

talanx.

Insurance. Investments.

Talanx: Sustainable profitability

7 June 2022

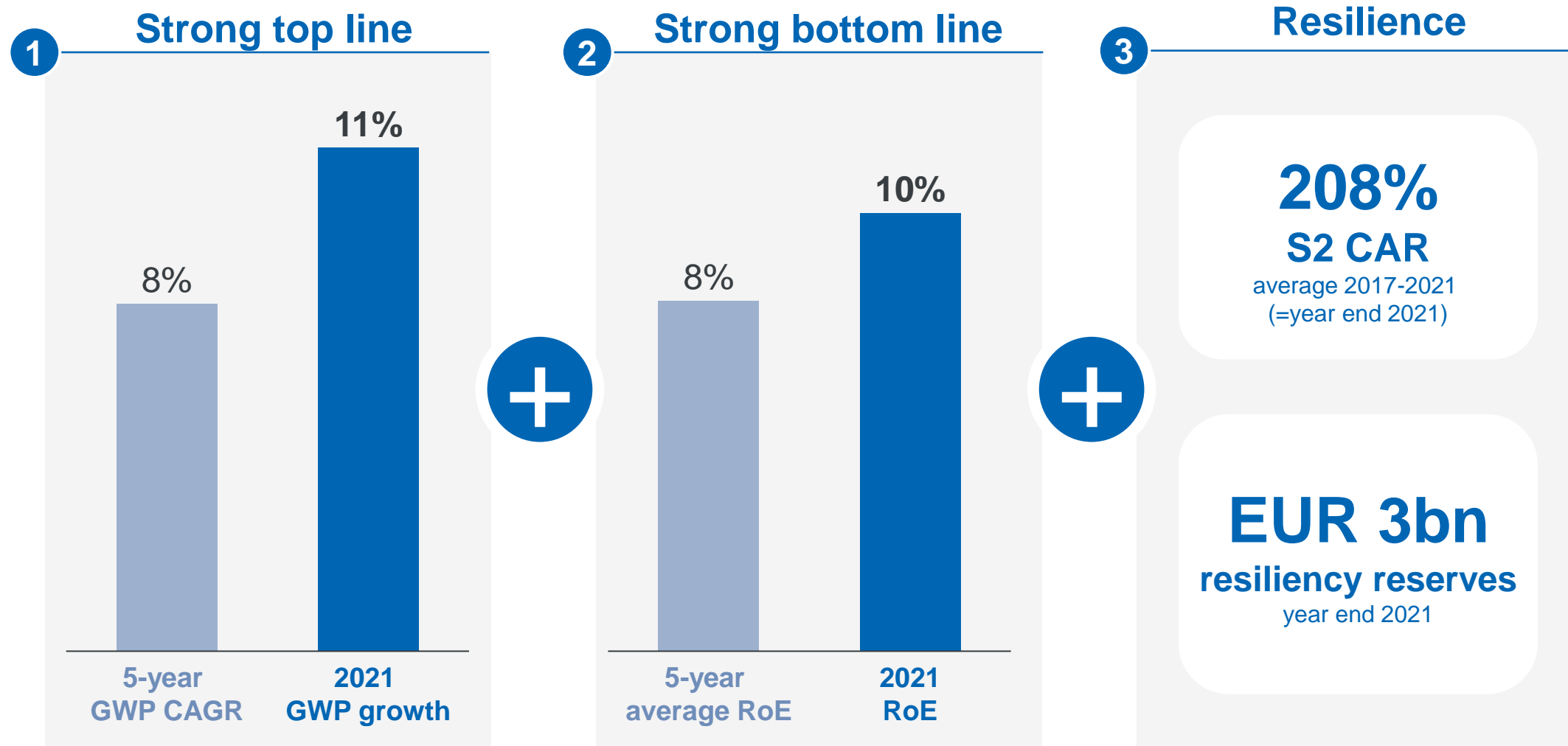
Rome

Jan Wicke, CFO

Goldman Sachs European
Financials Conference



Summary: Profitable growth has generated a resilient franchise

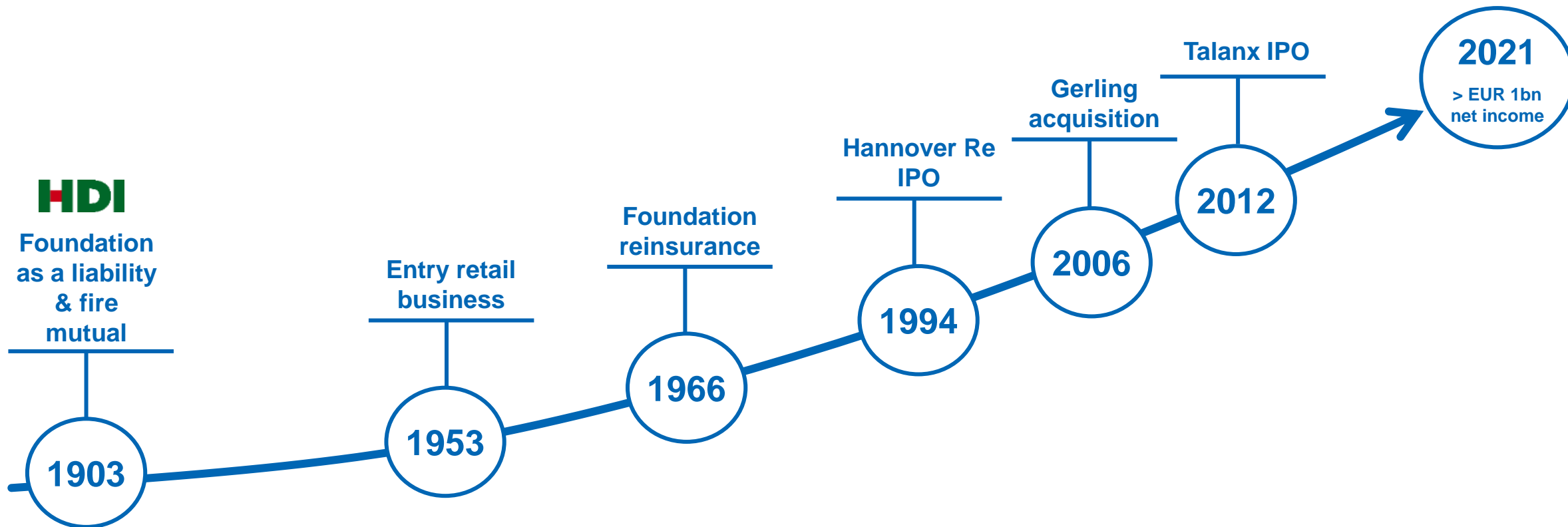




Agenda

- 1 Talanx at a glance**
- 2 Recent results
- 3 Segment update
- 4 Investments and Capital
- 5 Appendix

1 Talanx has a history of more than 100 years



1 Talanx operates a well-balanced business with a low risk profile

Underwriting



~ 50%
outside Europe

Strong diversification

Investments

Investment portfolio as of 31 Dec 2021



87%
Bonds

2%
Equities

Low investment risk

Solvency

Solvency 2 CAR for HDI Group
as of 31 Dec 2021



208%

Solid capitalisation

Ratings

Insurer financial strength rating
(Talanx Primary Group)

A+

(outlook: stable)

STANDARD
& POOR'S

A

(outlook: positive)



Talanx is an integrated primary and reinsurance player

Key facts

2021 / 31 Dec 2021, in EURbn

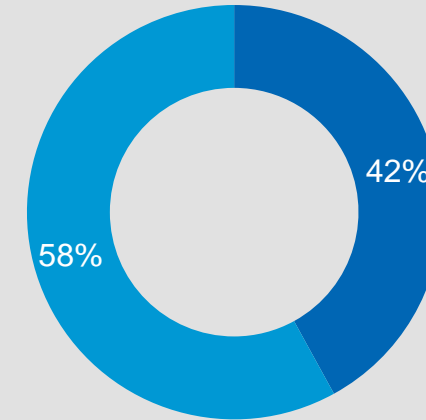
GWP	45.5
Net income	1.01
AuM	136.0
Shareholders equity	10.8
Market Cap	10.8

¹ Primary Insurance is the sum of Industrial Lines, Retail Germany and Retail International. Percentages are calculated excluding Corporate Operations and Consolidation

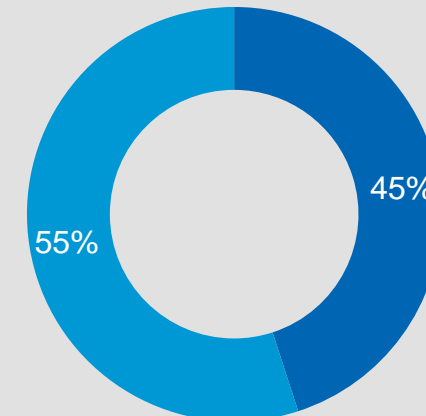
Goldman Sachs European Financials Conference, Rome, 7 June 2022

Business mix¹

GWP 2021 in % of total



Net income 2021 in % of total



■ Primary
■ Reinsurance

1 Talanx operates a multi-brand business with 4 segments

Industrial Lines



- Lines of business include coverage of standard industrial risks (e.g. liability, motor, fire & property)
- Segment also includes specialty lines business (e.g. financial lines, aviation etc.)

2021, in EURm

GWP 7,560

Net income 143

Retail Germany



- Standard Retail Property & Casualty and Life products operated under HDI brand
- Bancassurance business with various German banks (e.g. Deutsche Bank, Sparkassen and Targobank)

GWP 6,170

Net income 161

Retail International



- Standard retail Property & Casualty and Life products
- Regional focus on CEE (Poland, Turkey, Hungary, Austria), Italy and LatAm (Brazil, Mexico, Chile, Colombia, Argentina)

GWP 6,127

Net income 189

Reinsurance

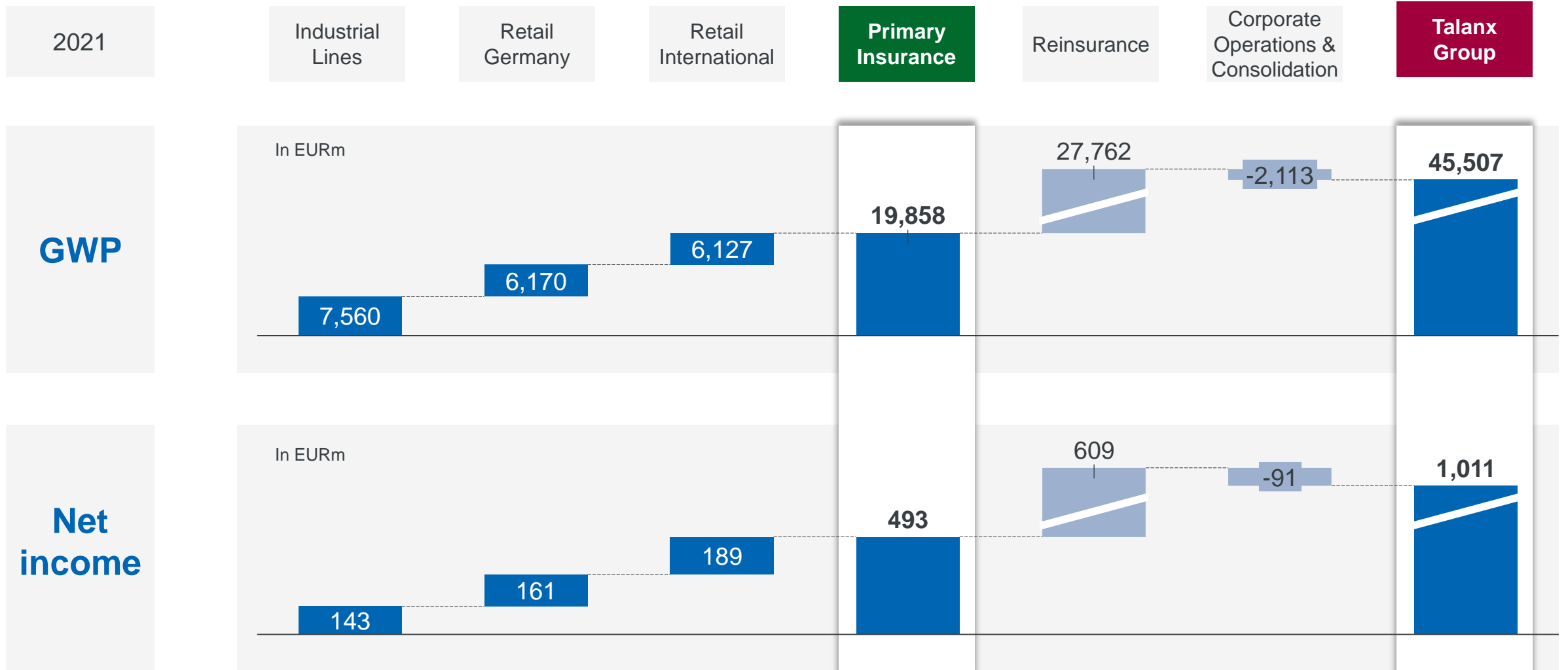


- 3rd largest reinsurer worldwide offering full range of life and non-life reinsurance products
- Listed since 1994
- 50.2% owned by Talanx

GWP 27,762

Net income 609

1 Well diversified portfolio with three strong primary insurance divisions





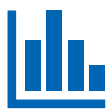
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Summary FY 2021

2

Exceeding one billion EUR net income for the first time



Premiums



Earnings



Return on Equity



Achievements

GWP,
in EURbn

+11%

41.1

45.5

2020

2021

Group net
income,
in EURm

+56%

648¹

1,011

2020

2021

Return on
equity

+3.3%
pts.

6.3%¹

9.6%

2020

2021

High single-digit percentage growth



Upper end of EUR 900 - EUR 950m²



~9.0% return on equity



Note: Talanx's mid-term ambition comprises a minimum target for return on equity of at least 800 bps over the risk-free rate, defined as the 5-year average of 10-year Bunds. Thus, for 2021, the minimum RoE target corresponds to 8.0%. 1 Adjusted in accordance with IAS 8. 2 Initial earnings guidance for 2021 was EUR 800 – 900m

Summary Q1 2022

2 Solid results despite strong headwinds



Premiums



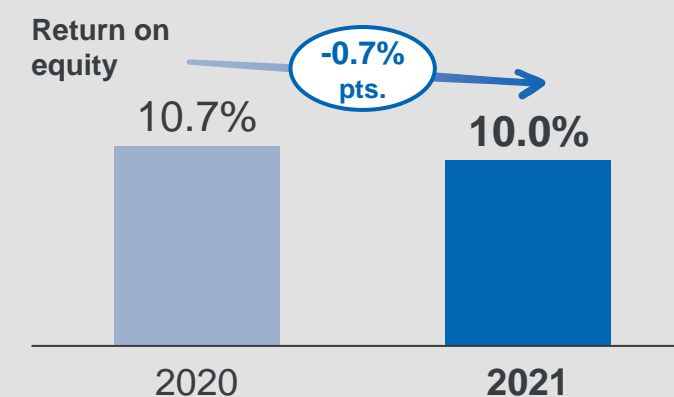
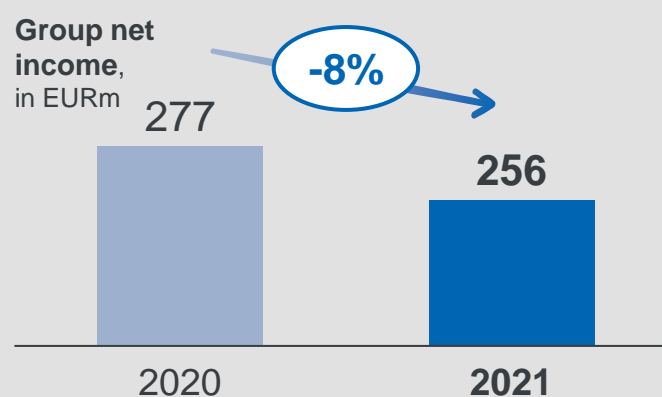
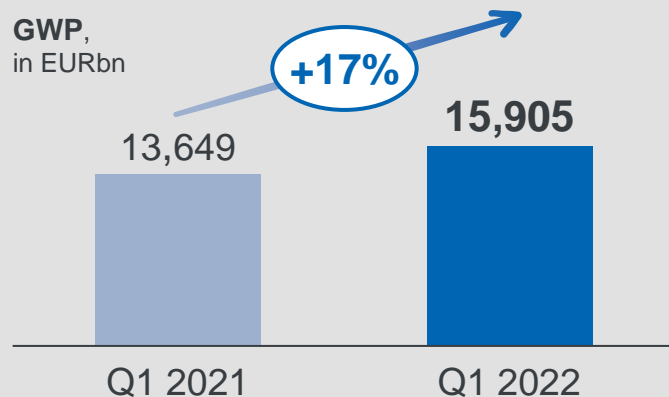
Earnings



Return on Equity



Achievements



Comments

- Continued strong growth
- 13% currency-adjusted
- All segments contributing

- Combined ratio at 98.3%
- Large losses EUR 71m over pro-rata budget
- Approx. EUR 150m bulk reserves related to Ukraine situation

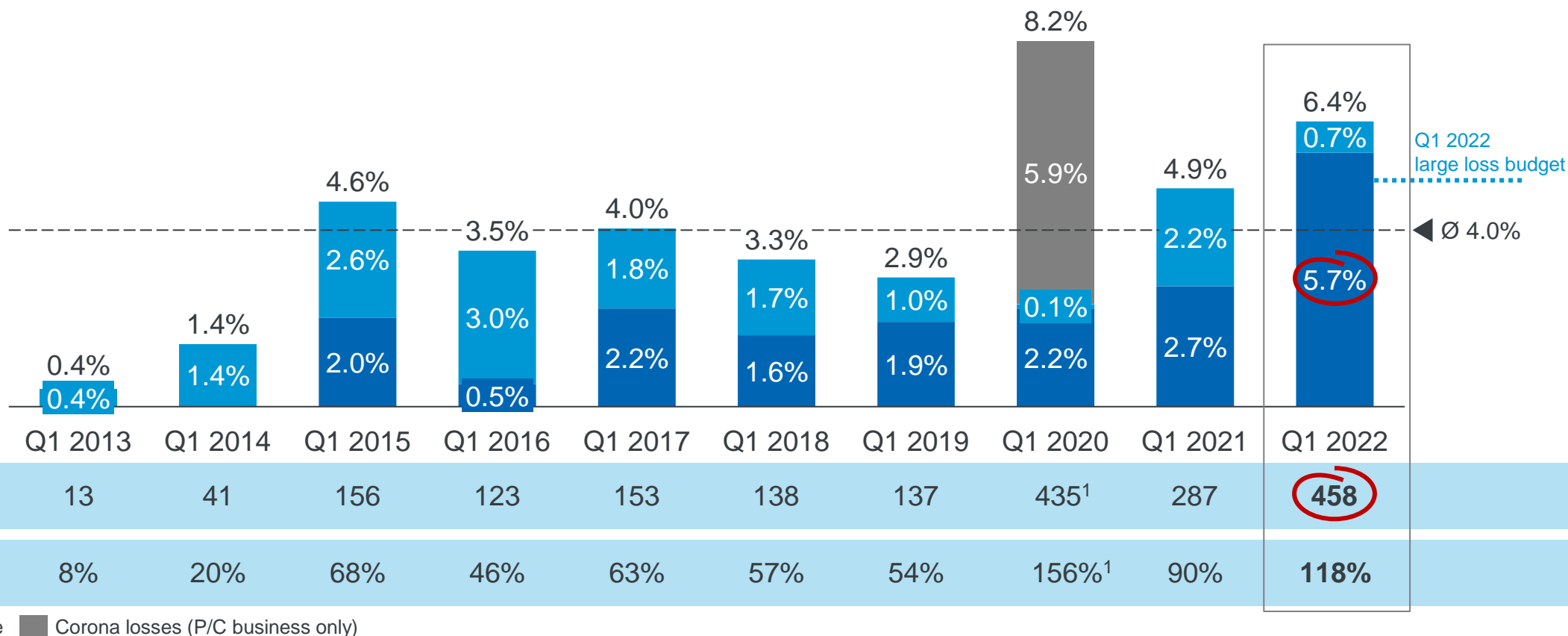
- On track to achieve 2022 10% RoE target
- Earnings guidance for FY 2022 unchanged in the range between EUR 1.05 and 1.15bn
- Higher uncertainty due to Russian war in Ukraine

Note: Q1 2021 Adjusted in accordance with IAS 8.

First quarter large loss development

2 NatCat events result in highest absolute net large loss in a first quarter

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

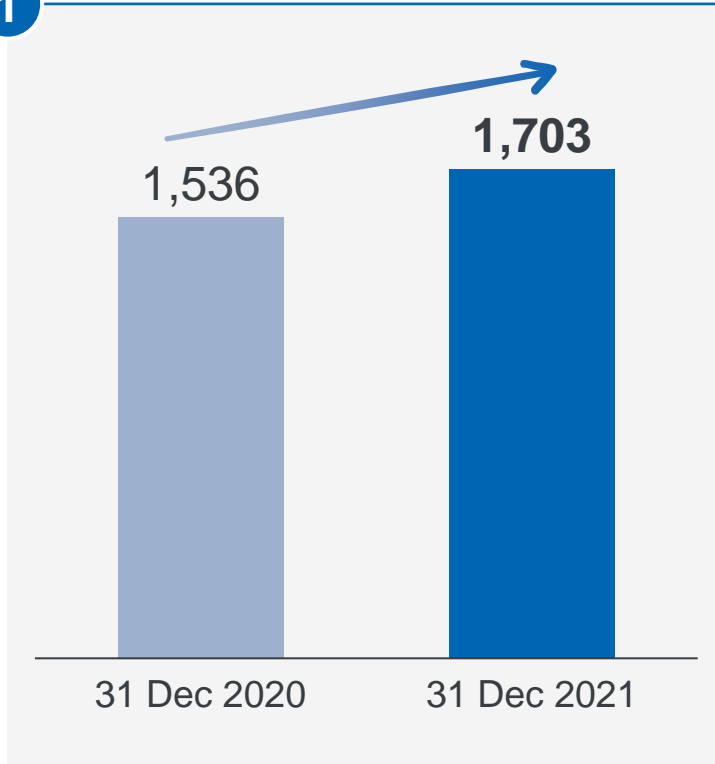


Note: Definition "large loss": In excess of EUR 10m gross in either Primary Insurance or Reinsurance. 1 Amount of EUR 435m and ratio of 156% include NatCat, man-made and Corona (EUR 122m and 44% excluding Corona)

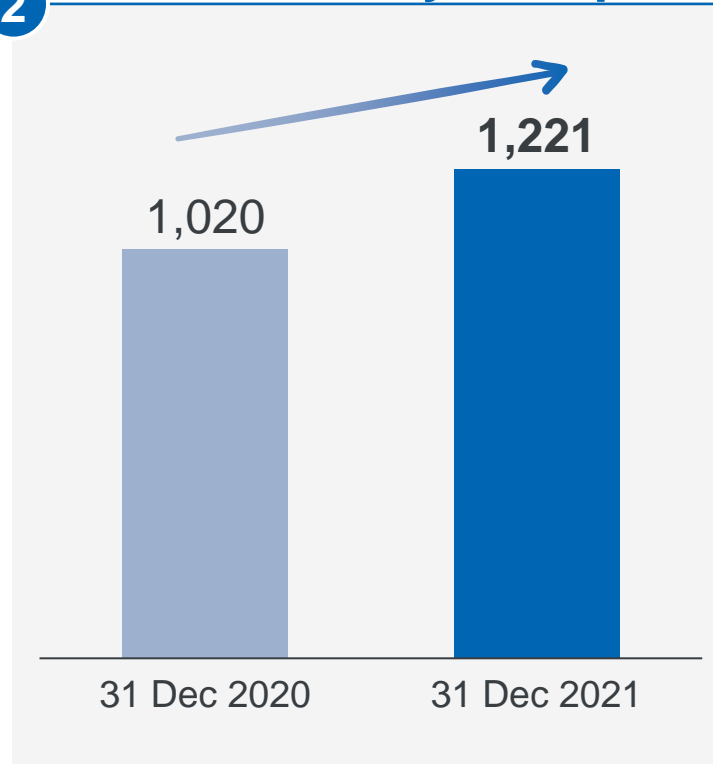
2 Strong resiliency level maintained

Net resiliency reserves¹ embedded in best estimate², in EURm

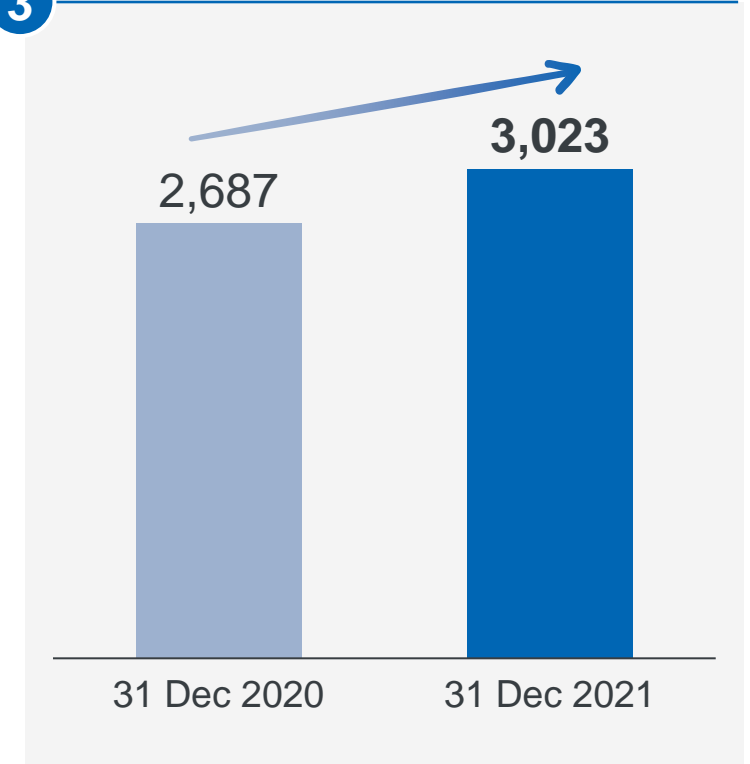
1 Reinsurance (Hannover Re)



2 Talanx Primary Group³

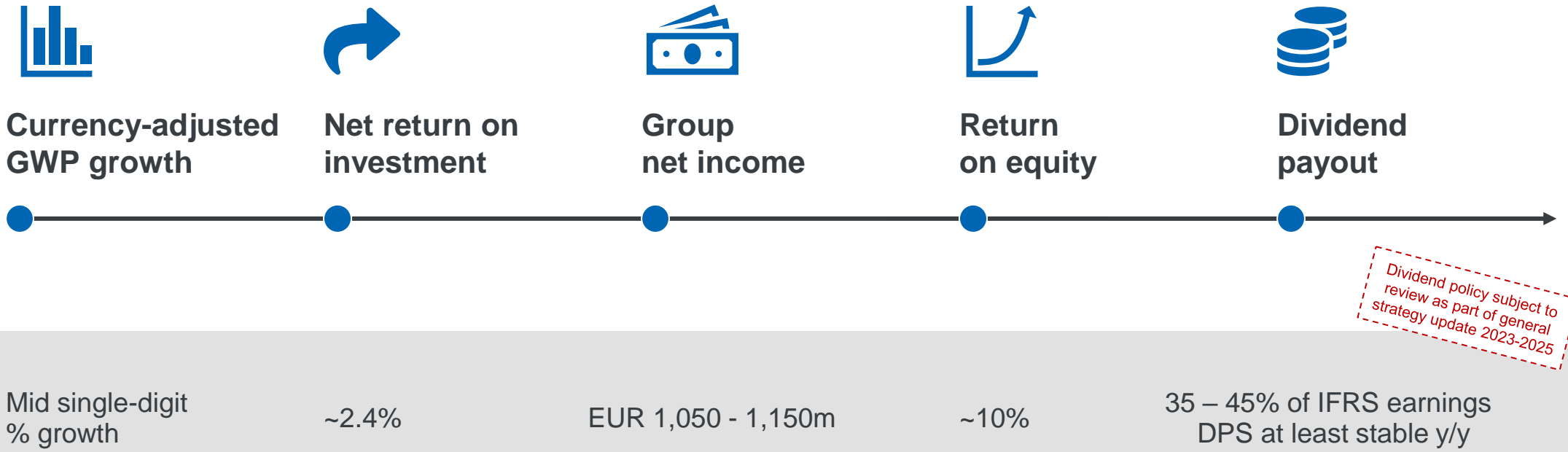


3 Talanx net⁴



1 Resiliency reserves are defined as the difference between booked reserves (based on Talanx' own best estimates) and WTW analysis. 2 Before taxes and minorities; source: WTW calculation based on data provided by Talanx. 3 Talanx Primary Group, excluding Talanx AG. 4 Sum of Hannover Re, Talanx Primary Group, Talanx AG (not consolidated)

2 Outlook 2022 for Talanx Group



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 Outlook 2022 is based on a large loss budget of EUR 1,810m for Talanx Group, thereof EUR 410m in Primary Insurance, of which EUR 330m in Industrial Lines. The large loss budget in Reinsurance 2022 is EUR 1,400m. The Russian war in Ukraine has emerged as an uncertainty factor. It is currently too early to fully assess the impact on the 2022 business year.



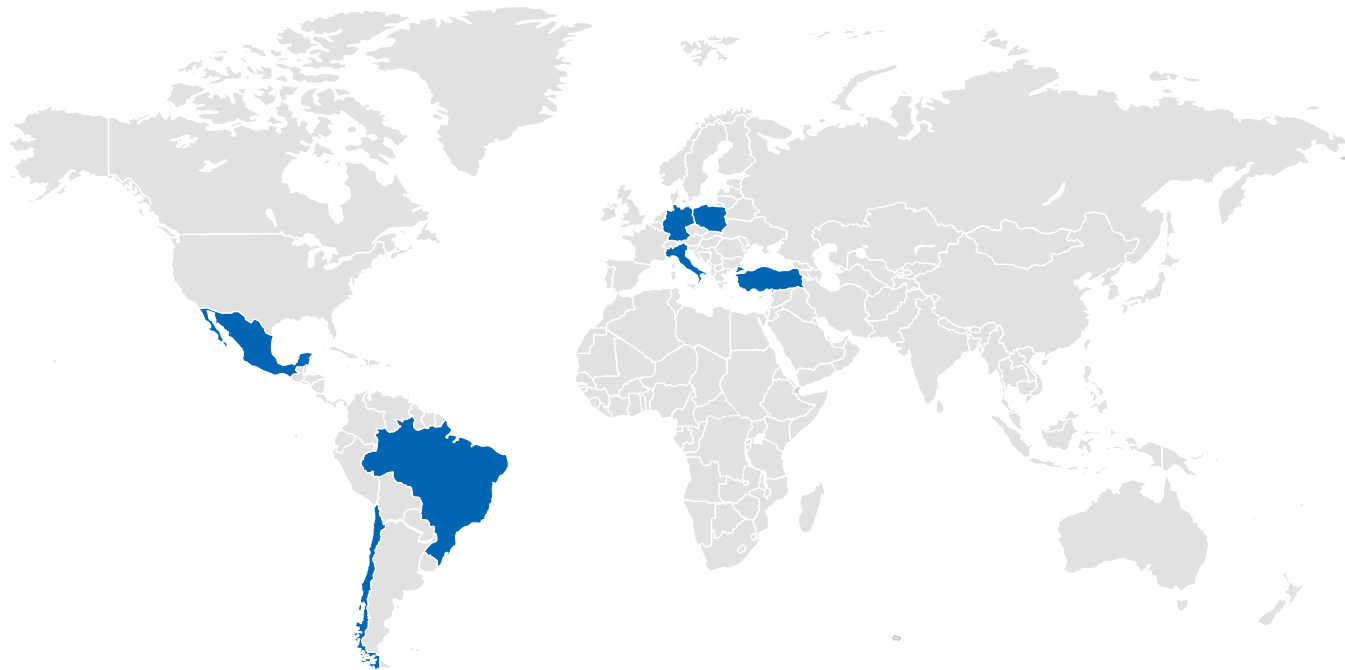
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Talanx global footprint

Normalising post Corona but impacted by two large NatCat losses

Industrial Lines		Retail Germany P/C		Retail International		Primary Insurance		Reinsurance P/C		Talanx Group	
Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22
98.7%	97.1%	84.2%	97.8%	93.9%	94.0%	94.1%	95.9%	96.2%	99.5%	96.1%	98.3%



Retail International					
Mexico		Chile		Brazil	
Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22
97.6%	93.3%	95.1%	98.3%	99.9%	115.0%
Italy		Poland		Turkey	
Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22
76.0%	81.7%	93.2%	90.4%	109.2%	143.5%

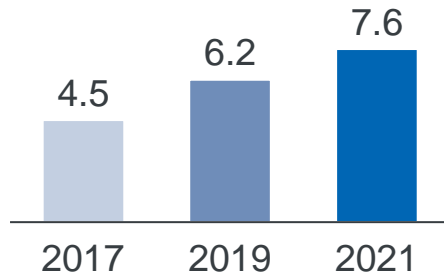
Note: Non-life business. Primary Insurance excludes figures for Corporate Operations. For Retail International this page highlights only core markets plus Italy. Poland includes TUIR Warta only, which generates approx. 95% of P/C GWP in Poland

Industrial Lines

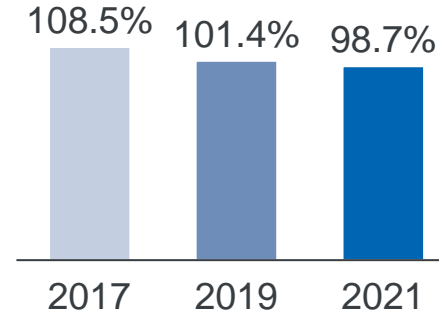
3 Keeping growth momentum on path to double-digit RoE

GWP

EURbn



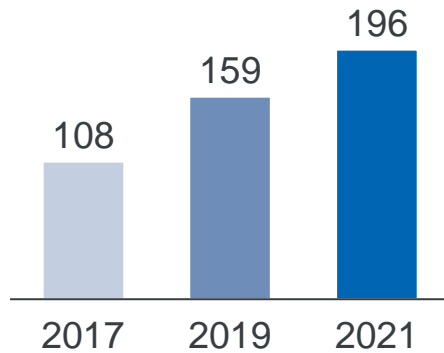
Combined ratio



- Double-digit RoE
- Global specialty player
- Leading innovation partner

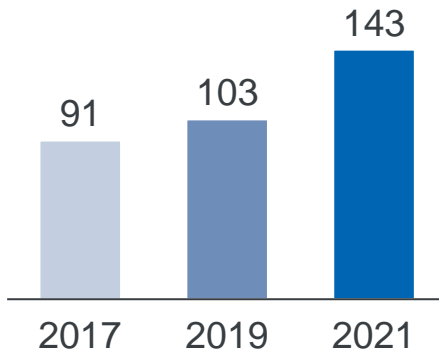
EBIT

EURm

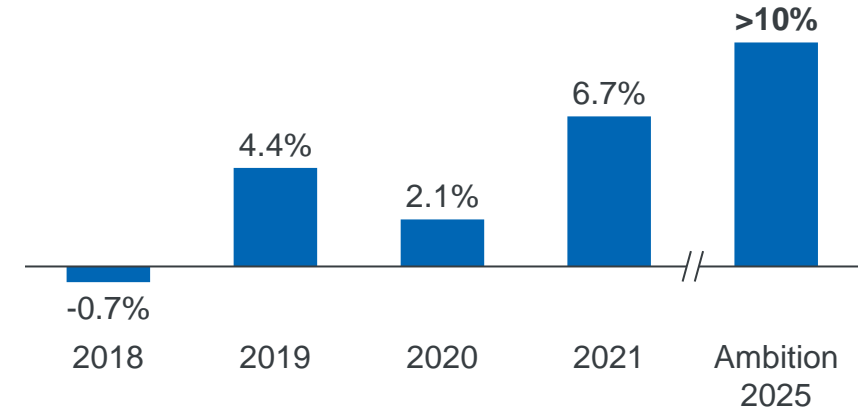


Net income

EURm



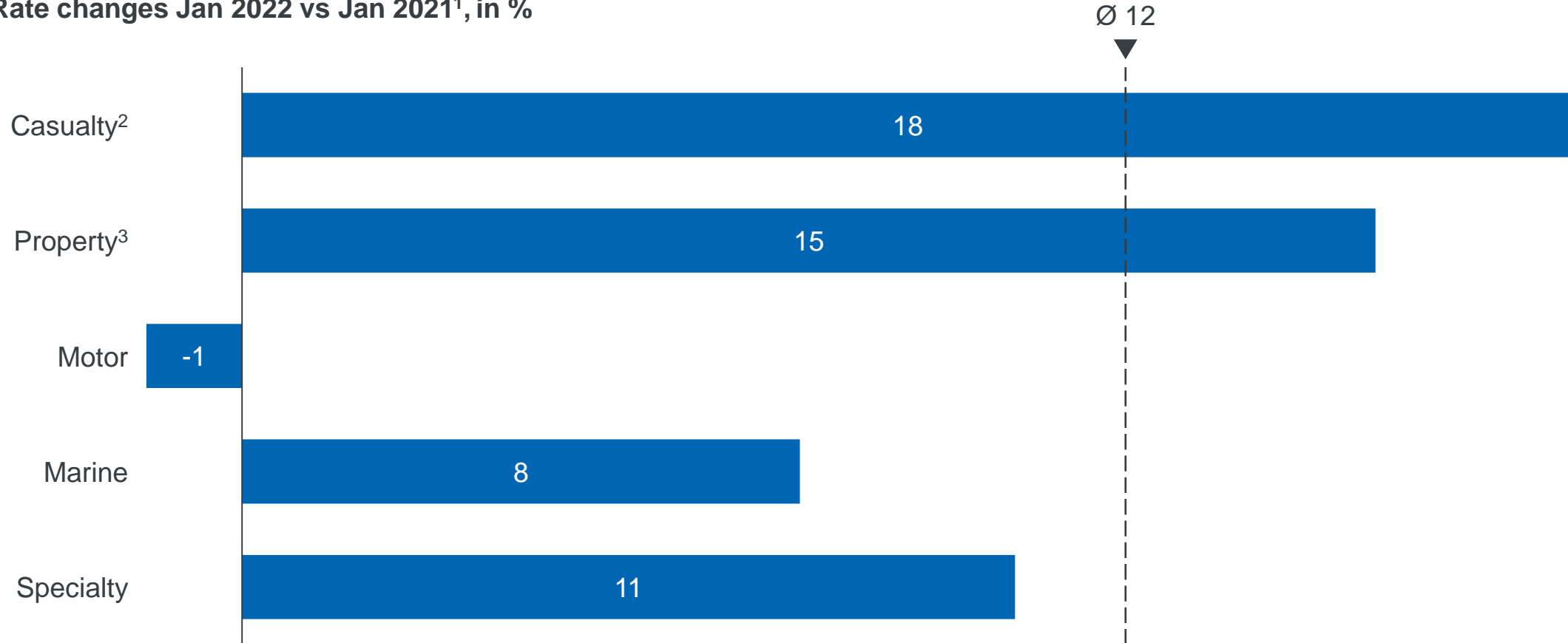
Return on Equity (RoE)



Industrial Lines

3 Rate changes comfortably above expected inflation

Rate changes Jan 2022 vs Jan 2021¹, in %

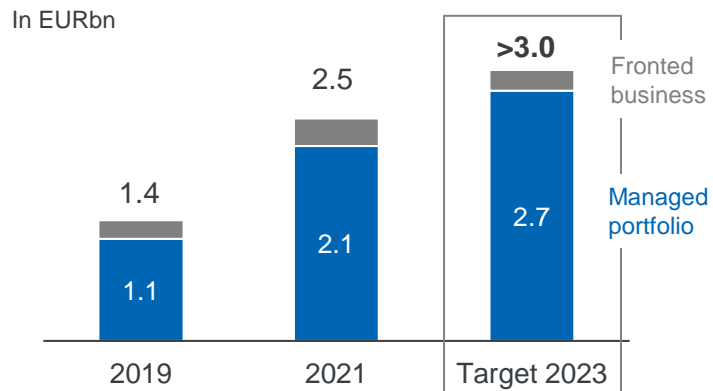


¹ Based on renewed premium (prior to central reinsurance after cancellations and change of share) and considering effects of premium, fees and equivalents. ² Including Liability and Cyber. ³ Including Fire and Engineering

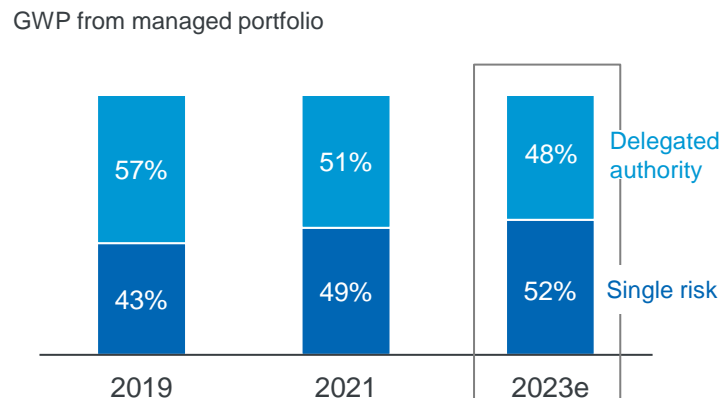
HDI Global Specialty

3 Growing profitably even faster than planned

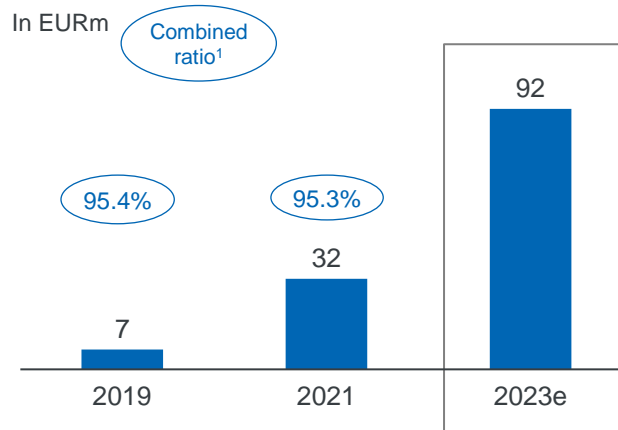
Gross written premiums



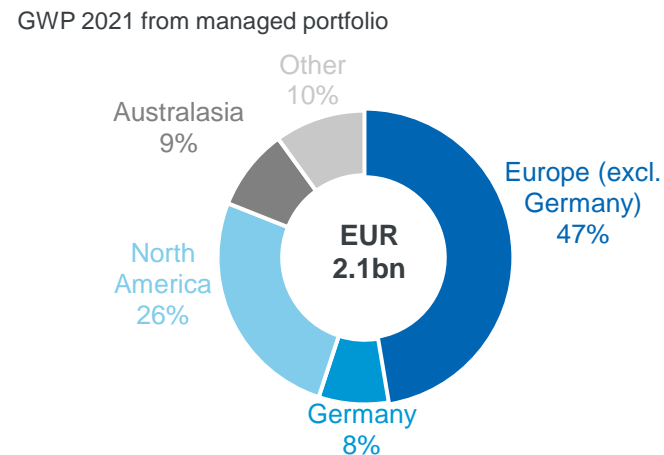
Portfolio structure



EBIT



Regional split



Comments

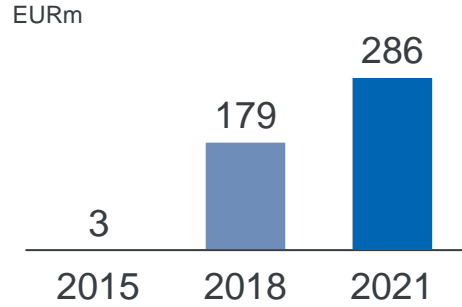
- The 2022 target of EUR 2.1bn GWP was already exceeded in 2021, raising the bar for 2022 and 2023
- EUR 27m total Corona-related claims in 2020 and 2021 absorbed
- Increasing share of single risk mandates with higher margins also enhances portfolio diversification
- Good regional balance with slight increase of European portion versus 2019
- In 2025 we expect Specialty to contribute roughly one third of Industrial Lines' operating profit (EBIT)

1 Relates to managed portfolio before internal reinsurance and minorities; including cost reimbursement for fronted business

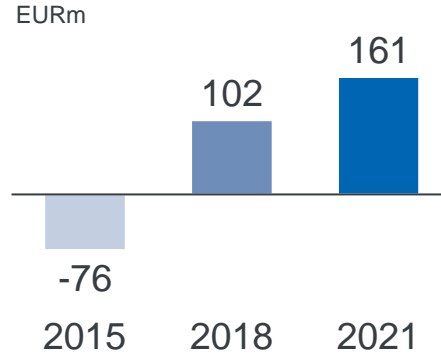
Retail Germany

3 Now solid profit contributor to the group

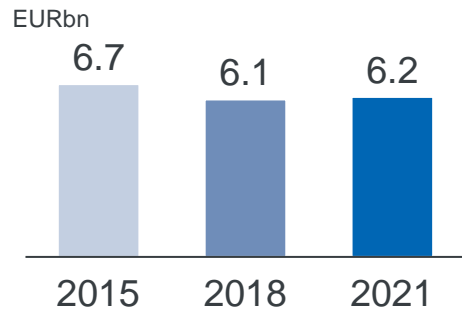
EBIT



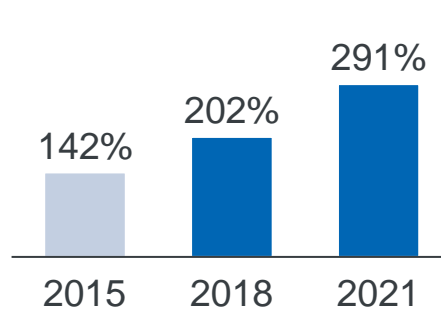
Net income



GWP



S2 ratio Life¹

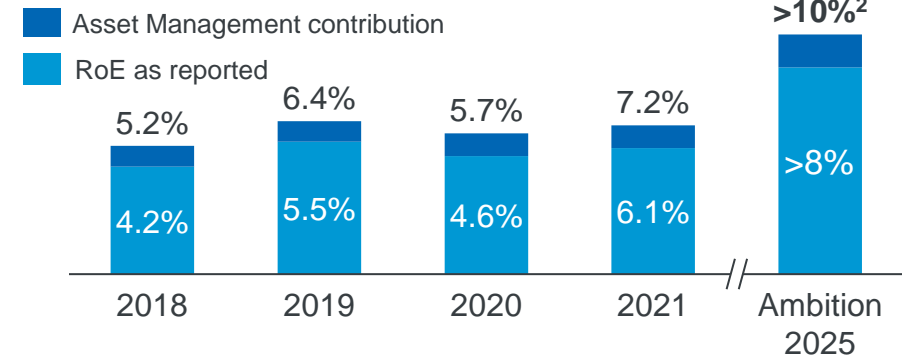


1 As-if-merged Solvency Capital Adequacy Ratio for the four German life entities, excluding transitional measure, as of period end. 2 RoE including Asset Management contribution



- Double-digit RoE
- Leading player for SME and bancassurance
- Focused life business and de-risking

Return on Equity (RoE)



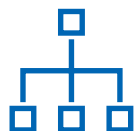
Retail Germany Life

3 Focus new business and further de-risk

1 Improve inforce business



Finance / ALM optimisation



IT consolidation and simplification



Cost reduction

2 Focus new business on products with >10% RoE¹



Unit-linked pensions



Occupational retirement pensions (bAV)

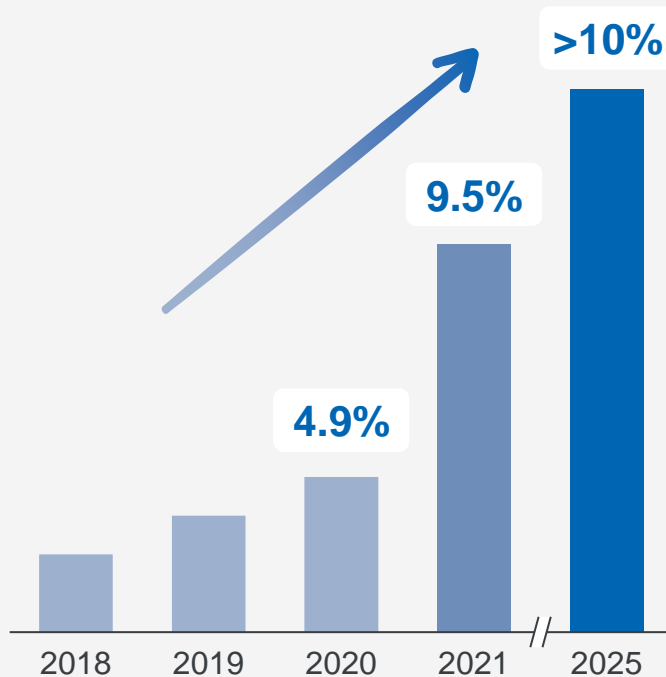


Biometrics

Product reduction

From 30 to <10

3 RoE Life (incl. AM contribution)

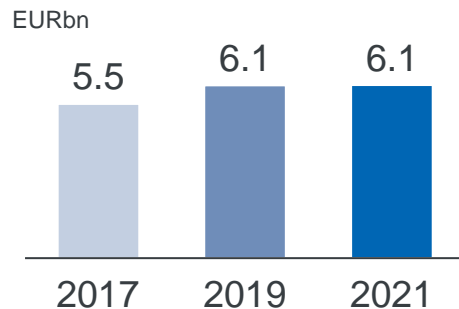


¹ Return on equity per annum

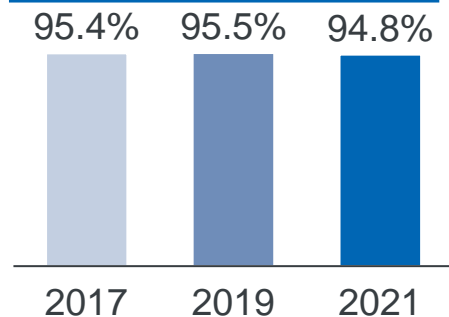
Retail International

Stable profit growth

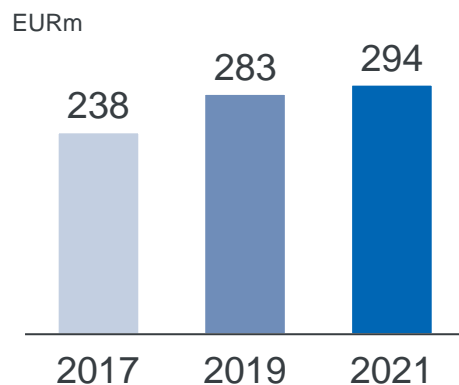
GWP



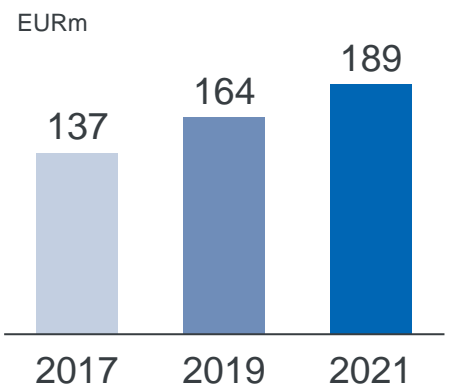
Combined ratio



EBIT

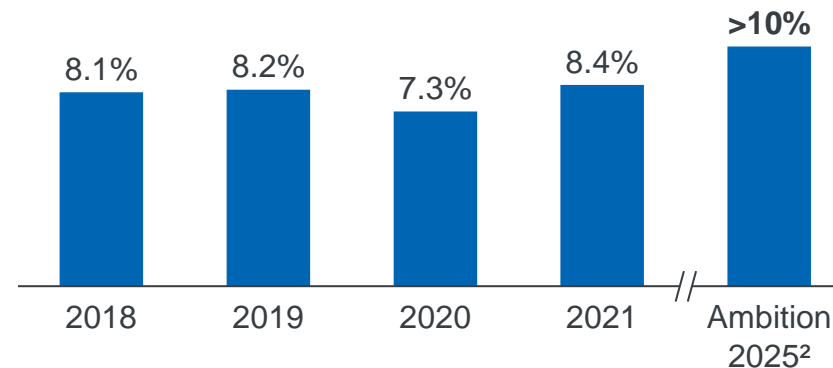


Net income



- TOP 5 in core P&C markets
- Outperform peers (CoR <95%)
- Higher diversification: +EUR 900m GWP non-motor¹

Return on Equity (RoE)



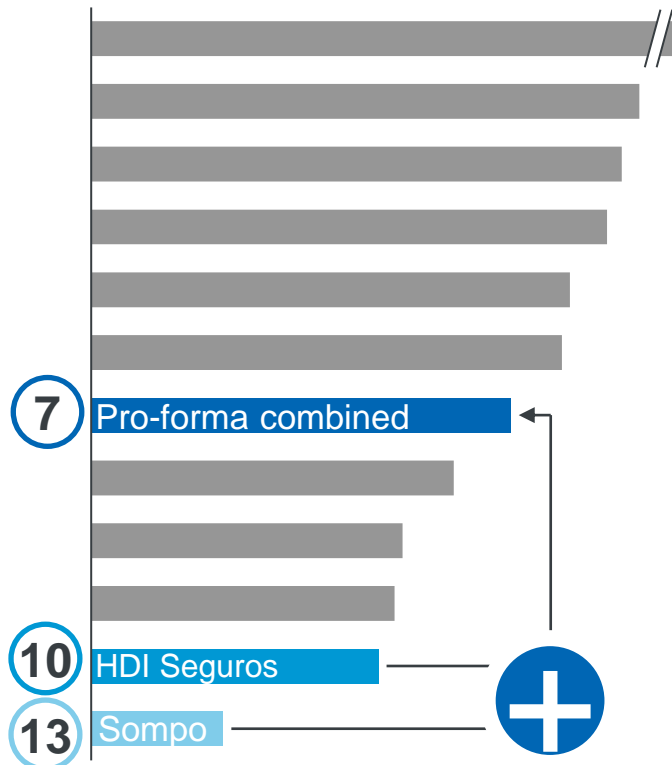
1 Versus 2020 starting point of EUR 1.1bn. 2 Mid-term ambition without M&A.

Retail International

3 Delivery towards strategic goals via recent acquisition in Brazil

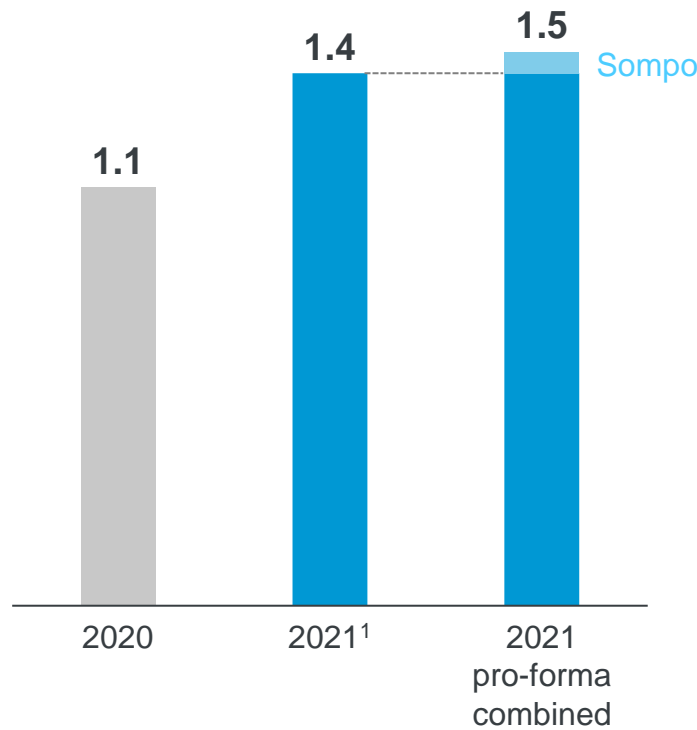
1 Become TOP 5 in P/C core markets

P/C retail GWP in Brazil FY2021 in EURm



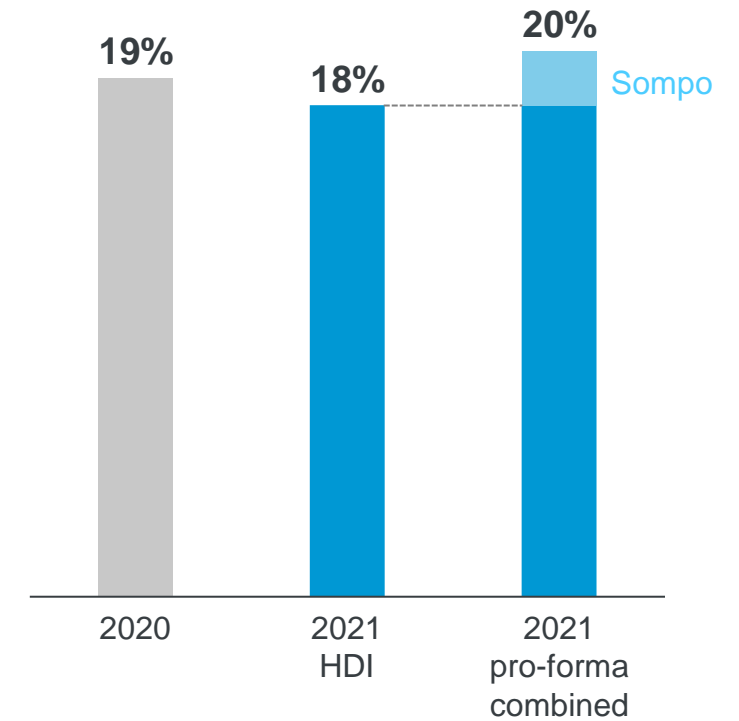
2 Grow non-motor P/C by EUR 900m

Retail International non-motor P/C GWP, in EURbn



3 Grow life protection share to >30%

Retail International life protection share of life business²



1 Thereof EUR 91m from Amissima acquisition in Italy, which was closed as of 1 April 2021. 2 Excluding Russian life entity which was sold in December 2021.

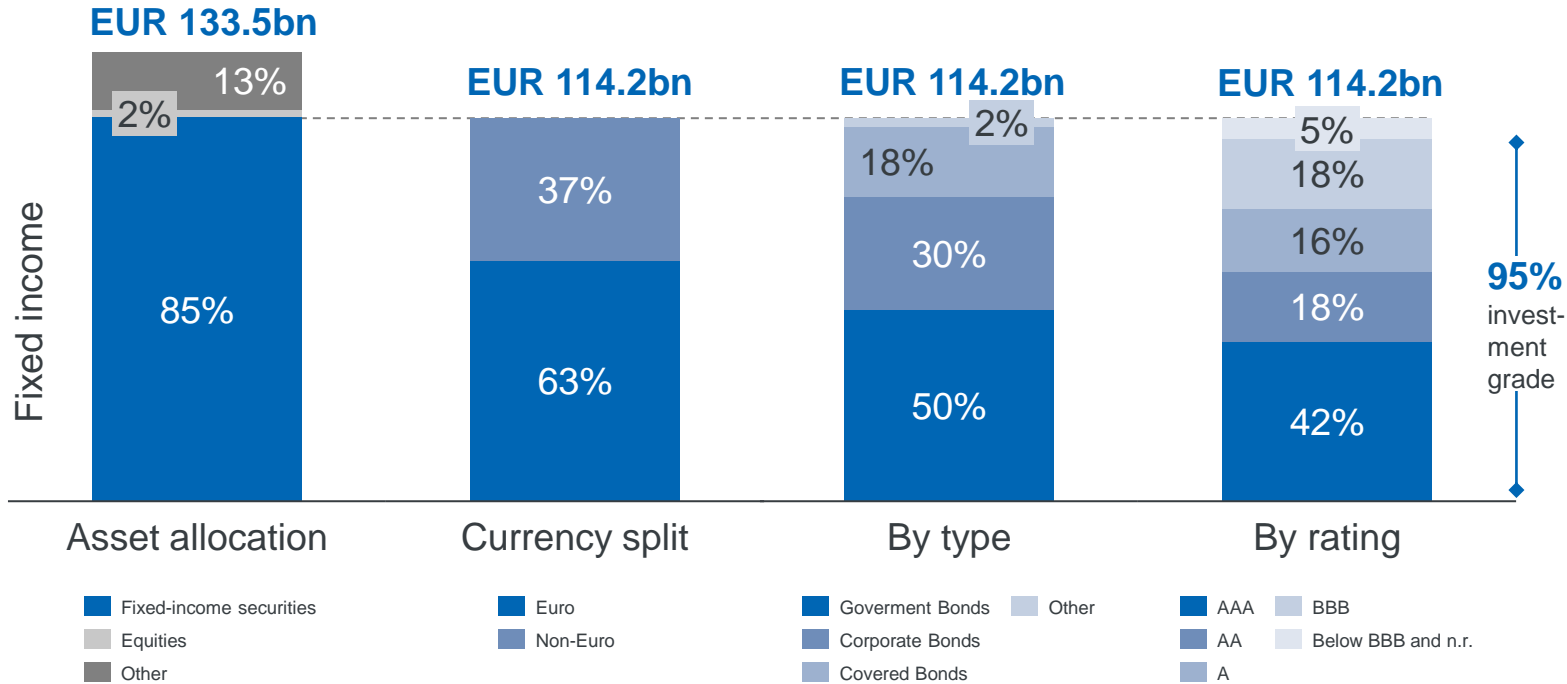


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4 Talanx low beta investment portfolio

Assets under own management, as of 31 March 2022



Comments

- Investment portfolio remains dominated by fixed-income securities: 85% portfolio share slightly down vs. 31 Dec 2021 (87%)
- 20% of fixed-income portfolio is held in USD (31 Dec 2021: 20%)
- Portion of fixed-income portfolio invested in “A” or higher-rated bonds (76%) stable vs. 31 Dec 2021. 95% of bonds are investment grade

Note: “Below BBB and n.r.” includes non-rated bonds

4 EUR 7.2bn sustainable investments

Sustainable investments

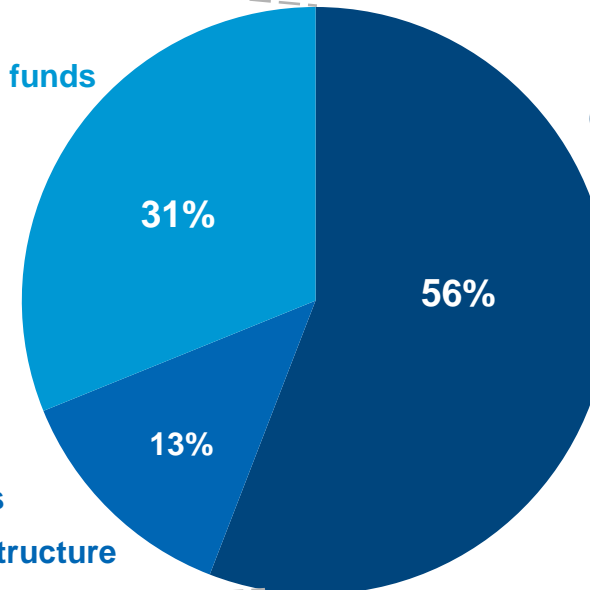
As of 31 Dec 2021, in EURbn



Investment categories

In %

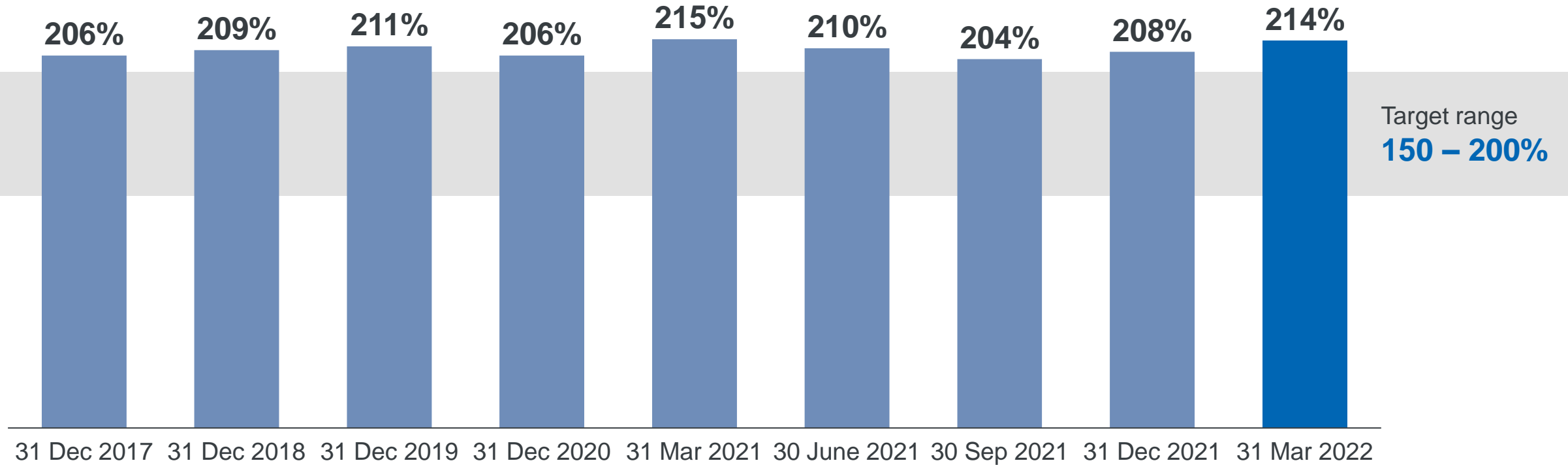
Renewable energy and
alternative investments funds
Sustainable real estate
Sustainable bonds



Renewable energy
Clean transportation
Natural resources
Green bonds
Electrical grid

4 Strong capital position

Solvency 2 ratio HDI Group, excluding transitional

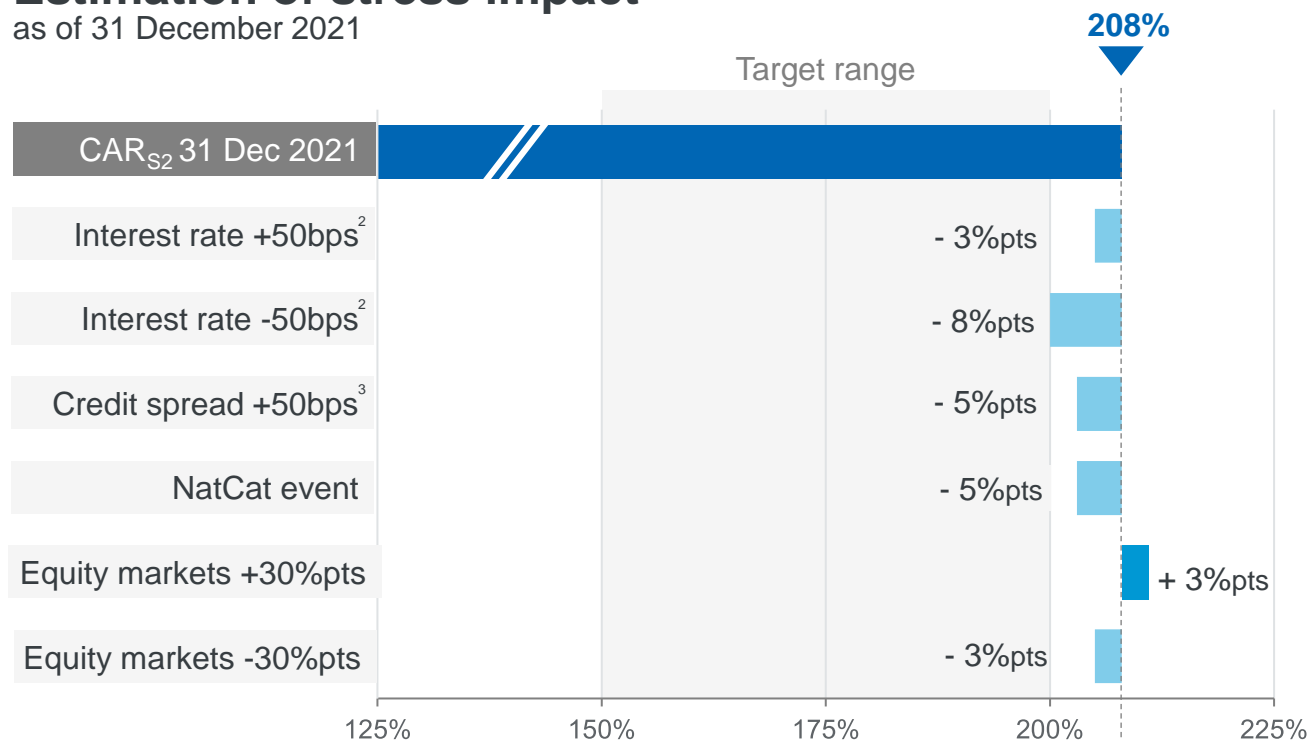


Note: Solvency 2 ratio including transitional measure as of 31 March 2021: 251%

4 Sensitivities of Solvency 2 ratio

Estimation of stress impact¹

as of 31 December 2021



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)

Interest rate sensitivities:

At group level, the +50bps scenario also has a negative sensitivity, ie impact on Basic Own Funds (BOF) per 31 Dec 2021, for two main reasons:

1. Hannover Re typically does not benefit from increasing interest rates, as the impact of interest rate changes on assets is stronger than on liabilities. This effect is more pronounced relative to 31 Dec 2020
2. German life business: As interest rates are higher, stresses are relatively less severe. This higher risk bearing capacity results in smaller interest rate sensitivities

Credit spread sensitivity:

- Main driver in the credit spread widening scenario is the reduction of BOF at Hannover Re
- The effect on BOF at the German life entities is weaker than per 31 Dec 2020 due to higher risk-bearing capacity and portfolio reallocations. This results in a somewhat reduced relative impact of higher spreads at group level (-8%pts per 31 Dec 2020)



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5 Outlook 2022 for primary insurance segments



Currency-adjusted
GWP growth



Combined
ratio



Return
on equity

Industrial Lines

>7%

<98%

~8%

Retail Germany

Retail Germany P/C

High single-digit % growth

~96%

Retail Germany Life

Low single-digit % decline

Retail International

High single-digit % growth in P/C
business

<95%

~8%

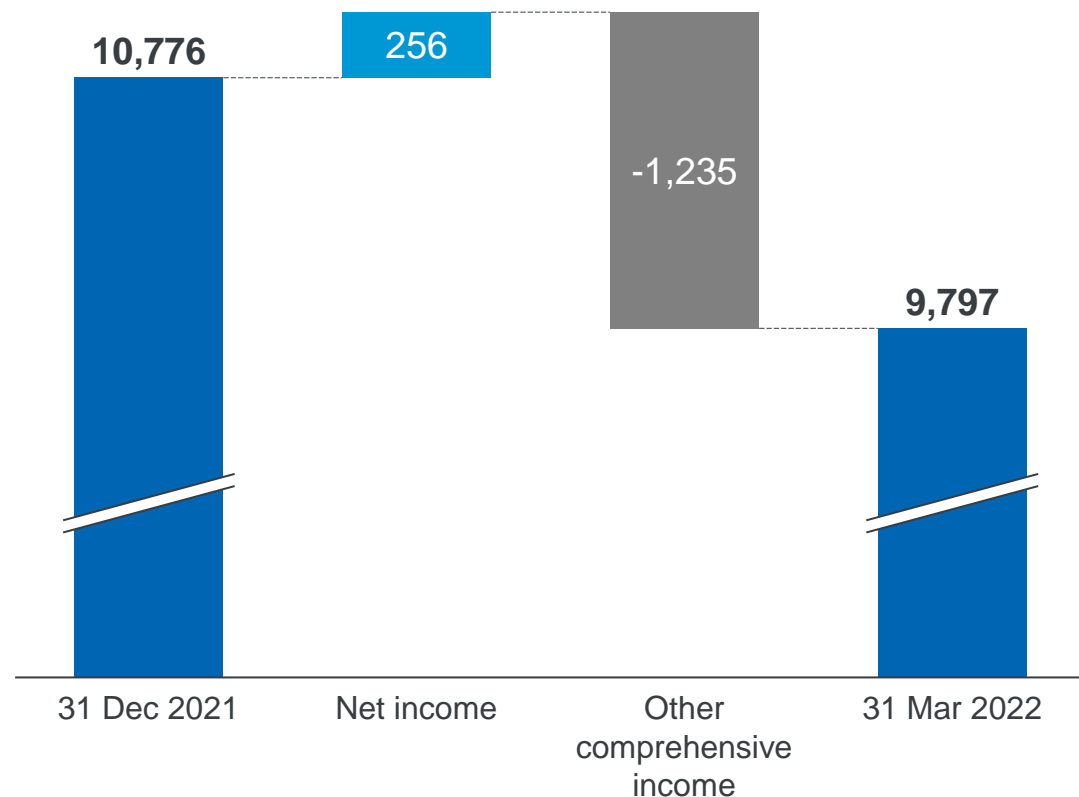
¹ -6.5% excluding Asset Management contribution

Book value per share

Down 9.1% in Q1 2022

Shareholders' equity

in EURm



Comments

- Shareholders' equity at EUR 9,797m, down 9.1% versus the level of Dec 2021
- Significant decline in other comprehensive income (OCI) is due to sharp increase in interest rates and corresponding decline in market value of fixed income securities, whilst before introduction of IFRS 17 liabilities are accounted for at nominal value

Book value per share

EUR	31 Dec	31 Mar	31 Dec	31 Mar	Change in Q1	
	2020	2021	2021	2022	Abs.	%
Including goodwill	41.01	41.13	42.58	38.71	-3.87	-9.1
Excluding goodwill	37.00	37.17	38.51	34.62	-3.89	-10.1

5 Talanx Primary Insurance and Reinsurance

Contributions to net income

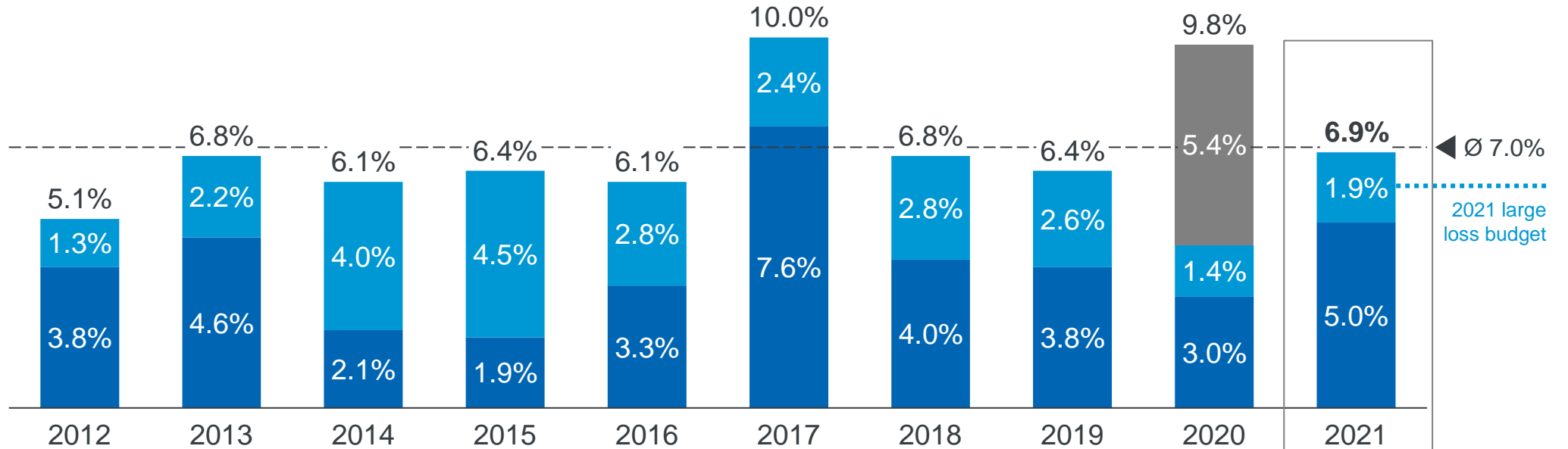
Net income attributable to Talanx AG shareholders, in EURm

	1	2	3	4	5	6	7	8
	Industrial Lines	Retail Germany	Retail International	Σ Primary Insurance	Reinsurance	Corporate Operations	Consolidation	Talanx Group
2015	127	-76	148	199 25%	606 75%	-51	-20	734
2016	241	68	124	433 42%	595 58%	-135	+10	903
2017	91	102	138	331 41%	479 59%	-141	2	671
2018	-16	102	161	247 31%	540 69%	-80	-4	703
2019	103	133	164	400 39%	619 61%	-97	+1	923
2020	47	119	160	326 42%	442 58%	-117	-3	648
2021	143	161	189	493 45%	609 55%	-105	+14	1,011
Q1 2022	31	42	46	119 47%	133 53%	-6	+11	256

Note: Primary Insurance is the sum of Industrial Lines, Retail Germany and Retail International. Percentages are calculated in percent of Group net income adjusted for Corporate Operations and Consolidation (e.g. adding back EUR +6m to, and subtracting EUR 11m from, EUR 256m in Q1 2022)

5 10-year large loss development

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



In EURm	600	838	782	992	883	1,620	1,244	1,319	2,148	1,745
Usage of budget for NatCat and man-made	94%	119%	91%	94%	78%	145%	111%	111%	161% ¹	116%

■ NatCat ■ Man-made ■ Corona losses (P/C business only)

Note: Definition "large loss": In excess of EUR 10m gross in either Primary Insurance or Reinsurance | 1 Ratio of 161% includes NatCat, man-made and Corona

Q1 2022 large loss detail

5 Budget exceeded due to significant NatCat events

Net losses in EURm, Q1 2022 (Q1 2021)	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance	Reinsurance	Corporate Operations	Talanx Group
Flood Sydney, Australia (February/March)	49.5			49.5	185.6		235.1
Storms Central Europe (February)	10.1	21.2	8.6	39.9	124.2		164.2
Earthquake, Japan (March)	7.2			7.2		0.3	7.5
Sum NatCat	66.9 (51.5)	21.2 (0.0)	8.6 (0.0)	96.7 (51.5)	309.8 (105.0)	0.3 (0.0)	406.8 (156.5)
Fire/Property	11.8			11.8	12.1		23.9
Marine	10.0			10.0	13.9	0.6	24.6
Casualty							
Credit							
Aviation	2.9			2.9			2.9
Cyber							
Sum other large losses	24.7 (41.1)	0.0 (0.0)	0.0 (0.0)	24.7 (41.1)	26.0 (88.2)	0.6 (0.8)	51.3 (130.1)
Total large losses	91.5 (92.5)	21.2 (0.0)	8.6 (0.0)	121.3 (92.5)	335.8 (193.2)	0.9 (0.8)	458.1 (286.6)
Pro-rata large loss budget	82.5	7.5	2.5	92.5	284.3	10.0	386.8

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

5 Details on selected fixed-income country exposure

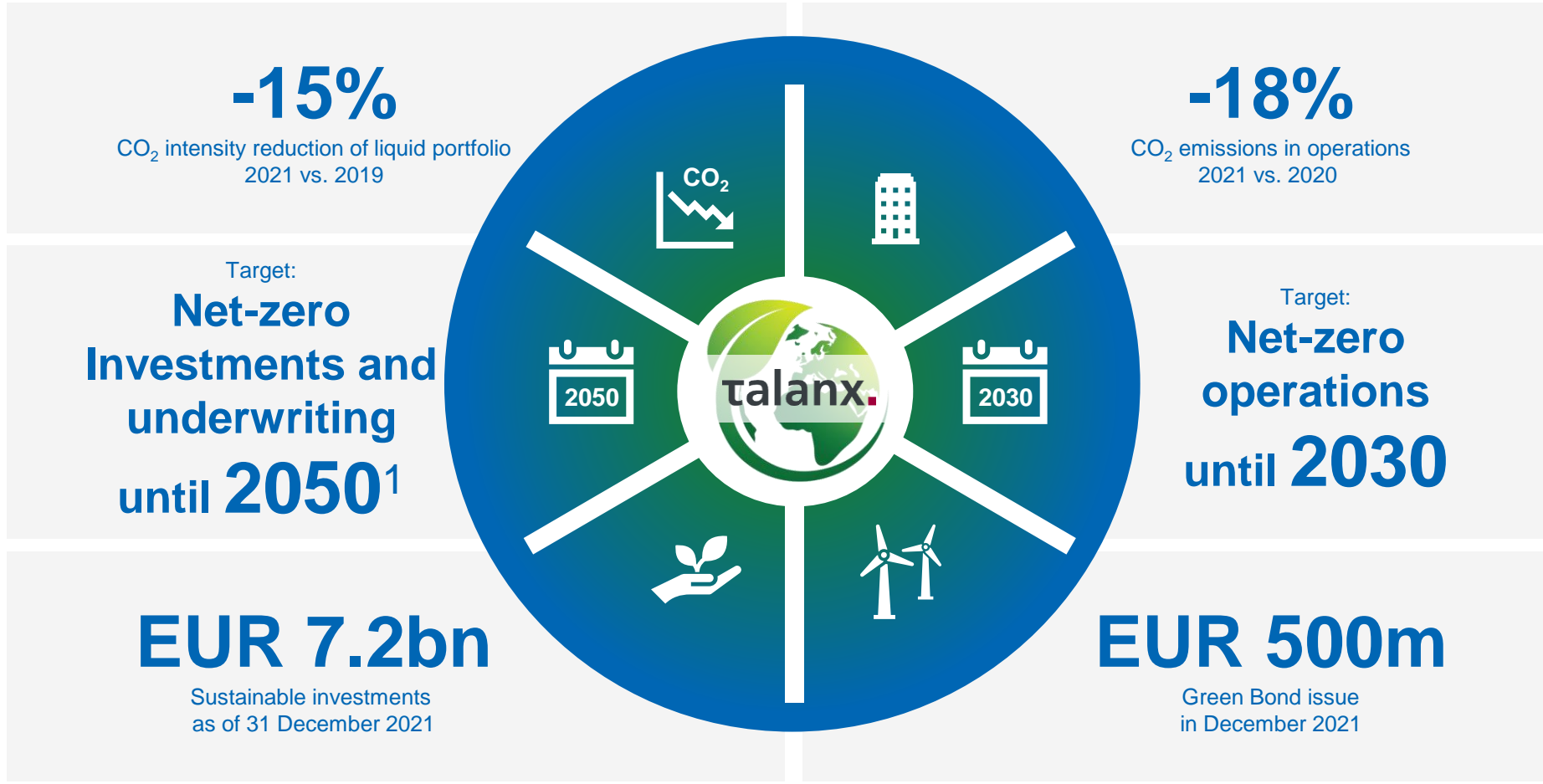
Investments into issuers from countries with a rating below A- (in EURm), as of 31 March 2022

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	3,909	-	721	535	249	5	5,420
Mexico	BBB	374	-	163	333	-	-	870
Brazil	BB-	283	-	101	206	-	18	609
Hungary	BBB	528	-	12	18	5	-	562
South Africa	BB-	138	-	5	133	-	3	279
Portugal	BBB	108	-	10	28	11	-	157
Turkey	B+	59	-	14	12	-	-	85
Russia		57	-	5	14	-	-	76
Other BBB+		70	-	14	39	-	-	123
Other BBB		229	90	110	215	-	-	644
Below BBB or non-rated		331	71	123	223	-	-	748
Total		6,087	161	1,279	1,757	265	26	9,574
In % of total investments under own management¹		4.6%	0.1%	1.0%	1.3%	0.2%	~0.0%	7.2%
In % of total Group assets²		3.0%	0.1%	0.6%	0.9%	0.1%	~0.0%	4.8%

Note: Percentages may not add up due to rounding. 1 EUR 133,498m. 2 EUR 200,434m.

5 Highlights of Sustainability Report 2021

Click here to discover our Sustainability Report



¹ Underwriting: Full withdrawal from thermal coal infrastructure and oilsands until 2038

5 Contact us



Bernd Sablowsky

Head of Investor Relations and M&A

+49 511 3747-2793

bernd.sablowsky@talnx.com



Anna Färber

Event Management

+49 511 3747-2227

anna.farber@talnx.com



Bernt Gade

Equity & Debt IR

+49 511 3747-2368

bernt.gade@talnx.com

Financial calendar

10 August 2022

6M 2022 results

14 November 2022

9M 2022 results

06 December 2022

Capital Markets Day in Frankfurt



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Talnx AG

HDI-Platz 1, 30659 Hannover, Germany

E-mail: ir@talnx.com



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