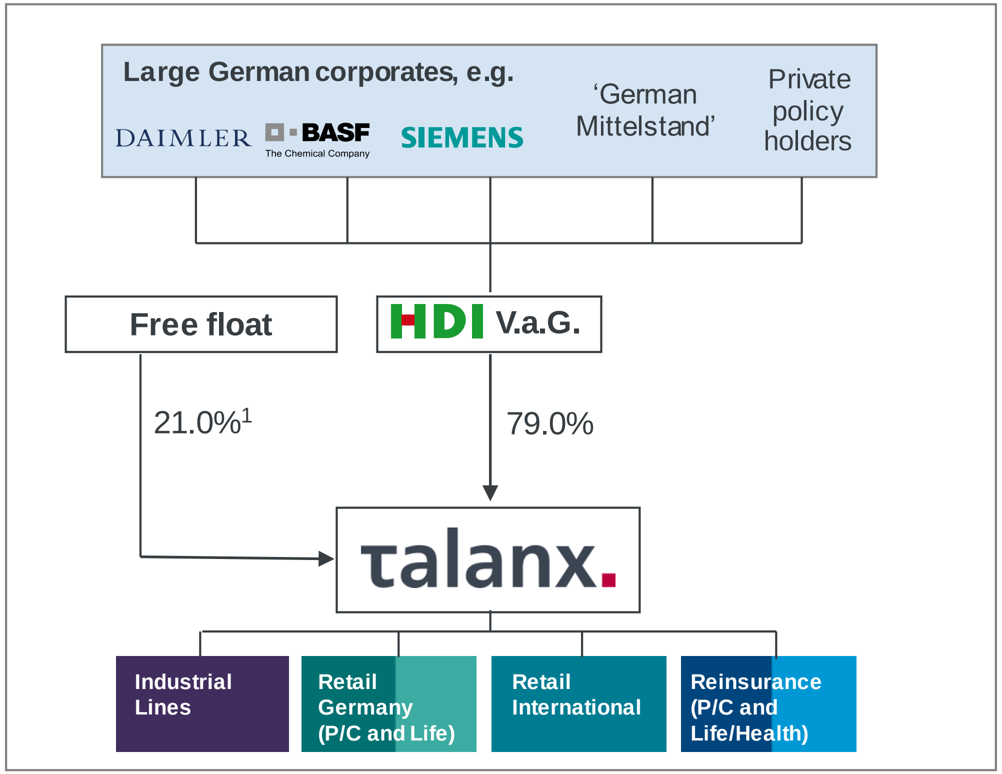
talanx.
Insurance. Investments.

Bankhaus Lampe Deutschlandkonferenz

Dr. Immo Querner, CFO
Carsten Werle, Head of Investor Relations
Baden-Baden, 19 April 2018

Founded as a lead insurer by German corporates

Group structure



1 Including employee shares and stake of Meiji Yasuda (below 5%)

History

1903	Foundation as 'Haftpflichtverband der deutschen Eisen- und Stahlindustrie'in Frankfurt
1919	Relocation to Hannover
1953	Companies of all industry sectors are able to contract insurance with HDI V.a.G.
1966	Foundation of Hannover Rückversicherungs-AG
1991	Diversification into life insurance
1994	IPO of Hannover Rückversicherungs-AG
1998	Renaming of HDI Beteiligungs AG to Talanx AG
2001	Start transfer of business from HDI V.a.G. to individual Talanx subsidiaries
2006	Acquisition of Gerling insurance group by Talanx AG
2012	IPO of Talanx AG
2014	Listing at Warsaw Stock Exchange

▶ **Strong roots: originally founded by German corporate clients; HDI V.a.G still key shareholder**

Four divisions with a strong portfolio of brands

talanx.

- **Industrial Lines**
  - HDI
- **Retail Germany**
  - HDI
  - TARGO•VERSICHERUNG Schutz und Vorsorge
  - PB Versicherungen Partner der Postbank
  - neue leben Versicherungen
  - LifeStyle Protection
- **Retail International**
  - HDI
  - warta.
  - Europa ubezpieczenia
  - Posta Biztosító
  - CiV Life
- **Reinsurance**
  - hannover re®
  - e+s rück
- **Corporate Functions**
  - talanx. Asset Management
  - ampega.
  - talanx. Immobilien Management
  - talanx. Reinsurance
  - talanx. Reinsurance Broker

Integrated international insurance group following a multi-brand approach

International footprint and focussed growth strategy

International presence

- Total GWP: €33.1bn (2017)
- 2017 GWP: 48% in Primary Insurance (2016: 49%), 52% in Reinsurance (2016: 51%)
- Group wide presence in >160 countries
- 20,419 employees (FTE) in 2017

International strategy by divisions

Industrial Lines	▪ Local presence by own risk carriers, branches and partners create efficient network in >160 countries ▪ Key target growth regions: Latin America, Southeast Asia/India, Arabian Peninsula
Retail International	▪ Target regions: CEE (incl. Turkey) and Latin America ▪ # 2 motor insurer in Poland[2] # 5 motor insurer in Brazil[2] # 3 motor insurer in Chile[2] # 7 motor insurer in Mexico[2]
Reinsurance	▪ Global presence focussing on Western Europe, North- and South America as well as Asia ▪ ~5.000 customers in >150 countries

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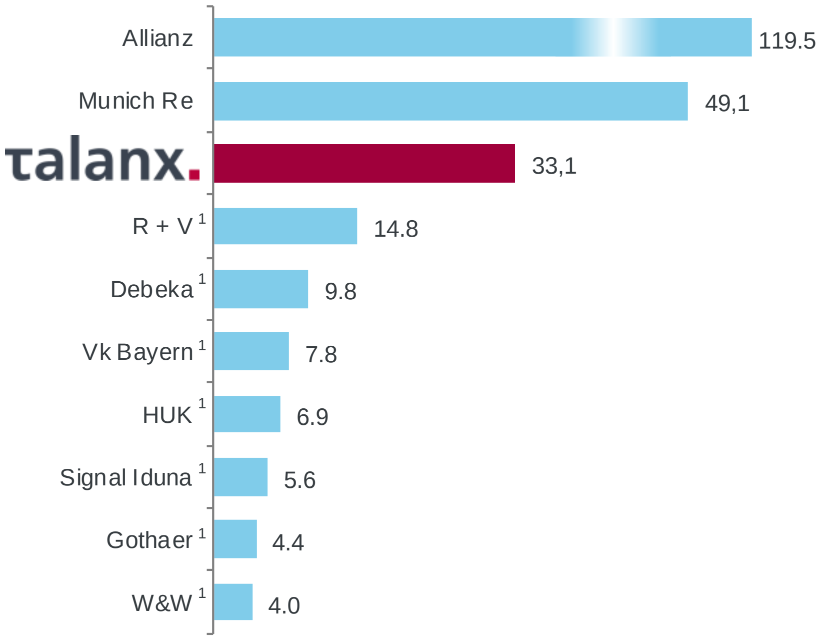
1 By branches, agencies, risk carriers, representative offices
2 Source: local regulatory authorities, Talanx AG

Global network in Industrial Lines and Reinsurance – leading position in retail target markets

Among the leading European insurance groups

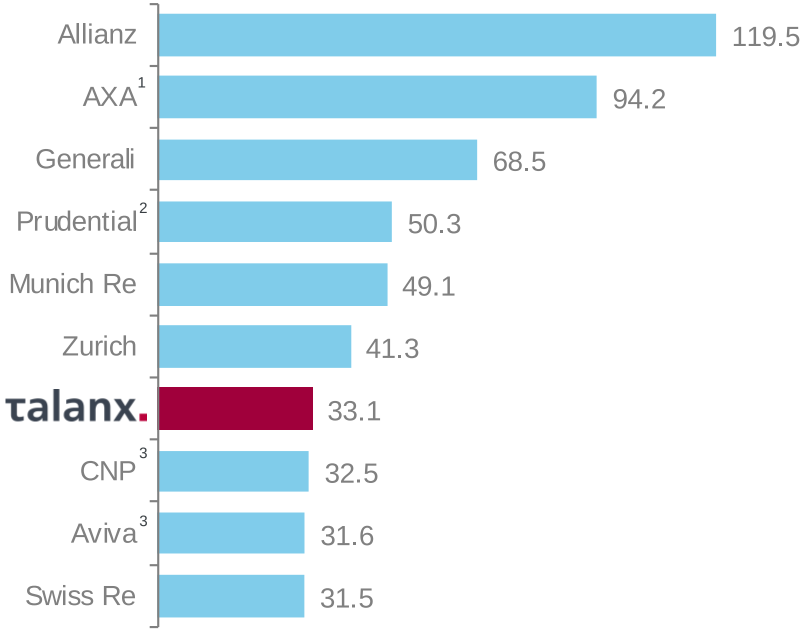
Top 10 German insurers

German insurers by global GWP (2017, €bn)



Top 10 European insurers

European insurers by global GWP (2017, €bn)

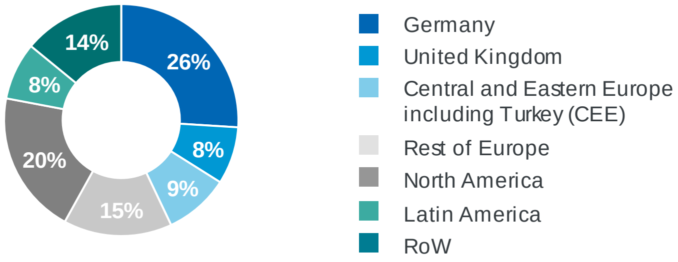


1 Previous year's figures 2 Gross earned premium 3 Preliminary figures
Source: Company publications

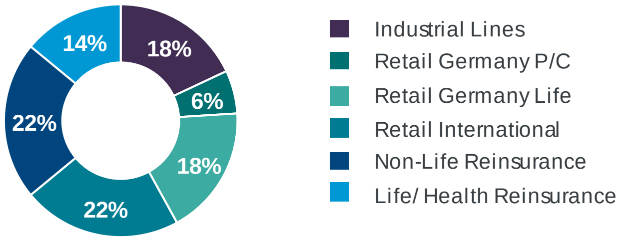
▶ **Third-largest German insurance group with leading position in Europe**

Regional and segmental split of GWP and EBIT

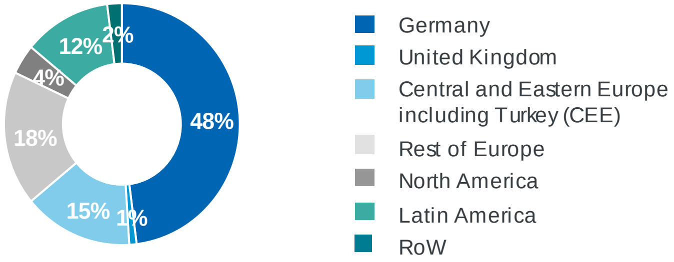
GWP by regions 2017 (consolidated Group level)



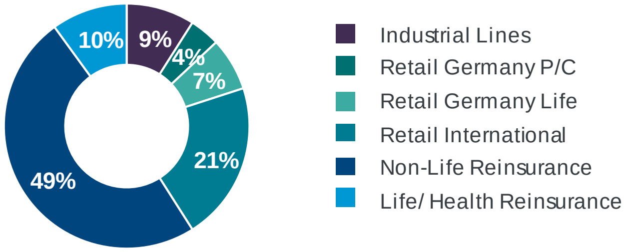
GWP by segments 2017[1]



GWP by regions 2017 (Primary Insurance)



EBIT by segments 2017[1,2]



1 Adjusted for the 50.22% stake in Hannover Re
2 Without Corporate Operations and Consolidation

Well-diversified sources of premium and EBIT generation

B2B competence as a key differentiator

Strategic focus on B2B and B2B2C

Industrial Lines

- Core focus on corporate clients with relationships often for decades
- Blue-chip client base in Europe
- Capability and capacity to lead international programs

Retail Germany

- Market leader in Bancassurance
- Market leader in employee affinity business

Retail International

- ~35% of segment GWP generated by Bancassurance
- Distribution focus on banks, brokers and independent agents

Reinsurance

- Typically non-German business generated via brokers

Unique strategy with clear focus on B2B business models

Excellence in distribution channels[1]

Bancassurance	Postbank citibank BB Bank DEGUSSA BANK TARGO BANK Magyar Posta HypoVereinsbank Member of UniCredit getin holding BRE BANK SA Sparkasse
Automotive	VOLVO DAIMLER PORSCHE CHEVROLET
Brokers	**Retail**: MLP SwissLife Select **Industrial/Reinsurance**: MARSH Willis AON
Employee affinity business	SIEMENS VOLKSWAGEN AKTIENGESELLSCHAFT BAYER Bayer RWE The energy to lead DAIMLER

1 Samples of clients/partners

Superior service of corporate relationships lies at heart of our value proposition

Key Pillars of our risk management

1

Asset risk is limited to less than 50% of our SCR (solvency capital require-ment)

2

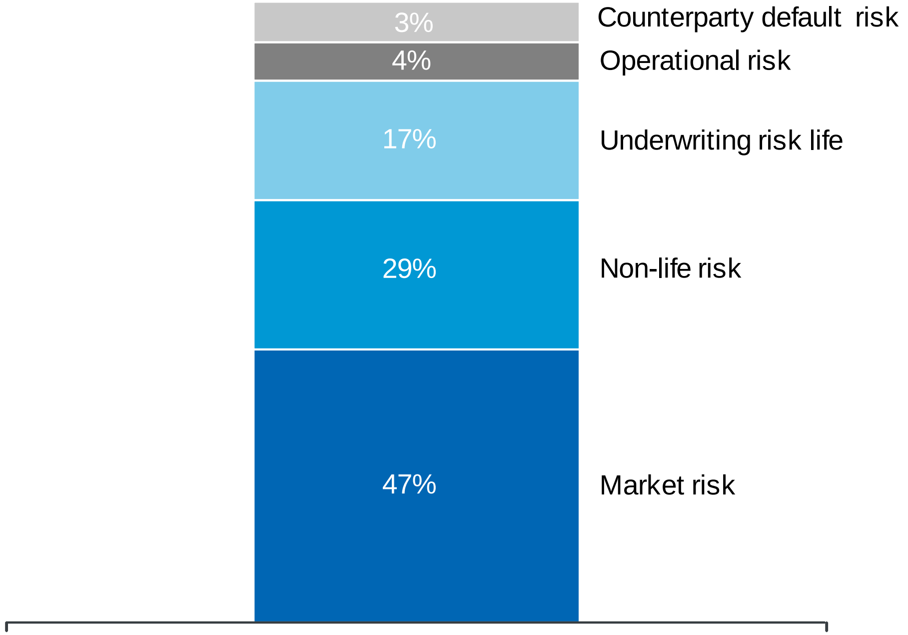
Generating positive annual earnings with a probability of 90%

3

Sufficient capital to withstand at least an aggre-gated 3,000-year shock

1 Focus on insurance risk

Risk components of Talanx Group [1]



Comments

- Total market risk stands at 47% of solvency capital requirements, which is comfortably below the 50% limit
- Self-set limit of 50% reflects the dedication to primarily focus on insurance risk
- Non-Life is the dominating insurance risk category, comprising premium and reserve risk, NatCat and counterparty default risk
- Equities ~2% of investments under own management
- Over 75% of fixed-income portfolio invested in “A“ or higher-rated bonds – broadly stable over recent quarters

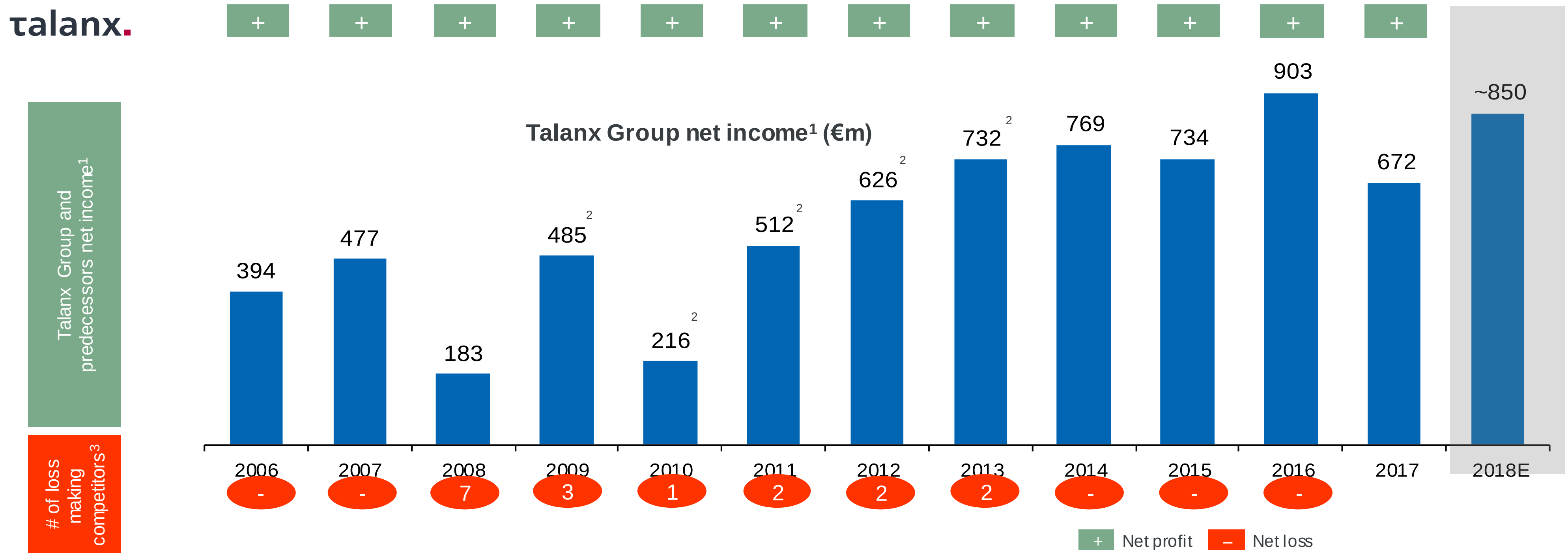
[1] Figures show risk categorisation, in terms of solvency capital requirements, of the Talanx Group in the economic view (based on Basic Own Funds) as of FY2016

Market risk sensitivity (limited to less than 50% of solvency capital requirement) is deliberately low

2

Diversification of business model leads to earnings resilience

Talanx Group net income



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[1] Net income of Talanx after minorities, after tax based on restated figures as shown in annual reports 2006–2016; numbers for 2017 and 2018 according to Talanx Group Outlook; all numbers according to IFRS
[2] Adjusted on the basis of IAS 8
[3] Top 20 European peers, each year measured by GWP; on group level; IFRS standards; Source: Bloomberg, annual reports

Robust cycle resilience due to diversification of segments

3 TERM 9M 2017 results – Capitalisation perspectives

Economic View (BOF CAR)

263%✓
(FY 2016: 264%)

Limit ≥ 200 %

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

- with haircut ⬇
- operational risk modeled with standard formula ⬇
- HDI solo-funds ⬆

Solvency II Ratio[1]

190%✓
(FY 2016: 186%)

Target corridor 150%-200%

- Eligible Own Funds, i.e. Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests) with haircut on Talanx's minority holdings
- Operational risk modeled with standard formula, („partial internal model")
- For the Solvency II perspective, the HDI V.a.G. as ultimate parent is the addressee of the regulatory framework for the Group

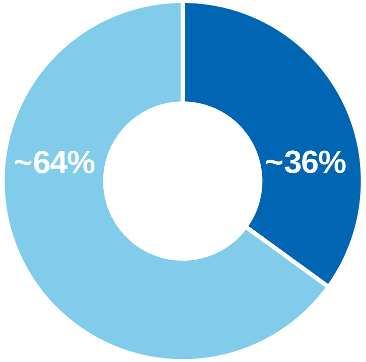
[1] Group Solvency II Ratios including transitional (i.e. Regulatory View): 9M 2017: 237%, FY2016: 236%

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

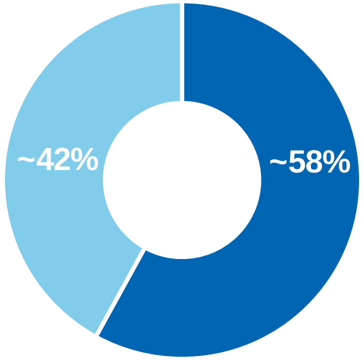
Capital ratios comfortably meeting targets

Better diversified earnings balance between Reinsurance and Primary Insurance – Earnings balance (I)

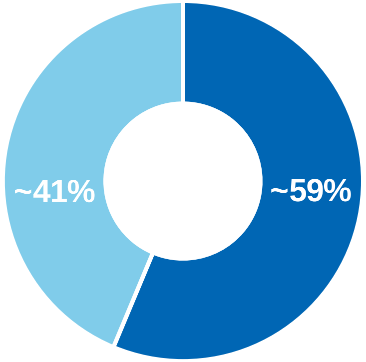
GWP by segment 2017[1]



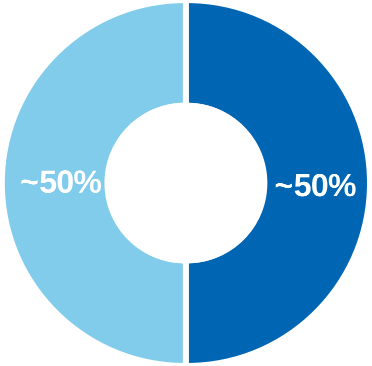
EBIT by segment 2016[1]



EBIT by segment 2017[1]



EBIT ambition by 2021[1]



Primary Insurance 🟦
Reinsurance 🟦

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[1] Adjusted for the 50.22% stake in Hannover Re

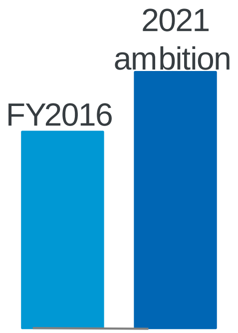
Primary Insurance‘s EBIT contribution on track to strongly improve by 2021

Better diversified earnings balance between Reinsurance and Primary Insurance – Earnings balance (II)

Divisional EBIT contribution and its drivers

Industrial Lines

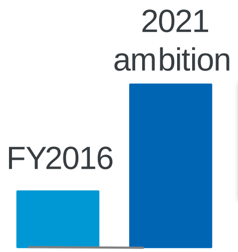
- Profitable foreign growth
- Continued profitabilisation of selected portfolios (“balanced book”)
- Higher average return on investment



Mid-term RoE aspiration
~8%

Retail Germany

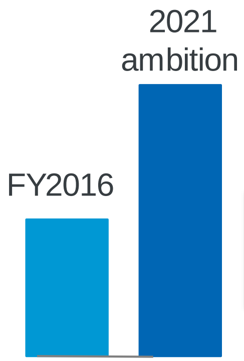
- Steadily improving combined ratios primarily driven by lower cost ratios
- Selective growth initiatives
- Further de-risking of life business



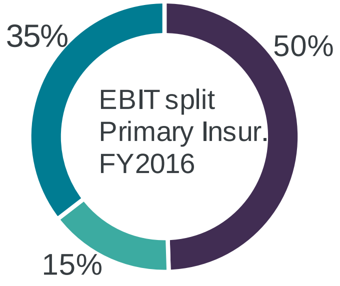
Mid-term RoE aspiration
~6-7%

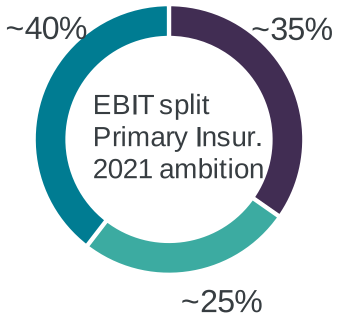
Retail International

- Strong profitable growth
- Slightly improving combined ratios
- Slightly better average return on investment



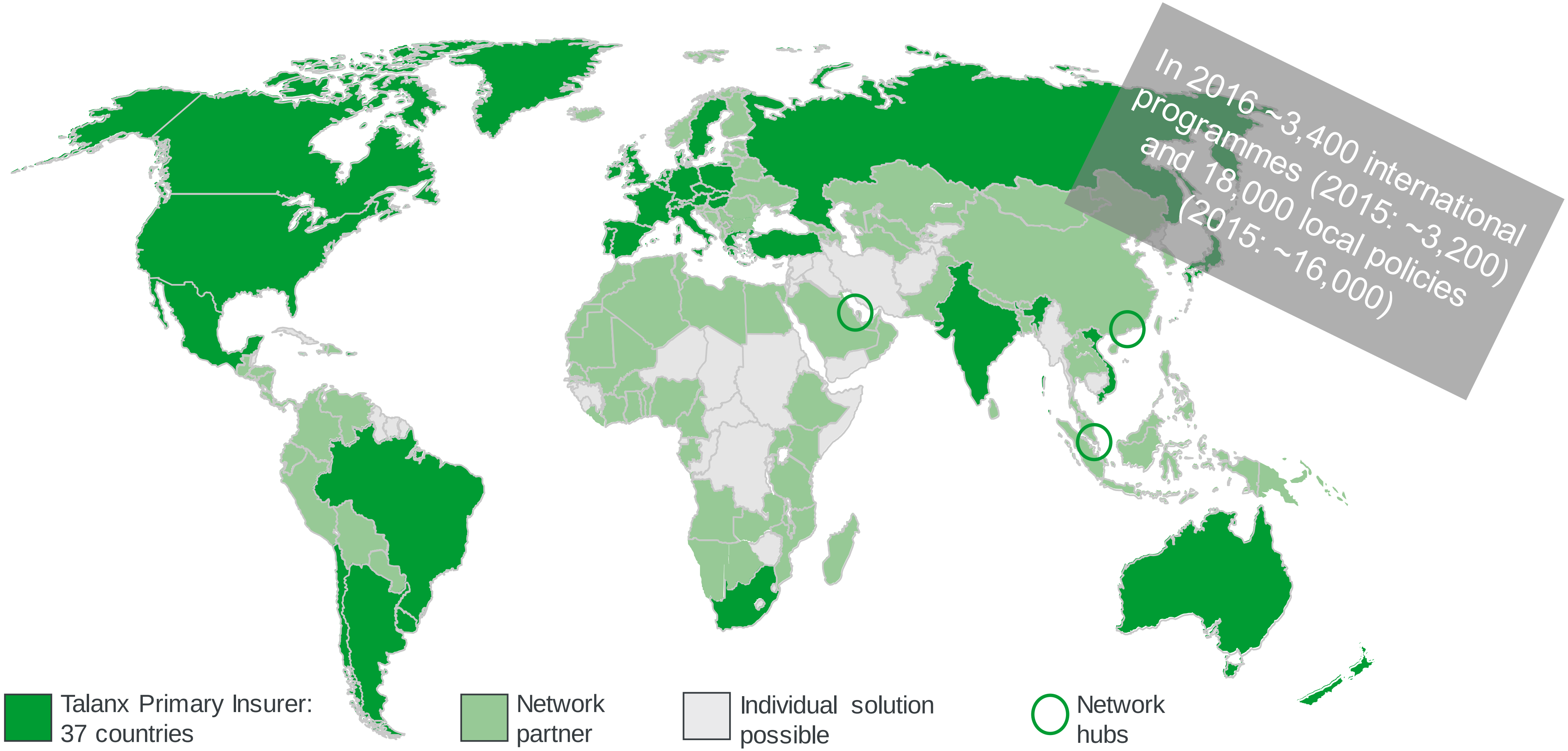
Mid-term RoE aspiration
~9%





All Primary Insurance divisions are expected to contribute to the targeted EBIT increase by 2021

Industrial Lines – International programmes as competitive edge



In 2016 ~3,400 international programmes (2015: ~3,200) and 18,000 local policies (2015: ~16,000)

Industrial Lines – An impressive long-standing client franchise

Overview of selected key customers by customer segment

German mid-market (SMEs)

- DEUTZ®
- MAX BÖGL Fortschritt baut man aus Ideen.
- nobilia
- SMA
- GASAG
- Dräger
- FUCHS
- POSSEHL
- DIEHL

German corporates (multinationals)

- ThyssenKrupp
- BASF The Chemical Company
- VOLKSWAGEN AKTIENGESELLSCHAFT
- Bayer
- SAP®
- SIEMENS
- e·on
- DAIMLER
- METRO GROUP

International corporates (multinationals)

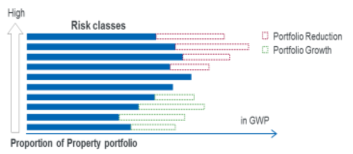
- PIRELLI
- Nestlé
- gsk GlaxoSmithKline
- MICHELIN
- ALSTOM
- ArcelorMittal
- Ferrari
- ENGIE
- AIR FRANCE
- GROUPE RENAULT
- PHILIPS
- LouisDreyfus

▶ **Well-established relationships with main players in targeted segments**

Industrial Lines – Three initiatives to optimise performance

Strategic 3-element-programme

1 “Balanced Book” – raising profitability in our domestic market



2 Generating profitable growth in foreign markets

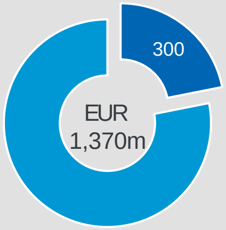
3 Establishing best-in-class efficiency and processes

Industrial Lines - Portfolio optimisation: current status of “Balanced Book”

2015/16

Results

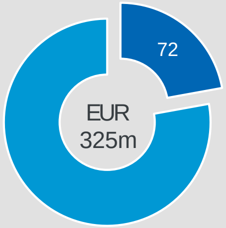
Property



Negotiated	EUR 303.7m
Effects on premium	- 8.4%
Capacity	- 21.7%

Premium to capacity ratio +25%[1,2]

Marine



Negotiated	EUR 71.8m
Effects on premium	- 5.3%
Capacity	- 26.9%

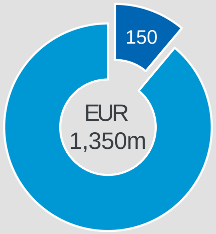
Premium to capacity ratio +30%[1]

2016/17

Portfolios under review (GWP)

Results

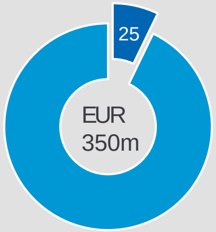
Property



Negotiated	EUR 150m
Effects on premium	- 2.0%
Capacity	- 19.0%

Premium to capacity ratio +20.7%[1,2]

Marine



Negotiated	EUR 24.5m
Effects on premium	+23.2%
Capacity	-15.0%

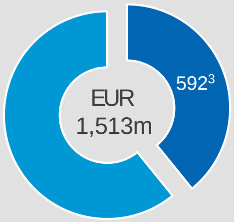
Premium to capacity ratio +44%[1]

2017/18

Portfolios under review (GWP)

Results

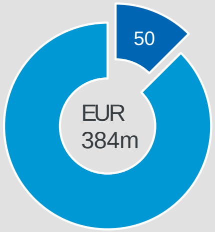
Property



Negotiated	EUR 592m
Effects on premium	-2.0%
Capacity	-9.0%

Premium to capacity ratio +8.2%[1,2]

Marine



Negotiated	EUR 50.0m
Effects on premium	+10.1%
Capacity	-33.7%

Premium to capacity ratio +62.4%[1]

■ Premium earmarked for re-negotiation

[1] For portfolio under review
[2] Including effect of additional specific reinsurance measures
[3] The €720 million mentioned on the CMD 2017 include maturities of contracts until January 2019

Constant portfolio optimisation has become an established process – both, nationally and internationally

Retail Germany - Divisional breakdown

Retail Germany

Bancassurance

- Strategic focus on credit risk protection and annuities business
- Talanx cooperates through banc-assurance agreements with two of the three pillars of the German banking market (private and public sectors)

LifeStyle Protection
TARGO VERSICHERUNG
PB Versicherungen
neue leben Versicherungen
Partner der Postbank

Life

- Non-bancassurance Life business distributed through various external channels as well as own branches and tied agents
- Focus on corporate pension business, disability insurance and "new classic" products (e.g. TwoTrust brand)

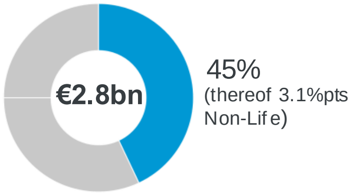
HDI

P&C

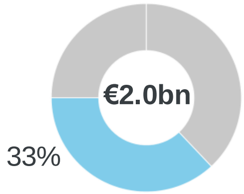
- Distribution through various external channels as well as own branches, brokers and tied agents
- Offers full product spectrum of P&C insurance products

HDI

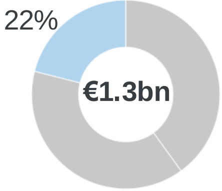
Share in 2017 divisional GWP



Share in 2017 divisional GWP



Share in 2017 divisional GWP



Multi-brand, multi-channel and high-penetration approach to customers

Retail Germany - Key Messages from Capital Markets Day 2017

1 The KuRS programme is ahead of plan

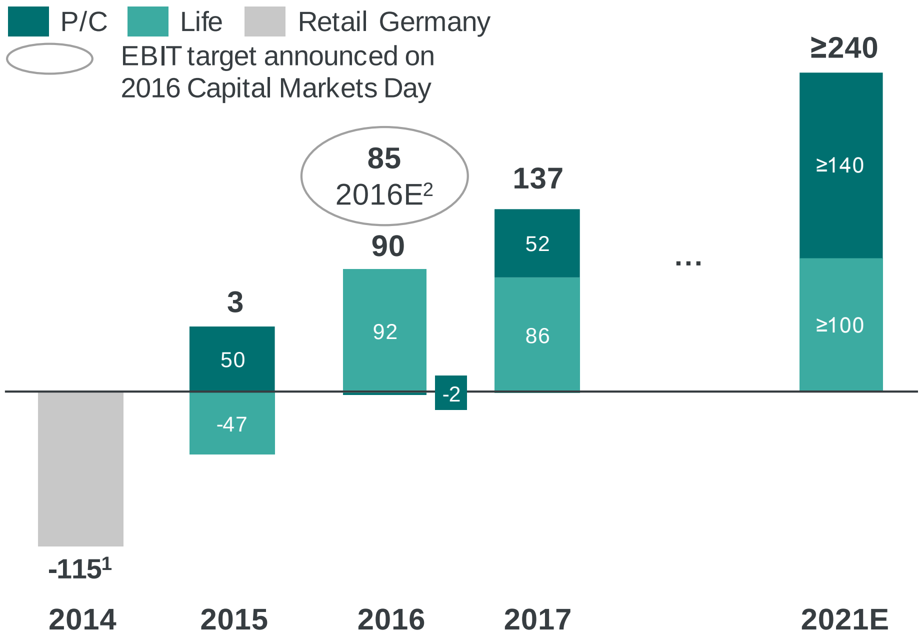
2 Retail Germany's 12M 2017 results underpin our successful path to both de-risk the Life business and improve profitability in the P/C business

3 De-risking Life is well supported by the shift to capital-efficient new business, in-force management and disciplined asset management

4 P/C is back in growth mode – significant growth effects from both target businesses "Direct Motor" and "SMEs/self-employed professionals"

5 Additional strategic initiatives implemented – clear focus on integration of digital applications and of face-to-face services, supporting our KuRS targets in our aim to become a state-of-the-art agile digital insurer

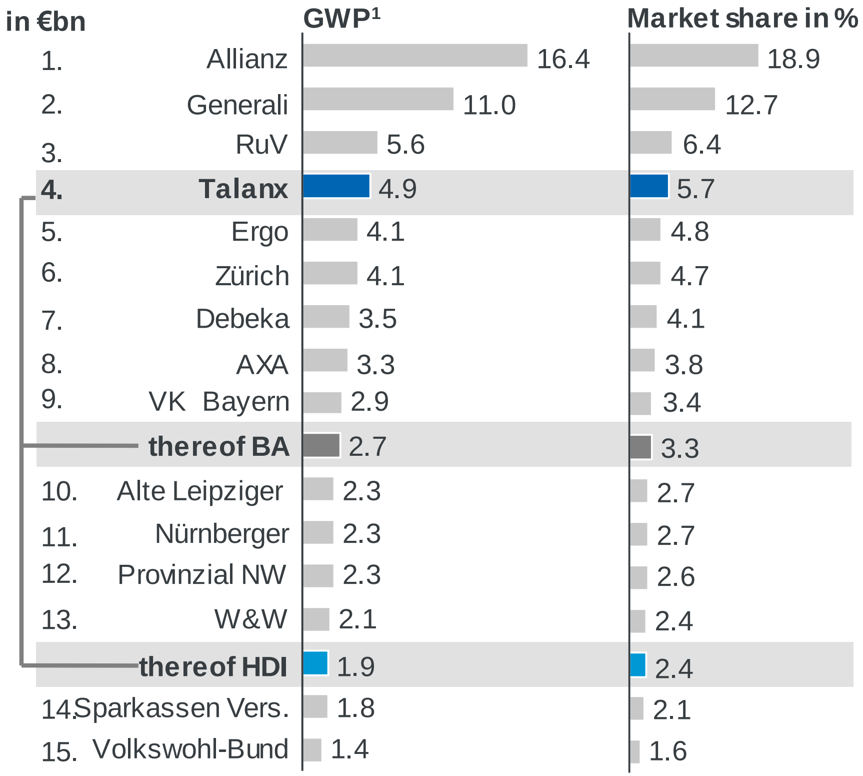
EBIT development, in EURm



1 Separate EBIT figures for Life and P/C Segments only available for FY2015 onwards
2 EBIT 2016 was EUR 5m higher than estimated on Capital Markets Day 2016

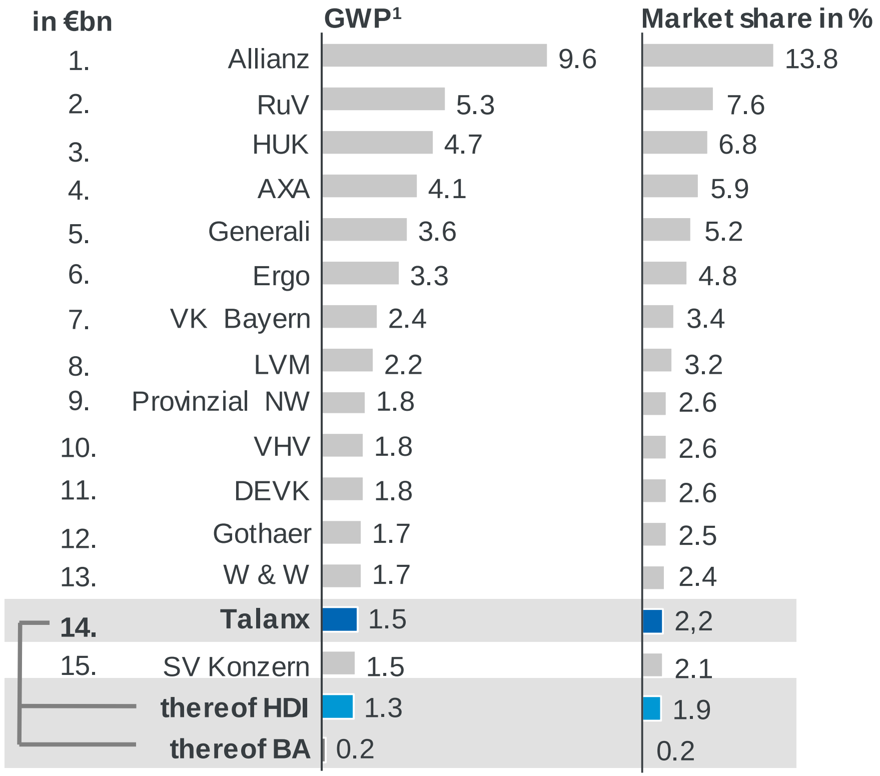
Retail Germany – Market position

Market position Germany Life (2016)



in €bn		GWP[1]	Market share in %
1.	Allianz	16.4	18.9
2.	Generali	11.0	12.7
3.	RuV	5.6	6.4
4.	**Talanx**	4.9	5.7
5.	Ergo	4.1	4.8
6.	Zürich	4.1	4.7
7.	Debeka	3.5	4.1
8.	AXA	3.3	3.8
9.	VK Bayern	2.9	3.4
	thereof BA	2.7	3.3
10.	Alte Leipziger	2.3	2.7
11.	Nürnberger	2.3	2.7
12.	Provinzial NW	2.3	2.6
13.	W&W	2.1	2.4
	thereof HDI	1.9	2.4
14	Sparkassen Vers.	1.8	2.1
15.	Volkswohl-Bund	1.4	1.6

Market position Germany P/C (2016)



in €bn		GWP[1]	Market share in %
1.	Allianz	9.6	13.8
2.	RuV	5.3	7.6
3.	HUK	4.7	6.8
4.	AXA	4.1	5.9
5.	Generali	3.6	5.2
6.	Ergo	3.3	4.8
7.	VK Bayern	2.4	3.4
8.	LVM	2.2	3.2
9.	Provinzial NW	1.8	2.6
10.	VHV	1.8	2.6
11.	DEVK	1.8	2.6
12.	Gothaer	1.7	2.5
13.	W & W	1.7	2.4
14.	**Talanx**	1.5	2,2
15.	SV Konzern	1.5	2.1
	thereof HDI	1.3	1.9
	thereof BA	0.2	0.2

Ranking as of August 2017

[1] Own underwriting business

Retail Germany with a TOP-5 position in Life and among TOP-15 in German Non-Life

Retail Germany - KuRS programme: investment and cost reduction targets

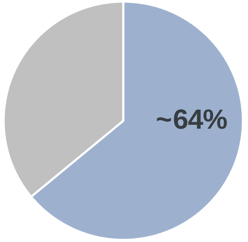
Investment and cost reduction status in 2017

Overall strategic Investment

~ EUR 420m ✓

Investment budget

KuRS Die Zukunft sichern. VOYAGER4life

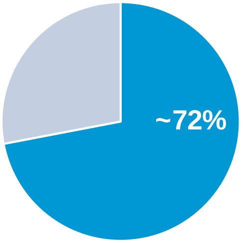


Investment KuRS

~ EUR 330m ✓

Investment budget

KuRS Die Zukunft sichern.

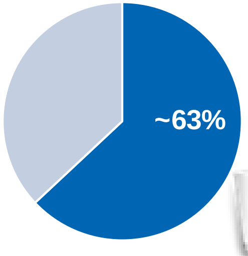


Cost Reduction KuRS

~EUR 240m ✓

Strategic Target 2021E

KuRS Die Zukunft sichern.



Initial planning ~40%

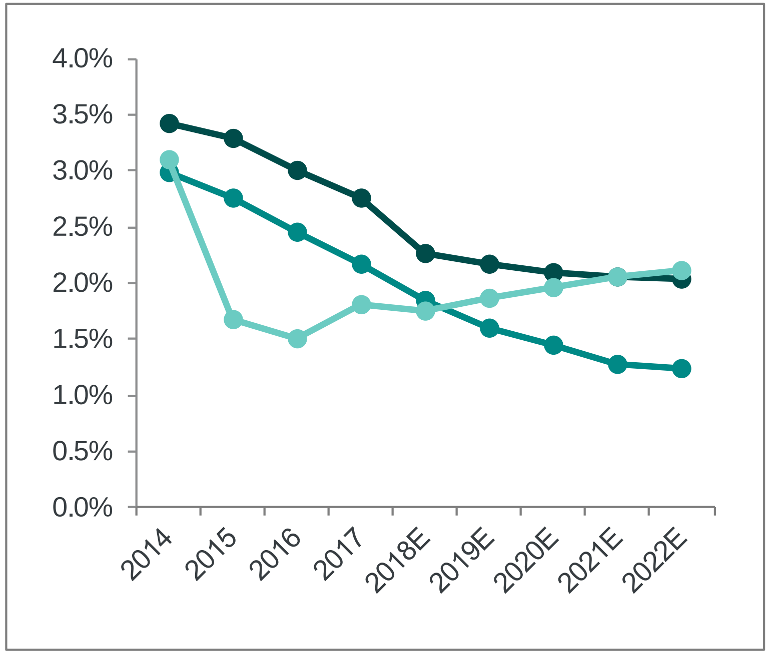
- Strategic projects on track. ~72% of KuRS and ~32% of Voyager4Life budget invested by end of 2017
- Target is to implement all initiatives in full by the end of FY2020, with the full cost benefit to be reached in FY2021
- Close to 63% of planned cost savings achieved. Savings ahead of plan allow for faster and higher investments into digitalisation projects
- Well on track to reach FY2021 combined ratio target of "≤95%"

[1] 2017E, KuRS including personnel redundancy costs

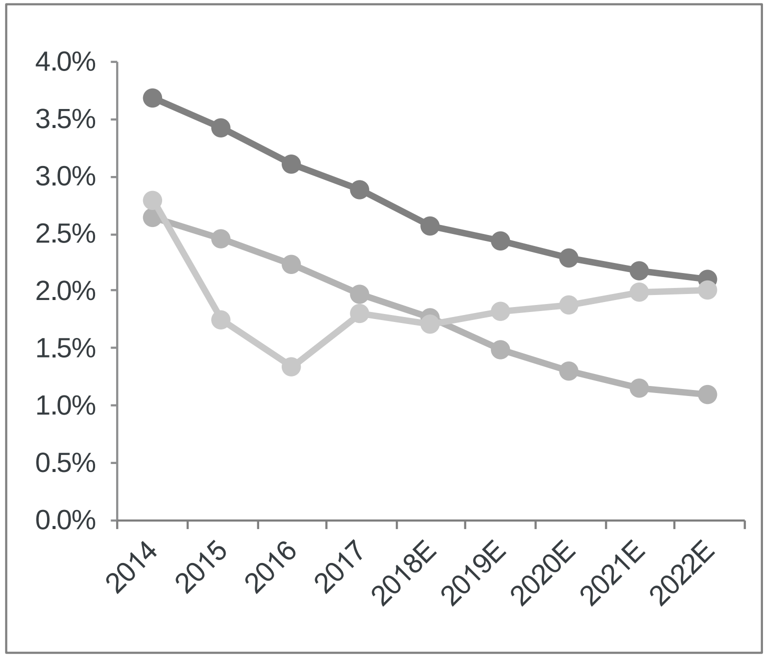
Annual savings ahead of plan – KuRS and Voyager4Life spending are on budget

Retail Germany - Asset Management strategy: comparison of average running yields versus average guarantee rates

HDI Life



Bancassurance



Comments

- The implicit market expectation for 20-year AAA euro government bonds plus 50 bp (except for TAL 25bp) is taken as the assumed reinvestment yield for 2018-2022 in the two diagrams – e.g. 1.76% for 2018
- The fixed income reinvestment yield in 2017 was higher at 1.80% for HDI Life and at 1.81% for Bancassurance
- The reinvestment yields mentioned above are already higher than the calculated average guarantee rates of 1.61% (HDI Life) and 1.48% (Bancassurance) for FY2019

avg. running yields avg. guarantee rates (incl. ZZR) reinvestment yield (fixed income)

All numbers refer to German GAAP (HGB). Update based on 31 December 2017 calculations/data

Reinvestment yields above the expected 2019 guarantee rates

Retail Germany - Mid-term targets from 2016 Capital Markets Day (Status update)

Targets Retail Germany

Gross premium growth (p.a.) Life P/C	≥ 0% ~ 0% ≥ 3%
Cost-cutting initiatives to be implemented by end of 2020	~ EUR 240m
Combined ratio 2021[1]	≤ 95%
Life new business: share of traditional Life products by 2021 (*new business premium)*	≤ 25%
P/C: Growth in Property & Liability to SMEs and self-employed professionals by 2021[2]	≥ 25%
EBIT contribution (targeted sustainably from 2021)	≥ EUR 240m

Status update

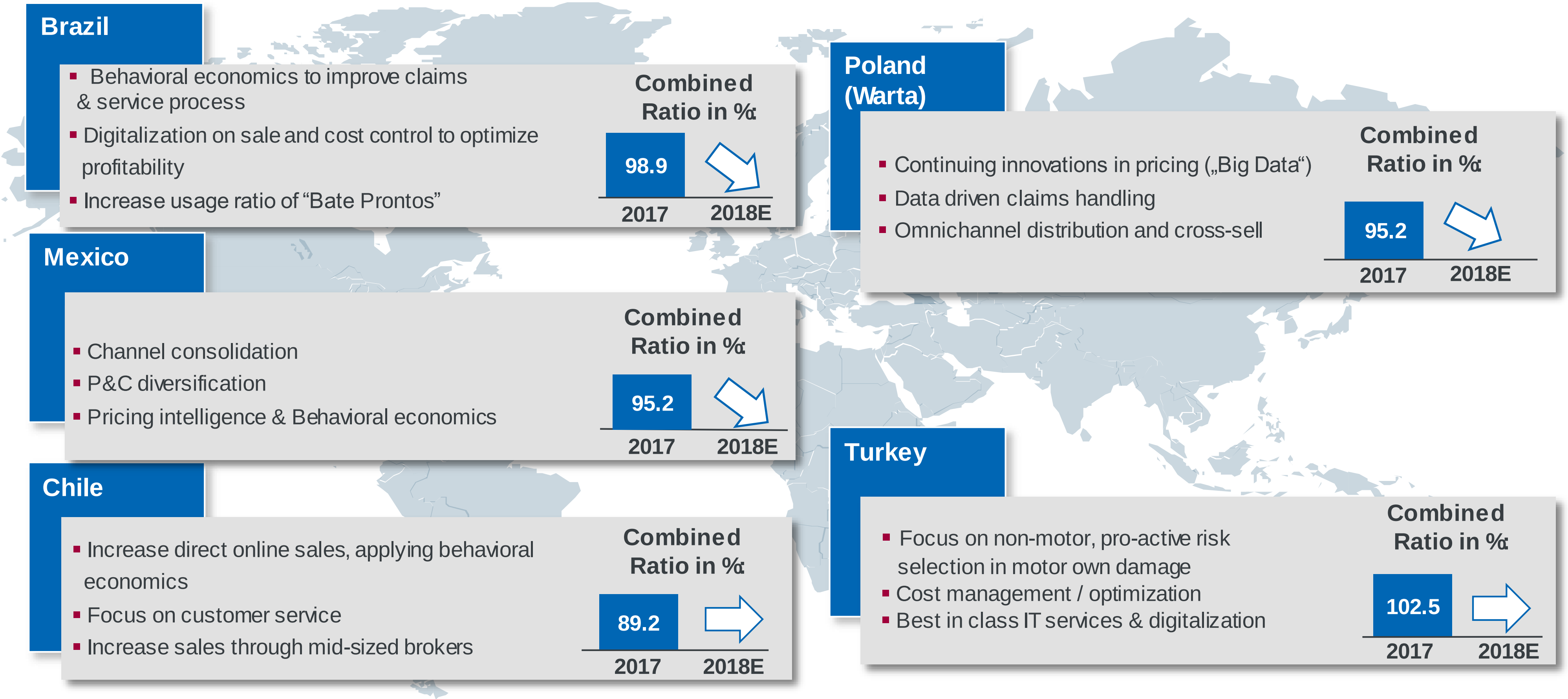
✓ **on track** 🛠 **in the works**

- ✓ Expected GWP decline in HDI Life (~-5%) likely to be compensated by business from Bancassurance Life (~+2%) as well as from Retail Germany P/C (~+1%)
- ✓ Cost reductions from 2015 to 2017E have outperformed initial plan by cumulated >EUR 100m
- ✓ Combined ratio still to be affected by KuRS investments. Positive impact from better loss experience supported by favourable cost effects
- 🛠 Customer demand for capital-efficient private pension products currently behind expectations. Strong growth in biometric business
- ✓ EUR 5m above guidance from 2016 Capital Markets Day
- ✓ FY2016 EBIT EUR 5m above guidance; FY2017 outlook further underlines the sustainability of EBIT growth

1 Incl. net interest income on funds withheld and contract deposits 2 Compared to base year 2014
Note: Targets are subject to no large losses exceeding budget (cat), no turbulences on capital markets (capital) and no material currency fluctuations (currency)

▶ **Overall positive development, in some areas even ahead of plan – well on track to reach FY2021 targets**

Retail International – Cycle management: Strategic initiatives in core markets



Brazil

- Behavioral economics to improve claims & service process
- Digitalization on sale and cost control to optimize profitability
- Increase usage ratio of “Bate Prontos”

Combined Ratio in %:

2017	2018E
98.9	↘

Mexico

- Channel consolidation
- P&C diversification
- Pricing intelligence & Behavioral economics

Combined Ratio in %:

2017	2018E
95.2	↘

Chile

- Increase direct online sales, applying behavioral economics
- Focus on customer service
- Increase sales through mid-sized brokers

Combined Ratio in %:

2017	2018E
89.2	→

Poland (Warta)

- Continuing innovations in pricing („Big Data“)
- Data driven claims handling
- Omnichannel distribution and cross-sell

Combined Ratio in %:

2017	2018E
95.2	↘

Turkey

- Focus on non-motor, pro-active risk selection in motor own damage
- Cost management / optimization
- Best in class IT services & digitalization

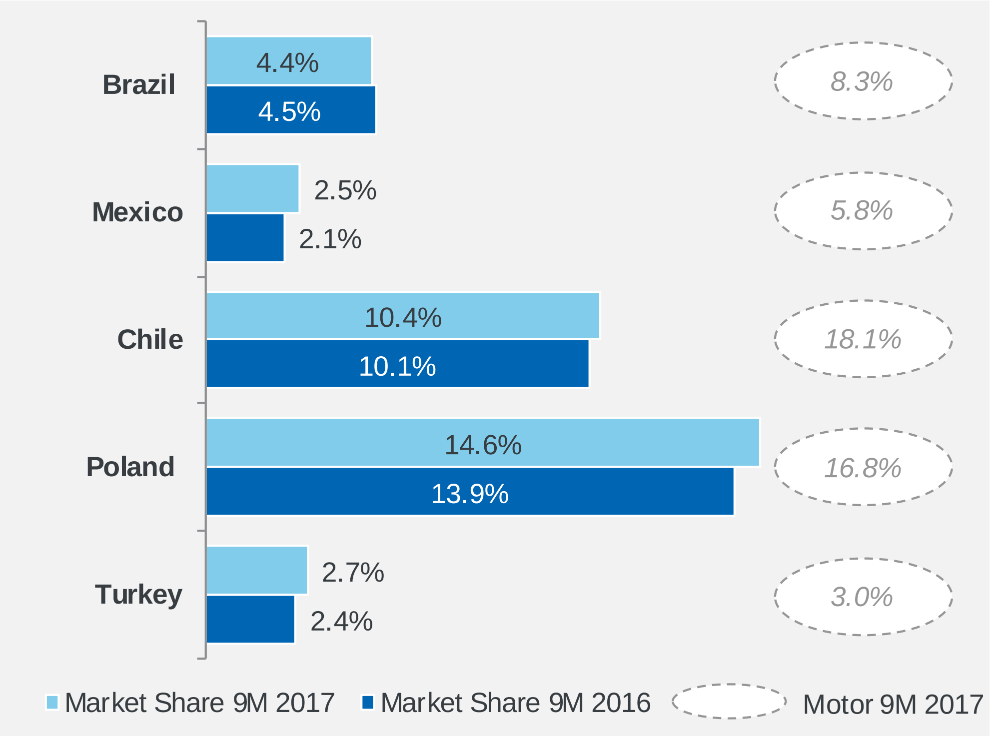
Combined Ratio in %:

2017	2018E
102.5	→

▶ **Strategic initiatives as key drivers of combined ratio improvement – supported by transfer of best practices**

Retail International – Market shares and market positions in core markets

Market share development in core markets[1]



Market position in core markets

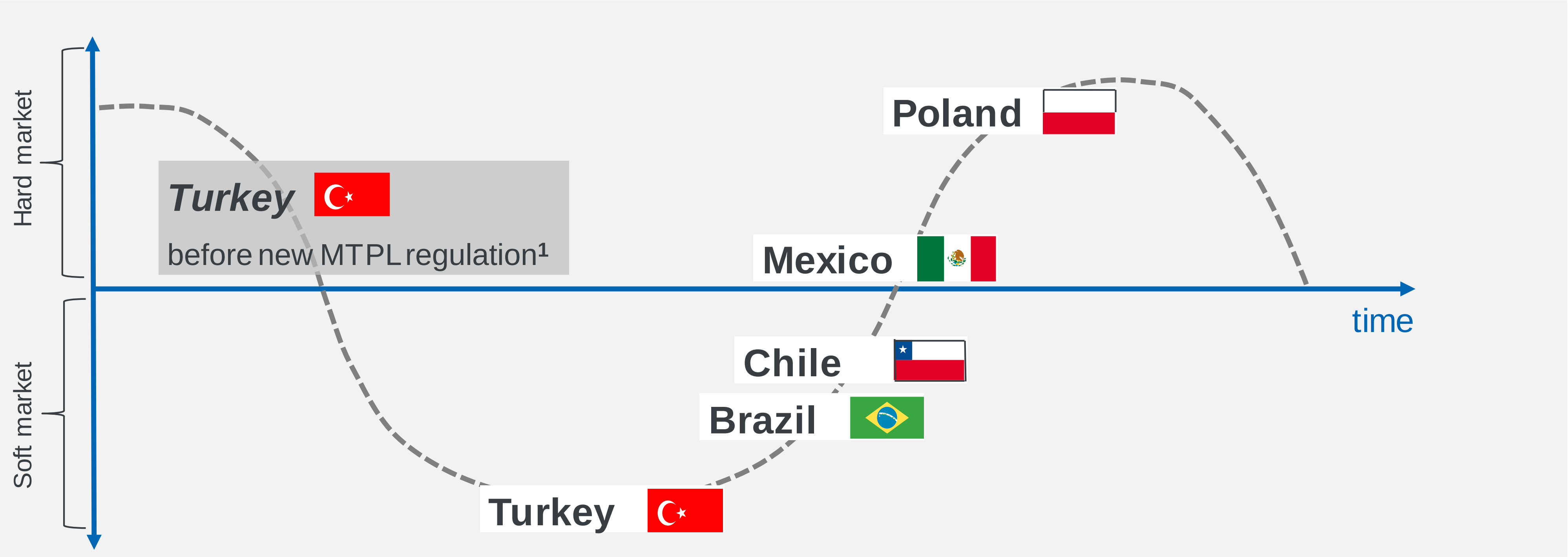
		Period	Motor Market	Status	Total Market[1]	Status
LatAm	Brazil	9M 2016	#5	🛠	#8	🛠
		9M 2017	**#6**		**#8**	
	Mexico	9M 2016	#7	✓	#16	🛠
		9M 2017	**#5**		**#14**	
	Chile	9M 2016	#3	✓	#4	✓
		9M 2017	**#3**		**#4**	
CEE	Poland	9M 2016	#2	✓	#2	✓
		9M 2017	**#2**		**#2**	
	Turkey	9M 2016	#12	🛠	#13	🛠
		9M 2017	**#11**		**#14**	

✓ **on track** 🛠 **in the works**

[1] P/C Markets; according to GWP
Note: 9M 2017 portfolio share motor/non-motor within P/C business: 74%/26% (overall); 82%/18% (LatAm); 66%/34% (CEE)

Top 5 motor market position achieved in three core markets

Retail International – Motor cycle in core markets



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1 Effective of 12 April 2017, the local regulator set a price cap in MTPL (“Motor Third-Party Liability”), resulting in an average reduction of premiums by ~30%, and established a “Risky Customer Pool”

Source: own assumptions, Talanx AG

All core markets except Turkey on a positive trend

Challenges & Opportunities – Digitalisation

Pursuing and implementing a stringent innovation and digitalisation strategy

Elinvar
Innovative platform for the digitalisation of private wealth management

HDI.de
Redesign and launch of new online products and services

WARTA Digital
Extensive data analysis for a customer-specific approach

Startupbootcamp / Plug and Play
Partnerships to identify the globally most promising technologies in the insurance industry

Claims app
The app “HDI hilft” for the transmission of claims information and to track the processing status

Telematics
“HDI TankTaler“ – the new telematics product – attracting customers by various extra benefits

In-house expertise – partner of leading global accelerators – group-internal know-how transfer

Outlook 2018 for Talanx Group[1]

Gross written premium	> 2%
Return on investment	≥3.0%
Group net income	~850 EURm
Return on equity	~9.0%
Dividend payout ratio	35-45% target range

Please note:
Targets are subject to no large losses exceeding budget **(cat)**, no turbulences on capital markets **(capital)**, and no material currency fluctuations **(currency)**

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[1] The targets are based on an large loss budget of EUR 300m (2017: EUR 290m) in Primary Insurance, of which EUR 260m in Industrial Lines. The large loss budget in Reinsurance stands at EUR 825m

Summary - Investment highlights

- Global insurance group with leading market positions and strong German roots
- Leading and successful B2B insurer
- Value creation through group-wide synergies
- New profitability measures implemented in Industrial Lines and Retail Germany
- Dedication to focus on insurance rather than market risks
- Commitment to continuously fulfill a „AA“ capital requirement by Standard & Poor‘s
- Dedication to pay out 35-45% of IFRS earnings to shareholders

Mid-term target matrix & current status

Segments	Key figures	Strategic targets (2015 - 2019)	2017	2015-2017[9]
Group	Gross premium growth[1]	3 - 5%	7.5% ✓	4.0% ✓
	Return on equity	≥ 750 bps above risk free[2]	7.5% [≥8.3%]	9.0% [≥8.5%] ✓
	Group net income growth	mid single-digit percentage growth rate	(25.5%)	(4.4%)
	Dividend payout ratio	35 - 45%	52.7% ✓	45.1% ✓
	Return on investment	≥ risk free + (150 to 200) bps[2]	4.0% [≥2.3 – 2.8%] ✓	3.7% [≥2.5 – 3.0%] ✓
Primary Insurance – Industrial Lines	Gross premium growth[1]	3 - 5%	5.2% ✓	2.5%
	Retention rate	60 - 65%	55.2%	53.5%
Primary Insurance – Retail Germany	Gross premium growth[1]	≥ 0%	(2.9%)	(4.0%)
Primary Insurance – Retail International	Gross premium growth[1]	≥ 10%	10.5% ✓	9.2%
Primary Insurance	Combined ratio[3]	~ 96%	101.2%	99.1%
	EBIT margin[4]	~ 6%	4.1%	4.4%
P/C Reinsurance[7,8]	Gross premium growth[6]	3 - 5%	18.7% ✓	8.8% ✓
	Combined ratio[3]	≤ 96%	99.8% ✓	96.0% ✓
	EBIT margin[4]	≥ 10%	12.5% ✓	15.6% ✓
Life & Health Reinsurance[7,8]	Gross premium growth[1]	5 - 7%	1.4%	2.1%
	Average value of New Business (VNB) after minorities[5]	≥ EUR 110m	EUR 183m ✓	EUR 301m ✓
	EBIT margin[4] financing and longevity business	≥ 2%	13.2% ✓	11.2% ✓
	EBIT margin[4] mortality and health business	≥ 6%	0.0%	2.3%

1 Organic growth only; currency-neutral; CAGR; 2 Risk-free rate is defined as the 5-year rolling average of the 10-year German government bond yield; 3 Talanx definition: incl. net interest income on funds withheld and contract deposits; 4 EBIT/net premium earned, 5 Reflects Hannover Re target of at least EUR 220m; 6 Average throughout the cycle; currency-neutral; 7 Targets reflect Hannover Re's targets for 2015-2017 strategy cycle; 8 For 2018, Hannover Re has stated a new EBIT growth target of ≥5%. By contrast, it does not state EBIT margin targets by reporting category anymore; 9 Growth rates calculated as 2014 – 2017 CAGR; otherwise arithmetic mean; Note: growth targets are based on 2014 results. Growth rates, CoR and EBIT margins are average annual targets

- FY 2017 -

Talanx with very satisfying FY2017 Group results given the significant NatCat losses – dividend increase proposed

FY2017 Group net income reached EUR 672m (FY2016: EUR 903m) despite extraordinarily high large losses of >EUR 1.6bn, which were significantly above last year's level and above the Group's large loss budget

Talanx Group suffered large losses of EUR 1.6bn. Total NatCat losses sum up to EUR 1.2bn, including the impact from hurricanes Harvey, Irma and Maria, and the earthquakes in Mexico (adding up to ~EUR 1.0bn). Man-made large losses account for another EUR 390m

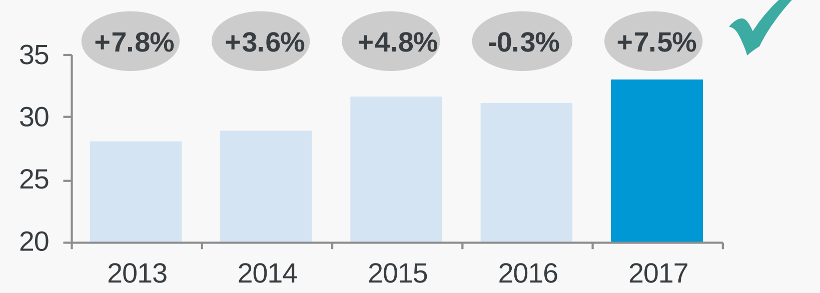
Positive development in retail businesses continued: Retail Germany comfortably reached its 2017 EBIT guidance, also helped by encouraging top-line growth in P/C. Retail International delivered even double-digit percentage growth. Combined ratios in both divisions improved further – profitability significantly up

Board and Supervisory Board propose a dividend of EUR 1.40 per share for FY2017 to the AGM, up from EUR 1.35 for FY2016. The proposal represents the fifth consecutive increase since the IPO

Talanx reiterates its Outlook for FY2018 and expects to successfully pursue its profitable growth path in 2018. Net income target for the current business year stands at "around EUR 850m"

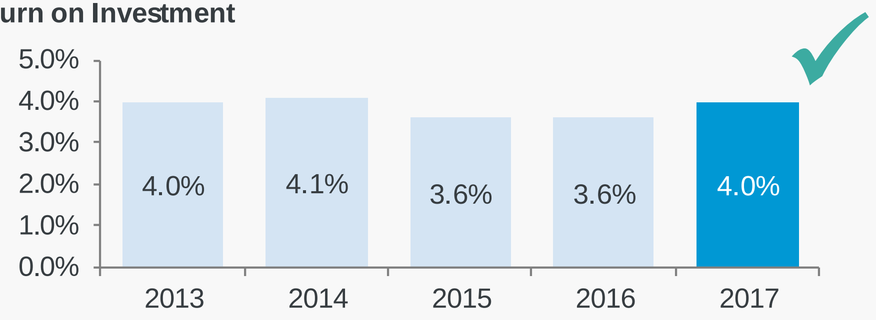
1 FY2017 results – Target achievement

GWP growth (curr.-adj) in EURbn



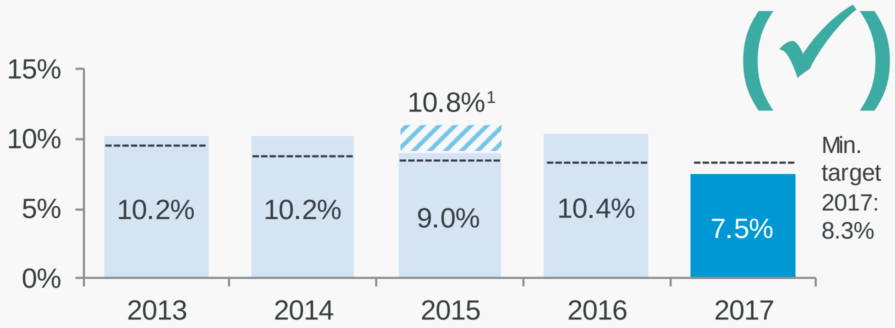
2017 Outlook GWP >4%

Return on Investment



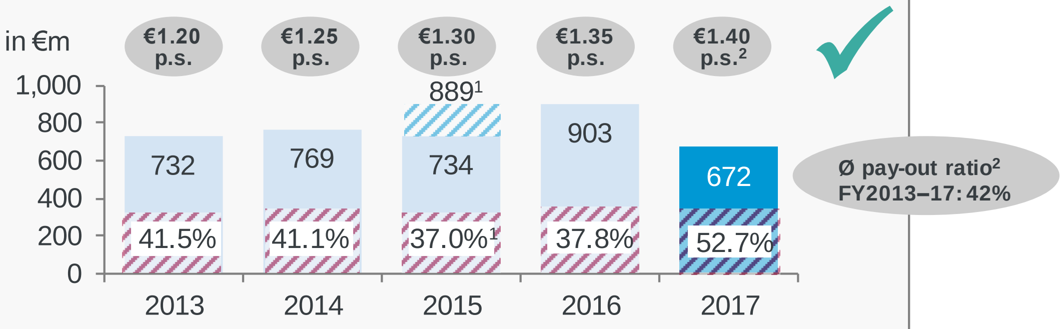
2017 Outlook RoI ≥ 3.0%

Return on Equity



2017 Outlook RoE ~ 7.5%[3]

Net income and Payout



2017 Outlook Net income ~ €650m[3]; pay-out ratio 35-45%

▨ Dividend pay-out ratio

▨ Adjustment for goodwill impairment in German Life (EUR 155m/Q2 2015)

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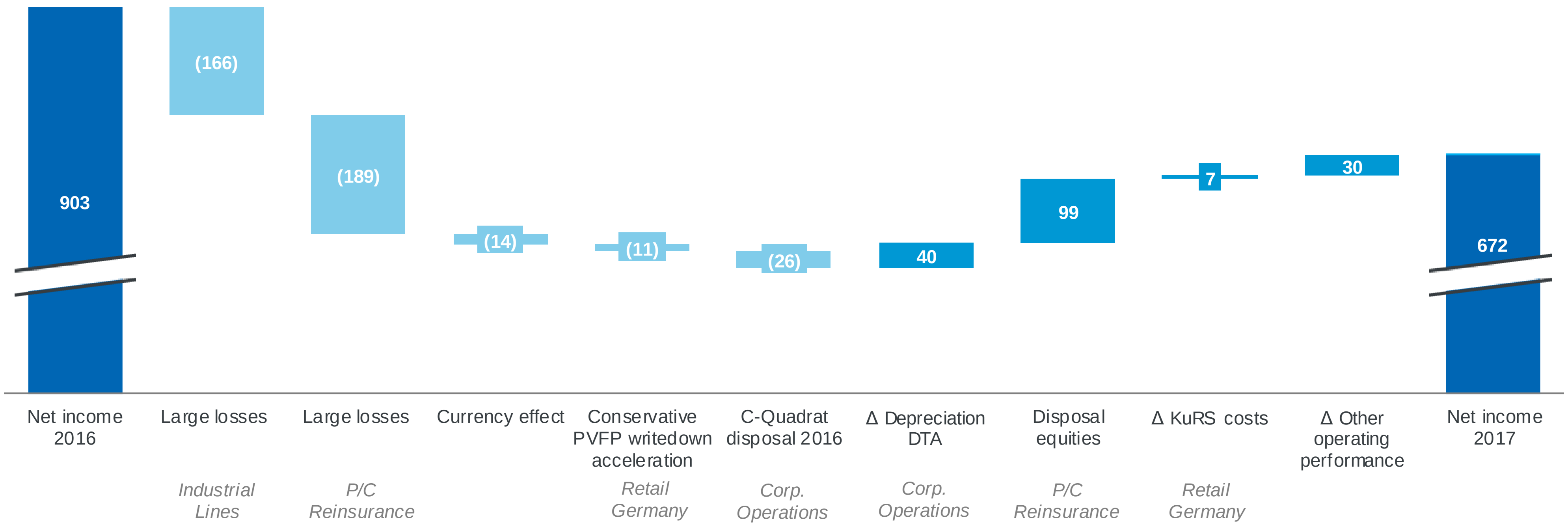
[1] After adjustment for goodwill impairment in German Life business of EUR 155m reported in Q2 2015

[2] Dividend proposal for FY2017 [3] According to our ad-hoc announcement on 27 October 2017, the Outlook for Group net income was adjusted from "~EUR 850m" to "~EUR 650m", while the ROE target was adjusted from ~9.0% to ~7.5%

1 FY2017 results – Drivers of change in Group net income

in €m



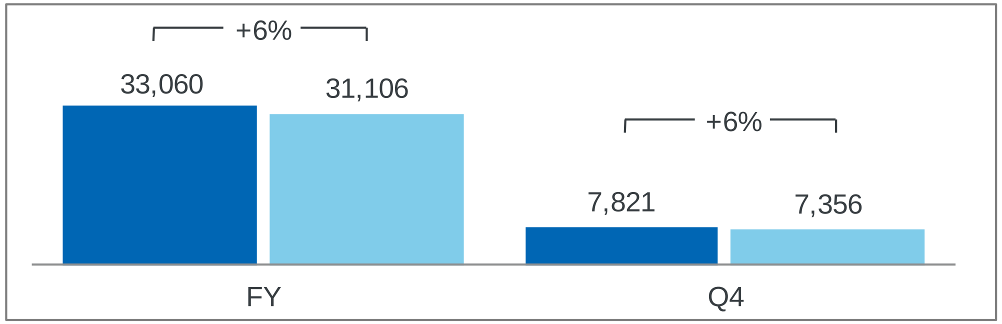
Effects on Group EBIT

2,307	(245)	(501)	(42)	(17)	(27)	-	219	10	103	1,807

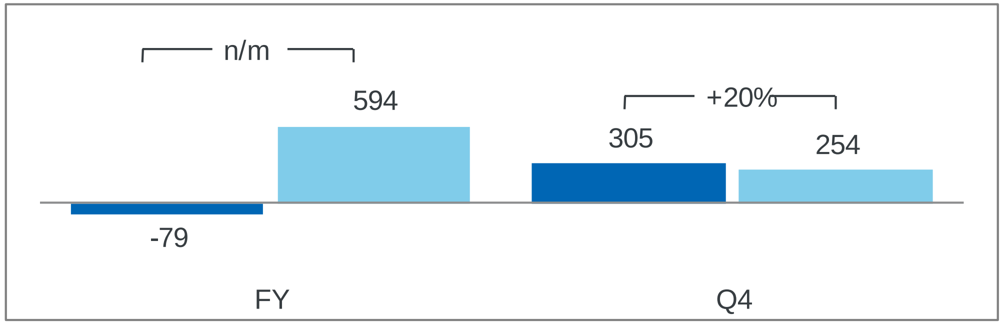
▶ **Decline in Group net income predominantly due to impact from large losses in Primary as well as Reinsurance business**

1 FY2017 results – Key financials

Gross written premium



Net underwriting result (P/C)



Retention rate in %

	2017	2016
FY	88.5	87.8
Q4	90.1	88.2

Combined ratio in %

	2017	2016
FY	100.4	95.7
Q4	92.7	93.1

- FY2017 GWP up by +6.3% y/y (curr.-adj.: +7.5%). Double-digit growth in Retail International (+11.0% y/y) and P/C Reinsurance (+16.4% y/y); Industrial Lines also contributed to top-line growth (+4.4% y/y). In Q4 2017, growth momentum even accelerated (+6.3%%, curr.-adj: +10.2%), Retail International and P/C Reinsurance strongest growth contributors. Retail Germany P/C with five consecutive quarters of top-line growth

- Net underwriting result deteriorated, predominantly reflecting NatCat burden in Industrial Lines and Non-Life Reinsurance. Large loss burden of EUR 1.6bn on Group level was EUR 505m above the budget for the entire year
- Combined ratio slightly above 100%, driven by large losses in Industrial Lines and P/C Reinsurance. Retail Germany P/C and Retail International improved their combined ratios

EURm, IFRS ■ **2017** ■ **2016**

Note: Figures restated on the base of IAS 8

▶ Strong top-line growth – combined ratio affected by the series of NatCat losses in Q3 2017

1

Large losses[1] in FY2017 (in EURm)

NatCat	Primary Insurance	Reinsurance	Talanx Group
Storms	227.9 (Hurricane "Harvey": 83.9, Hurricane "Irma": 43.9, Hurricane "Maria": 69.4, Storm "Quirin": 15.1, Cyclone "Debbie": 10.7, Typhoon "Hato": 5.0)[2]	820.6 (Hurricane "Harvey": 122.1, Hurricane "Irma": 342.6, Hurricane "Maria": 284.7, Cyclone "Debbie": 47.8, Typhoon "Hato": 9.0, Tornadoes USA: 14.4)[2]	1,048.5 (Hurricane "Harvey": 205.9, Hurricane "Irma": 386.5, Hurricane "Maria": 354.1, Cyclone "Debbie": 58.5, Storm "Quirin": 15.1, Typhoon "Hato": 14.0, Tornadoes USA: 14.4)[2]
Wildfire	3.0 (Chile)	118.4 (Chile, California)	121.3 (Chile, California)
Earthquake	12.8 (Mexico)	49.2 (Mexico)	62.0 (Mexico)
Total NatCat	243.7	988.2	1,231.9

Man-made	Primary Insurance	Reinsurance	Talanx Group
Fire/Property	167.0	111.3	278.3
Credit		27.7	27.7
Other	81.7		81.7
Total Man-made	248.7	139.1	387.8

Total large losses	**Primary Insurance** **492.4** (256.6)	**Reinsurance** **1,127.3** (626.6)	**Talanx Group** **1,619.7** (883.2)

12M 2017 (12M 2016)

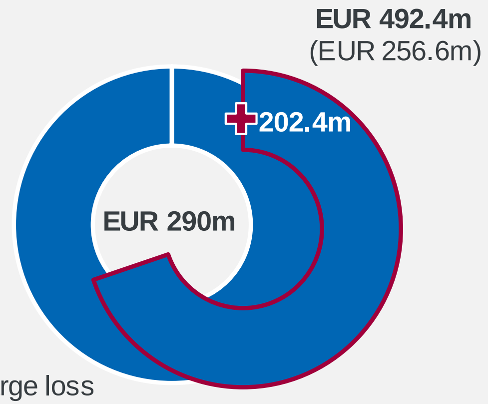
[1] Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance

[2] Occured during Q1 2017: several tornadoes in USA and "Debbie". Occured during Q2 2017: "Quirin". Occurred during Q3 2017: "Hato", "Harvey", "Irma" and "Maria". Occured during Q4 2017: wildfires in California

Note: FY 2017 Primary Insurance large losses (net) are split as follows: Industrial Lines: EUR 480.5m; Retail Germany: EUR 8.4m; Retail International: EUR 3.4m, Corporate Operations: EUR 0m; since FY2016 reporting onwards, the table includes large losses from Industrial Liability line, booked in the respective FY

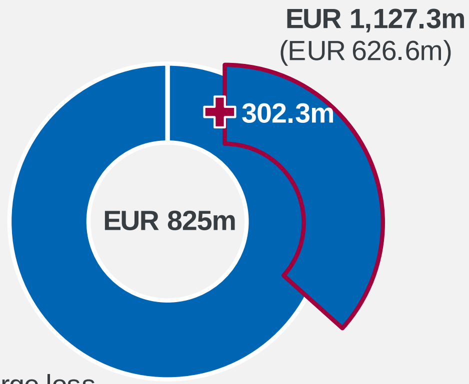
1 Large loss budget in FY2017

Primary Insurance



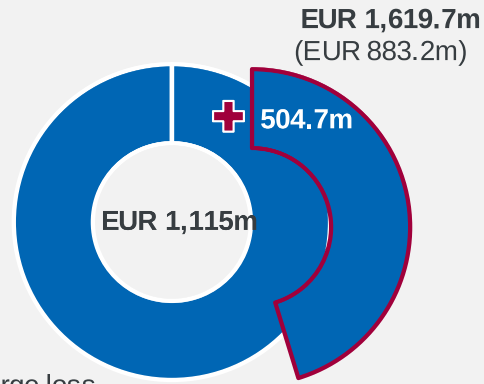
Pro-rata large loss budget: EUR 290m

Reinsurance



Pro-rata large loss budget: EUR 825m

Talanx Group



Pro-rata large loss budget: EUR 1,115m

Impact on large loss ratio (incurred)

Primary Insurance		Reinsurance		Talanx Group	
7.0%pts (4.0%pts)	budgeted 4.2%pts	**12.3%pts** (7.8%pts)	budgeted 9.0%pts	**10.0%pts** (6.1%pts)	budgeted 6.9%pts

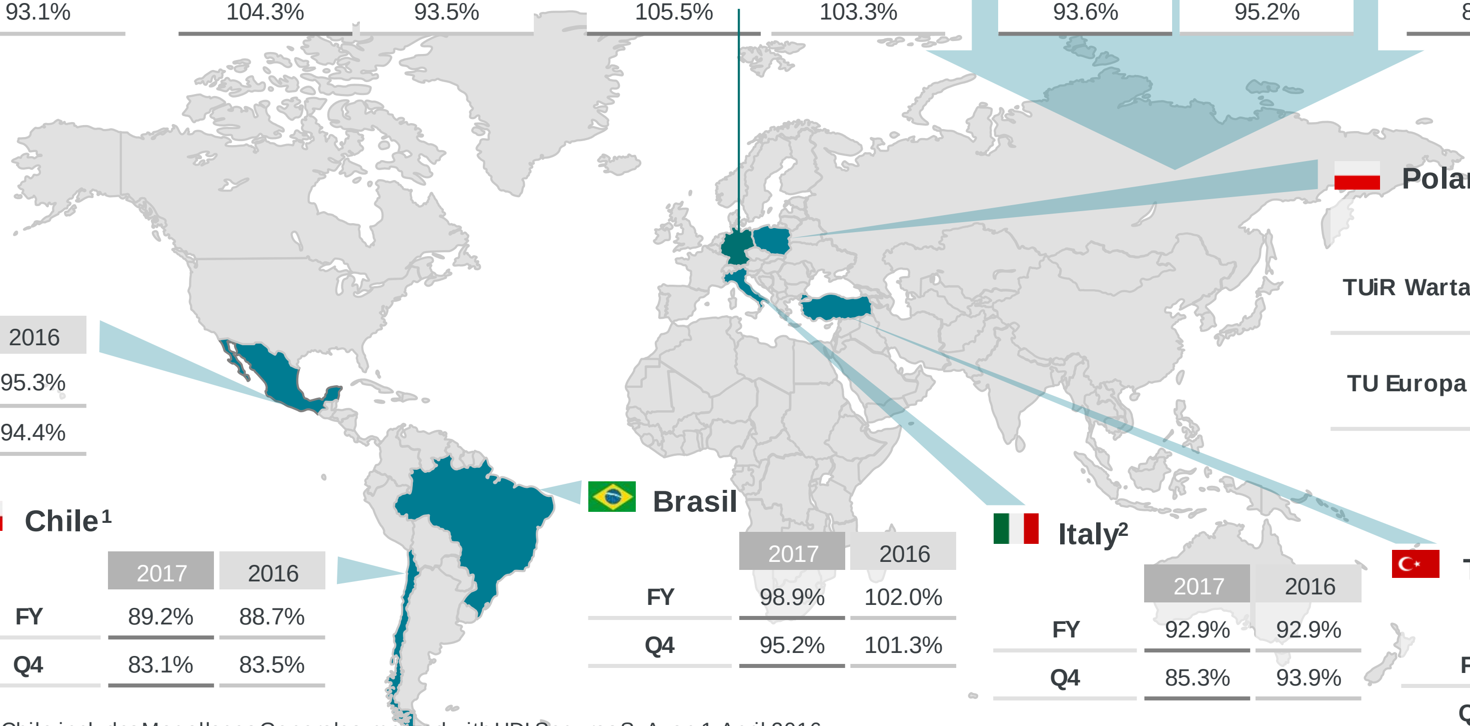
○ FY large loss budget ◝ thereof used budget

12M 2017 (12M 2016)

▶ **FY2017 heavily affected by large losses, in particular from Q3 2017 NatCat events – large losses for both, Primary Insurance as well as Reinsurance, exceed their respective annual budgets**

1 Combined Ratios

	Talanx Group		Industrial Lines		Retail Germany P/C		Retail International		Reinsurance P/C	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
FY	100.4%	95.7%	108.5%	96.8%	101.6%	103.3%	95.3%	96.5%	99.8%	93.7%
Q4	92.7%	93.1%	104.3%	93.5%	105.5%	103.3%	93.6%	95.2%	87.0%	89.7%



Mexico

	2017	2016
FY	95.2%	95.3%
Q4	95.3%	94.4%

Chile[1]

	2017	2016
FY	89.2%	88.7%
Q4	83.1%	83.5%

Brasil

	2017	2016
FY	98.9%	102.0%
Q4	95.2%	101.3%

Italy[2]

	2017	2016
FY	92.9%	92.9%
Q4	85.3%	93.9%

Poland

		2017	2016
TUiR Warta	**FY**	95.2%	96.1%
	Q4	94.4%	94.4%
TU Europa	**FY**	86.5%	83.0%
	Q4	92.0%	84.2%

Turkey

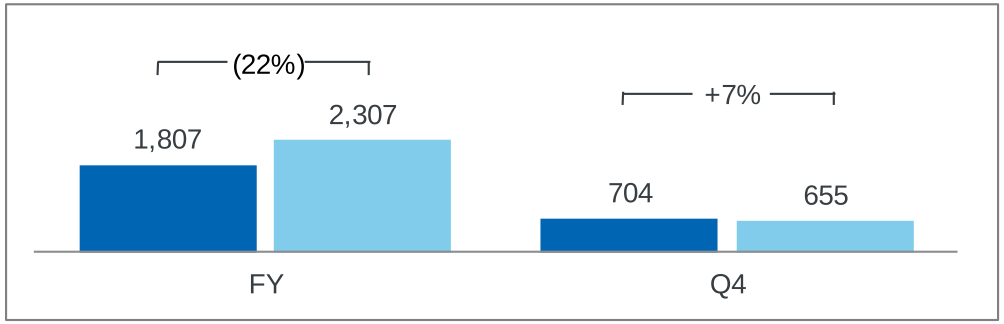
	2017	2016
FY	102.5%	102.5%
Q4	102.6%	102.5%

[1] HDI Seguros S.A., Chile includes Magallanes Generales; merged with HDI Seguros S. A. on 1 April 2016

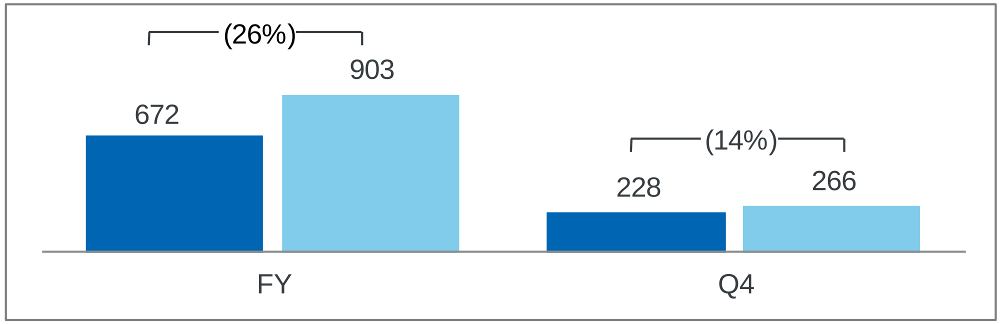
[2] Incl. InChiaro (P/C); merged with HDI Italy on 29 June 2017; numbers for 2016 are as-if-numbers

1 FY2017 results – Key financials

Operating result (EBIT)



Group net income



RoI in %

4.0	3.6	4.2	3.6
FY		Q4	

RoE in %

7.5	10.4	10.4	11.8
FY		Q4	

- FY2017 investment result significantly up by +11%. Ordinary and extraordinary investment result higher; the latter benefited mainly from higher realised gains in Retail Germany Life and P/C Reinsurance; improvement in the ordinary investment result driven by alternative investments
- FY2017 EBIT down y/y, reflecting the deterioration in underwriting result. Q4 2017 EBIT up, mainly due to premium growth and the lower combined ratio

- Bottom line in FY2017 down y/y - roughly by one quarterly profit. Lower tax rate of 23.4% (FY2016: 27.6%) results predominantly from virtually tax-free disposal gains on equity positions in P/C Reinsurance
- Lower Q4 2017 net income due to an unfavourable mix of negative one-off tax effects in Primary Insurance and higher share of minorities

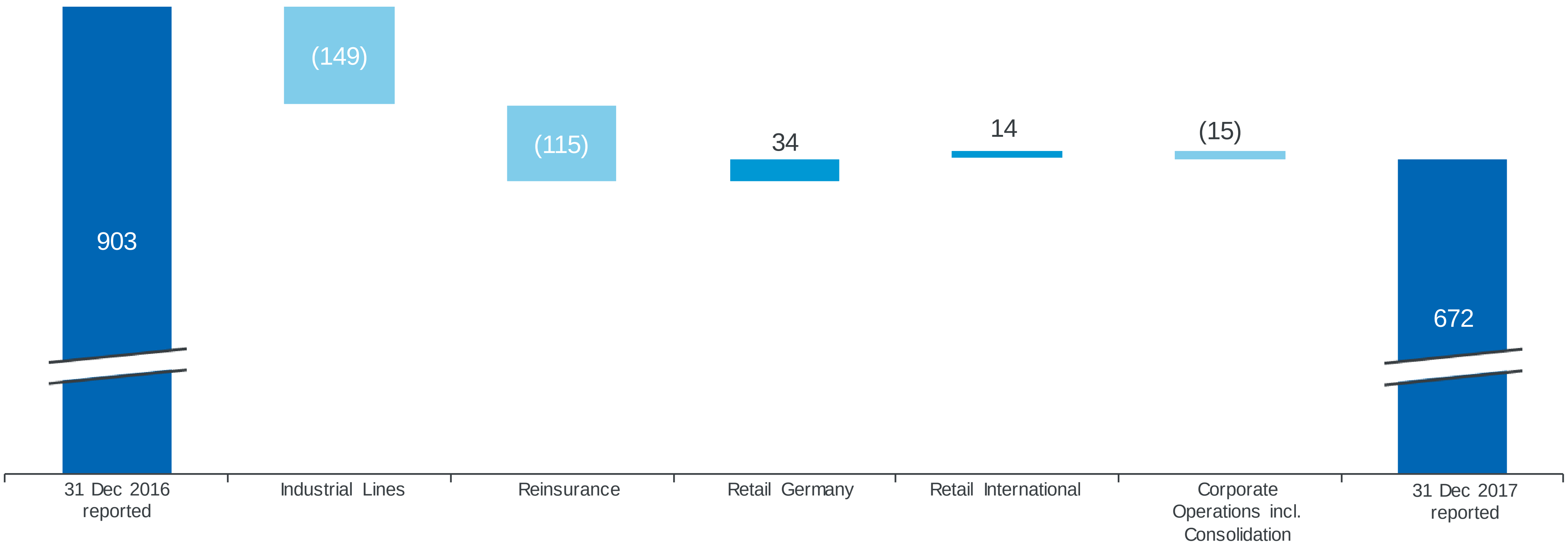
EURm, IFRS ■ **2017** ■ **2016**

Note: figures restated on the base of IAS 8

FY2017 net income down y/y following increase in large losses and the respective deterioration in the underwriting result

1 FY2017 – Divisional contribution to change in Group net income

in EURm



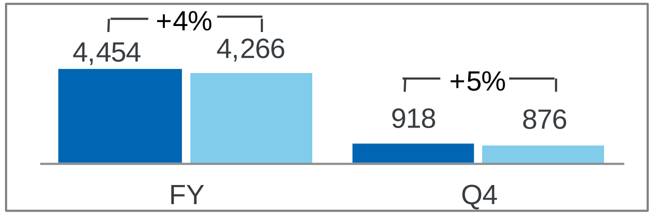
Note: figures restated on the base of IAS 8

Net income improvement in Retail Germany and Retail International more than offset by higher large-loss burden in Industrial Lines and in Reinsurance

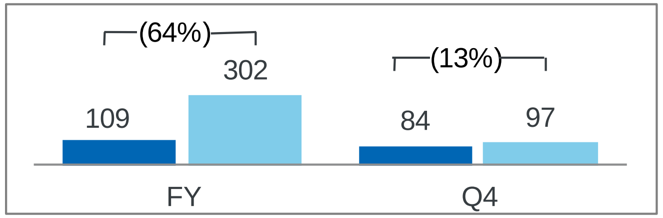
Agenda

2 Segments – Industrial Lines

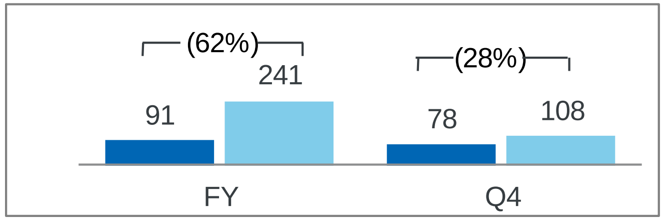
GWP



Operating result (EBIT)



Group net income



Retention rate in %

	FY		Q4	
	55.2	53.4	57.9	55.2

Combined ratio in %

	FY		Q4	
	108.5	96.8	104.3	93.5

RoE (ann.) in %

	FY		Q4	
	4.1	11.3	13.9	20.0

- Strong underlying growth from international markets, e.g. Japan, Australia and France. FY2017 curr.-adj. GWP growth of +5.2% y/y
- Positive impact from takeover of Motor fleet business of Retail Germany, broadly compensated by disposal effect of Norwegian Marine portfolio
- Retention up, mainly resulting from Liability lines and higher portfolio share in Motor

- FY2017 combined ratio significantly higher, predominantly due to large losses from NatCat, already reported in Q3 2017, and also due to higher man-made losses
- FY2017 investment result improved. Ordinary investment result up, helped by a positive impact from investments in infrastructure and real estate. Extraordinary investment result supported by realised gains from equities and lower writedowns

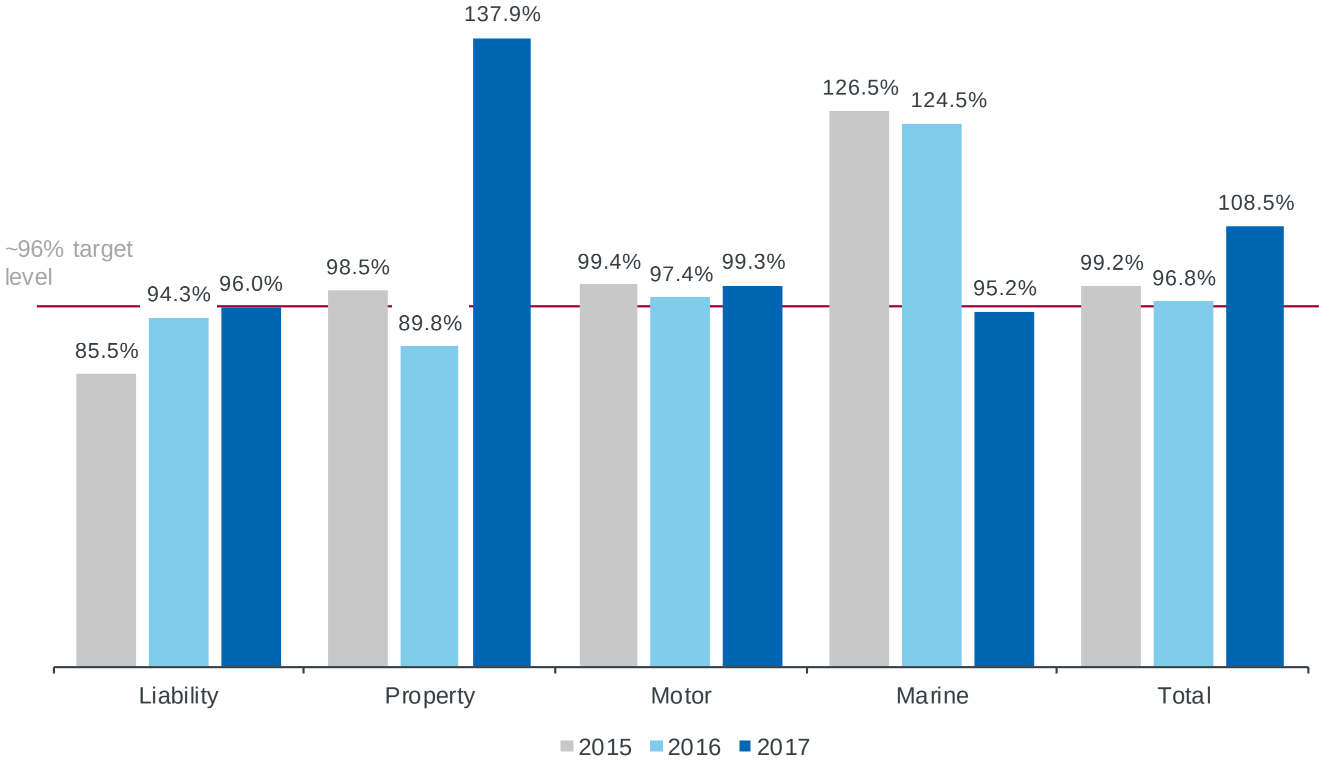
- Lower tax rate due to a declining tax rate in France and a release of tax provisions
- Significantly lower - but positive - Group net income in FY2017

EURm, IFRS 🟦 **2017** 🟦 **2016**

▶ **FY2017 results severely impacted by NatCat events in Q3 2017 and by above-average man-made losses**

2 Segments – Industrial Lines – Combined ratios

Combined ratios per line of business 2015-2017



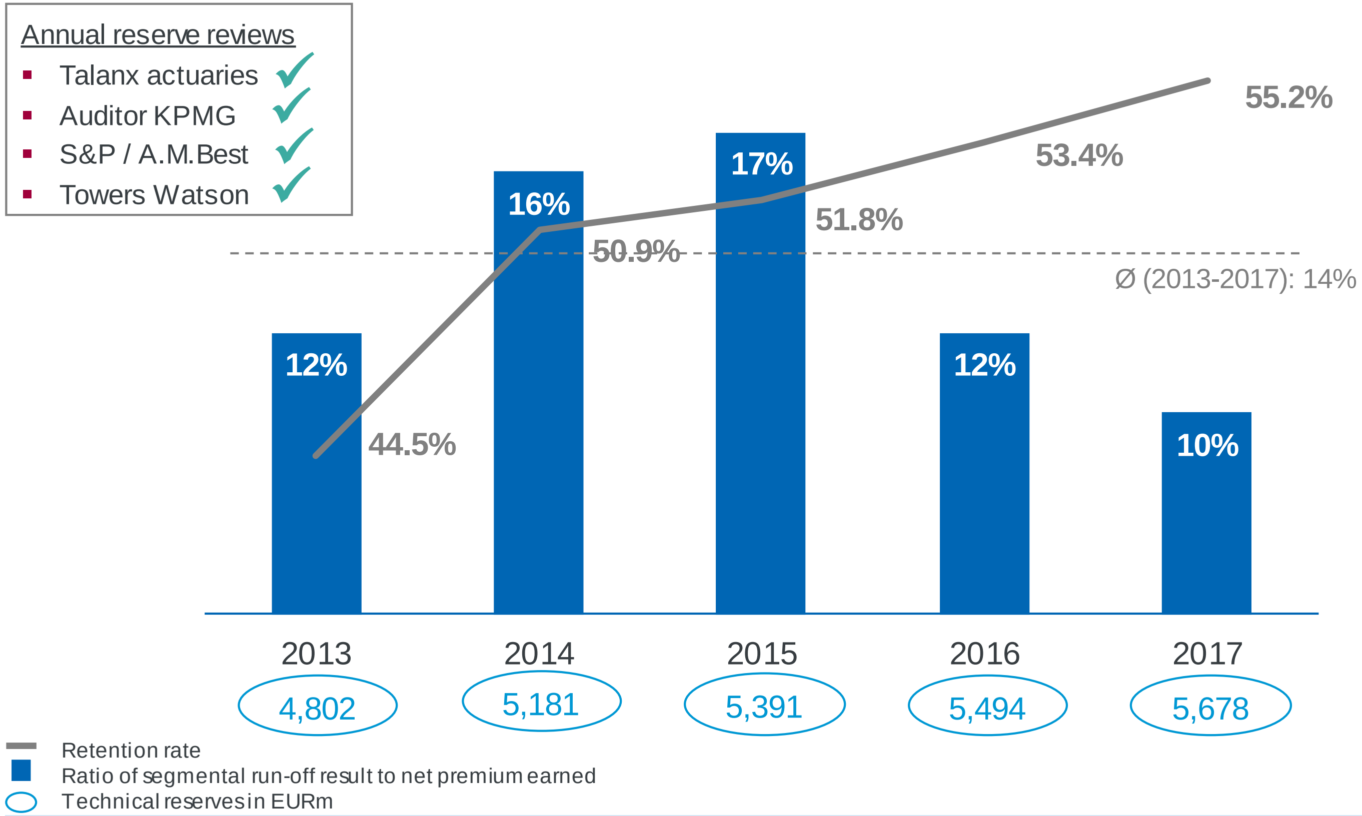
Comments

- Combined ratio for the segment in FY2017 significantly above the 100%-level as Property suffered a string of large losses from NatCat, but also higher man-made losses
- Apart from Property line, all other relevant lines within the segment with combined ratios below the 100%-level
- The profitabilisation measures in Marine proved to be very successful. Combined ratio in Marine signicantly improved to ~95%

Strong increase in FY2017 combined ratio reflects impact from large losses on Property – combined ratios in all other relevant lines below the 100%-level

2 Segments – Industrial Lines – Run-off results

Run-off results and reserve coverage (IFRS)



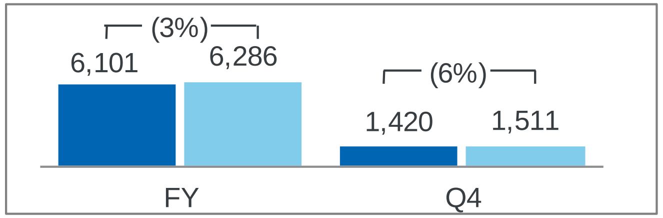
Comments

- In FY2017, Industrial Lines contributed a broadly unchanged run-off result compared to the previous year (FY2017: EUR 255m vs. FY2016: EUR 263m)
- FY2017 run-off result reflects ~10% of net premium earned, somewhat below previous years' level, also driven by the strategic gradual increase in retention rate
- Historically, run-off results have proven a substantial earnings stabiliser for Industrial Lines

Historically, run-off results have proven a steady contributor to Industrial Lines' results

2 Segments – Retail Germany Division

GWP

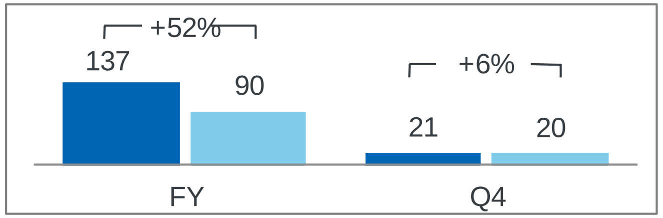


Retention rate in %

95.0	95.4	94.5	95.0
FY		Q4	

- Pleasing GWP growth in P/C segment continued; top-line up for the fifth consecutive quarter. Life GWP down, according to de-risking strategy. In sum, FY2017 GWP somewhat lower
- Net underwriting result in P/C markedly improved y/y, more than offset by the decline in Life. The latter is driven by higher RfB contribution mirroring the funding of the ZZR, tax benefits and the cease of KuRS restructuring costs

Operating result (EBIT)

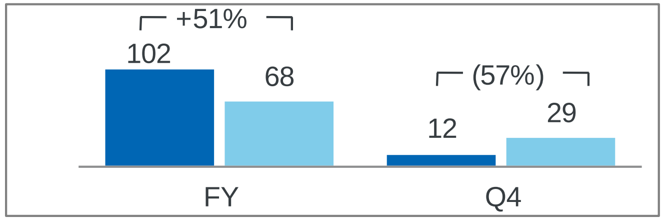


Adj. combined ratio in %[1]

98.6	99.9	101.0	98.6
FY		Q4	

- KuRS costs affected the division in total by EUR 60m in FY2017 (FY2016: EUR 112m), the impact on EBIT was EUR 46m, below the level of FY2016 (EUR 78m)
- EBIT was also burdened by a higher RfB allocation due to the pass-through of tax benefits to policyholders (EUR ~23m, already in 6M 2017) and a PVFP writedown for unit-linked products (shareholder share: EUR ~17m) in Life business

Group net income



RoE (ann.) in %

4.1	2.7	2.0	4.4
FY		Q4	

- Nevertheless, divisional net income significantly up, predominantly reflecting the strong improvement in operating performance in P/C
- Retail Germany in FY2017 easily reached its EBIT target of “more than EUR 115m“ and is well on track to further increase profitability as targeted

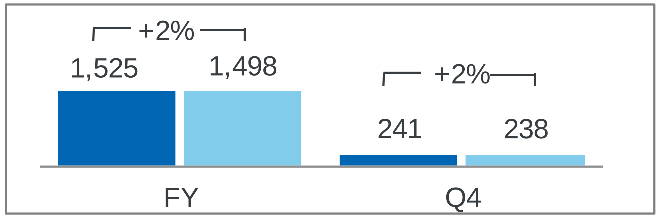
EURm, IFRS ■ **2017** ■ **2016**

[1] Adjusted for KuRS costs; reported combined ratios are FY2017: 101.6%, FY 2016: 103.3%; Q4 2017: 105.5%; Q4 2016: 103.3%

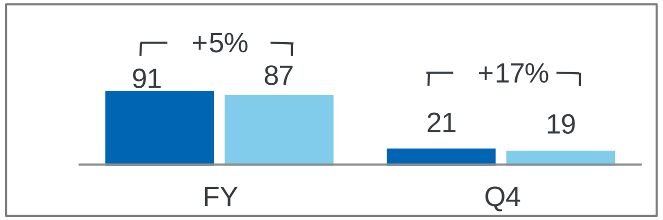
▶ **P/C segment continues to grow top-line, also in Q4 2017 – Division is well on track to reach the KuRS profitability targets**

2 Segments – Retail Germany P/C

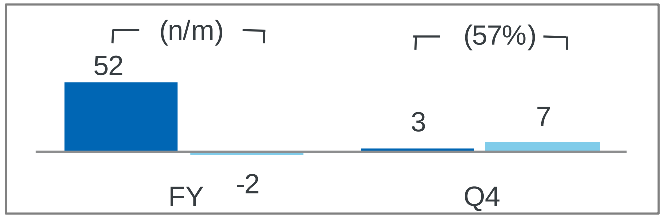
GWP



Investment income



Operating result (EBIT)



Retention rate in %

FY		Q4	
94.6	95.4	93.2	93.7

Adj. combined ratio in %[1]

FY		Q4	
98.6	99.9	101.0	98.6

EBIT margin in %

FY		Q4	
3.7	(0.2)	0.9	2.0

- FY2017 GWP up by 1.8% - despite the shift of fleet business towards Industrial Lines (~EUR 26m impact, or 1.7%pts). Main growth contribution from business with SMEs/self-employed professionals, digital motor business as well as from bancassurance
- Retail Germany P/C has delivered top-line growth for five consecutive quarters in a row

- Combined ratio further improved due to better claims experience. This is partly compensated by some higher cost ratio from the portfolio shift towards Non-Motor P/C and bancassurance, leading to higher commissions
- FY2017 combined ratio was impacted by EUR 43m costs for KuRS programme (FY2016: EUR 47m). Adjusting for this effect, the combined ratio continued to decline to 98.6% (FY2016: 99.9%)

- FY2017 investment result EUR 4m up despite a slight decline in ordinary investment result
- Significantly positive EBIT development. This was due to the improvement in the underwriting result and in the "other result". Please note that FY2016 had been burdened by ~EUR 30m KuRS restructuring provisions for personnel redundancies

EURm, IFRS ■ **2017** ■ **2016**

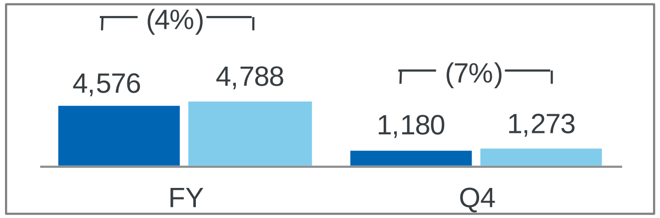
---

[1] Adjusted for KuRS costs; reported combined ratios are FY2017: 101.6%, FY 2016: 103.3%; Q4 2017: 105.5%; Q4 2016: 103.3%

▶ **Significant EBIT improvement due to top-line growth, improvement in combined ratio and lower KuRS costs**

Segments – Retail Germany Life

GWP

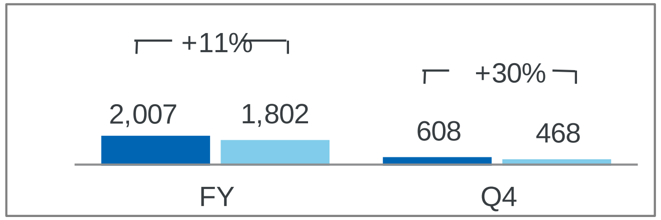


Retention rate in %

95.2	95.4	94.9	95.3
FY		Q4	

- Life GWP down y/y, resulting from the well-known phase-out of non-capital-efficient Life products, mainly in single-premium business, but also due to above-average expiry of Life insurance contracts. Premiums in biometric products (incl. credit-life business) further up

Investment income

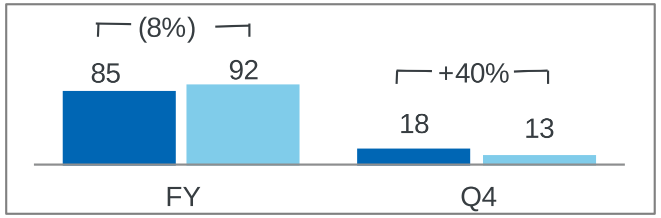


RoI in %

4.4	4.1	5.2	4.1
FY		Q4	

- FY2017 investment result up, due to higher extraordinary gains, mainly to finance the ZZR. Ordinary result is 3.7% below the FY2016 level
- FY2017 ZZR allocation – according to HGB – of EUR 809m (FY2016: EUR: 713m). Total ZZR stock reached EUR 3.1bn
- Underwriting result down by -14%, mainly mirroring policyholder participation in investment gains, tax benefits and the cease of KuRS restructuring costs

Operating result (EBIT)



EBIT margin in %

2.5	2.6	2.0	1.4
FY		Q4	

- Costs for KuRS EUR ~19m lower y/y, but virtually irrelevant for the EBIT (due to policyholder participation)
- Additional PVFP writedown of EUR 17m (shareholder share) for unit-linked products underlines prudent accounting. EBIT is also negatively affected by a higher RfB allocation from a pass-through of tax benefits to policyholders, having a small positive net effect on the net income

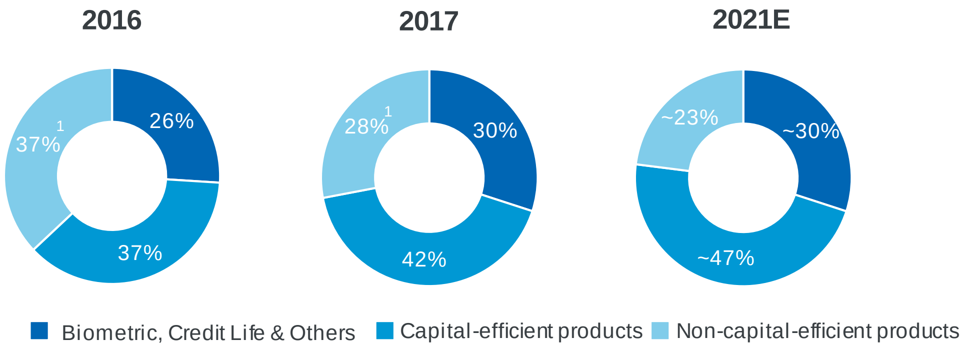
EURm, IFRS ■ **2017** ■ **2016**

Profitability focus explains decline in non-capital efficient business – underlying profitability improved

2

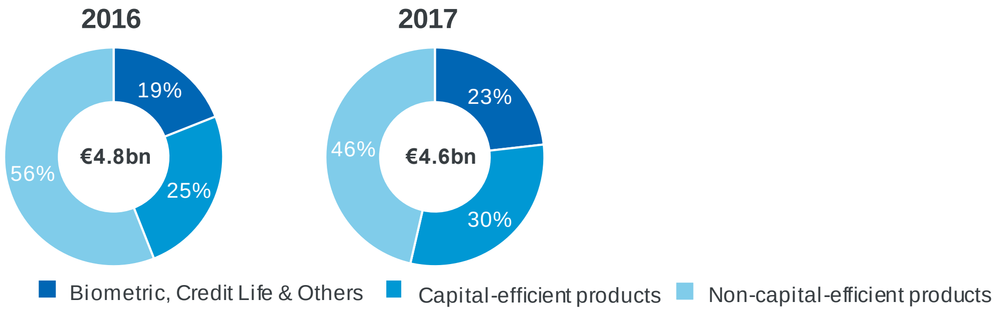
Segments – Retail Germany Life – Portfolio overview

New business premium by product

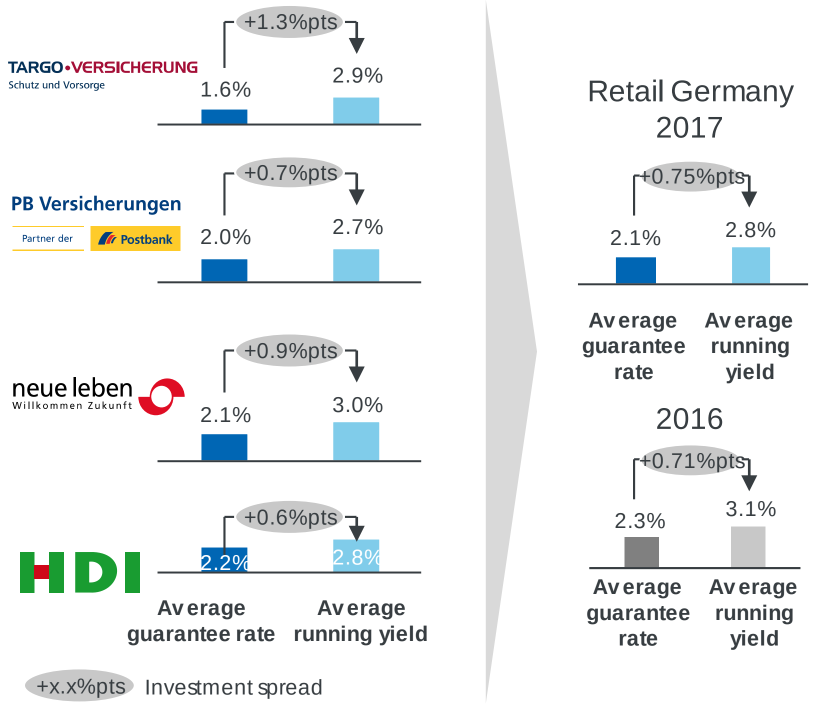


Note: Dynamics in existing contracts impact new business premium split in favour of traditional Life products

Split of in-force-business by business line (GWP)



Business in force 2017



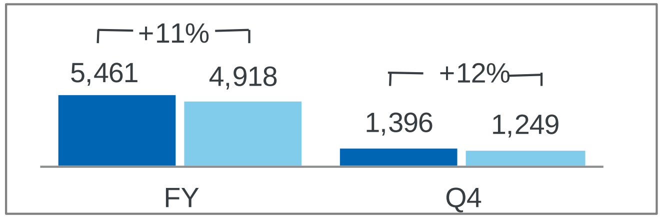
Note: According to German GAAP

[1] Split 2017 (2016): ~11%pts (~10%pts) profitable new business, ~5%pts (~15%pts) 'unwanted' classic business, ~12%pts (~12%pts) effects from dynamics

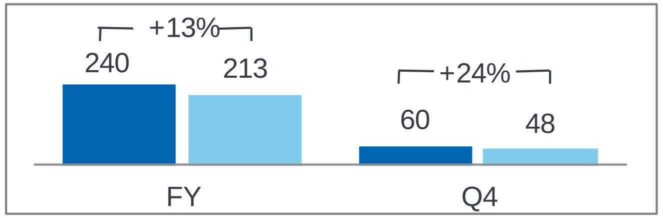
Investment spreads in Retail Germany Life clearly positive – and slightly increased

2 Segments – Retail International

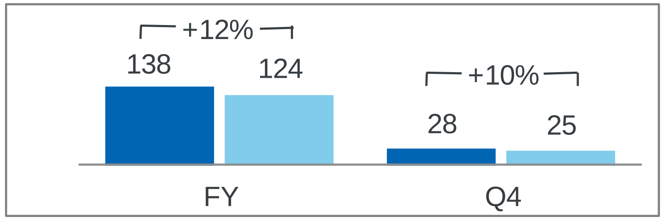
GWP



Operating result (EBIT)



Group net income



Retention rate in %

	FY		Q4	
	91.7	91.1	92.5	91.6

Combined ratio in %

	FY		Q4	
	95.3	96.5	93.6	95.2

RoE (ann.) in %

	FY		Q4	
	6.7	6.2	5.4	4.8

- FY2017 GWP up by 11.0% (curr.adj: +10.5%). Currency tailwind in Brazil and - to a minor extent - in Chile and Poland. Currency headwind in Turkey and Mexico. P/C business grew by even 13.8% y/y on a currency-adjusted basis
- All core markets grew in 2017 – in local and in euro terms. Growth momentum even increased in Q4 (curr.-adj. +14.3% y/y), also supported by strong Motor business in Poland and Mexico

- FY2017 combined ratio improved by 1.2%pts y/y. 0.8%pts higher loss ratio well overcompensated by an 2.0%pts lower cost ratio. Cost optimisation measures in Brazil ("GoDigital") and Poland successful. Combined ratio in Q4 improved further
- FY2017 EBIT up by +12.6% y/y (Q4 2017: +23.8%), mainly driven by strong profit contribution from Warta (2017 EBIT of EUR 106m). Turkey remains profitable – also in Q4 2017

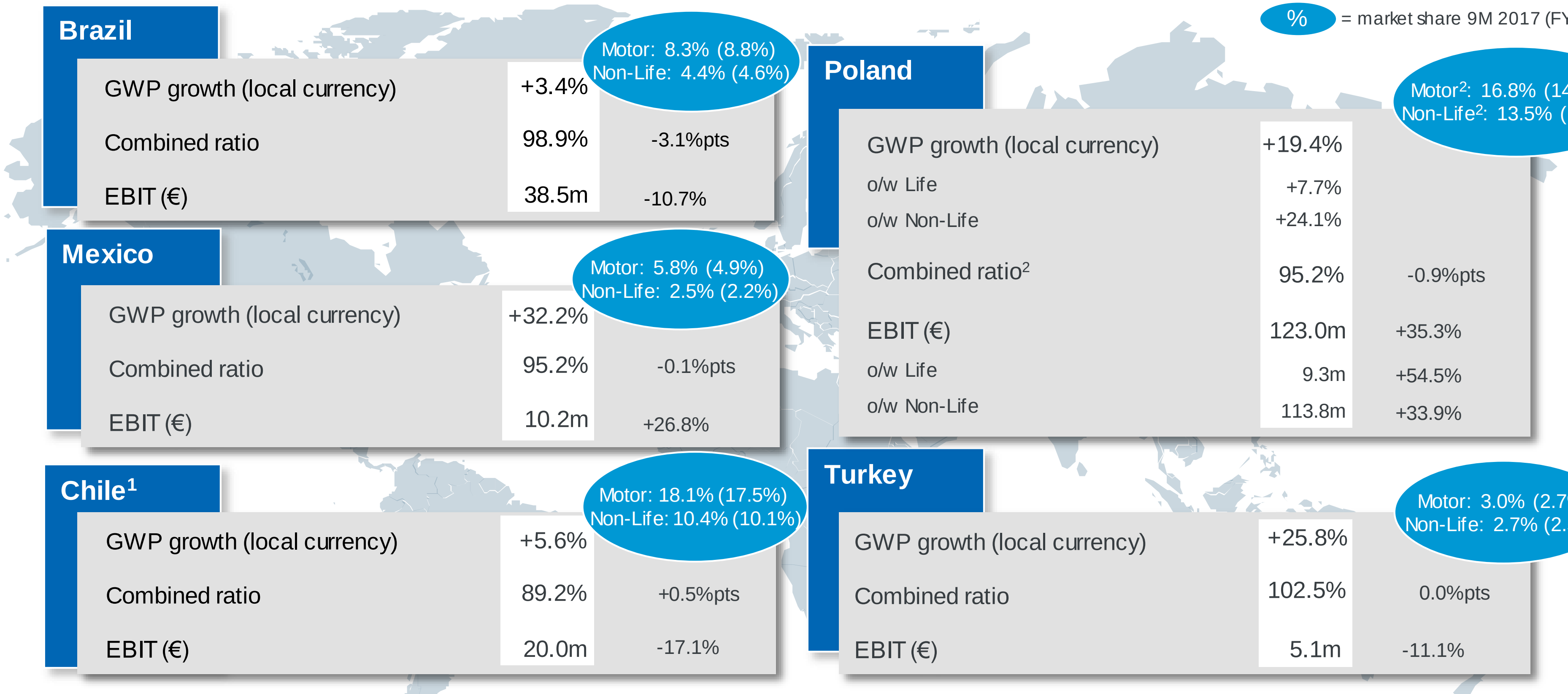
- Net income for FY2017 and Q4 2017 up by a double-digit percentage rate on the back of strong top line growth and combined ratio improvement. Strong profit contribution from Warta lead to a higher share of profits attributable to minorities

EURm, IFRS ■ **2017** ■ **2016**

Note: figures restated on the base of IAS 8

▶ Strong top-line growth and improvement in combined ratio leads to significantly higher profitability

2 Segments – Retail International – Core markets overview



% = market share 9M 2017 (FY2016), in %

Brazil

Motor: 8.3% (8.8%)
Non-Life: 4.4% (4.6%)

GWP growth (local currency)	+3.4%	
Combined ratio	98.9%	-3.1%pts
EBIT (€)	38.5m	-10.7%

Mexico

Motor: 5.8% (4.9%)
Non-Life: 2.5% (2.2%)

GWP growth (local currency)	+32.2%	
Combined ratio	95.2%	-0.1%pts
EBIT (€)	10.2m	+26.8%

Chile[1]

Motor: 18.1% (17.5%)
Non-Life: 10.4% (10.1%)

GWP growth (local currency)	+5.6%	
Combined ratio	89.2%	+0.5%pts
EBIT (€)	20.0m	-17.1%

Poland

Motor[2]: 16.8% (14.8%)
Non-Life[2]: 13.5% (12.8%)

GWP growth (local currency)	+19.4%	
o/w Life	+7.7%	
o/w Non-Life	+24.1%	
Combined ratio[2]	95.2%	-0.9%pts
EBIT (€)	123.0m	+35.3%
o/w Life	9.3m	+54.5%
o/w Non-Life	113.8m	+33.9%

Turkey

Motor: 3.0% (2.7%)
Non-Life: 2.7% (2.5%)

GWP growth (local currency)	+25.8%	
Combined ratio	102.5%	0.0%pts
EBIT (€)	5.1m	-11.1%

[1] Includes all entities of HDI Chile Group operating in the Chilean market; Magallanes integrated in February 2015

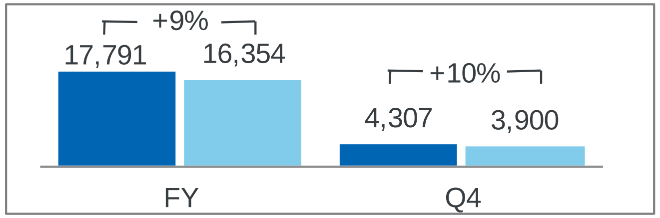
[2] Warta Non-Life only

Note: Market shares based on regional supervisory authorities or insurance associations (Polish KNF, Turkish TSB, Brazilian Siscorp, Mexican AMIS, Chilean AACH); figures restated on the base of IAS 8

▶ **Most of our core markets in Retail International with strong and profitably growing businesses**

2 Segments – Reinsurance Division

GWP

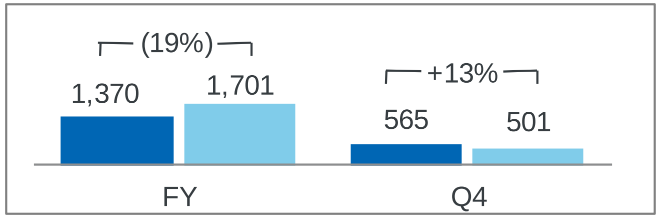


Retention rate in %

	FY		Q4
90.5	89.3	91.6	88.2

- FY2017 GWP growth of +8.8% y/y (curr.-adj.: +11.2%), in line with guidance
- Growth in P/C Reinsurance (curr.adj: +18.7%) mainly from Structured Reinsurance; diversified growth in other areas. In L/H Reinsurance (curr.adj.: +1.4%) reduced premium volume from large-volume treaties compensated by diversified growth
- Net premium is up by +8.5% on a reported basis, grewing +10.8% on a currency-adjusted basis

Operating result (EBIT)

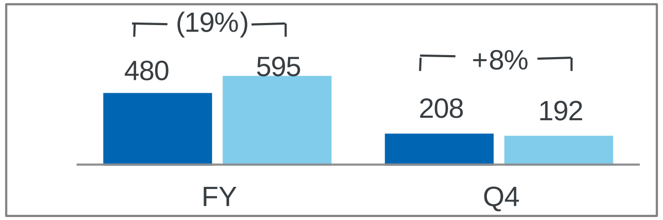


Combined ratio in %

	FY		Q4
99.8	93.7	87.0	89.7

- EBIT is impacted by high frequency of NatCat losses, but aided by strong investment income
- In P/C Reinsurance, combined ratio stays below 100% despite heavy burden of major losses
- In L/H Reinsurance, consistently higher than expected claims from legacy US mortality business. Strong earnings growth from Financial solutions business

Group net income



RoE (ann.) in %

	FY		Q4
11.3	14.4	20.7	17.9

- 2017 RoI of 3.8% significantly up (FY2016: 3.1%)
- Strong increase in ordinary investment income; higher realised gains from disposal of listed equities in Q3 2017

EURm, IFRS ■ **2017** ■ **2016**

▶ **Satisfactory result despite exceptionally higher NatCat losses**

3 Net investment income

Net investment income Talanx Group

EUR m, IFRS	FY2017	FY2016	Change
Ordinary investment income	**3,398**	**3,302**	**+3%**
thereof current investment income from interest	2,684	2,747	(2%)
thereof profit/loss from shares in ass. companies	24	25	(4%)
Realised net gains/losses on investments	1,245	770	+62%
Write-ups/write-downs on investments	(198)	(166)	+19%
Unrealised net gains/losses on investments	64	51	+26%
Investment expenses	(245)	(253)	(3%)
Income from investments under own management	**4,263**	**3,704**	**+15%**
Income from investment contracts	**(4)**	**5**	**(174%)**
Interest income on funds withheld and contract deposits	**219**	**314**	**(30%)**
Total	**4,478**	**4,023**	**+11%**

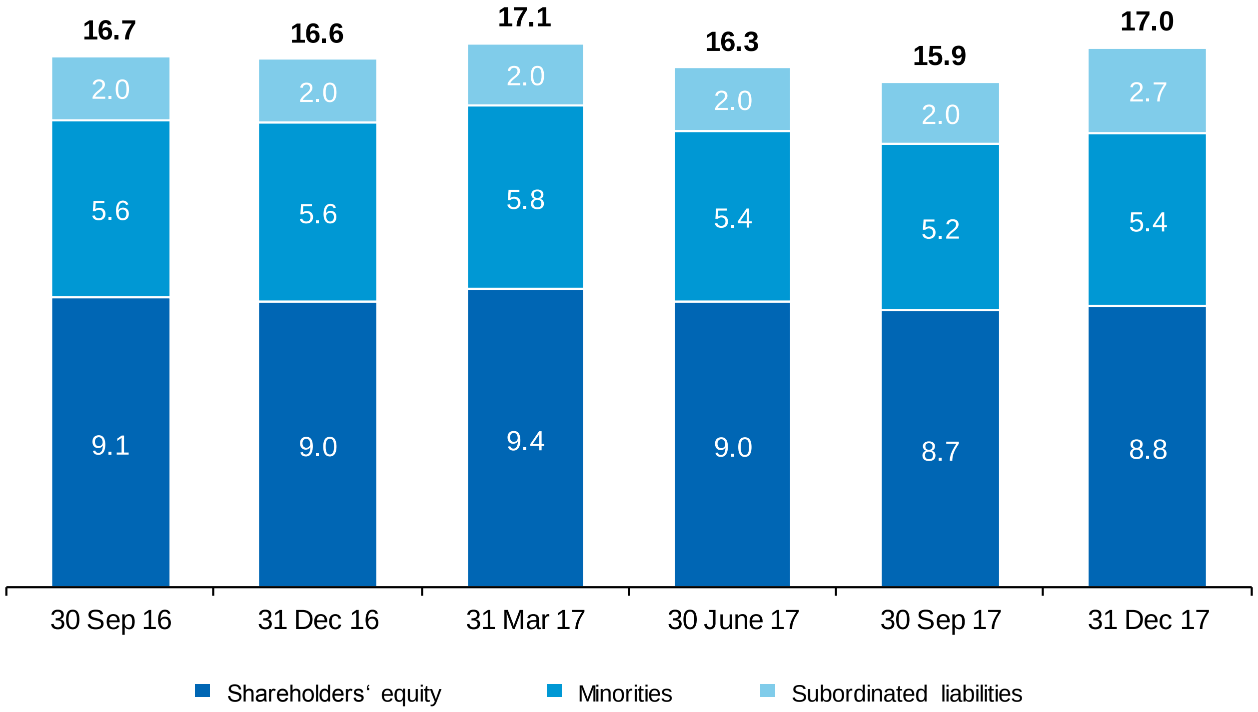
Comments

- Ordinary investment income increases by +3%. Investment result from real estate and from alternative investments are a major driver, overcompensating the effects of the low-interest rate environment
- Realised net investment gains up by ~EUR 475m y/y to EUR 1,245m in FY2017, to a large extent used to finance ZZR. FY2017 ZZR allocation: EUR 809 vs. FY2016: EUR 713m. Realised gains include EUR 227m capital gains from the disposal of the portfolio of listed equities in P/C Reinsurance, mentioned already in Q3 2017
- FY2017 RoI reached 4.0% (FY2016: 3.6%) – well above the FY2017 Outlook of “at least 3.0%"
- Increase in writedowns resulting from real estate investments in the US, fixed-income investments and real estate funds - the latter mainly payout-related
- Significant decline in interest income by EUR -96m on funds withheld and contract deposits due to the recapture of life reinsurance treaties

FY2017 RoI of 4.0% significantly above FY2017 Outlook of “at least 3.0%“ – supported by above-average realised gains

3 Equity and capitalisation – Our equity base

Capital breakdown (EUR bn)



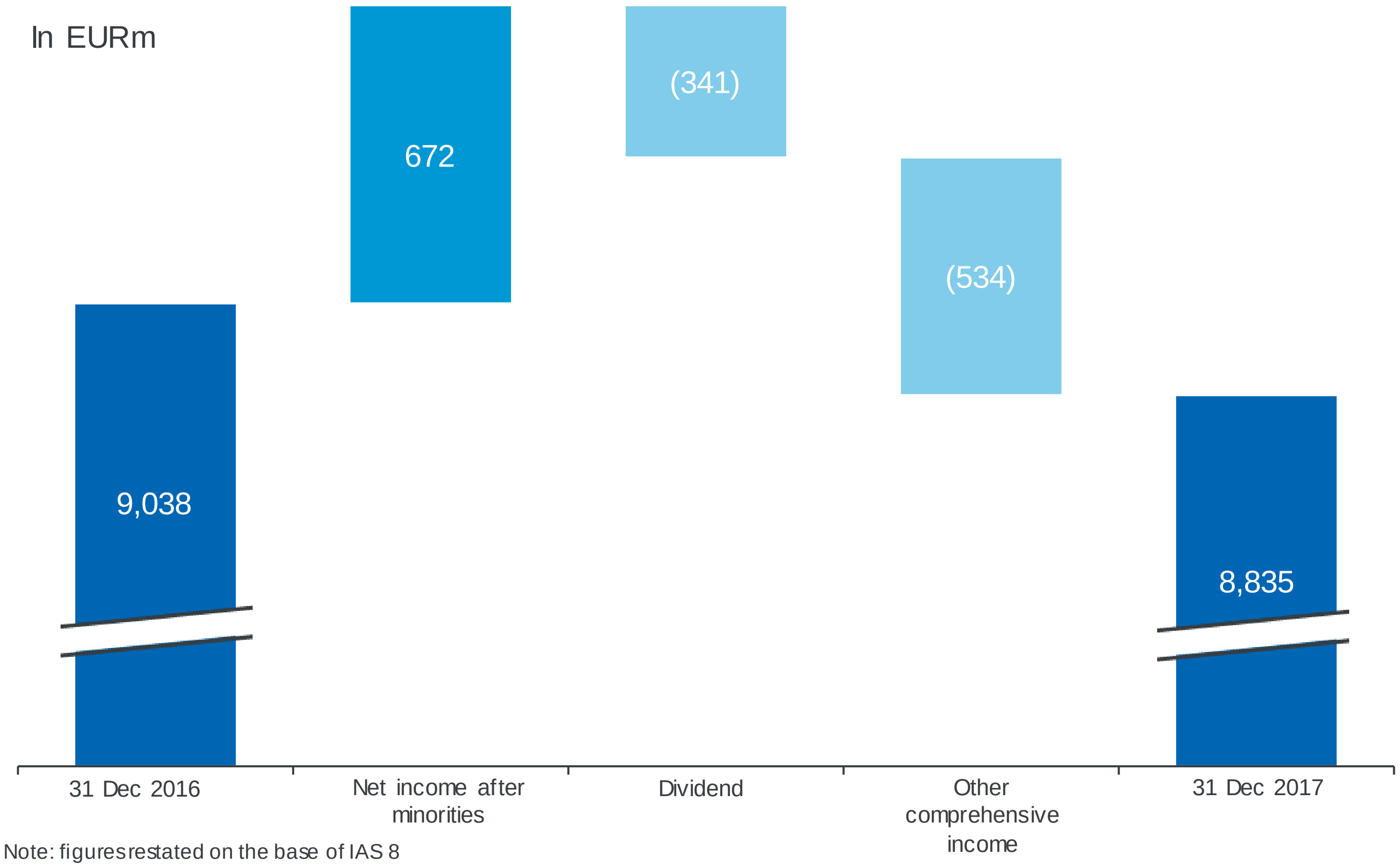
Note: figures restated on the base of IAS 8

Comments

- Total equity base up y/y due to higher subordinated liabilities, related to the EUR 750m hybrid bond placement (fixed coupon of 2.25% until first call date 5 Dec. 2027) on 28 November 2017
- Shareholders' equity is down y/y, predominantly due to the decline in OCI
- At the end of FY2017 book value per share was EUR 34.95 (FY2016: 35.75), NAV (excl. goodwill) per share was EUR 30.76 (EUR 31.64)
- Off-balance sheet reserves amounted to EUR 4.3bn (see page 30), or EUR 1.06 per share (shareholder share only)

▶ **Shareholders' equity at EUR 8,835m, or EUR 34.95 per share**

3 Equity and capitalisation – Contribution to change in equity



Note: figures restated on the base of IAS 8

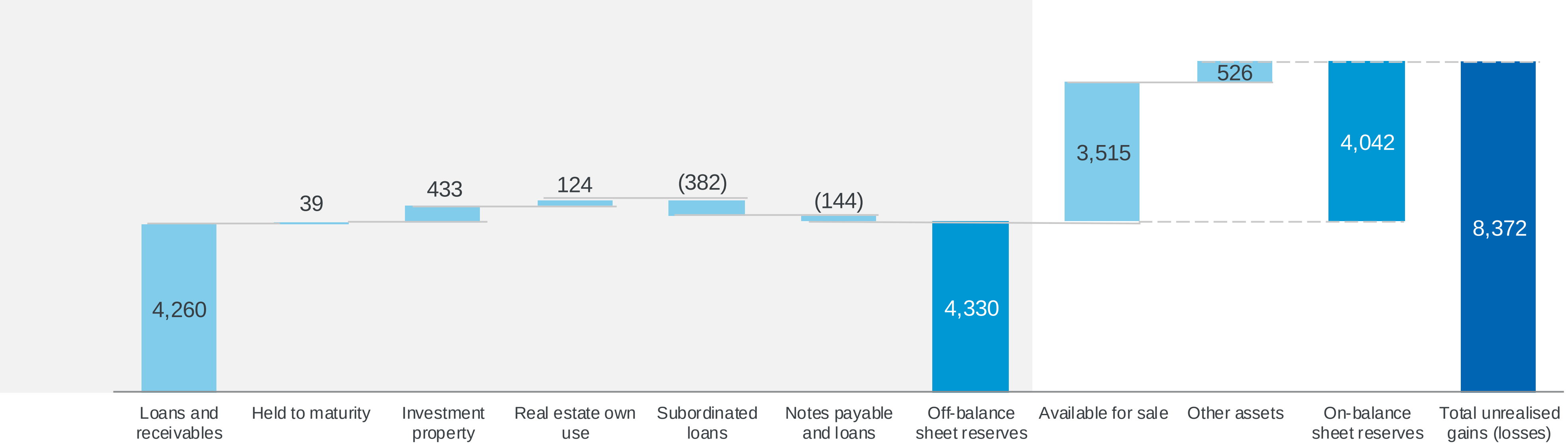
Comments

- At the end of 2017, shareholders' equity stood at EUR 8,835, or EUR ~203m below the level of FY2016
- The reduction was predominantly due to the decline in OCI; the latter results from currency effects and from higher yields
- At the end of 9M 2017, the Solvency II Ratio (Solvency II view, HDI Group level) stood at 190% (FY2016: 186%) excl. the effect of transitional measures
- We expect the Solvency II ratio for FY2017 above the level of 9M 2017 (190%)

Shareholders' equity down by EUR ~203m y/y – negative impact from OCI, mainly reflecting currency effects and increase in interest rates

3 Equity and capitalisation – Unrealised gains

Unrealised gains and losses (off- and on-balance sheet) as of 31 December 2017 (EURm)



31 Dec 16	4,928	47	333	104	(296)	(168)	4,948	4,191	528	4,718	9,666

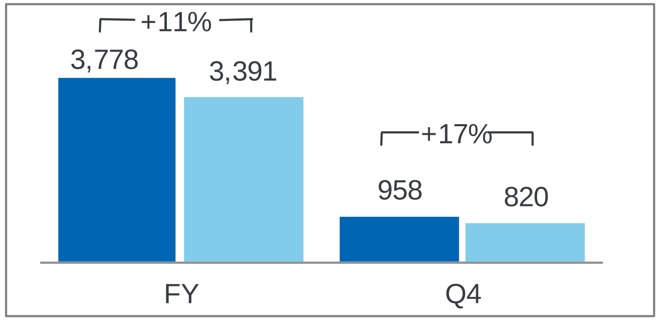
Δ market value vs. book value

Note: Shareholder contribution estimated based on FY2015 profit sharing pattern

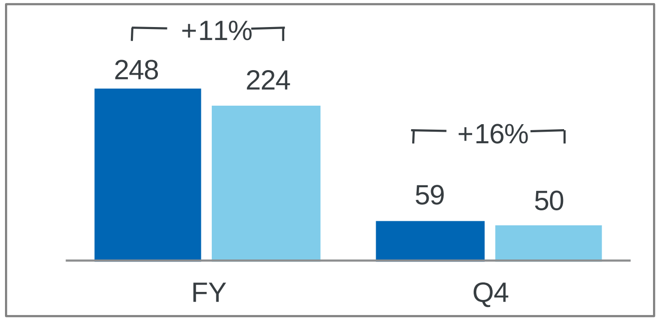
▶ **Off-balance sheet reserves of ~ EUR 4.3bn – EUR 267m (EUR 1.06 per share) attributable to shareholders (net of policyholders, taxes & minorities)**

FY2017 Additional Information – Retail International Europe: Key financials

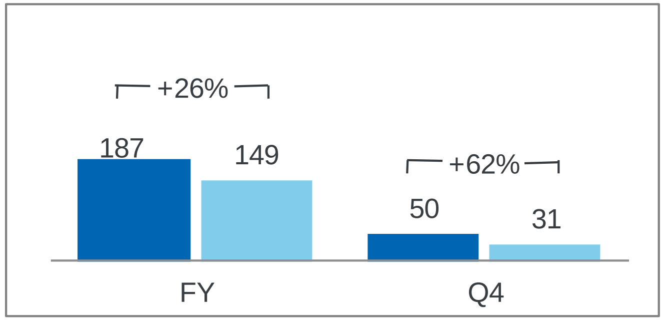
GWP



Investment income



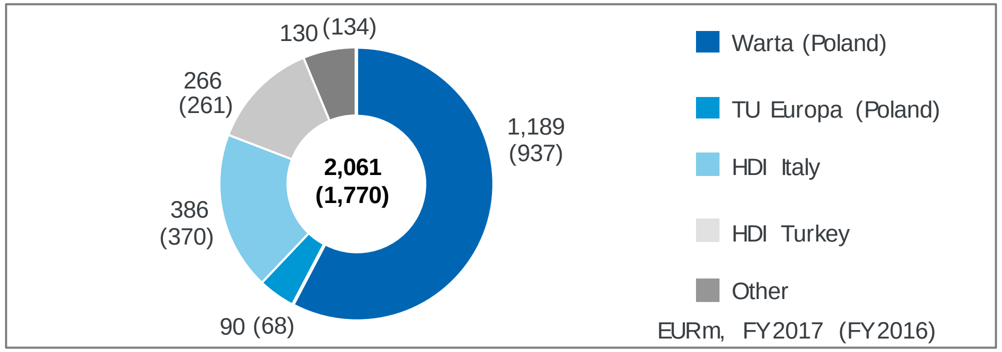
Operating result (EBIT)



EURm, IFRS ■ **2017** ■ **2016**

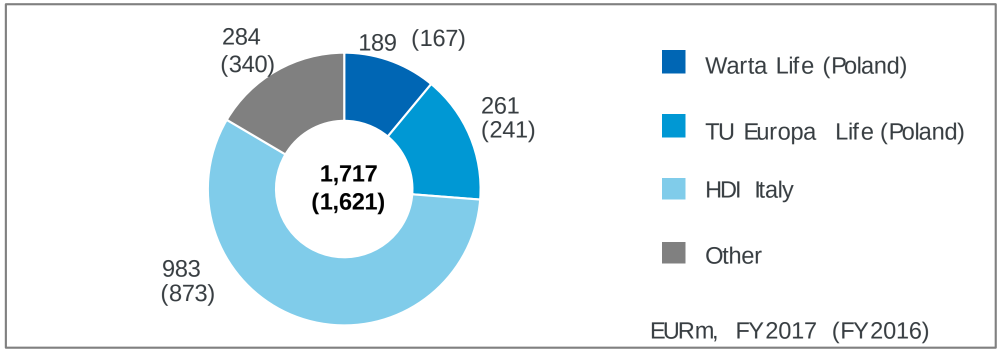
Note: figures restated on the base of IAS 8

GWP split by carriers (P/C)



EURm, FY2017 (FY2016)

GWP split by carriers (Life)



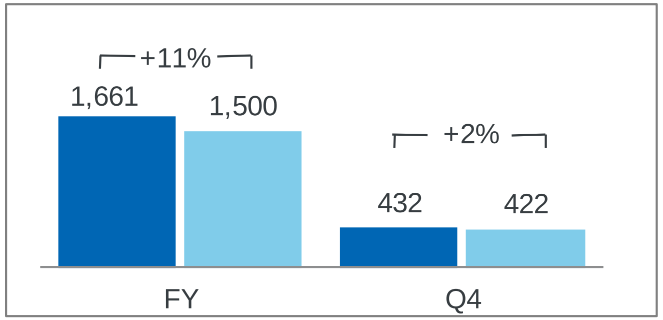
EURm, FY2017 (FY2016)

Strong improvement on top-line and in particular on EBIT level – Poland continues to benefit from hard cycle in Motor

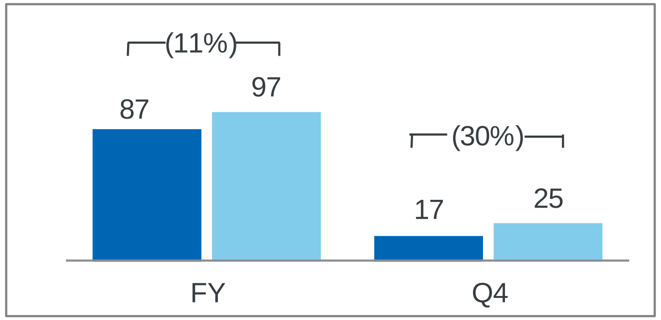
5

FY2017 Additional Information – Retail International LatAm: Key financials

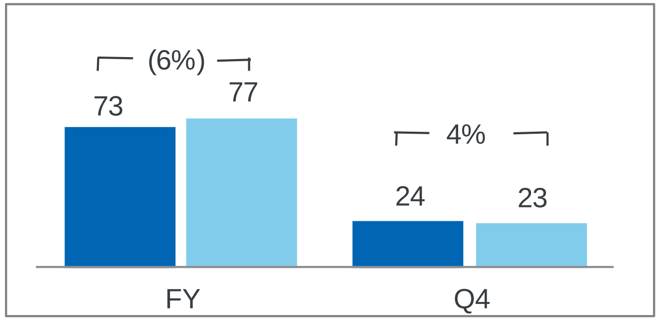
GWP



Investment income



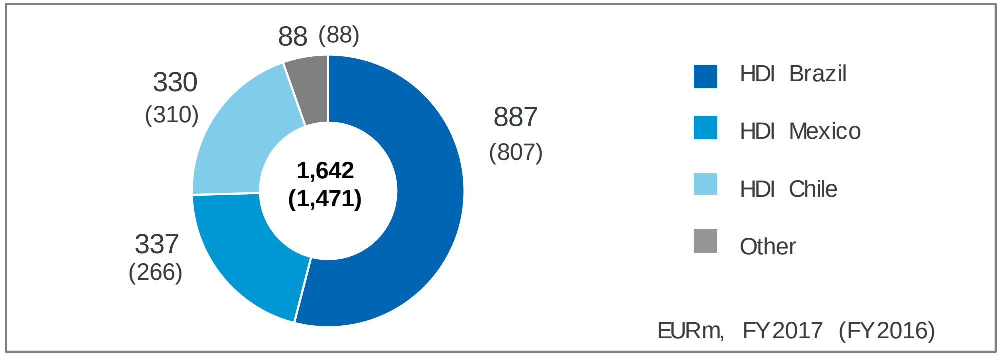
Operating result (EBIT)



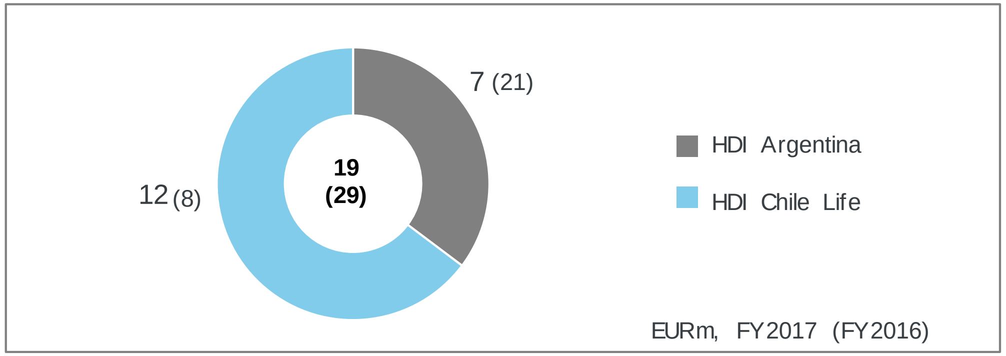
EURm, IFRS ■ **2017** ■ **2016**

Note: figures restated on the base of IAS 8

GWP split by carriers (P/C)



GWP split by carriers (Life)

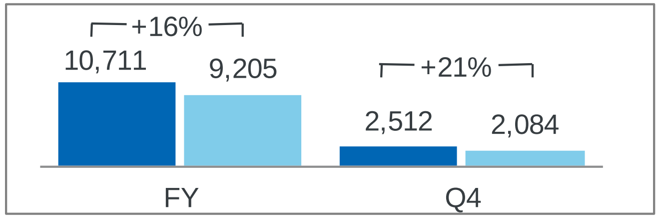


Strong top-line growth – FY2017 EBIT decline fully explained by a negative base effect in Brazil

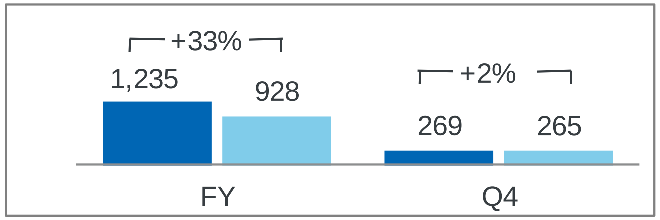
5

FY2017 Additional Information – Segment P/C Reinsurance

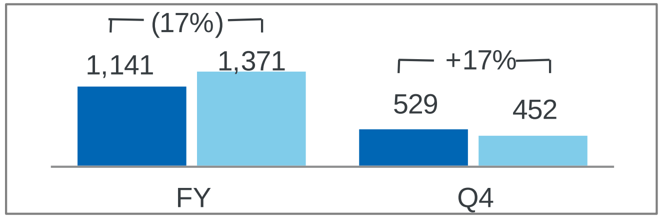
GWP



Investment income



Operating result (EBIT)



Retention rate in %

89.7	88.5	91.1	89.1
FY		Q4	

Combined ratio in %

99.8	93.7	87.0	89.7
FY		Q4	

EBIT margin in %[1]

12.5	17.2	22.0	21.9
FY		Q4	

- FY2017 GWP up by +16.4% y/y (curr.-adj.:+18.7%); growth mainly from Structured Reinsurance; diversified growth in other areas
- Net premium earned grew by +14.7% (curr.-adj.:+17.0%)

- Major losses of EUR 1,127m (budget: EUR 825m). Higher run-off result due to initial conservative reserving; confidence level of loss reserves largely unchanged
- Favourable ordinary investment income and realised gains from listed equity

- Other income and expenses within normal range; decreased currency result, but still positive
- FY2017 EBIT margin[1] of 12.5% (FY2016: 17.2%) – well above target
- Low tax ratio due to tax-reduced gains from disposal of listed equities

[1] EBIT margin reflects a Talanx Group view

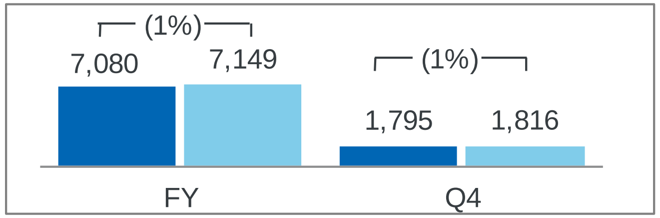
EURm, IFRS ■ **2017** □ **2016**

EBIT margin of 12.5% despite high level of NatCat losses

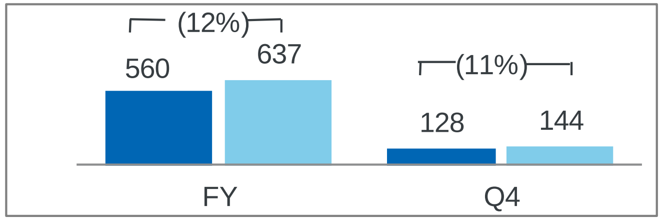
5

FY2017 Additional Information – Segment Life/Health Reinsurance

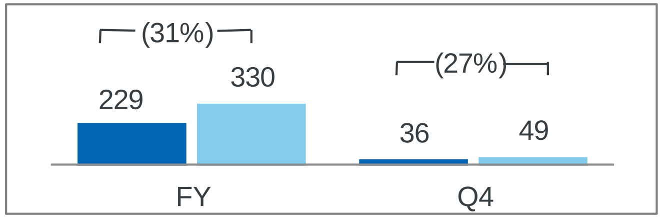
GWP



Investment income



Operating result (EBIT)



Retention rate in %

FY		Q4	
91.7	90.4	92.3	87.2

RoI in %

FY		Q4	
3.8	3.7	3.5	3.0

EBIT margin in %[1]

FY		Q4	
3.5	5.2	2.1	3.1

- FY2017 GWP down by -1.0% (curr.-adj.:+1.4%); reduced premium volume from large-volume treaties compensated by diversified growth
- Net premium earned up by 0.7% (curr.-adj.: +3.0%)

- Technical result impacted by legacy US mortality business including recapture of EUR -45min
- Favourable investment income

- Other income increased due to strong contribution from deposit accounted treaties of EUR 184m (FY2016: EUR 64m)
- FY2017 EBIT margin[1] of 3.5% (FY2016: 5.2%)

[1] EBIT margin reflects a Talanx Group view

EURm, IFRS ■ **2017** ■ **2016**

▶ **Good underlying profitability in Life/Health segment – result affected by legacy US mortality business**

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FY2017 Additional Information – Segments

	Industrial Lines			Retail Germany P/C			Retail Germany Life		
EURm, IFRS	FY 2017	FY 2016	Change	FY 2017	FY 2016	Change	FY 2017	FY 2016	Change
P&L									
Gross written premium	4,454	4,266	+4%	1,525	1,498	+2%	4,576	4,788	(4%)
Net premium earned	2,434	2,243	+9%	1,411	1,405	+0%	3,397	3,516	(3%)
Net underwriting result	-207	73	n/m	-21	-44	n/m	-1,883	-1,656	n/m
Net investment income	277	242	+14%	91	87	+5%	2,007	1,802	+11%
Operating result (EBIT)	109	302	(64%)	52	-2	n/m	85	92	(8%)
Net income after minorities	91	241	(62%)	n/a	n/a	n/m	n/a	n/a	n/m
Key ratios									
Combined ratio non-life insurance and reinsurance	108.5%[1]	96.8%	11.7%pts	101.6%[2]	103.3%	(1.7%)pts	-	-	-
Expense ratio	22.8%	21.8%	1.0%pts	37.0%	36.5%	0.5%pts	-	-	-
Loss ratio	85.7%	74.9%	10.8%pts	64.6%	66.7%	(2.1%)pts	-	-	-
Return on investment	3.6%	3.2%	0.4%pts	2.4%	2.3%	0.1%pts	4.4%	4.1%	0.3%pts

[1] Q4 2017 combined ratio: 104.3% (Q4 2016: 93.5%), expense ratio: 24.9% (20.1%), loss ratio: 79.4% (73.3%)

[2] Q4 2017 combined ratio: 105.5% (Q4 2016: 103.3%), expense ratio: 39.4% (41.3%), loss ratio: 66.1% (62.0%)

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FY2017 Additional Information – Segments

	Retail International			P/C Reinsurance			Life/Health Reinsurance			Group		
EURm, IFRS	FY 2017	FY 2016	Change	FY 2017	FY 2016	Change	FY 2017	FY 2016	Change	FY 2017	FY 2016	Change
P&L												
Gross written premium	5,461	4,918	+11%	10,711	9,205	+16%	7,080	7,149	(1%)	33,060	31,106	+6%
Net premium earned	4,579	4,123	+11%	9,158	7,985	+15%	6,473	6,426	+1%	27,418	25,736	+7%
Net underwriting result	55	10	+460%	1	481	(100%)	-493	-372	+32%	-2,544	-1,519	n/m
Net investment income	329	319	+3%	1,235	928	+33%	560	637	(12%)	4,478	4,023	+11%
Operating result (EBIT)	240	213	+13%	1,141	1,371	(17%)	229	330	(31%)	1,807	2,307	(22%)
Net income after minorities	138	124	+11%	n/a	n/a	n/m	n/a	n/a	n/m	672	903	(26%)
Key ratios												
Combined ratio non-life insurance and reinsurance	95.3%[1]	96.5%	(1.2%)pts	99.8%[2]	93.7%	6.1%pts	-	-	-	100.4%[3]	95.7%	4.7%pts
Expense ratio	29.2%	31.1%	(2.1%)pts	28.7%	27.2%	1.5%pts	-	-	-	28.6%	28.0%	0.6%pts
Loss ratio	66.2%	65.4%	0.8%pts	71.2%	66.7%	4.5%pts	-	-	-	71.9%	67.8%	4.1%pts
Return on investment	3.4%	3.7%	-0.3%pts	3.8%	2.9%	0.9%pts	3.8%	3.7%	0.1%pts	4.0%	3.6%	0.4%pts

[1] Q4 2017 combined ratio: 93.6% (Q4 2016: 95.2%), expense ratio: 29.7% (31.1%), loss ratio: 64.0% (64.2%)
[2] Q4 2017 combined ratio: 87.0% (Q4 2016: 89.7%), expense ratio: 30.6% (26.1%), loss ratio: 56.6% (63.9%)
[3] Q4 2017 combined ratio: 92.7% (Q4 2016: 93.1%), expense ratio: 30.4% (27.5%), loss ratio: 62.4% (65.7%)

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FY2017 Additional Information – Group: Key financials

Summary Talanx Group – restatement of figures (according to IAS 8)

€m, IFRS	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY2017
Gross written premium	8,995	7,432	7,322	7,357	31,10	9,752	7,801	7,685	7,822	33,060
Net premium earned	6,265	6,552	6,313	6,606	25,736	6,698	6,754	6,833	7,133	27,418
Net underwriting result	-422	-361	-384	-353	-1,520	-415	-524	-1,181	-424	-2,544
Net investment income	1,022	940	1,018	1,043	4,023	1,011	1,074	1,226	1,168	4,478
Operating result (EBIT)	573	495	583	655	2,307	576	550	-22	704	1,807
Net income after minorities	223	181	233	266	903	238	225	-20	228	672
Key ratios	**Q1 2016**	**Q2 2016**	**Q3 2016**	**Q4 2016**	**FY2016**	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**FY2017**
Combined ratio non-life insurance and reinsurance	68.3%	69.0%	68.5%	65.7%	67.8%	68.6%	68.6%	87.4%	62.4%	71.9%
Return on investment	3.7%	3.3%	3.6%	3.6%	3.6%	3.5%	3.8%	4.4%	4.2%	4.0%
Balance sheet	**Q1 2016**	**Q2 2016**	**Q3 2016**	**Q4 2016**	**FY2016**	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**FY2017**
Investments under own management	101,913	105,078	107,086	107,174	107,174	107,810	106,607	107,172	107,881	107,881
Goodwill	1,039	1,033	1,040	1,039	1,039	1,060	1,044	1,049	1,058	1,058
Total assets	154,841	157,985	159,341	156,626	156,626	160,120	157,758	157,558	158,386	158,386
Technical provisions	108,758	111,306	111,490	110,515	110,515	112,708	111,492	112,268	111,897	111,897
Shareholders' equity	8,498	8,621	8,968	9,038	9,038	9,327	8,929	8,678	8,835	8,835

▶ **Numbers for Talanx Group after restatement for 2016 and 2017 according to IAS 8 effect**

5 FY2017 Additional Information – Retail International: Key financials

P&L for Retail International – restatement of figures (according to IAS 8)

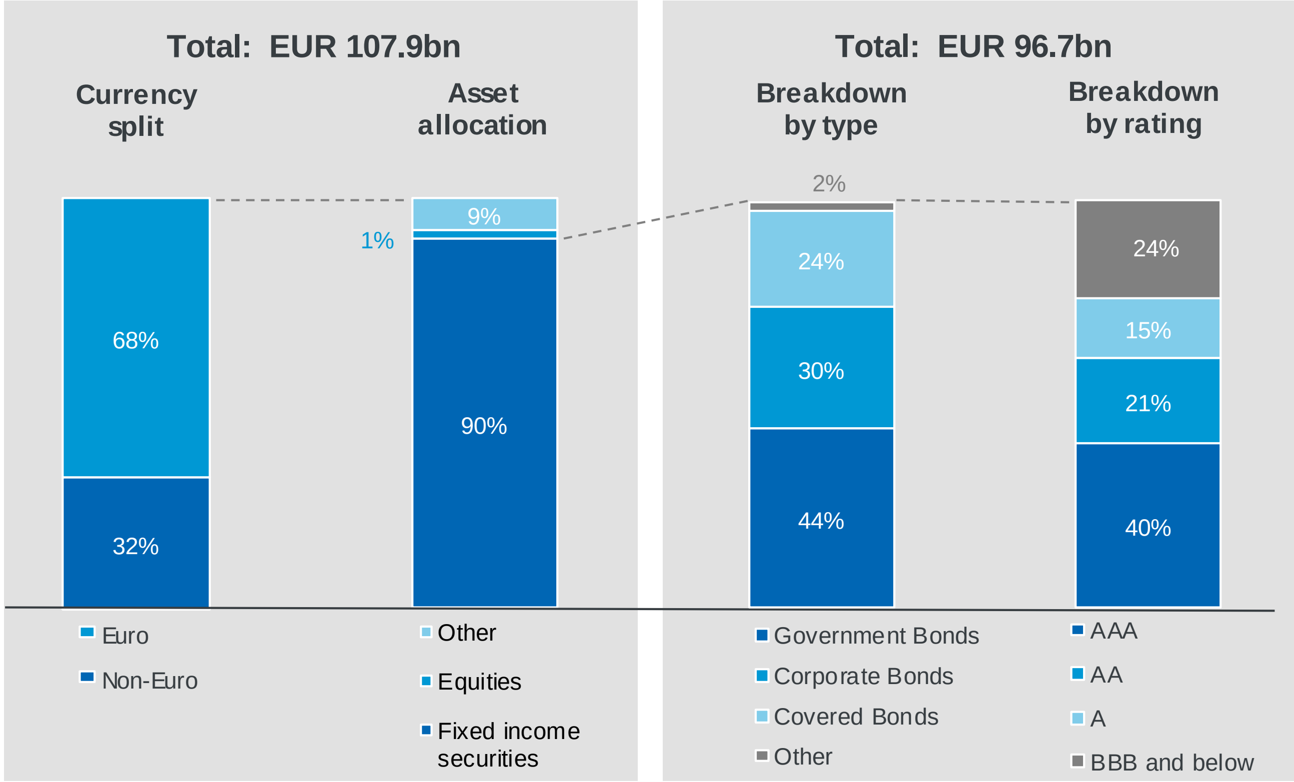
€m, IFRS	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY2017
Gross written premium	**1,148**	**1,339**	**1,182**	**1,249**	**4,918**	**1,484**	**1,345**	**1,237**	**1,396**	**5,461**
Net premium earned	986	1,112	1,000	1,024	4,123	1,217	1,142	1,064	1,157	4,579
Net underwriting result	9	0	-12	13	10	8	7	18	23	55
Net investment income	80	73	92	75	319	86	87	81	75	329
Operating result (EBIT)	**61**	**48**	**55**	**48**	**213**	**63**	**55**	**62**	**60**	**240**
Group net income	37	30	32	25	124	40	35	35	28	138
Return on investment (annualised)	4.0%	3.3%	4.0%	3.4%	3.7%	3.7%	3.7%	3.4%	3.1%	3.4%
Loss Ratio	64.9%	64.9%	67.5%	64.2%	65.4%	66.9%	66.6%	67.3%	64.0%	66.2%
Expense Ratio	31.2%	31.6%	30.6%	31.1%	31.1%	29.6%	29.6%	27.7%	29.7%	29.2%
Combined Ratio	96.1%	96.5%	98.1%	95.2%	96.5%	96.6%	96.2%	95.0%	93.6%	95.3%

Numbers for Retail International after restatement for 2016 and 2017 according to IAS 8 effect

5 FY2017 Additional Information – Breakdown of investment portfolio

Investment portfolio as of 31 Dec 2017

Fixed-income-portfolio split



Comments

- Investments under own management of 107.9bn slightly up vs. FY2016 (EUR 107.2bn) and broadly unchanged vs. 9M 2017 (EUR 107.2bn)
- Investment portfolio remains dominated by fixed-income securities: portfolio share of 90% broadly unchanged (FY2016: 90%; Q3 2017: 90%)
- Share of fixed-income portfolio invested in “A” or higher-rated bonds unchanged vs. FY 2016 at 76%
- 18% of “investments under own management” held in USD, 32% overall in non-euro currencies (FY2016: 33%)

Investment strategy unchanged – portfolio remains dominated by strongly rated fixed-income securities

5

FY2017 Additional Information – Details on selected fixed-income country exposure

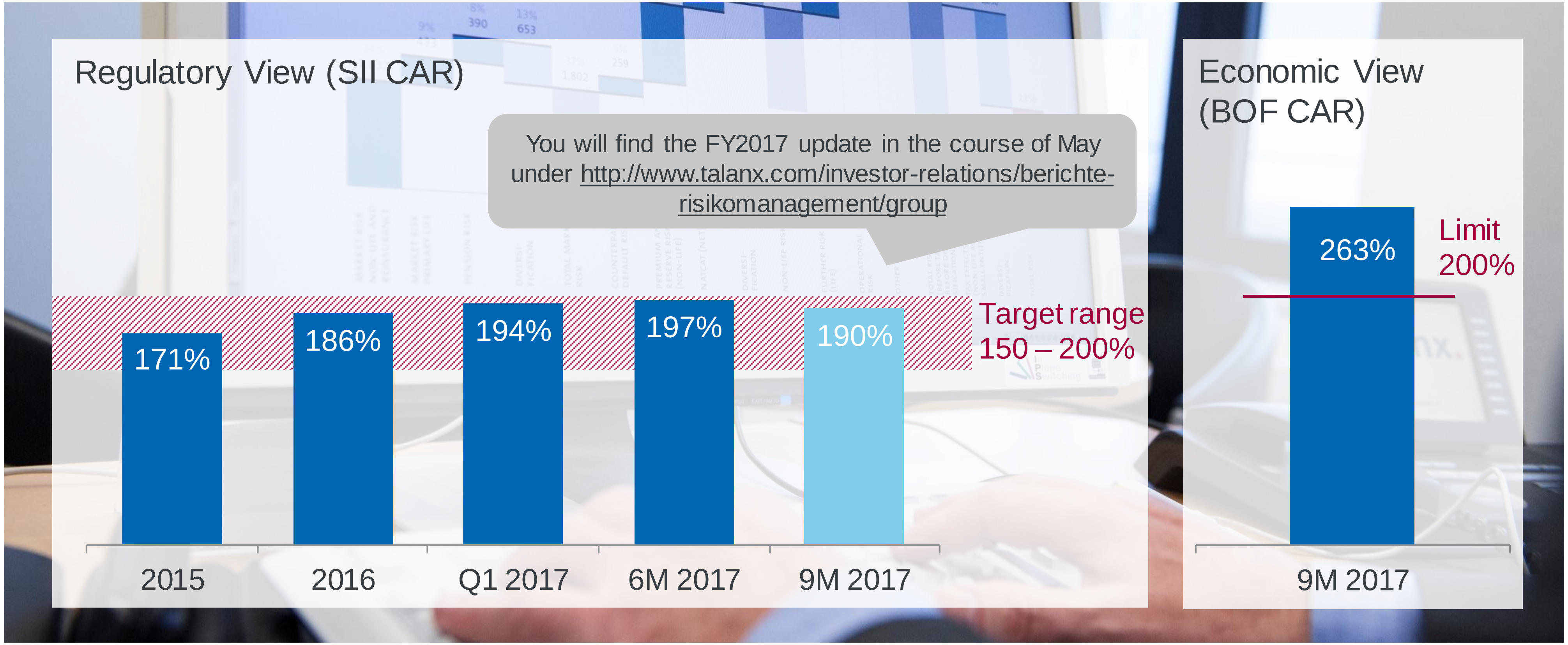
Investments into issuers from countries with a rating below A-[1] (in EURm)

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	2,361	0	573	647	475	0	**4,057**
Spain	BBB+	742	422	213	416	269	0	**2,063**
Brazil	BB	263	0	79	303	0	5	**651**
Mexico	BBB+	110	6	47	227	0	0	**389**
Hungary	BBB-	509	0	0	9	22	0	**540**
Russia	BB+	206	15	36	198	0	0	**455**
South Africa	BB+	161	2	9	60	0	4	**236**
Portugal	BBB-	44	0	11	75	38	0	**168**
Turkey	BB+	18	0	19	18	3	0	**58**
Greece	CCC	-	-	-	-	-	-	**-**
Other BBB+		14	0	31	66	0	0	**111**
Other BBB		94	43	60	48	0	0	**245**
Other <BBB		185	17	98	163	0	238	**700**
Total		4,709	504	1,177	2,230	806	247	**9,674**
In % of total investments under own management		4.4%	0.5%	1.1%	2.1%	0.7%	0.2%	**9.0%**
In % of total Group assets		3.0%	0.3%	0.7%	1.4%	0.5%	0.2%	**6.1%**

1 Investment under own management

5 FY2017 Additional Information – Solvency II capital

Solvency II capitalisation within target range



You will find the FY2017 update in the course of May under http://www.talanx.com/investor-relations/berichte-risikomanagement/group

Note: Solvency II ratio relates to HDI V.a.G. as the regulated entity. The chart does not contain the effect of transitional measures.
Solvency II ratio including transitional measures for 9M 2017 was 237% (FY2016 236%)

5 Financial Calendar and Contacts

- **8 May 2018**
  Annual General Meeting
- **11 May 2018**
  Quarterly Statement as at 31/03/2018
- **13 August 2018**
  Interim Report as at 30/06/2018
- **23 October 2018**
  Capital Markets Day

From left to right: Alexander Grabenhorst (Equity & Debt IR), Anna Färber (Team Assistant), Carsten Werle (Head of IR), Wiebke Großheim (Roadshows & Conferences, IR webpage), Hannes Meyburg (Ratings); Alexander Zessel (Ratings), Marcus Sander (Equity & Debt IR); not in the picture: Nicole Tadje (Strategic IR & Projects)

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