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Insurance. Investments.

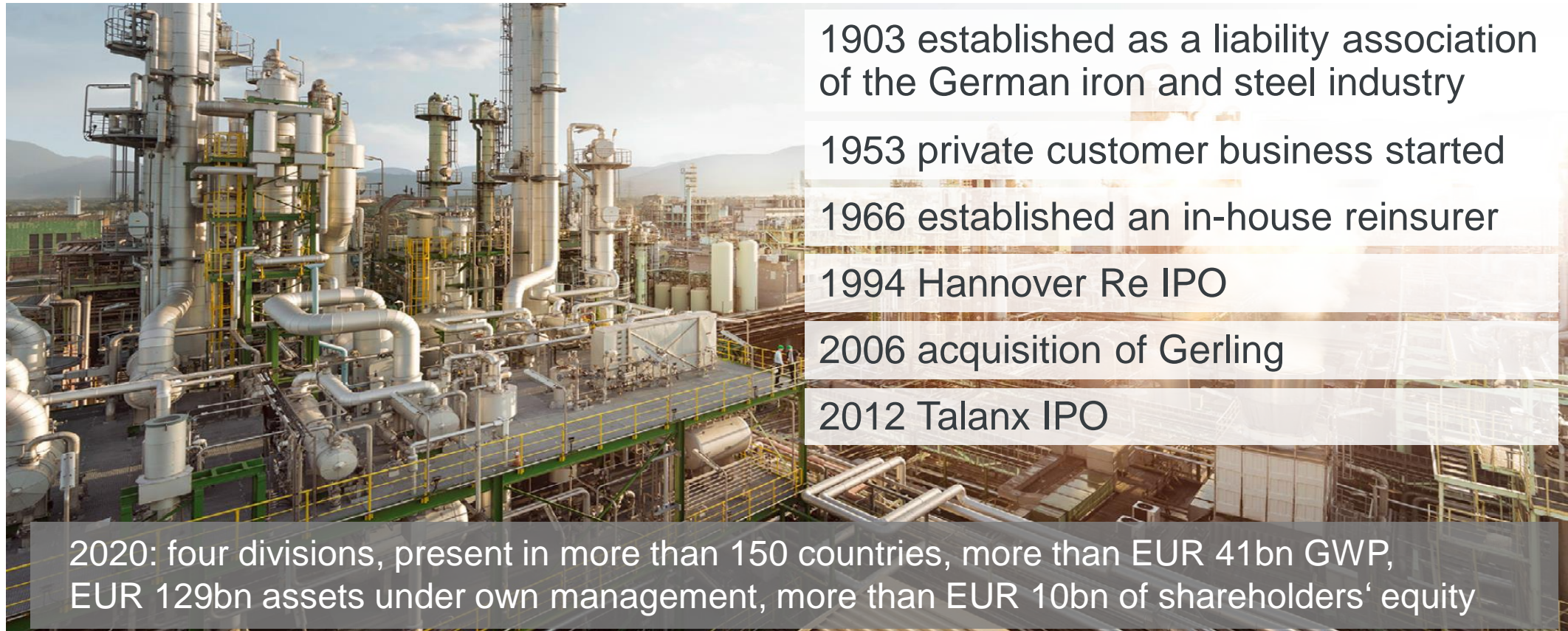
Investor Presentation

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May 2021

Our roots and our presence

From a mutual of the iron and steel industry to a global insurance company



1903 established as a liability association of the German iron and steel industry

1953 private customer business started

1966 established an in-house reinsurer

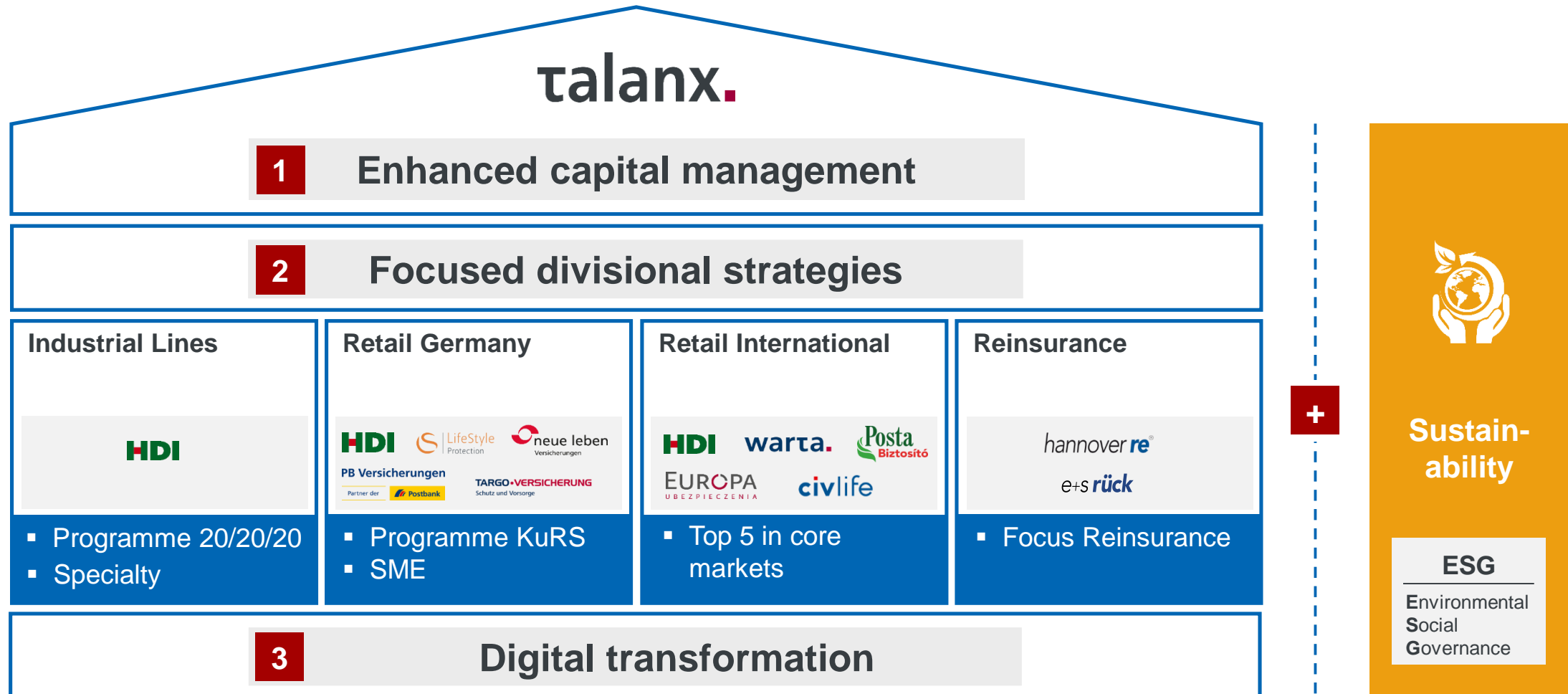
1994 Hannover Re IPO

2006 acquisition of Gerling

2012 Talanx IPO

2020: four divisions, present in more than 150 countries, more than EUR 41bn GWP, EUR 129bn assets under own management, more than EUR 10bn of shareholders' equity

Our „Agenda 2022“



Sustainability Report 2020 – Highlights

Target 2025:

-30% CO₂ intensity of liquid investment portfolio

– compared to end of 2020.

This current target is an important step towards developing a sustainable, long-term path **towards carbon neutrality by 2050**



By **2030**,

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

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

Talanx receives
ISS Prime Status

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



Initial reporting according to the recommendations of the

TCFD

(Task Force on Climate-related Financial Disclosures)

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

– approved by the AGM 2021

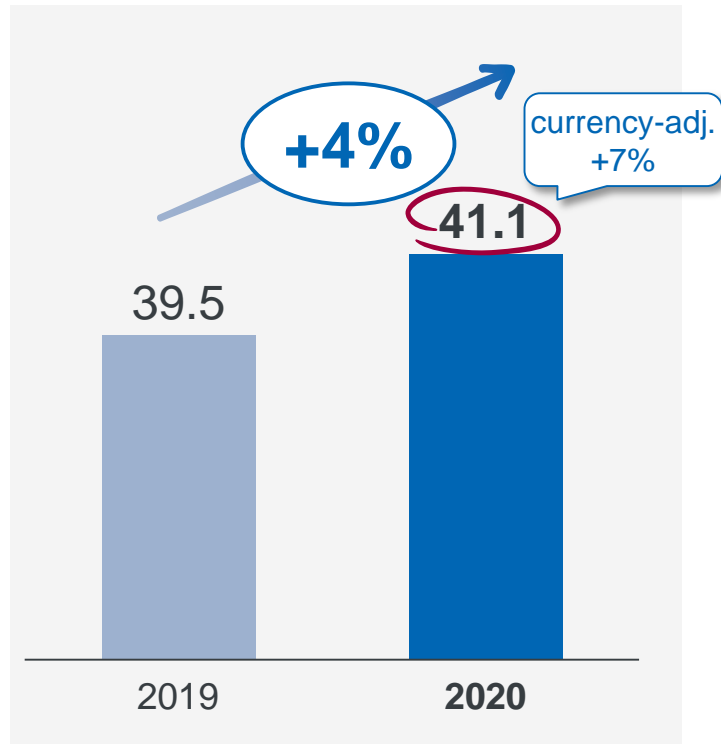
Talanx has invested **EUR 3.7 bn** **in infrastructure projects**, thereof around EUR 2bn in renewable energies

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

FY 2020: strong growth, but Group net income burdened by Corona pandemic

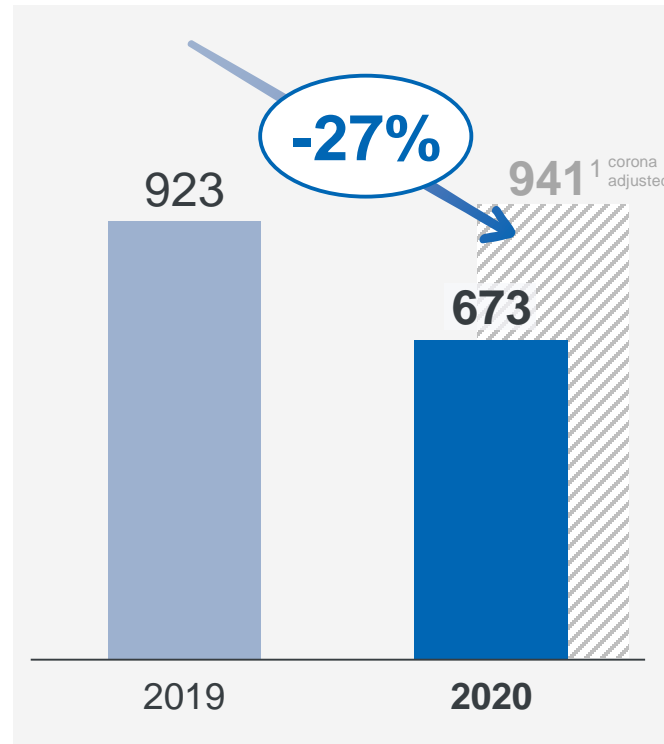
Gross written premiums

in EURbn



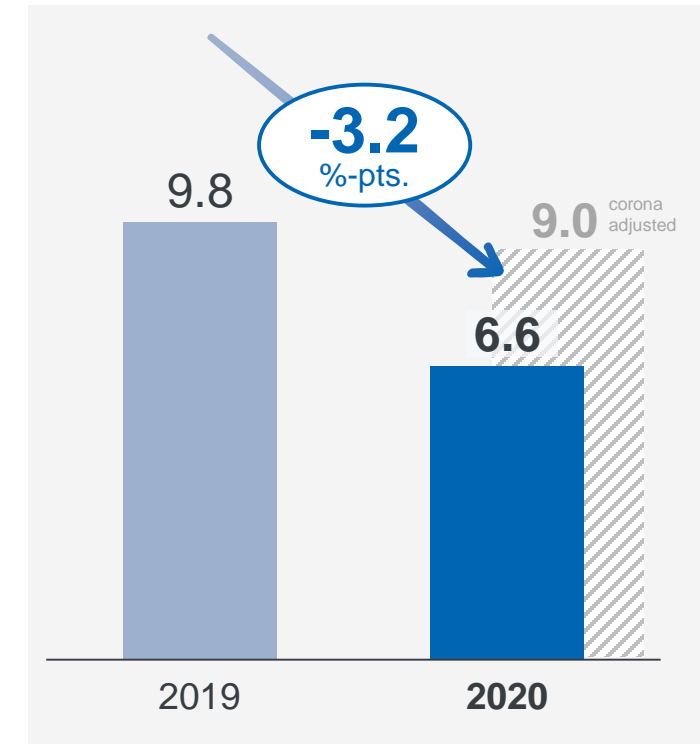
Group net income

in EURm



Return on equity

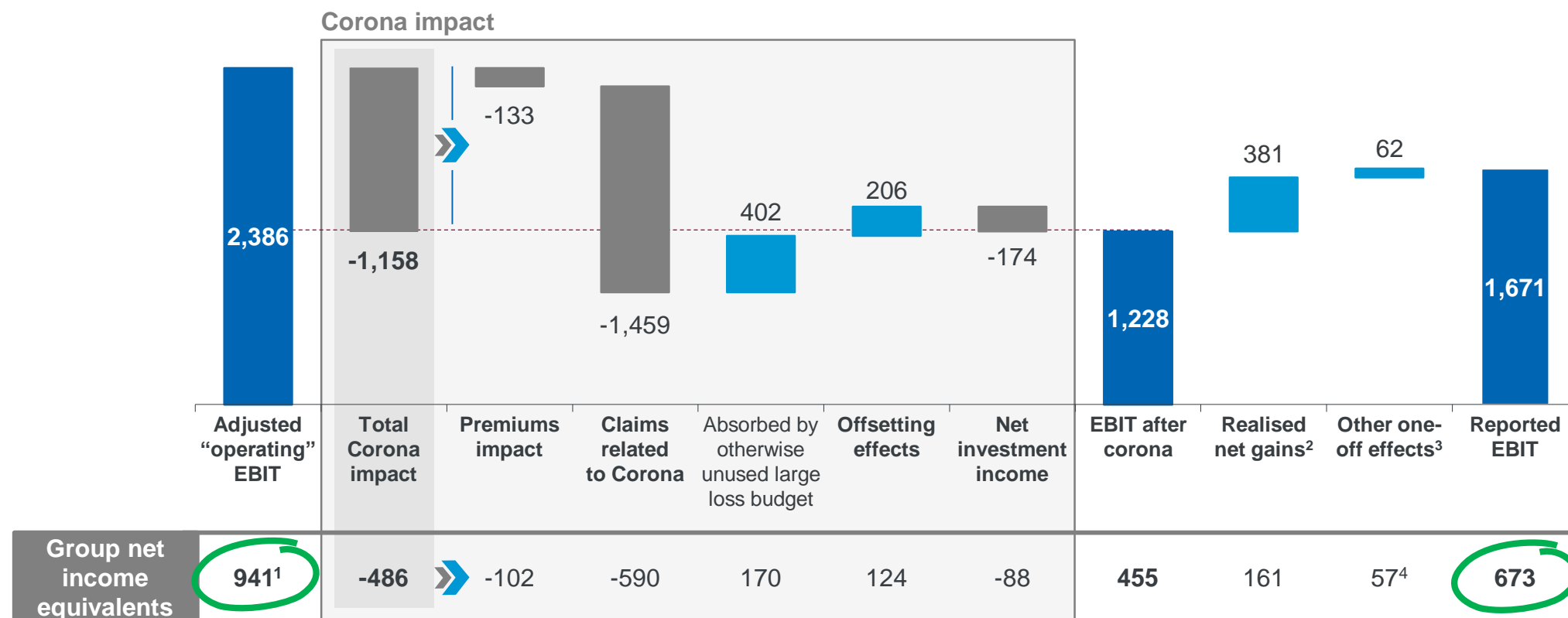
in %



¹ adjusted for Corona effects (EUR +486m) und positive one-off items in 2020 (EUR -218m)

Robust underlying profitability in 2020

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



1 Pre-Corona guidance for FY 2020 was between 'more than EUR 900m' and EUR 950m. 2 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. 3 EUR 7m deconsolidation gain in German Life in Q1 2020 and EUR 55m at equity gain in L&H Reinsurance in Q3 2020. 4 Includes EUR 7m deconsolidation gain in German Life (tax-free) in Q1 2020, EUR 12m one-time tax effects in L&H Reinsurance and Corporate Operations in H1 2020, EUR 28m net income equivalent of at equity gain in L&H Reinsurance in Q3 2020, EUR 11m reversal of impairment on deferred tax assets in Industrial Lines in Q4 2020

Corona-related claims concentrated on four main risk buckets

EBIT impact of corona-related claims, FY 2020, in EURm

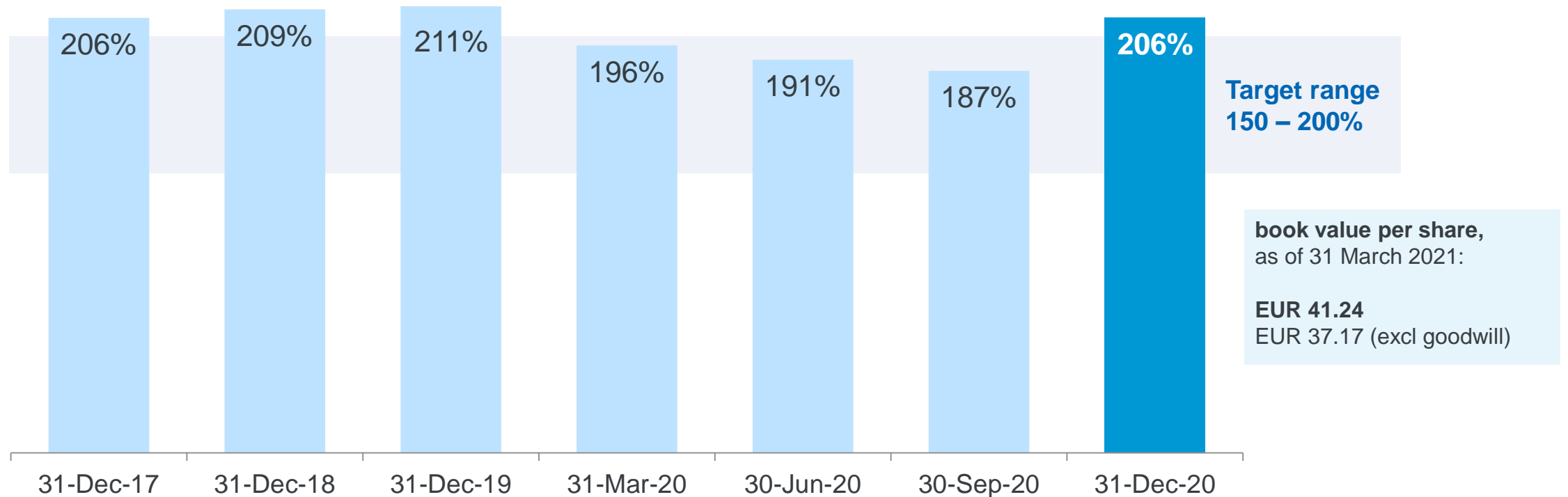
Risk bucket	Primary Insurance	Reinsurance	Group	Comment / Outlook
Business interruption / closure	-142	-208	-360 ¹	<ul style="list-style-type: none"> New business comes with tighter pandemic clauses Final court rulings pending in various jurisdictions
Event protection	-40	-201	-240	<ul style="list-style-type: none"> Partly multi-year contracts, some events not cancelled yet New contracts with very tight pandemic clauses
Credit ²		-249	-249	<ul style="list-style-type: none"> Conservative reserving with IBNR ratio >95%, incl. cedant IBNR, reflects uncertainty regarding economic development
Life		-261	-261	<ul style="list-style-type: none"> More claims expected in 2021; positive impact of vaccines on excess mortality expected from Q2/Q3 2021
Other	-56	-293	-349	<ul style="list-style-type: none"> Liability, agriculture, engineering, travel, unemployment, etc. Majority of reserves result from second-order effects
Total	-238	-1,211	-1,459	2021E corona-related claims up to one fifth of 2020 level⁴
IBNR percentage	63%	58%³	59%	

¹ Includes EUR 10m claims in Corporate Operations ² EUR 9m claims booked in Primary Insurance against default risk in 9M2020 were released in Q4 ³ IBNR is 65% in P/C Reinsurance, 33% in L&H Reinsurance.

³ Corona-related claims assumed for 2021 (up to EUR 300m) are not part of the large loss budget. Net income equivalent is approx. EUR 100m

Capital: 2020 year-end CAR slightly above target range

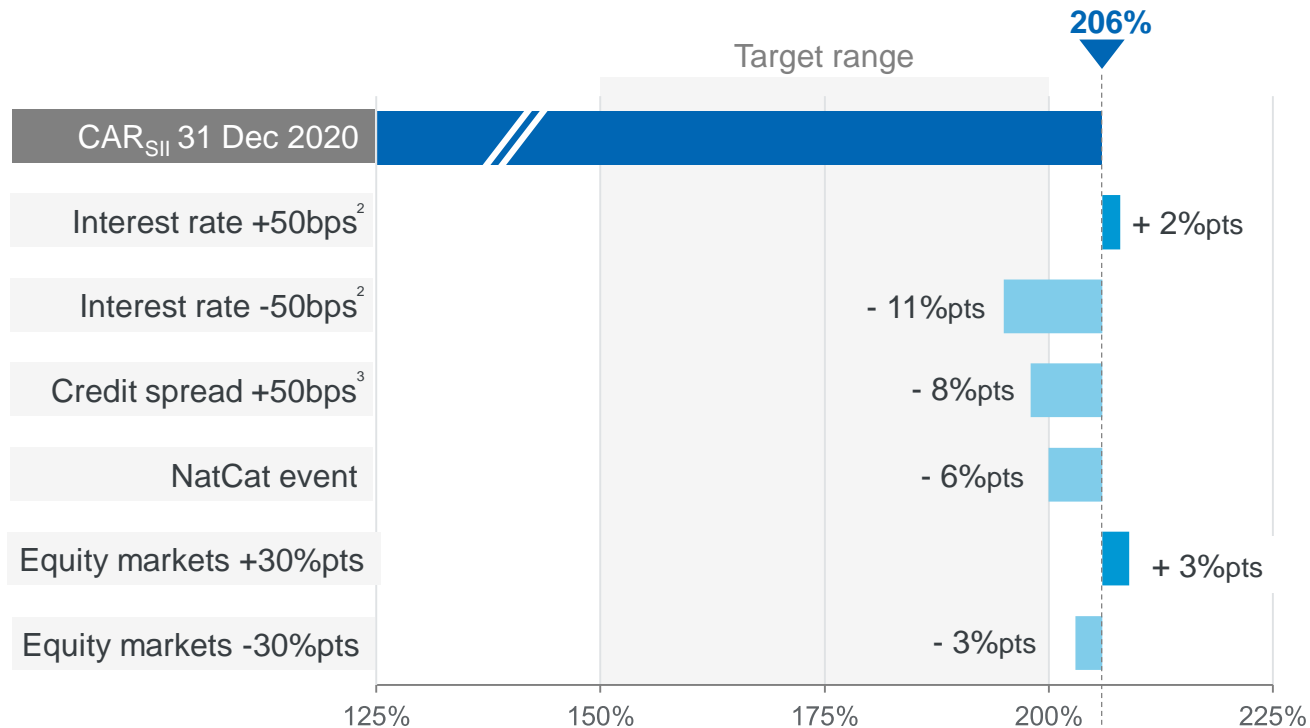
Development of Solvency 2 capitalisation (Regulatory View, S2 CAR, excl. transitional)



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 31 December 2020: 260%

Updated sensitivities of Solvency 2 ratio as of 31 Dec 2020

Estimation of stress impact¹



Comments

Decline in credit spread sensitivity reflects:

- positive effects from model changes
- high quality investment portfolio

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

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

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



Overall moderate sensitivity to various stress scenarios – above target range for most sensitivities

Strong Q1 2021 results

Results



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



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



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

Capital



Group RoE at 10.7%²



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

Outlook

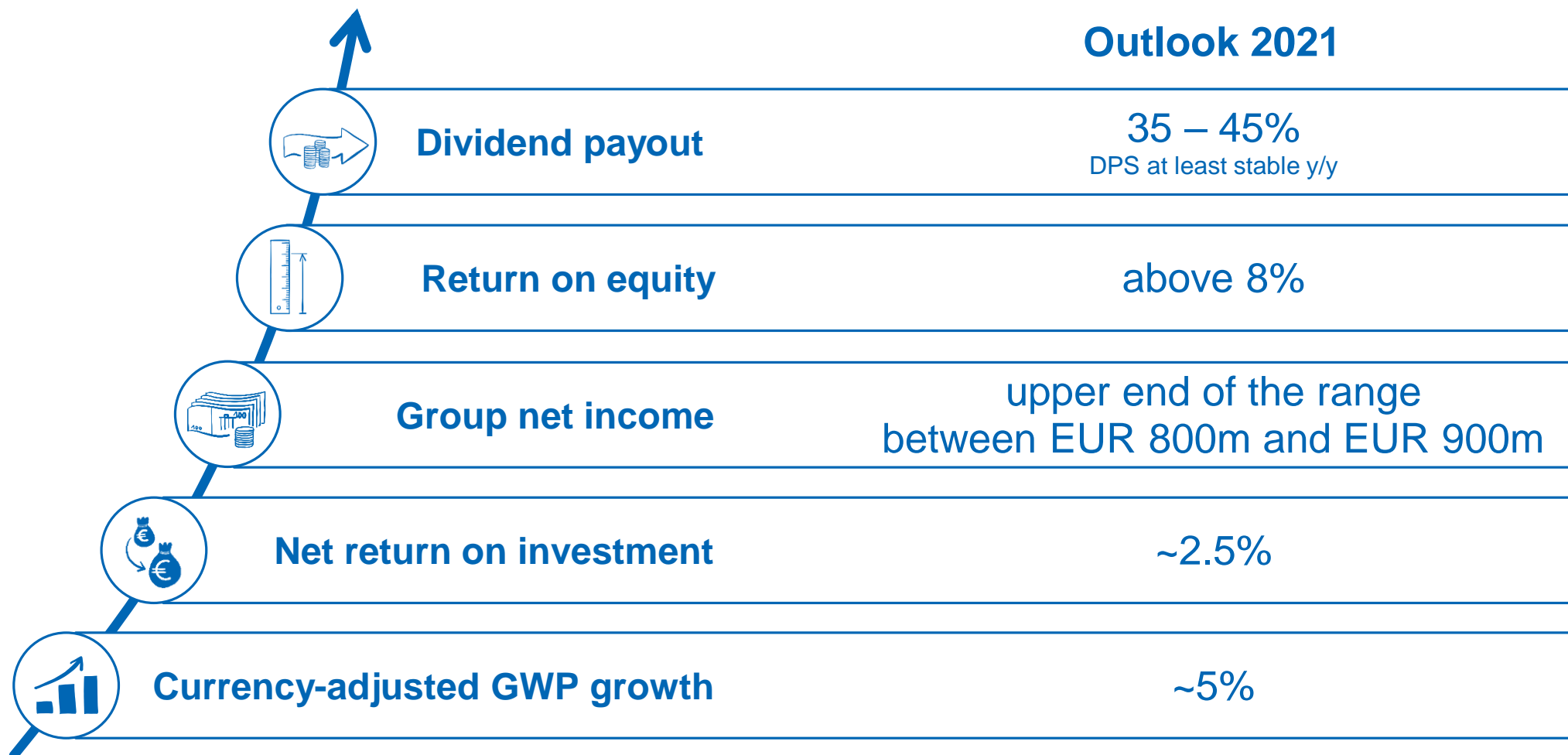


Group net income 2021 now expected at upper end of EUR 800 – 900m target range⁴

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

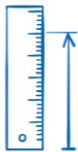


Our Outlook for 2021

Outlook 2021



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

Strategy 2022: Mid-term target matrix

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

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 2018 to 2022 (base level: original Group net income Outlook of ~EUR 850m for 2018)

Five reasons for an investment in Talanx

#1

Diversified insurance group: majority owner of Hannover Re, growing contribution from primary insurance

#2

Proven capacity to generate above-average growth backed by cost leadership in 3 out of 4 divisions

#3

Resilient business model driven by the good solvency position and the risk-conscious investment policy

#4

Group net income outlook 2021 at “upper end of EUR 800m to EUR 900m range” – 2022: “above EUR 1bn”

#5

Attractive and consistent dividend policy. Since the IPO, dividend was only up or at least stable

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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 2020 chapter "Enterprise management", p. 24 and onwards, the "Glossary and definition of key figures" on p. 256 as well as to our homepage https://www.talanx.com/en/investor_relations/reporting/key_figures/alternative_performance_measures_apm