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Insurance. Investments.

mBank / Commerzbank
European Financials Conference

Bernt Gade and Carsten Fricke, Investor Relations
Warsaw, 1 October 2019

Talanx Group

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Industrial Lines	Retail Germany	Retail International	Reinsurance	Services
	Non-Life / Life		Property & Casualty / Life & Health	
HDI	HDI	HDI	hannover re	ampega. Talanx Investment Group
	TARGO•VERSICHERUNG Schutz und Vorsorge	warta.	e+s rück	talanx. Reinsurance Broker
	PB Versicherungen Partner der Postbank	EUROPA UBEZPIECZENIA		
	neue leben Versicherungen	Posta Biztosító		
	LifeStyle Protection	CiV Life		

Agenda

Key messages from our Capital Markets Day 2018

- 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

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

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

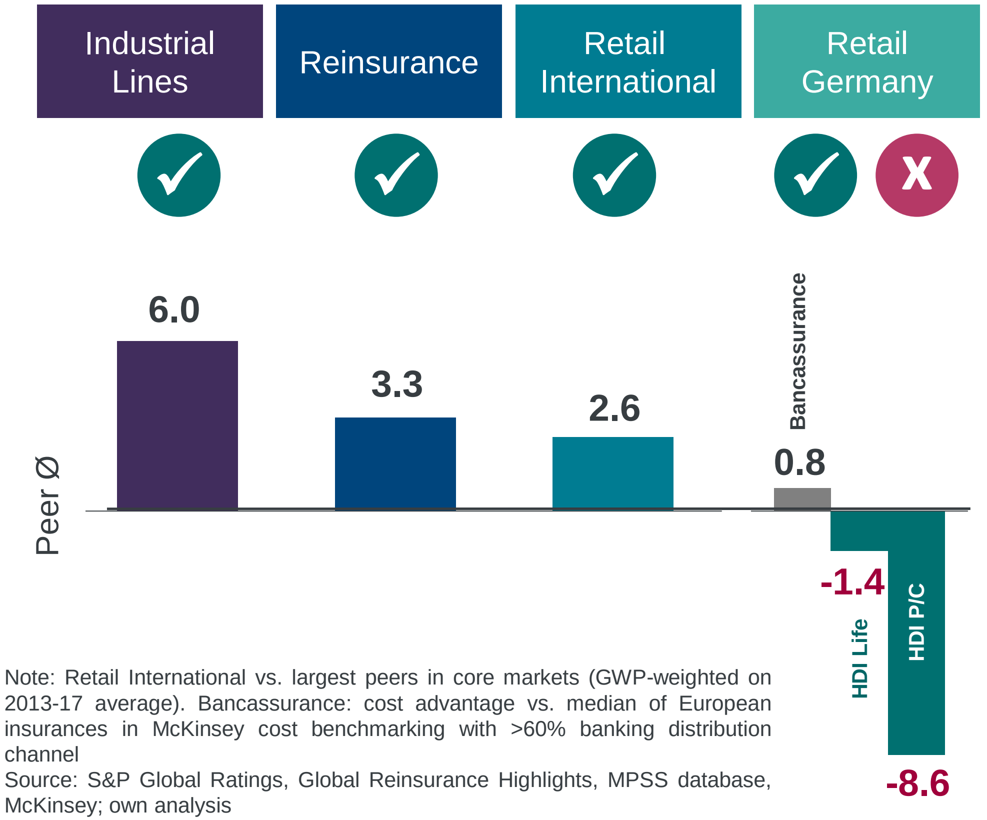
3 Digital transformation

1 Strengthen – Entrepreneurial culture

Entrepreneurial culture – Basis for cost leadership and profitable growth …

Cost leadership in 3½ out of 4 divisions

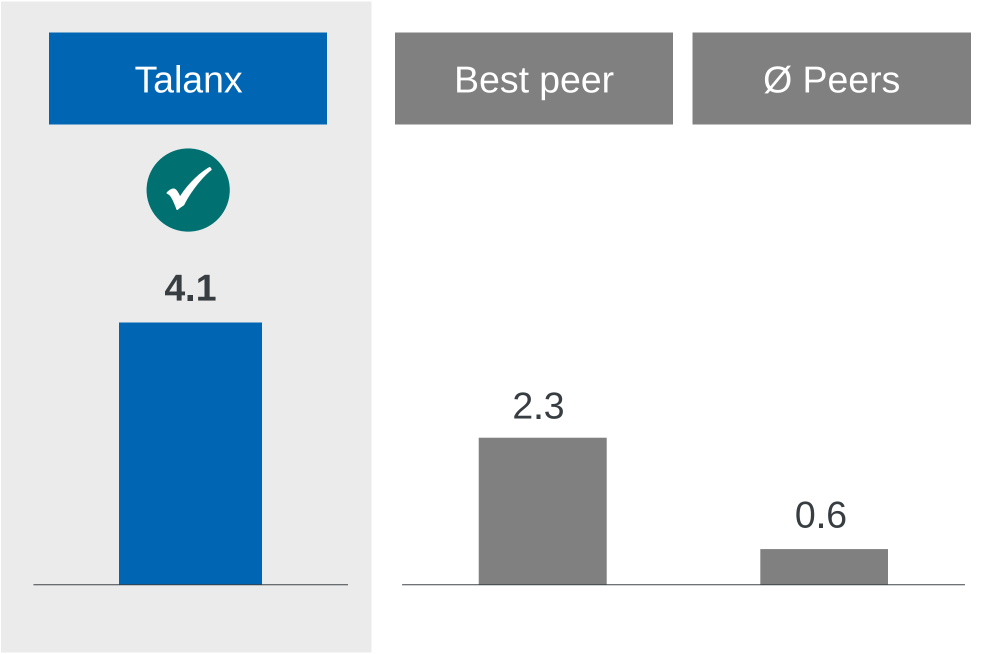
Cost ratio advantage (net) of divisions compared to peer Ø (2013 – 17) (in %-pt)



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 %)

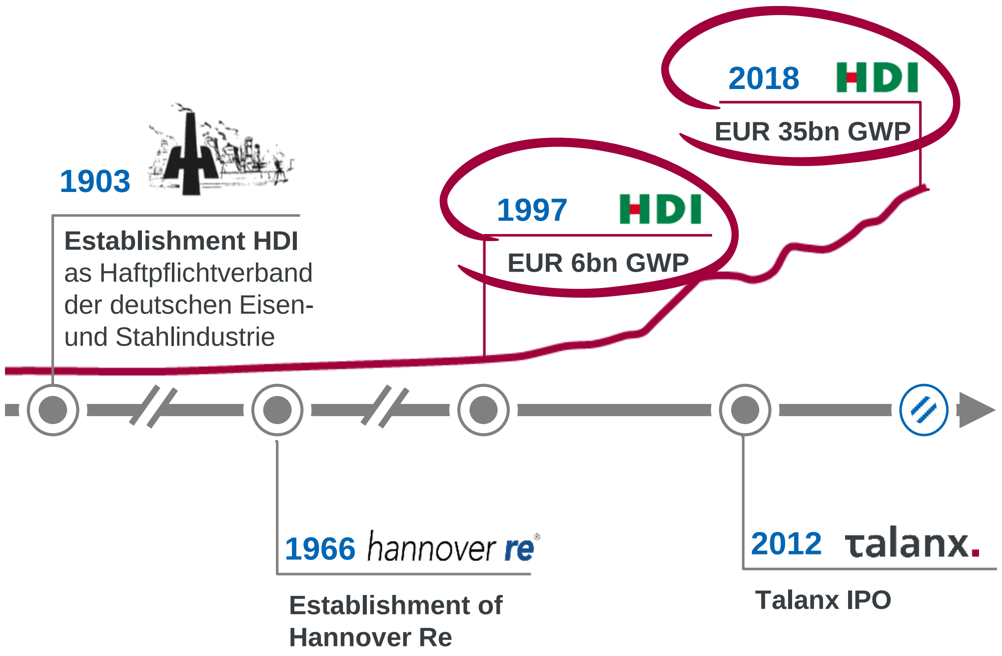


Note: Peer average GWP-weighted. Own calculations based on Annual Reports

1 Strengthen – Entrepreneurial culture

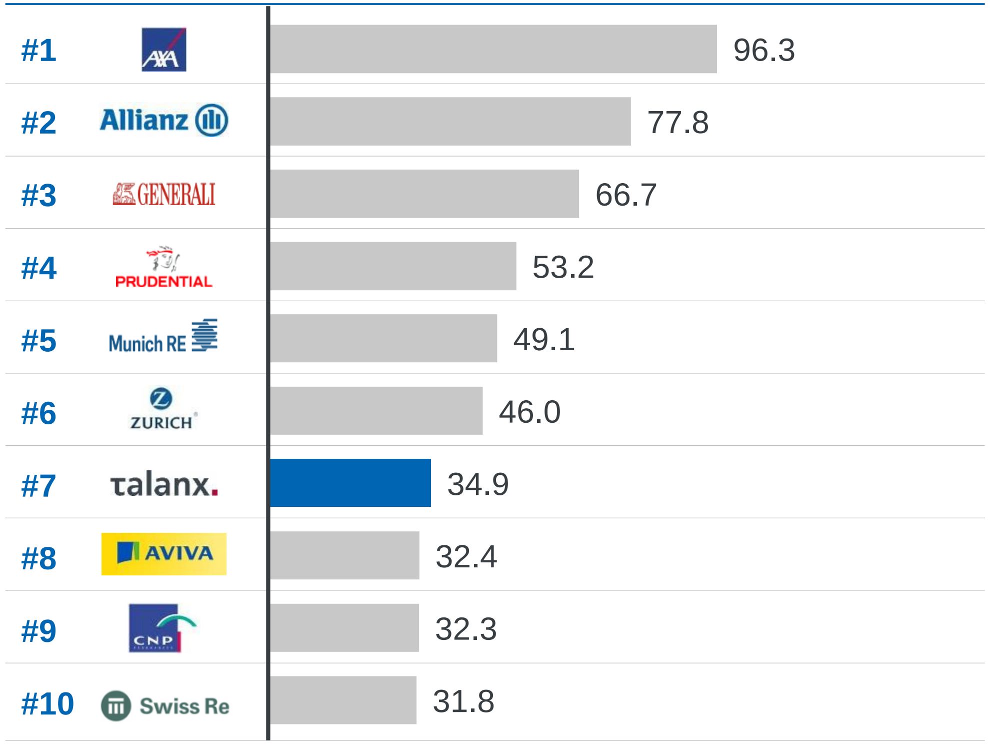
… leading to #7 market position in Europe

115 years of successful HDI / Talanx history



Talanx ranked #7 among Top 10 European insurers

GWP 2018, in EURbn



Note: Prudential data based on earned GWP

2 Strengthen – B2B focus

Our 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 Stahlrohre

Leading provider in Germany

B2B Focus – >80% of GWP in B2B business

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

Bancassurance

Postbank, Sparkasse, Targobank, 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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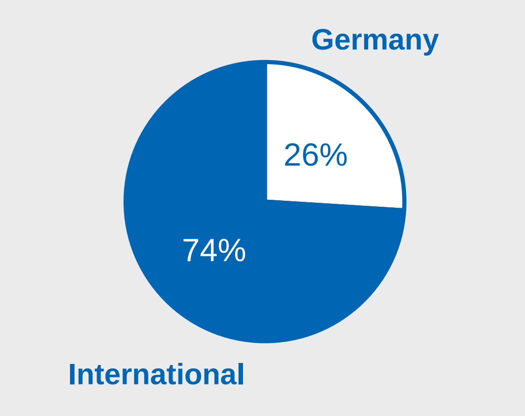
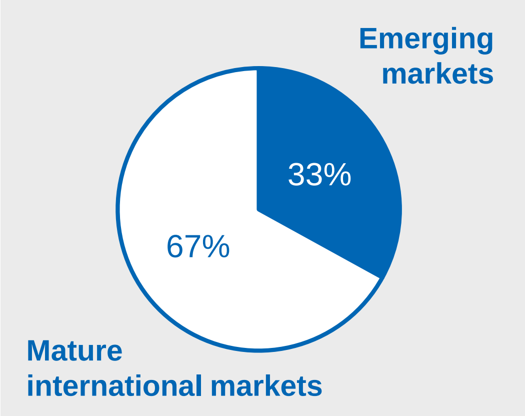
3 Strengthen – Diversified portfolio

Our diversified portfolio as basis for earnings resilience

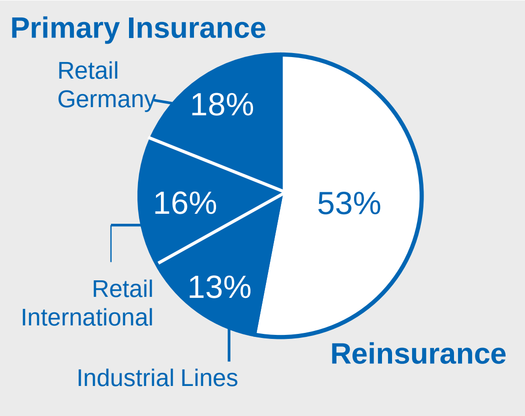


Strong international footprint

High share of growth markets

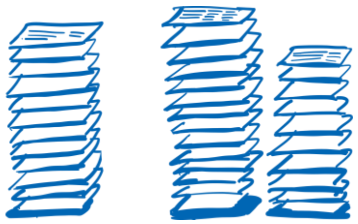


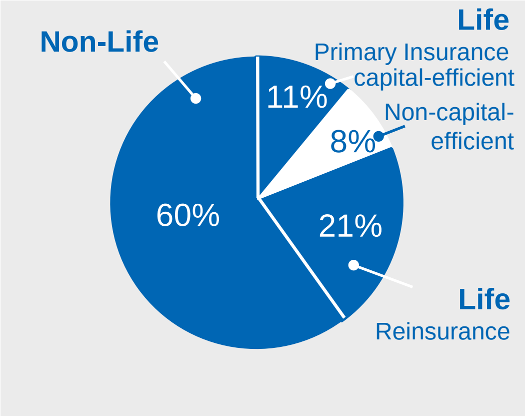
Diversified portfolio



Balanced business mix

Favourable product mix





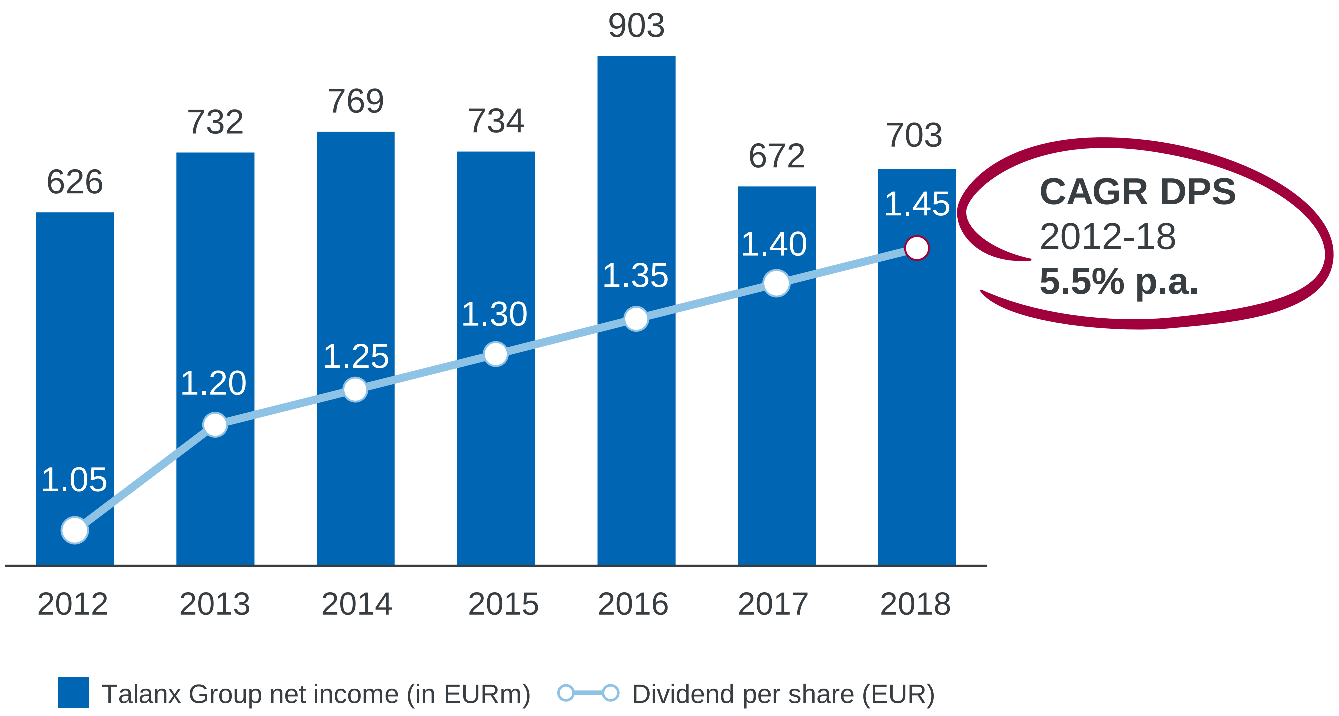
Note: All figures refer to GWP 2017 of Talanx Group; growth market split refers to international portfolio only

Strengthen

Outcome – Earnings resilience is 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

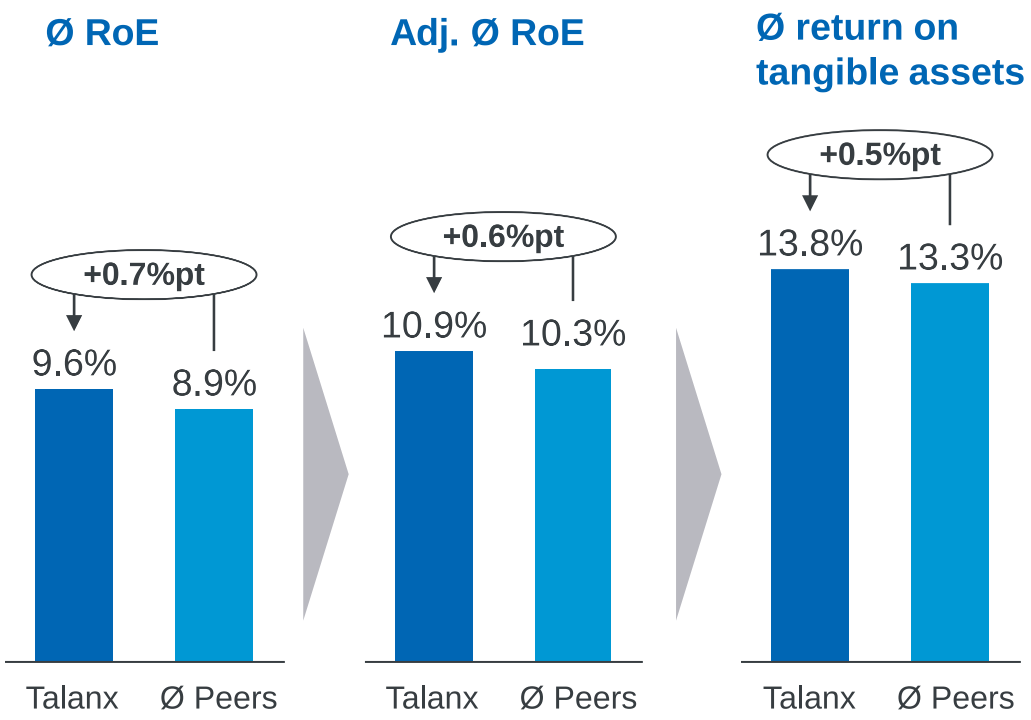
Dividend yield

Dividend yield on
2018 average share price

Strengthen

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

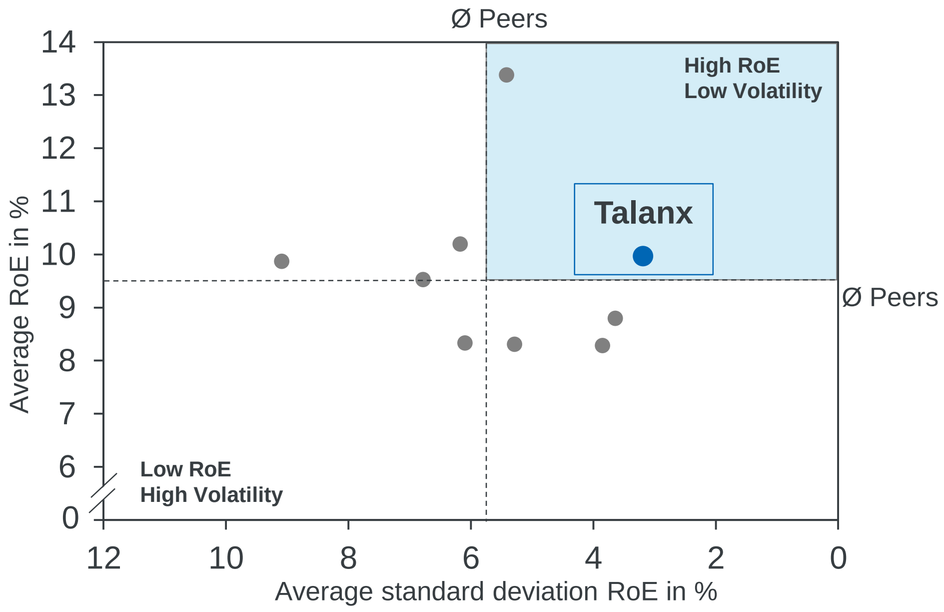
RoE above peer average 2012 - 2017



Note:
Adjusted 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)

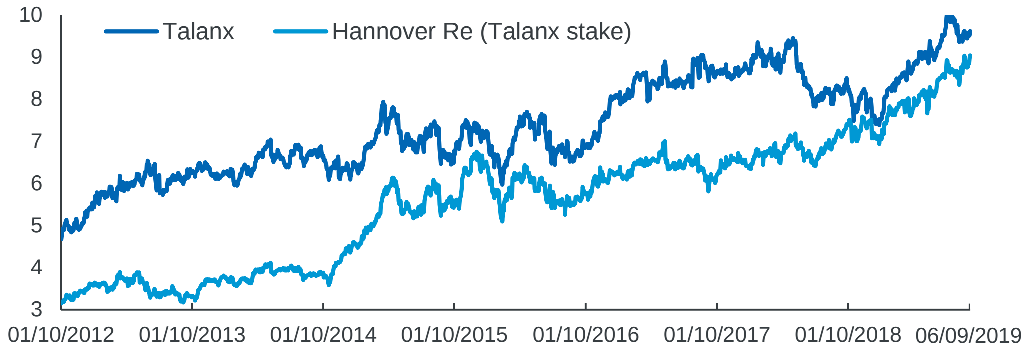


Note: Own calculations. RoE based on the ratio of net income (excl. minorities) and average shareholders' equity
Source: RoE 2001-2010 KPMG; 2011-2017 annual reports

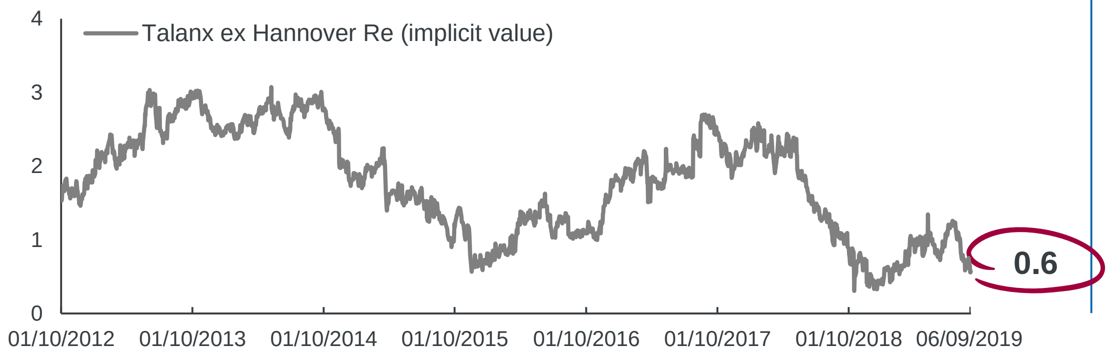
Develop

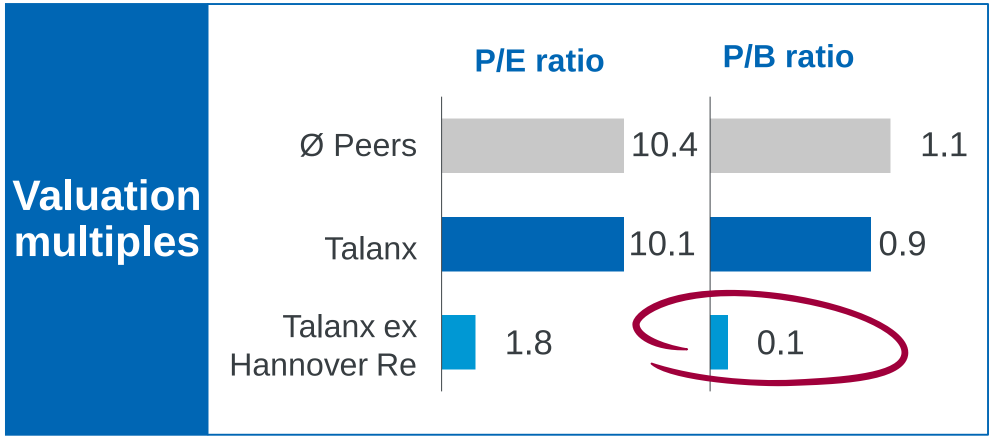
…however, cautious valuation of Talanx ex Hannover Re

Market cap development



Implicit market cap Talanx ex Hannover Re stake





Note: Multiples as of 9 September 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

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

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 2012 - 2017

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

Consistent and efficient capital allocation to high RoE business…

… supports strong and profitable growth

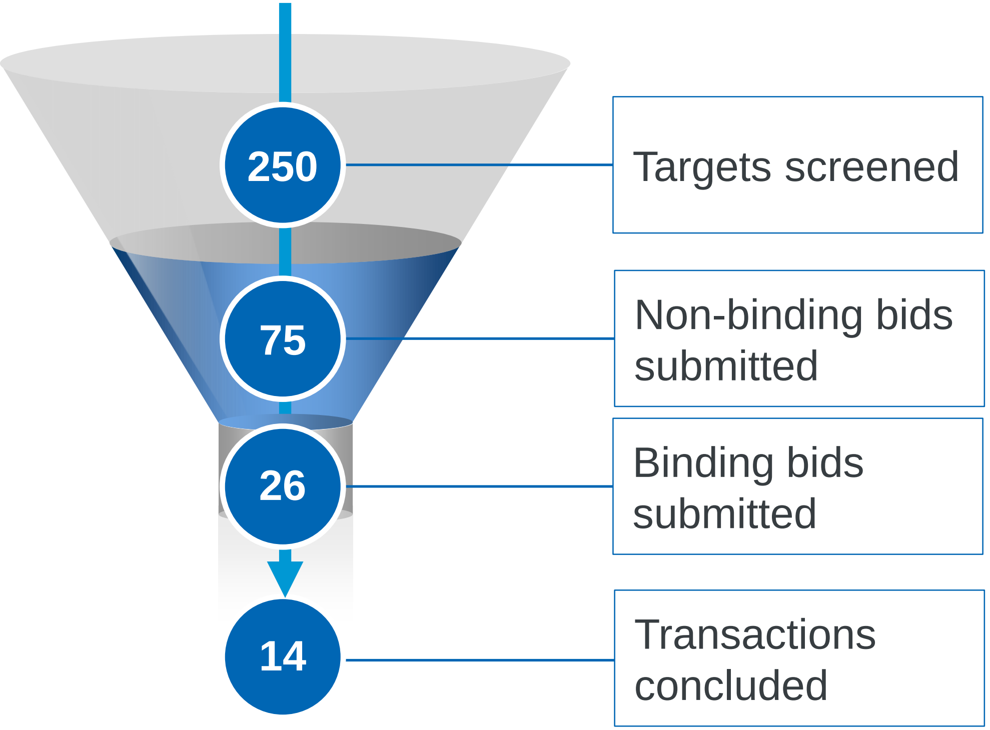
1 Develop – Enhanced capital management

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" means an increase of Talanx's earnings per share

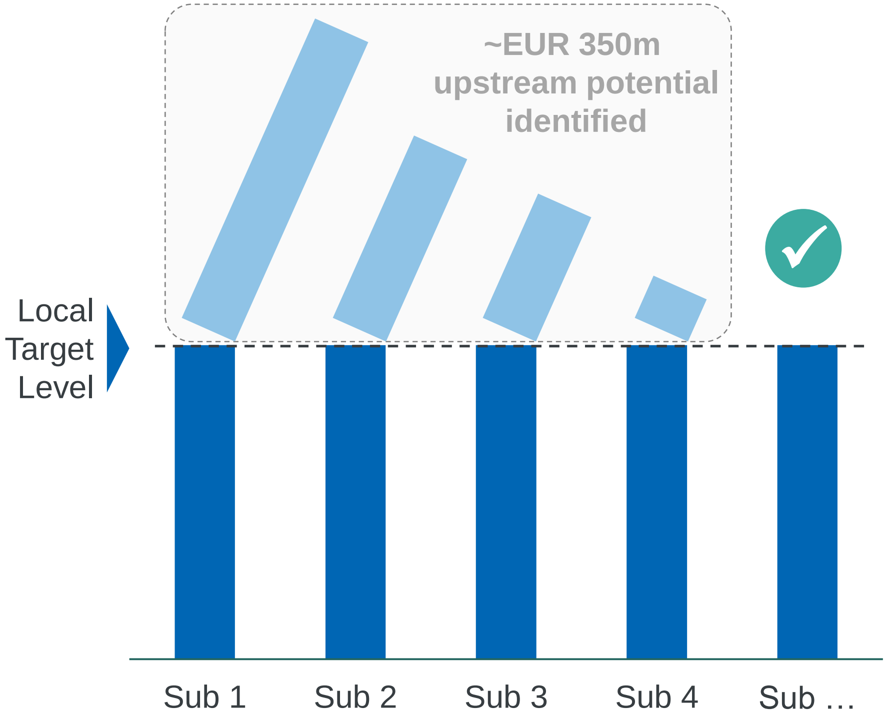
1 Develop – Enhanced capital management

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

Reduce local excess capital

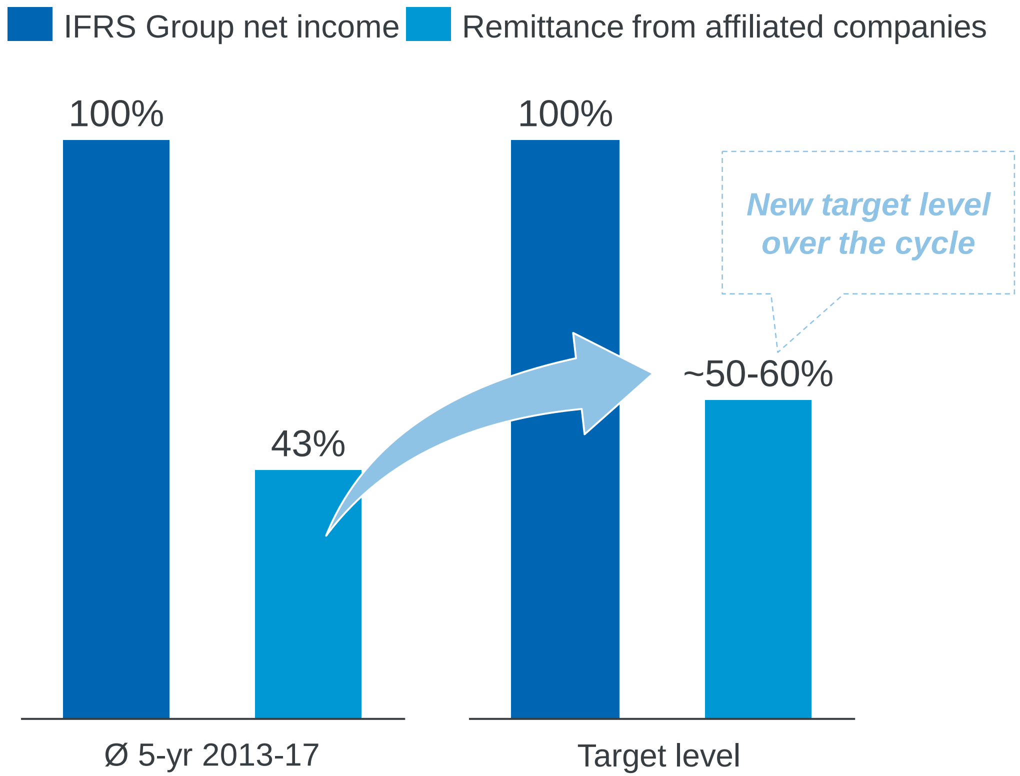
Solvency ratio (%)

Illustrative



Increase cash upstream to Talanx Group

Ø 5-yr remittance ratio (2013-17)



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% in 2020 (“20/20/20”)
- Continue profitable foreign growth
- Growth initiative in Specialty
- Drive digital transformation

RoE ambition 8-10%

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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 – 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"

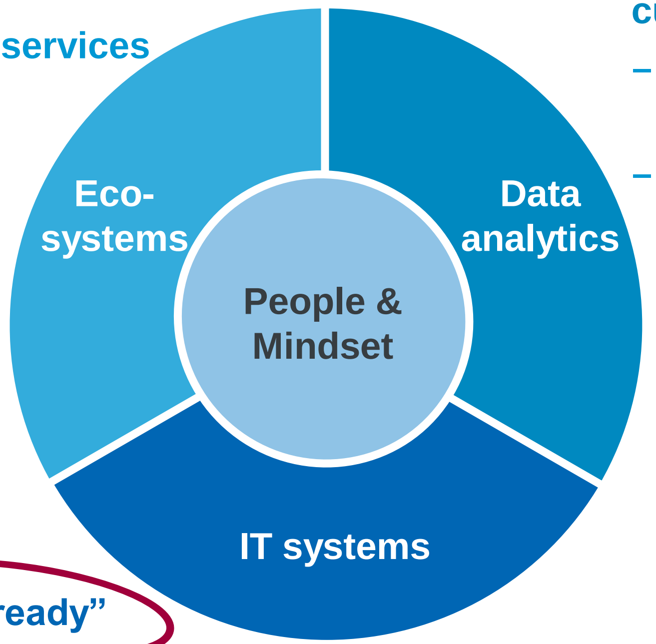
Our focused approach

"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)

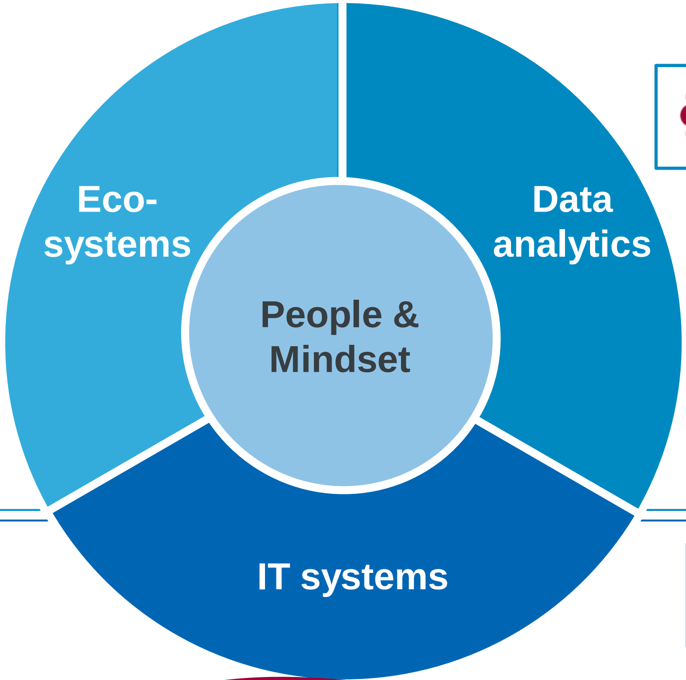
3 Develop – Digital transformation

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

Agenda

1 Enhanced capital management

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

Capital steering matrix & KPIs

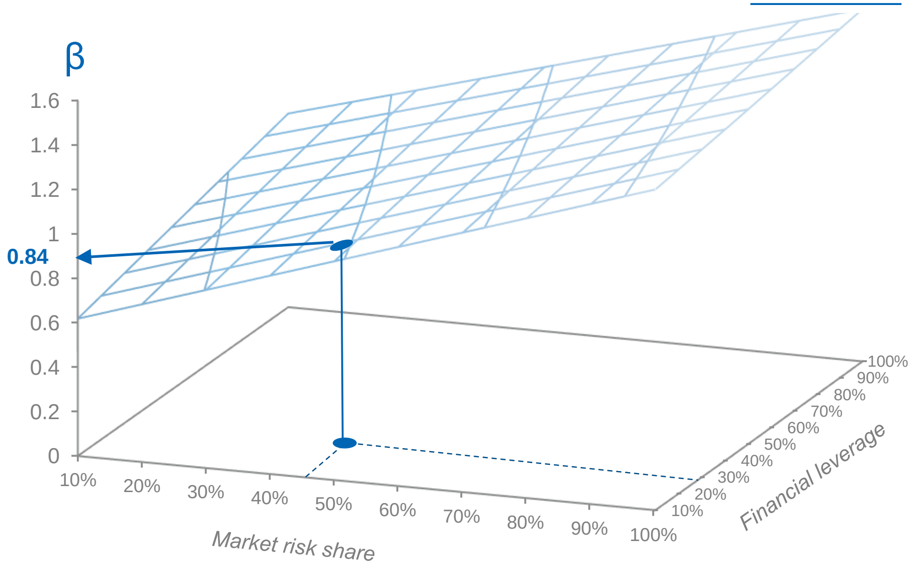
RoE = IFRS net income / IFRS Ø equity	RoE hurdle rate		Cost of Equity
Group	800bps above risk-free according to Group strategy	≥	According to market-risk exposure, reflected in Group beta ***CoE =*** ***rf + β x ERP + frictional cost***
	Σ Divisions ≥ Group		Σ Divisions ≥ Group
Divisions	Divisional target 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%

Illustrative



Note: Calculation for FY 2018

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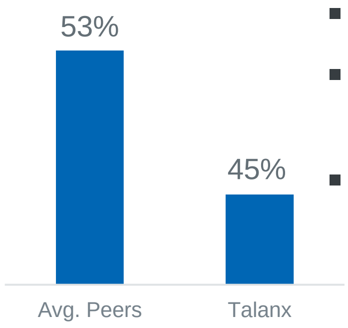
1 Enhanced capital management

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

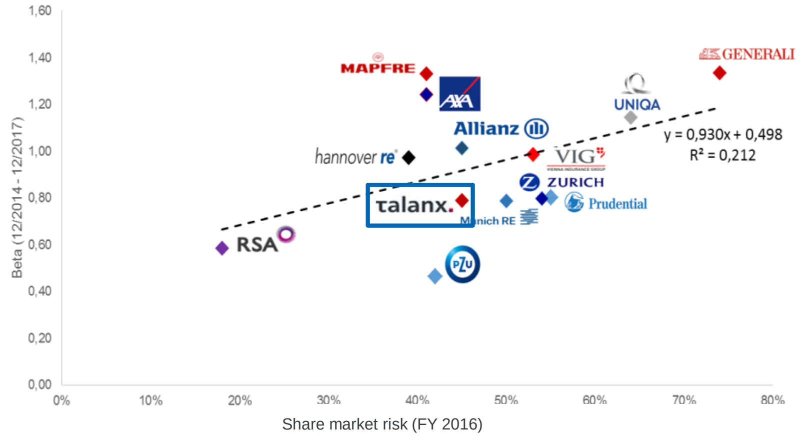
DEEP DIVE BETA

Prudent market risk

Market risk share



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

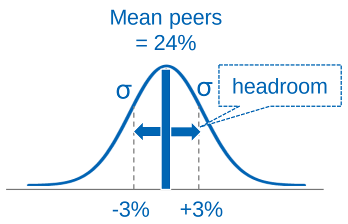


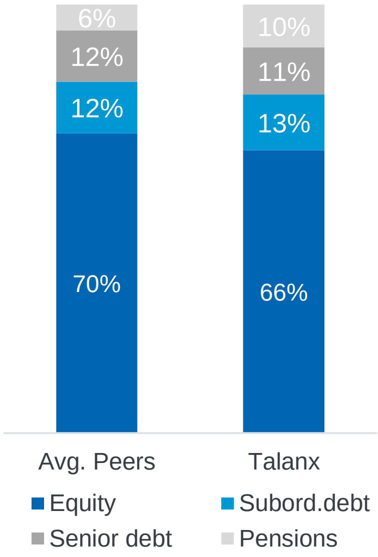
Source: Bloomberg, own calculation

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

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

Cost of Equity calculation

Consistent and more ambitious target setting

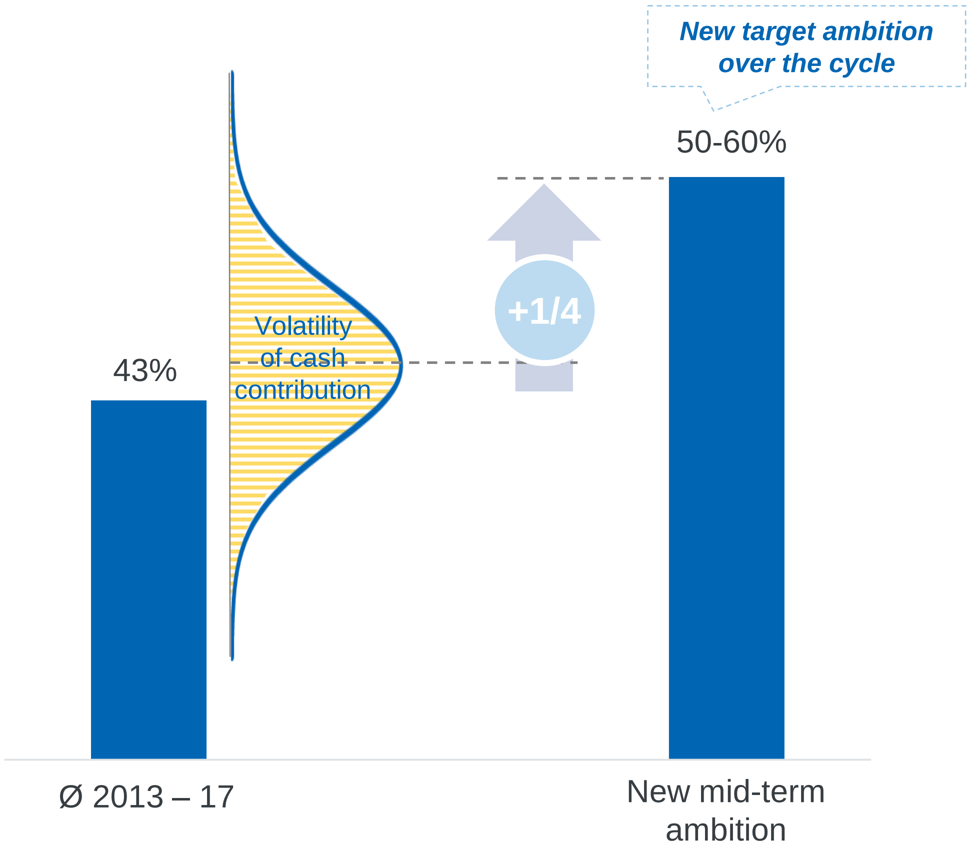
	Risk-free (FX exposure weighted)	+ Group beta 5yrsØ	x Adjustment factor	x Market-risk premium	+ Frictional cost	= CoE	CMD 2017 ambition	Ambition	Comments
Group	1.9%	0.84	1.00	4.0%	2.0%	**7.2%**	750bp + risk $free_G$	**≥ 800bp + risk $free_G$**	Talanx ≤ sum-of-the-parts creating value!
Industrial Lines	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 FY 2018

1 Enhanced capital management

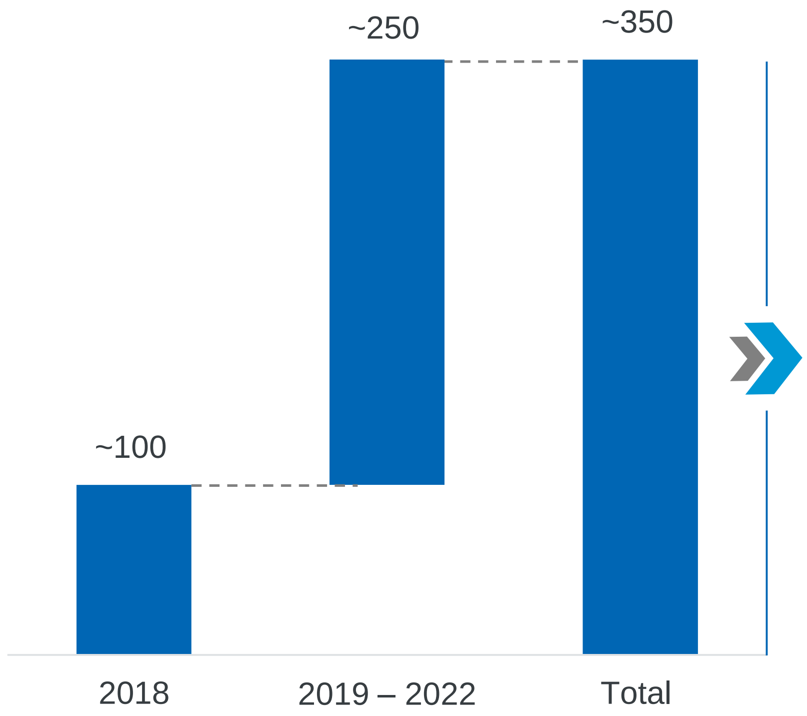
How to get it – Increase cash upstream and reduce local excess capital

Ø Remittance ratio



Mid-term capital upstream potential

Excess capital after local constraints (in EURm):



~1x dividend p.a.

Strengthen cash pool to support payout ratio

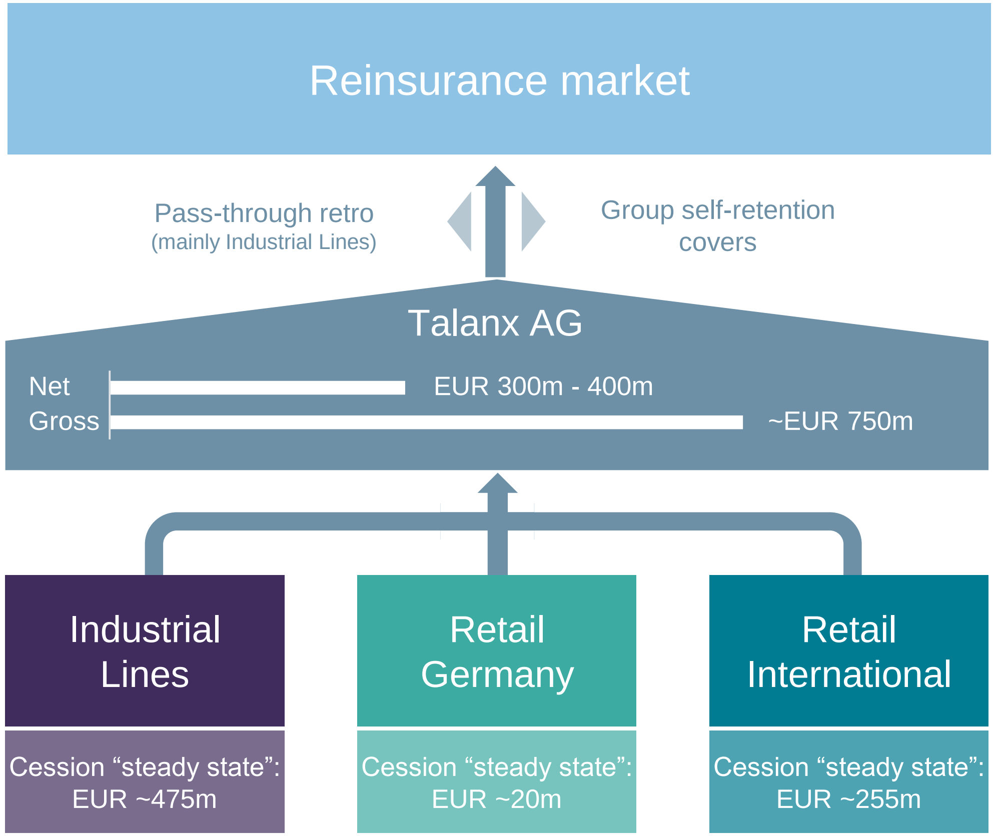
Note: Local constraints reflect e.g. local supervisor, withholding tax

1 Enhanced capital management

How to get it – Bundling reinsurance at Group level

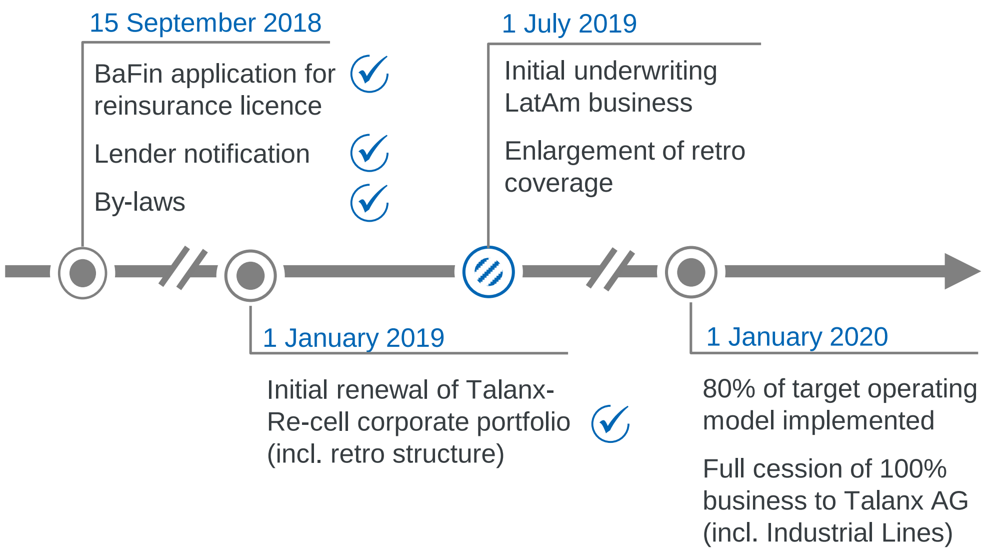
January 2019: Talanx AG issuer credit ratings up to “A+“ at S&P and to “a+“ at A.M.Best; underwriting commenced as planned in January

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

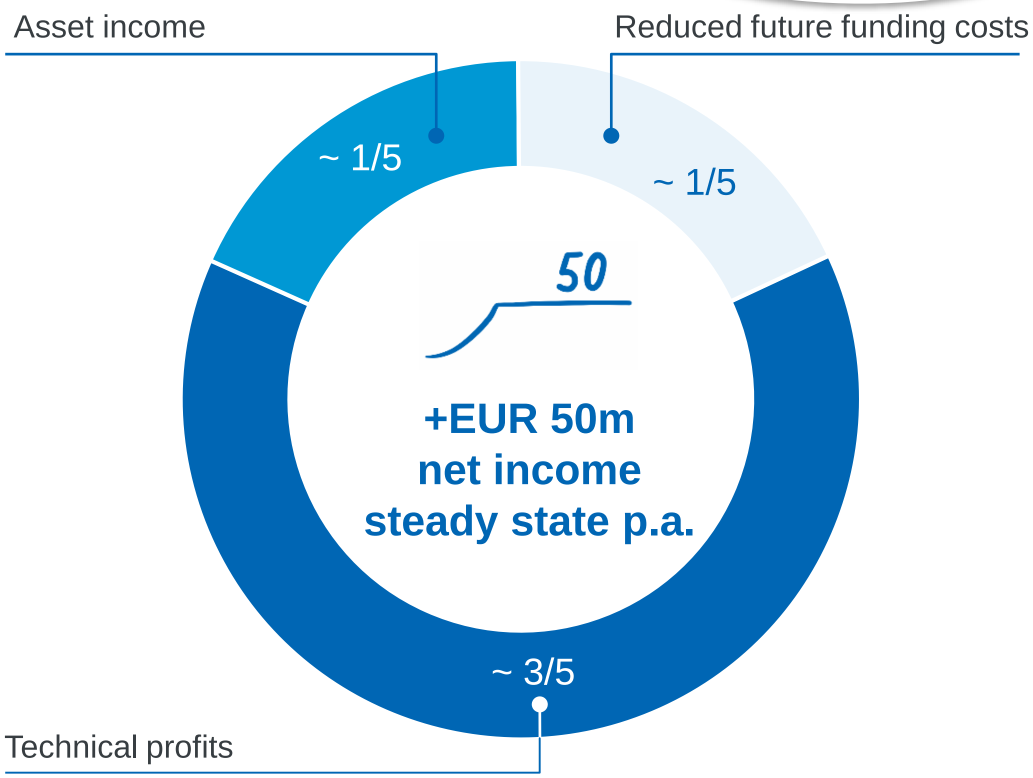
Asset income

- 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

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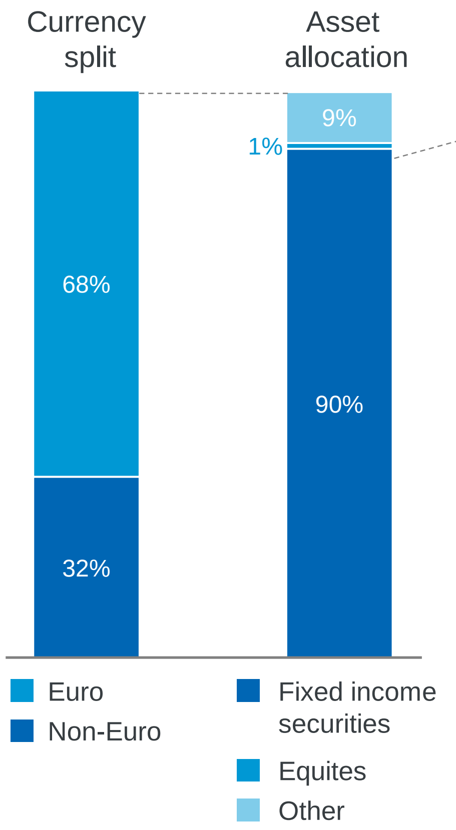
2 Asset Management

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

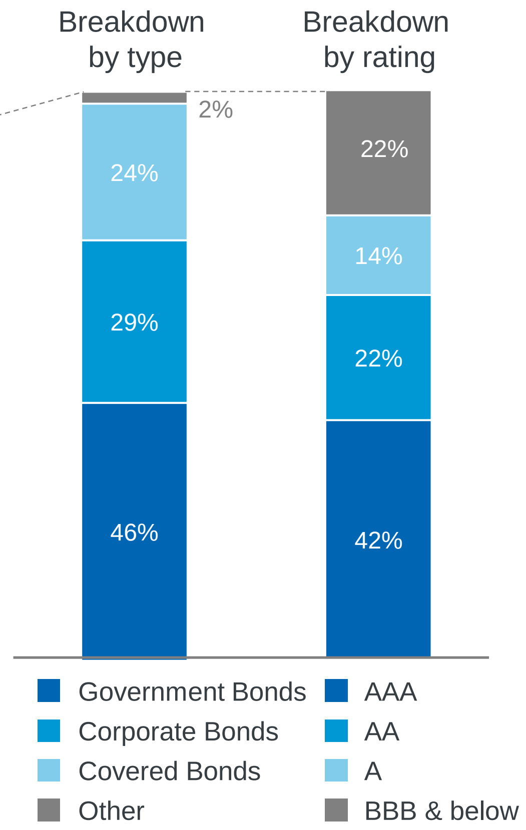
Investment portfolio

as of 30 Jun 2019: EUR 118.7bn

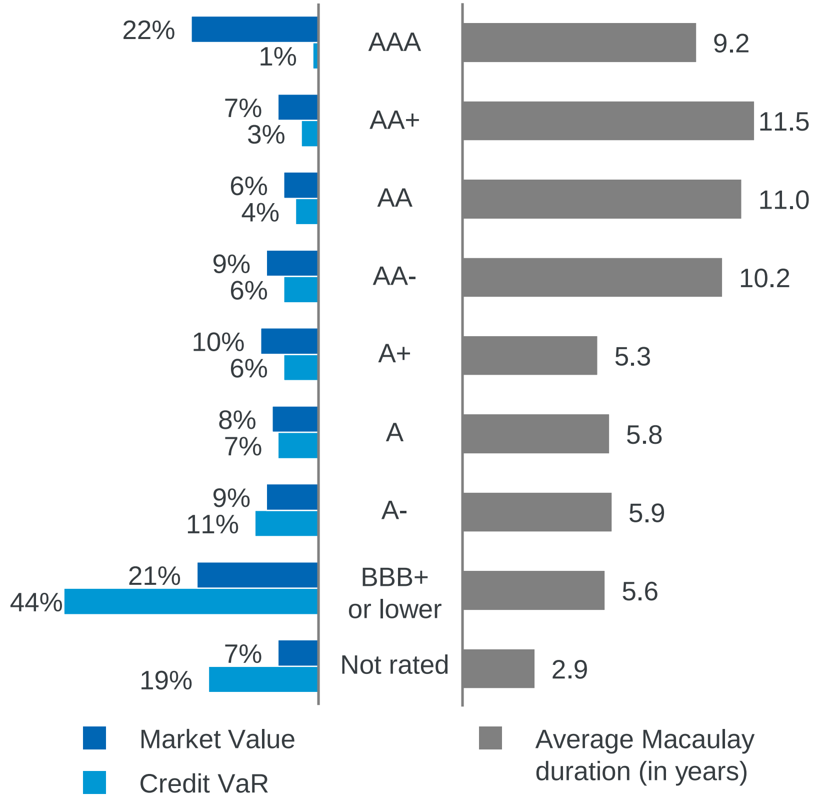


Fixed income portfolio

as of 30 Jun 2019: EUR 106.8bn



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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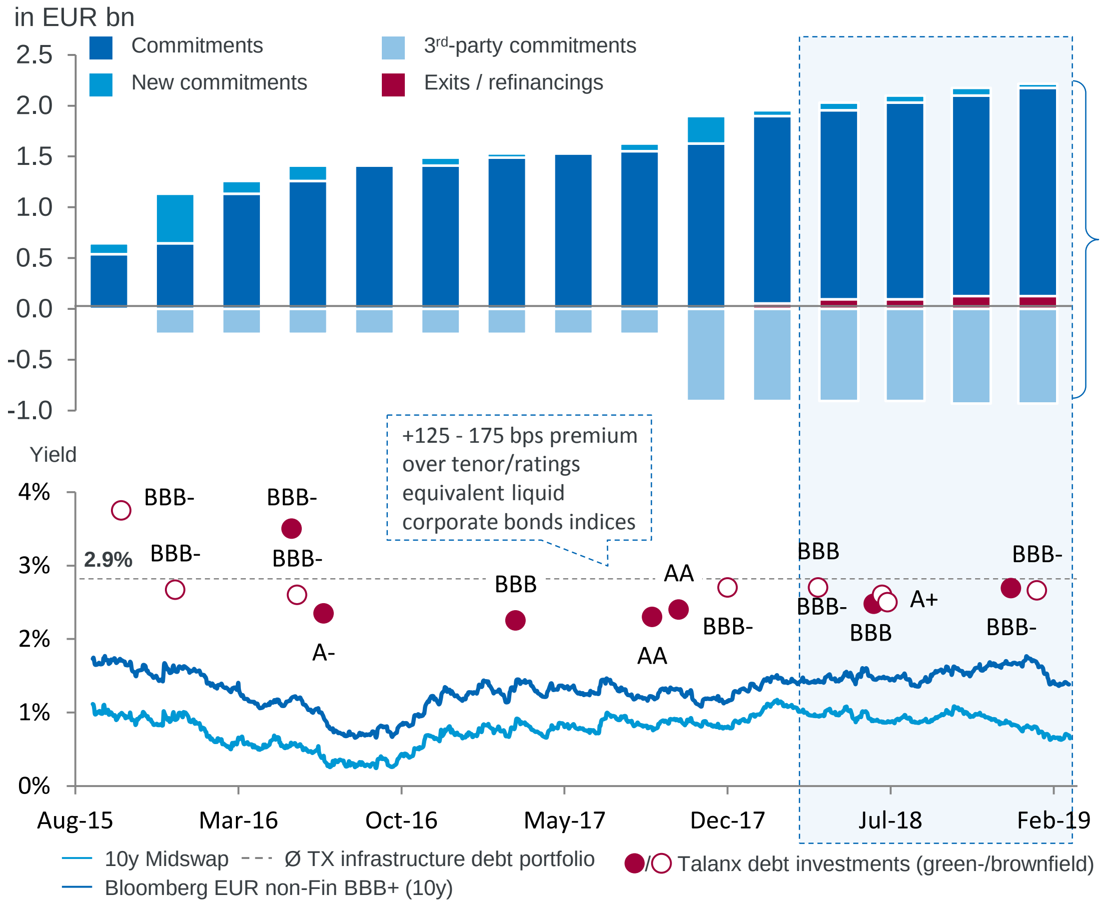
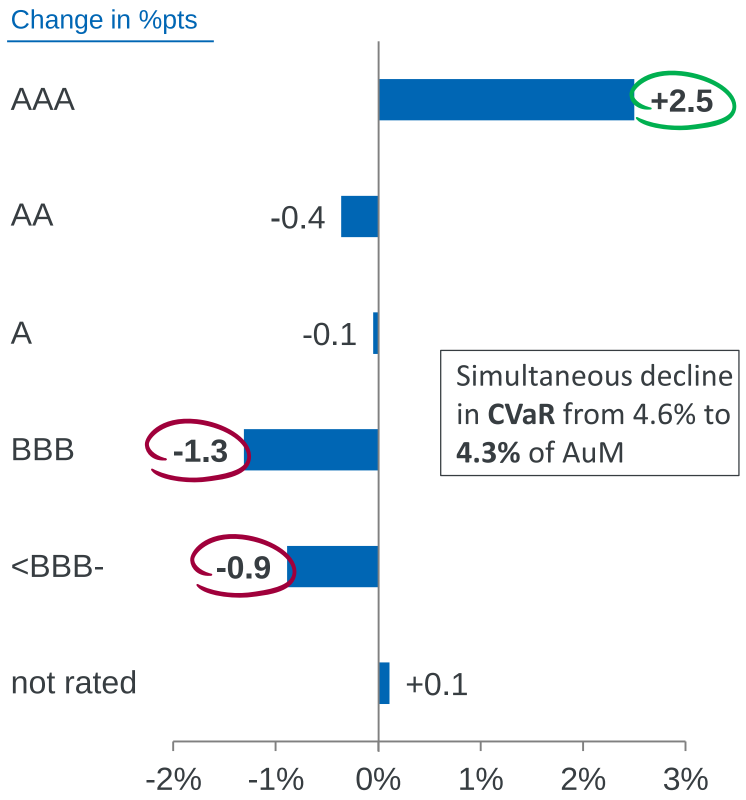
2 Asset Management

Infrastructure Investments – Investing while improving the overall risk profile

Building up our infrastructure portfolio….



…while de-risking the investment portfolio



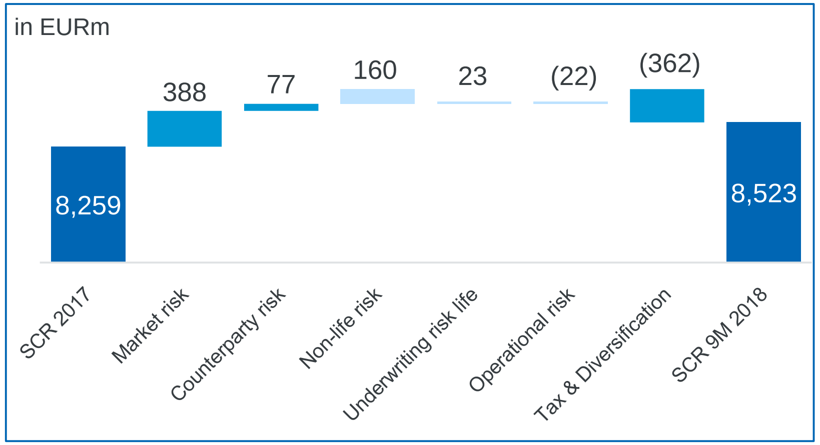
Note: Rating changes reflect fixed-income portfolio only.
Changes FY 2018 vs. FY 2017

3 Excursion – Solvency II Update

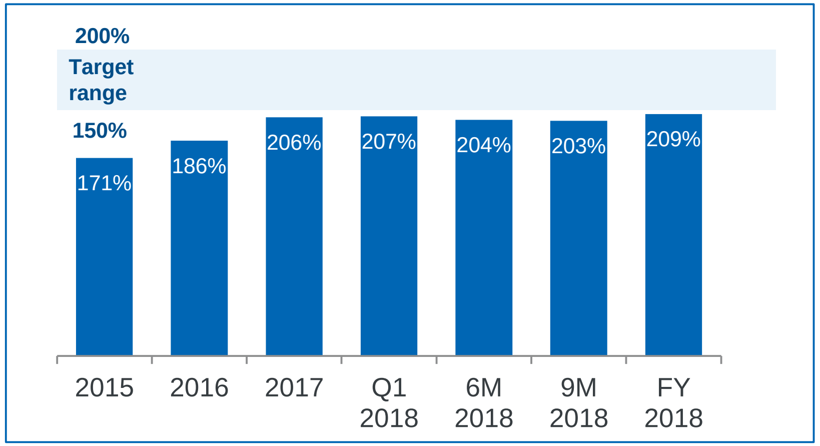
Development of Group capitalisation

Solid capitalisation (Regulatory view)

Solvency Capital Required

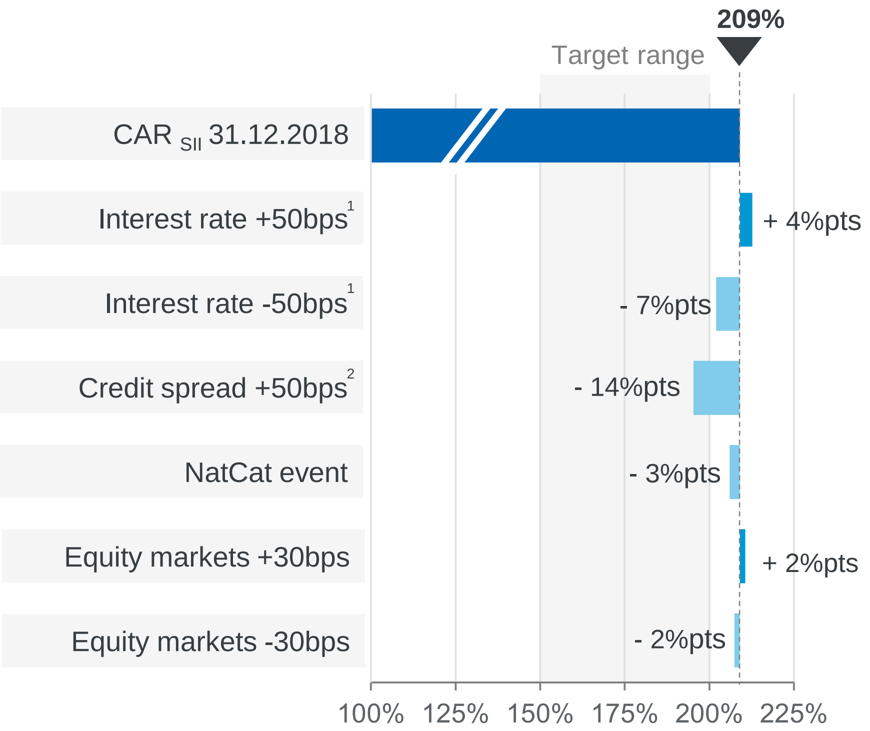


Solvency Capital Ratio



Note: Regulatory view without transitional

Limited stress impact

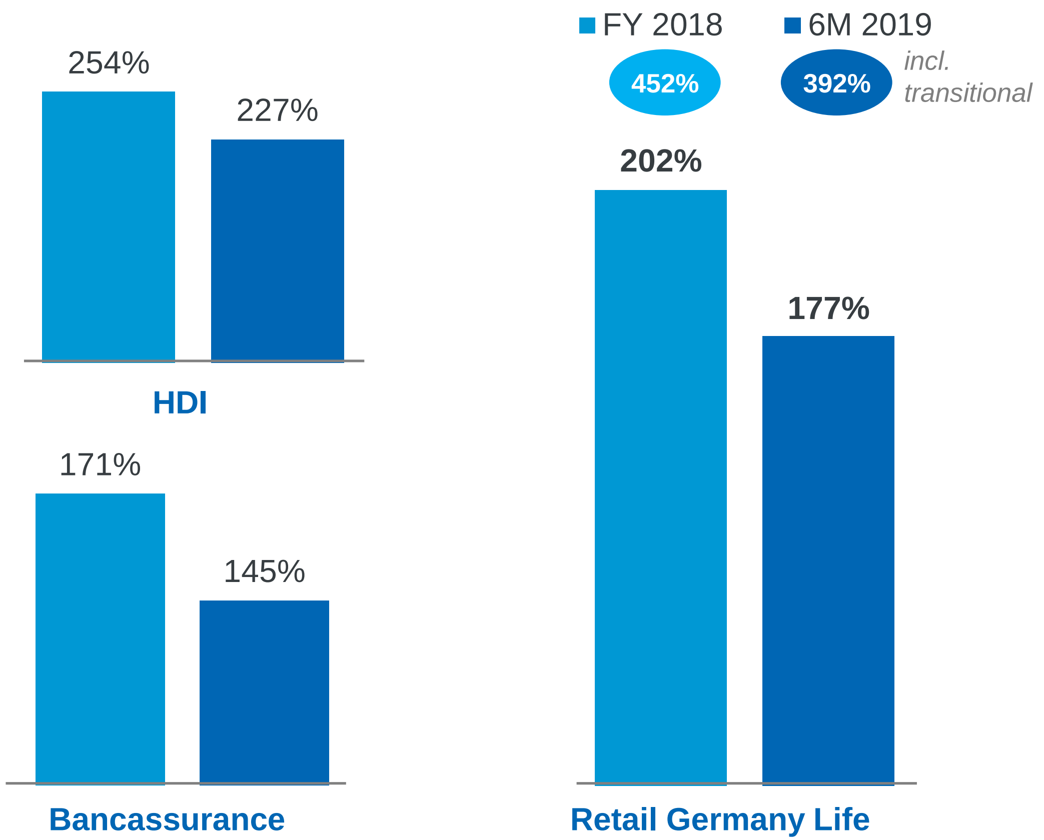


1 Interest rate stresses based on non-parallel shifts of the interest rate curve based on EIOPA approach
2 The credit spreads are calculated as spreads over the swap curve (credit spread stresses include simultaneous stress on government bonds)

3 Excursion – Solvency II Update

Retail Germany Life: Robust capitalisation despite further decline in interest rates

Solvency ratios: Retail Germany Life



1	Retail Germany Life CARs in 6M 2019 affected by decrease in interest rates
2	Capital position remains robust

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

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

3 Excursion – Solvency II Update

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

Top issues IFRS 9 &17

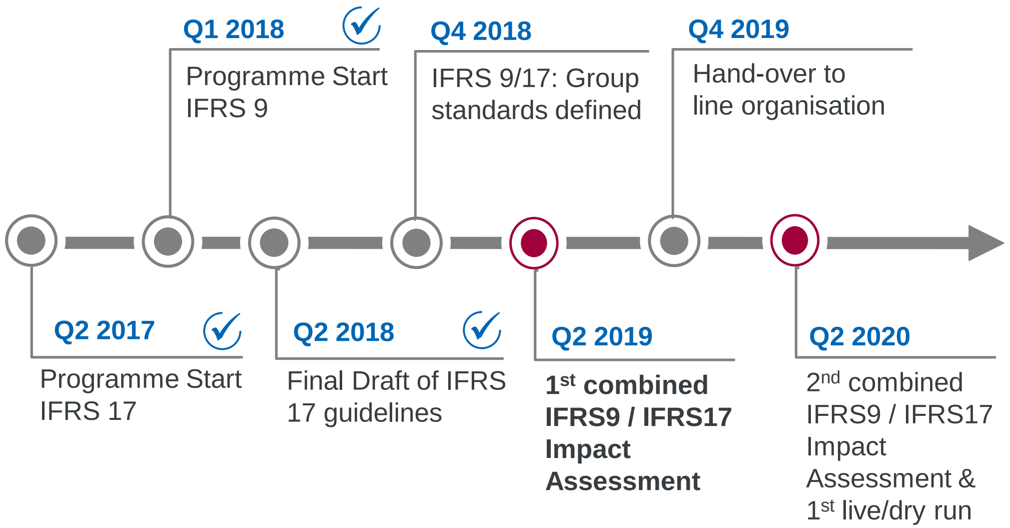
IFRS 9 IFRS 17

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

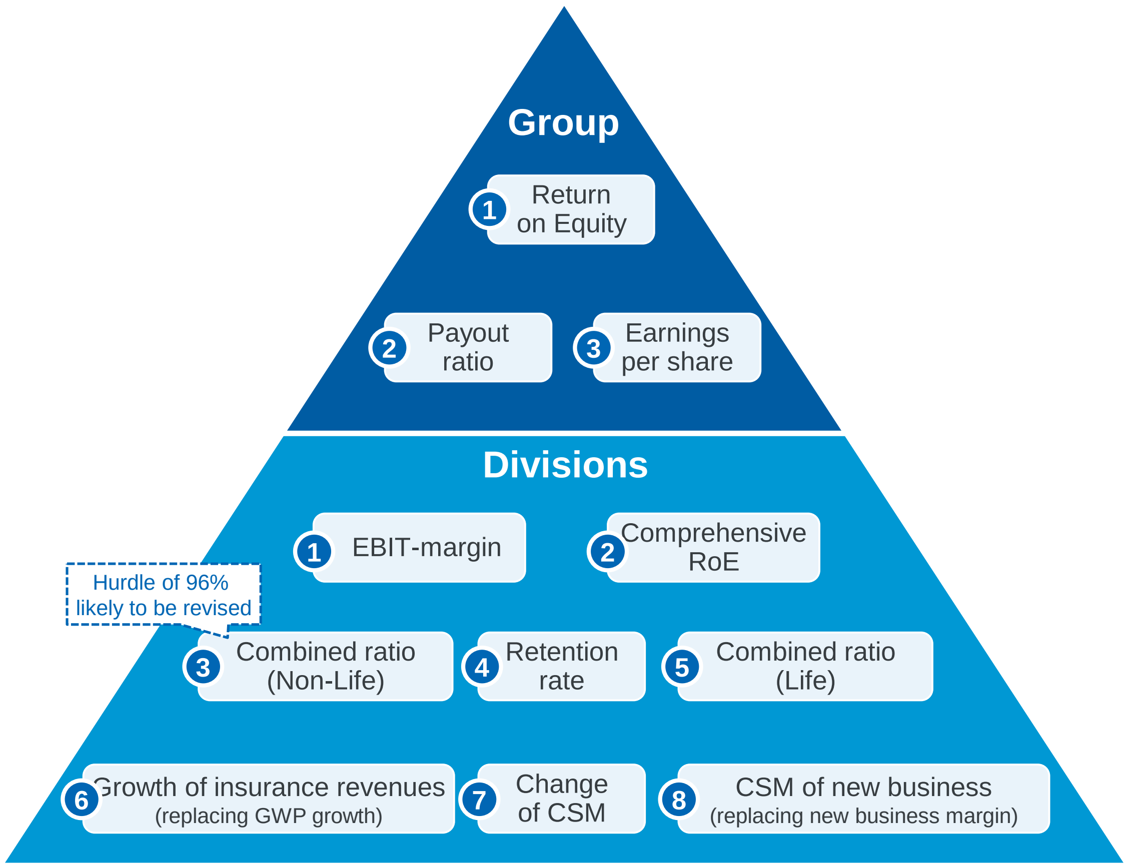
Advanced implementation

Clear IFRS 9 &17 programme roadmap



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)

Agenda

Good 6M 2019 results

- Strong GWP growth of 11.2% y/y (curr.-adj. +10.1%) – all segments contributing
- Both retail divisions drive EBIT improvement – Positive one-off in L/H Reinsurance
- "20/20/20" above original target – Industrial Lines 2019 CR outlook of ~100% unchanged
- 6M 2019 Group net income of EUR 477m (+9.4% y/y) – Group RoE at 10.4%
- FY 2019 Group net income outlook raised to "more than EUR 900m"

6M 2019 results – Key financials
Further profitable growth

EURm	6M 2019	6M 2018	Delta
Gross written premiums (GWP)	**20,864**	**18,760**	**+11%**
Net premiums earned	15,917	14,435	+10%
Net underwriting result	(708)	(748)	+5%
t/o P/C	226	272	(17%)
t/o Life	(934)	(1,021)	+9%
Net investment income	1,986	2,007	(1%)
Other income / expenses	(34)	(47)	+28%
Operating result (EBIT)	**1,244**	**1,212**	**+3%**
Financing interests	(94)	(84)	(12%)
Taxes on income	(293)	(357)	+18%
Net income before minorities	858	771	+11%
Non-controlling interests	(380)	(334)	(14%)
Net income after minorities	**477**	437	**+9%**
Combined ratio	97.5%	96.7%	+0.8%pts
Tax ratio	25.4%	31.6%	(6.2%)pts
Return on equity	10.4%	10.0%	+0.4%pts
Return on investment	3.3%	3.5%	(0.2%)pts

Comments

- Strong growth momentum continues. GWP +10% curr.-adj.
- Decrease of extraordinary investment result (ZZR-driven)
- Both retail divisions continue to drive EBIT increase. EUR 100m capital gain from Viridium in L/H Reinsurance
- EBIT improvement and lower tax ratio result in 9% 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 be 8.3% for FY 2019

Large loss budget underutilised, primary business with slight overshoot

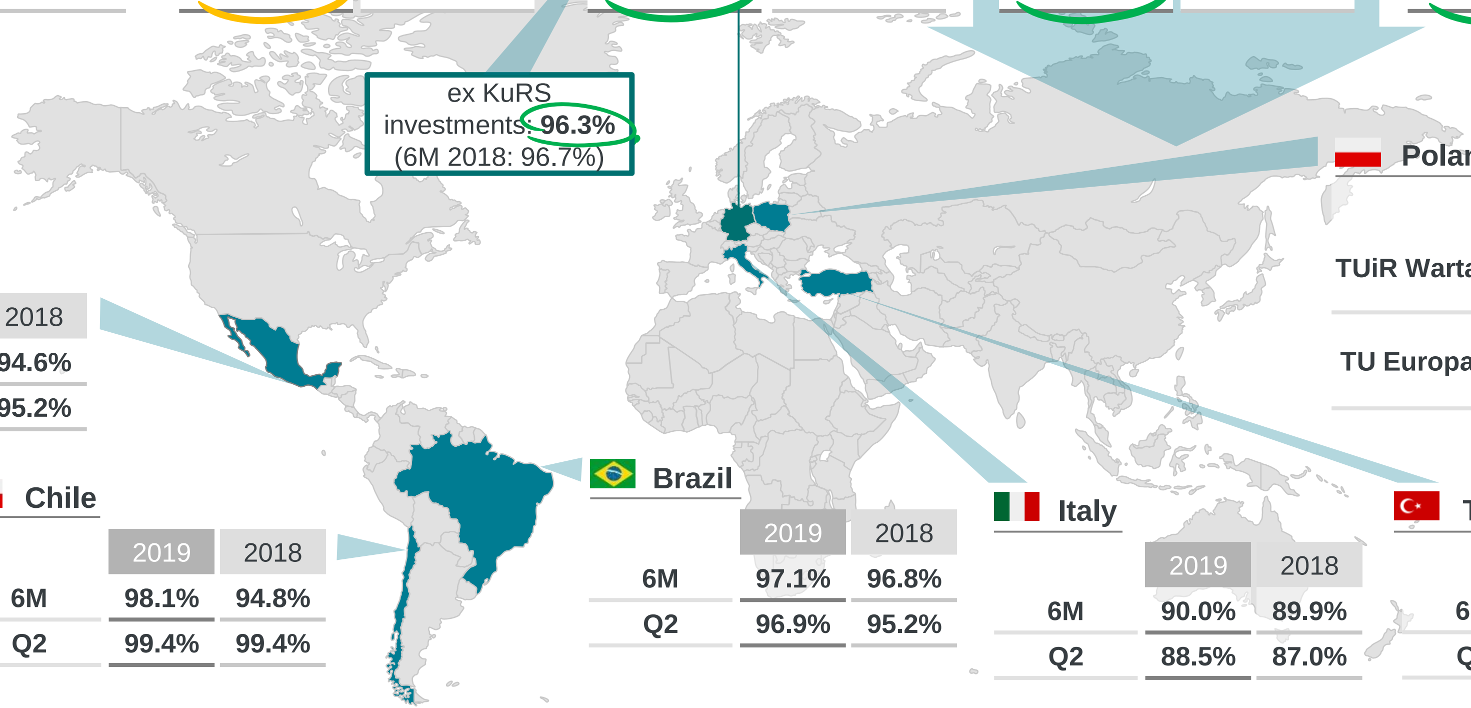
Net losses Talanx Group in EURm, 6M 2019 (6M 2018)	Industrial Lines	Retail Germany	Retail International	∑ Primary Insurance	+ Reinsurance	= Talanx Group
Flood *Santo Andre*, Brazil [Mar.]	31.5		0.5	32.0		32.0
Storm *Eberhard*, Central Europe [Mar.]	4.7	7.4	2.7	14.8	16.6	31.4
Flood *Queensland*, Australia [Jan.-Feb.]	4.4			4.4	25.9	30.3
Hailstorm *Jörn*, Central Europe [Jun.]	7.5	12.8		20.3		20.3
Flood “Middle West”, USA [Mar.-Apr.]	13.0			13.0		13.0
Earthquake *Chile*, South America [Jan.]			0.6	0.6	10.5	11.1
Sum NatCat	**61.1** (24.0)	**20.2** (11.9)	**3.8** (0.1)	**85.1** (40.4)	**53.0** (42.4)	**138.1** (82.8)
Fire/Property	70.2			70.2	55.9	126.2
Aviation	1.9			1.9	24.7	26.6
Marine	10.0			10.0	6.8	16.8
Sum other large losses	**82.1** (107.2)	**0.0** (0.0)	**0.0** (0.0)	**82.1** (107.2)	**87.5** (50.9)	**169.6** (158.1)
Total large losses	**143.2** (131.2)	**20.2** (11.9)	**3.8** (0.1)	**167.2** (147.7)	**140.6** (93.3)	**307.8** (241.0)
Pro-rata large loss budget	138.8	12.0	4.0	157.3	369.5	526.8
FY large loss budget	277.6	24.0	8.0	314.6	875.0	1,189.6
Impact on CR: materialised large losses	10.5%pts (10.6%pts)	2.8%pts (1.7%pts)	0.2%pts (0.0%pts)	4.4%pts (4.1%pts)	2.4%pts (1.8%pts)	3.2%pts (2.8%pts)
Impact on CR: large loss budget	10.2%pts (10.5%pts)	1.7%pts (1.7%pts)	0.2%pts (0.2%pts)	4.1%pts (4.2%pts)	6.2%pts (6.8%pts)	5.4%pts (5.7%pts)

Note: Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance. No additional 6M 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
6M	97.5%	96.7%	102.3%	102.3%	98.7%	99.0%	95.2%	94.6%	96.7%	95.7%
Q2	98.1%	96.5%	101.9%	102.3%	98.1%	98.9%	95.6%	94.2%	97.6%	95.5%

ex KuRS investments: 96.3%
(6M 2018: 96.7%)



Poland

		2019	2018
TUiR Warta	6M	91.7%	94.8%
	Q2	92.8%	94.8%
TU Europa	6M	91.9%	86.6%
	Q2	92.7%	84.6%

Mexico

	2019	2018
6M	97.1%	94.6%
Q2	97.3%	95.2%

Chile

	2019	2018
6M	98.1%	94.8%
Q2	99.4%	99.4%

Brazil

	2019	2018
6M	97.1%	96.8%
Q2	96.9%	95.2%

Italy

	2019	2018
6M	90.0%	89.9%
Q2	88.5%	87.0%

Turkey

	2019	2018
6M	108.5%	103.9%
Q2	107.7%	104.9%

Note: Visual highlights only core markets plus Italy for Retail International. Turkey 6M 2019 EBIT of EUR 4m (+264% y/y)

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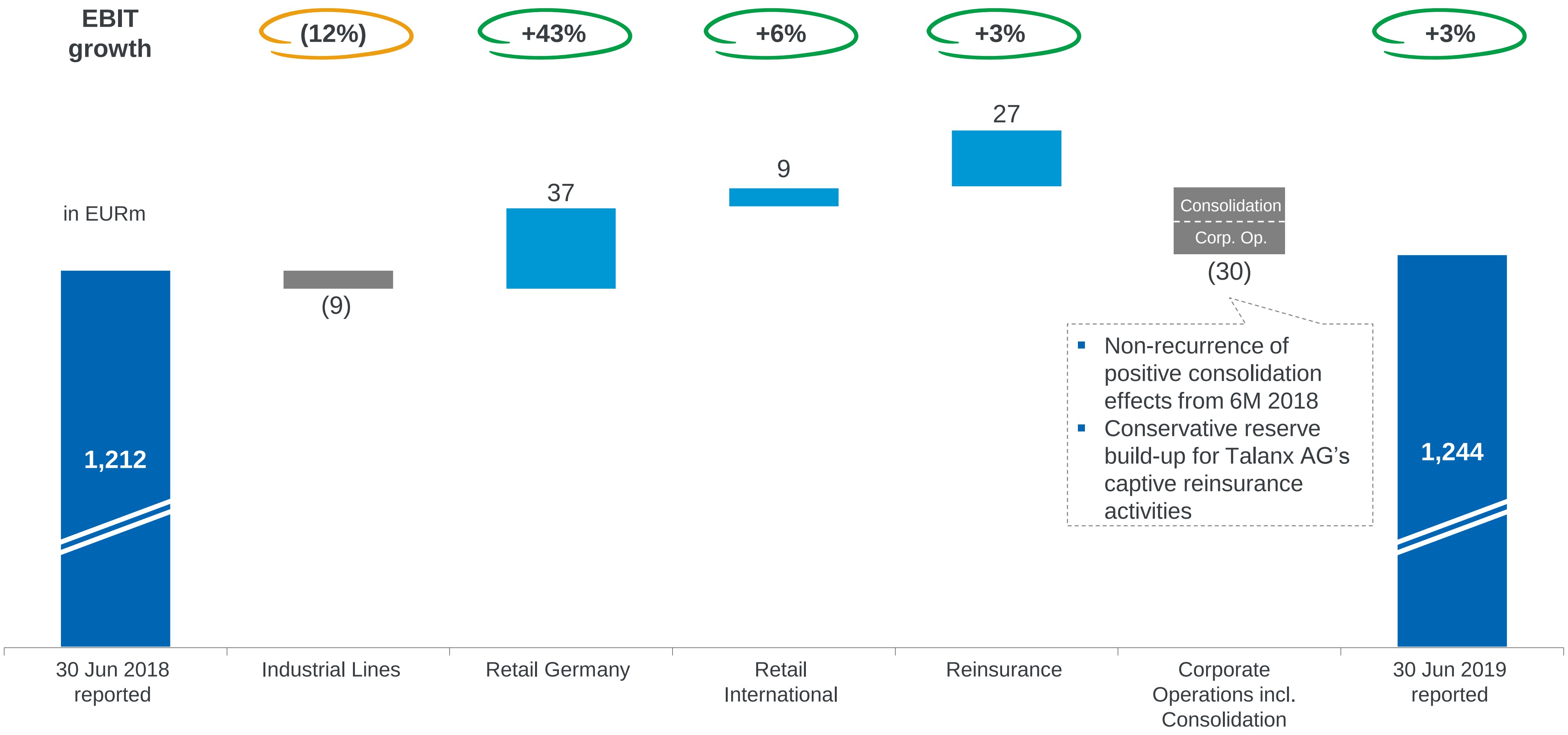
6M 2019 – Both retail divisions and Viridium effect drive EBIT improvement

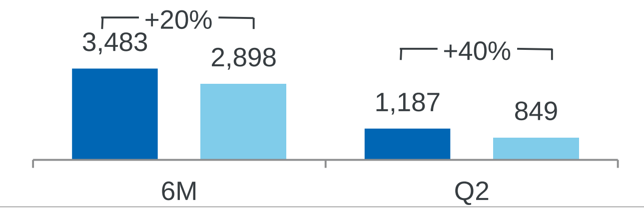


Note: Numbers may not add up due to rounding.

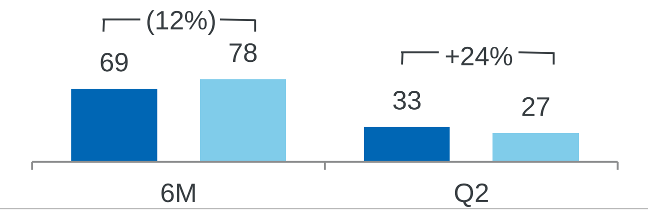
Segments – Industrial Lines

EURm, IFRS ■ **2019** ■ **2018**

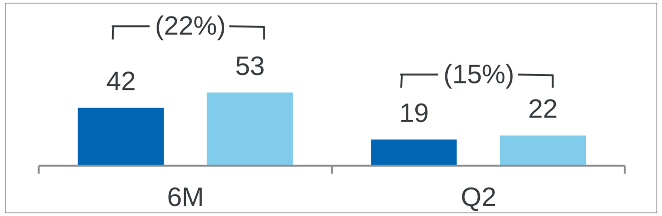
Gross written premiums (GWP)



Operating result (EBIT)



Net income



Retention rate in %

	2019	2018
6M	52.6	58.9
Q2	45.8	55.5

Combined ratio in %

	2019	2018
6M	102.3	102.3
Q2	101.9	102.3

RoE in %

	2019	2018
6M	3.4	4.6
Q2	3.0	3.9

- 6M 2019 GWP up 20.2% (currency-adj.: +18.7%); adjusted for Specialty transfer effect (EUR 457m in 6M 2019 and EUR 246m in Q2 2019, both before growth), GWP was up 4.4% in 6M 2019, and up 10.9% in Q2 2019 y/y
- Increase in NPE smaller (+10.7%) given the initially high cession of Specialty business to Hannover Re
- As a consequence, divisional self-retention of 52.6% down vs. 6M 2018 (58.9%); also some dampening effect from reinstatement premiums paid in Q1 2019

- Large losses of EUR 143m after 6M 2019, slightly above budget (EUR 139m) and prior-year level of EUR 131m. Positive run-off result in 6M 2019 of EUR 32m, thereof EUR 26m in Q2 2019 (6M 2018: EUR 43m; Q2 2018: Eur 73m)
- Q2 combined ratio of 101.9% includes 0.8%pt for above-budgeted large losses
- Combined ratio of Fire business was 109% in 6M 2019, materially down from ~120% in 6M 2018 and ~140% in FY 2018
- From Jan 2019, other result includes recognition of administrative costs for Specialty business formerly booked in Reinsurance (EUR 10m in 6M 2019)

- 6M 2019 tax ratio of 31.5% higher than in 6M 2018 (27.8%) due to smaller EBIT contribution from lower tax operations. BEAT tax impact slightly higher
- "20/20/20" improvements written already ahead of year-end target. Ambition level raised to come back to profitability
- Divisional CR targets of ~100% in 2019 and below 100% in 2020 unchanged

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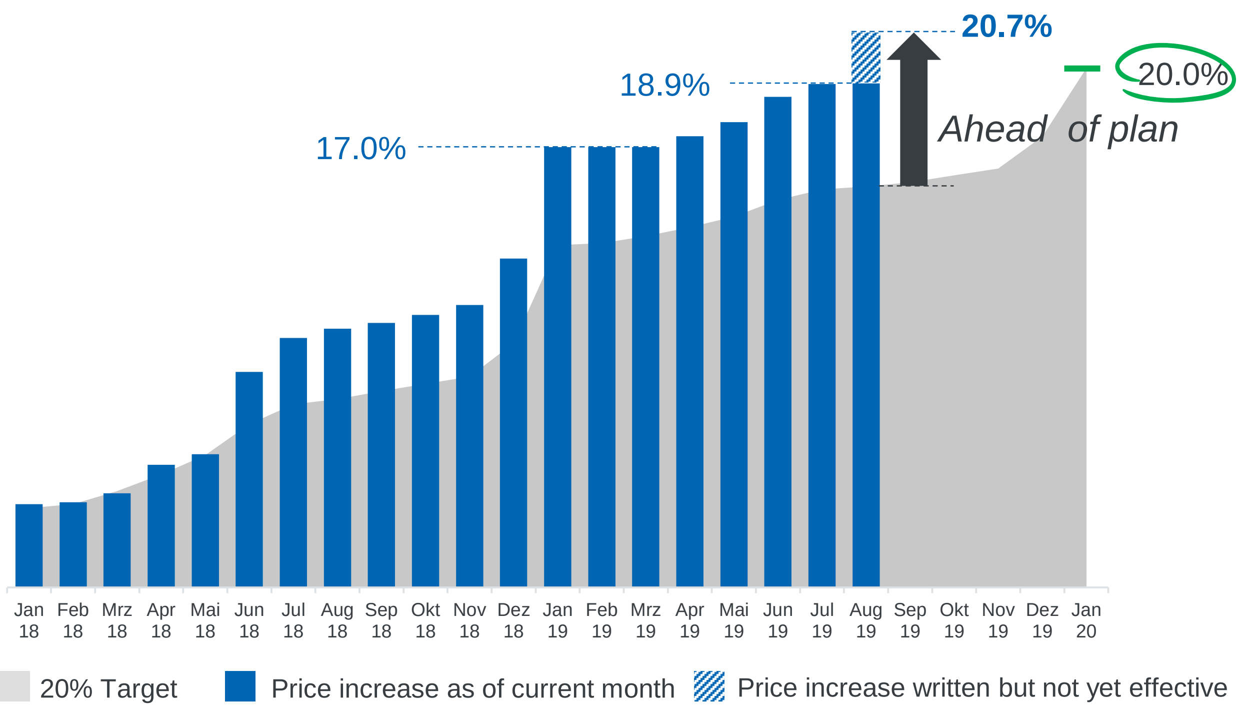
“20/20/20” initiative ahead of plan

“20/20/20” initiative update

Cumulative monthly price increase in Fire on renewed business: contracted vs. target from 1 Jan 2018 to 1 August 2019



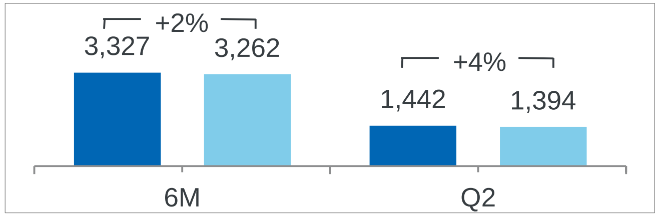
- Improvements written already ahead of year-end target
- Ambition level raised to come back to profitability
- Claims experience in Fire market requires higher percentage increase
- Impact on gross premium base so far ~EUR 110m , or -12% of Fire business (net effect)[1]
- Price increases from March 2019 level (17.0%) to August 2019 (18.9%) will further improve CR of Fire in H2 2019

Note: Premium base defined as total premiums on 28 Feb 2019 minus dropped business. Price increase data include both premium increases and premium-equivalent measures.
[1] Excluding effects of new business, de-risking (reduction of consortial shares), changes on existing business (mostly changes of sums insured) and currencies.

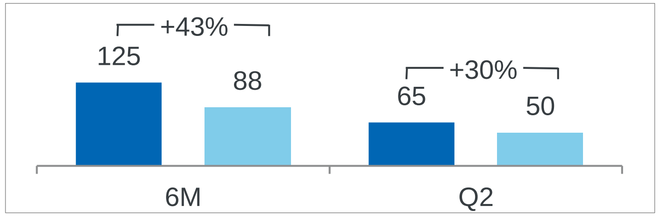
Segments - Retail Germany Division

EURm, IFRS ■ **2019** ■ **2018**

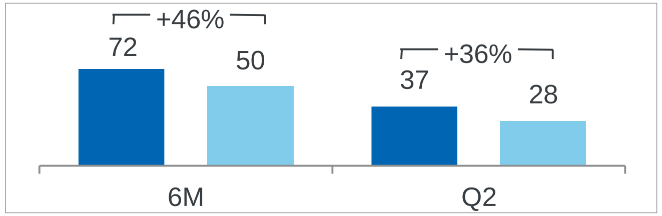
Gross written premiums (GWP)



Operating result (EBIT)



Net income



Retention rate in %

	2019	2018
6M	94.2	93.7
Q2	93.9	93.6

EBIT margin in %

	2019	2018
6M	5.2	3.7
Q2	5.2	4.1

RoE in %

	2019	2018
6M	5.8	4.0
Q2	5.8	4.4

- Gross and net premiums growth in Q2 and 6M 2019 y/y in both P/C and Life businesses
- GWP in P/C up 7.6% y/y in Q2 2019, up 2.0% in 6M 2019
- Net premiums earned up 4.4% in Q2 2019 y/y, up 2.9% in 6M 2019

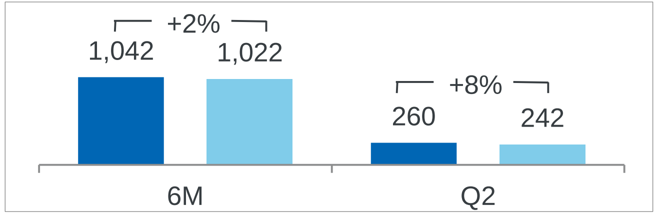
- Significant EBIT growth in both P/C (+16.4% y/y in Q2 2019, +37.4% in 6M 2019) and Life (+40.2% in Q2 2019 and +46.8% in 6M 2019)
- Total KuRS costs of EUR 23m in 6M 2019 (24m in 6M 2018) with P/C EBIT impact of EUR 19m (EUR 18m)
- Well on track to deliver at least EUR 240m EBIT in 2021 as targeted, despite growing investments into various digital initiatives

- Tax rate down slightly to 36.5% for 6M 2019 from 37.8% in 6M 2018. Higher than normalised level due to higher tax rate on investment results from consolidated alternative assets
- EBIT increase reflects two accounting-driven one-offs of net positive EUR 9m in Life business in Q2 2019

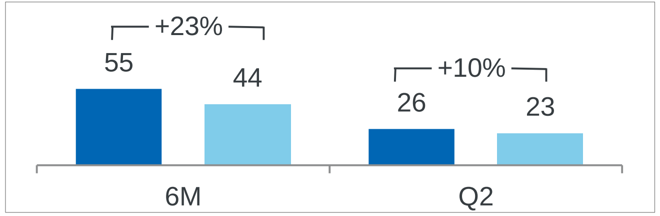
Segments - Retail Germany P/C

EURm, IFRS ■ **2019** ■ **2018**

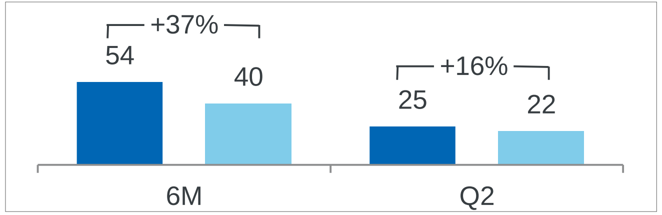
Gross written premiums (GWP)



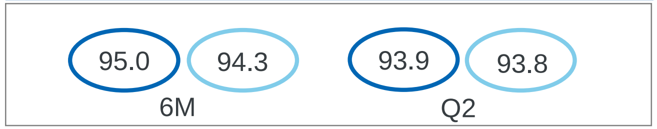
Net investment income



Operating result (EBIT)



Retention rate in %



Combined ratio in %

EBIT margin in %

- 6M and Q2 2019 GWP increase driven by business with SMEs (Fire, MultiRisk) and self-employed professionals
- Motor business: 4.8% decline induced by price increases in 6M 2019 (43% of GWP); increase in Q2 2019 y/y due to higher portion of contracts renewable during the year compared with competitors; focus is on profitability
- Lower loss ratio also helped to achieve technical result of EUR 7.2m (up from EUR 2.5m in Q2 2018)

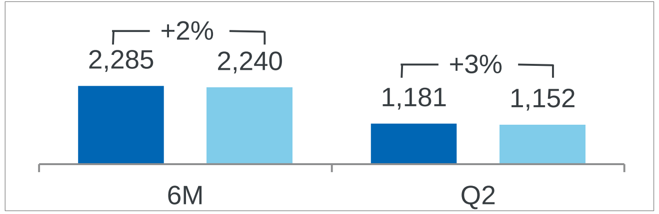
- Combined ratio impacted by KuRS costs of EUR 18m in 6M 2019 (16m in 6M 2018). Adjusting for these, combined ratio decreased to 96.3% (6M 2018: 96.7%), also reflecting the decline in the attritional loss ratio
- 6M 2019 net return on investment increased to 2.7% (from 2.2% in 6M 2018), due to higher income from real estate and unrealised gains on derivative instruments in special funds

- EBIT impact of KuRS costs with EUR 19m in 6M 2019 largely unchanged vs. 6M 2018 (18m)

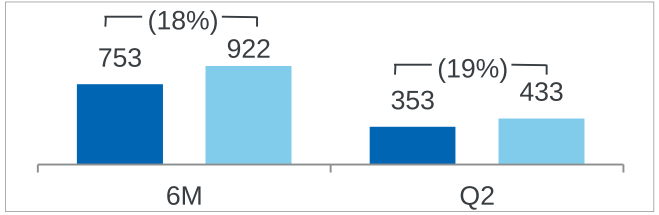
Segments - Retail Germany Life

EURm, IFRS ■ **2019** ■ **2018**

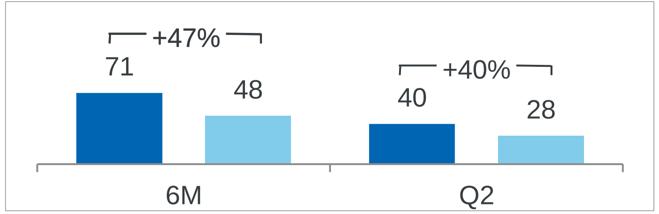
Gross written premiums (GWP)



Net investment income



Operating result (EBIT)



Retention rate in %

	2019	2018
6M	93.7	93.4
Q2	93.9	93.6

Return on investment in %

	2019	2018
6M	3.1	3.9
Q2	2.9	3.7

EBIT margin in %

	2019	2018
6M	4.2	2.9
Q2	4.5	3.4

- Increase in single premium business in Q2 and 6M 2019 across carriers and in biometric risk protection business more than offset decrease in regular premiums
- Increase in net premiums earned in Q2 2019 by 4.4% y/y

- Net investment income down both in Q2 and 6M, driven by lower extraordinary gains (EUR 84m in 6M 2019 vs. EUR 253m in 6M 2018) due to regime shift in *Zinszusatzreserve* (ZZR) under German GAAP (HGB) in 2018
- Allocation of EUR 113m under HGB in Q2 2019 was higher than in Q1 2019 (EUR 61m) due to further decrease in interest rates; total ZZR as of 30 June 2019 at EUR 3.6bn; FY 2019 ZZR formation currently expected above 2018 level (EUR 301m)
- Ordinary investment income in 6M 2019 nearly stable at EUR 724m (EUR 727m in 6M 2018)

- As previously, change in ZZR allocation was P&L neutral
- EBIT increase reflects two accounting-driven one-offs of net positive EUR 9m in Life business in Q2 2019

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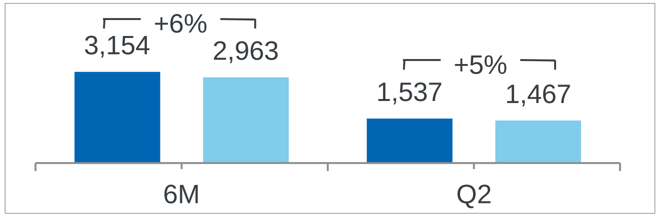
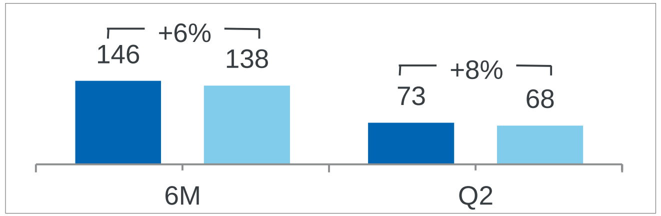
Segments - Retail International

EURm, IFRS ■ **2019** ■ **2018**

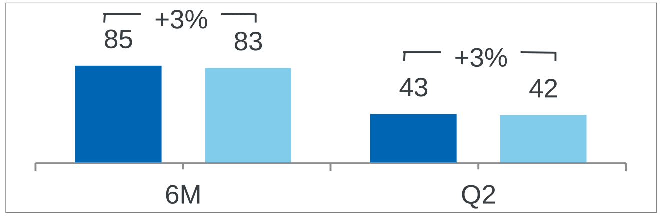
Gross written premiums (GWP)



Operating result (EBIT)



Net income



Retention rate in %

	2019	2018
6M	92.1	91.7
Q2	93.2	92.1

Combined ratio in %

	2019	2018
6M	95.2	94.6
Q2	95.6	94.2

RoE in %

	2019	2018
6M	8.5	8.4
Q2	8.3	8.4

- 6M GWP grew by 6.5% (curr.-adj. +9.2%); negative currency impact mainly in Turkey and Brazil (positive impact in Mexico)
- Europe +7.1% to EUR 2,291m (two thirds of increase from single premium Italian Life business, mainly in Q1 2019), and LatAm +6.2% to EUR 863m, driven by motor business in Mexico
- 6M P/C increased by 5.2% (curr.-adj. +9.2%), strongest contributions from Mexico, Warta and Brazil (currency-adjusted); growth rates reflect very strong increases in 6M 2018 at Warta P/C

- Q2 and 6M combined ratio in P/C up y/y due to change in cost allocation from 1 Jan 2019 and further build-up of reserve redundancies
- Lower loss ratios in Motor in Turkey and Italy, higher loss ratio in Chile (NatCat and negative run-off result in Liability), admin cost improvements in Mexico and Chile
- 6M 6.2% EBIT increase driven by Europe (+14.7% to EUR 134m; absolute increase almost entirely earned by Warta P/C with significant percentage increases in Turkey); Latin America up 18.7% to EUR 34m (gains in Mexico and Brazil more than offsetting decrease in Chile)

- Tax rate slightly lower at 25.7% in 6M 2019 due to increased profit portion of Polish business
- 6M ordinary investment result up 14% y/y to EUR 165m, driven by higher asset volumes in Italy and at Warta
- We expect the acquisition of Ergo Sigorta in Turkey to close in the near future

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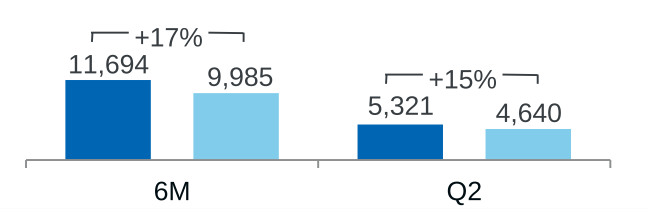
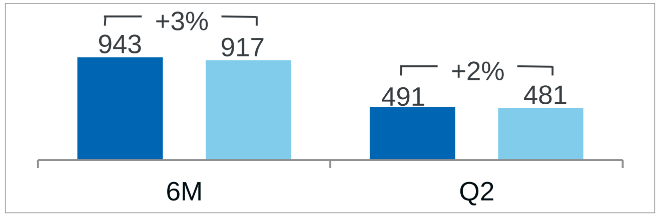
Segment - Reinsurance

EURm, IFRS ■ **2019** ■ **2018**

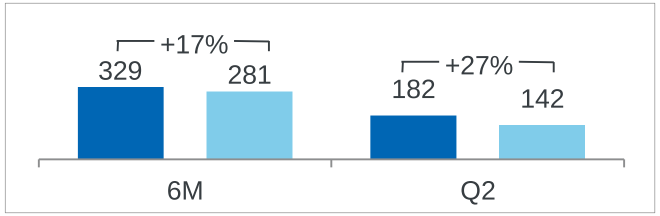
Gross written premiums (GWP)



Operating result (EBIT)



Net income (excl. minorities)



Retention rate in %

	2019	2018
6M	90.6	91.3
Q2	90.9	91.4

Combined ratio P/C in %

	2019	2018
6M	96.7	95.7
Q2	97.6	95.5

RoE (excl. minorities) in %

	2019	2018
6M	14.7	13.9
Q2	15.3	14.3

- GWP up by 17.1% (currency-adj. +14.5%) in 6M 2019, growth driven by EUR 1,380m, or 21%, increase in P/C
- Net premiums earned are up by +12.1% on a reported basis and by +10.0% on a currency-adjusted basis
- Retention ratio slightly down to 90.6% in 6M 2019

- 6M 2019 EBIT up by 2.9% y/y, supported by positive one-off effect in Life / Health business in Q2 2019 (Viridium, EUR 100m); adjusted for Viridium, 6M 2019 EBIT decreased by 8%
- Net large losses of EUR 141m in 6M 2019 well below pro-rata budget of EUR 370m
- Ordinary investment income increased by 9.7%, total investment income by 15.5% (including Viridium)
- Assets under own management up by 6% vs. Dec 2018 to more than EUR 44bn

- 6M 2019 net income attributable to Talanx shareholders up by +17% y/y
- Return on equity for 6M 2019 at 14.7% (+0.8%pt vs 6M 2018), well above minimum target

Net investment income

EUR m, IFRS	6M 2019	6M 2018	Change	Q2 2019	Q2 2018	Change
Ordinary investment income	**1,778**	**1,687**	**+5%**	**908**	**836**	**+9%**
thereof current interest income	1,399	1,329	+5%	707	654	+8%
thereof income from real estate	156	132	+19%	86	69	+25%
Extraordinary investment income	**246**	**334**	**(27%)**	**135**	**119**	**+14%**
Realised net gains / losses on investments	268	420	(36%)	184	156	+18%
Write-ups / write-downs on investments	(96)	(79)	(21%)	(58)	(37)	(56%)
Unrealised net gains / losses on investments	73	(6)	+1,276%	9	(0)	+8,334%
Investment expenses	(125)	(120)	(4%)	(65)	(61)	(7%)
Income from assets under own management	**1,898**	**1,901**	**+0%**	**978**	**893**	**+9%**
Interest income on funds withheld and contract deposits	87	106	(19%)	19	52	(63%)
Income from investment contracts	1	(0)	+1,366%	1	0	+647%
Total: Net investment income	**1,986**	**2,007**	**(1%)**	**998**	**945**	**+6%**
Assets under own management	118,738	110,756	+7%	118,738	110,756	+7%
Net return on investment[1]	**3.3%**	**3.5%**	**(0.2%)pts**	**3.3%**	**3.3%**	**+0.0%pts**
Net ordinary return on investment[2]	**3.3%**	**3.3%**	**+0.0%pts**	**3.3%**	**3.1%**	**+0.2%pts**

Comments

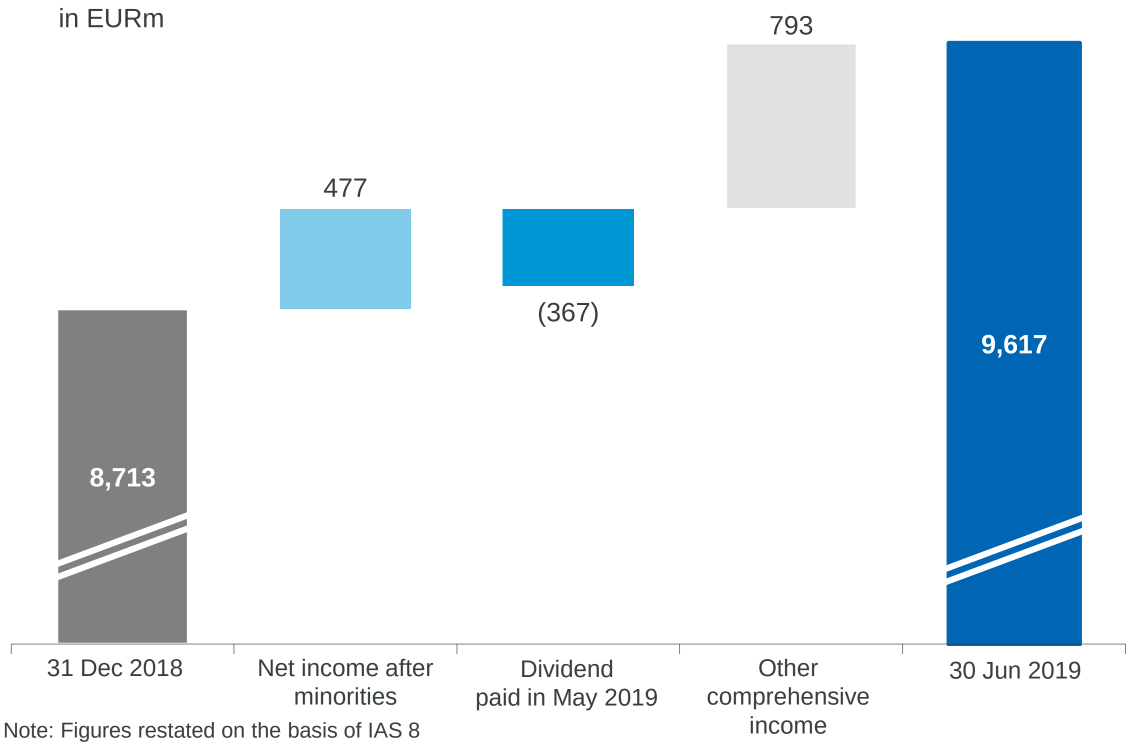
- 5% increase in ordinary investment income in 6M 2019 supported by 7% rise in assets under own management
- More than three quarters of increase from interest income despite further decline of interest rates
- Remaining increase in ordinary investment income mainly from real estate, offsetting decrease in private equity
- Realised net investment gains include EUR 100m one-time Viridium gain in L/H Reinsurance in Q2

  EUR 152m net decrease in realised net investment gains in 6M 2019 (despite Viridium gain) was driven by EUR 187m decrease in ZZR-induced capital gains

1 Net return on investment: Annualised income from assets under own management dividend by average assets under own management
2 Net ordinary return on investment: Annualised ordinary investment income net of investment expenses divided by average assets under own management

Changes in equity

Shareholders‘ equity



Note: Figures restated on the basis of IAS 8

Comments

- Shareholders’ equity rose to EUR 9,617, which is EUR 904m, or 10%, above the level of Dec 2018 and EUR 55m, or 0.6% above 31 March 2019
- Strong increase in OCI continues to be caused mainly by positive effect of decreasing interest rates on bond values

Book value per share

in EUR	31 Dec 2018	30 June 2019	Change	
			Abs.	%
Book value per share	34.47	38.04	3.57	+10.4
Excl. goodwill	30.28	33.82	3.54	+11.7

Shareholders’ equity materially up, primarily reflecting increased bond values

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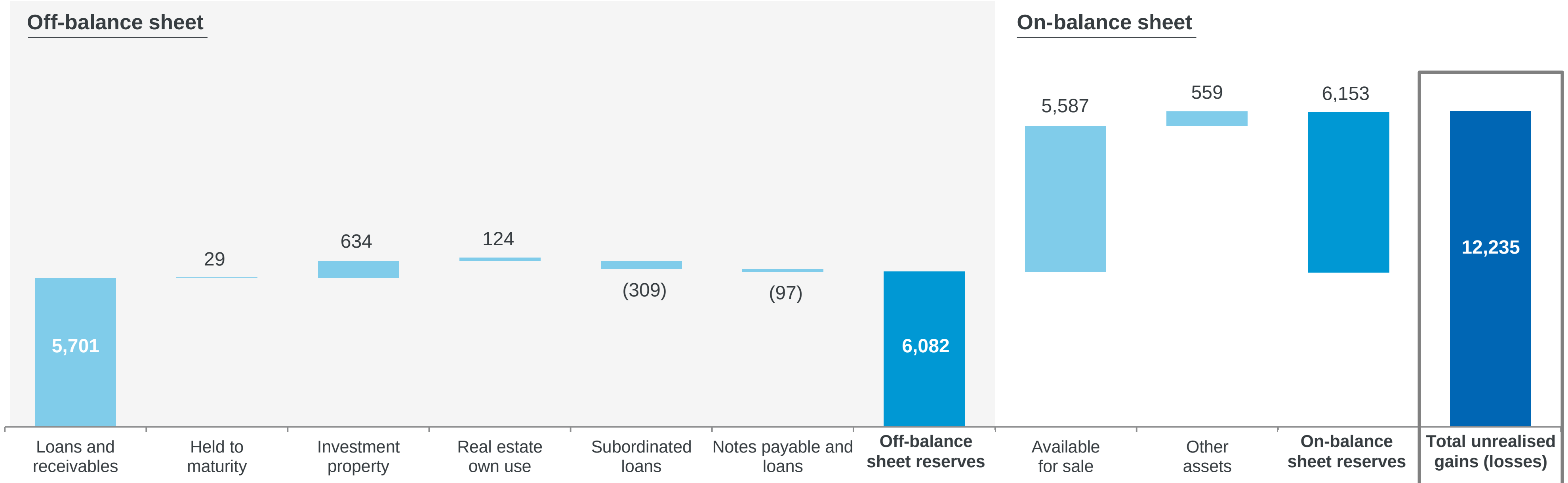
Unrealised gains of EUR 12.2bn

Unrealised gains and losses (off- and on-balance sheet) as of 30 June 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 6.1bn – EUR 515m (EUR 2.04 per share) attributable to shareholders (net of policyholders, taxes & minorities)

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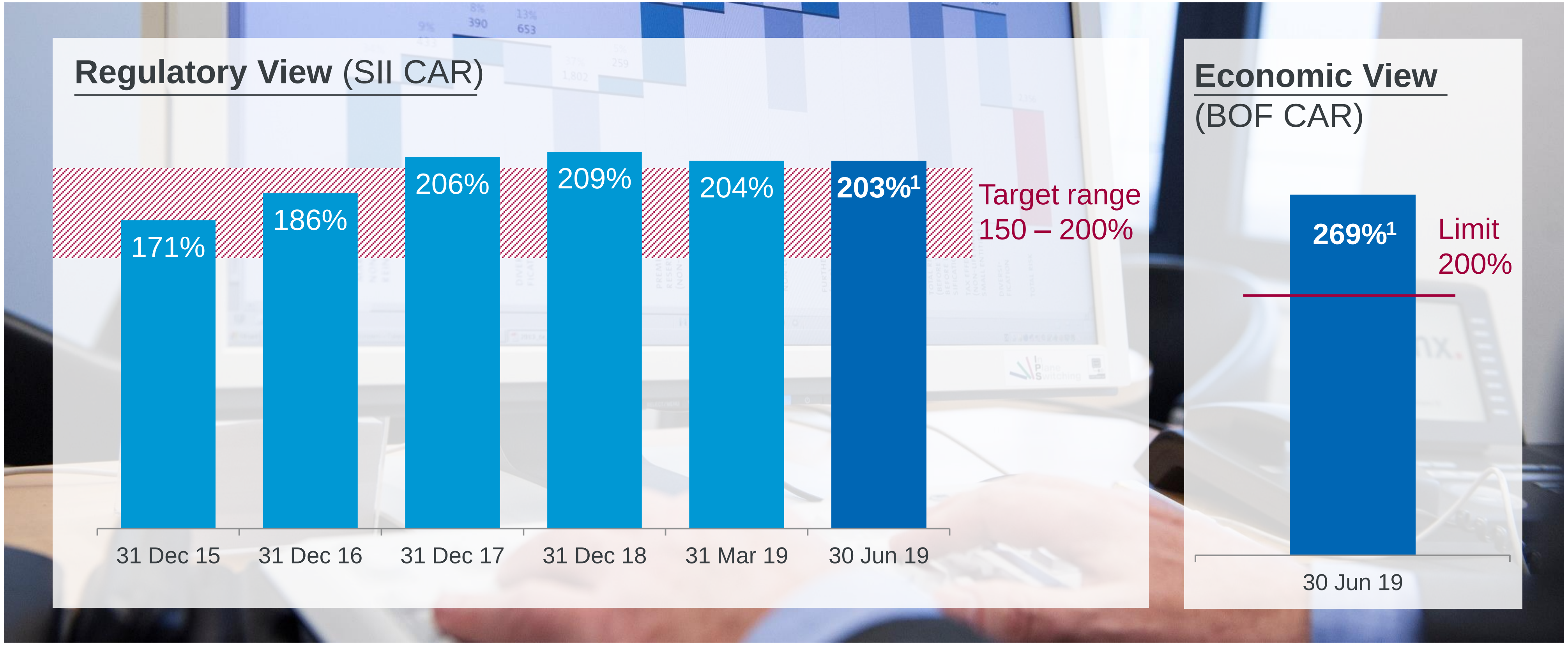
Solvency II capital at very solid level

Development of Solvency II capitalisation (excl. transitional)



[1] Preliminary figures

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 30 Jun 2019: 240% (31 Mar 2019: 241%, 31 Dec 2018: 252%).

Outlook 2019 for Talanx Group

Gross written premium growth	~4%
Net return on investment	more than 2.7%
Group net income	more than EUR 900m
Return on equity	more than 9.5%
Dividend payout	35-45% DPS at least stable y/y

Note: The Outlook 2019 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 large losses not exceeding the large loss budget, no turbulences on capital markets and no material currency fluctuations

Financial Calendar and IR contacts

- 11 November 2019
  9M 2019 Results
- 20 November 2019
  Capital Markets Day in Frankfurt
- 16 March 2020
  Annual Report 2019

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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