

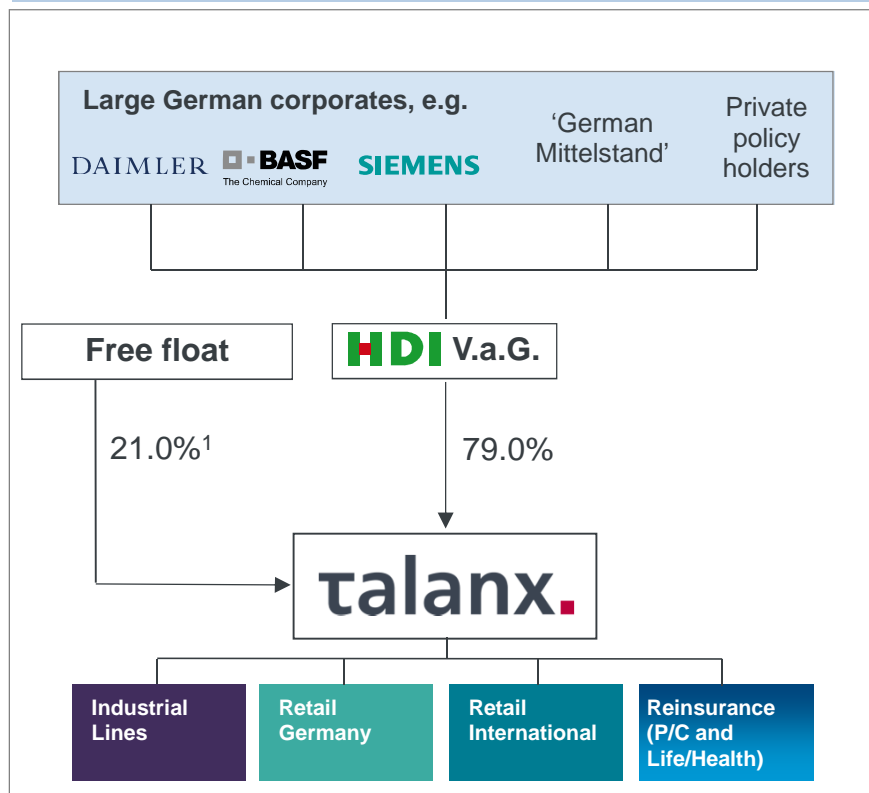


**talanx.**  
Insurance. Investments.

Investor Presentation  
January 2016

# Founded as a lead insurer by German corporates

## Group structure



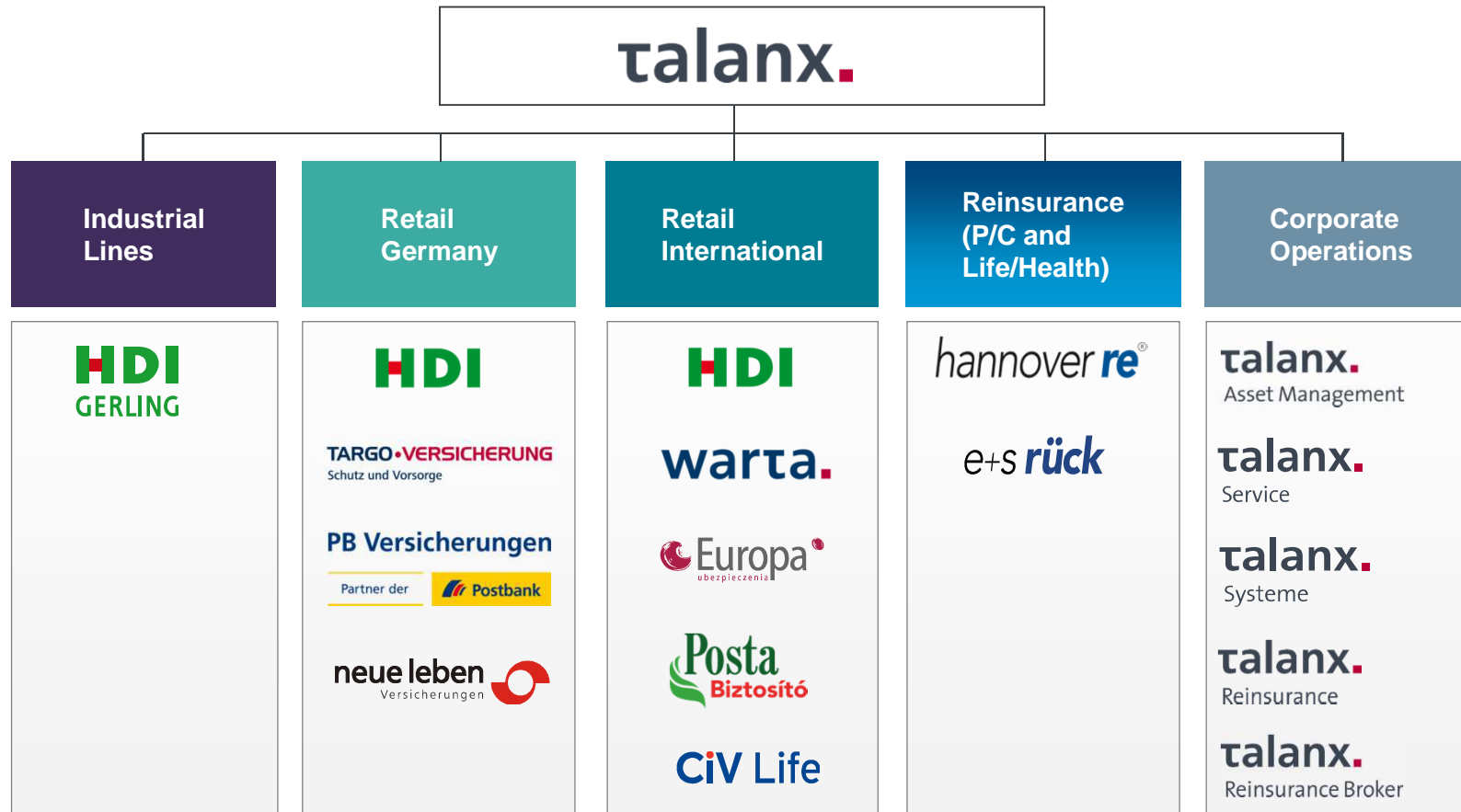
<sup>1</sup> Including employee shares and stake of Meiji Yasuda (below 5%)

## 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**

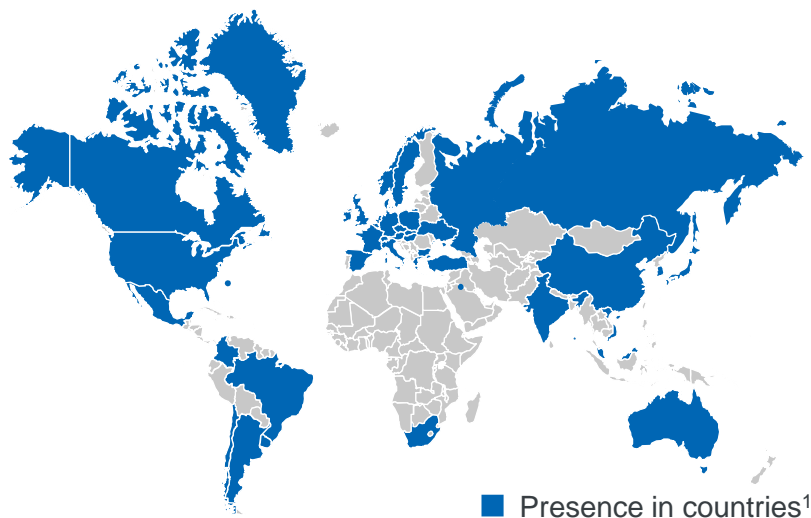
## Four divisions with a strong portfolio of brands



▶ Integrated international insurance group following a multi-brand approach

# International footprint and focussed growth strategy

## International presence



- 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<sup>2</sup>
- # 5 motor insurer in Brazil<sup>2</sup>
- # 2 motor insurer in Chile<sup>2</sup>
- # 9 motor insurer in Mexico<sup>2</sup>

### Reinsurance

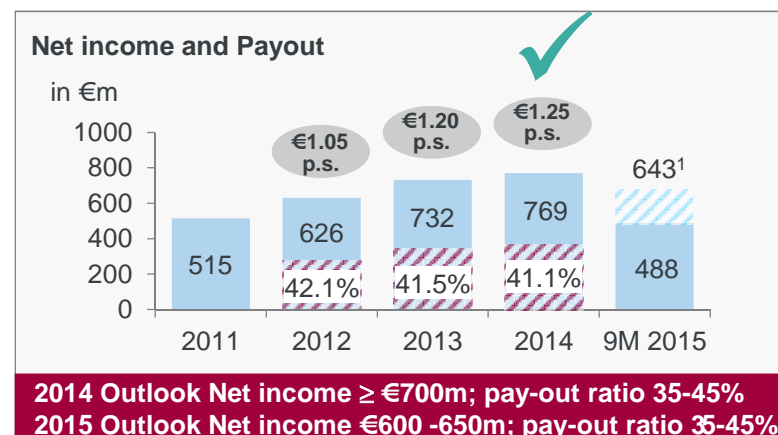
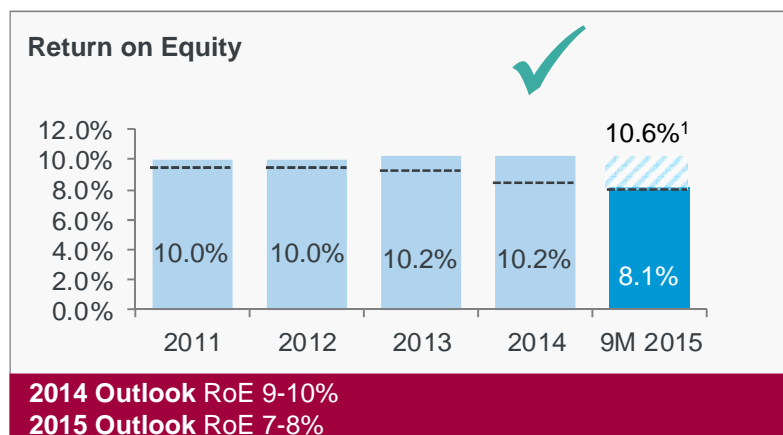
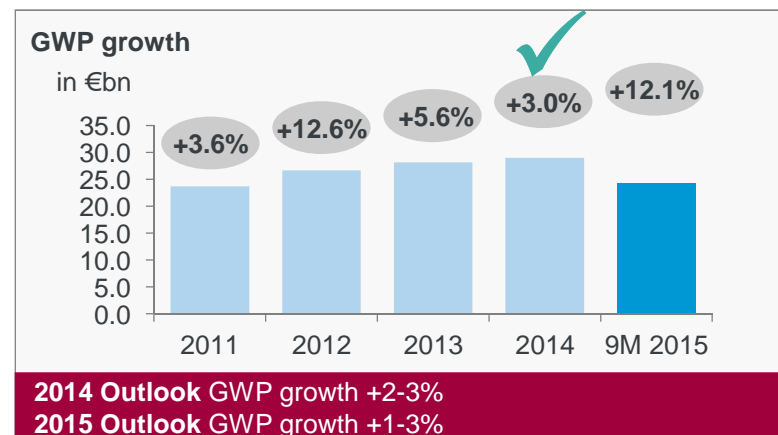
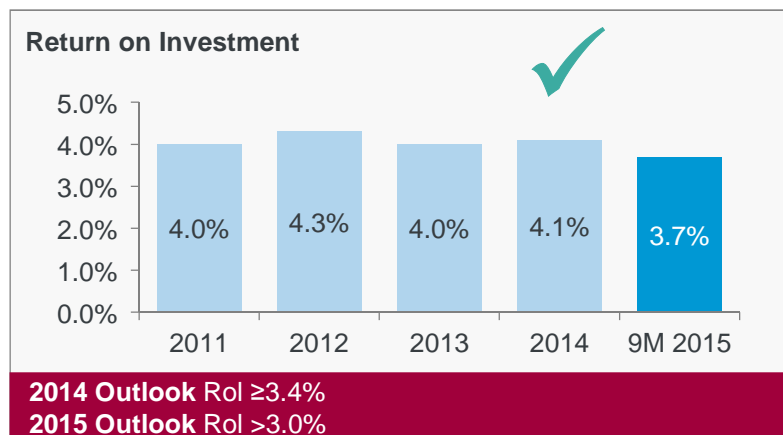
- Global presence focussing on Western Europe, North- and South America as well as Asia
- ~5.000 customers in >150 countries

<sup>1</sup> By branches, agencies, risk carriers, representative offices

<sup>2</sup> Source: local regulatory authorities, Talanx AG

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

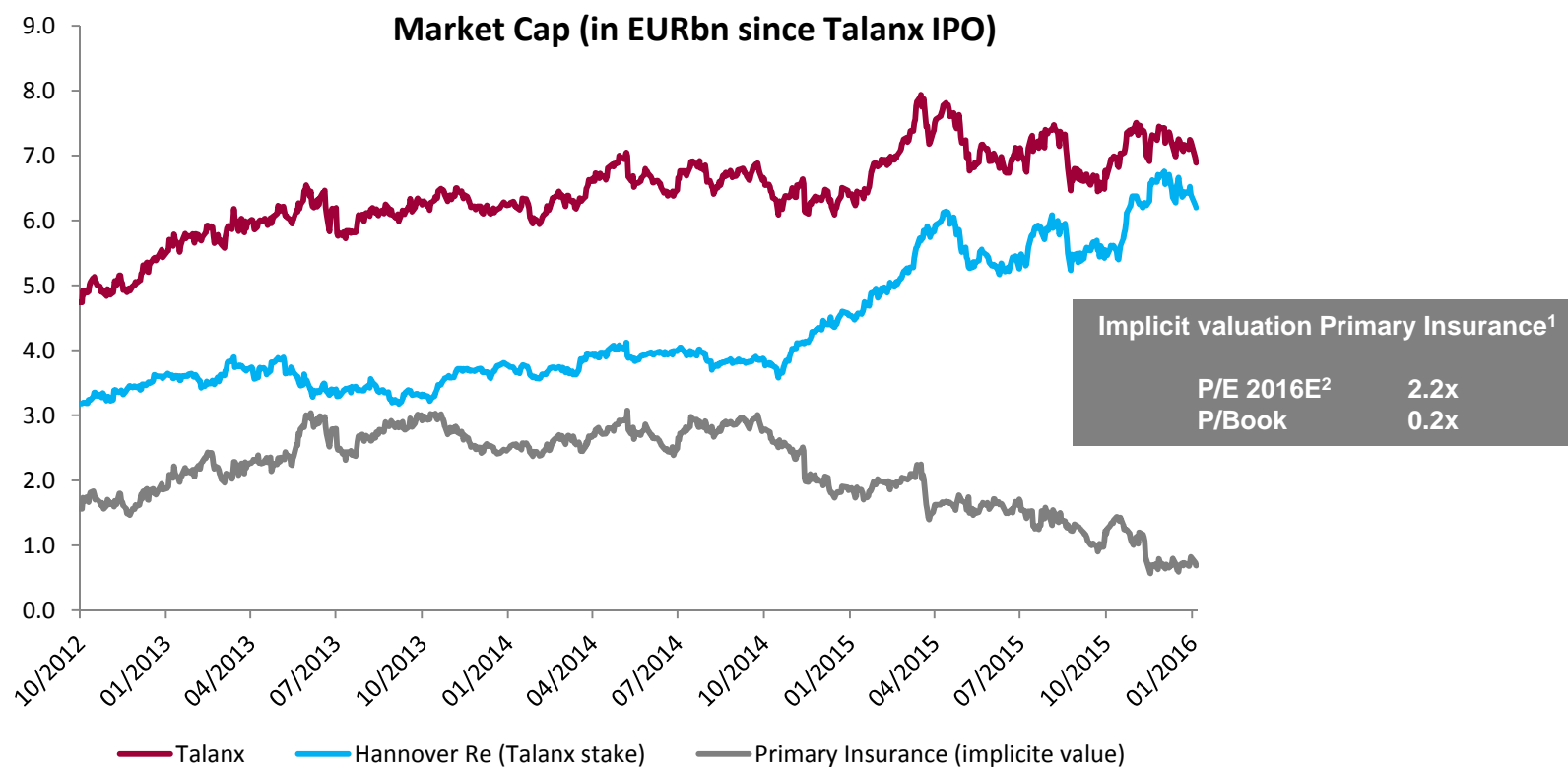
# Talanx Group – Target achievement



Note: figures restated on the base of IAS8; 2014 Outlook reflects targets as presented in November 2014  
<sup>1</sup> EBIT and net income impact from goodwill impairment of €155m in Q2 2015

dividend pay-out ratio

## Valuation – A special look at Primary Insurance



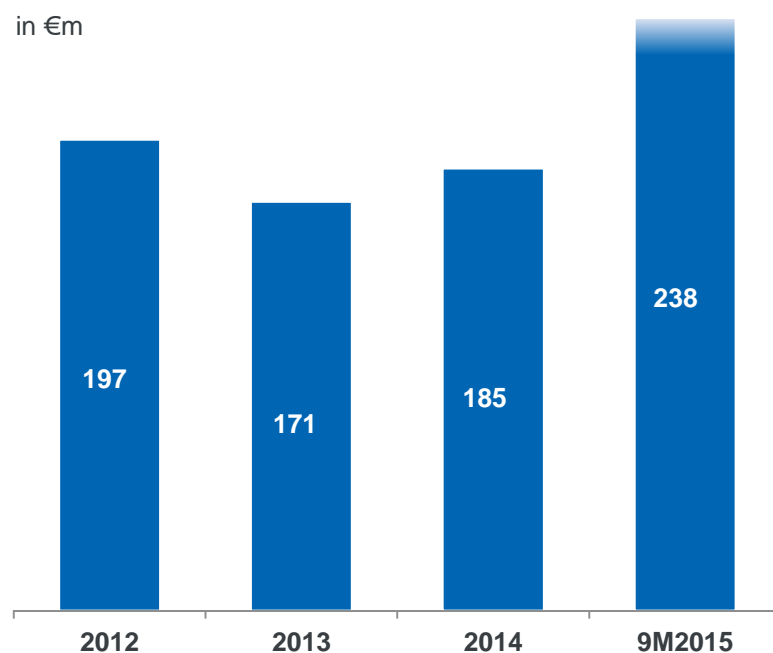
<sup>1</sup> In this analysis, Primary insurance also contains Corporate Operations and Consolidation

<sup>2</sup> 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<sup>1</sup>



### Comments

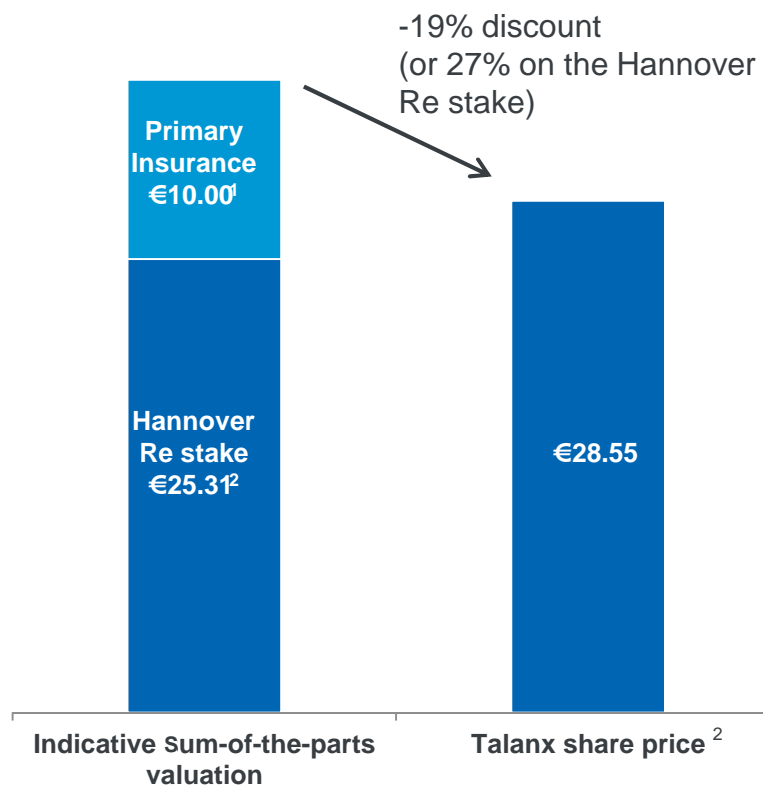
- Underlying profit contribution of Primary Insurance robust and recently improved
- „Balanced Book“ initiative focussing on underwriting results in Property, Marine and Fleet in Industrial Lines
- KuRS programme in Retail Germany addresses profitability
- Full goodwill impairment in German Life

<sup>1</sup> 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?




<sup>1</sup> applying an average sector PE of 10 on an assumed Primary Insurance profit of €252.8 m

<sup>2</sup> Xetra closing on 30 December 2015

### Measures to secure and to boost value in the Group

- Disciplined resource-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

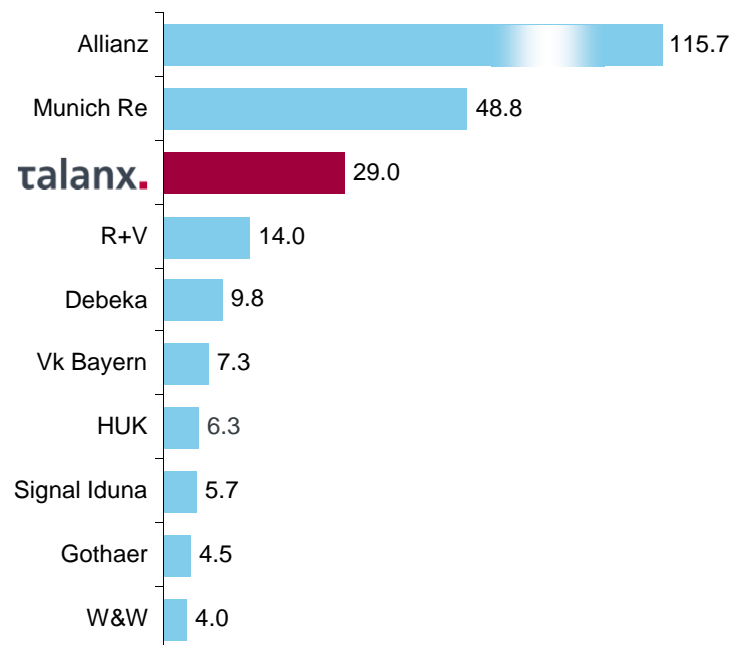
 **Rigorous focus on value creation in the Group**



## Among the leading European insurance groups

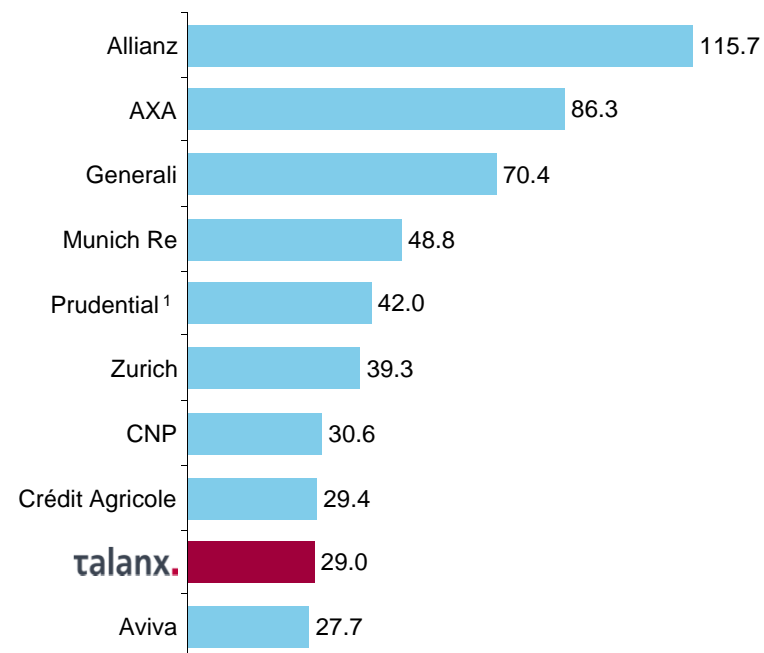
### Top 10 German insurers

German insurers by global GWP (2014, €bn)



### Top 10 European insurers

European insurers by global GWP (2014, €bn)



<sup>1</sup> Gross premiums earned

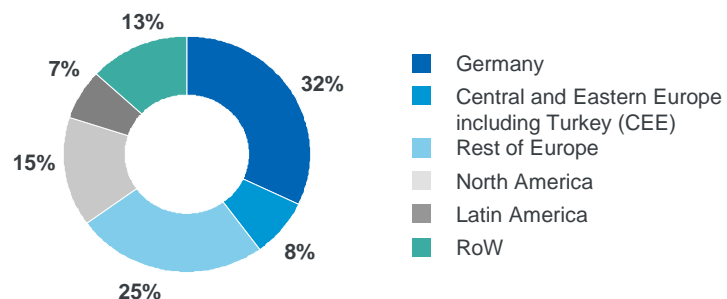
Source: Company publications, as of 29 September 2015



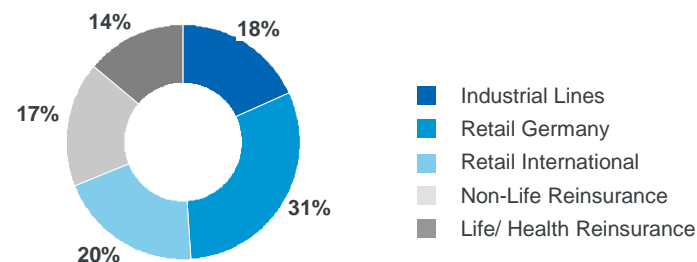
**Third-largest German insurance group with leading position in Europe**

# Regional and segmental split of GWP and EBIT

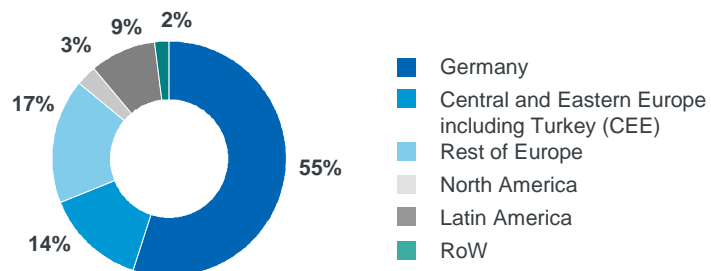
## GWP by regions 2014 (consolidated Group level)



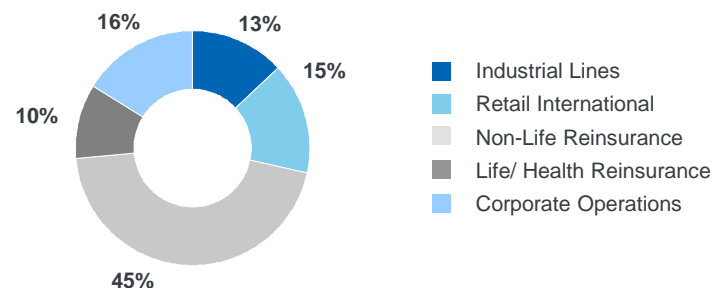
## GWP by segments 2014<sup>1</sup>



## GWP by regions 2014 (Primary Insurance)



## EBIT by segments 2014<sup>1,2</sup>



<sup>1</sup> Adjusted for the 50.2% stake in Hannover Re

<sup>2</sup> 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	<ul style="list-style-type: none"> <li>Core focus on corporate clients with relationships often for decades</li> <li>Blue-chip client base in Europe</li> <li>Capability and capacity to lead international programs</li> </ul>
Retail Germany	<ul style="list-style-type: none"> <li>Market leader in Bancassurance</li> <li>Market leader in employee affinity business</li> </ul>
Retail International	<ul style="list-style-type: none"> <li>~35% of segment GWP generated by Bancassurance</li> <li>Distribution focus on banks, brokers and independent agents</li> </ul>
Reinsurance	<ul style="list-style-type: none"> <li>Typically non-German business generated via brokers</li> </ul>

**Unique strategy with clear focus on B2B business models**

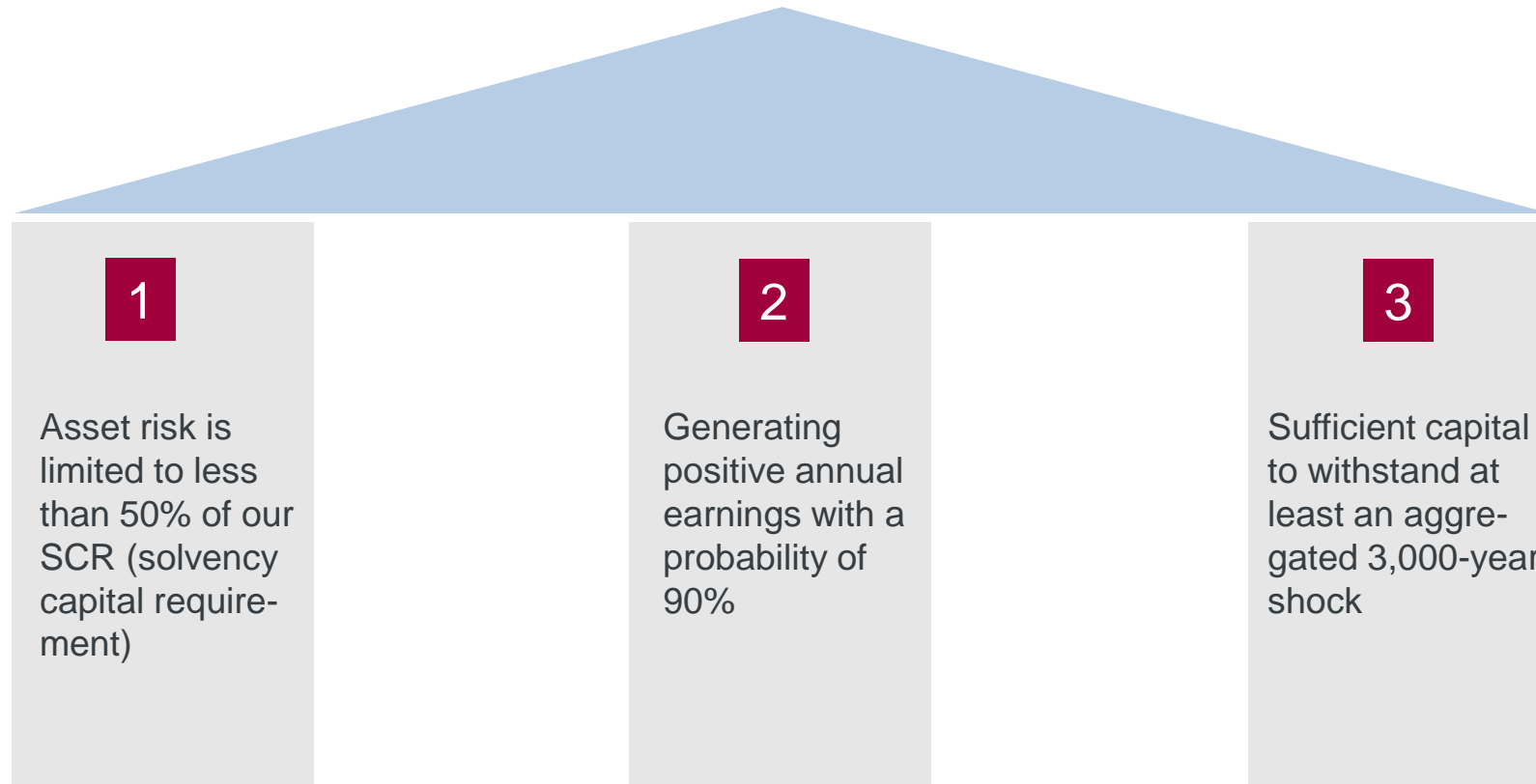
**Superior service of corporate relationships lies at heart of our value proposition**

## Excellence in distribution channels<sup>1</sup>

Bancassurance					
Automotive					
Brokers	<table border="0"> <tr> <td>Retail</td> <td>Industrial/Reinsurance</td> </tr> <tr> <td> </td> <td></td> </tr> </table>	Retail	Industrial/Reinsurance		
Retail	Industrial/Reinsurance				
Employee affinity business					

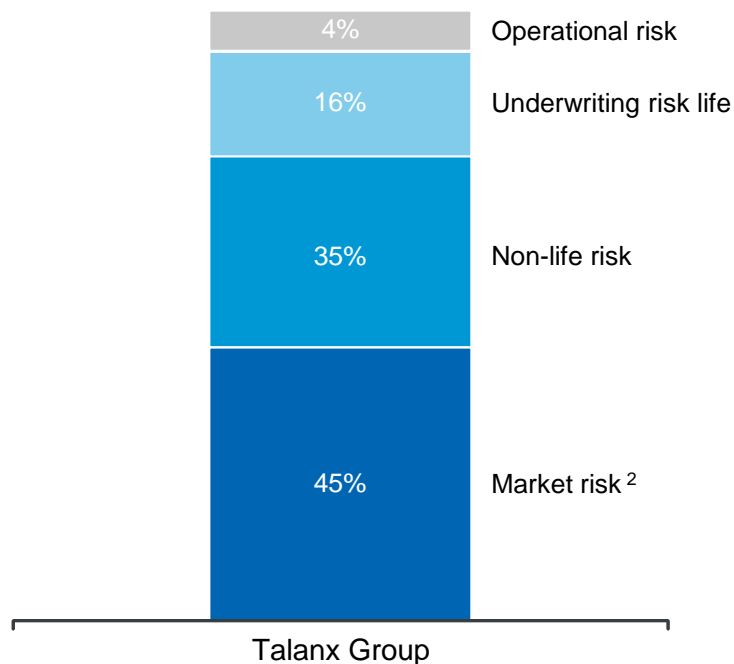
<sup>1</sup> Samples of clients/partners

## Key Pillars of our risk management



# 1 Focus on insurance risk

## Risk components of Talanx Group<sup>1</sup>



## 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)

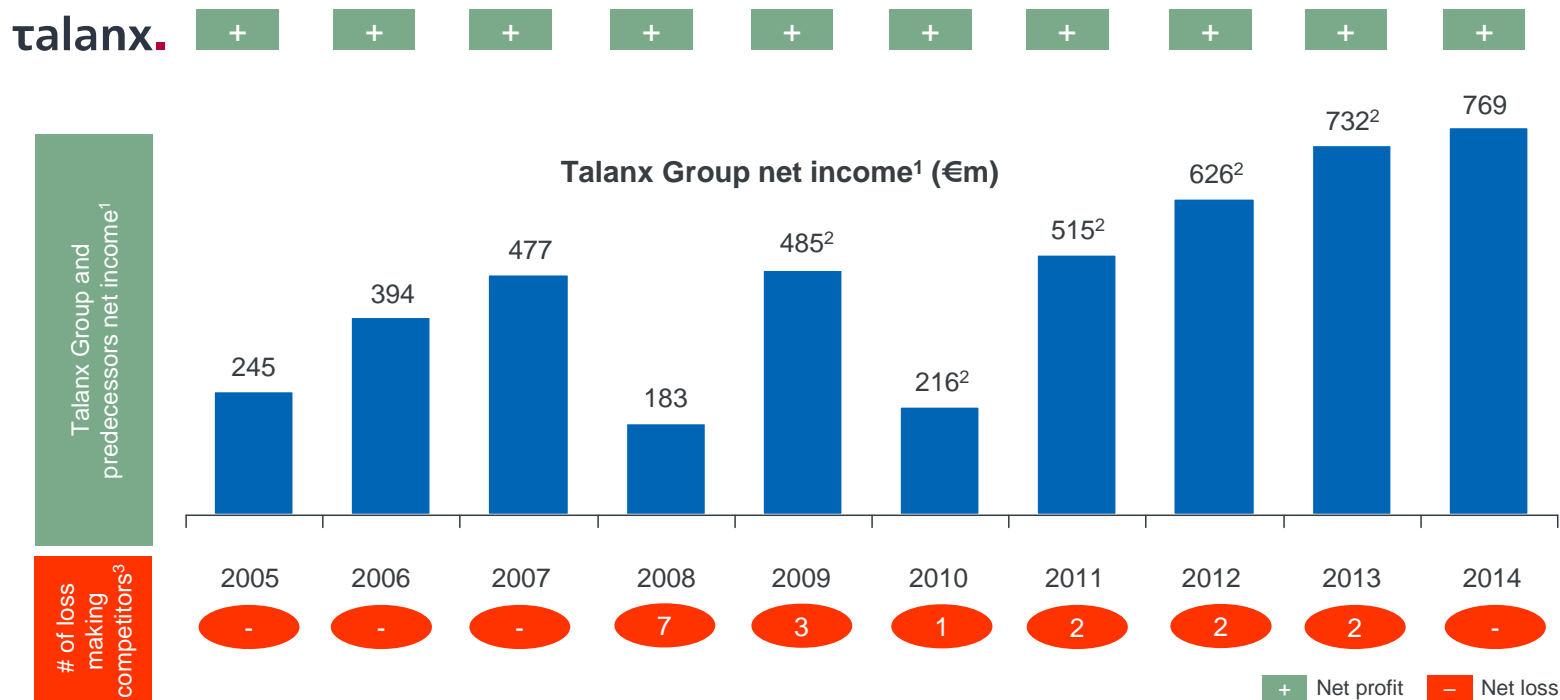
<sup>1</sup> Figures show approximate risk categorisation, in terms of solvency capital requirements, of the Talanx Group after minorities, after tax, post diversification effects as of 12/2014

<sup>2</sup> 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



<sup>1</sup> Net income of Talanx after minorities, after tax based on restated figures as shown in annual reports (2004–2013 according to IFRS)

<sup>2</sup> Adjusted on the basis of IAS 8

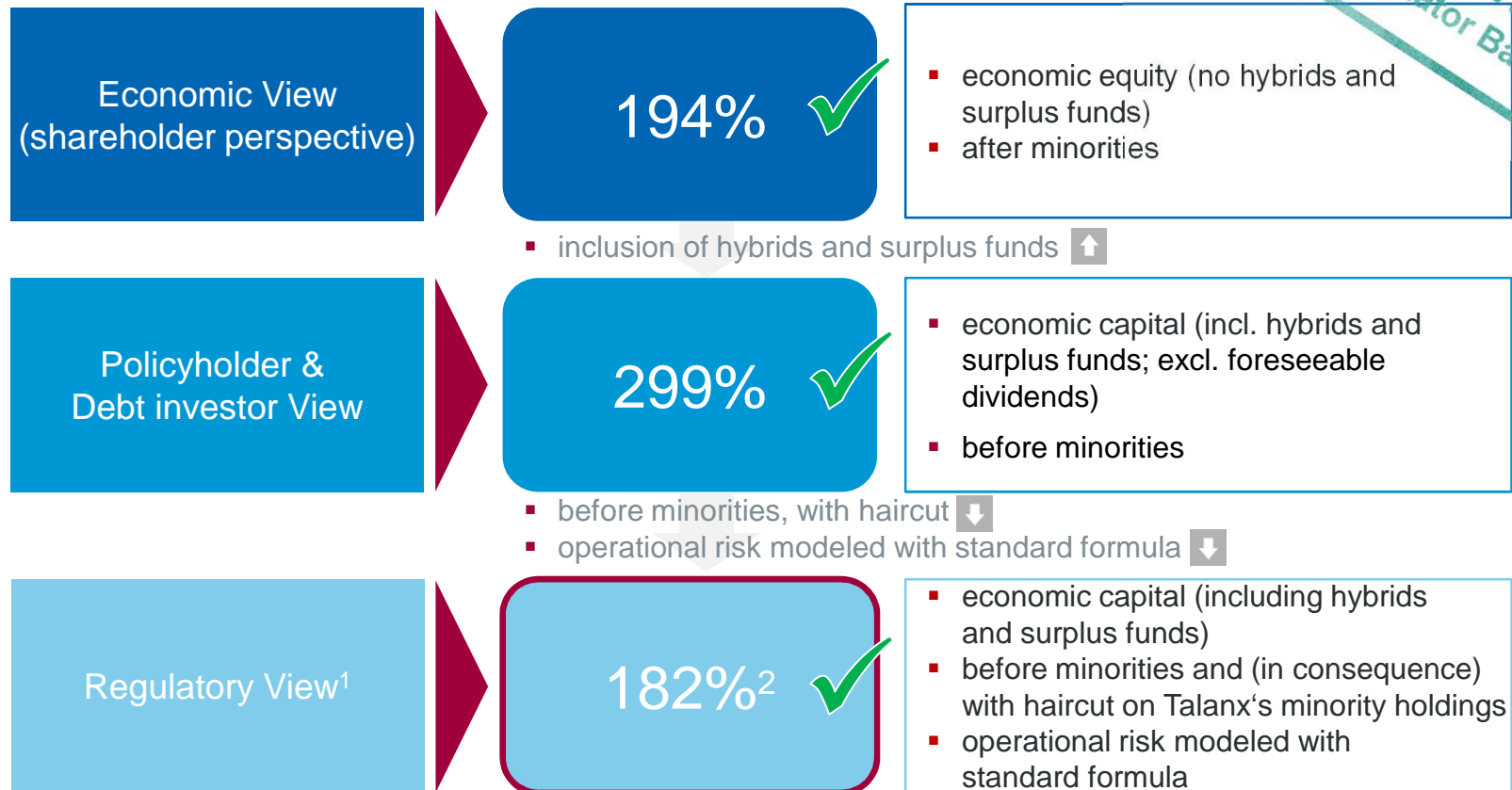
<sup>3</sup> Top 20 European listed peers, each year measured by GWP; on group level; IFRS standards

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



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.

<sup>1</sup> The regulatory view focuses on the HDI-Group as the regulated entity with HDI V. a. G. as ultimate parent undertaking. <sup>2</sup> 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 <sub>BOF</sub>	▶	€5.7bn
=	BOF CAR	▶	299%
<hr/>			
	Minimum CAR (VaR 99.5%) for capital allocation	▶	200%
	Capital Buffer	▶	€5.7bn <small>€17.1bn - (200% * €5.7bn)</small>
-	Capital Buffer for uncertainties	▶	€1.7bn
=	Remaining Capital Buffer	▶	€4.0bn <small>€17.1bn - (200% * €5.7bn) - €1.7bn</small>

#### 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



## 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<sup>1</sup>


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

<sup>1</sup> The targets are based on an increased large loss budget of €290m (from €185m in 2014) in Primary Insurance

<sup>2</sup> 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

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

<sup>4</sup> 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<sup>1</sup>

<b>Gross written premium</b>	<b>stable</b>
<b>Group net income<sup>2</sup></b>	<b>&gt; €700m</b>
<b>Dividend payout ratio</b>	<b>35-45% target range</b>

<sup>1</sup> 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

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

<sup>1</sup> Organic growth only; currency-neutral

<sup>2</sup> Risk-free rate is defined as the 5-year rolling average of the 10-year German government bond yield

<sup>3</sup> Talanx definition: incl. net interest income on funds withheld and contract deposits

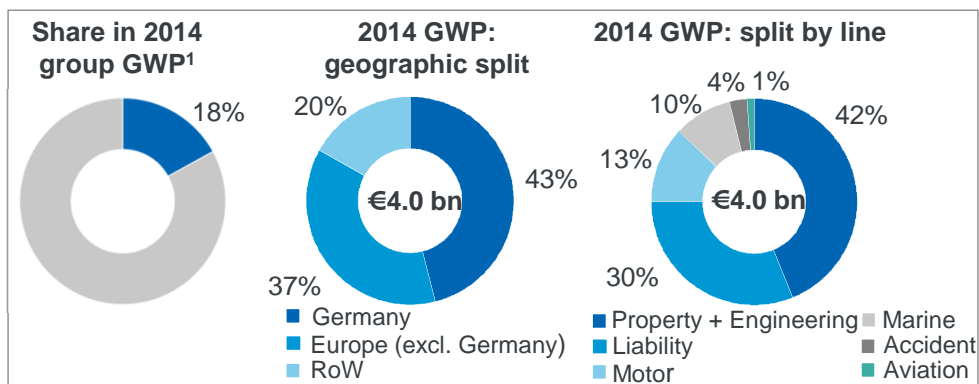
<sup>4</sup> EBIT/net premium earned, <sup>5</sup> Reflects Hannover Re target of at least €180m

<sup>6</sup> Average throughout the cycle; currency-neutral, <sup>7</sup> 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



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 <sup>2</sup> 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

<sup>1</sup> Based on total GWP adjusted for 50.2% share in Hannover Re

<sup>2</sup> 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")



### German corporates ("Multinationals")



### Europe

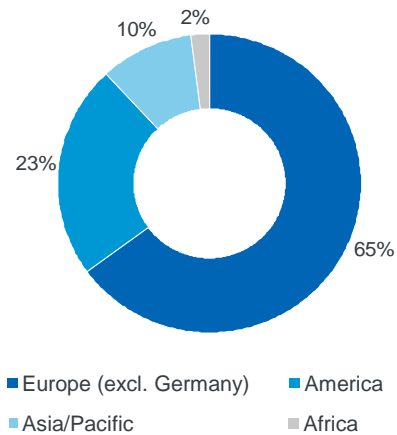


▶ Well-established relationships with main players in targeted segments

# 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)<sup>1</sup>

	Netherlands	390		Switzerland	195		Spain	125
	USA	372		UK	179		Italy	121
	France	302		Belgium	171		Austria	103 <sup>2</sup>

	Argentina		Hongkong		Poland		Turkey
	Australia		India		Portugal		Ukraine
	Bahrain		Ireland		Russia		Hungary
	Brazil <sup>3</sup>		Japan		Sweden		Uruguay
	Bulgaria		Canada		Singapour		Vietnam
	Chile		Luxembourg		Slovakia		
	Denmark		Mexico		South Africa		
	Greece		New Zealand		Czech Rep.		

<sup>1</sup> GWP shown for all entities with more than €100m GWP in 2014

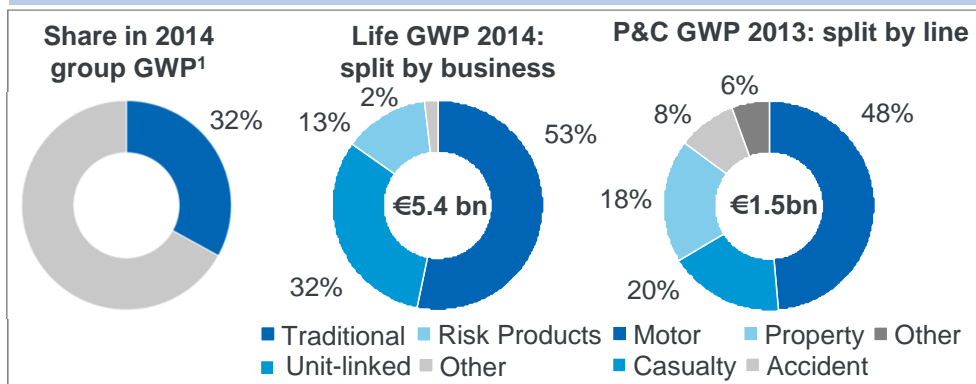
<sup>2</sup> Inkl. branches in Czech Republik, Slovakia and Hungary

<sup>3</sup> Founded in August 2014



# Retail Germany: Overview

## Key figures



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 <sup>2</sup> 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

<sup>1</sup> Based on total GWP adjusted for 50.2% share in Hannover Re

<sup>2</sup> Including interest income on funds withheld and contract deposits; net, property/casualty only

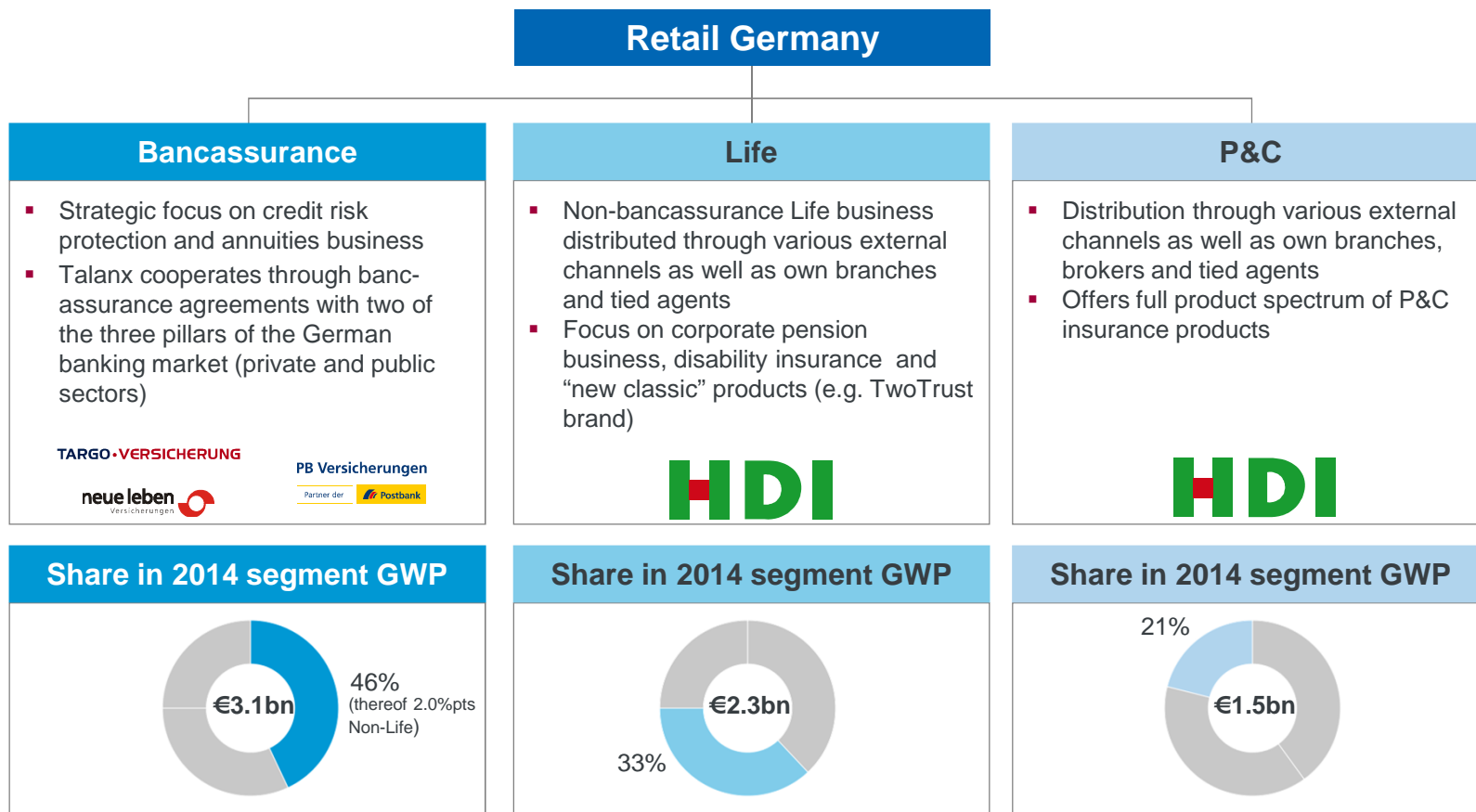
## Comments

- 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**

# Retail Germany: Division breakdown



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

# Retail Germany: Operating model target of Retail Germany

## Life

### Bancassurance



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



- Continued, active in-force portfolio management



- Balanced insurance portfolio



- 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)



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



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



- Competitive cost ratios



- 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

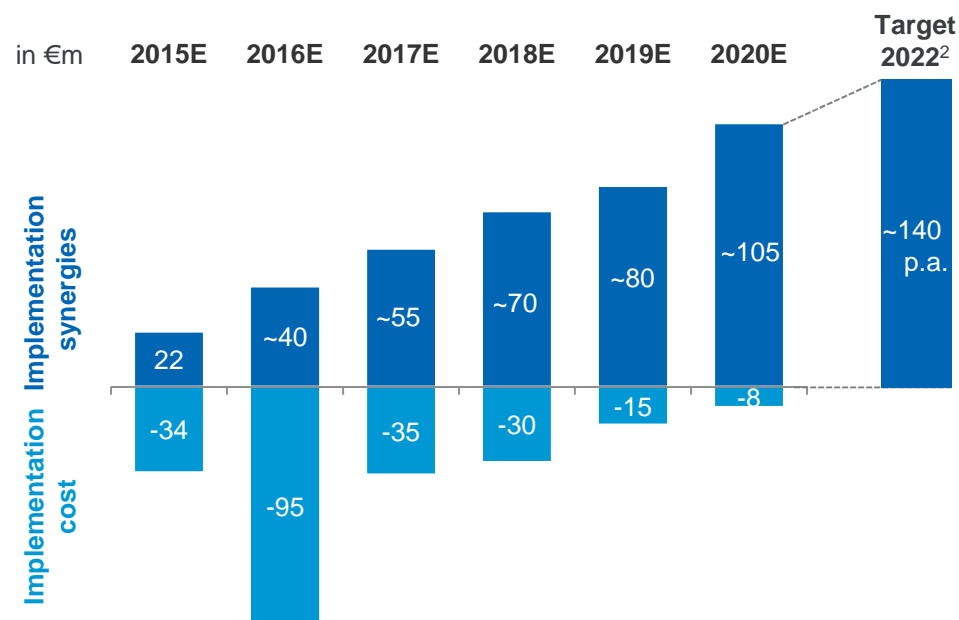
- Targeted reduction of combined FTE in Life and Non-Life of ≥600
- Additional reduction of other admin expenses



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<sup>1</sup>



## 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

<sup>1</sup> Based on cost basis FY2014, including inflation assumptions for operating cost and synergies

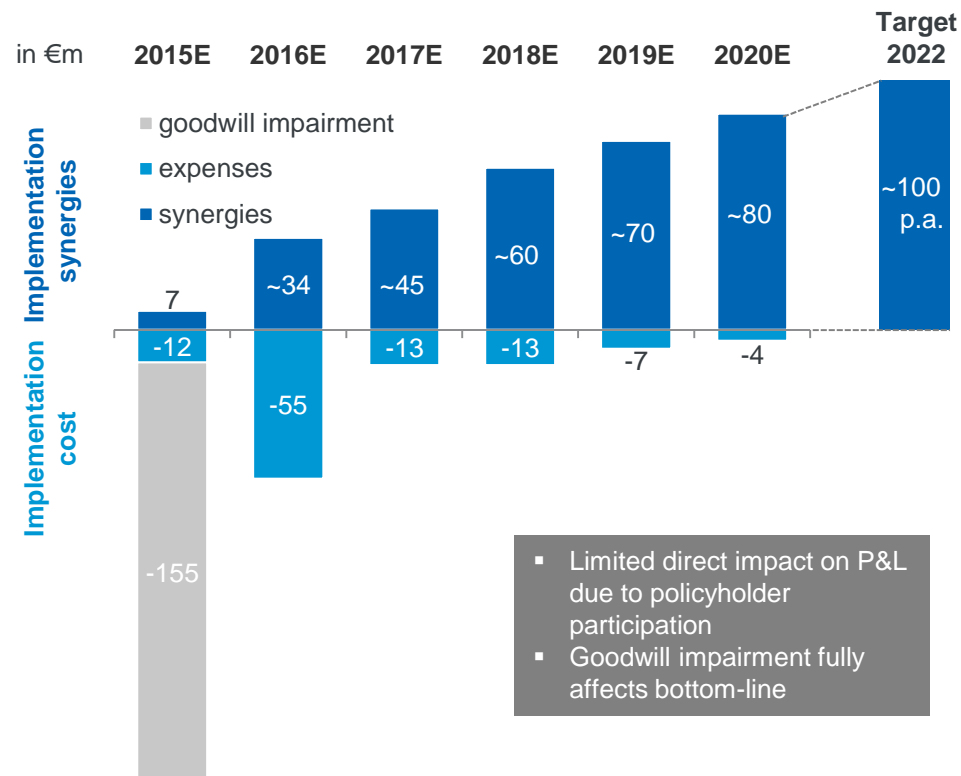
<sup>2</sup> A remaining ~€16m implementation costs likely to affect business years 2021/2022



**Automation set to drive progress in efficiency**

# Retail Germany: Impact efficiency program “KuRS” in Life

## Estimated project costs and synergies in Life<sup>1</sup>



- 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

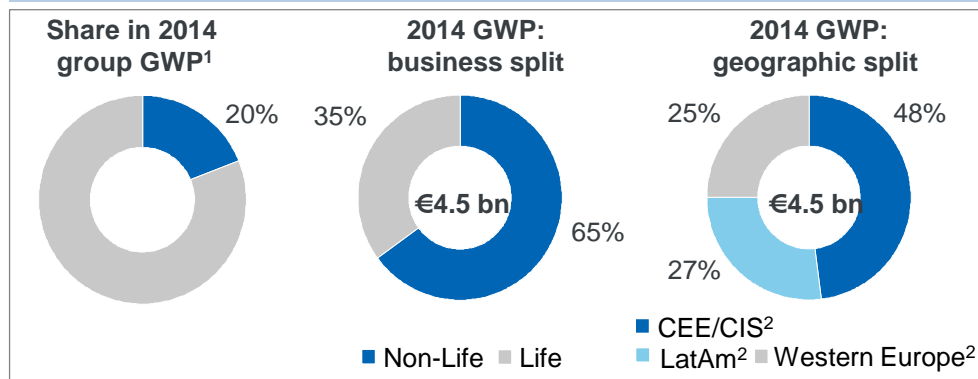
<sup>1</sup> Based on cost basis FY2014, including inflation assumptions for operating cost and synergies



**Key focus on capital efficiency**

# Retail International: Overview

## Key figures



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

<sup>1</sup> Based on total GWP adjusted for 50.2% stake in Hannover Re

<sup>2</sup> CEE/CIS including Turkey and Russia; LatAm including Mexico; Western Europe including Italy, Austria, Liechtenstein and Luxembourg

## 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  $\geq$ €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)



**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<sup>1</sup>

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

### Brazil (Motor) by GWP 2014<sup>1</sup>

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

### Turkey (Motor) by GWP 2014<sup>1</sup>

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

### Mexico (Motor) by GWP 2014<sup>1</sup>

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%
⋮	
<b>9. Talanx (2013: #10; 3.7%)</b>	<b>4.0%</b>

<sup>1</sup>Source: local regulatory authorities, Talanx AG



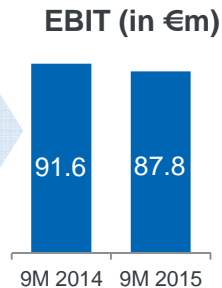
**In all of Retail International's Core Markets, market shares for Talanx's entities have improved**



# Retail International: Strategic initiatives in Core Markets

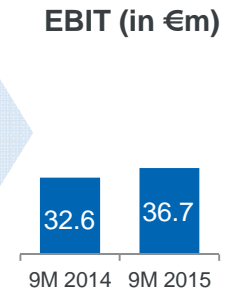
## Poland

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



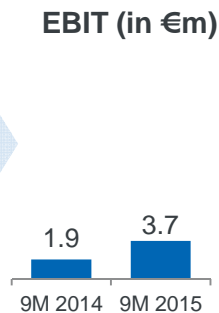
## Brazil

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



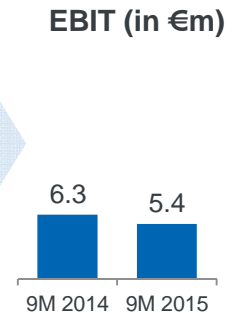
## Turkey<sup>1</sup>

- 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



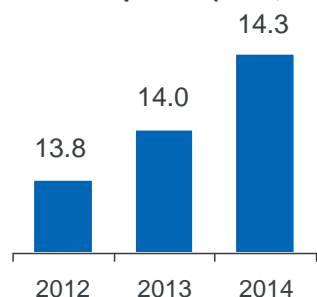
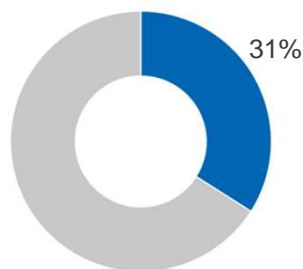
<sup>1</sup> Excl. CIL/Turkey

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

# Reinsurance: Overview

## Key figures

Share in 2014 group GWP<sup>1</sup>    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<sup>3</sup> 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 <sup>2</sup> 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)

<sup>1</sup> Based on total GWP adjusted for 50.2% share in Hannover Re

<sup>2</sup> Incl. expenses on funds withheld and contract deposits; net

<sup>3</sup> 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

Company	2010		2011		2012		2013		2014		2010 - 2014	
	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	avg. RoE	Rank
<b>Hannover Re</b>	<b>18.2%</b>	<b>1</b>	<b>12.8%</b>	<b>1</b>	<b>15.4%</b>	<b>3</b>	<b>15.0%</b>	<b>3</b>	<b>14.7%</b>	<b>3</b>	<b>15.2%</b>	<b>1</b>
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<sup>1</sup> 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“, Caribbean	August 2015	0.0	11.1	11.1
Earthquake, Chile	September 2015	0.9	43.6	44.5
<b>Total Nat Cat</b>		<b>42.7</b>	<b>146.5</b>	<b>189.2</b>
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
<b>Total other large losses</b>		<b>244.7</b>	<b>289.9</b>	<b>534.7</b>
<b>Total large losses</b>		<b>287.4</b>	<b>436.4</b>	<b>723.9</b>
<b>Impact on Combined Ratio (incurred)</b>		<b>6.2%pts</b>	<b>7.3%pts</b>	<b>6.8%pts</b>
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

<sup>1</sup> 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

- 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

# 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 <sup>1</sup>	-	-	A	Stable
Talanx Primary Group <sup>2</sup>	A+	Stable	-	-
last update	28/05/14		19/09/14	
Hannover Re subgroup <sup>3</sup>	AA-	Stable	A+	Stable

## STANDARD & POOR'S rating of Talanx Primary Group


Anchor rating a+		Modifiers
<b>Business Risk Profile</b>	<b>Financial Risk Profile</b>	<b>Modifiers</b>
Strong	Very Strong	Neutral
<b>IICRA<sup>4</sup>)</b>	<b>Capital &amp; Earnings</b>	<b>ERM</b>
Intermediate Risk	Very Strong	Strong
<b>Competitive Position</b>	<b>Risk Position</b>	<b>Management &amp; Governance</b>
Strong	Intermediate	Satisfactory
	<b>Financial Flexibility</b>	<b>Liquidity</b>
	Strong	Exceptional

<sup>1</sup> 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"

<sup>2</sup> This rating applies to the core members of Talanx Primary Group (the subgroup of primary insurers in Talanx Group)

<sup>3</sup> This rating applies to Hannover Re and its major core companies. The Hannover Re subgroup corresponds to the Talanx Reinsurance segment

<sup>4</sup> 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

## Contact

**Talanx AG**  
Riethorst 2  
30659 Hannover  
Germany  
[ir@talnx.com](mailto:ir@talnx.com)

Carsten Werle, CFA  
Phone: +49 511 3747 2231  
[carsten.werle@talnx.com](mailto:carsten.werle@talnx.com)

Marcus Sander, CFA  
Phone: +49 511 3747 2368  
[marcus.sander@talnx.com](mailto:marcus.sander@talnx.com)

Wiebke Großheim (form. Erler)  
Phone: +49 511 3747 2435  
[wiebke.grossheim@talnx.com](mailto:wiebke.grossheim@talnx.com)

Christian Marx  
Phone: +49 511 3747 2291  
[christian.marx@talnx.com](mailto:christian.marx@talnx.com)

## Disclaimer

This presentation contains forward-looking statements which are based on certain assumptions, expectations and opinions of the management of Talanx AG (the "Company") or cited from third-party sources. These statements are, therefore, subject to certain known or unknown risks and uncertainties. A variety of factors, many of which are beyond the Company's control, affect the Company's business activities, business strategy, results, performance and achievements. Should one or more of these factors or risks or uncertainties materialize, actual results, performance or achievements of the Company may vary materially from those expressed or implied as being expected, anticipated, intended, planned, believed, sought, estimated or projected in the relevant forward-looking statement.

The Company does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor does the Company accept any responsibility for the actual occurrence of the forecasted developments. The Company neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by the Company as being accurate. Presentations of the company usually contain supplemental financial measures (e.g., return on investment, return on equity, gross/net combined ratios, solvency ratios) which the Company believes to be useful performance measures but which are not recognised as measures under International Financial Reporting Standards, as adopted by the European Union ("IFRS"). Therefore, such measures should be viewed as supplemental to, but not as substitute for, balance sheet, statement of income or cash flow statement data determined in accordance with IFRS. Since not all companies define such measures in the same way, the respective measures may not be comparable to similarly-titled measures used by other companies. This presentation is dated as of 11 January 2016. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. This material is being delivered in conjunction with an oral presentation by the Company and should not be taken out of context.