



**HDI Group
Solvency
and Financial
Condition
Report 2020**

At a glance

- The HDI Group uses its approved internal model and shows a very strong capitalisation.
- The HDI Group's so-called "risk kernel" – the Talanx Group – also clearly meets its strategic risk objectives.
- Own funds and risk are determined using a range of views that vary in terms of both their model scope and the economic and regulatory aspects used to determine eligible own funds. The resulting key indicators are explained in more detail in this report.
- The HDI Group proved resilient during the coronavirus pandemic, with our risk management system and very strong capitalisation playing a key role in this.

KEY INDICATORS FOR DIFFERENT VIEWS

| EUR thousand | Talanx Group (economic view) | | HDI Group (regulatory view) | | HDI Group (excluding transitional) | |
|------------------------------|---------------------------------|------------|--|------------|---|------------|
| Own funds | Basic own funds (BOF) | 23,107,965 | Eligible own funds | 23,073,703 | Eligible own funds (excluding transitional) | 18,875,771 |
| Solvency capital requirement | (Full) economic internal model | 8,752,471 | Full internal model | 8,874,227 | Full internal model | 9,179,118 |
| Ratio | Capital adequacy ratio (Talanx) | 264% | Solvency II ratio (including transitional) | 260% | Solvency II ratio (excluding transitional) | 206% |

Contents

| | PAGE |
|----------------|------|
| Summary | 2 |

| | PAGE |
|--|------|
| Description of the solvency and financial condition | |
| A. Business and performance | 12 |
| B. System of governance | 20 |
| C. Risk profile | 36 |
| D. Valuation for solvency purposes | 50 |
| E. Capital management | 66 |

| | PAGE |
|------------------------------|------|
| Further information | |
| Lines of business categories | 78 |
| Glossary | 79 |

| | PAGE |
|--|------|
| Annex – Quantitative reporting templates (QRTs) | |
| Overview of templates | 85 |

Summary

This report presents the HDI Group’s solvency and financial condition and describes in particular the Talanx Group, which is the HDI Group’s material risk kernel and which is relevant for the capital market. Further information is also available in the reports prepared by the various subsidiaries.

This report contains disclosures on solvency capital requirements and own funds as at 31 December 2020. Here we have a very strong level of capitalisation of 206% excluding transitional and 264% in economic view.

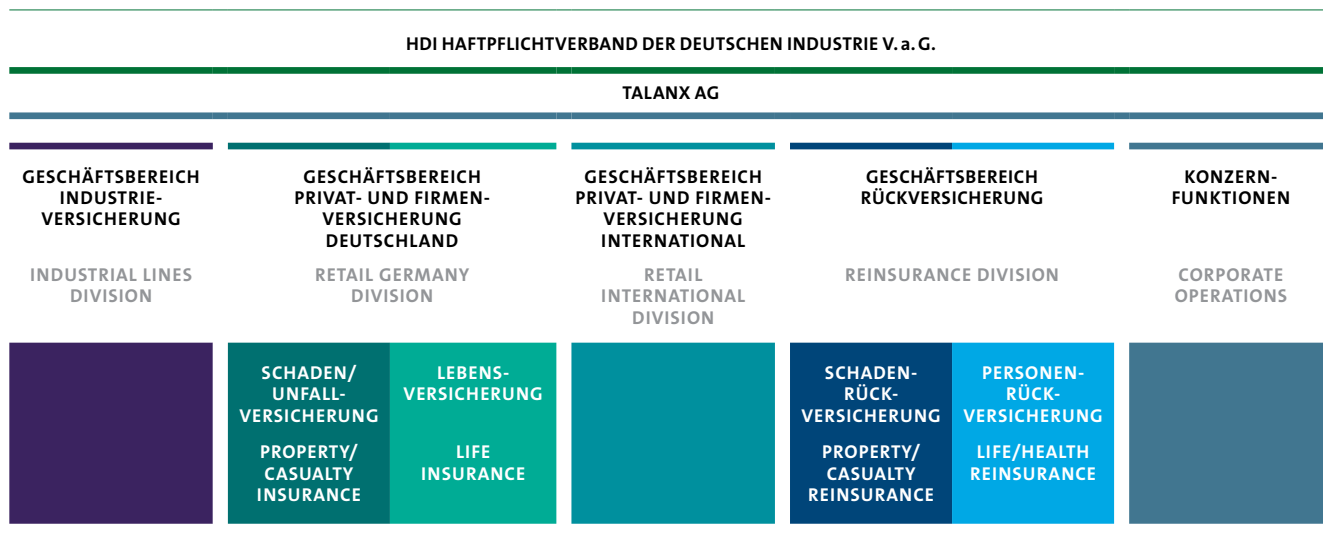
Group structure

As the ultimate parent undertaking of the HDI Group, HDI V.a.G. owns 79% of the shares of Talanx AG. In its role as an insurance company, it contributes to HDI Global SE’s domestic business via a 1‰ co-insurance share. HDI V.a.G. is primarily invested in low risk, highly liquid assets. This means that the risk profile of the HDI Group is essentially defined by the risk profile of the Talanx Group. To this extent, this forms the risk kernel of the Group.

Talanx AG acts primarily as a finance and management holding company that in turn owns significant participations in insurance companies and cooperates with partners in more than 150 countries. Our business model consists of assuming underwriting and financial risk. Talanx AG also operates as an intragroup reinsurer.

The HDI Group works with its companies in several different areas of primary insurance and reinsurance, both in property/casualty insurance and in life insurance. Its broad geographical and sectoral positioning is the backbone for our high level of diversification.

GROUP STRUCTURE



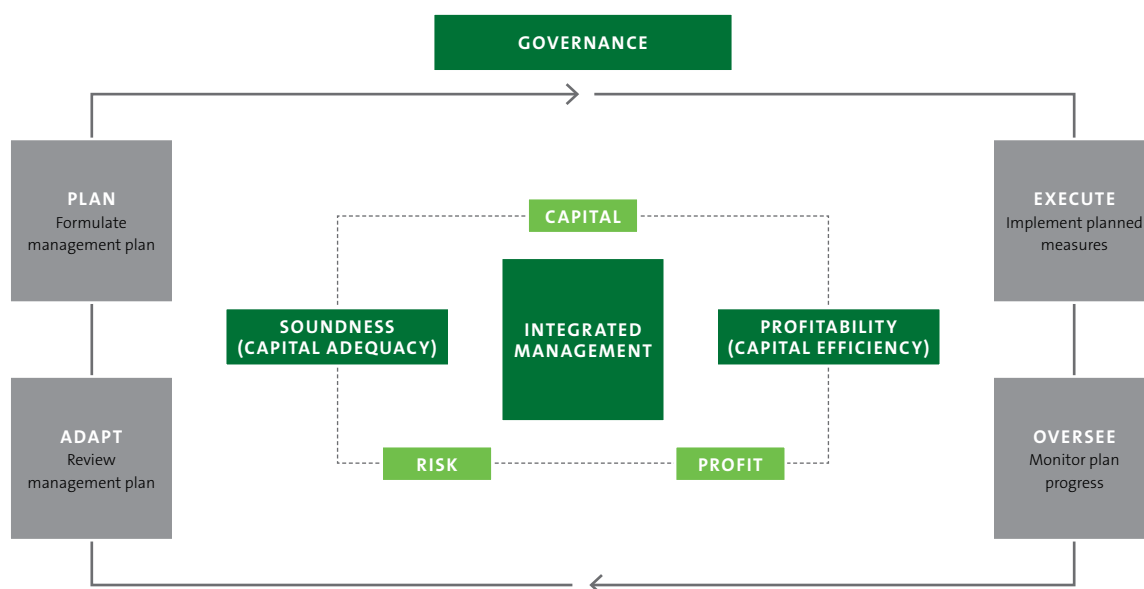
Brief overview of enterprise risk management and targets

Insurance companies can look back on many years of experience with the application of actuarial methods and procedures for pricing and/or defining their risk exposure. These processes have been enhanced in terms of both methodology and content in the period since the 1990s, thanks to the systematic treatment of issues relating to value management and risk management. Holistic models known as enterprise risk management (or ERM) models are used for this, enabling a consistent benchmark to be adopted for measuring, assessing and managing accepted risks, income generated and capital deployed. Synthesizing these components culminates at a manage-

ment level in a performance concept that we use as the basis for economic decision-making.

In this performance concept, Risk Management performs tasks and functions in both economic and regulatory contexts, making it an explicit part of the value chain. The HDI Group's risk management philosophy uses a customised, Solvency II version of the ISO 31000 risk management standard, which allows us to harmoniously combine our Talanx Purpose with technical needs, supervisory requirements and economic imperatives. The risk management process revolves around the Talanx Enterprise Risk Model (TERM) – the HDI Group's internal, holistic risk model.

PERFORMANCE CONCEPT AND INTEGRATED MANAGEMENT



We regard our enterprise risk management as a process, continuously enhancing the approaches we take and adjusting them to changes in the strategic and economic framework. We also refer to the results of internal and external audits, and of the internal validation process.

In this respect the Talanx Group's enterprise risk management system was also examined in the context of the Standard & Poor's rating process and assessed as good. We are also one of the few European insurers whose internal model means that S&P requires lower rating capital requirements (thanks to the M-factor).

We use our ERM approach to derive annual targets for the Group, taking into account our risk-bearing capacity (soundness), the need to maintain our rating (trustworthiness) and the need to meet anticipated capital market expectations (profitability).

Capital concepts

The solvency balance sheet presents assets and liabilities on a market-consistent basis in accordance with Solvency II, and is the focal point for the supervisory framework. We have added a reconciliation between "own funds" as per the IFRS financial statements and as per the Solvency II balance sheet in section D so as to permit a comparison with familiar, published information.

The various concepts for "capital" differ both in terms of their economic (eligibility of hybrid capital) and their regulatory content (transitional and restrictions on availability) and in relation to the valuation principles applied.

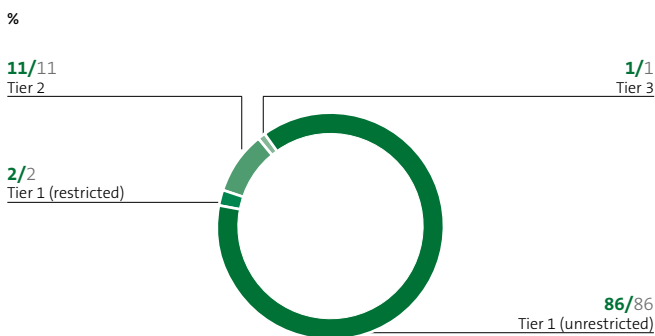
Talanx's basic own funds excluding transitional and the solvency capital requirements are used to assess our risk-bearing capacity, risk budgeting, and Group limits and thresholds.

Regulatory capital requirements are compared with eligible own funds.

In addition to the volume of own funds, investment liquidity is particularly important. The HDI Group uses appropriate limits to ensure it has a comfortable liquidity position.

For supervisory purposes, eligible own funds are broken down into different quality categories. This process is known as “tiering”. The following graphic shows that 86% of the HDI Group’s own funds are assigned to the highest quality tier. This means that the HDI Group has extremely generous levels of high-quality own funds.

BREAKDOWN OF OWN FUNDS



2020/2019

Risk assessment using TERM, Capital Adequacy Ratio

Given the highly differentiated economic and regulatory concepts for capital, it makes sense to use a comparable approach during risk measurement.

We use a full internal model that has been approved by the supervisory authority. This takes account of all quantifiable risks under Solvency II.

TERM permits consistent risk modelling and measurement both at subsidiaries and for the Group as a whole, using a combination of event models and corporate models. Event models form the landscape of the risk factors (e.g. specific natural catastrophes or interest rate risks) of the HDI Group. The corporate models build on the event models to model the solvency balance sheet for the undertakings that are being analysed, and by doing so allow an assessment of the consequences of potential adverse events for the solvency balance sheet.

TERM uses Monte Carlo simulations to forecast the solvency balance sheets for the individual undertakings and to consolidate them on a Group-wide basis. A one-year horizon is used for the projected distributions produced for the components and for the net solvency balance sheet amount.

This allows us to determine the Solvency Capital Requirement (SCR) for all quantifiable risks under Solvency II.

The relationship between the SCR and own funds is expressed using the concept of excess cover or the capital adequacy ratio (CAR):

KEY RISK PARAMETERS FOR THE HDI GROUP

| % | Limit | 2020 |
|---|---------|------|
| Solvency II ratio (HDI Group, excluding transitional) | 150–200 | 206 |
| CAR (Talanx, economic) | 200 | 264 |
| Share of market risk (Talanx) | ≤ 50 | 41 |

A minimum CAR of 200% is designed to ensure the capitalisation needed to maintain an AA rating (S&P). As a result, the solvency level used by the Group far exceeds the level required by the regulator.

Investing, and hence assuming market risk, are important parts of our business. However, we clearly define ourselves as an insurance group and so aim to keep the share of our overall risk accounted for by investment risk to less than or equal to 50% on a permanent basis. At present it is approximately 41% (tail value at risk).

Diversified risk profile

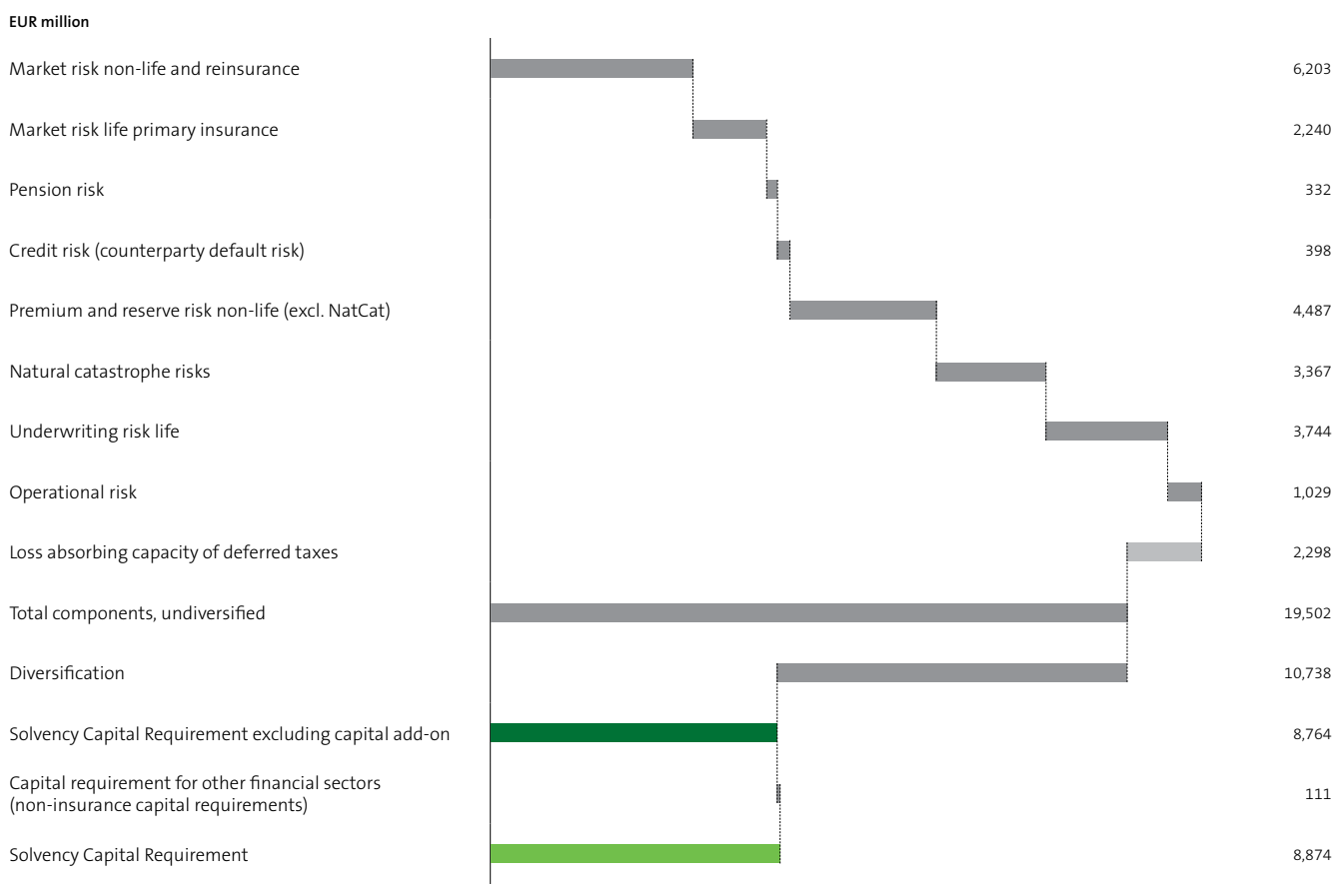
Risk profiles are used to depict aggregated risk factors that are subsumed under generic concepts such as “underwriting risk”.

The following bar chart shows the HDI Group’s material risk categories, based on the internal model. The Group’s risk profile contains the following key risk categories:

- Market and credit risk
- Underwriting risk – non-life, and particularly natural catastrophe risk
- Underwriting risk life

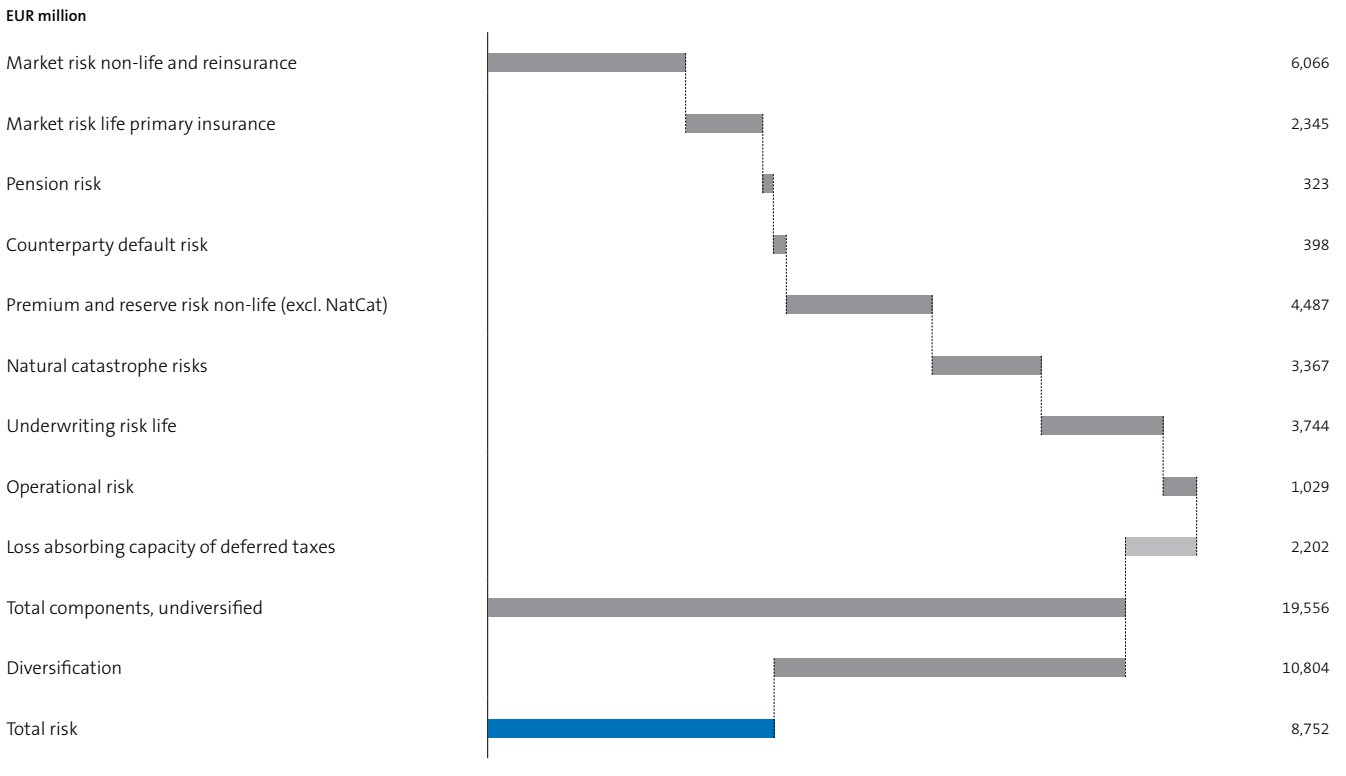
Diversification plays a crucial role in defining overall risk: our geographical spread and business diversity allow us to reduce our risk by roughly 55%. As the key risk categories shown above are only loosely correlated for intrinsic reasons, this high degree of diversification is well founded and is based on intrinsic rather than on theoretical model considerations.

HDI GROUP’S SOLVENCY CAPITAL REQUIREMENT BY RISK CATEGORY (REGULATORY VIEW)



The Talanx Group is the dominant component of the HDI Group’s risk profile. Risks are analysed primarily from an economic viewpoint with TERM. The following diagram shows the SCR determined in this way, broken down by risk category.

TALANX GROUP’S SOLVENCY CAPITAL REQUIREMENT BY RISK CATEGORY (ECONOMIC VIEW)



The differences in the risk profiles between the HDI Group and the Talanx Group are due to the additional risk associated with HDI V.a.G. The different assessment approaches result in differences as a result of the separate disclosure of institutions for occupational retirement provision (as required by the regulator).

Overall, the two risk profiles are highly similar.

As regards risk management for the Group, it makes sense for a large number of reasons to use the TERM internal model for the Talanx risk kernel in the economic view. In particular, we have defined a specific risk strategy target in this view, which stipulates that market risk should not exceed 50% of the overall risk. As shown in the following graphic, the current level is around 41%.

RISK COMPONENTS (TALANX), ECONOMIC VIEW



The portfolio is clearly dominated by fixed-income securities, over 76% of which have at least an A rating. We selectively supplement bonds with very good credit quality and long durations with high-yield bonds with short maturities. The majority of our investments are denominated in euros, whereas the US dollar dominates in the non-euro area. Our goal is to achieve an appropriate mix of the euro and foreign currencies.

Our investment strategy results in a relatively low-risk portfolio overall. The significant role played by market risk in the Group's risk profile is therefore also partly due to the portfolio's size.

In line with our business model, life and non-life underwriting risk is another key factor influencing our risk profile. The other categories account for a much lower share.

The following table shows our exposure to natural catastrophes for specific accumulation scenarios (net losses, total annual loss).

ACCUMULATION SCENARIOS (BEFORE TAXES)¹

| EUR thousand | 2020 |
|--|-----------|
| 200-year loss Atlantic hurricane | 2,626,343 |
| 200-year loss US/Canadian earthquake | 2,261,120 |
| 200-year loss Asia-Pacific earthquake | 1,595,815 |
| 200-year loss Central and South-American earthquake | 1,524,548 |
| 200-year loss European storm | 1,187,409 |
| 200-year loss European earthquake | 1,112,244 |
| 200-year loss European flood | 988,005 |

¹ In reality, natural catastrophes may follow a course that differs from assumptions based on models.

We regularly analyse how sensitive the capital adequacy ratio is in relation to changes in individual risk categories and/or the occurrence of certain events. The following table gives an approximate answer to this question by analysing changes in material risk factors.

SENSITIVITIES OF THE CAPITAL ADEQUACY RATIO (CAR) AND SOLVENCY II RATIO OF RISK FACTOR STRESSES

| % | 2020 | |
|--|------------------------|---|
| | CAR (Talanx, economic) | Solvency II ratio (HDI Group, excluding transitional) |
| Year-end 2020 | 264 | 206 |
| Equity markets –30% | 260 | 202 |
| Equity markets +30% | 268 | 209 |
| Credit spread +50 bp | 255 | 197 |
| Interest rate –50 bp | 249 | 194 |
| Interest rate +50 bp | 267 | 208 |
| NatCat event (200-year event, European storm) | 254 | 200 |

The biggest sensitivity exists for a decline in interest rates, which would chiefly have a negative impact on the risk situation in life business.

Such market developments and the associated risks are influenced to a greater extent by external events such as political uncertainties than underwriting risk is. This, together with the comparatively high sensitivity to such movements, is a further argument in favour of limiting the proportion of the overall risk accounted for by market risk.

The uncertainties associated with economic models are far greater than those involved in scientific applications using statistical and mathematical forecasting models. The HDI Group expressly takes this factor into account by, among other things, quantifying these uncertainties using a validation process and expert assessments and buffering them with capital. Not only model uncertainties but also strategic risk and emerging risk are taken into account here. In this way, we increase our resistance even to withstand unforeseeable events.

Compliance with the regulatory framework

We comply in full with the requirements of Solvency II as set out in the German Insurance Supervision Act (VAG) with regard both to due and proper management and to supervisory capital requirements. In particular, the Group's capitalisation is well in excess of the level required by the supervisory authority.

The figures in this report are given in thousands of euros (EUR thousand), in line with the regulatory requirements. To the extent that Article 293(2) to (4) of the Commission Implementing Regulation requires reference to be made to the annual financial statements, minor differences to the presentation in the Group's annual financial statements can arise, since the figures there are consistently rounded to millions of euro.

The HDI Group's use of an internal model for regulatory purposes depends on an extremely intensive audit by the supervisory authority. The HDI Group was granted unlimited approval to use its partial internal model (TERM) by way of a letter dated 19 November 2015. Approval for the full internal model by including operational risk was granted by way of a letter dated 20 September 2019. Changes to this model are subject to a comprehensive planning and approval process, with the latest changes approved by the letter dated 29 March 2021.

Even before the supervisory audit process, we had undergone corresponding reviews by rating agencies that produced positive results. This means that our models have been validated in a series of external assessments, something that further increases the trust in our internal model for third parties.

Our Solvency Capital Requirement and the volume and composition of our regulatory own funds are presented in section E of this report in particular.

In the course of the transition to the Solvency II supervisory regime, the supervisory authority approved the use of the transitional measure on technical provisions at several HDI Group companies. Talanx's basic own funds excluding transitional and the solvency capital requirements are used to assess our risk-bearing capacity, risk budgeting, and Group limits and thresholds; thus our relevant ratio is currently 206%. In addition, the dynamic volatility adjustment is permanently applied. The solvency ratio (regulatory view) for the HDI Group after application of the transitional is 260%. The HDI Group clearly exceeds the regulatory Solvency Capital Requirement even without the use of these measures, as can be seen from the table below. Further details can be found in section D.2 of this report.

IMPACT OF VOLATILITY ADJUSTMENT (VA) AND TRANSITIONAL (TR)

| | | 31.12.2020 | | | |
|-----------------------------|---|-----------------------------------|-------------------------------|------------------|---------------------|
| EUR thousand | Key indicators including volatility adjustment (VA) and transitional (TR) | Key indicators excluding measures | | | |
| | | Impact of the TR | Including VA and excluding TR | Impact of the VA | Excluding VA and TR |
| Technical provisions | 123,449,597 | 6,775,211 | 130,224,807 | 746,490 | 130,971,298 |
| Basic own funds (HDI Group) | 22,950,881 | -4,197,931 | 18,752,950 | 285,633 | 19,038,582 |
| Eligible own funds for SCR | 23,073,703 | -4,197,931 | 18,875,771 | 285,633 | 19,161,404 |
| SCR | 8,874,227 | 304,891 | 9,179,118 | 2,827,313 | 12,006,432 |
| Solvency II ratio (%) | 260 | -54%-pts | 206 | -46%-pts | 160 |

Description
of the
solvency and
financial
condition

| | PAGE |
|------------------------------------|------|
| A. Business and performance | 12 |
| B. System of governance | 20 |
| C. Risk profile | 36 |
| D. Valuation for solvency purposes | 50 |
| E. Capital management | 66 |

A. Business and performance

A.1 Business

Overview of the HDI Group

The HDI Group is represented by its own companies or branches on all continents. Its retail business focuses on Germany and, outside of Germany, in particular on the growth markets in Central and Eastern Europe (including Turkey) and Latin America. The Group has business relationships with primary insurance and reinsurance customers in around 150 countries overall. The Industrial Lines, Retail Germany, Retail International and Reinsurance divisions and the HDI Group's Corporate Operations are each responsible for their own business processes.

The HDI Group works with its companies in several different areas of primary insurance and reinsurance, both in property/casualty insurance and in life insurance. In the interests of customers and investors, the Group has tailored its clear and efficient structure into four operating customer segments (divisions): Industrial Lines; Retail Germany (comprising the Property/Casualty Insurance and Life Insurance segments); Retail International; and Reinsurance (comprising the Property/Casualty and Life/Health Reinsurance segments). In addition, the Group is active in the area of asset management, which is assigned to Corporate Operations.

The Group's ultimate parent undertaking is HDI Haftpflichtverband der Deutschen Industrie V.a.G. (HDI V.a.G.), a mutual insurance undertaking with a history stretching back more than 110 years.

Talanx AG acts as a financial and management holding company, managing the Group's companies. It ensures that the Group achieves its primary objective – sustainable, profitable growth. Talanx AG uses capital procurement and allocation, goal and target setting, performance benchmarking and suitable incentive systems in its management activities. It is also responsible for optimising the capital structure. Talanx AG uses its own staff departments to implement the measures derived from its strategic goals and targets, and to perform its operating activities. The task of these departments is to continuously enhance the HDI Group's development through systematic management and monitoring. Talanx AG also operates as an internal reinsurer.

The responsible supervisory authority is the

Bundesanstalt für Finanzdienstleistungsaufsicht
Graurheindorfer Str. 108
53117 Bonn
Germany

P.O. Box 1253
53002 Bonn
Germany

Telephone +49 228 4108-0
Fax +49 228 4108-1550

E-Mail: poststelle@bafin.de

De-Mail: poststelle@bafin.de-mail.de

The auditors engaged are PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Fuhrberger Straße 5, 30625 Hannover, Germany.

The company was first responsible for auditing the annual and consolidated financial statements as at 31 December 2018.

The solvency balance sheet that is included in the SFCR is also audited by the auditor in accordance with section 35 (2) of the Insurance Supervision Act (VAG); this audit has been performed. The audit of the solvency balance sheet by the auditor did not produce any reservations.

A detailed list of all the undertakings in the Group can be found in template S.32.01.22 ("Undertakings in the scope of the Group", see annex). As the ultimate parent undertaking, HDI V.a.G. does not have any branches.

The following graphic shows the HDI Group structure.

GROUP STRUCTURE

HDI HAFTPFLICHTVERBAND DER DEUTSCHEN INDUSTRIE V. a. G.

| TALANX AG | | | | | |
|---|--|---|--|--|-----------------------------|
| GESCHÄFTSBEREICH INDUSTRIE-VERSICHERUNG | GESCHÄFTSBEREICH PRIVAT- UND FIRMEN-VERSICHERUNG DEUTSCHLAND | | GESCHÄFTSBEREICH PRIVAT- UND FIRMEN-VERSICHERUNG INTERNATIONAL | GESCHÄFTSBEREICH RÜCKVERSICHERUNG | KONZERN-FUNKTIONEN |
| INDUSTRIAL LINES DIVISION | RETAIL GERMANY DIVISION | | RETAIL INTERNATIONAL DIVISION | REINSURANCE DIVISION | CORPORATE OPERATIONS |
| | SCHADEN/ UNFALL-VERSICHERUNG | LEBENS-VERSICHERUNG | | SCHADEN- RÜCK-VERSICHERUNG | PERSONEN- RÜCK-VERSICHERUNG |
| | PROPERTY/ CASUALTY INSURANCE | LIFE INSURANCE | | PROPERTY/ CASUALTY REINSURANCE | LIFE/HEALTH REINSURANCE |
| HDI Global SE | HDI Deutschland AG | | HDI International AG | Hannover Rück SE | |
| HDI Global Specialty SE | HDI Versicherung AG | | HDI Seguros S. A. (Argentina) | E+S Rückversicherung AG | |
| HDI Versicherung AG (Austria) | Lifestyle Protection AG | | HDI Seguros S. A. (Brazil) | Hannover ReTakaful B. S. C. (c) (Bahrain) | |
| HDI Global Seguros S. A. (Brazil) | neue leben Unfallversicherung AG | | HDI Seguros S. A. (Chile) | Hannover Re (Bermuda) Ltd. | |
| HDI Global Seguros S. A. (Mexico) | PB Versicherung AG | | HDI Seguros S. A. (Colombia) | Hannover Reinsurance Africa Limited | |
| HDI Global Insurance Limited Liability Company (Russia) | TARGO Versicherung AG | | HDI Seguros de Vida S. A. (Colombia) | Hannover Life Re of Australasia Ltd. | |
| HDI Global SA Ltd. (South Africa) | HDI Lebensversicherung AG | | HDI Seguros S. A. de C. V. (Mexico) | Hannover Life Reassurance Bermuda Ltd. | |
| HDI Global Insurance Company (USA) | HDI Pensionskasse AG | | HDI Seguros S. A. (Uruguay) | Hannover Re (Ireland) DAC | |
| HDI Global Network AG | Lifestyle Protection Lebensversicherung AG | | TUIR WARTA S. A. (Poland) | Hannover Life Reassurance Africa Limited | |
| HDI Reinsurance (Ireland) SE | neue leben Lebensversicherung AG | | TU na Życie WARTA S. A. (Poland) | Hannover Life Reassurance Company of America | |
| | PB Lebensversicherung AG | | TU na Życie Europa S. A. (Poland) | | |
| | PB Pensionsfonds AG | | TU Europa S. A. (Poland) | | |
| | HDI Pensionsmanagement AG | | OOO Strakhovaya Kompaniya „Civ Life“ (Russia) | | |
| | TARGO Lebensversicherung AG | | HDI Assicurazioni S. p. A. (Italy) | | |
| | | | Magyar Posta Biztosító Zrt. (Hungary) | | |
| | | Magyar Posta Életbiztosító Zrt. (Hungary) | | | |
| | | HDI Sigorta A. Ş. (Turkey) | | | |

Nur die wesentlichen Beteiligungen
Main participations only

Stand/As at: 31.12.2020

The individual companies within the Group can be allocated to the divisions shown. Their main activities are set out below.

| Division | Main activities ¹ |
|-----------------------------|---|
| Industrial Lines | Non-life insurance and reinsurance obligations <ul style="list-style-type: none"> ■ Fire and other damage to property insurance ■ Motor vehicle liability insurance ■ Other motor insurance ■ General liability insurance ■ Marine, aviation and transport insurance |
| Retail Germany | Non-life insurance and reinsurance obligations <ul style="list-style-type: none"> ■ Motor vehicle liability insurance ■ Other motor insurance ■ General liability insurance ■ Fire and other damage to property insurance Life insurance obligations <ul style="list-style-type: none"> ■ Insurance with profit participation ■ Index-linked and unit-linked insurance |
| Retail International | Non-life insurance and reinsurance obligations <ul style="list-style-type: none"> ■ Motor vehicle liability insurance ■ Other motor insurance ■ Fire and other damage to property insurance Life insurance obligations <ul style="list-style-type: none"> ■ Insurance with profit participation |
| Reinsurance | Life reinsurance obligations <ul style="list-style-type: none"> ■ Life reinsurance Non-life insurance and reinsurance obligations <ul style="list-style-type: none"> ■ Fire and other damage to property insurance ■ Motor vehicle liability insurance ■ Other motor insurance ■ General liability insurance ■ Marine, aviation and transport insurance Income protection insurance <ul style="list-style-type: none"> ■ Credit and suretyship insurance ■ Miscellaneous financial loss ■ Workers' compensation insurance Non-proportional reinsurance accepted <ul style="list-style-type: none"> ■ Property ■ Marine, aviation, transport |

¹ Divisions as per Annex I Commission Delegated Regulation (EU) 2015/35.

In addition to the divisions listed in the table above, the Group structure also incorporates the Corporate Operations segment. The Corporate Operations segment mainly comprises Talanx AG, which primarily performs strategic tasks. It has had a reinsurance license since January 2019 and also conducts business activities. The segment also includes the in-house service companies and the reinsurance broker Talanx Reinsurance Broker GmbH. Ampega Asset Management GmbH, Ampega Investment GmbH and Ampega Real Estate GmbH primarily manage the Group's investment and offer services including financial services.

Basis of consolidation and risk kernel

The HDI Group determines its eligible own funds and solvency requirement on the basis of its consolidated financial statements in accordance with section 261 of the VAG, and prepares its solvency balance sheet in compliance with section 74ff. of the VAG. Ampega Investment GmbH (an asset management company) and HDI Pensionskasse AG and PB Pensionsfonds AG (institutions for occupational retirement provision) are included in consolidation as participations in compliance with the regulations, in contrast to the basis of consolidation used in the annual financial statements. When determining the Group Solvency Capital Requirement, these companies are included on the basis of their sectoral capital requirements under supervisory law.

One particular feature of the HDI Group is its "risk kernel". Defining the Talanx Group as the HDI Group's risk kernel makes sense in both economic and regulatory terms. HDI V.a.G. is involved only to an extremely limited extent in the business activities of HDI Global SE in the form of proportional co-insurance. Actual risk compensation within the Group and risk management are performed at the level of the Talanx Group.

Talanx Enterprise Risk Model (TERM)

The peculiarity that risk management is performed at the level of the Talanx Group is also reflected in the name of our internal model, TERM (Talanx Enterprise Risk Model). TERM was designed as a full internal model for the Talanx Group, as the risk kernel, and is being expanded for regulatory purposes to cover the HDI Group.

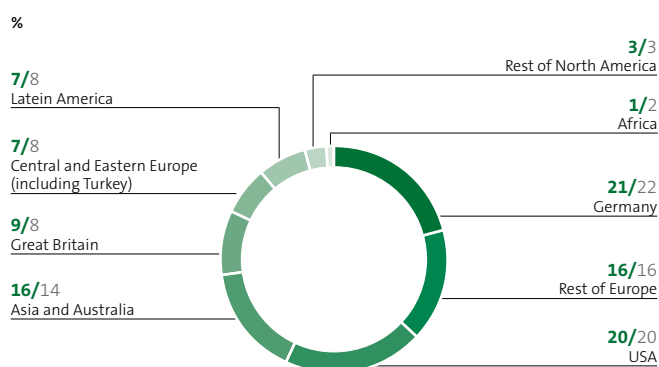
As the HDI Group includes life insurers that are applying transitionals in connection with the introduction of Solvency II, it is necessary to make a distinction at the regulatory level between views including and excluding these transitionals (see section E.2). Both regulatory views are disclosed in the Solvency and Financial Condition Report. When defining the targets for our risk strategy, the focus is on the economic view and on the regulatory view excluding the transitionals. These two views are therefore the dominant ones in the presentation of this report.

The model is subject to continual refinement. As part of a regular model amendment process, changes go through a structured governance process that is defined in the model change guideline. We also have several requests for model changes lined up for this year so as to accommodate general economic changes and the structure and organisation of our business as well as to continually improve our models.

A.2 Underwriting performance

The HDI Group is widely diversified, both in terms of its fields of activity and in relation to the regions in which it operates. The following graphic illustrates this using a breakdown of the HDI Group's gross written premiums by region:

GROSS WRITTEN PREMIUMS BY REGION



2020/2019

The following list shows the five most important countries other than Germany in which we do business, measured by gross written premiums and divided by non-life and life business:

- Non-life
 - USA
 - United Kingdom
 - Poland
 - China
 - Brazil
- Life business
 - USA
 - United Kingdom
 - Italy
 - Australia
 - China

Detailed information about these five key countries and their related premium income, provisions and expenses can be found in template S.05.02.01 (see annex).

The Group's divisions are a material factor in managing the underwriting. They are each active in several lines of business as defined in Annex I of the applicable Commission Delegated Regulation (EU) 2015/35.

The table in section A.1 shows how the Group's divisions are allocated.

The following table shows the underwriting performance, expressed in terms of the net technical result, as published in the segment reporting in the HDI Group's consolidated financial statements.

NET TECHNICAL RESULT

| EUR thousand | 2020 | 2019 |
|----------------------|-------------------|-------------------|
| Industrial Lines | -139,214 | -39,643 |
| Retail Germany | -1,729,835 | -1,586,304 |
| Retail International | 40,607 | 33,119 |
| Reinsurance | -919,837 | -224,453 |
| Corporate Operations | -48,915 | -15,465 |
| Total | -2,797,194 | -1,832,746 |

The net technical result declined by 52.6%, chiefly on account of the pandemic, and came to EUR -2.8 (-1.8) billion. The large loss caused by the coronavirus pandemic totalled EUR 1,198 million, primarily in business interruption, event, credit and life/health reinsurance. The combined ratio increased year-on-year to 100.9% (98.3%). In total, large losses totalled EUR 2,148 million, exceeding the annual budget of EUR 1,335 million.

The full overview of all operational lines of business (Delegated Regulation), including the respective premium income, provisions and expenses, is shown in template S.05.01.02 (see annex).

For the presentation in the other sections of the SFCR – and especially in section D – the lines of business required by supervisory law have been grouped into the following categories:

- Non-life (excluding health)
- Life (excluding health and index-linked and unit-linked)
- Health (similar to life)
- Health (similar to non-life)
- Index-linked and unit-linked insurance

This breakdown forms the basis for the description of the differences in valuation/measurement between Solvency II and the IFRSs. The way in which the lines have been mapped is presented in detail in the "Additional Information" section of this report.

A.3 Investment performance

Net investment income

There is a EUR 133.2 billion portfolio in the solvency balance sheet, broken down by asset class, and an investment portfolio worth EUR 133.8 billion in the HDI Group's consolidated financial statements based on IFRS. Material differences in valuation/measurement are explained in section D.1.

OVERVIEW OF DIFFERENCES IN VALUATION/MEASUREMENT

| EUR thousand | IFRS | Solvency II |
|---|-------------|-------------|
| Equities | 633,737 | 351,779 |
| Bonds | 113,067,379 | 106,765,420 |
| Collective investment undertakings | 5,110,402 | 18,542,068 |
| Other investments (including loans and mortgages) | 12,340,287 | 7,545,729 |

Differences in the presentation of totals arise from the deviating allocation of individual items to other investments and other assets in the consolidation under IFRS or Solvency II. Net investment income for the reporting year according to the consolidated financial statements was EUR 4,210 (4,326) million and was down on the previous year's figure. Annualised net return on investment of the portfolio of assets under own management declined to 3.2% (3.5%).

NET INVESTMENT INCOME

| EUR thousand | 2020 | 2019 |
|---|------------------|------------------|
| Ordinary investment income | 3,344,419 | 3,510,213 |
| Property (other than for own use) | 253,128 | 250,831 |
| Holdings in related undertakings, including participations | 379,259 | 343,535 |
| Equities | 16,928 | 23,245 |
| Bonds | 2,378,460 | 2,558,893 |
| Collective investment undertakings | 110,756 | 130,376 |
| Derivatives (net) | 14,380 | 17,129 |
| Deposits other than cash equivalents | 38,247 | 60,396 |
| Other ordinary investment income | 153,262 | 125,808 |
| Realised net gains on disposal of investments | 1,200,954 | 927,366 |
| Write-downs/reversals of write-downs of investments | -334,371 | -171,561 |
| Unrealised net gains/losses on investments | 77,150 | 141,561 |
| Property (other than for own use) | — | — |
| Holdings in related undertakings, including participations | — | — |
| Equities | 1,712 | 29,916 |
| Bonds | 9,089 | 5,501 |
| Collective investment undertakings | 4,793 | 10,199 |
| Derivatives (net) | 60,905 | 102,359 |
| Deposits other than cash equivalents | 27 | — |
| Other unrealised net gains/losses on investments | 624 | -6,415 |
| Other investment expenses | -288,678 | -257,037 |
| Income from assets under own management | 3,999,475 | 4,132,541 |
| Net interest income from funds withheld and contract deposits | 209,879 | 189,697 |
| Net income from investment contracts | 254 | 3,279 |
| Total | 4,209,607 | 4,325,517 |

Details of securitisations

The HDI Group's portfolio of securitisations in accordance with Solvency II was EUR 2,024,568 thousand as at 31 December 2020 reference date using the asset classification given in the Complimentary Identification Code (CIC).

A.4 Performance of other activities

Other income/expenses

Other income/expenses present the other material income and expenses that arose during the reporting period. The following table shows the other income/expenses as reported in the HDI Group's consolidated financial statements.

Insurance contracts that satisfy the IFRS 4 test of a significant risk transfer to the reinsurer but fail to meet the risk transfer test required by US GAAP are recognised using the deposit accounting method and eliminated from the technical account. The compensation paid

for risk assumption under these contracts is recognised in profit or loss (in “Other income/expenses”).

The “Other income/expenses” item generally does not include the personnel expenses incurred by our insurance companies in that these expenses are attributed to the functions during unit cost accounting and are allocated to investment expenses, claims and claims expenses, acquisition costs and administrative expenses. This also applies to depreciation and amortisation of, and impairment losses on, intangible and other assets at our insurance undertakings.

OTHER INCOME/EXPENSES

| EUR thousand | 2020 | 2019 |
|---|------------------|------------------|
| Other income | | |
| Foreign exchange gains | 519,415 | 192,668 |
| Income from services, rents and commissions | 344,062 | 340,859 |
| Recoveries on receivables previously written off | 24,127 | 28,659 |
| Income from contracts recognised in accordance with the deposit accounting method | 353,224 | 299,526 |
| Income from the sale of property, plant and equipment | 11,426 | 1,035 |
| Income from the reversal of other non-technical provisions | 41,357 | 69,696 |
| Interest income | 94,498 | 56,808 |
| Miscellaneous income | 44,772 | 121,874 |
| Total | 1,432,881 | 1,111,125 |
| Other expenses | | |
| Foreign exchange losses | 329,645 | 190,346 |
| Other interest expenses | 66,167 | 70,218 |
| Depreciation, amortisation and impairment losses | 60,517 | 61,390 |
| Expenses for the undertaking as a whole | 340,326 | 370,626 |
| Personnel expenses | 20,672 | 30,568 |
| Expenses for services and commissions | 172,912 | 170,810 |
| Income from contracts recognised in accordance with the deposit accounting method | 9,973 | 3,832 |
| Losses on disposal of other tangible assets | 638 | 203 |
| Other taxes | 69,373 | 83,398 |
| Additions to restructuring provisions | 762 | 2,448 |
| Miscellaneous other expenses | 143,636 | 199,505 |
| Total | 1,214,619 | 1,183,343 |
| Other income/expenses | 218,262 | -72,218 |

Leasing

Lessee

The Group leases various office spaces, technical equipment and office equipment at many locations. There is also a long-term land lease agreement in place as part of investment property.

The following right-of-use assets were recognised in the balance sheet as at 31 December 2020 in connection with leases:

CHANGES IN RIGHT-OF-USE ASSETS

| EUR thousand | Carrying amount as at 31.12.2020 | Carrying amount as at 1.1.2020 |
|--------------------------------|----------------------------------|--------------------------------|
| Real estate held and used | 306,858 | 264,918 |
| Infrastructure investments | 30,828 | 27,484 |
| Investment property | 34,727 | 70,746 |
| Operating and office equipment | 2,695 | 1,275 |
| Other right-of-use assets | 4,290 | 2,680 |
| Total | 379,398 | 367,103 |

CHANGES IN LEASE LIABILITIES

| EUR thousand | 2020 |
|---|----------------|
| Carrying amount as at 1.1.2020 | 385,283 |
| Carrying amount as at 31.12.2020 | 382,169 |

MATURITY OF LEASE LIABILITIES

| EUR thousand | 2020 |
|------------------|----------------|
| less than 1 year | 83,473 |
| 1 year and more | 298,696 |
| Total | 382,169 |

Lessor

The total amount from activities as the lessor in 2020 amounted to EUR 199,539 thousand and totalled EUR 915,663 thousand in the following years. This income relates primarily to real estate leasing activities.

HDI GROUP AS LESSOR

| EUR thousand | 2020 | Subsequent years |
|------------------|----------------|------------------|
| Operating leases | 199,539 | 915,663 |
| Finance leases | — | — |
| Total | 199,539 | 915,663 |

The income from lease transactions shown above was mainly due to real estate being leased out by property companies in the Property/Casualty Reinsurance segment, as well as by primary insurance undertakings in Germany (mainly in the Life Insurance segment of the Retail Germany Division).

Where HDI Group undertakings act as the lessors in leases, the latter contain all necessary conditions, and especially the amount of the lease payments, the starting date and duration of the lease, any provisions regarding security deposits and the conditions for their return, any possible lease extensions and the nature of the asset concerned.

No financing leases exist at present.

A.5 Any other information

Intragroup transactions

The undertakings in the HDI Group have business relationships with one another. These are known as intragroup transactions. They include all transactions in which a Group undertaking directly or indirectly assumes responsibility for performing an obligation from another Group undertaking. Such transactions are considered to be intragroup transactions regardless of whether they are contractually documented and of whether they based on actual financial flows. Risk management considers transactions of this type for three reasons: they may impact (1) the risk profile, (2) the net assets, financial position and results of operations and (3) the System of Governance.

Intragroup transactions are allocated to one of the following four groups when they are recorded:

- Equity transactions, debt transfers and asset transfers
- Derivatives
- Internal reinsurance – this is the most significant item due to reinsurance relationships between subsidiaries in the primary insurance segment and our reinsurance companies
- Cost sharing, contingent liabilities, off-balance-sheet items and other intragroup transactions

The key factor determining transaction data acquisition within the Group is a threshold agreed with the supervisory authority. At present, this is 5% of the lowest solo SCR for the Group undertakings involved in the transaction concerned. The internal reporting rules are put into practice by determining the lowest solo SCR for six sub-groups and assigning rounded-down internal threshold values to it. This ensures that all relevant transactions are reported to Group Risk Management in an annual cycle.

In total, intragroup relationships worth EUR 10,731 million were eliminated on the asset side of the balance sheet during consolidation between the divisions as disclosed in the annual financial statements; the corresponding figure on the liability side of the balance sheet was EUR –10,787 million.

Material business transactions or other events

As explained in section A.1, the Talanx Group is the HDI Group's risk kernel. No material business transactions that would have altered this structure took place in 2020.

In the interests of greater clarity, all material business transactions or other events in the reporting period that had a significant impact on the Group as a whole are listed in the following under the "Talanx Group" heading.

Talanx AG intends to delist the Talanx share from the Warsaw Stock Exchange. In connection with this, Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit ("HDI V.a.G.") will make a public offer to shareholders of Talanx who hold their shares through the National Securities Depository in Poland to purchase their shares. The offer for cash payment of PLN 138.74 (EUR 30.92) per share is limited to approximately 77,000 shares. It thus has a total volume of up to PLN 10.5 million (EUR 2.4 million).

Deutsche Bank and Talanx have agreed a long-term distribution partnership for insurance products. Starting in 2023, retail clients at Deutsche Bank, Postbank and BHW Bausparkasse will be able to insure their consumer and mortgage loans exclusively with the Talanx Group. A ten-year agreement to this effect between Deutsche Bank and the Talanx Group – whose PB insurers brand has been the exclusive partner for Postbank and BHW since 1998 – will take effect on 1 January 2023.

Sven Fokkema, the member of Talanx AG's Board of Management responsible for the Retail International division, left the company by mutual agreement and on the best of terms as at 31 December 2020. Sven Fokkema will be pursuing new professional opportunities outside the Talanx Group. Talanx AG's Supervisory Board has appointed Dr Wilm Langenbach as his successor. He took up his position on 1 December 2020.

The Talanx Group expanded its business in Italy by making a bolt-on acquisition. HDI Assicurazioni, a subsidiary of HDI International AG, the Talanx Group's Retail International Division, bought all the shares of Amissima Assicurazioni from Amissima Holdings indirectly owned by investment funds managed by subsidiaries of Apollo Global Management, Inc.). The transaction is expected to lead to improvement in the Group's earnings per share and return on equity from 2022 onwards.

The Talanx Group made its second investment in the 2020 financial year in high-speed internet in France, contributing more than EUR 60 million to an international debt financing deal. This project aims to install approximately 2 million fibre-to-the-home (FTTH) connections in the next four years. Back in April, the Talanx Group supported the expansion of high-speed internet in France with a EUR 200 million investment and contributed to a EUR 2.1 billion international debt financing deal.

The Talanx Group intends to expand its sustainability investment strategy further. It financed two solar power projects in Spain, each of which have a capacity of 50 MW, via a EUR 250 million credit insured project bond. The plants in the Castilla-La Mancha region provide 52,000 households with green electricity, resulting in annual carbon emissions savings of almost 63,000 tonnes of CO₂.

After more than 14 years as CFO, Dr Immo Querner (57) will leave the boards of management of Talanx AG and HDI V.a.G. on the best of terms and by mutual agreement effective 31 August 2020. The members of the Supervisory Board have appointed Dr Jan Wicke (51) as his successor. He joined Talanx AG's Board of Management in 2014 and took responsibility for the Retail Germany Division, which he successfully repositioned. He is succeeded by Dr Christopher Lohmann (51), an experienced and respected insurance manager. Prior to his appointment, Dr Lohmann was CEO of Gothaer Allgemeine Versicherung AG and a member of Gothaer Insurance Group's group Board of Management

The Talanx Group participated indirectly in the Oldenburg utility EWE as a co-investor. The Hanover-based insurance group is involved in the participation of the European infrastructure investor Ardian with a three-digit million sum. The Talanx Group is thus systematically pursuing the expansion of its infrastructure investments.

The Talanx Group bought another solar farm in Spain. It was sold to BayWa r.e. renewable energy GmbH, a company of the BayWa Group. The solar farm is one of the first subsidy-free solar power plants in Europe. By making this move Talanx – in keeping with its corporate sustainability strategy – continues to expand its alternative investments and diversify its asset portfolio.

Material transactions with shareholders, persons with a significant influence on the business and members of administrative, management or supervisory governing bodies

The ultimate parent company of the Group has the legal form of a mutual undertaking. Only those in an insurance relationship with the undertaking may become a member. Any influence on the business is based on the rights associated with membership as conferred by the Articles of Association.

During the reporting period, there were no material transactions with shareholders, persons with a significant influence on the business or members of administrative, management or supervisory governing bodies outside the normal course of business or not on an arm's length basis.

B. System of governance

B.1 General information on the system of governance

Relatively positive business performance during the coronavirus pandemic and the appropriate handling of the uncertainties this created successfully proved how robust our system of governance is. In light of this, no changes to our system of governance are required.

Business organisation structure

The Group's ultimate parent undertaking is HDI Haftpflichtverband der Deutschen Industrie V.a.G. (HDI V.a.G.), a mutual insurance undertaking with a history stretching back more than 110 years. Through its member companies and organisations and through HDI Global SE's advisory councils, HDI V.a.G. serves as an interface between business and industry on the one hand, and the HDI Group's operational insurance business on the other.

As the permanent strategic shareholder of Talanx AG, the listed financial and management holding company in which it holds an absolute majority of the shares, HDI V.a.G. pursues an independent business policy that is designed to safeguard the company and increase its enterprise value and that ensures the Talanx Group implements a long-term strategy that reflects the interests of all its stakeholders. By regularly retaining its earnings, HDI V.a.G. aims to accumulate sufficient funds to ensure it can participate in any capital increases at Talanx AG and thereby to safeguard the latter's independence in future as well.

We have three primary insurance divisions spanning various lines of business: Industrial Lines, Retail Germany (which comprises the Property/Casualty and Life Insurance segments) and Retail International. Each of these divisions is headed by a member of the Board of Management. Industrial Lines operates worldwide. It is as independent of third-party companies as possible and is therefore able to lead international consortia using its own companies. The Retail Germany Division comprises companies offering insurance to retail clients and small and medium-sized enterprises in Germany. The Retail International Division focusses primarily on the strategic core markets of Latin America, as well as Central and Eastern Europe including Turkey.

The Reinsurance Division consists of The Property/Casualty Reinsurance and Life/Health Reinsurance divisions, which are operated by Hannover Rück SE. Property/Casualty Reinsurance targets the markets of Continental Europe and North America, as well as operating various lines of business in the field of global reinsurance. Life/Health Reinsurance is divided into financial solutions and risk solutions, which in turn is composed of longevity solutions, mortality and morbidity.

The Corporate Operations segment comprises HDI V.a.G. and Talanx AG. Talanx AG has had a reinsurance license since January 2019 and now also conducts business activities. The segment also includes the in-house service companies, as well as Talanx Reinsurance Broker, HDI Reinsurance (Ireland) SE (formerly Talanx Reinsurance (Ireland) SE) and financial services; Ampega Asset Management GmbH (formerly Talanx Asset Management GmbH), Ampega Investment GmbH and Ampega Real Estate GmbH (formerly Talanx Immobilien Management GmbH) primarily manage the Group's investments.

Tasks and responsibilities

Board of Management, Supervisory Board and General Meeting

HDI V.a.G. defines good corporate governance as the responsible management and control of the undertaking in order to create sustainable value. In particular, we aim to further enhance the trust placed in us by our business partners, our employees and the public at large. We also attach great importance to the efficiency of the work performed by the Board of Management and the Supervisory Board, to good cooperation between these bodies and with Group employees, and to open and transparent corporate communication. We aim to always apply the highest ethical and legal standards both at a strategic level and in our day-to-day operations.

HDI V.a.G. has three governing bodies: the Board of Management, the Supervisory Board and the Annual General Meeting. Their duties and powers are defined by law, by the undertaking's Articles of Association and by the Rules of Procedure for the Board of Management and the Supervisory Board.

Board of Management

The Board of Management is directly responsible for managing HDI V.a.G. and defines its goals and strategy. Article 7(1) of the Articles of Association provides that the Board of Management shall consist of at least two people. Beyond that, the Supervisory Board determines the number of members. As at 31 December 2020, the Board of Management of HDI V.a.G. consisted of three people.

The Board of Management's activities are governed by the Rules of Procedure issued for it by the Supervisory Board. These define the areas of responsibility of the individual members of the Board of Management. Each Board member is individually responsible for the area(s) assigned to them, subject to the resolutions passed by the full Board of Management. In addition, the Rules of Procedure set out a list of matters where decisions are reserved for the full Board of Management and the required voting majorities. The full Board of Management resolves on all cases in which a resolution by the full Board of Management is required by law, the Articles of Association or the Rules of Procedure. The Board of Management meets at least once a month.

It reports regularly, promptly and comprehensively to the Supervisory Board on business developments, the undertaking's financial position and results of operations, planning and goal achievement, and on current opportunities and risks. The Supervisory Board has set out the Board of Management's information and reporting obligations in more detail in a binding information policy document for the Supervisory Board. Documents on which decisions have to be made, and particularly the single-entity financial statements, the consolidated financial statements and the auditors' reports, are forwarded to the members of the Supervisory Board without delay after they have been prepared.

Certain particularly important decisions by the Board of Management require the approval of the Supervisory Board. Some of these approval requirements are prescribed by law, while others are set out in the Rules of Procedure for the Board of Management. For instance, the following actions and transactions require the Supervisory Board's prior approval:

- adoption of strategic principles and targets for the undertaking and the Group
- adoption of the annual planning for the undertaking and the Group
- any decision to exit the industrial insurance business
- the signing, amendment and termination of intercompany agreements
- the acquisition and disposal of parts of undertakings in excess of a certain size

Supervisory Board

The Supervisory Board advises and monitors the undertaking's management. It is also responsible in particular for appointing the members of the Board of Management and for their contracts of service, and for examining the annual financial statements. The Chairman of the Supervisory Board is in constant contact with the Chairman of the Board of Management to discuss the undertaking's strategy, business developments and risk management. The Supervisory Board adopted Rules of Procedure governing its work that, among other things, deal with membership of the Supervisory

Board and its internal order, as well as rules for committees formed by the Board. The Supervisory Board comprises six members who are elected by the General Meeting.

The Supervisory Board holds ordinary meetings regularly, and at least once per quarter. Extraordinary meetings are convened as required. The Personnel Committee also holds regular meetings.

The Supervisory Board is quorate when at least half of the total number of members of which the Supervisory Board is required to be composed take part in a resolution. All decisions are passed by a simple majority unless another majority is prescribed by law. If a vote results in a tie, the Chairman has a casting vote.

The Supervisory Board has formed a Personnel Committee. Additional committees can be set up as needed. The Personnel Committee prepares resolutions by the Supervisory Board relating to members of the Board of Management and passes resolutions instead of the Supervisory Board on the content, signature, amendment and termination of contracts of service with the members of the Board of Management (with the exception of remuneration issues), and on their implementation. The committee is responsible for extending loans to the group of individuals set out in sections 89 and 115 of the German Stock Corporation Act (AktG), as well as to the representatives of its member groups, for authorising members of the Board of Management to perform other activities as set out in section 88 of the AktG and for approving the contracts with Supervisory Board members in accordance with section 114 of the AktG. It exercises the powers set out in section 112 of the AktG on behalf of the Supervisory Board and ensures long-term succession planning together with the Board of Management.

General Meeting

Members exercise their rights in the General Meeting. Voting rights for the General Meeting are determined on the basis of the share of total premiums attributable to the members of HDI V.a.G. from directly written business in the past financial year.

The General Meeting elects the shareholder representatives on the Supervisory Board and resolves to approve the actions of the Board of Management and of the Supervisory Board. It decides on the utilisation of the net profit for the year, on capital measures and the approval of intercompany agreements, as well as on the remuneration of the Supervisory Board and on amendments to the undertaking's Articles of Association. The Annual General Meeting, in which the Board of Management and the Supervisory Board report on the last financial year, takes place every year. Extraordinary general meetings can be convened in special circumstances.

Key functions

Insurance supervision law requires all insurance and reinsurance undertakings to have in place an effective system that ensures "sound, prudent business management". The following four key functions have therefore been established at the HDI Group: the Independent Risk Controlling function (risk management function), the compliance function, the internal audit function, and the actuarial function. To support this process, the boards of management of HDI V.a.G. and Talanx AG have established and adopted

policy guidelines that define the basic principles, tasks, processes and reporting obligations for each key function.

Organisational measures ensure holders of key functions do not perform any other incompatible activities.

Persons holding key functions are subject to specific fit and proper requirements in relation to their professional qualifications and personal reliability, as are members of the Board of Management and the Supervisory Board. More detailed information on this topic can be found in section B.2.

Independent Risk Controlling function

The independent risk controlling (risk management) function notifies the Board of Management of all risks that must be classified as potentially material in nature and supports it in performing tasks relating to its general responsibility for risk management. To do so, the risk management function continually identifies and evaluates any risks that can be classified as potentially relevant (using the risk strategy as a basis), defines risk limits for approval by the Board of Management and aggregates identified risks for reporting purposes. It should also report to the Board of Management on other specific risks, either on its own initiative or on request. The risk management function is also responsible for further developments to, and the application of, the internal Group model.

Additional information on the independent risk controlling function can be found in section B.3.

Compliance function

The compliance function works to ensure that employees and members of governing bodies at Group companies comply with all applicable laws and regulations and internal rules, and monitors their observance. This function is an integral component of the Group's system of governance and internal control system. The compliance function is headed by the Group's Chief Compliance Officer. Every year, it draws up a Compliance Plan that details all tasks and activities planned by it for the financial year.

Additional information on the compliance function can be found in section B.4.

Internal audit function

The internal audit function analyses and assesses all activities and processes carried out within the System of Governance. Through these procedures and the provision of advice, the internal audit function helps ensure that executive management can effectively perform its monitoring role. Group Auditing's activities are based on a comprehensive, risk-oriented audit plan, which is updated annually. As an executive department, Group Auditing is detached from the day-to-day work process and is autonomous and organisationally independent. Group Auditing's independence at the process level is guaranteed by the fact that it has not been assigned any line duties as a function. Written instructions governing the tasks, powers and responsibilities of Group Auditing have been set out in the "Rules of Procedure for Group Internal Audits".

Additional information on the internal audit function can be found in section B.5.

Actuarial function

The HDI Group's actuarial function coordinates activities relating to the valuation of technical provisions under Solvency II and monitors the process used to calculate these provisions. This also includes setting technically consistent minimum standards for methods, models and data quality at Group level. The actuarial function also informs and advises the Board of Management from the perspective of the whole Group concerning the reserve situation, the underwriting and acceptance policy, and the adequacy of reinsurance agreements. In addition, the actuarial function supports the risk management function in its tasks, in particular in matters concerning the internal model and the Own Risk and Solvency Assessment (ORSA). It also provides its actuarial expertise.

Additional information on the actuarial function can be found in section B.6.

Significant changes in the business organisation

No significant changes were made to the system of governance during the reporting period.

Information on remuneration policy and practices

The HDI Group's Remuneration Guidelines set out the general framework for its remuneration policy and the key features of the remuneration structure and rules. The guidelines apply to the HDI Group in Germany and abroad and also cover the boards of management and supervisory boards of HDI V.a.G. and Talanx AG, as well as the holders of key Group functions.

Remuneration policy

The remuneration policy is aligned with the goal of sustainably enhancing the Group's value. The Group's remuneration rules are designed to be competitive and in line with the market. Remuneration structures reflect business developments at the Group and the division in question, while also taking sustainability issues and the competitive environment into account. The remuneration system is aligned with the HDI Group's business and risk management strategy, internal organisational structure, risk profile, and Group and divisional targets and objectives. The remuneration structures are generally designed to prevent unreasonable risk-taking. Carefully selecting the target criteria for the variable remuneration system and caps on the variable remuneration components ensure there are no inappropriate performance incentives that might lead executives to take incalculable risks. Parts of the variable remuneration are normally deferred for a certain period of time in order to ensure that the level of remuneration paid is also in line with sustainable business performance.

The Group companies in Germany and abroad are responsible for implementing the remuneration policy and ensuring the adequacy of the remuneration rules. More specifically, the supervisory boards of the various Group companies determine the remuneration for the executive management of these companies, while the executive management determines the remuneration for their employees with the assistance of the human resources departments concerned.

Remuneration structure and remuneration practices

Remuneration paid to management and key function holders

The remuneration paid to the members of the Board of Management, the holders of key functions and senior executives generally comprises the following components:

- Annual fixed remuneration: The fixed remuneration component is primarily based on the scope of tasks performed by a manager, the degree of responsibility they exercise, and their professional experience.
- Variable remuneration: The variable remuneration component is designed in manner that supports sustainable business development in different earnings scenarios and in a changing business environment. The amount of variable remuneration paid is linked to the achievement of specific Group or divisional targets, as well as individual performance.
- Retirement provision: In the case of retirement provisions, commitments are generally made that are based on the defined contribution model. Some Board of Management members still have defined benefit pension commitments, in which the annual pension payment is calculated as a percentage of the last fixed pensionable remuneration that they received prior to leaving the Board of Management. Individual pension arrangements vary throughout the Group in some cases and are aligned with local market conditions.
- Other non performance-related ancillary benefits (e.g. insurance, company cars): Ancillary benefits vary throughout the Group and are also aligned with local market conditions.

The annual remuneration paid consists of a fixed and variable component. For Board of Management members, the latter consists of a performance-related annual cash payment, a “bonus bank” where payments are made after three years, and share awards, which are based on the share price. In the case of holders of key functions and senior executives, the variable component consists only of the cash payment and share awards.

The composition of the variable remuneration component and the proportional relationship between the fixed and variable component vary in line with the degree of responsibility exercised by senior executives and Board of Management members in their respective functions. In general, the greater the extent to which the business results of the Group or a division can be influenced, the higher will be the proportion of the variable component and the weighting of the performance-related portion deferred over the medium and long term. The amount of variable remuneration is linked to the achievement of the respective annual or multi-year targets at the Group or a division, as well as the achievement of individual targets by the manager, whereby this amount is defined within the framework of a systematic goal agreement process. This annual process results in a clear understanding of what is expected to further sustainable business development. Goal agreements measure quantitative, financial and operating results. The development of qualitative measures and initiatives promoting sustainable Group development and specifically formulated behavioural incentives are also included.

Early termination provisions in Board of Management members’ contracts of service provide for payment of a “transitional allowance” under certain circumstances; this is calculated using the percentage of fixed remuneration reached by the members in the context of their pensions. A vesting period of eight years generally applies. A proportion of any other income from self-employment or employment is offset against the transitional allowance until the members reach the age of 65.

Supervisory Board remuneration

Members of the supervisory boards of HDI V.a.G. and Talanx AG receive annual fixed remuneration in addition to being reimbursed for their expenses. Additionally, the members of Talanx AG’s Supervisory Board receive performance-related variable remuneration, which is linked to the company’s long-term success. Each member of Talanx AG’s Supervisory Board receives a set amount of variable remuneration for each full million euro by which the average consolidated net income for the last three financial years after non-controlling interests exceeds the minimum return in accordance with section 113(3) of the AktG. There is a cap on the amount of variable remuneration that can be paid. Calculating the performance-related remuneration component on the basis of average consolidated net income for the last three financial years ensures that variable remuneration is aligned with the company’s sustainable development. The basic remuneration paid to the chairman and deputy chairmen of the Supervisory Board is higher than that paid to ordinary members, reflecting the substantial additional work they need to perform.

Members of supervisory board committees at HDI V.a.G. and Talanx AG also receive additional fixed remuneration. As well as being reimbursed for their expenses, Supervisory Board members receive an attendance allowance for each Supervisory Board or Supervisory Board committee meeting in which they take part.

B.2 Fit and proper requirements

The German Insurance Supervision Act (VAG) stipulates that all individuals who actually head the undertaking or perform other key tasks must meet special requirements with regard to

- their professional qualifications and
- personal reliability (“fit and proper requirements”).

These requirements are described in detail in the version of the “Group Framework Guidelines for Meeting the Fit and Proper Requirements” applicable during the reporting period, as well as the “Professional and Personal Requirements for Members of the Supervisory Board” guideline, which are regularly reviewed and amended where applicable. The objective of these documents is to define a binding framework for fulfilling the fit and proper requirements that apply for individuals who

- actually manage the undertaking,
- are responsible for other key functions and
- perform key functions

Description of the fit and proper requirements

The term “fitness” refers to the possession of professional qualifications appropriate to the position in question, as well as to the knowledge and experience required to ensure sound, prudent management and proper execution of the tasks associated with the position. The appropriateness of qualifications is assessed in accordance with the principle of proportionality, taking into account the specific risks faced by the undertaking in question and the type and scope of its business operations.

Personal reliability does not have to be positively demonstrated. Instead, it is considered as given if no facts are known that would indicate otherwise. Unreliability must be assumed if general life experience suggests that an individual’s personal circumstances justify the assumption that these circumstances could limit their ability to perform their function in a prudent and proper manner.

Individuals belonging to the group of persons who perform key tasks as defined by the VAG are as follows:

(1) Individuals who actually manage the undertaking:

- members of the Board of Management and executive members of the Administrative Board
- general managers
- authorised agents at branches within the EU/EEA
- loss adjustment representatives

(2) Individuals who perform key tasks are:

- Members of the Supervisory Board
- Persons responsible for one of the key functions (compliance, internal audit, risk management, actuarial function)

Given the different roles played by the individuals who actually manage the undertaking and those who perform other key tasks, these persons must provide evidence of their professional qualifications in a variety of areas:

- education/professional training
- practical knowledge
- management experience
- language skills
- specialist knowledge
- knowledge relating to the key function in question
- collective requirements
- required expertise in the field in question

Procedure for evaluating fitness and propriety

All requirements, responsibilities and reporting processes relating to interaction with the supervisory authority correspond to the current standard processes based on BaFin’s Guidance Notices on Fitness and Propriety.

The specified Guideline for Meeting the Fit and Proper Requirements requires detailed CVs to be requested prior to appointing the positions listed above. In addition, a job profile must be drawn up specifying the necessary qualifications and describing the form of proof that must be provided.

The job profile documents the following minimum requirements:

(1) Description of the position including key tasks

- list of requirements (job description)
- decision-making powers and authority to issue instructions
- degree of personal responsibility

(2) Requirements for professional qualification on the part of individuals who actually manage the undertaking:

- knowledge of insurance and financial markets,
- knowledge and understanding of the corporate strategy and business model
- knowledge of the system of governance (risk management system and internal control system)
- knowledge of information technology
- ability to interpret financial and actuarial data and figures, for the purpose of financing and actuarial analysis
- knowledge and understanding of the regulatory framework

The requirements for professional qualification on the part of responsible individuals in key roles arise from the particular circumstances of the respective responsibility within governance tasks, whereby the following key elements should be highlighted in the context of governance:

- expert knowledge, although specific requirements may vary for the four key functions:
 - internal audit: particular focus on economic knowledge and knowledge of control systems
 - compliance: particular focus on legal and economic knowledge
 - risk management and actuarial function: particular focus on actuarial, mathematical and scientific knowledge
- market knowledge
- language skills, and
- analytical understanding

The following requirements apply to the members of the Supervisory Board, taking into account the tasks assigned to the individual Supervisory Board member:

- sufficient theoretical and practical knowledge of all Divisions
- market knowledge
- knowledge and relevant experience in the areas of insurance, finances, accounting, actuarial theory, and management
- language skills and
- analytical understanding

Familiarity with the particular circumstances of institutions for occupational retirement provision:

- language skills and
- analytical understanding

The subject areas of capital investment, underwriting, accounting, internationalisation, compliance, risk management, personnel, M&A, taxes and IT are subject to an annual self-assessment.

A lack of professional suitability can be remedied through corresponding further training.

Job profiles are regularly reviewed by the organisational units responsible in order to ensure that they continue to comply with all relevant requirements. Repeated reviews of reliability in the form of updated certificates of good conduct are not required in this context.

Compliance with the job profile is checked when material changes to the parameters on which it is based occur:

(1) Attributes relating to the person responsible for key tasks:

- new information regarding the integrity of the person responsible for key tasks (e.g. pending criminal proceedings, suspected breach of trust/money laundering or terrorism financing)
- changes in the personality of managers that would prevent them from representing the undertaking appropriately in public (e.g. improper conduct in public)
- new information regarding the professional qualifications of the person responsible for key tasks
- new information about managers that raises doubts about their ability to perform their tasks soundly and prudently

(2) Attributes relating to the position:

- changes to the scope of responsibility for the position (increase in responsibilities)
- changes to the professional qualifications required for the position (e.g. changes to the professional qualifications required under supervisory law for persons responsible for key tasks)
- persons responsible for key tasks are required to notify the organisational unit that owns the process in question of all relevant changes

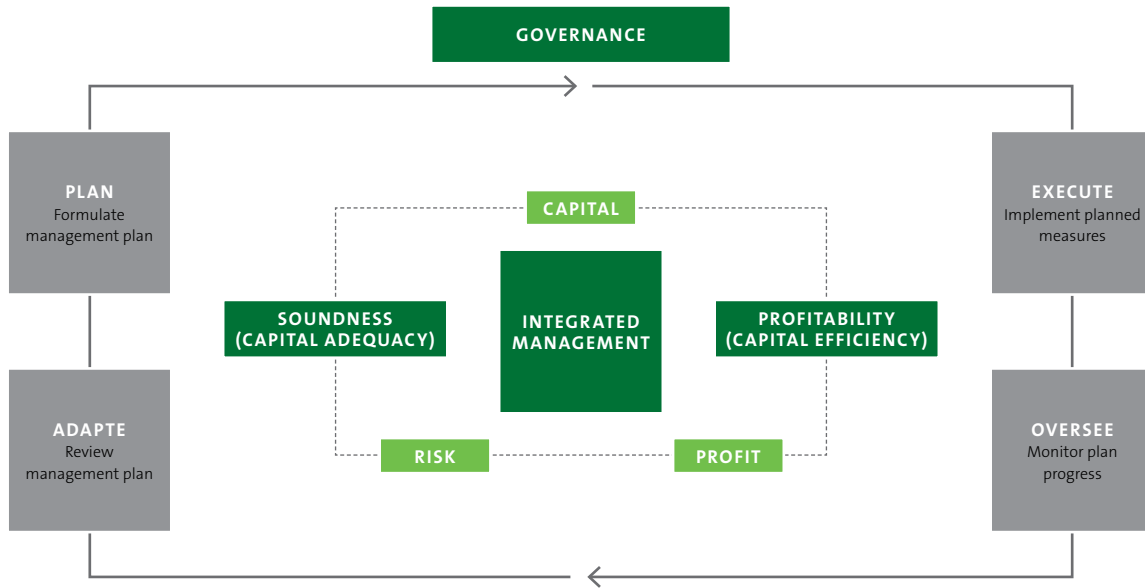
Group guidelines define the general requirements to be observed in situations where key tasks are outsourced.

B.3 Risk Management System including the own risk and solvency assessment

Structure of the risk management system

Risk management systems are the sum of all measures in place for identifying, analysing, assessing, communicating, monitoring and steering risks and opportunities at an undertaking. The HDI Group has implemented its risk management system in the form of an enterprise risk management system (ERM) – i.e. a holistic system that also includes measuring performance and systematically identifying any actions that may need to be taken.

PERFORMANCE CONCEPT AND INTEGRATED MANAGEMENT



The basic concepts of risk, capital and income are not viewed here as absolutes but rather as relative factors that have a stakeholder relationship.

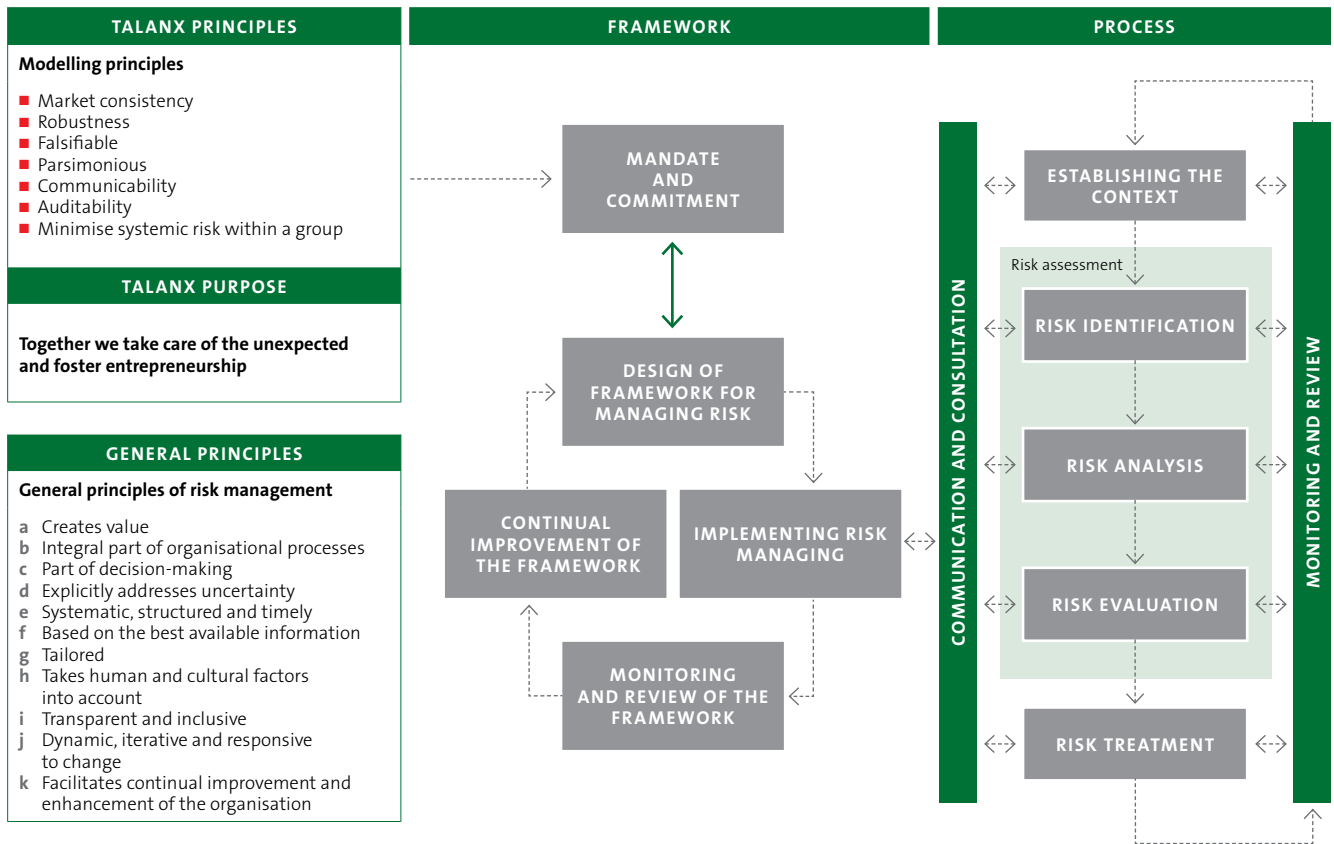
The concept of risk used relates to positive or negative deviations between the results of actions taken and objectives set. In this context, risk is understood to mean uncertainty in respect of events and their consequences.

The following graphic shows the basic components of the risk management system at the HDI Group. These include procedural components and framework guidelines that define the processes and suitable process controls. The implementation of an ERM is based on the company or risk management philosophy, which defines the key cornerstones of the risk culture.

This is followed by general principles that summarise experiences in risk management in terms of best practice. The following diagram is based very closely on the ISO 31000 standard for risk management and provides an overview of the basis structure of our risk management system. The explicit design is very rich in details, as evidenced, for example, by a 34,000-page document drawn up as part of the process for obtaining approval for our internal model. The graphic therefore shows only the key basic structures, which do, however, comply with Solvency II.

The supervisory authority analysed our risk management system in detail during the pre-application phase for our internal model. The approval issued on 19 November 2015 attests to the adequacy of our internal model, and consequently that our risk management system meets Solvency II requirements.

THE GROUP RISK MANAGEMENT SYSTEM – BASED ON THE ISO 31000 STANDARD



The ability to understand the HDI Group’s data and figures depends on an understanding of the role played by stakeholders and their influence on the quantitative measurement of the above-mentioned concepts (risk, capital and income), as the key indicators associated with each differ significantly from one another.

The HDI Group’s risk management system takes the following stakeholders into consideration:

1. The Board of Management and Supervisory Board (economic management of the undertaking, ensuring that different stakeholders’ objectives are achieved)
2. Policyholders (at the least: fulfilment of the regulatory solvency requirement)
3. Shareholders (increasing the enterprise value, payout ratios)
4. Rating agencies (specific level of capital for bondholders)
5. Supervisory authorities and watchdogs (consumer protection, systemic risk control)

DIFFERENT VIEWS OF RISK AND CAPITAL

| Stakeholder | Risk | Capital | Cover % |
|---|--------------------------------|---|---------|
| Shareholder, Board of Management, Supervisory Board, rating agencies, bondholders | (Full) economic internal model | Basic own funds excluding transitional | 264 |
| Board of Management, Supervisory Board, bondholders | Internal model | Eligible own funds excluding transitional | 206 |
| Supervisory authority, policyholders, bondholders | Internal model | Eligible own funds including transitional | 260 |

We use our internal model as the basis for deriving a limit and threshold system that is suited to assessing risks both on a component basis and in their entirety, bearing our risk-bearing capacity in mind. This applies both to risk categories and to participations (subsidiaries). A risk budget that complies with this limit and threshold system is then defined for the Talanx Group and its divisions. Regulatory requirements regarding capitalisation are taken into account as an auxiliary condition for the HDI Group when defining targets. This risk budget describes a contingent risk potential that reflects the Board of Management’s risk appetite as derived from the undertaking’s goals and targets. The risk budget also takes the

divisions' risk-bearing capacity into account; this serves as an auxiliary condition in the risk budgeting process.

Implementation of the risk management system within the Group

In order to ensure that the risk management system is implemented consistently throughout the Group, the Group's risk management function integrates the risk management units at the various divisions and subsidiaries. It does this on the one hand using Group guidelines and on the other by including the subsidiaries, and ensur-

ing their active participation, in the relevant risk management bodies and decision-making and escalation processes that have been established throughout the Group.

The following table describes the roles of key persons in the risk management process, as well as important bodies from the Group perspective. The role of Group CRO meets the supervisory requirements associated with this key function (independent risk controlling function). In addition, the organisational structure and escalation processes comply with Solvency II.

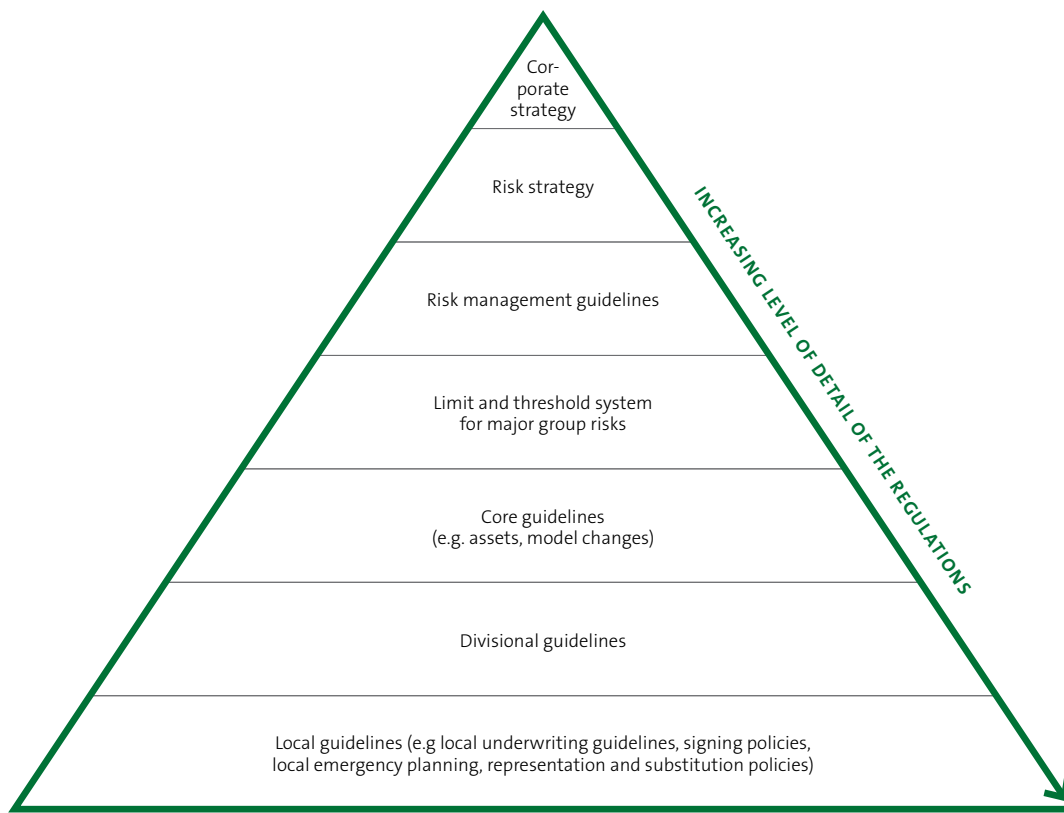
RISK MANAGEMENT SYSTEM

| Responsibilities and organisational units | Main activities |
|---|---|
| Supervisory Board | <ul style="list-style-type: none"> ■ Advises and oversees the Board of Management in its management of the Company, including with respect to risk strategy and risk management |
| Board of Management | <ul style="list-style-type: none"> ■ Overall responsibility for risk management ■ Defining the risk strategy, including limits and thresholds ■ Responsibility for proper functioning of risk management ■ Approval of amendments to models ■ Approval of key Group guidelines |
| Executive Risk Committee (ERC) | <ul style="list-style-type: none"> ■ Management, coordination and prioritisation of Group-wide risk issues ■ Adjustment of limits within fixed materiality thresholds ■ Approval of guidelines and other regulatory framework in accordance with Group frameworks for the governance of the Group's internal model to the extent that they do not require the approval of the Board of Management as a whole ■ Preliminary examination across segments of issues that must be submitted to the full Board of Management ■ Critical examination and analysis of the risk position of the Group as a whole with a particular focus on the risk budget approved by the Board of Management and on the risk strategy ■ Monitoring of management measures within the Group with respect to risks that could threaten the Group's continued existence |
| Chief Risk Officer (CRO) | <ul style="list-style-type: none"> ■ Responsible for holistic monitoring across divisions (systematic identification and assessment, control/monitoring and reporting) of all risks that are material from a Group perspective ■ CRO is included in key Board of Management decisions |
| Central Risk Management of the Group | <ul style="list-style-type: none"> ■ Group-wide risk monitoring function ■ Methodological expertise, including the following: <ul style="list-style-type: none"> ■ Development of processes on risk identification; procedures for risk assessment, management and analysis ■ Risk limitation and reporting ■ Overarching risk monitoring and quantification of the necessary risk capital ■ Validation of the Group model |
| Local Risk Management | <ul style="list-style-type: none"> ■ Risk monitoring function in the divisions ■ Observance of the centrally defined guidelines, methods and procedures, limit systems, and thresholds that serve as the framework for local implementation, risk identification, risk assessment, monitoring and reporting |

Key specifications for the design and structure of risk management activities and functions at the HDI Group are set out in internal guidelines and detailed rules. In line with the principle of "central strategic management plus local divisional responsibility", the details of this framework are then fleshed out at the level of the individual divisions and subsidiaries. The figure below shows the hierarchy of rules applicable within the risk management system.

Risk budgeting and the definition of limits and thresholds are other key components of the risk management framework.

HIERARCHY OF RULES FOR THE RISK MANAGEMENT SYSTEM



Risk management process and communication

Specifically, the risk management process relates to the processes in the schematic representation of the risk management system. We identify risks throughout the Group using key indicators and various risk surveys. Qualitative risks are recorded systematically using a Group-wide risk capture system. Risks spanning multiple divisions, such as compliance risks, are addressed by involving the areas or experts concerned. Risk identification at product level is performed at an early stage as part of our New Product Process. This ensures we have completely understood the risks we enter into when purchasing or selling financial instruments and have adequately measured such risks in a qualitative or quantitative manner.

An overall examination of risks is also conducted within the framework of the modelling and validation of our internal model. This is particularly important for ensuring an adequate presentation of diversification effects.

The risk analysis and risk measurement are carried out for regulatory solvency purposes on the basis of our internal model. We also utilise a series of supplementary models that we especially apply in the process for operational management of specific risk categories. In contrast to our internal model TERM, model runs here are generally more frequent (e.g. weekly) and much more granular in terms of the depiction of the underlying financial instruments.

The risk assessment includes a holistic appraisal of the information obtained from risk analysis in order to ensure that the Board of Management can make risk-informed decisions. The term “risk-informed” refers to a balanced appraisal of the model results that takes into consideration expert opinions on the limits and weaknesses that are inherent in every model. In keeping with our ISO-based risk management philosophy, we define the inherent model uncertainties associated with the use of any model.

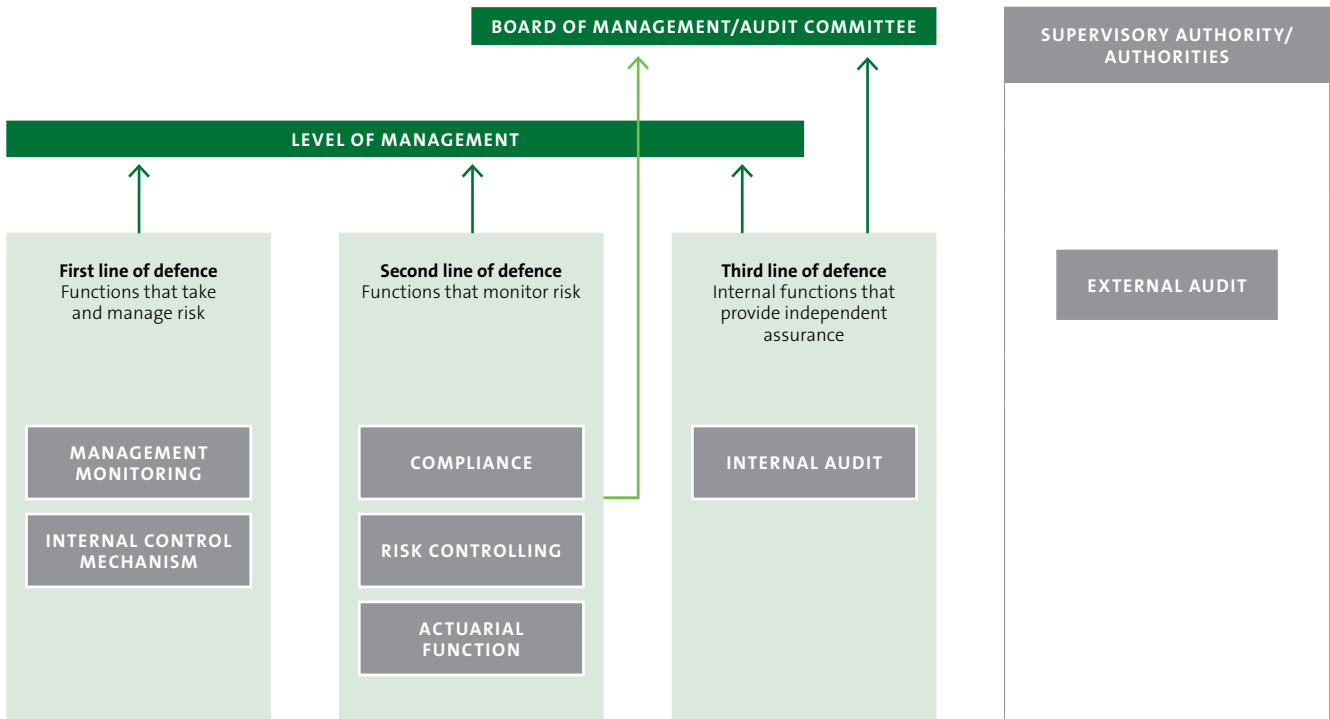
The Board of Management is provided with the results of our functional risk models on a monthly basis, and with the results of our internal model on a quarterly basis. In line with our risk profile, this information is presented by division, undertaking or risk taker, as well as by risk category. The limit and threshold system relates to risk categories in our internal model and the limitation of divisions.

Along with the fundamental objective of adequate capitalisation and balanced risk taking, the immunisation of the Group as a whole against financial contagion risks is also a key objective. The goal here is to make the core of the HDI Group as robust and resilient as possible against adverse developments.

The Talanx Group’s enterprise risk management system was also examined in the context of the Standard & Poor’s rating process and assessed as good. We are also one of the few European insurers whose internal model means that S&P requires lower rating capital requirements (thanks to the “M-factor”).

The effectiveness of our models has thus been confirmed by several external studies (conducted by supervisory authorities, rating agencies), which increases the comfort zone the internal model offers from the point of view of third parties. In other words, the internal control system’s three lines of defence have been supplemented by the additional assurance offered by the supervisory authority and external auditors.

THE THREE LINES OF DEFENCE FROM THE SUPERVISOR’S AND EXTERNAL AUDITORS’ PERSPECTIVE



External auditors include the auditors of the financial statements, who under Solvency II also have to issue an audit opinion on the solvency balance sheet, and the supervisory authority, which audited the risk management system for compliance with Solvency II requirements in a pre-application phase lasting several years.

Solvency II also saw the supervisory authority introduce the role of the key functions. The key function for risk management is the independent risk controlling function. The tasks associated with this function are performed at the HDI Group by the Chief Risk Officer, who has been furnished with a number of powers. In particular, HDI’s Board of Management obtains the CRO’s opinion before making important decisions.

Risk reporting

Our risk reporting aims to provide the Board of Management and the Supervisory Board with systematic and timely information about risks and their potential effects, to strengthen the risk culture and to ensure smooth internal communication about all material risks as a basis for effective decision-making.

By their nature, all the reports focus on aspects of risk strategy. We also utilise a range of short-notice reporting formats in order to provide up-to-date information on the latest developments (e.g. concerning the capital market, large losses). In this manner, the complementary reporting formats enable risks and events to be analysed and addressed in a timely manner.

Rules governing the content and frequency (e.g. unscheduled reports) of reporting are contained in corresponding guidelines. Both documentation and the reporting process are subject to reviews by Auditing and the supervisory authority.

Own Risk and Solvency Assessment (ORSA)

We conduct an own risk and solvency assessment (ORSA) every year. This report provides a 360° overview of the undertaking's risk and solvency position. The focus here is on a forward-looking perspective, since the assessment combines the undertaking's five-year economic planning with its latest model results and associated planning measures. The forward-looking section of the ORSA involves a multi-year evaluation of potential future risks. A variety of scenarios for future macroeconomic developments and business planning are used to produce a five-year forecast for own funds and their breakdown, the Solvency Capital Requirement and the resulting capital adequacy ratios. This forecast is embedded in the Group's medium-term planning process.

In addition to this medium-term planning, we use the results of the risk assessment when deriving risk budgets and defining limits and thresholds. These are set in a manner that ensures that the Group's target capital adequacy ratio can still be achieved even if they are fully utilised. Our approach with regard to risks analysed in a purely qualitative manner provides, in certain cases and on the basis of expert opinions, for an additional capital buffer that reduces the risk budget available for allocation to the divisions. In this way, the insights gained from our risk management processes directly influence the ongoing development of the risk framework and the context for future process runs.

The ORSA also analyses all stakeholders to arrive at an order for the auxiliary conditions and hence achieve consistent target cascading. The results of the rating agencies' capital models play a particularly important role here.

A report on the results of the ORSA (including the forward-looking elements) is produced at least once a year. This report, along with the key methods and assumptions underlying its observations, is discussed in depth and critically examined by the full Board of Management. If its insights indicate a need for action, the process owner in question is notified and implementation of the associated measures is monitored. The Board of Management approves the final report on the ORSA.

B.4 Internal control system

Description of the internal control system

We view the internal control system (ICS) as an integral component of enterprise management. The ICS is designed to help the HDI Group achieve its business goals and targets efficiently, even as it remains compliant with all regulations and takes measures to reduce risks or avoid them completely.

The ICS consolidates all process-integrated and process-independent monitoring measures (internal controls and organised safeguards) designed to ensure that the organisation and its processes function properly. It is deployed at all levels throughout the Group and focuses on process risks and the controls used to monitor them. Group guidelines are used to ensure that the ICS is applied consistently throughout the Group.

The procedures and measures utilised in the ICS aim to ensure:

- Compliance with the legal requirements and other regulations, contracts and internal rules
- Due and proper performance of our business activities
- Asset preservation
- Due and proper and reliable financial reporting
- The prevention and detection of any misappropriation of assets
- A focus on, and particular consideration of, material risks
- The effectiveness and efficiency of risk monitoring and risk avoidance measures within business processes
- The accurate presentation of the undertaking's net assets, financial position, results of operations, and risk position.

The "Three Lines of Defence" concept is essential to the Solvency II system, and it also forms the organisational basis for the Group's control and monitoring system:

- The first line of defence comprises the specialist operating units/ departments, which are responsible for safeguarding against, identifying, assessing, managing and monitoring risks at the operational level. These units and departments are therefore responsible for ensuring that the ICS in their respective areas is appropriate.
- The second line of defence comprises functions which ensure that the ICS is appropriate at the superordinate controlling level and which advise the specialist operating units/departments. These functions include the risk management, compliance and actuarial functions, the Group data protection and anti-money laundering officers, etc.
- The third line of defence is the internal audit function, which is an independent, objective, centrally organised Group function. As part of its auditing activities, the internal audit function monitors the effectiveness and efficiency of the internal control system, the risk management system and the other key functions.

The compliance function

HDI V.a.G. has outsourced the Group's compliance function to Talanx AG. The Chairman of the Board of Management of HDI V.a.G. has been appointed as the outsourcing officer and as such is responsible for monitoring the Group's compliance function. BaFin has been notified of the Chairman's responsibility for this function. Additionally, the primary insurers in Germany, along with certain other companies, have outsourced their compliance functions at the individual company level to Talanx AG. All of these companies have also appointed outsourcing officers for their compliance functions and have notified the supervisory authority of them.

The compliance function is part of the second line of defence. In order to ensure sustained compliance with all relevant legal, regulatory and internal rules and requirements, the compliance function implements appropriate monitoring measures through its interfaces with Auditing, specialist departments responsible for certain compliance issues, compliance officers from abroad and the other three key functions.

A code of conduct serves as the linchpin for intragroup compliance regulations. It contains the key principles and rules for ensuring that all Group employees act in a legally compliant and responsible manner. It also sets out the high ethical and legal standards on which the Group's operations throughout the world are based. The code of conduct is available on the website. All Group employees must ensure that they comply with the code and with the laws, guidelines and instructions governing their individual areas of work.

The code of conduct is supplemented in more detail by compliance guidelines, which give employees in Germany and abroad guidance on how to behave correctly and appropriately in their business dealings. In particular, the compliance guidelines contain detailed regulations that apply to the following core compliance issues:

- Preventing corruption
- Compliance with Antitrust law
- Sales and product compliance
- Financial sanctions/embargoes
- Investment compliance
- Capital market compliance
- Anti-money laundering
- Corporate compliance

The compliance guidelines are reviewed regularly to ensure they remain up to date, and are amended if necessary. The compliance function announces such changes throughout the entire Group whenever they are made. The managers responsible must then update all work instructions affected by the changes to the guidelines.

Another element in ensuring Group-wide compliance is a whistleblower system that can be accessed from anywhere in the world via the Internet, and which employees and third parties can use to report significant breaches of the law and the rules contained in the code of conduct. Complaints can be made anonymously if desired. This enables the compliance function to take action, limit any damage and avoid further harm.

The compliance function produces an annual compliance report that describes the current legal and regulatory framework, the various compliance-related activities under way at the Group, and key issues relevant to compliance.

B.5 Internal audit function

HDI V.a.G. has outsourced the internal audit function required at Group level in accordance with section 275(1) sentence 1 of the Insurance Supervision Act (VAG) in conjunction with section 30(1) of the VAG to Talanx AG. The internal audit function operates as an independent corporate department (Group Auditing) at Talanx. The Chairman of the Board of Management of HDI V.a.G. has been appointed as the outsourcing officer for Group Auditing and BaFin has been notified that he is responsible for this. The Group's primary insurers in Germany (and individual companies in the rest of the EU) have also outsourced their internal audit functions to Talanx AG. All of these companies have also appointed outsourcing officers for their internal audit functions and have notified the supervisory authority of them.

Monitoring by the internal audit function focuses on protecting business assets against losses of all kinds for the long term, on supporting the undertaking's business and operating policy – including its risk strategy and the business organisation established for it – and on ensuring the undertaking's continued existence. To do this, Group Auditing autonomously, independently and objectively analyses all material divisions, workflows, procedures and systems from a risk-oriented perspective in line with the principles of security, propriety and economy.

These audit activities are based on an audit plan drawn up by Group Auditing and approved by the company's Board of Management. When executing this audit plan, the internal audit function is not bound by any technical instructions and reports its results and recommendations directly to the Board of Management. Group Auditing's sole task is to perform internal audits, a fact that guarantees its independence from the activities that it audits and ensures it remains independent. A cooling-off period applies to all employees who transfer to Group Auditing from operating units and departments, thus helping to ensure objectivity at the level of the individual auditors.

In order to ensure that it can properly perform the tasks assigned to it, the internal audit function has been granted complete, unrestricted, active and passive rights to information. Its active right to information refers to the fact that the internal audit function has access to all divisions, documents, assets and relevant contacts. Its passive right to information ensures that Group Auditing is automatically included in all information flows at the undertaking that are of relevance to its work.

Group Auditing may conduct unscheduled special audits at any time at short notice if defects or flaws have come to its attention. The audit planning process is designed to be comprehensive and risk-focused in order to ensure that Group Auditing can perform its monitoring function for all relevant areas of the undertaking systematically, efficiently and in a targeted manner. Factors considered to have an impact on risk, and which are therefore taken into account in audits, include:

- The inherent risk represented by the areas and topics covered by the audit
- The results of the latest audits
- Legal and organisational changes that relate to the areas and topics covered by the audit
- Knowledge gained from attending meetings of governing bodies and regularly scheduled meetings with staff from other governance functions

A report is written for each audit, ensuring that the Board of Management and the department, unit or division audited receive the key findings. The reports also set deadlines and assign responsibilities for implementing the measures. The implementation process is monitored, with the Board of Management delegating operational responsibility for this to the internal audit function.

The internal audit function's reporting system also includes quarterly and annual reports that provide recipients (including the Board of Management, the Supervisory Board, Risk Management and the auditors of the annual financial statements) with information on the effectiveness of the internal audit function and on the audit findings.

Particularly serious findings must be reported immediately to the responsible member of the Board of Management. Depending on the degree of risk involved, the independent risk controlling function and/or the compliance function may also have to be informed.

Group Auditing's effectiveness is ensured by internal quality assurance measures and by assessments performed by external auditors.

B.6 Actuarial function

HDI V.a.G. has outsourced the actuarial function that is also required at Group level in accordance with section 275(1) sentence 1 of the Insurance Supervision Act (VAG) in conjunction with section 31 (1) of the VAG to the KPMG AG audit firm. At HDI V.a.G., the Chief Financial Officer acts as the outsourcing officer for the actuarial function; the supervisory authority has been notified of the outsourcing officer's internal responsibility for the function. At the divisional level, the German companies belonging to the divisions have outsourced the actuarial function for the individual companies to separate areas. In order to create clear responsibilities within the Retail International Division, an actuarial function has been voluntarily established at HDI International AG and an employee has been appointed as the person with internal responsibility for this key function.

The Board of Management has adopted a framework guideline on the organisation of the actuarial function, which among other things documents the various roles and responsibilities of the Group and individual functions.

These core tasks for the actuarial function within the HDI Group can be grouped together in the following thematic areas:

Coordination tasks

The actuarial function coordinates activities relating to the valuation of the technical provisions for Solvency II purposes. This primarily includes setting technically consistent minimum standards for methods, models and data quality at the Group level. The Group also obtains external expert opinions when valuing the technical provisions. This process is coordinated by the actuarial function.

Advisory tasks

The Group's actuarial function informs and advises the Board of Management from the perspective of the Group as a whole on the situation regarding the reserves, underwriting and acceptance policy, and the appropriateness of the reinsurance agreements.

Monitoring tasks

The actuarial function monitors the entire process of calculating the technical provisions, ensures compliance with the Solvency II requirements for valuing provisions, identifies potential discrepancies and ensures that these are remedied.

Supporting tasks

The actuarial function supports the risk management function in its tasks, and particularly regarding issues relating to the internal model and the own risk and solvency assessment (ORSA). It also provides actuarial expertise.

B.7 Outsourcing

Various service functions within the HDI Group are bundled in a number of central service companies. Apart from Talanx AG, which also operates as a holding company, the most important of these are HDI Service AG, HDI Systeme AG, Ampega Asset Management GmbH and Ampega Real Estate GmbH. Within HDI Deutschland AG, HDI Kundenservice AG in particular acts as a central service provider. In some cases, key functions or what are known as "important functions" have also been outsourced to the above-mentioned service providers.

For example, Talanx AG provides services to all domestic primary insurers in the compliance and internal audit key functions that are required by insurance law, as well as acting as a service provider for HDI A. in the risk management (Group level) and actuarial (Group level) functions. The actuarial function key function (Group level) is outsourced to KPMG AG. The aim of bundling activities at a central service provider was to ensure standardised, high-quality services that can be offered as economically as possible throughout the Group. Bundling the internal audit and compliance key functions at a single company within the Group enables a high degree of professionalism to be achieved and hence ensures that all activities associated with the functions are performed optimally.

HDI Kundenservice AG provides services in the area of the actuarial and risk management key functions for insurance companies belonging to HDI Deutschland AG. Here, too, the main reason for centralisation was to establish standardised, high-quality services that could also be offered as economically as possible by bundling qualified staff at a single company.

HDI Global SE provides services relating to the actuarial (solo undertakings) and risk management (solo undertakings) key functions to HDI V.a.G. and HDI Global Network AG. HDI V.a.G. writes primary insurance business as a co-insurer with HDI Global SE. HDI Global Network AG serves as a platform for HDI Global SE's international (re)insurance business. In view of the considerable similarity/partial overlap in terms of content between HDI V.a.G.'s and HDI Global Network AG's business and the relevant operations at HDI Global SE, it makes sense to transfer the tasks to HDI Global SE in order to maximise efficiency and professionalism.

Ampega Asset Management GmbH is responsible for managing the Group companies' financial investments, while Ampega Real Estate GmbH manages their real estate assets. Consolidating all Group-wide asset management expertise in this way allows investment services to be provided in a highly professional and efficient manner.

Hannover-based HDI Systeme AG is a key central service provider at Group level for all information technology issues. It provides IT services to the Retail Germany and Industrial Lines divisions and to the Group functions (Talanx AG, HDI Service AG, Ampega Investment AG, Ampega Asset Management GmbH, Ampega Real Estate GmbH and Talanx Reinsurance Broker GmbH). Consolidating IT services at a single company increases the level of professionalisation that can be provided and allows it to provide Talanx Group companies with even more reliable, effective and efficient support by offering innovative IT services that are tailored to meet their requirements.

Another important centralised service provider within the Group is HDI Service AG, which, among other things, provides the complete range of accounting and collections/disbursements services to virtually all domestic Group companies in Germany. Here, too, the main reason for outsourcing was to be able to provide standardised, high-quality services throughout the Group while leveraging existing synergies, and hence to offer them more economically than would be possible for the individual companies.

Due diligence is conducted on service providers that are shortlisted for outsourcing contracts as part of the preparatory process – i.e. in all cases before a decision is made. This review serves to clarify whether the service provider in question is suited to performing the tasks to be outsourced.

As a result, due diligence focuses on the following criteria in particular:

- The service provider's financial strength
- The service provider's technical capabilities
- The service provider's personnel capacity, which will enable it to perform the outsourced tasks
- Employee qualifications and reliability
- The service provider's control mechanisms and contingency planning
- Potential or existing conflicts of interest at the service provider that could impair its ability to perform the outsourced tasks

The due diligence process should regularly include at least one and, if necessary, multiple inspections of the business premises occupied by the service provider or providers being considered for the outsourced tasks. The on-site inspection(s) should be supplemented by requests, which should be appropriate in scope and which the service provider(s) under consideration should be able to reasonably meet, for information, explanations and documents enabling an assessment of the above-mentioned criteria in particular. Objective sources, including reports from credit bureaus and rating agencies, must also be used to an appropriate extent in the review, in line with the principle of proportionality. Reviews of Group-owned service providers performed prior to outsourcing can generally be less detailed than those required in the case of external service providers, in view of the principle of proportionality and the Group risk management processes in force at the HDI Group. However, potential conflicts of interest and concentration risks should always be examined.

The services that have been transferred to the central service providers are linked with the internal control and/or risk management system of the client in question. As part of outsourcing preparations, an analysis is performed with the help of the responsible risk management department to determine whether and how the outsourcing undertaking's business operations can be maintained if a service provider is unable to meet its obligations, or if the service in question has to be reintegrated or transferred to another provider following the (scheduled or unscheduled) termination of a service contract. The companies evaluate the risks associated with centralisation both prior to the decision to outsource and during the ongoing outsourcing process. This risk analysis is used to identify appropriate, specific monitoring and control processes in line with the circumstances of the particular case and to draw up requirements for the outsourcing contract in question.

Monitoring committees have been set up to assess the quality of the services provided by the service companies. Both the service providers and the Group companies that have commissioned them are represented on these committees. Along with evaluating the quality of the services provided, the committees aim to facilitate targeted information sharing at a commercial level and to promote a common understanding of the details of the services provided, as well as a discussion of other key issues.

Where no monitoring committees have been set up for services outsourced by HDI V.a.G. to Talanx AG and HDI Global SE, the service providers in question are monitored directly by the Board of Management member responsible for the task the service provider now performs. In the process, the Board of Management member draws upon the expertise of various units at Talanx AG for support and to validate the service provider's activities.

B.8 Any other information

The structured evaluation of the adequacy of the business organisation as required by section 23 of the Insurance Supervision Act (VAG) in conjunction with section 275(1) sentence 1 VAG, as well as the audits of business units (including audits of other key functions) that are performed by the internal audit function in its capacity as an independent key function, are carried out regularly on the basis of internal guidelines.

The organisational units responsible for preparing Board of Management decisions initially perform individualised self-assessments. These should then be circulated among the heads of the organisational units and discussed, after which the Board of Management is informed of the results of the discussions and provided with a recommendation for its own assessment.

The adequacy assessment is a decision of material importance for the senior management of the companies concerned, which is why the full management body is responsible for it rather than individual members.

As regards financial year 2020, the initial emphasis was on reviewing the relevant guidelines to check they were up to date and adequate.

After the Board of Management received confirmation that the governance guidelines were up to date – even taking into account current administrative opinions – the managers responsible at an organisational level, and key function holders in particular reviewed the following issues in the first instance, in the form of a self-assessment:

- Are the current governance guidelines being implemented and actually complied with across the Group?
- Prompted by a static view associated with the content of the guidelines: As regards business organisation issues, were any deficiencies identified – or indications of possible deficiencies – that might cast doubt on the adequacy of the business organisation?

The key functions met to discuss the results of these self-assessments. The resulting findings were that the business organisation is indeed adequate at Group level.

Having thoroughly deliberated on and appraised the preliminary report, the Board of Management duly found that the business organisation at Group level is consistent with what supervisory law requires in terms of an adequate business organisation.

All other relevant and essential information on the business organisation of the HDI Group that is required to be reported is already contained in this section (B).

C. Risk profile

The HDI Group's risk profile is characterised by a variety of different aspects, particularly in terms of the respective stakeholder, the time schedule, the confidence level and the analysed risk sources: Risk categories and holdings in risk takers.

Quantifiable risks are defined and calculated on the basis of the changes in the basic own funds, which are defined as the balances contained in the solvency balance sheet over the one-year period stipulated by the supervisory authority. The assets reported in the solvency balance sheet primarily consist of investments, whereas the liabilities mainly comprise liabilities due to future payment obligations to policyholders arising from the insurance business. These two items – underwriting risk and market risk – are the key factors determining the risk profile.

The market risk associated with investments is broken down by the various asset classes. For our underwriting activities, it is subdivided into non-life and life premium and reserve risk.

As explained in the introduction, the Talanx Group represents the HDI Group's risk kernel; to this extent, the details presented refer to the Talanx Group's risk profile.

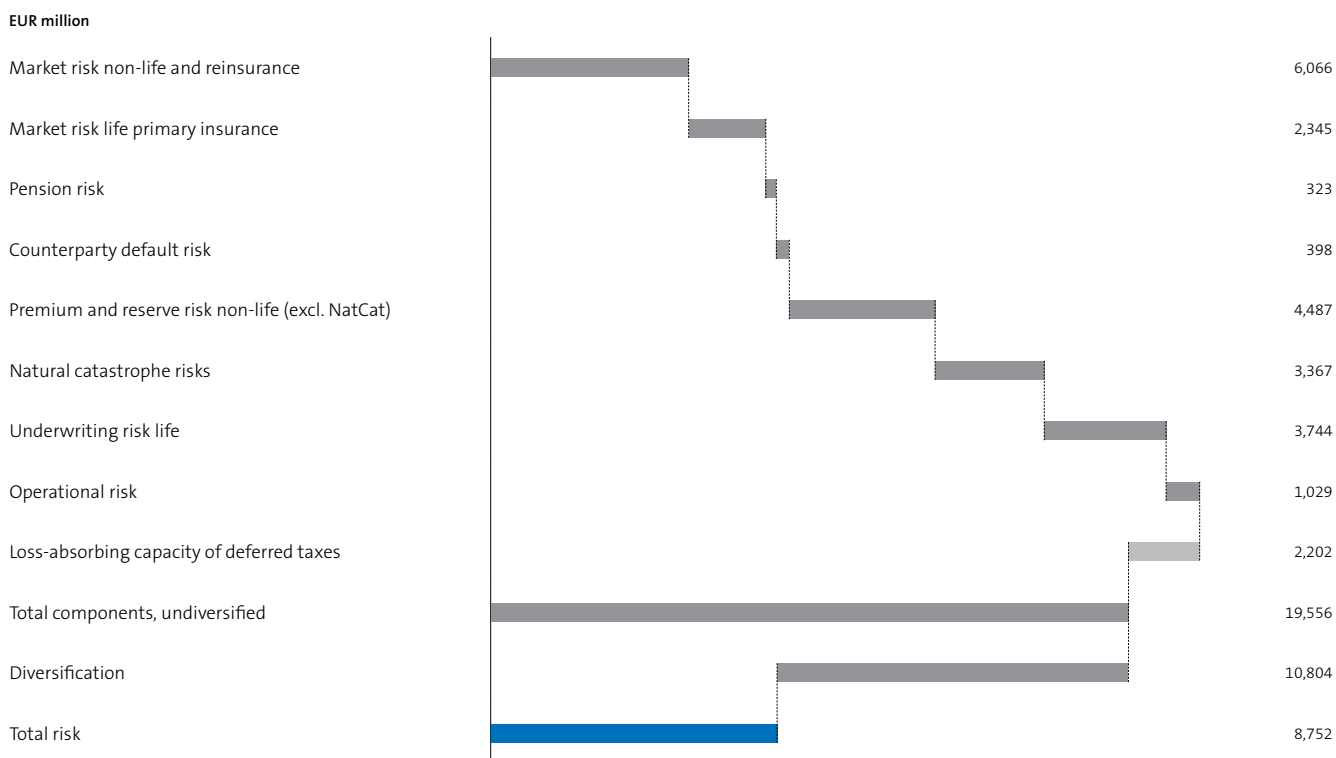
The following items materially influence the risk profile:

- Market and credit risk
- Underwriting risk – non-life, and particularly natural catastrophe risk
- Underwriting risk life
- Diversification

A variety of risk factors are allocated to the risk categories in TERM. This makes it possible to forecast not only changes in individual risk categories over time but also how these behave collectively. This collective behaviour has a significant impact on diversification.

The following graphical representations of the risk profiles give an initial impression of the materiality of the risks involved and of any risk concentrations.

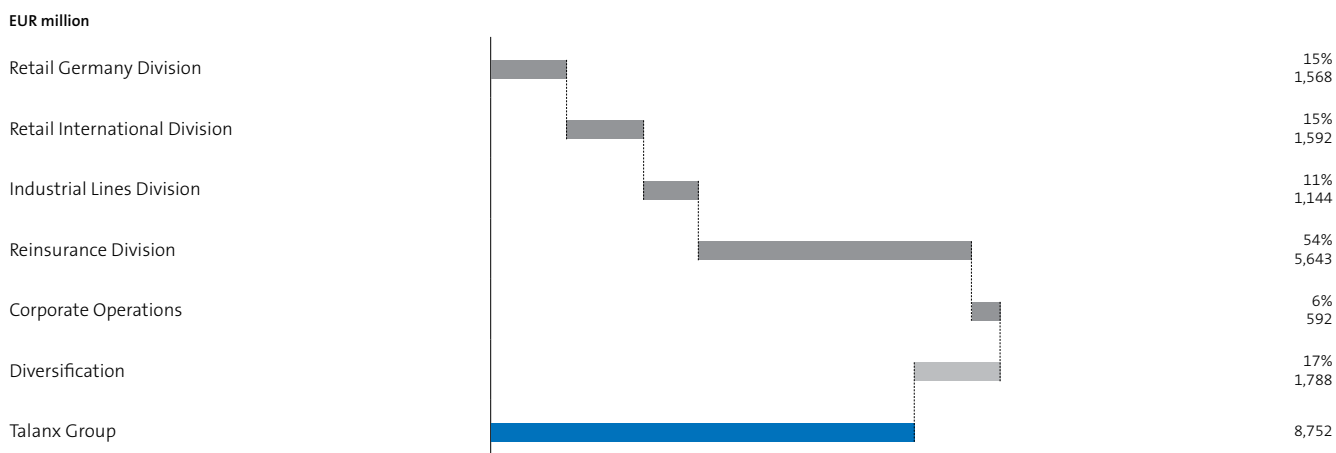
TALANX GROUP'S SOLVENCY CAPITAL REQUIREMENT BY RISK CATEGORY (ECONOMIC VIEW)



The diagram shows that diversification is particularly important for assessing the overall risk. This is due to our geographical diversity and the diversity of our business (see section A.2). These lead to a risk reduction due to diversification of approximately 55%. As the key risk categories shown above are only loosely correlated, this high degree of diversification is well founded and is based on intrinsic rather than on theoretical model considerations.

At Group level, we focus not only on the risk categories but also analyse the risk profile for our subsidiaries, which are presented by division (the management unit concerned). The following diagram gives an overview. The nature of diversification given in this presentation differs to that in the previous graphic, as diversification in the individual divisions has already been taken into account in the risk categories for the division concerned.

RISK PROFILE BY TALANX DIVISIONS, ECONOMIC VIEW



The limit and threshold system is used to restrict and manage risks throughout the various risk categories and divisions. The main purpose here is to achieve the targets set out in the risk strategy (e.g. risk-bearing capacity).

C.1 Underwriting risk

Underwriting risk refers to the danger of an unexpected negative change in the value of the insurance liabilities in the solvency balance sheet. Such deviations may be due to random chance, error or changes in the assumptions underlying the calculation (e.g. biometrics, loss amounts, payout duration or loss adjustment costs).

Exposure to such risks essentially depends on the size of the technical provisions and on the type of underlying insurance business concerned (life primary insurance, property/casualty primary insurance, reinsurance). As a result, it is spread across the Group, particularly in geographical and divisional terms.

We assess underwriting risk using TERM, as described in section E.4. We make a distinction between the following material risks:

- Underwriting risk – non-life, including:
 - Premium and reserve risk excl. NatCat
 - Natural catastrophe risks
- Underwriting risk life

In this context, we see a potential risk concentration in the area of natural catastrophes in particular. We accommodate this in several ways, including by using standardised Group-wide scenarios in the model and by setting appropriate limits and thresholds. We also define specifications for other global events such as pandemics, in order to model any related concentration effects.

In addition to claims analysis, actuarial modelling, selective underwriting, specialist audits, regular review of the claims experience and limits and thresholds for managing, capping and monitoring risk, appropriate reinsurance cover is a material risk mitigation technique.

Our risk analyses regularly determine the sensitivity of our capitalisation ratios to a 200-year maximum annual loss from natural catastrophes. According to the analyses performed as at 31 December 2020, such an isolated event reduced the CAR (Talanx) by 10 percentage points and the Solvency II ratio excluding transitional (HDI Group) by 6 percentage points.

Supplementary information about the individual underwriting risks is provided below.

Underwriting risk – non-life

Reserve risk

Reserve risk refers to unexpected negative changes in the value of insurance liabilities that impact the loss adjustment amount. The cause for such an unexpected change may in particular be the loss amount, the payout duration or loss adjustment costs. Any loss events that occurred before the reporting date are taken into account in the reserve risk.

In order to manage the risk, the undertakings take into account not only the claims information provided by their clients but also insights from their own claims investigations and experience.

Additionally, to reduce the risk of under-reserving, the level of reserves is reviewed regularly, including by external actuaries, and external reserving reports are commissioned.

Premium risk

Premium risk refers to unexpected negative changes in the value of insurance liabilities arising from fluctuations in the occurrence, frequency and severity of insured events. In contrast to reserve risk, premium risk is used to accommodate loss events (with the exception of natural catastrophes) that may take place after the reporting date. In the context of premium risk, expected premium income is compared to future loss events. Unexpected losses resulting from further developments in the coronavirus pandemic may also affect this.

Natural catastrophe risks

Like premium risk, natural catastrophe risk deals with future loss events. Such risk is handled separately, due to the possibility of an extremely high impact on the loss events due to natural disasters. A standardised global event set has been developed to support the analysis of such natural-hazard events (extreme scenarios and accumulations).

Licensed, scientific simulation models are used to estimate the material catastrophe risks, and supplemented by the experience of the various technical areas.

Based on the figures calculated most recently, the estimates of the Group's net losses (annual total loss) under the following accumulation scenarios of natural hazards are as follows:

ACCUMULATION SCENARIOS (BEFORE TAXES)¹

| EUR thousand | 2020 |
|--|-----------|
| 200-year loss Atlantic hurricane | 2,626,343 |
| 200-year loss US/Canadian earthquake | 2,261,120 |
| 200-year loss Asia-Pacific earthquake | 1,595,815 |
| 200-year loss Central and South-American earthquake | 1,524,548 |
| 200-year loss European storm | 1,187,409 |
| 200-year loss European earthquake | 1,112,244 |
| 200-year loss European flood | 988,005 |

¹ In reality, natural catastrophes may follow a course that differs from assumptions based on models.

Other accumulation scenarios are also regularly tested. In addition, carefully and individually selected reinsurance cover is taken out to protect against peak exposure from accumulation risks. This enables the Group to effectively limit large individual losses and the impact of accumulation events and thus make them plannable.

In order to restrict concentration risks, the maximum permissible natural catastrophe risk is limited by hazard regions at a Group and

divisional level. The risk modelling and business planning interact closely to achieve this.

Loss expectations are expressed in the context of business planning partly through the large loss budget. The following table shows the large losses (losses over EUR 10 million gross in primary insurance or reinsurance) in 2020 and the large loss budget for the Talanx Group:

LARGE LOSSES AND LARGE LOSS BUDGET (NET)

| EUR thousand | | Primary insurance | Reinsurance | Talanx Group |
|---|---------------|-------------------|------------------|------------------|
| 2020 | | | | |
| Hurricane "Laura", USA | 23–29 Aug | 57,343 | 87,509 | 144,852 |
| Hailstorm "Derecho", USA | 06–12 Aug | – | 111,021 | 111,021 |
| Tornado "Nashville", USA | 02–05 Mar | 12,523 | 42,918 | 55,441 |
| New South Wales bush fire, Australia | 01–31 Jan | 13,909 | 26,073 | 39,982 |
| Cyclones "Ciara, Elsa, Sabine", Europe | 09–11 Feb | 15,797 | 16,457 | 32,254 |
| Floods, China | 22 May–22 Jul | – | 28,716 | 28,716 |
| California forest fires, USA | 16 Aug–04 Oct | 4,740 | 23,023 | 27,763 |
| Hailstorm "Halloween", Australia | 28 Oct–01 Nov | 1,039 | 25,890 | 26,929 |
| Victoria hailstorm, Australia | 19–20 Jan | 12,475 | 13,793 | 26,268 |
| Alberta storm, Canada | 13–14 Jun | – | 22,351 | 22,351 |
| Hurricane "Sally", USA | 15 Sep | 16,450 | – | 16,450 |
| Storms, Poland | June | 16,187 | – | 16,187 |
| East Coast floods, Australia | 04–13 Feb | 1,173 | 14,467 | 15,640 |
| Earthquake, Puerto Rico | 06–07 Jan | – | 14,957 | 14,957 |
| Rockhampton hailstorm, Australia | 19–20 Apr | – | 14,166 | 14,166 |
| Hurricane "Eta", Nicaragua, Caribbean | 03–04 Nov | – | 13,840 | 13,840 |
| Kyushu floods, Japan | 03–06 Jul | – | 11,268 | 11,268 |
| Washington and Oregon forest fires, USA | 17 Aug–27 Sep | – | 9,676 | 9,676 |
| Forest fires, Brazil | 13 Sep | 8,311 | – | 8,311 |
| Tornado "Borg Warner", USA | 13 Apr | 8,209 | – | 8,209 |
| Hailstorm, South East Australia | 15–21 Jan | – | 8,074 | 8,074 |
| Selmer floods, USA | 01 Jul | 5,695 | – | 5,695 |
| Total natural disasters | | 173,851 | 484,199 | 658,050 |
| Property losses | | 88,663 | 148,282 | 236,945 |
| Liability losses | | 42,692 | – | 42,692 |
| Credit losses | | – | 12,331 | 12,331 |
| Transport losses | | – | – | – |
| Aviation losses | | – | – | – |
| Cyber losses | | – | – | – |
| Total other large losses | | 131,355 | 160,614 | 291,969 |
| Covid-19 | | 248,246 | 950,057 | 1,198,304 |
| Total large losses | | 553,452 | 1,594,870 | 2,148,322 |
| Large loss budget | | 360,145 | 975,000 | 1,335,145 |

The losses which occurred, including Covid-19 large losses, exceeded the large loss budget in financial year 2020. Large losses caused by the coronavirus pandemic came to EUR 1,198,304 thousand.

Underwriting risk life

In life insurance, insurance policies commit the insurer to pay either a lump sum or a regularly recurring benefit. In classic life insurance, the premium is calculated on the basis of an actuarial interest rate and of a number of biometric factors such as the age of the insured person at policy inception, the policy period and the sum insured. The main insured events are the death of the insured person or the maturity of the policy (survival).

Typical risks in life insurance and life reinsurance are associated with the fact that policies grant and/or reinsure guaranteed long-term benefits. Whereas the premium for a given benefit is fixed for the entire policy period at the inception of the life insurance policy, the underlying bases for calculation such as biometric assumptions (i.e. the assumptions relating to the insured person such as mortality or life expectancy), the exercise rate for the repurchase option and the costs may change. With the exception of the interest rate, which is allocated to market risk, the impact of these possible deviations from the underlying actuarial assumptions on the calculation of own funds is referred to as underwriting risk and is measured with TERM, as described in section E.4.

Underwriting risk – life – for the Group is heavily influenced by the biometric risks of the Life/Health Reinsurance segment. The following comments therefore apply primarily to the Reinsurance Division.

The main aim is to offset the biometric risks arising from mortality and longevity. In addition, this area is exposed to lapse risks, as the payment flows resulting from the reinsurance contracts also depend on the policyholders' lapse behaviour. As the cedants' acquisition costs are partially pre-financed, counterparty default risk is also of material significance. Reserves are determined on the basis of validated biometric actuarial assumptions, taking the reports from the cedants into account. The appropriateness of the biometric actuarial assumptions that are used and any lapse assumptions are reviewed continuously and adjusted, if necessary. This is performed using the undertaking's internal experience data and market-specific findings. The current life insurance risk profile is dominated by mortality and longevity risk. This is due to the fact that a large proportion of the contracts must pay death benefits while others must pay survival benefits. The size of the reinsurance annuity portfolio has continued to increase and this contributes to diversification within Life/Health Reinsurance. The diversification effect between mortality and longevity risk is calculated prudently, as the policies are usually arranged for various regions, age groups and persons.

Diversification is a core management tool. The aim is to achieve the widest possible risk spread across different risk classes and regions. Pricing incentives are used in reinsurance contracts in order to further increase diversification.

Quality assurance measures guarantee that the reserves calculated by cedants in accordance with local accounting principles satisfy all requirements with respect to the calculation methods used and assumptions made (e.g. the use of mortality and morbidity tables, and assumptions regarding the lapse rate).

Above and beyond this, the division and the HDI Group are exposed to catastrophe risk, particularly in relation to events with a large number of fatalities in the (re-)insurance portfolio (e.g. pandemics). Such events are analysed using stress tests and simulations, which also take into account their impact on the capital markets.

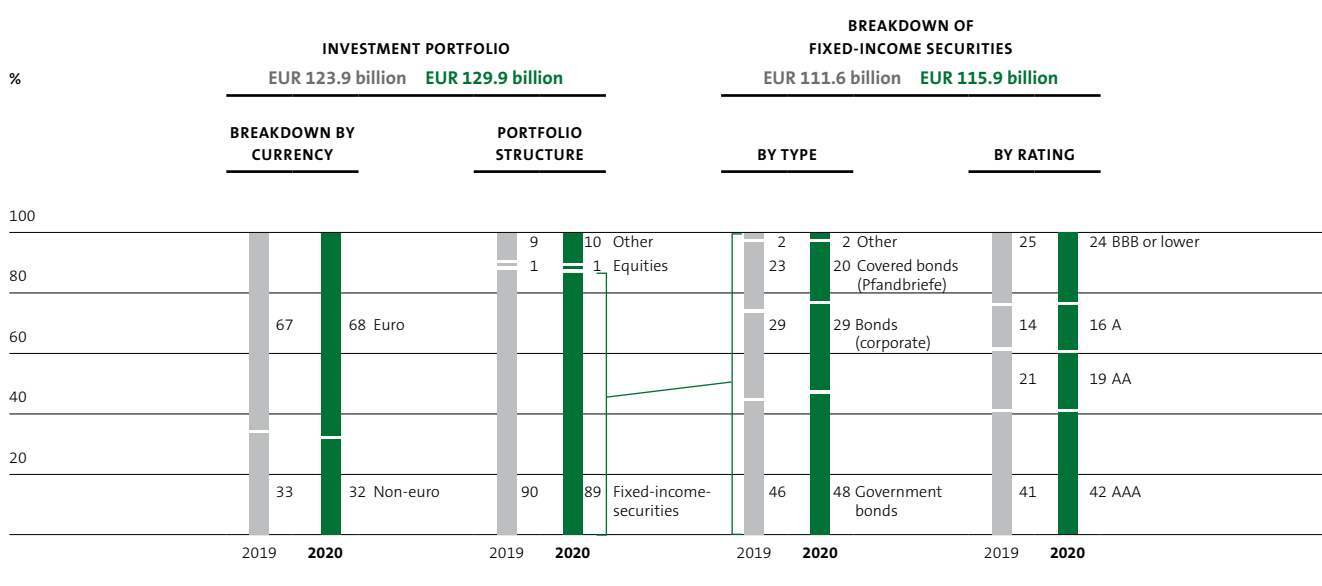
Concentration effects occur mainly in the case of catastrophe risk and in the German life primary insurance market, where several HDI Group companies are active. These effects are included in the risk assessment using shared scenarios for biometric risk factors that are specified by the Group.

C.2 Market risk

One aspect of market risk involves the unbalanced net, consisting of fluctuations in the value of investments on the asset side; effects on the underwriting risk also arise on the liabilities side (discounting of reserves, valuation at exchange rates) due to changes on the capital markets as a result of economic accounting.

Exposure to these risks is influenced in particular by the structure of the investment portfolio. The following table shows the HDI Group's portfolio, broken down by currency, asset class and rating according to measurement under IFRS for annual financial statements.

HDI GROUP PORTFOLIO BY CURRENCY, ASSET CLASS AND RATING



The portfolio is clearly dominated by fixed-income securities, over 76% of which have at least an A rating. We selectively supplement bonds with very good credit quality and long durations with high-yield bonds with short maturities. The majority of our investments are denominated in euro, whereas the US dollar dominates in the non-euro area.

Government bonds account for 48% of fixed-income securities. In contrast to the procedure used in the standard formula, they are modelled in TERM with a default risk exposure.

The following table provides an overview of our investments in fixed-income securities from issuers based in countries with a rating of less than A-.

EXPOSURE TO BONDS WITH A RATING OF LESS THAN A–

| EUR million | Rating ¹ | Government bonds | Semi-government bonds | Financial bonds | Corporate bonds | Covered bonds | Other | Total |
|-------------------|---------------------|------------------|-----------------------|-----------------|-----------------|---------------|------------|--------------|
| 31.12.2020 | | | | | | | | |
| Italy | BBB | 3,406 | – | 791 | 563 | 370 | – | 5,130 |
| Brazil | BB– | 263 | – | 77 | 233 | – | 12 | 585 |
| Mexico | BBB | 217 | – | 141 | 339 | – | – | 698 |
| 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 |
| Others BBB+ | | 101 | – | 61 | 76 | – | – | 238 |
| Others BBB | | 362 | 102 | 91 | 214 | – | – | 768 |
| Others <BBB | | 118 | 51 | 72 | 185 | – | – | 426 |
| Total | | 5,606 | 163 | 1,334 | 1,976 | 393 | 14 | 9,488 |
| 31.12.2019 | | | | | | | | |
| Italy | BBB | 2,722 | – | 745 | 566 | 485 | – | 4,518 |
| Brazil | BB– | 332 | – | 68 | 368 | – | 15 | 784 |
| Mexico | BBB+ | 157 | 1 | 164 | 343 | – | – | 665 |
| Hungary | BBB | 585 | – | 18 | 13 | 29 | – | 645 |
| Russia | BBB– | 316 | 24 | 39 | 211 | – | – | 589 |
| South Africa | BB+ | 133 | – | 4 | 91 | – | 1 | 229 |
| Portugal | BBB | 36 | – | 27 | 42 | 1 | – | 107 |
| Turkey | BB– | 134 | – | 26 | 31 | 4 | – | 196 |
| Others BBB+ | | 145 | – | 96 | 115 | – | – | 356 |
| Others BBB | | 213 | 50 | 115 | 127 | – | – | 505 |
| Others <BBB | | 304 | 52 | 112 | 163 | – | 247 | 879 |
| Total | | 5,077 | 127 | 1,413 | 2,071 | 519 | 264 | 9,472 |

¹ These include external issue ratings (Standard & Poor's, Moody's, Fitch or another rating agency appointed by Talanx [ECAI]). Where external issue ratings are available from more than one agency, the second-best rating is used.

Holdings of government bonds in countries with a rating of less than A– account for 4.3% of the Group's assets under own management. Within this category, there is a certain concentration on Italy (and especially on government bonds, which are held in particular by the Italian subsidiaries).

The current capital market environment poses numerous challenges. They primarily consist of the expansive monetary policy pursued by the European Central Bank and the resulting field of tension for German government bonds. At the same time, political and economic instability coupled with increasing regulatory pressure are causing uncertainty.

In order to be able to generate appropriate investment income despite the persistent, global low-interest phase, we are increasingly relying on alternative investments, especially infrastructure investments. Using a professional, targeted selection process, we ensure a good balance between yield, long-term earnings and risk. Although this asset class is becoming increasingly important, its share remained small.

Our investment strategy therefore results in a relatively low-risk portfolio overall. In light of the volume of the portfolio, market risks are still highly significant for the risk profile of the Group.

We analyse market risks using TERM as described in section E.4. The primary material risks in this context are interest rate risk and investment credit risk. However, market risk also includes equity, real estate and currency risk.

We map the risk concentration in a model which contains not only the pure effect of the concentration of issuers, but also the impact of the correlation of economic and geographical interactions between issuers.

In order to reduce market risk, we rely on a corresponding investment policy, the application of the principles of commercial prudence and on appropriate risk management mechanisms, especially our limit and threshold system.

Investment policy goals

To safeguard the interests of our policyholders and to accommodate future capital market requirements, we align our investment policy with the following goals:

- Optimising the return on investment while at the same time maintaining a high level of security
- Ensuring that liquidity requirements are satisfied at all times (solvency)
- Diversifying (mixing and spreading) risk to mitigate concentration risk

Prudent person principle

Investments are made in accordance with the prudent person principle. This means that the necessary care is always taken in all processes used to develop, approve, implement and monitor the investment strategy. The requisite employee expertise, which is indispensable for prudent asset management, is guaranteed in full.

In particular, application of the prudent person principle means that the Group invests exclusively in assets and instruments whose risks we can adequately identify, analyse, monitor, manage and control. The crucial criteria for investment decisions are the security, quality, liquidity and profitability of the portfolio as a whole, as well as an appropriate level of mix and diversification. Investments that are held as cover for technical provisions are invested in such a way that their nature and maturity are aligned with the interests of policyholders and beneficiaries. Should potential conflicts of interest arise, mechanisms are in place to ensure that investments are made in the interests of policyholders and beneficiaries.

Additionally, when managing market risk, we do not rely exclusively on external ratings, but validate and mirror these using our own internal appraisals. The risk indicators deployed and the limit system ensure continuous management and monitoring. They are designed in such a way that all material risks associated with the asset portfolio can be monitored and managed.

Any concentrations of assets and any dependencies on issuers or on specific groups of enterprises are avoided as far as possible. Where innovative investments are acquired for the first time or other non-standard investment situations arise in relation to asset valuations for investments, defined processes specify how to arrive at a decision and how to assess whether the Group is able to make and manage such investments. We also exercise the necessary prudence in relation to investments in derivatives, structured products and assets that are not admitted to trading on a regulated market, and maintain such assets at an appropriate, risk-adequate level.

Ampega Asset Management GmbH's Risk Controlling unit and the CFOs of the individual companies monitor the ratios and limits set out in internal guidelines. Any significant modification of the investment guidelines and/or investment policy requires the approval of the board of management of the company concerned, which must also bring the issue to the attention of its supervisory board.

Market risk is primarily limited using a system of limits and thresholds and our investment guidelines, and is continuously monitored. SCR budgets are allocated to the market risk category at Group and divisional level. They are broken down into greater detail for implementation using appropriate operational management metrics. In addition, structural limits are set in order, for example, to cap the contribution that individual issuers can make to counterparty risk. Utilisation of these limits is also monitored by Group Risk Management and regularly reported to the Board of Management.

The main material market risks are interest rate risk and investment credit risk.

Interest rate risk

Our portfolio of fixed-income securities is exposed in general to interest rate risk. Declining market yields lead to increases and rising market yields to decreases in the market price of the fixed-income securities portfolio. Lower interest rates can also reduce investment income, especially when money is reinvested at lower interest levels over a relatively long period of time.

This means that the Group's insurance companies are exposed to interest rate risk in two ways. Life insurance policies in particular sometimes have very long terms. Since the capital market offers a limited supply of long-term fixed-income securities, it is not always possible to match the maturities of these interest rate liabilities. As a result, fixed interest rates on the assets side may regularly have a shorter term than those on the liabilities side (this is known as a duration mismatch or an asset-liability mismatch). This results in interest rate risk, which may negatively impact the Group companies concerned and hence the entire Group if interest rates remain low or continue to fall.

The products offered by life primary insurers may include guaranteed interest rates. This entails a potential risk if current interest rates are significantly lower than the discount rate used to calculate the insurance benefits. In this case, the interest income generated may not be sufficient to cover the interest cost.

If the current low level of interest rates – which was caused among other things by the economic and sovereign debt crisis in the euro-zone and associated low interest rate policies – persists or falls even further, the reinvestment risk for life insurance companies with classic guarantee products, which is already considerable, will continue to rise. In this case it will become increasingly difficult to generate the guaranteed return. The main ways in which the Group mitigates this interest guarantee risk are by regularly analysing its assets and liabilities, constantly monitoring its investment portfolios and the capital markets, and taking appropriate measures to manage the situation. Interest rate hedges such as forward purchases are also used to a certain extent. Additionally, we are extending durations on the assets

side and adding moderate volumes of higher-yield securities, including from selected peripheral eurozone states.

Above and beyond this, traditional life insurance companies are exposed to the risk of a rapid and substantial increase in interest rates, due to the rules on guaranteed repurchase values when insurance contracts are terminated prematurely. Thus in certain scenarios with increasing interest rates, the fair value of the investment could be lower than the guaranteed repurchase value.

When developing new “modern classic” products with significantly more restricted guarantees, we took account during development of the impact that the individual products would have on the Solvency Capital Requirement cover and were able to tweak the risk profile to improve this.

As part of risk management, we allocate the risk arising from changes in the risk-free interest rate term structure (depending on the currency) to the interest rate risk and so this is included in the market price risk (ALM-VaR). The risk of changes to the credit spread is also allocated to market price risk. Change to a credit rating is included in credit risk (CVaR) (see following section).

Investment credit risk

The term credit risk here comprises the following sub-risks: migration and default risk and correlation and concentration risk. While migration and default risk can be quantified at the level of the individual assets, correlation and concentration effects can be observed only in the context of a specific portfolio. Dependencies on various issuers' credit quality is shown via correlations. The correlation and concentration risks measures the concentration of investments with individual issuers, taking into account these dependencies on credit quality.

These risks are mainly limited using the limit and threshold system, and are continuously monitored. This is done by setting limits at portfolio, issuer/counterparty and in some cases at asset class level, ensuring a broad mix and spread in the portfolio. Exceeding these limits triggers predefined escalation processes. Issuer credit quality is the key criterion when deciding whether to invest. Credit quality is analysed on the basis of the Group's own credit risk analyses, which are supplemented by ratings from external agencies such as Standard & Poor's, Moody's, Fitch or, in individual cases, another rating agency. An early warning system based on market information (and in particular on credit spreads and equity prices) has been put in place to spot the signs of a crisis at undertakings at an early stage and to identify potential migration risks.

The effects of the pandemic on capital markets also affected the credit risks of the HDI Group's holdings over the course of the year. After market values declined in the spring, the rest of the year saw markets recover.

Sensitivity to market risk

Since market risk is of considerable significance for the Group's risk profile, we perform a variety of sensitivity analyses in this area in order to analyse the impact of larger market movements on the SCR and our own funds.

The following graphic shows the results of our sensitivity analyses detailing the impact of changes in the key drivers, the underlying risk-free interest rate and the spreads, as well as of fluctuations on the equity markets, on the ratios in the economic view and the regulatory view excluding the transitional.

EFFECT OF RISK FACTOR STRESSES ON THE CAPITAL ADEQUACY RATIO (CAR) AND SOLVENCY II RATIO

| EUR thousand | Economic view (Talanx) | | | Regulatory view (HDI Group, excluding transitional) | | |
|-----------------------------------|------------------------|------------------|------------|--|------------------|-----------------------|
| | BOF | SCR | CAR (%) | EOF | SCR | Solvency II ratio (%) |
| Basis | 23,107,965 | 8,752,471 | 264 | 18,875,771 | 9,179,118 | 206 |
| Equity markets -30% | 22,752,730 | 8,752,471 | 260 | 18,577,567 | 9,179,118 | 202 |
| Equity markets +30% | 23,456,182 | 8,752,471 | 268 | 19,165,721 | 9,179,118 | 209 |
| Credit spread +50 bp ¹ | 22,513,620 | 8,833,267 | 255 | 18,573,820 | 9,412,381 | 197 |
| Interest rate -50 bp | 22,569,977 | 9,054,623 | 249 | 18,548,837 | 9,540,987 | 194 |
| Interest rate +50 bp | 23,440,230 | 8,771,423 | 267 | 19,060,365 | 9,157,792 | 208 |

¹ Corporate and government bonds.

The biggest sensitivity exists for a decline in interest rates, which would chiefly have a negative impact on the risk situation in life business.

Section C.3 Credit risk contains a description of the counterparty default risk that is not already contained in the market risk (e.g. reinsurance default risk).

C.3 Credit risk

Credit risk within the meaning of the regulatory reporting structure is used to account for possible losses arising from an unexpected default or a deterioration in the credit quality of counterparties and debtors (counterparty default risk), insofar as they are not already included in market risk. In section E.2 and in template S.25.03.22 (see the annex), this category is designated as “Credit risk (counterparty default risk)”, in agreement with the supervisory authorities.

The exposure depends on the extent of the cooperation with the relevant counterparties. For the HDI Group and its subsidiaries, the counterparty default risk associated with reinsurers is material. This also includes the risk of default by retrocessionaires at Hannover Re. We analyse this risk using TERM, as described in section E.4. The portion of the Solvency Capital Requirement attributable to this risk is comparatively low, both for the Group and for our divisions. However, we pay particularly close attention to this issue in our risk management processes, as we see substantial correlations with other risk categories. For example, the default of a significant reinsurer coupled with the occurrence of a large loss could have relatively severe effects on the situation at affected subsidiaries. Standardised scenarios for reinsurance defaults are specified in the model at Group level in order to map concentration risks.

Group-wide instructions and guidelines have been implemented to mitigate the risk of default for accounts receivable from reinsurers and retrocessionaires. Our reinsurance partners are carefully selected by security committees, which are staffed by experts, and their credit quality is continually monitored. A Group-wide rating information system ensures the consistent, uniform use of rating information as at specific reporting dates. To limit concentrations, caps are set on each reinsurance group's share of the provisions for claims outstanding. To avoid or limit default risk on reinsurance business, cession limits are stipulated for individual reinsurance partners and if necessary suitable measures taken to collateralise any receivables or other contractual obligations these reinsurance partners may have.

In primary insurance, contractual reinsurance cessions are basically managed by our internal Group reinsurer Talanx AG using operational security and placement guidelines. Talanx AG, which operates as an active reinsurer, implemented a retrocession structure that comprises both individual retrocessions from original participations in cedants' reinsurance underwriting and Group-wide coverage. In addition to its traditional retrocession arrangements in the Property/Casualty Reinsurance segment, Hannover Rück SE also transfers risk to the capital market.

Reinsurance recoverables on technical provisions are partly secured by collateral received, such as deposits and letters of credit. In cases where we are also a reinsurer for our retrocessionaires, there is still potential to offset defaults against our own liabilities.

Within the unsecured portion, over 84% of our reinsurance partners/retrocessionaires are rated A or above. The large proportion of reinsurers with good ratings reflects our efforts to avoid credit risk in this area.

C.4 Liquidity risk

We define liquidity risk as the risk of being unable to convert investments and other assets into cash in time to meet our financial obligations as they fall due. The exposure is dependent on the level of the liabilities. For example, illiquid markets might mean we could not sell holdings at all (or only after a delay), or that we could not close out open positions (or only at a discount). Analysis of this risk is also heavily based on qualitative analyses. We regard the risk as relevant in its entirety. We do not see any risk concentration.

As a rule, the Group generates significant liquidity positions on an ongoing basis because premium income normally accrues well before claims are paid and other benefits are rendered.

Liquidity risk on the Group level is reduced through regular liquidity planning and by continuously matching the maturities of our investments to our financial obligations. A liquid asset structure ensures that the Group is able to make the necessary payments at all times. Planning for underwriting payment obligations is based among other things on the expected due dates, after allowing for the run-off pattern of the reserves.

The operational insurance undertakings are also responsible for managing liquidity risk. To do this, they use appropriate systems that reflect the specific features of the Group's different business models. This gives us maximum flexibility in overall liquidity management.

Specific minimum limits are in place at individual Group companies for holdings of highly liquid securities, as well as maximum limits for holdings of low-liquidity securities. Minimum limits in particular are based on the timeframe for technical payment obligations. For example, owing to the shorter terms of their underwriting payment obligations, the Group's property/casualty insurers generally have higher minimum limits for holdings of highly liquid securities than life insurers, for which the terms of underwriting payment obligations are usually of longer duration. If risk limits are exceeded, this is immediately reported to the CFOs and to Portfolio Management.

To cushion any short-term liquidity requirements that occur in the Group, Talanx AG holds a minimum level of liquidity, which is placed in money market investments for selected credit institutes. A further component of liquidity management is the availability of a sufficiently large credit line.

Moreover, Talanx AG secures the Group's access to long-term and, if required, also short-term external financing sources. This access is contingent on various factors, such as the general capital market conditions and the Group's own credit rating. Talanx AG's financing options comprise both equity and debt. (IFRS) equity can be generated by issuing additional registered shares. Debt capital is procured by issuing senior and subordinated bonds with a variety of maturities.

As the permanent, strategic majority shareholder, HDI V.a.G. receives the majority of the distributed Talanx Group net income, which is used, for example, to form a liquidity buffer to further reduce the liquidity risk of the Group.

Asset liability management is a central element of managing liquidity risk. In addition, there are already limits and thresholds to manage liquidity risk. These will remain in place but amounts will be adjusted.¹

Standard & Poor's has classed the liquidity of both the primary insurance group and Hannover Re as "exceptional".

With regard to the liquidity risk, we expect to be able to comply with even relatively large, unexpected payout requirements in a timely manner, including during the coronavirus pandemic.

C.5 Operational risk

The German Insurance Supervision Act (VAG) defines operational risk as follows: "the loss risk that arises from the unsuitability or failure of internal processes, employees or systems or due to external events."

On the one hand, this very general definition, which covers all aspects of the organisational structure and workflows, suggests that any Group-wide, standardised risk management process for this risk category will run up against a range of challenges. On the other, this is itself an opportunity, as the process features numerous interfaces to the participants along the individual lines of defence and is therefore extremely important for implementing a positive risk culture.

The operational risk associated with the workflows was identified by recording, describing and assigning them control and measurement points within the internal control system. There are numerous interactions during the review of the systems and checks between the Auditing and Compliance departments, the auditors, the supervisory authorities and the Risk Management. In many ways, operational risk turns out to be a residual risk that remains after a large number of process and control techniques have been applied. As a learning system, the HDI Group adapts its processes based on operational risks that have occurred, so as to prevent potential recurrences.

Operational risk is an inevitable by-product of doing business; our exposure also depends on our business activities and cannot be avoided entirely.

The material sub-categories of operational risk and the respective reduction measures are described below.

Risk concentration can arise from the shared use of service providers, processes and systems by several subsidiaries (e.g. in the field of IT in the case of our German primary insurance companies).

We have identified operational risks relating to business continuity and IT service continuity – i.e. the risk that business operations could be threatened or disrupted by natural catastrophes or hazards caused by people. We counter this risk with preventive measures, such as status monitoring of central IT systems, redundant designs, etc. In addition, instruments for handling crisis situations have been set up (e.g. emergency plans, crisis management team at Group level).

Our business continuity and risk management measures are an important element of crisis management. Operating process worked well during the coronavirus pandemic. Crisis management was successful.

We have also implemented appropriate business continuity measures that allow us to maintain business operations in Germany and abroad in the current situation. Our priorities here are:

- Protecting our employees from becoming infected
- Ensuring we can continue operations in the interests of our customers and sales partners – even in the event of major limitations as a result of a rise in sickness rates or large-scale remote working among our workforce
- Supporting authorities in their efforts to slow the spread of Covid-19 and thus to protect the company from further infections, in particular in at-risk groups

The Group crisis management team is closely monitoring the situation and local crisis management teams are heavily involved. A traffic light dashboard was developed for this purpose, which provides an overview of regional incidence rates and new cases in the Group. Restrictions are eased or tightened at the locations depending on the traffic light phase.

Operational risk also includes the risk of loss that can arise from the potential inadequacy or failure of internal processes, or from inadequate data quality. An effective internal control system, as described in section B, is a key way of mitigating such risks. We have also established Group-wide process management standards that are continuously enhanced.

In the process we also regularly identify potential sources of errors in the processes and implement the necessary checks. legal, tax and compliance risk are highly significant components of operational risk for the Group. This also explicitly includes the risk of legal change. Since Our subsidiaries operate in different jurisdictions and under different supervisory regimes, the Group needs to comply with a large number of regulatory requirements overall. There are also specific requirements that apply to groups. A number of central Group functions, and particularly Compliance and the Legal and Tax departments, monitor the risk situation closely and provide our subsidiaries and technical departments with appropriate advice.

¹ We explicitly do not use the "total expected profits included in future premiums (EPIFP)" key indicator for liquidity management. The theoretical amount is given in the annex (template S.23.01, item R0790).

The risk that laws or internal regulations will be deliberately infringed by our own employees (internal fraud cases) and/or by third parties (external fraud cases) for personal advantage also falls under operational risk. Here, too, we mainly counter this risk using the measures in our internal control system (ICS). For example, Group Auditing may also perform special audits where fraud is suspected.

Operational risk can also arise in the area of human resources, for example due to a lack of qualified experts and managers needed to run an increasingly complex business with a strong client focus and to implement important projects. The Group therefore considers training and continuous professional development to be highly important. Personalised development plans and appropriate skills enhancement opportunities enable staff to keep abreast of the latest market requirements. In addition, state-of-the-art management tools and – where permitted under collective wage agreements – appropriate (monetary and non-monetary) incentive schemes help boost employee motivation.

Information and IT security risk covers risks that could potentially endanger the completeness, confidentiality or availability of our information or IT systems. In order to do justice to the increasing significance of such risk, we have set up Group-wide information security guidelines and regularly implement communications measures to increase security awareness. Our internal IT service provider, HDI Systeme AG, is certified to ISO 27001 – Information Security, and external partners are obliged to comply with high standards.

We also classify outsourcing risk under operational risk: this refers to the risk that arises from outsourcing functions or (re-)insurance activities that could otherwise be performed by the undertaking itself, either directly or as a result of further outsourcing. These risks are integrated into our risk management processes and the Group's ICS. In addition, specific rules for managing the outsourcing process have been drawn up, as described in section B. A significant proportion of the outsourcing relationships entered into by subsidiaries are with other Group undertakings.

In the internal model, operational risk is analysed on the basis of scenarios derived from expert surveys.

C.6 Other material risks

We have identified emerging risk, strategic risk, reputational risk and model risk as “other material risks”. The common factor among these risks is that they cannot be analysed meaningfully with mathematical models, which means that we primarily have to fall back on qualitative analyses in these cases. As described in section B, the risks analysed in this way are taken into account in the ORSA.

The term “emerging risks” refers to risks whose hazard potential is not yet known with certainty and whose potential impact is difficult to assess. For example, increasing uncertainty about political developments around the world and in individual countries can lead to nervous markets and a heightened potential for the occurrence of systemic shocks. Subsequent effects may arise from the spread of new technologies, medicines or materials, which in turn lead to unforeseeable losses. We identify and evaluate these risks with a Groupwide process, involving the experts from various units. For this process, we also call on externally available expertise and material.

Strategic risks result from the danger of mismatches between the corporate strategy and the constantly changing general business environment. Such imbalances may be caused, for example, by inappropriate strategic decisions, failure to consistently implement defined strategies, inadequate implementation of strategic projects or increased management complexity due to the need to deal with multiple different views on capital and risks. We therefore review our corporate strategy and risk strategy annually and adjust our processes and structures as required.

Change processes in business and society and their acceleration are to be expected as an indirect result of the pandemic. An example here is more comprehensive and faster digitalisation. For the Group, this results in strategic opportunities and risks in relation to new products and business areas as well as potential opportunities for M&A activities.

Reputational risk is the risk associated with possible damage to the undertaking's reputation as a consequence of a negative public image (e.g. on the part of clients, business partners or government agencies). These may result, for example, from the inadequate implementation of legal requirements or from delays or errors in publishing the undertaking's figures. We use set communication channels, professional corporate communications, tried-and-tested processes for defined crisis scenarios and established operating principles to help manage this risk.

At Group level, model risk receives particular attention. For us, this means the risks associated with inappropriate decisions caused by uncertainty resulting from a partial or total lack of information that affects the understanding or knowledge of an event, its repercussions or its likelihood. In this context, the term “model” encompasses quantitative methods, processes and procedures that use statistical, economic, financial or mathematical theories, techniques and assumptions to process inputs (including qualitative data/expert estimates) so as to produce quantitative estimates.

When applying models, judgements are made to a certain extent by management, and inputs used that are based on estimates and assumptions that are included in the model calculations and may subsequently differ from the actual results. In addition, we rely on estimates of future model calculations in some of our measurements, as certain calculations cannot be completed until after the consolidated balance sheet has been prepared. To restrict the model risk, we have – among other things – implemented quality assurance measures and a model adjustment process.

The effects of the coronavirus pandemic may continue to affect our risk profile. It is not currently possible to reliably say when the pandemic can be expected to come to an end across the world, for example through large-scale vaccination. The scale and speed of the economic recovery are also unclear. If this happens later or is not as strong as expected, there is a risk of us falling short of our business expectations. Surprise new outbreaks and countermeasures imposed to contain these such as lockdowns can also result in renewed greater uncertainty on financial markets and affect our portfolio accordingly.

C.7 Any other information

No information above and beyond the details given above in the rest of section C is relevant for understanding our risk profile.

D. Valuation for solvency purposes

Basic Solvency II valuation principles

The provisions of section 74ff. of the VAG are applied when valuing assets and liabilities, ensuring a market-consistent approach.

Group companies begin with the fair values used in the IFRS reporting. If no fair values can be taken over from the annual financial statements, the reporting undertaking measures the assets and liabilities concerned using either available market prices or valuation models that comply with the Solvency II requirements.

The German life insurance companies in particular have insurance portfolios containing a high level of financial options and guarantees, and these can be measured adequately using stochastic corporate models. These enterprise models use the best possible procedures to measure the fair value of insurance contracts in line with Solvency II.

Consolidation and impact on intragroup relationships

Group solvency for the HDI Group is defined using the consolidation method (Method 1, section 261 of the VAG), which calculates Group solvency on the basis of the consolidated financial statements. This assumes that the Group is a single economic entity, which means that receivables and payables between companies within the Group may not have an effect on the Group's results. Consolidation ensures that intragroup relationships resulting from receivables and payables between individual Group entities are omitted for Group purposes.

The following table shows the most important revaluation effects resulting from a reconciliation between consolidated IFRS equity and basic own funds.

RECONCILIATION BETWEEN CONSOLIDATED IFRS EQUITY AND THE TALANX GROUP'S BASIC OWN FUNDS

| EUR thousand | Including transitional | Excluding transitional |
|--|------------------------|------------------------|
| Talanx Group's IFRS equity in accordance with the consolidated financial statements | 17,124,553 | 17,124,553 |
| Elimination of goodwill and other intangible assets | -1,878,860 | -1,878,860 |
| Revaluation of investments | 5,287,518 | 5,287,518 |
| Revaluation of liabilities other than technical provisions | -174,100 | -174,100 |
| Revaluation of items in connection with underwriting activities | 7,112,812 | 337,601 |
| Revaluation of other assets | 233,592 | 233,592 |
| Deferred taxes | -3,017,769 | -874,208 |
| Other effects | 34,021 | 34,021 |
| Excess of assets over liabilities (Talanx) | — | 20,090,118 |
| Subordinated liabilities | 3,709,877 | 3,709,877 |
| Foreseeable dividends | -692,029 | -692,029 |
| Basic own funds of the Talanx Group | — | 23,107,965 |
| HDI V.a.G. | 2,185,270 | — |
| Basic own funds of the HDI Group before non-availability restrictions | 29,924,885 | — |

The HDI Group is consolidated using the full consolidation method. The Talanx Group (risk kernel) and the HDI Group are differentiated by different technical groups, the only difference being the inclusion of the balance sheet for HDI V.a.G. This ensures a transparent reconciliation from the Talanx Group, as the risk kernel that is the dominant element in economic terms, to the HDI Group.

D.1 Assets

All assets and the valuation methods used to measure them are described on the basis of asset materiality classes. Other liabilities are addressed in section D.3. In line with the concept of “asset classes” (or liability classes), we have structured the following section on the basis of the significance of the individual balance sheet items and the complexity involved in its measurement compared to the consolidated financial reporting in accordance with the IFRSs.

BREAKDOWN OF ASSETS BY VALUATION METHOD

| EUR thousand | 2020 | |
|---|-------------|-------------|
| | Solvency II | IFRS |
| Deferred tax assets | 829,911 | 350,823 |
| Net investments (including loans and mortgages) | 133,204,996 | 131,151,805 |
| Assets held for index-linked and unit-linked contracts | 12,448,207 | 11,618,563 |
| Receivables | 14,358,119 | 19,724,085 |
| Other assets | 4,765,336 | 6,147,340 |

The reinsurance recoverables amounting to EUR 5,336,239 thousand are discussed in section D.2 in connection with the technical provisions.

Deferred tax assets

The measurement of deferred taxes under Solvency II is described in the remarks on passive deferred liabilities in section D.3 (“Other liabilities”).

Deferred tax assets totalling EUR 829,911 thousand were recognised in the solvency balance sheet.

Net investments

The HDI Group’s net investments comprise the following asset classes:

NET INVESTMENTS

| EUR thousand | 2020 |
|--|--------------------|
| Equities | 351,779 |
| Collective investment undertakings | 18,542,068 |
| Bonds | 106,765,420 |
| Other investments (including loans and mortgages) | 7,545,729 |
| Total | 133,204,996 |

The provisions of section 74ff. of the VAG are applied when valuing assets and liabilities, ensuring a market-consistent approach.

When valuing investments within the framework of Solvency II, we generally use quoted prices in active markets for identical or similar assets and liabilities, adjusting these as necessary. The provisions for calculating fair value set out in section 74 of the VAG are consistent with the corresponding rules in the International Financial Reporting Standards (IFRSs).

A market is considered to be active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In addition, an active market must meet all of the following criteria:

- the items traded within the market are homogeneous
- willing buyers and sellers can normally be found at any time, and
- prices are available to the public.

A market is inactive if market liquidity is no longer observable because buyers and/or sellers have withdrawn in full and for the longer term from the market. An inactive market is also indicated where activity can be proven to consist solely of forced transactions, involuntary liquidations, or distressed sales.

The definition of an active market applies to all types of capital investments. In line with this concept, our valuation hierarchy is structured as follows:

a) “Quoted prices in active markets for identical assets”:

- Assets that are measured using (unadjusted) prices quoted directly in active markets

b) “Quoted prices in active markets for similar assets”:

- Assets that are measured using (unadjusted) prices for similar assets quoted directly in active markets. This method is not used in the Group.

c) “Inputs other than quoted prices in active markets for identical or similar assets that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices)”:

- Assets that are measured using observable market data and are not allocated to category a). Measurement is based in particular on prices for comparable assets that are traded in active markets, prices in markets that are not deemed active and inputs derived from such prices and market data.

d) “Inputs not derived from observable market data”:

- Assets that cannot be measured or can only be measured in part using inputs observable in the market. These instruments are primarily measured using valuation models and methods.

Equities

ASSET CLASS: EQUITIES

| EUR thousand | 2020 |
|---------------------|----------------|
| Equities | 351,779 |
| Equities – listed | 57,769 |
| Equities – unlisted | 294,010 |

Bases for valuation

The value of listed shares is measured on the basis of the most recent available share prices, provided that these were determined in active markets. As mentioned above, a market is considered to be active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Alternative measurement methods are employed if such an active market does not exist or if the shares are not listed. This applies in particular to the reporting of special investment vehicles for alternative investments (e.g. private equity investments), which for business policy reasons at the insurance providers are consolidated as participations in companies established specifically for this purpose. They are therefore considered to be unlisted equity investments.

Methods

Listed equities are valued at the level of the individual holdings. The standard approach uses the quoted price on the security's home exchange. However, if expedient (e.g. due to more liquid trading) the price quoted on another exchange can be used instead.

The alternative investment vehicles mentioned above are measured using the net asset value method. Net asset value is the total value of all assets (in this case primarily the target investments and bank balances and deposits) less the value of any liabilities. Target investments are equity investments (only an interest in a target investment is usually held); these are included in the measurement of the entire alternative investment vehicle at the value reported in the audited financial statements.

All methods and definitions used are reviewed at least once a year to ensure they remain up to date and adequate; they are then amended if necessary.

Differences

Equities are measured at fair value both under Solvency II and in the consolidated financial statements. Under IAS 39, they are assigned on initial recognition to either the "Financial assets available for sale" or the "Financial assets at fair value through profit or loss" category and are therefore measured at fair value, as is also the case under Solvency II.

Collective investment undertakings

ASSET CLASS: COLLECTIVE INVESTMENT UNDERTAKINGS

| EUR thousand | 2020 |
|---|-------------------|
| Collective investment undertakings | 18,542,068 |

Bases for valuation

This balance sheet item is primarily used to report units in investment funds (retail investment funds, AIF special funds) and private equity funds in which the investor does not have a controlling interest.

Investment funds are valued at the official redemption price (net asset value).

Methods

The redemption price is regularly calculated and published by the investment company (asset management company) using a defined methodology. Redemption prices can also generally be obtained automatically from pricing service agencies. Alternatively, the net asset value method can be used. Net asset value is the total value of all assets (in this case primarily the investments and bank balances and deposits) less the value of any liabilities.

All methods and definitions used are reviewed at least once a year to ensure they remain up to date and adequate; they are then amended if necessary.

Differences

The difference between the Solvency II values and those reported in the consolidated financial statements is primarily due to differences in the way certain investment funds are treated under Solvency II (recognition of the fund units) and the IFRSs (look-through approach) in some European Economic Area (EEA) countries.

Bonds

ASSET CLASS: BONDS

| EUR thousand | 2020 |
|---------------------------|--------------------|
| Government bonds | 49,476,094 |
| Corporate bonds | 54,779,650 |
| Structured notes | 485,109 |
| Collateralised securities | 2,024,568 |
| Total | 106,765,420 |

Bases for valuation

Bonds are measured primarily on the basis of quoted prices in active markets. If no publicly available quoted prices exist, or if the markets from which they are taken are not considered active, the mark-to-model method is employed, i.e. valuation models are used.

The rules for defining an active market are the same as those described in the “Equities” section.

Methods

Market quotations are sourced from selected pricing service agencies, trading information systems and intermediaries who are considered to be reliable (e.g. brokers). The available pricing information sources are ranked in a hierarchy. The highest priority is generally given to pricing service agencies and the lowest to intermediaries. Exceptions can be made in the case of particular market segments/currency combinations, for example.

If no publicly available quoted prices exist, or if the markets from which they are taken are not considered active, the bonds are measured on the basis of parameters derived from observable market data (including interest rate term structures and spread curves) using appropriate valuation models and procedures, and taking the issuer’s credit rating into consideration. This approach is also used for structured notes and collateralised securities, which will be dealt with in the next two sub-sections.

The present value method is used to measure the value of bonds without any special structured features. In this method, the future payouts for the instrument in question are discounted to the current date. The discount rates used consist of a term-dependent underlying component (derived from the risk-free interest rate) and an issuer/issue-specific risk premium that takes spread, migration and credit risk into account.

Interest rate structure models are used to measure the value of structured notes. Interest rate structure models use stochastic processes to describe the probability distribution of future interest rates, based on a current market state to which the model is calibrated. The price of the instrument can generally be determined from the probability distribution of future interest rates using algorithms that take the instrument’s payout profile into account.

Any collateral furnished is treated as a risk-mitigating factor when calculating the valuation, although spread, migration and default risk is still taken into account.

Theoretical valuations using derived market inputs for bonds for which no publicly available quoted prices exist are based on the assumption that price differences as regards the risk, term and credit quality of listed bonds that are comparable in transparent markets are primarily due to issue-specific features and lower liquidity.

The use of interest rate structure models is based on assumptions that interest rate changes occur in line with certain probability distributions and stochastic processes.

In the case of special types of collateralised securities such as collateralised debt obligations (CDOs) or collateralised loan obligations (CLOs), assumptions are made about prepayment speed and recovery rates.

Differences

The difference between the Solvency II values and those reported in the consolidated financial statements is due to the fact that different valuation processes are used for the bonds in some cases. Whereas under Solvency II financial instruments – including bonds – are measured at fair value, measurement of financial assets under the IFRSs depends on the category assigned to them under IAS 39 on initial recognition. Depending on the category selected – “loans and receivables”, “financial instruments held to maturity”, “financial assets available for sale” and “financial assets at fair value through profit or loss” – financial assets are either measured at amortised cost or at fair value following initial recognition. Subsequent measurement at amortised cost leads to differences in comparison to Solvency II.

There are also differences in the way certain types of insurance contracts are treated under Solvency II and in the consolidated financial statements. If the contract types in question are recognised as index-linked or unit-linked contracts under Solvency II, the investments concerned must be reclassified from that balance sheet item to “Assets held for index-linked and unit-linked contracts”, and the presentation in the solvency balance sheet will differ as a result.

Other investments

ASSET CLASS: OTHER INVESTMENTS

| EUR thousand | 2020 |
|--|------------------|
| Property (other than for own use) | 3,598,543 |
| Deposits (other than cash equivalents) | 1,492,588 |
| Loans and mortgages | 621,821 |
| Holdings in related undertakings, including participations | 1,192,223 |
| Derivatives | 66,240 |
| Other investments | 574,314 |
| Total | 7,545,729 |

Bases for valuation

The “Other investments” category groups together different types of investments that are of secondary importance in terms of their volumes. All of these investments are measured at fair value under Solvency II, but there are differences in the ways that this is calculated.

In contrast to the consolidated financial statements, property is recognised at fair value (market value) in the solvency balance sheet. Additionally, there are differences between Solvency II and the IFRSs as to when property should be considered as held for own use or as investment property. In the solvency balance sheet, properties are classified as investment property if less than 50% of the total space is used by the owner.

The redemption value is generally used to measure deposits under both Solvency II and the IFRSs.

The Solvency II value for loans and mortgages is fair value, which is calculated including accrued interest using valuation models.

The “Holdings in related undertakings, including participations” item consists primarily of strategic assets (participations in the true sense of the word).

We use the adjusted equity method for non-controlling interests in unlisted companies. If this is not possible, we use the IFRS equity value and deduct goodwill, or an alternative valuation method that complies with the requirements set out in section 74 of the VAG.

The value of financial derivatives (e.g. options or futures) is measured on the basis of quoted prices in active markets. If no quoted prices are available, the theoretical value of the items is measured using recognised procedures.

Methods

Property – i.e. developed and undeveloped properties and land rights – is measured objectively in accordance with standardised market principles and methods. To do this, the market value of the land, land rights and buildings (including buildings on third-party land) is calculated using the discounted cash flow method in those cases in which the purpose of ownership is to generate income for the long term – i.e. for longer than the remaining useful life.

Market value must be measured once a year at the reporting date or, in the case of unusual changes, at the time such changes occur. All calculations must be based on the general values pertaining on the property market at the time the valuations are performed. A qualified external appraisal is obtained every five years as at the reporting date to determine the applicable fair value. Internal appraisals of the value of all properties are prepared as at the other reporting dates to review the values; these reports are also based on the discounted cash flow method.

The theoretical value of loans is measured on the basis of inputs derived from observable market data (interest rate term structures and spread curves) using appropriate valuation models and procedures, and taking the issuer's credit rating into consideration. The present value method is used to measure the value of loans without any special structured features. The discount rates used consist of a term-dependent underlying component (derived from the risk-free interest rate) and an issuer/issue-specific risk premium that takes spread, migration and credit risk into account.

Mortgage valuations take options such as break options into account using a flat-rate allowance.

As far as possible, derivatives are valued on the basis of quoted prices in active markets. The standard approach uses the quoted price on the security's home exchange. However, if expedient (e.g. due to more liquid trading) the price quoted on another exchange can be used instead.

If no quoted prices are available, the theoretical value of the derivatives is measured on the basis of inputs derived from observable market data (interest rate term structures and spread curves, volatilities, spot and forward rates, and other inputs) using appropriate valuation models and procedures. Examples of the valuation methods used include:

- Equity options: Black-Scholes model
- Swaptions: so-called Black-76 model
- Credit default swaps: ISDA (International Swaps and Derivatives Association) model
- Other derivatives without option features, e.g. currency forwards, forward purchases and swaps: present value method

Interim reporting on the value of investment properties uses the fair values reported in the most recent annual financial statements. If significant changes potentially impacting the value occur, an additional intrayear market value valuation is performed as at the time of their occurrence and is used for interim reporting from the measurement date onwards. Examples of significant changes potentially impacting the value include changes in vacancy rates and tenant bankruptcies.

The Black-Scholes and Black-76 models are based on the assumption that share prices and interest rates develop in line with certain stochastic processes. The ISDA method is also based on certain stochastic assumptions, as well as assumptions relating to the recovery rates for bonds.

In line with the relevant rules, we measure non-Group participations at their economic value; this should correspond to the quoted price in an active market where such quoted prices exist for non-HDI Group participations.

Differences

There are two reasons for the differences in property valuations between Solvency II and the consolidated financial statements. First, there are differences in the way properties are defined as held for own use or as investment property. Whereas under Solvency II, property is considered to be held for own use if the owner uses 50% or more of the total space, under the IFRSs property is considered to be owner-occupied if more than 10% of the total space is used by the owner. In addition, under the IFRSs property is always measured at amortised cost.

Another difference between the values under Solvency II and those recognised in the consolidated financial statements stems from the different treatment applied to individual derivatives connected with reinsurance contracts. In IFRS, they are unbundled from the insurance contract if certain requirements are met, while in Solvency II they are incorporated into the valuation of technical assets and liabilities. Derivatives that are recognised separately in both reporting systems do not exhibit any differences in value because fair value is the main measurement category in both cases and therefore no such differences in value can arise.

Assets held for index-linked and unit-linked contracts

INVESTMENTS HELD FOR EXTERNAL ACCOUNT: INDEX-LINKED AND UNIT-LINKED CONTRACTS

| EUR thousand | 2020 |
|--|------------|
| Assets held for index-linked and unit-linked contracts | 12,448,207 |

This item is also known as “Investments for the benefit of life-assurance policyholders who bear the investment risk”. The changes in the value of the insurance depends primarily on those for the underlying investment funds. The assets in these investment funds are held separately from the other investments. Both these separate assets and the associated liabilities are measured at fair value.

The difference between the Solvency II values and those in the consolidated financial statements primarily results from asset values as they relate to investment contracts, as these are recognised as “Other investments” in IFRS, but as “Assets held for index-linked and unit-linked contracts” in Solvency II.

Receivables

ASSET CLASS: RECEIVABLES

| EUR thousand | 2020 |
|--|-------------------|
| Deposits to cedants | 9,879,246 |
| Insurance and intermediaries receivables | 2,237,735 |
| Reinsurance receivables | 506,086 |
| Receivables (trade, not insurance) | 1,735,051 |
| Total | 14,358,119 |

Bases for valuation

Deposits to cedants consist of receivables due to reinsurers from their customers in the amount of the contractually withheld cash payments by customers. These are measured at their nominal amount under the IFRSs. The IFRS carrying amounts need to be remeasured at fair value under Solvency II.

Solvency II also requires that receivables be recognised at the expected present value of future cash flows.

Methods

The value of deposits to cedants (or deposits from reinsurers) is measured on the basis of the amounts paid or withheld less specific premiums or fees charged by the cedant or the reinsurer, regardless of how far a contract has already progressed. The IFRS values for these deposits are not remeasured. In other words, for reasons of materiality the Solvency II value is the same as that under the IFRSs. In addition, the default risk for the reinsurer is taken into account in the Solvency II balance sheet.

The Solvency II value of the other receivables is derived from the corresponding value under the IFRSs. The receivables are generally measured initially at their full nominal amount in accordance with the IFRSs. If a problem with the debtor’s credit quality is reported, the receivable in question is written down to the recoverable amount. This valuation approach is currently also used to determine the carrying amount under Solvency II.

The other receivables are mainly classified as current receivables, which means that there are no significant discounting effects.

Differences

The difference in deposits to cedants is because some contracts in the Life/Health Reinsurance business are measured as financial instruments under IFRS 4 (in accordance with IAS 39), whereas in Solvency II they are treated as insurance contracts.

The difference in the remaining provisions between the Solvency II values and those reported in the consolidated financial statements is due on the one hand to the fact that, under Solvency II, reinsurance receivables/payables consist only of past due balances. Balances that are not past due form part of the reinsurance recoverables – which determine future cash flows – and must therefore be included in the technical provisions.

On the other hand, a reclassification also has to be made between the “Insurers and intermediaries receivables” and “Reinsurance receivables” items because under Solvency II only outstanding claims from ceded reinsurance are recognised as reinsurance receivables.

The “Receivables (trade, not insurance)” item is impacted by the fact that some contracts in the Life/Health Reinsurance business are measured as financial instruments under IFRS 4 (in accordance with IAS 39), whereas in Solvency II they are treated as insurance contracts.

Other assets

ASSET CLASS: OTHER ASSETS

| EUR thousand | 2020 |
|--|-----------|
| Intangible assets | — |
| Cash and cash equivalents | 3,581,783 |
| Property, plant & equipment held for own use | 1,112,202 |
| Any other assets, not elsewhere shown | 71,352 |

Bases for valuation

Solvency II reporting requires the use of the definitions contained in IAS 38 “Intangible assets”, including the definition of active markets. Intangible assets are valued at zero unless they can also be sold individually and a defined market price exists for identical or similar intangible assets in an active market.

Cash and cash equivalents consist of deposits, cash at banks and cash-in-hand. These are recognised at their nominal amounts in Solvency II.

Property held for own use is valued using the same principles as for investment property.

Other assets are measured at fair value in accordance with Solvency II.

Methods

Property held for own use is measured objectively in the same way as investment property.

Under the IFRSs, operating and office equipment is recognised at cost less depreciation and, if necessary, impairment losses. Low-value assets are written off in full in the year of acquisition. The carrying amounts for operating and office equipment in the IFRS annual financial statements were also used in the solvency balance sheet.

Differences

The differences in other assets between the Solvency II values and those in the consolidated financial statements have a number of causes, due to the heterogeneous nature of this item.

First, there are differences in the way properties are defined as held for own use or as investment property. Whereas under Solvency II, property is considered to be held for own use if the owner uses 50% or more of the total space, under the IFRSs property is considered to be owner-occupied if more than 10% of the total space is used by the owner. In addition, under the IFRSs property is always measured at amortised cost.

The difference with regard to cash and cash equivalents is due to the reclassification of certain overnight (demand) deposits.

Minor reclassifications are another reason for the differences in values.

D.2 Technical provisions

Technical provisions totalled EUR 123.4 billion as at 31 December 2020. The solvency balance sheet (see also template S.02.01.02 in the annex) classifies technical provisions as follows:

- Non-life (excluding health)
- Health (similar to non-life)
- Health (similar to life)
- Life (excluding health and index-linked and unit-linked)
- Index-linked and unit-linked

These categories are also used as line of business categories in this Solvency and Financial Condition Report.

Recoverables from reinsurance contracts and special purpose vehicles total EUR 5.3 billion, which corresponds to 4.3% of gross technical provisions. In the solvency balance sheet, recoverables from reinsurance contracts and special purpose vehicles are broken down in line with the above-mentioned categories for technical provisions.

Unless otherwise indicated, this classification format, which aggregates the lines of business into categories in accordance with the method set out in Annex 1 of Commission Delegated Regulation (EU) 2015/35, is applied throughout section D.2. The annex contains a detailed assignment of the lines of business to the categories.

Unless otherwise stated, there are no material differences within these individual categories in the valuation approach adopted.

In the life (excluding health and index-linked and unit-linked) category, the two lines of business (1) Insurance with profit participation and (2) Life Reinsurance are particularly relevant to the amount of provisions.

The provisions in the non-life (excluding health) category are mainly influenced by the four lines of business (1) General liability insurance, (2) Fire and other damage to property insurance, (3) Motor vehicle liability insurance and (4) Non-proportional property reinsurance.

The individual amounts are shown in the following table:

SOLVENCY BALANCE SHEET – TECHNICAL PROVISIONS

| EUR thousand | 2020 |
|---|--------------------|
| Technical provisions (excluding index-linked and unit-linked) | 104,196,650 |
| Technical provisions – non-life (excluding health) | 43,903,183 |
| Technical provisions calculated as a whole | — |
| Best estimate | 42,248,957 |
| Risk margin | 1,654,227 |
| Technical provisions – health (similar to non-life) | 2,336,104 |
| Technical provisions calculated as a whole | — |
| Best estimate | 2,256,335 |
| Risk margin | 79,769 |
| Technical provisions – health (similar to life) | 4,044,224 |
| Technical provisions calculated as a whole | — |
| Best estimate | 3,442,563 |
| Risk margin | 601,661 |
| Technical provisions – life (excluding health and index-linked and unit-linked) | 53,913,138 |
| Technical provisions calculated as a whole | — |
| Best estimate | 51,225,644 |
| Risk margin | 2,687,494 |
| Technical provisions – index-linked and unit-linked | 19,252,947 |
| Technical provisions calculated as a whole | 711,106 |
| Best estimate | 18,502,032 |
| Risk margin | 39,809 |
| Technical provisions | 123,449,597 |

The table above provided a breakdown of the technical provisions as a first step. The following table reports the recoverables from reinsurance contracts and special purpose vehicles in more detail.

SOLVENCY BALANCE SHEET – RECOVERABLES FROM REINSURANCE CONTRACTS AND SPECIAL PURPOSE VEHICLES

| EUR thousand | 2020 |
|---|------------------|
| Non-life and health similar to non-life | 4,928,752 |
| Non-life excluding health | 4,894,961 |
| Health similar to non-life | 33,791 |
| Life and health similar to life, excluding health and index-linked and unit-linked | 146,742 |
| Health similar to life | 246,443 |
| Life excluding health and index-linked and unit-linked | –99,701 |
| Life index-linked and unit-linked | 260,745 |
| Recoverables from reinsurance contracts and special purpose vehicles | 5,336,239 |

Bases for valuation, methods and assumptions

The Group's liabilities are valued at the amount at which they can be transferred or settled between knowledgeable, willing parties in an arm's length transaction. In particular, this approach includes a market-consistent valuation of the technical provisions – defined as one that is consistent with the information provided by the financial markets and with generally available data – and calculations that are performed in a cautious, reliable and objective manner. The Group's technical provisions comprise the provisions at the individual companies after adjustment for intragroup business. The individual companies calculate their technical provisions at the level of homogeneous risk groups using actuarial procedures. The latter generally include simulations and deterministic and analytic methods, or combinations of these. The calculations take into account the costs of meeting the insurance and reinsurance obligations.

The value of the technical provisions comprises the sum of the best estimate and the risk margin. The best estimate corresponds to the probability-weighted average of future cash flows, taking into account the time value of money and utilising the applicable risk-free interest rate term structure prescribed by EIOPA. The risk margin ensures that the value of the technical provisions corresponds to the amount that another insurance undertaking would demand for assuming and fulfilling the insurance obligations. This methodology is used to take into account the cost associated with making available eligible own funds in the amount of the Solvency Capital Requirement. Diversification effects between companies are not included here.

Where future cash flows from insurance obligations can be reliably replicated using financial instruments, the value of the technical provisions is determined on the basis of the fair value of such instruments. No separate risk margin is calculated in this case. These insurance obligations are recognised as “Technical provisions calculated as a whole” in the solvency balance sheet.

A best estimate is defined for the recoverables from reinsurance contracts and special purpose vehicles. This value is then adjusted to adequately take into account the expected loss from defaults by counterparties.

In the life primary insurance sector in particular, the financial options and guarantees granted to policyholders in their contracts are a major component of the best estimate. Key options for policyholders that are modelled include the following:

- (Partial) termination/cancellation
- Lump-sum option
- Waiver of premiums
- Dynamic increases in existing contracts.

The value of these financial options and guarantees that also contain spread risks is measured using stochastic corporate models on the basis of risk-neutral economic scenarios. These scenarios and the associated discount rates are market-consistent. This approach models the dependency of the portion of the gross surplus that is attributable to shareholders on the undertaking's position. It also takes capital market-driven behaviour on the part of policyholders and opportunities for compensating adjustments (e.g. management decisions regarding investments or profit participation) into account. This allows the financial options and guarantees granted to policyholders in their contracts to be measured as part of the technical provisions.

The information given above demonstrates the importance of assumptions in the valuation of technical provisions. These have a significant influence on the amounts recognised. Key assumptions in this area are as follows:

- Economic developments, and particularly the risk-free interest rate term structure published by EIOPA that is used for discounting
- Biometric assumptions such as mortality, invalidity and longevity
- Other assumptions concerning costs, policyholders' future behaviour and management actions and reactions, including in response to capital market developments

Level of uncertainty

The bases of valuation, methods and assumptions that have been described here make it clear that the economic valuation of technical provisions is associated with uncertainty, which is why uncertainties are also one of the subjects of the periodic monitoring process.

For example, the quality and propriety of the actuarial methods utilised to calculate technical provisions are regularly reviewed by external actuarial and auditing firms. In addition, risk margins are used to take uncertainties into account when determining the best estimate for technical provisions.

The following section provides an overview of specific uncertainties in the non-life and life insurance sectors.

Non-life

In the non-life (excluding health) and health (similar to non-life) line of business categories, uncertainties regarding the bases of the business and the assumptions made primarily relate to:

- Information about additional losses above and beyond those already reported
- The size of and payment periods for losses that have occurred (both known and as yet unreported)
- Loss adjustment costs for these losses

In addition to these uncertainties, methodological uncertainties are particularly significant in the case of relatively recent occurrence years. These uncertainties are due on the one hand to actuarial projections that are scaled back over time as additional information becomes available and on the other to the fact that large losses need in part to be adjusted on a case-by-case basis.

Life insurance

In the life (excluding health and index-linked and unit-linked), health (similar to life) and index-linked and unit-linked line of business categories, uncertainties relate to the long contract durations and the long projection periods that are required as a result. In particular, significant uncertainties exist here in relation to assumed interest rate developments, changes in biometric assumptions and the extent to which potential options are exercised by policyholders.

In addition, there are limitations to the valuation of technical provisions in that the simplifications and approximations needed for modelling can lead to uncertainties in the valuations. The technical provisions in the life primary insurance business in particular are calculated with the help of a stochastic enterprise model, which in turn leads to stochastic uncertainties.

Life primary insurance policies are basically long-term contracts with a discretionary profit participation feature. The safety margins included in the actuarial assumptions are used to offset relatively small changes in the assumptions about biometric factors, interest rates and costs that underlie the calculations. If these safety margins are not required, they generate surpluses, which by law must be passed on to policyholders to a large extent. Thanks to these basic business practices, the impact on earnings of uncertainties can be mitigated

by adjusting policyholders’ future profit participations in response to changes in risk, cost or interest rate expectations. Uncertainties in life reinsurance are essentially due to the potential for changes to assumptions regarding mortality and morbidity trends and policyholder behaviour.

Comparison with the valuations in the HDI Group’s financial statements

The HDI Group’s financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union. In accordance with IFRS 4 “Insurance Contracts”, insurance transactions for which the IFRSs do not contain any specific guidance are accounted for in accordance with United States Generally Accepted Accounting Principles (US GAAP) as at the date of initial application of IFRS 4 (1 January 2005). Technical provisions are valued on the basis of Statements of Financial Accounting Standards (SFAS) SFAS 60, SFAS 97 and SFAS 120.

Institutions for occupational retirement provision are included as participations in line with the regulations, in contrast to the basis of consolidation used in the annual financial statements. This reduces technical provisions by EUR 2,404 million (gross) and EUR 2,402 million (net).

Another fundamental difference to the treatment in the financial statements results from the different contract boundaries involved. Among other things, Solvency II bases the scope of contracts to be valued on the point in time when the contract is entered into rather than when it actually takes effect. For example, in the case of a contract offering policyholders the non-cancellable option of a future increase (dynamic premium), a realistic probability of acceptance is modelled for this.

In addition, some contracts in the Life/Health Reinsurance business are measured under IFRS 4 as financial instruments in accordance with IAS 39, whereas in Solvency II they are treated as insurance contracts.

Valuing the technical provisions therefore leads to deviations from the values recognised in accordance with the IFRSs. The material differences can be outlined as follows:

Assumptions

Unless they can be explicitly replicated using financial instruments, technical provisions are calculated using the best estimate and the risk margin. This means that, unlike the situation with the IFRSs, the assumptions used to calculate the best estimate for the provisions are not based on the conservative assumptions (e.g. interest rates, biometric actuarial assumptions) that are contractually guaranteed or included in the calculation of surrender values. They therefore need to be updated regularly to reflect the latest available information.

Another difference involves the methodology used for discounting. Under Solvency II, the fair value of future cash flows is continually analysed and determined using discounting on the basis of the risk-free interest rate term structure published by EIOPA.

The IFRS approach is quite different here, as it uses the actuarial interest rate as a basis in some cases and simply takes the nominal value in others.

Risk margin

The risk margin is used, on the one hand, to account for the uncertainty associated with the insurance portfolio run-off and, on the other, to recognise the cost of capital needed to make available eligible own funds to meet the Solvency Capital Requirement until the run-off has been completed.

The risk margin is primarily calculated at the level of the individual companies in the HDI Group. The future Solvency Capital Requirements needed to determine the risk margin are calculated approximately using undertaking-specific inputs such as the expected development of key risks or the technical provisions. The risk margin has an increasing effect of EUR 5,063 million and has no equivalent in IFRS.

RISK MARGIN

| EUR thousand | 2020 |
|--|------------------|
| Category | |
| Non-life (excluding health) | 1,654,227 |
| Health (similar to non-life) | 79,769 |
| Health (similar to life) | 601,661 |
| Life (excluding health and index-linked and unit-linked) | 2,687,494 |
| Index-linked and unit-linked | 39,809 |
| Total | 5,062,959 |

Premium provisions

In the non-life insurance business, the best estimate comprises the provisions for claims outstanding and the premium reserves. The provisions for claims outstanding reflect the future cash flows for losses that have already occurred. Premium reserves consist of the future cash flows for premiums and losses that have not yet occurred. To simplify the calculation of the premium reserves, the individual companies in the HDI Group also use inputs taken from the annual report in some cases.

Gross premium reserves amount to EUR 4,386,056 thousand for “Non-life (excluding health)” and EUR 122,798 thousand for “Health (similar to non-life)”. Premium reserves under Solvency II have no equivalent in the IFRS framework.

IMPACT OF PREMIUM RESERVES

| EUR thousand | Gross premium reserves ¹ | Net premium reserves ¹ |
|--|-------------------------------------|-----------------------------------|
| Non-life (excluding health) | 4,386,056 | 4,186,902 |
| Health (similar to non-life) | 122,798 | 114,448 |
| Health (similar to life) | — | — |
| Life (excluding health and index-linked and unit-linked) | — | — |
| Index-linked and unit-linked | — | — |
| Total | 4,508,854 | 4,301,350 |

¹ Including discount.

Valuing life primary insurance

One of the features of life primary insurance are options and guarantees that policyholders can exercise or assert. These financial options and guarantees are explicitly measured. In particular, measurement takes into account the asymmetry of the business model – e.g. as regards guaranteed surrender values or the profit participation – using a stochastic simulation based on risk-neutral economic scenarios. Under the IFRSs, technical provisions in the life insurance business are valued in accordance with SFAS 60, while SFAS 97 and SFAS 120 are used for selected types of primary insurance contracts.

The value of contracts in the life primary insurance business is measured under the IFRSs using the universal life model in complete accordance with SFAS 97 (US GAAP). This entails measuring the value of units in unit-linked contracts on the basis of the funds' total assets. Under Solvency II, these contracts along with any "classic" units are valued using an integrated approach. This assignment of "classic" units held under the contracts to the "Index-linked and unit-linked" line of business and the different methodologies used lead to differences in the valuations.

In the case of life primary insurance contracts offering traditional profit participation, which are measured under the IFRSs in accordance with SFAS 120 (US GAAP), the IFRS reserves consist of a provision for guaranteed benefits (net level premium reserve) and a provision for terminal bonuses. The best estimate for technical provisions in the solvency balance sheet takes all expected claims and surpluses into account, despite the fact that future surpluses are not contractually guaranteed. This approach is based on a forecast of future management decisions relating to profit participation. The only item not included in this valuation is the surplus fund eligible as own funds, whose economic value (the probability-weighted present value of future cash flows paid from the surplus fund eligible as own funds to policyholders) is recognised in the "Surplus funds" equity item.

Reinsurance recoverables

Reinsurance recoverables are measured in accordance with the same principles as were described for valuing technical provisions. Unlike in the IFRSs, any material risk of default by the counterparty is explicitly taken into account in the valuation. This lowers technical provisions (net) by EUR 30 million.

Prohibition on recognition of IFRS items

Technical provisions are generally valued on the basis of expected cash flows in Solvency II. For this reason, the Solvency II rules contain an indirect prohibition on the recognition of the "Unearned premium reserve" accrual items that are required to be reported in the IFRS consolidated financial statements. This effect reduces (gross) technical provisions by EUR 8,751,435 thousand and (net) technical provisions by EUR 8,212,189 thousand.

IMPACT OF THE PROHIBITION ON RECOGNITION

| EUR thousand | 2020 | |
|--|-------------------|-------------------|
| | Gross | Net |
| Non-life (excluding health) | -6,724,557 | -6,224,483 |
| Health (similar to non-life) | -113,681 | -107,584 |
| Health (similar to life) | — | — |
| Life (excluding health and index-linked and unit-linked) | -327,424 | -327,011 |
| Index-linked and unit-linked | -1,586,069 | -1,553,111 |
| Total | -8,751,435 | -8,212,189 |

In addition, no deferred acquisition costs are reported.

Matching adjustment

The matching adjustment is not used at the HDI Group.

Volatility adjustment

The volatility adjustment is used to counter-cyclically dampen the effects of short-term credit market volatility on the solvency of insurers with long-term liabilities – i.e. life insurers in particular. After receiving approval from the regulatory authorities (to the extent that this is required), the following material companies take into account a volatility adjustment for technical provisions: HDI Assicurazioni S.p.A., HDI Lebensversicherung AG, HDI Global SE, HDI Reinsurance (Ireland) SE, HDI Versicherung AG, neue leben Lebensversicherung AG, neue leben Unfallversicherung AG, PB Lebensversicherung AG, PB Versicherung AG, Talanx AG, TARGO Lebensversicherung AG, TARGO Versicherung AG and Hannover Re companies.

The utilisation of the volatility adjustment reduces technical provisions in the life insurance category by EUR 462 million and in the non-life insurance category by EUR 284 million. For a more detailed overview of the effects of the volatility adjustment on various key indicators, see the table at the end of the current section. It should be noted at this point that the HDI Group has sufficient own funds at its disposal to cover its Solvency Capital Requirement even without the volatility adjustment.

Transitional measure on risk-free interest rates

The transitional on risk-free interest rates is not used at the HDI Group.

Transitional measure on technical provisions

After obtaining approval from BaFin, insurance and reinsurance undertakings can make a temporary deduction from technical provisions at the level of the homogeneous risk groups. Given life insurance companies' long-term liabilities, the goal of this transitional on technical provisions is to enable a gradual transition to be made from the valuation of technical provisions in accordance with the previous Solvency I regulatory regime to valuation in accordance with Solvency II. The temporary deduction corresponds to the difference between the technical provisions after reinsurance in line with Solvency II as at 1 January 2016 and the corresponding technical provisions after reinsurance in line with Solvency I at the affected individual companies as at 31 December 2015. This deduction must be systematically reduced on a straight-line basis at the end of each cal-

endar year. As a result of this gradual reduction it will be eliminated completely as from 1 January 2032.

Approval to use the transitional on technical provisions was granted for all homogeneous risk groups at the following material companies: HDI Lebensversicherung AG, neue leben Lebensversicherung AG, PB Lebensversicherung AG and TARGO Lebensversicherung AG.

At the reporting date 31 March 2020, the companies recalculated the deduction term for the portfolio of policies with inception dates prior to 1 January 2016 ("Solvency II Day One"), taking into account the capital market situation at that date. Supervisory authorities approved the use of the new deduction term effective from reporting date 30 June 2020. The percentage share of the write-down as at the reporting date for the recalculation was maintained.

In 2020, the total deduction across all companies resulting from the use of the transitional on technical provisions amounted to EUR 6,775 million; it primarily affected the "Life (excluding health and index-linked and unit-linked)" and "index-linked and unit-linked" categories. Use of the transitional reduces the risk margin and the best estimate for the companies by this amount. In line with EIOPA's opinion on disclosure of information related to the use of transitionals in the calculation of technical provisions dated 21 December 2016, we also provide information on the changes due to be implemented immediately after the reporting date. As at 1 January 2021, the deductions made using the transitional on technical provisions will be reduced as planned. The transitional measure on technical provisions totals EUR 6,211 million across all companies in 2021.

IMPACT OF VOLATILITY ADJUSTMENT (VA) AND TRANSITIONAL (TR)

| | | 31.12.2020 | | | |
|-----------------------------|---|-----------------------------------|-------------------------------|------------------|---------------------|
| EUR thousand | Key indicators including volatility adjustment (VA) and transitional (TR) | Key indicators excluding measures | | | |
| | | Impact of the TR | Including VA and excluding TR | Impact of the VA | Excluding VA and TR |
| Technical provisions | 123,449,597 | 6,775,211 | 130,224,807 | 746,490 | 130,971,298 |
| Basic own funds (HDI Group) | 22,950,881 | -4,197,931 | 18,752,950 | 285,633 | 19,038,582 |
| Eligible own funds for SCR | 23,073,703 | -4,197,931 | 18,875,771 | 285,633 | 19,161,404 |
| SCR | 8,874,227 | 304,891 | 9,179,118 | 2,827,313 | 12,006,432 |
| Solvency II ratio (%) | 260 | -54%-pts | 206 | -46%-pts | 160 |

Changes from the previous reporting period

Other than the recalculation of transitional measures, there were no material changes to the valuation of technical provisions compared to the previous reporting year.

D.3 Other liabilities

Deferred taxes

As with the recognition of deferred tax liabilities in accordance with IAS 12, Solvency II requires that all measurement differences between the local tax base and the Solvency II balance sheet be reviewed to establish whether deferred taxes need to be recognised. In general, deferred taxes must be recognised on all changes in value. However, some exceptions under specific local tax laws need to be taken into account. Under German tax law, for example, 95% of net gains from the sale of shares in corporations are tax free (with the exception of life insurance companies, for example). This means that deferred tax liabilities need to be recognised only on the 5% of the gains that are taxable. Losses resulting from the sale of shares in corporations are not generally tax-deductible in Germany (with the exception of life insurance companies, for example), which means that no deferred tax liabilities need to be recognised on negative revaluation effects. Additionally, no deferred taxes generally have to be recognised on the remeasurement of goodwill where this is from an initial valuation. Some local tax laws provide for different rules that override the general rule given here. As is the case with IAS 12, deferred items are not discounted in the solvency balance sheet.

Normally deferred taxes are defined at the level of the individual undertaking, except in the case of consolidated tax groups. If a profit and loss transfer agreement (and hence a consolidated tax group) exists, the tax rate used by the corresponding consolidated tax group parent is applied. In addition, the deferred taxes are calculated at the level of the ultimate consolidated tax group parent. Deferred taxes are recognised at the level of the consolidated tax group subsidiary only if a tax sharing agreement exists between it and the consolidated tax group parent.

Under the IFRSs, deferred tax assets and liabilities are measured using the tax rates that are expected for the reporting period in which an asset is realised or a liability is settled. The tax rates and tax laws in effect or announced on the reporting date are used.

Deferred tax assets are recognised if the asset values are lower or the liabilities higher in the solvency balance sheet than in the tax base and these temporary differences will reduce the future amount of tax charged.

Deferred tax liabilities are recognised if the asset values are higher or the liabilities lower in the solvency balance sheet than in the tax base and these temporary differences will increase the future amount of tax charged.

After this, deferred tax assets can and should be offset against deferred tax liabilities (as for IAS 12) if a legal right to offset actual claims for tax refunds against actual tax liabilities exists and the deferred tax assets and the taxes are levied by the same tax authority.

Deferred tax assets that have been recognised are tested for impairment. Impairment losses are recognised where it is unlikely that the net value of the deferred tax assets can be realised. As is the case with the IFRSs, impairment testing must take into account the applicable local tax laws (e.g. minimum taxation requirements, time limits on loss carryforwards).

Deferred tax liabilities totalling EUR 5,993,488 thousand were recognised in the solvency balance sheet.

Other liabilities

OTHER LIABILITIES

| EUR thousand | 2020 |
|--|-----------|
| Contingent liabilities | 6,401 |
| Pension benefit obligations | 2,418,423 |
| Provisions other than technical provisions | 860,884 |

Bases for valuation and methods

Under Solvency II, contingent liabilities are recognised where these constitute possible or existing obligations but it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured reliably.

The amount recognised relates to pending actions for recourse where, in the opinion of the HDI Group, the probability of the other side winning the action is 50% or less.

In the case of proceedings where the probability of a judgement in favour of the other side is thought to be higher than this, the amounts are recognised under "Miscellaneous other provisions". The amounts are measured using a probability-weighted best estimate. Provisions for pension commitments granted by Group undertakings to their employees are disclosed under "Pension benefit obligations". Generally, pension benefit obligations are valued in the solvency balance sheet in line with the projected unit credit method set out in IAS 19 "Employee benefits".

The amount recognised as a defined benefit liability in accordance with the IFRSs is the balance of the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets, where available, at the reporting date.

Pension benefit obligations are recognised in line with IAS 19 in both Solvency II and the IFRSs.

The following items are recognised in the solvency balance sheet under “Provisions other than technical provisions”:

- Partial retirement obligations
- Vacation and overtime pay
- Bonuses and jubilee payments
- Interest on late tax payments
- Outstanding invoices
- Remuneration paid to members of the Board of Management and Supervisory Board
- Expected losses
- Provisions for integration expenses or restructuring measures
- Miscellaneous other provisions

Miscellaneous other provisions generally include all provisions that meet the requirements for establishing provisions in accordance with IAS 37 and are not technical provisions, pension provisions or tax provisions. The accounting policies in IAS 37 are consistent with section 74 of the VAG.

Under the IFRSs, miscellaneous other provisions and tax and restructuring provisions are recognised in the amount likely to be required to settle the obligations, based on best estimates. These provisions are discounted if the effect of the time value of money is material. Restructuring provisions are recognised if a detailed, formal restructuring plan has been approved by the Group and the main features of the restructuring have been publicly announced.

Differences

The Solvency II requirements for the approach to be used for contingent liabilities do not apply to the consolidated financial statements.

Because IAS 37 serves as the yardstick for both Solvency II and the consolidated financial statements, there are no basic differences in value for the miscellaneous other provisions. However, the asset tax that Polish companies must take into account in the solvency balance sheet under the regulations adopted by KNF, the Polish supervisory authority, is an exception to this rule.

Medium- and long-term financial liabilities

MEDIUM AND LONG-TERM FINANCIAL LIABILITIES

| EUR thousand | 2020 |
|--|-----------|
| Subordinated liabilities | 3,709,877 |
| Debts owed to credit institutions | 866,738 |
| Financial liabilities other than debts owed to credit institutions | 2,242,023 |

Bases for valuation and methods

Subordinated liabilities are loans which in the event of insolvency or liquidation are satisfied only after the claims of other creditors have been settled. From an economic viewpoint, such liabilities possess some of the attributes of equity. To the extent that they form part of own funds, subordinated liabilities are recognised in the “Subordinated liabilities in BOF” item of the solvency balance sheet (EUR 3,709,877 thousand). Under Solvency II, subordinated liabilities can be classified as an own-funds item if the requirements of articles 69 subsection (b), 72 subsection (b) or 76 subsection (b) of Commission Delegated Regulation (EU) 2015/35 are met. These requirements are met by nearly all external subordinated liabilities at the HDI Group.

The economic valuation is performed in the solvency balance sheet by adjusting the instrument’s economic value as determined at its time of issue for changes in value resulting exclusively from changes in the market situation. Unlike with the fair value approach in accordance with IAS 39, changes in value resulting from changes to an entity’s own credit spread (OCS) are not adjusted after issuance. In other words, the OCS is maintained at a constant level for subsequent valuations. Solvency II valuations are performed uniformly throughout the HDI Group as at the first call date.

A number of Group undertakings have in the past issued long-term and in some cases listed subordinated debt instruments in order to optimise the Group’s capital structure and to ensure the liquidity (solvency) required by the supervisory authorities. The following table shows all non Group-level subordinated liabilities.

SUBORDINATED LIABILITIES

EUR thousand

| Issuer | Nominal value | Maturity | 31.12.2020 | |
|------------------------------------|---------------|------------------------|------------------|-------------------|
| | | | IFRS value | Solvency II value |
| Talanx AG | 750,000 | 2017/2047 | 750,000 | 806,694 |
| Hannover Rück SE | 750,000 | 2019/2039 | 740,973 | 757,359 |
| Hannover Rück SE | 500,000 | 2020/2040 | 494,942 | 544,292 |
| Hannover Rück SE ¹ | 450,000 | 2014/no final maturity | 446,030 | 468,179 |
| Hannover Finance (Luxembourg) S.A. | 500,000 | 2012/2043 | 498,859 | 538,836 |
| Talanx Finanz (Luxembourg) S.A. | 500,000 | 2012/2042 | 500,000 | 540,767 |
| HDI Assicurazioni S.p.A. | 27,740 | 2026 | 27,274 | 39,037 |
| HDI Assicurazioni S.p.A. | 13,500 | 2020 | 11,500 | 11,020 |
| HDI Global SE | 2,736 | no final maturity | 2,736 | 2,804 |
| Magyar Posta Életbiztosító Zrt. | 1,002 | 2015/2045 | 851 | 889 |
| Total | | | 3,473,165 | 3,709,877 |

¹ At the reporting date, Group companies additionally held bonds with a nominal value of EUR 50 million (consolidated in the consolidated financial statements).

Insofar as undertakings made use of the transitionals (“grandfathering”) when Solvency II came into force, it must be noted that their duration is limited to a maximum of ten years after 1 January 2016 if they were issued prior to 17 January 2015 and insofar as the own funds items could be used under the previous solvency regime in order to comply with the available solvency margin up to a level of 50% (for Tier 1 – restricted) and/or 25% (for Tier 2).

Within the Group, the bonds issued by Hannover Finance (Luxembourg) S.A. and Hannover Rück SE have been recognised as grandfathered.

Solvency II requires that financial liabilities must be recognised at the expected present value of future cash flows. Here as well, no changes to a company’s own credit spread are taken into account for the purposes of the valuation.

The “Debts owed to credit institutions” item consists of mortgages and loans.

The “Financial liabilities other than debts owed to credit institutions” item can comprise bonds, mortgages and loans from other undertakings that are not credit institutions. Liabilities here can include an undertaking’s self-structured debt securities (i.e. securities that are not structured by a special purpose vehicle).

Differences

The difference between the Solvency II values for financial liabilities and the carrying amounts in the consolidated financial statements is largely attributable to those liabilities that are measured at amortised cost rather than at fair value in the consolidated financial statements. However, even if they were to be recognised at fair value in the consolidated financial statements as well, differences between the values reported would still arise if the company’s own credit quality changes, since such changes are taken into account only in the IFRS consolidated financial statements.

Short-term liabilities**SHORT-TERM LIABILITIES**

| EUR thousand | 2020 |
|-------------------------------------|-----------|
| Insurance & intermediaries payables | 1,487,110 |
| Reinsurance payables | 587,646 |
| Payables (trade, not insurance) | 1,127,075 |

Bases for valuation

This item is used for past due liabilities to insured parties, insurers or other undertakings in connection with the insurance business (including amounts already owed to [re]insurance intermediaries) that do not constitute technical provisions.

Method

Solvency II requires that liabilities be recognised at the expected present value of future cash flows. Where necessary, discounting is performed using the interest rate term structure published by EIOPA.

The Solvency II value for reinsurance payables is derived from the corresponding value under the IFRSs. The portion covering the future cash flows is already contained in the technical provisions. The remaining portion of the IFRS liability, which contains the cash flows prior to or on the valuation date, is shown in this item.

Solvency II requires that liabilities be recognised at the expected present value of future cash flows.

Differences

The difference between the Solvency II values and those in the consolidated financial statements is due on the one hand to the fact that reinsurance payables consist only of past due balances in Solvency II. Balances that are not past due form part of the reinsurance recoverables – which determine future cash flows – and must therefore be included in the technical provisions.

Additionally, a reclassification has to be made between the “Insurance & intermediaries payables” and the “Reinsurance payables” items, because under Solvency II only outstanding liabilities resulting from ceded reinsurance are recognised as “Reinsurance payables”.

Other liabilities

| OTHER LIABILITIES | |
|--|-----------|
| EUR thousand | 2020 |
| Deposits from reinsurers | 1,086,874 |
| Any other liabilities, not elsewhere shown | 362,016 |
| Derivatives | 148,442 |

Bases for valuation and methods

Deposits from reinsurers are recognised and valued in the same way as the corresponding asset-side item; this has already been explained in the “Receivables” section.

Solvency II requires that liabilities be recognised at the expected present value of future cash flows. Discounting is performed using the interest rate term structure published by EIOPA.

Measurement in accordance with the IFRSs is described in the “Medium and long-term financial liabilities” section.

The recognition and measurement of liabilities from derivatives are described in the “Other investments” section.

Differences

The difference between the Solvency II values and those in the consolidated financial statements is due to the different approaches used to recognise and measure funds and deposits described in the “Receivables” section. The difference in deposits from reinsurers is because some contracts in the Life/Health Reinsurance business are measured as financial instruments under IFRS 4 (in accordance with IAS 39), whereas in Solvency II they are treated as insurance contracts.

D.4 Alternative methods for valuation

The alternative valuation methods that can be used for certain solvency balance sheet items in accordance with Article 263 in conjunction with Article 10(5) of Commission Delegated Regulation (EU) 2015/35 have already been described in sections D.1 to D.3. This primarily relates to assets reported in the balance sheet items grouped under the “Investments (other than assets held for index-linked and unit-linked contracts)” heading and to financial liabilities on the liabilities side of the solvency balance sheet, to the extent that no quoted market prices are available.

D.5 Any other information

All material and relevant information on valuations for solvency purposes that is required to be reported is already contained in the other parts of section D.

E. Capital manage- ment

E.1 Own funds

The business strategy defines targets with regard to the risk exposure.

In addition, compliance with the undertaking's internal and externally communicated corridors and limits for ratios is crucially important:

- The HDI Group's Solvency II ratio excluding the transitional should range between 150% and 200%.
- The economic capital adequacy ratio for the Talanx Group should be over 200%.

Despite the pandemic, the Group's solvency was comfortable over the year as a whole, demonstrating its financial resilience in this tough situation.

CAR corridors and limits

For TERM 2020, the capital adequacy ratio (CAR) in the economic perspective (Talanx) stands at 264%, while the HDI Group's Solvency II ratio excluding the transitional is 206%. The capital adequacy ratios are therefore within or slightly above the set ranges.

Changes to the solvency ratio in business planning

The capital adequacy of the HDI Group is monitored both in relation to the current results from the full internal model, and also in the context of the business planning over a time period of five years (medium-term planning). This medium-term planning is based on the HDI Group's planning assumptions, which include macroeconomic assumptions for changes in gross domestic product, inflation and interest rates. This is covered by the undertaking's own risk and solvency assessment.

Reconciliation of the Talanx Group's IFRS equity to the HDI Group's own funds

The Solvency II requirements provide for two main categories of own funds – basic own funds and ancillary own funds. From the regulatory viewpoint, the total own funds cannot be used in full to meet the Group SCR.

Reconciliation of the Talanx Group's economic equity (IFRS) to the HDI Group's eligible own funds

The HDI Group is analysed from the regulatory viewpoint. The Solvency Capital Requirement and own funds are calculated on the basis of fully consolidated data for the HDI Group. Restrictions on the availability of own funds are taken into account in the process. HDI V.a.G. itself conducts only a minimal amount of insurance business. All risks that have to be taken into account are already included in the Talanx Group, which is the HDI Group's risk kernel. The availability restrictions are therefore applied at the level of the risk kernel, whereas HDI V.a.G. itself is integrated only in a subsequent step.

The following table shows the reconciliation of the Talanx Group's IFRS equity to the HDI Group's eligible own funds:

THE HDI GROUP'S OWN FUNDS

| EUR thousand | 2020 | 2019 |
|--|-------------------|-------------------|
| IFRS equity (Talanx) | 17,124,553 | 16,610,317 |
| Goodwill and intangible assets | -1,878,860 | -1,998,100 |
| Revaluation effects | 3,184,547 | 4,159,437 |
| Surplus funds | 1,659,877 | 1,741,120 |
| Excess of assets over liabilities (Talanx) | 20,090,118 | 20,512,774 |
| Subordinated liabilities (incl. minority interests) | 3,709,877 | 3,671,735 |
| Own shares | — | — |
| Foreseeable dividends, distributions and charges | -692,029 | -798,790 |
| of which to HDI V.a.G. | -310,822 | -299,700 |
| Basic own funds (Talanx) before deductions | 23,107,965 | 23,385,718 |
| Transitional measures | 4,631,650 | 3,592,064 |
| Basic own funds (Talanx) before deductions incl. transitional | 27,739,615 | 26,977,782 |
| HDI V.a.G. (extension of Talanx Group to produce HDI Group) | 2,185,270 | 2,193,672 |
| of which foreseeable dividends from Talanx AG | 299,700 | 299,700 |
| Basic own funds (HDI Group) before deductions | 29,924,885 | 29,171,454 |
| Non-available own-funds items | -6,926,293 | -6,522,942 |
| Other | -47,711 | -61,806 |
| Ancillary own funds | — | — |
| Own funds of other financial sectors | 122,822 | 142,459 |
| Available own funds (HDI Group) | 23,073,703 | 22,729,165 |
| Tiering restrictions | — | — |
| Eligible own funds (HDI Group) | 23,073,703 | 22,729,165 |
| Transitional | -4,631,650 | -3,592,064 |
| Impact of transitional on recoverability of deferred taxes | -191,020 | — |
| Non-available own-funds items arising from transitional | 624,738 | 281,759 |
| Eligible own funds excluding transitional (HDI Group) | 18,875,771 | 19,418,860 |

The starting point for the reconciliation is the Talanx Group's IFRS equity. Under Solvency II, goodwill is valued at zero; intangible assets are permitted to be recognised only under certain conditions. These and other revaluation effects between the IFRS balance sheet and the economic (solvency) balance sheet, together with the surplus funds, produce the "Excess of assets over liabilities" item. In contrast to the residual value for the assets and liabilities in the solvency balance sheet, this line item does not take the transitional into account.

In addition to the excess of assets over liabilities, the basic own funds include subordinated liabilities and own shares. Foreseeable dividends, distributions and charges that are paid by the Talanx Group to third parties are deducted from the basic own funds. The "Basic own funds before deductions" item does not take any availability and eligibility restrictions into account. This is performed in a later step. The basis of consolidation corresponds to that used for the IFRSs.

Lawmakers have provided for a gradual transition to Solvency II. This is reflected in the present table by the application of the transitional on technical provisions at the German life insurance companies in the Group.

The HDI Group's basic own funds before deductions contain both the Talanx Group's basic own funds before deductions (including the transitional) and HDI V.a.G.'s excess of assets over liabilities. The participation in Talanx AG is deducted from this excess amount to avoid the double use of own funds. In addition, the dividends that will foreseeably be paid by Talanx AG to HDI V.a.G. are included in the HDI Group's basic own funds before deductions.

Certain own-funds items are available for covering the Group Solvency Capital Requirement under Solvency II only subject to restrictions. These include non-controlling interests and surplus funds, among other things. Further details on the approach used to calculate the non-available own-funds items are provided at the end of this section.

The "Other" item is used to deduct the carrying amounts of the investments in institutions for occupational retirement provision (IORPs) and of Ampega Investment GmbH.

Ancillary own funds are irrelevant at the level of the Talanx Group and/or of the HDI Group as at the 2020 year-end.

The "Own funds of other financial sectors" item represents the own funds of institutions for occupational retirement provision under Solvency I and of Ampega Investment GmbH under the sectoral regulations.

Available own funds (HDI Group): The available own funds of the HDI Group based on the basic own funds before deductions, taking the above-mentioned items into account: "Non-available own-funds items", "Other", "Ancillary own funds" and "Own funds of other financial sectors". The non-available own funds are calculated within the Talanx risk kernel.

Eligible own funds for covering the Solvency Capital Requirement (HDI Group): Restrictions on the tiering of own funds must be factored into the calculations. There was no need to make any deductions for tiering as at the 2020 year-end.

The use of transitional affects the amount of recoverable deferred taxes at the German life companies. This effect is shown under "Impact of transitional on recoverability of deferred taxes".

Calculating non-available own-funds items

From the regulatory viewpoint, own funds cannot be used in full to meet the Group Solvency Capital Requirement. Items affected include minority interests, deferred tax assets, surplus funds, hybrid capital (subordinated liabilities) and ancillary own funds. The last four basic own funds items are eligible only if they are permitted to be used to meet the solo Solvency Capital Requirement for the company concerned. Moreover, in total they must not exceed the contribution made by the company concerned to the (diversified) Group Solvency Capital Requirement. Similarly, non-controlling interests that are included in subsidiaries' own funds may be taken into account at Group level only up to the amount corresponding to the non-controlling interests' contribution to the Group Solvency Capital Requirement.

The contribution to the Group Solvency Capital Requirement is determined by allocating the (diversified) Group Solvency Capital Requirement to the companies in the Talanx Group. The Solvency II Framework Directive requires the SCR to be apportioned proportionally: i.e. the portion of the diversified Group Solvency Capital Requirement accounted for by a particular company must correspond to the portion of the undiversified Group Solvency Capital Requirement accounted for by the individual solo Solvency Capital Requirement. Undertakings with an internal model are permitted to use this model to allocate the (diversified) Group Solvency Capital Requirement.

The regulatory restrictions on the own funds are applied on the basis of the contribution made by the solo undertakings to the Group Solvency Capital Requirement. The following table shows the breakdown of the "Non-available own-funds items" item. The minority interests are the largest item to which possible restrictions may be applied. They are mainly attributable to the reinsurance segment. Moreover, a considerable proportion of the surplus funds are not available to meet the capital requirements at Group level.

NON-AVAILABLE OWN-FUNDS ITEMS

| EUR thousand | 2020 | 2019 |
|--|-----------|-----------|
| Surplus funds | 792,539 | 421,299 |
| Subordinated liabilities | — | — |
| Net deferred taxes | 29,951 | 20,368 |
| Non-available minority interests | 6,103,803 | 6,081,275 |
| Total non-available own-funds items (including effect of transitional) | 6,926,293 | 6,522,942 |

"Tiering" of own-funds items

Own funds are divided into three classes ("tiers"). Tiering of the own-funds items is based on the extent to which they are available to offset losses. A distinction is also made between basic own-funds items and ancillary own-funds items.

Basic own-funds items are allocated to "Tier 1" if they are available or can be called on demand to fully absorb losses on a going-concern basis, as well as in the case of winding-up (permanent availability). In the case of winding-up, "Tier 1" own-funds items are available to meet obligations arising towards policyholders and beneficiaries of insurance and reinsurance contracts. The holders of the own-funds items are repaid on a subordinated basis (subordination).

Basic own-funds items are classified as "Tier 2" if they possess the characteristics of subordination, but are not permanently available. Ancillary own-funds items that substantially possess the characteristics of permanent availability and subordination can be classified as "Tier 2". All other basic own-funds items and ancillary own-funds items are classified as "Tier 3".

As can be seen from the following table, 86% (86%) of the Group's own funds are unrestricted Tier 1 funds: the structure of own funds has not materially changed in comparison to the previous reporting period:

THE HDI GROUP'S OWN FUNDS BROKEN DOWN BY TIER

| EUR thousand | Total | Tier 1 – unrestricted | Tier 1 – restricted | Tier 2 | Tier 3 |
|---|-------------------|-----------------------|---------------------|------------------|----------------|
| 2020 | | | | | |
| Basic own funds before deduction for participations in other financial sectors | – | – | – | – | – |
| Ordinary share capital (gross of own shares) | – | – | – | – | – |
| Share premium account related to ordinary share capital | – | – | – | – | – |
| Surplus funds | 1,659,877 | 1,659,877 | – | – | – |
| Non-available surplus funds at Group level | 792,539 | 792,539 | – | – | – |
| Reconciliation reserve | 24,054,549 | 24,054,549 | – | – | – |
| Subordinated liabilities | 3,709,877 | – | 496,223 | 3,213,654 | – |
| An amount equal to the value of net deferred tax assets | 374,582 | – | – | – | 374,582 |
| The amount equal to the value of net deferred tax assets not available at the Group level | 29,951 | – | – | – | 29,951 |
| Other items approved by supervisory authority as basic own funds not specified above | 126,000 | 126,000 | – | – | – |
| Non-available minority interests at Group level | 6,103,803 | 5,277,529 | 104,262 | 675,227 | 46,786 |
| Deductions | – | – | – | – | – |
| Deduction for participations in other financial undertakings | 47,711 | 47,711 | – | – | – |
| Total non-available own funds items | 6,926,293 | 6,070,067 | 104,262 | 675,227 | 76,737 |
| Total deductions | 6,974,004 | 6,117,778 | 104,262 | 675,227 | 76,737 |
| Total basic own funds after deductions | 22,950,881 | 19,722,648 | 391,961 | 2,538,427 | 297,845 |
| Own funds of other financial sectors | – | – | – | – | – |
| Credit institutions, investment firms and financial institutions, alternative investment funds managers | 7,937 | 7,937 | – | – | – |
| Institutions for occupational retirement provision | 114,885 | 114,885 | – | – | – |
| Total own funds of other financial sectors | 122,822 | 122,822 | – | – | – |
| Total available own funds to meet the consolidated Group SCR | 22,950,881 | 19,722,648 | 391,961 | 2,538,427 | 297,845 |
| Total eligible own funds to meet the Group SCR (including own funds from other financial sectors and from the undertakings included via D and A) | 23,073,703 | 19,845,470 | 391,961 | 2,538,427 | 297,845 |

THE HDI GROUP'S OWN FUNDS BROKEN DOWN BY TIER

| EUR thousand | Total | Tier 1 – unrestricted | Tier 1 – restricted | Tier 2 | Tier 3 |
|---|-------------------|--------------------------|------------------------|------------------|----------------|
| 2019 | | | | | |
| Basic own funds before deduction for participations in other financial sectors | — | — | — | — | — |
| Ordinary share capital (gross of own shares) | — | — | — | — | — |
| Share premium account related to ordinary share capital | — | — | — | — | — |
| Surplus funds | 1,741,120 | 1,741,120 | — | — | — |
| Non-available surplus funds at Group level | 421,999 | 421,999 | — | — | — |
| Reconciliation reserve | 23,308,346 | 23,308,346 | — | — | — |
| Subordinated liabilities | 3,671,735 | — | 494,702 | 3,177,033 | — |
| An amount equal to the value of net deferred tax assets | 324,253 | — | — | — | 324,253 |
| The amount equal to the value of net deferred tax assets not available at the Group level | 20,368 | — | — | — | 20,368 |
| Other items approved by supervisory authority as basic own funds not specified above | 126,000 | 126,000 | — | — | — |
| Non-available minority interests at Group level | 6,081,275 | 5,266,083 | 104,606 | 671,789 | 38,798 |
| Deductions | — | — | — | — | — |
| Deduction for participations in other financial undertakings | 61,806 | 61,806 | — | — | — |
| Total non-available own funds items | 6,522,942 | 5,687,382 | 104,606 | 671,789 | 59,165 |
| Total deductions | 6,584,748 | 5,749,188 | 104,606 | 671,789 | 59,165 |
| Total basic own funds after deductions | 22,586,706 | 19,426,278 | 390,096 | 2,505,244 | 265,088 |
| Own funds of other financial sectors | — | — | — | — | — |
| Credit institutions, investment firms and financial institutions, alternative investment funds managers | 7,937 | 7,937 | — | — | — |
| Institutions for occupational retirement provision | 134,522 | 134,522 | — | — | — |
| Total own funds of other financial sectors | 142,459 | 142,459 | — | — | — |
| Total available own funds to meet the consolidated Group SCR | 22,586,706 | 19,426,278 | 390,096 | 2,505,244 | 265,088 |
| Total eligible own funds to meet the Group SCR (including own funds from other financial sectors and from the undertakings included via D and A) | 22,729,165 | 19,568,737 | 390,096 | 2,505,244 | 265,088 |

The present value of benefits to policyholders as included in technical provisions for life insurance (see also section D.2) is reduced in the provision for premium refunds by a portion of available unrestricted funds of an adequate amount to cover losses. This so-called surplus fund specifically contains no portions that are not adequate to make good losses or not available, such as surplus components already established, and remains available without restriction and for an unlimited amount of time, free of costs or other charges, to cover Solvency Capital Requirements. This is therefore a Tier 1 own-funds item under Solvency II in accordance with section 91 of the VAG and section 93 (1) of the VAG.

Any excess cover arising from the difference between assets and liabilities, less any dividends envisaged and the surplus fund, forms the so-called reconciliation reserve.

E.2 Solvency capital requirement and minimum capital requirement

Solvency Capital Requirement

The following table gives an overview of the HDI Group's own funds, capital requirements and capital adequacy ratios according to Solvency II, including and excluding the transitional on technical provisions. Capitalisation remained very strong even during fluctuations over the course of the year generated by the impact of the coronavirus pandemic on large losses and capital markets.

SOLVENCY RATIOS FOR THE HDI GROUP

| EUR thousand | 2020 |
|--|-------------------|
| Eligible own funds including transitional on technical provisions | 23,073,703 |
| Solvency Capital Requirement | 8,874,227 |
| Solvency II ratio (including transitional) | 260% |
| Eligible own funds excluding transitional on technical provisions | 18,875,771 |
| Solvency Capital Requirement | 9,179,118 |
| Solvency II ratio (excluding transitional) | 206% |

The SCR for the HDI Group is calculated using the full internal model (TERM).

The values in the table above are given including and excluding the transitional on technical provisions. In accordance with section 352 of the VAG, insurance and reinsurance undertakings can temporarily deduct an amount from the technical provisions, subject to approval; this deduction is applied at the level of the homogeneous risk groups. More detailed information about the transitional on technical provisions can be found in section D.2.

The total SCR for the HDI Group consists of the following risks:

EXCERPT FROM TEMPLATE S.25.03.22 FOR THE HDI GROUP

| EUR thousand | 2020 |
|--|-------------------|
| Components description | |
| Market risk non-life and reinsurance | 6,203,271 |
| Market risk – life primary insurance | 2,240,197 |
| Pension risk | 331,620 |
| Credit risk (counterparty default risk) | 398,212 |
| Premium and reserve risk (excl. natcat) | 4,487,339 |
| Natural catastrophe risks | 3,367,094 |
| Underwriting risk life | 3,743,576 |
| Operational risk | 1,029,013 |
| Loss absorbing capacity of deferred taxes non-life and reinsurance | -2,298,291 |
| Total undiversified components | 19,502,031 |
| Diversification | -10,738,402 |
| Solvency Capital Requirement for undertakings under consolidated method | 8,763,629 |
| Capital requirement for other financial sectors (non-insurance capital requirements) | 110,599 |
| Solvency Capital Requirement | 8,874,227 |

The individual risk components can be described as follows:

- Market risk, non-life and reinsurance: The market risk exposure of property/casualty primary insurers, reinsurers (including life) and arising from service companies and holdings. This also includes credit and migration risk relating to investments.
- Market risk, life primary insurance: Risk exposure of life primary insurers due to market developments. This also includes credit and migration risk relating to investments.

- Pension risk: This shows the influence of changes in the pension provisions on own funds. The main drivers of pension risk are changes in interest rates and inflation.
- Credit risk (counterparty default risk): The risk that one or more counterparties do not fulfil their obligations or that their rating is downgraded (credit risk) is shown in this item for property/casualty primary insurance and reinsurances in the HDI Group, insofar as such risks are not contained in the market risk. This is essentially a reinsurance default risk (including the risk of default by retrocessionaires).
- Premium and reserve risk (excl. NatCat): Shown for non-life insurers, primary insurers and reinsurers.
- Natural catastrophe risks: All risks for property/casualty primary insurers and reinsurers for natural catastrophes are shown in this item.
- Underwriting risk life: This item contains biometric risk (e.g. longevity, mortality, morbidity, pandemics), risk arising from policyholder behaviour and cost risk.
- Operational risk: This item shows operational risk.
- Loss-absorbing capacity of deferred taxes: This item contains the loss-absorbing effect of taxes for all companies, with the exception of HDI Assicurazioni S.p.A., that are taken into account with after-tax values on the basis of the internal model.

Minimum capital requirement

The consolidated Minimum Capital Requirement (SCR floor) is the minimum Group Solvency Capital Requirement from a regulatory perspective. The HDI Group's Minimum Capital Requirement comprises the aggregate company-specific Minimum Capital Requirements (MCRs), which in the case of companies based in the European Economic Area (EEA) are a maximum of 45% and a minimum of 25% of the Solvency Capital Requirement. The upper limit (45% of the solvency capital) applies to the majority of the EEA companies in the HDI Group, i.e. the intermediate result for the MCR calculation (Article 250 and Article 251 of Commission Delegated Regulation [EU] 2015/35) exceeds the limit. A cap based on the (partial) internal model applies to those companies that have been granted approval to use the (partial) internal model at the solo level. In the case of the other EEA companies, the cap is applied on the basis of the standard formula. For companies based outside the EEA, the local Minimum Capital Requirement is applied.

The following table shows that the Minimum Capital Requirement for the HDI Group is adequately met by own funds. Fluctuations over the course of the year, for example due to the impact of the coronavirus pandemic on large losses and capital markets, do not affect the observations in the table and the consistently sufficient coverage.

CONSOLIDATED MINIMUM CAPITAL REQUIREMENT FOR THE HDI GROUP

| EUR thousand | 2020 |
|--|-------------------|
| Consolidated Minimum Capital Requirement for the HDI Group | 8,640,585 |
| Eligible own funds to meet the consolidated MCR | 21,842,726 |
| Surplus capital | 13,202,140 |

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Germany has opted not to allow the use of a duration-based sub-module for equity risk. The HDI Group thus does not use a duration-based sub-module for the equity risk.

E.4 Differences between the standard formula and any internal model used

The HDI Group uses a full internal model to calculate the regulatory Solvency Capital Requirement. Unlike the standard formula, the HDI Group's full internal model allows the underlying risks for a strongly diversified insurance group that offers both reinsurance and primary insurance to be modelled in a manner that is best adapted to the undertaking.

The HDI Group's full internal model comprises all companies included in the IFRS basis of consolidation with the exception of the institutions for occupational retirement provision and Ampega Investment GmbH, which do not fall under the Solvency II regime. The effects of intragroup transactions are taken into account.

The internal model has numerous applications within the HDI Group in addition to being used to calculate the Solvency Capital Requirement. These cover both economic (i.e. management) aspects and the supervisory law requirements for the use test (section 115 of the VAG). Core applications include performance management, estimates made in the context of acquisitions, and the limit and threshold system. The limit and threshold system and the related risk-bearing capacity analysis are key pillars of the risk management system, both from an economic (implicit earning limits) and from a regulatory (use test) perspective.

Risk measurement in the HDI Group's internal model

The concept behind the HDI Group's full internal model is based on determining the economic own funds for every individual company on a fair value basis as at the reference date, forecasting changes in these own funds over the one-year horizon applicable under Solvency II, and then aggregating these at Group level.

The starting point for this approach is a solvency balance sheet prepared as at the valuation date. Once this economic balance sheet has been prepared, the stochastic distribution of the economic solvency balance sheet has to be projected for a one-year horizon. Different mathematical techniques are used for life and non-life insurance in the internal models at the companies providing the information, in line with the underlying risk. However, Monte Carlo simulation procedures with a suitable number of simulations are used across all fields, due to the complexity of the issues to be modelled.

Simulations are used to consolidate all economic balance sheets over the one-year horizon; this results in a forecast distribution for the own funds.

Then, using the forecast distribution for the own funds over the one year horizon, the Solvency Capital Requirement is calculated as the difference between the expected value and the value at risk at the confidence level of 99.5% of the forecast distribution required by supervisory law. In conceptual terms, this means that there is a 99.5% probability of a potential loss of own funds (measured in terms of the expected value) being met by the Solvency Capital Requirement. The expected value and the quantile are estimated on the basis of the forecast distribution values simulated using the Monte Carlo method. The capital adequacy ratio (CAR) and the Solvency II ratio are derived from the own funds ratio as at the valuation date and the Solvency Capital Requirement according to the forecast distribution for the full internal model.

The bases for modelling used in the full internal model at the HDI Group are outlined below.

Material assumptions

The most important assumption for the HDI Group's internal model is that the key risks relate to negative changes in the capital market, the occurrence of natural catastrophes and the risk of a simultaneous chance default by the reinsurers. Based on this assumption, the scenarios used in the companies' risk models for these events – i.e. natural catastrophes, reinsurer default and the related economic issues – are standardised throughout the Group and are processed in identical order in order to be able to aggregate the model results. In particular, this requirement includes fundamental assumptions about dependencies that are critical for diversification within the HDI Group's internal model:

- Analyses do not indicate any significant, sustained impacts of NatCat events on economic developments. To this extent, it is assumed that the natural catastrophe scenarios and the economic scenarios for capital market developments are independent of one another.

- The reinsurance default scenarios are incorporated under the premise that defaults and/or rating downgrades for reinsurers are induced by negative developments on the capital markets and/or high losses due to natural catastrophe events.
- Pandemics and other global events are also standardised for the primary insurers and correlated between primary insurance and reinsurance. In addition, these scenarios are coupled with the economic scenarios in order to model adverse economic developments due to pandemic events.

Apart from being used to specify fundamental requirements for Group-wide correlations between risk categories, assumptions are also significant for the economic scenarios. Examples include the use of the initial interest rate term structure published by EIOPA, which in particular extrapolates the interest rate term structure for long-term interest rates to an ultimate forward rate, as well as of a volatility adjustment in accordance with section 82 of the VAG. These two aspects – the initial interest rate term structure and the volatility adjustment – affect both the own funds and the Solvency Capital Requirement in the HDI Group’s internal model, and to this extent influence the capital adequacy ratio.

Data used

The full internal model and its calibration are based on a large number of internal data items (such as loss expenses or mortalities for the underlying portfolios) and external data (such as rating information for investments and reinsurance counterparties, or time series for capital market data and mortality trends). The adequacy of such data is tested using internal checks and in the course of the validation process.

Scenarios

The starting point for modelling in the solo undertakings’ internal risk models are scenarios based on event models that map the HDI Group’s risk factor universe. These include the following in particular:

- Economic scenarios
- Natural catastrophe scenarios from the global event set (GES)
- Reinsurance default scenarios

These scenarios are applied as standards across the entire Group. The economic scenarios for measuring market risk and the natural catastrophe scenarios are particularly important here.

The economic scenarios are generated using an economic scenario generator. This simulation software, which is based on a stochastic financial market model, produces simulated economic scenarios that represent a full range of future economic developments. In particular, the components modelled include the risk-free interest rate term structure, spread curves, equity indices, real estate indices, changes in inflation and currency exchange rates. One key aspect is modelling dependencies between risk factors and economies, which is used to manage market risk diversification within the HDI Group’s internal model.

In the area of natural catastrophe risk, Group-wide standard scenarios taken from the global event set assist aggregation across the Group. Natural catastrophe models are used to produce the global event set. Updates to this global event set are made available each

year to all companies with portfolios that are exposed to natural catastrophes. The valuation and/or modelling of the natural catastrophe risk of the Group is then carried out downstream in the Risk Management units of the subsidiaries.

Internal models – life

In the case of internal models in the life insurance companies and of the Hannover Re Group’s life insurance business, the forecast distribution is determined using actuarial approximation techniques. This is due to the complexity of the cash flows, for which a valuation of various possible changes in economic and underwriting risk factors has to be performed over the one-year horizon. The key factor in the case of life primary insurance is the technique of portfolio replication; this is used in particular to model the fluctuations in market risk due to changes in the value of guarantees and options. The Hannover Re Group’s life reinsurance module is based on cash flow forecasts for an appropriate number of economic and biometric risk factors. Suitable mathematical methods (e.g. curve fitting) are used to select scenarios and ensure that the forecast distribution is sufficiently accurate.

Internal models – non-life

In the internal models for non-life, the economic balance sheet is updated using standardised, Group-wide “real-world” scenarios for the economy, natural catastrophes and reinsurance defaults, plus individual modelling of the underwriting risk (premium and reserve risk) over a one-year horizon. The modelling takes place in modular fashion at the level of the risk categories, and in the field of underwriting initially from the gross point of view relating to business lines and/or more granular, homogeneous analysis segments.

Premium risk relates to deviations in the loss expenses actually incurred during loss adjustment as against the estimates made when calculating the premium. NatCat events are treated separately during modelling due to their nature and to the Group-wide standard scenarios. Premium risk, excluding natural catastrophes, is initially modelled from the gross point of view using relevant actuarial procedures – such as the collective risk theory model – based on the companies’ business lines.

Reserve risk describes the danger of inadequate provisions for claims outstanding having been calculated in previous years. Run-off triangles for claims amounts are used as the starting point for modelling reserve risk. Changes in claims amounts per occurrence year are projected over the one-year horizon on a stochastic basis in order to calculate the one-year reserve risk. This results in simulated run-off triangles that have been extended to include a diagonal that are used for loss adjustment. Gross reserves are derived from the resulting simulated triangles and the gross reserve risk can then be calculated from their distribution.

The premium risk (excluding natural catastrophes and the reserve risk) and the premium and reserve risk in a company’s internal model are calculated for the gross point of view by generating a dependency structure using a copula at the level of the business lines. This starts with the forecast distributions for the business lines’ premium risk and reserve risk. Applying the reinsurance structure that is repre-

sented in the model then leads downstream to the forecast distribution for the premium and reserve risk from a net perspective.

The NatCat risk is predominantly modelled using externally licensed models. These NatCat models generally consist of three components – natural hazard, vulnerability and financial module/contract structure – and result in simulated event losses that are then processed further in the individual companies' internal models. A consistent Group-wide approach is pursued within the Group at the level of individual events, permitting decentralised risk modelling. This standardised Group approach revolves around the global event set, which contains the majority of the hazard regions to which the Group is exposed. Model regions for which no licensed or otherwise available models are used are taken into account using in-house developments at the subsidiaries and by making approximations.

Market risk involves, on the one hand, fluctuations in the value of investments on the asset side while, on the other hand, effects on the underwriting risk arise on the liabilities side (discounting of reserves, valuation at exchange rates) due to changes on the capital markets as a result of economic accounting. On the asset side, modelling is performed by grouping the investment portfolio into largely homogeneous model points. The fair values of the model points for standardised investments are updated by mapping them to indices from the economic scenario generator and/or from derived portfolio-specific fixed-income indices over the one-year horizon.

Counterparty default risk for reinsurance counterparties is calculated on the basis of scenarios from the reinsurance default model, which provides Group-wide standardised percentage deductions per reinsurance counterparty (depending on the rating simulated over the one-year horizon); such deductions are combined with the portfolio-specific, ceded liabilities. This process takes into account not only losses induced directly by defaults, but also a safety margin for rating deteriorations that may lead to losses.

Aggregation in the Group model

The forecast distribution in the HDI Group's full internal model is primarily arrived at by aggregating the forecast distributions for own funds in the solo companies' internal models – i.e. by adding together the companies' simulated values for each of the simulations implemented. Overall, the Solvency Capital Requirement is calculated on the basis of the fully consolidated data for the "risk kernel", i.e. the Talanx Group including minority interests.

The tax model is used to reflect the loss-absorbing impact of tax effects in the forecast distribution for the HDI Group.

Main differences between the methods and assumptions used in the standard formula and in the internal model

In line with the regulatory requirements, calibration of both the full internal model and the standard formula aims to determine the level of any negative deviation in own funds from their expected value in a 200-year event (value at risk with a confidence level of 99.5%). However, there are significant differences between the standard formula and the full internal model concerning the methods and assumptions used when calculating the Solvency Capital Requirement. These differences influence – in some cases, substantially – the results of the Solvency Capital Requirement and also lead to downstream differences in the own funds and the capital adequacy ratio between the two models. In the case of own funds, the deviations result from the risk margin, which is the present value of the Solvency Capital Requirement in question that is needed to cover the insurance and reinsurance obligations over the projected period of time, multiplied by a cost of capital rate.

In terms of its methodology, the standard formula follows a modular approach. First, the entire risk is subdivided at the highest level into operational risk and the following risk modules of the Basic Solvency Capital Requirement:

- Non-life underwriting risk
- Life underwriting risk
- Market risk and
- Counterparty default risk

These risk modules are then split up further into sub-modules. For instance, the market risk module consists of the interest rate risk, equity risk, property risk, spread risk, market risk concentrations and currency risk sub-modules. A capital requirement is determined for each sub-module, using formula-based factor approaches with specified stress levels.

The standard formula and undertaking-specific modelling lead to differing risk assessments at the level of the sub-modules, which in some cases can be considerable. Firstly, the main reason for this is the undertaking-specific calibration of the full internal model, which is based on the undertaking's specific risk profile; however, the standard formula can take this profile into account only to a limited extent due to its universality. Secondly, discrepancies arise due to different allocations to sub-modules or even to different treatment of the matters involved. For instance, European government bonds are not subject to credit risk in the standard formula, whereas in the internal model they have to be assigned a risk for supervisory law reasons.

Differences in the calculation of the Solvency Capital Requirement at the sub-module level affect the following aspects, among others:

- All material companies' internal models use a dynamic volatility adjustment, whereas in all cases the standard formula takes the volatility adjustment into account only via an upward or downward shift in the initial interest rate term structure. This leads to differences in the credit risk sub-category between the internal model and the standard model, particularly in market risk.
- In market risk, there are differences in the measurement of credit concentration and correlation risk as, in contrast to the methodology used in the standard formula, the internal model includes not just the impact of issuer concentration but also effects relating to the correlation of economic and geographic factors.
- In the standard formula, interest rate risk arises exclusively from changes in the level of the risk-free interest rate term structure, whereas changes in interest rate volatility are not explicitly taken into account. In the internal model, on the other hand, the level of interest rates and interest rate volatility are correlated.
- In the standard formula, property risk is calibrated on the basis of data records for Great Britain. This leads to different stress levels compared to the internal model.
- In the internal models, data from the underlying portfolios is used to derive the stress levels for life underwriting risk. Using corporate data for calibration results in deviations from the results obtained using the standard formula.
- Under the standard formula, operational risk is determined on the basis of the premium and reserve volume. No diversification is permitted with other risk categories. In the internal model, operational risk is based on expert opinions that are collected systematically.
- In order to calculate the capital requirement for every risk module and, downstream, for the HDI Group's overall risk, the capital requirements at the level of the respective sub-modules and/or risk modules are aggregated iteratively with the help of the so-called root formula. The root formula uses correlations specified by supervisory law – the simplest statistical measure of dependency – between the sub-modules and/or risk modules in order to specify the relevant dependencies, which in turn control the diversification effects within and between the risk modules in the standard formula.

In contrast to the standard formula, dependencies – and hence also diversification effects – arise between risk categories in the full internal model; this is due in part to dependencies modelled between risk factors (e.g. in the economic scenario generator) via copula-modelled dependencies (e.g. between the premium risk in a company's business lines) or explicit assumptions of independence (e.g. between market and natural catastrophe risks). To this extent, the Solvency Capital Requirements produced using the standard formula methodology and the full internal model differ in terms of their dependency modelling and the diversification effects induced by it, in addition to the different allocations to risk modules and the different calculation methodology for risk modules used.

E.5 Non-compliance with the minimum capital requirements and non-compliance with the Solvency Capital Requirement

At present, there are no signs of any pending under capitalisation. In addition, an established limit and threshold system is used to ensure the Group's risk-bearing capacity at all times; this is expressed as a Minimum Capital Requirement in excess of the statutory requirements.

E.6 Any other information

All material and relevant information to be reported about capital management is included in the other sections of the SFCR.

Further
information

| | PAGE |
|-----------------------------|------|
| Line of business categories | 78 |
| Glossary | 79 |

Line of business categories

LINE OF BUSINESS CATEGORIES

| | Line of business categories | | | | |
|--|--------------------------------|---|-----------------------------|---------------------------------|---------------------------------|
| | Non-life (excluding health) | Life (excluding health and index-linked and unit-linked) | Health (similar to life) | Health (similar to non-life) | Index-linked and unit-linked |
| Line of business for non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | |
| Medical expense insurance | | | | ■ | |
| Income protection insurance | | | | ■ | |
| Workers' compensation insurance | | | | ■ | |
| Motor vehicle liability insurance | ■ | | | | |
| Other motor insurance | ■ | | | | |
| Marine, aviation and transport insurance | ■ | | | | |
| Fire and other damage to property insurance | ■ | | | | |
| General liability insurance | ■ | | | | |
| Credit and suretyship insurance | ■ | | | | |
| Legal expenses insurance | ■ | | | | |
| Assistance | ■ | | | | |
| Miscellaneous financial loss | ■ | | | | |
| Line of business for accepted non-proportional reinsurance | | | | | |
| Health | | | | ■ | |
| Casualty | | | | ■ | |
| Marine, aviation, transport | ■ | | | | |
| Property | ■ | | | | |
| Line of business for life insurance obligations | | | | | |
| Health insurance | | | ■ | | |
| Insurance with profit participation | | ■ | | | |
| Index-linked and unit-linked insurance | | | | | ■ |
| Other life insurance | | ■ | | | |
| Annuities stemming from non-life insurance contracts and relating to health insurance obligations | | | ■ | | |
| Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | | ■ | | | |
| Life reinsurance obligations | | | | | |
| Health insurance | | | ■ | | |
| Life reinsurance | | ■ | | | |

Glossary

Accumulation risk

The underwriting risk that a single triggering event (e.g. an earthquake or hurricane) can lead to a cluster of claims within a > portfolio.

Allocation

Generally speaking, the assignment of limited resources to potential users. In the present report, the term is used in relation to (solvency) capital and/or the > Solvency Capital Requirement (SCR).

Asset management

The administration and management of investments based on risk and return criteria.

Asset/liability mismatch

A term used to describe the different maturity structures of items on the asset and liability sides of the balance sheet; mostly expressed by different > durations.

Basic own funds

Excess of assets over liabilities less the amount recognised for own shares in the solvency balance sheet and the subordinated liabilities, as defined in section 89(3) of the German Insurance Supervision Act (VAG).

Basis of consolidation

In accounting, the group of companies that must be included in the consolidated financial statements.

Basic Solvency Capital Requirement – BSCR

Defined in section 100 of the German Insurance Supervision Act (VAG) as the aggregation of the following individual risk modules: (1) non-life insurance risk, (2) life insurance risk, (3) health insurance risk, (4) market risk and (5) counterparty default risk. The details of how these must be aggregated to calculate the BSCR are specified in Annex 3 of the VAG.

The formula defined in Annex 3 of the VAG is used under Solvency II to mathematically aggregate individual SCRs to produce an overall BSCR.

Best estimate

According to section 77(1) of the German Insurance Supervision Act (VAG), the best estimate corresponds to the probability-weighted average of future > cash flows, giving due consideration to the time value of money (expected > present value of future cash flows) and using the appropriate risk-free > interest rate term structure.

Calibration

A data-based procedure for setting model parameters.

Capital adequacy ratio (CAR)

From an economic perspective, the ratio of basic own funds (including > hybrid capital) to the > Solvency Capital Requirement (SCR).

Cash flow

The name given to inflows/outflows of funds (e.g. claim payouts, premium payments and investment income such as interest and dividends) within a specified time horizon. To this extent, the timing and amount of the relevant inflows/outflows of funds are crucial.

Cedant

A > primary insurer or > reinsurer that passes on (cedes) portions of its insured risks to a reinsurer in exchange for a premium.

Complementary Identification Code – CIC

A standardised classification system for types of investment instruments (see Annexes V and VI of Commission Implementing Regulation [EU] 2015/2450).

Concentration risk

Defined according to section 7 no. 17 of the German Insurance Supervision Act (VAG) as all risk exposures that involve a potential for default significant enough to threaten the solvency or the financial position of the insurance companies concerned.

Confidence level

In the context of Solvency II, the Solvency Capital Requirement corresponds to the value at risk of the basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 99.5% over a one-year period. The confidence level p corresponds to the percentage $1-p$ at which the variable to be assessed (such as the solvency capital required) is not exceeded.

Cost-of-capital rate

Article 77(5) of Directive 2009/138/EC defines this as the underlying cost-of-capital rate, which shall be equal to the additional rate, above the relevant risk-free interest rate, that an insurance or reinsurance undertaking would incur holding an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support insurance and reinsurance obligations over the lifetime of those obligations. Article 39 of the Commission Delegated Regulation provides that the cost-of-capital rate shall be assumed to be equal to 6%.

Delegated Regulation

Shorthand for Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

Article 288(2) of the Treaty on the Functioning of the European Union (TFEU) provides that EU regulations are legal acts that are directly applicable in all Member States. Delegated Regulation (EU) 2015/35 therefore serves as a legal basis for this report.

Deposits to cedants/deposits from reinsurers

Collateral provided to cover insurance liabilities that insurers retain from the cash funds they must pay reinsurers under reinsurance treaties. In such cases, insurers report the funds held under the treaty (deposits from reinsurers), while reinsurers report the funds held by the ceding companies (deposits to cedants). Interest is payable/receivable on these funds.

Discounting

A procedure in mathematical finance in which a specific interest rate is used to determine the > present value of a > cash flow.

Diversification

A way of reducing the potential risk for insurance companies and groups. It is based on the idea that the negative impact of a risk can be offset by the more favourable impact of a different risk, provided that these two risks are not fully dependent with one another.

Division

A business segment as defined by the HDI Group's internal classification structure.

Duration

A ratio in mathematical finance that represents the average capital commitment period of an investment in bonds or their interest rate sensitivity. The "Macaulay duration" is the capital-weighted mean number of years over which a bond will generate payments. The "modified duration", on the other hand, shows the change in the present value of a bond in the event of a change in interest rates, and as such expresses the interest rate risk associated with a particular financial instrument.

Equity (IFRS)

A residual amount representing the difference between the asset and liability items on the balance sheet, measured according to the applicable accounting standards (> International Financial Reporting Standards (IFRSs)).

ERM/ECM review

An assessment procedure, generally performed by external rating agencies, in which an organisation's enterprise risk management (ERM – i.e. its company-wide risk management operations) and/or its economic capital management (ECM – i.e. the way in which it determines, allocates and manages its economic capital) are assessed.

Expert estimate

As a rule, expert estimates act as a plausibility check, a means of validation or a basis for deterministic stress scenarios when historical or market data are not available.

Expert judgement

The technical expertise of individuals or committees with relevant knowledge, experience and understanding of the inherent risks in the insurance and reinsurance business. The use of expert judgements is regulated in Solvency II in the context of internal/partially internal models.

Exposure

The degree of danger inherent in a risk or portfolio of risks.

Extrapolation

The name given to a mathematical procedure used to estimate the value of a variable above and beyond its original observation range, based on its relationship to another variable. In the context of the SFCR, extrapolation refers to how > interest rate structures are calculated above and beyond the period of time that can be derived directly from the capital markets, down to the "ultimate forward rate" that is used to discount extremely long-term liabilities (> discounting).

Fair value measurement

A valuation method that determines the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fixed income

A class of capital investments in which the debtor must make payments to the creditor in accordance with a specified schedule and in a predefined amount.

Goodwill

The amount that a purchaser is prepared to pay – in light of future profit expectations – above and beyond the value of all tangible and intangible assets after deducting liabilities.

Gross

In insurance: before the deduction of passive reinsurance. The latter comprises existing reinsurance programmes designed to protect the insurer against underwriting risks.

Hybrid capital

Subordinated debt and profit participation rights that combine characteristics of both debt and equity.

Impairment test

A test required to be performed under the IFRSs in order to ensure that assets are not measured at more than their recoverable amount. Recoverable amount is the higher of the fair value of an asset less costs to sell or of the value in use.

Initial interest rate term structure

> interest rate term structure.

Interest rate structure

Describes the relationships between different interest rates applying to different maturities. Generally, rates depend both on the maturity and on the associated risk. In most cases, the long-term interest rate is higher than the short-term interest rate. Forms the basis for > discounting.

Interest rate term structure (also: initial interest rate term structure)

This depicts the structure of interest rates over time, i.e. how an interest rate depends on the fixed interest rate period for an asset or on the term of an interest rate derivative.

International Financial Reporting Standards – IFRSs

Internationally recognised accounting standards, previously known as IASs (International Accounting Standards); these accounting standards have been applied at Talanx since 2004.

Lapse assumptions

In life insurance, the policyholder has the option of ending the contract prematurely (lapse). The assumptions made about this are included in the calculation of the > best estimate.

Large loss (also: major loss)

A claim that is of exceptional size compared with the average claim for the risk group in question and that exceeds a predefined loss amount. Since 2012, the HDI Group has defined large losses as natural catastrophes and other major losses for which the portion held by the HDI Group exceeds EUR 10 million (gross).

Limit and threshold system

Used to implement and monitor management metrics within the company. Failing to reach, or exceeding, limits or thresholds triggers predefined actions.

Line of business

A business segment according to the supervisory definition contained in Annex I of Commission Delegated Regulation (EU) 2015/35.

Matching adjustment

With the approval of the supervisory authority, insurance companies may apply a matching adjustment to reflect the relevant risk-free interest rate term structure when calculating the best estimate of the portfolio of life insurance or reinsurance liabilities, including annuity insurance, arising from non-life or reinsurance contracts. A precondition for this is that the requirements of section 80(1) no. 1ff. of the German Insurance Supervision Act (VAG) have been met.

Materiality

Missing or incorrect information on items is deemed to be material if it could influence – either individually or cumulatively – the economic decisions of the addressees.

Minimum Capital Requirement – MCR

According to section 122(1) of the German Insurance Supervision Act (VAG), the Minimum Capital Requirement (MCR) corresponds to the amount of eligible basic own funds (> own funds) below which policyholders and eligible parties would be exposed to an unacceptable level of risk were the insurance company to continue with its business activities.

The consolidated Minimum Capital Requirement (SCR floor) is the minimum Group Solvency Capital Requirement from a regulatory perspective. The HDI Group's Minimum Capital Requirement comprises the sum of the company-specific Minimum Capital Requirements (MCRs). In the case of companies based in the European Economic Area (EEA), the MCR is a maximum of 45% and a minimum of 25% of the > Solvency Capital Requirement. In the case of companies domiciled outside the EEA, the local minimum capital requirements are used.

Net

In insurance: after the deduction of passive reinsurance. The latter comprises existing reinsurance programmes designed to protect the insurer against underwriting risks.

Occurrence year

The year in which the event giving rise to the claim occurred.

Own risk and solvency assessment – ORSA

The undertaking's own assessment of its risk and solvency in accordance with section 27 of the German Insurance Supervision Act (VAG).

Own funds

According to section 89(2) of the German Insurance Supervision Act (VAG), an insurance company's own funds comprise basic own funds and ancillary own funds.

Section 89(3) of the VAG defines basic own funds as the surplus of assets over liabilities minus the amount of own shares in the solvency balance sheet, plus subordinated liabilities.

Ancillary own funds are funds that are not classified as basic own funds and that can be called upon to absorb losses (section 89 [4] of the VAG).

Insurance companies must classify own funds into three quality categories (tiers). The classification of own funds components depends on whether they are basic own funds or ancillary own funds and the extent to which they are available or callable in order to fully absorb losses on a going-concern basis or in the event of liquidation, as well as whether, in the event of such liquidation, they are subordinated to all other liabilities. Maturity is also taken into account in this classification, as is the extent to which own funds components are free of any obligations or incentives to repay the nominal amount, mandatory fixed costs and any other charges (section 91 of the VAG).

Portfolio

- a) All risks assumed by a > primary insurer or > reinsurer, either in their entirety or in a defined sub-segment.
- b) A group of investments classified according to specific criteria.

Present value

The fair value of a > cash flow arrived at by > discounting.

Primary insurer

A company that accepts risks in exchange for an insurance premium and that has a direct contractual relationship with the policyholder (a private individual, company or organisation).

Prohibition on recognition

Due to the discrepancy between > Solvency II and the > International Financial Reporting Standards (IFRSs), certain items contained in the published financial statements are not permitted to be recognised in the solvency balance sheet under Solvency II; to this extent, there is a de facto prohibition on their recognition.

Proporcionate co-insurance

The underwriting of a technical risk by several risk takers. In proportionate co-insurance, risk takers share the same percentage of the underlying risk. As a rule, this percentage also determines the proportion of the premium that can be claimed and the share of any losses to be paid out.

Quantile

A value that breaks down a sample into subsets. For a quantile p , p of the sample will be smaller than the quantile and the remaining amount, $1-p$, will be greater than the quantile.

Real-world scenarios

Scenarios representing realistic developments for risk factors that are used for risk assessment in internal models, among other things.

Reinsurer

A company that accepts risks or portfolio segments from a > primary insurer or another reinsurer in exchange for an agreed premium.

Replicating portfolio

An actuarial approximation technique used in life insurance for risk assessment in internal models. It consists of a number of financial instruments whose market-consistent value can easily be determined analytically in the risk step for various occurrences of economic inputs in real-world scenarios. The financial instruments and their weightings in the replication portfolio are calibrated at the beginning of the projection in such a way that the cash flows of the replicating portfolio closely match the cash flows from the assessment model in specific calibration scenarios with a suitable metric.

Retrocessionaire

A reinsurer to which another reinsurer cedes certain risks or portions of a risk.

Risk budget

Risk budgeting is part of the management and monitoring process. Risk capital is allocated (> allocation) to individual units and its utilisation is managed/monitored.

Risk kernel

Talanx Group is the risk kernel for the HDI Group, as risk balancing and risk management within the Talanx Group is performed at Group level.

Risk margin

In accordance with section 78(1) of the German Insurance Supervision Act (VAG), the risk margin ensures that the value of the technical provisions corresponds to the amount that the insurance companies would demand in order to be able to assume and fulfil the insurance obligations.

Run-off triangle

A table showing how claim expenses or claim payments are forecast to change as of a particular reporting date compared to the relevant past > underwriting years or > occurrence years. Actuarial techniques are used to monitor the appropriateness of the run-off triangles used.

SCR budget

The > risk budget for the Solvency Capital Requirement for the material risk categories.

Sensitivity

Specifies how sensitive a variable is to changes in one or several inputs.

SFCR

The Solvency and Financial Condition Report required by section 40 of the German Insurance Supervision Act (VAG).

Simulation

The use of models to analyse generally complex issues.

Solvency

The amount of free uncommitted own funds needed to ensure that liabilities under insurance policies can be met at all times.

Solvency II

A European Union Directive for insurance companies that fundamentally reformed European insurance supervision law. The focus is on expanded publication obligations and more sophisticated solvency regulations governing the level of own funds to be maintained by insurance companies. The Directive has been in force since January 2016 and was incorporated into the German Insurance Supervision Act (VAG).

Solvency II ratio

The ratio from a regulatory perspective between > own funds and the > Solvency Capital Requirement (SCR). Expressed as a percentage, it shows the degree to which the Solvency Capital Requirement is met by own funds. A distinction is made for the purposes of disclosure between the Solvency II ratio (including transitional) and the Solvency II ratio (excluding transitional). The transitional in question is the transitional measure on technical provisions that has been approved by the supervisory authority for use by a number of Group companies.

Solvency balance sheet

A comparison of assets and liabilities prepared in accordance with Solvency II valuation requirements.

More specifically, the solvency balance sheet represents a comparison of the assets and liabilities in accordance with sections 74 to 87 of the German Insurance Supervision Act (VAG), the purpose of which is to determine the available own funds. The structure of the items corresponds to Disclosure Template S.02.01.01.

Solvency Capital Requirement – SCR

The Solvency Capital Requirement can be determined using a specified standard formula or an internal model. It reflects all quantifiable risks to which an insurance company is exposed.

Spread

The term “spread” refers to the difference in the interest rates for an investment entailing a risk and a risk-free investment with the same maturity. The spread acts as a measure of the additional risk premium that an investor receives for assuming the credit risk.

Standard formula

A calculation method required by section 99 of the German Insurance Supervision Act (VAG) that specifies how companies that do not use a partial or full internal model approved by the supervisory authorities must calculate the > Solvency Capital Requirement (SCR) from the > Basic Solvency Capital Requirement, after adjusting for the loss absorbing capacity of technical provisions and deferred taxes, as well as the operational risk.

Stochastic enterprise model

In the context of life insurance companies, this refers to the model used for the market-consistent valuation of stochastic corporate cash flows when measuring own funds, and forms the basis for the life internal model.

Surplus funds

Section 93 of the German Insurance Supervision Act (VAG) defines surplus funds as a Class 1 own funds component (> own funds) consisting of that part of the provision for premium refunds that is permitted to be used to cover losses and that is not attributable to defined profit shares (life insurance, health insurance practised on a similar technical basis to life insurance and casualty insurance with premium refunds).

Technical provisions

Liability item in the balance sheet of insurance companies used to report liabilities from the insurance business.

TERM

The name given to the Talanx Enterprise Risk Model – the HDI Group’s internal integrated risk model. This distinguishes between economic aspects and regulatory aspects.

Tier/tiering

> Own funds

Transitionals (also: transitional measures)

Temporary adjustments to risk-free interest rates in accordance with section 351 of the German Insurance Supervision Act (VAG) and to technical provisions in accordance with section 352 of the VAG, which can be applied following approval by the supervisory authority.

Transitional (measure) on technical provisions

One of the transitional measures associated with the entry into force of Solvency II. Under it, BaFin can permit insurers to gradually migrate to full Solvency II valuations over a period of 16 years rather than having to value their reserves immediately in accordance with Solvency II.

Ultimate forward rate

> Extrapolation

Underwriting year

The year in which the original policy was underwritten.

Use test

Where insurance companies use internal models, the use test provides proof that the internal model is used for management purposes at the company and that it plays an important role in the system of governance, and specifically in risk management, decision-making processes, and internal own risk and solvency assessments.

Validation process

Validation aims to ensure that the internal model permits a realistic and robust evaluation of all the material risks to which an insurance company is exposed. Validation is an iterative process in which model restrictions are identified and improvements are systematically implemented.

Value at risk (VaR)

A risk measure for determining a (negative) deviation that will not be exceeded for a certain probability in a given period.

Volatility

In general, a term used to describe the amount by which a parameter can fluctuate. The meaning depends on the context. Among other things, volatility is used as a synonym for the fluctuation measured using standard deviation, or to designate a parameter in stochastic processes for underlying risk factors that is used to manage the fluctuation.

Volatility adjustment

Section 82 of the German Insurance Supervision Act (VAG) defines this as a method of adjusting the interest rate (> discounting) in order to determine the > best estimate. It requires the approval of the supervisory authorities.

Volatility adjustments serve to countercyclically dampen the effects of short-term credit market volatility on the solvency of insurers with long-term liabilities.

Annex – quantitative reporting templates (QRTS)

Overview of templates

The following templates form part of the Solvency and Financial Condition Report:

- Template S.02.01.02 – Balance sheet
- Template S.05.01.02 – Premiums, claims and expenses by line of business
- Template S.05.02.01 – Premiums, claims and expenses by country

- Template S.22.01.22 – Impact of long-term guarantees and transitional measures
- Template S.23.01.22 – Own funds
- Template S.25.03.22 – Solvency Capital Requirement – for groups on internal models
- Template S.32.01.22 – Undertakings in the scope of the Group

The following table provides a summary of the contents of, and key points contained in, the templates:

OVERVIEW OF TEMPLATES

| Template | Contents/key points |
|--|---|
| Template S.02.01.02 Balance sheet | <ul style="list-style-type: none"> ■ Comparison of assets and liabilities under the Solvency II valuation rules ■ Used to report the excess of assets over liabilities ■ Additional information on the assets and liabilities can be found in section D of this report |
| Template S.05.01.02 Premiums, claims and expenses by line of business | <ul style="list-style-type: none"> ■ Used to report premiums written, premiums earned, claims incurred, changes in other technical provisions, expenses incurred, other expenses and total expenses (broken down into gross and net items in each case) for the Solvency II lines of business ■ Additional information on the premiums can be found in section A |
| Template S.05.02.01 Premiums, claims and expenses by country | <ul style="list-style-type: none"> ■ Shows premiums, claims and expenses in each case differentiated by life insurance and non-life insurance business, itemised by the top five home countries ■ Additional information on the premiums can be found in section A |
| Template S.22.01.22 Impact of long-term guarantees and transitional measures | <ul style="list-style-type: none"> ■ Used to report the impact of transitional measures in the case of long-term guarantees on technical provisions, and of setting the volatility adjustment to zero – for the technical provisions, the basic own funds, the eligible own funds to meet Solvency Capital Requirements and the Solvency Capital Requirement in each case ■ Additional information on the effect of the in the case of long-term guarantees can be found in section E |
| Template S.23.01.22 Own funds | <ul style="list-style-type: none"> ■ Used to report the tiering structure for the own funds ■ Additional information on own funds can be found in section E |
| Template S.25.03.22 Solvency Capital Requirement – for groups on internal models | <ul style="list-style-type: none"> ■ Structured by the components modelled and used primarily to report the Solvency Capital Requirement and the amounts modelled, as well as further information on how the Solvency Capital Requirement is calculated ■ Additional information on the internal model can be found in section E |
| Template S.32.01.22 Undertakings in the scope of the Group | <ul style="list-style-type: none"> ■ Used to report the undertakings in the scope of the Group along with specific details (name, legal form, criteria of influence, inclusion in the scope of Group supervision, Group solvency calculation) ■ Additional information on the Group structure can be found in section A |

S.02.01.02 – Balance sheet

DT1 – BALANCE SHEET

| EUR thousand | | Solvency II value 2020 |
|--|--------------|---------------------------|
| | | C0010 |
| Assets | | |
| Intangible assets | R0030 | – |
| Deferred tax assets | R0040 | 829,911 |
| Pension benefit surplus | R0050 | – |
| Property, plant & equipment held for own use | R0060 | 1,112,202 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 132,583,175 |
| Property (other than for own use) | R0080 | 3,598,543 |
| Holdings in related undertakings, including participations | R0090 | 1,192,223 |
| Equities | R0100 | 351,779 |
| Equities – listed | R0110 | 57,769 |
| Equities – unlisted | R0120 | 294,010 |
| Bonds | R0130 | 106,765,420 |
| Government bonds | R0140 | 49,476,094 |
| Corporate bonds | R0150 | 54,779,650 |
| Structured notes | R0160 | 485,109 |
| Collateralised securities | R0170 | 2,024,568 |
| Collective investment undertakings | R0180 | 18,542,068 |
| Derivatives | R0190 | 66,240 |
| Deposits other than cash equivalents | R0200 | 1,492,588 |
| Other investments | R0210 | 574,314 |
| Assets held for index-linked and unit-linked contracts | R0220 | 12,448,207 |
| Loans and mortgages | R0230 | 621,821 |
| Loans on policies | R0240 | 107,387 |
| Loans and mortgages to individuals | R0250 | 437,431 |
| Other loans and mortgages | R0260 | 77,004 |
| Reinsurance recoverables from: | R0270 | 5,336,239 |
| Non-life and health similar to non-life | R0280 | 4,928,752 |
| Non-life excluding health | R0290 | 4,894,961 |
| Health similar to non-life | R0300 | 33,791 |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | 146,742 |
| Health similar to life | R0320 | 246,443 |
| Life excluding health and index-linked and unit-linked | R0330 | –99,701 |
| Life index-linked and unit-linked | R0340 | 260,745 |
| Deposits to cedants | R0350 | 9,879,246 |
| Insurance and intermediaries receivables | R0360 | 2,237,735 |
| Reinsurance receivables | R0370 | 506,086 |
| Receivables (trade, not insurance) | R0380 | 1,735,051 |
| Own shares (held directly) | R0390 | – |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | – |
| Cash and cash equivalents | R0410 | 3,581,783 |
| Any other assets, not elsewhere shown | R0420 | 71,352 |
| Total assets | R0500 | 170,942,808 |

DT1 – BALANCE SHEET

| EUR thousand | | Solvency II value 2020 |
|--|--------------|---------------------------|
| | | C0010 |
| Liabilities | | |
| Technical provisions – non-life | R0510 | 46,239,288 |
| Technical provisions – non-life (excluding health) | R0520 | 43,903,183 |
| Technical provisions calculated as a whole | R0530 | – |
| Best estimate | R0540 | 42,248,957 |
| Risk margin | R0550 | 1,654,227 |
| Technical provisions – health (similar to non-life) | R0560 | 2,336,104 |
| Technical provisions calculated as a whole | R0570 | – |
| Best estimate | R0580 | 2,256,335 |
| Risk margin | R0590 | 79,769 |
| Technical provisions – life (excluding index-linked and unit-linked) | R0600 | 57,957,362 |
| Technical provisions – health (similar to life) | R0610 | 4,044,224 |
| Technical provisions calculated as a whole | R0620 | – |
| Best estimate | R0630 | 3,442,563 |
| Risk margin | R0640 | 601,661 |
| Technical provisions – life (excluding health and index-linked and unit-linked) | R0650 | 53,913,138 |
| Technical provisions calculated as a whole | R0660 | – |
| Best estimate | R0670 | 51,225,644 |
| Risk margin | R0680 | 2,687,494 |
| Technical provisions – index-linked and unit-linked | R0690 | 19,252,947 |
| Technical provisions calculated as a whole | R0700 | 711,106 |
| Best estimate | R0710 | 18,502,032 |
| Risk margin | R0720 | 39,809 |
| Contingent liabilities | R0740 | 6,401 |
| Provisions other than technical provisions | R0750 | 860,884 |
| Pension benefit obligations | R0760 | 2,418,423 |
| Deposits from reinsurers | R0770 | 1,086,874 |
| Deferred tax liabilities | R0780 | 5,993,488 |
| Derivatives | R0790 | 148,442 |
| Debts owed to credit institutions | R0800 | 866,738 |
| Financial liabilities other than debts owed to credit institutions | R0810 | 2,242,023 |
| Insurance & intermediaries payables | R0820 | 1,487,110 |
| Reinsurance payables | R0830 | 587,646 |
| Payables (trade, not insurance) | R0840 | 1,127,075 |
| Subordinated liabilities | R0850 | 3,709,877 |
| Subordinated liabilities not in basic own funds | R0860 | – |
| Subordinated liabilities in basic own funds | R0870 | 3,709,877 |
| Any other liabilities, not elsewhere shown | R0880 | 362,016 |
| Total liabilities | R0900 | 144,346,593 |
| Excess of assets over liabilities | R1000 | 26,596,215 |

S.05.01.02 – Premiums, claims and expenses by line of business

DT2 – PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

| EUR thousand | | Line of business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | |
|--|---|---|--------------------------------|---------------------------------------|-----------------------|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | |
| | | C0010 | C0020 | C0030 | |
| Premiums written | | | | | |
| | Gross – direct business | R0110 | 11,974 | 319,263 | 9,272 |
| | Gross – proportional reinsurance accepted | R0120 | 62,765 | 365,666 | 103,382 |
| | Gross – non-proportional reinsurance accepted | R0130 | | | |
| | Reinsurers' share | R0140 | 367 | 9,029 | 195 |
| | Net | R0200 | 74,372 | 675,900 | 112,460 |
| Premiums earned | | | | | |
| | Gross – direct business | R0210 | 12,449 | 318,976 | 10,886 |
| | Gross – proportional reinsurance accepted | R0220 | 48,076 | 339,583 | 106,316 |
| | Gross – non-proportional reinsurance accepted | R0230 | | | |
| | Reinsurers' share | R0240 | 360 | 12,332 | 197 |
| | Net | R0300 | 60,164 | 646,227 | 117,004 |
| Claims incurred | | | | | |
| | Gross – direct business | R0310 | 3,975 | 123,684 | 3,566 |
| | Gross – proportional reinsurance accepted | R0320 | 14,795 | 162,304 | 54,068 |
| | Gross – non-proportional reinsurance accepted | R0330 | | | |
| | Reinsurers' share | R0340 | 99 | 4,905 | -87 |
| | Net | R0400 | 18,671 | 281,084 | 57,721 |
| Changes in other technical provisions | | | | | |
| | Gross – direct business | R0410 | – | – | – |
| | Gross – proportional reinsurance accepted | R0420 | – | – | – |
| | Gross – non-proportional reinsurance accepted | R0430 | | | |
| | Reinsurers' share | R0440 | – | – | – |
| | Net | R0500 | – | – | – |
| | Expenses incurred | R0550 | 29,758 | 295,615 | 51,267 |
| | Other expenses | R1200 | | | |
| | Total expenses | R1300 | | | |

DT3 – PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

| EUR thousand | | Line of business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | |
|--|---|---|-----------------------|---------------------------------|-----------------------|
| | | Legal expenses insurance | Assistance | Miscellaneous financial loss | |
| | | C0100 | C0110 | C0120 | |
| Premiums written | | | | | |
| | Gross – direct business | R0110 | 58,834 | 62,054 | 173,451 |
| | Gross – proportional reinsurance accepted | R0120 | 22,122 | 649 | 171,677 |
| | Gross – non-proportional reinsurance accepted | R0130 | | | |
| | Reinsurers' share | R0140 | 3,833 | 8,630 | 14,956 |
| | Net | R0200 | 77,123 | 54,073 | 330,172 |
| Premiums earned | | | | | |
| | Gross – direct business | R0210 | 61,389 | 56,061 | 205,143 |
| | Gross – proportional reinsurance accepted | R0220 | 20,819 | 881 | 161,368 |
| | Gross – non-proportional reinsurance accepted | R0230 | | | |
| | Reinsurers' share | R0240 | 3,966 | 8,373 | 21,025 |
| | Net | R0300 | 78,242 | 48,569 | 345,486 |
| Claims incurred | | | | | |
| | Gross – direct business | R0310 | 39,390 | 18,811 | 104,844 |
| | Gross – proportional reinsurance accepted | R0320 | 32,494 | 425 | 244,684 |
| | Gross – non-proportional reinsurance accepted | R0330 | | | |
| | Reinsurers' share | R0340 | 13,382 | 2,083 | 46,496 |
| | Net | R0400 | 58,503 | 17,153 | 303,032 |
| Changes in other technical provisions | | | | | |
| | Gross – direct business | R0410 | – | – | – |
| | Gross – proportional reinsurance accepted | R0420 | – | – | – |
| | Gross – non-proportional reinsurance accepted | R0430 | | | |
| | Reinsurers' share | R0440 | – | – | – |
| | Net | R0500 | – | – | – |
| | Expenses incurred | R0550 | 35,936 | 23,365 | 205,842 |
| | Other expenses | R1200 | | | |
| | Total expenses | R1300 | | | |

Line of business for: non-life insurance and reinsurance obligations
(direct business and accepted proportional reinsurance)

| | Health C0130 | Casualty C0140 | Marine, aviation, transport C0150 | Property C0160 | Total C0200 |
|--|-----------------|-------------------|---|-------------------|-------------------|
| | | | | | 11,338,185 |
| | | | | | 13,214,184 |
| | 278,485 | 1,725,588 | 347,244 | 276,143 | 2,627,460 |
| | 6,985 | 32,219 | 89,067 | 35,939 | 3,952,462 |
| | 271,501 | 1,693,369 | 258,177 | 240,203 | 23,227,367 |
| | | | | | 10,841,828 |
| | | | | | 12,460,973 |
| | 270,130 | 1,577,132 | 334,983 | 257,518 | 2,439,763 |
| | 7,075 | 44,112 | 90,219 | 38,609 | 3,712,985 |
| | 263,055 | 1,533,020 | 244,764 | 218,909 | 22,029,578 |
| | | | | | 6,634,943 |
| | | | | | 8,179,896 |
| | 173,036 | 1,341,342 | 188,297 | 539,673 | 2,242,347 |
| | 4,273 | -35,697 | 59,031 | 105,912 | 1,934,599 |
| | 168,762 | 1,377,039 | 129,266 | 433,760 | 15,122,587 |
| | | | | | - |
| | | | | | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | 38,170 | 289,058 | 34,626 | 26,892 | 8,509,784 |
| | | | | | 268,089 |
| | | | | | 8,777,873 |

DT4 – PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

| EUR thousand | | Line of business for: life insurance obligations | | |
|--|--------------|--|-------------------------------------|--|
| | | Health insurance | Insurance with profit participation | Index-linked and unit-linked insurance |
| | | C0210 | C0220 | C0230 |
| Premiums written | | | | |
| Gross | R1410 | 84,201 | 5,234,928 | 38,906 |
| Reinsurers' share | R1420 | 750 | 101,585 | 303 |
| Net | R1500 | 83,452 | 5,133,343 | 38,603 |
| Premiums earned | | | | |
| Gross | R1510 | 84,204 | 4,402,851 | 10,200 |
| Reinsurers' share | R1520 | 748 | 101,652 | 300 |
| Net | R1600 | 83,456 | 4,301,199 | 9,900 |
| Claims incurred | | | | |
| Gross | R1610 | 43,462 | 5,229,460 | 7,724 |
| Reinsurers' share | R1620 | 320 | 32,789 | -5 |
| Net | R1700 | 43,142 | 5,196,670 | 7,729 |
| Changes in other technical provisions | | | | |
| Gross | R1710 | – | – | – |
| Reinsurers' share | R1720 | – | – | – |
| Net | R1800 | – | – | – |
| Expenses incurred | R1900 | 31,440 | 1,221,750 | 7,347 |
| Other expenses | R2500 | | | |
| Total expenses | R2600 | | | |

| | Line of business for: life insurance obligations | | | Life reinsurance obligations | | Total C0300 |
|--|--|--|---|------------------------------|---------------------------|-------------------|
| | Other life insurance C0240 | Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250 | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260 | Health reinsurance C0270 | Life reinsurance C0280 | |
| | 675,429 | — | — | 2,310,372 | 5,582,311 | 13,926,146 |
| | 11,521 | — | — | 112,701 | 639,775 | 866,634 |
| | 663,908 | — | — | 2,197,671 | 4,942,536 | 13,059,512 |
| | 690,723 | — | — | 2,275,853 | 5,563,768 | 13,027,599 |
| | 13,231 | — | — | 114,073 | 641,285 | 871,289 |
| | 677,492 | — | — | 2,161,781 | 4,922,483 | 12,156,310 |
| | 326,773 | — | — | 2,007,360 | 5,012,300 | 12,627,079 |
| | 6,767 | — | — | 131,931 | 594,545 | 766,348 |
| | 320,005 | — | — | 1,875,429 | 4,417,755 | 11,860,731 |
| | — | — | — | — | 28,912 | 28,912 |
| | — | — | — | — | — | — |
| | — | — | — | — | 28,912 | 28,912 |
| | 470,777 | — | — | 604,833 | 1,464,606 | 3,800,753 |
| | | | | | | 136,773 |
| | | | | | | 3,937,526 |

S.05.02.01 – Premiums, claims and expenses by country

DT5 – PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

| EUR thousand | | Home | Top five countries (by amount of gross premiums written) – | | | | | Total – top five | |
|--|---|--------------|--|------------------|----------------|----------------|------------------|------------------|------------------|
| | | country | non-life obligations | | | | | and home | |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | |
| R0010 | C0010 | US | GB | PL | CN | BR | C0070 | | |
| | | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | |
| Premiums written | | | | | | | | | |
| | Gross – direct business | R0110 | 3,102,239 | 1,220,831 | 856,962 | 1,385,432 | 1,352 | 772,781 | 7,339,596 |
| | Gross – proportional reinsurance accepted | R0120 | 967,618 | 4,379,631 | 963,329 | 98,288 | 1,122,919 | 182,350 | 7,714,134 |
| | Gross – non-proportional reinsurance accepted | R0130 | 192,398 | 870,830 | 191,545 | 19,543 | 223,277 | 36,258 | 1,533,850 |
| | Reinsurers' share | R0140 | 174,076 | 313,592 | 381,217 | 5,416 | 8,379 | 141,953 | 1,024,634 |
| | Net | R0200 | 4,088,177 | 6,157,700 | 1,630,618 | 1,497,847 | 1,339,168 | 849,436 | 15,562,947 |
| Premiums earned | | | | | | | | | |
| | Gross – direct business | R0210 | 3,047,653 | 1,141,641 | 729,417 | 1,369,906 | 1,743 | 743,175 | 7,033,535 |
| | Gross – proportional reinsurance accepted | R0220 | 793,127 | 4,169,258 | 904,747 | 98,550 | 996,348 | 163,186 | 7,125,217 |
| | Gross – non-proportional reinsurance accepted | R0230 | 158,234 | 829,640 | 180,075 | 19,595 | 198,495 | 32,506 | 1,418,544 |
| | Reinsurers' share | R0240 | 57,264 | 294,740 | 348,079 | 5,644 | 8,600 | 123,459 | 837,785 |
| | Net | R0300 | 3,941,750 | 5,845,800 | 1,466,160 | 1,482,406 | 1,187,987 | 815,408 | 14,739,511 |
| Claims incurred | | | | | | | | | |
| | Gross – direct business | R0310 | 2,487,662 | 983,065 | 459,176 | 679,007 | 1,907 | 519,962 | 5,130,778 |
| | Gross – proportional reinsurance accepted | R0320 | 304,563 | 2,803,787 | 902,548 | 47,229 | 692,563 | 135,124 | 4,885,813 |
| | Gross – non-proportional reinsurance accepted | R0330 | 83,489 | 768,600 | 247,415 | 12,947 | 189,852 | 37,041 | 1,339,343 |
| | Reinsurers' share | R0340 | 357,572 | 530,296 | 133,001 | 134,475 | 107,767 | 73,969 | 1,337,080 |
| | Net | R0400 | 2,518,142 | 4,025,155 | 1,476,137 | 604,708 | 776,554 | 618,158 | 10,018,854 |
| Changes in other technical provisions | | | | | | | | | |
| | Gross – direct business | R0410 | – | – | – | – | – | – | – |
| | Gross – proportional reinsurance accepted | R0420 | – | – | – | – | – | – | – |
| | Gross – non-proportional reinsurance accepted | R0430 | – | – | – | – | – | – | – |
| | Reinsurers' share | R0440 | – | – | – | – | – | – | – |
| | Net | R0500 | – | – | – | – | – | – | – |
| | Expenses incurred | R0550 | 1,007,178 | 1,994,937 | 523,554 | 505,868 | 371,022 | 269,277 | 4,671,836 |
| | Other expenses | R1200 | – | – | – | – | – | – | 166,773 |
| | Total expenses | R1300 | – | – | – | – | – | – | 4,838,609 |

DT6 – PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

| EUR thousand | | Home country | Top five countries (by amount of gross premiums written) – life obligations | | | | | Total – top five and home country | |
|--|-------------------------|------------------|---|----------------|----------------|---------------|----------------|-----------------------------------|-------------------|
| | | C0150 | C0160 | C0170 | C0180 | C0190 | C0200 | C0210 | |
| | | R1400 | US | GB | IT | AU | CN | C0280 | |
| | | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | |
| Premiums written | | | | | | | | | |
| | Gross – direct business | R1410 | 4,284,573 | 1,729,107 | 1,517,996 | 1,176,658 | 1,043,366 | 988,788 | 10,740,489 |
| | Reinsurers' share | R1420 | 113,113 | 92,269 | 89,884 | 460 | 17,659 | 43,964 | 357,349 |
| | Net | R1500 | 4,171,459 | 1,636,839 | 1,428,113 | 1,176,198 | 1,025,707 | 944,824 | 10,383,140 |
| Premiums earned | | | | | | | | | |
| | Gross – direct business | R1510 | 3,540,173 | 1,726,158 | 1,518,086 | 1,136,286 | 1,037,860 | 952,900 | 9,911,463 |
| | Reinsurers' share | R1520 | 116,426 | 92,272 | 89,884 | 460 | 17,660 | 43,964 | 360,666 |
| | Net | R1600 | 3,423,747 | 1,633,886 | 1,428,202 | 1,135,825 | 1,020,200 | 908,937 | 9,550,797 |
| Claims incurred | | | | | | | | | |
| | Gross – direct business | R1610 | 3,366,106 | 2,139,162 | 1,734,719 | 894,315 | 849,695 | 835,587 | 9,819,583 |
| | Reinsurers' share | R1620 | 4,913 | 56,841 | 24,836 | 51 | 19,234 | 437,273 | 543,148 |
| | Net | R1700 | 3,361,193 | 2,082,321 | 1,709,883 | 894,264 | 830,461 | 398,313 | 9,276,435 |
| Changes in other technical provisions | | | | | | | | | |
| | Gross – direct business | R1710 | 7,857 | 3,831 | 3,369 | 2,522 | 2,303 | 2,115 | 21,997 |
| | Reinsurers' share | R1720 | — | — | — | — | — | — | — |
| | Net | R1800 | 7,857 | 3,831 | 3,369 | 2,522 | 2,303 | 2,115 | 21,997 |
| Expenses incurred | | | | | | | | | |
| | | R1900 | 1,419,819 | 369,200 | 150,821 | 40,533 | 264,939 | 131,085 | 2,376,397 |
| Other expenses | | | | | | | | | |
| | | R2500 | — | — | — | — | — | — | 106,198 |
| Total expenses | | | | | | | | | |
| | | R2600 | — | — | — | — | — | — | 2,482,595 |

S.22.01.22 – Impact of long-term guarantees and transitional measures

DT7 – IMPACT OF LONG-TERM GUARANTEES AND TRANSITIONAL MEASURES

| EUR thousand | | Amount with | Impact of | Impact of | Impact of volatility | Impact of matching |
|--------------------------------|-------|---|--|----------------------------------|---------------------------|---------------------------|
| | | long-term guarantee measures and transitionals | transitional on technical provisions | transitional on interest rate | adjustment set to zero | adjustment set to zero |
| | | C0010 | C0030 | C0050 | C0070 | C0090 |
| Technical provisions | R0010 | 123,449,597 | 6,775,211 | — | 746,490 | — |
| Basic own funds | R0020 | 22,950,881 | –4,197,931 | — | 285,633 | — |
| Eligible own funds to meet SCR | R0050 | 23,073,703 | –4,197,931 | — | 285,633 | — |
| SCR | R0090 | 8,874,227 | 304,891 | — | 2,827,313 | — |

S.23.01.22 – Own funds

DT7 – OWN FUNDS

| EUR thousand | | Total | Tier 1 – unrestricted | Tier 1 – restricted | Tier 2 | Tier 3 |
|---|--|--------------|--------------------------|------------------------|----------------|------------------|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| Basic own funds before deduction for participations in other financial sectors | | | | | | |
| | Ordinary share capital (gross of own shares) | R0010 | – | – | – | – |
| | Non-available called but not paid in ordinary share capital at Group level | R0020 | – | – | – | – |
| | Share premium account related to ordinary share capital | R0030 | – | – | – | – |
| | Initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings | R0040 | – | – | – | – |
| | Subordinated mutual member accounts | R0050 | – | – | – | – |
| | Non-available subordinated mutual member accounts at Group level | R0060 | – | – | – | – |
| | Surplus funds | R0070 | 1,659,877 | 1,659,877 | – | – |
| | Non-available surplus funds at Group level | R0080 | 792,539 | 792,539 | – | – |
| | Preference shares | R0090 | – | – | – | – |
| | Non-available preference shares at Group level | R0100 | – | – | – | – |
| | Share premium account related to preference shares | R0110 | – | – | – | – |
| | Non-available share premium account related to preference shares at Group level | R0120 | – | – | – | – |
| | Reconciliation reserve | R0130 | 24,054,549 | 24,054,549 | – | – |
| | Subordinated liabilities | R0140 | 3,709,877 | – | 496,223 | 3,213,654 |
| | Non-available subordinated liabilities at Group level | R0150 | – | – | – | – |
| | An amount equal to the value of net deferred tax assets | R0160 | 374,582 | – | – | 374,582 |
| | The amount equal to the value of net deferred tax assets not available at the Group level | R0170 | 29,951 | – | – | 29,951 |
| | Other items approved by supervisory authority as basic own funds not specified above | R0180 | 126,000 | 126,000 | – | – |
| | Non-available own funds related to other own funds items approved by supervisory authority | R0190 | – | – | – | – |
| | Minority interests (if not reported as part of a specific own fund item) | R0200 | – | – | – | – |
| | Non-available minority interests at Group level | R0210 | 6,103,803 | 5,277,529 | 104,262 | 675,227 |
| | Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | | | | | |
| | Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | R0220 | – | – | – | – |
| Deductions | | | | | | |
| | Deductions for participations in other financial undertakings | R0230 | 47,711 | 47,711 | – | – |
| | whereof deducted according to Article 228 of the Directive 2009/138/EC | R0240 | 47,711 | 47,711 | – | – |
| | Deductions for participations where there is non-availability of information (Article 229) | R0250 | – | – | – | – |
| | Deduction for participations included by using D and A when a combination of methods is used | R0260 | – | – | – | – |
| | Total of non-available own fund items | R0270 | 6,926,293 | 6,070,067 | 104,262 | 675,227 |
| | Total deductions | R0280 | 6,974,004 | 6,117,778 | 104,262 | 675,227 |
| | Total basic own funds after deductions | R0290 | 22,950,881 | 19,722,648 | 391,961 | 2,538,427 |

DT8 – OWN FUNDS

| EUR thousand | | Total | Tier 1 – unrestricted | Tier 1 – restricted | Tier 2 | Tier 3 |
|--|---|--------------|--------------------------|------------------------|----------------|------------------|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| Ancillary own funds | | | | | | |
| | Unpaid and uncalled ordinary share capital callable on demand | R0300 | – | – | – | – |
| | Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings, callable on demand | R0310 | – | – | – | – |
| | Unpaid and uncalled preference shares callable on demand | R0320 | – | – | – | – |
| | A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | – | – | – | – |
| | Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | – | – | – | – |
| | Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | R0350 | – | – | – | – |
| | Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0360 | – | – | – | – |
| | Supplementary members calls other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | – | – | – | – |
| | Non-available ancillary own funds at Group level | R0380 | – | – | – | – |
| | Other ancillary own funds | R0390 | – | – | – | – |
| | Total ancillary own funds | R0400 | – | – | – | – |
| Own funds of other financial sectors | | | | | | |
| | Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies | R0410 | 7,937 | 7,937 | – | – |
| | Institutions for occupational retirement provision | R0420 | 114,885 | 114,885 | – | – |
| | Non-regulated entities carrying out financial activities | R0430 | – | – | – | – |
| | Total own funds of other financial sectors | R0440 | 122,822 | 122,822 | – | – |
| Own funds when using the D and A, exclusively or in combination with method 1 | | | | | | |
| | Own funds aggregated when using the D and A and combination of method | R0450 | – | – | – | – |
| | Own funds aggregated when using the D and A and combination of method net of internal Group transactions | R0460 | – | – | – | – |
| | Total available own funds to meet the consolidated Group SCR (excluding own funds from other financial sectors and from the undertakings included via D and A) | R0520 | 22,950,881 | 19,722,648 | 391,961 | 2,538,427 |
| | Total available own funds to meet the minimum consolidated Group SCR | R0530 | 22,653,036 | 19,722,648 | 391,961 | 2,538,427 |
| | Total eligible own funds to meet the consolidated Group SCR (excluding own funds from other financial sectors and from the undertakings included via D and A) | R0560 | 22,950,881 | 19,722,648 | 391,961 | 2,538,427 |
| | Total eligible own funds to meet the minimum consolidated Group SCR | R0570 | 21,842,726 | 19,722,648 | 391,961 | 1,728,117 |
| | Minimum consolidated Group SCR (Article 230) | R0610 | 8,640,585 | – | – | – |

DT8 – OWN FUNDS

| EUR thousand | | Total | Tier 1 – unrestricted | Tier 1 – restricted | Tier 2 | Tier 3 |
|---|--------------|-------------------|-----------------------|---------------------|------------------|----------------|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| Ratio of eligible own funds to minimum consolidated Group SCR | R0650 | 253% | | | | |
| Total eligible own funds to meet the Group SCR (including own funds from other financial sectors and from the undertakings included via D and A) | R0660 | 23,073,703 | 19,845,470 | 391,961 | 2,538,427 | 297,845 |
| Group SCR | R0680 | 8,874,227 | | | | |
| Ratio of eligible own funds to Group SCR including other financial sectors and undertakings included via D and A | R0690 | 260% | | | | |

DT8 – OWN FUNDS

| EUR thousand | | Total | Tier 1 – unrestricted | Tier 1 – restricted | Tier 2 | Tier 3 |
|---|--------------|-------------------|-----------------------|---------------------|--------|--------|
| | | C0060 | | | | |
| Reconciliation reserve | | | | | | |
| Excess of assets over liabilities | R0700 | 26,596,215 | | | | |
| Own shares (held directly and indirectly) | R0710 | – | | | | |
| Foreseeable dividends, distributions and charges | R0720 | 381,207 | | | | |
| Other basic own fund items | R0730 | 2,160,459 | | | | |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | – | | | | |
| Other non-available own funds | R0750 | – | | | | |
| Reconciliation reserve before deduction for participation in other financial sectors | R0760 | 24,054,549 | | | | |
| Expected profits | | | | | | |
| Expected profits included in future premiums (EPIFP) – life business | R0770 | 4,899,906 | | | | |
| Expected profits included in future premiums (EPIFP) – non-life business | R0780 | 315,683 | | | | |
| Total expected profits included in future premiums (EPIFP) | R0790 | 5,215,589 | | | | |

S.25.03.22 – Solvency Capital Requirement – for groups on full internal models

DT9 – SOLVENCY CAPITAL REQUIREMENT – FOR GROUPS ON FULL INTERNAL MODELS

| EUR thousand | Unique number of component | Components description | Calculation of the Solvency Capital Requirement |
|--------------|----------------------------|--|---|
| | C0010 | C0020 | C0030 |
| A | 10 | Market risk non-life and reinsurance | 6,203,271 |
| B | 11 | Market risk life primary insurance | 2,240,197 |
| C | 12 | Pension risk | 331,620 |
| D | 13 | Credit risk (counterparty default risk) | 398,212 |
| E | 14 | Premium and reserve risk (excl. natcat) | 4,487,339 |
| F | 15 | Natural catastrophe risks | 3,367,094 |
| G | 16 | Underwriting risk life | 3,743,576 |
| H | 17 | Operational risk | 1,029,013 |
| I | 18 | Loss absorbing capacity of deferred taxes non-life and reinsurance | -2,298,291 |

DT10 – SOLVENCY CAPITAL REQUIREMENT – FOR GROUPS ON FULL INTERNAL MODELS

| EUR thousand | | C0100 |
|--|------------------|-----------------------|
| Calculation of Solvency Capital Requirement | | |
| Total undiversified components | R0110 | 19,502,031 |
| Diversification | R0060 | -10,738,402 |
| Capital requirement for business operated in accordance with Article 4 of Directive 2003/41/EC | R0160 | — |
| Solvency Capital Requirement excluding capital add-on | R0200 | 8,763,629 |
| Capital add-ons already set | R0210 | — |
| Solvency Capital Requirement | R0220 | 8,874,227 |
| Other information on SCR | | |
| Amount/estimate of the overall loss-absorbing capacity of technical provisions | R0300 | -2,150,144 |
| Amount/estimate of the overall loss-absorbing capacity of deferred taxes | R0310 | -2,323,872 |
| Total amount of notional Solvency Capital Requirements for remaining part | R0410 | — |
| Total amount of notional Solvency Capital Requirements for ring-fenced funds | R0420 | — |
| Total amount of notional Solvency Capital Requirements for matching adjustment portfolios | R0430 | — |
| Diversification effects due to RFF nSCR aggregation for Article 304 | R0440 | — |
| Minimum consolidated Group Solvency Capital Requirement | R0470 | 8,640,585 |
| Information on other entities | | |
| Capital requirement for other financial sectors (non-insurance capital requirements) | R0500 | 110,599 |
| Capital requirement for other financial sectors (non-insurance capital requirements) – credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies | R0510 | 5,277 |
| Capital requirement for other financial sectors (non-insurance capital requirements) – institutions for occupational retirement provisions | R0520 | 105,322 |
| Capital requirement for other financial sectors (non-insurance capital requirements) – capital requirement for non-regulated entities carrying out financial activities | R0530 | — |
| Capital requirement for non-controlled participation requirements | R0540 | — |
| Capital requirement for residual undertakings | R0550 | — |

S.32.01.22 – Undertakings in the scope of the Group

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|---|---|---|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| DE | 529900F2F9VZ5FRROH89 | 1 - LEI ¹ | HDI Haftpflichtverband der Deutschen Industrie V.a.G. | 2 - Non life insurance undertaking | Versicherungsverein auf Gegenseitigkeit | 1 - Mutual |
| DE | 5299006ZIIJ6VJVSJ32 | 1 - LEI ¹ | Talanx AG | 3 - Reinsurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900MRNVFGW43IAE70 | 1 - LEI ¹ | HDI Deutschland AG | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | Aktiengesellschaft | 2 - Non-mutual |
| DE | 391200GKWYPKCL18FE11 | 1 - LEI ¹ | Hannover Digital Investments GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 529900BLZDMN7IUMOI02 | 1 - LEI ¹ | neue leben Holding AG | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900YT4JYHJAZXW481 | 1 - LEI ¹ | HDI Deutschland Bancassurance GmbH | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | GmbH | 2 - Non-mutual |
| DE | 52990022107L9199GO56 | 1 - LEI ¹ | HDI Versicherung AG | 2 - Non life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900XSGX17403CHT29 | 1 - LEI ¹ | TARGO Versicherung AG | 2 - Non life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900WXTER9VT9J1H88 | 1 - LEI ¹ | PB Versicherung AG | 2 - Non life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900BAXIHZE9R50P74 | 1 - LEI ¹ | neue leben Unfallversicherung AG | 2 - Non life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 5299007ZEDNB1BU8YM34 | 1 - LEI ¹ | Lifestyle Protection AG | 2 - Non life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| AR | 213800IB4RI5AGT5JB79 | 1 - LEI ¹ | HDI Seguros S. A., Buenos Aires | 2 - Non life insurance undertaking | Sociedad Anonima | 2 - Non-mutual |
| AT | 52990032H55ZB3NCVU16 | 1 - LEI ¹ | HDI Versicherung AG | 2 - Non life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| RU | 2534005VAK04SJPV7532 | 1 - LEI ¹ | HDI Global Insurance Limited Liability Company | 2 - Non life insurance undertaking | spółka akcyjna | 2 - Non-mutual |
| MX | 549300S6KS1HBY1JU965 | 1 - LEI ¹ | HDI Seguros S. A. de C. V., Leon | 2 - Non life insurance undertaking | Sociedad Anonima de Capital Variable | 2 - Non-mutual |
| IT | 8156001D0E28EF769631 | 1 - LEI ¹ | HDI Assicurazioni S.p.A. | 4 - Composite undertaking | Società per azioni | 2 - Non-mutual |
| HU | 5299001P5NZ0Q1C53P52 | 1 - LEI ¹ | Magyar Posta Biztosító Zrt | 2 - Non life insurance undertaking | biztosító részvénytársaság | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | Group solvency calculation | |
|---|-----------------------|---|-----------------|----------------|--------------------|--|---|--|----------------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | |
| | | | | | | | Yes/no | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 100.00% | 100.00% | 100.00% | | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 100.00% | 100.00% | 100.00% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 53.35% | 100.00% | 53.35% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 53.35% | 100.00% | 53.35% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Superintendencia de Seguros de la Nación | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| Finanzmarkt-aufsicht | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Central Bank of Russia (CBR) | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Comisión nacional de seguros y fianzas | 78.85% | 100.00% | 78.85% | 1 - Dominant | | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Istituto per la Vigilanza sulle assicurazioni | 79.04% | 100.00% | 79.04% | 1 - Dominant | | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| Magyar Nemzeti Bank | 52.89% | 100.00% | 52.89% | 1 - Dominant | | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|--|------------------------------------|---|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| TR | 789000A8GQ88E35ZQY55 | 1 - LEI ¹ | HDI Sigorta A. S. | 2 - Non life insurance undertaking | Anonim Şirket | 2 - Non-mutual |
| BR | 213800W7CRKT4JZL3D38 | 1 - LEI ¹ | HDI Seguros S. A., Sao Paulo | 2 - Non life insurance undertaking | S. A. (Capital fechado) | 2 - Non-mutual |
| UY | 213800SH827576HZOP61 | 1 - LEI ¹ | HDI Seguros S. A., Montevideo | 2 - Non life insurance undertaking | Sociedad Anonima | 2 - Non-mutual |
| PL | 259400KLVPOJONUXXV45 | 1 - LEI ¹ | Towarzystwo Ubezpieczeń Europa Spółka Akcyjna | 2 - Non life insurance undertaking | spółka akcyjna | 2 - Non-mutual |
| BR | 2138008563R3ZDE9R342 | 1 - LEI ¹ | HDI Global Seguros S.A, São Paulo | 2 - Non life insurance undertaking | S. A. (Capital fechado) | 2 - Non-mutual |
| PL | 529900H4WZAK60DYKH87 | 1 - LEI ¹ | Towarzystwo Ubezpieczeń i Reasekuracji WARTA S.A. | 2 - Non life insurance undertaking | spółka akcyjna | 2 - Non-mutual |
| CL | 959800FKG1CETMZ1JY16 | 1 - LEI ¹ | HDI Seguros S. A., Santiago | 2 - Non life insurance undertaking | Sociedad Anonima | 2 - Non-mutual |
| CL | 9598005NB2K76A39MA93 | 1 - LEI ¹ | HDI Seguros de Garantía y Crédito S.A, Santiago | 2 - Non life insurance undertaking | Sociedad Anonima | 2 - Non-mutual |
| CO | 894500HNG6T7IXAPVZ08 | 1 - LEI ¹ | HDI Seguros S. A., Bogota | 2 - Non life insurance undertaking | Sociedad Anonima | 2 - Non-mutual |
| BR | 529900F2F9VZ5FRROH89BR2233 | 2 - Specific code | Santander Auto S.A. | 2 - Non life insurance undertaking | S. A. (Capital fechado) | 2 - Non-mutual |
| DE | 5299009DQXHSBZFOUL73 | 1 - LEI ¹ | TARGO Lebensversicherung AG | 1 - Life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 52990085HQ0766XDCO24 | 1 - LEI ¹ | PB Lebensversicherung AG | 1 - Life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900H8917DQIS4QQ69 | 1 - LEI ¹ | neue leben Lebensversicherung AG | 1 - Life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 5299005TDZVKIVNYJV73 | 1 - LEI ¹ | Lifestyle Protection Lebensversicherung AG | 1 - Life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| HU | 529900GRRUWC2QQEXR75 | 1 - LEI ¹ | Magyar Posta Életbiztosító Zrt. | 1 - Life insurance undertaking | biztosító részvénytársaság | 2 - Non-mutual |
| RU | 2534002GQT91D5YJXM53 | 1 - LEI ¹ | OOO Strakhovaya Kompaniya CiV Life | 1 - Life insurance undertaking | Obschtschestvo s ogranitschennoi otvetstvennostju | 2 - Non-mutual |
| PL | 2594004GSZRMBSGF7886 | 1 - LEI ¹ | Towarzystwo Ubezpieczeń na Życie Europa Spółka Akcyjna | 1 - Life insurance undertaking | spółka akcyjna | 2 - Non-mutual |
| CL | 959800XP84294S90CV10 | 1 - LEI ¹ | HDI Seguros de Vida S. A., Santiago | 1 - Life insurance undertaking | Sociedad Anonima | 2 - Non-mutual |
| IE | 635400NEK13GVELG6678 | 1 - LEI ¹ | InChiaro Life Designated Activity Company | 1 - Life insurance undertaking | Designated Activity Company | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation |
|---|-----------------------|---|-----------------|----------------|--------------------|--|---|--|----------------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | |
| | | | | | | | | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| Capital Markets Board of Turkey | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Superintendência de Seguros Privados | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Banco Central del Uruguay | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Komisja Nadzoru Finansowego | 39.52% | 100.00% | 39.52% | | 2 - Significant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| Superintendência de Seguros Privados | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Komisja Nadzoru Finansowego | 59.86% | 100.00% | 59.86% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Superintendencia de Valores y Seguros | 78.97% | 100.00% | 78.97% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| Superintendencia de Valores y Seguros | 78.92% | 100.00% | 78.92% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Superintendencia Financiera de Colombia | 73.10% | 100.00% | 73.10% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Superintendência de Seguros Privados | 39.52% | 100.00% | 39.52% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 53.35% | 100.00% | 53.35% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Magyar Nemzeti Bank | 52.89% | 100.00% | 52.89% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| Central Bank of Russia (CBR) | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Komisja Nadzoru Finansowego | 39.52% | 100.00% | 39.52% | | 2 - Significant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| Superintendencia de Valores y Seguros | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Central Bank of Ireland | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|---|---|--|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| CO | 529900F2F9VZ5FRROH89CO2416 | 2 - Specific code | HDI Seguros de Vida S. A., Bogota | 1 - Life insurance undertaking | Sociedad Anonima | 2 - Non-mutual |
| DE | 529900ZCYVG2XCGFW984 | 1 - LEI ¹ | Ampega Asset Management GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 5299004IZXRZ1SAQWM82 | 1 - LEI ¹ | HDI Direkt Service GmbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH | 2 - Non-mutual |
| DE | 5299004TVO69XVTS4H53 | 1 - LEI ¹ | HNG Hannover National Grundstücksverwaltung GmbH & Co KG | 99 - Other | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900ZEIO14JVC8JU96 | 1 - LEI ¹ | HDI Pensionsmanagement AG | 99 - Other | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900SICUWBWCURTH85 | 1 - LEI ¹ | HDI International AG | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900YBDYSZBMIX1F09 | 1 - LEI ¹ | HDI Deutschland Bancassurance Communication Center GmbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH | 2 - Non-mutual |
| IT | 815600EF0AF57568B157 | 1 - LEI ¹ | InLinea S.p.A. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Società per azioni (joint-stock company) | 2 - Non-mutual |
| LU | 529900FJQS80DGBOT142 | 1 - LEI ¹ | Talanx Finanz (Luxemburg) S.A. | 99 - Other | Societe Anonyme | 2 - Non-mutual |
| DE | 529900UF10J0RXCW6458 | 1 - LEI ¹ | HDI Service AG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900YWH99PMNR5YU58 | 1 - LEI ¹ | Talanx Reinsurance Broker GmbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH | 2 - Non-mutual |
| DE | 529900Q5NAEF1QPO7F89 | 1 - LEI ¹ | HAPEP II Komplementär GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 529900OLEI1C0NLMHN28 | 1 - LEI ¹ | Ampega Real Estate GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 529900HLKNZ5YVW20989 | 1 - LEI ¹ | HDI Global SE | 2 - Non life insurance undertaking | Societas Europaea | 2 - Non-mutual |
| DE | 52990091WSV5ESRWVZ05 | 1 - LEI ¹ | HAPEP II Holding GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 529900QNDRGH7XCKXH58 | 1 - LEI ¹ | Hannover America Private Equity Partners II GmbH & Co. KG | 99 - Other | GmbH & Co. KG | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation | |
|---|-----------------------|---|-----------------|----------------|--------------------|--|---|---|----------------------------------|--|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Yes/no | Date of decision if Art. 214 is applied | | Method used and under method 1, treatment of the undertaking |
| | | | | | | | | | | |
| Superintendencia Financiera de Colombia | 73.55% | 100.00% | 73.55% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| Commission de Surveillance du Secteur Financier | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| | 32.70% | 100.00% | 32.70% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| | 37.87% | 100.00% | 37.87% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| | 37.87% | 100.00% | 37.87% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|--|---|--|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| IT | 81560019620C3DDBE968 | 1 - LEI ¹ | HDI Immobiliare S. r. L. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Società a responsabilità limitata | 2 - Non-mutual |
| DE | 529900X00H7UOWYXBQ47 | 1 - LEI ¹ | HDI Kundenservice AG | 99 - Other | Aktiengesellschaft | 2 - Non-mutual |
| DE | 5299009YFIHT1GJFAZ72 | 1 - LEI ¹ | Riethorst Grundstücksgesellschaft AG & Co. KG | 99 - Other | AG & Co. KG | 2 - Non-mutual |
| CL | 959800P259XQ66E38628 | 1 - LEI ¹ | Inversiones HDI Limitada | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | Limitada | 2 - Non-mutual |
| DE | 529900SWM4GTF2GY7X13 | 1 - LEI ¹ | HDI Pensionskasse AG | 9 - Institution for occupational retirement provision | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900QPX64UB3MYL769 | 1 - LEI ¹ | Hannover Re Euro PE Holdings GmbH & Co. KG | 99 - Other | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900SLBVJLF8MIX471 | 1 - LEI ¹ | HDI Deutschland Bancassurance Kundenservice GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| IE | 635400LY9W2REPRNRV92 | 1 - LEI ¹ | HDI Reinsurance (Ireland) SE | 3 - Reinsurance undertaking | Societas Europaea | 2 - Non-mutual |
| MX | 5493009VBJR5V8IY9339 | 1 - LEI ¹ | Gente Compañía de Soluciones Profesionales de México, S. A. de C. V. | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | Sociedad Anonima de Capital Variable | 2 - Non-mutual |
| ES | 959800F32QE9N0KYEQ11 | 1 - LEI ¹ | Saint Honore Iberia S. L. | 99 - Other | Sociedades de Responsabilidad Limitada | 2 - Non-mutual |
| AR | 213800756VXOZ65G3V79 | 1 - LEI ¹ | Protecciones Esenciales S. A. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Societe Anonyme | 2 - Non-mutual |
| DE | 529900F5021VQ3ISOS54 | 1 - LEI ¹ | HDI AI EUR Beteiligungs-GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 5299008ZGHM8MANCHK31 | 1 - LEI ¹ | TD-BA Private Equity Sub GmbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH | 2 - Non-mutual |
| DE | 529900XW6LJ822J4OT12 | 1 - LEI ¹ | TD Real Assets GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900FTRR2EM03T8G68 | 1 - LEI ¹ | TD-BA Private Equity GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | KG | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | | Inclusion in the scope of Group supervision | | |
|---|-----------------------|---|-----------------|----------------|--------------------|--|---------------------------|---|--|-------|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Yes/no | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | |
| | | | | | | | | | | C0080 |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 4 - Method 1: Sectoral Rules | |
| | 36.20% | 100.00% | 36.20% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Central Bank of Ireland | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Comisión nacional de seguros y fianzas | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Comisión Nacional del Mercado de Valores | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Superintendencia de Seguros de la Nación | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 62.65% | 100.00% | 62.65% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 62.65% | 100.00% | 62.65% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|--|---|-----------------------------------|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| DE | 529900RKG4NNEA9BMJ58 | 1 - LEI ¹ | TD-Sach Private Equity GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH | 2 - Non-mutual |
| DE | 5299009ECJ8Q2DAJV355 | 1 - LEI ¹ | WP Mörsdorf Nord GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 52990007UIQSO82V2F89 | 1 - LEI ¹ | WP Berngerode GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 5299001AZ2KKWZIG7Z69 | 1 - LEI ¹ | Windfarm Bellheim GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 5299001DP9204DC6CM55 | 1 - LEI ¹ | Talanx Infrastructure France 1 GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 529900YMXR7QX6N35M87 | 1 - LEI ¹ | Talanx Infrastructure France 2 GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 5299008ZN4QWCZIZL516 | 1 - LEI ¹ | HDI AI USD Beteiligungs-GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| FR | 529900902TFA4EYAN694 | 1 - LEI ¹ | Ferme Eolienne des Mignaudières S.N.C. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | S.N.C. – société en nom collectif | 2 - Non-mutual |
| FR | 529900MEL8QUUHUJA531 | 1 - LEI ¹ | Ferme Eolienne du Confolentais S.N.C | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | S.N.C. – société en nom collectif | 2 - Non-mutual |
| DE | 529900UWU22RSR3F9127 | 1 - LEI ¹ | Windpark Mittleres Mecklenburg GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900WWYAQTM2YY1E89 | 1 - LEI ¹ | Windpark Sandstruth GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900Y6B02ED146L956 | 1 - LEI ¹ | Windpark Vier Fichten GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| FR | 529900TFC2KDSBG7B892 | 1 - LEI ¹ | Le Souffle des Pellicornes S.N.C | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | S.N.C. – société en nom collectif | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation |
|---|-----------------------|---|--------|----------------|--------------------|--|---|--|----------------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | |
| | | % Voting rights | C0190 | | | | | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 74.45% | 100.00% | 74.45% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|---|---|---|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| FR | 529900JLM3UNZF9J8217 | 1 - LEI ¹ | Le Chemin de la Milaine S.N.C | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | S.N.C. – société en nom collectif | 2 - Non-mutual |
| FR | 5299001QKVWJMI6AIM24 | 1 - LEI ¹ | Les Vents de Malet S.N.C | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | S.N.C. – société en nom collectif | 2 - Non-mutual |
| DE | 529900UVFJK6NTH0N252 | 1 - LEI ¹ | Infrastruktur Ludwigsau GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900DC7DM66DMGY904 | 1 - LEI ¹ | Windpark Parchim GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900QBHNBOQWC55N50 | 1 - LEI ¹ | Windpark Rehai GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900F2F9VZ5FRROH89DE2930 | 2 - Specific code | HLV Real Assets GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 894500ZPO7CSFUV52P13 | 1 - LEI ¹ | Leben Köln offene Investment GmbH & Co KG 1 | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| FR | 529900F2F9VZ5FRROH89FR2932 | 2 - Specific code | Windparkprojekt-gesellschaft Le Louveng S.A.S | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | S.A.S. – Société par actions simplifiée | 2 - Non-mutual |
| DE | 894500ZPTQWK2U70Q966 | 1 - LEI ¹ | Leben Köln offene Investment GmbH & Co KG 3 | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 894500ZPZAGBPTIWD04 | 1 - LEI ¹ | Leben Köln offene Investment GmbH & Co KG 5 | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 894500B9EDXO1LT7QP25 | 1 - LEI ¹ | HPK Köln offene Investment GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 894500B9PH17BKGZ1T03 | 1 - LEI ¹ | NL Leben offene Investment GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | | |
|---|-----------------------|---|-----------------|----------------|--------------------|--|---|---|--|--|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Yes/no | Date of decision if Art. 214 is applied | Group solvency calculation | |
| | | | | | | | | | Method used and under method 1, treatment of the undertaking | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | |
| | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Autorité des Marchés Financiers | 73.64% | 100.00% | 73.64% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 53.35% | 100.00% | 53.35% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|--|---|--------------------|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| DE | 894500BA0K4QLJ4QCX96 | 1 - LEI ¹ | TARGO Leben offene Investment GmbH & Co KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 894500BABN89VHSHO162 | 1 - LEI ¹ | PB Leben offene Investment GmbH & Co KG 3 | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| KY | 529900F2F9VZ5FRROH89KY2942 | 2 - Specific code | Funderburk Lighthouse Limited | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Limited company | 2 - Non-mutual |
| DE | 5299004VW9WNRHTLF050 | 1 - LEI ¹ | HDI Global Specialty SE | 2 - Non life insurance undertaking | Societas Europaea | 2 - Non-mutual |
| DE | 529900X48JLMNZUF9U36 | 1 - LEI ¹ | HDI Global Specialty Holding GmbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH | 2 - Non-mutual |
| DE | 529900F2F9VZ5FRROH89DE2948 | 2 - Specific code | HDI next GmbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH | 2 - Non-mutual |
| SE | 5493006T1ZJ4VBNOBZ56 | 1 - LEI ¹ | Svedea AB | 99 - Other | Aktiebolag | 2 - Non-mutual |
| DE | 894500BA63OI8IGM0H45 | 1 - LEI ¹ | PB Leben offene Investment GmbH & Co KG 2 | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900F2F9VZ5FRROH89DE2953 | 2 - Specific code | HINT Europa Beteiligungs AG & Co. KG | 99 - Other | AG & Co. KG | 2 - Non-mutual |
| DE | 529900KIN5BE45V5KB18 | 1 - LEI ¹ | Hannover Rück SE | 3 - Reinsurance undertaking | Societas Europaea | 2 - Non-mutual |
| DE | 529900UCN37OZCXGVW88 | 1 - LEI ¹ | E+S Rückversicherung AG | 3 - Reinsurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900CVDPRXCJVE142 | 1 - LEI ¹ | Hannover Rück Beteiligung Verwaltungs-GmbH | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | GmbH | 2 - Non-mutual |
| DE | 529900C8JEJ7MZN9VI80 | 1 - LEI ¹ | Hannover Re Euro RE Holdings GmbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH | 2 - Non-mutual |
| DE | 5299006VRCH42OB3EP37 | 1 - LEI ¹ | FUNIS GmbH & Co. KG | 99 - Other | GmbH & Co. KG | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation |
|---|-----------------------|---|-----------------|----------------|--------------------|--|---|--|----------------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | C0260 |
| | | | | | | | | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 59.45% | 100.00% | 59.45% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Finansinspektionen | 21.04% | 100.00% | 21.04% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 25.72% | 100.00% | 25.72% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|---|---|--|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| DE | 549300YLZ5DSOIZ59059 | 1 - LEI ¹ | HR GLL Central Europe GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 549300GPJQXSRQWH5C33 | 1 - LEI ¹ | HR GLL Central Europe Holding GmbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| DE | 529900UQQBCC0TP4AW78 | 1 - LEI ¹ | Hannover Re Global Alternatives GmbH & Co. KG | 99 - Other | GmbH & Co. KG | 2 - Non-mutual |
| GB | 52990035DFXQFQLMLZ09 | 1 - LEI ¹ | Hannover Services (UK) Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900BHLQW6PM25M246 | 1 - LEI ¹ | Hannover Finance (UK) Limited | 99 - Other | Public Limited Company | 2 - Non-mutual |
| IE | 529900UG47HZHDYUAF16 | 1 - LEI ¹ | Hannover Re (Ireland) Designated Activity Company | 3 - Reinsurance undertaking | Designated Activity Company | 2 - Non-mutual |
| LU | 529900VD3JJO5FDXE22 | 1 - LEI ¹ | Hannover Finance (Luxembourg) S.A. | 99 - Other | Societe Anonyme | 2 - Non-mutual |
| GB | 529900D65EKMMMUX2G31 | 1 - LEI ¹ | Inter Hannover (No.1) Limited | 2 - Non life insurance undertaking | Public Limited Company | 2 - Non-mutual |
| GB | 529900UIJSM5E81IDO82 | 1 - LEI ¹ | Integra Insurance Solutions Limited | 99 - Other | Public Limited Company | 2 - Non-mutual |
| LU | 52990008WS81OA95IP08 | 1 - LEI ¹ | Leine Investment General Partner S.à r.l. | 99 - Other | S.à r.l. | 2 - Non-mutual |
| LU | 529900VNNTP5EBWBPU53 | 1 - LEI ¹ | Leine Investment SICAV-SIF | 99 - Other | Investmentgesellschaft mit variablem Kapital (SICAV) | 2 - Non-mutual |
| HU | 549300355GX199UM6Q24 | 1 - LEI ¹ | HR GLL Roosevelt Kft | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Korlátolt felelősségű társaság | 2 - Non-mutual |
| PL | 5493002QC0DEKBO4G348 | 1 - LEI ¹ | HR GLL Liberty Corner SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNÓŚCIA | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Spółka z ograniczoną odpowiedzialnością | 2 - Non-mutual |
| PL | 549300HL8QN2XQ9FCH74 | 1 - LEI ¹ | HR GLL Griffin House SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNÓŚCIA | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Spółka z ograniczoną odpowiedzialnością | 2 - Non-mutual |
| CZ | 549300WD2TJ9QU6GWY75 | 1 - LEI ¹ | Akvamarín Beta s. r. o. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Společnost s ručením omezeným | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation | |
|---|-----------------------|---|-----------------|----------------|--------------------|--|---|---|----------------------------|--|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Yes/no | Date of decision if Art. 214 is applied | | Method used and under method 1, treatment of the undertaking |
| | | | | | | | | | | |
| | | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 37.60% | 100.00% | 37.60% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Central Bank of Ireland | | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Conduct Authority | | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Commission de Surveillance du Secteur Financier | | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Commission de Surveillance du Secteur Financier | | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|--|---|-------------------------------|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| LU | 222100WYWKOAFZP5W43 | 1 - LEI ¹ | HR GLL Europe Holding S.à r.l. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | S.à r.l. | 2 - Non-mutual |
| RO | 549300TX5N2HGMRKNP36 | 1 - LEI ¹ | HR GLL CDG Plaza S. r. l. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Společnost s ručením omezeným | 2 - Non-mutual |
| GB | 549300RMN2K7WHXVBZ62 | 1 - LEI ¹ | Argenta Holdings Limited | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3143 | 2 - Specific code | Argenta Private Capital Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3144 | 2 - Specific code | APCL Corporate Director No.1 Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3145 | 2 - Specific code | APCL Corporate Director No.2 Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3147 | 2 - Specific code | Fountain Continuity Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3148 | 2 - Specific code | Names Taxation Service Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3149 | 2 - Specific code | Argenta Secretariat Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3150 | 2 - Specific code | Argenta Continuity Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3151 | 2 - Specific code | Argenta General Partner Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3152 | 2 - Specific code | Argenta LLP Services Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3153 | 2 - Specific code | Argenta SLP Continuity Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 549300NR7H6YCWHRV816 | 1 - LEI ¹ | Argenta Syndicate Management Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3155 | 2 - Specific code | Argenta Tax & Corporate Services Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3156 | 2 - Specific code | Argenta Underwriting No.1 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3157 | 2 - Specific code | Argenta Underwriting No.2 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3158 | 2 - Specific code | Argenta Underwriting No.3 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|--|---|---|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| GB | 529900F2F9VZ5FRROH89GB3159 | 2 - Specific code | Argenta Underwriting No.4 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3160 | 2 - Specific code | Argenta Underwriting No.7 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3162 | 2 - Specific code | Argenta Underwriting No.9 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3163 | 2 - Specific code | Argenta Underwriting No.10 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3164 | 2 - Specific code | Argenta Underwriting No.11 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3165 | 2 - Specific code | Argenta No.13 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3166 | 2 - Specific code | Argenta No.14 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3167 | 2 - Specific code | Argenta No.15 Limited | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3168 | 2 - Specific code | Residual Services Limited | 99 - Other | Limited company | 2 - Non-mutual |
| GB | 529900F2F9VZ5FRROH89GB3169 | 2 - Specific code | Residual Services Corporate Director Limited | 99 - Other | Limited company | 2 - Non-mutual |
| CZ | 549300CLZQV201B75M06 | 1 - LEI ¹ | 3541 PRG s. r. o. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | s. r. o. | 2 - Non-mutual |
| SK | 549300YIU6AWIM5ZR50 | 1 - LEI ¹ | 92601 BTS s. r. o. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | s. r. o. | 2 - Non-mutual |
| PL | 529900F2F9VZ5FRROH89SG3174 | 2 - Specific code | Highgate sp. z o.o. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Spółka z ograniczoną odpowiedzialnością | 2 - Non-mutual |
| GB | 894500KMB1W0K0AXZI45 | 1 - LEI ¹ | Hannover Re Holdings (UK) Ltd. | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | Limited company | 2 - Non-mutual |
| AU | 529900DZPHNTOMMA5J43 | 1 - LEI ¹ | Hannover Life Re of Australasia Ltd. | 3 - Reinsurance undertaking | Limited company | 2 - Non-mutual |
| BH | 5299004675L44XVP9C34 | 1 - LEI ¹ | Hannover Re Takaful B.S.C. © | 3 - Reinsurance undertaking | B.S.C. | 2 - Non-mutual |
| SG | 529900F2F9VZ5FRROH89SG3513 | 2 - Specific code | Argenta Underwriting Asia Pte. Ltd. | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation |
|--|-----------------------|---|-----------------|----------------|--------------------|--|---|--|----------------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | |
| | | | | | | | | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| The Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| The Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| The Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| The Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| The Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| The Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| The Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| The Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| The Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Ceská Národní Banka | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Narodna Banka Slovenska | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 34.80% | 100.00% | 34.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Australian Prudential Regulation Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Central Bank of Bahrain | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Supervisory Service | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|--|--|---------------------------|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| KR | 5493003MIZQGFCU0N546 | 1 - LEI ¹ | Orion No.1 Professional Investors Private Real Estate Investment LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | LLC | 2 - Non-mutual |
| JP | 549300EQNXKNZK421465 | 1 - LEI ¹ | Peace G. K. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Goshi Kaisha | 2 - Non-mutual |
| AU | 549300WQYHKZP2A1XP38 | 1 - LEI ¹ | M8 Property Trust | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Trust | 2 - Non-mutual |
| AU | 549300DQ08JNGGVPWW40 | 1 - LEI ¹ | Markham Real Estate Partners (KSW) Pty Limited | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Pty. Ltd. | 2 - Non-mutual |
| JP | 549300YJHZD0LOFP2435 | 1 - LEI ¹ | Morea Limited Liability Company | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Limited liability company | 2 - Non-mutual |
| US | 52990093VS65DD9T6936 | 1 - LEI ¹ | Hannover Finance, Inc. | 99 - Other | Inc. | 2 - Non-mutual |
| US | 529900K1TE875UAY4J22 | 1 - LEI ¹ | Hannover Life Reassurance Company of America | 3 - Reinsurance undertaking | Corporation | 2 - Non-mutual |
| BM | 5299006Z28DLZOTDJU30 | 1 - LEI ¹ | Hannover Re (Bermuda) Ltd. | 3 - Reinsurance undertaking | Limited company | 2 - Non-mutual |
| US | 549300KQ0VPBEYJ4OC11 | 1 - LEI ¹ | Hannover Re Real Estate Holdings, Inc. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Inc. | 2 - Non-mutual |
| BM | 549300JLOMB4MP1ESD46 | 1 - LEI ¹ | Kaith Re Ltd. | 13 - Special purpose vehicle other than special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC | Limited company | 2 - Non-mutual |
| BM | 549300KMPTOHVWFVXQ16 | 1 - LEI ¹ | Hannover Life Reassurance Bermuda Ltd. | 3 - Reinsurance undertaking | Limited company | 2 - Non-mutual |
| US | 549300D6CJG6KN28GX31 | 1 - LEI ¹ | GLL HRE CORE PROPERTIES LP | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | LP | 2 - Non-mutual |
| US | 549300V5OUSRAN9QD25 | 1 - LEI ¹ | 402 Santa Monica Blvd LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| US | 254900Y5RUP8VBLYN019 | 1 - LEI ¹ | Glencar Underwriting Managers Inc. | 99 - Other | Inc. | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation | |
|--|-----------------------|---|-----------------|----------------|--------------------|--|---|---|----------------------------|--|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Yes/no | Date of decision if Art. 214 is applied | | Method used and under method 1, treatment of the undertaking |
| | | | | | | | | | | |
| Financial Supervisory Service | 37.46% | 100.00% | 37.46% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Agency | 37.22% | 100.00% | 37.22% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.60% | 100.00% | 37.60% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.60% | 100.00% | 37.60% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.22% | 100.00% | 37.22% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Florida Office of Insurance Regulation | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bermuda Monetary Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.80% | 100.00% | 37.80% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bermuda Monetary Authority | 34.93% | 100.00% | 34.93% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bermuda Monetary Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | | 1 - Included in the scope | | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|---|--|---------------------------|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| US | 549300C8XYDCFPE1XR53 | 1 - LEI ¹ | Nashville West LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| US | 549300YQ8HLYBSM5HP74 | 1 - LEI ¹ | 975 Carrol Square LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| US | 549300TYNR4Y55IM5K12 | 1 - LEI ¹ | 590ATL LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| US | 5493008PZEGJD48HV08 | 1 - LEI ¹ | Broadway 101, LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| US | 549300D47MZ1GGMQB039 | 1 - LEI ¹ | River Terrace Parking, LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| BM | 529900QCKQOGEKXL8E19 | 1 - LEI ¹ | Hannover Life Reassurance Company of America (Bermuda) Ltd. | 3 - Reinsurance undertaking | Limited company | 2 - Non-mutual |
| BM | 529900F2F9VZ5FRROH89BM4055 | 2 - Specific code | LI RE | 13 - Special purpose vehicle other than special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC | part of a Ltd. | 2 - Non-mutual |
| US | 549300N510LO02SLC42 | 1 - LEI ¹ | 111ORD, LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| US | 549300GCLHBN8EQOB582 | 1 - LEI ¹ | 7550IAD, LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| US | 5299007H398DL62ARJ95 | 1 - LEI ¹ | Sand Lake Re, Inc. | 3 - Reinsurance undertaking | Inc. | 2 - Non-mutual |
| US | 5493005GSDKHHKJY321 | 1 - LEI ¹ | 140EWR, LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| US | 549300E8O4O6YOJZ2X17 | 1 - LEI ¹ | 101BOS LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| US | 549300XE7IQ3RFZRM12 | 1 - LEI ¹ | 3290ATL LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation |
|--|-----------------------|---|-----------------|----------------|--------------------|--|---|--|----------------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | |
| | | | | | | | | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bermuda Monetary Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bermuda Monetary Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Vermont Office of Insurance Regulation | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|--|---|---------------------------|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| KY | 54930050I34EIY8NKX23 | 1 - LEI ¹ | HR US Infra Debt LP | 99 - Other | LP | 2 - Non-mutual |
| US | 549300MX0WUUGWE3FQ85 | 1 - LEI ¹ | HR US Infra Equity LP | 99 - Other | LP | 2 - Non-mutual |
| US | 54930076PK14HAIBHZ69 | 1 - LEI ¹ | 320AUS LLC | 99 - Other | limited liability company | 2 - Non-mutual |
| US | 549300UPDZDDBP4KEF55 | 1 - LEI ¹ | PAG Real Estate Asia Select Fund Limited | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Limited | 2 - Non-mutual |
| US | 529900O08YKHPFUDWJ59 | 1 - LEI ¹ | Glencar Insurance Company | 2 - Non life insurance undertaking | Inc. | 2 - Non-mutual |
| US | 5493008IGI1HI24QOG45 | 1 - LEI ¹ | 1600FLL LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | limited liability company | 2 - Non-mutual |
| BM | 529900FGN59U7V082Q98 | 1 - LEI ¹ | Kubera Insurance (SAC) Ltd. | 3 - Reinsurance undertaking | Ltd. | 2 - Non-mutual |
| US | 549300M010PV3K8W1L08 | 1 - LEI ¹ | 2530AUS LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Limited liability company | 2 - Non-mutual |
| US | 54930074HCQHSVOQJM89 | 1 - LEI ¹ | 7550BWI LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Limited liability company | 2 - Non-mutual |
| US | 5493002FP6K5Y260VE66 | 1 - LEI ¹ | 7659BWI LLC | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Limited liability company | 2 - Non-mutual |
| ZA | 378900D7F367687B8098 | 1 - LEI ¹ | Hannover Reinsurance Group Africa (Pty) Ltd. | 5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC | Limited company | 2 - Non-mutual |
| ZA | 529900M1UMQOVTEB1S75 | 1 - LEI ¹ | Hannover Reinsurance Africa Limited | 3 - Reinsurance undertaking | Public Limited Company | 2 - Non-mutual |
| ZA | 52990068N6RJ52AP6917 | 1 - LEI ¹ | Hannover Life Reassurance Africa Limited | 3 - Reinsurance undertaking | Public Limited Company | 2 - Non-mutual |
| ZA | 3789007C6EE73FD3F038 | 1 - LEI ¹ | Landmark Underwriting Agency Proprietary Limited | 99 - Other | Limited company | 2 - Non-mutual |
| ZA | 378900617FFAFF2DD945 | 1 - LEI ¹ | Commercial & Industrial Acceptances (Pty) Ltd. | 99 - Other | Public Limited Company | 2 - Non-mutual |
| ZA | 378900E10DCB23AB3431 | 1 - LEI ¹ | Garagesure Consultants And Acceptances Proprietary Limited | 99 - Other | Public Limited Company | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation |
|---|-----------------------|---|-----------------|----------------|--------------------|--|---|--|----------------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | C0260 |
| | | | | | | | | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| Cayman Islands Monetary Authority | 37.59% | 100.00% | 37.59% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.80% | 100.00% | 37.80% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.60% | 100.00% | 37.60% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Wisconsin Office of the Commissioner of Insurance | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bermuda Monetary Authority | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 37.77% | 100.00% | 37.77% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| South African Reserve Bank | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 18.20% | 100.00% | 18.20% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 31.44% | 100.00% | 31.44% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 27.78% | 100.00% | 27.78% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|---|---|------------------------------|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| ZA | 37890009AA06E5687658 | 1 - LEI ¹ | Hospitality Industrial and Commercial Underwriting Managers (Pty) Ltd. | 99 - Other | Limited company | 2 - Non-mutual |
| ZA | 3789002C517D644F2451 | 1 - LEI ¹ | Thatch Risk Acceptances Proprietary Limited | 99 - Other | Public Limited Company | 2 - Non-mutual |
| ZA | 378900E2931F95685C74 | 1 - LEI ¹ | Lireas Holdings (Pty) Ltd. | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Limited company | 2 - Non-mutual |
| ZA | 378900817A06339CFE36 | 1 - LEI ¹ | Compass Insurance Company Ltd. | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| ZA | 378900B6E7A3C24F9A31 | 1 - LEI ¹ | SUM Holdings (Pty) Ltd. | 99 - Other | Limited company | 2 - Non-mutual |
| ZA | 378900884E9689259A35 | 1 - LEI ¹ | MUA Insurance Acceptances Proprietary Limited | 99 - Other | Public Limited Company | 2 - Non-mutual |
| ZA | 378900B5CDA8AD466115 | 1 - LEI ¹ | Film & Entertainment Underwriters SA (Pty) Ltd. | 99 - Other | Public Limited Company | 2 - Non-mutual |
| ZA | 3789000AAE17D6171959 | 1 - LEI ¹ | Firedart Engineering Underwriting Managers (Pty) Ltd. | 99 - Other | Limited company | 2 - Non-mutual |
| DE | 52990025STMPANR40247 | 1 - LEI ¹ | Hannover Beteiligungsgesellschaft mbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Beteiligungsgesellschaft mbH | 2 - Non-mutual |
| DE | 529900BX7MDBNZEVQ974 | 1 - LEI ¹ | HDI Global Network AG | 2 - Non life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900AB3NL58LOHNU88 | 1 - LEI ¹ | Alstertor Erste Beteiligungsgesellschaft und Investitionssteuerungs-GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH & Co. KG | 2 - Non-mutual |
| MX | 529900CXCUJQL451IH27 | 1 - LEI ¹ | HDI Global Seguros S. A., Mexico-City | 2 - Non life insurance undertaking | Societe Anonyme | 2 - Non-mutual |
| ZA | 529900IWXVWVAGY8AY30 | 1 - LEI ¹ | HDI Global SA Ltd. | 2 - Non life insurance undertaking | Limited company | 2 - Non-mutual |
| US | 5493002EWFK3CXECD75 | 1 - LEI ¹ | HDI Global Insurance Company | 2 - Non life insurance undertaking | Inc. | 2 - Non-mutual |
| US | 549300N5H2Q0AK75BC33 | 1 - LEI ¹ | HDI Specialty Insurance Company | 2 - Non life insurance undertaking | Inc. | 2 - Non-mutual |
| DE | 5299004Y9OOH1UB9EH77 | 1 - LEI ¹ | HDI Lebensversicherung AG | 1 - Life insurance undertaking | Aktiengesellschaft | 2 - Non-mutual |
| PL | 529900VTL1PSGPCZ6Q28 | 1 - LEI ¹ | Towarzystwo Ubezpieczen na Zycie "WARTA" S.A. | 1 - Life insurance undertaking | spółka akcyjna | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation |
|---|-----------------------|---|--------|----------------|--------------------|--|---|--|----------------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | |
| | | Yes/no | Yes/no | | | | | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| Financial Services Board | 18.05% | 100.00% | 18.05% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 16.75% | 100.00% | 16.75% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 27.78% | 100.00% | 27.78% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 39.69% | 100.00% | 39.69% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 20.06% | 100.00% | 20.06% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 27.78% | 100.00% | 27.78% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Authority | 14.17% | 100.00% | 14.17% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 19.45% | 100.00% | 19.45% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Comisión nacional de seguros y finanzas | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Financial Services Board | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Illinois Department of Insurance | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Illinois Department of Insurance | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation |
| Komisja Nadzoru Finansowego | 59.86% | 100.00% | 59.86% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|--|---|--|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| DE | 529900WD49KS81UGEV46 | 1 - LEI ¹ | HDI Deutschland Bancassurance Kundenmanagement GmbH & Co. KG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Aktiengesellschaft | 2 - Non-mutual |
| DE | 5299003DXWKZV5FIB91 | 1 - LEI ¹ | Talanx Infrastructure Portugal 2 GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 529900KLB9KCYUOIL72 | 1 - LEI ¹ | HDI Risk Consulting GmbH | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | GmbH | 2 - Non-mutual |
| DE | 5299004LHMISF547CM64 | 1 - LEI ¹ | Ampega Investment GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 529900MJOENH56N97P47 | 1 - LEI ¹ | HDI Systeme AG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Aktiengesellschaft | 2 - Non-mutual |
| DE | 529900LJRZAYQW2KVC55 | 1 - LEI ¹ | GERLING Pensions-enthaftungs- und Rentenmanagement GmbH | 99 - Other | GmbH | 2 - Non-mutual |
| DE | 5299003T3N089M2HCS23 | 1 - LEI ¹ | HDI Vertriebs AG | 10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | Aktiengesellschaft | 2 - Non-mutual |
| DE | 52990010M0B4KD5EE009 | 1 - LEI ¹ | Ampega-nl-Euro-DIM-Fonds | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 5299007Y6T1JH0GB355 | 1 - LEI ¹ | Ampega-nl-Global-Fonds | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900W8XX5KR39OM080 | 1 - LEI ¹ | Ampega-nl-Rent-Fonds | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900NQM5NP5HFZR839 | 1 - LEI ¹ | Gerling Immo Spezial 1 | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900XOIBXTP1WF084 | 1 - LEI ¹ | GKL SPEZIAL RENTEN | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900RGWUQHGDG7JCD08 | 1 - LEI ¹ | HGLV-Financial | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 52990000WJQ4LZV7AR06 | 1 - LEI ¹ | PBVL-Corporate | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 5299001HS099UBOT0B76 | 1 - LEI ¹ | EURO-Rent 3 Master | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900WNVUQU1CUQW668 | 1 - LEI ¹ | HDI Gerling-Sach Industrials Master | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900NXP05DVG6N147 | 1 - LEI ¹ | TAL-Corp | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation |
|---|-----------------------|---|--------|----------------|--------------------|--|---|--|----------------------------------|----------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | | |
| | | % Voting rights | | | | | | | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | |
| | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 4 - Method 1: Sectoral Rules | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | 19.11.2015 | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 53.35% | 100.00% | 53.35% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 53.35% | 100.00% | 53.35% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 53.35% | 100.00% | 53.35% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation | |

DT11 – UNDERTAKINGS IN THE SCOPE OF THE GROUP

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non-mutual) |
|---------|--|---|---|---|--|------------------------------|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| DE | 5299007CH3G8AO2PKL43 | 1 - LEI ¹ | Talanx Deutschland Real Estate Value | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900GWQQDRAWYZBR11 | 1 - LEI ¹ | NL Master | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 5299008DQNJ4RILKA985 | 1 - LEI ¹ | HDI Globale Equities | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900NZMGH5XAVMH447 | 1 - LEI ¹ | HV Aktien | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900HDZ0EGKML7L83 | 1 - LEI ¹ | TAL Aktien | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900JVTW5YPLLRN67 | 1 - LEI ¹ | HDI Global SE Absolute Return | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900DAACNC5KI99M98 | 1 - LEI ¹ | HDI VaG Master | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900NRKA99W796HS03 | 1 - LEI ¹ | HLV Municipal Fonds | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| DE | 529900IADUQ3BXTEUA13 | 1 - LEI ¹ | nl LV Municipal Fonds | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| AT | 529900HZI6YFLNWOHX79 | 1 - LEI ¹ | Ampega-Vienna-Bonds-Master-Fonds-Deutschland | 99 - Other | Sondervermögen nach deutschem Recht (KAGB) | 2 - Non-mutual |
| FR | 969500PMBRQ2QJEZ4M24 | 1 - LEI ¹ | Fracom FCP | 99 - Other | FCP | 2 - Non-mutual |
| PL | 259400EH7UQNR7GI1O14 | 1 - LEI ¹ | KBC ALFA Specjalistyczny Fundusz Inwestycyjny Otwarty | 99 - Other | Fonds | 2 - Non-mutual |
| BR | 529900F2F9VZ5FRROH89BR6127 | 2 - Specific code | PEROLA NEGRA FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES MULTI-ESTRATÉGIA INVESTIMENTO NO EXTERIOR | 99 - Other | Fonds | 2 - Non-mutual |
| DE | 529900F2F9VZ5FRROH89BR6129 | 2 - Specific code | HLV Aktien | 99 - Other | Fonds | 2 - Non-mutual |
| DE | 529900GXO87AB0U5EK12 | 1 - LEI ¹ | PB Pensionsfonds AG | 9 - Institution for occupational retirement provision | Aktiengesellschaft | 2 - Non-mutual |

¹ LEI = Legal Entity Identifier

| Supervisory authority | Criteria of influence | | | | | | Inclusion in the scope of Group supervision | | Group solvency calculation |
|---|-----------------------|---|-----------------|----------------|--------------------|--|---|--|----------------------------------|
| | % Capital share | % Used for the establishment of consolidated accounts | % Voting rights | Other criteria | Level of influence | Proportional share used for Group solvency calculation | Date of decision if Art. 214 is applied | Method used and under method 1, treatment of the undertaking | C0260 |
| | | | | | | | | | |
| C0080 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 67.73% | 100.00% | 67.73% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 53.35% | 100.00% | 53.35% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 100.00% | 100.00% | 100.00% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 53.35% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| | 41.74% | 100.00% | 41.74% | | 2 - Significant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Komisja Nadzoru Finansowego | 59.86% | 100.00% | 59.86% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Superintendência de Seguros Privados | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 1 - Method 1: Full consolidation |
| Bundesanstalt für Finanzdienstleistungsaufsicht | 79.04% | 100.00% | 79.04% | | 1 - Dominant | 100.00% | 1 - Included in the scope | | 4 - Method 1: Sectoral Rules |

Contact information

HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit

HDI-Platz 1

30659 Hannover

Germany

Telephone +49 511 3747-0

Fax +49 511 3747-2525

www.talanx.com

Group Communications

Andreas Krosta

Telephone +49 511 3747-2020

Fax +49 511 3747-2025

andreas.krosta@talanx.com

Investor Relations

Carsten Werle

Telephone +49 511 3747-2231

Fax +49 511 3747-2286

carsten.werle@talanx.com

This is a translation of the original German text; the German version shall be authoritative in case of any discrepancies in the translation.

