



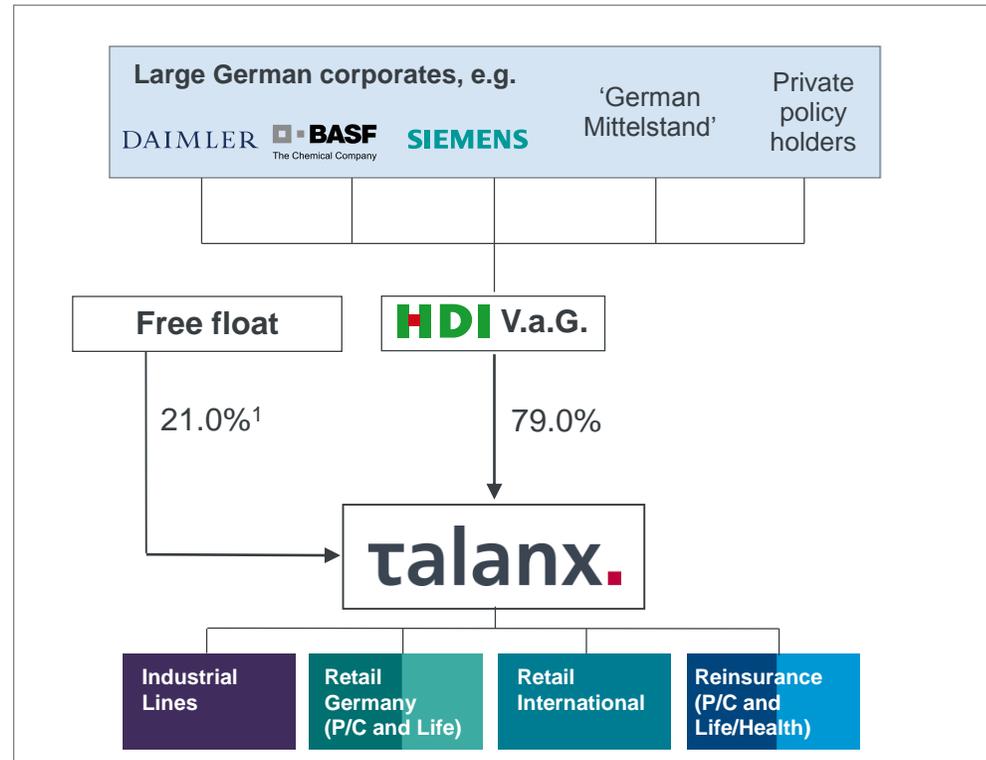
talanx.
Insurance. Investments.

Investor Presentation

June 2018

Founded as a lead insurer by German corporates

Group structure



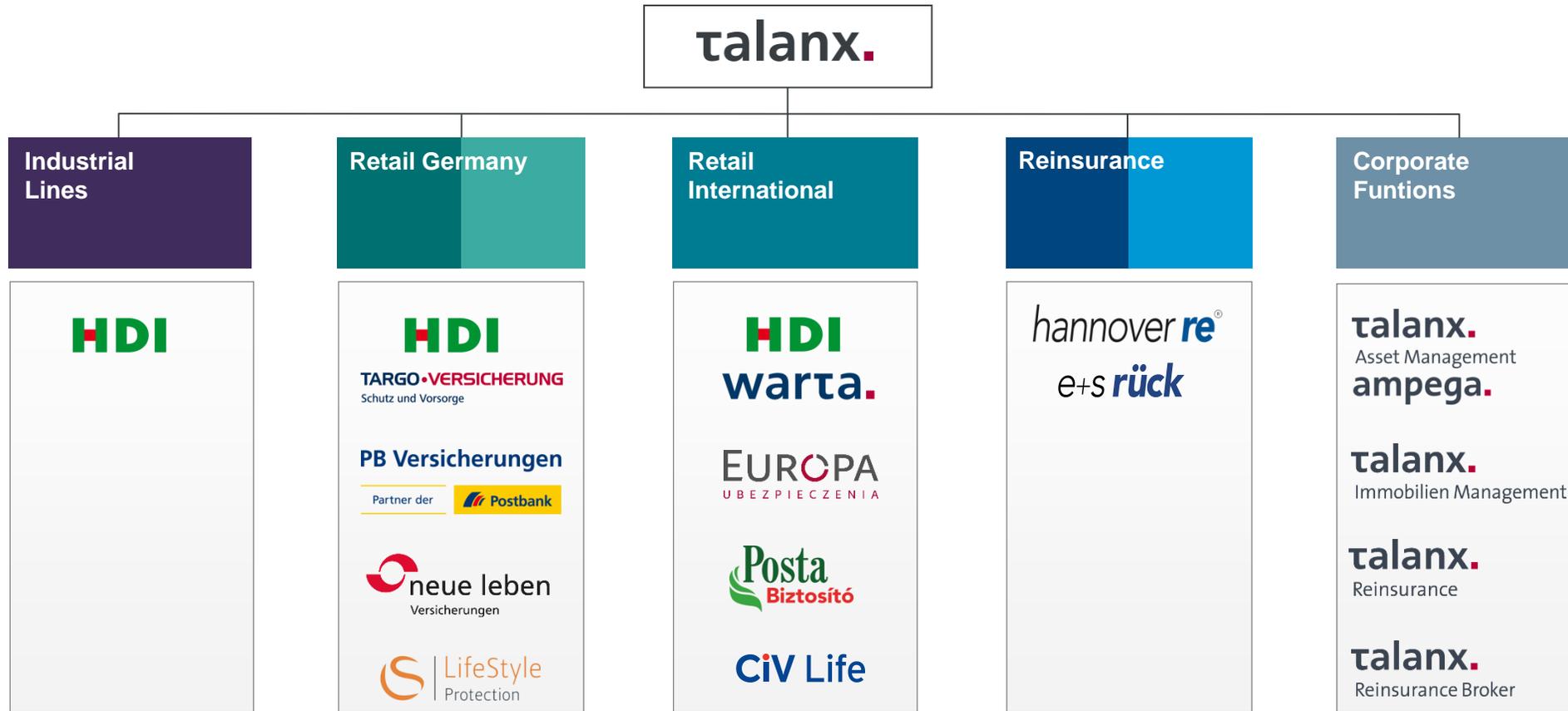
¹ Including employee shares and stake of Meiji Yasuda (below 5%)

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



▶ 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 Poland²
- # 5 motor insurer in Brazil²
- # 3 motor insurer in Chile²
- # 7 motor insurer in Mexico²

Reinsurance

- Global presence focussing on Western Europe, North- and South America as well as Asia
- ~5.000 customers in >150 countries

¹ By branches, agencies, risk carriers, representative offices

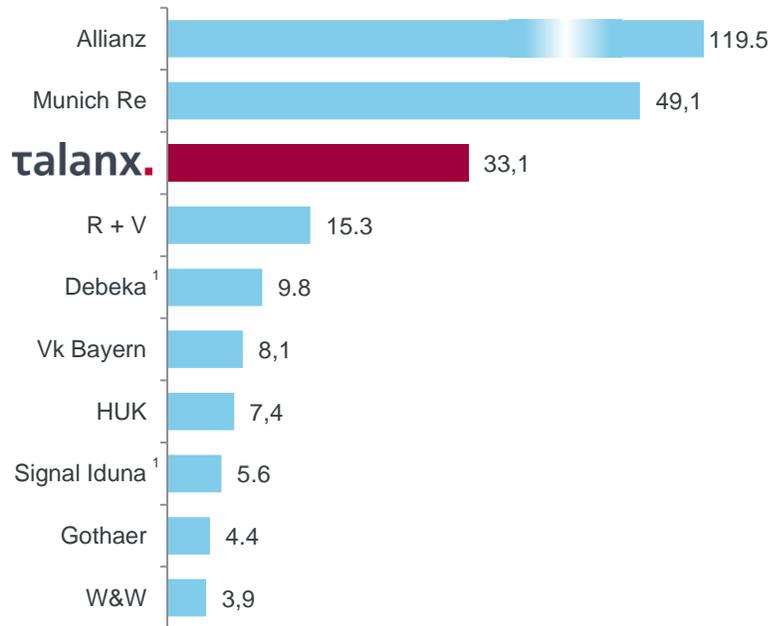
² Source: local regulatory authorities, Talanx AG

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

Among the leading European insurance groups

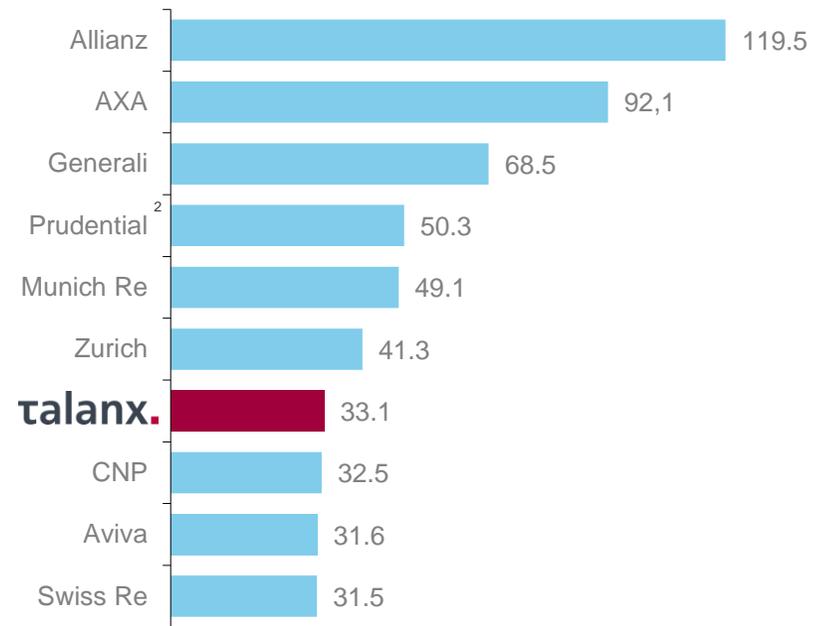
Top 10 German insurers

German insurers by global GWP (2017, €bn)



Top 10 European insurers

European insurers by global GWP (2017, €bn)

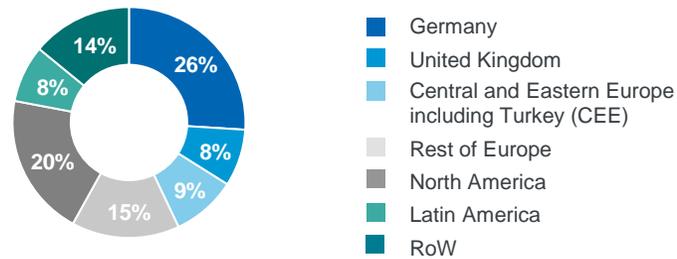


¹ Previous year's figures ² Gross earned premium
Source: Company publications (25.05.2018)

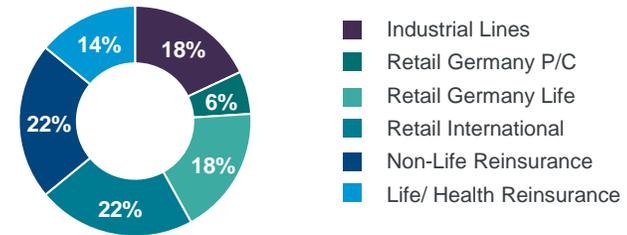
 **Third-largest German insurance group with leading position in Europe**

Regional and segmental split of GWP and EBIT

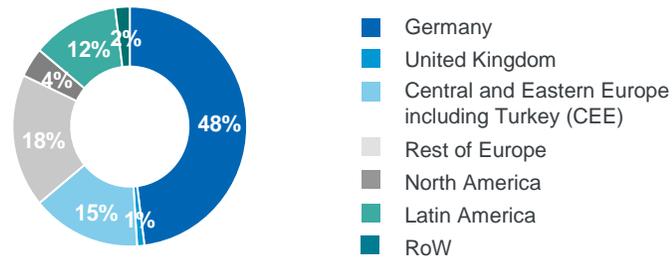
GWP by regions 2017 (consolidated Group level)



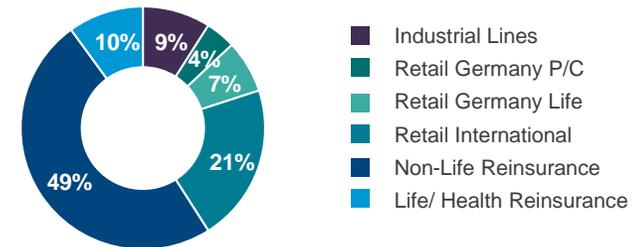
GWP by segments 2017¹



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 channels¹

Bancassurance



Automotive



Brokers



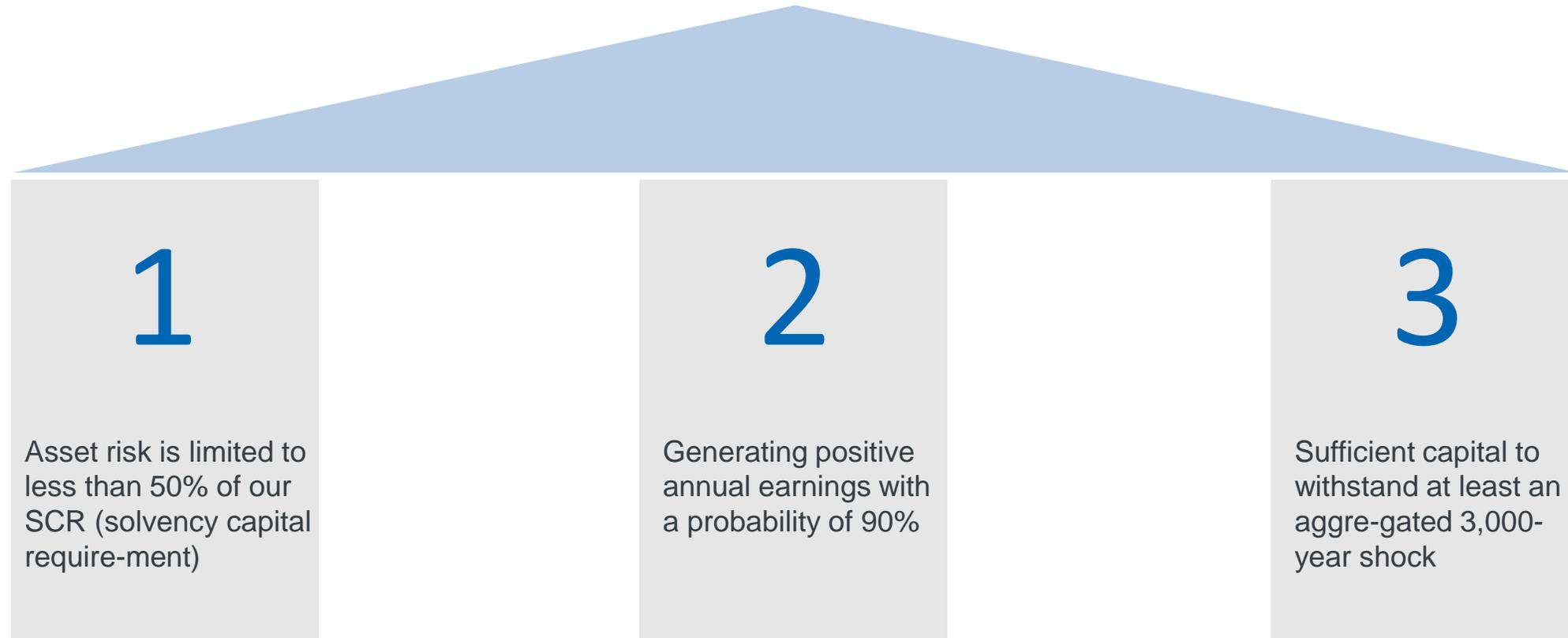
Employee affinity business



¹ Samples of clients/partners

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

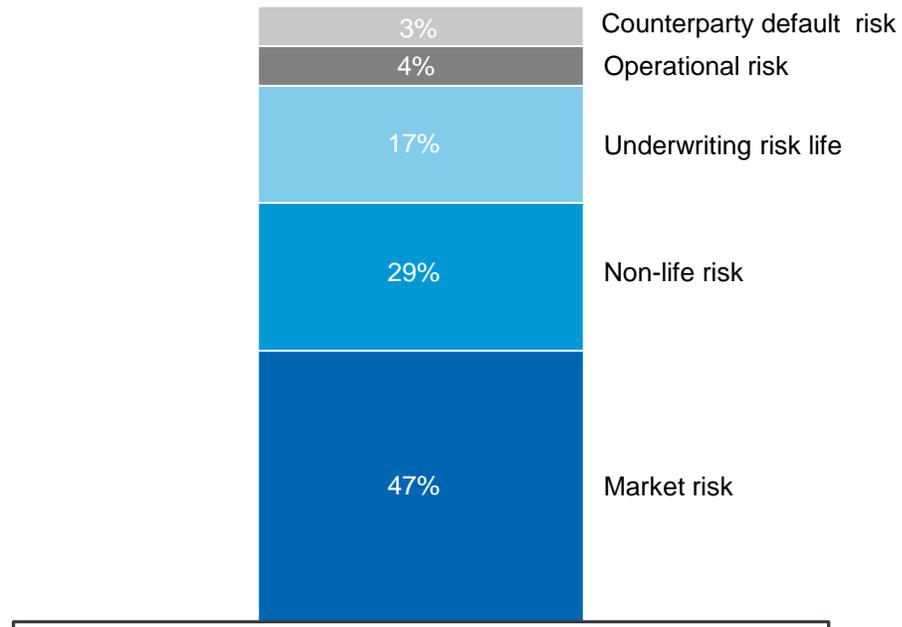
Key Pillars of our risk management



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

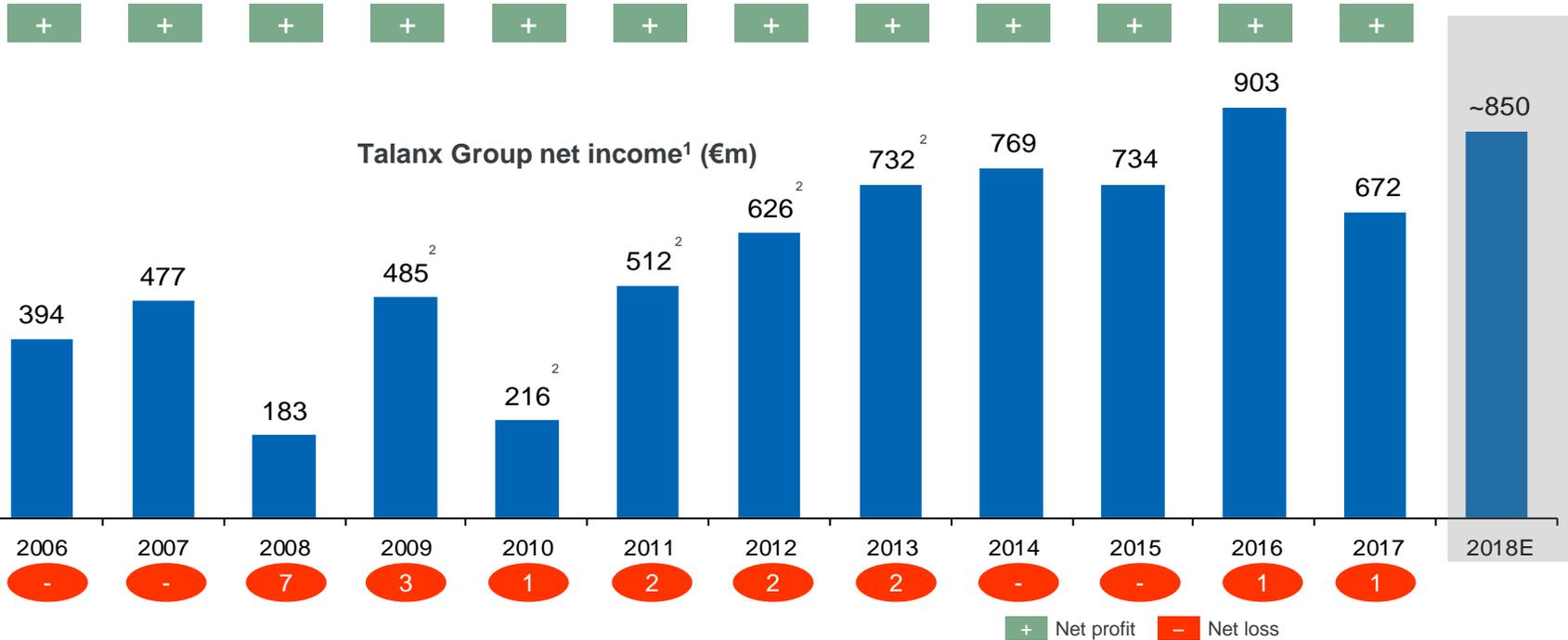
▶ Market risk sensitivity (limited to less than 50% of solvency capital requirement) is deliberately low

2

Diversification of business model leads to earnings resilience

Talanx Group net income

tal anx.



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

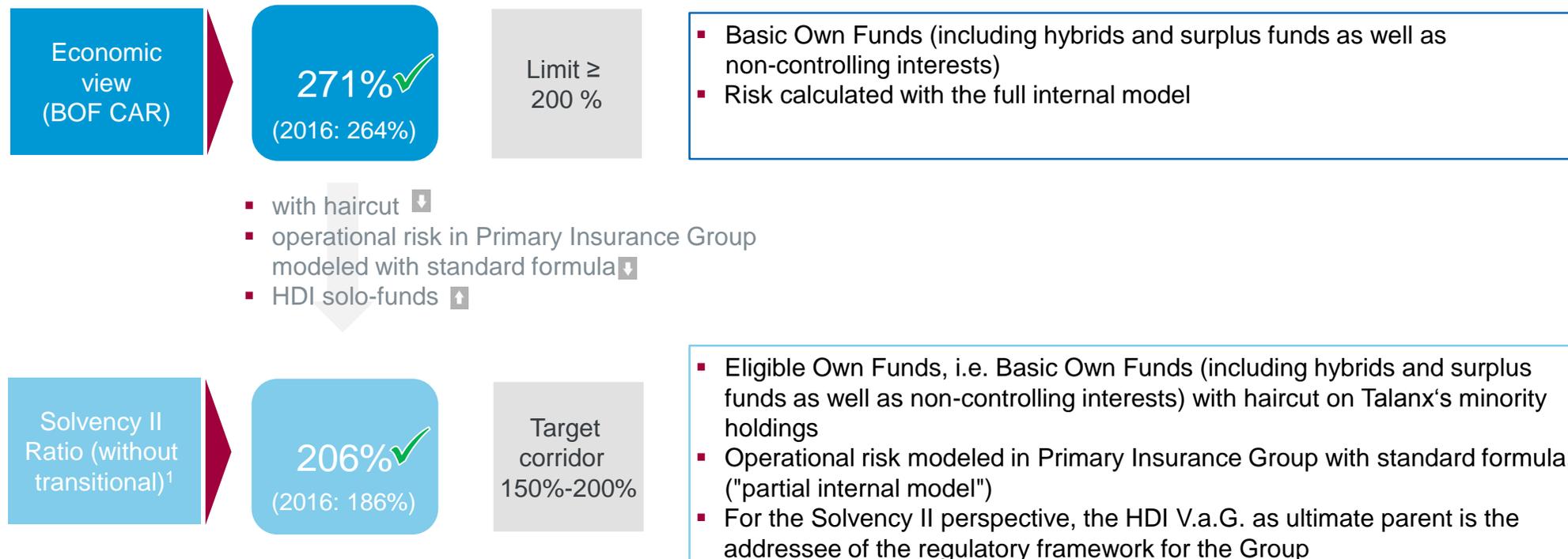
2 Adjusted on the basis of IAS 8

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

Risk Management TERM 2017 results – Capitalisation perspectives



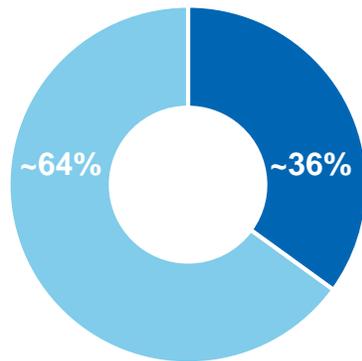
¹ Group Solvency II Ratios including transitional (i.e. Regulatory View): FY2017: 253%; FY2016: 236%

Note: Calculations of Solvency II Capital Ratios are based on a 99.5% confidence level, including volatility adjustments and excluding the effect of applicable transitional – if not explicitly stated differently

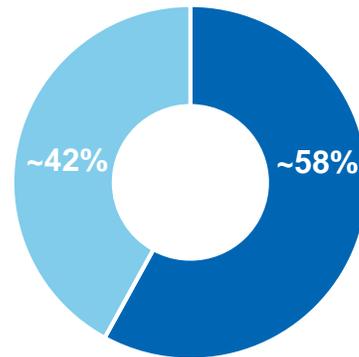
▶ Comfortable capital position from all angles – significant improvement compared to the previous year

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

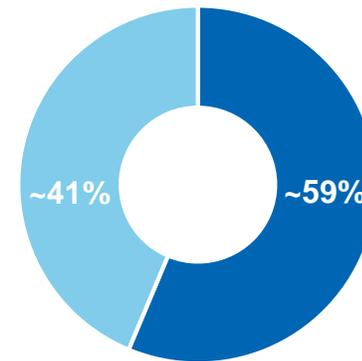
GWP by segment 2017¹



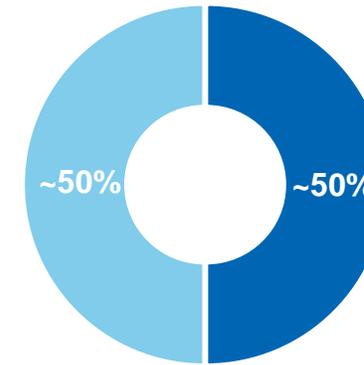
EBIT by segment 2016¹



EBIT by segment 2017¹



EBIT ambition by 2021¹



Primary Insurance 
Reinsurance 

¹ Adjusted for the 50.22% stake in Hannover Re

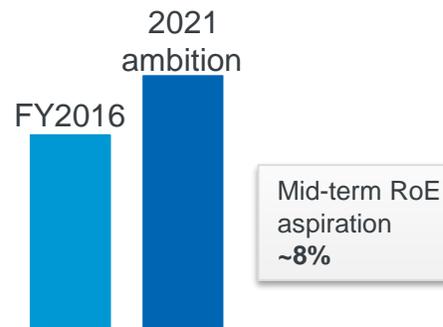
 **Primary Insurance's EBIT contribution on track to strongly improve by 2021**

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

Divisional EBIT contribution and its drivers

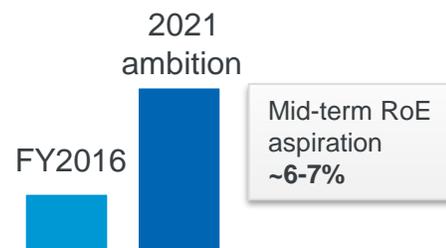
Industrial Lines

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



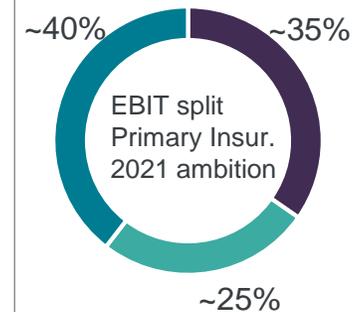
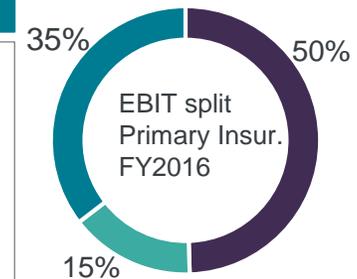
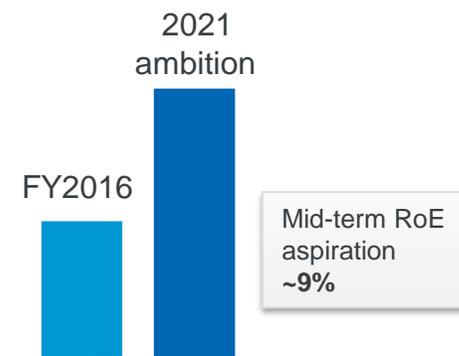
Retail Germany

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



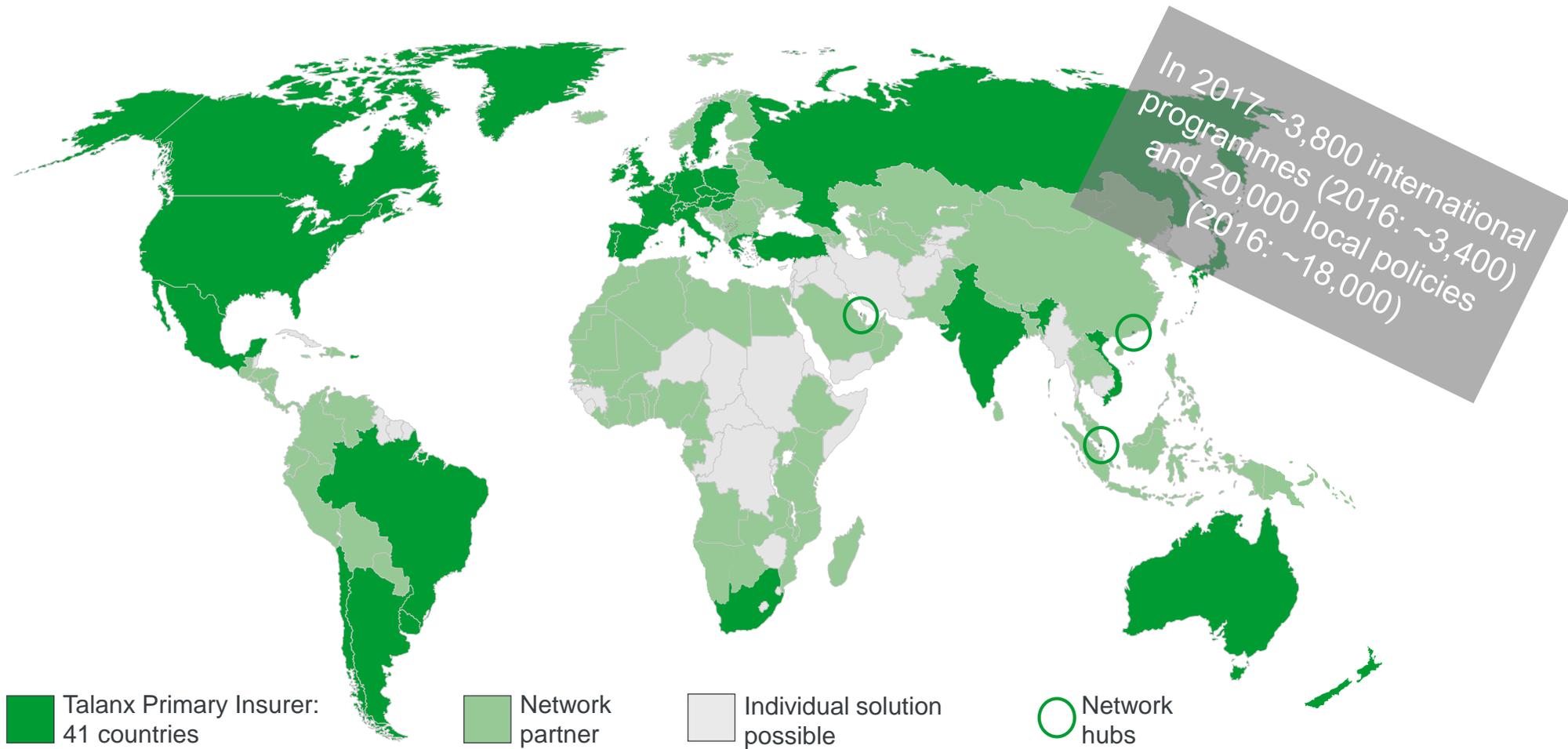
Retail International

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



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

Industrial Lines – International programmes as competitive edge



Industrial Lines – An impressive long-standing client franchise

Overview of selected key customers by customer segment

German mid-market (SMEs)



German corporates (multinationals)



International corporates (multinationals)



▶ 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

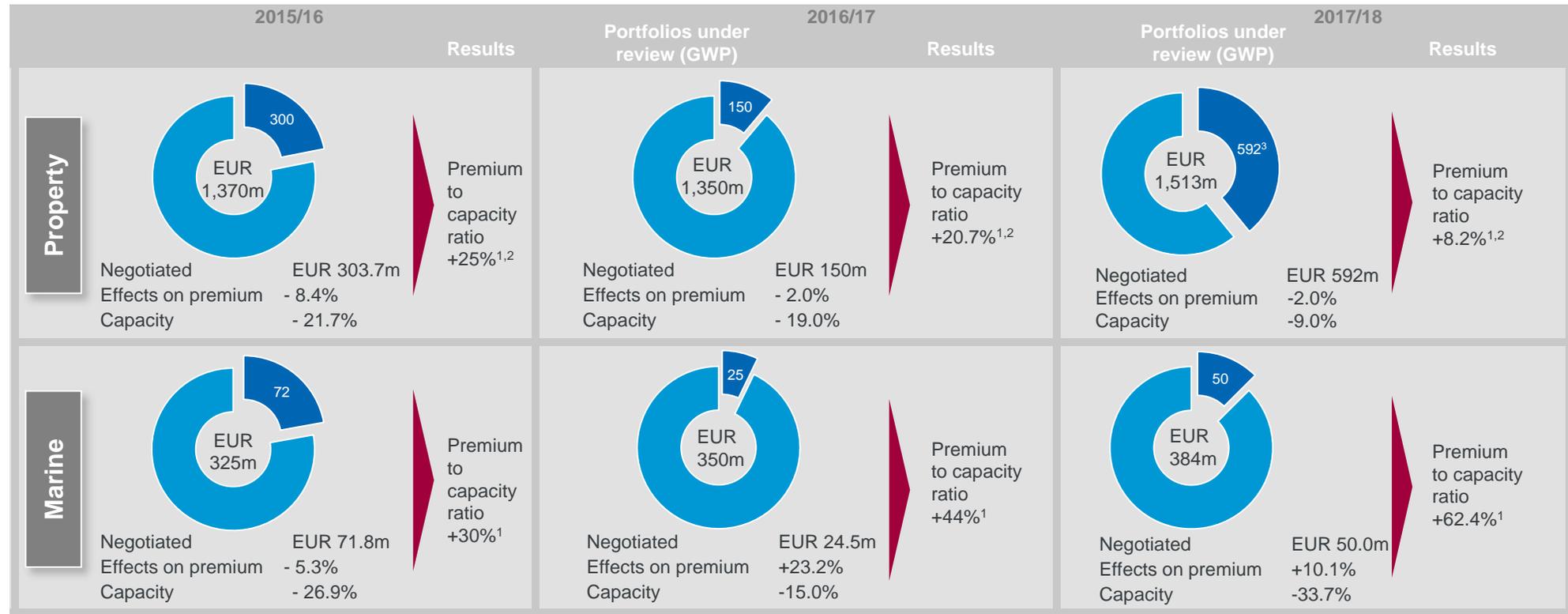
Generating profitable growth in foreign markets

3

Establishing best-in-class efficiency and processes



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



■ 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)



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)



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

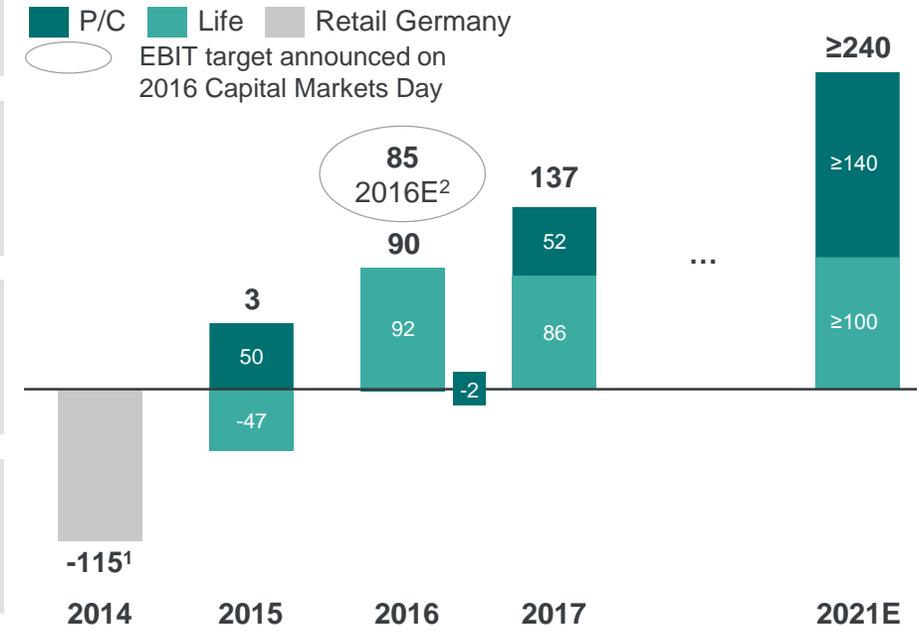


▶ Multi-brand, multi-channel and high-penetration approach to customers

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

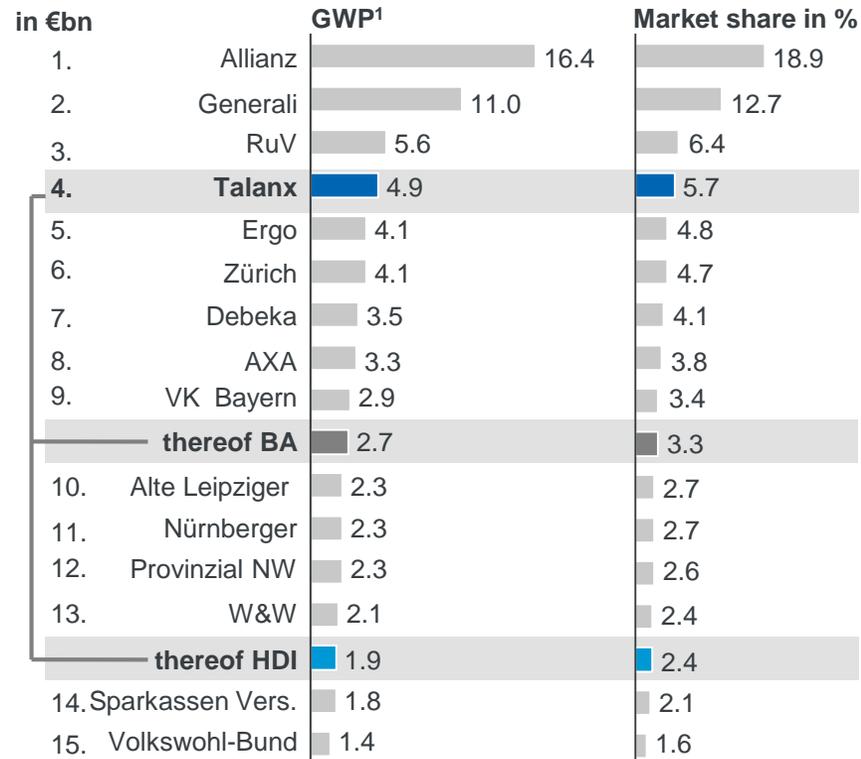
EBIT development, in EURm



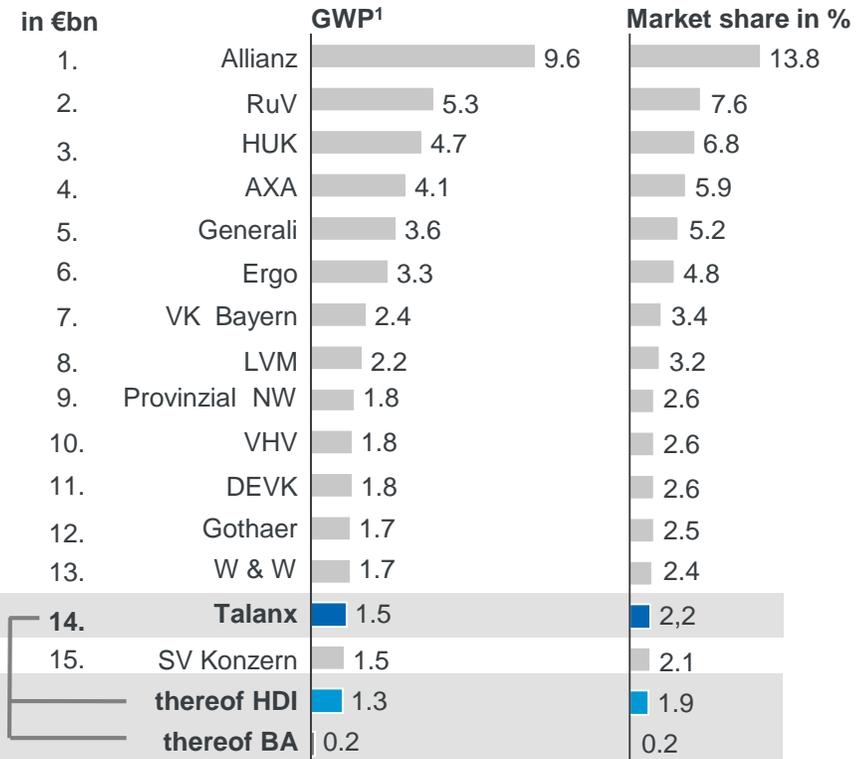
1 Separate EBIT figures for Life and P/C Segments only available for FY2015 onwards
 2 EBIT 2016 was EUR 5m higher than estimated on Capital Markets Day 2016

Retail Germany – Market position

Market position Germany Life (2016)



Market position Germany P/C (2016)



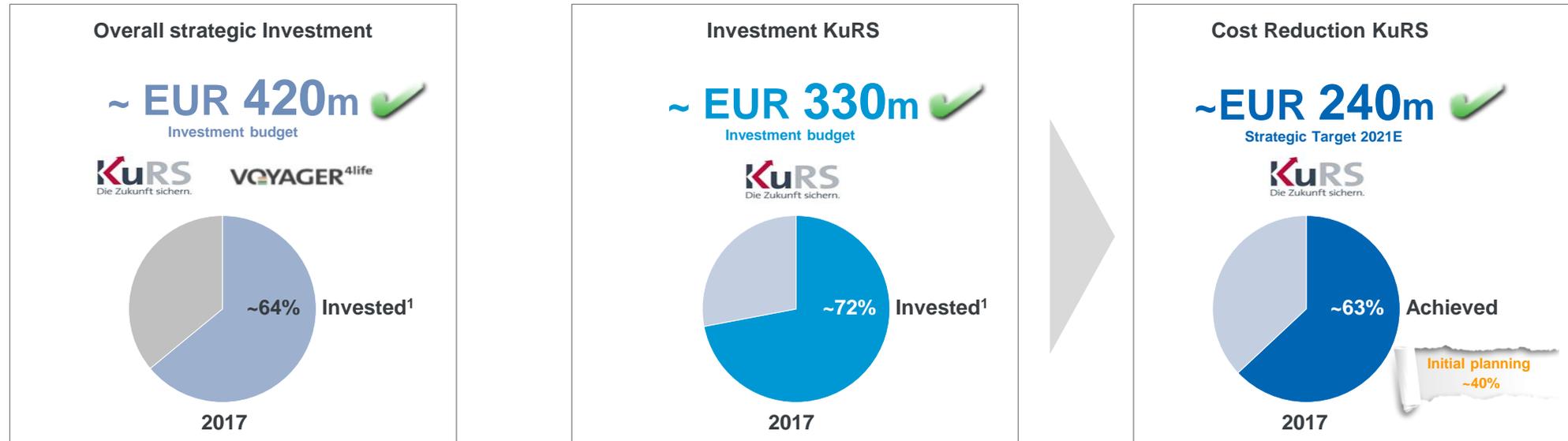
Ranking as of August 2017

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



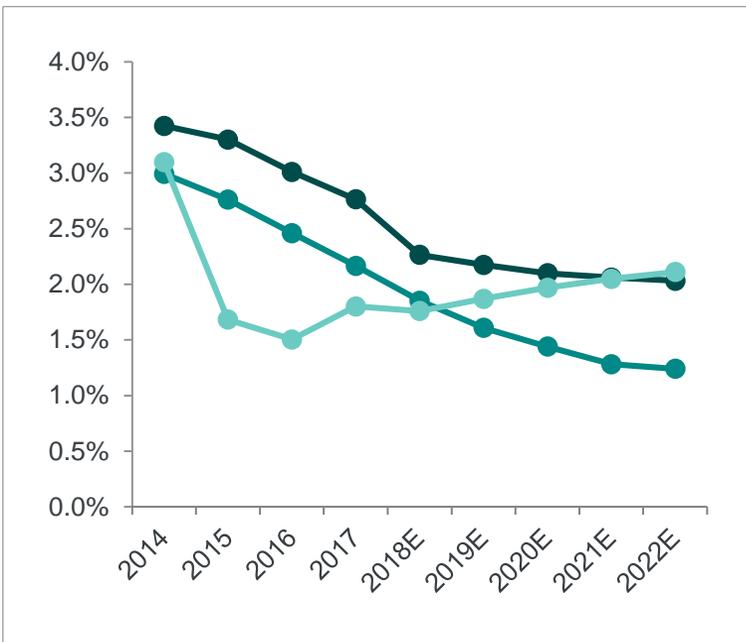
- Strategic projects on track. ~72% of KuRS and ~32% of Voyager4Life budget invested by end of 2017
- Target is to implement all initiatives in full by the end of FY2020, with the full cost benefit to be reached in FY2021
- Close to 63% of planned cost savings achieved. Savings ahead of plan allow for 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

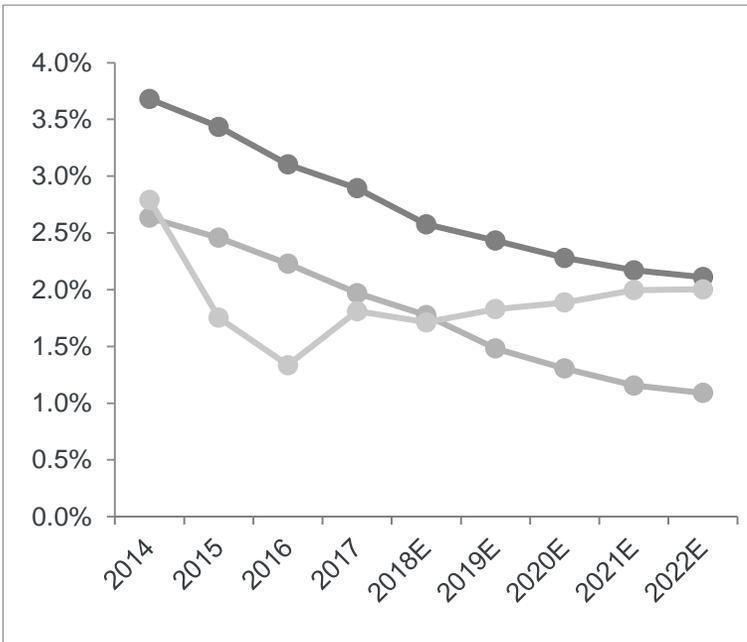
HDI Life



● 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

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

▶ 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.)	≥ 0%
Life	~ 0%
P/C	≥ 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 (<i>new business premium</i>)	≤ 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 %:

98.9



2017 2018E

Poland (Warta)

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

Combined Ratio in %:

95.2



2017 2018E

Mexico

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

Combined Ratio in %:

95.2



2017 2018E

Chile

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

Combined Ratio in %:

89.2



2017 2018E

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 %:

102.5

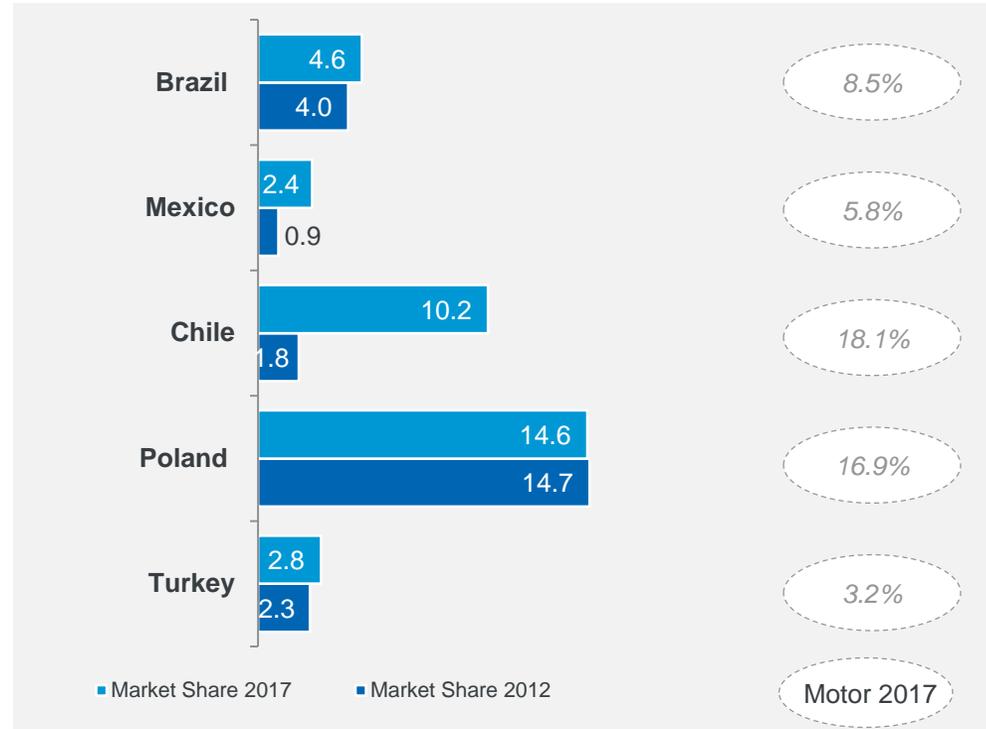


2017 2018E

▶ 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 markets¹ (in %)



Market position in core markets

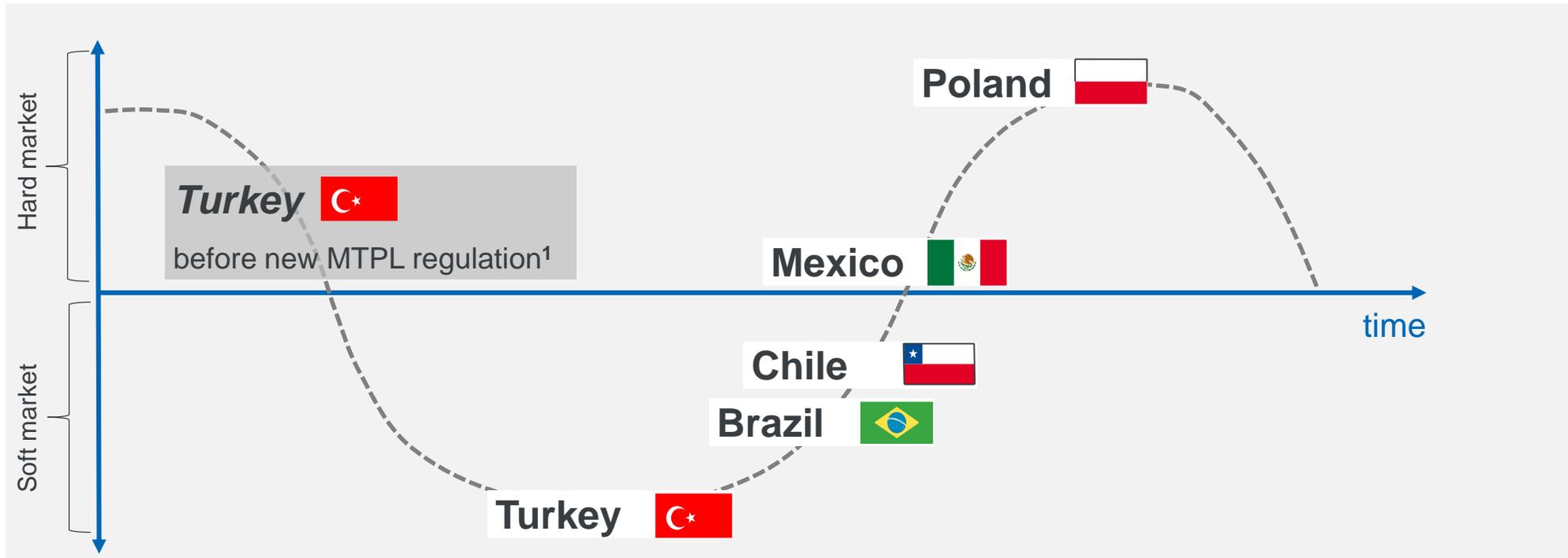
		Period	Motor Market	Status	Total Market ¹	Status
LatAm	Brazil	2012	#6		#8	
		2017	#6		#8	
	Mexico	2012	#11		#21	
		2017	#5		#13	
Chile	2012	#10		#13		
	2017	#3		#4		
CEE	Poland	2012	#2		#10	
		2017	#2		#3	
	Turkey	2012	#10		#12	
		2017	#11		#13	

¹ P/C Markets
 Note: Portfolio share motor/non-motor in P/C 2017 – Total 74%/26%; LatAm 82%/18%; CEE 67%/33%

on track in the works

Top 5 motor market position achieved in three core markets

Retail International – Motor cycle in core markets



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



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

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

- Q1 2018-

Overall good Q1 underpins FY2018 Group net income Outlook of ~EUR 850m



Retail International and Reinsurance with strong start into the new year



Retail Germany fully on track to deliver on its "KuRS" targets – P/C growing, CoR <100%



Industrial Lines: volatile Q1 run-off results and dissatisfying performance of German Fire business



Solvency II ratio at year-end 2017 at 206% - above upper end of target range



HDI Global Specialty: HDI Global's and Hannover Re's joint venture to focus on growing and margin-rich Specialty business

1

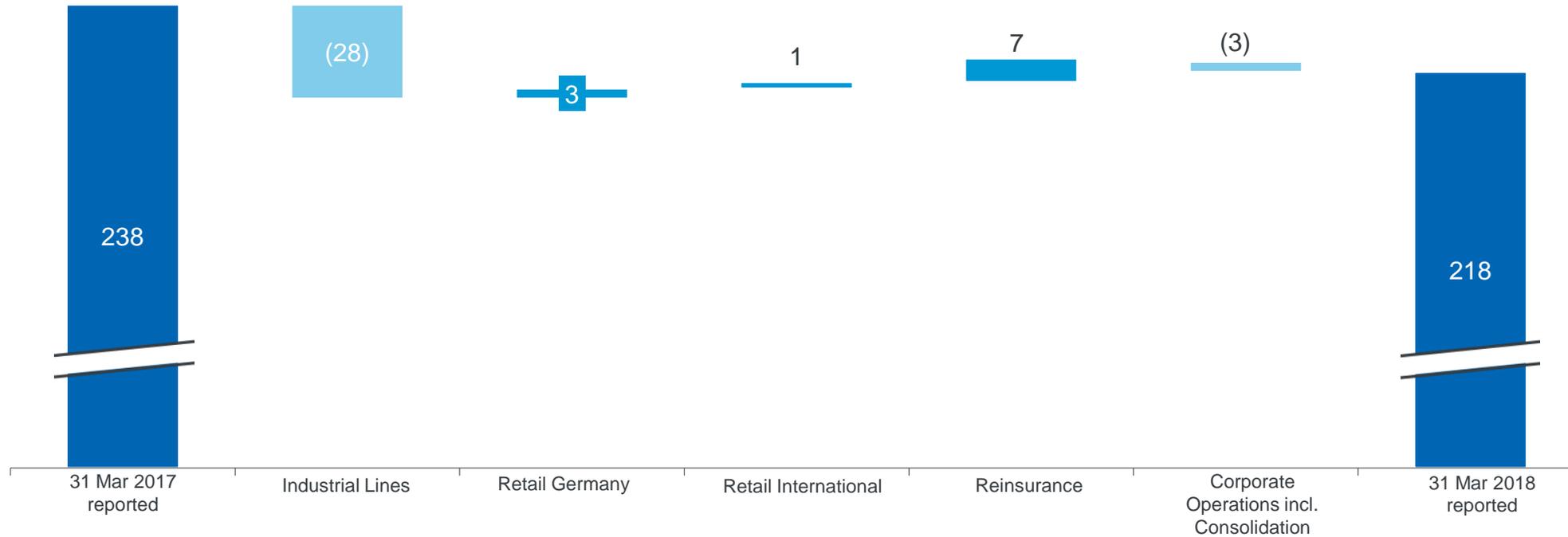
Q1 2018 results – Key financials

EURm	Q1 2018	Q1 2017	Delta	Comments
Gross written premium (GWP)	10,560	9,752	8%	Q1 2018 GWP grew by 8.3% despite strong currency headwind. Currency-adjusted, top-line up by 14.1%
Net premium earned	6,989	6,698	4%	
Net underwriting result	-430	-415	-4%	
t/o P/C	119	135	-12%	
t/o Life	-548	-550	0%	
Net investment income	1,063	1,011	5%	All operating divisions – except Industrial Lines - contribute to EBIT growth. Industrial Lines' Q1 burdened by volatile run-off results and dissatisfying performance of German Fire business
Other income / expenses	-41	-20	-105%	
Operating result (EBIT)	592	576	3%	One-off effects from the US tax reform
Financing interests	-41	-36	-14%	
Taxes on income	-163	-142	-15%	Higher share of profits attributable to minorities, namely in the Reinsurance Division and at Warta
Net income before minorities	388	398	-2%	
Non-controlling interests	-170	-160	-6%	Overall good Q1 underpins FY 2018 Group net income Outlook of ~EUR 850m
Net income after minorities	218	238	-8%	
Combined ratio	97.0%	96.3%	0.7%pts	Slight deterioration of Group combined ratio driven by Industrial Lines
Tax ratio	29.6%	26.3%	3.3%pts	
Return on equity	9.9%	10.4%	-0.5%pts	

1

Q1 2018 – Divisional contribution to change in Group net income

in EURm



Note: figures restated on the base of IAS 8

Industrial Lines down y/y – all other operating divisions with an improved net income contribution

1

Large losses¹ in Q1 2018 (in EURm)

NatCat	Primary Insurance	Reinsurance	Talanx Group	Man-made	Primary Insurance	Reinsurance	Talanx Group
 Storm	27.2 (Winter Storm "Friederike")	31.5 (Winter Storm "Friederike")	58.7 (Winter Storm "Friederike")	 Fire/Property	22.7	19.0	41.7
 Earthquake	7.6 (Papua New Guinea)	-	7.6 (Papua New Guinea)	 Credit	-	22.9	22.9
				 Other	6.7		6.7
Total NatCat	34.8	31.5	66.3	Total Man-made	29.4	41.9	71.3
Total large losses	Primary Insurance	64.2 (19.2)	Reinsurance	73.4 (133.7)	Talanx Group	137.6 (152.9)	

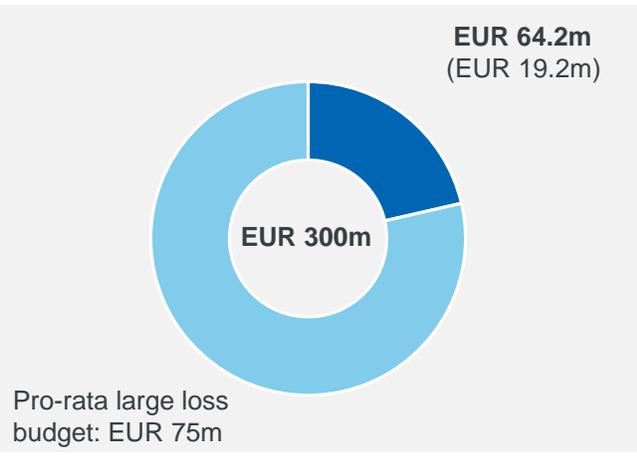
Q1 2018 (Q1 2017)

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

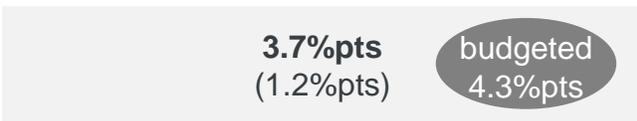
Note: Q1 2018 Primary Insurance large losses (net) are split as follows: Industrial Lines: EUR 48.8m; Retail Germany: EUR 11.8; Retail International: EUR 0.1m, Corporate Operations: EUR 3.5m; since FY2016 reporting onwards, the table includes large losses from Industrial Liability line, booked in the respective FY. The Q1 budget for large losses stands at EUR75m in Primary Insurance and at EUR167m in Reinsurance. By consequence, Primary Insurance and Reinsurance have both remained within their budgets, implying an extra cushion – also when compared to last year' Q1 – for the remainder of the year

1 Large loss budget in Q1 2018

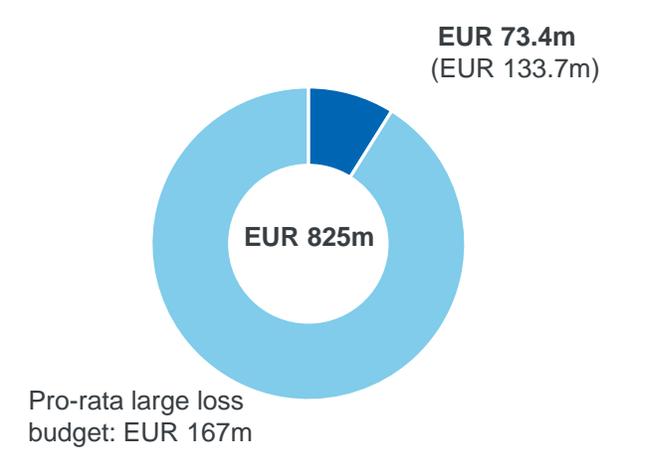
Primary Insurance



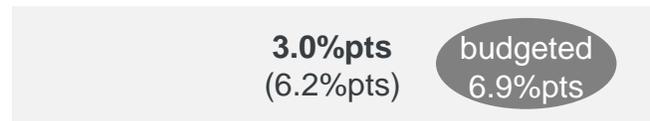
Impact on large loss ratio (incurred)



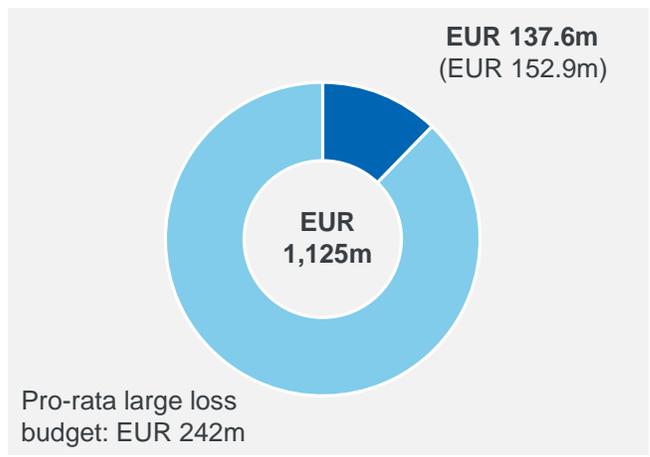
Reinsurance



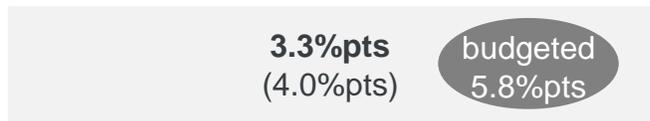
Impact on large loss ratio (incurred)



Talanx Group



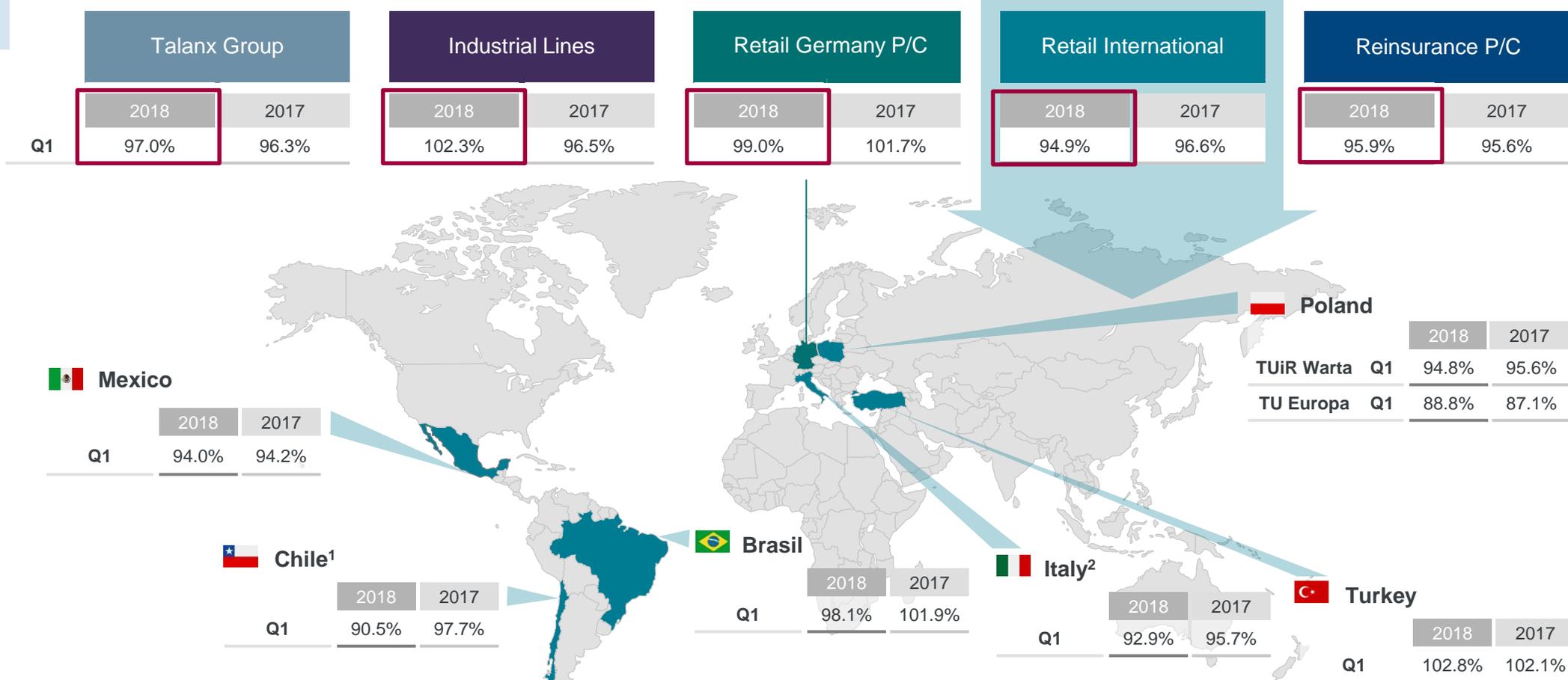
Impact on large loss ratio (incurred)



● FY large loss budget
 ▸ thereof used budget
 Q1 2018 (Q1 2017)

▶ Large losses within the respective pro-rata budgets

1 Combined Ratios



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

1

HDI Global Specialty: HDI Global and Hannover Re launch a joint growth initiative in specialty business

Bundling the know-how of HDI Global and Hannover Re in the **fast-growing and high-margin** specialty business

HDI Global Specialty as **joint venture** with more than EUR 1bn gross written premium and potential for significant organic growth

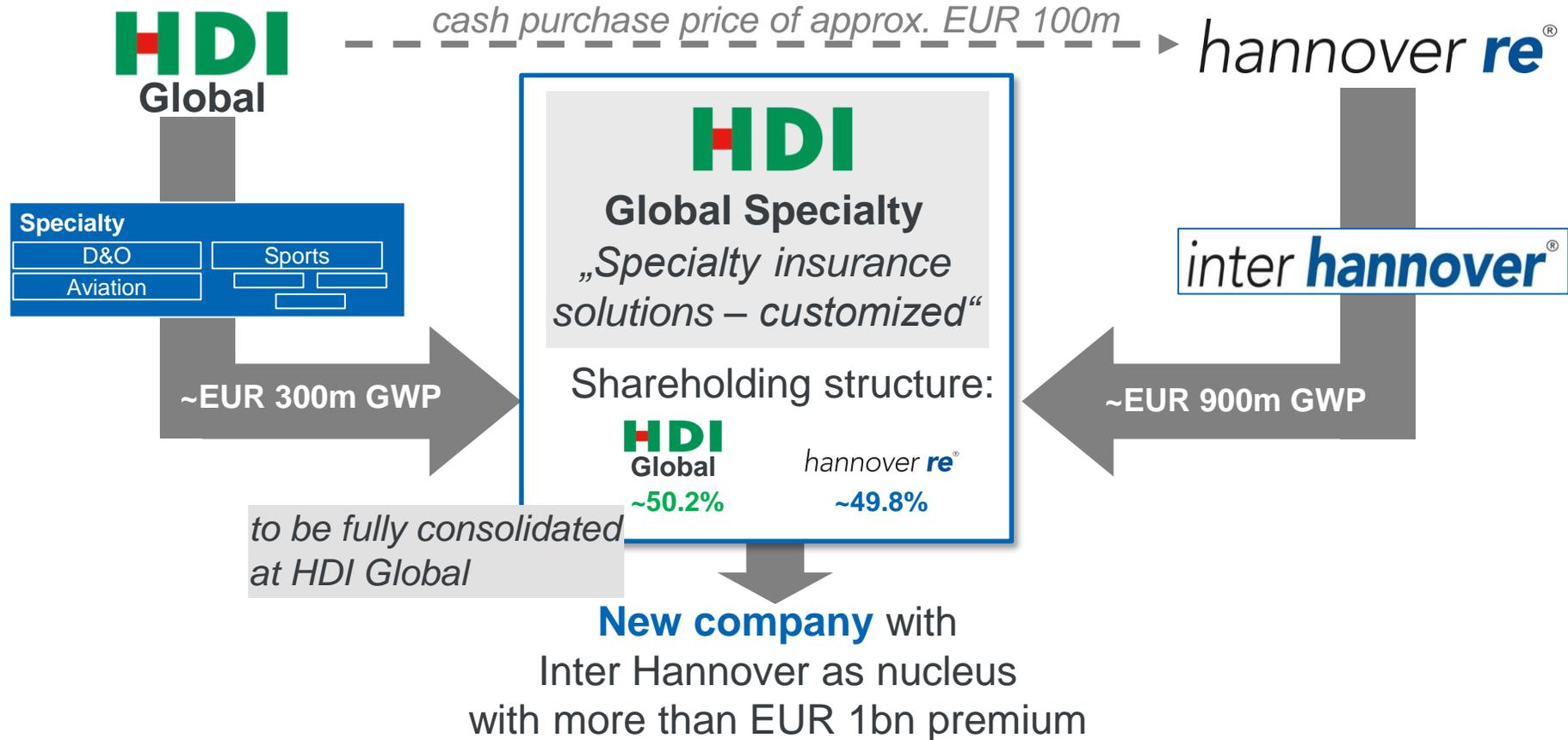
Focused addressing and expansion of specialty-activities within the Group (e.g. D&O, political risks, sports, energy, aviation)

Profit contribution to HDI Global and Hannover Re is expected to be higher for both entities as of 2019 than within the current structure

Planned start: 1 January 2019

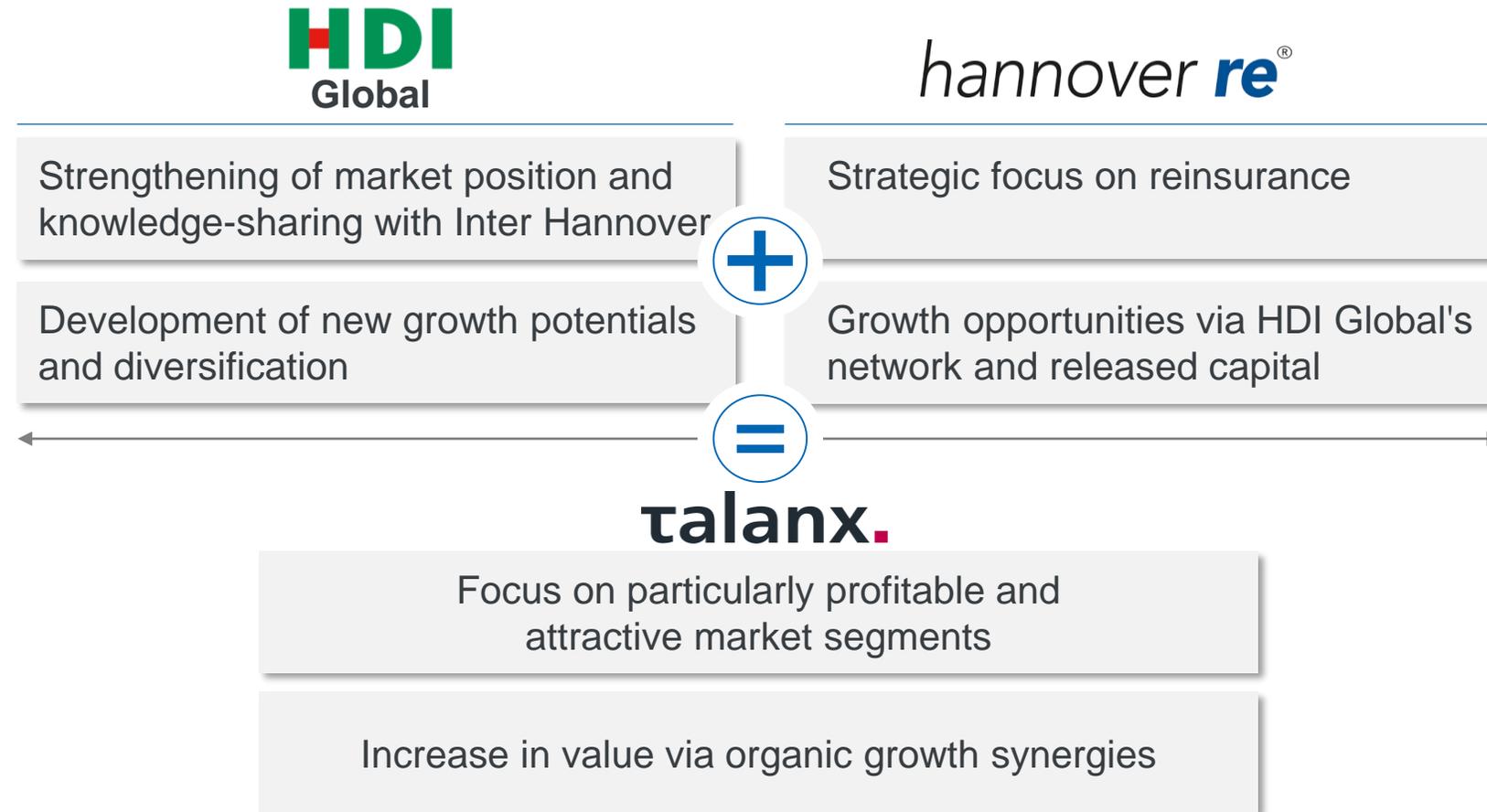
1 HDI Global Specialty: the joint venture

Realignment per January 2019



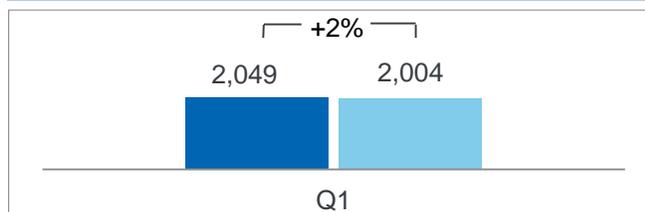
1

HDI Global Specialty: establishing the platform for future growth

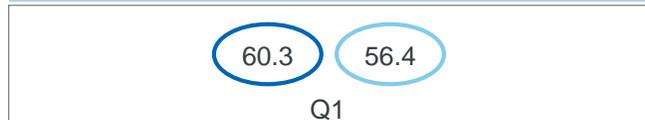


2 Segments – Industrial Lines

GWP

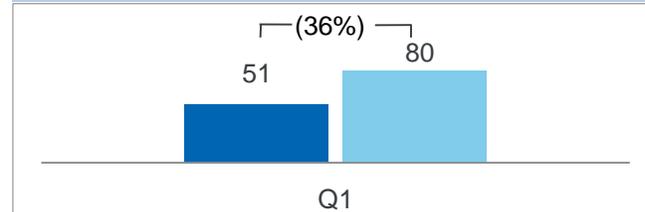


Retention rate in %

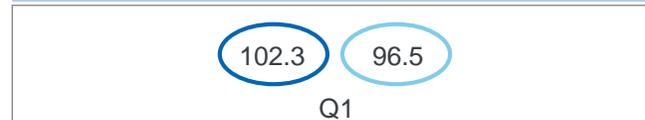


- Q1 2018 GWP up by 2.2% (currency-adj.: +5.6%)
- Growth driven by international business, mainly from the UK and the Netherlands; GWP in Germany benefited from new business, but also some positive pricing effects
- Increase in retention rate driven by Property line, the lower reinstatement premium and the structural effect from higher growth in Motor

Operating result (EBIT)

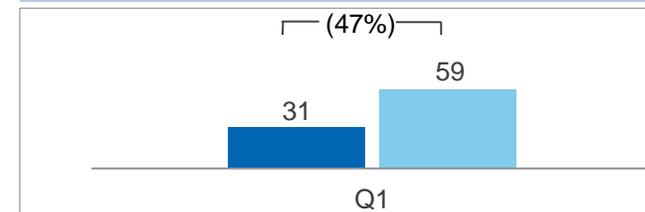


Combined ratio in %



- Q1 2018 combined ratio burdened by volatile Q1 run-off results and by dissatisfying performance of German Fire line
- Cost ratio improved by 0.4%pts y/y to 20.2% despite ongoing IT-infrastructure investments
- Q1 2018 investment result stable; ordinary investment result up, helped by private equity investments; extra-ordinary investment result normalised vs. above-average level in Q1 2017

Group net income



RoE (ann.) in %



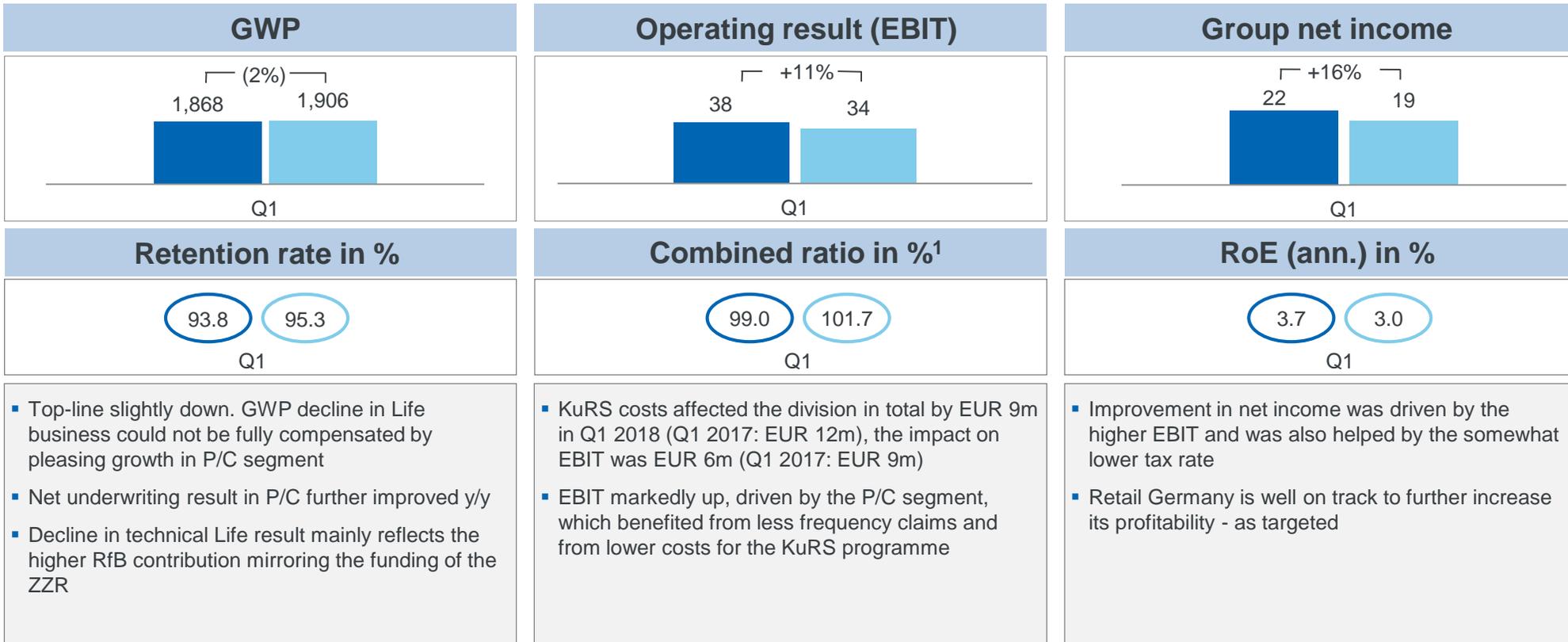
- Net income significantly down y/y, driven by the lower technical result as well as by the increase in the tax rate (from 24.1% to 36.6%).
- The latter was driven by the single-digit million euro impact from the US tax reform as well as from some negative base effect when compared to Q1 2017

EURm, IFRS ■ 2018 ■ 2017

▶ Volatile Q1 run-off results and dissatisfying performance of German Fire business

2

Segments – Retail Germany Division



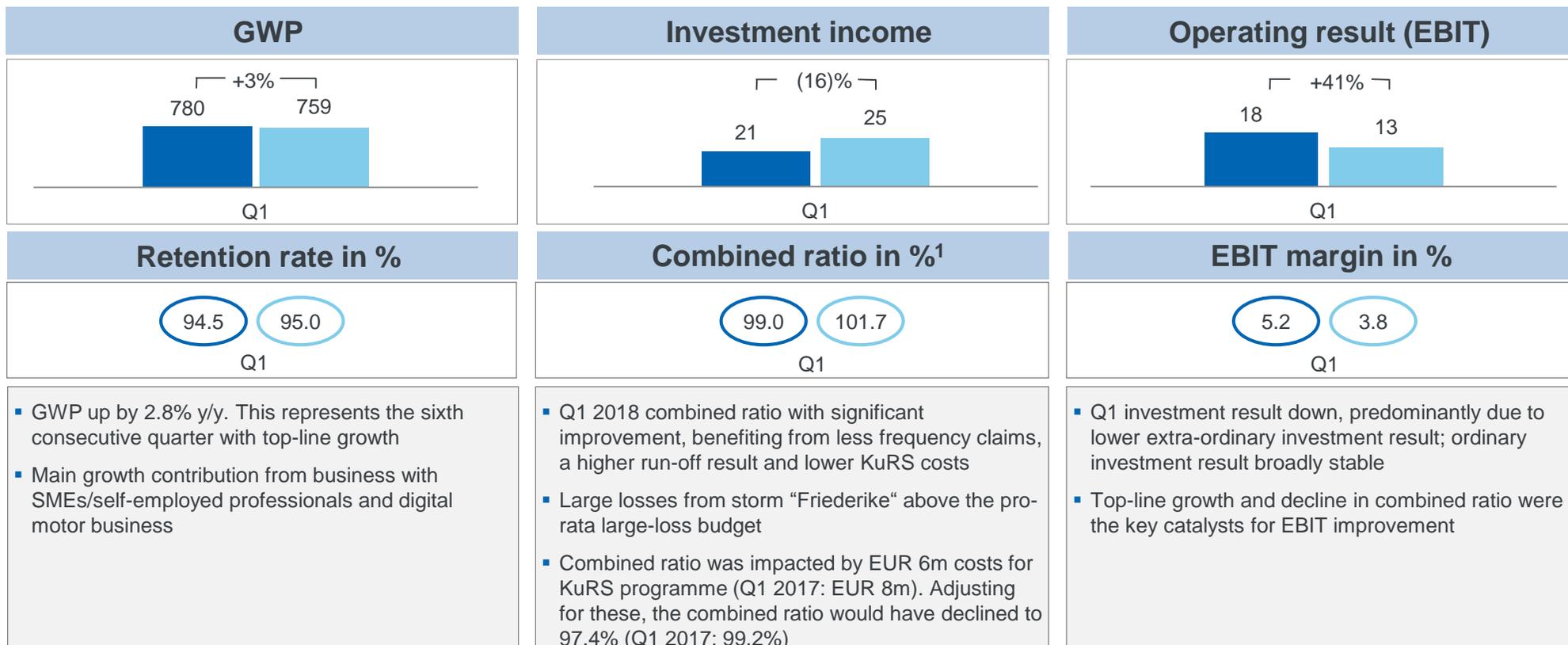
EURm, IFRS ■ 2018 ■ 2017

¹ Adjusted for KuRS costs; reported combined ratios are Q1 2018: 97.4%, Q1 2017: 99.2%



Division on track to reach KuRS targets

2 Segments – Retail Germany P/C



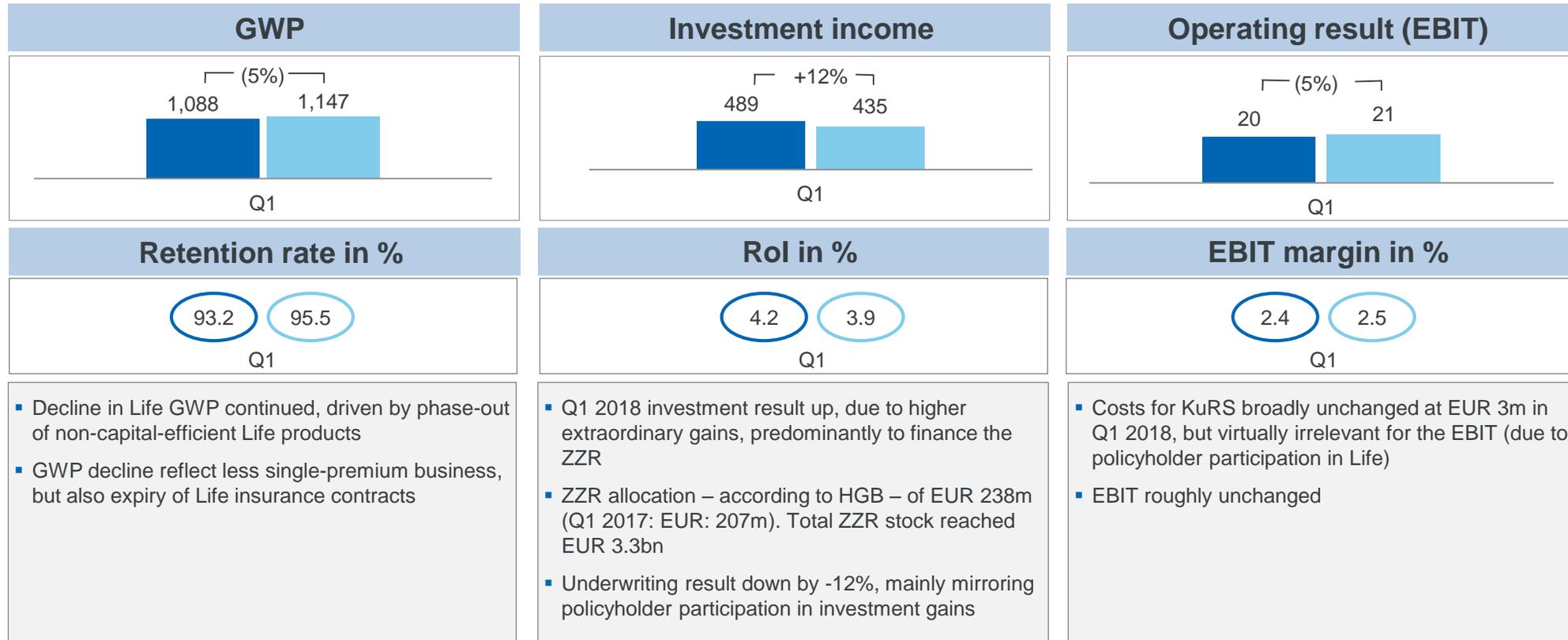
EURm, IFRS ■ 2018 ■ 2017

¹ Adjusted for KuRS costs; reported combined ratios are Q1 2018: 97.4%, Q1 2017: 99.2%

▶ P/C segment growing at a combined ratio (incl. KuRS effects) of below 100%

2

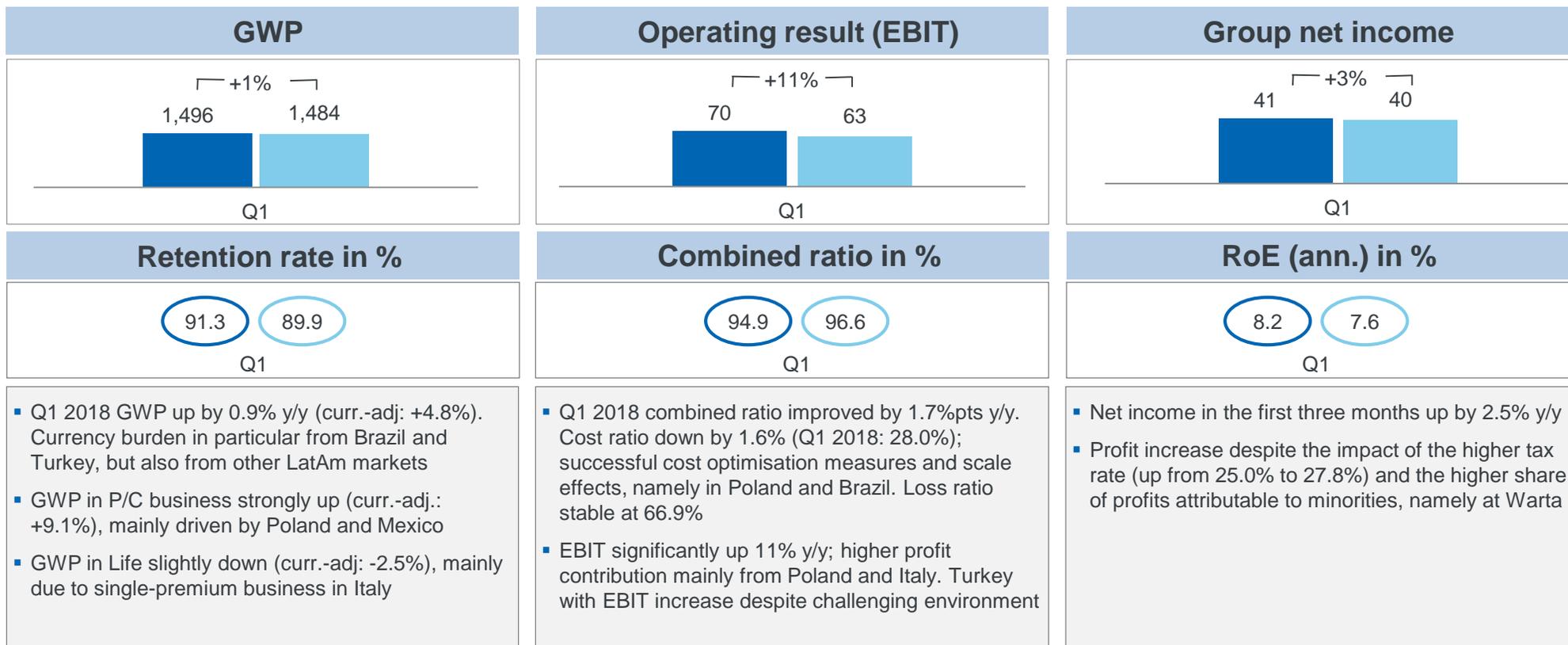
Segments – Retail Germany Life



EURm, IFRS ■ 2018 ■ 2017

▶ Accepting decline in non-capital-efficient business to improve profitability

2 Segments – Retail International

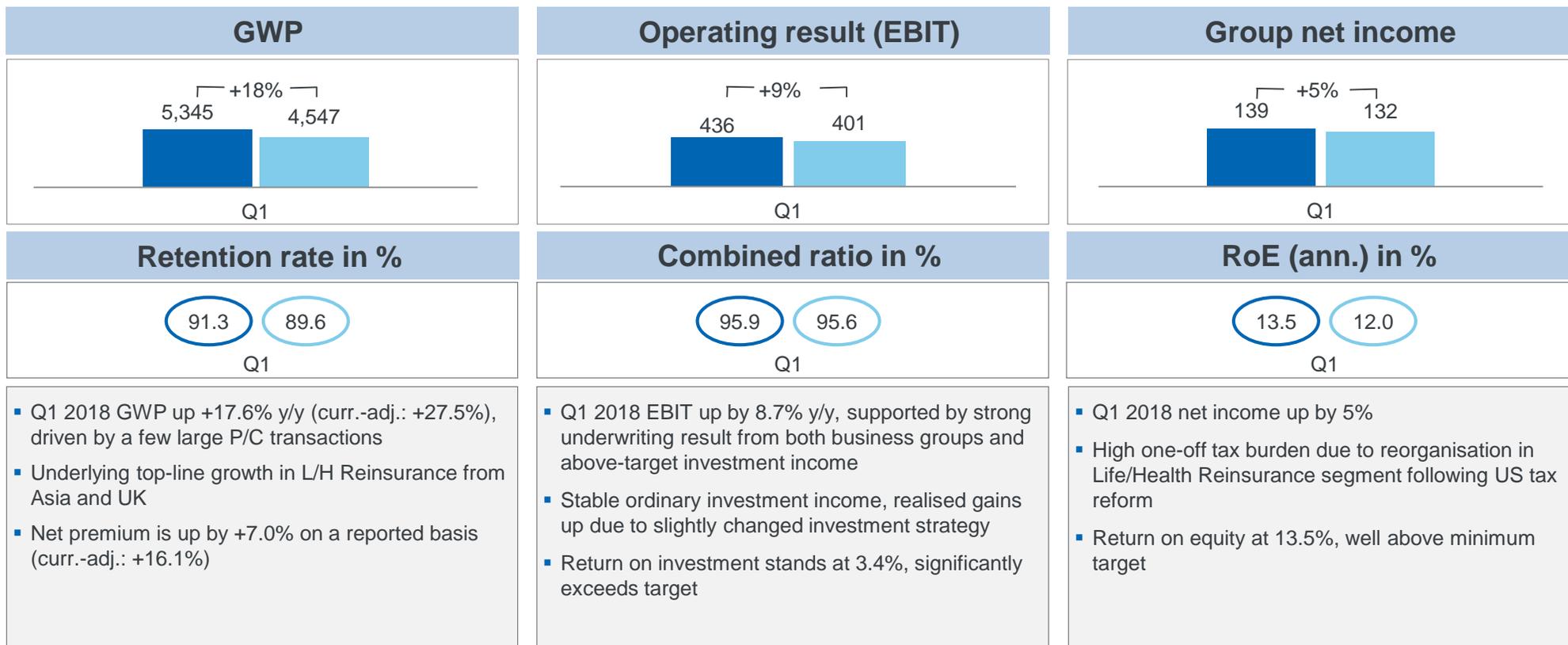


EURm, IFRS ■ 2018 ■ 2017

Note: figures restated on the base of IAS 8

▶ Top-line up despite currency headwind – profits growing even stronger

2 Segments – Reinsurance Division



EURm, IFRS ■ 2018 ■ 2017

► Favourable start to 2018 – EBIT up by 8.7% y/y

3 Net investment income

Net investment income Talanx Group

EUR m, IFRS	Q1 2018	Q1 2017	Change
Ordinary investment income	851	867	(2%)
thereof current investment income from interest	675	705	(4%)
thereof profit/loss from shares in ass. companies	3	5	(35%)
Realised net gains/losses on investments	264	137	+92%
Write-ups/write-downs on investments	(42)	(32)	n/m
Unrealised net gains/losses on investments	(6)	25	n/m
Investment expenses	(59)	(54)	n/m
Income from investments under own management	1,008	943	+7%
Income from investment contracts	(0)	(1)	n/m
Interest income on funds withheld and contract deposits	55	69	(20%)
Total	1,063	1,011	+5%

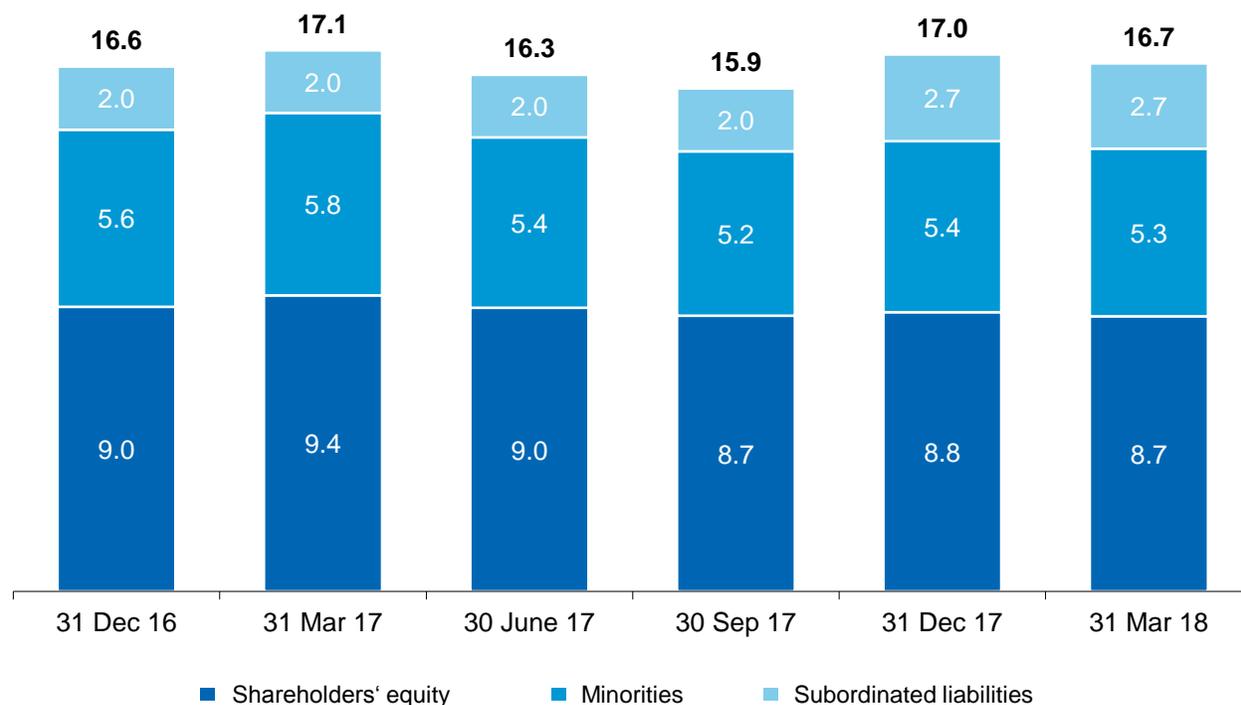
Comments

- Ordinary investment income down by -1.8%. Effects from low-interest rate environment were not fully compensated by higher investment results from infrastructure and private equity
- Realised net investment gains up by EUR 127m y/y to EUR 264 in Q1 2018 - to a large extent used to finance ZZR. Q1 2018 ZZR allocation: EUR 238m (Q1 2017: 207m). P/C Reinsurance segment also reported increase in realised gains vs. Q1 2017
- Q1 2018 RoI reached 3.7% (Q1 2017: 3.5%), supported by somewhat higher realised gains
- Increase in writedowns resulting from equities, from funds in real estate and in private equity as well as from regular depreciation in real estate

 Q1 2018 RoI at 3.7% - driven by a broadly stable ordinary investment income and by somewhat higher realised gains

3 Equity and capitalisation – Our equity base

Capital breakdown (EUR bn)



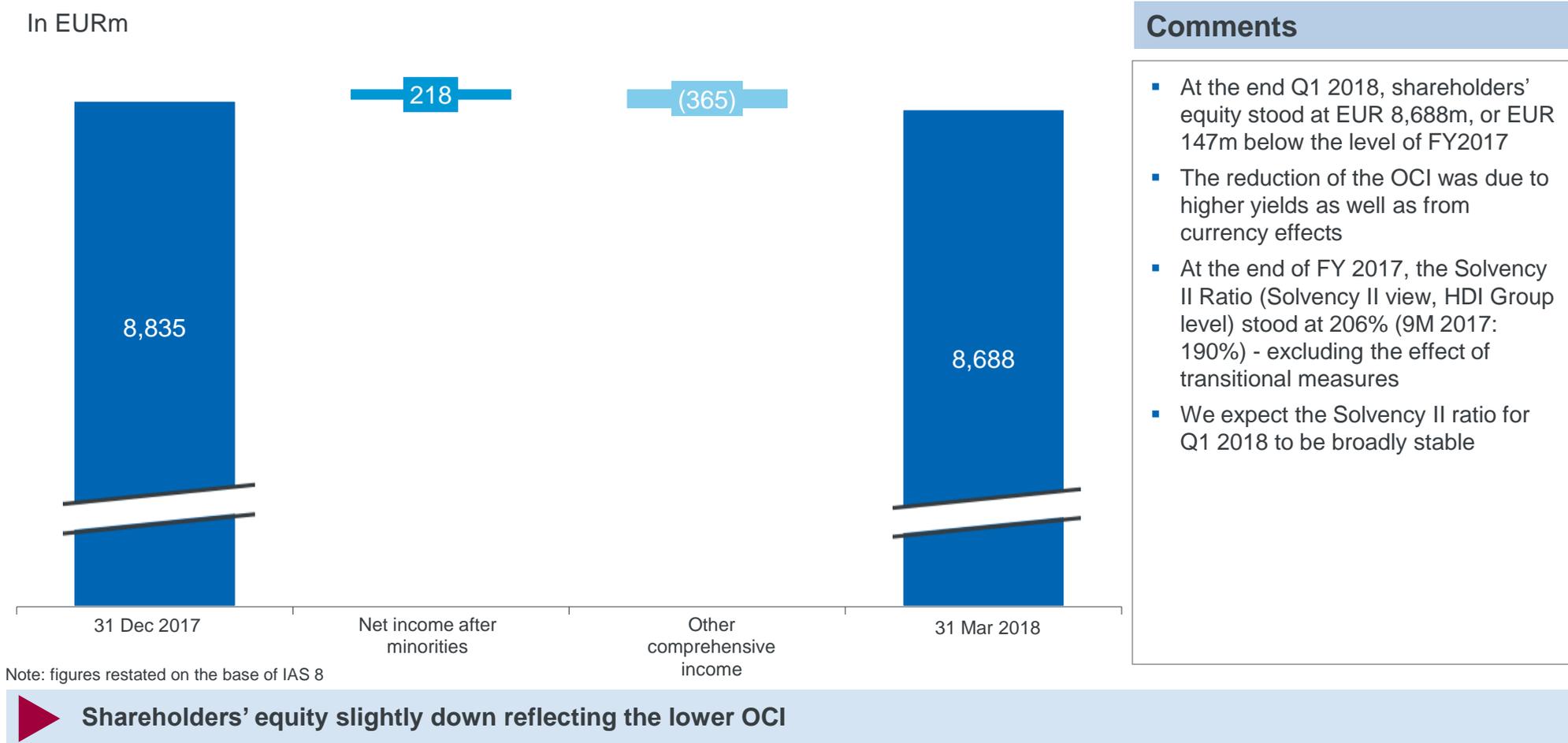
Note: figures restated on the base of IAS 8

Shareholders' equity at EUR 8,688m, or EUR 34.37 per share

Comments

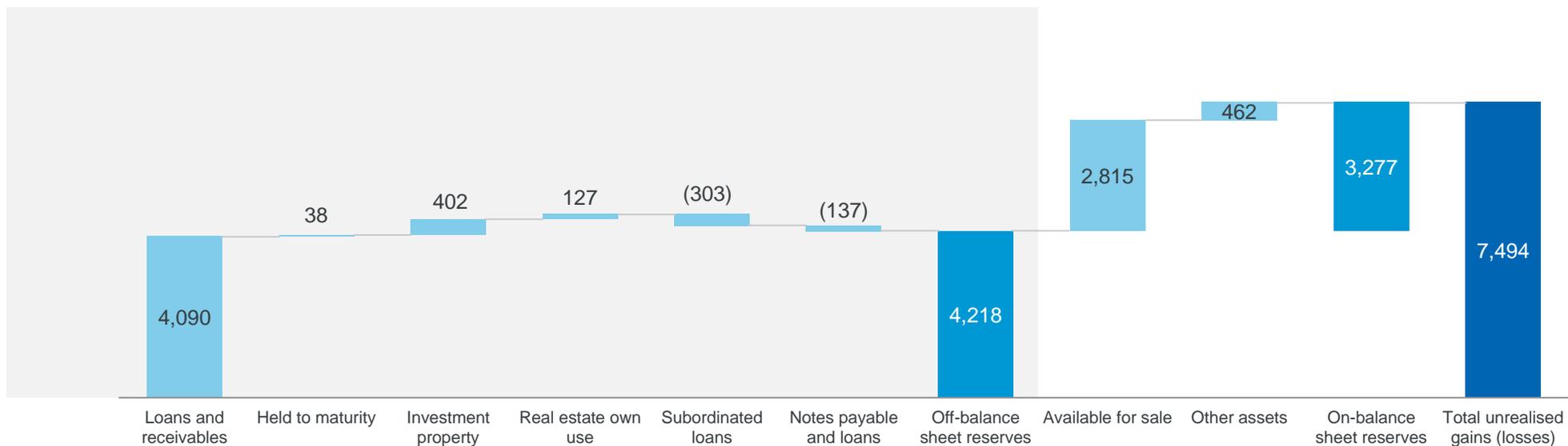
- Shareholders' equity is down y/y and vs. FY2017, predominantly due to the decline in OCI
- At the end of Q1 2018, book value per share was EUR 34.37 (Q1 2017: EUR 37.06), NAV (excl. goodwill) per share was EUR 30.19 (EUR 32.86)
- Off-balance sheet reserves amounted to EUR 4.2bn, or EUR 1.20 per share (shareholder share only)

3 Equity and capitalisation – Contribution to change in equity



3 Equity and capitalisation – Unrealised gains

Unrealised gains and losses (off- and on-balance sheet) as of 31 March 2018 (EURm)



31 Dec 17	4,260	39	433	124	(382)	(144)	4,330	3,515	526	4,042	8,372
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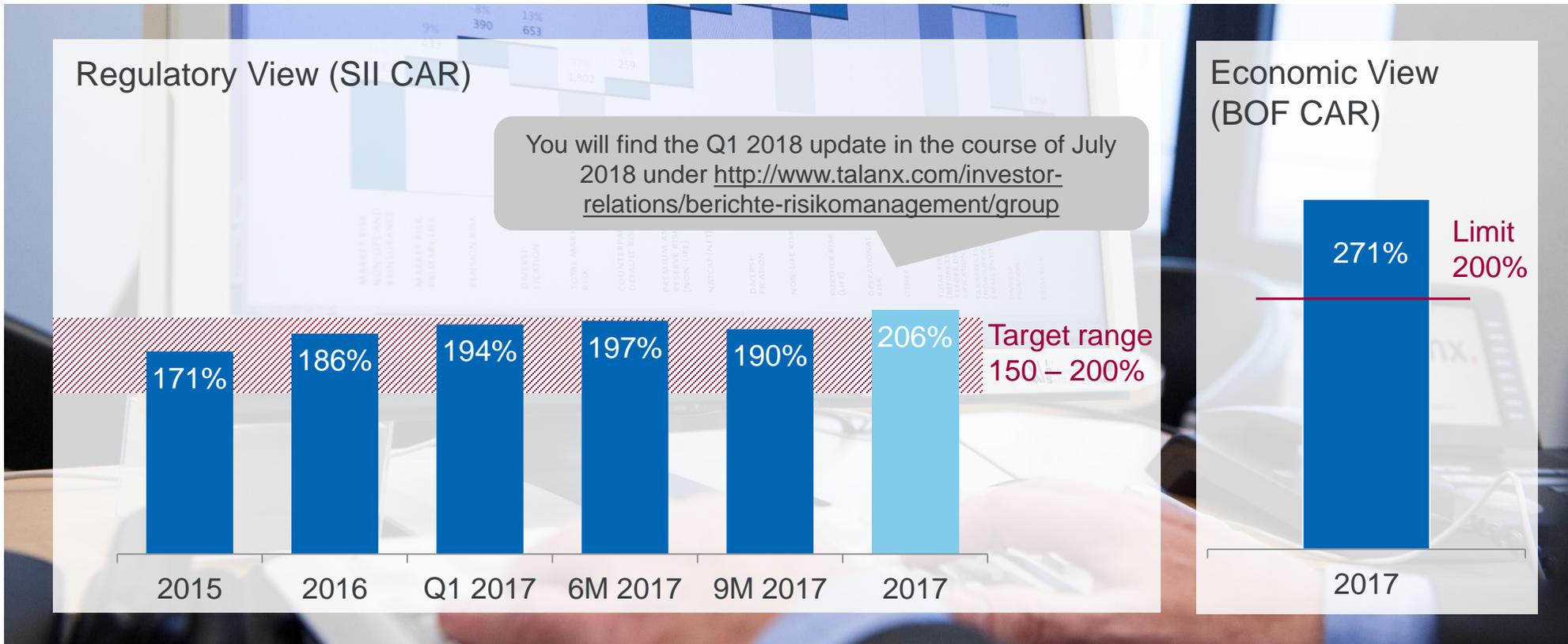
Δ market value vs. book value

Note: Shareholder contribution estimated based on FY2015 profit sharing pattern

▶ Off-balance sheet reserves of ~ EUR 4.2bn – EUR 302m (EUR 1.20 per share) attributable to shareholders (net of policyholders, taxes & minorities)

3 Risk management – Solvency II capital

Development of Solvency II capitalisation



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 FY2017 was 253% (FY2016 236%)

4 Outlook 2018 for Talanx Group¹

Gross written premium	▶	> 5%
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**)

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

5

Mid-term target matrix & current status

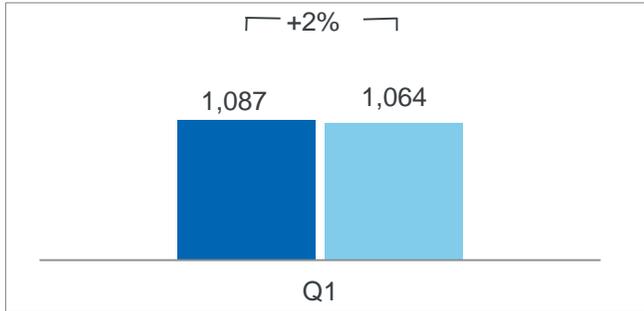
Segments	Key figures	Strategic targets (2015 - 2019)	2017	2015-2017 ⁹		
Group	Gross premium growth ¹	3 - 5%	7.5% ✓	4.0% ✓		
	Return on equity	≥ 750 bps above risk free ²	7.5% [≥8.3%]	9.0% [≥8.5%] ✓		
	Group net income growth	mid single-digit percentage growth rate	(25.5%)	(4.4%)		
	Dividend payout ratio	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% ✓		
		Retention rate	60 - 65%	55.2%	53.5%	
	Retail Germany	Gross premium growth ¹	≥ 0%	(2.9%)	(4.0%)	
		Retail International	Gross premium growth ¹	≥ 10%	10.5% ✓	9.2%
			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

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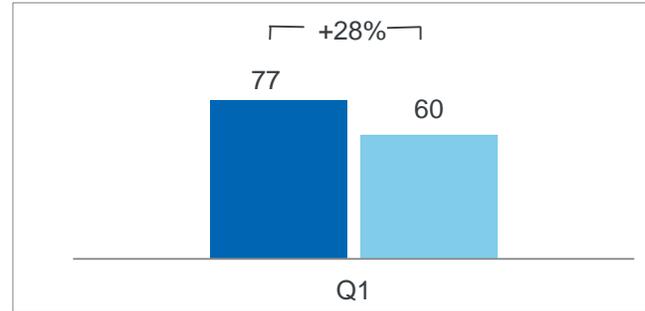
Q1 2018 Additional Information – Retail International Europe: Key financials

GWP



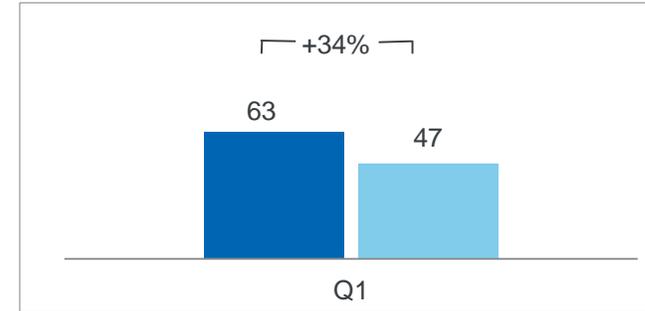
EURm, IFRS ■ 2018 ■ 2017

Investment income

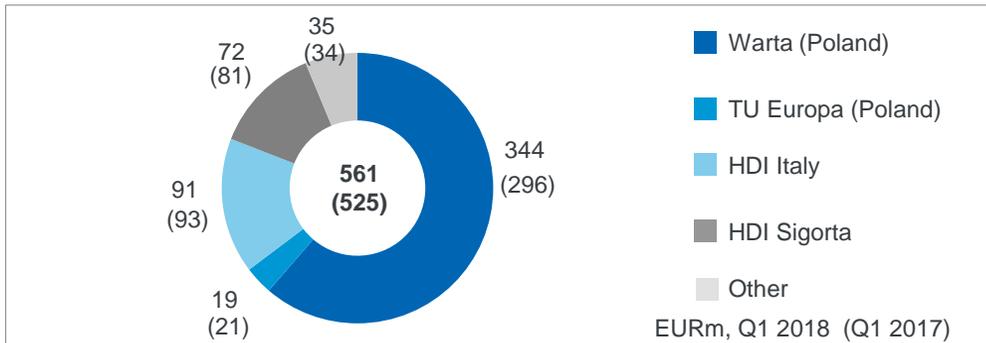


Note: figures restated on the base of IAS 8

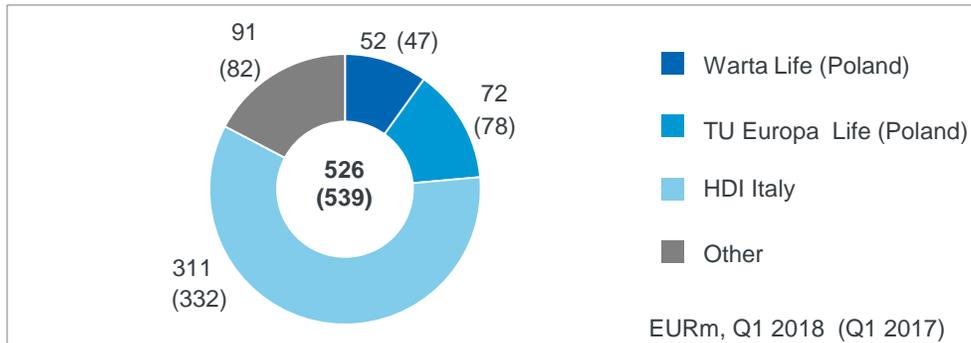
Operating result (EBIT)



GWP split by carriers (P/C)



GWP split by carriers (Life)

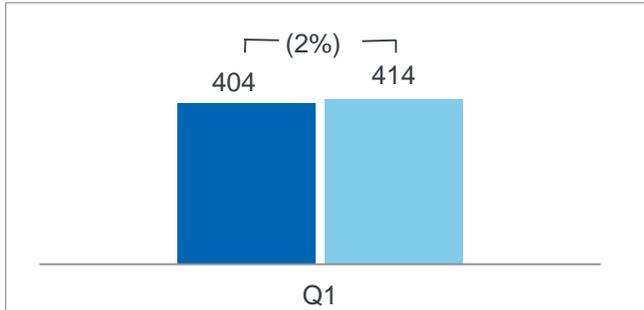


▶ Q1 2018 with significant improvement in EBIT

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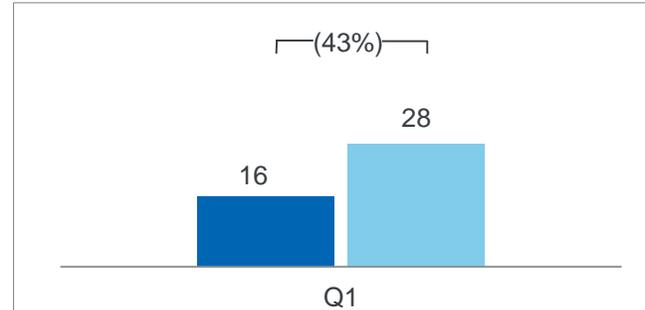
Q1 2018 Additional Information – Retail International LatAm: Key financials

GWP



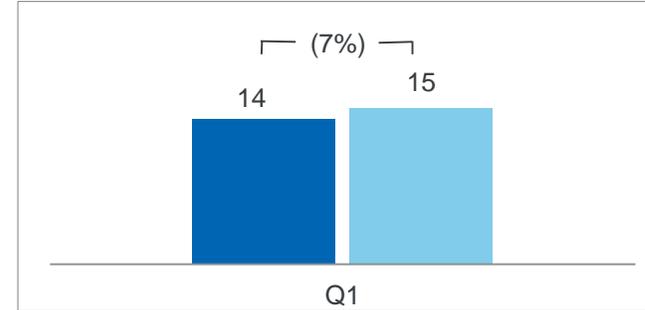
EURm, IFRS ■ 2018 ■ 2017

Investment income

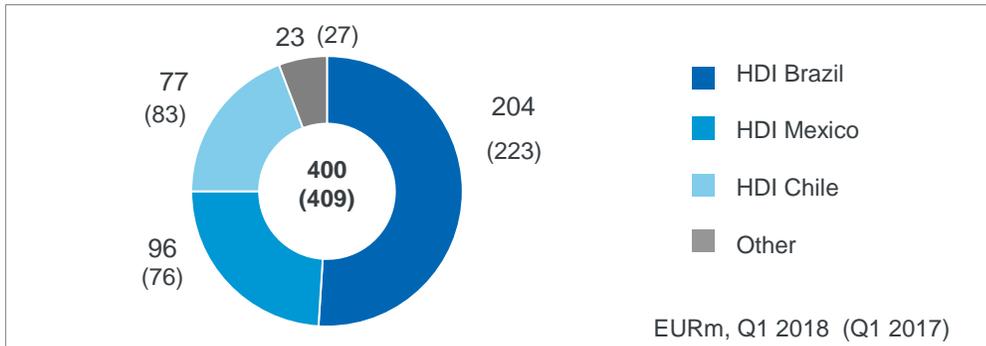


Note: figures restated on the base of IAS 8

Operating result (EBIT)

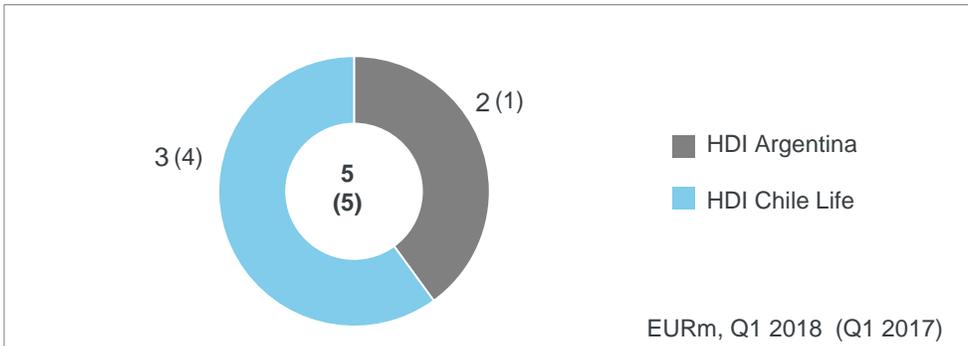


GWP split by carriers (P/C)



EURm, Q1 2018 (Q1 2017)

GWP split by carriers (Life)

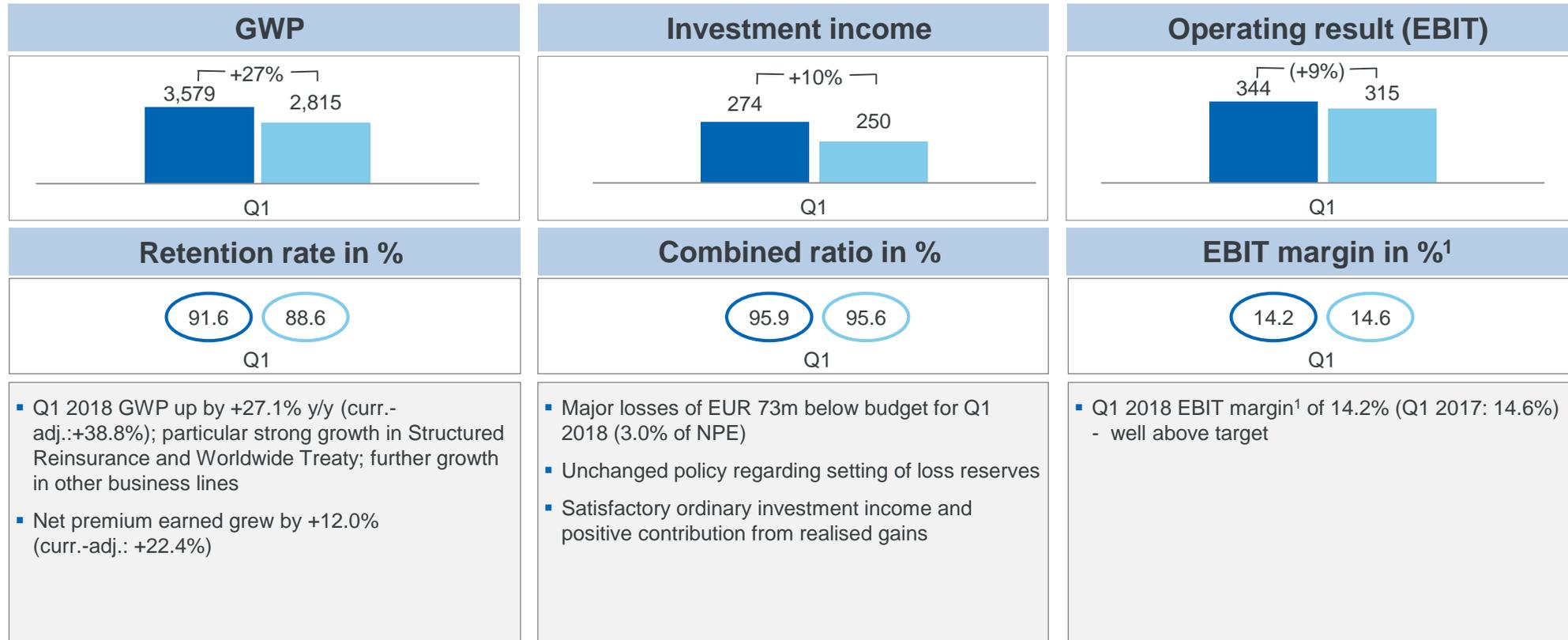


EURm, Q1 2018 (Q1 2017)

▶ **Rather stable EBIT level in euro-terms despite headwinds from currencies and interest rates**

5

Q1 2018 Additional Information – Segment P/C Reinsurance



¹ EBIT margin reflects a Talanx Group view
 EURm, IFRS ■ 2018 ■ 2017

Increased underwriting result and strong investment income

5

Q1 2018 Additional Information – Segment Life/Health Reinsurance

GWP	Investment income	Operating result (EBIT)
<p>Q1</p>	<p>Q1</p>	<p>Q1</p>
Retention rate in %	Rol in %	EBIT margin in % ¹
<p>Q1</p>	<p>Q1</p>	<p>Q1</p>
<ul style="list-style-type: none"> Q1 2018 GWP up by 2.0% y/y (curr.-adj.: +9.2%), mainly driven from Asia and United Kingdom Net premium earned up by 0.1% (curr.-adj.: +7.4%) 	<ul style="list-style-type: none"> Improved technical result driven by better morbidity experience Stable ordinary investment income Other income is lower due to currency effects; contribution from deposit accounted treaties of EUR 45m (Q1 2017: EUR 47m) 	<ul style="list-style-type: none"> Targeted EBIT growth of +5% achieved Tax ratio above the above long-term average due to changes in business set-up linked to the US tax-reform

¹ EBIT margin reflects a Talanx Group view
 EURm, IFRS ■ 2018 ■ 2017

▶ Pleasing EBIT growth - US mortality result better than expected

5

Q1 2018 Additional Information – Segments

	Industrial Lines			Retail Germany P/C			Retail Germany Life		
EURm, IFRS	Q1 2018	Q1 2017	Change	Q1 2018	Q1 2017	Change	Q1 2018	Q1 2017	Change
P&L									
Gross written premium	2,049	2,004	+2%	780	759	+3%	1,088	1,147	(5%)
Net premium earned	583	552	+6%	345	340	+2%	807	844	(5%)
Net underwriting result	-13	19	n/m	3	-6	n/m	-467	-416	n/m
Net investment income	68	69	0%	21	25	(17%)	489	435	+12%
Operating result (EBIT)	51	80	(36%)	18	13	+41%	20	21	(7%)
Net income after minorities	31	59	(47%)	n/a	n/a	n/m	n/a	n/a	n/m
Key ratios									
Combined ratio non-life insurance and reinsurance	102.3%	96.5%	5.8%pts	99.0%	101.7%	(2.7%)pts	-	-	-
Expense ratio	20.2%	20.6%	(0.4%)pts	35.6%	36.7%	(1.1%)pts	-	-	-
Loss ratio	82.1%	75.9%	6.2%pts	63.4%	65.0%	(1.6%)pts	-	-	-
Return on investment	3.5%	3.5%	0.0%pts	2.1%	2.5%	(0.4%)pts	4.2%	3.9%	0.3%pts

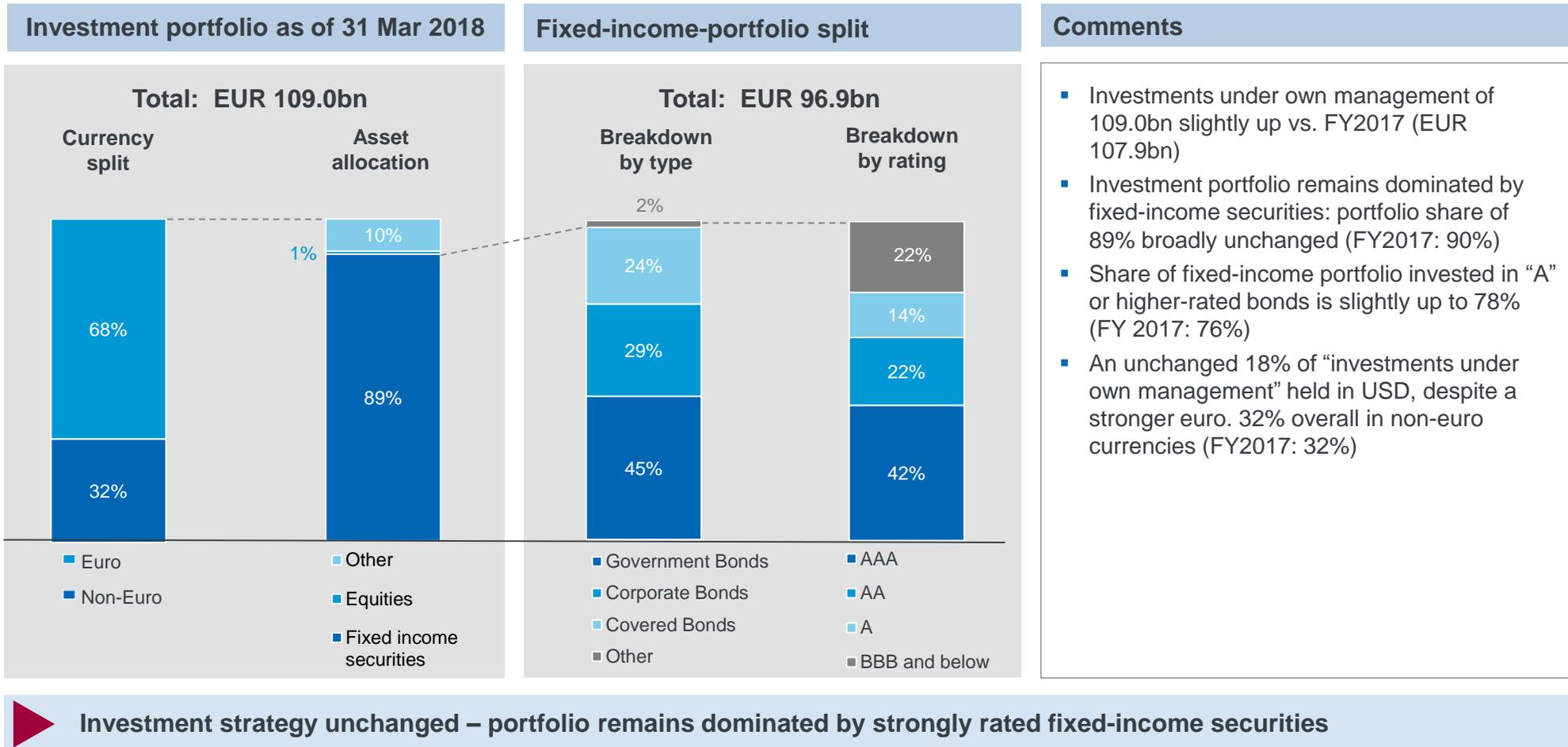
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Q1 2018 Additional Information – Segments

	Retail International			P/C Reinsurance			Life/Health Reinsurance			Group		
EURm, IFRS	Q1 2018	Q1 2017	Change	Q1 2018	Q1 2017	Change	Q1 2018	Q1 2017	Change	Q1 2018	Q1 2017	Change
P&L												
Gross written premium	1,496	1,483	+1%	3,579	2,815	+27%	1,766	1,732	+2%	10,560	9,752	+8%
Net premium earned	1,251	1,217	+3%	2,425	2,166	+12%	1,574	1,573	+0%	6,989	6,698	+4%
Net underwriting result	15	7	+103%	91	91	+1%	-56	-114	n/m	-430	-415	n/m
Net investment income	92	87	+6%	274	250	+9%	123	148	(17%)	1,063	1,011	+5%
Operating result (EBIT)	70	63	+12%	344	315	+9%	92	86	+7%	592	576	+3%
Net income after minorities	41	40	+5%	n/a	n/a	n/m	n/a	n/a	n/m	218	238	(9%)
Key ratios												
Combined ratio non-life insurance and reinsurance	94.9%	96.6%	(1.7%)pts	95.9%	95.6%	0.3%pts	-	-	-	97.0%	96.3%	0.7%pts
Expense ratio	28.0%	29.6%	(1.6%)pts	27.9%	27.8%	0.1%pts	-	-	-	27.5%	27.9%	(0.4%)pts
Loss ratio	66.9%	66.9%	0.0%pts	68.3%	68.0%	0.3%pts	-	-	-	69.7%	68.6%	1.1%pts
Return on investment	3.6%	3.7%	0.1%pts	3.5%	3.0%	0.5%pts	3.1%	3.6%	(0.5%)pts	3.7%	3.5%	0.2%pts

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Q1 2018 Additional Information – Breakdown of investment portfolio



5

Q1 2018 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	2,318	-	565	590	480	-	3,953
Brazil	BB-	228	-	52	327	-	7	614
Mexico	BBB+	122	7	36	201	-	-	366
Hungary	BBB-	519	-	0	9	27	-	555
Russia	BBB-	201	15	29	204	-	-	450
South Africa	BB+	144	-	55	40	-	4	243
Portugal	BBB-	24	-	11	68	31	-	133
Turkey	BB	19	-	15	27	3	-	64
Other BBB+		13	-	30	61	-	-	104
Other BBB		74	20	51	39	-	-	185
Other <BBB		196	32	97	148	-	180	653
Total		3,858	75	942	1,712	541	191	7,319
In % of total investments under own management		3.5%	0.1%	0.9%	1.6%	0.5%	0.2%	6.7%
In % of total Group assets		2.4%	0.0%	0.6%	1.1%	0.3%	0.1%	4.5%

1 Investment under own management

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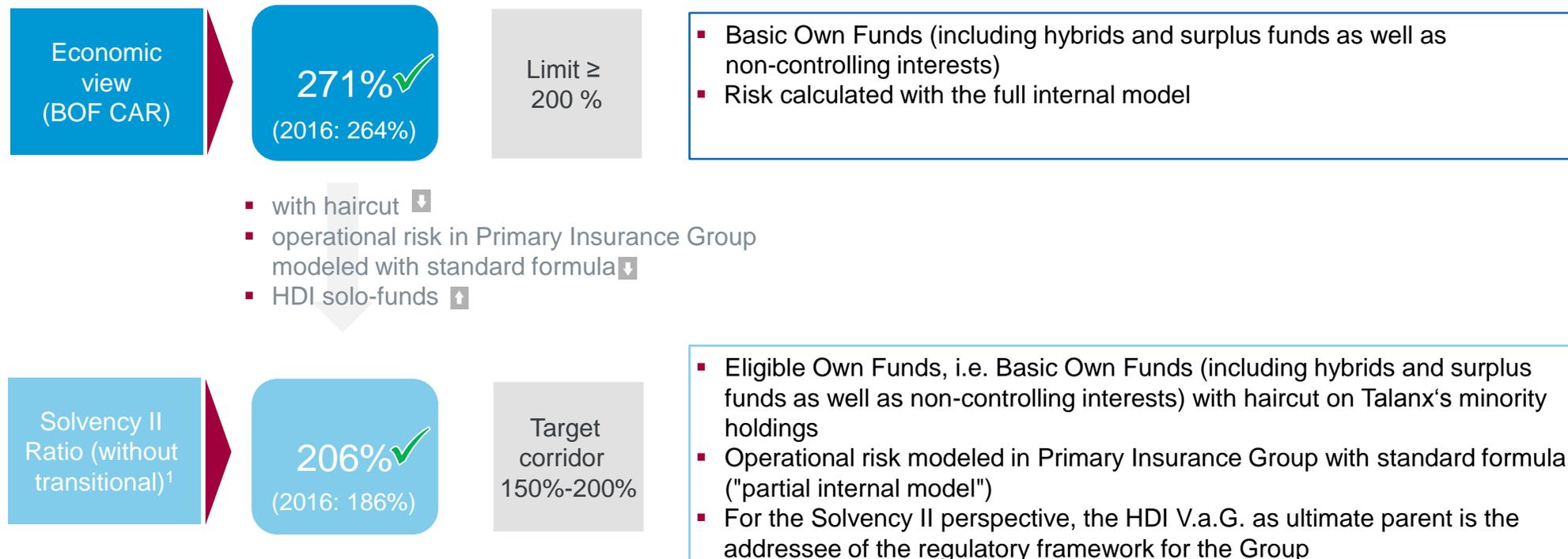
Risk Management – Essentials

- ▶ **FY2017 Solvency II Ratio (excluding transitional) improved to 206% (FY2016: 186%) and is expected to be broadly stable in Q1 2018**
- ▶ **Nearly 90% of Eligible Own Funds in Solvency II View are covered by unrestricted Tier 1 capital. Tier 1 coverage of SCR has further improved and stands at a strong 185%**
- ▶ **Stresses on interest rates, NatCat and equities have only little impact on Solvency II Ratio – in comparison higher level of sensitivity to credit spreads**

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

5

Risk Management TERM 2017 results – Capitalisation perspectives



¹ Group Solvency II Ratios including transitional (i.e. Regulatory View): FY2017: 253%; FY2016: 236%

Note: Calculations of Solvency II Capital Ratios are based on a 99.5% confidence level, including volatility adjustments and excluding the effect of applicable transitional – if not explicitly stated differently

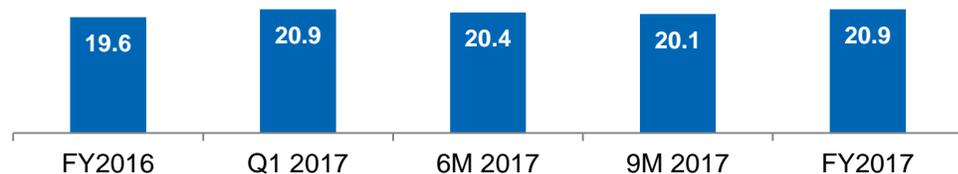
Comfortable capital position from all angles – significant improvement compared to the previous year

5

Risk Management

TERM 2017 – Result History Economic View

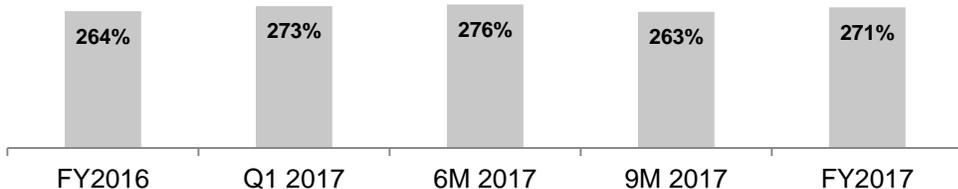
Basic Own Funds (EURbn)



Solvency Capital Required (EURbn)



Capital Adequacy Ratio (CAR)



Comments

- Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests)
- The respective CAR (99.5% confidence level) stands at a comfortable 271%, up 7%pts compared to FY2016
- This concept is used for risk budgeting and steering at Talanx as it best reflects the economic capital position of the Group
- Significant increase in Basic Own Funds overcompensate the moderate increase in SCR y/y

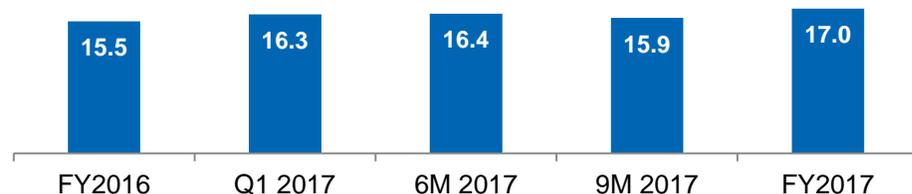
▶ In the Economic View, capital adequacy ratio (BOF CAR) is up by 7%pts y/y

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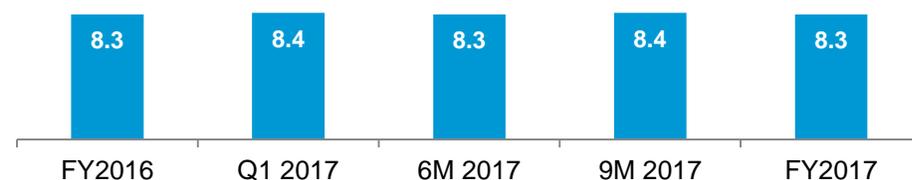
Risk Management

TERM 2017 – Result History Regulatory View

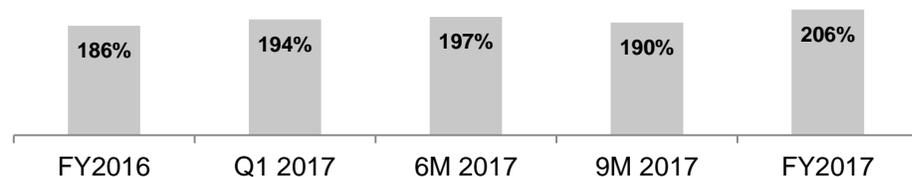
Eligible Own Funds (EURbn)



Solvency Capital Required (EURbn)



Solvency II Ratio (excl.transitional)



Comments

- Eligible Own Funds, i.e. Basic Own Funds (including hybrids and surplus funds as well as minority interests) with haircut on Talanx's minority holdings
- Compared to the Economic View (BOF CAR), the higher level of the SCR reflects the measurement of operational risks in the by means of the standard formula in the Primary Insurance Group
- Improvement of Solvency II Ratio was driven by a strong increase of Eligible Own Funds – including the effect of the hybrid bond issue in November 2017 (EUR 750m) and retained earnings

► Solvency II Ratio materially improved by 20%pts on the back of higher Eligible Own Funds

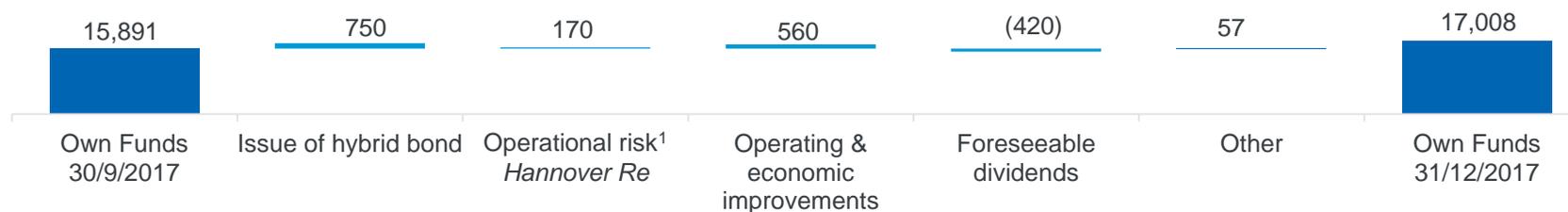
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Risk Management

TERM 2017 – Development Solvency II capital since Q3 2017

Development of Eligible Own Funds

in EURm



Development of Solvency Capital Required (SCR)

in EURm



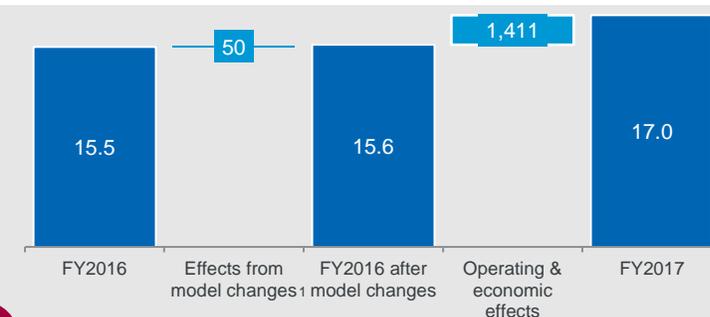
¹ Including minorities „haircut“

▶ Compared to the Q3 2017 Solvency II figures, Eligible Own Funds are up, SCR slightly down

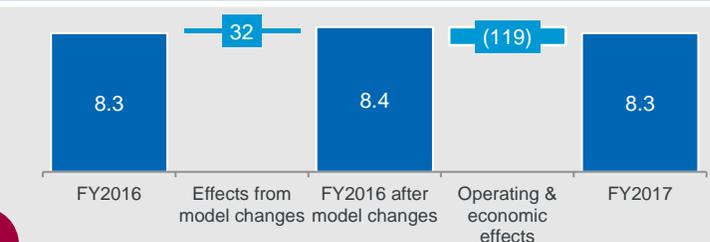
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Risk Management TERM 2017 – Analysis of Change (Regulatory View)

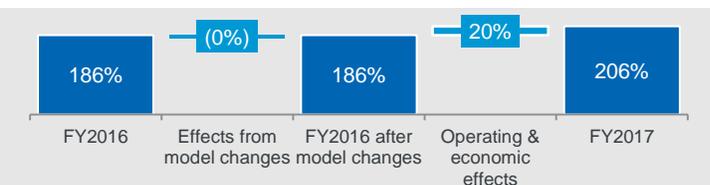
Eligible Own Funds (EURbn, delta: EURm)



Solvency Cap. Required (EURbn; Delta: EURm)



Capital Adequacy Ratio (CAR)



Model change effects

- Model extension for Operational risk in Reinsurance Division

Model change effects

- Model extension for Operational risk in Reinsurance Division
- Model change for pension liabilities
- Several minor model changes
- Model inclusion CBA Vita/correlations Italy

Operating & economic effects

- Issue of EUR 750m hybrid bond
- Increase in interest rate development
- Improved business development, in particular in Segment Retail International
- Higher reserve risk (NatCat)
- Higher pay-out ratio

Operating & economic effects

- Reduction of equity investment by Reinsurance Division
- Increase in business exposure planned by Reinsurance Division leading to higher underwriting risk
- Increase in interest rates leads to a lower SCR of German Life entities

Note: Calculations of Solvency II Capital Ratios are based on a 99.5% confidence level, including volatility adjustments and excluding the effect of applicable transitional – if not explicitly stated differently

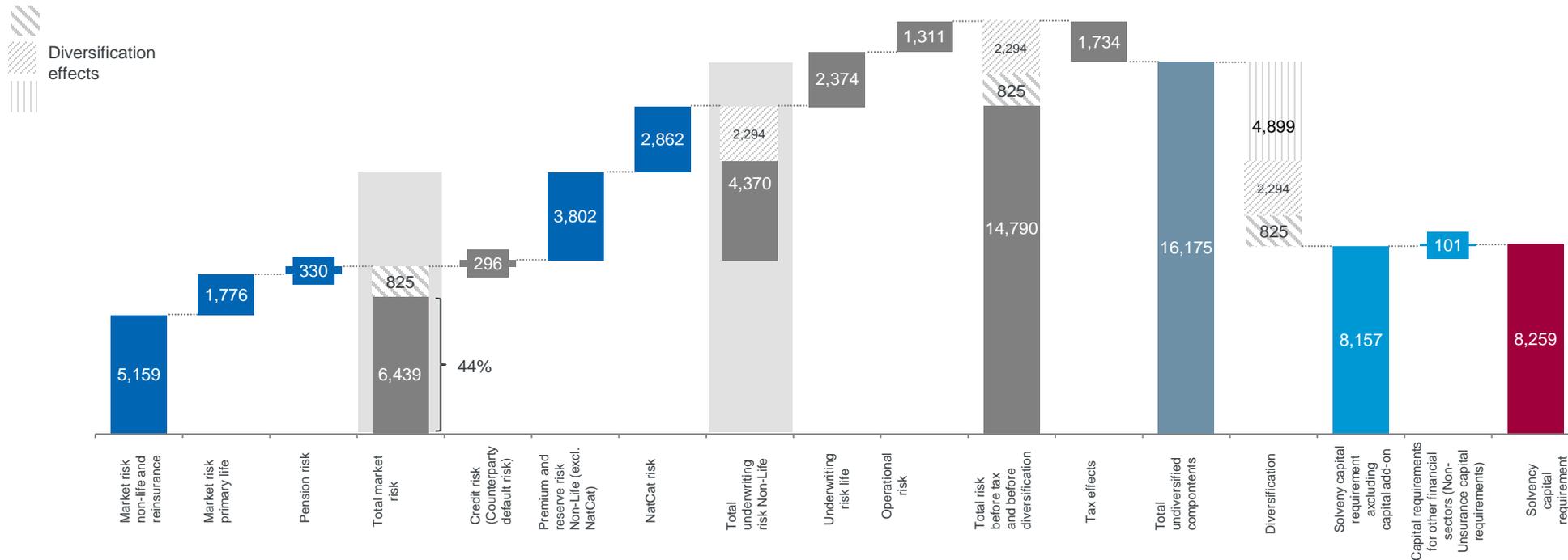
- detrimental impact
- moderately negative impact
- favourable impact

¹ Incl. minorities „haircut“

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Risk Management TERM 2017 - SCR split into components (Regulatory View)

Risk components of HDI Group¹ (EURm)



¹ Figures show risk categorisation of the HDI Group including non-controlling interests. Solvency capital requirement determined according to 99.5% security level for the Regulatory View, based on Eligible Own Funds (EOF)

² Total market risk of 44% of total risk in Regulatory View; 45% according to Economic View

▶ Significant diversification between risk categories – market risk remains well below 50% threshold

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Risk Management TERM 2017 – From IFRS equity to Eligible Own Funds

Talanx level

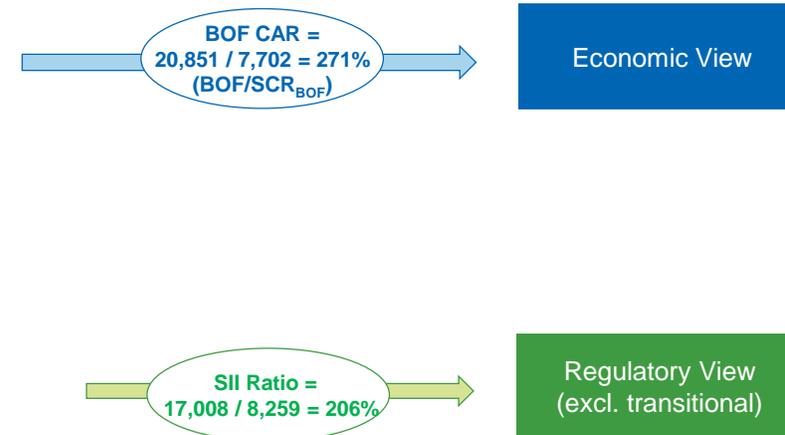
in EURm

IFRS total equity	14,246
Goodwill & Intangible assets	-1,995
Valuation adjustments	4,784
Surplus funds (before minorities)	1,625
Excess of assets over liabilities (EAoL)	18,661
Subordinated liabilities (before minorities)	2,921
Own shares	0
Foreseeable dividends & distributions	-730
Basic own funds (Talanx)	20,851

HDI V.a.G. (extension from Talanx Group to HDI Group)	1,564
Basic own funds (HDI)	22,415
Total of non-available own fund items	-5,513
Other	-18
Ancillary own funds	0
Own funds for FCiIF, IORP and entities included	123
Total available own funds (AOF)	17,008
Effects from tiering restrictions	0
Total eligible own funds (EOF)	17,008

HDI level

Terminology



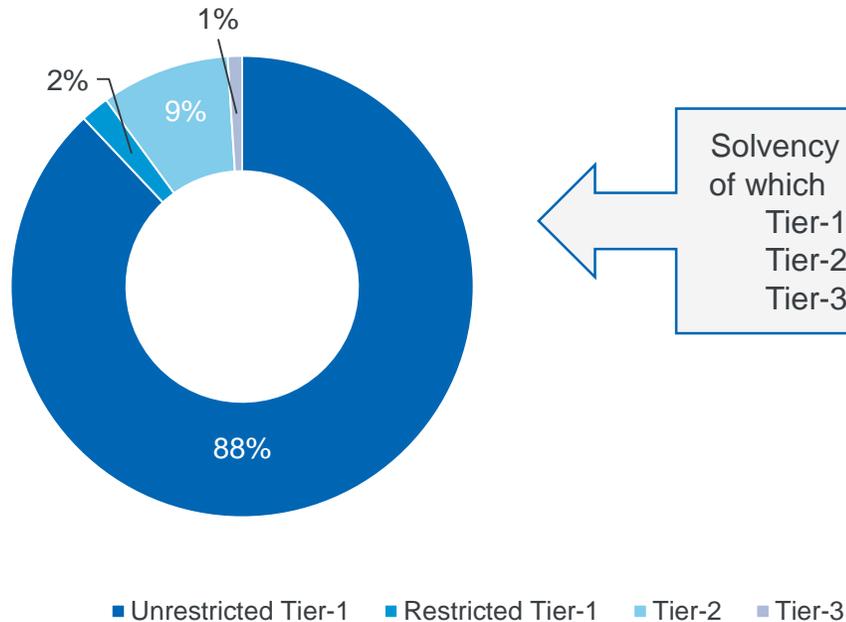
FCiIF – Financial Credit Institutions and Investment Firms
IORP – Institutions for Occupational Retirement Provisions

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

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Risk Management TERM 2017 – Solvency II Perspective - Tiering

Capital tiering



Solvency II Ratio 206%
of which
Tier-1-coverage 185%pts
Tier-2-coverage 19%pts
Tier-3-coverage 2%pts

Comments

- The capital tiering reflects the composition of Own Funds under the Solvency II Perspective
- The vast majority of Eligible Own Funds consists of unrestricted Tier-1. The overall Tier-1 coverage (unrestricted and restricted) reflects 90% of our capital. The tiering of Talanx compares well with sector peers
- Tier-2 mainly consists of subordinated bonds issued by Talanx Finance and Hannover Finance

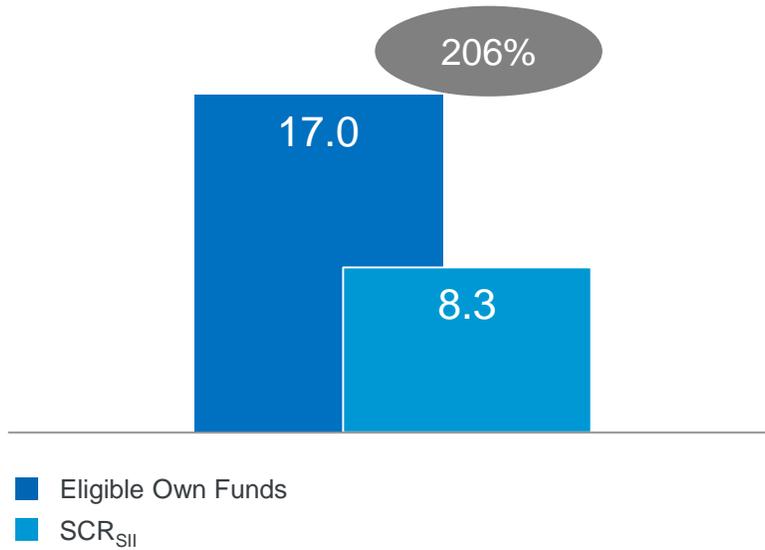
▶ **The strong Solvency II Ratio dominated by unrestricted Tier-1 capital**

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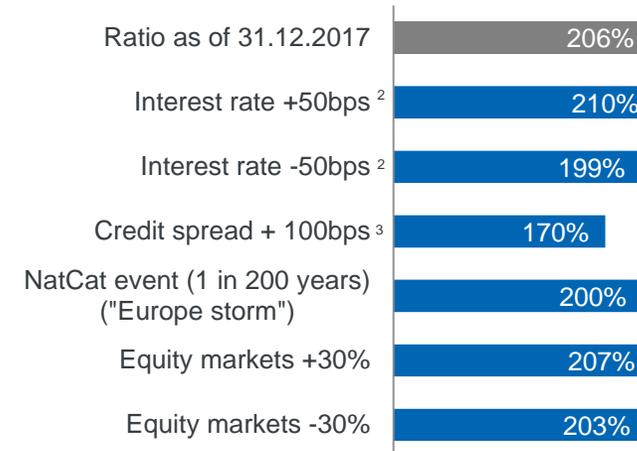
Risk Management TERM 2017 – Sensitivities of Solvency II Ratio

Regulatory View (excl. transitional)

in EURbn



Estimation of stress impact¹



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 stress on government bonds)



Stresses on interest rates, NatCat and equities have only little impact on Solvency II Ratio – in comparison higher level of sensitivity to credit spreads

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Financial Calendar and Contacts



- **13 August 2018**
Interim Report as at 30/06/2018
- **23 October 2018**
Capital Markets Day
- **12 November 2018**
Quarterly Statement as at 30/09/2018



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

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