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Insurance. Investments.

US Roadshow

Dr Immo Querner, CFO

July 2019

Agenda

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

Strengthen

We approach the VUCA world from a position of strength

Volatility Uncertainty Complexity Ambiguity

VUCA

- War for talent
- Wave of consolidation
- Low-interest rate environment
- Digital platforms
- Autonomous driving
- Hybrid customers
- Alternative capital
- Consumer behaviour
- Consumer protection
- Long soft cycles
- Regulation
- Disruption by start-ups

Our answer: reinforcing our strengths

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

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1 Strengthen – Entrepreneurial culture

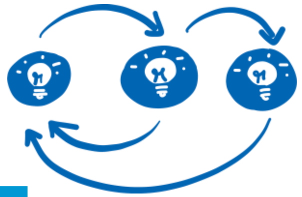
Our entrepreneurial culture as basis for continued growth and cost leadership

Entrepreneurial culture

Decentralised business structure

Clear responsibilities – with transparency and consequence

Innovation power



International best-practice sharing and digital mindset

Cost leadership

In 3½ out of 4 divisions (compared to peers)

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)

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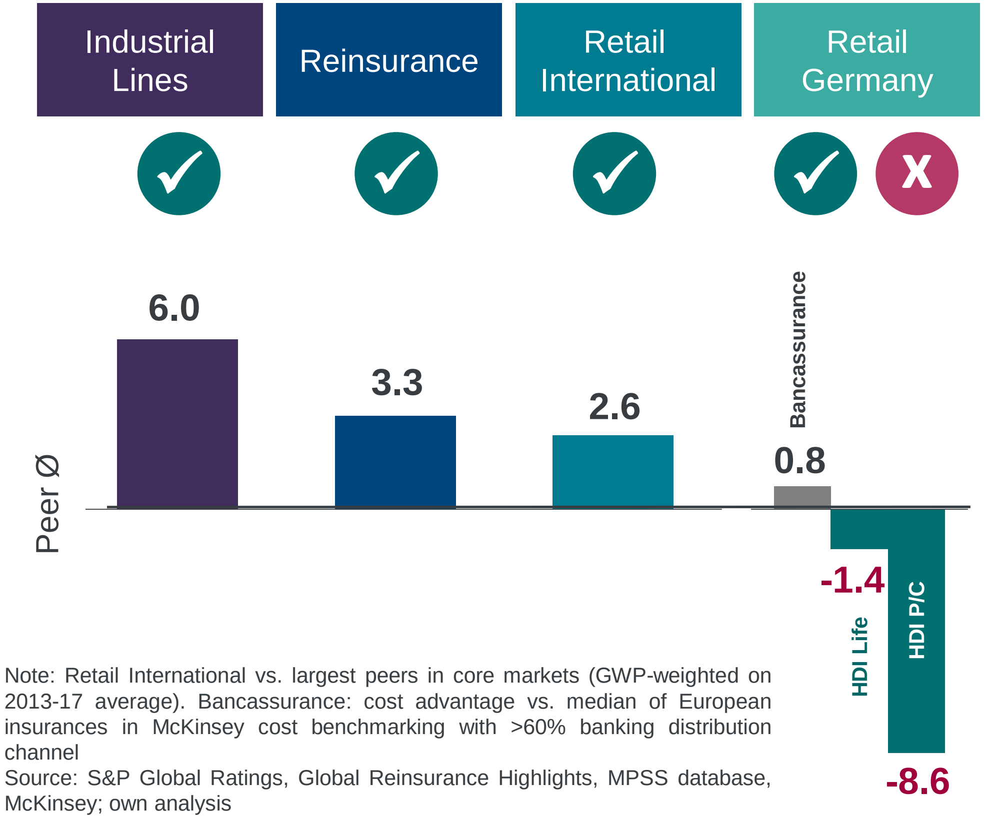
1 Strengthen – Entrepreneurial culture

Entrepreneurial culture – Basis for cost leadership and profitable growth …

Cost leadership in 3½ out of 4 divisions

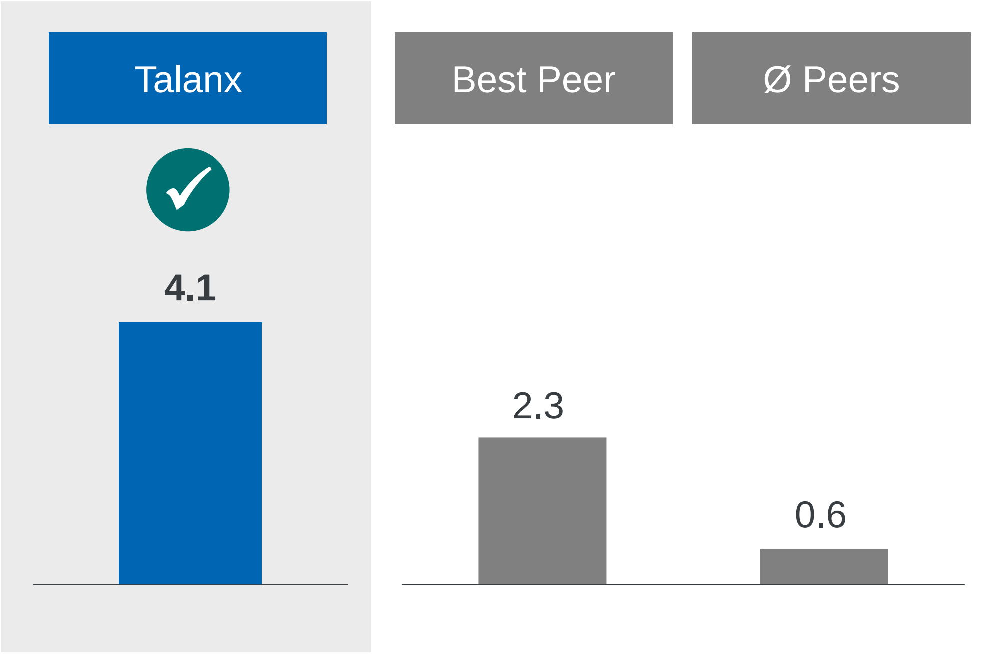
Cost ratio advantage (net) of divisions compared to peer Ø (2013 – 17) (in %-pt)



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 %)

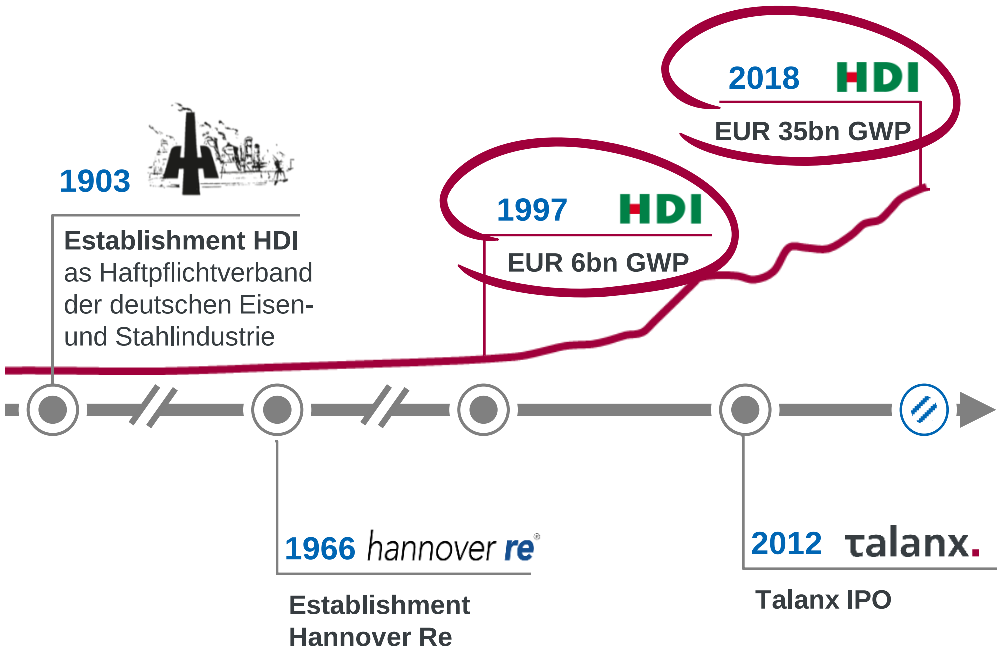


Note: Peer average GWP-weighted. Own calculations based on Annual Reports

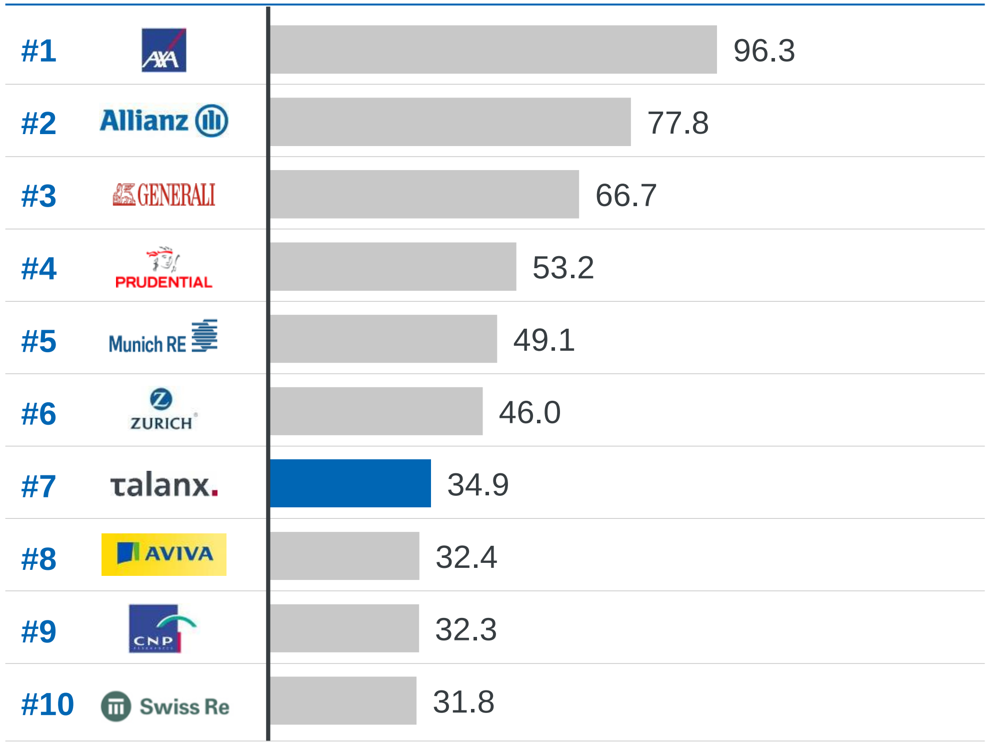
1 Strengthen – Entrepreneurial culture

… leading to #7 market position in Europe

115 years of successful HDI/Talanx history



Talanx ranked at #7 in Top 10 European insurers



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

RWE, Siemens, Lufthansa, BASF, Daimler, Volkswagen

Mid-market

Finktec, Plauen Stahl Technologie, Delius, Holz Ruser, Grafe, Brauns Heitmann, ITT, Schierle

Leading provider in Germany

B2B Focus – >80% of GWP in B2B business

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

Bancassurance

Postbank, Sparkasse, Targo Bank, citibank, Magyar Posta, getin holding

Reinsurance

hannover re, e+s rück

~5.000 insurance clients

Leading reinsurer

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

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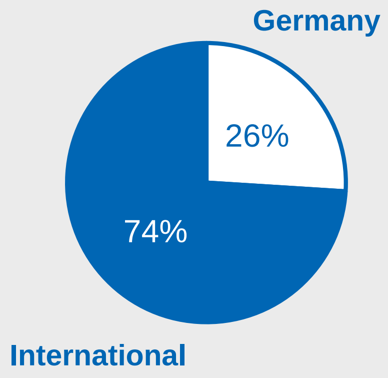
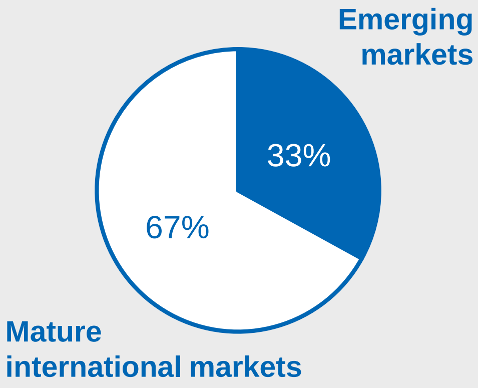
3 Strengthen – Diversified portfolio

Our diversified portfolio as basis for proven earnings resilience

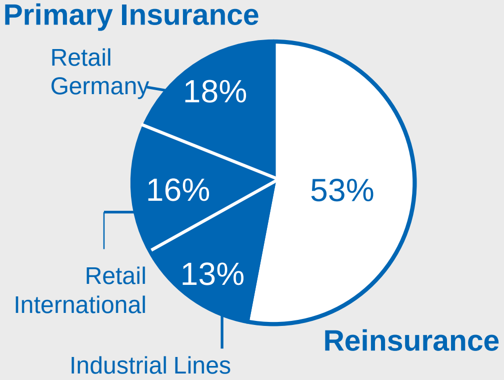


Strong international footprint

High share of growth markets

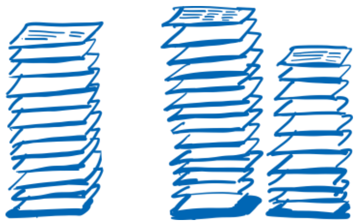


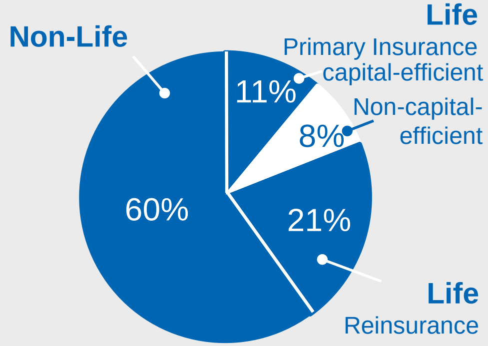
Diversified portfolio



Balanced business mix

Favourable product mix





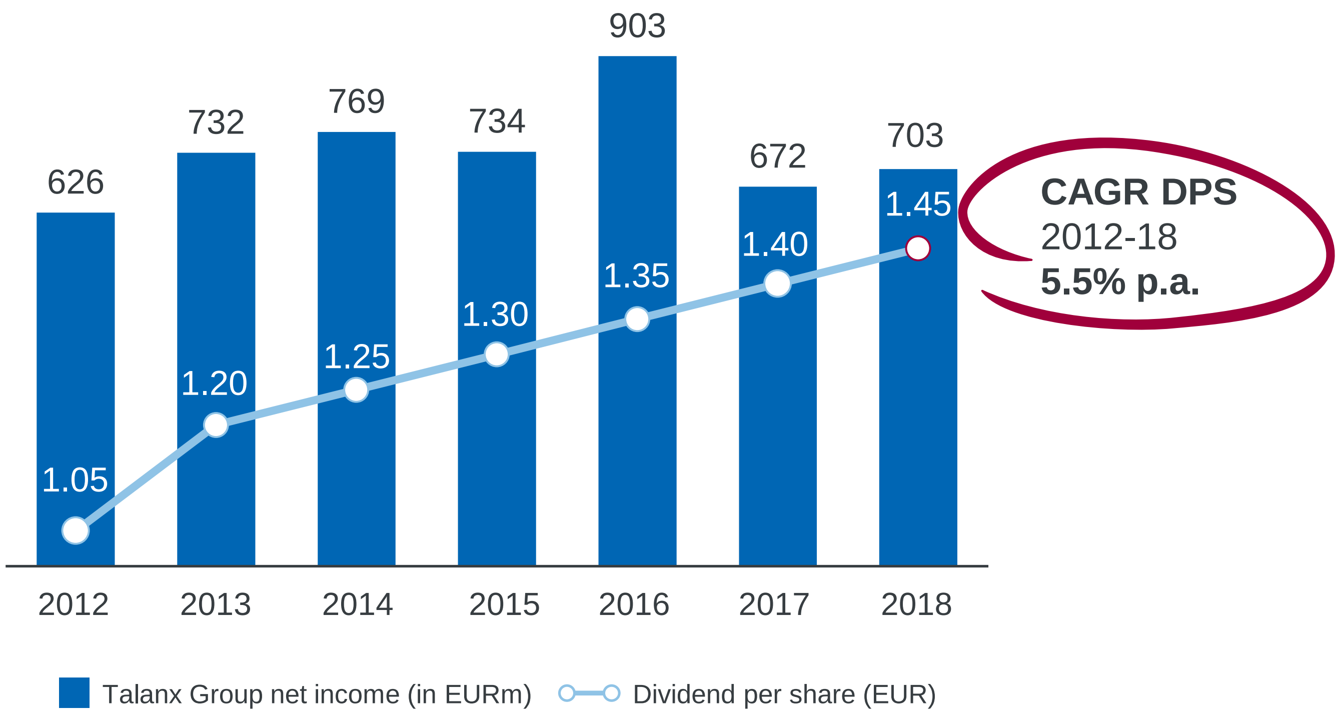
Note: All figures refer to GWP 2017 of Talanx Group; growth market split refers to international portfolio only

Strengthen

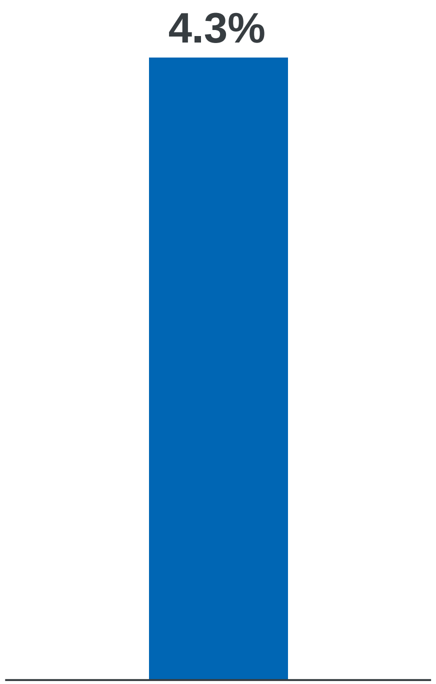
Outcome – Proven earnings resilience backing our sustainable payout policy

Sustainable earnings and payout policy

Talanx IFRS net income and dividend (per share)



Dividend yield



Dividend yield on
2018 average share price

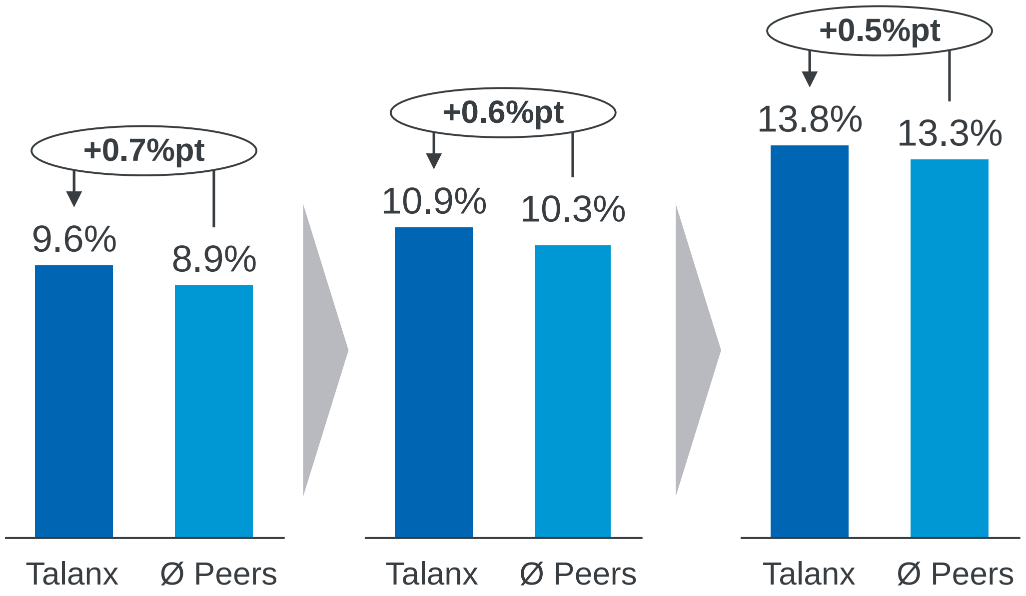
Note: Net income of Talanx after minorities, after tax based on restated figures as shown in annual reports 2012–2018; all numbers according to IFRS

Strengthen

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

RoE above peer average

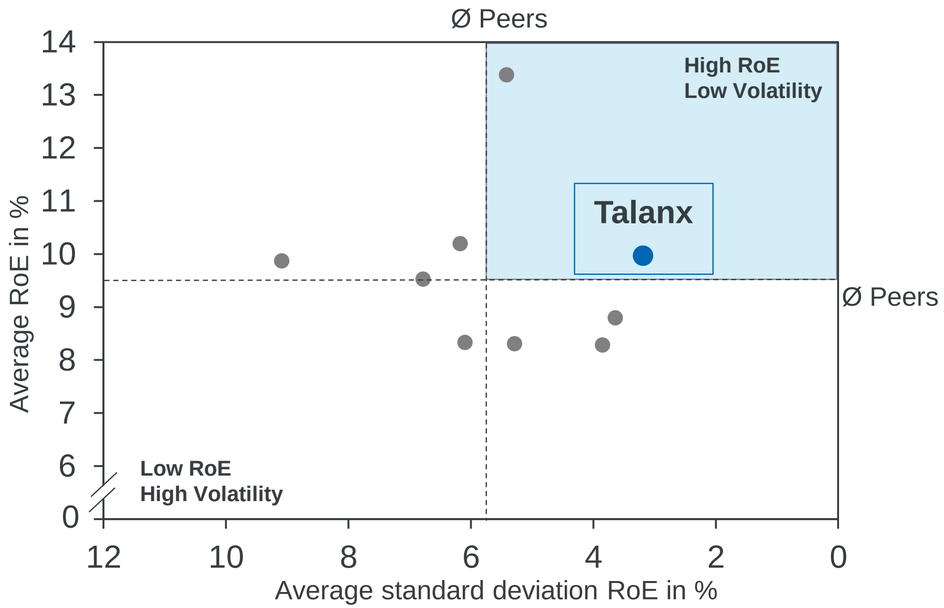
Ø RoE | **Adj. Ø RoE** | **Ø return on tangible assets**



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)



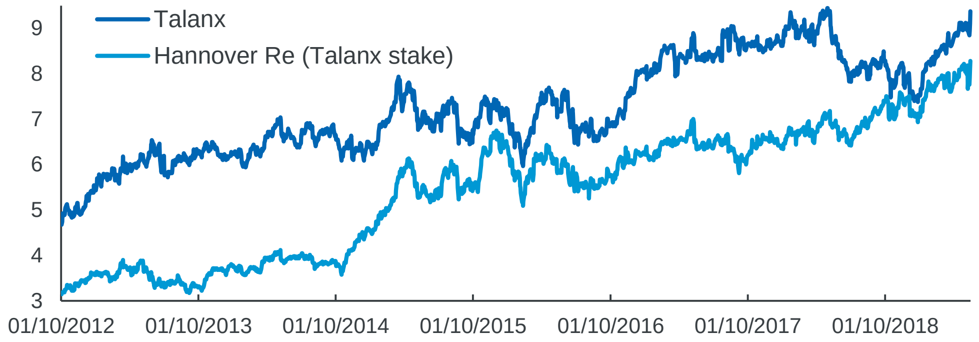
Note: Own calculations. RoE based on the ratio of net income (excl. minorities) and average shareholders' equity
Source: RoE 2001-2010 KPMG; 2011-2017 annual reports

Develop

…however, cautious valuation of Talanx ex Hannover Re

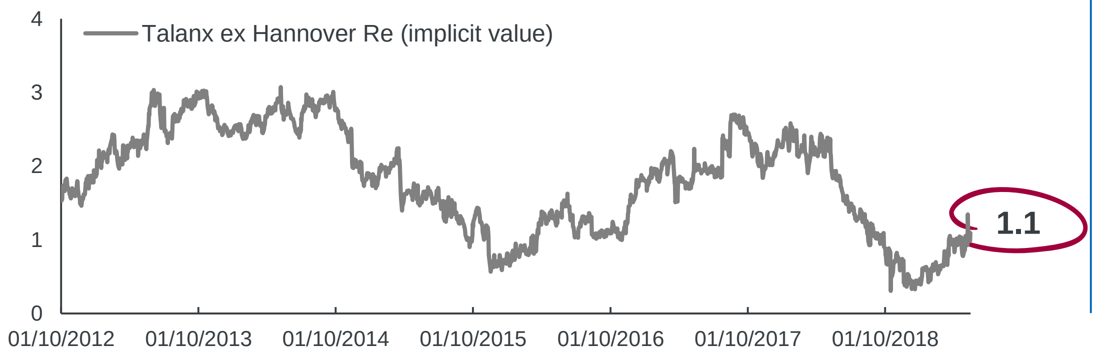
Market cap development

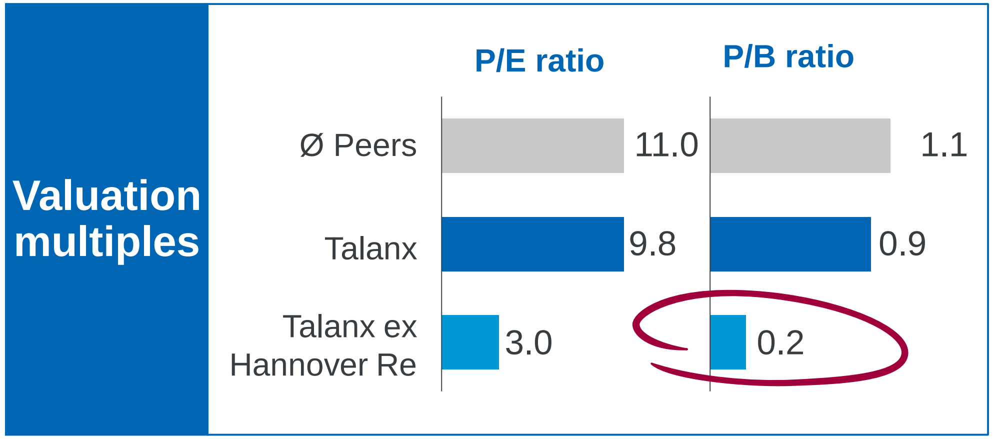
EURbn



Implicit market cap Talanx ex Hannover Re stake

EURbn





Note: Multiples as of 22 May 2019 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

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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

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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

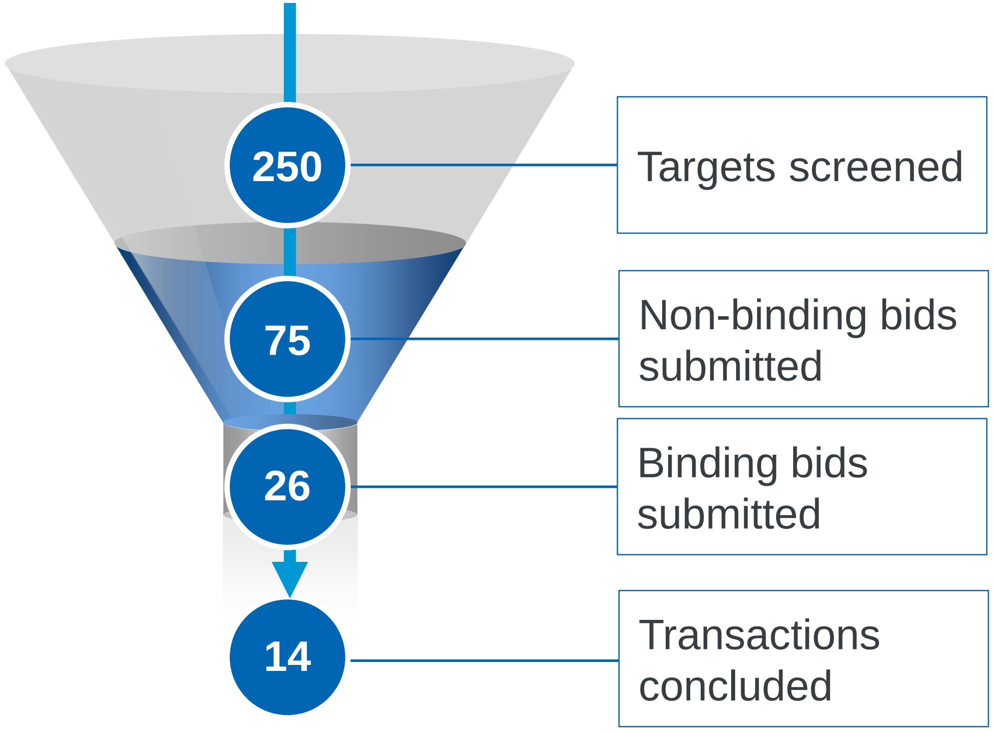
1 Develop – Enhanced capital management

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

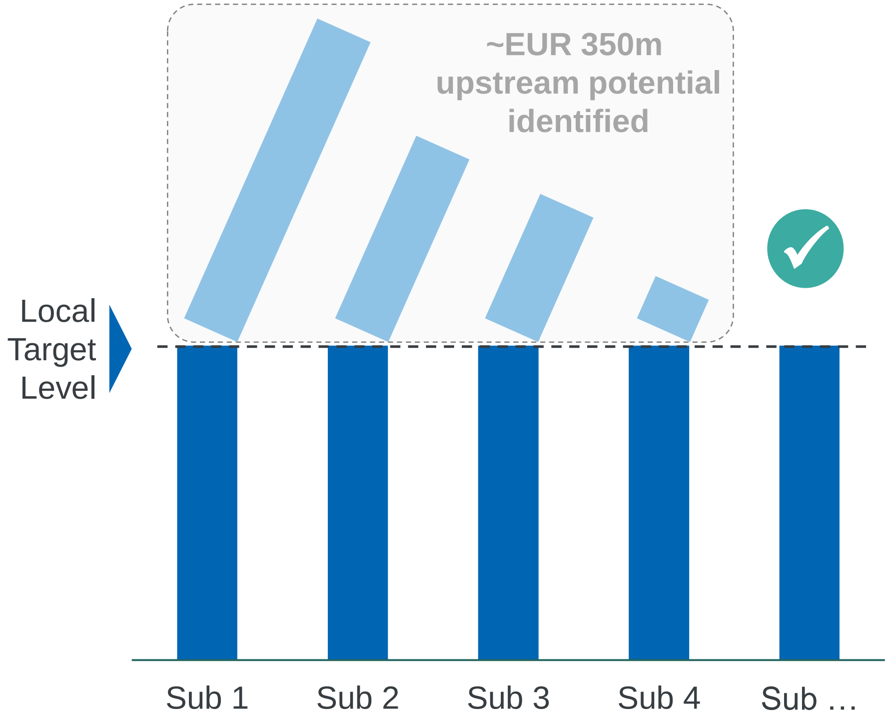
1 Develop – Enhanced capital management

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

Reduce local excess capital

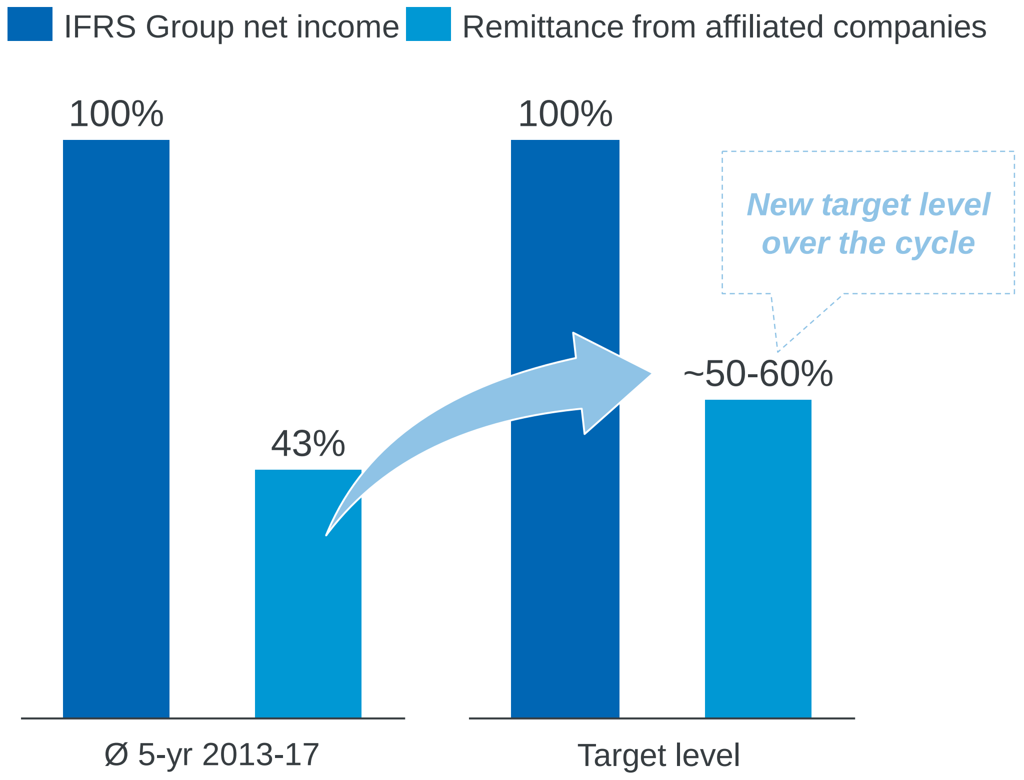
Solvency ratio (%)

Illustrative



Increase cash upstream to Talanx Group

Ø 5-yr remittance ratio (2013-17)

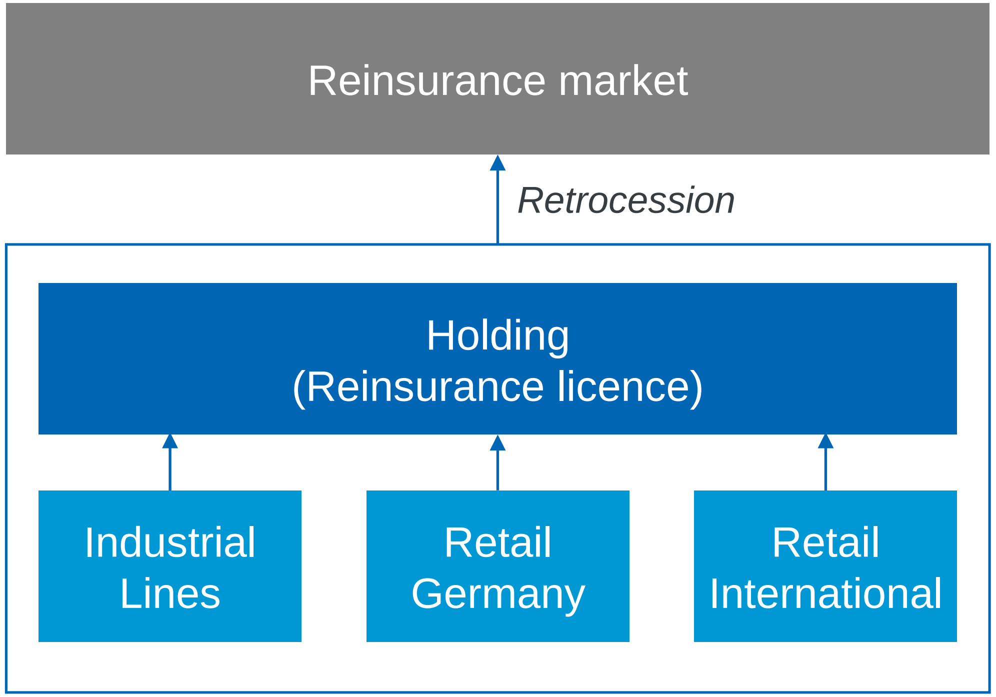


1 Develop – Enhanced capital management

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

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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%

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

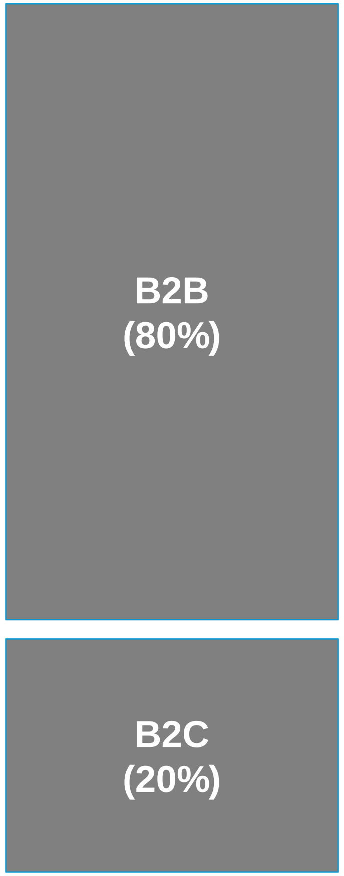
RoE ambition ≥ 10%

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

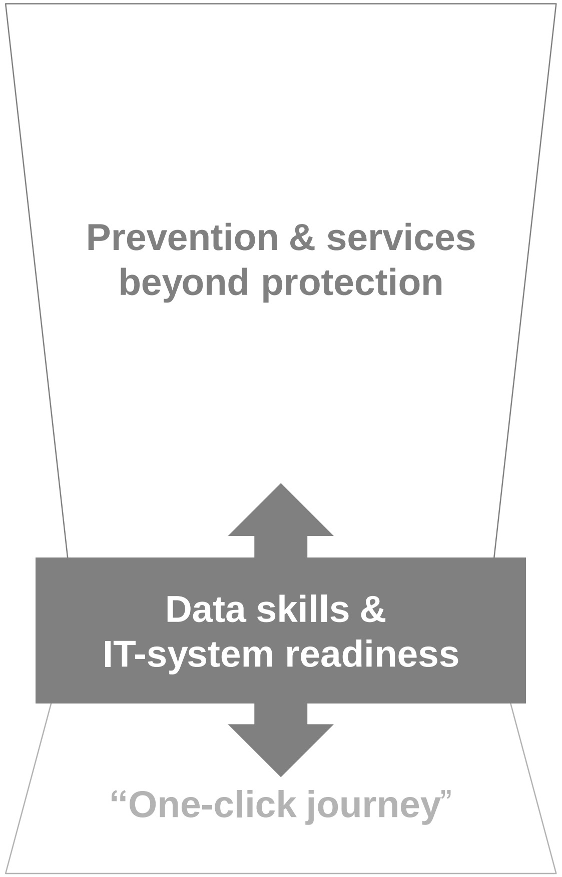
3 Develop – Digital transformation

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

Our footprint



Key success factors



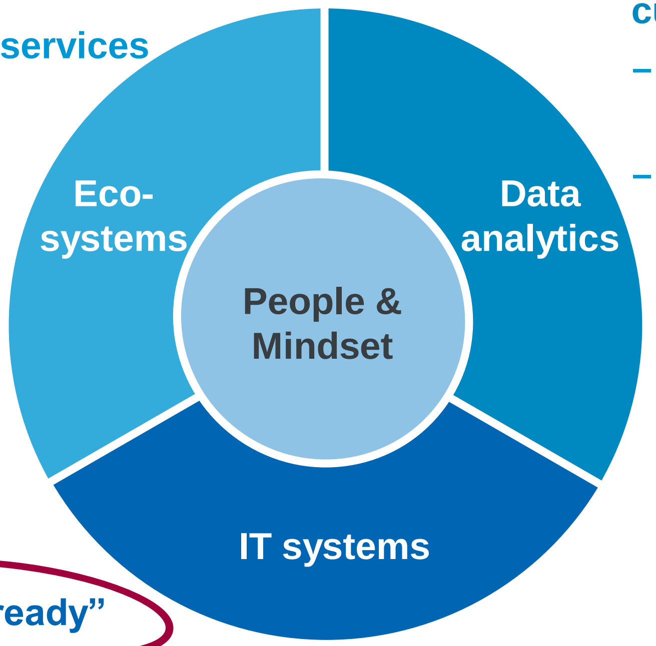
Our focussed approach

"Get bundled"

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

"Get skills"

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



"Get ready"

Legacy management

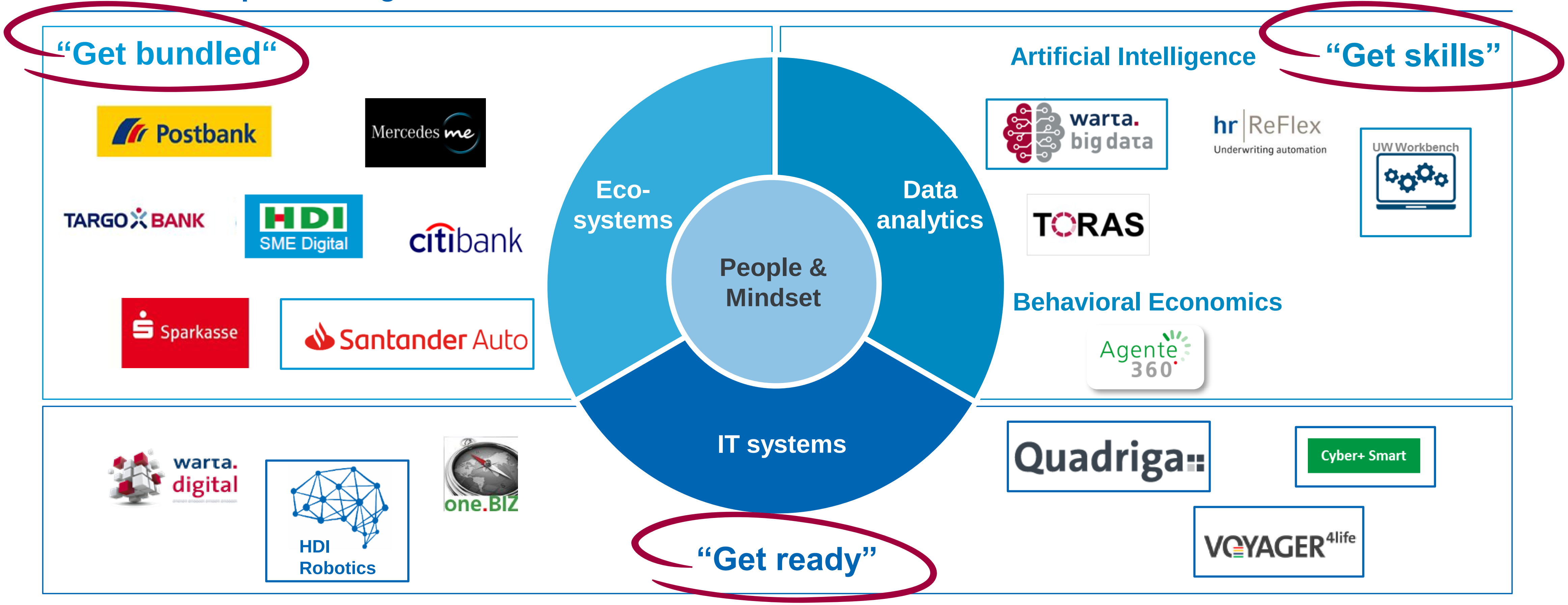
Digital and efficient processes

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



Further details in divisional presentations

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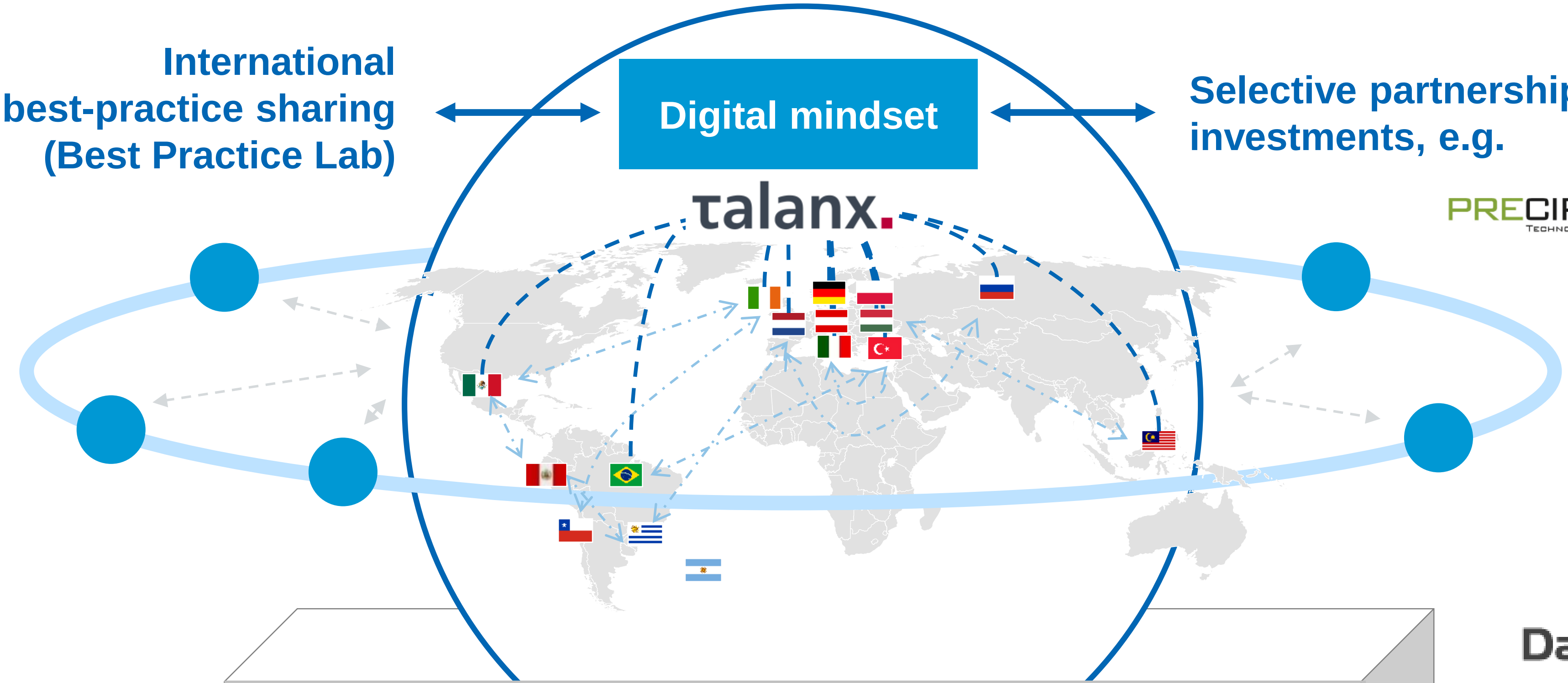
3 Develop – Digital transformation

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

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

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1 Enhanced capital management

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

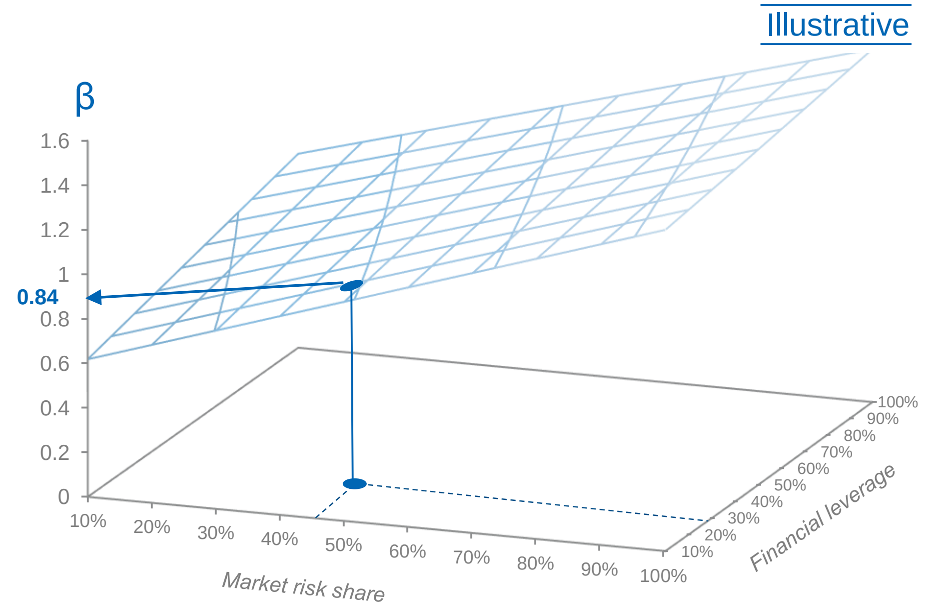
Capital steering matrix & KPIs

RoE = $\frac{\text{IFRS net income}}{\text{IFRS Ø equity}}$	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 FY 2018

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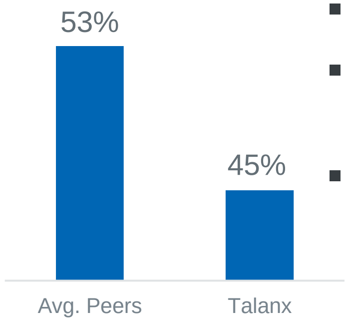
1 Enhanced capital management

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

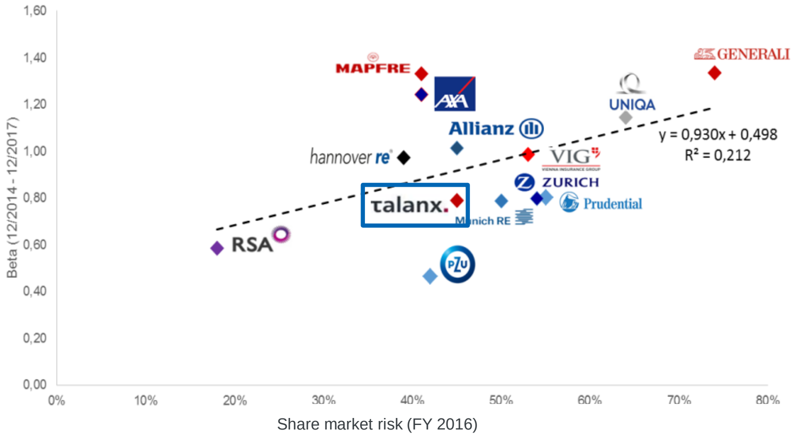
DEEP DIVE BETA

Prudent market risk

Market risk share



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

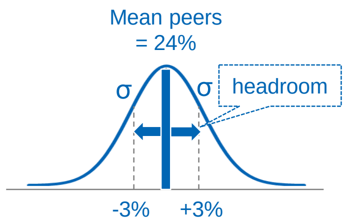


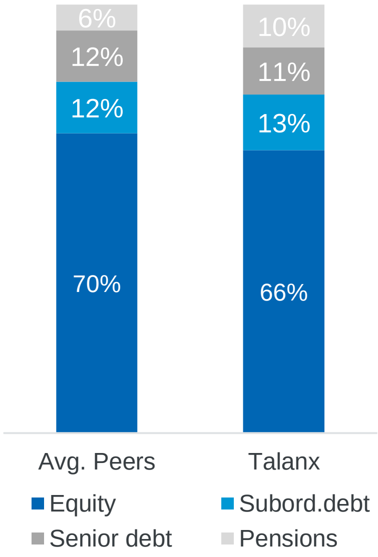
Source: Bloomberg, own calculation

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

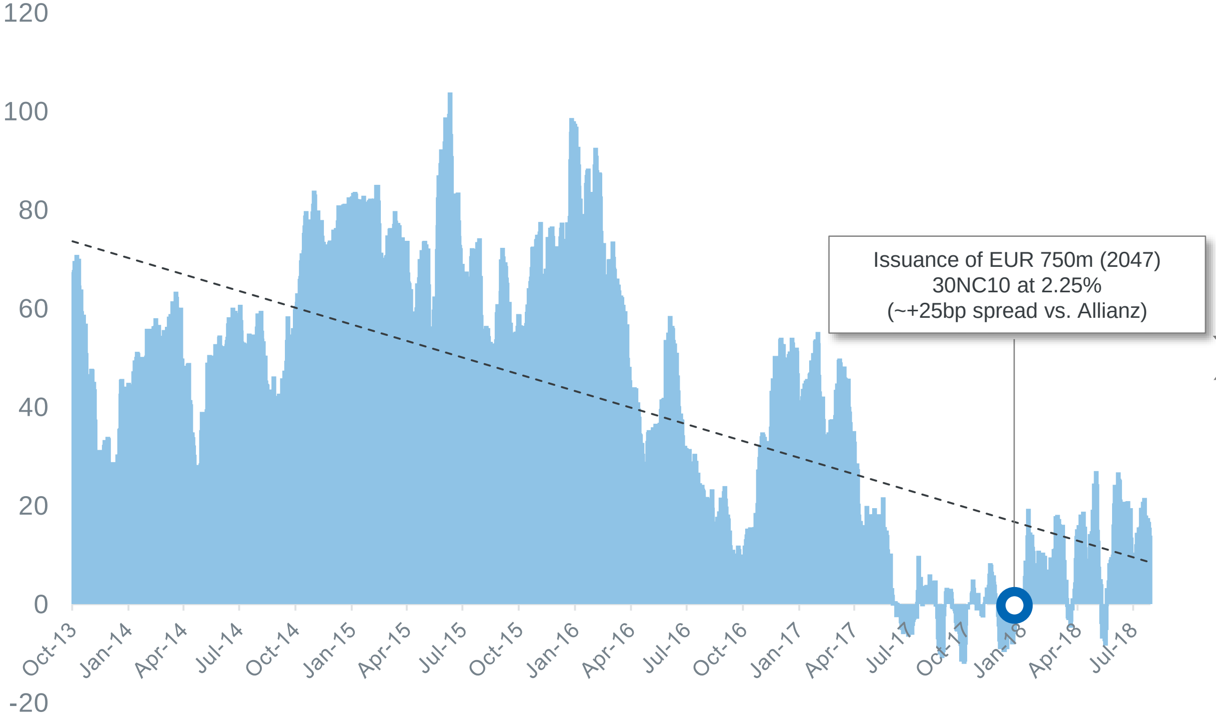
1 Enhanced capital management

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

	Risk-free (FX exposure weighted)	+ Group beta 5yrsØ	x Adjustment factor	x Market-risk premium	+ Frictional cost	= CoE
Group	1.9%	0.84	1.00	4.0%	2.0%	**7.2%**
Industrial Lines	0.9%		1.07			**~6.5%**
Retail Germany	0.8%		2.48			**~11%**
Retail Intern.	3.8%		1.26			**~10%**
Reinsurance	1.2%		0.66			**~5.5%**

Consistent and more ambitious target setting

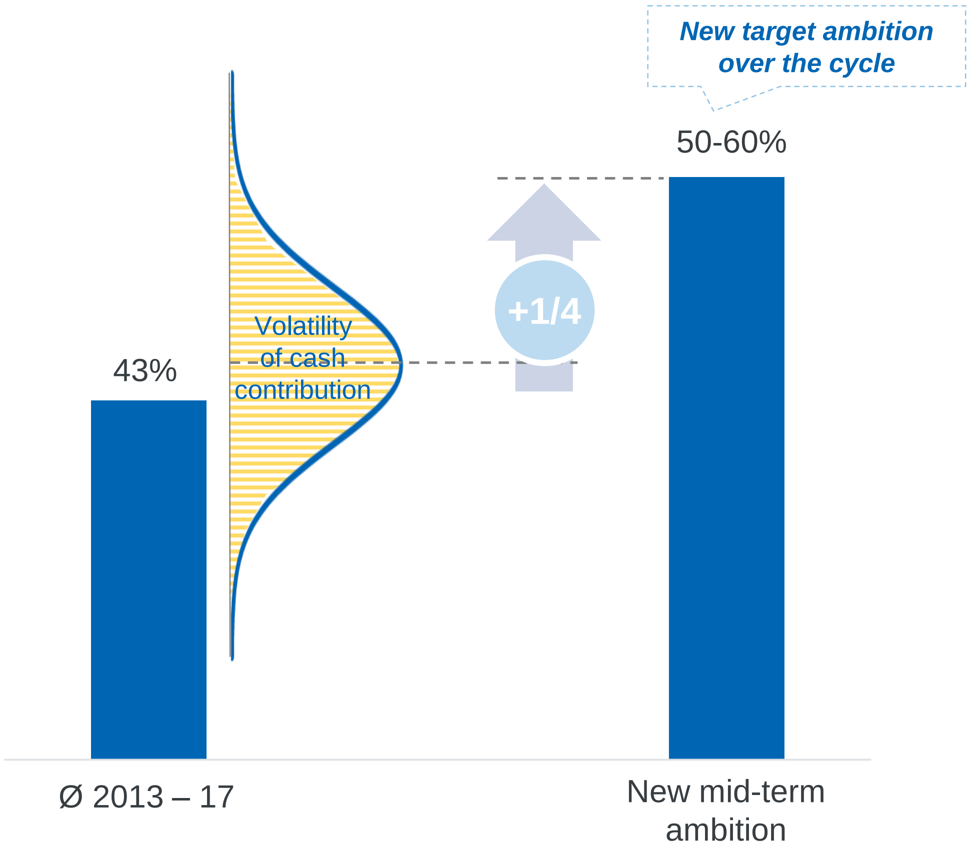
CMD 2017 ambition	Ambition	Comments
750bp + risk free$_G$	**≥ 800bp + risk free$_G$**	Talanx ≤ sum-of-the-parts creating value!
8%	***8-10%***	“20/20/20”, Speciality etc.
6-7%	***7-8%***	“Tapering” guarantee burden; shifting Life to P/C; more capital-efficient and biometric business
9%	***10-11%***	FX mix & goodwill allocation; growth & capital management
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 FY 2018

1 Enhanced capital management

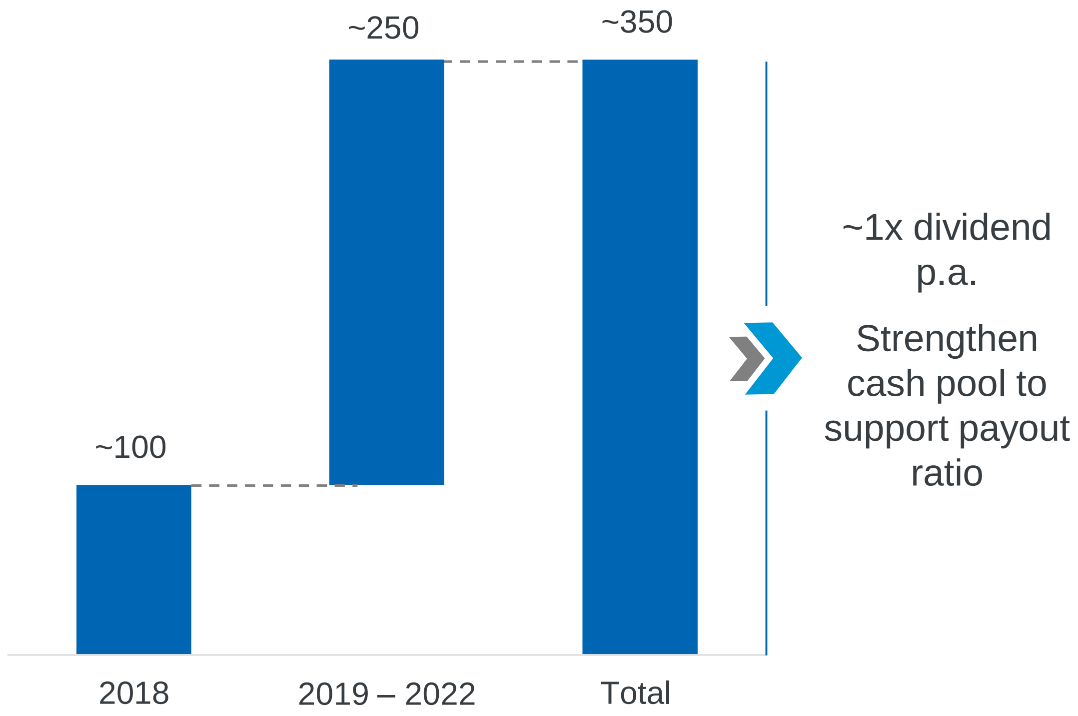
How to get it – Increase cash upstream and reduce local excess capital

Ø Remittance ratio



Mid-term capital upstream potential

Excess capital after local constraints (in EURm):



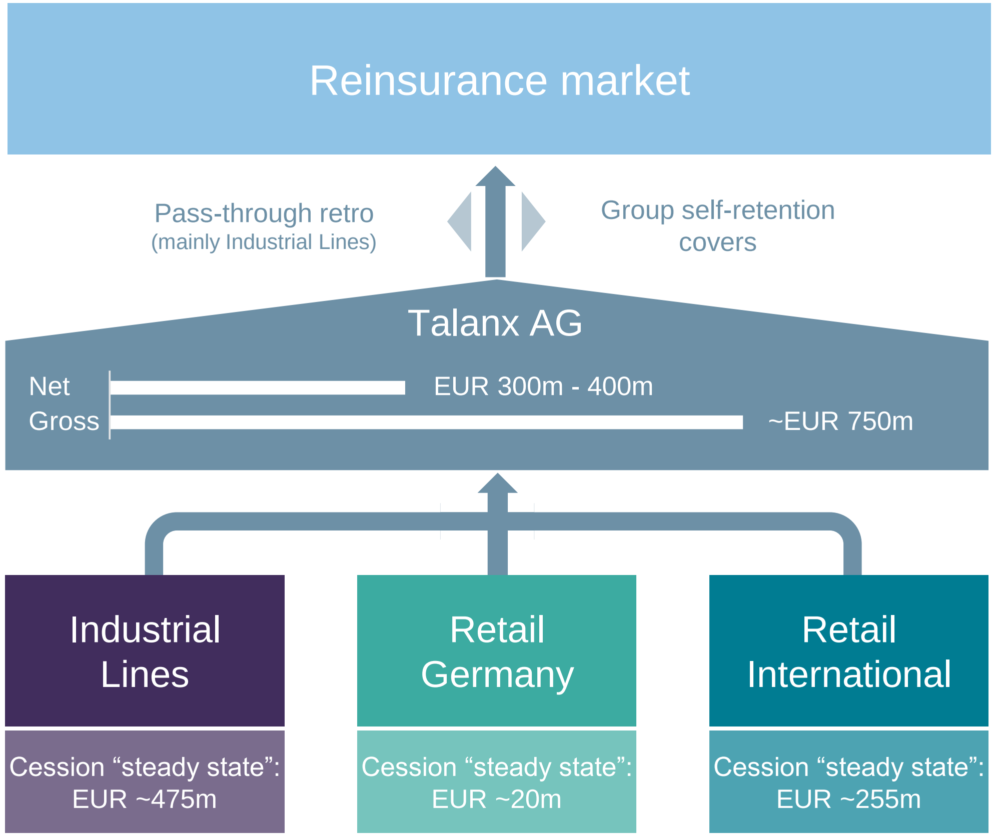
Note: Local constraints reflect e.g. local supervisor, withholding tax

1 Enhanced capital management

How to get it – Bundling reinsurance at Group level

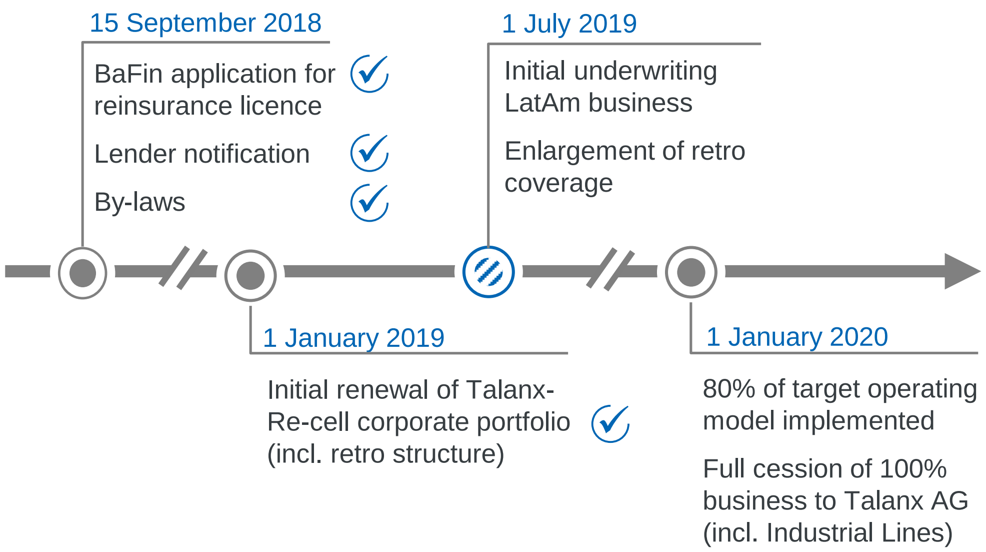
January 2019: Talanx AG issuer credit ratings up to "A+" at S&P and to "a+" at A.M.Best; underwriting commenced as planned in January

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



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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

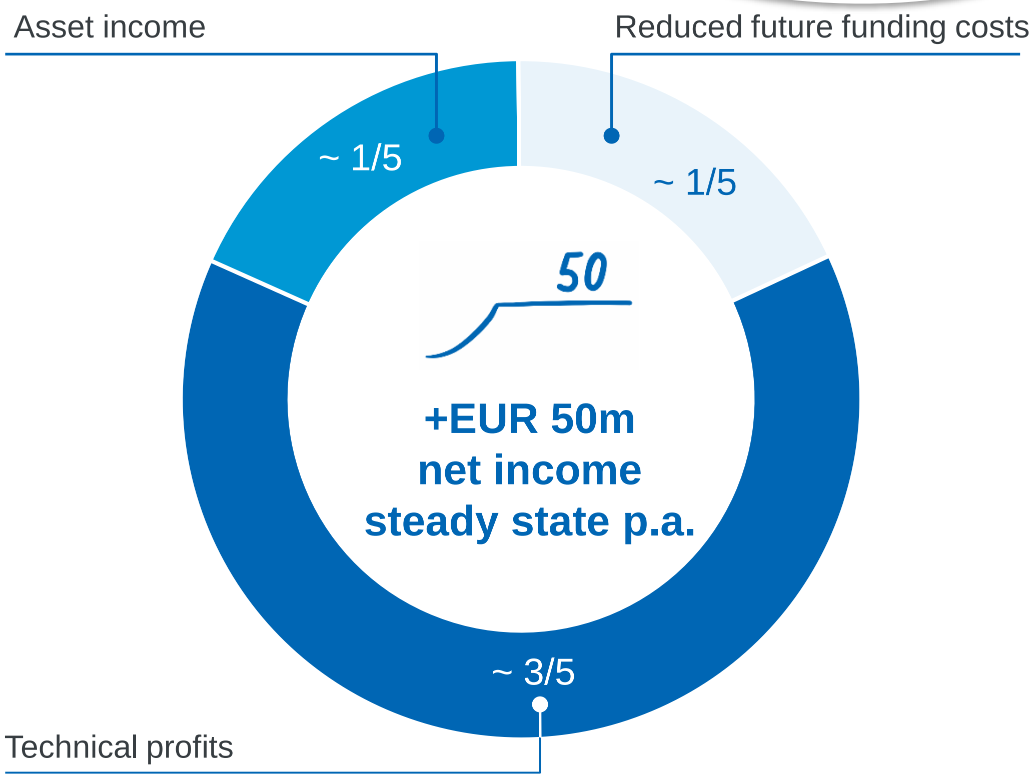
Asset income

- 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

2 Asset Management

Strong AM lines of defence and stringent sustainability strategy

Ensuring low beta & protection of shareholders' equity

Ampega Investments

- 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

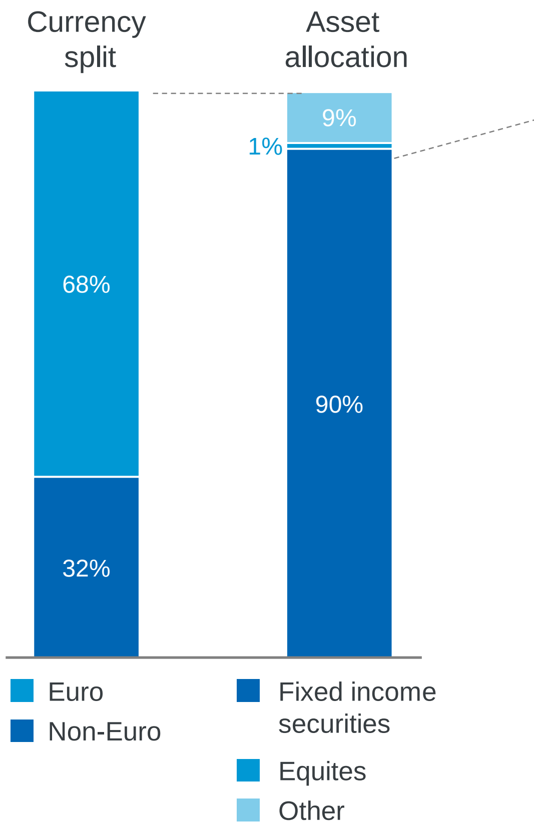
Signatory of: PRI Principles for Responsible Investment

2 Asset Management

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

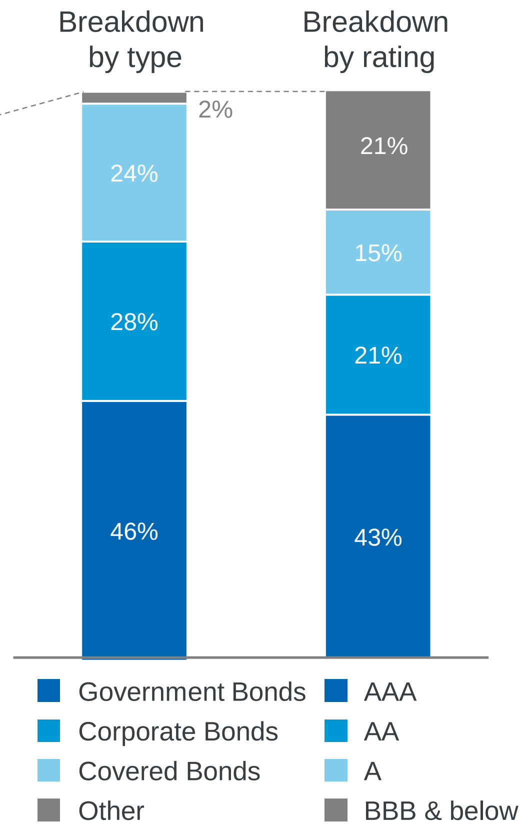
Investment portfolio

as of 31 Mar 2019: EUR 116.6bn

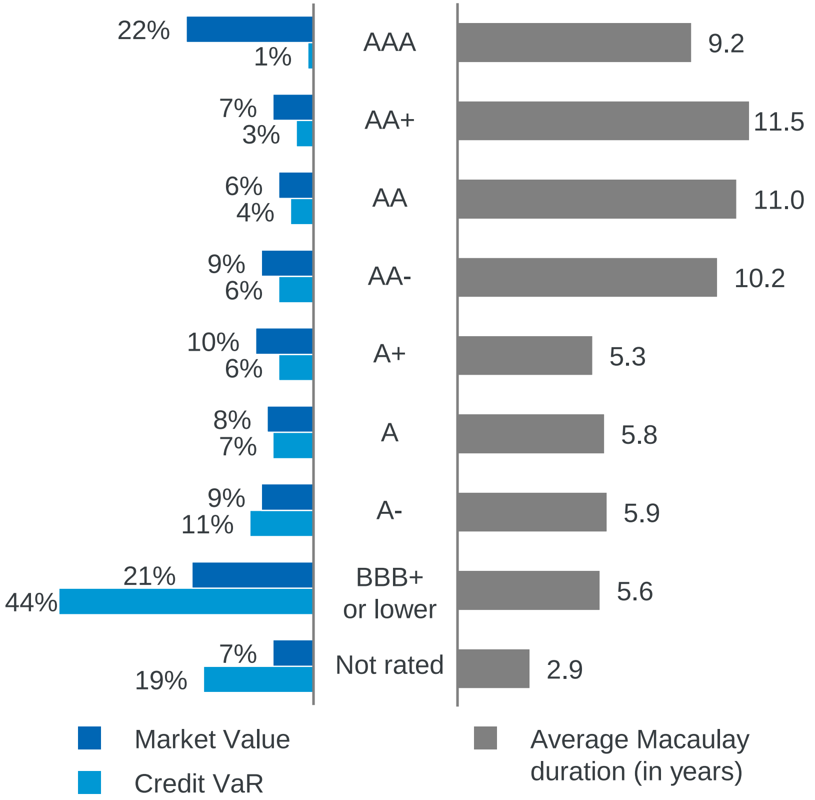


Fixed income portfolio

as of 31 Mar 2019: EUR 104.6bn



Credit VaR & Macaulay duration

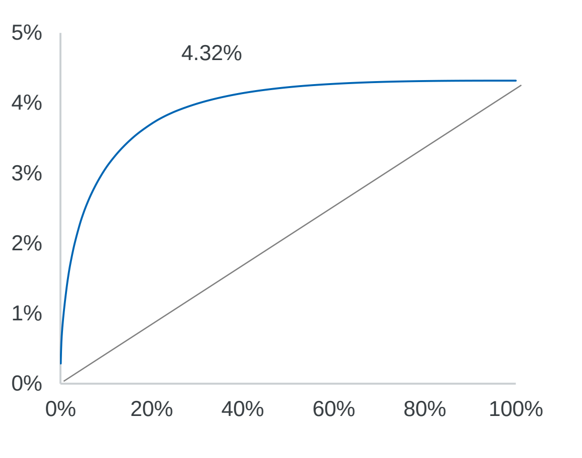


Note: Positions without external ratings (esp. funds and equity investments) shown as not rated. Credit VaR metric particularly depends on maturity and specific loss default assumptions

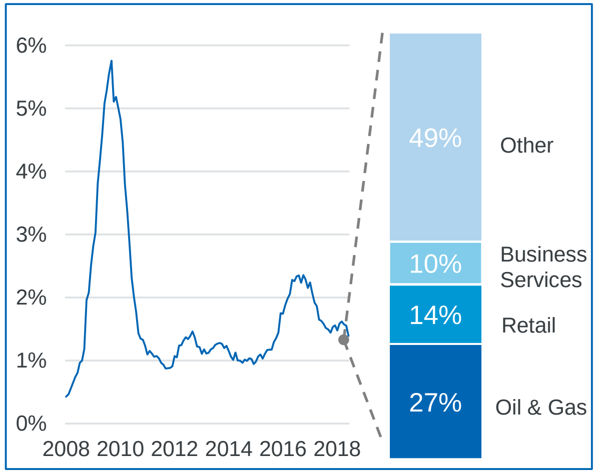
2 Asset Management

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

CVaR by share of issuers

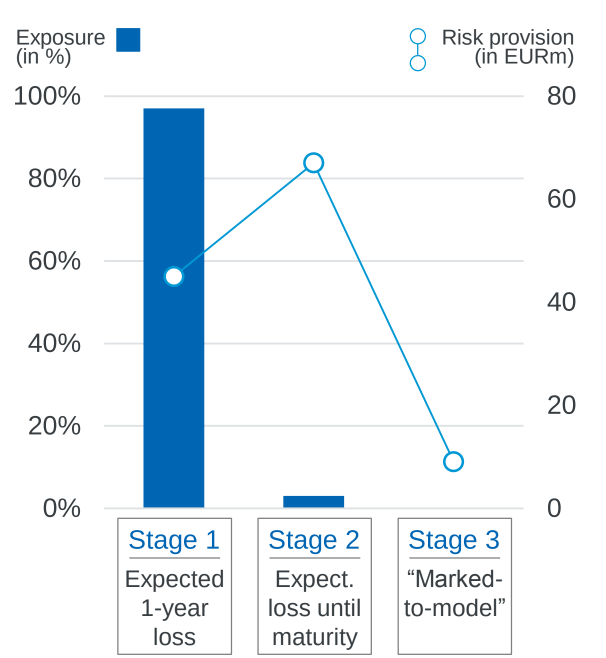


Corporate default rate & distribution



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%**

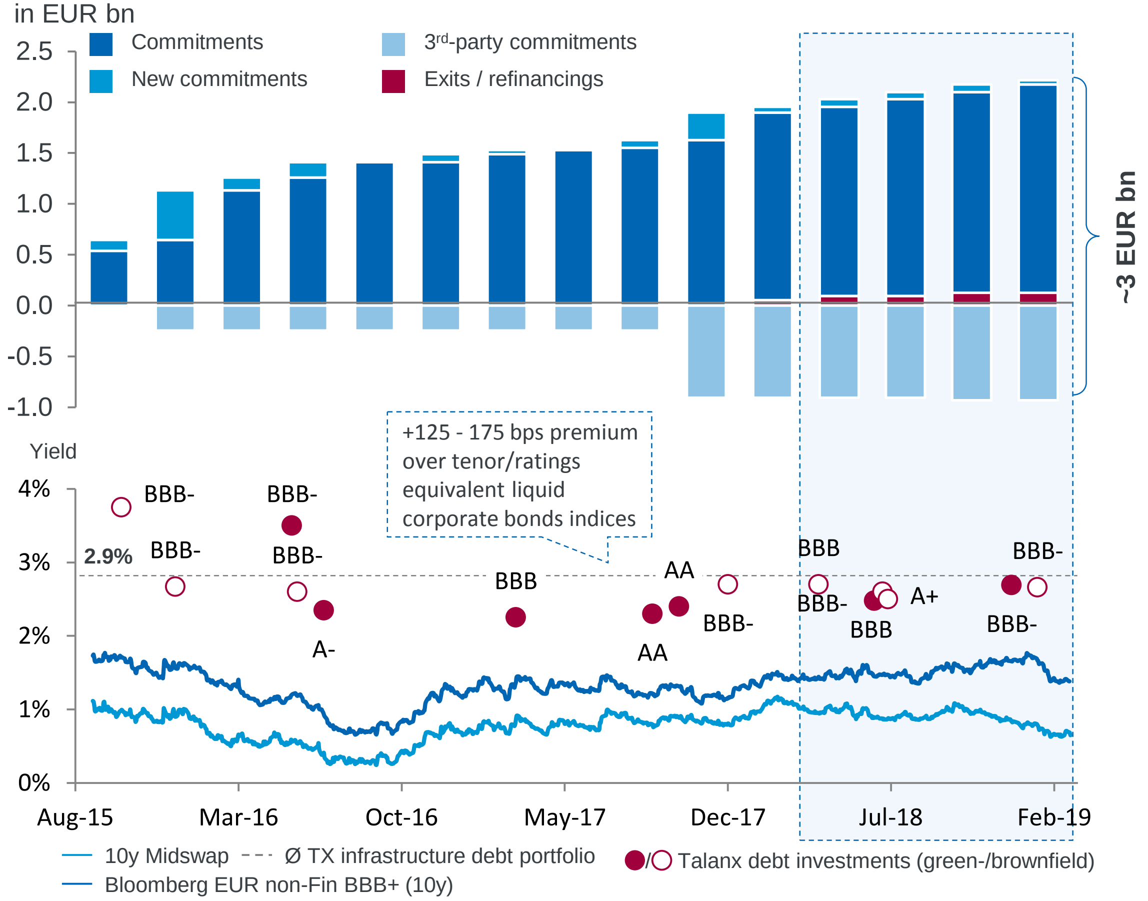
No material defaults in assets managed by Ampega Investments

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

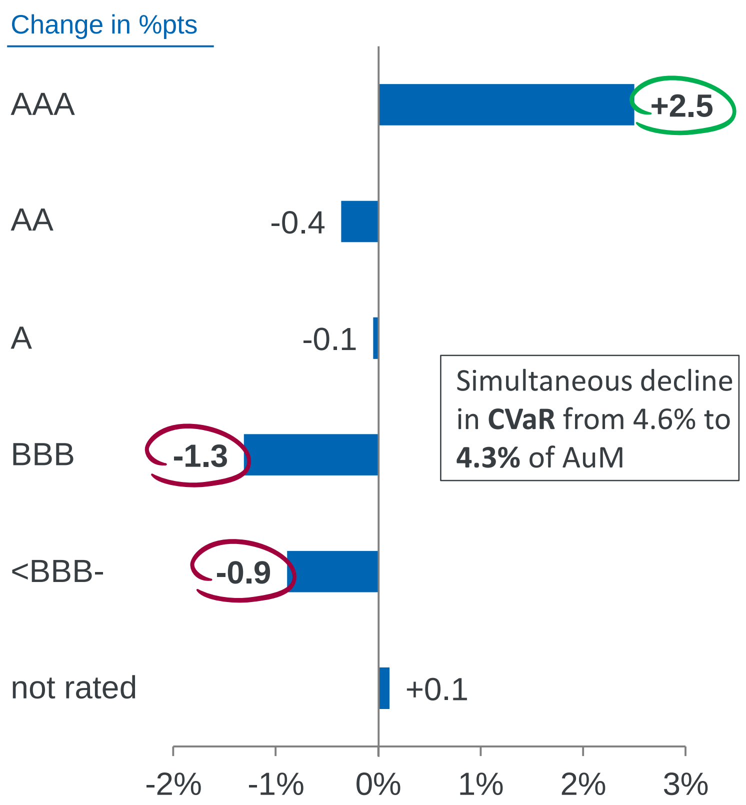
2 Asset Management

Infrastructure Investments – Investing while improving the overall risk profile

Building up our infrastructure portfolio….



…while de-risking the investment portfolio



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

2 Asset Management

Talanx Asset Management – Drive digitalisation as top management priority

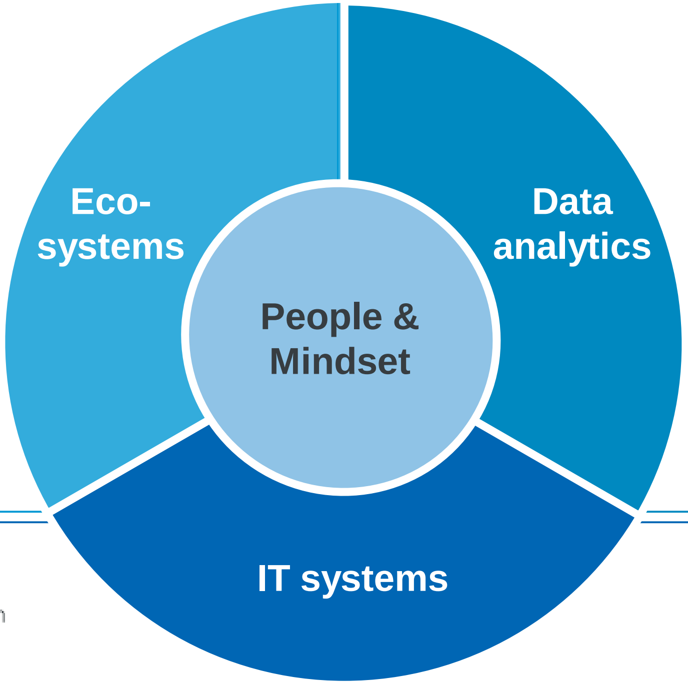
Selected examples for digitalisation in Ampega investments

“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

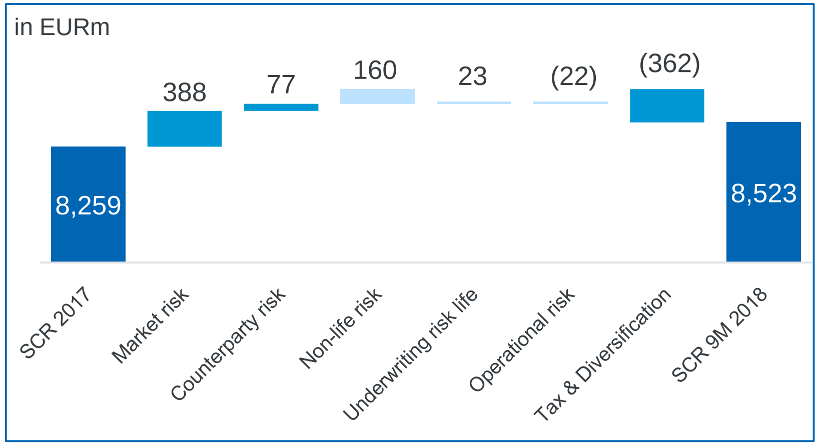
BI Real Estate System SAP

3 Excursion – Solvency II Update

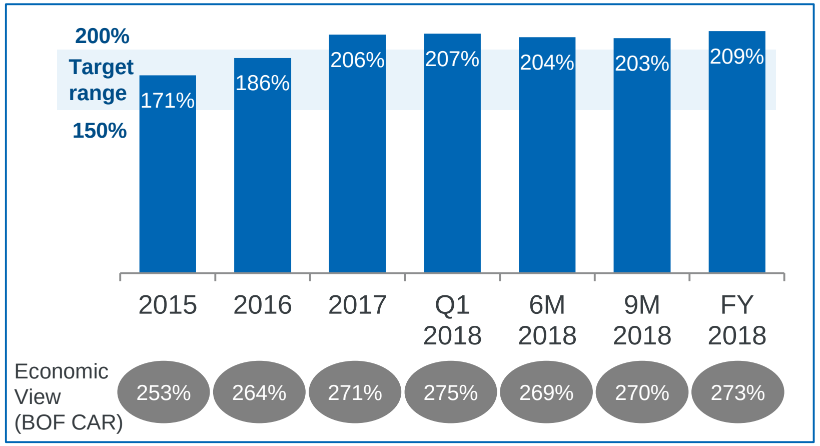
Development of Group capitalisation

Solid capitalisation (Regulatory view)

Solvency Capital Required

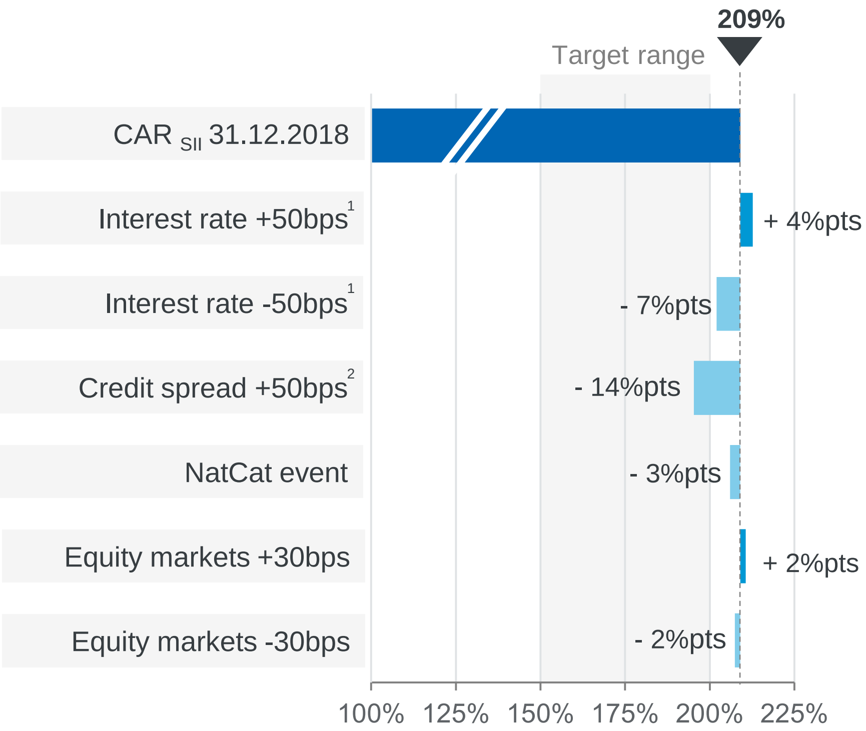


Solvency Capital Ratio



Note: Regulatory view without transitional

Limited stress impact



1 Interest rate stresses based on non-parallel shifts of the interest rate curve based on EIOPA approach
2 The credit spreads are calculated as spreads over the swap curve (credit spread stresses include simultaneous stress on government bonds)

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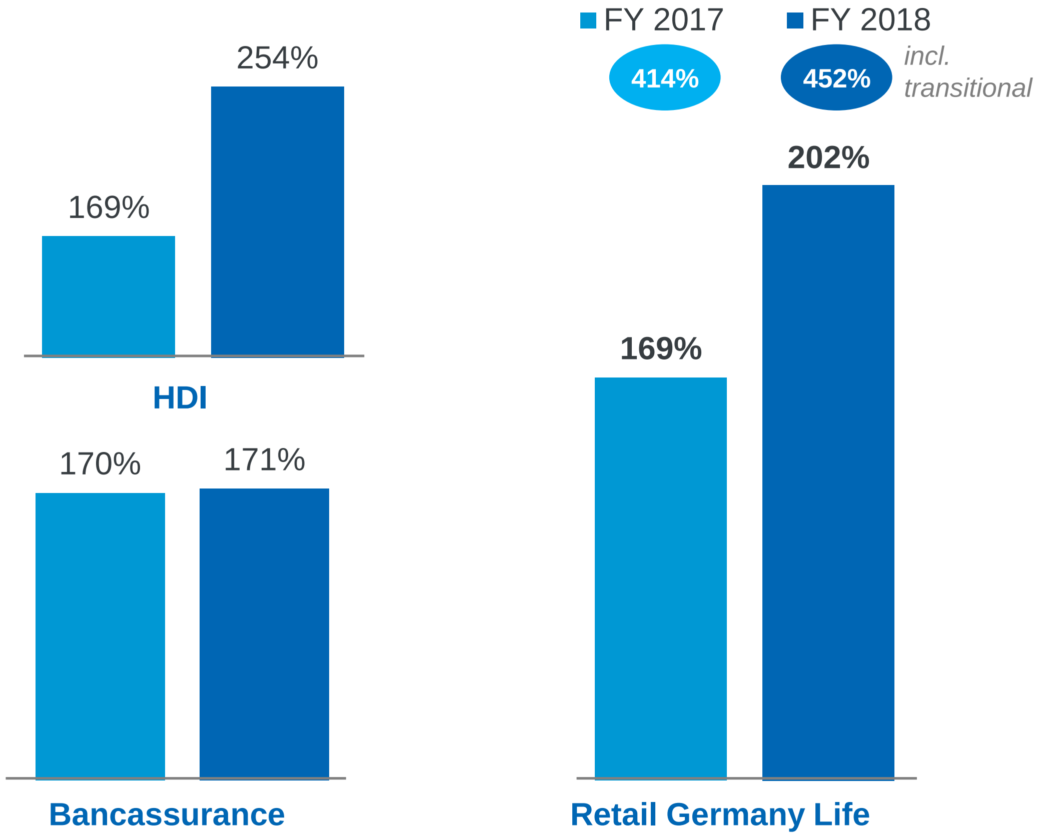
3 Excursion – Solvency II Update

Retail Germany Life: Robust capitalisation despite strong credit spread increase

Solvency ratios: Retail Germany Life



1 Increase in credit spreads in FY 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

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3 Excursion – Solvency II Update

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

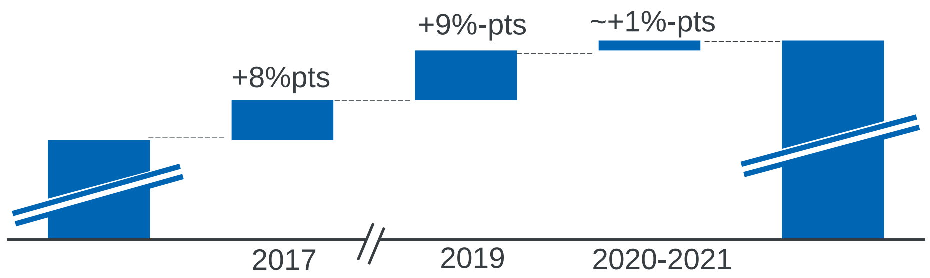
Internal Model changes & outlook

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 TEST 2018 SUBMISSION

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

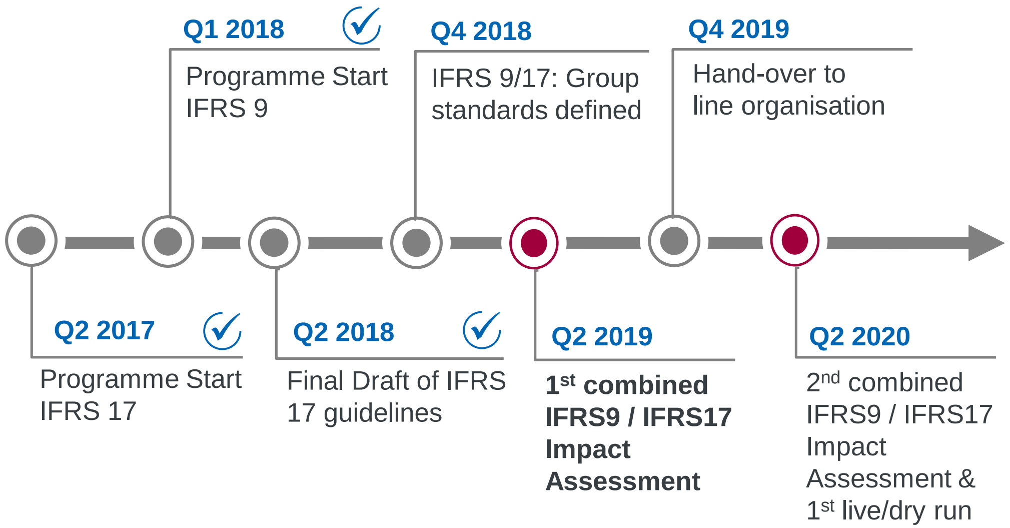
IFRS 9 IFRS 17

Data management / IT capabilities (IFRS 9)	▪ Murex MX.3 roll-out
Higher P&L volatility (IFRS 9)	▪ The "new normal" ▪ Interaction between FVPL and Premium Allocation Approach (PAA) critical ▪ ECL driven acceleration ▪ KPI overhaul
New processes & interfaces (IFRS 9)	▪ New controls to be implemented ▪ Intensive exchange between IFRS 17 and IFRS 9 (joint impact assessments)
Stochastic calculations for life (incl. CSM) (IFRS 17)	▪ 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 (IFRS 17)	▪ 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 (IFRS 17)	▪ Solo entity RA target ▪ Inter-company-neutral consolidation of RAs ▪ Disclosure of implicit Group confidence level
Reinsurance assets & related mismatches (IFRS 17)	▪ Particular the net position of cedents ▪ Improvement by standard setter needed
Handling reserving buffer (non-life) (IFRS 17)	▪ Reduced discretionary top-side adjustments ▪ Reserving in interim reporting considering risk budgets remains unaffected

3 Excursion – Solvency II Update

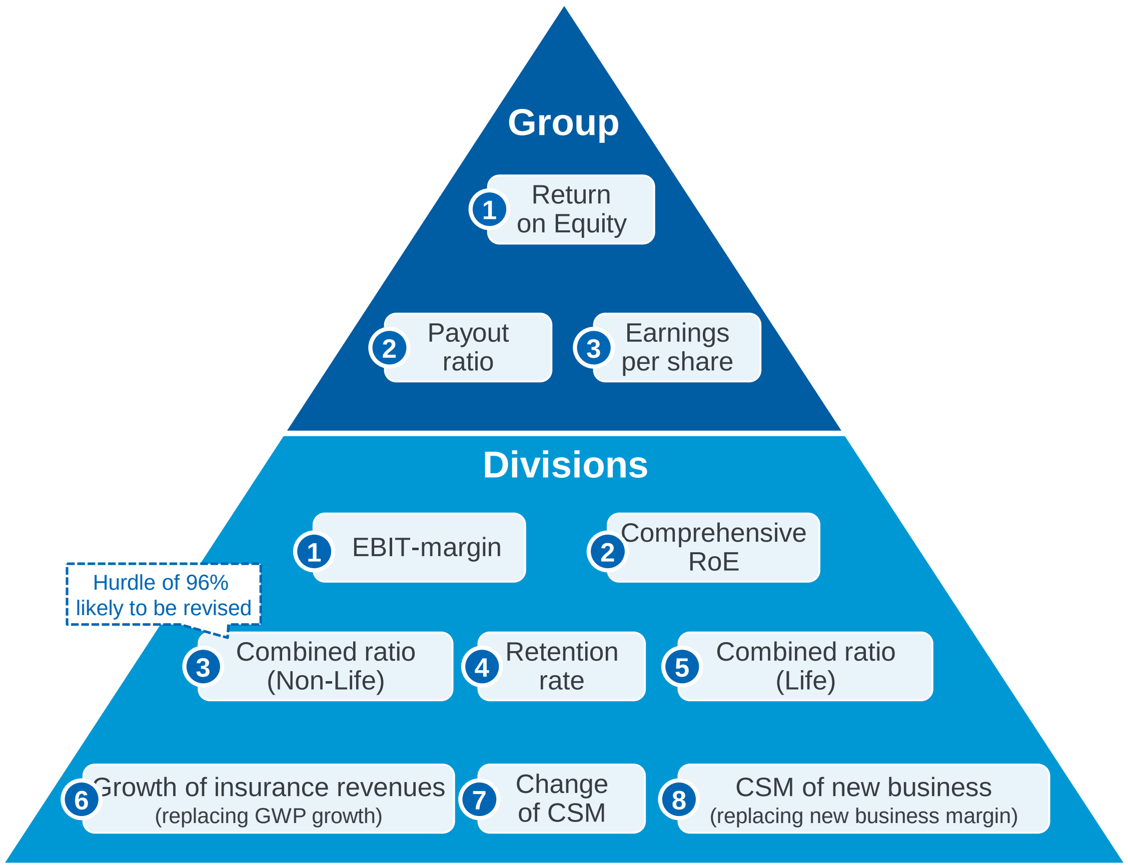
Advanced implementation

Clear IFRS 9 &17 programme roadmap



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”



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

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

Q1 2019: Good start into the new year

- Strong GWP growth of 10.9% y/y (curr.-adj. +9.7%) – all segments contributing
- Both retail divisions and Reinsurance continue to drive EBIT improvement
- “20/20/20” initiative on track – Industrial Lines 2019 CoR outlook of ~100% unchanged
- Group net income of EUR 235m (+7.8%) – Group RoE at 10.3%
- On track to reach 2019 Group net income outlook of EUR ~900m (~+28.0% y/y)
- Strongly capitalised: Solvency II ratio (excl. transitional) of 209% at year-end 2018

Q1 2019 results – Key financials
Further profitable growth

EURm	Q1 2019	Q1 2018	Delta
Gross written premium (GWP)	**11,716**	**10,560**	**+11%**
Net premium earned	7,842	6,989	+12%
Net underwriting result	(357)	(430)	+17%
t/o P/C	143	118	+21%
t/o Life	(500)	(548)	+9%
Net investment income	988	1,063	(7%)
Other income / expenses	(15)	(41)	+63%
Operating result (EBIT)	**616**	**592**	**+4%**
Financing interests	(45)	(41)	(10%)
Taxes on income	(160)	(163)	(2%)
Net income before minorities	411	388	+6%
Non-controlling interests	(176)	(170)	(3%)
Net income after minorities	**235**	**218**	**+8%**
Combined ratio	96.8%	97.0%	(0.2%)pts
Tax ratio	28.0%	29.6%	(1.6%)pts
Return on equity	10.3%	10.0%	+0.3%pts
Return on investment	3.2%	3.7%	(0.5%)pts

Comments

- Strong growth momentum continues. GWP +10% curr.-adj.
- Decrease of extraordinary investment result (particularly ZZR driven)
- Increase in EBIT driven by both retail divisions and by Reinsurance – outweighing EBIT decline in Industrial Lines
- Operating improvement and lower tax ratio results in 8% bottom-line increase
- Well above the (800 bps + risk-free rate) minimum target

Note: The minimum RoE target of (800 bps + 5-year average of 10-year Bund yields) is expected to stand at 8.3% for FY 2019

Large losses in Q1 2019 – Within large loss budget

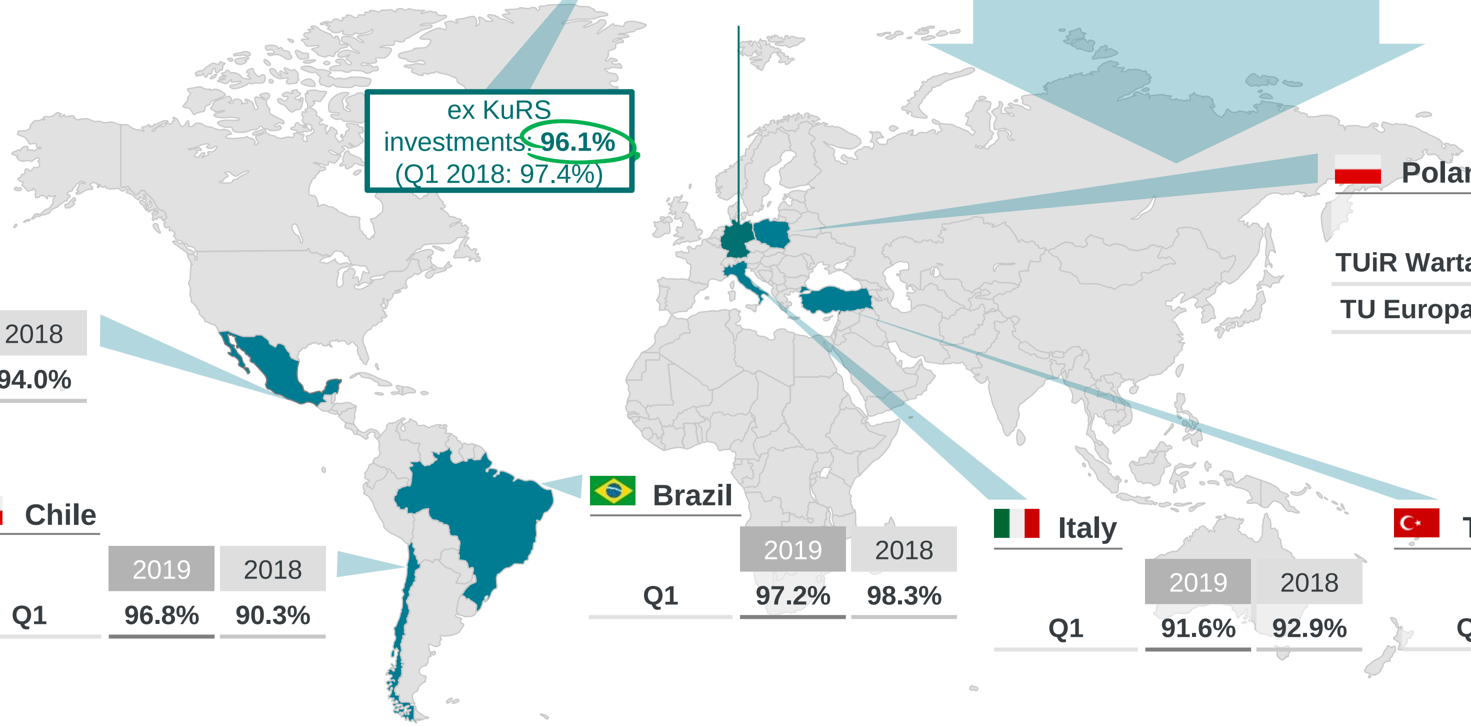
Net losses Talanx Group in EURm, Q1 2019 (Q1 2018)	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance	+ Reinsurance	= Talanx Group
Flood *Santo Andre*, Brazil	33.6		0.5	34.1		34.1
Flood *Queensland*, Australia	4.7			4.7	25.2	29.8
Storm *Eberhard*, Central Europe	2.3	7.0	2.9	12.1	15.2	27.3
Sum NatCat	**40.5** (19.4)	**7.0** (11.8)	**3.4** (0.1)	**50.9** (34.8)	**40.3** (31.5)	**91.2** (66.3)
Fire/Property	25.8			25.8		25.8
Aviation	1.3			1.3	11.7	13.1
Marine					6.9	6.9
Sum other large losses	**27.2** (29.4)	**0.0** (0.0)	**0.0** (0.0)	**27.2** (29.4)	**18.6** (41.9)	**45.8** (71.3)
Total large losses	**67.7** (48.8)	**7.0** (11.8)	**3.4** (0.1)	**78.1** (64.2)	**59.0** (73.4)	**137.0** (137.6)
Pro-rata large loss budget	69.4	6.0	2.0	78.7	174.8	253.4
FY large loss budget	277.6	24.0	8.0	314.6	875.0	1,189.6
Impact on CoR: materialised large losses	10.7%pts (8.4%pts)	2.0%pts (3.4%pts)	0.4%pts (0.0%pts)	4.2%pts (3.7%pts)	2.0%pts (3.0%pts)	2.9%pts (3.3%pts)
Impact on CoR: large loss budget	10.9%pts (11.2%pts)	1.7%pts (1.7%pts)	0.2%pts (0.3%pts)	4.3%pts (4.3%pts)	6.0%pts (6.9%pts)	5.3%pts (5.8%pts)

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. No additional Q1 2019 Primary Insurance large losses (net) in Corporate Operations

Combined Ratios

	Talanx Group 2019	Talanx Group 2018	Industrial Lines 2019	Industrial Lines 2018	Retail Germany P/C 2019	Retail Germany P/C 2018	Retail International 2019	Retail International 2018	Reinsurance P/C 2019	Reinsurance P/C 2018
Q1	96.8%	97.0%	102.9%	102.3%	99.3%	99.0%	94.7%	95.0%	95.7%	95.9%

ex KuRS investments: 96.1%
(Q1 2018: 97.4%)



Poland

		2019	2018
TUiR Warta	Q1	90.7%	94.8%
TU Europa	Q1	91.0%	88.8%

Mexico

	2019	2018
Q1	96.9%	94.0%

Chile

	2019	2018
Q1	96.8%	90.3%

Brazil

	2019	2018
Q1	97.2%	98.3%

Italy

	2019	2018
Q1	91.6%	92.9%

Turkey

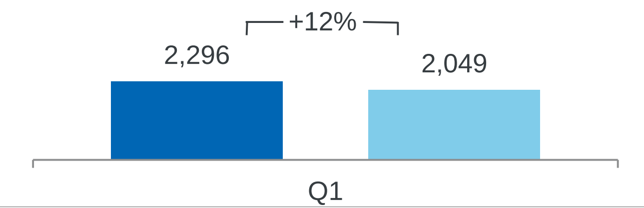
	2019	2018
Q1	109.4%	102.8%

Note: Turkey Q1 2019 EBIT of EUR 2m (+23% y/y)

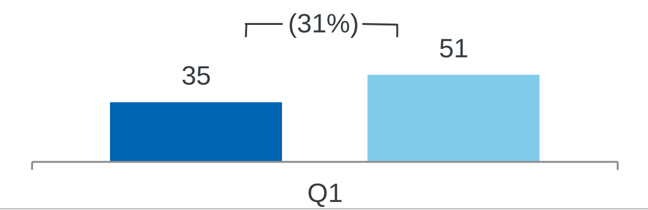
Q1 2019 – Both retail divisions and Reinsurance driving EBIT improvement

Segments – Industrial Lines

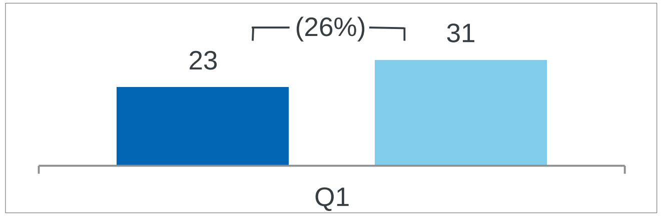
GWP



Operating result (EBIT)



Net income



Retention rate in %

Q1: 56.1 (2019) | 60.3 (2018)

Combined ratio in %

Q1: 102.9 (2019) | 102.3 (2018)

RoE in %

Q1: 3.7 (2019) | 5.5 (2018)

- GWP up by 12.1% (currency-adj.: +10.6%); material increase driven by ~EUR 270m from consolidation of HDI Global Specialty joint venture
- Increase in NPE smaller (+8.7%) given the phase-in of divisional self-retention in specialty business
- As a consequence, divisional self-retention of 56.1% down vs. Q1 2018 (60.3%); also some dampening effects from reinstatement premiums

- Large losses of EUR 67.7m within the quarterly large loss budget. Positive run-off result of EUR 6m (Q1 2018: EUR -30m)
- Adjusted for loss adjustment on a very late December 2018 Property claim, quarterly combined ratio at around 100%
- Other result affected by EUR -6m currency loss (Q1 2018: EUR +1m) and by EUR -6m resulting from first-time recognition of HDI Global Specialty

- Tax ratio of 28.8% somewhat lower than in Q1 2018 (36.6%), given a positive one-off effect (high single-digit EURm) in tax-free net investment income
- "20/20/20" initiative ahead of initial plan, targeted to bring the divisional CoR to ~100% in 2019. As of 30 April 2019, 87% of minimum target locked in

EURm, IFRS ■ **2019** ■ **2018**

On track to reach ~100% combined ratio in FY 2019

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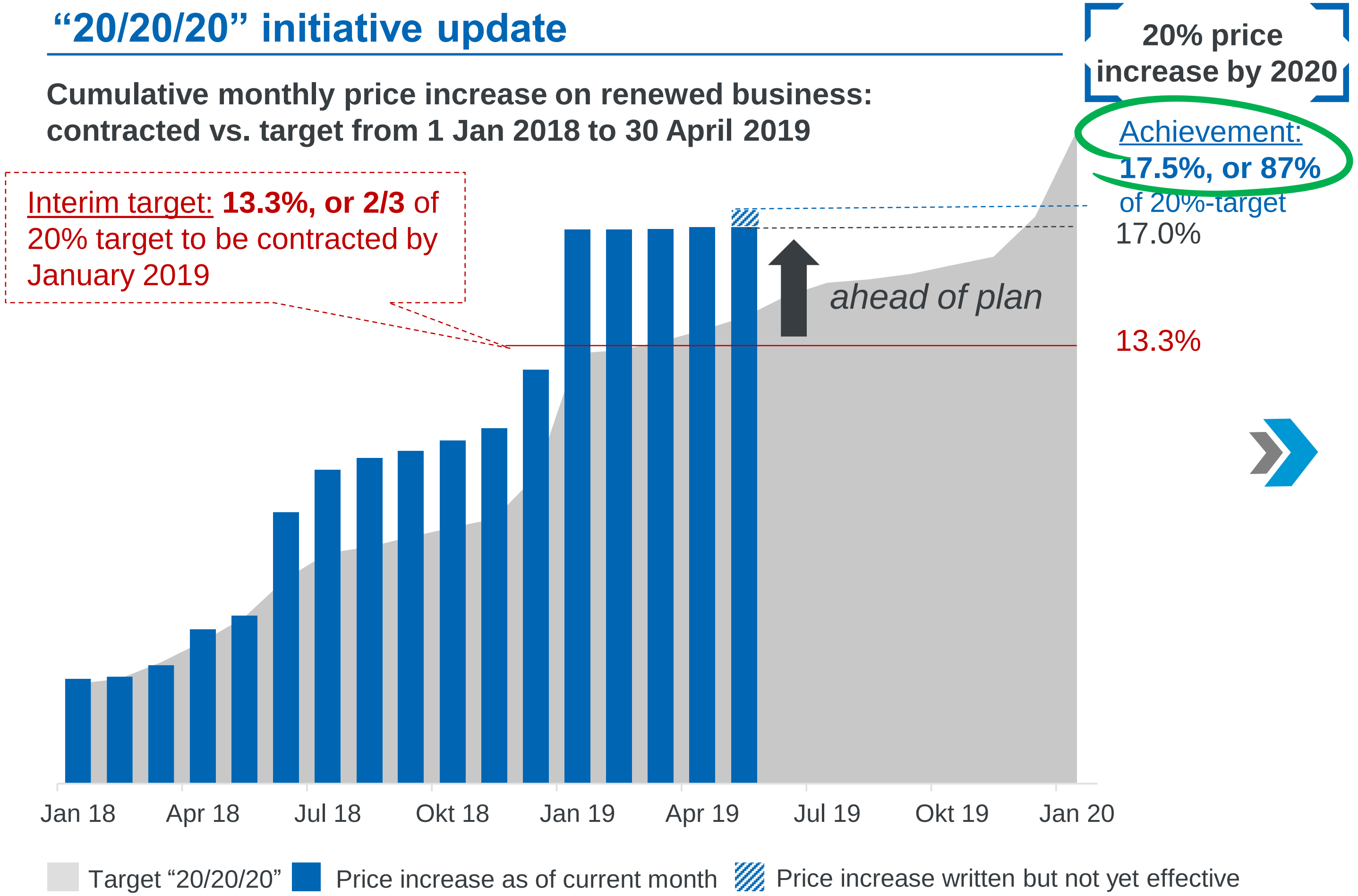
"20/20/20" initiative ahead of plan – Close to 90% of minimum target locked in

"20/20/20" initiative update

Cumulative monthly price increase on renewed business: contracted vs. target from 1 Jan 2018 to 30 April 2019

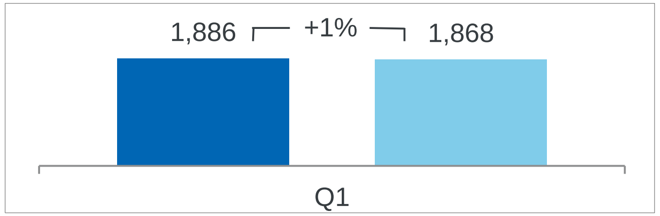


Note: 20% price increase from 1 Jan 2020 derives from 15% premium increase + 5% premium-equivalent measures.
Premium base defined as total premiums on 1 Jan 2018 minus dropped business plus premium increase.

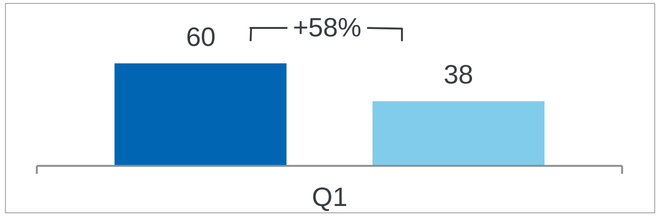
- 87% of minimum target locked in (17.5%pts. of 20%)
- P/L impact mainly in 2019
- Premium base so far broadly stable: ~ EUR -85m, or ~ -9% (net effect)

Segments - Retail Germany Division

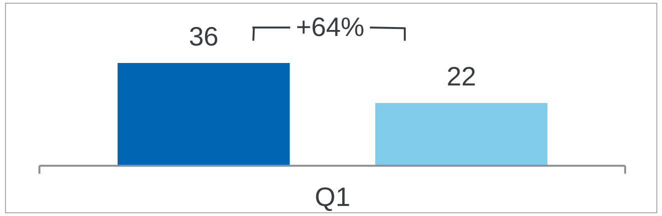
GWP



Operating result (EBIT)



Net income



Retention rate in %

	2019	2018
Q1	94.4	93.8

Combined ratio in %

	2019	2018
Q1	99.3	99.0

RoE in %

	2019	2018
Q1	5.9	3.7

- Top-line growth, in aggregate as well as in both segments, namely Life and P/C
- GWP up +0.9% y/y, NPE up +1.3%

- KuRS costs affected the division in total by EUR 14m in Q1 2019 (Q1 2018: EUR 9m). The impact on EBIT was EUR 12m (Q1 2018: EUR 6m)
- Q1 2019 EBIT up by close to 60%, driven by P/C as well as by Life. Higher EBIT in P/C due to profitable growth and good progress in KuRS programme

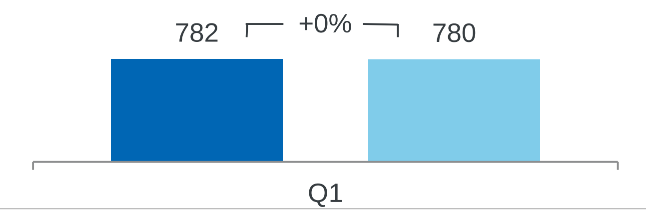
- Despite the slight increase in tax rate to 35.1% (+0.8%pt), net income improved materially to EUR 36m (Q1 2018: EUR 23m) – somewhat above the pro-rata share of our FY 2019 expectations

EURm, IFRS **2019** **2018**

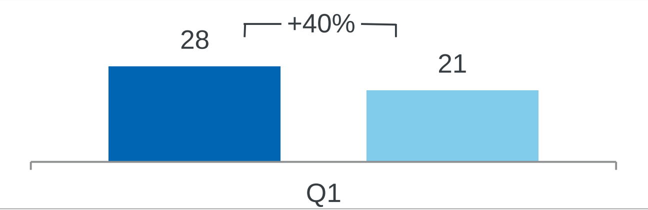
Material improvement in profitability despite acceleration of KuRS projects

Segments - Retail Germany P/C

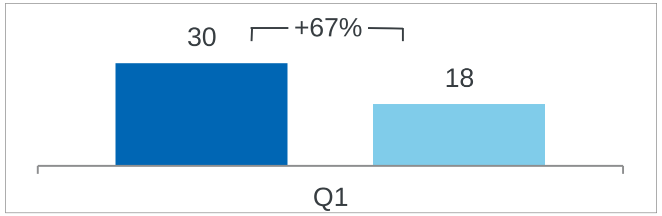
GWP



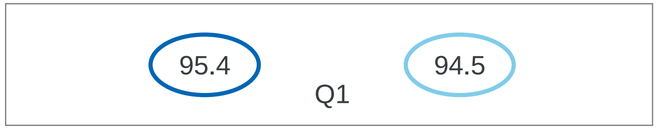
Investment income



Operating result (EBIT)



Retention rate in %



Combined ratio in %

EBIT margin in %

- Q1 2019 GWP up by 0.2% y/y, benefiting from business growth with SMEs/self-employed professionals
- NPE growth higher at +2.8% y/y

- KuRS continues to run ahead of plan. Q1 2019 at 99.3% marginally higher than last year, given the accelerated spending to shut down legacy IT systems
- Combined ratio impacted by EUR 11m costs for KuRS programme (Q1 2018: EUR 6m). Adjusting for these, the combined ratio declined to 96.1% (Q1 2018: 97.4%)

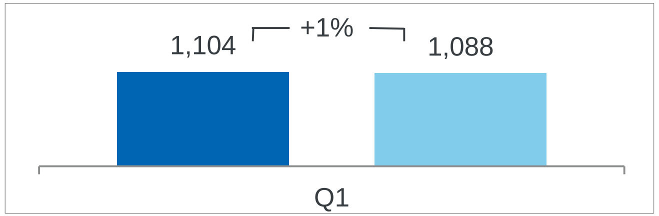
- Q1 2019 investment result up by EUR 8m, equally driven by ordinary and extra-ordinary investment gains
- Slight improvement in “other income/expenses” to EUR -1.5m (+ EUR 4m) vs. Q1 2018 due to a positive insurance premium tax true-up
- 67% increase in EBIT to EUR 30m (Q1 2018: EUR 18m). EBIT somewhat above the pro-rata share of our FY 2019 expectations

EURm, IFRS **2019** **2018**

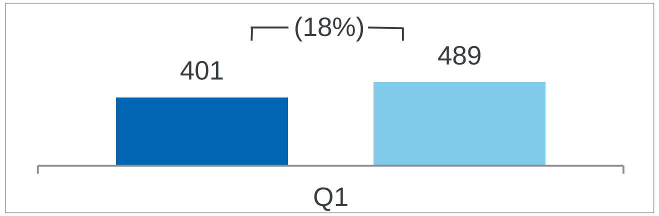
Underlying combined ratio further improved – strong start into the year

Segments - Retail Germany Life

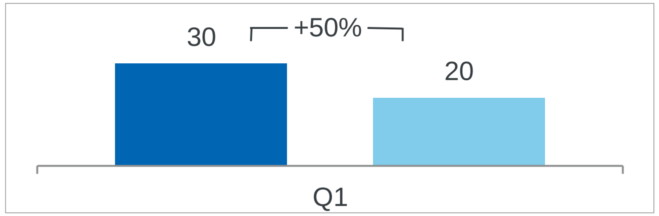
GWP



Investment income



Operating result (EBIT)



Retention rate in %

	2019	2018
Q1	93.5	93.2

RoI in %

	2019	2018
Q1	3.3	4.2

EBIT margin in %

	2019	2018
Q1	3.8	2.4

- Most recent uptick in sales now translating into 1.5% increase in GWP
- Premium increase driven by single premium business and by biometric risk protection

- Q1 2019 investment result down (-18.2% y/y), driven by the lower extraordinary gains required to fund the ZZR allocation under the new regulatory regime; ordinary investment result slightly up (+0.5%)
- ZZR build-up – according to HGB – of EUR 61m significantly below previous year‘s level (Q1 2018: EUR 238m). Total ZZR stock at close to EUR 3.4bn

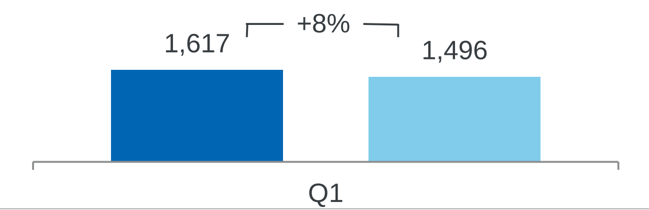
- Change in ZZR allocation policy P&L neutral
- Q1 2019 EBIT markedly up, also resulting in the improved EBIT margin of 3.8% (+1.4%pts)
- Improvement inter alia driven by biometric top-line growth and cost management

EURm, IFRS **2019** **2018**

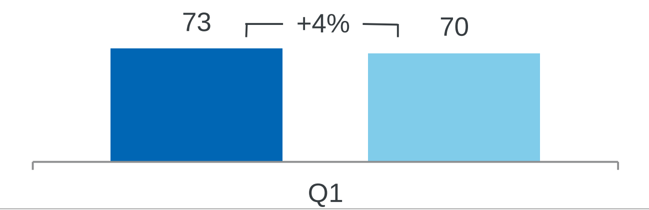
Back to top-line growth at an improved profitability

Segments - Retail International

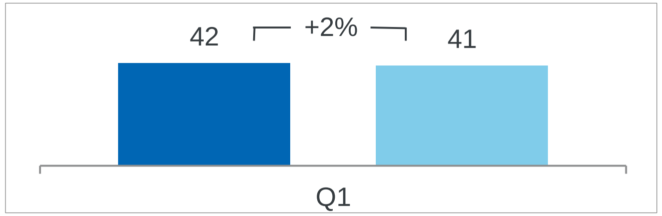
GWP



Operating result (EBIT)



Net income



Retention rate in %

	2019	2018
Q1	91.1	91.3

Combined ratio in %

	2019	2018
Q1	94.7	95.0

RoE in %

	2019	2018
Q1	8.7	8.2

- GWP up by 8.1% y/y (curr.-adj.: +11.8%), reflecting the growth in Europe (+7.7% y/y;curr.-adj.+10.5%) and Latin America (+10.4% y/y; +16.7%)
- Top-line in P/C up by 5.3% y/y (curr.-adj. +10.6%), mainly driven by Mexico and Turkey
- GWP in Life +13.0% (curr.-adj. +13.9%), driven by strong Italian single premium business

- Combined ratio down by 0.3%pts y/y to 94.7%, driven by further improvement in loss ratios, namely in Poland and Brazil
- EBIT grew by 4.5% y/y (curr.-adj. +8.4%), reflecting significantly higher profit contribution from the P/C business at Warta (Poland)

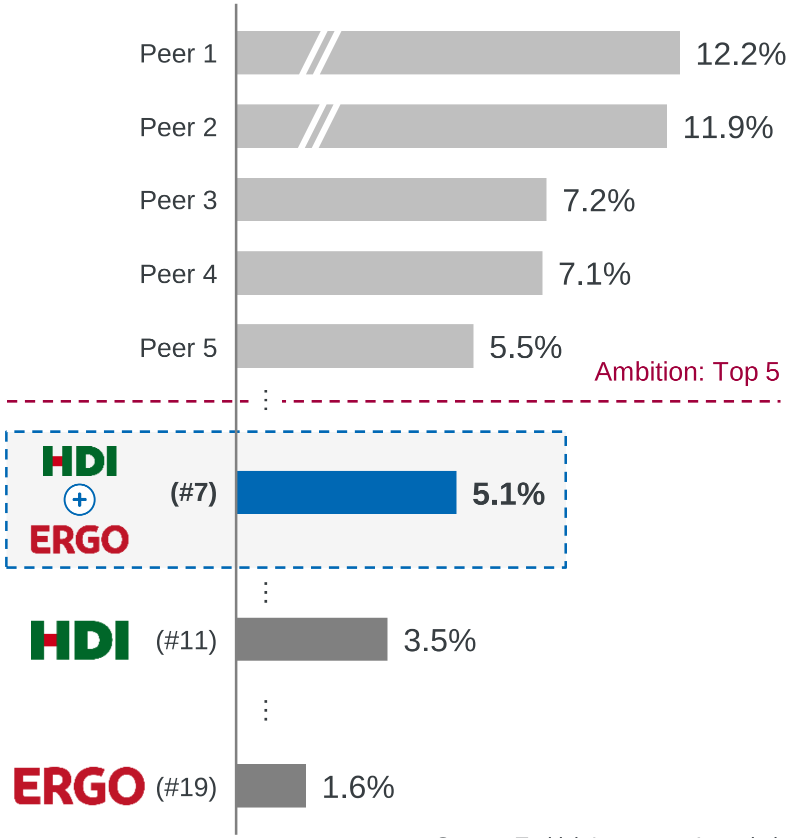
- Net income up by 2.4% y/y to EUR 42m
- RoE increased by another 0.5%pts y/y to an annualised 8.7%

EURm, IFRS ■ **2019** ■ **2018**

Retail International continues its profitable growth

Retail International: Acquisition in Turkey with significant synergy potential

Market share (P/C plus health business)



Source: Turkish Insurance Association (TSB)

Key figures[1] and takeover rationale

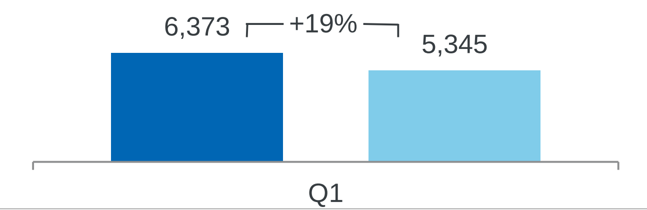
2018	HDI	ERGO	HDI + ERGO pro forma
GWP (in EURm)	278	139	**>400**
Combined ratio[1]	110%	123%	**<110%[2]**
Agents	2,000	1,500	**>3,000[1]**

- Attractive anti-cyclical investment in HDI International core market
- #5 market position now within close reach
- Strengthening of motor own damage (combined market share 8.8%) and non-motor business (4.5%) improves portfolio mix
- Significant synergy potential expected to result in earnings accretion from year 2
- Signed on 2 May 2019; closing expected for Q3 2019; full merger to be completed in 2020

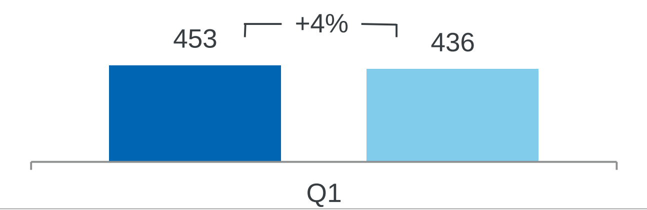
1 All figures according to local GAAP (source: TSB), except combined ratio HDI, which is according to IFRS. Business is profitable after yields on investments of currently over 20%. Some agents work for both companies.
2 Outlook after assumed realisation of synergies for combined entity.

Segment - Reinsurance

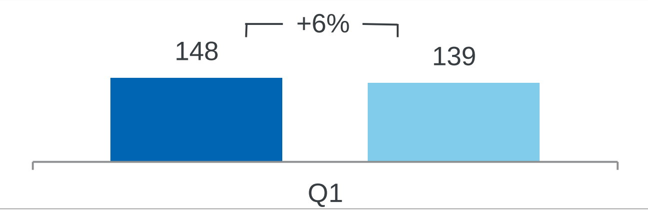
GWP



Operating result (EBIT)



Net income



Retention rate in %

Q1: 90.4 | 91.3

Combined ratio in %

Q1: 95.7 | 95.9

RoE in %

Q1: 13.1 | 13.5

- GWP up by 19.2% (currency-adj. +16.1%), growth driven by increased demand for reinsurance
- Net premiums earned are up by +15.3% on a reported basis and grew by +12.7% on a currency-adjusted basis

- Q1 2019 EBIT up by 3.9% y/y, supported by strong technical result in P/C and by favourable investment income
- Increased ordinary investment income
- Assets under management up by 4.9% vs. Dec 2018 to more than EUR 44bn

- Q1 2019 net income up by +6.5% y/y
- Return on equity for Q1 2019 at 13.1% (-0.4%pt vs Q1 2018), well above minimum target

EURm, IFRS **2019** **2018**

RoE well above target despite further increase in shareholders' equity

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Net investment income

Net investment income Talanx Group

EUR m, IFRS	Q1 2019	Q1 2018	Change
Ordinary investment income	**870**	**851**	**+2%**
thereof current investment income from interest	691	675	+2%
thereof profit/loss from shares in ass. companies	12	3	>+100%
Realised net gains/losses on investments	84	264	(68%)
Write-ups/write-downs on investments	(38)	(42)	+10%
Unrealised net gains/losses on investments	65	(6)	n/a
Investment expenses	(60)	(59)	(2%)
Income from investments under own management	**920**	**1,008**	**(9%)**
Income from investment contracts	**0**	**(0)**	**n/a**
Interest income on funds withheld and contract deposits	**68**	**55**	**+23%**
Total	**988**	**1,063**	**(7%)**

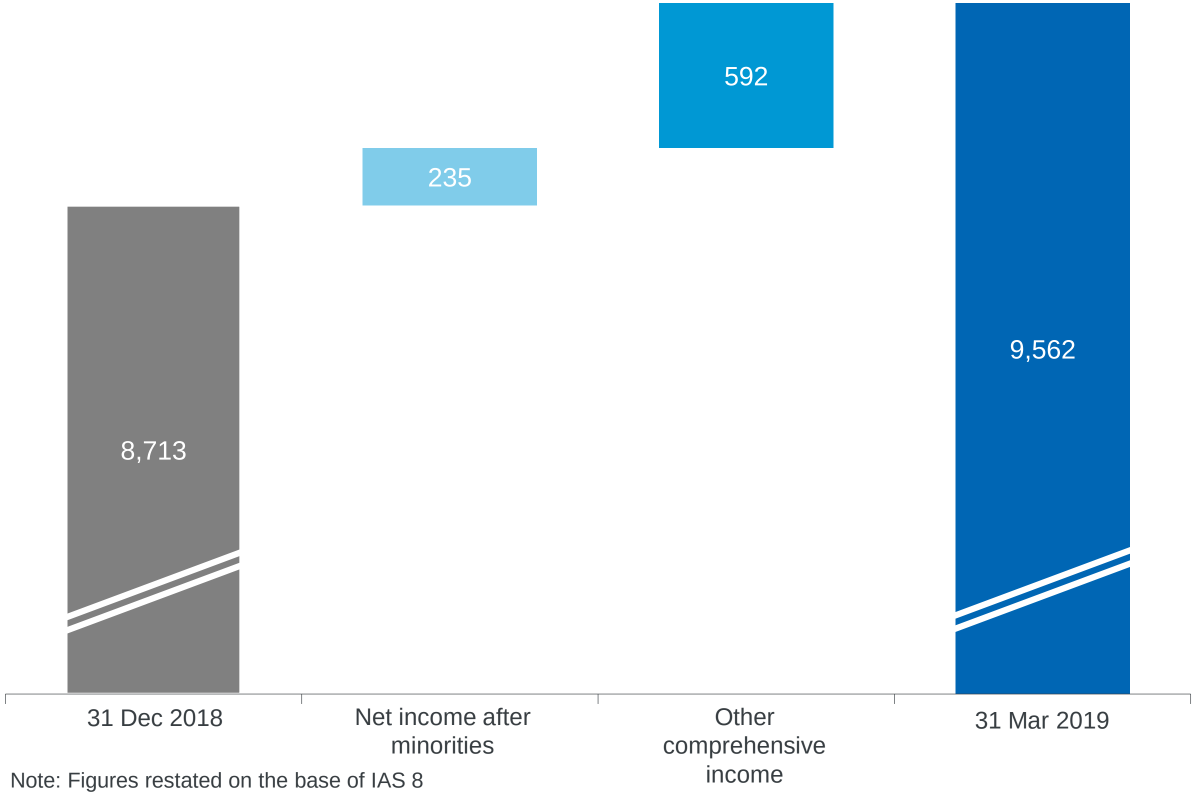
Comments

- Ordinary investment income slightly up, driven by higher investment result on the back of higher assets under management
- Realised net investment gains down by EUR 180m y/y to EUR 84 in Q1 2019, partly as a result of lower extraordinary gains in Retail Germany due to the new ZZR regime. Q1 2019 ZZR allocation significantly lower at EUR 61m (Q1 2018: 238m)
- Q1 2019 RoI down to 3.2% (Q1 2018: 3.7%), 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. No plans to deviate from our low-beta strategy

Slight increase in ordinary investment income – gains from realisations down

Changes in equity

Shareholders‘ equity, in EURm



Note: Figures restated on the base of IAS 8

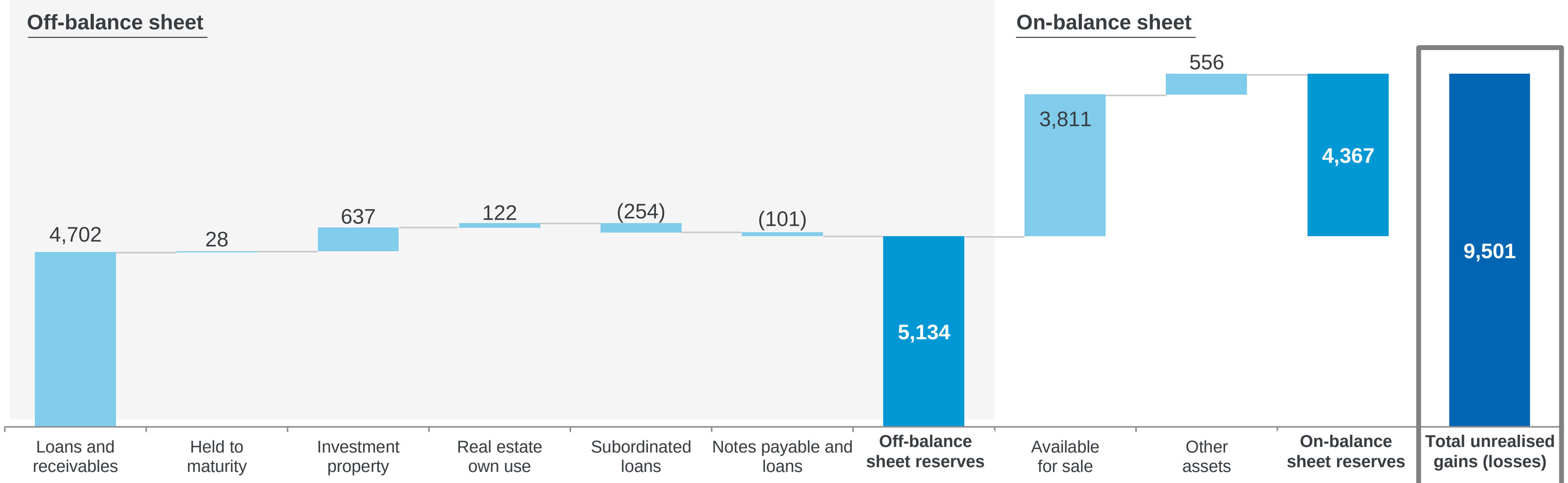
Comments

- Shareholders’ equity rose to EUR 9,562, EUR 849m above the level of Dec 2018 and EUR 874m above March 2018
- Strong increase in OCI during Q1 2019 primarily caused by positive effect of interest rates and spreads on bond values
- Book value per share up 10% to EUR 37.82 from Dec 2018 (EUR 34.47), excl. goodwill up 11% to EUR 33.61 from EUR 30.28

Shareholders’ equity materially up, primarily reflecting higher OCI

Unrealised gains of EUR 9.5bn

Unrealised gains and losses (off- and on-balance sheet) as of 31 March 2019 (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 18	3,809	29	677	120	(157)	(107)	**4,371**	1,855	549	**2,404**	**6,775**

Δ market value vs. book value

Note: Shareholder contribution estimated based on historical profit sharing pattern

Off-balance sheet reserves of ~ EUR 5.1bn – EUR 404m (EUR 1.60 per share) attributable to shareholders (net of policyholders, taxes & minorities)

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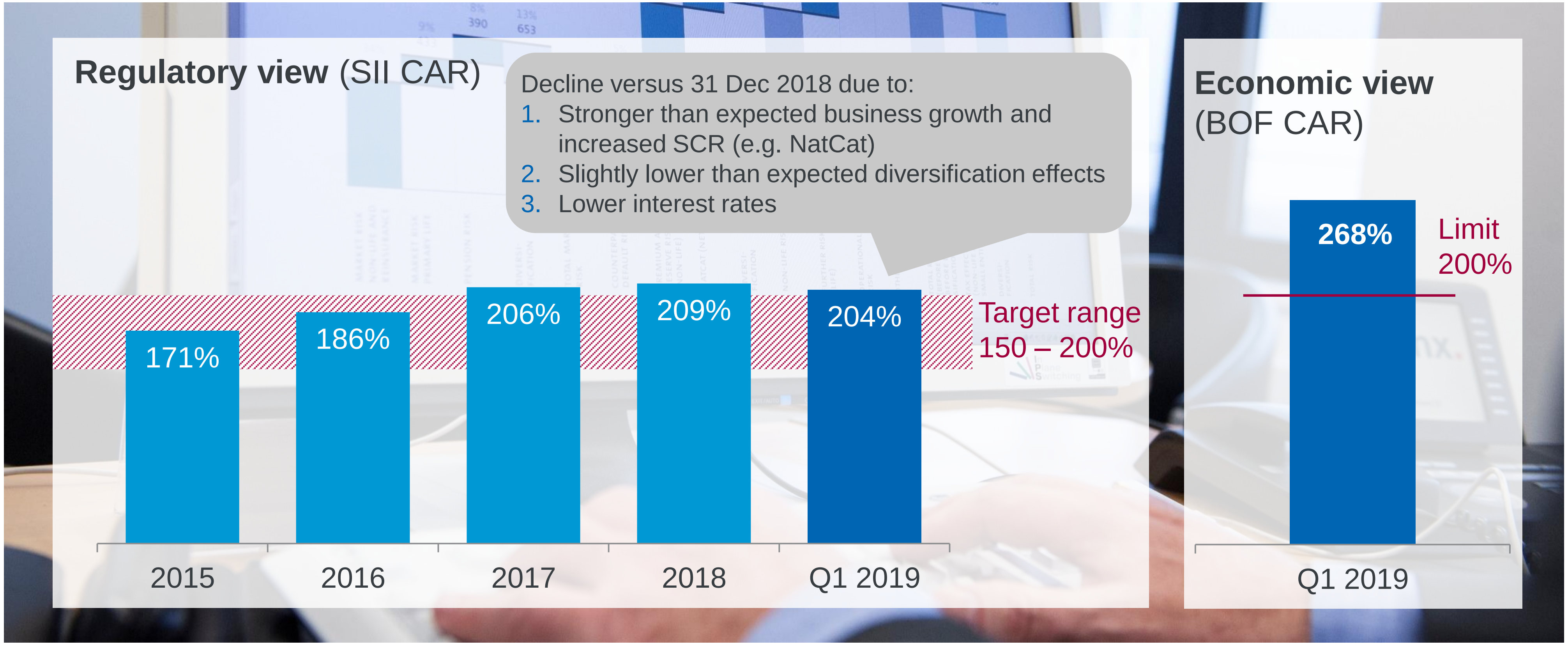
Solvency II capital at very solid level

Development of Solvency II capitalisation (excl. transitional measures)



Note: Solvency II ratios at period end, relating to HDI Group as the regulated entity, excluding the effect of transitional measures. Solvency II ratio for Q1 2019 including transitional measures: 241% (FY 2018: 252%).

Outlook 2019 for Talanx Group

		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

- 12 August 2019
  6M 2019 Results
- 11 November 2019
  9M 2019 Results
- 20 November 2019
  Capital Markets Day in Frankfurt

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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 2018 Chapter "Enterprise management", pp. 26 and the following, the "Glossary and definition of key figures" on page 262 as well as our homepage http://www.talanx.com/investor-relations/ueberblick/midterm-targets/definitions_apm.aspx