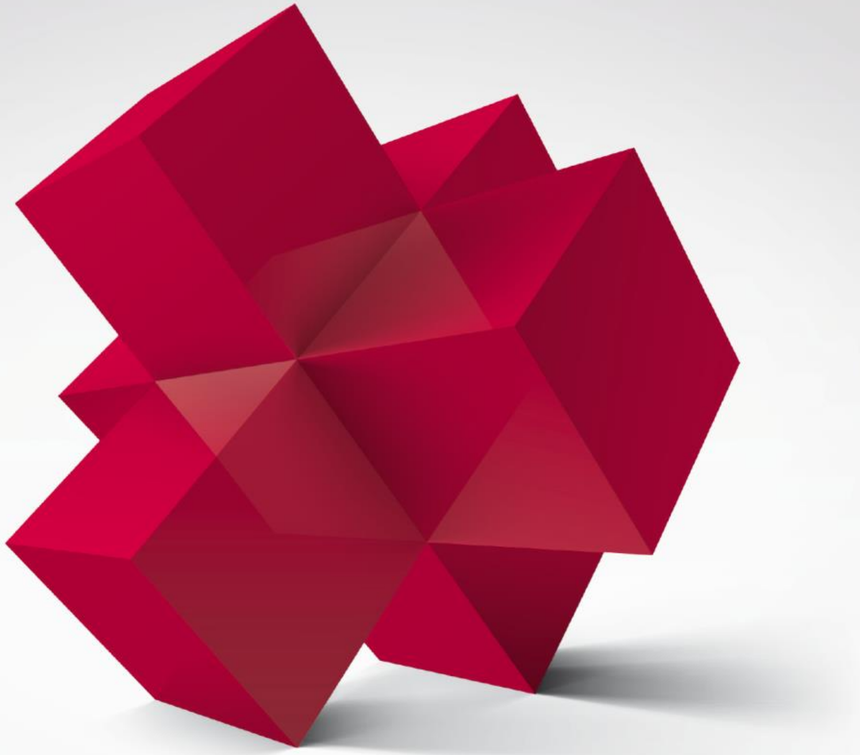

talanx.

Insurance. Investments.

Results Presentation Q1 2015

11 May 2015

Herbert K. Haas, CEO
Dr. Immo Querner, CFO

Agenda

I Q1 2015 – A pleasing first quarter

- Talanx achieved a Group net income of €251m in Q1 2015. This marks a 16.2% increase vs. the loss-light Q1 2014

- Momentum in top-line growth continues as GWP rose by 12.2% y/y, supported by positive currency effects (currency-adjusted: +6.8%). All segments contributed to growth

- End of March 2015, shareholders' equity increased to €8,747m or €34.60 per share, also driven by interest rate and currency effects – a significant improvement vs. year-end 2014 (€7,998m or €31.64 p.s.)

- Talanx is well on track for the timely introduction of its internal model for Solvency II. Capital Adequacy Ratios underline solid capitalisation from all perspectives. Economic Solvency Ratio of 194% on economic equity and 271% incl. hybrids and surplus funds

- FY2015 net income outlook of at least €700m confirmed

I Q1 2015 results – Key financials

Summary of Q1 2015

€m, IFRS	Q1 2015	Q1 2014	Change
Gross written premium	9,440	8,414	+12%
Net premium earned	6,367	5,599	+14%
Net underwriting result	(389)	(370)	n/m
Net investment income	996	1,010	(1%)
Operating result (EBIT)	643	554	+16%
Net income after minorities	251	216	+16%
Key ratios	**Q1 2015**	**Q1 2014**	**Change**
Combined ratio non-life insurance and reinsurance	96.5%	94.3%	2.2%pts
Return on investment	3.6%	4.3%	(0.7%)pts
Balance sheet	**Q1 2015**	**FY 2014**	**Change**
Investments under own management	102,212	96,410	+6%
Goodwill	1,242	1,090	+14%
Total assets	160,500	147,298	+9%
Technical provisions	109,341	101,109	+8%
Total shareholders' equity	14,137	12,900	+10%
Shareholders' equity	8,747	7,998	+9%

Comments

- Gross written premium up by 12.2% y/y, supported by currency effects (currency-adj. GWP: +6.8%); all segments contribute to growth
- Combined ratio rises by 2.2%pts to 96.5% mainly due to higher man-made losses in Industrial Lines and from storm “Niklas”. The latter affects all Primary Insurance segments and the Reinsurance business. Cost ratio is down by 0.7%pts
- Decline in investment income is due to lower extraordinary investment income (Q1 2015: €106m; Q1 2014: €216m), while ordinary investment result is up by ~€78m
- Q1 2015 net income up by €35m vs. a rather loss-light Q1 2014. Support from a positive currency impact in “other income”
- Shareholders‘ equity has significantly increased to €8,747m, or €34.60 per share (FY2014: €31.64). Solvency I ratio up to 243% (FY2014: 228%)

Net income improves despite higher losses and lower extraordinary investment income – shareholders’ equity up to €8.7bn

I Large losses[1] in Q1 2015

€m, net		**Primary insurance**	**Reinsurance**	**Talanx Group**
Storm, USA	February 2015	0.0	7.9	7.9
Storm "Niklas", Germany, Switzerland, Austria	March 2015	17.9	42.0	59.8
Total Nat Cat		**17.9**	**49.9**	**67.7**
Aviation		4.9	12.2	17.1
Fire/Property		70.8	0.0	70.8
Total other large losses		**75.7**	**12.2**	**87.8**
Total large losses		**93.5**	**62.0**	**155.5**
Impact on Combined Ratio (incurred)		**6.2%pts**	**3.3%pts**	**4.6%pts**
Total large losses Q1 2014		10.2	30.6	40.8
Impact on Combined Ratio (incurred)		0.8%pts	1.9%pts	1.4%pts

- Group Q1 2015 large loss net burden of €156m higher than in Q1 2014 (€41m), but significantly below the quarter's large loss budget for the Group (€230m)
- Primary Insurance mainly affected by man-made losses in Aviation and Property and storm "Niklas"
- Reinsurance suffered large losses in NatCat and man-made, but remains well below its large loss budget

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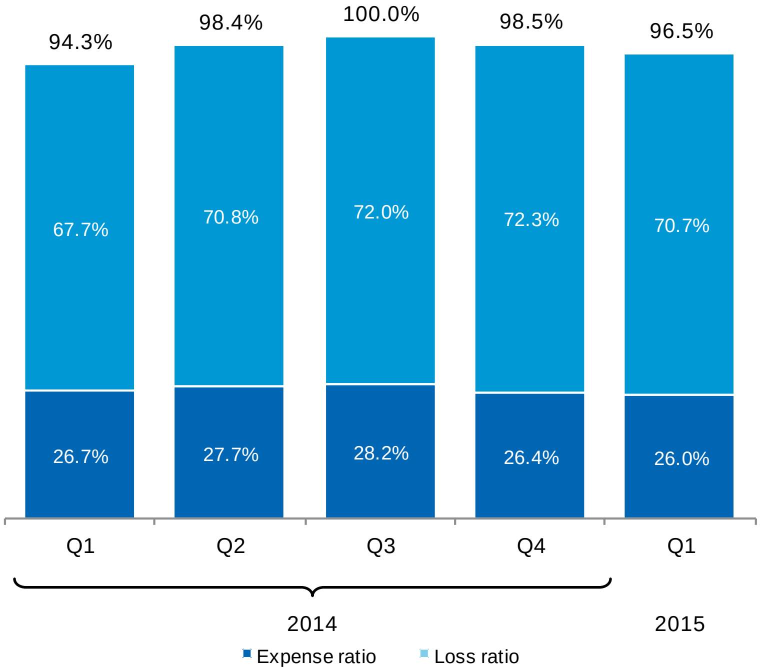
[1] Definition „large loss": in excess of €10m gross in either Primary Insurance or Reinsurance

Note: Q1 2015 Primary Insurance large losses (net) are split as follows: Industrial Lines: €84m; Retail Germany: €8m; Retail International: €1m, Group Functions: €1m

I Combined ratios

Development of net combined ratio[1]



Note: numbers adjusted on the basis of IAS8

Combined ratio by segment/selected carrier

	Q1 2015	Q1 2014	FY 2014
Industrial Lines[2]	**98.9%**	**87.7%**	**103.0%**
Retail Germany	**100.5%**	**100.2%**	**108.6%**
Retail International	**94.6%**	**95.1%**	**96.4%**
HDI Seguros S.A., Brazil	99.2%	97.5%	98.8%
HDI Seguros S.A., Mexico	90.4%	90.2%	92.4%
TUiR Warta S.A., Poland	94.7%	95.1%	96.1%
TU Europa S.A., Poland	83.2%	79.0%	81.2%
HDI Sigorta A.Ş., Turkey	102.7%	104.4%	103.2%
HDI Assicurazioni S.p.A., Italy	91.1%	94.5%	97.0%
Non-Life Reinsurance	**95.9%**	**94.5%**	**94.7%**

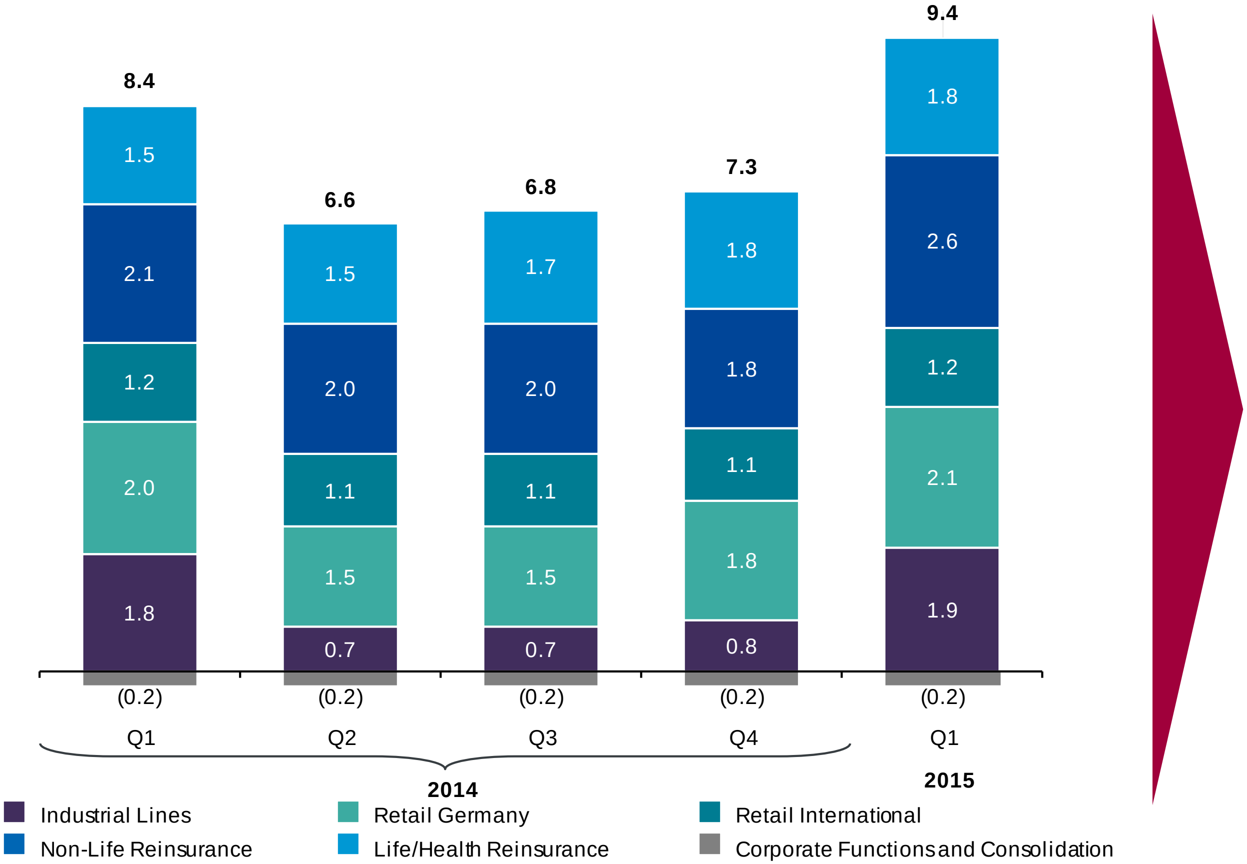
[1] Incl. net interest income on funds withheld and contract deposits

[2] In Q1 2014, Industrial Lines benefitted from an extraordinary and retrospective IAS8 effect. The reported CoR in Q1 2014 was 98.6%

Q1 2015 combined ratios remain well below 100% in most divisions and for most carriers

I GWP trend

GWP development (€bn)



- GWP growth momentum further improved (+12.2% vs. Q1 2014). Currency-adj. GWP grew by 6.8% y/y
- Reinsurance and Industrial Lines were main beneficiaries of currency impact
- All segments contributed to GWP growth, Industrial Lines and Reinsurance were main growth drivers

GWP growth momentum further improved in Q1 2015, supported by currency impact

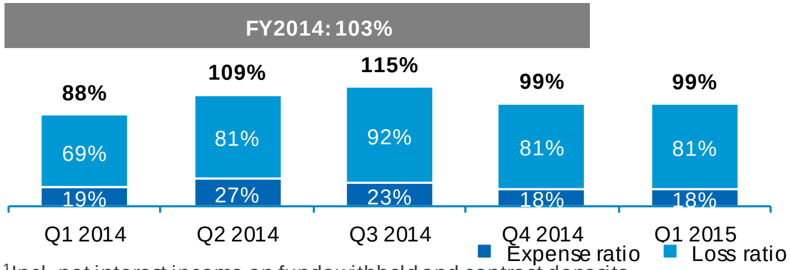
Agenda

II Segments – Industrial Lines

P&L for Industrial Lines

€m, IFRS	Q1 2015	Q1 2014	Change
Gross written premium	1,889	1,763	+7%
Net premium earned	518	407	+27%
Net underwriting result	**6**	**50**	**(89%)**
Net investment income	53	72	(27%)
Operating result (EBIT)	**72**	**105**	**(32%)**
Group net income	47	67	(30%)
Return on investment (annualised)	**2.8%**	**4.2%**	**(1.4%)pts**

Combined ratio[1]



[1] Incl. net interest income on funds withheld and contract deposits

Comments

- GWP grew by 7.1% y/y in Q1 2015, helped by currency effects (currency-adj.:+3.9%)
- GWP increase results mainly from a number of European (e.g. UK, Belgium, Italy, France) and from North American markets. Retention rate reached 50.4% in Q1 2015 (Q1 2014: 48.8%)
- Increased combined ratio (Q1 2015: 98.9%, Q1 2014: 87.7%) results from higher large losses from NatCat (i.e. storm “Niklas”) as well as man-made losses (incl. Germanwings air crash and property claims) and compares to a loss-light Q1 2014. Decline in cost ratio only partly compensates for this effect
- Decline in investment income is an effect of a significantly lower extraordinary investment result. Ordinary investment result is up by more than €4m
- Q1 2014 benefitted from an extraordinary retrospective IAS8 effect (EBIT €45m)

Note: The reported Industrial Lines Q1 2014 results (before retrospective IAS8):: net underwriting result €6m, EBIT €61m, Group net income €35m, CoR 98.6%.

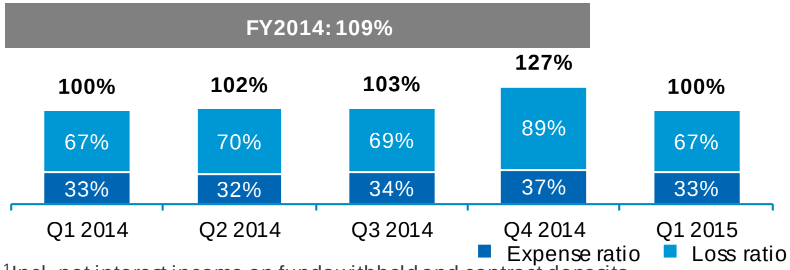
7% GWP growth, supported by currency effects – combined ratio below 100%

II Segments – Retail Germany

P&L for Retail Germany

€m, IFRS	Q1 2015	Q1 2014	Change
Gross written premium	2,135	2,027	+5%
Of which Life	1,373	1,219	+13%
Of which Non-Life	762	808	(6%)
Net premium earned	1,448	1,287	+13%
Net underwriting result	**(392)**	**(430)**	**n/m**
Of which Life	(391)	(430)	n/m
Of which Non-Life	(2)	(0)	n/m
Net investment income	445	501	(11%)
Operating result (EBIT)	**57**	**54**	**+6%**
Group net income	35	29	+21%
Return on investment (annualised)	**3.8%**	**4.7%**	**(0.9%)pts**

Combined ratio[1]



[1] Incl. net interest income on funds withheld and contract deposits

Comments

- GWP in Life in Q1 2015 up by 12.6% y/y, mainly due to higher single premium business. In Non-Life, GWP premiums decline by 5.7% due to lower seasonality and more disciplined underwriting in motor. Consequently, NPE in Q1 2015 flat vs. Q1 2014
- Combined Ratio roughly stable – large loss from storm "Niklas" (€8m net effect on Retail Germany or 2.3%pts on CoR in Q1 2015) is broadly compensated by decline in basic losses
- Net underwriting result improved on a y/y basis. This is mainly due to a decline in RfB contribution on the back of lower investment income. The latter is predominantly due to lower extraordinary investment result - ordinary investment result remained roughly flat
- €109m of anticipated ZZR allocation digested (forecast of ~€436m for FY2015; FY 2014: €358m; both according to HGB). Total ZZR stock expected to rise to ~€1.5bn until year-end 2015

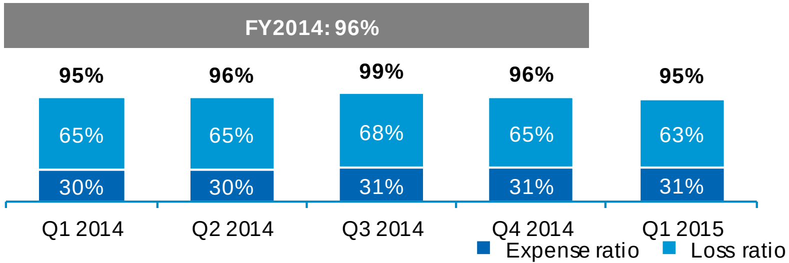
Q1 2015 with stable combined ratio despite higher large losses from NatCat

II Segments – Retail International

P&L for Retail International

€m, IFRS	Q1 2015	Q1 2014	Change
Gross written premium	1,206	1,164	+4%
Of which Non-Life	822	708	+16%
Of which Life	384	456	(16%)
Net premium earned	960	983	(2%)
Net underwriting result	**8**	**9**	**(11%)**
Of which Non-Life	34	28	+21%
Of which Life	(26)	(19)	n/m
Net investment income	79	74	+7%
Operating result (EBIT)	**56**	**62**	**(10%)**
Group net income	33	39	(15%)
Return on investment (annualised)	**4.0%**	**4.7%**	**(0.7%)pts**

Combined ratio[1]



[1] Incl. net interest income on funds withheld and contract deposits

Comments

- Q1 2015 top-line growth of 3.7% y/y, slightly supported by currency effects (currency-adj. +3.1%), helped by double-digit growth in motor lines (e.g. Brazil, Mexico, Turkey) and strong Life business at Warta/Poland. Decline in single premium Life business in Italy and at TU Europa
- Magallanes/Chile consolidated from 13 Feb 2015, adding €28m GWP and a €2m EBIT contribution in Q1 2015
- Slight improvement in Combined ratio (Q1 2015: 94.6%, Q1 2014: 95.1%) driven by lower losses in Poland and in Italy, overcompensating slightly higher cost ratio
- Higher investment income due to higher asset base and increasing interest rates in Brazil, overcompensating interest decline in Poland
- Decline in other result (Q1 2015: €-31m; Q1 2014: €-21m) - predominantly due to lower currency effects – leads to decline in bottom line

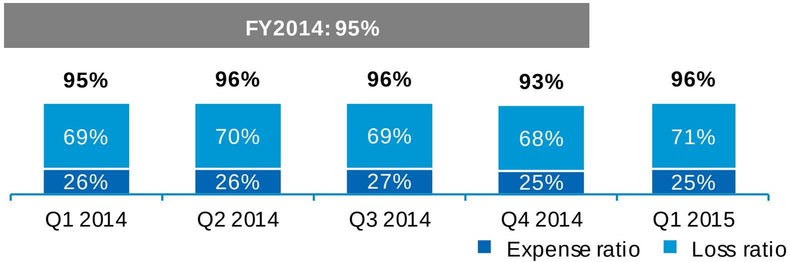
Strong profitable growth in all Retail International core markets

II Segments – Non-Life Reinsurance

P&L for Non-Life Reinsurance

€m, IFRS	Q1 2015	Q1 2014	Change
Gross written premium	2,617	2,108	+24%
Net premium earned	1,882	1,632	+15%
Net underwriting result	**73**	**86**	**(15%)**
Net investment income	199	211	(6%)
Operating result (EBIT)	**279**	**286**	**(2%)**
Group net income	87	95	(8%)
Return on investment (annualised)	**2.6%**	**3.3%**	**(0.7%)pts**

Combined ratio[1]



[1] Incl. net interest income on funds withheld and contract deposits

Comments

- Q1 2015 GWP up by 24.2% (adjusted for currency effects: +13.0%), mainly from Emerging Markets, US and Agro business. Positive one-off effect of €93m from more timely recognition of premium for facultative business
- Major losses of €62m (3.3% of NPE) well below budget of €157m for Q1 2015. Conservative reserving policy unchanged
- Ordinary investment income in line with expectation
- Negative impact from inflation swaps of €-15m (Q1 2014: €-1m)
- EBIT margin[2] of 14.8% (Q1 2014: 17.5%) is well above target

[2] EBIT margins reflect a Talanx Group view

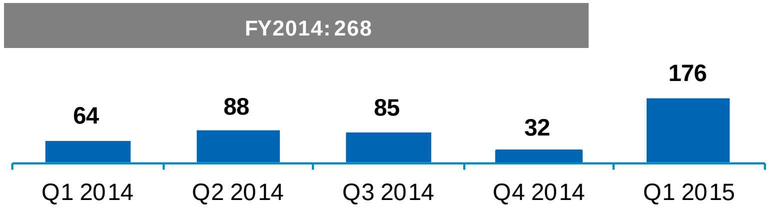
Favorable underwriting result in a competitive environment

II Segments – Life/Health Reinsurance

P&L for Life/Health Reinsurance

€m, IFRS	Q1 2015	Q1 2014	Change
Gross written premium	1,783	1,517	+18%
Net premium earned	1,550	1,281	+21%
Net underwriting result	**(85)**	**(87)**	**(2%)**
Net investment income	219	152	+44%
Operating result (EBIT)	**176**	**64**	**+175%**
Group net income	66	21	+214%
Return on investment (annualised)	**6.4%**	**4.1%**	**+2.3%pts**

EBIT (€m)



Comments

- Q1 2015 GWP up by 17.6% (adjusted for currency effects: +6.5%), mainly from Emerging Markets, Australia and longevity BATs
- Technical result in line with expectations
- Ordinary investment income higher due to positive one-off from termination fee for Financial Solutions treaty
- Other income and expenses driven by positive currency effects
- EBIT margin[1] of 11.3% for the segment. Financial Solutions, longevity business as well as mortality and morbidity business above their margin targets

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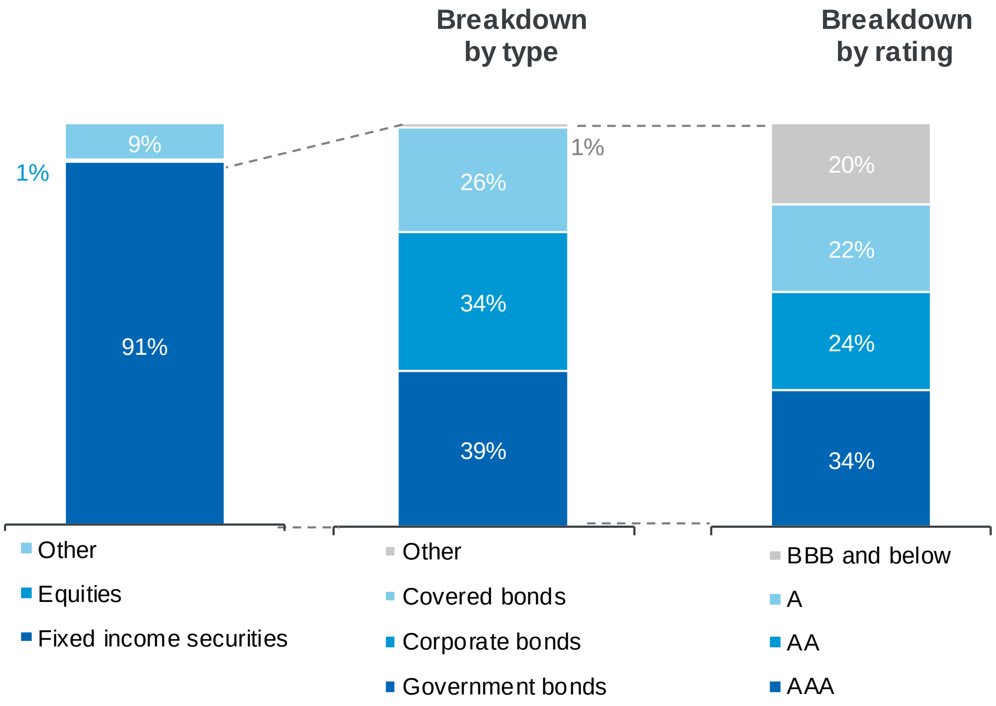
[1] EBIT margin reflects a Talanx Group view

Excellent profitability – significantly improved earnings compared to previous year

Agenda

III Investments – Breakdown of investment portfolio

Asset allocation as of 31 March 2015 | **Fixed-income-portfolio split** | **Comments**



Total: €102.2bn

Total: €92.6bn

Comments

- Investment under own management up by 6% vs. FY2014 (16% vs Q1 2014)
- Investment portfolio remains strongly dominated by fixed-income securities (Q1 2015: >90% portfolio share)
- 80% of fixed-income portfolio invested in "A" or higher-rated bonds – quite stable over recent quarters
- 17% of "investments under own management" are held in USD, 29% overall in non-euro currencies
- 50% writedown on bonds of Heta Asset Resolution (nominal exposure: high double-digit €m, net income effect in Q1 2015: ~€4m)

Conservative investment style remains strongly dominated by fixed-income securities

III Net investment income

Net investment income Talanx Group

€m, IFRS	Q1 2015	Q1 2014	Change
Ordinary investment income	**843**	**765**	**+10%**
Thereof current investment income from interest	729	716	+2%
Thereof profit/loss from shares in associated companies	4	4	+0%
Realised net gains on investments	176	210	(16%)
Write-ups/write-downs on investments	(75)	(10)	n/m
Unrealised net gains/losses on investments	5	16	(69%)
Investment expenses	(50)	(55)	n/m
Income from investments under own management	**899**	**926**	**(3%)**
Income from investment contracts	**2**	**0**	**n/m**
Interest income on funds withheld and contract deposits	**95**	**84**	**+13%**
Total	**996**	**1,010**	**(1%)**

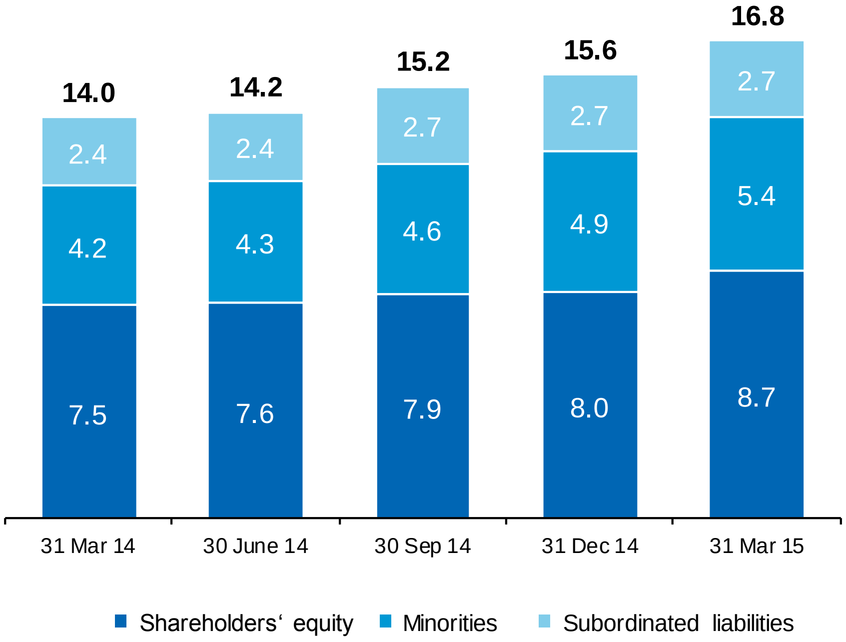
Comments

- Ordinary investment income up, partially driven by a payment following a customer-initiated withdrawel from a US transaction in Life & Health Reinsurance (~€40m)
- Current investment income from interest increased by €13m vs. Q1 2014 mainly due to higher asset base
- Realised investment gains of €176m include realisations in Retail Germany to finance ZZR (allocation according to HGB in Q1 2015: €109m)
- Writedowns include a 50% impairment of the bond position in Heta Asset Ressolution (mid double-digit €m amount)
- Q1 2015 ROI of 3.6% (Q1 2014: 4.3%) on the back of lower interest levels in European bond markets (2015 target: >3.0%)
- Impact from unrealised results in reinsurance derivatives was negative in Q1 2015. Effect from ModCo: €0m (Q1 2014: €+2m), inflation swaps: €-15m (Q1 2014: €-1.2m)

Q1 2015 ROI reached 3.6% - well ahead of 2015 target

III Equity and capitalisation – Our equity base

Capital breakdown (€bn)



Note: Figures adjusted due to IAS8

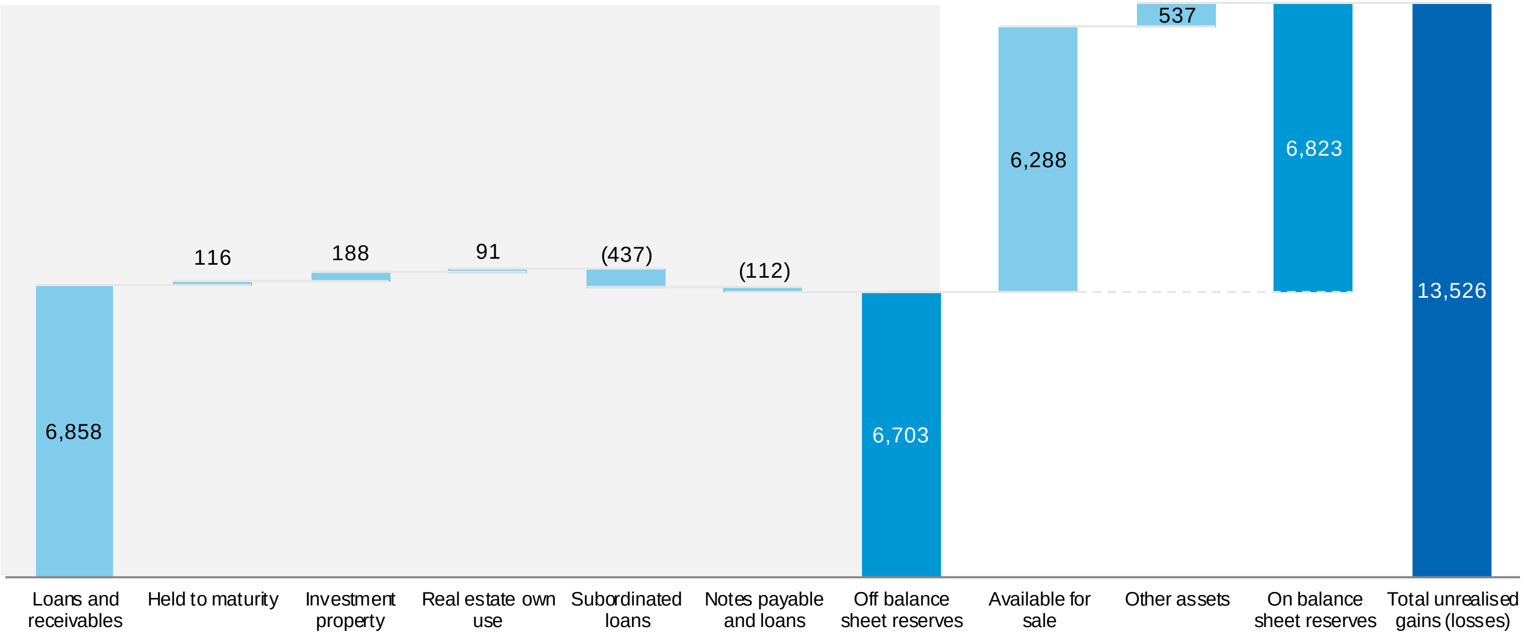
Comments

- Shareholders’ equity is up significantly by 9.4% vs. FY2014 and 17.0% vs. Q1 2014 – in particular due to net earnings (€251m) as well as OCI effects from rates and currencies of €500m vs. year-end 2014
- Goodwill stands at €1,242m, which includes effects from the acquisition of Magallanes Group/Chile
- Book value per share stands at €34.60, while NAV per share is €29.69 at the end of March 2015
- Neither book value per share nor NAV contain off-balance sheet reserves. After the continued decline in interest rates, these amount to ~€500m (see next page), or €1.96 per share (shareholder share only). This adds up to an adjusted book value of €36.56 per share

Shareholders’ equity up by ~€750m vs. FY2014, due to effects from earnings and further interest rate decline driving OCI

III Equity and capitalisation – Unrealised gains

Unrealised gains and losses (off and on balance sheet) as of 31 March 2015 (€m)



31 Dec 14	5,870	120	175	93	(363)	(98)	5,797	4,779	482	5,262	11,059

Δ market value vs. book value

Note: Differences due to rounding error may occur

Off-balance sheet reserves of ~€6.7bn – more than €500m (€1.96 per share) attributable to shareholders (net of policyholders, taxes & minorities)

Agenda

- I Group Highlights
- II Segments
- III Investments / Capital
- IV **Essentials Risk Management Reports 2014**
- V Outlook
- Appendix
  - Mid-term Target Matrix
  - Q1 2015 Additional Information
  - Risk Management Reports 2014

IV Risk Management Reports 2014 - Essentials

- **TERM (Talanx Enterprise Risk Model) further enhanced by new and more demanding regulatory requirements. 2014 results also affected by the more challenging market environment**
- **While model uncertainty has further declined, the Capital Adequacy Ratios demonstrate a solid capitalisation from all perspectives – in absolute terms and in a sector comparison. On track for official filing for our model application in June 2015**
- **Based on the concept of economic equity, the Economic Solvency Ratio stands at 194% (99.5% confidence level). It would go up to 271% if hybrids and surplus funds are considered. Market risks of 45% remain well below the 50% threshold**
- **Decline in Group MCEV by 12.3% y/y to €3,105m. The fall in MCEV is primarily driven by a drop in the German MCEV from €1,337m to €644m**
- **Despite the marked decline in rates, the MCEV in the international retail business has only dropped by 7.9%. The international business now reflects 36% of the Primary Insurance's MCEV**
- **Continuously a small asset-liability mismatch – increase of duration of fixed income portfolio for Primary Insurance partially compensates for increase of effective duration in Life**

IV TERM 2014 – Capitalisation perspectives

Economic View (shareholder perspective) ▶ **194%** ✓

- economic equity (no hybrids and surplus funds)
- after minorities

- inclusion of hybrids and surplus funds ⬆

Policyholder & Debt investor View ▶ **271%** ✓

- economic capital (including hybrids and surplus funds)
- after minorities

- before minorities, with haircut ⬇
- operational risk modeled with standard formula ⬇

Regulatory View[1] ▶ **174%** ✓

- economic capital (including hybrids and surplus funds)
- before minorities and (in consequence) with haircut on Talanx‘s minority holdings
- operational risk modeled with standard formula

Note: all calculations are based on a 99.5% confidence level. They all do not take any transitionals into account. We model with a dynamic volatility adjuster.

[1] The regulatory view focuses on the HDI-Group as the regulated entity with HDI V. a. G. as ultimate parent undertaking.

▶ **Comfortable capital position from all angles**

Agenda

V Outlook for Talanx Group 2015[1]

Gross written premium[2]	**+ 1-3%**
Return on investment	**> 3.0%**
Group net income	**≥ €700m**
Return on equity	**~ 9%**
Dividend payout ratio	**35-45% target range**

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[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

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

Agenda

A 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]
Industrial Lines	Gross premium growth[1]	3 - 5%
	Retention rate	60 - 65%
Retail Germany	Gross premium growth	≥ 0%
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%

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[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

A Q1 2015 Additional Information - Segments

€m, IFRS	Industrial Lines Q1 2015	Industrial Lines Q1 2014	Industrial Lines Change	Retail Germany Q1 2015	Retail Germany Q1 2014	Retail Germany Change	Retail International Q1 2015	Retail International Q1 2014	Retail International Change
P&L									
Gross written premium	1,889	1,763	+7%	2,135	2,027	+5%	1,206	1,164	+4%
Net premium earned	518	407	+27%	1,448	1,287	+13%	960	983	(2%)
Net underwriting result	6	50	(89%)	(392)	(430)	n/m	8	9	(11%)
Net investment income	53	72	(27%)	445	501	(11%)	79	74	+7%
Operating result (EBIT)	72	105	(32%)	57	54	+6%	56	62	(10%)
Net income after minorities	47	67	(30%)	35	29	+21%	33	39	(15%)
Key ratios									
Combined ratio non-life insurance and reinsurance	98.9%	87.7%	11.2%pts	100.5%	100.2%	0.3%pts	94.6%	95.1%	(0.5%)pts
Return on investment	2.8%	4.2%	(1.4%)pts	3.8%	4.7%	(0.9%)pts	4.0%	4.7%	(0.7%)pts

Note: Differences due to rounding may occur

A

Q1 2015 Additional Information - Segments (continued)

	Non-Life Reinsurance			Life and Health Reinsurance			Group		
€m, IFRS	Q1 2015	Q1 2014	Change	Q1 2015	Q1 2014	Change	Q1 2015	Q1 2014	Change
P&L									
Gross written premium	2,617	2,108	+24%	1,783	1,517	+18%	9,440	8,414	+12%
Net premium earned	1,882	1,632	+15%	1,550	1,281	+21%	6,367	5,599	+14%
Net underwriting result	73	86	(15%)	(85)	(87)	n/m	(389)	(370)	n/m
Net investment income	199	211	(6%)	219	152	+44%	996	1,010	(1%)
Operating result (EBIT)	279	286	(2%)	176	64	+175%	643	554	+16%
Net income after minorities	87	95	(8%)	66	21	+214%	251	216	+16%
Key ratios									
Combined ratio non-life insurance and reinsurance	95.9%	94.5%	1.4%pts	---	---	---	96.5%	94.3%	2.2%pts
Return on investment	2.6%	3.3%	(0.7%)pts	6.4%	4.1%	2.3%pts	3.6%	4.3%	(0.7%)pts

Note: Differences due to rounding may occur

A Q1 2015 Additional Information – GWP of main risk carriers

Retail Germany

GWP, €m, IFRS	Q1 2015	Q1 2014	Change
Non-life Insurance	**762**	**808**	**(6%)**
HDI Versicherung AG	727	772	(6%)
Life Insurance	**1,373**	**1,219**	**+13%**
HDI Lebensversicherung AG	515	500	+3%
neue leben Lebensversicherung AG[1]	365	243	+50%
TARGO Lebensversicherung AG	254	251	+1%
PB Lebensversicherung AG	199	175	+14%
Total	**2,135**	**2,027**	**+5%**

Retail International

GWP, €m, IFRS	Q1 2015	Q1 2014	Change
Non-life Insurance	**822**	**708**	**+16%**
HDI Seguros S.A., Brazil	210	189	+11%
TUiR Warta S.A.[2], Poland	233	229	+2%
TU Europa S.A.[3], Poland	59	45	+31%
HDI Assicurazioni S. p. A., Italy (P&C)	85	81	+5%
HDI Seguros S.A. De C.V., Mexico	57	43	+33%
HDI Sigorta A.Ş., Turkey	71	50	+42%
Life Insurance	**384**	**456**	**(16%)**
TU Warta Zycie S.A., Poland[2]	92	39	+136%
TU Europa Zycie, Poland[3]	26	55	(53%)
Open Life[3]	10	6	+67%
HDI Assicurazioni S. p. A., Italy (Life)	155	249	(38%)
Total	**1,206**	**1,164**	**+4%**

[1] Talanx ownership 67.5%
[2] Talanx ownership of 75.74%
[3] Talanx ownership 50% + 1 share

Numbers for main carriers represent data entry values, fully consolidated

A Q1 2015 Additional Information – Details on GIIPS exposure

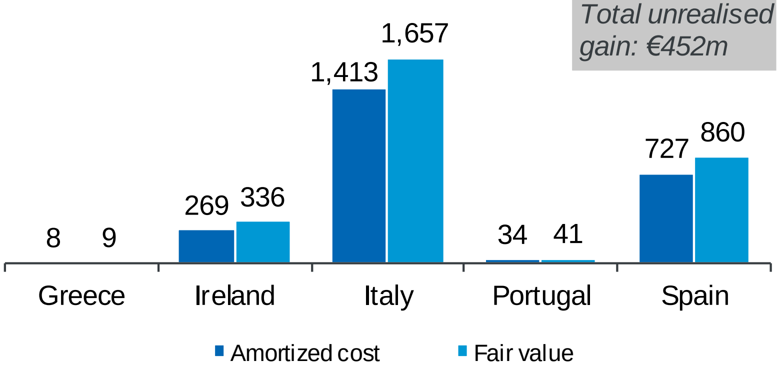
Total GIIPS exposure (31 March 2015)

€m	Government bonds		Corporate bonds				
GIIPS exposure	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	**Total**
Greece	9	-	-	-	-	-	**9**
Ireland	336	-	12	65	568	354	**1,335**
Italy	1657	-	530	749	934	-	**3,870**
Portugal	41	-	5	16	-	-	**62**
Spain	860	556	237	469	461	-	**2,584**
Total	**2,903**	**556**	**784**	**1,299**	**1,963**	**354**	**7,859**

Details on sovereign exposure in €m

Total: €2,451m (amortized cost), €2,903m (fair value)

Total unrealised gain: €452m



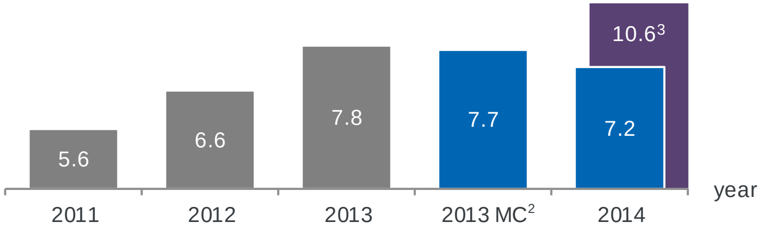
Comments

- Total GIIPS exposure incl. private sector assets at ~4.9% of total assets (30.12.2014:~4.8%)
- GIIPS sovereign exposure at 1.8% of total assets (Q1 2014: 1.7%, FY2014: 1.8%)
- Exposure to Irish issuers – preferably in covered bonds – has been increased selectively within Q1 2015
- In GIIPS countries, exposure predominantly to covered bonds and financial institutions have been raised in Q1 2015; slight decline in semi-sovereign bonds
- Total unrealised gains increased by €72m since FY 2014 and by €310m since Q1 2014

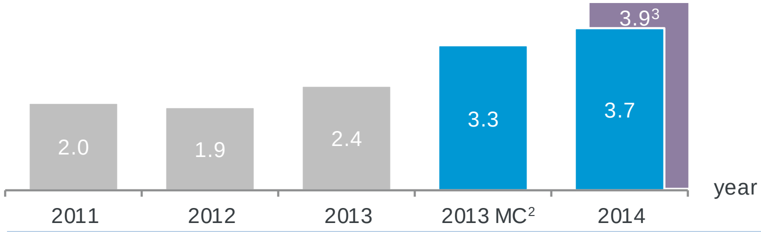
GIIPS sovereign exposure stable at ~1.8% of total assets – further increase in unrealised gains

A TERM 2014 - Result History (Economic View)

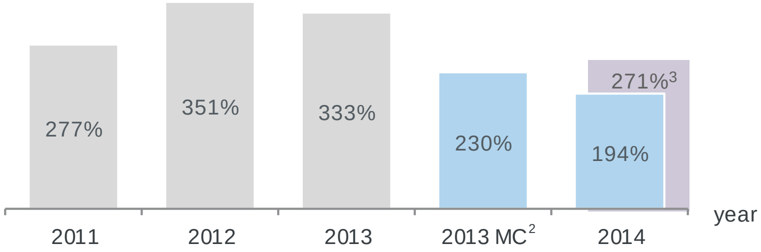
Own Funds (€bn)[1]



Solvency Capital Required (€bn)[1]



Capital Adequacy Ratio (CAR)[1]



Comments

- Economic Solvency Ratio (99.5% confidence level; economic equity concept, i.e. excl. hybrids and surplus funds, after minorities) stands at a comfortable 194%
- Drop from last year's level reflects both effects from the market environment as well as from model changes
- The decline in Own Funds is primarily market-related reflecting the impact from interest rates and from spreads on the German Life business
- At the same time, the increase in Solvency Capital Required is to a larger extent a consequence of model changes
- Based on the economic capital concept (incl. hybrids and surplus funds), the Own Funds stand at €10.6bn. The corresponding CAR is at a high 271%

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[1] After minorities

[2] Re-calculation of 2013 results with model adjustments

[3] Calculations based on Economic Capital

Strong capitalisation despite the effects from markets and from model changes

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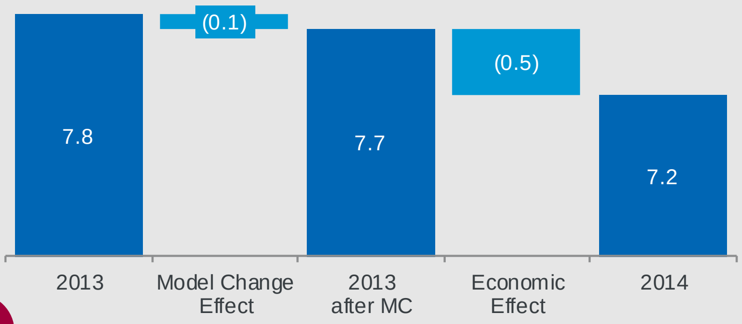
TERM 2014 – Analysis of Change

Own Funds (€bn)[1]



Model Change Effect

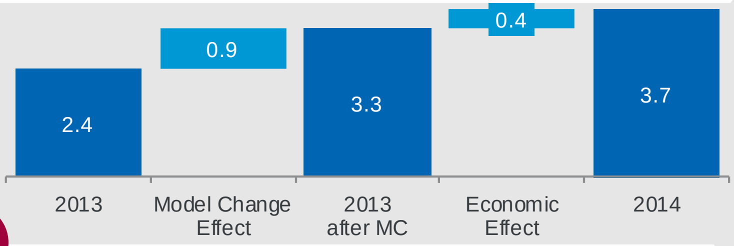
- Risk-charge on top-rated government bonds ⬇
- Additional charges for risk concentration ⬇
- Re-modelling of non-contributory life contracts ↘
- Volatility adjuster ⬆
- Higher risk margin due to higher SCR ↘

Economic Effect

- Interest development ⬇
- Spread development ⬆
- Life Insurance Reform Act (LVRG) ↘ / ⬆

÷

Solvency Capital Required (€bn)[1]



Model Change Effect

- Risk-charge on top-rated government bonds ⬆
- Additional charges for risk concentration ⬆
- Adjustment of interest stress models ⬆
- Re-modelling of non-contributory life contracts ↗
- Taxes ⬆
- Volatility adjuster ⬇

Economic Effect

- Interest development ⬆
- Spread development ⬇
- Increase in capital market risks ↗

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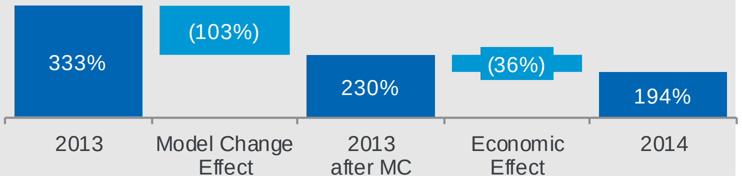
Capital Adequacy Ratio (CAR)[1]



🟥 detrimental impact
🟨 moderately negative impact
🟩 favourable impact

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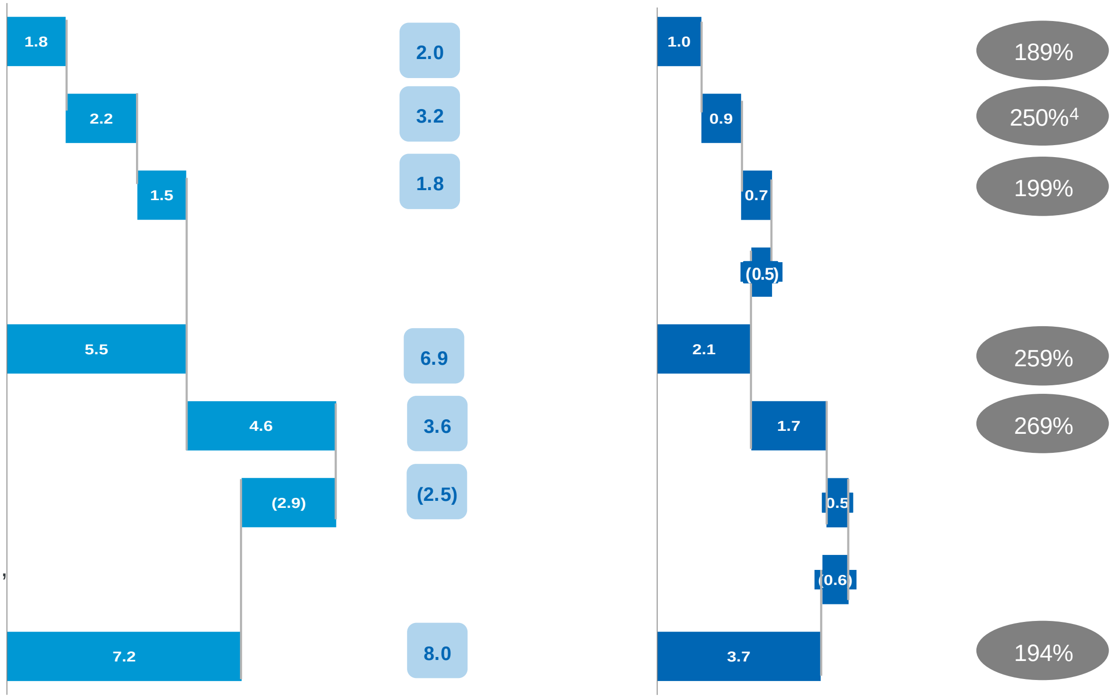
[1] After minorities

Effects from markets drive decline in Own Funds – SCR increase dominated by model change effects

A TERM 2014 – Own Funds, SCR and CAR by Division

Own Funds, SCR and CAR by Division



	Own Funds by Division[1]	Equity by Division[2]	SCR by Division[3]	CAR by Division
Industrial Lines	1.8	2.0	1.0	189%
Retail Germany	2.2	3.2	0.9	250%[4]
Retail International	1.5	1.8	0.7	199%
Diversification between Primary Divisions			(0.5)	
Primary Insurance	5.5	6.9	2.1	259%
Reinsurance	4.6	3.6	1.7	269%
Corporate Functions	(2.9)	(2.5)	0.5	
Diversification between Primary Divisions, Reinsurance and Corporate Functions			(0.6)	
Talanx Group	7.2	8.0	3.7	194%

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[1] Economic View (based on economic equity concept, excl. hybrids and surplus funds, after minorities)

[2] IFRS equity after minorities | [3] Solvency capital requirement; determined according to 99.5% security level, economic view, after minorities

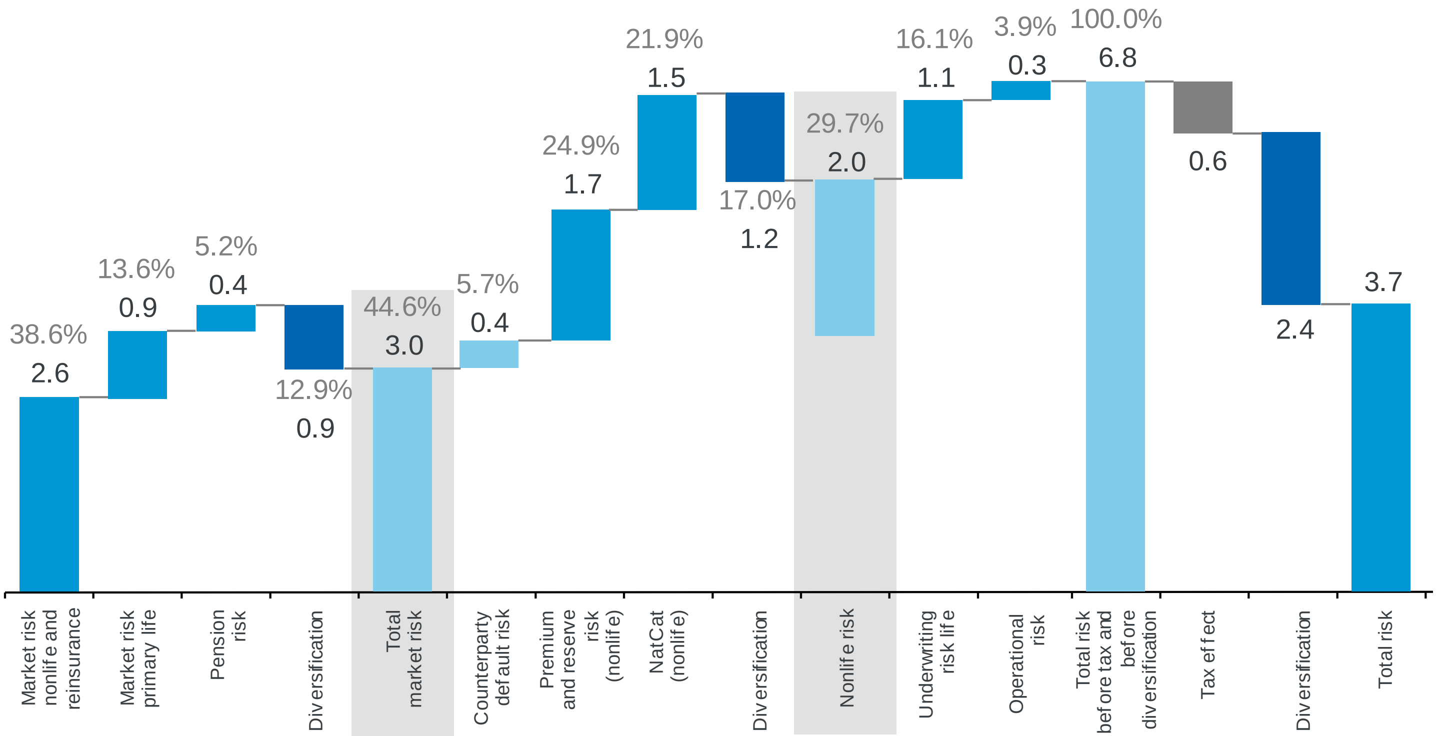
[4] The CAR in German Life stands below 100% if the economic equity concept is considered. It jumps well above 200% if the concept of economic capital (incl. hybrids and surplus funds) is applied.

All Divisions well capitalised

A Solvency capital requirement split into components

Risk components of Talanx Group[1]

(as of 31 December 2014, €bn)



[1] Figures show risk categorisation of the Talanx Group after minorities. Solvency capital requirement determined according to 99.5% security level for the economic view

High diversification between risk categories – market risk remains still below 50% threshold

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MCEV 2014 - 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)**

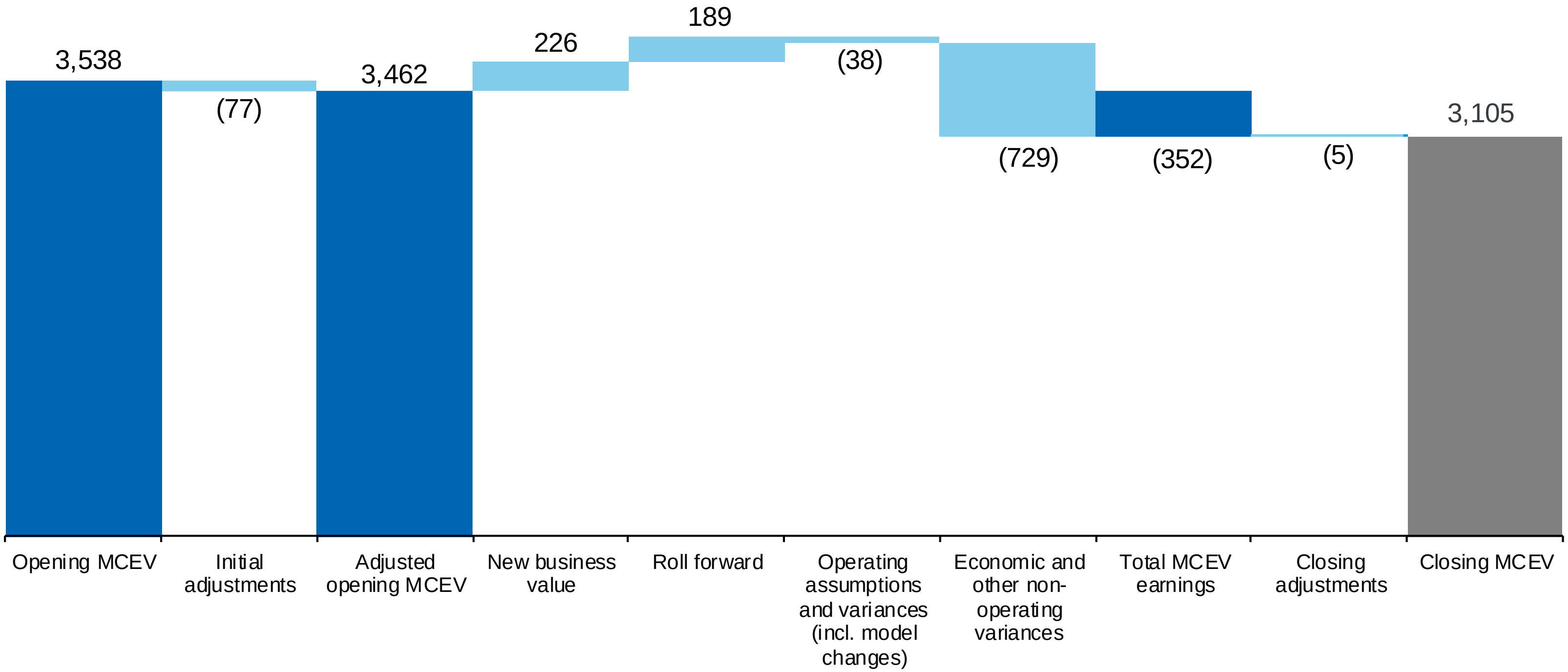
- Decline in MCEV mainly stems from German domestic business (Primary D) determined by the drop in interest rates and by model changes. International Life business (Primary INT) more stable. Benefits of diversified business model underpinned by MCEV improvement in Reinsurance
- MCEV explicitly calculated 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

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

A MCEV 2014 - Movement of Embedded Value

Movement of Embedded Value (€m)



Primary Ins.	1,731	(54)	1,677	9	136	81	(823)	(598)	(70)	1,009
Reinsurance	1,808	(23)	1,785	217	53	(119)	95	245	65	2,095

Positive impact from new and existing business contribution overcompensated by negative effects from markets and from model changes

A MCEV 2014 - Analysis of change

	Primary insurance			Reinsurance			Talanx Total
	NAV	VIF	Total	NAV	VIF	Total	
	€m	€m	€m	€m	€m	€m	€m
Opening MCEV	**1,028.3**	**702.4**	**1,730.7**	**821.1**	**986.5**	**1,807.6**	**3,538.3**
Capital injection	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payments	(52.6)	0.0	(52.6)	0.0	0.0	0.0	(52.6)
Change in currency exchange rates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other implications	0.6	(2.0)	(1.4)	(26.8)	4.2	(22.5)	(23.9)
Adjusted opening MCEV	**976.3**	**700.3**	**1,676.7**	**794.4**	**990.7**	**1,785.1**	**3,461.8**
New business value	(3.9)	13.1	9.2	(33.4)	249.9	216.5	225.7
Expected existing business contribution (reference rate)	1.4	85.6	87.0	5.6	36.9	42.5	129.5
Expected existing business contribution (in excess of reference rate)	0.5	48.4	48.8	10.7	0.0	10.7	59.5
Transfers from VIF and required capital (RC) to free surplus (FS)	113.3	(113.3)	0.0	91.8	(91.8)	(0.0)	(0.0)
Experience variances	103.7	130.8	234.5	(108.4)	106.6	(1.8)	232.8
Assumption changes	0.0	(185.5)	(185.5)	(0.6)	(72.3)	(72.9)	(258.4)
Other operating variances	1.8	29.8	31.7	(12.6)	(31.7)	(44.3)	(12.6)
Operating MCEV earnings	**216.8**	**8.9**	**225.7**	**(46.9)**	**197.6**	**150.7**	**376.5**
Economic variances	(51.2)	(1,078.2)	(1,129.4)	147.6	(52.9)	94.7	(1,034.7)
Other non-operating variances	0.0	306.1	306.1	0.0	(0.1)	(0.1)	306.1
Total MCEV earnings	**165.6**	**(763.1)**	**(597.5)**	**100.8**	**144.6**	**245.4**	**(352.1)**
Closing adjustments	**(67.5)**	**(2.2)**	**(69.7)**	**(38.1)**	**102.8**	**64.7**	**(5.0)**
Capital injection	21.5	(1.1)	20.3	60.0	0.0	60.0	80.3
Dividend payments	(87.0)	0.0	(87.0)	(99.4)	0.0	(99.4)	(186.4)
Change in currency exchange rates	(1.9)	(1.1)	(3.1)	1.3	102.8	104.2	101.1
Closing MCEV after minorities	**1,074.5**	**(65.0)**	**1,009.4**	**857.1**	**1,238.2**	**2,095.2**	**3,104.7**

VIF= Value In Force
NAV = Net Asset Value

Comments

Primary insurance

- MCEV decline mainly due to interest rates decline (economic variances) and model changes (assumption changes).
- Some positive effects from non-operating variances (+€306m) resulting from LIRA[1] (e.g. reduced policyholder bonuses from unrealised investment gains)
- In international business, MCEV benefited from MCEV increase at Warta and positive NBV[2] in Italy, offset by the negative effect from sale of life portfolio in Mexico

Reinsurance

- Improvement in MCEV mainly due to positive new business value

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[1] LIRA = Life Insurance Reform Act (Lebensversicherungsreformgesetz (LVRG))
[2] NBV = New Business Value

Primary insurance affected by decline in interest rates – Reinsurance benefits from improvement in new business value

A MCEV 2014 – New Business

	Primary insurance				Reinsurance		Talanx		
	D	INT	Total						
	2014	2014	2014	2013	2014	2013	2014	2013	Change
	€m	€m	€m	€m	€m	€m	€m	€m	%
Profit/Loss on new business	(1.3)	(2.6)	(3.9)	(2.2)	(33.4)	(41.0)	(37.3)	(43.2)	13.5
Present value of future profits (certainty equivalent)	48.0	23.0	71.0	98.1	318.4	226.3	389.4	324.4	20.0
Financial options and guarantees (FOGs)	(39.6)	(6.4)	(46.0)	(1.7)	0.0	0.0	(46.0)	(1.7)	(2,660.8)
Cost of residual non-hedgeable risks (CoRNHR)	(10.9)	(3.9)	(14.7)	(6.8)	(50.9)	(22.7)	(65.6)	(29.5)	(122.4)
Cost of required capital (CoRC)	5.0	(0.8)	4.2	(1.2)	(8.9)	(7.7)	(4.7)	(8.9)	47.3
Look through and other adjustments	1.4	(2.8)	(1.4)	(2.8)	(8.7)	(5.2)	(10.1)	(8.0)	(26.5)
New business value after minorities	**2.7**	**6.5**	**9.2**	**83.4**	**216.5**	**149.7**	**225.7**	**233.1**	**(3.2)**
New business margin	0.1%	0.7%	0.2%	2.2%	4.1%	4.0%	2.4%	3.1%	(21.3%)

Note: The values for 2013 exclude the new business written by HDI-Gerling Zycie since the merger of WARTA with HDI-Gerling Zycie is included in the 2013 MCEV only in the closing adjustments.

Comments

- Lower new business value in German Primary Insurance (2014: €2.7m; 2013: €78m)
- Slight increase in NBV of International Primary Insurance (2014: €6.5m, 2013: €5.4m) mainly due to higher new business premium in Italy
- Significant increase in Reinsurance NBV (2014: €216.5m, 2013: 149.7m)
- Methodological changes also affect NBV (in particular alignment to Solvency II methodology)

Talanx's new business value broadly stable helped by improvement in Reinsurance

A MCEV 2014 - Sensitivity analysis

	Primary insurance				Reinsurance		Talanx	
	D	INT	Total					
	2014	2014	2014	2013	2014	2013	2014	2013
	€m	€m	€m	€m	€m	€m	€m	€m
MCEV after minorities	**644.1**	**365.3**	**1,009.4**	**1,730.7**	**2,095.2**	**1,807.6**	**3,104.7**	**3,538.3**
	%	%	%	%	%	%	%	%
Mortality/Morbidity + 5% (non-annuity)	(7.0)	(2.4)	(5.3)	(1.7)	(29.3)	(25.4)	(21.5)	(13.8)
Mortality/Morbidity -5% (non-annuity)	7.0	2.4	5.3	1.8	29.6	25.3	21.7	13.8
Mortality +5% (annuity)	9.0	(0.0)	5.7	1.4	6.1	4.5	6.0	2.9
Mortality -5% (annuity)	(9.8)	0.0	(6.3)	(1.5)	(6.5)	(4.8)	(6.4)	(3.1)
Lapse rate +10%	(1.8)	(0.6)	(1.4)	(2.1)	(6.0)	(8.9)	(4.5)	(5.5)
Lapse rate -10%	2.5	0.7	1.8	2.4	7.2	5.7	5.5	4.1
Maintenance expenses +10%	(20.1)	(2.7)	(13.8)	(4.4)	(2.6)	(2.7)	(6.2)	(3.5)
Maintenance expenses -10%	19.5	2.7	13.5	4.5	2.5	2.5	6.1	3.5
Yield curve +1%	67.1	(7.0)	40.3	5.7	(4.9)	(8.8)	9.8	(1.7)
Yield curve -1%	(133.3)	0.6	(84.8)	(10.3)	6.6	8.2	(23.1)	(0.8)
Swaption implied volatilities +25%	(24.5)	(2.0)	(16.4)	(2.9)	(0.2)	(0.2)	(5.4)	(1.5)
Equity and property value +10%	11.0	2.4	7.9	2.5	0.0	0.1	2.6	1.2
Equity and property value -10%	(11.4)	(1.8)	(7.9)	(2.6)	(0.0)	(0.1)	(2.6)	(1.3)
Equity option volatilities +25%	(3.5)	(0.0)	(2.2)	(0.6)	(0.0)	(0.0)	(0.7)	(0.3)

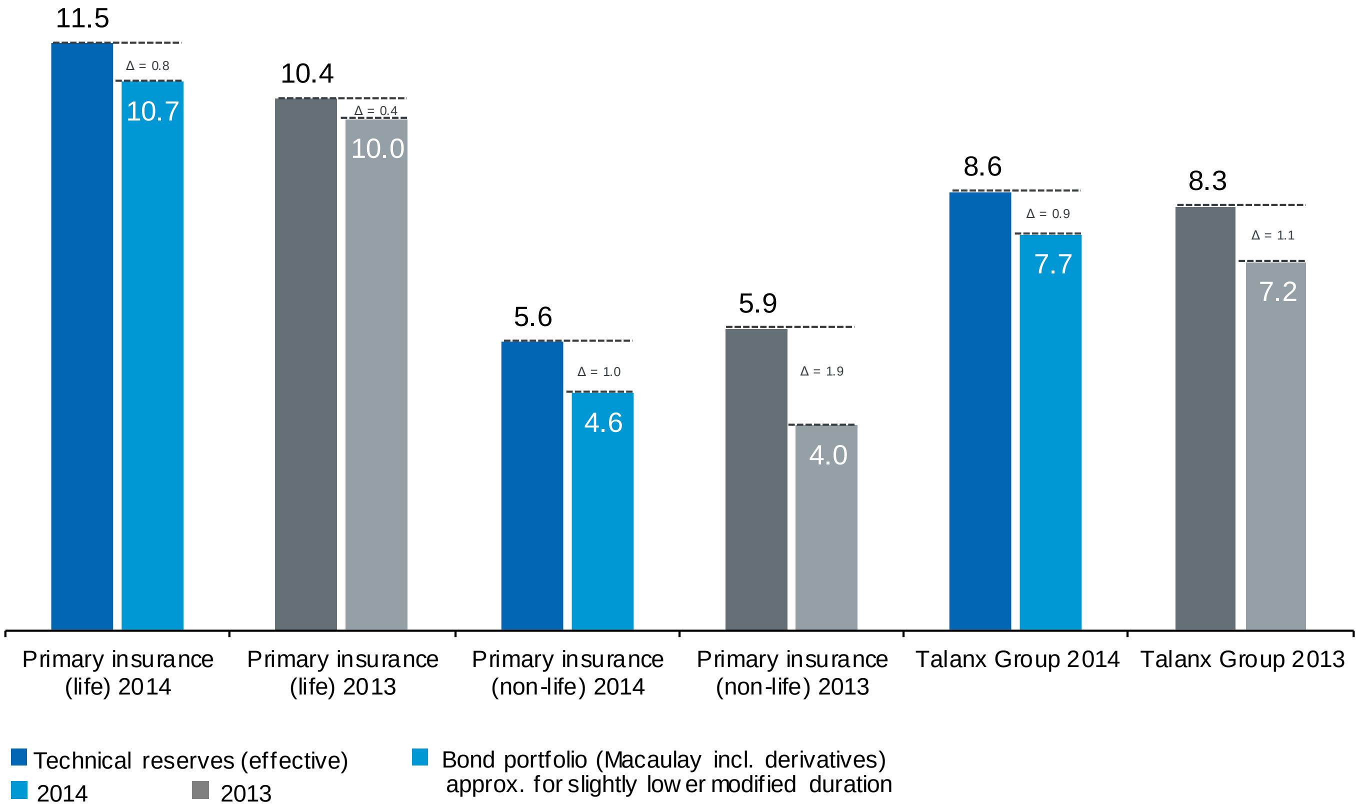
Comments

- Most sensitivities of MCEV have gone up compared to 2013
- In general, the comparison is aggravated by the decline in base levels
- The increase of the sensitivities is intensified by the asymmetry of the business model and model changes. The model changes also lead to an increase of the effective duration
- Yield curve sensitivities have gone up in either direction: another 1%-pt downwards shift of the yield curve would lead to a negative MCEV result for German Life, while a 1%-pt increase would raise its value by roughly two thirds

Increased sensitivity of the MCEV results also a consequence of a base effect

A MCEV 2014 - Duration concepts

Durations of technical reserves and bond portfolio, 2014 and 2013



Note: There is a detailed explaination of the effective duration concept in the document of the "Talanx Risk Management Workshop", June 2013, p. 36

Continuously a small asset-liability mismatch – increase of duration of bond portfolio for Primary Insurance partially compensates for increase of effective duration in Life

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