



Q1 2020 Results

7 May 2020

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tal anx.
Insurance. Investments.

Q1 2020: Group net income of EUR 223m impacted by EUR 313m corona-related claims

GWP grow by 6.4% (curr.-adj. +6.4%) – driven by Reinsurance and Industrial Lines

Corona impact

EBIT: EUR 313m claims (EUR 163m thereof overshooting the aggregate quarterly large loss budget), EUR 60m losses on investments, EUR 7m PVFP¹ impairment

Aggregate net income impact of EUR 133m – partially compensated by realised net gains and positive one-offs

Group net income of EUR 223m (-5.1%) – Group RoE at 9.0%, above minimum target

2020 Group net income outlook withdrawn on 21 April due to uncertain environment

Resilient Solvency II ratio (excl. transitional) within upper half of target range (150 - 200%)

Note: Approx. 90% of EUR 313m corona-related claims have been incurred but not reported as of 31 March 2020

¹ PVFP: Present Value of Future Profits (German Life business)

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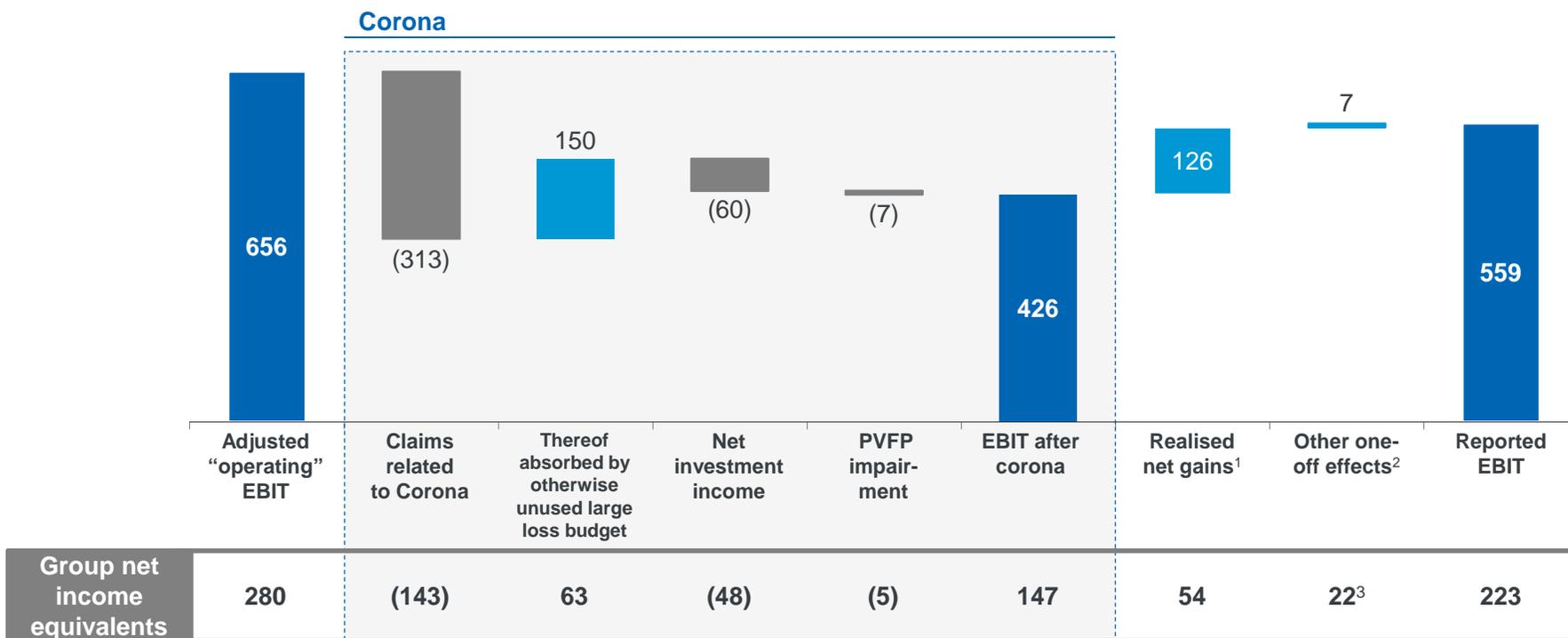
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Q1 2020 results – Meaningful corona impact, net income down 5%

EURm	Q1 2020	Q1 2019	Delta	Comments
Gross written premiums (GWP)	12,467	11,716	+6%	GWP growth driven by P/C Reinsurance (+EUR 592m) and Industrial Lines (+EUR 279m). No currency effect
Net premiums earned	8,354	7,842	+7%	
Net underwriting result	(425)	(357)	(19%)	Technical result impacted by corona-related claims of EUR 313m and EUR 7m PVFP impairment
thereof P/C	1	143	(99%)	
thereof Life	(427)	(500)	+15%	
Net investment income	903	988	(9%)	Q1 2020 includes EUR 66m write-downs on equities and net EUR 20m unrealised losses on hedging instruments; partially offset by higher realised gains on bonds in P/C Reinsurance; resilience due to low-beta profile
Other income / expenses	81	(15)	n.m.	
Operating result (EBIT)	559	616	(9%)	Positive swings in currency translation (+EUR 55m) and deposit accounting (+EUR 25m)
Financing interests	(51)	(45)	(12%)	
Taxes on income	(116)	(160)	+28%	
Net income before minorities	393	411	(4%)	
Non-controlling interests	(170)	(176)	+4%	
Net income after minorities	223	235	(5%)	
Combined ratio	99.8%	96.8%	+3.0%pts	
Tax ratio	22.7%	28.0%	(5.3%pts)	Higher share of profits from lower-tax foreign operations
Return on equity	9.0%	10.3%	(1.3%pts)	
Return on investment	2.7%	3.2%	(0.5%pts)	

1 Corona impact partially offset by positive effects

EBIT (before taxes and minorities) in Q1 2020, in EURm



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

² EUR 7m deconsolidation gain in German Life

³ Includes EUR 7m deconsolidation gain in German Life (tax-free) and EUR 15m one-time tax effects in P/C Reinsurance and Corporate Operations

1 Corona: Aggregate net income impact of EUR 133m

Total EBIT impact (before taxes and minorities) in Q1 2020, in EURm

	Industrial Lines	Retail Germany P&C	Retail Germany Life	Retail International	Rein-surance	Corporate Operations	Talanx Group
Corona-related claims	(34)	(31)		(20)	(220)	(8)	(313)
Thereof absorbed by otherwise unused large loss budget	+26				+124		+150
Net investment income	(33)	(9)		(7)	(10)		(60)
Total EBIT impact	(41)	(40)	(7)¹	(27)	(106)	(8)	(229)
Group net income impact	(39)	(28)	(5)¹	(18)	(38)	(5)	(133)

Accounting impact of Q1 claims: EUR 163m

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

¹ PVFP (Present Value of Future Profits) impairment

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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, Q1 2020 (Q1 2019)	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance	+ Reinsurance	= Talanx Group
Bush Fires <i>New South Wales</i> , Australia [Jan.]	12.7			12.7	22.4	35.1
Hurricanes <i>Ciara, Elsa, Sabine</i> , Europe [Feb.]	4.5	8.5	0.6	13.7	17.6	31.3
Hailstorm <i>Victoria</i> , Australia [Jan.]	12.4			12.4	15.1	27.5
Tornado <i>Nashville</i> , USA [Mar.]	12.8			12.8		12.8
Flood <i>East Coast</i> , China [Feb.]	0.6			0.6	8.5	9.1
Sum NatCat	43.0 (40.5)	8.5 (7.0)	0.6 (3.4)	52.1 (50.9)	63.6 (40.3)	115.7 (91.2)
Fire/Property	6.0		0.1	6.1		6.1
Credit						
Marine						
Aviation						
Casualty						
Cyber						
Sum other large losses	6.0 (27.2)	0.0 (0.0)	0.1 (0.0)	6.1 (27.2)	0.0 (18.6)	6.1 (45.8)
Corona losses	34.4	31.0	20.0	92.9	220.0	312.9
Total large losses	83.4 (67.7)	39.5 (7.0)	20.7 (3.4)	151.1 (78.1)	283.6 (59.0)	434.7 (137.0)
Pro-rata large loss budget	75.2	7.4	2.3	90.0	188.0	278.0
FY large loss budget	300.6	29.5	9.0	360.1	975.0	1,335.1
Impact on CR: materialised large losses	11.5%pts (10.7%pts)	11.4%pts (2.0%pts)	2.4%pts (0.4%pts)	7.7%pts (4.2%pts)	8.5%pts (2.0%pts)	8.2%pts (2.9%pts)
Impact on CR: large loss budget	10.4%pts (10.9%pts)	2.1%pts (1.7%pts)	0.3%pts (0.2%pts)	4.6%pts (4.3%pts)	5.6%pts (6.0%pts)	5.2%pts (5.3%pts)
Corona impact on CR above pro-rata budget	1.1%pts	8.9%pts	2.3%pts	3.4%pts	2.9%pts	3.1%pts

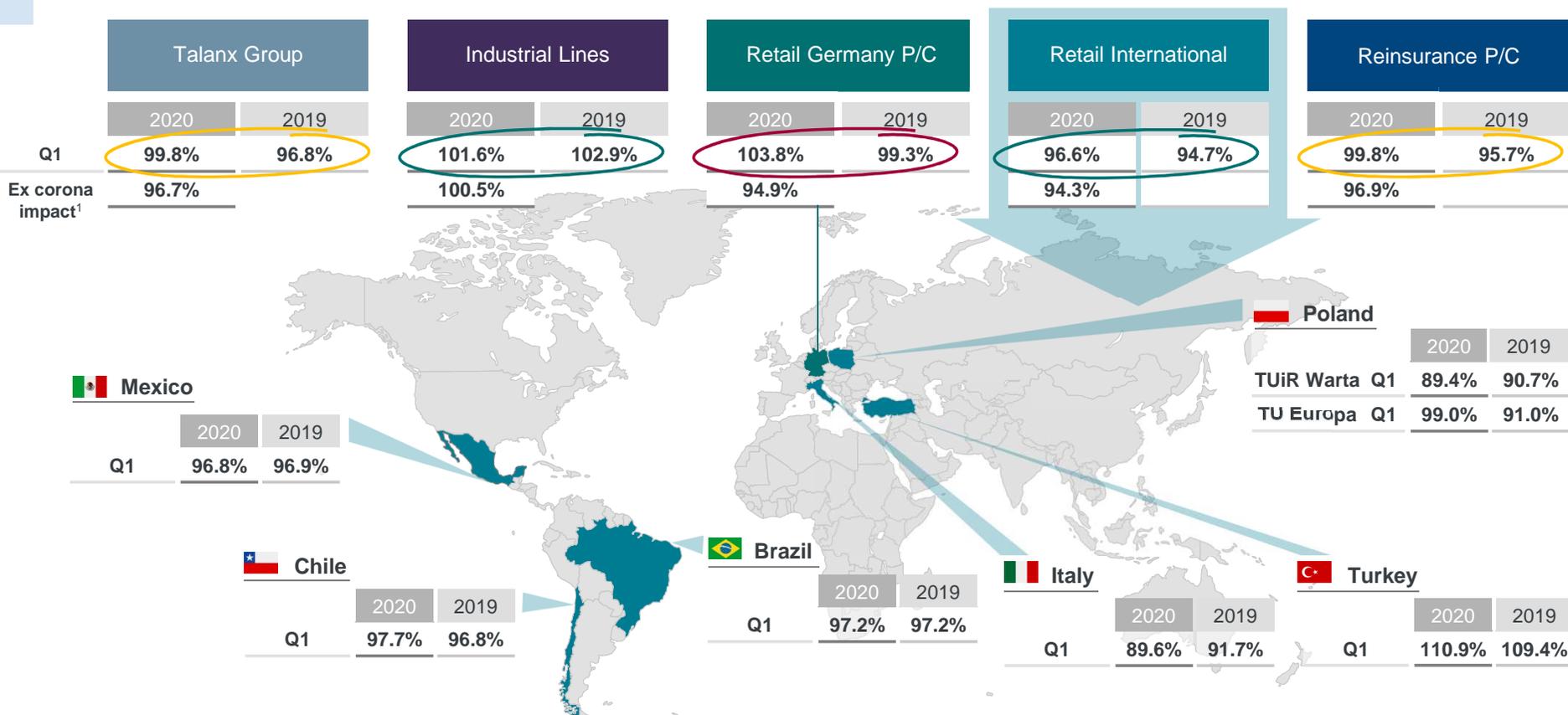
5.9%pts total impact on CR

Corresponds to EUR 163m accounting impact of corona claims

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. EUR 7.5m large losses (net) in Corporate Operations in Q1 2020 Primary Insurance (Q1 2019: EUR 0.0m). No corona-related absorption of large loss budget in Retail Germany, Retail International and Corporate Operations.

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Combined ratio still below 100%; deterioration mainly driven by corona



Note: This page highlights only core markets plus Italy for Retail International. Turkey Q1 2020 EBIT of EUR 3m (vs. EUR 2m in Q1 2019). Ergo Sigorta acquisition in Turkey fully included in Q1 2020, not included in Q1 2019
¹ Q1 2020 combined ratio as if no corona losses above large loss budget had occurred in Industrial Lines and Reinsurance

1 EBIT and net income development by division

In EURm



Net income change	Q1 2019	Industrial Lines	Retail Germany	Retail International	Reinsurance	Corporate Operations (incl. Consolidation)	Q1 2020
	235	(5)	(16)	1	2	8	223

Note: Numbers may not add up due to rounding

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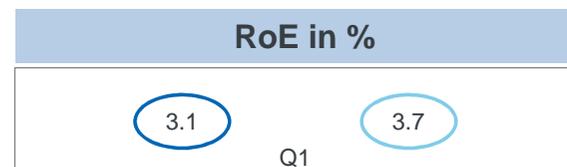
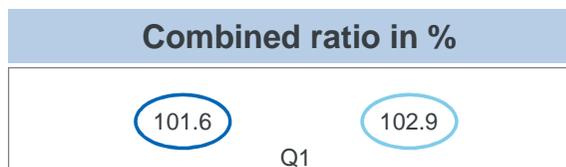
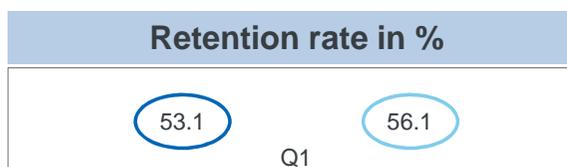
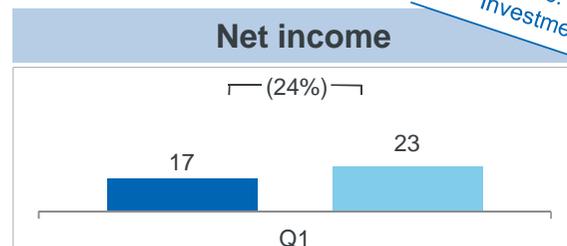
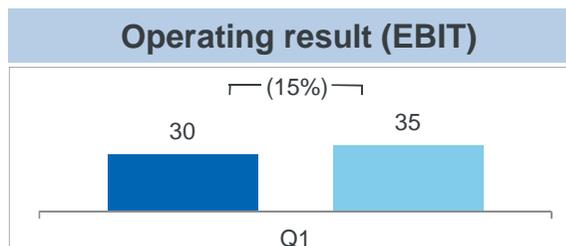
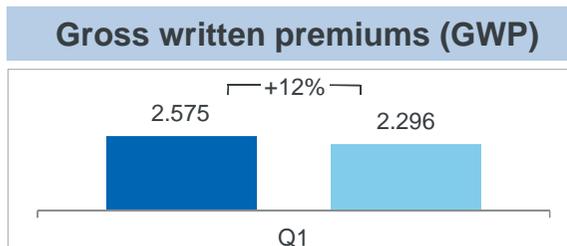
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Industrial Lines: Positive momentum continues despite corona

Q1 corona impact (EBIT)
 Claims: EUR -34m
 Investments: EUR -33m

EURm, IFRS ■ 2020 ■ 2019



- Almost two thirds of GWP growth of EUR 279m or 12.2% (currency-adj.: +11.9%) come from Specialty business. Remaining growth in Liability and Property outside Germany
- Higher growth in NPE (+14.5%) due to increasing retention in Specialty business. In addition, Q1 2019 impacted by EUR 18m reinstatement premiums

- Corona-related claims of EUR 34m, e.g. from event cancellation. As a result, total large losses of EUR 83m above pro-rata budget of EUR 75m
- Combined ratio ~100% excl. corona losses above large loss budget, due to 20/20/20 project
- Run-off result of EUR -9m (Q1 2019: EUR 6m). Positive core run-off result at Q1 2019 level excluding Specialty (bush fires in Australia and some Q1 noise)
- On-going profitabilisation measures throughout the division

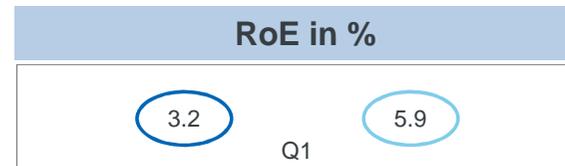
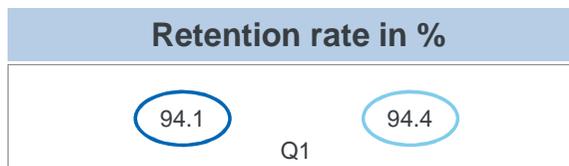
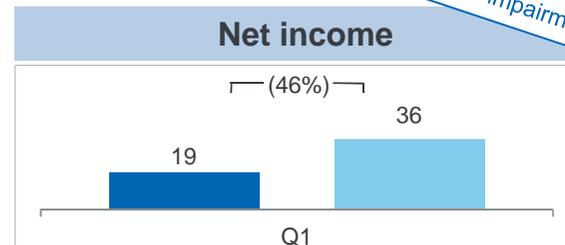
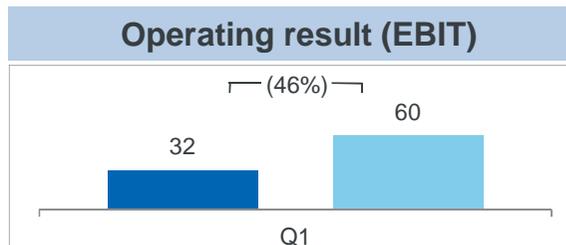
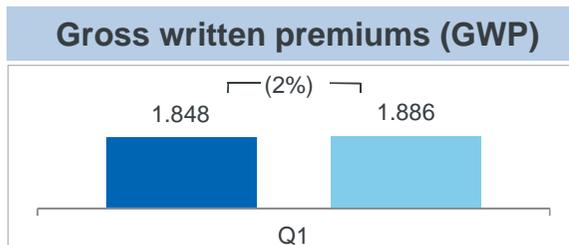
- Reduced return on equity of 3.1%, also impacted by negative corona investment impact of EUR 33m, mainly from unrealised losses on equities and derivatives
- Swing in other result from EUR -18m in Q1 2019 to EUR 7m in Q1 2020 mainly due to positive currency result and a EUR 6m gain from real estate disposal
- Medium and long-term targets (97% and 95% combined ratio) remain intact

2 Retail Germany Division: Significant corona impact

Q1 corona impact (EBIT)

- Claims: EUR -31m
- Investments: EUR -9m
- PVFP impairment: EUR -7m

EURm, IFRS ■ 2020 ■ 2019



- Gross written premiums slightly down in both P/C and Life businesses, partially offset by growth in P/C business with SMEs
- Net premiums nearly flat (-0.6% vs. Q1 2019)

- Significant decline in EBIT (-46.3%), with small negative contribution from P/C, where most of the corona EBIT and net income impact occurred
- Total impact from corona claims on EBIT in Q1 2020 was EUR 31m (P/C)
- Q1 2020 EBIT also reflects EUR 7m one-time gain from a deconsolidation in Life business
- Total KuRS costs of EUR 4m in Q1 2020 (EUR 14m in Q1 2019)

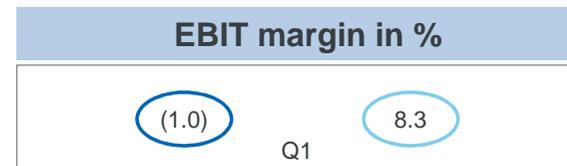
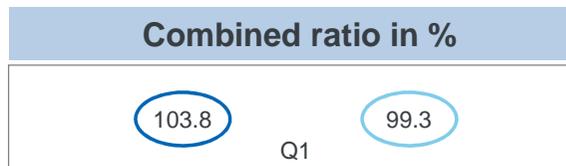
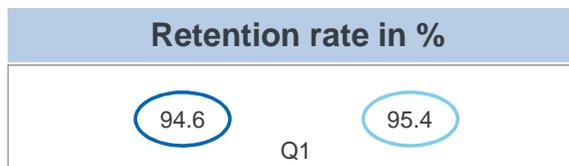
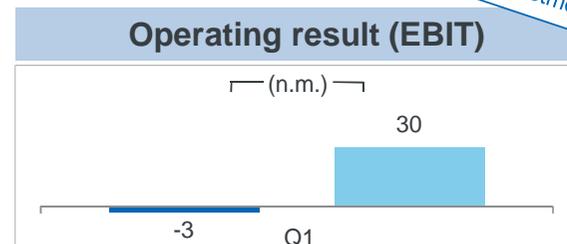
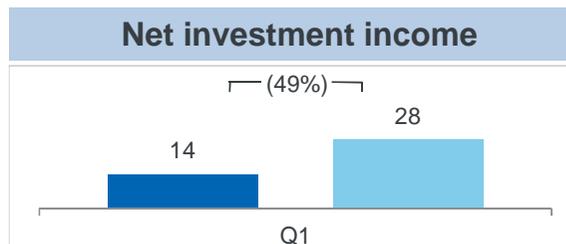
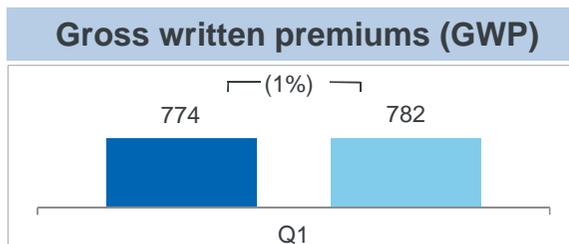
- Pre-tax corona of EUR 31m claims and EUR 10m investment losses in P/C, EUR 7m impairment of present value of future profits (PVFP) in Life
- Tax rate was 30.6%, down from 35.1% in Q1 2019 due to tax-free one-time gain

2

Retail Germany P/C: Results reflect corona impact

Q1 corona impact (EBIT)
 ■ Claims: EUR -31m
 ■ Investments: EUR -9m

EURm, IFRS ■ 2020 ■ 2019



- GWP decrease in motor and unemployment not fully offset by increase in business with SMEs (Fire) and self-employed professionals, as well as in residential property policies
- Focus in motor business remains on profitability at the expense of volume

- Net return on investment down to 1.4% (from 2.8% in Q1 2019) due to unrealised losses and write-downs mostly from corona-related capital market movements
- Combined ratio negatively impacted by corona impact (EUR 31m, mainly business closure; 8.9%pts impact on combined ratio) and KuRS costs (EUR 1m) in Q1 2020 (EUR 11m in Q1 2019)
- Adjusted for KuRS, the combined ratio would have been 103.4%, up from 96.1% in Q1 2019

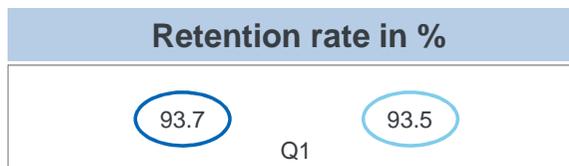
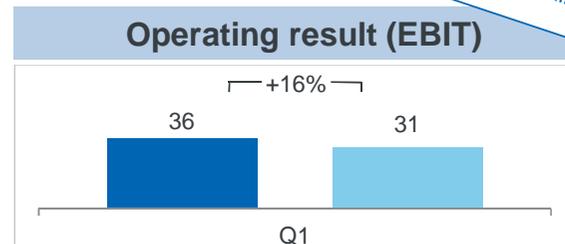
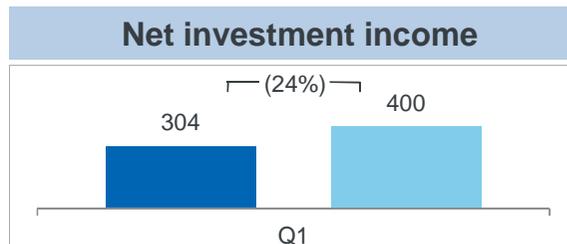
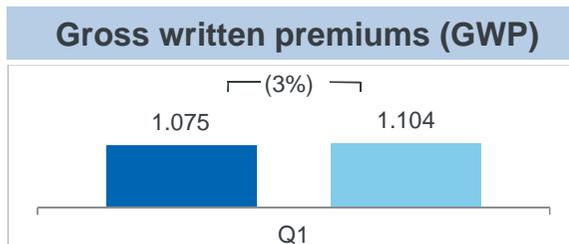
- EBIT impact of KuRS costs with EUR 2m in Q1 2020 vs. EUR 12m in Q1 2019
- EBIT also impacted by lower other results of EUR -4.8m (EUR -1.5m in Q1 2019)

2

Retail Germany Life: Operating result holds up well in Q1

Q1 corona impact (EBIT)
 PVFP impairment: EUR -7m

EURm, IFRS ■ 2020 ■ 2019



- GWP decrease by 2.7% related to lower biometric risk protection (as a result of reduced consumer lending) and lower regular premiums
- Net premiums earned unchanged in the quarter

- Net investment income down significantly, mainly due to unrealised losses and higher write-downs
- Ordinary investment income decreased modestly to EUR 360.4m (EUR 372.4m in Q1 2019)
- Decline in investment income is largely EBIT-neutral as it reduces allocations to policyholders
- Zinszusatzreserve (ZZR) allocation under German accounting of EUR 129m in Q1 2020 (Q1 2019: EUR 61m). Total stock of ZZR as of 31 Mar 2020 at EUR 4.0bn

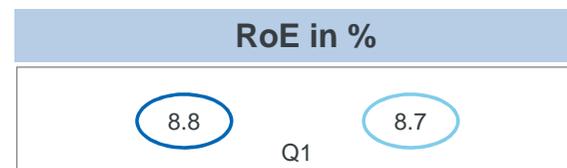
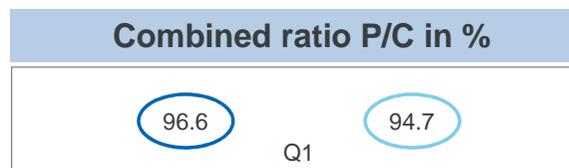
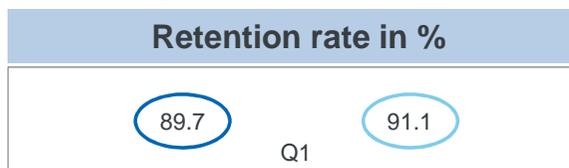
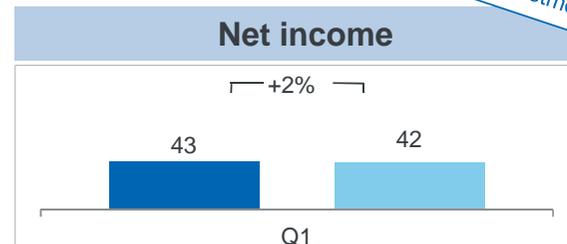
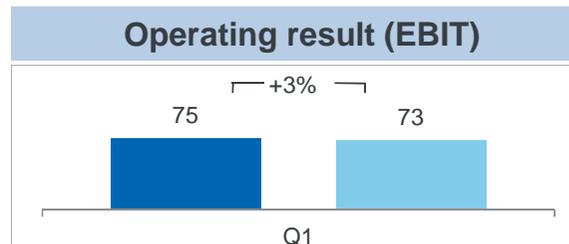
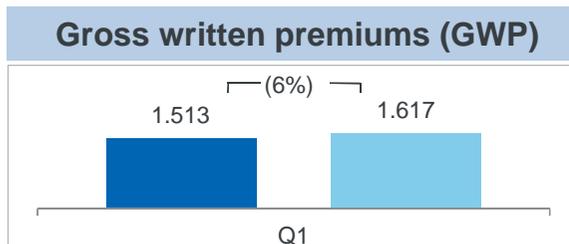
- EUR 7m impairment of PVFP (Present Value of Future Profits) due to market price-induced decline in asset volumes and lower expected future fee income
- EBIT increase by 16.0% also reflects EUR 7m one-time gain from a deconsolidation and slightly lower infrastructure investments

2

Retail International: Profitability improved despite technical headwind

Q1 corona impact (EBIT)
 ■ Claims: EUR -20m
 ■ Investments: EUR -7m

EURm, IFRS ■ 2020 ■ 2019



- GWP decline of 6.4% (curr.-adj. -2.3%) mainly impacted by Italian Life and Latin American business, partially compensated by increase in P/C at Warta and in Turkey
- GWP in P/C flat; curr.-adj. +5.2% driven by Warta and Turkey. Life business down 16.1%, driven by lower single premium business in Italy and Hungary
- Europe down 5% to EUR 1,113m (-3.3% curr.-adj.), due to lower single premiums in Life
- 10.2% decrease in LatAm (curr.-adj. +0.1%). Reduced new car sales in core markets Brazil, Mexico and Chile offset by increases in property

- 3.4% EBIT increase driven by Warta P/C (+24.1% or EUR 10m) and Italy (+58.6% or EUR 8m; investment result benefiting from realised gains)
- Europe up 32.7%, Latin America down 48.0% or EUR 7m, driven by drop of interest rates and heavy rain event in Brazil
- EUR 20m of corona-related reserve for anticipated claims
- 1.9%pts increase in combined ratio driven by both higher cost ratio and higher loss ratio; reduced ratio at Warta as lower claims overcompensated cost increase

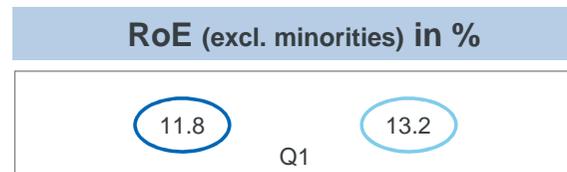
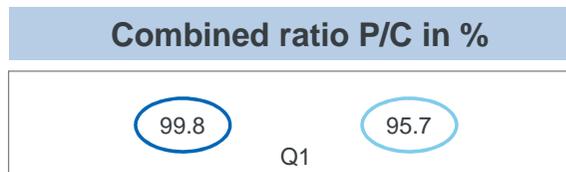
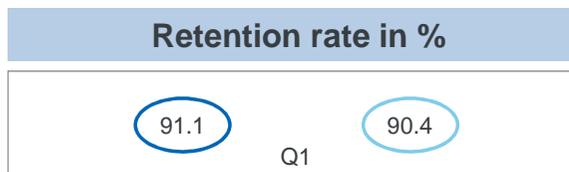
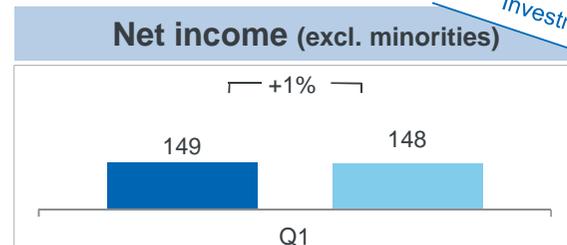
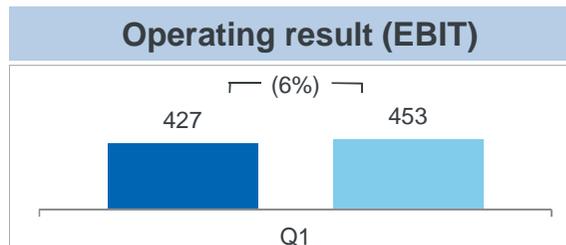
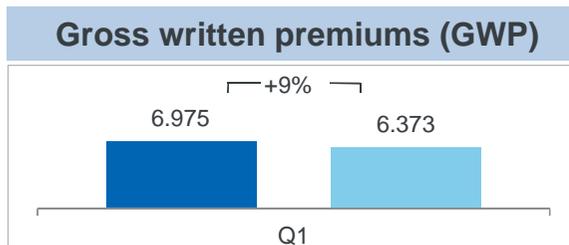
- 1.6% decline in investment result; higher asset volume at Warta and in Italy offset impairments on equity securities (EUR -6m); return on investments down to 3.0% vs. 3.4% in Q1 2019
- Q1 2020 results include one full quarter of recently integrated Ergo Sigorta in Turkey, which was not included in Q1 2019

2

Reinsurance: RoE still well above minimum target despite corona impact

Q1 corona impact (EBIT)
 Claims: EUR -220m
 Investments: EUR -10m

EURm, IFRS ■ 2020 ■ 2019



- GWP up by 9.4% (currency-adj. +8.5%) in Q1 2020, growth driven by 13.5% increase in P/C
- Net premiums earned are up by 10.4% on a reported basis and by 9.7% on a currency-adjusted basis
- Retention ratio up to 91.1% in Q1 2020 vs. 90.4% in Q1 2019

- Q1 2020 EBIT down 5.6%. Combined ratio of 99.8% above target of 97%. Large loss budget exceeded by EUR 96m due to reserving for anticipated corona-related losses, which equates to 2.9%pts impact on combined ratio
- Ordinary investment income increased by 0.3%. Total investment income rose by 16.6%, driven by realised gains
- Assets under own management up by 0.1% vs. 31 Dec 2019 to EUR 47.1bn

- Q1 2020 net income attributable to Talanx shareholders slightly up by 1.0%
- Return on equity at 11.8% (-1.3%pts. vs Q1 2019)
- Despite corona impact, well on track to achieve mid-term RoE ambition of at least 10%

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3 Net investment income

EURm, IFRS	Q1 2020	Q1 2019	Change	Comments
Ordinary investment income	862	870	(1%)	Ordinary investment income largely unchanged
thereof current interest income	699	691	+1%	
thereof income from real estate	74	71	+5%	
Extraordinary investment income	30	111	(73%)	<p>Strong increase in realised net gains mainly related to portfolio changes in Reinsurance; as usual, some realised gains to fund annual build-up in <i>Zinszusatzreserve</i> under German accounting</p> <p>Write-downs mainly on equities due to the 20% price decrease trigger</p> <p>Significant unrealised losses on interest rate hedging instruments in German Life</p>
Realised net gains / losses on investments	197	84	135%	
Write-ups / write-downs on investments	(98)	(38)	(158%)	
Unrealised net gains / losses on investments	(69)	65	n.m.	
Other investment expenses	(29)	(23)	(25%)	
Income from assets under own management	822	920	(11%)	Assets under own management unchanged versus 31 December 2019 (EUR 122.6bn)
Interest income on funds withheld and contract deposits	81	68	+20%	
Income from investment contracts	1	0	+184%	
Total: Net investment income	903	988	(9%)	
Assets under own management	122,678	116,574	+5%	
Net return on investment¹	2.7%	3.2%	(0.5%pts)	
Current return on investment ²	2.6%	2.8%	(0.2%pts)	

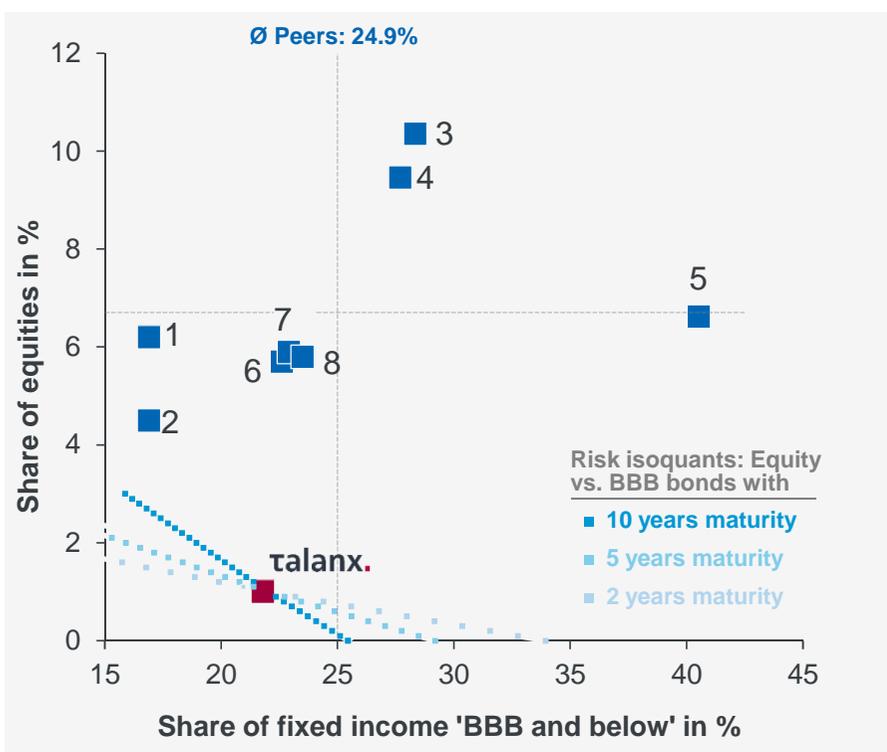
¹ Net return on investment: Income from assets under own management dividend by average assets under own management

² Current return on investment: Income from investments under own management (excl. (un-)realized gains/losses, excl. impairments/appreciation) in relation to average investments under own management

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)

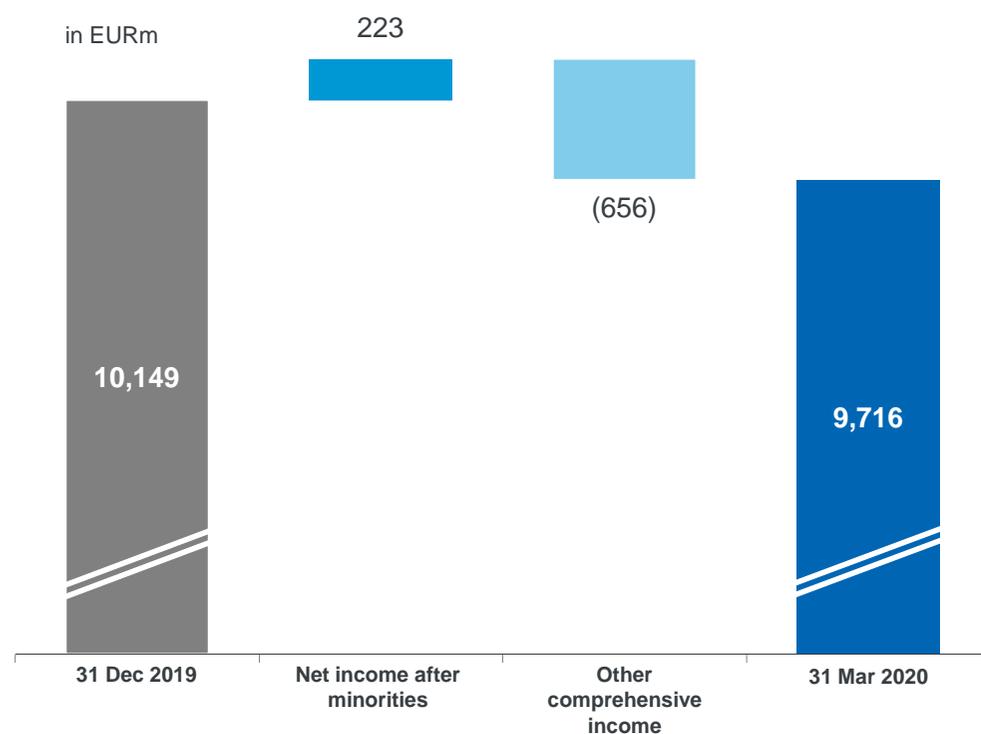
...**below-average risk exposure** suggests **above-average resilience**

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

Changes in equity – OCI reduction reflects spread widening

Shareholders' equity



Comments

- Shareholders' equity declined to EUR 9,716m, which is EUR 433m, or 4%, below the level of Dec 2019
- Negative OCI reflects corona-induced capital market movements mainly on bond positions

Book value per share

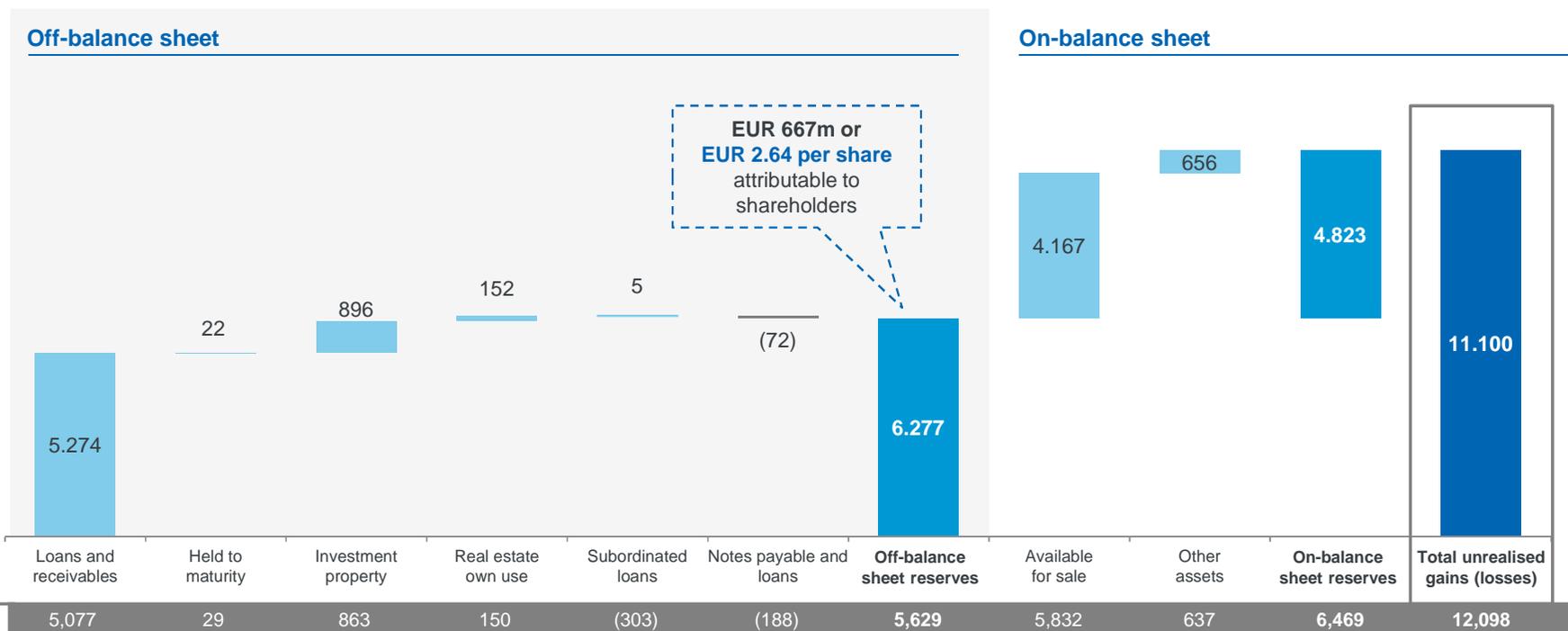
in EUR	31 Dec 2019	31 Mar 2020	Change	
			Abs.	%
Book value per share	40.15	38.43	1.72	-4.3
excl. goodwill	35.78	34.30	1.48	-4.1

Note: Figures restated on the basis of IAS 8

3

Unrealised gains of EUR 11.1bn – EUR 2.64 per share of off-balance sheet reserves attributable to shareholders

Unrealised gains and losses (off- and on-balance sheet) as of 31 March 2020 (EURm)



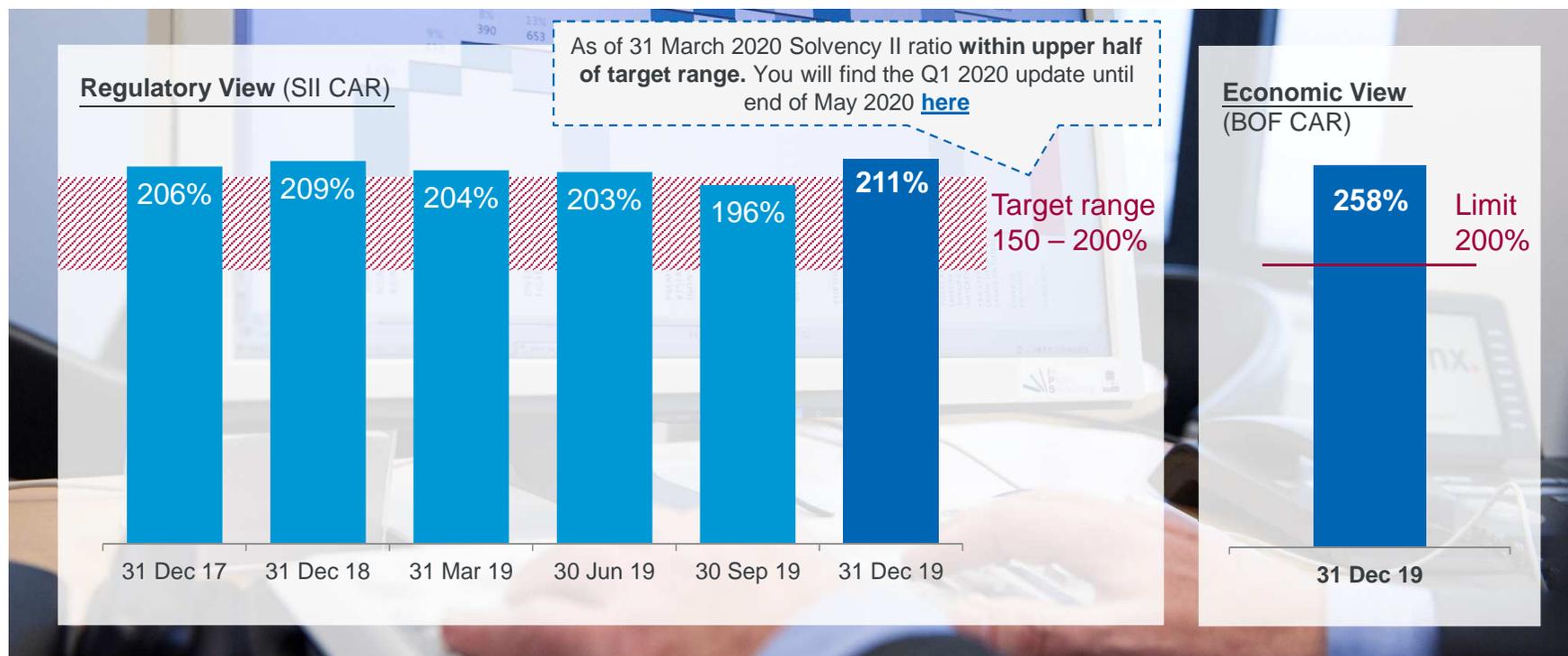
Δ market value vs. book value

Note: Shareholder contribution estimated based on historical profit sharing pattern

3

Solvency II capitalisation remained at very solid level at end 2019

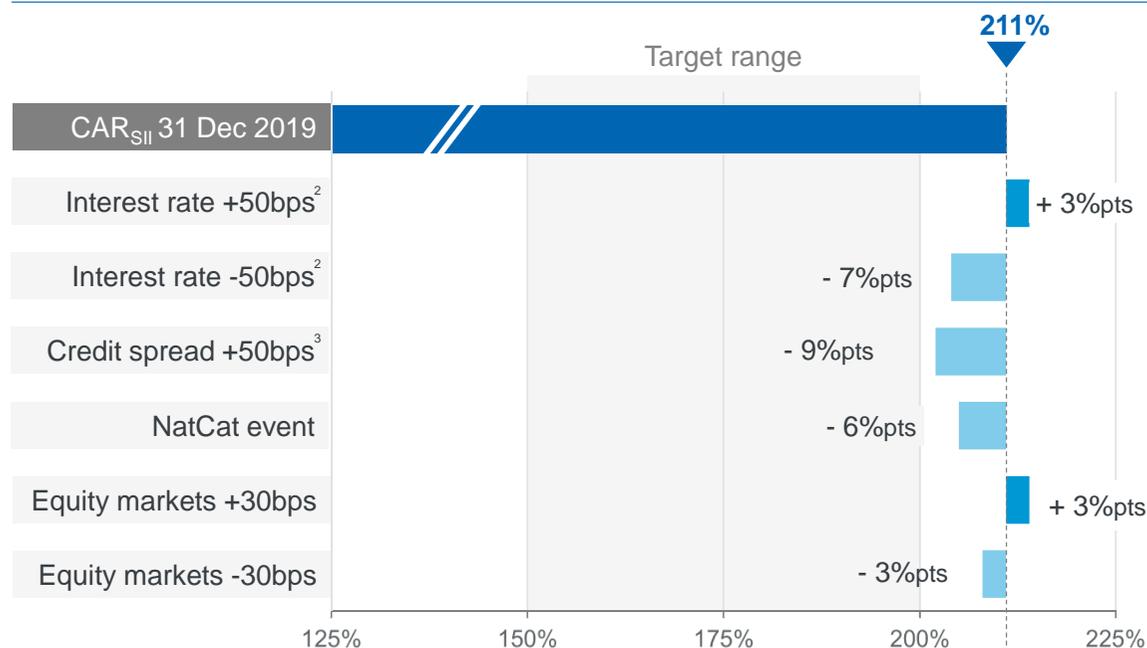
Development of Solvency II capitalisation (excl. transitional)



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 for 31 Dec 2019: 246%

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

Estimation of stress impact¹



Comments

Decline in credit spread sensitivity reflects:

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

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 all sensitivities

Agenda

- 1 Group Highlights Q1 2020
- 2 Segments
- 3 Investments / Capital
- 4 Outlook 2020**
- 5 Appendix
 - Additional Information
 - Risk Management

4 Outlook 2020 for Talanx Group

In view of the ongoing corona pandemic and the considerable uncertainty around how the economic and capital markets environment will develop, the **Talanx Group withdrew the outlook for the financial year 2020** on 21 April 2020. The previous net income target of between “more than EUR 900 million” and EUR 950 million is subject to too many uncertainties to be maintained.

Agenda

- 1 Group Highlights Q1 2020
- 2 Segments
- 3 Investments / Capital
- 4 Outlook 2020
- 5 Appendix
Additional Information
Risk Management

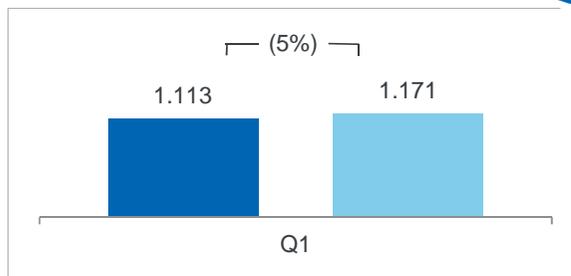
5

Additional Information – Retail International Europe: Key financials

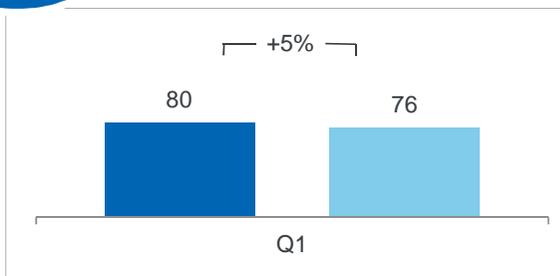
EURm, IFRS ■ 2020 ■ 2019

Q1 2020
(currency adjusted)
GWP: -3.3%

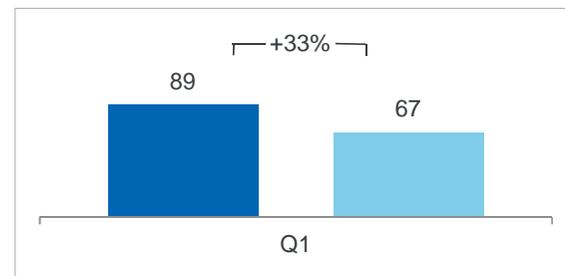
Gross written premiums



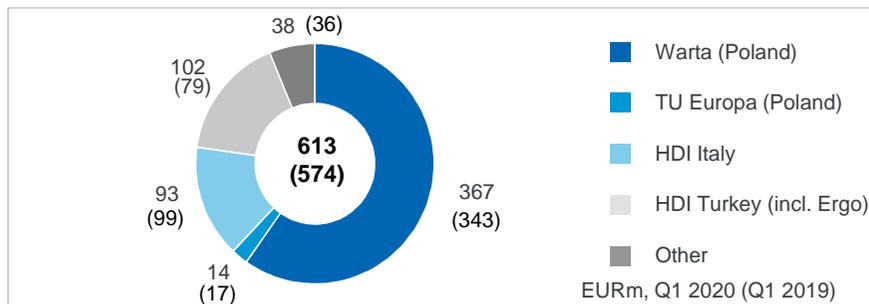
Investment income



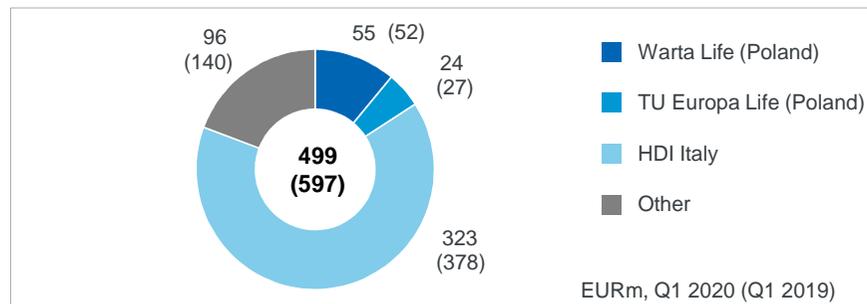
Operating result (EBIT)



GWP split by carriers (P/C)



GWP split by carriers (Life)



Strong EBIT increase of 20% – driven by excellent P/C results at Warta and HDI Italy

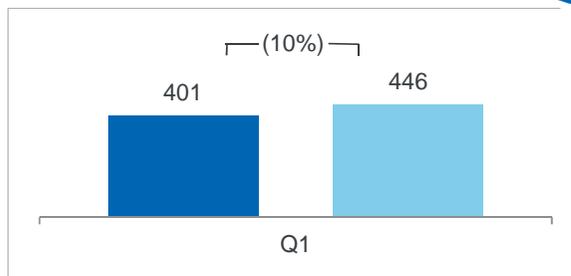
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Additional Information – Retail International LatAm: Key financials

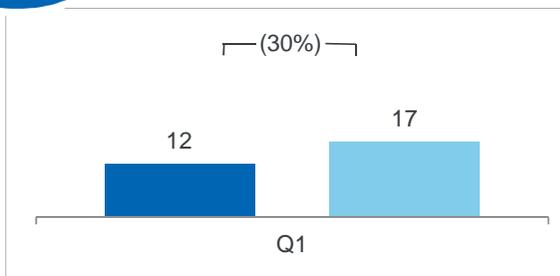
EURm, IFRS ■ 2020 ■ 2019

Q1 2020
(currency adjusted)
GWP: +0.1%

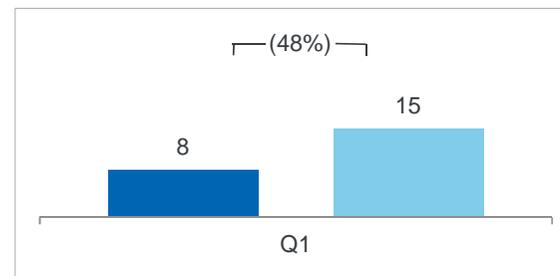
Gross written premiums



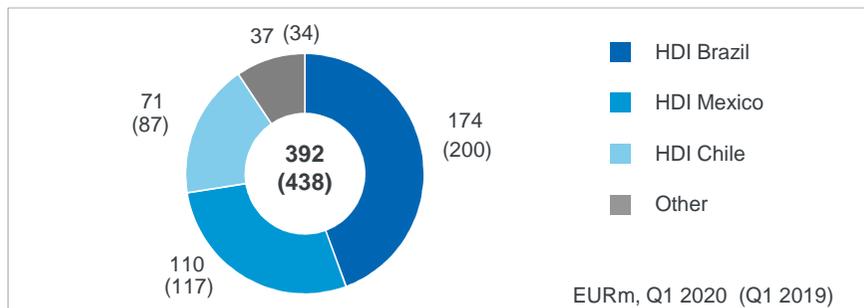
Investment income



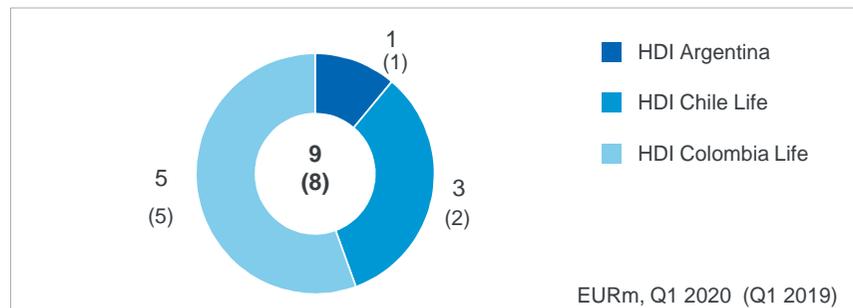
Operating result (EBIT)



GWP split by carriers (P/C)



GWP split by carriers (Life)



▶ EBIT decrease due to lower investment result by HDI Brazil

5 Additional Information – Segment P/C Reinsurance

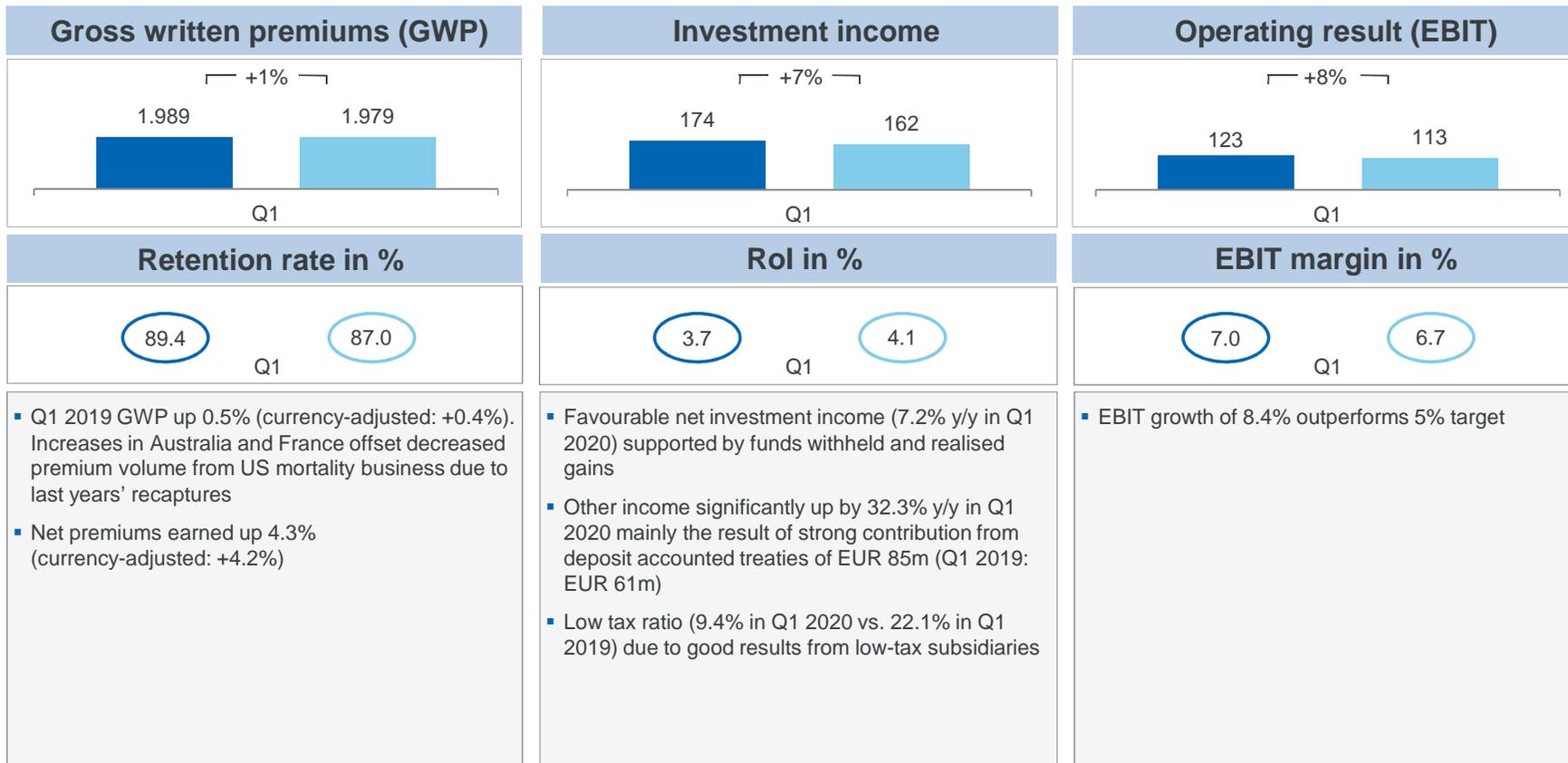
EURm, IFRS ■ 2020 ■ 2019

Gross written premiums (GWP)	Investment income	Operating result (EBIT)
<p>4.986 (+13%) 4.394 Q1</p>	<p>298 (+23%) 243 Q1</p>	<p>305 (10%) 340 Q1</p>
Retention rate in %	Combined ratio in %	EBIT margin in %
<p>91.7 91.9 Q1</p>	<p>99.8 95.7 Q1</p>	<p>9.1 11.6 Q1</p>
<ul style="list-style-type: none"> GWP up by 13.5% (currency-adjusted: +12.2%). Growth from higher diversified demand for reinsurance Net premiums earned grew by 13.9% (currency-adjusted: +12.9%) 	<ul style="list-style-type: none"> Major losses of EUR 284m (8.5% of NPE) exceeded pro-rata large loss budget of EUR 188m for Q1 2020 due to reserving for anticipated corona-related losses (EUR 220 m) Combined ratio of 99.8% above target of 97%; large loss budget exceeded due to reserving for anticipated corona-related losses (impacted CR by 2.9% after pro-rate large loss budget) Strong increase in net investment income (+22.9% y/y in Q1 2020) driven increased realised gains Other income increased by 154% mainly due to positive currency effects 	<ul style="list-style-type: none"> EBIT margin of 9.1% in Q1 2020 below the divisional target of 10%

Note: EBIT margin reflects a Talanx Group view

5 Additional Information – Segment Life/Health Reinsurance

EURm, IFRS ■ 2020 ■ 2019



Note: EBIT margin reflects a Talanx Group view

5 Additional Information – Segments

	Industrial Lines			Retail Germany P/C			Retail Germany Life		
EURm, IFRS	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019	Change
P&L									
Gross written premiums	2,575	2,296	+12%	774	782	(1%)	1,075	1,104	(3%)
Net premiums earned	726	634	+14%	348	355	(2%)	812	812	(0%)
Net underwriting result	(11)	(18)	+39%	(13)	4	n.m.	(270)	(363)	+25%
Net investment income	34	71	(52%)	14	28	(49%)	304	401	(24%)
Operating result (EBIT)	30	35	(15%)	(3)	30	n.m.	36	30	+16%
Net income after minorities	17	23	(24%)	-	-	-	-	-	-
Key ratios									
Combined ratio non-life insurance and reinsurance	101.6%	102.9%	(1.3%pts)	103.8%	99.3%	+4.5%pts	-	-	-
Expense ratio	18.0%	19.8%	(1.9%pts)	36.7%	37.6%	(0.9%pts)	-	-	-
Loss ratio	83.6%	83.0%	+0.6%pts	67.1%	61.7%	+5.4%pts	-	-	-
Return on investment	1.5%	3.3%	(1.8%pts)	1.4%	2.8%	(1.4%pts)	2.4%	3.3%	(0.9%pts)

5 Additional Information – Segments

	Retail International			P/C Reinsurance			Life/Health Reinsurance			Group		
EURm, IFRS	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019	Change
P&L												
Gross written premiums	1,513	1,617	(6%)	4,986	4,394	+13%	1,989	1,979	+1%	12,467	11,716	+6%
Net premiums earned	1,341	1,413	(5%)	3,338	2,930	+14%	1,753	1,681	+4%	8,354	7,842	+7%
Net underwriting result	3	15	(79%)	(2)	112	n.m.	(129)	(108)	(20%)	(425)	(357)	(19%)
Net investment income	90	91	(2%)	298	243	+23%	174	162	+7%	903	988	(9%)
Operating result (EBIT)	75	73	+3%	305	340	(10%)	123	113	+8%	559	616	(9%)
Net income after minorities	43	42	+2%	-	-	-	-	-	-	223	235	(5%)
Key ratios												
Combined ratio non-life insurance and reinsurance	96.6%	94.7%	1.9%pts	99.8%	95.7%	+4.0%pts	-	-	-	99.8%	96.8%	+3.0%pts
Expense ratio	29.3%	28.3%	+1.0%pts	29.9%	29.9%	±0.0%pts	-	-	-	28.6%	28.9%	(0.3%pts)
Loss ratio	67.2%	66.3%	+0.9%pts	70.1%	66.2%	+3.9%pts	-	-	-	71.4%	68.1%	+3.3%pts
Return on investment	3.0%	3.4%	(0.4%pts)	3.2%	2.8%	+0.4%pts	3.7%	4.1%	(0.5%pts)	2.7%	3.2%	(0.5%pts)

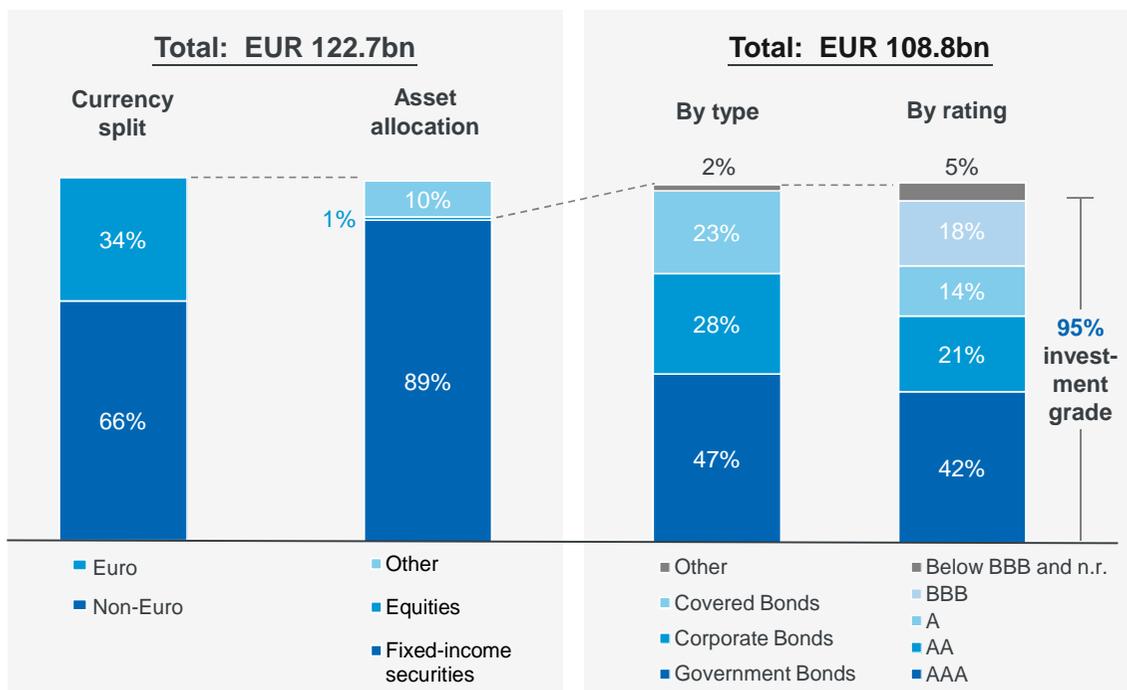
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Additional Information – Breakdown of investment portfolio

Investment portfolio as of 31 Mar 2020

Fixed-income portfolio split

Comments



- Assets under own management unchanged compared to 31 Dec 2019 (EUR 122.6bn)
- Investment portfolio remains dominated by fixed-income securities: 89% portfolio share slightly decreased vs. 31 Dec 2019 (90%)
- Portion of fixed-income portfolio invested in “A” or higher-rated bonds (77%) slightly increased vs. 31 Dec 2019 (76%). 95% of bonds are ‘investment grade’
- 20% of assets under own management are held in USD (31 Dec 2019: 19%); 34% overall in non-euro currencies (31 Dec 2019: 34%)

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 2020

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB-	2,895	-	689	497	419	-	4,500
Brazil	BB-	346	-	58	224	-	12	640
Mexico	BBB	184	1	133	304	-	-	622
Russia	BBB	314	13	36	200	-	-	563
Hungary	BBB	489	-	17	13	26	-	544
South Africa	BB+	98	-	3	78	-	1	180
Turkey	BB-	125	-	16	32	4	-	178
Portugal	BBB	35	-	25	41	1	-	102
Other BBB+		100	-	74	90	-	-	264
Other BBB		195	71	93	112	-	-	471
Other <BBB		254	49	95	171	-	-	568
Total		5,036	133	1,239	1,762	450	13	8633
in % of total investments under own management		4.1%	0.1%	1.0%	1.4%	0.4%	-0.0%	7.0%
in % of total Group assets		2.8%	0.1%	0.7%	1.0%	0.3%	-0.0%	4.9%

5 Risk Management – Essentials

Dec 2019 Solvency II Ratio (net of transitional) improved to 211% (Dec 2018: 209%).
Per 31 March 2020 within upper half of target range (150 – 200%)

84% of Eligible Own Funds in Solvency II View are covered by unrestricted Tier 1 capital.
Tier 1 coverage of SCR stands at strong 180%

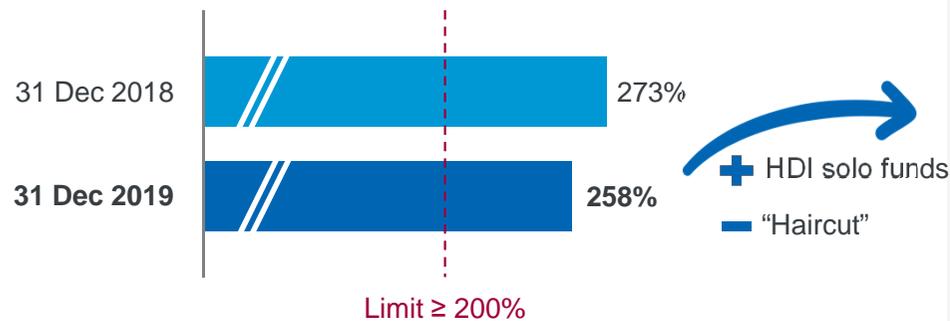
Decline in credit spread sensitivity reflects high quality investment portfolio, model approval
for dynamic volatility adjuster in P/C and improved level of diversification

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

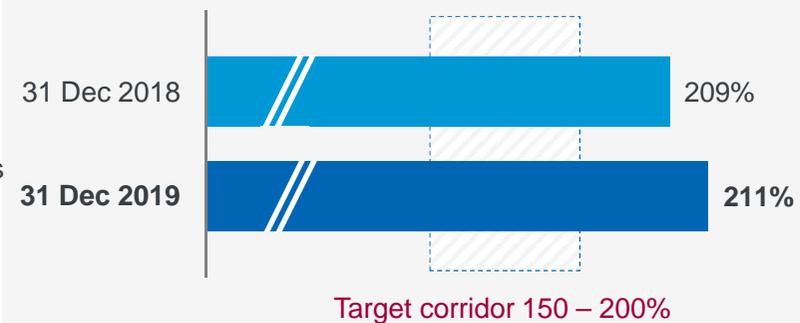
Risk Management TERM 2019 results – Comfortable capital position from all angles

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 II Ratio (net of transitional)

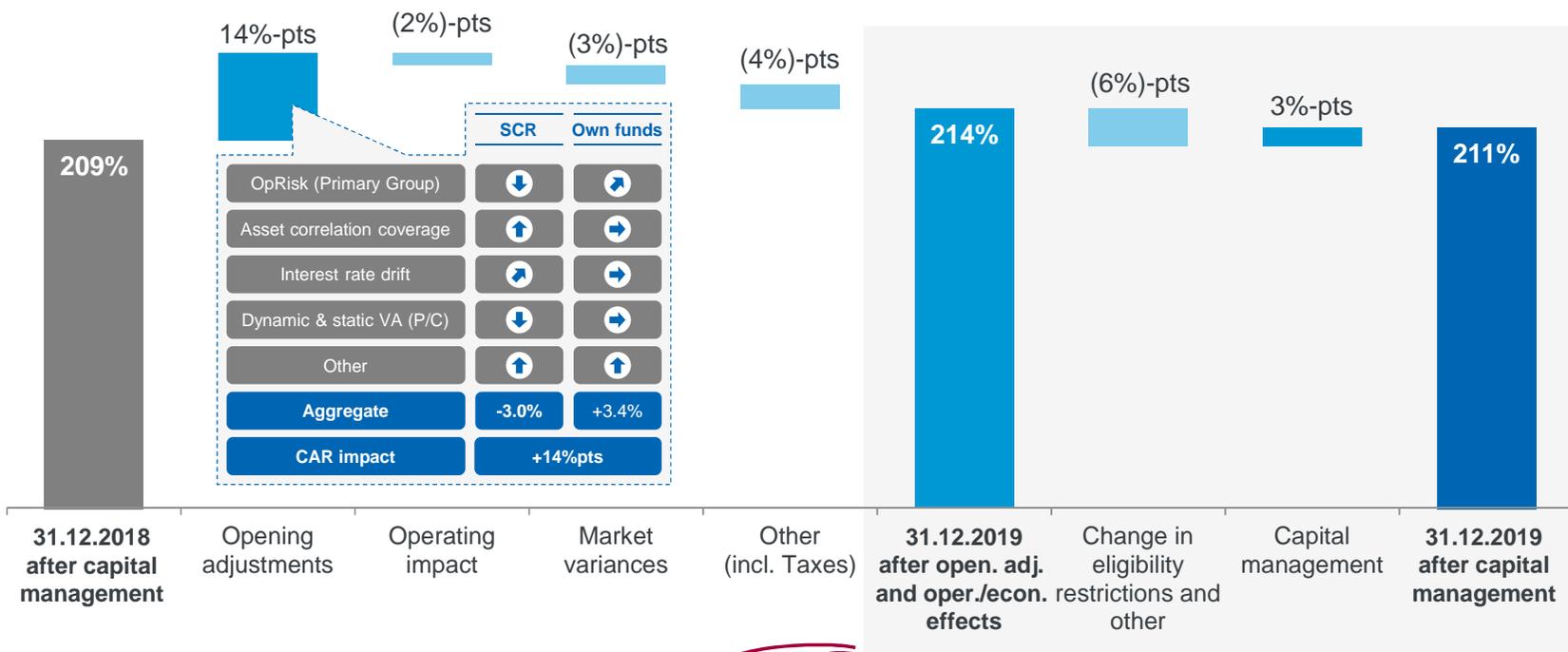


- Eligible Own Funds, i.e. Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests) including haircut effects
- For the Solvency II perspective, the HDI V.a.G. as ultimate parent is the addressee of the regulatory framework for the Group

Note: Group Solvency II Ratios including transitional (i.e. Regulatory View): Dec 2019: 246%; Dec 2018: 252%. Calculations of Solvency II 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 2019 results – Development of Solvency II ratio (excl. transitional)



	SCR	Own funds
OpRisk (Primary Group)	↓	↑
Asset correlation coverage	↑	→
Interest rate drift	↔	→
Dynamic & static VA (P/C)	↓	→
Other	↑	↑
Aggregate	-3.0%	+3.4%
CAR impact	+14%pts	

In EURm

	31.12.2018 after capital management	Opening adjustments	Operating/economic effects EURm 1,708			31.12.2019 after open. adj. and oper./econ. effects	Change in eligibility restrictions and other	Capital management	31.12.2019 after capital management
EOF	17,407	599	1,857	242	(391)	19,714	(556)	260	19,419
SCR	8,345	(247)	906	220	–	9,224	–	–	9,224

Note: "Opening adjustments" reflects model changes. "Change in eligibility restrictions" mainly comprises haircut effects (e.g. minorities). "Capital management" includes dividend payments

5

Risk Management

TERM 2019 results – Operating and economic effects in detail

Operating and economic effects (excl. transitionals)

In EURm

Operating impact	1,857
New business contribution	607
Expected in-force contribution	1,144
Operating variances in-force business	366
Debt costs	(191)
Other, including holding costs	(68)
Market variances	242
Other (including tax)	(391)
Other	(52)
Taxes	(339)
Operating and economic effects	1,708

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

Note: "Opening adjustments" reflects model changes. "Change in eligibility restrictions" mainly comprises haircut effects (e.g. minorities). "Capital management" includes dividend payments

Comments

Operating impact

- Positive new business contribution from all divisions
- Expected in-force contribution includes mainly return on investments (real-world assumption) and unwinding of risk margin
- Operating variances consider positive run-off result of P/C business which compensates major loss experience in Reinsurance and Industrial lines in new business

Market variances

- Economic profit is driven by narrowing credit spreads, appreciation of USD against EUR and positive contribution of stocks and alternative investments
- Furthermore, the positive effects from falling risk-free interest rates on investments compensates the negative effect on life and pensions

Other (including tax)

- "Other" considers revaluation of other assets and liabilities and consolidation

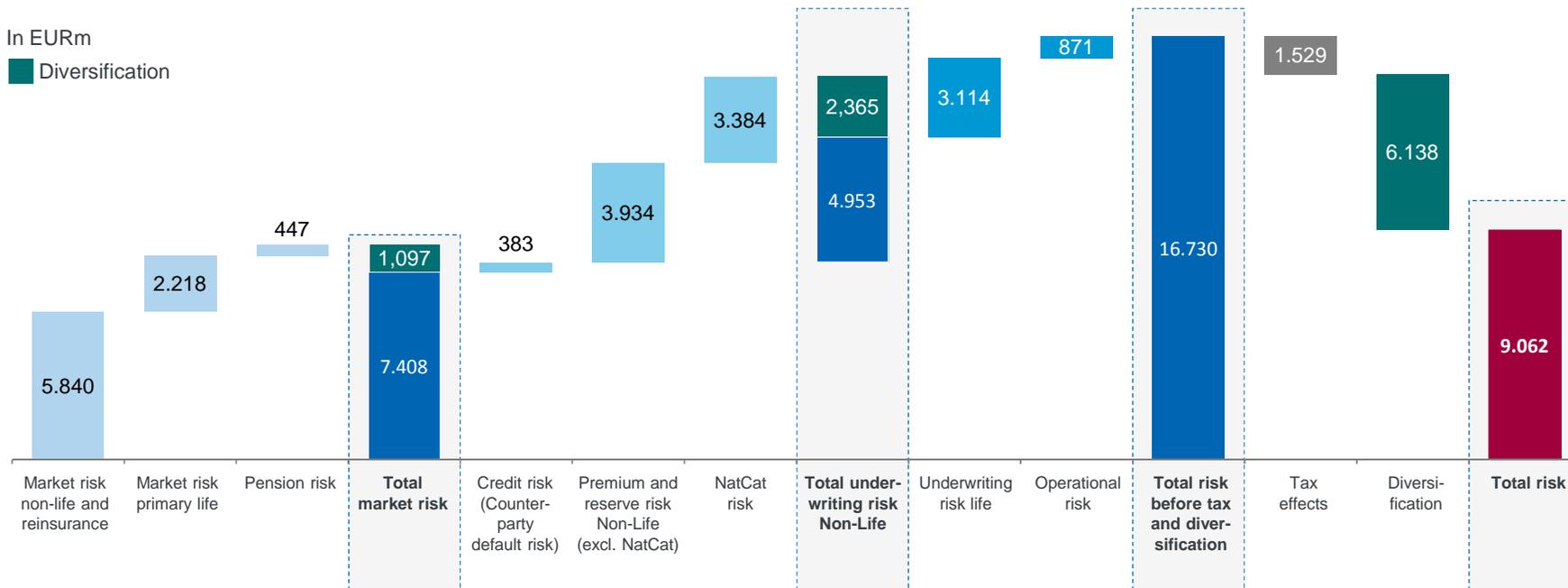
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Risk Management TERM 2019 results – SCR split into components (Economic View)

Risk components of Talanx Group

In EURm

■ Diversification



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 43% (tail-VaR contribution) well below the 50% threshold**

5

Risk Management

TERM 2019 results – From IFRS equity to Eligible Own Funds

Economic view

	in EURm
Talanx IFRS equity	16,610
Goodwill and intangible assets	(1,998)
Revaluation effects	4,159
Surplus funds	1,741
Talanx excess of assets over liabilities	20,513
Subordinated liabilities (incl. minority interests)	3,672
Own shares	0
Forseeable dividends, distributions and charges	(799)
Talanx basic own funds before deductions	23,386

$$\text{BOF CAR} = \frac{\text{BOF}}{\text{SCR}_{\text{BOF}}} = \frac{23,386}{9,062} = 258\%$$

Solvency II ratio HDI Group (excluding transitional)

	in EURm
Talanx basic own funds before deductions	23,386
HDI V.a.G. (extension of Talanx Group to HDI Group)	2,194
HDI basic own funds	25,580
Non-available own-funds items (<i>Haircut</i>)	(6,241)
Other	(62)
Ancillary own funds	0
Own funds for FCIIF, IORP and entities included	142
Total available own funds (AOF)	19,419
Effects from tiering restrictions	0
HDI Group total eligible own funds (EOF)	19,419

$$\text{SII Ratio} = \frac{\text{EOF}}{\text{SCR}_{\text{EOF}}} = \frac{19,419}{9,224} = 211\%$$



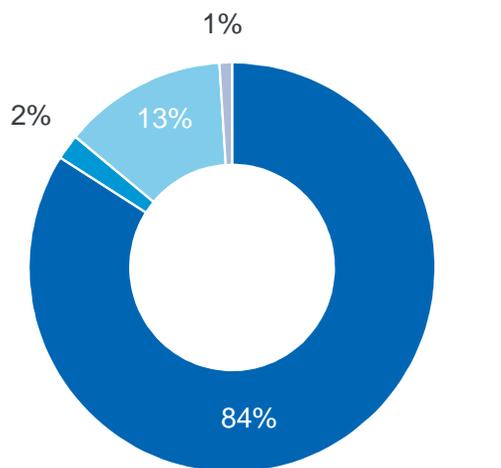
Haircut on minorities and HDI solo funds mark the key difference between both own funds concepts

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

5

Risk Management TERM 2019 results – Solvency II tiering

Capital tiering (net of transitional)



- Unrestricted Tier 1
- Restricted Tier 1
- Tier 2
- Tier 3



Solvency II ratio 211% of which

- **180%pts** Tier 1 coverage
- **27%pts** Tier 2 coverage
- **3%pts** Tier 3 coverage

Comments

- The capital tiering reflects the composition of Own Funds under the Solvency II perspective
- The vast majority of Eligible Own Funds consists of unrestricted Tier 1. The overall Tier 1 coverage (unrestricted and restricted) reflects 180% of our capital
- Tier 2 mainly consists of subordinated bonds issued by Talanx AG, Talanx Finance and Hannover Re

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

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