Talanx generates Group net income of EUR 723 million and is on track to meet its annual target in full

- Gross written premiums up 10.2 percent to EUR 35.2 (33.0) billion
- Impact of coronavirus pandemic now only to be seen in the Life/Health Reinsurance segment
- Gross claims from flood event in western Europe exceed EUR 1 billion
- Operating profit of EUR 1.8 (1.3) billion
- Group net income of EUR 723 (520) million almost at pre-pandemic 2019 level
- Combined ratio of 97.6 (100.7) percent
- Full-year forecast for 2021: Group net income at upper end of the EUR 900–950 million range
- Full-year forecast for 2022 substantially higher: Group net income of EUR 1,050–1,150 million expected

Talanx AG

Group Communications
Tel. +49 511 3747-2022
E-mail: gc@talanx.com

Investor Relations
Tel. +49 511 3747-2227
E-mail: ir@talanx.com

HDI-Platz 1
30659 Hannover
Germany

Hannover, 15 November 2021

After the first nine months of the year, the Talanx Group is on track to hit its annual target for Group net income of EUR 900–950 million. The insurance group, which rejoined Germany's MDAX mid-cap equity index at the end of October, generated Group net income of EUR 723 (520) million as at 30 September, despite higher large losses from natural disasters. The once-in-a-century floods seen in western Europe led in their own right to gross losses of more than EUR 1 billion. Despite this, the Group's net income was almost at the level of 2019 (EUR 742 million), the year before the coronavirus pandemic. The pandemic impact declined gradually over the first nine months with the exception of the Life/Health Reinsurance segment. The negative effects of the coronavirus crisis on Group net income amounted to EUR 9 million in the third quarter, while the aggregate impact for the first nine months was EUR 81 million. Gross written premiums rose by double digits (10.2 percent) to EUR 35.2 (31.9) billion; after adjustment for exchange rate effects, the figure was 12.3 percent. All segments contributed to this performance. The combined ratio was 97.6 (100.7) percent. Looking forward to financial year 2022, the Talanx Group is anticipating

earnings in excess of the EUR 1 billion mark for the first time. Next year's Group net income is expected to be in the range of EUR 1,050–1,150 million.

"We have successfully weathered the coronavirus pandemic together. Our nine-month results put us almost back at the high level seen in 2019. We can achieve our targets for 2021 despite the substantial rise in large losses from natural disasters, especially in Q3", said Torsten Leue, Chairman of Talanx AG's Board of Management. "This clearly shows that our strategy and our modernisation programmes for the divisions are bearing fruit and have resulted in profitable growth. Our reserving policy has enhanced our resilience. We want to continue this journey so as to successfully meet future challenges as well. Our goal for 2022 is for Group net income to top the EUR 1 billion mark for the first time."

The continuous improvement measures are also reflected favourably in the divisional results for the current reporting period. The improved profitability at Industrial Lines is having a positive effect. The Retail Germany Division has almost reached its annual "KuRS" programme target after only nine months. Retail International also saw clear growth in the first nine months thanks among other things to the acquisition of Amissima Assicurazioni S.p.A., which has been fully consolidated since 1 April 2021.

The impact of the coronavirus pandemic declined gradually over the reporting period. Only the Life/Health Reinsurance segment is still seeing a continuing high impact, which depressed operating profit by EUR 404 million as at 30 September. Whereas the coronavirus crisis pushed down Group net income by EUR 81 million in the first nine months, only EUR 9 million of this figure was attributable to the third quarter. Exchange rate losses also depressed results, especially in Industrial Lines and Reinsurance.

At EUR 1.5 (1.6) billion, large losses were similar to the prior-year period, due in particular to large losses from natural disasters. Hurricane "Ida" in

North America and the western European floods caused by low-pressure system “Bernd” had a particularly negative effect – the catastrophic flooding alone resulted in losses of more than EUR 1 billion (gross) and EUR 321 million (net).

All in all, net large losses from natural disasters amounted to EUR 1.1 billion in the period up to 30 September. Large man-made losses were EUR 394 million. Large losses in the Reinsurance Division totalled EUR 1.1 billion, while the figure for primary insurance was EUR 391 million. The figures for large losses exceeded the pro rata nine-month budget of approximately EUR 1.2 (1.0) billion and almost reached the full-year budget of EUR 1.5 (1.3) million. At EUR 956 million, the third quarter accounted for almost two-thirds of all large losses for the reporting period.

Nine-month operating profit climbed tangibly compared to the prior-year quarter, to EUR 1.8 (1.3) billion. The underwriting result rose to EUR –1.6 (–2.0) billion thanks among other things to a clear improvement in the Property/Casualty Insurance segment. Net investment income increased by 13.7 percent to EUR 3.5 (3.1) billion, largely due to higher income from alternative investments and the realisation of hidden reserves to finance the *Zinszusatzreserve* (ZZR – additional interest reserve). Excluding transitional measures, the Solvency 2 ratio as at 30 September 2021 was 204 (30 June 2021: 210) percent.

Third quarter: Significant impact from natural disasters

Third-quarter gross written premiums rose by 11.9 percent to EUR 11.1 (9.9) billion, with all the divisions recording premium growth. The underwriting result improved to EUR –622 (–843) million, despite higher large losses from natural disasters in particular. These events pushed up the combined ratio to 100.9 (99.7) percent. Net investment income fell by 11.5 percent to EUR 1.1 (1.3) billion, largely due to a decline in net gains on disposal and the realisation of hidden reserves to finance the

ZZR, which was largely completed in the first half of the year. Operating profit was EUR 506 (546) million, while Group net income was EUR 177 (194) million.

Industrial Lines: Higher premiums from growth in the specialty and third-party liability business – Group net income of EUR 101 million

Gross written premiums in the Industrial Lines Division rose by 11.6 percent to EUR 5.8 (5.2) billion. Adjusted for exchange rate effects, the increase was even higher, at 13.0 percent. Premium growth was mainly attributable to growth in the specialty and third-party liability businesses. The nine-month underwriting result was EUR 35 (–107) million, despite high claims expenses from natural disasters and man-made losses. This figure was significantly higher than in the prior-year period, which was strongly affected by the coronavirus pandemic. It clearly shows how effective the measures taken improve the division’s profitability have been. The estimated premium attrition resulting from the coronavirus pandemic was lower than expected. The combined ratio was 98.6 (104.8) percent. The combined ratio is therefore still on track to reach the medium-term target of 95 percent, despite the accumulation of large losses caused by natural disasters. The division recorded gross losses of EUR 328 million following the heavy rains caused by low-pressure system “Bernd” in western Europe. In addition, Winter Storm “Uri” (Texas) and Hurricane “Ida” (North America) clearly impacted the result, at EUR 250 million and EUR 111 million respectively.

Net investment income was up year-on-year at EUR 220 (171) million and benefited from higher distributions from private equity investments. Operating profit climbed sharply to EUR 151 (28) million. The division contributed EUR 101 (10) million to Group net income, a substantial rise on the prior-year period.

Third quarter: Strong contribution to Group net income despite overrunning the pro rata large loss budget

Third-quarter gross written premiums increased by a clear 19.9 percent year-on-year to EUR 1.6 (1.4) billion. Growth after currency adjustments amounted to 18.3 percent. The underwriting result climbed to EUR 8 (–40) million despite overrunning the pro rata large loss budget due to natural disasters and man-made losses, while the combined ratio improved to 99.1 (105.0) percent. Net investment income rose to EUR 79 (65) million. Operating profit was EUR 54 (10) million and the contribution to Group net income jumped year-on-year to EUR 32 (3) million.

Retail Germany: Annual target for “KuRS” programme almost reached after only nine months

Gross written premiums in the Retail Germany Division increased by 3.9 percent in the first nine-months to EUR 4.6 (4.5) billion. Both the life insurance business and the Property/Casualty Insurance segment were growth drivers here. Operating profit was up significantly on the comparative period at EUR 234 (168) million, despite the flood damage caused by the low-pressure system in western Europe. This means that the “KuRS” programme target – an operating profit of at least EUR 240 million – has almost been reached after only nine months. The division’s contribution to Group net income rose to EUR 131 (102) million.

Property/Casualty Insurance segment: Growth in line with strategy

Gross written premiums in the Property/Casualty Insurance segment rose by 3.0 percent to EUR 1,308 (1,270) million. A key driver here was the 9.1 percent growth seen in the segment’s SME business, which rose to EUR 422 (387) million in line with its strategy. The nine-month underwriting result fell to EUR 31 (45) million. This was due to higher claims expenses resulting primarily from natural disasters such as the flood event in western Europe. All in all, flood victims filed well over 6,000 claims for an average amount of just under EUR 27,000. The division will pay out EUR 171 million to flood victims.

The combined ratio for the first three quarters increased to 96.8 (95.8) percent. Net investment income rose by 22.2 percent year-on-year to EUR 79 (64) million, mainly as a result of higher disposal gains and lower write-downs compared to the prior-year period. Operating profit rose slightly to EUR 99 (96) million.

Third quarter: Rise in claims expenses due to flood event in western Europe and end of the lockdown

Gross written premiums rose by 4.3 percent in the third quarter to EUR 276 (265) million. The underwriting result declined to EUR –25 (23) million. The change was driven by the rise in claims expenses due to the flood event in western Europe, plus higher attritional losses year-on-year as mobility returned to a more normal level following the end of the lockdown. Consequently, the combined ratio was 108.0 (93.6) percent. Net investment income improved by 3.6 percent to EUR 26 (25) million. An operating loss of EUR 3 million was recorded, compared to an operating profit of EUR 42 million in the prior-year period. The prior-year period had been dominated by a sharp drop in motor vehicle claims expenses due to fewer miles being driven.

Life Insurance segment: Rise in demand lifts earnings

Life insurance premiums grew by 4.3 percent in the first nine months to EUR 3.3 (3.2) billion. The strong debut by CleverInvest, the segment’s core new fund-based product, is clearly enhancing gross written premiums. The prior-year period had seen a decline in premiums due to the coronavirus pandemic. The underwriting result declined over the financial year to date to EUR –1.4 (–1.3) billion. This was mainly due to provisions for premium refunds designed to enable policyholders to participate in the positive course of business. Net investment income rose by 11.9 percent to EUR 1.6 (1.4) billion due among other things to the substantially higher hidden reserves realised to finance the ZZR and enhance the capital base. Operating profit rose sharply in line with this to EUR 135 (72) million.

Third quarter: Clear rise in operating profit

Third-quarter gross written premiums in the Life Insurance segment rose by 7.4 percent to EUR 1,124 (1,047) million. The underwriting result improved to EUR –380 (–675) million due to lower additions to the provision for premium refunds. Net investment income declined to EUR 458 (719) million due to different timing of the financing of the ZZR compared to the prior-year period. Operating profit rose clearly to EUR 80 (32) million.

Retail International: Strong growth and sound profitability

Premium growth at the Retail International Division rose by 12.4 percent year-on-year to EUR 4.5 (4.0) billion. Adjusted for exchange rate effects, the increase was even higher, at 17.0 percent. Gross written premiums in the Europe region rose by 14.9 percent (18.8 percent adjusted for exchange rate effects) to EUR 3.4 (3.0) billion. The main drivers for this were Warta in Poland in the Property/Casual and Life Insurance segments plus the first-time consolidation of recently acquired Amissima Assicurazioni, which generated premiums of EUR 131 million. HDI Sigorta in Turkey also contributed to premium growth. Gross written premiums in Latin America increased by 5.4 percent in the first nine months of 2021, to EUR 1.1 (1.0) billion. Growth after adjustment for exchange rate effects amounted to 12.1 percent. Premium growth was particularly strong in the Chilean and Mexican business, whereas HDI's premiums in Brazil were flat after currency adjustments as a result of the strong competition there.

The underwriting result increased 14.6 percent to EUR 50 (44) million. The combined ratio fell to 94.3 (94.8) percent despite a rise in claims inflation and a return to more normal loss frequencies following the end of the coronavirus lockdown. Net investment income rose by EUR 33 million in the first nine months of the year to EUR 278 (245) million. Higher volumes of investments and higher interest rates on the Brazilian and Turkish markets in particular offset negative exchange rate effects.

Operating profit rose by 3.1 percent year-on-year to EUR 227 (220) million. Adjusted for exchange rate effects, the increase amounted to 6.2 percent. The division's contribution to Group net income rose by 6.7 percent to EUR 135 (127) million.

Third quarter: Strong premium growth

Third-quarter gross written premiums rose by 16.2 percent to EUR 1.5 (1.3) billion. After adjustment for exchange rate effects the increase was even higher, at 18.0 percent. The underwriting result improved to EUR 3.6 (–0.5) million, while the combined ratio was 97.0 (95.9) percent. Net investment income was up 6.4 percent to EUR 84 (79) million. Operating profit amounted to EUR 54 (64) million, while the division's contribution to Group net income was EUR 31 (38) million.

Reinsurance: Continuing impact of coronavirus pandemic and high level of large losses

Gross written premiums rose by 12.0 percent to EUR 21.6 (19.3) billion. Operating profit improved to EUR 1,290 (915) million, while the contribution to Group net income rose to EUR 427 (334) million. The Reinsurance Division lifted its growth rate in the first nine months of the year despite the continuing impact of the coronavirus pandemic on the Life/Health Reinsurance segment and high large loss expenses in the Property/Casualty Reinsurance segment.

Property/Casualty Reinsurance segment: Clear improvement in underwriting result despite increase in large losses

Gross written premiums rose by 14.4 percent year-on-year to EUR 15.3 (13.3) billion. Adjusted for currency effects, the increase amounted to 17.7 percent. The underwriting result improved sharply to EUR 219 (–187) million. The combined ratio improved by 3.5 percentage points to 97.9 (101.4) percent. Net investment income increased to EUR 1,003 (725) million. Operating profit jumped to EUR 1,076 (606) million.

No further net impact from the coronavirus pandemic has been recorded in the course of the year in this segment. At EUR 1,070 (1,149) million, net large losses were lower than in the comparative period, which was hit hard by the coronavirus pandemic. However, they still substantially exceeded the pro rata large loss budget figure for the nine-month period of EUR 849 (749) million. The Property/Casualty Reinsurance segment was hit by third-quarter large losses that considerably exceeded expectations. Reinsurance prices and conditions are improving significantly in reaction to current challenges.

In the third quarter, gross written premiums rose by 19.9 percent to EUR 5.0 (4.2) billion. The underwriting result deteriorated to EUR –80 (0) million. The combined ratio rose to 101.5 (99.6) percent. Net investment income jumped to EUR 407 (256) million. Operating profit was EUR 287 (307) million.

Life/Health Reinsurance segment: Continuing coronavirus effects of EUR 404 million

The coronavirus pandemic remained a core issue in Life/Health Reinsurance in the first nine months of the financial year, particularly in relation to mortality coverage. Pandemic-related effects in Life/Health Reinsurance amounted to EUR 404 million as at the end of September. A large proportion (around half) of the pandemic claims in the first nine months of the year relate to cases of sickness and death in the USA. A positive one-time effect of EUR 129 million in the first quarter, which resulted from restructuring measures in the US mortality business, partially offset the impact of the pandemic. In addition, the longevity business recorded a positive one-time effect of EUR 99 million in the third quarter.

Premiums in the Life/Health Reinsurance segment grew by 6.8 percent in the first nine months of the year to EUR 6.4 (5.9) billion. Growth after currency adjustments amounted to 6.9 percent. The underwriting result deteriorated to EUR –496 (–421) million. Operating profit fell by 30.7 percent to EUR 214 (309) million.

Third-quarter coronavirus effects amounted to EUR 141 million, while the longevity business recorded a positive one-time effect of EUR 99 million. Gross written premiums rose by 9.0 percent to EUR 2.2 (2.0) billion. The underwriting result fell by 7.3 percent to EUR –147 (–137) million. Net investment income declined to EUR 85 (141) million. Operating profit dropped to EUR 39 (100) million.

Outlook for 2021: Group net income at upper end of the EUR 900–950 million range

After the strong first half of financial year 2021, the Talanx Group is expecting Group net income at the upper end of the EUR 900–950 million range. This is despite the substantial losses caused by Hurricane "Ida" and the flood damage in Germany and parts of Europe, which affected the third quarter.

The Group is also expecting gross premiums to rise in the current financial year and to record a high single-digit percentage increase after adjustment for currency effects. A net return on investment of 2.7 percent is forecast. The return on equity should be approximately 9.0 percent, in excess of the strategic minimum target.

As usual, the forecasts for financial year 2021 are subject to the proviso that large losses remain in line with expectations and that no renewed significant turbulence occurs on the currency and capital markets.

Outlook for 2022: Group net income of EUR 1,050–1,150 million

Talanx is also publishing an earnings outlook for financial year 2022 together with its nine-month results. It is expecting percentage premium growth compared to 2021 to be in the mid-single digit range. The net return on investment is forecast to be approximately 2.4 percent, with the even lower interest rate environment and rising inflation expected to impact Group net income. Talanx is expecting Group net income to be in the range of EUR 1,050–1,150 million. This should correspond to a return on equity of approximately 10 percent, clearly above Talanx's strategic minimum goal of at least 800 base points in excess of the risk-free rate.

As usual, the targets for financial year 2022 are subject to the proviso that no turbulence occurs on the currency and capital markets and that large losses are in line with expectations.

More detailed medium-term targets and the dividend proposal will be published on the occasion of Talanx's Capital Markets Day on 17 November.

Key figures from the Talanx Group income statement for 9M 2021, consolidated (IFRS)

EUR million	9M 2021	9M 2020	+/–
Gross written premiums	35,150	31,907	+10.2%
Net premiums earned	27,767	25,301	+9.7%
Combined ratio for property/casualty primary insurance and property/casualty reinsurance[1]	97.6%	100.7%	+3.1 ppts
Net investment income	3,477	3,059	+13.7%
Operating profit/loss (EBIT)	1,839	1,291	+42.5%
Group net income (after non-controlling interests)	723	520	39.2%
Return on equity[2]	9.2%	6.8%	+2.4 ppts

Key figures from the Talanx Group income statement for Q3 2021, consolidated (IFRS)

EUR million	Q3 2021	Q3 2020	+/–
Gross written premiums	11,075	9,901	+11.9%
Net premiums earned	9,495	8,555	+11.0%
Combined ratio in property/casualty primary insurance and property/casualty reinsurance[1]	100.9%	99.7%	+1.2 ppts
Net investment income	1,128	1,274	–11.5%

Operating profit/loss (EBIT)	506	546	–7.2%
Group net income (after non-controlling interests)	177	194	–9.0%
Return on equity[2]	6.7%	7.6%	–0.9 ppts

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

[Full documents relating to the quarterly statement]

[Financial calendar]

About Talanx

Talanx is a major European insurance group with premium income of EUR 41.1 billion (2020) and roughly 23,000 employees worldwide. Based in Hannover, Germany, the Group is active in more than 150 countries. Talanx is a multibrand provider with a focus on B2B insurance. Its industrial insurance and retail business in Germany and abroad is operated under the HDI brand, which has a rich tradition stretching back about 120 years. Other Group brands include Hannover Re, one of the world's leading reinsurers; the bancassurance specialists Targo insurers, PB insurers and neue leben; and Polish insurer Warta. Ampega, one of Germany's largest asset management companies, manages the Talanx Group's assets and is also an experienced provider of asset management solutions for non-group institutional investors. Rating agency Standard & Poor's has awarded the Talanx Primary Insurance Group a financial strength rating of A+/stable ("strong") and the Hannover Re Group one of AA–/stable ("very strong"). Talanx AG is listed on the Frankfurt Stock Exchange, where it is a member of the MDAX, and on the Hannover stock exchange (ISIN: DE000TLX1005, German Securities Code: TLX100).

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

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

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

For **media enquiries** please contact:

Andreas Krosta	Tel.:	+49 511-3747-2020
	E-mail:	andreas.krosta@talanx.com
Anna Gräuler	Tel.:	+49 511 3747-2094
	E-Mail:	anna.graeuler@talanx.com

For **investor relations enquiries** please contact:

Bernd Sablowsky	Tel.:	+49 511-3747-2793
	E-mail:	bernd.sablowsky@talanx.com
Bernt Gade	Tel.:	+49 511-3747-2368
	E-Mail:	bernt.gade@talanx.com
Carsten Fricke	Tel.:	+49 511-3747-2291
	E-Mail:	carsten.fricke@talanx.com

Forward-looking statements

This news release contains forward-looking statements which are based on certain assumptions, expectations and opinions of the Talanx AG management. These statements are, therefore, subject to certain known or unknown risks and uncertainties. A variety of factors, many of which are beyond Talanx AG's control, affect Talanx AG's business activities, business strategy, results, performance and achievements. Should one or more of these factors or risks or uncertainties materialise, actual results, performance or achievements of Talanx AG may vary materially from those expressed or implied in the relevant forward-looking statement.

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