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Insurance. Investments.

Investor Presentation

March/April 2019

Agenda

I CMD: Group Strategy

II CMD: Group Financials

III FY 2018 results

A team of entrepreneurs who see performance as a question of honour

Christian Hinsch, 63
Industrial Lines

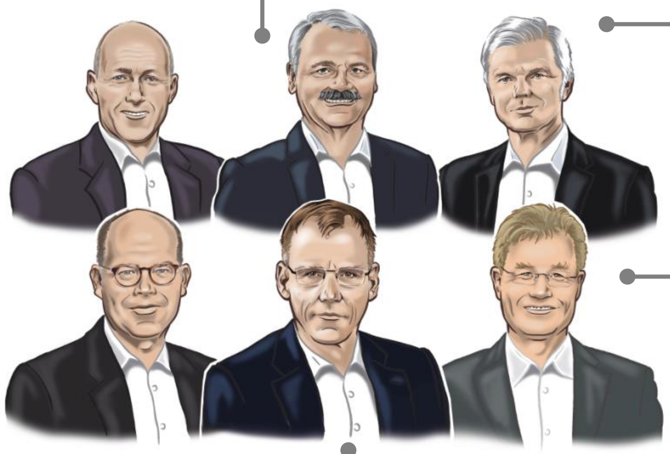
built up a leading global industrial lines franchise by successfully integrating Gerling

Sven Fokkema, 50
Retail International

turned Talanx's Polish acquisitions into successful ventures with his international experience

Immo Querner, 56
CFO

well-recognised Gerling crisis-proven expert in finance and risk management



Ulrich Wallin, 64
Reinsurance

turned Hannover Re into the most profitable leading global reinsurer

Jan Wicke, 50
Retail Germany, IT

proven cost manager driving transformation programme KuRS

Torsten Leue, 52
CEO

developed Retail International into the profitable growth engine of the Group

170 years of common experience in financial sectors

Note: Jean-Jacques Henchoz to succeed Ulrich Wallin as of 05/2019. Dr. Edgar Puls to succeed Dr. Christian Hinsch as of 05/2019

Key messages

- We **strengthen**: entrepreneurial culture, B2B focus and portfolio diversification
- We **develop**: enhanced capital management, focused divisional strategies and digital transformation
- We **commit** to …
  - an increased **RoE** of ≥ 800bps above risk-free
  - annual **EPS** growth ≥ 5% on average
  - 35% to 45% **payout of IFRS earnings** with DPS at least stable y/y

Note: Targets are relevant as of FY2019. EPS growth CAGR until 2022 (base level: original Group net income Outlook of ~EUR 850m for 2018). The risk-free rate is defined as the 5-year rolling average of the 10-year German Bund yield. Targets are subject to large losses staying within their respective annual large-loss budgets as well as no major turmoil on currency and/or capital markets

Strengthen and develop – Turning our roots into a foundation for future success

Strengthen

1. Entrepreneurial culture
2. B2B focus
3. Diversified portfolio

Traditionally different

Develop

1. Enhanced capital management
2. Focused divisional strategies
3. Digital transformation

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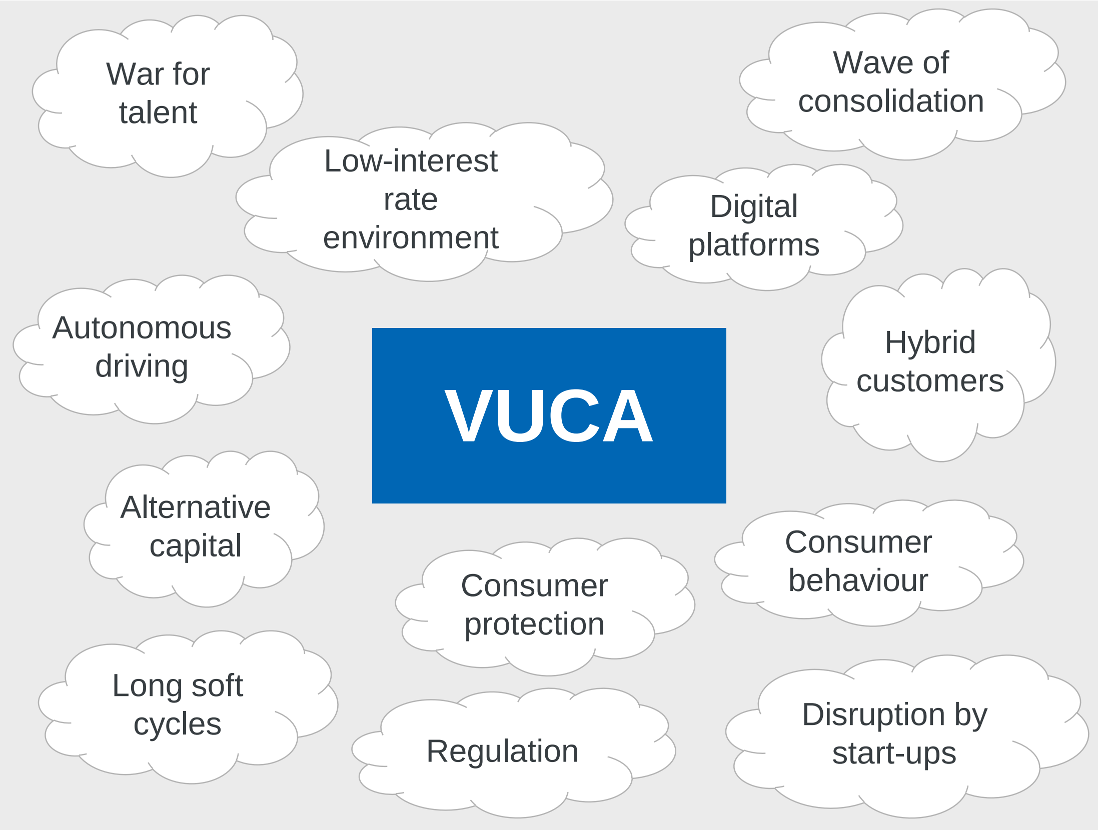
Strengthen

We approach the VUCA world from a position of strength

Volatility Uncertainty Complexity Ambiguity



Our answer: reinforcing our strengths

1 Entrepreneurial culture

2 B2B focus

3 Diversified portfolio

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1 Strengthen – Entrepreneurial culture

Our entrepreneurial culture as basis for continued growth and cost leadership

Clear responsibilities – with transparency and consequence

Decentralised business structure

Innovation power

International best-practice sharing and digital mindset

Entrepreneurial culture

In 3½ out of 4 divisions (compared to peers)

Cost leadership

Strong profitable growth

> 6x higher business growth than peers

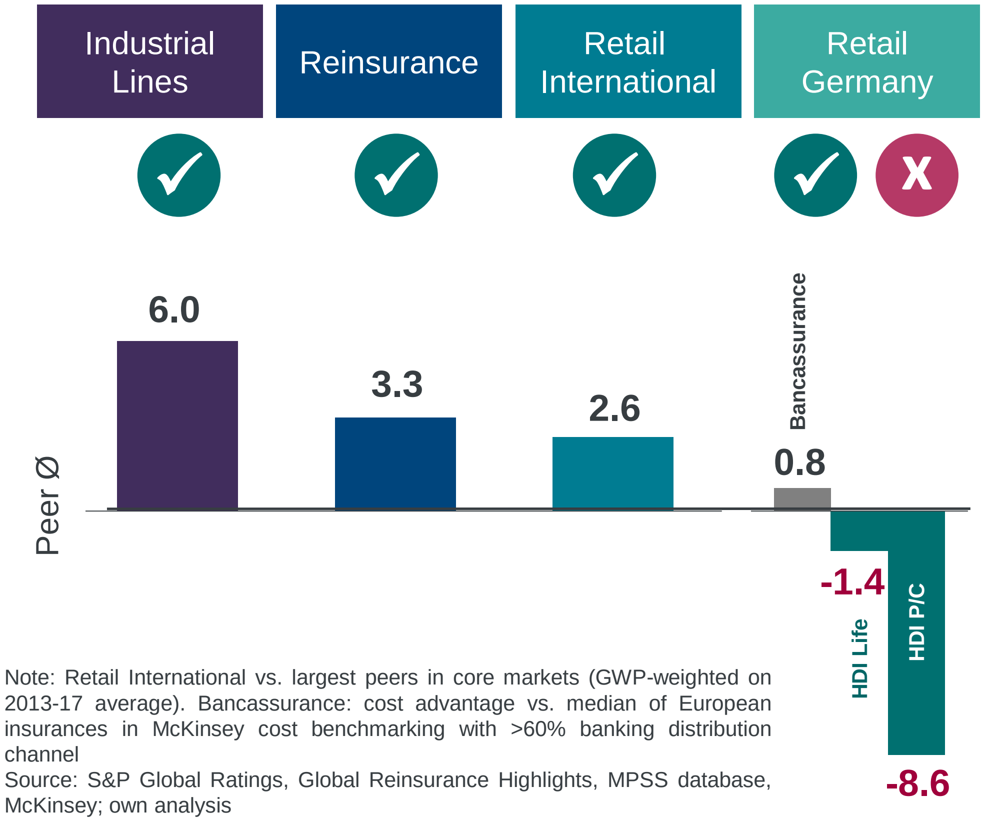
Note: Business growth defined as GWP CAGR for 2013-2017. Talanx Peer group consists of Allianz, AXA, Generali, Mapfre, Munich Re, Swiss Re, VIG and Zurich (throughout this document if not stated differently)

1 Strengthen – Entrepreneurial culture

Entrepreneurial culture – Basis for cost leadership and profitable growth …

Cost leadership in 3½ out of 4 divisions

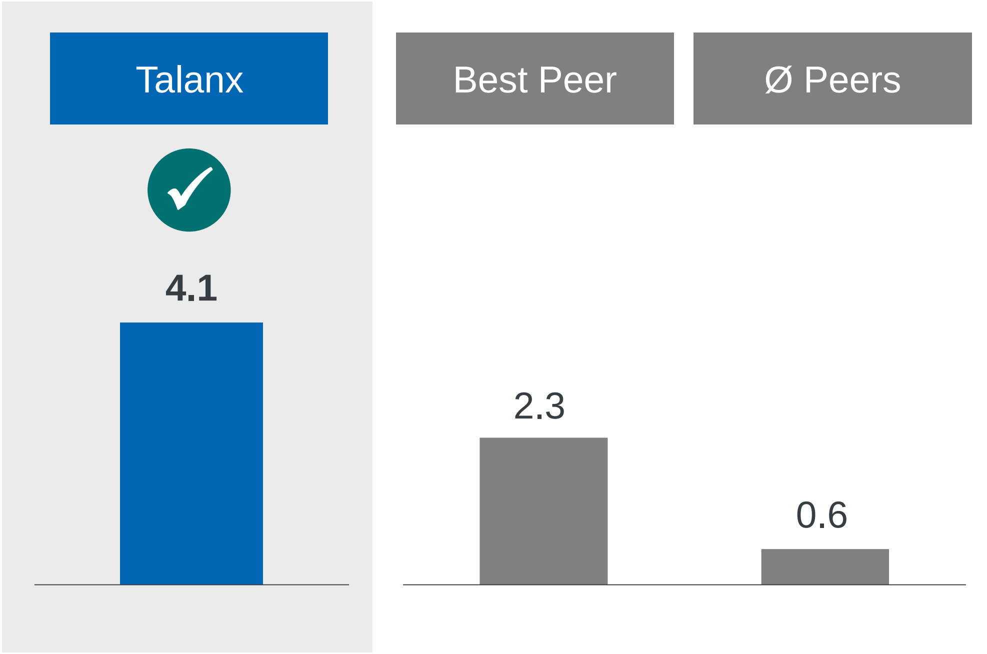
Cost ratio advantage (net) of divisions compared to peer Ø (2013 – 17) (in %-pt)



Note: Retail International vs. largest peers in core markets (GWP-weighted on 2013-17 average). Bancassurance: cost advantage vs. median of European insurances in McKinsey cost benchmarking with >60% banking distribution channel
Source: S&P Global Ratings, Global Reinsurance Highlights, MPSS database, McKinsey; own analysis

> 6x higher business growth than peers

GWP CAGR 2013 – 17 (in %)

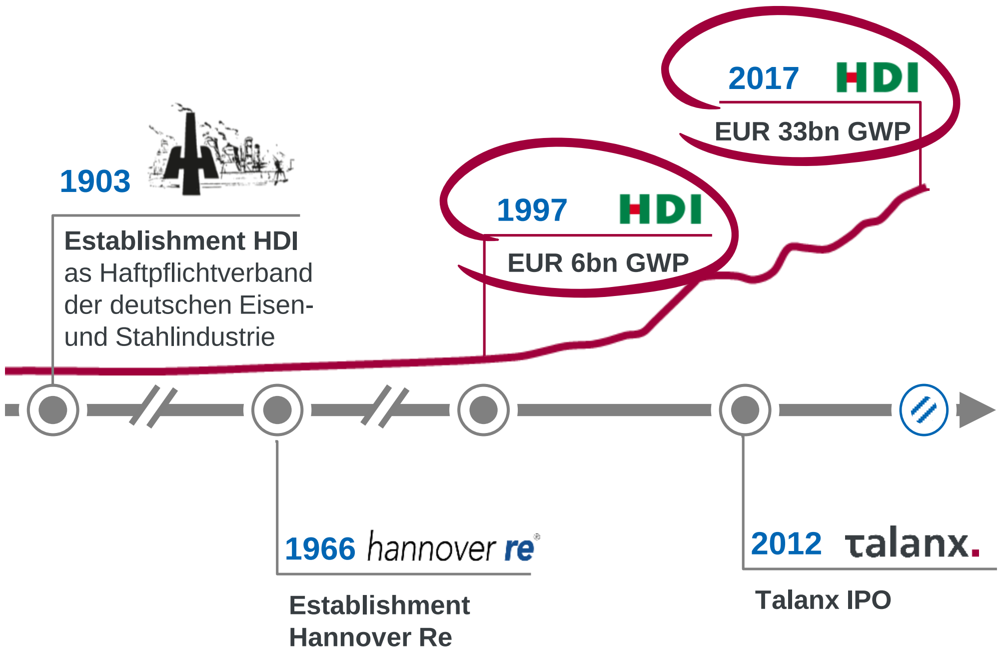


Note: Peer average GWP-weighted. Own calculations based on Annual Reports

1 Strengthen – Entrepreneurial culture

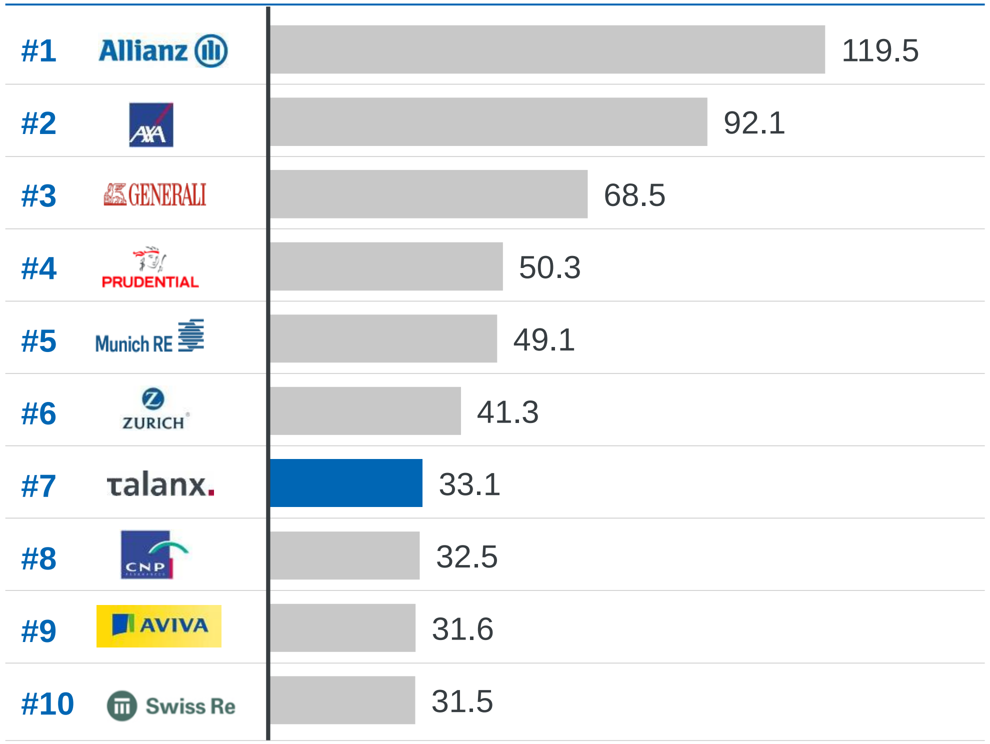
… leading to #7 market position in Europe

115 years of successful HDI/Talanx history



Talanx ranked at #7 in Top 10 European insurers

GWP 2017, in EURbn



Note: Prudential data based on earned GWP

2 Strengthen – B2B focus

Our unique B2B customer focus positions us well

Leading partner of 90% of DAX members

Industrial clients

Mid-market

Leading provider in Germany

B2B Focus – >80% of GWP in B2B business

Leading position in Germany and selected CEE (Poland, Hungary)

Bancassurance

Reinsurance

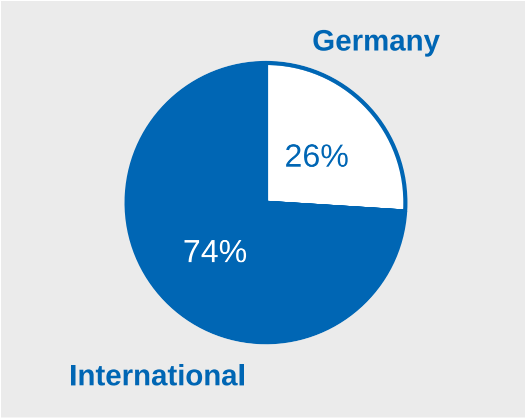
~5.000 insurance clients

Leading reinsurer

#4 player by size - #1 by RoE among main competitors

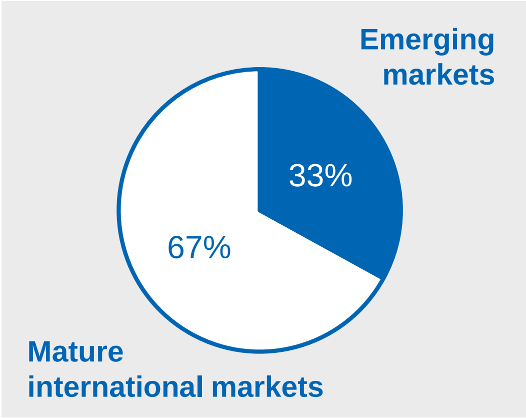
3 Strengthen – Diversified portfolio

Our diversified portfolio as basis for proven earnings resilience

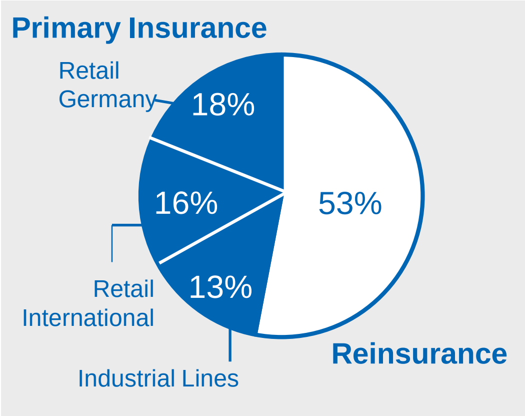


Strong international footprint

High share of growth markets

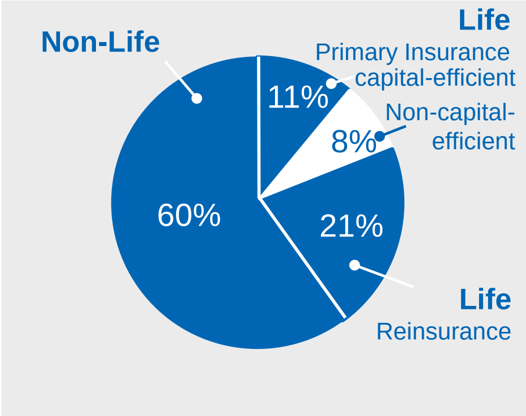


Diversified portfolio



Balanced business mix

Favourable product mix



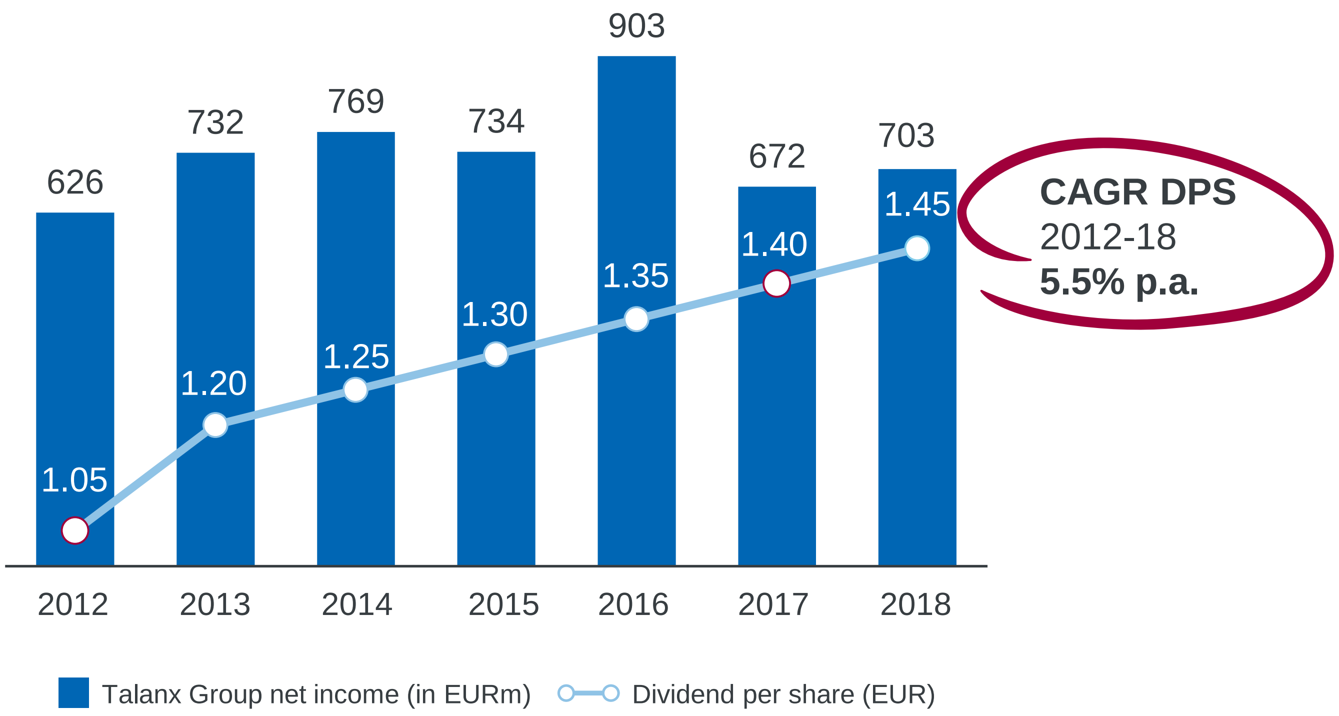
Note: All figures refer to GWP 2017 of Talanx Group; growth market split refers to international portfolio only

Strengthen

Outcome – Proven earnings resilience backing our sustainable payout policy

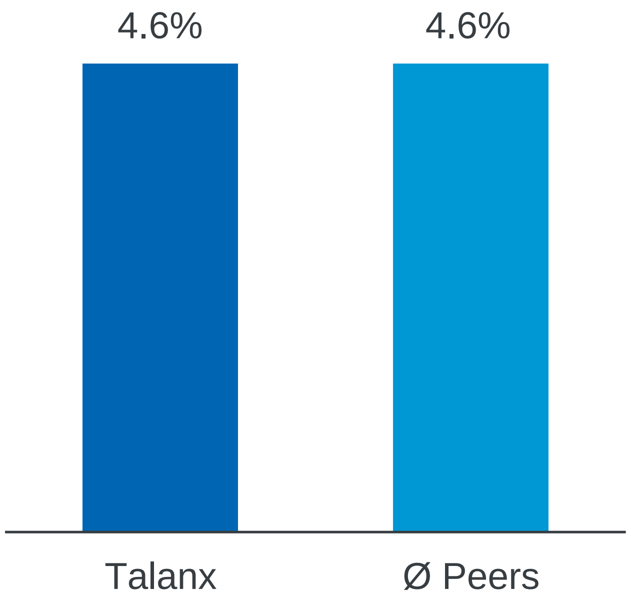
Sustainable earnings and payout policy

Talanx IFRS net income and dividend (per share)



Note: Net income of Talanx after minorities, after tax based on restated figures as shown in annual reports 2012–2018; all numbers according to IFRS

Dividend yield in line with peers

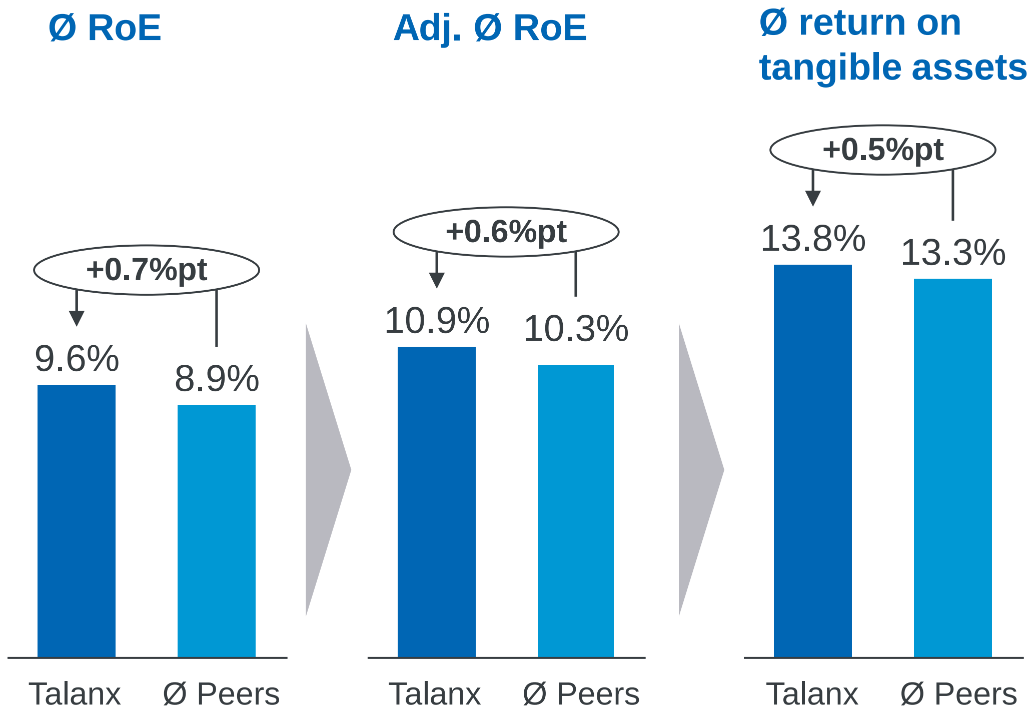


Note: For time period 2012–2017. Source: FactSet

Strengthen

Outcome – In the past, Talanx with strong track record and favourable risk-return profile…

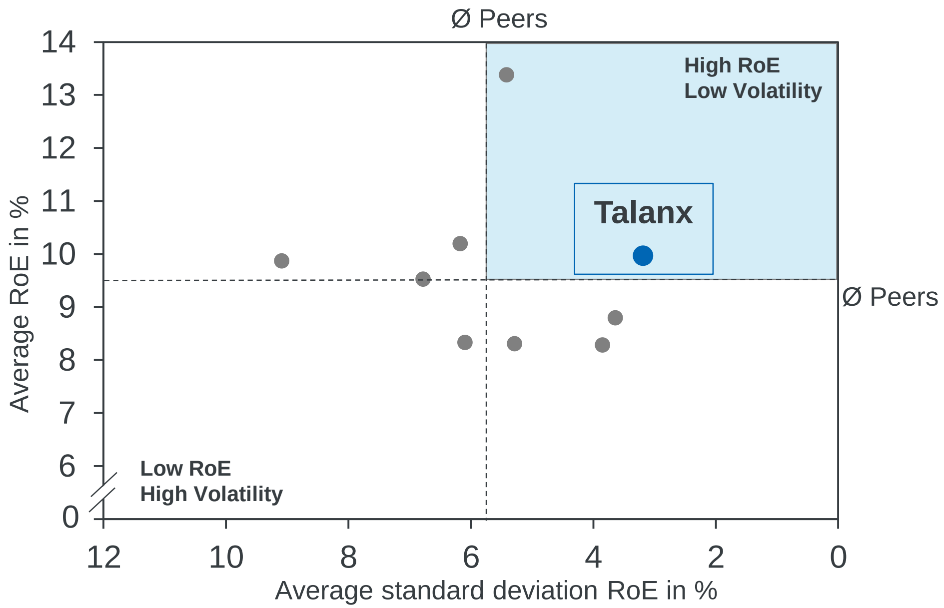
RoE above peer average



Note: All figures 2012-2017.
Adj. average RoE: own calculation based on the ratio of net income (excl. minorities) and average shareholders' equity excluding average unrealised gains & losses based on available peer data. Average return on tangible asset: own calculation based on the ratio of net income (excl. minorities) and average shareholder's equity excluding average goodwill and average other intangible assets
Peer group: Allianz, Munich Re, AXA, Zürich, Generali, Mapfre, VIG, Swiss Re
Source: Financial reports of peers, FactSet and own calculations

Favourable risk-return profile

Average Return on Equity compared to peers (2001-2017)



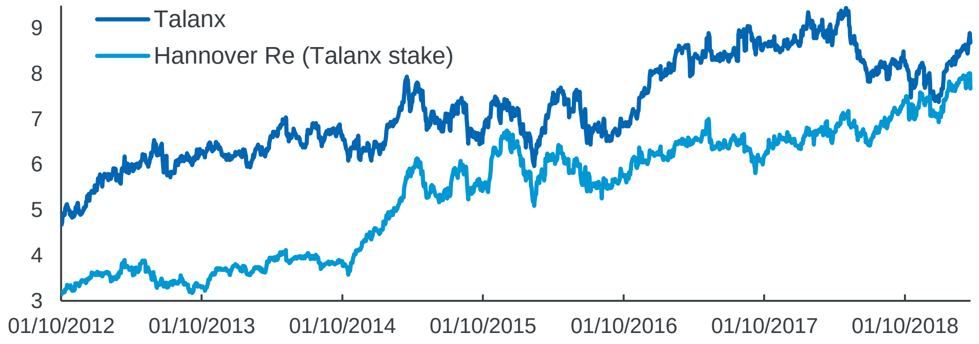
Note: Own calculations. RoE based on the ratio of net income (excl. minorities) and average shareholders' equity
Source: RoE 2001-2010 KPMG; 2011-2017 annual reports

Develop

…however, cautious valuation of Talanx ex Hannover Re

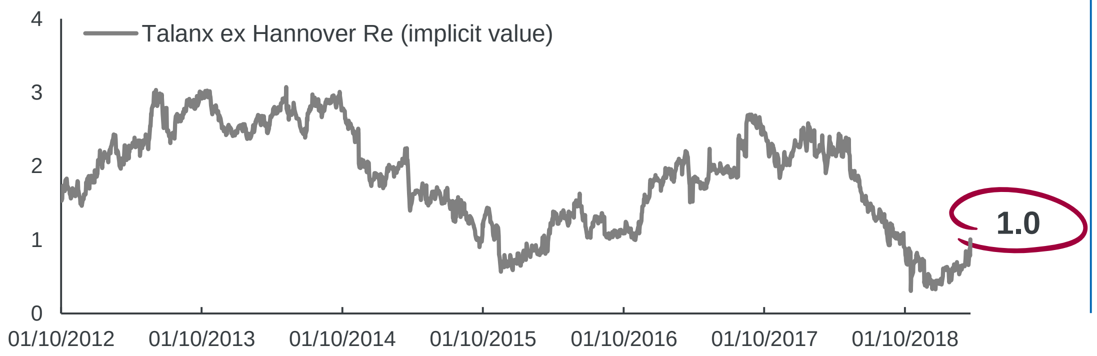
Market cap development

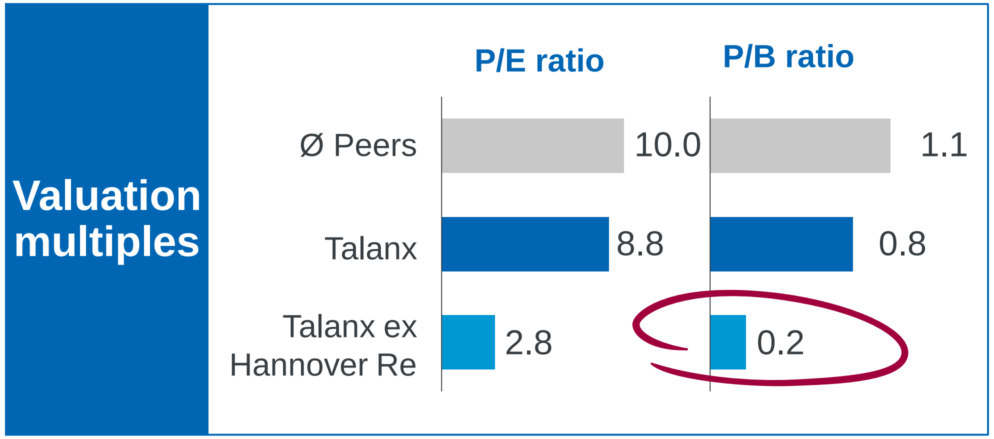
EURbn



Implicit market cap Talanx ex Hannover Re stake

EURbn





Note: Multiples as of 20 March 2018 and based on sell-side estimates as collected by Talanx. The P/E ratio refers to the 2019E median for EPS, the P/B ratio refers to the 2019E shareholders' equity

Develop

Talanx's ambition – Three areas to develop

Strengthen

1 Entrepreneurial culture

2 B2B focus

3 Diversified portfolio

Traditionally different

Develop

1 Enhanced capital management

2 Focused divisional strategies

3 Digital transformation

Develop
Talanx's ambition 2022

Group

1 Enhanced capital management

2 Focused divisional strategies

Industrial Lines	Retail International	Retail Germany	Reinsurance
Clean-up Fire and growth in Specialty	Top 5 in core markets	Delivery on KuRS targets and growth in SME	Reinsurance focus

3 Digital transformation

1 Develop – Enhanced capital management

Our Capital Management Strategy

Enhanced Capital Management

How to spend it	▪ Sustainable dividend growth ▪ Stringent capital allocation to support profitable organic growth ▪ Disciplined M&A approach
How to get it	▪ Reduce local excess capital ▪ Increase cash upstream ▪ Bundling reinsurance at Group level

Mid-term ambition

1	Attractive dividend payout ratio with DPS y/y at least stable	35-45%
2	Stringent capital manager	RoE ≥ CoE
3	Upstream of excess capital	~350m
4	Increase remittance ratio	50-60%

Note: Target dividend coverage ratio (available cash fund divided by target dividend level) is ~1.5-2 times actual dividend

1 Develop – Enhanced capital management

How to spend it – Allocate capital to support profitable organic growth

Return on Equity / GWP

Note: Bubble size: attributed equity capital 2017 in m EUR; figures in bubbles refer to change in attributed equity excl. minorities (2017 vs. 2012)

Consequent and efficient capital allocation in high RoE business…

… supports strong and profitable growth

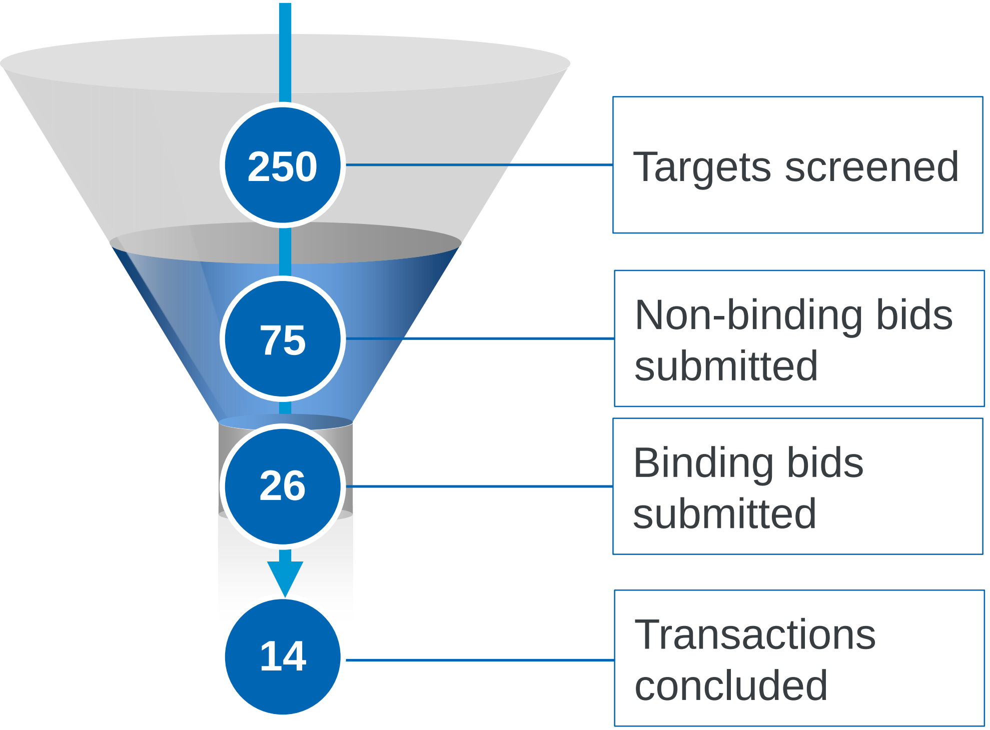
1 Develop – Enhanced capital management

How to spend it – Disciplined M&A approach

Our M&A criteria

- Focus on non-life
- Group RoE-enhancing
- EPS-accretive

Disciplined M&A activity (since 2011)



Note: “EPS-accretive” refers to an increase of Talanx’s earnings per share

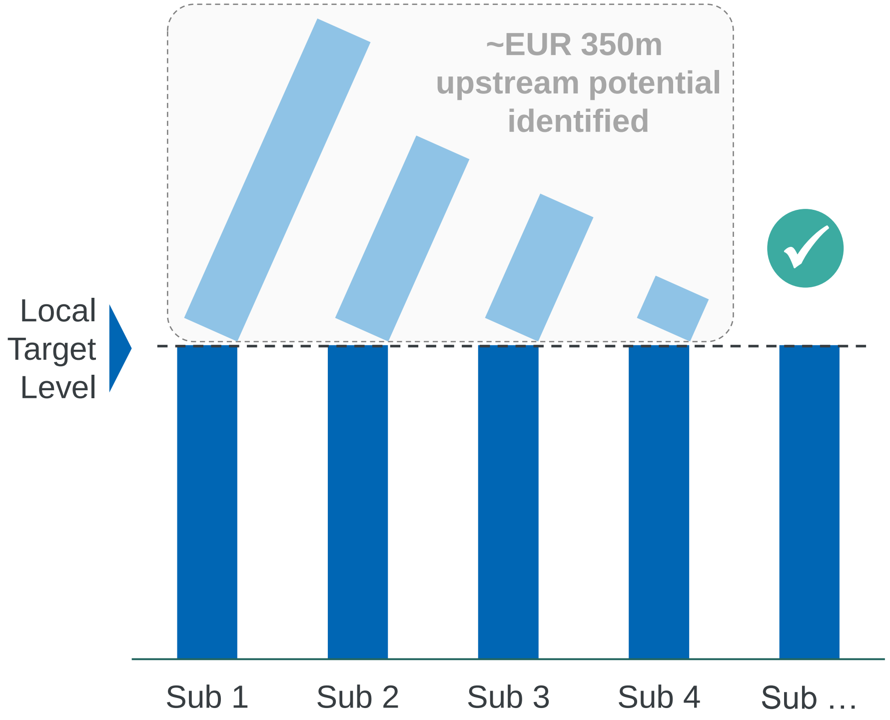
1 Develop – Enhanced capital management

How to get it – Reduce local excess capital and increase cash upstream

Reduce local excess capital

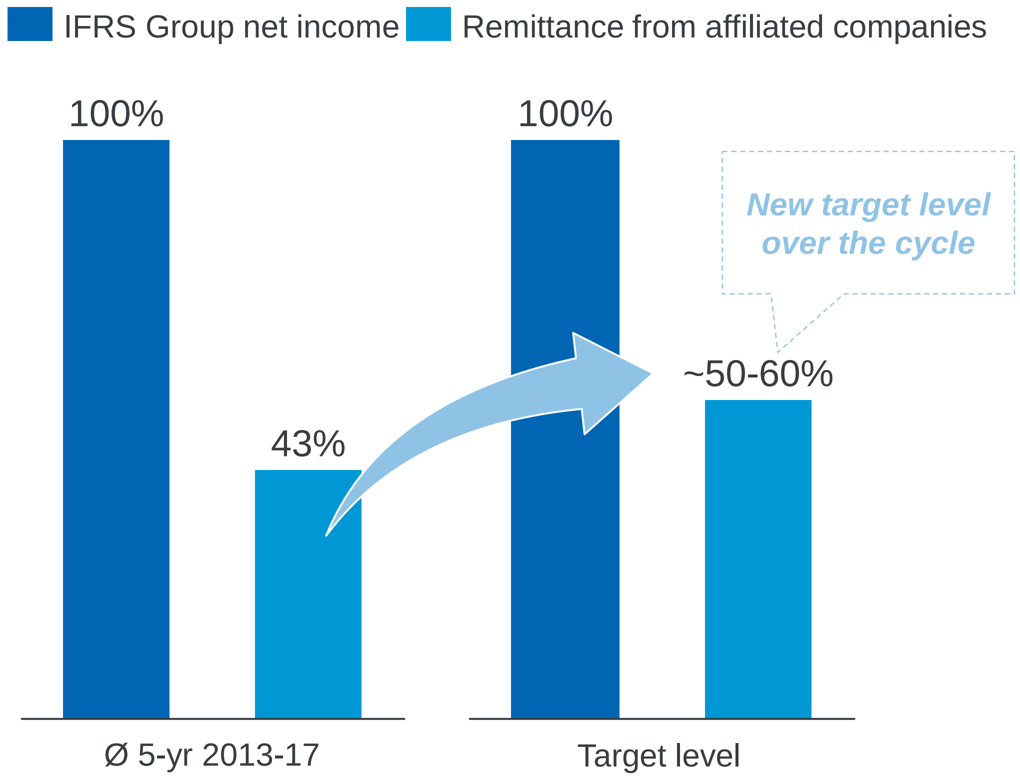
Solvency ratio (%)

Illustrative



Increase cash upstream to Talanx Group

Ø 5-yr remittance ratio (2013-17)



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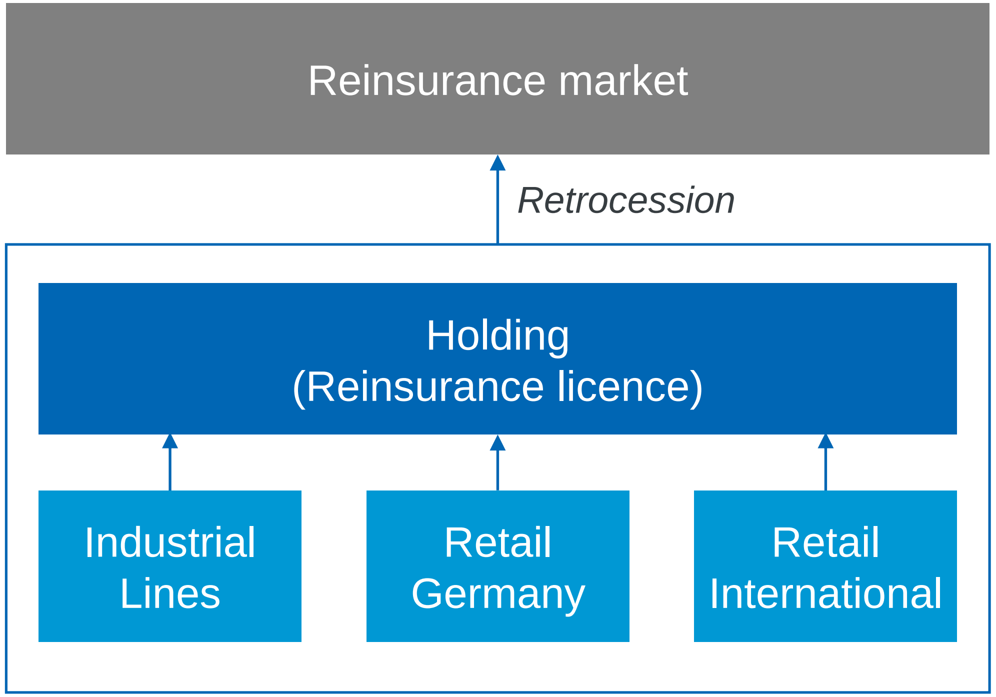
1 Develop – Enhanced capital management

How to get it – Bundling reinsurance at Group level to leverage diversification

Bundling reinsurance at Group level

Illustrative



Impact

+EUR 50m net income steady state p.a

2 Develop – Focused divisional strategies

Industrial Lines

Stock take

Leading

- Customer focus and claims management
- International Programmes
- Cost leadership

Lagging

- Profitability in Fire business – Balanced Book not sufficient
- Untapped growth potential in foreign markets and in Specialty

Focus and mid-term ambition

Focus

- Bring CoR in Fire to well below 100% until 2020 ("20/20/20")
- Continue profitable foreign growth
- Growth initiative in Specialty
- Drive digital transformation

RoE Ambition 8-10%

2 Develop – Focused divisional strategies

Retail International

Stock take

Leading

- Entrepreneurial culture and digital leadership
- Strong track record in M&A
- Cost leadership

Lagging

- Top 5 position not yet achieved in all core markets
- Dependency on Poland, Brazil and Italy results

Focus and mid-term ambition

Focus

- Focus on top 5 positions in 5 core markets
- Disciplined organic and inorganic growth with focus on profitability
- Leveraging digital leadership

RoE ambition 10-11%

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2 Develop – Focused divisional strategies

Retail Germany

Stock take

Leading	
	▪ Leading player in Bancassurance ▪ Experienced employee benefits player ▪ Strong B2B position for P/C SME

Lagging	
	▪ Cost level (HDI P/C and Life) ▪ Legacy IT systems

Focus and mid-term ambition

Focus	
	▪ Delivery on KuRS targets until 2021 ▪ Growth initiative in SME ▪ Drive digital transformation

RoE ambition 7-8%

2 Develop – Focused divisional strategies

Reinsurance

Stock take

Leading	▪ Cost leadership ▪ Top profitability ▪ Consistent underwriting approach ▪ Efficient tailor-made solutions
Lagging	▪ Profitability of US mortality business

Focus and mid-term ambition

Focus	▪ Focus on reinsurance ▪ Maintain competitive (cost) advantage ▪ Solution-oriented innovative reinsurer ▪ Drive digital transformation

RoE ambition ≥ 10%

Note: RoE target of ≥900bps + risk-free

3 Develop – Digital transformation

Digitalisation@Talanx – Clear focus to extend our digital value proposition

Our footprint

B2B (80%)

B2C (20%)

Key success factors

Prevention & services beyond protection

Data skills & IT-system readiness

"One-click journey"

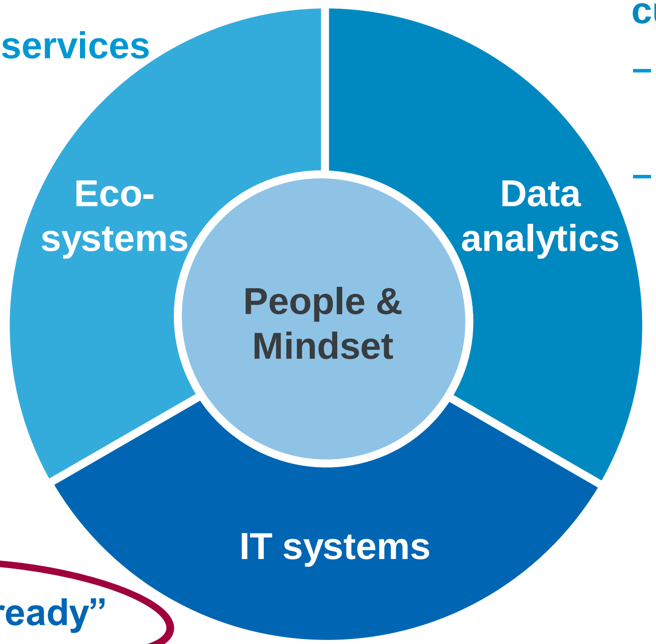
Our focussed approach

"Get bundled"

Talanx focus
- Commercial services (e.g. Cyber)
- Mobility

"Get skills"

Data as "new currency"
- Artificial Intelligence
- Behavioural Economics



"Get ready"

Legacy management

Digital and efficient processes

Note: Commercial services and mobility represent ~50% of insurer-relevant ecosystems (McKinsey)

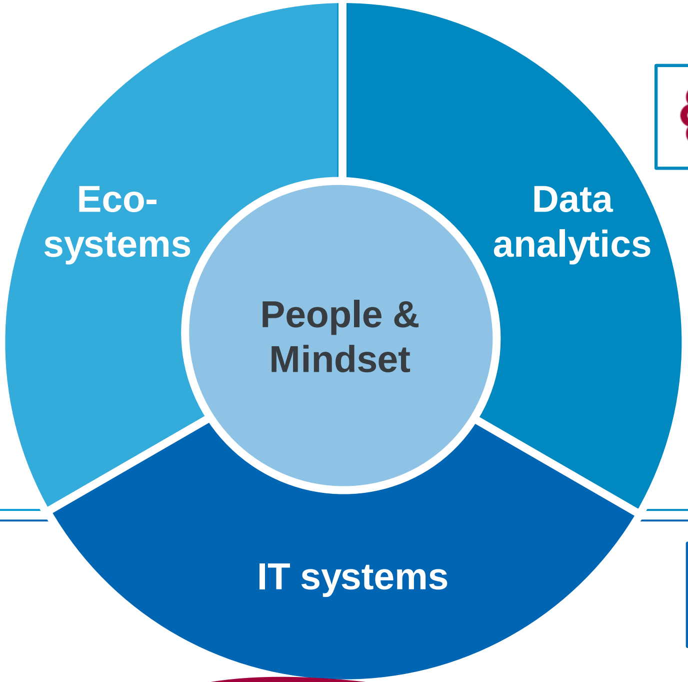
3 Develop – Digital transformation

Digitalisation@Talanx – Divisions drive digitalisation as top management priority

Selected examples for digitalisation in divisions

“Get bundled“

Postbank | Mercedes me | TARGOBANK | HDI SME Digital | citibank | Sparkasse | Santander Auto



Artificial Intelligence

“Get skills”

warta. big data | hr ReFlex Underwriting automation | UW Workbench | TORAS

Behavioral Economics

Agente 360

warta. digital | HDI Robotics | one.BIZ

“Get ready”

Quadriga | Cyber+ Smart | VOYAGER 4life

Further details in divisional presentations

3 Develop – Digital transformation

Digitalisation@Talanx – Group fosters digital mindset leveraging our entrepreneurial culture

International best-practice sharing (Best Practice Lab)

Selective partnerships and investments, e.g.

PRECIRE Technologies
ExB
vocatus:
xbAV
elinvar
FinLeap Reshaping Finance
DataRobot

Established entrepreneurial culture

- Simple divisional structure with clear responsibility and accountability
- Relative performance counts
- Pull culture with high degree of peer collaboration

Mid-term ambition – Raising the target level for Group profitability

Targets

Return on equity

UP!

High level of profitability

≥ 800bp above risk-free rate

EPS growth

NEW!

Profitable growth

≥ 5% on average p.a.

Dividend payout ratio

Sustainable & attractive payout

35% - 45% of IFRS earnings

DPS at least stable y/y

Constraints

Strong capitalisation

Solvency II target ratio 150 - 200%

Market risk limitation (low beta)

Market risk ≤ 50% of Solvency Capital Requirement

High level of diversification

targeted 2/3 of Primary Insurance premiums from outside Germany

Note: Targets are relevant as of FY2019. EPS CAGR until 2022 (base level: original Group net income Outlook of ~EUR 850m for 2018). The risk-free rate is defined as the 5-year rolling average of the 10-year German Bund yield. Targets are subject to large losses staying within their respective annual large-loss budgets as well as no major turmoil on currency and/or capital markets

Agenda

I CMD: Group Strategy

II CMD: Group Financials

III FY 2018 results

1 Enhanced capital management

Our Capital Management Strategy

Enhanced Capital Management

How to spend it

- Stringent capital allocation to support profitable organic growth
- Sustainable dividend growth
- Disciplined M&A approach

How to get it

- Reduce local excess capital
- Increase cash upstream
- Bundling reinsurance at Group level

Mid-term ambition

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2	Stringent capital manager	RoE ≥ CoE
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4	Increase remittance ratio	50-60%

Note: Target dividend coverage ratio (available cash fund divided by target dividend level) is ~1.5-2 times actual dividend

1 Enhanced capital management

How to spend it – Stringent capital allocation to support profitable organic growth

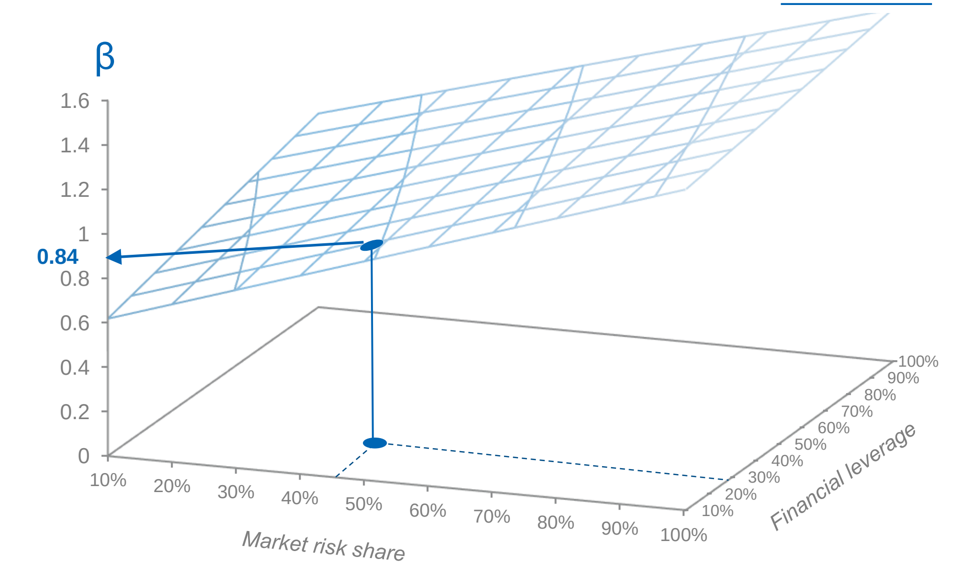
Capital steering matrix & KPIs

RoE = IFRS net income / IFRS Ø equity	RoE hurdle rate		Cost of Equity
Group	800bps above risk-free according to Group strategy	≥	According to market-risk exposure, reflected in Group beta ***CoE =*** ***rf + β x ERP + frictional cost***
	Σ Divisions ≥ Group		Σ Divisions ≥ Group
Divisions	Divisional target RoE	≥	Depending on divisional risk exposure, reflected via adjusted Group Beta ***CoE =*** ***rf + $\beta_{adj.}$ x ERP + frictional cost***

Note: RoE based on IFRS 4. Cost of Equity benchmark 7.2% - 7.6% confirmed e.g by PWC (Cost of Equity Insurance Companies, Germany 2018), AonBenfield ("The Aon Benfield Aggregate", 12/2016) and most recent Swiss Re Sigma (4/2018)

Beta drivers

$RoE_{(6M\ 2018)}$	≥	Minimum hurdle rate	≥	CoE
10.0%		rf_G+ 800 bps ≈ 8.8%		7.2%



Note: Calculation for FY2018

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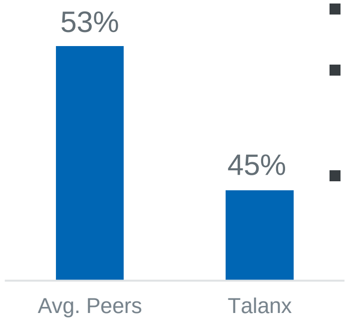
1 Enhanced capital management

Beta-blockers to prevent abnormal ("risk off") heart rhythms/attacks

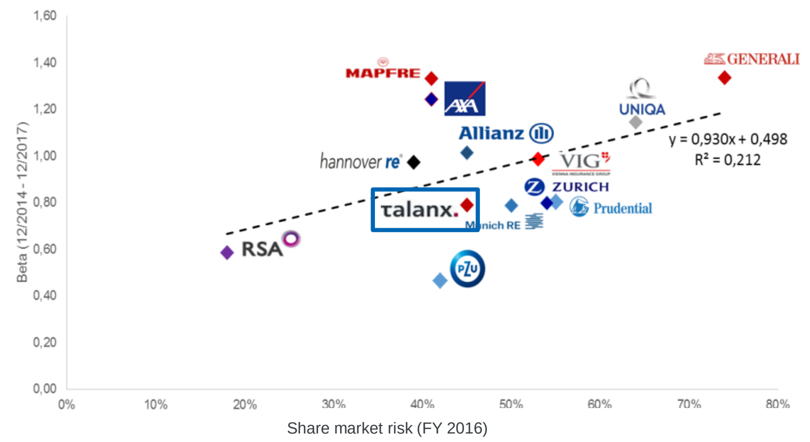
DEEP DIVE BETA

Prudent market risk

Market risk share



- Market risk share ≤ 50%
- Significantly below core peers
- Resulting in a considerably low beta

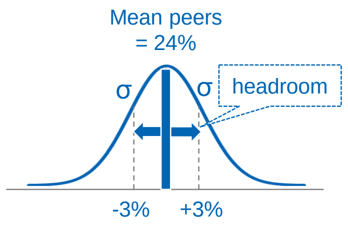


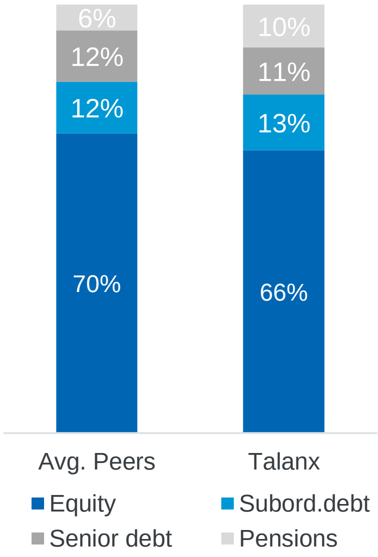
Source: Bloomberg, own calculation

Moderate leverage

Leverage position

Senior & subord. debt leverage:





- Continuously moderate leverage
- Roughly in line with peers, leverage corridor gives additional headroom of EUR 1bn

- Significant leverage leeway of EUR 4bn (50/50 hybrid and senior debt capacity)
- Potential to support capital optimisation at divisional and/or subsidiary level

Source: Company reports, own calculation, figures as of 30 June 2018

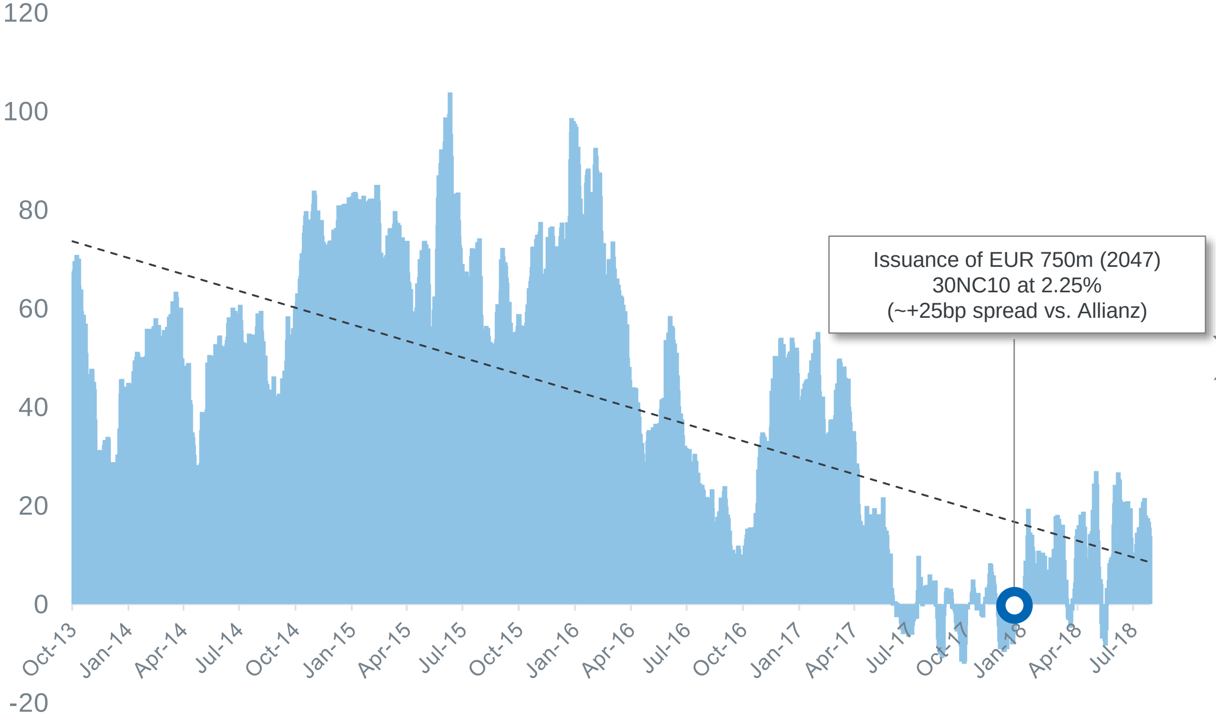
1 Enhanced capital management

Ongoing trend of narrowing spreads supported by Talanx's conservative low-beta profile

DEEP DIVE BETA

Credit spread development

Trading spread in bps between Talanx EUR 500m (2042) 30NC10 8.37% and peers



1	Low market risk reflected in constantly declining spreads (relative position)
2	Efficient timing of capital management actions
3	Narrowing spreads result in reduced future funding and/or refinancing cost

Note: Credit spreads are calculated as spreads over the 6M swap curve. Seniority: Lower Tier 2.
Equally weighted peer group consists of Allianz (2022, 5.625%), AXA (2023, 5.125%), Generali (2022, 10.125%), Munich Re (2022, 6.25%) and Zurich (2023, 4.25%)

1 Enhanced capital management

How to spend it – Aspirational steering with RoE ambition ≥ CoE

Cost of Equity calculation

Consistent and more ambitious target setting

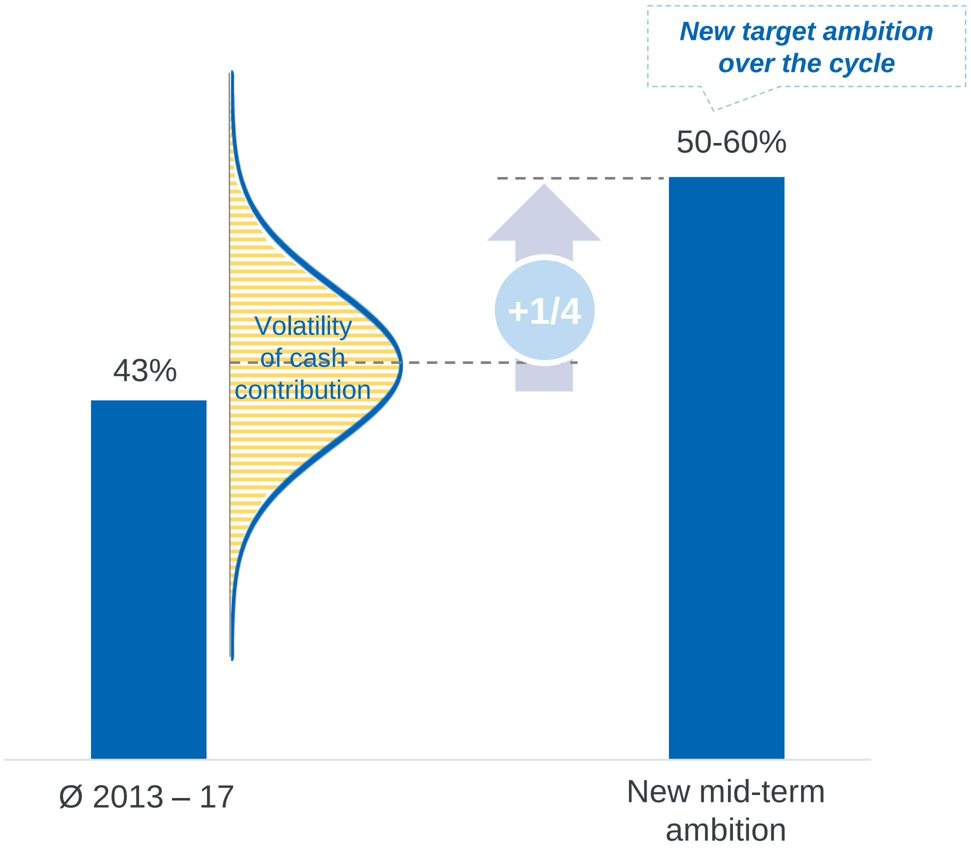
	Risk-free (FX exposure weighted) +	Group beta 5yrsØ x	Adjustment factor x	Market-risk premium +	Frictional cost =	CoE	CMD 2017 ambition	Ambition	Comments
Group	1.9%	0.84	1.00	4.0%	2.0%	**7.2%**	750bp + risk free$_G$	**≥800bp + risk free$_G$**	Talanx ≤ sum-of-the-parts creating value!
Industrial Lines	0.9%	0.84	1.07	4.0%	2.0%	**~6.5%**	8%	***8-10%***	“20/20/20”, Speciality etc.
Retail Germany	0.8%	0.84	2.48	4.0%	2.0%	**~11%**	6-7%	***7-8%***	“Tapering” guarantee burden; shifting Life to P/C; more capital-efficient and biometric business
Retail Intern.	3.8%	0.84	1.26	4.0%	2.0%	**~10%**	9%	***10-11%***	FX mix & goodwill allocation; growth & capital management
Reinsurance	1.2%	0.84	0.66	4.0%	2.0%	**~5.5%**	n/a	***≥ 10%***	In line with Hannover Re’s minimum RoE target

Note: The adjustment factor is determined by two factors: the capital adequacy ratio of the division relative to the Group and the divisional share of market risk relative to the Group. An equal position as the overall Group would result in a figure of “1.00”. A higher share of capital market risks than the overall Group and lower divisional capital adequacy ratios than the overall Group would result in adjustment factors above 1. All numbers relate to a Shareholder Net Asset (SNA) view. All calculations for FY2018

1 Enhanced capital management

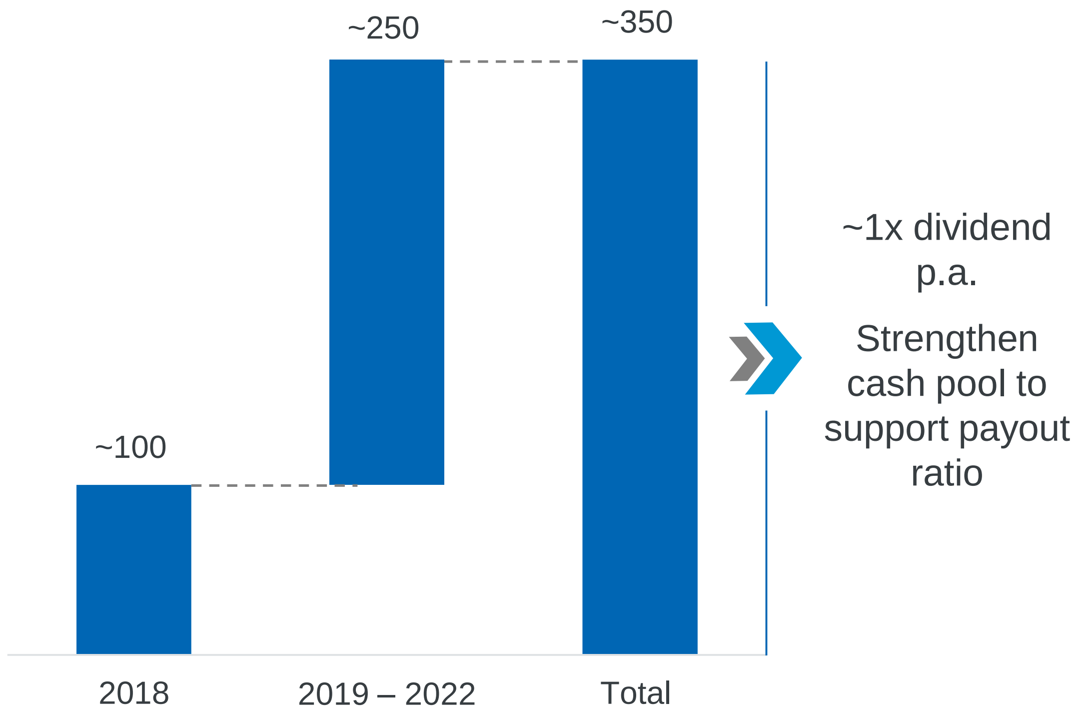
How to get it – Increase cash upstream and reduce local excess capital

Ø Remittance ratio



Mid-term capital upstream potential

Excess capital after local constraints (in EURm):



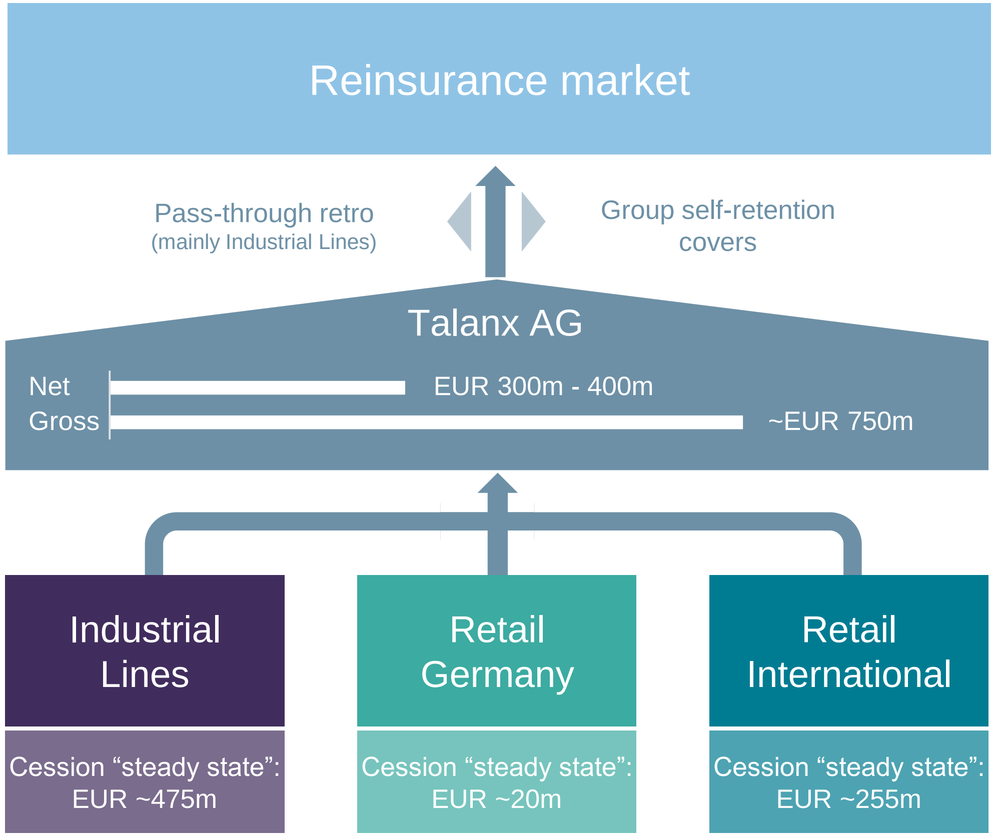
Note: Local constraints reflect e.g. local supervisor, withholding tax

1 Enhanced capital management

How to get it – Bundling reinsurance at Group level

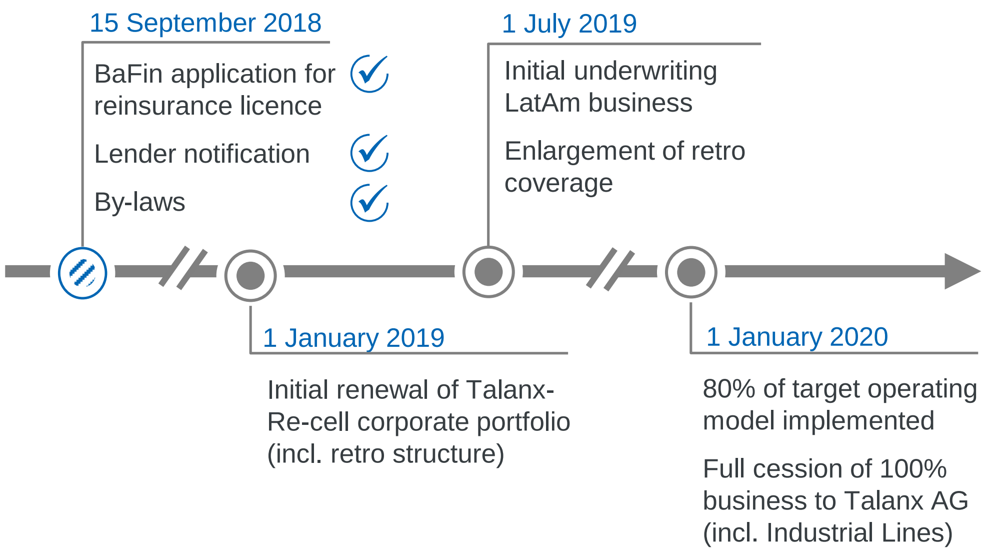
January 2019: Talanx AG issuer credit ratings up to "A+" at S&P and to "a+" at A.M.Best; underwriting commenced as planned in January

New reinsurance structure



Stringent implementation

- Talanx AG will become exclusive reinsurer for all treaty cessions in P/C segments. Talanx AG to act as the risk carrier and pooling vehicle
- Increased cash generation and liquidity flow at Group level
- Optionality for capital relief transactions



1 Enhanced capital management

How to get it – Bundling reinsurance at Group level

January 2019: Talanx AG issuer credit ratings up to “A+“ at S&P and to “a+“ at A.M.Best; underwriting commenced as planned in January

Key value driver/benefits

Technical profits

- Increased retention by gearing Talanx AG’s idle solo funds and use of Group diversification
- Target solo SII-CAR of >300% acc. to standard model and only marginal SCR Group impact

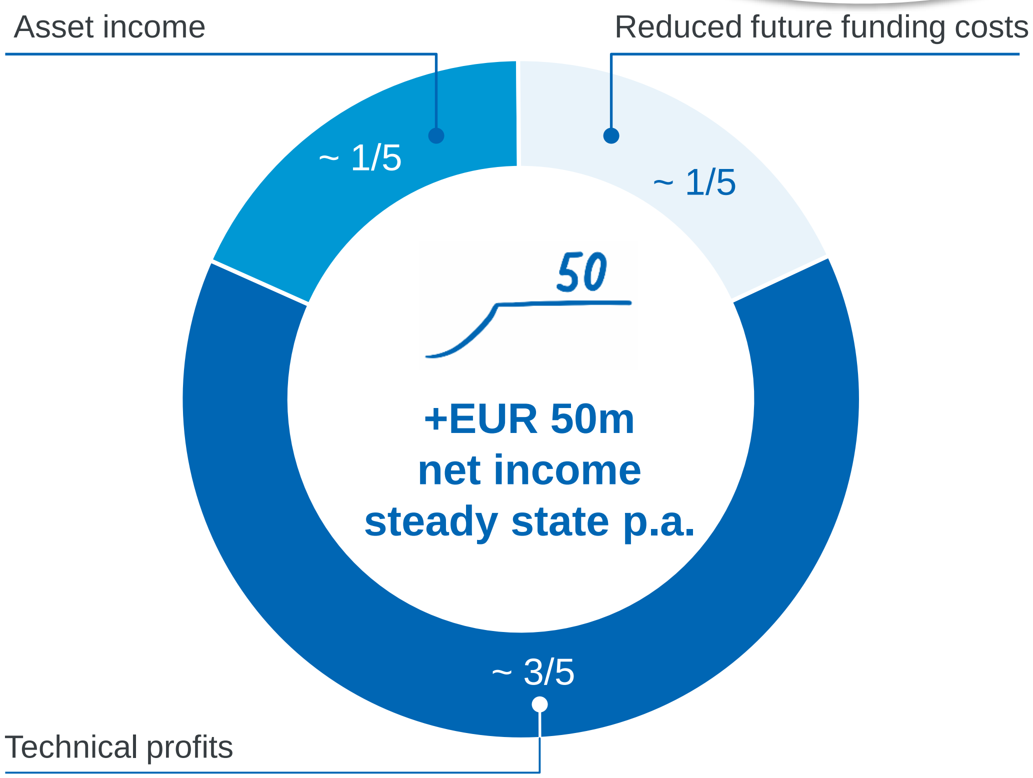
Asset income

- Enlarged assets under management (AuM) and related income due to increased Group retention
- +Δ AuM steady state EUR ~0.65bn

Rating increase

- Credit rating improvement for Talanx AG expected (currently A- vs. A+ of operating carriers) resulting in reduced future funding costs

Mid-term ambition



Note: Initially very low marginal tax burden due to (potentially written-off) tax losses carried forward, subject to normal loss frequency, unchanged reinsurance structures and no disruptions on currency, capital or reinsurance markets

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2 Asset Management

Strong AM lines of defence and stringent sustainability strategy

Ensuring low beta & protection of shareholders' equity

Talanx Asset Management (TAM)

- Central risk management of ~99% of Group's assets
- Group-wide limit and threshold system, derived from TERM (Talanx Enterprise Risk Model)

I Credit Risk Metric

- Daily measuring & monitoring
- Reflecting credit quality, duration and diversification
- Limits & thresholds for divisions and single issuers

II Market Risk Metric

- Weekly measuring and monitoring
- Limits and thresholds for divisions and single issuers

Intro of Murex MX.3: integrated front-to-back solution

Pre-deal check: limit compliance for all trades

Post-deal monitor: ongoing limit compliance

SCR approximation within TERM

Basis for value-at-risk computation and limit controlling

ESG strategy and approach

ESG Sustainability Strategy

Human rights & labour standards

Environmental protection
Phasing-out of thermal coal

Anti-corruption

Responsible Investment committee

Talanx's investment guidelines

ESG screening conducted by SUSTAINALYTICS

Application filed for UN Principles for Responsible Investment

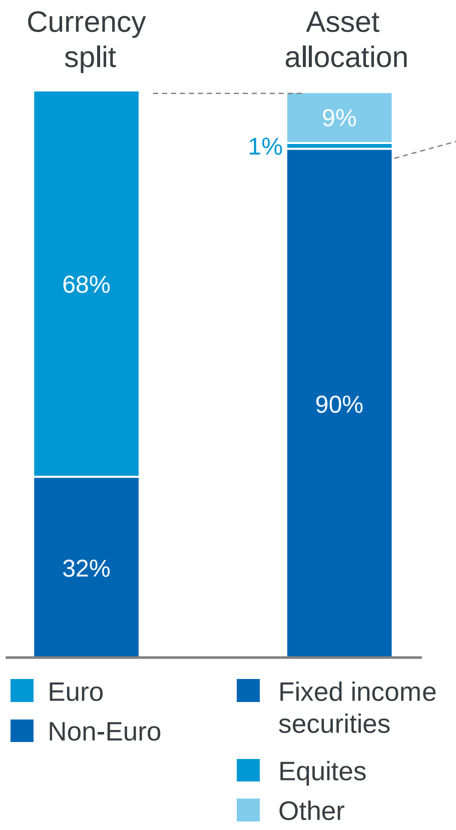
Signatory of: PRI Principles for Responsible Investment

2 Asset Management

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

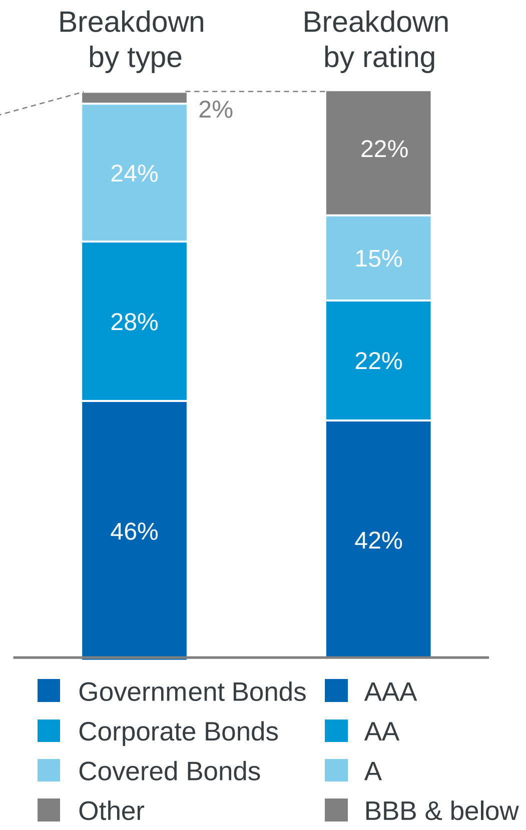
Investment portfolio

as of 31 Dec 2018: EUR 111.9bn

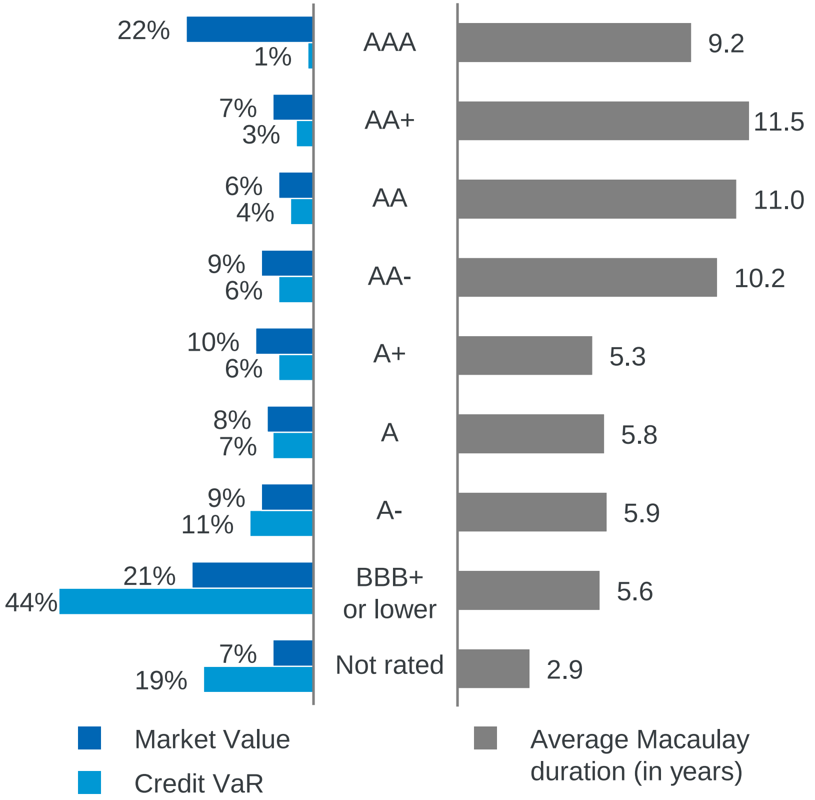


Fixed income portfolio

as of 31 Dec 2018: EUR 100.6bn



Credit VaR & Macaulay duration



Note: Positions without external ratings (esp. funds and equity investments) shown as not rated. Credit VaR metric particularly depends on maturity and specific loss default assumptions

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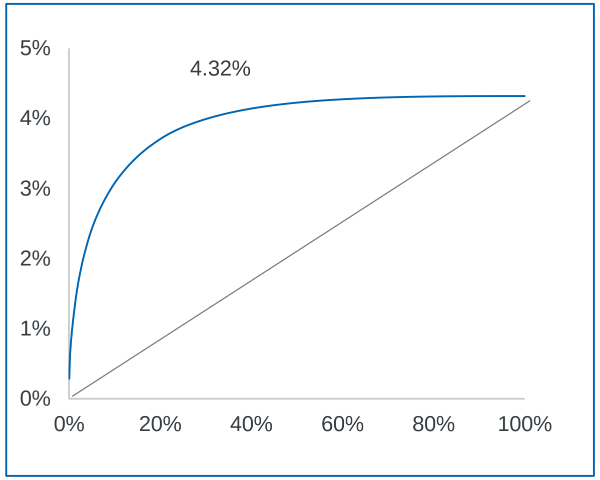
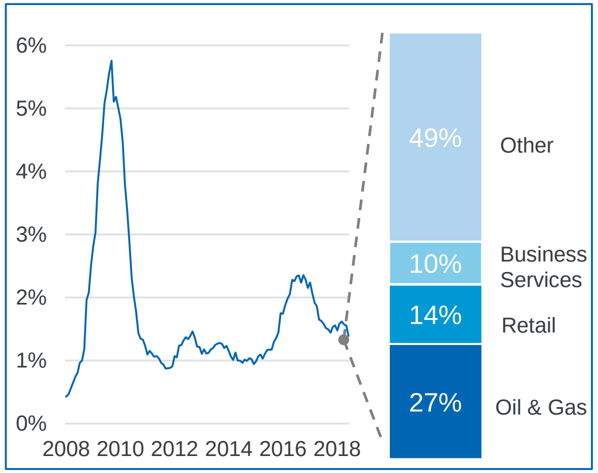
2 Asset Management

At the end of QE – (Corporate and sovereign) spread risks may be the top challenge

CVaR by share of issuers

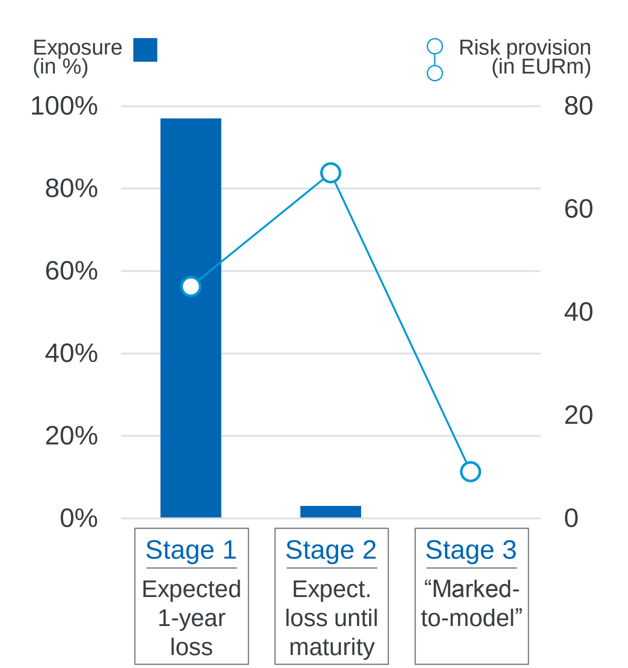


Corporate default rate & distribution



IFRS 9

Expected credit loss model simulation



	Stage 1	Stage 2	Stage 3	
Exposure	97%	3%	0%	
ECL loss allowance	45m	67m	9m	∑ **121m**
ECL quota	5bp	2.27%	65.42%	Ø **0.12%**

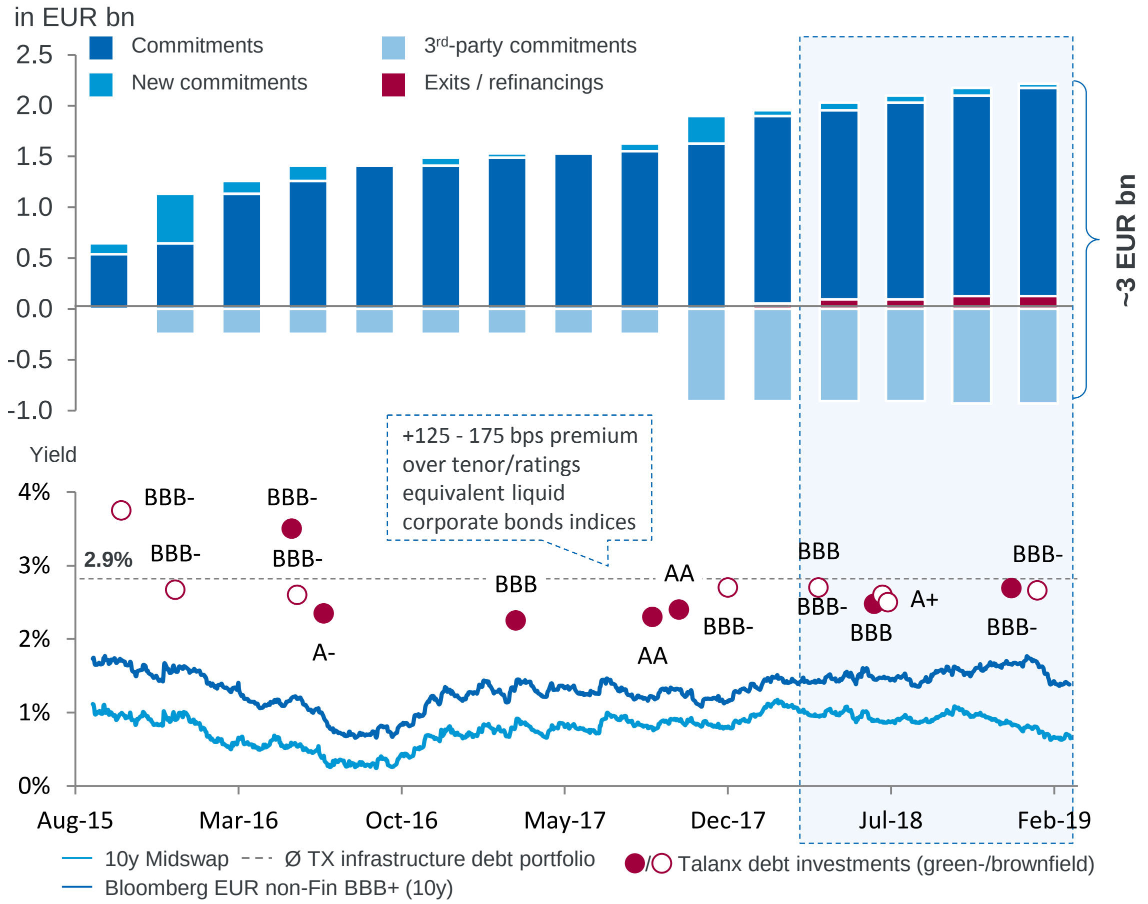
No material defaults in assets managed by Talanx Asset Management

e.g. Steinhoff, Carillion & Toys"R"Us

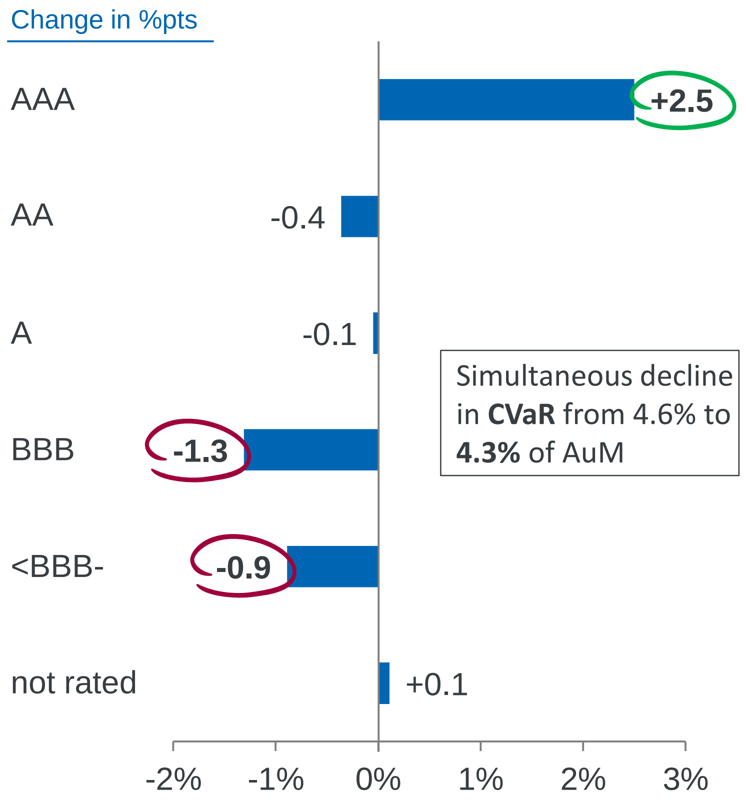
2 Asset Management

Infrastructure Investments – Investing while improving the overall risk profile

Building up our infrastructure portfolio….



…while de-risking the investment portfolio



Simultaneous decline in **CVaR** from 4.6% to **4.3%** of AuM

Note: Rating changes reflect fixed-income portfolio only. Changes FY 2018 vs. FY 2017

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2 Asset Management

Talanx Asset Management – Drive digitalisation as top management priority

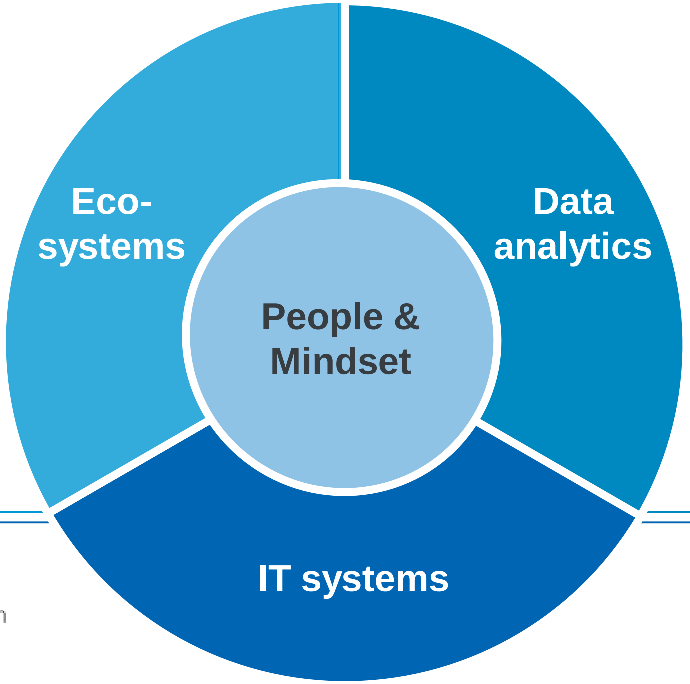
Selected examples for digitalisation in TAM

“Get bundled”

elinvar

enables wealth and asset managers to grow customer base and AuM to increase efficiency, e.g.:

M.M.WARBURG & CO BANK
DONNER & REUSCHEL PRIVATBANK SEIT 1798
FÜRSTLICH CASTELL'SCHE BANK



“Get skills”

Portfolio Management Digitalisation

Interactive client reporting

Strategic allocation tool

Digital workflows & data transformation

“Get ready”

MUREX™

Risk Technology Awards 2018 Winner – Murex ERM system of the year

State of the art integrated technical platform

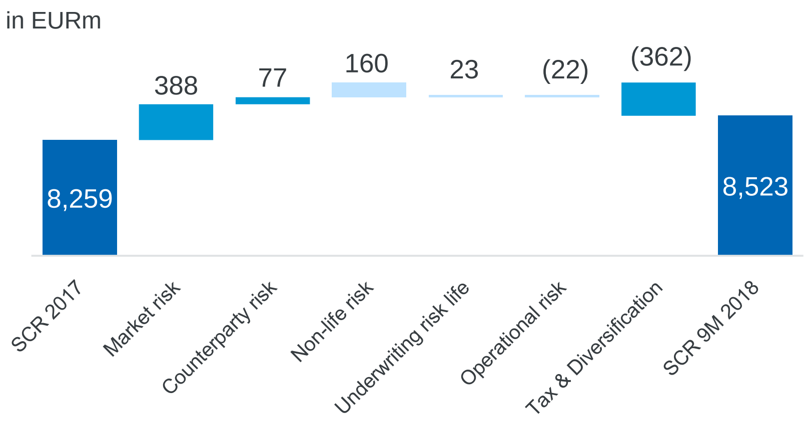
BI Real Estate System SAP

3 Excursion – Solvency II Update

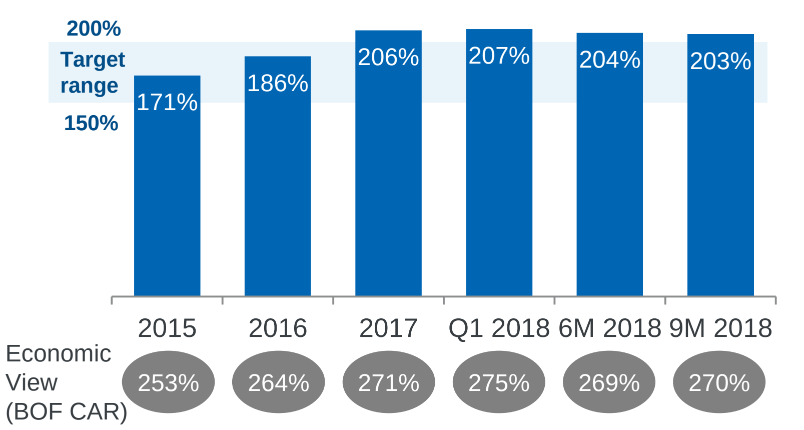
Development of Group capitalisation

Solid capitalisation (Regulatory view)

Solvency Capital Required

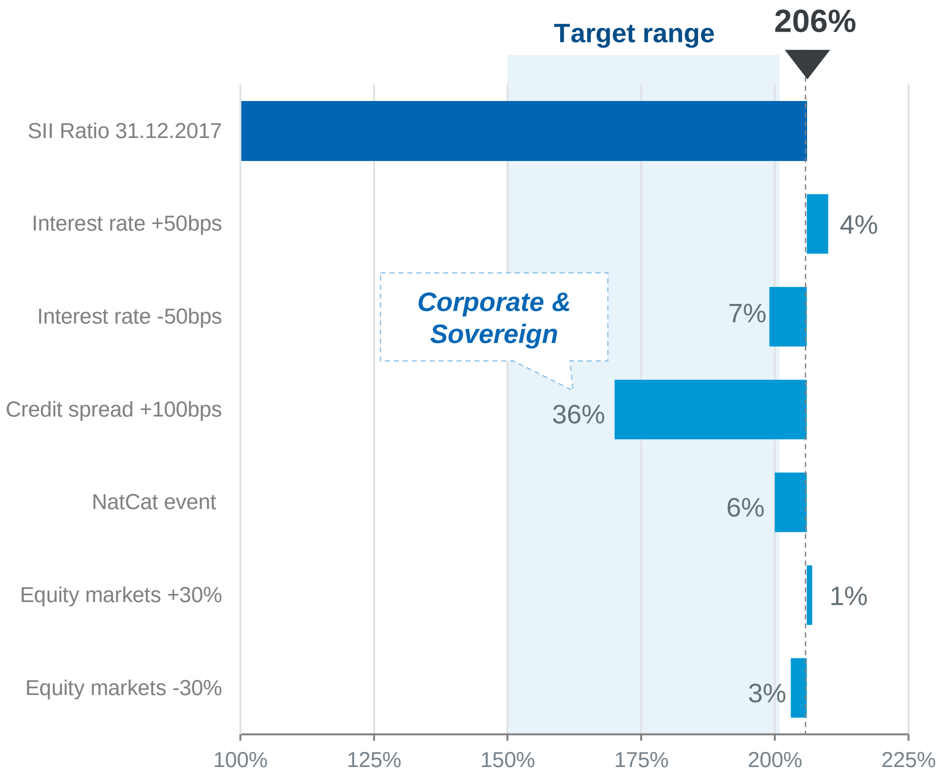


Solvency Capital Ratio



Note: Regulatory view without transitional

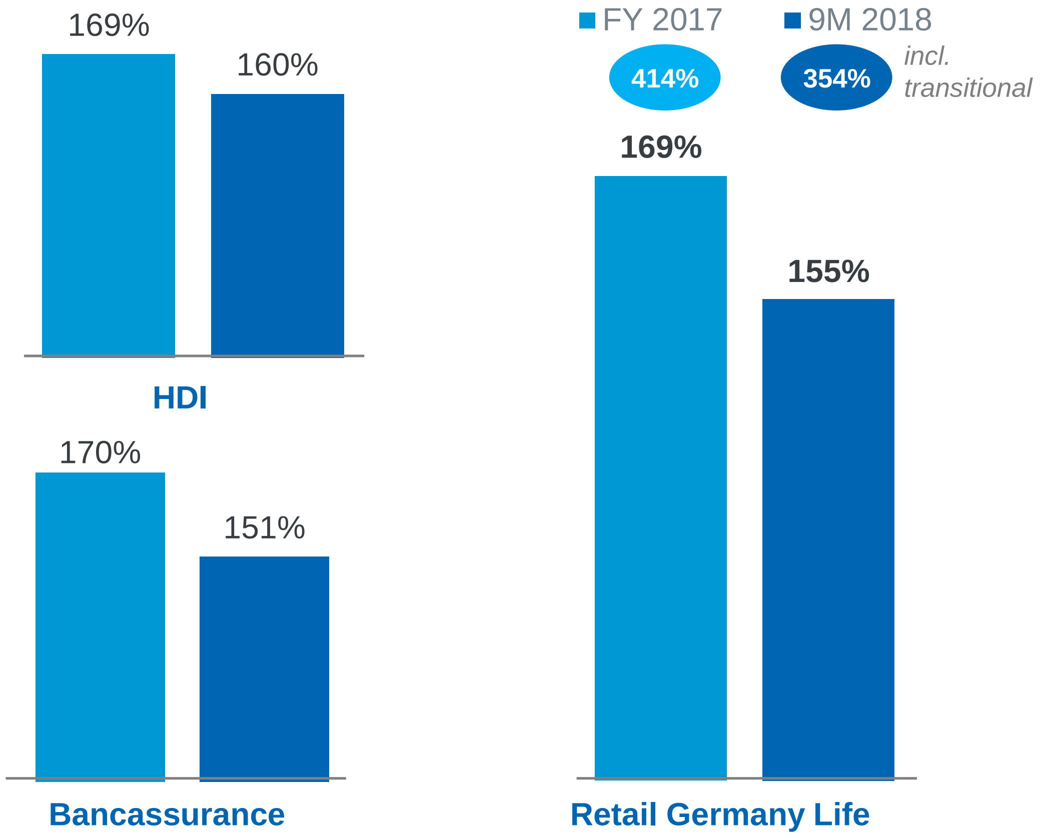
Limited stress impact



3 Excursion – Solvency II Update

Retail Germany Life: Robust capitalisation despite strong credit spread increase

Solvency ratios: Retail Germany Life



1	Average increase in credit spreads by ~40% in 9M 2018 hampers Retail Germany Life's CARs
2	Robust capitalisation despite recent credit spread widening

Note: Numbers show weighted average of single CARs; if not otherwise stated all figures are based on regulatory view without transitional

3 Excursion – Solvency II Update

Future model change may well result in 10%-point SII ratio improvement

Internal Model changes & outlook

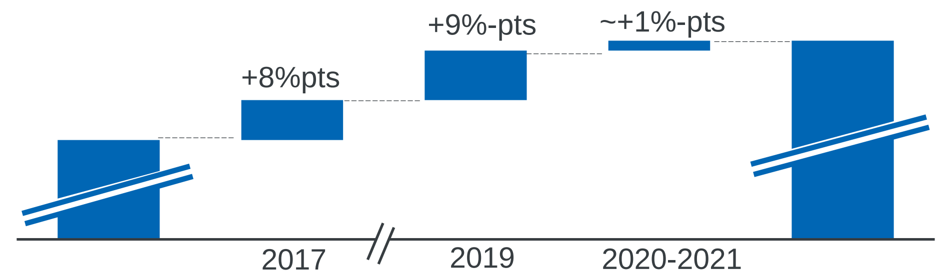
Outlook

	2017		2018E		2019E	
	SCR	Own Funds	SCR	Own Funds	SCR	Own Funds
OpRisk (Hannover Re)	-2.7%	+1%				
OpRisk (Primary Group)					↓	↗
Asset correlation coverage et al.			↑	→		
Pensions	-1.2%	0%				
Dynamic & static volatility adj. (P/C)			→	↗	↓	↘
Counterparty default			↗	→		
RITA					→	→
Nucleus					→	→
Aggregate	**-3.9%**	**1%**	↘	↗	↓	↘
Combined CAR impact	**+10.5%pts**		↘		↑	

1 Strong **increase in SII ratio** (+10%pts) due to successful model updates in 2017 with subsequent phasing of positive impact

2 Further **reduction in market risk share by approx. 1%pt** due to relative increase in SCR OpRisk

Expected impact from OpRisk improvements on SII



Baseline: SCR = EUR 8.3bn; EOF = EUR 17.0bn

Note: Risk modelling planned to be changed to tail VAR approach

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3 Excursion – Solvency II Update

Preliminary results in line with 2017 home-specified stress test

EIOPA stress scenarios			SII ratio (HDI Group) w/o transitional Basis: 206%	SII ratio (HDI Group) incl. transitional Basis: 253%
1 Yield curve down	Market shocks	▪ Swap rates 10y EUR -80bp ▪ Government bonds: -10-35bp ▪ Corporate bonds & MBS -20 to -70bp ▪ Equities -16% ▪ UFR 2.04%	~130 %	~170%
	Insurance shocks	▪ 15% Longevity shock		
2 Yield curve up	Market shocks	▪ Swap rates 10y EUR +80bp ▪ Government bonds: +110-190bp ▪ Corporate bonds & MBS +190-325bp ▪ Equities -40%	~120 %	~170%
	Insurance shocks	▪ 20% Lapse shock ▪ 2% claims inflation ▪ 0.24% general inflation		
3 NatCat		▪ In one of 17 years ▪ **Simultaneous** occurrence of: ▪ Four **European windstorms** ▪ Two **CEE floods** ▪ Two **earthquake** scenarios (in Italy & Monaco)	~190%	~240%

Preliminary! Subject to final regulatory validation

1 Groupwide calculation of three combined stress scenarios on a best effort basis

2 Stress results in line with 2017 "home-specified" stress test
- European credit crisis (Italian euro exit): ~120%
- Global Pandemic: >150%
- Earthquake New Madrid (USA): ~140%

3 Above regulatory required limit in yield curve stress scenarios even without transitional

Note: SII solvency ratios for all three stress scenarios without transitional

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3 Excursion – Solvency II Update

Preparing for IFRS 9 & 17 – Two steps forward, one step back: project on track

Top issues IFRS 9 &17

IFRS 9 IFRS 17

Data management / IT capabilities	▪ Murex MX.3 roll-out
Higher P&L volatility	▪ The “new normal” ▪ Interaction between FVPL and Premium Allocation Approach (PAA) critical ▪ ECL driven acceleration ▪ KPI overhaul
New processes & interfaces	▪ New controls to be implemented ▪ Intensive exchange between IFRS 17 and IFRS 9 (joint impact assessments)
Stochastic calculations for life (incl. CSM)	▪ Comprehensive fast-close ▪ SII features can (partially) be re-used ▪ Volatility adjuster/illiquid spread consistent bottom-up interest rate curve
Implementation in various IT (source) systems	▪ PAA default choice for primary non-life ▪ Dynamic specification and IT implementation ▪ German back-office implementing well established accounting engine SAP IA
Determination of Risk Adjustment (RA) Approach	▪ Solo entity RA target ▪ Inter-company-neutral consolidation of RAs ▪ Disclosure of implicit Group confidence level
Reinsurance assets & related mismatches	▪ Particular the net position of cedents ▪ Improvement by standard setter needed
Handling reserving buffer (non-life)	▪ Reduced discretionary top-side adjustments ▪ Reserving in interim reporting considering risk budgets remains unaffected

3 Excursion – Solvency II Update

Advanced implementation

Clear IFRS 9 &17 programme roadmap

- **Q2 2017** ✓ Programme Start IFRS 17
- **Q1 2018** ✓ Programme Start IFRS 9
- **Q2 2018** ✓ Final Draft of IFRS 17 guidelines
- **Q4 2018** IFRS 9/17: Group standards defined
- **Q2 2019** **1st combined IFRS9 / IFRS17 Impact Assessment**
- **Q4 2019** Hand-over to line organisation
- **Q2 2020** 2nd combined IFRS9 / IFRS17 Impact Assessment & 1st live/dry run

1	Project fully on track and already passing from design to implementation
2	Not in favour of any delay in the IFRS 17 application (e.g. due to late endorsement)…,but quick-fix of top flaws, such as outward reinsurance

New KPI framework considering IFRS 9 & 17 “go live”

Group

1. Return on Equity
2. Payout ratio
3. Earnings per share

Divisions

1. EBIT-margin
2. Comprehensive RoE
3. Combined ratio (Non-Life) – Hurdle of 96% likely to be revised
4. Retention rate
5. Combined ratio (Life)
6. Growth of insurance revenues (replacing GWP growth)
7. Change of CSM
8. CSM of new business (replacing new business margin)

Note: Comprehensive RoE = (Net income + ΔOCI + ΔCSM) / (Ø Equity + CSM)

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Summary

Key messages

- **Stringent and capitalistic performance management** to support profitable organic growth
- Initiatives to **stream up** EUR 350m of **local excess capital and to increase the remittance ratio**
- **Bundling reinsurance at Group level** providing an upside of roughly EUR 50m in net income in the steady state
- Clear commitment to **maintain the defensive low-beta investment profile**
- Considerate use of model changes **suggests mid-term SII-upside**

Agenda

I CMD: Group Strategy

II CMD: Group Financials

III FY 2018 results

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Both retail divisions and Reinsurance drive further operating improvement

- Strong GWP growth of 5.5% y/y (curr.-adj. 8.7%) – primarily abroad
- Both retail divisions and Reinsurance drive the 12.5% increase in EBIT
- Group net income of EUR 703m (+4.8% y/y) – Group RoE at 8.0%
- Industrial Lines above large-loss budget – “20/20/20” initiative ahead of plan
- Dividend proposal of EUR 1.45 per share, the sixth consecutive dividend rise since IPO
- Group net income Outlook for 2019 at EUR ~900m (~+28.0% y/y) significantly above 2018

FY 2018 results – Target achievement

	Outlook	Achievement
Curr.-adj. GWP growth	> 5%	**8.7%**
Return on Investment	≥ 3%	**3.3%**
Return on Equity	~ 8%	**8.0%**
Group net income	~ EUR 700m	**EUR 703m**
Pay-out ratio	35 - 45%	**52.2%**
DPS	min. EUR 1.40	**EUR 1.45**

Note: In May 2018, the GWP growth target was increased from >2% to >5%. In October 2018, the Outlook for Group net income was adjusted from ~EUR 850m to ~EUR 700m, the RoE target from ~9.0% to ~8.0%. Talanx's minimum target for return on equity for 2018 stood at 7.9% (5-year average of 10-year Bunds + 750 bps)

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FY 2018 results – Key financials
Continuous focus on profitable growth

EURm	FY 2018	FY 2017	Delta
Gross written premium (GWP)	**34,885**	**33,060**	**+6%**
Net premium earned	29,574	27,418	+8%
Net underwriting result	(1,647)	(2,546)	+35%
t/o P/C	285	(81)	n/a
t/o Life	(1,932)	(2,465)	+22%
Net investment income	3,767	4,478	(16%)
Other income / expenses	(88)	(127)	+31%
Operating result (EBIT)	**2,032**	**1,805**	**+13%**
Financing interests	(170)	(149)	(14%)
Taxes on income	(503)	(387)	(30%)
Net income before minorities	1,359	1,269	+7%
Non-controlling interests	(656)	(598)	(10%)
Net income after minorities	**703**	**671**	**+5%**
Combined ratio	98.2%	100.4%	(2.2%)pts
Tax ratio	27.0%	23.4%	+3.6%pts
Return on equity	8.0%	7.5%	+0.5%pts
Return on investment	3.3%	4.0%	(0.7%)pts

Comments

- Strong growth momentum continues. GWP +9% curr.-adj.
- Significantly lower NatCat losses compared to 2017 (“HIM”)
- Extraordinary investment result down due to lower ZZR contribution and less equity disposal gains in Reinsurance
- Both retail divisions and Reinsurance drive further operating improvement – outweighing EBIT decline in Industrial Lines
- Impacted by higher tax rate and interest expenses
- Higher tax rate, mainly from US “BEAT” tax reform, and from the previous year‘s tax-free benefits on the equity disposal gains in Reinsurance

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Large losses in FY 2018 –
In sum well below last year despite the burden from Fire/Property

Net losses Talanx Group in EURm, FY 2018 (FY 2017)	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance	+	Reinsurance	=	Talanx Group
Typhoon *Jebi*, Japan	6.8			6.8		134.7		141.5
Wildfire *Camp*, California						129.5		129.5
Heavy rain & dam, Columbia	38.8			38.8		48.4		87.2
Wildfire *Woolsey*, California						63.8		63.8
Hurricane *Florence*, USA	18.1			18.1		37.4		55.4
Winter Storm *Friederike*	13.8	11.9	0.1	30.3		24.3		54.6
Hurricane *Michael*, USA	1.3			1.3		46.3		47.6
Typhoon *Trami*	0.3			0.3		26.9		27.2
Other NatCat	16.4		0.9	17.3		97.9		115.1
Sum NatCat	**95.5** (231.8)	**11.9** (8.4)	**0.9** (3.4)	**112.8** (243.7)		**609.1** (988.2)		**722.0** (1,231.9)
Fire/Property	280.8			280.8		90.5		371.4
Credit						102.5		102.5
Other						47.6		47.6
Sum other large losses	**280.8** (248.7)	**0.0** (0.0)	**0.0** (0.0)	**280.8** (248.7)		**240.7** (139.1)		**521.5** (387.8)
Total large losses	**376.4** (480.5)	**11.9** (8.4)	**0.9** (3.4)	**393.7** (492.4)		**849.8** (1,127.3)		**1,243.5** (1,619.7)
FY large loss budget	260.0	24.0	8.0	300.0		825.0		1,125.0
Impact on CoR	14.3%pts (19.7%pts)	0.8%pts (0.6%pts)	0.0%pts (0.1%pts)	5.3%pts (7.0%pts)		7.9%pts (12.3%pts)		6.8%pts (10.0%pts)
Impact on CoR - large loss budget	9.9%pts (10.7%pts)	1.7%pts (1.4%pts)	0.2%pts (0.1%pts)	4.1%pts (4.2%pts)		7.6%pts (9.0%pts)		6.2%pts (6.9%pts)

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. “Other NatCat” includes 8 larges losses with <EUR 25m net on Group level. 34 man-made losses, of which 23 in Fire/Property. Additional FY 2018 Primary Insurance large losses (net) in Corporate Operations: EUR 4.5m; since FY2016 reporting onwards, the table includes large losses from Industrial Liability line, booked in the respective FY

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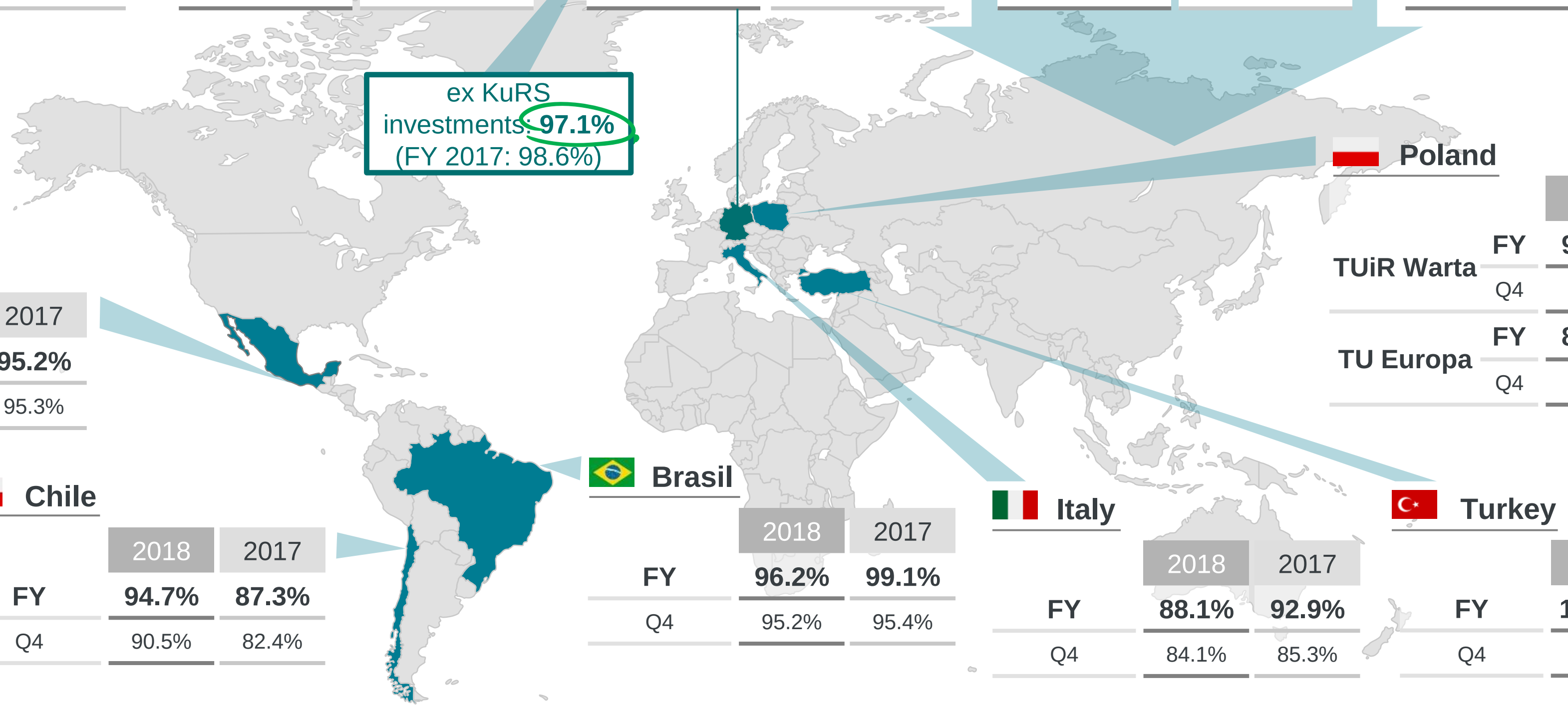
Combined Ratios

	Talanx-Group 2018	Talanx-Group 2017	Industrial Lines 2018	Industrial Lines 2017	Retail Germany P/C 2018	Retail Germany P/C 2017	Retail International 2018	Retail International 2017	Reinsurance P/C 2018	Reinsurance P/C 2017
FY	98.2%	100.4%	109.1%	108.5%	99.3%	101.6%	94.3%	95.4%	96.6%	99.8%
Q4	97.2%	92.7%	102.3%	104.3%	102.7%	106.9%	94.0%	93.7%	96.0%	87.0%

ex KuRS investments: 97.1%
(FY 2017: 98.6%)



Poland

		2018	2017
TUiR Warta	FY	93.3%	95.2%
	Q4	93.1%	94.4%
TU Europa	FY	85.7%	86.5%
	Q4	85.0%	92.0%

Mexico

	2018	2017
FY	95.5%	95.2%
Q4	96.7%	95.3%

Chile

	2018	2017
FY	94.7%	87.3%
Q4	90.5%	82.4%

Brasil

	2018	2017
FY	96.2%	99.1%
Q4	95.2%	95.4%

Italy

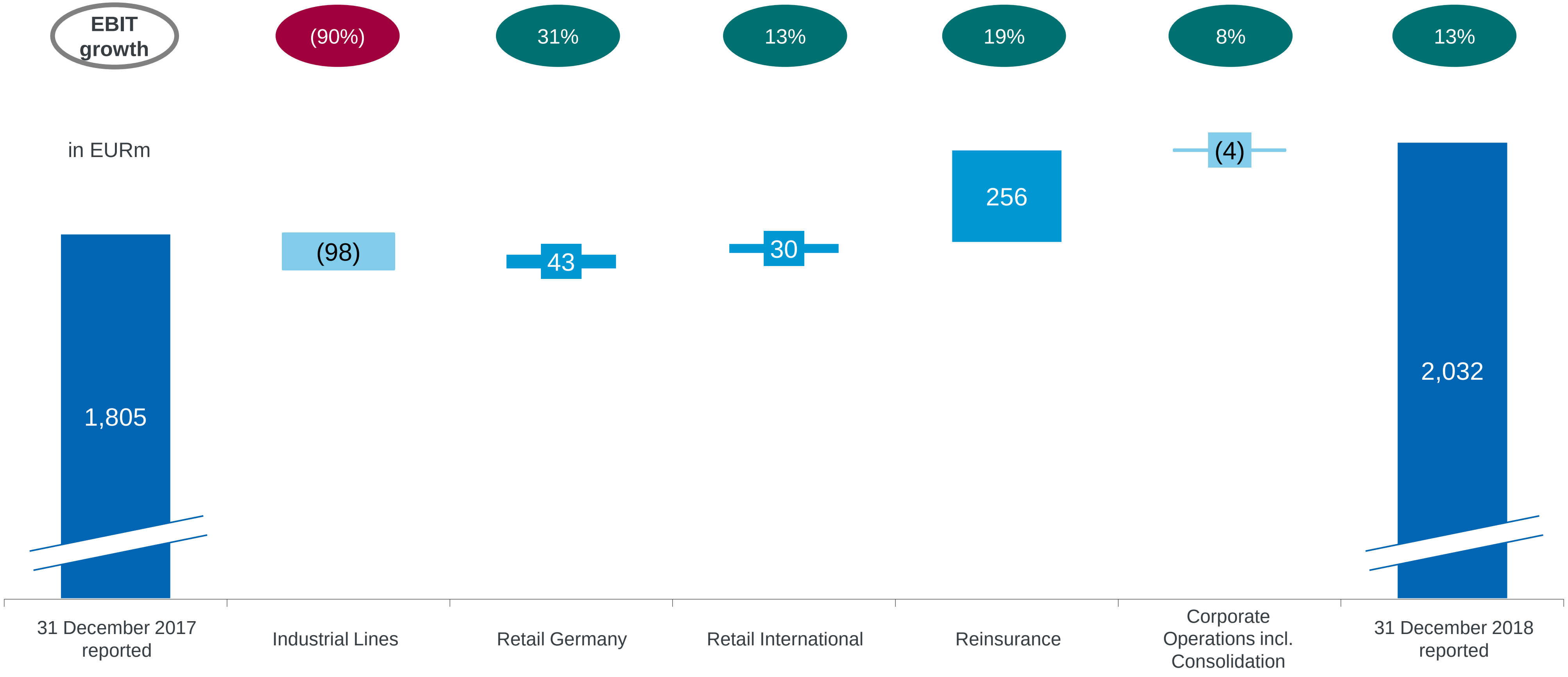
	2018	2017
FY	88.1%	92.9%
Q4	84.1%	85.3%

Turkey

	2018	2017
FY	110.0%	102.5%
Q4	125.6%	102.6%

Note: Turkey: FY 2018 EBIT of EUR 5m (FY 2017: EUR 5m)

FY 2018 – Group EBIT increase by 13% to above EUR 2bn



Reinsurance and both retail divisions drive further operating improvement

Q4 2018 results – Key financials
Steady underlying business development

EURm	Q4 2018	Q4 2017	Delta	Comments
Gross written premium (GWP)	**7,794**	**7,821**	**0%**	
Net premium earned	7,733	7,133	+8%	Continuous underlying growth momentum
Net underwriting result	(223)	(424)	+47%	
t/o P/C	123	305	(60%)	
t/o Life	(346)	(729)	+53%	
Net investment income	866	1,168	(26%)	Lower realisation of capital gains mainly in Retail Germany (lower ZZR contribution)
Other income / expenses	(82)	(40)	(>100%)	
Operating result (EBIT)	**562**	**703**	**(20%)**	Base effect from exceptionally high run-off results in Q4 2017 in P/C Reinsurance (CoR: 96.0% vs. 87.0%) and selective redundancy improvements
Financing interests	(41)	(38)	(11%)	
Taxes on income	(103)	(197)	+48%	
Net income before minorities	417	468	(11%)	
Non-controlling interests	(202)	(240)	+16%	
Net income after minorities	**215**	**228**	**(6%)**	
Combined ratio	97.2%	92.7%	+4.5%pts	
Tax ratio	19.8%	29.6%	(9.8)%pts	Low tax ratio in Reinsurance and the previous year's depreciation of DTA in Corporate Operations
Return on equity	9.9%	10.4%	(0.5%)pts	
Return on investment	3.0%	4.2%	(1.2%)pts	

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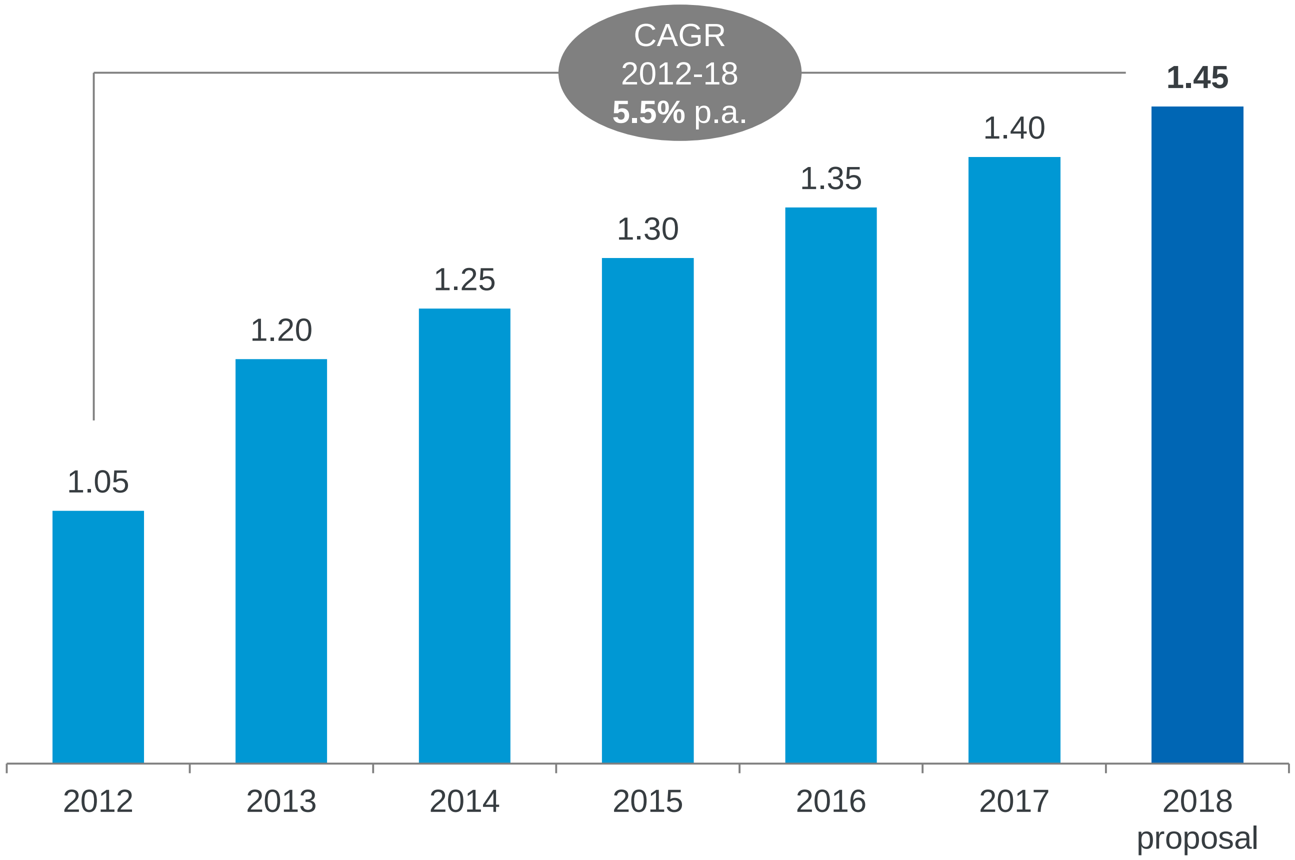
Dividend proposal of EUR 1.45 – sixth consecutive dividend rise since IPO

Dividend per share (EUR)

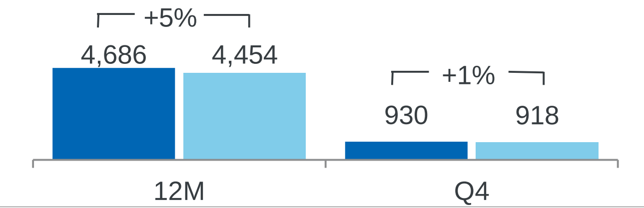


Dividend yield

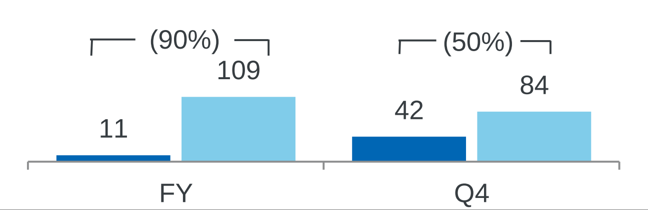
Note: 2018 dividend proposal implies a pay-out ratio of 52.5% of IFRS earnings. Dividend yield based on average annual share price

Segments – Industrial Lines

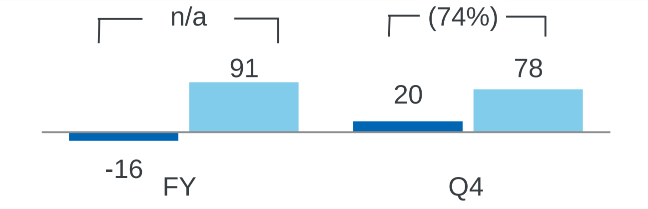
GWP



Operating result (EBIT)



Net income



Retention rate in %

	FY 2018	FY 2017	Q4 2018	Q4 2017
Retention rate in %	58.6	55.2	61.7	57.9
Combined ratio in %	109.1	108.5	102.3	104.3
RoE in %	(0.7)	4.1	(2.5)	14.0

- FY 2018 GWP up by 5.2% (currency-adj.: +7.1%)
- Growth largely driven by Liability and Transport lines
- Increase in retention rate also resulting from lower reinstatement premiums when compared to the previous year

Combined ratio in %

- FY 2018 combined ratio burdened by large losses mainly from Property/Fire as well as from higher frequency claims. Positive run-off result of EUR 129m after FY 2018 (FY 2017: EUR 255m)
- Cost ratio improved by 1.0%pt y/y to 21.8%, reinforcing the cost leadership
- Investment result down due to pressure on yields
- Non-systematic negative currency result of EUR -24m (EUR +34m)

RoE in %

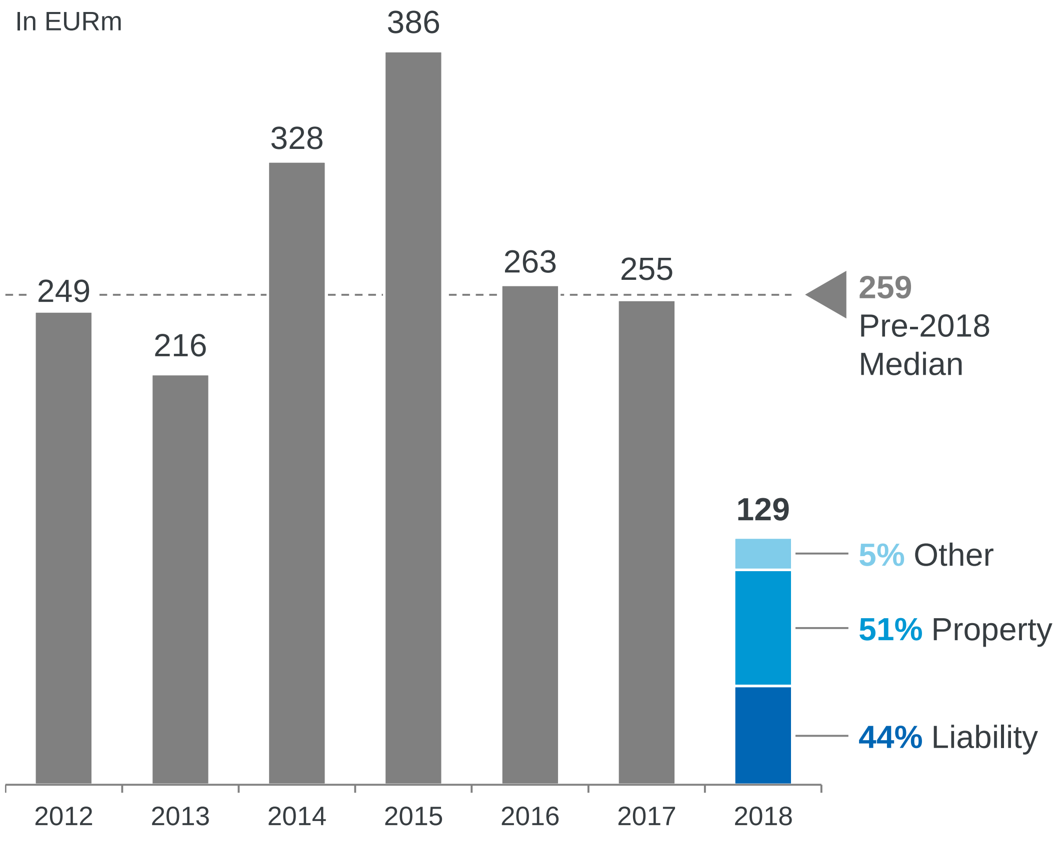
- Tax payment includes negative one-off tax effect (single-digit million euro amount) from the US “BEAT” tax reform mainly in Q1 2018
- "20/20/20” initiative is ahead of initial plan, targeted to bring the divisional CoR to ~100% in 2019. As of 1 March 2019, 87% of minimum target locked in

EURm, IFRS **2018** **2017**

Dissatisfying combined ratio burdened by large losses and by higher frequency claims in Property business

Industrial Lines - Run-off results lower, but markedly positive

Historical run-off results



Liability and Property Lines remain the key drivers for run-off results

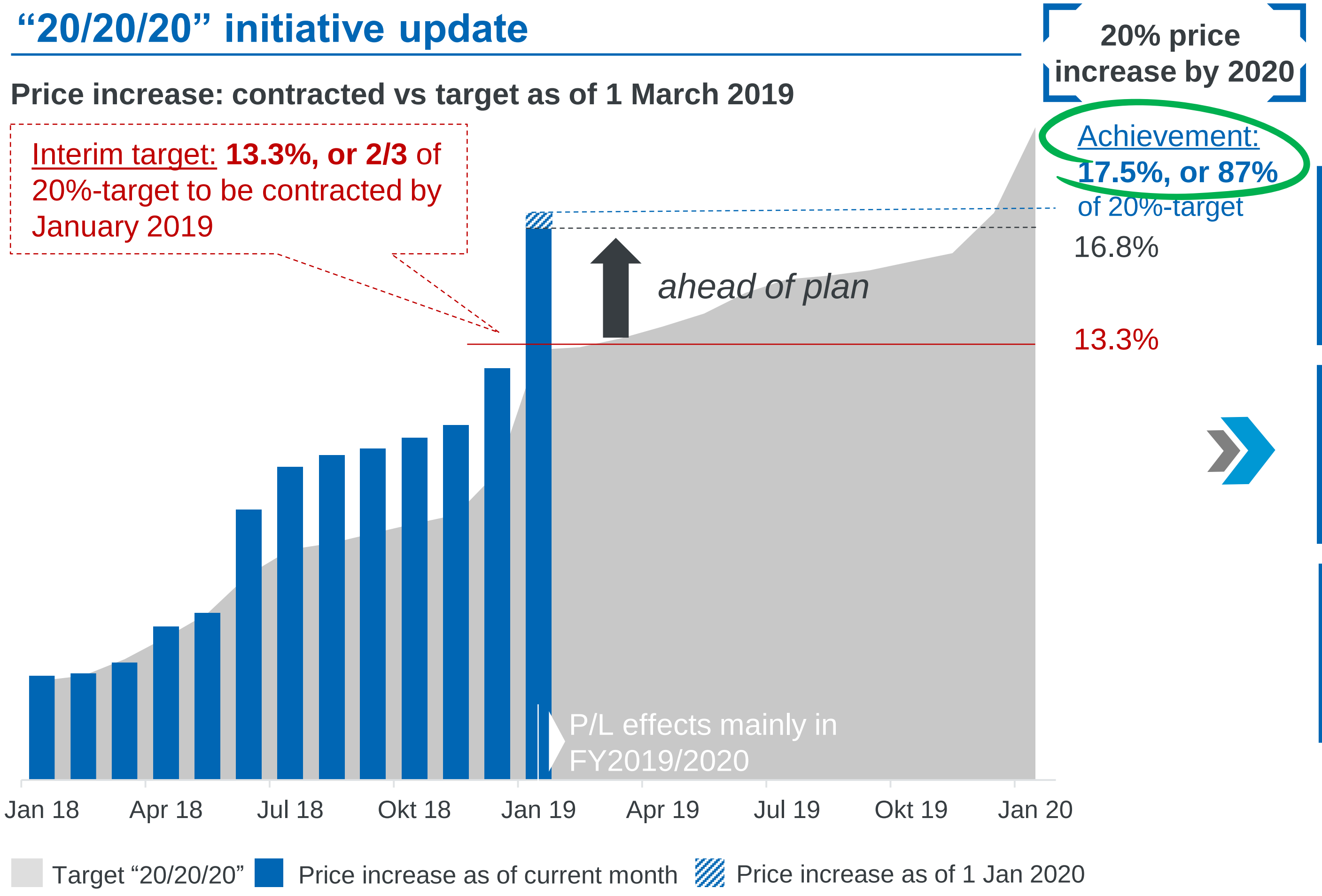
2018 drivers: less positive special items, the long lasting soft market, selective redundancy improvements

Expectation for upcoming years: above 2018 and below the pre-2018 median

"20/20/20" initiative ahead of plan – Close to 90% of minimum target locked in

"20/20/20" initiative update

Price increase: contracted vs target as of 1 March 2019



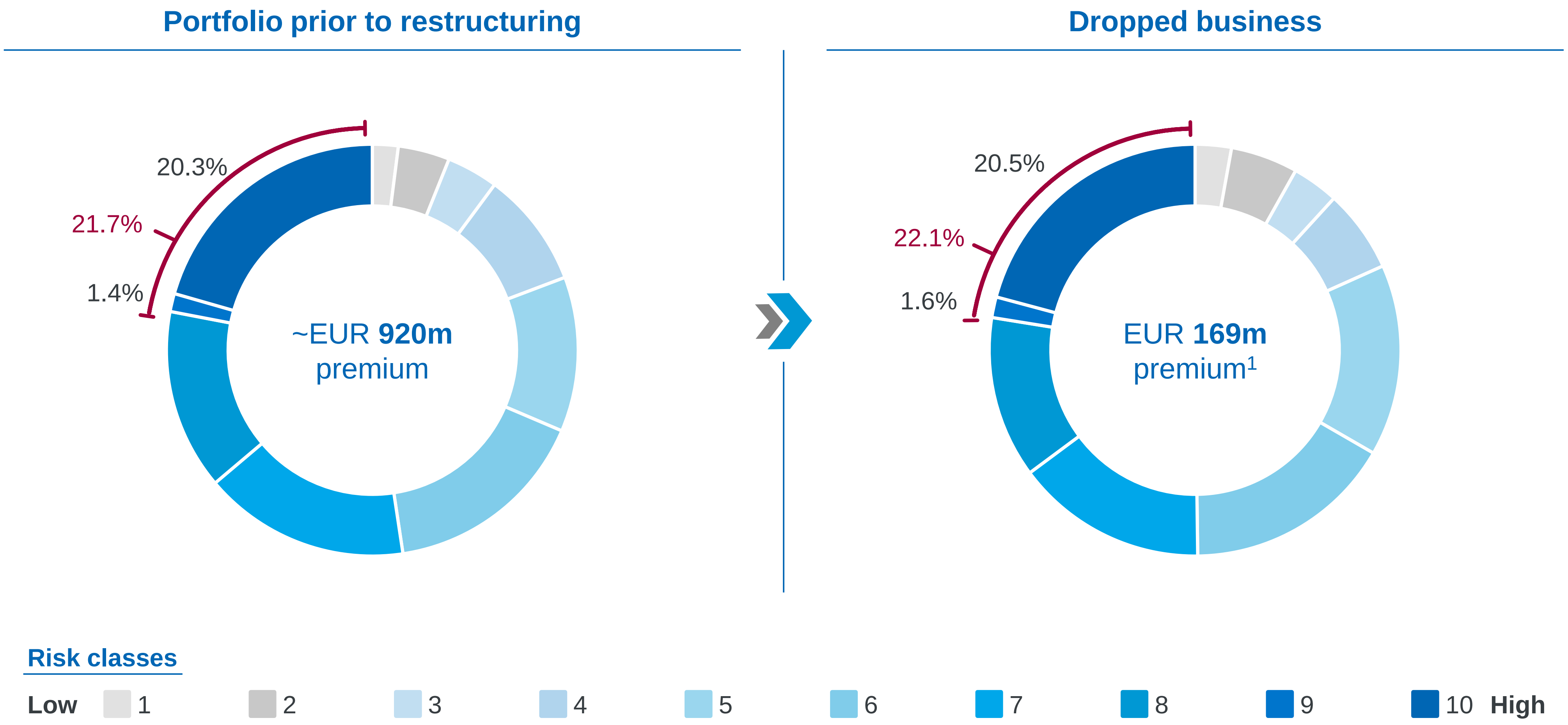
87% of minimum target locked in (17.5%pts. of 20%)

Main P/L effects as of 2019

Premium base so far broadly stable: ~ EUR -85m, or ~ -9% (net effect)

Note: 20% price increase in 2020 derives from 15% premium increase + 5% premium-equivalent measures. Refers to renewed business only

"20/20/20" initiative - Risk classes point towards at least stable risk profile



Note: Premium defined as GWP excluding fronting and internal cessions, all numbers as of 1 March 2019. Dropped business since June 2018, internal start of 20/20/20 initiative: EUR 104m out of EUR 169m

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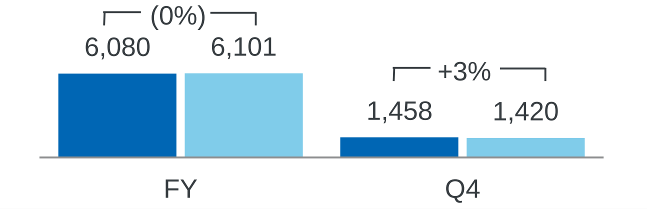
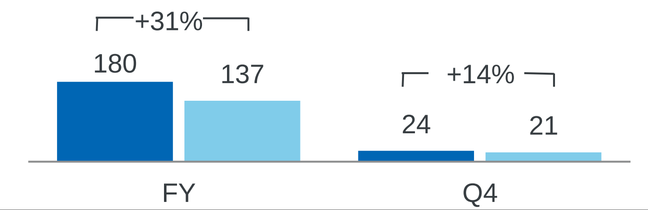
Segments – Retail Germany Division

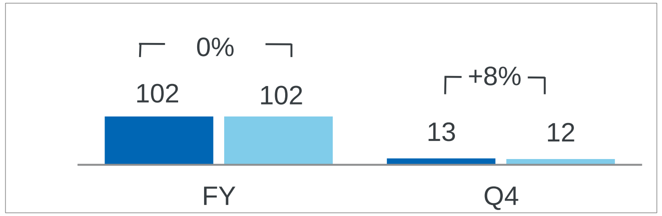
GWP



Operating result (EBIT)



Net income



Retention rate in %

	FY 2018	FY 2017	Q4 2018	Q4 2017
Retention rate in %	93.9	95.0	94.5	94.5
Combined ratio in %	99.3	101.6	102.7	106.9
RoE in %	4.2	4.1	2.1	2.0

- Top-line broadly stable – moderate GWP decline in Life nearly compensated by growth in the P/C segment
- Net underwriting result improved y/y in both segments, P/C and Life

- KuRS costs affected the Division in total by EUR 47m in FY 2018 (FY 2017: EUR 60m). The impact on EBIT was EUR 36m (FY 2017: EUR 46m)
- FY 2018 EBIT significantly up, driven by P/C as well as by Life. Higher EBIT in P/C due to profitable growth, economies of scale and cost-cutting initiatives. Life segment benefited also from positive base effects, i.e. last year's policyholder participation in the 2017 tax benefits (~EUR 15m)

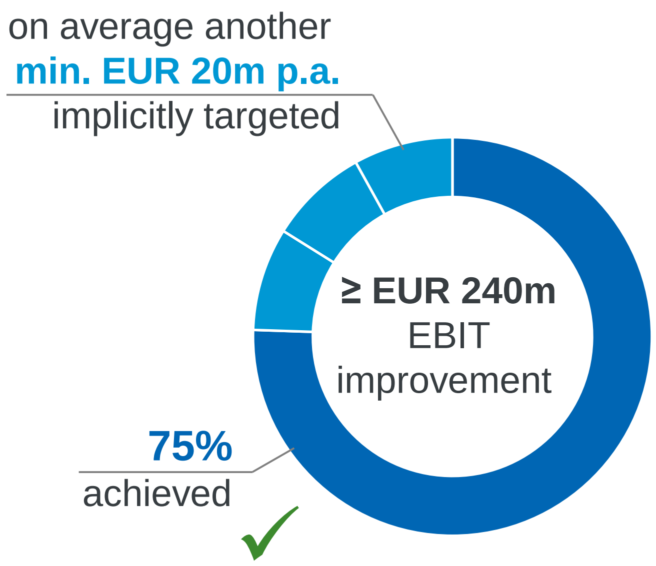
- Significantly higher tax rate (36.7% vs. FY 2017: 13.5%) due to the before mentioned base effect as well as from higher-taxed investment gains in alternative assets
- The higher tax rate eats up the significant increase in EBIT in FY 2018. As a result, net income for 2018 is broadly unchanged

EURm, IFRS **2018** **2017**

FY 2018 EBIT significantly up, both in P/C as well as in Life – KuRS drives profitability improvements

Retail Germany Division – Continuous progress on KuRS

EBIT target 2021



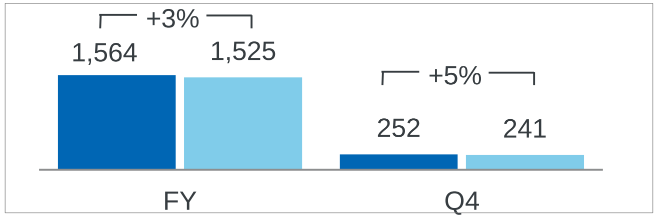
Further acceleration of digital transformation

- ~75% of EBIT target achieved
- On average another min. EUR 20m p.a. in EBIT improvement until 2021
- Faster-than-planned progress allows to reinforce and to speed up digitalisation investments

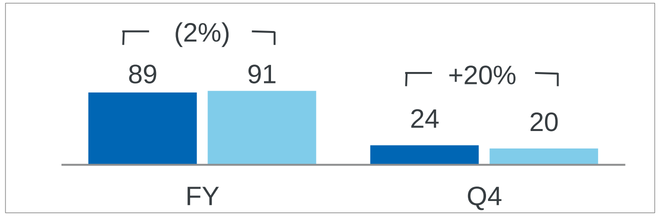
Note: 72% of the 2021 EUR ~240m cost reduction target achieved. > EUR 190m cumulated cost reduction outperformance compared to initial KuRS plan. > EUR 90m cumulated outperformance on EBIT level.

Segments – Retail Germany P/C

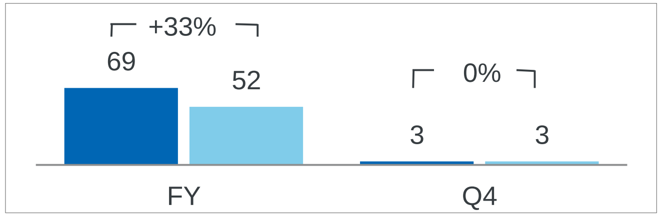
GWP



Investment income



Operating result (EBIT)



Retention rate in %

	2018	2017
FY	94.5	94.6
Q4	94.6	93.2

Combined ratio in %

	2018	2017
FY	99.3	101.6
Q4	102.7	106.9

EBIT margin in %

	2018	2017
FY	4.7	3.7
Q4	0.8	0.9

- FY 2018 GWP up by 2.5% y/y, mainly driven by business with SMEs/self-employed professionals and growth in overall Motor business
- Top-line growth even improved momentum in Q4 2018 (+4.5% y/y)

- KuRS continues to run ahead of plan. FY 2018 combined ratio well below originally planned ~100%, supported by profitable growth, stringent cost management and economies of scale
- Combined ratio impacted by EUR 32m costs for KuRS programme (FY 2017: EUR 43m). Adjusting for these, the combined ratio would have declined to 97.1% (FY 2017: 98.6%)

- FY 2018 investment result slightly down by EUR 2m. The higher ordinary investment result could not fully compensate for the high single-digit euro million decline in the extraordinary investment result
- Despite significantly lower other income (-73% y/y), EBIT is significantly up

EURm, IFRS **2018** **2017**

Further improvement in combined ratio drives EBIT growth – KuRS ahead of plan

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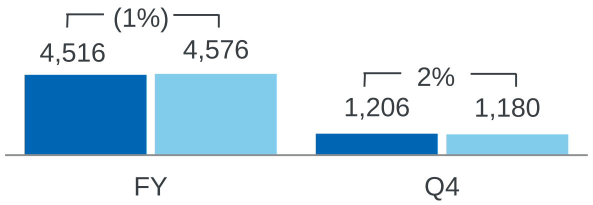
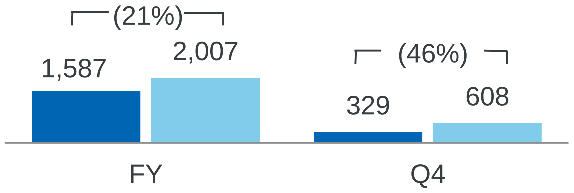
Segments – Retail Germany Life

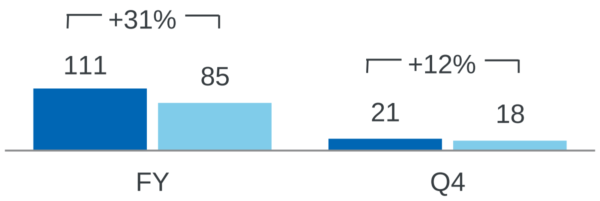
GWP



Investment income



Operating result (EBIT)



Retention rate in %

	2018	2017
FY	93.6	95.2
Q4	94.4	94.9

RoI in %

	2018	2017
FY	3.4	4.4
Q4	2.8	5.2

EBIT margin in %

	2018	2017
FY	3.3	2.5
Q4	2.2	2.0

- Pace of GWP decline further reduced (FY 2018: -1.3% y/y). Strategy-conform shift to capital-efficient products progressed
- Most recently uptick in premium development (Q4 2018: +2.2%), especially in single premium business

- FY 2018 investment result down, due to lower extraordinary gains following lower ZZR allocation; ordinary investment result just slightly down (-0.4%)
- ZZR allocation – according to HGB – of EUR 301m significantly below the previous year‘s level (FY 2017: EUR 809m) due to the new ZZR regime. Total ZZR stock at close to EUR 3.4bn
- Change in ZZR allocation policy P&L neutral

- Costs for KuRS further decreased at a y/y perspective (FY 2018: EUR 12m vs. FY 2017: EUR 15m); however, virtually irrelevant for the EBIT (due to policyholder participation in Life)
- FY 2018 EBIT markedly up. The previous year‘s 12M EBIT burdened by policyholder participation in tax benefits

EURm, IFRS ■ **2018** ■ **2017**

Lower ZZR contribution in FY 2018 – EBIT significantly improved

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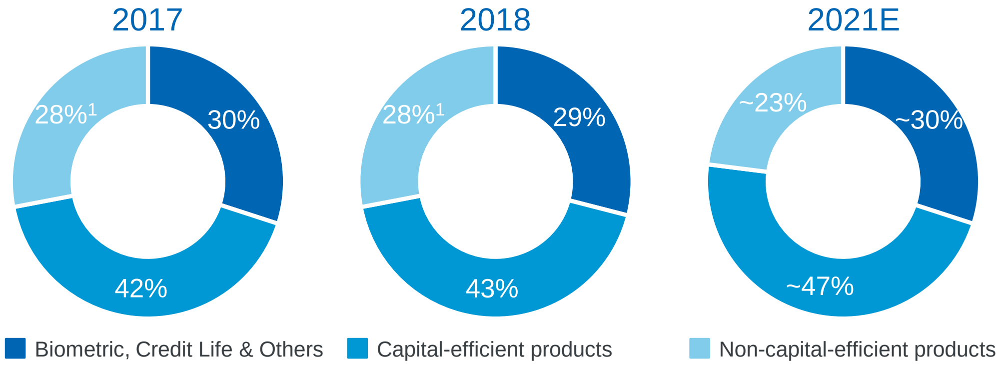
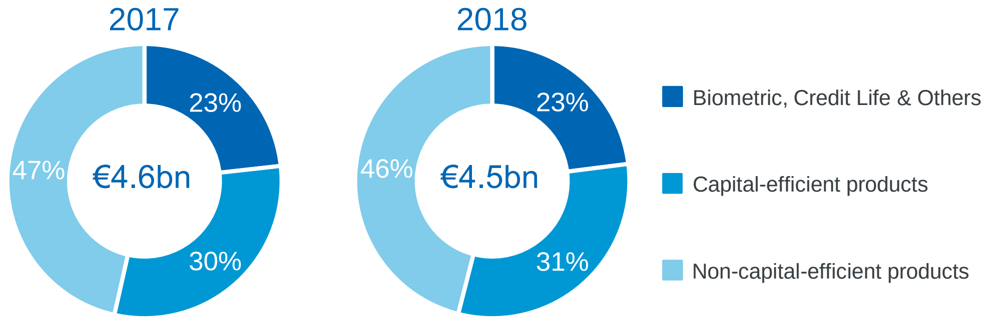
Segments – Retail Germany Life portfolio overview

New business premium by product



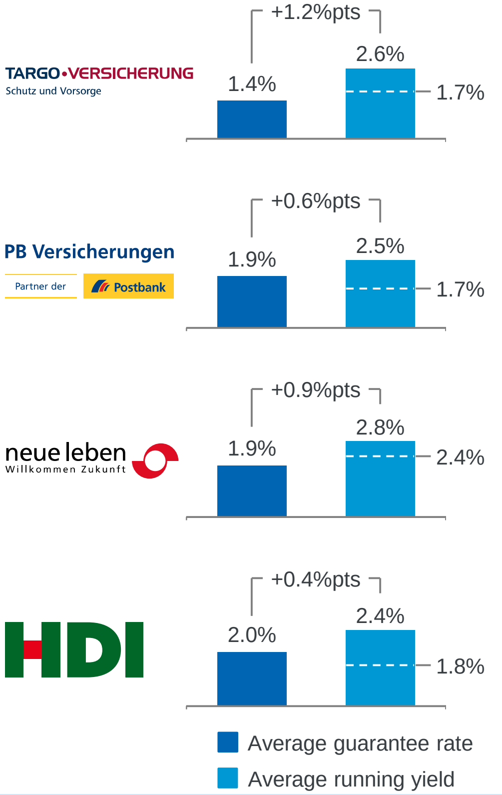
Note: Dynamics in existing contracts impact new business premium split in favour of traditional Life products

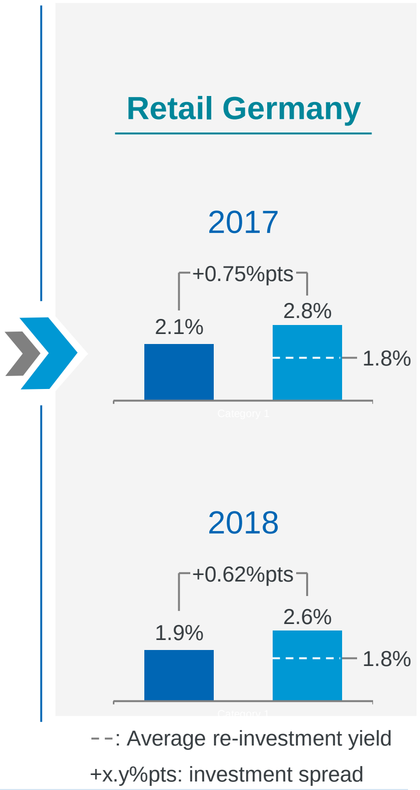
Split of in-force-business by business line (GWP)



Business in force 2018

According to German GAAP



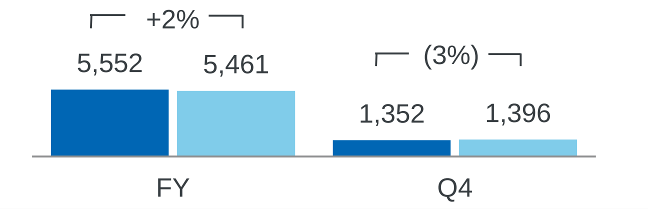


Investment spreads in Retail Germany Life remain clearly positive for all our carriers

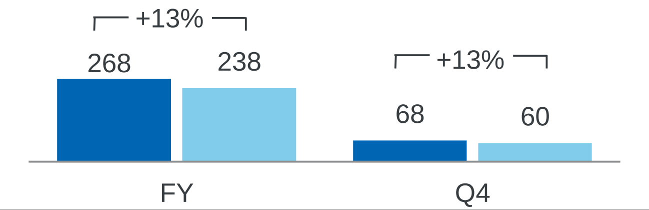
1 Split 2018 (2017): ~11%pts (~11%pts) profitable new business, ~6%pts (~5%pts) 'unwanted' classic business, ~11%pts (~13%pts) effects from dynamics

Segments – Retail International

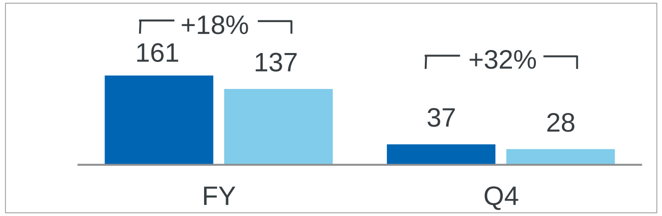
GWP



Operating result (EBIT)



Net income



Retention rate in %

	2018	2017
FY	92.1	91.7
Q4	91.7	92.5

Combined ratio in %

	2018	2017
FY	94.3	95.4
Q4	94.0	93.7

RoE in %

	2018	2017
FY	8.1	6.7
Q4	8.2	7.1

- FY 2018 GWP up by 1.7% y/y (curr.-adj.: +7.4%). Significant currency headwind particularly in Brazil and in Turkey
- Top-line in P/C up by 2.7% y/y (curr.-adj.: +10.7%), mainly driven by Poland and Mexico. All core markets grew top-line on a local currency basis
- GWP in Life marginally down (-0.5% y/y; curr.-adj: +0.5%)

- FY 2018 combined ratio improved by 1.1%pts y/y to 94.3%. Cost ratio down by 0.7%pts y/y, driven by cost optimisation and scale effects, namely in Poland and Brazil as well as lower commission for MTPL in Turkey. Loss ratio improved by 0.4%pts
- Despite currency headwinds and a lower investment result, EBIT grew by 12.7% y/y (curr.-adj.: +17.8%). Higher profit contribution mainly from Poland (Warta) and Italy

- Net income in 2018 up by 17.0% y/y, mainly due to the improved underwriting result and despite the decline in investment result
- FY 2018 RoE (annualised) increasing by 1.4%pts to 8.1%

EURm, IFRS ■ **2018** ■ **2017**

EBIT and net income significantly up, mirroring the further improvement in combined ratio

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Segments – Retail International core markets overview

Market share 9M 2018 (FY 2017)

Brazil

Motor: **8.6%** (8.5%)
P/C: **4.6%** (4.6%)

GWP growth (local currency)	**7.9%**	
Combined Ratio	**96.2%**	-2.9%pts
EBIT (EUR)	**38.2m**	+2.9%

Mexico

Motor: **7.1%** (5.8%)
P/C: **3.1%** (2.4%)

GWP growth (local currency)	**26.2%**	
Combined Ratio	**95.5%**	+0.3%pts
EBIT (EUR)	**11.8m**	+15.4%

Chile[1]

Motor: **18.5%** (18.1%)
P/C: **10.3%** (10.2%)

GWP growth (local currency)	**3.3%**	
Combined Ratio	**94.7%**	+6.0%pts
EBIT (EUR)	**0.7m**	-96.4%

Poland

Motor[2]: **16.7%** (16.9%)
P/C[2]: **14.0%** (13.5%)

GWP growth (local currency)	**0.5%**	
– thereof Life	-17.5%	
– thereof Non-Life	+6.8%	
Combined Ratio[2]	**93.3%**	-1.9%pts
EBIT (EUR)	**152m**	+23.3%
– thereof Life	11m	+18.1%
– thereof Non-Life	141m	+23.8%

Turkey

Motor: **3.8%** (3.2%)
P/C: **3.2%** (2.8%)

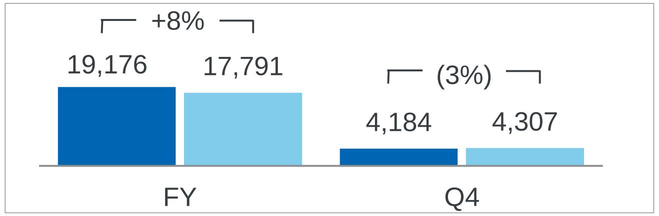
GWP growth (local currency)	**33.0%**	
Combined Ratio	**110.0%**	+7.5%pts
EBIT (EUR)	**5.1m**	-0.9%

1 Includes all entities of HDI Chile Group operating in the Chilean market
2 Warta 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

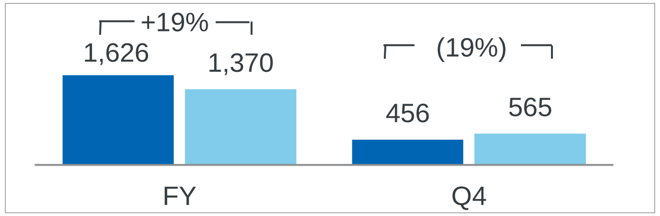
Our core markets in Retail International with profitable and growing businesses

Segments – Reinsurance Division

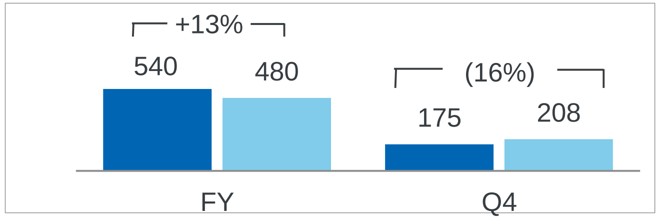
GWP



Operating result (EBIT)



Net income



Retention rate in %

	FY	Q4
2018	90.7	90.4
2017	90.5	91.6

Combined ratio in %

	FY	Q4
2018	96.6	96.0
2017	99.8	87.0

RoE in %

	FY	Q4
2018	13.0	16.9
2017	11.3	20.7

- FY 2018 GWP growth of +7.8% y/y (curr.-adj.: +11.6%), growth driven by increased demand for reinsurance
- Net premium is up by +10.6% on a reported basis and grew by +14.5% on a currency-adjusted basis

- FY 2018 EBIT up by 18.7% y/y, supported by improved technical result and favourable investment income
- Ordinary investment income increased by +2.1%
- Assets under management up by 6.0% y/y

- FY 2018 net income up by +12.8% y/y
- Tax ratio above long-term average due to one-time charges in deferred taxes in L/H Reinsurance from change in business set-up linked to the US tax reform in Q1 2018
- Return on equity for FY 2018 at 13.0% (FY 2017: 11.3%), well above target

EURm, IFRS ■ **2018** ■ **2017**

RoE well above target, despite impact from recaptures in L/H Reinsurance – 10th consecutive double-digit RoE

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Net investment income

Net investment income Talanx Group

EUR m, IFRS	FY 2018	FY 2017	Change
Ordinary investment income	**3,445**	**3,397**	**+1%**
thereof current investment income from interest	2,711	2,684	+1%
thereof profit/loss from shares in ass. companies	7	24	(71%)
Realised net gains/losses on investments	585	1,245	(53%)
Write-ups/write-downs on investments	(181)	(198)	+9%
Unrealised net gains/losses on investments	(12)	64	n/a
Investment expenses	(261)	(245)	(7%)
Income from investments under own management	**3,576**	**4,263**	**(16%)**
Income from investment contracts	**(1)**	**(4)**	**+75%**
Interest income on funds withheld and contract deposits	**192**	**219**	**(12%)**
Total	**3,767**	**4,478**	**(16%)**

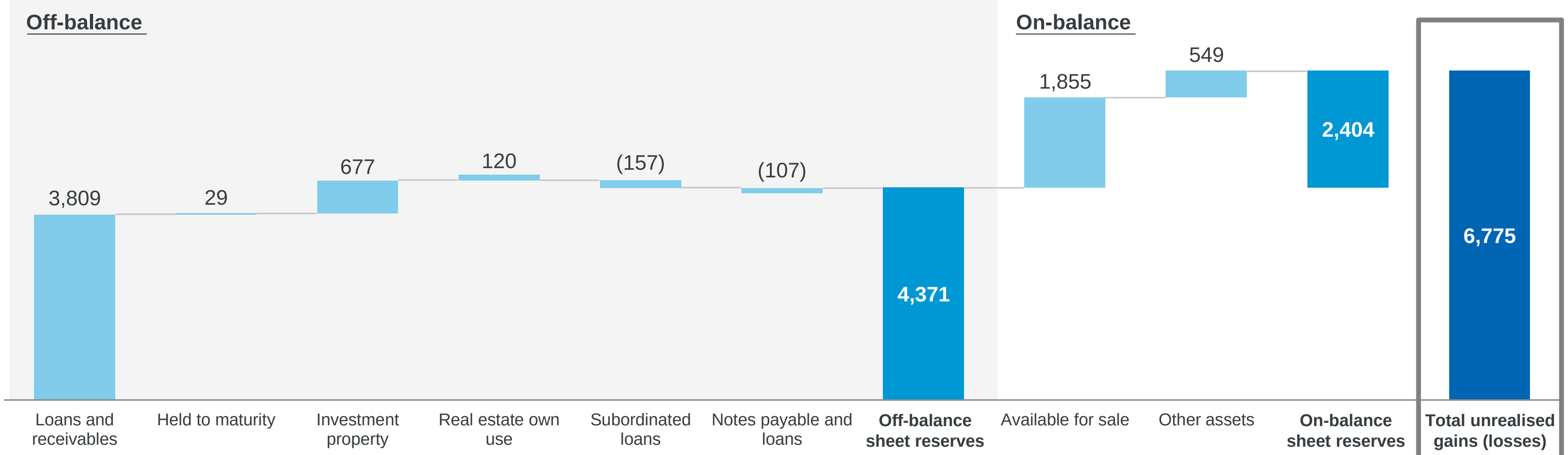
Comments

- Ordinary investment income slightly up. This is driven by higher investment result mainly from private equity
- Realised net investment gains down by EUR 660m y/y to EUR 585m in FY 2018, partly as a result of lower extraordinary gains in Retail Germany due to the new ZZR regime. There was also a significant base effect from previous year's equity disposal gains in Reinsurance (EUR 225m). FY 2018 ZZR allocation significantly lower at EUR 302m (FY 2017: 809m)
- FY 2018 RoI down to 3.3% (FY 2017: 4.0%), predominantly driven by markedly lower realised gains
- Primary Insurance will remain structurally burdened by the interest environment due to its higher share in euro investments and the higher portfolio duration. Explicitly no plans to deviate from our low-beta strategy

No plan to deviate from our low-beta strategy

Equity and capitalisation – Unrealised gains of close to EUR 7bn

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



	Loans and receivables	Held to maturity	Investment property	Real estate own use	Subordinated loans	Notes payable and loans	Off-balance sheet reserves	Available for sale	Other assets	On-balance sheet reserves	Total unrealised gains (losses)
31 Dec 17	4,260	39	433	124	(382)	(144)	**4,330**	3,515	526	**4,042**	**8,372**

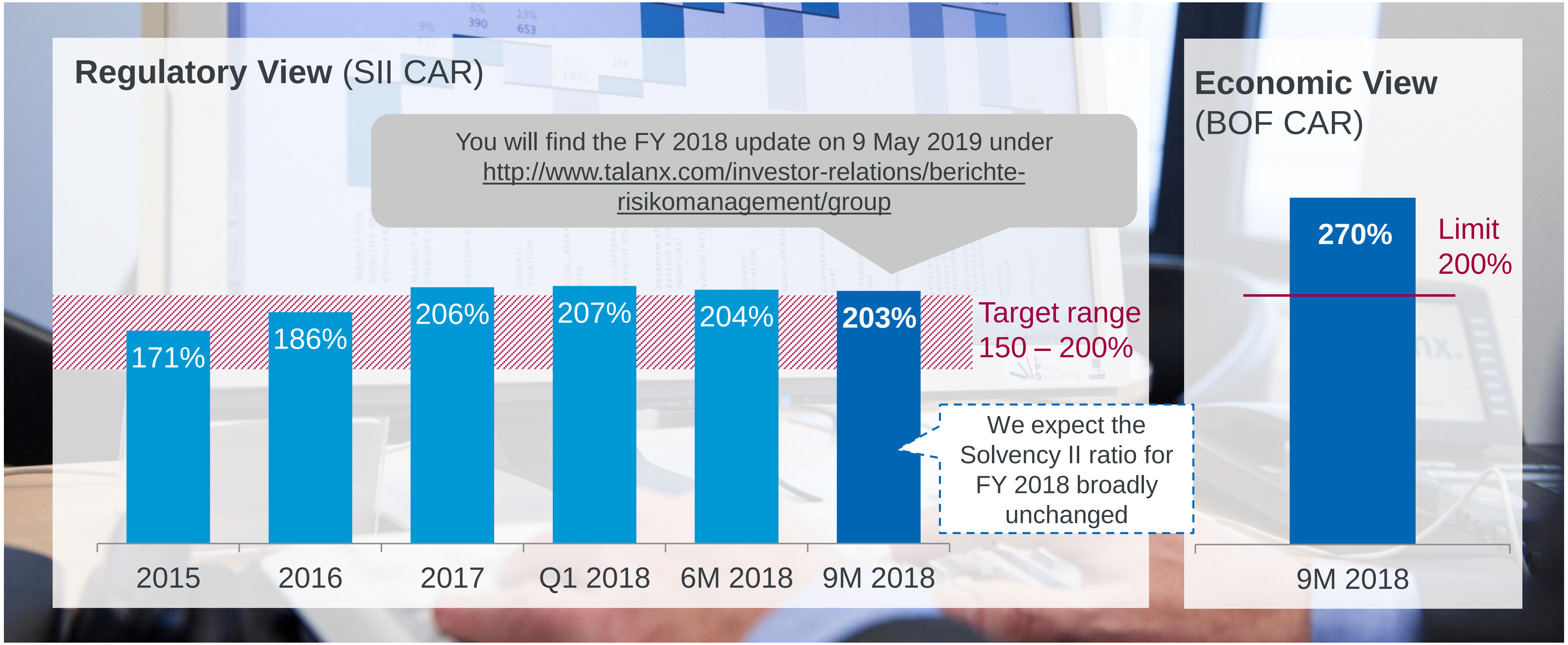
Δ market value vs. book value

Note: Shareholder contribution estimated based on historical profit sharing pattern

Off-balance sheet reserves of ~ EUR 4.4bn – EUR 435m (EUR 1.72 per share) attributable to shareholders (net of policyholders, taxes & minorities)

Risk management – Solvency II capital at very solid level

Development of Solvency II capitalisation



Note: Solvency II ratio relates to HDI Group as the regulated entity. The chart does not contain the effect of transitional measures. Solvency II ratio including transitional measures for 9M 2018 was 245% (FY 2017: 253%).

Outlook 2019 for Talanx Group

	2019 Outlook	FY 2018 results
Gross written premium	~4%	
Return on investment	~2.7%	
Group net income	~900 EURm	703 EURm
Return on equity	~9.5%	8.0%
Dividend payout	35-45% DPS at least stable y/y	

UP!

Note: The 2019 Outlook is based on a large loss budget of EUR 315m (2018: EUR 300m) in Primary Insurance, of which EUR 278m in Industrial Lines. The large loss budget in Reinsurance stands at EUR 875m (2018: EUR 825m). All targets are subject to no large losses exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations

Financial Calendar and IR contacts

- 9 May 2019
  Annual General Meeting
- 9 May 2019
  Quarterly Statement as at 31 March 2019
- 20 November 2019
  Capital Markets Day in Frankfurt

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Head of IR

Carsten Fricke
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Guideline on Alternative Performance Measures - For further information on the calculation and definition of specific Alternative Performance Measures please refer to the Annual Report 2017 Chapter “Enterprise management”, pp. 25 and the following, the “Glossary and definition of key figures” on page 290 as well as our homepage http://www.talanx.com/investor-relations/ueberblick/midterm-targets/definitions_apm.aspx

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