



Q1 2021 Results

6 May 2021

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Starting with Q1 2021
we publish a detailed
Financial Data Supplement
on our IR website

Strong Q1 results

Results



GWP up 9.4%, 13.6% currency-adjusted – driven by Reinsurance and Industrial Lines



Combined ratio 96.1%, down from 99.8%, mainly due to positive Corona impact



EUR 277m Group net income, whereof 54% coming from Primary Insurance¹

Capital



Group RoE at 10.7%²



Robust Solvency 2 ratio at 206%³, above target range

Outlook



Group net income 2021 now expected at upper end of EUR 800 – 900m target range⁴

1 Excluding EUR -53m net income in Corporate Operations and Consolidation. 2 13.1% excluding Other Comprehensive Income from investments from shareholders' equity (10.2% in Q1 2020). 3 Excl. transitional, as of 31 December 2020. 4 Targets are subject to large losses not exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations

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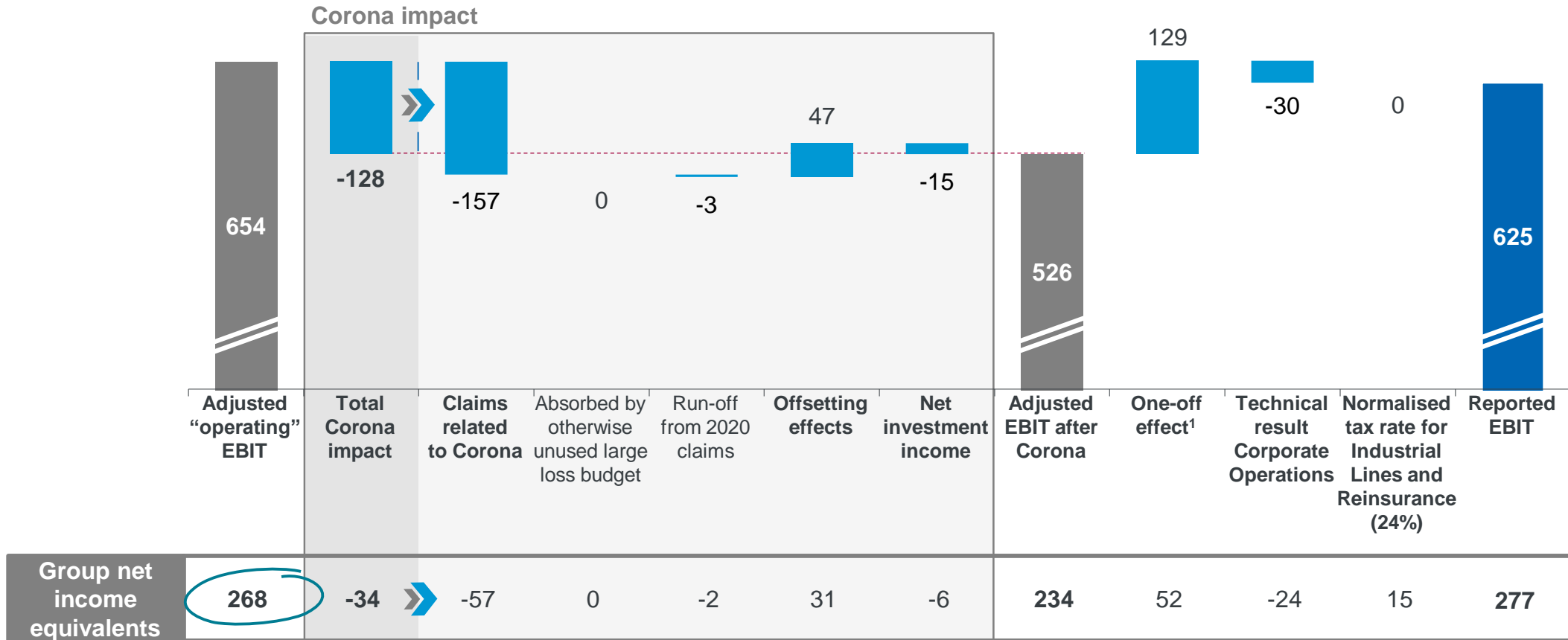
Q1 2021 results overview

EURm	Q1 2020	Q1 2021	Delta	Comments
Gross written premiums (GWP)	12,467	13,643	+9%	GWP growth driven by P/C Reinsurance (+EUR 707m), L/H Reinsurance (+EUR 121m) and Industrial Lines (+EUR 137m). 13.6% growth in local currency
Net premiums earned	8,354	9,009	+8%	
Net technical result	-425	-603	-42%	
thereof P/C	1	229	n.m.	
thereof Life	-427	-831	-95%	
Net investment income	903	1,256	+39%	
Other income / expenses	81	-28	n.m.	Negative swing in currency translation (EUR 116m), mainly from USD appreciation
Operating result (EBIT)	559	625	+12%	
Financing costs	-51	-42	+17%	
Taxes on income	-116	-128	-11%	
Net income before minorities	393	455	+16%	
Non-controlling interests	-170	-177	-4%	
Net income after minorities	223	277	+25%	
Earnings per share (EPS)	0.88	1.10		
Combined ratio (CR)	99.8%	96.1%	-3.7%pts	Technical result positively impacted by lower frequency losses, mostly relating to lockdown; EUR 30m negative contribution from Corporate Operations, mainly from one run-off loss
Tax ratio	22.7%	22.0%	-0.7%pts	
Return on equity	9.0%	10.7%	+1.7%pts	
Return on investment	2.7%	3.5%	+0.8%pts	Significant net realised gains in German Life (EUR 277m); EUR 88m private equity gains in Reinsurance and Industrial Lines

1

Results affected by various effects

EBIT (before taxes and minorities) in Q1 2021, in EURm



¹ EUR 129m Voya gain in L/H Reinsurance; thereof EUR 86m net interest income from funds withheld, EUR -14m extraordinary investment income, EUR 58m other income (fee)

1

Corona details: L/H Reinsurance mortality claims, net offsets in Primary

Total EBIT impact (before taxes and minorities) in Q1 2021, in EURm

	Industrial Lines	Retail Germany P&C	Retail Germany Life	Retail International	∑ Primary Insurance	P/C Reinsurance	Life / Health Reinsurance	Corporate Operations	Talanx Group
Corona-related claims (net)		-2		-4 ¹	-6		-151		-157
Absorbed by otherwise unused large loss budget									
Run-off from 2020 claims	-3	0		0	-3				-3
Offsetting effects	1	21		25	47				47
Net investment income ²	-3		0	0	-3	-12			-15
Total EBIT impact	-5	19	0	21	35	-12	-151		-128
Group net income impact	-3	13	0	14	23	-4	-53		-34

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

1 Related to excess mortality in life business, mainly in Poland. 2 Impairments only

1


Large losses (P/C) overview: within budget for first quarter







Net losses Talanx Group in EURm, Q1 2021 (Q2 2020)	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance	Reinsurance	Corporate Operations	Talanx Group
Winterstorm Texas, USA (Feb.)	51.1			51.1	75.4		126.6
Flood, Australia (Mar.)	0.2			0.2	19.5		19.7
Storm <i>Filomena</i> , Spain (Jan.)	0.1			0.1	10.1		10.2
Sum NatCat	51.5 (43.0)	0.0 (8.5)	0.0 (0.6)	51.5 (52.1)	105.0 (63.6)	0.0 (0.0)	156.5 (115.7)
Fire/Property	26.1			26.1	74.6	0.8	101.6
Credit				0.0			0.0
Marine				0.0			0.0
Aviation				0.0	13.5		13.5
Casualty	15.0			15.0			15.0
Cyber				0.0			0.0
Sum other large losses	41.1 (6.0)	0.0 (0.0)	0.0 (0.1)	41.1 (6.1)	88.2 (0.0)	0.8 (0.0)	130.1 (6.1)
Corona losses	0.0 (34.4)	0.0 (31.0)	0.0 (20.0)	0.0 (85.4)	0.0 (220.0)	0.0 (0.0)	0.0 (312.9)
Total large losses	92.5 (83.4)	0.0 (39.5)	0.0 (20.7)	92.5 (143.6)	193.2 (283.6)	0.8 (7.5)	286.6 (434.7)
Pro-rata large loss budget	82.8	7.0	2.7	92.5	214.3	10.0	316.8

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. Corona losses in P/C business only shown here. Additional Corona losses of EUR 155m in life and health businesses, EUR 151m thereof in L/H Reinsurance

1 Combined ratios

	Talanx Group		Industrial Lines		Retail Germany P/C		Retail International		Reinsurance P/C	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Q1	99.8%	96.1%	101.6%	98.7%	103.8%	84.2%	96.6%	93.9%	99.8%	96.2%
Ex Corona ¹	96.7%	96.8%	100.5%	98.4%	94.9%	89.7%	94.3%	96.9%	96.9%	96.2%



	Mexico 		Chile 		Brazil 		Italy 		Turkey 		Poland 		TUiR Warta		TU Europa	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Q1	96.8%	97.6%	97.7%	95.1%	97.2%	99.9%	89.6%	76.0%	110.9%	109.2%	89.4%	93.2%	99.0%	94.2%		

Note: Non-life business. For Retail International this page highlights only core markets plus Italy

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

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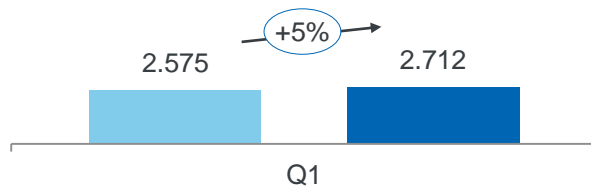
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Appendix

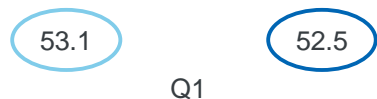
2 Industrial Lines: Positive momentum continues

EURm, IFRS 2020 2021

Gross written premiums (GWP)

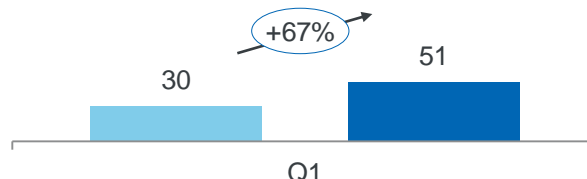


Retention ratio in %

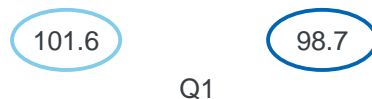


- 5% top-line growth (curr.-adj. +8.0%), due to growth in Specialty and Liability
- At 9.6% net premiums earned grew faster, mainly due to increased retention ratio in Specialty
- Large losses of EUR 92.5m above pro-rata budget of EUR 83m, impacted by winter storm in Texas and man-made losses

Operating result (EBIT)

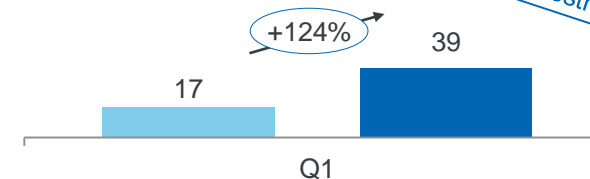


Combined ratio in %



- No Corona claims relating to current year in Q1 2021; EUR 3m claims relating to 2020 reflected in run-off result
- Adjusted for Corona impact, combined ratio improved to 98.4% from 100.5% in Q1 2020
- Fully on track to achieve mid-term target combined ratio of 97%
- Run-off result at EUR -19m (EUR -9m in Q1 2020), mainly relating to additional reserving in Specialty. Excl. Specialty at EUR 13m (6m in Q1 2020)

Net income (after minorities)



RoE in %



- Continued prudent reserving
- Return on investment of 3.1% in Q1 2021 benefits from EUR 27m private equity gains after EUR -33m impairments in Q1 2020; more impairments assumed for FY 2021
- Other result of EUR -37m including currency fluctuation impact of EUR -20m; partly as a result of sustained growth in Specialty, we expect other result of ~EUR -90m p.a. from 2021
- Tax rate of 16.9% (Q1 2020: 26.9%) mainly impacted by low taxes on private equity gains

Q1 2021 Corona impact (EBIT)

- Claims: EUR 0m
- Run-off: EUR -3m
- Offsetting: EUR +1m
- Investments: EUR -3m

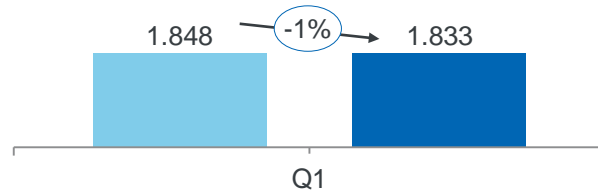
EUR -2m total technical impact

2

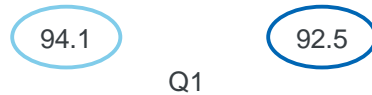
Retail Germany in sum: Very strong Q1 results should not be annualised

EURm, IFRS 2020 2021

Gross written premiums (GWP)

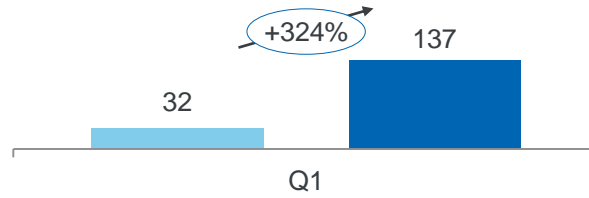


Retention ratio in %



- Gross written premiums up 1% in P/C and down 2% in Life businesses, reflecting continued effect of lock-down on new business
- Net premiums down 0.7%

Operating result (EBIT)

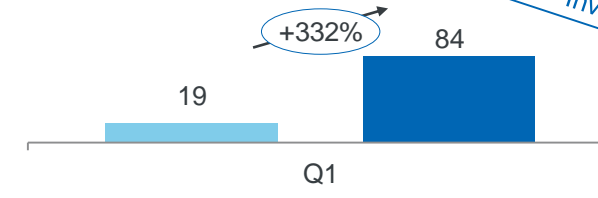


EBIT margin in %



- Significant EBIT increase: +EUR 84m in P/C, +EUR 20m in Life
- KuRS investments 2015 - 2020 continue to contribute to results
- EBIT target for 2021 of at least EUR 240m clearly within reach

Net income (after minorities)



RoE in %



- GO25 transformation programme:
 - Ambitious growth targets in SME business (+70% to EUR 800m GWP in 2025), while keeping combined ratio stable at 95% in that line of business
 - RoE ambition: risk-free plus 8%

Q1 2021 Corona impact (EBIT)

- Claims: EUR -2m
- Run-off: EUR 0m
- Offsetting: EUR +21m
- Investments: EUR 0m

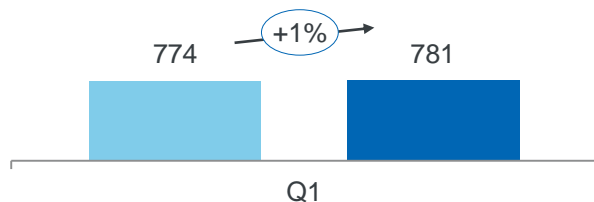
EUR +19m total impact

2

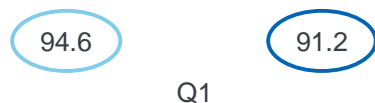
Retail Germany P/C: Strong results mainly due to lower losses

EURm, IFRS ■ 2020 ■ 2021

Gross written premiums (GWP)

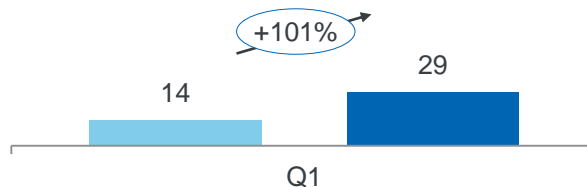


Retention ratio in %

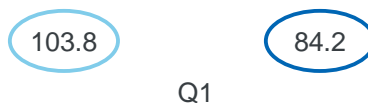


- 15% GWP increase in business with SMEs and self-employed professionals offsets 10% decline in Motor
- EUR 8m turnover-based premium reimbursement expected for the remainder of 2021

Net investment income

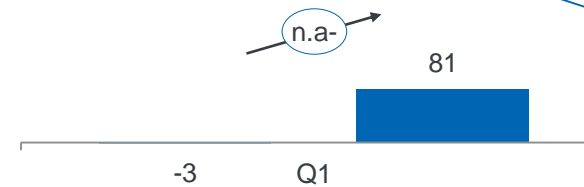


Combined ratio in %

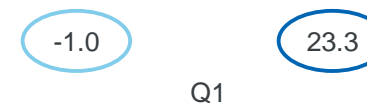


- Very strong technical result vs. full-year expectation and Q1 2020:
 - EUR 21m lower frequency claims, mainly in Motor, related to Corona
 - EUR 2m additional corona-related claims (business closure); Q1 2020: EUR 31m
 - No large losses (Q1 2020: EUR 9m) and considerably fewer mid-sized losses pro-rata versus full-year plan

Operating result (EBIT)



EBIT margin in %



- 2.7% net return on investment back to normalised level after EUR 9m impairments in Q1 2020 (1.4%)
- Better technical result (+EUR 68m) and better investment result (+EUR 15m) drive EBIT to EUR 81m
- Combined ratio excluding Corona at 89.7% (Q1 2020: 94.9%); if in addition normalising large and mid-sized losses, combined ratio is below 95%

Q1 2021 Corona impact (EBIT)

- Claims: EUR -2m
- Run-off: EUR 0m
- Offsetting: EUR +21m
- Investments: -

EUR +19m total technical impact

2

Retail Germany Life: De-risking measures, operating results improved

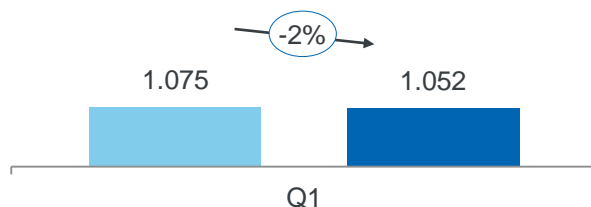
Q1 2021 Corona impact (EBIT)

- Claims: -
- Run-off: -
- Offsetting: -
- Investments: -

EUR 0m

EURm, IFRS ■ 2020 ■ 2021

Gross written premiums (GWP)

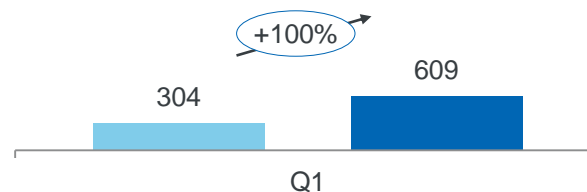


Retention ratio in %

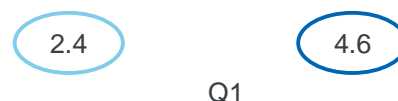


- GWP slightly down due to lower sales via banking channels and in company pension schemes as a result of the lockdown (Q1 2020 only affected in March)
- New capital-efficient product CleverInvest (unit-linked life insurance) has begun to contribute to further increasing share of profitable savings products
- New business share of capital-inefficient products down to 18% from 22% in Q1 2020¹

Net investment income

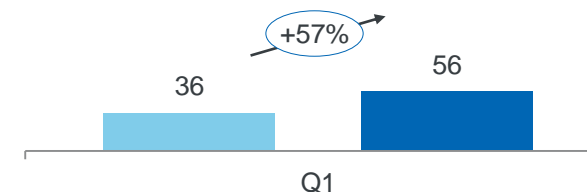


Return on investment in %



- Net investment income doubled as a result of exceptional level of net realised gains (EUR 277m, increase by EUR 232m), to finance annual ZZR requirements
- ZZR allocation under German accounting of EUR 105m in Q1 2021 (Q1 2020: EUR 129m). Total stock of ZZR as of 31 March 2021 at EUR 4.6bn
- Remaining net realised gains transferred to provision for premium refunds (RfB)

Operating result (EBIT)



EBIT margin in %



- Despite low level of long-term interest rates, solvency ratios of life carriers have improved significantly due to selected capital measures and balance-sheet derisking such as reducing duration gaps and credit exposure
- As a result, as-if-merged Solvency 2 CAR for the four German life entities of 169% at end 2020 (up from 103% in September) without transitional measure²

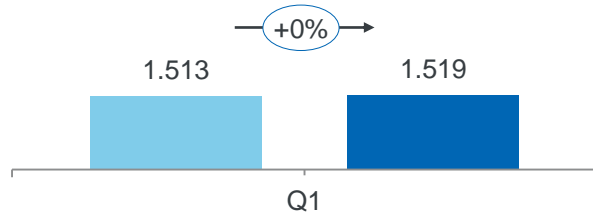
¹ Measured in APE (annual premium equivalent). ² Including transitional measure at 562% as of 31 December 2020 (30 September 2020: 332%)

2

Retail International: Solid Q1 results with Corona benefits

EURm, IFRS 2020 2021

Gross written premiums (GWP)

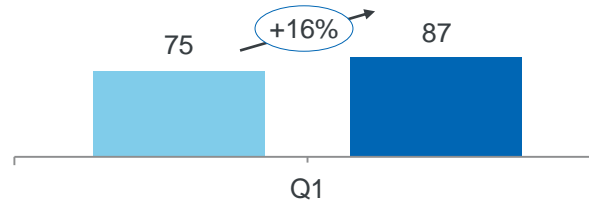


Retention ratio in %

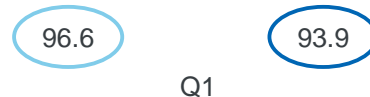


- Curr.-adj. GWP increase of 8.1%
- GWP in P/C down 4.0% (curr.-adj. +6.3%). Life business up 9.0% (curr.-adj. +11.4%), driven by higher single premium business in Italy and growth at Warta
- Europe up 6.3% to EUR 1.2bn (+11.5% curr.-adj.)
- 16.0% decline in LatAm (curr.-adj. -1.5%). Lower Motor business in Brazil (esp. lower new car sales) and Mexico only partially offset by strong increases in non-motor and recovery in Chile

Operating result (EBIT)

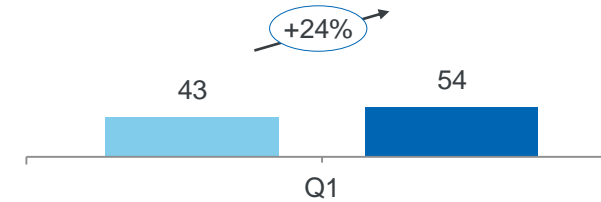


Combined ratio P/C in %

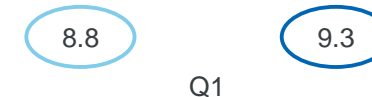


- Combined ratio benefits from EUR 25m lower motor frequency losses due to lockdown and non-recurrence of EUR 20m corona-related reserve strengthening in Q1 2020
- EUR 4m claims in life business in Q1 2021 relating to excess mortality, mainly Poland
- EBIT in Europe down 11.5%, driven by Warta P/C (normalising frequency, weather-related losses)
- Latin America EBIT up EUR 4m, with contributions from most subsidiaries

Net income (after minorities)



ROE in %



- Return on investment nearly stable at 2.9% (3.0% in Q1 2020); non-recurrence of EUR 7m corona-related impairments in Q1 2021
- Bolt-on non-life acquisition in Italy signed on 21 Oct 2020, closed on 1 April 2021
- Normalisation of frequencies and increasing price pressure expected for 2021; capital market environment remains challenging (interest rates, fx)

Q1 2021 Corona impact (EBIT)

- Claims: EUR -4m¹
- Run-off: EUR 0m
- Offsetting: EUR +25m
- Investments: EUR 0m

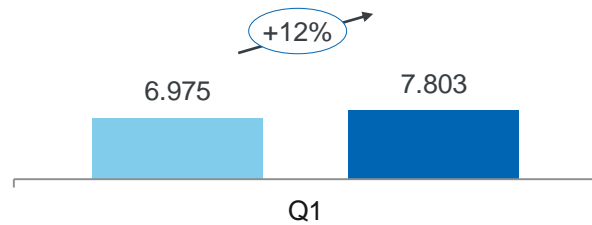
EUR +21m
total technical impact (thereof +25m in P/C)

¹ All in Life business

2 Reinsurance: Profitable premium growth continues

EURm, IFRS ■ 2020 ■ 2021

Gross written premiums (GWP)

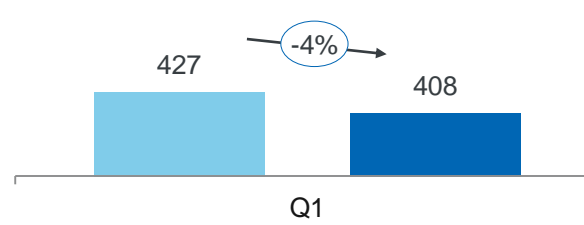


Retention ratio in %

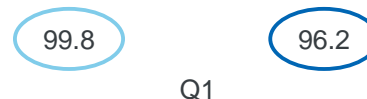


- GWP growth (currency-adj. +16.8%) driven by 14.2% increase in P/C in an improving market environment
- GWP in L/H up 6.1% (currency-adj. +8.6%), mainly from APAC and Longevity; promising new business pipeline for 2021
- Net premiums earned up 11.7%, 16.4% on a currency-adjusted basis

Operating result (EBIT)

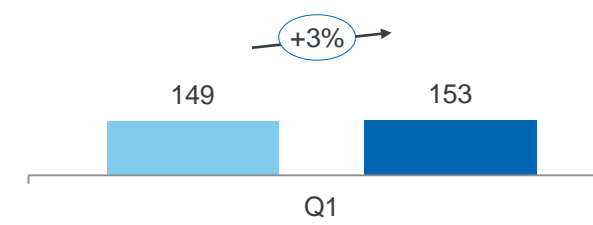


Combined ratio P/C in %



- Combined ratio down significantly, as Q1 2020 Corona impact in P/C did not recur
- EUR 193m large losses, budget of EUR 214m not fully utilised
- Ordinary investment income almost stable (-0.6%), extraordinary investment income down 77%, driven by lower unrealised gains than in Q1 2020 (portfolio changes)
- Assets under own management up 6.7% vs. 31 Dec 2020 to EUR 51.7bn

Net income (after minorities)



ROE (after minorities) in %



- EUR 151m Corona losses in L/H partly offset by positive one-off effect from restructuring within US mortality portfolio (EUR 129m)
- Net income attributable to Talanx shareholders up 3.2% to EUR 153m
- Return on equity continues to be above minimum target of 10%

FY 2020 Corona impact (EBIT)

- Claims: EUR -151m
- Run-off: -
- Offsetting: -
- Investments: EUR -12m

EUR -151m total technical impact (all in L/H)

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3 Net investment income

EURm, IFRS	Q1 2020	Q1 2021	Change	Comments
Ordinary investment income	862	900	+5%	Ordinary investment income benefited from EUR 88m private equity gains in Reinsurance and Industrial Lines, which more than offset decrease in current interest income
thereof current interest income	699	650	-7%	
thereof income from real estate	74	71	-4%	
Extraordinary investment income	30	295	+879%	Significant increase in realised net gains (+EUR 198m), driven by gains in German Life (EUR 232m) to finance the annual build-up of <i>Zinszusatzreserve</i> (ZZR), also due to lower realised losses on derivative instruments
Realised net gains / losses on investments	197	395	+100%	
Write-ups / write-downs on investments	-98	-67	+31%	
Unrealised net gains / losses on investments	-69	-33	52%	
Other investment expenses	-29	-26	9%	EUR 43m write-downs on equities in Q1 2020; EUR 10m increase in impairments of fixed income securities; line also includes regular depreciation of infrastructure and real estate investments
Income from assets under own management	822	1,128	+37%	
Interest income on funds withheld and contract deposits	81	127	+57%	
Income from investment contracts	1	1	+100%	Non-recurrence of unrealised losses on equities in Q1 2020 and reduced unrealised losses on fixed income securities
Total: Net investment income	903	1,256	+39%	
Assets under own management at period end	122,678	131,228	+7%	2% increase in assets under own management versus 31 December 2020 (EUR 128.5bn), from additional volume and market appreciation
Average assets under own management	122,658	129,874	+6%	
Net return on investment¹	2.7%	3.5%	+0.8%pts	
Current return on investment ²	2.6%	2.6%	±0.0%pts	

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

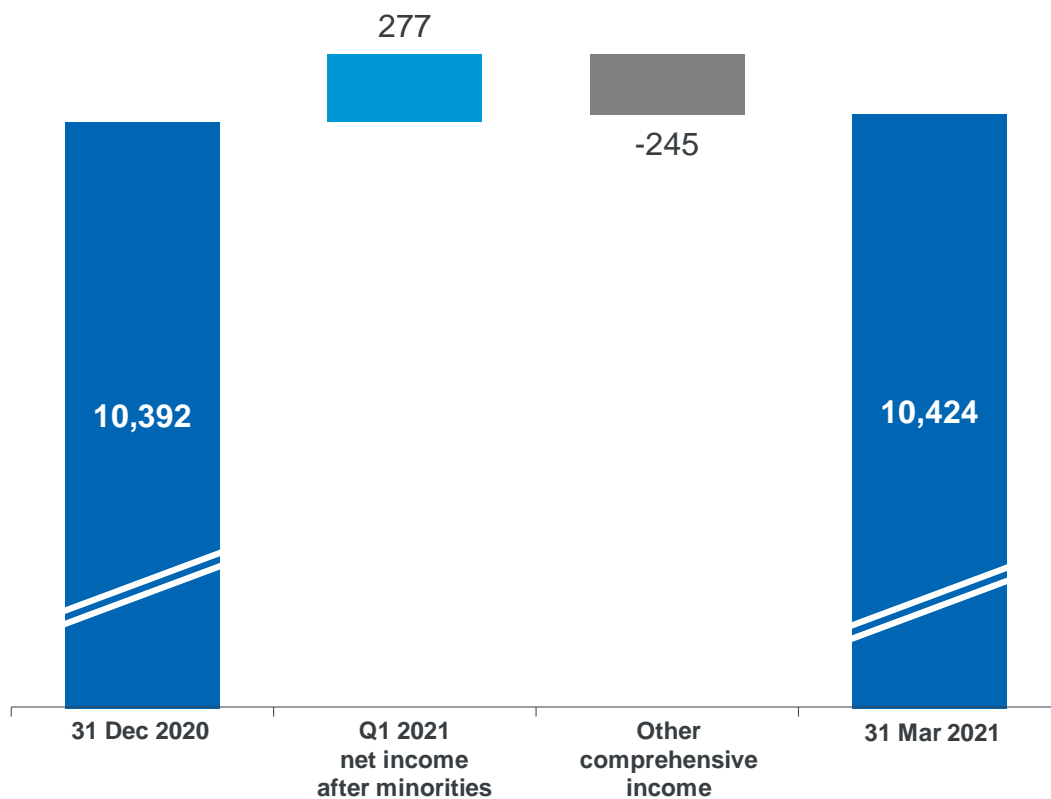
2 Current return on investment: Income from assets under own management excl. extraordinary investment income divided by average assets under own management

3

Book value per share slightly up versus 31 December 2020

Shareholders' equity

in EURm



Comments

- Shareholders' equity at EUR 10,424m, virtually flat versus the level of Dec 2020
- In other comprehensive income, positive effects from currency translation cannot offset decrease in unrealised gains

Book value per share

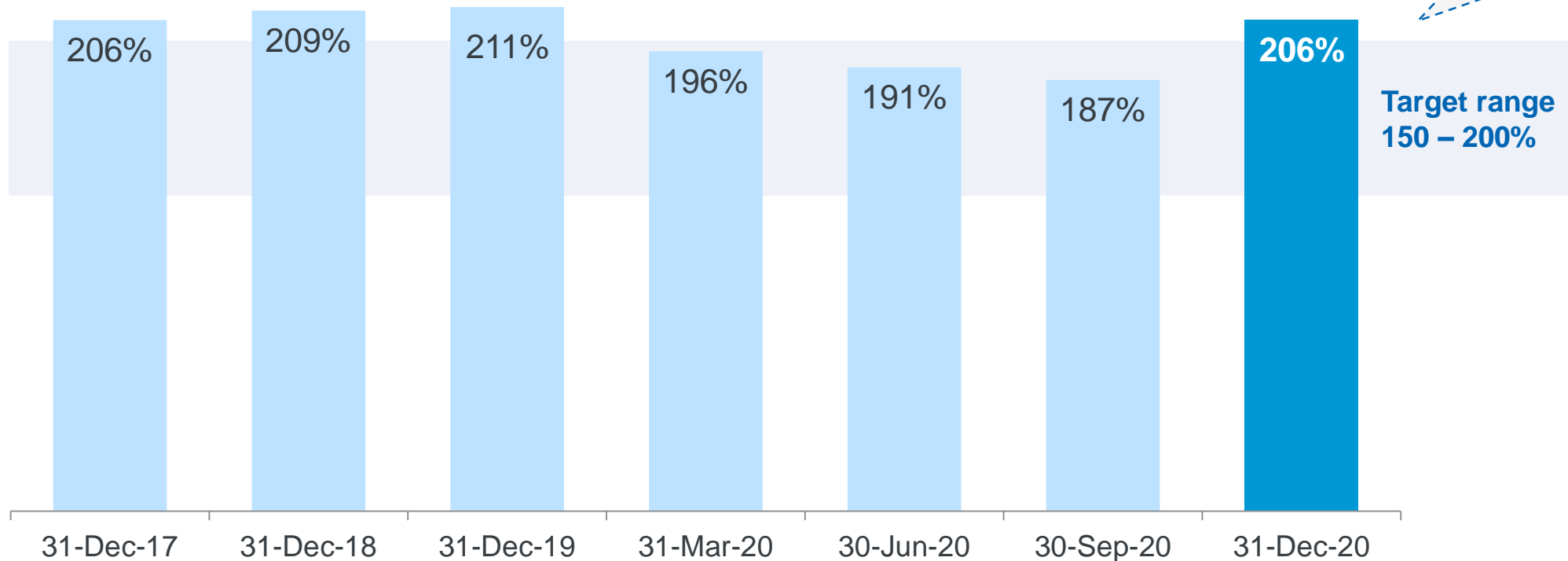
EUR	31 Dec 2020	31 Mar 2021	Change in Q1	
			Abs.	%
Including goodwill	41.11	41.24	0.13	0.3
Excluding goodwill	37.00	37.17	0.17	0.5

3

Capital: 2020 year-end CAR slightly above target range

Development of Solvency 2 capitalisation (Regulatory View, S2 CAR, excl. transitional)

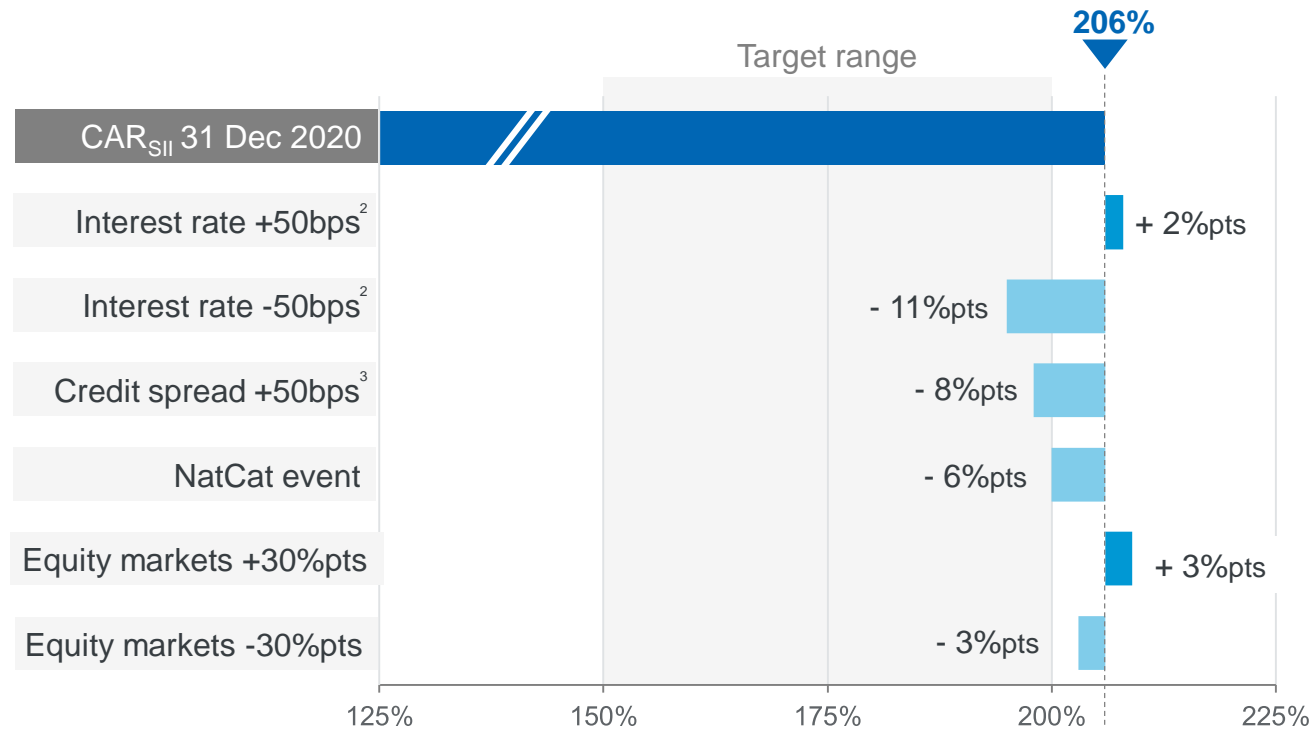
You will find the update per 31 March 2021 until the end of May 2021 [here](#)



Note: Solvency II ratio relates to HDI Group as the regulated entity. The chart does not contain the effect of transitional measure. Solvency II ratio including transitional measure as of 31 December 2020: 260%

3 Updated sensitivities of Solvency 2 ratio as of 31 Dec 2020

Estimation of stress impact¹



Comments

Decline in credit spread sensitivity reflects:

- positive effects from model changes
- high quality investment portfolio

¹ 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)

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

³ 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 most sensitivities

3 Sustainability Report 2020 – Highlights

Click here to discover our Sustainability Report

Target 2025:

-30% CO₂ intensity of liquid investment portfolio

– compared to end of 2020.
This current target is an important step towards developing a sustainable, long-term path **towards carbon neutrality by 2050**



By **2030**,

Talanx operations worldwide are to be **climate-neutral**

– we already achieved this goal **in Germany in 2019**

Talanx receives **ISS Prime Status**

– awarded to companies with ESG performance **above sector-specific prime threshold**, meeting demanding performance requirements



Initial reporting according to the recommendations of the

TCFD

(Task Force on Climate-related Financial Disclosures)

**E
S
G**

is taken into account in the **remuneration of the Executive Board**

– subject to approval at the Annual General Meeting 2021

Talanx has invested **EUR 3.7** bn **in infrastructure projects**, thereof around EUR 2bn in renewable energies

– the latter produce **2.7m MWh** per year; enough to supply **~810,000 households** - roughly equivalent to a city like Munich - with electricity

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Investments / Capital / Sustainability

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Outlook

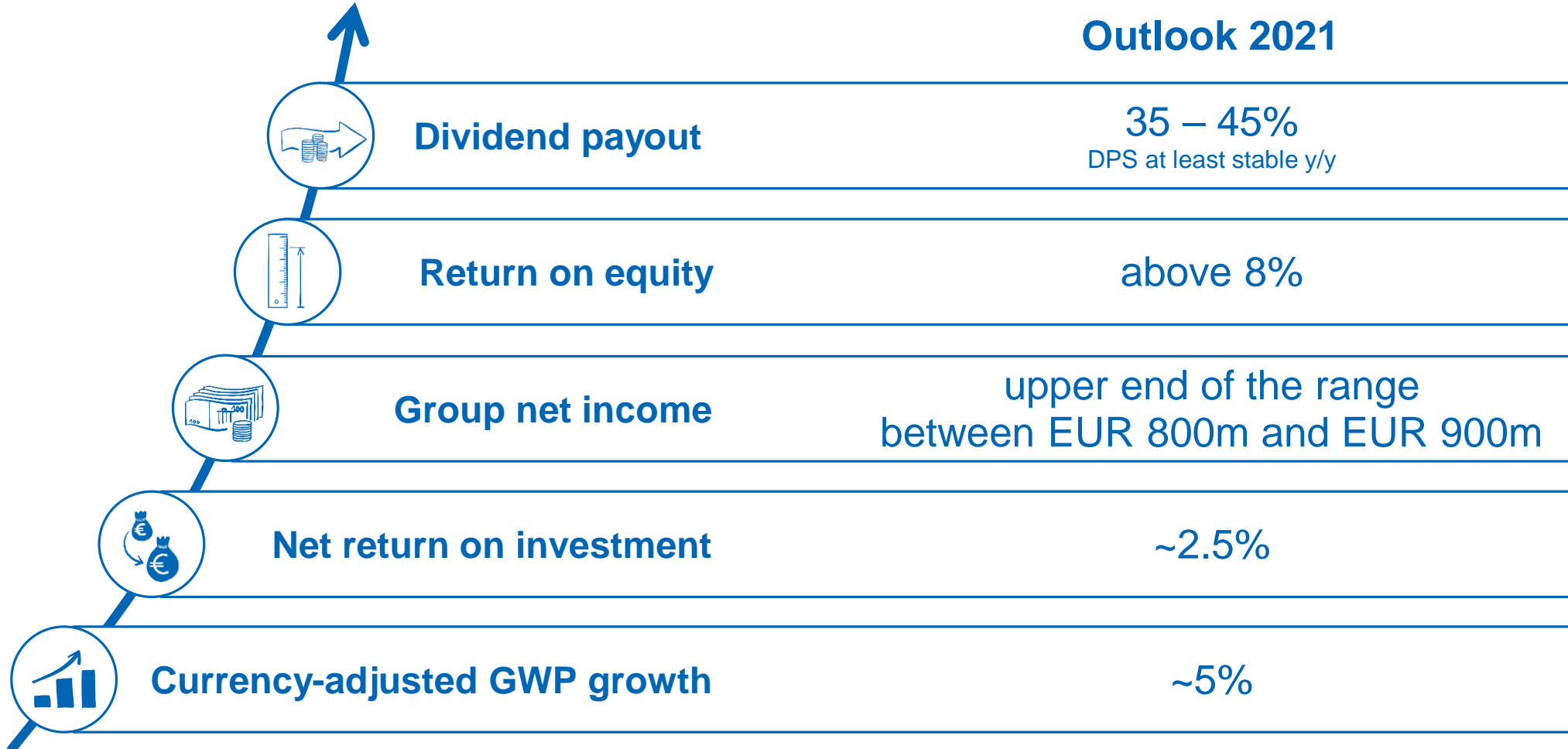
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Appendix

4

Outlook 2021 for Talanx Group

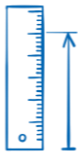


Outlook 2021



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

4

Strategy 2022: Mid-term target matrix

Targets	<p>Return on equity</p>  <p>High level of profitability</p> <p>≥ 800bp above risk-free rate¹</p>	<p>EPS growth</p>  <p>Profitable growth</p> <p>≥ 5% on average p.a.²</p>	<p>Dividend payout ratio</p>  <p>Sustainable & attractive payout</p> <p>35% - 45% of IFRS earnings</p> <p>DPS at least stable y/y</p>
	<p>Strong capitalisation</p> <p>Solvency II target ratio 150 - 200%</p>	<p>Market risk limitation (low beta)</p> <p>Market risk ≤ 50% of Solvency Capital Requirement</p>	<p>High level of diversification</p> <p>targeting 2/3 of Primary Insurance premiums to come from outside of Germany</p>
	<p>Note: All targets are subject to large losses not exceeding the large loss budget, no major turbulences on capital markets and no material currency fluctuations</p> <p>1 The risk-free rate is defined as the 5-year rolling average of the 10-year German Bund yield</p> <p>2 EPS CAGR 2018 to 2022 (base level: original Group net income Outlook of ~EUR 850m for 2018)</p>		

Agenda

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Appendix

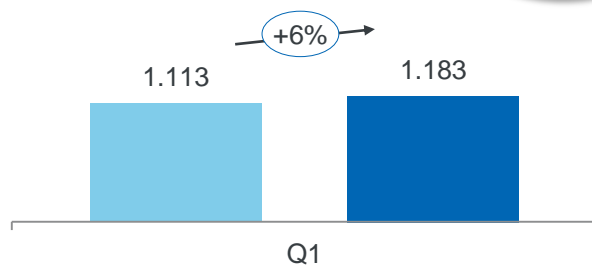
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Additional Information – Retail International Europe: Key financials

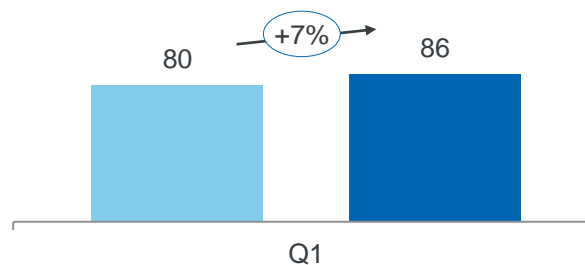
EURm, IFRS 2020 2021

GWP Q1 2021
(currency adjusted):
+11.5% y/y

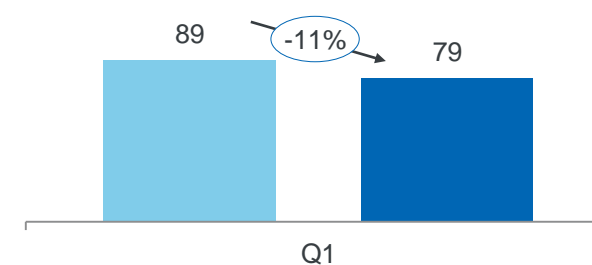
Gross written premiums



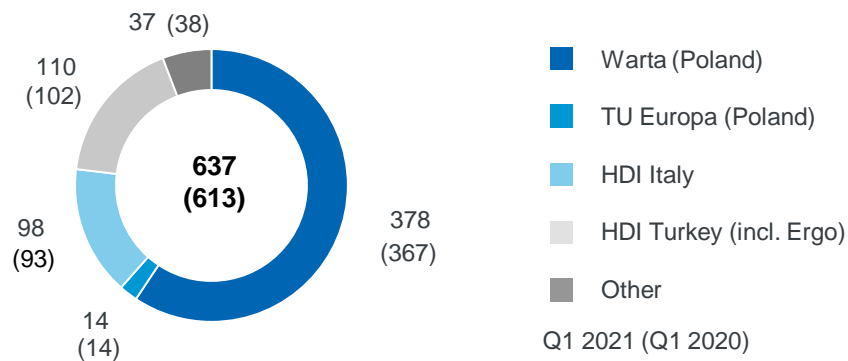
Net investment income



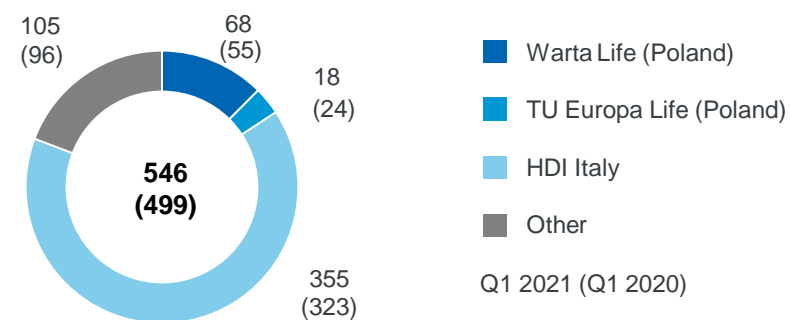
Operating result (EBIT)



GWP split by carriers (P/C)



GWP split by carriers (Life)



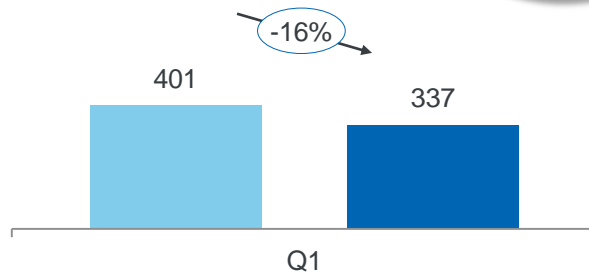
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Additional Information – Retail International LatAm: Key financials

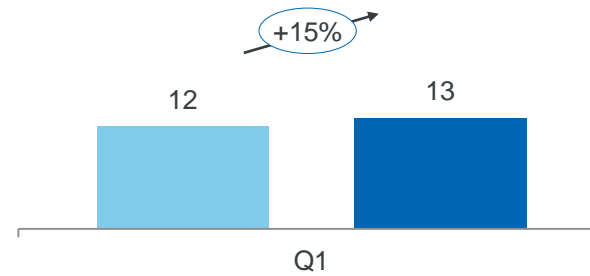
EURm, IFRS 2020 2021

GWP Q1 2021
(currency adjusted):
-1.5% y/y

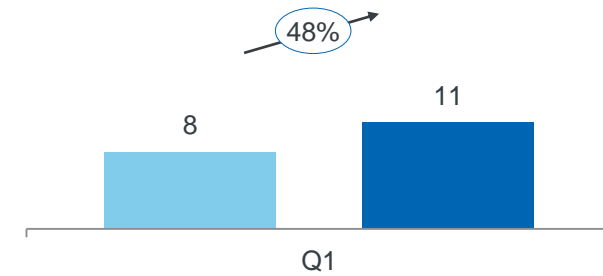
Gross written premiums



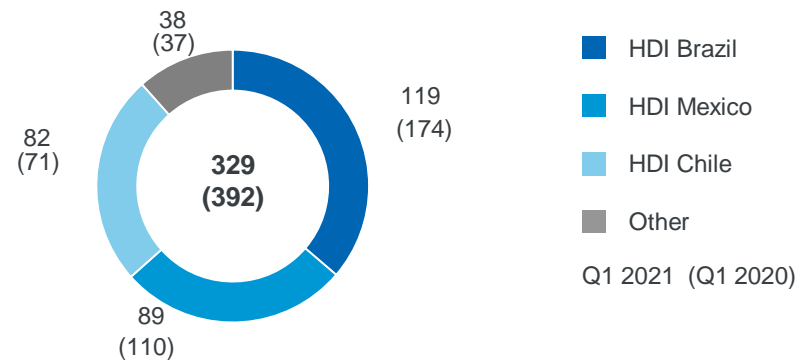
Net investment income



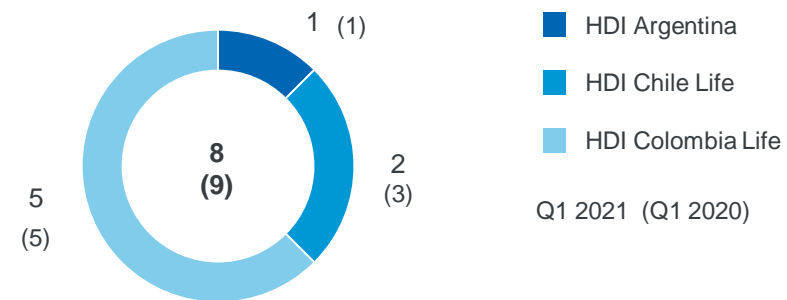
Operating result (EBIT)



GWP split by carriers (P/C)



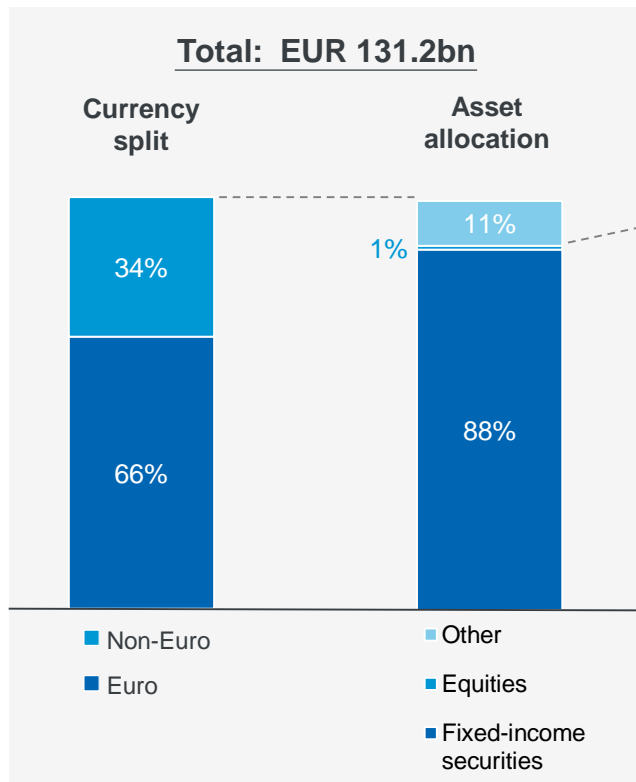
GWP split by carriers (Life)



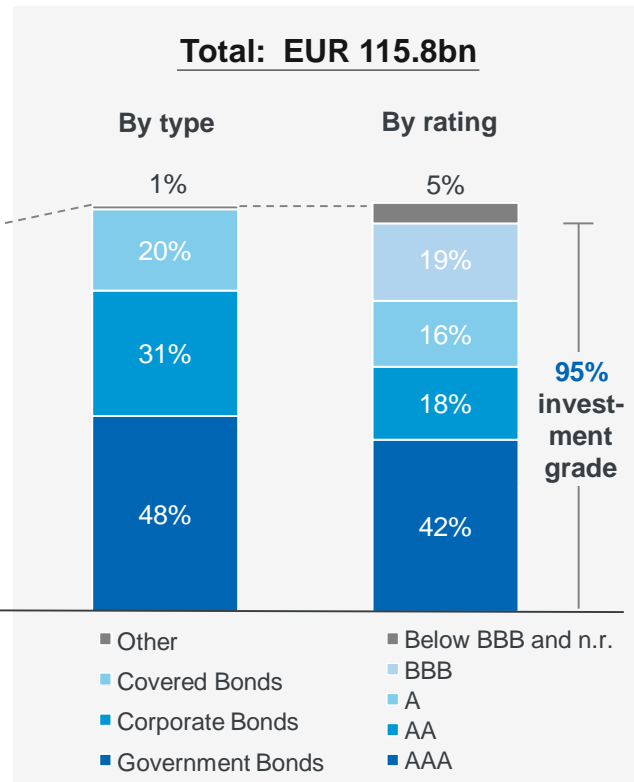
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Additional Information – Breakdown of investment portfolio

Investment portfolio as of 31 Mar 2021



Fixed-income portfolio split



Comments

- Assets under own management increased by 2.1% to EUR 131.2bn compared to 31 Dec 2020 (EUR 128.5bn)
- Investment portfolio remains dominated by fixed-income securities: 88% portfolio share slightly down vs. 31 Dec 2020 (89%)
- Portion of fixed-income portfolio invested in “A” or higher-rated bonds (76%) slightly down vs. 31 Dec 2020 (77%). 95% of bonds are ‘investment grade’
- 18% of fixed-income portfolio is held in USD (31 Dec 2020: 17%); 34% overall in non-euro currencies (31 Dec 2020: 32%)

Investment strategy unchanged – 95% of bonds are investment grade

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

5

Additional Information – Details on selected fixed-income country exposure

Investments into issuers from countries with a rating below A- (in EURm), as of 31 March 2021

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	3,515	-	793	619	340	-	5,268
Mexico	BBB	252	-	146	334	-	-	732
Hungary	BBB	541	-	20	16	18	-	595
Brazil	BB-	258	-	70	251	-	8	587
Russia	BBB	303	11	52	188	-	-	553
South Africa	BB-	142	-	222	97	-	2	463
Portugal	BBB	85	-	23	21	-	-	129
Turkey	B	75	-	13	27	4	-	119
Other BBB+		100	-	69	74	-	-	244
Other BBB		356	105	85	205	-	-	751
Other <BBB		150	57	72	196	-	-	474
Total		5,776	173	1,565	2,027	363	10	9,915
in % of total investments under own management		4.4%	0.1%	1.2%	1.5%	0.3%	0.0%	7.6%
in % of total Group assets		3.0%	0.1%	0.8%	1.1%	0.2%	0.0%	5.2%

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Risk management – Essentials

Dec 2020 Solvency 2 ratio (net of transitional) above target range at 206%
(Dec 2019: 211%)

88% of Eligible Own Funds in Solvency 2 View are covered by unrestricted Tier 1 capital.
Tier 1 coverage of SCR stands at strong 185%

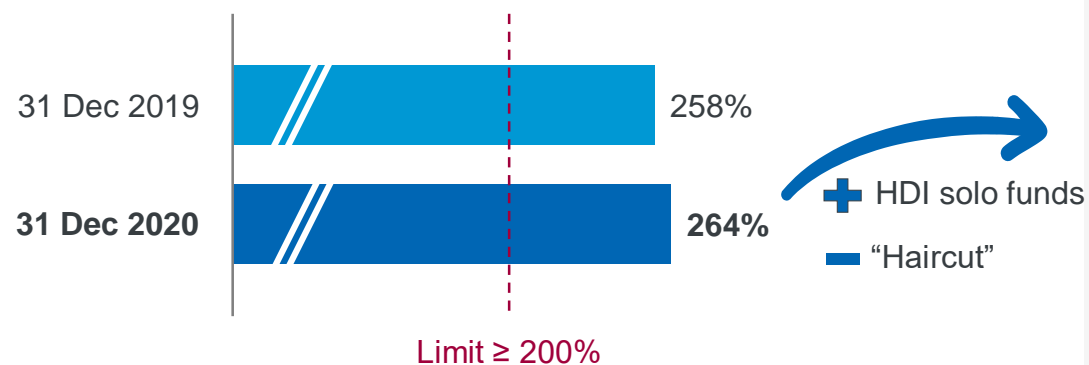
Decline in credit spread sensitivity reflects positive effects from model changes and high quality investment portfolio

Note: In the entire presentation, calculations of Solvency II Capital Ratios are based on a 99.5% confidence level, including volatility adjustments *without* the effect of the applicable transitional – if not explicitly stated differently

5

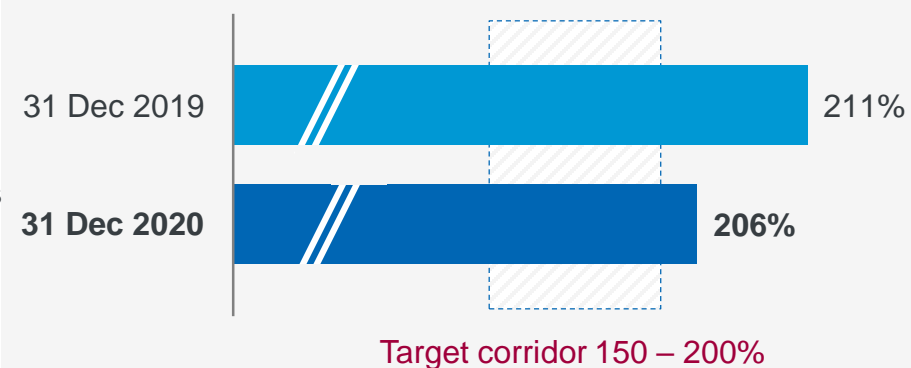
Risk management TERM 2020 results – Comfortable capital position from all angles

Economic view (BOF CAR)



- Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests)
- Risk calculated with the full internal model including operational risk

Solvency 2 Ratio (net of transitional)

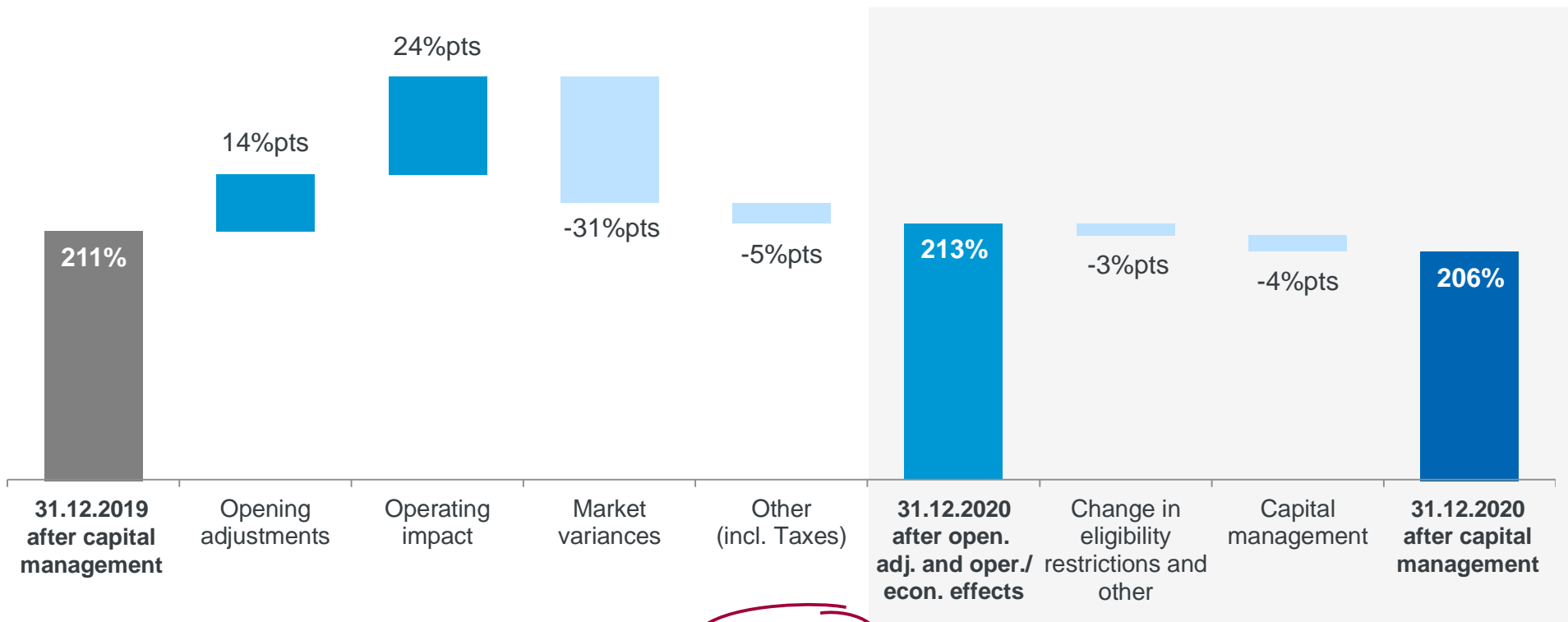


- Eligible Own Funds, i.e. Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests) including haircut effects
- For the Solvency 2 perspective, the HDI V.a.G. as ultimate parent is the addressee of the regulatory framework for the Group

Note: Group Solvency 2 ratios including transitional (i.e. regulatory view): Dec 2019: 246%; Dec 2018: 252%. Calculations of Solvency 2 Capital Ratios are based on a 99.5% confidence level, including volatility adjustments and excluding the effect of applicable transitional – if not explicitly stated differently. TERM: Talanx Enterprise Risk Model

5

Risk management TERM 2020 results – Development of Solvency 2 ratio (excl. transitional)



In EURm

	31.12.2019 after capital management	Opening adjustments	Operating impact	Market variances	Other (incl. Taxes)	31.12.2020 after open. adj. and oper./ econ. effects	Change in eligibility restrictions and other	Capital management	31.12.2020 after capital management
EOF	19,419	370	2,238	-2,065	-479	19,483	-257	-350	18,876
SCR	9,224	-411	67	300	-	9,179	-	-	9,179

Operating/economic effects: **EURm -306**

Note: "Opening adjustments" reflects model changes e.g. improved modelling of covered bonds/CLOs as well as dynamic VA in surplus funds. "Change in eligibility restrictions" comprises e.g. haircut effects. "Capital management" includes dividend payments.

5

Risk management

TERM 2020 results – Operating and economic effects in detail

Operating and economic effects (excl. transitionals)

In EURm

Operating impact	2,238
New business contribution	733
Expected in-force contribution	1,150
Operating variances in-force business	612
Debt costs	-198
Other, including holding costs	-58
Market variances	-2,065
Other (including tax)	-479
Other	-143
Taxes	-336
Operating and economic effects	-306



Comments

Operating impact

- Positive new business contribution despite Corona losses
- Expected in-force contribution includes mainly return on investments (real-world assumption) and unwinding of risk margin
- Operating variances consider positive run-off result and lower expenses in P/C business as well as positive experience variances and assumption changes from German life business

Market variances

- Negative market variances mainly driven by a decrease in risk-free rates and devaluation of USD and emerging market currencies against the Euro

Other (including tax)

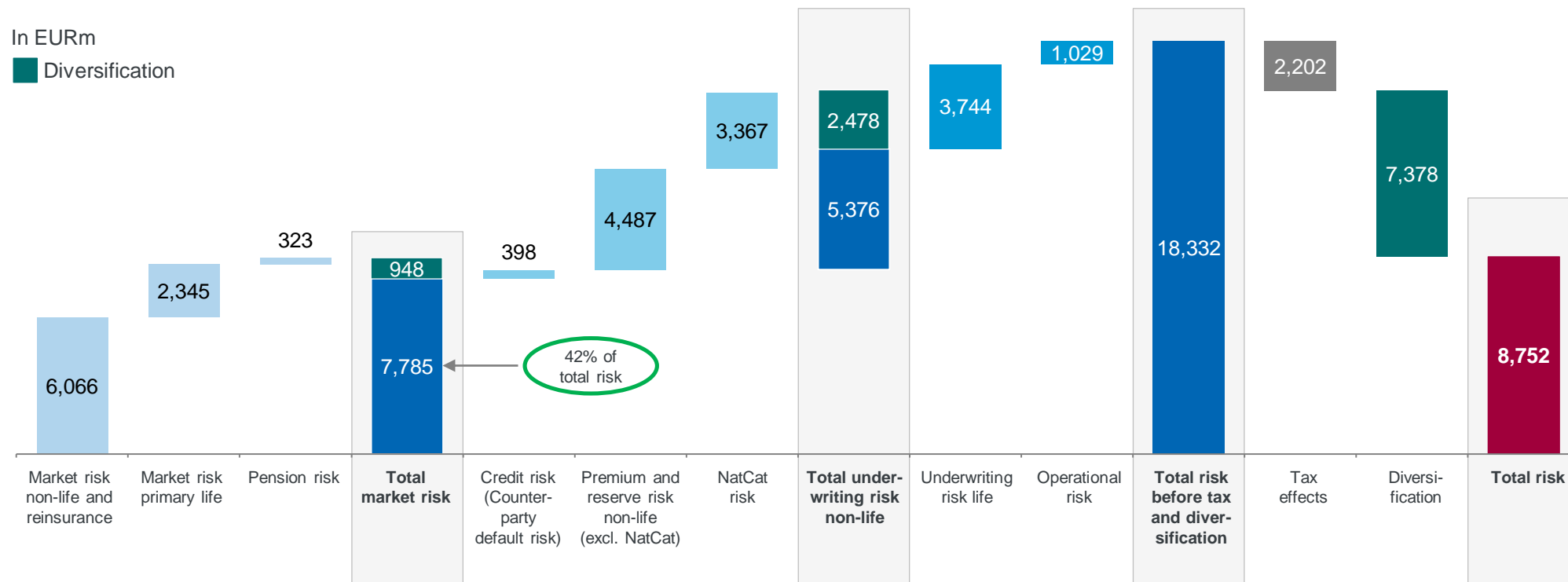
- Other considers revaluation of other assets and liabilities and consolidation

Note: Structure according to CFO-Forum working group recommendation. Allocation of management expenses to in-force and new business. Stated amount of taxes without Primary Life (taxes of Primary Life already included in operating impact)

5

Risk management TERM 2020 results – SCR split into components (economic view)

Risk components of Talanx Group



Note: Figures show risk categories for Talanx Group including non-controlling interests. Solvency capital requirement determined according to 99.5% security level for the Economic View, based on Basic Own Funds (BOF).

▶ **Significant diversification between risk categories – market risk at 42% (tail-VaR contribution), well below the 50% threshold**

5

Risk management

TERM 2020 results – From IFRS equity to Eligible Own Funds

Economic view


	in EURm
Talanx IFRS equity	17,125
Goodwill and intangible assets	-1,879
Revaluation effects	3,185
Surplus funds	1,660
Talanx excess of assets over liabilities	20,090
Subordinated liabilities (incl. minority interests)	3,710
Own shares	0
Forseeable dividends, distributions and charges	-692
Talanx basic own funds before deductions	23,108

$$\text{BOF CAR} = \frac{\text{BOF}}{\text{SCR}_{\text{BOF}}} = \frac{23,108}{8,752} = 264\%$$

Solvency 2 ratio HDI Group (excluding transitional)

	in EURm
Talanx basic own funds before deductions	23,108
Transitional measure	4,632
HDI V.a.G. (extension to HDI Group)	2,185
HDI basic own funds	29,925
Non-available own-funds items (<i>Haircut</i>)	-6,926
Other	-48
Ancillary own funds	0
Own funds for FCIIIF, IORP and entities included	123
Total available own funds (AOF)	23,074
Transitional measure	-4,632
Tax component transitional measure	-191
Total of non-available transitional own fund items	625
HDI Group total eligible own funds (EOF)	18,876

$$\text{S2 ratio} = \frac{\text{EOF}}{\text{SCR}_{\text{EOF}}} = \frac{18,876}{9,179} = 206\%$$

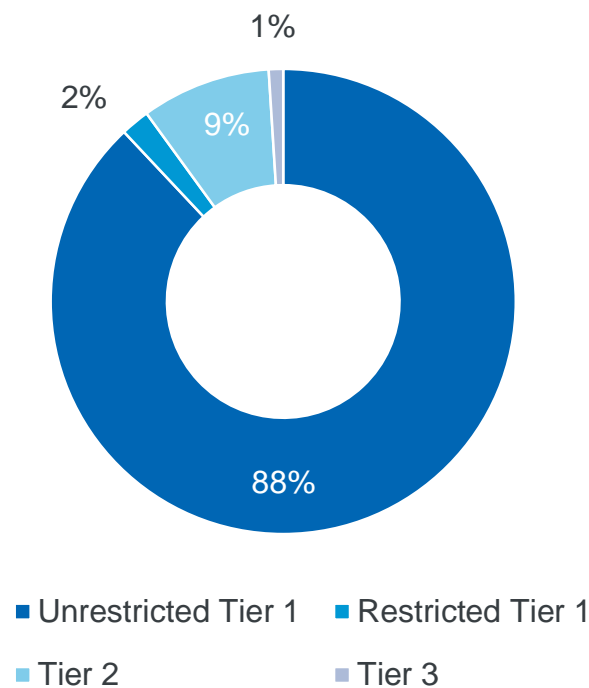
 Haircut on minorities and HDI solo funds mark the key difference between both own funds concepts

FCIIIF – Financial Credit Institutions and Investment Firms; IORP – Institutions for Occupational Retirement Provisions

5

Risk management TERM 2020 results – Solvency 2 tiering

Capital tiering (net of transitional)



Solvency 2 ratio 206% of which

- **185%pts** Tier 1 coverage
- **19%pts** Tier 2 coverage
- **2%pts** Tier 3 coverage

Comments

- The capital tiering reflects the composition of Own Funds under the Solvency 2 perspective
- The vast majority of Eligible Own Funds consists of unrestricted Tier 1. The overall Tier 1 coverage (unrestricted and restricted) reflects 185% of our capital
- Tier 2 mainly consists of subordinated bonds issued by Talanx AG, Talanx Finance and Hannover Re

▶ Strong Solvency 2 Ratio is dominated by unrestricted Tier 1 capital



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