



**tal anx.**  
Insurance. Investments.

# Investor presentation

September 2020

# Agenda

1

6M 2020 results

2

Key aspects of Talanx's strategy

3

Appendix

# 1 6M 2020: Group net income of EUR 325m impacted by significant Corona effects

GWP up by 5.5% (curr.-adj. +6.3%) – driven by Reinsurance and Industrial Lines

## Corona impact

EUR 658m net EBIT impact:  
(Q2: EUR 430m)

■ EUR 824m claims (net)<sup>1</sup>

■ EUR 104m premiums impact

■ EUR 93m offsetting effects

■ EUR 174m investment losses

Underlying Group combined ratio of 97.4% excl. Corona impact<sup>2</sup> (6M 2019: 97.5%)

Group net income of EUR 325m (-31.8%; Q2: EUR 103m) with Group RoE at 6.4%

Uncertain environment continues to prevent FY2020 Group net income outlook

Solvency II ratio (excl. transitional) at 191%, at upper end of target range (150 - 200%)

<sup>1</sup> Approx. 70% of the EUR 824m corona-related claims have been incurred but not reported (IBNR) as of 30 June 2020. <sup>2</sup> Reported combined ratio of 101.3% adjusted for technical Corona effects in non-life business: EUR 99m premiums impact, EUR 409m claims (net) not absorbed by otherwise unused large loss budget, EUR 89m offsetting effects.

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## 6M 2020 results – Combined ratio increase fully attributable to Corona effects

EURm	6M 2020	6M 2019	Delta	Comments
<b>Gross written premiums (GWP)</b>	<b>22,006</b>	<b>20,864</b>	<b>+6%</b>	GWP growth driven by P/C Reinsurance (+EUR 1,327m) and Industrial Lines (+EUR 369m). No material currency impact
Net premiums earned	16,746	15,917	+5%	
Net technical result	(1,129)	(708)	(60%)	Technical result negatively impacted by corona-related claims of EUR 824m, EUR 104m corona-related premiums impact on EBIT; benefiting from EUR 93m offsetting effects; underlying Group CR at 97.4% slightly improved
thereof P/C	(160)	226	n.m.	
thereof Life	(969)	(934)	(4%)	
Net investment income	1,785	1,986	(10%)	EUR 165m decrease in ordinary investment income, across the board, only partially offset by higher extraordinary investment income (excluding EUR 100m one-time Viridium gain in L/H Reinsurance in Q2 2019)
Other income / expenses	89	(34)	n.m.	
<b>Operating result (EBIT)</b>	<b>745</b>	<b>1,244</b>	<b>(40%)</b>	Positive swings in currency translation (+EUR 57m) and deposit accounting (+EUR 40m)
Financing costs	(103)	(94)	(+9%)	
Taxes on income	(93)	(293)	+68%	
Net income before minorities	549	858	(36%)	
Non-controlling interests	(224)	(380)	+41%	
<b>Net income after minorities</b>	<b>325</b>	<b>477</b>	<b>(32%)</b>	
<b>Earnings per share (EPS)</b>	<b>1.29</b>	<b>1.89</b>		
Combined ratio	101.3%	97.5%	+3.8%pts	Reinsurance: Significant portion of low-tax income; some one-off tax effects in Q2 2020
Tax ratio	14.5%	25.4%	(10.9%pts)	
Return on equity	6.4%	10.4%	(4.0%pts)	
Return on investment	2.7%	3.3%	(0.6%pts)	

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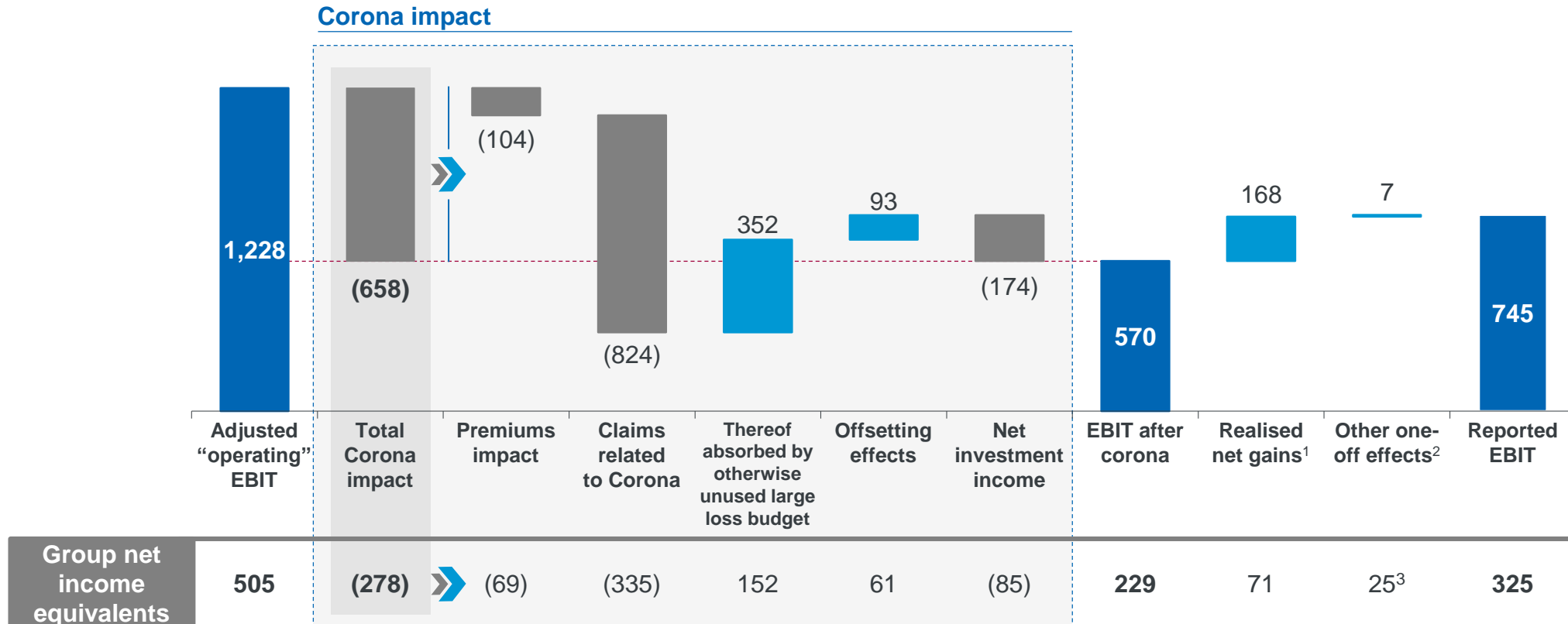
## Q2 2020 results – Material corona impact, net income down 58%

EURm	Q2 2020	Q2 2019	Delta	Comments
<b>Gross written premiums (GWP)</b>	<b>9,539</b>	<b>9,148</b>	<b>+4%</b>	GWP growth driven by P/C Reinsurance (+EUR 735m), more than offsetting declines in Retail International (EUR -292m) and Retail Germany (EUR -144m). +6% currency-adjusted
Net premiums earned	8,392	8,075	+4%	
Net technical result	(704)	(350)	(101%)	
thereof P/C	(161)	(83)	n.m.	Technical result materially impacted by corona-related claims of EUR 511m and EUR 104m corona-related premiums impact on EBIT; benefiting from EUR 99m offsetting effects
thereof Life	(543)	(434)	(25%)	
Net investment income	882	998	(12%)	Decrease in ordinary investment income across the board offset by realised and unrealised gains; Q2 2019 includes EUR 100m one-time Viridium gain in L/H Reinsurance
Other income / expenses	8	(20)	n.m.	
<b>Operating result (EBIT)</b>	<b>186</b>	<b>628</b>	<b>(70%)</b>	
Financing costs	(52)	(49)	(6%)	
Taxes on income	22	(133)	n.m.	
Net income before minorities	156	447	(65%)	
Non-controlling interests	(54)	(205)	+74%	
<b>Net income after minorities</b>	<b>103</b>	<b>242</b>	<b>(58%)</b>	
<b>Earnings per share (EPS)</b>	<b>0.41</b>	<b>0.96</b>		
Combined ratio	102.7%	98.1%	+4.6%pts	Reinsurance: Significant portion of low-tax income and some one-off tax effects
Tax ratio	(16.5%)	22.9%	(39.4%pts)	
Return on equity	4.1%	10.1%	(6.0%pts)	
Return on investment	2.7%	3.3%	(0.6%pts)	

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## Underlying profitability at 6M 2019 record level – agenda execution fully on track

### EBIT (before taxes and minorities) in 6M 2020, in EURm



<sup>1</sup> Realised net gains / losses on fixed income and real estate investments (net losses on equities and derivatives included in corona-related effects). Group excluding Primary Insurance life business. Largest part realised in P/C Reinsurance. A portion of the realised gains would have occurred in a normalised quarter as well

<sup>2</sup> EUR 7m deconsolidation gain in German Life

<sup>3</sup> Includes EUR 7m deconsolidation gain in German Life (tax-free) and EUR 18m one-time tax effects in P/C Reinsurance and Corporate Operations

## 1

## Corona in 6M 2020: Aggregate net income impact of EUR 278m

## Total EBIT impact (before taxes and minorities) in 6M 2020, in EURm

	Industrial Lines	Retail Germany P&C	Retail Germany Life	Retail International	Rein-surance	Corporate Operations	Talanx Group
Premiums impact	(58)	(10)	(4)	(22)	(12)		(104)
Corona-related claims (net)	(107)	(24)		(20)	(663)	(10)	(824)
Thereof absorbed by otherwise unused large loss budget	75				277		352
Offsetting effects (and other)		21	1	64 <sup>2</sup>	7		93
Net investment income	(22)	(5)	(5) <sup>1</sup>	(9)	(130)	(2)	(174) <sup>3</sup>
<b>Total EBIT impact</b>	<b>(111)</b>	<b>(18)</b>	<b>(8)</b>	<b>13</b>	<b>(522)</b>	<b>(12)</b>	<b>(658)</b>
<b>Group net income impact</b>	<b>(87)</b>	<b>(13)</b>	<b>(6)</b>	<b>8</b>	<b>(170)</b>	<b>(9)</b>	<b>(278)</b>

Accounting impact of 6M claims: EUR 472m

Note: Numbers may not add up due to rounding. Group net income impact after taxes and minorities. 1 EUR -7m PVFP (Present Value of Future Profits) impairment in Q1 2020 was reversed by EUR 8m mark-up in Q2 2020, in accordance with swing in equity markets. 2 Includes EUR 21m premium deficiency reserves. 3 Approx. 50% of this amount reflects lower ordinary investment income which is to a certain extent affected by but cannot exclusively be attributed to Corona. Generally, for corona-related effects on investments it is not possible in all cases to draw a clear line between Corona and effects triggered by Corona which have been in the markets before.

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## Corona in Q2 2020: Aggregate net income impact of EUR 146m

## Total EBIT impact (before taxes and minorities) in Q2 2020, in EURm

	Industrial Lines	Retail Germany P&C	Retail Germany Life	Retail International	Rein-surance	Corporate Operations	Talanx Group
Premiums impact	(58)	(10)	(4)	(22)	(12)		(104)
Corona-related claims (net)	(72)	7			(443)	(3)	(511)
Thereof absorbed by otherwise unused large loss budget	49				153		202
Offsetting effects (and other)		21	7 <sup>1</sup>	64 <sup>2</sup>	7		99
Net investment income	11	5	(5)	(2)	(120)	(2)	(115) <sup>3</sup>
<b>Total EBIT impact</b>	<b>(70)</b>	<b>23</b>	<b>(2)</b>	<b>39</b>	<b>(416)</b>	<b>(5)</b>	<b>(430)</b>
<b>Group net income impact</b>	<b>(49)</b>	<b>15</b>	<b>(2)</b>	<b>26</b>	<b>(133)</b>	<b>(4)</b>	<b>(146)</b>

Accounting impact of 6M claims: EUR 309m

Note: Numbers may not add up due to rounding. Group net income impact after taxes and minorities. 1 EUR -7m PVFP (Present Value of Future Profits) impairment in Q1 2020 was reversed by EUR 8m mark-up in Q2 2020, in accordance with swing in equity markets. 2 Includes EUR 21m premium deficiency reserves. 3 Approx. 70% of this amount reflects lower ordinary investment income which is to a certain extent affected by but cannot exclusively be attributed to Corona. Generally, for corona-related effects on investments it is not possible in all cases to draw a clear line between Corona and effects triggered by Corona which have been in the markets before.



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# Large losses: Substantial share of corona losses absorbed by otherwise unused large loss budget in Industrial Lines and Reinsurance

Net losses Talanx Group in EURm, 6M 2020 (6M 2019)	Industrial Lines	Retail Germany	Retail International	Σ Primary Insurance	+ Reinsurance	= Talanx Group
Tornado <i>Nashville</i> , USA (March)	12.8			12.8	31.1	43.9
Bush Fires <i>New South Wales</i> , Australia (Jan.)	13.2			13.2	26.3	39.5
Hurricanes <i>Ciara, Elsa, Sabine</i> , Europe (Feb.)	5.8	9.5	0.8	16.1	18.6	34.7
Hailstorm <i>Victoria</i> , Australia (January)	13.0			13.0	18.1	31.1
Flood <i>East Coast</i> , Australia (February)	1.6			1.6	20.1	21.7
Earthquake <i>Puerto Rico</i> (January)				0.0	10.1	10.1
Tornado <i>Borg Warner</i> , USA (April)	8.9			8.9		8.9
<b>Sum NatCat</b>	<b>55.4 (61.1)</b>	<b>9.5 (20.2)</b>	<b>0.8 (3.8)</b>	<b>65.6 (85.1)</b>	<b>124.3 (53.0)</b>	<b>189.9 (138.1)</b>
Fire/Property		20.0	0.1	34.4	12.6	47.0
Credit						
Marine						
Aviation						
Casualty	20.0			20.0		20.0
Cyber						
<b>Sum other large losses</b>	<b>20.0 (82.1)</b>	<b>20.0 (0.0)</b>	<b>0.1 (0.0)</b>	<b>54.4 (82.1)</b>	<b>12.6 (87.5)</b>	<b>67.0 (169.6)</b>
<b>Corona losses</b>	<b>106.5</b>	<b>24.1</b>	<b>20.0</b>	<b>160.6</b>	<b>600.1</b>	<b>760.7</b>
<b>Total large losses</b>	<b>181.9 (143.2)</b>	<b>53.6 (20.2)</b>	<b>20.9 (3.8)</b>	<b>280.7 (167.2)</b>	<b>737.0 (140.6)</b>	<b>1,017.7 (307.8)</b>
Pro-rata large loss budget	150.3	14.8	4.5	180.1	413.5	593.6
Full-year large loss budget	300.6	29.5	9.0	360.1	975.0	1,335.1
Impact on CR: materialised large losses	12.5%pts (10.5%pts)	7.7%pts (2.8%pts)	1.3%pts (0.2%pts)	7.2%pts (4.4%pts)	10.7%pts (2.4%pts)	9.5%pts (3.2%pts)
Impact on CR: large loss budget	10.3%pts (10.2%pts)	2.1%pts (1.7%pts)	0.3%pts (0.2%pts)	4.6%pts (4.1%pts)	6.0%pts (6.2%pts)	5.5%pts (5.4%pts)

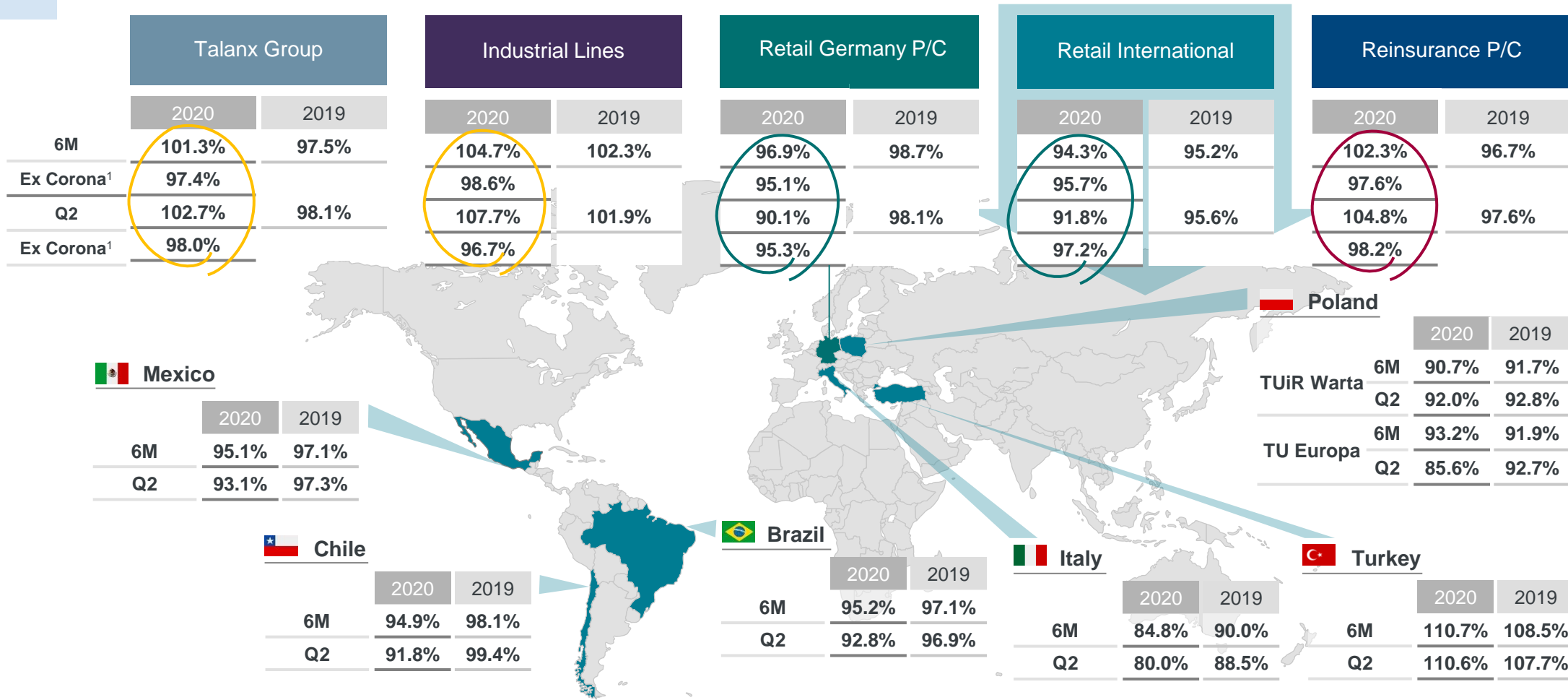
7.1%pts total impact on CR

4.0%pts impact on CR from exceeding budget

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. EUR 24.3m large losses (net) in Corporate Operations in 6M 2020 Primary Insurance (6M 2019: EUR 0.0m).

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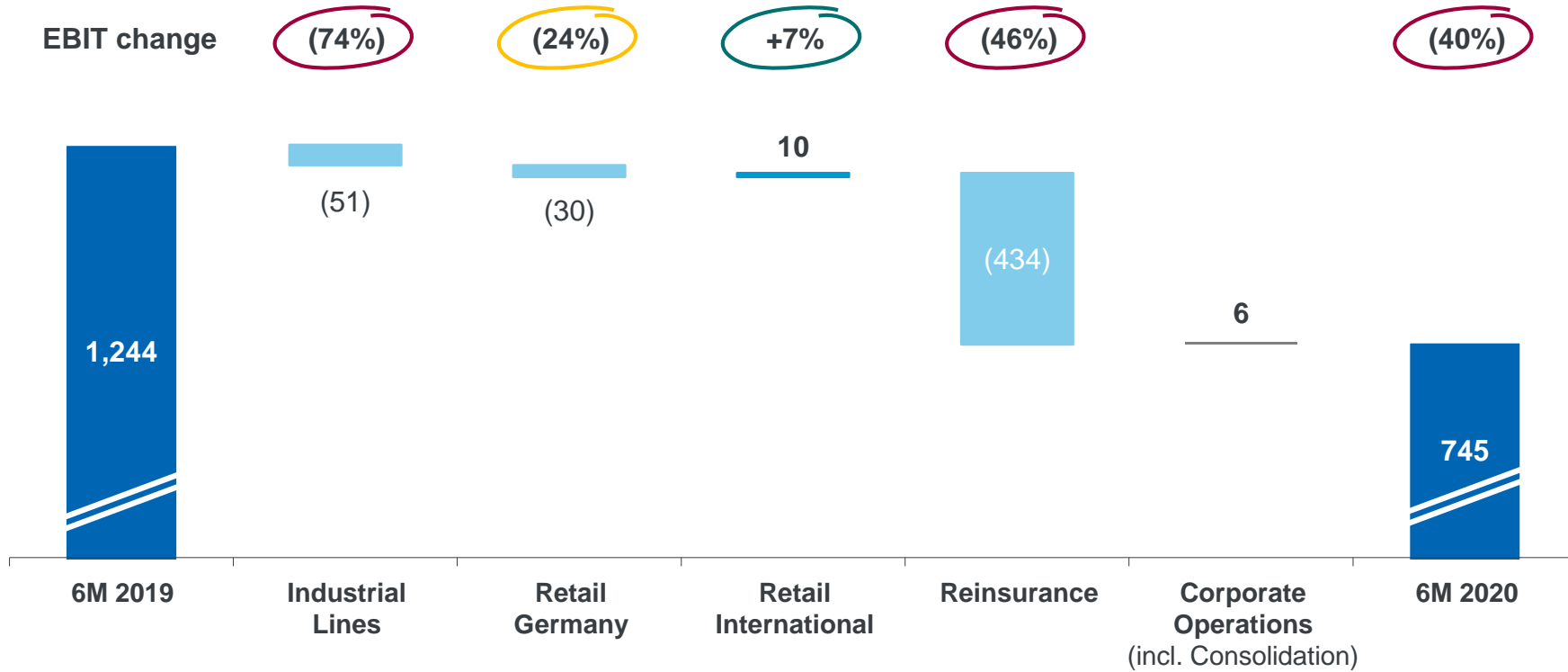
## Combined ratio deterioration due to Corona



Note: This page highlights only core markets plus Italy for Retail International. Turkey 6M 2020 EBIT of EUR 7m (vs. EUR 4m in 6M 2019). Ergo Sigorta acquisition in Turkey fully included in 6M and Q2 2020, not in 2019  
<sup>1</sup> Adjusted for premiums impact, corona-related claims (where not absorbed by otherwise unused large loss budget) and offsetting effects, as per pages 7 and 8 in this presentation.

# 1 EBIT and net income development by division

In EURm



Net income change	6M 2019	Industrial Lines	Retail Germany	Retail International	Reinsurance	Corporate Operations (incl. Consolidation)	6M 2020
	477	(35)	(9)	4	(129)	17	325

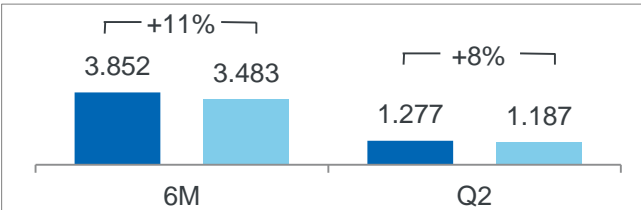
Note: Numbers may not add up due to rounding.

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## Industrial Lines: Positive momentum continues despite corona

EURm, IFRS ■ 2020 ■ 2019

### Gross written premiums (GWP)

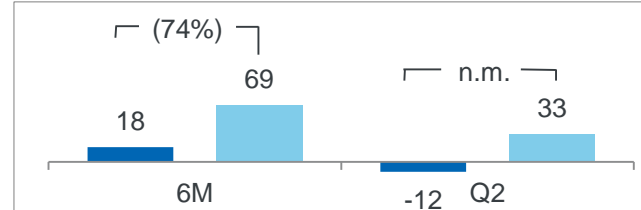


### Retention ratio in %

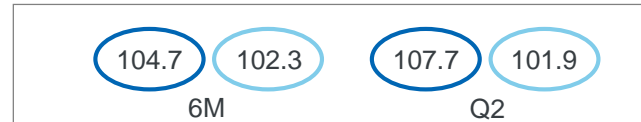


- Top-line growth continues in 6M with 10.6% (curr.-adj. +10.9%), largely due to significant growth in Specialty business, which more than offset EUR 90m Q2 reserve (based on gross written premiums) for expected lower premiums from clients with revenue-based policies
- Net premiums earned (NPE) grew by 6.8% in 6M, below top-line momentum mainly due to the effect of premium reserves (EUR 58m NPE impact)
- Profitabilisation efforts continue to show positive results

### Operating result (EBIT)

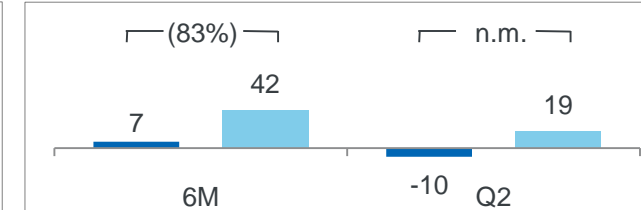


### Combined ratio in %



- Corona-related claims of EUR 107m in 6M, largely from business interruption and event cancelation. As of 30 June 2020 93% of corona-related claims reserved, 7% paid out
- Taking the EUR 81m corona-related effects into account (EUR 58m premiums impact and EUR 23m claims above large loss budget), underlying combined ratio was at 96.7% in Q2 2020, which highlights success of 20/20/20 programme
- Run-off result of EUR -9.5m in 6M 2020 (Q2 2020: EUR -0.2m). EUR 32m in 6M 2019 (Q2 2019: EUR 26m). Positive run-off result of EUR 6m in 6M 2020 excl. Specialty (Q2 2020: EUR 0m).

### Net income



### RoE in %



- Reduced return on investment of 2.3% (6M 2019: 3.0%), largely reflecting the decline in ordinary investment income
- Tax ratio down to 16.8% (6M 2019: 31.5%), mainly due to a deferred tax credit in a European branch
- Medium and long-term targets (97% and 95% combined ratio) remain intact

**6M corona impact (EBIT)**

- Premiums: EUR -58m
- Claims: EUR -107m
- Offsetting: -
- Investments: EUR -22m

EUR -89m total technical impact<sup>1</sup>

<sup>1</sup> After absorption of otherwise unused large loss budget (EUR 75m).

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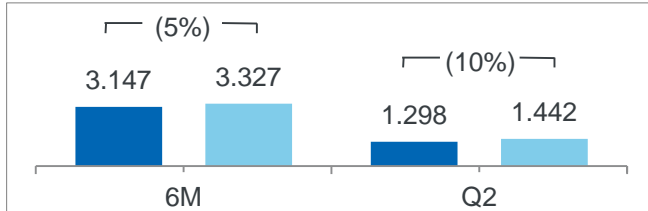
## Retail Germany Division: KuRS execution on track

**6M corona impact (EBIT)**

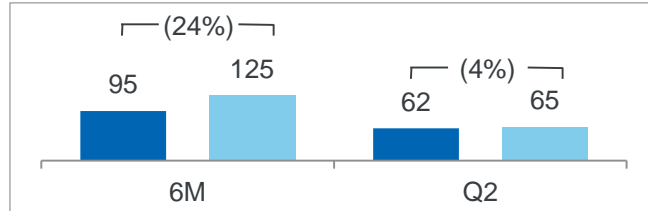
- Premiums: EUR -14m
- Claims: EUR -24m
- Offsetting: EUR +22m
- Investments: EUR -10m

EURm, IFRS ■ 2020 ■ 2019

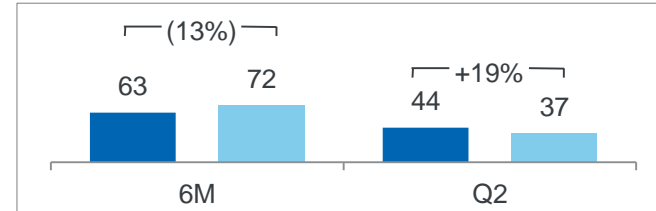
### Gross written premiums (GWP)



### Operating result (EBIT)



### Net income



### Retention ratio in %



### EBIT margin in %



### RoE in %



- Gross written premiums down in both P/C and Life businesses, reflecting the dampening effect of lock-down measures on new business. Decline especially pronounced in German motor and bancassurance businesses, partially off-set by targeted growth with SME businesses and self-employed professionals
- Net premiums down by 4% vs. 6M 2019

- Moderate decline y/y in EBIT in Q2 2020 (-3.9%)
- EBIT reduction in 6M solely attributable to the Life segment (EUR -31m vs. 6M 2019)
- Overall, dampening effect of EUR 26m from Corona on EBIT in 6M 2020, thereof net claims of EUR 24m (in P/C only)
- Total KuRS costs of EUR 9m in 6M 2020 (EUR 5m in Q2 2020, EUR 9m in Q2 2019)

- 6M tax rate was 27.9%, down from 36.5% in 6M 2019, mainly due to EUR 7m tax-free one-time consolidation gain in Q1 2020
- Excluding corona burdens, by the end of 2020 we expect to be close to the target we wanted to achieve for 2021
- Mid-term RoE ambition continues to be 7-8%

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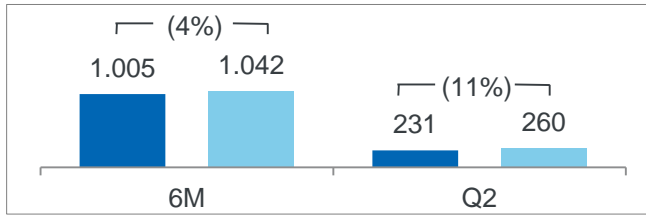
## Retail Germany P/C: Resilient operating business despite Corona

**6M corona impact (EBIT)**

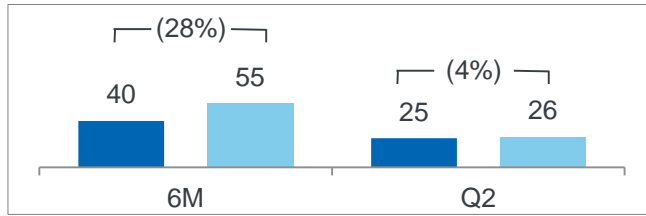
- Premiums: EUR -10m
- Claims: EUR -24m
- Offsetting: EUR +21m
- Investments: EUR -5m

EURm, IFRS ■ 2020 ■ 2019

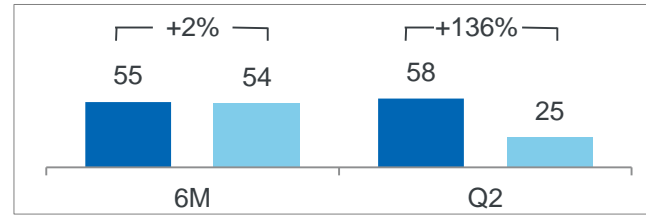
### Gross written premiums (GWP)



### Net investment income



### Operating result (EBIT)

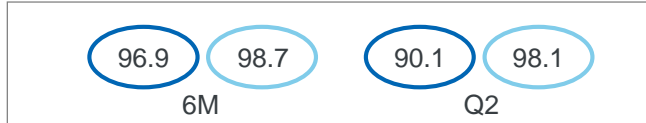


EUR -13m total technical impact

### Retention rate in %



### Combined ratio in %



### EBIT margin in %



- In Q2 2020, GWP y/y decrease in motor (EUR -22m) and unemployment (EUR -14m); increase in target business with SMEs and self-employed professionals (EUR 6m)
- Focus in motor business remains on profitability at the expense of volume

- EUR 24m Corona-related claims (business closure) slightly exceed the beneficial effect of lower claims in other areas (EUR 21m), namely in motor, in 6M 2020
- Excluding corona, combined ratio would have been at 95.1% in 6M 2020, also excluding KuRS investments at 94.8% (6M 2019: 96.3%)
- Net return on investment down to 1.9% in 6M 2020, from 2.7% in 6M 2019, mainly due to lower ordinary investment income, partially offset by higher unrealised gains

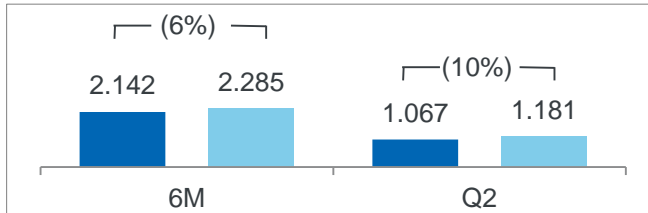
- EBIT negatively affected by corona-related claims (EUR 24m, mainly business closure), premiums impact (EUR 10m) and investment losses (EUR 5m) in 6M 2020
- EUR 7m reduction of corona-related claims (net) in Q2 2020 due to higher expected share of reinsurance cover
- EBIT impact of KuRS costs with EUR 3m in Q2 2020 vs. EUR 7m in Q2 2019
- EBIT benefited from improved technical result of EUR 22m (EUR 10m in 6M 2019)

# 1 Retail Germany Life: Significantly affected by Corona

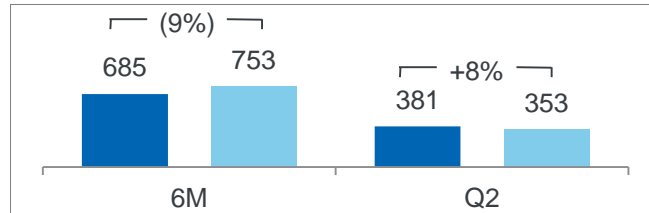
**6M corona impact (EBIT)**  
 • Premiums: EUR -4m  
 • Claims: -  
 • Offsetting: EUR +1m  
 • Investments: EUR -5m

EURm, IFRS ■ 2020 ■ 2019

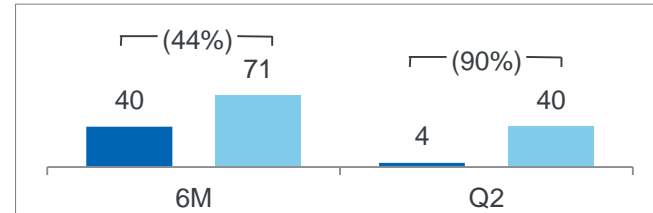
## Gross written premiums (GWP)



## Net investment income



## Operating result (EBIT)



## Retention rate in %



## Return on investment in %



## EBIT margin in %



- GWP decreased by 6.3% vs. 6M 2019 (Q2 2020 y/y: -9.6%) because of lower sales via banking channels and in company pension schemes as a result of the lockdown. Effect was partially off-set by growth in regular premium business
- Decrease in net premiums earned lower than for GWP because of lower amount of contribution carried over

- 6M 2020 net investment income down significantly, mainly due to lower ordinary investment income (down EUR 45m, or 6.2%), unrealised losses and higher administration expenses
- Decline in investment income is largely EBIT-neutral as it reduces allocations to policyholders
- ZZR allocation under German accounting of EUR 283m in 6M 2020, thereof EUR 154m in Q2 2020 (6M 2019: EUR 174m; Q2 2019: EUR 113m). Total stock of ZZR as of 30 June 2020 at EUR 4.1bn

- EBIT negatively affected by reserves for expected premiums decline (EUR 4m) and investment losses (EUR 5m) in 6M 2020
- 6M EBIT decrease by EUR 31m also reflects EUR 5m negative impact from partial write-down of deferred acquisition costs (mainly due to lower interest rates) and base effect from two accounting-driven one-offs of net positive EUR 9m in Q2 2019
- Low level of long-term interest rates, which have come down further due to the pandemic, continues to put pressure on solvency ratios of life carriers<sup>1</sup>

<sup>1</sup> As of 30 June 2020, the SCR-weighted Solvency II CAR for the four German life entities stood at 345% including transitional measure, at 120% without transitional measure.

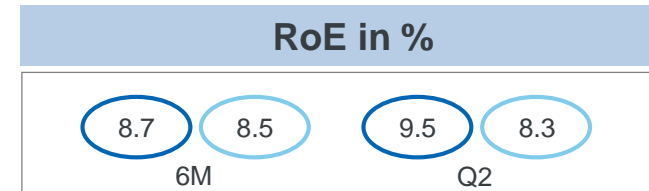
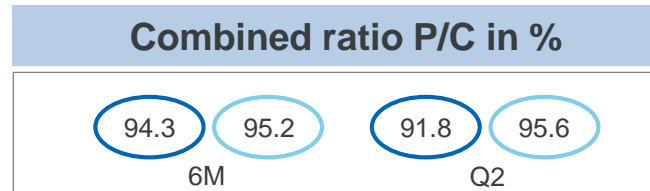
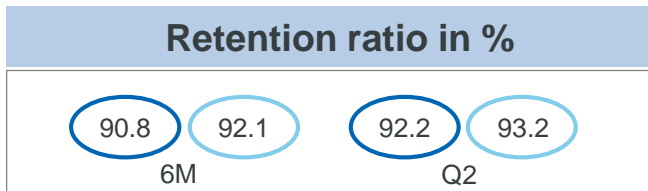
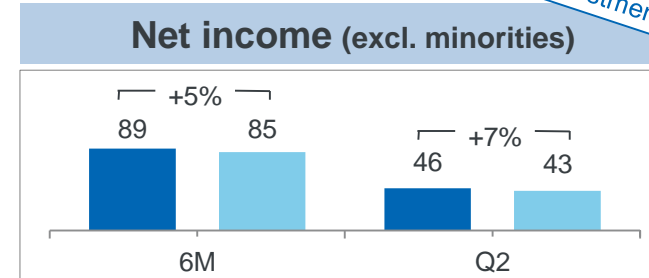
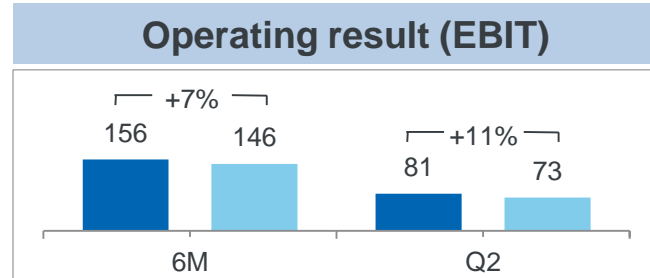
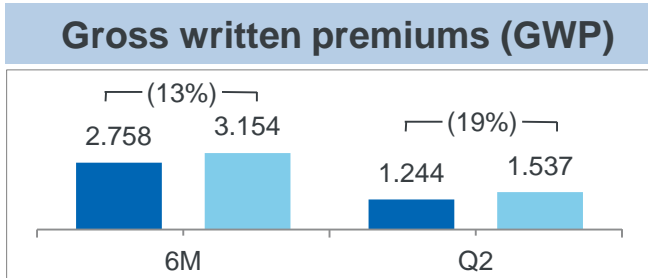
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## Retail International: Lower premiums offset by reduced claims

**6M corona impact (EBIT)**

- Premiums: EUR -22m<sup>2</sup>
- Claims: EUR -20m
- Offsetting: EUR +64m
- Investments: EUR -9m

EURm, IFRS ■ 2020 ■ 2019



EUR -22m total technical impact

- 6M GWP decline of 12.6% (curr.-adj. -6.8%) mainly driven by Italian Life and Latin American business
- GWP in P/C down 7.9% (curr.-adj. +0.2%). Both Warta and Turkey up currency-adjusted. Life business down 20.9%, driven by lower single premium business in Italy and Hungary
- Europe down 10.1% to EUR 2,058m in 6M 2020 (-7.7% curr.-adj.), mainly due to lower single premiums in Italian Life
- 19.0% decline in LatAm (curr.-adj. -4.6%). Reduced new car sales in Mexico and Chile not offset by slight increase in Brazil

- Significant improvement in CR. Exceptional Q2 level explained by ~4%pts decline in loss ratio on the back of lower motor frequency losses
- Technical excellence translates into improved EBIT, which increased 6.9% in 6M driven by Warta P/C, Italy as well as in Mexico and Chile
- Europe up 16.5% (EUR 22m) in 6M, mainly due to lower claims and realised investment gains in Italy; Latin America down 21.0% (EUR 7m), driven by drop of interest rates
- EUR 41m aggregate corona-related reserves in 6M for anticipated claims<sup>1</sup>; no case reserves yet

- Return on investment down to 2.7% from 3.4% in 6M 2019, reflecting lower interest rates in all markets, particularly in Brazil and Turkey
- 6M 2020 results include two full quarters of Ergo Sigorta in Turkey, which has been fully merged and consolidated since end 2019
- Disposal of the small Chilean life entity signed in early August in line with strategy to focus on non-life business in our target region Latin America
- Mid-term RoE ambition of 10-11% still valid

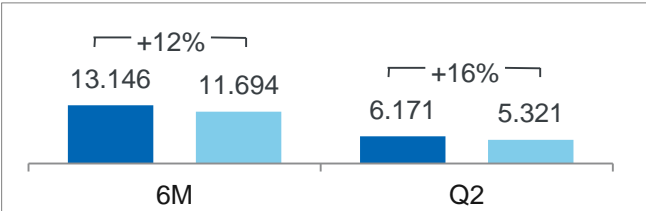
<sup>1</sup> Includes EUR 20m reserve for anticipated claims in Q1 2020 and EUR 21m premium deficiency reserves in P/C in Q2 2020. <sup>2</sup> All in P/C business.



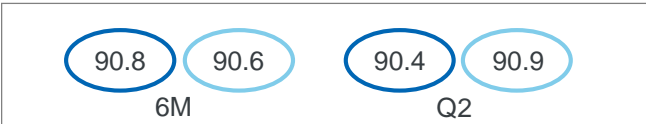
# 1 Reinsurance: Corona significantly impacts RoE

EURm, IFRS ■ 2020 ■ 2019

## Gross written premiums (GWP)

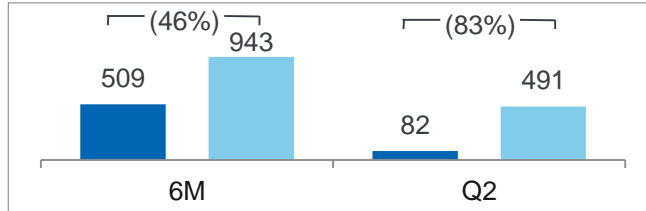


## Retention ratio in %

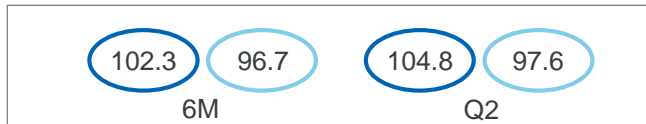


- GWP up by 12.4% (currency-adj. +12.2%) in 6M 2020, growth driven by 16.9% increase in P/C
- Net premiums earned both on a reported and on a currency-adjusted basis are up by 10.9%
- Retention ratio up to 90.8% in 6M 2020 vs. 90.6% in 6M 2019

## Operating result (EBIT)

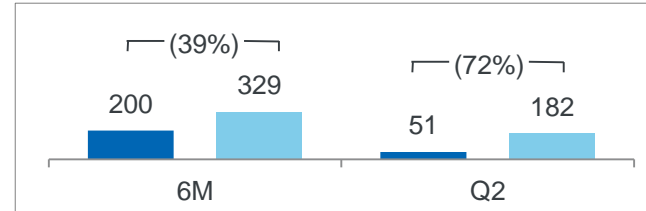


## Combined ratio P/C in %

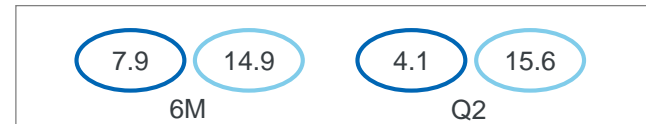


- 6M 2020 EBIT down 46.0%. Reported combined ratio of 102.3%. Combined Ratio adjusted for above-budget losses at 97.6% in 6M 2020
- Large loss budget exceeded by EUR 324m due to reserving for anticipated corona-related losses, which equates to 4.7%pts impact on combined ratio
- Ordinary investment income decreased by 12.5%. Total investment income by 8.4%, driven by inflation linkers with fixed-income securities
- Assets under own management up by 2.5% vs. 31 Dec 2019 to EUR 48.2bn

## Net income (excl. minorities)



## RoE (excl. minorities) in %



- 6M 2020 net income attributable to Talanx shareholders down by 39.2% to EUR 200m
- Return on equity at 7.9% (-7.0%pts. vs 6M 2019)
- Mid-term RoE ambition of at least 10% still valid

**6M corona impact (EBIT)**

- Premiums: EUR -12m
- Claims: EUR -663m
- Offsetting: -
- Investments: EUR -130m

EUR -392m total technical impact (EUR -330m thereof in P/C)<sup>1</sup>

<sup>1</sup> After absorption of otherwise unused large loss budget (EUR 277m).

# 1 Net investment income

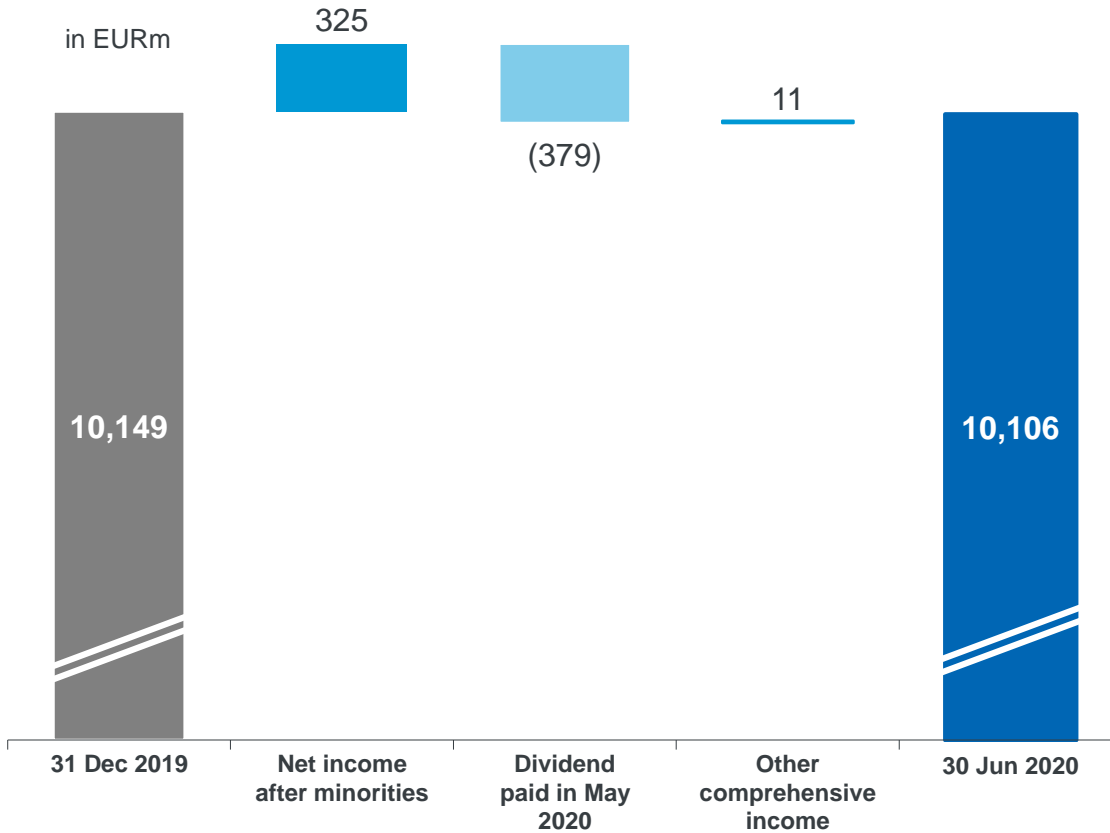
EURm, IFRS	6M 2020	6M 2019	Change	Q2 2020	Q2 2019	Change	Comments
<b>Ordinary investment income</b>	<b>1,613</b>	<b>1,778</b>	<b>(9%)</b>	<b>751</b>	<b>908</b>	<b>(17%)</b>	Decrease in ordinary investment income in Q2 2020, across the board, due to deteriorated low interest rate environment
thereof current interest income	1,305	1,399	(7%)	606	707	(14%)	
thereof income from real estate	145	156	(7%)	71	86	(18%)	
<b>Extraordinary investment income</b>	<b>177</b>	<b>246</b>	<b>(28%)</b>	<b>147</b>	<b>135</b>	<b>+9%</b>	6M increase in realised net gains mainly related to portfolio changes in Reinsurance in Q2 2020; EUR 100m one-time Viridium gain in L/H Reinsurance in Q2 2019; as usual, some realised gains to fund annual build-up in <i>Zinszusatzreserve</i> under German accounting
Realised net gains / losses on investments	325	268	+21%	128	184	(31%)	
Write-ups / write-downs on investments	(183)	(96)	+91%	(85)	(58)	+47%	
Unrealised net gains / losses on investments	36	73	(51%)	105	9	n.m.	EUR 47m write-downs on private equity in Q2 2020 after EUR 43m write-downs on equities in Q1 2020; line also includes regular depreciation of infrastructure and real estate investments
Other investment expenses	(133)	(125)	+6%	(63)	(65)	(4%)	
<b>Income from assets under own management</b>	<b>1,657</b>	<b>1,989</b>	<b>(13%)</b>	<b>836</b>	<b>978</b>	<b>(15%)</b>	Unrealised gains in Q2 2020 on derivatives in German Life and Reinsurance, fixed income and equities (where held at fair value)
Interest income on funds withheld and contract deposits	127	87	+47%	46	19	+145%	
Income from investment contracts	0	1	(84%)	(0)	1	n.m.	3% increase in assets under own management versus 31 December 2019 (EUR 122.6bn), from additional volume and market recovery in Q2 2020
<b>Total: Net investment income</b>	<b>1,785</b>	<b>1,986</b>	<b>(10%)</b>	<b>882</b>	<b>998</b>	<b>(12%)</b>	
Assets under own management at period end	125,807	118,738	+6%	125,807	118,738	+6%	
Average assets under own management	124,223	115,303	+8%	124,243	117,656	+6%	
<b>Net return on investment<sup>1</sup></b>	<b>2.7%</b>	<b>3.3%</b>	<b>(0.6%pts)</b>	<b>2.7%</b>	<b>3.3%</b>	<b>(0.6%pts)</b>	
Current return on investment <sup>2</sup>	<b>2.4%</b>	<b>2.9%</b>	<b>(0.5%pts)</b>	<b>2.2%</b>	<b>2.9%</b>	<b>(0.7%pts)</b>	

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

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

# 1 Changes in equity – Shareholders' equity flat

## Shareholders' equity



## Comments

- Shareholders' equity declined to EUR 10,106m, which is marginally below the level of Dec 2019
- In Q2 2020, different than in Q1, the OCI effect was positive mainly due to unrealised gains

## Book value per share

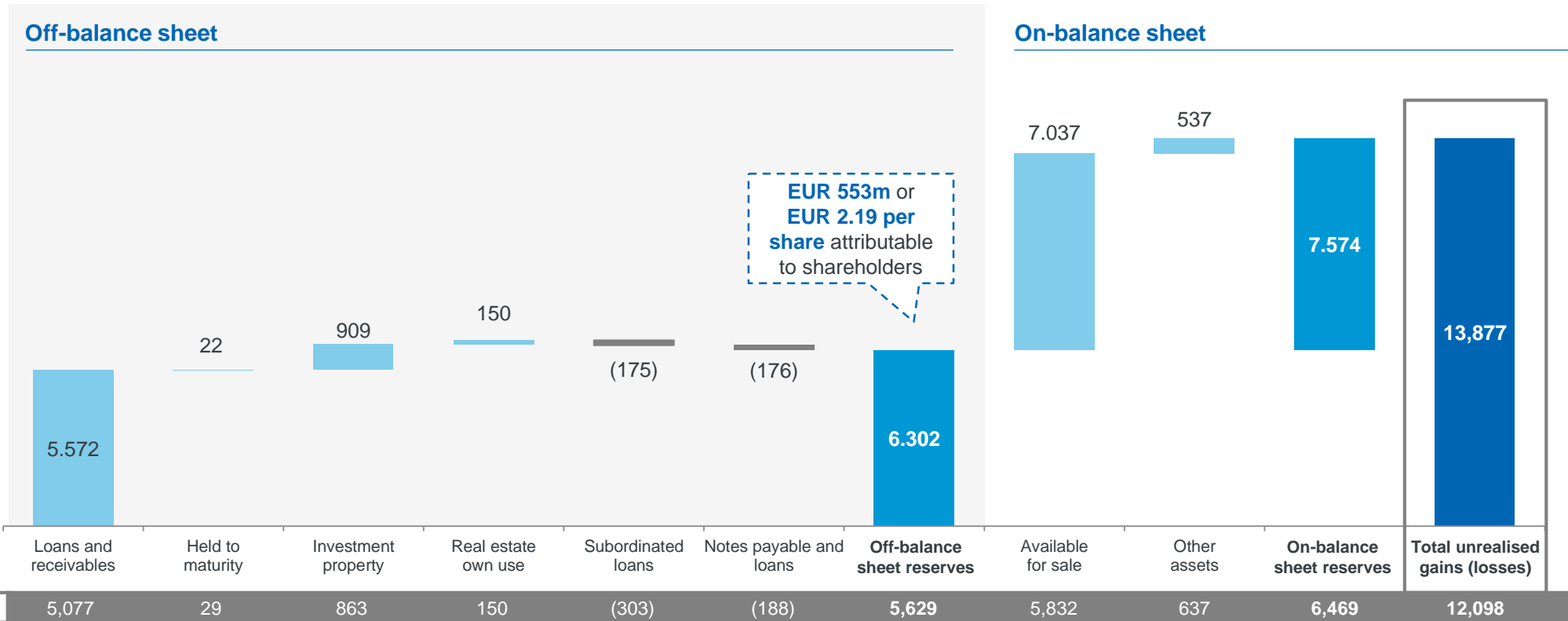
in EUR	31 Dec 2019	30 Jun 2020	Change	
			Abs.	%
Book value per share	40.15	39.98	-0.17	-0.4
excl. goodwill	35.78	35.83	0.06	0.2

Note: Figures restated on the basis of IAS 8

# 1

## Unrealised gains of EUR 13.9bn

### Unrealised gains and losses (off- and on-balance sheet) as of 30 Jun 2020, in EURm

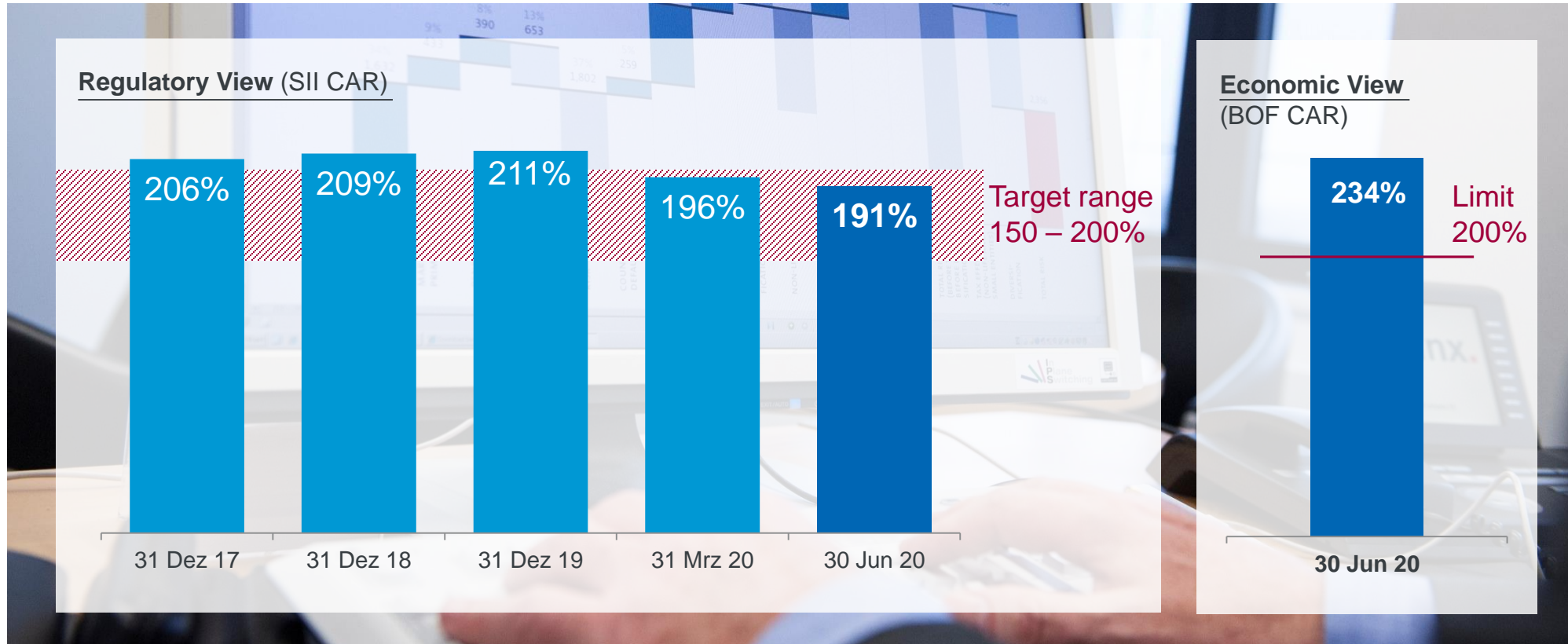


### Δ market value vs. book value

Note: Shareholder contribution estimated based on historical profit sharing pattern

# 1 Solvency II capitalisation remained at very solid level at end of June 2020

## Development of Solvency II capitalisation (excl. transitional)



Note: The Solvency II ratio reflects the regulatory view on capitalisation. It relates to the HDI Group as the regulated entity, so includes the so-called HDI solo funds at the level of HDI V.a.G. (mutual). The latter are not included in the so-called BoF CAR (economic view) that Talanx applies for its economic steering. Different from the BoF CAR, the Solvency II ratio also includes the negative effect of the haircut for non-controlling interests in Talanx's subsidiaries. The numbers in the chart do not contain the effect of transitional measure. Solvency II ratio including transitional measure for 30 June 2020: 235%.

# 1 Outlook 2020 for Talanx Group

On 21 April 2020, the Talanx Group withdrew its outlook for financial year 2020 due to the ongoing coronavirus pandemic and substantial uncertainty about future economic and capital market developments. The original earnings target range was more than EUR 900 million to EUR 950 million.

There has been no change in the period of exceptional uncertainty regarding future developments in premiums and large losses, and on the capital markets. As a result, it is not possible to give a reliable earnings outlook and we have decided not to present financial performance indicators at Group and segment level.

At EUR 325 million, Group net income for the first half of 2020 has declined more strongly year-on-year (EUR 477 million) than Q1 earnings did. We do not think that it is possible to extrapolate the results for the first half of 2020 to the year as a whole, since we expect that the coming quarters will also be hit by additional, although not easily foreseeable, financial effects from the pandemic, and that the economic and capital market environment will deteriorate.

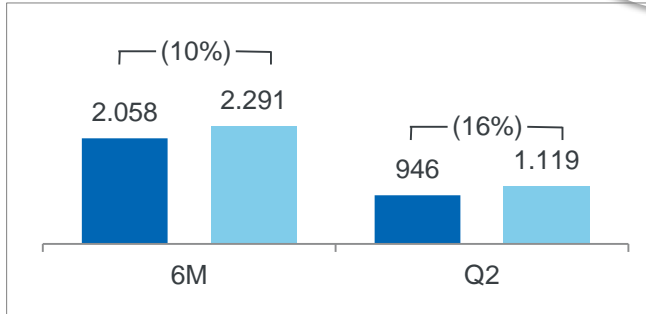
From today's perspective, Talanx still aims to distribute 35 to 45 percent of its IFRS earnings and to maintain its consistent dividend policy.

# 1 Additional Information – Retail International Europe: Key financials

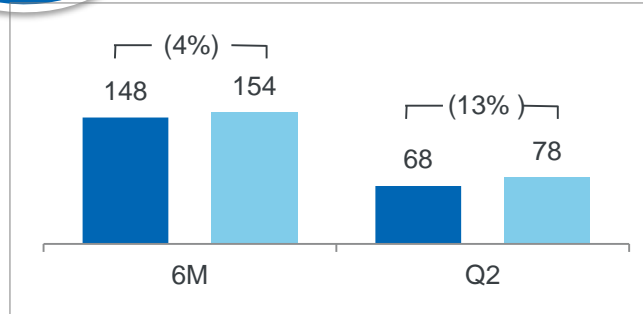
EURm, IFRS ■ 2020 ■ 2019

6M 2020  
(currency adjusted)  
GWP: -7.7%

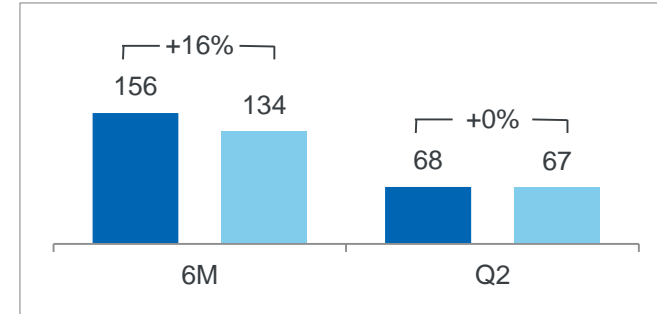
## Gross written premiums



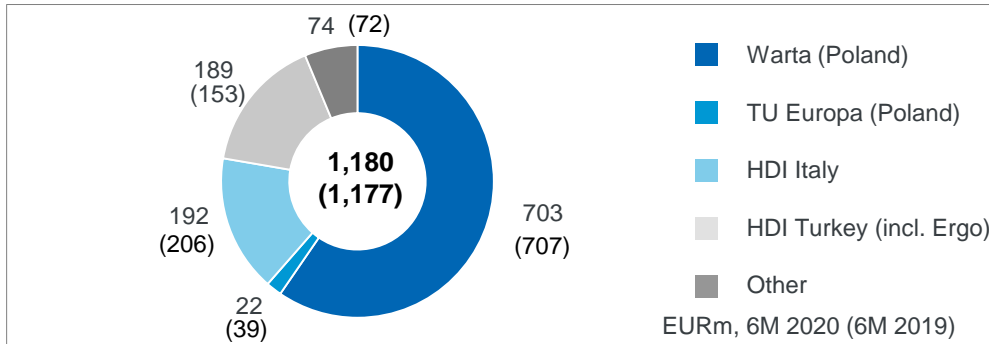
## Net investment income



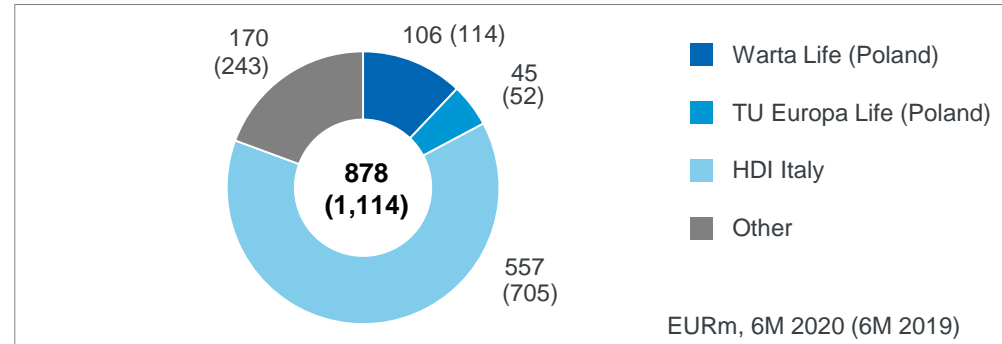
## Operating result (EBIT)



## GWP split by carriers (P/C)



## GWP split by carriers (Life)



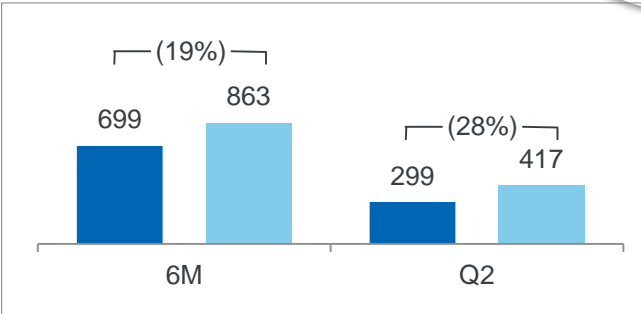
► Strong EBIT increase of 16% – driven by excellent results at HDI Italy

# 1 Additional Information – Retail International LatAm: Key financials

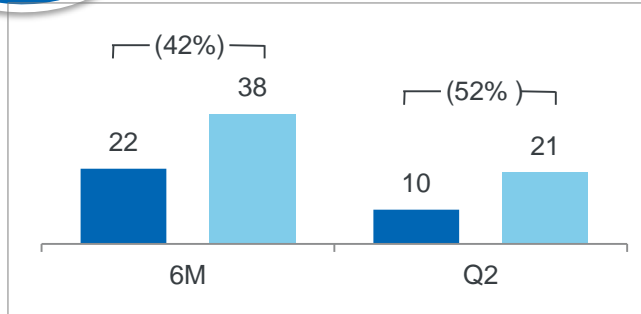
EURm, IFRS ■ 2020 ■ 2019

6M 2020  
(currency adjusted)  
GWP: -4.6%

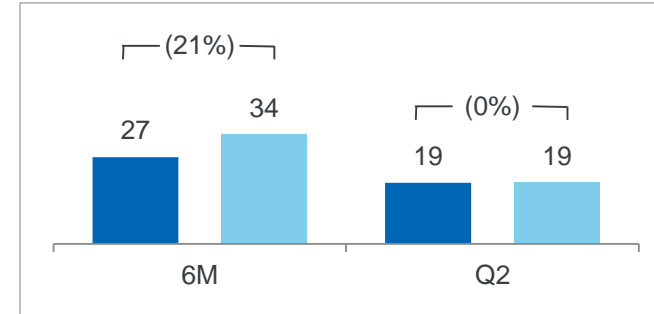
## Gross written premiums



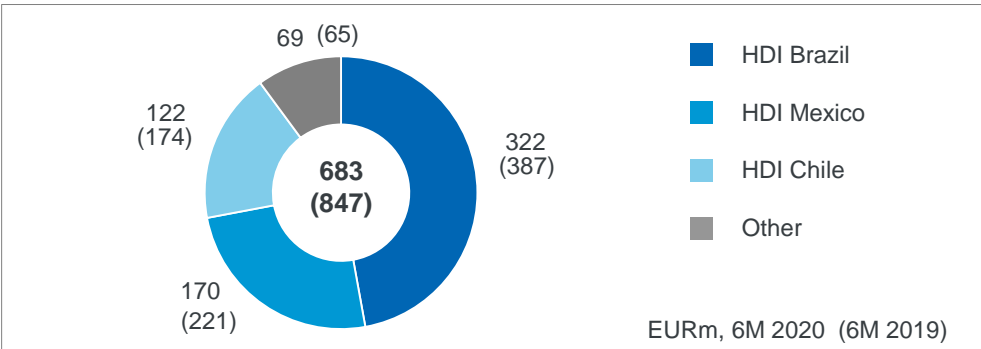
## Net investment income



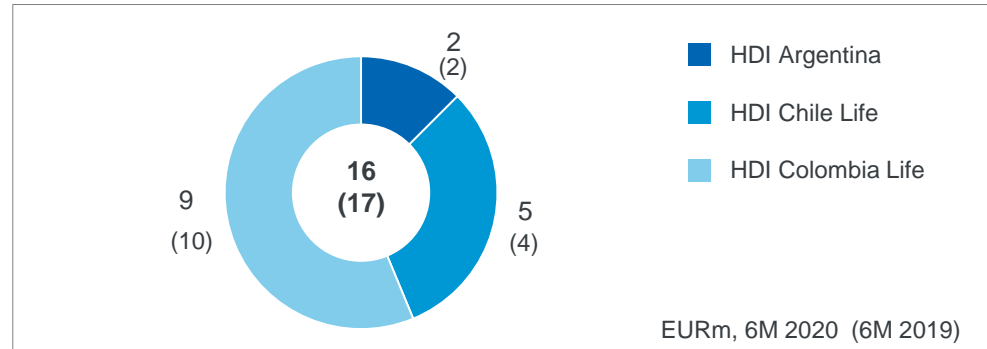
## Operating result (EBIT)



## GWP split by carriers (P/C)



## GWP split by carriers (Life)



▶ EBIT decrease due to lower investment result by HDI Brazil

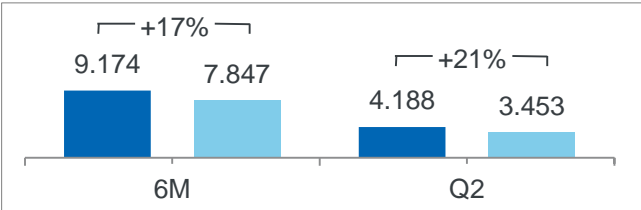


# 1

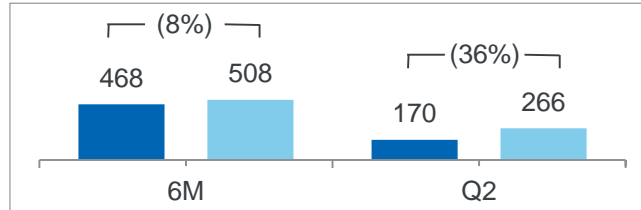
## Additional Information – Segment P/C Reinsurance

EURm, IFRS ■ 2020 ■ 2019

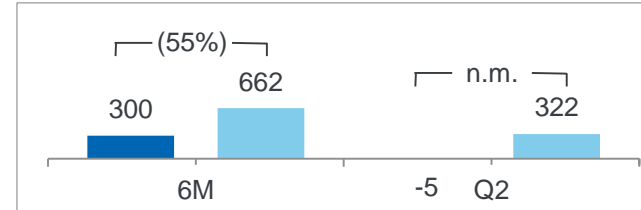
### Gross written premiums (GWP)



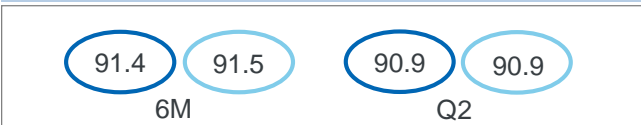
### Net investment income



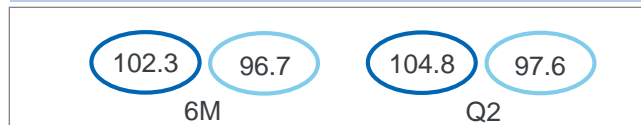
### Operating result (EBIT)



### Retention ratio in %



### Combined ratio in %



### EBIT margin in %



- GWP up by 16.9% (currency-adjusted: +16.3%). Growth from higher diversified demand for reinsurance
- Net premiums earned grew by 15.2% (currency-adjusted: +15.0%)

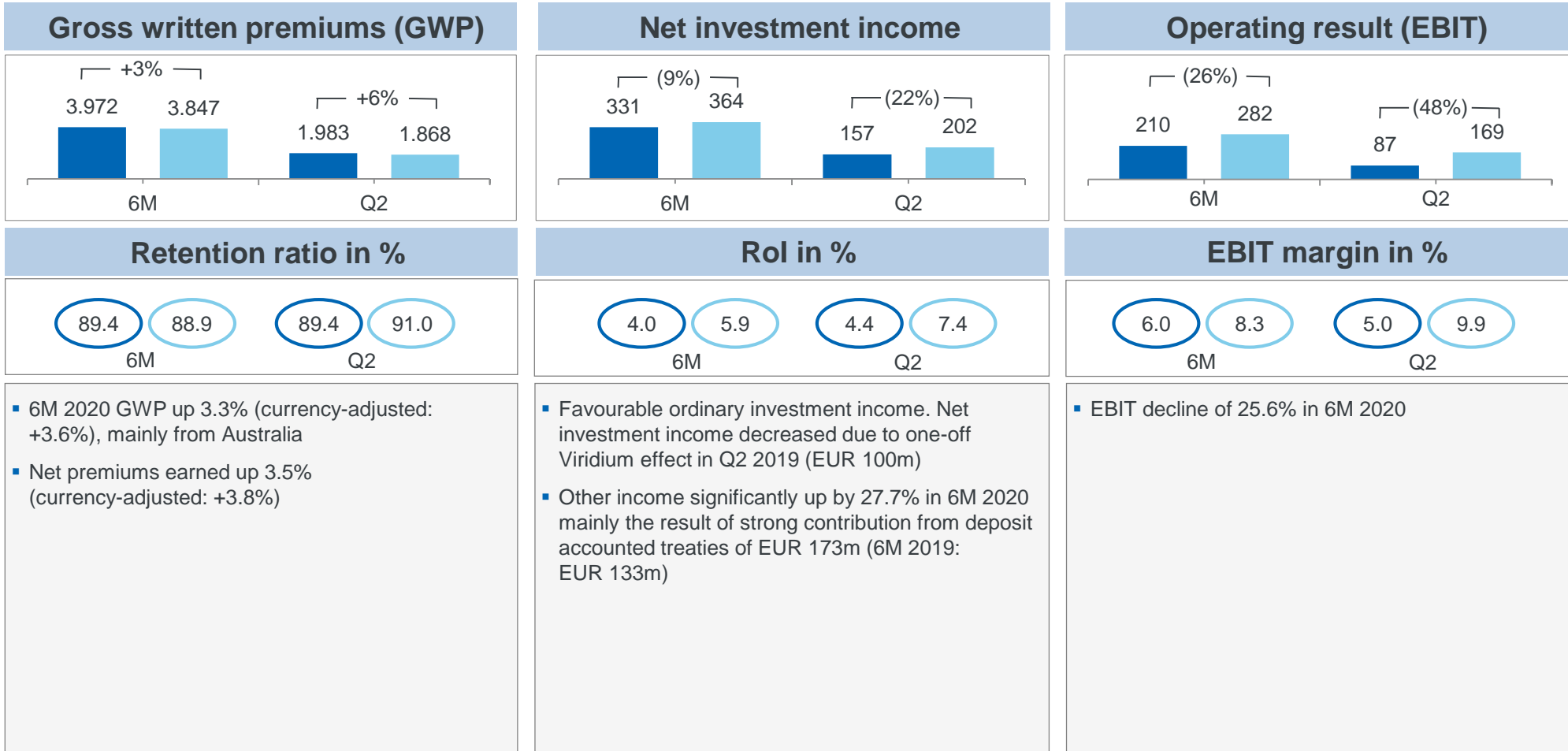
- Major losses of EUR 737m (10.7% of NPE) exceeded pro-rata large loss budget of EUR 414m for 6M 2020 due to additional reserving for anticipated corona-related losses (EUR 600 m, largely from business interruption, credit and event cancellation)
- Combined Ratio adjusted for above-budget losses at 97.6% in 6M 2020
- Lower ordinary investment income and moderate impairments for private equity partly mitigated by higher realised gains
- Other income increased mainly due to positive currency effects

- EBIT margin of 4.4% in 6M 2020 below the divisional target of 10%
- Lower tax ratio due to reduced proportion of earnings in high tax restrictions

Note: EBIT margin reflects a Talanx Group view

# 1 Additional Information – Segment Life/Health Reinsurance

EURm, IFRS ■ 2020 ■ 2019



Note: EBIT margin reflects a Talanx Group view

## 1

## Additional Information – Segments

	Industrial Lines			Retail Germany P/C			Retail Germany Life		
EURm, IFRS	6M 2020	6M 2019	Change	6M 2020	6M 2019	Change	6M 2020	6M 2019	Change
<b>P&amp;L</b>									
Gross written premiums	3,852	3,483	+11%	1,005	1,042	(4%)	2,142	2,285	(6%)
Net premiums earned	1,460	1,367	+7%	697	726	(4%)	1,628	1,696	(4%)
Net underwriting result	(67)	(32)	(110%)	22	10	+.125%	(634)	(664)	+5%
Net investment income	107	133	(20%)	40	55	(27%)	685	753	(9%)
Operating result (EBIT)	18	69	(74%)	55	54	+2%	40	71	(44%)
Net income after minorities	7	42	(83%)	-	-	-	-	-	-
<b>Key ratios</b>									
Combined ratio non-life insurance and reinsurance	104.7%	102.3%	+2.3%pts	96.9%	98.7%	(1.8%pts)	-	-	-
Expense ratio	20.6%	21.4%	(0.8%pts)	35.8%	37.0%	(1.2%pts)	-	-	-
Loss ratio	84.0%	80.9%	+3.1%pts	61.0%	61.7%	(0.7%pts)	-	-	-
Return on investment	2.3%	3.0%	(0.7%pts)	1.9%	2.7%	(0.8%pts)	2.7%	3.1%	(0.4%pts)

## 1

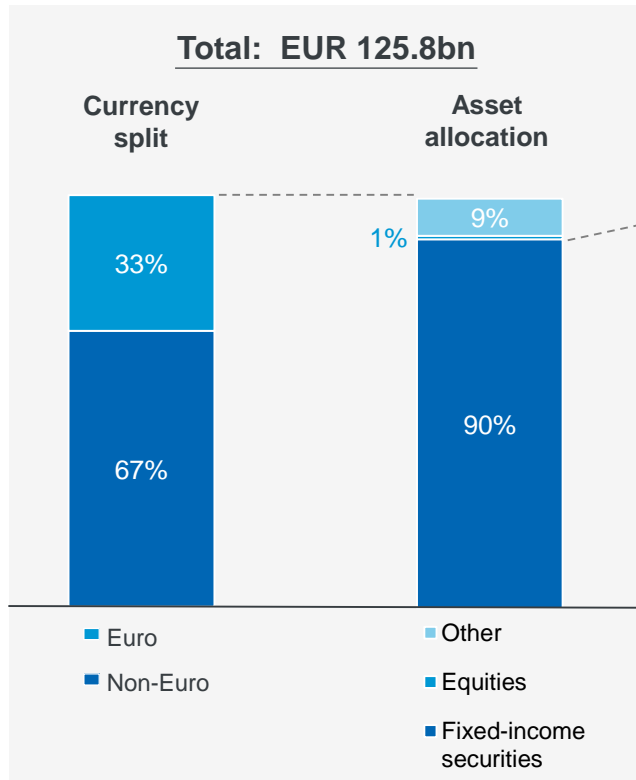
## Additional Information – Segments

	Retail International			P/C Reinsurance			Life/Health Reinsurance			Group		
EURm, IFRS	6M 2020	6M 2019	Change	6M 2020	6M 2019	Change	6M 2020	6M 2019	Change	6M 2020	6M 2019	Change
<b>P&amp;L</b>												
Gross written premiums	2,758	3,154	(13%)	9,174	7,847	+17%	3,972	3,847	+3%	22,006	20,864	+5%
Net premiums earned	2,508	2,753	(9%)	6,869	5,964	+15%	3,509	3,392	+3%	16,746	15,917	+5%
Net underwriting result	44	24	+88%	(186)	174	n.m.	(284)	(210)	(35%)	(1,129)	(708)	(60%)
Net investment income	167	189	(12%)	468	508	(8%)	331	364	(9%)	1,785	1,986	(10%)
Operating result (EBIT)	156	146	+7%	300	662	(55%)	210	282	(26%)	745	1,244	(40%)
Net income after minorities	89	85	+5%	-	-	-	-	-	-	325	477	(32%)
<b>Key ratios</b>												
Combined ratio non-life insurance and reinsurance	94.3%	95.2%	(0.8%pts)	102.3%	96.7%	+5.6%pts	-	-	-	101.3%	97.5%	+3.8%pts
Expense ratio	29.5%	28.8%	+0.7%pts	29.8%	29.3%	+0.4%pts	-	-	-	28.8%	28.7%	+0.1%pts
Loss ratio	64.7%	66.2%	(1.5%pts)	72.9%	67.7%	+5.2%pts	-	-	-	72.7%	69.0%	+3.7%pts
Return on investment	2.7%	3.4%	(0.7%pts)	2.4%	2.9%	(0.5%pts)	4.0%	5.9%	(1.9%pts)	2.7%	3.3%	(0.6%pts)

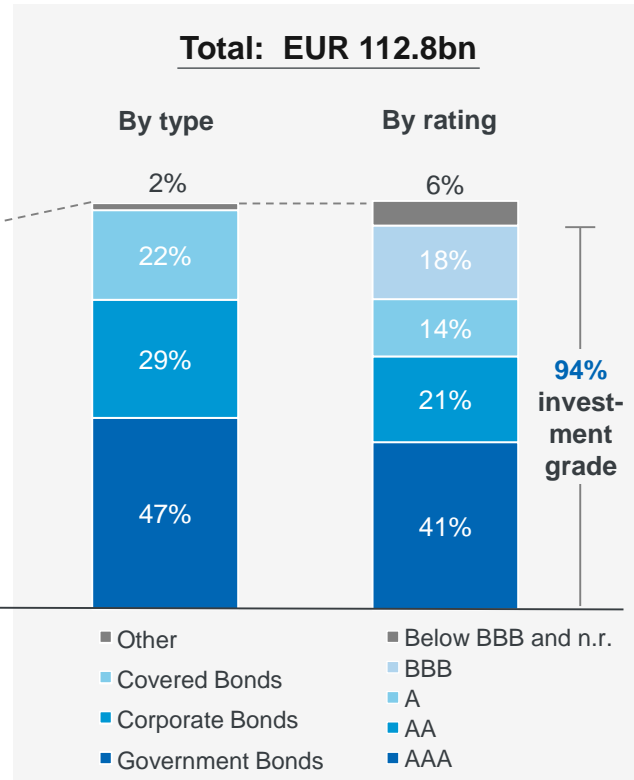
# 1

## Additional Information – Breakdown of investment portfolio

### Investment portfolio as of 30 Jun 2020



### Fixed-income portfolio split



### Comments

- Assets under own management increased by 2.6% to EUR 125.8bn compared to 31 Dec 2019 (EUR 122.6bn)
- Investment portfolio remains dominated by fixed-income securities: 90% portfolio share unchanged vs. 31 Dec 2019 (90%)
- Portion of fixed-income portfolio invested in "A" or higher-rated bonds (76%) unchanged vs. 31 Dec 2019 (76%). 94% of bonds are 'investment grade'
- 18% of fixed-income portfolio is held in USD (31 Dec 2019: 19%); 33% overall in non-euro currencies (31 Dec 2019: 34%)

**Investment strategy unchanged – 94% of bonds are investment grade**

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

## 1

## Additional Information – Details on selected fixed-income country exposure

## Investments into issuers from countries with a rating below A- (in EURm), as of 30 June 2020

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	3,194	-	741	473	414	-	4,821
Mexico	BBB	194	-	146	339	-	-	680
Brazil	BB-	345	-	64	226	-	11	646
Russia	BBB	316	14	39	217	-	-	586
Hungary	BBB	525	-	17	13	23	-	578
South Africa	BB	122	-	3	85	-	2	213
Turkey	BB-	115	-	17	32	4	-	169
Portugal	BBB	53	-	24	42	1	-	119
Other BBB+		69	-	20	22	-	-	111
Other BBB		26	-	-	-	-	-	26
Other <BBB		504	142	259	450	-	-	1,355
<b>Total</b>		<b>5,463</b>	<b>157</b>	<b>1,331</b>	<b>1,899</b>	<b>442</b>	<b>13</b>	<b>9,305</b>
in % of total investments under own management		4.3%	0.1%	1.1%	1.5%	0.4%	~0.0%	7.4%
in % of total Group assets		3.0%	0.1%	0.7%	1.1%	0.2%	~0.0%	5.2%

# Agenda

1

6M 2020 results

2

Key aspects of Talanx's strategy

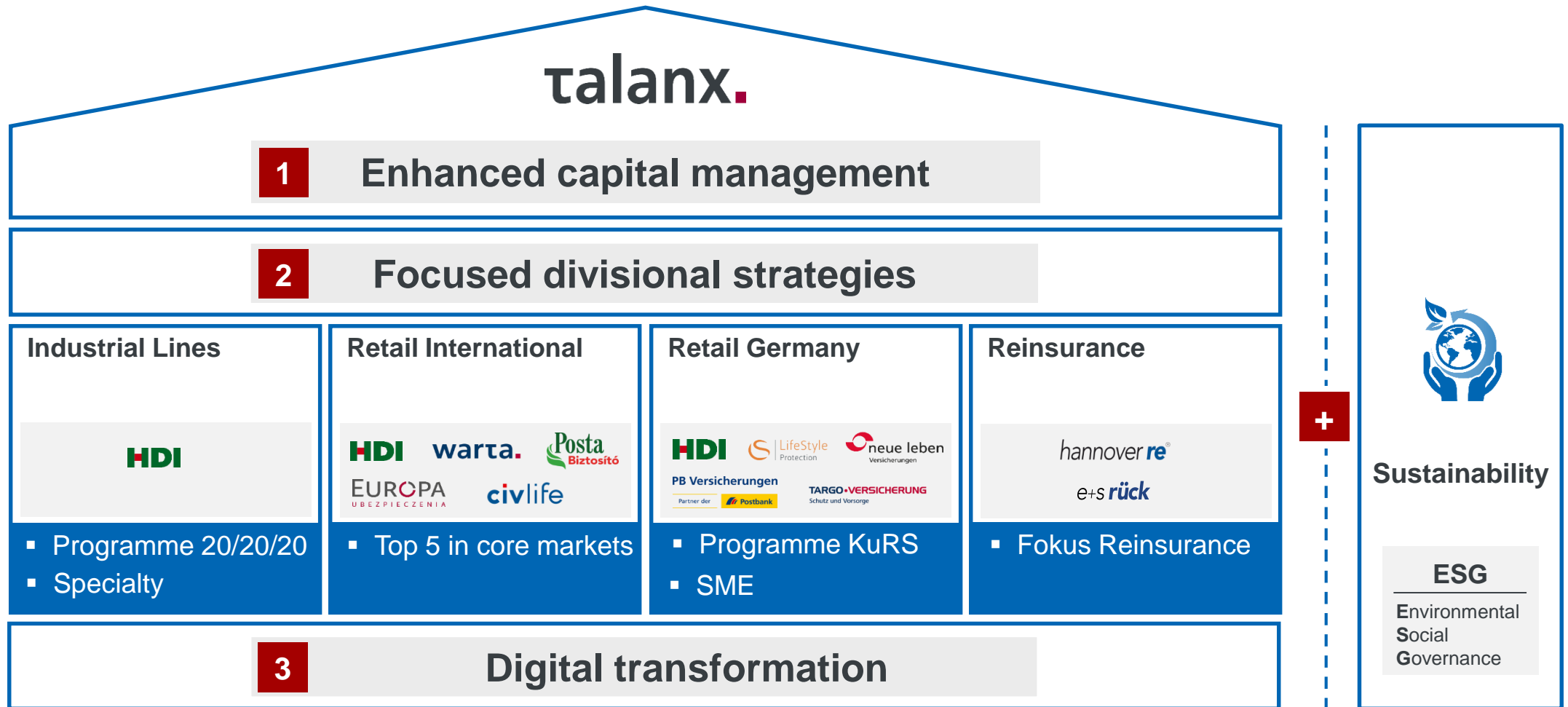
3

Appendix

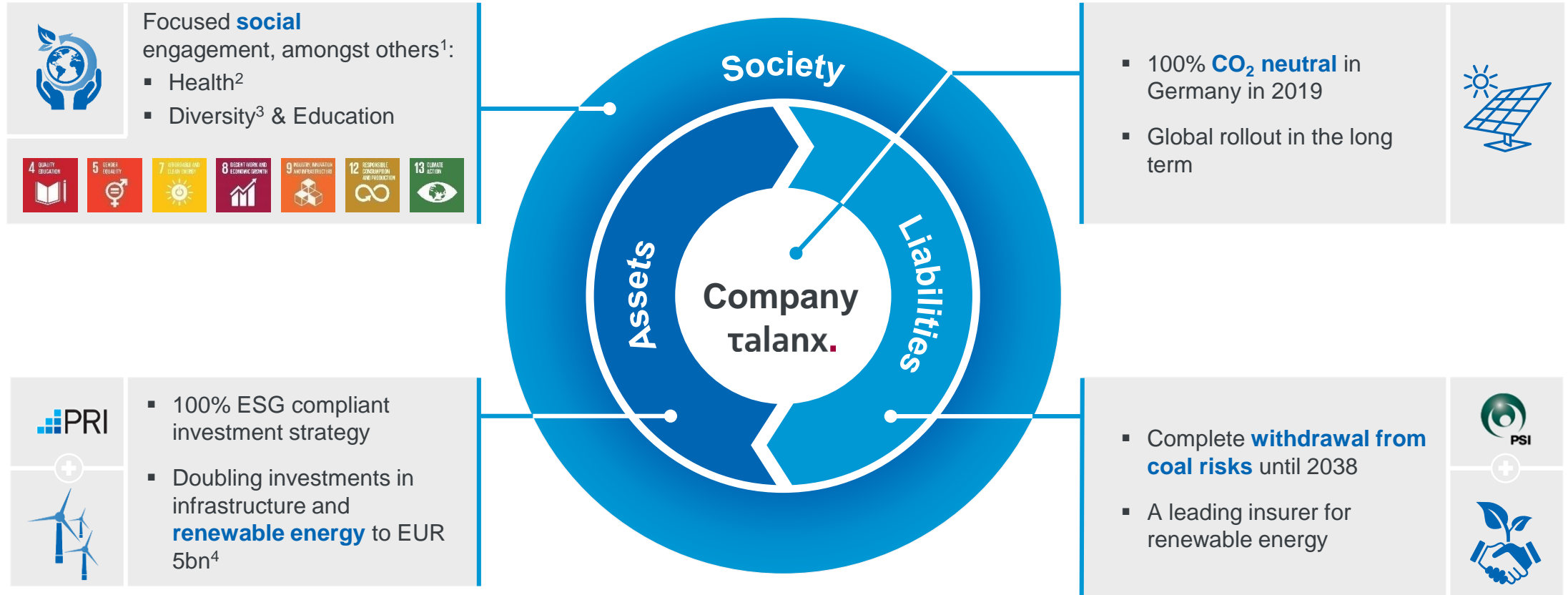
## 2 Forward-looking strategic and cultural positioning







# 2 ...flanked by our sustainability approach



1 In the "social" area, Talanx focuses specifically on selected sustainability goals of the United Nations (UN SDGs) and supports a wide range of initiatives; for a detailed presentation see Talanx Sustainability Report

2 e.g. active health management for employees and regular health days and regional employee volunteering activities

3 e.g. promotion of the compatibility of family and work, charter of diversity, women's network

4 ~EUR 3bn achieved

# 2 Our Capital Management Strategy

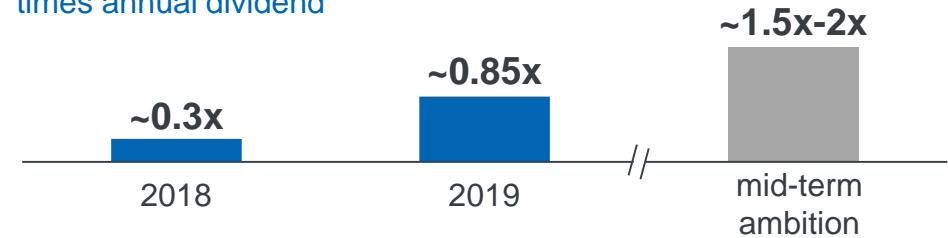
## Focus

How to get it	Upstream of excess capital
	Increase remittance ratio

How to spend it	Attractive dividend yield with DPS y/y at least stable
	Disciplined M&A approach

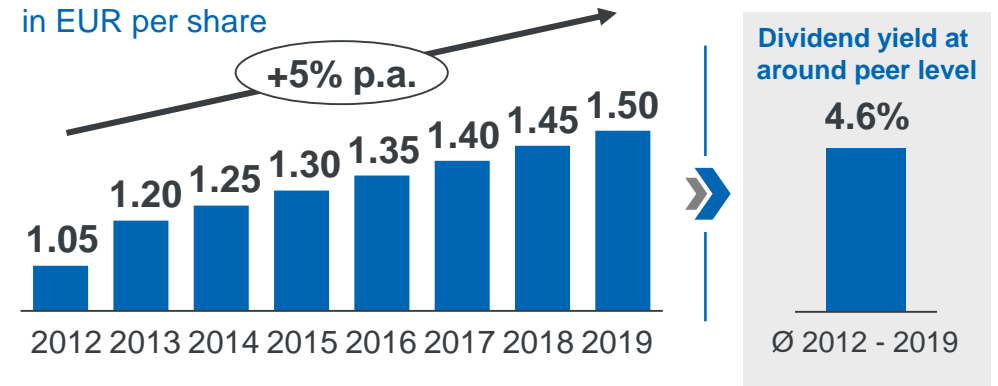
## Growing cash pool

Cash pool ('retained profits brought forward' under German GAAP) times annual dividend



## Upwards only policy since IPO

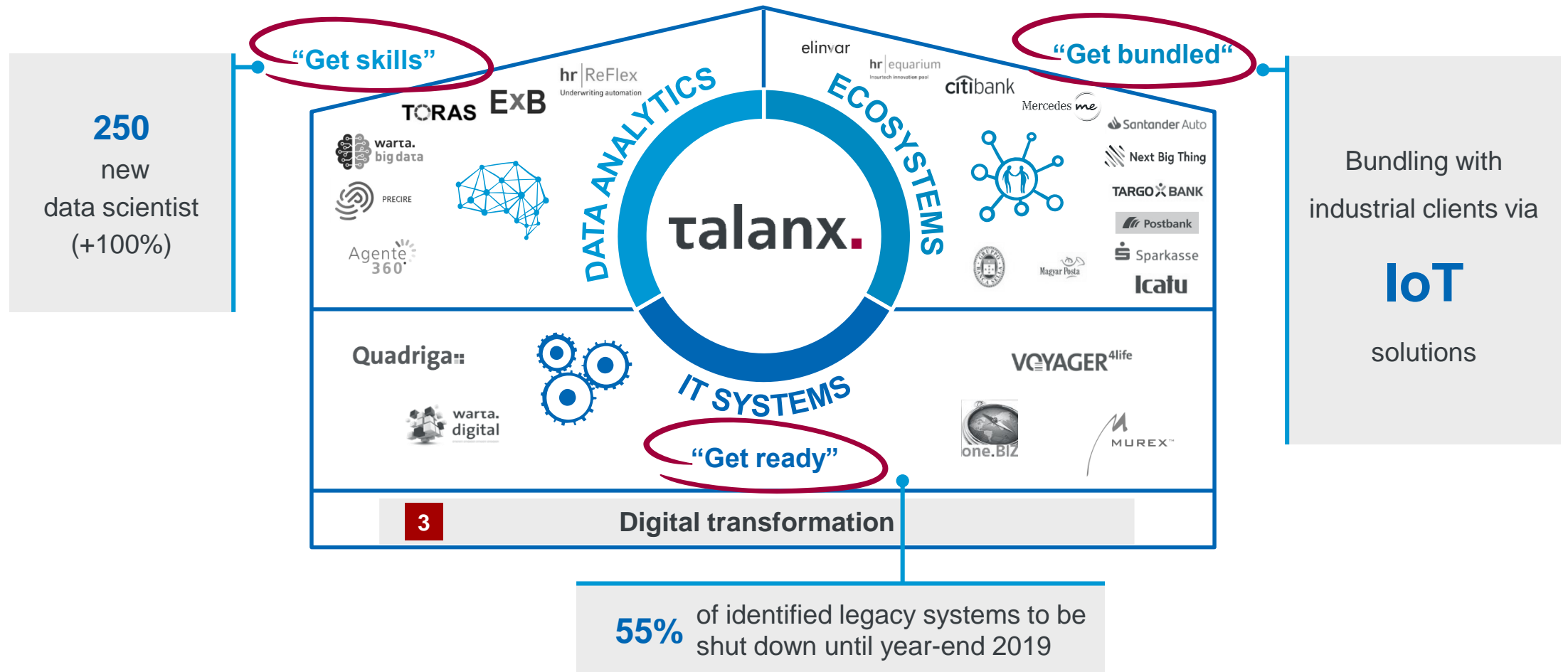
in EUR per share



Note: Target dividend coverage ratio ('retained profits brought forward' under German GAAP divided by annual dividend) is ~1.5-2 times.

Capital Management delivery 2018 (mid-term ambition): Dividend payout 52% (35-45%); RoE 8.0% > CoE 6.9%; Upstream of excess capital 2019E ~70% achieved (EUR 350m); Remittance ratio ~70% (50-60%)

## 2 Digital transformation: Progress in focus topics



# 2

## Our mid-term ambition (as first time presented at CMD 2018)

### Targets

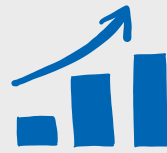
#### Return on equity



**≥ 800bp**  
above risk-free rate

High level of  
profitability

#### EPS growth



**≥ 5%**  
on average p.a.

Profitable  
growth

#### Dividend payout ratio



**35% - 45%**  
of IFRS earnings

Sustainable  
& attractive  
payout

DPS at least  
stable y/y

### Resilience

#### Strong capitalisation

Solvency II target ratio  
**150 - 200%**

#### Market risk limitation (low $\beta$ )

Market risk **≤ 50%**  
of Solvency Capital  
Requirement

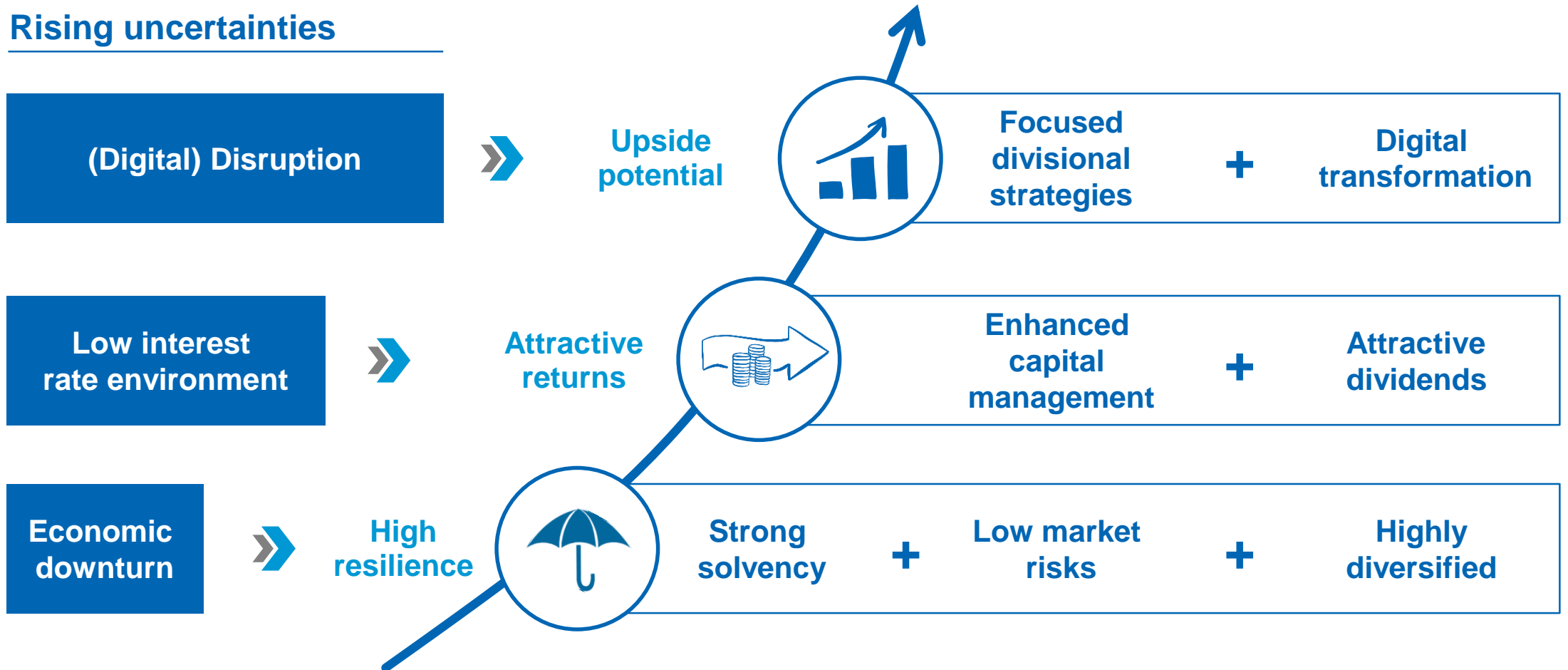
#### High level of diversification

Targeting **2/3** of Primary  
Insurance premiums to come  
from outside of Germany

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

## 2 Our strategy – answer to rising uncertainties (as presented at CMD 2019)

### Rising uncertainties



Note: Solvency II ratio (ex transitional) 196% (9M 2019). Market risk 44% of Solvency Capital Required (9M 2019). 57% of Primary Insurance premiums come from outside Germany (9M 2019). Cash pool ('retained profits brought forward' under German GAAP) 0.8x annual dividend (2019E). Dividend yield 4.7% on average (2012-18)

# Agenda

1

6M 2020 results

2

Key aspects of Talanx's strategy

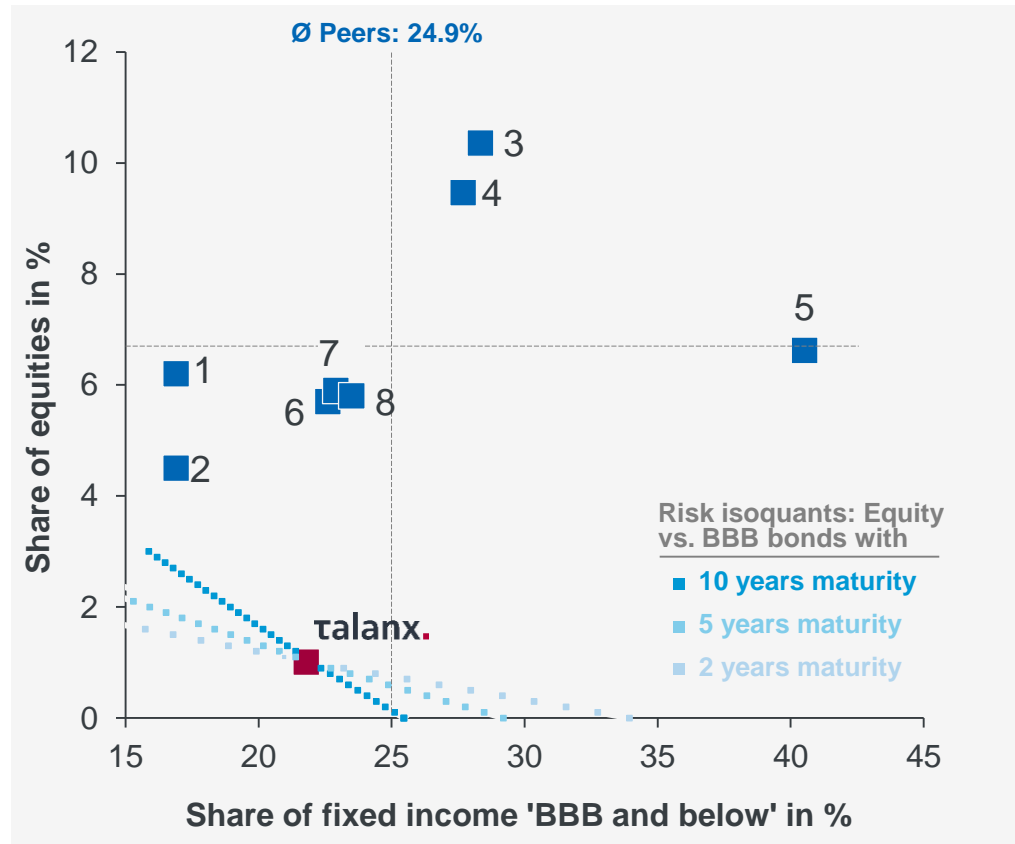
3

Appendix

# 3

## Conservative investment portfolio with below-average risk exposure...

### Position in more risky asset classes



### Talanx in a peer comparison

...by far the **lowest proportion** of equities (1%)

...with a **low proportion** of fixed income rated 'BBB and below' (23%, top 3)

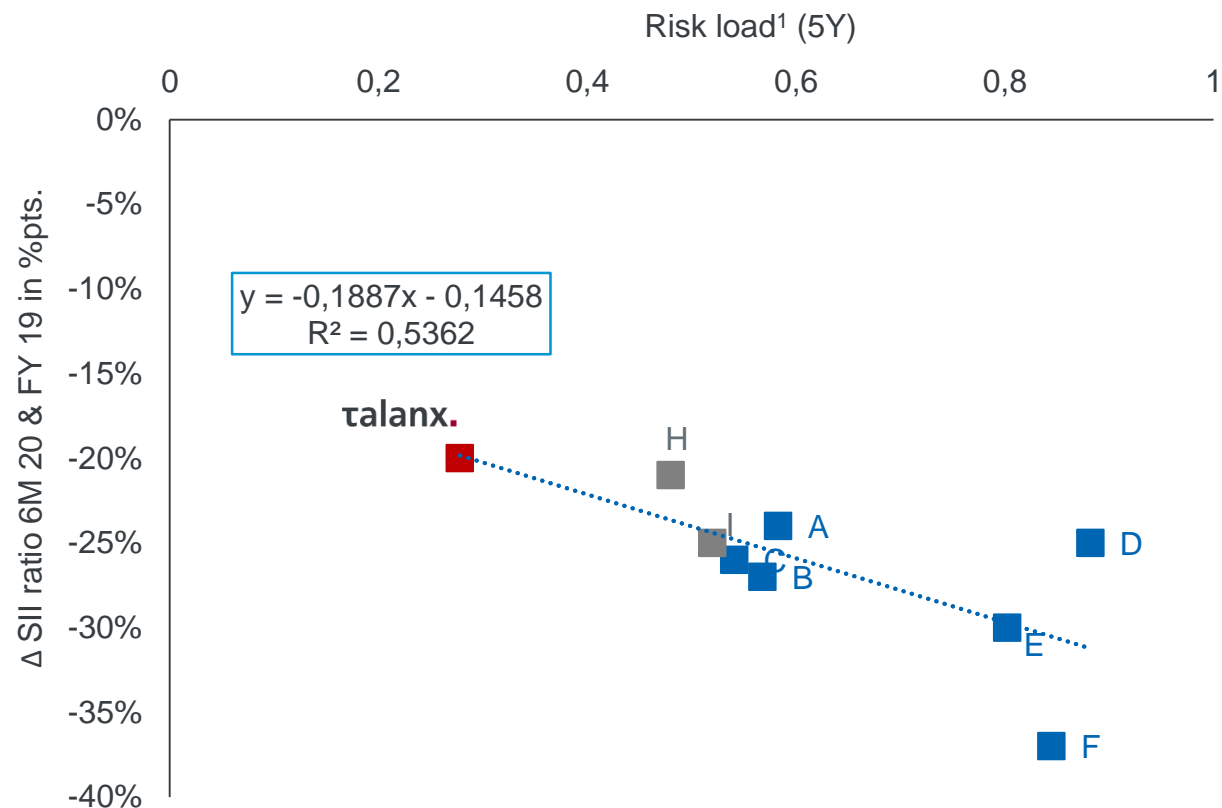
...**below-average risk exposure** suggests **above-average resilience**

Note: Peers comprise Allianz, Axa, Generali, Mapfre, Munich Re, Swiss Re, VIG, Zurich. Own calculations based on FY 2019 annual reports or results presentations. Fixed income ratings partly approximated. Iso risk lines represent average rating, standard formula, internal model, and portfolio management calculations



### 3 ...leads to a lower impact on Solvency II ratio

#### Change of 6M 2020 SII ratio in accordance to risk load due to "BBB and lower"-bonds and equities

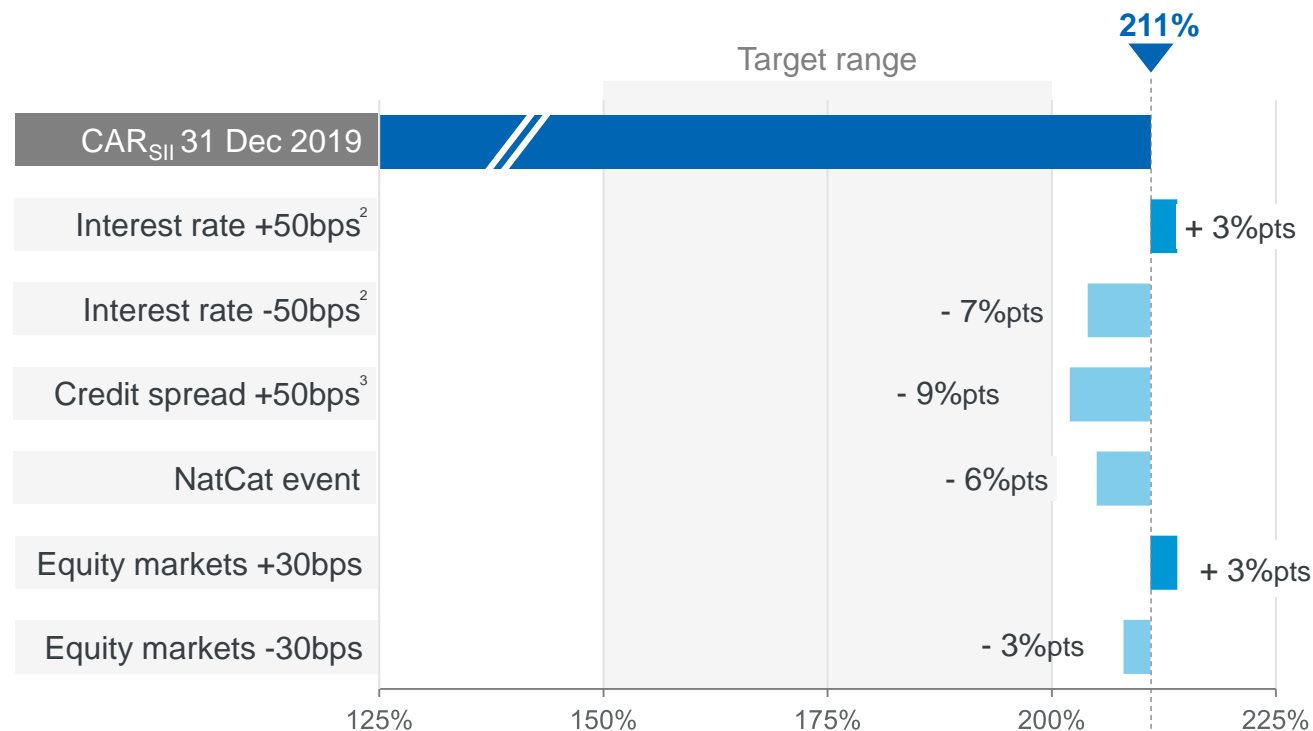


Peer group: Allianz, AXA, Generali, Munich Re, Swiss Re, Zurich; additionally, to broaden peer group (marked grey): Ageas and SCOR. Zurich: for 2019 "as-if" figure, due to change of yield curves in 6M 20. Swiss Re's and AXA's 6M 2020 SII ratios have been revised downwards by 19%pts. and 6%pts. respectively due positive one-off effects (disposal ReAssure and cancellation of dividends).

<sup>1</sup> Assumption that equities are 6 times as risky as 5Y "BBB and lower" bonds (see Q1 reporting, page 19, risk isoquantiles)

# 3 Updated sensitivities of Solvency II ratio as of 31 Dec 2019

## Estimation of stress impact<sup>1</sup>



### Comments

Decline in credit spread sensitivity reflects:

- high quality investment portfolio
- model approval for dynamic volatility adjuster in P/C
- improved level of diversification

<sup>1</sup> Estimated solvency ratio changes in case of stress scenarios (stress applied on both Eligible Own Funds and capital requirement, approximation for loss absorbing capacity of deferred taxes)

<sup>2</sup> Interest rate stresses based on non-parallel shifts of the interest rate curve based on EIOPA approach

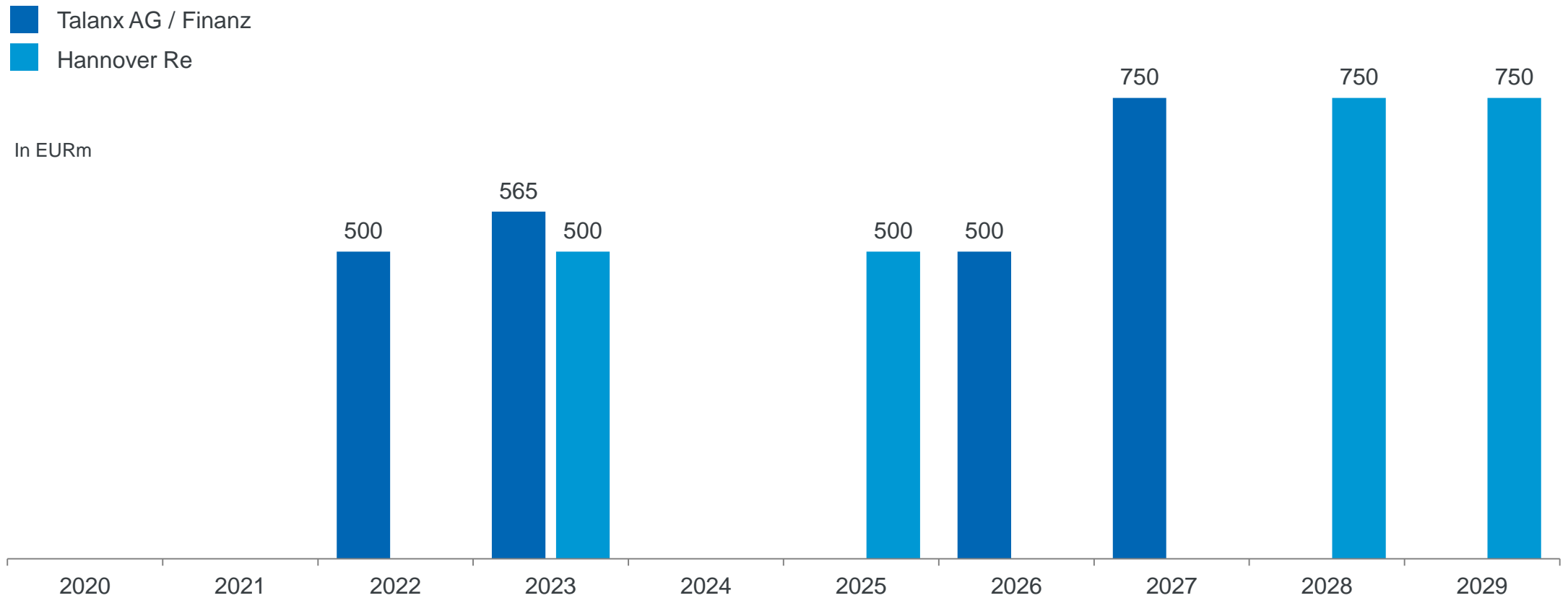
<sup>3</sup> The credit spreads are calculated as spreads over the swap curve (credit spread stresses include simultaneous stress on government bonds)

**▶ Overall moderate sensitivity to various stress scenarios – above target range for all sensitivities**

# 3

## Very well diversified maturity profile across the overall Talanx Group

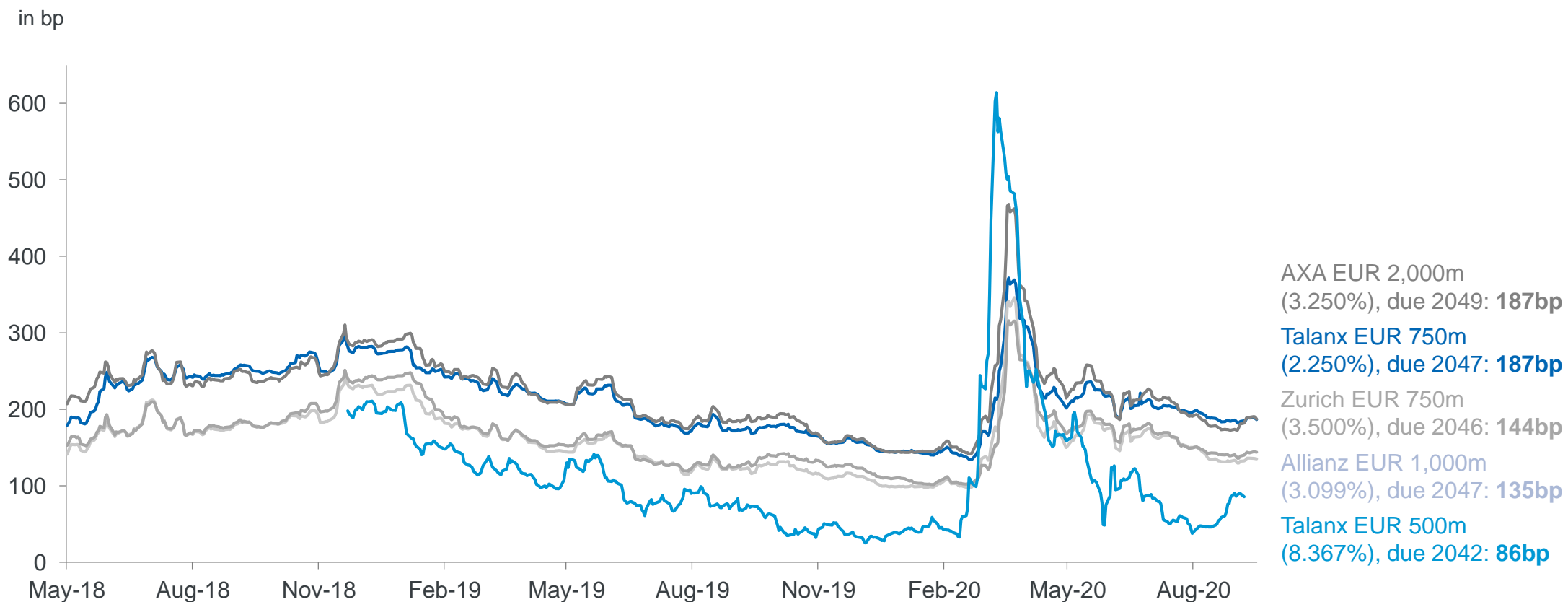
### Outstanding, publicly held volume of hybrid and senior bonds as of 19/09/2020



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

# 3

## Spread performance of Talanx hybrids and comparable Tier 2 of peers against mid swaps



Source: Bloomberg as of 16 September 2020