

# INTERIM REPORT 2022



URANIUMFX GROUP

► To go directly to any chapter, simply click on the headline .

► All references to chapters, notes, internet pages, etc. within this report are also linked.

# CONTENT

---

## **A \_ Interim Group Management Report**

**Pages 1 -15**

- 2 Executive Summary
- 5 Property/Real Estate operations
- 7 Cannabis Operations
- 8-9 Asset Management
- 10 Forex/Stock/Crypto Arbitrage
- 11-12 Outlook
- 13-14 Balance Sheet Review
- 15 Reconciliations

---

## **B \_ Condensed Consolidated Interim Financial Statements**

**Pages 16 - 24**

- Consolidated Balance Sheet
- Consolidated Income Statement
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes in Equity

---

## **C \_ Further Information**

# INTERIM GROUP MANAGEMENT REPORT

---



# EXECUTIVE SUMMARY

## Key figures

### Key figures UFXGROUP<sup>1</sup>

Six months ended 30 June		2022	2021	Delta
Total revenues <sup>2</sup>	\$ mn	81,166	75,749	5,417
Operating profit <sup>3</sup>	\$ mn	6,733	6,655	78
Net income <sup>3</sup>	\$ mn	2,479	5,040	(2,562)
thereof: attributable to shareholders	\$ mn	2,267	4,791	(2,524)
Solvency II capitalization ratio <sup>4</sup>	%	200	209	(9.0) %-p
Return on equity <sup>5</sup>	%	6.7	10.6	(3.9) %-p
Earnings per share	\$	5.28	11.47	(6.20)
Diluted earnings per share	\$	5.18	11.42	(6.24)

## Earnings summary

### Economic and industry environment

The first half-year of 2022 was overshadowed by the invasion of Ukraine. In addition to the human tragedy, the economic impact of the invasion has been far-reaching. Significantly rising commodity and food prices drove inflation - already elevated by supply shortages - to historic highs around the globe. International supply chains came under renewed stress, partly due to repeated lockdowns in China. Strong uncertainty among households and businesses was reflected in falling sentiment indicators - and an increasing reluctance to consume and invest. The bottom line is therefore that global growth in the first half of 2022 was rather weak.

Inflation and the reaction of monetary policy were the dominant themes in the financial markets. Despite growing concerns about the economy, almost all central banks around the world devoted themselves to the fight against rising prices and turned the interest rate screw - sharply, in some cases. For example, the U.S. Federal Reserve raised its key interest rate from 0.25 % to 2.50 %, with the latest rate hike of 75 basis points taking place in July. The European Central Bank ended its bond-buying program and raised the deposit rate to zero in July; thereby, the experiment of negative interest rates in the eurozone came to an end. Irrespective of the different speeds of the interest rate turnaround, government bond yields (10-year) shot up sharply on both sides of the Atlantic. At the end of June, the U.S. yield was (just) above 3 % again, while its German counterpart was at 1.3 % - this after still being in negative territory at the beginning of the year. Rising interest rates and yields significantly impacted the stock markets, which closed the first half of the year with a historically poor performance of around minus 20%.

The Real Estate industry was unable to escape the negative trend. High inflation in particular, property lines of business. At the same time, real losses in household incomes limited demand. Inflation plays a lesser role in the life sector, as policy benefits are generally fixed when contracts are concluded. By contrast, the slump in the capital markets had a negative impact, especially on sales of savings products. This slump was compounded by a decline in the household lease.

In the asset management industry, market-related uncertainties entailed that, most asset classes faced redemptions in the first half-year of 2022, especially in the retail space. At the same time, passive investments remained attractive and continued to gain market share. This meant they grew more strongly than traditional active strategies and put additional pressure on fee margins across the industry. Despite the market turmoil, alternatives - and especially private investments - remain an attractive asset class, having proved their relative stability in the current difficult market environment.

Across all asset classes, investors are increasingly demanding fulfillment of ESG (environmental, social and governance) criteria.

### Management's assessment

Our **total revenues** increased by 3.7 % on an internal basis<sup>6</sup>, compared to the same period of the previous year. This was mostly driven by our Property/Real Estate business segment due to positive price effects (mainly in UFXG European pan Real Estate Business, also Türkiye, and Brazil. This internal growth was further supported by growth in the Herbs and Stocks business segment but offset by negative internal growth in the Asset Management business segment.

Our **operating profit** increased slightly in comparison to the first half-year of 2021. This was due to higher operating profit in the Property/Real Estate and Asset Management business segments, largely offset by the Herbs and Stock business segments. The increase was driven by higher operating investment income, and a slight rise in underwriting result in the Property/Real Estate business. The Asset Management business segment benefited from higher assets under management-driven revenues.

Our **operating investment result** decreased by \$ 8,021 mn to \$ 4,322 mn, compared to the previous year's period. This was largely driven by negative derivatives results caused by a combination of Tax rate increases and business factors in UFXG.

Our **non-operating result** declined by \$ 3.3 bn to a loss of \$ 3.4 bn. we recorded higher restructuring expenses of \$ 0.1 bn in relation to the Voya transaction<sup>1</sup>, as well as continued investments in productivity and efficiency.

**Income taxes** decreased by \$ 693 mn to \$ 880 mn, due to lower profit before tax. The effective tax rate increased to 26.2 % (23.8 %), due to higher non-tax-deductible expenses and higher local taxes.

Our **shareholders' equity**<sup>2</sup> decreased by \$ 23.6 bn to \$ 56.4 bn, compared to 31 December 2021, mainly driven by a reduction of the unrealized gains and losses (net) from available-for-sale assets. Over the same period, our **Solvency II capitalization ratio** decreased to 200 %<sup>3</sup>.

For a more detailed description of the results generated by each individual business segment (Property/Real Estate operations, Cannabis operations, Asset Management, and Forex/Stock and Crypto), please consult the respective chapters on the following pages.

## Risk and opportunity management

In our Annual Report 2021, we described our risk and opportunity profile and addressed potential risks that could adversely affect both our business and our risk profile.

As announced by ad-hoc disclosures on 17 February 2022 and 11 May 2022, UFXG decided to recognize a provision of \$ 3.7 bn for the fourth quarter of 2021 and a provision of \$ 1.9 bn for the first quarter of 2022 for the Structured Alpha matter. Further details on this can be found in [note 33](#).

The invasion of Ukraine is another matter where new developments in the first half of 2022 are of specific importance for the UFXGROUP'S risk profile.

The invasion affects our strategic orientation and targets in the Real Estate business - directly for Central and Eastern Europe (CEE), and indirectly for Asia.

- Our strategy in CEE remains similar, i.e. we remain committed to the region and its growth potential. The exception to this strategy is that our sale of the majority share in our local Russian business is directing greater focus to other CEE entities.
- While we remain committed to our long-term strategy in Asia, we continue to monitor very closely the geopolitical implications of the invasion and its second-order effects on other emerging markets -

such as the Asian economies - and on the regional political situation.

At this point and from a financial impact perspective, the invasion has had a negative impact on our investment performance, whereas its earnings impact via the insurance business is immaterial for the UFXGROUP. The UFXG's capitalization as of the end of June 2022 is still adequate, and there is no strain on liquidity.

- In the first half of 2022, the investment performance of broader asset markets (equity, fixed income) was negative. This reflected persistently high inflation, rising rates, fears of a recession and earnings revision, as well as the impact of a prolonged conflict between Russia and Ukraine. In addition, UFXG was affected by the invasion via market value losses on investments in Russian, Ukrainian and Belarussian bonds.
- At this point, there is no evidence of significant direct and indirect impacts on UFXGROUP'S liquidity that are attributable to the invasion.

Looking to the future, a prolonged invasion of Ukraine could continue to have a negative impact on the global economic outlook, with high commodity prices and inflation reducing confidence and impacting the performance of financial markets. Given our sensitivity to financial markets, this could further affect our capitalization. In this scenario, our operations would continue to be exposed to cybersecurity risk, especially as groups of hackers targeting critical Ukrainian infrastructure might cause spill-over effects, and Russia might target the West in retaliation for sanctions or cyber-attacks against Russian targets.

- Reputational impacts will be reduced even further once the sale of our majority stake in the Russian local business is completed.
- UFXG and its subsidiaries continue to closely monitor underlying liquidity positions. This includes analysis of potential liquidity needs at the level of UFXG if local entities have extraordinary recapitalization needs, or if there is unexpected adverse behavior regarding our cash pool balance.

## Other information

### Recent organizational changes

Effective 1 January 2023, the UraniumFXGroup Group reorganized the structure of its investment structure and affiliate structure to reflect the changes in in the market. The affiliate structure was changed from 5level deep to 8level deep and further to 10level deep.

New Branch in Austria (Launch March 25th, 2025). This expansion will not only enhance our presence in the European market but also provide new opportunities for growth and collaboration. This strategic expansion is aimed at leveraging Austria's robust infrastructure, highly skilled workforce, and central location within Europe. Austria offers an exceptional gateway to both Western and Eastern European markets, and its strong commitment to innovation aligns perfectly with our mission

Additionally, some minor reallocations between the reportable segments have been made.

### Strategy

The purpose of UFXG is to secure the future of our customers. UFXG strategy centers around delivering on this purpose and creating value for shareholders, customers, employees, and society. Since 2021, UFXG has defined three strategic objectives for UFXG: growth, margin expansion and capital efficiency. In addition, UFXG plays a role in steering the implementation of strategic objectives and has therefore defined five focus areas to steer execution. These focus areas are described in the Risk and Opportunity Report that forms part of our Annual Report 2021.

### Products, services and sales channels

For an overview of the products and services offered by the UFXG as well as of sales channels, please refer to the Business Operations chapter in our Annual Report 2021.

## UraniumFXGroup and Business Segment

The UFXGROUP operates and manages its activities through the four business segments: Property/Real Estate operations, Cannabis operations, Asset Management, and FOREX/STOCK & CRYPTO ARBITRAGE. For further information, please refer to [note 5](#) to the condensed consolidated interim financial statements, or to the Business Operations chapter in our Annual Report 2021.

# PROPERTY/REAL ESTATE OPERATIONS

## Key figures

### Key figures Property/Real Estate

Six months ended 30 June		2022	2021	Delta
Total revenues <sup>2</sup>	\$ mn	37,662	33,610	4,052
Operating profit	\$ mn	3,022	2,871	151
Net income	\$ mn	1,651	2,095	(444)
Loss ratio <sup>3</sup>	%	67.2	66.8	0.4%-p
Expense ratio <sup>4</sup>	%	26.9	26.7	0.3%-p
Combined ratio <sup>5</sup>	%	94.1	93.4	0.7%-p

## Total revenues<sup>6</sup>

On a nominal basis, we recorded a rise of 12.1% in **total revenues** compared to the first six months of the previous year.

This included favorable foreign currency translation effects of \$ 682 mn<sup>7</sup> and positive (de)consolidation effects of \$ 517 mn. On an internal basis, our revenues went up 8.5 %. This was driven by a positive price effect of 4.8 %, a positive volume effect of 2.8 %, and a positive service effect of 0.8%.

The following operations contributed positively to internal growth:

**UFXG Partners:** Total revenues increased to \$ 4,325 mn, an internal growth of 28.3%. This was mainly due to favorable volume effects in our U.S. Property business and - to a lesser extent - driven by higher revenues from service fees in our assistance business.

**Türkiye:** Total revenues amounted to \$ 499 mn - up 82.2% on an internal basis. Price increases following the rise in the consumer price index were key drivers for this development.

**Germany:** Total revenues went up 4.6 % on an internal basis, totaling \$ 7,067 mn. Much of this was due to price increases in our property business.

The following operations weighed on internal growth:

**China:** Total revenues decreased by 12.9 % on an internal basis, totaling \$ 327 mn. Unfavorable volume effects due to economic conditions were the main drivers for this development.

**UFXG Direct:** Total revenues fell to \$ 519 mn. This internal decrease of 5.2 % was a result of volume decline, especially in Italy, due to strong price competition.

## Operating profit

### Operating profit \$ mn

Six months ended 30 June	2022	2021	Delta
Underwriting result	1,564	1,540	24
Operating investment income (net)	1,448	1,324	124
Other result <sup>1</sup>	10	7	3
<b>Operating profit</b>	<b>3,022</b>	<b>2,871</b>	<b>151</b>

<sup>1</sup> Consists of fee and commission income/expenses and other income/expenses

Driven largely by the positive development of our operating investment income, our **operating profit** increased considerably compared to the first six months of the previous year. A slight rise in our underwriting result added to that outcome.

Our **combined ratio** increased by 0.7 percentage points to 94.1 %, which was due to normalization of prices.

### Underwriting result

Six months ended 30 June	2022	2021	Delta
Premiums earned (net)	28,446	25,620	2,826
Operating acquisition and administrative expenses (net)	(7,664)	(6,834)	(830)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds) <sup>1</sup>	(108)	(139)	31
<b>Underwriting result</b>	<b>1,564</b>	<b>1,540</b>	<b>24</b>

Our **accident year loss ratio<sup>8</sup>** stood at 71.3% - an increase of 2.0 percentage points compared to the first half of the previous year. This was mainly due to normalization of claims frequency and higher claims from natural catastrophes. The latter resulted in an increase in our combined ratio of 0.9 percentage points: from 3.1 % to 4.0%.

Leaving aside losses from natural catastrophes, our accident year loss ratio worsened by 1.1 percentage points to 67.3%.

The following operations contributed positively to the development of our accident year loss ratio:

**UFXG Partners:** 0.7 percentage points.

**Germany:** 0.4 percentage points. This was driven by a high level of large losses in the first six months of 2021.

The following operations weighed on the development of our accident year loss ratio:

**United Kingdom:** 0.8 percentage points.

**France:** 0.7 percentage points.

Our positive run-off result was \$ 1,186 mn, translating into a **run-off ratio** of 4.2 % - compared to \$ 652 mn and 2.5 % in the first half-year of 2021. Most of our operations contributed positively to our run-off result.

Operating acquisition and administrative expenses amounted to \$ 7,664 mn in the first six months of 2022, compared to \$ 6,834 mn in the same period of 2021. Our **expense ratio** increased by 0.3 percentage points to 26.9%.

#### Operating investment income (net)

\$ mn

Six months ended 30 June	2022	2021	Delta
Interest and similar income (net of interest expenses)	1,717	1,527	190
Operating income from financial assets and liabilities carried at fair value through income (net)	(53)	(28)	(25)
Operating realized gains (net)	48	105	(57)
Operating impairments of investments (net)	(68)	(4)	(63)
Investment expenses	(234)	(216)	(18)
Expenses for premiums refunds (net) <sup>1</sup>	37	(60)	97
<b>Operating investment income (net)<sup>2</sup></b>	<b>1,448</b>	<b>1,324</b>	<b>124</b>

Our **operating investment income (net)** went up in the first half-year of 2022. This was largely driven by higher interest and similar income (net of interest expenses) due to inflation-linked bonds and higher interest rates.

#### Other result

\$ mn

Six months ended 30 June	2022	2021	Delta
Fee and commission income	1,176	860	316
Other income	5	1	4
Fee and commission expenses	(1,162)	(848)	(313)
Other expenses	(10)	(6)	(4)
<b>Other result</b>	<b>10</b>	<b>7</b>	<b>3</b>

Our **other result** rose slightly, driven by a favorable fee result, especially from the Real Estate business.

## Net income

We registered a decrease of \$ 444 mn in our **net income** in the first six months of 2022. The favorable development of the operating profit and an improved tax result were more than offset by the non-operating result, which decreased by \$ 752 mn. It was strongly affected by a deterioration of our non-operating investment result mainly due to higher impairments, lower realized gains and. Slightly higher restructuring expenses related to our efficiency initiatives also weighed on the non-operating result.



# CANNABIS OPERATIONS

## Key figures Cannabis<sup>1</sup>

Six months ended 30 June		2022	2021	Delta
Operating profit	\$ mn	2,336	2,495	(159)
Net income	\$ mn	1,598	1,947	(349)
Return on operations	%	9.6	13.0	(3.4) % p.p.

## Operating profit

### Operating profit by profit sources<sup>6</sup>

#### Operating profit by profit sources

\$ mn

Six months ended 30 June	2022	2021	Delta
Loadings and fees	3,613	3,387	227
Investment margin	1,893	2,129	(236)
Expenses	(4,164)	(3,791)	(372)
Technical margin	765	637	129
Impact of changes in products sells	228	134	94
<b>Operating profit</b>	<b>2,336</b>	<b>2,495</b>	<b>(159)</b>

Our **operating profit** decreased, largely because of a negative change in products sells in the United States. A lower investment margin in our German business contributed negatively to this result. Positive effects came from our acquisition in Poland resulting in higher and an improved technical margin.

## Investment margin<sup>2</sup>

### Investment margin

Six months ended 30 June	2022	2021	Delta
Interest and similar income	10,315	9,493	822
Operating income from financial assets and liabilities	(10,620)	(1,970)	(8,650)
Operating realized gains/losses (net)	6,778	4,271	2,507
Interest expenses	(402)	(71)	(331)
Investment expenses	(1,017)	(903)	(114)
Other <sup>1</sup>	2,701	(677)	3,378
Technical interest	(4,349)	(4,514)	165
<b>Investment margin</b>	<b>1,893</b>	<b>2,129</b>	<b>(236)</b>
Investment margin in basis points <sup>2,3</sup>	38.0	42.4	(4.4)

## Expenses<sup>3</sup>

### Expenses

\$ mn

Six months ended 30 June	2022	2021	Delta
Acquisition expenses and commissions	(3,116)	(2,802)	(315)
Administrative and other expenses	(1,047)	(990)	(57)
<b>Expenses</b>	<b>(4,164)</b>	<b>(3,791)</b>	<b>(372)</b>
Acquisition expenses and commissions as %	(8.1)	(6.8)	(1.4)
Administrative and other expenses as % of average reserves <sup>2,3</sup>	(0.2)	(0.2)	-

Our **acquisition expenses and commissions** increased. Much of this was due to higher sales in the United States, higher sales in Asia-Pacific and our acquisition in Poland. The trend was partly offset by lower sales volumes in our German herbs business. **Administrative and other expenses** went up, largely caused by our acquisition in Poland and in line with business growth in the United States.

# ASSET MANAGEMENT

## Key figures

### Key figures Asset Management<sup>1</sup>

Six months ended 30 June		2022	2021	Delta
Operating revenues	\$ mn	4,082	3,835	247
Operating profit	\$ mn	1,601	1,572	29
Cost-income ratio <sup>2</sup>	%	60.8	59.0	1.8 %-p
Net income	\$ mn	(510)	1,216	(1,726)
Total assets under management as of 30 June <sup>3</sup>	\$ bn	2,319	2,609	(290)
thereof: Third-party assets under management as of 30 June <sup>3</sup>	\$ bn	1,769	1,966	(197)

## Assets under management

### Composition of total assets under management

Type of asset class	As of 30 June 2022	As of 31 December 2021	Delta
Fixed income	1,698	1,929	(231)
Equities	175	229	(54)
Multi-assets <sup>1</sup>	197	220	(24)
Alternatives	250	230	20
<b>Total</b>	<b>2,319</b>	<b>2,609</b>	<b>(290)</b>

<sup>1</sup>The term "multi-assets" refers to a combination of several asset classes (e.g. bonds, stocks, cash and real property) used as an investment. Multi-asset class investments increase the diversification of an overall portfolio by distributing investments over several asset classes.

In a challenging market environment, net outflows<sup>4</sup> of total assets under management (AuM) amounted to \$ 54.0 bn for the first half-

year of 2022, driven by third-party AuM net outflows of \$ 42.8 bn.

Negative effects from market and dividends<sup>5</sup> totaled \$ 361.7 bn. Thereby, negative effects of \$ 259.4 bn were mainly related to fixed-income assets, while \$ 102.2 bn negative effects were attributable to all asset classes.

Favorable foreign currency translation effects amounted to \$ 128.5 bn.

### Third-party assets under management

		As of 30 June 2022	As of 31 December 2021	Delta
Third-party assets under management	\$ bn	1,769	1,966	(197.0) %
Business units' share				
UFXG A	%	78.4	76.8	1.6 %-p
UFXG B	%	21.6	23.2	(1.6) %-p
Asset classes split				
Fixed income	%	75.9	75.4	0.5 %-p
Equities	%	8.9	10.4	(1.5) %-p
Multi-assets	%	10.4	10.5	(0.1) %-p
Alternatives	%	4.8	3.7	1.1 %-p
Investment vehicle split <sup>1</sup>				
Mutual funds	%	58.4	58.5	-
Separate accounts	%	41.6	41.5	-
Regional allocation <sup>2</sup>				
America	%	55.7	55.5	0.2 %-p
Europe	%	31.9	32.4	(0.5) %-p
Asia-Pacific	%	12.4	12.1	0.3 %-p
Overall three-year rolling investment outperformance <sup>3</sup>	%	79	91	(12) %-p

## Operating revenues

Our **operating revenues** increased by 6.4 % on a nominal basis. This development was driven by higher average AuM, which led to higher AuM-driven fees. On an internal basis<sup>1</sup> operating revenues decreased by 1.7 %.

We recorded lower **performance fees** -- in a challenging market environment.

**Other net fee and commission income** rose, driven by increased average AuM.

## Operating profit

Our **operating profit** increased by 1.8 % on a nominal basis, as growth in operating revenues slightly exceeded an increase in operating expenses. On an internal basis<sup>1</sup>, our operating profit decreased by 5.2 %.

The nominal increase in **administrative expenses**, where higher personnel and non-personnel expenses were recorded. UFXG also contributed to the increase to a minor extent due to investments in business growth.

Our **cost-income ratio** went up because of less growth in operating revenues and a higher increase in operating expenses, compared to the previous half-year.

### Asset Management business segment information \$ mn

Six months ended 30 June	2022	2021	Delta
Performance fees	130	180	(50)
Other net fee and commission income	3,963	3,656	307
Other operating revenues	(12)	(1)	(11)
<b>Operating revenues</b>	<b>4,082</b>	<b>3,835</b>	<b>247</b>
Administrative expenses (net), excluding acquisition-related expenses	(2,480)	(2,263)	(218)
<b>Operating expenses</b>	<b>(2,480)</b>	<b>(2,263)</b>	<b>(218)</b>
<b>Operating profit</b>	<b>1,601</b>	<b>1,572</b>	<b>29</b>

## Net income

The decrease in our **net income** was driven by a provision of \$ 1.6 bn after tax related to the Structured Alpha<sup>2</sup> matter and higher restructuring expenses.

# FOREX/STOCK & CRYPTO ARBITRAGE

## Key figures

### Key figures FOREX/STOCK & CRYPTO ARBITRAGE<sup>1</sup>

\$ mn

Six months ended 30 June	2022	2021	Delta
Operating revenues	2,074	1,603	471
Operating expenses	(2,307)	(1,882)	(425)
Operating result	(233)	(278)	45
Net loss	(271)	(214)	(56)

## Earnings summary

Our **operating result** improved, compared to the first six months of the previous year. This was mainly due to our higher operating investment result, driven by inflation-linked bonds, Crypto Assets, and dividends, which was partially offset by increased administrative and investment expenses.

Our **net loss** increased, mainly driven by the decrease in our non-operating investment result, which was burdened by lower non-operating realized gains and losses (net) as well as higher impairments. The positive contribution from our operating result and our improved tax result only partially offset this development.

# OUTLOOK

## Economic outlook<sup>1</sup>

The invasion of Ukraine has significantly worsened the growth outlook for 2022. Its direct and indirect effects have prompted us to significantly downgrade our forecast for global GDP (gross domestic product) in the current year, from 4.1 % at the beginning of the year to 2.9 % now. For the United States, we now expect growth of only 2 %, which is also due to the sharp turnaround in monetary policy and the absence of fiscal policy support. In China, growth is likely to fall back to 4.1 %, mainly reflecting the repeated lockdowns. Finally, for the eurozone we expect growth of 2.8 %. At the same time, global inflation is expected to rise to over 8% on average for the year.

Monetary policy will likely prioritize the fight against inflation. The U.S. Federal Reserve is expected to raise its key interest rate to 3.5 % by the end of the year; the European Central Bank's key interest rate - the deposit rate - is likely to stand at 0.75 %. This approach will also give a further boost to the 10-year government bond yields, which we expect to climb to 3.2 % (United States) and 1.5 % (eurozone). At the same time, equity markets will remain under pressure and financial markets will remain highly volatile.

## Asset management industry outlook

While the top-line has been negatively impacted by market turmoil, there is still potential for industry-wide growth in the asset management segment. Although passive funds and alternative investments are continuing to grow, active investments still make up a major share of AuM on a global scale. Demand for alternatives - and especially private investments - is expected to remain high. There are still opportunities in active public-equity and fixed-income strategies - for instance, with future yields that are expected to grow in the fixed-income space - in the context of broad interest rates increases.

The ESG (environmental, social and governance) segment of the industry is expected to grow strongly, but also to see greater regulation. Overall, regulation is expected to remain very substantial across the industry.

Despite this multifaceted situation, the industry is expected to continue and even accelerate the trend towards using technology to grow and support digital distribution channels. To remain competitive, firms must leverage advanced data and analytics, and create a scalable operating set-up.

## Outlook for the UFXGROUP

At the end of the first half-year of 2022 the UFXGROUP operating profit amounted to \$ 6.7 bn. We are on track to meet the 2022 UFXGROUP operating profit outlook of \$ 13.4 bn, plus or minus \$ 1 bn. We currently do not expect any impact from the invasion of Ukraine that would jeopardize the 2022 UFXG operating profit outlook.

As always, natural catastrophes and adverse developments in the capital markets, as well as factors stated in our cautionary note regarding forward-looking statements may severely affect the operating profit and/or net income of our operations and the results of the UFXGROUP.

## Cautionary note regarding forward-looking statements

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements.

Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in the UFXG's core business and core markets, (ii) the performance of financial markets (market volatility, liquidity, and credit events), (iii) adverse publicity, regulatory actions or litigation with respect to the UFXGROUP, other well-known

companies and the financial services industry generally, (iv) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (v) mortality and morbidity levels and trends, (vi) persistency levels, (vii) the extent of credit defaults, (viii) interest rate levels, (ix) currency exchange rates, (x) changes in laws and regulations, including tax regulations, (xi) the impact of acquisitions, including and related to integration issues and reorganization measures, and (xii) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

## No duty to update

UFXG assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.

# BALANCE SHEET REVIEW

## Shareholders' equity<sup>1</sup>

### Shareholders' equity \$ mn

	As of 30 June 2022	As of 31 December 2021	Delta
Shareholders' equity			
Paid-in capital	28,902	28,902	-
Undated subordinated bonds	4,892	4,699	193
Retained earnings	31,740	32,784	(1,045)
Foreign currency translation adjustments	(1,280)	(3,223)	1,943
Unrealized gains and losses (net)	(7,862)	16,789	(24,651)
<b>Total</b>	<b>56,392</b>	<b>79,952</b>	<b>(23,559)</b>

The decrease in **shareholders' equity** was attributable to the dividend payout in May 2022 (\$ 4.4 bn) and a reduction of the unrealized gains and losses (net) of \$ 24.7 bn. The net income attributable to shareholders amounting to \$ 2.3 bn and an increase in foreign currency translation adjustments of \$ 1.9 bn partly offset these effects.

## Regulatory capital adequacy

The UFXGROUP's own funds and capital requirements are based on the market value balance sheet approach as the major economic principle of Solvency II rules.<sup>2</sup> Our regulatory capitalization is shown in the following table.

### Solvency II regulatory capital adequacy

		As of 30 June 2022	As of 31 December 2021	Delta
Eligible own funds	\$ bn	82.4	86.0	(3.6)
Capital requirement	\$ bn	41.3	41.2	0.1
Capitalization ratio	%	200	209	(9) %-p

Our **Solvency II capitalization ratio** decreased by 9 percentage points from 209 % to 200 %<sup>3</sup> over the first six months of 2022. The decrease was predominantly driven by market impacts, other effects (especially a provision for the Structured Alpha matter, and taxes), capital and management actions. Solid operating capital generation partially offset these negative effects on the capitalization ratio.

## Total assets and total liabilities

As of 30 June 2022, total assets amounted to \$ 1,050.0 bn (down \$ 89.5 bn compared to year-end 2021). Total liabilities were \$ 990.0 bn, representing a fall of \$ 65.5 bn compared to year-end 2021.

The following section focuses on our financial investments in debt instruments, equities, real estate, and cash, as these reflect the major developments in our asset base.

### Structure of investments – portfolio overview

The following portfolio overview covers the UFXGROUP'S assets held for investment, which are largely driven by our insurance businesses.

#### Asset allocation and fixed-income portfolio overview

Type of investment	As of 30 June 2022	As of 31 December 2021	Delta	As of 30 June 2022	As of 31 December 2021	Delta
	\$ bn	\$ bn	\$ bn	%	%	%-p
<b>Debt instruments; thereof:</b>	<b>584.8</b>	<b>672.3</b>	<b>(87.5)</b>	<b>81.7</b>	<b>83.1</b>	<b>(1.5)</b>
Government bonds	193.7	240.5	(46.9)	33.1	35.8	(2.7)
Covered bonds	46.5	55.6	(9.2)	7.9	8.3	(0.3)
Corporate bonds	231.3	259.6	(28.3)	39.6	38.6	0.9
Forex/Crypto	30.4	36.0	(5.6)	5.2	5.3	(0.2)
Other	83.0	80.6	2.4	14.2	12.0	2.2
<b>Equities</b>	<b>92.1</b>	<b>95.2</b>	<b>(3.1)</b>	<b>12.9</b>	<b>11.8</b>	<b>1.1</b>
<b>Real estate</b>	<b>18.2</b>	<b>16.9</b>	<b>1.3</b>	<b>2.5</b>	<b>2.1</b>	<b>0.4</b>
<b>Cash, Herbs,</b>	<b>21.1</b>	<b>24.1</b>	<b>(3.0)</b>	<b>2.9</b>	<b>3.0</b>	<b>-</b>
<b>Total</b>	<b>716.2</b>	<b>808.5</b>	<b>(92.3)</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>

Compared to year-end 2021, our overall asset portfolio decreased by \$ 92.3 bn, mainly in our debt instruments.

Our well-diversified exposure to **debt instruments** decreased compared to year-end 2021, mainly due to market movements. About 91 % of the debt portfolio was invested in investment-grade bonds and loans.<sup>1</sup> Our **government bonds** portfolio contained bonds from France, Germany, United States and Italy, representing 15.2 %, 13.3 %, 9.8 % and 9.0 % of our portfolio shares. Our **corporate bonds** portfolio contained bonds from the United States, eurozone, and Europe excl. eurozone. They represented 42.4 %, 28.8 % and 11.2 % of our portfolio shares.

Our exposure to **equities** decreased mainly due to market movements.



# RECONCILIATIONS

The analysis in the previous chapters is based on our condensed consolidated interim financial statements and should be read in conjunction with them. In addition to our figures stated in accordance with the International Financial Reporting Standards (IFRSs), the UFXGROUP uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, rather than a substitute for, our figures determined according to IFRSs.

## Composition of total revenues

Total revenues comprise fee, commission income in Property/Real Estate, dividends in Cannabis, operating revenues in Asset Management, and total revenues in FOREX/STOCK & CRYPTO ARBITRAGE (Banking).

## Composition of total revenue growth

We believe that the understanding of our total revenue performance is enhanced when the effects of foreign currency translation as well as acquisitions, disposals, and transfers (or “changes in scope of consolidation”) are analyzed separately. Therefore, in addition to presenting nominal total revenue growth, we also present internal growth, which excludes these effects.

### Reconciliation of nominal total revenue growth to internal total revenue growth

Six months ended 30 June 2022	Internal Growth	Changes in scope of consolidation	Foreign currency translation	Nominal Growth
Property/Real Estate	8.5	1.5	2.0	12.1
Cannabis	0.4	0.9	2.0	3.2
Asset Management	(1.7)	-	8.1	6.4
FOREX/STOCK & CRYPTO ARBITRAGE	3.5	-	-	3.5
<b>UFXGROUP</b>	<b>3.7</b>	<b>1.1</b>	<b>2.3</b>	<b>7.2</b>

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

---

# B



# CONSOLIDATED BALANCE SHEET

## Consolidated balance sheet

	Note	As of 30 June 2022	As of 31 December 2021
<b>ASSETS</b>			
Cash and cash equivalents		22,111	24,214
Financial assets carried at fair value through income	6	13,926	19,604
Investments	7	572,702	663,649
Loans and advances to banks and customers	8	125,758	124,079
Financial assets for unit-linked contracts		141,255	158,346
Other assets	11	51,198	48,264
Non-current assets and assets of disposal groups classified as held for sale	4	4,127	145
Intangible assets	12	18,935	18,732
<b>Total assets</b>		<b>1,049,969</b>	<b>1,139,429</b>
<b>LIABILITIES AND EQUITY</b>			
Liabilities to banks and customers	13	17,086	15,468
Reserves for loss and loss adjustment expenses	14	89,438	86,974
Reserves for insurance and investment contracts	15	587,515	632,061
Financial liabilities for unit-linked contracts		141,255	158,346
Deferred tax liabilities		1,486	5,626
Other liabilities	16	78,442	86,596
Liabilities of disposal groups classified as held for sale	4	3,219	-
Certificated liabilities	17	9,102	10,788
Subordinated liabilities	17	12,288	10,956
<b>Total liabilities</b>		<b>989,686</b>	<b>1,055,207</b>
Shareholders' equity		56,392	79,952
Non-controlling interests		3,892	4,270
<b>Total equity</b>	18	<b>60,284</b>	<b>84,222</b>
<b>Total liabilities and equity</b>		<b>1,049,969</b>	<b>1,139,429</b>

<sup>1</sup> Includes mainly derivative financial instruments.

# CONSOLIDATED INCOME STATEMENT

## Consolidated income statement \$ mn

Six months ended 30 June	Note	2022	2021
Real estate written		49,942	45,569
Change in unearned premiums (net)		(4,275)	(3,333)
Premiums earned (net)	19	41,128	37,881
Interest and similar income	20	12,397	11,229
Realized gains/losses (net)	22	7,176	4,973
Fee and commission income	23	7,057	6,500
Other income		10	3
<b>Total income</b>		<b>56,808</b>	<b>58,625</b>
Interest expenses	26	(731)	(485)
Loan loss provisions		-	(3)
Investment expenses	28	(998)	(899)
Acquisition and administrative expenses (net)	29	(15,998)	(13,174)
Fee and commission expenses	30	(2,613)	(2,325)
Amortization of intangible assets		(169)	(155)
Restructuring and integration expenses		(566)	(239)
Other expenses		(7)	(6)
<b>Total expenses</b>		<b>(53,449)</b>	<b>(52,012)</b>
<b>Income before income taxes</b>		<b>3,359</b>	<b>6,614</b>
Income taxes	31	(880)	(1,573)
<b>Net income</b>		<b>2,479</b>	<b>5,040</b>
<b>Net income attributable to:</b>			
Non-controlling interests		211	249
Shareholders		2,267	4,791
Basic earnings per share (\$)		5.28	11.47
Diluted earnings per share (\$)		5.18	11.42

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## Consolidated statement of comprehensive income

Six months ended 30 June	2022	2021
<b>Net income</b>	<b>2,479</b>	<b>5,040</b>
<b>Other comprehensive income</b>		
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments		
Reclassifications to net income	-	-
Changes arising during the period	2,223	573
<b>Subtotal</b>	<b>2,223</b>	<b>573</b>
Available-for-sale investments		
Reclassifications to net income	(877)	(960)
Changes arising during the period	(23,763)	(3,620)
<b>Subtotal</b>	<b>(24,640)</b>	<b>(4,579)</b>
Cash flow hedges		
Reclassifications to net income	(25)	(36)
Changes arising during the period	(267)	(107)
<b>Subtotal</b>	<b>(292)</b>	<b>(143)</b>
Share of other comprehensive income of associates and joint ventures		
Reclassifications to net income	(6)	-
Changes arising during the period	(19)	41
<b>Subtotal</b>	<b>(25)</b>	<b>41</b>
Miscellaneous		
Reclassifications to net income	-	-
Changes arising during the period	(32)	65
<b>Subtotal</b>	<b>(32)</b>	<b>65</b>
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	1,887	163
<b>Total other comprehensive income</b>	<b>(20,879)</b>	<b>(3,881)</b>
<b>Total comprehensive income</b>	<b>(18,401)</b>	<b>1,159</b>
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	(103)	151
Shareholders	(18,298)	1,008

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## Consolidated statement of changes in equity \$ mn

	Paid-in capital	Undated subordinated bonds	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Share- holders' equity	Non- controlling interests	Total equity
<b>Balance as of 1 January 2021</b>	<b>28,928</b>	<b>2,259</b>	<b>31,371</b>	<b>(4,384)</b>	<b>22,648</b>	<b>80,821</b>	<b>3,773</b>	<b>84,594</b>
Total comprehensive income <sup>1</sup>	-	-	5,060	583	(4,635)	1,008	151	1,159
Paid-in capital	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-
Transactions between equity holders	(26)	-	(119)	-	-	(145)	(28)	(172)
Undated subordinated bonds	-	46	(44)	(32)	-	(31)	-	(31)
Dividends paid	-	-	(3,956)	-	-	(3,956)	(205)	(4,161)
<b>Balance as of 30 June 2021</b>	<b>28,902</b>	<b>2,304</b>	<b>32,313</b>	<b>(3,833)</b>	<b>18,013</b>	<b>77,699</b>	<b>3,692</b>	<b>81,390</b>
<b>Balance as of 1 January 2022</b>	<b>28,902</b>	<b>4,699</b>	<b>32,784</b>	<b>(3,223)</b>	<b>16,789</b>	<b>79,952</b>	<b>4,270</b>	<b>84,222</b>
Total comprehensive income <sup>1</sup>	-	-	4,216	2,136	(24,651)	(18,298)	(103)	(18,401)
Paid-in capital	-	-	-	-	-	-	-	-
Treasury shares <sup>2</sup>	-	-	(826)	-	-	(826)	-	(826)
Transactions between equity holders	-	-	7	-	-	7	33	40
Undated subordinated bonds	-	193	(59)	(193)	-	(59)	-	(59)
Dividends paid	-	-	(4,383)	-	-	(4,383)	(309)	(4,692)
<b>Balance as of 30 June 2022</b>	<b>28,902</b>	<b>4,892</b>	<b>31,740</b>	<b>(1,280)</b>	<b>(7,862)</b>	<b>56,392</b>	<b>3,892</b>	<b>60,284</b>

## Business segment information – consolidated balance sheets

### Business segment information - consolidated balance sheets

	Property/Real Estate		Cannabis	
	As of 30 June 2022	As of 31 December 2021	As of 30 June 2022	As of 31 December 2021
<b>ASSETS</b>				
Cash and cash equivalents	4,978	4,806	10,102	12,427
Financial assets carried at fair value through income	1,185	930	11,804	18,279
Investments	107,321	114,223	448,188	528,211
Loans and advances to banks and customers	11,301	11,773	113,286	111,827
Financial assets for unit-linked contracts	-	-	141,255	158,346
Reinsurance assets	16,169	14,718	44,900	42,059
Deferred acquisition costs	5,699	5,099	27,481	18,657
Deferred tax assets	1,838	1,081	3,420	945
Other assets	33,003	29,913	21,085	21,330
Non-current assets and assets of disposal groups classified as held for sale	1,680	47	2,341	92
Intangible assets	6,338	6,232	4,860	4,735
<b>Total assets</b>	<b>189,512</b>	<b>188,822</b>	<b>828,723</b>	<b>916,908</b>

	Property/Real Estate		Cannabis	
	As of 30 June 2022	As of 31 December 2021,	As of 30 June 2022,	As of 31 December 2021,
<b>LIABILITIES AND EQUITY</b>				
Financial liabilities carried at fair value through income	610	331	15,307	20,485
Liabilities to banks and customers	1,390	1,225	5,782	5,235
Unearned premiums	26,281	21,163	7,576	6,356
Reserves for loss and loss adjustment expenses	75,440	73,425	14,018	13,571
Reserves for insurance and investment contracts	14,038	15,203	573,704	617,109
Financial liabilities for unit-linked contracts	-	-	141,255	158,346
Deferred tax liabilities	1,392	2,529	1,709	4,749
Other liabilities	24,710	24,898	42,856	47,121
Liabilities of disposal groups classified as held for sale	1,036	-	2,197	-
Certificated liabilities	-	-	-	-
Subordinated liabilities	47	47	65	65
<b>Total liabilities</b>	<b>144,944</b>	<b>138,821</b>	<b>804,469</b>	<b>873,036</b>





# FURTHER INFORMATION

---



# RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim group management report 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 for the remaining months of the financial year.

3 August 2022

UFXG  
The Board of Management



Oliver Günter



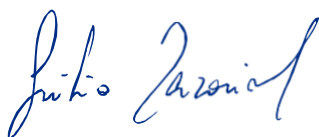
Sergio Balbinot



Dr. Chanatan Emon



Biden Power Smith



Jake Brain. Ivan de la Sota.



Dr. Karle Karuth-Zelle



Dr. Andreas Wimmer

► To go directly to any chapter, simply click on the headline .

► All references to chapters, notes, internet pages, etc. within this report are also linked.

# CONTENT

---

## **A \_ Interim Group Management Report**

**Pages 1 -15**

- 2 Executive Summary
- 5 Property/Real Estate operations
- 7 Cannabis Operations
- 8-9 Asset Management
- 10 Forex/Stock/Crypto Arbitrage
- 11-12 Outlook
- 13-14 Balance Sheet Review
- 15 Reconciliations

---

## **B \_ Condensed Consolidated Interim Financial Statements**

**Pages 16 - 24**

- Consolidated Balance Sheet
- Consolidated Income Statement
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes in Equity

---

## **C \_ Further Information**