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Insurance. Investments.

Talanx Capital Markets Day

Hannover, 17 September 2015

Agenda

Agenda

I	Group Strategy / Outlook	Herbert K. Haas
II	Group Financials	Dr. Immo Querner
	Industrial Lines	
III	Strategy	Dr. Christian Hinsch
IV	Financials	Ulrich Wollschläger
V	Property, Engineering & Marine Insurance	Dr. Joachim ten Eicken
VI	Case Study: Underwriting Marine	Kai Brüggemann
VII	International Growth	Dr. Edgar Puls
VIII	Liability Insurance	Dr. Stefan Sigulla
IX	Key Essentials Industrial Lines	Dr. Christian Hinsch
X	Final Remarks	Herbert K. Haas

Talanx Group – Major events since June 2014

- 16 July 2014: Placement of a senior benchmark bond with a volume of €500 million
- 19 December 2014: Talanx acquires a majority shareholding in the insurance group Inversiones Magallanes in Chile
- 20 January 2015: Talanx takes a stake of 45 percent in investment service provider Caplantic Alternative Assets GmbH
- 15 July 2015: Meiji Yasuda reduces its shareholding in Talanx below 5.0 percent
- 28 July 2015: Talanx realigns its German Life insurance business and fully writes down the respective goodwill of €155m

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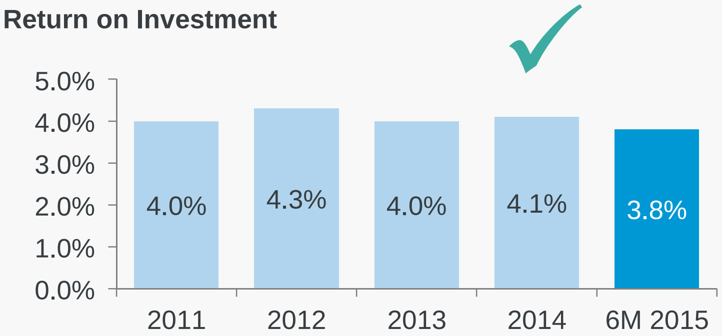
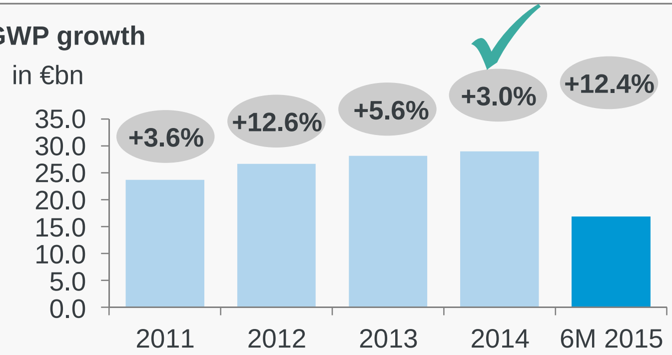
Talanx Group – Status quo: Where we stand today

Return on Investment



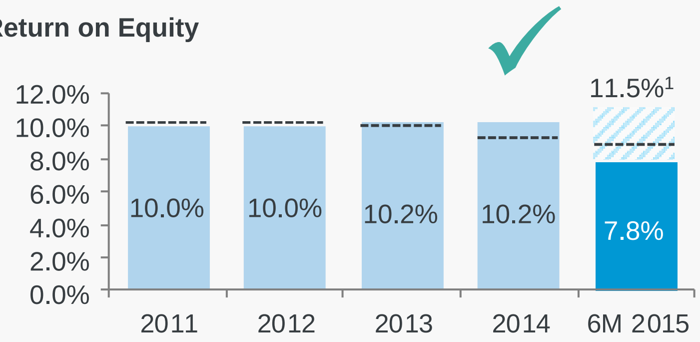
2014 Outlook RoI ≥3.4%
2015 Outlook RoI >3.0%

GWP growth



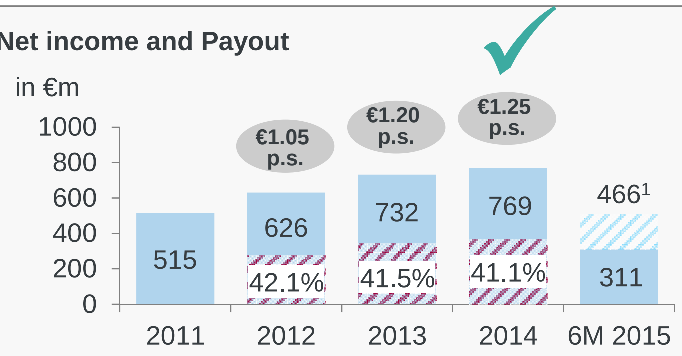
2014 Outlook GWP growth +2-3%
2015 Outlook GWP growth +1-3%

Return on Equity



2014 Outlook RoE 9-10%
2015 Outlook RoE 7-8%

Net income and Payout



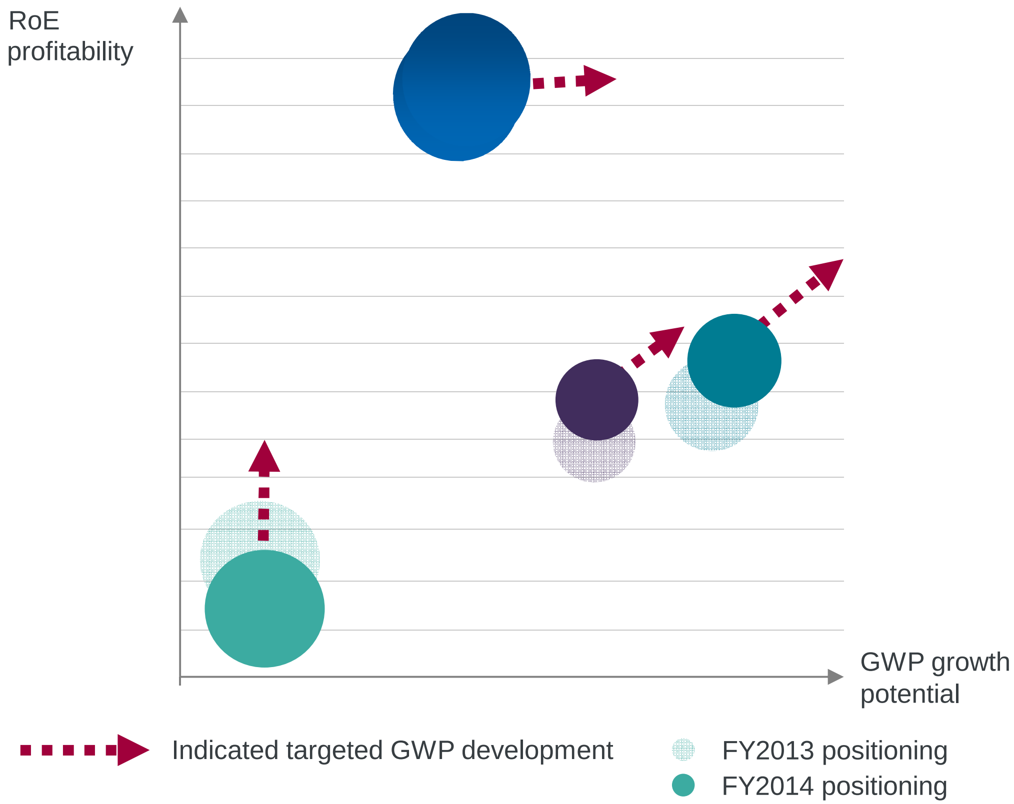
2014 Outlook Net income ≥ €700m; pay-out ratio 35-45%
2015 Outlook Net income €600 -650m; pay-out ratio 35-45%

Note: figures restated on the base of IAS8; 2014 Outlook reflects targets as presented in November 2014

dividend pay-out ratio

[1] EBIT and net income impact from goodwill impairment of €155m in Q2 2015

Talanx Group – Business portfolio



Retail Germany

- German Life business realigned
- Balance-sheet risks reduced
- Business still lagging behind peers in terms of costs

Reinsurance

- Efficient cycle management
- Maintaining the excellent profitability level
- Expansion into emerging markets

Industrial Lines

- Strong and profitable foreign growth
- Balanced Book and one.biz initiative

Retail International

- Growth in selected emerging markets
- Roll-out of best practice examples

Note: Size of circle represents GWP contribution to Talanx Group after minorities; RoI adjusted for balance sheet strengthening measures in Retail Germany

Follow business-specific strategies depending on profitability profile and growth opportunities

Retail Germany – Division 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)

TARGO·VERSICHERUNG

PB Versicherungen
Partner der Postbank

neue leben Versicherungen

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)

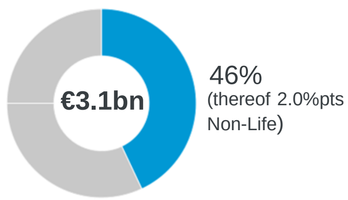
HDI

P&C

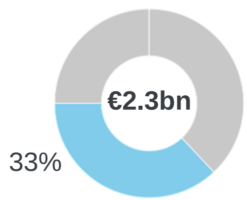
- Distribution through various external channels as well as own branches, brokers and tied agents
- Offers full product spectrum of P&C insurance products

HDI

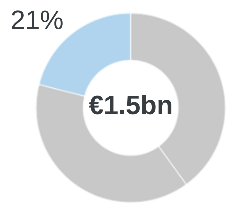
Share in 2014 segment GWP



Share in 2014 segment GWP

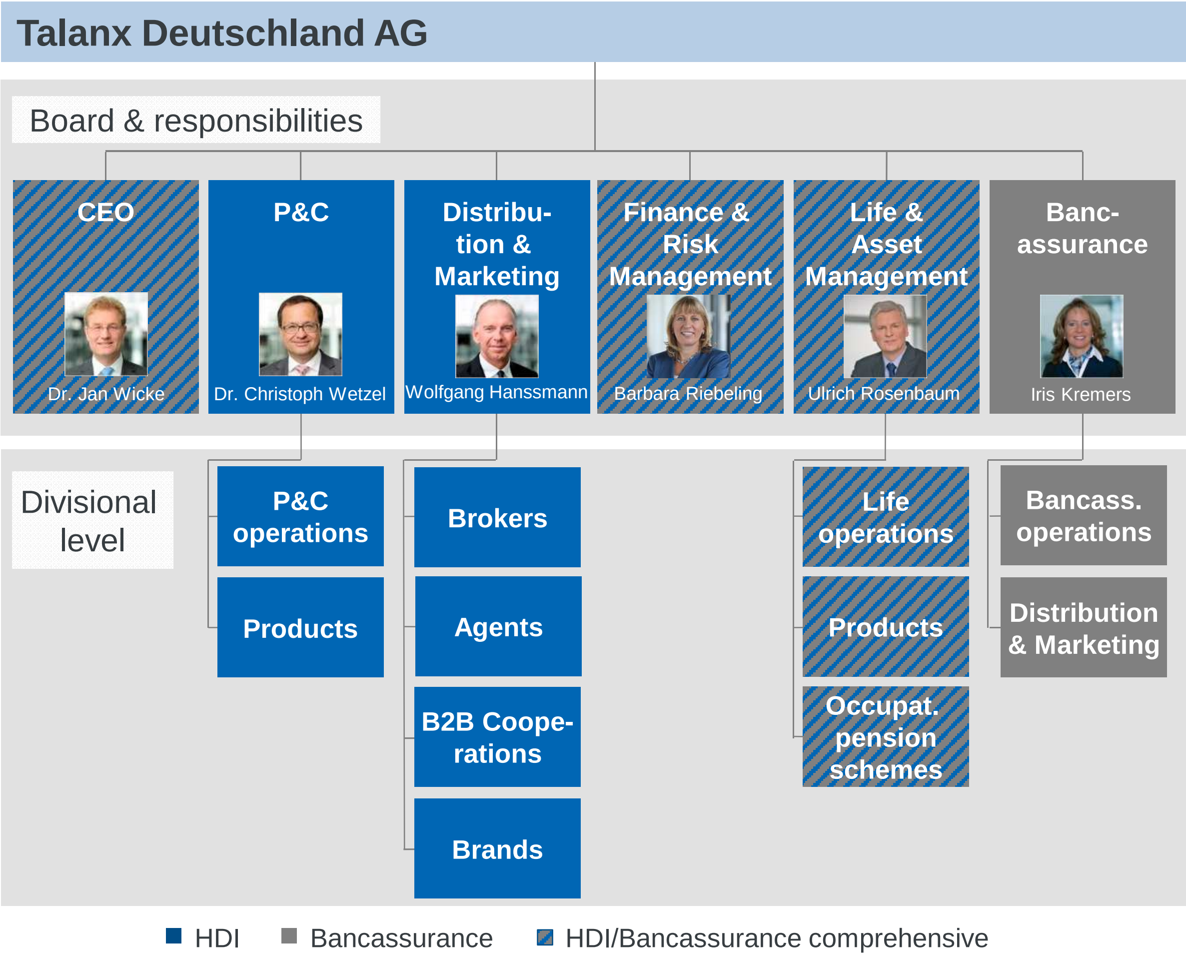


Share in 2014 segment GWP



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

Retail Germany – Our new management team and set-up



Comments

- Board of Retail Germany incl. divisional directors has been adjusted with the purpose of a clear responsibility for lines of business
- More focused separation of lines in Life and Non-Life has reduced management complexity and sharpened operational focus
- Bancassurance only marginally affected by realignment (products)

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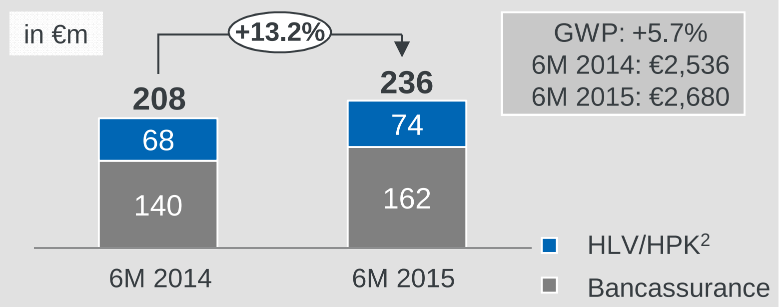
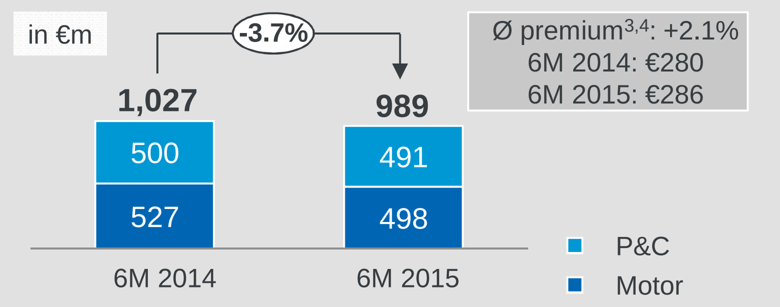
Retail Germany – Business update Life and Non-Life

Overview Life (APE[1,5])



Overview Non-Life (GWP)



Development Life[5]

	Change	6M 2014	6M 2015
APE unit-linked Life	+22.5%	€59.4m	€72.8m
APE Occupational Disability	+27.4%	€8.5 m	€10.8 m
No. of total contracts trad. Life	-1.6%	2.93m	2.88m
No. of total contracts Life	+0.2%	6.40m	6.41m

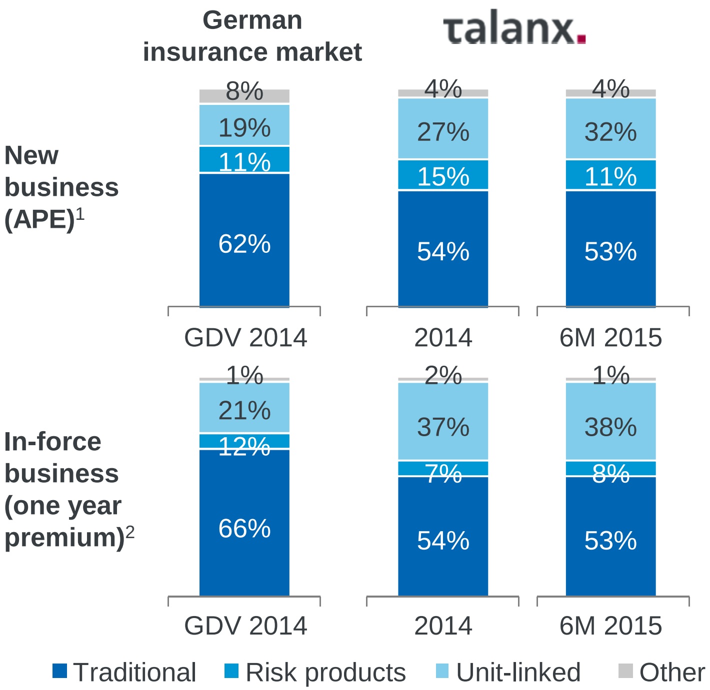
Development Non-Life

	Change	6M 2014	6M 2015
Ø premium[3] Motor	+4.4%	€410	€428
Combined Ratio Motor	-2.4%pts	101.3%	98.9%
Ø premium[3] Liability	+0.2%	€218	€218
Combined Ratio Liability	-6.2%pts	96.3%	90.1%

[1] APE: Annual Premium Equivalent
[2] HDI Lebensversicherung AG, HDI Pensionskasse AG
[3] Ø premium per contract based on annual gross premium
[4] Excluding Bancassurance Non-Life business
[5] Life APE excl. PB Pensionsfonds AG

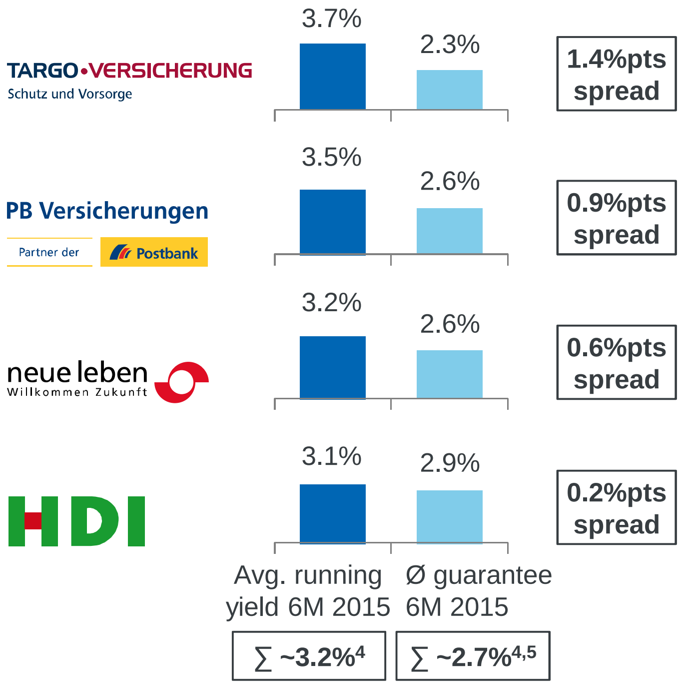
Retail Germany – Life portfolio overview

Breakdown of Life insurance portfolio



[1] Home saving risk insurance regrouped into traditional products
[2] Other collective insurances re-grouped into traditional products
Source: GDV (German Insurance Association), Talanx

Business in force[3]



[3] Based on total policy reserves 6M 2015
[4] Weighted average of TARGO Leben, PB Leben, neue leben and HDI Leben according to assets under management (for running yield) and actuarial reserves (for average guarantee), respectively
[5] The average guarantee rate is down from 2013 level of ~3.0%

Consistently higher share of unit-linked life contracts than market – positive investment spreads for all life carriers – average guarantee rate down to 2.7%

Retail Germany – Realignment of German Life business (Overview)

	Organisational set-up	Financial Strength	Product	Costs	IT Platform
Key measures	Separation of life and non-life lines	Goodwill of €155m in German Life fully written down	Traditional products to be replaced by capital-efficient products in 2016; strengthen focus on biometric risk and payment protection insurance	~€170m investments to reduce cost base by ~€70m p.a., major part of benefit expected until 2020	Rolling out of performant HDI Life IT platform also in Bancassurance
Why	New management responsibilities; also preparing for future Solvency II requirements	CGU to be split following the separation of lines	Capital-efficiency of products; thus providing our customers with attractive return products	Target to achieve lasting competitive advantages in Life following an extensive cost benchmarking	Exploiting synergies of scale; making use of best-practice-experience in the division
Impact	Reducing management complexity and sharpening of operational focus	Significant reduction in balance-sheet risks	Lower risk capital consumption (~50% vs. traditional products), higher expected returns for policyholders and for shareholders also due to premium guarantees only at maturity	€70m of extra investments vs. original budget (€100m); long-term cost savings expected	State-of-the art platform for the whole Life product line; reducing complexity and exploiting cost savings potential

Strengthening German Life insurance business to the benefit of policy- and shareholders

Retail Germany – Capital-efficient “new classic” products

Framework for Talanx‘s Life insurance products

- **Starting point →** Due to high guarantee costs classic German annuity products are no longer able to generate an adequate return for customers’ annuities; limited investment opportunities
- **Goal →** Increasing return opportunities for customers, taking pressure off insurer by reducing guarantee requirements
- **Solution →** Capital-efficient new products in two different formats

TwoTrust Selekt (sales started 1 July 2014)

Key target group: stock-market-affine policyholders

- No guaranteed return, only gross-premium guarantee
- Surplus bonuses are invested in a basket of stock indices with higher return opportunities for the customer
- USP: Participation in six different stock indices/regions is unique in the German insurance market
- Positive return credited each year, losses are excluded
- Customer can cancel the stock market participation each year

Cost reduction for financial options and guarantees (FOGs) by ~ 40-50%[1]

“New Classic” (sales start early 2016)

Key target group: traditional customer base

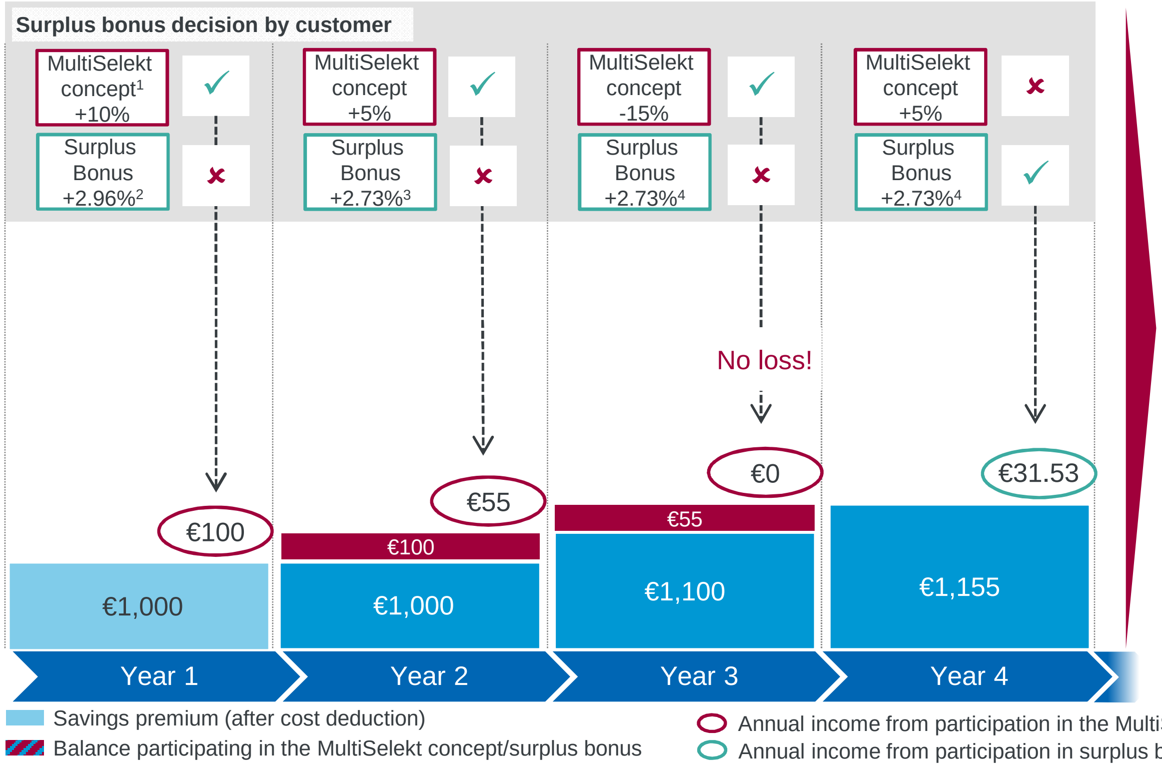
- No guaranteed return, only gross-premium guarantee at maturity (term: minimum 20 years)
- Higher surplus bonus participation compared to the “old” classic products increases the customer’s return opportunities (results from passing on lower guarantee cost)
- The annuity factor on the total account value is fixed only at maturity

Cost reduction for financial options and guarantees (FOGs) by ~50-60%[1]

[1] Compared to HLV‘s current classic annuity (MCEV 2014)

Retail Germany – New product “TwoTrust Selekt”

Example: MultiSelekt concept in single premium business



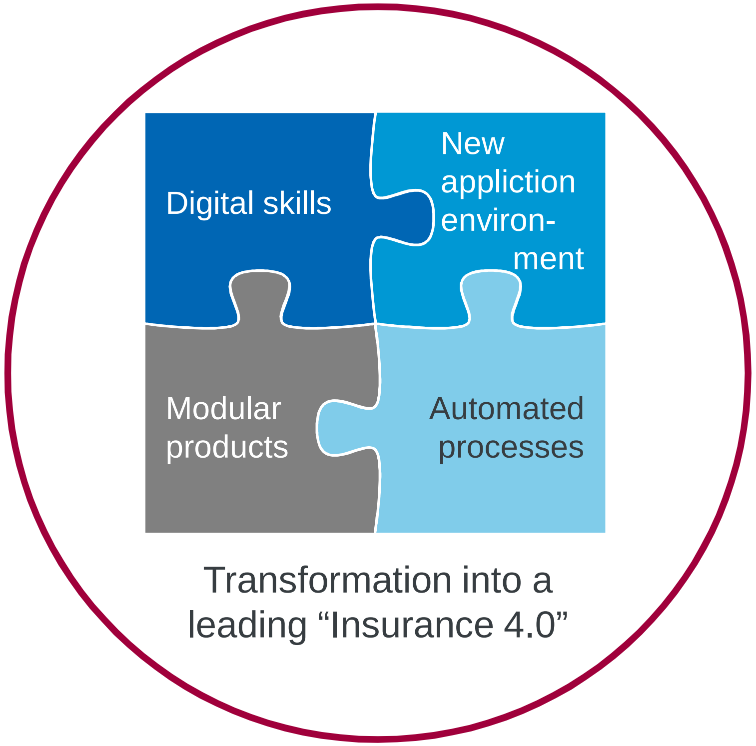
[1] MultiSelekt concept enables the customer to opt for a participation in a structured, diversified stock index investment
[2] 2015 surplus bonus declaration of 3.36% deducted by 0.4%pts annual contract cost
[3] 2016 surplus bonus declaration of 3.13% deducted by 0.4%pts annual contract cost
[4] According to assumption of unchanged surplus bonus declaration

Comments

- TwoTrust Selekt combines the safety of conventional annuity with the return opportunities of the MultiSelekt concept based on a gross-premium guarantee
- No interest guarantees, only a guarantee on total premiums
- Customer has the choice to opt for annually allocated surplus bonus or swap this into a basket of share indices
- Combination of several regions and sectors lead to higher stability of index income
- Income for index participation is secured - no annual future losses from index participation

Retail Germany – Improving competitiveness in P&C

Transformation concept “HDI 4.0”



Comments

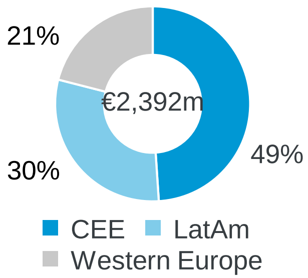
- Basic idea: Split into a (new) “HDI 4.0” and (an old) “as-is HDI”
- Get HDI into the “new world” in new business as fast as possible with modular products and optimised processes
- Step-by-step optimisation of existing business
- Front-loaded implementation of the internal business base (e.g. new IT platform)
- “Shop-window initiatives” that are visible for customers (e.g. direct sales capacity)
- Prerequisite for successful transformation is close networking between Sales, Product development, IT and Operations

New concept in Retail Germany with clear goal to augment efficiency improvements

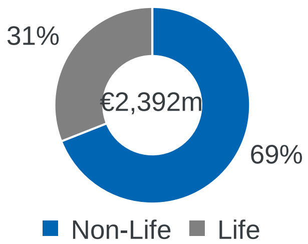
Retail International – Overview and Update

Key figures

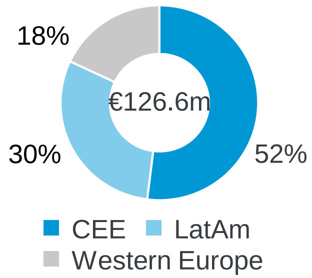
6M 2015 GWP by geographies[1]



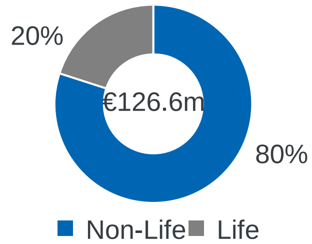
6M 2015 GWP by Life/Non-Life



6M 2015 EBIT by geographies[1]



6M 2015 EBIT by Life/Non-Life



Update

- Focus on strong and profitable market position in selected target regions and Core Markets – Poland, Brasil, Mexico and Turkey contributing 76% to the division‘s EBIT in 6M 2015
- Profitable business in all 14 markets[2]; 6M 2015 EBIT margin improved to 6.7% (6M 2014: 6.5%)
- Good underlying business growth (6M 2015: +6.1% y/y, currency-adj. +5.9%), with an uptick in growth momentum in Q2 (+8.7%, currency-adj. +8.2%)
- Double-digit GWP growth in local terms in motor lines, e.g. in Brasil, Mexico and Turkey continued
- Magallanes’ acquisition made Talanx the No 2 Motor and No 5 Non-Life insurer in Chile, contributing EBIT of €8m in 6M 2015 (~6% of division‘s 6M 2015 EBIT result); expected impact on FY2015: GWP: €280m, EBIT: ~€10m for entire operations in Chile

[1] CEE including Turkey and Russia; LatAm including Mexico; Western Europe including Italy and Austria
[2] Excluding business in Peru, which is held by Magallanes Generales, the P&C entity of Magallanes Group

Focus on strong and profitably growing business pays off - limited impact from currency effects

Retail International – Market position in Core Markets

Poland (Non-Life) by GWP 2014[1]

Company	Market share
1. PZU	33.1%
2. Talanx (2013: #2; 15.5%)	**16.2%**
3. Ergo	13.1%
4. VIG	8.9%
5. Allianz	7.9%

Brazil (Motor) by GWP 2014[1]

Company	Market share
1. Porto Seguro	26.8%
2. Bco. do Brasil Mapfre	14.4%
3. Bradesco	12.8%
4. Sul America	9.3%
5. Talanx (2013: #5; 7.2%)	**7.6%**

Turkey (Motor) by GWP 2014[1]

Company	Market share
1. AXA	20.6%
2. Anadolu	15.1%
3. Allianz	12.8%
4. Mapfre Genel	7.1%
5. Ak	7.1%
⋮	
10. Talanx (2013: #10; 2.7%)	**2.9%**

Mexico (Motor) by GWP 2014[1]

Company	Market share
1. Qualitas	24.9%
2. AXA Seguros	14.0%
3. G.N.P.	12.5%
4. Aba Seguros	7.7%
5. Mapfre Mexico	6.5%
⋮	
9. Talanx (2013: #10; 3.7%)	**4.0%**

[1] Source: local regulatory authorities, Talanx AG

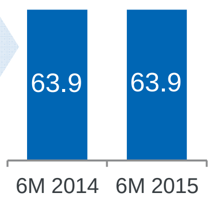
In all of Retail International's Core Markets, market shares for Talanx's entities have improved

Retail International – Strategic initiatives in Core Markets

Poland

- Enhance network diversification
- Pricing based on digitisaton & analytics
- Adopting to tightened regulation

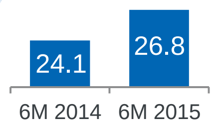
EBIT (in €m)



Brazil

- Consolidation of Sao Paulo and Rio
- “HDI Digital”: fleets and recycling
- Increase usage ratio of “Bate-Prontos”

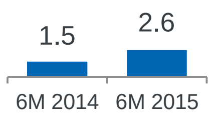
EBIT (in €m)



Turkey[1]

- Pro-active risk selection
- Optimisation of claims management
- Product and channel diversification

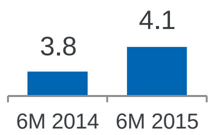
EBIT (in €m)



Mexico

- 30% faster closing of Motor claims
- 20% lower Motor claims handling cost
- Stronger diversification into P&C

EBIT (in €m)



[1] Excl. CIL/Turkey

Strategic initiatives are key drivers of EBIT – supported by transfer of best practices

Retail International – Acquisition of Magallanes/Chile

HDI-Magallanes Group (planned)

Inversiones HDI Limitada[1] (merged holding company)

HDI Seguros S.A. (P&C)[2] ("merged company")	Aseguradora Magallanes de vida (Life)	Aseguradora Magallanes de garantia y credito S.A. (Credit & guarantee insurance)	Aseguradora Magallanes del Peru S.A.(P&C)
100%[1]	100%[1]	97.8%[1]	100%[1]

Note: Figures rounded

Market ranking: Non-Life Insurance, Chile (2014)

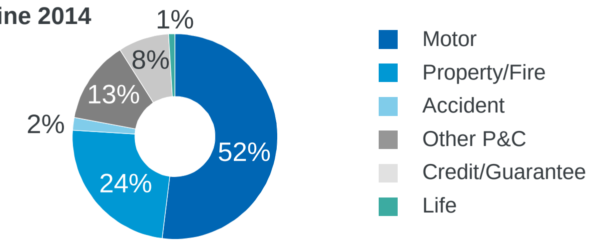
Rank	Company		Market share
1	RSA Seguros	367	13.1%
2	BCI Seguros	316	11.3%
3	Mapfre	308	11.0%
4	Penta Security	299	10.7%
5	HDI+Magallanes[3]	279	10.0%
5	Magallanes	232	8.3%
6	Liberty Seguros	227	8.1%
7	BNP Paribas Cardif	211	7.6%
13	HDI Seguros	48	1.7%

Source: Associación de Aseguradores en Chile (AACH)

About HDI and Magallanes Group (2014 "as-if")

- Chile is the No. 5 insurance market in Latin America; GWP premium volume of ~€8bn
- Talanx is No. 2 in the Chilean motor insurance market
- Distribution via agents/brokers (~58%), car distributors (~23%) and others (~19%)
- 2014 GWP: €282m

GWP by line 2014



[1] After merger with holding company Inversiones Magallanes S.A.
[2] After merger with Magallanes Generales, the P&C entity of Magallanes
[3] Pro-forma

In the attractive Chilean market, Talanx has become No. 5 in Non-Life and No. 2 in Motor

Retail International – Integration of Magallanes

Integration Plan

Achievements

- Decision on one-brand policy ("HDI")
- Start of branding campaign in August 2015 ("Dual brand")
- New organisational structure defined; first and second management level in place
- IFRS requirements fulfilled
- Integration plan for branch network and common headquarter

Next steps

Oct 2015	Reduction in number of branches finalised from 36 to 28
Oct/Nov 2015	Legal merger of HDI Seguros and Magallanes Generales
Nov 2015	New product portfolio available
Dec 2015	IT integration and data migration completed
Q1 2016	Moving into new headquarter premises
Apr 2016	Branding transfer completed – termination of Magallanes brand

- Merger not expected to affect customer retention levels

- Commercial strategy to increase market share via broker business adding to actual strategy based on dealers and department stores

- Integration costs of below €4m nearly fully expensed in FY2015

- Estimated total synergies of ~€7.5m p.a. from 2016

Integration of acquired Magallanes business is on track

Talanx Group – Focus on sustainable and profitable growth

Primary Strategic Goal

Focus of the Group is on long-term increase in value by sustainable and profitable growth and vigorous implementation of our B2B-Expertise

Risk Management

Closely monitoring and managing the Group's risk position

Avoiding developments posing a threat to the Group, while taking advantage of potential opportunities

Ensuring compliance with the risk position using risk budgets

Criteria:
- Generating positive annual IFRS earnings with a 90% probability
- Economic capital base to correspond to at least an aggregated 3,000-year shock (1y ruin probability)
- Group investment risk limited to less than 50% of the aggregated requirement for risk-based capital

Capital Management

Structuring the capital in a way that it meets the minimum requirements of Standard & Poor's capital model for an "AA" rating

Using equity capital, equity capital substitutes and finance instruments to optimize the capital structure

Growth Target

The Group aims to generate sustainable and profitable growth

Achieving above-average growth specifically in Industrial Lines and Retail International divisions. Retail target regions are LatAm and CEE - by organic growth and acquisitions

In the long run, aiming for a foreign share of gross premiums from Primary insurance (Industrial Lines and Retail) which amounts to 50% of the total gross premiums from primary insurance

In German retail business we are focussing on increasing profitability and focused growth

As a long-time majority shareholder in Hannover Re, striving to secure the position of a global player, pursuing a policy of selective expansion

Profit Target

Measured by return on equity (according to IFRS), achieving a long-term above-average profitability level. Comparing ourselves with the 20 largest European insurance companies

Return on equity should be at least 750 basis points above the average risk-free interest rate

Aiming to pay an attractive and competitive dividend to our shareholders, with a payout ratio of 35% to 45% of Group IFRS net income

Human Resource Policy

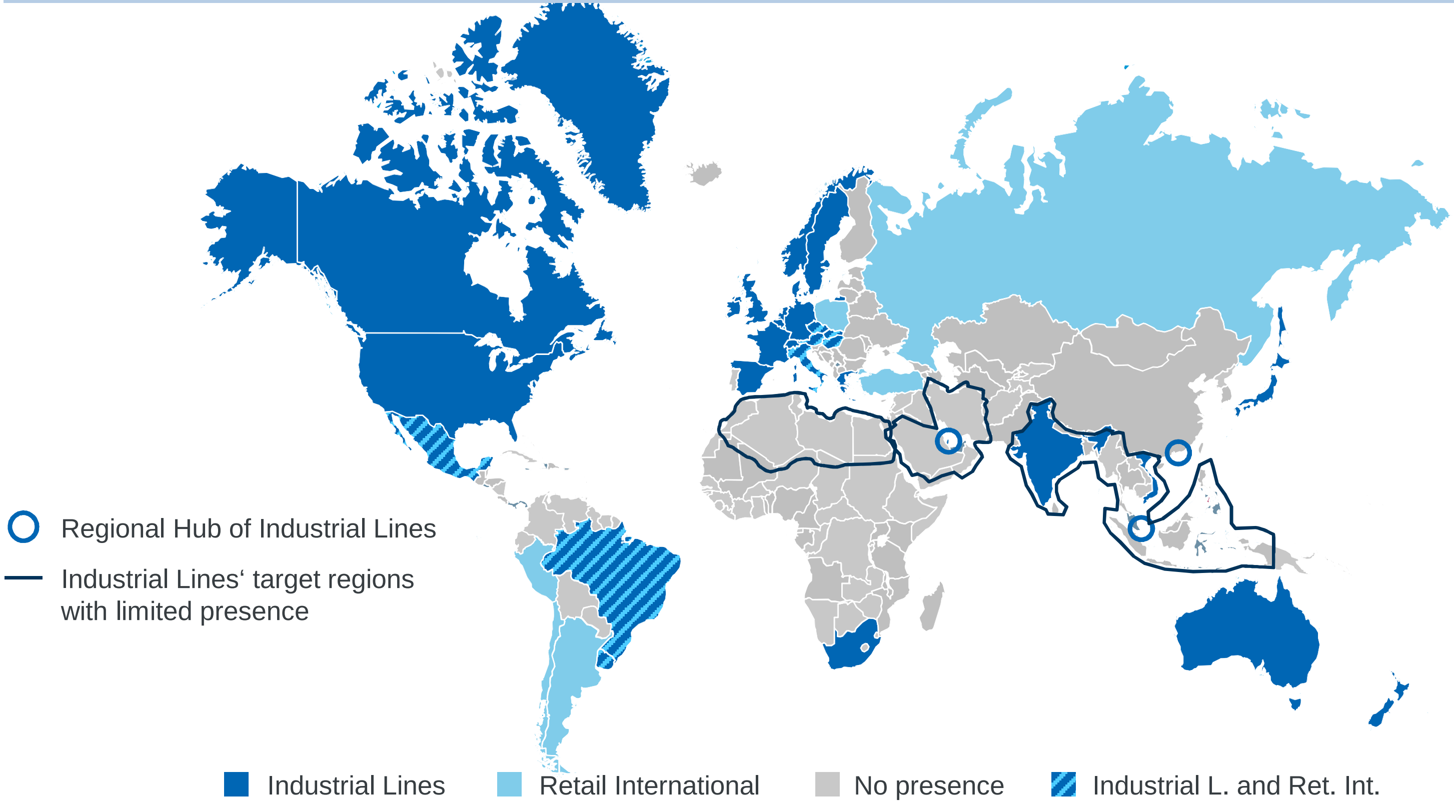
To achieve our strategic targets, a constant promotion and development of personnel is of central importance

Our management-tools are based on a high level of individual responsibility and entrepreneurial spirit, directed towards developing a risk-conscious performance culture

This human resources policy enables the Group filling leadership/ management positions - same qualification level provided - primarily from our own employee pool

Talanx Group – Globalisation and international network

Global Presence of Industrial Lines and Retail International



Focus on organic growth – continuing selective M&A approach

Talanx Group – Global M&A activity (selected deals)

Buyer	Target	Line of business	Deal Value	Business rationale
Fosun (05/2014)	Caixa Insurance	Multi-line	$1.9bn	International expansion
Validus (06/2014)	Western World Insurance	Industrial	$690m	Diversification of business lines
ACE (10/2014)	ITAU Seguros	Multi-line	$570m	Expanding footprint in Latin America
Helvetia (10/2014)	Nationale Suisse	Multi-line	$1.3bn	Efficiency gains
RenaissanceRe (11/2014)	Platinum	Reinsurance	$1.9bn	Diversification of business lines
XL Group (12/2014)	Catlin Group	Industrial/ Reinsurance	$4.1bn	Expansion in commercial lines
Fosun (12/2014)	Meadowbrook	Industrial	$433m	International expansion
Endurance (03/2015)	Montpelier Re	Reinsurance	$1.83bn	Intern. expansion, efficiency gains
Fosun (05/2015)	Ironshore	Industrial	$1.84bn	Expanding footprint & efficiancy gains
Exor (05/2015)	Partner Re	Reinsurance	$6.9bn	Diversification into financial services
Tokio Marine (06/2015)	HCC Insurance	Industrial	$7.5bn	International expansion
ACE (07/2015)	Chubb	Industrial	$28.3bn	Diversification of business lines

Source: J.P. Morgan, Deutsche Bank, Bloomberg, Talanx

Comments

- M&A transaction volume has increased since 2012 (according to Dealogic, mergermarket)
- M&A activity is strongly driven by regulatory requirements (e.g. Solvency II), pricing dynamics and low interest rates
- Some deals were driven by goal of diversification and/or international expansion (e.g. Fosun)
- Main focus in M&A activities looks to be on Industrial Lines and Reinsurance

M&A deal volume has increased since 2012, triggered by regulation, pricing and interest rates

Talanx Group – Motivation for M&A activity in the sector

	Emerging markets	Bolt-on acquisitions	Portfolio Adjustments	Transforming deals	Emerging of new buyers
Motivation (global M&A activities)	Adding exposure to growth markets and regions	Small-sized acquisitions to round the portfolio off in terms of markets, products, lines of business	Divesting in order to simplify business models and to focus on key strengths	Driving large-scale consolidation in the sector to generate market power/cost synergies	Capital inflow from Asian and private equity investors
Relevance for Talanx (general rationale)	Improve market position in defined target regions in Retail Intern. and Industrial Lines	Supporting our strategic goal to improve scale and profitability	Streamlining portfolio across divisions; focussing on key markets and profitability	In case of a necessary value-enhancing shift in strategy	Excellent, long-term partnership with Meiji Yasuda; joint acquisitions, e.g. in Poland
Talanx's stance	Strategic and economic fit; in Retail Intern. focus on P&C in LatAm and CEE (unchanged)	Required preconditions (e.g. contribution to Group profitability targets) have to be fulfilled (unchanged)	Transaction has to improve portfolio profile (e.g. disposals in Ukraine, Bulgaria, Luxem-bourg) (unchanged)	Satisfied with current strategy; Likelihood for transforming deals very low (unchanged)	Maintaining and leveraging the cooperation with Meiji Yasuda (unchanged)

Source: J.P. Morgan, Deutsche Bank, Talanx's own assessment

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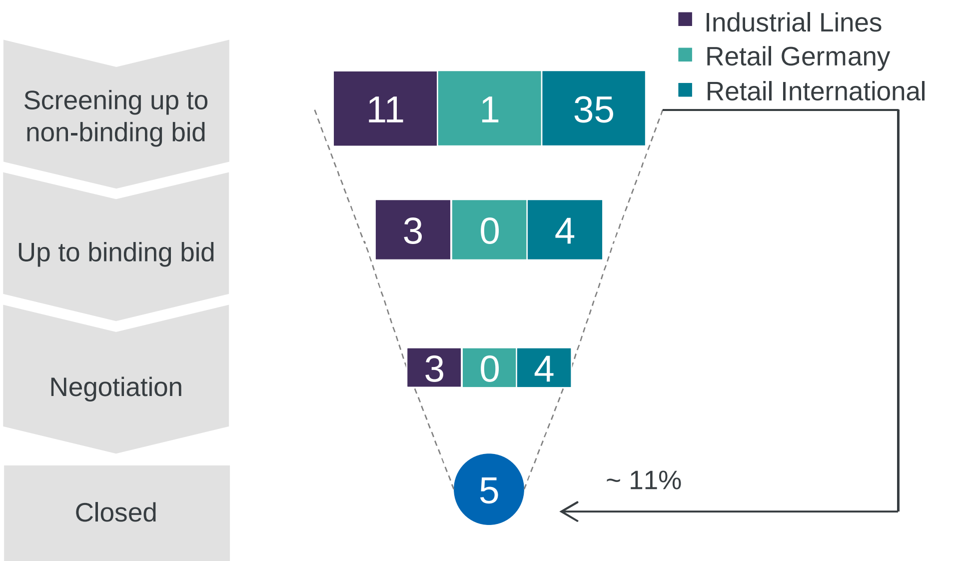
Talanx Group – Portfolio Management and M&A approach

Closed acquisitions since 2011 (Primary Insurance)



Acquisitions	Disposals
Nassau Verzekering[1] (NL)	HDI Zastrahovane (Bulgaria)
Warta (Poland)	HDI Strakhuvannya (Ukraine)
TU Europa (Poland)	HDI-Gerling Ass. (Lux)
PVI (Vietnam)	
Magallanes (Chile)	

[1] Nassau Verzekering Maatschappij N.V.

Comments

Focus on organic growth

- Group target of 50% foreign Primary GWP achievable until 2018

Selective M&A since 2011

- Acquisitions in Poland 2012 achieving leading market position with meaningful synergy potential
- Bolt-on acquisition of Magallanes (2015) significantly improved our market position in Chile (#5 in Non-Life; #2 in Motor)

M&A criteria

- Investments only in target regions or bolt-on acquisitions to enhance profitability
- Investment case has to contribute to group profitability targets
- Investment decisions on divisional level have to comply with segmental RoE targets

Thorough screening of potential targets – proven capacity to say "no"

Talanx Group – Outlook for FY2015[1]

Gross written premium[2]	**+ 1-3%**
Return on investment	**> 3.0%**
Group net income[3]	**€600 - 650m**
Return on equity	**7-8%**
Dividend payout ratio[4]	**35-45% target range**

[1] The targets are based on an increased large loss budget of €290m (from €185m in 2014) in Primary Insurance

[2] On divisional level, Talanx expects gross written premium growth of +2-5% in Industrial Lines, -5% premium decline in Retail Germany, +4-8% premium growth in Retail International and moderate growth in Reinsurance

[3] Taking the impairment loss of goodwill into account, Talanx is expecting a Group net income of between €600m and €650m for FY2015

[4] The Board of Management‘s proposed dividend for FY2015 will remain unaffected by the goodwill impairment. From today‘s perspective, it will thus be based on an as-if IFRS net income of between €755m and €805m

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

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Talanx Group – Executive summary

- Delivery on Group targets – becoming more optimistic for underlying performance in 2015
- Consistent and sustainable business-specific strategies by segment
- Realigning our German Life business – improvement of financial strength
- Repositioning of German P&C business – focus on digitisation coupled with cost efficiency
- Retail International – on track to deliver further profitable growth
- Talanx remains both committed to growth and to a disciplined M&A approach

Appendix: Talanx Group – Mid-term target matrix

Segments	Key figures	Strategic targets (2015 - 2019)
Group	Gross premium growth[1]	3 - 5%
	Return on equity	≥ 750 bps above risk free[2]
	Group net income growth	mid single-digit percentage growth rate
	Dividend payout ratio	35 - 45%
	Return on investment	≥ risk free + (150 to 200) bps[2]
Primary Insurance – Industrial Lines	Gross premium growth[1]	3 - 5%
	Retention rate	60 - 65%
Primary Insurance – Retail Germany	Gross premium growth	≥ 0%
Primary Insurance – Retail International	Gross premium growth[1]	≥ 10%
Primary Insurance	Combined ratio[3]	~ 96%
	EBIT margin[4]	~ 6%
Non-life reinsurance[7]	Gross premium growth[6]	3 - 5%
	Combined ratio[3]	≤ 96%
	EBIT margin[4]	≥ 10%
Life & health reinsurance[7]	Gross premium growth[1]	5 - 7%
	Average value of New Business (VNB) after minorities[5]	> € 90m
	EBIT margin[4] financing and longevity business	≥ 2%
	EBIT margin[4] mortality and health business	≥ 6%

[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 €180m
[6] Average throughout the cycle; currency-neutral, [7] Targets reflect Hannover Re's targets for 2015-2017 strategy cycle
Note: growth targets are based on 2014 results. Growth rates, combined ratios and EBIT margins are average annual targets

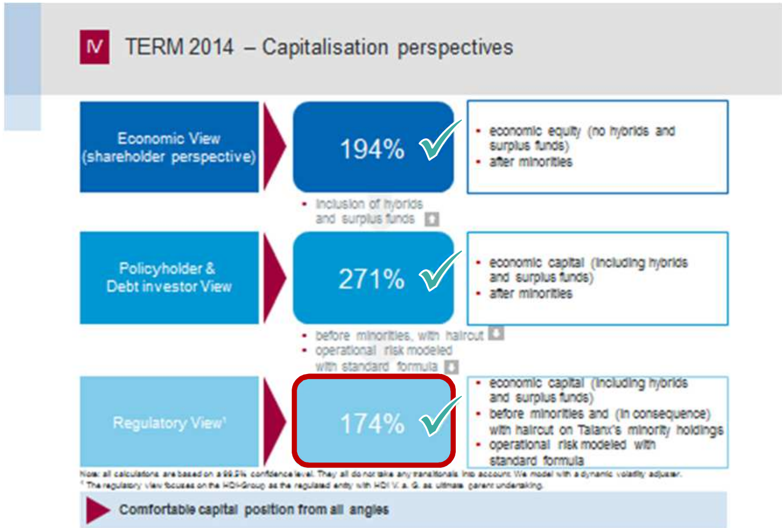
Agenda

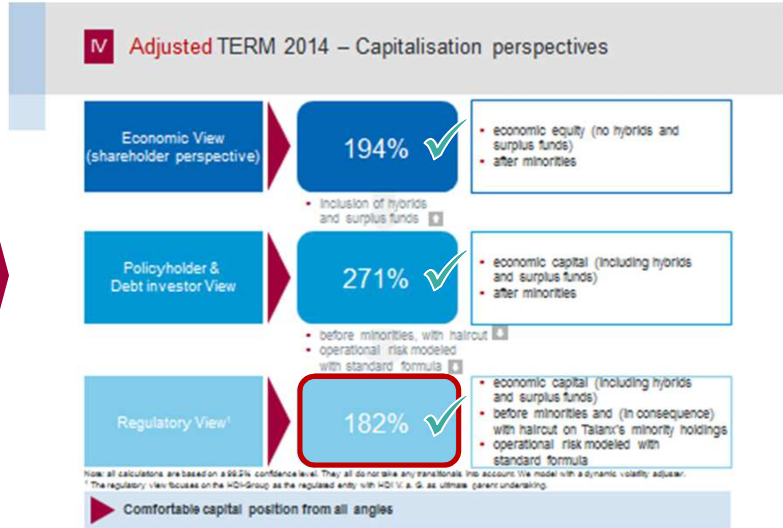
I	Group Strategy / Outlook	Herbert K. Haas
II	**Group Financials**	Dr. Immo Querner
	Industrial Lines	
III	Strategy	Dr. Christian Hinsch
IV	Financials	Ulrich Wollschläger
V	Property, Engineering & Marine Insurance	Dr. Joachim ten Eicken
VI	Case Study: Underwriting Marine	Kai Brüggemann
VII	International Growth	Dr. Edgar Puls
VIII	Liability Insurance	Dr. Stefan Sigulla
IX	Key Essentials Industrial Lines	Dr. Christian Hinsch
X	Final Remarks	Herbert K. Haas

Executive Summary

- Strong capitilisation levels in TERM model – regulatory CAR revised up
- Additional and voluntary capital buffer supports strong capitalisation
- Sensitivities of solvency ratios underline robustness of capital position
- On the way to a harmonisation of SCR terminology among peers
- In the low interest environment, we further focus on illiquidity premiums
- Further increase of alternative investments is well on track

TERM 2014 update – Why regulatory CAR is up further



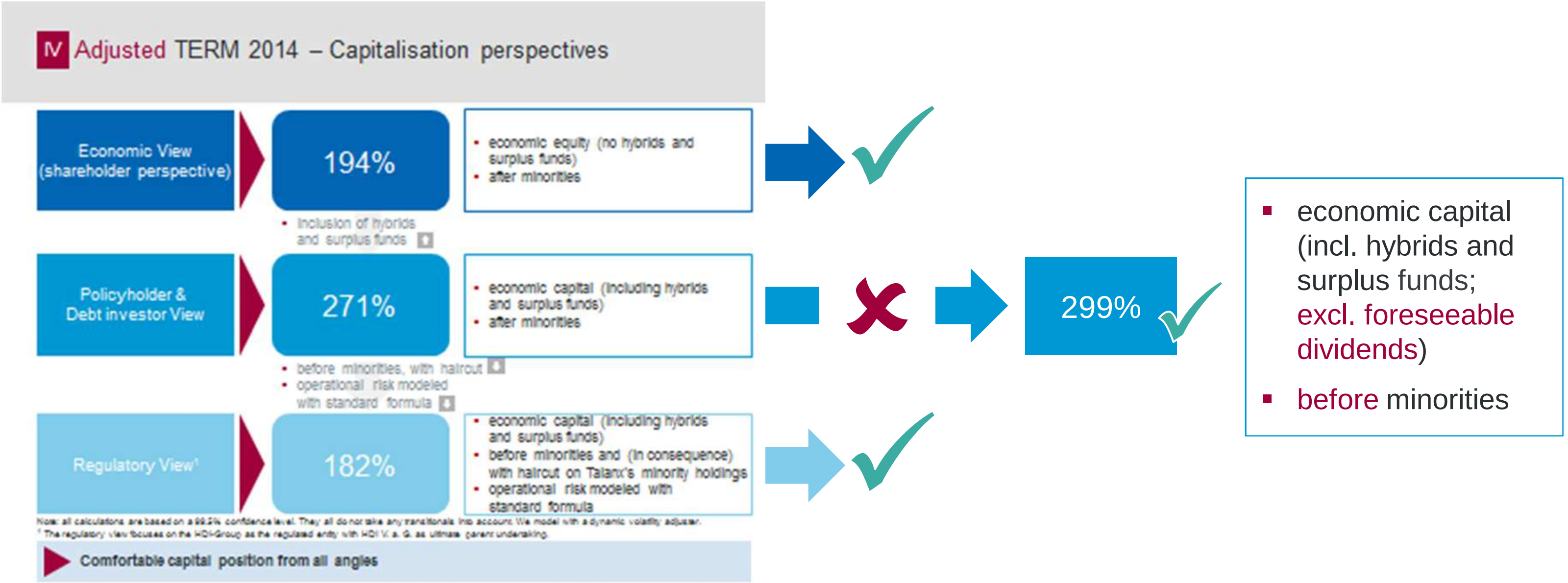


- Compared to regulatory CAR presented in May, the adjusted CAR improved by 8%pts
- This increase is mainly driven by the consideration of subordinated liabilities of Talanx Finanz at the level of Talanx Group
- An opposite effect results from the consideration of higher minorities within Reinsurance, which slightly reduces the regulatory CAR
- Furthermore, foreseeable dividends are now deducted

Note: adjustment requires minor model change, to be implemented after approval of the current application process

Higher consideration of subordinated liabilities raises the regulatory CAR of HDI Group by 8%pts

TERM 2014 update – Which ratios will be key in Talanx's Solvency II reporting?



- While the specification of the Economic View and the Regulatory View remain unchanged, the calculation of the Policyholder & Debt investors View will be adjusted
- The reason for calculating the Policyholder & Debt investors View with an adjusted method is the intended introduction of a harmonised terminology among industry peers
- Furthermore, foreseeable dividends are now excluded (see also adjusted Regulatory View)

Note: adjustment requires minor model change, to be implemented after approval of the current application process

The Policyholder & Debt investor View will in future be shown before minorities

TERM 2014 update – A common future Solvency II Terminology

New terminology for selective SII reporting items

- Excess of Assets over Liabilities (**EAoL**)
- Basic Own Funds (**BOF**) before deductions (**bd**)
- Basic Own Funds (**BOF**) after deductions (**ad**)
- Eligible Own Funds (**EOF**)

Minimum mandatory reporting items – IFRS equity to EOF

Comments

- The idea of a common future Solvency terminology is to achieve a set of uniform definitions that at the same time allows for a company-specific communication focus
- For this target, a concept for capital markets communication is to be set up by Allianz, Munich Re and Talanx
- Complete set of uniform definitions for all reasonable interim results and sub-items bridging the gap from IFRS to Solvency II
- Selection of a minimum set of mandatory reporting items which should be reported by every company

[1] Refer to tier limits and other items as applicable for EOF-calculation based on QRT e.g. transferability and fungibility deductions relating to non-controlling interests, surplus funds and net DTA.
[2] Own Funds for Financial and credit institutions and investment firms, institutions for occupational retirement provisions and entities included with deduction and aggregation method; Alternatively Own Funds for OFS and D&A can be netted against the respective deductions - then the title of the balance has to be changed to "Valuation adjustment for FCIIF, IORP and entities included with D&A".

Targeting for a harmonised terminology among industry peers

TERM 2014 update – A common future Solvency II Terminology / Talanx / HDI specific view

Talanx approach | **HDI approach** | **Former terminology**

in €m

	IFRS total equity	**12,900**
-	Non-controlling interest	-4,902
=	**IFRS shareholders' equity**	**7,998**
-	Goodwill & Intangible assets	-1,958
+	Valuation adjustments	1,201
=	**Shareholders' net assets (SNA)**	**7,241**
+	Non-controlling interests (incl. Valuation Adjustments)	5,801
+	Surplus funds (before minorities)	1,675
=	**Excess of assets over liabilities (EAoL)**	**14,717**
+	Subordinated liabilities (before minorities)	2,998
-	Own shares	0
-	Foreseeable dividends & distributions	-571
=	**Basic own funds Talanx before deductions (BOF)**	**17,144**
+	HDI V.a.G	709
=	**Basic own funds HDI before deductions (BOF)**	**17,853**
-	Total of non-available own fund items	-5,932
-	Other	0
+	Ancillary own funds	0
+	Own funds for FCIIF, IORP and entities included with D&A	96
=	**Total available own funds (AOF)**	**12,017**
-	Effects from tiering	0
=	**Total eligible own funds (EOF)**	**12,017**

CAR SNA = 7,241 / 3,727 = 194% (SNA/SCR_{SNA}) → Economic Equity Talanx after minorities

CAR BOF = 17,144 / 5,736 = 299% (BOF/SCR_{BOF}) → Economic Capital Talanx before minorities

SII Ratio = 12,017 / 6,594 = 182% (EOF/SCR_{SII}) → Economic Capital HDI before minorities and after haircut

Talanx is introducing a standardised terminology

TERM 2014 update – How does Talanx determine risk-bearing capacities?

Policyholder & Debt investor View (before minorities)

	Basic Own Funds (BOF bd)	€17.1bn
/	SCR_{BOF}	€5.7bn
=	BOF CAR	299%
	Minimum CAR (VaR 99.5%) for capital allocation	200%
	Capital Buffer	€5.7bn €17.1bn - (200% * €5.7bn)
-	Capital Buffer for uncertainties	€1.7bn
=	Remaining Capital Buffer	€4.0bn €17.1bn - (200% * €5.7bn) - €1.7bn

Comments

- When determining risk bearing capacities, Talanx considers an additional capital buffer for uncertainties
- The qualitative capital buffer reduces the capital available to cover quantified risks at Group level
- Further assessment of risk bearing capacity and the establishment of limits and thresholds is performed based on the minimum CAR of 200% minus a capital buffer for uncertainties of €1,700m
- On Group level, Talanx aims for a higher capitalisation level in line with its target to achieve an AA rating in the capital model of Standard & Poor's

When determining risk-bearing capacities remaining uncertainties are additionally reflected by deducting a capital buffer of €1.7bn

TERM 2014 update – Additional and voluntary capital buffer to cover uncertainties

Model risk

- Model risk reflects uncertainty about model output. As a consequence, the figures for modelled risk and actual risk may deviate
- Model risk is separated into:
  - Monte Carlo uncertainty
  - Stochastic uncertainty
  - Model quality

Effect ~ 6.3%pts

Emerging risk

- Emerging risks represent risks that could have a major impact on risks quantified in TERM in future (e.g. "Climate Change" leads to NatCat, cyber risks lead to business interruptions)

Effect ~ 1.2%pts

Strategic risk

- Strategic risks emerge if business decisions are not adequately adapted to a changed economic environment. Typically, strategic risks arise in connection with other risks
- They may also result from complex holding structures and the necessary steering of complexity (e.g. need for different capital and risk views)

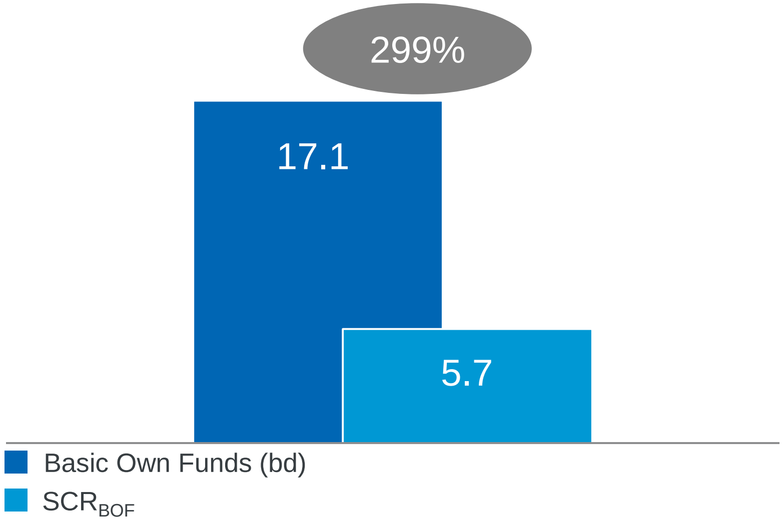
Effect ~ 2.5%pts

Capital buffer for uncertainties ~€1,700m (10% of Basic Own Funds)

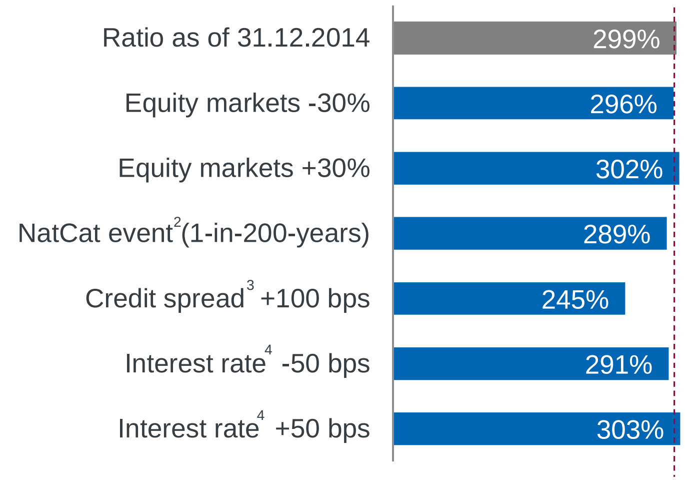
Roughly 10% of Basic Own Funds is additionally put aside for uncertainties

TERM 2014 update – Sensitivities of CAR based on Basic Own Funds (bd)

Policyholder & Debt investor View



Estimation of stress impact[1]



- Impact of interest rate shift on German life business partly off-set by non-life business
- Reduction of duration gap shows positive impact on interest rate sensitivity
- Credit risk sensitivity driven by investments in high-yield assets

[1] Estimated solvency ratio changes in case of stress scenarios (stress applied on both Basic Own Funds and capital requirement, approximation for loss absorbing capacity of deferred taxes)
[2] European storm; net after reinstatement premium
[3] Credit spread stress on total bond portfolio (also on government bonds)
[4] Interest rate stresses based on non-parallel shifts of the interest rate curve based on EIOPA approach

Solvency ratio after stress comfortable above target

MCEV 2014 update – Overview

	Primary Insurance						Reinsurance		Talanx		
	Primary D		Primary INT		Total						
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	Change
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%
Net asset value (NAV)	**771.2**	**710.5**	**303.3**	**317.8**	**1,074.5**	**1,028.3**	**857.1**	**821.1**	**1,931.5**	**1,849.4**	**4.4**
Present value of future profits (certainty equivalent)	678.1	948.3	123.3	117.7	801.4	1,066.1	1,707.8	1,308.7	2,509.2	2,374.8	5.7
Financial options and guarantees (FOGs)	(803.7)	(263.7)	(20.6)	(13.8)	(824.3)	(277.5)	(4.7)	(2.0)	(829.0)	(279.4)	(196.6)
Cost of residual non-hedgeable risks (CoRNHR)	(143.6)	(72.9)	(18.4)	(10.0)	(162.0)	(82.8)	(353.5)	(215.0)	(515.6)	(297.8)	(73.1)
Cost of required capital (CoRC)	5.9	(51.9)	(4.3)	(5.4)	1.6	(57.4)	(58.8)	(67.2)	(57.1)	(124.6)	54.1
Look through and other adjustments	136.4	66.7	(18.1)	(12.8)	118.3	53.9	(52.6)	(38.0)	65.7	15.9	311.9
Value in-force (VIF)	**(127.0)**	**626.6**	**62.0**	**75.8**	**(65.0)**	**702.4**	**1,238.2**	**986.5**	**1,173.2**	**1,688.9**	**(30.5)**
MCEV after minorities	**644.1**	**1,337.1**	**365.3**	**393.6**	**1,009.4**	**1,730.7**	**2,095.2**	**1,807.6**	**3,104.7**	**3,538.3**	**(12.3)**

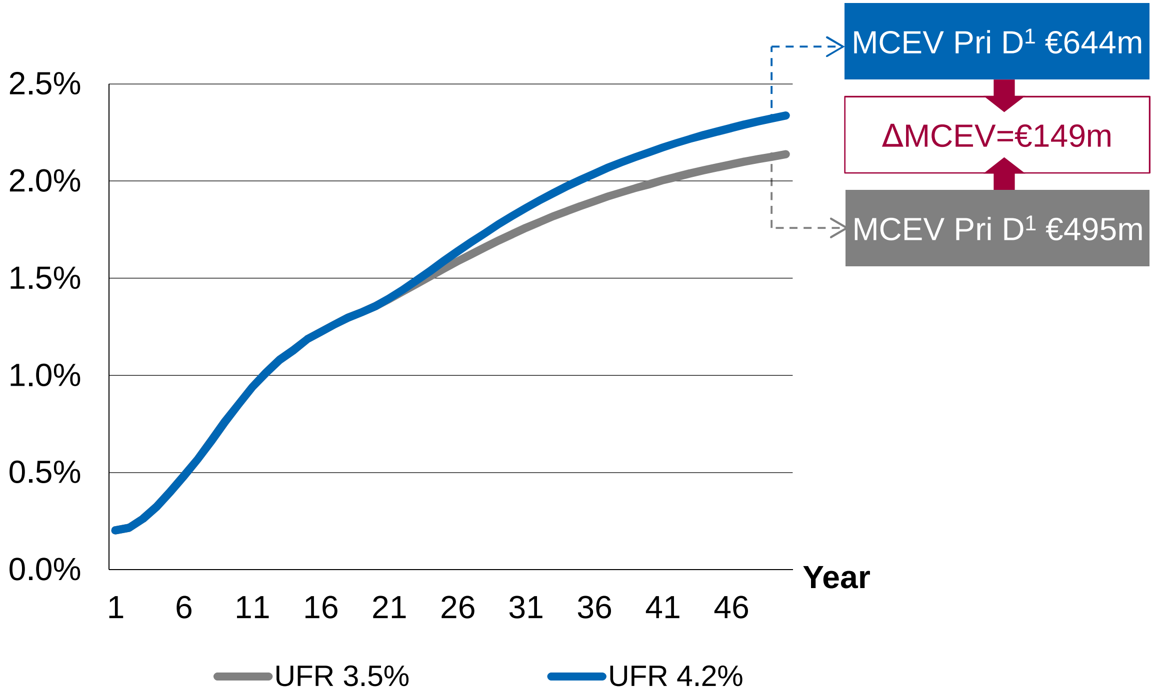
- Decline in MCEV mainly stems from German domestic business (Primary D) determined by the drop in interest rates and by model changes. International Life business (Primary INT) more stable. Benefits of diversified business model underpinned by MCEV improvement in Reinsurance
- MCEV explicitly calculated for major Primary Life Insurance carriers in Germany, Italy and Poland[1]
- Covered businesses contribute more than 95% of total IFRS net premiums written by Life insurance and Life and Health Reinsurance business of Talanx Group

[1] HDI, neue leben, PB and TARGO Lebensversicherung AG, HDI Pensionskasse AG, HDI Assicurazioni S.p.A. Life and Towarzystwo Ubezpieczen na Zycie WARTA S.A., as well as for the active Life and Health reinsurance businesses of Hannover Re
Note: slide as presented in Q1 2015 Results Presentation

MCEV of €3.1bn reflects value of Life business of Primary Insurance and Reinsurance

MCEV 2014 update – Impact of lower Ultimate Forward Rate

MCEV based on extrapolated Swap Rates for EUR as of 2014



Comments

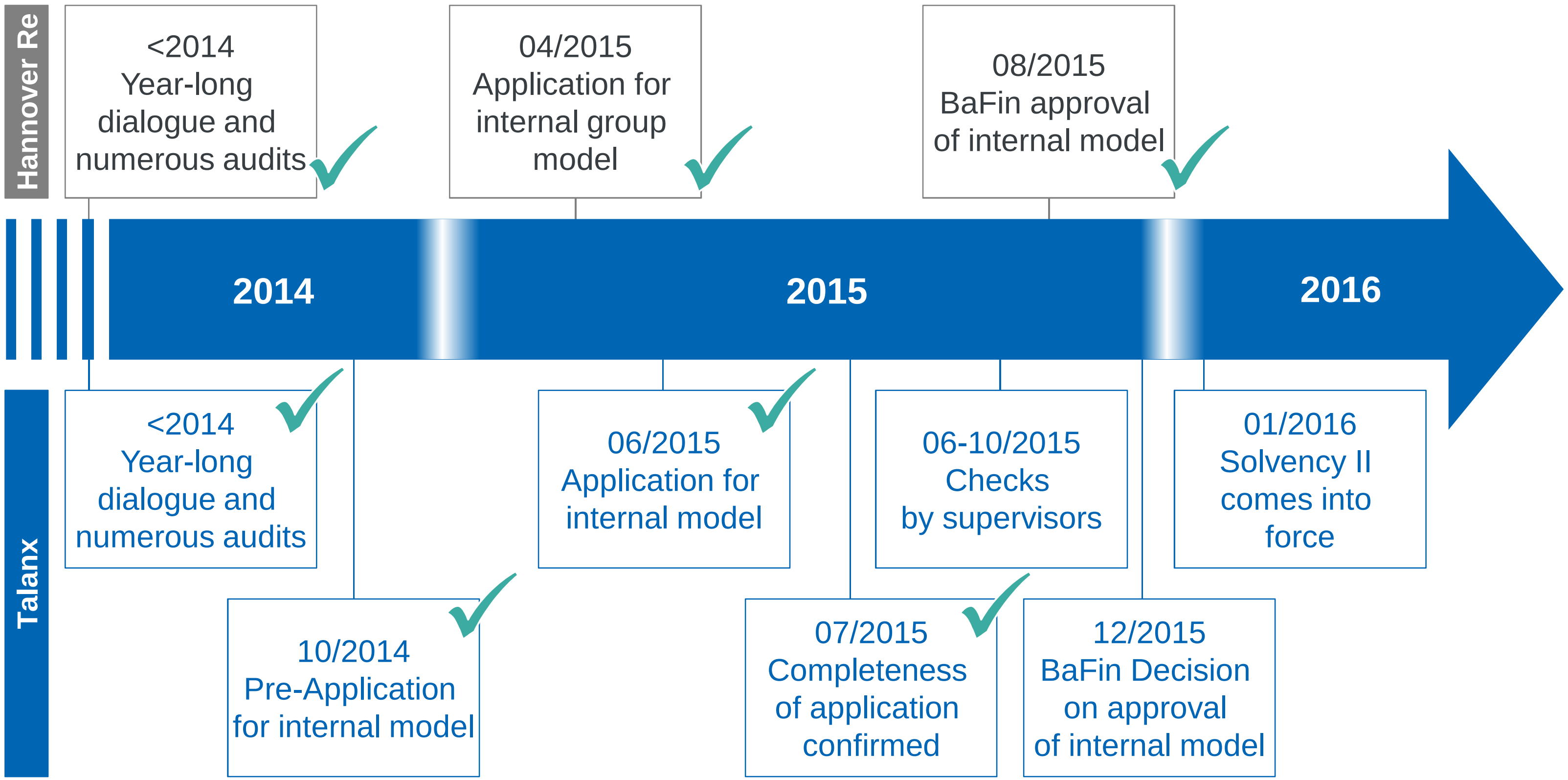
- According to the convention of the CFO Forum, the MCEV 2014 is calculated with an Ultimate Forward Rate (UFR) of 4.2% for the extrapolation of the yield curve along the forward curve
- In light of the ongoing low interest rate environment Talanx has carried out an MCEV sensitivity analysis with an UFR of 3.5%
- The reduction of the UFR by 70 bps reduces the MCEV for domestic primary business by about €150m

[1] MCEV Pri D: MCEV for Primary Insurance Germany

Reduction of the Ultimate Forward Rate has a moderate impact on domestic primary MCEV

TERM 2014 update – Road to internal model application

Timeline



During the Talanx process, 28,000 pages, 46 folders and more than 1,000 files were sent to Bonn

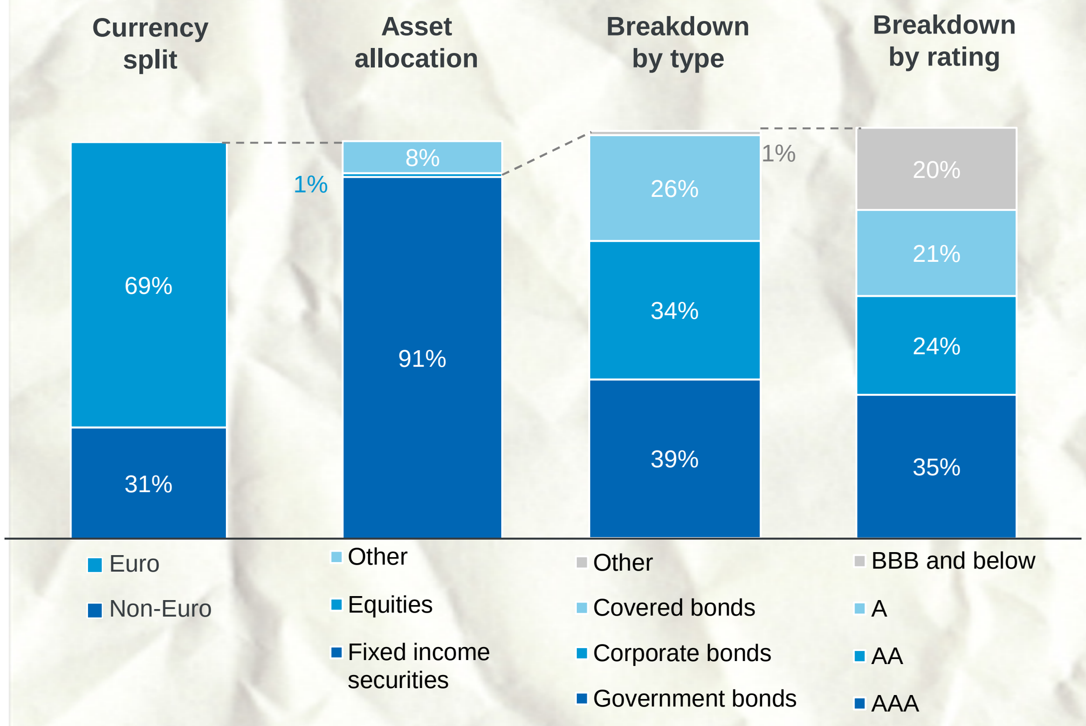
Rating – Update on rating assessment

	Changes	Comments
1	Most recent rating decisions	▪ At the beginning of September Standard & Poor's (S&P) confirmed the Financial Strength Rating of Talanx Primary Group (A+/stable) ▪ The Financial Risk Profile is again assessed as "very strong" with "strong financial flexibility"; capitalization is seen at an AA level with a sufficient capital buffer, well in excess of an annual dividend payment
2	Adjusted rating unit	▪ Talanx and S&P decided to prospectively include the capital of HDI V. a. G. when calculating the S&P Capital model ▪ This decision will further improve the strong capitalisation of the rated unit
3	ERM Level III review ("M-factor")	▪ Talanx passed S&P's ERM Level III review, an extensive analysis by S&P's actuary specialists, successfully ▪ As a result, S&P factors in quantitative credit in their overall assessment of the group's very strong capital adequacy by applying the so-called "M-factor" which reduces the required capital

As one of only few insurance groups within Germany, Talanx has successfully passed S&P's ERM Level III review and therefore gained the so-called "M-factor"

Investments – Breakdown of investment portfolio

Investment portfolio as of 30 June 2015 | **Fixed-income-portfolio split**



Total: €98.0bn | **Total: €89.1bn**

Comments

- Investments under own management up by ~2% vs. FY2014 (+9% vs Q2 2014)
- Strong dominance of the investment portfolio by fixed-income securities continues (Q2 2015: >90% portfolio share)
- 80% of fixed-income portfolio invested in “A” or higher-rated bonds – quite stable over recent quarters
- 18% of “investments under own management” are held in USD, 31% overall in non-Euro currencies
- 50% writedown on bonds of Heta Asset Resolution (net income effect: ~€4m), already reported in Q1 2015

Conservative investment style remains unchanged – fixed-income securities dominate portfolio

Investments – Development of asset allocation

Asset allocation by asset classes

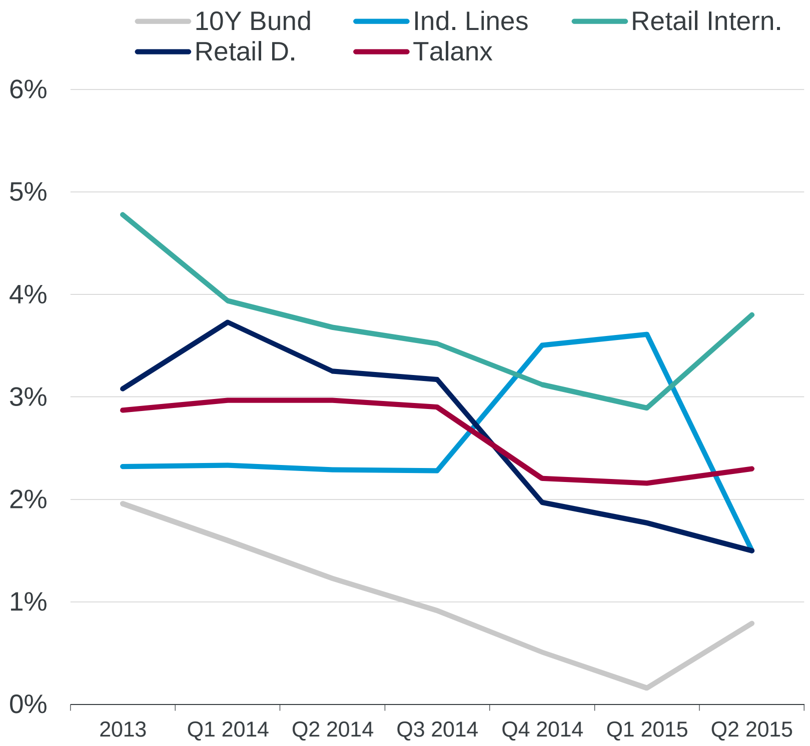
Asset Allocation[1]	Trend	2013	2014	3M 2015	6M 2015	
Fixed-income securities		89.9%	90.2%	89.7%	89.6%	
Sovereigns		28.6%	29.6%	30.0%	30.1%	
▪Non-emerging markets		17.6%	19.9%	20.4%	21.0%	
▪Guaranteed		8.2%	7.1%	6.9%	7.0%	
▪Emerging markets		2.7%	2.5%	2.6%	2.8%	
▪T-Bills		0.2%	0.1%	0.1%	0.1%	
Semi-sovereigns		4.4%	4.5%	4.5%	4.6%	
Covered bonds		26.7%	24.6%	23.8%	23.7%	-11%
ABS/MBS		1.4%	1.4%	1.4%	1.5%	
Corporates		29.0%	30.2%	30.1%	30.0%	
▪Financials		16.4%	15.9%	15.5%	15.2%	-7%
▪Industrials		12.4%	14.0%	14.2%	14.3%	+15%
▪High yield		0.3%	0.3%	0.4%	0.5%	
Interest derivatives		-0.3%	-0.2%	-0.1%	-0.3%	
Equities		0.9%	0.6%	0.6%	0.6%	
Equities net		0.9%	0.5%	0.5%	0.5%	
Alternative investments		2.1%	2.3%	2.3%	2.6%	+23%
Short-term investments		3.2%	3.3%	4.0%	3.6%	
Derivates		0.0%	-0.1%	-0.1%	0.0%	
Non – Euro investments		26.9%	27.9%	28.7%	29.4%	+9%

[1] For assets managed by Talanx Asset Management (TAM) representing 98% of total assets; when regarding 100%, fixed-income securities amount to 91% and non-Euro investments to 31%

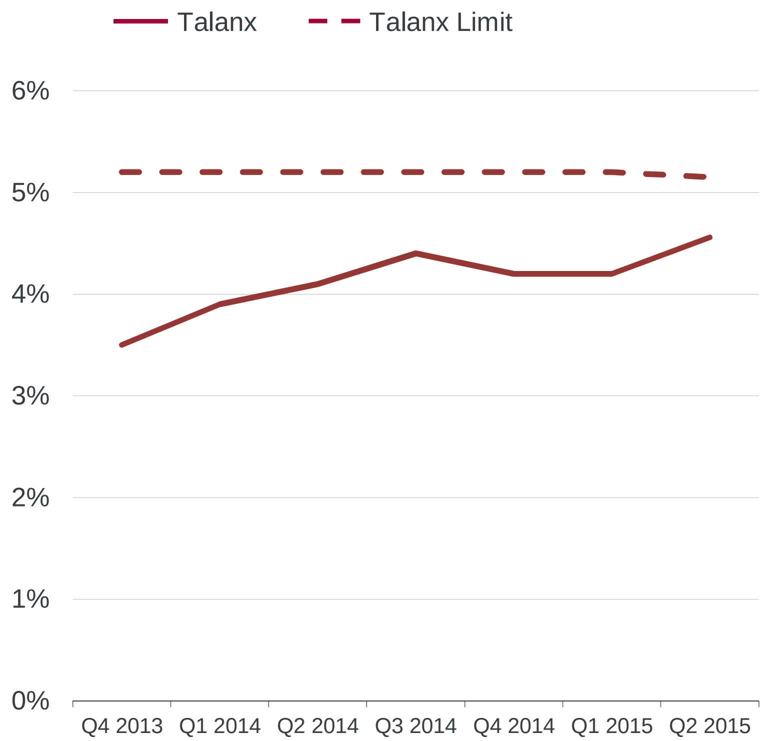
Dominance of fixed-income investments – scope to raise the contribution of alternative assets

Investments – Tightrope walk between adequate returns and tolerable risks

Reinvestment returns reflect low yield environment



Utilization of CVaR[1] within its limits but rising



[1] Credit VaR: maximum loss due to defaults and rating migrations with a probability of 99.5% and a holding period of 1 year

Utilisation of CVaR close to the limits with reinvestment returns at all-time low

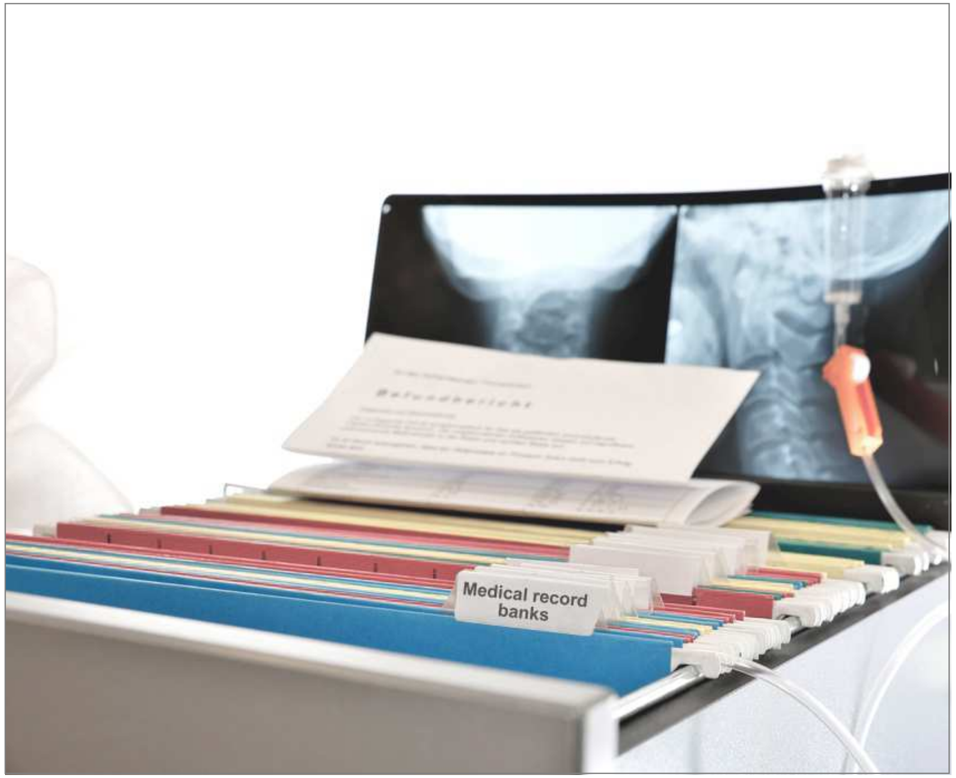
Investments – Key essentials: To respond to the challenges of the low interest environment, we further focus on illiquidity premiums

	Level of activity
Build-up of highly-rated Collateralized Loan Obligations (CLOs). The selected instruments offer compelling spread pick-ups off app. 250bps compared to equally-rated asset classes	◕
Positive CDS Basis Trades exploit pricing abnormalities between CDS contracts and underlying cash-bonds. Achieved spread pick-ups typically ranged between 30bps to 80bps at initiation	◑
Corporate Hybrids constitute of subordinated debt of non-financials. Investments focus on investment-grade corporates with credible business models, sound balance sheets and solid liquidity	◑
Directly invested in infrastructure with approx. €610m, thereof €430m since 2014 with an average return of 6% - 7% (IRR). Target volume with debt and equity to €1.7bn by 2017	●
Indirect Infrastructure: after investing most of the budget of €80m in 2014 /2015 the volume[1] increased to €216m with an average return of 4% - 6%. New budgets are likely	◕
Private Equity Volume[1] increased by €533m (33%) in 2014/2015 to €2,163m with an average return between 11% and 13%. The open budget until 2017 is €725m - further increase is expected	◑
Direct Real Estate: current volume of €1,907m, thereof €246m additional purchases in 2014/2015. Average total return: 3.5% - 5%. Annual build-up of about €200m, up to €2.5bn by 2017	◕
Indirect Real Estate: the volume[1] increased by €174m in 2014/2015 to a current volume[1] of €1,348m with an average return between 5% and 7%. The budget is likely to be extended	◕

[1] Volume = NAV + Open Commitments, all figures as at 30 June

Investments – Intensive Care

Concept for detecting and tracking of weakened assets



Comments

- Talanx installed a concept to systematically track legal claims which occur out of assets held by group companies or for third-party customers
- This legal portfolio management is coordinated by a specialised unit within the Group‘s legal department
- The monitoring of potentially relevant circumstances is assisted or complemented by worldwide active law offices
- Former cases were for example Lehman Brothers, Enron, Worldcom, Madoff or Shell
- Present cases are HETA and Greece as presented in the following slides

A strong collaboration between Talanx Asset Management, Ampega Investments and the Group’s legal department enables Talanx to detect weakened assets early on

Investments – Update on Greek government exposures

Circumstances

- A Group company holds a €10m Greek Government bond
- The exposure was not subject to any haircut in the past
- This bond is subject to German law and jurisdiction
- Background information: Greek premiums (GWP) within the Group amount to roughly €35m (half Primary insurance, half Reinsurance)

Legal perspective

- Our expectation is a complete refund of €10m
- The choice of law / jurisdiction proved effective protection against acts of state
- This lesson will have a lasting influence on future investments in foreign government bonds

Talanx is expecting to receive the full amount of €10m

Investments – Update on legal situation HETA

Circumstances

- Talanx holds a €96m exposure on Heta Asset Resolution which was written down by half (€47m) in Q1 2015 with a net income effect of ~€4m
- The Group participates in a pool of creditors (banks and insurance companies) of the former Hypo Alpe Adria / Kärntner Landesbank

Legal steps

- Legal opinion according to Austrian and German law with focus on
  - the legality of the payment moratorium of the Financial Market Supervisory Authority and its validity under German law
  - the enforceability of the deficiency guarantee of the Bundesland Kärnten and of the Kärntner Landesholding
  - questions concerning the procedural and enforcement law
- Contradiction against the moratorium of the Financial Market Supervisory Authority
- Application before the Regional Court of Frankfurt concerning all claims based on German law (€21m)

The litmus test for the values of Austrian state guarantees

Investments – Brand new project: Financing of German offshore wind farm Gode Wind I

supplement on Gode Wind I investment, signed on 10 Sept. 2015

Project location

Details

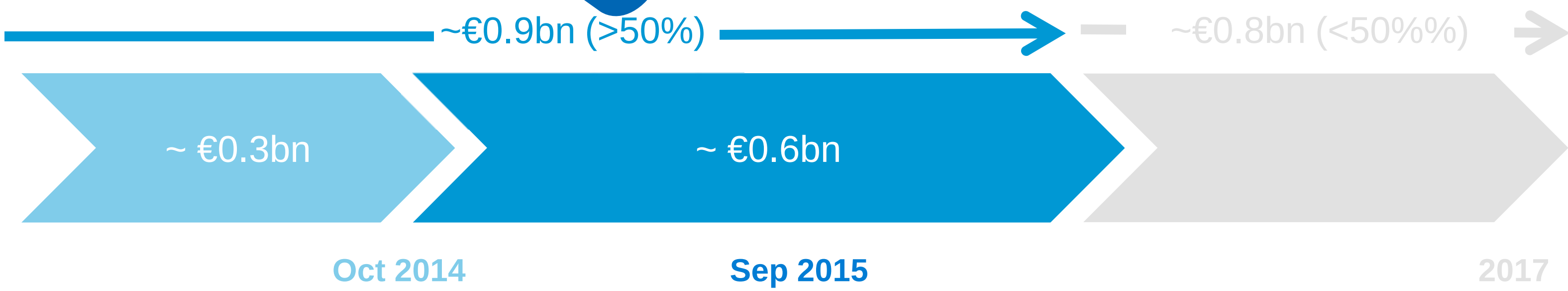
- 330 MW offshore wind park; total project costs: >€1bn
- Project development and turnkey realisation: DONG Energy A/S; completion planned for Q4/2016
- Equity investors (each 50% share):
  - Strategic investor: DONG Energy
  - Financial investor: Global Infrastructure Partners (GIP) via several fonds
- Debt financing:
  - Debt financing of the GIP share via a HoldCo structure
  - Privately placed bond with a volume of €556m and a duration of 10 years
  - Talanx as the anchor investor subscribed up to €320m
  - Structuring of bond by Talanx Asset Management
  - The placement of the remaining investment with other German institutional investors has been coordinated by Talanx

Initial debt infrastructure investment for Talanx – first insurance-investor-led financing of an offshore wind energy project in the market

Investments - What's achieved on infrastructure investments

Investment volume target: €1.7bn until 2017

- In our Investment Workshop in October 2014 we declared our target of an investment volume of €1.7bn until 2017
- By now, we have already reached €0.9bn
- Further projects are currently under negotiation
- Intense dialogue and assessment by our technical experts in Industrial Lines when evaluating wind farm projects



More than a half of the target for 2017 has already been reached within one year

talanx.

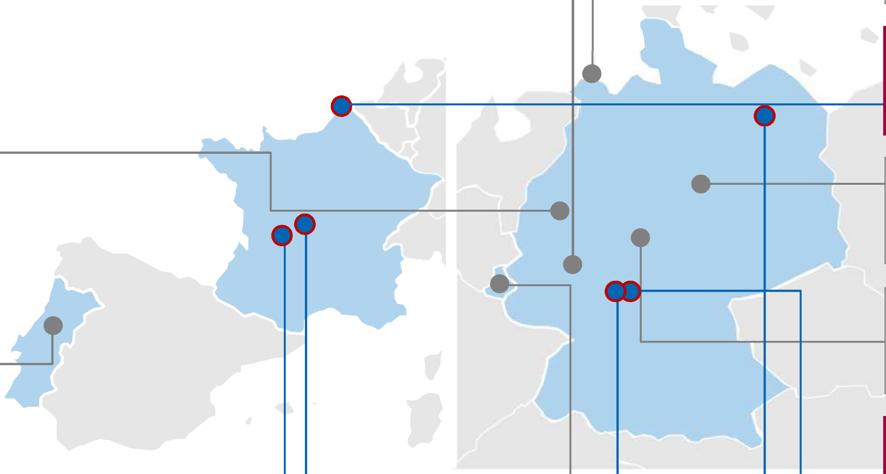
Investments – Current infrastructure portfolio: Exposure increase goes hand in hand with higher diversity

IVG — IRR_e: 5.5%
IVG Kavernenfonds II
Oil & Gas caverns (Storage)
(Equity exposure: €50m)

amprion — IRR_a: 15.0%
Transmission network
Stake with consortium
(Equity exposure: €100m)
(Incentive regulation)

INDAQUA — IRR_e: 11.0%
Sewerage and water supply
(Equity exposure: €50m)

enovos — IRR_a: 9.0%
Utility based in Luxemburg
Minority stake
(Equity exposure: €40m)



Wind farm portfolio:

20 MW Wind farm — IRR_e: 6.5%
Mörsdorf-Nord
(Equity exposure: €40m)
ABO WIND

50 MW Wind farm — IRR_e: 5.5%
Nord-Pas-de-Calais
(Equity exposure: €100m)
rpGLOBAL

46 MW Wind farm — IRR_e: 6.5%
Mahlwinkel
(Equity exposure: €70m)
UMaAG

30 MW Wind farm — IRR_e: 6.5%
Schlitz-Berngerode
(Equity exposure: €60m)
ABO WIND

57 MW Wind farm portfolio — IRR_e: 7.0%
Three farms: Dalwitz / Vier Fichten / Sanstruth
(Equity exposure: €60m)
wpd

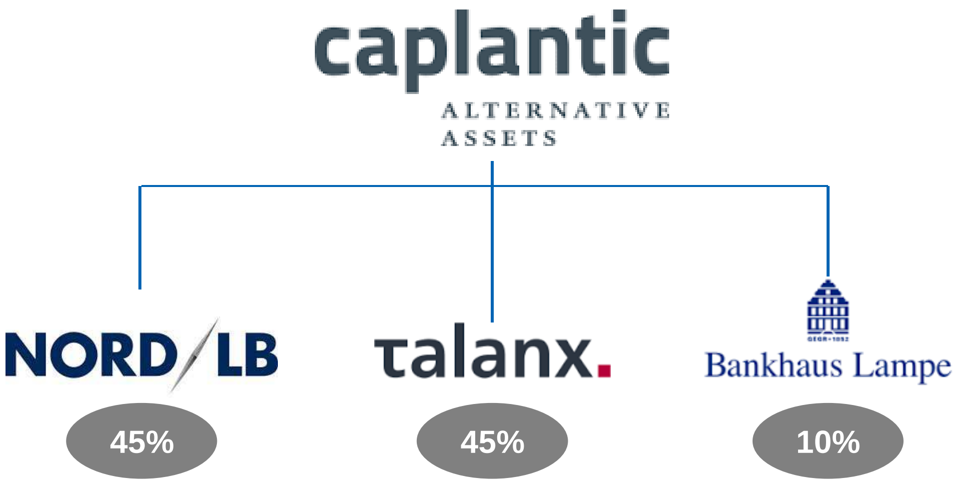
24 MW Wind farm portfolio — IRR_e: 6.5%
Mignaudières / Confolontais
(Equity exposure: €40m)
ABO WIND

New investments [1]since Investment Management Workshop in October 2014
Note: IRR figures are rounded and shown before taxes; IRR_e = estimated IRR; IRR_a = actual IRR
All projects without leverage except wpd

Wind farm portfolio more than doubled within one year – equity exposure rose from €170m to €370m[1]

Investments – Project “caplantic”

Shareholder structure



Comments

- At the beginning of this year, Talanx agreed to buy a 45% stake in Caplantic Alternative Assets GmbH, which was established in 2013 as a joint venture between NORD/LB and private bank Bankhaus Lampe. Closing took place on August 3, 2015
- The joint venture gives Talanx access to infrastructure loans and other alternative asset classes of NORD/LB Group
- Talanx will also be able to benefit from the rating expertise of RSU Rating Service Unit GmbH & Co. KG, a wholly-owned subsidiary of the German Landesbanks
- Caplantic is also set to play the role of service provider for the area of private equity in investment management at Talanx

caplantic is to become one of Germany’s leading service providers for Alternative Asset Management and Financial Solutions

Capital market – What has been achieved to adequately reduce capital costs?

Free-float	Initial free-float of €517m following the IPO has increased to €1,388m (4 Sept. 2015). In relative terms (definition of Deutsche Börse), the free-float is up from 11.2% to 20.9%
Trading volume	This is mirrored by higher trading volumes. On XETRA, the average traded number of shares is up to 241k in 6M 2015 vs. 156k in 6M 2013
Index rankings	MDAX membership strengthened. Jan 2013: #48 free-float market cap / #33 trading volume vs. August 2015: #34 free-float market cap / #40 trading volume
Capital market risks	We have kept our risk-based capital consumption for market risks below 50%
Growth	Steady growth in our target markets (Retail International business growth: 6.1% y/y in 6M 2015). Disciplined M&A approach and track-record
Risk management	Talanx is well capitalized with a sufficient capital buffer. For Solvency II, no transitionals will be needed on Group level. Internal risk management model has been further developed. Its high quality has been rewarded by S&P with the so-called "M-factor"
Dividends	Attractive dividend yield of 4.9% for 2012, 2013 and 2014 (on the respective year-end closing prices)
Beta	Continuously among the low-beta insurance stocks. Historical beta stands at 0.74 vs. Stoxx 600 Insurance for January – August 2015

Various decisions and developments contributing to reduce capital costs

Investments – Ampega GenderPlus equity fund: A CSR-driven product innovation

GERMAN GENDER INDEX

Selection of basic universe

1. TOP 300 of the biggest German companies according to free-float market capitalisation

2. Financial analysis regarding the minimum quality standards defined by Hannover stock exchange

Analysis of board members and allocation of credit points

Ranking according to number of credit points

TOP 50

GERMAN GENDER INDEX

Fund details

- Concentrated portfolio of promising German quality shares most of which are progressively positioned in terms of diversity (52% of the companies in the GERMAN GENDER INDEX have at least one female board member)
- Participation of stable growth opportunities of German companies (global players and attractive niche players)
- Mid-term outperformance of the GERMAN GENDER INDEX (Hannover stock exchange)
- Transparent and structured investment process (Semi-annual review of the GERMAN GENDER INDEX)

Ampega has issued the first and so far the only gender-index-based fund within Germany

Agenda

I	Group Strategy / Outlook	Herbert K. Haas
II	Group Financials	Dr. Immo Querner
	Industrial Lines	
III	Strategy	Dr. Christian Hinsch
IV	Financials	Ulrich Wollschläger
V	Property, Engineering & Marine Insurance	Dr. Joachim ten Eicken
VI	Case Study: Underwriting Marine	Kai Brüggemann
VII	International Growth	Dr. Edgar Puls
VIII	Liability Insurance	Dr. Stefan Sigulla
IX	Key Essentials Industrial Lines	Dr. Christian Hinsch
X	Final Remarks	Herbert K. Haas

Key Messages

- Excellent customer base
- Outstanding international network
- Potential to increase profitability
- Strong growth potential abroad

Management Team and Speakers

Dr. Christian Hinsch
HDI-Gerling Industrie Versicherung AG

- 31 years experience in insurance business
- Board member since 1996 and CEO of HDI-Gerling Industrie Versicherung AG since 2003
- Deputy CEO Talanx AG since 2009

Ulrich Wollschläger
HDI-Gerling Industrie Versicherung AG

- 32 years experience in insurance business
- Joined Talanx Group in 1995
- Board member since 2004 and CFO of HDI-Gerling Industrie Versicherung AG since 2007
- Responsibilities: Finance (Accounting, Premium collections, Investments, Risk Management, Coordination Passive Reinsurance)

Dr. Joachim ten Eicken
HDI-Gerling Industrie Versicherung AG

- 22 years experience in insurance business
- Joined Talanx Group in 1996
- Board member of HDI-Gerling Industrie Versicherung AG since 2010
- Responsibilities: Industrial Property and Engineering Insurance, Marine Insurance, Credit Insurance

Kai Brüggemann
HDI-Gerling Industrie Versicherung AG

- 18 years experience in maritime industry
- Joined Talanx Group in 2006
- Regional Head of Marine Asia Pacific
- Geographical Expertise: Australasia, Central Asia, Eastern Europe
- Expertise: Project Cargo, Commodities, Loss Prevention, Broker Relations

Dr. Edgar Puls
HDI-Gerling Industrie Versicherung AG

- 14 years experience in insurance business
- Joined HDI-Gerling Industrie Versicherung AG in 2001
- Board member of HDI-Gerling Industrie Versicherung AG since 2014
- Responsibilities: International Business (Division Europe) and Motor Fleet Insurance

Dr. Stefan Sigulla
HDI-Gerling Industrie Versicherung AG

- 30 years experience in risk management and insurance business
- Board Member of HDI-Gerling Industrie Versicherung AG since 2011
- Responsibilities: Industrial Liability and Legal Protection Insurance, Multinational Division

Strong and dedicated team with long-standing industrial expertise

Industrial Lines – The origin of Talanx Group

1903
German steel industry establishes HDI as mutual for liability risks

1920
German mining companies establish FSV[1] as mutual for fire risks

1966
Start of Hannover Re

1970
Merger of HDI and FSV

1996
Carve-out of Talanx Holding

2006
Acquisition of Gerling

2012
Talanx IPO

2016
Targeted name change and rebranding: HDI Global SE

[1] FSV: Feuerschadenverband Versicherungsverein auf Gegenseitigkeit Bochum

Serving industrial clients for more than 100 years

Industrial Lines – A complete portfolio of insurance products

Industrial Lines product portfolio

Liability
- General Liability incl. Products Liability and Excess Liability
- Environmental Liability
- Professional Indemnity
- Product Recall
- Clinical Trials

Special Lines
- Directors & Officers
- Legal Protection
- Pure Financial Loss Cover
- Cyber Insurance

Property
- Fire/Extended Coverage; All Risks
- Incl. Business Interruption
- Non-Damage Business Interruption
- Business Interruption as part of Cyber Insurance
- Weather Risks

Marine
- General Cargo incl. International Programs, Project Cargo and Commodities
- Ocean Hull

Motor
- Motor Third Party
- Motor Own Damage

Engineering
- MB, EEI, EAR, CAR, CECR, incl. ALOP[1]
- Renewable Energy – On & Offshore
- International Programs[2]

Multi Risk
- Multi-Line and Multi-Risk Products

Group/ Personal Accident
- Accident & Health
- Travel Insurance Worldwide
- International Programs[2]
- Sportscover

Aviation
- General Aviation
- Airlines
- Airport and Ground Handler Liability
- Air Traffic Control

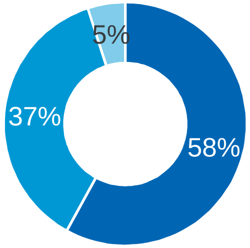
[1] MB=Machinery Breakdown, EEI=Electronic Equipment Insurance, EAR/CAR=Erection/Construction all risks, CECR=Civil Engineering Completed Risks, ALOP=Advanced loss of profit; [2] Examplary mentioning for International Programs in all our lines

Capability to serve our clients with comprehensive offers along the entire value chain

Portfolio structure Germany and Europe

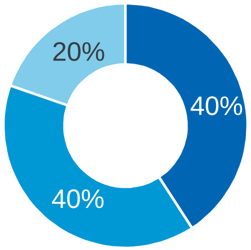
Customer segments[1]

in % of GWP



- Multinationals
- Mid-market
- SME (small-and-medium enterprises)

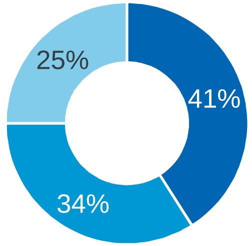

2



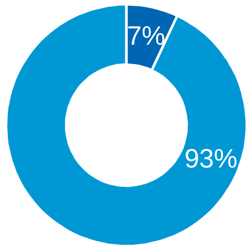
- Multinationals
- Mid-market
- SME (small-and-medium enterprises)

Distribution channels

in % of GWP



- Direct
- Broker
- quasi-direct (captive broker)



- Direct
- Broker

Comments

- Close to 60% of GWP in the German Industrial Lines business is written with large customers; the remaining business stems mostly from mid-sized companies
- Well-diversified portfolio along customer groups in Europe
- In Germany, high share of attractive direct distribution channels and captive brokers
- Sufficient room to grow, predominantly by expanding the SME business as well as international direct business

Note: figures as of FY2014 [1] Customer segments defined as: Multinationals (sales of > €1bn); Mid-market ("Industry") (sales of €50m-€1bn); SME (sales of <€50m)
[2] Europe excluding Germany

Significant share in all relevant customer segments and distribution channels

An impressive long-standing client franchise…

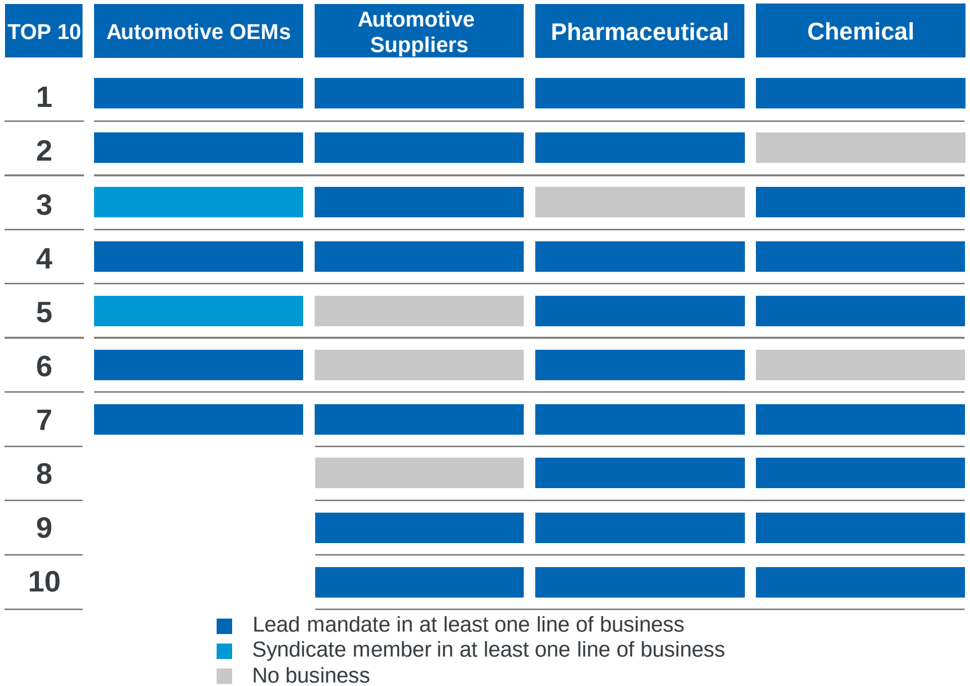
Overview of selected key customers by customer segment

German mid-market (“Industry”)	German corporates (“Multinationals”)	Europe

Well-established relationships with main players in targeted segments

…with a strong footprint in major European industries

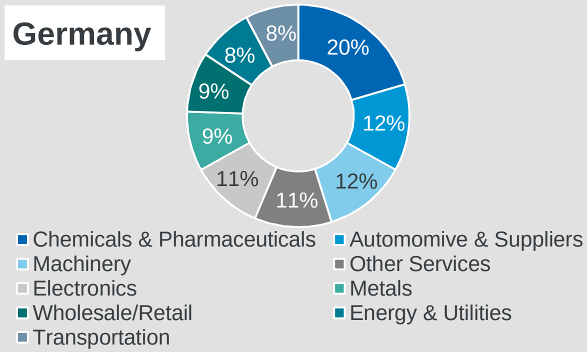
Business with 10 largest European groups in four large industries[1]



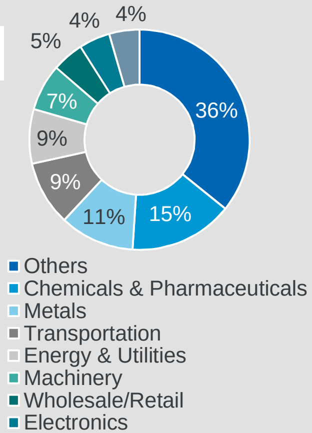
[1] Rankings based on global turnover
[2] Europe excluding Germany
Source: McKinsey, Talanx

Portfolio split (in % of GWP)

Germany

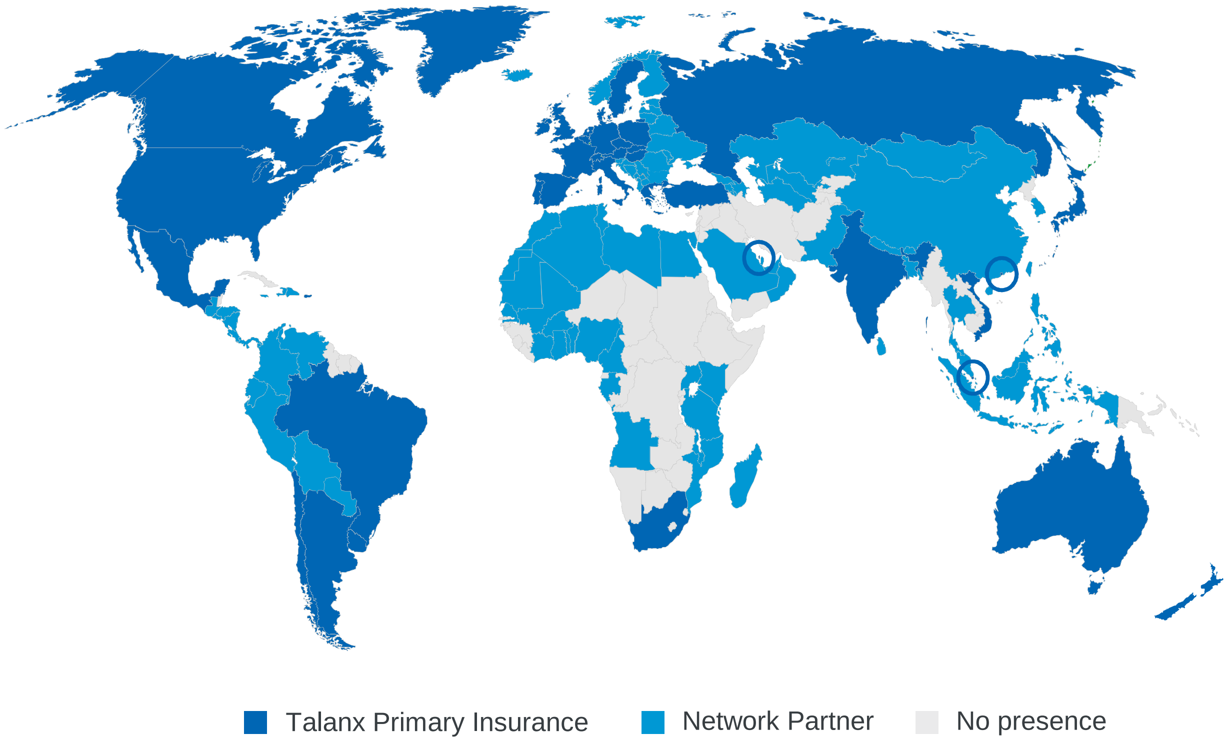


Europe[2]



Many lead mandates and strong penetration in major European industries

A comprehensive own international network



Comments

- Offering a comprehensive network consisting of 35 of Talanx's Primary Insurance's owned units
- Supplementing our own network with a network of external partners, able to service 130 markets world-wide
- Generating 99% of business by own network

Our comprehensive own international network covers all relevant industrial insurance markets

Reason for building up an international network

Why do our customers need an insurer with an international network?

- Companies with a global footprint buy insurance through their headquarters for all activities worldwide
- International Insurance Programs with integrated local policies provide our clients with a compliant solution and local market knowledge in underwriting, service and claims management

How we benefit from having an international network?

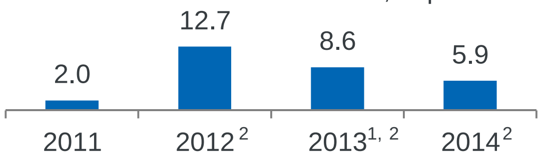
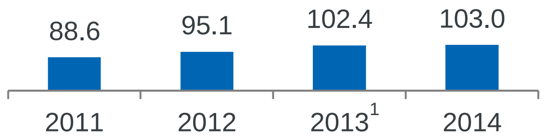
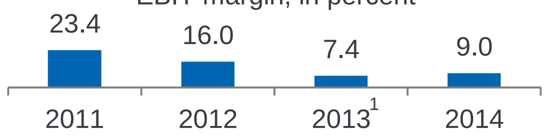
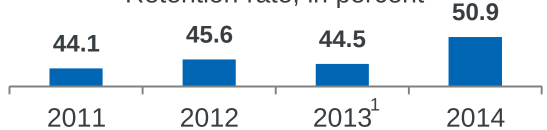
- Only an insurer with command over its comprehensive international network is able to lead International Programs
- Without such, insurers can only offer co-insurance or specialty insurance
- There is only a handful of insurers that command their own international network; we are one of them

Our international network is a key competitive advantage

The status quo - Excellent position in our markets

- Unique access and high loyalty of customers due to tradition as a mutual
- Viewed by customers and brokers as consistent, reliable and predictable in strategy and management
- Specialist in large corporate risks
- Trusted as a long-term player in the market in contrast to opportunistic players
- Capability to lead International Insurance Programs of any size
- Among a handful of insurers that have command over their own international network

The status quo - Economic targets have not all been met

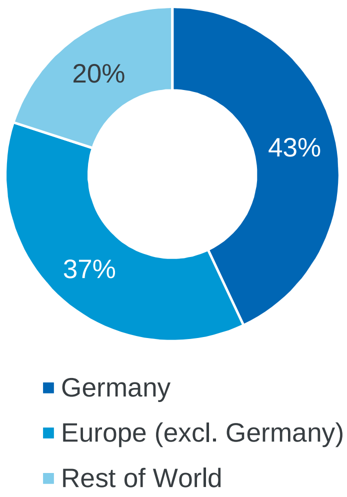
Target	Actual results	Status	Comments
Gross written premium growth of +3-5%	Gross Written Premium Growth, in percent 	✓	▪ Strong premium growth especially abroad ▪ International business strengthened in 2014 by new carrier in Brazil
Combined Ratio ~ 96%[3]	Net Combined Ratio, in percent 	(✗)	▪ Average CoR since 2011 with 97% above target; 2013/2014 dissatisfying ▪ Large-loss impact of 16.4%pts in 2014
EBIT margin ~ 6%[3]	EBIT margin, in percent 	✓	▪ Average EBIT margin since 2011 of 13.2%, recently lower
Retention rate 60-65%	Retention rate, in percent 	(✓)	▪ Retention rate up by 6.4%pts in 2014 despite reinstatement premiums of €127m

[1] IAS 8 adjusted
[2] Currency-adjusted
[3] Mid-term target refers to Talanx's Primary Insurance

Good underlying business momentum – focus on raising profitability

The status quo - strong economic performance in international markets

GWP split[1] (2014)



Regions / Gross combined ratio[1] 2011-2014

Regions	2011	2012	2013	2014	Ø
Germany	102%	97%	107%	108%	104%
Europe (excl. Germany)	75%	88%	83%	84%	77%
Rest of World	91%	68%	86%	83%	82%

Comments

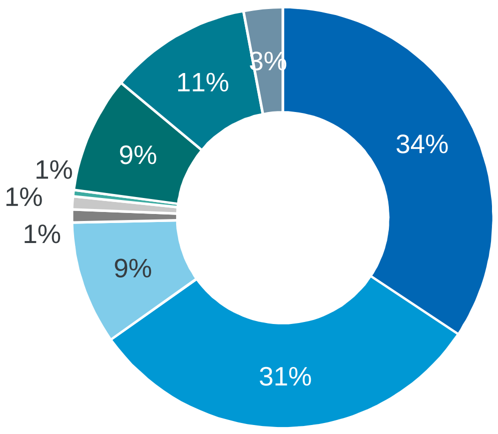
- Need for combined ratio improvement in Germany
- Attractive, sustainable combined ratio outside Germany

[1] Sum of branches and carriers unconsolidated according to Group IFRS

Profitability of foreign operations supports ambition for international growth

The status quo - Diverging profitability by lines of business

GWP split in 2014[1]



- Property
- Liability
- Engineering
- Multi-Risk
- Aviation
- Legal Protection
- Marine
- Motor
- Group Accident

Lines of business / Combined ratio net[1] 2011-2014

Lines of business	2011	2012	2013	2014
Property	101%	115%	135%	106%
Liability	47%	90%	90%	110%
Motor	100%	97%	100%	101%
Marine	119%	104%	117%	100%
Engineering	87%	81%	67%	74%
Group Accident	98%	93%	93%	91%

[1] Only HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Focus on improving combined ratios in Property, Motor and Marine

Our Strategic Agenda

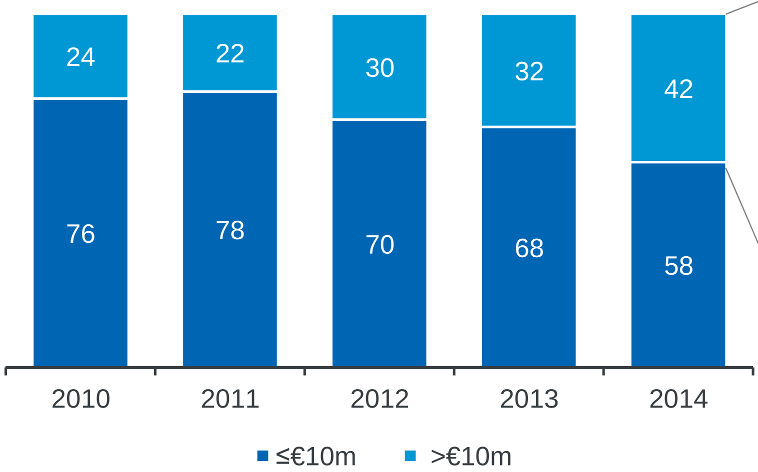
	Acquisition and integration of Gerling´s industrial business	**Intensifying the build-up of our international platform**	**Leveraging and optimizing our platform**
	2006-2010	**2011-2014**	**2015-2019**
Focus areas	▪ Retaining client business ✓ ▪ Building a joint platform based on the strengths and key talents from both worlds ✓ ▪ Creating an international platform that is more than 2 from 1+1 ✓	▪ Continuing to build up a best-in-class international network ✓ ▪ Selective bolt-on acquisitions where reasonable (Nassau, PVI) ✓ ▪ Accelerating growth by higher self-retention ✓	**1** "Balanced Book" – raising profitability in our domestic market **2** Establishing best-in-class efficiency and processes **3** Generating profitable growth in foreign markets

Next step: leveraging our platform and increase profitability

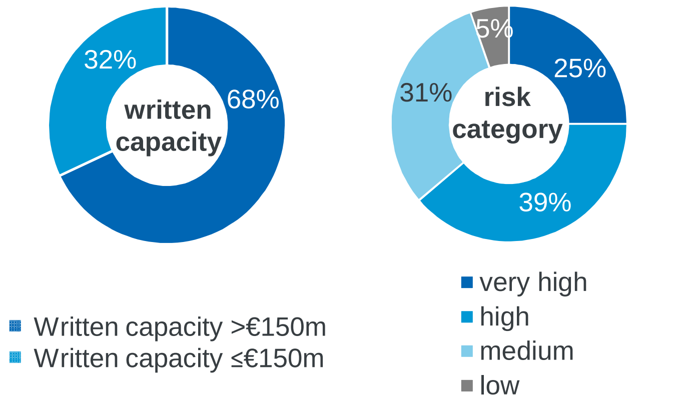
1 "Balanced Book" – Development of losses in Property lines

Comparison of large losses and attritional losses on gross basis (loss ratio)[1]

In %



Losses by written capacity and risk category (2014)



Comments

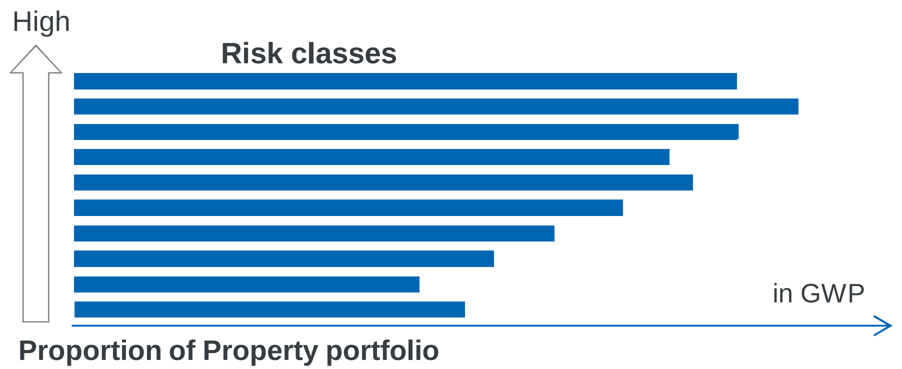
- The proportion between attritional losses and large losses has shifted during the last years
- 2011 and 2013 net loss ratio affected by large NatCat losses (earthquake Japan, flood Thailand, flood and hail Germany)

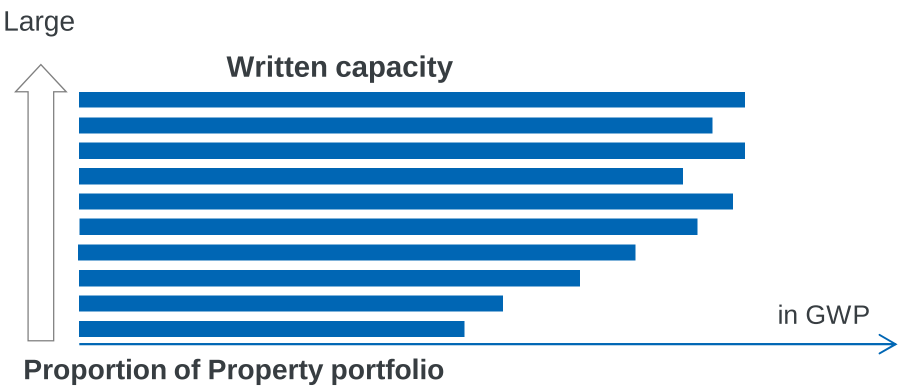
[1] Only HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Share of large losses has increased

1 "Balanced Book" – Current structure of portfolio in Property lines

Property portfolio structure 2015 – schematic figures





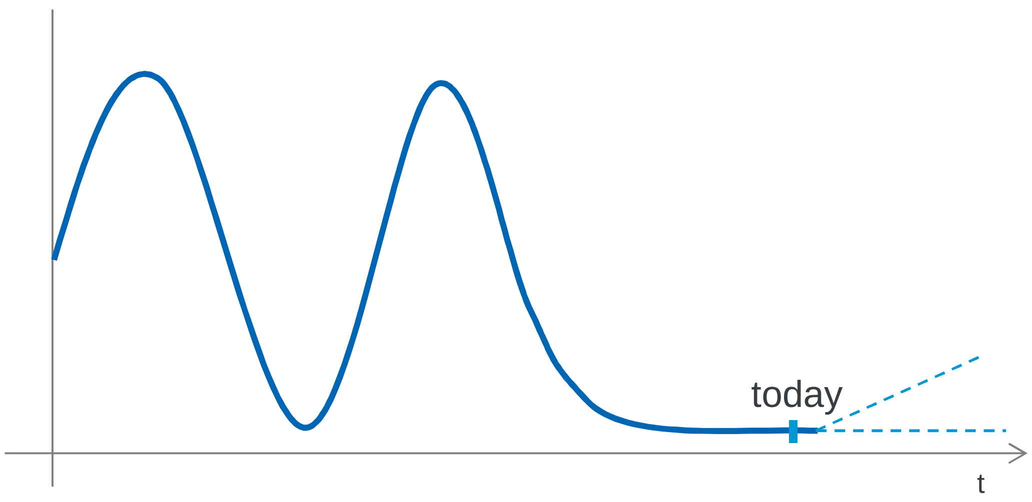
Comments

- Relatively large market share in high risk classes
- Relatively large market share and many lead mandates in large accounts
- Unexpected long phase of soft market in high exposed and large risks markets
- Overall, these three effects lead to a higher sensitivity of results to large-loss events

We see a high share of high risks and large capacities in our Property book

1 "Balanced Book" – Development of German Property lines market

Market cycles in Property lines



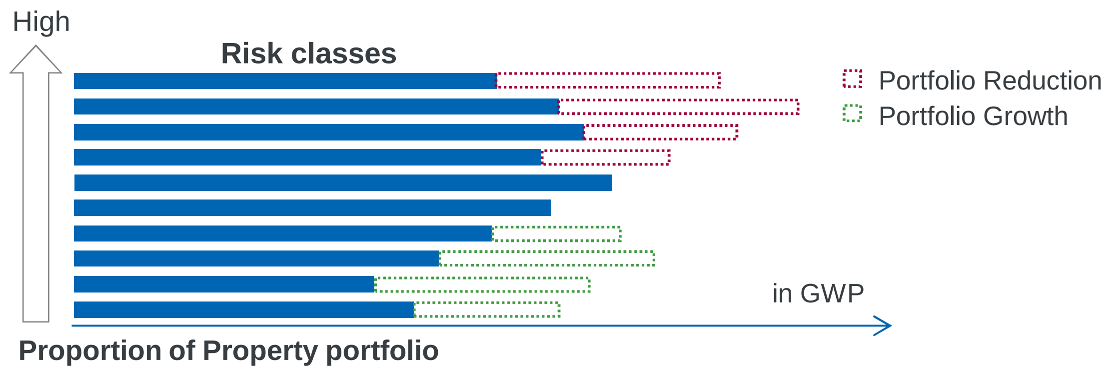
Comments

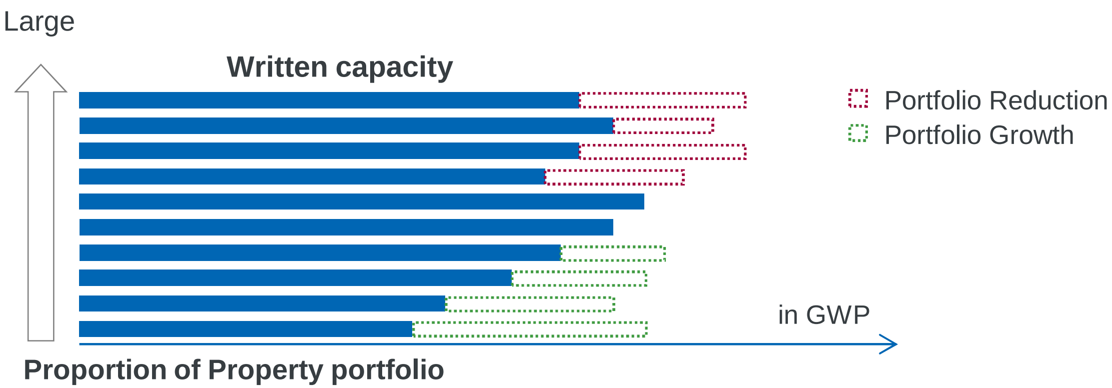
- By definition, exposure to higher-risk categories and high capacities are particularly vulnerable to soft market phases
- The current cycle is characterized by a long-lasting soft market phase – still making it impossible, though, to forecast the turning point
- By improving the balance of our books, we want to make ourselves less dependent on the market environment

Preparing for a long-lasting soft market phase in Property lines

1 "Balanced Book" – Target structure of portfolio in Property lines

Property portfolio structure 2016 et. seq. – schematic figures





Comments

- De-risking in high-risk classes and high-capacity risk by risk
- Increase of premium in existing accounts to realise better return-on-loss conditions
- Intensify activities to acquire new accounts in minor exposed risk classes and mid-market business, mainly abroad

"Balanced Book" to make us less vulnerable if losses materialise in high-exposure categories

2 Efficiency and Processes – What is one.BIZ?

one.BIZ

one.BIZ - Mission

“Homogeneous processes with an integrated IT will be created globally across all operating entities, lines of business and segments for our portfolios and claims management as well as for all information and transactions.”

one.BIZ - Profile

- one.BIZ is a central cornerstone of Industrial Lines’ Strategic Agenda
- one.BIZ builds upon the strategic initiative “Service Excellence” – harmonizing the international processes with focus on International Programs and standardized worldwide functionality
- one.BIZ will result in an integrated IT system around portfolio management and claims with central partner data world-wide as well as workflow management components
- one.BIZ is set up to foster international growth while reducing the complexity of our business
- one.BIZ is considered a powerful tool to defend and to improve our market position

Implementing best-in-class processes and IT systems in order to support our growth agenda

2 Efficiency and Processes – How does one.BIZ pay off?

one.BIZ – Benefits and Synergies

- Strengthening our competitive position in the international marketplace
- Improved time-to-market
- Higher responsiveness to client demands, e.g. faster quotation
- Facilitating our collaboration with brokers as well as clients

one.BIZ - Investment

- one.BIZ is expected to raise the IT budget of the division by a total of €65m until 2021
- The annual extra investment is likely to reflect on average less than €10m, or less than 0.5%pts of the division's combined ratio

one.BIZ - Return

Strategic cost effectiveness

- More precise portfolio assessment
- Transparency through world-wide synchronized data

Foster international growth

- Homogeneous data world-wide
- Rapid quotation in International Programs

Competitiveness

- Improved time-to-market
- Technically interfacing clients and partners
- Facilitate global collaboration further

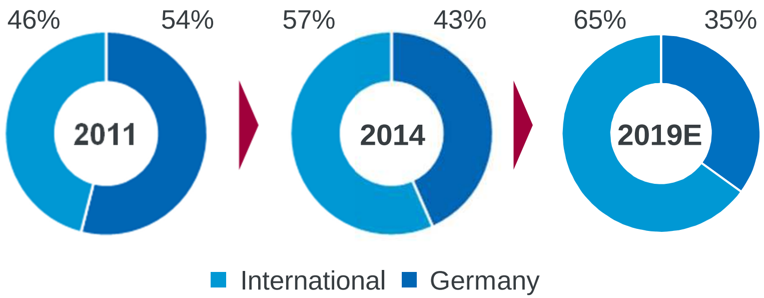
Reduction of functional overhead and IT costs

- Long-term ambition: 10-15% cost savings in IT and functional overhead (€20m annually from 2022)

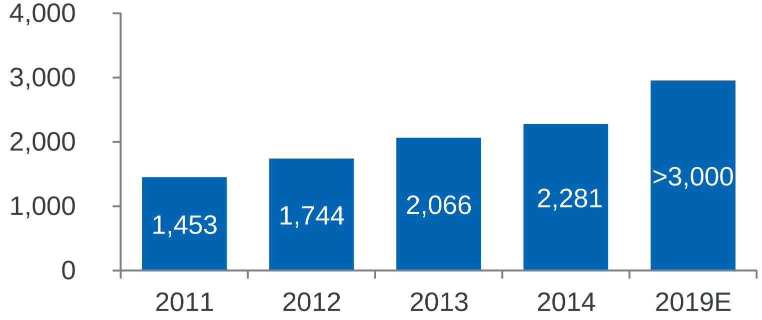
Improving our competitive position further

3 International growth - Position and ambition

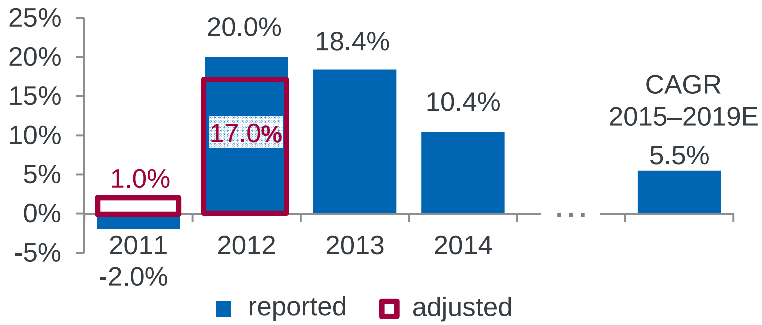
Split of GWP



GWP excl. Germany in €m



Growth of GWP excl. Germany in %



Comments

- Ambition to grow international business on average by 5.5% from 2015 to 2019, adding to a cumulative growth rate of 30% until 2019
- This number does not include any positive contribution from inorganic growth
- Historical growth rates have been affected by bolt-on acquisitions as well as by setting up new branches, e.g. in Bahrain, Singapore and Canada

Note: numbers adjusted for new segmentation of retail business in Austria in 2010 and for aquisition of Nassau (NL) in 2011

Expected international premium growth of a cumulative 30% until 2019

3 International growth – Name and legal form

Corporate form of Industrial Lines

HDI-Gerling Industrie Versicherung AG

↓ as from 2016

HDI Global SE

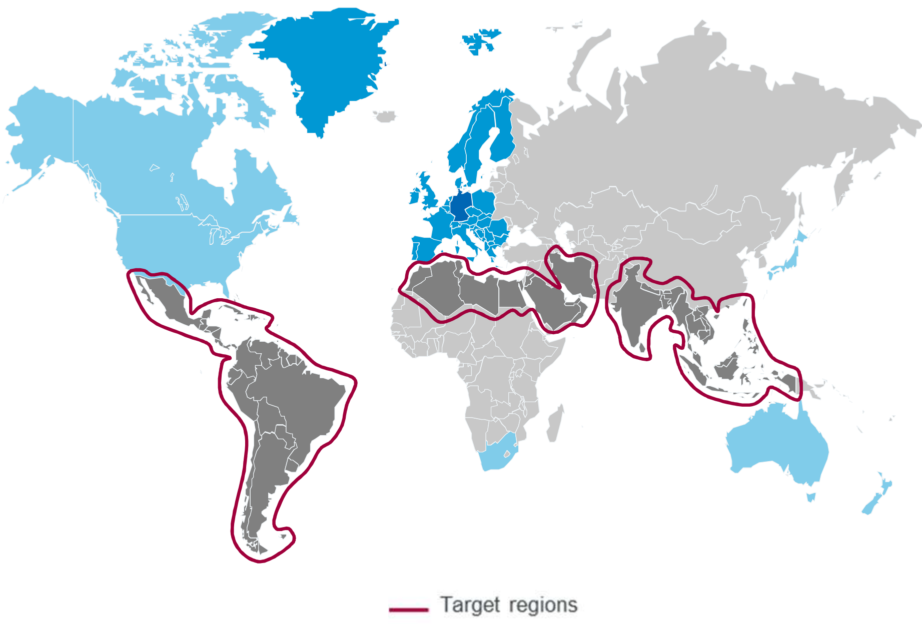
Comments

- The corporate form will be changed from a joint-stock company under German law (AG) to a European Company (Societas Europaea, SE)
- At the same time, the name of the division's main carrier will be changed to *HDI Global SE*
- The change will be effective in early 2016
- The measure further sharpens the external profile and brand recognition. It is also meant to reflect the division's ongoing internationalisation

Adjusting name and legal form to best cater our international plans

3 International growth – Target markets and growth potential

Industrial Lines map



Industrial Lines Markets

Colour	Region	Comments
	Germany	Strong market position, growth potential in line with market
	Europe	Good market position, growth potential
	Mature markets outside Europe	Small position with significant growth potential
	Emerging markets	Small position with high growth potential
	Markets not actively targeted currently	

We are already well-positioned to capture international growth potential

Industrial Lines – Our targets

Mid-term P&L targets (2015–2019)

Industrial Lines – **Primary Insurance**	Gross premium growth[1]	3-5%
	Retention rate	60-65%
	Divisional RoE min target (aligned with Group target)[2]	6.5% (2014)
	Combined ratio[3]	~ 96%
	EBIT margin[4]	~ 6%

Share of international business (2019)	**65%**
Retention ratio (2019)	**60-65%**
Combined Ratio in Property, Marine and Motor (2016)	**each < 100%**

[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. For 2014, it stood at 9.2% on Group level
[3] Talanx definition: incl. net interest income on funds withheld and contract deposits
[4] EBIT/net premium earned
Note: mid-term growth targets are based on 2014 results. Growth rates, combined ratios and EBIT margins are average annual targets

Agenda

I	Group Strategy / Outlook	Herbert K. Haas
II	Group Financials	Dr. Immo Querner
	Industrial Lines	
III	Strategy	Dr. Christian Hinsch
IV	**Financials**	**Ulrich Wollschläger**
V	Property, Engineering & Marine Insurance	Dr. Joachim ten Eicken
VI	Case Study: Underwriting Marine	Kai Brüggemann
VII	International Growth	Dr. Edgar Puls
VIII	Liability Insurance	Dr. Stefan Sigulla
IX	Key Essentials Industrial Lines	Dr. Christian Hinsch
X	Final Remarks	Herbert K. Haas

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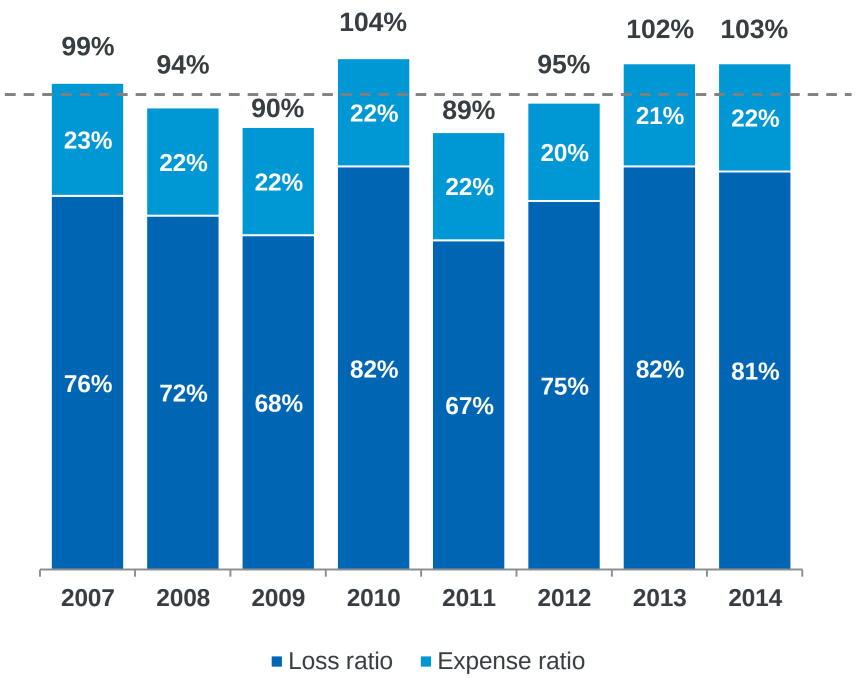
Executive Summary

- Strong long-term profitability track-record over time – pressure on 2013/2014 results from accumulation of German NatCat and fire losses
- International business growth adds significantly to the profitability of business
- Profitability differs between various lines and over time – triggering necessity for line-specific action
- Conservative management of large losses and reserves contributes to the solidity of earnings
- Structural increase in self-retention improves segmental growth prospect – level and speed taken opportunistically

Profitability – Divisional combined ratios over time

Combined ratio (net) [1,2]

Ø 2007–2014 and Ø 2011–2014: 97%



Comments

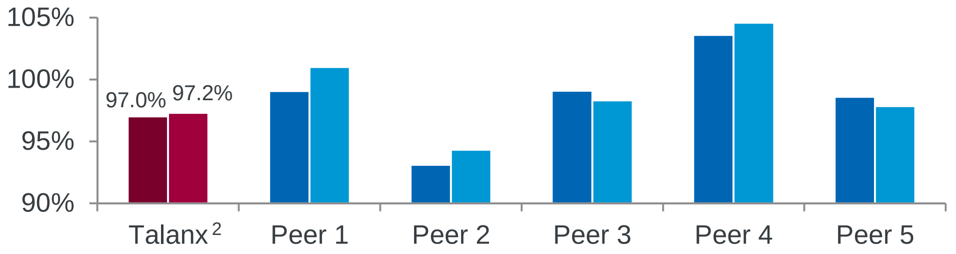
- The divisional net combined ratio stands at 97% both for the time period 2007-2014 as well as for 2011–2014
- The historical pattern supports our ambition of achieving a ~96% net combined ratio over the cycle
- Over time, the expense ratio has proven stable at competitive levels
- The combined ratios in 2013 and 2014 have been affected by an accumulation of NatCat losses (2013) and of property claims (2014)
- Combined ratio impact from large losses of 12%pts in FY2013 and 16%pts in FY2014 vs. average impact of 12%pts from 2011 to 2014

[1] Incl. net interest income on funds withheld and contract deposits; [2] Numbers for Industrial Lines since 2009, HDI-Gerling Industrie AG for 2007/2008

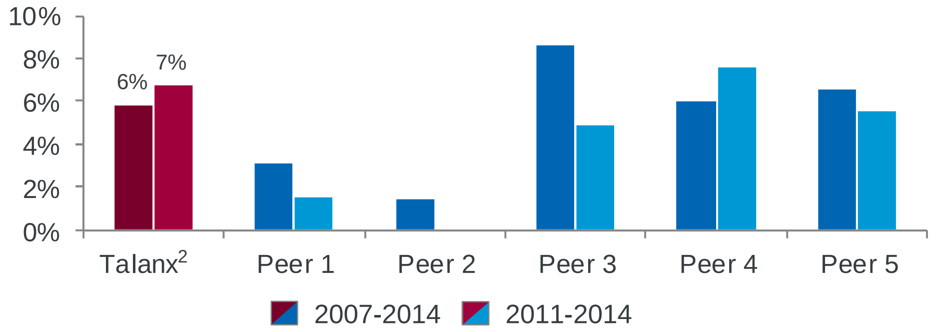
Strong profitability in our underwriting over time

Profitability – Underwriting results and volatility

Average of combined ratio (net)[1] vs. peers



Standard deviation of combined ratio (net)[1] vs. peers



Comments

- Both over the last eight as well as over the last four years of business, the divisional combined ratios compare favourably with peers
- Combined ratio levels in 2013/2014 have led to some recent increases in volatility of results
- Historical data indicates an attractive balance between technical results and volatility of results for Industrial Lines in comparison with sector peers

[1] Incl. net interest income on funds withheld and contract deposits; [2] Talanx comprises numbers for Industrial Lines since 2009, HDI-Gerling Industrie AG for 2007/2008
Source: own analysis based on reported peer data. Peers consist of Allianz Global Corp. & Specialty, Axa Corporate Solutions, AIG General Insurance/Chartis, XL Insurance, Zurich Global Corporate and their respective predecessors

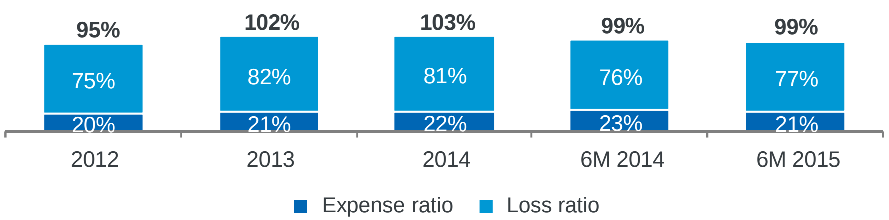
Attractive profile of technical results and volatility of results

Profitability – Key financials at a glance

P&L for Industrial Lines

€m, IFRS	FY2012	FY2013	FY2014	6M 2014	6M 2015	Change
Gross written premium	**3,572**	**3,835**	**4,031**	**2,497**	**2,625**	**+5%**
Net premium earned	1,608	1,744	2,022	927	1,021	+10%
Net underwriting result	79	(42)	(61)	6	13	+120%
Net investment income	247	240	268	151	113	(25%)
Operating result (EBIT)	**259**	**129**	**182**	**141**	**142**	**+1%**
Group net income	157	78	121	89	97	+9%
Return on investment (annualised)	3.7%	3.6%	3.8%	4.3%	3.0%	(1.3% pts)

Combined ratio (net)[1]



Comments

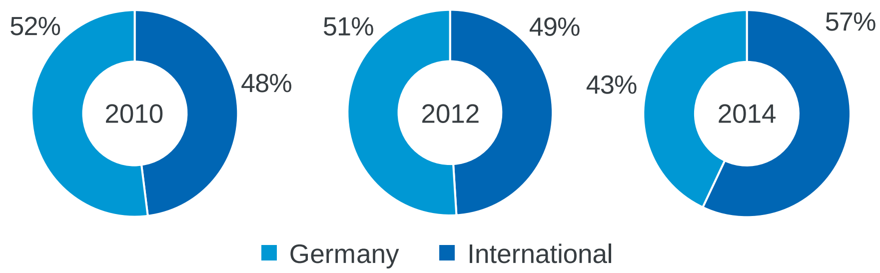
- 6M 2015 GWP grew by 5.1% y/y, supported by currency effects (curr.-adj.: +1.1%). In Q2 2015, GWP grew by 0.4% (curr.-adj.: -5.4%); increase in international business (e.g. North America), partly compensated by profitability measures in Germany at the expense of the business volume
- Retention rate at 52.7% in 6M 2015 (FY2014: 50.9%; 6M 2014: 53.6%)
- Combined ratio in Q2 2015 remains well below the 99% level. Large losses of €65m (mainly in Property, Liability and from Australian hail storm) in line with pro-rata large loss budget
- Decline in 6M 2015 investment result due to lower realised capital gains

Note: FY2013 numbers adjusted on the basis of IAS8
[1] Incl. net interest income on funds withheld and contract deposits

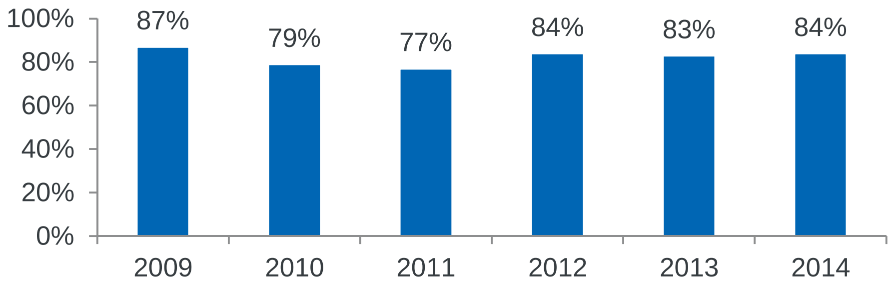
Underlying operating performance improved

Foreign business – Overall share and technical results

Regional split of divisional GWP



Gross combined ratio in foreign operations[1]



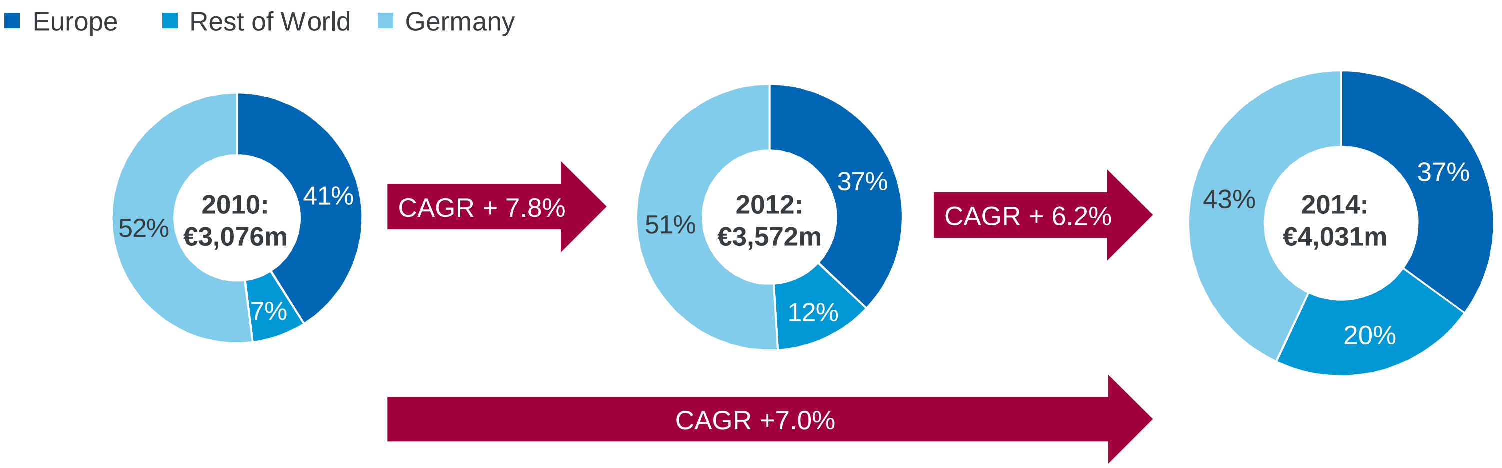
Comments

- Share of foreign business has materially grown over the last couple of years
- Industrial Lines has already clearly surpassed Talanx‘s overall Primary Insurance target to achieve more than 50% of GWP outside Germany
- It is remarkable that the foreign growth has been achieved without any significant net positive contribution from acquisition growth
- The profitability track-record of foreign business is impressive: combined ratios have been 83% or lower over the last couple of years

[1] Sum of branches and carriers unconsolidated according to Group IFRS

Significant and profitable growth of our foreign operations

Foreign business – Development by region



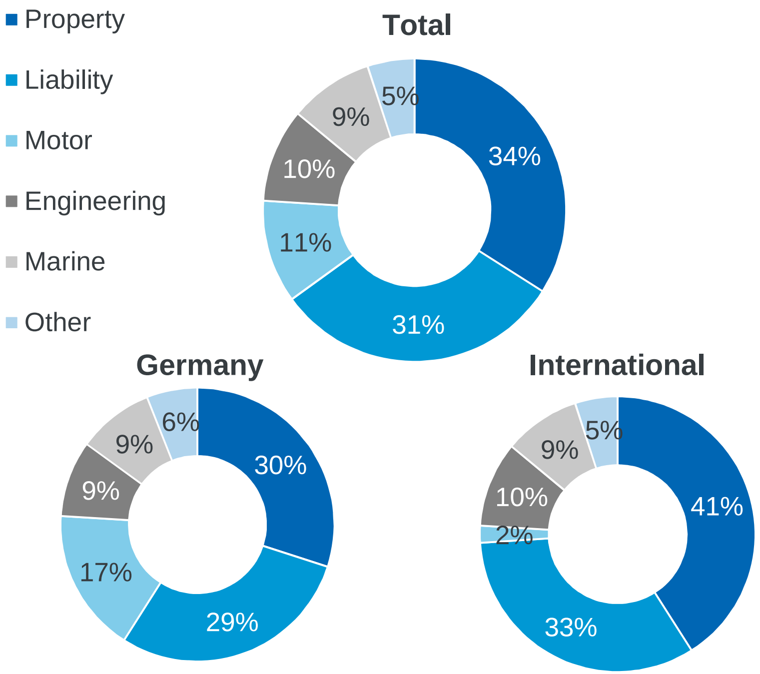
Comments

- Within the foreign business, the non-European business has proven to be the main growth engine
- The share of business from these markets has gone up from 7% to 20% in four years
- The business in the European markets outside Germany has grown by more than 4% p.a.
- In 2014, we also strengthened our international presence by opening of our new Brazilian HDI-Gerling carrier

Non-European business has been the strongest growth engine for our business

Performance by line – Business contribution

Business by line 2014 (GWP)



Comments

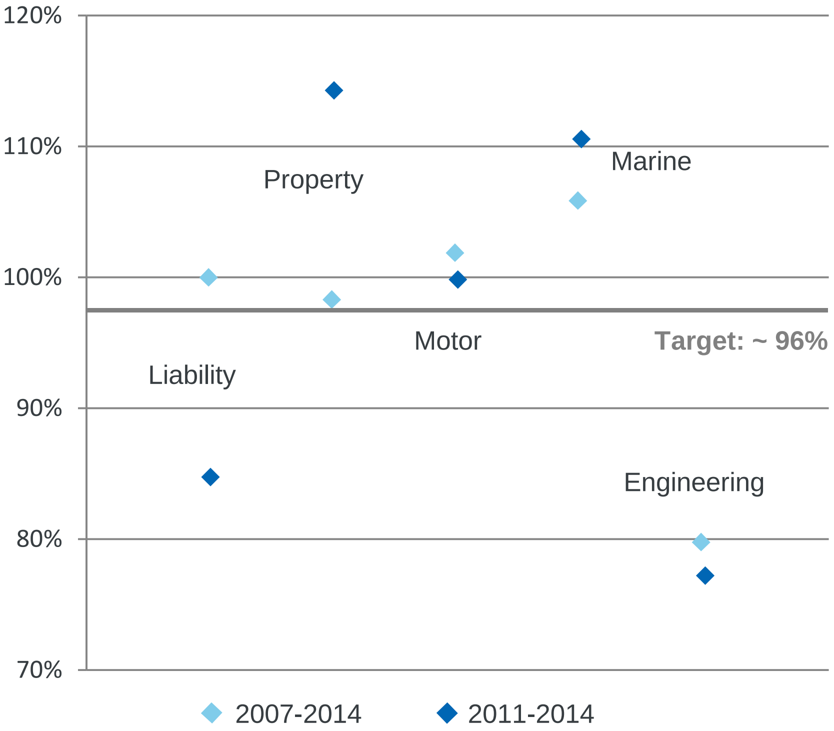
- Property and Liability comprise roughly two thirds of the division's GWP
- Within Germany, Property and Liability represent roughly the same premium volume at ~30% of GWP respectively
- By contrast more than 40% of the foreign business is written by Property lines
- Another main differentiating factor between German and non-German business is the respective relevance of Motor: the line comprises 17% of the German, but only 2% of the non-German business

Note: the ratios reflect data for main carrier HDI-Gerling Industrie Versicherung AG; representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Property and Liability represent roughly two thirds of the division's GWP

Performance by line – Technical results

Combined ratio (net) by line of business



Comments

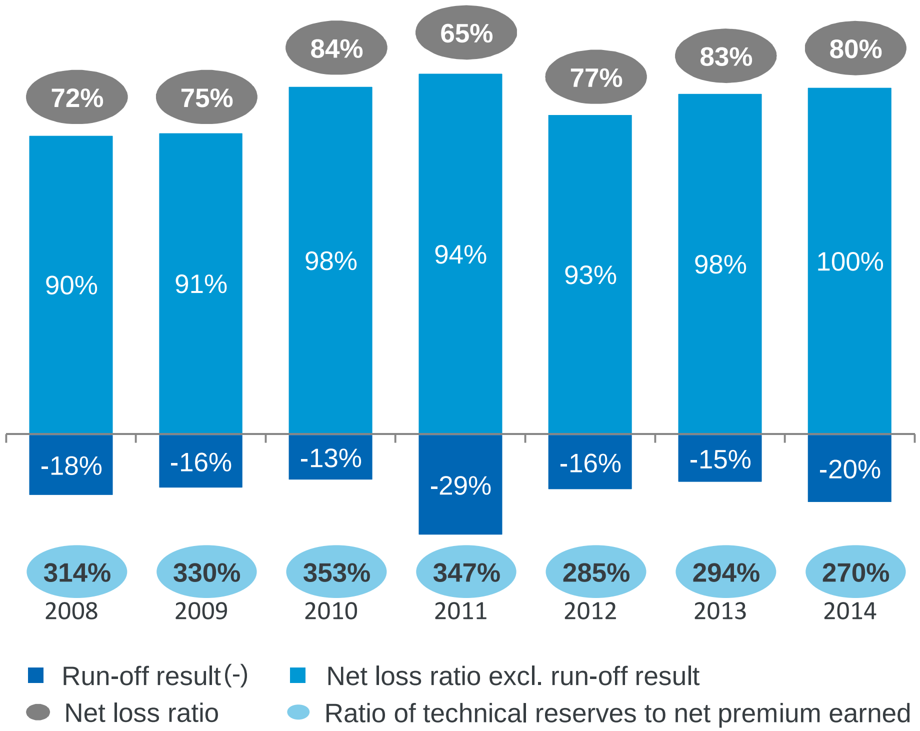
- Three out of our five main lines have shown combined ratios for the 2011-2014 period above our ~96% mid-term target: Property, Motor and Marine
- On the contrary, both Liability and Engineering have delivered very strong results between 2011-2014
- Combined ratios via towards mean levels over the longer period of time – leveling out cyclical effects and reflecting the law of large numbers
- The analysis by line indicates that the key potential for improving divisional profitability lies first of all in Property (34% of GWP) and - to a lower extent - in Marine (9% of GWP)

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Structural and cyclical pattern determine line-specific strategies

Run-off results and reserve position

Run-off results and reserve coverage (IFRS)



Comments

- Run-off results have proven a substantial earnings stabiliser for Industrial Lines
- At the same time, the division's reserve position remains at a comfortable level
- High ratio of technical reserves to net premium earned compares favourably with peer levels

Annual reserve reviews

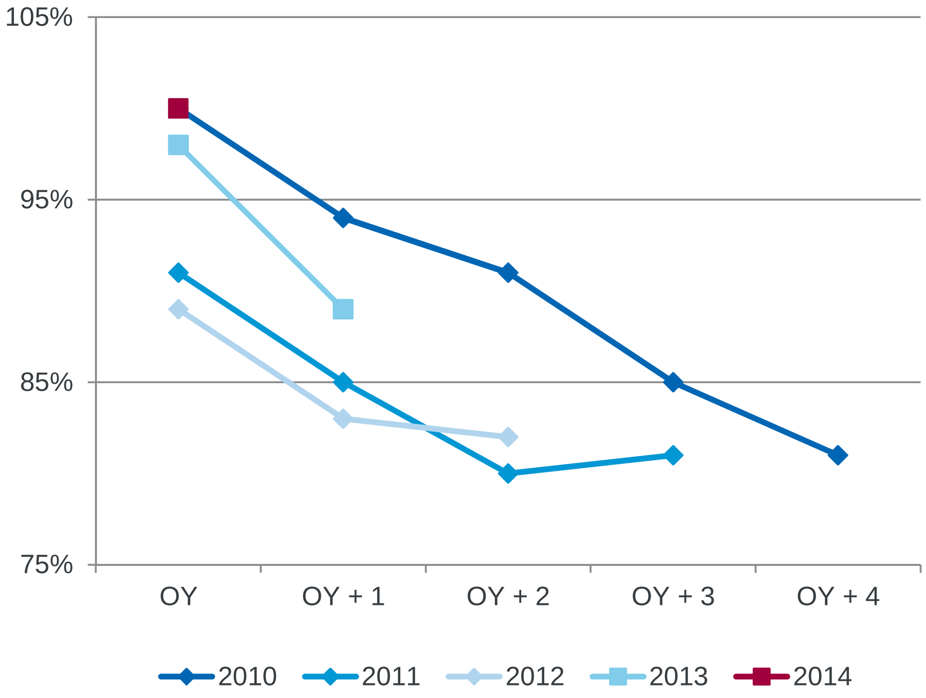
- Talanx actuaries ✓
- S&P / A.M.Best ✓
- Auditor KPMG ✓
- Towers Watson ✓

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Historically, run-off results have proven a very steady contributor to Industrial Lines results

Large losses and reserves – Performance by occurence year

Development net loss ratio by occurence year



Comments

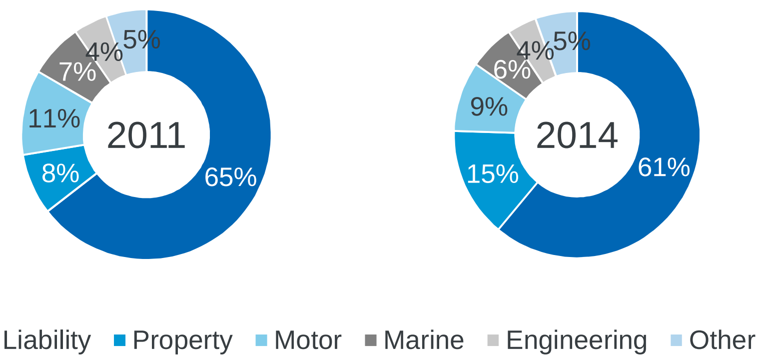
- The conservative reserve level over the business years can also be seen from the development of net loss ratios over time
- The continuous contribution of positive run-off results reduces net loss ratios per occurrence year (OY) rather steadily over time
- The chart mirrors, in particular, the high degree of caution within Industrial Lines' long-tail business

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

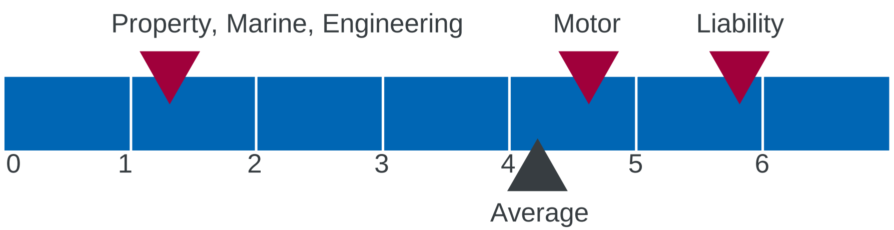
A consistent conservative reserve policy allows for positive run-off results

Large losses and reserves – Reserve analysis

Net technical reserves by line[1]



Reserve duration[2]



Comments

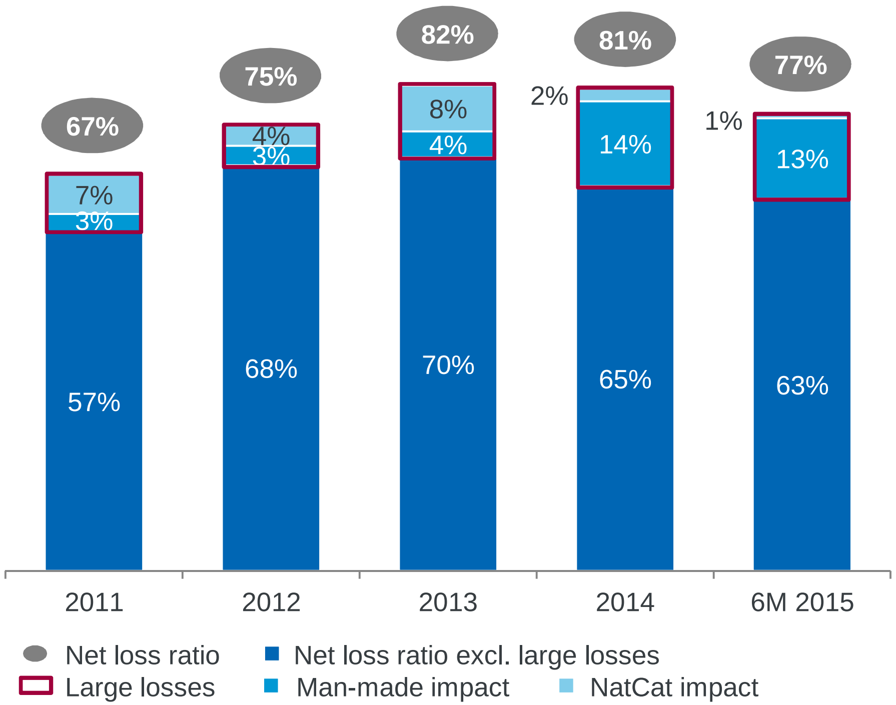
- Structurally, Liability as long-tail business makes up the highest share of technical reserves. It includes about 60% of net reserves
- When comparing the reserve split for 2011 and 2014, the ratios are rather stable with the exception of Property. Its increasing share reflects the business growth of this line
- The average reserve duration for the overall portfolio stands at slightly more than four years
- Motor and, in particular, Liability have the longest reserve duration. Durations in Property, Marine and Engineering stand between 1 and 2 years

[1] Data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)
[2] Modified duration

Liability contains more than 60% of net technical reserves with a duration of close to six years

Large losses and reserves – Key driver large losses

Large-loss impact on loss ratio[1]



Comments

- Higher large losses for FY2012-2014 have largely contributed to the increase in net loss ratios
- The division was particularly affected by the German NatCat losses in 2013 as well as man-made losses, namely in Property, in 2014 and also in H1 2015
- As a consequence of the increased claims experience, the division has raised its large loss budget to €260m in FY2015
- This reflects roughly 11.5%pts in the divisional loss ratio

[1] Definition “large loss”: in excess of €10m gross in either Primary Insurance or Reinsurance

Increase of large loss budget in 2015 to €260m (~11.5%pts of the loss ratio)

Large losses and reserves – Largest NatCat exposure

Gross and net exposure by NatCat peril

	Peril	Gross Exposure	Net Exposure w/o Reinstatement Premiums	Reinstatement Premiums	Net Exposure
Europe	Earthquake	378	130	30	**160**
Europe	Storm	112	123	25	**148**
Germany	Flood	358	114	31	**145**
USA	Storm	311	105	29	**134**
USA	Earthquake	310	100	31	**131**
Chile	Earthquake	310	89	-	**89**
Australia	Storm	145	87	-	**87**
Australia	Earthquake	121	79	-	**79**
Taiwan	Earthquake	110	80	-	**80**
Japan	Earthquake	100	74	3	**77**

Note: all values in €m, calculation for a 200-year single event

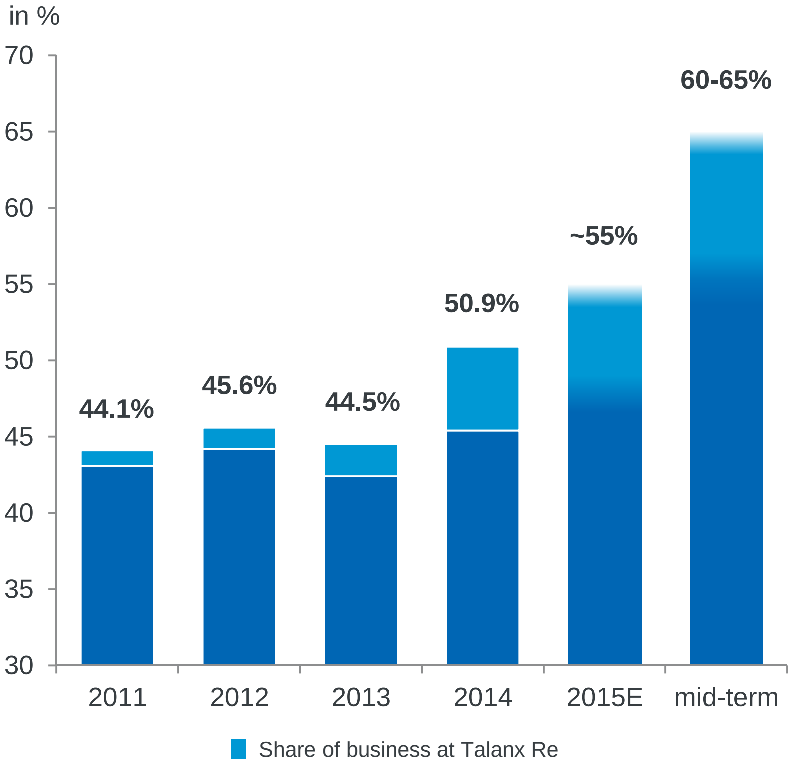
Comments

- Talanx uses sophisticated and tailor-made risk models, e.g. ARGOS, to model and track its NatCat exposure continuously
- Central assessment in line with Talanx's internal model, the Talanx Enterprise Risk Model (TERM)
- For Industrial Lines, the NatCat risk landscape is still dominated by European risks, but is evolving in line with the international growth strategy
- A 200-year event (99.5% confidence level) would be expected to trigger a net loss in excess of €100m for only five global NatCat events; all others are considered well below €100m respectively

NatCat risk within Industrial Lines manageable and actively taken

Self-retention – Acceleration over time

Self-retention ratio development



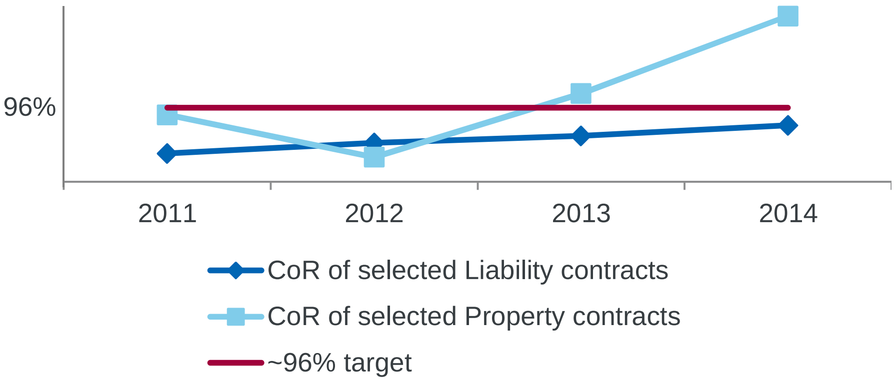
Comments

- Raising the self-retention and keeping a higher share of profits on our own books has been an explicit target since the IPO
- In 2014, the self-retention rate went up significantly for the first time – from 44.5% in 2013 to 50.9% in 2014
- The retention ratio is 3%points higher, adjusted for the reinstatement premiums in 2014 (€127m)
- Self-retention increase driven by premium transfer to internal reinsurer Talanx Re/Dublin
- Mid-term target between 60-65 %

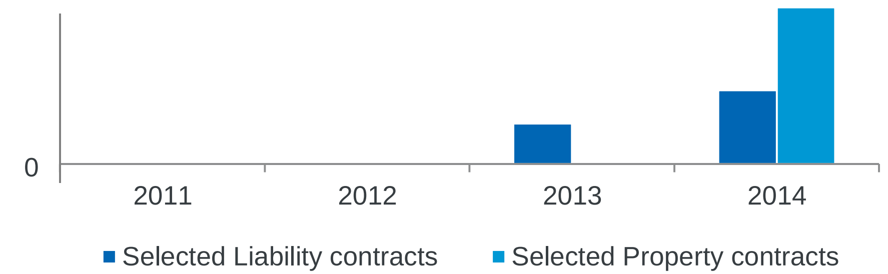
Active management of a risk-oriented self-retention

Self-retention – Higher retention in Property and Liability contracts

Ultimate combined ratio by occurence year[1]



Self-retention increase by underwriting year[1]



[1] Statistical data for proportional reinsurance contracts with increased self retention

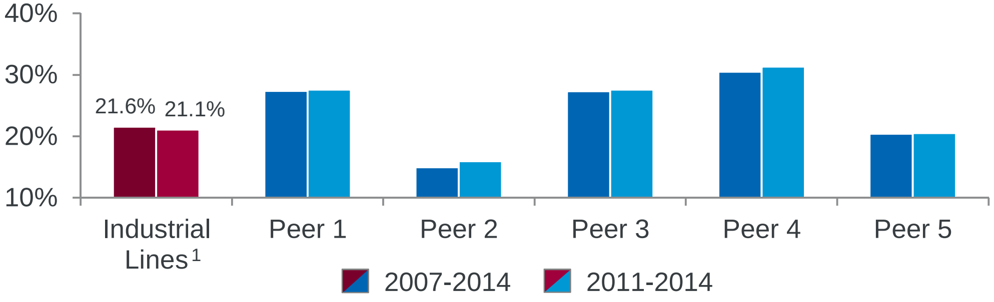
Comments

- The increase of self-retention focuses on Property and Liability business
- Technically, we are buying less proportional reinsurance while we largely maintain our XL reinsurance cover
- The treaties for which we have raised self-retention have shown strong technical results in previous business years – well below our ~96% mid-term combined ratio target
- The picture for the selected Property contracts changed in 2013 and, in particular, in 2014 with the accumulation of German NatCat (2013) and fire losses (2014)

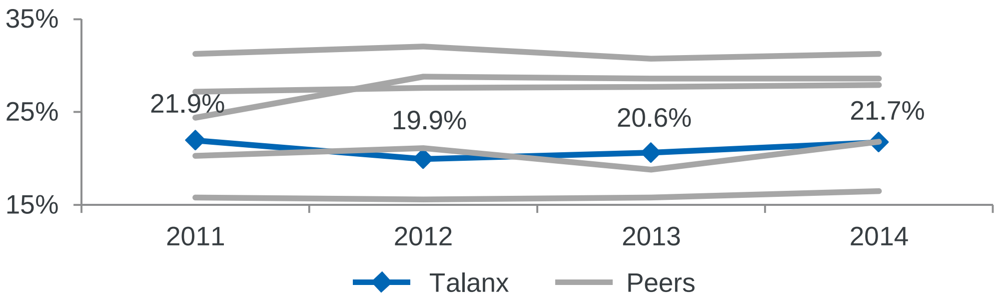
Historical data does not suggest an above-average combined ratio in newly retained business

Industrial Lines – Expense ratio

Average of expense ratio (net) vs. peers



Expense ratio (net) over the last four years vs. peers



Comments

- The expense ratio for Industrial Lines compares favourably with peers, both over the last eight years as well as over the last four years of business
- Industrial Lines delivered profitable insurance business at a stable expense level over time
- Expense ratio in 2011 and 2014 negatively affected by reinstatement premiums. Otherwise, expense ratios would have been 2.1%pts, respectively 1.3%pts lower

Note: peers consist of Allianz Global Corp. & Specialty, Axa Corporate Solutions, AIG General Insurance / Chartis, XL Insurance, Zurich Global Corporate and respective predecessors; statistical data for proportional reinsurance contracts with increased self retention

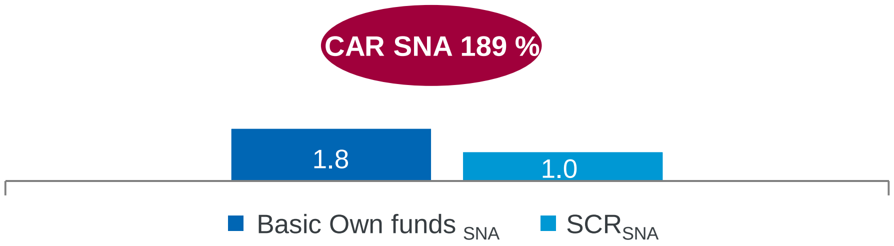
[1] Industrial Lines since 2009, HDI-Gerling Industrie AG 2007-2008

Favourable expense ratio level consistently over the cycle

Solvency II – Solo-model

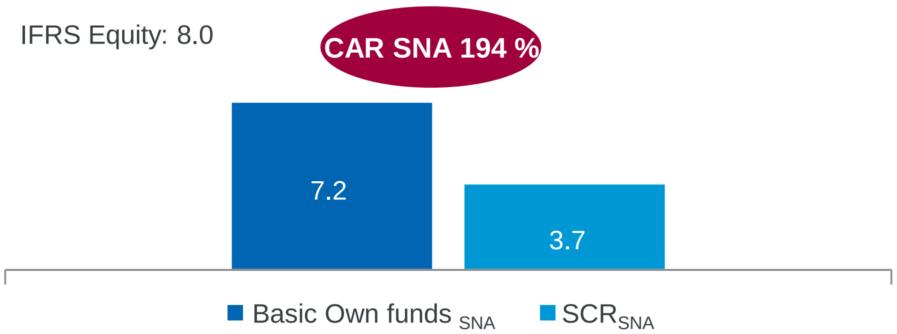
Industrial Lines – TERM 2014 (€bn)

IFRS Equity: 2.0



Talanx Group – TERM 2014 (€bn)

IFRS Equity: 8.0



Comments

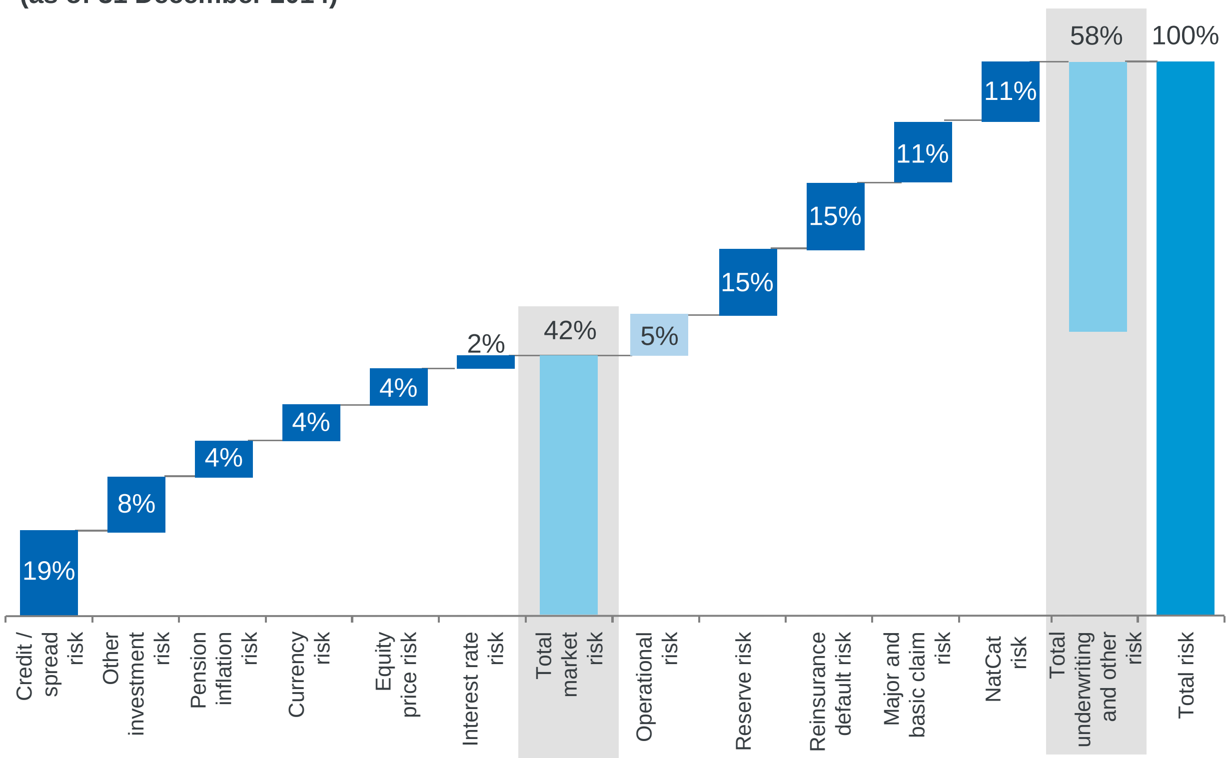
- As part of the application process for the Talanx Entreprise Risk Model (TERM), Talanx also applied for an internal solo-model for HDI-Gerling Industrie Versicherung AG
- The preparations involved establishing a complete risk management system for HDI-Gerling Industrie Versicherung AG that is consistent with Group standards
- Industrial Lines is similarly well capitalised as the Talanx Group. Reflecting the “Economic View”, so the shareholder perspective, at a 99.5% confidence level, its Capital Adequacy Ratio (CAR) stands at 189%

Industrial Lines well-capitalised – applying for its internal model under Solvency II

Solvency II – Focus on underwriting risks

Risk components of Industrial Lines (Economic View)

(as of 31 December 2014)



Comments

- Industrial Lines makes a strong contribution to the Group's target of providing an investment opportunity into underwriting risk
- Roughly half of the total risk stems from underwriting, 5% from operational risks and 42% reflect market risks

High diversification between risk categories - dominance of underwriting risks

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Industrial Lines – Outlook 2016

		GWP Outlook[1]	Profitability[2]
Regions	Germany	↘	-
	Europe[3]	↗	+
	Rest of World	↗	+
Business line	Liability	→	+
	Property	↗	-
	Engineering	↗	+
	Marine	↘	-
	Motor	→	+/-

[1] GWP: up, flat or down; [2] Meeting our return hurdles in 2016: + = above CoC (cost of capital - internal return hurdle); +/- = CoC earned; - below CoC; [3] Excl. Germany

Comments

- In Germany, we expect markets to remain overall competitive. We expect profitability to improve, but to still remain below our internal return hurdles
- In Europe, we intend to focus on mid-market growth and expect to achieve our targets despite soft markets
- Globally, we aim to continue our growth course while improving profitability at the same time
- Liability: pressure on premiums, but profitable business
- Property: international growth to compensate for lower business volume in Germany
- Motor: international growth and softer market in Germany

International premium growth to continue; markets still soft in Germany and in Europe, overall

Industrial Lines – Our targets

Mid-term P&L targets (2015–2019)

Industrial Lines

Primary Insurance

Gross premium growth[1]	3-5%
Retention rate	60-65%
Divisional RoE min target (aligned with Group target)[2]	6.5% (2014)
Combined ratio[3]	~ 96%
EBIT margin[4]	~ 6%

Share of international business (2019)	**65%**
Retention ratio (2019)	**60-65%**
Combined Ratio in Property, Marine and Motor (2016)	**each < 100%**

[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. For 2014, it stood at 9.2% on Group level
[3] Talanx definition: incl. net interest income on funds withheld and contract deposits
[4] EBIT/net premium earned
Note: mid-term growth targets are based on 2014 results. Growth rates, combined ratios and EBIT margins are average annual targets

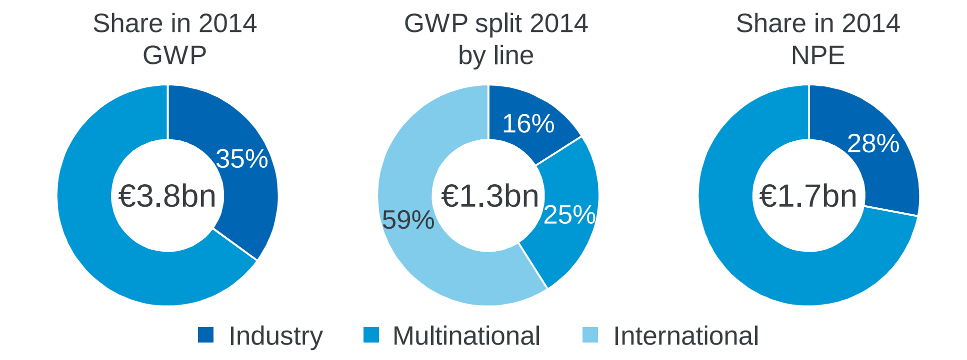
Agenda

Executive Summary – Property

- Leading Industrial Property insurer with specialised engineering skills, offering its global network and International Programs
- Having diversified its portfolio from a domestic to an equal-weighted book of domestic and international business
- Scope to raise earnings with reduced volatility of losses
- Targeted shift in portfolio structure from higher to lower exposure classes as well as from larger to smaller written capacity ("Balanced Book")
- "Balanced Book" - and its supporting measures – are expected to contribute to the targeted increase in profits with lower volatility

Industrial Lines – Property

Key figures[1]



Key financials[1] (€m)

IFRS	2011	2012	2013	2014	6M 2014	6M 2015
Gross written premium	885	1039	1146	1307	748	813
Net premium earned	191	217	255	439	184	192
Net underwriting result	(3)	(33)	(90)	(26)	(27)	1
Net cost ratio in %	*25%*	*20%*	*13%*	*22%*	*24%*	*16%*
Net loss ratio in %	*76%*	*95%*	*122%*	*84%*	*91%*	*83%*
Net combined ratio in %	*102%*	*115%*	*135%*	*106%*	*115%*	*99%*

Comments

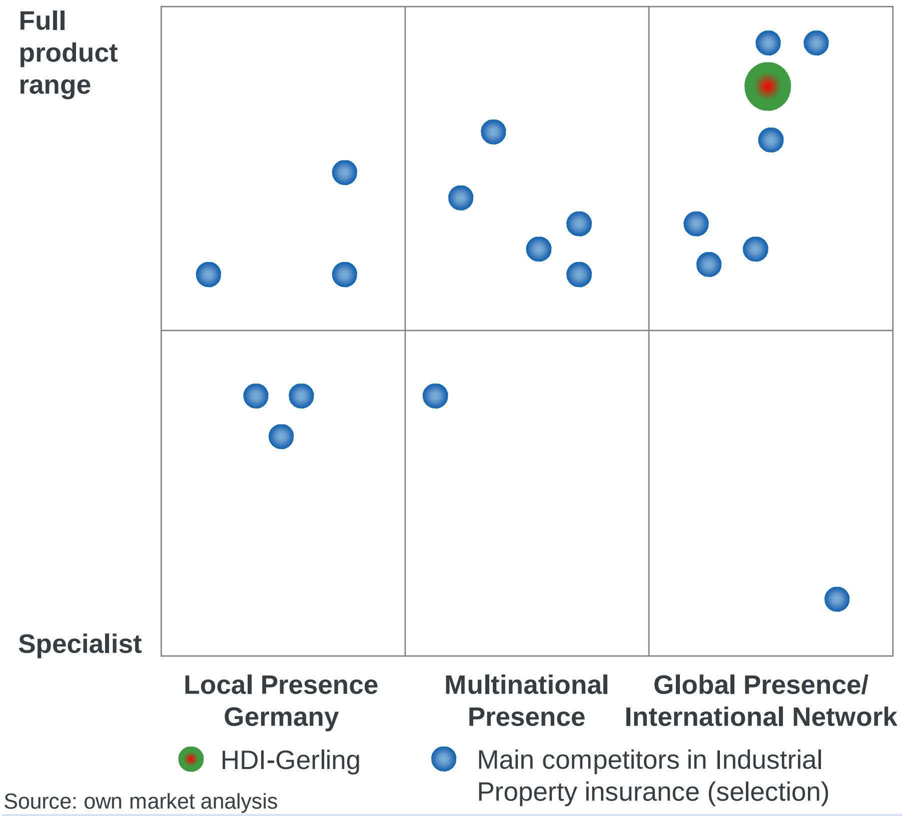
- Gross premium grew by a double-digit percentage amount over the last few years (CAGR 2011-2014: +14% p.a.). Adjusted for the change in legal form – transfering carriers to branches – in Belgium, Spain and in the Netherlands – this growth rate was 9% (CAGR 2011-2014)
- France, Italy and Switzerland contributed with large new lead mandates in International Programs
- FY2011 and FY2013 were characterised by large losses from NatCat; in FY2014, a large number of extraordinary large man-made losses affected the results
- 6M 2015 results delivered improvement in combined ratio and slightly positive net underwriting results

[1] data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Strong GWP growth – FY2013 and FY2014 results affected by large man-made/NatCat losses

Competitive Overview: Industrial Lines Property market

Overview: Market structure Industrial Property



Source: own market analysis

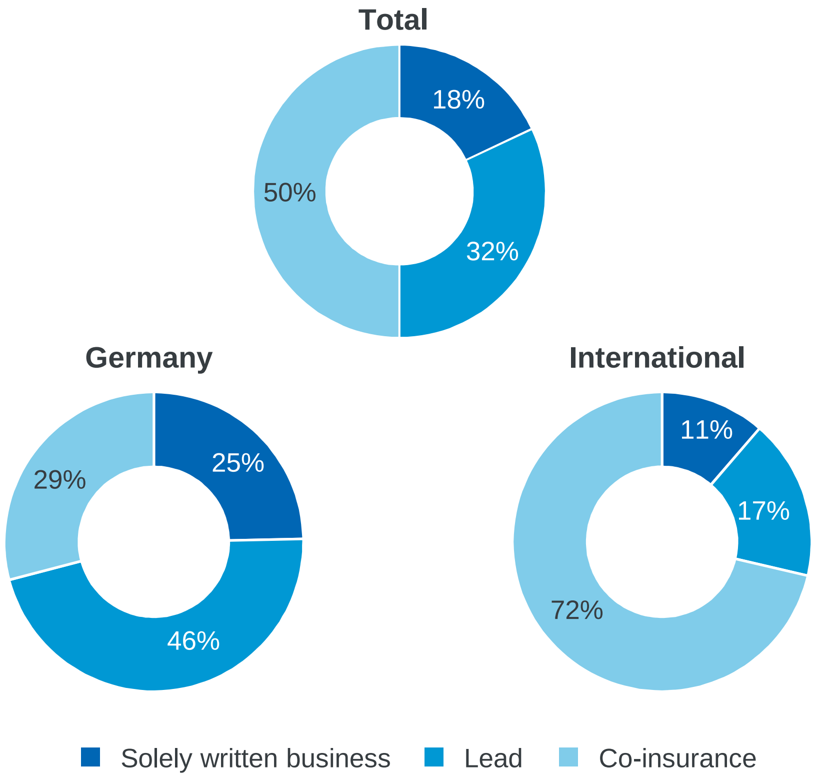
Comments

- Industrial Lines is strongly positioned in the global Property insurance market, also thanks to its well-established international network
- A clear competitive advantage for Industrial Lines results from its strong global presence and its broad range of insurance products, capable of fulfilling the demands of its German and international clients
- Our local entities are characterised by distinguished market knowledge, supporting the strength of the network
- Industrial Lines' Property business benefits from long-standing risk engineering expertise and its excellence in claims management

Property Line with a competitive advantage from its broad product range and global presence

Property by type of business – Germany vs International

Property portfolio by type of business (2014)[1]



Comments

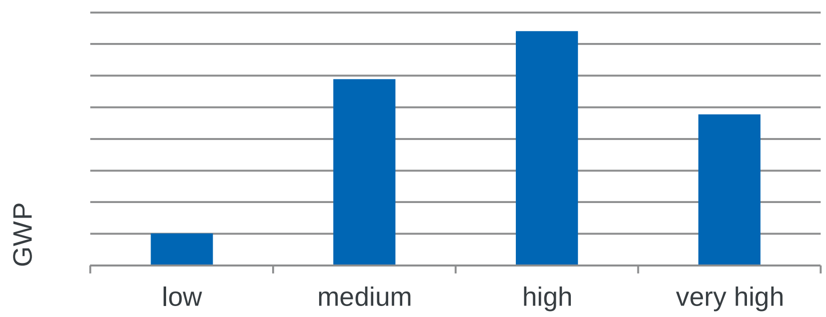
- Domestic portfolio dominated by lead and solely written business; international business dominated by co-insurance
- In lead and sole underwriting, the insurer benefits from having influence on risk quality and the regulation of claims
- Developing new markets follows the strategy of building up new customer relations via co-insurance, followed by gaining lead positions over time
- Well-experienced and specialised staff on board to meet these targets

[1] Data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Development from co-insurer to lead insurer helps to improve steering of underwriting risks

Underwriting by risk categories and industries

Distribution of risk categories (2014)



Risk category: low
- cutting of float glass, warehouses

Risk category: medium
- pharmaceutical products, car production

Risk category: high
- metal working incl. galvanisation, processing of plastic material, wafer production

Risk category: very high
- petrochemical industry, power stations, renewable energy

Comments

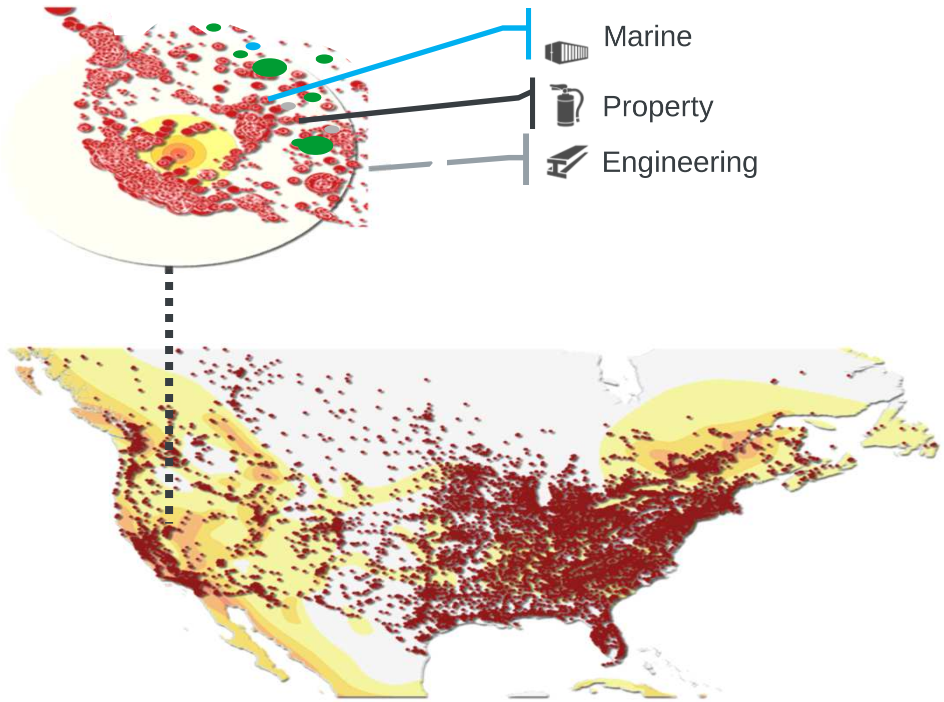
- Portfolio focus is biased towards high risk categories
- This can be partly explained by the history of HDI-Gerling and its development from a co-insurer to a lead insurer, following an underwriting of higher shares of business
- Very restrictive underwriting in industries like textile, paper and woodworking
- Risk categories are determined by the process-related type and amount of combustible material, ignition sources and the sensitivity of risk to smoke or other contamination

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Property portfolio with some bias towards high risk categories

Scientific system to monitor NatCat exposure

NatCat exposure monitoring



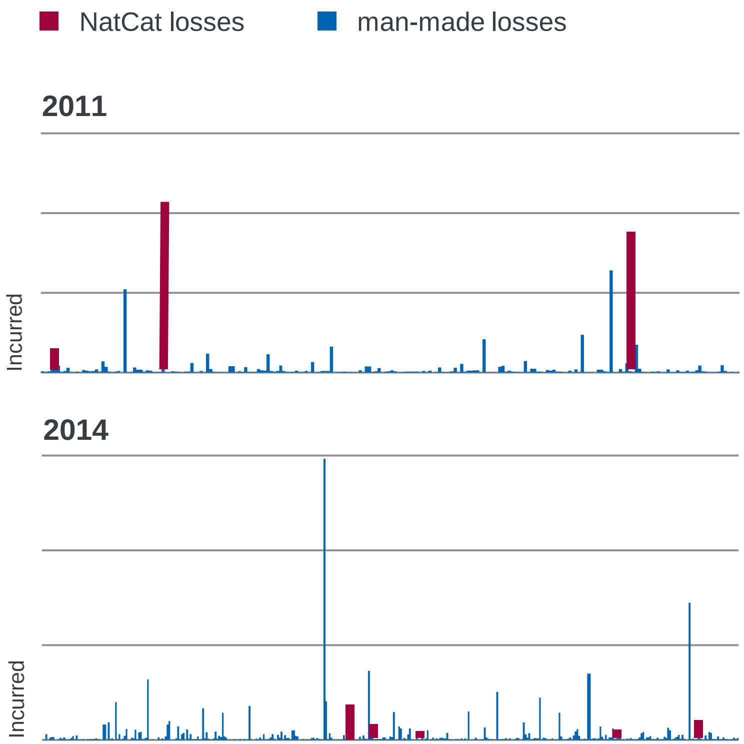
Comments

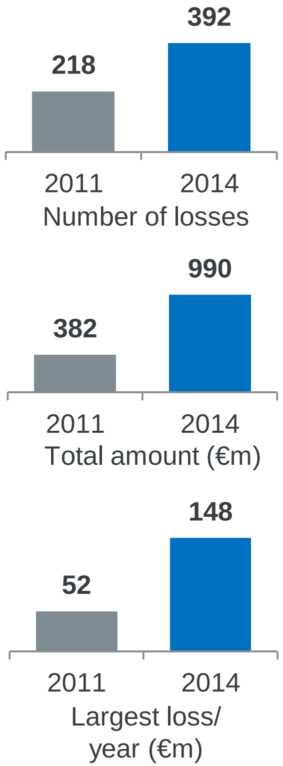
- All types of NatCat exposure are monitored by a scientific monitoring system ("CAT-Exposure")
- The portfolio is monitored on a worldwide basis and allows calculation of risk exposure for existing and new business as well as current events on a real-time basis
- System also allows simulation of NatCat events, e.g. earthquakes. Ability to show potential additional risk exposure from new business; potential effects on the limit and threshold system are automatically calculated across all industrial lines
- System ARGOS is part of the system, delivering geocoding and mapping of risks

State-of-the-art IT support for NatCat risks

Volatility of losses

Distribution of losses[1]





Comments

2011:

- Limited extent of man-made losses at low frequency
- Exceptional losses in NatCat, including earthquake in Japan (March 2011) and a flood in Thailand (October/November 2011)

2014:

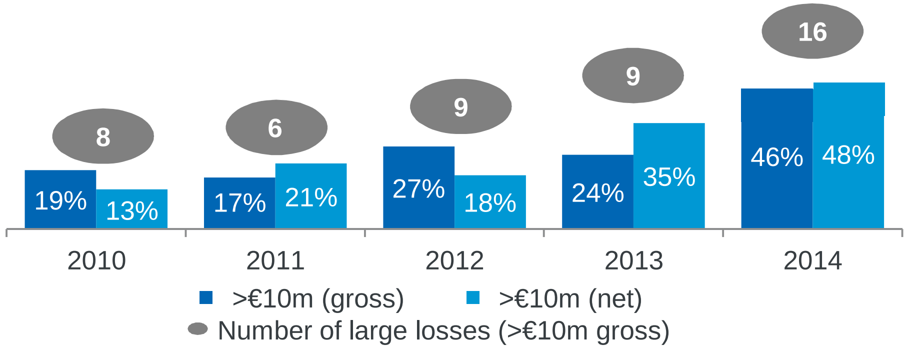
- Some higher frequency of smaller NatCat losses
- Exceptional losses in man-made at a significantly higher frequency vs 2011

[1] Losses over €250k for Property business of HDI-Gerling Industrie Versicherung AG

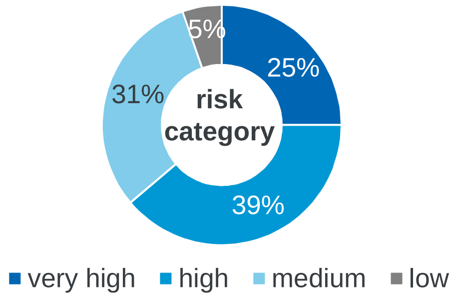
Property portfolio with high volatility in number and extent of losses in both man-made as well as in NatCat

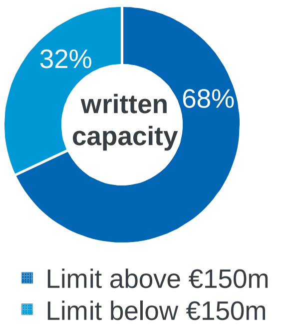
Impact of large risk exposure on Property portfolio

Effects of large losses on combined ratio[1]



Large losses by risk category and written capacity (2014)[1]





Comments

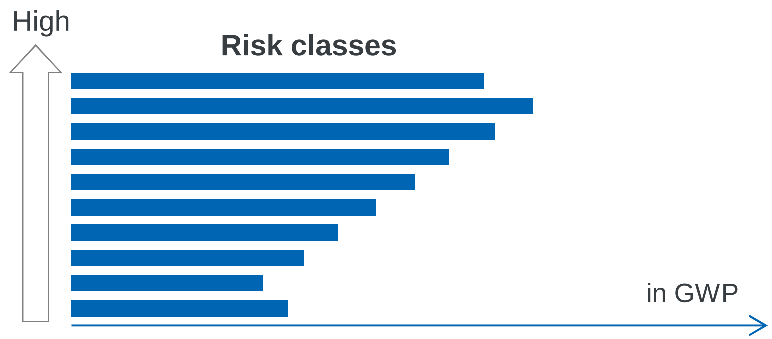
- Impact of large losses on total losses has shown an upward tendency over recent years. In FY2013 and FY2014, effect of large losses on loss ratio is higher on net basis vs. gross basis
- Net loss ratio in FY2011 (large losses from e.g. earthquake in Japan, flood in Thailand) and FY2013 (flood of river Elbe/Danube; hail storm in Europe) impacted by large losses from NatCat (and impact from reinstatement premiums)
- Net loss ratio in FY2014 affected by a number of unforeseeable large losses from man-made as well as increased self-retention
- Relatively large shares in higher-exposed risks (predominantly German portfolio) lead to higher sensitivity to large losses and increased loss volatility

[1] Data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

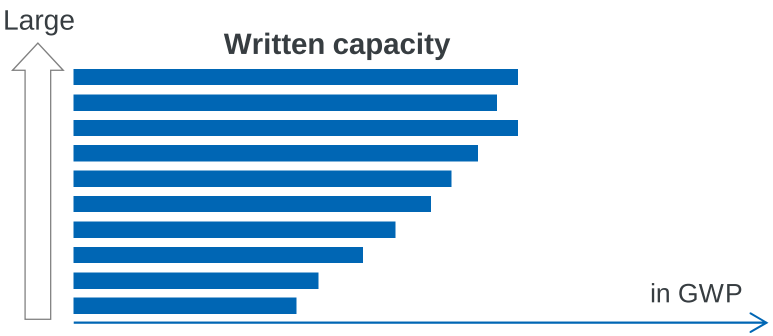
Underwriting of higher-exposed risks leads to higher sensitivity to large losses and higher loss volatility

"Balanced Book" - General idea

Property portfolio structure



Proportion of Property portfolio



Proportion of Property portfolio

Property portfolio

- Tendency to large written capacities in high-risk classes in the domestic portfolio
- Large capacities in combination with solely-written business
- International portfolio dominated by rather smaller shares in lead and co-insurance business

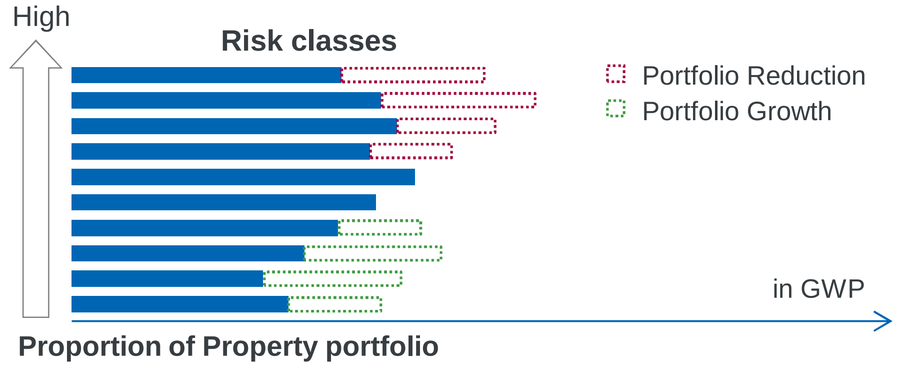
The general idea of "Balanced Book"

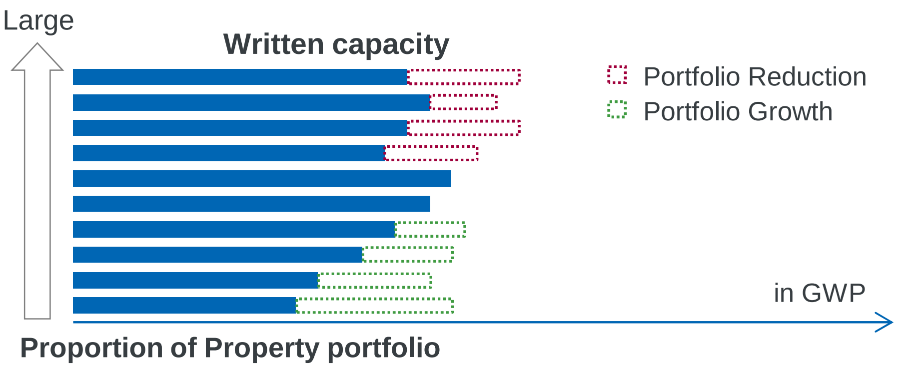
- Limitation of accounts in high-risk classes
- Portfolio growth in lower-risk classes and mid-market segments
- Growth perspective predominantly in international markets
- Increase premium quality over the whole portfolio
- Generally, review of lead shares and applied capacity

"Balanced Book" targets for a more symmetrically structured and adequately priced portfolio

"Balanced Book" – Change in portfolio structure

Amendments in Property portfolio structure





Comments

- Planned structure of premium and risk distribution in the Property portfolio as a consequence of the strategic proposition "Balanced Book"; should lead to significantly lower volatility of large claims

- Planned premium and risk distribution in property portfolio as a consequence of strategic proposition "Balanced Book"
- "Balanced Book" proposition expected to be finalized with 2016/2017 renewals, with visible impact on 2017 results

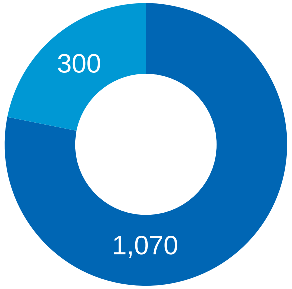
Planned portfolio structure should lead to lower volatility of large claims and higher earnings resilience

"Balanced Book" – Current Status

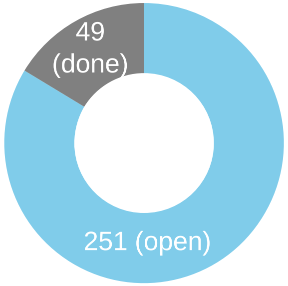
Property portfolio under review				
Total Portfolio in GWP	€1,370m			
Share of premium under review 2015	€300m			
Corresponding written capacity under review	€117bn			
	Premium	**%**	**Capacity**	**%**
thereof already finally negotiated	€49.0m	16.0% (of total)	€3.7bn	3.2% (of total)
- premium and capacity reduction due to reduced shares and cancelled accounts	-€7.5m	15.3% (of negotiated)	-€1.3bn	35.0% (of negotiated)
+ premium increase because of improved premium quality on remaining premium	€5.7m	13.7% (of remaining)	---	
= results	€47.2m		€2.4bn	

Premium to exposure for already finally negotiated portfolio	
Initial relation of premium to exposure[1]	1.3%
Premium to exposure as of August 2015	2.0%

Business under review (in GWP, in €m)



Business finally negotiated (as of Aug 2015, in GWP, in €m)



[1] "Exposure" reflects the total sum of limits, respectively the possible maximum loss

First findings – small premium loss vs. significant reduction of exposure

"Balanced Book" – Potential scenarios

Measures Taken	Base Case	Maximum downside
Reducing capacity in high and very high-risk classes	✓ positive effect on terms and conditions	✓ positive effect on terms and conditions
Acquisition of new clients from low and mid-risk exposure	✓ according to expectations	(✓) yes, but less than expected
Stability of premiums	no significant reduction expected	reduction by 5-8%
Improvement of premium quality	✓ premium quality significantly improved	✓ improved, but to minor extend vs. best case
Improvement of average technical result	✓ according to expectations	(✓) yes, but less vs. base case
Lower earnings volatility	✓ significantly lower volatility expected	✓ yes, but lower impact vs. positive case
Portfolio balanced	✓	(✓) yes, but to a minor extent

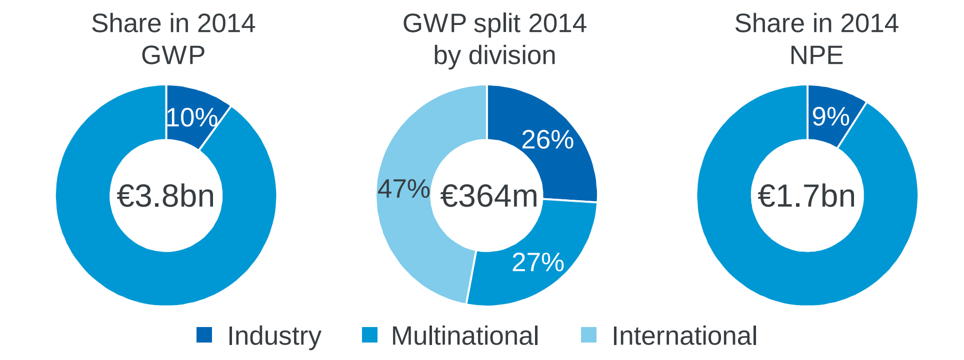
Even in a negative scenario, technical results likely to improve

Executive Summary – Engineering

- Excellent development of growth and portfolio mix over the past years
- Well-balanced premium mix between German and international business
- Profitable underwriting – combined ratio significantly below 90% over the last four years

Industrial Lines – Engineering

Key figures



Key financials (€m)

IFRS	2011	2012	2013	2014	6M 2014	6M 2015
Gross written premium	277	306	319	364	188	216
Net premium earned	90	108	111	150	61	71
Net underwriting result	12	20	37	39	23	12
Net cost ratio	*12%*	*14%*	*15%*	*23%*	*24%*	*18%*
Net loss ratio	*75%*	*68%*	*52%*	*51%*	*39%*	*65%*
Net combined ratio	*87%*	*82%*	*67%*	*74%*	*36%*	*83%*

Comments

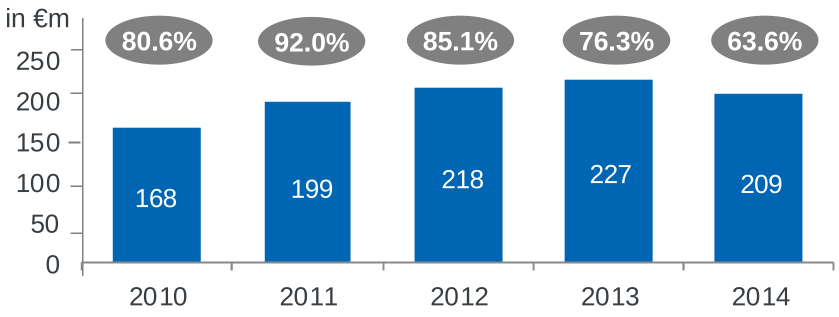
- Strong GWP growth (CAGR 2011-2014: 10% p.a.), disproportionally higher in terms of NPE (18% p.a.), driven predominantly by international business, also helped by transfering carriers to branches
- Regional diversification continues to grow: in FY2014, 47% of GWP results from business with international clients
- Excellent underwriting results on a sustainable basis - net combined ratios significantly below 90% over the last four years
- Market environment impacted by only moderate growth in world-wide economy leading to project delays in many countries
- 6M 2015 results underpinned recent operating business

[1] Data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

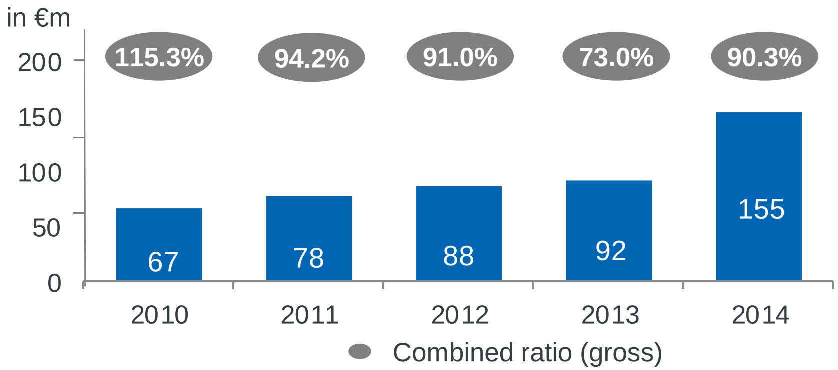
Engineering has generated excellent underwriting results

Engineering – Domestic vs. international business

GWP development (German market)



GWP development (international market)



Comments

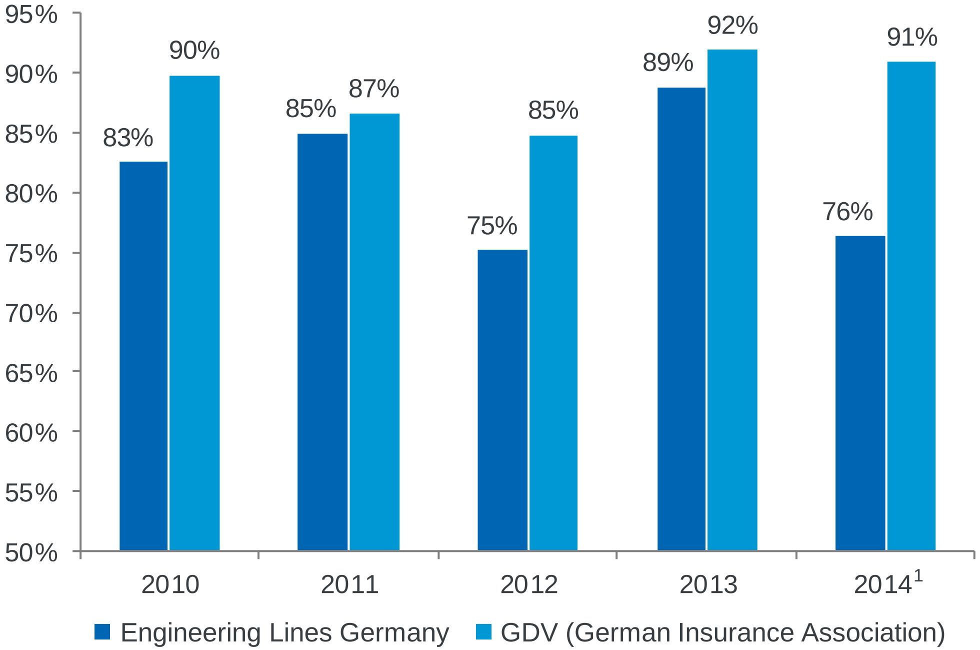
- Growth predominately from underwriting of temporary business outside Germany
- On average, between 2010 and 2014, Engineering Lines delivered the best net result of all of Industrial Lines' businesses
- Careful consideration of historic account losses allows the business segment of Engineering lines, which is prone to higher-frequency events, to identify and avoid less profitable accounts and underwriting risks
- Regular annual re-underwriting of non-profitable underwriting exposures
- Engineering Lines benefit from excellent technical know-how – more than 100 engineers for underwriting, claims management and risk engineering

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Positive underwriting results from international as well as from German business

Engineering – Combined ratio in the German market

Combined ratio: Engineering vs. GDV



Comments

- According to the German Insurance Association (Gesamtverband der Deutschen Versicherungswirtschaft), the German market for Industrial Engineering insurance delivered net combined ratios of around 90% over the last 5 years[1]
- In each of the five years, Engineering Lines delivered net combined ratios that were better than the German market

[1] GDV figures for 2014 according to forecast from GDV (German GAAP figures)
Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

In Germany, combined ratios for Engineering look good compared to the German market

Engineering – Current major projects

Open Cycle Gas Turbine Power Plant

- **Location:**
  Bahia Blanca/Argentina
- **Construction period:**
  August 2013–July 2016
- **Facts:**
  Total output of 580MW,
  2 gas turbines SGT5-4000F
- **Industrial Lines' share:**
  40.0% (lead)

Amrum Bank Offshore Wind Power

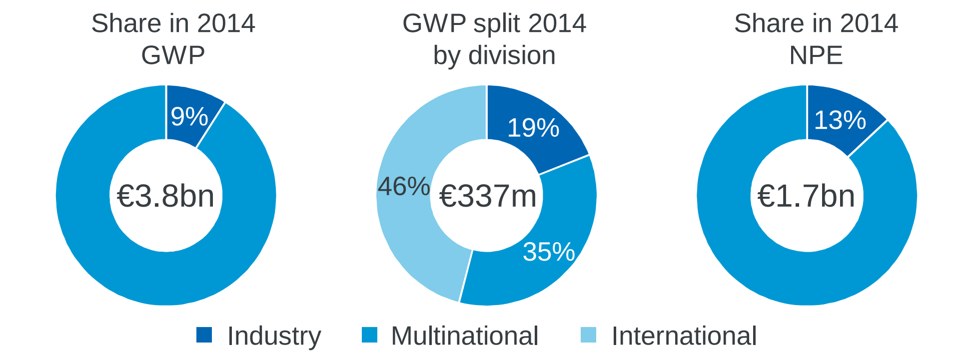
- **Location:**
  North Sea/Germany
- **Construction period:**
  October 2013–April 2017
- **Facts:**
  80 turbines with total of 288 MW; distance to coast 40km
- **Industrial Lines' share:**
  22.5% (lead)

Kingdom Tower

- **Location:**
  Jeddah/Saudi Arabia
- **Construction Period:**
  75 months
- **Facts:**
  Height: 1.001m +
- **Industrial Lines' share:**
  12.6%

Industrial Lines – Marine

Key figures[1]



Key financials[1] (€m)

IFRS	2011	2012	2013	2014	6M 2014	6M 2015
Gross written premium	198	222	243	337	186	192
Net premium earned	171	175	175	215	108	117
Net underwriting result	(33)	(6)	(33)	0	0	(11)
Net cost ratio in %	*28%*	*26%*	*28%*	*25%*	*28%*	*26%*
Net loss ratio in %	*91%*	*77%*	*91%*	*75%*	*72%*	*84%*
Net combined ratio in %	*119%*	*103%*	*119%*	*100%*	*100%*	*109%*

Comments

- GWP grew by 19% p.a. (CAGR 2011-2014), helped by a new large customer from the automotive industry and strong premium growth in international markets, e.g. France and Australia
- Marine market remains competitive with low premium rates and rather high capacities
- Growth potential results predominantly from emerging markets; focus on risk-quality-driven pricing strict loss control
- Combined ratios in FY2011 and FY2013 impacted by large losses from hail and flood (incl. Tsunami, 2011) as well as ship and platform losses
- Portfolio re-underwriting/restructuring (e.g. reduction in German blue water hull business) and reduction of business with agencies with positive impact on profitability

[1] Data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines‘ GWP in 2014 (IFRS)

Double-digit top-line growth – portfolio restructuring helped to improve underwriting result

Agenda

Executive Summary – Marine Underwriting

- Key underwriting focus on “Project Cargo” in combination with “Delay in Start-Up” (DSU)
- Focus on profitability in a buyers’ market by way of a “cherry-picking” strategy…
- …playing our USPs: risk engineering, know-how in claims management and recourse
- Pricing excellence is key, e.g. deep knowledge of claim triggers in complex projects

Marine Underwriting – Market environment and success factors

Market environment in Marine Underwriting

- Aggressively prevailing market with high capacities
- Predominantly broker-controlled business
- Significant increase for Industrial Marine insurance from growth in international trade and increased project finance namely in Asia (e.g. infrastructure projects)
- Exposure to natural and man-made catastrophes in Asia Pacific region (e.g. earthquake and tsunami in Japan; Queensland Flood with evacuation of Brisbane, Tianjin blast)

Costs

High influence	Claims (risk engineering)
	Acquisition costs
No influence	Internal costs

Project Cargo premium approx 0.1%[1]

Delay in Start-Up premium approx 0.4%[1]

- Focus on clients with direct sales access in order to better use our USPs, i.e. excellence in risk engineering, international network, contract claims management
- In a competitive market environment, influence on premium level is very limited – successful risk management is the main source of profitability
- Consequently, focus is on gaining direct influence on underwriting risk – hence, risk appetite is on lead insurance
- Differentiating in risk assessment and risk manage-ment plays an important role for market success

[1] Of total value insured

Risk quality becomes the essential factor while others are difficult to influence

Focussing on acceptable underwriting risks

Acceptable risks		Unacceptable risks	
Project risk with a direct influence on risk triggers (e.g. by being lead insurer, bringing in loss prevention)	✓	Projects with non-physical risk triggers (e.g. delay) or without direct influence on the project	✗
Industrial risks, e.g. large tanker fleets, bulker due to higher awareness, well managed operations	✓	Underwriting “regular sceneries” as more frequent critical situations lead to higher exposure to man-made risk, e.g. by cruise vessels and ferries (“Costa Concordia”)	✗
Maritime specialists, e.g. niche-player in dredging, ocean towing, high and heavy operations with full risk-awareness and regulated risk prevention	✓	Maritime generalists with several business lines (e.g. towing, harbour services, small repairs) – usually limited risk prevention	✗
Strictly controlled risks such as dangerous goods due to existing regulation in risk prevention	✓	Risk in combination with small vessels (e.g. below 15,000 tons) given low freight rates, leading to poor risk standards to save costs	✗
Soft commodities (e.g. coffee, fruit, cacao) in reefer containers or finished products – clear focus on transportation risk	✓	Soft commodities in reefer vessels, fresh products with risk of freight rejection	✗

It is key to understand underwriting risk – not to avoid it

Case Study I – Infrastructure project in Project Cargo/DSU[1]

Project underwriting "Light Rail Commuter Train"

Underwriting risk

Transport risk of a drilling machine for infrastructure project: "Light Rail Commuter Train" in Australia

Framework

- Increasing demand for DSU insurance resulting also from making debt-financed infrastructure projects ready for bank/investor financing
- Delay of project often has higher financial impact on project than pure loss of cargo (explaining high share of DSU premium)
- Instead of "one-shipment" risk, projects increasingly face situation of complex pre-assembly of modules
- Asian governments with increased focus on infrastructure investments

Underwriting decision and restrictions

→ Need for warranty survey, loss control
→ No critical items shipped on deck
→ No non-physically triggered "Business Interruption" (BI) other than machinery breakdown

(✓)

Underwriting terms

Total value:	~1.2bn AUS$ (>50% DSU)
Aggregate:	45 days
Indemnity:	24 months
Premium rate:	~0.5% of total value (of which: ~80% DSU; ~20% Cargo)
Share:	~20%

[1] Definition DSU: Marine Delay in Start-Up insurance as a part of a Project Cargo insurance, covering the interest of the insured party in respect of an imaginary loss caused by a delay in the completion of the insured project, limited to the agreed indemnity period

▶ In high-capacity markets, expertise in projects/commodities is key to profitable underwriting

Case Study II – Project Cargo[1]

Project Cargo underwriting "Shipping goods to central Russia"

Underwriting risk

Cargo insurance including implementation of "Business Interruption" (BI) cover

Framework

- Shipment of a compressor station with a variety of modules/parts from different suppliers from all over Europe, collected in Antwerp/Belgium
- Destination: Central Russia
- Start: early September in Antwerp
- Scheduled shipping time: ~ 8 weeks

Underwriting decision and restrictions

(✗)

→ High probability of natural event "freezing of Volga in winter"
→ Additional risk probability of delayed delivery of modules by one of the suppliers later than September
→ No underwriting of "delay in delivery" of modules due to the risk of a frozen Volga
→ Underwriting risk is not compliant with guideline of being exposed to only "Physical Business Interruption"

[1] Definition Project Cargo: Overseas transportation of high value of critical pieces of equipment, often components of larger projects for reassembly after arrival

Supply chain issues in project can often be more critical than the physical risks

Coverage of triggers in Delay in Start-Up insurance

Not all delays in the supply chain may trigger the Delay in Start-up insurance

Covered DSU triggers ✓	Not covered DSU triggers ✗
Coverage of critical items restricted to total loss of the vessel, even in case of no warranty survey	Full coverage of critical items (all risk) without warranty survey on behalf of the insurer
Coverage of critical items stowed under deck or within containers (legally regarded as within the ship)	Critical items carried on deck (carrier is not liable for jettison or washing overboard)
Emergency of the vessel at sea (General Average) or lifesaving operations	Supply chain related events such as non-physical “Business Interruption” (e.g. Volga cargo, eruption of volcanos)
Incidental events, mainly machinery breakdown, which do not harm the critical item itself	Similar events included in other legal clauses (“Non-Physical Business Interruption through the backdoor”)

Deep knowledge of claim triggers enables adequate premium for DSU underwriting

The role of risk assessment and risk prevention

Shipping pre-assembled modules from China to Europe

Pre-assembled modules are turned into large units in China to reduce assembly costs in Europe

Vendor's way of "seaworthy packing" might not be suitable for on deck shipment

Loss prevention to improve intermediate packaging by Industrial Lines and issuing letter of protest to agents and local authorities

Improving potential for recourse on freight forwarders and carriers including amendment of contracts between clients and contractors (logistic contracts, LQM - Logistics Quality Management)

Continuous loss control and loss prevention;
quality improvement in long-term client relationship

Underwriting has to react to industry trends such as pre-assembly of cargo

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Underwriting of Ocean Hull Fleets[1]

Key factors for long-term success in Global Hull markets

Understanding the risk

- Vast majority of Hull losses are based on human factor. Partnerhip with shipowners with focus on quality crews is essential

Team-based underwriting

- Underwriting process is allocated to one person in charge, but all decisions are subject to team approval
- Each team consists of underwriters, claims managers and comprises experienced master mariners
- Negotiations with brokers and clients are joint and on an equal footing (with the client, not the broker)

Availability of superior own claims statistics

- Own claims statistic from submissions and closings available on a long term basis (≥5 years) making our underwriting decision independent from broker data
- Our data contains detailed figures not only for all major players, but also fleets/ships basis

Distinct risk selection at a globally consistent level – we avoid underwriting of:

- Bulkers older than 20 years → Avoiding last owner before scrapping
- Cruise vessels → Avoid constant “scenery” (“Costa Concordia”)
- Vessels under 15,000 tons → Avoiding low quality on human factor
- War or piracy → especially on stand-alone basis (underwriting only on fleet basis)

[1] Definition Ocean Hull: covers the vessel itself from specified perils such as collision with other ships, sinking, stranding or capsizing

Differentiating in Ocean Hull requires experienced underwriters and advanced market statistics

The role of the underwriter's know-how and research

Underwriting risk may look different…

Client's perspective…

Underwriter's perspective…

Understanding the risk is key for success in Marine Underwriting

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Agenda

I	Group Strategy / Outlook	Herbert K. Haas
II	Group Financials	Dr. Immo Querner
	Industrial Lines	
III	Strategy	Dr. Christian Hinsch
IV	Financials	Ulrich Wollschläger
V	Property, Engineering & Marine Insurance	Dr. Joachim ten Eicken
VI	Case Study: Underwriting Marine	Kai Brüggemann
VII	International Growth	Dr. Edgar Puls
VIII	Liability Insurance	Dr. Stefan Sigulla
IX	Key Essentials Industrial Lines	Dr. Christian Hinsch
X	Final Remarks	Herbert K. Haas

Executive Summary

- Strong and profitable track record of international growth for many years
- Proven strategy for market entries – successful steering model for mature entities
- Tailor-made country strategies to create profitable growth
- Serving customers on a world-wide basis - international network as key competitive advantage
- Significant growth potential in emerging markets and within mid-sized companies in mature markets

International business – Overview

Key financials[1] (€m)

IFRS	2011	2012	2013	2014	6M 2014	6M 2015
Gross written premium	1,453	1,744	2,066	2,281	1,267	1,413
Gross combined ratio	77%	84%	83%	84%	88%	94%
Gross cost ratio	17%	17%	17%	18%	18%	17%
Gross loss ratio	60%	67%	66%	66%	69%	77%

Split of GWP excl. Germany[1]

Comments

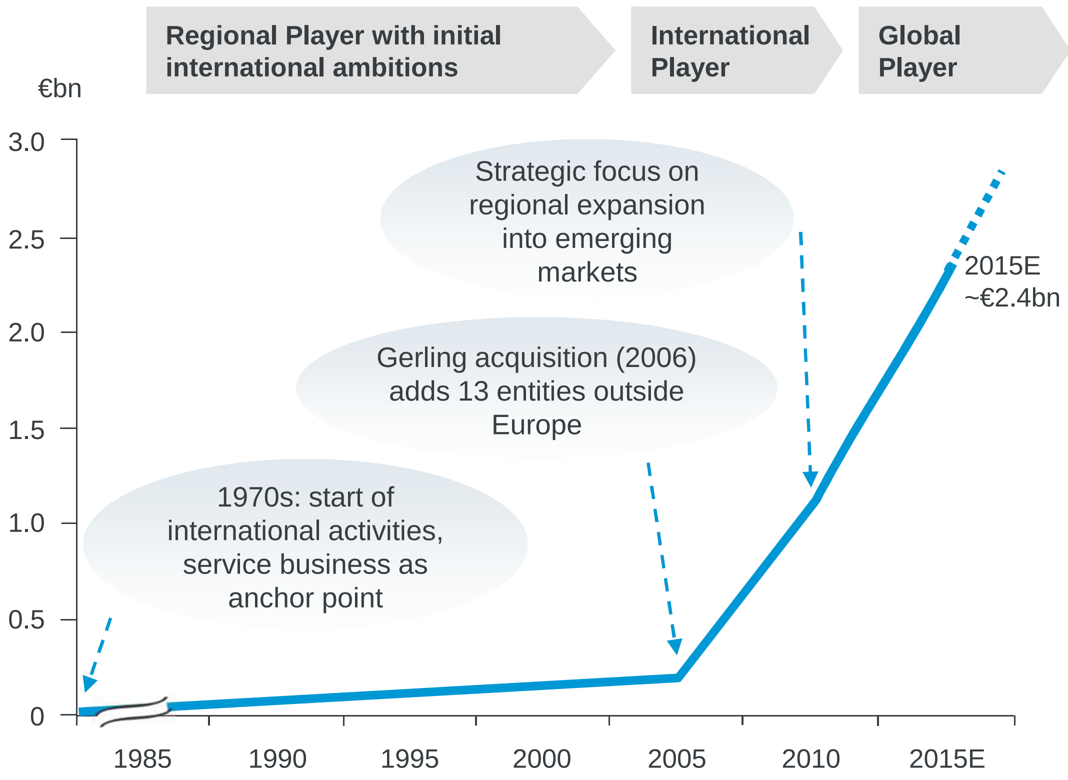
- International business delivers strong GWP growth (CAGR 2011-2014:+16%)
- Major proportion of GWP is generated in Europe and North America, while growth drivers mainly stem from increasing insurance demand in Asia and from positive base effects in Australia
- Low volatility in gross combined ratios, standing significantly below the 90% level
- Strong growth and positive results on the back of well-defined market strategies, professional underwriting and assignment of risk engineering

[1] Sum of branches and carriers unconsolidated according to Group IFRS; business outside Germany

Extraordinary growth accompanied by strong results in international business

International business – Historical development

GWP development in international business over time



Comments

- International expansion of Industrial Lines business started in the late 1970s
- Prudent, but steady growth until the early 2000s – mostly driven by organic growth and by International Programs for German customers
- Acquisition of Gerling (2006) raised the number of international offices – starting point for becoming an "International Player"
- Since 2010: focus on international expansion (organic and partially inorganic) mainly into targeted regions e.g. North America, Latin America, Asia, Arabian Peninsula and Australia

International expansion considerably accelerated since 2005, paving Industrial Lines' way for becoming a "Global Player"

How we enter new markets – A well-defined strategy

Market analysis → **Opportunities for lines of business** → **Utilising our USPs** → **Staffing**

Market analysis
- ⚡ Political stability (e.g. failed state index, corruption perception index etc.)
- ⚡ Local regulatory framework
- Economic growth potential
- Competitive landscape
- Broker landscape

+

Opportunities for lines of business
- ⚡ Economic developments (e.g. infrastructure, business segments)
- NatCat exposure
- (Risk) engineering standards
- Litigation culture
- Country-specific opportunities (e.g. infrastructure projects, oil/gas production)

+

Utilising our USPs
- Underwriting knowledge
- International network
- Claims handling
- Risk engineering
- Synergy effects within the Talanx Group

⚡ Potential to make use of at least 3 out of 5 USPs

Market entry yes / no

Staffing
- Best-in-class local management and underwriting teams with strong and well-established local market connections
- Experienced risk engineers and claims handlers

⚡ Potential show-stopper

Comprehensive, well-established and proven approach to enter new markets

Alternative ways to enter new markets by corporate structure

Market entry: **yes**

Market entry models	Rationale	Number of entities
A Branch or carrier (one country)	▪ First choice if market offers sufficient critical mass regarding industrial insurance demand and if allowed by regulatory framework ▪ Proven "top-down" approach: entering markets via large corporates, leading to high reputation ▪ "Branch model" preferred over "carrier model" due to lower cost and lower capital requirements	●●●●● ●●●●● ●●●●● ●●●●● ●●
B Branch or carrier (regional hub)	▪ Favourable in regions where individual markets offer limited size, but promise economies of scale ▪ Feasible in markets which are economically closely cooperating, e.g. free trade areas	●●●
C Joint venture (JV) only if no other market entry model is feasible	▪ Markets with high potential for Industrial Lines business ▪ Political and/or regulatory restrictions for foreign market participants exist ▪ Strategic target: achieving market entry via joint venture partner ideally with the opportunity to achieve majority over time	●●

Branch/carrier model generally favoured for market entry - alternative options available and successfully proven

How we enter new markets – Example: Bahrain hub

- In July 2012 Industrial Lines opened a branch in Bahrain as a hub for the Persian Gulf region
- A comprehensive analysis was carried out prior to foundation

Market analysis	+ Opportunities for lines of business	+ Utilising our USPs	Market entry yes → Staffing
Political stability (e.g. failed state index, corruption perception index etc.) ✓ Local regulatory framework ✓ Economic growth potential ✓ Competitive landscape (✓) Broker landscape (✓)	Economic developments (e.g. infrastructure, business segments) ✓ NatCat exposure ✓ (Risk) engineering Standards ✓ Litigation culture (✓) Country-specific opportunities (e.g. infrastructure projects, oil/gas production) ✓	Underwriting knowledge ✓ International network Claims handling Risk engineering ✓ Synergy effects within the Talanx Group ✓ Potential to make of at least 3 out of 5 USPs ✓	Best-in-class local management and underwriting teams with strong links to the local market ✓ Experienced risk engineers and claims handlers ✓

Chosen market entry model: **B** Regional hub

After extensive analysis, successful entry into the Persian Gulf region via the Bahrain hub

How we develop markets – Ranges of service levels

Range of service

Full service

- Write International Programs locally
- Local and servicing business

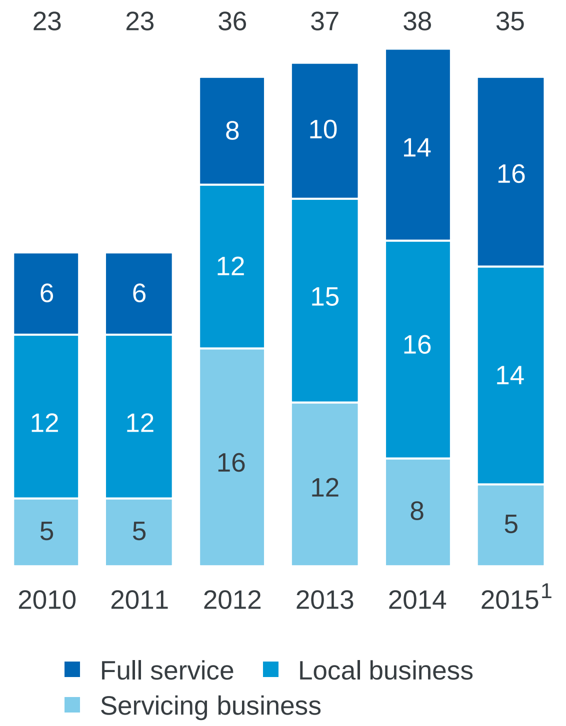
Local business

- Write local industrial business
- Servicing business

Servicing business

- Servicing existing customers from other countries only

Service levels of Talanx entities



Comments

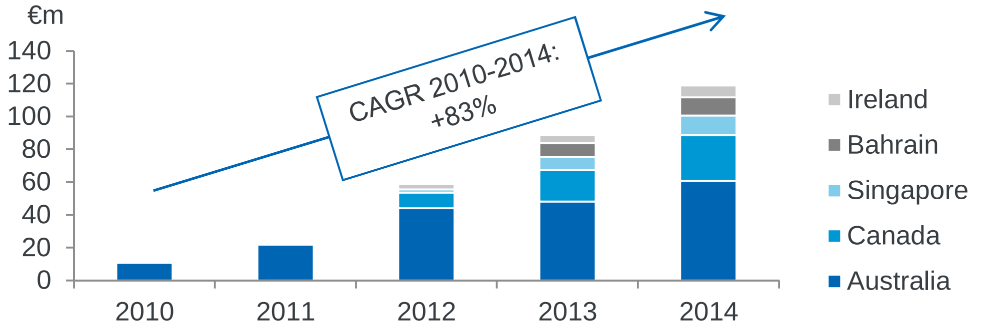
- Proven approach
  - Market entry by servicing existing customers with local fronting policies (servicing business)
  - Gaining market credibility over time by writing local industrial business
  - In the final step, making all local branches capable over time to write International Programs
- Opening new entities for servicing business only is no longer necessary as our international network covers all relevant markets

[1] In 2015, sale of entities in Ukraine, Bulgaria and Luxembourg

Successfully establishing the global HDI-Gerling brand by expanding into new markets

Performance of branches established within the last 5 years

GWP growth



Gross combined ratio

Country	2010	2011	2012	2013	2014	Average[1]
Australia	15%	140%	58%	64%	61%	67%
Ireland	-	487%	41%	67%	57%	69%
Canada	-	-	32%	162%	17%	66%
Singapore	-	-	204%	64%	74%	76%
Bahrain	-	-	-	87%	398%	299%

Total average gross combined ratio 2010-2014: 82%[1]

Comments

- Significant double-digit GWP growth momentum from new branches (CAGR 2010-2014: +83%, 2014: +34%)
- High volatility in combined ratios to be explained by initially still small and less diversified underwriting portfolios
- New branches typically expected to deliver positive results in “year 3” after their launch
- 4 out of 5 new branches with gross combined ratios well below 100% in FY2014
- On a cumulative basis, the five new branches generated a gross combined ratio of 82% in 2010-2014

[1] Premium weighted gross combined ratio for years mentioned

New branches deliver strong growth and, in sum, good combined ratios

Steering model for international branches

KPI Dashboard

Monitoring

Sales
- GWP growth
- Market penetration/ segmentation
- Hit ratios
- Target analysis
- Broker management

Results
- Cost ratio
- Commissions
- Loss ratio
- Premium rates
- Lines of business

Underwriting/claims guidelines

Head office
- World-wide portfolio management
- Threshold-based referrals
- Global audits
- Superior tasks (e.g. NatCat exposure

Referral

Local office
- High local knowledge/expertise
- Local decision power
- Local portfolio management for underwriting and claims

Comments

- Same steering philosophy applies for all international entities
- Steering model based on measurable performance indicators, central as well as local expertise and aligned strategies
- Centre(s) of competence with experts supporting local underwriting know-how
- Local underwriting and claims authorities based on individual experience/know-how

Sophisticated steering model based on KPIs, authorities and alignment of targets – high local knowledge with decision-makers

Strategy alignment of international branches and lines of business

Holistic steering approach

- Implementing business strategy in the portfolio
- Obtaining well-founded customer dialogue
- Market analysis
- Portfolio strategy
- Preparing renewal process

- Reviewing last renewal process
- Target achievement
- Update local branch strategy
- Reviewing results
- Planning portfolio
- Setting targets (lines of business)

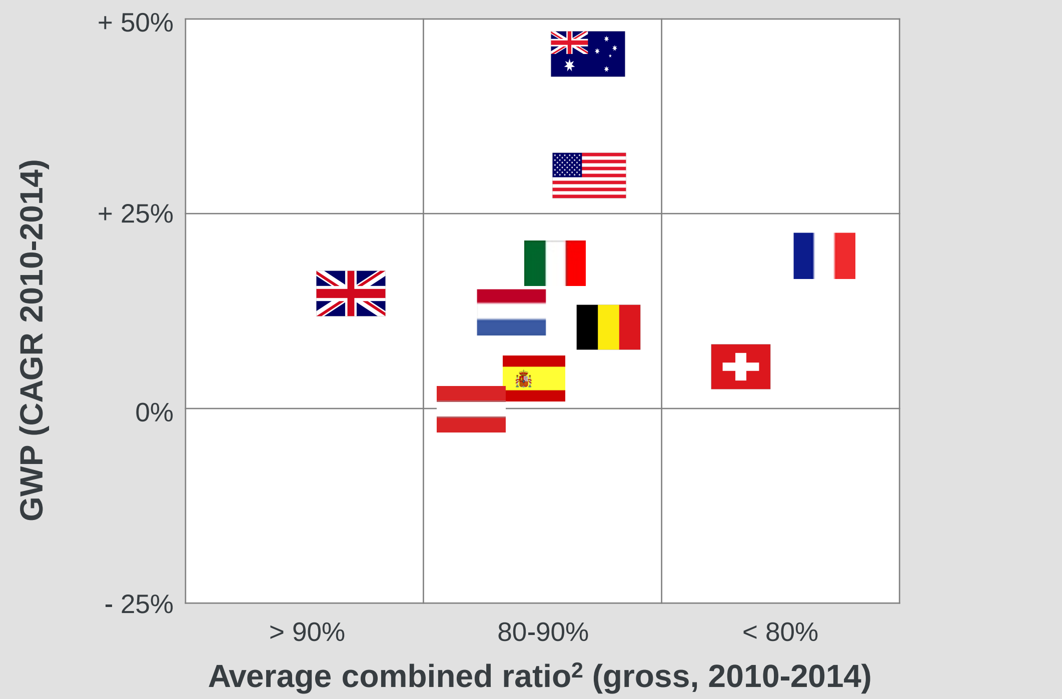
Comments

- Industrial Lines runs a standardised, but efficient and flexible process to align strategies of branches and lines of business in the segment
- Alignment of top-down and bottom-up planning process; common understanding of markets supports worldwide portfolio strategies
- Regular process to recognise trends in customer needs and pricing enables Industrial Lines to leave an imprint on the renewal phase

Steering model approach aligns local market specifics with worldwide portfolio strategies

Performance of Industrial Lines' mature markets

Performance of Industrial Lines' top 10 foreign entities[1]



Comments

- Despite being active in a highly competitive environment, Industrial Lines' top 10 mature markets are very well positioned with largely profitable and positive results over the past years
- Well-balanced portfolios with ability to counterbalance specific large-loss events throughout the regions
- UK: one extraordinary man-made loss from a client in the mining sector had a significant effect on the technical result in FY2013

[1] Entities > €60m Gross written premium
[2] Gross written premium - weighted average
Note: all figures according to local GAAP

Established Industrial Lines entities with steady and very profitable growth across all regions

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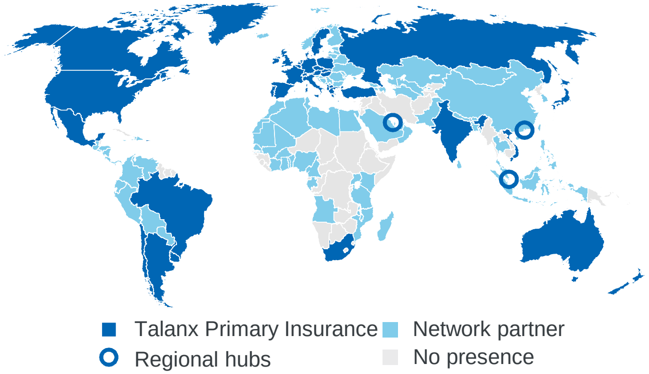
The status quo – Excellent position in our markets

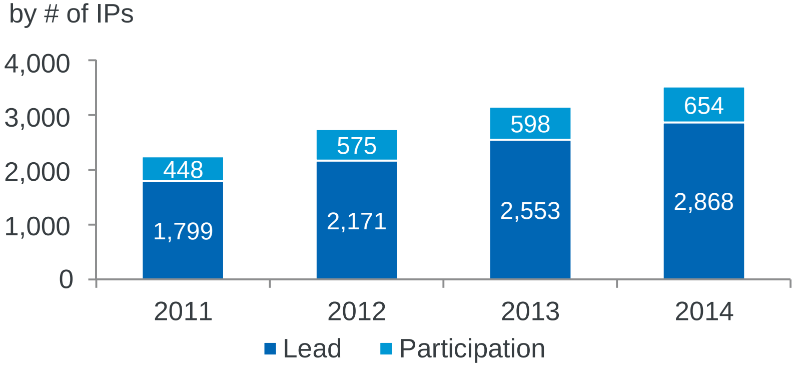
- Unique access and high loyalty of customers due to tradition as a mutual
- Viewed by customers and brokers as consistent, reliable and predictable in strategy and management
- Specialist in large corporate risks
- Viewed and trusted as a long-term player in the market in contrast to opportunistic players
- Capability to lead International Insurance Programs of any size
- Among the handful of insurers that have command over their own international network

Global network and International Programs

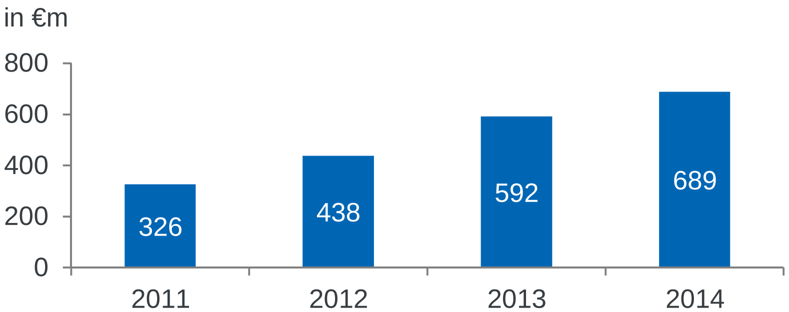
Industrial Lines' global network



Development of International Programs



Global network throughput by GWP



Comments

- Industrial Lines is among the few insurance companies that are able to provide a sufficient global network
- International Programs offer significant potential for profitable growth and raise barriers to entry
- The global network with entities in 35 countries and partners in more than 100 countries enables Industrial Lines to cover clients in all the relevant countries throughout the world with local policies

Growth of international network is strengthening market position and leads to higher profits

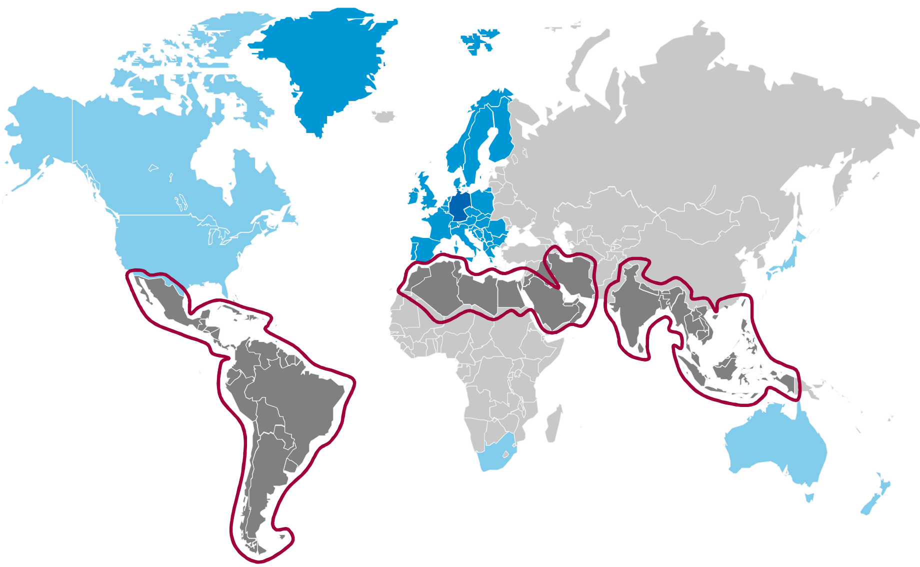
International network from a client's perspective

Ways to insure foreign operations…	Key features	Meeting client requirements
International Program ... by master policy and integrated local policies for all relevant countries	▪ Consistent, uniform and integrated coverage standard for all global operations ▪ Foreign operations insured in compliance with local regulation and tax ▪ Steered from the clients' home office ▪ Provided with local know-how regarding underwriting and claims	✓
General policy …by one policy for all operations, but no local market policies	▪ Non-admitted insurance policy, not allowed in most countries by regulator and tax law ▪ No local know-how in underwriting and claims	X
Separate policies …by single policies, separate for each country	▪ Insurance is purchased for each operating location ▪ No consistent and integrated coverage standard for all operations – steered by clients' headquarters ▪ Excessive cost for the customer, making this a "non-viable option"	X

Industrial Lines is able to meet clients' needs for expert and compliant insurance solutions world-wide with the help of International Programs

International growth – Target markets and growth potential

Industrial Lines map



Industrial Lines markets

Colour	Region	Comments
(dark blue)	**Germany**	Strong market position, growth potential in line with market
(blue)	**Europe**	Good market position, growth potential
(light blue)	**Mature markets outside Europe**	Small position with significant growth potential
(dark grey)	**Emerging markets**	Small position with high growth potential
(light grey)	Markets not actively targeted at present	

Focus on target regions in emerging markets and continued growth potential in mature markets

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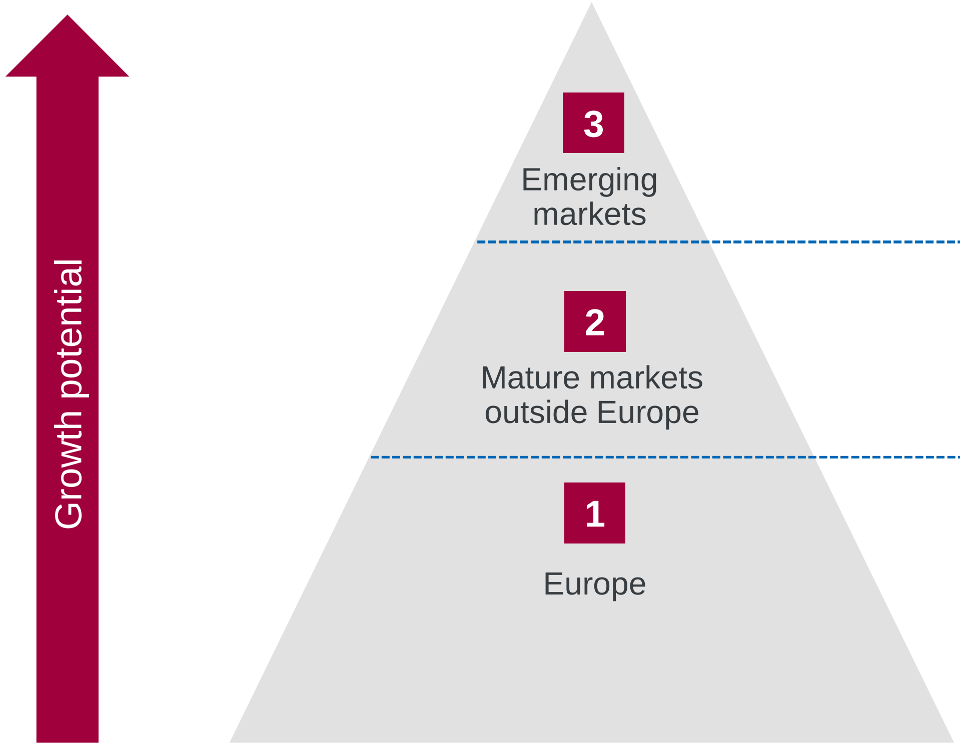
International growth – Growth regions

Industrial Lines' growth regions



- Highest growth potential in emerging markets due to expected economic catch-up

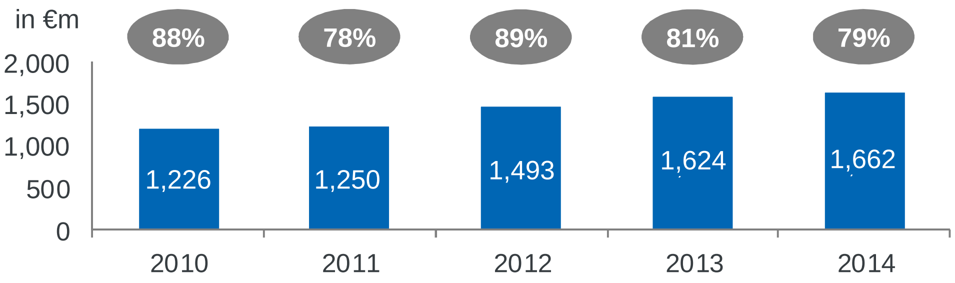
- Further growth potential for Industrial Lines in mature markets from economic growth and/or increased market share

- Growth opportunities in selected market segments (e.g. mid-market)
- In corporate segments, a healthy penetration has already been achieved

Highest growth potential in emerging markets – additional growth opportunities from European markets and mature markets outside Europe

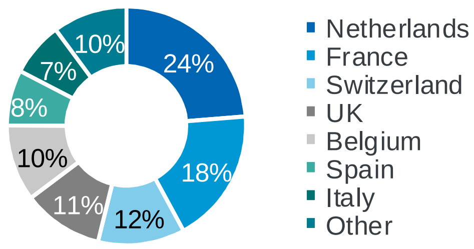
1 International growth in European markets

GWP and gross combined ratio[1]

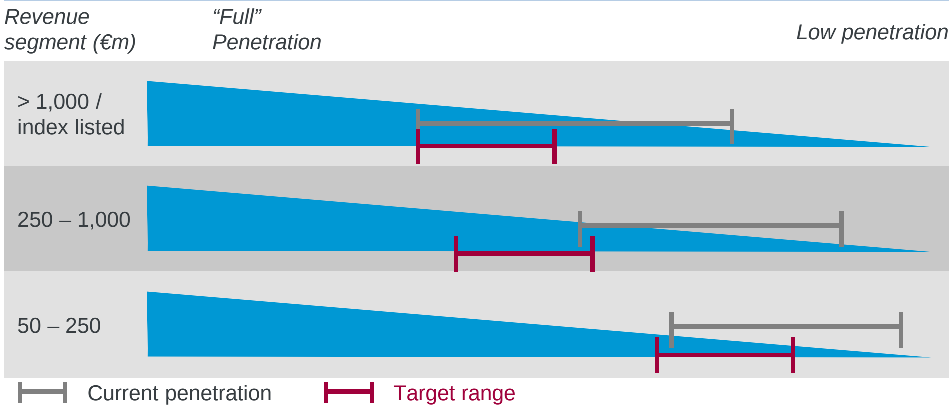


[1] Local GAAP

GWP by market (2014)



Market penetration Europe across target segments



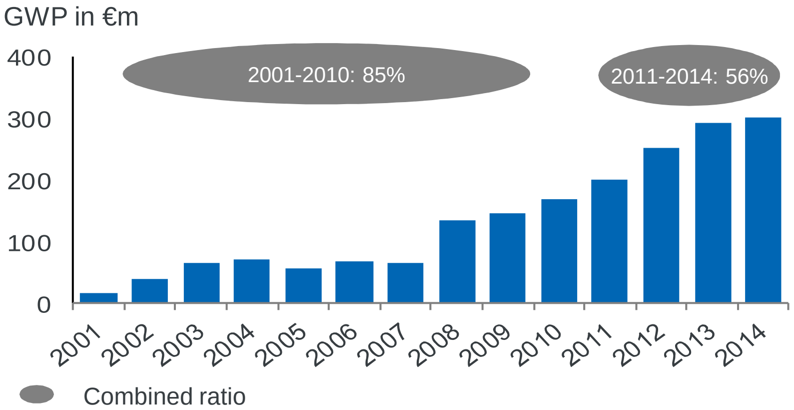
Comments/outlook

- Operating model solely with branches and carriers; market entry model: A
- Penetration of corporate segments has nearly achieved a "healthy" status
- Balanced book – reduce volatility of book by diversifying into lower market segments
- "Top-down" market approach mainly concentrated in one single location per country – further growth potential via regional expansion

Europe offers further growth potential predominantly in mid-market segment

1 International growth in European markets – Example France

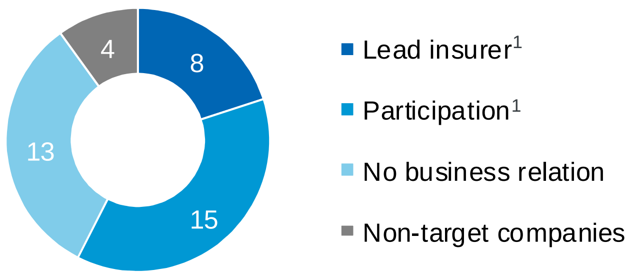
GWP and gross combined ratio



Comments

- Sustainable growth and attractive combined ratios:
  - 2001-2014: CAGR ~25%; combined ratio: 69%
  - 2011-2014: CAGR +14.5%; combined ratio: 56%
- Clear and strong commitment to the French market, acting as a long-term and reliable partner
- Local expertise and network with local underwriting and claims decisions

Market penetration by # of companies in CAC40



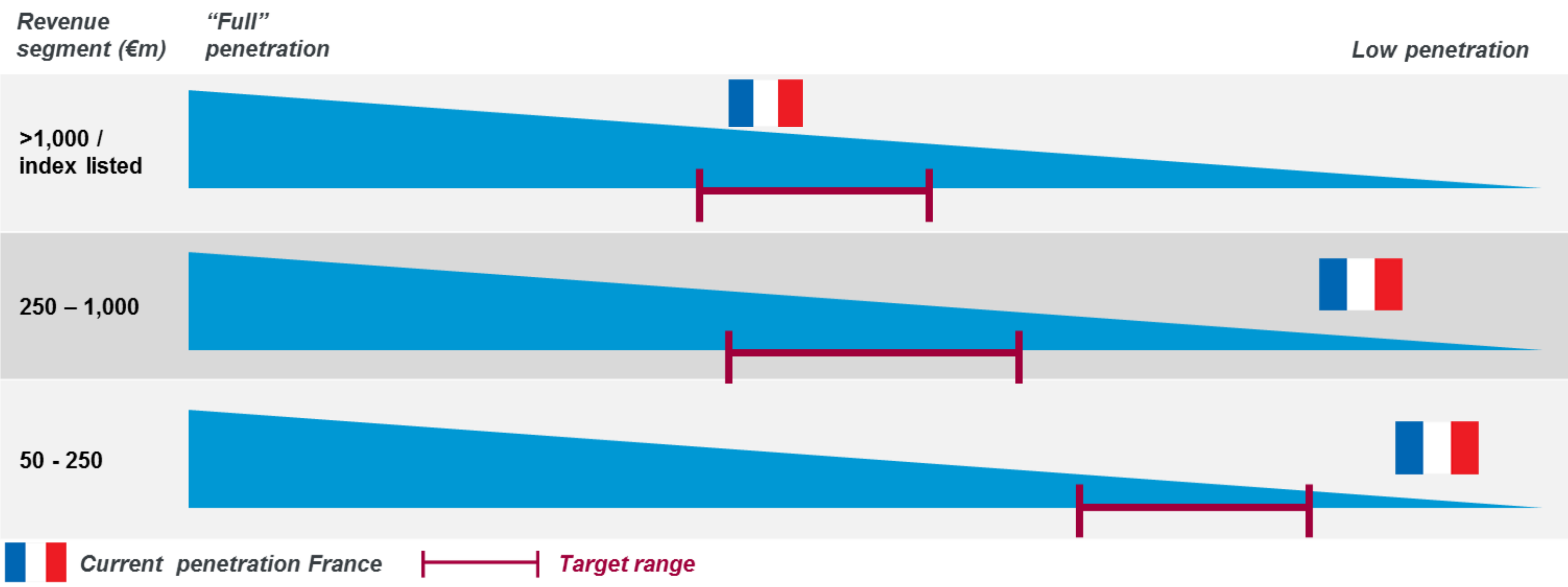
[1] At least in one line of business

Selected major customer accounts

Schneider Electric
MICHELIN
GDF SUEZ
RENAULT
ALSTOM
AIR FRANCE

Strong, profitable growth and remarkable market penetration with major accounts prove the "success story" in France

1 Example France – Clear strategic customer focus

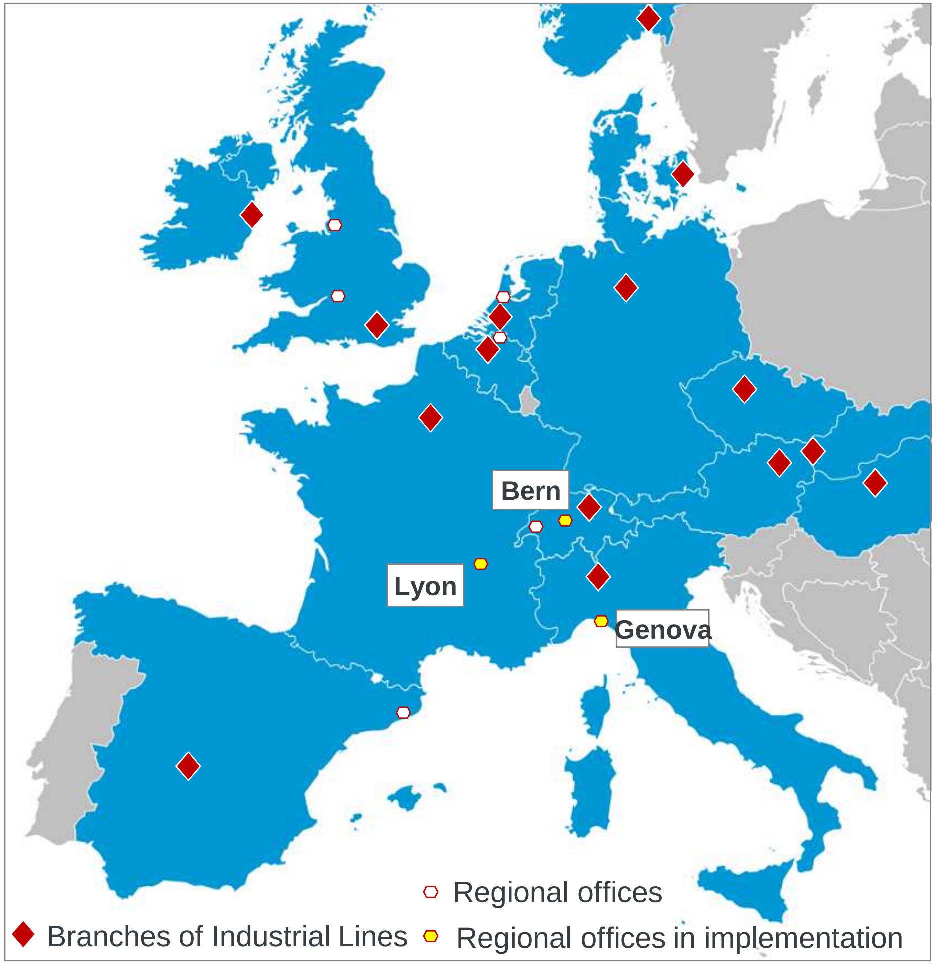


Comments

- Current penetration proves successful customer acquisition and sustainable customer relationship within corporates
- In order to balance portfolio and reduce reliance on large industrial business, sales strategy focuses additionally on upper mid-market and wholesale business
- Goal to set up regional office in Rhône-Alpes region, which accounts for 10% of French GDP and GWP

Balancing book by increasing market share in mid-market underwriting

1 Strategy for European markets – Capturing mid-market via regional offices



Comments

- Opening regional offices in selected European markets to exploit significant additional growth potential from business with European mid-sized companies
- Potential clients benefit from specialists' know-how and individual underwriting approach and the international network
- Ensuring customer proximity and full-range service to local industrial clients and regional ("second-tier") brokers
- Regional offices already in operation working successfully. Openings of further regional offices in progress (e.g. Lyon, Genova, Bern)
- Additional diversification into process-oriented SME companies only in selected markets

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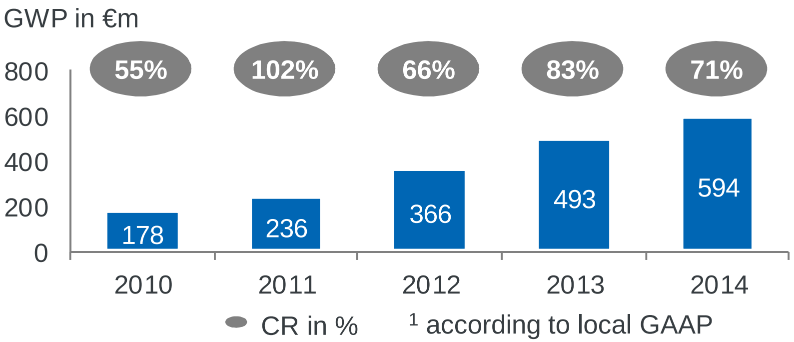
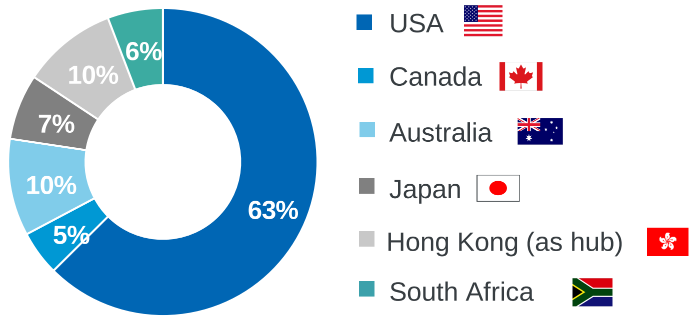
2 International Growth from mature markets outside Europe

GWP and gross combined ratio[1]



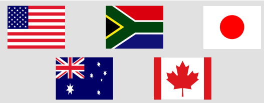
[1] according to local GAAP

GWP by market (2014)



Chosen market models

A Branch or carrier



B Regional hub

C Joint venture (JV)

Comments / outlook

- High growth potential from economic growth and/or increased market share
- Growth potential increases by implementing International Programs
- Underwriting capacity is often an important criterion

High growth potential and positive technical results from mature markets outside Europe

2 International growth from mature markets outside Europe – Example Australia

Steps to develop the Australian market

Post-merger phase (2007)

- Pure servicing office for European International Program clients

Transformation (2009)

- Structural change from existing legal entity into HDI-Gerling branch, reducing capital requirements

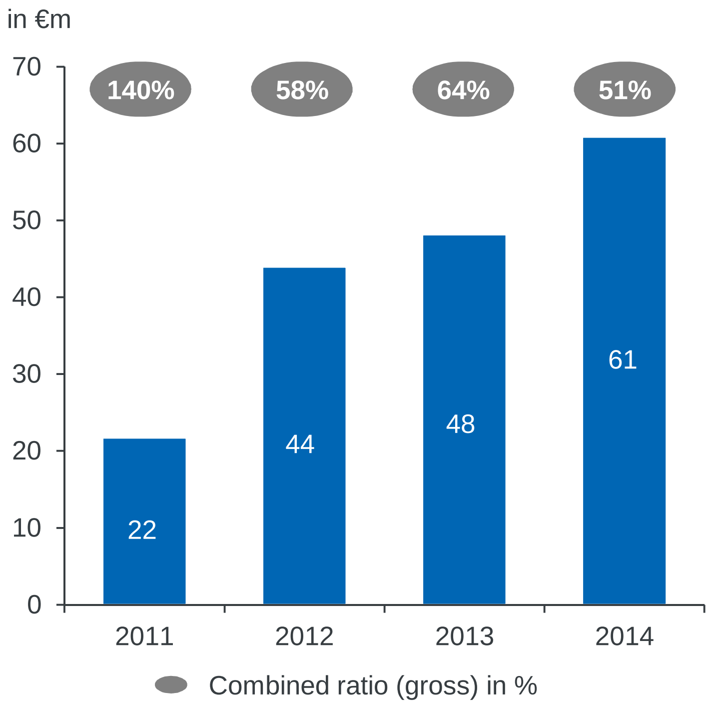
Expansion (2011)

- Subsequent expansion into Property, Liability, Marine and D&O lines

Mid-market focus (2015)

- Entry to local mid-market segment via new underwriting office in Melbourne

GWP Australian branch



Developing a Servicing Office into a full-fledged industrial insurance provider within five years

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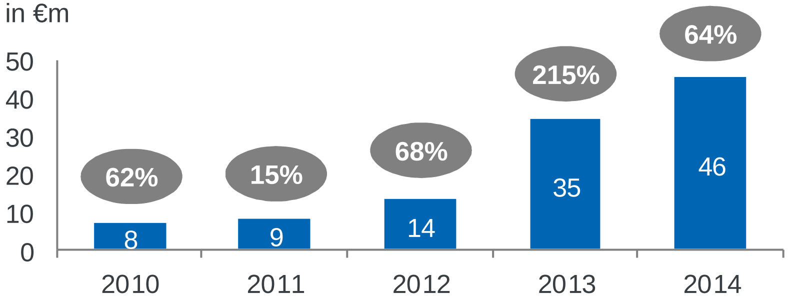
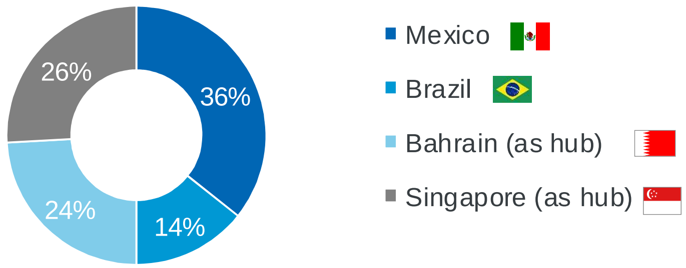
3 International growth from emerging markets

GWP and gross combined ratio[1]



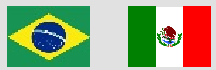
[1] according to local GAAP; excl. JVs

GWP by market (2014)[1]

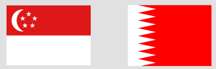


Chosen market models

A Branch or carrier



B Regional hub



C Joint venture (JV)

Comments

- So far focus on servicing business, followed by growth in local business
- Plan to become leading top 5 industrial insurer in Brazil by 2018 and in Mexico by 2020
- Development of joint venture with Magma Fincorp (India) and PVI (Vietnam) to take advantage of growing insurance markets with significant growth potential

Significant potential for further organic growth in Industrial Lines target regions supported by strong local underwriting know-how

3 International growth from emerging markets – focus ASEAN area

Presence in ASEAN region

Comments

Organic growth via Singapore hub

- Offering primary insurance in Singapore locally
- Additional key function as hub offering facultative reinsurance for adjacent region (ASEAN free trade area)

Strategic participations or acquisitions in single markets

- Strategic partnerships and/or participation in leading industrial insurers to take advantage of growth potential in Industrial Property & Casualty market

  Example: successful participation in PVI (31.5%), an industrial insurance leader in Vietnam

Taking advantage of the significant growth potential in the ASEAN region – organically and via strategic inorganic business development

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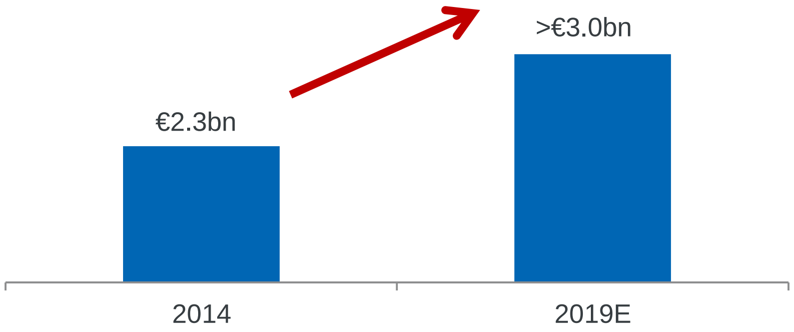
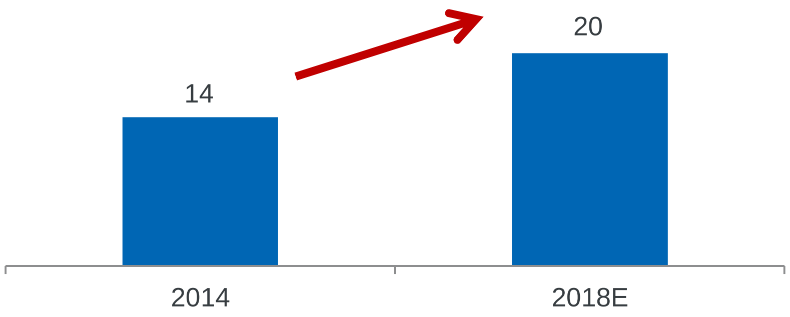
Outlook

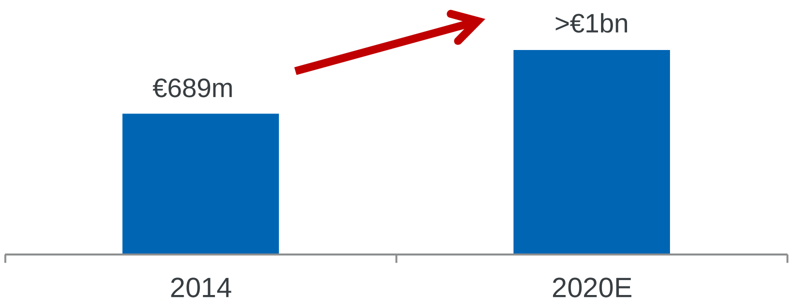
GWP outside Germany



Number of entities with local & IP



Global network throughput by GWP



Comments

- Further build-up of our international network to enable us to write International Programs out of 20 countries in Europe, North and South America, Asia, Australia and Africa
- Sustainable GWP growth of above 5% p.a. outside Germany expected until 2019
- Maintaining strong risk management standards by disciplined underwriting and by risk engineering expertise

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Executive Summary

- Liability insurer of choice for industrial companies throughout Europe
- Highest level of expertise in risk management, underwriting and claims handling
- Consistent and sophisticated portfolio management to balance risk
- Leading position in high-risk specialty markets
- Ready to grow internationally and with new products, e.g. Cyber Insurance

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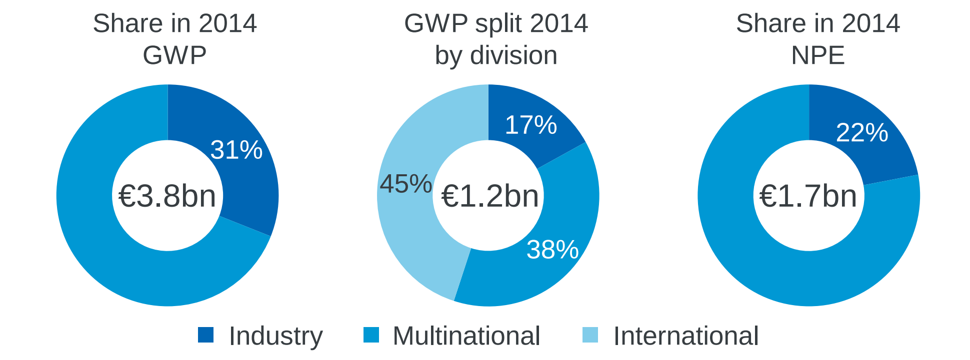
HDI-Gerling Industrie – Liability

Liability at a glance



Key financials (€m)

IFRS	2011	2012	2013	2014	6M 2014	6M 2015
Gross written premium	913	972	994	1171	761	769
Net premium earned	286	406	413	375	171	186
Net underwriting result	151	42	39	(36)	31	(1)
Net cost ratio	*24%*	*21%*	*22%*	*29%*	*29%*	*33%*
Net loss ratio	*23%*	*69%*	*68%*	*81%*	*53%*	*67%*
Net combined ratio	*47%*	*90%*	*90%*	*110%*	*82%*	*100%*

Comments

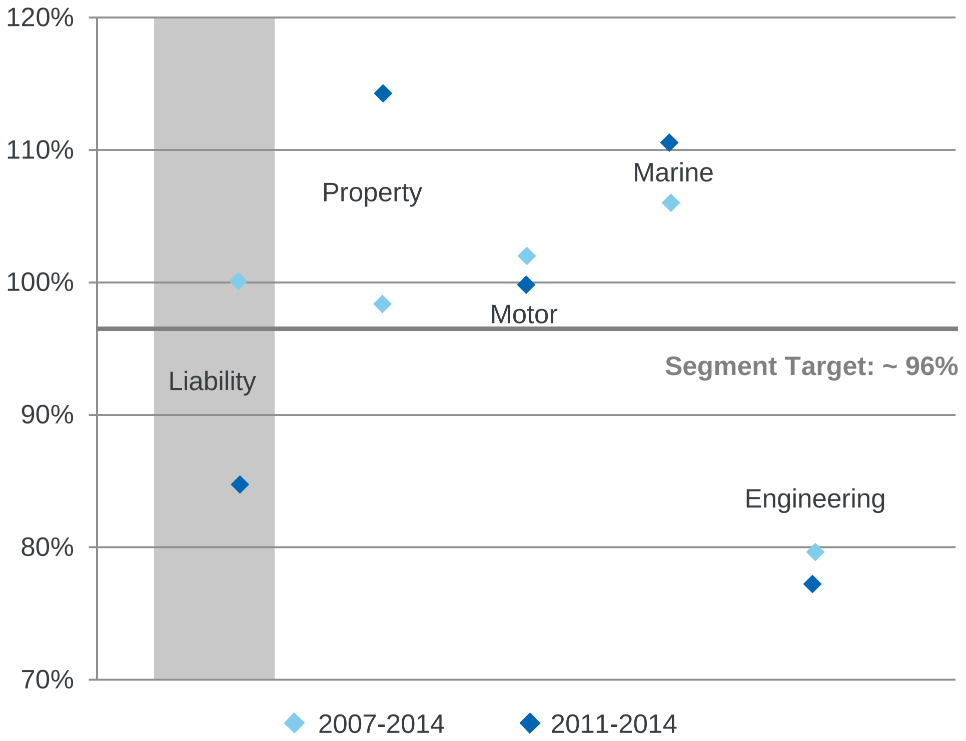
- Growth contribution predominantly from European markets outside Germany, e.g. UK, France
- Significant share of GWP from international clients (2014: 45%)
- In FY2014, net premiums and cost ratio affected by reinstatement premiums of €121m. Adjusted for reinstatement premium, 2014 cost ratio stable at 22%
- Premium transfer to group-wide internal reinsurer Talanx Re has additional effect on retention rate at the Industrial Lines segment level
- 6M 2015 affected by reinstatement premium reserves (€39m) for younger occurence years; on adjusted level, 6M 2015 cost ratio was 27%, while loss ratio was 56%

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Net combined ratio by nature more volatile – in sum, Liability Lines deliver attractive underwriting results

Performance by line – Technical results

Combined ratio (net) by line of business



Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Comments

- Liability lines delivered strong results over the last few years. The average combined ratio for the years 2011-2014 was ~85%
- Significant improvement in combined ratio after FY2010. 2007-2010 period was influenced predominantly by integration effects of Gerling acquisition (2006)
- Over time, Liability is an attractive line, usually well below the segment's target for the combined ratio (~96%)
- Volatility of combined ratio and results is generally higher

Liability lines able to beat segment's combined ratio target of ~96% for 2011-2014 average

Forms of Liability insurance and claims trigger (overview)

Main claims triggers in Industrial Liability insurance (simplified)

Design of a faulty product	Faulty product enters market	Detection of injury or damage	Claimant sues producer
Insurance forms: Professional Indemnity	**Insurance forms:** General and Product Liability insurance	**Insurance forms:** Pollution cover (esp. in Germany)	**Insurance forms:** Heavy risk, e.g. in Pharma, Chemistry, D&O liability
Trigger for liability Offence	**Trigger for liability** Occurrence	**Trigger for liability** Manifestation	**Trigger for liability** Claims made
Explanation: Insurance covers all offences during the policy period	**Explanation:** Insurance covers all occurrences during the policy period	**Explanation:** Covers occurrence manifested during policy period	**Explanation:** Covers all claims made during policy period after “inception” or “retroactive date”

“Occurrence” and “Claims made” particularly strengthen client relationships

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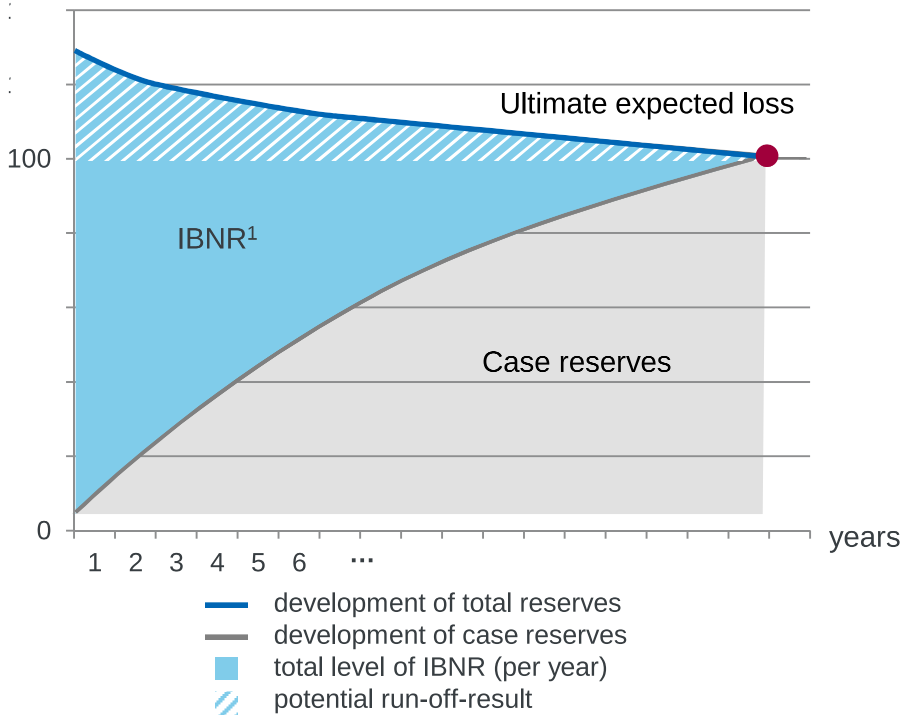
Reserving exposure in long-tail insurance

Typical development of Liability reserves

in % of ultimate expected loss



Our reserving philosophy

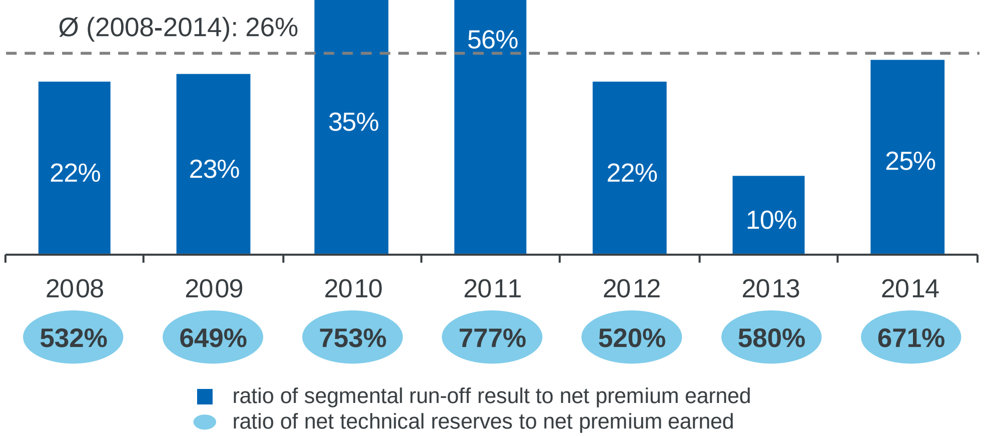
- Typical claims for Industrial Liability insurance might have been incurred, but will be reported with a delay in time. For this reason, a reserve for unreported losses (IBNR[1]) is also formed in addition to case reserves
- As a consequence of conservative accounting, the sum of case reserves and IBNR is usually higher than the ultimate expected loss for the respective underwriting year, leaving room for positive run-off results over time

[1] IBNR= incurred but not reported, i.e. a reserve for unreported losses

Long-tail business also requires a long-term view in terms of reserving policy

Run-off results and reserve position in Liability lines

Run-off results and reserve coverage (IFRS)



Annual reserve reviews

- Talanx actuaries ✓
- Auditor KPMG ✓
- S&P / A.M.Best ✓
- Towers Watson ✓

Comments

- In FY2014, Liability lines contributed a positive net run-off result of €92m (FY2013: €42m), or ~25% of net premium earned - slightly below the historical average
- Historically, run-off results have proven a substantial earnings stabiliser for Liability line
- The lines' reserve position remains at a comfortable level. In FY2014 technical reserves covered 671% of net premium earned

Note:data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines‘ GWP in 2014 (IFRS)

Historically, run-off results have proven a steady contributor to results of Liability lines

Ability to meet relevant customer requirements

What customers look for…		What Liability lines offers…
Reliable, long-term insurance partner	✓	History of a mutual, whilst understanding requirements of corporate clients
Customer orientation, tailor-made solutions	✓	Highly focused on individual risk, actively seeks risk dialogue with clients
High, market-leading capacity	✓	Capacity of up to €250m without facultative reinsurance
International insurance coverage, "one-face-to-the-customer" approach	✓	Full service in more than 130 countries
Outstanding claims service	✓	"Best-in-class" claims management and service

Benefits for Liability lines

- Creating above-average customer loyalty and high barriers to entry for competitors
- Ability to influence terms and conditions of individual contracts and market perception
- In-depth understanding of individual risk profiles, leading to improved underwriting results
- Awareness as a well-respected industry leader and much sought-after advisory partner

Setting a benchmark in Liability insurance generates significant benefits for Industrial Lines

Efficiently Managed Risk (EMR)

Cornerstones of EMR approach

Transparency

- Sharing information on risk with client
- Fair and frank risk dialogue with client leads to higher transparency and creates mutual trust

Risk management

- Specific tools for different industries and/or products
- In-depth analysis of loss frequencies and severities
- Precise wording analysis for individual client risks

Insurance solution

- Taking clients requirements into account with tailor-made concepts
- Individual risk pricing enables attractive under-writing result

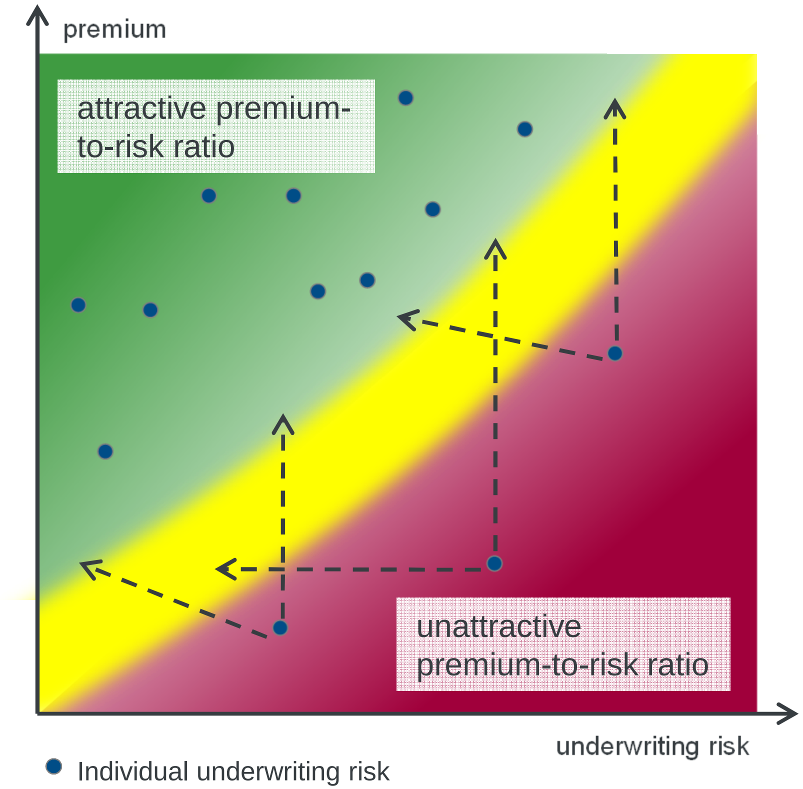
Comments

- Complete understanding of underwriting risk in terms of potential losses and exposure
- Fair risk dialogue process with the client as a win-win-situation for insurance company and client
- Key focus on profitable underwriting, while taking into account client specific needs
- Integration of risk management from the very first moment of the underwriting process as key factor of success
- Monitoring all of the relevant exposure at any time

Clear and transparent approach of risk management that differentiates from most competitors

IT-based portfolio-management-tool

Improving premium-to-risk ratio



Comments

- Evaluating the premium-to-risk ratio of individual risks with the help of a unique IT-tool with fixed criteria for premium risk quality within a scoring system (proactive approach)
- IT-tool provides benchmark risk, e.g. from industrial sectors and helps to improve forecasting losses
- Consistent monitoring of individual risk over time
- Conspicuous risks are identified independently from the loss record
- Key focus is to optimize the average premium-to-risk ratio of the underwriting portfolio

IT-based portfolio-management-tool leads to optimized premium-to-risk ratio

Pharmaceutical risks – Proven underwriting excellence

Key facts of pharmaceutical business

- Pharma sector contributed a cumulative €1.6bn to Industrial Lines GWP[1] between 2007 and 2014 (including clinical trials), or ~15-20% of the Liability insurance portfolio
- Within Liability lines, six out of the top 10 clients[2] are companies from the pharmaceutical industry
- Ability to insure pharmaceutical insurance risk, i.e. low frequency and high severity thanks to Industrial Lines' special pharma expertise, specific risk-related tailor-made concepts and a unique risk management process

[1] Number reflects figures from main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)
[2] According to gross written premium

With about 15-20% of Liability lines' premium, Pharma is a key industry within Liability lines

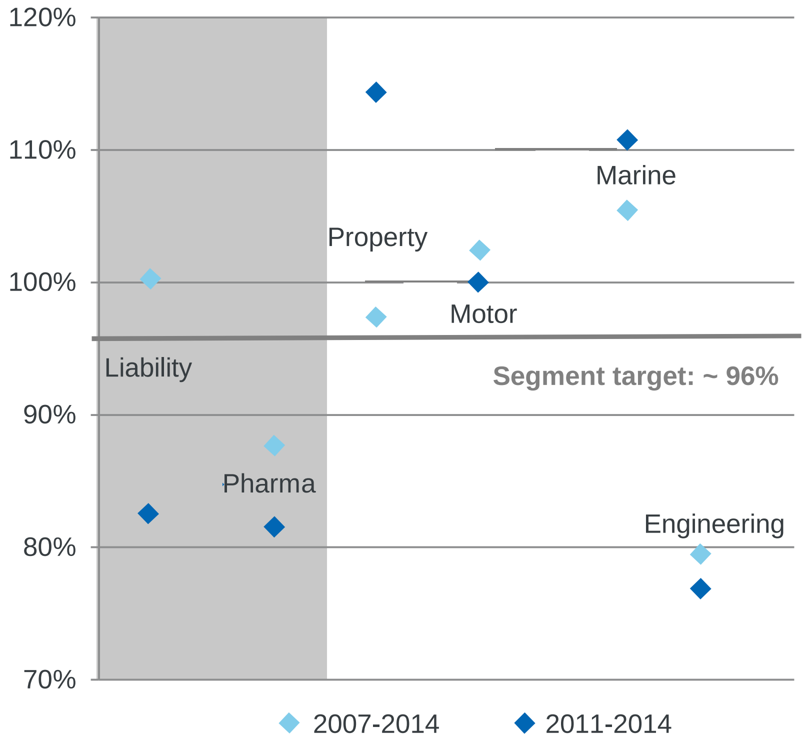
Countering specific challenges in underwriting Pharma Liability business

Challenges		Solutions
Understanding pharmaceutical products and their active ingredients is key to knowing about risks	⟷	Existing IT-tool with classified active ingredients with separate risk categories
Risk assessment requires special expertise	⟷	Employment of internal pharmacologists with relevant expertise
Complex claims with multiple claimants, predominantly in the US	⟷	Internal US lawyers dealing with most demanding class actions and multi-district litigation
Increasing consumer protection and acceptance of consumer claims in a more lifestyle-oriented society	⟷	Tailor-made insurance concepts; pharmaceutical life-style products only at premiums with specific premium-to-risk ratio

Specific skills and expertise provide a unique selling proposition in pharma underwriting

Pharmaceutical risks – Proven underwriting excellence

Combined ratio (net) by line of business



Comments

- Liability underwriting of pharma business generated attractive profit contribution in the past, despite high loss volatility and substantial cost for reinsurance protection
- Contribution to underwriting result improved for 2011-2014 compared to 2007-2014, which was impacted by the effects of the Gerling integration
- There are usually no frequency losses at relatively large transaction volumes in comparison with other insurance lines

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines‘ GWP in 2014 (IFRS)

Long-term know-how provides attractive results in one of the most challenging areas

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Strategic areas for profitable growth

Key growth drivers

- I. Germany: growth potential with International Programs (IP)
- II. International: growing business with international clients
- III. Strategic increase in retention
- IV. Growth potential with specialty solutions, especially Cyber

I. Germany – Growth potential with International Programs (IP)

Organic growth with large German clients abroad[1]

Comments

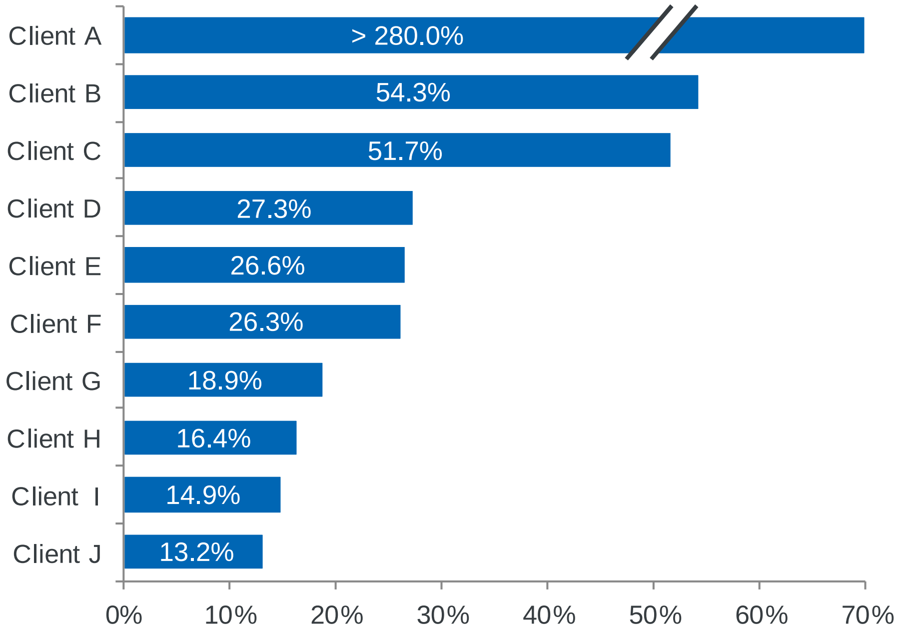
- Providing Liability insurance services worldwide via Group units or external network partners benefits from trend towards globalisation
- Continuous GWP growth from German clients opting for International Programs (CAGR 2010-2014: +6%p.a.)
- Contribution to GWP from German clients' international premium with sustainable increase

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)
[1] Reflects German clients with sales of >€1bn

Supporting our customers within their globalisation strategies

I. Germany – Growth potential with International Programs (IP)

Highest GWP growth from IP (30 largest clients)



Comments

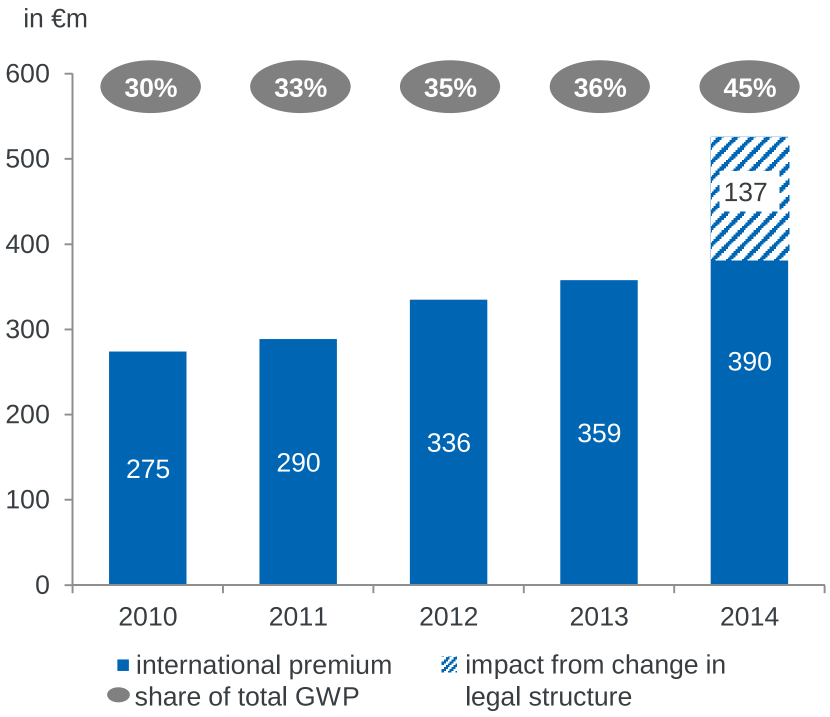
- Of the top 30 clients in Liability insurance (according to GWP), the ten clients with the highest international GWP growth delivered growth rates from International Programs between ~13% and >280% p.a. (CAGR 2010-2014)
- In terms of the ten clients with the highest international gross premium growth, GWP grew on average by ~25% (CAGR 2010-2014, volume-weighted); this compares to an increase of ~7% p.a. for the top 30 clients

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines‘ GWP in 2014 (IFRS)

Significant GWP growth for International Programs triggered by our large multinational clients

II. International – Growing business with international clients

Organic growth with international customers



International strategy and triggers of growth

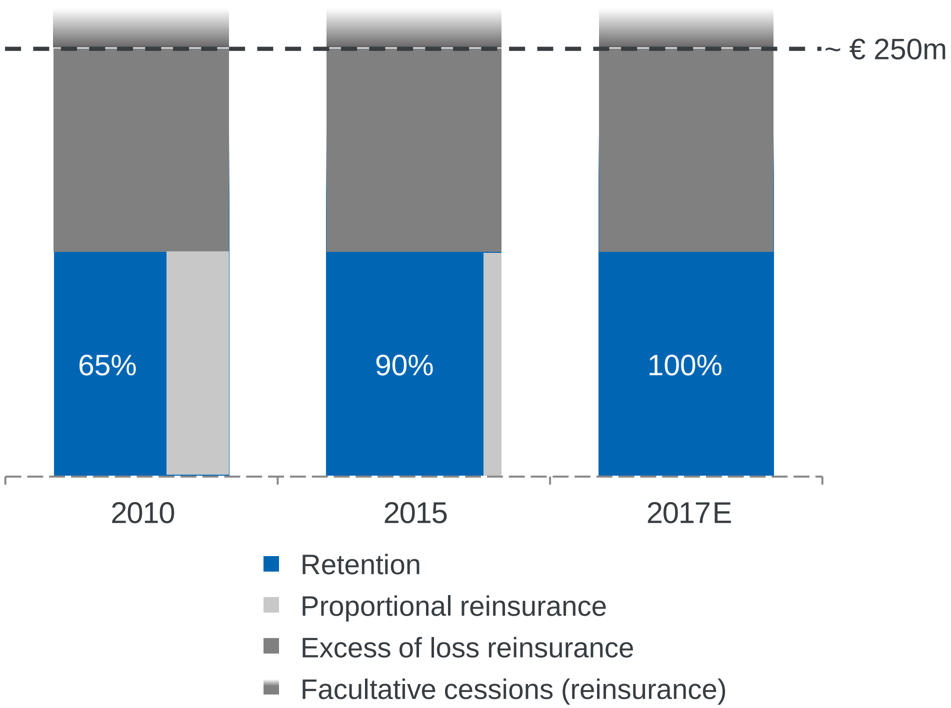
- Focus on international business with larger clients, in particular when entering new insurance markets
- Increased business activities in Canada, Middle and Far East. Expansion into mid-markets, predominantly in Australia, France, Switzerland and UK - using our underwriting experience and strict risk management approach to reduce volatility of losses
- Competitive advantage vs. local/regional competitors due to strong international excellence in claims settlement, e.g. in the US
- GWP growth in FY2014 positively impacted by €137m from a change in legal structure, i.e. transferring carriers to HDI-Gerling branches
- Target: becoming the lead insurer for complex risks in the European Industrial Liability market

Note: data for main carrier HDI-Gerling Industrie Versicherung AG, representing 94% of Industrial Lines' GWP in 2014 (IFRS)

Significant growth potential from business with international clients and expansion into mid-market segment

III. Strategic increase in retention

Development of net retention



Comments

- Increase in net retention on the back of the strategic reduction of proportional reinsurance since 2011 ("growth from what we know best")
- Increase in net retention includes cession to Talanx Reinsurance ("second retention level") – retention remains within the segment Industrial Lines
- Excess of loss reinsurance is the backbone of gross capacity and key to reducing portfolio's loss volatility
- Should higher gross capacity be required, facultative reinsurance is acquired

Proper strategy to combine increase in net retention and reduction of loss volatility

IV. Cyber product offer by Talanx Industrial Lines

Industrial Lines Cyber insurance product

Basic coverage

- Cover for third-party losses
- Cover for first-party losses
  - Forensic investigations
  - Notification of affected individuals and data protection authorities
  - PR support in situation of cyber crisis
  - Credit card monitoring
  - Reconstruction of data and software
- Business interruption/loss of revenue

Cyber extortion (kidnapping excluded)

Espionage

Third-party crime

Legal expenses

D&O

Optional modules

Our approach

- Industrial Lines' Cyber insurance product is based on a module principle. Additional modules can be added to a basic Cyber insurance package depending on a client's requirements
- Key focus on clients from manufacturing industries (e.g. pharma/chemistry, food, automobile), whilst avoiding underwriting risk from industries like financial services, health care, aviation and technology (in particular "big data" providers)
- Prudent risk assessment and transparent risk dialogues with potential clients
- Strict underwriting discipline and conservative limit management
- Cyber+ product on offer in Germany and Austria; planned roll-out in Netherlands, Belgium, Switzerland and France; market entry in additional markets being evaluated

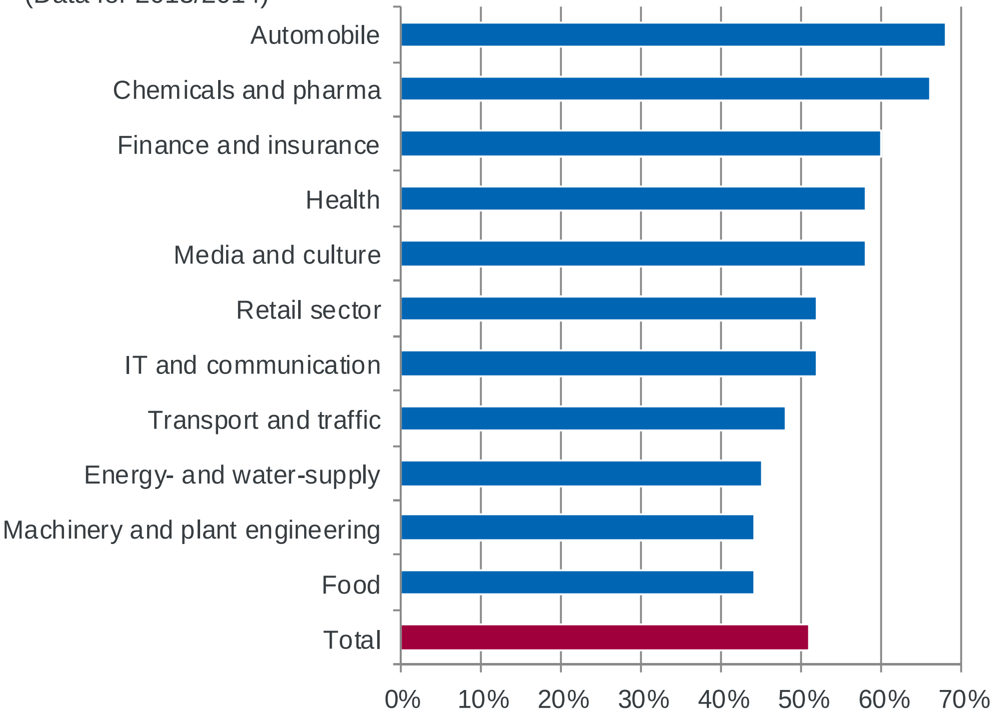
Industrial Lines' Cyber product tailor-made to clients' requirement thanks to module-based offer

IV. Growth potential with specialty solutions, especially Cyber insurance

2020E: Industrial Lines premium potential of €200-300m

Cyber attacks: Affected business segments

(Data for 2013/2014)



Source: Handelsblatt, April 2015

Definition of Cyber insurance

- Risk transfer of potential losses caused by cyber crime from the industry to insurance market
- First-party costs & losses and third-party liability coverage
- Examples of cyber crime are data breach & theft, hacking, fraud, sabotage, espionage and extortion

Market perspectives

- Estimates for world-wide premiums for Cyber insurance are huge; our more conservative estimates stand at ~€1-2bn of GWP in Europe (2020E), of which ~€500m in Germany
- Continuous growth due to global digitization
- Similar development as for D&O insurance predicted for Germany

Cyber insurance is a highly attractive market with huge growth potential

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Agenda

Summary Industrial Lines

Our **client franchise is unrivaled** and diverse. Many client relationships have grown over many decades. We have an excellent reputation with clients and brokers

We are among the few industrial insurers who conduct a comprehensive **international network** – capable of catering for the needs of an international clientele and differentiating us from pure providers of insurance capacity

We have identified **upside for our profitability** which we aim to unlock via

- an improved balance of our book,
- improvements in efficiency and processes and
- a growing share of foreign business

Agenda

Final remarks – Key take-aways

- Industrial Lines – focus on profitable international growth and an improved balance of our domestic book, with initial promising signs
- Realigning our German Life business – improvement of financial strength
- Repositioning of German P&C business – focus on digitisation coupled with cost efficiency
- Retail International – on track to deliver further profitable growth
- Talanx remains both committed to growth and to a disciplined M&A approach
- Delivery on Group targets – becoming more optimistic for underlying performance in 2015

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