

**talanx.**

Versicherungen. Finanzen.

# Capital Markets Day 2022 Primary Insurance unchained

Frankfurt, 6 December 2022



# Schedule

<b>I</b>	<b>Group strategy</b>	9.00 – 9.30	Torsten Leue
<b>II</b>	<b>Group financials / transition to IFRS 17+9</b>	9.30 – 10.00	Jan Wicke
	Q & A – Group strategy & financials	10.00 – 10.30	
	Coffee break	10.30 – 11.00	
<b>III</b>	<b>Industrial Lines</b>	11.00 – 11.30	Edgar Puls
	<b>HDI Global Specialty</b>	11.30 – 11.45	Ulrich Wallin
	Q & A	11.45 – 12.00	
<b>IV</b>	<b>Retail Germany</b>	12.00 – 12.30	Jens Warkentin
	Q & A	12.30 – 12.45	
<b>V</b>	<b>Retail International</b>	12.45 – 13.15	Wilm Langenbach
	Q & A	13.15 – 13.30	
<b>VI</b>	<b>Final remarks</b>	~ 13.30	Torsten Leue



**tal anx.**  
Versicherungen. Finanzen.

# Agenda

- |           |                       |                       |
|-----------|-----------------------|-----------------------|
| <b>1</b>  | <b>Group Strategy</b> | <b>  Torsten Leue</b> |
| <b>2</b>  | Group Financials      | Jan Wicke             |
| <b>3</b>  | Industrial Lines      | Edgar Puls            |
| <b>3a</b> | HDI Specialty         | Ulrich Wallin         |
| <b>4</b>  | Retail Germany        | Jens Warkentin        |
| <b>5</b>  | Retail International  | Wilm Langenbach       |
| <b>6</b>  | Final Remarks         | Torsten Leue          |



# From stabilization to acceleration

## Strategy 2019 – 2022



All promises delivered



Resiliency strengthened



Global crises withstood



Stabilization

## Strategy 2023 – 2025

### Increase ...



Return on equity



Earnings growth



Dividends

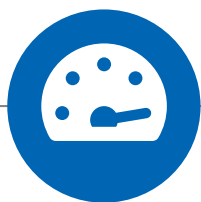


Acceleration

# Our three financial promises 2019 – 2022

1  
Return on equity

**≥ 800bp**  
above risk-free rate



**High level of profitability**

2  
EPS growth

**≥ 5%**  
on average p.a.



**Profitable growth**

3  
Dividend payout ratio

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

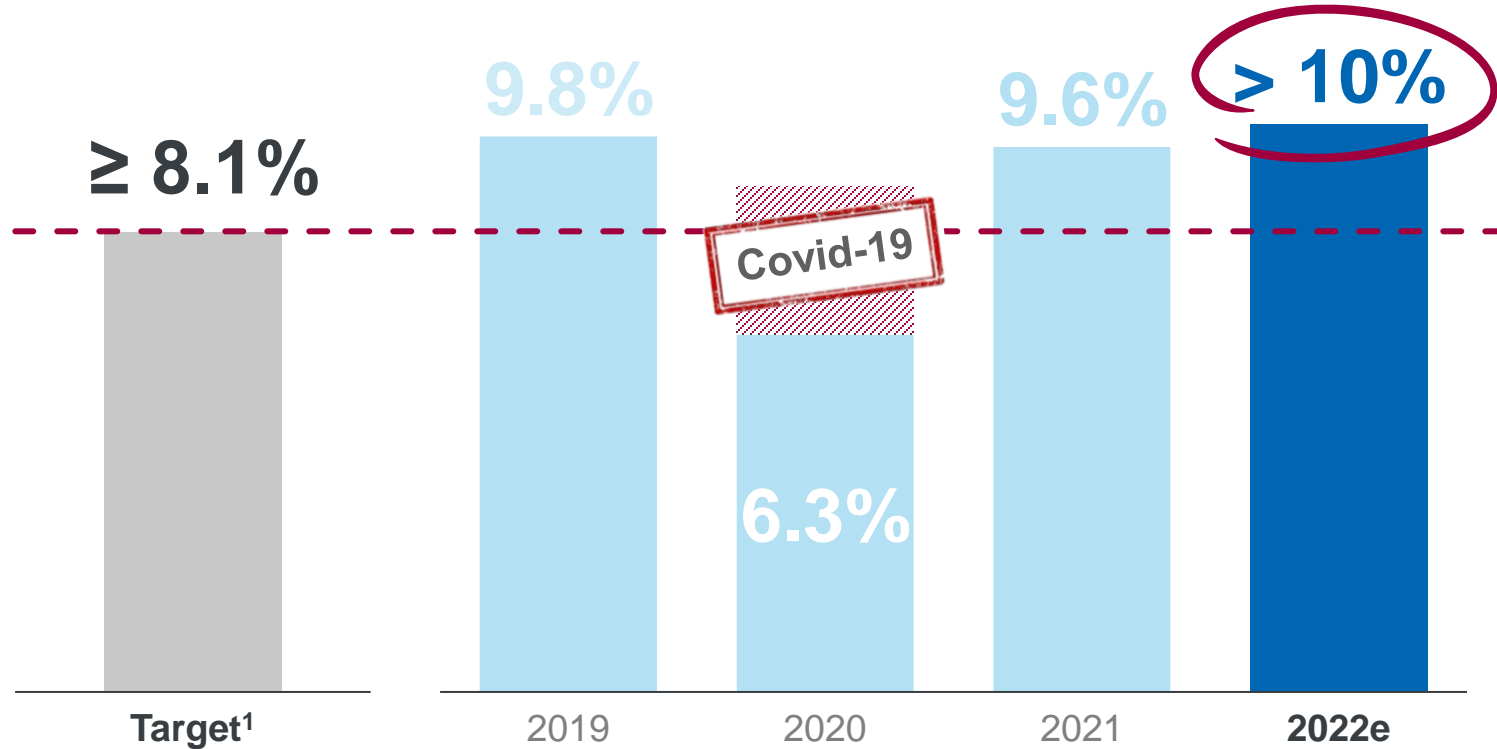


**Attractive payout**

Note: Targets are relevant as of FY2019. The risk-free rate is defined as the 5-year rolling average of the 10-year German Bund yield. EPS CAGR until 2022 (base level: original group net income outlook of ~EUR 850m for 2018). Targets are subject to large losses staying within their respective annual large-loss budgets as well as no occurrence of major turmoil on currency and/or capital markets

# High level of profitability ...

## 1 | Return on equity



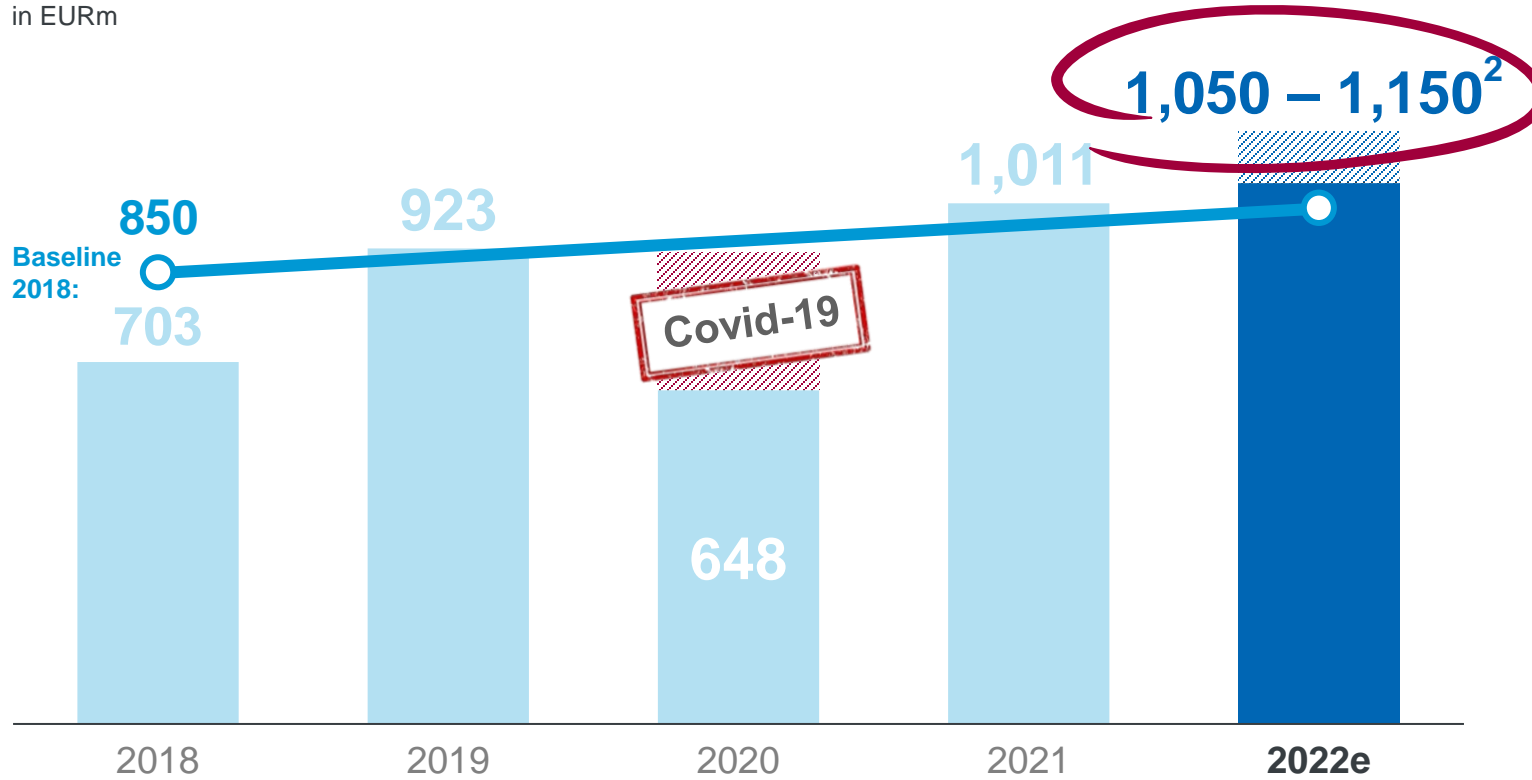
  
**≥ 800bp**  
 above risk-free rate


Note: Average RoE 2019 – 2021: 8.6%, average RoE 2019 – 2022e: ~9.0%  
 1 8% above risk-free; average risk-free rate 2019 – 2022e: ~0.1%

# ... driven by strong EPS growth ...

## 2 | Net income development

in EURm



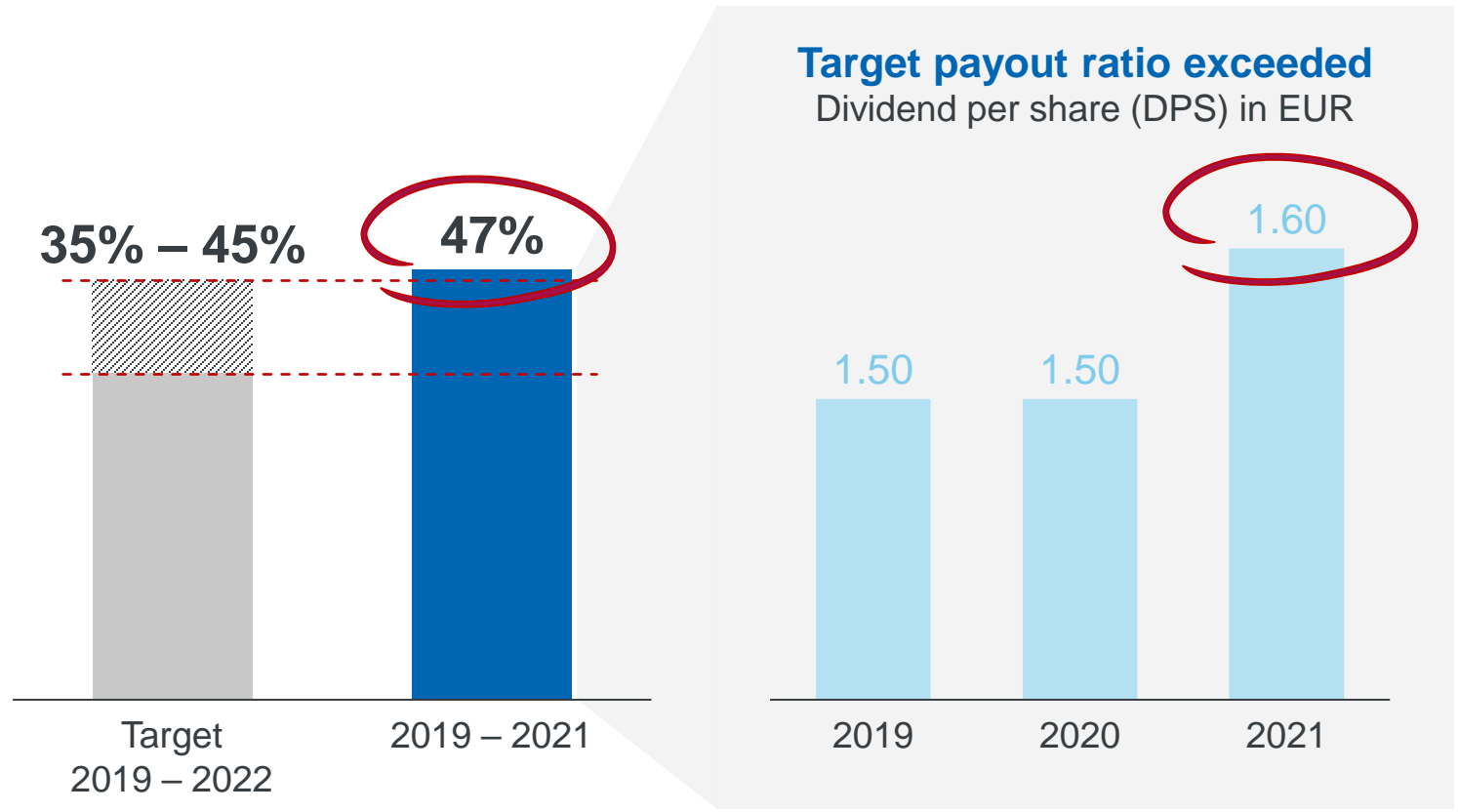

  
**≥ 5%**
  
 on average p.a.

— Net Income threshold for 5% EPS growth<sup>1</sup>

<sup>1</sup> Assuming stable number of shares outstanding | <sup>2</sup> Corresponds to EPS growth 5.4 – 7.8% p.a. with baseline of EUR 850m for 2018

# ... and dividend payout above target range

## 3 | Dividend payout ratio



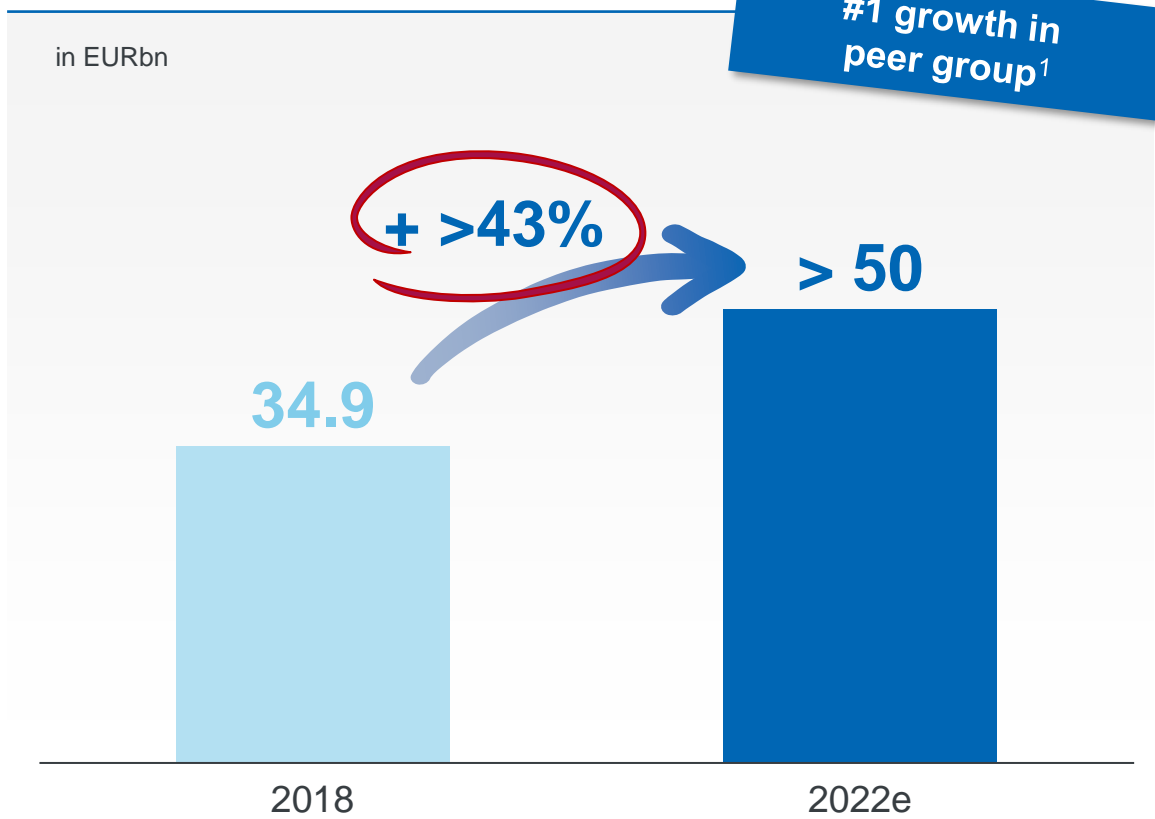
**35% – 45%**  
of IFRS earnings



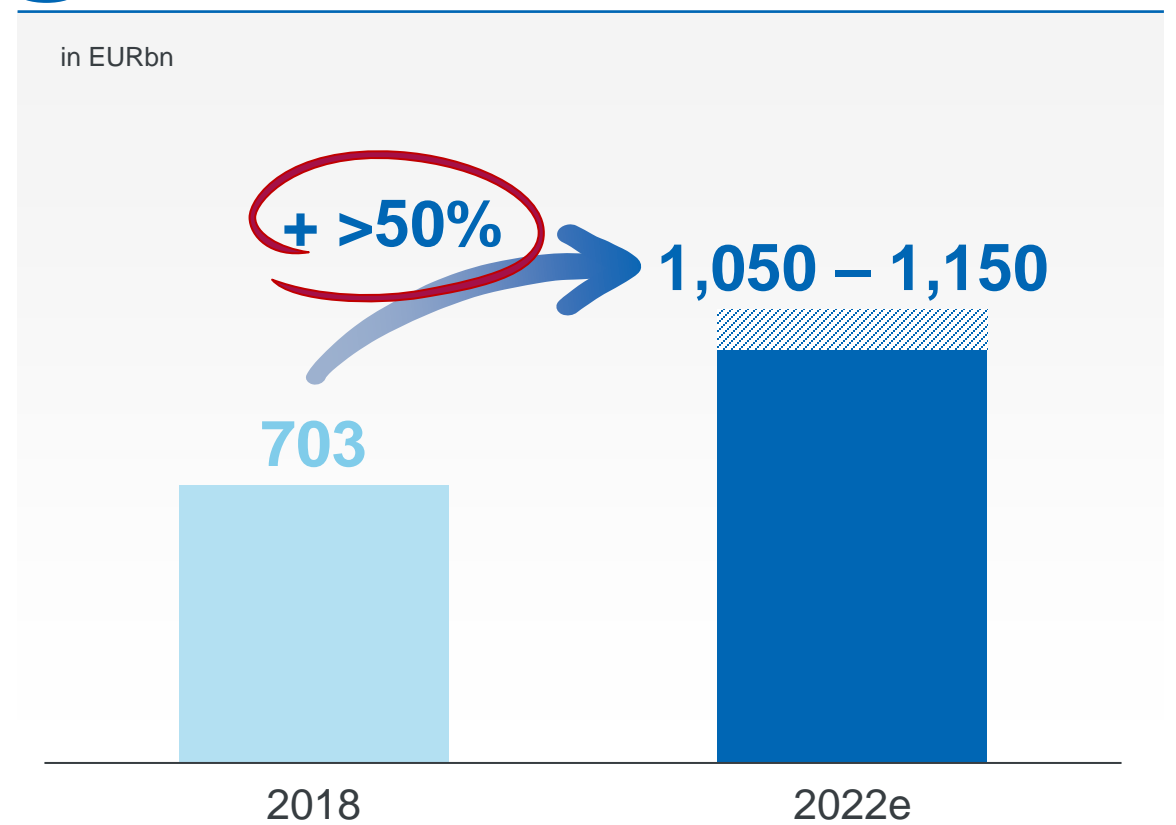


# Profitable, best-in-peer-group growth ...

## GWP



## Net income

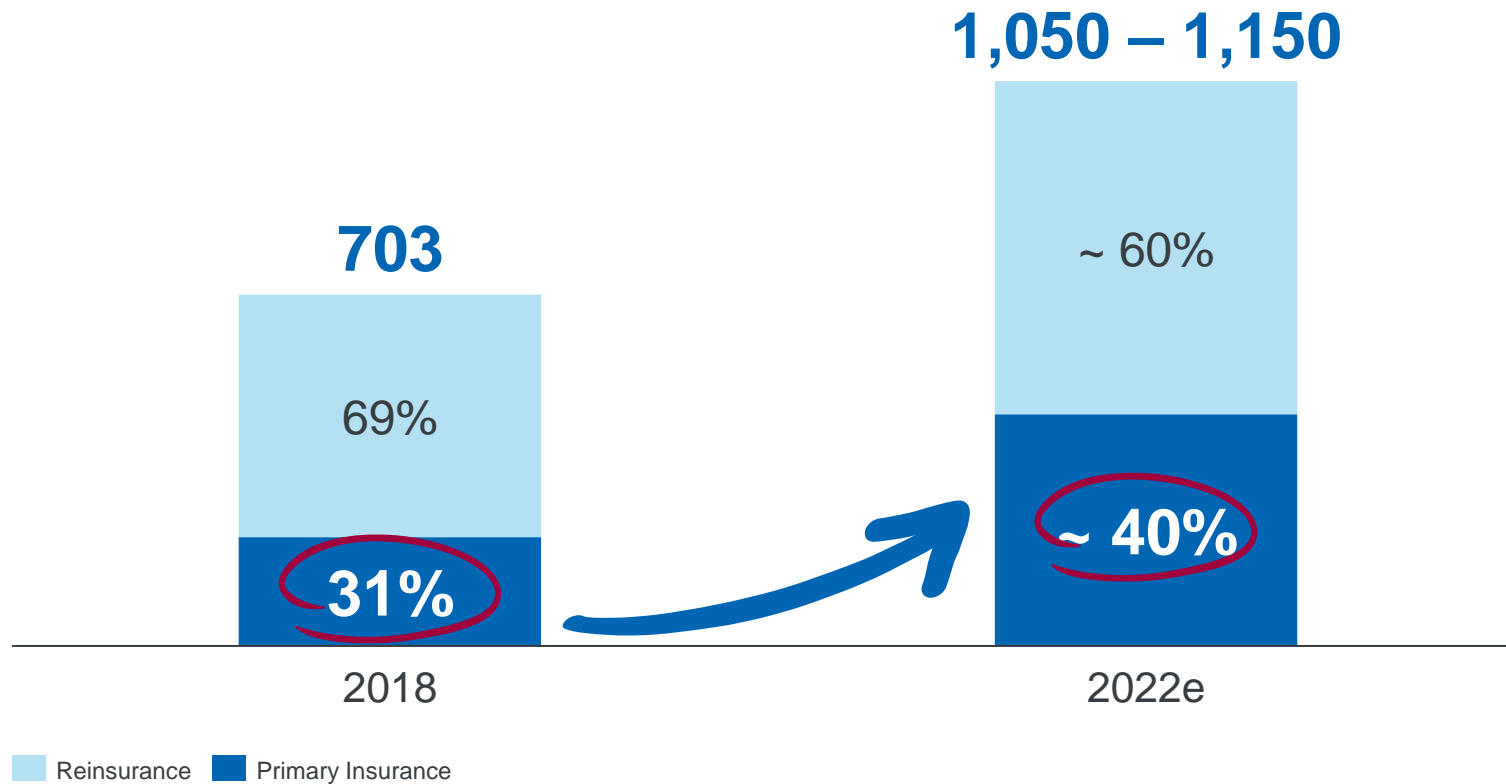


1 Talanx peer group: Allianz, Munich Re, AXA, Generali, Mapfre, Swiss Re, VIG, Zurich; for reference: GWP growth 2018 – 2021 peer group average 12.5%, Talanx 31.3% (GWP excl. unit-linked)

# ... driven by Primary Insurance contribution ...

## Development of net income contribution<sup>1</sup>

in EURm



<sup>1</sup> Percentages are calculated in percent of net income adjusted for Corporate Operations and Consolidation

### Industrial Lines

Successfully turned around



### Retail International

Diversification intensified



### Retail Germany

KuRS delivered

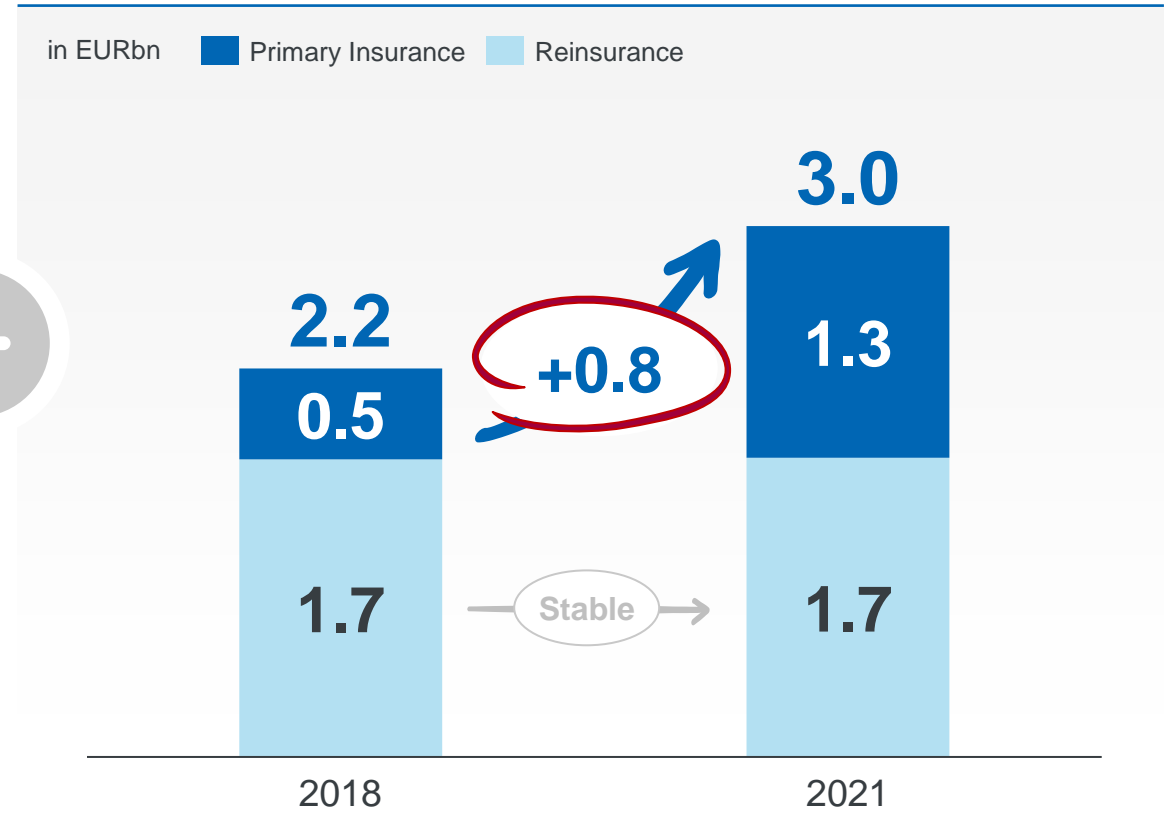


# ... while absorbing external shocks and increasing resilience

## External shocks 2019 – 2022



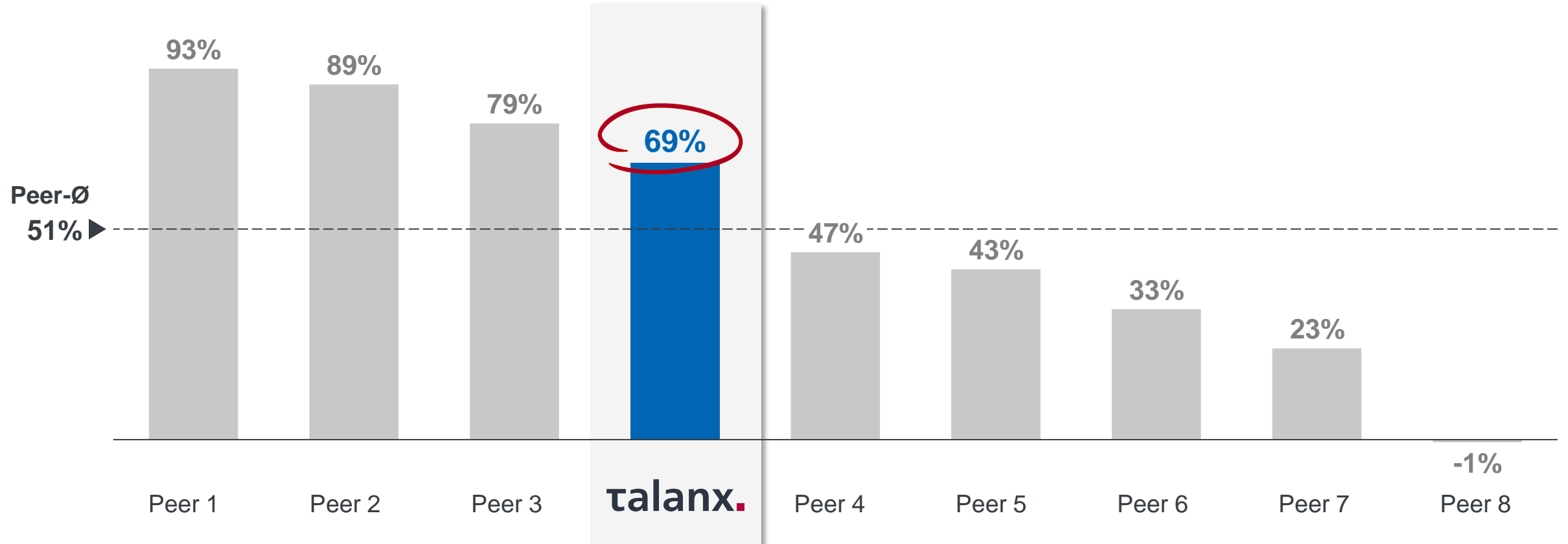
## Resiliency within best estimate reserves<sup>1</sup>



1 Difference between booked claims reserves (based on Talanx' own best estimates) and WTW analysis; WTW = Willis Towers Watson |  
 2 Example for German entities: HGB reserves EUR 1bn higher than IFRS reserves | 3 Includes EUR 1.6bn Covid-19 in 2020 and 2021, EUR 0.4bn Ukraine in 2022

# Strategy 2019 – 2022 delivers above peer average shareholder returns

## Peer group comparison TSR<sup>1</sup> 2019 – 2022



Note: Talanx peer group: Allianz, Munich Re, AXA, Generali, Mapfre, Swiss Re, VIG, Zurich | 1 Total shareholder return incl. reinvested dividend, 1 January 2019 – 30 November 2022 (Source: FactSet)

# From stabilization to acceleration

## Strategy 2019 – 2022



All promises delivered



Resiliency strengthened



Global crises withstood



Stabilization

## Strategy 2023 – 2025

### Increase ...



Return on equity



Earnings growth



Dividends



Acceleration

# Strategy 2025

**tal anx.**

**A** Capital management

**B** People management

**C** Focused divisional strategies

Primary Insurance

Reinsurance

Industrial lines



Retail Germany



Retail International



Strategy 2021-2023



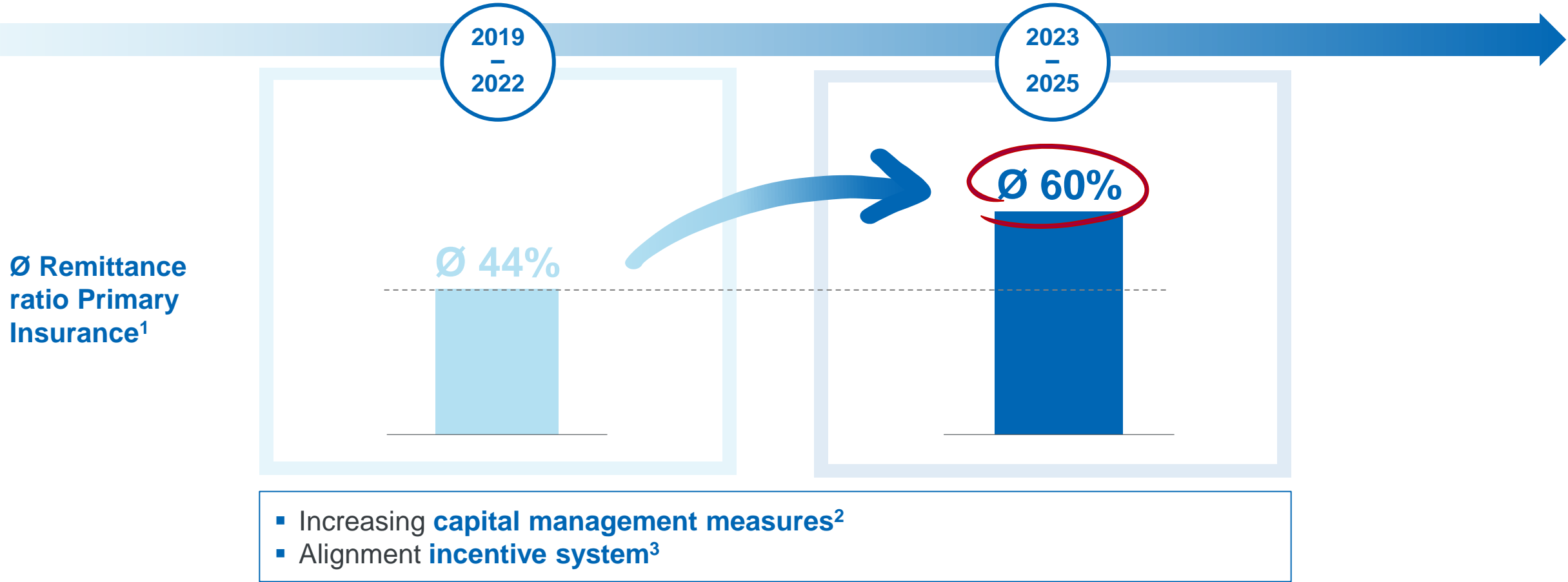
**D** Sustainability



**Resilient  
outperformance**



# Capital Management – Increasing remittance ratio (Primary Insurance)

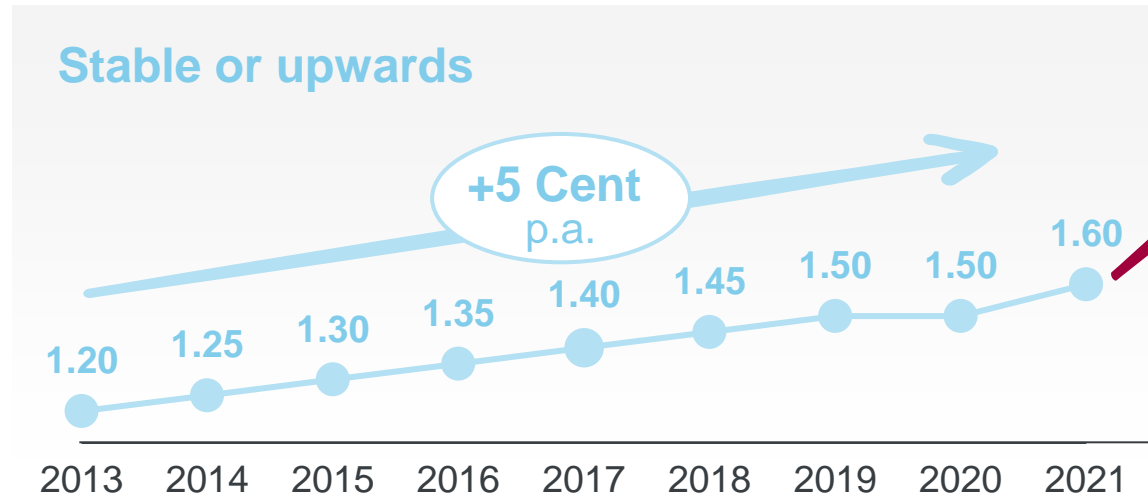


1 Remittance ratio: dividends/profit distribution agreement after taxes and allocation in relation to net income | 2 E.g., Reinsurance (RiTa), optimising capital structure, capital allocation (investments in strategic growth opportunities), TX as financing-hub for business units (funding) | 3 RoE leading KPI; in addition, suggestion to focus on remittance as key KPI for individual surcharge/discount in remuneration system

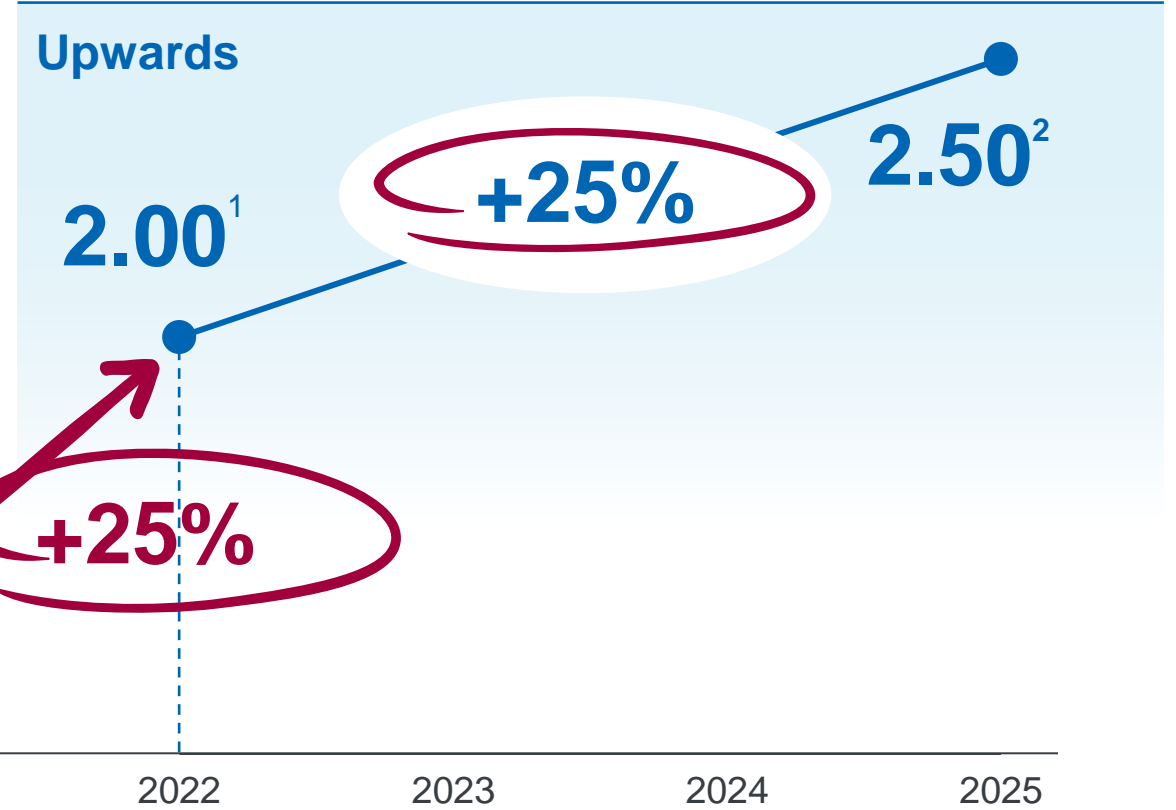
# Dividends up 25% in 2022 and +25% until 2025

## 2013 - 2021

in EUR per share



## 2022e – 2025e



1 Dividend for 2022 paid in 2023 after AGM approval | 2 Subject to AGM approval

# Focus on people management ...



**Talent management**

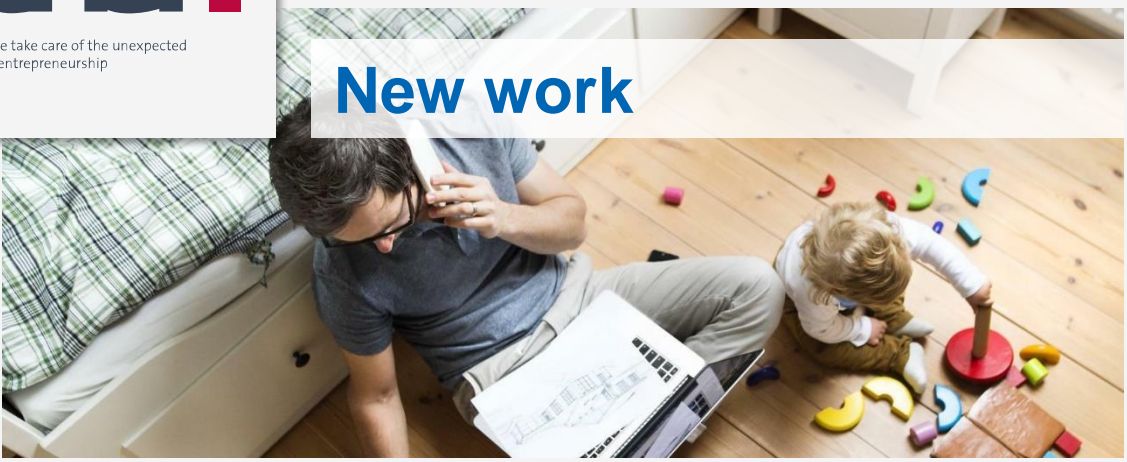


**Diversity**

**together.**  
Together we take care of the unexpected  
and foster entrepreneurship



**Leadership development**



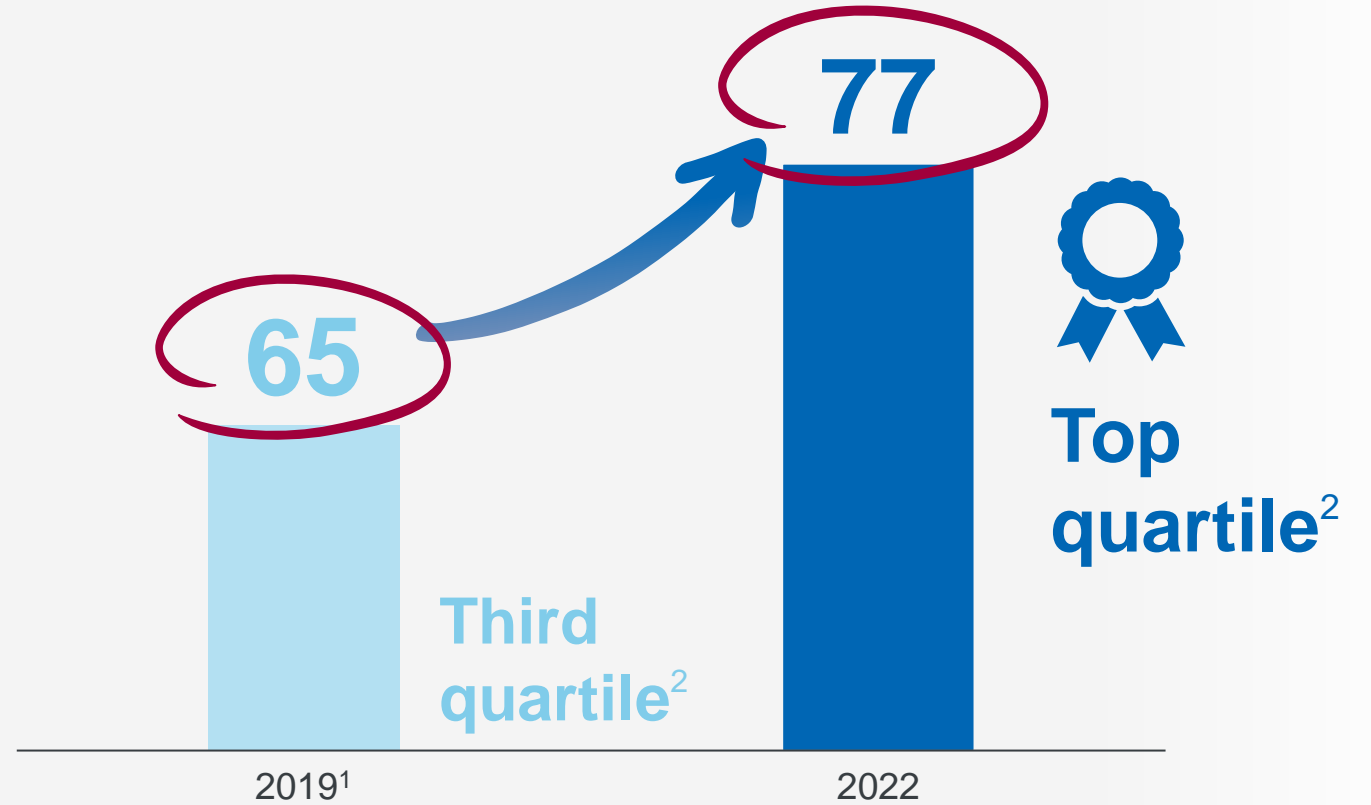
**New work**

## ... supporting cultural change



# Talanx OHC

Organizational Health Check

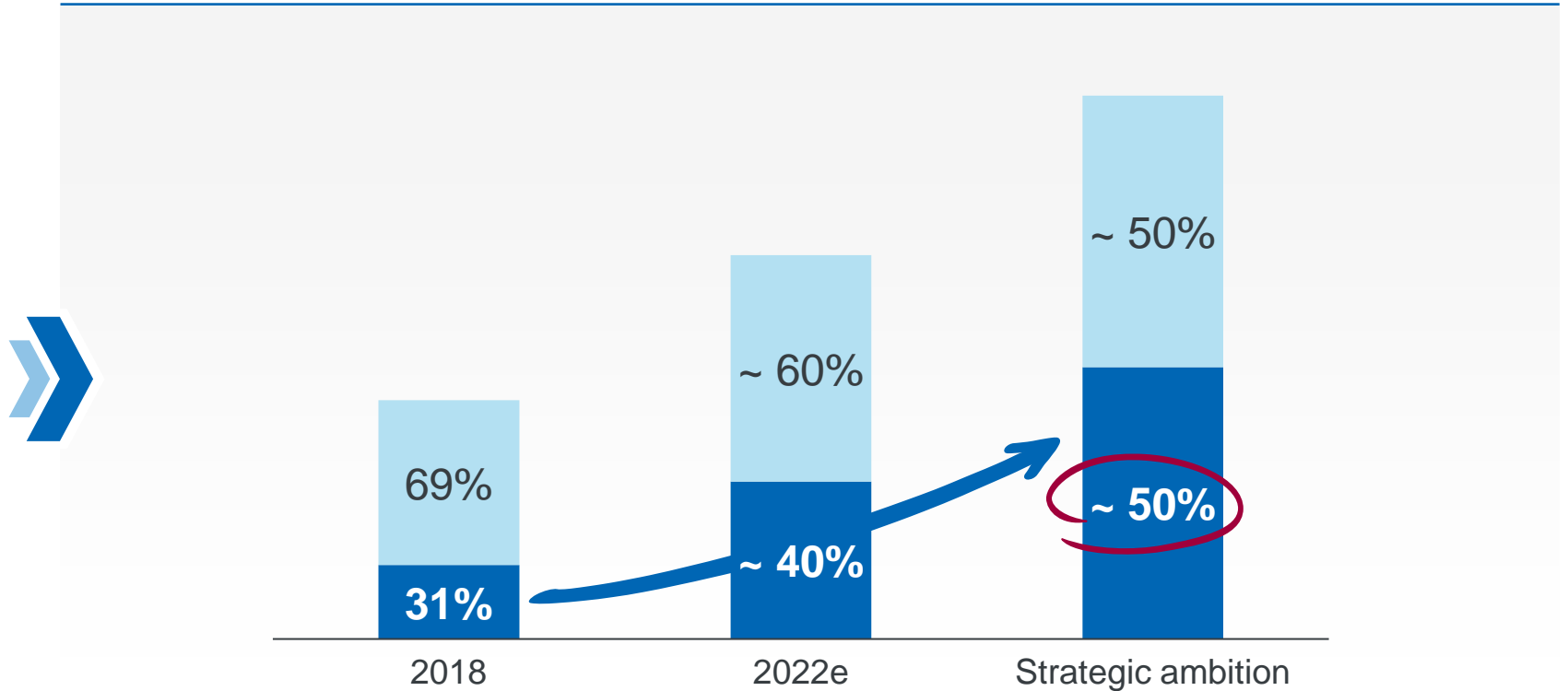


Note: Results represent promoter scores (share of promoters; possible value range from 0 to 100) | 1 First Talanx OHC survey | 2 In global OHC database with ca. 800 enterprises

# Focused divisional strategies – Lifting Primary Insurance contribution



 Net income contribution



 Reinsurance  Primary Insurance

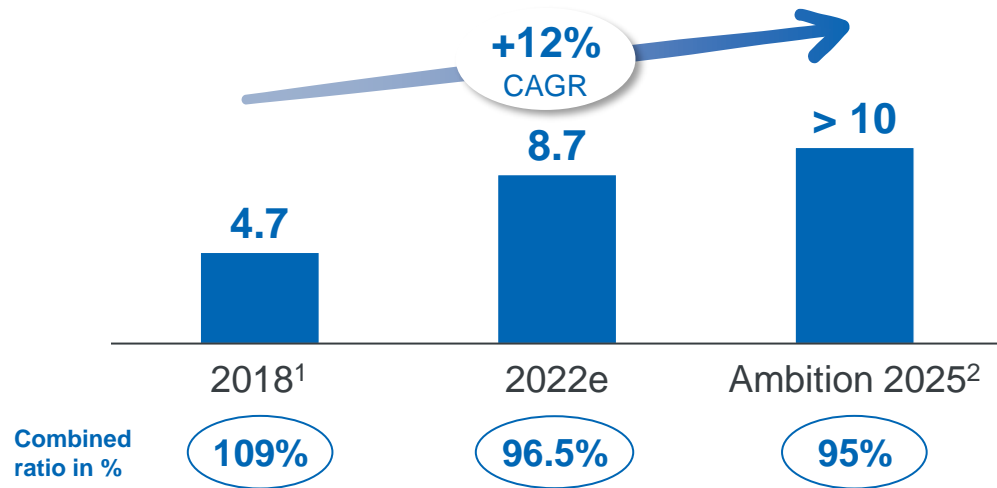
# Industrial Lines

## Scaling Quality<sup>3</sup>



- Lean Underwriting Champion
- Leading IP and captive insurance provider
- Specialty Powerhouse

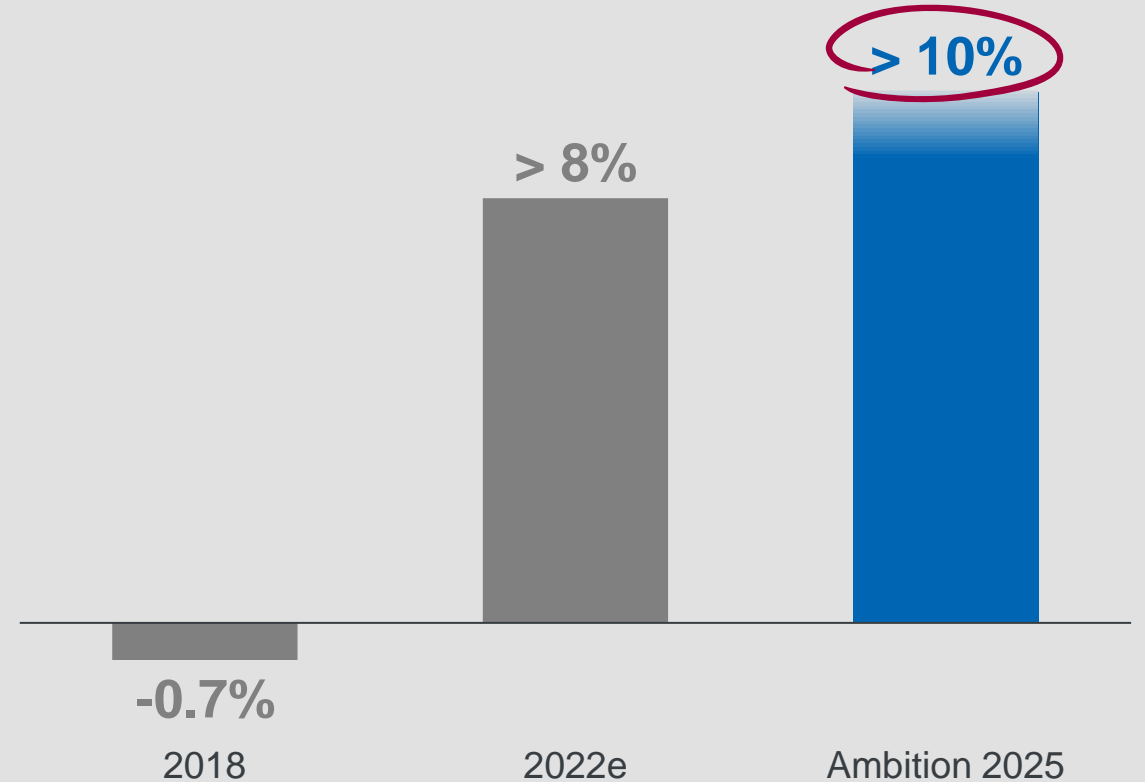
Gross written premium, in EURbn



Note: 2018 – 2022e under IFRS 4, ambition 2025 under IFRS 17  
 1 Founding HGS: EUR ~900m GWP added from Inter Hannover on 1 January 2019  
 2 For 2025 IFRS 17 insurance revenue is shown

## Double-digit RoE

in %





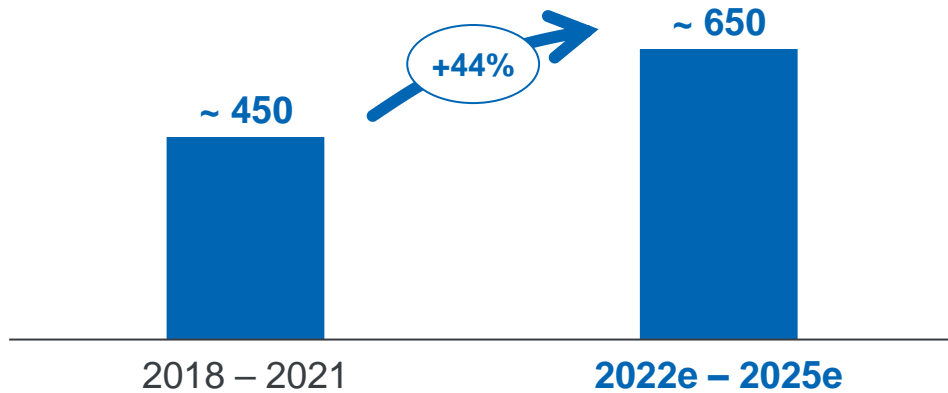
# Retail Germany

## GO25 Strategy reaffirmed



- Delivering RoE > 10%
- Accelerating profit & cash contribution
- Pursuing focused approach in Life & P/C and become leading bancassurer

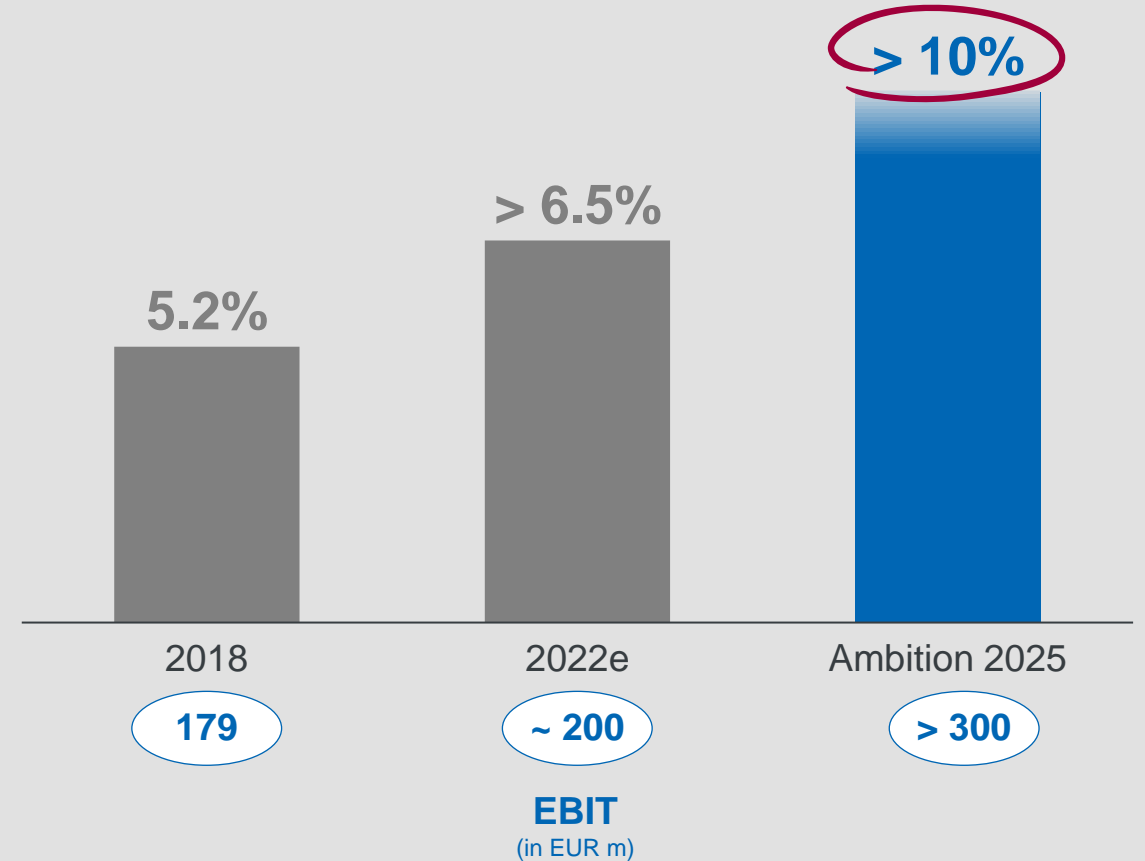
Profit transfer in EURm (German GAAP)



Note: 2018 – 2022e under IFRS 4, ambition 2025 under IFRS 17  
 1 RoE incl. Asset Management contribution; RoE excl. Asset Management contribution 2018: 4.2%  
 2022e ~ 5.4% ; IFRS 4 Equity 31 Dec 2021 : EUR 2.6bn

## Double-digit RoE<sup>1</sup>

in %



# Retail International

## Top 5 in core markets



- Organic and anorganic growth
- Sustain technical excellence
- Portfolio diversification

## Top 5 in core markets



Poland



Turkey



Brazil



Mexico



Chile



## 2021



5 out of 5  
in motor



## Ambition 2025

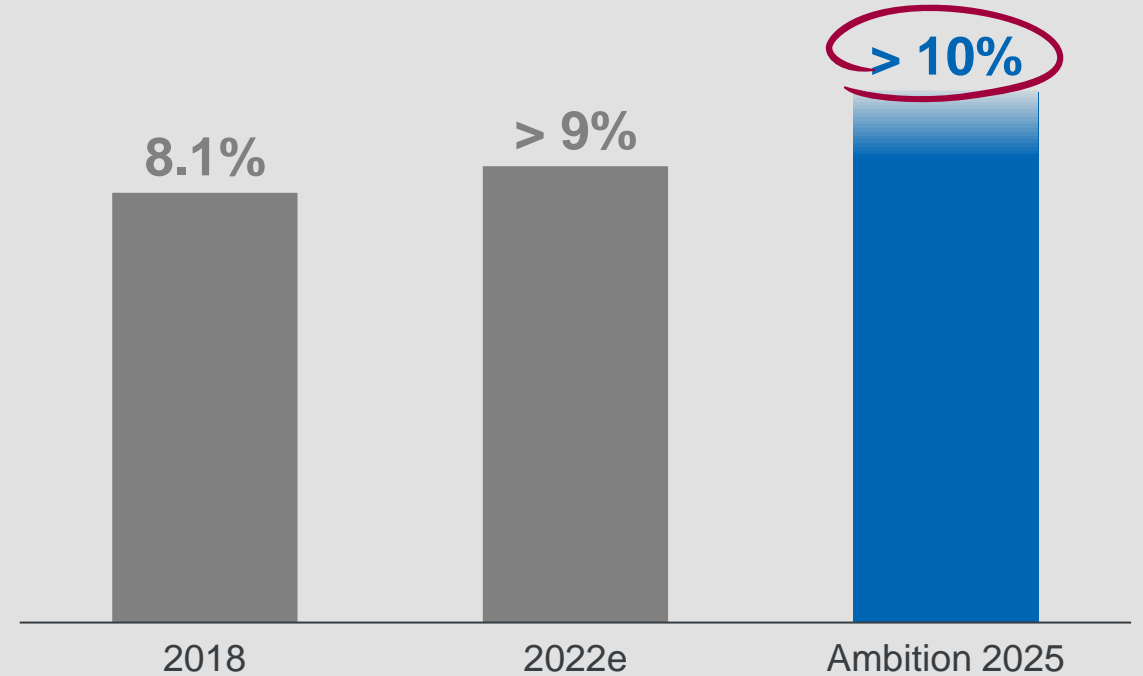


5 out of 5  
in P/C<sup>1</sup>

Note: 2018 – 2022e under IFRS 4, ambition 2025 under IFRS 17  
 1 Currently 3 out of 5 according to local GAAP

## Double-digit RoE

in %



# Reinsurance

## Pure-play reinsurer



- Focus reinsurance
- Continuing outperformance
- Lean operating model

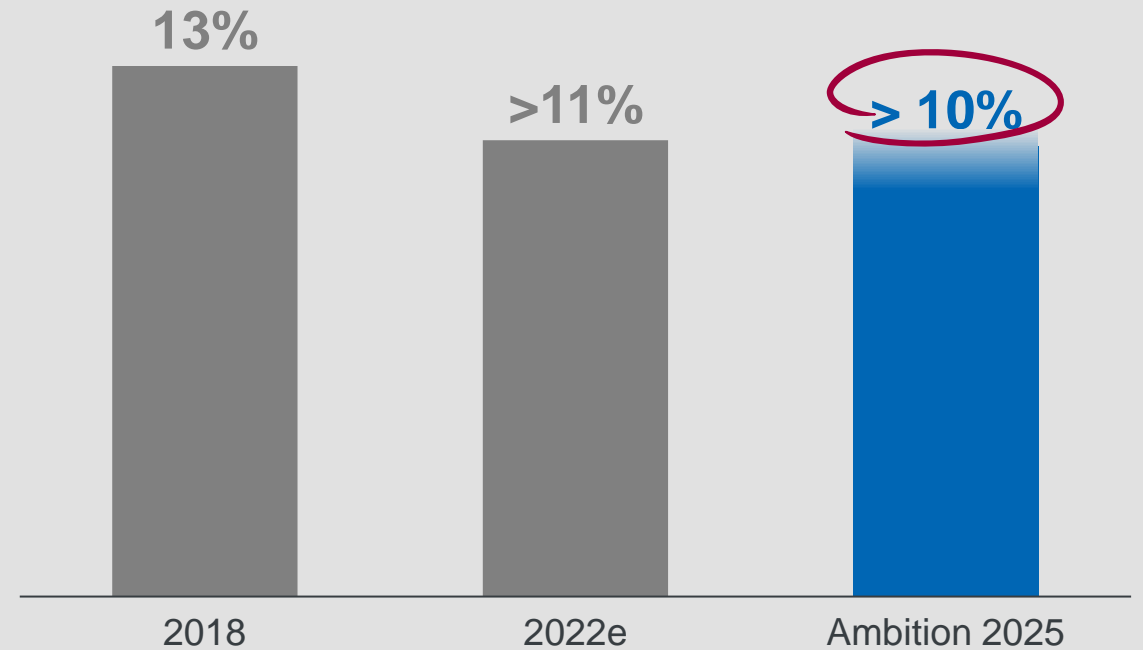


Further information:  
HanRe Investors' Day 2022



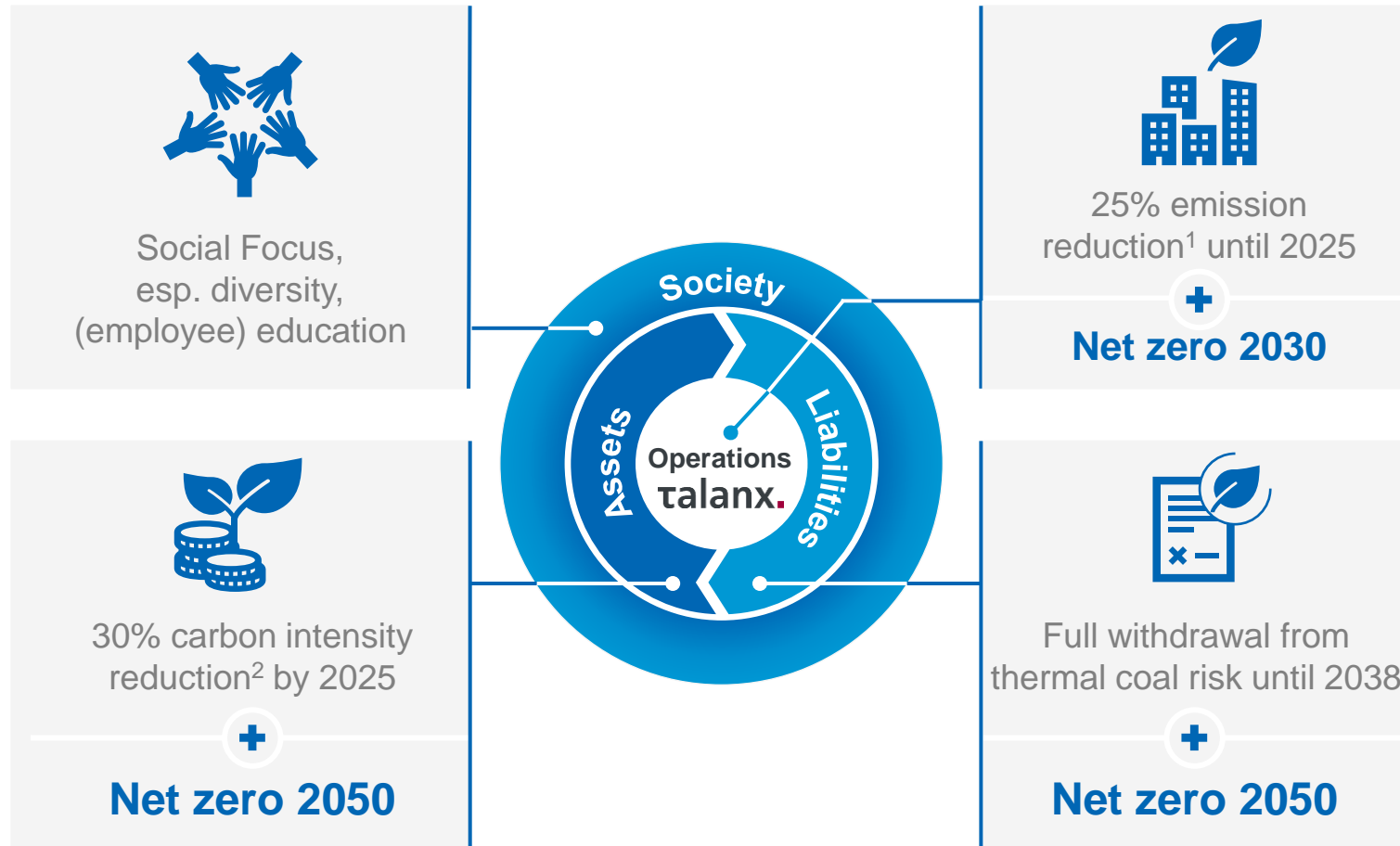
## Double-digit RoE

in %



Note: 2018 – 2022e under IFRS 4, ambition 2025 under IFRS 17

# Sustainability – Our commitments



Note: Ratings as published as of day of presentation | 1 Scope 1 & Scope 2 in Germany | 2 Reduction of CO<sub>2</sub> intensity of the liquid portfolio by 30% by the end of 2025 compared to the beginning of 2020

## Ratings



**A**  
CCC to AAA (top)



**B-**  
D- to A (top)

# From stabilization to acceleration

## Strategy 2019 – 2022



All promises delivered



Resiliency strengthened



Global crises withstood



Stabilization

## Strategy 2023 – 2025

### Increase ...



Return on equity



Earnings growth



Dividends



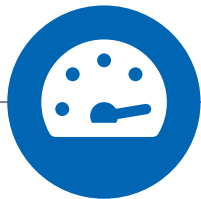
Acceleration

# Our three financial promises 2023 – 2025

## Return on equity

**> 10%**

NEW

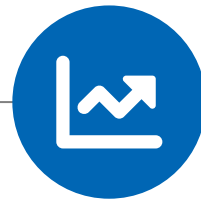


**High level of profitability**

## Net income growth

**> 25%<sup>1</sup>**

NEW



**Strong earnings growth**

## Dividend payout

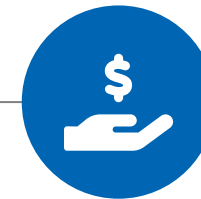
**+25%**

NEW

(increase in 2022 to EUR 2.00)<sup>2</sup>

**+25%**

(additional increase by 2025)



**Attractive dividend**

Note: Targets are relevant as of FY2023. Targets are subject to large losses staying within their respective annual large-loss budgets as well as no occurrence of major turmoil on currency and/or capital market

<sup>1</sup> By 2025 with normalised net income 2022 baseline of EUR ~1,250m | <sup>2</sup> Dividend per share for FY2022 paid in 2023; subject to supervisory board and AGM approval





**talanx.**  
Versicherungen. Finanzen.

# Agenda

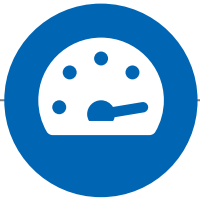
- 1 Group Strategy | Torsten Leue
- 2 Group Financials | Jan Wicke**
- 3 Industrial Lines | Edgar Puls
- 3a HDI Specialty | Ulrich Wallin
- 4 Retail Germany | Jens Warkentin
- 5 Retail International | Wilm Langenbach
- 6 Final Remarks | Torsten Leue

# Recap – Successful delivery of all financial targets 2019 – 2022 ...

## 1 Return on equity

**≥ 800bp**  
above risk-free rate

High level of profitability



**~ 9%**

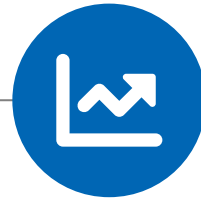
(Ø RoE 2019 – 2022e)



## 2 EPS growth

**≥ 5%**  
on average p.a.

Profitable growth



**5.4 – 7.8%**

(EPS CAGR 2018 – 2022e)<sup>1</sup>



## 3 Dividend payout ratio

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

Attractive payout



**47%**

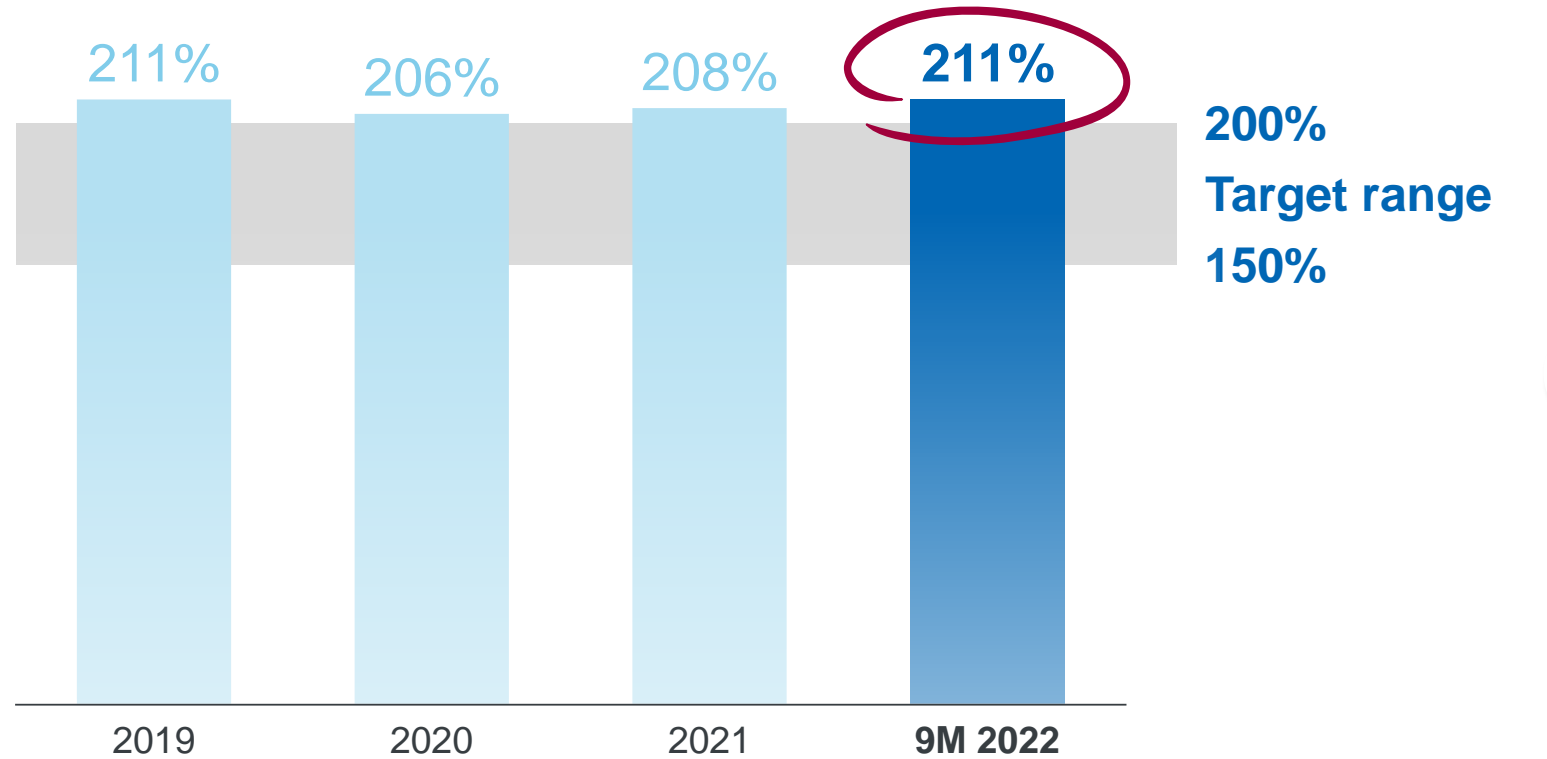
(Ø dividend payout ratio 2019 – 2021)



<sup>1</sup> EPS growth based on original net income target of EUR 850m for 2018 and target range of EUR 1,050 – 1,150m for 2022

# ... under consistently strong resilience throughout the strategy cycle

## High solvency



Note: Solvency 2 ratio as of period end excluding transitional measure

**Strong ratings**



**S&P Global Ratings**

**A+**  
(Stable)

**AM BEST**  
SINCE 1899

**A**  
(Positive)  
Outlook increased

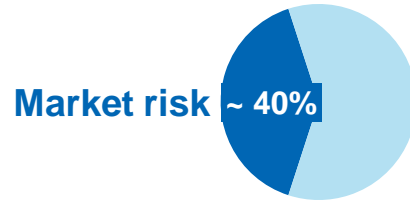
Note: Insurer Financial Strength Rating

# What remains unchanged?

## Strategy 2019 – 2022

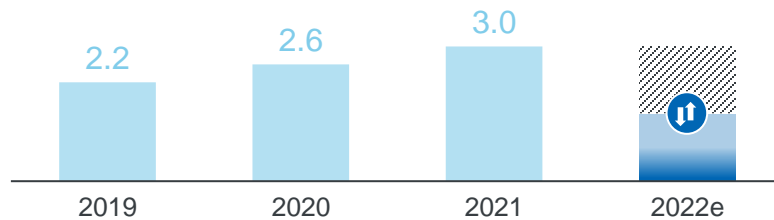
### Market risk

2022e, in % of solvency capital requirement



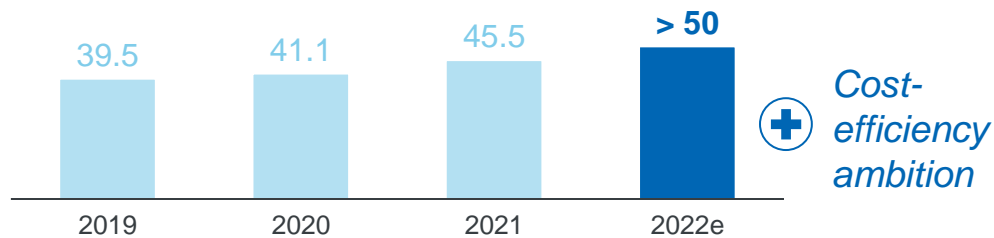
### Resiliency

embedded in best estimate for claims reserves



### GWP

in EURbn



## Strategy 2023 – 2025

Continuation of low beta-strategy with **Market risk < 50%**

Continue to manage **resiliency**

Focus on **profitable growth**

# What is new? IFRS 17/9 to better reflect economic development

## Changing factors



Consistent treatment of assets and liabilities

More economic presentation of life insurance

All assets marked to market



## Main effects on balance sheet



Equity more stable under new accounting regime



Stricter fair value approach for investments (IFRS 9)



Better alignment between IFRS and Solvency 2

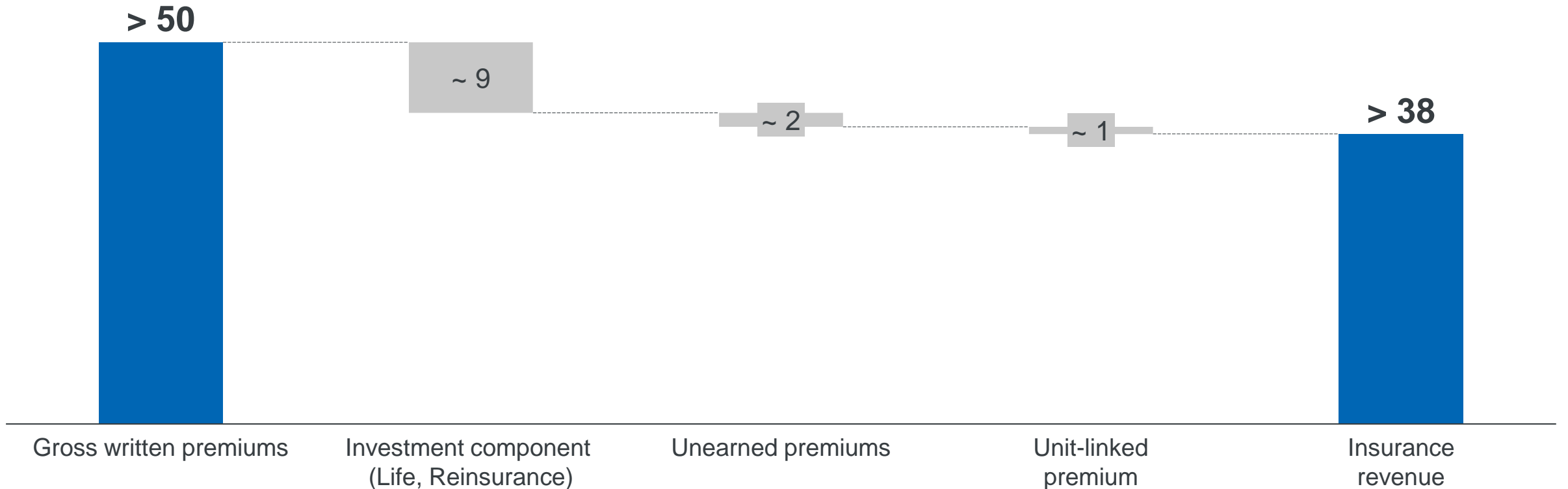


# Insurance revenues will be lower than gross written premiums

## Talanx Group, 2022e

in EURbn

**Preliminary and unaudited**

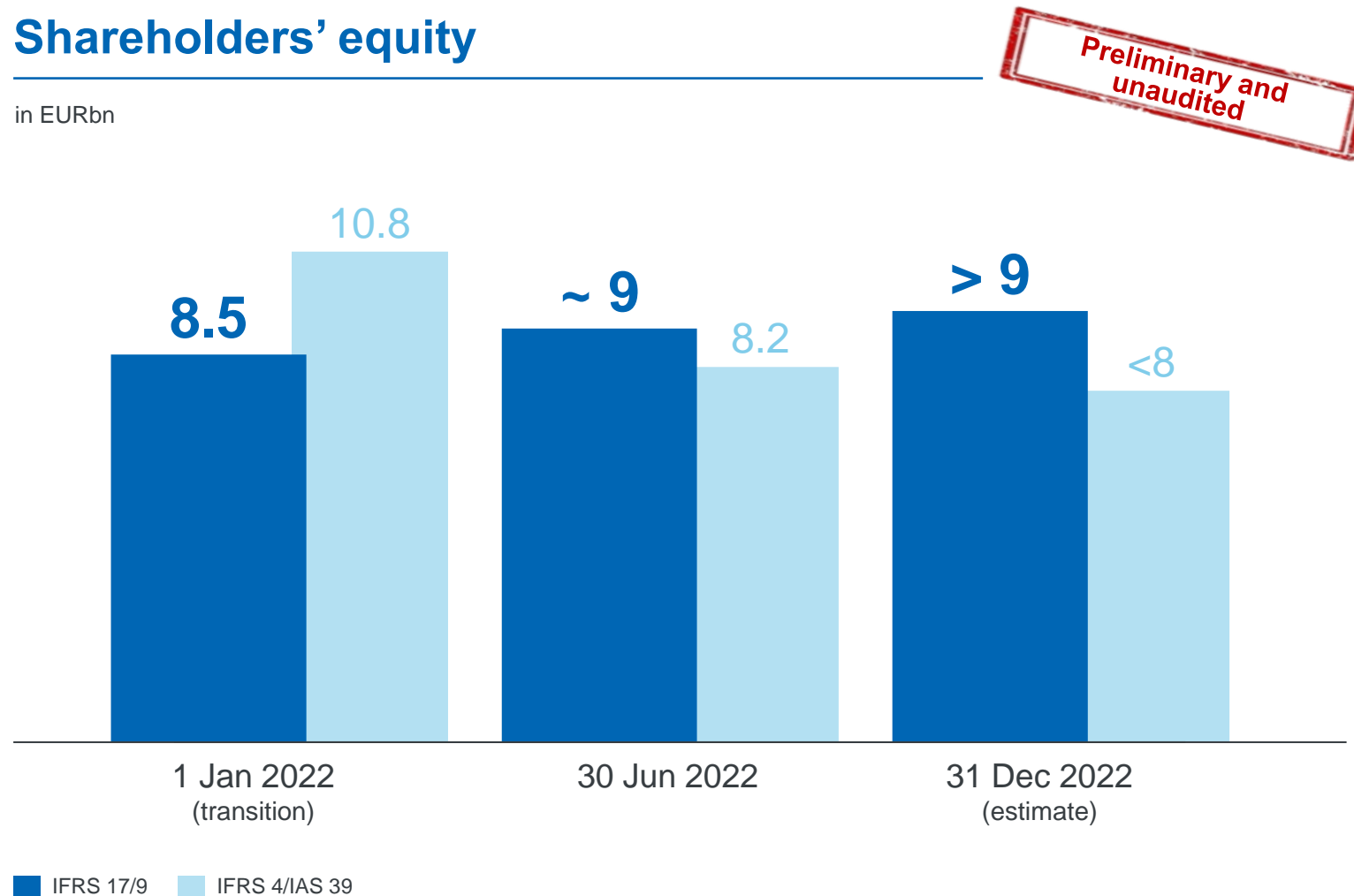




# Equity more stable under new accounting regime

## Shareholders' equity

in EURbn



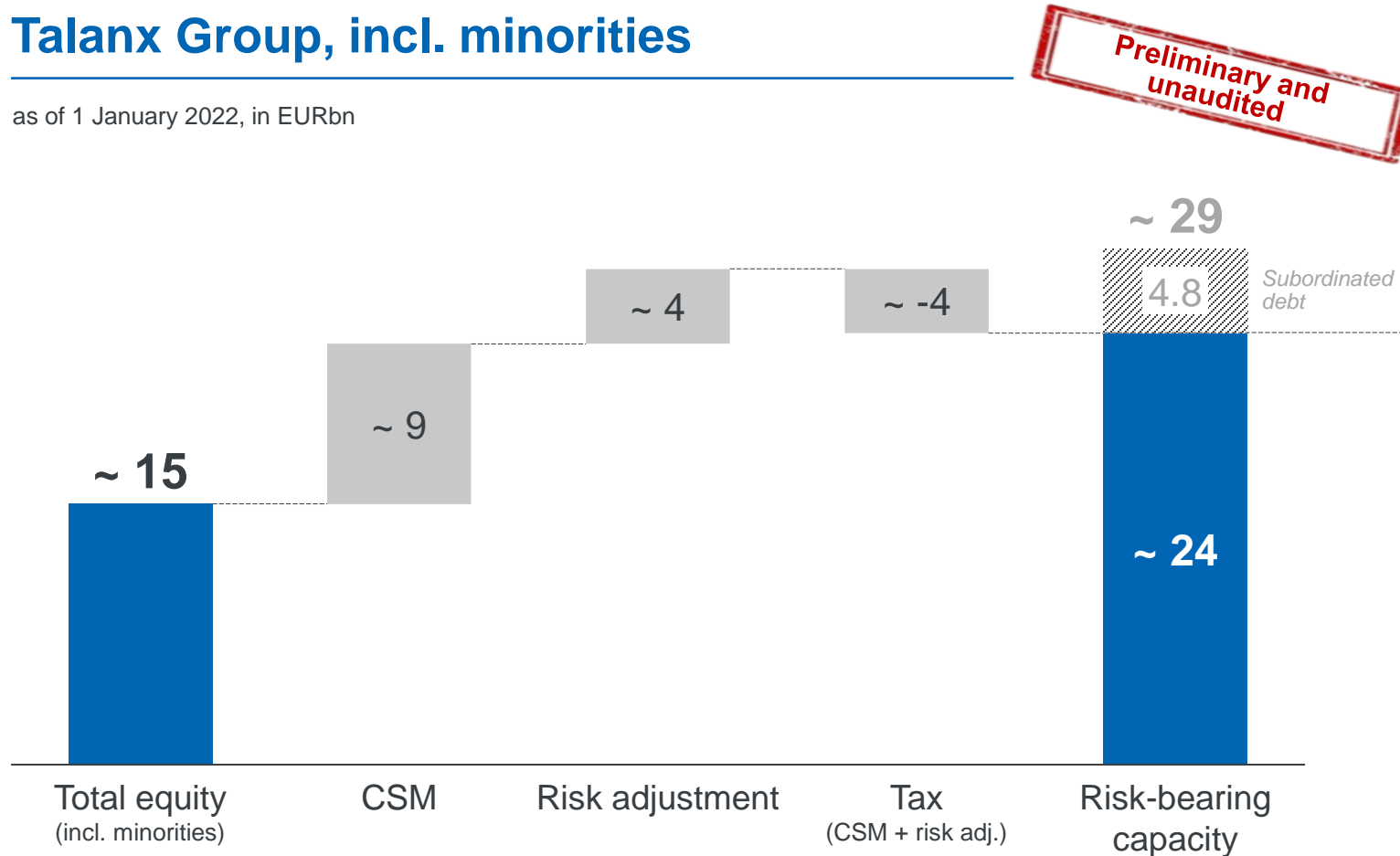
## Comments

- Due to accounting mismatch under current IFRS regime, equity is significantly more volatile than under IFRS 17 and 9
- Strong increase of interest rates in 2022 has resulted in significant devaluation of investments, in both regimes, whilst under current regime claims reserves are not discounted to reflect change in interest rates
- New accounting regime more adequately reflects economic status of assets and liabilities

# High risk-bearing capacity and decent financing headroom

## Talanx Group, incl. minorities

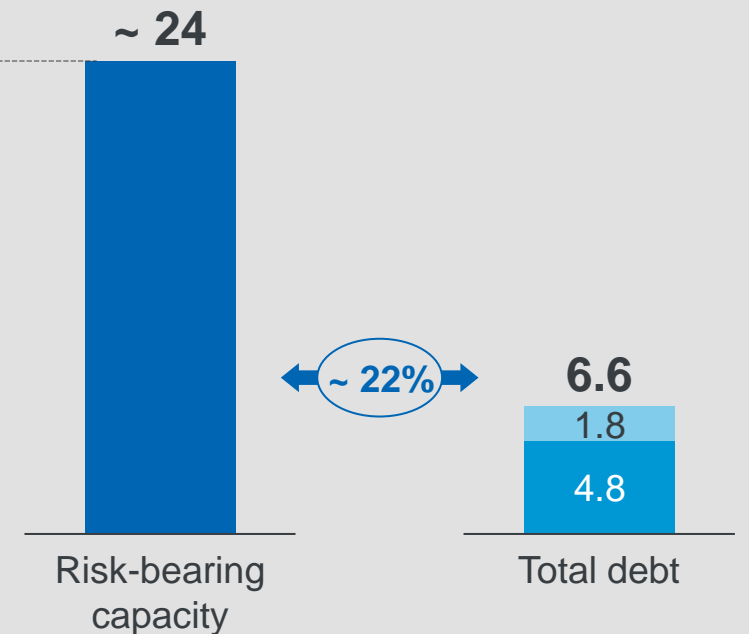
as of 1 January 2022, in EURbn



## Debt leverage

(S&P methodology incl. CSM and risk adjustment, as of 1 January 2022)

■ Senior ■ Subordinated



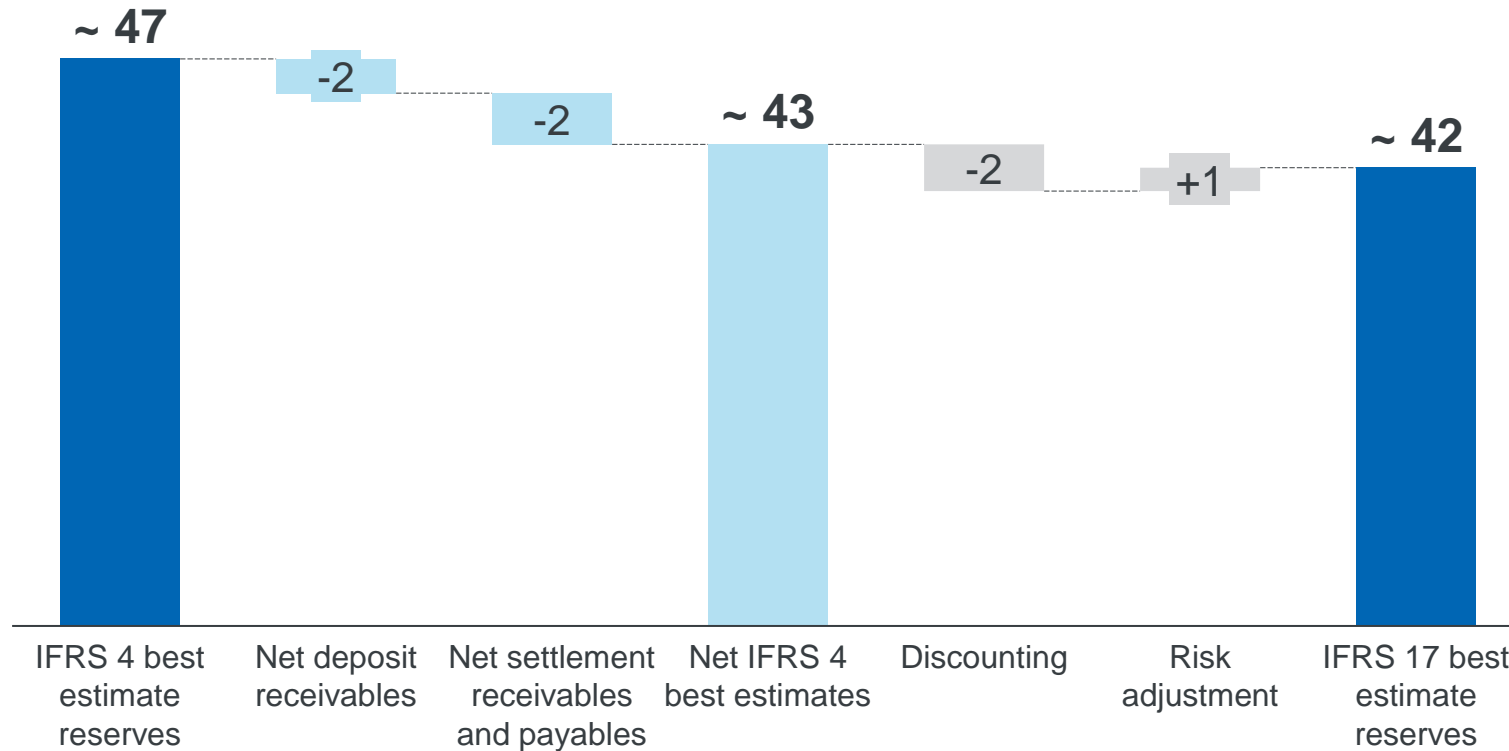
(Excl. subordinated debt)

# Discounting of claims reserves for consistent treatment of assets & liabilities

## Claims reserves P/C

as of 1 January 2022, in EURbn

**Preliminary and unaudited**



**Reserves discounted** with applicable **market rates** at each accounting date

**Risk adjustment** to reflect uncertainties arising from amount & timing of cash flows

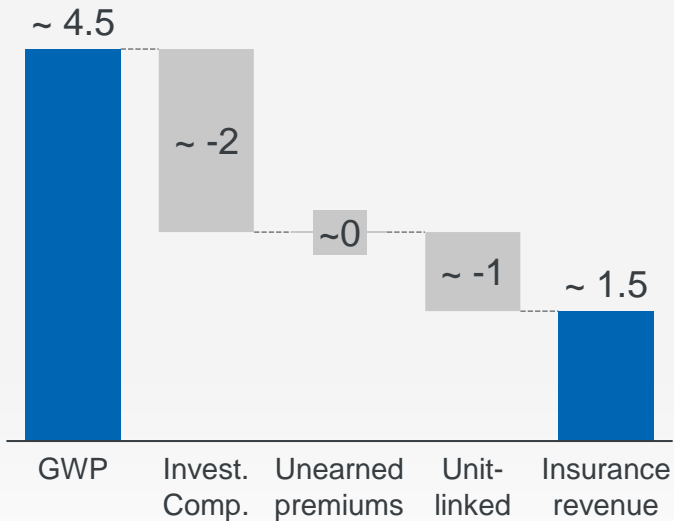
Claims reserves include items **previously booked in other parts** of balance sheet

# Better economic presentation of life insurance

Preliminary and unaudited

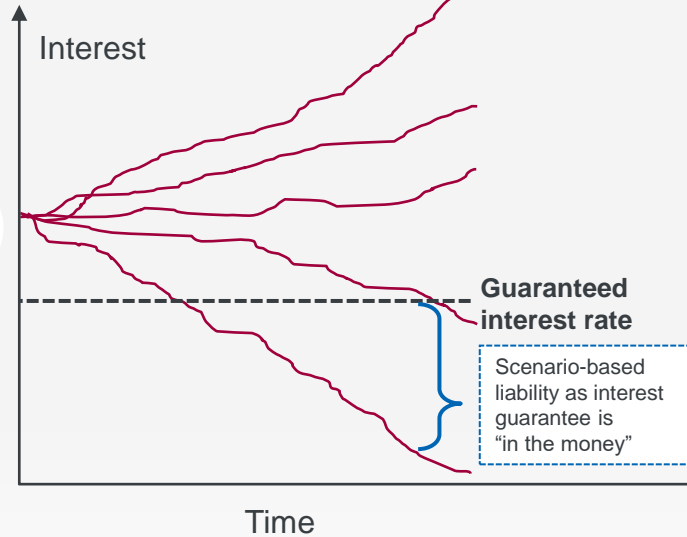
## Insurance revenue

Example Retail Germany Life, in EURbn, 2022e



Insurance revenue **excludes investment component** and unit-linked premiums

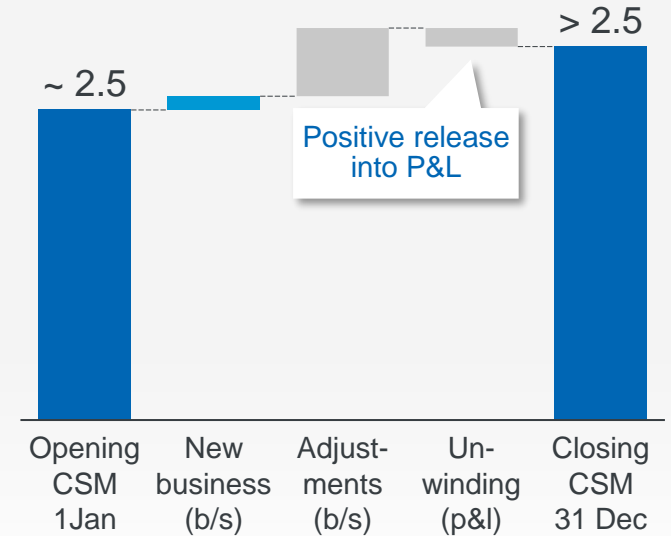
## Stochastic valuation



Stochastic valuation **better reflects** lack of **predictability** and **asymmetric profit sharing**

## Profit distribution over lifetime

Example Retail Germany Life, in EURbn, 2022e

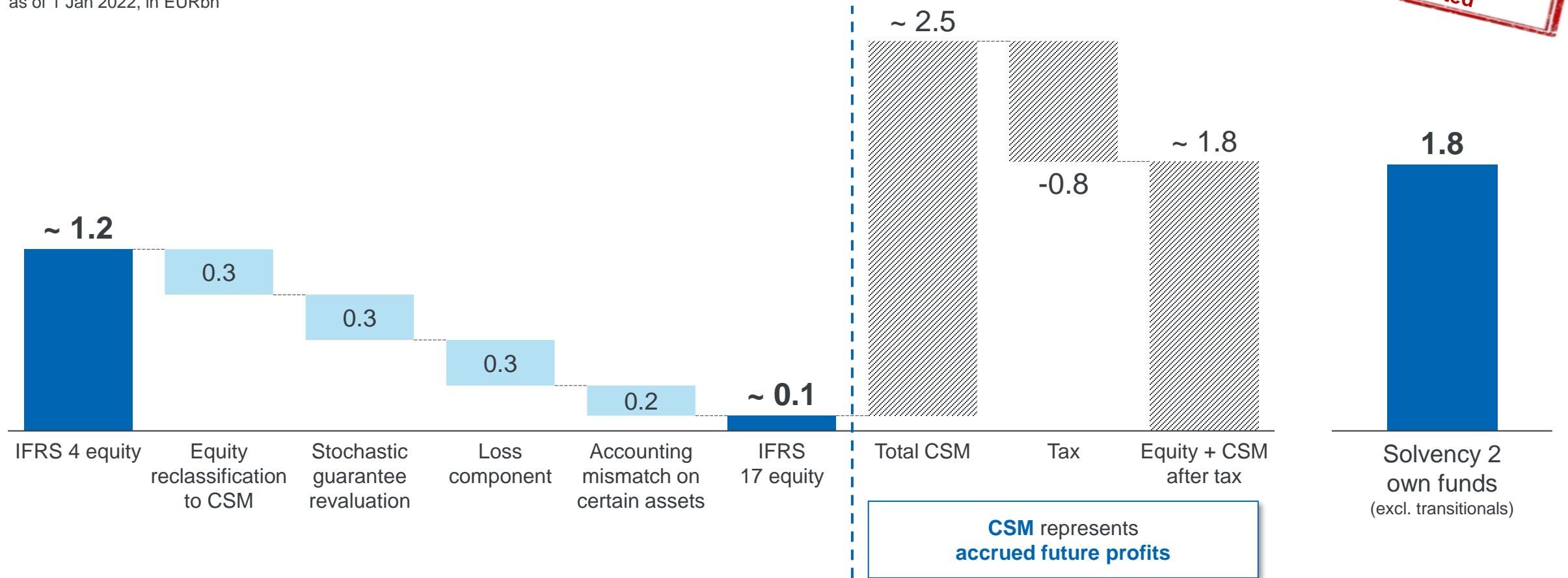


CSM reflects unearned profits that are **unwound over contract lifetime**

# German Life: IFRS 17 & Solvency 2 with similar levels of risk-bearing capacity

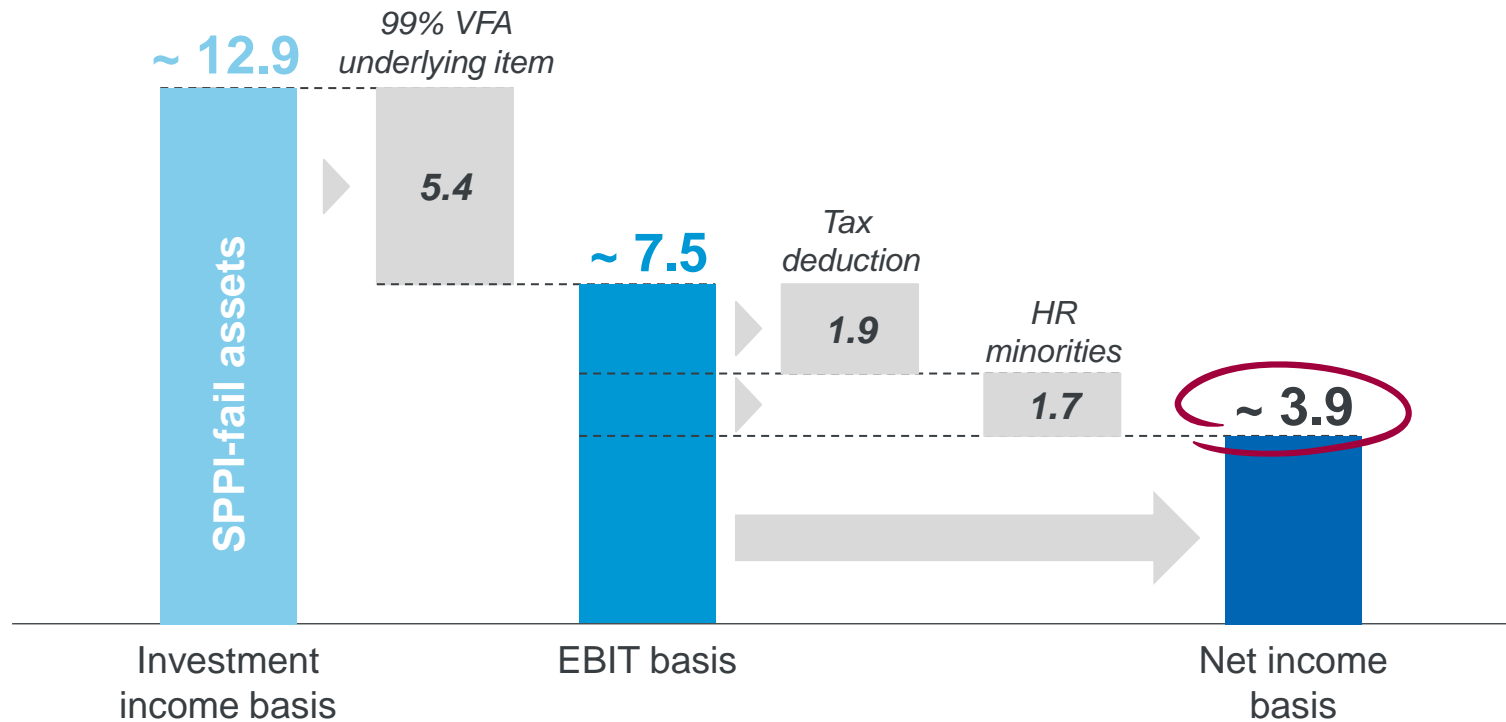
## Opening balance sheet in Retail Germany Life

as of 1 Jan 2022, in EURbn



# Net income effect of nominal SPPI-fail asset value change limited to one third

as of 30 June 2022, in EURbn



Stricter fair value approach leads to **higher earnings volatility**

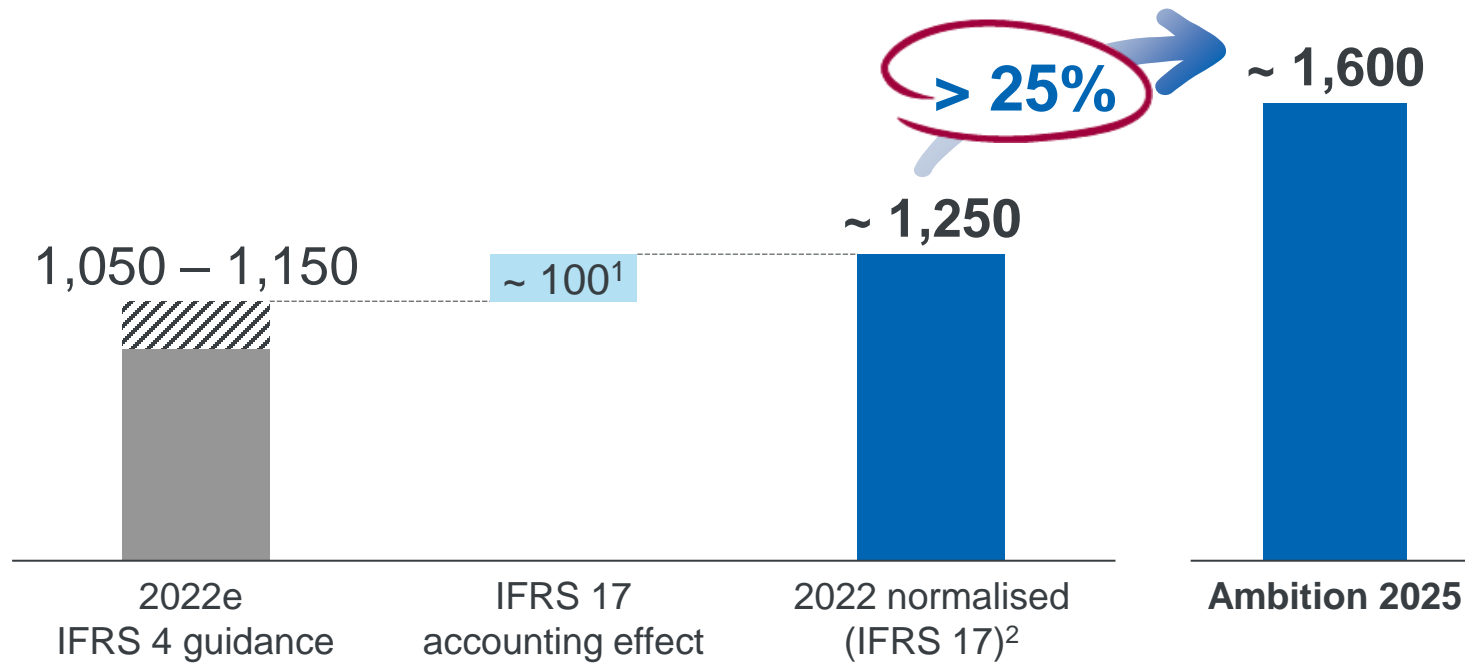
~ 1/3 of SPPI-fail assets value changes exposed to P&L

SPPI-fail assets contribute ~ 1%pts. of RoE

# Net income increase of > 25% by 2025 with base line 2022 of EUR 1.25bn

## Net income transition (IFRS 17)

in EURm



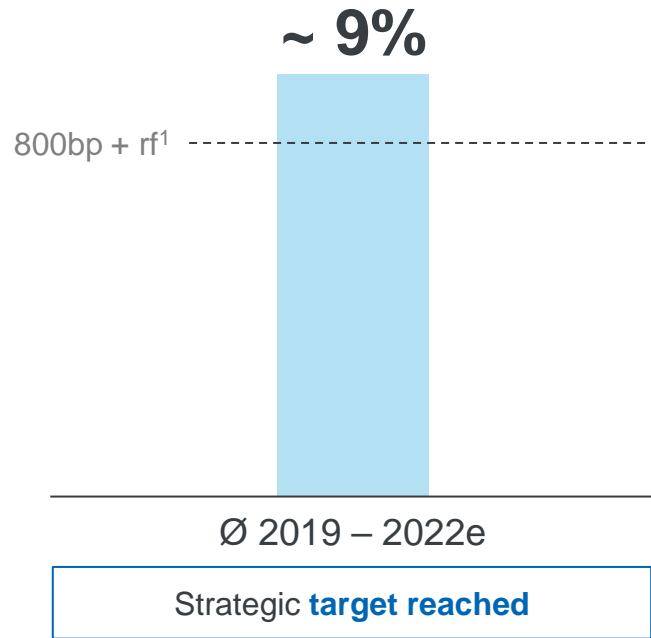
**EUR ~ 100m net income**  
impact due to accounting change<sup>1</sup>

**>25% net income**  
increase by 2025  
(Baseline 2022: EUR ~ 1,250m)<sup>3</sup>

1 Long-term annual effect of roughly EUR 100m due to release of CSM over the next years in Retail Germany Life and L/H Re; accounting effect corresponds to roughly 1%pts. RoE | 2 Initial estimate of IFRS 17 effects; ex post reporting of final baseline | 3 For simplification, baseline for mid-term ambition derived from upper end of current financial year 2022 guidance, irrespective of actual full-year 2022 result

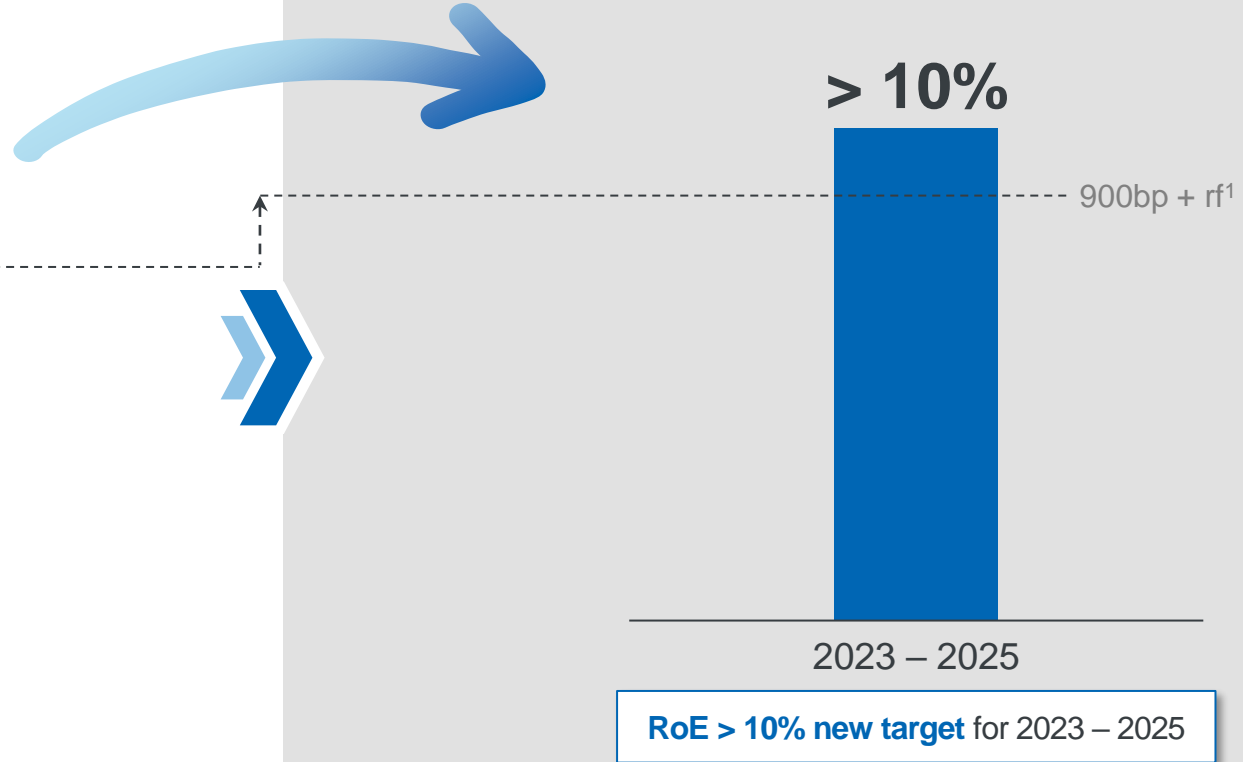
# RoE > 10% new target for 2023 – 2025

## RoE IFRS standard



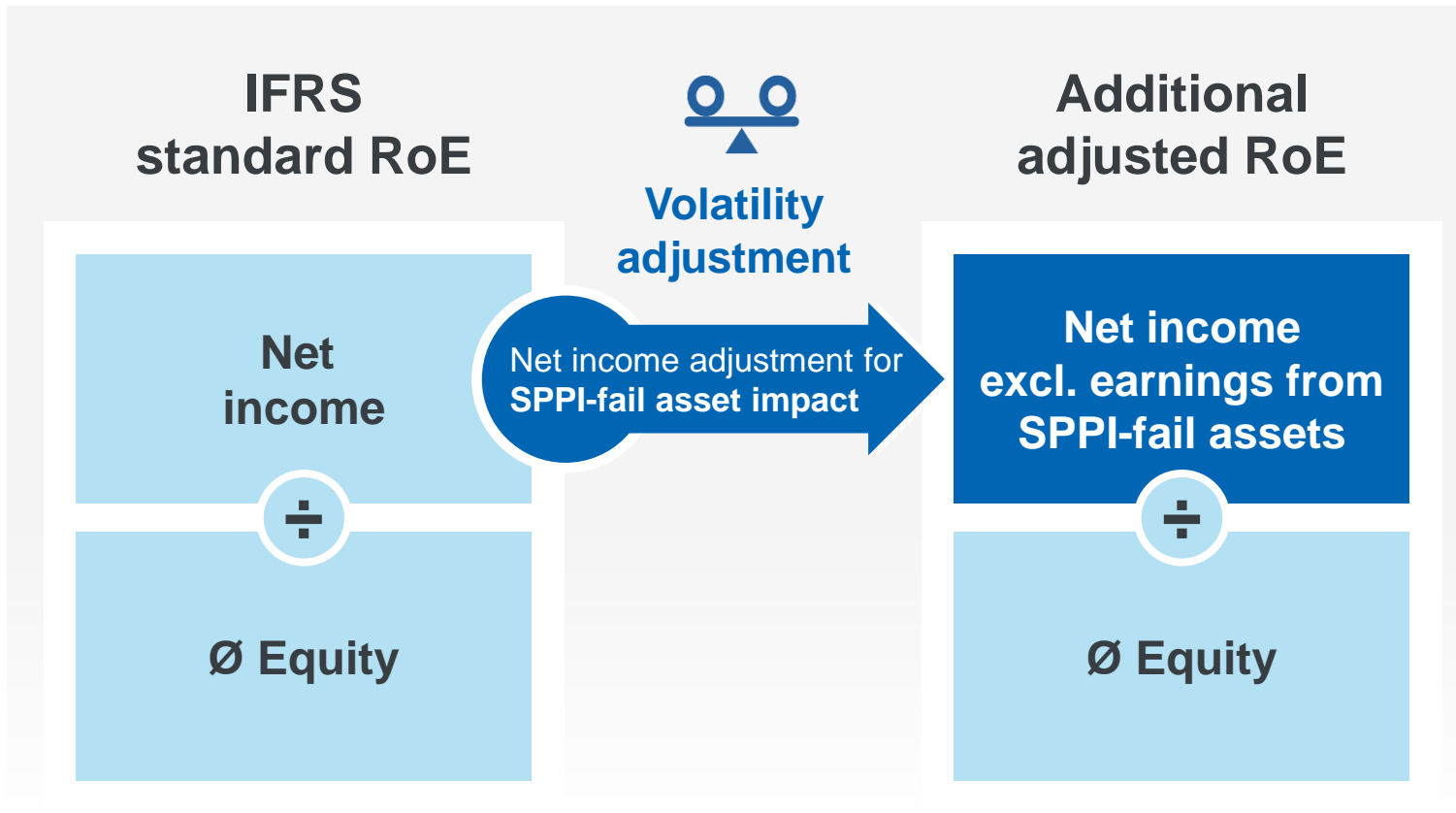
<sup>1</sup> Target is ≥ 800bp above risk-free rate for 2019-2022e. Basis for executive compensation raised to ≥900bp above risk-free rate from 2023. Risk-free rate is defined as the 5-year rolling average of the 10-year German Bund yield. Average risk-free rate 2019 – 2022e is 0.1%

## Strategic ambition for 2023 – 2025





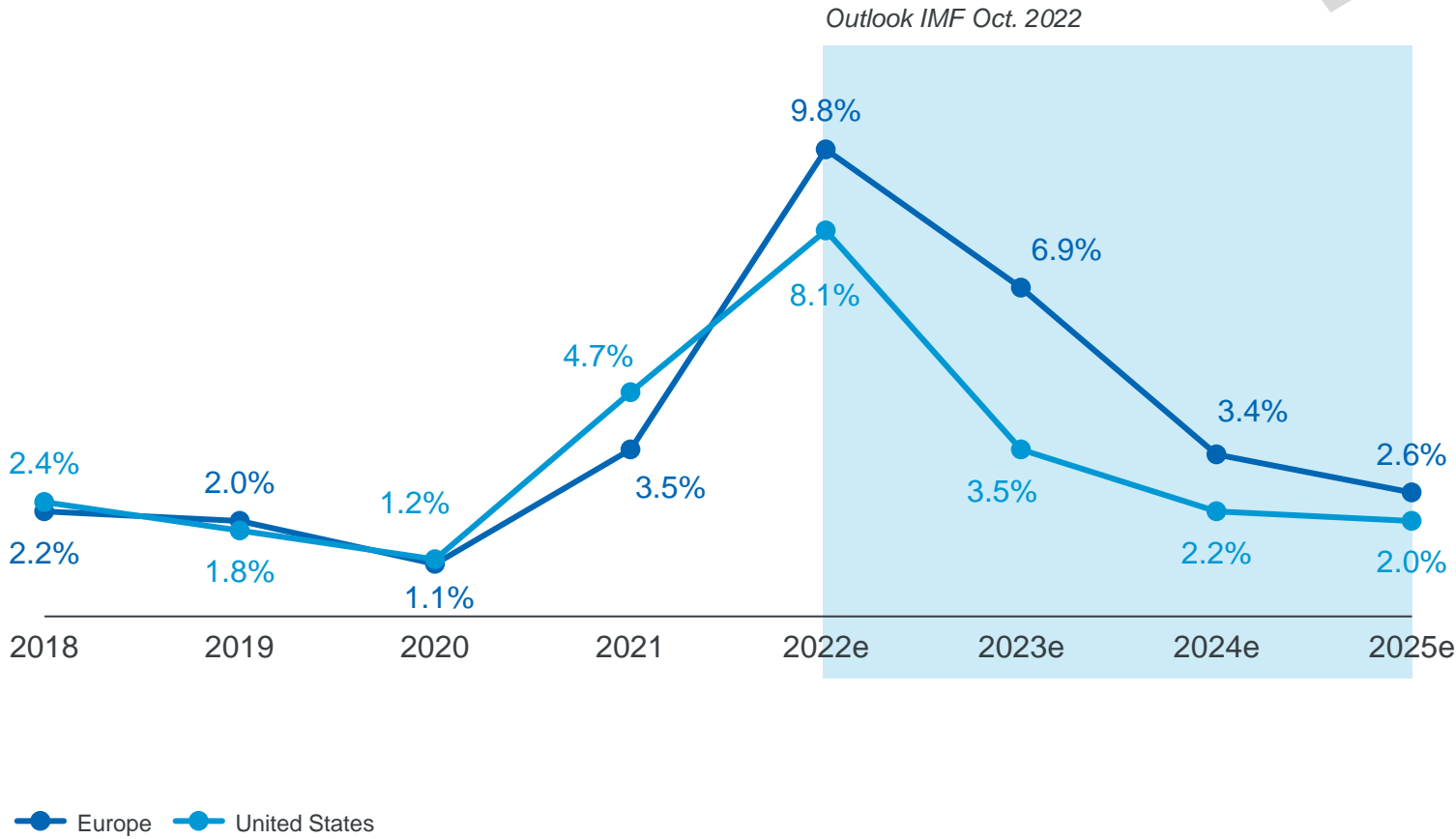
# Complementary reporting of adjusted RoE for better performance evaluation



For long-term technical performance, we will additionally communicate **RoE excl. earnings from SPPI-fail assets**

# Inflation – Not only a threat, but also an opportunity

## Inflation



## Our answers

### Countermeasures

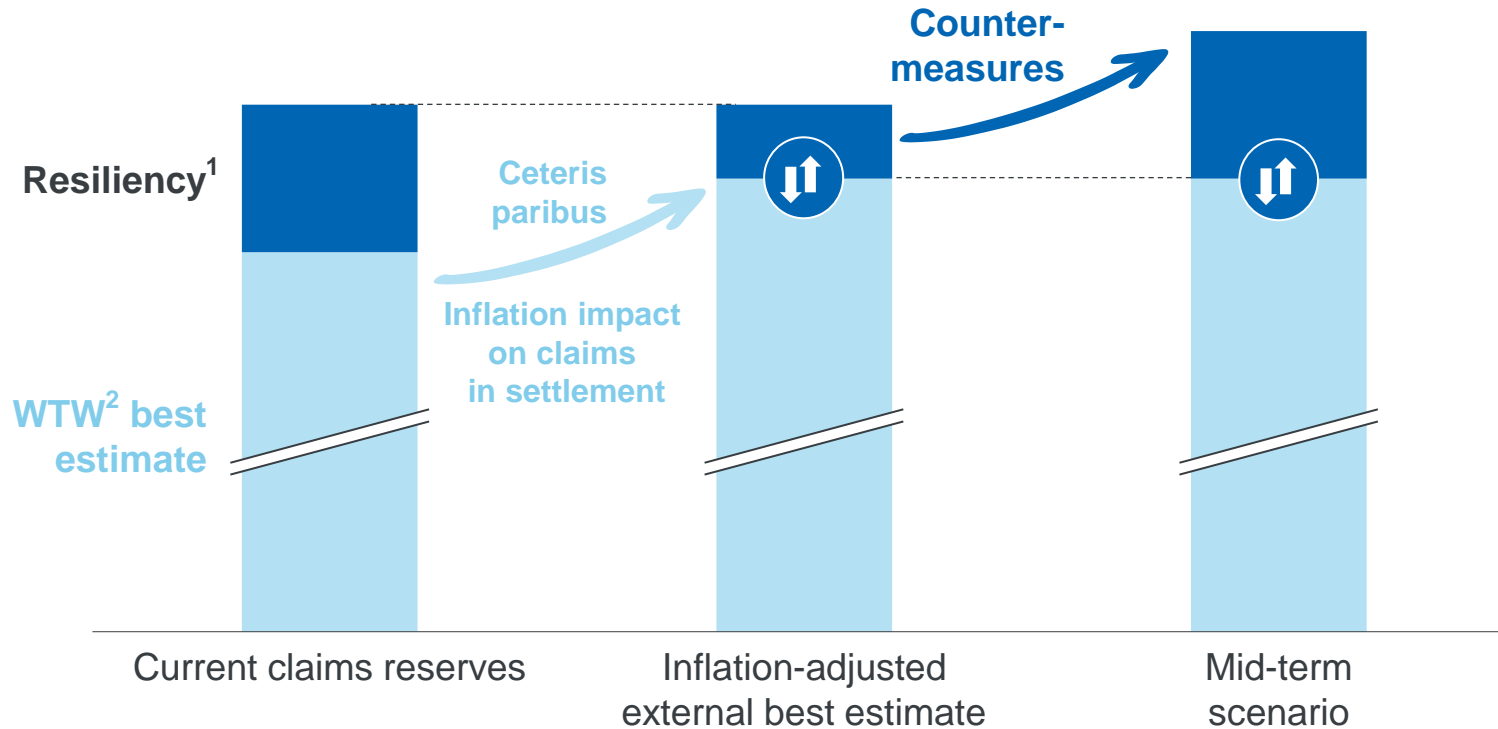
in all business lines initiated

### Active resiliency management

Leverage positive development of **real interest rates**

# Active steering of resiliency to manage inflation

## Best estimate booked for claims reserves, illustrative



**Conservative reserving**  
for new claims

Lower profit contribution  
from **run-off results**

**Inflation-linked assets**  
as additional hedge

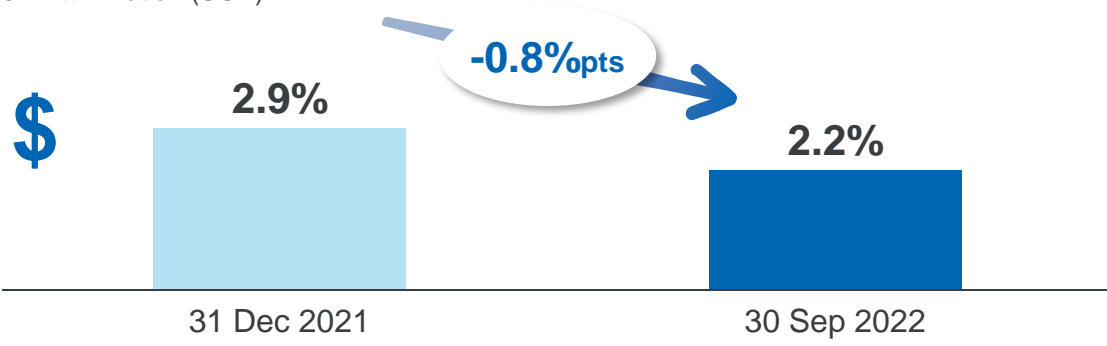
1 Resiliency level embedded in best estimate | 2 WTW = Willis Tower Watson

# Interest rates increase while inflation expectations decrease

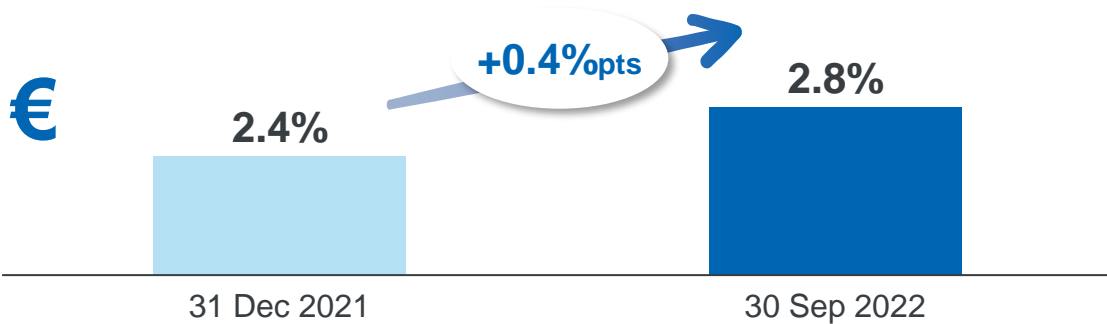
## Inflation p.a.



5Y – Ø inflation (USD)<sup>1</sup>



5Y – Ø inflation (EUR)<sup>2</sup>



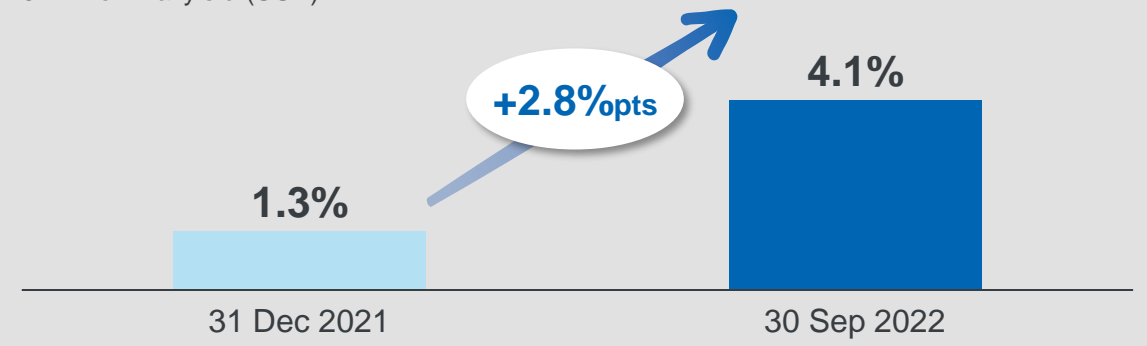
<sup>1</sup> Based on US inflation-linked bonds | <sup>2</sup> Based on German inflation swap

<sup>3</sup> Based on US government bonds | <sup>4</sup> Based on DEM swap

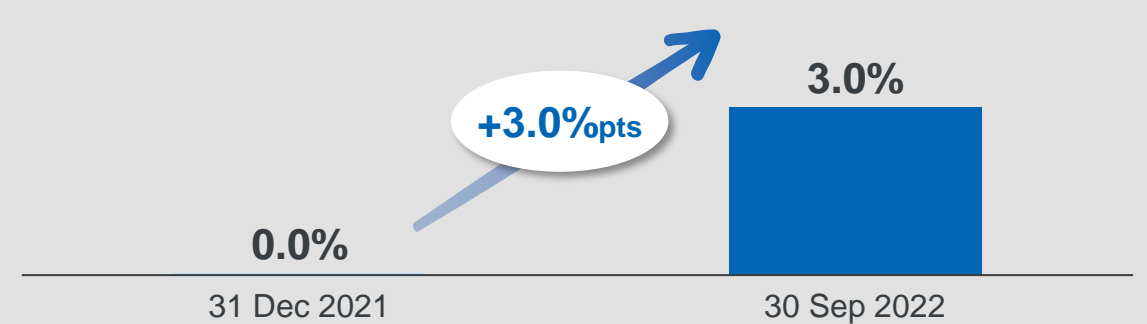
## Interest rates p.a.



5Y – nominal yield (USD)<sup>3</sup>



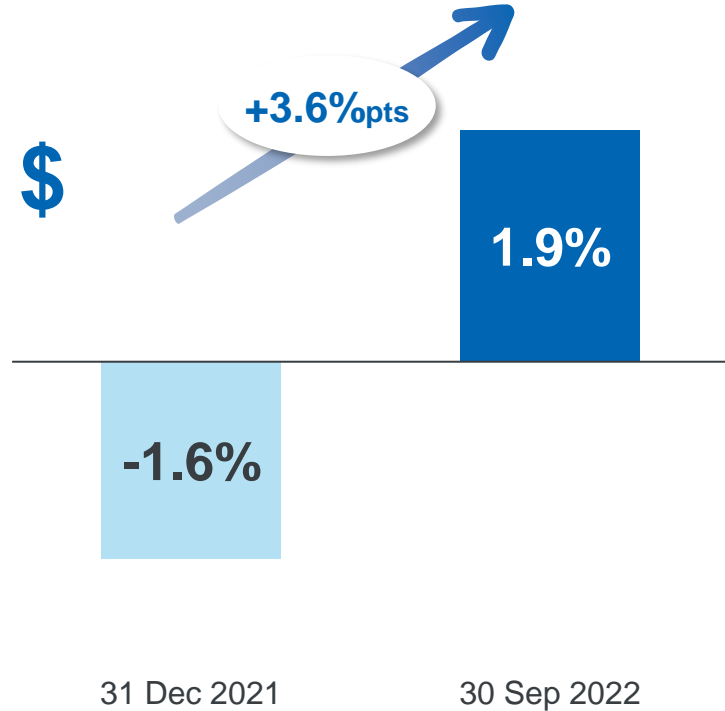
5Y – nominal yield (EUR)<sup>4</sup>



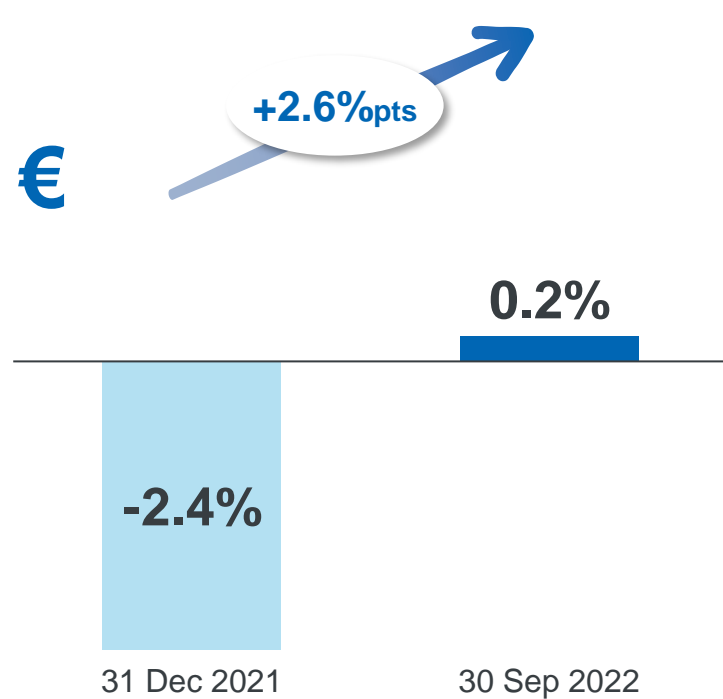
# For new business, the development of real yields matters

## Real interest rates p.a.

5Y – real yields (USD)<sup>1</sup>



5Y – real yields (EUR)<sup>2</sup>



Positive real yield development

Increased new business profitability

1 Inflation based on US inflation-linked bonds and nominal yield based on US government bonds

2 Inflation based on German inflation swap and nominal yield based on DEM swap

# Our confidence is underlined by our new dividend strategy

## Current dividend policy

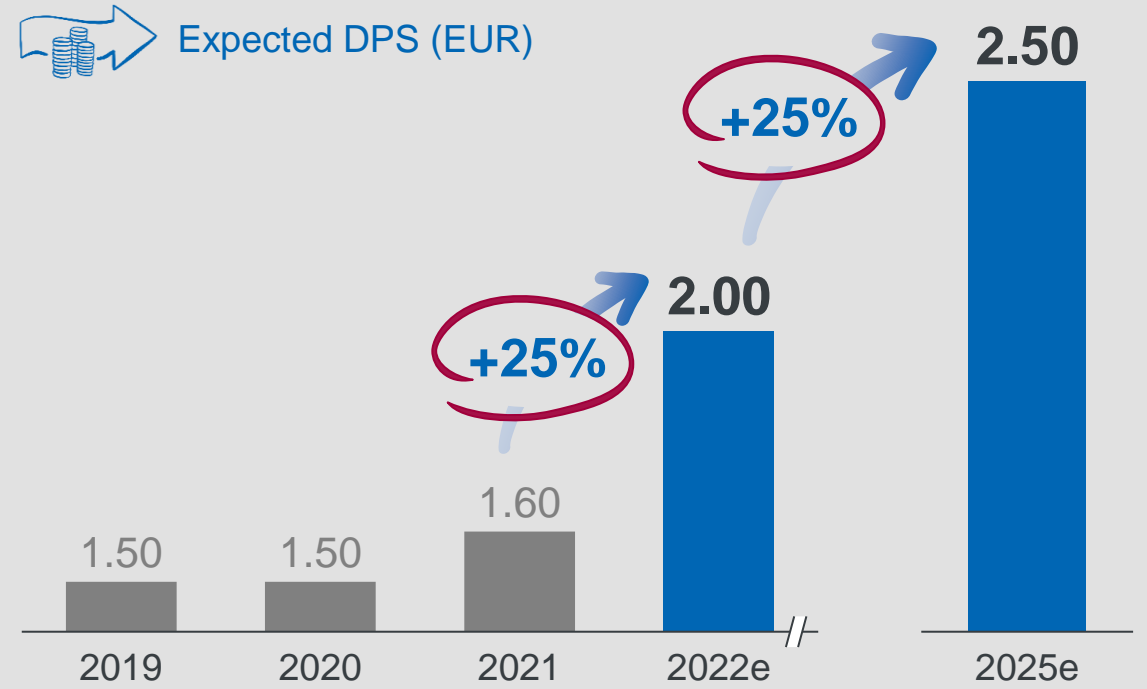
~~35 - 45%~~  
Dividend payout ratio

&

~~Stable or upwards~~  
DPS



## New dividend policy



Note: Dividend proposal for 2022 subject to supervisory board and AGM approval

# More ambitious dividend payout based on strong resilience

**Solvency 2 ratio above target range**

211%  
30 Sep 2022

Target range 150 – 200%

**Strong financial ratings**

S&P Global Ratings **A+** (Stable)

AM **BEST** SINCE 1899 **A** (Positive)

**Well diversified earnings mix<sup>1</sup>**

Reinsurance 56%

Industrial Lines 14%

Retail Germany 12%

Retail International 18%

**High dividend reserve factor<sup>2</sup>**

2019 0.8x

2020 1.3x

2021 1.4x

2022e pre div. change 1.6x

2022e after div. change > 1.2x

<sup>1</sup> Net income 9M 2022, in % of Group net income adjusted for Corporate Operations and Consolidation. Net income split for Reinsurance based on EBIT contributions | <sup>2</sup> Retained profits carried forward under German GAAP divided by annual dividend

# Key message – Monetising growth



Profits expected to grow to EUR 1.6bn by 2025



Continued strong resilience despite challenging environment



We will monetise our profitable growth by delivering steadily rising dividends



# Appendix – Group Financials

---

# IFRS 17/9 timeline and reporting



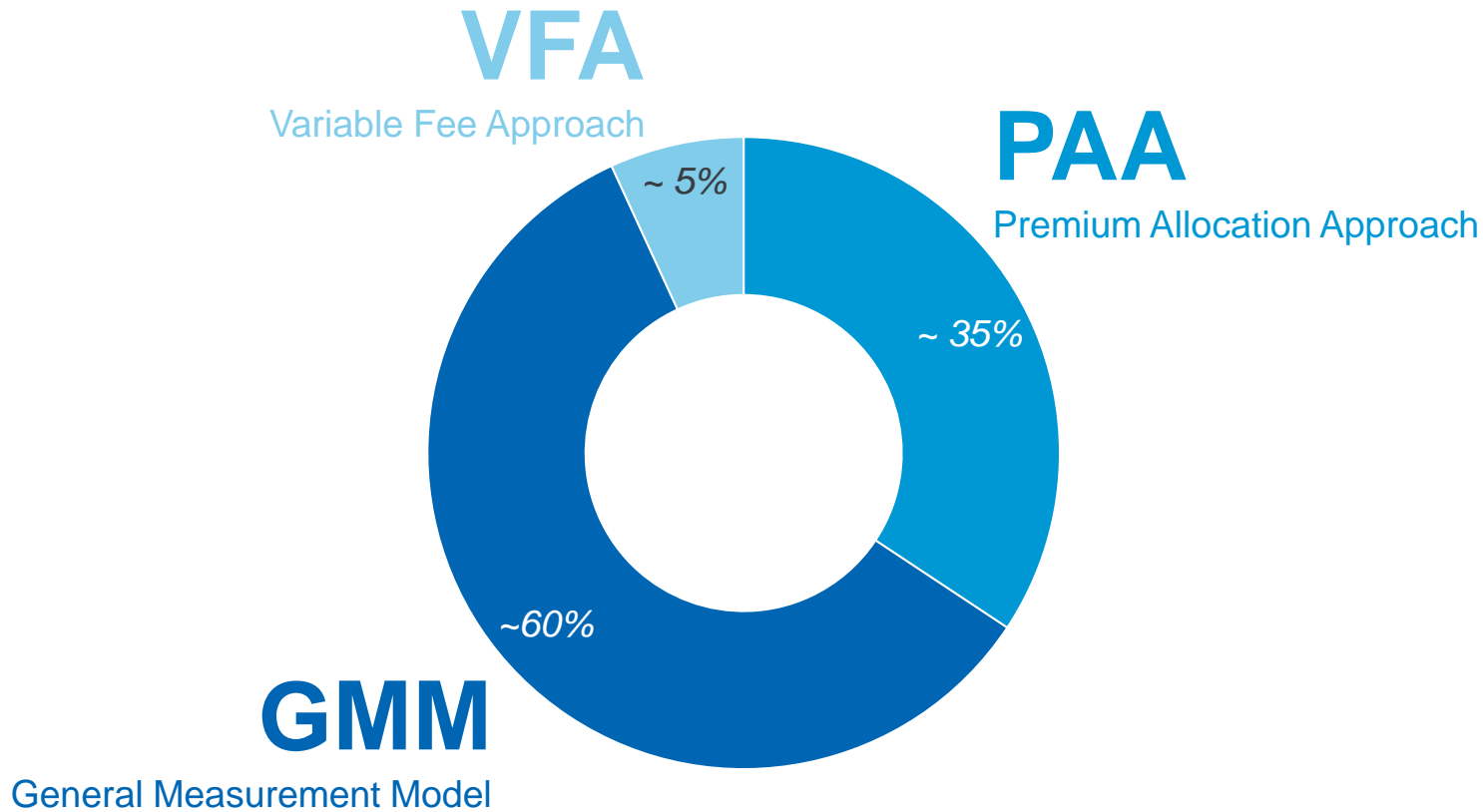
# Key accounting choices ensuring continuity and resilience

	Alternative options	<b>tal anx.</b> Choice	Rationale
<b>Discount rates</b>	<p><b>Top-down approach</b> <i>Portfolio yield less allowance for unexpected losses</i></p>	<p><b>Bottom-up approach</b> <i>Risk-free rates + illiquidity premium</i></p>	Better alignment with Solvency 2
<b>Changes in discount rates</b>	<p><b>Through P&amp;L</b> <i>Changes in rates to be recorded "1 for 1" in P&amp;L</i></p>	<p><b>Through OCI</b> <i>Changes in rates to be recorded in OCI</i></p>	Consistent asset & liability approach of OCI option
<b>Risk adjustment</b>	<p><i>No specific method prescribed</i></p>	<p><b>Percentile approach in Primary Insurance &amp; pricing margin approach in reinsurance</b> <i>Primary Insurance: 65% – 75% percentile Reinsurance: non-financial risk loadings in premiums</i></p>	Prudent reserve level
<b>Fair value investments</b>	<p><b>Fair value through P&amp;L</b> <i>Mark-to-market and realised gains/losses to flow through P&amp;L</i></p>	<p><b>Fair value through OCI</b> <i>Mark-to-market to flow through OCI except for SPPI-fail assets</i></p>	Mitigation of P&L volatility
<b>Measurement of listed equity investments</b>	<p><b>Fair value through P&amp;L</b> <i>Mark-to-market and realised gains/losses to flow through P&amp;L</i></p>	<p><b>Fair value through OCI</b> <i>Mark-to-market to flow through OCI, with no recycling in P&amp;L</i></p>	Mitigation of P&L volatility
<b>Transition approach</b>	<p><b>Fair value approach where full/modified retrospective not applicable</b></p>		Fair value approach used for insurance liabilities before 2016 due lack of detailed yield curve data

# Majority of portfolio applies GMM

## Insurance revenue – Portfolio split

in %, 2022e



**GMM** ✓

- For long-term business (mandatory model)
- With CSM
- *Reinsurance; Corporate Operation; Germany Credit Protection*

**PAA** ✓

- For short-term business (optional model)
- Without CSM
- *Retail International; Retail Germany P&C, Industrial Lines*

**VFA** ✓

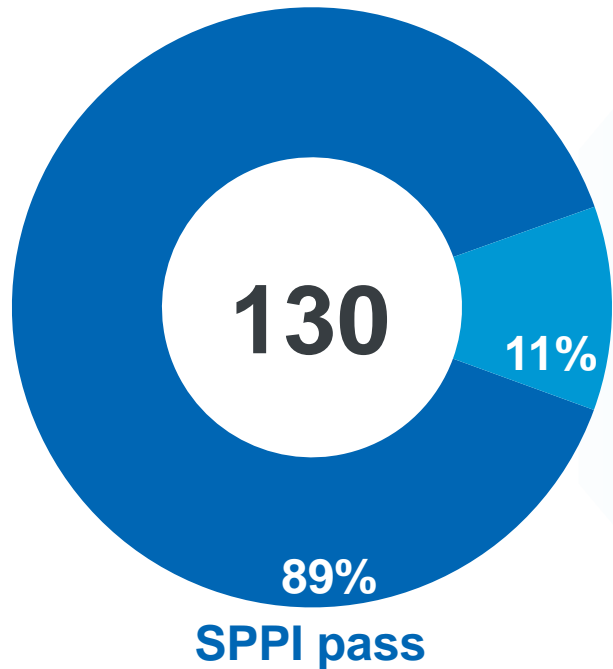
- For long-term direct participating business (mandatory model)
- With CSM
- *Life*

# More comprehensive fair value approach for investments increases profit volatility

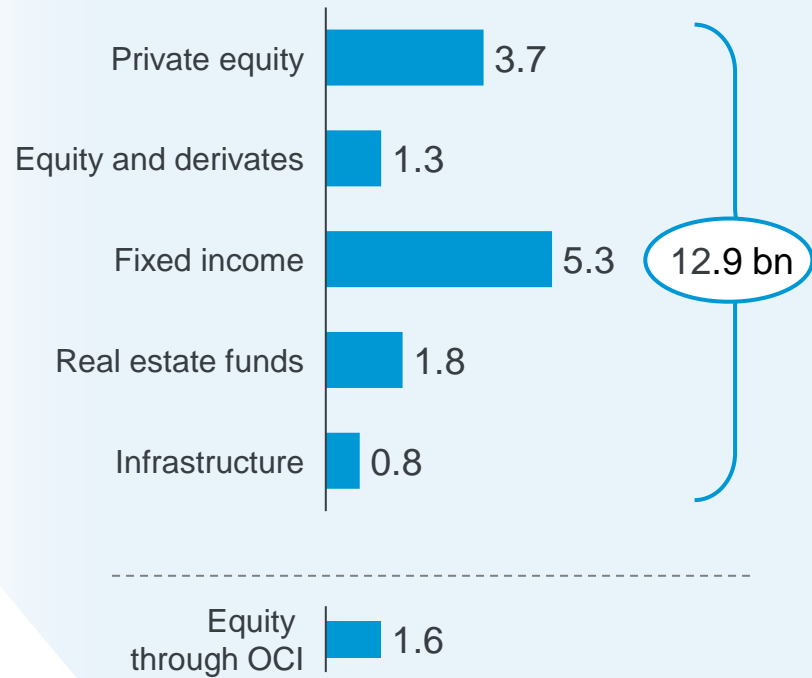
## Results of SPPI test

as of 30 June 2022, in EURbn

**Preliminary and unaudited**



### SPPI fail assets FVPL



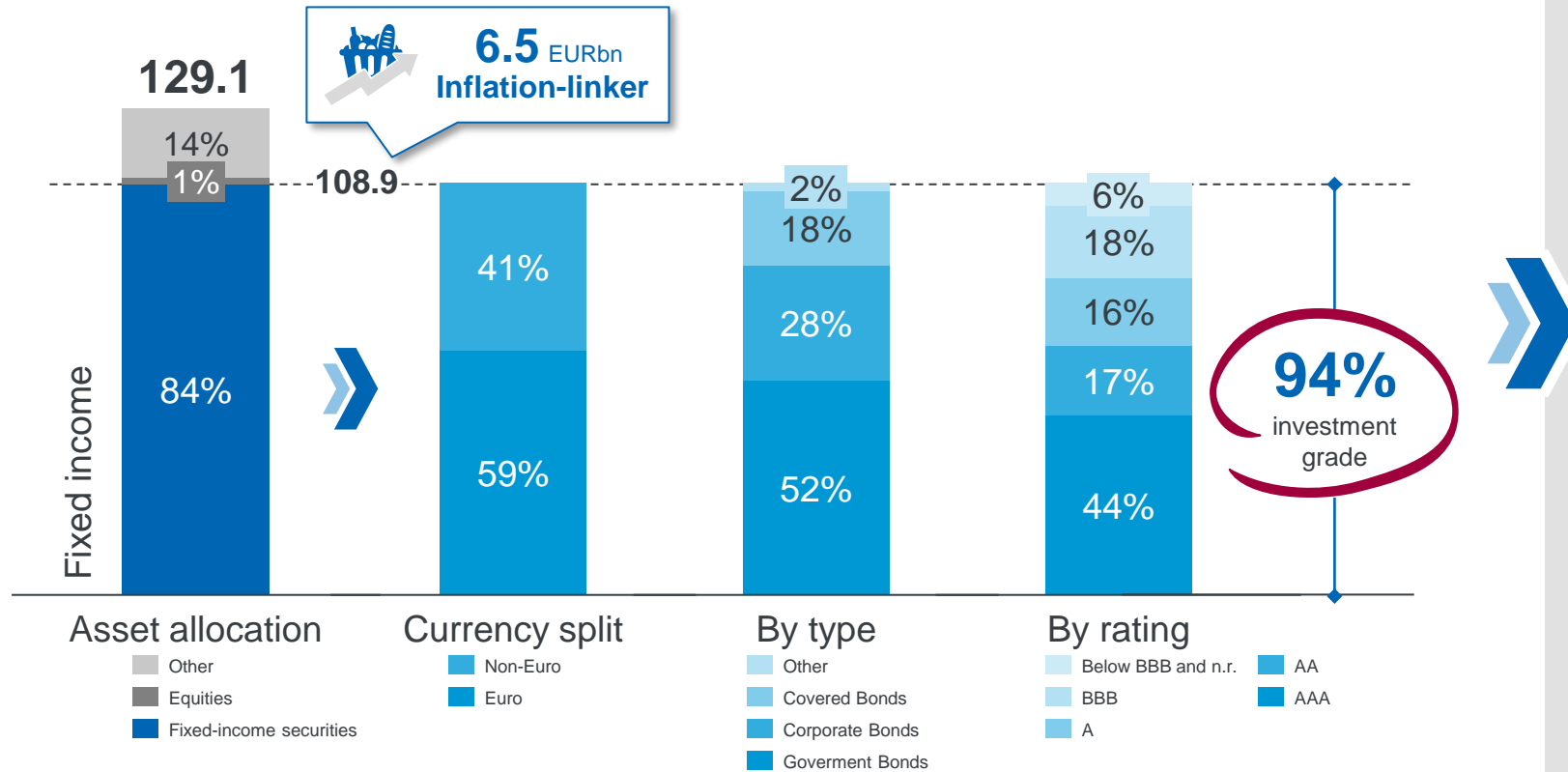
~ **90%** of financial investments **pass the SPPI test** (including inflation-linked bonds and CDOs/CLOs)

Stricter fair value approach leads to **higher earnings volatility**

# Strong resilience also reflected in investment portfolio

## Assets under own management

as of 30 Sep 2022, in EURbn



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

Balanced portfolio with **strong investment grade** share

**Continuation of low-beta investment strategy**



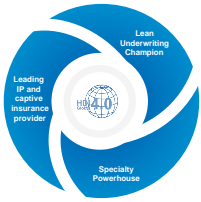
**talanx.**  
Versicherungen. Finanzen.

# Agenda

- 1 Group Strategy | Torsten Leue
- 2 Group Financials | Jan Wicke
- 3 Industrial Lines | Edgar Puls**
- 3a HDI Specialty | Ulrich Wallin
- 4 Retail Germany | Jens Warkentin
- 5 Retail International | Wilm Langenbach
- 6 Final Remarks | Torsten Leue

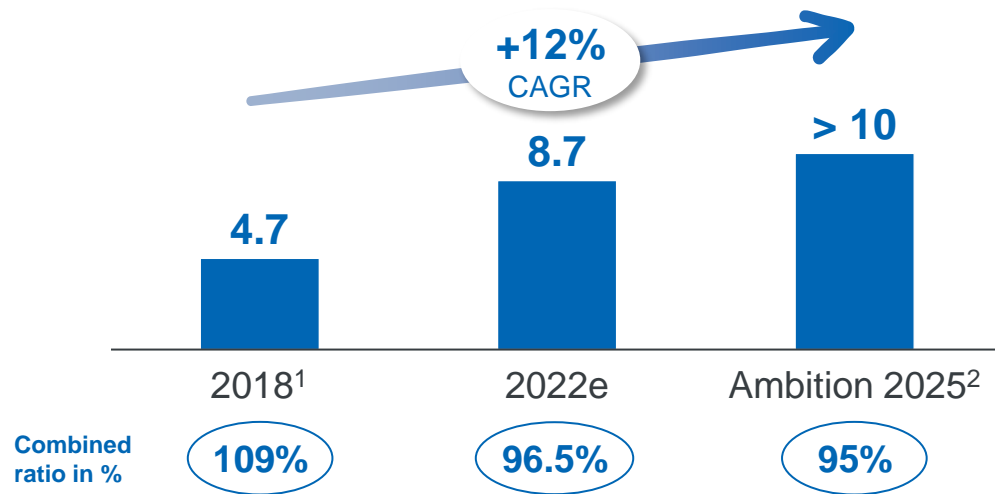
# Focused divisional strategies – Industrial Lines

## Scaling Quality<sup>3</sup>



- Lean Underwriting Champion
- Leading IP and captive insurance provider
- Specialty Powerhouse

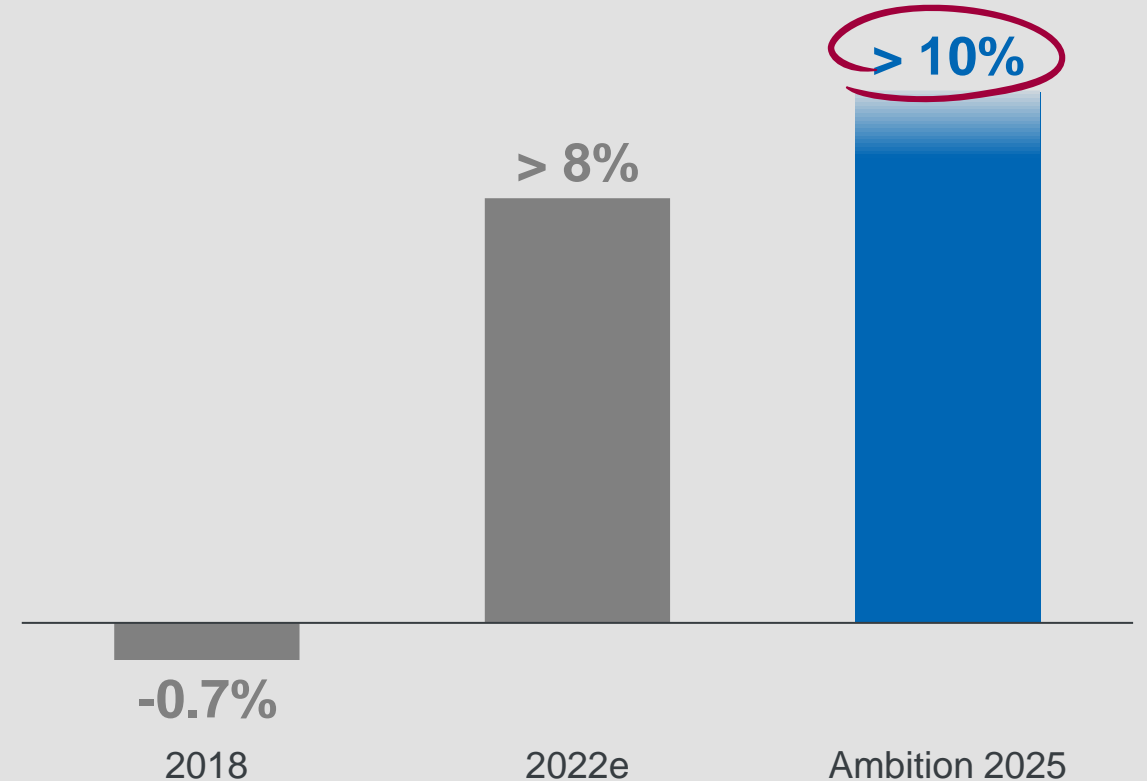
Gross written premium, in EURbn



Note: 2018 – 2022e under IFRS 4, ambition 2025 under IFRS 17  
 1 Founding HGS: EUR ~900m GWP added from Inter Hannover on 1 January 2019  
 2 For 2025 IFRS 17 insurance revenue is shown

## Double-digit RoE

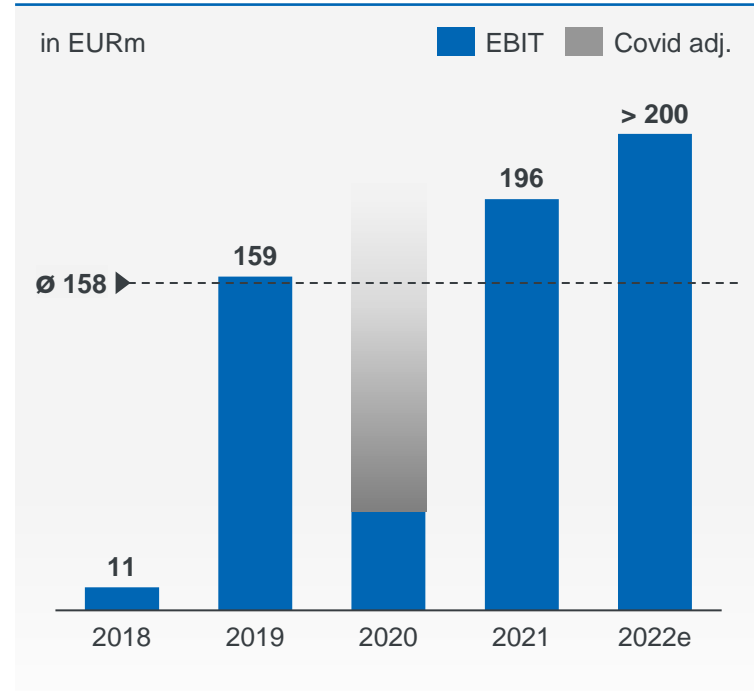
in %





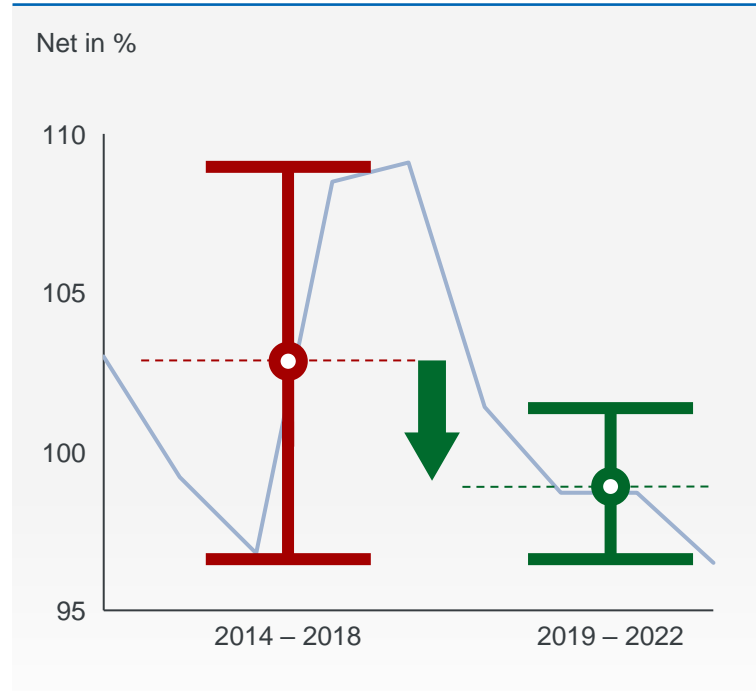
# Turning volatility into stability while delivering substantial growth

## EBIT



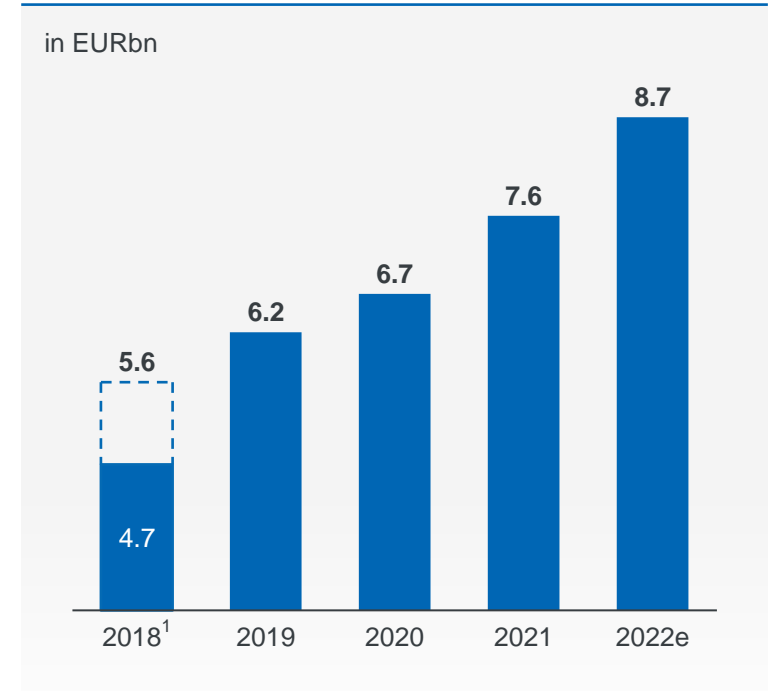
➤ **Stabilisation and growth of EBIT**

## Combined ratio



➤ **Reduced volatility to an avg. CR < 100%**

## Gross written premium



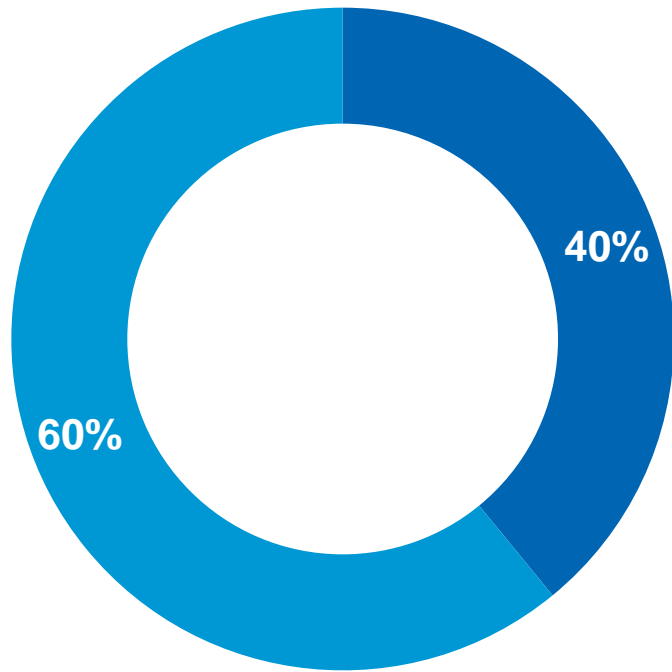
➤ **Substantial growth in Commercial & Specialty**

<sup>1</sup> Founding HGS: EUR ~900m GWP added from Inter Hannover on 1 January 2019

# Balanced growth driven by rate changes and new business

## YoY growth characteristics

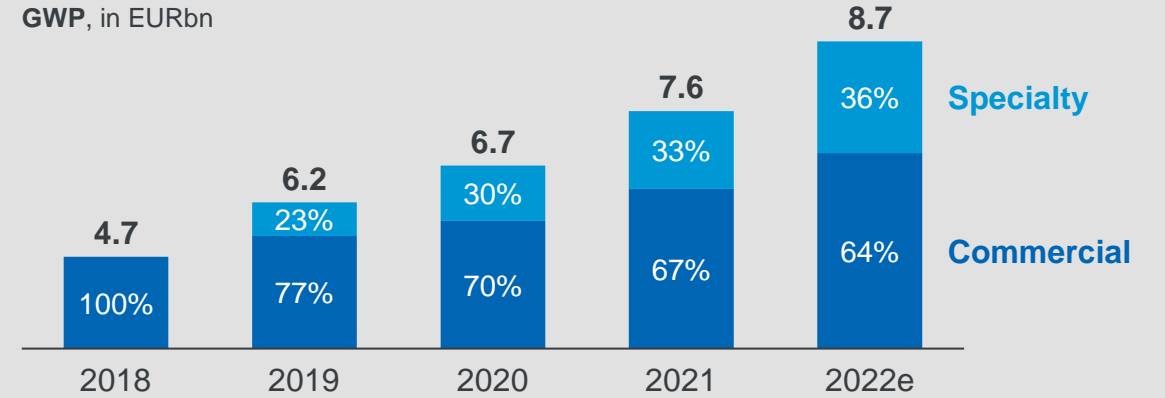
GWP 2022e vs. 2021, in %



■ New business ■ Rate change

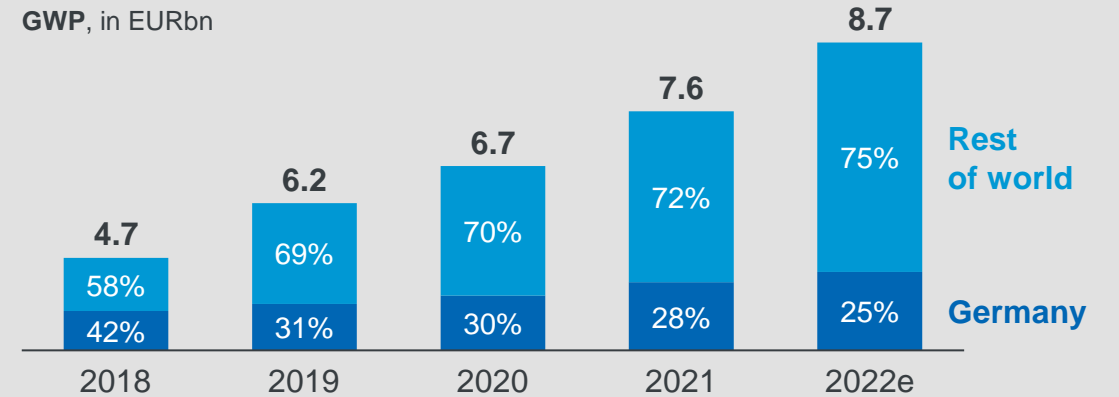
## Split Commercial & Specialty Lines

GWP, in EURbn



## Regional split

GWP, in EURbn



# HDI Global is Scaling Quality<sup>3</sup>



**Combining new underwriting culture with lean operations**

Scaling Quality 1

**Insurance services – monetizing core skills**

Scaling Quality 2

**Accelerating Specialty success story**

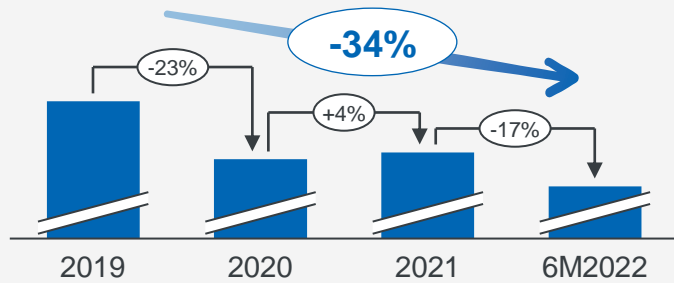
Scaling Quality 3

# New underwriting culture elevated our portfolio quality to a new level

## Our actions

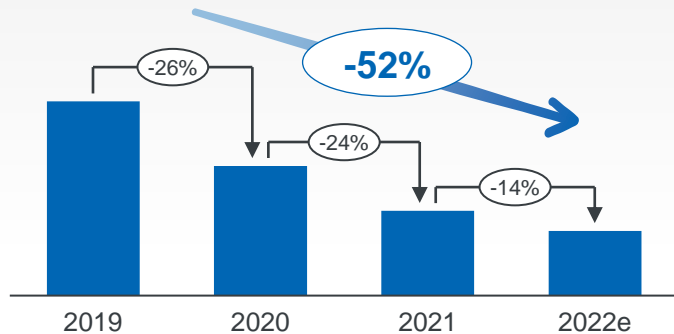
### Attritional loss ratio

(in %, selected LoB, Commercial)



### NatCat de-risking<sup>1</sup>

(Commercial)



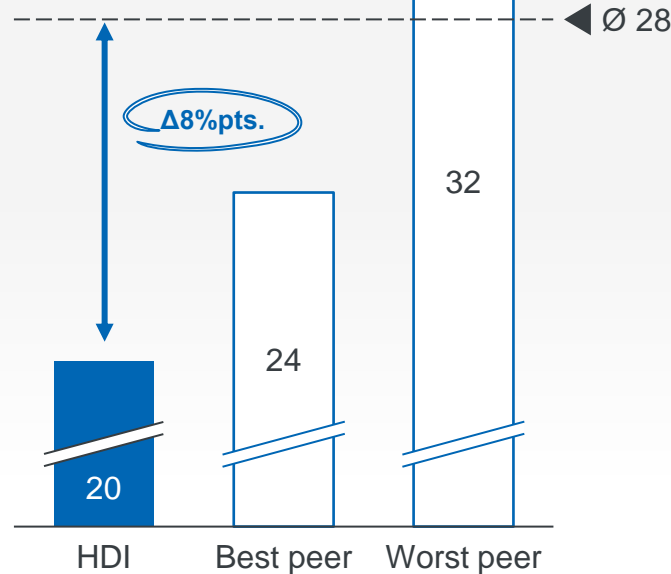
<sup>1</sup> Annual average loss (AAL) for largest US windstorm scenarios

## Our cost advantage

### Cost ratio

Ø 2019 – 21, net in %

Peers: AIG, Allianz Global Corporate Solutions, AXA XL, CHUBB, QBE, Swiss Re Corporate Solutions and Zurich Commercial



## Competitive differentiators

Superior **risk assessment & risk selection**

Competitive **pricing**

Stringent **cycle management**

# Portfolio and business characteristics mitigate inflationary pressure

## Our actions


Casualty<sup>2</sup> & other LoBs  
(not turnover-based)

 Rate change

Property<sup>3</sup>

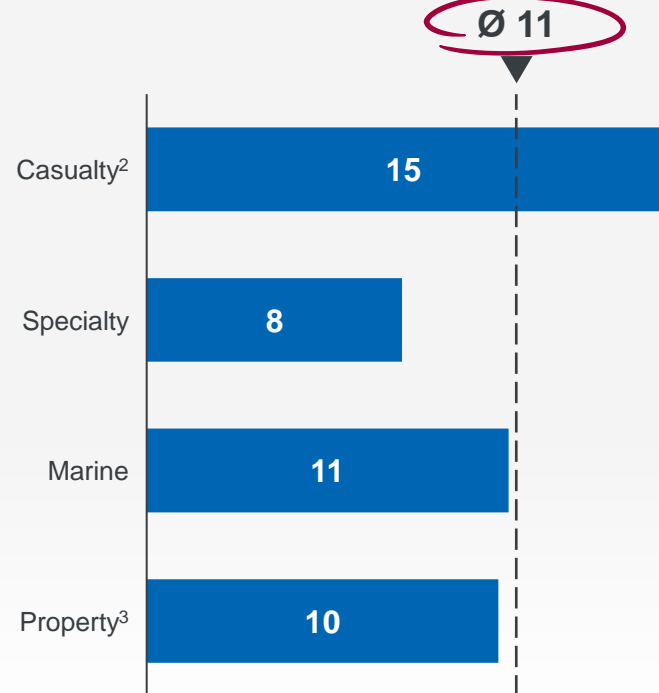
 Adjusting insured values

Organization

 Cost reducing measures

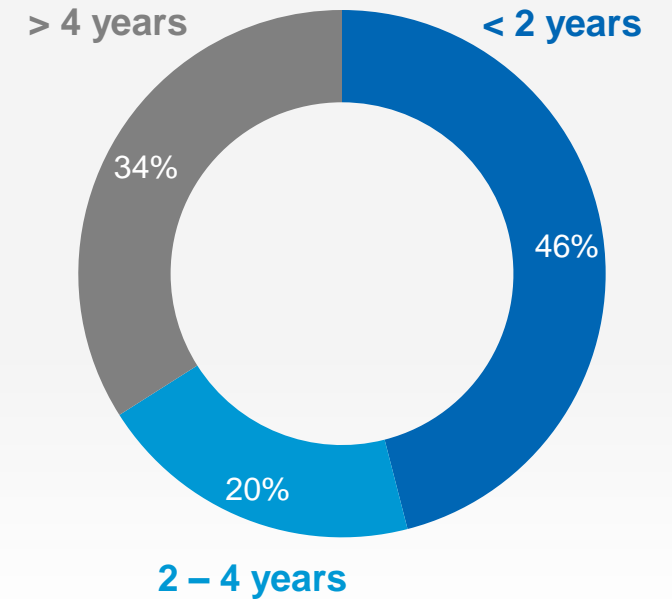
## Rate change > 10%<sup>1</sup>

9M 2022, in %



## Claims maturity

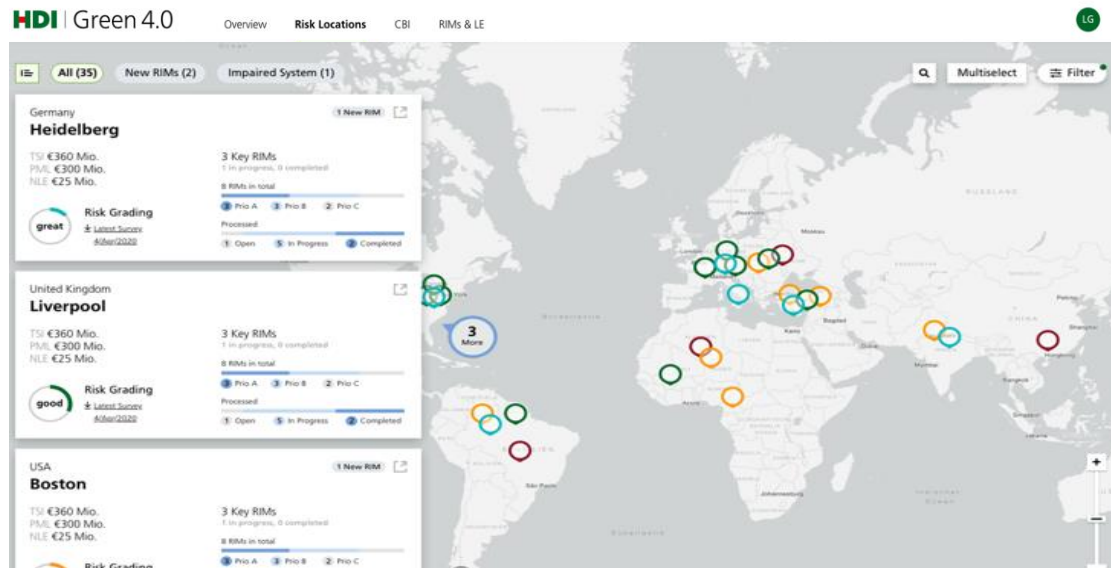
in % of net reserve volume



<sup>1</sup> Based on renewed premium (prior to central reinsurance after cancellations and change of share) and considering effects of premium, fees and equivalents | <sup>2</sup> Liability and Cyber | <sup>3</sup> Fire and Engineering

# Leveraging digital transformation for underwriting profitability

## Highly valued risk consulting



**Risk transparency**



**Risk mitigation**



**Portfolio steering**

## Co-innovating products & services by IIoT



Data-driven risk insights



Loss prevention



Reduced maintenance costs



# Leveraging skills

## Bundling services with underwriting ...

HDI Risk Consulting



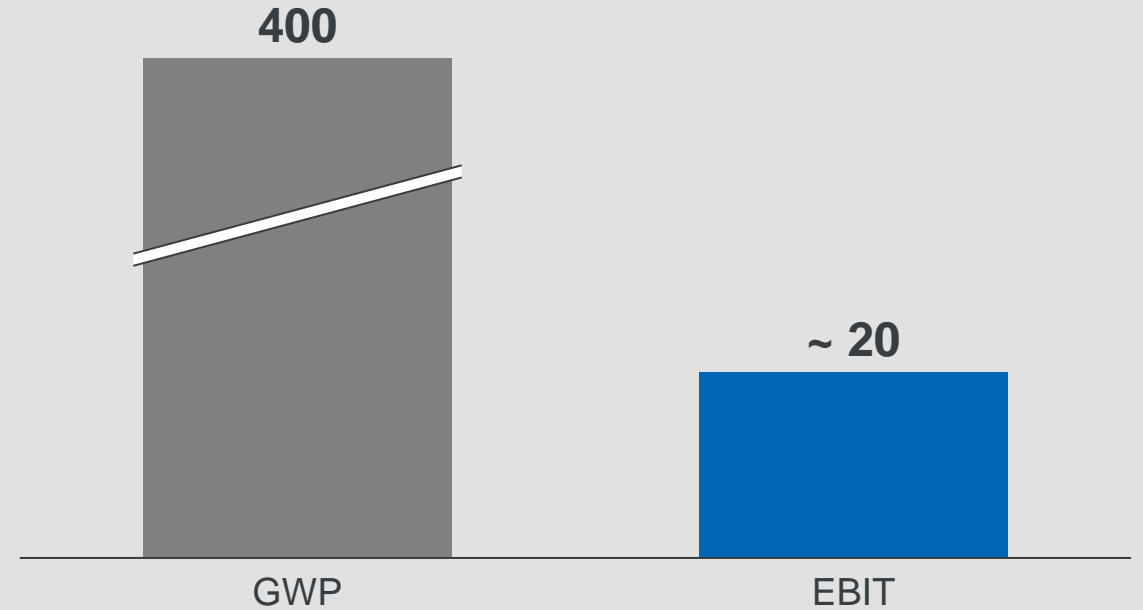
Captive Services

IP Fronting



## ... gives access to additional revenue pool

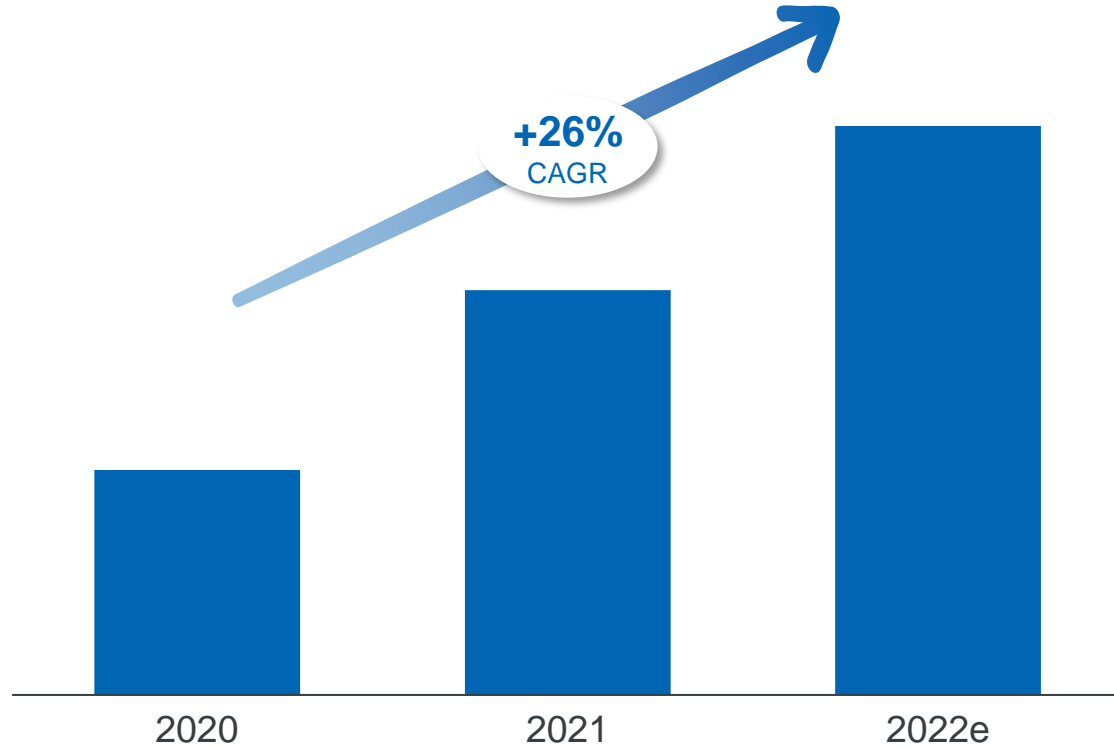
in EURm by 2025 ambition



# Leveraging client network

## Captive business with strong growth

Ceded premiums to captives<sup>1</sup>



<sup>1</sup> Based on 1 January renewal figures

## New services support us in our strong IP business

### Captive fronting

Push on fee-based fronting services in new markets

PUSH



### Captive affinity

Enable captives to offer insurance solutions within parent's value chain

NEW



### Captive reinsurance

Partnering with Hannover Re to offer captive protections

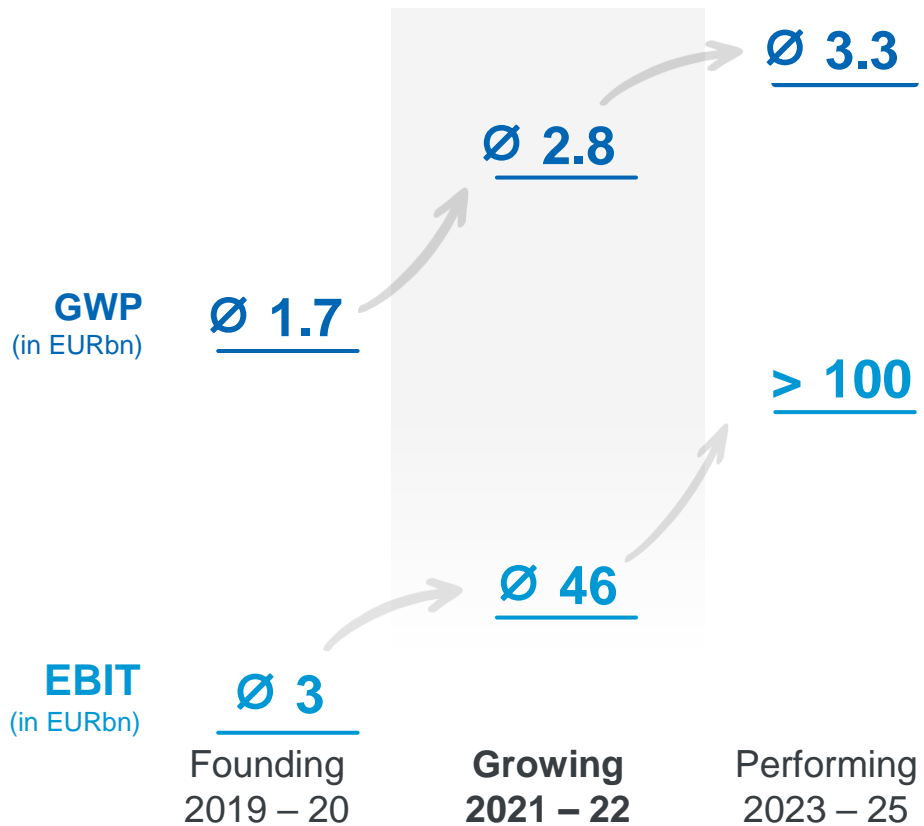
NEW

➤ Accelerator for global leading insurer



# Transforming into Specialty Powerhouse

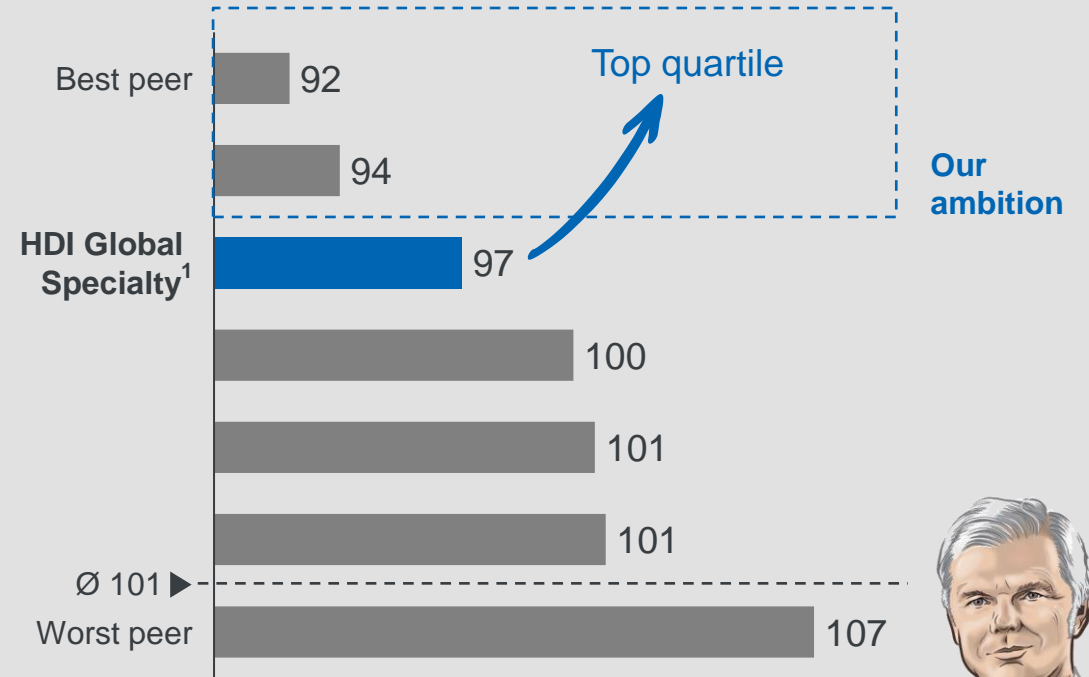
## Strong & profitable growth



Note: 2018 – 2022e under IFRS 4, ambition 2023 - 2025 under IFRS 17  
 All figures: Specialty contribution to Industrial Lines Division

## Becoming top tier

Combined ratio, Ø 2019 – 2021 in %



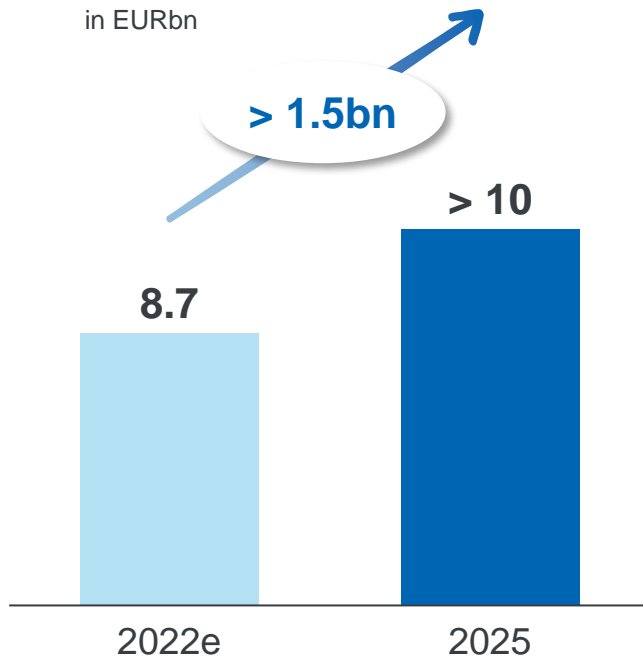
Peers: Beazley, Arch, Axis, Markel, Alleghany and Argo

<sup>1</sup> Managed portfolio before internal reinsurance and minorities; Including cost reimbursement for fronted business

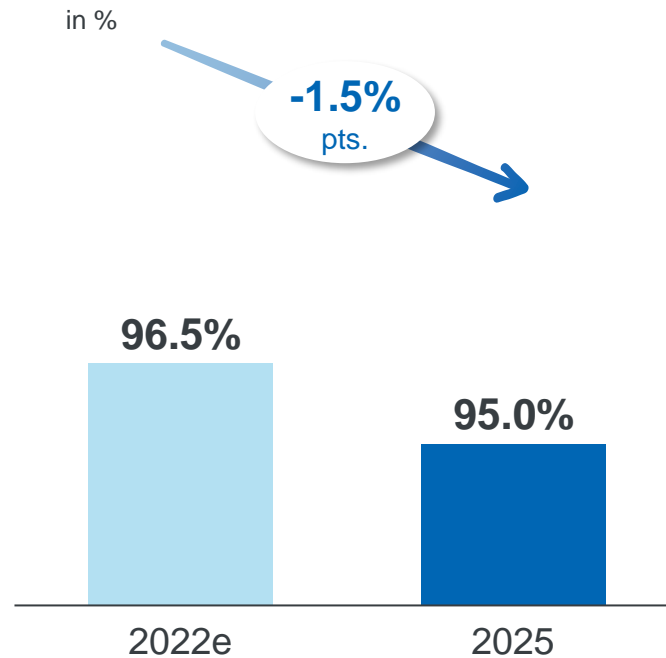


# Our ambitions for the coming years

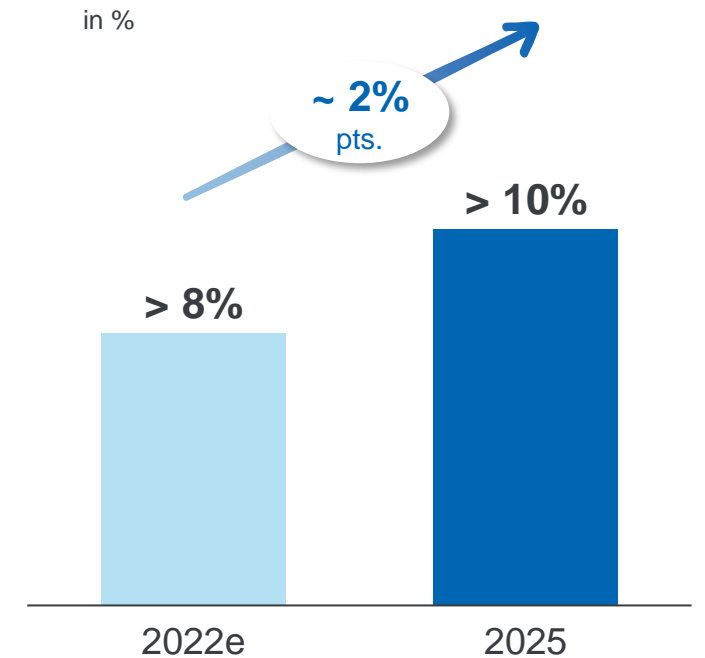
## 1 Gross written premium



## 2 Combined ratio



## 3 Return on equity



Note: 2022e under IFRS 4, ambition 2025 under IFRS 17

# Key messages



Promised – delivered! One year ahead of plan



Scaling Quality <sup>3</sup>



Strong and stable future results



**tal anx.**  
Versicherungen. Finanzen.

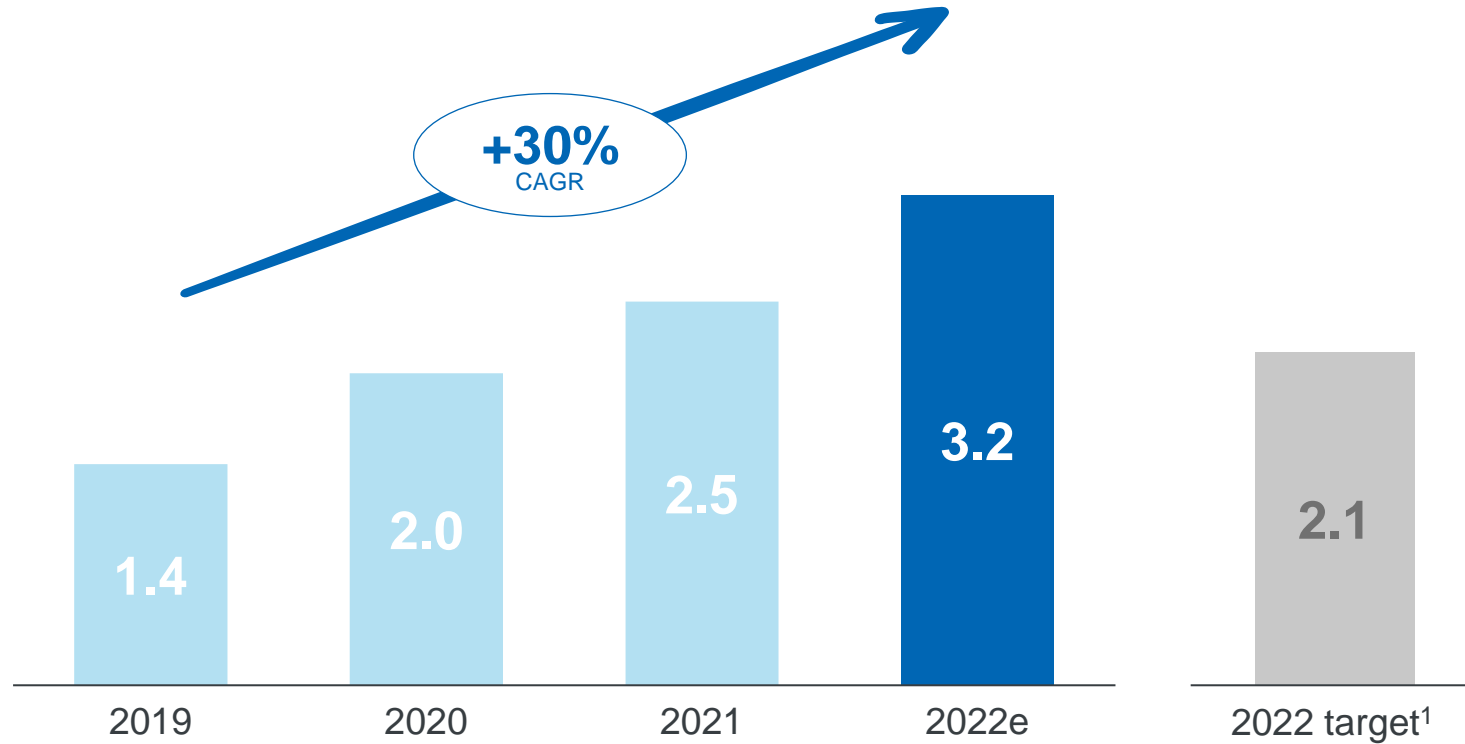
# Agenda

- 1 Group Strategy | Torsten Leue
- 2 Group Financials | Jan Wicke
- 3 Industrial Lines | Edgar Puls
- 3a HDI Specialty | Ulrich Wallin**
- 4 Retail Germany | Jens Warkentin
- 5 Retail International | Wilm Langenbach
- 6 Final Remarks | Torsten Leue

# Growth initiative outpaced initial expectations

## Gross written premium growth

in EURm



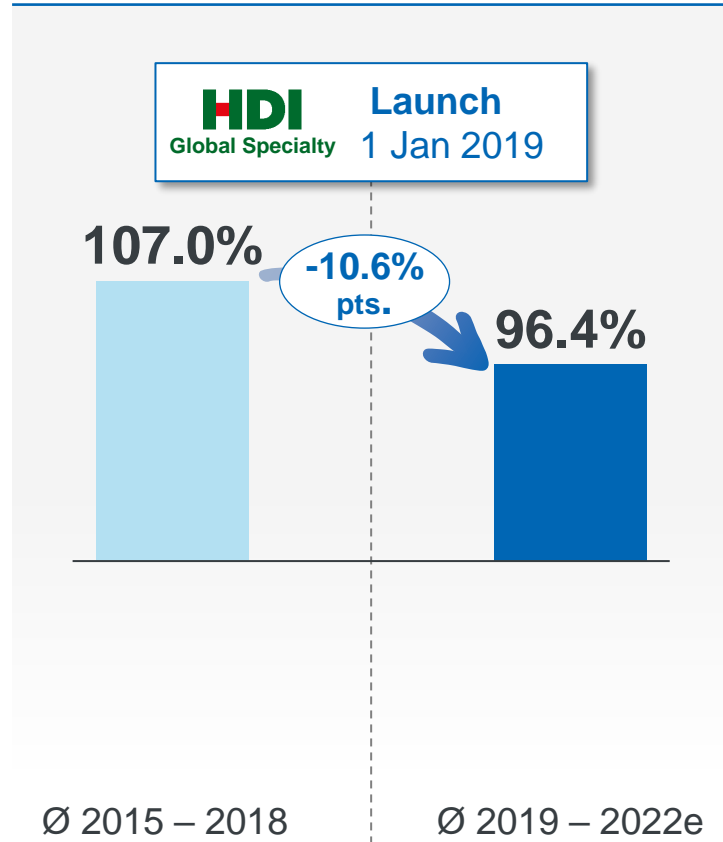
<sup>1</sup> Original 2022 target for HDI Global Specialty in the context of the launch 2019

Exploited favorable market environment

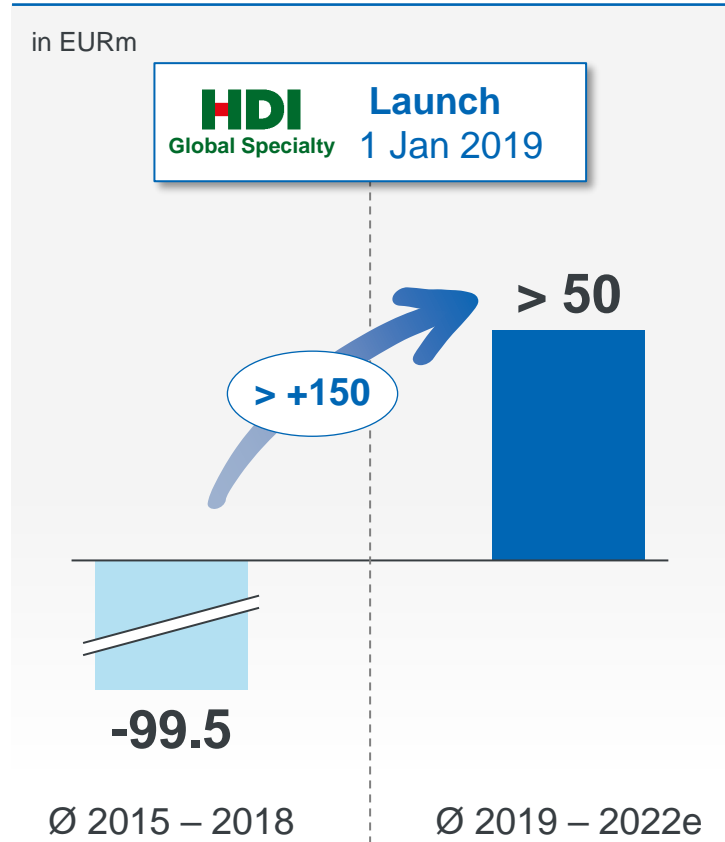
Simplified organizational structure and focused on core activities

# Focus on HDI Specialty paid off

## Combined ratio



## Underwriting result



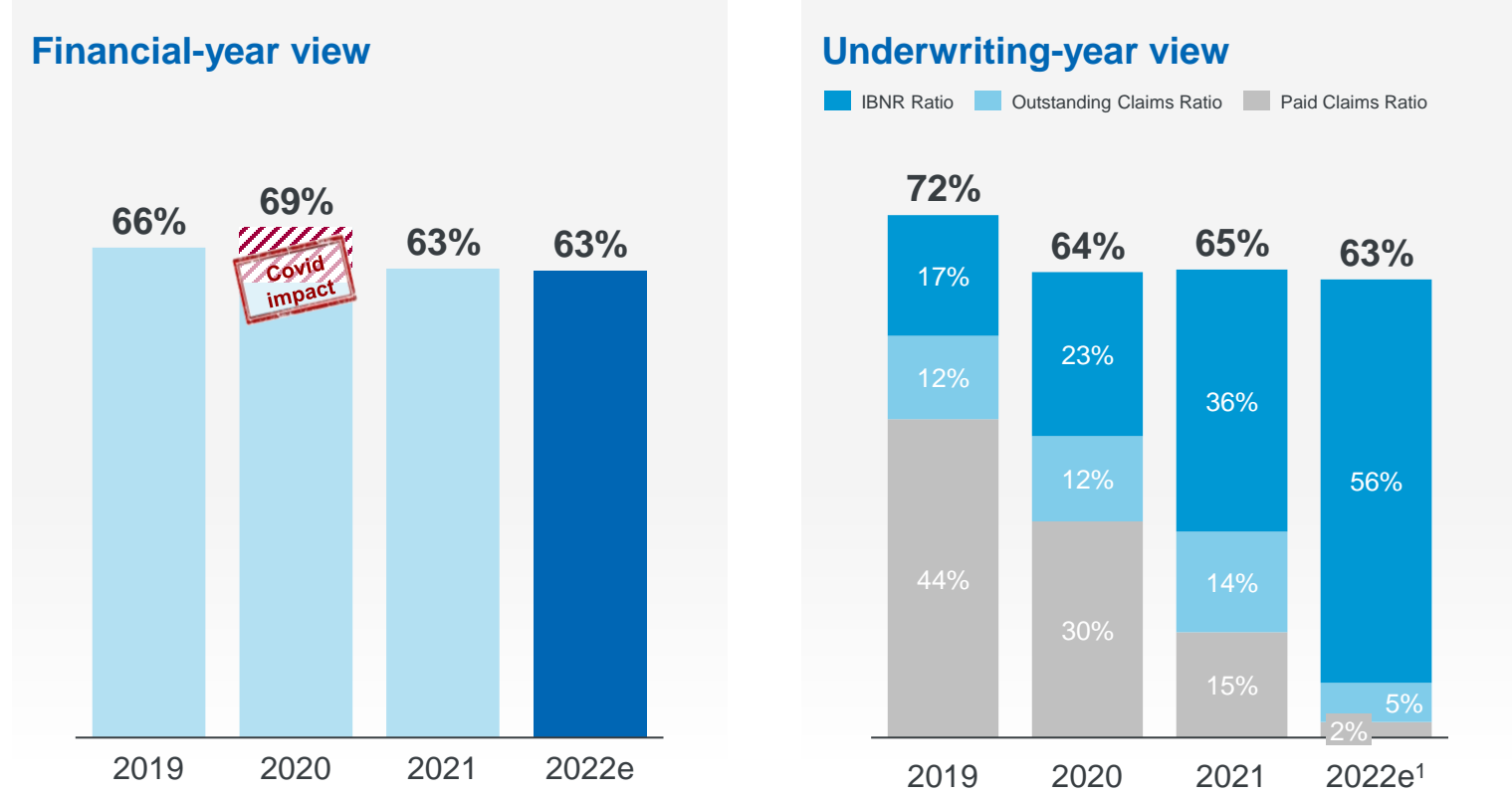
Right timing

Right market segment

Note: Managed portfolio before internal reinsurance and minorities; including cost reimbursement for fronted business

# Solid underwriting with prudent reserving

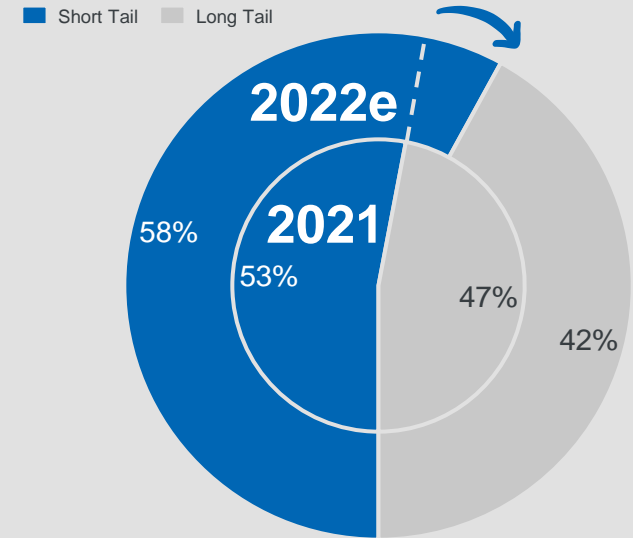
## Total loss ratio



Note: Managed portfolio before internal reinsurance and minorities; including cost reimbursement for fronted business  
 1 As of 6M 2022

## Portfolio split

in % of GWP

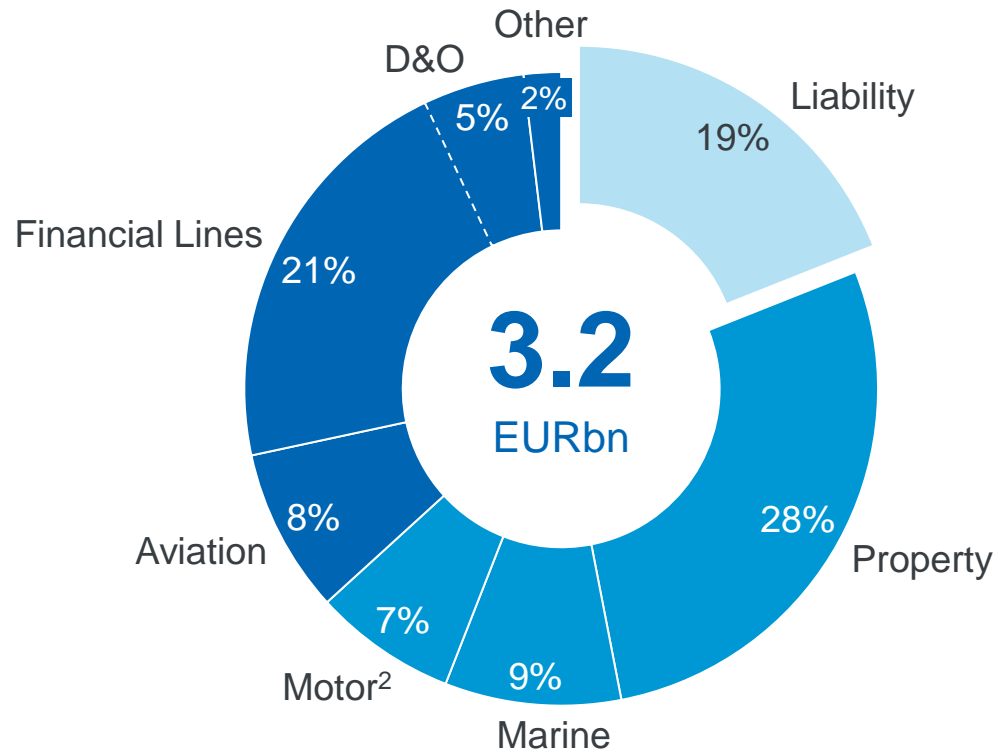


**Clear focus on short-tail business**



# Portfolio characteristics mitigating inflationary pressure

## Lines of business – Portfolio split<sup>1</sup>



<sup>1</sup> GWP basis 2022e – Legal view: Managed and fronted business | <sup>2</sup> Predominantly Casco

### Lines with low inflation impact

- Agreed values for aviation
- Coverage of prefixed incurred financial losses for Financial Lines and D&O

### Short-tail lines

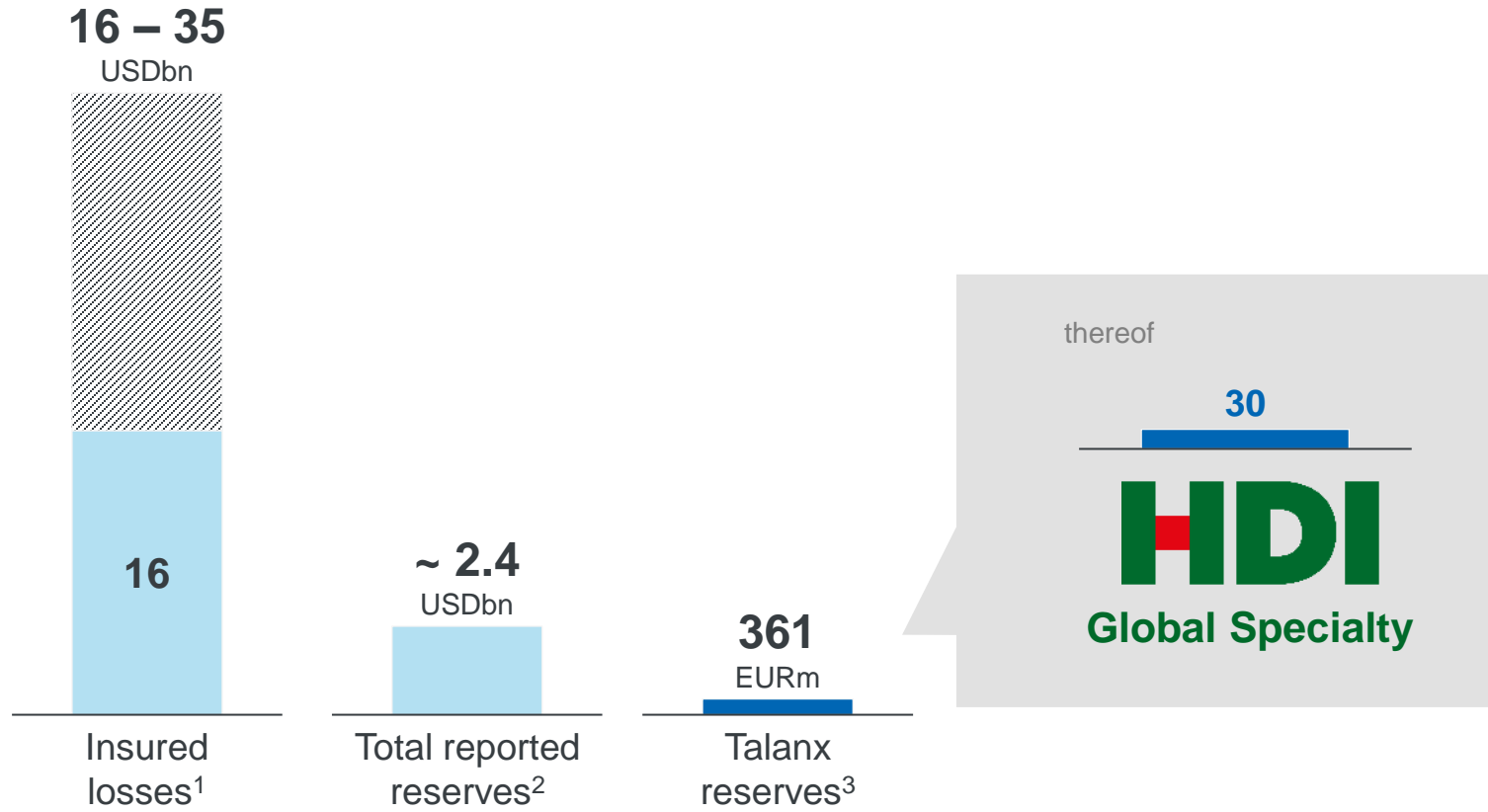
- Flexible pricing due to annual renewals
- Sufficient rate increases

### Long-tail lines

- Prudent reserving and close monitoring
- Affects only approx. 20% of portfolio
- Conservative pricing



# Ukraine war-related exposure manageable



1 S&P Global, estimates for Aviation and Specialty Lines; Szenario 1 (best case) = 16bn; Szenario 3 (worst case) = 35bn, 2022-03-31  
 2 The Insurer, for H1 2022 "Russia-Ukraine loss uncertainty continues but changing risk perception already shifting market dynamic", 2022-09-11  
 3 Ukraine reserves 9M 2022 with high IBNR portion

**War exclusion & cancellation of specific war clauses** ✓

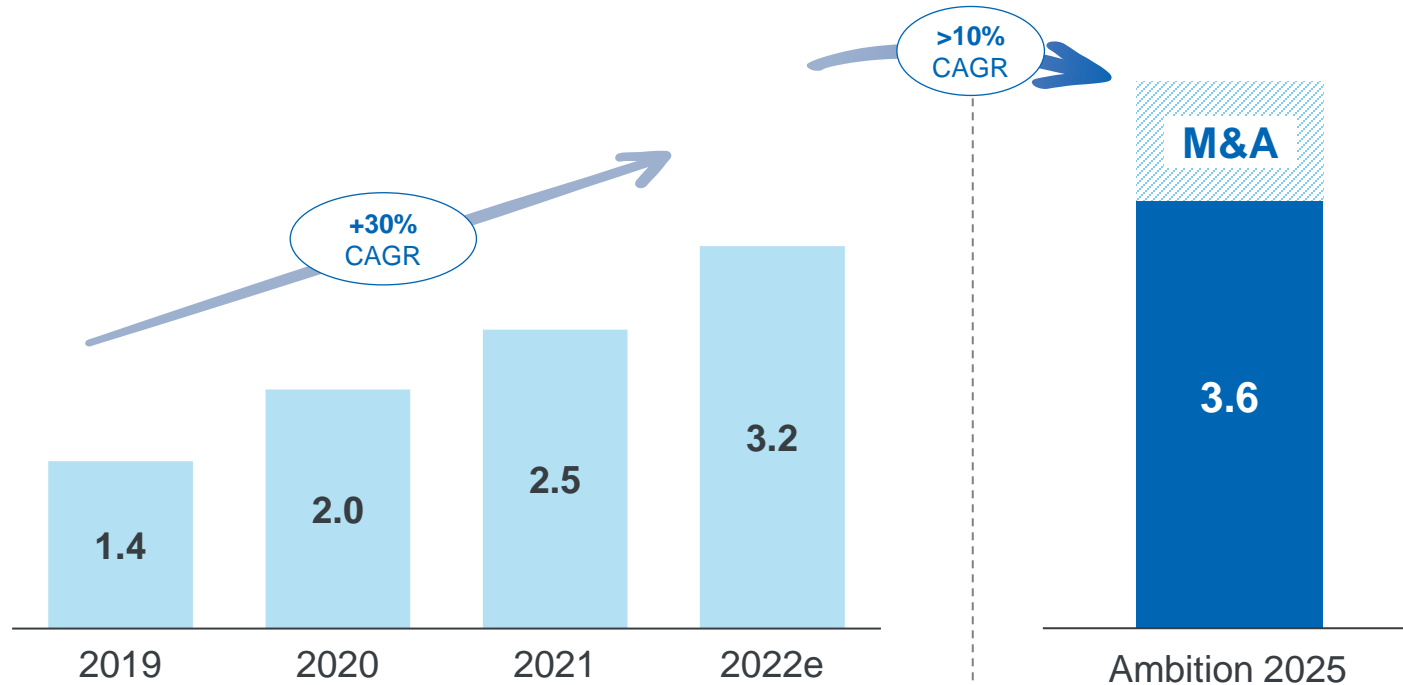
**Sanction exclusion** ✓

**Limited exposure**  
 (trapped airplanes & engines of leasing companies) ✓

# Growth will become more deliberate

## Gross written premium ambition

in EURbn



Note: 2019 – 2022e under IFRS 4, ambition 2025 under IFRS 17

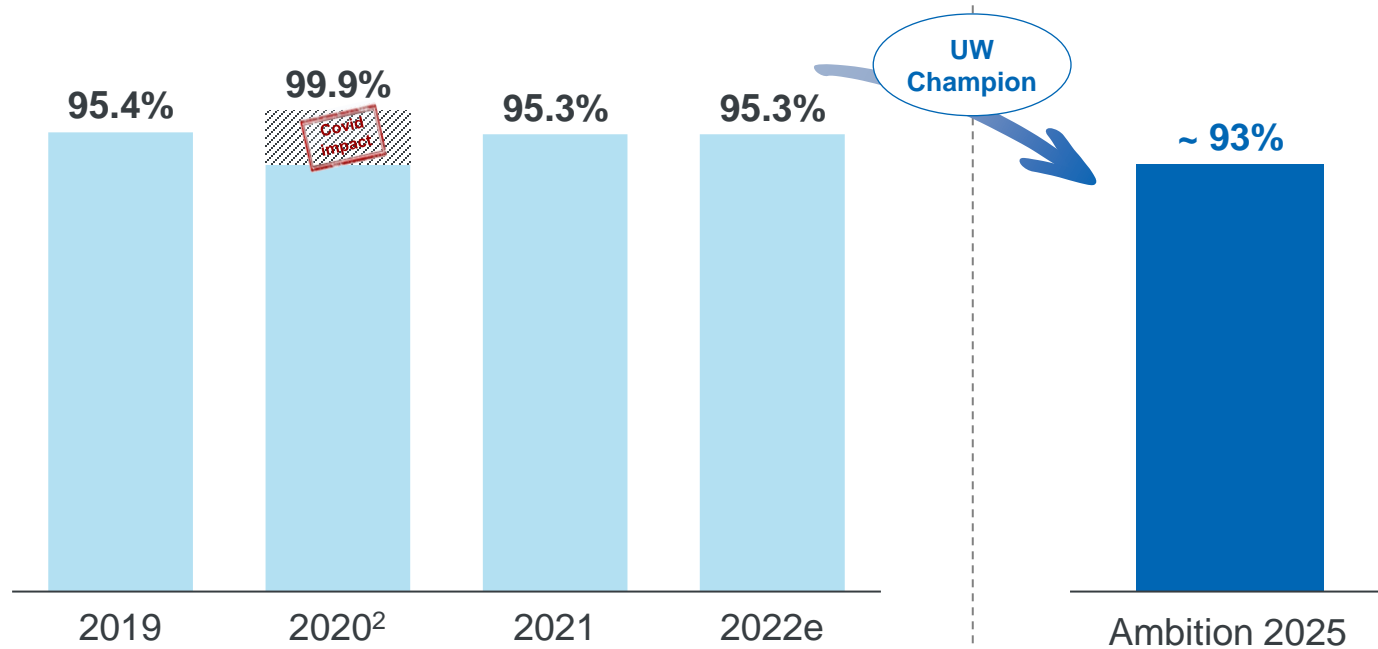
**Disciplined market cycle management**

**Continuous build-up**  
of underwriting infrastructure

**Expand US footprint**  
e.g., via focused M&A

# Underwriting discipline remains key

## Combined ratio ambition<sup>1</sup>



Note: 2019 – 2022e under IFRS 4, ambition 2025 under IFRS 17

<sup>1</sup> Managed portfolio before internal reinsurance and minorities; including cost reimbursement for fronted business

<sup>2</sup> including EUR 75m Corona-related claims; no absorption by otherwise unused large loss budget and no offsetting effect

**Focus on**  
diversified portfolio

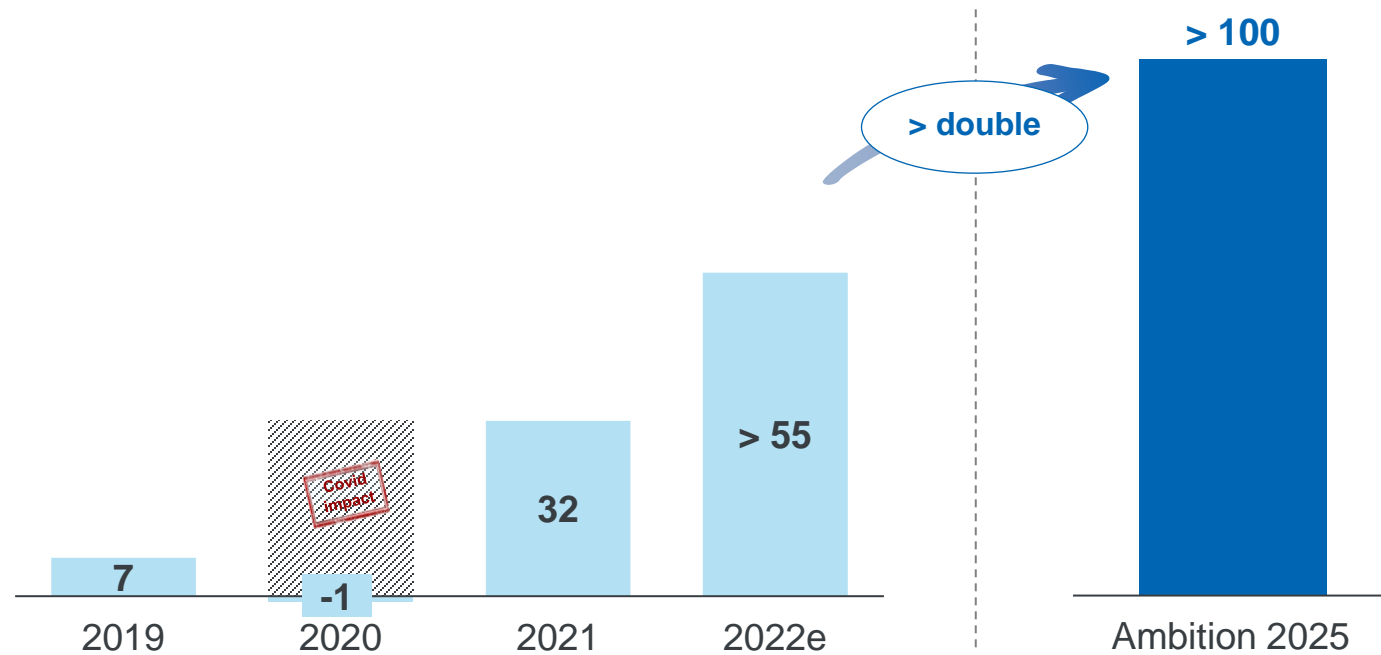
**Consolidation**

**Stability** throughout  
market cycle

# Growth and underwriting discipline are leading to a new profit level

## Operating profit (EBIT) ambition<sup>1</sup>

In EURm



Note: 2019 – 2022e under IFRS 4, ambition 2025 under IFRS 17  
 1 TX Segment view “Industrial Lines” (i.e., contribution of the specialty business to the EBIT of business segment “Industrial Lines”)

Scaling back long-tail and **increasing single risk business**

**Leveraging joint skills** and network of HDI Global Specialty & HDI Global

Reduce the **impact of systemic risks**

# Key messages



We have **successfully mastered the ramp-up phase**



We now lift off to **continuous profitable growth**



We will form a **top tier specialty powerhouse**

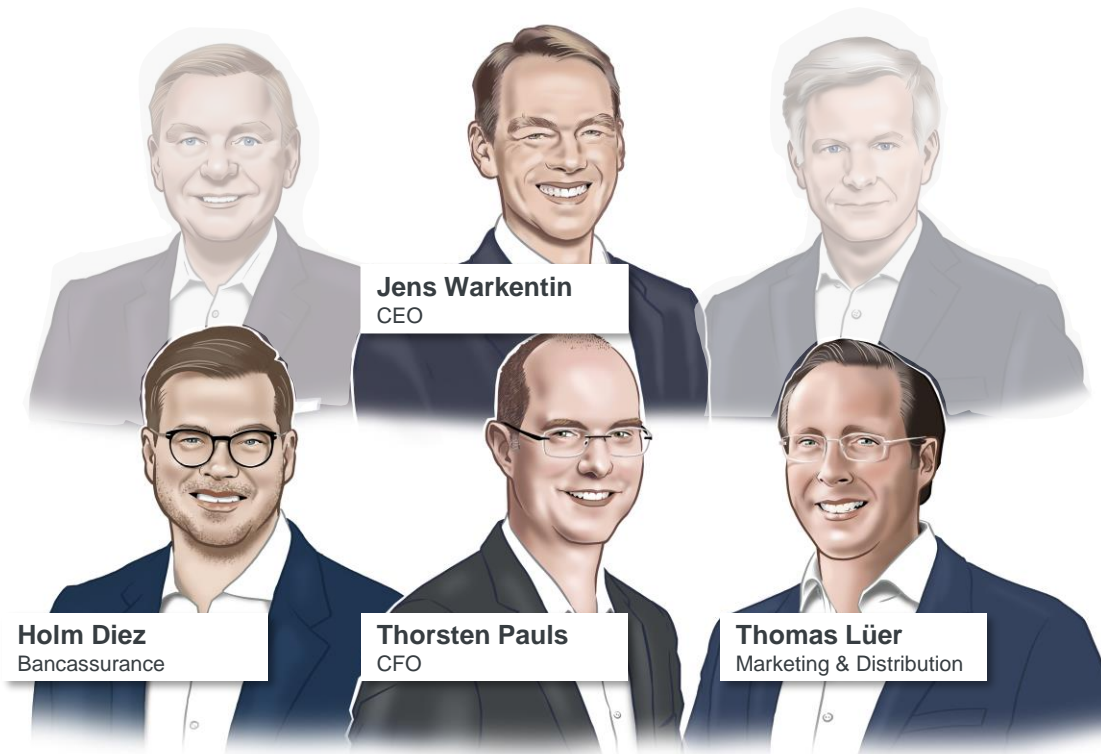


**talanx.**  
Versicherungen. Finanzen.

# Agenda

- 1 Group Strategy | Torsten Leue
- 2 Group Financials | Jan Wicke
- 3 Industrial Lines | Edgar Puls
- 3a HDI Specialty | Ulrich Wallin
- 4 Retail Germany | Jens Warkentin**
- 5 Retail International | Wilm Langenbach
- 6 Final Remarks | Torsten Leue

# New management team – Same strategy



## Jens Warkentin

Former CFO of Retail Germany with longstanding track record and passion for customer and sales partner service

## Thorsten Pauls

Highly experienced risk management expert, formerly CFO of Bancassurance at Retail Germany

## Holm Diez

Former bank executive manager with strong expertise and skills in bank distribution

## Thomas Lür

Former Head of HDI regional broker sales with various senior sales positions in the industry



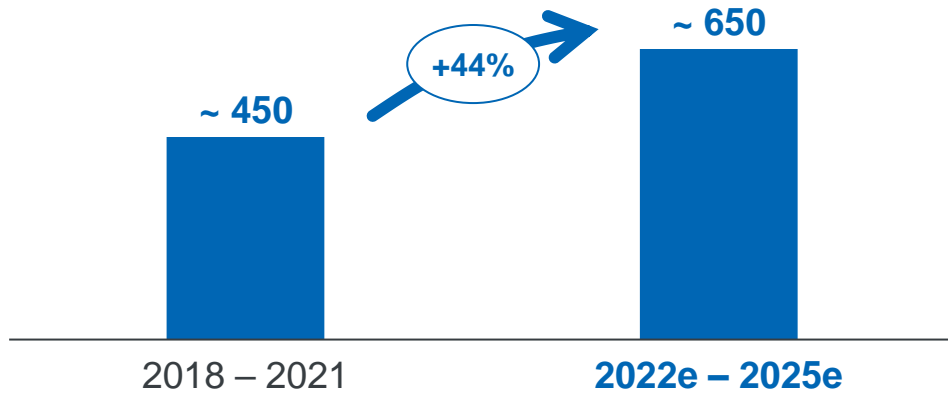
# Retail Germany

## GO25 Strategy reaffirmed



- Delivering RoE > 10%
- Accelerating profit & cash contribution
- Pursuing focused approach in Life & P/C and become leading bancassurer

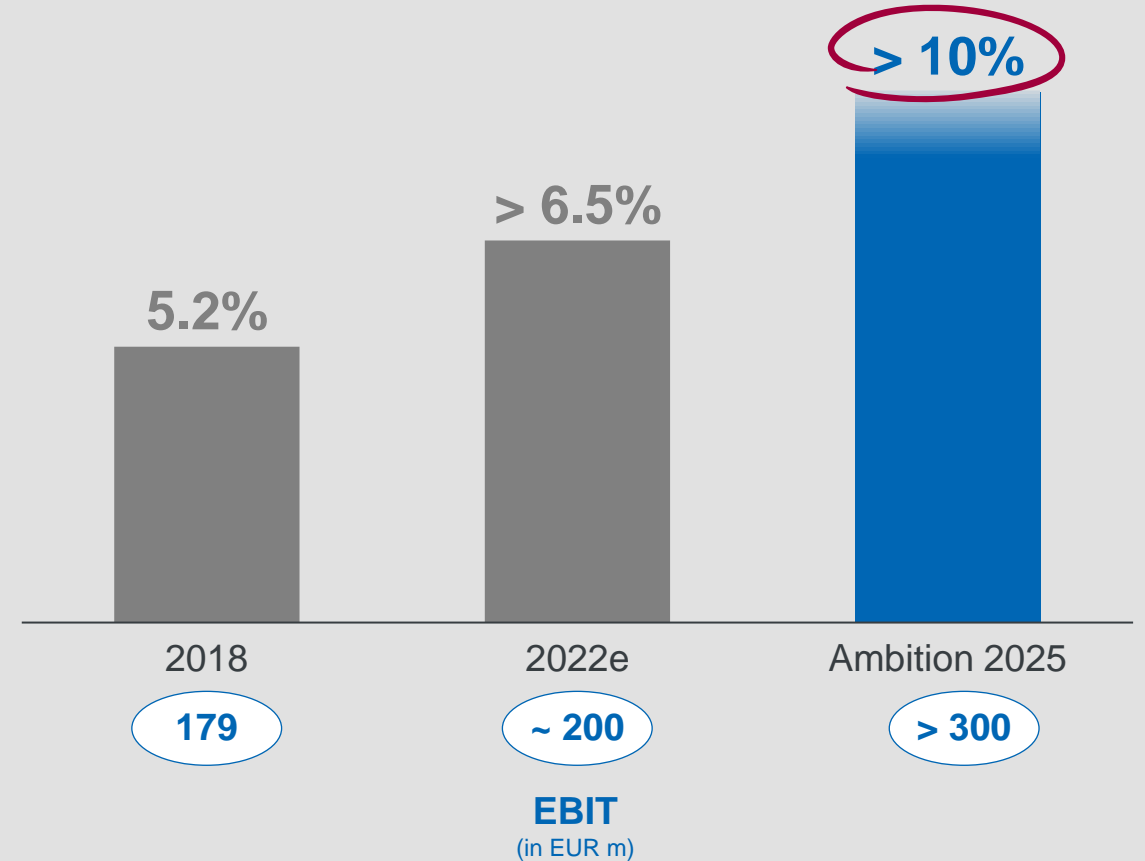
### Profit transfer in EURm (German GAAP)



Note: 2018 – 2022e under IFRS 4, ambition 2025 under IFRS 17  
 1 RoE incl. Asset Management contribution; RoE excl. Asset Management contribution 2018: 4.2%  
 2022e ~ 5.4% ; IFRS 4 Equity 31 Dec 2021 : EUR 2.6bn

## Double-digit RoE<sup>1</sup>

in %



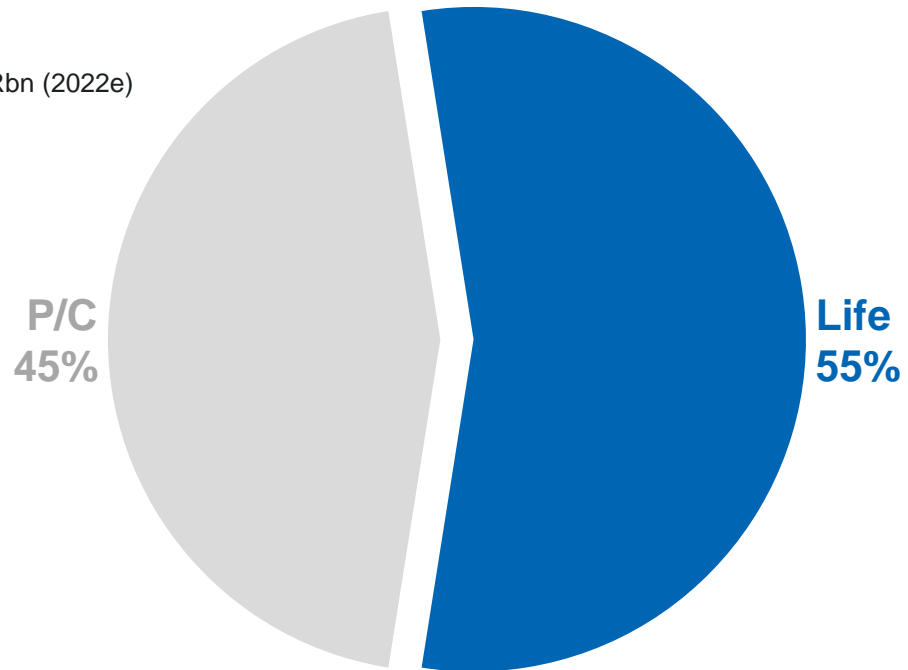


# Revival of German Life

## Premiums<sup>1</sup>

~ 3.5

EURbn (2022e)



Favorable development of interest rates



De-risking mission accomplished

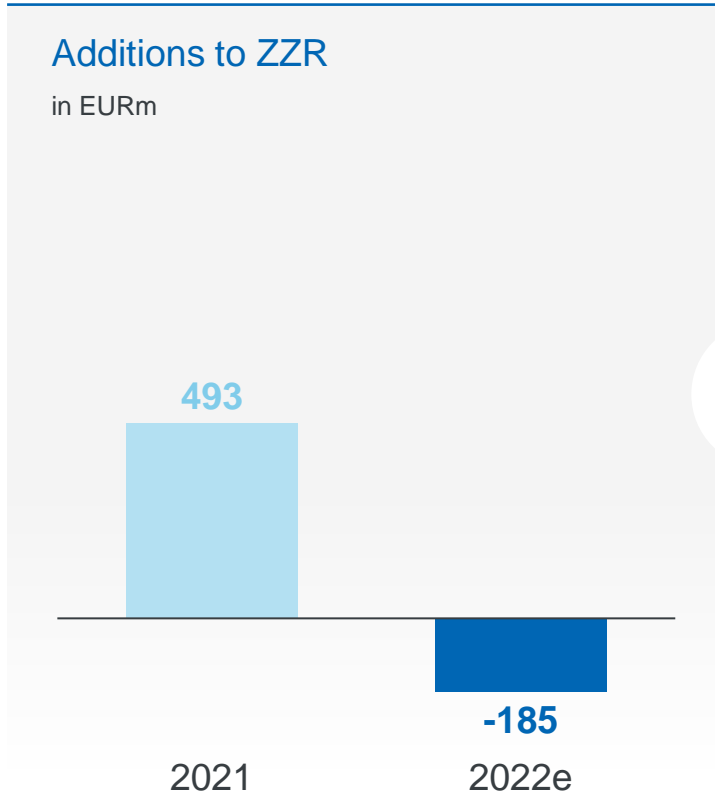


Become a leading bancassurer

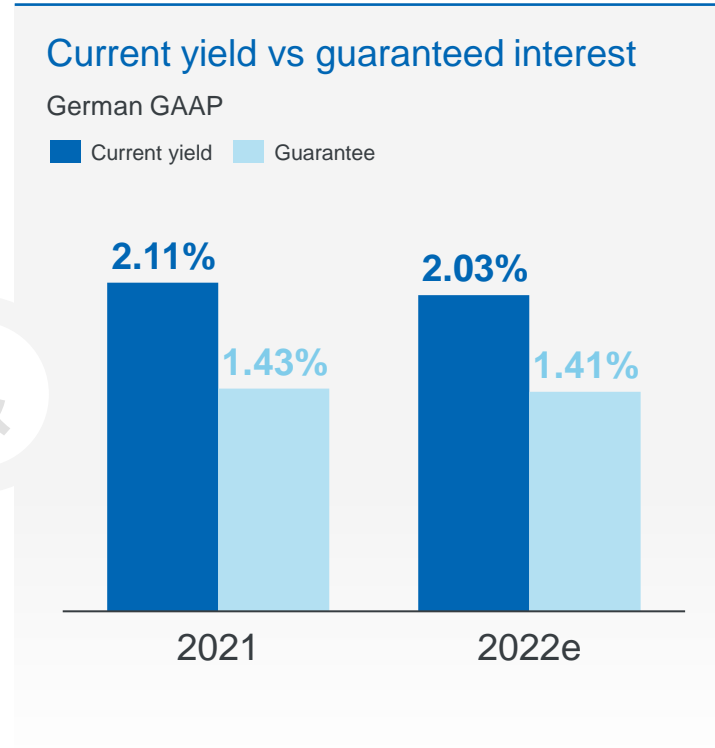
<sup>1</sup> Pro-forma insurance revenue according to IFRS 17 (IFRS 4 GWP EUR ~ 6bn)

# Rising interest rates provide substantial tailwinds to German Life


## Zinszusatzreserve



## Interest rate spread

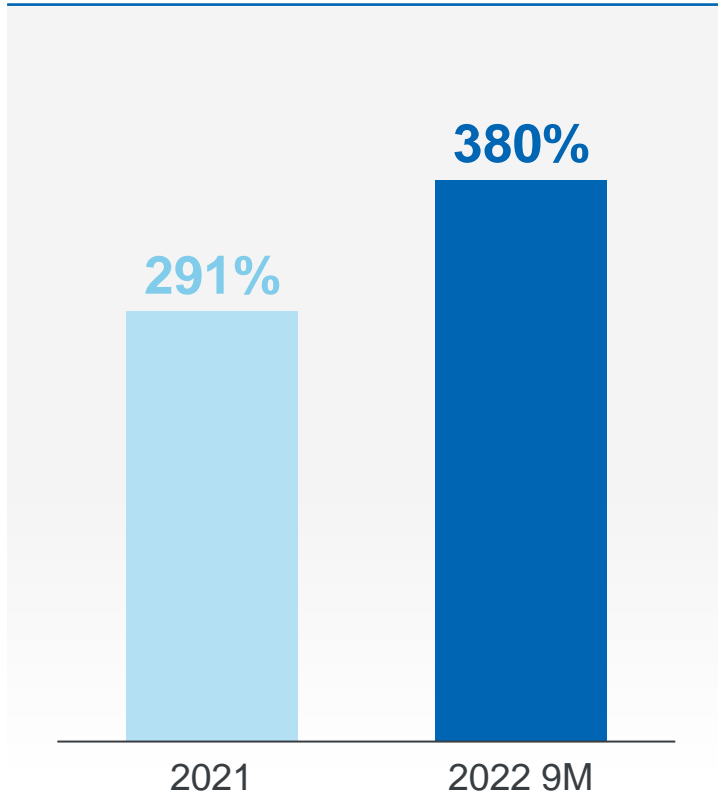


 ZZR funding completed; strong reserve level of EUR 4.8bn

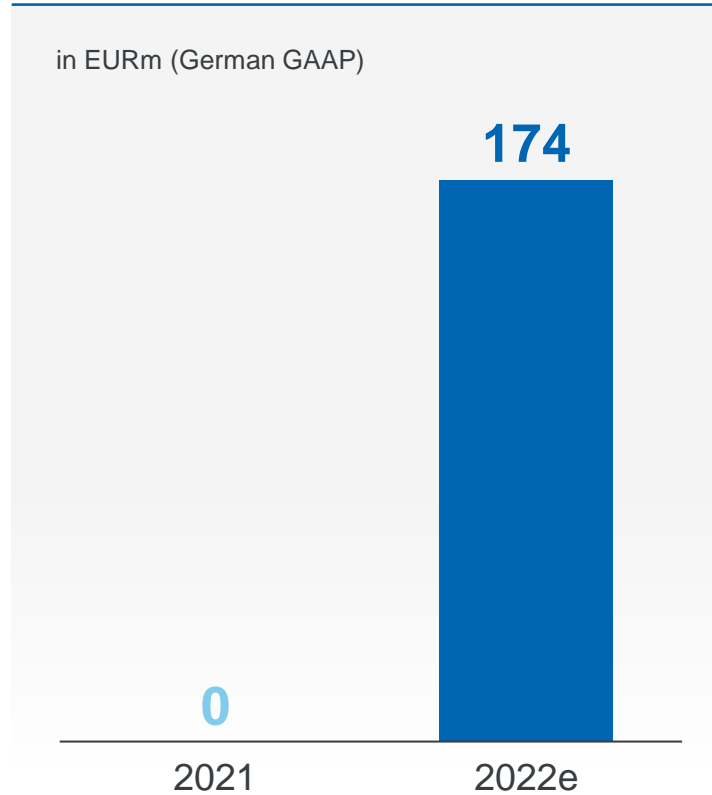
 Interest spread set to widen on back of rising interest rates


# De-risking results in strong balance sheet and solid dividend capacity


## Solvency 2 ratio German Life<sup>1</sup>



## Dividend capacity HLV<sup>2</sup>



 Regulatory capital strongly improved

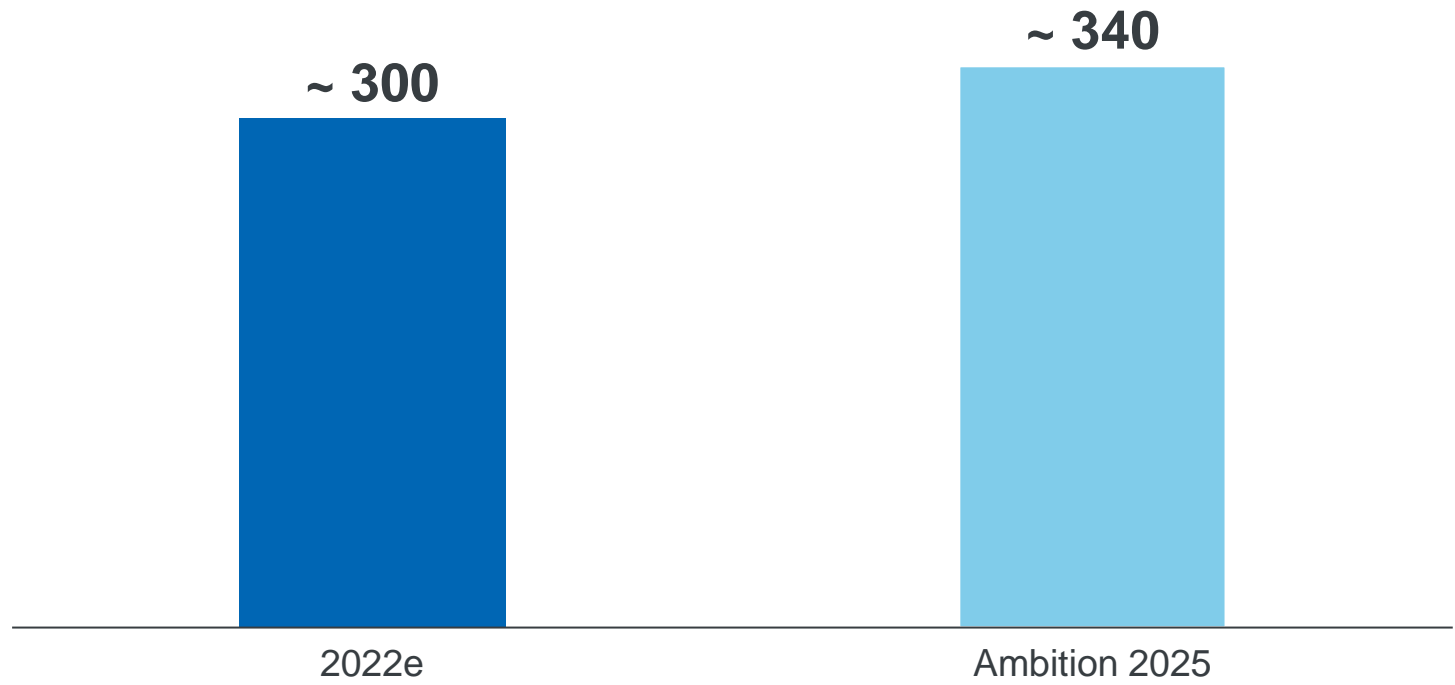
 Substantial retained earnings available for immediate distribution

<sup>1</sup> As-if-merged Capital Adequacy Ratio for the four German life entities; period end values | <sup>2</sup> Local GAAP: Release of retained earnings, profit carried forward and expected profit of HDI Lebensversicherung AG; expected payout 2022e EUR ~ 60m; regulatory dividend payment restrictions applied in prior years and are expected to be removed in 2022

# Become a market-leading bancassurance franchise

## Ambition Bancassurance

Annual Premium Equivalent in EURm



Enabler for insurance business with 60 years of experience



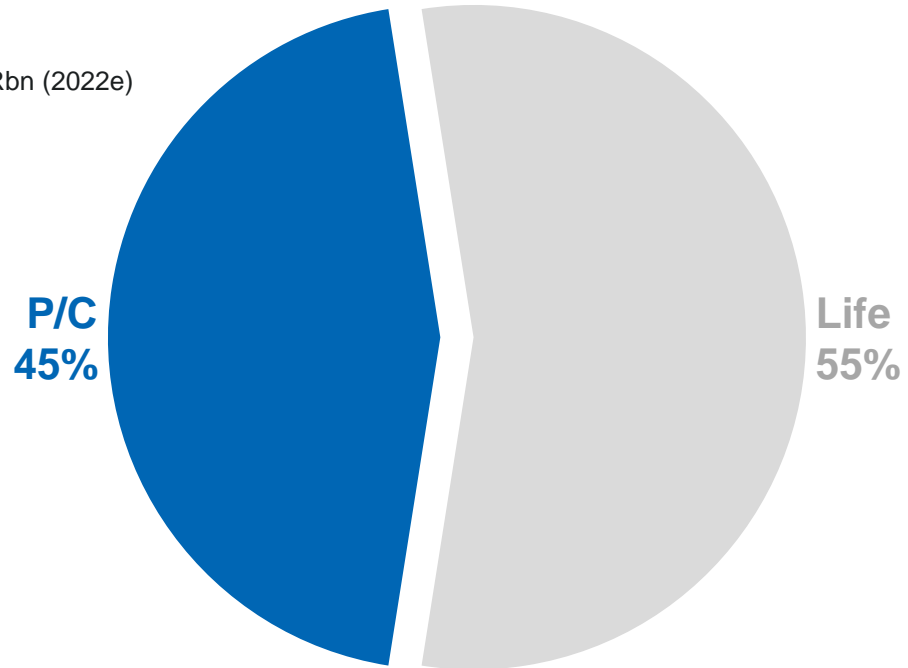
Improve current Top 5 market position

# Managing headwinds and focused growth in P/C

## Premiums<sup>1</sup>

~ 3.5

EURbn (2022e)



Significant headwinds from NatCat and inflation manageable



SME growth path will be continued

<sup>1</sup> Pro-forma insurance revenue according to IFRS 17 (IFRS 4 GWP EUR ~6bn)

# NatCat and inflation weigh on P/C profitability in 2022



**NatCat**  
February storms & Emmelinde

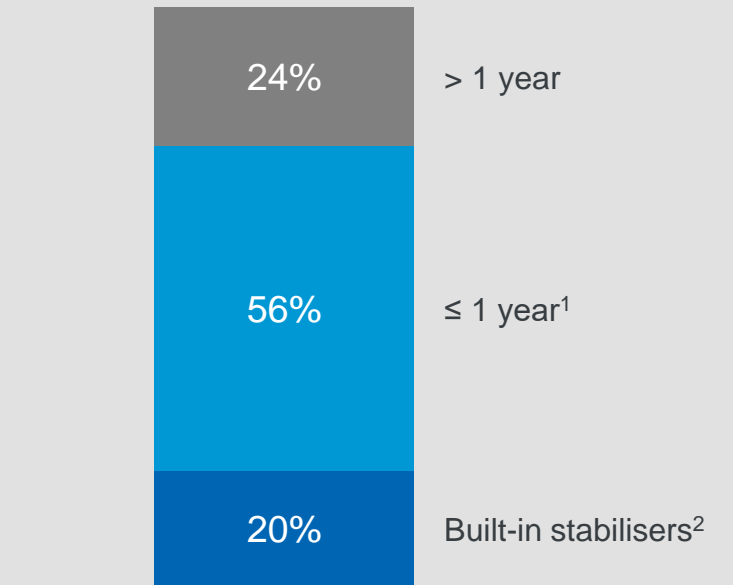


**Claims inflation**



## Inflation can be managed

Pricing / contract duration in % of GWP for P/C, as of October 2022

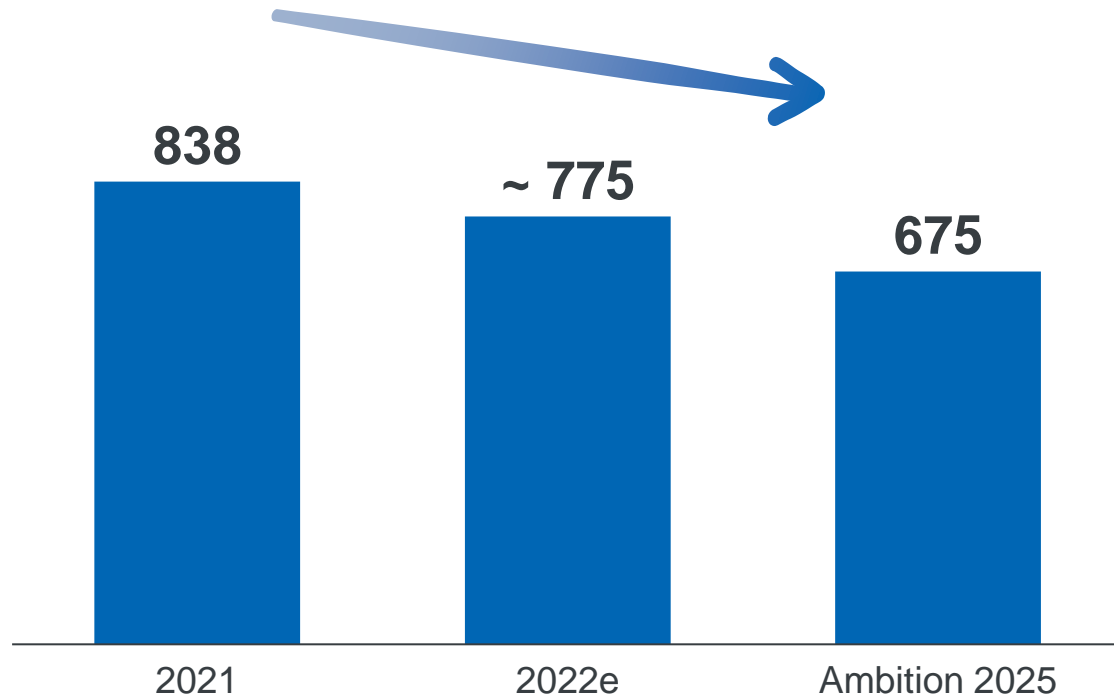


<sup>1</sup> Premium adjustment clauses for ~ 50% and other individual rate changes | <sup>2</sup> Trustees: 10%; index-based: 10%

# Operational expenses under control

## Cost reduction target 2025 EUR ~ 100m

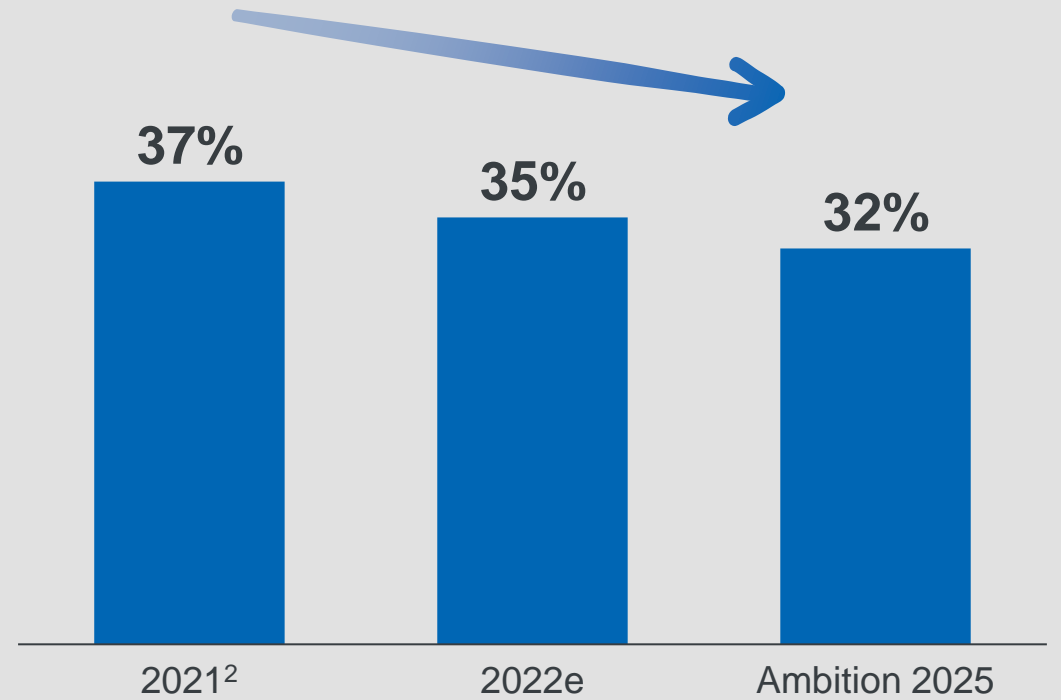
Administration expenses, in EURm



1 2021 and 2022e under IFRS 4, ambition 2025 under IFRS 17. Ambition 2025 includes ~ 5%pts net expenses for reinsurance | 2 2021 without stop-loss reinsurance contract (effect on expense ratio +3,5%pts)

## Target expense net ratio < 35% by 2025<sup>1</sup>

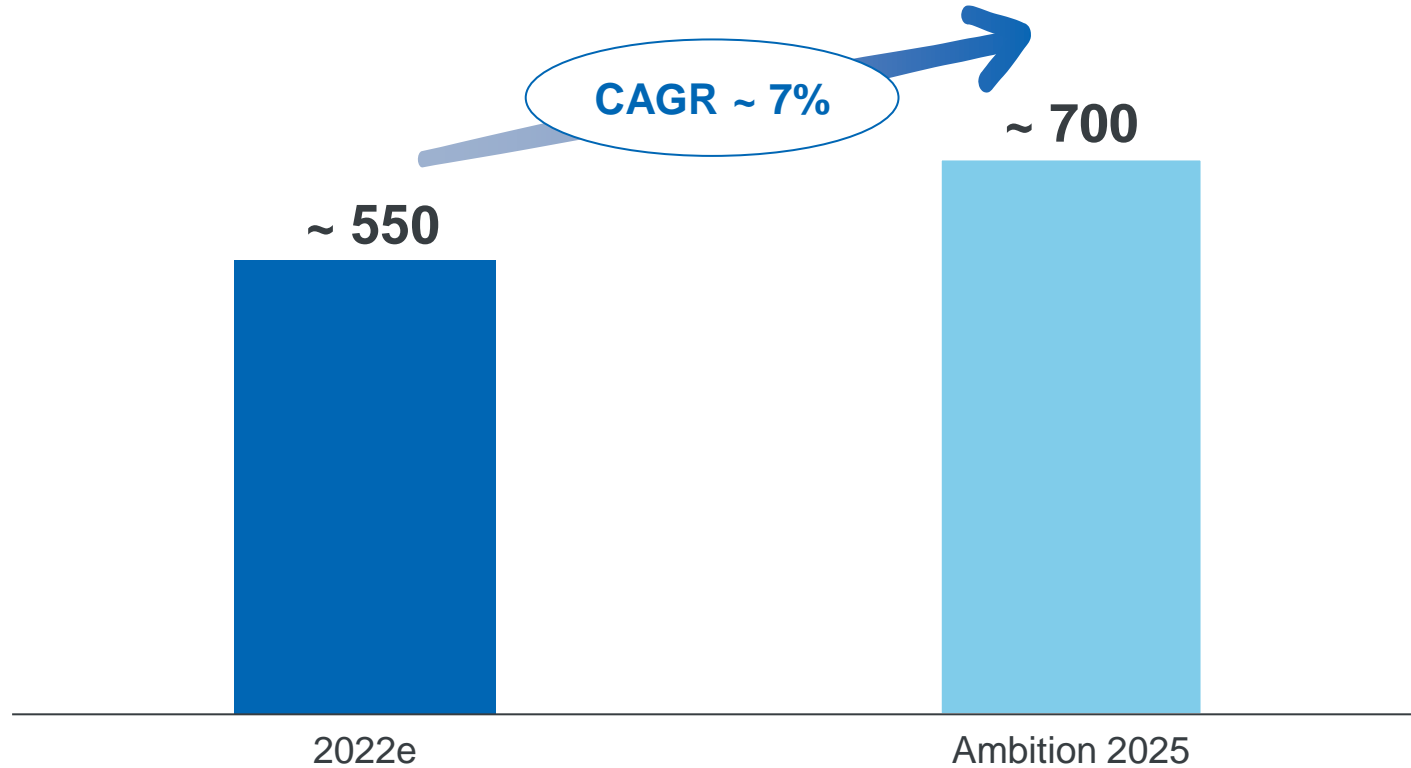
P/C



# SME remains key growth initiative

## Ambition SME and self-employed

Annual premium<sup>1</sup> in EURm



<sup>1</sup> BBE (*Bestandsbeitrag*, German GAAP)



We will continue to grow SME



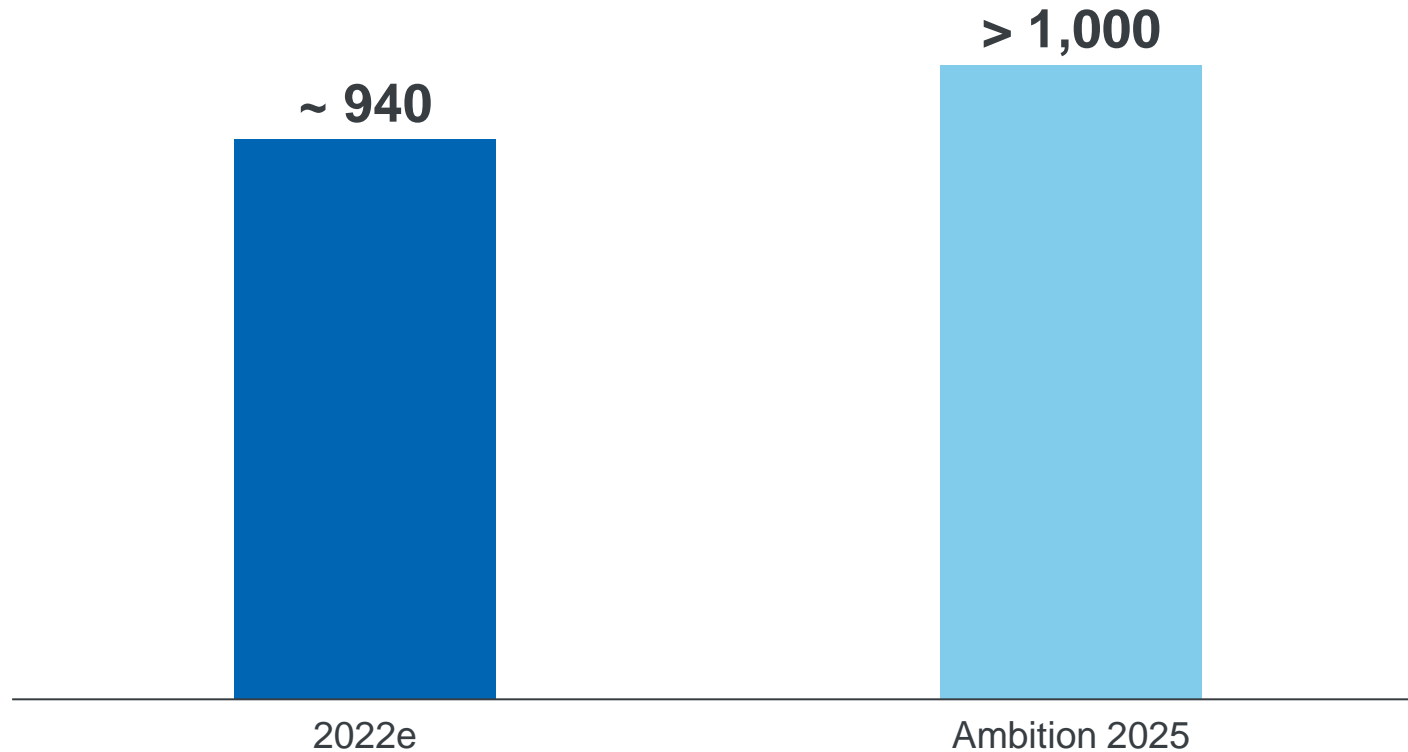
Focused 2025 growth target to reflect current environment



# Successful turnaround in other retail lines

## Ambition other retail P/C lines

Annual premium<sup>1</sup> in EURm



<sup>1</sup> BBE (*Bestandsbeitrag*, German GAAP)



~ 2.5m clients served in German retail P/C

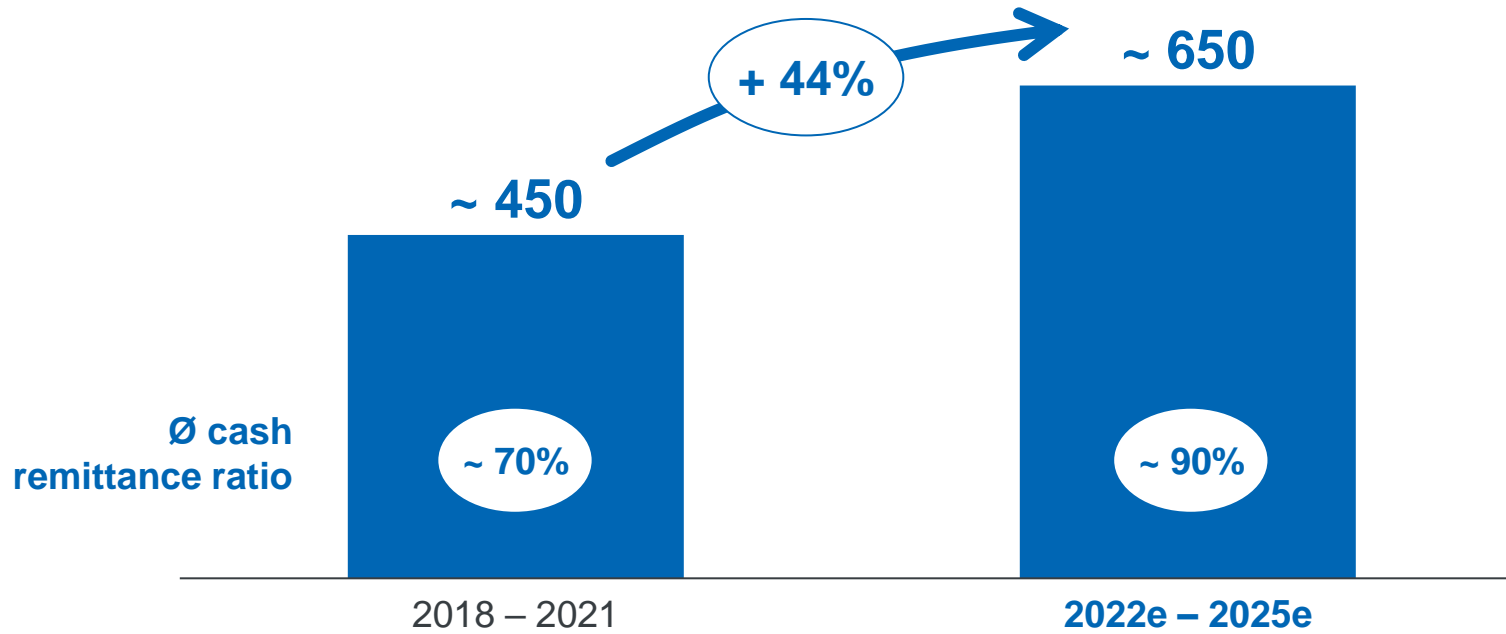


KuRS completion resulted in stabilisation of business

# German Retail will deliver substantial cash remittances going forward

## Profit transfer German Retail

in EURm (German GAAP)



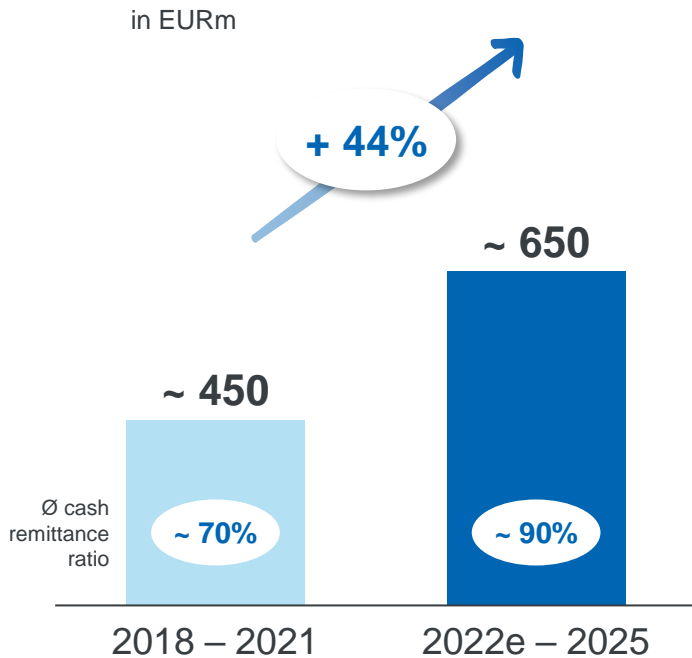
Cumulated cash upstream 2023 – 2025 of EUR ~ 650m



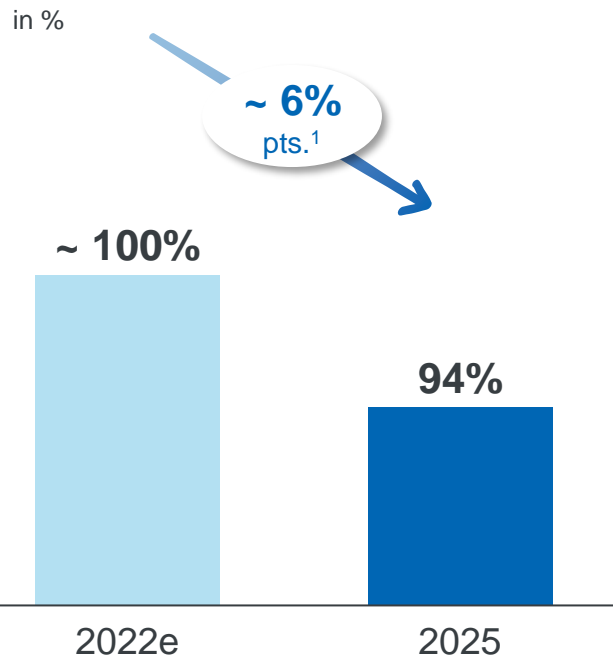
Average cash remittance ratio 2023 – 2025 of ~ 90%

# Our ambitions for the coming years

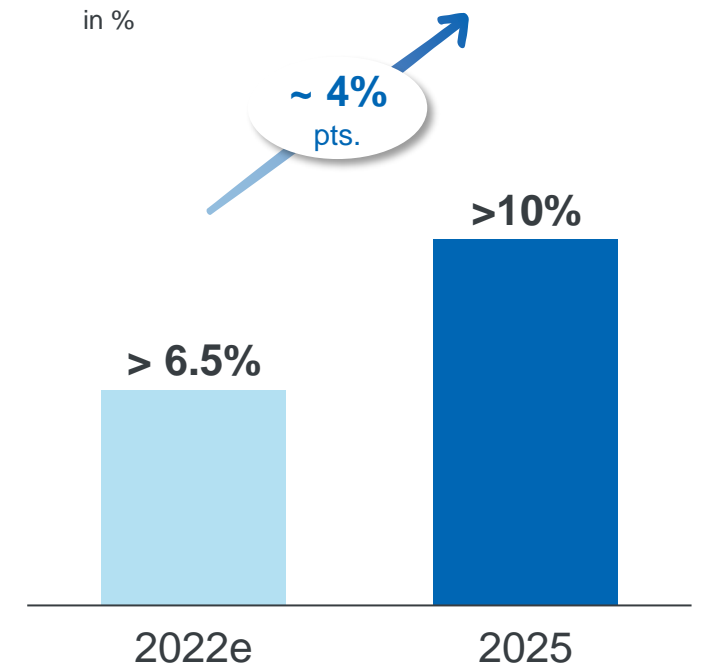
## 1 Profit transfer



## 2 Combined ratio



## 3 Return on equity



Note: 2018 - 2022e according to IFRS 4 & IAS 39 // 2025 according to IFRS 17 & 9  
 1 NatCat and inflation effect on combined ratio 2022e ~ 4%-pts.

# Key messages



We will **deliver > 10% RoE** going forward



We will continue to **grow in SME and bancassurance** with **focused approach in Life**



We will become a significant **cash contributor** to the group



**tal anx.**  
Versicherungen. Finanzen.

# Agenda

- 1 Group Strategy | Torsten Leue
- 2 Group Financials | Jan Wicke
- 3 Industrial Lines | Edgar Puls
- 3a HDI Specialty | Ulrich Wallin
- 4 Retail Germany | Jens Warkentin
- 5 Retail International | Wilm Langenbach**
- 6 Final Remarks | Torsten Leue

# Focused divisional strategies – Retail International

## Top 5 in core markets



- Organic and anorganic growth
- Sustain technical excellence
- Portfolio diversification

## Top 5 in core markets



Poland



Turkey



Brazil



Mexico



Chile



## 2021



5 out of 5  
in motor



## Ambition 2025

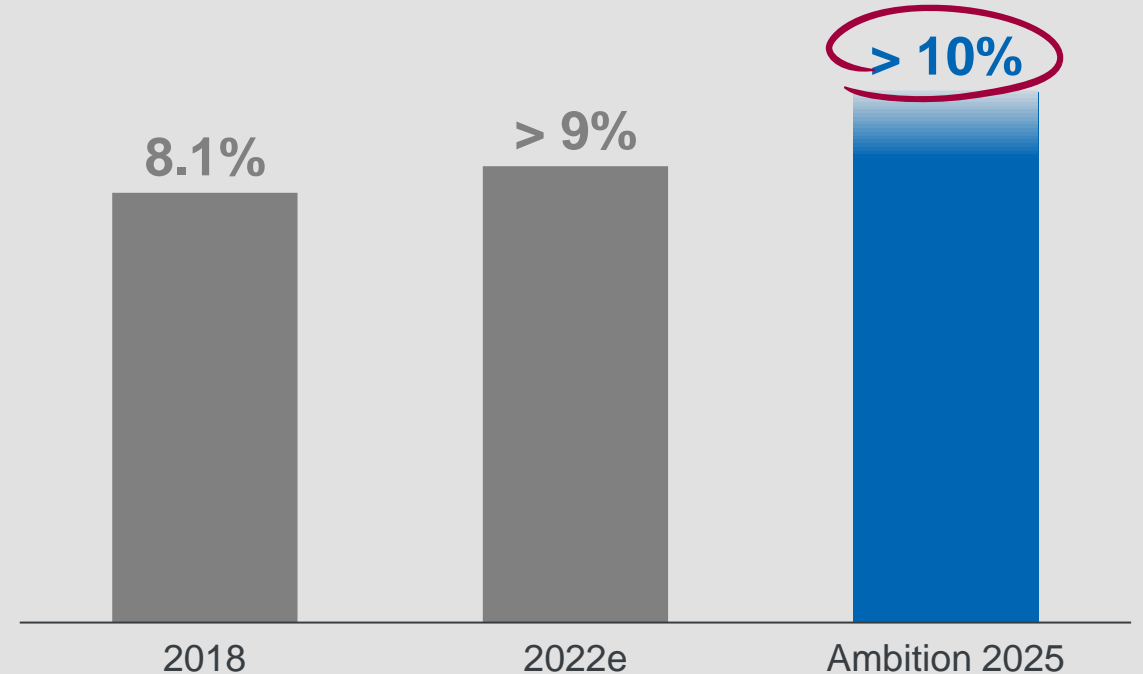


5 out of 5  
in P/C<sup>1</sup>

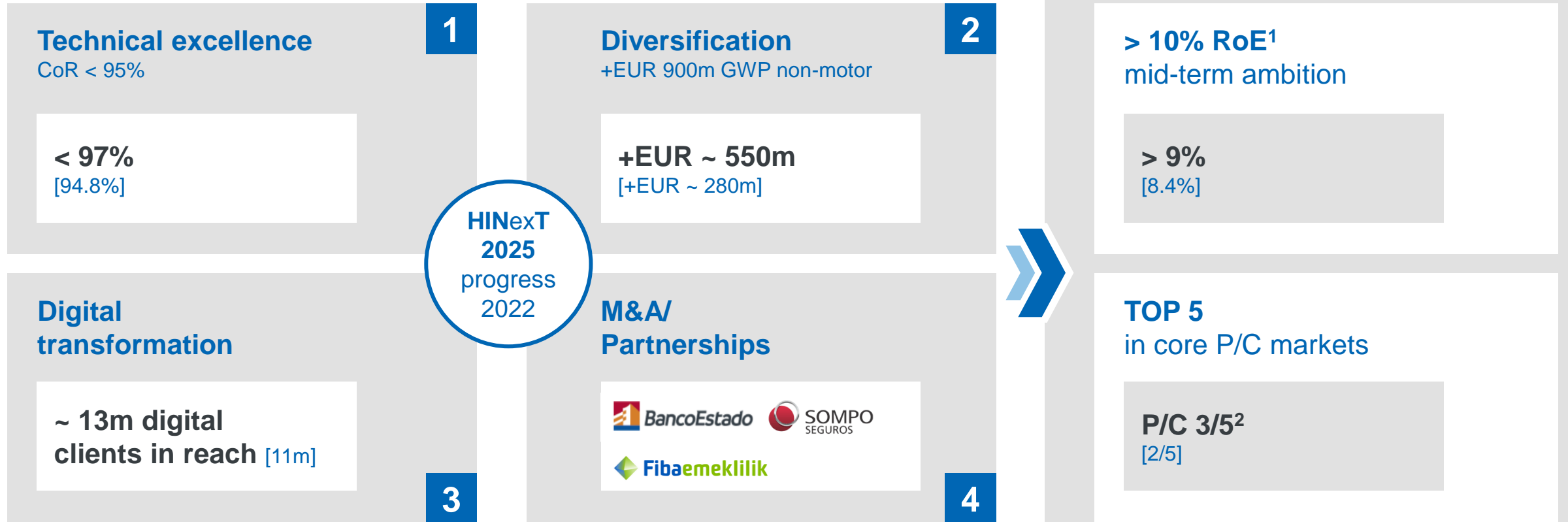
Note: 2018 – 2022e under IFRS 4, ambition 2025 under IFRS 17  
 1 Currently 3 out of 5 according to local GAAP

## Double-digit RoE

in %



# HINexT 2025 – Further good progress in 2022 expected

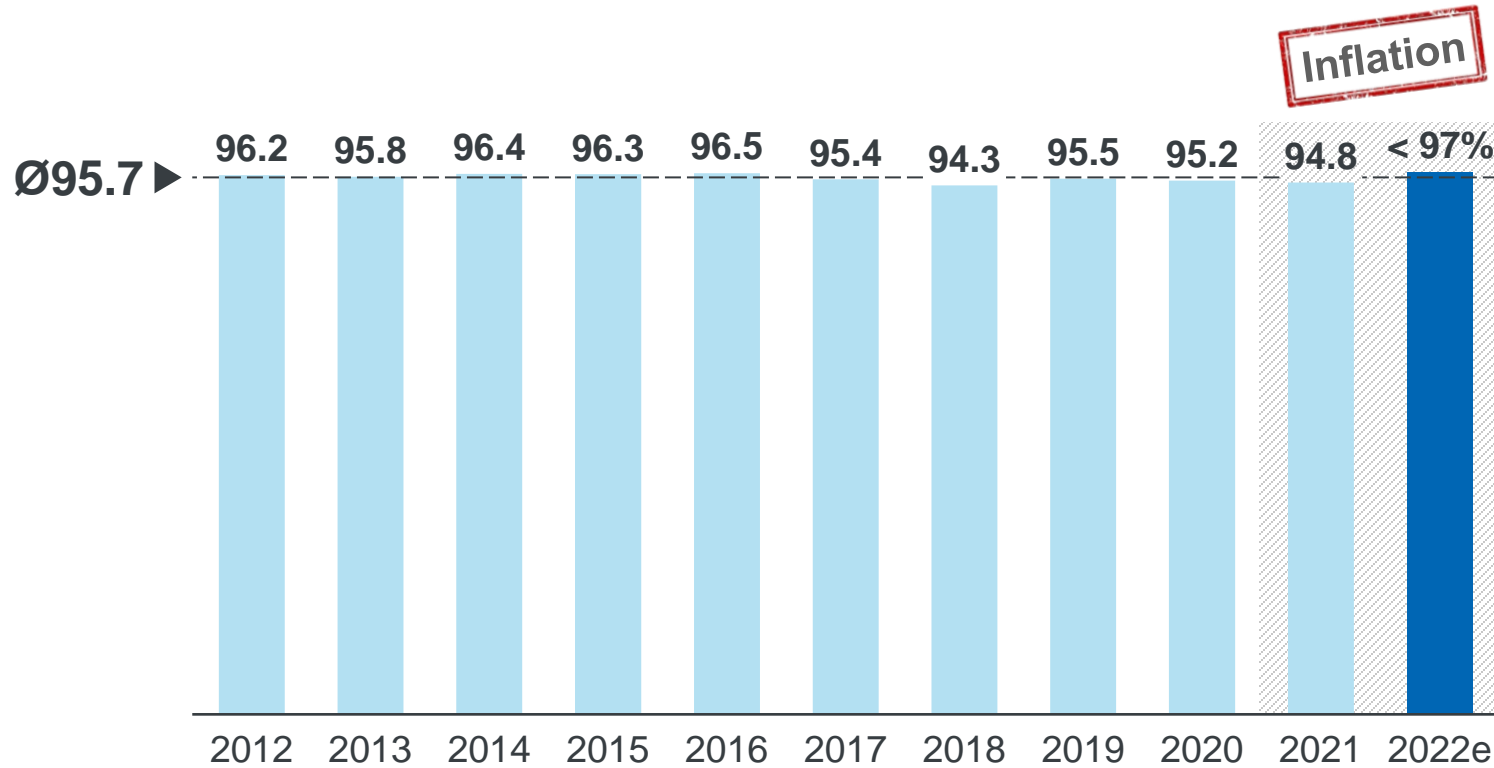


Xxx = 2022e figures | Xxx = 2021 figures  
1 Mid-term ambition without M&A | 2 As of 6M 2022

# Long-term stable combined ratio – Continuous focus on technical excellence

## Combined ratio

in %, EURm



**High resiliency**

**Outperform peers**

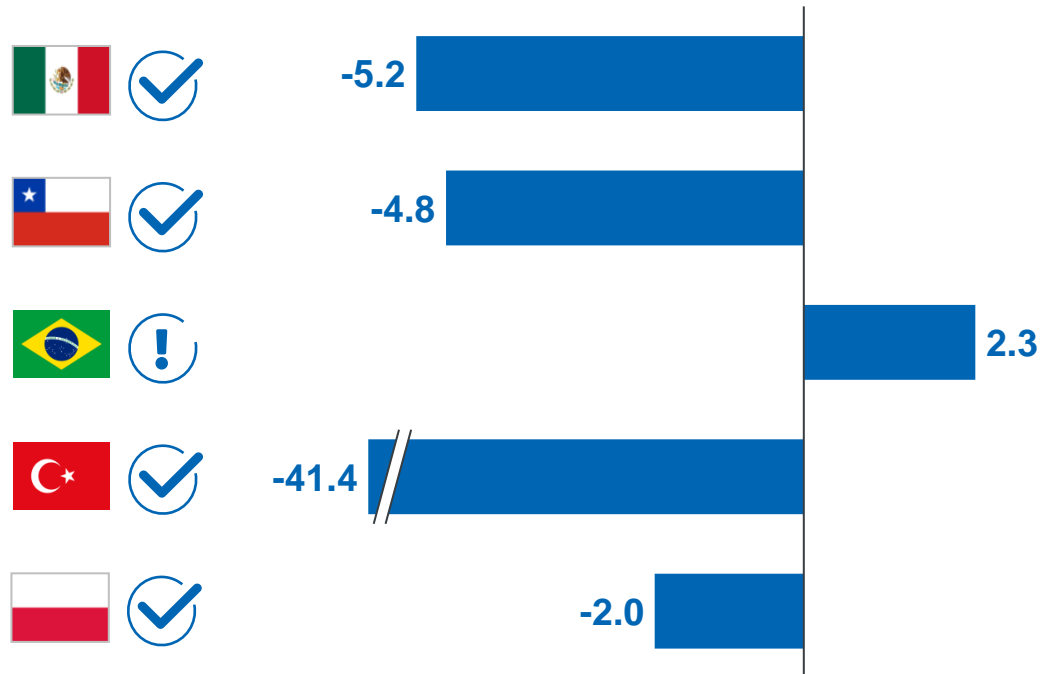
**CoR ambition 2025  
< 95%**



# Focus on technical excellence mitigating inflationary pressure on Motor markets

## Motor CoR 6M 2022 vs. market

in % pts



Note: all figures acc. to local gaap

## How we manage inflation



Continuous inflation-adjusted repricing & better risk selection (Motor: +30% price increases on average)



Optimise claims handling, incl. automation & steering

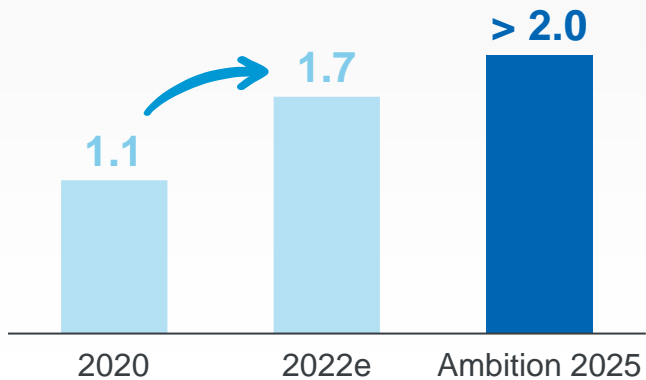


Accelerated digital transformation & cost management

# Good progress in diversifying our business by LoBs – further projects in pipeline

## Non-motor

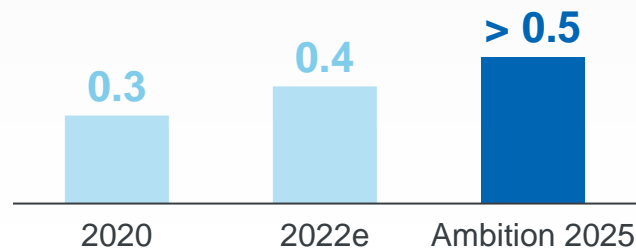
- ~ 19% non-motor growth in 2022e
- HDI Italia (former Amissima) with ~EUR 90m GWP in 2021
- In 2022e esp. BancoEstado business added (~EUR 95m)



2020/22 GWP in EURbn  
2025 insurance revenue in EURbn

## Life protection & Health

- De-risking life savings business (sale of CiV Life and Bancom fund run-off Italy)
- Further growth in life protection through acquisitions of Sompò, Fiba
- Health cooperation with Bupa in TR, MX and PL started



2020/22 Life protection & Health GWP in EURbn  
2025 Life protection & Health insurance revenue in EURbn



Further profitable **non-motor growth** reducing dependence on motor business

Profitable growth potential in **life protection & health business**

# Digital transformation – Key initiatives driving efficiency

## Expand customer reach

- Continuous increase of digital customers in reach through local partnerships



## Digitise core processes

- Automation of operational processes, mainly on claims (e.g., Warta RPA, Mobile Adjuster Mexico)
- Use of robotics for automatic payments (e.g., Chile)
- IT modernisation/integration (e.g., Turkey & Italy)



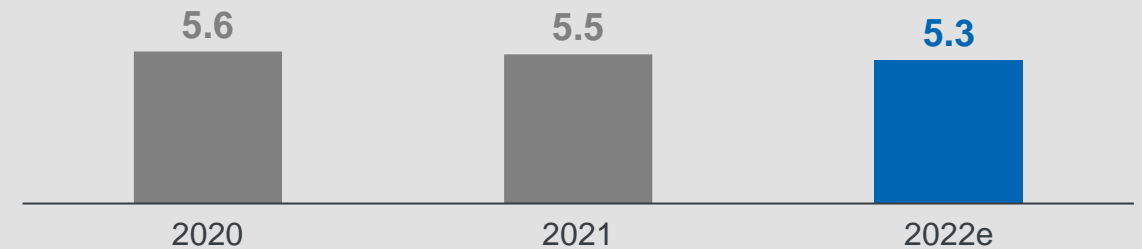
## Digitise core skills

- Continuous improvement of data collection & analytics (pricing, underwriting, claims)
- Expand to non-motor



## Steadily reduced overall admin. cost ratio ...

Retail International admin. cost ratio, in %



## ... and best-in-peer-group






Δ admin. cost ratio P/C in %pts, local gaap



Peers: Brazil: Allianz, Mapfre, Tokio Marine, Liberty, Bradesco, Porto Seguro; Mexico: Mapfre, AXA, GNP, CHUBB, Atlas, Qualitas; Chile: Mapfre, BCI, Liberty, Sura; Poland: Allianz, Ergo Hestia, VIG, PZU, Uniqa; Turkey: Allianz, AXA, Mapfre, Groupama, Anadolu  
<sup>1</sup> Turkey excl. health














# Continued M&A focus on core markets in LatAm and Europe

## Strategic and financial objectives

- Focus on growth regions 
- Improving competitive position 
- Focus on non-life & life protection** 
- RoE-enhancing 
- EPS-accretive 



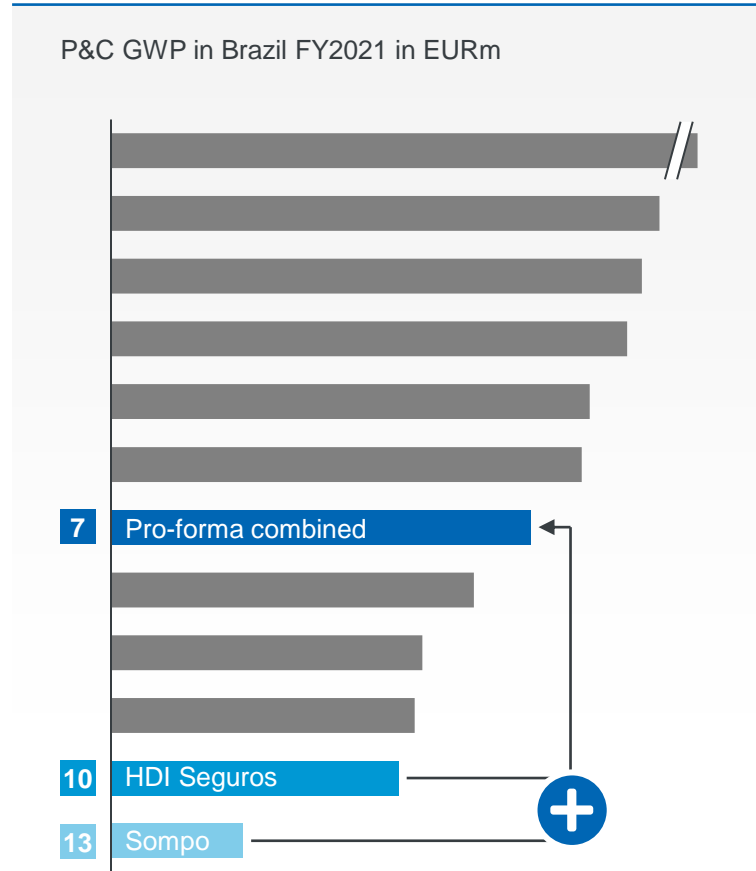
## Focus on non-life & protection

<p><b>Bolt-on acquisitions</b></p> 	<ul style="list-style-type: none"> <li> 2020 </li> <li> 2022  <b>NEW</b></li> <li> 2022  <b>NEW</b></li> </ul>	<p>+ EUR 650m GWP non-life<sup>1</sup></p>
<p><b>Local partnerships</b></p> 	<ul style="list-style-type: none"> <li> 2021 </li> </ul>	<p>+ EUR 100m GWP life protection &amp; health<sup>1</sup></p>
<p><b>Disposals</b></p> 	<ul style="list-style-type: none"> <li> 2021 </li> </ul>	<p>- EUR 80m de-risking life savings business</p>

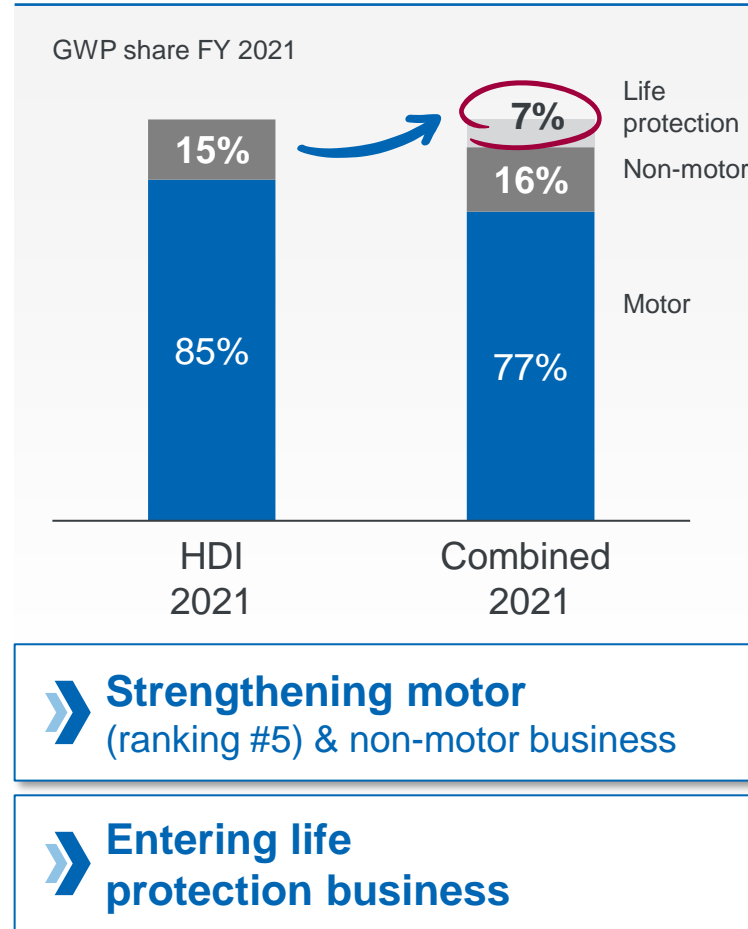
<sup>1</sup> Pro-forma GWP 2022e

# Sompo Brazil case study – Disciplined strategy execution

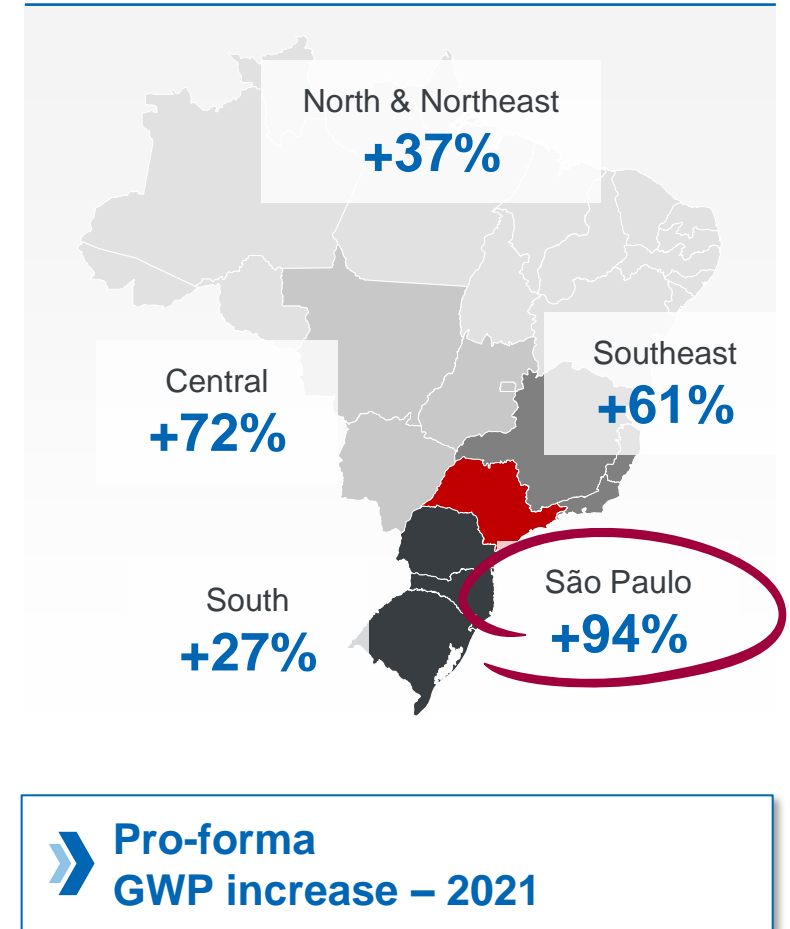
## Improving market position P&C



## Increasing portfolio diversification

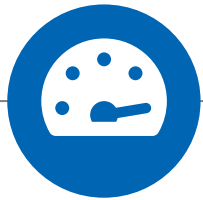
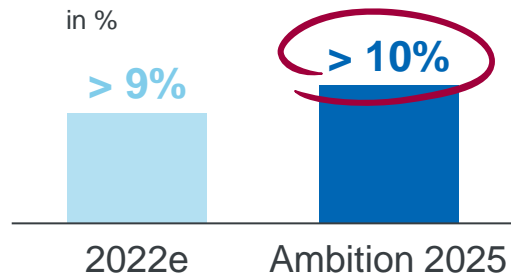


## Geographic expansion esp. in São Paulo



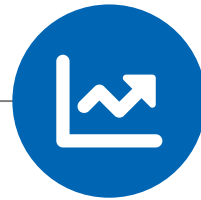
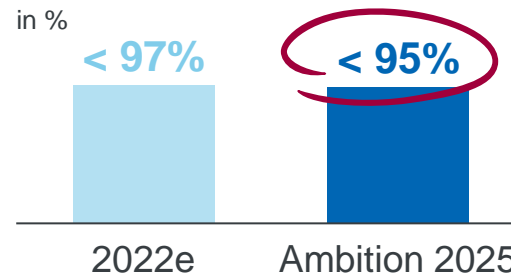
# Our ambitions for the coming years

## 1 Return on equity



**Profitability**

## 2 Combined ratio



**Technical excellence**

## 3 TOP 5 in core P/C markets

Ambition 2025  
**5 out of 5**  
 in P/C<sup>1</sup>



**Outperform peers**

<sup>1</sup> Currently 3 out of 5  
 2022e according to IFRS 4 & IAS 39 // ambition 2025 according to IFRS 17 & 9

# Key messages

## HINext 2025



We are well on track in our strategy implementation



We confirm ambition of RoE > 10% and Top 5 in P/C core markets



We continue to focus on technical excellence and intensify our LoB and regional diversification



**talanx.**  
Versicherungen. Finanzen.

# Agenda

- 1 Group Strategy | Torsten Leue
- 2 Group Financials | Jan Wicke
- 3 Industrial Lines | Edgar Puls
- 3a HDI Specialty | Ulrich Wallin
- 4 Retail Germany | Jens Warkentin
- 5 Retail International | Wilm Langenbach
- 6 Final Remarks | Torsten Leue**



# Key messages



**Primary Insurance** unchained



We will generate **>10% RoE**



We will deliver **+25% net income<sup>1</sup>** by 2025



We will deliver **+25% dividend** for 2022 and **+25% dividend by 2025<sup>2</sup>**

Note: Targets are relevant as of FY2023. Targets are subject to large losses staying within their respective annual large-loss budgets as well as no occurrence of major turmoil on currency and/or capital market  
1 With normalised net income 2022 baseline of EUR ~1,250m | 2 Dividend per share for FY2022 paid in 2023; subject to supervisory board and AGM approval