



tal anx.
Insurance. Investments.

FY 2020 Results
15 March 2021

Torsten Leue, CEO
Jan Wicke, CFO

Resilient Group net income clearly above EUR 600m

Results



Growth trend intact: GWP up 4.1%¹, driven by P/C Re and Industrial Lines



Combined ratio of 100.9% incl. Corona; underlying ratio at 97.6%² versus 98.3% in 2019



EUR 673m Group net income, whereof 42% coming from Primary Insurance³

Dividend



Reliable dividend policy: Proposal to AGM of EUR 1.50 per share

Outlook⁴



Outlook confirmed: FY 2021 Group net income between EUR 800 and 900m



On track for ≥5% EPS CAGR in the years 2018 to 2022⁵

1 Currency-adjusted growth of 6.9%. 2 Reported combined ratio of 100.9% adjusted for technical Corona effects in non-life business: EUR 130m premiums impact, EUR 796m claims (net) not absorbed by otherwise unused large loss budget, EUR 196m offsetting effects. 3 Excluding EUR -95m net income in Corporate Operations and Consolidation. 4 Targets are subject to large losses not exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations. 5 Based on the original Group net income Outlook of EUR 850m for 2018

Agenda

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Group Highlights

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Outlook

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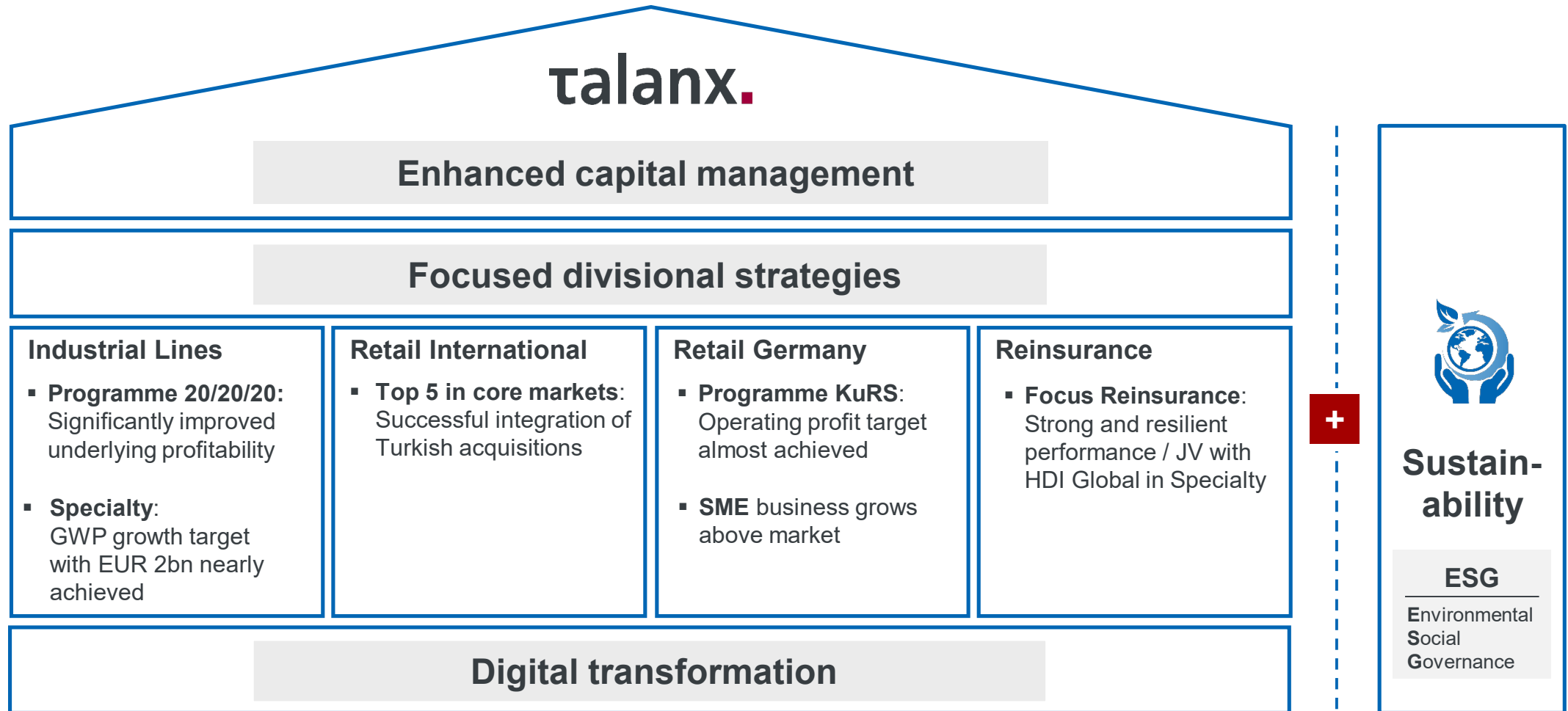
Appendix

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FY 2020 results: Delivering on the Outlook published in November 2020

	Outlook 2020 (as of 12 Nov 2020)	Achievement	
 Dividend payout	35 - 45% DPS at least stable y/y	56% DPS stable at EUR 1.50	
 Return on equity	approx. 6%	6.6%	
 Group net income	clearly above EUR 600m	EUR 673m	
 Net return on investment	~2.9%	3.2%	
 Curr.-adj. GWP growth	~5%	6.9%	

Note: Talanx's mid-term ambition comprises a minimum target for return on equity of at least 800 bps over the risk-free rate, defined as the 5-year average of 10-year Bunds. Thus, for 2020, the minimum RoE target corresponds to 8.0%. DPS for 2020 reflects the proposal to the Talanx AGM on 6 May 2021



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Strategy supported by consistent sustainability initiatives



Notes: Ratings on right-hand side show current ratings with end-2019 ratings in brackets. ¹ Target investments relate to infrastructure. Thereof EUR 2.1bn investments in renewable energy as of 31 Dec 2020

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FY 2020 results: Growth continues in profitable underlying business

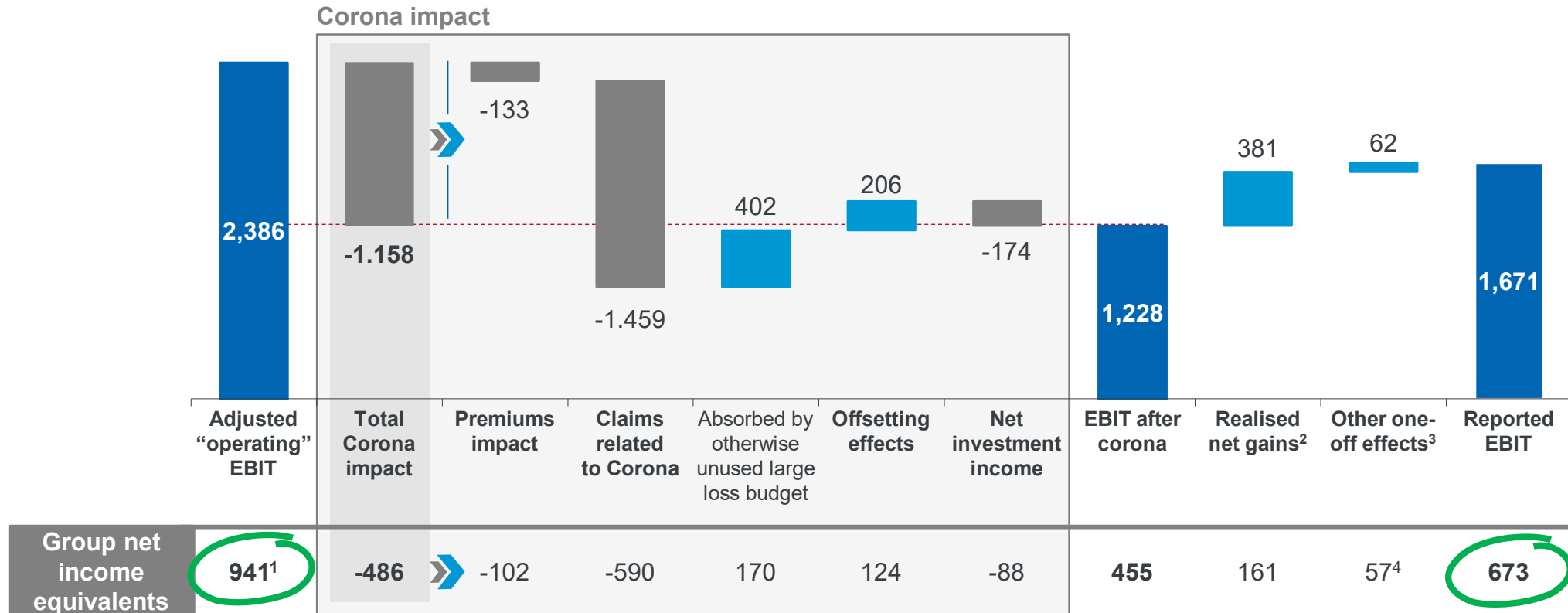
EURm	FY 2019	FY 2020	Delta	Comments
Gross written premiums (GWP)	39,494	41,105	+4%	GWP growth driven by P/C Reinsurance (+EUR 1,963m) and Industrial Lines (+EUR 444m), more than offsetting EUR 932m decline in Retail Germany and Retail International (mainly currency effects). 6.9% growth in local currency
Net premiums earned	33,054	34,185	+3%	
Net technical result	-1,833	-2,798	-53%	
thereof P/C	307	-240	-178%	
thereof Life	-2,140	-2,557	-20%	
Net investment income	4,323	4,243	-2%	Positive swings in currency translation (+EUR 188m), mainly from USD depreciation, and deposit accounting in Reinsurance (+EUR 48m)
Other income / expenses	-60	226	n.m.	
Operating result (EBIT)	2,430	1,671	-31%	
Financing costs	-191	-198	+4%	
Taxes on income	-568	-277	-51%	
Net income before minorities	1,671	1,196	-28%	
Non-controlling interests	-748	-522	-30%	
Net income after minorities	923	673	-27%	
Earnings per share (EPS)	3.65	2.66		
Combined ratio (CR)	98.3%	100.9%	+2.5%pts	Technical result negatively impacted by significant Corona effects (see following pages); underlying Group CR at 97.6% improved
Tax ratio	25.4%	18.8%	-6.6%pts	
Return on equity	9.8%	6.6%	-3.2%pts	
Return on investment	3.5%	3.2%	-0.3%pts	Continued pressure from low level of interest rates ¹

¹ EUR 178m decrease in ordinary investment income, only partially offset by EUR 82m increase in extraordinary investment income, largely in German Life. EUR 100m one-time Viridium gain in L/H Reinsurance in 2019

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Robust underlying profitability in 2020

EBIT (before taxes and minorities) in FY 2020, in EURm



1 Pre-Corona guidance for FY 2020 was between 'more than EUR 900m' and EUR 950m. 2 Realised net gains / losses on fixed income and real estate investments (net losses on equities and derivatives included in corona-related effects). Group excluding Primary Insurance life business. Largest part realised in P/C Reinsurance. 3 EUR 7m deconsolidation gain in German Life in Q1 2020 and EUR 55m at equity gain in L&H Reinsurance in Q3 2020. 4 Includes EUR 7m deconsolidation gain in German Life (tax-free) in Q1 2020, EUR 12m one-time tax effects in L&H Reinsurance and Corporate Operations in H1 2020, EUR 28m net income equivalent of at equity gain in L&H Reinsurance in Q3 2020, EUR 11m reversal of impairment on deferred tax assets in Industrial Lines in Q4 2020

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Corona details FY 2020: Aggregate net income impact of EUR 486m

Total EBIT impact (before taxes and minorities) in FY 2020, in EURm

	Industrial Lines	Retail Germany P&C	Retail Germany Life	Retail International	∑ Primary Insurance	P/C Reinsurance	Life / Health Reinsurance	Corporate Operations	Talanx Group
Premiums impact	-82	-13		-29	-125	-5	-3		-133
Corona-related claims (net)	-174	-24		-40	-238	-950	-261	-10	-1,459
Absorbed by otherwise unused large loss budget	72				72	330			402 ¹
Offsetting effects (and other)	6	25	-10	141	162	24	21		206
Net investment income	-21	-5	-6	-12	-44	-102	-26	-3	-174 ²
Total EBIT impact	-199	-18	-16	60	-173	-703	-269	-13	-1,158
Group net income impact	-160	-13	-11	35	-149	-233	-95	-10	-486

Accounting impact of FY claims: **EUR 1,058m**

Note: Numbers may not add up due to rounding. Group net income impact is after taxes and minorities.

¹ Group net income equivalent of EUR 170m. ² Approx. 50% of this amount reflects lower ordinary investment income which is to a certain extent affected by but cannot exclusively be attributed to Corona. Generally, for corona-related effects on investments it is not possible in all cases to draw a clear line between Corona and effects triggered by Corona which have been in the markets before.

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Corona-related claims concentrated on four main risk buckets

EBIT impact of corona-related claims, FY 2020, in EURm

Risk bucket	Primary Insurance	Reinsurance	Group	Comment / Outlook
Business interruption / closure	-142	-208	-360 ¹	<ul style="list-style-type: none"> New business comes with tighter pandemic clauses Final court rulings pending in various jurisdictions
Event protection	-40	-201	-240	<ul style="list-style-type: none"> Partly multi-year contracts, some events not cancelled yet New contracts with very tight pandemic clauses
Credit ²		-249	-249	<ul style="list-style-type: none"> Conservative reserving with IBNR ratio >95%, incl. cedant IBNR, reflects uncertainty regarding economic development
Life		-261	-261	<ul style="list-style-type: none"> More claims expected in 2021; positive impact of vaccines on excess mortality expected from Q2/Q3 2021
Other	-56	-293	-349	<ul style="list-style-type: none"> Liability, agriculture, engineering, travel, unemployment, etc. Majority of reserves result from second-order effects
Total	-238	-1,211	-1,459	2021E corona-related claims up to one fifth of 2020 level⁴
IBNR percentage	63%	58%³	59%	

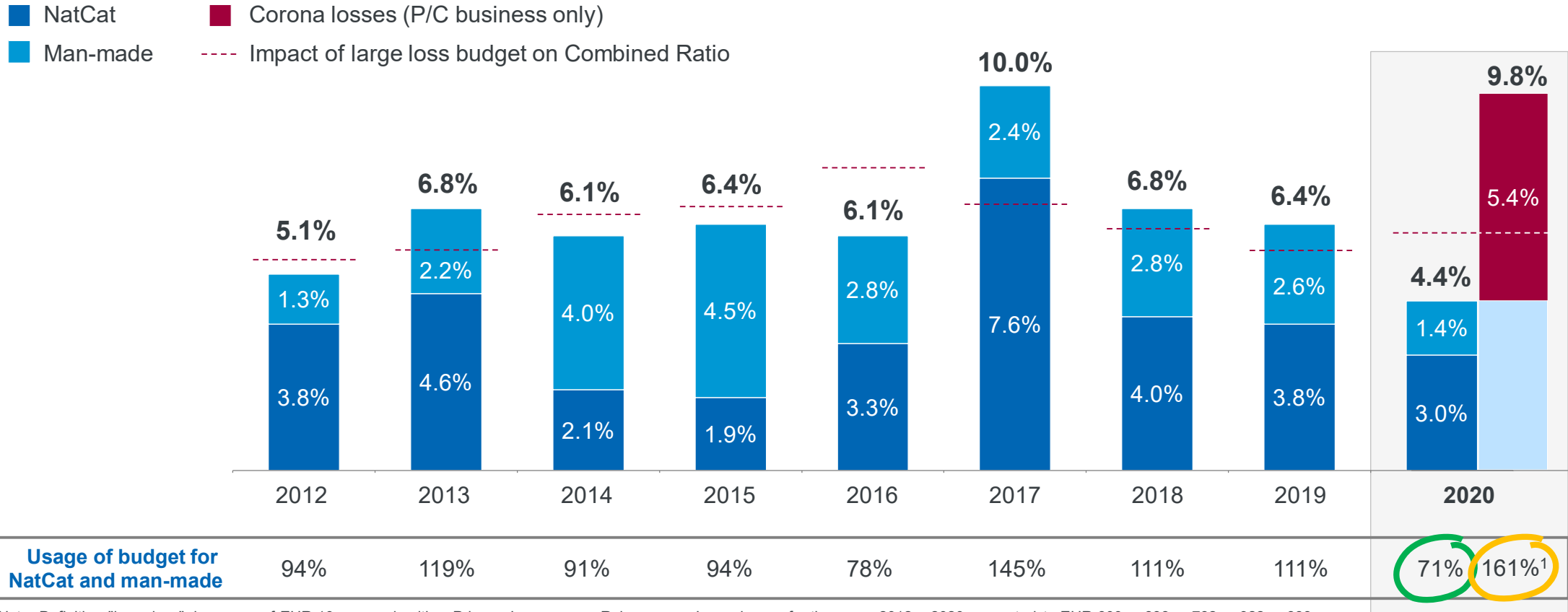
¹ Includes EUR 10m claims in Corporate Operations ² EUR 9m claims booked in Primary Insurance against default risk in 9M2020 were released in Q4 ³ IBNR is 65% in P/C Reinsurance, 33% in L&H Reinsurance.

⁴ Corona-related claims assumed for 2021 (up to EUR 300m) are not part of the large loss budget. Net income equivalent is approx. EUR 100m

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2020: Ex Corona lowest use of large loss budget ever

Net large losses Talanx Group, in % of net premiums earned (P/C business only)









Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. Large losses for the years 2012 – 2020 amounted to EUR 600m, 838m, 782m, 922m, 883m, 1,620m, 1,244m, 1,319m, and 2,148m

¹ Ratio of 161% includes NatCat, man-made and Corona

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Combined ratios: Good underlying performance

	Talanx Group		Industrial Lines		Retail Germany P/C		Retail International		Reinsurance P/C	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
FY	98.3%	100.9%	101.4%	104.6%	99.0%	95.4%	95.5%	95.2%	98.2%	101.6%
Ex Corona ¹		97.6%		98.7%		94.6%		97.4%		97.4%
Q4	97.8%	101.3%	101.2%	103.8%	100.8%	93.7%	96.5%	96.1%	96.9%	102.1%
Ex Corona ¹		97.6%		99.5%		95.1%		100.5%		96.4%

	Mexico 		Chile 		Brazil 		Italy 		Turkey 		Poland 		TUiR Warta		TU Europa	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
FY	98.8%	97.0%	104.2%	91.5%	96.1%	98.5%	88.7%	85.5%	112.0%	109.9%	90.7%	92.1%	89.8%	94.1%		
Q4	99.0%	98.3%	121.4%	87.6%	94.9%	98.2%	81.4%	84.9%	119.4%	108.8%	90.1%	97.1%	94.8%	98.6%		

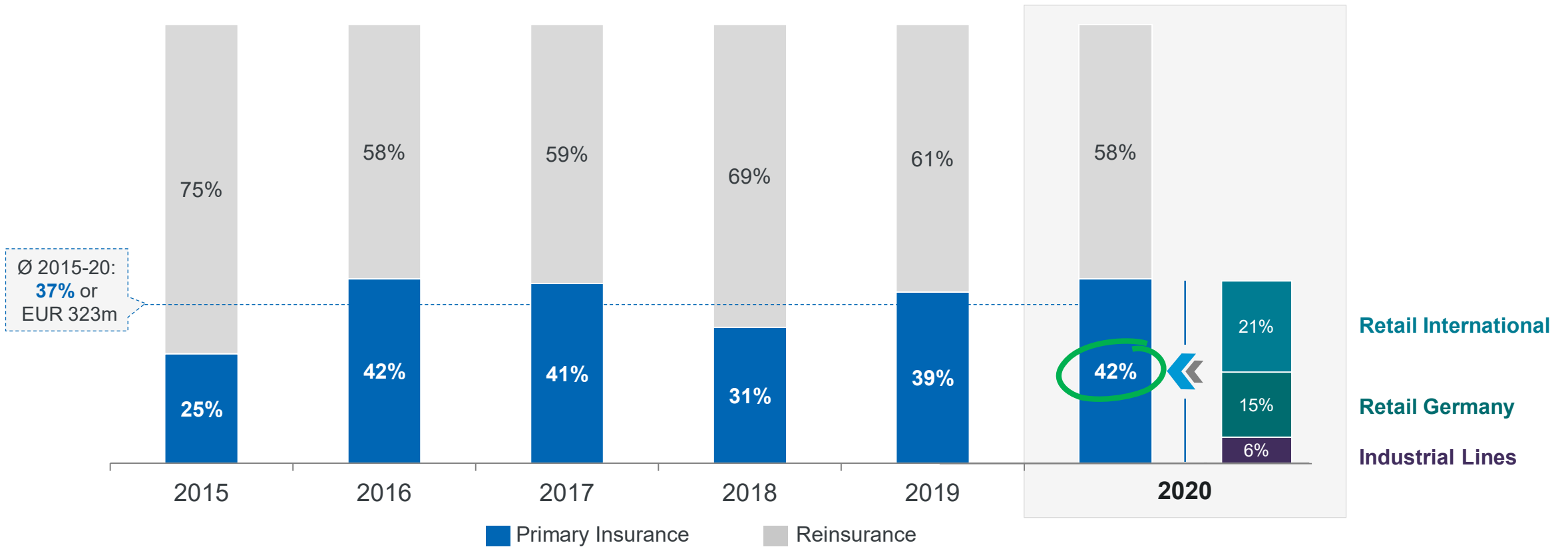
Note: Non-life business. For Retail International this page highlights only core markets plus Italy. Turkey FY 2020 EBIT of EUR 12m (vs. EUR 2m in FY 2019). Ergo Sigorta acquisition in Turkey fully included in FY, Q4 2020 and Q4 2019, with only four months included in FY 2019

¹ Adjusted for premiums impact, corona-related claims (where not absorbed by otherwise unused large loss budget) and offsetting effects, as per pages 9 and 36 in this presentation.

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Contribution from Talanx primary business above multi-year average

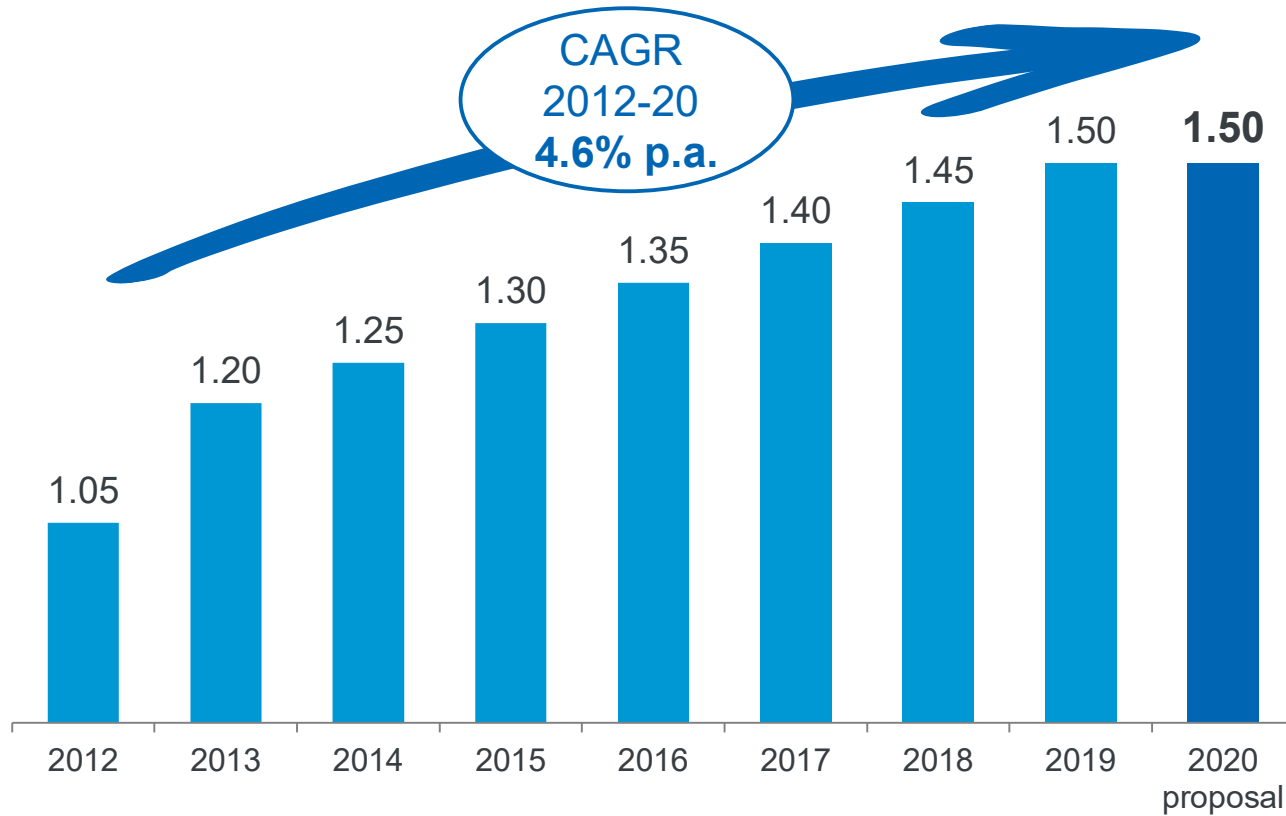
Net income attributable to shareholders in % of Talanx Group (ex Corporate Operations and Consolidations¹)



¹ Net income contribution from Consolidation and Corporate Operations for the years 2015 – 2020 was EUR -71m, -125m, -139m, -84m, -96m, -95m. These are mainly expenses related to bonds issued by the holding company and pension liabilities owed to its employees

1 Dividend maintained at 2019 record level of EUR 1.50

Dividend per share (EUR)



Dividend yield



Note: 2020 dividend proposal implies a pay-out ratio of 56% of IFRS earnings. Dividend yield based on average Talanx share price for 2020 (EUR 33.56)

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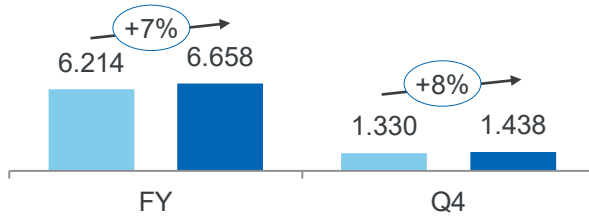
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Appendix

2 Industrial Lines: Positive momentum continues, ex Corona we delivered as promised

EURm, IFRS 2019 2020

Gross written premiums (GWP)

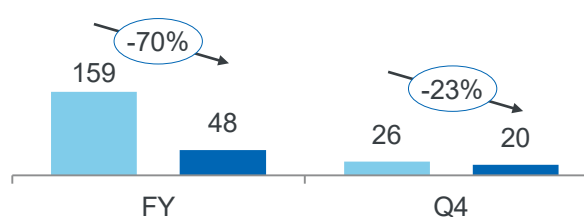


Retention ratio in %



- Top-line growth continues in FY 2020 with 7.2% (curr.-adj. +9.0%), largely due to significant growth in Specialty, which more than offset corona-related premiums impact and reductions related to ongoing profitabilisation measures in Motor, Marine, Casualty and Property
- Net premiums earned grew 1.3%, significantly below top-line momentum, due to continued exiting from unprofitable exposures with high retention and transfer of high retention business to Specialty

Operating result (EBIT)

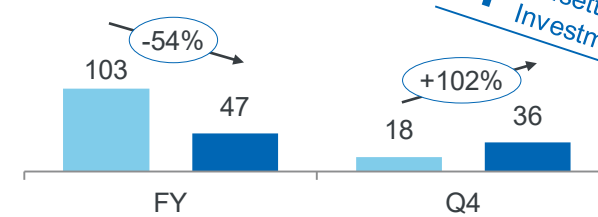


Combined ratio in %



- Corona-related claims of EUR 174m in FY 2020, largely from business interruption and event cancellation, EUR 44m thereof added in Q4
- Underlying (ex Corona) combined ratio was 98.7% in FY 2020, 99.5% in Q4²
- Combined ratio ex Corona in Fire was 99.3% in FY 2020, below target of 100%
- FY run-off result slightly down to EUR 16.0m (EUR 23.5m in FY 2019), mainly relating to additional reserving in Liability. Run-off result in Q4 was EUR 7.1m (-16.2m in Q4 2019), excl. Specialty at EUR -21.3m (-14.7m in Q4 2019)

Net income (after minorities)



RoE in %



- Q4 net income and RoE impacted by several tax-reducing effects, including partial reversal of deferred tax impairments
- FY return on investment (2.6%) higher than expected as hardly any impairments of fixed-income investments occurred in Q4 as well as EUR 17m private equity distributions; continued pressure on RoI going forward
- In addition, partly as a result of sustained growth in the Specialty business, we expect other result of ~EUR -90m or lower p.a. from 2021
- As previously guided, we aim to reduce combined ratio by approx. 1%pt p.a.
- Mid-term RoE ambition continues to be 8-10%

FY 2020 Corona impact (EBIT)

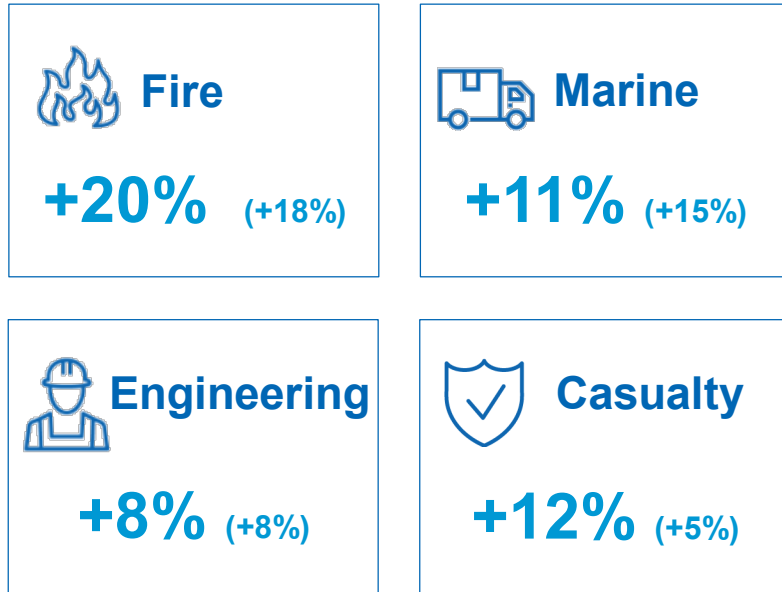
- Premiums: EUR -82m
- Claims: EUR -174m
- Offsetting: EUR 6m
- Investments: EUR -21m

EUR -178m total technical impact¹

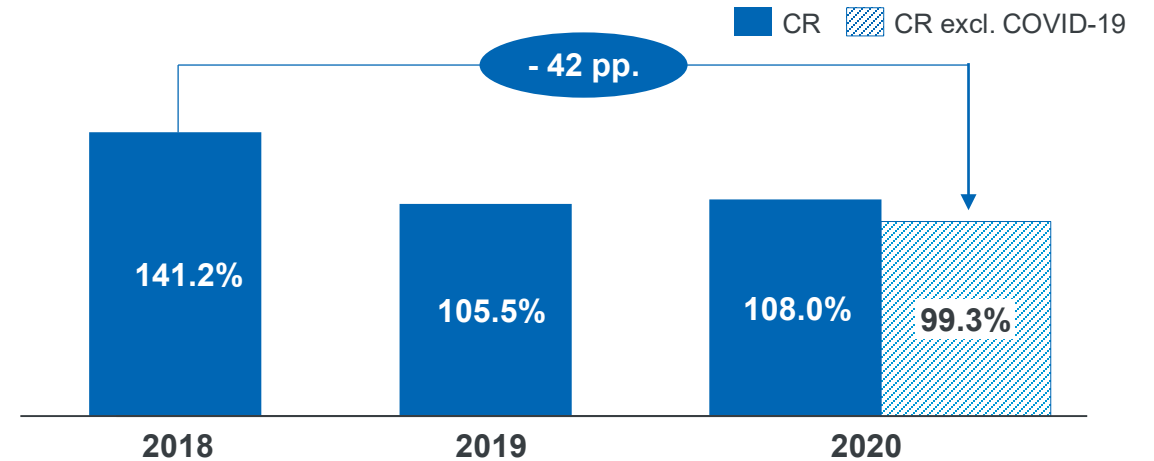
¹ After absorption of otherwise unused large loss budget (EUR 72m). ² Corona-related technical impact in Q4 2020: EUR 24m negative premiums impact, EUR 7m claims not absorbed by otherwise unused large loss budget, EUR -1m other effects

2 Industrial Lines: Continued rate increases and tangible improvement in Fire book

Rate increases¹, 1 Jan 2020 to 1 Jan 2021 (1 Jan 2019 to 1 Jan 2020)



Fire: Significant improvement of combined ratio



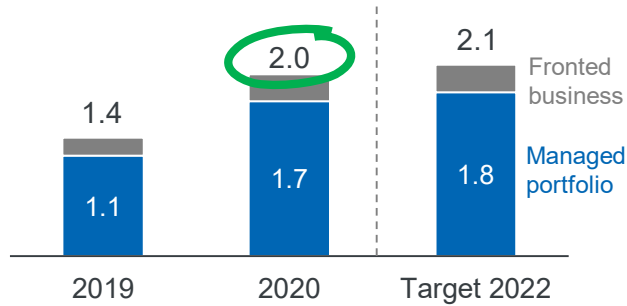
- Underlying combined ratio in Fire improved significantly in 2020
- Sustained de-risking of the book is reflected in reduction of net premiums of 9% in 2020 (4.2% when adjusted for corona-related premiums impact)

¹ Increase in risk-free additional premium and premium-equivalent measures (such as increase of client deductible and cancellation of loss-making contracts)

2 Specialty: Well on track to achieve EUR 2.1bn business volume target much earlier

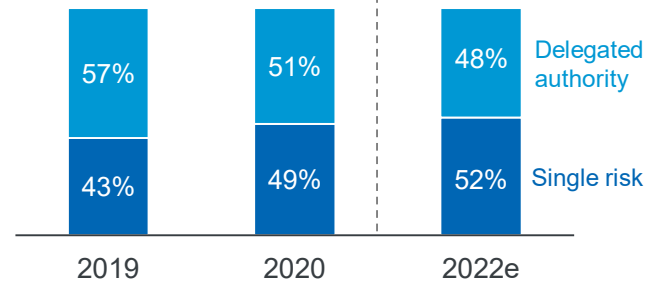
Gross written premiums

In EURbn



Portfolio structure

GWP from managed portfolio, in EURbn

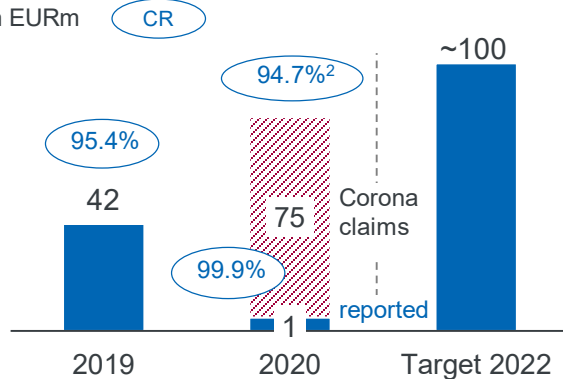


Comments

- Strong GWP growth makes it likely that 2022 target of EUR 2.1bn will be achieved much earlier
- EUR 75m corona-related claims in 2020, adjusted combined ratio at 94.7%
- We feel comfortable to achieve EUR 100m target for underwriting result in 2022
- Mid-term combined ratio target continues to be 93 - 94% on managed business
- Increasing share of single risk mandates with higher margins also enhances portfolio diversification
- Good regional balance with slight increase of European portion versus 2019

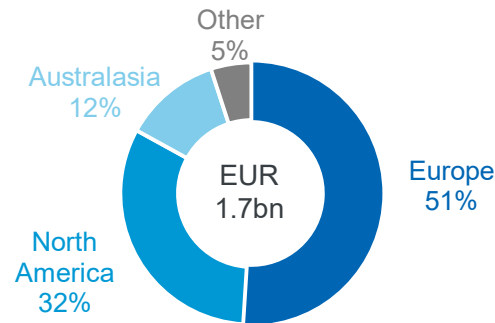
Underwriting result¹

In EURm



Regional split

GWP 2020 from managed portfolio

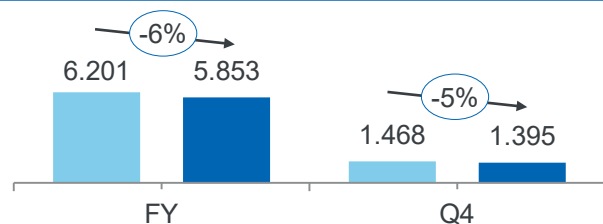


All numbers on this page relate to the Specialty unit within Industrial Lines. 1 Managed portfolio before internal reinsurance and minorities; including cost reimbursement for fronted business. 2 Combined ratio for 2020 of 99.9% adjusted for EUR 75m Corona-related claims, assuming no premiums impact, no absorption by otherwise unused large loss budget and no offsetting effect. Industrial Lines' share of underwriting result in Specialty was 37.5% in 2020.

2 Retail Germany in sum: Excluding Corona, 2021 EBIT target nearly achieved in 2020

EURm, IFRS 2019 2020

Gross written premiums (GWP)

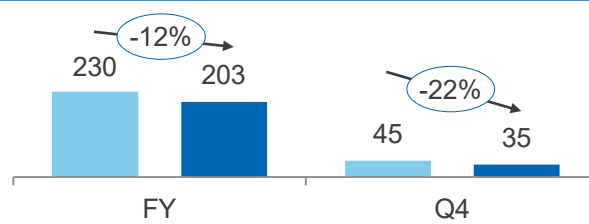


Retention ratio in %



- Gross written premiums down in both P/C and Life businesses, also reflecting the dampening effect of lock-down measures on new business
- Net premiums down 6% vs. FY 2019

Operating result (EBIT)

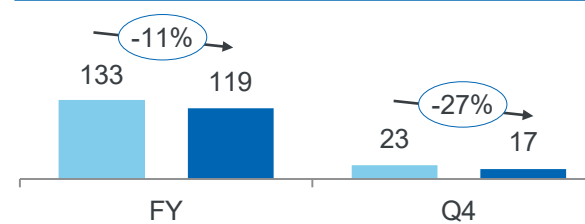


EBIT margin in %



- FY EBIT reduction solely attributable to the Life segment (- EUR 62m vs. FY 2019) due to several special effects, P/C EBIT increased by EUR 35m vs. FY 2019 despite EUR 18m net corona-related losses
- Total KuRS costs of EUR 25m in FY 2020 after EUR 59m in FY 2019 (thereof EUR 13m in Q4 2020 and EUR 25m in Q4 2019)

Net income (after minorities)



RoE in %



- FY tax rate was 33.1%, near nominal tax rate of 32.2%. 36.5% effective tax rate in FY 2019 had been impacted by double taxation related to infrastructure investments
- After an EBIT of EUR 237m excluding EUR 34m net corona losses, we are confident to deliver on our target for 2021 of at least EUR 240m
- Mid-term RoE ambition continues to be 7-8%

FY 2020 Corona impact (EBIT)

- Premiums: EUR -13m
- Claims: EUR -24m
- Offsetting: EUR +15m
- Investments: EUR -11m

EUR -34m total impact

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Retail Germany P/C: Better operating results despite Corona

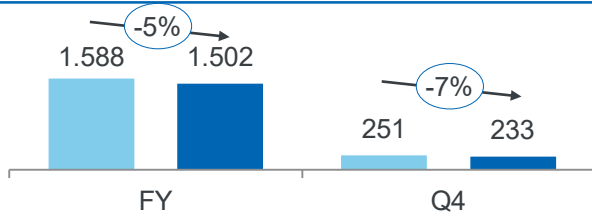
FY 2020 Corona impact (EBIT)

- Premiums: EUR -13m
- Claims: EUR -24m
- Offsetting: EUR +25m
- Investments: EUR -5m

EUR -13m total technical impact

EURm, IFRS 2019 2020

Gross written premiums (GWP)

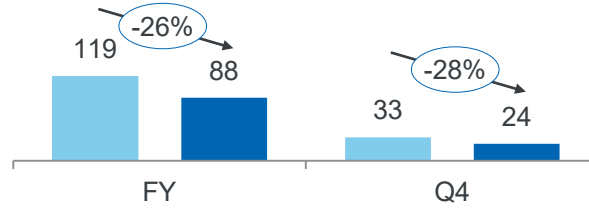


Retention ratio in %



- GWP increase in target business with SMEs and self-employed professionals (+ EUR 19m)
- In motor the focus remains on profitability at the expense of volume, which resulted in a EUR 74m GWP decrease in that line
- Decrease in unemployment protection (EUR -40m) reflects the dampening effect of lock-down measures on new business, as bank branches were closed

Net investment income

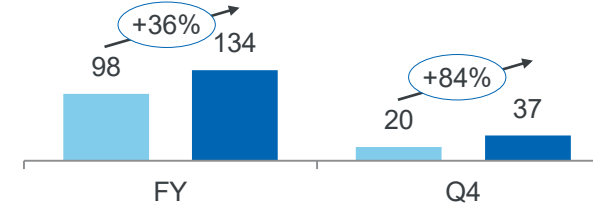


Combined ratio in %



- Net return on investment down to 2.2% in FY 2020, from 3.0% in FY 2019, due to lower interest rate level and slightly negative extraordinary investment income
- Technical result ahead of plan: Only EUR 24m net corona-related claims in FY 2020 (business closure) due to favourable reinsurance structure, offset by windfall profits of EUR 25m, namely lower frequency claims in motor; EUR 13m negative effects on revenue-based contracts
- Excluding Corona, combined ratio would have been 94.6% in FY 2020, also excluding KuRS investments at 94.3% (FY 2019: 96.9%)

Operating result (EBIT)



EBIT margin in %

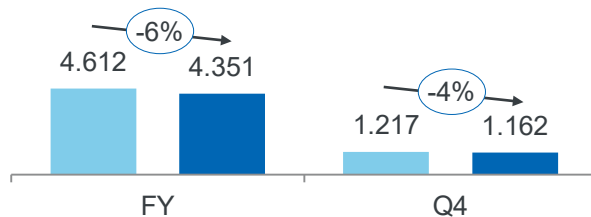


- EBIT up 36% in FY 2020 despite EUR 18m net negative corona effects, mainly due to improved EUR 62m technical result (+EUR 47m)
- EBIT impact of KuRS costs: EUR 13.5m in FY 2020 (thereof EUR 8m in Q4 2020) vs. EUR 44m in FY 2019 (thereof 16m in Q4 2019)

2 Retail Germany Life: De-risking measures to continue

EURm, IFRS ■ 2019 ■ 2020

Gross written premiums (GWP)

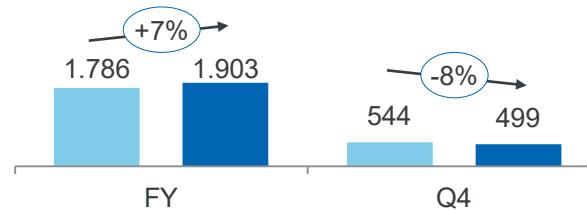


Retention ratio in %



- GWP decreased by 5.7% vs. FY 2019 (Q4 2020 y/y: -4.5%) because of lower sales via banking channels and in company pension schemes as a result of the lockdown
- Premiums decrease offset, at EBIT level, by lower acquisition costs
- We have continued to increase capital-efficient and unit-linked new business, to exclusively focus on profitable single premium business and reduce guarantees in our new business. Thereby, the non-capital-efficient business is further declining

Net investment income

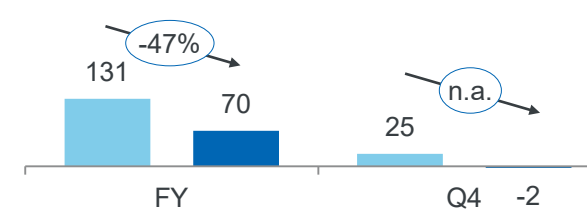


Return on investment in %



- FY 2020 net investment income up EUR 117m, or 6.5%), due to higher realised gains to finance ZZR requirements
- Inversely, both ordinary investment result and unrealised gains down, write-offs up y/y
- Q4 2020 investment result down, as a result of higher realised losses and higher write-offs
- ZZR allocation under German accounting of EUR 626m in FY 2020, thereof EUR 189m in Q4 2020 (FY 2019: EUR 443m; Q4 2019: EUR 119m). Total stock of ZZR as of 31 December 2020 at EUR 4.5bn (+EUR 0.2bn in Q4)

Operating result (EBIT)



EBIT margin in %



- FY 2020 significant EBIT decline affected by
 - Corona-related investment losses after policyholder participation (EUR 6m) in 2020 and PVFP impairment (EUR 10m)
 - Amortisation of investment in bank distribution platform (EUR 16m)
 - Non-recurrence of accounting-driven one-off gain in 2019 (EUR 24m)
- Low level of long-term interest rates continues to put pressure on solvency ratios of life carriers,¹ which have improved significantly per 31 Dec 2020 vs. 30 Sep 2020 due to selected capital measures and balance-sheet derisking such as reducing duration gaps and credit exposure

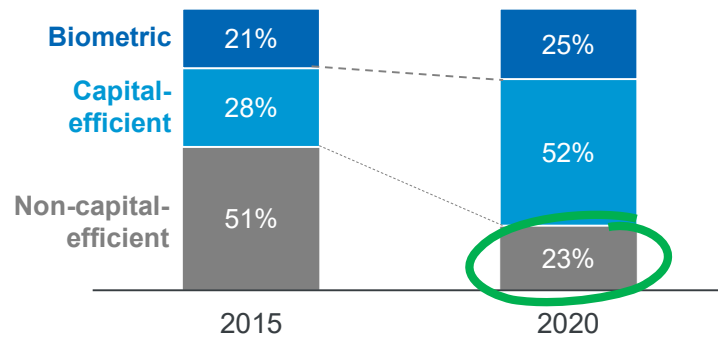
FY 2020 Corona impact (EBIT)

- Premiums: -
- Claims: -
- Offsetting: -
- Investments: EUR -10m
EUR -6m

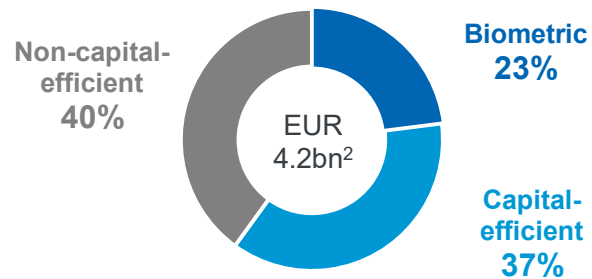
¹ As of 30 September 2020, the as-if-merged Solvency II CAR for the four German life entities stood at 332% including transitional measure, at 103% without transitional measure.

2 Retail Germany Life: Non-capital efficient new business now less than 25% (target)

Structure of new business (total contracted premiums)¹



Structure of annual premiums (FY 2020 GWP)



Yields and investment spreads on own investments, 2020, in %

German GAAP

Own investments	Average guarantee rate	Investment spread	Average running yield	Reinvestment return ³
HDI Leben (EUR 22.2bn)	1.7	0.7	2.4	1.6
neue leben (EUR 10.7bn)	1.6	0.7	2.3	2.0
PB Leben (EUR 8.1bn)	1.5	0.8	2.3	1.1
Targo Leben (EUR 5.1bn)	1.2	1.2	2.4	2.5
Retail Germany Life (EUR 50.7bn)	1.6	0.8	2.4	1.7

¹ Includes expected premiums for the lifetime of new recurring premium contracts and new single premiums (*Beitragssumme*). ² Includes the four main Life carriers HDI Leben, neue leben, PB Leben and Targo Leben.

³ Expected annual return on all investments. In previous years we have shown the yield on fixed income investments (84% of EUR 8.8bn reinvestment volume with 0.95% reinvestment yield in Retail Germany Life in 2020)

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Retail International: Solid results despite FX and lower interest rates

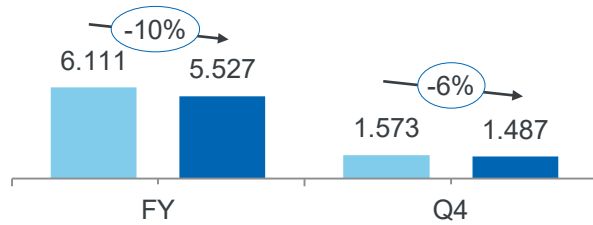
FY 2020 Corona impact (EBIT)

- Premiums: EUR -29m¹
- Claims: EUR -40m
- Offsetting: EUR +141m
- Investments: EUR -12m

EUR 72m total technical impact

EURm, IFRS 2019 2020

Gross written premiums (GWP)

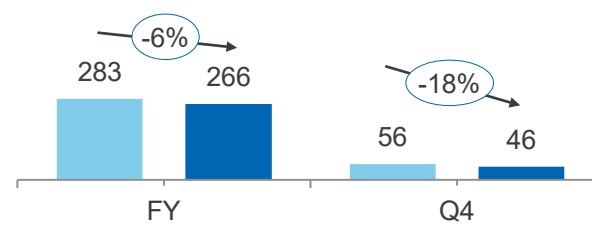


Retention ratio in %



- FY 2020 GWP decline of 9.6% (curr.-adj. -1.6%) driven by currency effect, particularly in Latin America, and by Italian Life
- GWP in P/C down 7.7% (curr.-adj. +3.2%). Both Turkey and Warta up currency-adjusted. Life business down 13.3% (curr.-adj. -11.3%), driven by lower single premium business in Italy and Hungary
- Europe down 6.0% to EUR 4.1bn in FY 2020 (-2.0% curr.-adj.)
- 18.5% decline in LatAm (curr.-adj. -0.6%). New car sales down in all three core markets Brazil, Mexico and Chile (approx. 30%). Increase (curr.-adj.) in non-motor Brazil

Operating result (EBIT)

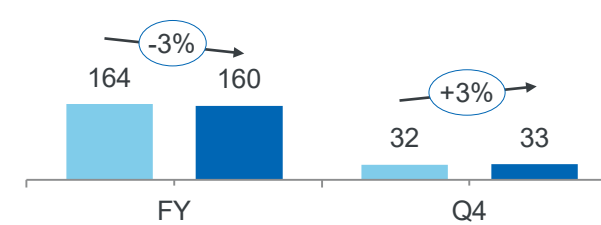


Combined ratio P/C in %



- FY combined ratio at previous year's level; 7.3% decline in net premiums earned offset by lower motor frequency losses due to lockdown
- FY EBIT in Europe down 3.0% (EUR 9m) in FY, increases in Italy and Turkey not fully offsetting decline in Poland
- Latin America EBIT down 12.0% (EUR 6m), driven by drop of interest rates and higher NatCat claims in Brazil, partially offset by significant improvement in Chile (violent demonstrations in 2019)
- Overall net positive Corona EBIT impact, as reduction of claims in motor exceeded the sum of corona-related claims, premiums impact and investment losses

Net income (after minorities)



ROE in %



- FY return on investment down to 2.6% from 3.3% in 2019, reflecting lower interest rates in most markets
- FY 2020 results include twelve months of acquired Ergo Sigorta in Turkey, FY 2019 only four months
- Bolt-on non-life acquisition in Italy signed on 21 Oct 2020, closing expected in Q2 2021
- For 2021 we expect a negative impact on earned premiums as a consequence of corona-driven lower business volumes in 2020; we also expect a challenging capital markets environment
- Mid-term RoE ambition continues to be 10-11%

¹ All in P/C business.

2

Retail International: Trends and positioning in core markets

Country	Market			
	Economy	Currency	P/C market GWP	
	GDP 2020E vs. 2019 ¹	Spot rate YE 20 vs. YE 19 ²	2020 (in EURbn)	2020 vs. 2019 (in local currency)
Poland ³	-2.8%	-6.2%	9.9	+0.1%
Turkey	+0.5%	-35.6%	8.1	+18.0%
Brazil	-4.4%	-41.2%	15.3	+1.9%
Mexico	-8.5%	-15.8%	12.7	-0.4%
Chile	-9.1%	-4.9%	3.5	+5.8%

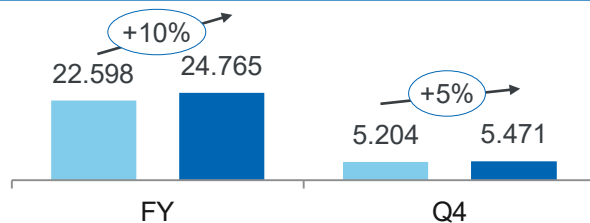
Non-life entities in core growth markets of Retail International			
GWP 2020 in EURm (change vs. 2019 in local currency)	EBIT 2020 in EURm (vs. 2019)	P/C market rank 2020	Motor market rank 2020
1,446 (+1.7%)	151 (-16%)	#3	#2
395 (+38.6%) ⁴	12 (+632%) ⁴	#6	#7
622 (+1.4%)	13 (-66%)	#7	#5
357 (-8.9%)	18 (+16%)	#15	#5
283 (-3.9%)	11 (259%)	#6	#2

1 Real GDP growth; source: data or estimates available from national statistical offices as of February 2021. 2 Local currency vs. EUR 3 Non-life market and Retail International market positions in Poland based on 9M 2020 data. 4 Ergo Sigorta acquisition in Turkey fully included in 2020, four months in 2019

2 Reinsurance: Favorable result in a year dominated by Corona

EURm, IFRS 2019 2020

Gross written premiums (GWP)

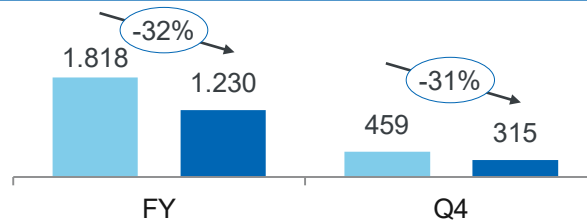


Retention ratio in %



- GWP up by 9.6% (currency-adj. +12.0%) in FY 2020, growth driven by 13.3% increase in P/C
- Net premiums earned up by 8.2%, up 10.6% on a currency-adjusted basis
- Retention ratio stable at 90.1% in FY 2020 vs. 90.0% in FY 2019

Operating result (EBIT)

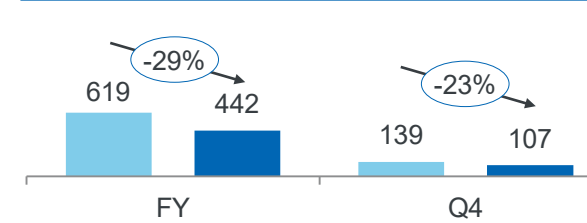


Combined ratio P/C in %



- FY 2020 EBIT down 32.3%. Reported combined ratio of 101.6%. Combined ratio adjusted for Corona was at 97.4%
- Large loss budget exceeded by EUR 620m due to reserving for anticipated corona-related losses, which equates to 4.4%pts impact on combined ratio
- Ordinary investment income decreased by 5.7%, driven by inflation-linked bonds as well as lower returns from private equity and real estate funds
- Assets under own management up 2.8% vs. 31 Dec 2019 to EUR 48.4bn

Net income (after minorities)



ROE (after minorities) in %



- FY 2020 net income attributable to Talanx shareholders down by 28.6% to EUR 442m
- Return on equity at 8.5% (-4.8%pts. vs FY 2019)
- Mid-term RoE ambition continues to be at least 10%

FY 2020 Corona impact (EBIT)

- Premiums: EUR -8m
- Claims: EUR -1,211m
- Offsetting: EUR +44m
- Investments: EUR -128m

EUR -845m total technical impact (EUR -601m thereof in P/C)¹

¹ After absorption of otherwise unused large loss budget (EUR 330m).

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3 Net investment income

EURm, IFRS	FY 2019	FY 2020	Change	Q4 2019	Q4 2020	Change	Comments
Ordinary investment income	3,503	3,336	-5%	885	875	-1%	Decrease in ordinary investment income in FY 2020, across the board, due to deteriorated low interest rate environment
thereof current interest income	2,713	2,535	-7%	664	602	-9%	
thereof income from real estate	332	306	-8%	85	93	+10%	
Extraordinary investment income	899	981	+9%	304	331	+9%	Significant increase in realised net gains (+EUR 368m if adjusted for EUR 100m one-time Viridium gain in L/H Reinsurance in Q2 2019), mainly related to the continued build-up of <i>Zinszusatzreserve</i> in German Life, and also to portfolio changes in Reinsurance
Realised net gains / losses on investments	938	1,206	+29%	353	371	+5%	
Write-ups / write-downs on investments	-169	-301	-78%	-52	-78	-50%	
Unrealised net gains / losses on investments	131	77	-41%	4	37	+909%	EUR 47m write-downs on private equity in Q2 2020 after EUR 43m write-downs on equities in Q1 2020; line also includes regular depreciation of infrastructure and real estate investments
Other investment expenses	-272	-284	-4%	-78	-80	-3%	
Income from assets under own management	4,130	4,033	-2%	1,111	1,126	+1%	Significant reduction in unrealised gains on derivatives in German Life and Reinsurance in FY 2020
Interest income on funds withheld and contract deposits	190	210	+11%	54	59	+9%	
Income from investment contracts	3	0	-92%	1	-1	-170%	
Total: Net investment income	4,323	4,243	-2%	1,166	1,183	+2%	5% increase in assets under own management versus 31 December 2019 (EUR 122.6bn), from additional volume and market recovery since Q2 2020
Assets under own management at period end	122,638	128,521	+5%	122,638	128,521	+5%	
Average assets under own management	117,253	125,579	+7%	122,867	127,818	+4%	
Net return on investment¹	3.5%	3.2%	-0.3%pts	3.6%	3.5%	-0.1%pts	
Current return on investment ²	2.8%	2.4%	(0.4%pts)	2.6%	2.5%	(0.1%pts)	

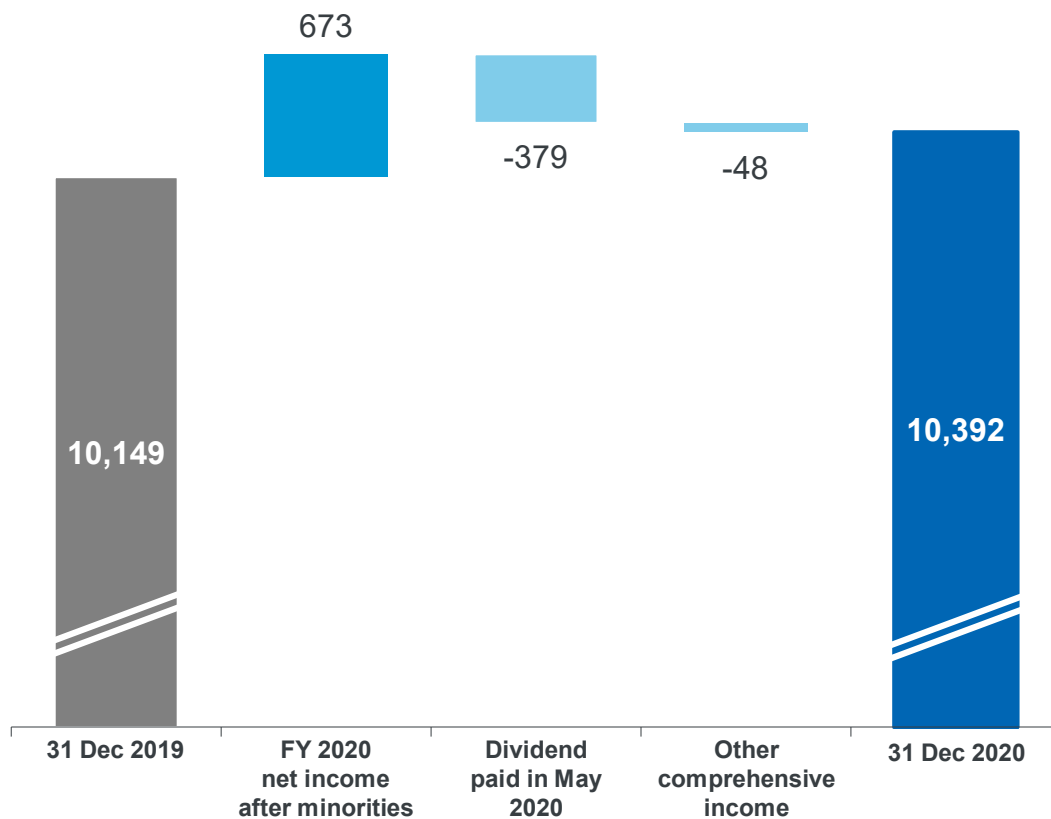
1 Net return on investment: Income from assets under own management divided by average assets under own management

2 Current return on investment: Income from assets under own management excl. extraordinary investment income divided by average assets under own management

3 Book value per share up 2% in 2020

Shareholders' equity

in EURm



Comments

- Shareholders' equity at EUR 10,392m, up 2% versus the level of Dec 2019
- In other comprehensive income, increase in unrealised gains more than offset by decrease in currency translation

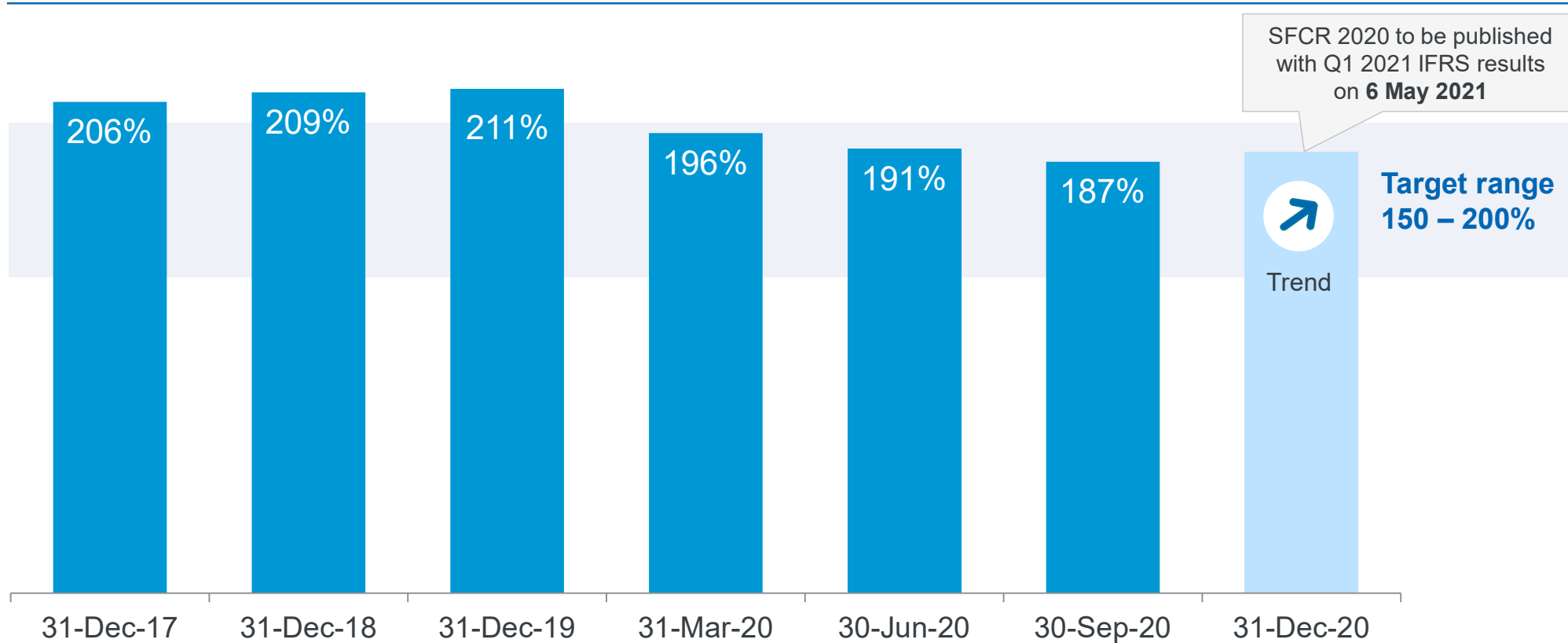
Book value per share

EUR	31 Dec 2019	30 Jun 2020	30 Sep 2020	31 Dec 2020	Change in Q4	
					Abs.	%
Including goodwill	40.15	39.98	40.32	41.11	0.79	2.0
Excluding goodwill	35.78	35.83	36.26	37.00	0.74	2.0

3

Capital: 2020 year-end CAR likely to be higher than 30 September level

Development of Solvency II capitalisation (Regulatory View, SII CAR, excl. transitional)



Note: Solvency II ratio relates to HDI Group as the regulated entity. The chart does not contain the effect of transitional measure. Solvency II ratio including transitional measure as of 30 September 2020: 231%

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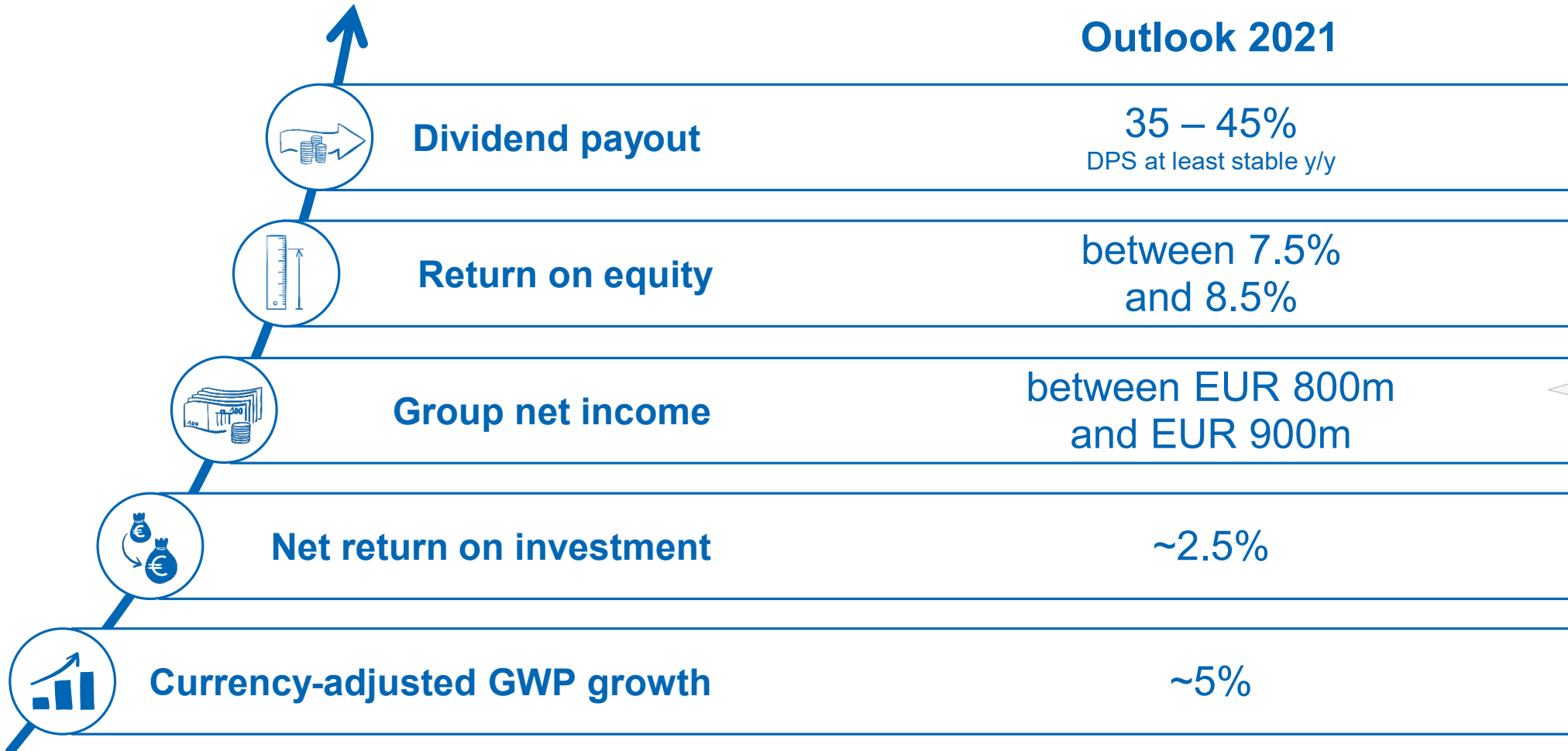
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Outlook 2021 for Talanx Group

Outlook 2021






2021E corona-related net income impact of EUR ~150m assumed

Note: All targets are subject to large losses not exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations. The targeted dividend payout is subject to the regulator's approval. The Outlook 2021 is based on a large loss budget of EUR 410m (2020: EUR 360m) in Primary Insurance, of which EUR 331m in Industrial Lines (2020: EUR 301m). The large loss budget in Reinsurance is EUR 1,100m (2020: EUR 975m)

4

Strategy 2022: Mid-term target matrix

Targets	Return on equity  High level of profitability ≥ 800bp above risk-free rate ¹	EPS growth  Profitable growth ≥ 5% on average p.a. ²	Dividend payout ratio  Sustainable & attractive payout 35% - 45% of IFRS earnings DPS at least stable y/y
	Strong capitalisation Solvency II target ratio 150 - 200%	Market risk limitation (low beta) Market risk ≤ 50% of Solvency Capital Requirement	High level of diversification targeting 2/3 of Primary Insurance premiums to come from outside of Germany
	Constraints		

Note: All targets are subject to large losses not exceeding the large loss budget, no major turbulences on capital markets and no material currency fluctuations

¹ The risk-free rate is defined as the 5-year rolling average of the 10-year German Bund yield

² EPS CAGR 2018 to 2022 (base level: original Group net income Outlook of ~EUR 850m for 2018)

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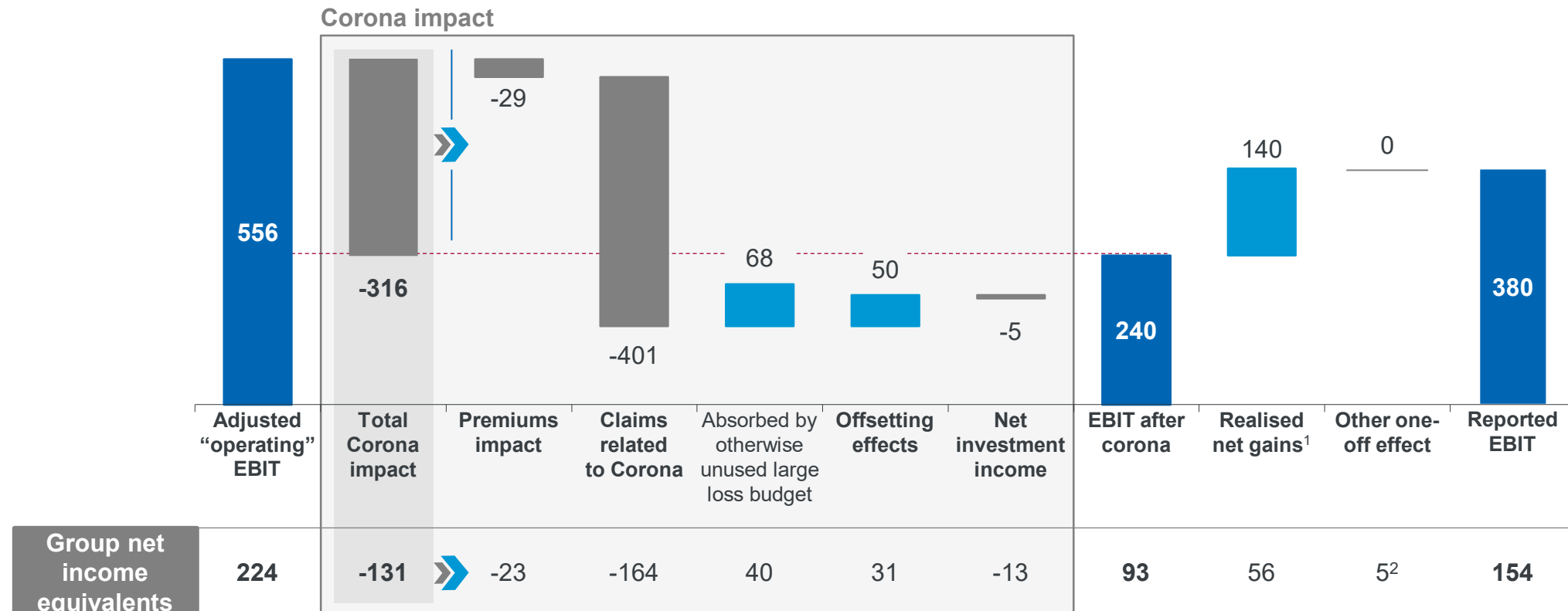
Q4 2020 results: Net income lower due to EUR 131m Corona impact

EURm	Q4 2019	Q4 2020	Delta	Comments
Gross written premiums (GWP)	9,169	9,198	+0%	Increases at P/C Reinsurance (+EUR 269m) and Industrial Lines (+EUR 108m) offset by EUR 160m decline in Retail Germany and Retail International. 5.9% growth in local currency
Net premiums earned	8,868	8,884	+0%	
Net technical result	-551	-826	-50%	P/C technical result negatively impacted by significant Corona effects (see following pages); underlying Group CR at 97.6% slightly improved
thereof P/C	111	-84	-176%	
thereof Life	-662	-742	-12%	
Net investment income	1,166	1,184	+2%	EUR 10m decrease in ordinary investment income more than offset by EUR 27m increase in extraordinary investment income
Other income / expenses	-48	22	n.m.	
Operating result (EBIT)	567	380	-33%	Swings in other result driven by currency translation in P/C reinsurance
Financing costs	-49	-45	8%	
Taxes on income	-160	-49	70%	Low-tax income portion in Reinsurance and several tax-reducing effects in Industrial Lines (including partial reversal of deferred tax impairments)
Net income before minorities	357	286	-20%	
Non-controlling interests	-176	-132	25%	
Net income after minorities	181	154	-15%	
Earnings per share (EPS)	0.72	0.61		
Combined ratio (CR)	97.8%	101.3%	+3.5%pts	
Tax ratio	31.0%	14.5%	-16.5%pts	
Return on equity	7.1%	6.0%	-1.1%pts	
Return on investment	3.6%	3.5%	-0.1%pts	

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Significant underlying profits in Q4

EBIT (before taxes and minorities) in Q4 2020, in EURm



¹ Realised net gains / losses on fixed income and real estate investments (net losses on equities and derivatives included in corona-related effects). Group excluding Primary Insurance life business. Largest part realised in P/C Reinsurance.

² Partial reversal of deferred tax impairments in Industrial Lines

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Corona details Q4 2020: EUR 316m EBIT impact after EUR 184m in Q3

Total EBIT impact (before taxes and minorities) in Q4 2020, in EURm

	Industrial Lines	Retail Germany P&C	Retail Germany Life	Retail International	∑ Primary Insurance	P/C Reinsurance	Life / Health Reinsurance	Corporate Operations	Talanx Group
Premiums impact	-24	-1		-2	-27	-1	-1		-29
Corona-related claims (net)	-44	-2		-4	-50	-250	-102		-401
Absorbed by otherwise unused large loss budget	38				38	30			68
Offsetting effects (and other)	-1	6	-9	42	38	8	5		51
Net investment income	-13			-3	-17	11	1		-5
Total EBIT impact	-45	3	-9	32	-18	-202	-97		-316
Group net income impact	-41	2	-6	20	-25	-72	-34		-131

Accounting impact of FY claims: EUR 334m

Note: Numbers may not add up due to rounding. Group net income impact after taxes and minorities.

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Large losses overview: Budget significantly exceeded due to Corona

Net losses Talanx Group in EURm, FY 2020 (FY 2019)	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance	+ Reinsurance	= Talanx Group
Sum NatCat	147.8 (107.3)	9.0 (25.6)	17.0 (3.7)	173.9 (136.6)	484.2 (636.5)	658.0 (773.1)
Fire/Property	38.0	33.7	5.3	88.7	148.3	236.9
Credit				0.0	12.3	12.3
Marine				0.0	0.0	0.0
Aviation				0.0	0.0	0.0
Casualty	42.3			42.7	0.0	42.7
Cyber				0.0	0.0	0.0
Sum other large losses	80.3 (205.6)	33.7 (0.0)	5.3 (18.1)	131.1 (225.9)	160.6 (319.5)	292.0 (545.5)
Corona losses	173.6	24.5	40.1	248.2	950.1	1,198.3
Total large losses	401.8 (312.8)	67.2 (25.6)	62.4 (21.8)	553.5 (362.5)	1,594.9 (956.1)	2,148.3 (1,318.6)
Pro-rata large loss budget	300.6	29.5	9.0	360.1	975.0	1,335.1
Full-year large loss budget	300.6	29.5	9.0	360.1	975.0	1,335.1
Impact on CR: materialised large losses	13.4%pts (10.5%pts)	5.0%pts (1.7%pts)	1.9%pts (0.6%pts)	7.1%pts (4.6%pts)	11.2%pts (7.5%pts)	9.8%pts (6.4%pts)
Impact on CR: large loss budget	10.0%pts (9.4%pts)	2.2%pts (1.6%pts)	0.3%pts (0.2%pts)	4.6%pts (3.9%pts)	6.9%pts (6.8%pts)	6.1%pts (5.7%pts)

5.4%pts total impact on CR

3.7%pts impact on CR from exceeding budget

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. Corona losses in P/C business only. Primary Insurance includes EUR 22.1m large losses (net) in Corporate Operations in FY 2020 (FY 2019: EUR 2.3m).

5

Large losses Nat Cat: More events than previously, but on average less costly

Net losses Talanx Group in EURm, FY 2020 (FY 2019)	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance	+ Reinsurance	= Talanx Group
Hurricane <i>Laura</i> , USA (Aug.)	57.3			57.3	87.5	144.9
Hailstorm <i>Derecho</i> , USA (Aug.)				0.0	111.0	111.0
Tornado <i>Nashville</i> , USA (Mar.)	12.5			12.5	42.9	55.4
Bush Fires <i>New South Wales</i> , Australia (Jan.)	13.9			13.9	26.1	40.0
Hurricanes <i>Ciara, Elsa, Sabine</i> , Europe (Feb.)	6.0	9.0	0.8	15.8	16.5	32.3
Floods, China (May/July)				0.0	28.7	28.7
Forest fires <i>California</i> , USA (Aug/Oct)	4.7			4.7	23.0	27.8
Hailstorm Halloween, Australia (Oct./Nov.)	1.0			1.0	25.9	26.9
Hailstorm <i>Victoria</i> , Australia (Jan.)	12.5			12.5	13.8	26.3
Storm <i>Alberta</i> , Canada (June)				0.0	22.4	22.4
Hurricane <i>Sally</i> , USA (Sep.)	16.5			16.5		16.5
Storms, Poland (June)			16.2	16.2		16.2
Flood <i>East Coast</i> , Australia (Feb.)	1.2			1.2	14.5	15.6
Earthquake <i>Puerto Rico</i> (Jan.)				0.0	15.0	15.0
Hailstorm <i>Rockhampton</i> , Australia (Apr.)				0.0	14.2	14.2
Hurricane <i>Eta</i> , Nicaragua (Nov)				0.0	13.8	13.8
Flood <i>Kyushu</i> , Japan (July)				0.0	11.3	11.3
Forest fires <i>Washington & Oregon</i> , USA (Aug./Sep.)					9.7	9.7
Forest fires, Brazil (Sep.)	8.3			8.3		8.3
Tornado <i>Borg Warner</i> , USA (Apr.)	8.2			8.2		8.2
Hailstorm <i>South East</i> , Australia (Jan.)				0.0	8.1	7.3
Flood <i>Selmer</i> , USA (July)	5.7			5.7		5.7
Sum NatCat	147.8 (107.3)	9.0 (25.6)	17.0 (3.7)	173.9 (136.6)	484.2 (636.5)	658.0 (773.1)

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

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Talanx Primary Insurance and Reinsurance: contributions to net income

Net income attributable to Talanx AG shareholders, in EURm

	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance		Reinsurance		Corporate Operations	Consolidations	Talanx Group
2014	121	-84	122	159	24%	508	76%	132	-30	769
2015	127	-76	148	199	25%	606	75%	-51	-20	734
2016	241	68	124	433	42%	595	58%	-135	10	903
2017	91	102	138	331	41%	479	59%	-141	2	671
2018	-16	102	161	247	31%	540	69%	-80	-4	703
2019	103	133	164	400	39%	619	61%	-97	1	923
2020	47	119	160	326	42%	442	58%	-92	-3	673

Note: Percentages are excluding earnings contributions by Corporate Operations and Consolidations

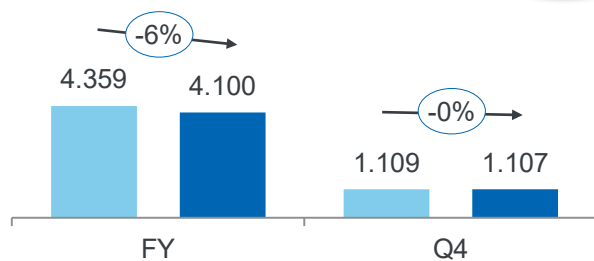
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Additional Information – Retail International Europe: Key financials

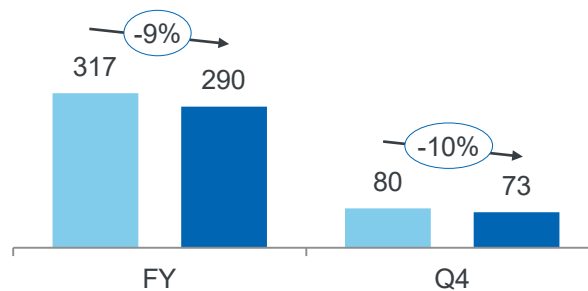
EURm, IFRS 2019 2020

FY 2020
(currency adjusted)
GWP: -2.0%

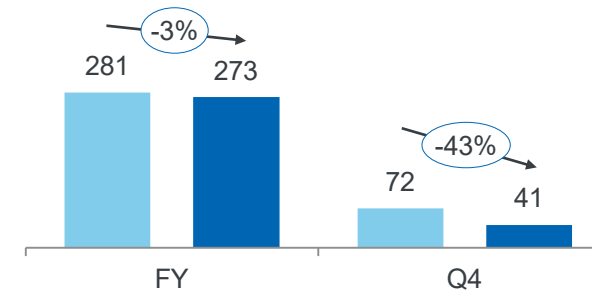
Gross written premiums



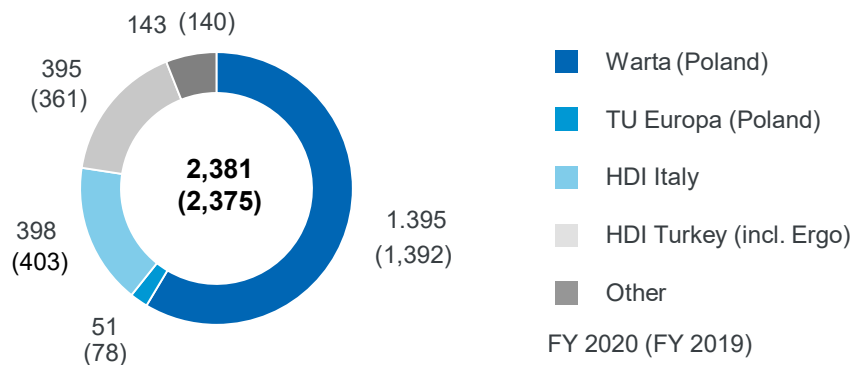
Net investment income



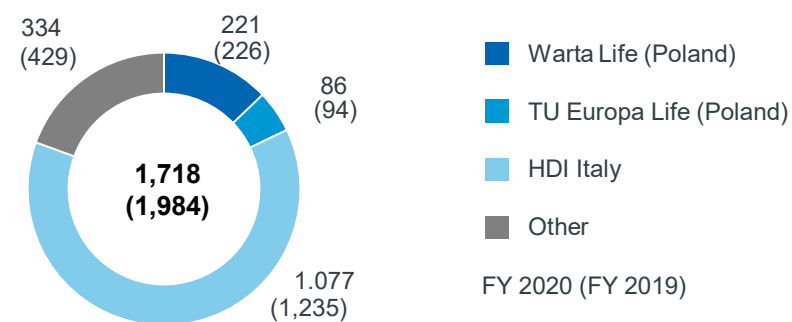
Operating result (EBIT)



GWP split by carriers (P/C)



GWP split by carriers (Life)



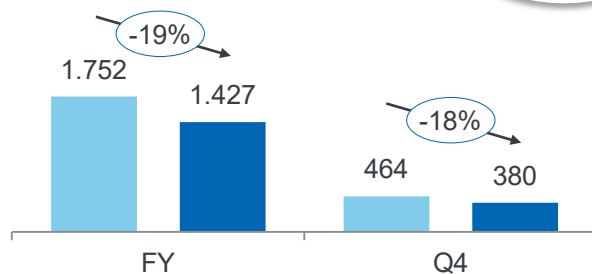
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Additional Information – Retail International LatAm: Key financials

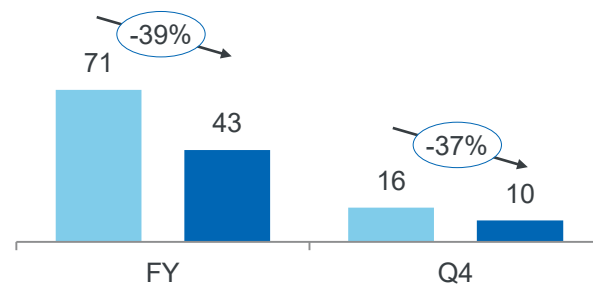
EURm, IFRS 2019 2020

FY 2020
(currency adjusted)
GWP: -0.6%

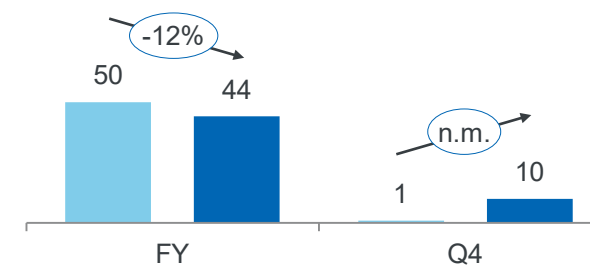
Gross written premiums



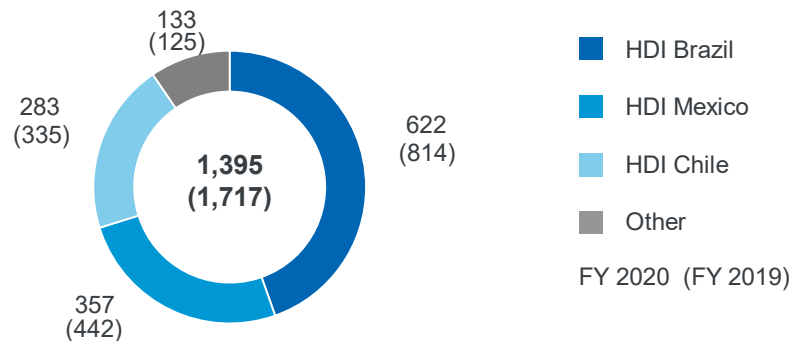
Net investment income



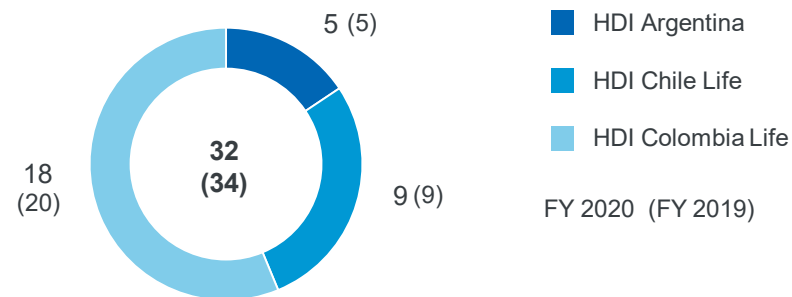
Operating result (EBIT)



GWP split by carriers (P/C)



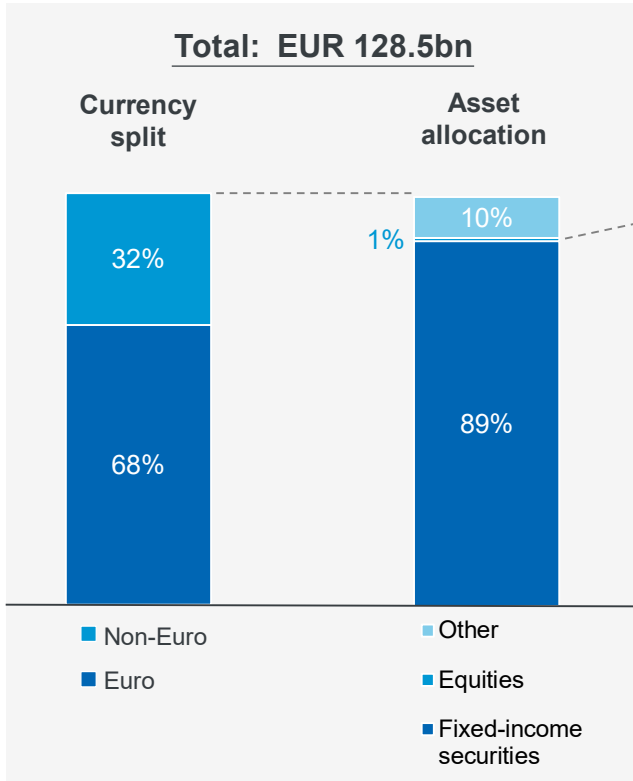
GWP split by carriers (Life)



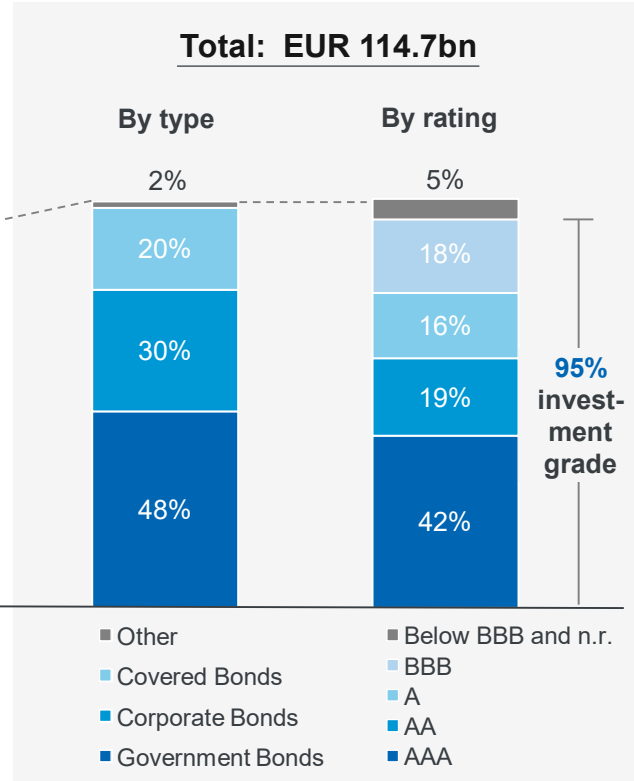
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Additional Information – Breakdown of investment portfolio

Investment portfolio as of 31 Dec 2020



Fixed-income portfolio split



Comments

- Assets under own management increased by 4.8% to EUR 128.5bn compared to 31 Dec 2019 (EUR 122.6bn)
- Investment portfolio remains dominated by fixed-income securities: 89% portfolio share slightly down vs. 31 Dec 2019 (90%)
- Portion of fixed-income portfolio invested in "A" or higher-rated bonds (77%) slightly higher vs. 31 Dec 2019 (76%). 95% of bonds are 'investment grade'
- 17% of fixed-income portfolio is held in USD (31 Dec 2019: 19%); 32% overall in non-euro currencies (31 Dec 2019: 34%)

Investment strategy unchanged – 95% of bonds are investment grade

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

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Additional Information – Details on selected fixed-income country exposure

Investments into issuers from countries with a rating below A- (in EURm), as of 31 December 2020

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	3,406	-	790	563	363	-	5,122
Brazil	BB-	263	-	77	233	-	12	585
Mexico	BBB	217	-	141	334	-	-	693
Hungary	BBB	546	-	18	15	19	-	598
Russia	BBB	288	10	37	188	-	-	524
South Africa	BB	140	-	3	99	-	2	244
Portugal	BBB	70	-	24	29	-	-	123
Turkey	B+	96	-	18	36	4	-	154
Other BBB+		101	-	61	76	-	-	238
Other BBB		362	102	91	214	-	-	768
Other <BBB		118	51	72	185	-	-	426
Total		5,606	164	1,332	1,971	387	14	9,474
in % of total investments under own management		4.4%	0.1%	1.0%	1.5%	0.3%	0.0%	7.4%
in % of total Group assets		3.1%	0.1%	0.7%	1.1%	0.2%	0.0%	5.2%



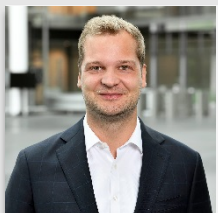
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