



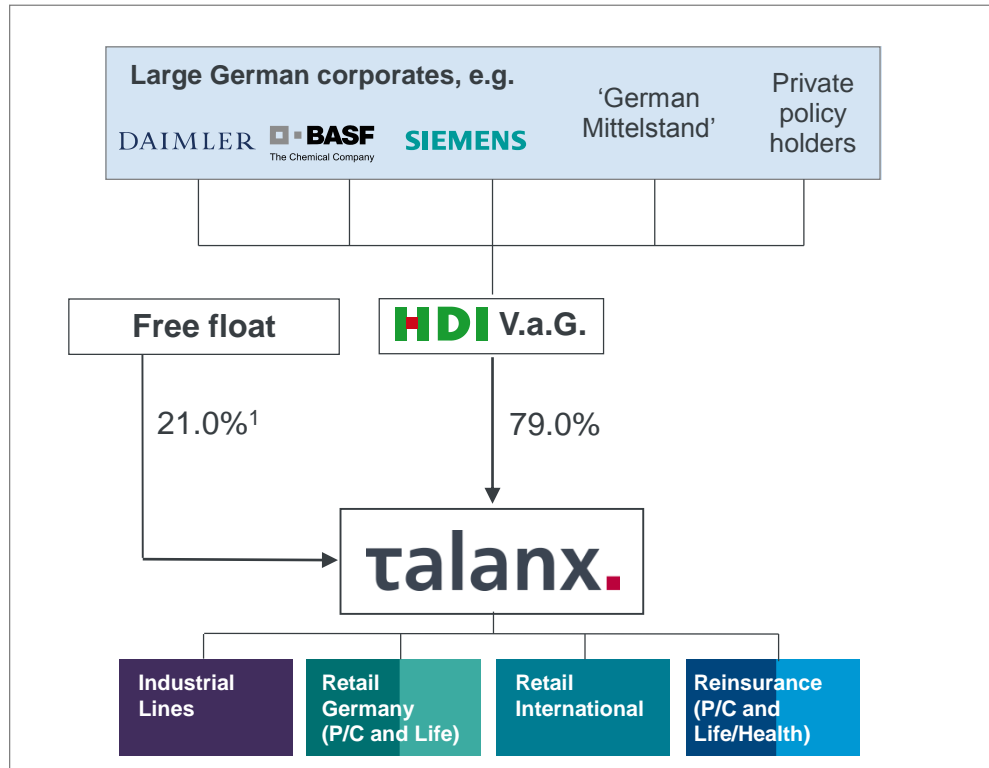
tal anx.
Insurance. Investments.

Bank of America Merrill Lynch Conference

Herbert K. Haas, CEO / Torsten Leue, CEO Talanx International
London, 26 September 2017

Founded as a lead insurer by German corporates

Group structure



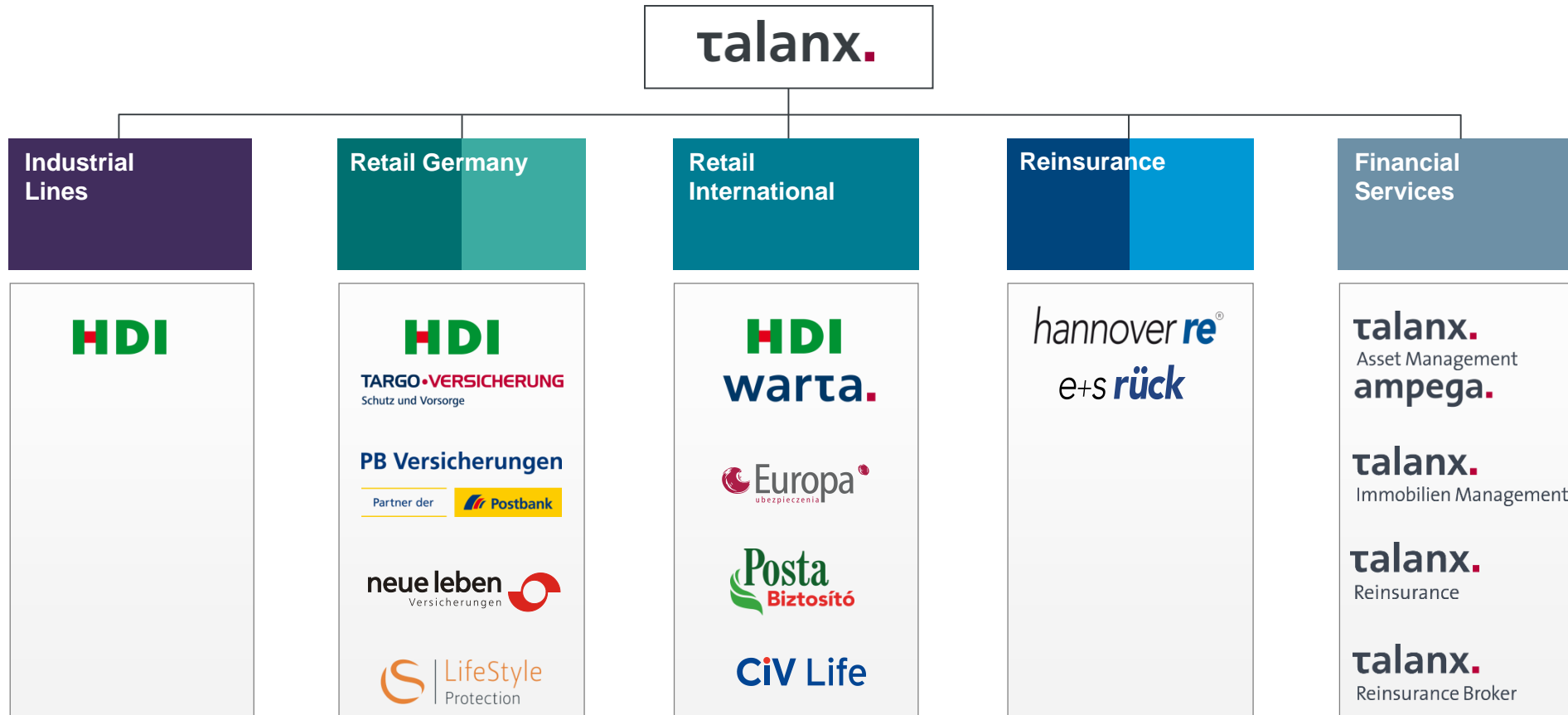
¹ Including employee shares and stake of Meiji Yasuda (below 5%)

History

1903	Foundation as 'Haftpflichtverband der deutschen Eisen- und Stahlindustrie' in Frankfurt
1919	Relocation to Hannover
1953	Companies of all industry sectors are able to contract insurance with HDI V.a.G.
1966	Foundation of Hannover Rückversicherungs-AG
1991	Diversification into life insurance
1994	IPO of Hannover Rückversicherungs-AG
1998	Renaming of HDI Beteiligungs AG to Talanx AG
2001	Start transfer of business from HDI V.a.G. to individual Talanx subsidiaries
2006	Acquisition of Gerling insurance group by Talanx AG
2012	IPO of Talanx AG
2014	Listing at Warsaw Stock Exchange

Strong roots: originally founded by German corporate clients; HDI V.a.G still key shareholder

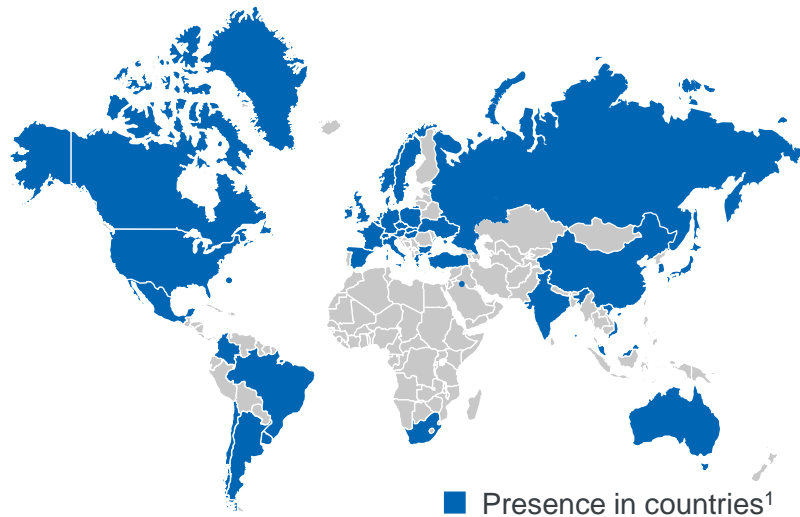
Four divisions with a strong portfolio of brands



▶ Integrated international insurance group following a multi-brand approach

International footprint and focussed growth strategy

International presence



- Total GWP: €31.1bn (2016)
- 2016 GWP: 50% in Primary Insurance (2015: 49%), 50% in Reinsurance (2015: 51%)
- Group wide presence in >150 countries
- 20,039 employees (FTE) in 2016

International strategy by divisions

Industrial Lines

- Local presence by own risk carriers, branches and partners create efficient network in >130 countries
- Key target growth regions: Latin America, Southeast Asia/India, Arabian Peninsula

Retail International

- Target regions: CEE (incl. Turkey) and Latin America
- # 2 motor insurer in Poland²
- # 5 motor insurer in Brazil²
- # 3 motor insurer in Chile²
- # 7 motor insurer in Mexico²

Reinsurance

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

¹ By branches, agencies, risk carriers, representative offices

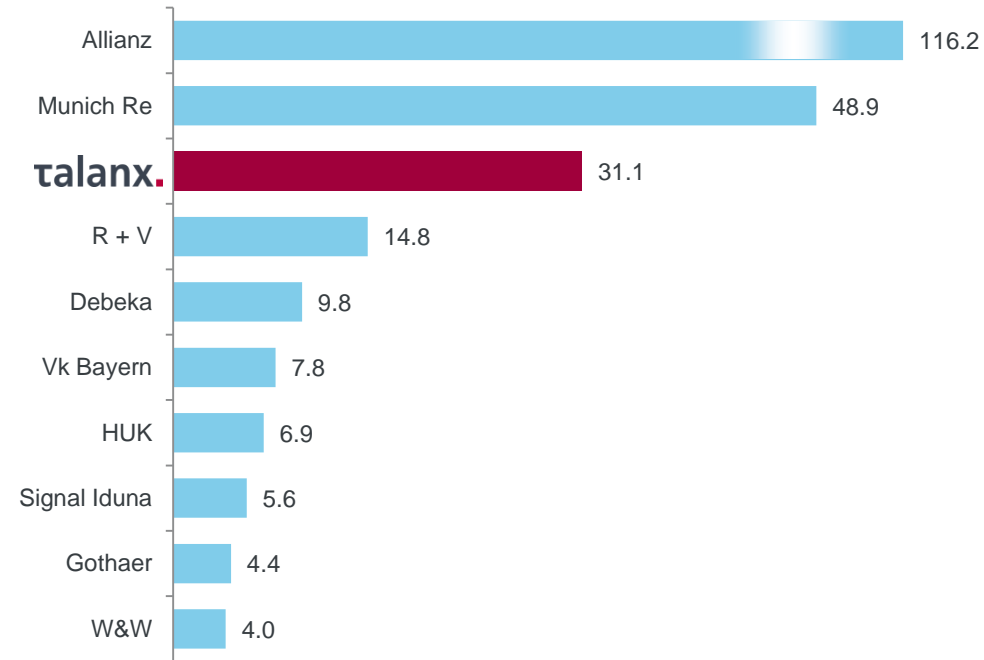
² Source: local regulatory authorities, Talanx AG

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

Among the leading European insurance groups

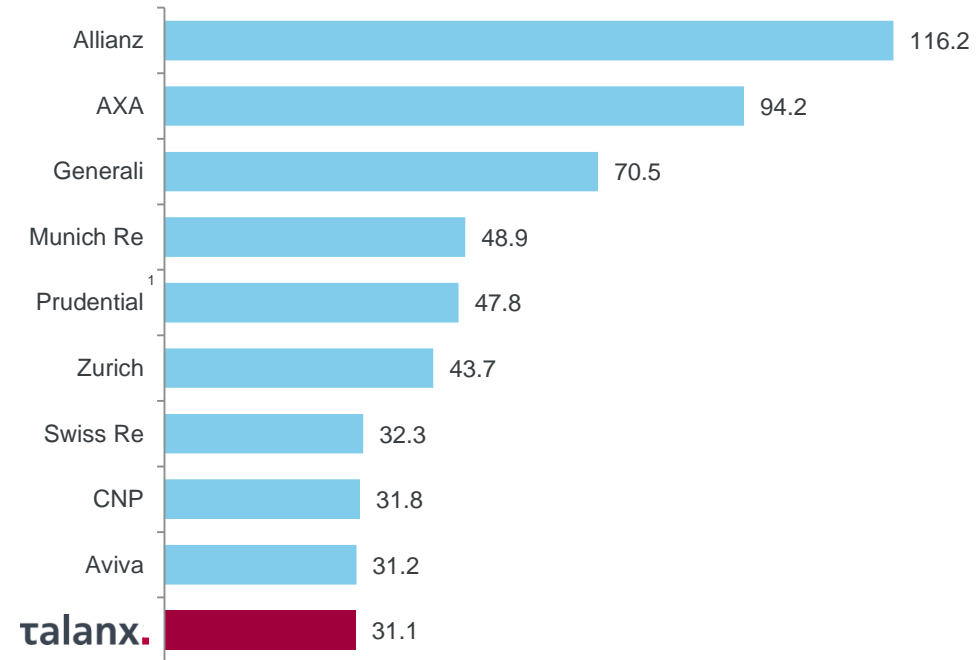
Top 10 German insurers

German insurers by global GWP (2016, €bn)



Top 10 European insurers

European insurers by global GWP (2016, €bn)

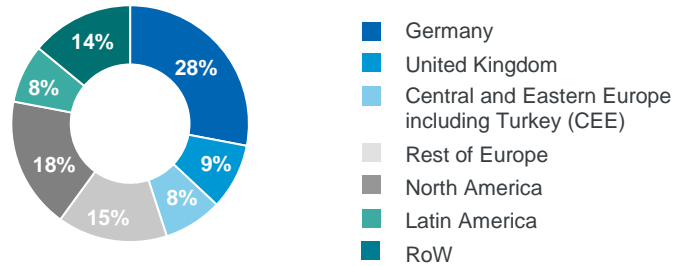


¹ Gross earned premium
Source: Company publications

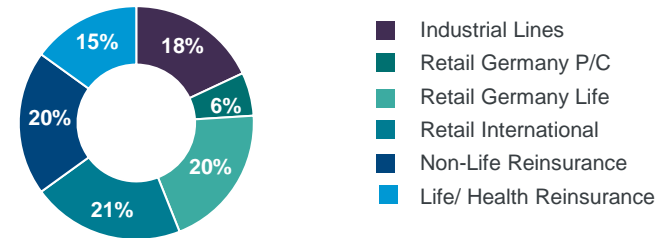
▶ Third-largest German insurance group with leading position in Europe

Regional and segmental split of GWP and EBIT

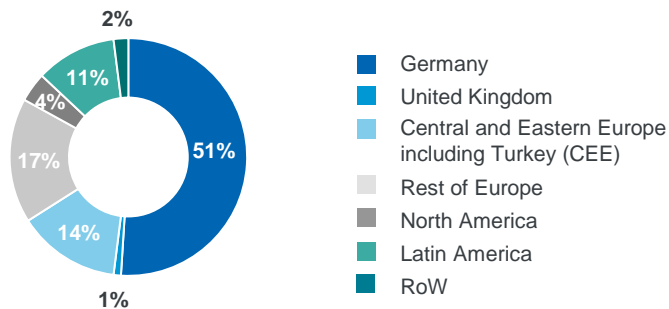
GWP by regions 2016 (consolidated Group level)



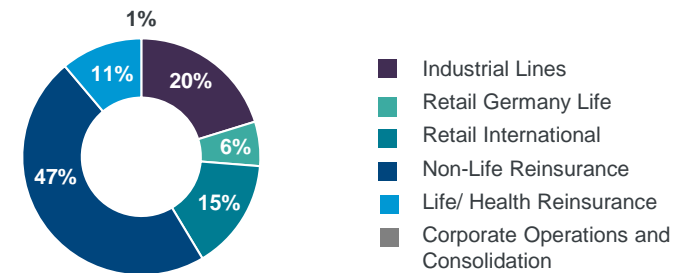
GWP by segments 2016¹



GWP by regions 2016 (Primary Insurance)



EBIT by segments 2016^{1,2}



1 Adjusted for the 50.2% stake in Hannover Re

2 Calculation excludes Retail Germany P/C, which reported a negative EBIT of €2m

Well-diversified sources of premium and EBIT generation

B2B competence as a key differentiator

Strategic focus on B2B and B2B2C

Industrial Lines	<ul style="list-style-type: none"> Core focus on corporate clients with relationships often for decades Blue-chip client base in Europe Capability and capacity to lead international programs
Retail Germany	<ul style="list-style-type: none"> Market leader in Bancassurance Market leader in employee affinity business
Retail International	<ul style="list-style-type: none"> ~35% of segment GWP generated by Bancassurance Distribution focus on banks, brokers and independent agents
Reinsurance	<ul style="list-style-type: none"> Typically non-German business generated via brokers

Unique strategy with clear focus on B2B business models

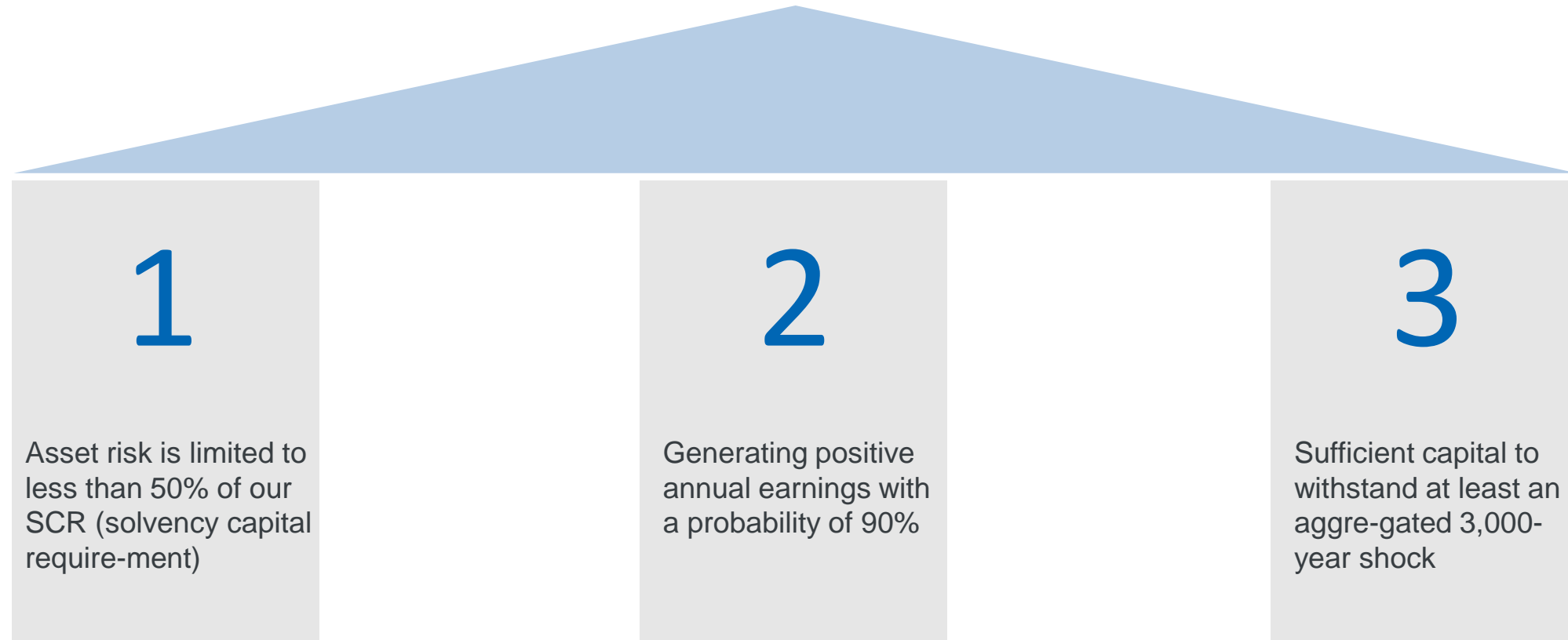
Excellence in distribution channels¹

Bancassurance					
Automotive					
Brokers	<table border="0"> <tr> <td data-bbox="1411 761 1732 939">Retail</td> <td data-bbox="1732 761 2165 939">Industrial/Reinsurance</td> </tr> <tr> <td data-bbox="1411 818 1732 939">  </td> <td data-bbox="1732 818 2165 939">  </td> </tr> </table>	Retail	Industrial/Reinsurance		
Retail	Industrial/Reinsurance				
					
Employee affinity business					

¹ Samples of clients/partners

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

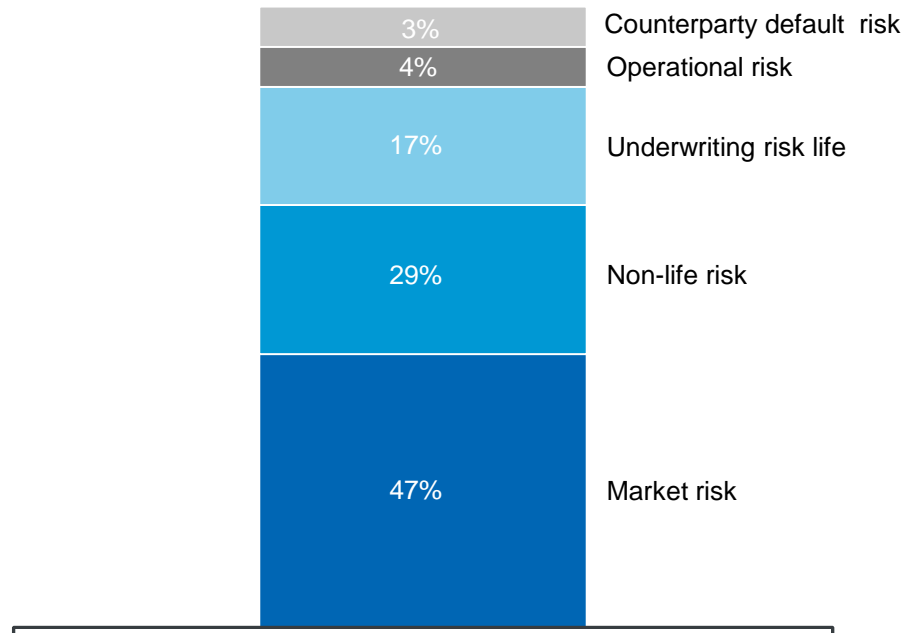
Key Pillars of our risk management



1

Focus on insurance risk

Risk components of Talanx Group ¹



Comments

- Total market risk stands at 47% of solvency capital requirements, which is comfortably below the 50% limit
- Self-set limit of 50% reflects the dedication to primarily focus on insurance risk
- Non-Life is the dominating insurance risk category, comprising premium and reserve risk, NatCat and counterparty default risk
- Equities ~2% of investments under own management
- Over 75% of fixed-income portfolio invested in “A” or higher-rated bonds – broadly stable over recent quarters

¹ Figures show risk categorisation, in terms of solvency capital requirements, of the Talanx Group in the economic view (based on Basic Own Funds) as of FY2016

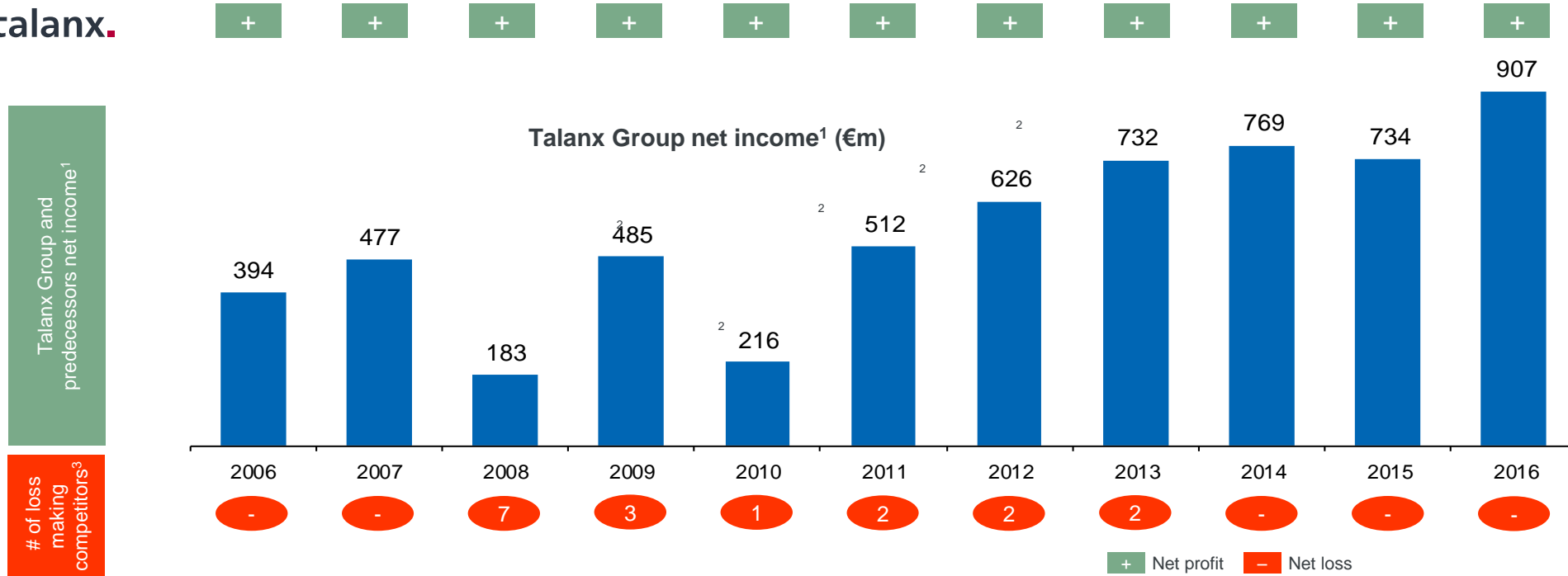
▶ Market risk sensitivity (limited to less than 50% of solvency capital requirement) is deliberately low

2

Diversification of business model leads to earnings resilience

Talanx Group net income

talanx.



1 Net income of Talanx after minorities, after tax based on restated figures as shown in annual reports (2005–2015 according to IFRS)

2 Adjusted on the basis of IAS 8

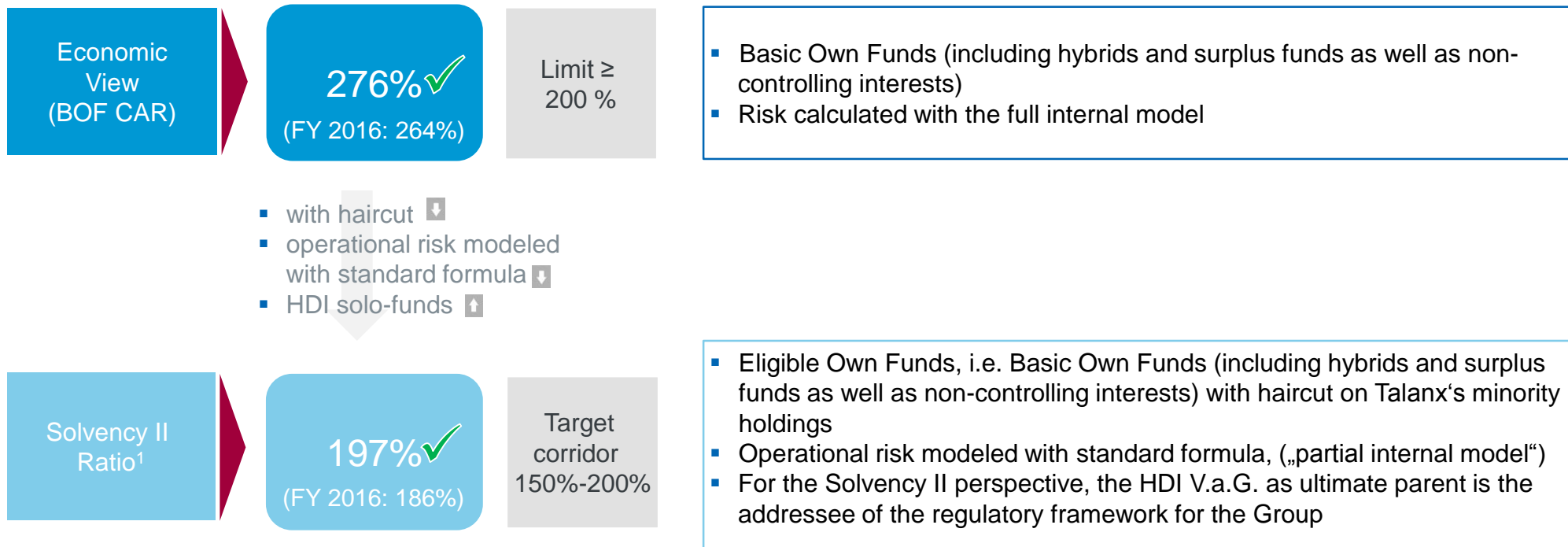
3 Top 20 European peers, each year measured by GWP; on group level; IFRS standards

Source: Bloomberg, annual reports

▶ Robust cycle resilience due to diversification of segments

3

TERM 6M 2017 results – Capitalisation perspectives

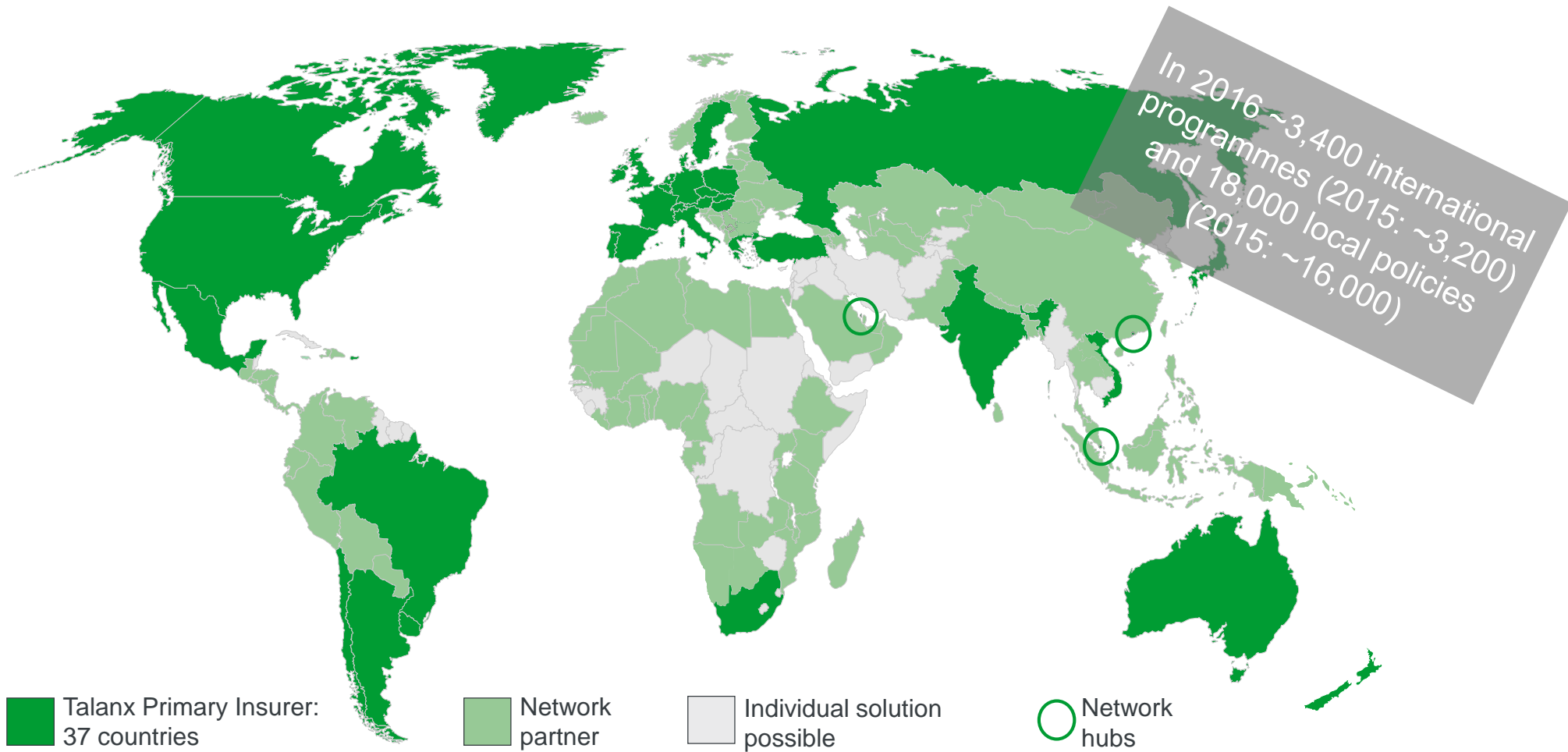


¹Group Solvency II Ratios including transitional (i.e. Regulatory View): 6M 2017: 243%, FY2016: 236%

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

▶ **Capital ratios improved despite a continuing low level of interest rates**

Industrial Lines – International programmes as competitive edge



Industrial Lines – An impressive long-standing client franchise

Overview of selected key customers by customer segment

German mid-market (SMEs)



German corporates (multinationals)



International corporates (multinationals)



▶ Well-established relationships with main players in targeted segments

Industrial Lines – Three initiatives to optimise performance

Strategic 3-element-programme

1

“Balanced Book” – raising profitability in our domestic market

2

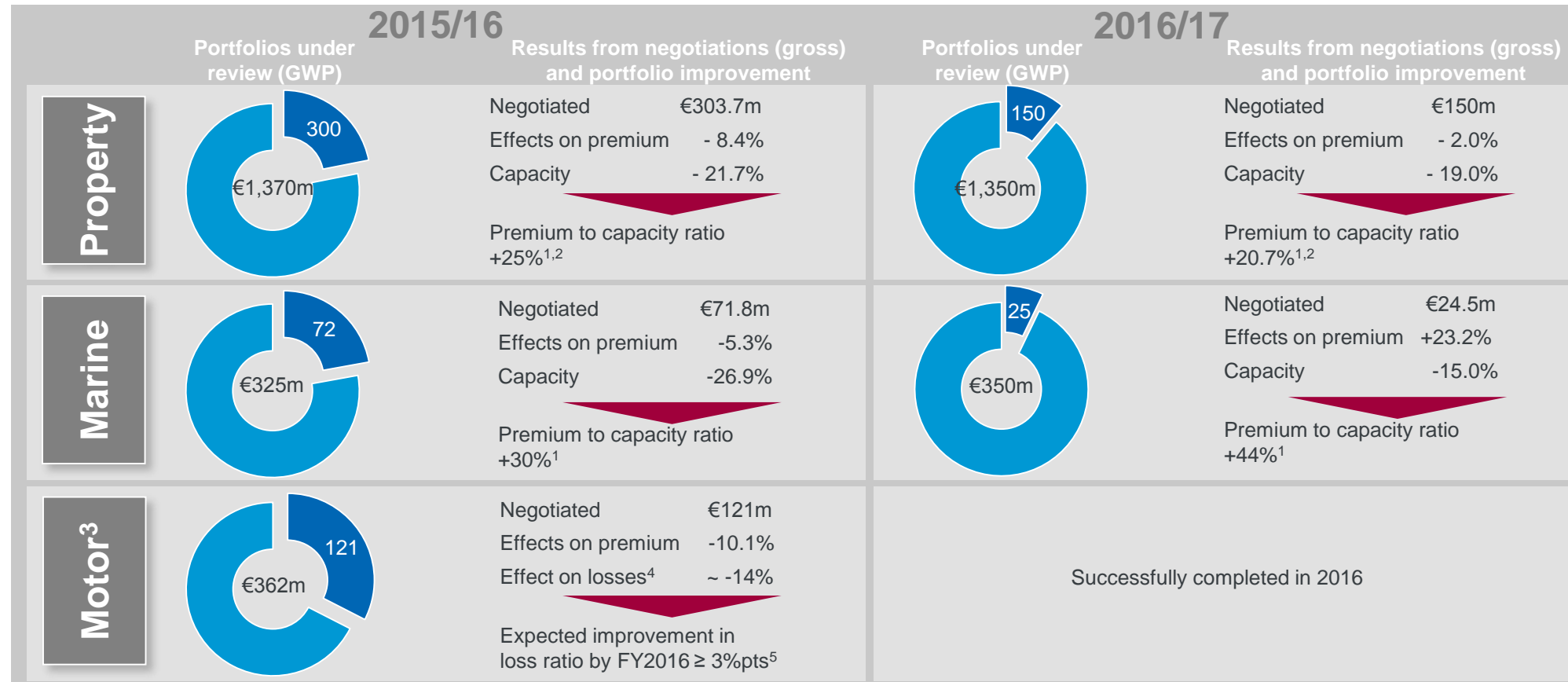
Generating profitable growth in foreign markets

3

Establishing best-in-class efficiency and processes



Industrial Lines – Profitabilisation measures in Germany



1 For portfolio under review

3 German business only

5 Assuming constant claims statistic; FY2015 loss ratio: 84.4% (gross)

2 Including effect of additional specific reinsurance measures

4 Expected, in terms of loss volume

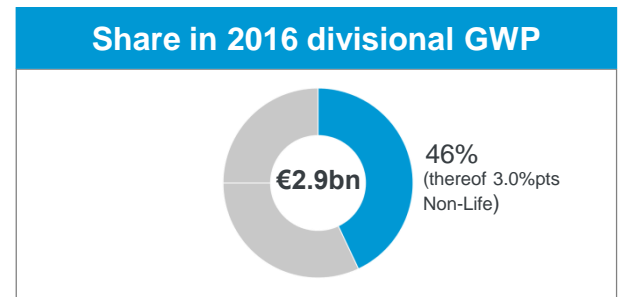
■ Premium negotiated

Retail Germany - Divisional breakdown

Retail Germany

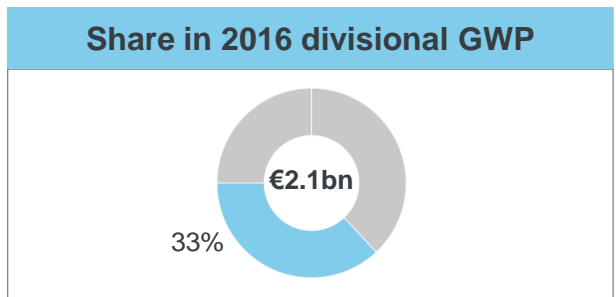
Bancassurance

- Strategic focus on credit risk protection and annuities business
- Talanx cooperates through banc-assurance agreements with two of the three pillars of the German banking market (private and public sectors)



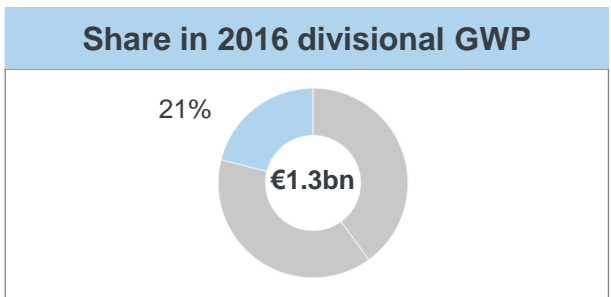
Life

- Non-bancassurance Life business distributed through various external channels as well as own branches and tied agents
- Focus on corporate pension business, disability insurance and “new classic” products (e.g. TwoTrust brand)



P&C

- Distribution through various external channels as well as own branches, brokers and tied agents
- Offers full product spectrum of P&C insurance products



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

Retail Germany - Key Messages from Capital Markets Day 2016

Retail Germany stands for 21% of Talanx's GWP and 47% of its assets under own management. It adds Life exposure to the Talanx Group which is overall strongly geared to P/C business

Retail Germany has a strong and highly committed management team with an excellent professional track-record in handling challenges and in turning businesses around

Management initiatives and the central strategic programme KuRS focus on optimising the position in Bancassurance and on turning HDI around. Based on a customer-centric, sustainable and stable business model, we target for a material improvement of the risk-return profile for shareholders

KuRS combines three substantial strategic pillars: a new Life strategy, a new P/C strategy and investments in Digitalisation/IT in combination with ongoing cost management

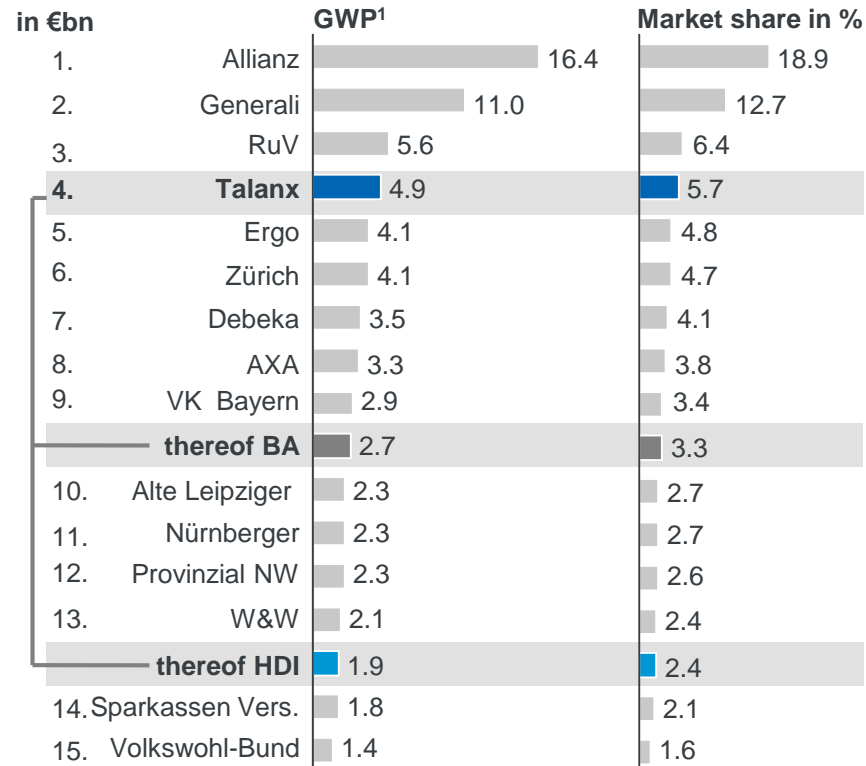
KuRS is the by far largest initiative with ~€330m of investments and a targeted cost cutting of ~€240m. Targeted strategic investments comprise overall ~€420m. This includes ~€90m for Voyager4life targeting at a joint IT Life platform

All interim goals have been met. In 2017, the KuRS programme savings are likely to first-time exceed costs on EBIT level

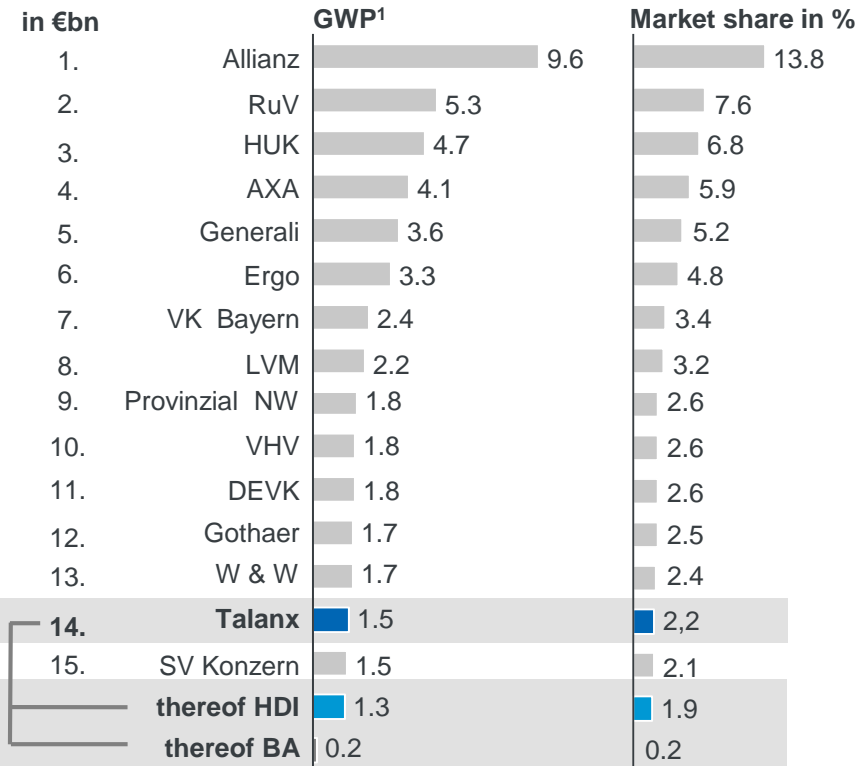
Retail Germany targets for a sustainable EBIT contribution of at least €240m from 2021 onwards

Retail Germany – Market position

Market position Germany Life (2016)



Market position Germany P/C (2016)



Ranking as of August 2017

1 Own underwriting business

▶ Retail Germany with a TOP-5 position in Life and among TOP-15 in German Non-Life

Retail Germany – KuRS programme: Investment and cost reduction targets

Estimated project costs and savings

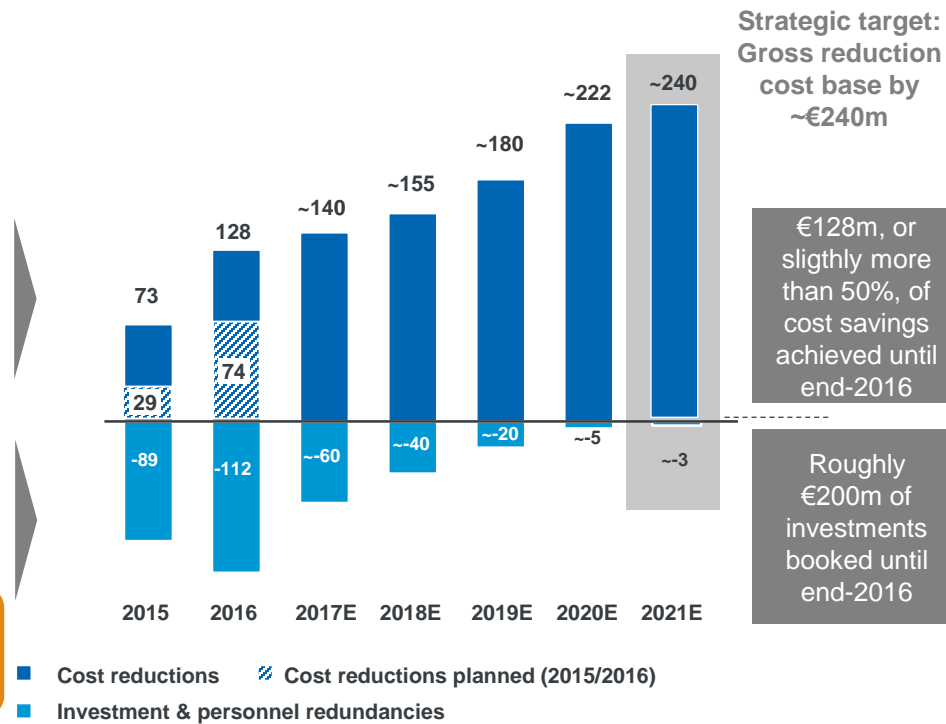
in €m



~€240m
Cost reduction¹

~€330m
Investment

Targeted strategic investments comprise overall ~€420m, including already communicated ~€90m for Voyager4life



Comments

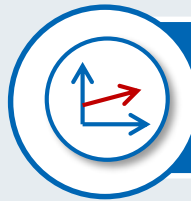
- Targeted strategic investments for KuRS are expected to be ~€330m
- The related cost saving target is ~€240m p.a.
- Both numbers refer to Life and P/C business in sum
- Target is to implement all initiatives in full by the end of 2020 with the full cost benefit to be reached in 2021

¹ Cost reduction before inflation

▶ Strategic investments target at restructuring HDI (catching up with market) and optimising BA (strengthening excellent market positions)

Retail Germany – KuRS programme: Strategic approach P/C

P/C



Selective growth

- Growth within target segment corporate business in 2016:
 - New business in total grew about +44% y/y
 - thereof exclusive distribution (incl. direct sales) + 26%
 - thereof third-party distribution + 77%
- 50k new motor policies via direct sales in 2016




Modernisation IT & processes

- Implementation of a new inventory management system in Motor within one year
- By the help of the new system, a straight-through processing rate of more than 80% in the motor year-end business has been achieved
- The migration of Motor legacy systems is planned until the beginning of 2019



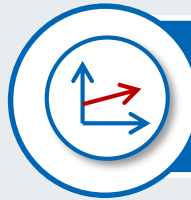
Digitalisation

- Successful implementation of a claims app with more than 13k settled damages within one year (the app has been installed in April 2016)
- HDI – together with cooperation partners – offers innovative telematics services via the app “TankTaler”; nearly 3k customers have already registered

 Strong base for the ongoing turnaround

Retail Germany – KuRS programme: Strategic approach Life

Life



New business

- Strong growth in biometric products¹ of more than 11% in 2016 (~ €200m²)
- Successful launch of new capital-efficient products in all carriers
- Strategy-conform reduction of single-premium business by around 12.5% compared to 2015 for the Retail Germany Life carriers



Solvency II

- Approval of the internal model for all four German Life carriers



Digitalisation

- Digitalisation of bAV services (pension scheme business) has been further boosted, with 62k active contracts until May 2017
- Service apps have been introduced for all bancassurance companies until the end of 2016 (e.g. *SmartCapture @BA*)

¹ includes the following products: term life insurance, funeral expense insurance, disability insurance, nursing care insurance, credit life insurance

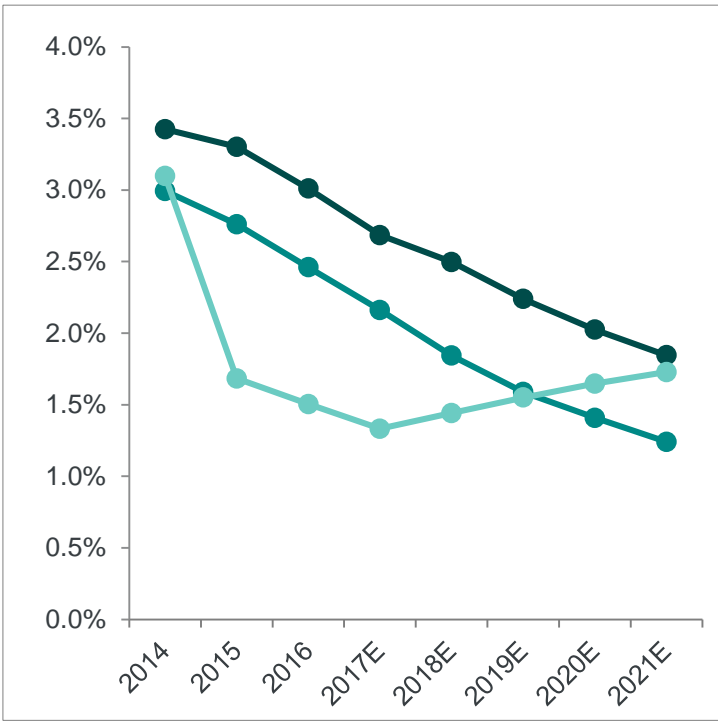
² in terms of total premiums paid



Key measures taken to allow for a successful performance in the low-interest environment

Retail Germany – Asset Management Strategy: Comparison of average running yields versus average guarantee rates

HDI Life



Bancassurance



Comments

- The implicit market expectation for 20-year AAA euro government bonds plus 50 bps is taken as the assumed reinvestment yield for 2017 - 2021 in the two diagrams - e.g. 1.33% for 2017
- The fixed-income reinvestment yield in 2016 was higher at 1.34% for Bancassurance and at 1.50% for HDI Life

● avg. running yields
 ● avg. guarantee rates (incl. ZZR)
 ● reinvestment yield (fixed income)

All numbers refer to German GAAP (HGB)

▶ Based on these assumptions, the average running yields will be sufficient to finance the guarantees for policyholders

Retail Germany – Targets from Capital Markets Day 2016

Targets Retail Germany

Gross premium growth (p.a.)	≥ 0%
Life	~ 0%
P/C	≥ 3%
Cost cutting initiatives to be implemented by end of 2020	~ €240m
Combined ratio 2021 ¹	≤ 95%
Life new business: share of traditional life products by 2021 (new business premium)	≤ 25%
P/C: Growth in Property & Liability to SMEs and self-employed professionals by 2021 ²	≥ 25%
EBIT contribution (targeted sustainably from 2021)	≥ €240m

¹ Talanx definition: incl. net interest income on funds withheld and contract deposits

² Compared to base year 2014

Talanx targets for a combined ratio of ~96% until 2019 in Primary Insurance

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

Retail International – Core Markets: 6M 2017 overview

% = market share 2016 in %

Brazil

GWP growth (local currency)	+1.3%	Motor: 8.8% Non-Life: 4.6%
Combined ratio	101.6%	-0.4%pts
EBIT (€)	12.5m	-24.7%

Poland

GWP growth (local currency)	+23.4%	Motor: 14.8% Non-Life: 12.8%
o/w Life	+9.7%	
o/w Non-Life	+29.5%	
Combined ratio ²	96.2%	+0.4%pts
EBIT (€)	56.0m	+8.9%
o/w Life	5.6m	+14.2%
o/w Non-Life	50.4m	+8.3%

Mexico

GWP growth (local currency)	+37.9%	Motor: 4.9% Non-Life: 2.2%
Combined ratio	94.8%	+0.9%pts
EBIT (€)	4.9m	-7.2%

Turkey

GWP growth (local currency)	+28.2%	Motor: 2.7% Non-Life: 2.5%
Combined ratio	101.9%	-0.6%pts
EBIT (€)	2.8m	-5.3%

Chile¹

GWP growth (local currency)	+7.1%	Motor: 17.5% Non-Life: 10.1%
Combined ratio	90.7%	-0.1%pts
EBIT (€)	11.3m	+0.8%

¹ Includes all entities of HDI Chile Group operating in the Chilean market; Magallanes integrated in February 2015

² Combined ratio for Warta only

Note: Market shares based on regional supervisory authorities or insurance associations (Polish KNF, Turkish TSB, Brazilian Siscorp, Mexican AMIS, Chilean AACH)

▶ **Most of our core markets in Retail International with business growth**

Retail International – Cycle management: Strategic initiatives in Core Markets

Brazil

- Behavioral economics to improve claims & service process
- HDI Digital & Recycle to optimise profitability
- Increase usage ratio of “Bate Prontos”

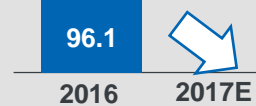
Combined Ratio in %:



Poland (Warta)

- Innovation in pricing („Big Data“)
- Data driven claims handling
- 360° sales management

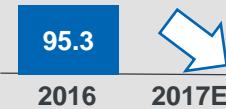
Combined Ratio in %:



Mexico

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

Combined Ratio in %:



Turkey

- Focus on non-motor, pro-active risk selection in motor own damage
- Cost management in claims handling
- Offer “best in class” IT processes

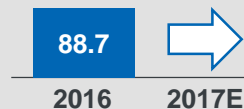
Combined Ratio in %:



Chile

- Increase direct online sales
- Focus on customer service
- Increase sales through mid-sized brokers

Combined Ratio in %:



1 Magallanes integrated in February 2015

▶ Strategic initiatives as key drivers of combined ratio improvement – supported by transfer of best practices

Challenges & Opportunities – Digitalisation

Pursuing and implementing a stringent innovation and digitalisation strategy



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

Outlook for Talanx Group¹

Gross written premium	▶	>4%
Return on investment	▶	≥3.0%
Group net income	▶	~850 EURm
Return on equity	▶	~9.0%
Dividend payout ratio	▶	35-45% target range

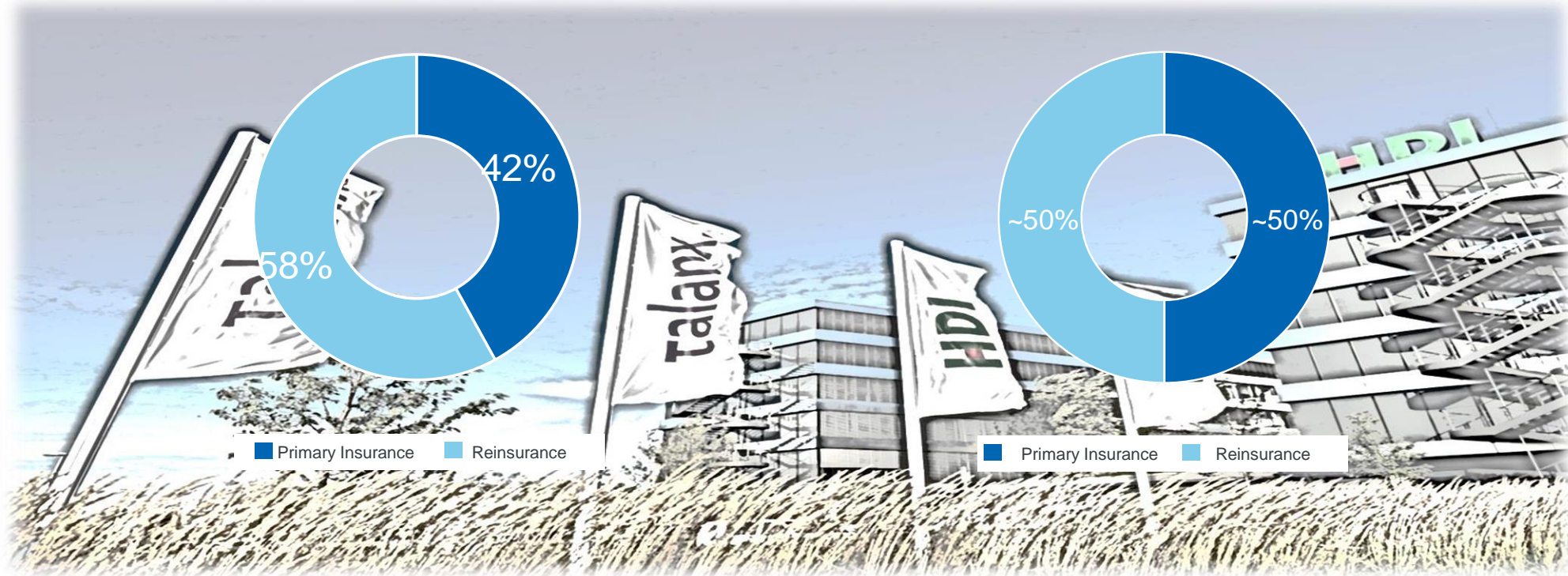
Please note:
Targets are subject to no large losses exceeding budget (**cat**), no turbulences on capital markets (**capital**), and no material currency fluctuations (**currency**)

¹ The targets are based on a large loss budget of EUR 290m (2016: EUR 300m) in Primary Insurance, of which EUR 260m (2016: EUR 270m) in Industrial Lines. The large loss budget in Reinsurance stands at an unchanged EUR 825m

Management ambition – Earnings balance Primary Insurance vs. Reinsurance

EBIT 2016¹

EBIT ambition by 2021¹

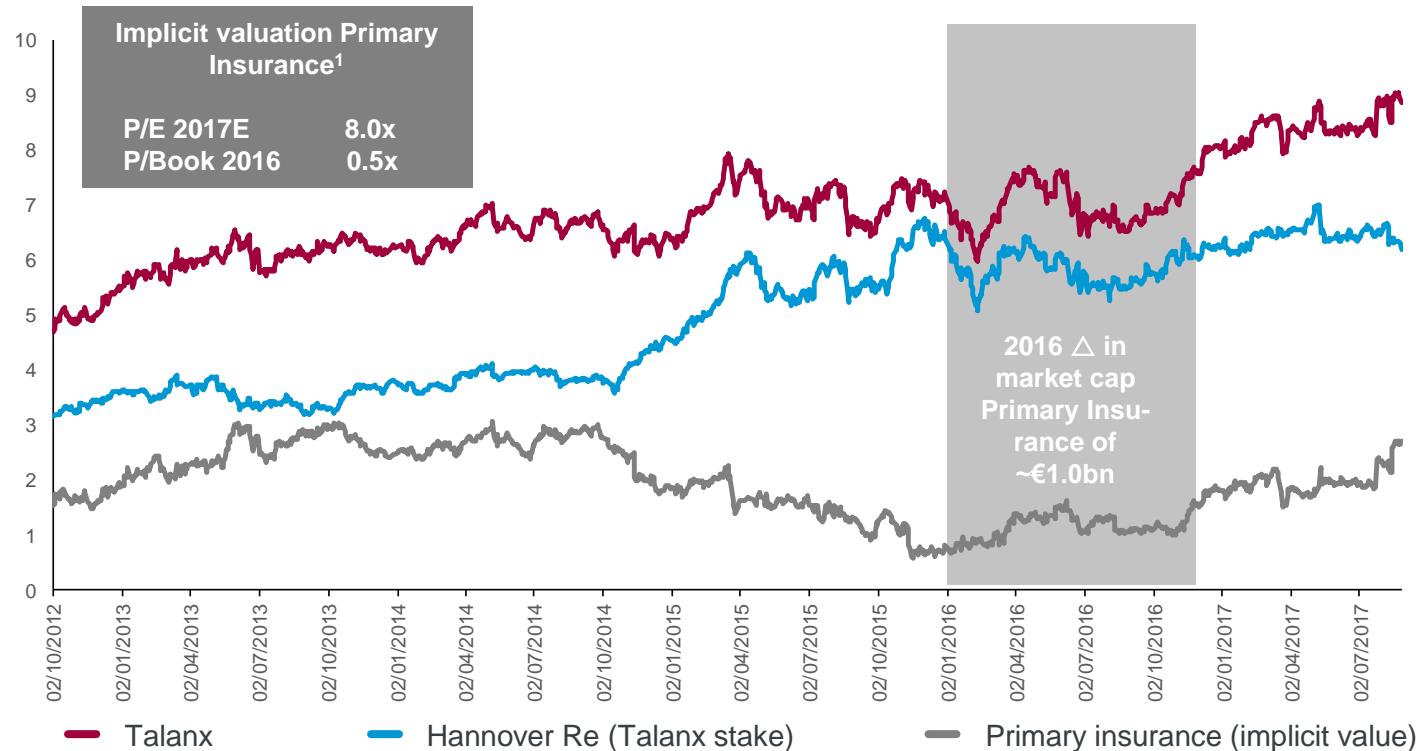


¹ Adjusted for the 50.2% stake in Hannover Re

▶ Profitability improvement in Primary Insurance to lead to a balanced EBIT split

Management ambition – Reducing the valuation discount on Primary Insurance

Implicit valuation Primary Insurance in €bn



Key measures

Industrial Lines

- optimisation of domestic portfolios
- pushing profitable foreign growth
- process excellence

Retail International

- continuing focused profitable growth

Retail Germany

- consequent de-risking of our Life business
- forceful profitabilisation of our P/C business
- specific focus on investments in Digitalisation/IT

Corporate Operations / Holding

- further cost reductions
- strict capital discipline

¹ In this analysis, Primary insurance also contains Corporate Operations and Consolidation. Calculated as of end-August 2017

▶ A comprehensive set of measures to raise the profitability in Primary Insurance

Total shareholder return – More than four and half years since IPO

Performance of the Talanx share



▶ Total shareholder return since IPO close to 18% p.a.

Summary - Investment highlights

Global insurance group with leading market positions and strong German roots

Leading and successful B2B insurer

Value creation through group-wide synergies

Profitability measures implemented in Industrial Lines and Retail Germany

Dedication to focus on insurance rather than market risks

Commitment to continuously fulfill a „AA“ capital requirement by Standard & Poor's

Dedication to pay out 35-45% of IFRS earnings to shareholders

Mid-term target matrix & current status

Segments	Key figures	Strategic targets (2015 - 2019)	2016	2015/2016 ⁸		
Group	Gross premium growth ¹	3 - 5%	(0.3%)	2.2%		
	Return on equity	≥ 750 bps above risk free ²	10.4% [≥8.4%]	9.7% [≥8.6%]		
	Group net income growth	mid single-digit percentage growth rate	23.6%	9.5%		
	Dividend payout ratio	35 - 45%	37.6%	41.2%		
	Return on investment	≥ risk free + (150 to 200) bps ²	3.6% [≥2.4 - 2.9%]	3.6% [≥2.6 - 3.1%]		
Primary Insurance	Industrial Lines	Gross premium growth ¹	3 - 5%	(0.1%)	1.2%	
		Retention rate	60 - 65%	53.4%	52.6%	
	Retail Germany	Gross premium growth ¹	≥ 0%	(5.7%)	(4.5%)	
		Retail International	Gross premium growth ¹	≥ 10%	10.2%	8.4%
			Combined ratio ³	~ 96%	98.1%	-
EBIT margin ⁴	~ 6%	5.3%	4.5%			
P/C Reinsurance⁷	Gross premium growth ⁶	3 - 5%	(0.2%)	4.1%		
	Combined ratio ³	≤ 96%	93.7%	-		
	EBIT margin ⁴	≥ 10%	17.2%	17.2%		
Life & Health Reinsurance⁷	Gross premium growth ¹	5 - 7%	(4.3%)	2.5%		
	Average value of New Business (VNB) after minorities ⁵	≥ EUR 110m	EUR 448m	EUR 361m		
	EBIT margin ⁴ financing and longevity business	≥ 2%	9.4%	10.2%		
	EBIT margin ⁴ mortality and health business	≥ 6%	3.4%	3.5%		

¹ Organic growth only; currency-neutral; 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 Growth rates calculated as 2014 - 2016 CAGR; otherwise arithmetic mean; Note: growth targets are based on 2014 results. Growth rates, CoR and EBIT margins are average annual targets

- 6M 2017 -

Key essentials:

6M 2017 results significantly up triggering the increase in FY Outlook

6M 2017 Group net income up 15% y/y to EUR 463m – all divisions contributing to this improvement

The Group's combined ratio largely stable at 97.0% (6M 2016: 96.8%). Large losses in Primary Insurance as well as in Reinsurance below the previous year's level and within their respective large loss budgets

Retail Germany P/C business growth has picked up - combined ratio, also when adjusted for KuRS effects, further down

Shareholders' equity stood at EUR 8,968, or EUR 35.48 per share at the end of Q2 2017. Strong RoE at 10.3% (FY2016: 10.4%), driven by the double-digit RoEs in Reinsurance and in Industrial Lines

Guidance up: the Group now expects a FY2017 Group net income of ~EUR 850m (up from ~EUR 800m). GWP growth expected >4% (up from >1%), RoE ~9.0% (up from >8.0%)

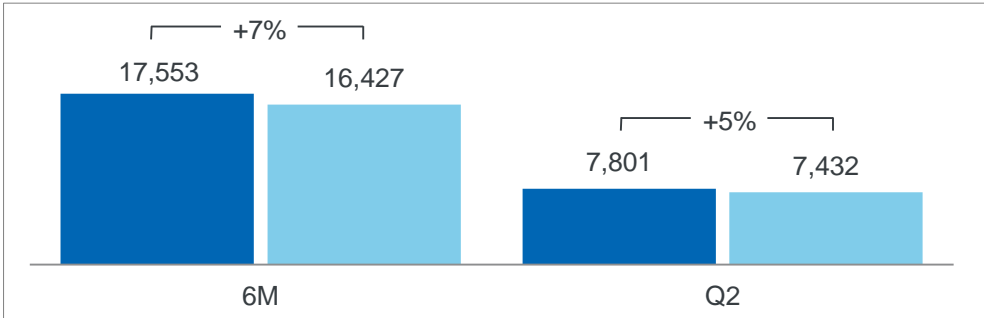


FTSE4Good

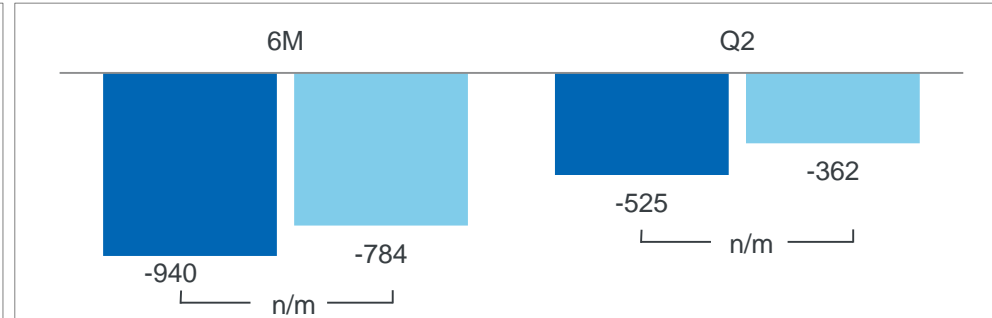
1

6M 2017 results – Key financials

Gross written premium



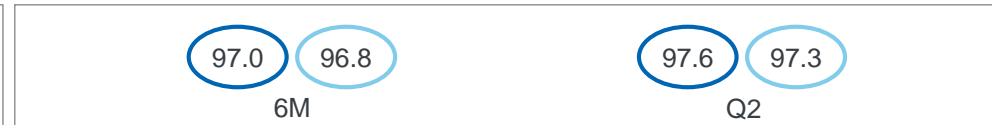
Net underwriting result



Retention rate in %



Combined ratio in %



- 6M 2017 GWP markedly up +6.9% y/y (curr.-adj. GWP growth rate of +6.5%). Main growth contribution from Retail International and P/C Reinsurance. Q2 2017 GWP up +5.0% (curr.-adj.: +5.3%)
- Retention rate slightly up – in line with strategic plan
- Large losses on Group level well within the pro-rata large loss budget





- Net underwriting result deteriorated, mainly due to higher policyholder participation in German Life
- Combined ratio largely stable in 6M 2017 y/y, slightly up in Q2 2017. The latter mainly due to the higher cost ratio in P/C Reinsurance

EURm, IFRS ■ 2017 ■ 2016

▶ Strong top-line growth continued over 6M 2017 – combined ratio largely stable y/y

1

Large losses¹ in 6M 2017 (in EURm)

NatCat	Primary Insurance	Reinsurance	Talanx Group	Man-made	Primary Insurance	Reinsurance	Talanx Group
 Storms	27.6 (Cyclone „Debbie“: 7.2 Storm „Quirin“: 20.5)	57.4 (Cyclone „Debbie“: 46.4 Tornadoes, USA: 11.0)	85.1 (Cyclone „Debbie“: 53.6 Tornadoes, USA: 11.0 Storm „Quirin“: 20.5)	 Fire/Property	41.6	29.2	70.8
 Wildfire	2.9 (Chile)	19.8 (Chile)	22.7 (Chile)	 Credit		16.4	16.4
Total NatCat	30.5	77.2	107.8	Total Man-made	41.6	45.6	87.2
Total large losses	Primary Insurance	72.1 (142.4)	Reinsurance	122.9 (352.7)	Talanx Group	195.0 (495.1)	

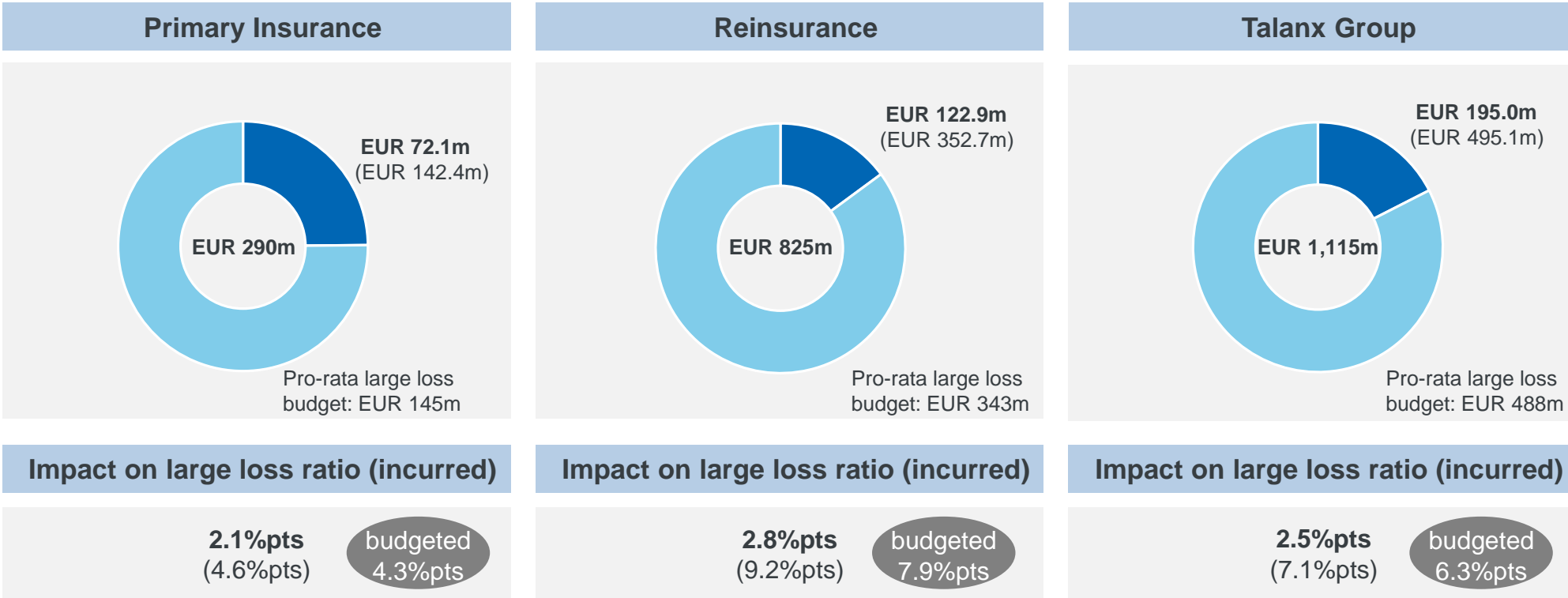
6M 2017 (6M 2016)

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

Note: 6M 2017 Primary Insurance large losses (net) are split as follows: Industrial Lines: EUR 62.5m; Retail Germany: EUR 6.7m; Retail International: EUR 2.9m, Corporate Operations: EUR 0m; since FY2016 reporting onwards, the table includes large losses from Industrial Liability line, booked in the respective FY.

1

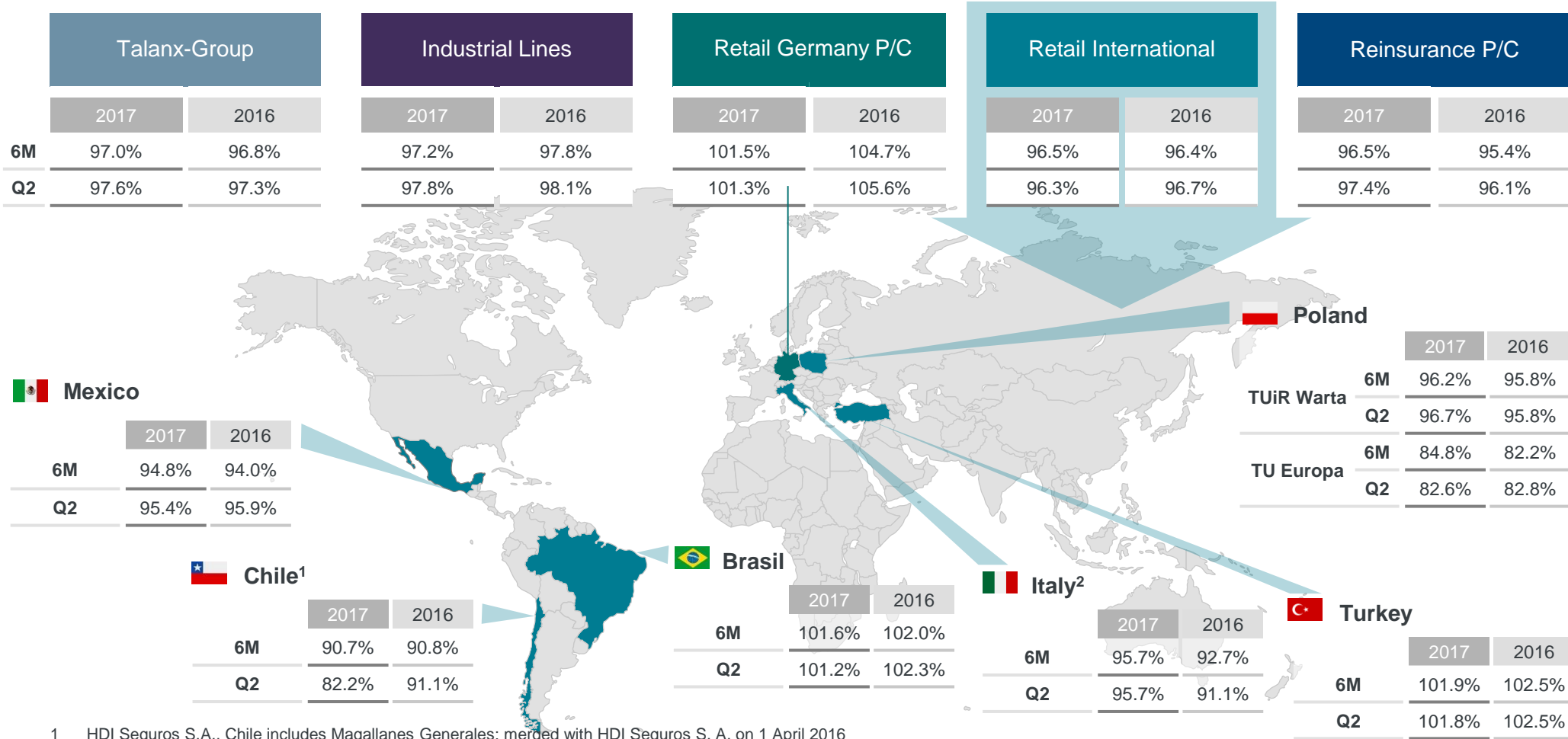
Large loss budget in 6M 2017



● FY large loss budget
 ▸ thereof used budget
6M 2017 (6M 2016)

▶ Primary Insurance as well as Reinsurance well within their respective pro-rata large loss budgets

1 Combined Ratios



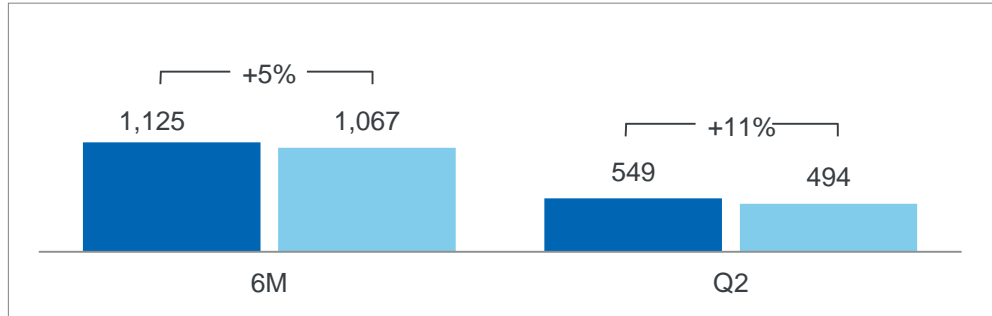
1 HDI Seguros S.A., Chile includes Magallanes Generales; merged with HDI Seguros S. A. on 1 April 2016

2 Incl. InChiaro (P/C); merged with HDI Italy on 29 June 2017; numbers for 2016 are as-if-numbers

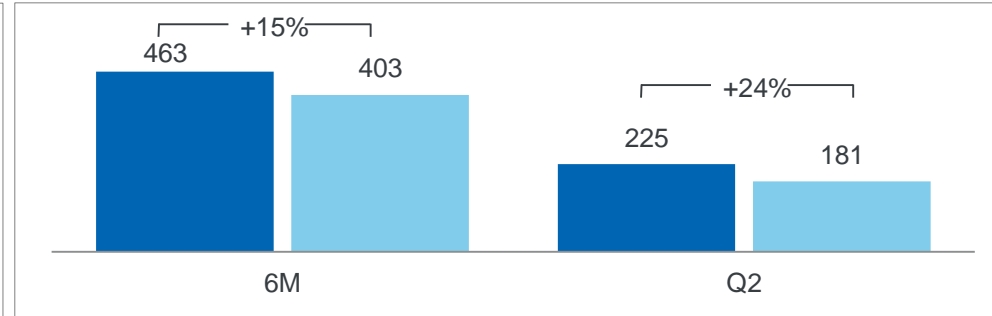
1

6M 2017 results – Key financials

Operating result (EBIT)



Group net income



RoI in %



RoE in %



- 6M 2017 investment result up +6%, partly due to higher extraordinary gains; ordinary investment result also up, e.g. in Reinsurance and Retail International
- EBIT up, reflecting premium growth at largely stable combined ratios in P/C segments and the improved „other result“ in Retail Germany – the latter as a result of no further provisions for personnel redundancies

- Industrial Lines and Retail Germany P/C are the main drivers of the improved operating result
- Net income with a lower tax rate (6M 2017: 25.4%; 6M 2016: 30.4%), resulting from tax benefits from previous years in Retail Germany and from international entities with below-average tax rates, e.g. Industrial Lines and Retail Internat.

EURm, IFRS ■ 2017 ■ 2016



Strong top-line growth and profitable underwriting lead to significantly higher bottom-line result

1

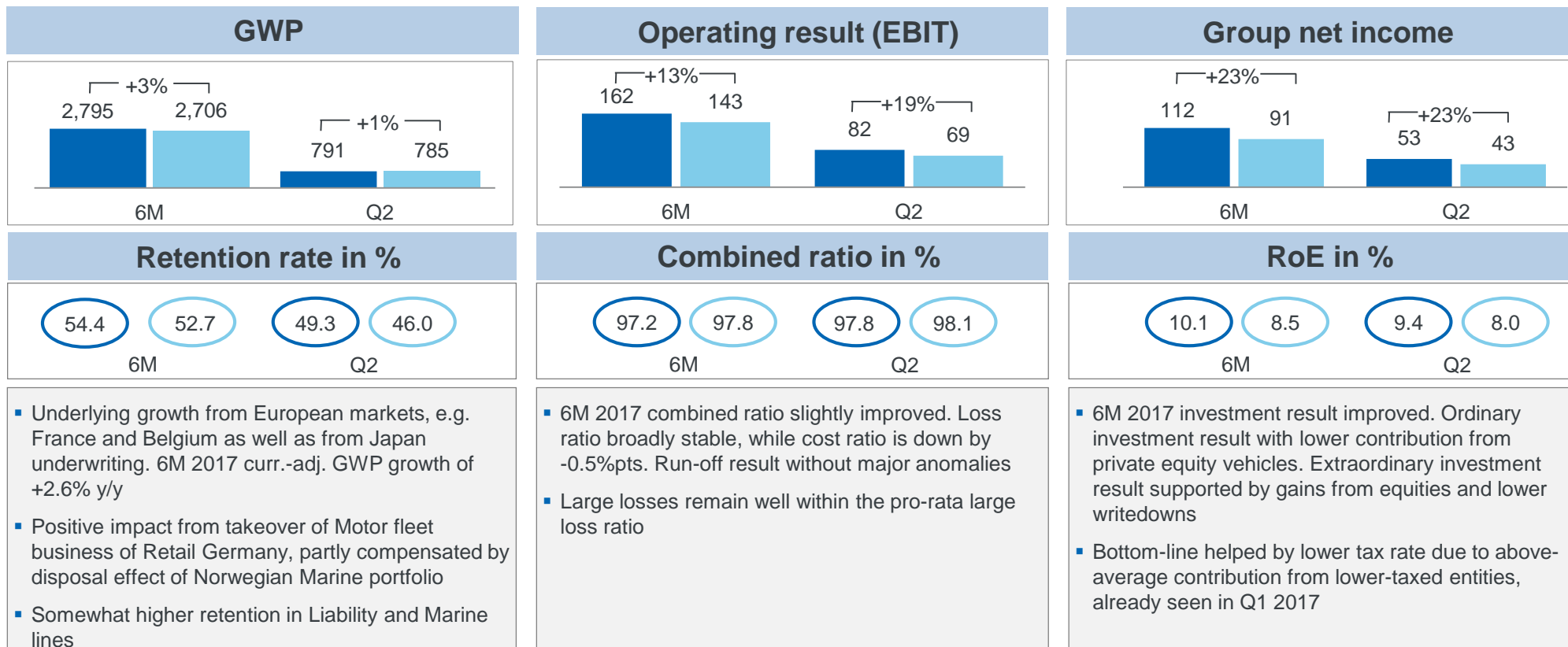
6M 2017 – Divisional contribution to change in Group net income

in EURm



Improvement of Group net income driven by all operating divisions

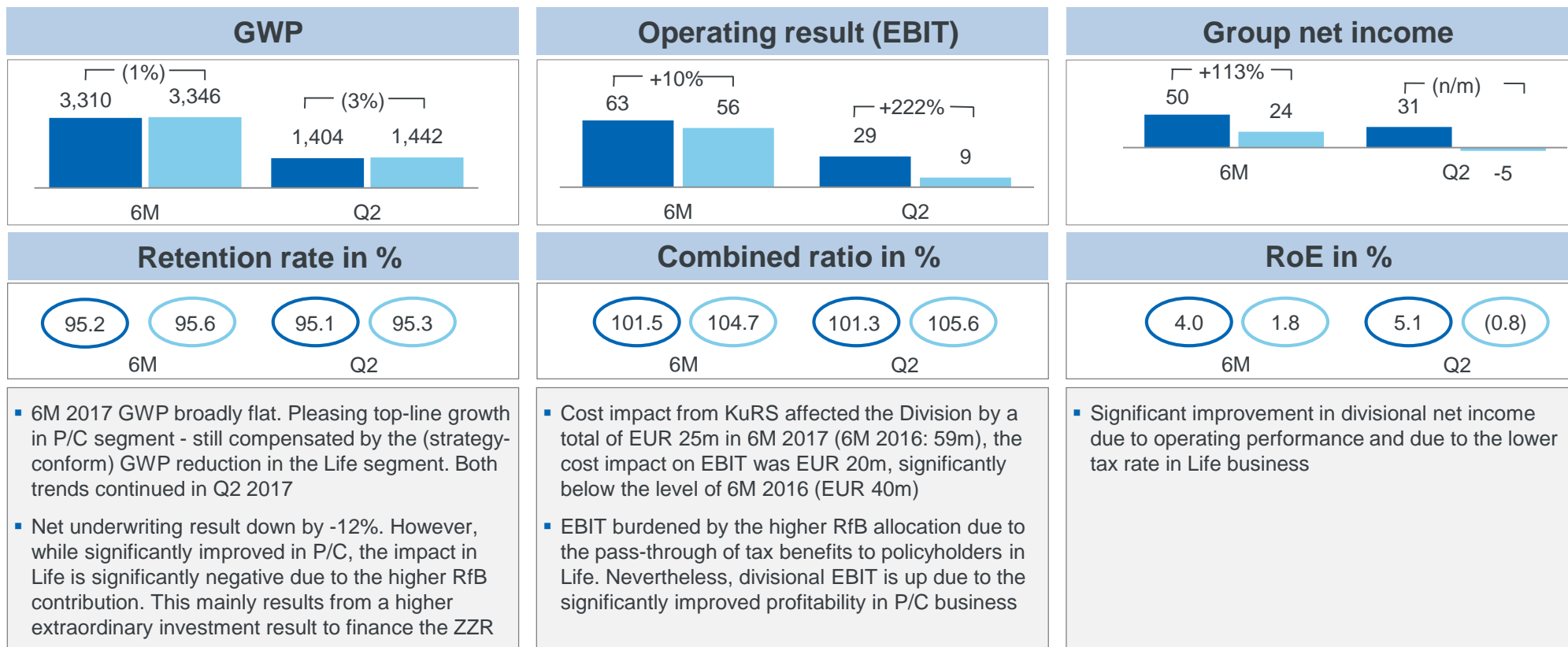
2 Segments – Industrial Lines



EURm, IFRS ■ 2017 ■ 2016

▶ Improved net underwriting and investment result lead to higher profitability

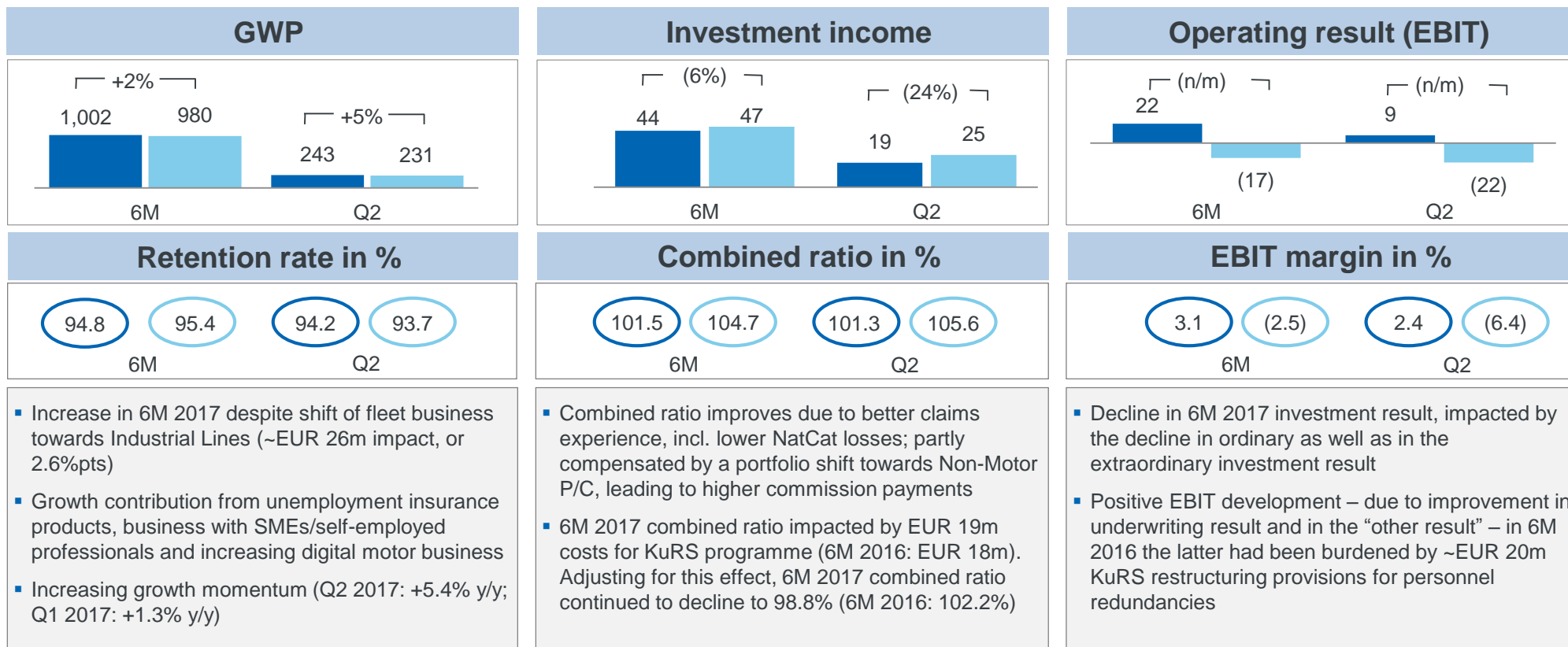
2 Segments – Retail Germany Division



EURm, IFRS ■ 2017 ■ 2016

▶ Bottom line significantly up - improved profitability in P/C segment

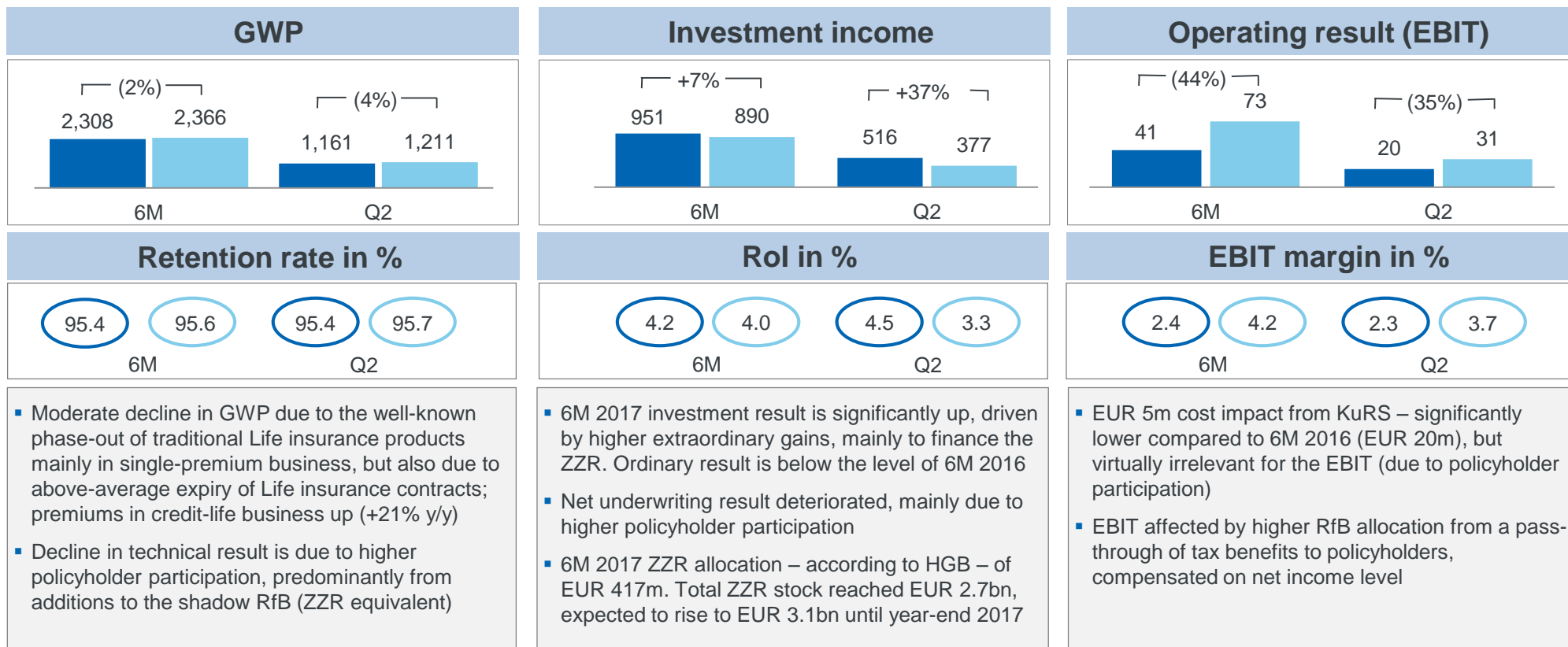
2 Segments – Retail Germany P/C



EURm, IFRS ■ 2017 ■ 2016

▶ Significant EBIT improvement due to lower KuRS costs and due to the further improved underlying technical performance

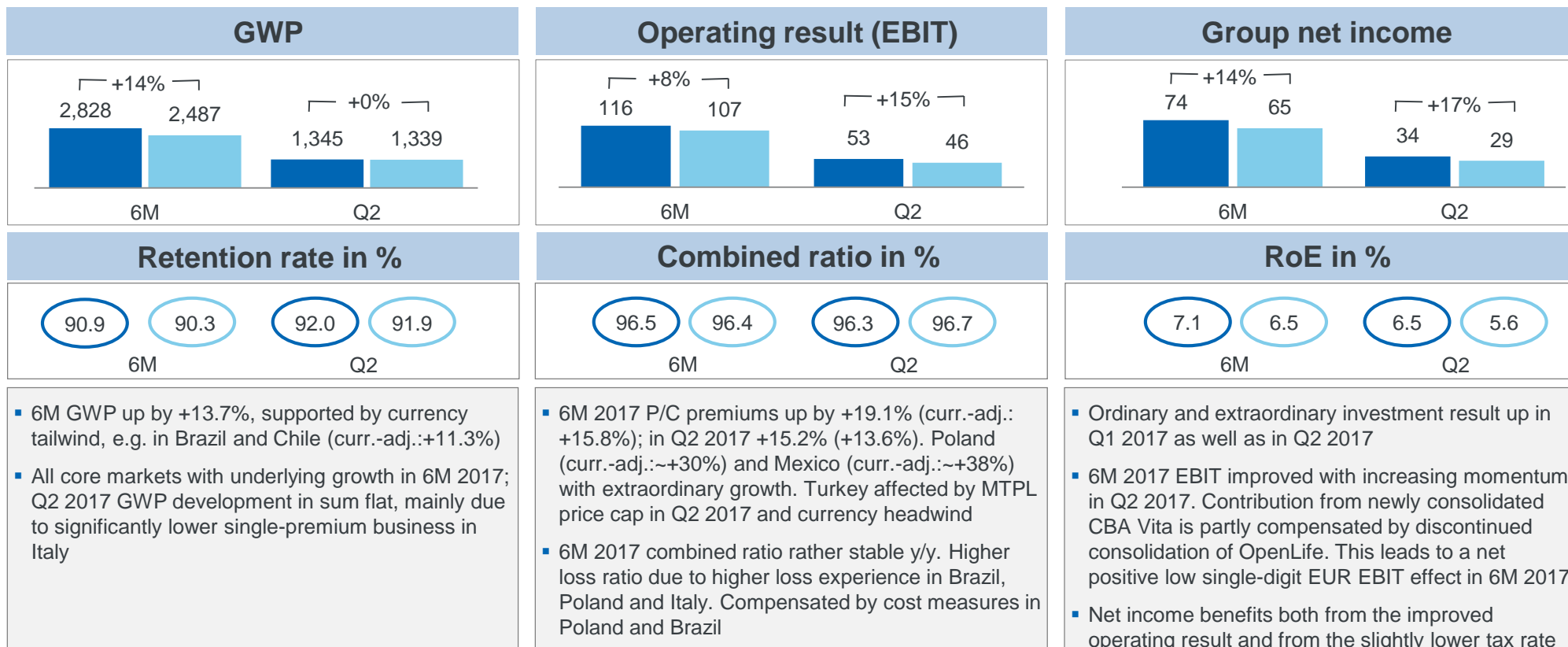
2 Segments – Retail Germany Life



EURm, IFRS ■ 2017 ■ 2016

▶ Strategy-conform decline in traditional business – EBIT improved when adjusting for ZZR and tax effects

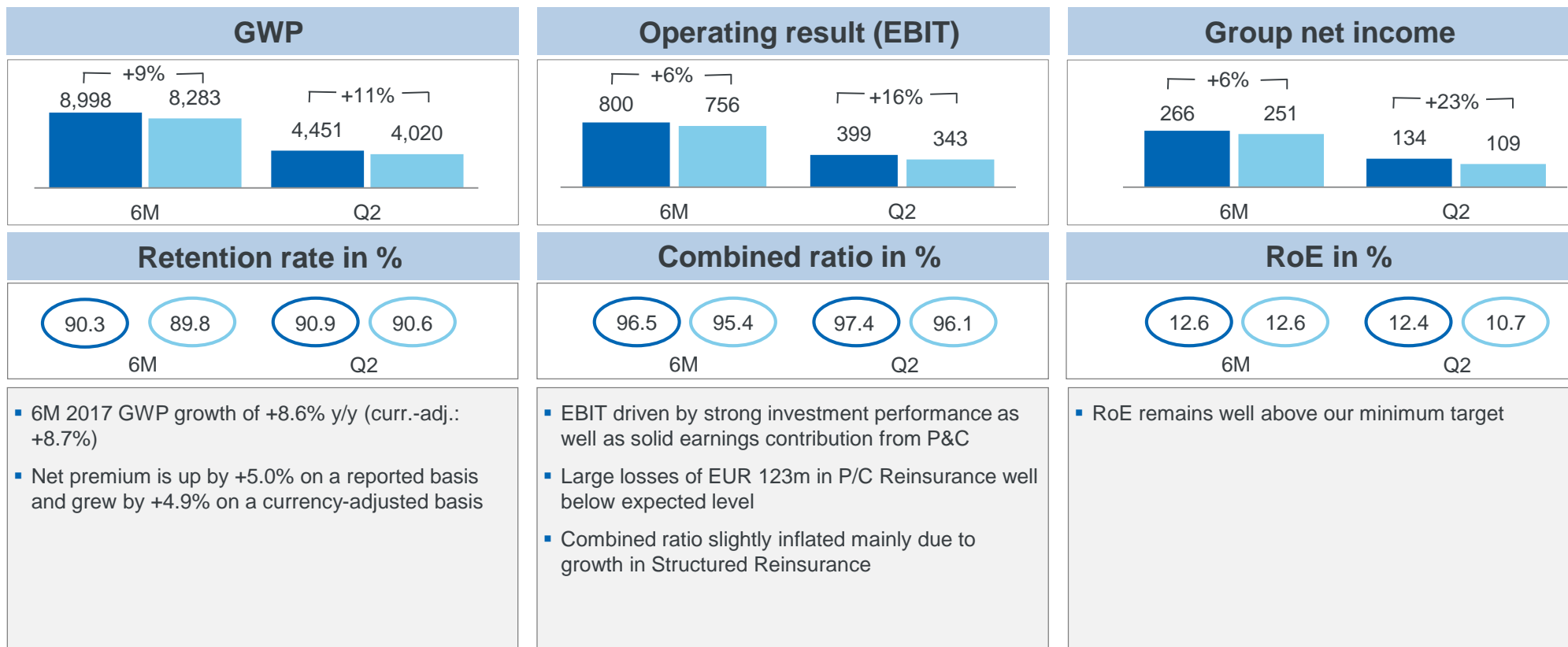
2 Segments – Retail International



EURm, IFRS ■ 2017 ■ 2016

▶ Strong top-line growth and significant improvement of profitability

2 Segments – Reinsurance Division



EURm, IFRS ■ 2017 ■ 2016

▶ 6M 2017 results in line with full-year targets


3 Net investment income

Net investment income Talanx Group

EUR m, IFRS	6M 2017	6M 2016	Change
Ordinary investment income	1,683	1,639	+3%
thereof current investment income from interest	1,359	1,374	(1%)
thereof profit/loss from shares in associated companies	7	3	+133%
Realised net gains/losses on investments	466	330	+41%
Write-ups/write-downs on investments	(95)	(106)	(10%)
Unrealised net gains/losses on investments	30	44	(32%)
Investment expenses	(113)	(118)	(4%)
Income from investments under own management	1,971	1,789	+10%
Income from investment contracts	(2)	6	(133%)
Interest income on funds withheld and contract deposits	116	167	(31%)
Total	2,085	1,962	+6%

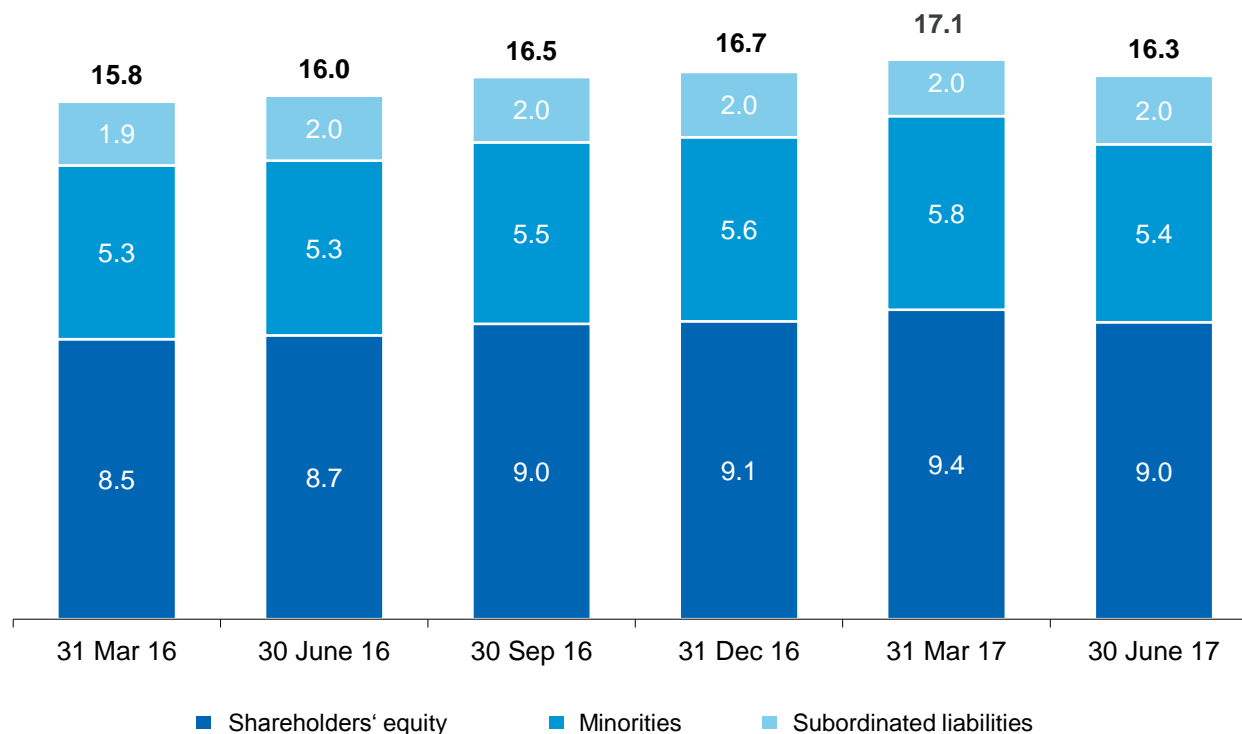
Comments

- Ordinary investment income up. Distributions in real estate and other alternative investments one driver overcompensating the effects from the low-interest environment
- Realised investment net gains ~EUR 140m up y/y to EUR 466m in 6M 2017, predominantly used to finance ZZR. 6M 2017 ZZR allocation: EUR 417m vs. 6M 2016: EUR 295m
- Investment writedowns 10% lower compared to 6M 2016, still at moderate level
- Decent 6M 2017 RoI at 3.7% - slightly higher compared to previous year's level (6M 2016: 3.5%), supported by higher realised gains on investments. Well on track to reach FY2017 outlook of "at least 3.0%"
- Impact from ModCo derivatives was EUR 3m in 6M 2017 vs. 6M 2016: EUR -2m; in Q2 2017 impact was EUR 2m (Q2 2016: EUR 0)

 **6M 2017 RoI of 3.7% at decent level - well on track to reach FY2017 Outlook of "at least 3.0%"**

3 Equity and capitalisation – Our equity base

Capital breakdown (EUR bn)



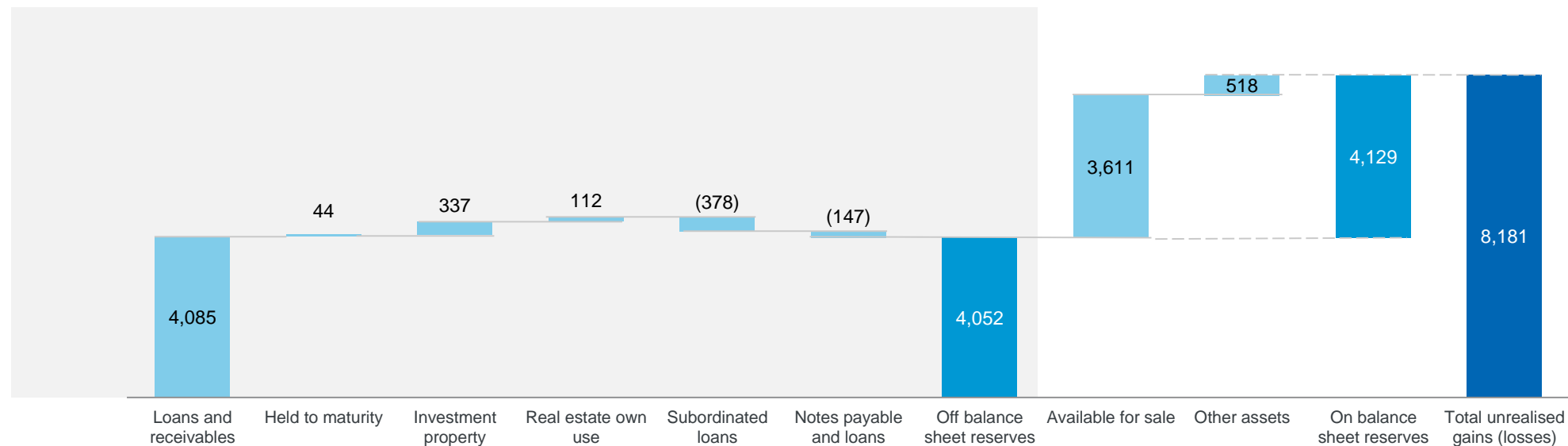
Comments

- Compared to the end of FY2016, shareholders' equity is slightly down by EUR 110m to EUR 8,968m. The decline results from the dividend payout in May 2017 (EUR 341m) and from the EUR 231m lower OCI, which in total could not be fully compensated by the strong 6M 2017 Group net income
- Book value per share at EUR 35.48 (FY2016: 35.91), NAV (excl. Goodwill) per share was EUR 31.35 (EUR 31.80)
- Off-balance sheet reserves amounted to EUR 231m (see next page), or EUR 0.92 per share (shareholder share only), neither included in book value nor in the NAV calculation

▶ Shareholders' equity at EUR 8,968m, or EUR 35.48 per share

3 Equity and capitalisation – Unrealised gains

Unrealised gains and losses (off and on balance sheet) as of 30 June 2017 (EURm)



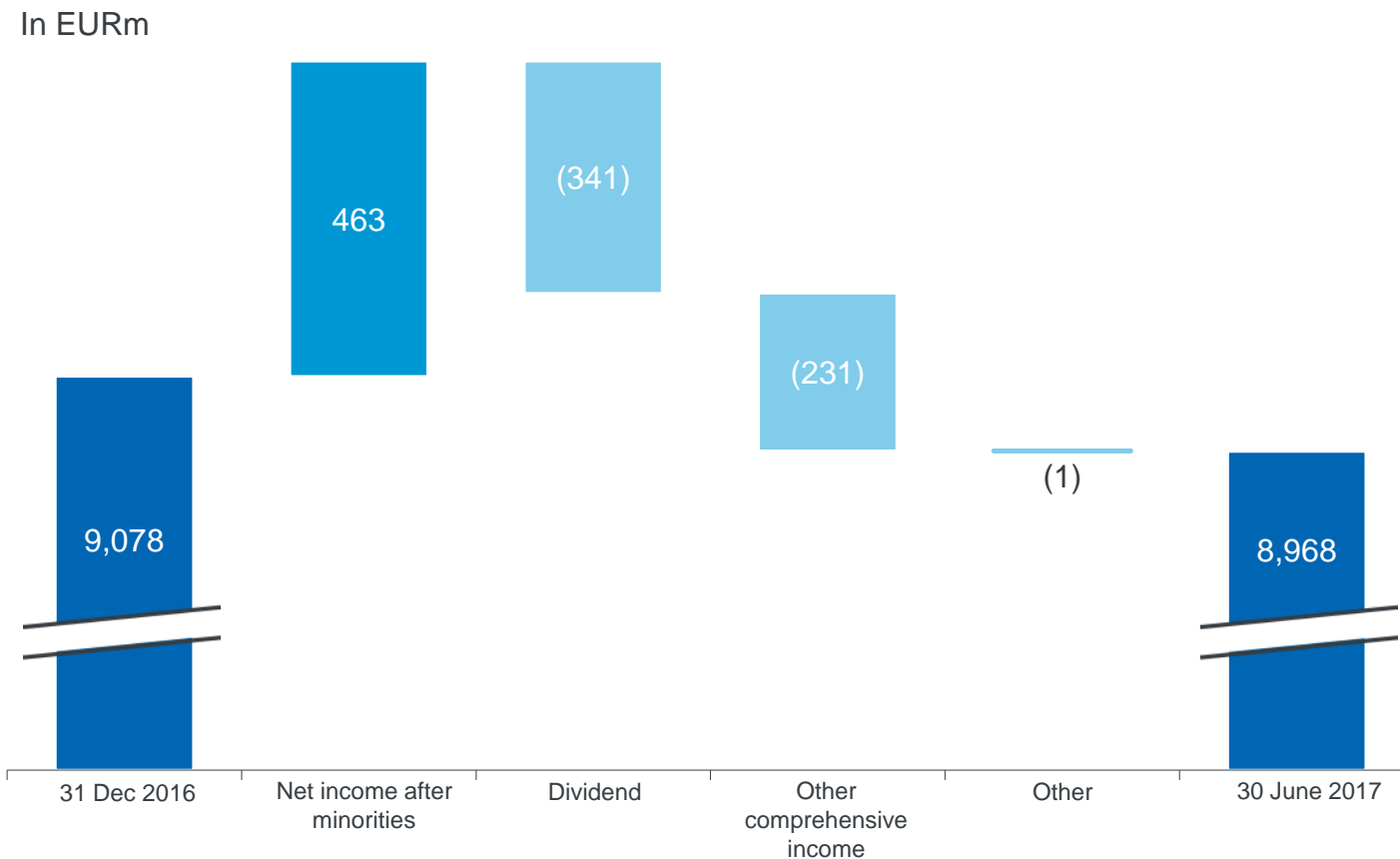
31 Dec 16	4,928	47	333	104	(296)	(168)	4,948	4,191	528	4,718	9,666
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Δ market value vs. book value

Note: Shareholder contribution estimated based on FY2015 profit sharing pattern

▶ **Off-balance sheet reserves of ~ EUR 4.1bn – EUR 231m (EUR 0.92 per share) attributable to shareholders (net of policyholders, taxes & minorities)**

3 Equity and capitalisation – Contribution to change in equity



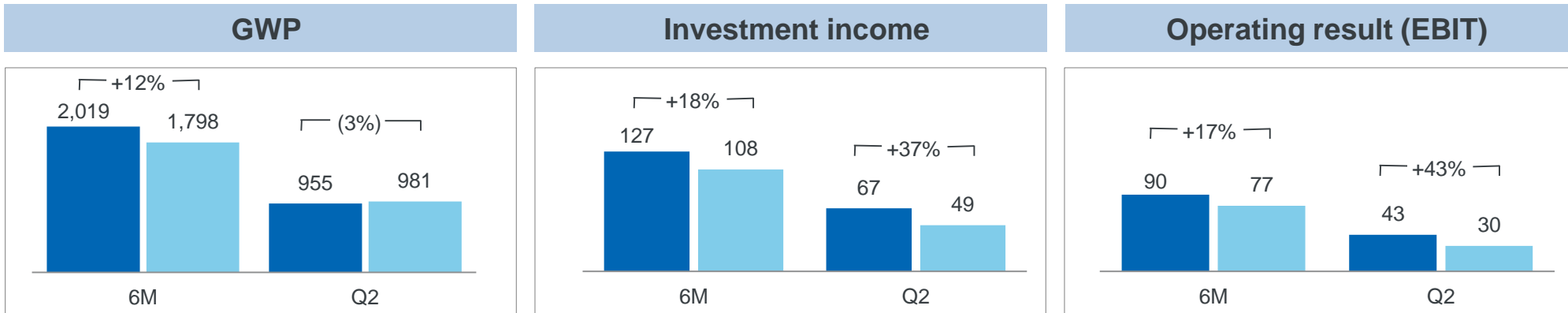
Comments

- At the end of 6M 2017, shareholders' equity stood at EUR 8,968m, or EUR 110m below the level of FY2016
- The decline reflects the dividend payout in May 2017 (EUR 341m) and the EUR 231m lower OCI, which could not be fully compensated by the net income contribution (EUR 463m)
- The decline in OCI results predominantly from currency effects
- At the end of Q1 2017, the Solvency II Ratio (Solvency II view, HDI Group level) stood at 194% (FY2016: 186%) excl. the effect of transitional measures– update for 6M 2017 until end-Sept. on our webpage: <http://www.talanx.com/investor-relations/berichte-risikomanagement/group>

▶ Shareholders' equity close to FY2016, despite the dividend payout and the lower OCI

5

6M 2017 Additional Information – Retail International Europe: Key financials



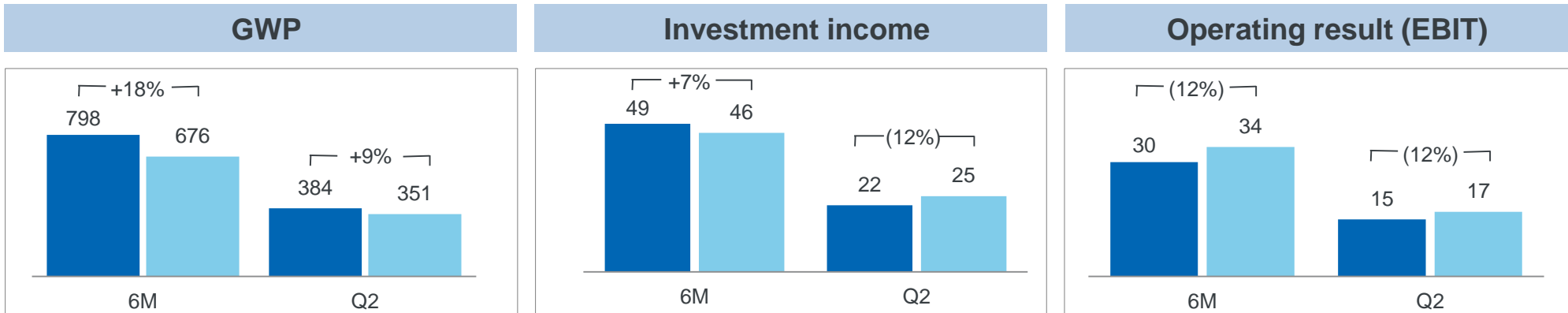
EURm, IFRS ■ 2017 ■ 2016



► Strong improvement on top line and on bottom line – Poland benefits from Motor market hard cycle

5

6M 2017 Additional Information – Retail International LatAm: Key financials



EURm, IFRS ■ 2017 ■ 2016



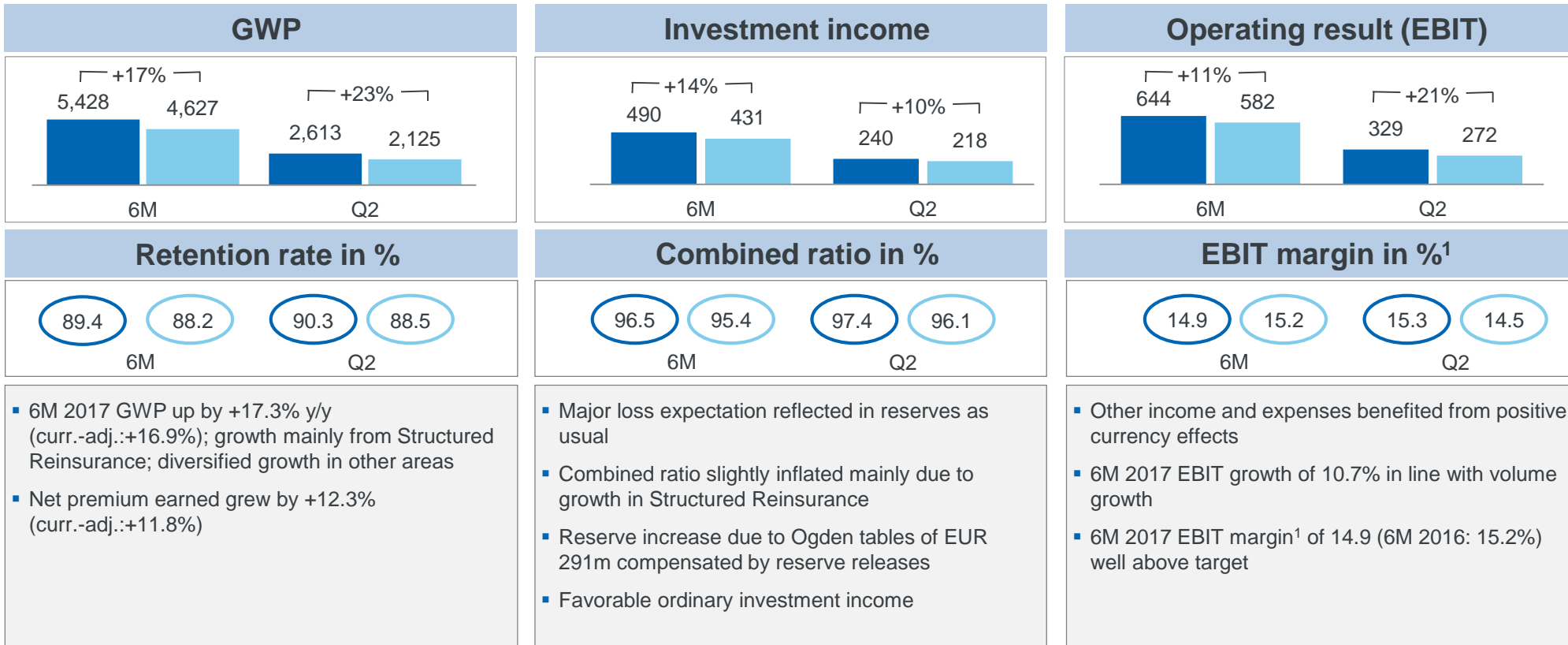
EURm, 6M 2017 (6M 2016)

EURm, 6M 2017 (6M 2016)

► Strong top-line growth – slightly lower EBIT explained by Brazil

5

6M 2017 Additional Information – Segment P/C Reinsurance

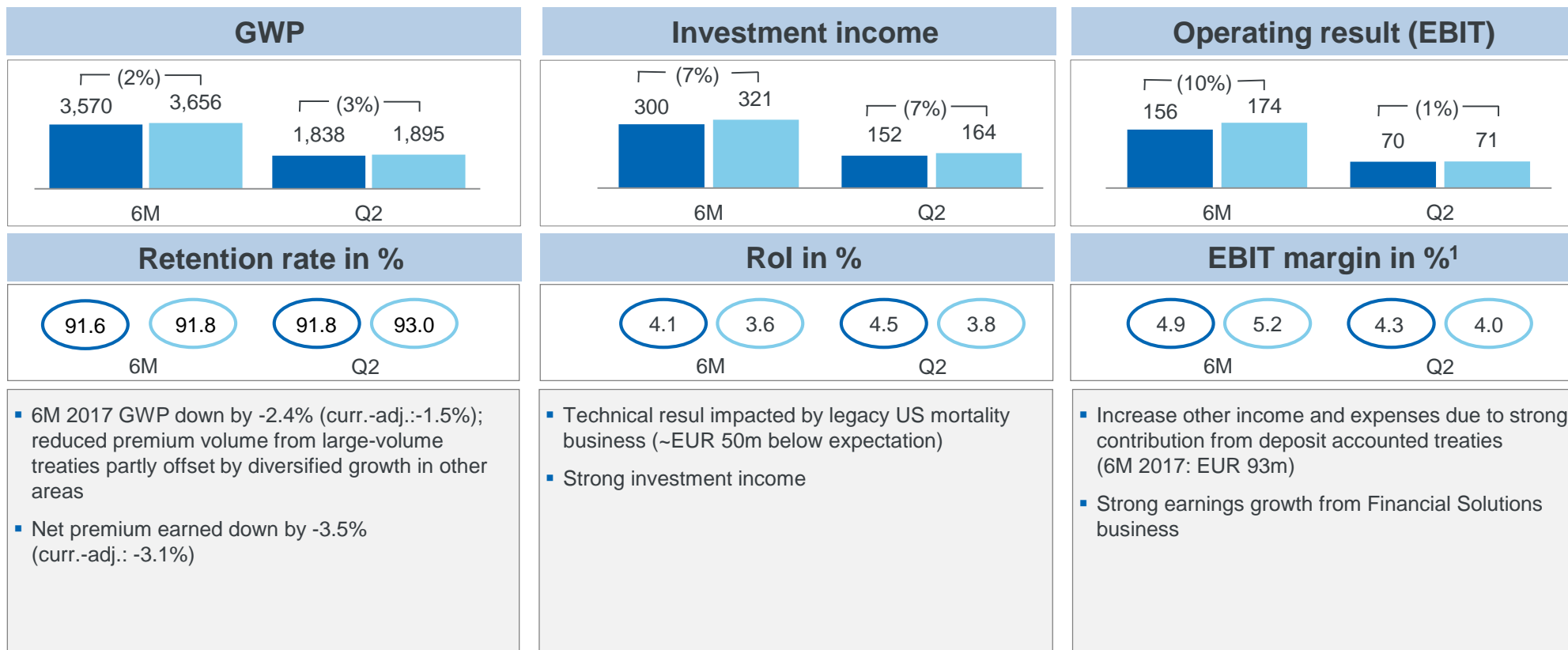


¹ EBIT margin reflects a Talanx Group view
 EURm, IFRS ■ 2017 ■ 2016

► Solid underwriting result in a competitive environment

5

6M 2017 Additional Information – Segment Life/Health Reinsurance



¹ EBIT margin reflects a Talanx Group view
 EURm, IFRS ■ 2017 ■ 2016

Overall profitability in Life & Health Reinsurance below expectation

5

6M 2017 Additional Information – Segments

	Industrial Lines			Retail Germany P/C			Retail Germany Life		
EURm, IFRS	6M 2017	6M 2016	Change	6M 2017	6M 2016	Change	6M 2017	6M 2016	Change
P&L									
Gross written premium	2,795	2,706	+3%	1,002	980	+2%	2,308	2,366	(2%)
Net premium earned	1,160	1,083	+7%	688	691	(0%)	1,701	1,763	(4%)
Net underwriting result	32	25	+28%	(9)	(32)	n/m	(901)	(780)	n/m
Net investment income	137	109	+26%	44	47	(6%)	951	890	+7%
Operating result (EBIT)	162	143	+13%	22	(17)	n/m	41	73	(44%)
Net income after minorities	112	91	+23%	n/a	n/a	n/m	n/a	n/a	n/m
Key ratios									
Combined ratio non-life insurance and reinsurance	97.2%	97.8%	(0.6%)pts	101.5%	104.7%	(3.2%)pts	-	-	-
Return on investment	3.5%	2.8%	0.7%pts	2.3%	2.5%	(0.2%)pts	4.2%	4.0%	0.2%pts

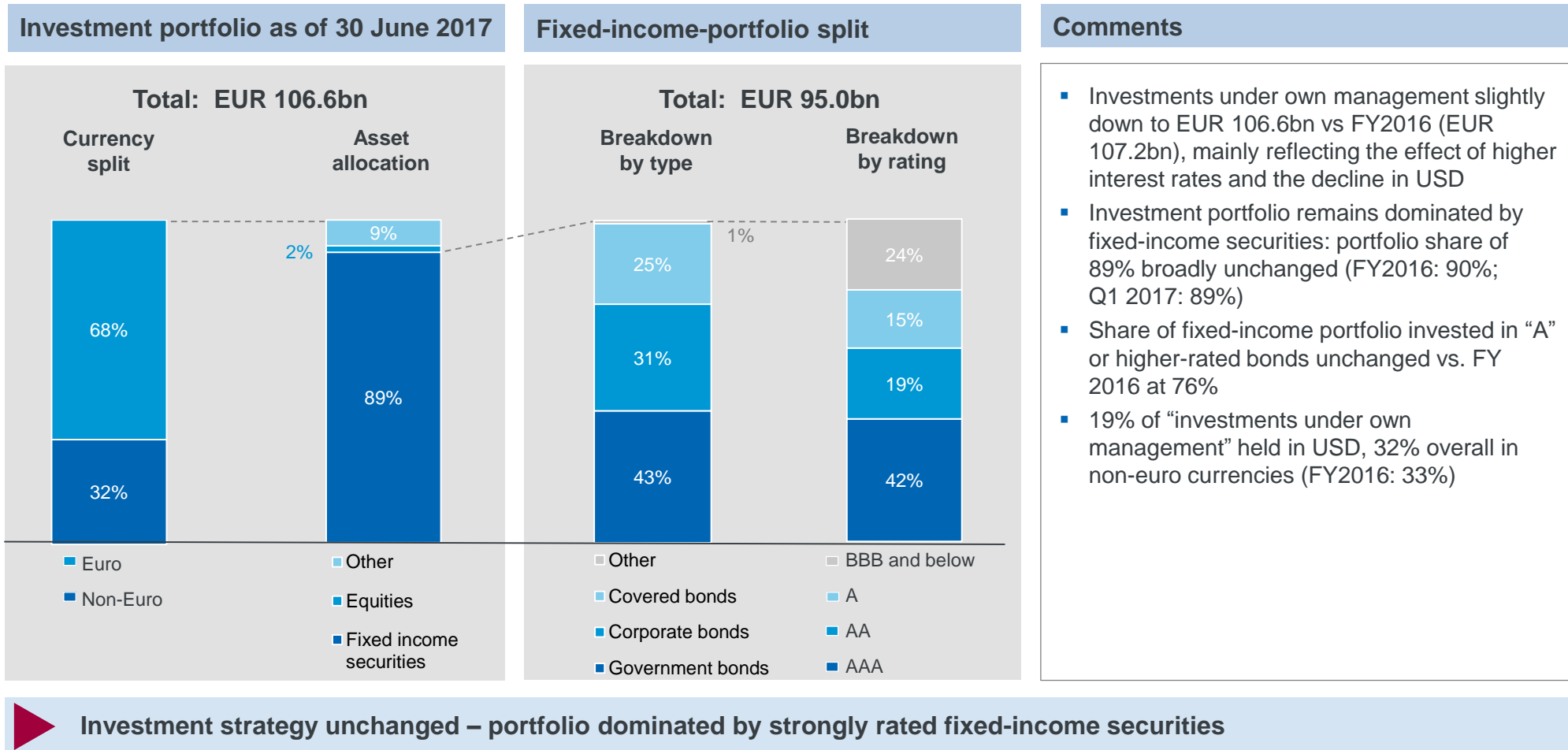
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6M 2017 Additional Information – Segments

	Retail International			P/C Reinsurance			Life/Health Reinsurance			Group		
EURm, IFRS	6M 2017	6M 2016	Change	6M 2017	6M 2016	Change	6M 2017	6M 2016	Change	6M 2017	6M 2016	Change
P&L												
Gross written premium	2,828	2,487	+14%	5,428	4,627	+17%	3,570	3,656	(2%)	17,553	16,427	+7%
Net premium earned	2,358	2,097	+12%	4,313	3,839	+12%	3,210	3,328	(4%)	13,440	12,810	+5%
Net underwriting result	14	7	+100%	149	165	(10%)	(229)	(176)	n/m	(940)	(784)	n/m
Net investment income	173	153	+13%	490	431	+14%	300	321	(7%)	2,085	1,962	+6%
Operating result (EBIT)	116	107	+8%	644	582	+11%	156	174	(10%)	1,125	1,067	+5%
Net income after minorities	74	65	+14%	n/a	n/a	n/m	n/a	n/a	n/m	463	403	+15%
Key ratios												
Combined ratio non-life insurance and reinsurance	96.5%	96.4%	0.1%pts	96.5%	95.4%	1.1%pts	-	-	-	97.0%	96.8%	0.2%pts
Return on investment	3.7%	3.6%	0.1%pts	3.0%	2.7%	0.3%pts	4.1%	3.6%	0.5%pts	3.7%	3.5%	0.2%pts

5

6M 2017 Additional Information – Breakdown of investment portfolio



5

6M 2017 Additional Information – Details on selected fixed-income country exposure

Investments into issuers from countries with a rating below A⁻¹ (in EURm)

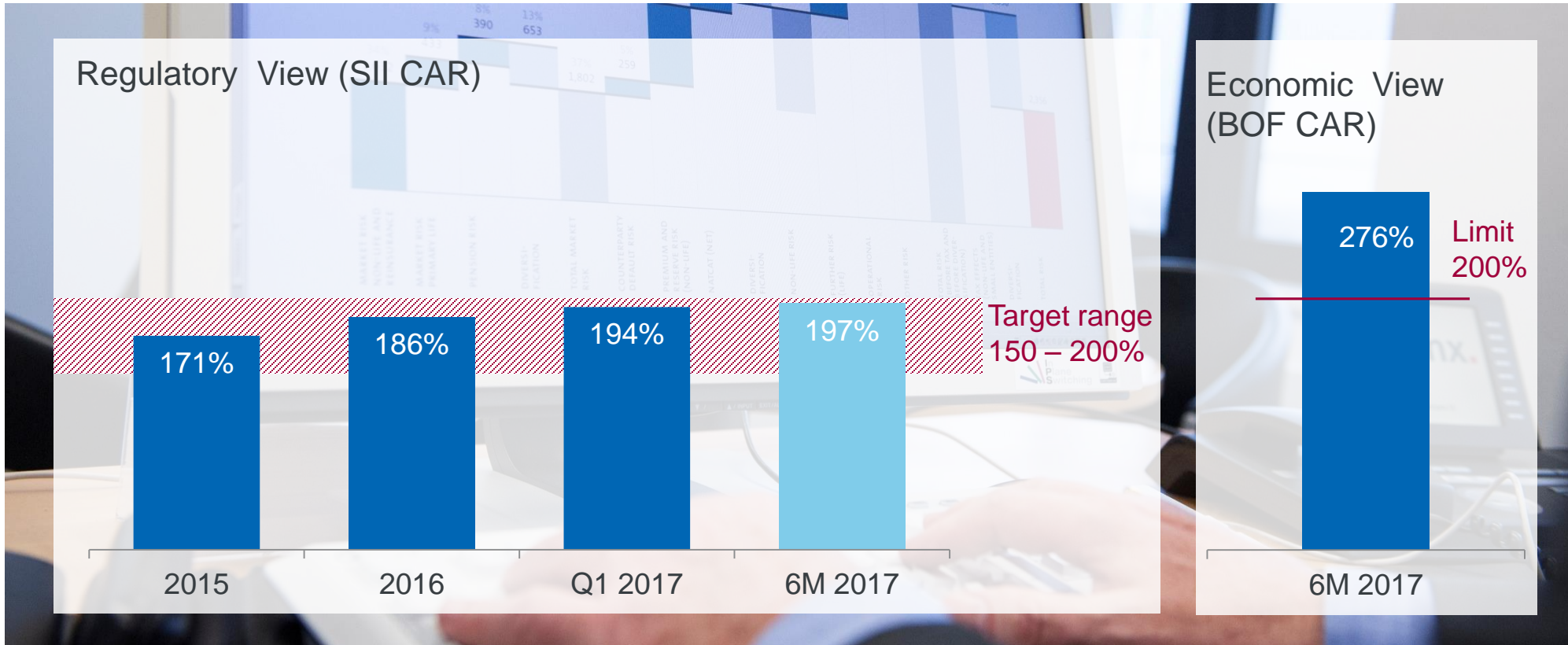
Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	2,186	-	644	633	396	-	3,859
Spain	BBB+	729	424	227	419	272	-	2,073
Brazil	BB	241	-	83	356	-	7	687
Mexico	BBB+	118	2	52	231	-	-	402
Hungary	BBB-	465	-	-	9	20	-	495
Russia	BB+	174	12	63	180	-	-	429
South Africa	BBB-	164	2	12	49	-	6	233
Portugal	BB+	44	-	6	72	35	-	157
Turkey	BB+	17	-	24	16	3	-	60
Greece	CCC	-	-	-	-	-	-	-
Other BBB+		14	-	31	58	-	-	104
Other BBB		82	35	50	50	-	-	217
Other <BBB		211	29	88	190	-	267	785
Total		4,445	505	1,279	2,264	727	280	9,500
In % of total investments under own management		4.2%	0.5%	1.3%	2.1%	0.7%	0.3%	8.9%
In % of total Group assets		2.8%	0.3%	0.8%	1.4%	0.5%	0.2%	6.0%

¹ Investment under own management

5

6M 2017 Additional Information – Solvency II capital

Solvency II capitalisation within target range



Note: Solvency II ratio relates to HDI V.a.G. as the regulated entity. The chart does not contain the effect of transitional measures. Solvency II ratio including transitional measures for FY2016 was at 236% (6M 2017: 243%).

5

Financial Calendar and Contacts



- **13 November 2017**
Quarterly Statement as at 30/09/2017
- **23 November 2017**
Capital Markets Day
- **19 March 2018**
Annual Report 2017



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

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