Insurance. Investments.

Oddo Seydler
Small & Mid Cap Conference

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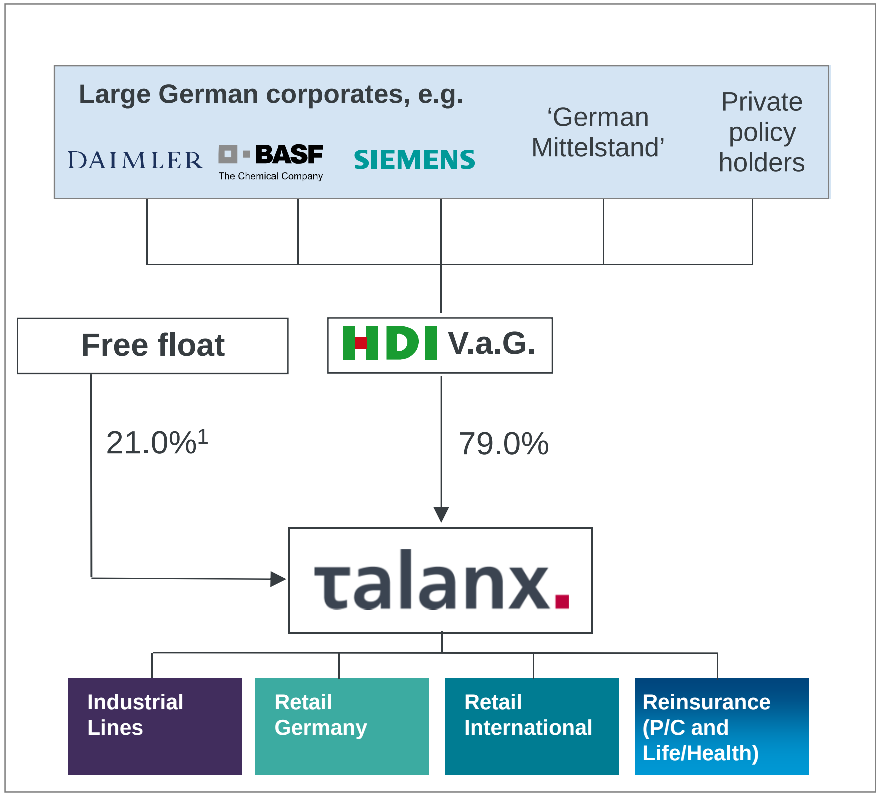
16 February 2016

Founded as a lead insurer by German corporates

Group structure



Large German corporates, e.g.

DAIMLER BASF The Chemical Company SIEMENS

'German Mittelstand'

Private policy holders

Free float

HDI V.a.G.

21.0%[1]

79.0%

talanx.

Industrial Lines

Retail Germany

Retail International

Reinsurance (P/C and Life/Health)

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

History

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

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

Four divisions with a strong portfolio of brands

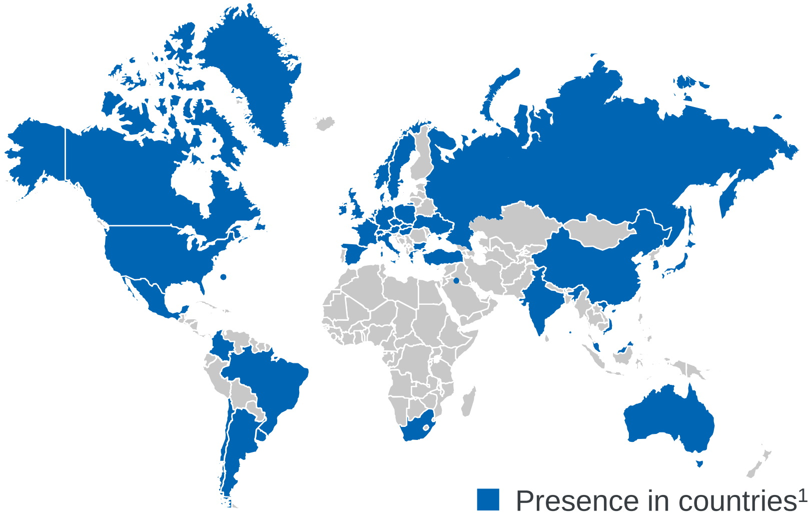
talanx.

Industrial Lines	Retail Germany	Retail International	Reinsurance (P/C and Life/Health)	Corporate Operations
HDI	HDI TARGO·VERSICHERUNG Schutz und Vorsorge PB Versicherungen Partner der Postbank neue leben Versicherungen	HDI warta. Europa ubezpieczenia Posta Biztosító CiV Life	hannover re e+s rück	talanx. Asset Management talanx. Service talanx. Systeme talanx. Reinsurance talanx. Reinsurance Broker

Integrated international insurance group following a multi-brand approach

International footprint and focussed growth strategy

International presence


🟦 Presence in countries[1]

- Total GWP: €29.0bn (2014)
- 2014 GWP: 53% in Primary Insurance (2010: 51%), 47% in Reinsurance (2010: 49%)
- Group wide presence in >150 countries
- ~21,300 employees in 2014

International strategy by divisions

Industrial Lines	▪ Local presence by own risk carriers, branches and partners create efficient network in >130 countries ▪ Key target growth regions: Latin America, Southeast Asia/India, Arabian Peninsula
Retail International	▪ Target regions: CEE (incl. Turkey) and Latin America ▪ # 2 insurer in Poland[2] # 5 motor insurer in Brazil[2] # 2 motor insurer in Chile[2] # 9 motor insurer in Mexico[2]
Reinsurance	▪ Global presence focussing on Western Europe, North- and South America as well as Asia ▪ ~5.000 customers in >150 countries

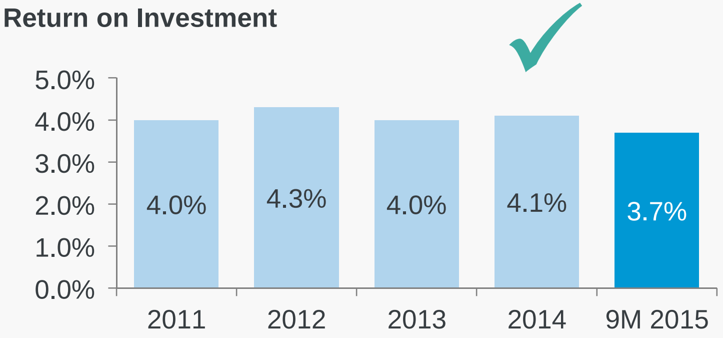
[1] By branches, agencies, risk carriers, representative offices

[2] Source: local regulatory authorities, Talanx AG

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

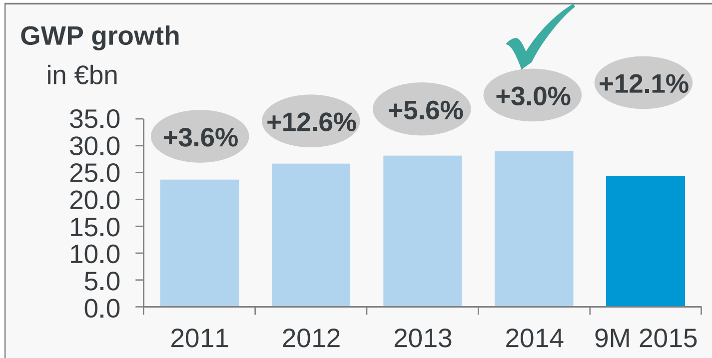
Talanx Group – Target achievement

Return on Investment



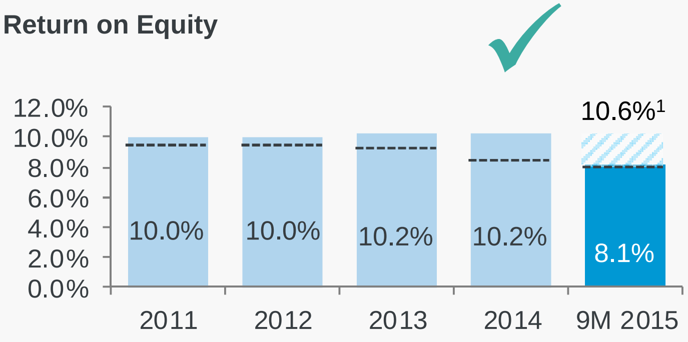
2014 Outlook RoI ≥3.4%
2015 Outlook RoI >3.0%

GWP growth



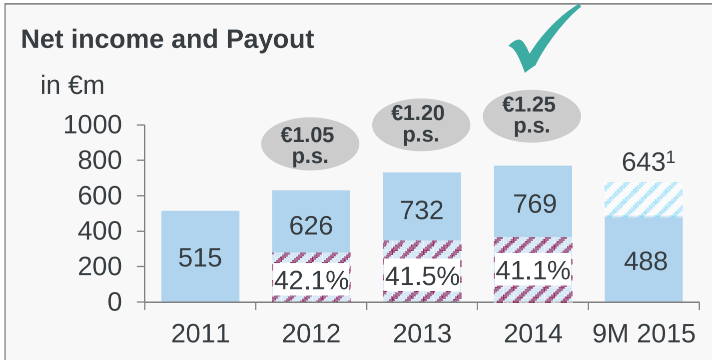
2014 Outlook GWP growth +2-3%
2015 Outlook GWP growth +1-3%

Return on Equity



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

Net income and Payout



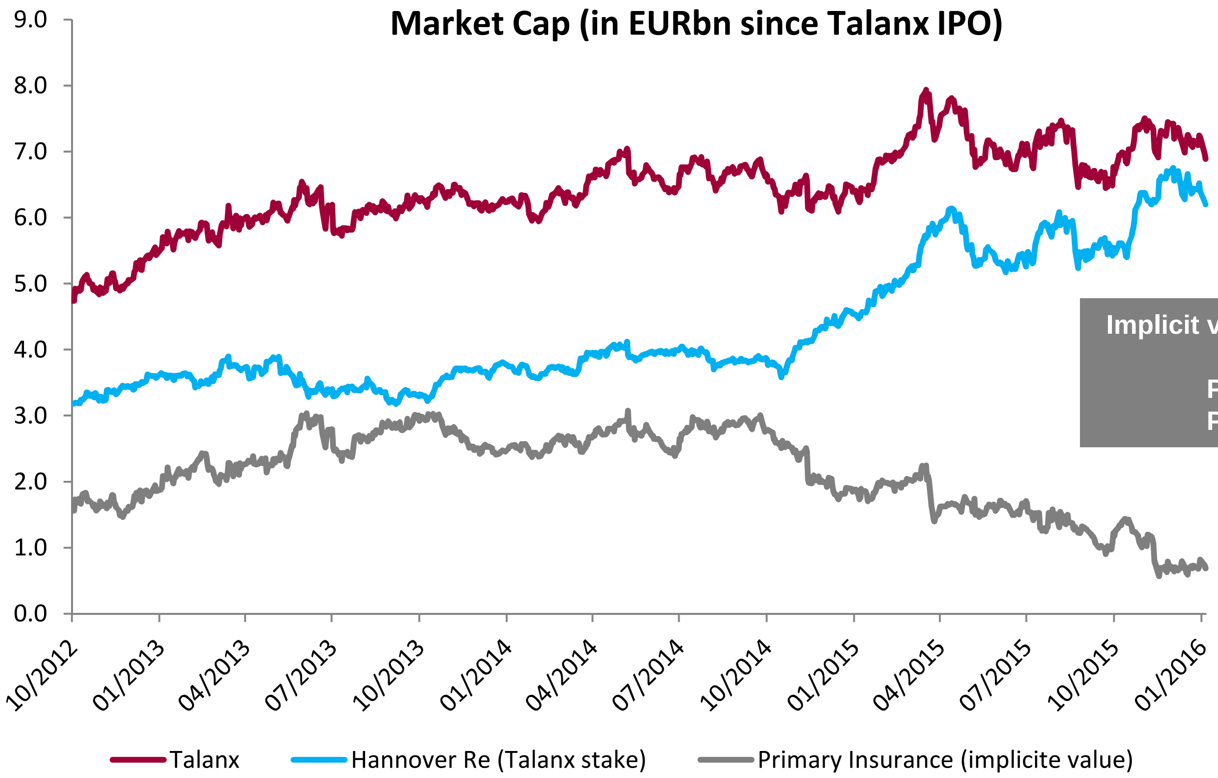
2014 Outlook Net income ≥ €700m; pay-out ratio 35-45%
2015 Outlook Net income €600 -650m; pay-out ratio 35-45%

▨ dividend pay-out ratio

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

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

Valuation – A special look at Primary Insurance



Implicit valuation Primary Insurance[1]

P/E 2016E[2]	**2.2x**
P/Book	**0.2x**

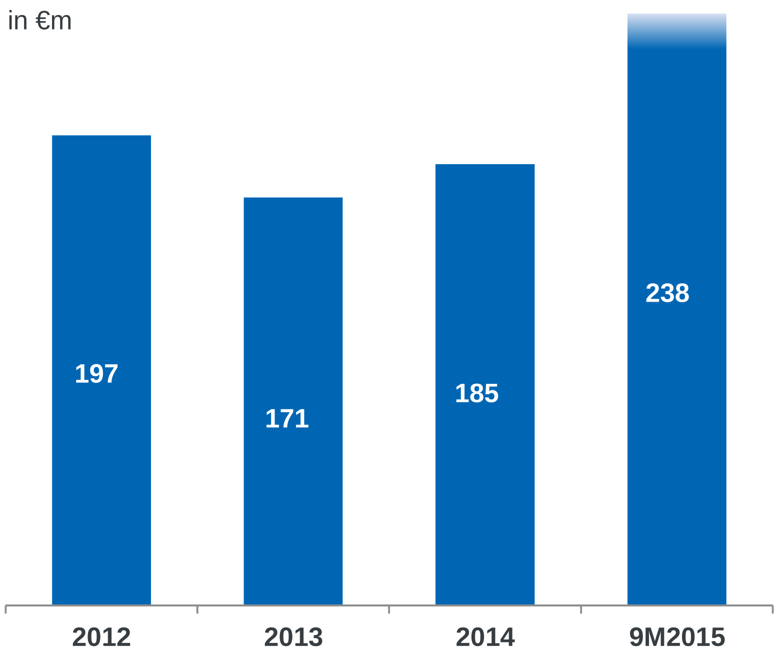
[1] In this analysis, Primary insurance also contains Corporate Operations and Consolidation

[2] 2016 earnings estimates based on the 2016 sell-side consensus collected by Talanx and by Hannover Re in December 2015. Talanx' stake in Hannover Re is 50.2%.

▶ **Strikingly low implicit valuation of Primary Insurance**

Valuation – Earnings contribution from Primary Insurance

Net income Primary Insurance[1]



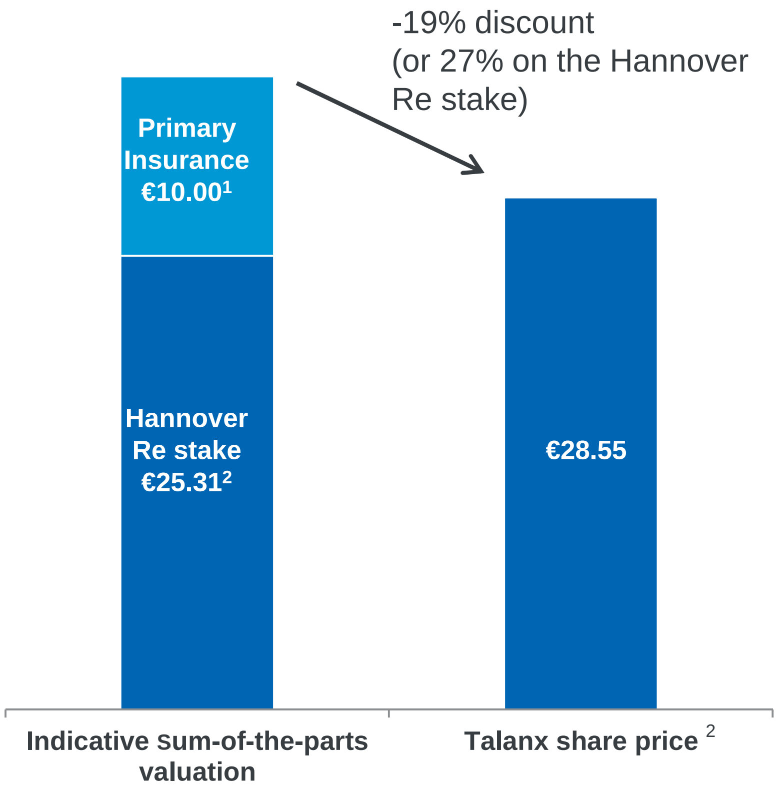
Comments

- Underlying profit contribution of Primary Insurance robust and recently improved
- „Balanced Book“ initiative focussing on underwriting results in Property, Marine and Fleet in Industrial Lines
- KuRS programme in Retail Germany adresses profitability
- Full goodwill impairment in German Life

[1] Incl. Corporate Operations and Consolidation, adjusted for balance-sheet related changes in German Life and for gains from the sale of Swiss Life shares

Robust and recently improved underlying results from Primary Insurance

Valuation – Could it really be explained by a holding discount?



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[1] applying an average sector PE of 10 on an assumed Primary Insurance profit of €252.8 m

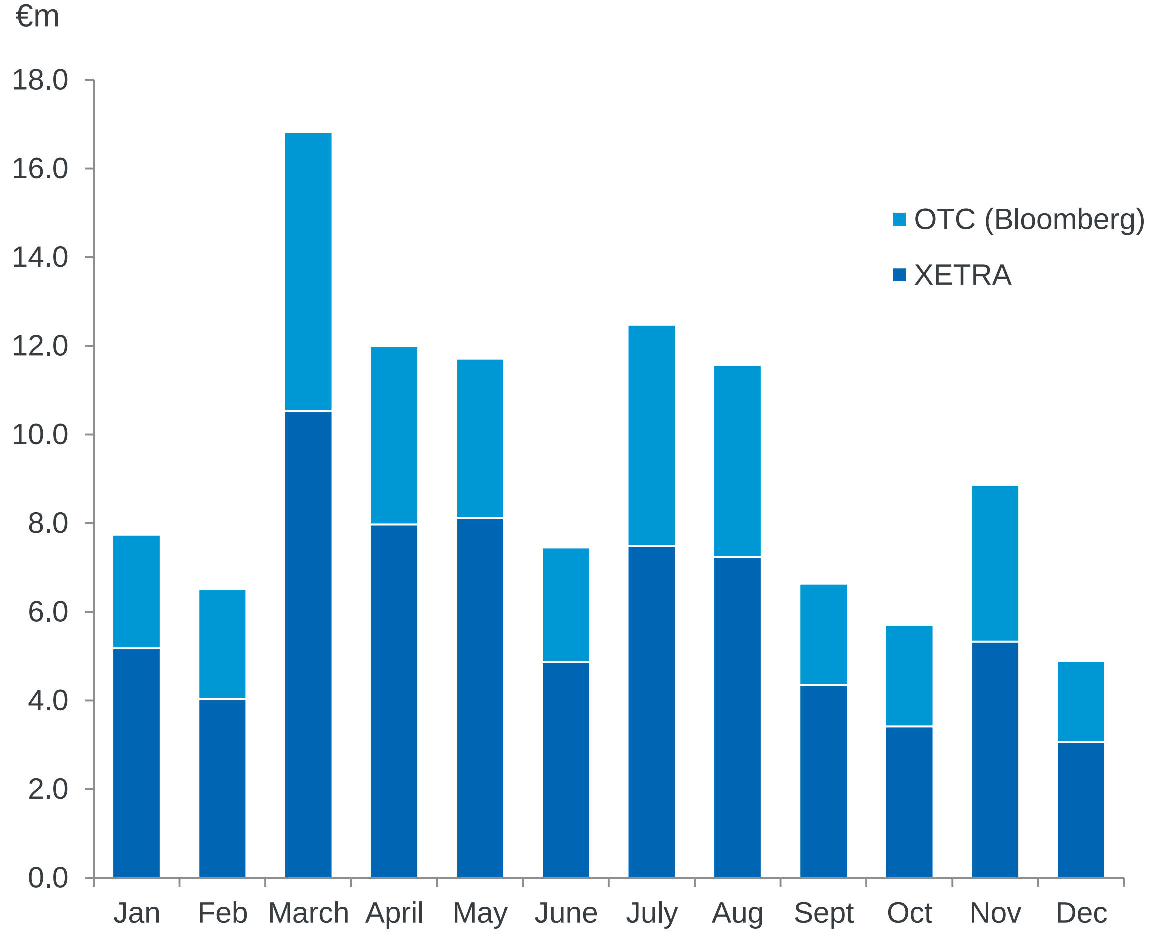
[2] Xetra closing on 30 December 2015

Measures to secure and to boost value in the Group

- Disciplined ressource-management: Generally no cash transfer into ailing Primary Insurance units
- Restrictive use of profit (and loss) sharing agreements in German Life
- Definition of standalone business-specific RoE targets by division that also drive remuneration
- Disposal of non-core activities (e.g. Bulgaria, Luxemburg, Ukraine, Liechtenstein, non-core German assets)
- Diversification benefits reflected in our internal model

Rigorous focus on value creation in the Group

Average daily liquidity in the Talanx share



Source: Deutsche Börse, Bloomberg, own calculations

Comments

- In 2015, the Talanx share had an average daily trading volume of slightly below €10m – of which roughly €6m per day via Xetra
- In 2015, Talanx‘s free-float market cap stood at an average ~0.8% of the overall MDAX market cap
- Its respective share of traded volumes was higher at ~1.0%
- Following the 2015 increase in free-float to 21.0% given the placement of Meiji Yasuda shares, Talanx‘s position in the MDAX is well-founded (Dec 2015: #36 in market cap and #40 in turn-over)

Key achievements 2015
Industrial Lines: „Balanced Book" – Status Update

<table>
<tr><th colspan="5">Property portfolio under review</th></tr>
<tr><td>Total Portfolio in GWP</td><td colspan="4">€1,370m</td></tr>
<tr><td>Share of premium under review 2015</td><td colspan="4">€300m</td></tr>
<tr><td>Corresponding written capacity under review</td><td colspan="4">€117bn</td></tr>
<tr><th></th><th>Premium</th><th>%</th><th>Capacity</th><th>%</th></tr>
<tr><td>thereof already finally negotiated</td><td>€303.7m</td><td>101.2% (of total)</td><td>€117.7bn</td><td>100.6% (of total)</td></tr>
<tr><td>- premium and capacity reduction due to reduced shares and cancelled accounts</td><td>€48.1m</td><td>15.8% (of negotiated)</td><td>€25.5bn</td><td>21.7% (of negotiated)</td></tr>
<tr><td>+ premium increase because of improved premium quality on remaining premium</td><td>€22.7m</td><td>8.9% (of remaining)</td><td>---</td><td></td></tr>
<tr><td>- effect of additional reinsurance measures</td><td>€8.4m</td><td></td><td>€8.5bn</td><td></td></tr>
<tr><td>= results</td><td>€269.9m</td><td></td><td>€83.7bn</td><td></td></tr>
<tr><th colspan="5">Premium to exposure for finally negotiated portfolio</th></tr>
<tr><td colspan="3">Relative improvement of portfolio quality i.r.o. finally negotiated premium to premium under review as end of December 2015</td><td colspan="2">25.0%</td></tr>
</table>

Comments

- „Balanced Book" targets for a more symmetrically structured and adequately priced portfolio
- A €300m premium portfolio in Property has been identified and renegotiated successfully
- The premium to risk ratio improved by 17%, or even 25% when including positive effects of additional reinsurance measures
- Similar initiatives in Fleet and in Marine

Significant improvement of portfolio quality

Key achievements 2015
Retail Germany: Laying the foundation stone for “KuRS”

Life

✓ New capital efficient product portfolio developed and successfully launched with time to market less than a year (“**Modern classic**”)
✓ **Strong growth** in profitable biometric and credit life insurance business
✓ Implementation of real time **electronic risk assessment** for HDI disability insurance
✓ Successful implementation of digital corporate pension portal solution (“**HDI bAVnet**”), awarded with the price “digital lighthouse insurance in 2015” by Süddeutsche
✓ Further reduction of balance-sheet risks due to **write-down of full goodwill** (€155m) in 2015

Non-Life

✓ **Stabilisation of operations** via complete reduction of backlogs (from 800 thousand items to zero)
✓ Further **improvement of portolio** quality, e.g. reduction of claims ratio
✓ **Going live and optimisation of hdi.de** application workflow for car insurance on 30 October 2015
✓ Initial approaches in relation to **process optimisation** and **increasing proportion of automatic processing** implemented

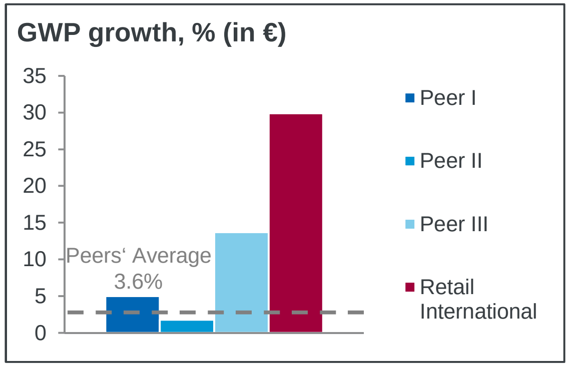
Overall

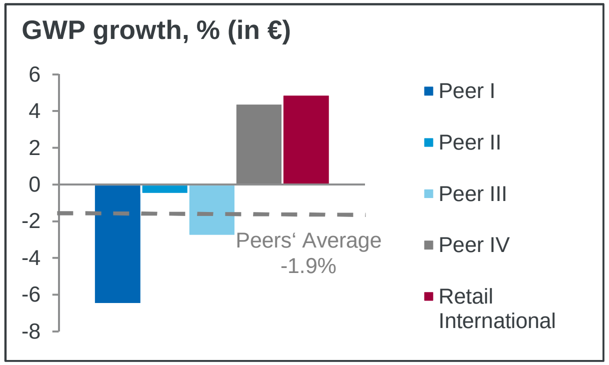
✓ **Investment and efficiency program “KuRS” launched in FY2015** to sustainably optimize Retail Germany and its competitive position and the aim of closing the expense gap of ~€240m in Retail Germany largely until 2020. Positive yearly impact on Group net income from 2017 onwards expected
✓ In 2015, the Retail Germany management board was realigned with **a strong and experienced leadership team** to ensure clear responsibility for lines of business

Key achievements 2015
Retail International: Peer group comparison in target regions 9M 2015

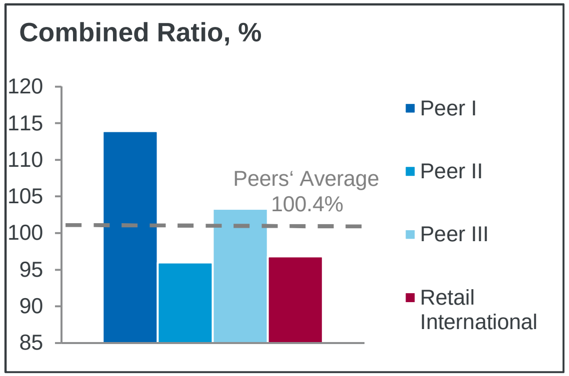
Latin American Markets (Non-Life) | **CEE Markets (Non-Life)**

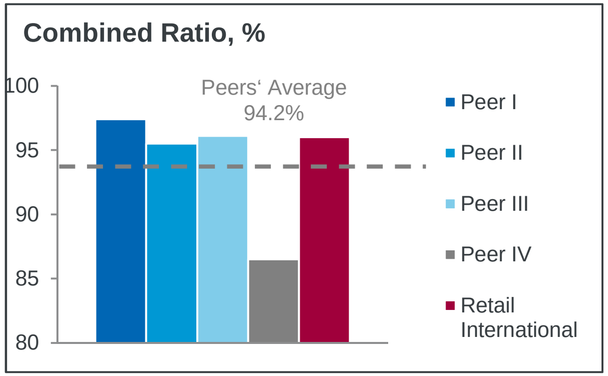
GWP Growth


GWP growth, % (in €)


GWP growth, % (in €)

Combined Ratio


Combined Ratio, %


Combined Ratio, %

Growth (target regions):

Retail International +16.6%
Peers' average +1.1%

Combined ratio (target regions):

Retail International 96.4%
Peers' average 97.6%

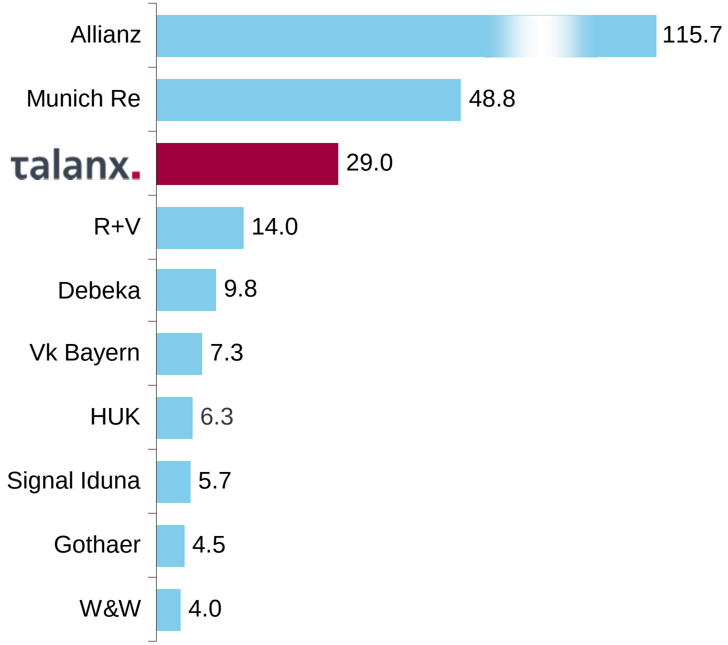
Source: 9 months reports 2015; all data acc. to IFRS
Peer Group LatAm consists of Mapfre, Generali, Allianz I Peer Group CEE consists of Generali, VIG, Allianz, Uniqa

Retail Intern.: ~15%pts higher growth rate – combined ratio 1.2%pts better than main peers

Among the leading European insurance groups

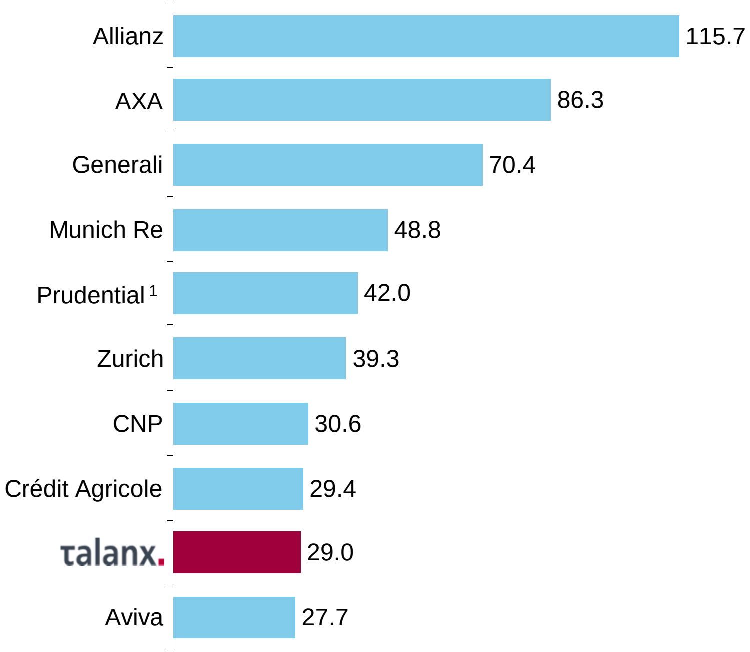
Top 10 German insurers

German insurers by global GWP (2014, €bn)



Top 10 European insurers

European insurers by global GWP (2014, €bn)



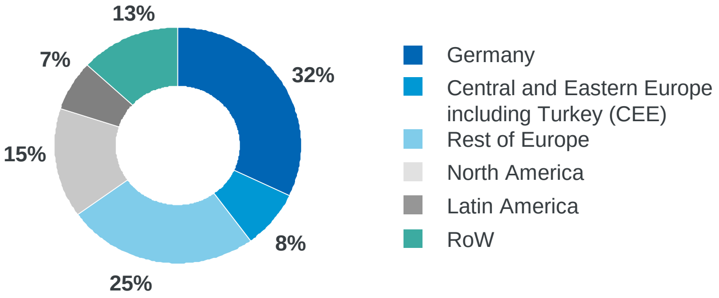
[1] Gross premiums earned

Source: Company publications, as of 29 September 2015

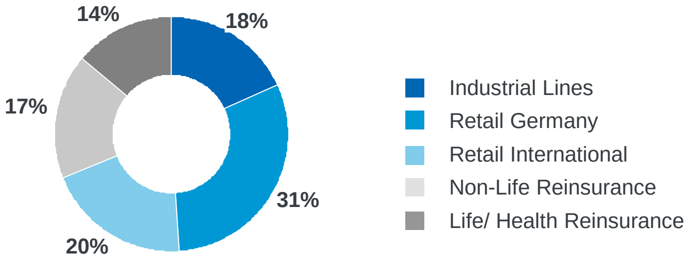
Third-largest German insurance group with leading position in Europe

Regional and segmental split of GWP and EBIT

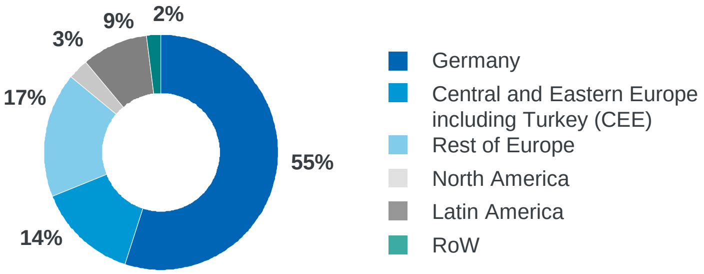
GWP by regions 2014 (consolidated Group level)



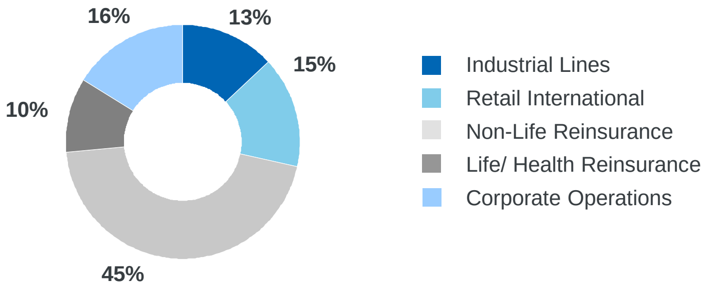
GWP by segments 2014[1]



GWP by regions 2014 (Primary Insurance)



EBIT by segments 2014[1,2]



[1] Adjusted for the 50.2% stake in Hannover Re

[2] Calculation excludes Retail Germany, which contributes a negative EBIT of -€115

Well diversified sources of premium and EBIT generation

B2B competence as a key differentiator

Strategic focus on B2B and B2B2C

Industrial Lines
- Core focus on corporate clients with relationships often for decades
- Blue-chip client base in Europe
- Capability and capacity to lead international programs

Retail Germany
- Market leader in Bancassurance
- Market leader in employee affinity business

Retail International
- ~35% of segment GWP generated by Bancassurance
- Distribution focus on banks, brokers and independent agents

Reinsurance
- Typically non-German business generated via brokers

Unique strategy with clear focus on B2B business models

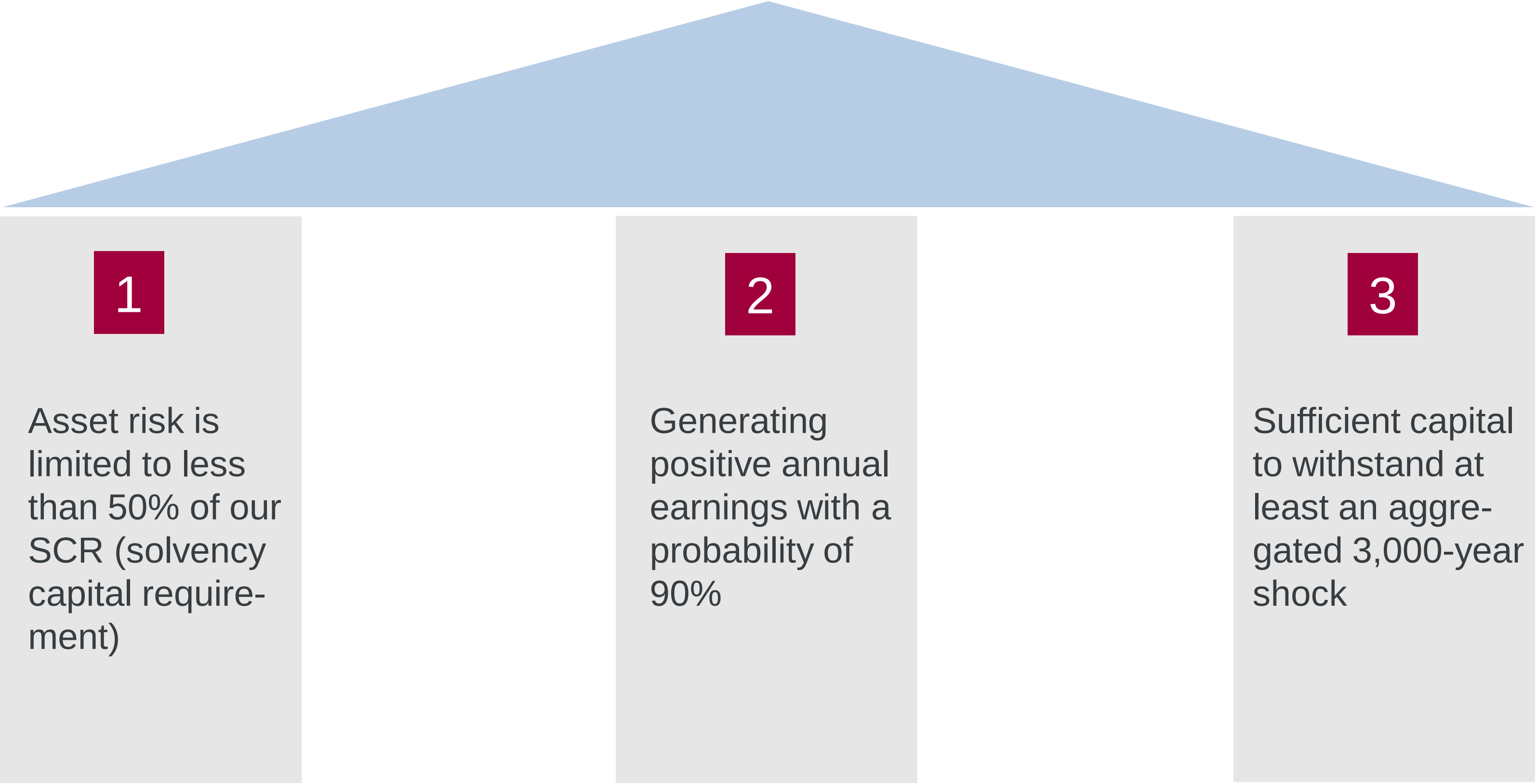
Excellence in distribution channels[1]

Bancassurance	Postbank citibank BB Bank DEGUSSA BANK TARGOBANK BRE BANK SA Sparkasse Magyar Posta HSBC Brazil getin holding
Automotive	DAIMLER VOLVO PORSCHE CHEVROLET
Brokers	**Retail** SwissLife Select MLP **Industrial/Reinsurance** MARSH Willis AON
Employee affinity business	SIEMENS Bayer RWE The energy to lead VOLKSWAGEN AKTIENGESELLSCHAFT DAIMLER

[1] Samples of clients/partners

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

Key Pillars of our risk management



1

Asset risk is limited to less than 50% of our SCR (solvency capital requirement)

2

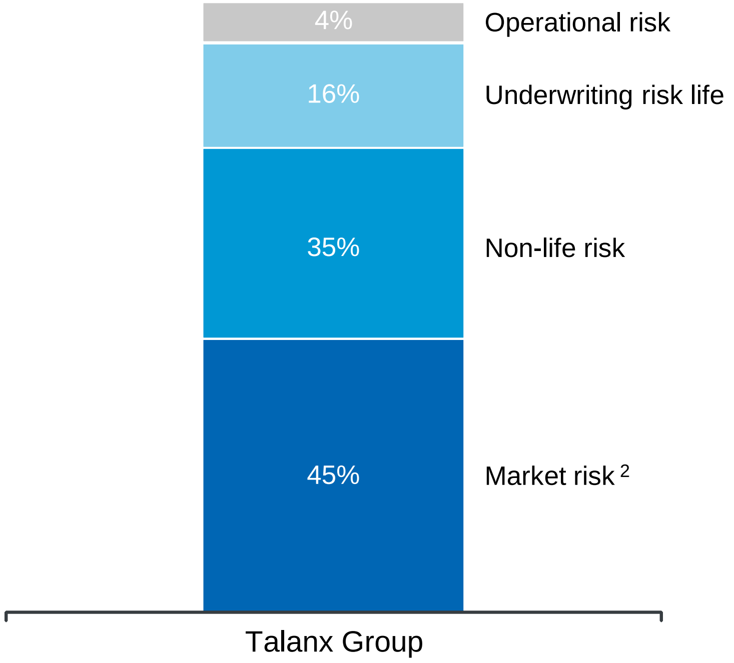
Generating positive annual earnings with a probability of 90%

3

Sufficient capital to withstand at least an aggregated 3,000-year shock

1 Focus on insurance risk

Risk components of Talanx Group[1]



Comments

- Total market risk stands at 45% of solvency capital requirements, which is comfortably below the 50% limit
- Self-set limit of 50% reflects the dedication to primarily focus on insurance risk
- Non-life is the dominating insurance risk category, comprising premium and reserve risk, NatCat and counterparty default risk
- Equities ~1% of investments under own management
- GIIPS sovereign exposure 2.6% of total assets (FY2014)

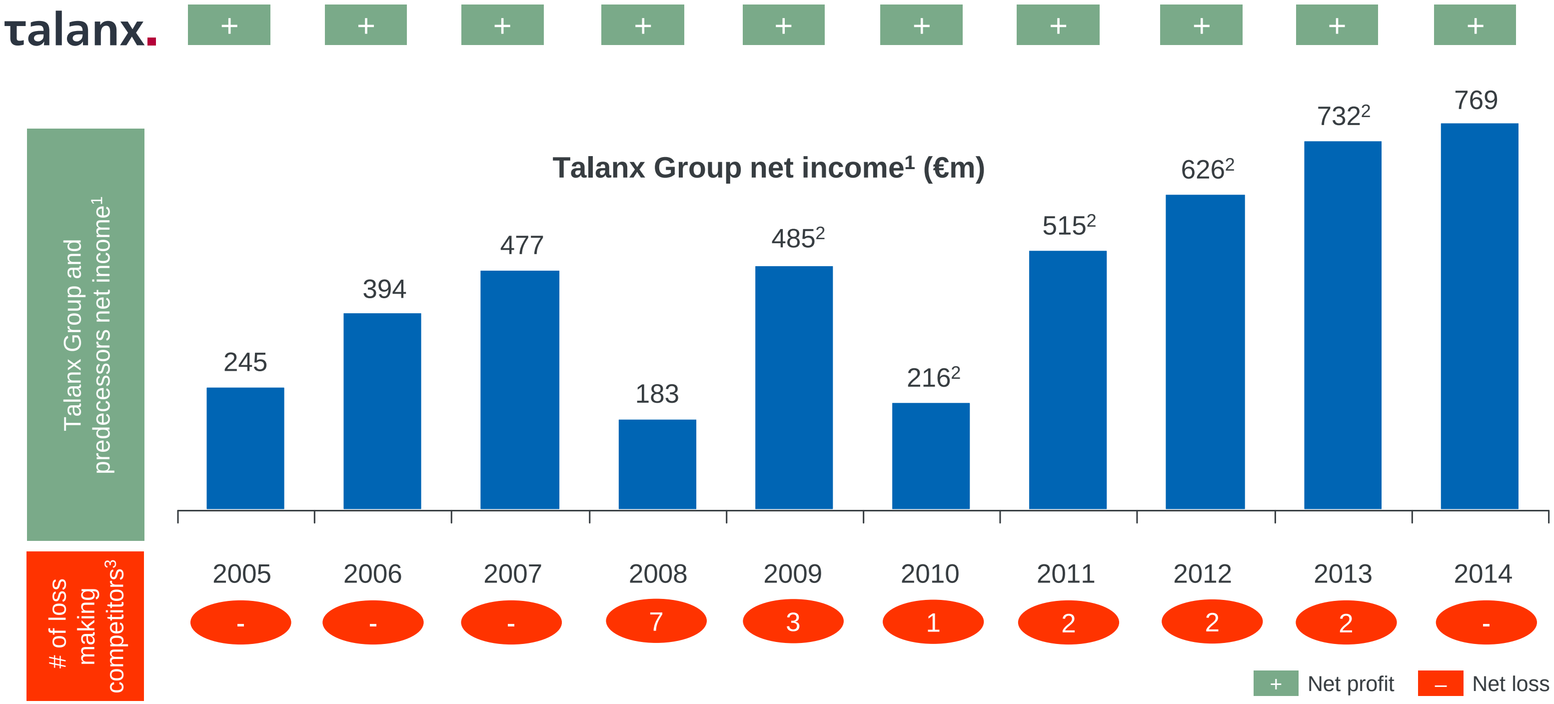
[1] Figures show approximate risk categorisation, in terms of solvency capital requirements, of the Talanx Group after minorities, after tax, post diversification effects as of 12/2014

[2] Refers to the combined effects from market developments on assets and liabilities

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

2 Diversification of business model leads to earnings resilience

Talanx Group net income



[1] Net income of Talanx after minorities, after tax based on restated figures as shown in annual reports (2004–2013 according to IFRS)
[2] Adjusted on the basis of IAS 8
[3] Top 20 European listed peers, each year measured by GWP;on group level; IFRS standards
Source: Bloomberg, annual reports

Robust cycle resilience due to diversification of segments

3 TERM (Talanx Enterprise Risk Model) 2014 – Capitalisation perspectives

MODEL APPROVED
by German regulator BaFin

Economic View (shareholder perspective)

194% ✓

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

- inclusion of hybrids and surplus funds ⬆

Policyholder & Debt investor View

299% ✓

- economic capital (incl. hybrids and surplus funds; excl. foreseeable dividends)
- before minorities

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

Regulatory View[1]

182%[2] ✓

- 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. [2] Figure has been retrospectively adjusted from 174% to 182%

Comfortable capital position from all angles

3 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% (threshold 220%) 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

Summary - Investment highlights

- Global insurance group with leading market positions and strong German roots
- Leading and successful B2B insurer
- Value creation through group-wide synergies
- New profitability measures implemented in Industrial Lines and Retail Germany
- Dedication to focus on insurance rather than market risks
- Commitment to continuously fulfill a „AA“ capital requirement by Standard & Poor‘s
- Dedication to pay out 35-45% of IFRS earnings to shareholders

9M 2015 results – Key financials

Summary of 9M 2015

€m, IFRS	9M 2015	9M 2014	Change
Gross written premium	24,355	21,732	+12%
Net premium earned	19,246	17,131	+12%
Net underwriting result	(1,288)	(1,353)	(5%)
Net investment income	2,989	2,996	(0%)
Operating result (EBIT)	1,507	1,444	+4%
Net income after minorities	488	530	(8%)
Key ratios	**9M 2015**	**9M 2014**	**Change**
Combined ratio non-life insurance and reinsurance	96.9%	97.7%	(0.8%)pts
Return on investment	3.7%	4.0%	(0.3%)pts
Balance sheet	**9M 2015**	**FY 2014**	**Change**
Investments under own management	98,850	96,410	+3 %
Goodwill	1,033	1,090	(5%)
Total assets	152,886	147,298	+4 %
Technical provisions	107,361	101,109	+6 %
Total shareholders' equity	13,048	12,900	+1 %
Shareholders' equity	8,078	7,998	+1 %

Comments

- GWP up by 12.1% y/y, helped by currency effects (currency-adj.:6.5%) - all segments contributed to growth, double-digit GWP growth from Reinsurance division
- Combined ratio improved y/y by 0.8%pts on the back of the improvement in cost ratio (9M 2015: 26.9%; 9M 2014: 27.6%). Loss ratio remained flat at 70.2% despite higher large losses (man-made and NatCat) in Industrial Lines and Reinsurance
- Total investment result declined marginally by ~€7m due to lower extraordinary investment result, while ordinary investment result was up by €132m
- EBIT is up by 4.4%, helped by improved technical result and by improved "other income" (mainly positive currency result), overcompensating the effect from the goodwill impairment on German Life (impact on EBIT and net income of €155m), already reported in Q2 2015
- Shareholders' equity slightly increased ytd to €8,078m, or €31.96 per share (FY2014: €31.64) despite the goodwill impairment, the dividend payout in May (€316m) and the moderate increase in interest rates. Solvency I ratio stands ytd unchanged at 228% (FY2014: 228%)

▶ **9M 2015 EBIT up by 4% y/y despite increase in large losses and Q2 2015 effect from full goodwill impairment in German Life business**

Outlook for Talanx Group 2015[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)**

Outlook for Talanx Group 2016[1]

Gross written premium	**stable**
Group net income[2]	**> €700m**
Dividend payout ratio	**35-45% target range**

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[1] The targets are based on an unchanged large loss budget of €290m in Primary Insurance, of which €260m in Industrial Lines. The large loss budget in Reinsurance has been raised to €825m from €690m

[2] The outlook contains ~€70m restructuring charges (after tax) for the Non-Life business in Retail Germany in 2016

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

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

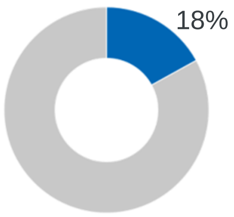
[6] Average throughout the cycle; currency-neutral, [7] Targets reflect Hannover Re's targets for 2015-2017 strategy cycle

Note: growth targets are based on 2014 results. Growth rates, combined ratios and EBIT margins are average annual targets

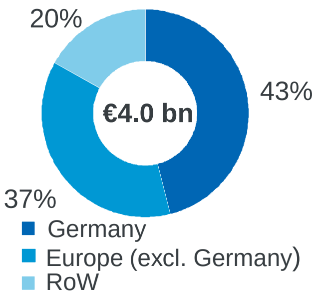
Industrial Lines: Overview

Key figures

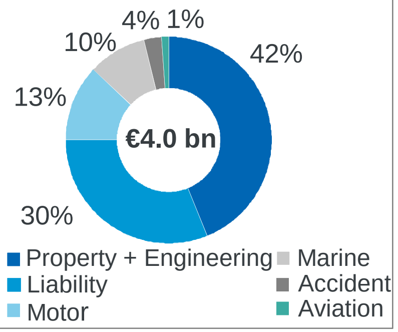
Share in 2014 group GWP[1]



2014 GWP: geographic split



2014 GWP: split by line



Key financials (€m)	FY2011	FY2012	FY2013	FY2014	Change
Gross written premium	3,138	3,572	3,835	4,031	+5%
Net premium earned	1,375	1,608	1,744	2,022	+16%
Net underwriting result	155	79	(42)	(61)	n/m
Net investment income	204	247	240	268	+12%
Operating result (EBIT)	321	259	129	182	+41%
Combined ratio[2] in %	*88.6*	*95.1*	*102.4*	103.0	+0.6%pts
Return on Equity in %	*12.4*	*8.8*	*4.2*	6.3	+2.1%pts

[1] Based on total GWP adjusted for 50.2% share in Hannover Re

[2] Net, including income from interest on deposits

Comments

- GWP grew by +5.1% y/y in FY2014 (currency-adjusted:+5.9%)
- Sustainable growth resulting from international activities, incl. North America and Asia Pacific
- Increased retention rate of 50.9% in FY2014 (FY2013: 44.5%) despite reinstatement premiums of €127m
- Profitability impacted by reinstatement premium (€127m in FY2014) and large losses, e.g. storm Ela in Q2 and various man-made losses

Talanx is a leading European industrial lines insurer with global ambitions

Industrial Lines: An impressive long-standing client franchise

Overview of selected key customers by customer segment

German mid-market (“Industry”)

- DEUTZ®
- MAX BÖGL
  Fortschritt baut man aus Ideen.
- nobilia
- SMA
- GASAG
- Dräger
- FUCHS
- POSSEHL
- DIEHL

German corporates (“Multinationals”)

- ThyssenKrupp
- BASF
  The Chemical Company
- VOLKSWAGEN
  AKTIENGESELLSCHAFT
- BAYER Bayer
- Lufthansa
- SAP®
- SIEMENS
- e·on
- DAIMLER
- METRO GROUP

Europe

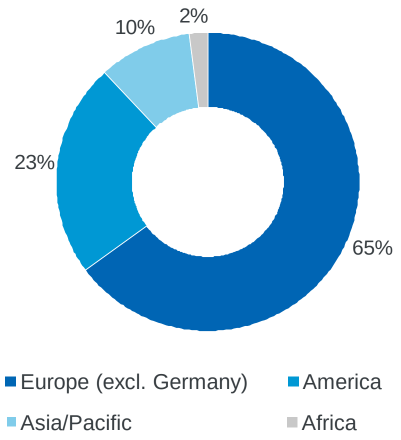
- FIAT
- GDF SUEZ
- PHILIPS
  sense and simplicity
- ALSTOM
- RENAULT
- gsk GlaxoSmithKline
- PSA PEUGEOT CITROËN
- MICHELIN
- AIR FRANCE

Well-established relationships with main players in targeted segments

Industrial Lines: HDI-Gerling network

Foreign business by regions

International GWP 2014: ~€2.3bn*



* In total ~€4bn GWP in Industrial Lines (incl. Germany)

Global network (GWP 2014 in €m)[1]

Netherlands	390	Switzerland	195	Spain	125
USA	372	UK	179	Italy	121
France	302	Belgium	171	Austria	103[2]

Argentina
Australia
Bahrain
Brazil[3]
Bulgaria
Chile
Denmark
Greece

Hongkong
India
Ireland
Japan
Canada
Luxembourg
Mexico
New Zealand

Poland
Portugal
Russia
Sweden
Singapour
Slovakia
South Africa
Czech Rep.

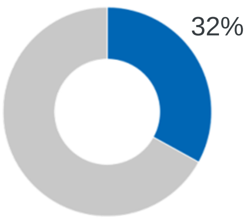
Turkey
Ukraine
Hungary
Uruguay
Vietnam

[1] GWP shown for all entities with more than €100m GWP in 2014
[2] Inkl. branches in Czech Republik, Slovakia and Hungary
[3] Founded in August 2014

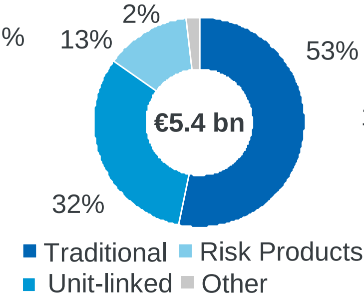
Retail Germany: Overview

Key figures

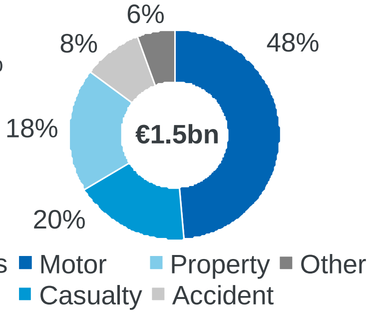
Share in 2014 group GWP[1]



Life GWP 2014: split by business



P&C GWP 2013: split by line



Key financials (€m)	FY2011	FY2012	FY2013	FY2014	Change
Gross written premium	6,710	6,829	6,954	6,890	(1%)
Net premium earned	5,461	5,501	5,605	5,630	+0%
Net underwriting result	(1,258)	(1,425)	(1,515)	(1,953)	n/m
Net investment income	1,530	1,621	1,786	1,899	+6%
Operating result (EBIT)	110	100	161	(115)	n/m
Combined ratio[2] in %	*101.6*	*100.6*	*102.4*	*108.6*	*+6.2%pts*
Return on Equity in %	*2.7*	*4.8*	*3.0*	*(2.9)*	*n/m*

Comments

- In line with targets, slight reduction in GWP, primarily reflecting a decline in traditional Life business (FY2014: -1.4%)
- FY2014 included balance sheet strengthening of ~€290m. Adjusting for this effect, FY2014 combined ratio stood at 100.8% (Q4 2014: 103.6%)
- Adjusted FY2014 EBIT stood at €175m
- Decline in underwriting result due to balance sheet strengthening and higher capital gains (~€110m) to finance ZZR. Higher ordinary investment income contributed to bottom line
- 2014 ZZR allocation – according to HGB - of €358m (Q4 2014: €92m). In FY2014 total ZZR stock rose to ~€1.1bn

Profitability numbers in Retail Germany affected by balance sheet strengthening measures

[1] Based on total GWP adjusted for 50.2% share in Hannover Re

[2] Including interest income on funds withheld and contract deposits; net, property/casualty only

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)

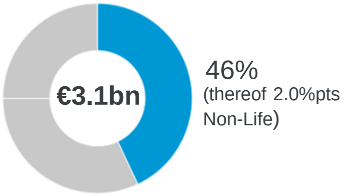
Life

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

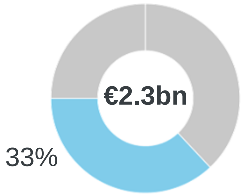
P&C

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

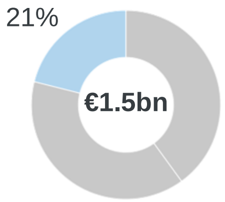
Share in 2014 segment GWP



Share in 2014 segment GWP



Share in 2014 segment GWP



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

Retail Germany: Operating model target of Retail Germany

Life

Bancassurance

HDI

- Streamlined, profitable and capital efficient product portfolio with reduced guarantees

- Continued, active in-force portfolio management

- Balanced insurance portfolio

Bancassurance

€€€
- Cost leadership

- Digitalisation of services in cooperation with distribution partners

HDI

- Market average cost level

€€€

- Sustainable, profitable distribution partners and channels

P&C

- Perception as a dynamic and fast acting insurance company
- Growth, particularly in commercial liability/casualty/property business/self-employed professions(i.e. tax advisory, lawyers)

Produkte
- Offering modular and standardised products with low complexity, which are easy to understand for distribution partners and customers

Service
- High quality 24/7 service and increased time to market based on modernised IT
- Market leader in claims management

€€€
- Competitive cost ratios

Kanäle
- Implemented and profitable direct/multi-access capacity

Implementation of IT fundamentals

Harmonised and standardised future life IT landscape

Harmonised and standardised future P&C IT landscape

Retail Germany: New efficiency program “KuRS” (Overview)

Efficiency Program – Mission

- Launched in FY2015 to sustainably optimise Retail Germany and its competitive position
- Focus on strategic realignment, optimisation of business processes, modernisation of IT infrastructure and improved cost efficiency
- Covering all business lines of HDI and Bancassurance in Life and Non-Life

Main financial goals

- Closing the expense gap of ~€240m in Retail Germany by FY2022
- Positive yearly impact on Group net income from 2017 onwards expected

Key measures

Alignment of product portfolio

- Higher grade of standardisation; reducing product complexity
- Increased focus on risk, biometric and payment protection products in Life business and capital-efficiency

Improved business processes

- Modernisation and simplification of IT environment
- Optimisation of business processes
- Enhancement of automated processes (focus on straight-through-processing)

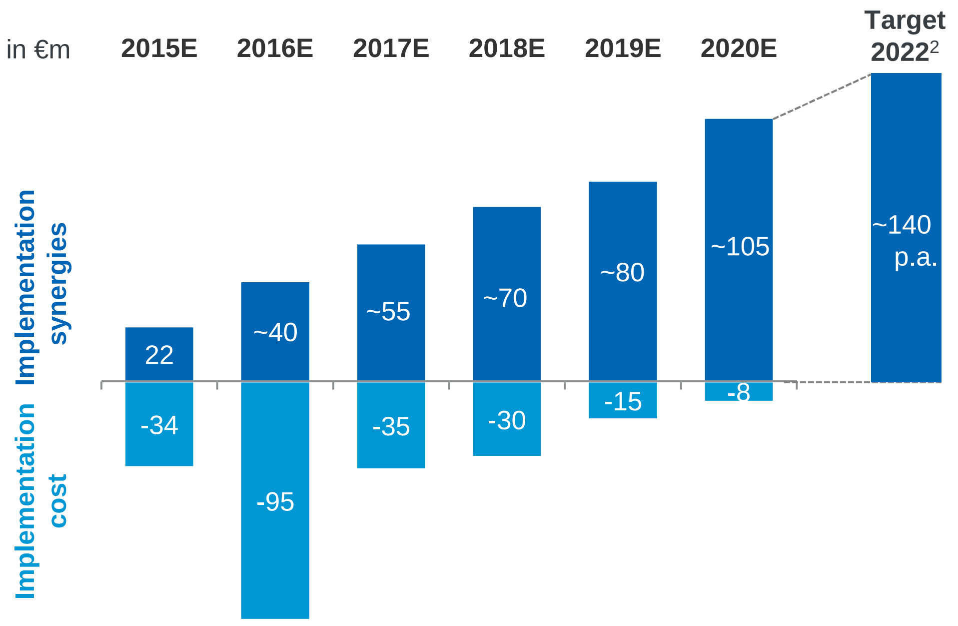
Cost reduction

- Targeted reduction of combined FTE in Life and Non-Life of ≥600
- Additional reduction of other admin expenses

▶ **Positive effects from efficiency program on Group P&L from 2017 onwards**

Retail Germany: Impact efficiency program “KuRS” in Non-Life

Estimated project costs and synergies in Non-Life[1]



Comments

- Largest part of cost for efficiency program KuRS in Non-Life until FY2016
- Cumulated cost for KuRS in Non-Life of ~€230m, of which more than 90% targeted until 2020
- Total level of synergies of close to €140m p.a. expected; ~major part expected by FY2020; IT synergies expected to be back-end-loaded
- Positive EBIT effect from KuRS program in Non-Life expected from FY2017 onwards

---

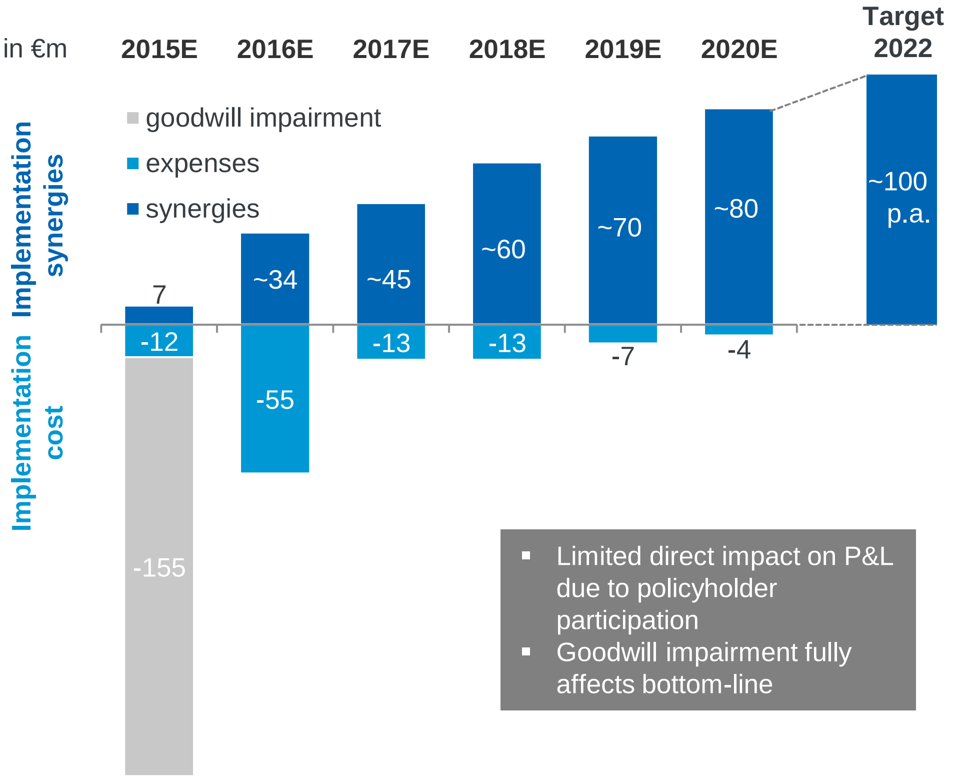
[1] Based on cost basis FY2014, including inflation assumptions for operating cost and synergies

[2] A remaining ~€16m implementation costs likely to affect business years 2021/2022

Automation set to drive progress in efficiency

Retail Germany: Impact efficiency program “KuRS” in Life

Estimated project costs and synergies in Life[1]



- Limited direct impact on P&L due to policyholder participation
- Goodwill impairment fully affects bottom-line

Comments

- As in Non-Life, the majority of costs for the KuRS efficiency program is intended to be booked in FY2016, including total restructuring cost of ~€40m
- Expected cumulated cost for KuRS in Life of ~€100m; more or less completely to be captured until 2020
- Total level of synergies of ~€100m p.a. expected; major part of benefits expected until FY2020
- Limited EBIT impact due to policyholder participation in Life

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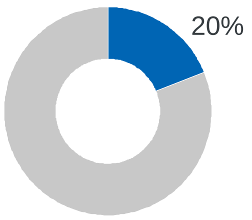
[1] Based on cost basis FY2014, including inflation assumptions for operating cost and synergies

Key focus on capital efficiency

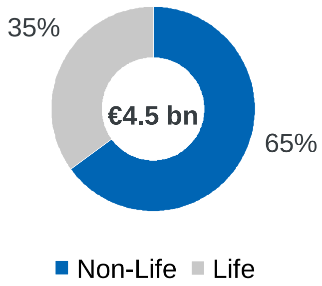
Retail International: Overview

Key figures

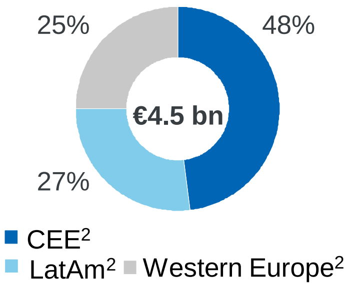
Share in 2014 group GWP[1]



2014 GWP: business split



2014 GWP: geographic split



Key financials (€m)	FY2011	FY2012	FY2013	FY2014	Change
Gross written premium	2,482	3,261	4,220	4,454	+6%
Net premium earned	1,862	2,621	3,513	3,735	+6%
Net underwriting result	(42)	3	32	(11)	n/m
Net investment income	159	281	284	321	+13%
Operating result (EBIT)	55	107	185	208	+13%
Combined ratio in %	*99.3*	*96.2*	*95.8*	*96.4*	*+0.6%pts*
Return on Equity in %	*6.5*	*3.5*	*5.9*	*7.0*	*+1.1%pts*

Comments

- 2014 GWP growth of 5.5% (curr.-adj.:+9.5%) supported by motor lines in Brazil & Mexico as well as by business in Poland
- 2014 EBIT target of ≥€200m met
- Higher investment income results from higher asset base and increasing interest rates in Brazil
- Turkey continues its positive trend and delivered four profitable quarters to FY2014 segment EBIT (in sum: €2.5m)

[1] Based on total GWP adjusted for 50.2% stake in Hannover Re

[2] CEE including Turkey and Russia; LatAm including Mexico; Western Europe including Italy, Austria and Luxembourg

▶ **Business in Retail Intern. compensates for German business with limited growth perspectives**

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%**

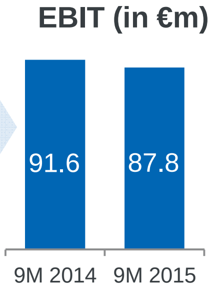
[1] Source: local regulatory authorities, Talanx AG

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

Retail International: Strategic initiatives in Core Markets

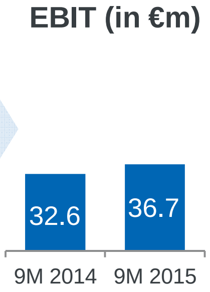
Poland

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



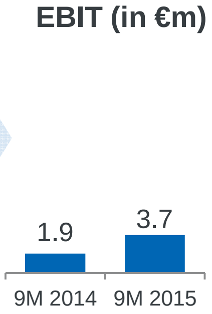
Brazil

- Further penetration of Sao Paulo and Rio de Janeiro markets
- “HDI Digital”: fleets and recycling
- Increase usage ratio of “Bate-Prontos”



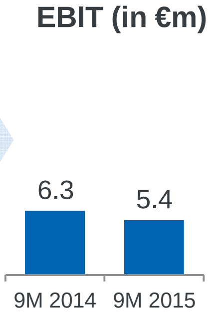
Turkey[1]

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



Mexico

- 30% faster closing of Motor claims
- 20% lower Motor claims handling cost
- Claims management



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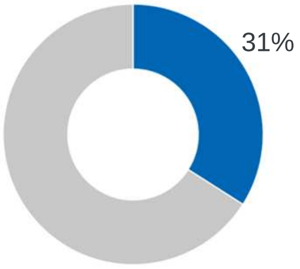
[1] Excl. CIL/Turkey

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

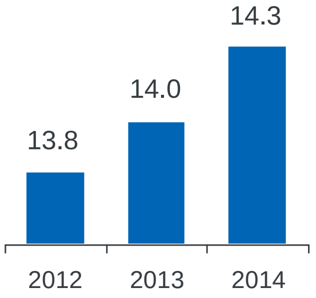
Reinsurance: Overview

Key figures

Share in 2014 group GWP[1]



GWP development (total, €bn)



Comments

Non Life:

- Growth effects mainly from structured Reinsurance in Asia and facultative business
- Major losses of €426m (6.1% of NPE) below budget of €670m; conservative loss reserving policy maintained
- FY2014 EBIT margin[3] of 17.4% (FY2013:16%) is well above target

Life/Health:

- Growth effects mainly from Australia and Longevity BATs
- Improved technical result due to normalised result from Australian disability business

Key financials (€m)	**Non-Life**					**Life / Health**				
	FY2011	**FY2012**	**FY2013**	**FY2014**	**Change**	**FY2011**	**FY2012**	**FY2013**	**FY2014**	**Change**
Gross written premium	6,826	7,717	7,818	7,903	+1%	5,270	6,058	6,145	6,459	+5%
Net premium earned	5,961	6,854	6,866	7,011	+2%	4,789	5,426	5,359	5,411	+1%
Net investment income	880	982	811	867	+7%	512	684	611	613	+0%
Operating result (EBIT)	637	1,133	1,097	1,219	+11%	213	270	139	268	+93%
Comb.Ratio[2] in %	*104.2*	*95.8*	*94.9*	*94.7*	*(0.2%pts)*	-	-	-	-	-

	Reinsurance				
	FY2011	**FY2012**	**FY2013**	**FY2014**	**Change**
Return on Equity in %	*14.1*	*16.5*	*15.9*	*15.8*	*(0.1%pts)*

[1] Based on total GWP adjusted for 50.2% share in Hannover Re
[2] Incl. expenses on funds withheld and contract deposits; net
[3] EBIT margins reflect a Talanx Group view

Hannover Re is one of the largest and most profitable reinsurers globally

Hannover Re keeps its leading position in RoE ranking

	2010		2011		2012		2013		2014		2010 - 2014	
Company	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	avg. RoE	Rank
Hannover Re	**18.2%**	**1**	**12.8%**	**1**	**15.4%**	**3**	**15.0%**	**3**	**14.7%**	**3**	**15.2%**	**1**
Peer 9, Bermuda, Property & Casualty	18.1%	2	(2.4%)	8	15.9%	2	18.0%	2	13.7%	4	12.6%	2
Peer 5, Bermuda, Property & Casualty	9.9%	7	(1.3%)	7	12.9%	6	18.4%	1	16.6%	1	11.3%	3
Peer 1, Switzerland, Composite	3.6%	10	9.6%	3	13.4%	5	13.7%	4	10.5%	7	10.2%	4
Peer 2, Germany, Composite	10.7%	5	3.1%	6	12.6%	7	12.3%	5	11.3%	5	10.0%	5
Peer 8, US, Life & Health	12.9%	3	10.1%	2	9.9%	8	6.5%	10	10.6%	6	10.0%	6
Peer 7, France, Composite	10.1%	6	7.5%	4	9.1%	9	11.2%	6	9.6%	8	9.5%	7
Peer 4, US, Property & Casualty	7.1%	8	4.9%	5	15.2%	4	9.4%	9	9.4%	9	9.2%	8
Peer 6, Bermuda, Composite	11.5%	4	(7.6%)	10	16.9%	1	9.7%	8	15.3%	2	9.2%	9
Peer 3, US, Property & Casualty	5.8%	9	(5.0%)	9	6.5%	10	10.3%	7	1.9%	10	3.9%	10

List shows the Top 10 of the Global Reinsurance Index (GloRe) with more than 50% reinsurance business
Data based on company data, own calculation

Source: Hannover Re company presentation as of 10 March 2015; reflects Hannover Re's reported numbers on a stand-alone basis

Large losses[1] in 9M 2015

€m, net		Primary insurance	Reinsurance	Talanx Group
Storms, Northern Europe	Jan./Apr./July 2015	32.7	50.1	82.8
Winterstorm, USA	February 2015	0.0	12.8	12.8
Cyclone/Storm, Australia	Feb./April 2015	8.3	21.9	30.2
Storm/Flood; USA	May/June 2015	0.7	7.0	7.7
Storm „Erika“, Carribean	August 2015	0.0	11.1	11.1
Earthquake, Chile	September 2015	0.9	43.6	44.5
Total Nat Cat		**42.7**	**146.5**	**189.2**
Aviation		6.3	49.4	55.7
Transport		0.0	77.1	77.1
Fire / Property		208.9	67.6	276.5
Explosion Tianjin Harbour, China		18.3	95.9	114.2
Other		11.2	0.0	11.2
Total other large losses		**244.7**	**289.9**	**534.7**
Total large losses		**287.4**	**436.4**	**723.9**
Impact on Combined Ratio (incurred)		**6.2%pts**	**7.3%pts**	**6.8%pts**
Total large losses 9M 2014		258.5	242.2	500.7
Impact on Combined Ratio (incurred)		6.1%pts	4.7.%pts	5.4%pts

- Total large loss burden of €724m (9M 2014: €501m) - slightly below the Group‘s 9M large loss budget (€737m)
- Q3 net burden of €122m in Primary and €239m in Reinsurance - both affected by the Tianjin blast (Primary: €18m; Reinsurance: €96m) and a mix of NatCat and man-made losses
- YTD, Reinsurance remains below its 9M 2015 large loss budget, Primary is above

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

Note: 9M 2015 Primary Insurance large losses (net) are split as follows: Industrial Lines: €253.3m; Retail Germany: €20.1m; Retail International: €10.8m, Group Functions: €3.2m

Rating overview

Current financial strength ratings

	Standard & Poor's		A. M. Best	
	Grade	Outlook	Grade	Outlook
last update	**03/09/15**		**10/06/15**	
Talanx Group[1]	-	-	A	Stable
Talanx Primary Group[2]	A+	Stable	-	-
last update	**28/05/14**		**19/09/14**	
Hannover Re subgroup[3]	AA–	Stable	A+	Stable

STANDARD &POOR'S rating of Talanx Primary Group

Anchor rating a+

Business Risk Profile	Financial Risk Profile
Strong	Very Strong
IICRA [4])	**Capital & Earnings**
Intermediate Risk	Very Strong
Competitive Position	**Risk Position**
Strong	Intermediate
	Financial Flexibility
	Strong

Modifiers

Modifiers
Neutral
ERM
Strong
Management & Governance
Satisfactory
Liquidity
Exceptional

[1] The designation used by A. M. Best for the Group is "Talanx AG and its leading non-life direct insurance operation and its leading life insurance operation"

[2] This rating applies to the core members of Talanx Primary Group (the subgroup of primary insurers in Talanx Group)

[3] This rating applies to Hannover Re and its major core companies. The Hannover Re subgroup corresponds to the Talanx Reinsurance segment

[4] Insurance Industry and Country Risk Assessment

▶ **Financial strength underpinned by S&P and A.M. Best ratings**

Talanx Investor Relations

Financial Calendar

21 March 2016
Annual Report 2015

11 May 2016
Annual General Meeting

13 May 2016
Interim Report 3M 2016

12 August 2016
Interim Report 6M 2016

15 November 2016
Interim Report 9M 2016

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