065**	**–15**	**–1,240**
Insurance finance income and expenses from reinsurance contracts held	15	1	—	284	4	304
Effect of movements in exchange rates	13	–1	—	–128	–4	–120
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–3,264**	**1**	**—**	**2,221**	**–14**	**–1,056**
Cash flows						
Premiums paid	3,207	—	—	—	—	3,207
Payments received for incurred claims and other insurance service expenses	—	—	—	–2,039	—	–2,039
Insurance acquisition cash flows	75	—	—	—	—	75
Other cash flows	—	—	—	—	—	—
Total cash flows	**3,283**	**—**	**—**	**–2,039**	**—**	**1,244**
Net closing balance	**–513**	**6**	**—**	**7,482**	**250**	**7,226**
Carrying amount of assets at the end of the reporting period	–320	6	—	7,354	245	7,285
Carrying amount of liabilities at the end of the reporting period	–193	—	—	128	5	–59

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets at the start of the reporting period	–283	22	—	7,301	272	7,311
Carrying amount of liabilities at the start of the reporting period	–597	—	—	469	3	–124
Net opening balance	**–880**	**22**	**—**	**7,770**	**275**	**7,187**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	1	—	—	–3	—	–2
Disposal groups in accordance with IFRS 5	—	—	—	–24	–1	–24
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–3,150**	**—**	**—**	**—**	**—**	**–3,150**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	–11	—	1,956	35	1,981
Amortisation of insurance acquisition cash flows	1	—	—	—	—	1
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	–6	—	—	—	–6
Adjustments to assets for incurred claims	—	—	—	303	–47	256
Total amounts recoverable from reinsurers	**1**	**–17**	**—**	**2,259**	**–12**	**2,231**
Investment components	—	—	—	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–3,149**	**–17**	**—**	**2,259**	**–12**	**–919**
Insurance finance income and expenses from reinsurance contracts held	1	—	—	–499	–4	–501
Effect of movements in exchange rates	–38	1	—	193	6	161
Other changes	1	—	—	–1	—	—
Total changes in the statement of income and other comprehensive income	**–3,184**	**–17**	**—**	**1,952**	**–10**	**–1,259**
Cash flows						
Premiums paid	3,549	—	—	—	—	3,549
Payments received for incurred claims and other insurance service expenses	—	—	—	–2,407	—	–2,407
Insurance acquisition cash flows	–17	—	—	—	—	–17
Other cash flows	—	—	—	—	—	—
Total cash flows	**3,532**	**—**	**—**	**–2,407**	**—**	**1,125**
Net closing balance	**–532**	**5**	**—**	**7,289**	**264**	**7,026**
Carrying amount of assets at the end of the reporting period	15	5	—	6,912	261	7,193
Carrying amount of liabilities at the end of the reporting period	–547	—	—	377	3	–167

Retail Germany – Property/Casualty Insurance

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets at the start of the reporting period	–15	1	1	177	3	166
Carrying amount of liabilities at the start of the reporting period	–9	—	—	5	—	–4
Net opening balance	**–24**	**1**	**1**	**182**	**3**	**162**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–141**	**—**	**—**	**—**	**—**	**–141**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	–1	50	48	1	97
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	1	—	—	—	1
Adjustments to assets for incurred claims	—	—	—	16	—	16
Total amounts recoverable from reinsurers	**—**	**—**	**50**	**63**	**1**	**114**
Investment components	—	—	—	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–141**	**—**	**50**	**63**	**1**	**–27**
Insurance finance income and expenses from reinsurance contracts held	–3	—	—	3	—	—
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–145**	**—**	**50**	**66**	**1**	**–27**
Cash flows						
Premiums paid	132	—	—	—	—	132
Payments received for incurred claims and other insurance service expenses	—	—	–51	–79	—	–130
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**132**	**—**	**–51**	**–79**	**—**	**2**
Net closing balance	**–38**	**1**	**—**	**169**	**3**	**137**
Carrying amount of assets at the end of the reporting period	–18	1	—	165	3	152
Carrying amount of liabilities at the end of the reporting period	–19	—	—	4	—	–15

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets at the start of the reporting period	–23	—	—	275	6	259
Carrying amount of liabilities at the start of the reporting period	–7	—	—	5	—	–2
Net opening balance	**–30**	**—**	**—**	**281**	**6**	**257**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–102**	**—**	**—**	**—**	**—**	**–102**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	—	24	32	–3	53
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	1	—	—	—	1
Adjustments to assets for incurred claims	—	—	—	16	—	16
Total amounts recoverable from reinsurers	**—**	**1**	**24**	**48**	**–3**	**70**
Investment components	—	—	—	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–102**	**1**	**24**	**48**	**–3**	**–32**
Insurance finance income and expenses from reinsurance contracts held	4	—	—	–13	—	–9
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–98**	**1**	**24**	**35**	**–3**	**–41**
Cash flows						
Premiums paid	103	—	—	—	—	103
Payments received for incurred claims and other insurance service expenses	—	—	–24	–134	—	–157
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**103**	**—**	**–24**	**–134**	**—**	**–54**
Net closing balance	**–24**	**1**	**1**	**182**	**3**	**162**
Carrying amount of assets at the end of the reporting period	–15	1	1	177	3	166
Carrying amount of liabilities at the end of the reporting period	–9	—	—	5	—	–4

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets at the start of the reporting period	–80	—	—	—	82	2
Carrying amount of liabilities at the start of the reporting period	—	—	—	—	—	—
Net opening balance	**–80**	**—**	**—**	**—**	**82**	**2**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	—	—	–11	–11
Changes in risk adjustment for non-financial risk for the risk expired	—	—	—	—	—	—
Experience adjustments	2	—	—	—	—	2
Total changes that relate to current services	**2**	**—**	**—**	**—**	**–11**	**–10**
Changes that relate to future services						
Contracts initially recognised in the period	–25	2	—	—	24	—
Changes in estimates that adjust the CSM	82	1	—	—	–83	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	—	—	—	—	—	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—	—	—
Total changes that relate to future services	**57**	**2**	**—**	**—**	**–59**	**—**
Changes that relate to past services						
Adjustment to the asset for incurred claims	—	—	—	—	—	—
Total changes that relate to past services	**—**	**—**	**—**	**—**	**—**	**—**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**58**	**2**	**—**	**—**	**–70**	**–10**
Insurance finance income and expenses from reinsurance contracts held	–6	—	—	—	3	–3
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**52**	**2**	**—**	**—**	**–67**	**–14**
Cash flows						
Premiums paid	52	—	—	—	—	52
Payments received for incurred claims and other insurance service expenses	–51	—	—	—	—	–51
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**1**	**—**	**—**	**—**	**—**	**1**
Net closing balance	**–27**	**2**	**—**	**—**	**15**	**–10**
Carrying amount of assets at the end of the reporting period	1	—	—	—	1	2
Carrying amount of liabilities at the end of the reporting period	–27	2	—	—	14	–12

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities at the start of the reporting period	—	—	—	—	—	—
Net opening balance	**—**	**—**	**—**	**—**	**—**	**—**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	—	—	–2	–2
Changes in risk adjustment for non-financial risk	—	—	—	—	—	—
Experience adjustments	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes that relate to current services	**—**	**—**	**—**	**—**	**–2**	**–2**
Changes that relate to future services						
Contracts initially recognised in the period	–85	—	—	—	84	—
Changes in estimates that adjust the CSM	—	—	—	—	—	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	—	—	—	—	—	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—	—	—
Total changes that relate to future services	**–85**	**—**	**—**	**—**	**84**	**—**
Changes that relate to past services						
Adjustment to the asset for incurred claims	—	—	—	—	—	—
Total changes that relate to past services	**—**	**—**	**—**	**—**	**—**	**—**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**–85**	**—**	**—**	**—**	**82**	**–2**
Insurance finance income and expenses from reinsurance contracts held	4	—	—	—	—	4
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–81**	**—**	**—**	**—**	**82**	**1**
Cash flows						
Premiums paid	24	—	—	—	—	24
Payments received for incurred claims and other insurance service expenses	–24	—	—	—	—	–24
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**1**	**—**	**—**	**—**	**—**	**1**
Net closing balance	**–80**	**—**	**—**	**—**	**82**	**2**
Carrying amount of assets at the end of the reporting period	–80	—	—	—	82	2
Carrying amount of liabilities at the end of the reporting period	—	—	—	—	—	—

Retail Germany – Life Insurance

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets at the start of the reporting period	24	—	20	2	—	45
Carrying amount of liabilities at the start of the reporting period	–18	—	1	–7	—	–24
Net opening balance	**5**	**—**	**21**	**–5**	**—**	**21**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–437**	**—**	**—**	**—**	**—**	**–437**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	—	352	14	—	366
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	—	—	—	—	—
Adjustments to assets for incurred claims	—	—	—	—	—	—
Total amounts recoverable from reinsurers	**—**	**—**	**352**	**14**	**—**	**366**
Investment components	—	—	—	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–437**	**—**	**352**	**14**	**—**	**–71**
Insurance finance income and expenses from reinsurance contracts held	–13	—	—	—	—	–13
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–450**	**—**	**352**	**14**	**—**	**–84**
Cash flows						
Premiums paid	415	—	—	—	—	415
Payments received for incurred claims and other insurance service expenses	—	—	–356	–12	—	–369
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**415**	**—**	**–356**	**–12**	**—**	**47**
Net closing balance	**–30**	**—**	**16**	**–3**	**—**	**–17**
Carrying amount of assets at the end of the reporting period	23	—	14	—	—	37
Carrying amount of liabilities at the end of the reporting period	–52	—	2	–3	—	–53

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets at the start of the reporting period	16	—	2	—	—	18
Carrying amount of liabilities at the start of the reporting period	–61	—	13	–5	—	–53
Net opening balance	**–45**	**—**	**15**	**–4**	**—**	**–35**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–309**	**—**	**—**	**—**	**—**	**–309**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	—	233	26	—	259
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	—	—	—	—	—
Adjustments to assets for incurred claims	—	—	—	—	—	—
Total amounts recoverable from reinsurers	**—**	**—**	**233**	**26**	**—**	**259**
Investment components	—	—	—	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–309**	**—**	**233**	**26**	**—**	**–50**
Insurance finance income and expenses from reinsurance contracts held	68	—	—	—	—	68
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–241**	**—**	**233**	**26**	**—**	**18**
Cash flows						
Premiums paid	291	—	—	—	—	291
Payments received for incurred claims and other insurance service expenses	—	—	–227	–26	—	–253
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**291**	**—**	**–227**	**–26**	**—**	**38**
Net closing balance	**5**	**—**	**21**	**–5**	**—**	**21**
Carrying amount of assets at the end of the reporting period	24	—	20	2	—	45
Carrying amount of liabilities at the end of the reporting period	–18	—	1	–7	—	–24

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets at the start of the reporting period	–315	2	151	—	205	43
Carrying amount of liabilities at the start of the reporting period	–107	1	88	—	—	–17
Net opening balance	**–422**	**3**	**239**	**—**	**205**	**26**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–33	—	–31	–64
Changes in risk adjustment for non-financial risk for the risk expired	—	—	—	—	—	—
Experience adjustments	–3	—	—	—	—	–3
Total changes that relate to current services	**–3**	**—**	**–33**	**—**	**–31**	**–68**
Changes that relate to future services						
Contracts initially recognised in the period	–30	—	—	—	30	—
Changes in estimates that adjust the CSM	57	1	14	—	–71	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	—	—	—	—	—	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—	—	—
Total changes that relate to future services	**27**	**1**	**14**	**—**	**–42**	**—**
Changes that relate to past services						
Adjustment to the asset for incurred claims	—	—	—	—	—	—
Total changes that relate to past services	**—**	**—**	**—**	**—**	**—**	**—**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**24**	**1**	**–19**	**—**	**–73**	**–68**
Insurance finance income and expenses from reinsurance contracts held	–27	—	11	—	4	–13
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–3**	**1**	**–9**	**—**	**–69**	**–81**
Cash flows						
Premiums paid	398	—	—	—	—	398
Payments received for incurred claims and other insurance service expenses	–356	—	—	—	—	–356
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**42**	**—**	**—**	**—**	**—**	**42**
Net closing balance	**–384**	**4**	**230**	**—**	**136**	**–14**
Carrying amount of assets at the end of the reporting period	–103	2	131	—	7	37
Carrying amount of liabilities at the end of the reporting period	–280	2	99	—	129	–50

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets at the start of the reporting period	–57	2	71	—	—	17
Carrying amount of liabilities at the start of the reporting period	–233	6	179	—	—	–48
Net opening balance	**–289**	**8**	**250**	**—**	**—**	**–31**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–33	—	–3	–37
Changes in risk adjustment for non-financial risk	—	—	—	—	—	—
Experience adjustments	–7	—	—	—	—	–7
Other changes	—	—	—	—	—	—
Total changes that relate to current services	**–7**	**—**	**–33**	**—**	**–3**	**–44**
Changes that relate to future services						
Contracts initially recognised in the period	–210	—	—	—	209	—
Changes in estimates that adjust the CSM	–6	–5	11	—	—	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	—	—	—	—	—	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—	—	—
Total changes that relate to future services	**–215**	**–5**	**11**	**—**	**209**	**—**
Changes that relate to past services						
Adjustment to the asset for incurred claims	—	—	—	—	—	—
Total changes that relate to past services	**—**	**—**	**—**	**—**	**—**	**—**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**–222**	**–5**	**–22**	**—**	**206**	**–44**
Insurance finance income and expenses from reinsurance contracts held	57	—	12	—	–1	68
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–166**	**–5**	**–11**	**—**	**205**	**24**
Cash flows						
Premiums paid	261	—	—	—	—	261
Payments received for incurred claims and other insurance service expenses	–227	—	—	—	—	–227
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**33**	**—**	**—**	**—**	**—**	**33**
Net closing balance	**–422**	**3**	**239**	**—**	**205**	**26**
Carrying amount of assets at the end of the reporting period	–315	2	151	—	205	43
Carrying amount of liabilities at the end of the reporting period	–107	1	88	—	—	–17

Retail International

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets at the start of the reporting period	–104	24	43	861	47	870
Carrying amount of liabilities at the start of the reporting period	–2	—	1	—	—	–1
Net opening balance	**–106**	**24**	**44**	**861**	**47**	**870**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	68	—	—	–9	—	59
Disposal groups in accordance with IFRS 5	—	—	—	9	—	9
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–718**	**1**	**—**	**—**	**—**	**–717**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	–8	45	707	7	751
Amortisation of insurance acquisition cash flows	12	—	—	—	—	12
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	–6	—	—	—	–6
Adjustments to assets for incurred claims	—	—	4	–64	–7	–66
Total amounts recoverable from reinsurers	**12**	**–14**	**49**	**644**	**—**	**691**
Investment components	–1	—	—	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	–2	—	–2
Net income or expense from reinsurance contracts held	**–707**	**–13**	**50**	**642**	**—**	**–28**
Insurance finance income and expenses from reinsurance contracts held	5	1	3	6	–1	14
Effect of movements in exchange rates	49	1	2	–91	–5	–44
Other changes	10	—	—	–10	—	—
Total changes in the statement of income and other comprehensive income	**–642**	**–12**	**54**	**547**	**–6**	**–59**
Cash flows						
Premiums paid	502	—	—	—	—	502
Payments received for incurred claims and other insurance service expenses	—	—	–46	–499	—	–546
Insurance acquisition cash flows	200	—	—	—	—	200
Other cash flows	2	—	—	—	—	2
Total cash flows	**705**	**—**	**–46**	**–499**	**—**	**159**
Net closing balance	**25**	**12**	**52**	**910**	**40**	**1,038**
Carrying amount of assets at the end of the reporting period	25	12	51	910	40	1,038
Carrying amount of liabilities at the end of the reporting period	—	—	—	—	—	—

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets at the start of the reporting period	–72	10	36	807	48	830
Carrying amount of liabilities at the start of the reporting period	–1	—	1	—	—	—
Net opening balance	**–73**	**10**	**37**	**807**	**48**	**830**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	1	—	–3	—	—	–2
Disposal groups in accordance with IFRS 5	–1	—	3	–9	—	–7
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–586**	**—**	**—**	**—**	**—**	**–586**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	14	30	652	4	699
Amortisation of insurance acquisition cash flows	8	—	—	—	—	8
Recoveries and reversals of recoveries of losses on onerous underlying contracts	1	3	—	—	—	3
Adjustments to assets for incurred claims	—	—	—	–218	–6	–224
Total amounts recoverable from reinsurers	**8**	**17**	**30**	**434**	**–2**	**487**
Investment components	—	—	—	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	–3	—	–3
Net income or expense from reinsurance contracts held	**–579**	**17**	**30**	**431**	**–2**	**–102**
Insurance finance income and expenses from reinsurance contracts held	—	—	–2	–12	2	–12
Effect of movements in exchange rates	27	–4	—	–28	–1	–5
Other changes	13	—	—	–13	—	—
Total changes in the statement of income and other comprehensive income	**–539**	**13**	**28**	**378**	**–1**	**–120**
Cash flows						
Premiums paid	436	—	—	—	—	436
Payments received for incurred claims and other insurance service expenses	—	—	–22	–315	—	–337
Insurance acquisition cash flows	68	—	—	—	—	68
Other cash flows	2	—	—	—	—	2
Total cash flows	**506**	**—**	**–22**	**–315**	**—**	**169**
Net closing balance	**–106**	**24**	**44**	**861**	**47**	**870**
Carrying amount of assets at the end of the reporting period	–104	24	43	861	47	870
Carrying amount of liabilities at the end of the reporting period	–2	—	1	—	—	–1

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets at the start of the reporting period	34	11	3	14	9	71
Carrying amount of liabilities at the start of the reporting period	–1	—	—	—	—	–1
Net opening balance	**33**	**11**	**3**	**14**	**9**	**70**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	37	11	—	—	20	68
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	—	–3	–23	–27
Changes in risk adjustment for non-financial risk for the risk expired	—	–17	—	—	—	–17
Experience adjustments	–16	—	—	—	—	–16
Total changes that relate to current services	**–17**	**–17**	**—**	**–3**	**–23**	**–60**
Changes that relate to future services						
Contracts initially recognised in the period	–29	8	—	—	21	—
Changes in estimates that adjust the CSM	–9	2	—	3	4	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	—	—	—	—	—	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–18	11	—	—	8	1
Total changes that relate to future services	**–56**	**21**	**—**	**3**	**33**	**—**
Changes that relate to past services						
Adjustment to the asset for incurred claims	4	—	—	—	—	4
Total changes that relate to past services	**4**	**—**	**—**	**—**	**—**	**4**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**–68**	**4**	**–1**	**—**	**9**	**–56**
Insurance finance income and expenses from reinsurance contracts held	5	—	—	—	1	7
Effect of movements in exchange rates	—	1	—	—	—	1
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–63**	**6**	**–1**	**—**	**11**	**–48**
Cash flows						
Premiums paid	141	—	—	—	—	141
Payments received for incurred claims and other insurance service expenses	–46	—	—	—	—	–46
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	1	—	—	—	—	1
Total cash flows	**95**	**—**	**—**	**—**	**—**	**95**
Net closing balance	**101**	**28**	**2**	**14**	**40**	**185**
Carrying amount of assets at the end of the reporting period	103	28	2	13	39	184
Carrying amount of liabilities at the end of the reporting period	–2	1	—	1	1	—

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets at the start of the reporting period	38	4	3	14	5	63
Carrying amount of liabilities at the start of the reporting period	–1	—	—	—	—	—
Net opening balance	**37**	**4**	**3**	**14**	**5**	**63**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	–2	–2
Disposal groups in accordance with IFRS 5	—	—	—	—	2	3
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–1	–3	–6	–10
Changes in risk adjustment for non-financial risk	—	–10	—	—	—	–10
Experience adjustments	6	—	—	—	—	6
Total changes that relate to current services	**6**	**–10**	**–1**	**–3**	**–6**	**–14**
Changes that relate to future services						
Contracts initially recognised in the period	–9	1	—	—	8	—
Changes in estimates that adjust the CSM	–8	3	1	3	1	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	—	—	—	—	—	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–14	13	—	—	1	—
Total changes that relate to future services	**–31**	**18**	**1**	**3**	**10**	**1**
Changes that relate to past services						
Adjustment to the asset for incurred claims	—	–1	—	—	—	—
Total changes that relate to past services	**—**	**–1**	**—**	**—**	**—**	**—**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**–25**	**7**	**—**	**—**	**4**	**–13**
Insurance finance income and expenses from reinsurance contracts held	–3	—	—	—	—	–2
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–27**	**7**	**—**	**—**	**4**	**–16**
Cash flows						
Premiums paid	44	—	—	—	—	44
Payments received for incurred claims and other insurance service expenses	–22	—	—	—	—	–22
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	1	—	—	—	—	1
Total cash flows	**23**	**—**	**—**	**—**	**—**	**23**
Net closing balance	**33**	**11**	**3**	**14**	**9**	**70**
Carrying amount of assets at the end of the reporting period	34	11	3	14	9	71
Carrying amount of liabilities at the end of the reporting period	–1	—	—	—	—	–1

Property/Casualty Reinsurance

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets at the start of the reporting period	–101	—	2,270	—	—	2,169
Carrying amount of liabilities at the start of the reporting period	–695	—	474	—	—	–221
Net opening balance	**–796**	**—**	**2,744**	**—**	**—**	**1,948**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–2,626**	**—**	**—**	**—**	**—**	**–2,626**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	—	833	—	—	833
Amortisation of insurance acquisition cash flows	4	—	—	—	—	4
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	—	—	—	—	—
Adjustments to assets for incurred claims	—	—	–97	—	—	–97
Total amounts recoverable from reinsurers	**3**	**—**	**737**	**—**	**—**	**739**
Investment components	–11	—	11	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–2,635**	**—**	**748**	**—**	**—**	**–1,887**
Insurance finance income and expenses from reinsurance contracts held	16	—	104	—	—	120
Effect of movements in exchange rates	30	—	–59	—	—	–29
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–2,589**	**—**	**794**	**—**	**—**	**–1,795**
Cash flows						
Premiums paid	1,830	—	—	—	—	1,830
Payments received for incurred claims and other insurance service expenses	—	—	–1,068	—	—	–1,068
Insurance acquisition cash flows	4	—	—	—	—	4
Other cash flows	—	—	—	—	—	—
Total cash flows	**1,834**	**—**	**–1,068**	**—**	**—**	**766**
Net closing balance	**–1,551**	**—**	**2,469**	**—**	**—**	**918**
Carrying amount of assets at the end of the reporting period	–555	—	1,890	—	—	1,335
Carrying amount of liabilities at the end of the reporting period	–996	—	579	—	—	–417

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets at the start of the reporting period	–85	—	2,062	—	—	1,977
Carrying amount of liabilities at the start of the reporting period	–652	—	526	—	—	–127
Net opening balance	**–738**	**—**	**2,588**	**—**	**—**	**1,850**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–1,758**	**–10**	**—**	**—**	**—**	**–1,768**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	10	1,396	—	—	1,406
Amortisation of insurance acquisition cash flows	–2	—	—	—	—	–2
Recoveries and reversals of recoveries of losses on onerous underlying contracts	–11	—	—	—	—	–11
Adjustments to assets for incurred claims	—	—	24	—	—	24
Total amounts recoverable from reinsurers	**–12**	**10**	**1,420**	**—**	**—**	**1,418**
Investment components	–6	—	6	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–1,776**	**—**	**1,426**	**—**	**—**	**–350**
Insurance finance income and expenses from reinsurance contracts held	–4	—	–146	—	—	–150
Effect of movements in exchange rates	–59	—	104	—	—	45
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–1,839**	**—**	**1,384**	**—**	**—**	**–455**
Cash flows						
Premiums paid	1,778	—	—	—	—	1,778
Payments received for incurred claims and other insurance service expenses	—	—	–1,228	—	—	–1,228
Insurance acquisition cash flows	3	—	—	—	—	3
Other cash flows	—	—	—	—	—	—
Total cash flows	**1,780**	**—**	**–1,228**	**—**	**—**	**552**
Net closing balance	**–796**	**—**	**2,744**	**—**	**—**	**1,948**
Carrying amount of assets at the end of the reporting period	–101	—	2,270	—	—	2,169
Carrying amount of liabilities at the end of the reporting period	–695	—	474	—	—	–221

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets at the start of the reporting period	2,101	33	–4	3	36	2,169
Carrying amount of liabilities at the start of the reporting period	–227	7	—	—	–1	–221
Net opening balance	**1,874**	**40**	**–4**	**3**	**35**	**1,948**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–180	–1	–709	–891
Changes in risk adjustment for non-financial risk for the risk expired	—	3	—	—	—	3
Experience adjustments	–901	—	—	—	—	–901
Total changes that relate to current services	**–901**	**3**	**–180**	**–1**	**–709**	**–1,789**
Changes that relate to future services						
Contracts initially recognised in the period	–1,022	66	—	—	956	—
Changes in estimates that adjust the CSM	25	12	—	1	–39	–1
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	—	—	—	—	—	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—	—	—
Total changes that relate to future services	**–997**	**78**	**—**	**1**	**917**	**–1**
Changes that relate to past services						
Adjustment to the asset for incurred claims	–43	–54	—	—	—	–97
Total changes that relate to past services	**–43**	**–54**	**—**	**—**	**—**	**–97**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**–1,941**	**27**	**–180**	**—**	**207**	**–1,887**
Insurance finance income and expenses from reinsurance contracts held	109	—	—	—	12	120
Effect of movements in exchange rates	–26	–2	4	—	–5	–29
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–1,859**	**25**	**–176**	**—**	**214**	**–1,795**
Cash flows						
Premiums paid	1,830	—	—	—	—	1,830
Payments received for incurred claims and other insurance service expenses	–1,068	—	—	—	—	–1,068
Insurance acquisition cash flows	4	—	—	—	—	4
Other cash flows	—	—	—	—	—	—
Total cash flows	**766**	**—**	**—**	**—**	**—**	**766**
Net closing balance	**781**	**65**	**–179**	**2**	**249**	**918**
Carrying amount of assets at the end of the reporting period	1,223	61	–179	2	229	1,335
Carrying amount of liabilities at the end of the reporting period	–442	4	—	—	20	–417

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets at the start of the reporting period	1,948	33	1	—	–5	1,977
Carrying amount of liabilities at the start of the reporting period	–138	6	—	—	5	–127
Net opening balance	**1,810**	**39**	**1**	**—**	**—**	**1,850**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	17	10	–683	–656
Changes in risk adjustment for non-financial risk	—	–4	—	—	—	–4
Experience adjustments	296	—	—	—	—	296
Total changes that relate to current services	**296**	**–4**	**17**	**10**	**–683**	**–364**
Changes that relate to future services						
Contracts initially recognised in the period	–756	19	—	—	736	—
Changes in estimates that adjust the CSM	30	8	–22	–7	–9	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	–10	—	—	—	—	–11
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—	—	—
Total changes that relate to future services	**–736**	**27**	**–22**	**–7**	**728**	**–11**
Changes that relate to past services						
Adjustment to the asset for incurred claims	49	–25	—	—	—	24
Total changes that relate to past services	**49**	**–25**	**—**	**—**	**—**	**24**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**–391**	**–1**	**–5**	**3**	**45**	**–350**
Insurance finance income and expenses from reinsurance contracts held	–152	—	—	—	2	–150
Effect of movements in exchange rates	54	2	—	—	–11	45
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–489**	**1**	**–5**	**3**	**35**	**–455**
Cash flows						
Premiums paid	1,778	—	—	—	—	1,778
Payments received for incurred claims and other insurance service expenses	–1,228	—	—	—	—	–1,228
Insurance acquisition cash flows	3	—	—	—	—	3
Other cash flows	—	—	—	—	—	—
Total cash flows	**552**	**—**	**—**	**—**	**—**	**552**
Net closing balance	**1,874**	**40**	**–4**	**3**	**35**	**1,948**
Carrying amount of assets at the end of the reporting period	2,101	33	–4	3	36	2,169
Carrying amount of liabilities at the end of the reporting period	–227	7	—	—	–1	–221

Life/Health Reinsurance

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets at the start of the reporting period	289	—	132	—	—	421
Carrying amount of liabilities at the start of the reporting period	–853	—	518	—	—	–336
Net opening balance	**–564**	**—**	**650**	**—**	**—**	**85**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–684**	**1**	**—**	**—**	**—**	**–683**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	–1	611	—	—	611
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	7	—	—	—	—	7
Adjustments to assets for incurred claims	—	—	18	—	—	18
Total amounts recoverable from reinsurers	**7**	**–1**	**629**	**—**	**—**	**635**
Investment components	–421	—	421	—	—	—
Changes in the non-performance risk of reinsurers	–57	—	–3	—	—	–61
Net income or expense from reinsurance contracts held	**–1,156**	**—**	**1,047**	**—**	**—**	**–109**
Insurance finance income and expenses from reinsurance contracts held	6	—	1	—	—	7
Effect of movements in exchange rates	–2	—	–4	—	—	–7
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–1,152**	**—**	**1,043**	**—**	**—**	**–109**
Cash flows						
Premiums paid	849	—	—	—	—	849
Payments received for incurred claims and other insurance service expenses	—	—	–916	—	—	–916
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**849**	**—**	**–916**	**—**	**—**	**–67**
Net closing balance	**–868**	**—**	**777**	**—**	**—**	**–91**
Carrying amount of assets at the end of the reporting period	–150	—	341	—	—	191
Carrying amount of liabilities at the end of the reporting period	–717	—	436	—	—	–282

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets at the start of the reporting period	354	—	138	—	—	492
Carrying amount of liabilities at the start of the reporting period	–1,022	—	494	—	—	–528
Net opening balance	**–667**	**—**	**632**	**—**	**—**	**–36**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–578**	**1**	**—**	**—**	**—**	**–577**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	–1	468	—	—	467
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	24	—	—	—	—	24
Adjustments to assets for incurred claims	—	—	54	—	—	54
Total amounts recoverable from reinsurers	**24**	**–1**	**521**	**—**	**—**	**544**
Investment components	–429	—	429	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–983**	**—**	**951**	**—**	**—**	**–33**
Insurance finance income and expenses from reinsurance contracts held	135	—	–2	—	—	133
Effect of movements in exchange rates	39	—	–18	—	—	21
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–809**	**—**	**930**	**—**	**—**	**121**
Cash flows						
Premiums paid	913	—	—	—	—	913
Payments received for incurred claims and other insurance service expenses	—	—	–912	—	—	–912
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**913**	**—**	**–912**	**—**	**—**	**—**
Net closing balance	**–564**	**—**	**650**	**—**	**—**	**85**
Carrying amount of assets at the end of the reporting period	289	—	132	—	—	421
Carrying amount of liabilities at the end of the reporting period	–853	—	518	—	—	–336

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets at the start of the reporting period	375	31	—	15	—	421
Carrying amount of liabilities at the start of the reporting period	–628	120	163	55	–46	–336
Net opening balance	**–253**	**151**	**163**	**70**	**–46**	**85**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–24	4	–11	–32
Changes in risk adjustment for non-financial risk for the risk expired	—	–23	—	—	—	–23
Experience adjustments	–17	—	—	—	—	–17
Total changes that relate to current services	**–17**	**–23**	**–24**	**4**	**–11**	**–73**
Changes that relate to future services						
Contracts initially recognised in the period	–8	—	—	—	7	—
Changes in estimates that adjust the CSM	–113	7	96	–60	70	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	7	–1	—	—	—	7
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	1	—	—	—	–1	—
Total changes that relate to future services	**–112**	**7**	**96**	**–60**	**77**	**7**
Changes that relate to past services						
Adjustment to the asset for incurred claims	18	—	—	—	—	18
Total changes that relate to past services	**18**	**—**	**—**	**—**	**—**	**18**
Effect of changes in the non-performance risk of reinsurers	–61	—	—	—	—	–61
Total changes that relate to services	**–173**	**–17**	**71**	**–56**	**65**	**–109**
Insurance finance income and expenses from reinsurance contracts held	–8	9	5	1	—	7
Effect of movements in exchange rates	–3	–2	–1	—	–1	–7
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–184**	**–9**	**75**	**–55**	**64**	**–109**
Cash flows						
Premiums paid	849	—	—	—	—	849
Payments received for incurred claims and other insurance service expenses	–916	—	—	—	—	–916
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**–67**	**—**	**—**	**—**	**—**	**–67**
Net closing balance	**–504**	**142**	**238**	**15**	**18**	**–91**
Carrying amount of assets at the end of the reporting period	–179	80	232	44	13	191
Carrying amount of liabilities at the end of the reporting period	–325	62	6	–30	5	–282

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets at the start of the reporting period	442	33	—	18	—	492
Carrying amount of liabilities at the start of the reporting period	–904	144	186	40	7	–528
Net opening balance	**–462**	**176**	**186**	**57**	**7**	**–36**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–16	–5	–8	–30
Changes in risk adjustment for non-financial risk	—	–15	—	—	—	–15
Experience adjustments	–65	—	—	—	—	–65
Total changes that relate to current services	**–65**	**–15**	**–16**	**–5**	**–8**	**–110**
Changes that relate to future services						
Contracts initially recognised in the period	22	11	—	—	–33	—
Changes in estimates that adjust the CSM	–10	13	–6	16	–13	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	24	—	—	—	—	24
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—	—	—
Total changes that relate to future services	**36**	**23**	**–6**	**16**	**–45**	**24**
Changes that relate to past services						
Adjustment to the asset for incurred claims	54	—	—	—	—	54
Total changes that relate to past services	**54**	**—**	**—**	**—**	**—**	**54**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**25**	**8**	**–22**	**11**	**–54**	**–33**
Insurance finance income and expenses from reinsurance contracts held	158	–30	5	1	—	133
Effect of movements in exchange rates	26	–3	–5	1	2	21
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**208**	**–25**	**–23**	**13**	**–53**	**121**
Cash flows						
Premiums paid	913	—	—	—	—	913
Payments received for incurred claims and other insurance service expenses	–912	—	—	—	—	–912
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**—**	**—**	**—**	**—**	**—**	**—**
Net closing balance	**–253**	**151**	**163**	**70**	**–46**	**85**
Carrying amount of assets at the end of the reporting period	375	31	—	15	—	421
Carrying amount of liabilities at the end of the reporting period	–628	120	163	55	–46	–336

Corporate Operations

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets at the start of the reporting period	–64	—	1,682	—	—	1,618
Carrying amount of liabilities at the start of the reporting period	—	—	—	—	—	—
Net opening balance	**–64**	**—**	**1,682**	**—**	**—**	**1,618**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–786**	**21**	**—**	**—**	**—**	**–765**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	–21	681	—	—	660
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	31	—	—	—	—	31
Adjustments to assets for incurred claims	—	—	37	—	—	37
Total amounts recoverable from reinsurers	**31**	**–21**	**718**	**—**	**—**	**728**
Investment components	–4	—	4	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–760**	**—**	**722**	**—**	**—**	**–37**
Insurance finance income and expenses from reinsurance contracts held	–3	—	22	—	—	19
Effect of movements in exchange rates	–1	—	–4	—	—	–5
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–763**	**—**	**740**	**—**	**—**	**–23**
Cash flows						
Premiums paid	766	—	—	—	—	766
Payments received for incurred claims and other insurance service expenses	—	—	–419	—	—	–419
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**766**	**—**	**–419**	**—**	**—**	**347**
Net closing balance	**–61**	**—**	**2,004**	**—**	**—**	**1,942**
Carrying amount of assets at the end of the reporting period	–61	—	2,004	—	—	1,942
Carrying amount of liabilities at the end of the reporting period	—	—	—	—	—	—

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets at the start of the reporting period	–122	—	1,356	—	—	1,235
Carrying amount of liabilities at the start of the reporting period	—	—	—	—	—	—
Net opening balance	**–122**	**—**	**1,356**	**—**	**—**	**1,235**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–705**	**—**	**—**	**—**	**—**	**–705**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	—	514	—	—	514
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	15	—	—	—	—	15
Adjustments to assets for incurred claims	—	—	171	—	—	171
Total amounts recoverable from reinsurers	**15**	**—**	**685**	**—**	**—**	**699**
Investment components	–4	—	4	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Net income or expense from reinsurance contracts held	**–695**	**—**	**689**	**—**	**—**	**–6**
Insurance finance income and expenses from reinsurance contracts held	3	—	–92	—	—	–89
Effect of movements in exchange rates	—	—	13	—	—	13
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–691**	**—**	**610**	**—**	**—**	**–81**
Cash flows						
Premiums paid	749	—	—	—	—	749
Payments received for incurred claims and other insurance service expenses	—	—	–284	—	—	–284
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**749**	**—**	**–284**	**—**	**—**	**465**
Net closing balance	**–64**	**—**	**1,682**	**—**	**—**	**1,618**
Carrying amount of assets at the end of the reporting period	–64	—	1,682	—	—	1,618
Carrying amount of liabilities at the end of the reporting period	—	—	—	—	—	—

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets at the start of the reporting period	1,471	161	—	—	–14	1,618
Carrying amount of liabilities at the start of the reporting period	—	—	—	—	—	—
Net opening balance	**1,471**	**161**	**—**	**—**	**–14**	**1,618**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	—	—	–158	–158
Changes in risk adjustment for non-financial risk for the risk expired	—	–37	—	—	—	–37
Experience adjustments	90	—	—	—	—	90
Total changes that relate to current services	**90**	**–37**	**—**	**—**	**–158**	**–105**
Changes that relate to future services						
Contracts initially recognised in the period	–154	55	—	—	98	—
Changes in estimates that adjust the CSM	–120	—	—	—	120	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	15	—	—	—	—	15
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–4	17	—	—	2	16
Total changes that relate to future services	**–263**	**73**	**—**	**—**	**221**	**31**
Changes that relate to past services						
Adjustment to the asset for incurred claims	37	—	—	—	—	37
Total changes that relate to past services	**37**	**—**	**—**	**—**	**—**	**37**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**–136**	**36**	**—**	**—**	**63**	**–37**
Insurance finance income and expenses from reinsurance contracts held	17	—	—	—	2	19
Effect of movements in exchange rates	–4	–1	—	—	—	–5
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–123**	**35**	**—**	**—**	**64**	**–23**
Cash flows						
Premiums paid	766	—	—	—	—	766
Payments received for incurred claims and other insurance service expenses	–419	—	—	—	—	–419
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**347**	**—**	**—**	**—**	**—**	**347**
Net closing balance	**1,696**	**196**	**—**	**—**	**51**	**1,942**
Carrying amount of assets at the end of the reporting period	1,696	196	—	—	51	1,942
Carrying amount of liabilities at the end of the reporting period	—	—	—	—	—	—

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets at the start of the reporting period	1,127	115	—	—	–7	1,235
Carrying amount of liabilities at the start of the reporting period	—	—	—	—	—	—
Net opening balance	**1,127**	**115**	**—**	**—**	**–7**	**1,235**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	—	—	–177	–177
Changes in risk adjustment for non-financial risk	—	–28	—	—	—	–28
Experience adjustments	14	—	—	—	—	14
Total changes that relate to current services	**14**	**–28**	**—**	**—**	**–177**	**–191**
Changes that relate to future services						
Contracts initially recognised in the period	–115	52	—	—	63	—
Changes in estimates that adjust the CSM	–99	–1	—	—	100	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	—	—	—	—	—	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–6	21	—	—	—	15
Total changes that relate to future services	**–220**	**72**	**—**	**—**	**163**	**15**
Changes that relate to past services						
Adjustment to the asset for incurred claims	171	—	—	—	—	171
Total changes that relate to past services	**171**	**—**	**—**	**—**	**—**	**171**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**–36**	**44**	**—**	**—**	**–13**	**–6**
Insurance finance income and expenses from reinsurance contracts held	–88	—	—	—	—	–89
Effect of movements in exchange rates	3	3	—	—	7	13
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–121**	**46**	**—**	**—**	**–7**	**–81**
Cash flows						
Premiums paid	749	—	—	—	—	749
Payments received for incurred claims and other insurance service expenses	–284	—	—	—	—	–284
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**465**	**—**	**—**	**—**	**—**	**465**
Net closing balance	**1,471**	**161**	**—**	**—**	**–14**	**1,618**
Carrying amount of assets at the end of the reporting period	1,471	161	—	—	–14	1,618
Carrying amount of liabilities at the end of the reporting period	—	—	—	—	—	—

Talanx Group

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets at the start of the reporting period	34	24	3,764	3,519	150	7,492
Carrying amount of liabilities at the start of the reporting period	–1,517	—	946	6	—	–564
Net opening balance	**–1,483**	**24**	**4,711**	**3,525**	**150**	**6,927**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	69	—	—	2	—	71
Disposal groups in accordance with IFRS 5	—	—	—	9	—	9
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–6,646**	**20**	**—**	**—**	**—**	**–6,626**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	–27	2,422	1,346	20	3,761
Amortisation of insurance acquisition cash flows	16	—	—	—	—	16
Recoveries and reversals of recoveries of losses on onerous underlying contracts	36	–5	—	—	—	30
Adjustments to assets for incurred claims	—	—	–68	17	–12	–63
Total amounts recoverable from reinsurers	**51**	**–33**	**2,354**	**1,362**	**8**	**3,742**
Investment components	–405	—	405	—	—	—
Changes in the non-performance risk of reinsurers	–57	—	–3	–2	—	–63
Net income or expense from reinsurance contracts held	**–7,058**	**–12**	**2,756**	**1,362**	**8**	**–2,945**
Insurance finance income and expenses from reinsurance contracts held	14	1	124	130	—	269
Effect of movements in exchange rates	67	—	–65	–140	–6	–144
Other changes	8	—	1	–9	—	—
Total changes in the statement of income and other comprehensive income	**–6,970**	**–12**	**2,816**	**1,343**	**1**	**–2,821**
Cash flows						
Premiums paid	5,640	—	—	—	—	5,640
Payments received for incurred claims and other insurance service expenses	—	—	–2,638	–1,127	—	–3,765
Insurance acquisition cash flows	274	—	—	—	—	274
Other cash flows	2	—	—	—	—	2
Total cash flows	**5,916**	**—**	**–2,638**	**–1,127**	**—**	**2,151**
Net closing balance	**–2,468**	**12**	**4,889**	**3,752**	**152**	**6,337**
Carrying amount of assets at the end of the reporting period	–738	12	3,923	3,726	151	7,074
Carrying amount of liabilities at the end of the reporting period	–1,730	—	966	26	1	–737

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Asset for remaining coverage – ceded		Asset for incurred claims – ceded			
				Contracts measured under the PAA		
EUR million	Excluding loss-recovery component	Loss-recovery component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets at the start of the reporting period	188	10	3,315	3,754	162	7,429
Carrying amount of liabilities at the start of the reporting period	–1,718	—	980	40	—	–697
Net opening balance	**–1,530**	**10**	**4,295**	**3,795**	**162**	**6,732**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	1	—	–2	–3	—	–3
Disposal groups in accordance with IFRS 5	–1	—	2	–24	–1	–24
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Allocation of reinsurance premiums paid	**–4,852**	**–9**	**—**	**—**	**—**	**–4,861**
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	23	2,455	1,178	3	3,659
Amortisation of insurance acquisition cash flows	35	—	—	—	—	35
Recoveries and reversals of recoveries of losses on onerous underlying contracts	26	4	—	—	—	30
Adjustments to assets for incurred claims	—	—	151	–70	–18	64
Total amounts recoverable from reinsurers	**62**	**27**	**2,606**	**1,108**	**–15**	**3,788**
Investment components	–417	—	416	—	—	—
Changes in the non-performance risk of reinsurers	—	—	—	–3	—	–3
Net income or expense from reinsurance contracts held	**–5,207**	**18**	**3,023**	**1,106**	**–15**	**–1,076**
Insurance finance income and expenses from reinsurance contracts held	170	—	–221	–243	2	–292
Effect of movements in exchange rates	10	–4	95	75	2	178
Other changes	12	—	—	–12	—	—
Total changes in the statement of income and other comprehensive income	**–5,015**	**14**	**2,896**	**926**	**–11**	**–1,190**
Cash flows						
Premiums paid	4,984	—	—	—	—	4,984
Payments received for incurred claims and other insurance service expenses	—	—	–2,481	–1,168	—	–3,649
Insurance acquisition cash flows	76	—	—	—	—	76
Other cash flows	2	—	—	—	—	2
Total cash flows	**5,062**	**—**	**–2,481**	**–1,168**	**—**	**1,412**
Net closing balance	**–1,483**	**24**	**4,711**	**3,525**	**150**	**6,927**
Carrying amount of assets at the end of the reporting period	34	24	3,764	3,519	150	7,492
Carrying amount of liabilities at the end of the reporting period	–1,517	—	946	6	—	–564

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets at the start of the reporting period	3,247	201	129	26	317	3,920
Carrying amount of liabilities at the start of the reporting period	–848	127	164	55	–46	–549
Net opening balance	**2,399**	**328**	**293**	**81**	**270**	**3,371**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	39	11	—	—	18	68
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–210	2	–918	–1,126
Changes in risk adjustment for non-financial risk for the risk expired	—	–67	—	—	—	–67
Experience adjustments	–858	—	—	—	—	–858
Total changes that relate to current services	**–858**	**–67**	**–210**	**2**	**–918**	**–2,050**
Changes that relate to future services						
Contracts initially recognised in the period	–1,236	124	—	—	1,112	—
Changes in estimates that adjust the CSM	–40	23	91	–59	–15	–1
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	20	–1	—	—	—	20
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–21	28	—	—	9	16
Total changes that relate to future services	**–1,276**	**173**	**91**	**–59**	**1,106**	**35**
Changes that relate to past services						
Adjustment to the asset for incurred claims	–14	–54	—	—	—	–68
Total changes that relate to past services	**–14**	**–54**	**—**	**—**	**—**	**–68**
Effect of changes in the non-performance risk of reinsurers	–61	—	—	—	—	–61
Total changes that relate to services	**–2,209**	**53**	**–119**	**–57**	**188**	**–2,144**
Insurance finance income and expenses from reinsurance contracts held	93	9	10	1	21	135
Effect of movements in exchange rates	–32	–3	4	—	–6	–38
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–2,147**	**60**	**–105**	**–56**	**202**	**–2,047**
Cash flows						
Premiums paid	3,770	—	—	—	—	3,770
Payments received for incurred claims and other insurance service expenses	–2,638	—	—	—	—	–2,638
Insurance acquisition cash flows	4	—	—	—	—	4
Other cash flows	1	—	—	—	—	1
Total cash flows	**1,136**	**—**	**—**	**—**	**—**	**1,136**
Net closing balance	**1,427**	**399**	**188**	**25**	**491**	**2,529**
Carrying amount of assets at the end of the reporting period	2,382	330	169	53	322	3,256
Carrying amount of liabilities at the end of the reporting period	–955	69	19	–29	169	–727

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets at the start of the reporting period	3,267	160	68	25	–7	3,513
Carrying amount of liabilities at the start of the reporting period	–1,141	153	254	40	12	–683
Net opening balance	**2,126**	**314**	**321**	**65**	**5**	**2,830**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	–1	–1
Disposal groups in accordance with IFRS 5	—	—	—	—	1	1
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–17	4	–828	–841
Changes in risk adjustment for non-financial risk	—	–49	—	—	—	–49
Experience adjustments	283	—	—	—	—	283
Other changes	—	—	—	—	—	—
Total changes that relate to current services	**283**	**–49**	**–17**	**4**	**–828**	**–607**
Changes that relate to future services						
Contracts initially recognised in the period	–1,135	67	—	—	1,068	—
Changes in estimates that adjust the CSM	–41	19	–17	11	28	—
Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts	14	–1	—	—	—	14
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–21	32	—	—	2	13
Total changes that relate to future services	**–1,183**	**117**	**–17**	**11**	**1,098**	**27**
Changes that relate to past services						
Adjustment to the asset for incurred claims	176	–25	—	—	—	151
Total changes that relate to past services	**176**	**–25**	**—**	**—**	**—**	**151**
Effect of changes in the non-performance risk of reinsurers	—	—	—	—	—	—
Total changes that relate to services	**–724**	**44**	**–33**	**15**	**270**	**–429**
Insurance finance income and expenses from reinsurance contracts held	–32	–30	10	1	—	–51
Effect of movements in exchange rates	82	1	–5	1	–5	74
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–674**	**14**	**–28**	**16**	**266**	**–406**
Cash flows						
Premiums paid	3,425	—	—	—	—	3,425
Payments received for incurred claims and other insurance service expenses	–2,481	—	—	—	—	–2,481
Insurance acquisition cash flows	3	—	—	—	—	3
Other cash flows	—	—	—	—	—	—
Total cash flows	**947**	**—**	**—**	**—**	**—**	**947**
Net closing balance	**2,399**	**328**	**293**	**81**	**270**	**3,371**
Carrying amount of assets at the end of the reporting period	3,247	201	129	26	317	3,920
Carrying amount of liabilities at the end of the reporting period	–848	127	164	55	–46	–549

Analysis of new business – contracts not measured under the PAA

EFFECT OF REINSURANCE CONTRACTS HELD THAT WERE INITIALLY RECOGNISED IN THE PERIOD

	Industrial Lines		Retail Germany – Property/Casualty		Retail Germany – Life	
EUR million	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component
2023						
Estimates of present value of future cash inflows	—	—	—	—	—	—
Estimates of present value of future cash outflows	—	—	–25	—	–30	—
of which: insurance acquisition cash flows	—	—	—	—	—	—
Risk adjustment for non-financial risk	—	—	2	—	—	—
Income recognised on initial recognition	—	—	—	—	—	—
Contractual service margin	**—**	**—**	**24**	**—**	**30**	**—**
2022						
Estimates of present value of future cash inflows	—	—	—	—	—	—
Estimates of present value of future cash outflows	—	—	–85	—	–210	—
of which: insurance acquisition cash flows	—	—	—	—	—	—
Risk adjustment for non-financial risk	—	—	—	—	—	—
Income recognised on initial recognition	—	—	—	—	—	—
Contractual service margin	**—**	**—**	**84**	**—**	**209**	**—**

The business combinations resulted in new business cash inflows of EUR 93 (–) million and cash outflows of EUR 56 (–) million (Retail International segment). The risk adjustment for non-financial risk was EUR 11 (–) million and the contractual service margin was EUR 20 (–) million. The presentation of the reinsurance contracts held as part of a business combination accounts only for the cash flows expected after the date of initial consolidation at the time of initial consolidation. Cash flows from the purchase price included in the calculation of the acquired contractual service margin are not shown here.

Contractual service margin

CONTRACTUAL SERVICE MARGIN DURATIONS – CEDED CONTRACTS

	Industrial Lines		Retail Germany – Property/Casualty		Retail Germany – Life	
EUR million	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
Expected recognition within 1 year	—	—	26	10	83	60
More than 1 year but less than 2 years	—	—	27	9	64	60
More than 2 years but less than 3 years	—	—	17	13	50	70
More than 3 years but less than 4 years	—	—	10	15	36	75
More than 4 years but less than 5 years	—	—	7	11	27	54
More than 5 years but less than 10 years	—	—	8	25	77	116
More than 10 years	—	—	—	8	101	102
Time value of money	—	—	–81	–9	–72	–93
Total	**—**	**—**	**15**	**82**	**366**	**444**

Retail International		Property/Casualty Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component
50	20	1,321	—	368	1	493	60	–52	–2	2,179	80
–79	–38	–2,343	—	–375	—	–646	–64	84	2	–3,415	–100
—	—	—	—	—	—	—	—	—	—	—	—
8	11	66	—	—	—	55	17	–8	–1	124	28
—	1	—	—	—	—	—	16	—	–1	—	16
21	**8**	**956**	**—**	**7**	**–1**	**98**	**2**	**–24**	**—**	**1,112**	**9**
13	14	783	—	1,124	—	510	62	–169	–9	2,260	67
–22	–28	–1,538	—	–1,103	—	–625	–68	186	8	–3,396	–89
—	—	2	—	—	—	—	—	—	—	2	—
1	13	19	—	11	—	52	21	–17	–2	67	32
—	—	—	—	—	—	—	15	—	–2	—	13
8	**1**	**736**	**—**	**–33**	**—**	**63**	**—**	**—**	**1**	**1,068**	**2**

Retail International		Property/Casualty Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
35	7	76	27	25	21	51	–14	–30	–16	266	95
8	4	—	6	14	20	—	—	–15	–13	98	86
4	3	—	1	16	16	—	—	–13	–13	74	91
2	2	—	1	16	–3	—	—	–11	–12	53	77
1	2	—	—	17	13	—	—	–10	–11	42	69
2	4	—	—	85	59	—	—	–32	–36	141	169
1	4	—	—	213	154	—	—	–42	–44	274	224
2	1	–4	–1	–114	–94	—	—	25	29	–244	–167
55	**26**	**72**	**34**	**271**	**187**	**51**	**–14**	**–127**	**–116**	**703**	**644**

(5) Investment property

INVESTMENT PROPERTY

EUR million	31.12.2023	31.12.2022
Measured at amortised cost	2,804	2,606
Measured at fair value	3,426	3,366
Carrying amount as at the end of the reporting period	**6,230**	**5,971**

INVESTMENT PROPERTY MEASURED AT AMORTISED COST

EUR million	2023	2022
Gross carrying amount as at the end of the previous year	**2,981**	**2,431**
Changes in the basis of consolidation	—	153
Additions	419	376
Disposals	–23	–9
Disposal groups in accordance with IFRS 5	4	–8
Exchange rate changes	–71	38
Gross carrying amount as at the end of the reporting period	**3,310**	**2,981**
Accumulated depreciation and impairment losses at the end of the previous year	**–375**	**–316**
Disposals	–2	3
Reversal of impairment losses	2	19
Depreciation and impairment losses		
Depreciation	–62	–54
Impairment losses	–79	–19
Disposal groups in accordance with IFRS 5	—	1
Exchange rate changes	10	–10
Accumulated depreciation and impairment losses as at the end of the reporting period	**–506**	**–375**
Carrying amount as at the end of the previous period	2,606	2,116
Carrying amount as at the end of the reporting period	**2,804**	**2,606**

Additions in the reporting period relate primarily to the Property/Casualty segment (EUR 413 million).

Directly attributable operating expenses for properties rented out (including repairs and maintenance) totalled EUR 120 (116) million. Operating expenses of EUR 7 (6) million were incurred for properties with which no rental income is generated.

Restrictions on disposal and guarantee assets relating to investment property amounted to EUR 206 (228) million as at 31 December 2023. Contractual obligations to purchase, construct or develop investment property and for repairs, maintenance and enhancements amounted to EUR 394 (422) million as at the end of the reporting period.

(6) Shares in affiliated companies and strategic participating interests

SHARES IN AFFILIATED COMPANIES AND PARTICIPATING INTERESTS

EUR million	2023	2022
Affiliated companies	113	102
Participating interests	992	847
Carrying amount as at 31.12. of the financial year	**1,105**	**949**

The "Participating interests" item includes strategic equity instruments of EUR 961 (811) million measured at fair value through other comprehensive income. We chose this measurement approach because these are strategic investments. The performance of strategic investments is assessed based on their contribution to other business activities, not on their fair value. There were immaterial dividends from these investments, which were derecognised in the reporting period.

(7) Shares in associates and joint ventures

This balance sheet item essentially comprises the equity-accounted shares in associates and joint ventures that are measured on the basis of the share of the equity attributable to the Group. Financial information on associates and joint arrangements is disclosed in aggregated form in each case, as most of these entities are not individually material to the Group within the meaning of IFRS 12.21.

The item also includes strategic investments in associates and joint ventures of EUR 1 (1) million, which are measured at fair value through other comprehensive income as opposed to using the equity method. Please see Note 10 for information on investments in associates and joint ventures measured at fair value through profit or loss, which are used to cover liabilities from insurance contracts with discretionary surplus participation (VFA).

The Group holds 20% of ordinary shares in Monument Insurance Group Limited (MIGL). The equity interest is identical to the share of voting rights held and, with one seat on the Board of Directors, constitutes significant influence over MIGL. In addition, a subsidiary of MIGL also issued non-voting, non-callable preference shares in which the Group holds a 15.2% (24.4%) share. After eliminating internal preference shares, it holds a 13.7% share. MIGL is a life insurance group that acquires and winds up primarily European run-off life insurance portfolios/companies. At-equity measurement is based on consolidated financial statements prepared by the company as at 30 September in accordance with UK GAAP, reconciled to IFRS and adjusted for any significant transactions or other events.

The Group acquired 50% of shares in Joint HR MR Private Equity GmbH (Joint HR MR; formerly: MRB23), a wholly owned subsidiary of Münchener Rückversicherungs-Gesellschaft AG, on 22 December 2022. As a result of acquiring the investment, the Group, together with Münchener Rückversicherungs-Gesellschaft AG, obtained joint control of the company within the meaning of IFRS 11.16. The equity interests correspond to the distribution of voting rights. The purpose of the joint venture is to acquire, hold and manage long-term equity investments in private equity companies. After contributing shares in subsidiaries to the joint venture as at 31 December 2022, the equity carrying amount at the reporting date is around EUR 1.9 billion, unchanged on the figure as at 31 December 2023.

SHARES IN ASSOCIATES AND JOINT VENTURES[1]

EUR million	2023	2022
Carrying amount as at 31.12. of the previous year	**2,263**	**426**
Changes in the basis of consolidation	—	1,902
Additions	14	8
Disposals	—	—
Profit/loss from shares in associated companies and joint ventures	32	–41
Dividend payments	–26	–32
Adjustment recognised outside profit or loss	–22	–4
Exchange rate changes	–12	5
Carrying amount as at 31.12. of the financial year	**2,249**	**2,263**

[1] Of this figure, MIGL accounts for income of EUR 1 (–74) million, dividend payments of EUR –8 (–8) million, adjustments recognised outside profit or loss of EUR –2 (0) million and a carrying amount as at the end of the reporting period of EUR 82 (90) million, with Joint HR MR accounting for earnings of EUR 15 (0) million, adjustments recognised outside profit or loss of EUR –21 (0) million and a carrying amount of EUR 1,902 (1,901) million.

The goodwill of all equity-accounted companies amounted to EUR 50 (52) million at the year-end. As in the prior year, there were no shares of losses incurred by associates not recognised in the financial year.

For further information on the Group's share in the capital of associates and joint ventures, please refer to the "List of Shareholdings" section on pages 323 ff.

There were no obligations resulting from contingent liabilities of associates and joint ventures as at the end of the reporting period.

AGGREGATED FINANCIAL INFORMATION ON SHARES IN ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD[1]

EUR million	2023	2022
Profit from continuing operations	69	–285
Profit after tax from discontinued operations	—	—
Other comprehensive income	–53	–32
Total comprehensive income	**16**	**–317**

[1] Of this figure, MIGL accounts for profit from continuing operations of EUR 5 (–358) million and other comprehensive income of EUR –9 (0) million, with Joint HR MR accounting for profit from continuing operations of EUR 29 (0) million and other comprehensive income of EUR –42 (0) million.

MIGL – CONDENSED BALANCE SHEET

EUR million	2023	2022
Current assets	1,268	1,389
Non-current assets	13,509	10,973
Current liabilities	202	270
Non-current liabilities	13,957	11,401
Equity as at 30.09.	617	690
Updated equity as at 31.12.	590	449
of which attributable to non-controlling interest	15	55

MIGL – RECONCILIATION TO THE CARRYING AMOUNTS

EUR million	2023	2022
Updated equity as at 01.01.	449	794
Capital increase	233	—
Capital reduction	—	—
Net income	–34	–358
Other comprehensive income	—	—
Changes in ownership interest without a change in control	–9	—
Changes in the basis of consolidation	—	45
Dividends paid	50	32
Updated equity as at 31.12.	590	449
of which attributable to non-controlling interests	15	55
Group interest in capital	14.2%	23.0%
Group interest in equity	82	91
Goodwill	—	—
Carrying amount of the Group's share	82	91

JOINT HR MR – CONDENSED BALANCE SHEET

EUR million	2023	2022
Cash and cash equivalents	131	81
Other short term investments	289	557
Non-current assets	3,757	3,604
Current liabilities	40	108
Non-current liabilities	9	12
Equity as at 31.12.	4,128	4,121
of which attributable to non-controlling interest	324	319

JOINT HR MR – RECONCILIATION TO THE CARRYING AMOUNTS

EUR million	2023	2022
Equity as at 01.01.	4,121	—
Capital increase	7	4,121
Net income	49	—
Other comprehensive income	–49	—
Equity as at 31.12.	4,128	4,121
of which attributable to non-controlling interests	324	319
Group interest in capital	50.0%	50.0%
Group interest in equity	1,902	1,900
Goodwill	1	1
Carrying amount of the Group's share	1,902	1,901

(8) Financial instruments measured at amortised cost

	Amortised cost		Unrealised gains/losses		Fair value	
EUR million	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Other foreign government debt securities	27	30	–2	3	25	33
Corporate bonds	50	—	1	—	51	—
Mortgage loans	876	827	–141	–131	735	696
Other	1	—	—	—	1	—
Total	**954**	**857**	**–142**	**–128**	**811**	**729**

CONTRACTUAL MATURITIES

	Amortised cost		Fair value	
EUR million	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Due within 1 year	50	50	51	50
More than 1 year but less than 2 years	21	—	19	—
More than 2 years but less than 3 years	2	23	2	25
More than 3 years but less than 4 years	1	2	1	2
More than 4 years but less than 5 years	3	1	3	1
More than 5 years but less than 10 years	—	4	—	4
No duration	876	777	735	646
Total	**954**	**857**	**811**	**729**

RATING STRUCTURE FOR FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

	Amortised cost	
EUR million	31.12.2023	31.12.2022
AAA	—	—
AA	—	—
A	—	50
BBB or lower	27	30
Not rated	926	777
Total	**954**	**857**

The rating categories are based on the classifications used by the leading international rating agencies. The unrated financial instruments are essentially mortgage loans.

(9) Financial instruments measured at fair value through other comprehensive income

EUR million	Amortised cost 31.12.2023	Amortised cost 31.12.2022	Unrealised gains/losses 31.12.2023	Unrealised gains/losses 31.12.2022	Fair value 31.12.2023	Fair value 31.12.2022
Debt instruments						
Government debt securities issued by EU member states	15,702	16,619	–1,354	–2,154	14,348	14,465
US Treasury notes	12,018	12,328	–690	–796	11,328	11,532
Other foreign government debt securities	7,134	5,486	–129	–266	7,005	5,220
Debt securities issued by quasi-governmental entities	28,782	27,851	–5,036	–5,952	23,746	21,899
Corporate bonds	32,901	33,014	–1,873	–3,715	31,029	29,299
Covered bonds/asset-backed securities	21,368	21,122	–1,785	–2,581	19,584	18,541
Other	655	592	–7	13	648	605
Total debt instruments	**118,560**	**117,013**	**–10,873**	**–15,452**	**107,687**	**101,561**
Equity instruments						
Equities	1,331	1,220	188	42	1,519	1,262
Other participating interests (financial investments)	2	2	1	1	3	3
Total equity instruments	**1,333**	**1,222**	**189**	**43**	**1,522**	**1,265**
Total	**119,893**	**118,235**	**–10,684**	**–15,409**	**109,210**	**102,826**

Changes in fair value for the equity instruments shown are recognised directly in other comprehensive income, essentially because of a dividend-based investment strategy. Equity instruments of EUR 62 (123) million from these investments were disposed of in the reporting period. These accounted for unrealised gains and losses of EUR 11 (–1) million. Dividends paid on investments sold in the reporting period came to EUR 2 (0) million.

CONTRACTUAL MATURITIES

EUR million	Fair value 31.12.2023	Fair value 31.12.2022	Amortised cost 31.12.2023	Amortised cost 31.12.2022
Due within 1 year	11,693	12,101	11,748	12,134
More than 1 year but less than 2 years	8,115	6,451	8,267	6,623
More than 2 years but less than 3 years	10,524	6,801	10,793	7,134
More than 3 years but less than 4 years	7,360	9,080	7,590	9,630
More than 4 years but less than 5 years	7,265	6,620	7,459	7,175
More than 5 years but less than 10 years	28,086	26,798	29,783	30,249
More than 10 years	34,201	33,283	42,445	43,606
No duration	443	427	474	462
Total	**107,687**	**101,561**	**118,560**	**117,013**

RATING STRUCTURE

EUR million	Fair value 31.12.2023	Fair value 31.12.2022
AAA	34,432	44,212
AA	28,612	16,287
A	20,327	17,553
BBB or lower	22,030	21,305
Not rated	2,287	2,204
Total	**107,687**	**101,561**

The rating categories are based on the classifications used by the leading international rating agencies.

(10) Financial instruments measured at fair value through profit or loss

EUR million	31.12.2023	Fair value 31.12.2022
Debt instruments		
US Treasury notes	—	19
Other foreign government debt securities	67	6
Debt securities issued by quasi-governmental entities	37	37
Corporate bonds	1,150	994
Covered bonds/asset-backed securities	17	14
Profit participating certificates	92	114
Life settlement contracts	13	13
Other	53	70
Total debt instruments	**1,429**	**1,268**
Equity instruments		
Equities	122	121
Shares in associates and joint ventures	190	184
Other participating interests	—	6
Other equity instruments at fair value through profit or loss	10	—
Total equity instruments	**322**	**311**
Derivatives	415	593
Funds classified as at fair value through profit or loss	8,906	8,223
Investment contracts	1,971	1,792
Short-term investments	2,233	1,897
Total	**15,276**	**14,084**

CONTRACTUAL MATURITIES OF DEBT INSTRUMENTS

EUR million	31.12.2023	Fair value 31.12.2022
Due within 1 year	130	114
More than 1 year but less than 2 years	145	78
More than 2 years but less than 3 years	251	67
More than 3 years but less than 4 years	80	124
More than 4 years but less than 5 years	111	27
More than 5 years but less than 10 years	30	123
More than 10 years	567	586
No duration	116	149
Total	**1,429**	**1,268**

Short-term investments consist predominantly of overnight money and time deposits with a maturity of up to one year. The fair value of these deposits therefore corresponds largely to their carrying amount.

RATING STRUCTURE OF DEBT INSTRUMENTS

EUR million	31.12.2023	Fair value 31.12.2022
AAA	91	66
AA	36	33
A	407	330
BBB or lower	583	463
Not rated	312	376
Total	**1,429**	**1,268**

The rating categories are based on the classifications used by the leading international rating agencies.

(11) Other investments

INFRASTRUCTURE INVESTMENTS

EUR million	2023	2022
Gross carrying amount as at the end of the previous year	**659**	**659**
Additions	2	1
Gross carrying amount as at the end of the financial year	**661**	**659**
Accumulated depreciation and impairment losses as at the end of the previous year	**–265**	**–236**
Reversal of impairments	2	4
Depreciation and impairment losses		
Depreciation	–32	–34
Accumulated depreciation and impairment losses as at the end of the financial year	**–295**	**–265**
Carrying amount as at the end of the previous year	394	423
Carrying amount as at the end of the financial year	**366**	**394**

Non-current assets from infrastructure investments relate to investments in wind farms. There are no restrictions on the disposal of these assets, and they have not been pledged as collateral. This item does not include wind farms under construction.

(12) Impairment losses on financial instruments

LOSS ALLOWANCE ON FINANCIAL INSTRUMENTS

EUR million	Opening balance	Transfer to Level 1	Transfer to Level 2	Transfer to Level 3	Additions	Disposals	Other	Closing balance
2023								
Measurement category								
Financial instruments measured at amortised cost (Level 1)	2	—	—	—	—	—	—	2
Financial instruments measured at fair 240value through other comprehensive income (Level 1)	87	12	–6	—	32	–18	–17	90
Financial instruments measured at fair value through other comprehensive income (Level 2)	48	–12	13	–9	—	–12	22	51
Financial instruments measured at fair value through other comprehensive income (Level 3)	134	—	–8	9	—	–8	7	134
Simplified impairment model	15	—	—	—	4	–2	1	18
Total	**286**	**—**	**—**	**—**	**36**	**–40**	**12**	**294**

LOSS ALLOWANCE ON FINANCIAL INSTRUMENTS

EUR million	Opening balance	Transfer to Level 1	Transfer to Level 2	Transfer to Level 3	Additions	Disposals	Other	Closing balance
2022								
Measurement category								
Financial instruments measured at amortised cost (Level 1)	—	—	—	—	2	—	—	2
Financial instruments measured at fair value through other comprehensive income (Level 1)	73	9	–12	–1	27	–17	7	87
Financial instruments measured at fair value through other comprehensive income (Level 2)	45	–9	12	–47	—	–16	62	48
Financial instruments measured at fair value through other comprehensive income (Level 3)	9	—	—	48	—	–3	79	134
Simplified impairment model	14	—	—	—	—	—	1	15
Total	**143**	**—**	**—**	**—**	**29**	**–35**	**150**	**286**

CARRYING AMOUNT BY RISK CLASS [1]

EUR million	Level 1	Level 2	Level 3
2023			
AAA	34,432	—	—
AA	28,612	—	—
A	20,327	—	—
BBB or lower	21,633	318	25
Not rated	1,926	514	853
Total [2]	**106,930**	**832**	**878**

[1] Only financial instruments measured at amortised cost and at fair value through other comprehensive income (debt instruments).
[2] In addition, no ratings are tracked for other assets in the amount of EUR 935 million that are subject to the simplified impairment model due to their short-term nature.

CARRYING AMOUNT BY RISK CLASS [1]

EUR million	Level 1	Level 2	Level 3
2022			
AAA	44,212	—	—
AA	16,287	—	—
A	17,906	10	—
BBB or lower	20,973	605	33
Not rated	1,655	647	89
Total [2]	**101,034**	**1,262**	**122**

[1] Only financial instruments measured at amortised cost and at fair value through other comprehensive income (debt instruments).
[2] In addition, no ratings are tracked for other assets in the amount of EUR 917 million that are subject to the simplified impairment model due to their short-term nature.

Further information on the Group's credit risk and risk management methods can be found in the risk report section of the Group management report ("Risks from investments" section).

(13) Fair value hierarchy – financial instruments

Fair value hierarchy

For disclosures purposes required by IFRS 13, both investments that are accounted for at fair value and assets and liabilities that are recognised at amortised cost but for which fair value must be disclosed in the annual report (investments not measured at fair value) must be assigned to a three-level fair value hierarchy.

The fair value hierarchy reflects the characteristics of the pricing information and inputs used for measurement, and is structured as follows:

Level 1: Assets and liabilities that are measured using (unadjusted) prices quoted directly in active, liquid markets. These primarily include listed equities, futures and options, investment funds and highly liquid bonds traded in regulated markets.

Level 2: Assets and liabilities that are measured using observable market data and that are not allocated to Level 1. Measurement is based in particular on prices for comparable assets and liabilities that are traded in active markets, prices in markets that are not deemed active, and inputs derived from such prices and market data. Among other things, this level includes assets measured on the basis of yield curves, such as promissory note loans and registered debt securities. Also allocated to Level 2 are market prices for bonds with limited liquidity, such as corporate bonds.

Level 3: Assets and liabilities that cannot be measured or can only be measured in part using inputs observable in the market. These instruments are mainly measured using valuation models and techniques. This level primarily includes funds (including equity instruments) and real estate.

If inputs from different levels are used to measure an investment, the lowest input level is used to measure the investment.

Allocation to the fair value hierarchy levels is reviewed at a minimum at the end of each period. Transfers are shown as if they had taken place at the beginning of the financial year.

Breakdown of investments measured at fair value

As at the end of the reporting period, we allocate around 5% (5%) of the investments at fair value at Level 1 of the fair value hierarchy, 84% (84%) at Level 2 and 11% (11%) at Level 3.

There were no transfers between Level 2 and level 1 in the financial year or in the prior year.

As in the prior year, there were no liabilities issued with an inseparable third-party credit enhancement within the meaning of IFRS 13.98 as at the end of the reporting period. The credit enhancements are not reflected in the measurement of the fair value.

FAIR VALUE HIERARCHY – INVESTMENTS MEASURED AT FAIR VALUE

EUR million

Carrying amounts of investments measured at fair value by class	Level 1	Level 2	Level 3	Carrying amount
31.12.2023				
Assets measured at fair value				
Investment property	—	—	3,426	3,426
Shares in affiliated companies, associates, joint ventures and participating interests	58	1	1,050	1,108
Financial instruments measured at fair value through other comprehensive income				
Debt instruments	5	105,252	2,430	107,687
Equity instruments	1,519	—	3	1,522
Financial instruments measured at fair value through profit or loss				
Debt instruments classified as at fair value through profit or loss	12	1,215	202	1,429
Equity instruments classified as at fair value through profit or loss	102	—	220	322
Derivatives	—	214	200	415
Funds classified as at fair value through profit or loss	628	1,943	6,335	8,906
Investment contracts				
Financial instruments classified as at fair value through profit or loss	1,758	134	79	1,971
Short-term investments	2,213	20	—	2,233
Other assets				
Real estate held and used	—	—	108	108
Derivatives	—	2	—	2
Total assets measured at fair value	**6,295**	**108,782**	**14,053**	**129,130**
Financial liabilities measured at fair value				
Other liabilities (negative fair values from derivative financial instruments)				
Negative fair values from derivatives	—	267	9	276
Other liabilities (investment contracts)				
Financial instruments classified as at fair value through profit or loss	800	1,088	80	1,968
Liabilities designated as at fair value through profit or loss	12	—	—	12
Total financial liabilities measured at fair value	**812**	**1,355**	**89**	**2,256**

FAIR VALUE HIERARCHY – INVESTMENTS MEASURED AT FAIR VALUE

EUR million

Carrying amounts of investments measured at fair value by class	Level 1	Level 2	Level 3	Carrying amount
31.12.2022				
Assets measured at fair value				
Investment property	—	—	3,366	3,366
Shares in affiliated companies, associates, joint ventures and participating interests	58	1	893	951
Financial instruments measured at fair value through other comprehensive income				
Debt instruments	6	98,998	2,556	101,561
Equity instruments	1,262	—	3	1,265
Financial instruments measured at fair value through profit or loss				
Debt instruments classified as at fair value through profit or loss	14	1,020	234	1,268
Equity instruments classified as at fair value through profit or loss	97	—	214	311
Derivatives	—	330	264	593
Funds classified as at fair value through profit or loss	414	2,531	5,278	8,223
Investment contracts				
Financial instruments classified as at fair value through profit or loss	1,595	123	74	1,792
Short-term investments	1,881	11	5	1,897
Other assets				
Real estate held and used	—	—	118	118
Derivatives	—	13	—	13
Total assets measured at fair value	**5,327**	**103,026**	**13,005**	**121,359**
Financial liabilities measured at fair value				
Other liabilities (negative fair values from derivative financial instruments)				
Negative fair values from derivatives	—	415	14	430
Other liabilities (investment contracts)				
Financial instruments classified as at fair value through profit or loss	703	1,013	76	1,792
Liabilities designated as at fair value through profit or loss	13	—	—	13
Total financial liabilities measured at fair value	**716**	**1,429**	**90**	**2,235**

Analysis of investments (assets) for which significant inputs are not based on observable market data (Level 3)

RECONCILIATION OF INVESTMENTS (ASSETS) CLASSIFIED AS LEVEL 3 AT THE START OF THE REPORTING PERIOD TO CARRYING AMOUNTS AS AT 31 DECEMBER 2023

EUR million	Investment property	Participating interests	Debt instruments FVOCI	Equity instruments FVOCI	Debt instruments FVPL	Equity instruments FVPL	Derivatives	Funds FVPL	Investment contracts	Short-term investments	Real estate held and used	Financial assets total
2023												
Opening balance at the start of the reporting period	**3,366**	**893**	**2,556**	**3**	**234**	**214**	**264**	**5,278**	**74**	**5**	**118**	**13,005**
Income and expenses												
recognised in profit or loss	–231	–5	11	—	6	–5	53	–159	–1	—	–10	–341
recognised in other comprehensive income	—	70	56	—	—	—	—	—	—	—	—	126
Transfers into Level 3 [1]	—	—	—	—	—	—	—	611	—	—	—	611
Transfers out of Level 3	—	—	—	—	—	—	—	–35	—	—	—	–35
Additions												
Purchases	36	102	266	—	1	14	—	1,076	7	—	—	1,503
Disposals												
Sales	—	–1	–308	—	–17	–5	–119	–385	–2	–4	—	–842
Repayments/redemptions	–20	—	–127	—	–20	—	–1	—	—	—	—	–169
Exchange rate changes	—	–9	–17	—	–2	2	4	–66	—	—	—	–87
Other changes	275	—	–6	—	—	—	—	15	—	—	—	283
Closing balance at the end of the reporting period	**3,426**	**1,050**	**2,430**	**3**	**202**	**220**	**200**	**6,335**	**79**	**—**	**108**	**14,053**
2022												
Opening balance at the start of the previous period	**3,328**	**376**	**2,753**	**6**	**416**	**211**	**161**	**7,732**	**74**	**2**	**118**	**15,177**
Income and expenses												
recognised in profit or loss	12	–1	9	—	–3	–4	35	–22	—	—	—	25
recognised in other comprehensive income	—	145	–362	–3	—	—	—	—	—	—	—	–220
Transfers into Level 3	—	—	—	—	—	—	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—	—	—	—	—	—	—
Additions												
Purchases	—	1,233	336	—	33	9	51	1,545	1	2	—	3,210
Disposals												
Sales	—	–864	–66	—	–215	–3	–48	–2,618	—	—	—	–3,814
Repayments/redemptions	—	—	–148	—	–1	—	59	—	—	—	—	–91
Exchange rate changes	—	—	34	—	6	1	6	160	—	—	—	207
Other changes	26	3	—	—	–1	—	—	–1,518	—	—	—	–1,489
Closing balance at the end of the previous period	**3,366**	**893**	**2,556**	**3**	**234**	**214**	**264**	**5,278**	**74**	**5**	**118**	**13,005**

[1] Trading in an active market was discontinued.

Effect on profit or loss of Level 3 financial instruments (financial assets) measured at fair value

EUR million	Investment property	Participating interests	Debt instruments FVOCI	Equity instruments FVOCI	Debt instruments FVPL	Equity instruments FVPL	Derivatives	Funds FVPL	Investment contracts	Short-term investments	Real estate held and used	Financial assets total
2023												
Gains and losses in the financial year												
Investment income	39	1	16	—	8	6	62	180	—	—	1	312
Investment expenses	–270	–6	–5	—	–1	–11	–9	–339	—	—	–11	–652
of which attributable to financial instruments held as at the end of the reporting period												
Investment income	39	1	7	—	8	1	27	179	—	—	1	263
of which investment income from fair value changes	39	1	—	—	7	1	27	179	—	—	1	255
Investment expenses	–228	–6	–1	—	–1	–11	–13	–335	—	—	–2	–597
of which investment losses from fair value changes	–228	–6	—	—	–1	–11	–9	–335	—	—	–2	–592
2022												
Gains and losses in the previous year												
Investment income	112	7	9	—	3	49	101	411	—	—	8	699
Investment expenses	–100	–8	—	—	–6	–53	–66	–433	—	—	–8	–674
of which attributable to financial instruments held as at the end of the reporting period												
Investment income	112	7	5	—	2	49	101	283	—	—	8	568
of which investment income from fair value changes	112	7	—	—	1	49	101	283	—	—	8	560
Investment expenses	–100	–8	—	—	–6	–53	–66	–269	—	—	–8	–510
of which investment losses from fair value changes	–100	–8	—	—	–6	–53	–66	–269	—	—	–8	–510

Analysis of financial instruments (financial liabilities) for which significant inputs are not based on observable market data (Level 3)

RECONCILIATION OF INVESTMENT LIABILITIES CLASSIFIED AS LEVEL 3 AT THE START OF THE REPORTING PERIOD TO CARRYING AMOUNTS AS AT 31 DECEMBER 2023

EUR million	Other liabilities/ negative fair values from derivatives	Other liabilities/ negative fair values from hedging instruments	Investment contracts	Total financial liabilities
2023				
Opening balance at the start of the reporting period	**14**	**—**	**76**	**91**
Income and expenses				
recognised in profit or loss	1	—	—	1
recognised in other comprehensive income	—	—	—	—
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Additions				
Purchases	—	—	2	2
Disposals				
Sales	–7	—	–2	–9
Repayments/redemptions	—	—	—	—
Exchange rate changes	—	—	4	4
Other changes	—	—	—	—
Closing balance at the end of the reporting period	**9**	**—**	**80**	**89**
2022				
Opening balance at the start of the previous period	**22**	**85**	**75**	**183**
Income and expenses				
recognised in profit or loss	—	—	—	—
recognised in other comprehensive income	—	—	—	—
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Additions				
Purchases	—	—	1	1
Disposals				
Sales	—	–85	—	–85
Repayments/redemptions	–7	—	—	–7
Exchange rate changes	–2	—	—	–2
Other changes	1	—	—	1
Closing balance at the end of the previous period	**14**	**—**	**76**	**91**

Effect on profit or loss of level 3 financial instruments (financial liabilities) measured at fair value

EUR million	Other liabilities/ negative fair values from derivatives	Other liabilities/ negative fair values from hedging instruments	Investment contracts	Total financial liabilities
2023				
Gains and losses in the financial year				
Investment income	—	—	—	—
Investment expenses	1	—	—	1
of which attributable to financial instruments held as at the end of the reporting period				
Investment income	—	—	—	—
of which investment income from fair value changes	—	—	—	—
Investment expenses	1	—	—	1
of which investment losses from fair value changes	1	—	—	1
2022				
Gains and losses in the previous year				
Investment income	—	—	—	—
Investment expenses	—	—	—	—
of which attributable to financial instruments held as at the end of the reporting period				
Investment income	—	—	—	—
of which investment income from fair value changes	—	—	—	—
Investment expenses	—	—	—	—
of which investment losses from fair value changes	—	—	—	—

ADDITIONAL INFORMATION ABOUT THE MEASUREMENT OF LEVEL 3 INVESTMENTS

EUR million	Fair value 31.12.2023	Fair value 31.12.2022	Measurement technique	Unobservable inputs	Fluctuation (weighted average)
Unlisted equities funds, real estate funds and bond funds [2]	4,662	2,840	NAV method [3]	n.a.	n.a.
Real estate	4,051	3,484	German discounted cash flow method	Present value of future cash flows	n.a.
Private equity funds/private equity real estate funds [1]	1,549	3,885	NAV method [3]	n.a.	n.a.
Unlisted bonds	1,427	1,617	Present value method	Remeasurement rate, credit spread	2.15% (2.20%) n.a.
Unlisted bond funds [1]	946	241	NAV method [3]	n.a.	n.a.
Unlisted structured bonds	845	31	Hull-White; Interest rate models	Yield curve, volatility surfaces	n.a.
Insurance-related contracts [2]	469	592	Present value method	Fair values of CAT bonds, credit spread	n.a. [4]
Investment contracts	159	150	—	—	—
Unlisted asset backed securities/mortgage backed securities	33	34	Present value method		
CDOs/CLOs [2]	1	221	Present value method	Prepayment speed, risk premiums, default rates, recovery rates, redemptions	n.a. [4]

[1] These financial instruments are classified as Level 3, since they are neither based on market prices nor measured by the Group on the basis of observable inputs. They are measured using the NAV method.
[2] These financial instruments are classified as Level 3, since unobservable inputs are used to measure them.
[3] NAV: net asset value – alternative inputs within the meaning of IFRS 13 cannot be reasonably established.
[4] Fluctuations cannot be reasonably established without disproportionate effort due to the distinct character of the individual inputs.

If Level 3 investments are measured using models in which the use of reasonable alternative inputs leads to a material change in fair value, IFRS 7 requires disclosure of the effects of these alternative assumptions. Level 3 investments had fair values totalling EUR 14.1 (13.2) billion as at the reporting date. Of this figure, the Group generally measures EUR 8.0 (7.0) billion using the net asset value (NAV) method and the Hull-White method and EUR 1.5 (1.9) billion using the present value method (applying customer-specific credit spreads), under which alternative inputs within the meaning of the standard cannot reasonably be established. In addition, assets under investment contracts totalling EUR 80 (75) million are offset by liabilities from investment contracts in the same amount. We have not provided a scenario analysis since the assets and liabilities completely offset each other and their values perform similarly. Insurance-related contracts in the amount of EUR 469 (592) million are recognised in Level 3. The changes in value of these contracts depend on the changes in the risk characteristics of an underlying group of primary insurance contracts, which are subject to legal requirements for the recognition of technical provisions. The use of alternative inputs and assumptions has no material effect on the consolidated financial statements. Real estate measured at fair value of EUR 4.1 (3.5) billion is measured using the German discounted cash flow method.

The key factors (not observable in the market) in calculating the fair value of properties are standard market rent and the market return, which is essentially represented by the property return. In the event of a change in the standard market rent of +1% (–1%), the fair value likewise changes by around +1% (–1%). In the event of a change in the return of +1% (–1%), the fair value likewise changes by around –1% (+1%).

Measurement process

The measurement process aims to use either publicly available prices in active markets or measurements with economically established models that are based on observable inputs to ascertain the fair value of investments (Level 1 and Level 2 investments). In the case of assets for which publicly available prices or observable market data are not available (Level 3 assets), measurements are primarily made on the basis of documented valuations prepared by independent professional experts (e.g. audited net asset values, present value of future cash flows review) that have previously been subjected to systematic plausibility checks. The organisational unit entrusted with measuring investments is independent of the organisational units that take on the exposure to the investment risk, thus ensuring the separation of functions and responsibilities. The measurement processes and methods are documented in full. Decisions on measurement issues are taken by the Talanx Valuation Committee, which meets every month.

We do not make use of the portfolio measurement option permitted by IFRS 13.48.

FAIR VALUE HIERARCHY – INVESTMENTS AND ASSETS NOT MEASURED AT FAIR VALUE

EUR million	Level 1	Level 2	Level 3	Fair value
31.12.2023				
Financial assets not measured at fair value				
Financial instruments measured at amortised cost	—	25	786	811
Financial liabilities not measured at fair value				
Subordinated liabilities	4,818	—	70	4,887
Notes payable and loans	3,098	199	98	3,395
Assets not measured at fair value				
Investment property	—	80	3,323	3,402
Real estate held and used	—	113	696	810
31.12.2022				
Financial assets not measured at fair value				
Financial instruments measured at amortised cost	—	83	646	729
Financial liabilities not measured at fair value				
Subordinated liabilities	3,691	531	36	4,259
Notes payable and loans	3,641	219	73	3,933
Assets not measured at fair value				
Investment property	—	10	3,259	3,269
Real estate held and used	—	48	835	883

(14) Derivative financial instruments and hedge accounting

Derivatives

We use derivative financial instruments to hedge against interest rate, currency and other market risks and, to a limited extent, also to optimise income and realise intentions to buy and sell. The relevant regulatory requirements and the rules set out in the Group's internal investment guidelines are strictly observed, and prime-rated counterparties are always selected.

In addition, embedded derivatives in structured products and insurance contracts are separated from the underlying host contracts and recognised separately at fair value where this is required by IFRS 9 or IFRS 17.

Derivative financial instruments are initially measured at the fair value attributable to them at the transaction date. Thereafter, they are measured at the fair value applicable at each reporting date. For information on the measurement techniques, see the "Fair value measurement" subsection of the "Accounting policies" section on page 170.

The method adopted for recognising gains and losses depends on whether the derivative financial instrument was used as a hedging instrument under IFRS 9 and, if it was, on the nature of the hedged item or risk. In the case of derivatives that do not qualify as hedging instruments, changes in value are recognised in profit or loss under "Net investment income". This approach also applies to separated embedded derivatives associated with structured financial instruments and insurance contracts. In the case of hedging instruments, the Group classifies the derivatives as fair value hedges or cash flow hedges, depending on their purpose.

DERIVATIVE FINANCIAL INSTRUMENTS, BY BALANCE SHEET ITEM

EUR million	Hedging instrument under IFRS 9	31.12.2023	31.12.2022
Balance sheet item (positive fair values)			
Financial instruments measured at fair value through profit or loss (derivatives)	No	406	580
Financial instruments measured at fair value through profit or loss (hedging instruments)	Yes	9	13
Other assets from derivative financial instruments (hedging instruments)	Yes	2	13
Balance sheet item (negative fair values)			
Other liabilities:			
Liabilities from derivatives	No	–105	–140
Liabilities from derivatives (hedging instruments)	Yes	–171	–290
Total (offset)		**141**	**176**

Derivative financial instruments – not including hedging instruments – generated a gain from fair value changes of EUR 108 (86) million in the financial year. The gain realised on positions closed out in 2023 amounted to EUR 28 (21) million.

The fair values of our open derivative positions at the reporting date, including their associated notional amounts, are disclosed in the table "Maturities of derivative financial instruments", classified by risk type and maturity. Positive and negative fair values are offset in the table. Open positions from derivatives amounted to EUR 141 (176) million at the end of the reporting period, corresponding to 0.1% (0.1%) of total assets.

Disclosures on offsetting financial assets and liabilities

The Group enters into derivatives transactions on the basis of standardised master agreements that contain master netting arrangements. The netting arrangements described in table "Netting arrangements" do not generally meet the criteria for offsetting in the balance sheet because the Group has no enforceable right of set-off relating to the recognised amounts at the present time. The right of set-off is generally enforceable only when certain defined future events occur. Depending on the counterparty, collateral pledged or received is taken into account up to the amount of the related net liability or net asset.

Hedge accounting

The Group uses hedge accounting to compensate for changes in an underlying transaction's fair value or cash flows that are caused by changes in market prices by entering into a hedging instrument (derivative) whose changes in fair value or cash flows approximately offset those of the hedged item. Hedging is performed at the level of individual transactions (micro hedges). When a hedge is entered into, we document the hedging relationship between the hedged item and the hedging instrument, the risk management objective and the underlying hedging strategy. In addition, at the inception of the hedging relationship we document our assessment of the extent to which the hedging instruments will be highly effective in offsetting the changes in the fair value or cash flows of the hedged items. There is documented evidence of the effectiveness of the hedges.

MATURITIES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	Due within 1 year	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years	Other	31.12.2023 Total	31.12.2022
Interest rate hedges							
Fair value	–65	–93	–10	44	—	–124	–239
Notional amount	135	397	452	409	—	1,393	1,076
Currency hedges							
Fair value	41	24	–15	—	—	50	26
Notional amount	4,486	1,446	330	—	—	6,263	5,708
Equity and index hedges							
Fair value	28	—	—	—	—	28	21
Notional amount	795	—	—	—	—	795	646
Inflation hedge							
Fair value	1	3	2	–1	—	5	7
Notional amount	42	234	204	40	—	520	377
Derivatives associated with insurance contracts[1]							
Fair value	46	72	11	7	14	151	332
Credit risk							
Fair value	1	10	19	—	—	30	28
Notional amount	126	233	260	—	—	618	760
Other risks							
Fair value	—	—	—	—	—	—	—
Notional amount	—	—	—	—	—	—	—
Total hedges							
Fair value	**52**	**17**	**7**	**50**	**14**	**141**	**176**
Notional amount	**5,583**	**2,310**	**1,246**	**449**	**—**	**9,588**	**8,568**

[1] Financial instruments relate to embedded derivatives in the reinsurance business in particular. These are required by IFRS 17 to be separated from the underlying insurance contract and recognised separately. Due to the characteristics of these derivatives, it is not reasonably possible to disclose the notional amounts, and this information has therefore not been provided. These derivatives are recognised at fair value.

NETTING ARRANGEMENTS

EUR million	Fair value	Netting arrangement	Cash collateral received/ provided	Other collateral received/ provided	Net amount
31.12.2023					
Derivatives (positive fair values)	229	102	105	4	19
Derivatives (negative fair values)	255	102	8	80	65
31.12.2022					
Derivatives (positive fair values)	237	43	99	2	93
Derivatives (negative fair values)	305	43	34	78	151

Fair value hedges

The Group has designated forward sales as hedging derivatives in order to partially hedge changes in the fair value of fixed-income securities resulting from interest rate risk and spread risk. The hedge derivatives qualify for recognition as fair value hedges in the balance sheet due to the comparable risks involved in the hedging derivatives and the designated underlying transactions. Any changes in the fair value of the hedging derivatives are recognised in profit or loss under "Net investment income" together with the changes in the fair value of the underlying transactions (forward prices) that can be allocated to the hedged risk.

With regard to the fair value hedges, gains of EUR 0 (3) million from the hedge derivatives were recognised through profit or loss in the reporting period, along with gains of EUR 0 (20) million from the underlying transactions.

Cash flow hedges

The Group has hedged interest rate risk exposures in highly probable **future transactions**. This is done by recognising hedges comprising forward securities transactions (forward purchases) and planned securities purchases. These forward purchases are used to hedge the risk that scheduled reinvestments may generate low returns in future due to falling interest rates. The underlying transaction for the hedging instruments is the future investment at the returns/prices applicable at the time. In accordance with IFRS 9, hedges of forecast transactions are accounted for as cash flow hedges. A foreign exchange risk was also hedged in the year under review by way of currency forwards and an option was exercised in connection with a business combination.

To reduce the inflation risk of payments of a morbidity loss reserve portfolio, we began concluding **inflation swaps in the form of cash flow hedges** in financial year 2022. The primary purpose of these is to hedge against fluctuations in reinsurance payments due. They are structured in such a way that separate inflation swaps are concluded for the claims and claim expenses incurred in each year. These financial instruments result in the recognition of other financial instruments at fair value in income in the amount of EUR 4 (2) million. Equity from hedges rose by EUR 2 (2) million through other comprehensive income as a result of the hedge. If the hedged items are not financial instruments, the ineffective portion is recognised in "Other income/expenses".

Hannover Rück SE has been purchasing hedging instruments in the form of equity swaps (cash flow hedges) since 2014 in order to **hedge against price risks** associated with the stock appreciation rights granted under its share award plan.

As at the reporting date, the Group held derivative financial instruments (currency forwards) in the area of primary insurance and reinsurance that were entered into as **hedges of currency risks relating to long-term investments in foreign businesses**.

The effective portion of hedging instruments measured at fair value is recognised in equity in the reserve for cash flow hedges, net of deferred taxes and any policyholder participation. By contrast, the ineffective portion of such changes in fair value is recognised directly in "Net investment income" in the statement of income in those cases in which the hedged items are financial instruments (hedges of forecast transactions). If the hedged items are not financial instruments, the ineffective portion is recognised in "Other income/expenses" (hedges of price risks in connection with stock appreciation rights granted). If hedged transactions result in the recognition of financial assets, the amounts recognised in equity are amortised over the life of the acquired asset.

The following table presents the changes in the reserve for cash flow hedges (before taxes and policyholder participation):

CHANGES IN THE RESERVE FOR CASH FLOW HEDGES

EUR million	2023	2022
Carrying amount as at 31.12. of the previous year (before taxes)	–165	118
Additions (hedges of forecast transactions)	–9	–253
Additions (hedges of price risks)	1	2
Additions (hedges of currency risks relating to long-term investments)	49	28
Additions (hedges of inflation risks)	2	2
Reversals to the statement of income (hedges of forecast transactions)	–24	–63
Reversals to the balance sheet (acquisitions)	–59	—
Carrying amount as at 31.12. of the financial year (before taxes)	**–206**	**–165**

The reserve for cash flow hedges changed by EUR –40 (–284) million before taxes and by EUR –29 (–189) million net of taxes in the reporting period. A total of EUR 15 (20) million was amortised in the statement of income in 2023 in connection with forward purchases falling due and EUR 9 (43) million was amortised in connection with forward purchases terminated early, resulting in gains being realised in "Net investment income".

As in the previous financial year, no material ineffectiveness of cash flow hedges was recognised through profit or loss in the reporting period.

The expected cash flows from cash flow hedges were as follows:

CASH FLOWS OF HEDGED FORECAST TRANSACTIONS

EUR million	31.12.2023	31.12.2022
Cash flows of hedged items	**459**	**710**
Due within 1 year	157	251
More than 1 year and up to 5 years	234	392
More than 5 years and up to 10 years	67	67

There were no forecast transactions in 2023 that had previously been included in hedging relationships but that are no longer likely to occur in the future.

Fair values of hedging instruments

The fair values of derivative financial instruments designated in connection with hedge accounting were as follows:

HEDGING INSTRUMENTS

EUR million	31.12.2023	31.12.2022
Fair value hedges		
Forward sales	—	—
Cash flow hedges		
Forward securities transactions	–170	–290
Equity swaps	2	8
Inflation Swaps	4	2
	–163	**–280**
Hedges of currency risks relating to long-term investments		
Currency forwards	2	17
Total	**–161**	**–264**

Net gains or losses on hedging derivatives recognised in the statement of income in the reporting period amounted to EUR 24 (66) million. They related to the amortisation of equity amounts (EUR 24 (63) million), changes in fair value recognised through profit or loss as a result of ineffectiveness (EUR 0 [0] million) and changes in fair value from fair value hedges (EUR 0 [3] million).

Derivatives associated with insurance contracts

A number of contracts in the Life/Health Reinsurance segment have characteristics that require the IFRS 17 requirements for embedded derivatives to be applied. According to these requirements, certain derivatives embedded in reinsurance contracts must be separated from the host insurance contract and recognised separately in accordance with IFRS 9 in "Net investment income". Fluctuations in the fair value of the derivative components in following periods must be recognised through profit or loss.

A number of transactions underwritten in previous years for the Life/Health Reinsurance segment involved Hannover Re companies offering their contract partners cover for risks associated with possible future payment obligations under hedging instruments. These transactions are also required to be classified as derivative financial instruments. The payment obligations result from contractually defined events and relate to changes in an underlying group of primary insurance contracts with statutory reserving requirements. Under IFRS 9, the contracts must be classified and recognised as free-standing credit derivatives. These derivative financial instruments were initially recognised outside profit or loss because receivables were required to be recognised in the same amount. The fair value of these instruments at the end of the reporting period amounted to EUR 16 (21) million and was reported in other financial instruments at fair value through profit or loss. Changes in fair value in subsequent periods depend on risk trends and lifted earnings by EUR 39 (42) million in the financial year.

The portfolio contains hedges against an extreme rise in mortality, because the Reinsurance Division hedges against a rise in mortality rates, for example due to pandemics, natural disasters or terror attacks. The risk swap is indexed to a weighted, combined population mortality in the US, the UK and Australia. Coverage pays out between 110% and 120% of the mortality index. As at the reporting date, the derivative had a negative fair value of EUR 2 million (positive fair value: EUR 126 million) and was recognised under other liabilities. The change in the value of the derivative resulted in earnings of EUR 14 (87) million over the course of the year.

The Life/Health Reinsurance segment also previously entered into a reinsurance contract including a financing component under which the amount and timing of returns are dependent on lapse rates in an underlying primary insurance portfolio. This contract and a corresponding retrocession agreement, which were required to be classified as financial instruments under IFRS 9, resulted in the recognition of other liabilities of EUR 9 (14) million and of financial instruments at fair value through profit or loss of EUR 126 (124) million. Overall, these two contracts lifted earnings by EUR 11 million in the financial year (reduced earnings by EUR 4 million).

Index-based coverage of longevity risks was taken out at the end of the financial year 2017. The resulting derivative was recognised as at the reporting date at a positive fair value of EUR 7 (6) million in other financial instruments at fair value through profit or loss. The change in the value of this derivative resulted in earnings of EUR 4 (4) million over the course of the year.

Coverage of biometric risks containing a financing component was taken out in the Life/Health Reinsurance segment in financial year 2022. In accordance with IFRS 9, a derivative financial instrument must be unbundled from this. In the reportng period, the derivative resulted in the recognition of other financial instruments at fair value in income in the amount of EUR 13 (70) million. The change in the value of the derivative resulted in earnings of EUR 4 (0) million over the course of the financial year.

Overall, application of the accounting requirements for insurance derivatives led to the recognition of assets totalling EUR 162 (347) million and of liabilities associated with insurance derivatives of EUR 11 (14) million as at the reporting date. Increases in earnings of EUR 72 (133) million and decreases in earnings of EUR 0 (4) million were recorded in the reporting period from all insurance derivatives required to be measured separately.

Financial guarantee contracts

Structured transactions were entered into in the Life/Health Reinsurance segment in order to finance statutory reserves ("Triple X" or "AXXX" reserves) for US cedants. These structures required the use of a special purpose entity in each case. These entities bear extreme mortality risks above a contractually defined retention ratio that have been securitised by the cedants and transfer them via a fixed/variable-rate swap to a company belonging to the Hannover Rück SE Group. The total contractually agreed transaction capacity is the equivalent of EUR 795 (1,291) million; the equivalent of EUR 735 (1,096) million had been underwritten as at the reporting date. The variable payments to the special purpose entities guaranteed by Hannover Rück SE companies cover the formers' payment obligations. For some transactions, payments resulting from the swaps in the event of claims are reimbursed by the cedants' parent companies under compensation agreements. In this case, the reimbursement claims under the compensation agreements must be capitalised separately from, and up to the amount of, the provision.

Under IFRS 9, these transactions must be recognised at fair value as financial guarantee contracts. Hannover Rück SE uses the net method for this, under which the present value of the agreed fixed swap premiums is netted against the present value of the guarantee commitment. The fair value on initial recognition therefore amounted to zero. The higher of adjusted historical cost and the amount required to be reported as a provision in accordance with IAS 37 is recognised when utilisation is considered probable. This was not the case as at the reporting date.

(15) Other assets

OTHER ASSETS

EUR million	2023	2022
Real estate held and used – measured at amortised cost	708	721
Real estate held and used – measured at fair value	108	118
Tax assets	647	607
Operating and office equipment	162	158
Interest and rent due	26	26
Derivative financial instruments – hedges	2	13
Other property, plant and equipment	25	21
Miscellaneous assets	2,805	2,447
Carrying amount as at 31.12. of the financial year	**4,483**	**4,110**

Restrictions on disposal and guarantee assets relating to real estate held and used amounted to EUR 405 (488) million as at 31 December 2023. Capitalised expenditures for property, plant and equipment under construction totalled EUR 5 (2) million as at the end of the reporting period.

CHANGES IN REAL ESTATE HELD AND USED

EUR million	2023	2022
Gross carrying amount as at the end of the previous year	**1,097**	**1,075**
Changes in the basis of consolidation	22	–1
Additions	53	59
Disposals	–16	–43
Reclassifications	—	–1
Exchange rate changes	10	8
Gross carrying amount as at the end of the reporting period	**1,167**	**1,097**
Accumulated depreciation and impairment losses as at the end of the previous year	**–376**	**–320**
Additions	–5	—
Disposals	13	27
Depreciation and impairment losses		
Depreciation	–87	–74
Impairment losses	–5	–6
Reversals of impairment losses	2	—
Reclassifications	—	1
Exchange rate changes	–2	–3
Accumulated depreciation and impairment losses as at the end of the reporting period	**–459**	**–376**
Carrying amount as at the end of the previous year	721	755
Carrying amount as at the end of the reporting period	**708**	**721**

CHANGES IN OPERATING AND OFFICE EQUIPMENT

EUR million	2023	2022
Gross carrying amount as at the end of the previous year	**521**	**472**
Changes in the basis of consolidation	23	—
Additions	88	59
Disposals	–21	–31
Reclassifications	5	8
Exchange rate changes	–1	12
Gross carrying amount as at the end of the reporting period	**615**	**521**
Accumulated depreciation and impairment losses as at the end of the previous year	**–363**	**–326**
Additions	–19	—
Disposals	13	27
Depreciation and impairment losses		
Depreciation	–83	–51
Reclassifications	—	–2
Exchange rate changes	–1	–10
Accumulated depreciation and impairment losses as at the end of the reporting period	**–453**	**–363**
Carrying amount as at the end of the previous year	158	147
Carrying amount as at the end of the reporting period	**162**	**158**

MISCELLANEOUS ASSETS

EUR million	2023	2022
Investment receivables	117	113
Claims under pension liability insurance/ surrender values	116	114
Prepaid insurance benefits	4	1
Prepaid expenses	170	153
Other financial instruments – measured at cost	935	917
of which trade accounts receivable (gross)	207	154
of which receivables from non-Group lead business (gross)	533	529
of which other receivables (gross)	212	250
of which expected credit losses (gross)	–18	–15
Other miscellaneous assets	1,464	1,148
Total	**2,805**	**2,447**

Other assets essentially include accounts receivable not allocated to the technical items.

Notes to the consolidated balance sheet – equity and liabilities

(16) Equity

Changes in equity and non-controlling interests

COMPOSITION OF EQUITY

EUR million	31.12.2023	31.12.2022[1]
Subscribed capital	323	317
Capital reserves	1,685	1,394
Retained earnings	7,468	7,292
Other reserves	–611	–1,068
Group net income	1,581	706
Non-controlling interests in equity	6,347	5,692
Total	**16,793**	**14,332**

[1] Adjusted in accordance with IAS 8, see the "Accounting policies" section of the Notes.

The EUR 6 (1) million rise in subscribed capital and the EUR 291 (9) million increase in capital reserves are the result of the capital increase carried out. Directly attributable costs of EUR 3 million in connection with the capital increase were offset against capital reserves through other comprehensive income.

Other reserves include gains and losses from currency translation of EUR –355 (–307) million..

UNREALISED GAINS AND LOSSES INCLUDED IN OTHER RESERVES

EUR million	31.12.2023	31.12.2022
From investments	–8,496	–12,270
From insurance finance income or expenses from insurance contracts issued	9,285	12,319
From insurance finance income or expenses from reinsurance contracts held	–227	–350
From cash flow hedges	–195	–154
From the measurement of associates using the equity method	–8	9
Other changes	–724	–649
less/plus		
Deferred taxes recognised directly in equity	110	333
Non-controlling interests in equity	–72	–179
Total	**–327**	**–941**

Non-controlling interests in equity primarily consist of the interests in the equity of the Hannover Re subgroup held by non-Group companies.

RECONCILIATION ITEMS FOR NON-CONTROLLING INTERESTS IN EQUITY

EUR million	31.12.2023	31.12.2022
Unrealised gains and losses on investments	–1,345	–2,161
Share of net income	964	1,196
Other equity	6,727	6,657
Total	**6,347**	**5,692**

Subscribed capital

The share capital was EUR 323 (317) million and is composed of 258,228,991 (253,350,943) no-par value registered shares; it is fully paid up. The nominal value per share is EUR 1.25.

For details of the composition of equity, please see the "Consolidated statement of changes in equity".

Contingent capital

On 5 May 2022, the Annual General Meeting resolved to contingently increase the share capital by up to EUR 94 million, composed of up to 75,000,000 new no-par value shares (contingent Capital I). The contingent capital increase serves to grant no-par value shares to holders of registered bonds to be issued against cash contributions in the period up to 4 May 2027 by Talanx AG or a subordinate Group company within the meaning of section 18 of the German Stock Corporation Act (AktG) on the basis of the authorisation granted to the Board of Management under the Annual General Meeting's resolution of the same date. The shares will be used to satisfy the contingent conversion obligation.

The same Annual General Meeting resolved to contingently increase the share capital by up to EUR 63 million by issuing up to 50,000,000 new no-par value shares (contingent Capital II). The contingent capital increase serves to grant no-par value shares to holders of bonds (convertible bonds and bonds with warrants) and participating bonds and profit participation rights with conversion rights or warrants or (contingent) conversion obligations and/or subordinated (hybrid) financial instruments to create equity components within the meaning of section 89 of the German Insurance Supervision Act (VAG) (or a subsequent regulation) or within the meaning of the Solvency 2 Directive (Directive 2009/138/EC) and the latest version of related national measures or measures adopted by the European Union, where the issue of these must be approved by the Annual General Meeting under section 221 of the German Stock Corporation Act (AktG), for example due to profit-related interest, the structure of loss participation or for other reasons, to be issued by Talanx AG or its subordinate Group companies within the meaning of section 18 of the AktG in the period between 5 May 2022 and 4 May 2027 on the basis of the authorising resolution adopted by the Annual General Meeting on the same date.

The amendments to the Articles of Association took effect on their entry in the commercial register on 2 June 2022.

Authorised capital

The Annual General Meeting on 5 May 2022 resolved to renew the authorised capital in accordance with article 7(1) of Talanx AG's Articles of Association and to insert a new article 7(1) authorising the Board of Management, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to 4 May 2027 by a maximum of EUR 152 million by issuing new no-par value registered shares in exchange for cash or non-cash contributions (authorised Capital 2022/I). Subject to the approval of the Supervisory Board, EUR 2.2 million of this may be used to issue employee shares. Shareholders' pre-emptive rights may be disapplied in the case of cash capital increases for certain specified purposes, subject to the approval of the Supervisory Board. They may be disapplied in the case of non-cash capital increases, also subject to the approval of the Supervisory Board, where this is in the Company's overriding interest. The total shares issuable on the basis of this authorisation while excluding pre-emptive rights may not exceed 10% of the share capital.

The amendment to the Articles of Association took effect on its entry in the commercial register on 2 June 2022.

Capital management

The primary objective of the Talanx Group's capital management activities is to safeguard the Group's financial strength and enhance its capital efficiency. For detailed information on the capital management we refer to the disclosures to the capital management process in the "Financial position" subsection in the "Assets, liabilities, financial position and financial performance" section in the management report.

Treasury shares

An employee share programme was launched for 2023, under which adult trainees/employees at German companies (excluding Hannover Rück SE) and foreign trainees/employees in the Industrial Lines segment could acquire up to 480 discounted Talanx shares. The exercise price was based on the lowest daily rate on the Frankfurt and Hannover stock exchanges on 22 November 2023 and came to EUR 64.95, less the discount of EUR 3 to EUR 15 per share. The shares were acquired by repurchasing own shares in November. The shares were resold in December. A total of 167,813 shares were purchased via XETRA at an average price of EUR 59.63. The employee share programme did not have any effects on equity. The transaction resulted in personnel expenses of EUR 0.9 (2.2) million. The employee shares are subject to a lock-up period which expires on 30 November 2025.

(17) Subordinated liabilities

A number of Group companies have issued long-term subordinated debt instruments in the past, some of which are listed, in order to optimise the Group's capital structure and to ensure compliance with regulatory liquidity (solvency) requirements.

The EUR 500 million subordinated bond issued by Hannover Finance (Luxembourg) S. A. in 2012 was called and repaid at the earliest possible call date, 30 June 2023.

On 18 September 2023, Talanx AG drew down a EUR 750 million credit line in the form of a subordinated bond under the master agreement concluded with HDI V. a. G. in 2021. This credit line can be cancelled on a monthly basis and matures in 2026. EUR 750 million of the credit line had been drawn down as at the reporting date.

LONG-TERM SUBORDINATED DEBT

EUR million	Nominal amount	Coupon	Maturity	Rating[2]	Issue	31.12.2023	31.12.2022
Talanx AG	750	Fixed (2.25%)	2017/2047	(—; A–)	These subordinated bonds were issued on the European capital market in 2017. They can be called for the first time under normal conditions time in 2027.	750	750
Talanx AG	750	Floating rate (4,16%)	2023/2026	(—; —)	Credit line in the form of a subordinated bond that can be cancelled monthly.	750	—
Talanx AG	500	Fixed (1.75%), then floating rate	2021/2042	(—; A–)	These subordinated bonds were issued on the European capital market in 2021. They can be called for the first time under normal conditions in 2032.	496	496
Hannover Rück SE	750	Fixed (5.875%), then floating rate	2022/2043	(—; A)	These subordinated bonds were issued on the European capital market in 2022. They can be called for the first time under normal conditions in 2033.	746	746
Hannover Rück SE	750	Fixed (1.375%), then floating rate	2021/2042	(—; A)	These subordinated bonds were issued on the European capital market in 2021. They can be called for the first time under normal conditions in 2031.	745	744
Hannover Rück SE	500	Fixed (1.75%), then floating rate	2020/2040	(—; A)	These subordinated bonds were issued on the European capital market in 2020. They can be called for the first time under normal conditions in 2030.	496	496
Hannover Rück SE	750	Fixed (1.125%), then floating rate	2019/2039	(—; A)	These subordinated bonds were issued on the European capital market in 2019. They can be called for the first time under normal conditions in 2029.	744	742
Hannover Rück SE[1]	450	Fixed (3.375%), then floating rate	2014/no maturity	(a+; A)	These subordinated bonds were issued on the European capital market in 2014. They can be called for the first time under normal conditions in 2025.	449	448
Hannover Finance (Luxembourg) S. A.	500	Fixed (5.0%), then floating rate	2012/2043	(aa–; A)	These guaranteed subordinated bonds in the amount of EUR 500 million were issued in 2012 on the European capital market. They can be called for the first time under normal conditions after ten years.	—	500
HDI Assicurazioni S. p. A.[3]	25	Fixed (7.25%)	2020/2030	(—; —)	These subordinated bonds in the amount of EUR 25 million were issued in 2020 on the European capital market. They can be called for the first time under normal conditions after five years.	34	35
HDI Assicurazioni S. p. A.	27	Fixed (5.5%)	2016/2026	(—; —)	Subordinated loan.	28	28
HDI Assicurazioni S. p. A.	11	Fixed (5,7557%)	2020/2030	(—; —)	Two subordinated loans, callable after ten years.	11	11
HDI Global SE	13	Fixed (1.70%), then floating rate	2021/2041	(—; —)	Two subordinated loans, callable after ten years.	13	13
Total						**5,262**	**5,009**

[1] In addition, Group companies (included in the consolidated financial statements) held bonds with a nominal amount of EUR 50 million as at the reporting date.
[2] AM Best debt rating; S&P debt rating.
[3] Subordinated loan of the merged company HDI Italia S. p. A.

FAIR VALUES OF SUBORDINATED LIABILITIES MEASURED AT AMORTISED COST

EUR million	31.12.2023	31.12.2022
Amortised cost	5,262	5,009
Unrealised gains/losses	–375	–751
Fair value	**4,887**	**4,259**

The fair values of the issued liabilities are generally based on quoted prices in active markets. Where such price information was not available, fair value was measured on the basis of the recognised effective interest method or was estimated using other financial instruments with similar ratings, durations or yield characteristics. The effective interest method is always based on current market interest rates in the relevant fixed rate maturity ranges.

The net expenses of EUR –131 (–125) million from subordinated liabilities in the reporting period consisted of interest expenses in the amount of EUR 129 (122) million and amortisation expenses (EUR 2 [2] million).

SUBORDINATED LIABILITIES: MATURITIES

EUR million	31.12.2023	31.12.2022
Due within 1 year	750	—
More than 1 year but less than 5 years	28	28
More than 5 years but less than 10 years	45	46
More than 10 years but less than 20 years	3,240	2,491
More than 20 years	750	1,995
No fixed maturity	449	448
Total	**5,262**	**5,009**

(18) Insurance contracts liabilities

Reconciliation of changes in the carrying amount

Industrial Lines

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets as at the start of the reporting period	–67	1	—	1	2	–63
Carrying amount of liabilities as at the start of the reporting period	1,082	9	—	14,240	605	15,935
Net opening balance	**1,016**	**10**	**—**	**14,241**	**606**	**15,873**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	5	—	5
Disposal groups in accordance with IFRS 5	—	—	—	18	1	19
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	—	—	—	—	—	—
Contracts measured under the fair value approach	—	—	—	—	—	—
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–9,065	—	—	—	—	–9,065
Total insurance revenue	**–9,065**	**—**	**—**	**—**	**—**	**–9,065**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–9	—	5,481	72	5,543
Amortisation of insurance acquisition cash flows	1,246	—	—	—	—	1,246
Losses and reversals of losses on onerous contracts	—	15	—	—	—	15
Adjustments to liability for incurred claims	—	—	—	318	–66	252
Total insurance service expenses	**1,246**	**5**	**—**	**5,798**	**6**	**7,055**
Investment components	–2	—	—	2	—	—
Insurance service result	**–7,821**	**5**	**—**	**5,800**	**6**	**–2,010**
Net insurance financial result	38	3	—	696	6	743
Effect of movements in exchange rates	–8	–1	—	–215	–8	–232
Other changes	1	—	—	–1	—	—
Total changes in the statement of income and other comprehensive income	**–7,790**	**7**	**—**	**6,280**	**4**	**–1,499**
Cash flows						
Premiums received	8,984	—	—	—	—	8,984
Claims and other insurance service expenses paid, including investment components	—	—	—	–4,795	—	–4,795
Insurance acquisition cash flows	–1,111	—	—	—	—	–1,111
Other cash flows	—	—	—	—	—	—
Total cash flows	**7,873**	**—**	**—**	**–4,795**	**—**	**3,079**
Net closing balance	**1,099**	**17**	**—**	**15,750**	**611**	**17,476**
Carrying amount of assets as at the end of the reporting period	–142	2	—	55	3	–82
Carrying amount of liabilities as at the end of the reporting period	1,240	15	—	15,694	608	17,558

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets as at the start of the reporting period	–73	1	—	62	2	–8
Carrying amount of liabilities as at the start of the reporting period	1,013	28	—	14,132	594	15,767
Net opening balance	**940**	**29**	**—**	**14,194**	**596**	**15,759**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	–3	—	—	–2	—	–5
Disposal groups in accordance with IFRS 5	—	—	—	14	1	15
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	—	—	—	—	—	—
Contracts measured under the fair value approach	—	—	—	—	—	—
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–8,218	—	—	—	—	–8,218
Total insurance revenue	**–8,218**	**—**	**—**	**—**	**—**	**–8,218**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–16	—	5,398	70	5,451
Amortisation of insurance acquisition cash flows	1,149	—	—	—	—	1,149
Losses and reversals of losses on onerous contracts	—	–4	—	—	—	–4
Adjustments to liability for incurred claims	—	—	—	195	–65	129
Total insurance service expenses	**1,149**	**–20**	**—**	**5,593**	**4**	**6,725**
Investment components	–2	—	—	2	—	—
Insurance service result	**–7,071**	**–20**	**—**	**5,595**	**4**	**–1,493**
Net insurance financial result	2	—	—	–1,276	–5	–1,280
Effect of movements in exchange rates	–6	1	—	244	11	250
Other changes	–3	—	—	3	—	—
Total changes in the statement of income and other comprehensive income	**–7,078**	**–19**	**—**	**4,566**	**10**	**–2,522**
Cash flows						
Premiums received	8,298	—	—	—	—	8,298
Claims and other insurance service expenses paid, including investment components	—	—	—	–4,532	—	–4,532
Insurance acquisition cash flows	–1,141	—	—	—	—	–1,141
Other cash flows	—	—	—	—	—	—
Total cash flows	**7,157**	**—**	**—**	**–4,532**	**—**	**2,625**
Net closing balance	**1,016**	**10**	**—**	**14,241**	**606**	**15,873**
Carrying amount of assets as at the end of the reporting period	–67	1	—	1	2	–63
Carrying amount of liabilities as at the end of the reporting period	1,082	9	—	14,240	605	15,935

Retail Germany – Property/casualty insurance

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage			Liability for incurred claims		
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	573	37	23	2,344	71	3,048
Net opening balance	**573**	**37**	**23**	**2,344**	**71**	**3,048**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–2	—	—	—	—	–2
Contracts measured under the fair value approach	—	—	—	—	—	—
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–1,762	—	—	—	—	–1,762
Total insurance revenue	**–1,764**	**—**	**—**	**—**	**—**	**–1,764**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–37	53	1,158	–1	1,173
Amortisation of insurance acquisition cash flows	314	—	—	—	—	314
Losses and reversals of losses on onerous contracts	—	10	—	—	—	10
Adjustments to liability for incurred claims	—	—	—	196	—	196
Total insurance service expenses	**314**	**–27**	**53**	**1,354**	**–1**	**1,694**
Investment components	–6	—	6	—	—	—
Insurance service result	**–1,456**	**–27**	**59**	**1,354**	**–1**	**–71**
Net insurance financial result	11	—	—	120	—	131
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–1,445**	**–27**	**59**	**1,474**	**–1**	**60**
Cash flows						
Premiums received	1,779	—	—	—	—	1,779
Claims and other insurance service expenses paid, including investment components	—	—	–58	–1,256	—	–1,314
Insurance acquisition cash flows	–308	—	—	—	—	–308
Other cash flows	—	—	—	—	—	—
Total cash flows	**1,471**	**—**	**–58**	**–1,256**	**—**	**157**
Net closing balance	**599**	**10**	**24**	**2,562**	**70**	**3,266**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	599	10	24	2,562	70	3,266

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	548	14	22	2,676	84	3,344
Net opening balance	**548**	**14**	**22**	**2,676**	**84**	**3,344**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–4	—	—	—	—	–4
Contracts measured under the fair value approach	—	—	—	—	—	—
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–1,636	—	—	—	—	–1,636
Total insurance revenue	**–1,641**	**—**	**—**	**—**	**—**	**–1,641**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–14	54	1,088	–13	1,115
Amortisation of insurance acquisition cash flows	281	—	—	—	—	281
Losses and reversals of losses on onerous contracts	—	37	—	—	—	37
Adjustments to liability for incurred claims	—	—	—	95	—	95
Total insurance service expenses	**281**	**23**	**54**	**1,183**	**–13**	**1,528**
Investment components	–6	—	6	—	—	—
Insurance service result	**–1,366**	**23**	**60**	**1,183**	**–13**	**–113**
Net insurance financial result	–23	—	—	–347	—	–370
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–1,388**	**23**	**60**	**837**	**–13**	**–482**
Cash flows						
Premiums received	1,727	—	—	—	—	1,727
Claims and other insurance service expenses paid, including investment components	—	—	–59	–1,169	—	–1,228
Insurance acquisition cash flows	–314	—	—	—	—	–314
Other cash flows	—	—	—	—	—	—
Total cash flows	**1,413**	**—**	**–59**	**–1,169**	**—**	**186**
Net closing balance	**573**	**37**	**23**	**2,344**	**71**	**3,048**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	573	37	23	2,344	71	3,048

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	301	7	9	—	42	359
Net opening balance	**301**	**7**	**9**	**—**	**42**	**359**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–1	—	–42	–43
Changes in risk adjustment for non-financial risk for the risk expired	—	–9	—	—	—	–9
Experience adjustments	–7	—	—	—	—	–7
Total changes that relate to current services	**–7**	**–9**	**–1**	**—**	**–42**	**–59**
Changes that relate to future services						
Contracts initially recognised in the period	–66	7	—	—	59	—
Changes in estimates that adjust the CSM	–10	1	2	—	7	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	—	—	—	—	—	—
Total changes that relate to future services	**–76**	**8**	**2**	**—**	**66**	**—**
Changes that relate to past services						
Adjustment to the liability for incurred claims	—	—	—	—	—	—
Total changes that relate to past services	**—**	**—**	**—**	**—**	**—**	**—**
Insurance service result	**–83**	**–1**	**1**	**—**	**24**	**–59**
Insurance finance income and expenses from insurance contracts issued	9	—	—	—	2	11
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–74**	**–1**	**1**	**—**	**26**	**–48**
Cash flows						
Premiums received	146	—	—	—	—	146
Claims and other insurance service expenses paid, including investment components	–58	—	—	—	—	–58
Insurance acquisition cash flows	–19	—	—	—	—	–19
Other cash flows	—	—	—	—	—	—
Total cash flows	**69**	**—**	**—**	**—**	**—**	**69**
Net closing balance	**297**	**6**	**9**	**—**	**69**	**381**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	297	6	9	—	69	381

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	322	3	11	—	17	354
Net opening balance	**322**	**3**	**11**	**—**	**17**	**354**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–2	—	–22	–23
Changes in risk adjustment for non-financial risk for the risk expired	—	–2	—	—	—	–2
Experience adjustments	7	—	—	—	—	7
Total changes that relate to current services	**7**	**–2**	**–2**	**—**	**–22**	**–18**
Changes that relate to future services						
Contracts initially recognised in the period	–46	5	—	—	42	—
Changes in estimates that adjust the CSM	–5	—	–1	—	5	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	—	—	—	—	—	—
Total changes that relate to future services	**–51**	**5**	**–1**	**—**	**47**	**—**
Changes that relate to past services						
Adjustment to the liability for incurred claims	—	—	—	—	—	—
Total changes that relate to past services	**—**	**—**	**—**	**—**	**—**	**—**
Insurance service result	**–45**	**3**	**–2**	**—**	**25**	**–18**
Insurance finance income and expenses from insurance contracts issued	–23	—	—	—	—	–23
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–67**	**3**	**–2**	**—**	**25**	**–41**
Cash flows						
Premiums received	145	—	—	—	—	145
Claims and other insurance service expenses paid, including investment components	–59	—	—	—	—	–59
Insurance acquisition cash flows	–39	—	—	—	—	–39
Other cash flows	—	—	—	—	—	—
Total cash flows	**47**	**—**	**—**	**—**	**—**	**47**
Net closing balance	**301**	**7**	**9**	**—**	**42**	**359**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	301	7	9	—	42	359

Retail Germany – Life insurance

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage			Liability for incurred claims		
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	52,860	125	411	—	—	53,396
Net opening balance	**52,860**	**125**	**411**	**—**	**—**	**53,396**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	2	—	—	—	—	2
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–1,035	—	—	—	—	–1,035
Contracts measured under the fair value approach	—	—	—	—	—	—
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–758	—	—	—	—	–758
Total insurance revenue	**–1,793**	**—**	**—**	**—**	**—**	**–1,793**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–7	964	71	—	1,028
Amortisation of insurance acquisition cash flows	362	—	—	—	—	362
Losses and reversals of losses on onerous contracts	—	16	—	—	—	16
Adjustments to liability for incurred claims	—	—	—	—	—	—
Total insurance service expenses	**362**	**9**	**964**	**71**	**—**	**1,405**
Investment components	–3,676	—	3,676	—	—	—
Insurance service result	**–5,108**	**9**	**4,640**	**71**	**—**	**–388**
Net insurance financial result	3,801	—	–20	—	—	3,781
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–1,307**	**9**	**4,619**	**71**	**—**	**3,393**
Cash flows						
Premiums received	4,122	—	—	—	—	4,122
Claims and other insurance service expenses paid, including investment components	—	—	–4,645	–71	—	–4,716
Insurance acquisition cash flows	–474	—	—	—	—	–474
Other cash flows	–1	—	—	—	—	–1
Total cash flows	**3,647**	**—**	**–4,645**	**–71**	**—**	**–1,069**
Net closing balance	**55,202**	**135**	**384**	**1**	**—**	**55,721**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	55,202	135	384	1	—	55,721

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	68,188	—	372	—	—	68,561
Net opening balance	**68,188**	**—**	**372**	**—**	**—**	**68,561**
IAS 8 adjustments	–119	—	—	—	—	–119
Changes in the basis of consolidation	35	—	—	—	—	35
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–915	—	—	—	—	–915
Contracts measured under the fair value approach	—	—	—	—	—	—
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–857	—	—	—	—	–857
Total insurance revenue	**–1,771**	**—**	**—**	**—**	**—**	**–1,771**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–1	965	57	—	1,021
Amortisation of insurance acquisition cash flows	398	—	—	—	—	398
Losses and reversals of losses on onerous contracts	—	127	—	—	—	127
Adjustments to liability for incurred claims	—	—	—	—	—	—
Total insurance service expenses	**398**	**125**	**965**	**57**	**—**	**1,546**
Investment components	–3,534	—	3,534	—	—	—
Insurance service result	**–4,907**	**125**	**4,499**	**57**	**—**	**–225**
Net insurance financial result	–14,152	—	2	—	—	–14,150
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–19,059**	**125**	**4,501**	**57**	**—**	**–14,375**
Cash flows						
Premiums received	4,294	—	—	—	—	4,294
Claims and other insurance service expenses paid, including investment components	—	—	–4,463	–57	—	–4,521
Insurance acquisition cash flows	–478	—	—	—	—	–478
Other cash flows	–1	—	—	—	—	–1
Total cash flows	**3,815**	**—**	**–4,463**	**–57**	**—**	**–706**
Net closing balance	**52,860**	**125**	**411**	**—**	**—**	**53,396**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	52,860	125	411	—	—	53,396

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	49,902	411	2,639	—	447	53,400
Net opening balance	**49,902**	**411**	**2,639**	**—**	**447**	**53,400**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	1	—	—	—	—	1
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–147	—	–171	–318
Changes in risk adjustment for non-financial risk for the risk expired	—	–23	—	—	—	–23
Experience adjustments	–46	—	—	—	—	–46
Total changes that relate to current services	**–46**	**–23**	**–147**	**—**	**–171**	**–387**
Changes that relate to future services						
Contracts initially recognised in the period	–382	14	—	—	368	—
Changes in estimates that adjust the CSM	191	35	–304	—	78	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	15	1	—	—	—	16
Total changes that relate to future services	**–177**	**50**	**–304**	**—**	**446**	**16**
Changes that relate to past services						
Adjustment to the liability for incurred claims	—	—	—	—	—	—
Total changes that relate to past services	**—**	**—**	**—**	**—**	**—**	**—**
Insurance service result	**–223**	**27**	**–451**	**—**	**275**	**–372**
Insurance finance income and expenses from insurance contracts issued	3,709	61	1	—	9	3,781
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**3,487**	**88**	**–450**	**—**	**285**	**3,409**
Cash flows						
Premiums received	4,036	—	—	—	—	4,036
Claims and other insurance service expenses paid, including investment components	–4,645	—	—	—	—	–4,645
Insurance acquisition cash flows	–473	—	—	—	—	–473
Other cash flows	–1	—	—	—	—	–1
Total cash flows	**–1,083**	**—**	**—**	**—**	**—**	**–1,083**
Net closing balance	**52,307**	**499**	**2,189**	**—**	**732**	**55,727**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	52,307	499	2,189	—	732	55,727

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	65,318	525	2,441	—	284	68,567
Net opening balance	**65,318**	**525**	**2,441**	**—**	**284**	**68,567**
IAS 8 adjustments	–82	—	–37	—	—	–119
Changes in the basis of consolidation	35	—	—	—	—	35
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–185	—	–127	–313
Changes in risk adjustment for non-financial risk for the risk expired	—	–27	—	—	—	–27
Experience adjustments	–3	—	—	—	—	–3
Total changes that relate to current services	**–3**	**–27**	**–185**	**—**	**–127**	**–343**
Changes that relate to future services						
Contracts initially recognised in the period	–264	14	—	—	250	—
Changes in estimates that adjust the CSM	–581	119	421	—	41	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	126	1	—	—	—	127
Total changes that relate to future services	**–719**	**134**	**421**	**—**	**291**	**127**
Changes that relate to past services						
Adjustment to the liability for incurred claims	—	—	—	—	—	—
Total changes that relate to past services	**—**	**—**	**—**	**—**	**—**	**—**
Insurance service result	**–722**	**107**	**235**	**—**	**164**	**–216**
Insurance finance income and expenses from insurance contracts issued	–13,929	–221	1	—	—	–14,150
Effect of movements in exchange rates	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–14,651**	**–114**	**236**	**—**	**164**	**–14,366**
Cash flows						
Premiums received	4,222	—	—	—	—	4,222
Claims and other insurance service expenses paid, including investment components	–4,463	—	—	—	—	–4,463
Insurance acquisition cash flows	–476	—	—	—	—	–476
Other cash flows	–1	—	—	—	—	–1
Total cash flows	**–718**	**—**	**—**	**—**	**—**	**–718**
Net closing balance	**49,902**	**411**	**2,639**	**—**	**447**	**53,400**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	49,902	411	2,639	—	447	53,400

Retail International

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets as at the start of the reporting period	–6	—	1	—	—	–4
Carrying amount of liabilities as at the start of the reporting period	6,720	159	691	3,172	186	10,928
Net opening balance	**6,715**	**159**	**692**	**3,172**	**186**	**10,923**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	214	–3	–7	–13	–1	190
Disposal groups in accordance with IFRS 5	378	2	6	13	1	400
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–3	—	—	—	—	–3
Contracts measured under the fair value approach	–75	—	—	—	—	–75
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–7,021	—	—	—	—	–7,021
Total insurance revenue	**–7,099**	**—**	**—**	**—**	**—**	**–7,099**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	33	1,000	4,089	42	5,165
Amortisation of insurance acquisition cash flows	1,676	—	—	—	—	1,676
Losses and reversals of losses on onerous contracts	—	–73	—	—	—	–73
Adjustments to liability for incurred claims	—	—	12	–121	–15	–124
Total insurance service expenses	**1,676**	**–40**	**1,012**	**3,968**	**27**	**6,644**
Investment components	–2,232	—	2,224	8	—	—
Insurance service result	**–7,655**	**–40**	**3,236**	**3,977**	**27**	**–455**
Net insurance financial result	464	6	42	122	–4	630
Effect of movements in exchange rates	221	–13	39	–174	–13	60
Other changes	63	—	–1	–62	—	—
Total changes in the statement of income and other comprehensive income	**–6,907**	**–47**	**3,317**	**3,862**	**10**	**235**
Cash flows						
Premiums received	7,571	—	—	—	—	7,571
Claims and other insurance service expenses paid, including investment components	—	—	–3,034	–3,425	—	–6,459
Insurance acquisition cash flows	–1,425	—	—	—	—	–1,425
Other cash flows	—	—	—	—	—	—
Total cash flows	**6,147**	**—**	**–3,034**	**–3,425**	**—**	**–312**
Net closing balance	**6,546**	**111**	**973**	**3,610**	**196**	**11,436**
Carrying amount of assets as at the end of the reporting period	–10	—	1	—	—	–8
Carrying amount of liabilities as at the end of the reporting period	6,556	110	972	3,610	196	11,444

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets as at the start of the reporting period	–5	—	1	—	—	–4
Carrying amount of liabilities as at the start of the reporting period	8,777	85	600	3,040	190	12,692
Net opening balance	**8,772**	**85**	**601**	**3,040**	**190**	**12,688**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	–536	–6	–20	—	—	–562
Disposal groups in accordance with IFRS 5	159	4	14	–13	–1	162
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–8	—	—	—	—	–8
Contracts measured under the fair value approach	–89	—	—	—	—	–89
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–5,241	—	—	—	—	–5,241
Total insurance revenue	**–5,337**	**—**	**—**	**—**	**—**	**–5,337**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–29	656	3,540	23	4,190
Amortisation of insurance acquisition cash flows	1,207	—	—	—	—	1,207
Losses and reversals of losses on onerous contracts	—	118	—	—	—	118
Adjustments to liability for incurred claims	—	—	–41	–322	–27	–390
Total insurance service expenses	**1,207**	**89**	**615**	**3,219**	**–5**	**5,126**
Investment components	–2,053	—	2,053	—	—	—
Insurance service result	**–6,183**	**89**	**2,668**	**3,219**	**–5**	**–212**
Net insurance financial result	–902	2	–25	–90	6	–1,009
Effect of movements in exchange rates	21	–15	–8	–93	–4	–101
Other changes	65	—	—	–65	—	—
Total changes in the statement of income and other comprehensive income	**–6,999**	**76**	**2,634**	**2,970**	**–3**	**–1,321**
Cash flows						
Premiums received	6,345	—	—	—	—	6,345
Claims and other insurance service expenses paid, including investment components	—	—	–2,538	–2,825	—	–5,362
Insurance acquisition cash flows	–1,025	—	—	—	—	–1,025
Other cash flows	—	—	—	—	—	—
Total cash flows	**5,319**	**—**	**–2,538**	**–2,825**	**—**	**–43**
Net closing balance	**6,715**	**159**	**692**	**3,172**	**186**	**10,923**
Carrying amount of assets as at the end of the reporting period	–6	—	1	—	—	–4
Carrying amount of liabilities as at the end of the reporting period	6,720	159	691	3,172	186	10,928

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets as at the start of the reporting period	–25	3	—	—	18	–4
Carrying amount of liabilities as at the start of the reporting period	5,859	164	5	299	108	6,435
Net opening balance	**5,834**	**167**	**5**	**299**	**126**	**6,430**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	35	61	—	—	116	212
Disposal groups in accordance with IFRS 5	314	13	—	—	51	378
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–1	–32	–164	–197
Changes in risk adjustment for non-financial risk for the risk expired	—	–99	—	—	—	–99
Experience adjustments	50	—	—	—	—	50
Total changes that relate to current services	**50**	**–99**	**–1**	**–32**	**–164**	**–246**
Changes that relate to future services						
Contracts initially recognised in the period	–255	89	—	—	176	11
Changes in estimates that adjust the CSM	62	7	—	–121	51	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	–24	—	—	—	—	–23
Total changes that relate to future services	**–217**	**97**	**—**	**–121**	**228**	**–13**
Changes that relate to past services						
Adjustment to the liability for incurred claims	18	–5	—	—	—	12
Total changes that relate to past services	**18**	**–5**	**—**	**—**	**—**	**12**
Insurance service result	**–149**	**–7**	**–1**	**–153**	**64**	**–246**
Insurance finance income and expenses from insurance contracts issued	493	1	—	—	9	504
Effect of movements in exchange rates	79	8	—	—	13	100
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**423**	**2**	**–1**	**–153**	**86**	**357**
Cash flows						
Premiums received	2,162	—	—	—	—	2,162
Claims and other insurance service expenses paid, including investment components	–3,034	—	—	—	—	–3,034
Insurance acquisition cash flows	–361	—	—	—	—	–361
Other cash flows	—	—	—	—	—	—
Total cash flows	**–1,232**	**—**	**—**	**—**	**—**	**–1,232**
Net closing balance	**5,374**	**243**	**4**	**146**	**379**	**6,145**
Carrying amount of assets as at the end of the reporting period	–28	2	—	—	17	–8
Carrying amount of liabilities as at the end of the reporting period	5,401	240	4	146	362	6,154

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets as at the start of the reporting period	–17	2	—	—	11	–4
Carrying amount of liabilities as at the start of the reporting period	7,912	187	18	273	123	8,513
Net opening balance	**7,895**	**189**	**18**	**273**	**134**	**8,509**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	–530	–3	—	—	–29	–562
Disposal groups in accordance with IFRS 5	216	–10	–11	—	–11	184
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–4	–38	–74	–115
Changes in risk adjustment for non-financial risk for the risk expired	—	–85	—	—	—	–85
Experience adjustments	55	—	—	—	—	55
Total changes that relate to current services	**55**	**–85**	**–4**	**–38**	**–74**	**–145**
Changes that relate to future services						
Contracts initially recognised in the period	–133	95	—	—	95	56
Changes in estimates that adjust the CSM	–99	–13	15	65	32	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	10	9	—	—	—	19
Total changes that relate to future services	**–222**	**91**	**15**	**65**	**127**	**75**
Changes that relate to past services						
Adjustment to the liability for incurred claims	–28	–13	—	—	—	–41
Total changes that relate to past services	**–28**	**–13**	**—**	**—**	**—**	**–41**
Insurance service result	**–195**	**–7**	**11**	**27**	**53**	**–111**
Insurance finance income and expenses from insurance contracts issued	–899	—	–12	—	–17	–929
Effect of movements in exchange rates	–47	–2	–1	—	–4	–54
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–1,141**	**–9**	**–3**	**27**	**33**	**–1,094**
Cash flows						
Premiums received	2,163	—	—	—	—	2,163
Claims and other insurance service expenses paid, including investment components	–2,538	—	—	—	—	–2,538
Insurance acquisition cash flows	–231	—	—	—	—	–231
Other cash flows	—	—	—	—	—	—
Total cash flows	**–607**	**—**	**—**	**—**	**—**	**–607**
Net closing balance	**5,834**	**167**	**5**	**299**	**126**	**6,430**
Carrying amount of assets as at the end of the reporting period	–25	3	—	—	18	–4
Carrying amount of liabilities as at the end of the reporting period	5,859	164	5	299	108	6,435

Property/Casualty Reinsurance

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets as at the start of the reporting period	–617	–57	356	—	—	–319
Carrying amount of liabilities as at the start of the reporting period	–2,395	233	34,572	—	—	32,409
Net opening balance	**–3,013**	**176**	**34,927**	**—**	**—**	**32,090**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–234	—	—	—	—	–234
Contracts measured under the fair value approach	30	—	—	—	—	30
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–16,620	—	—	—	—	–16,620
Total insurance revenue	**–16,824**	**—**	**—**	**—**	**—**	**–16,824**
Insurance service expenses						
Incurred claims and other insurance service expenses	4	–159	14,170	—	—	14,016
Amortisation of insurance acquisition cash flows	528	—	—	—	—	528
Losses and reversals of losses on onerous contracts	—	40	—	—	—	40
Adjustments to liability for incurred claims	—	—	–496	—	—	–496
Total insurance service expenses	**533**	**–118**	**13,674**	**—**	**—**	**14,088**
Investment components	–4,283	—	4,283	—	—	—
Insurance service result	**–20,574**	**–118**	**17,957**	**—**	**—**	**–2,736**
Net insurance financial result	470	5	1,353	—	—	1,829
Effect of movements in exchange rates	–36	–2	–735	—	—	–773
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–20,140**	**–115**	**18,575**	**—**	**—**	**–1,680**
Cash flows						
Premiums received	21,341	—	—	—	—	21,341
Claims and other insurance service expenses paid, including investment components	—	—	–16,118	—	—	–16,118
Insurance acquisition cash flows	–522	—	—	—	—	–522
Other cash flows	—	—	—	—	—	—
Total cash flows	**20,820**	**—**	**–16,118**	**—**	**—**	**4,702**
Net closing balance	**–2,333**	**61**	**37,384**	**—**	**—**	**35,112**
Carrying amount of assets as at the end of the reporting period	–112	–5	–37	—	—	–154
Carrying amount of liabilities as at the end of the reporting period	–2,221	65	37,421	—	—	35,265

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets as at the start of the reporting period	–309	—	265	—	—	–43
Carrying amount of liabilities as at the start of the reporting period	–51	234	31,311	—	—	31,494
Net opening balance	**–360**	**234**	**31,576**	**—**	**—**	**31,451**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–470	—	—	—	—	–470
Contracts measured under the fair value approach	–133	—	—	—	—	–133
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–15,662	—	—	—	—	–15,662
Total insurance revenue	**–16,265**	**—**	**—**	**—**	**—**	**–16,265**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–507	15,072	—	—	14,564
Amortisation of insurance acquisition cash flows	478	—	—	—	—	478
Losses and reversals of losses on onerous contracts	—	448	—	—	—	448
Adjustments to liability for incurred claims	—	—	–377	—	—	–377
Total insurance service expenses	**478**	**–59**	**14,695**	**—**	**—**	**15,113**
Investment components	–4,598	—	4,598	—	—	—
Insurance service result	**–20,385**	**–59**	**19,293**	**—**	**—**	**–1,151**
Net insurance financial result	–350	2	–3,141	—	—	–3,489
Effect of movements in exchange rates	108	–1	627	—	—	735
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–20,626**	**–58**	**16,779**	**—**	**—**	**–3,906**
Cash flows						
Premiums received	18,487	—	—	—	—	18,487
Claims and other insurance service expenses paid, including investment components	—	—	–13,428	—	—	–13,428
Insurance acquisition cash flows	–514	—	—	—	—	–514
Other cash flows	—	—	—	—	—	—
Total cash flows	**17,973**	**—**	**–13,428**	**—**	**—**	**4,545**
Net closing balance	**–3,013**	**176**	**34,927**	**—**	**—**	**32,090**
Carrying amount of assets as at the end of the reporting period	–617	–57	356	—	—	–319
Carrying amount of liabilities as at the end of the reporting period	–2,395	233	34,572	—	—	32,409

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets as at the start of the reporting period	–139	16	—	—	–196	–319
Carrying amount of liabilities as at the start of the reporting period	30,349	730	18	31	1,281	32,409
Net opening balance	**30,210**	**746**	**19**	**31**	**1,084**	**32,090**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–89	–173	–2,458	–2,720
Changes in risk adjustment for non-financial risk for the risk expired	—	150	—	—	—	150
Experience adjustments	286	—	—	—	—	286
Total changes that relate to current services	**286**	**150**	**–89**	**–173**	**–2,458**	**–2,284**
Changes that relate to future services						
Contracts initially recognised in the period	–3,559	275	—	—	3,324	40
Changes in estimates that adjust the CSM	–69	60	92	196	–274	4
Changes in estimates that relate to losses and reversals of losses on onerous contracts	—	—	—	—	—	—
Total changes that relate to future services	**–3,628**	**335**	**92**	**196**	**3,050**	**45**
Changes that relate to past services						
Adjustment to the liability for incurred claims	–195	–301	—	—	—	–496
Total changes that relate to past services	**–195**	**–301**	**—**	**—**	**—**	**–496**
Insurance service result	**–3,537**	**184**	**3**	**23**	**592**	**–2,736**
Insurance finance income and expenses from insurance contracts issued	1,716	—	—	—	113	1,829
Effect of movements in exchange rates	–708	–21	—	—	–44	–773
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–2,530**	**163**	**3**	**23**	**660**	**–1,680**
Cash flows						
Premiums received	21,341	—	—	—	—	21,341
Claims and other insurance service expenses paid, including investment components	–16,118	—	—	—	—	–16,118
Insurance acquisition cash flows	–522	—	—	—	—	–522
Other cash flows	—	—	—	—	—	—
Total cash flows	**4,702**	**—**	**—**	**—**	**—**	**4,702**
Net closing balance	**32,382**	**909**	**22**	**54**	**1,745**	**35,112**
Carrying amount of assets as at the end of the reporting period	–165	6	—	—	5	–154
Carrying amount of liabilities as at the end of the reporting period	32,547	903	22	54	1,739	35,265

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets as at the start of the reporting period	–57	4	—	—	10	–43
Carrying amount of liabilities as at the start of the reporting period	30,027	643	9	—	815	31,494
Net opening balance	**29,970**	**647**	**9**	**—**	**825**	**31,451**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–249	–112	–1,992	–2,353
Changes in risk adjustment for non-financial risk for the risk expired	—	–207	—	—	—	–207
Experience adjustments	1,337	—	—	—	—	1,337
Total changes that relate to current services	**1,337**	**–207**	**–249**	**–112**	**–1,992**	**–1,223**
Changes that relate to future services						
Contracts initially recognised in the period	–2,597	271	—	—	2,561	236
Changes in estimates that adjust the CSM	–109	64	259	143	–356	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	210	2	—	—	—	212
Total changes that relate to future services	**–2,496**	**337**	**259**	**143**	**2,205**	**448**
Changes that relate to past services						
Adjustment to the liability for incurred claims	–328	–49	—	—	—	–377
Total changes that relate to past services	**–328**	**–49**	**—**	**—**	**—**	**–377**
Insurance service result	**–1,487**	**81**	**10**	**31**	**213**	**–1,151**
Insurance finance income and expenses from insurance contracts issued	–3,511	—	—	—	21	–3,489
Effect of movements in exchange rates	692	17	—	—	25	734
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–4,306**	**99**	**10**	**31**	**259**	**–3,906**
Cash flows						
Premiums received	18,487	—	—	—	—	18,487
Claims and other insurance service expenses paid, including investment components	–13,428	—	—	—	—	–13,428
Insurance acquisition cash flows	–514	—	—	—	—	–514
Other cash flows	—	—	—	—	—	—
Total cash flows	**4,545**	**—**	**—**	**—**	**—**	**4,545**
Net closing balance	**30,210**	**746**	**19**	**31**	**1,084**	**32,090**
Carrying amount of assets as at the end of the reporting period	–139	16	—	—	–196	–319
Carrying amount of liabilities as at the end of the reporting period	30,349	730	18	31	1,281	32,409

LIfe/Health Reinsurance

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage			Liability for incurred claims		
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets as at the start of the reporting period	–1,587	11	447	—	—	–1,129
Carrying amount of liabilities as at the start of the reporting period	704	302	8,354	—	—	9,360
Net opening balance	**–883**	**313**	**8,800**	**—**	**—**	**8,230**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–2,104	—	—	—	—	–2,104
Contracts measured under the fair value approach	–5,140	—	—	—	—	–5,140
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–389	—	—	—	—	–389
Total insurance revenue	**–7,633**	**—**	**—**	**—**	**—**	**–7,633**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–123	6,463	—	—	6,340
Amortisation of insurance acquisition cash flows	17	—	—	—	—	17
Losses and reversals of losses on onerous contracts	—	266	—	—	—	266
Adjustments to liability for incurred claims	—	—	90	—	—	90
Total insurance service expenses	**18**	**143**	**6,553**	**—**	**—**	**6,714**
Investment components	–1,571	—	1,571	—	—	—
Insurance service result	**–9,186**	**143**	**8,124**	**—**	**—**	**–919**
Net insurance financial result	235	7	64	—	—	306
Effect of movements in exchange rates	52	–16	–217	—	—	–181
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–8,899**	**134**	**7,971**	**—**	**—**	**–793**
Cash flows						
Premiums received	8,279	—	—	—	—	8,279
Claims and other insurance service expenses paid, including investment components	—	—	–7,569	—	—	–7,569
Insurance acquisition cash flows	–39	—	—	—	—	–39
Other cash flows	—	—	—	—	—	—
Total cash flows	**8,240**	**—**	**–7,569**	**—**	**—**	**671**
Net closing balance	**–1,542**	**447**	**9,203**	**—**	**—**	**8,108**
Carrying amount of assets as at the end of the reporting period	–1,283	7	410	—	—	–866
Carrying amount of liabilities as at the end of the reporting period	–260	440	8,793	—	—	8,974

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets as at the start of the reporting period	–2,834	4	1,323	—	—	–1,507
Carrying amount of liabilities as at the start of the reporting period	3,667	32	6,902	—	—	10,601
Net opening balance	**834**	**36**	**8,225**	**—**	**—**	**9,094**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–2,118	—	—	—	—	–2,118
Contracts measured under the fair value approach	–6,251	—	—	—	—	–6,251
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	618	—	—	—	—	618
Total insurance revenue	**–7,752**	**—**	**—**	**—**	**—**	**–7,752**
Insurance service expenses						
Incurred claims and other insurance service expenses	–8	–128	6,440	—	—	6,304
Amortisation of insurance acquisition cash flows	10	—	—	—	—	10
Losses and reversals of losses on onerous contracts	—	414	—	—	—	414
Adjustments to liability for incurred claims	—	—	456	—	—	456
Total insurance service expenses	**2**	**287**	**6,896**	**—**	**—**	**7,184**
Investment components	–1,559	—	1,559	—	—	—
Insurance service result	**–9,309**	**287**	**8,455**	**—**	**—**	**–568**
Net insurance financial result	–267	2	–111	—	—	–376
Effect of movements in exchange rates	95	–12	17	—	—	100
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–9,480**	**277**	**8,360**	**—**	**—**	**–843**
Cash flows						
Premiums received	7,787	—	—	—	—	7,787
Claims and other insurance service expenses paid, including investment components	—	—	–7,784	—	—	–7,784
Insurance acquisition cash flows	–23	—	—	—	—	–23
Other cash flows	—	—	—	—	—	—
Total cash flows	**7,764**	**—**	**–7,784**	**—**	**—**	**–21**
Net closing balance	**–883**	**313**	**8,800**	**—**	**—**	**8,230**
Carrying amount of assets as at the end of the reporting period	–1,587	11	447	—	—	–1,129
Carrying amount of liabilities as at the end of the reporting period	704	302	8,354	—	—	9,360

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets as at the start of the reporting period	–2,434	108	356	425	417	–1,129
Carrying amount of liabilities as at the start of the reporting period	1,858	3,055	1,474	2,482	491	9,360
Net opening balance	**–576**	**3,163**	**1,830**	**2,906**	**908**	**8,230**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–167	–409	–308	–884
Changes in risk adjustment for non-financial risk for the risk expired	—	–460	—	—	—	–460
Experience adjustments	69	—	—	—	—	69
Total changes that relate to current services	**69**	**–460**	**–167**	**–409**	**–308**	**–1,275**
Changes that relate to future services						
Contracts initially recognised in the period	–427	75	—	—	366	14
Changes in estimates that adjust the CSM	–960	–104	669	322	73	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	78	174	—	—	—	252
Total changes that relate to future services	**–1,309**	**145**	**669**	**322**	**439**	**266**
Changes that relate to past services						
Adjustment to the liability for incurred claims	94	–4	—	—	—	90
Total changes that relate to past services	**94**	**–4**	**—**	**—**	**—**	**90**
Insurance service result	**–1,146**	**–320**	**502**	**–87**	**131**	**–919**
Insurance finance income and expenses from insurance contracts issued	–99	258	62	55	30	306
Effect of movements in exchange rates	9	–74	–10	–88	–18	–181
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–1,235**	**–136**	**554**	**–120**	**143**	**–793**
Cash flows						
Premiums received	8,279	—	—	—	—	8,279
Claims and other insurance service expenses paid, including investment components	–7,569	—	—	—	—	–7,569
Insurance acquisition cash flows	–39	—	—	—	—	–39
Other cash flows	—	—	—	—	—	—
Total cash flows	**671**	**—**	**—**	**—**	**—**	**671**
Net closing balance	**–1,141**	**3,027**	**2,384**	**2,786**	**1,051**	**8,108**
Carrying amount of assets as at the end of the reporting period	–2,158	108	321	385	479	–866
Carrying amount of liabilities as at the end of the reporting period	1,017	2,919	2,063	2,401	573	8,974

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets as at the start of the reporting period	–5,046	754	1,264	1,177	343	–1,507
Carrying amount of liabilities as at the start of the reporting period	4,875	2,950	643	1,997	137	10,601
Net opening balance	**–171**	**3,704**	**1,907**	**3,174**	**480**	**9,094**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–154	–489	–199	–841
Changes in risk adjustment for non-financial risk for the risk expired	—	–181	—	—	—	–181
Experience adjustments	–408	—	—	—	—	–408
Total changes that relate to current services	**–408**	**–181**	**–154**	**–489**	**–199**	**–1,430**
Changes that relate to future services						
Contracts initially recognised in the period	–600	91	—	—	513	4
Changes in estimates that adjust the CSM	–871	597	70	87	108	–8
Changes in estimates that relate to losses and reversals of losses on onerous contracts	616	–205	—	—	—	410
Total changes that relate to future services	**–855**	**482**	**70**	**87**	**621**	**407**
Changes that relate to past services						
Adjustment to the liability for incurred claims	459	–4	—	—	—	456
Total changes that relate to past services	**459**	**–4**	**—**	**—**	**—**	**456**
Insurance service result	**–803**	**298**	**–83**	**–401**	**422**	**–568**
Insurance finance income and expenses from insurance contracts issued	392	–876	63	36	9	–376
Effect of movements in exchange rates	27	36	–58	98	–3	100
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–384**	**–542**	**–77**	**–268**	**428**	**–843**
Cash flows						
Premiums received	7,787	—	—	—	—	7,787
Claims and other insurance service expenses paid, including investment components	–7,784	—	—	—	—	–7,784
Insurance acquisition cash flows	–23	—	—	—	—	–23
Other cash flows	—	—	—	—	—	—
Total cash flows	**–21**	**—**	**—**	**—**	**—**	**–21**
Net closing balance	**–576**	**3,163**	**1,830**	**2,906**	**908**	**8,230**
Carrying amount of assets as at the end of the reporting period	–2,434	108	356	425	417	–1,129
Carrying amount of liabilities as at the end of the reporting period	1,858	3,055	1,474	2,482	491	9,360

Corporate Operations

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	–90	113	2,264	—	—	2,288
Net opening balance	**–90**	**113**	**2,264**	**—**	**—**	**2,288**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	—	—	—	—	—	—
Contracts measured under the fair value approach	—	—	—	—	—	—
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–965	—	—	—	—	–965
Total insurance revenue	**–965**	**—**	**—**	**—**	**—**	**–965**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–90	865	—	—	775
Amortisation of insurance acquisition cash flows	2	—	—	—	—	2
Losses and reversals of losses on onerous contracts	—	57	—	—	—	57
Adjustments to liability for incurred claims	—	—	66	—	—	66
Total insurance service expenses	**2**	**–33**	**931**	**—**	**—**	**900**
Investment components	–22	—	22	—	—	—
Insurance service result	**–984**	**–33**	**953**	**—**	**—**	**–64**
Net insurance financial result	17	3	47	—	—	67
Effect of movements in exchange rates	3	—	–8	—	—	–5
Other changes	–77	—	77	—	—	—
Total changes in the statement of income and other comprehensive income	**–1,041**	**–30**	**1,069**	**—**	**—**	**–3**
Cash flows						
Premiums received	1,081	—	—	—	—	1,081
Claims and other insurance service expenses paid, including investment components	—	—	–607	—	—	–607
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**1,081**	**—**	**–607**	**—**	**—**	**474**
Net closing balance	**–50**	**83**	**2,726**	**—**	**—**	**2,759**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	–50	83	2,726	—	—	2,759

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	–17	224	1,767	—	—	1,975
Net opening balance	**–17**	**224**	**1,767**	**—**	**—**	**1,975**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	—	—	—	—	—	—
Contracts measured under the fair value approach	—	—	—	—	—	—
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–849	—	—	—	—	–849
Total insurance revenue	**–849**	**—**	**—**	**—**	**—**	**–849**
Insurance service expenses						
Incurred claims and other insurance service expenses	—	–288	753	—	—	465
Amortisation of insurance acquisition cash flows	2	—	—	—	—	2
Losses and reversals of losses on onerous contracts	—	171	—	—	—	171
Adjustments to liability for incurred claims	—	—	180	—	—	180
Total insurance service expenses	**2**	**–117**	**933**	**—**	**—**	**819**
Investment components	–43	—	43	—	—	—
Insurance service result	**–890**	**–117**	**976**	**—**	**—**	**–30**
Net insurance financial result	–37	1	–149	—	—	–186
Effect of movements in exchange rates	2	6	14	—	—	21
Other changes	–21	—	21	—	—	—
Total changes in the statement of income and other comprehensive income	**–945**	**–111**	**861**	**—**	**—**	**–194**
Cash flows						
Premiums received	872	—	—	—	—	872
Claims and other insurance service expenses paid, including investment components	—	—	–364	—	—	–364
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**872**	**—**	**–364**	**—**	**—**	**508**
Net closing balance	**–90**	**113**	**2,264**	**—**	**—**	**2,288**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	–90	113	2,264	—	—	2,288

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

			Contractual service margin			
EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	2,001	224	—	—	64	2,288
Net opening balance	**2,001**	**224**	**—**	**—**	**64**	**2,288**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	—	—	–230	–230
Changes in risk adjustment for non-financial risk for the risk expired	—	–57	—	—	—	–57
Experience adjustments	100	—	—	—	—	100
Total changes that relate to current services	**100**	**–57**	**—**	**—**	**–230**	**–187**
Changes that relate to future services						
Contracts initially recognised in the period	–223	105	—	—	153	35
Changes in estimates that adjust the CSM	–103	3	—	—	100	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	22	—	—	—	—	22
Total changes that relate to future services	**–304**	**108**	**—**	**—**	**253**	**57**
Changes that relate to past services						
Adjustment to the liability for incurred claims	66	—	—	—	—	66
Total changes that relate to past services	**66**	**—**	**—**	**—**	**—**	**66**
Insurance service result	**–139**	**51**	**—**	**—**	**23**	**–64**
Insurance finance income and expenses from insurance contracts issued	63	—	—	—	3	67
Effect of movements in exchange rates	–5	—	—	—	—	–5
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–80**	**51**	**—**	**—**	**26**	**–3**
Cash flows						
Premiums received	1,081	—	—	—	—	1,081
Claims and other insurance service expenses paid, including investment components	–607	—	—	—	—	–607
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**474**	**—**	**—**	**—**	**—**	**474**
Net closing balance	**2,394**	**275**	**—**	**—**	**90**	**2,759**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	2,394	275	—	—	90	2,759

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets as at the start of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the start of the reporting period	1,791	172	—	—	13	1,975
Net opening balance	**1,791**	**172**	**—**	**—**	**13**	**1,975**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	—	—	—	—	—	—
Disposal groups in accordance with IFRS 5	—	—	—	—	—	—
Other changes	—	—	—	—	—	—
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	—	—	–252	–252
Changes in risk adjustment for non-financial risk for the risk expired	—	–48	—	—	—	–48
Experience adjustments	–81	—	—	—	—	–81
Total changes that relate to current services	**–81**	**–48**	**—**	**—**	**–252**	**–381**
Changes that relate to future services						
Contracts initially recognised in the period	–263	98	—	—	214	49
Changes in estimates that adjust the CSM	–76	–2	—	—	79	—
Changes in estimates that relate to losses and reversals of losses on onerous contracts	122	—	—	—	—	122
Total changes that relate to future services	**–218**	**96**	**—**	**—**	**293**	**171**
Changes that relate to past services						
Adjustment to the liability for incurred claims	180	—	—	—	—	180
Total changes that relate to past services	**180**	**—**	**—**	**—**	**—**	**180**
Insurance service result	**–119**	**49**	**—**	**—**	**41**	**–30**
Insurance finance income and expenses from insurance contracts issued	–186	—	—	—	—	–186
Effect of movements in exchange rates	7	4	—	—	10	21
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–297**	**52**	**—**	**—**	**51**	**–194**
Cash flows						
Premiums received	872	—	—	—	—	872
Claims and other insurance service expenses paid, including investment components	–364	—	—	—	—	–364
Insurance acquisition cash flows	—	—	—	—	—	—
Other cash flows	—	—	—	—	—	—
Total cash flows	**508**	**—**	**—**	**—**	**—**	**508**
Net closing balance	**2,001**	**224**	**—**	**—**	**64**	**2,288**
Carrying amount of assets as at the end of the reporting period	—	—	—	—	—	—
Carrying amount of liabilities as at the end of the reporting period	2,001	224	—	—	64	2,288

Talanx Group

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023						
Carrying amount of assets as at the start of the reporting period	–2,141	–45	751	1	2	–1,432
Carrying amount of liabilities as at the start of the reporting period	59,576	786	41,690	19,695	859	122,606
Net opening balance	**57,435**	**741**	**42,441**	**19,696**	**860**	**121,174**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	210	–2	18	–8	–1	217
Disposal groups in accordance with IFRS 5	378	2	6	32	1	419
Other changes	3	—	1	—	—	4
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–3,224	—	—	—	—	–3,224
Contracts measured under the fair value approach	–5,119	—	—	—	—	–5,119
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–34,895	—	—	—	—	–34,895
Total insurance revenue	**–43,237**	**—**	**—**	**—**	**—**	**–43,237**
Insurance service expenses						
Incurred claims and other insurance service expenses	8	571	22,090	10,707	113	33,489
Amortisation of insurance acquisition cash flows	4,141	—	—	—	—	4,141
Losses and reversals of losses on onerous contracts	—	–512	—	—	—	–512
Adjustments to liability for incurred claims	—	—	–376	398	–81	–59
Total insurance service expenses	**4,148**	**59**	**21,714**	**11,105**	**32**	**37,059**
Investment components	–11,667	—	11,657	10	—	—
Insurance service result	**–50,756**	**59**	**33,371**	**11,115**	**32**	**–6,179**
Net insurance financial result	5,022	20	1,315	934	2	7,293
Effect of movements in exchange rates	235	–34	–865	–385	–20	–1,069
Other changes	64	—	–2	–63	—	–2
Total changes in the statement of income and other comprehensive income	**–45,435**	**45**	**33,819**	**11,601**	**14**	**43**
Cash flows						
Premiums received	50,754	—	—	—	—	50,754
Claims and other insurance service expenses paid, including investment components	—	—	–30,053	–9,462	—	–39,515
Insurance acquisition cash flows	–3,863	—	—	—	—	–3,863
Other cash flows	–1	—	—	—	—	–1
Total cash flows	**46,890**	**—**	**–30,053**	**–9,462**	**—**	**7,375**
Net closing balance	**59,480**	**786**	**46,232**	**21,860**	**875**	**129,232**
Carrying amount of assets as at the end of the reporting period	–1,458	3	365	55	3	–1,032
Carrying amount of liabilities as at the end of the reporting period	60,938	782	45,867	21,805	872	130,264

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA		
EUR million	Excluding loss component	Loss component	Contracts not measured under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2022						
Carrying amount of assets as at the start of the reporting period	–3,053	6	1,489	62	2	–1,494
Carrying amount of liabilities as at the start of the reporting period	82,160	479	36,596	19,779	865	139,878
Net opening balance	**79,107**	**485**	**38,085**	**19,841**	**867**	**138,384**
IAS 8 adjustments	–119	—	—	—	—	–119
Changes in the basis of consolidation	–505	–6	–20	–2	—	–532
Disposal groups in accordance with IFRS 5	159	4	14	1	—	177
Other changes	2	—	—	—	—	2
Changes in the statement of income and other comprehensive income						
Insurance revenue						
Contracts measured under the modified retrospective approach	–3,332	—	—	—	—	–3,332
Contracts measured under the fair value approach	–6,370	—	—	—	—	–6,370
Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	–29,942	—	—	—	—	–29,942
Total insurance revenue	**–39,645**	**—**	**—**	**—**	**—**	**–39,645**
Insurance service expenses						
Incurred claims and other insurance service expenses	–2	–624	22,610	10,010	79	32,073
Amortisation of insurance acquisition cash flows	3,515	—	—	—	—	3,515
Losses and reversals of losses on onerous contracts	—	899	—	—	—	899
Adjustments to liability for incurred claims	—	—	–250	–30	–93	–373
Total insurance service expenses	**3,514**	**275**	**22,360**	**9,980**	**–14**	**36,115**
Investment components	–11,551	—	11,549	2	—	—
Insurance service result	**–47,682**	**275**	**33,908**	**9,982**	**–14**	**–3,530**
Net insurance financial result	–15,668	6	–3,129	–1,712	1	–20,503
Effect of movements in exchange rates	249	–23	564	150	7	948
Other changes	63	—	—	–63	—	—
Total changes in the statement of income and other comprehensive income	**–63,038**	**258**	**31,343**	**8,358**	**–6**	**–23,085**
Cash flows						
Premiums received	45,304	—	—	—	—	45,304
Claims and other insurance service expenses paid, including investment components	—	—	–26,980	–8,502	—	–35,482
Insurance acquisition cash flows	–3,474	—	—	—	—	–3,474
Other cash flows	–1	—	—	—	—	–1
Total cash flows	**41,830**	**—**	**–26,980**	**–8,502**	**—**	**6,348**
Net closing balance	**57,435**	**741**	**42,441**	**19,696**	**860**	**121,174**
Carrying amount of assets as at the end of the reporting period	–2,141	–45	751	1	2	–1,432
Carrying amount of liabilities as at the end of the reporting period	59,576	786	41,690	19,695	859	122,606

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2023						
Carrying amount of assets as at the start of the reporting period	–2,484	123	331	423	239	–1,369
Carrying amount of liabilities as at the start of the reporting period	85,885	4,429	4,095	2,810	2,339	99,558
Net opening balance	**83,401**	**4,552**	**4,426**	**3,233**	**2,578**	**98,189**
IAS 8 adjustments	—	—	—	—	—	—
Changes in the basis of consolidation	55	63	—	—	116	234
Disposal groups in accordance with IFRS 5	314	13	—	—	51	378
Other changes	3	—	—	—	—	4
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–368	–483	–2,908	–3,758
Changes in risk adjustment for non-financial risk for the risk expired	—	–377	—	—	—	–377
Experience adjustments	990	—	—	—	—	990
Total changes that relate to current services	**991**	**–377**	**–368**	**–483**	**–2,908**	**–3,145**
Changes that relate to future services						
Contracts initially recognised in the period	–4,547	470	—	—	4,167	90
Changes in estimates that adjust the CSM	–481	–1	424	265	–205	2
Changes in estimates that relate to losses and reversals of losses on onerous contracts	–728	168	—	—	—	–561
Total changes that relate to future services	**–5,757**	**637**	**424**	**265**	**3,962**	**–469**
Changes that relate to past services						
Adjustment to the liability for incurred claims	–76	–300	—	—	—	–376
Total changes that relate to past services	**–76**	**–300**	**—**	**—**	**—**	**–376**
Insurance service result	**–4,841**	**–40**	**56**	**–218**	**1,054**	**–3,989**
Insurance finance income and expenses from insurance contracts issued	5,713	321	59	55	160	6,307
Effect of movements in exchange rates	–577	–86	–10	–88	–49	–810
Other changes	–1	—	—	—	—	–2
Total changes in the statement of income and other comprehensive income	**294**	**194**	**105**	**–251**	**1,165**	**1,507**
Cash flows						
Premiums received	34,786	—	—	—	—	34,786
Claims and other insurance service expenses paid, including investment components	–30,053	—	—	—	—	–30,053
Insurance acquisition cash flows	–1,402	—	—	—	—	–1,402
Other cash flows	–1	—	—	—	—	–1
Total cash flows	**3,329**	**—**	**—**	**—**	**—**	**3,329**
Net closing balance	**87,395**	**4,822**	**4,530**	**2,982**	**3,911**	**103,640**
Carrying amount of assets as at the end of the reporting period	–2,244	115	297	383	499	–950
Carrying amount of liabilities as at the end of the reporting period	89,639	4,708	4,233	2,599	3,412	104,591

ANALYSIS BY MEASUREMENT COMPONENT – CONTRACTS NOT MEASURED UNDER THE PAA

EUR million	Estimated present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts measured under the modified retrospective approach	Contractual service margin: Contracts measured under the fair value approach	Contractual service margin: Contracts measured under the full retrospective approach and contracts after transition to IFRS 17	Total
2022						
Carrying amount of assets as at the start of the reporting period	–5,035	757	1,251	1,176	364	–1,487
Carrying amount of liabilities as at the start of the reporting period	105,956	4,352	3,075	2,267	1,365	117,013
Net opening balance	**100,920**	**5,109**	**4,326**	**3,443**	**1,729**	**115,527**
IAS 8 adjustments	–82	—	–37	—	—	–119
Changes in the basis of consolidation	–495	–3	—	—	–29	–527
Disposal groups in accordance with IFRS 5	216	–10	–11	—	–11	184
Other changes	2	—	—	—	—	2
Changes in the statement of income and other comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	—	—	–569	–627	–2,345	–3,541
Changes in risk adjustment for non-financial risk for the risk expired	—	–462	—	—	—	–462
Experience adjustments	1,573	—	—	—	—	1,573
Total changes that relate to current services	**1,573**	**–462**	**–569**	**–627**	**–2,345**	**–2,430**
Changes that relate to future services						
Contracts initially recognised in the period	–3,627	463	—	—	3,456	293
Changes in estimates that adjust the CSM	–1,525	765	727	283	–253	–2
Changes in estimates that relate to losses and reversals of losses on onerous contracts	739	–206	—	—	—	532
Total changes that relate to future services	**–4,413**	**1,022**	**727**	**283**	**3,203**	**823**
Changes that relate to past services						
Adjustment to the liability for incurred claims	–193	–57	—	—	—	–250
Total changes that relate to past services	**–193**	**–57**	**—**	**—**	**—**	**–250**
Insurance service result	**–3,033**	**503**	**158**	**–344**	**858**	**–1,857**
Insurance finance income and expenses from insurance contracts issued	–17,797	–1,097	48	35	13	–18,797
Effect of movements in exchange rates	612	50	–59	98	18	720
Other changes	—	—	—	—	—	—
Total changes in the statement of income and other comprehensive income	**–20,218**	**–544**	**148**	**–210**	**889**	**–19,934**
Cash flows						
Premiums received	31,313	—	—	—	—	31,313
Claims and other insurance service expenses paid, including investment components	–26,980	—	—	—	—	–26,980
Insurance acquisition cash flows	–1,274	—	—	—	—	–1,274
Other cash flows	–1	—	—	—	—	–1
Total cash flows	**3,057**	**—**	**—**	**—**	**—**	**3,057**
Net closing balance	**83,401**	**4,552**	**4,426**	**3,233**	**2,578**	**98,189**
Carrying amount of assets as at the end of the reporting period	–2,484	123	331	423	239	–1,369
Carrying amount of liabilities as at the end of the reporting period	85,885	4,429	4,095	2,810	2,339	99,558

Analysis of new business – contracts not measured under the PAA

EFFECT OF INSURANCE CONTRACTS ISSUED THAT WERE INITIALLY RECOGNISED IN THE PERIOD

	Industrial Lines		Retail Germany – Property/Casualty		Retail Germany – Life	
EUR million	Profitable contracts issued	Onerous contracts issued	Profitable contracts issued	Onerous contracts issued	Profitable contracts issued	Onerous contracts issued
2023						
Insurance acquisition cash flows	—	—	38	—	437	—
Claims and other insurance service expenses payable	—	—	127	—	2,343	—
Estimates of present value of future cash outflows	—	—	164	—	2,781	—
Estimates of present value of future cash inflows	—	—	–231	—	–3,163	—
Risk adjustment for non-financial risk	—	—	7	—	14	—
Contractual service margin [1]	—	—	59	—	368	—
Losses recognised on initial recognition [2]	**—**	**—**	**—**	**—**	**—**	**—**
2022						
Insurance acquisition cash flows	—	—	37	—	411	—
Claims and other insurance service expenses payable	—	—	121	—	2,651	—
Estimates of present value of future cash outflows	—	—	157	—	3,062	—
Estimates of present value of future cash inflows	—	—	–204	—	–3,326	—
Risk adjustment for non-financial risk	—	—	5	—	14	—
Contractual service margin [1]	—	—	42	—	250	—
Losses recognised on initial recognition [2]	**—**	**—**	**—**	**—**	**—**	**—**

[1] Of which EUR 75 (56) million relate to Retail International's life business.
[2] Of which EUR 8 (20) million relate to Retail International's life business.

The business combinations resulted in new business cash inflows of EUR 618 (–) million and cash outflows of EUR 970 (–) million (Retail International segment). The risk adjustment for non-financial risk was EUR 75 (–) million and the contractual service margin was EUR 173 (–) million. The presentation of the insurance contracts issued as part of a business combination accounts only for the cash flows expected after the date of initial consolidation at the time of initial consolidation. Cash flows from the purchase price included in the calculation of the acquired contractual service margin are not shown here.

Contractual service margin

CONTRACTUAL SERVICE MARGIN DURATIONS

	Industrial Lines		Retail Germany – Property/Casualty		Retail Germany – Life	
EUR million	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
Expected recognition within 1 year	—	—	39	23	217	193
More than 1 year but less than 2 years	—	—	19	12	197	130
More than 2 years but less than 3 years	—	—	10	6	166	116
More than 3 years but less than 4 years	—	—	5	4	141	100
More than 4 years but less than 5 years	—	—	3	2	121	88
More than 5 years but less than 10 years	—	—	4	3	458	343
More than 10 years	—	—	3	3	1,643	2,221
Time value of money	—	—	–5	–2	–22	–104
Total	**—**	**—**	**78**	**51**	**2,921**	**3,087**

	Retail International		Property/Casualty Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
	Profitable contracts issued	Onerous contracts issued	Profitable contracts issued	Onerous contracts issued	Profitable contracts issued	Onerous contracts issued	Profitable contracts issued	Onerous contracts issued	Profitable contracts issued	Onerous contracts issued	Profitable contracts issued	Onerous contracts issued
	270	7	789	6	19	—	1	—	–17	—	1,537	13
	801	294	14,258	310	2,702	28	642	109	–1,257	–32	19,617	709
	1,071	302	15,047	316	2,721	28	643	109	–1,280	–27	21,148	728
	–1,300	–327	–18,643	–279	–3,162	–14	–873	–102	1,647	23	–25,724	–699
	53	36	272	3	75	—	77	28	–89	–6	409	61
	176	—	3,324	—	366	—	153	—	–279	—	4,167	—
	—	**11**	**—**	**40**	**—**	**14**	**—**	**35**	**—**	**–10**	**—**	**90**
	53	1	694	85	9	—	3	—	–10	–1	1,197	85
	1,370	372	13,065	3,099	1,813	25	565	49	–1,348	–199	18,237	3,346
	1,423	373	13,759	3,184	1,821	25	568	49	–1,357	–200	19,434	3,431
	–1,555	–374	–16,551	–2,989	–2,425	–21	–880	—	1,684	149	–23,257	–3,235
	38	57	230	41	90	—	98	—	–108	–2	367	96
	95	—	2,561	—	513	—	214	—	–219	—	3,456	—
	—	**56**	**—**	**236**	**—**	**4**	**—**	**49**	**—**	**–53**	**—**	**292**

	Retail International		Property/Casualty Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
	269	103	1,566	885	632	659	75	24	–145	–59	2,652	1,827
	52	43	297	206	495	434	11	23	–30	–38	1,040	810
	27	36	44	44	434	418	4	6	–15	–16	670	611
	12	30	13	22	407	365	—	6	–9	–15	570	512
	6	24	7	11	393	344	—	6	–8	–14	522	462
	24	68	6	11	1,728	1,479	—	—	–30	–29	2,192	1,875
	144	134	2	—	5,397	4,895	—	—	–42	–40	7,146	7,213
	–5	–9	–113	–45	–3,265	–2,951	—	—	42	38	–3,369	–3,073
	529	**430**	**1,821**	**1,135**	**6,222**	**5,644**	**90**	**64**	**–238**	**–173**	**11,423**	**10,236**

Claims development in property insurance

Loss reserves are inevitably based to some degree on estimates that involve residual uncertainty. The run-off result is defined as the adjustment in the liability for incurred claims in prior periods. In the case of reinsurance contracts whose terms do not correspond to a calendar year or that are entered into on an underwriting-year basis it is often impossible to allocate claims expenses precisely to the financial year or the prior year.

The following tables show the development in claims for the current reporting period and for ten further preceding occurrence years, broken down by gross and net view, i.e. after taking reinsurance items into account. Starting from the opening balance of the liability for incurred claims, the change in the actual claims expense is compared against the change in the estimate of the undiscounted amounts of the expected claims, which is shown as the loss run-off triangle. Other changes (discounting effect, risk adjustment, exchange differences on translating foreign operations, etc.) in the components of the liability for incurred claims are also shown to present the reconciliation to the carrying amount as at the reporting date.

The presentation of the development in claims includes all property insurance companies in primary insurance and reinsurance, including Corporate Operations before the elimination of intragroup cross-segment transactions.

GROSS CLAIMS DEVELOPMENT

EUR million	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Liability for incurred claims (gross) at the beginning of the reporting period												**58,396**
Nominal incurred claims (gross) [1]												
Current year	11,182	11,616	13,094	12,957	16,044	16,917	17,859	18,446	23,663	30,854	32,062	
One year later	—	159	–354	–131	–106	1,069	606	493	173	481		
Two years later	26	–140	–36	125	–371	–87	–149	–463	–325			
Three years later	–395	–176	–179	–159	117	–224	117	–180				
Four years later	–163	–224	–221	55	53	88	139					
Five years later	–141	–16	80	8	7	82						
Six years later	–249	–66	–72	–71	104							
Seven years later	–59	–72	–82	–18								
Eight years later	–5	–54	–95									
Nine years later	–53	–59										
Ten years later	–50											
Run-off result of the initial loss provision in %	0%	1%	1%	0%	1%	0%	1%	1%	1%	2%		
Claims and claims expenses paid	**–104**	**–112**	**–175**	**–202**	**–448**	**–487**	**–1,074**	**–1,336**	**–2,825**	**–7,890**	**–9,683**	
Liability for incurred claims (gross) for occurrence years 2013 to 2023	–154	–171	–270	–220	–343	–405	–935	–1,516	–3,151	–7,409	22,379	**7,805**
Liability for incurred claims (gross) for occurrence years before 2013 [2]												**–674**
Discounting effect												**–686**
Risk adjustment												**280**
Exchange differences on translating foreign operations												**–1,121**
Portfolio entries/withdrawals												**—**
Accounts receivable and payable												**–286**
Other changes												**44**
Liability for incurred claims (gross) at the end of the reporting period												**63,758**

[1] The values up to 2021 inclusively were partially transformed from IFRS 4.
[2] Includes the change in incurred claims of EUR –31 million and claim expenses of EUR –643 million.

NET CLAIMS DEVELOPMENT

EUR million	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Liability for incurred claims (net) at the beginning of the reporting period												**45,283**
Nominal incurred claims (net) [1]												
Current year	9,125	9,254	10,389	10,519	12,713	13,464	14,818	15,291	17,756	26,047	27,671	
One year later	–99	176	117	135	–141	732	575	244	75	128		
Two years later	–272	–342	–504	–9	–298	–40	–79	–419	–142			
Three years later	–253	–163	–133	–135	172	–95	–27	–131				
Four years later	–76	–216	–158	23	22	158	90					
Five years later	–100	–43	82	–15	–18	94						
Six years later	–220	–78	–104	–105	69							
Seven years later	–75	–74	–89	–32								
Eight years later	–57	–55	–91									
Nine years later	–60	–63										
Ten years later	–35											
Run-off result of the initial loss provision in %	0%	1%	1%	0%	1%	1%	1%	1%	1%	0%		
Claims and claims expenses paid	**–77**	**–94**	**–144**	**–161**	**–340**	**–394**	**–783**	**–964**	**–1,685**	**–6,432**	**–8,784**	
Liability for incurred claims (net) for occurrence years 2013 to 2023	–112	–156	–235	–193	–271	–299	–693	–1,095	–1,827	–6,305	18,887	**7,701**
Liability for incurred claims (net) for occurrence years before 2013 2												**–554**
Discounting effect												**–697**
Risk adjustment												**230**
Exchange differences on translating foreign operations												**–831**
Portfolio entries/withdrawals												**—**
Accounts receivable and payable												**–782**
Other changes												**32**
Liability for incurred claims (net) at the end of the reporting period												**50,382**

[1] The values up to 2021 inclusively were partially transformed from IFRS 4.
[2] Includes the change in incurred claims of EUR –72 million and claims expenses of EUR –482 million.

The Group recorded a positive net run-off result of EUR 185 million in the reporting period; this figure represents the aggregate run-off results for the individual financial years.

The net liability for incurred claims of all property insurance companies amounts to EUR 50.4 billion in total, EUR 8.6 billion of which attributable to the Industrial Lines segment, EUR 2.5 billion to the Retail Germany – Property/Casualty segment, EUR 3.6 billion to the Retail International segment, EUR 0.7 billion to the Corporate Operations segment and EUR 34.9 billion to the Property/Casualty Reinsurance segment.

Special disclosures for contracts measured under the VFA

FAIR VALUE OF UNDERLYING ITEMS FOR CONTRACTS WITH SURPLUS PARTICIPATION[1]

EUR million	2023	2022
Investment property	2,493	2,167
Shares in affiliated companies, associates, joint ventures and participating interests	2,536	1,740
Other financial instruments		
Financial instruments measured at amortised cost	868	811
Financial instruments measured at fair value through other comprehensive income	34,972	29,090
Financial instruments measured at fair value through profit or loss	15,573	12,352
Other investments	328	232
Cash at banks, cheques and cash-in-hand	1,403	377
Other assets	107	110
Total assets	**58,281**	**46,879**

[1] Before consolidation of intragroup transactions.

The following table shows the reconciliation from the opening balance to the closing balance of the cumulative amounts recognised in other comprehensive income for financial assets measured at fair value through other comprehensive income attributable to insurance contracts with direct participation features (VFA), and for which the modified retrospective approach or the fair value approach was applied on initial application of IFRS 17.

INVESTMENT INCOME IN OTHER COMPREHENSIVE INCOME IN CONNECTION WITH INSURANCE CONTRACTS WITH DIRECT PARTICIPATION FEATURES

	2023			2022		
EUR million	Total	Values determined as at transition date	Values after transition date	Total	Values determined as at transition date	Values after transition date
Gains (losses) from investments recognised in other comprehensive income at the beginning of the period	**–5,397**	**–5,221**	**–176**	**3,761**	**3,663**	**98**
Unrealised gains and losses	3,716	3,580	137	–14,277	–13,892	–385
Reclassified to profit or loss	–2,266	–2,187	–79	867	854	13
Tax income (expense)	–458	–440	–18	4,252	4,154	98
Gains (losses) from investments recognised in other comprehensive income at the end of the period	**–4,404**	**–4,268**	**–136**	**–5,397**	**–5,221**	**–176**

Significant management judgement and estimates

Fulfilment cash flows

Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to those cash flows (to the extent that these risks are not included in the estimates of cash flows), and a risk adjustment for non-financial risk.

Future cash flows

Future cash flows are the expected value (or the probability-weighted mean) of the full range of possible outcomes. Stochastic models are used in the case of significant interdependencies between cash flows in different scenarios. The Group uses all reasonable and supportable information available without undue cost or effort at the end of the reporting period in an unbiased way when estimating future cash flows. Estimates of future cash flows reflect the Group's perspective on conditions as at the reporting date; the estimates of the relevant market variables are consistent with observable market prices for those variables. Estimates of cash flows take into account current expectations of future events that might affect those cash flows. Chang-

es in the law are taken into account as soon as they have been substantively enacted. Assumptions as to future inflation scenarios are derived from the difference between the yields on nominal government bonds and yields on inflation-linked government bonds.

The core assumptions in the life insurance business (including Life/Health Reinsurance) relate to mortality, longevity and policyholder behaviour, and vary by product type. They are developed using recognised techniques and sources. We check our experience by performing regular studies, the results of which are included in the measurement of existing contracts. To determine how changes in discretionary cash flows for these contracts are identified, the Group generally defines its commitment as the return implicit in the estimate of the fulfilment cash flows at inception of the contract. This is updated to reflect current assumptions that relate to financial risk. Fulfilment cash flows under the VFA are determined on a market-consistent basis using actuarial (stochastic) modelling, taking account of contractual options and guarantees.

In the case of investment contracts with some discretionary participation features that are measured under the general measurement model (GMM) and for which the Group, taking account of the statutory framework, has discretion over the amount or timing of payments to policyholders, changes in the discretionary cash flows are assumed to relate to future services and hence to result in an adjustment to the contractual service margin. At inception, the Group models the expected interest payable on the policyholder's account balance, based on a pool of assets after deduction of a spread. The effects of changes in the spread and the resulting impact on fulfilment cash flows lead to an adjustment to the contractual service margin. This also applies to financial risk assumptions.

In the case of the property/casualty business (including Property/Casualty Reinsurance), the Group uses recognised actuarial methods to calculate estimated claims that have been incurred but not yet reported. The ultimate liability for all lines is measured by calculating the anticipated ultimate loss ratios using actuarial techniques such as the chain ladder method. These are based on the assumption that the Group's historical claims development can suggest patterns in future claims development. The amount recognised is the realistically estimated future settlement amount. The uncertainty in actuarial projections is greater for more recent underwriting years. This can be reduced using a wide range of additional information on rate and condition improvements in business written and claims trends. In the case of reinsurance, these calculations use the information received from the cedants. For missing cedant settlements with larger premium volumes, supplementary or complete estimates may be made of the corresponding profit items, assets and obligations including the relevant retrocessions. Missing cedant settlements with low premium volumes were recognised in the subsequent year. In addition, individual cost estimates are calculated for certain known insurance claims. These estimates, which are based on the facts known when the relevant reserve was recognised, are determined by the Loss Adjustment department and take general principles of insurance practice, the loss situation and the agreed level of cover. The loss reserves are remeasured at regular intervals if new information becomes available that suggests this is appropriate.

Large losses are considered separately when using statistical methods. Based on an evaluation of various observable information, losses can be classified as large individual loss events. Related liabilities are measured in a separate process based on estimates of individual contracts.

Discount rates

An insurance liability is considered illiquid over a specific period if the insurer can hold assets over this period with a very low risk of a forced sale. This depends on the timing and predictability of the cash flows associated with the liability, which in turn are affected by product characteristics such as repurchase options. Accordingly, an insurance contract's illiquidity features are directly related to the predictability of its cash flows. This means it can be fundamentally assumed that all characteristics of an insurance contract (or a group of insurance contracts) can be described and measured in full by the characteristics of their resulting cash flows. This is particularly true of the contract's liquidity features, which are consistent with the regulations of IFRS 17.B83 (a) and B84. This refers to the liquidity characteristics of the yield curve (illiquid risk-free yield curve) and uncertainty about the amount and timing of cash flows, without also focusing on the liquidity of the contract.

Double counting and omissions are to be avoided when measuring insurance contracts. This requirement is a central principle of IFRS (see IFRS 17.B74). If an entity considers different levels of predictability for the cash flows of different product types by including individual illiquidity premiums in the discount rates of the respective product types at the same time as including impairment losses for financial risks in the estimate of future cash flows, the uncertainty about the timing and amount of cash flows would be double-counted in the IFRS 17 measurement. Accordingly, all uncertainties for which impairment has already been recognised in the measurement of the liability must not be taken into account by way of a reduced illiquidity premium in the composition of the yield curve, as this would result in double counting.

In summary, Talanx has opted to reflect uncertainties in cash flows caused by fluctuations in the underlying financial parameters (i.e. financial risk) in the estimate of future cash flows instead of implicit-

ly by reducing the illiquidity premium through the adjustment of the risk-free, fully illiquid yield curve. This means that Talanx applies the risk-free, fully illiquid yield curve referenced in IFRS 17.B84 to all business transactions in the same currency and thus accounts for all material uncertainties in the estimate of future cash flows or in the risk adjustment for non-financial risks.

The discount rate is based on the bottom-up approach, under which the discount rate is determined as the risk-free return, adjusted to account for differences in liquidity features between financial assets used to determine the risk-free return and cash flows of the liability in question (also referred to as the "illiquidity premium"). The risk-free return was determined using swap rates available on the market in the same currency as the product being measured. If no swap rates are available, highly liquid government bonds are used. The illiquidity premium is calculated using reference portfolios based on assets specific to the Talanx Group (applying the top-down approach) to ensure better matching with liabilities and stable results. Assessing the liquidity features of cash flows from liabilities requires making judgements. The illiquidity premium was estimated based on observable market liquidity premiums for financial assets, which were adjusted to reflect the illiquidity characteristics of the cash flows from the liability [1]. The method used to calculate the illiquidity premium is similar to the EIOPA method for calculating the volatility adjustment under Solvency 2.

The illiquidity premium is calculated as the risk-adjusted return of a reference portfolio specific to the Talanx Group. The reference portfolio specific to the Talanx Group includes a mix of government and corporate bonds. The return on the reference portfolio was adjusted to eliminate the effects of expected and unexpected credit risks. These adjustments were estimated using information from observable historical loss rates and credit default swaps in connection with the bonds included in the reference portfolio.

Observable market information for a period of up to 50 years, depending on the currency in question, is available to calculate the discount rates. For the euro, for example, market data for a period of up to 50 years is used. For the non-observable period, state-of-the-art methods were used to interpolate the yield curve for a final rate. In this connection, we use an extrapolation method for the liquid portion of the yield curve that is similar to the method used in the latest Solvency 2 review. The final rate is comparable to the ultimate forward rate under Solvency 2. To calculate the illiquidity premium curve for the euro and the US dollar, we opted to use Smith-Wilson optimisation to develop a maturity-dependent curve that results in a final illiquidity premium similar to the ultimate forward rate and that is calculated as the stable long-term average of the illiquidity premium.

The following yield curves are used to discount estimated future cash flows:

DISCOUNT RATES APPLIED

	EUR	USD	GBP	AUD	CAD	BRL
31.12.2023						
1 year	0.036075	0.050854	0.050997	0.046455	0.043537	0.101278
5 years	0.025919	0.041036	0.037194	0.042250	0.035620	0.099844
10 years	0.027342	0.046590	0.036483	0.045210	0.035363	0.104516
15 years	0.028315	0.047025	0.037619	0.046790	0.034728	0.101740
20 years	0.027677	0.046759	0.037971	0.046612	0.034411	0.094931
25 years	0.027066	0.045391	0.037536	0.045194	0.034221	0.088253
30 years	0.027269	0.044480	0.037246	0.043384	0.034094	0.082511
50 years	0.029525	0.037807	0.033063	0.040780	0.033666	0.067920
31.12.2022						
1 year	0.033967	0.053733	0.047950	0.039829	0.044182	0.131149
5 years	0.033724	0.044357	0.043974	0.041657	0.036196	0.126066
10 years	0.033977	0.047839	0.040454	0.045060	0.036268	0.127461
15 years	0.033491	0.047407	0.039538	0.045949	0.035746	0.121634
20 years	0.030931	0.046635	0.038709	0.045840	0.035485	0.111999
25 years	0.029330	0.044814	0.037631	0.045974	0.035329	0.103022
30 years	0.029261	0.042268	0.036912	0.045871	0.035224	0.095456
50 years	0.031461	0.038402	0.038718	0.043762	0.037056	0.076539

Contractual service margin

The insurance services provided in a reporting period are included in the amount of the contractual service margin recognised in profit or loss for that period. The amount is determined on the basis of the number of coverage units provided in the reporting period, based on the volume of coverage provided and the expected coverage period. IFRS 17 does not contain any requirements as to the method to be used to determine the volume of the insurance coverage. An appropriate method is selected for each group of contracts. In the case of insurance contracts that offer both insurance coverage and investment-related services, measurement of the volume of insurance services provided includes determining the relative weighting of the services provided to the policyholders by the insurance coverage. The way in which the services provided change in the course of the coverage period is determined and the individual components are then aggregated.

The Group determines the relative weighting of the insurance service provided under the insurance coverage by accounting for the service as if it had been offered independently. The ratio is then calculated based on the ratio of the respective services for the financial year in relation to the expected total services.

[1] The illiquidity premium is calculated only for the main currencies. For the euro and the US dollar, we use a curve for the illiquidity premium that depends on the assets' maturity.

Risk adjustment for non-financial risk

The non-financial risk adjustment is used to compensate for uncertainty regarding the amount and timing of cash flows in connection with the non-financial risk (e.g. insurance risk, cost risk, inflation risk and, in particular, policyholder behaviour risk). The Talanx Group uses two methods to calculate the non-financial risk adjustment, reflecting its different business models. Primary Insurance applies the confidence level method with a Group-wide confidence level of 75% (exception: 65% for HDI Global Specialty SE, Hannover). The risk adjustment is determined at entity level, but risk diversification between entities is not taken into account. We apply a pricing margin approach for our Reinsurance Division and our internal reinsurance business at Talanx AG. This approach is based on the fact that the need to compensate for uncertain cash flows is already addressed during premium calculation. The surcharges determined there are applied to the cash flows and hence also form the risk adjustment under IFRS 17. Although this approach does not use the confidence level as an input, it is set at 83% for the Reinsurance Division and 88% for Talanx AG. Diversification at entity level is applied only for Hannover Rück SE. In the diversification between all Talanx Group entities, the risk adjustment shows that the Talanx Group's technical provisions are adequate with an approximate probability of 90%. A one percentage point decline in this probability translates into EUR –219 million while a corresponding increase in the probability translates into EUR 236 million. Changes in the risk adjustment are reported in insurance service expenses.

(19) Provisions for pensions and other post-employment benefits

In general, Group companies have made defined contribution or defined benefit pension commitments to their employees. The type of pension commitment depends on the pension plan concerned. The majority of pension commitments, measured in terms of the amount involved, are based on defined benefit pension plans.

These are primarily **final salary plans that depend on length of service**, that are fully employer-financed and provide retirement, disability and survivor benefits in the form of a monthly pension, normally without a lump-sum option. Qualifying events (e.g. retirement age, disability or death) are closely aligned with the eligibility requirements for statutory pension insurance. The benefit amount is based on a percentage of the final salary, with the calculation taking into account firstly the number of service years completed at the time the qualifying event occurs and secondly the salary at that time (where appropriate averaged over several years). In some cases, relevant income components below the contribution assessment ceiling for statutory pension insurance are weighted differently to those above the ceiling.

These pension plans are closed to new employees. Some existing commitments have been frozen at the levels already reached plus salary trends. A large majority of the plans are not funded by plan assets.

Plans based on annual pension units are fully employer-funded retirement, disability and survivor benefit commitments that take the form of a monthly pension without a lump-sum option. Qualifying events (e.g. retirement age, disability or death) are closely aligned with the eligibility requirements for statutory pension insurance. The benefit amount is based on the sum of annual pension units, which are derived from a transformation table. The number of hours worked by the employee, the size of their salary and, in some cases, the performance of the employer company making the commitment are taken into account. The key income components below the contribution assessment ceiling for statutory pension insurance are weighted differently to those above the ceiling.

The most significant pension plan of this type, measured in terms of the amount involved, is closed to new employees and is not funded by plan assets. However, pension liability insurance has been taken out for a large sub-portfolio.

Contribution-based plans with guarantees comprise deferred compensation commitments or fully employer-funded retirement, disability and survivor benefit commitments taking the form of a monthly pension from an "Unterstützungskasse" (provident fund). Instead of a retirement pension, employees can opt for a lump-sum capital payment. These are defined contribution benefit commitments within the meaning of German labour law that are classified economically as defined benefit obligations. The pension amount paid by the employer to the provident fund is used by the latter to taking out pension liability insurance that mirrors the range of benefits for which a commitment has been made (matching pension liability insurance). The benefit commitments are as given in the schedule of benefits for the pension liability insurance policy. The provident fund's associated assets are reported as plan assets.

In addition, there are pension commitments resulting from one-time deferrals of compensation by employees that provide a lump-sum benefit in the event of their death or survival to retirement age. In this case, the amount deferred is used as a one-time premium for a pension liability insurance policy whose benefits match the commitments given. There is no annuity option. No plan assets have been allocated to these commitments.

Employees can also opt to take part in insurance-style deferred compensation schemes. In economic terms, these are defined contribution plans for which no pension provisions are recognised.

The risks arising from future changes in pension liabilities consist of general actuarial risks such as interest rate risk, inflation risk and biometric risks.

Measures in place to reduce these risks include matching pension liability insurance with plan assets (defined contribution plans with new business), increased biometric actuarial assumptions and the construction of an asset portfolio structure that is as suitable as possible for presenting expected future cash flows from the commitments (asset liability management). The assumptions regarding the pension trend and the expected rate of salary increase are reviewed on a regular basis and, where necessary, adjusted to account for current expectations in relation to inflation developments.

No unusual risks or material risk clusters can be discerned.

FUNDED STATUS OF PENSION PLANS

EUR million

Type of plan	2023	2022
Final salary plans that depend on length of service		
Plan assets	–19	–19
Present value of defined benefit obligation	1,583	1,548
Effect of the asset ceiling	—	—
Surplus (net asset)	–4	1
Shortfall (net liability)	1,568	1,530
Plan based on pension modules		
Plan assets	—	—
Present value of defined benefit obligation	100	94
Effect of the asset ceiling	—	—
Surplus (net asset)	—	—
Shortfall (net liability)	100	94
Contribution-based plans with guarantees		
Plan assets	–325	–306
Present value of defined benefit obligation	359	333
Effect of the asset ceiling	24	28
Surplus (net asset)	1	—
Shortfall (net liability)	57	55
Balance as at 31.12. of the financial year (net asset)	**–4**	**1**
Balance as at 31.12. of the financial year (net liability)	**1,726**	**1,679**

The change in the net pension obligation and net pension assets for the Group's various defined benefit pension plans is shown in the following table. In addition to the main components – the Defined Benefit Obligation (DBO) and plan assets – the change in the asset adjustment from the calculation of the asset ceiling for any asset resulting from a plan surplus must be reported. The recoverability of the economic benefit associated with any plan surplus is reviewed at the level of the individual pension plan; this resulted in a reduction in the carrying amount for the net asset both as at 31 December 2023 and as at 31 December 2022.

CHANGE IN NET PENSION OBLIGATIONS AND NET PENSION ASSETS FOR THE VARIOUS DEFINED BENEFIT PENSION PLANS

	Defined benefit obligation		Fair value of plan assets		Asset adjustment		Net provision	
EUR million	2023	2022	2023	2022	2023	2022	2023	2022
Balance as at 01.01. of the financial year	**1,974**	**2,560**	**–324**	**–361**	**28**	**1**	**1,678**	**2,200**
Changes recognised in net income								
Current service cost	22	29	—	—	—	—	22	29
Past service cost and plan curtailments	—	2	—	—	—	—	—	2
Net interest component	72	27	–12	–4	1	—	61	23
Gain or loss from settlements	–1	—	—	—	—	—	–1	—
	94	**58**	**–12**	**–4**	**1**	**—**	**83**	**54**
Other comprehensive income								
Remeasurements								
Actuarial gains (–)/losses (+) from changes in biometric assumptions	—	1	—	—	—	—	—	1
Actuarial gains (–)/losses (+) from changes in financial assumptions	62	–570	—	—	—	—	62	–570
Experience adjustments	36	34	—	—	—	—	36	34
Return on plan assets (excluding interest income)	—	—	7	49	—	—	7	49
Change from asset adjustment	—	—	—	—	–5	27	–5	27
Exchange rate changes	–16	–7	—	—	—	—	–16	–7
	81	**–542**	**7**	**49**	**–5**	**27**	**83**	**–466**
Other changes								
Employer contributions	—	—	–27	–20	—	—	–27	–20
Employee contributions and deferred compensation	1	—	—	—	—	—	—	—
Benefits paid during the year	–98	–92	14	7	—	—	–85	–85
Business combinations and disposals	—	—	—	—	—	—	—	—
Effect of plan settlements	–3	—	—	—	—	—	–3	—
Exchange rate changes	–6	–10	–1	5	—	—	–7	–5
	–107	**–102**	**–15**	**–7**	**—**	**—**	**–122**	**–110**
Balance as at 31.12. of the financial year	**2,042**	**1,974**	**–344**	**–324**	**24**	**28**	**1,722**	**1,678**

The structure of the investment portfolio underlying the plan assets was as follows:

PLAN ASSET PORTFOLIO STRUCTURE

%	2023	2022
Cash and cash equivalents	—	1
Equity instruments	—	1
Fixed-income securities	3	6
Real estate	2	1
Securities funds	1	15
Qualifying insurance contracts	77	76
Other assets	17	—
Total	**100**	**100**

Since all equity instruments, fixed-income securities and securities funds are listed in an active market, market prices are available for them.

The fair value of plan assets does not include any amounts for own financial instruments.

The actual income on plan assets in the reporting period was EUR 5 million (prior year: expense of EUR 44 million).

Defined benefit obligations were measured on the basis of the following weighted assumptions:

DEFINED BENEFIT OBLIGATION ASSUMPTIONS

Weighted inputs/assumptions, %	2023	2022
Discount rate for defined benefit obligation [1]	3.2	3.6
Discount factor for net interest element [1]	3.4	0.9
Discount factor for current service cost [1]	3.3	1.3
Expected rate of salary increase [1]	3.5	3.5
Pension trend [1]	2.3	2.3

[1] Where the portfolio in Germany accounts for more than 90% of the total, the amount disclosed is determined in accordance with the inputs specified for valuing domestic portfolios.

As the spot rate approach – which is used to determine the valuation rate as per IAS 19.83 for the euro currency by discounting projected benefits with the entire yield curve – is also applied to interest expenses and income, defined benefit obligation assumptions also include a separate discount factor for calculating net interest elements. The discount factors for the net interest elements and current service costs are determined at the beginning of the financial year.

As in the prior year, the 2018 G Heubeck Mortality Tables were used without change as the biometric basis for calculating the German pension commitments, and were adjusted to reflect the risk trends observed in the portfolio.

The defined benefit obligation has a duration of 14 (13) years.

Sensitivity analyses

Increases or decreases in key actuarial assumptions would have the following effects on the present value of the defined benefit obligation as at 31 December 2023:

EFFECT OF CHANGES IN ACTUARIAL ASSUMPTIONS

	Effect on defined benefit obligation			
	Parameter increase		Parameter decrease	
EUR million	2023	2022	2023	2022
Discount rate (+/– 0.5%)	–122	–118	135	131
Salary increase rate (+/– 0.25%)	5	5	–6	–6
Pension adjustment rate (+/– 0.25%)	46	44	–45	–43

A change in the underlying mortality rates and longevities is also possible. Longevity risk was calculated by lowering the mortalities in the underlying mortality tables by 10%. This extension in longevities would have resulted in the pension obligation being EUR 65 (62) million higher as at the end of the financial year.

Sensitivities are calculated as the difference between the pension obligations under changed actuarial assumptions and those under unchanged actuarial assumptions. The calculations for the key inputs were performed separately.

For financial year 2024, the Group currently anticipates employer contributions of EUR 20 (23) million, which will be paid into the defined benefit plans shown here.

Defined contribution commitments are funded through external pension funds or similar institutions. Fixed contributions (e.g. based on the employee's income) are paid to these institutions, and the beneficiary's claim is against those institutions. In effect, the employer has no further obligation beyond payment of the contributions. An expense of EUR 88 (82) million was recognised for these commitments in the financial year, of which EUR 0 (1) million was attributable to commitments to employees in key positions. The defined contribution commitments mainly relate to state pension schemes.

(20) Provisions for taxes

PROVISIONS FOR TAXES

EUR million	31.12.2023	31.12.2022
Provisions for income tax	513	349
Other tax provisions	258	192
Total	**770**	**541**

(21) Miscellaneous other provisions

MISCELLANEOUS OTHER PROVISIONS (LIKELY SETTLEMENT AMOUNT)

EUR million	Restructuring	Bonuses and incentives	Anniversary bonuses	Early retirement/partial retirement	Other personnel expenses	Outstanding invoices	Other	Total
Carrying amount as at the end of the previous year	**92**	**231**	**13**	**49**	**104**	**139**	**245**	**873**
2023								
Changes in the basis of consolidation	—	11	—	—	8	10	40	**69**
Additions	51	189	1	7	40	130	215	**632**
Unwinding of discounts	—	—	—	2	—	—	1	**3**
Utilisation	–9	–113	–2	–17	–40	–78	–108	**–367**
Reversals	–60	–9	—	—	–3	–26	–22	**–120**
Other changes	–9	—	—	9	—	—	1	**1**
Exchange rate changes	—	—	—	—	—	–2	–8	**–10**
Carrying amount as at the end of the financial year	**65**	**308**	**12**	**49**	**109**	**173**	**364**	**1,081**

The provisions for restructuring disclosed in the financial statements relate primarily to restructuring measures for realigning the Retail Germany Division. This provision amounted to EUR 65 (92) million at the reporting date. In the reporting period there were essentially reversals of EUR 60 million, additions of EUR 51 million and utilisations of EUR 9 million. EUR 9 million was also transferred from the restructuring provision to the provision for partial retirement. Additions to and reversals from the restructuring provision were primarily the result of updating the provision from the "GO25" programme measures and related projects. No significant unwinding of discounts took place in the reporting period.

Other provisions (EUR 364 [245] million) cover a large number of differing items that cannot be assigned to the categories above. In particular, these relate to provisions for commissions of EUR 19 (82) million and provisions for interest on tax back payments of EUR 67 (61) million. In addition, this item includes provisions for administrative expenses, land recultivation, outstanding contributions to the "Unterstützungskasse" (provident fund) and the "Schwerbehindertenabgabe" (disabled persons levy).

DURATIONS OF MISCELLANEOUS OTHER PROVISIONS

EUR million	Due within 1 year	Due between 1 and 5 years	Due after more than 5 years	Total
31.12.2023				
Restructuring	30	35	—	**65**
Bonuses and incentives	171	137	—	**308**
Anniversary bonuses [1]	3	1	8	**12**
Early retirement/partial retirement [1]	—	49	—	**49**
Other personnel expenses	99	9	—	**109**
Outstanding invoices	173	—	—	**173**
Other	286	65	13	**364**
Total	**763**	**297**	**21**	**1,081**
Total, previous year	**575**	**275**	**23**	**873**

[1] Weighted average.

(22) Notes payable and loans

The following items were reported under this heading at the reporting date:

EUR million	31.12.2023	31.12.2022
Talanx AG notes payable	1,746	2,311
Hannover Rück SE	747	746
Loans from infrastructure investments	54	67
Hannover Re Real Estate Holdings, Inc. mortgage loans	206	228
HR GLL Central Europe GmbH & Co. KG mortgage loans	206	227
Real Estate Asia Select Fund Limited mortgage loans	217	231
Hannover Rück SE loans	138	198
E+S Rückversicherung AG loans	31	43
Liabilities from real estate investments of KOP4 GmbH & Co. KG	44	—
Other	6	8
Total	**3,395**	**4,058**

The Talanx AG bond with an interest rate of 3.125% that matured on 13 February 2023 was repaid in full in the amount of EUR 750 million. Group companies had held bonds with a nominal amount of EUR 185 million.

The EUR 250 million syndicated variable-rate credit line expired in the reporting period. The extension option was not exercised.

Net expenses on notes payable and loans totalled EUR 126 (72) million and consisted essentially of interest expenses on bonds issued by Talanx AG (EUR 72 [39] million) and Hannover Rück SE (EUR 8 [8] million), net expenses from mortgage loans (EUR 38 [19] million), loans on infrastructure investments (EUR 2 [2] million) and amortisation (EUR 2 [2] million).

NOTES PAYABLE

EUR million	Nominal amount	Coupon	Maturity	Rating[1]	Issue	31.12.2023	31.12.2022
Talanx AG	750	Fixed (4.0%)	2022/2029	(—; —)	These senior unsecured bonds have a fixed term and can only be called for extraordinary reasons.	748	748
Talanx AG	500	Fixed (4.0%)	2022/2029	(—; A+)	These senior unsecured bonds have a fixed term and can only be called for extraordinary reasons.	498	498
Talanx AG	565	Fixed (3.125%)	2013/2023	(—; A+)	These senior unsecured bonds have a fixed term and can only be called for extraordinary reasons.	—	565
Talanx AG	500	Fixed (2.5%)	2014/2026	(—; A+)	These senior unsecured bonds have a fixed term and can only be called for extraordinary reasons.	500	500
Hannover Rück SE	750	Fixed (1.125%)	2018/2028	(—; AA–)	These unsubordinated unsecured bonds have a fixed term.	747	746
Total						**2,493**	**3,057**

[1] AM Best debt rating; S&P debt rating.

FAIR VALUE OF NOTES PAYABLE AND LOANS

EUR million	31.12.2023	31.12.2022
Amortised cost	3,395	4,058
Unrealised gains/losses	—	–125
Fair value	**3,395**	**3,933**

NOTES PAYABLE AND LOANS: MATURITIES

EUR million	31.12.2023	31.12.2022
Due within 1 year	290	837
More than 1 year but less than 5 years	1,688	953
More than 5 years but less than 10 years	1,362	2,243
More than 10 years but less than 20 years	—	27
More than 20 years	44	—
No duration	12	—
Total	**3,395**	**4,058**

(23) Other liabilities

OTHER LIABILITIES

EUR million	2023	2022
Liabilities relating to non-Group lead business	655	481
Lease liabilities	448	467
Liabilities from cash collateral granted	144	151
Trade accounts payable	132	97
Liabilities relating to investments	168	195
Deferred income	105	94
Interest	63	79
Liabilities to social insurance institutions	31	20
Miscellaneous other liabilities	2,562	2,003
Total other liabilities (not measured at fair value through profit or loss)	**4,308**	**3,587**
Liabilities from derivatives	276	430
Repos (repurchase agreements)	463	250
Investment contracts designated at fair value through profit or loss	12	13
Investment contracts classified at fair value through profit or loss	1,968	1,792
Total other liabilities measured at fair value through profit or loss	**2,719**	**2,485**
Carrying amount as at 31.12. of the financial year	**7,027**	**6,072**

Other liabilities essentially include accounts payable not allocated to the technical items.

OTHER LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: MATURITIES

EUR million	31.12.2023	31.12.2022
Due within 1 year	3,836	3,144
More than 1 year but less than 5 years	223	215
More than 5 years but less than 10 years	141	149
More than 10 years but less than 20 years	12	18
More than 20 years	38	40
No fixed maturity	58	22
Total	**4,308**	**3,587**

Liabilities from derivatives (EUR 276 [430] million) mainly consist of instruments used to hedge interest rate, currency and equity risk, along with embedded derivatives separated from the underlying host insurance contract and accounted for at fair value. Please refer to our disclosures in Note 14, "Derivative financial instruments and hedge accounting".

The fair value of investment contracts is mainly calculated using the policyholders' surrender values and account balances. They primarily reflect the changes in the fair value of assets under investment contracts. To avoid discrepancies in value between assets and liabilities under investment contracts, some liabilities are designated at fair value if they would not otherwise be included in this measurement category. See our remarks in the "Accounting policies" section.

The change in fair value attributable to changes in the credit risk of financial liabilities classified at fair value through profit or loss was insignificant.

OTHER LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: MATURITIES

EUR million	31.12.2023	31.12.2022
Due within 1 year	604	428
More than 1 year but less than 5 years	337	411
More than 5 years but less than 10 years	159	160
More than 10 years but less than 20 years	207	184
More than 20 years	412	370
No fixed maturity	1,000	931
Total	**2,719**	**2,485**

(24) Liabilities from financing activities

RECONCILIATION OF DEBT FROM FINANCING ACTIVITIES AT THE START OF THE REPORTING PERIOD TO CARRYING AMOUNTS AS AT 31 DECEMBER

EUR million	01.01.	Cash flows from financing activities	Non-cash items: Acquisition/ disposal of subsidiaries	Non-cash items: Exchange rate changes	Non-cash items: Other changes	31.12.
2023						
Subordinated liabilities	5,009	250	—	—	2	5,262
Notes payable and loans	4,058	–841	147	–16	47	3,395
Lease liabilities	467	–68	4	–1	46	448
Total debt from financing activities	**9,535**	**–658**	**151**	**–17**	**96**	**9,106**
Interest paid from financing activities		–215				
Total cash flows from long-term financing activities		**–874**				
2022						
Subordinated liabilities	4,761	246	—	—	2	5,009
Notes payable and loans	2,432	1,360	241	24	2	4,058
Lease liabilities	462	–56	—	3	58	467
Total debt from financing activities	**7,656**	**1,550**	**240**	**27**	**61**	**9,535**
Interest paid from financing activities		–191				
Total cash flows from long-term financing activities		**1,360**				

(25) Deferred taxes

CHANGE IN RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES DURING THE YEAR

EUR million	31.12.2023: Deferred tax assets	31.12.2023: Deferred tax liabilities	31.12.2023: Net balance	31.12.2022[1]: Deferred tax assets	31.12.2022[1]: Deferred tax liabilities	31.12.2022[1]: Net balance
Deferred tax assets and liabilities						
Investments	3,796	–1,225	2,571	5,147	–1,521	3,626
Technical provisions	8,878	–11,412	–2,534	7,902	–11,721	–3,819
Equalisation reserves	—	–2,053	–2,053	—	–2,244	–2,244
Other provisions	299	–101	198	231	–39	192
Other liabilities	661	–625	36	1,308	–412	896
Other valuation differences	1,419	–474	945	597	–560	37
Assets/liabilities held for sale	6	–8	–2	—	–25	–25
Loss carryforwards	520	—	520	701	—	701
Impairments	–594	—	–594	–436	—	–436
Tax assets (liabilities) before offsetting	**14,985**	**–15,898**	**–913**	**15,450**	**–16,522**	**–1,072**
Recognised amounts offset	**–13,627**	**13,627**	**—**	**–14,226**	**14,226**	**—**
Tax assets (liabilities) after offsetting	**1,358**	**–2,271**	**–913**	**1,224**	**–2,296**	**–1,072**

[1] Adjusted in accordance with IAS 8, see the "Accounting policies" section of the Notes.

The (net) change amounted to EUR 159 (128) million. EUR –215 (369) million was recognised in other comprehensive income, thereby reducing (increasing) equity, while EUR 425 (–250) million was recognised in income (expenses) in the statement of income. The other changes resulted from changes in the basis of consolidation and exchange differences on translating foreign operations.

Notes to the consolidated statement of income

(26) Insurance revenue

	Industrial Lines		Retail Germany – Property/Casualty		Retail Germany – Life	
EUR million	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Contracts not measured under the PAA						
Experience adjustments related to past or current services	—	—	5	11	18	172
CSM recognised for services provided	—	—	43	23	318	313
Changes in risk adjustment for non-financial risk for risk expired	—	—	9	2	22	27
Expected incurred claims and other insurance service expenses	—	—	55	37	986	795
Amortised insurance acquisition cash flows	—	—	26	9	360	396
Total	**—**	**—**	**138**	**82**	**1,704**	**1,702**
Contracts measured under the PAA	**9,065**	**8,218**	**1,626**	**1,559**	**89**	**69**
Total insurance revenue	**9,065**	**8,218**	**1,764**	**1,641**	**1,793**	**1,771**

	Retail International		Property/Casualty Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
	–35	4	408	472	174	198	–26	26	40	–55	584	828
	197	115	2,720	2,353	884	841	230	252	–634	–357	3,758	3,541
	114	97	330	327	466	196	95	67	–110	–81	926	635
	936	528	12,838	12,634	6,091	6,507	663	502	–1,054	–1,586	20,515	19,417
	406	231	528	478	17	10	2	2	–5	–11	1,336	1,114
	1,618	**975**	**16,824**	**16,265**	**7,633**	**7,752**	**965**	**849**	**–1,762**	**–2,090**	**27,120**	**25,535**
	5,481	**4,363**	**—**	**—**	**—**	**—**	**—**	**—**	**–144**	**–98**	**16,118**	**14,110**
	7,099	**5,337**	**16,824**	**16,265**	**7,633**	**7,752**	**965**	**849**	**–1,906**	**–2,188**	**43,237**	**39,645**

(27) Net insurance financial result

The following table shows the Group's net insurance financial result by division, divided into items through profit or loss and items through other comprehensive income.

NET INSURANCE FINANCIAL RESULT

	Industrial Lines		Retail Germany	
EUR million	2023	2022	2023	2022
Investment income for own risk	517	462	1,801	2,186
Investment expenses for own risk	–320	–240	–892	–1,415
Investment income for the account and risk of life insurance policyholders	—	—	1,437	251
Investment expenses for the account and risk of life insurance policyholders	—	—	–68	–1,763
Amounts recognised in other comprehensive income	420	–1,119	1,624	–13,839
Total net investment income in the statement of income and other comprehensive income	**617**	**–896**	**3,903**	**–14,580**
Insurance finance income and expenses				
Net insurance finance income or expenses from insurance contracts issued				
Changes in the fair value of underlying items of direct participating contracts	—	—	–3,716	14,139
Interest accreted	–312	–116	–48	–1
Effect of changes in interest rates and other financial assumptions	–438	1,382	–148	382
Net foreign exchange loss	221	–238	—	—
Total net finance income or expenses from insurance contracts issued in the statement of income and other comprehensive income	**–530**	**1,028**	**–3,912**	**14,519**
of which recognised in profit or loss	–91	–354	–2,160	821
of which recognised in other comprehensive income	–438	1,382	–1,752	13,698
Net insurance finance income or expenses from reinsurance contracts held				
Interest accreted	127	63	1	3
Effect of changes in interest rates and other financial assumptions	182	–558	–15	56
Currency effects	–149	168	—	—
Total net insurance finance income or expenses from reinsurance contracts held in the statement of income and other comprehensive income	**160**	**–327**	**–13**	**59**
of which recognised in profit or loss	–22	231	1	3
of which recognised in other comprehensive income	182	–558	–15	56
Total net insurance financial result in the statement of income and other comprehensive income	**–370**	**701**	**–3,925**	**14,578**
Correction for currency result from net insurance financial result	–72	70	—	—
Total net insurance financial result before currency effects in the statement of income and other comprehensive income	**–442**	**770**	**–3,925**	**14,578**
Total net insurance financial and investment result before currency effects in the statement of income and other comprehensive income	**175**	**–126**	**–22**	**–3**
of which recognised in profit or loss	11	169	120	83
of which recognised in other comprehensive income	164	–295	–143	–86

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
912	734	2,284	2,368	78	36	–69	–57	5,523	5,729
–329	–314	–663	–1,372	–171	–133	87	87	–2,289	–3,387
49	5	—	—	—	—	—	—	1,486	256
–4	–59	—	—	—	—	—	—	–72	–1,823
634	–1,351	1,562	–6,830	16	–66	—	—	4,257	–23,205
1,262	**–985**	**3,184**	**–5,834**	**–77**	**–163**	**17**	**29**	**8,906**	**–22,429**
–476	886	—	—	—	—	—	—	–4,193	15,025
–165	–96	–957	–666	–7	1	53	42	–1,436	–838
–59	249	–1,250	4,448	–59	185	145	–392	–1,808	6,252
–73	–77	541	–564	4	–21	—	—	693	–900
–773	**961**	**–1,666**	**3,217**	**–62**	**165**	**199**	**–351**	**–6,744**	**19,540**
–363	–229	–361	–1,160	–3	–20	52	40	–2,926	–902
–411	1,191	–1,305	4,377	–59	185	147	–390	–3,818	20,442
28	18	45	26	—	–4	–80	–41	122	64
–8	–29	85	–45	19	–84	–106	306	158	–355
39	47	–45	84	–5	13	—	—	–161	312
59	**36**	**85**	**65**	**14**	**–76**	**–186**	**264**	**119**	**21**
68	65	–24	97	–5	9	–80	–41	–61	363
–9	–29	108	–32	19	–84	–106	306	180	–342
–714	**998**	**–1,582**	**3,282**	**–47**	**89**	**13**	**–86**	**–6,625**	**19,561**
34	30	–496	480	1	8	—	—	–532	588
–680	**1,028**	**–2,077**	**3,763**	**–47**	**97**	**13**	**–86**	**–7,158**	**20,149**
582	**43**	**1,107**	**–2,071**	**–124**	**–66**	**31**	**–57**	**1,748**	**–2,280**
368	232	741	413	–100	–101	–10	28	1,130	824
214	–189	365	–2,484	–24	34	41	–85	618	–3,104

(28) Net investment income

NET INVESTMENT INCOME

EUR million	2023	2022
Income from real estate	429	432
Dividends [1]	106	25
Current interest income	3,531	3,072
Income from investment contracts	240	182
Current income from investment funds	328	468
Other income	154	160
Ordinary investment income	**4,788**	**4,339**
Income from reversal of impairment losses	4	23
Realised gains on disposal of investments	106	428
Investment income from fair value changes	625	938
Investment income for own risk	**5,523**	**5,729**
Realised losses on disposal of investments and expenses	–680	–1,108
Investment losses from fair value changes	–790	–1,502
Expenses from investment contracts	–244	–178
Depreciation of/impairment losses on investment property		
Depreciation	–62	–54
Impairment losses	–79	–19
Change in expected credit loss	–24	–132
Amortisation of/impairment losses on other investments		
Amortisation	–32	–34
Investment management expenses	–193	–183
Other expenses	–186	–178
Investment expenses for own risk	**–2,289**	**–3,387**
Net investment income for own risk	**3,235**	**2,342**
Investment income for the account and risk of life insurance policyholders	1,486	256
Investment expenses for the account and risk of life insurance policyholders	–72	–1,823
Net investment income for the account and risk of life insurance policyholders	**1,414**	**–1,566**
Net investment income	**4,649**	**776**

[1] Net income from shares in associates and joint ventures is reported under dividends.

(29) Net gains and losses from investments

Including net investment income for the account and risk of life insurance policyholders (EUR 1,414 [–1,566] million), total net investment income as at the reporting date amounted to EUR 4,649 (776) million.

NET GAINS AND LOSSES FROM INVESTMENTS BY CLASS

EUR million	Ordinary investment income	Gains on disposal	Losses on disposal and expenses	Depreciation and impairment losses	Reversal of impairment losses	Investment income from fair value changes	Investment expenses from fair value changes	Other investment expenses	Total
2023									
Shares in affiliated companies, associates and joint ventures	46	23	—	—	—	1	–6	—	63
Investment property	386	1	–2	–141	2	39	–295	–146	–154
Financial instruments measured at amortised cost	28	–5	—	–1	—	—	—	–1	21
Financial instruments measured at fair value through other comprehensive income									
Debt instruments	3,192	72	–673	–22	—	—	—	–5	2,563
Equity instruments	52	—	—	—	—	—	—	—	51
Financial instruments measured at fair value through profit or loss									
Debt instruments	68	—	—	—	—	66	–16	–2	117
Equity instruments	9	—	—	—	—	20	–14	—	15
Derivatives (assets)	29	—	—	—	—	179	–81	–5	122
Derivatives (liabilities)	7	—	—	—	—	31	–30	–7	1
Funds classified at fair value through profit or loss	380	6	–5	—	—	281	–350	–7	305
Short-term investments	230	—	—	—	—	7	—	–1	236
Investments relating to investment contracts[1]	177	—	—	—	—	—	—	–46	132
Liabilities relating to investment contracts[2]	63	—	—	—	—	—	—	–198	–135
Other Investments	120	9	—	–33	2	1	—	–203	–102
Investments for own risk	**4,788**	**106**	**–680**	**–197**	**4**	**625**	**–790**	**–621**	**3,235**

[1] Investments relating to investment contracts include EUR 149 million in income from fair value changes and EUR 11 million in expenses from fair value changes. According to internal reporting, this income from fair value changes is allocated to ordinary investment income.
[2] Liabilities relating to investment contracts include EUR 61 million in income from fair value changes and EUR 198 million in expenses from fair value changes. According to internal reporting, this income from fair value changes is allocated to ordinary investment income.

NET GAINS AND LOSSES FROM INVESTMENTS BY CLASS

EUR million	Ordinary investment income	Gains on disposal	Losses on disposal and expenses	Depreciation and impairment losses	Reversal of impairment losses	Investment income from fair value changes	Investment expenses from fair value changes	Other investment expenses	Total
2022									
Shares in affiliated companies, associates and joint ventures	–48	—	–2	—	—	7	–8	—	–52
Investment property and finance leases	338	10	—	–73	19	112	–106	–131	169
Financial instruments measured at amortised cost	22	—	—	–3	—	—	—	–3	16
Financial instruments measured at fair value through other comprehensive income									
Debt instruments	2,913	368	–1,096	–129	—	—	—	–19	2,037
Equity instruments	47	—	—	—	—	—	—	—	47
Financial instruments measured at fair value through profit or loss									
Debt instruments	55	—	—	—	—	9	–165	–1	–102
Equity instruments	9	—	—	—	—	52	–73	—	–13
Derivatives (assets)	17	—	—	—	—	299	–192	–5	118
Derivatives (liabilities)	15	—	—	—	—	23	–59	–5	–26
Funds classified at fair value through profit or loss	617	5	–10	—	—	435	–897	–10	141
Short-term investments	62	—	—	—	—	1	—	–3	60
Investments relating to investment contracts[1]	48	—	—	—	—	—	—	–142	–93
Liabilities relating to investment contracts[2]	133	—	—	—	—	—	—	–36	97
Other investments	112	44	—	–34	4	—	—	–183	–56
Investments for own risk	**4,340**	**428**	**–1,108**	**–239**	**23**	**938**	**–1,502**	**–539**	**2,342**

[1] Investments relating to investment contracts include EUR 15 million in income from fair value changes and EUR 124 million in expenses from fair value changes. According to internal reporting, this income from fair value changes is allocated to ordinary investment income.
[2] Liabilities relating to investment contracts include EUR 133 million in income from fair value changes and EUR 36 million in expenses from fair value changes. According to internal reporting, this income from fair value changes is allocated to ordinary investment income.

INTEREST INCOME FROM INVESTMENTS FOR OWN RISK

EUR million	2023	2022
Financial instruments measured at amortised cost	28	23
Financial instruments measured at fair value through other comprehensive income		
Debt instruments	3,192	2,913
Financial instruments classified at fair value through profit or loss		
Debt instruments	68	55
Short-term investments	230	63
Investments relating to investment contracts	10	16
Total	**3,531**	**3,072**

(30) Other income/expenses

OTHER INCOME/EXPENSES

EUR million	2023	2022
Other income		
Income from services, rents and commissions	370	317
Recoveries on receivables previously written off	2	—
Income from the disposal of property, plant and equipment	4	6
Income from the reversal of other non-technical provisions	100	56
Interest income	108	99
Income from the disposal of consolidated companies	1	795
Miscellaneous other income	156	195
Total	**742**	**1,468**
Other expenses		
Other interest expense	–129	–51
Depreciation, amortisation and impairment losses	–59	–33
Expenses for the company as a whole	–1,262	–1,057
Personnel expenses	–26	–28
Expenses for services and commissions	–215	–181
Other taxes	–108	–70
Expenses for restructuring provisions	–51	—
Miscellaneous other expenses	–275	–493
Total	**–2,125**	**–1,915**
Other income/expenses	**–1,383**	**–446**
of which monetary gains and losses according to IAS 29	87	17

The "Other income/expenses" item does not generally include personnel expenses incurred by our insurance companies that are allocated to the individual functions concerned during cost object accounting and contained in investment expenses and insurance service expenses. The same principle also applies to depreciation and amortisation of, and impairment losses on, intangible and other assets at our insurance companies. Costs that are not directly attributable via cost allocation are reported under expenses for the company as a whole.

(31) Financing costs

The financing costs of EUR 234 (182) million consist of interest expenses on borrowings that are not directly related to the operational insurance business. A large proportion (EUR 131 (125) million) of these interest expenses is attributable to our subordinated liabilities, while EUR 72 (39) million relates to bonds issued by Talanx AG. The item also includes EUR 12 (12) million in interest expenses from leasing.

(32) Taxes on income

This item includes both domestic income taxes and comparable taxes on income generated by foreign subsidiaries. Measuring taxes on income also involves calculating deferred taxes. Deferred taxes are recognised in respect of retained earnings at significant affiliated companies in those cases in which a distribution is specifically planned.

TAXES ON INCOME – CURRENT AND DEFERRED

EUR million	2023	2022
Current taxes for the reporting period	710	554
Current taxes for prior periods	4	–73
Deferred taxes in respect of temporary differences	–389	137
Deferred taxes in respect of loss carryforwards	179	115
Change in deferred taxes arising from changes in tax rates	–215	–2
Reported tax expense	**289**	**731**

Current and deferred taxes totalling EUR –259 (–420) million were recognised in other comprehensive income and directly in equity in the financial year as a result of items charged or credited to other comprehensive income.

The following table presents a reconciliation of the expected income tax expenditure that would be incurred by applying the German income tax rate, based on pre-tax profit, to the actual tax expenditure:

RECONCILIATION OF EXPECTED TO REPORTED TAX EXPENSE

EUR million	2023	2022
Profit before income taxes	2,834	2,633
Expected tax rate	32.20%	32.20%
Expected tax expense	912	848
Change in tax rates/tax law	–216	–1
Effects of different tax rates	–475	–277
Non-deductible expenses	166	315
Tax-exempt income	–136	–175
Valuation allowances on deferred tax assets	9	56
Prior-period tax expense	13	–47
Other	16	12
Reported tax expense	**289**	**731**

The expected tax expenditure is calculated on the basis of the German income tax rate of 32.2% (32.2%). This tax rate is made up of corporate income tax, including the solidarity surcharge, and a composite trade tax rate.

The tax expense declined by EUR 442 million year-on-year to EUR 289 (731) million in the financial year. Despite a higher pre-tax profit, this development was essentially a result of different regional earnings contributions and deferred tax income from the launch of a new corporate income tax regime in Bermuda. The effective tax rate is 10.2% (27.8%) in the financial year.

No deferred tax liabilities were recognised in respect of taxable temporary differences of EUR 604 (557) million in connection with shares of Group companies, as the Group is able to control their reversal and they will not reverse in the foreseeable future.

Unimpaired deferred tax assets on loss carryforwards totalled EUR 239 (420) million; EUR 67 (91) million of this is expected to be realised within one year and EUR 172 (329) million after one year.

Current income taxes declined by EUR 1 (2) million in the reporting period because loss carryforwards were utilised for which no deferred tax assets had been recognised.

Impairment losses on deferred tax assets recognised in previous years led to a deferred tax expenditure of EUR 11 (36) million in the financial year. Conversely, the reversal of previous impairment losses resulted in deferred tax income of EUR 39 (80) million.

Where losses were incurred in the reporting period or in the prior year, a surplus of deferred tax assets over deferred tax liabilities was only recognised where there is compelling evidence that it is probable that the company in question will generate sufficient taxable profits in the future. Evidence of this was provided for deferred tax assets amounting to EUR 330 (445) million.

Period in which unrecognised loss carryforwards may be utilised

An impairment loss was recognised on deferred tax assets in respect of gross loss carryforwards of EUR 1,501 (1,474) million and gross deductible temporary differences of EUR 1,564 (538) million because their realisation is not sufficiently certain. Total deferred tax assets for these items after recognition of the impairment loss amounted to EUR 594 (436) million.

AVAILABILITY OF IMPAIRED LOSS CARRYFORWARDS AND TEMPORARY DIFFERENCES

	2023					2022				
EUR million	Between 1 and 5 years	Between 6 and 10 years	More than 10 years	Indefinitely	Total	Between 1 and 5 years	Between 6 and 10 years	More than 10 years	Indefinitely	Total
Loss carryforwards	286	3	—	1,212	1,501	265	—	—	1,209	1,474
Temporary differences	—	—	—	1,564	1,564	—	—	—	538	538
Total	**286**	**3**	**—**	**2,776**	**3,065**	**265**	**—**	**—**	**1,747**	**2,012**

Other disclosures

Number of employees and personnel expenses

Number of employees

AVERAGE ANNUAL NUMBER OF EMPLOYEES

	2023	2022
Industrial Lines	2,380	2,589
Retail Germany	422	1,068
Retail International	9,018	8,860
Reinsurance	3,626	3,433
Corporate Operations	8,429	7,300
Total excluding vocational trainees	**23,875**	**23,250**
Vocational trainees	518	485
Total	**24,393**	**23,735**

Employees from individual employer service companies in the German Talanx Primary Insurance Group were merged in HDI AG, Hannover, (Corporate Operations segment) as at 1 March 2022. This resulted in a substantial decrease in the number of employees in the Industrial Lines and Retail Germany divisions and a rise in the Corporate Operations segment in the reporting year.

The Group's total workforce at the reporting date numbered 27,863 (23,669).

Personnel expenses

The personnel expenses set out in the following mainly comprise expenses for the Corporate Operations insurance operations, loss adjustment and asset management.

PERSONNEL EXPENSES

EUR million	2023	2022
Wages and salaries	**1,731**	**1,527**
Social security contributions and other employee benefit costs		
Social security contributions	250	221
Post-employment benefit costs	90	69
Other employee benefit costs	21	27
	361	**317**
Total	**2,092**	**1,844**

Related party disclosures

IAS 24 "Related Party Disclosures" defines related parties as including parent companies and subsidiaries, subsidiaries of a common parent, associates, legal entities under the influence of management and the management of the company itself.

Related parties in the Talanx Group include HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit (HDI V. a. G.), Hannover, which directly holds the majority of the shares of Talanx AG, all subsidiaries that are not consolidated on the grounds of insignificance, and associates and joint ventures. Pension funds ("Versorgungskassen") that pay benefits in favour of employees of Talanx AG or one of its related parties after their employment has ended also fall within this category.

A person or a close member of that person's family is related to the reporting entity if that person has control or joint control of the reporting entity, has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. Key management personnel are the members of the Board of Management and the Supervisory Board of Talanx AG and HDI V. a. G.

Transactions between Talanx AG and its subsidiaries (including structured entities) are eliminated in the course of consolidation and are therefore not disclosed in the Notes. In addition, HDI V. a. G. conducts primary insurance business in the form of co-insurance, with the lead insurer being HDI Global SE (HG), Hannover. In accordance with the Articles of Association of HDI V. a. G., the insurance business is split uniformly in the ratio of 0.1% (HDI V. a. G.) to 99.9% (HG).

On 18 September 2023, Talanx AG drew down a EUR 750 million credit line in the form of a subordinated bond under the master agreement concluded with HDI V. a.G. in 2021. For further information, see Note 17 "Subordinated liabilities" in the Notes.

Talanx AG issued two senior unsecured bonds with a total volume of EUR 1.25 billion on 18 October 2022. EUR 750 million of this was subscribed by HDI V. a. G. For further information, see Note 26 "Notes payable and loans" in the Notes.

Other business relationships with unconsolidated companies or with associates and joint ventures are insignificant overall.

Share-based payments

The Group had a cash-settled share-based payment plan in financial year 2023 (share award plan, valid since 2011).

Share award plan

Effective as from financial year 2011, a share award plan was introduced for Talanx AG and significant Group companies, including Hannover Rück SE. This was initially for the members of the boards of management and subsequently also for certain executives, and grants stock appreciation rights in the form of virtual shares, known as "share awards". The share award plan comes in two versions, which vary in certain areas:

- Talanx share awards (for members of the Board of Management of Talanx AG and of significant Group companies and, with effect from the 2012 and 2015 financial years, for certain executives, not including Hannover Rück SE)
- Hannover Re share awards (for members of the Board of Management of Hannover Rück SE and, with effect from financial year 2012, also for certain executives of Hannover Rück SE. This share award plan replaces Hannover Rück SE's terminated stock appreciation rights plan.

The share awards do not entitle participants to demand delivery of actual shares, but only to be paid a cash amount subject to the conditions set out below.

The share award plan is open to all persons contractually entitled to share awards and to board of management members whose contract of service is still in force when the share awards are allocated and will not end due to termination by either party or by mutual agreement that takes effect before the lock-up period expires.

Share awards have been issued separately since financial year 2011 for board of management members and since financial years 2012 or 2015 also for certain executives, and thereafter for each subsequent financial year (allocation year). The first payment of share awards issued to eligible board of management members in financial year 2011 took place in financial year 2016. The first payment to certain executives contractually entitled to share awards was made in the 2017 financial year.

The total number of share awards granted depends on the value per share. This is calculated as the unweighted arithmetic mean of the XETRA closing prices. The terms and conditions for beneficiaries stipulate a calculation period ranging from five trading days before to five trading days after the Supervisory Board meeting that approves the consolidated financial statements for the previous financial year. A different period is stipulated for executives (excluding Hannover Rück SE): this is 15 trading days before and 15 trading days after the Supervisory Board meeting that approves the consolidated financial statements for the previous financial year. For Hannover Rück SE executives, a period was agreed of 20 trading days before until 10 trading days after the Supervisory Board meeting that approves the consolidated financial statements. The Talanx share awards are based on the value per Talanx AG share, while the Hannover Re share awards are based on the value per Hannover Rück SE share. The prices calculated in this way also determine the pay-out value of the share awards as they fall due. The total number of share awards allocated is arrived at by dividing the amount available for allocating share awards to each beneficiary by the value per share, rounded up to the next full share. In the case of Talanx Group executives (excluding Hannover Rück SE), an additional virtual share is allocated for every four full shares. For members of the Board of Management of Talanx AG, significant Group companies and Hannover Rück SE, 20% of the individual's defined variable remuneration is allocated in share awards, while for Group executives (including Hannover Rück SE) the figure is 30% to 40%, depending on their management level.

The share awards are allocated automatically without the need for a declaration by either party. For each share award, the value of the share determined on the pay-out date using the definitions above is paid out after a lock-up period of four years. The value per share is calculated using the procedure described in the previous paragraph. This amount is paid by bank transfer in the month following the end of the period designated for calculating the value per share as described in the previous paragraphs. For Talanx Group executives who have participated in the allocation of share awards since 2015, the pay-out will take place until further notice in July, following the expiry of the lock-up period.

If dividends were distributed to shareholders, an amount equalling the dividends is also paid when the value of the share awards is transferred. The dividend amount to be paid is the sum of all dividends distributed per share during the term of the share awards, multiplied by the number of share awards paid out to each beneficiary at the pay-out date. If the share awards are paid out ahead of time, only the value of the dividends for the period up to the occurrence of the trigger event will be paid. Undistributed dividends will not be taken into account pro rata. In the case of executives, payments are made pro rata in line with the provisions of their contracts if they leave the company during the course of a year.

If a Board of Management member's term of office or contract of service ends, the beneficiary remains entitled to payment of the value of any share awards already granted once the relevant lock-up period has expired, unless such termination is due to the beneficiary's resignation or termination/dismissal for cause. In the event that a beneficiary dies, any entitlement to share awards already allocated or still to be allocated passes to his or her heirs. In the case of the executives (excluding Hannover Rück SE), claims that have already vested are non-forfeitable.

In principle, no share awards may be allocated to members of the Board of Management after the beneficiary has left the company. An exception to this is made in cases in which the beneficiary has left the company due to non-reappointment, retirement or death in respect of entitlements to variable remuneration earned by the beneficiary in the last year – or part-year – of his or her work.

Malus and clawback provisions have also been in place for members of the Group's Board of Management since 1 January 2021. In the event of an intentional breach of due diligence obligations, material contractual obligations or the Company's material principles, the Supervisory Board can, at its reasonable discretion, reduce variable remuneration that has not yet been paid out, in part or in full, and reclaim the full or partial repayment of variable remuneration that has already been paid out with retroactive effect of up to five years.

The share award plan is accounted for in the Group as a cash-settled share-based payment transaction as defined by IFRS 2. Since different calculation bases are used for the Talanx share awards and the Hannover Re share awards, the two versions of the share aware plan are presented separately in more detail in the following:

Talanx Share Awards

TALANX SHARE AWARDS

	2023		2022
	Anticipated allocation in 2024 for 2023	Final allocation in 2023 for 2022	Anticipated allocation in 2023 for 2022
Measurement date for Board of Management	29.12.2023	14.03.2023	30.12.2022
Value per share award (EUR)	64.65	43.27	44.32
Measurement date for Executives	29.12.2023	14.03.2023	30.12.2022
Value per share award (EUR)	64.65	42.52	44.32
Number allocated in year	324,423	428,980	363,570
of which: Talanx AG Board of Management	95,598	125,523	109,503
of which: Other boards of management	119,617	176,033	150,270
of which: Executives [1]	109,208	127,424	103,797

[1] Executives also include a further group of persons (risk takers) who have been receiving share awards since the 2013 financial year. Slightly modified allocation plans exist for these risk takers, which have not been explained in detail for reasons of materiality.

CHANGES IN PROVISIONS FOR TALANX SHARE AWARDS

						Allocation year		
EUR thousand	2023	2022	2021	2020	2019	2018	2017	Total
Provision as at 31.12.2021	**—**	**—**	**7,895**	**6,760**	**9,252**	**8,436**	**8,654**	**40,997**
Addition in 2022	—	9,932	5,974	1,137	1,154	844	–665	18,376
Utilisation 2022	—	—	—	—	—	—	7,787	7,787
Reversal in 2022	—	—	—	—	—	—	202	202
Provision as at 31.12.2022	**—**	**9,932**	**13,869**	**7,897**	**10,406**	**9,280**	**—**	**51,384**
Addition in 2023	12,120	11,432	8,863	4,234	5,305	–290	—	41,665
Utilisation 2023	—	—	55	126	120	8,833	—	9,134
Reversal in 2023	—	161	136			157	—	454
Provision as at 31.12.2023	**12,120**	**21,203**	**22,541**	**12,006**	**15,591**	**—**	**—**	**83,461**

The personnel expenses for share awards to Board of Management members are distributed over the relevant term of the share awards or the term of the service contracts, if shorter, while those for share awards to executives are distributed over the term of the share award.

The addition made during the financial year and recognised in personnel expenses amounted to EUR 41.7 (18.4) million. It comprised expenses for the share awards for 2023 financial year, plus the dividend claim and the additional vested portion of share awards granted in previous financial years. Additionally, the value of share awards is affected by changes in the share price. Dividends included in personnel expenses for previous financial years totalled EUR 2.5 (1.6) million. This item covers distributed dividends, but not expected dividend claims. Dividends are recognised at their discounted amount.

The 185,191 definitively allocated share awards dating from 2018, each of which was worth EUR 42.52 plus the dividend entitlement of EUR 6.05 per share, were paid out to the eligible Board of Management members and executives in the reporting period.

Hannover Re Share Awards

HANNOVER RE SHARE AWARDS

	2023		2022
	Anticipated allocation in 2024 for 2023	Final allocation in 2023 for 2022	Anticipated allocation in 2023 for 2022
Measurement date for Board of Management	11.12.2023	15.03.2023	30.12.2022
Value per share award (EUR)	220.40	176.95	185.50
Measurement date for Executives	11.12.2023	22.03.2023	30.12.2022
Value per share award (EUR)	220.40	177.58	185.50
Number allocated in year	83,348	79,309	72,225
of which: Board of Management	31,306	29,705	27,658
of which: Executives [1]	52,042	51,425	44,567
of which: other adjustments [1]	—	–1,821	—

[1] At the Talanx Group, executives from HDI Global Specialty receive Hannover Re share awards, which are not included in the table. The total amount of share awards is 4.582.

CHANGES IN PROVISIONS FOR HANNOVER RE SHARE AWARDS

						Allocation year		
EUR thousand	2023	2022	2021	2020	2019	2018	2017	Total
Provision as at 31.12.2021	**—**	**—**	**2,638**	**3,765**	**5,326**	**8,741**	**10,595**	**31,065**
Addition in 2022	—	2,982	3,098	2,569	2,622	3,377	132	14,780
Utilisation 2022	—	—	—	—	—	—	10,602	10,602
Reversal in 2022	—	—	131	107	139	41	125	543
Provision as at 31.12.2022	**—**	**2,982**	**5,605**	**6,227**	**7,809**	**12,077**	**—**	**34,700**
Addition in 2023	4,439	4,977	4,114	3,291	3,344	—	—	20,165
Utilisation 2023	—	—	—	—	—	11,766	—	11,766
Reversal in 2023	—	80	133	194	220	311	—	938
Provision as at 31.12.2023	**4,439**	**7,879**	**9,586**	**9,324**	**10,933**	**—**	**—**	**42,161**

The personnel expenses for share awards to Board of Management members are distributed over the relevant term of the share awards or the term of the service contracts, if shorter, while those for share awards to executives are distributed over the term of the share award.

The addition made during the financial year and recognised in personnel expenses amounted to EUR 20.2 (14.8) million. It comprised expenses for the share awards for 2023 financial year, plus the dividend claim and the additional vested portion of share awards granted in previous financial years. Additionally, the value of share awards is affected by changes in the share price. Dividends included in personnel expenses for previous financial years totalled EUR 1.4 (1.3) million. This item covers distributed dividends, but not expected dividend claims. Dividends are recognised at their discounted amount.

The 7,882 definitively allocated share awards for the Board of Management from 2018, each of which was worth EUR 176.95 plus the dividend entitlement of EUR 21.00 each, were paid out to the eligible members of the Board of Management in the reporting period. 51,393 share awards made to executives for the 2018 financial year were paid out in 2023; the value was EUR 177.58 each plus a dividend entitlement of EUR 21.00 per share.

Other disclosures on financial instruments

As at the reporting date, in the context of a securities lending transaction, the Group recognised securities that were lent to third parties in exchange for collateral in the form of securities. The loaned securities are still reported on the balance sheet as their significant risks and opportunities remain with the Group, while the securities received as collateral were not recognised. The carrying amount as at the reporting date of financial assets belonging to the "financial instruments measured at fair value through other comprehensive income" category loaned under securities lending transactions was EUR 37 (124) million. The fair value is equivalent to the carrying amount. The components of these transactions that were recognised through profit or loss were reported under the "Net investment income" item.

As at the reporting date, the Group also recognised securities in the "financial instruments measured at fair value through other comprehensive income" category that were sold to third parties with a repurchase commitment at a fixed price (genuine repurchase transactions). This is because the material opportunities and risks in connection with the financial assets remained within the Group. As at the reporting date, the carrying amount of transferred financial assets from repo transactions was EUR 476 (244) million with that of the associated liabilities standing at EUR 463 (250) million. The difference between the amount received for the transfer and the amount agreed for the return of the assets is allocated for the term of the repurchase transaction and recognised in net investment income.

Litigation

Group companies may become involved in court, regulatory and arbitration proceedings as part of their normal business activities. Depending on the probability of any resulting outflow of resources, and in line with the extent to which the amount of such an outflow can be reliably estimated, either a provision is recognised or a contingent liability is disclosed (in the Notes). The matters generally at issue are technical provisions within the scope of IFRS 17 or, in exceptional cases, miscellaneous other provisions. Litigation costs (such as lawyers' fees, court costs and other ancillary costs) are only recognised as liabilities once an action is known to be well-founded. A contingent liability is recognised for litigation where utilisation is unlikely.

The Group uses a number of assessment criteria to estimate the amount and probability of any outflow of resources. These include the type of dispute concerned, the status of the proceedings, assessments by legal advisors, decisions by the courts or by arbitrators, expert opinions, the Group's experiences of similar cases and lessons learned from other companies, to the extent that these are known.

Although we were exposed to proceedings in the course of our standard insurance and reinsurance business, there was no litigation materially impacting the Group's assets, liabilities, financial position and financial performance in the reporting period and at the reporting date.

In our view, the provisions recognised for litigation risk in individual cases and the contingent liabilities disclosed for litigation are sufficient to cover the expected expenses.

Earnings per share

Earnings per share are calculated by dividing the Group net income attributable to the shareholders of Talanx AG by the average number of shares outstanding. There were no dilutive effects requiring to be recognised separately when calculating earnings per share, either at the reporting date or in the prior year. In the future, earnings per share may be potentially diluted as a result of share or rights issues from contingent or authorised capital.

EARNINGS PER SHARE

	2023	2022
Net income attributable to shareholders of Talanx AG used to calculate earnings per share (EUR million)	1,581	706
Weighted average number of ordinary shares outstanding	254,687,395	253,120,747
Basic earnings per share (EUR)	6.21	2.79
Diluted earnings per share (EUR)	6.21	2.79

Dividend per share and appropriation of distributable profits

A dividend for financial year 2022 amounting to EUR 2.00 per share was paid in the reporting year, resulting in total distribution of EUR 507 million. A proposal will be made to the General Meeting to be held on 7 May 2024 to distribute a dividend of EUR 2.35 per share for financial year 2023, resulting in a total distribution of EUR 607 million. The remainder of Talanx AG´s distributable profit (EUR 794 million) will be transferred to retained profits brought forward.

Contingent liabilities and other financial commitments

Outstanding capital commitments for investments amounted to EUR 2,865 (3,015) million as at the reporting date. These primarily related to outstanding funding commitments resulting from agreements to invest in private equity funds and venture capital firms.

A number of Group companies are proportionately liable for any underfunding at the Gerling Versorgungskasse pension fund in their capacity as sponsors of Gerling Versorgungskasse VVaG.

Several Group companies are members of the pharmaceutical risk reinsurance pool, the German nuclear reactor insurance pool and the "Verkehrsopferhilfe e. V." traffic accident pool. In the event that one of the other pool members fails to meet its liabilities, the companies are obliged to assume that other member´s share in proportion to their own share of the pool.

In addition, several Group companies belong to the Guarantee Fund for Life Insurance Undertakings in accordance with sections 221 ff. of the Insurance Supervision Act (VAG); related funding commitments and contributions amount to EUR 521 (547) million.

Our subsidiary Hannover Rück SE enters into contingent liabilities as part of its regular business activities. A number of reinsurance contracts between Group companies and external third parties contain letters of comfort, guarantees or novation agreements under which, if certain circumstances occur, Hannover Rück SE will guarantee the liabilities of the relevant subsidiary or assume its rights and obligations under the contracts.

The application of tax laws and regulations may be unresolved at the time when the tax items are recognised. We adopted what we believe to be the most probable utilisation when calculating tax refund claims and tax liabilities. However, the tax authorities may come to different conclusions and this could give rise to additional tax liabilities in the future. The Group's contingent liabilities from taxes amount to EUR 73 (73) million. These are offset by contingent assets from taxes of EUR 31 (29) million.

Revenue

Revenue from contracts with customers covered by IFRS 15 is largely recognised over time and can be broken down as follows:

REVENUE CATEGORY

EUR million	2023	2,022
Capital management services and commission [1]	192	193
Other insurance-related services [2]	178	162
Income from infrastructure investments [3]	100	87
Total revenue [4]	**470**	**443**

[1] Largely time-based revenue recognition.
[2] Largely time-based revenue recognition.
[3] Time-based revenue recognition.
[4] Revenue is recognised in the statement of income under "7.a. Other income" EUR 351 (339) million and under "4.a. Investment income for own risk" EUR 119 (104) million.

Rents and leases

Leases under which Group companies are the lessees

The Group leases office space, technical equipment and office equipment at many locations. There is also a long-term ground lease as part of investment property.

The following right-of-use assets were recognised in the balance sheet as at 31 December 2023 in connection with leases.

CHANGES IN RIGHT-OF-USE ASSETS

EUR million	Real estate held and used	Infrastructure investments	Investment property	Operating and office equipment	Other right-of-use assets	Total
2023						
Carrying amount as at 01.01.2023	**371**	**26**	**35**	**1**	**3**	**436**
Depreciation	–79	–2	—	—	–2	–84
Additions	50	—	—	1	3	54
Disposals	–3	—	—	—	—	–3
Change in basis of consolidation	4	—	—	—	—	4
Reversal of impairment	2	—	—	—	—	2
Exchange rate changes	4	—	–1	—	—	3
Carrying amount as at 31.12.2023	**349**	**24**	**33**	**2**	**4**	**412**
2022						
Carrying amount as at 01.01.2022	**377**	**27**	**34**	**1**	**3**	**442**
Depreciation	–63	–1	–1	—	–2	–68
Additions	57	—	—	—	2	59
Disposals	–1	—	—	—	—	–1
Change in basis of consolidation	–1	—	—	—	—	–1
Exchange rate changes	1	—	2	—	—	4
Carrying amount as at 31.12.2022	**371**	**26**	**35**	**1**	**3**	**436**

CHANGES IN THE LEASE LIABILITY [1]

EUR million	2023	2,022
Balance at 01.01. of the financial year	**467**	**462**
Additions	52	59
Disposals	–5	–1
Amortisation	–68	–56
Change in basis of consolidation	4	—
Reclassification	–1	—
Exchange rate changes	–1	3
Balance at 31.12. of the financial year	**448**	**467**

[1] The lease liabilities include interest expenses of EUR 12 (12) million.

MATURITY OF THE LEASE LIABILITIES

EUR million	31.12.2023	31.12.2022
less than 1 year	82	78
1 year and longer	57	53
2 years and longer	50	46
3 years and longer	44	51
4 years and longer	41	40
5 years and longer	174	198
Total	**448**	**467**

ADDITIONAL EXPENSES FROM LEASING CONTRACTS

EUR million	2023	2,022
Expenses from short-term leases	–4	–2
Expenses from leases of low-value assets	–30	–30
Expenses for variable-lease payments	–1	—

There was no material income from subleases or material gains or losses from sale and leaseback transactions in the financial year.

Total payments for leases came to EUR 80 (67) million and essentially relate to payments for leasing real estate held and used in the amount of EUR 71 (58) million. In the financial year, there were no future minimum lease payments, which cannot be terminated, in connection with leases that have been concluded but that have not yet begun.

Leases under which Group companies are the lessors

The total amount of income due under non-cancellable leases in subsequent years is EUR 1,514 (1,356) million.

FUTURE LEASING INCOME

EUR million	2023	2,024	2,025	2,026	2,027	Subsequent years
Income	316	288	242	209	170	289

Future leasing income primarily results from property companies in the Property/Casualty Reinsurance segment leasing out properties and from primary insurance companies (mainly in the Retail Germany – Life segment) leasing out properties in Germany. These are operating leases. Rental income in the financial year came to EUR 404 (356) million. This included EUR 5 (5) million in income from variable lease payments that do not depend on an index or interest rate.

Remuneration of the parent company's governing bodies

The Board of Management of Talanx AG comprised seven (six) active members as at the reporting date.

The total remuneration paid to the Board of Management amounted to EUR 16,972 (15,808) thousand. It is made up of fixed and variable remuneration. Fixed remuneration is granted in three elements – the fixed remuneration, the fringe benefits and the retirement provision. Fixed remuneration paid to the Board of Management amounted to EUR 4,478 (5,985) thousand in financial year 2023. In addition, each member of the Board of Management received certain non-performance-related fringe benefits in line with common market practice, including a company car and insurance cover, which are reviewed at regular intervals. In 2023, fringe benefits for the Board of Management totalled EUR 60 (53) thousand. The Board of Management's retirement provision is primarily on a defined contribution basis. There is a pension commitment on a final salary basis only for one member of the Board of Management. In the financial year 2023, expenses for the Board of Management's pension provisions amounted to EUR 1,172 (1,408) thousand. Variable remuneration of the Board of Management totalled EUR 12,433 (9,770) thousand.

In line with the share-based payment system introduced in 2011, the Board of Management has claims for the reporting period under the Talanx Share Award plan to virtual shares with a fair value of EUR 5,431 (4,337) thousand (corresponding to 125,523 (110,319) shares) and claims for the reporting period under the Hannover Re Share Award plan to virtual shares with a fair value of EUR 1,138 (1,024) thousand (corresponding to 6,441 (6,554) shares).

Former members of the Board of Management and their surviving dependants received total remuneration of EUR 2,620 (3,969) thousand. Of this, a total of EUR — (1,050) thousand is attributable to termination benefits. Provisions of EUR 36,471 (34,255) thousand were recognised for projected benefit obligations due to former members of the Board of Management and their surviving dependants.

The total remuneration paid to the Supervisory Board amounted to EUR 2,632 (2,600) thousand. From 1 January 2021, the members of the Supervisory Board receive solely fixed remuneration.

In the reporting period, members of governing bodies received no advances or loans. In the year under review, as defined by IAS 24 there were no further material matters and contractual relationships between companies of the Talanx Group and the members of governing bodies and related parties. Beyond the remuneration paid as Supervisory Board members at Group companies, the members of the Supervisory Board were not granted any remuneration or advantages for any personal performance.

A new remuneration system has been in place for all members of the Board or Management since 1 January 2021. The remuneration of the Board of Management still comprises fixed and variable components.

With a target achievement of 100%, the remuneration of the Board of Management comprises 40% fixed remuneration and 60% variable. Each member of the Board of Management has a target remuneration in line with common market practice, aligned to the respective area of responsibility and the knowledge and experience relevant for the activity. Since 1 January 2021, the variable part of the Board of Management remuneration is made up of a 40% share from a short-term incentive (STI) and a 60% share from a long-term incentive (LTI) granted in the form of Talanx performance shares or Hannover Re performance shares. The short-term incentive is aligned to the business performance of Talanx in the respective financial year. The basis for the payment from the STI is the contractually stipulated STI target amount based on overall target achievement of 100%. Overall target achievement (including an individual upward or downward adjustment) can be in a range between 0% and 200%. The STI payout is capped at 200% of the STI target amount. The key financial criterion for the STI is the Group's return on equity ("Group RoE"). For the STI there is also an individual upward or downward adjustment. This comprises both financial as well as non-financial performance criteria, in particular also sustainability targets. The individual upward or downward adjustment is determined by the Supervisory Board after a due assessment of the circumstances. It can be in a range between –25 percentage points and +25 percentage points. The criteria for determining the individual upward or downward adjustment is determined for the future financial year by Supervisory Board in advance, with the Board of Management members being informed of the same.

For a detailed explanation of the long-term incentive, see the "Share-based payment" section. The long-term incentive is paid out at the end of the four-year performance period in 2027.

IAS 24 requires the remuneration components of key management personnel of the reporting entity to be presented separately. This group of persons encompasses the members of the Board of Management and Supervisory Board of Talanx AG. The remuneration of this group of persons can be broken down as follows:

MANAGEMENT REMUNERATION IN ACCORDANCE WITH IAS 24

EUR Thousand	2023	2022
Salaries and other short-term remunerations	12,185	12,633
Other long-term benefits [1]	—	—
Awards of shares and other equity-based remunerations [2]	6,569	5,361
Termination benfits	—	1,050
Cost of retirement provisions [3]	1,172	1,408
Total	**19,926**	**20,452**

[1] The figure shown represents the value of the portion of performance-related remuneration for Members of the Board of Management required to be allocated to the bonus bank for the year under review.
[2] The figure shown represents the value of the share awards to be granted to Members of the Board of Management for the year under review.
[3] The figure shown represents the service cost (and/or annual funding contribution) recognised in the year under review for pensions and other post-retirement benefits).

There are provisions in particular in connection with post-employment benefits and remuneration in respect to the LTI and STI. As at 31 December 2023, pension provisions for related parties total EUR 13,051 (10,313) thousand. There are also provisions for share-based payment of EUR 13,310 (8,260) thousand, provisions for the bonus bank of EUR 1,007 (1,864) thousand and provisions for variable cash remuneration of EUR 5,015 (3,995) thousand. In connection with the Supervisory Board remuneration, there were provisions of EUR 2,499 (2,485) thousand as at 31 December 2023.

Auditor's fee

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC GmbH) was appointed as Group auditor within the meaning of section 318 HGB by the Annual General Meeting on 4 May 2023. It was engaged by the Supervisory Board on 6 July 2023. The fees paid to PwC GmbH and firms belonging to the global PwC network that were recognised as expenses in the reporting period can be broken down as follows:

PWC FEES

	PwC network worldwide		of which PwC GmbH	
EUR million	2023	2022	2023	2022
Financial statement audit services	31.0	35.2	13.6	19.5
Other assurance services	1.9	0.9	0.3	0.8
Other services	0.3	0.6	—	0.4
Total	**33.2**	**36.7**	**13.9**	**20.7**

PwC GmbH's fee for financial statement audit services primarily comprises the fees for auditing the consolidated financial statements (including statutory supplements to the engagement), the audit of the remuneration report, the review of the interim report, and audits of the annual financial statements and solvency overviews of the subsidiaries included in the consolidated financial statements. In 2022, these services also included audit support for the introduction of IFRS 9 and 17. The fees for other consulting services comprise assurance engagements on the basis of the International Standard on Assurance Engagements 3000 (ISAE 3000), assurance procedures on the basis of the International Standard on Assurance Engagements 4400 (ISAE 4400) and assurance services in connection with the non-financial statement.

The lead auditor responsible for performing the audit within the meaning of section 38(2) of the Professional Code of Conduct for German Public Auditors and Sworn Auditors in the version dated 21 June 2016 is Mr Martin Eibl. He was first responsible for the audit of the annual and consolidated financial statements as at 31 December 2023.

Declaration of compliance in accordance with section 161 of the German Stock Corporation Act (AktG)

The declaration of compliance with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG) has been issued and made permanently available to shareholders on the Talanx AG website (https://www.talanx.com/en/talanx-group/corporate_governance/declaration_of_conformity), as described in the Board of Management's Corporate Governance Statement in the Group management report ("Corporate Governance" section).

On 8 November 2023, the Board of Management and Supervisory Board of our listed subsidiary Hannover Rück SE issued the declaration of compliance with the recommendations of the Government Commission on the German Corporate Governance Code required by section 161 of the AktG and made this declaration available to shareholders by publishing it in its annual report. The current and all previous declarations of conformity for Hannover Rück SE are published on the company's website (https://www.hannover-re.com/200801/declaration-of-conformity).

Events after the end of the reporting period

By way of a purchase agreement dated 27 May 2023, Inversiones HDI Limitada, Santiago, Chile, a wholly owned Group subsidiary of HDI International AG, Hannover, Germany (HINT), in the Retail International segment, acquired 100% of the shares in Liberty Compañia de Seguros Generales S.A., Santiago, Chile, along with all associated holding and service companies. As a result of this agreement, Saint Honoré Iberia S.L., Madrid, Spain, also a wholly owned Group subsidiary of HINT, acquires 100% of the shares in Liberty Seguros S.A., Bogota, Colombia, and Liberty Seguros S.A., Quito, Ecuador, along with all associated holding and service companies. Based on the agreements reached, the Group will account for the acquisition as at 1 March 2024 (date of initial consolidation). The collateralised purchase price (EUR 443 million) was settled entirely in cash. Due to the short period of time between the acquisition and the preparation of this annual report, it is not possible to state the amount of assets and liabilities acquired and the amount of goodwill.

List of shareholdings

The following information is disclosed in the consolidated financial statements of Talanx AG in accordance with section 313(2) of the German Commercial Code (HGB) and IFRS 12.10 (a) (i).

1. AFFILIATED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

	Equity interest[1] in %
Domestic	
Ampega Asset Management GmbH, Cologne[3, 13]	100.00
Ampega Investment GmbH, Cologne[13]	100.00
Ampega-nl-Euro-DIM-Fonds, Cologne[16]	100.00
Ampega-nl-Global-Fonds, Cologne[16]	100.00
Ampega-nl-Rent-Fonds, Cologne[16]	100.00
Ampega-Vienna-Bonds-Master-Fonds-Deutschland, Cologne[16]	100.00
cor F. 25. GmbH & Co. KG, Berlin[4]	100.00
E+S Rückversicherung AG, Hannover	64.79
EURO-Rent 3 Master, Cologne[16]	100.00
FUNIS GmbH & Co. KG, Hannover	100.00
Gerling Immo Spezial 1, Cologne[16]	100.00
GKL SPEZIAL RENTEN, Cologne[16]	100.00
Hannover Beteiligungsgesellschaft mbH, Hannover	100.00
Hannover RE AA PE Partners III GmbH & Co. KG, Hannover	100.00
Hannover Re Euro PE Holdings II GmbH & Co. KG, Hannover	100.00
Hannover Re Euro RE Holdings GmbH, Hannover	100.00
Hannover Re Global Alternatives GmbH & Co. KG, Hannover	100.00
Hannover Re Global Holding GmbH, Hannover	100.00
Hannover Rück Beteiligung Verwaltungs-GmbH, Hannover	100.00
Hannover Rück SE, Hannover	50.22
HD Real Assets GmbH & Co. KG, Cologne[4]	100.00
HDI AG, Hannover[3, 13]	100.00
HDI AI EUR Beteiligungs-GmbH, Cologne[3, 13]	100.00
HDI AI USD Beteiligungs-GmbH, Cologne[3, 13]	100.00
HDI Deutschland AG, Hannover[3, 13]	100.00
HDI Deutschland Bancassurance Communication Center GmbH, Hilden[3, 13]	100.00
HDI Deutschland Bancassurance GmbH, Hilden[3, 13]	100.00
HDI Deutschland Bancassurance Kundenmanagement GmbH & Co. KG, Hilden[4]	100.00
HDI Global Network AG, Hannover[13]	100.00
HDI Global SE Absolute Return, Cologne[16]	100.00
HDI Global SE, Hannover[13]	100.00
HDI Global Specialty Holding GmbH, Hannover[13]	100.00
HDI Global Specialty SE, Hannover	100.00
HDI Globale Equities, Cologne[16]	100.00
HDI International AG, Hannover[3, 13]	100.00
HDI Lebensversicherung AG, Cologne	100.00
HDI next GmbH, Rostock[3,13]	100.00
HDI Pensionsfonds AG, Hilden[13]	100.00
HDI Pensionskasse AG, Cologne	100.00
HDI Pensionsmanagement AG, Cologne[3, 13]	100.00
HDI Risk Consulting GmbH, Hannover[3,13]	100.00
HDI Versicherung AG, Hannover[13]	100.00
HDI-Gerling Sach Industrials Master, Cologne[16]	100.00
HGLV-Financial, Cologne[16]	100.00
HINT Europa Beteiligungs AG & Co. KG, Hannover[4]	100.00
HLV Aktien, Cologne[16]	100.00
HLV Alternative Investment Beteiligungen (HLV AIF)/279, Cologne[16]	100.00
HLV Municipal Fonds, Cologne[16]	100.00
HLV Real Assets GmbH & Co. KG, Cologne[4]	100.00
HNG Hannover National Grundstücksverwaltung GmbH & Co. KG, Hannover[4]	100.00
HPK Alternative Investment Beteiligungen/283, Cologne[16]	100.00
HPK Corporate, Cologne[16]	100.00
HPK Köln offene Investment GmbH & Co. KG, Cologne	100.00
HR AI Komplementär GmbH, Hannover	100.00
HR GLL Central Europe GmbH & Co. KG, Munich[5]	99.99
HR GLL Central Europe Holding GmbH, Munich[9]	100.00
HV Aktien, Cologne[16]	100.00
Infrastruktur Ludwigsau GmbH & Co. KG, Cologne	100.00
KOP4 GmbH & Co. KG, Munich	79.56
Leben Köln offene Investment GmbH & Co. KG 1, Cologne	100.00
Leben Köln offene Investment GmbH & Co. KG 3, Cologne	100.00
Leben Köln offene Investment GmbH & Co. KG 5, Cologne	100.00
Lifestyle Protection AG, Hilden[13]	100.00
Lifestyle Protection Lebensversicherung AG, Hilden[13]	100.00
LPV Lebensversicherung AG, Hilden[13]	100.00
LPV Versicherung AG, Hilden[13]	100.00
neue leben Holding AG, Hamburg	67.50
neue leben Lebensversicherung AG, Hamburg[13]	100.00
neue leben Unfallversicherung AG, Hamburg[13]	100.00
NL Leben offene Investment GmbH & Co. KG, Cologne	100.00
nl LV Alternative Investment Beteiligungen (NLL AIF)/281, Cologne[16]	100.00
nl LV Municipal Fonds, Cologne[16]	100.00
NL Master, Cologne[16]	100.00
PB Leben offene Investment GmbH & Co. KG 2, Cologne	100.00
PB Leben offene Investment GmbH & Co. KG 3, Cologne	100.00
PBL Alternative Investment Beteiligungen/282, Cologne[16]	100.00
Qualität & Sicherheit, Cologne[16]	100.00
Riethorst Grundstücksgesellschaft AG & Co. KG, Hannover[4]	100.00
TAL Aktien, Cologne[16]	100.00
TAL Alternative Investment Beteiligungen (TAL AIF)/280, Cologne[16]	100.00

1. AFFILIATED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

	Equity interest[1] in %
Talanx AG, Hannover	100.00
Talanx Deutschland Real Estate Value, Cologne[16]	100.00
Talanx Infrastructure France 1 GmbH, Cologne	100.00
Talanx Infrastructure France 2 GmbH, Cologne	100.00
Talanx Infrastructure Portugal 2 GmbH, Cologne	100.00
Talanx Reinsurance Broker GmbH, Hannover[3,13]	100.00
TAL-Corp, Cologne[16]	100.00
TARGO Leben offene Investment GmbH & Co. KG, Cologne	100.00
TARGO Lebensversicherung AG, Hilden[13]	100.00
TARGO Versicherung AG, Hilden[13]	100.00
TD Real Assets GmbH & Co. KG, Cologne	100.00
TD-BA Private Equity GmbH & Co. KG, Cologne[4]	100.00
TD-Sach Private Equity GmbH & Co. KG, Cologne[4]	100.00
Windfarm Bellheim GmbH & Co. KG, Cologne	100.00
Windpark Mittleres Mecklenburg GmbH & Co. KG, Cologne	100.00
Windpark Parchim GmbH & Co. KG, Cologne	51.00
Windpark Rehain GmbH & Co. KG, Cologne	100.00
Windpark Sandstruth GmbH & Co. KG, Cologne	100.00
Windpark Vier Fichten GmbH & Co. KG, Cologne	100.00
WP Berngerode GmbH & Co. KG, Cologne	100.00
WP Mörsdorf Nord GmbH & Co. KG, Cologne	100.00
Zweite Riethorst Grundstücksgesellschaft AG & Co. KG, Hannover[4]	100.00
Foreign	
101BOS LLC, Wilmington, USA[6]	100.00
111ORD, LLC, Wilmington, USA[6]	100.00
140EWR, LLC, Wilmington, USA[6]	100.00
193 BCN, S. L., Madrid, Spain[9]	100.00
590ATL LLC, Wilmington, USA[6]	100.00
1600FLL LLC, Wilmington, USA[6]	100.00
1375MCO LLC, Wilmington, USA[6]	100.00
2530AUS LLC, Wilmington, USA[6]	100.00
320AUS LLC, Wilmington, USA[6]	100.00
3290ATL LLC, Wilmington, USA[6]	100.00
3541 PRG s. r. o., Prag, Tschechien[9]	100.00
402 Santa Monica Blvd, LLC, Wilmington, USA[6]	100.00
7550BWI LLC, Wilmington, USA[6]	100.00
7550IAD LLC, Wilmington, USA[6]	100.00
7653BWI LLC, Wilmington, USA[6]	100.00
7659BWI LLC, Wilmington, USA[6]	100.00
11809AUS LLC, Wilmington, USA[6]	100.00
92601 BTS s. r. o., Bratislava, Slovakia[9]	100.00
975 Carroll Square, LLC, Wilmington, USA[6]	100.00
Akvamarin Beta, s. r. o., Prague, Czech Republic[9]	100.00
Annuity Reinsurance Cell A1 (ARCA1), Hamilton, Bermuda	100.00
APCL Corporate Director No. 1 Limited, London, United Kingdom[8]	100.00
APCL Corporate Director No. 2 Limited, London, United Kingdom[8]	100.00
Apoquindo 5400 Chile Holding S. A., Santiago, Chile[6]	100.00
Apoquindo CL SpA, Santiago, Chile[6]	100.00
Argenta Continuity Limited, London, United Kingdom[8]	100.00
Argenta Employee LLP, London, United Kingdom[8]	100.00
Argenta General Partner II LLP, Edinburgh, United Kingdom[8]	100.00
Argenta General Partner Limited, Edinburgh, United Kingdom[8]	100.00
Argenta Holdings Limited, London, United Kingdom[5]	100.00
Argenta International Limited, London, United Kingdom[8]	100.00
Argenta LLP Services Limited, London, United Kingdom[8]	100.00
Argenta Private Capital Limited, London, United Kingdom[8]	100.00
Argenta Secretariat Limited, London, United Kingdom[8]	100.00
Argenta SLP Continuity Limited, Edinburgh, United Kingdom[8]	100.00
Argenta Syndicate Management Limited, United Kingdom[8]	100.00
Argenta Tax & Corporate Services Limited, London, United Kingdom[8]	100.00
Argenta Underwriting Asia Pte. Ltd., Singapore, Singapore[8]	100.00
Argenta Underwriting (Europe) Limited, Dublin, Ireland[8]	100.00
Argenta Underwriting No. 1 Limited, London, United Kingdom[8]	100.00
Argenta Underwriting No. 2 Limited, London, United Kingdom[8]	100.00
Argenta Underwriting No. 3 Limited, London, United Kingdom[8]	100.00
Argenta Underwriting No. 4 Limited, London, United Kingdom[8]	100.00
Argenta Underwriting No. 7 Limited, London, United Kingdom[8]	100.00
Argenta Underwriting No. 9 Limited, London, United Kingdom[8]	100.00
Argenta Underwriting No. 10 Limited, London, United Kingdom[8]	100.00
Argenta Underwriting No. 11 Limited, London, United Kingdom[8]	100.00
ASF Spectrum Limited, George Town, Cayman Islands[10]	100.00
Bowen Investment Limited Partnership, Auckland, New Zealand[10]	80.00
Broadway 101, LLC, Wilmington, USA[6]	100.00
Callisto, Mailand, Italy[9]	100.00
CC Aeolus Pte. Ltd., Singapore, Singapore[10]	100.00
CC Anchor Pte. Ltd., Singapore, Singapore[10]	100.00
Commercial & Industrial Acceptances (Pty) Ltd., Johannesburg, South Africa[7]	85.00
Compass Insurance Company Ltd., Johannesburg, South Africa[7]	100.00
Europa Millennium Financial Service Spólka z ograniczona odpowiedzialnoscia, Wrocław, Poland	80.00
Ferme Eolienne des Mignaudieres SNC, Toulouse, France	100.00
Ferme Eolienne du Confolentais SNC, Toulouse, France	100.00
Fiba Sigorta A. Ş., Istanbul, Türkiye	50.00
Film & Entertainment Underwriters SA (Pty) Ltd., Johannesburg, South Africa[7]	100.00
Firedart Engineering Underwriting Managers (Pty) Ltd., Johannesburg, South Africa[7]	100.00
Fountain Continuity Limited, Edinburgh, United Kingdom[8]	100.00

1. AFFILIATED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

	Equity interest[1] in %
FRACOM FCP, Paris, France[16]	100.00
Funderburk Lighthouse Limited, Grand Cayman, Cayman Islands	100.00
G5 Aconcagua Fundo Renta Fixa Referenciado DI, São Paulo, Brazil[16]	100.00
Garagesure Consultants and Acceptances (Pty) Ltd., Johannesburg, South Africa[7]	90.00
Glencar Insurance Company, Orlando, USA	100.00
Glencar Underwriting Managers, Inc., Chicago, USA	100.00
GLL HRE CORE Properties, L. P., Wilmington, USA[6]	99.90
Hannover Finance, Inc., Wilmington, USA	100.00
Hannover Finance (Luxembourg) S. A., Leudelange, Luxembourg	100.00
Hannover Finance (UK) Ltd., London, United Kingdom	100.00
Hannover Life Reassurance Company of America (Bermuda) Ltd., Hamilton, Bermuda	100.00
Hannover Life Reassurance Company of America, Orlando, USA	100.00
Hannover Life Re of Australasia Ltd., Sydney, Australia	100.00
Hannover Re (Bermuda) Ltd., Hamilton, Bermuda	100.00
Hannover Re Holdings (UK) Ltd., London, United Kingdom	100.00
Hannover Re (Ireland) Designated Activity Company, Dublin, Ireland	100.00
Hannover Re Real Estate Holdings, Inc., Orlando, USA[5]	100.00
Hannover Re South Africa Limited, Johannesburg, South Africa[7]	100.00
Hannover Africa Limited, Johannesburg, South Africa[7, 15]	100.00
Hannover Reinsurance Group Africa (Pty) Ltd., Johannesburg, South Africa[5]	100.00
Hannover ReTakaful B. S. C. (c), Manama, Bahrain	100.00
Hannover Services (UK) Ltd., London, United Kingdom	100.00
HDI Assicurazioni S. p. A., Rome, Italy	100.00
HDI Global Insurance Company, Chicago, USA	100.00
HDI Global SA Ltd., Johannesburg, South Africa	100.00
HDI Global Seguros S. A., Mexico City, Mexico	100.00
HDI Global Seguros S. A., São Paulo, Brazil	100.00
HDI Fiba Emeklilik A. Ş., Istanbul, Türkiye	60.00
HDI Immobiliare S. r. l., Rome, Italy	100.00
HDI Katılım Sigorta A. Ş., Istanbul, Türkiye	100.00
HDI Reinsurance (Ireland) SE, Dublin, Ireland	100.00
HDI Seguros S. A., Bogotá, Colombia	99.37
HDI Seguros S. A., Buenos Aires, Argentina	100.00
HDI Seguros S. A. de C. V., León, Mexico	99.76
HDI Seguros S. A., Las Condes, Chile	99.95
HDI Seguros S. A., Montevideo, Uruguay	100.00
HDI Seguros S. A., São Paulo, Brazil	100.00
HDI Seguros do Brasil S. A., São Paulo, Brazil	100.00
HDI Sigorta A. Ş., Istanbul, Turkey	100.00
HDI Specialty Insurance Company, Illinois, USA	100.00
HDI Versicherung AG (Austria), Vienna, Austria	100.00
Highgate sp. z o. o., Warsaw, Poland[9]	100.00
Hospitality Industrial and Commercial Underwriting Managers (Pty) Ltd., Johannesburg, South Africa[7]	85.00
HR GLL CDG Plaza S. r. l., Bucharest, Romania[9]	100.00
HR GLL Europe Holding S. à r. l., Luxembourg, Luxembourg[9]	100.00
HR GLL Griffin House SPÓLKA Z OGRANICZONA ODPOWIEDZIALNÓSCIA, Warsaw, Poland[9]	100.00
HR GLL Liberty Corner SPÓLKA Z OGRANICZONA ODPOWIEDZIALNÓSCIA, Warsaw, Poland[9]	100.00
HR US Infra Debt LP, George Town, Cayman Islands	99.99
HR US Infra Equity LP, Wilmington, USA[6]	99.99
HRE Core Properties Chile Holding SpA, Santiago, Chile[6]	100.00
ICAV Amissima Multi Credit Assets, Milan, Italy[16]	100.00
INCHIARO LIFE Designated Activity Company, Dublin, Ireland	100.00
Indiana Lumbermens Insurance Company, Indianapolis, USA	100.00
Indiana Seguros S. A., São Paulo, Brazil	100.00
Infrastorm Co-Invest 1 SCA, Luxembourg, Luxembourg	100.00
InLinea S. p. A., Rome, Italy	100.00
Integra Insurance Solutions Limited, Bradford, United Kingdom	100.00
Inter Hannover (No. 1) Limited, London, United Kingdom	100.00
Inversiones HDI Limitada, Santiago, Chile	100.00
KBC ALFA Specjalistyczny Fundusz Inwestycyjny Otwarty, Warsaw, Poland[16]	100.00
Landmark Underwriting Agency (Pty) Ltd., Bloemfontein, South Africa[7]	65.50
Le Chemin de La Milaine S. N.C, Lille, France	100.00
Leine Investment General Partner S.à r. l., Luxembourg, Luxembourg	100.00
Leine Investment SICAV-SIF, Luxembourg, Luxembourg	100.00
Le Louveng S. A. S., Lille, France	100.00
Le Souffle des Pellicornes S. N. C, Lille, France	100.00
Les Vents de Malet S. N. C, Lille, France	100.00
Liberty International Brasil Ltda, São Paulo, Brazil	100.00
Liberty Seguros S. A., São Paulo, Brazil	100.00
Lireas Holdings (Pty) Ltd., Johannesburg, South Africa[7]	70.00
M8 Property Trust, Sydney, Australia[10]	100.00
Magdalena CL SpA, Santiago, Chile[6]	100.00
Magdalena Chile Holding S. A., Santiago, Chile[6]	100.00
Markham Real Estate Partners (KSW) Pty Limited, Sydney NSW, Australia[10]	100.00
Morea Limited Liability Company, Tokyo, Japan[10]	99.00
MUA Insurance Acceptances (Pty) Ltd., Cape Town, South Africa[7]	100.00
Names Taxation Service Limited, London, United Kingdom[8]	100.00
Nashville West, LLC, Wilmington, USA[6]	100.00
Ombú CL SpA, Santiago, Chile[6]	100.00
Ombú Chile Holding S. A., Santiago, Chile[6]	100.00
PAG Real Estate Asia Select Fund Limited, George Town, Cayman Islands[5]	100.00
Peace G. K., Tokyo, Japan[10]	99.00
Perola Negra FIP Multiestratégia IE, São Paulo, Brazil[16]	100.00
PLC Elite Mexico Logistics, S. de R. L. de C. V., Mexico City, Mexico[6]	100.00
Protecciones Esenciales S. A., Buenos Aires, Argentina	100.00
Real Assist (Pty) Ltd., Pretoria, South Africa[7]	51.00
Residual Services Corporate Director Limited, London, United Kingdom[8]	100.00

1. AFFILIATED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

	Equity interest[1] in %
Residual Services Limited, London, United Kingdom[8]	100.00
River Terrace Parking, LLC, Wilmington, USA[6]	100.00
Rocky G. K., Tokyo, Japan[10]	99.00
Saint Honoré Iberia S. L., Madrid, Spain	100.00
Sand Lake Re, Inc., Burlington, USA	100.00
Santander Auto S. A., São Paulo – Vila Olimpia, Brazil	50.00
SOMPO SEGUROS FUNDO DE INVESTIMENTO RENDA FIXA, São Paulo, Brazil[16]	100.00
Star Grafton One S. à r. l., Luxemburg, Luxemburg	100.00
Svedea AB, Stockholm, Sweden	100.00
Towarzystwo Ubezpieczeń Europa S. A., Wrocław, Poland	50.00
Towarzystwo Ubezpieczeń i Reasekuracji WARTA S. A., Warsaw, Poland	75.74
Towarzystwo Ubezpieczeń na Życie Europa S. A., Wrocław, Poland	100.00
Towarzystwo Ubezpieczeń na Życie "WARTA" S. A., Warsaw, Poland	100.00
Transit Underwriting Managers (Pty) Ltd., Durban, South Africa[7]	90.00
Ubitech Hub Pte. Ltd., Singapore, Singapore[10]	100.00

2. AFFILIATED COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRSS DUE TO INSIGNIFICANCE

	Equity interest[1] in %
Domestic	
Ampega BasisPlus Rentenfonds I, Cologne[16]	33.33
Fair Claims GmbH, Hannover[13]	100.00
FVB Gesellschaft für Finanz- und Versorgungsberatung mbH, Osnabrück[13]	100.00
HDI Deutschland Bancassurance Kundenmanagement Komplementär GmbH, Hilden	100.00
HDI Global Specialty Schadenregulierung GmbH, Hannover[13]	100.00
HEPEP IV Komplementär GmbH, Cologne	100.00
HILSP Komplementär GmbH, Hannover	100.00
HINT Beteiligungen GmbH, Hannover	100.00
Infrastruktur Windpark Vier Fichten GbR, Bremen	83.34
IVEC Institutional Venture and Equity Capital GmbH, Cologne	100.00
mantel + schölzel AG, Kassel[13]	100.00
mertus 313. GmbH, Frankfurt am Main	100.00
Talanx Direct Infrastructure 1 GmbH, Cologne	100.00
Talanx Infrastructure Portugal GmbH, Cologne	100.00
TAM AI Komplementär GmbH, Cologne	100.00
SSV Schadenschutzverband GmbH, Hannover[13]	100.00
Foreign	
Bristol Re Ltd., Hamilton, Bermuda	100.00
Danae, Inc., Wilmington, USA	100.00
Desarrollo de Consultores Profesionales en Seguros S. A. de C. V., León, Guanajuato, Mexico	100.00
Dynastic Underwriting Limited, London, United Kingdom	100.00
Facil Assist Servicos de Assistencia 24 Horas Ltda, São Paulo, Brazil	100.00
Hannover Mining Engineering Services LLC, Itasca, USA	100.00
Hannover Re Consulting Services India Private Limited, Mumbai, India	100.00
Hannover Re Risk Management Services India Private Limited, New Delhi, India	100.00
Hannover Re Services Italy S. r.l., Milan, Italy	100.00
Hannover Re Services Japan, Tokyo, Japan	100.00
Hannover Re Services USA, Inc., Itasca, USA	100.00
Hannover Rück SE Escritório de Representação no Brasil Ltda., Rio de Janeiro, Brazil	100.00
Hannover Services (México) S. A. de C. V., Mexico City, Mexico	100.00
HDI Global Insurance Limited Liability Company, Moscow, Russia	100.00
HDI Global Network AG Escritório de Representação no Brasil Ltda, São Paulo, Brazil	100.00
HDI GLOBAL SE – UK SERVICES LIMITED, London, Great Britain	100.00
Heuberg S. L. U., Barcelona, Spain	100.00
HR Hannover Re, Correduría de Reaseguros, S. A., Madrid, Spain	100.00
Inter Hannover (No. 2) Limited, London, United Kingdom	100.00
Liberty Agrega Servicos Ltda, São Paulo, Brazil	100.00
Svedea Skadeservice AB, Stockholm, Sweden	100.00

3. STRUCTURED ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS 10

	Equity interest[1] in %
Kaith Re Ltd., Hamilton, Bermuda	90.40
Kubera Insurance (SAC) Ltd., Hamilton, Bermuda	100.00
LI RE, Hamilton, Bermuda	100.00

4. ASSOCIATES VALUED USING EQUITY METHOD IN THE CONSOLIDATED FINANCIAL STATEMENTS

	Equity interest[1] in %
Domestic	
HANNOVER Finanz GmbH, Hannover	27.78
neue leben Pensionskasse AG, Hamburg	49.00
WeHaCo Unternehmensbeteiligungs-GmbH, Hannover	40.00
Foreign	
Clarendon Transport Underwriting Managers (Pty) Ltd., Johannesburg, South Africa[7]	32.67
Inqaku FC (Pty) Ltd., Johannesburg, South Africa[7]	21.03
Investsure Technologies Proprietary Limited, Johannesburg, South Africa[7]	32.26
Monument Insurance Group Limited, Hamilton, Bermuda	20.00
PVI Holdings Joint Stock Corporation, Cau Giay, Vietnam	51.50

5. ASSOCIATES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS MEASURED AT FAIR VALUE

	Equity interest[1] in %
Domestic	
HMG Amerigo-Vespucci-Platz 2 GmbH & Co. Geschlossene Investment KG, Hamburg	50.00
HMG Frankfurter Straße 100 GmbH & Co. geschlossene Investment KG, Hamburg	50.00
HMG Gasstraße 25 GmbH & Co. geschlossene Investment KG, Hamburg	40.24
Foreign	
Escala Braga – Sociedade Gestora de Edifício, S. A., Braga, Portugal	49.00
Escala Parque – Gestão de Estacionamento, S. A., Linhó, Portugal	49.00
Escala Vila Franca – Sociedade Gestora de Edifício, S. A., Linhó, Portugal	49.00
IBERIA TERMOSOLAR 1, S. L., Badajoz, Spain	71.06
PNH Parque – Do Novo Hospital, S. A., Linhó, Portugal	49.00

6. ASSOCIATES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS DUE TO INSIGNIFICANCE

	Equity interest[1] in %
Domestic	
hector digital GmbH, Marpingen	19.00
MachDigital GmbH, Neunkirchen	49.00
VOV GmbH, Cologne	35.25
Foreign	
Assi 90 S. r. l., Milan, Italy[15]	39.75
Bond I. T. Ltd., Herzliya, Israel	21.94
Falcon Risk Holdings LLC, Dallas, USA	40.00
Reaseguradora del Ecuador S. A., Guayaquil, Ecuador	30.00
Trinity Underwriting Managers Limited, Toronto, Canada	19.70

7. JOINT VENTURES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS USING THE EQUITY METHOD

	Equity interest[1] in %
Joint HR MR Private Equity GmbH, Munich (formerly: MR Beteiligungen 23. GmbH, Munich)	50.00

8. JOINT VENTURES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS MEASURED AT FAIR VALUE

	Equity interest[1] in %
DDBR1, Cologne	50.00

9. JOINT VENTURES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS DUE TO INSIGNIFICANCE

	Equity interest[1] in %
Domestic	
Finance-Gate Software GmbH, Berlin	40.00
Foreign	
C-QUADRAT Ampega Asset Management Armenia LLC, Yerevan, Armenia	25.10

10. PARTICIPATING INTERESTS

	Equity interest[1] in %		Equity[2] in thousand	Earnings before profit transfer[2] in thousand
Domestic				
Hannover America Private Equity Partners II GmbH & Co. KG, Hannover[12]	14.45	EUR	1,027,077	60,859
Hannover Re Euro PE Holdings GmbH & Co. KG, Hannover[12]	14.45	EUR	585,849	42,774
Neue SEBA Beteiligungsgesellschaft mbH, Nuremberg[17]	22.17	EUR	92,366	7,742
PT Beteiligungs GmbH, Hannover[11]	29.41	—	—	—
Foreign				
Different Technology (Pty) Ltd., Johannesburg, South Africa[12]	12.30	ZAR	28,586	–520
FLS Group AG, Baar, Switzerland	19.73	CHF	5,247	–1,092
Ignite Thailand Holdings Ltd., Hong Kong, China	15.11	HKD	363,778	119,561
Kopano Ventures (Pty) Ltd., Johannesburg, South Africa[7, 14]	29.05	—	—	—
Meribel Mottaret Limited, St. Helier, Jersey[17]	18.96	—	—	—
Mosaic Insurance Holdings Limited, Hamilton, Bermuda	14.35	USD	5,530	–17,432
Pineapple Tech (Pty) Ltd., Johannesburg, South Africa[7, 12]	10.40	ZAR	338,447	–107,487
Sureify Labs, Inc., Wilmington, USA	10.01	USD	2,653	–9,894
YOUPLUS Holding AG, Zurich, Switzerland[17]	15.00	—	—	—

11. INVESTMENTS IN LARGE CORPORATIONS EXCEEDING 5% OF THE VOTING RIGHTS

	Equity interest[1] in %
Domestic	
Extremus Versicherungs-AG, Cologne	13.00
M 31 Beteiligungsgesellschaft mbH & Co. Energie KG, Düsseldorf	8.90
Foreign	
Acte Vie S. A. Schiltigheim, France	9.38

[1] The equity interests are calculated by adding together all directly and indirectly held interests in accordance with section 16(2) and section 16(4) of the German Stock Corporation Act (AktG).
[2] The figures correspond to the local GAAP or IFRS annual financial statements of the companies concerned; currencies other than the euro are indicated.
[3] The exemptions permitted under section 264(3) of the German Commercial Code (HGB) were applied.
[4] The exemption permitted under section 264b of the HGB was applied.
[5] The company prepares its own subgroup financial statements.
[6] Included in the subgroup financial statements for Hannover Re Real Estate Holdings, Inc.
[7] Included in the subgroup financial statements for Hannover Reinsurance Group Africa (Pty) Ltd.
[8] Included in the subgroup financial statements for Argenta Holdings Limited.
[9] Included in the subgroup financial statements for HR GLL Central Europe GmbH & Co. KG.
[10] Included in the subgroup financial statements for PAG Real Estate Asia Select Fund Limited.
[11] No annual report/annual financial statements are available yet because the company was formed in the reporting period.
[12] Provisional/unaudited figures as at the 2023 financial year-end.
[13] A profit/loss transfer agreement is in force.
[14] The company is inactive.
[15] The company is in liquidation.
[16] Investment funds.
[17] No disclosures are made on equity and earnings in accordance with section 313 (3) HGB.

Significant branches of the Group

We define the branch of a Group company as a part of the business without legal capacity, separated from the Group company in terms of space and organisation, which operates under instructions internally and acts autonomously in the market.

The companies in the Talanx Group listed in the following table maintain branches which we consider significant for understanding the Group's situation.

SIGNIFICANT BRANCHES OF THE GROUP

		Insurance revenue[1] in million
Hannover Rück SE		
Hannover Re UK Life Branch, London, United Kingdom	EUR	419
Hannover Rück SE India Branch, Mumbai, India	EUR	139
Hannover Rück SE Canadian Branch, Toronto, Canada	EUR	637
Hannover Rück SE Korea Branch, Seoul, South Korea	EUR	12
Hannover Rück SE Shanghai Branch, Shanghai, China	EUR	1,137
Hannover Rück SE Succursale Française, Paris, France	EUR	501
Hannover Rück SE Hong Kong Branch, Wanchai, Hong Kong	EUR	218
Hannover Rück SE Tyskland Filial, Stockholm, Sweden	EUR	289
Hannover Rueck SE Australian Branch, Sydney, Australia	EUR	675
Hannover Rueck SE Bahrain Branch, Manama, Bahrain	EUR	115
Hannover Rueck SE Malaysian Branch, Kuala Lumpur, Malaysia	EUR	820
HDI Global SE		
HDI Global SE – Australian Branch, Sydney, Australia	EUR	331
HDI Global SE – Branch for Belgium, Brussels, Belgium	EUR	344
HDI Global SE – Direction pour la France, Paris, France	EUR	707
HDI Global SE – the Netherlands, Amsterdam, The Netherlands	EUR	253
HDI Global SE – UK, London, United Kingdom	EUR	501
HDI Lebensversicherung AG		
HDI Lebensversicherung AG – Austria Branch, Vienna, Austria[2]	EUR	88
HDI Versicherung AG (Austria)		
HDI Versicherung AG (Austria) – Czech Republic Branch	EUR	25
HDI Global Specialty SE		
HDI Global Specialty SE, Australian Branch, Sydney, Australia	EUR	248
HDI Global Specialty SE, Canadian Branch, Toronto, Canada	EUR	246
HDI Global Specialty SE, Scandinavian Branch, Stockholm, Sweden	EUR	471
HDI Global Specialty SE, UK Branch, London, United Kingdom	EUR	926

[1] Figures prior to consolidation.
[2] Provisional/unaudited figures as at the 2023 financial year-end.

Furthermore, other companies in the Talanx Group maintain additional branches, which must be classified as insignificant individually and in total for the Group.

Prepared and hence authorised for publication on 5 March 2024 in Hannover.

Board of Management

Torsten Leue, Chairman

Jean-Jacques Henchoz

Dr Wilm Langenbach

Dr Edgar Puls

Caroline Schlienkamp

Jens Warkentin

Dr Jan Wicke

Independent Auditor's report

To Talanx AG, Hanover

Report on the audit of the consolidated financial statements and of the Group management report

Audit Opinions

We have audited the consolidated financial statements of Talanx AG, Hanover, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Talanx AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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 consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance 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 Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities 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 requirements. 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 consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated 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:

1. **Measurement of investments using parameters not observable on the market and forward-looking information**
2. **Measurement of certain liabilities from insurance contracts**

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:

1 Measurement of investments using parameters not observable on the market and forward-looking information

1 Investments of € 147,868 million (87.3% of the consolidated total assets) are reported in the consolidated financial statements.

Of these investments, assets totalling € 129,020 million are measured at fair value, of which in turn fair values of € 13,945 million are calculated using valuation models or based on third-party value indicators. These investments in particular relate to unlisted securities, other loans, derivatives and investments in infrastructure, private equity and real estate.

Of the investments reported in the consolidated financial statements, financial assets in the amount of € 4,124 million are measured at amortised cost and € 109,621 million at fair value through other comprehensive income. Of this amount, € 108,641 million is attributable to debt instruments for which a risk provision totalling € 294 million was recognised as at the reporting date to take account of impairments for expected credit losses in accordance with the requirements of IFRS 9 (Expected Credit Loss), as applicable since 1 January 2023.

The measurement of investments whose fair value must be determined using valuation models or value indicators from third parties is subject to uncertainty, as input parameters that are not observable in an active market are used for the measurement or comparative values are not always available and therefore estimated values are also used. Forward-looking macroeconomic forecasts are also included in the model valuation to take account of impairments for expected credit losses.

Model-measured investments are subject to an increased measurement risk due to the reduced objectivity and the underlying judgements, estimates and assumptions made by the executive directors. As the estimates and assumptions used, in particular those relating to interest rates and cash flows, and the valuation methods applied may have a material impact on the valuation of these investments and on the Group's assets, liabilities and financial performance, and extensive disclosures on valuation methods and judgements are also required in the notes, this matter was of particular significance in the context of our audit.

2 As part of our audit, we assessed the appropriateness and effectiveness of the controls for the valuation of model-measured investments and investments measured on the basis of third-party indicators. In addition, we assessed, among other things, the integrity of the underlying data and the process for determining the assumptions, estimates and forward-looking information used in the valuation.

With the support of our internal valuation specialists, we also assessed the appropriateness of the methods applied by the executive directors to determine the fair values and the parameters used. We compared the methods and assumptions used to calculate valuation adjustments in the financial year with recognised practices and industry standards and examined the extent to which they are suitable for proper accounting. To assess the inclusion of forward-looking information in the model-based calculation of impairment for expected credit losses, we involved internal specialists with particular expertise in the field of credit risk modelling. We also evaluated the disclosures on valuation methods and judgements contained in the notes to the consolidated financial statements.

On the basis of the audit procedures performed, we were able to satisfy ourselves that the methods and assumptions used by the executive directors to measure certain investments (modelled and measured based on third-party indicators) and the consideration of forward-looking information in determining the impairment for expected credit losses are appropriate overall and that the explanations and disclosures presented in the notes to the consolidated financial statements are appropriate.

3 The Group's disclosures on the measurement of investments are contained in Notes 5 to 14 to the consolidated financial statements.

2 Measurement of certain liabilities from insurance contracts

1 In the consolidated financial statements, liabilities amounting to € 130,264 million (76.9% of the consolidated total assets) are reported under the balance sheet item "Insurance contract liabilities" which are accounted for in accordance with IFRS 17 beginning 1 January 2023. Of the "insurance contract liabilities", € 68,543 million is attributable to the "Liability for incurred claims", which recognises the expectations regarding insurance claims that have been incurred but not yet settled, and € 61,720 million to the "liability for remaining coverage".

The liability for incurred claims represent the Group's expectation of future payments for known and unknown claims and benefits as well as the associated expenses. The Group uses various methods to estimate these obligations. In addition, the measurement of this liability requires a high degree of judgement by the executive directors of the Group regarding the assumptions to be made, such as the impact of changing inflation rates, loss developments and regulatory changes. In addition, there is a significant judgement of the executive directors regarding the determination of the discount rate for calculating the liability. In particular, product lines with a low claims frequency, high individual claims or long claims settlement periods are usually subject to increased estimation uncertainties.

The liability for remaining coverage represent the present value of the future cash flows estimated by the Group. The measurement is based on complex actuarial methods (hereinafter referred to as the "measurement methods") on the basis of comprehensive processes for determining assumptions about future developments of the insurance portfolios to be valued. Within the measurement of the liabilities, the present values of the estimated future cash flows in particular are affected by possible material uncertainties. This uncertainty stems in particular from the risk of chance, change and error associated with the estimation of the present value of cash flows and the methods and financial and non-financial assumptions used for this purpose. In particular, the assumptions in connection with interest rates, nvestment income, mortality, disability, longevity, costs and policyholder behaviour have a significant impact on the measurement.

The general measurement model (GMM), the variable fee approach (VFA) and the premium allocation approach (PAA) are used to measure liabilities from insurance contracts.

Against this background and due to the complexity of determining the underlying assumptions and estimates made by the executive directors, the measurement of these liabilities was of particular significance in the context of our audit.

2 As part of our audit, we assessed the appropriateness of selected controls of the Group for selecting the valuation methods applied as well as for determining assumptions and making estimates for the measurement of certain liabilities from insurance contracts issued.

With the involvement of our internal valuation specialists, we have compared the valuation methods and key assumptions with generally recognised actuarial methods and industry standards and examined to what extent these are suitable for measuring the liabilities.

Our audit also included an evaluation of the appropriateness and integrity of the data and assumptions, including the assessment of the executive directors regarding the impact of changing inflation rates, used in the valuation and a reconstruction of the claims settlement process. Furthermore, we recalculated the amount of the liability for selected lines of product, in particular lines of product with large liability amounts or increased estimation uncertainties. For these lines of product, we compared the amounts calculated by us with the values determined by the Group for the liabilites and evaluated any differences. We also examined whether any adjustments to estimates in the loss reserves were adequately documented and substantiated. A further focus was the assessment of the cash flows used by the IT systems used as well as the appropriate derivation and use of assumptions for the measurement of selected liabilities.

Based on our audit procedures, we were able to satisfy ourselves that the methods, estimates and assumptions used by the executive directors are appropriate overall for measuring the technical liabilities in property and casualty insurance.

3 The Group's disclosures on the measurement of certain liabilities from insurance contracts are contained in Notes 3 and 18 to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate Governance" of the group management report
- the non-financial group statement to comply with §§ 315b to 315c HGB included in section "Consolidated non-financial Statement" of the group management report
- the section "Effectiveness of risk management and the ICS" of the group management report
- the table "Accumulation scenarios including non-controlling interests, effect on own funds" included in section "Risk profile" of the group management report

The other information comprises further

- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group 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 consolidated financial statements, with the group 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 Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, finan-

cial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated 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 consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 group 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 group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated 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 consolidated financial statements and on the group 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 consolidated financial statements and this group 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 consolidated financial statements and of the group 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 consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group 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.
- 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 Group'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 consolidated financial statements and in the group 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 Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group 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 consolidated 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

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Talanx_AG_KA+KLB_ESEF-2023-12-31_de.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 4 May 2023. We were engaged by the supervisory board on 11 October 2023. We have been the group auditor of the Talanx AG, Hanover, 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).

Reference to an other matter– use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Martin Eibl.

Hanover, March 18, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Martin Eibl	ppa. Philipp Rütter
Wirtschaftsprüfer	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

Independent Practitioner's Report

on a Limited Assurance Engagement on Non-financial Reporting[1]

To Talanx Aktiengesellschaft, Hannover

We have performed a limited assurance engagement on the Non-Financial Group statement of Talanx AG, Hannover (hereinafter the "Company") for the period from 1 January to 31 December 2023 (hereinafter the "Non-financial Group Statement") included in section "Non-financial Group Statement" of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "Climate-related and environmental matters" of the Non-financial Group Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a non-financial group statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Climate-related and environmental matters" of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Audit Firm's Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis – IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, are not prepared, in all material respects, in accordance §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Climate-related and environmental matters" of the Non-financial Group Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement
- Identification of likely risks of material misstatement in the Non-financial Group Statement
- Analytical procedures on selected disclosures in the Non-financial Group Statement
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and combined management report
- Evaluation of the presentation of the Non-financial Group Statement
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-financial Group Statement
- Evaluation of CO_2 compensation certificates exclusively with regard to their existence, but not with regard to their impact

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 1 January to 31 December is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Climate-related and environmental matters" of the Non-financial Group Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 18 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke	ppa. Christopher Hintze
Wirtschaftsprüferin	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group, and the Group management report, which is combined with the management report of Talanx AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Hannover, 5 March 2024

Board of Management

Torsten Leue, Chairman

Jean-Jacques Henchoz

Dr Wilm Langenbach

Dr Edgar Puls

Caroline Schlienkamp

Jens Warkentin

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This English Annual Report is a translation of the original German text; the German version takes precedence in case of any discrepancies.

Online Annual Report
https://www.talanx.com/en/investor_relations/reporting/financial_reports

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Financial calendar 2024

7 May
Annual General Meeting

15 May
Quarterly Statement as at 31 March

14 August
Interim Report as at 30 June

14 November
Quarterly Statement as at 30 September