



9M 2020 Results

12 November 2020

Dr Jan Wicke, CFO

- New file available on the internet: One page with key figures to facilitate first glance at results
- All tables and graphs now with the most current data on the right

Talanx expects to be clearly above EUR 600m in 2020 and intends to pay EUR 1.50 dividend

9M 2020



GWP up by 5.2% (curr.-adj. +7.2%) – driven by Reinsurance and Industrial Lines



Corona: EUR 356m net income impact (Q3: EUR 78m); underlying combined ratio 97.6%¹



Group net income of EUR 520m (-30%; Q3: EUR 194m) with Group RoE at 6.8%

Outlook²



New Group net income outlook for FY 2020: “clearly above EUR 600m”



FY 2021: “between EUR 800m and EUR 900m”



Mid-term target matrix affirmed: $\geq 5\%$ EPS growth p.a. to 2022³, RoE ≥ 800 bp over risk-free



Dividend proposal of EUR 1.50 per share for 2020 (subject to regulator’s approval)

¹ Reported combined ratio of 100.7% adjusted for technical Corona effects in non-life business: EUR 102m premiums impact, EUR 565m claims (net) not absorbed by otherwise unused large loss budget, EUR 142m offsetting effects. ² Targets are subject to large losses not exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations. ³ Based on the original Group net income guidance of EUR 850m for 2018

Agenda

1 Group Highlights 9M and Q3 2020

2 Segments

3 Investments / Capital

4 Outlook 2020 and 2021

5 Appendix

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9M 2020 results – Growth continues in profitable underlying business

EURm	9M 2019	9M 2020	Delta	Comments
Gross written premiums (GWP)	30,325	31,907	+5%	GWP growth driven by P/C Reinsurance (+EUR 1,694m) and Industrial Lines (+EUR 337m), more than offsetting EUR 772m decline in Retail Germany and Retail International. 7.2% growth in local currency
Net premiums earned	24,186	25,301	+5%	
Net technical result	(1,282)	(1,972)	(54%)	Technical result negatively impacted by EUR 1,058m corona-related claims ¹ , EUR 104m corona-related premiums impact on EBIT; benefiting from EUR 156m offsetting effects; underlying Group CR at 97.6% slightly improved
thereof P/C	196	(156)	n.m.	
thereof Life	(1,478)	(1,815)	(23%)	EUR 157m decrease in ordinary investment income, across the board, only partially offset by EUR 56m increase in extraordinary investment income, which benefited from significant realisations in German Life (previous year saw EUR 100m one-time Viridium gain in L/H Reinsurance)
Net investment income	3,156	3,059	(3%)	
Other income / expenses	(11)	204	n.m.	Positive swings in currency translation (+EUR 113m) and deposit accounting (+EUR 42m)
Operating result (EBIT)	1,863	1,291	(31%)	
Financing costs	(142)	(154)	(8%)	Reinsurance: Significant portion of low-tax income in first half of 2020
Taxes on income	(408)	(228)	+44%	
Net income before minorities	1,313	910	(31%)	
Non-controlling interests	(572)	(390)	+32%	
Net income after minorities	742	520	(30%)	
Earnings per share (EPS)	2.93	2.06		
Combined ratio (CR)	98.5%	100.7%	+2.2%pts	
Tax ratio	23.7%	20.0%	(3.7%pts)	
Return on equity	10.4%	6.8%	(3.6%pts)	
Return on investment	3.4%	3.1%	(0.3%pts)	

¹ 64% of the EUR 1,058m corona-related claims have been incurred but not reported (IBNR) as of 30 September 2020.

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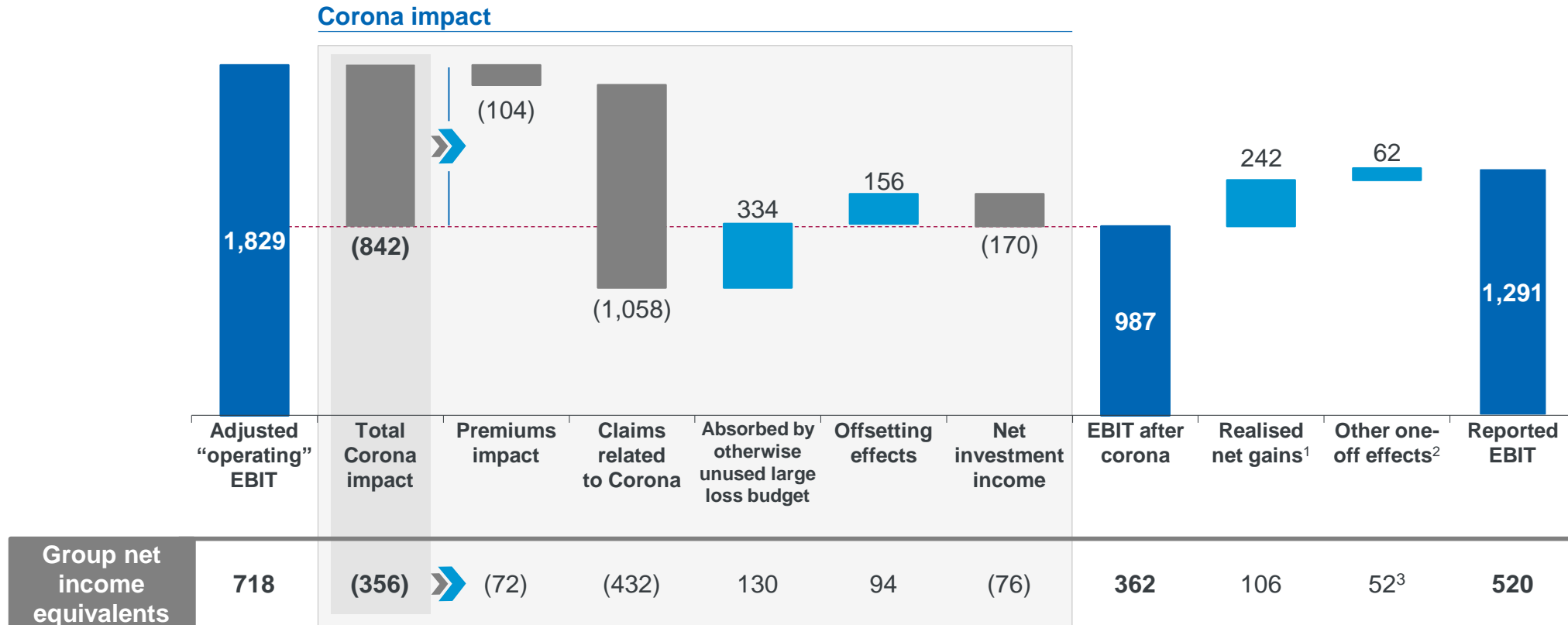
Q3 2020 results – Improved combined ratio despite corona

EURm	Q3 2019	Q3 2020	Delta	Comments
Gross written premiums (GWP)	9,461	9,901	+5%	GWP growth driven by P/C Reinsurance (+EUR 368m), more than offsetting declines in Retail International (EUR -101m), Retail Germany (EUR -94m), and Industrial Lines (EUR -32m). +9.4% currency-adjusted
Net premiums earned	8,269	8,555	+3%	
Net technical result	(574)	(843)	(47%)	
thereof P/C	(30)	3	n.m.	
thereof Life	(544)	(846)	(56%)	Technical result materially impacted by corona-related claims of EUR 234m, mainly in Reinsurance; benefiting from EUR 64m offsetting effects; underlying combined ratio at 97.8%
Net investment income	1,170	1,274	+9%	
Other income / expenses	23	114	+400%	Stable ordinary investment income due to EUR 55m at-equity effect in Q3; significant increase in extraordinary investment income driven by +EUR 229m realised gains in the German Life business to fund the ongoing build-up of the <i>Zinszusatzreserve</i> (ZZR)
Operating result (EBIT)	619	546	(12%)	
Financing costs	(48)	(51)	(5%)	Other result benefited from currency translation mainly in P/C Reinsurance (EUR +57m)
Taxes on income	(115)	(135)	(17%)	
Net income before minorities	456	360	(21%)	
Non-controlling interests	(191)	(166)	+13%	Lower tax ratio in Q3 2019 due to tax-reduced capital gains in Reinsurance
Net income after minorities	265	194	(27%)	
Earnings per share (EPS)	1.05	0.77		
Combined ratio	100.4%	99.7%	(0.7%pts)	
Tax ratio	20.1%	27.2%	+7.1%pts	
Return on equity	10.7%	7.6%	(3.1%pts)	
Return on investment	3.7%	4.0%	+0.3%pts	

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Robust underlying profitability in 9M

EBIT (before taxes and minorities) in 9M 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 Primary Insurance life business. Largest part realised in P/C Reinsurance. A portion of the realised gains would have occurred in a normalised quarter as well

2 EUR 7m deconsolidation gain in German Life and EUR 55m at equity gain in L&H Reinsurance

3 Includes EUR 7m deconsolidation gain in German Life (tax-free), EUR 18m one-time tax effects in L&H Reinsurance and Corporate Operations, and EUR 28m net income equivalent of at equity gain in L&H Reinsurance

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Corona details 9M 2020: Aggregate net income impact of EUR 356m

Total EBIT impact (before taxes and minorities) in 9M 2020, in EURm

	Industrial Lines	Retail Germany P&C	Retail Germany Life	Retail International	∑ Primary Insurance	Reinsurance	Corporate Operations	Talanx Group
Premiums impact	(59)	(12)		(27)	(98)	(6)		(104)
Corona-related claims (net)	(129)	(23)		(36)	(188)	(859)	(10)	(1,058)
Absorbed by otherwise unused large loss budget	34				34	300		334
Offsetting effects (and other)	8	18	(1)	99 ¹	124	32		156
Net investment income	(8)	(5)	(6)	(8)	(27)	(140)	(3)	(170) ²
Total EBIT impact	(155)	(21)	(7)	28	(155)	(674)	(13)	(842)
Group net income impact	(118)	(16)	(6)	15	(124)	(222)	(10)	(356)

Accounting impact of 9M claims: EUR 724m

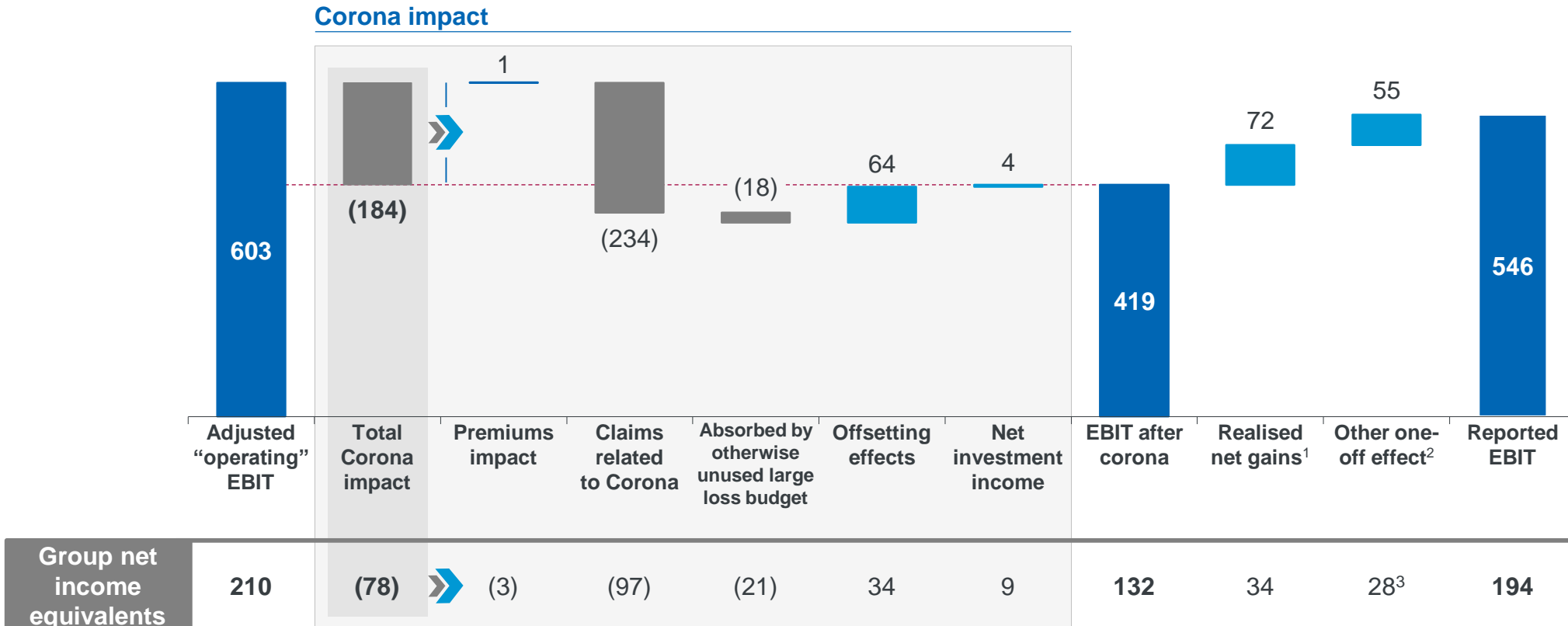
Note: Numbers may not add up due to rounding. Group net income impact is after taxes and minorities.

¹ Includes EUR 20m premium deficiency reserves.

² Approx. 50% of this amount reflects lower ordinary investment income which is to a certain extent affected by but cannot exclusively be attributed to Corona. Generally, for corona-related effects on investments it is not possible in all cases to draw a clear line between Corona and effects triggered by Corona which have been in the markets before.

1 Significant underlying profitability in Q3

EBIT (before taxes and minorities) in Q3 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 Primary Insurance life business. Largest part realised in P/C Reinsurance. A portion of the realised gains would have occurred in a normalised quarter as well

2 At equity gain in L&H Reinsurance

3 Net income equivalent of the EUR 55m at equity gain in L&H Reinsurance

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Corona details Q3 2020: Impact significantly lower than in Q2

Total EBIT impact (before taxes and minorities) in Q3 2020, in EURm

	Industrial Lines	Retail Germany P&C	Retail Germany Life	Retail International	∑ Primary Insurance	Reinsurance	Corporate Operations	Talanx Group
Premiums impact	(1)	(2)	4	(5)	(5)	6		1
Corona-related claims (net)	(23)	1		(16)	(38)	(196)		(234)
Absorbed by otherwise unused large loss budget	(41)				(41)	23		(18)
Offsetting effects (and other)	8	(3)	(2)	35	38	25		64
Net investment income	14			1	14	(9)	(1)	4
Total EBIT impact	(43)	(4)	1	15	(31)	(152)	(1)	(184)
Group net income impact	(31)	(2)	1	7	(25)	(52)	(1)	(78)

Accounting impact of Q3 claims: EUR 252m

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

1 Corona claims and outlook by risk bucket

EBIT impact of corona claims, 9M 2020, in EURm

Risk bucket	Primary Insurance	Reinsurance	Group	Comment / Outlook
Business interruption / closure	(91)	(224)	(325) ¹	<ul style="list-style-type: none"> ▪ New business comes with tighter pandemic clauses ▪ Court rulings pending in various jurisdictions
Event protection	(33)	(153)	(186)	<ul style="list-style-type: none"> ▪ Partly multi-year contracts, some events not cancelled yet ▪ New contracts with very tight pandemic clauses
Credit	(9)	(182)	(191)	<ul style="list-style-type: none"> ▪ Conservative reserving with IBNR ratio >90%, incl. cedant IBNR ▪ Uncertainty regarding economic development
Life		(159)	(159)	<ul style="list-style-type: none"> ▪ More claims to come; positive impact of vaccines on excess mortality expected no earlier than Q2/Q3 2021
Other	(56)	(142)	(198)	<ul style="list-style-type: none"> ▪ Engineering, accident, travel, unemployment, health, etc. ▪ Majority of reserves result from second-order effects
Total	(188)	(859)	(1,058)	
IBNR percentage	61%	65%	64%	

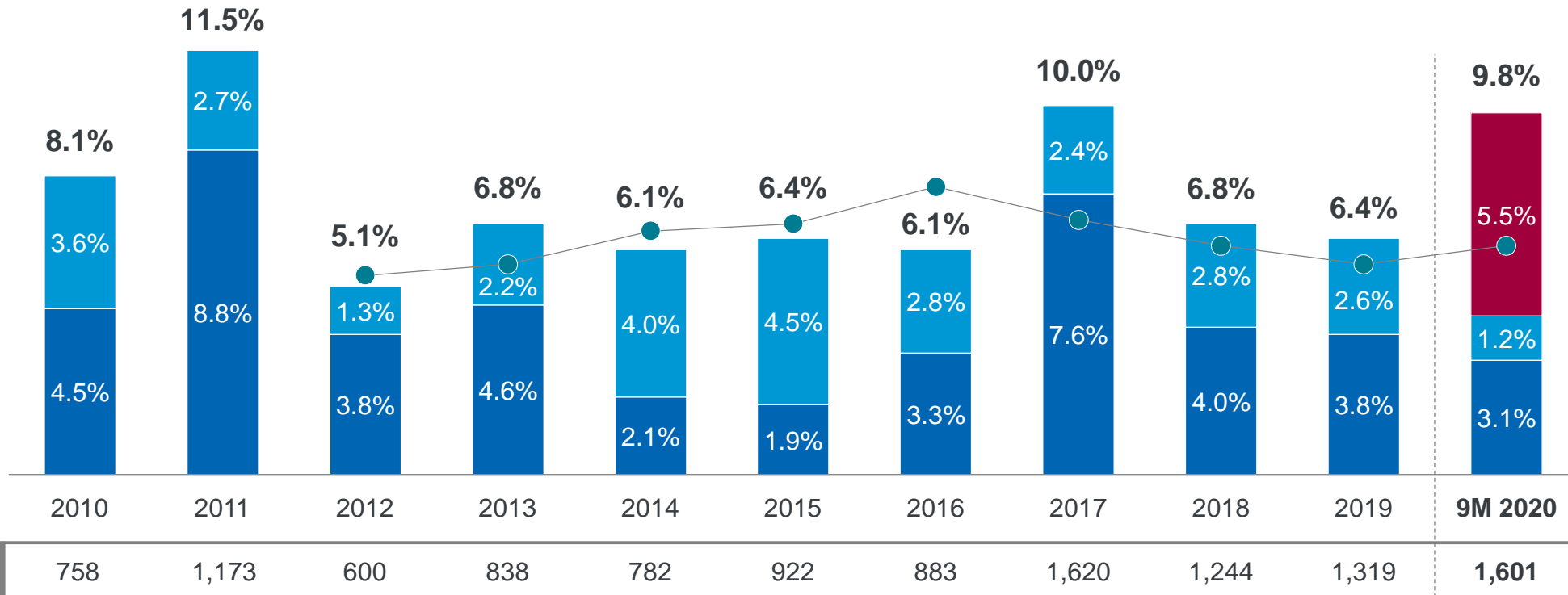
¹ Includes EUR 10m claims in Corporate Operations

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2020 is becoming an exceptional large loss year

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

■ NatCat ■ Corona losses (P/C business only)
■ Man-Made ● Impact of large loss budget on Combined Ratio



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

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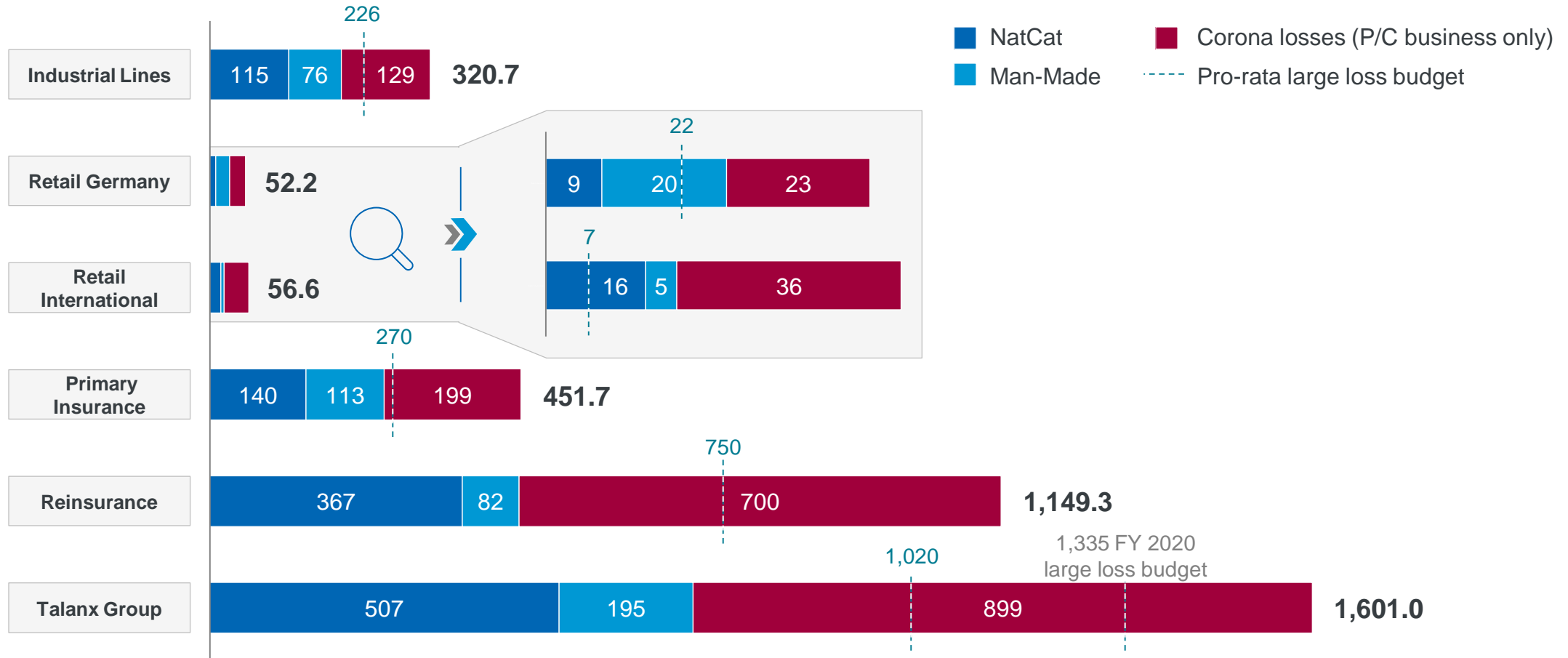
Large losses Nat Cat: More events than previously, but on average less costly

Net losses Talanx Group in EURm, 9M 2020 (9M 2019)	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance	+ Reinsurance	= Talanx Group
Hurricane <i>Laura</i> , USA (Aug.)	38.3			38.3	64.4	102.7
Hailstorm <i>Derecho</i> , USA (Aug.)				0.0	83.9	83.9
Tornado <i>Nashville</i> , USA (Mar.)	6.6			6.6	40.0	46.6
Bush Fires <i>New South Wales</i> , Australia (Jan.)	12.8			12.8	28.9	41.7
Hurricanes <i>Ciara, Elsa, Sabine</i> , Europe (Feb.)	5.6	9.2	0.7	15.5	20.2	35.8
Hailstorm <i>Victoria</i> , Australia (Jan.)	12.2			12.2	17.4	29.5
Floods, China (May/July)				0.0	29.0	29.0
Storm <i>Alberta</i> , Canada (June)				0.0	20.9	20.9
Storms, Poland (June)			15.2	15.2		15.2
Earthquake <i>Puerto Rico</i> (Jan.)				0.0	14.5	14.5
Flood <i>East Coast</i> , Australia (Feb.)	1.0			1.0	13.8	14.8
Tornado <i>Borg Warner</i> , USA (Apr.)	12.6			12.6		12.6
Hurricane <i>Sally</i> , USA (Sep.)	11.1			11.1		11.1
Flood <i>Kyushu</i> , Japan (July)				0.0	10.0	10.0
Hailstorm <i>Rockhampton</i> , Australia (Apr.)				0.0	9.4	9.4
Hail, USA (June)	8.3			8.3		8.3
Forest fires <i>California</i> , USA (Sep.)				0.0	7.9	7.9
Hailstorm <i>South East</i> , Australia (Jan.)				0.0	7.3	7.3
Flood <i>Selmer</i> , USA (July)	6.4			6.4		6.4
Sum NatCat	114.9 (89.0)	9.2 (24.1)	15.9 (4.1)	140.0 (117.2)	367.4 (337.5)	507.4 (454.7)

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

1 Large loss overview: Budget exceeded due to Corona

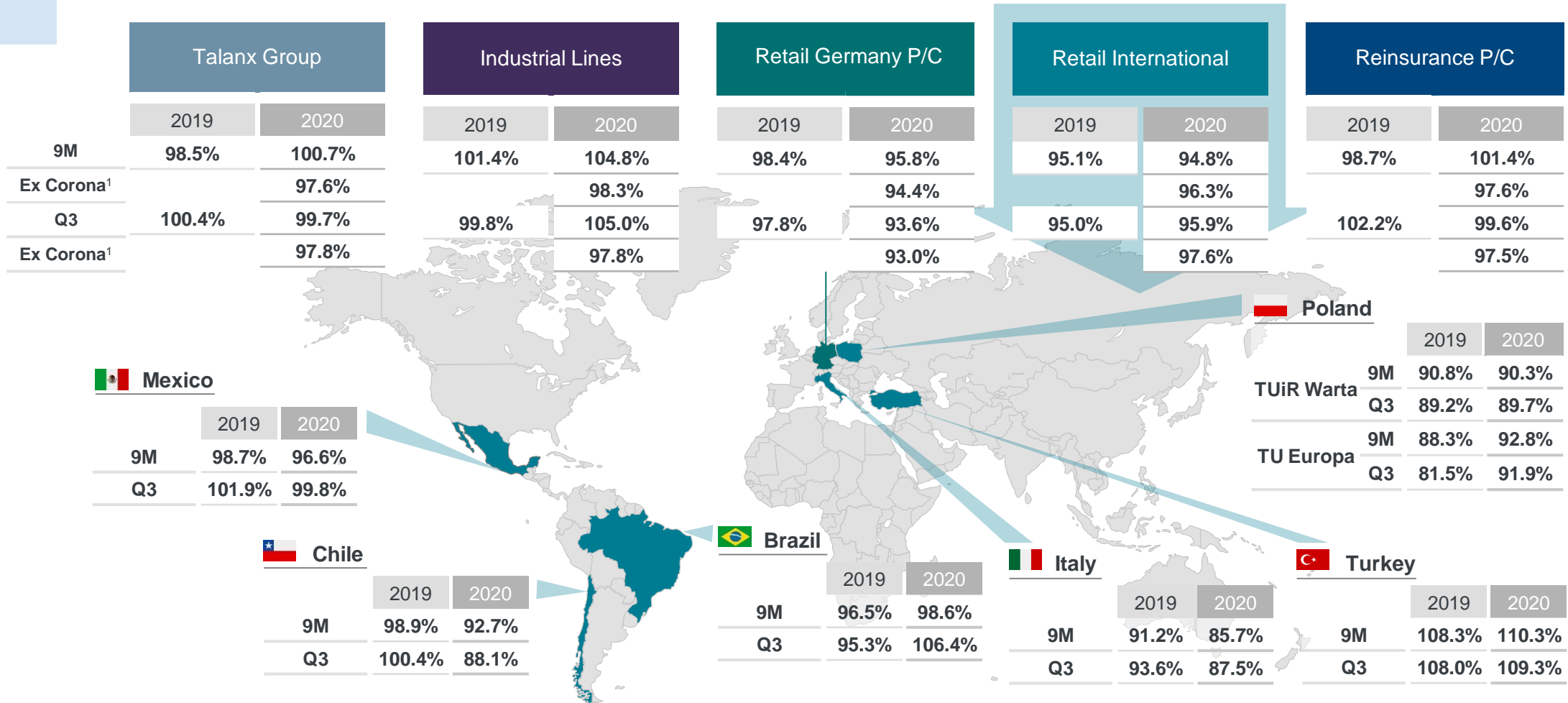
Net large losses in EURm, 9M 2020



Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. Corona losses in P/C business only. Primary Insurance includes EUR 22.1m large losses (net) in Corporate Operations in 9M 2020.

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Combined ratios impacted by corona

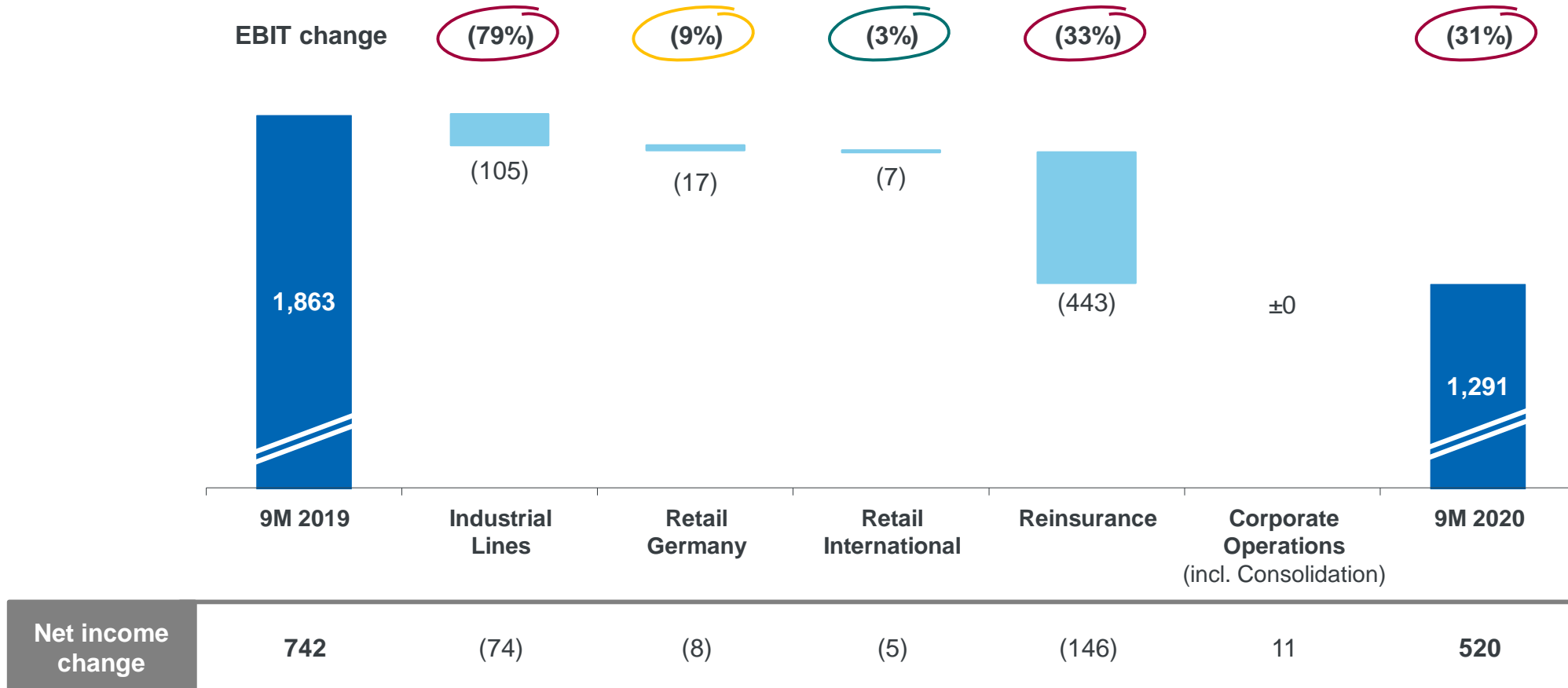


Note: This page highlights Retail International's core markets plus Italy. Turkey 9M 2020 EBIT of EUR 10m (vs. EUR 5m in 9M 2019). Ergo Sigorta acquisition in Turkey fully included in 9M and Q3 2020, with only one month included not in 9M and Q3 2019. - 1 Adjusted for premiums impact, corona-related claims (where not absorbed by otherwise unused large loss budget) and offsetting effects, as per pages 7 and 9 in this presentation.

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9M EBIT changes: Reinsurance and Industrial Lines driving decline

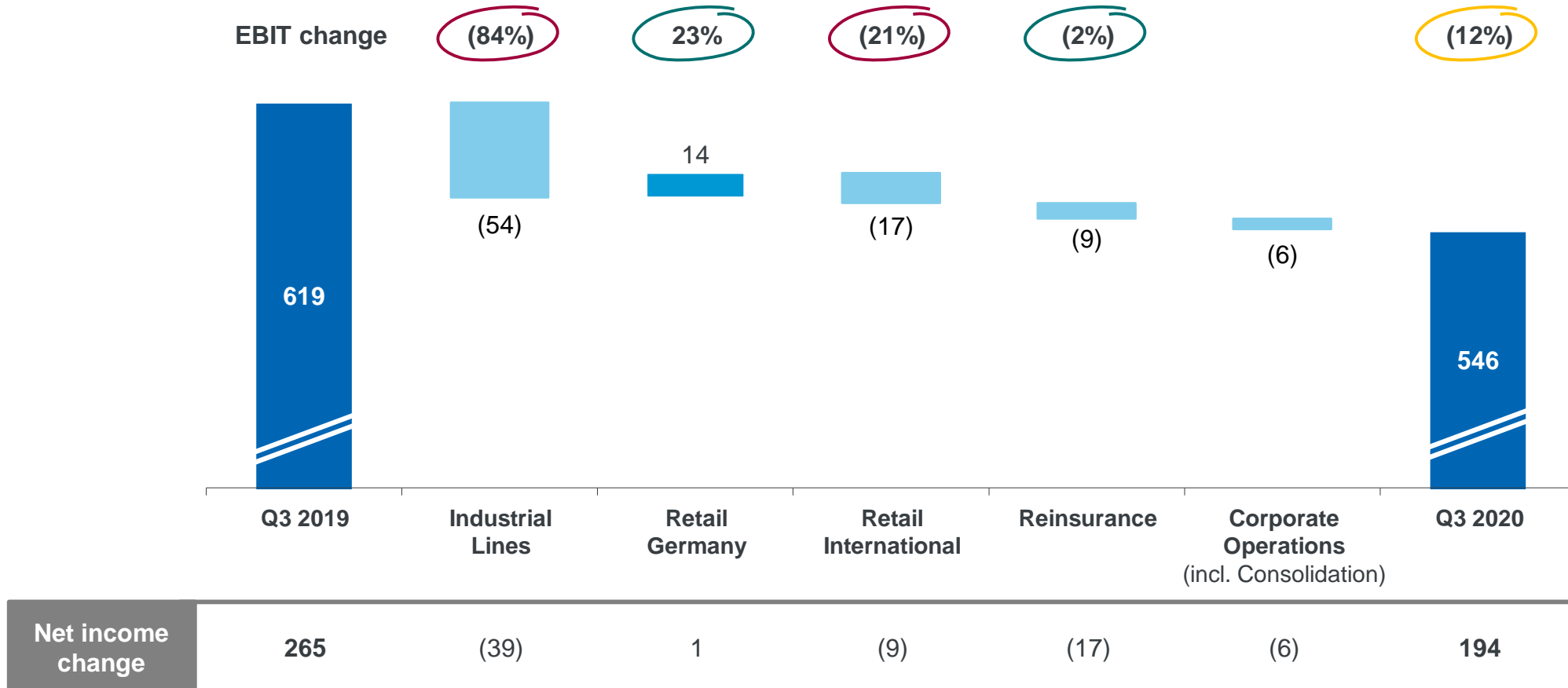
EBIT and net income development by division, in EURm



Note: Numbers may not add up due to rounding.

1 Q3 EBIT changes: Biggest decline in Industrial Lines, improvement in Retail Germany

EBIT and net income development by division, in EURm



Note: Numbers may not add up due to rounding.

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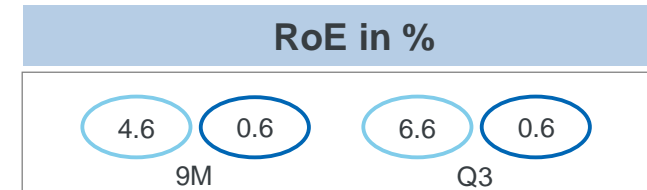
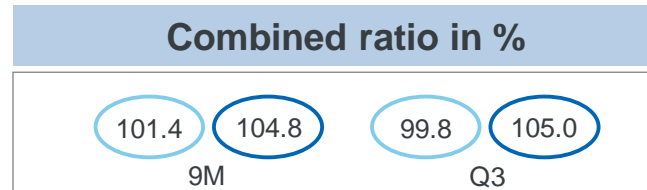
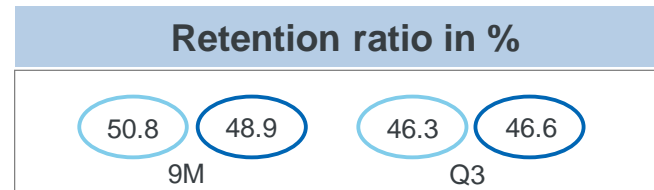
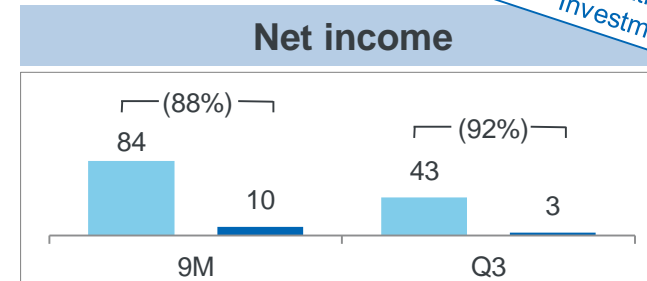
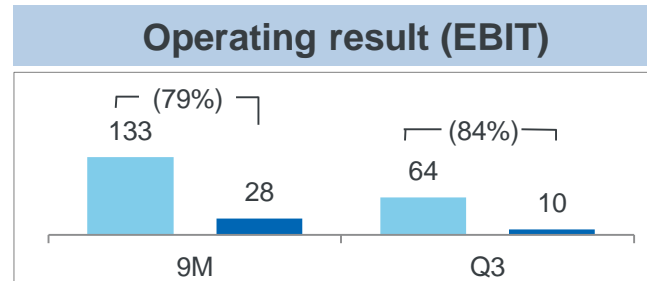
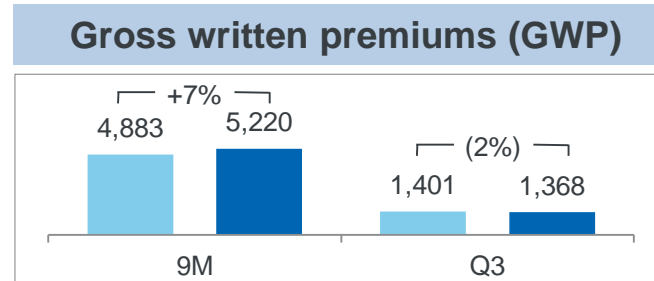
4 Outlook 2020 and 2021

5 Appendix

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Industrial Lines: Positive momentum driven by Specialty

EURm, IFRS 2019 2020



- Top-line growth continues in 9M with 6.9% (curr.-adj. +8.1%), largely due to significant growth in Specialty, which more than offset EUR 94m corona-related reserves (based on GWP), booked largely in Q2, for expected lower premiums from clients with revenue-based policies
- Q3 GWP down slightly y/y due to currency effects and a fronting premium booked in Q3 2019
- Net premiums earned grew 4.8% in 9M, below top-line momentum mainly due to the strong growth of the Specialty business, which has a lower retention ratio than the segment as a whole, and thus also reduces the segment's retention level

- Corona-related claims of EUR 129m in 9M, largely from business interruption and event cancellation, EUR 23m thereof added in Q3. As of 30 Sep 2020 16% of corona-related reserves have been paid out
- Underlying combined ratio in Q3 was 97.8%, adjusting for the EUR 57m corona-related effects.² Fire ex corona at 99.9% in 9M
- 9M run-off result down to EUR 8.9m (EUR 39.8m in 9M 2019), mainly due to Specialty impact.³ Excl. Specialty the run-off result was EUR 34.9m in 9M and EUR 37.9m in Q3, significantly up on the EUR 9.4m in Q3 2019

- Significantly lower return on investment of 2.4% (9M 2019: 3.3%), driven by decline in ordinary investment income (mainly lower interest rates, also lower income from alternative investments)
- We expect return on investment to decline to 2.2% in FY 2020, with continued pressure downward going forward
- In addition, partly as a result of sustained growth in the Specialty business, we now expect other result of ~-EUR 90m or lower p.a. from 2021
- On track to deliver on medium and long-term targets (97% and 95% combined ratio)

9M corona impact (EBIT)

- Premiums: EUR -59m
- Claims: EUR -129m
- Offsetting: EUR 8m
- Investments: EUR -8m

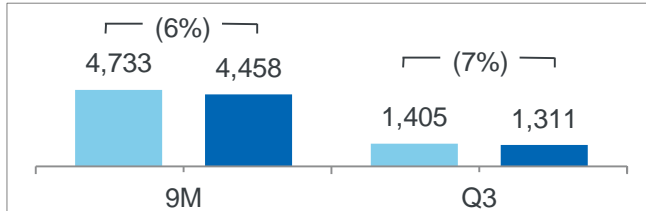
EUR -146m total technical impact¹

¹ After absorption of otherwise unused large loss budget (EUR 34m). Adjusting for these technical impacts, the underlying combined ratio in 9M 2020 was 98.3% ² EUR 1m negative premiums impact, EUR 64m claims not covered by 9M large loss budget, EUR 8m offsetting effects from reduced broker commissions. ³ For historical reasons, Specialty books reserves based on underwriting year, not calendar year.

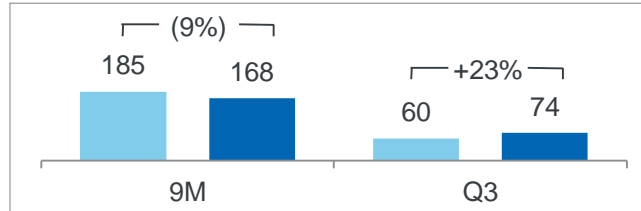
2 Retail Germany: P/C EBIT improving

EURm, IFRS 2019 2020

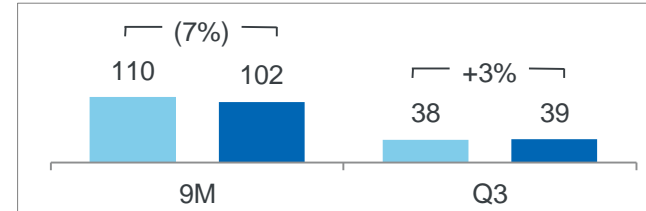
Gross written premiums (GWP)



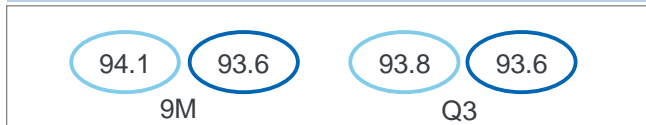
Operating result (EBIT)



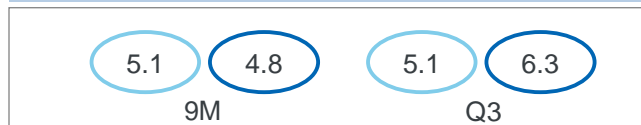
Net income



Retention ratio in %



EBIT margin in %



RoE in %



9M corona impact (EBIT)

- Premiums: EUR -12m
- Claims: EUR -23m
- Offsetting: EUR +18m
- Investments: EUR -11m

- Gross written premiums down in both P/C and Life businesses, reflecting the dampening effect of lock-down measures on new business. Decline especially pronounced in German motor and bancassurance businesses, partially offset by targeted growth with SME businesses and self-employed professionals
- Net premiums down 3% vs. 9M 2019

- EBIT reduction in 9M solely attributable to the Life segment (-EUR 35m vs. 9M 2019), positive contribution from P/C (+EUR 18m)
- Dampening effect of EUR 28m from Corona on EBIT in 9M 2020, thereof net claims of EUR 23m (in P/C only)
- Increase y/y in EBIT in Q3 2020 (+22.7%) due to technical improvement in P/C despite corona and better other result
- Total KuRS costs of EUR 11m in 9M 2020 (EUR 2m in Q3 2020, EUR 11m in Q3 2019)

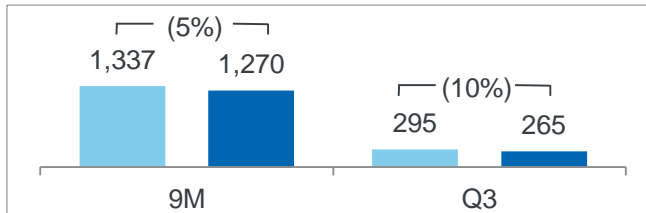
- 9M tax rate was 33.5%, down from 34.5% in 9M 2019, mainly due to EUR 7m tax-free one-time consolidation gain in Q1 2020
- Excluding corona, by the end of 2020 we expect to be close to the target we wanted to achieve for 2021 (EBIT of at least EUR 240m)
- Mid-term RoE ambition continues to be 7-8%

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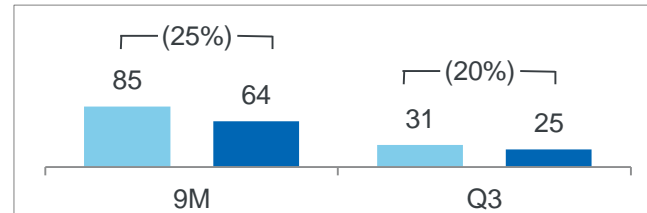
Retail Germany P/C: Better operating results despite Corona

EURm, IFRS 2019 2020

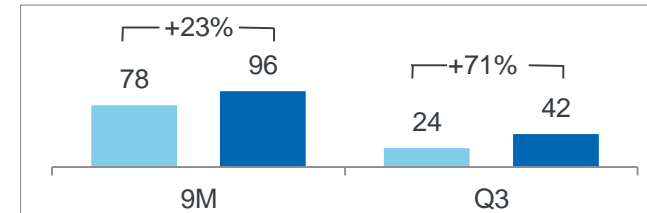
Gross written premiums (GWP)



Net investment income



Operating result (EBIT)

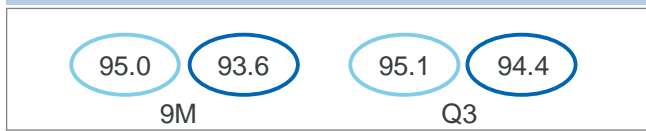


9M corona impact (EBIT)

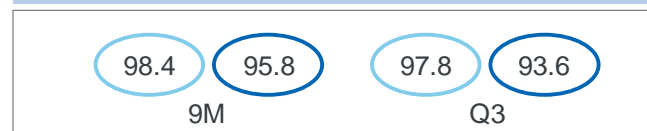
- Premiums: EUR -12m
- Claims: EUR -23m
- Offsetting: EUR +18m
- Investments: EUR -5m

EUR -16m total technical impact

Retention rate in %



Combined ratio in %



EBIT margin in %



- In Q3 2020, GWP y/y decrease in motor (EUR -66m) and unemployment protection (EUR -11m). Increase in target business with SMEs and self-employed professionals (+EUR 17m)
- Focus in motor business remains on profitability at the expense of volume

- EUR 23m Corona-related claims in 9M 2020 (business closure) slightly exceed the beneficial effect of lower claims in other areas (EUR 18m), namely lower frequency claims in motor
- Excluding corona, combined ratio would have been 94.4% in 9M 2020, also excluding KuRS investments at 94.2% (9M 2019: 96.1%)
- Net return on investment down to 2.1% in 9M 2020, from 2.8% in 9M 2019, mainly due to lower ordinary investment income

- EBIT up 23% in 9M 2020 despite EUR 21m net negative corona effects, mainly due to EUR 45m technical result (+EUR 27m)
- Only marginal additional Corona impact in Q3 (-EUR 4m)
- EBIT impact of KuRS costs: EUR 1m in Q3 2020 vs. EUR 9m in Q3 2019

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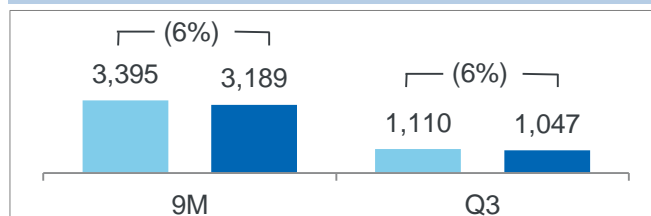
Retail Germany Life: Significant realised gains to fund reserve building

9M corona impact (EBIT)

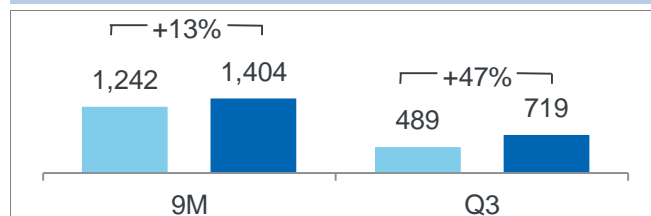
- Premiums: -
- Claims: -
- Offsetting: -
- Investments: EUR -1m
- Investments: EUR -6m

EURm, IFRS 2019 2020

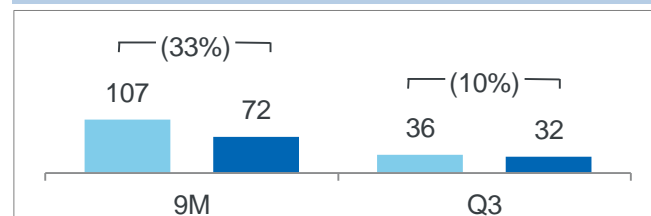
Gross written premiums (GWP)



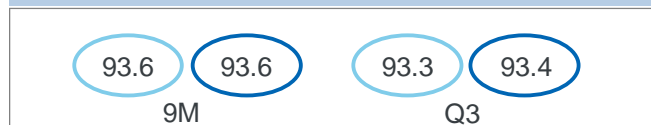
Net investment income



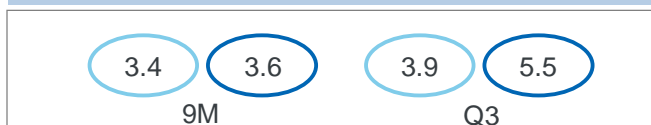
Operating result (EBIT)



Retention rate in %



Return on investment in %



EBIT margin in %



- GWP decreased by 6.1% vs. 9M 2019 (Q3 2020 y/y: -5.7%) because of lower sales via banking channels and in company pension schemes as a result of the lockdown. Effect was partially offset by growth in regular premium business
- Decrease in net premiums earned lower than for GWP because of lower amount of contribution carried over (unearned premium reserves)

- 9M 2020 net investment income up significantly (EUR 163m, or 13.1%), due to higher realised gains to finance ZZR requirements
- Inversely, both ordinary investment result and unrealised gains down, write-offs up y/y
- ZZR allocation under German accounting of EUR 437m in 9M 2020, thereof EUR 154m in Q3 2020 (9M 2019: EUR 324m; Q3 2019: EUR 150m). Total stock of ZZR as of 30 September 2020 at EUR 4.3bn

- EBIT negatively affected by Corona-related investment losses (EUR 6m) in 9M 2020
- 9M EBIT decrease by EUR 35m also impacted by base effect from EUR 24m accounting-driven one-off gain in 2019
- Low level of long-term interest rates, which have come down further due to the pandemic, continues to put pressure on solvency ratios of life carriers¹

¹ As of 30 September 2020, the SCR-weighted Solvency II CAR for the four German life entities stood at 332% including transitional measure, at 103% without transitional measure.

2

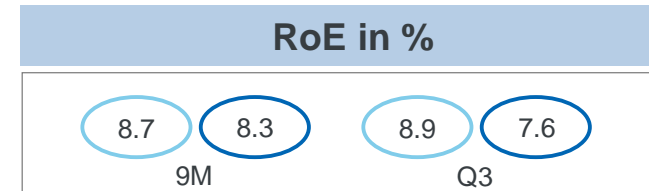
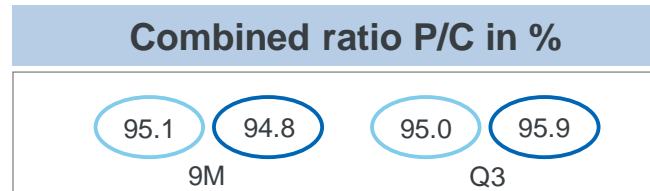
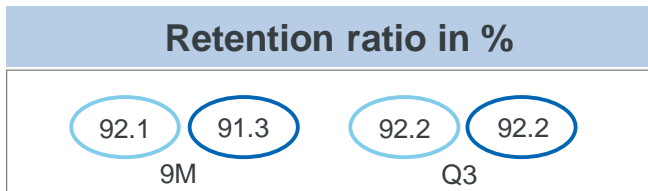
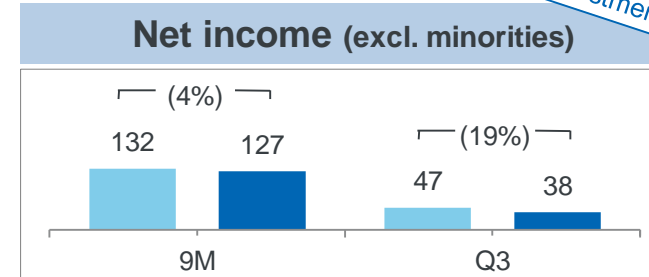
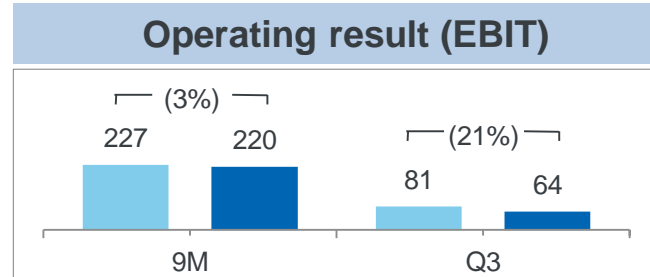
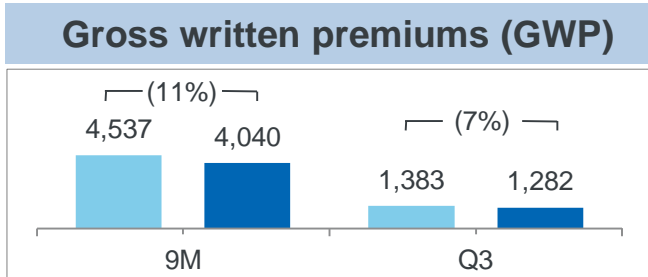
Retail International: Lower premiums and lower investment results

9M corona impact (EBIT)

- Premiums: EUR -27m¹
- Claims: EUR -36m
- Offsetting: EUR +99m
- Investments: EUR -8m

EUR 36m total technical impact

EURm, IFRS 2019 2020



- 9M GWP decline of 11.0% (curr.-adj. -3.9%) driven by Italian Life and Latin American business
- GWP in P/C down 7.1% (curr.-adj. +2.8%). Both Warta and Turkey up currency-adjusted. Life business down 18.3%, driven by lower single premium business in Italy and Hungary
- Europe down 7.9% to EUR 2,993m in 9M 2020 (-4.8% curr.-adj.)
- 19.0% decline in LatAm (curr.-adj. -1.5%). Reduced new car sales in Mexico and Chile not offset by slight increase (curr.-adj.) in Brazil

- Combined ratio back to more normal level from exceptional Q2 (lower motor frequency losses due to lockdown)
- EBIT in Europe up 10.5% (EUR 22m) in 9M, mainly due to lower claims and higher investment result in Italy; Latin America down 30.1% (EUR 15m), driven by drop of interest rates, partially offset by technical improvement in Mexico
- EBIT also affected by increase in centrally held reserves, booked as a precaution for anticipated corona claims (EUR 35m), in addition to EUR 20m corona-related premium deficiency reserves

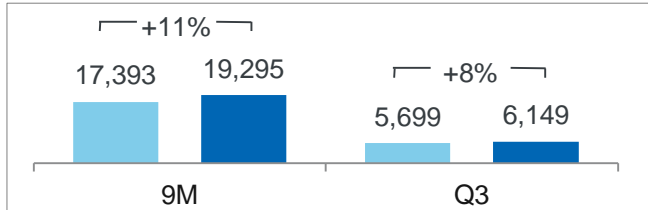
- Return on investment down to 2.6% from 3.4% in 9M 2019, reflecting lower interest rates (particularly in Turkey and Poland)
- 9M 2020 results include three quarters of acquired Ergo Sigorta in Turkey, 9M 2019 only one month
- Bolt-on non-life acquisition in Italy signed on 21 Oct 2020, closing expected in Q1 2021
- For 2021 no increase y/y in NPE expected; combined ratio of most subsidiaries to increase vs. 2020; lower yields for re-investments
- Mid-term RoE ambition continues to be 10-11%

¹ All in P/C business.

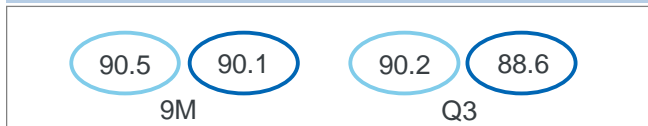
2 Reinsurance: Corona significantly impacts RoE

EURm, IFRS 2019 2020

Gross written premiums (GWP)

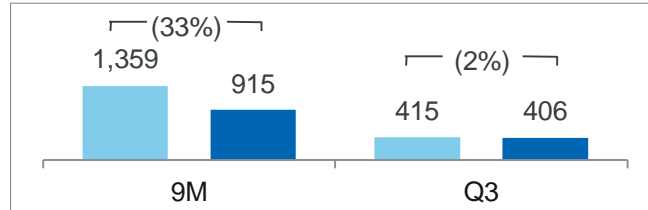


Retention ratio in %

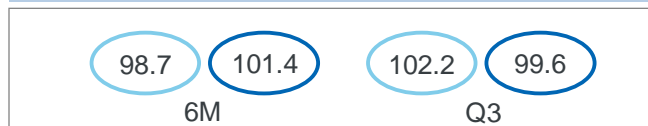


- GWP up by 10.9% (currency-adj. +12.3%) in 9M 2020, growth driven by 14.5% increase in P/C
- Net premiums earned up by 9.6% on a reported basis and by 11.1% on a currency-adjusted basis
- Retention ratio slightly down to 90.1% in 9M 2020 vs. 90.5% in 9M 2019

Operating result (EBIT)

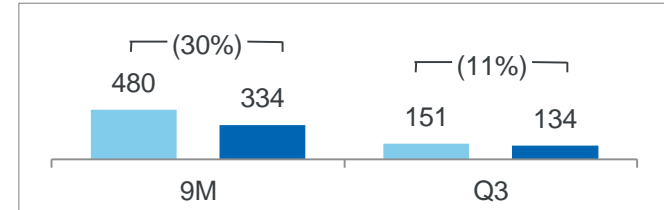


Combined ratio P/C in %



- 9M 2020 EBIT down 32.6%. Reported combined ratio of 101.4%. Combined ratio adjusted for corona effects at 96.3% in 9M 2020
- Large loss budget exceeded by EUR 400m due to reserving for anticipated corona-related losses, which equates to 3.8%pts impact on combined ratio
- Ordinary investment income decreased by 6.1%. Total investment income by 10.9%, driven by inflation linkers with fixed-income securities as well as lower returns from private equity and real estate
- Assets under own management up by 2.4% vs. 31 Dec 2019 to EUR 48.2bn

Net income (excl. minorities)



RoE (excl. minorities) in %



- 9M 2020 net income attributable to Talanx shareholders down by 30.4% to EUR 334m
- Return on equity at 8.7% (-5.0%pts. vs 9M 2019)
- Mid-term RoE ambition continues to be at least 10%

9M corona impact (EBIT)

- Premiums: EUR -6m
- Claims: EUR -859m
- Offsetting: EUR +32m
- Investments: EUR -140m

EUR -534m total technical impact (EUR -388m thereof in P/C)¹

¹ After absorption of otherwise unused large loss budget (EUR 300m).

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3 Net investment income

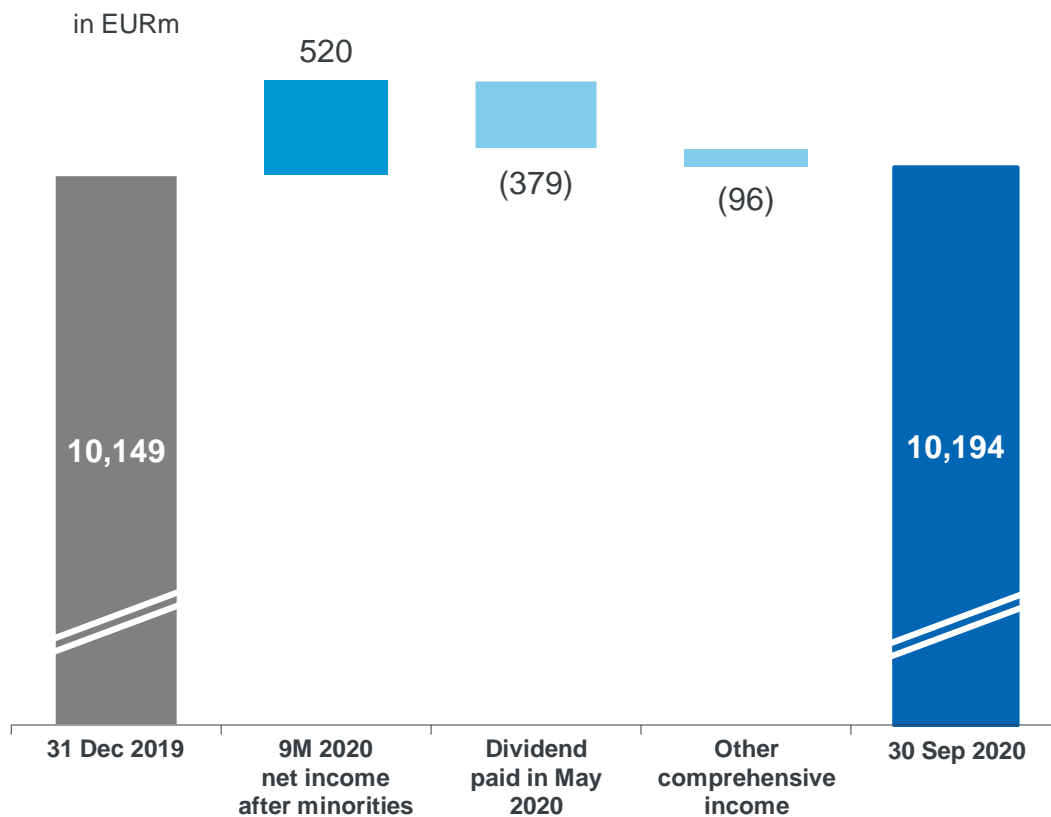
EURm, IFRS	9M 2019	9M 2020	Change	Q3 2019	Q3 2020	Change	Comments
Ordinary investment income	2,618	2,461	(6%)	841	848	+1%	Decrease in ordinary investment income in 9M 2020, across the board, due to deteriorated low interest rate environment; 1% increase in Q3 2020 only due to EUR 55m at-equity effect
thereof current interest income	2,050	1,933	(6%)	651	628	(4%)	
thereof income from real estate	247	213	(14%)	90	68	(25%)	
Extraordinary investment income	595	651	+9%	349	473	+36%	Significant increase in realised net gains, related to portfolio changes in Reinsurance in Q2 2020 and in particular to further build-up of <i>Zinszusatzreserve</i> under German accounting in Q3 2020; EUR 100m one-time Viridium gain in L/H Reinsurance in Q2 2019
Realised net gains / losses on investments	585	834	+43%	317	509	+61%	
Write-ups / write-downs on investments	(118)	(224)	(91%)	(22)	(41)	(88%)	
Unrealised net gains / losses on investments	127	40	(68%)	53	4	(92%)	EUR 47m write-downs on private equity in Q2 2020 after EUR 43m write-downs on equities in Q1 2020; line also includes regular depreciation of infrastructure and real estate investments
Other investment expenses	(195)	(204)	(5%)	(69)	(72)	(4%)	
Income from assets under own management	3,018	2,907	(4%)	1,120	1,250	+12%	Significant reduction in unrealised gains on derivatives in German Life and Reinsurance
Interest income on funds withheld and contract deposits	136	151	+11%	49	24	(52%)	
Income from investment contracts	2	1	(57%)	1	1	(16%)	
Total: Net investment income	3,156	3,059	(3%)	1,170	1,274	+9%	4% increase in assets under own management versus both 30 September and 31 December 2019 (EUR 122.6bn), from additional volume and market recovery since Q2 2020
Assets under own management at period end	122,638	127,115	+4%	122,638	127,115	+4%	
Average assets under own management	124,876	117,481	+6%	126,461	120,916	+5%	
Net return on investment¹	3.4%	3.1%	(0.3%pts)	3.7%	4.0%	+0.3%pts	
Current return on investment ²	2.8%	2.4%	(0.4%pts)	2.6%	2.5%	(0.1%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 in Q3

Shareholders' equity



Note: Figures restated on the basis of IAS 8

Comments

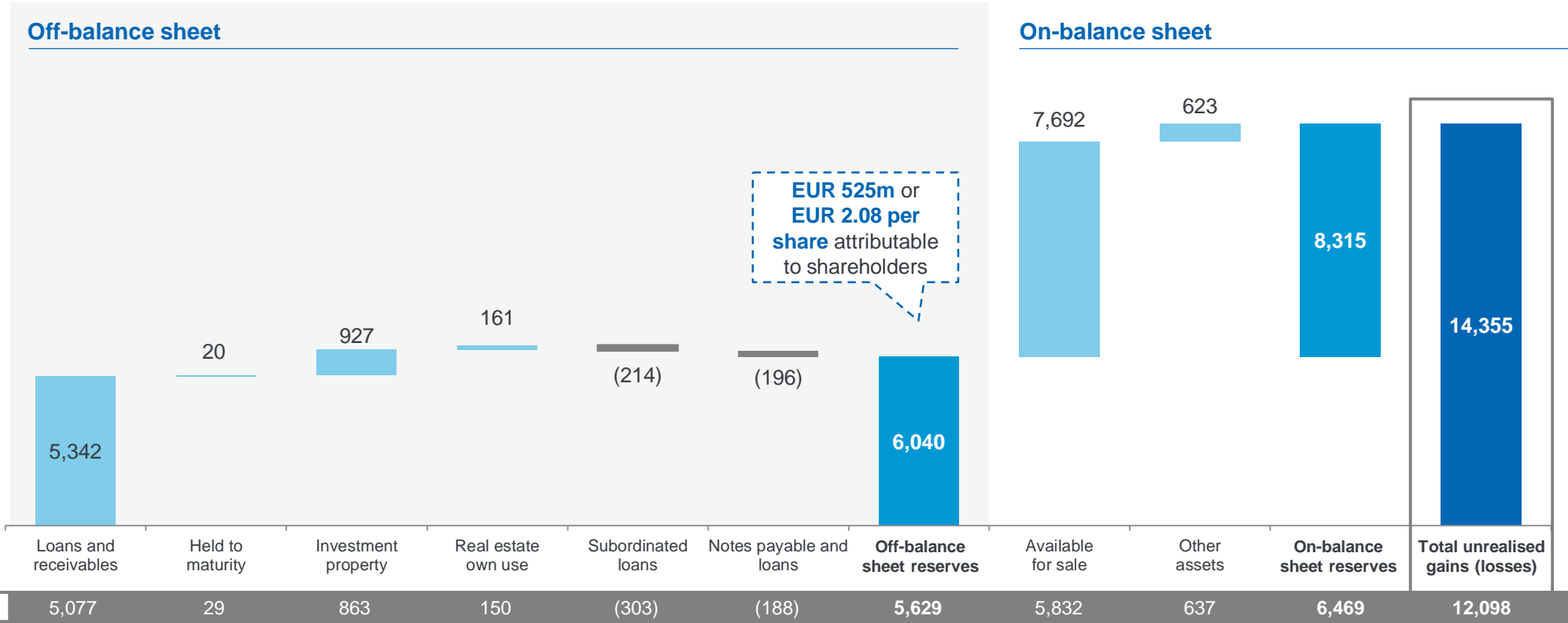
- Shareholders' equity at EUR 10,194m, virtually unchanged versus the level of Dec 2019
- In Q3 2020 the OCI effect was negative (EUR -107m), mainly due to currency effects

Book value per share

in EUR	31 Dec 2019	30 Jun 2020	30 Sep 2020	Change in Q3	
				Abs.	%
Book value per share	40.15	39.98	40.32	0.34	0.9
NAV excl. goodwill per share	35.78	35.83	36.26	0.43	1.2

3 Over two euros per share of unrealised gains not on the balance sheet

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

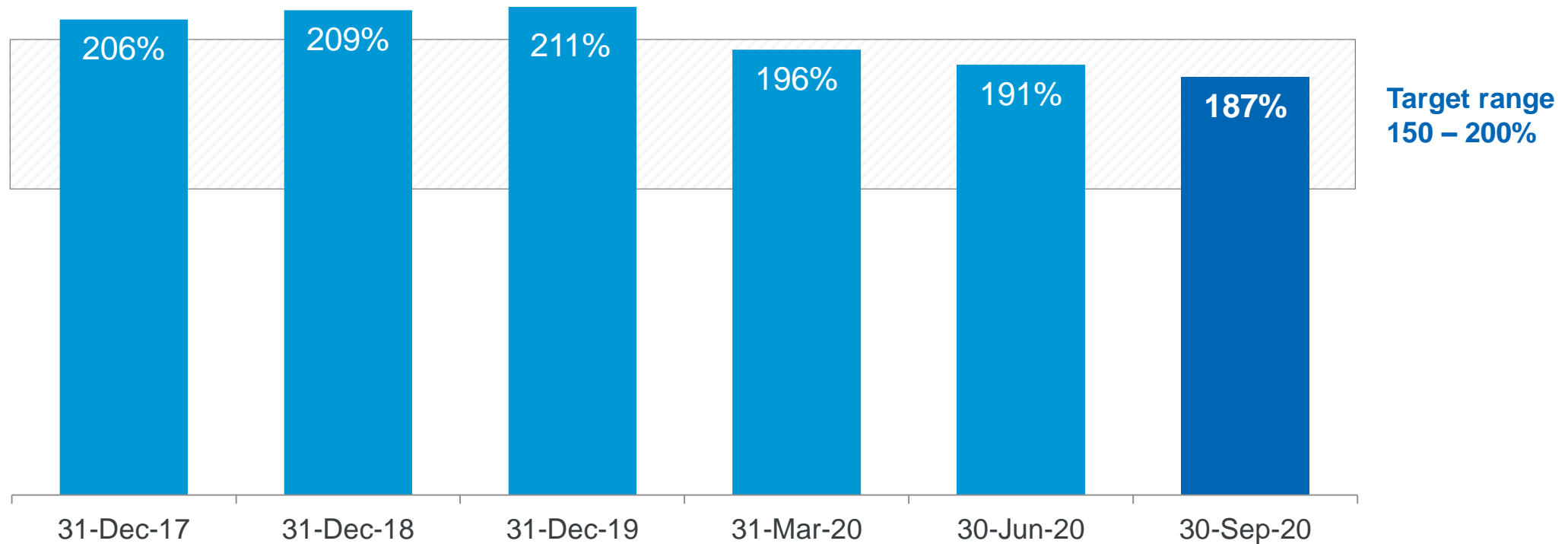


Δ market value vs. book value

Note: Shareholder contribution estimated based on historical profit sharing pattern

3 Solvency II capitalisation: resilient in upper part of target range

Development of Solvency II capitalisation (Regulatory View (SII CAR) 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 as of 30 September 2020: 231%

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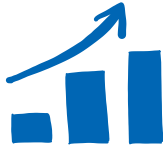

New Outlook 2020 and 2021 for Talanx Group

	Outlook 2020	Outlook 2021
 Dividend payout	EUR 1.50	35 – 45% DPS at least stable y/y
 Return on equity	approx. 6.0%	between 7.5% and 8.5%
 Group net income	clearly above EUR 600m	between EUR 800m and EUR 900m
 Net return on investment	~2.9%	~2.5%
 Currency-adjusted GWP growth	~5%	~5%

Note: The outlook 2020 is based on a large loss burden for Q4 2020 that will not significantly exceed a quarterly budget (overall budget EUR 316m, of which EUR 90m in Primary Insurance). 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 stands at EUR 1,100m (2020: EUR 975m).

4

Strategy 2022: Mid-term target matrix

Targets	Return on equity  High level of profitability ≥ 800bp above risk-free rate ¹	EPS growth  Profitable growth ≥ 5% on average p.a. ²	Dividend payout ratio  Sustainable & attractive payout 35% - 45% of IFRS earnings DPS at least stable y/y
	Strong capitalisation Solvency II target ratio 150 - 200%	Market risk limitation (low beta) Market risk ≤ 50% of Solvency Capital Requirement	High level of diversification targeting 2/3 of Primary Insurance premiums to come from outside of Germany
	Constraints		

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

¹ The risk-free rate is defined as the 5-year rolling average of the 10-year German Bund yield.

² EPS CAGR until 2022 (base level: original Group net income Outlook of -EUR 850m for 2018).

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Large losses overview: Budget exceeded due to Corona

Net losses Talanx Group in EURm, 9M 2020 (9M 2019)	Industrial Lines	Retail Germany	Retail International	Σ Primary Insurance	+ Reinsurance	= Talanx Group
Sum NatCat	114.9 (89.0)	9.2 (24.1)	15.9 (4.1)	140.0 (117.2)	367.4 (337.5)	507.4 (454.7)
Fire/Property	26.8	20.0	4.6	63.1	81.6	144.8
Credit				0.0	0.0	0.0
Marine	7.9			7.9	0.0	7.9
Aviation				0.0	0.0	0.0
Casualty	41.7			42.1	0.0	42.1
Cyber				0.0	0.0	0.0
Sum other large losses	76.4 (113.4)	20.0 (0.0)	4.6 (4.6)	113.1 (119.0)	81.6 (208.4)	194.7 (327.4)
Corona losses	129.5	23.0	36.1	198.6	700.3	898.8
Total large losses	320.7 (202.5)	52.2 (24.1)	56.6 (8.7)	451.7 (236.2)	1,149.3 (545.9)	1,601.0 (782.0)
Pro-rata large loss budget	225.5	22.1	6.8	270.1	749.5	1,019.6
Full-year large loss budget	300.6	29.5	9.0	360.1	975.0	1,335.1
Impact on CR: materialised large losses	14.2%pts (9.4%pts)	4.9%pts (2.2%pts)	2.3%pts (0.3%pts)	7.7%pts (4.0%pts)	10.9%pts (5.9%pts)	9.8%pts (5.2%pts)
Impact on CR: large loss budget	10.0%pts (9.7%pts)	2.1%pts (1.6%pts)	0.3%pts (0.2%pts)	4.6%pts (4.0%pts)	7.1%pts (7.2%pts)	6.2%pts (5.9%pts)

5.5%pts total impact on CR

3.6%pts impact on CR from exceeding budget

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. Corona losses in P/C business only. Primary Insurance includes EUR 22.1m large losses (net) in Corporate Operations in 9M 2020 (9M 2019: EUR 0.9m).

5

Talanx Primary Insurance and Reinsurance: contributions to net income

Net income attributable to Talanx AG shareholders, in EURm

	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance		Reinsurance		Corporate Operations	Consolidations	Talanx Group
2014	121	(84)	122	159	24%	508	76%	132	(30)	769
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
9M 2020	10	102	127	239	42%	334	58%	(62)	8	520

Note: Percentages are excluding earnings contributions by Corporate Operations and Consolidations

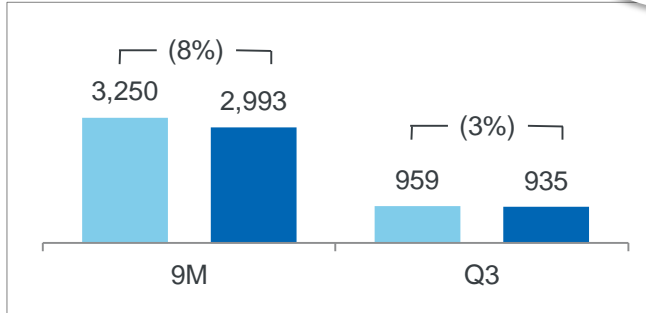
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Additional Information – Retail International Europe: Key financials

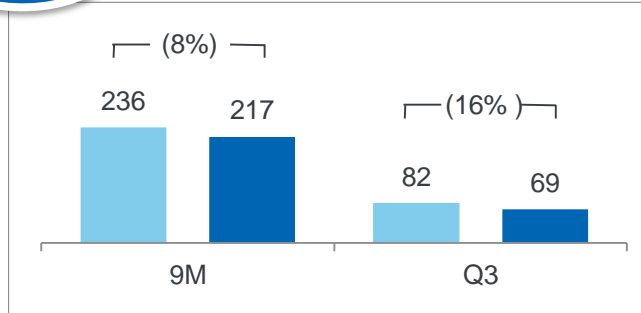
EURm, IFRS 2019 2020

9M 2020
(currency adjusted)
GWP: -4.8%

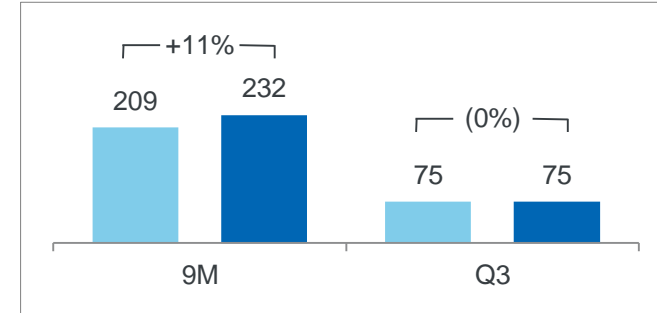
Gross written premiums



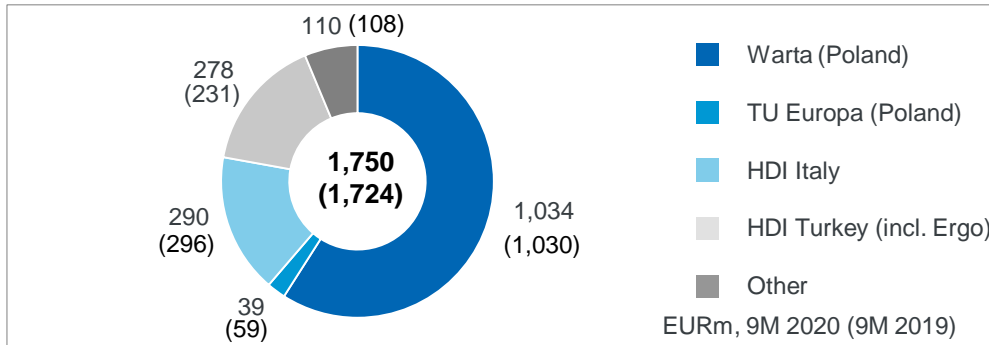
Net investment income



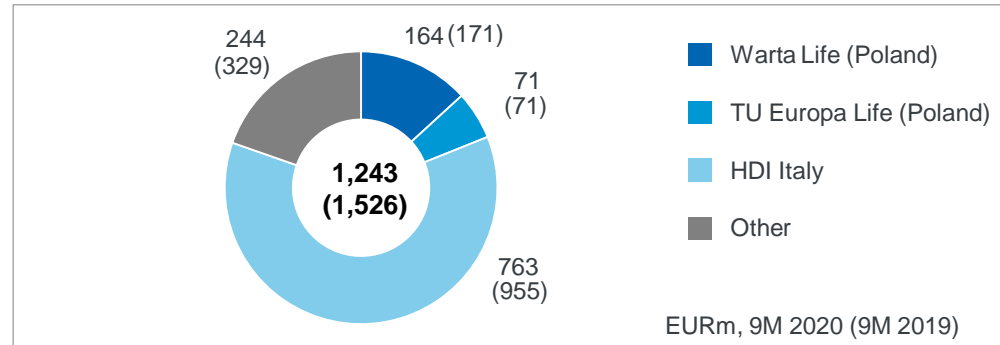
Operating result (EBIT)



GWP split by carriers (P/C)



GWP split by carriers (Life)



Strong EBIT increase of 11% – driven by excellent results at HDI Italy

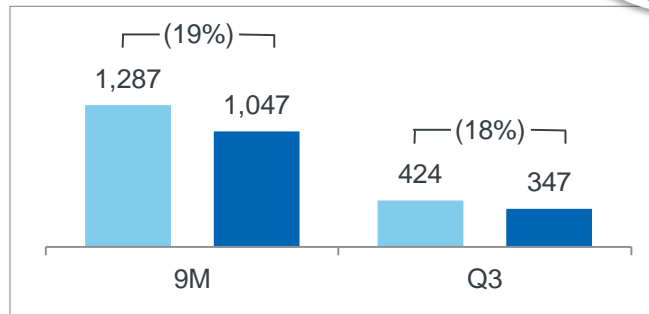
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Additional Information – Retail International LatAm: Key financials

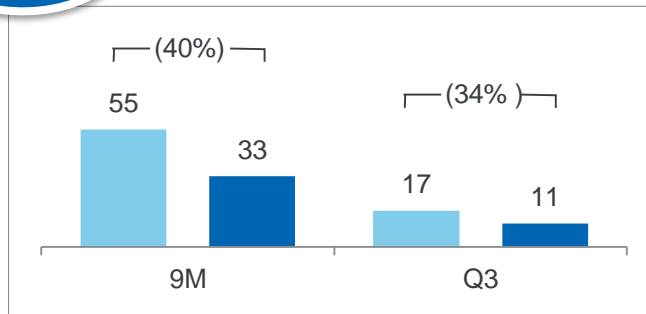
EURm, IFRS 2019 2020

9M 2020
(currency adjusted)
GWP: -1.5%

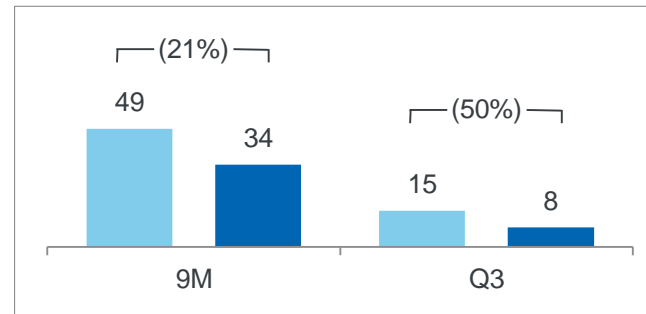
Gross written premiums



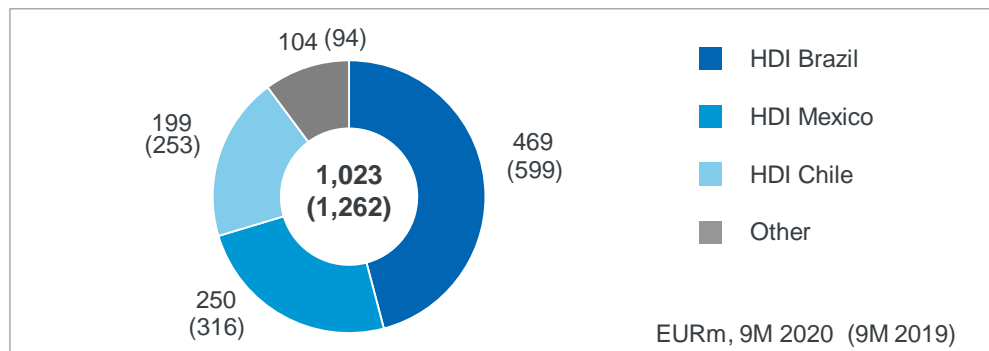
Net investment income



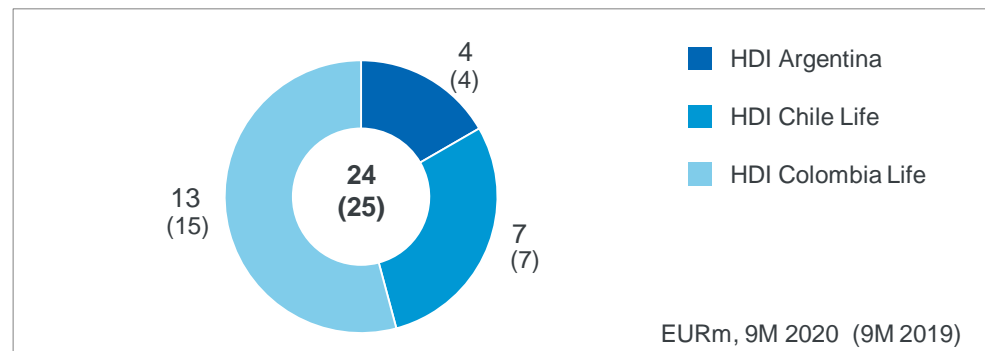
Operating result (EBIT)



GWP split by carriers (P/C)



GWP split by carriers (Life)

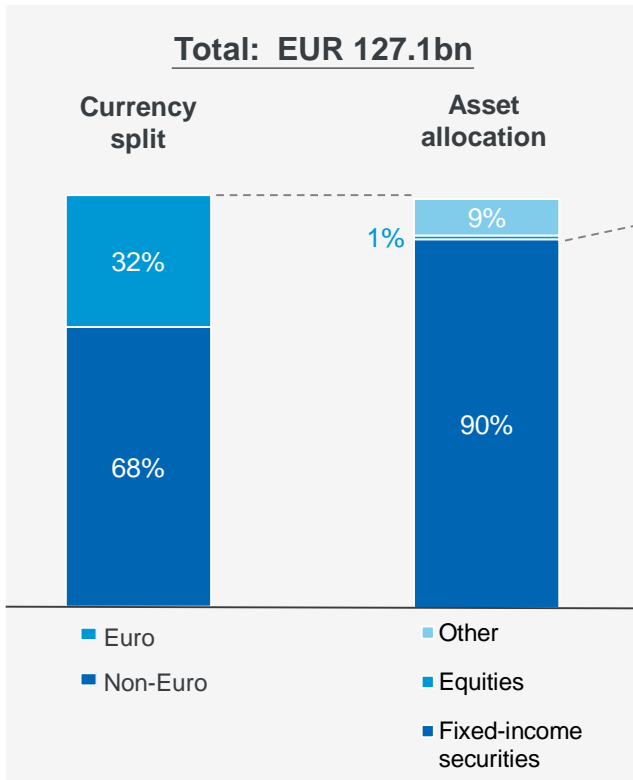


▶ EBIT decrease due to lower investment result by HDI Brazil

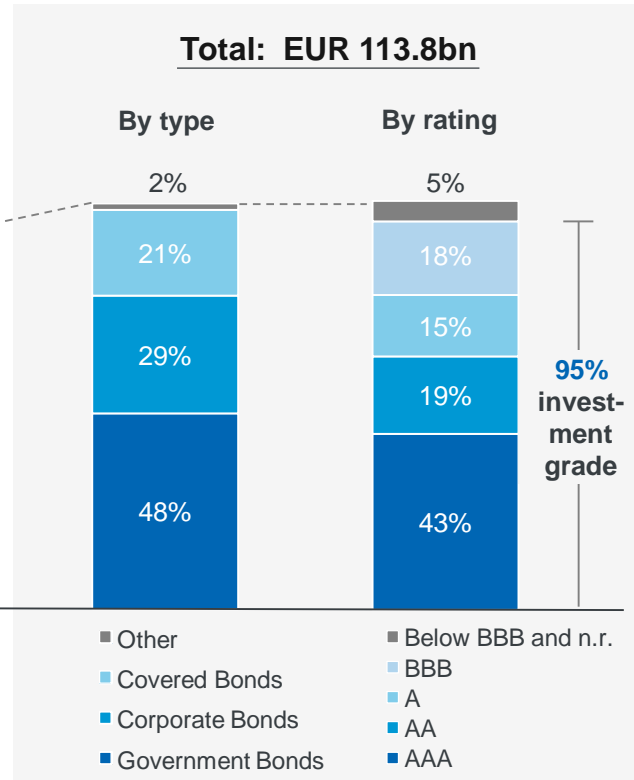
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Additional Information – Breakdown of investment portfolio

Investment portfolio as of 30 Sep 2020



Fixed-income portfolio split



Comments

- Assets under own management increased by 3.7% to EUR 127.1bn compared to 31 Dec 2019 (EUR 122.6bn)
- Investment portfolio remains dominated by fixed-income securities: 90% portfolio share unchanged vs. 31 Dec 2019 (90%)
- Portion of fixed-income portfolio invested in "A" or higher-rated bonds (77%) slightly higher vs. 31 Dec 2019 (76%). 95% of bonds are 'investment grade'
- 17% of fixed-income portfolio is held in USD (31 Dec 2019: 19%); 32% 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 30 September 2020

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	3,271	-	754	491	393	-	4,910
Brazil	BB-	231	-	84	207	-	10	532
Mexico	BBB	188	-	162	337	-	-	688
Hungary	BBB	517	-	17	13	21	-	567
Russia	BBB	300	12	37	218	-	-	566
South Africa	BB	122	-	3	84	-	2	211
Portugal	BBB	69	-	23	34	-	-	128
Turkey	B+	95	-	16	35	4	-	151
Other BBB+		126	1	96	103	-	-	326
Other BBB		142	91	44	64	-	-	341
Other <BBB		325	53	129	283	-	-	790
Total		5,386	157	1,367	1,870	418	12	9,211
in % of total investments under own management		4.2%	0.1%	1.1%	1.5%	0.3%	~0.0%	7.2%
in % of total Group assets		3.0%	0.1%	0.8%	1.0%	0.2%	~0.0%	5.1%



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Guideline on Alternative Performance Measures - For further information on the calculation and definition of specific Alternative Performance Measures please refer to the Annual Report 2019 Chapter "Enterprise management", pp. 24 and onwards, the "Glossary and definition of key figures" on pp. 250 as well as our homepage https://www.talanx.com/investor-relations/ueberblick/midterm-targets.aspx?sc_lang=en