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Insurance. Investments.

PERFORMANCE AND RESULTS

2018

6M 2018 Results

13 August 2018

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Talanx well on track to achieve Group net income Outlook of ~EUR 850m

- Strong EBIT growth supported by the Group's improved combined ratio
- All segments – except Industrial Lines - contribute to EBIT growth
- Industrial Lines: "20/20/20" goal launched to bring Fire CoR to well below 100% by 2020
- Net income down due to one-time tax effects – profit Outlook and payout target confirmed
- RoE at 10.0% - well above the minimum target of 750bps plus risk-free rate

Agenda

1 6M 2018 results – Key financials

EURm	6M 2018	6M 2017	Delta	Comments
Gross written premium (GWP)	**18,760**	**17,553**	**+7%**	Despite currency headwind, strong business momentum continues. Currency-adjusted, top-line up by 11.8%
Net premium earned	14,435	13,450	+7%	
Net underwriting result	(748)	(940)	+20%	
t/o P/C	273	232	+18%	
t/o Life	(1,021)	(1,171)	+13%	
Net investment income	2,007	2,085	(4%)	
Other income / expenses	(47)	(20)	(135%)	
Operating result (EBIT)	**1,212**	**1,125**	**+8%**	All operating segments – except Industrial Lines - contribute to EBIT growth. EBIT growth higher than top-line increase
Financing interests	(84)	(74)	(14%)	
Taxes on income	(357)	(267)	(34%)	Higher tax rate due to Retail Germany and US tax reform
Net income before minorities	771	784	(2%)	
Non-controlling interests	(334)	(321)	(4%)	
Net income after minorities	437	463	(6%)	Talanx on track to reach 2018 Group net income Outlook of ~EUR 850m
Combined ratio	96.7%	97.0%	(0.3%)pts	Group combined ratio slightly improved after 6M
Tax ratio	31.6%	25.4%	+6.2%pts	
Return on equity	10.0%	10.3%	(0.3%)pts	Well above target of ≥750bps plus risk-free

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1 6M 2018 – Divisional contribution to change in Group EBIT

	30 June 2017 reported	Industrial Lines	Retail Germany	Retail International	Reinsurance	Corporate Operations incl. Consolidation	30 June 2018 reported
Net income	463	(59)	0	9	15	9	437

>50% of FY2018 Outlook

Note: figures restated on the base of IAS 8

Broad-based EBIT improvement

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1 Q2 2018 results – Key financials

EURm	Q2 2018	Q2 2017	Delta
Gross written premium (GWP)	**8,200**	**7,801**	**+5%**
Net premium earned	7,446	6,752	+10%
Net underwriting result	(318)	(525)	+39%
t/o P/C	154	97	+59%
t/o Life	(472)	(620)	+24%
Net investment income	944	1,074	(12%)
Other income / expenses	(6)	0	n/m
Operating result (EBIT)	**620**	**549**	**+13 %**
Financing interests	(43)	(38)	(13%)
Taxes on income	(194)	(125)	(55%)
Net income before minorities	383	386	(1%)
Non-controlling interests	(164)	(161)	(2%)
Net income after minorities	**219**	**225**	**(3%)**
Combined ratio	96.5%	97.6%	(1.1%)pts
Tax ratio	33.6%	24.5%	+9.1%pts
Return on equity	10.1%	9.8%	+0.3%pts

Comments

- GWP increases markedly despite currency headwind. Currency-adjusted, top-line up by 9.0%
- Largely driven by the lower realisation of capital gains in Retail Germany
- Significant improvement in the net underwriting result over-compensates decline in the net investment income and in the other income / expenses
- Higher tax rates in Retail Germany, Retail International and Reinsurance Division
- Higher tax rate triggers slight decline in Q2 bottom-line
- Combined ratio improves in Q2 2018
- RoE in Q2 2018 slightly above the 10%-level

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1 Large losses[1] in 6M 2018 (in EURm)

NatCat	Primary Insurance	Reinsurance	Talanx Group
Storm	31.2 (Winter Storm "Friederike")	31.1 (Winter Storm "Friederike")	62.4 (Winter Strom "Friederike")
Earthquake	9.2 (Papua New Guinea)	11.2 (Papua New Guinea)	20.4 (Papua New Guinea)
Total NatCat	40.4	42.4	82.8

Man-made	Primary Insurance	Reinsurance	Talanx Group
Fire/Property	100.5	26.3	126.8
Credit	-	24.7	24.7
Other	6.7		6.7
Total Man-made	107.2	50.9	158.1

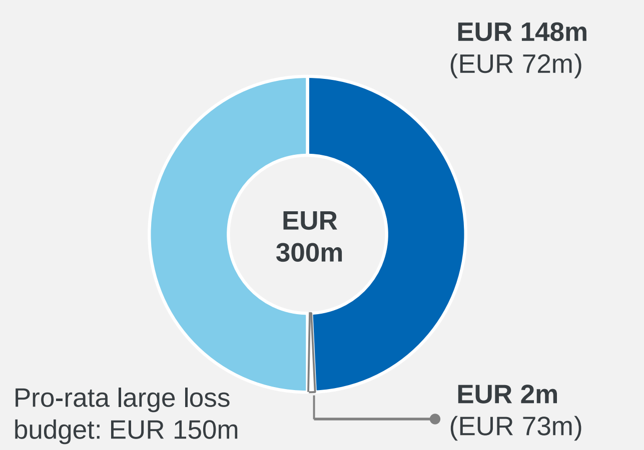
Total large losses	Primary Insurance	Reinsurance	Talanx Group
	147.7 (72.1)	**93.3** (122.9)	**241.0** (195.0)

6M 2018 (6M 2017)

1 Definition "large loss": in excess of EUR 10m gross in either Primary Insurance or Reinsurance
Note: 6M 2018 Primary Insurance large losses (net) are split as follows: Industrial Lines: EUR 131.2m; Retail Germany: EUR 11.9; Retail International: EUR 0.1m, Corporate Operations: EUR 4.5m; since FY2016 reporting onwards, the table includes large losses from Industrial Liability line, booked in the respective FY. The 6M budget for large losses stands at EUR150m in Primary Insurance and at EUR351m in Reinsurance. By consequence, Primary Insurance and Reinsurance have both remained within their budgets, implying an extra cushion – also when compared to last year' 6M – for the remainder of the year.

1 Large loss budget in 6M 2018

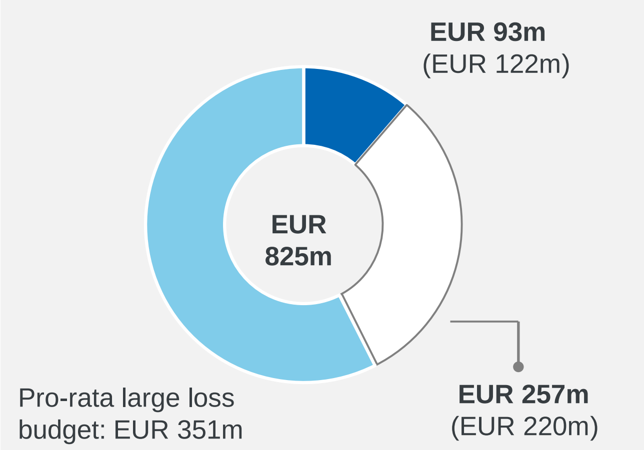
Primary Insurance



Impact on large loss ratio (incurred)

4.1%pts
(2.1%pts)
budgeted
4.2%pts

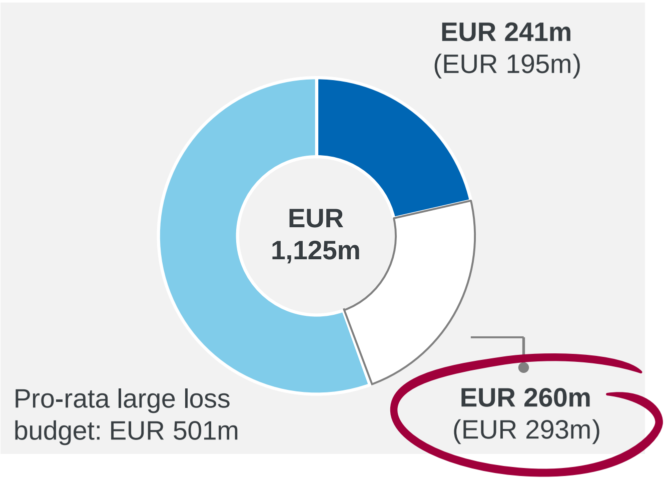
Reinsurance



Impact on large loss ratio (incurred)

1.8%pts
(2.8%pts)
budgeted
6.8%pts

Talanx Group



Impact on large loss ratio (incurred)

2.8%pts
(2.5%pts)
budgeted
5.7%pts

FY large loss budget
thereof used budget
Unused pro-rata large loss budget

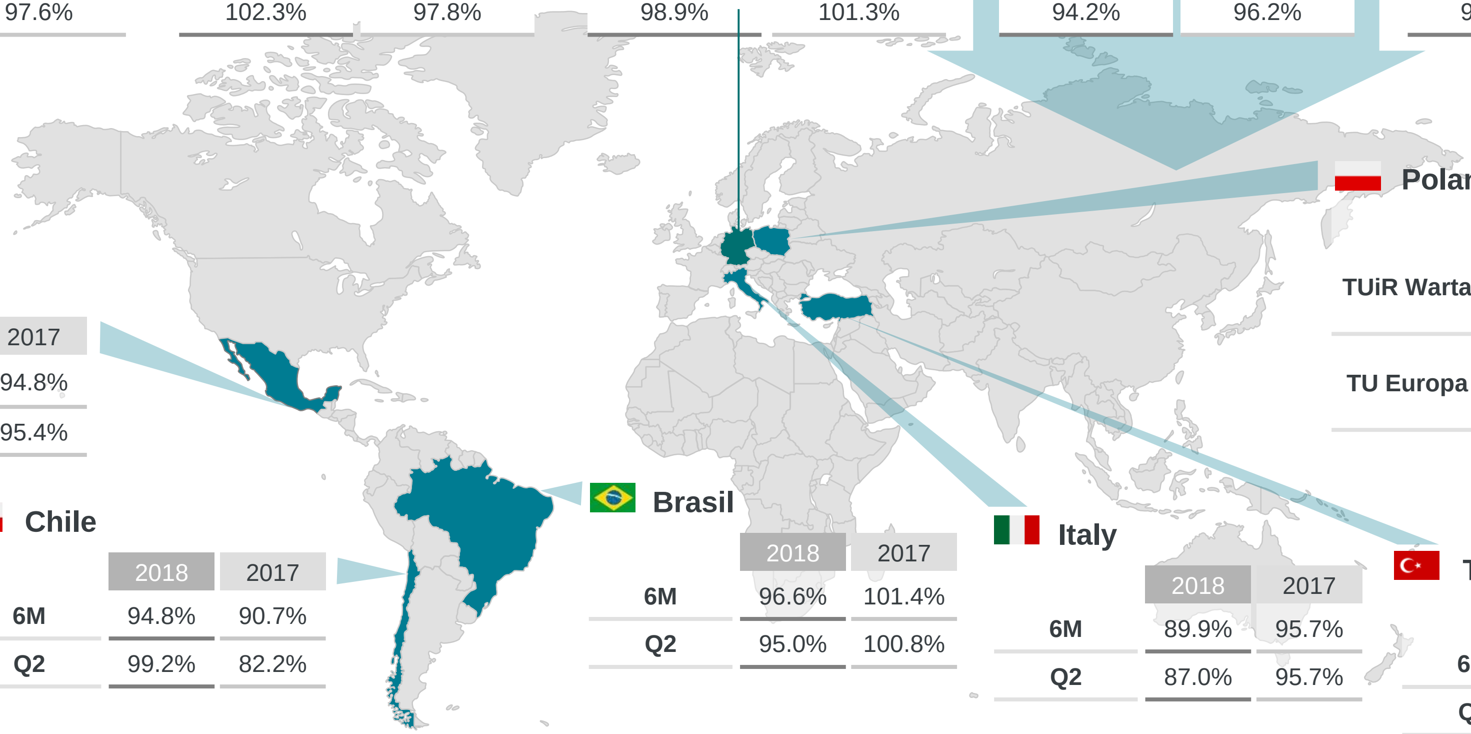
6M 2018 (6M 2017)

6M 2017: Talanx Group: large losses of €195m (pro-rata large loss budget: €488m); Primary Insurance: large losses of €72m (€145m); Reinsurance: large losses of €123m (€343m)

Large losses within their respective pro-rata budgets – EUR 260m additional buffer on Group level

1 Combined Ratios

	Talanx-Group		Industrial Lines		Retail Germany P/C		Retail International		Reinsurance P/C	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
6M	96.7%	97.0%	102.3%	97.2%	99.0%	101.5%	94.6%	96.4%	95.7%	96.5%
Q2	96.5%	97.6%	102.3%	97.8%	98.9%	101.3%	94.2%	96.2%	95.5%	97.4%



Poland

		2018	2017
TUiR Warta	6M	94.8%	96.2%
	Q2	94.8%	96.7%
TU Europa	6M	86.6%	84.8%
	Q2	84.6%	82.6%

Mexico

	2018	2017
6M	94.6%	94.8%
Q2	95.2%	95.4%

Chile

	2018	2017
6M	94.8%	90.7%
Q2	99.2%	82.2%

Brasil

	2018	2017
6M	96.6%	101.4%
Q2	95.0%	100.8%

Italy

	2018	2017
6M	89.9%	95.7%
Q2	87.0%	95.7%

Turkey

	2018	2017
6M	103.2%	101.9%
Q2	103.7%	101.8%

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1 Industrial Lines: key results of a thorough analysis

	Total Division	of which "Fire" line[1]	of which all other lines
Net premium earned 6M 2018	EUR1,235m	~20%	~80%
Combined ratio 6M 2018	102.3%	~119%	~97%

Analysis

Normalised run-off results after 6M / decent positive reserve quality by division and by line

Focus on ~20% of Industrial Lines portfolio, ~80% are in good shape

HDI Global slightly behind market average. German Fire market loss-making (GDV 2018E: 115%[2])

Frequent renewal dates give opportunity for a fast clean-up

1 Fire defined as the Property line "Property Damage/Business Interruption". This excludes the Engineering and Multi-Risk lines
2 GDV estimate for market combined ratio in German Industrial Property („industrielle Sachversicherung")

1 Industrial Lines: promising launch of the “20/20/20” goal

New line management to present programme in detail at CMD 2018 on 23 October

“20/20/20 goal”

A broad-based profitabilisation of the Fire portfolio, with a particular focus on Germany:

min. 20% CoR improvement on 20% of portfolio effective in 2020 (“20/20/20”)

Steps taken

- New management team in place since Q2 2018 ✓
- Thorough analysis of status quo ✓
- Shift from selective to broad-based price increases as of Q2 2018 ✓
- Fast-track profitabilisation within the next 18 months

Commitment

~1/3 of targeted price increases contracted until June 2018

The new team is committed to bring the combined ratio in Fire to well below 100% until 2020

Mid-term aspiration to achieve a divisional combined ratio of ~96% remains unchanged

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

Agenda

1 Group Highlights

2 Segments

3 Investments / Capital

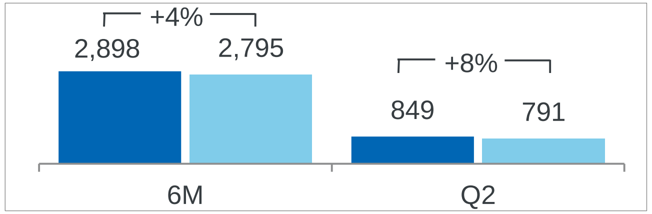
4 Outlook

5 Appendix

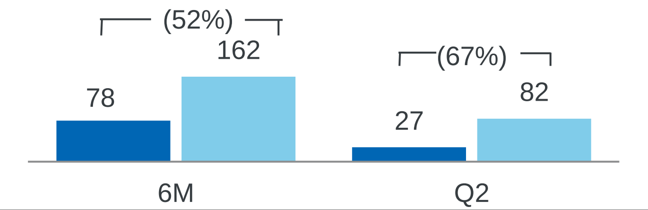
- Mid-term Target Matrix
- Additional Information 6M 2018
- Risk Management

2 Segments – Industrial Lines

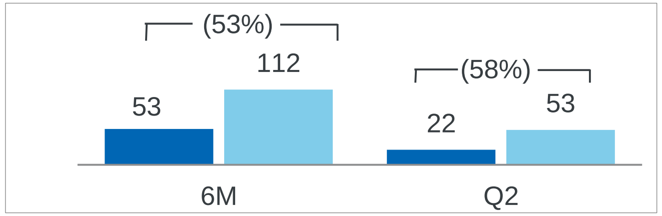
GWP



Operating result (EBIT)



Group net income



Retention rate in %

	6M		Q2	
	58.9	54.4	55.5	49.3

Combined ratio in %

	6M		Q2	
	102.3	97.2	102.3	97.8

RoE in %

	6M		Q2	
	4.6	10.2	3.9	9.5

- 6M 2018 GWP up by 3.7% (currency-adj.: +6.9%)
- Growth driven by international Liability and Motor business, namely in Australia and in the Netherlands. GWP in Germany benefited from some positive pricing effects
- Increase in retention rate driven by Property business and by lower reinstatement premiums

- 6M 2018 combined ratio burdened by large losses mainly from Fire and from higher frequency losses. Run-off result (6M 2018: EUR 43m) normalised and stood above the level 6M 2017 (EUR 40m)
- Cost ratio improved by 0.2%pts y/y to 21.0% despite ongoing IT-infrastructure investments
- Investment result down due to negative base effect in extraordinary investment result. Ordinary investment result up

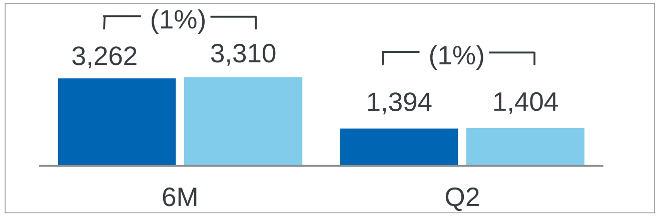
- Net income down y/y, primarily driven by the dissatisfying Fire business
- Negative one-off tax effect of a single-digit million euro amount from the US tax reform mainly in Q1 2018
- "20/20/20" goal targeting to bring combined ratio in Fire to well below 100% by 2020

EURm, IFRS ■ 2018 ■ 2017

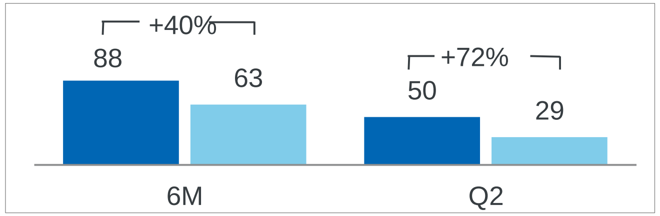
Dissatisfying combined ratio driven by only 20% of overall business – run-off result normalised

2 Segments – Retail Germany Division

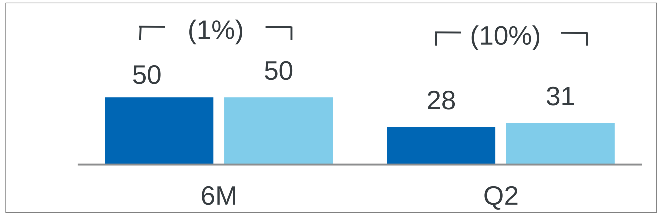
GWP



Operating result (EBIT)



Group net income



Retention rate in %

	6M		Q2	
	2018	2017	2018	2017
Retention rate in %	93.7	95.2	93.6	95.1

Combined ratio in %

	6M		Q2	
	2018	2017	2018	2017
Combined ratio in %	99.0	101.5	98.9	101.3

RoE in %

	6M		Q2	
	2018	2017	2018	2017
RoE in %	4.0	4.0	4.4	5.1

- Top-line slightly down as GWP decline in Life could not be fully compensated by the growth in the P/C segment
- Net underwriting result improved y/y in both segments, in P/C as well as in Life

- KuRS costs affected the division in total by EUR 24m in 6M 2018 (6M 2017: EUR 25m). The impact on EBIT was EUR 18m (6M 2017: EUR 20m)
- 6M 2018 EBIT significantly higher; main driver P/C, but also Life contributed to EBIT growth. P/C benefited from less frequency claims, a higher run-off result, lower KuRS costs and economies of scale resulting from top-line growth

- Significantly higher tax rate (37.8% vs. 6M 2017: 5.8%) due to the negative base effect (6M 2017 tax benefits) as well as higher-taxed investment result from alternative assets
- The higher tax rate eats up the significant increase in EBIT in 6M 2018. As a result, net income for the first 6 months 2018 is broadly unchanged

EURm, IFRS ■ **2018** ■ **2017**

6M EBIT significantly up, driven by P/C and Life business ahead of KuRS targets – bottom-line burdened by higher tax rate

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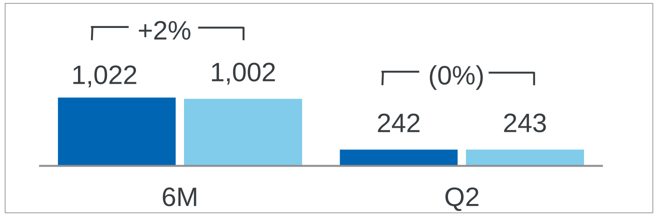
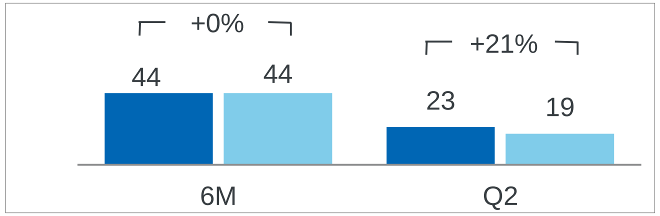
Segments – Retail Germany P/C

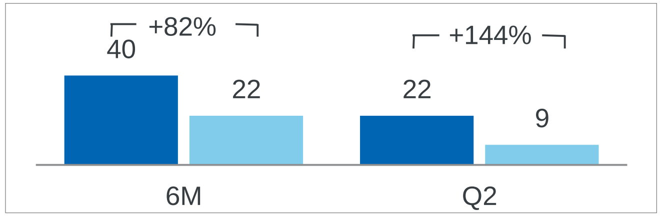
GWP



Investment income



Operating result (EBIT)



Retention rate in %

	2018	2017
6M	94.3	94.8
Q2	93.8	94.2

Combined ratio in %

	2018	2017
6M	99.0	101.5
Q2	98.9	101.3

EBIT margin in %

	2018	2017
6M	5.6	3.1
Q2	6.0	2.4

- GWP up by 2.0% y/y, predominantly driven by business with SMEs/self-employed professionals and digital motor business

- KuRS continues to perform ahead of plan. 6M 2018 combined ratio below originally planned ~100%
- Combined ratio was impacted by EUR 16m costs for KuRS programme (6M 2017: EUR 19m). Adjusting for these, the combined ratio would have declined to 96.7% (6M 2017: 98.8%)

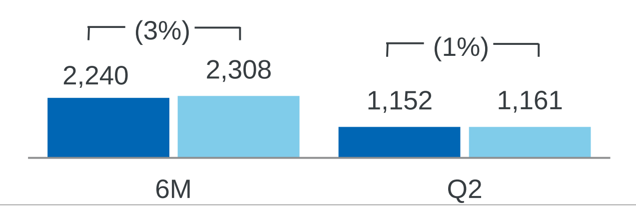
- 6M 2018 investment result slightly up. Increase in ordinary result overcompensated the moderate decline of the extraordinary investment result
- Top-line growth and lower combined ratio drove improvement in EBIT; this effect was particularly pronounced in Q2

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

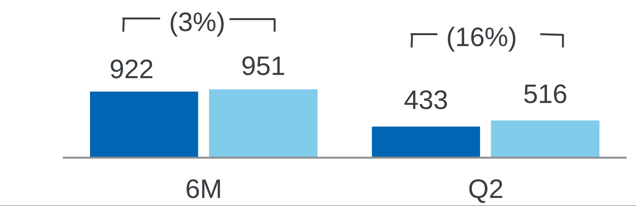
Significant EBIT increase driven by the further improved underwriting performance – KuRS ahead of plan

Segments – Retail Germany Life

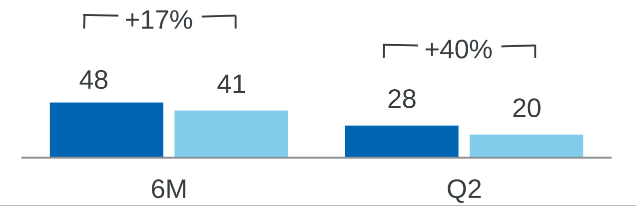
GWP



Investment income



Operating result (EBIT)



Retention rate in %

	2018	2017
6M	93.4	95.4
Q2	93.6	95.4

RoI in %

	2018	2017
6M	3.9	4.2
Q2	3.7	4.5

EBIT margin in %

	2018	2017
6M	2.9	2.4
Q2	3.4	2.3

- Moderate decline in Life GWP continued in 6M 2018, but in Q2 2018 at a lower pace
- The development was driven by phase-out of non-capital-efficient Life products, the expiry of Life insurance contracts and less single-premium business

- 6M 2018 investment result down, due to lower extraordinary gains on the back of lower ZZR allocation; ordinary investment result broadly stable
- ZZR allocation – according to HGB – of EUR 130m significantly below previous year's level (6M 2017: EUR: 417m). Total ZZR stock at EUR 3.3bn
- Change in ZZR allocation policy P&L neutral (decline in ZZR projection by ~EUR 700m to ~EUR 3.3bn for year-end 2018)

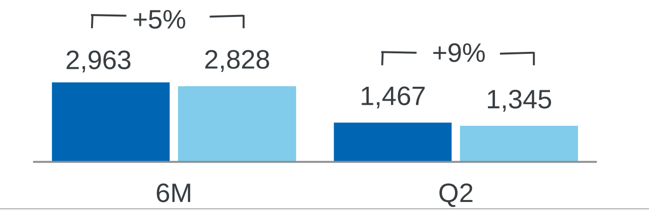
- Costs for KuRS slightly up y/y at EUR 7m in 6M 2018 (6M 2017: EUR 5m); however, virtually irrelevant for the EBIT (due to policyholder participation in Life)
- 6M 2018 EBIT markedly up. Previous year's 6M EBIT burdened by policyholder participation from tax benefits

EURm, IFRS ■ **2018** ■ **2017**

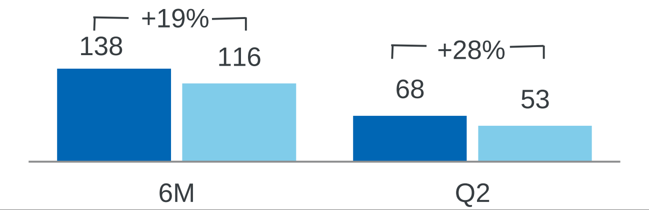
Lower ZZR contribution in 6M 2018 – EBIT significantly improved

2 Segments – Retail International

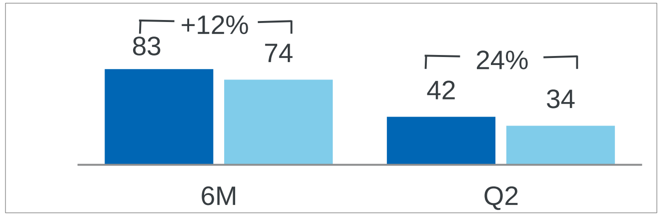
GWP



Operating result (EBIT)



Group net income



Retention rate in %

	2018	2017
6M	91.7	90.9
Q2	92.1	92.0

Combined ratio in %

	2018	2017
6M	94.6	96.4
Q2	94.2	96.2

RoE in %

	2018	2017
6M	8.3	7.2
Q2	8.3	6.6

- 6M 2018 GWP up by 4.8% y/y (curr.-adj: +9.6%); Q2 with increasing growth momentum in P/C and in Life. Currency burden in particular in Brazil and in Turkey
- GWP in P/C strongly up 5.0% (curr.-adj.: +12.2%), mainly driven by Poland; all core markets grew their GWP on a local currency basis
- GWP in Life up by 4.2% (curr.-adj: +4.9%), mainly due to single-premium business in Italy

- 6M 2018 combined ratio improved by 1.8%pts y/y to excellent 94.6%. Lower cost ratio (down 1.3%pts y/y) driven by cost optimisation measures and scale effects, namely in Poland and Brazil. Loss ratio also improved by 0.5%pts
- Despite currency headwinds, EBIT grew by 19.0% y/y (curr.-adj.: +21.8%); higher profit contribution mainly from Poland (Warta) and Italy. Turkey with EBIT increase despite challenging environment

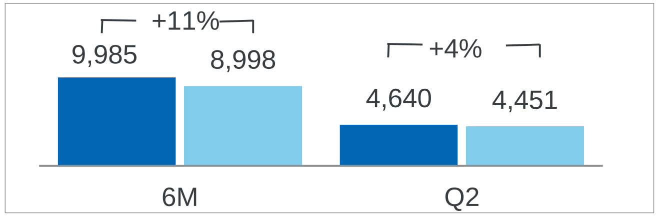
- Net income in the first six months up by 11.7% y/y
- Double-digit profit increase despite a higher tax rate (up from 24.3% to 27.1%) and the higher share of profits attributable to minorities, namely at Warta
- Increasing profit momentum in Q2 2018 (+23.5% y/y) despite initial negative consolidation effects from of HDI Colombia (from 3 April 2018) and Liberty Sigorta/Turkey (from 2 May 2018), burdening net income by ~EUR 2m

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

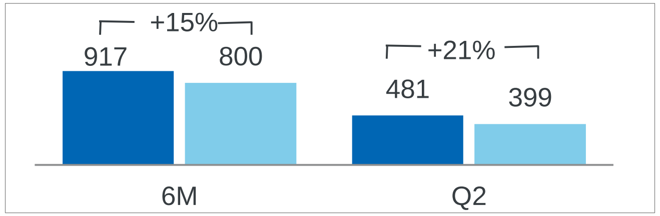
Q2 2018 with improving momentum in strong top-line growth and profitability

Segments – Reinsurance Division

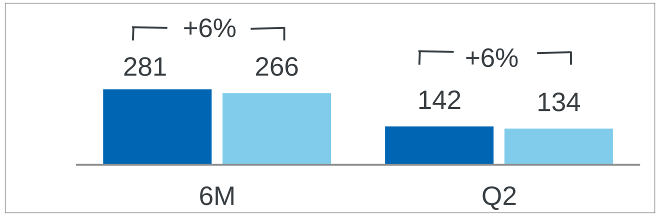
GWP



Operating result (EBIT)



Group net income



Retention rate in %

	2018	2017
6M	91.3	90.3
Q2	91.4	90.9

Combined ratio in %

	2018	2017
6M	95.7	96.5
Q2	95.5	97.4

RoE in %

	2018	2017
6M	13.9	12.6
Q2	14.3	12.4

- 6M 2018 GWP growth of +11.0% y/y (curr.-adj.: +18.1%), boosted by single large P/C transactions
- Net premium is up by +10.8% on a reported basis and grew by +17.9% on a currency-adjusted basis

- 6M 2018 EBIT up by 14.6% y/y, supported by a strong underwriting resulting from both segments and above-target investment return
- Return on investment (6M 2018: 3.2%) significantly exceeding target. Stable ordinary investment income
- Assets under management up by 2.5%

- 6M 2018 net income up by 5.4%, Q2 2018 even up by 7.5% y/y
- Tax ratio higher one-off effects from last year‘s tax-reduced disposal gains and dividends (P/C Reinsurance) and from changes in business set-up in L/H Reinsurance linked to the US tax-reform
- Return on equity for 6M 2018 at 13.9%, up y/y (6M 2017: 12.6%) and well above Hannover Re‘s minimum target

EURm, IFRS ■ **2018** ■ **2017**

6M 2018 with satisfactory performance driven by strong underwriting results

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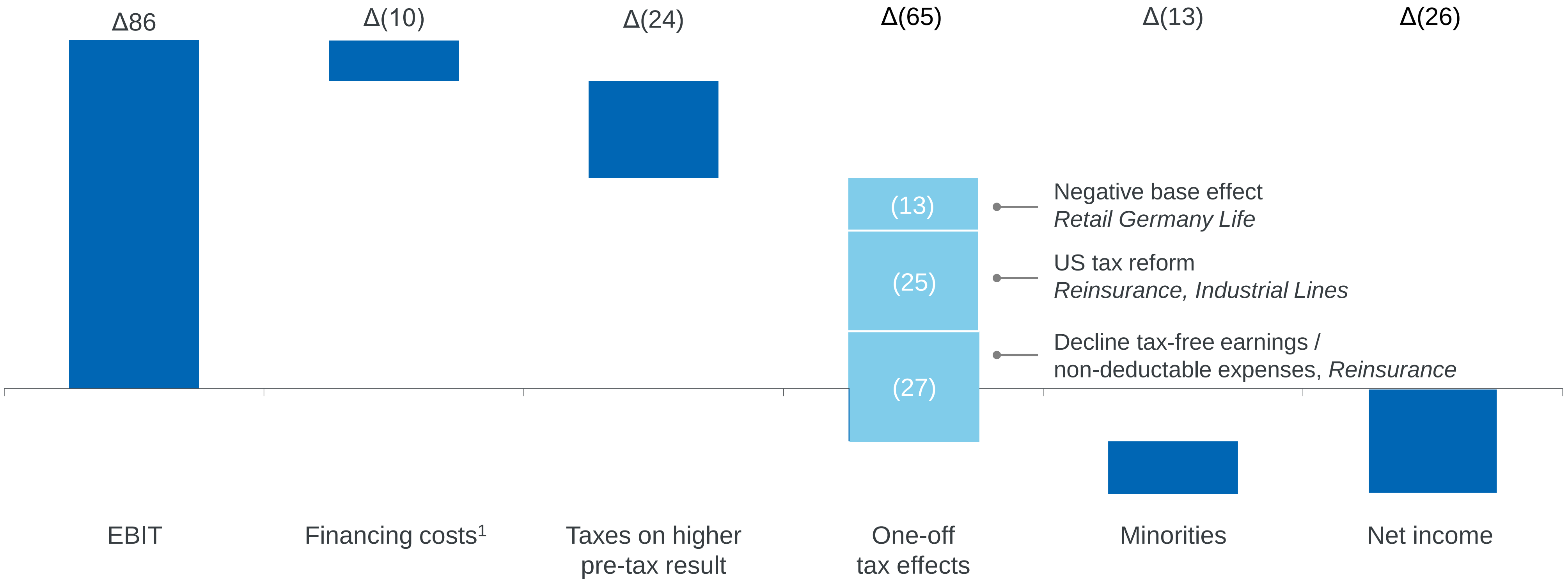
2 Transition bridge from improved EBIT to lower Group net income

Changes from 6M 2017 to 6M 2018
in EURm



1 Reflecting the funding costs of the Talanx EUR 750m 2.25% 30-NC-10 bond, issued December 2017 and the Hannover Re EUR 750m (2028) 1.125% senior bond issued April 2018

Significantly higher tax rate leads to decline in Group net income

Agenda

3 Net investment income

Net investment income Talanx Group

EUR m, IFRS	6M 2018	6M 2017	Change
Ordinary investment income	**1,687**	**1,683**	**+0%**
thereof current investment income from interest	1,329	1,359	(2%)
thereof profit/loss from shares in ass. companies	4	7	(45%)
Realised net gains/losses on investments	419	466	(10%)
Write-ups/write-downs on investments	(79)	(95)	(16%)
Unrealised net gains/losses on investments	(6)	30	(121%)
Investment expenses	(120)	(113)	+6%
Income from investments under own management	**1,901**	**1,971**	**(4%)**
Income from investment contracts	**(0)**	**(2)**	**(95%)**
Interest income on funds withheld and contract deposits	**106**	**116**	**(8%)**
Total	**2,007**	**2,085**	**(4%)**

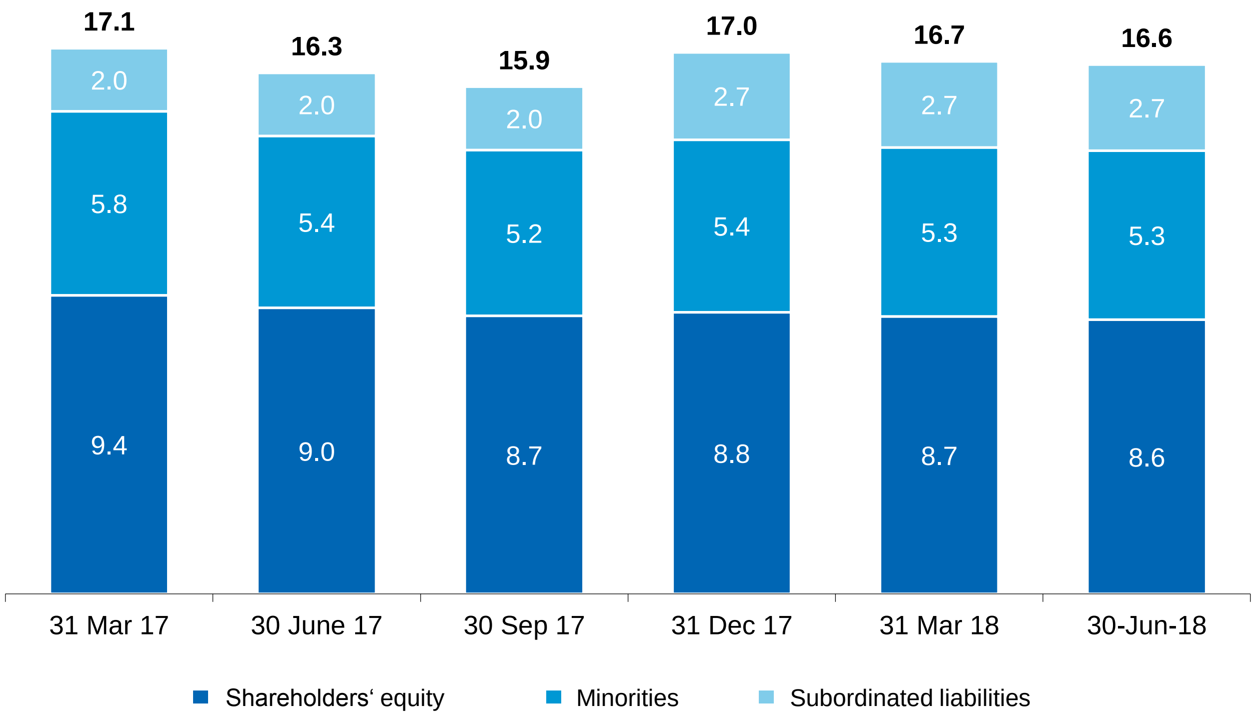
Comments

- Ordinary investment income stable. Effects from low-interest rate environment were compensated by higher investment results from private equity and infrastructure
- Realised net investment gains down by EUR 47m y/y to EUR 419m in 6M 2018; decision to realise less capital gains due to the anticipation of a new ZZR regime. 6M 2018 ZZR allocation significantly lower at EUR 130m (6M 2017: 417m).
- Originally higher Q1 ZZR contribution re-allocated to RfB
- 6M 2018 RoI slightly down to 3.5% (6M 2017: 3.7%) – impacted by markedly lower realised gains compared to the previous year
- Lower level of writedowns in investments, predominantly from positive base effects in 6M 2017

6M 2018 RoI at 3.5% - well in-line with Outlook of ≥3.0%, despite significantly lower realised investment gains

3 Equity and capitalisation – Our equity base

Capital breakdown (EUR bn)



Note: figures restated on the base of IAS 8

Comments

- Shareholders' equity down vs. FY2017 due to the decline in OCI and the dividend payment in May
- At the end of 6M 2018, book value per share was EUR 33.99 (6M 2017: EUR 35.48), NAV (excl. goodwill) per share was EUR 29.79 (EUR 31.35)
- Off-balance sheet reserves amounted to ~EUR 4.4bn, or EUR 1.54 per share (shareholder share only)
- 10.0% RoE (annualised) above the minimum target of 750bps plus risk-free rate (~0.5%pts) and above cost of equity

Shareholders' equity at EUR 8,592m, or EUR 33.99 per share

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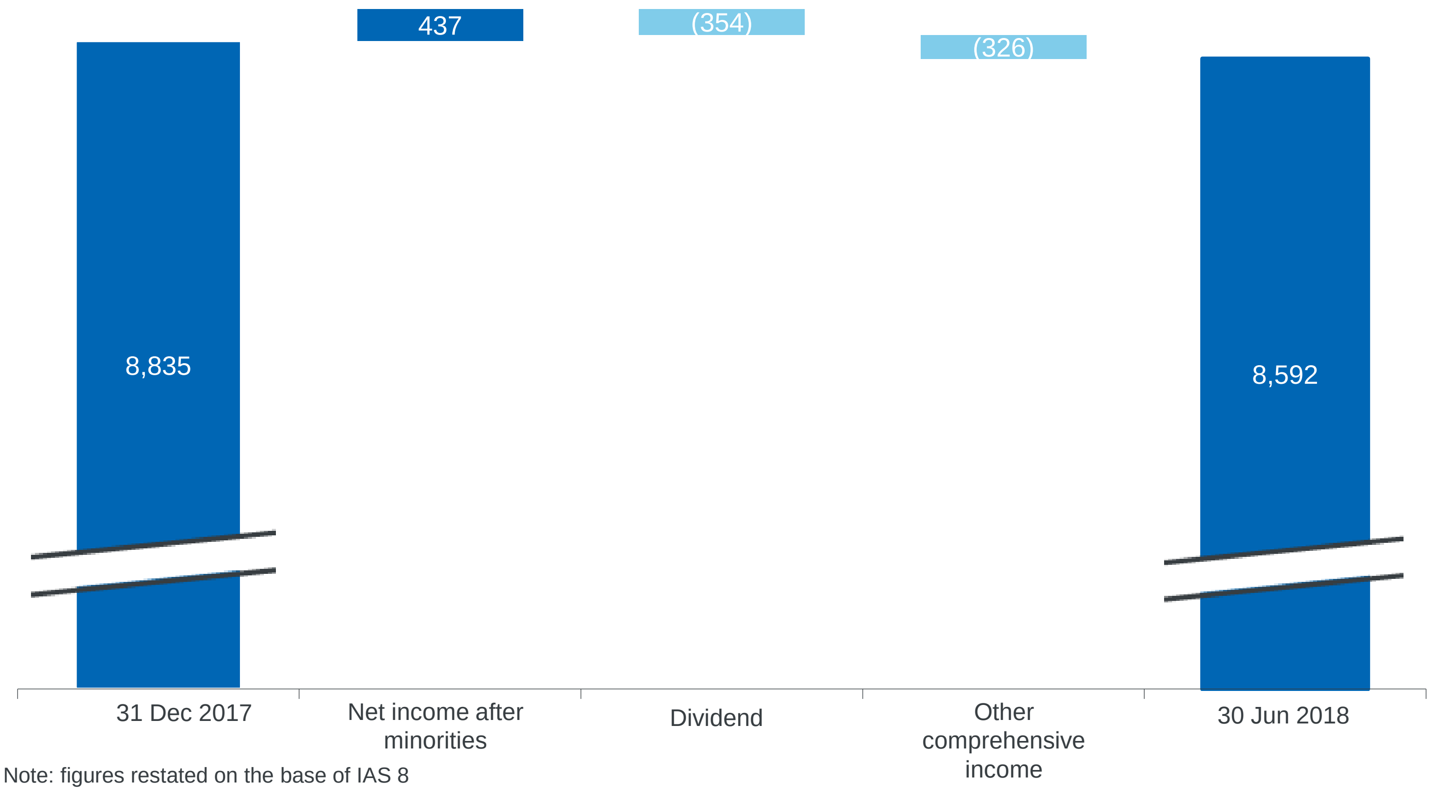
3 Equity and capitalisation – Contribution to change in equity

In EURm



Note: figures restated on the base of IAS 8

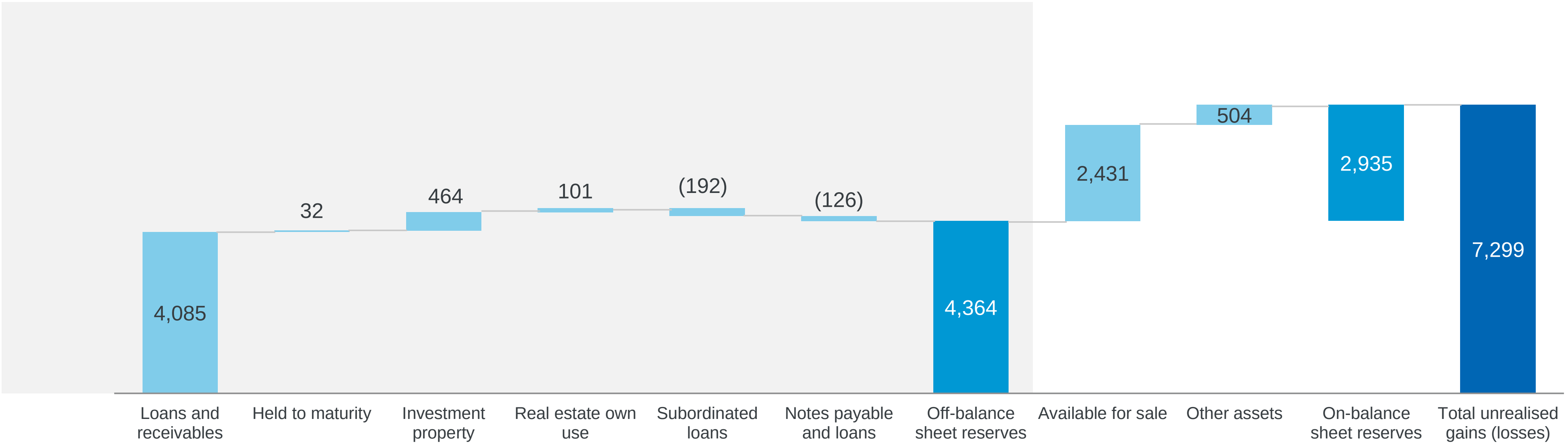
Comments

- End of June 2018, shareholders' equity stood at EUR 8,592, or EUR 243m below the level of FY2017
- The combination of the decline in OCI and the dividend payment in May could not be fully compensated by the net income
- The reduction of the OCI was predominantly due to higher spreads
- At the end of Q1 2018, the Solvency II Ratio (Solvency II view, HDI Group level) stood at 207% (FY2017: 206%) - excluding the effect of transitional measures
- We expect the Solvency II ratio for 6M 2018 to be a tad softer, reflecting the decline in rates and the widening in spreads as well as some minor model changes

Shareholders' equity slightly down reflecting the lower OCI and the dividend payout in May

3 Equity and capitalisation – Unrealised gains

Unrealised gains and losses (off- and on-balance sheet) as of 30 June 2018 (EURm)



31 Dec 17	4,260	39	433	124	(382)	(144)	4,330	3,515	526	4,042	8,372

Δ market value vs. book value

Note: Shareholder contribution estimated based on historical profit sharing pattern

Off-balance sheet reserves of ~ EUR 4.4bn – EUR 389m (EUR 1.54 per share) attributable to shareholders (net of policyholders, taxes & minorities)

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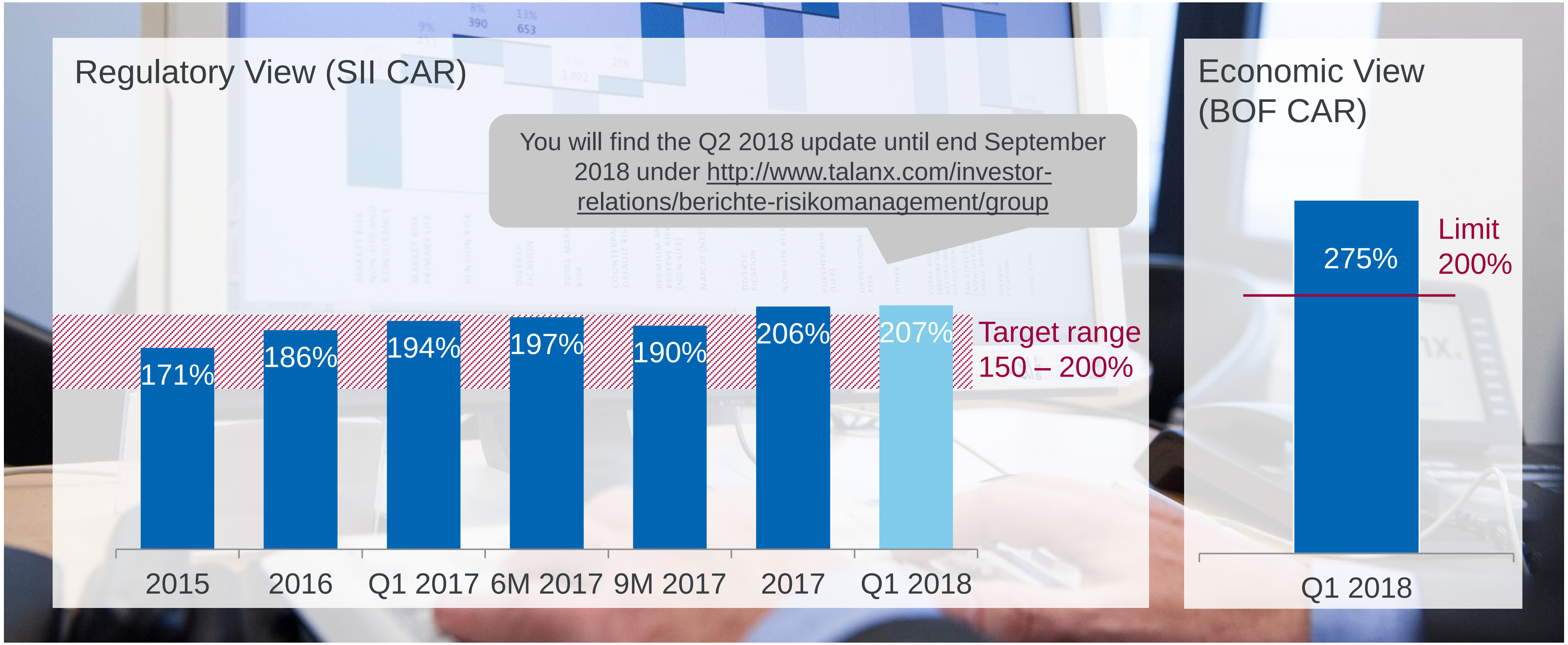
Development of Solvency II capitalisation



Note: Solvency II ratio relates to HDI Group as the regulated entity.The chart does not contain the effect of transitional measures. Solvency II ratio including transitional measures for Q1 2018 was 251% (FY2017 253%).

Agenda

4 Outlook 2018 for Talanx Group[1]

Gross written premium	> 5%
Return on investment	≥3.0%
Group net income	~850 EURm
Return on equity	~9.0%
Dividend payout ratio	35-45% target range

minimum 2018 DPS target of EUR 1.40

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

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

Agenda

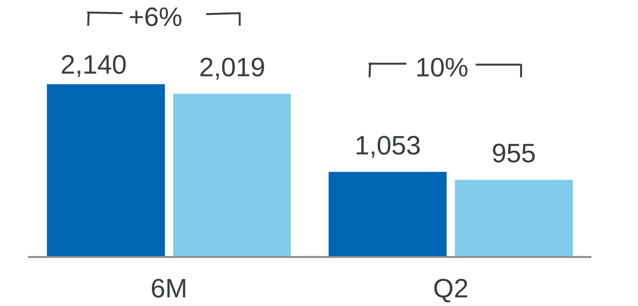
5 Mid-term target matrix & current status

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

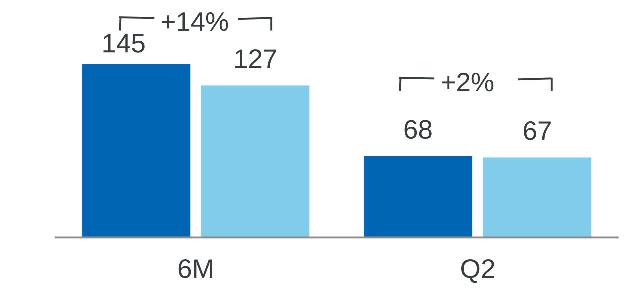
1 Organic growth only; currency-neutral; CAGR; 2 Risk-free rate is defined as the 5-year rolling average of the 10-year German government bond yield; 3 Talanx definition: incl. net interest income on funds withheld and contract deposits; 4 EBIT/net premium earned, 5 Reflects Hannover Re target of at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

6M 2018 Additional Information – Retail International Europe: Key financials

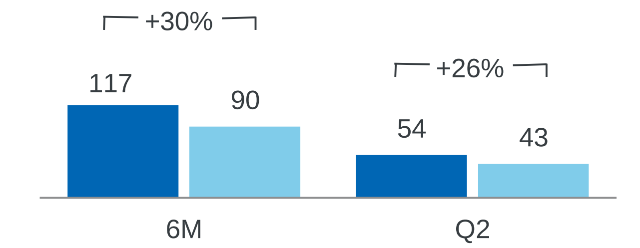
GWP



Investment income

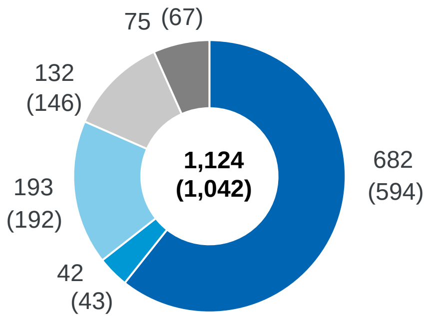


Operating result (EBIT)



EURm, IFRS **2017** **2016**

GWP split by carriers (P/C)



Warta (Poland)

TU Europa (Poland)

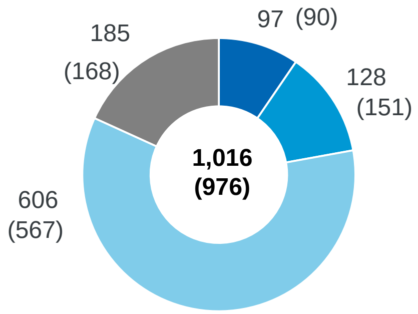
HDI Italy

HDI Turkey

Other

EURm, 6M 2018 (6M 2017)

GWP split by carriers (Life)



Warta Life (Poland)

TU Europa Life (Poland)

HDI Italy

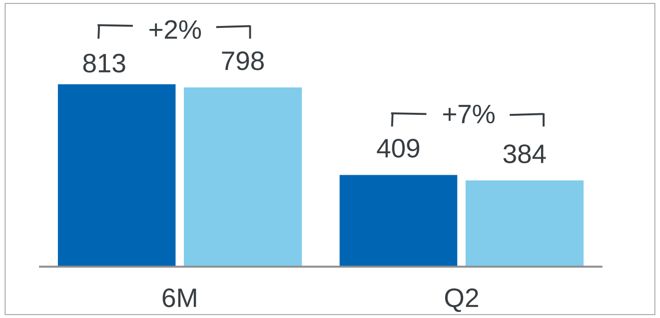
Other

EURm, 6M 2018 (6M 2017)

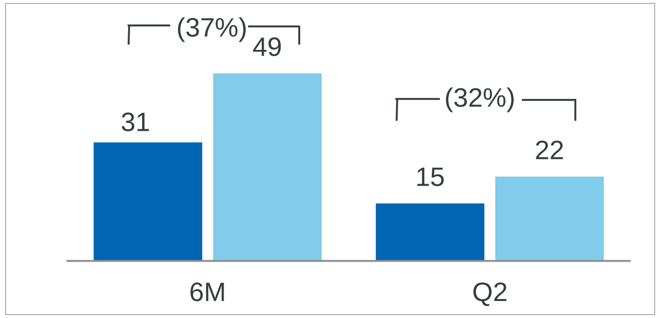
Strong improvement on top-line and on bottom-line – Poland and Italy drive EBIT improvement

5 6M 2018 Additional Information – Retail International LatAm: Key financials

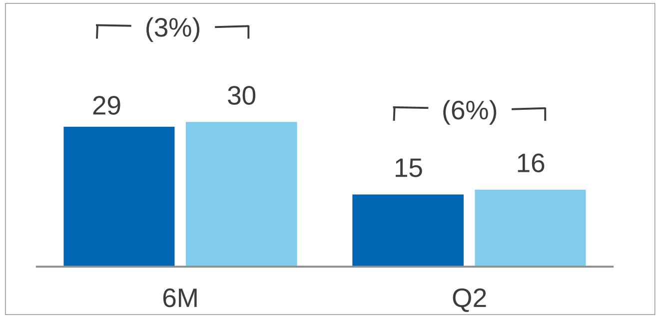
GWP



Investment income

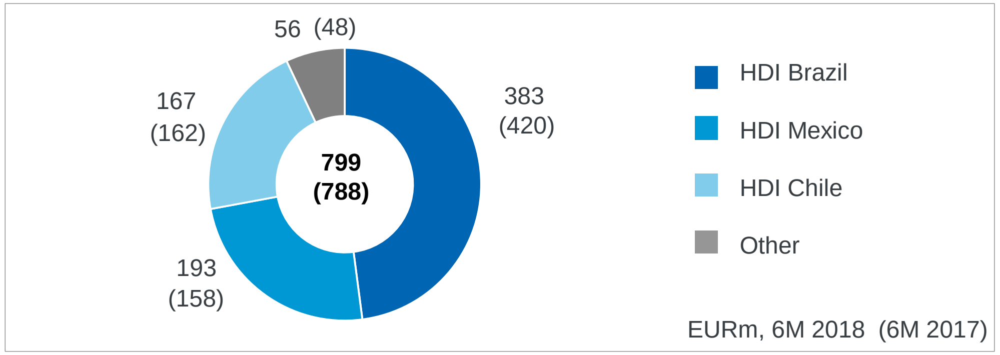


Operating result (EBIT)

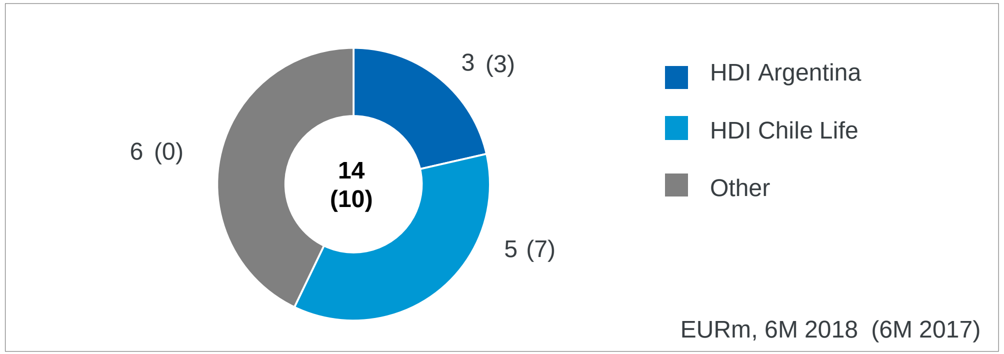


EURm, IFRS **2017** **2016**

GWP split by carriers (P/C)



GWP split by carriers (Life)



EBIT roughly stable in euro-terms despite headwinds from currencies and interest rates

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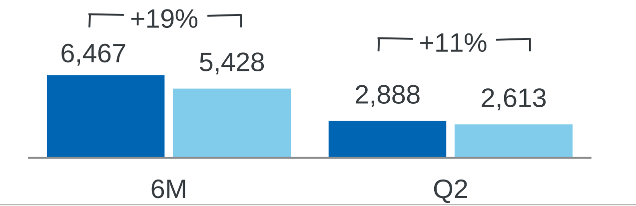
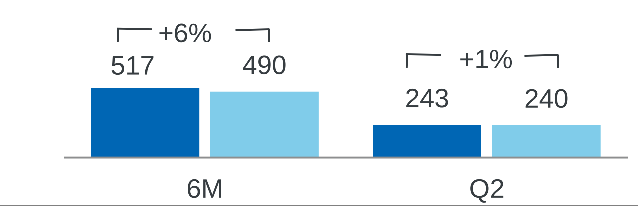
6M 2018 Additional Information – Segment P/C Reinsurance

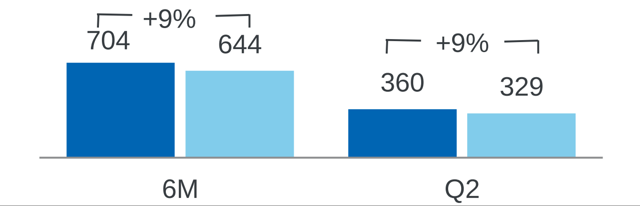
GWP



Investment income



Operating result (EBIT)



Retention rate in %

	2018	2017
6M	91.4	89.4
Q2	91.3	90.3

Combined ratio in %

	2018	2017
6M	95.7	96.5
Q2	95.5	97.4

EBIT margin in %[1]

	2018	2017
6M	13.6	14.9
Q2	13.1	15.3

- 6M 2018 GWP up by +19.2% y/y (curr.-adj.:+27.6%); mainly from Structured Reinsurance; diversified growth in other areas
- Net premium earned grew by +20.0% (curr.-adj.: +28.4%)

- Major losses of EUR 93m (1.8% of Net premium earned) well below budget of EUR 351m
- Unchanged reserving policy should lead to stable confidence level, run-off without extraordinary effects
- Satisfactory ordinary investment income
- Other income and expenses lower due to less positive currency effects

- 6M 2018 EBIT margin[1] of 13.6% (6M 2017: 14.9%) - well above target
- Tax ratio higher principally due to tax-reduced disposal gains and dividends in the previous year

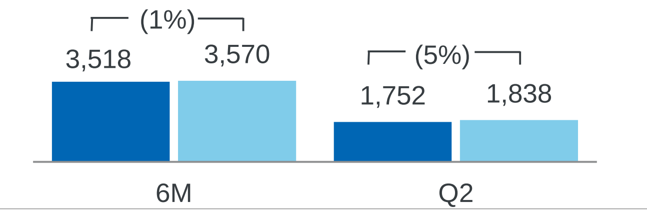
[1] EBIT margin reflects a Talanx Group view

EURm, IFRS ■ **2018** ■ **2017**

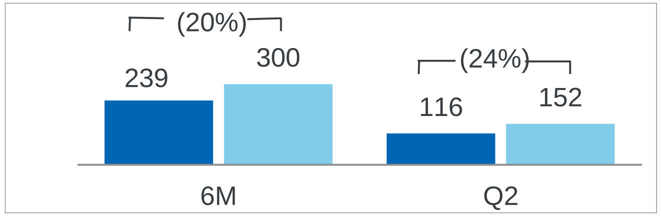
High profitability supported by increased underwriting result

6M 2018 Additional Information – Segment Life/Health Reinsurance

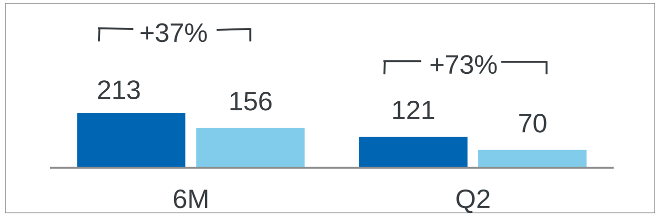
GWP



Investment income



Operating result (EBIT)



Retention rate in %

	6M		Q2	
	2018	2017	2018	2017
	91.2	91.6	91.7	91.8

RoI in %

	6M		Q2	
	2018	2017	2018	2017
	3.0	4.1	2.8	4.5

EBIT margin in %[1]

	6M		Q2	
	2018	2017	2018	2017
	6.7	4.9	7.5	4.3

- 6M 2017 GWP down by -1.5% (curr.-adj.:+3.7%), mainly supported by UK longevity business
- Net premium down by 1.5% (curr.-adj.: +3.8%)

- Improved technical result driven by better experience in morbidity and US mortality
- Favorable ordinary investment income
- Unchanged strong contribution from deposit accounted treaties (6M 2018: EUR 93m)

- Targeted EBIT growth of 5% achieved (6M 2018: +35.9%)
- Tax ratio above long-term average due to changes in business set-up linked to the US tax-reform in Q1 2018, expected to decrease on the course of the year

1 EBIT margin reflects a Talanx Group view

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

Overall good profitability – US mortality results better than expected

6M 2018 Additional Information – Segments

EURm, IFRS	Industrial Lines 6M 2018	Industrial Lines 6M 2017	Industrial Lines Change	Retail Germany P/C 6M 2018	Retail Germany P/C 6M 2017	Retail Germany P/C Change	Retail Germany Life 6M 2018	Retail Germany Life 6M 2017	Retail Germany Life Change
P&L									
Gross written premium	2,898	2,795	+4%	1,022	1,002	+2%	2,240	2,308	(3%)
Net premium earned	1,235	1,160	+6%	701	688	+2%	1,654	1,702	(3%)
Net underwriting result	(28)	32	n/m	8	(9)	n/m	(858)	(900)	+5%
Net investment income	124	137	(9%)	44	44	+0%	923	951	(3%)
Operating result (EBIT)	78	162	(52%)	40	22	+84%	48	41	+19%
Net income after minorities	53	112	(52%)	n/a	n/a	n/m	n/a	n/a	n/m
Key ratios									
Combined ratio non-life insurance and reinsurance	102.3%[1]	97.2%	5.1%pts	99.0%[2]	101.5%	(2.5%)pts	-	-	-
Expense ratio	21.0%	21.2%	(0.2%)pts	35.8%	36.5%	(0.7%)pts	-	-	-
Loss ratio	81.3%	76.0%	5.3%pts	63.1%	64.9%	(1.8%)pts	-	-	-
Return on investment	3.0%	3.5%	(0.5%)pts	2.2%	2.3%	(0.1%)pts	3.9%	4.2%	(0.3%)pts

1 Q2 2018 combined ratio: 102.3% (Q2 2017: 97.8%), expense ratio: 21.7% (21.7%), loss ratio: 80.6% (76.1%)
2 Q2 2018 combined ratio: 98.9%% (Q2 2017: 101.3%), expense ratio: 36.0 (36.4%), loss ratio: 62.9% (64.8%)

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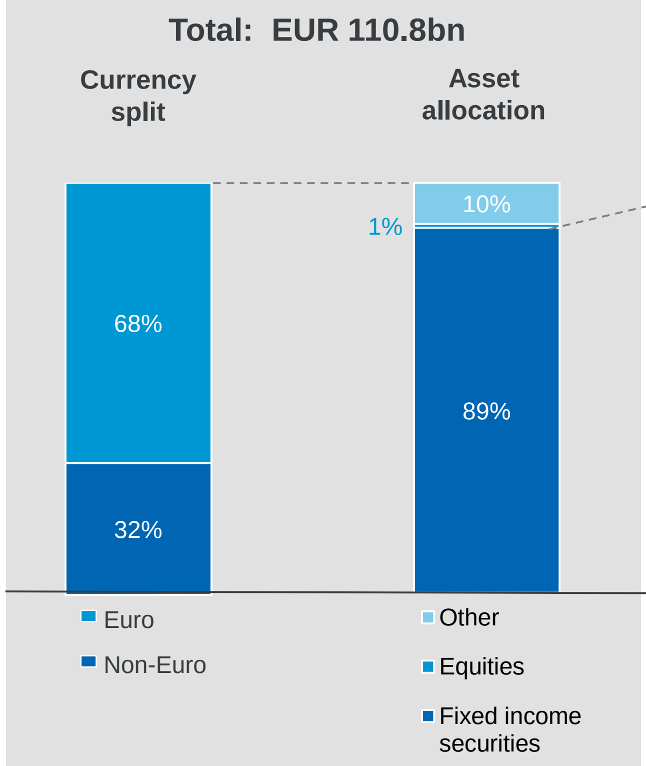
5 6M 2018 Additional Information – Segments

EURm, IFRS	Retail International			P/C Reinsurance			Life/Health Reinsurance			Group		
	6M 2018	6M 2017	Change	6M 2018	6M 2017	Change	6M 2018	6M 2017	Change	6M 2018	6M 2017	Change
P&L												
Gross written premium	2,963	2,828	5%	6,467	5,428	19%	3,518	3,570	-1%	18,760	17,553	7%
Net premium earned	2,513	2,358	7%	5,175	4,313	20%	3,171	3,220	-2%	14,435	13,450	7%
Net underwriting result	33	14	138%	206	149	38%	(108)	(229)	+53%	(748)	(940)	+20%
Net investment income	174	173	0%	517	490	6%	239	300	n/m	2,007	2,085	-4%
Operating result (EBIT)	138	116	18%	704	644	9%	213	156	36%	1,212	1,125	8%
Net income after minorities	83	74	12%	n/a	n/a	n/m	n/a	n/a	n/m	437	463	-6%
Key ratios												
Combined ratio non-life insurance and reinsurance	94.6%[1]	96.4%	(1.8%)pts	95.7%[2]	96.5%	(0.8%)pts	-	-	-	96.7%[3]	97.0%	(0.3%)pts
Expense ratio	28.3%	29.6%	(1.3%)pts	31.3%	28.7%	2.7%pts	-	-	-	29.7%	28.4%	1.3%pts
Loss ratio	66.2%	66.8%	(0.6%)pts	64.7%	67.9%	(3.2%)pts	-	-	-	67.2%	68.6%	(1.4%)pts
Return on investment	3.4%	3.7%	(0.3%)pts	3.2%	3.0%	0.2%pts	3.0%	4.1%	(1.1%)pts	3.5%	3.7%	(0.2%)pts

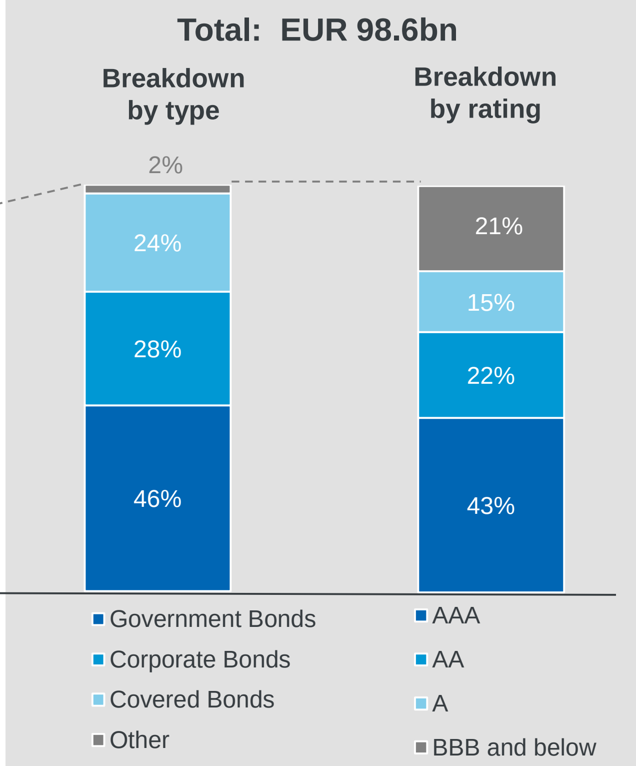
1 Q2 2018 combined ratio: 94.2% (Q2 2017: 96.2%), expense ratio: 28.6% (29.6%), loss ratio: 65.6% (66.6%)
2 Q2 2018 combined ratio: 95.5% (Q2 2017: 97.4%), expense ratio: 34.4% (29.5%), loss ratio: 61.4% (67.7%)
3 Q2 2018 combined ratio: 96.5% (Q2 2017: 97.6%), expense ratio: 31.6% (28.9%), loss ratio: 65.0% (68.6%)

5 6M 2018 Additional Information – Breakdown of investment portfolio

Investment portfolio as of 30 Jun 2018



Fixed-income-portfolio split



Comments

- Investments under own management of 110.8bn up vs. FY2017 (EUR 107.9bn), including ~EUR75m from initial consolidation of HDI Colombia and Liberty Sigorta (Turkey)
- Investment portfolio remains dominated by fixed-income securities: portfolio share of 89% broadly unchanged (FY2017: 90%)
- Share of fixed-income portfolio invested in “A” or higher-rated bonds is up to 79% (FY 2017: 76%)
- 19% of “investments (FY 2017: 18%) under own management” are held in USD; 32% overall in non-euro currencies (FY2017: 32%)

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

5 6M 2018 Additional Information – Details on selected fixed-income country exposure

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

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	2,229	-	553	561	466	-	**3,809**
Brazil	BB-	218	-	47	283	-	5	**553**
Mexico	BBB+	104	4	57	202	-	-	**367**
Hungary	BBB-	492	-	0	11	25	-	**529**
Russia	BBB-	213	17	28	147	-	-	**405**
South Africa	BB+	166	-	80	38	-	3	**287**
Portugal	BBB-	23	-	10	56	20	-	**110**
Turkey	BB	6	-	15	23	3	-	**47**
Other BBB+		13	-	34	70	-	-	**117**
Other BBB		127	3	79	70	-	0	**280**
Other <BBB		159	28	100	142	-	215	**644**
Total		3,750	53	1,004	1,604	515	223	**7,149**
In % of total investments under own management		3.4%	0.0%	0.9%	1.4%	0.5%	0.2%	**6.5%**
In % of total Group assets		2.3%	0.0%	0.6%	1.0%	0.3%	0.1%	**4.4%**

1 Investment under own management

5 Financial Calendar and IR Contacts

- **23 October 2018**
  Capital Markets Day
- **12 November 2018**
  Quarterly Statement as at 30/09/2018
- **18 March 2019**
  Annual Report 2018

From left to right: Carsten Fricke (*Equity & Debt IR*), Shirley-Lee Inafa (*Roadshows & Conferences, IR Webpage),* Carsten Werle (*Head of IR),* Anna Färber (*Team Assistent), Marcus* Sander (*Equity & Debt IR),* Alexander Zessel (*Ratings*), Hannes Meyburg (*Ratings);* not on the picture: Nicole Tadje & Wiebke Großheim (*maternity leave)*

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