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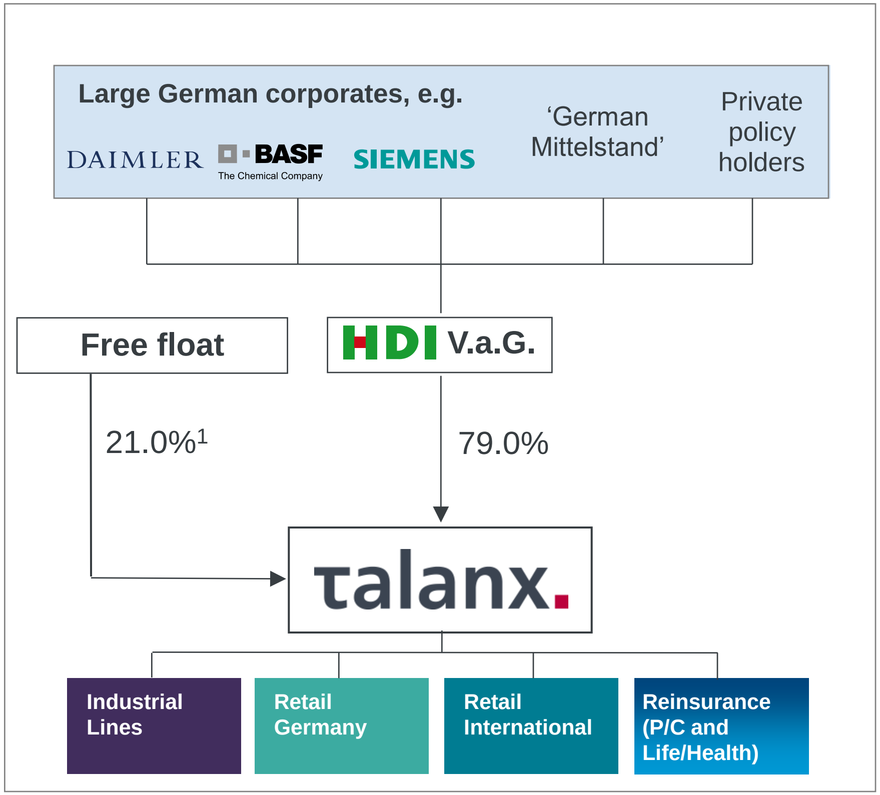
Insurance. Investments.

Investor Presentation USA/Canada

Dr. Immo Querner, CFO
June 2016

Founded as a lead insurer by German corporates

Group structure



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

History

1903	Foundation as 'Haftpflichtverband der deutschen Eisen- und Stahlindustrie' in Frankfurt
1919	Relocation to Hannover
1953	Companies of all industry sectors are able to contract insurance with HDI V.a.G.
1966	Foundation of Hannover Rück-versicherungs 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

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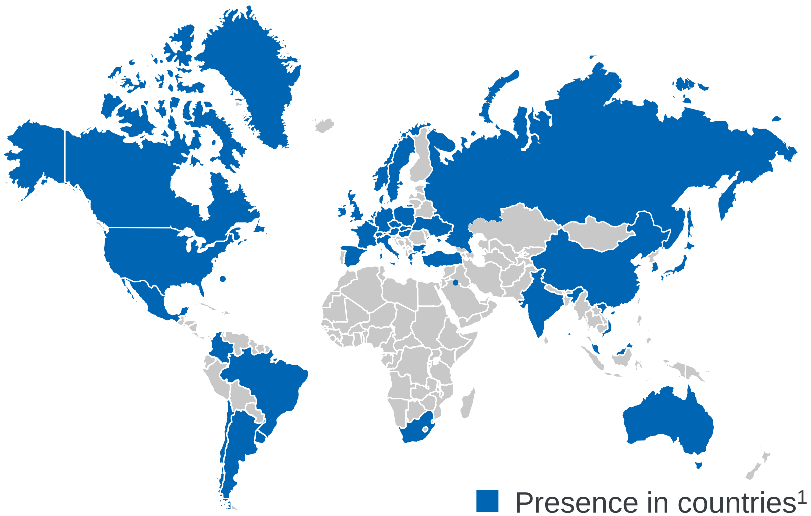
Industrial Lines	Retail Germany	Retail International	Reinsurance (P/C and Life/Health)	Corporate Operations
HDI	HDI	HDI	hannover re	talanx. Asset Management
	TARGO•VERSICHERUNG Schutz und Vorsorge	warta.	e+s rück	talanx. Service
	PB Versicherungen Partner der Postbank	Europa ubezpieczenia		talanx. Systeme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

Integrated international insurance group following a multi-brand approach

International footprint and focussed growth strategy

International presence



- Total GWP: €31.8bn (2015)
- 2015 GWP: 49% in Primary Insurance (2014: 53%), 51% in Reinsurance (2014: 47%)
- Group wide presence in >150 countries
- ~21,900 employees in 2015

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

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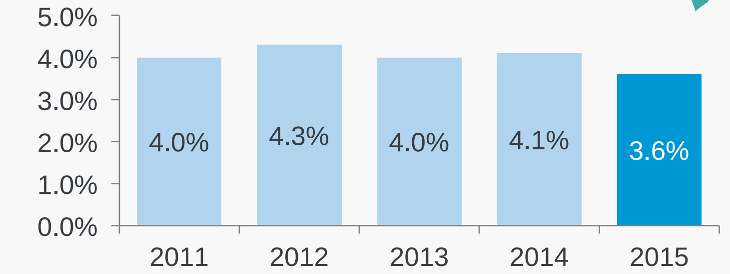
FY2015 – Target achievement

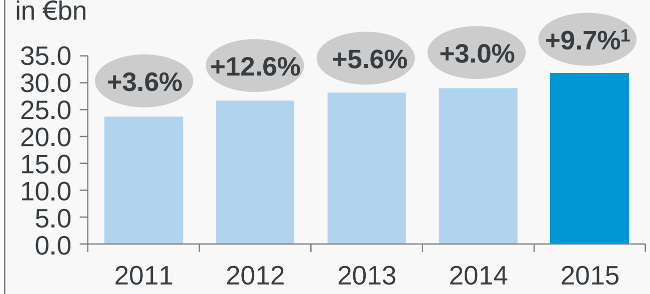
Return on Investment



2015 Outlook RoI >3.0%

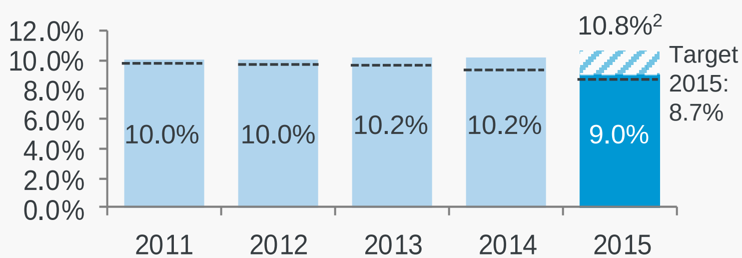
GWP growth

in €bn



2015 Outlook GWP growth +1-3%

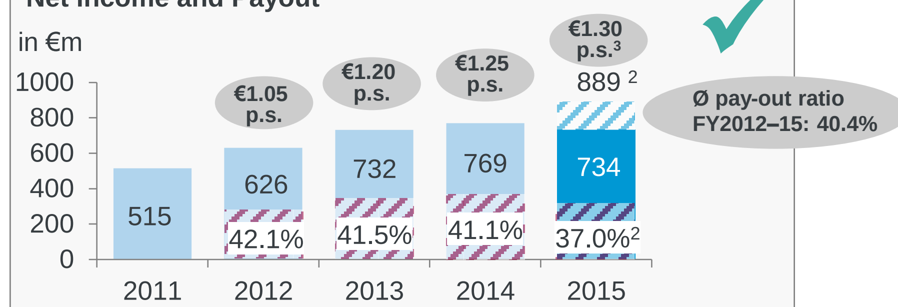
Return on Equity



2015 Outlook RoE 7-8%

Net income and Payout

in €m

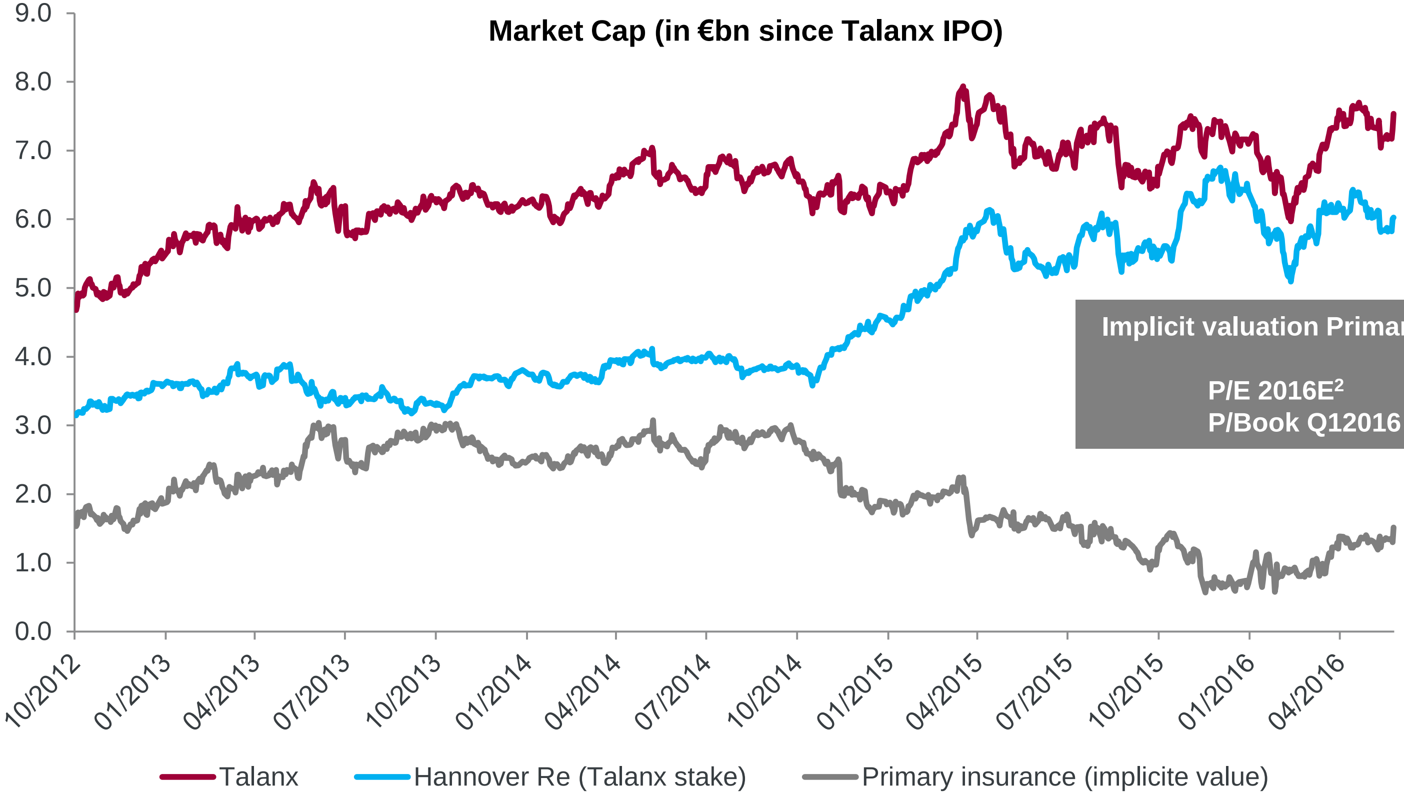


2015 Outlook Net income €600-650m[4]; pay-out ratio 35-45%

Dividend pay-out ratio
Adjustment for goodwill impairment in German Life (€155m/Q2 2015)

Note: Figures restated on the base of IAS8
[1] Currency-adjusted: 4.8%
[2] After adjustment for goodwill impairment in German Life business of €155m reported in Q2 2015
[3] Approved by AGM on 11 May 2016
[4] 2015 Outlook for Group net income was adjusted from „at least €700m“ to „€600-650m“ following the goodwill impairment reported in Q2 2015

Valuation – A special look at Primary Insurance



Implicit valuation Primary Insurance[1]

P/E 2016E[2]	5.8x
P/Book Q12016	0.3x

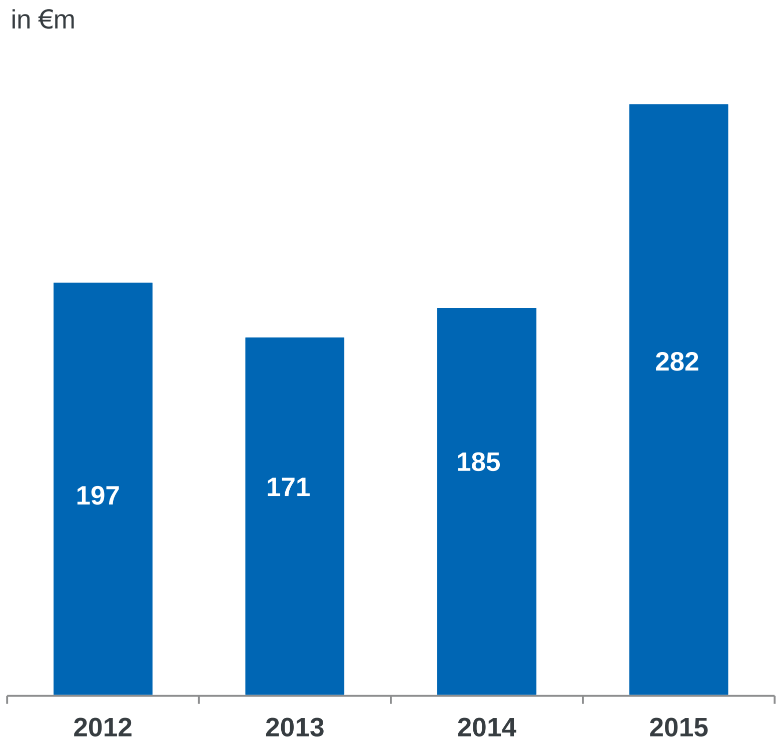
[1] In this analysis, Primary insurance also contains Corporate Operations and Consolidation

[2] 2016 earnings estimates based on the 2016 sell-side consensus collected by Talanx and by Hannover Re in May 2016. Talanx's 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]



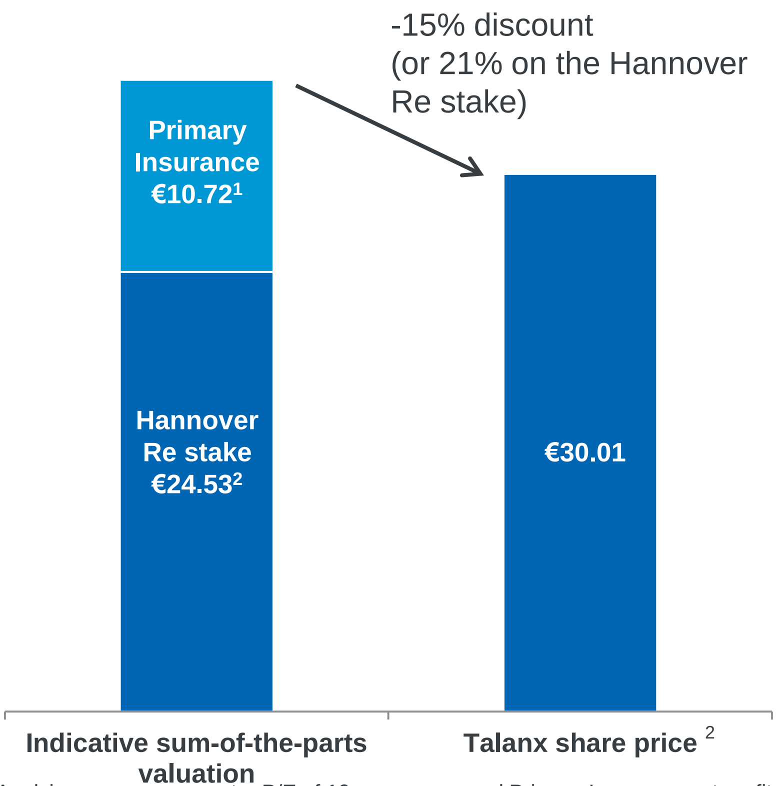
Comments

- 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 charges in Retail Germany (in particular, the €155m full goodwill impairment in FY2015 and further impairments of intangible assets in 2014) 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?



Measures to secure and to boost value in the Group

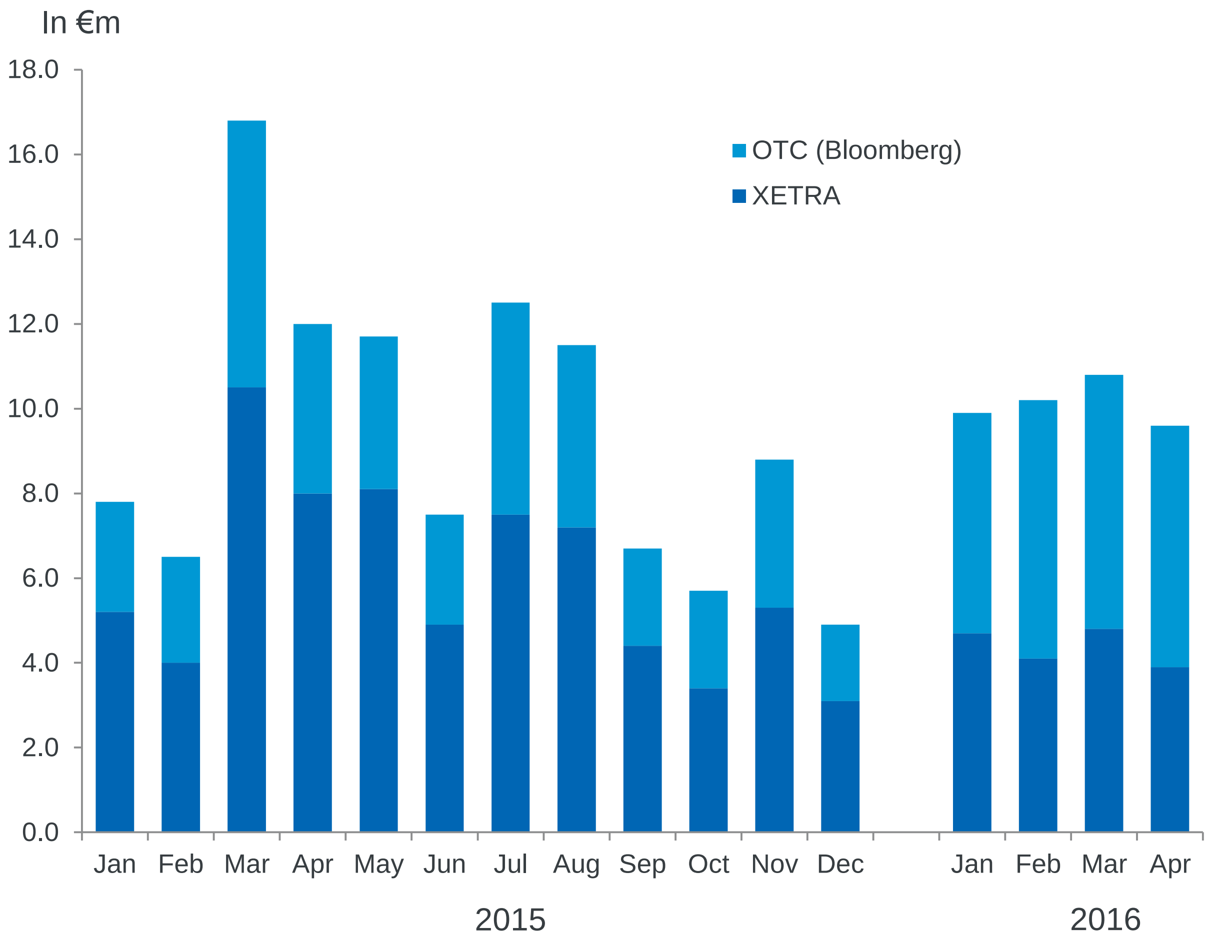
- Disciplined ressource-management: Generally no cash transfer into ailing Primary Insurance units
- Restrictive use of profit (and loss) sharing agreements in German Life
- Definition of standalone business-specific RoE targets by division that also drive remuneration
- Disposal of non-core activities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

[1] Applying an average sector P/E of 10 on an assumed Primary Insurance net profit of €271m, according to 2016 earnings estimates based on the sell-side consensus by Talanx and by Hannover Re (April 2016). Talanx' stake in Hannover Re is 50.2%

[2] Xetra closing on 31 March 2016

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 (in April 2016: #34 in market cap and #42 in turnover)

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

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

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

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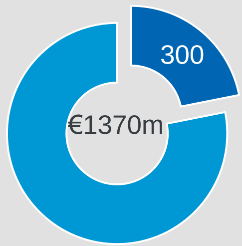
Industrial Lines – Profitabilisation measures in Germany

Property[1]

Portfolios under review (GWP)



Results from negotiations (gross)

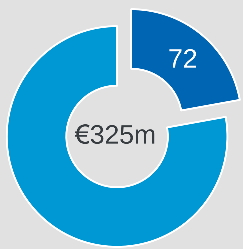
Negotiated	€303.7m
Effects on premium	- 8.4%
Capacity	- 21.7%

Portfolio improvement

Premium to capacity ratio +25%[1,2]

Marine[1]

Portfolios under review (GWP)



Results from negotiations (gross)

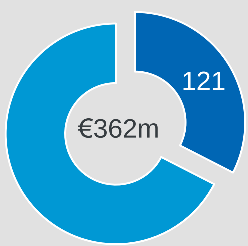
Negotiated	€71.8m
Effects on premium	-5.3%
Capacity	-26.9%

Portfolio improvement

Premium to capacity ratio +30%[1]

Motor[3]

Portfolios under review (GWP)



Results from negotiations (gross)

Negotiated	€121m
Effects on premium	-10.1%
Effect on losses[4]	~ -14%

Portfolio improvement

Expected improvement in loss ratio by FY2016 ≥ 3%pts[5]

■ Premium negotiated

[1] In respect of portfolio under review
[2] Including effect of additional specific reinsurance measures
[3] German business only
[4] Expected, in terms of loss volume
[5] Assuming constant claims statistic; FY2015 loss ratio: 84.4% (gross)

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 German newspaper Süddeutsche Zeitung ✓ Further reduction of balance-sheet risks due to **write-down of full goodwill** (€155m) in 2015 ✓ Decline in average life guarantee rate from 2.8 to 2.6% - average running yield 0.8%pt higher (2014: 0.7%pt)
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

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Key achievements 2015
Retail International: Overview Core Markets

Brazil

GWP growth (local currency)	+16.1%	
Combined ratio	99.3%	+0.5%pts
EBIT (€)	46.4m	+9.7%

Poland

GWP growth (local currency)	+1.4%	
o/w Life	+4.3%	
o/w Non-Life	-0.2%	
Combined ratio[1]	96.4%	+0.3%pts
EBIT (€)	112.9m	-1.3%
o/w Life	23.6m	+18.5%
o/w Non-Life	89.4m	-5.5%

Mexico

GWP growth (local currency)	+38.0%	
Combined ratio	93.2%	+0.8%pts
EBIT (€)	8.3m	-19.5%

Turkey

GWP growth (local currency)	+15.0%	
Combined ratio	102.5%	-0.7%pts
EBIT (€)	4.8m	+96.8%

[1] Combined ratio for Warta only

All core markets in Retail International with profitable growth

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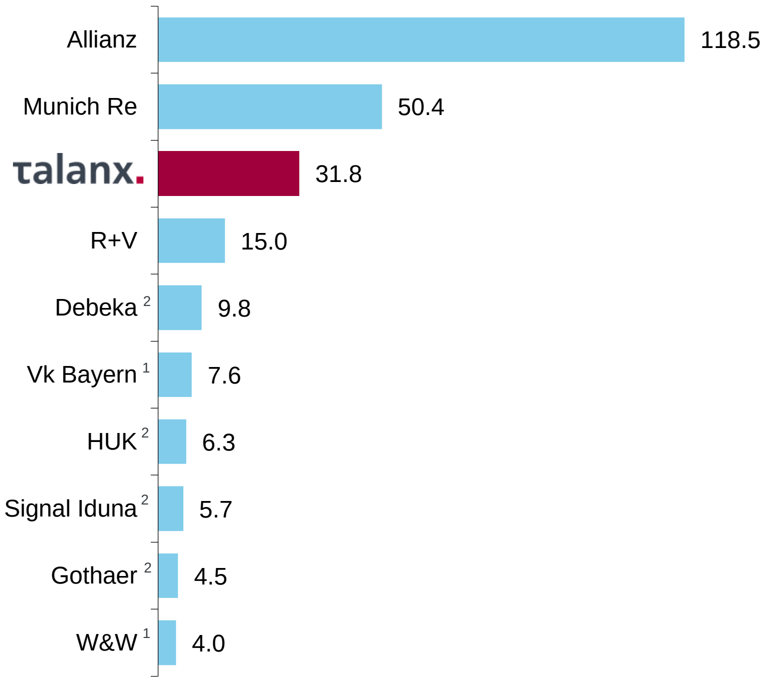
Among the leading European insurance groups

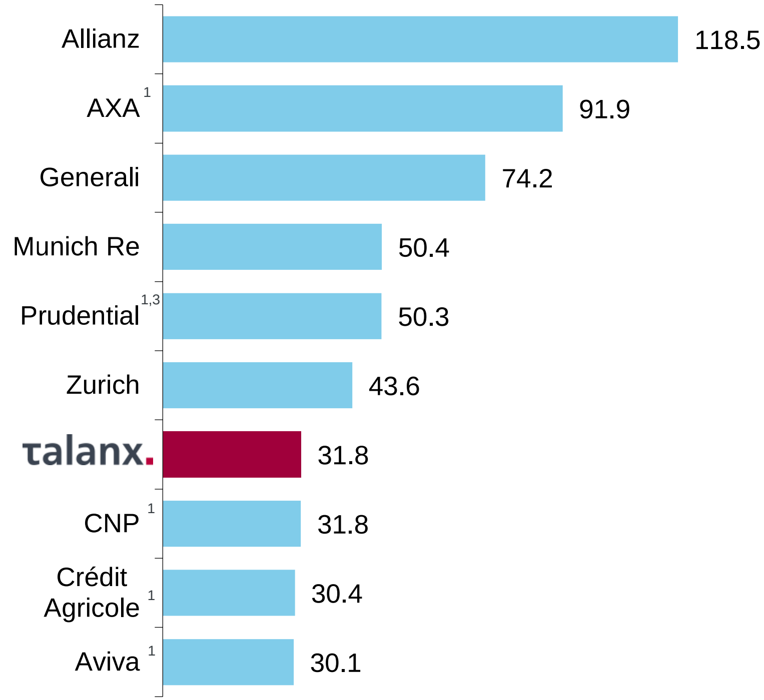
Top 10 German insurers

German insurers by global GWP (2015, €bn)



Top 10 European insurers

European insurers by global GWP (2015, €bn)

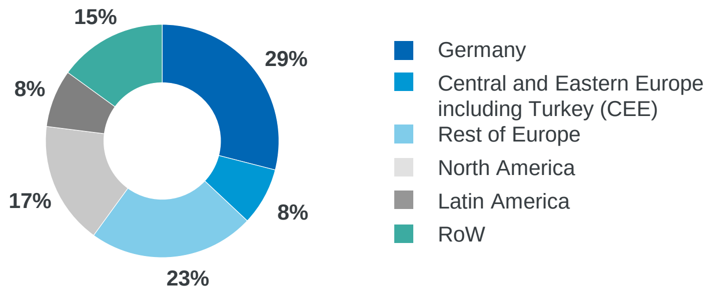


[1] Preliminary figures
[2] Figures of 2014
[3] Gross Earned Premiums

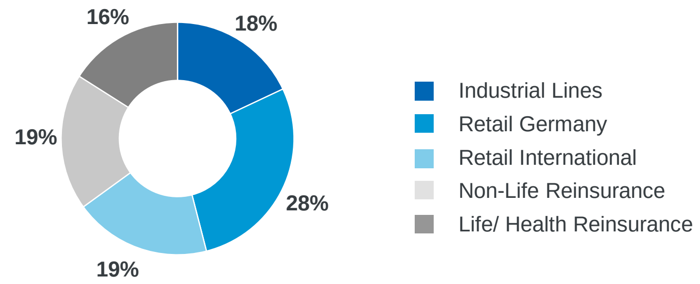
Third-largest German insurance group with leading position in Europe

Regional and segmental split of GWP and EBIT

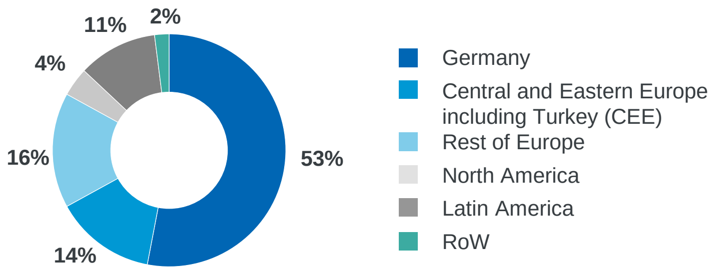
GWP by regions 2015 (consolidated Group level)



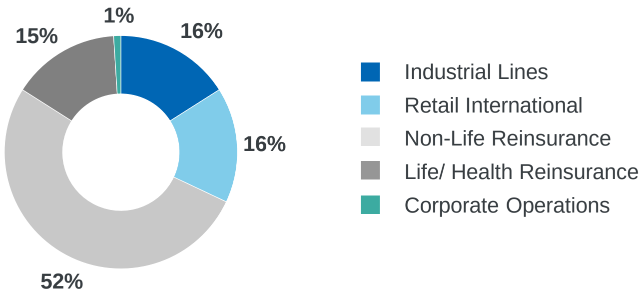
GWP by segments 2015[1]



GWP by regions 2015 (Primary Insurance)



EBIT by segments 2015[1,2]



[1] Adjusted for the 50.2% stake in Hannover Re
[2] Calculation excludes Retail Germany, which contributes an additional EBIT of €3m due to goodwill impairment of €155m; Corporate Operations and Consolidation line have a negative effect of €48m on Group EBIT

Well diversified sources of premium and EBIT generation

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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, Targo Bank, BRE Bank SA, Magyar Posta, HSBC Brazil, Sparkasse, 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

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Key Pillars of our risk management

1

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

2

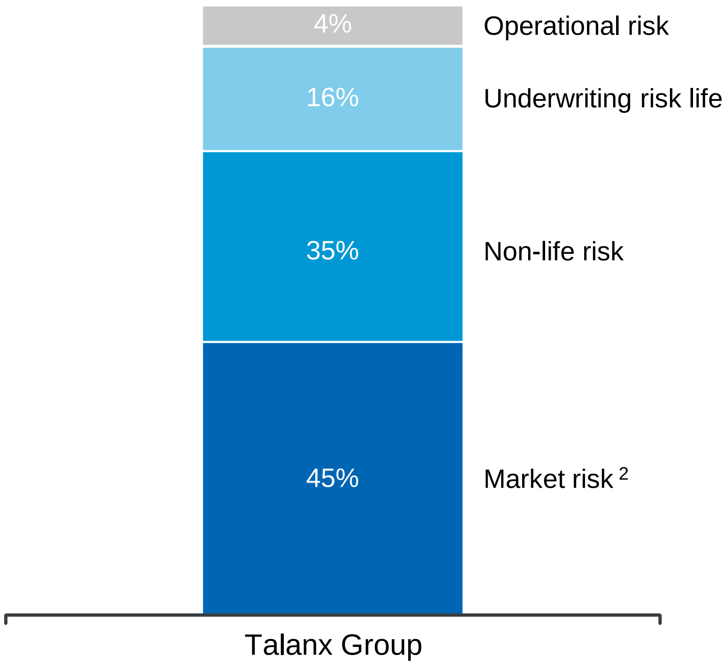
Generating positive annual earnings with a probability of 90%

3

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

1 Focus on insurance risk

Risk components of Talanx Group[1]



Comments

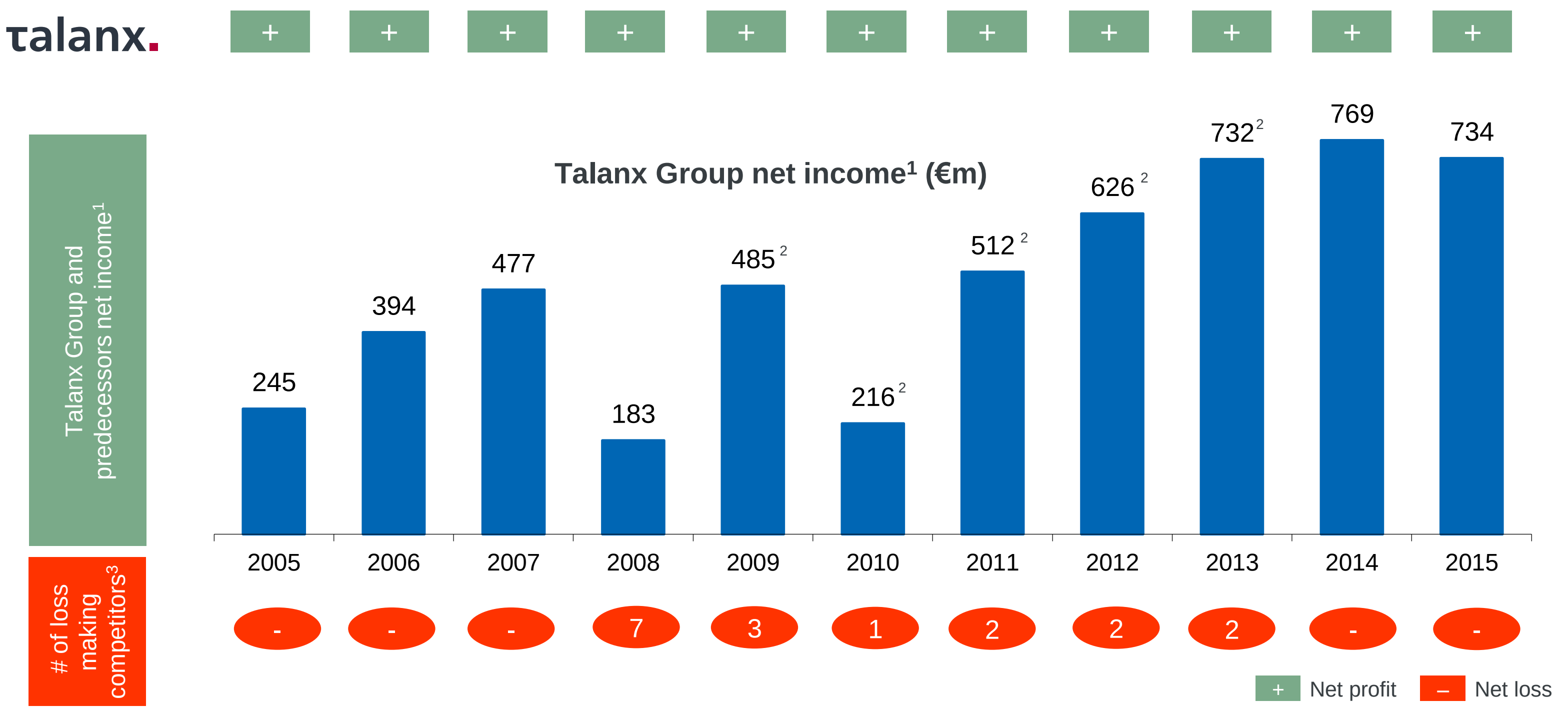
- Total market risk stands at 45% of solvency capital requirements, which is comfortably below the 50% limit
- Self-set limit of 50% reflects the dedication to primarily focus on insurance risk
- Non-Life is the dominating insurance risk category, comprising premium and reserve risk, NatCat and counterparty default risk
- Equities ~1% of investments under own management
- GIIPS sovereign exposure 1.9% of total assets in FY2015 (FY 2014: 1.8%)

[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 (2005–2015 according to IFRS)
[2] Adjusted on the basis of IAS 8
[3] Top 20 European peers, each year measured by GWP; on group level; IFRS standards
Source: Bloomberg, annual reports

Robust cycle resilience due to diversification of segments

3 TERM (Talanx Enterprise Risk Model) 2015 – Capitalisation perspectives

MODEL APPROVED by German regulator BaFin

Policyholder & Debt investor View (BOF CAR)	253% ✓ (2014: 299%)	Limit ≥ 200 %	▪ Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests) ▪ Risk calculated with the full internal model
Solvency II Ratio	171% ✓ (2014: 182%)	Target corridor 150%-200%	▪ Eligible Own Funds, i.e Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests) with haircut ▪ Operational risk modeled with standard formula, („partial internal model“) ▪ For the Solvency II perspective, the HDI V.a.G. as ultimate parent is the addressee of the regulatory framework

- with haircut ⬇
- operational risk modeled with standard formula ⬇
- HDI solo-funds ⬆

Comfortable capital position from all angles

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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

- Q1 2016 -

I Q1 2016 underpins recently increased bottom-line target for FY2016

- Q1 2016 Group net income of €222m fully in line with FY2016 Group net income outlook of ~€750m

- Adjusting for last year's "special effect" in Life/Health Reinsurance (~€19m after taxes and minorities), quarterly performance roughly in line with previous strong Q1

- All Non-Life segments remained within their Q1 2016 large loss budgets. Combined ratio on Group level improved to 96.3% (Q1 2015: 96.5%)

- Over the first three months, shareholders' equity increased by ~€250m to €8,532m or €33.75 per share (31 Dec. 2015: €32.76). NAV up to €29.64 per share (FY 2015: €28.66)

- In parallel to today's reporting, risk management reports for FY2015 have been published. The Solvency II Ratio stands at a good 171 (FY 2014: 182) percent. Based on Basic Own Funds, Talanx's capitalisation was 253 (299) percent

I Q1 2016 results – Key financials

Summary of Q1 2016

€m, IFRS	Q1 2016	Q1 2015	Change
Gross written premium	8,995	9,440	(5%)
Net premium earned	6,266	6,367	(2%)
Net underwriting result	(422)	(389)	+9%
Net investment income	1,022	996	+3%
Operating result (EBIT)	573	643	(11%)
Net income after minorities	222	251	(11%)
Key ratios	**Q1 2016**	**Q1 2015**	**Change**
Combined ratio non-life insurance and reinsurance	96.3%	96.5%	(0.2%)pts
Return on investment	3.7%	3.6%	0.1%pts
Balance sheet	**Q1 2016**	**FY2015**	**Change**
Investments under own management	101,913	100,777	+1%
Goodwill	1,039	1,037	+0%
Total assets	154,779	152,760	+1%
Technical provisions	108,686	106,831	+2%
Total shareholders' equity	13,826	13,431	+3%
Shareholders' equity	8,532	8,282	+3%

Comments

- GWP is down by 4.7% y/y, due to currency effects (curr.-adj.:-3.0%) and the premium decline in Retail Germany (Life) and Non-Life Reinsurance. Industrial Lines, Retail International and L/H Reinsurance with underlying growth
- Industrial Lines and Non-Life Reinsurance with improved underwriting result. Decline in net underwriting result is mainly due to higher RfB contribution in Retail Germany ("ZZR"), following higher realised investment gains
- Group combined ratio improved by 0.2%pts y/y to 96.3%. All segments remained within their large loss budgets for the quarter
- Increase in investment result is mainly due to a ~€107m higher extraordinary investment result, mainly financing the ZZR allocation. Ordinary investment result down by ~€60m mainly due to the negative base effect from the one-off payment in L/H Reinsurance in Q1 2015 (~€39m)
- Decline in net income can be fully explained by the one-off effect mentioned above and a negative impact from currency effects in the "other result"
- Shareholders' equity increased ytd to €8,532m, or €33.75 per share (FY2015: €32.76). 2015 Solvency II ratio slightly down by 6% to 171% (FY2014: 182%)

Improvement in Group combined ratio – adjusting for base effects, Group net income is in line with strong Q1 2015

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I Large losses[1] in Q1 2016

€m, net		Primary insurance	Reinsurance	Talanx Group
Earthquake, Taiwan	February 2016	3.3	15.6	18.9
Total Nat Cat		**3.3**	**15.6**	**18.9**
Fire/Property		63.8	39.9	103.7
Total other large losses		**63.8**	**39.9**	**103.7**
Total large losses		**67.1**	**55.5**	**122.5**
Impact on Combined Ratio (incurred)		**4.4%pts**	**2.8%pts**	**3.5%pts**
Total large losses Q1 2015		93.5	62.0	155.5
Impact on Combined Ratio (incurred) Q1 2015		6.2%pts	3.3%pts	4.6%pts

- Group Q1 2016 large loss burden of €123m (Q1 2015: €156m) – below the Group's Q1 2016 large loss budget of €264m
- Q1 2016 net burden of €67m in Primary and €56m in Reinsurance – mainly due to man-made large losses; NatCat large loss of €19m from Taiwan earthquake
- Reinsurance well below its Q1 2016 large loss budget of €189m; Primary also below its pro-rata large loss budget of €75m

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

Note: Q1 2016 Primary Insurance large losses (net) are split as follows: Industrial Lines: €67m; Retail Germany: €0; Retail International: €0m, Group Functions: €0m; from FY2016 onwards, table includes large losses from Industrial Liability line, booked in the respective FY. The latter also explains the stated increase in the large loss budget for Primary Insurance by €10m for FY2016.

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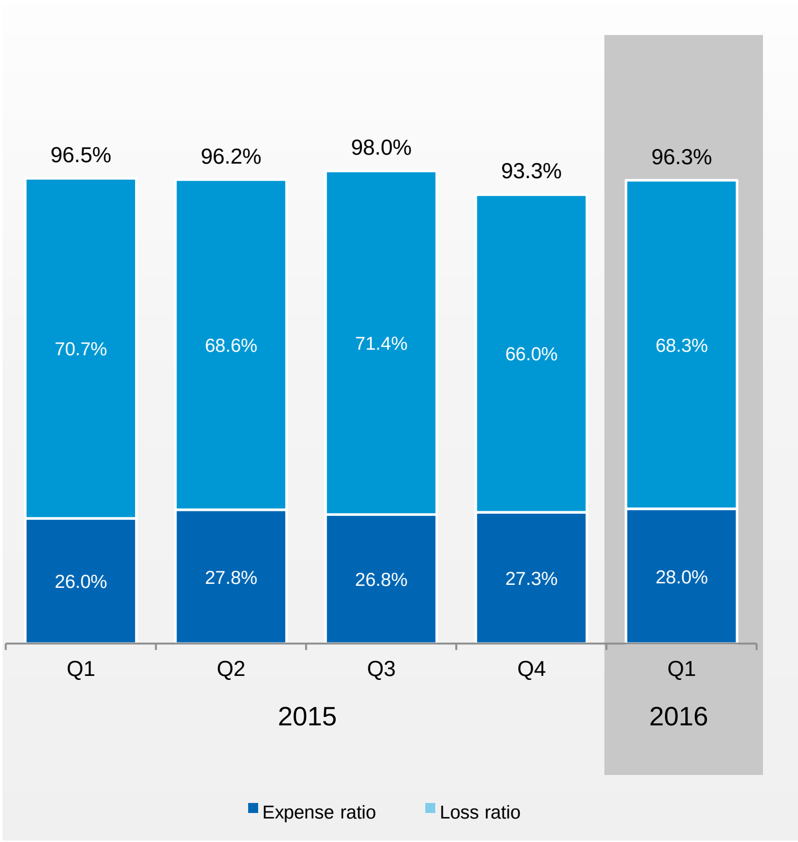
Combined ratios

Development of net combined ratio[1]



Combined ratio[1] by segment/selected carrier

	Q1 2016	Q1 2015	FY2015
Industrial Lines	**97.6%**	**98.9%**	**99.2%**
Retail Germany	**103.8%**	**100.5%**	**99.3%**
Retail International	**96.2%**	**94.6%**	**96.3%**
HDI Seguros S.A., Brazil	101.6%	99.2%	99.3%
HDI Seguros S.A., Mexico	92.0%	90.4%	93.2%
TUiR Warta S.A., Poland	95.8%	94.7%	96.4%
TU Europa S.A., Poland	81.5%	83.2%	84.6%
HDI Sigorta A.Ş., Turkey	102.5%	102.7%	102.5%
HDI Assicurazioni S.p.A., Italy	96.4%	91.1%	95.4%
HDI Seguros S.A., Chile[2]	90.5%	n/m	n/m
Non-Life Reinsurance	**94.7%**	**95.9%**	**94.5%**

[1] Incl. net interest income on funds withheld and contract deposits
[2] Incl. Magallanes Generales; merged with HDI Seguros S.A. on 1 April 2016

Apart from Retail Germany, combined ratios in all non-life segments below the 100% level

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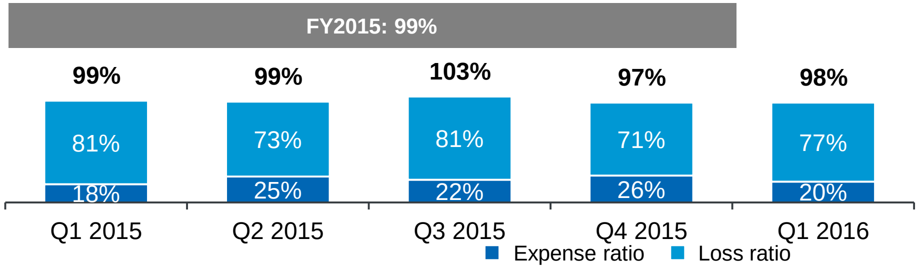
Segments – Industrial Lines

P&L for Industrial Lines

€m, IFRS	Q1 2016	Q1 2015	Δ
Gross written premium	**1,921**	**1,889**	**+2%**
Net premium earned	537	518	+4%
Net underwriting result	13	6	+141%
Net investment income	50	53	(6%)
Operating result (EBIT)	**74**	**72**	**+3%**
Group net income	48	47	+3%
Return on investment (annualised)	2.6%	2.8%	(0.2%)pts

Combined ratio[1]



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

Comments

- Q1 2016 GWP up 1.7% y/y, dampened by currency effects (curr.-adj.:+2.5%). Growth was mainly driven by international markets, including new business units, e.g. in Brazil. Some dampening effect from profitabilisation measures, namely “Balanced Book”
- Retention rate was up (Q1 2016: 55.5%; Q1 2015: 50.4%), mainly in Liability lines. Reinstatement premiums remained broadly unchanged (Q1 2016: ~€12m)
- Q1 2016 combined ratio improved mainly due to lower large losses and despite prudential reserving as well as a higher expense ratio from international growth
- Decline in net investment result mainly due to the low interest rate environment; no significant extraordinary investment gains
- Net income slightly up on the back of the improved underwriting result

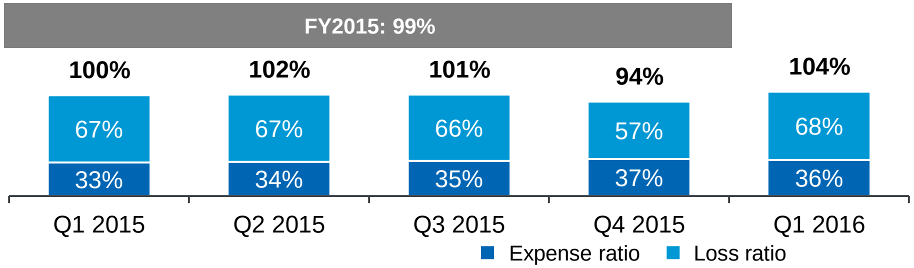
Improvement in net underwriting result leads to higher EBIT and bottom-line contribution

II Segments – Retail Germany

P&L for Retail Germany

€m, IFRS	Q1 2016	Q1 2015	Δ
Gross written premium	**1,904**	**2,135**	**(11%)**
of which Life	1,155	1,373	(16%)
of which Non-Life	749	762	(2%)
Net premium earned	1,217	1,448	(16%)
Net underwriting result	(478)	(392)	+22%
of which Life	(465)	(390)	+19%
of which Non-Life	(13)	(2)	+550%
Net investment income	535	445	+20%
Operating result (EBIT)	**47**	**57**	**(18%)**
Group net income	29	35	(17%)
Return on investment (annualised)	4.5%	3.8%	+0.7%pts

Combined ratio[1]



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

Comments

- Decline in Q1 2016 GWP in Life predominantly due to a base effect. Q1 2015 saw an overlap from strong FY2014 year-end business. Premium trend consistent with the targeted phase-out of classical and single-premium business
- Slight decline in Non-Life GWP particularly in Motor and Homeowner business
- In Q1 2016, costs for efficiency program “KuRS” sum up to €10m, impacting Q1 2016 EBIT by ~€8m. Negative impact of ~2.3%pts on combined ratio (0.5% pts on Q1 2016 loss ratio, 1.8%pts on cost ratio). Adjusting for impact from KuRS, Q1 2016 combined ratio was 101.5% (reported: 103.8%)
- Decline in EBIT largely explained by investments for KuRS program
- Increase in investment result due to higher extraordinary result, mainly to finance ZZR contribution, while ordinary investment broadly unchanged. Q1 2016 ZZR allocation – according to HGB – of €168m (Q1 2015: €109m). Total ZZR stock reached €1.73bn in Q1 2016, expected to rise to €2.2bn until year-end 2016

KuRS investments largely explain EBIT decline

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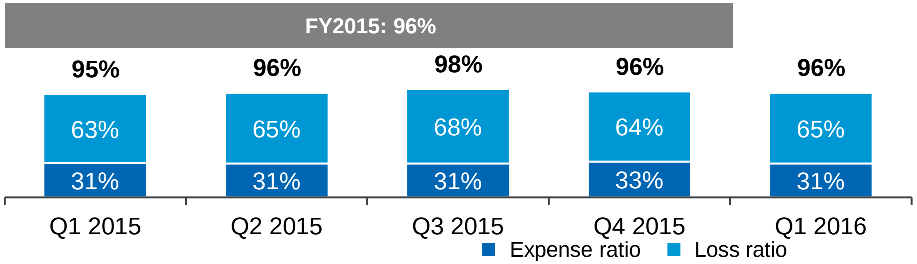
II

Segments – Retail International

P&L for Retail International

€m, IFRS	Q1 2016	Q1 2015	Change
Gross written premium	**1,148**	**1,206**	**(5%)**
of which Life	390	384	+1%
of which Non-Life	759	822	(8%)
Net premium earned	986	960	+3%
Net underwriting result	8	8	+6%
of which Life	(16)	(26)	(37%)
of which Non-Life	25	34	(27%)
Net investment income	80	79	+1%
Operating result (EBIT)	**61**	**56**	**+9%**
Group net income	36	33	+9%
Return on investment (annualised)	4.0%	4.0%	(0.0%)pts

Combined ratio[1]



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

Comments

- Q1 2016 GWP down by 4.8% y/y due to currency effects predominantly from Brazil and Poland (currency-adj.: +3.5%), mainly impacting the Non-Life business
- On a currency-adjusted level, GWP in Non-Life grew by 3.5% y/y, backed by double-digit local growth rates in Mexico, Chile and Turkey – and a high single-digit local growth rate in Brazil
- Combined ratio up to 96.2% (Q1 2015: 94.6%), mainly as currency depreciation (i.e. in Brazil) led to increased costs for spare parts in Motor, resulting in a higher loss ratio. Cost ratio slightly down to 31.2% (Q1 2015: 31.4%)
- Despite the impact from currency depreciation and a ~€4m asset tax charge in Poland, Q1 2016 EBIT grew by 9.3% to €61m (Q1 2015: €56m)
- Turkey continued its positive trend, contributing €1.4m to segment EBIT (Q1 2015: €0.9m). Strong contribution from Chile[2]: €69m GWP; €4.6m EBIT

[2] Consolidated from 13 Feb 2015; “as-if” numbers for HDI Seguros S.A after merger (1 April 2016) with Magallanes Generales; total Chile Group: €78m GWP; €5.3m EBIT

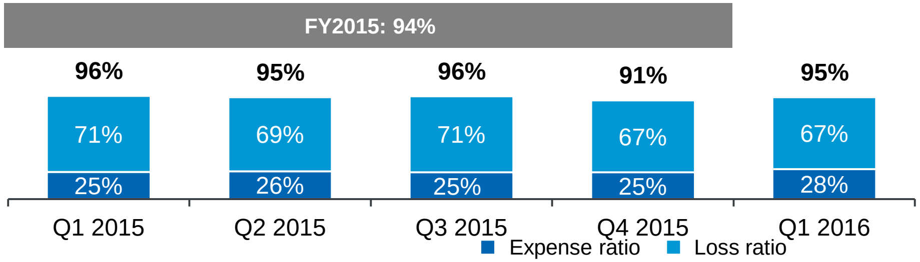
EBIT improvement despite significant currency headwind and impact from asset tax in Poland

II Segments – Non-Life Reinsurance

P&L for Non-Life Reinsurance

€m, IFRS	Q1 2016	Q1 2015	Change
Gross written premium	2,502	2,617	(4%)
Net premium earned	1,961	1,882	+4%
Net underwriting result	**100**	**73**	**+37%**
Net investment income	213	199	+7%
Operating result (EBIT)	**310**	**279**	**+11%**
Group net income	104	87	+20%
Return on investment (annualised)	2.8%	2.6%	+0.2%pts

Combined ratio[1]



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

Comments

- Q1 2016 GWP declined by 4.4% y/y (adjusted for currency effects: -3.7%); growth mainly from US, reduced volume from China motor business. Net premium grew currency-adj. by +5.2%
- Major losses of €55m (2.8% of net premium earned) well below budget of €189m for Q1 2016
- Conservative reserving policy unchanged, reserve run-off unremarkable
- Ordinary investment income in line with expectation
- Other income mainly improved due to positive currency effects
- Q1 2016 EBIT margin[2] of 15.8% (Q1 2015: 14.8%) well above target

[2] EBIT margins reflect a Talanx Group view

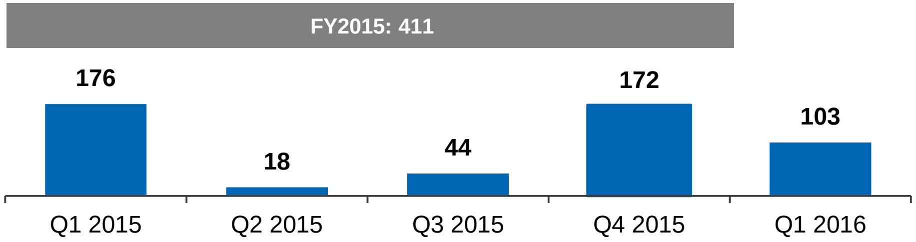
Favourable underwriting result in a competitive environment

II Segments – Life/Health Reinsurance

P&L for Life/Health Reinsurance

€m, IFRS	Q1 2016	Q1 2015	Change
Gross written premium	1,761	1,783	(1%)
Net premium earned	1,581	1,550	+2%
Net underwriting result	**(68)**	**(85)**	**n/m**
Net investment income	157	219	(28%)
Operating result (EBIT)	**103**	**176**	**(41%)**
Group net income	38	66	(42%)
Return on investment	3.6%	6.4%	(2.8%)pts

EBIT (€m)



Comments

- Q1 2016 GWP slightly down up by 1.2%; adjusted for currency effects: +0.3%, mainly from UK Longevity BATs, reduced volume from Australia
- Net premium earned grew by 3.6% on currency-adjusted basis
- Favourable underwriting result reflects underlying profitability
- Ordinary investment income in line with expectation (Q1 2015 affected by positive one-off of €39m)
- Decreased "other income and expenses" due to significantly reduced positive currency effects
- Q1 2016 EBIT margin[1] of 6.5% (Q1 2015: 11.3%) for the segment, meeting EBIT targets for all business divisions

[1] EBIT margin reflects a Talanx Group view

EBIT decreased due to positive one-off and currency gains in Q1 2015

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III Net investment income

Net investment income Talanx Group

€m, IFRS	Q1 2016	Q1 2015	Change
Ordinary investment income	**783**	**843**	**(7%)**
thereof current investment income from interest	690	729	(5%)
thereof profit/loss from shares in associated companies	2	4	(66%)
Realised net gains/losses on investments	221	176	+25%
Write-ups/write-downs on investments	(40)	(75)	(47%)
Unrealised net gains/losses on investments	31	5	+549%
Investment expenses	(55)	(50)	+11%
Income from investments under own management	**941**	**899**	**+5%**
Income from investment contracts	**2**	**2**	**+9%**
Interest income on funds withheld and contract deposits	**79**	**95**	**(16%)**
Total	**1,022**	**996**	**+3%**

Comments

- Ordinary investment income down due to the decline in interest income and the negative base effect from the one-off payment following a withdrawel from a US-transaction (~€39m) in Life/Health Reinsurance in Q1 2015
- Realised investment net gains of €221m in Q1 2016 include higher realised gains in Retail Germany to finance ZZR (allocation according to German GAAP in Q1 2016: €168m vs. Q1 2015: €109m) and clean-up of private equity portfolio in Reinsurance
- Lower writedowns on investments in Q1 2016 y/y mainly due to a base effect from Q1 2015, which had been impacted by a 50% impairment of the bond position in Heta Asset Resolution (mid double-digit €m amount)
- ROI of 3.7% (Q1 2015: 3.6%) – well above the FY2016 outlook of "at least 3.0%"
- ModCo derivatives: €-1m (Q1 2015: €0m); no impact from inflation swaps as these have been terminated in FY2015 (Q1 2015: €-15m)

Net investment income increased - Q1 2016 ROI reached 3.7%

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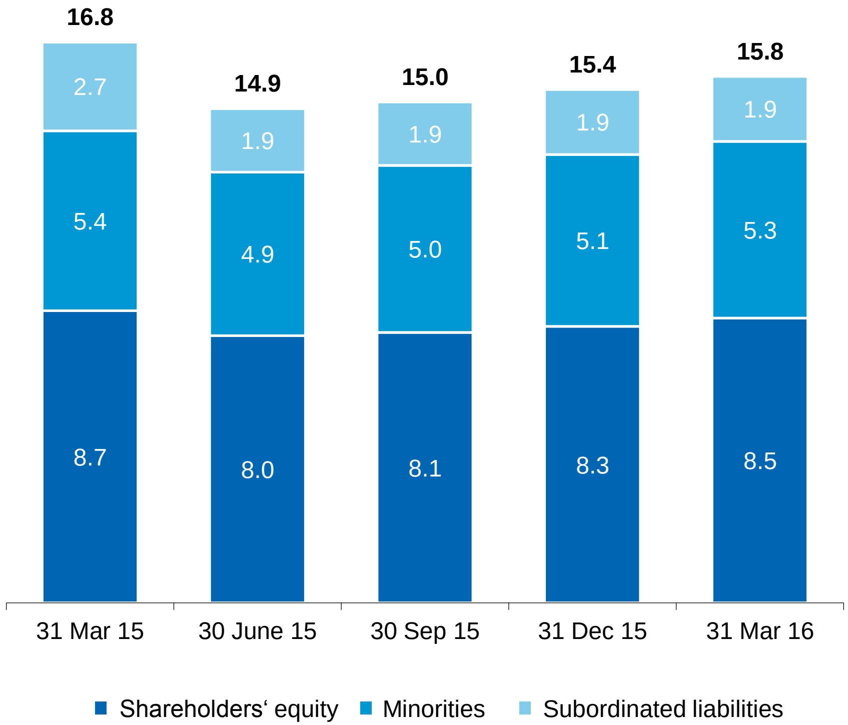
III Equity and capitalisation – Our equity base

Capital breakdown (€bn)



Comments

- Compared to the end of FY2015, shareholders' equity increased by ~€250m to €8,532 million at the end of Q1 2016, predominantly driven by the net income; limited net effect from lower interest rates and currencies
- Book value per share stood at €33.75 compared to €34.60 in Q1 2015 and €32.76 in FY 2015, while NAV (excl. goodwill) per share was €29.64 (Q1 2015: €29.69, FY2015: €28.66)
- Neither book value per share nor NAV contain off-balance sheet reserves. These amounted to €449m (see next page) or €1.78 per share (shareholder share only). This added up to an adjusted book value of €35.53 per share and an NAV (excluding goodwill) of €31.42
- In June 2015, three hybrid bonds in the Group were paid back earlier, bringing subordinated liabilities down compared to Q1 2015

Shareholders' equity up by ~€250m compared to end of December 2015

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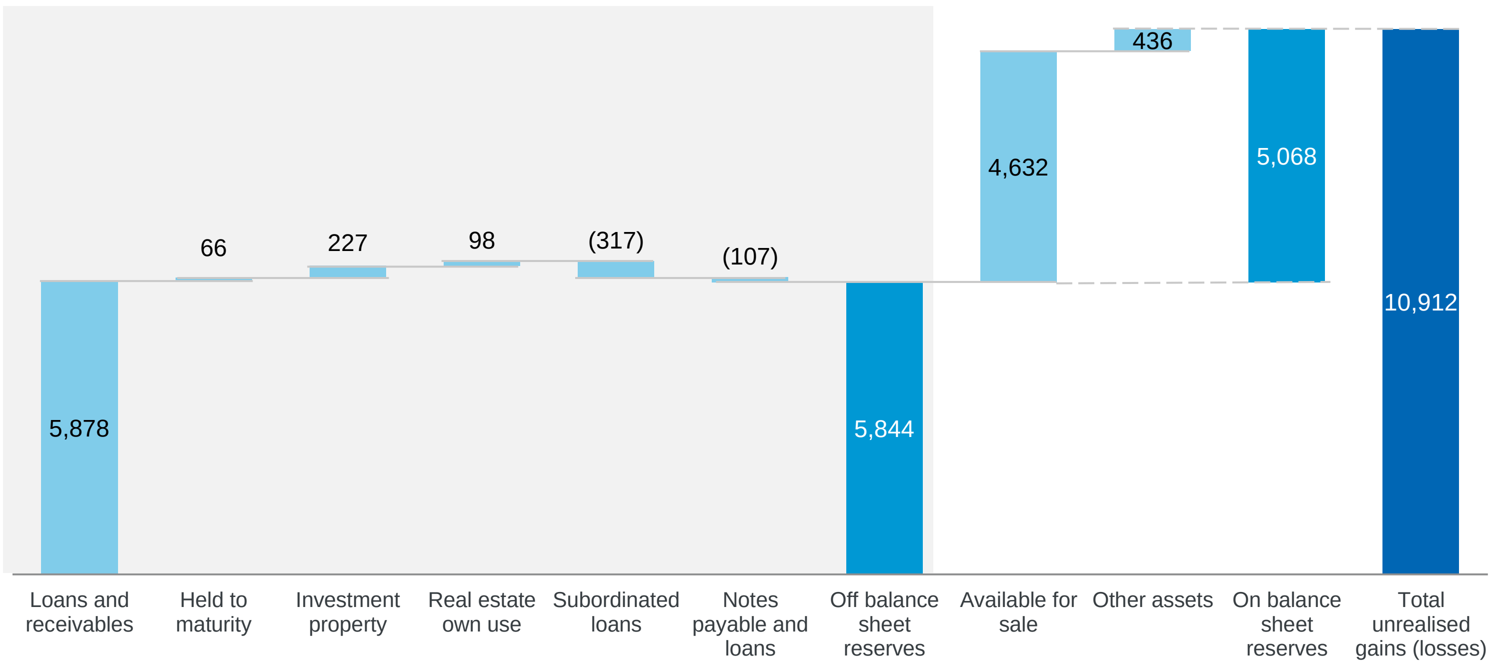
III Equity and capitalisation – Unrealised gains

Unrealised gains and losses (off and on balance sheet) as of 31 March 2016 (€m)



	Loans and receivables	Held to maturity	Investment property	Real estate own use	Subordinated loans	Notes payable and loans	Off balance sheet reserves	Available for sale	Other assets	On balance sheet reserves	Total unrealised gains (losses)
31 Dec 15	4,894	66	219	90	(294)	(89)	4,887	3,150	519	3,669	8,557

Δ market value vs. book value

Off-balance sheet reserves of ~€5.8bn – about €449m (€1.78 per share) attributable to shareholders (net of policyholders, taxes & minorities)

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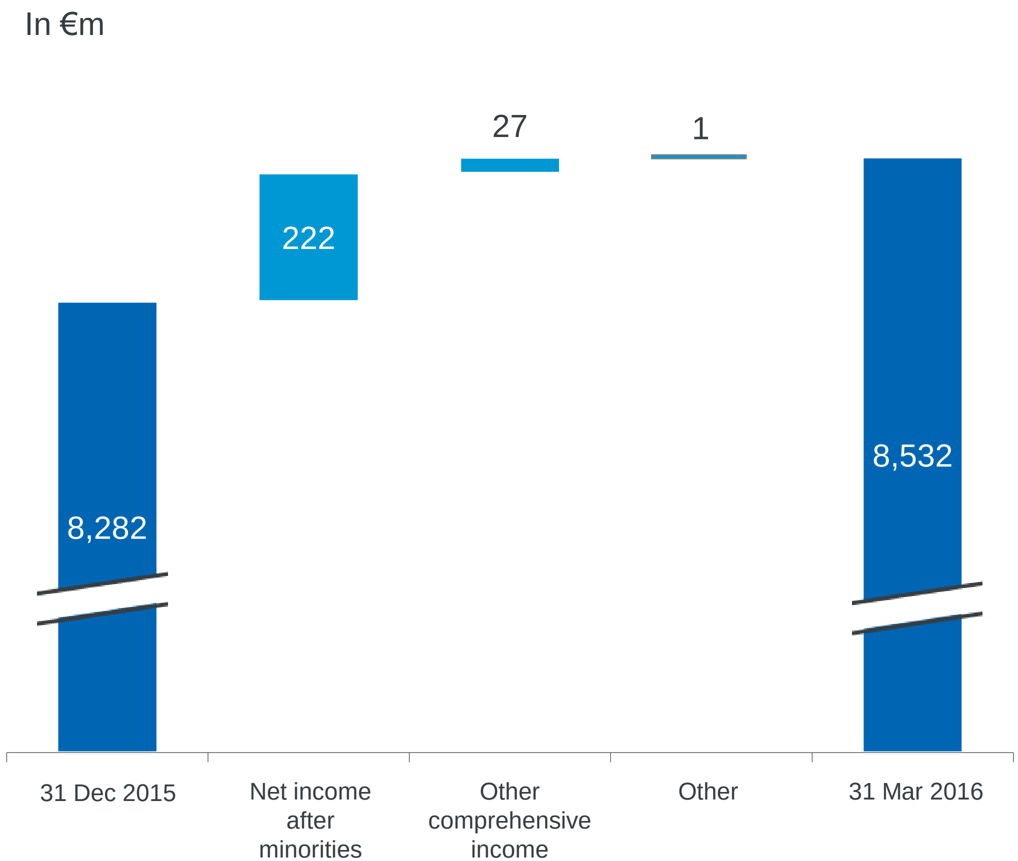
III Equity and capitalisation – Contribution to change in equity



Comments

- At the end of March 2016, shareholders‘ equity stood at €8,532m or €33.75 per share
- This was above the level at the end of FY2015 (€8,282m or €32.76 per share) predominantly driven by the Q1 2016 Group net income, while the impact from OCI movement was very limited

Shareholders’ equity up to €8,532m or €33.75 per share

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IV Risk Management Reports 2015 - Essentials

- **TERM (Talanx Enterprise Risk Model) approved as Group Internal Model by BaFin end of 2015**
- **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**
- **Based on the concept of Basic Own Funds (Policyholder & Debt investor View), the CAR stands at 253% (2014: 299%, both 99.5% confidence level). Market risks of 44% remain well below the 50% strategic limit. Solvency II related CAR at a solid 171% (2014: 182%)**
- **Increase in Group MCEV by 7.5% y/y to €3,339m. The rise in MCEV is primarily driven by an increase in the German MCEV from €644m to €939m**
- **The MCEV for the international retail business was largely stable**
- **The New Business Value developed positively for the Primary Insurance and excellently for Reinsurance**

Note: In the entire presentation, calculations are based on a 99.5% confidence level, including volatility adjustments yet without the effect of applicable transitionals

IV TERM 2015 – Capitalisation perspectives

Policyholder & Debt investor View (BOF CAR)	253% ✓ (2014: 299%)	Limit ≥ 200 %	▪ Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests) ▪ Risk calculated with the full internal model
Solvency II Ratio	171% ✓ (2014: 182%)	Target corridor 150%-200%	▪ Eligible Own Funds, i.e Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests) with haircut ▪ Operational risk modeled with standard formula, („partial internal model“) ▪ For the Solvency II perspective, the HDI V.a.G. as ultimate parent is the addressee of the regulatory framework

- with haircut ⬇
- operational risk modeled with standard formula ⬇
- HDI solo-funds ⬆

Comfortable capital position from all angles

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V Outlook for Talanx Group 2016[1]

Gross written premium	**stable**
Return on investment	**≥3.0%**
Group net income	**~€750m**
Return on equity	**>8.5%**
Dividend payout ratio	**35-45% target range**

[1] The targets are based on a large loss budget of €300m in Primary Insurance, of which €270m in Industrial Lines. From FY2016 onwards, table includes large losses from Industrial Liability line, booked in the respective FY. The large loss budget in Reinsurance stands at €825m (2015: €690m)

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

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]
Primary Insurance	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%
		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

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A Q1 2016 Additional Information - Segments

€m, IFRS	Industrial Lines Q1 2016	Industrial Lines Q1 2015	Industrial Lines Change	Retail Germany Q1 2016	Retail Germany Q1 2015	Retail Germany Change	Retail International Q1 2016	Retail International Q1 2015	Retail International Change
P&L									
Gross written premium	1,921	1,889	+2%	1,904	2,135	(11%)	1,148	1,206	(5%)
Net premium earned	537	518	+4%	1,217	1,448	(16%)	986	960	+3%
Net underwriting result	13	6	+141%	(478)	(392)	n/m	8	8	+6%
Net investment income	50	53	(6%)	535	445	+20%	80	79	+1%
Operating result (EBIT)	74	72	+3%	47	57	(18%)	61	56	+9%
Net income after minorities	48	47	+3%	29	35	(18%)	36	33	+9%
Key ratios									
Combined ratio non-life insurance and reinsurance	97.6%	98.9%	(1.3%)pts	103.8%	100.5%	3.3%pts	96.2%	94.6%	1.6%pts
Return on investment	2.6%	2.8%	(0.2%)pts	4.5%	3.8%	0.7%pts	4.0%	4.0%	0.0%pts

A Q1 2016 Additional Information - Segments (continued)

€m, IFRS	Non-Life Reinsurance			Life and Health Reinsurance			Group		
	Q1 2016	Q1 2015	Change	Q1 2016	Q1 2015	Change	Q1 2016	Q1 2015	Change
P&L									
Gross written premium	2,502	2,617	(4%)	1,761	1,783	(1%)	8,995	9,440	(5%)
Net premium earned	1,961	1,882	+4%	1,581	1,550	+2%	6,266	6,367	(2%)
Net underwriting result	100	73	+37%	(68)	(85)	n/m	(422)	(389)	n/m
Net investment income	213	199	+7%	157	219	(28%)	1,022	996	+3%
Operating result (EBIT)	310	279	+11%	103	176	(42%)	573	643	(11%)
Net income after minorities	104	87	+19%	38	66	(42%)	222	251	(11%)
Key ratios									
Combined ratio non-life insurance and reinsurance	94.7%	95.9%	(1.2%)pts	---	---	---	96.3%	96.5%	(0.2%)pts
Return on investment	2.8%	2.6%	0.2%pts	3.6%	6.4%	(2.8%)pts	3.7%	3.6%	0.1%pts

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A Q1 2016 Additional Information – GWP of main risk carriers

Retail Germany

GWP, €m, IFRS	Q1 2016	Q1 2015	Change
Non-life Insurance	**749**	**762**	**(2%)**
HDI Versicherung AG	712	727	(2%)
Life Insurance	**1,155**	**1,373**	**(16%)**
HDI Lebensversicherung AG	473	515	(8%)
neue leben Lebensversicherung AG[1]	206	365	(44%)
TARGO Lebensversicherung AG	248	254	(2%)
PB Lebensversicherung AG	188	199	(6%)
Total	**1,904**	**2,135**	**(11%)**

Retail International

GWP, €m, IFRS	Q1 2016	Q1 2015	Change
Non-life Insurance	**759**	**822**	**(8%)**
HDI Seguros S.A., Brazil	172	210	(18%)
TUiR Warta S.A.[2], Poland	220	233	(6%)
TU Europa S.A.[3], Poland	28	59	(53%)
HDI Assicurazioni S. p. A., Italy (P&C)	84	85	(1%)
HDI Seguros S.A. De C.V., Mexico	57	57	(1%)
HDI Sigorta A.Ş., Turkey	69	71	(2%)
HDI Seguros S.A., Chile[4]	69	n/m	(n/m)
Life Insurance	**390**	**384**	**+1%**
TU Warta Zycie S.A., Poland[2]	40	92	(57%)
TU Europa Zycie, Poland[3]	32	26	+25%
Open Life[3]	0	10	(96%)
HDI Assicurazioni S. p. A., Italy (Life)	222	155	+43%
Total	**1,148**	**1,206**	**(5%)**

[1] Talanx ownership 67.5%
[2] Talanx ownership of 75.74%
[3] Talanx ownership 50% + 1 share
[4] incl. Magallanes Generales; merged with HDI Seguros S.A. from 1 April 2016

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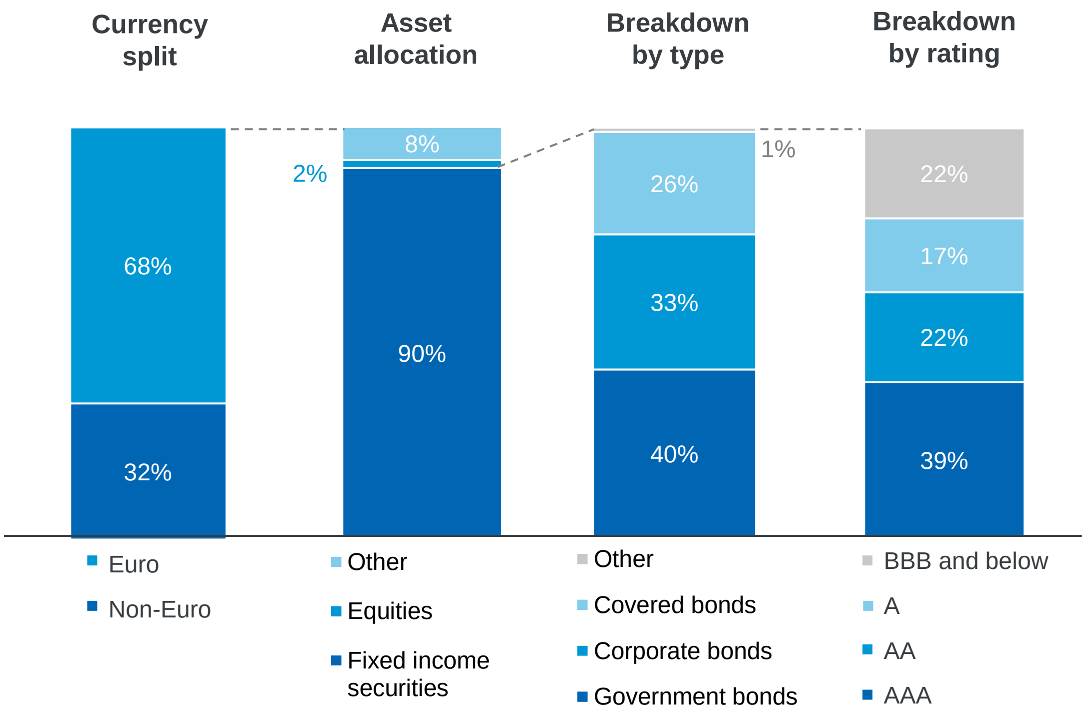
A Q1 Additional Information – Breakdown of investment portfolio

Investment portfolio as of 31 Mar 2016 | **Fixed-income-portfolio split** | **Comments**



Total: €101.9bn **Total: €91.7bn**

- Investments under own management rather stable y/y at €101.9bn (Q1 2015:102.2bn)
- Investment portfolio remains dominated by fixed-income securities: ~90% portfolio share in Q1 2016 (Q1 2015: 91%)
- Nearly 80% of fixed-income portfolio invested in “A” or higher-rated bonds – broadly stable over recent quarters (Q1 2015: 80%)
- 20% of “investments under own management” held in USD, 32% overall in non-euro currencies (Q1 2015: 29%)

Investment strategy unchanged – portfolio dominated by strongly rated fixed-income securities

A

Q1 2016 Additional Information – Details on selected fixed income country exposure

Investments into issuers from countries with a rating below A-[1] (in €m)

Country	Rating	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	Total
Italy	BBB	1,425	-	658	619	366	-	**3,067**
Spain	BBB+	802	507	279	417	315	-	**2,321**
Brazil	BB	186	2	95	340	-	11	**633**
Mexico	BBB+	106	1	21	309	-	-	**437**
Hungary	BB+	321	-	8	8	10	-	**348**
Russia	BB+	83	-	112	144	-	-	**339**
South Africa	BBB-	154	10	22	41	-	7	**233**
Portugal	BB+	35	-	3	39	17	-	**93**
Turkey	BBB-	31	-	37	9	-	-	**76**
Greece	CCC	0	0	0	0	0	0	**0**
Other BBB+		27	-	33	65	-	-	**125**
Other BBB		87	57	46	37	-	-	**227**
Other <BBB		82	19	57	105	-	292	**555**
Total		**3,338**	**597**	**1,371**	**2,131**	**708**	**310**	**8,455**
In % of total assets under own management		3,3%	0.6%	1.3%	2.1%	0.7%	0.3%	**8.3%**
In % of total Group assets		2.2%	0.4%	0.9%	1.4%	0.5%	0.2%	**5.5%**

[1] investment under own management

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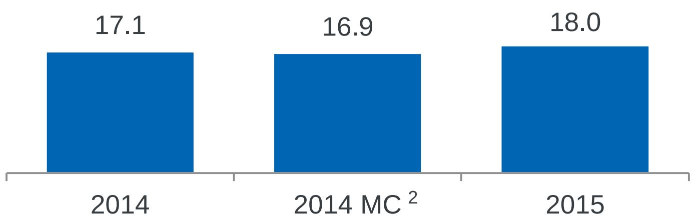
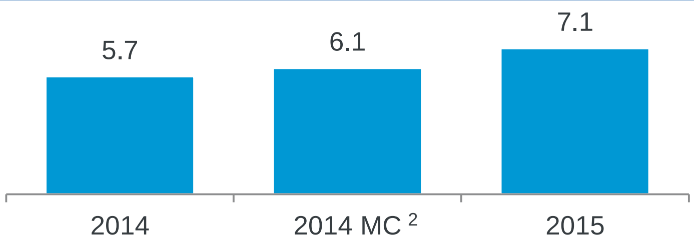
- Risk Management Reports 2015 -

A TERM 2015 - Result History (Policyholder & Debt investor View, based on Basic Own Funds)

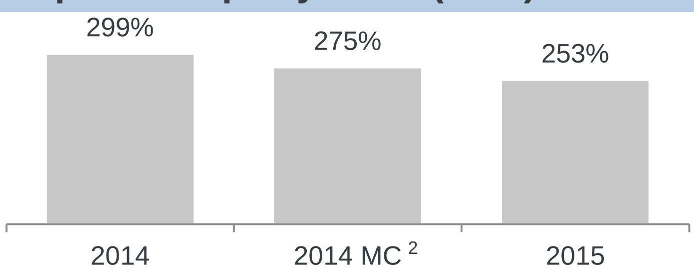
Basic Own Funds (€bn)[1]



Solvency Capital Required (€bn)[1]



Capital Adequacy Ratio (CAR)[1]



Comments

- Basic Own Funds (including hybrids and surplus funds as well as non-controlling interests)
- The respective CAR (99.5% confidence level) stands at a comfortable 253%
- The decline from last year's level of 299% reflects both the effects of the market environment as well as the effects of model changes. The latter solely refer to the Primary Life business
- This concept is used for risk budgeting and steering at Talanx as it best reflects the economic capital position of the Group

[1] Including non-controlling interests
[2] Re-calculation of 2014 results with pre-approval model changes

Strong capitalisation despite dampening effects from markets and pre-approval model changes

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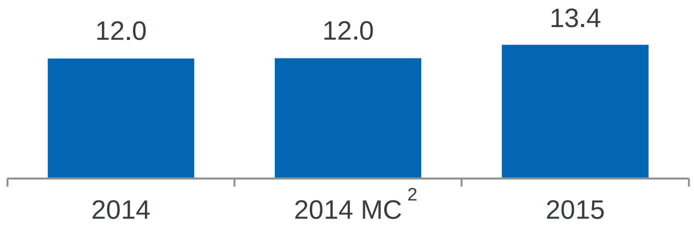
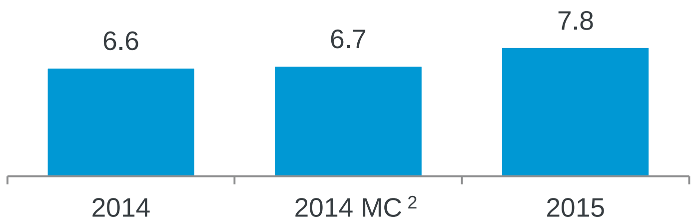
A TERM 2015 - Result History (Solvency II View)

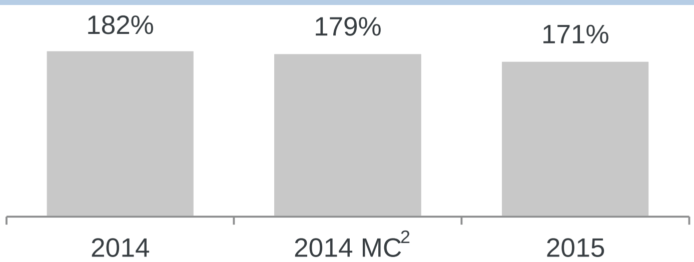
Eligible Own Funds (€bn)[1]



Solvency Capital Required (€bn)[1]



Solvency II Ratio[1]



Comments

- Eligible Own Funds, i.e. Basic Own Funds (including hybrids and surplus funds as well as minority interests) with haircut on Talanx's minority holdings
- Compared to the Policyholder & Debt investor View (BOF CAR), the higher level of the SCR reflects the measurement of operational risks by means of the standard formula
- Due to the technical regulatory framework for the regulatory view (haircut) the decrease of SII-CAR is dampened compared to the Policyholder & Debt investor View (BOF CAR)

Note: In the entire presentation, calculations are based on a 99.5% confidence level, including volatility adjustments yet without the effect of applicable transitionals

[1] Including non-controlling interests
[2] Re-calculation of 2014 results with pre-approval model changes

Comfortable regulatory capitalisation despite the effects from markets and from pre-approval model changes

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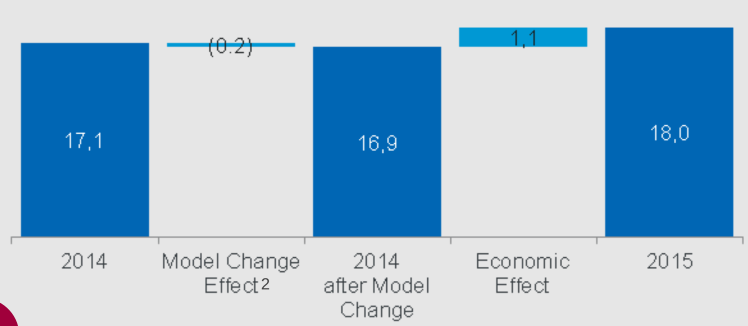
A TERM 2015 – Analysis of Change

Basic Own Funds (€bn)[1]



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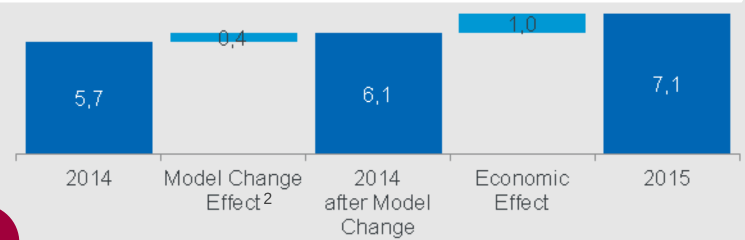
Solvency Capital Required (€bn)[1]



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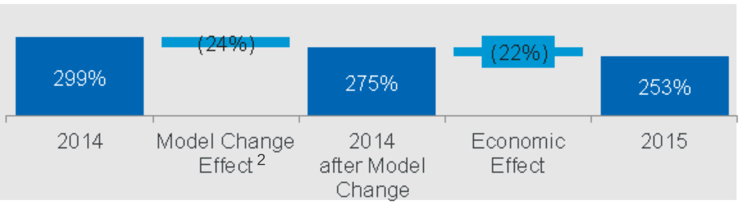
Capital Adequacy Ratio (CAR)[1]



Model Change Effect

- Slight decrease of Own Funds for Primary Life, due to model changes
- Higher risk margins

Economic Effect

- Call of hybrids
- Interest rate development
- Credit spread widening
- Retention of profits
- Magallanes goodwill
- Higher risk margins

Model Change Effect

- Credit risk
- Interest rate

Economic Effect

- Currency-adjusted (underlying) growth
- Currencies (USD)
- De-risking in the German Life portfolio
- Overall increase of exposures to credit risk
- Increased credit risk lowering diversification
- Credit spread widening

detrimental impact
moderately negative impact
favourable impact

[1] Including non-controlling interests | [2] Pre-approval

Few model changes further increasing model robustness

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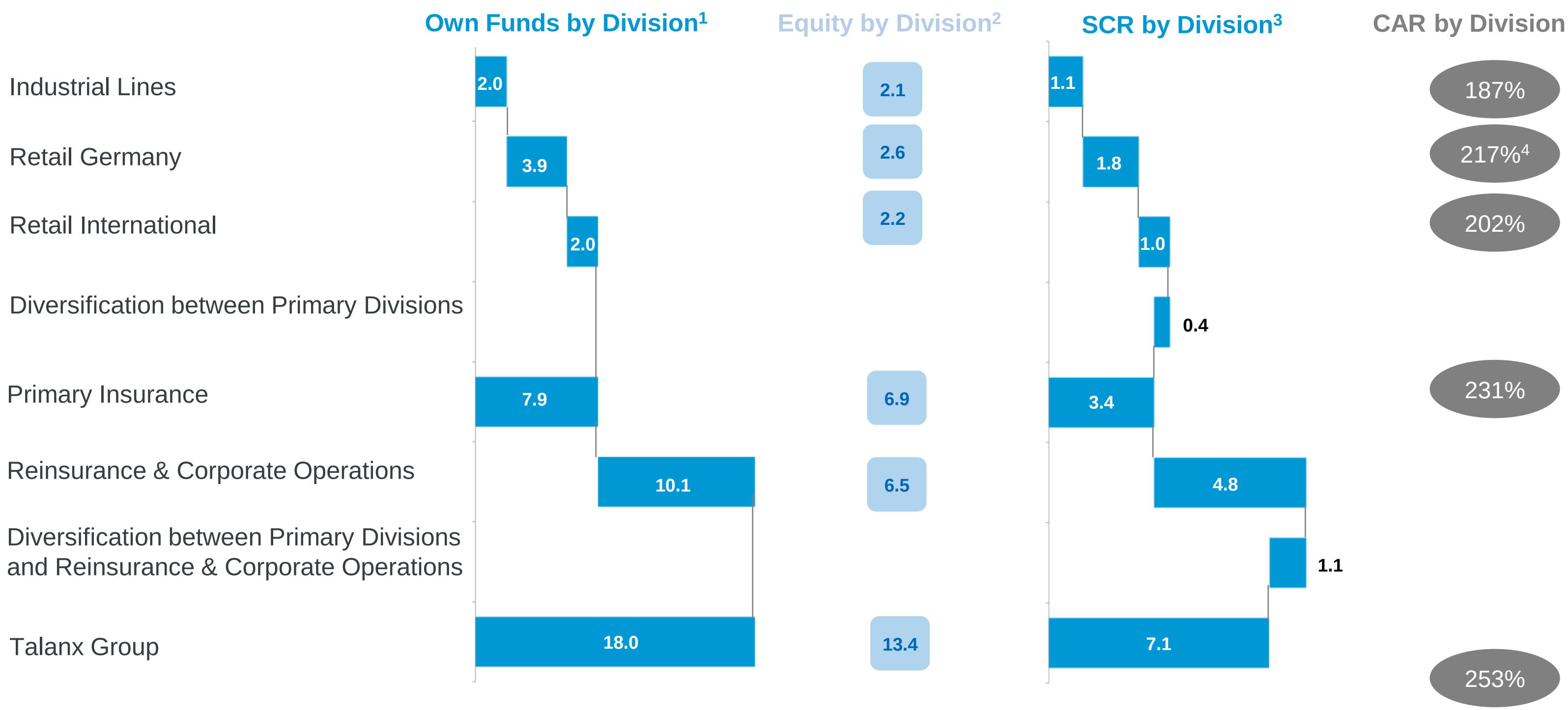
A TERM 2015 – Own Funds, SCR and CAR by Division

Own Funds, SCR and CAR by Division



[1] Economic View based on Basic Own Funds (including hybrids, surplus funds and non-controlling interests)
[2] approximated IFRS equity without consideration of consolidation effects
[3] Solvency capital requirement; determined according to 99.5% security level, economic view based on Basic Own Funds, including non-controlling interests
[4] In the internal model view, the CAR of the German Life carriers stand at above 140% overall, for each individually above 100%

All Divisions well capitalised

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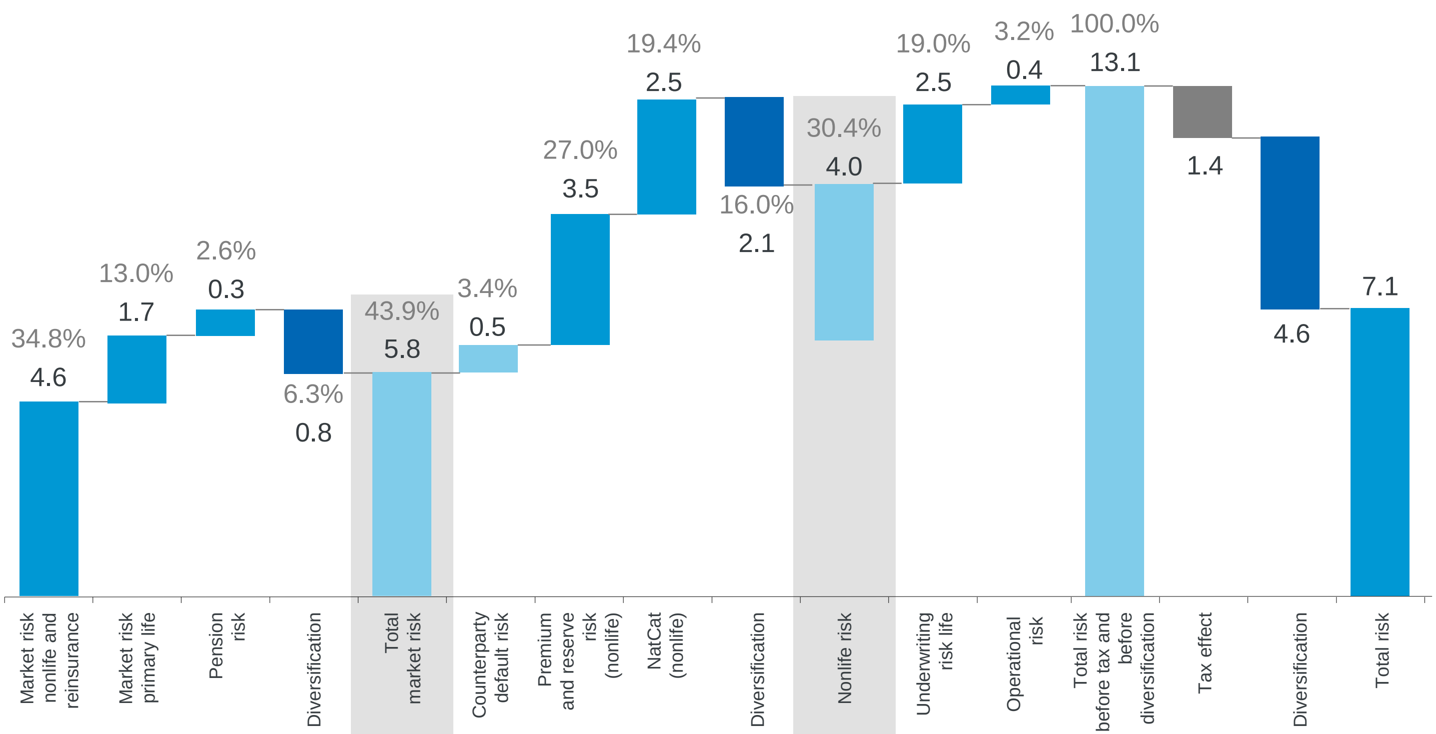
A Solvency capital requirement split into components

Risk components of Talanx Group[1]

(as of 31 December 2015, €bn)



[1] Figures show risk categorisation of the Talanx Group including non-controlling interests. Solvency capital requirement determined according to 99.5% security level for the economic view, based on Basic Own Funds (BOF)

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

A TERM 2015 – From IFRS equity to Eligible Own Funds

Talanx level | HDI level | Terminology

in €m

	IFRS total equity	13,431
-	Non-controlling interests	-5,149
=	IFRS shareholders' equity	8,282
-	Goodwill & Intangible assets	-1,936
+	Valuation adjustments	1,988
=	Shareholders' net assets	8,334
+	Non-controlling interests (incl. Valuation adjustments)	6,590
+	Surplus funds (before minorities)	1,581
=	Excess of Assets over Liabilities (EAoL)	16,505
+	Subordinated liabilities (before minorities)	2,165
-	Own shares	0
-	Foreseeable dividends & distributions	-677
=	Basic Own Funds (Talanx) before deductions	17,993

BOF CAR = 17,993 / 7,113 = 253% (BOF/SCR_{BOF})

Policyholder & Debt investor View

+	HDI V.a.G. (extension from Talanx Group to HDI Group)	1,027
=	Basic Own Funds (HDI) before deductions	19,020
-	Total of non-available own fund items	-5,081
-	Other	-676
+	Ancillary own funds	
+	Own funds for FCIIF, IORP and entities included	103
=	Total Available Own Funds (AOF)	13,366
-	Effects from tiering restrictions	0
=	Total Eligible Own Funds (EOF)	13,366

SII Ratio = 13,336 / 7,826 = 171%

Solvency II View

FCIIF – Financial Credit Institutions and Investmend Firms
IORP – Insitutions for Occupational Retirement Provisions

Figures according to Talanx's standardised terminology

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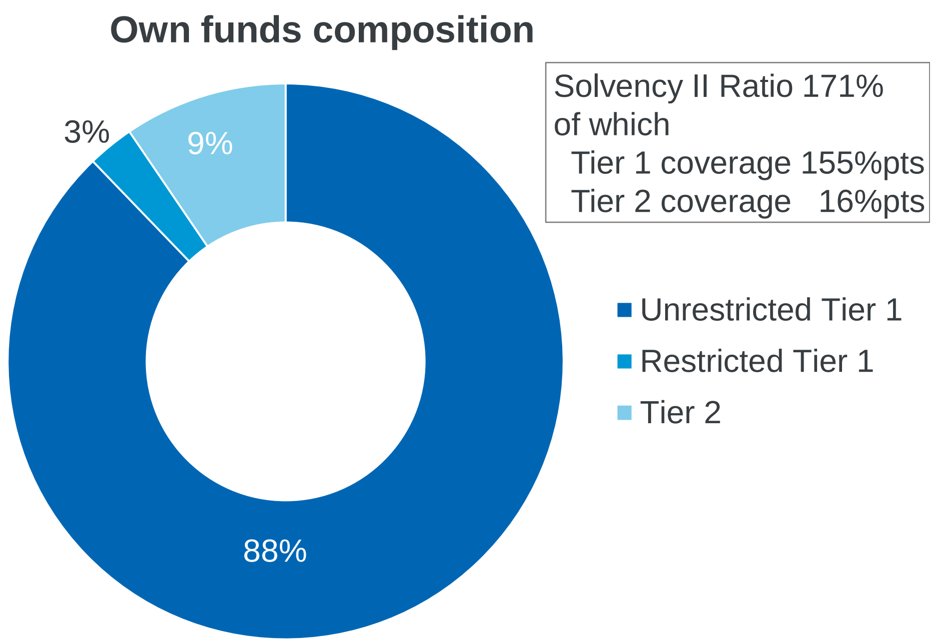
A TERM 2015 – Solvency II Perspective - Tiering

Talanx's Tiering



Comments

- The SCR is based on the partial internal model, i.e. operational risk is captured by standardised methods
- The tiering of Talanx compares well with sector peers. 88% of Own Funds consist of unrestricted Tier 1. The Tier 1 coverage stands at 155%
- Tier 2 mainly consists of subordinated bonds issued by Hannover Finance and Talanx Finance

Talanx is very well placed compared to peers

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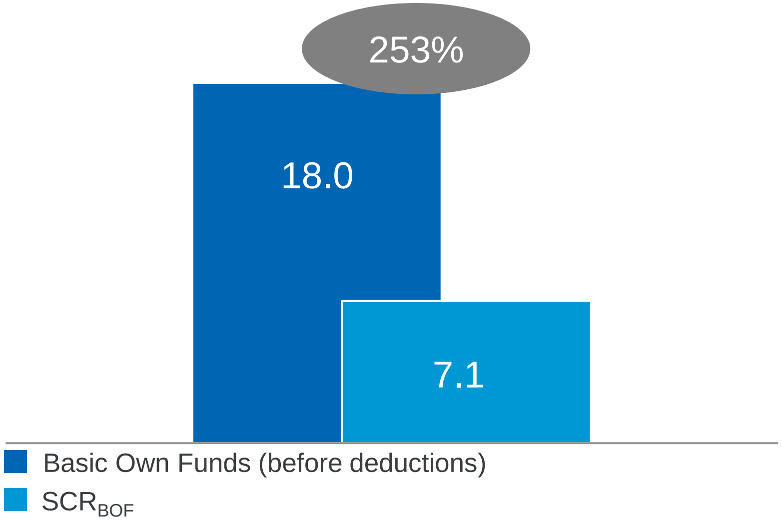
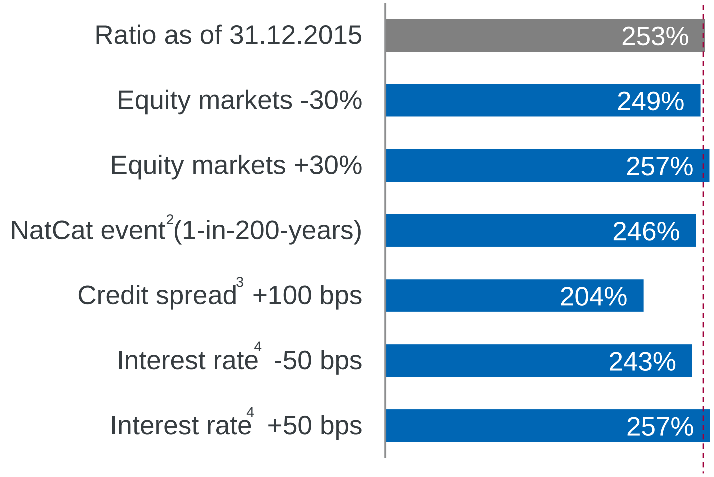
A TERM 2015 – Sensitivities of BOF CAR

Policyholder & Debt investor View



Estimation of stress impact[1]



- Sensitivities are comparable to last year's results which underlines that the risk profile is largely unchanged
- Sensitivities completely calculated in TERM which improves last year's results. However, this effect is leveled out by increased exposures

[1] Estimated BOF CAR changes in case of stress scenarios (stress applied on both Basic Own Funds and capital requirement, approximation for loss absorbing capacity of deferred taxes)
[2] European storm; net after reinstatement premium, single event
[3] The credit spreads are calculated as spreads over the swap curve (credit spread stresses inculde stress on government bonds)
[4] Interest rate stresses based on non-parallel shifts of the interest rate curve based on EIOPA approach

BOF CAR after stresses comfortably above target

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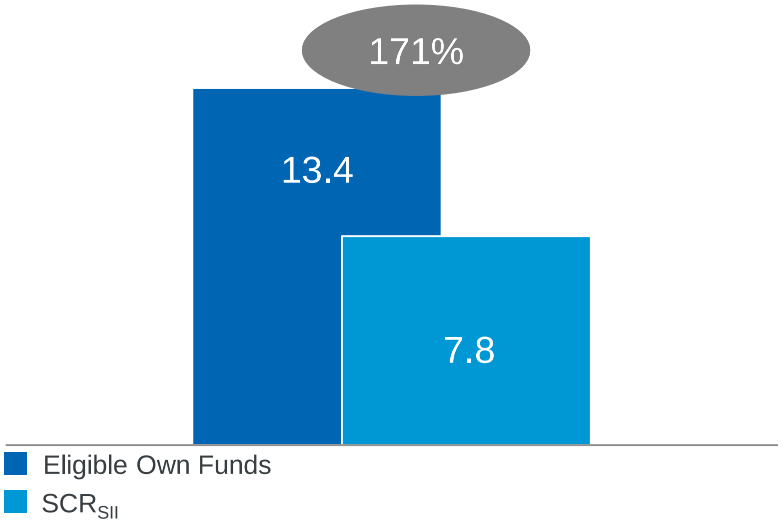
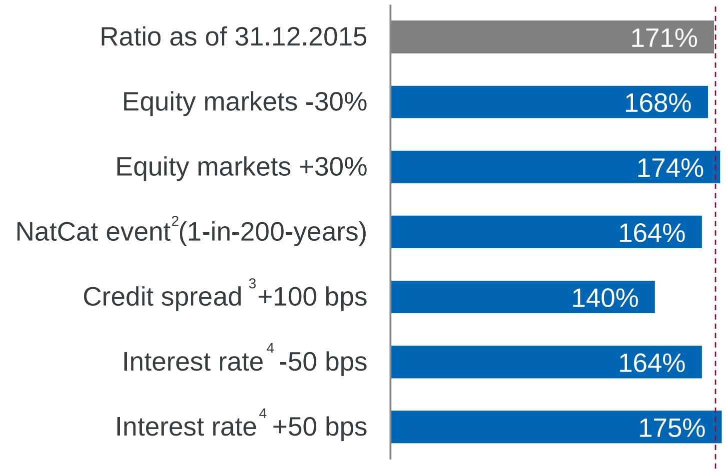
A TERM 2015 – Sensitivities of Solvency II Ratio

Solvency II Perspective



Estimation of stress impact[1]



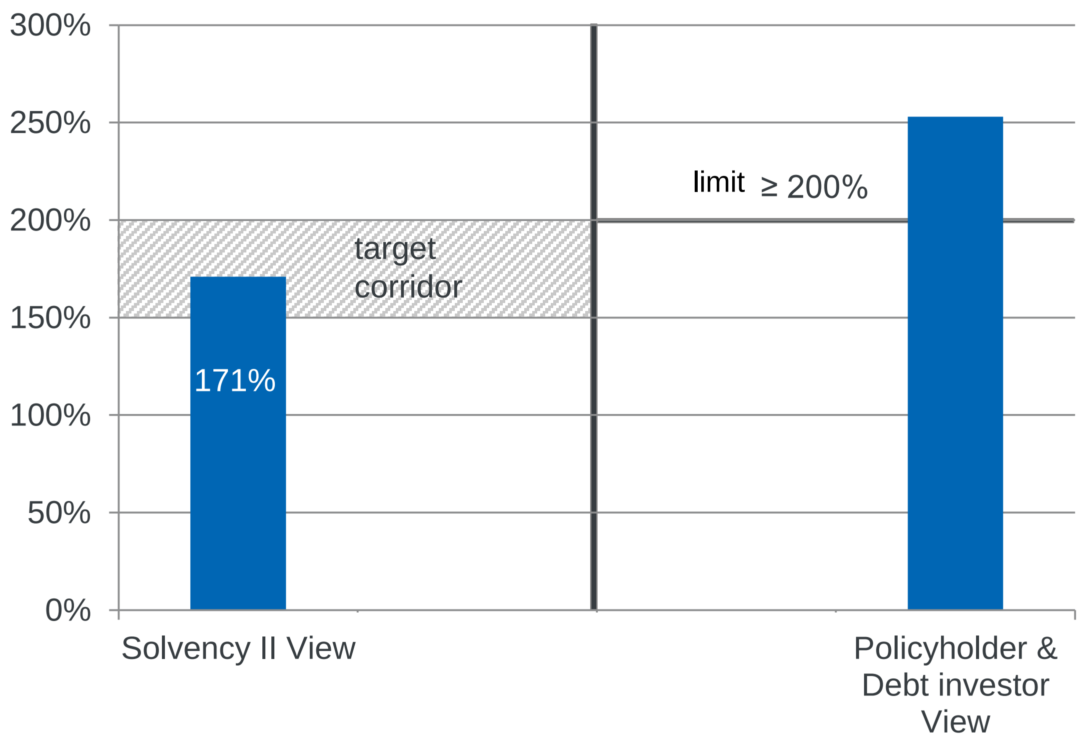
- In the Solvency II Perspective, sensitivities are dampened

[1] Estimated solvency ratio changes in case of stress scenarios (stress applied on both Eligible Own Funds and capital requirement, approximation for loss absorbing capacity of deferred taxes)
[2] European storm; net after reinstatement premium, single event
[3] The credit spreads are calculated as spreads over the swap curve (credit spread stresses inculde stress on government bonds)
[4] Interest rate stresses based on non-parallel shifts of the interest rate curve based on EIOPA approach

Solvency II Ratio after stresses on interest rates, NatCat and equities comfortably above target

A Target CARs

Talanx approach



Comments

- For the Solvency II Perspective, Talanx defines a target corridor of 150 to 200%
- For the Policyholder & Debt investor View, a minimum target of 200% is set.
- The latter reflects the concept that is used for risk budgeting and steering at Talanx as it best reflects the economic capital position of the Group

Talanx sets strategic targets for Solvency II Perspective and BOF CAR

A MCEV 2015 - Overview

	Primary Insurance						Reinsurance		Talanx		
	Primary D		Primary INT		Total						
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	Change
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%
Net asset value (NAV)	**671.9**	**771.2**	**336.4**	**303.3**	**1,008.3**	**1,074.5**	**832.9**	**857.1**	**1,841.2**	**1,931.5**	**-4.7**
Present value of future profits (certainty equivalent)	1,050.0	678.1	146.3	123.3	1,196.3	801.4	1,937.4	1,707.8	3,133.7	2,509.2	24.9
Financial options and guarantees (FOGs)	-592.3	-803.7	-34.5	-20.6	-626.8	-824.3	-2.0	-4.7	-628.7	-829.0	24.2
Cost of residual non-hedgeable risks (CoRNHR)	-317.8	-143.6	-19.1	-18.4	-336.9	-162.0	-654.4	-353.5	-991.3	-515.6	-92.3
Cost of required capital (CoRC)	-8.3	5.9	-8.3	-4.3	-16.6	1.6	-59.4	-58.8	-76.0	-57.1	-33.1
Look through and other adjustments	135.9	136.4	-16.4	-18.1	119.4	118.3	-59.2	-52.6	60.2	65.7	-8.3
Value in-force (VIF)	**267.5**	**-127.0**	**67.9**	**62.0**	**335.4**	**-65.0**	**1,162.4**	**1,238.2**	**1,497.8**	**1,173.2**	**27.7**
MCEV after minorities	**939.4**	**644.1**	**404.3**	**365.3**	**1,343.7**	**1,009.4**	**1,995.3**	**2,095.2**	**3,339.0**	**3,104.7**	**7.5**

- Increase in MCEV mainly stems from domestic business (Primary D) due to slightly higher yields at year-end and due to some positive impact from assumption changes. The MCEV of the International Primary business (Primary INT) is 10.7% up. For Reinsurance, the MCEV slightly decreased mainly due to the increase in the cost of capital factor for CoRNHR from 4.5% to 6% as required by Solvency II alignment (€ -163.3m)
- 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 Primary Life Insurance and Life/Health Reinsurance businesses 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 improved on Primary Insurance and Group level

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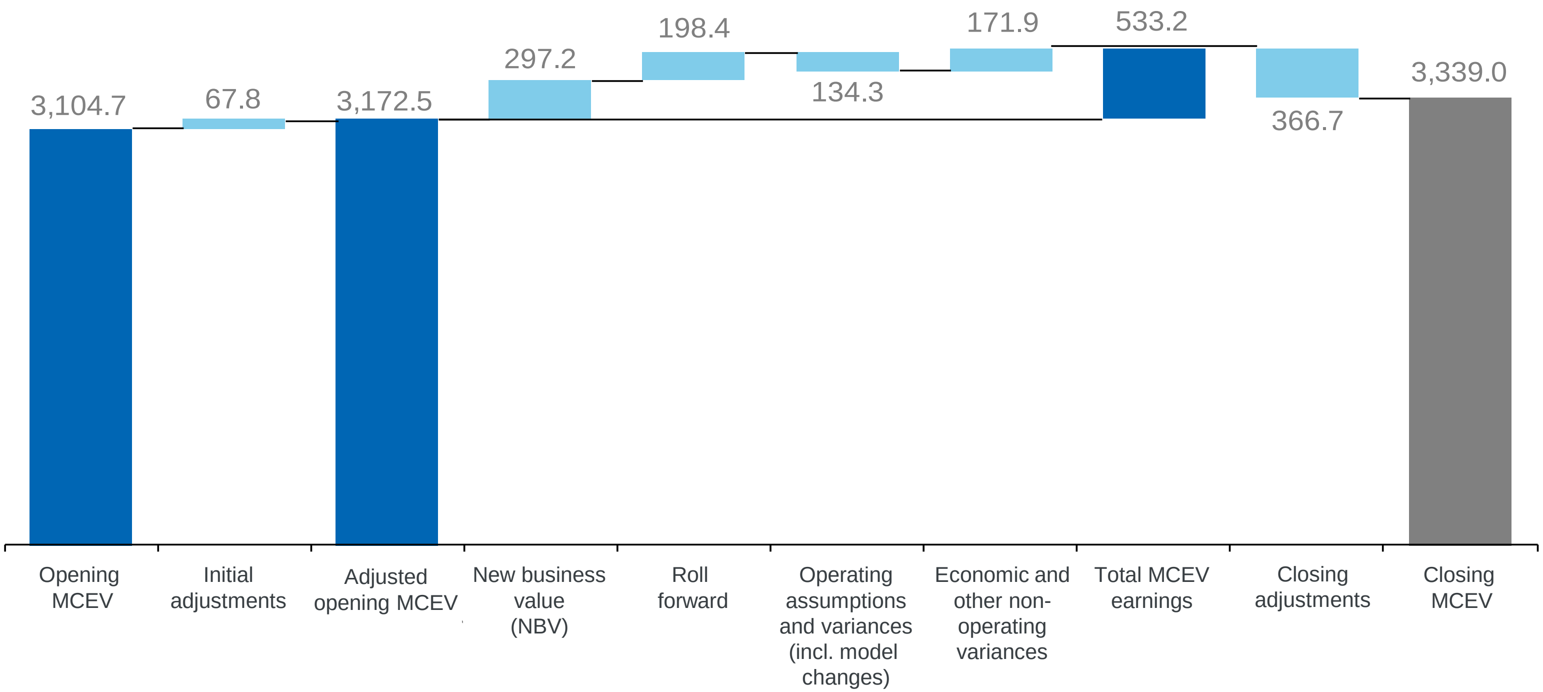
MCEV 2015 - Movement of Embedded Value

Movement of Embedded Value (€m)



	Opening MCEV	Initial adjustments	Adjusted opening MCEV	New business value (NBV)	Roll forward	Operating assumptions and variances	Economic and other non-operating variances	Total MCEV earnings	Closing adjustments	Closing MCEV
Primary Ins.	1,009	0	1,009	36	127	137	213	512	(178)	1,344
Reins.	2,095	68	2,163	261	72	(271)	(41)	21	(189)	1,995

Primary Insurance benefits from slightly higher yields and from assumption changes – Reinsurance improved its excellent new business value

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A MCEV 2015 - Analysis of change

	Primary insurance			Reinsurance			Talanx
	NAV	VIF	Total	NAV	VIF	Total	Total
	€m	€m	€m	€m	€m	€m	€m
Opening MCEV	**1,074.5**	**-65.0**	**1,009.4**	**857.1**	**1,238.2**	**2,095.2**	**3,104.7**
Capital injection	-	-	-	67.8	-	67.8	67.8
Dividend payments	-	-	-	-	-	-	-
Other implications	-	-	-	-	-	-	-
Adjusted opening MCEV	**1,074.5**	**-65.0**	**1,009.4**	**924.9**	**1,238.2**	**2,163.0**	**3,172.5**
New business value	-4.1	40.2	36.0	-27.2	288.3	261.1	297.2
Expected existing business contribution (reference rate)	0.9	107.4	108.3	4.9	57.4	62.3	170.6
Expected existing business contribution (in excess of reference rate)	0.6	17.9	18.5	9.4	-	9.4	27.9
Transfers from VIF and required capital (RC) to free surplus (FS)	61.3	-61.3	-	144.5	-144.5	-	-
Experience variances	33.9	-5.2	28.7	6.1	-81.8	-75.7	-47.0
Assumption changes	-	231.4	231.4	4.4	61.4	65.9	297.2
Other operating variances	1.5	-125.0	-123.5	-5.4	-255.7	-261.1	-384.6
Operating MCEV earnings	**94.2**	**205.3**	**299.5**	**136.6**	**-74.8**	**61.8**	**361.3**
Economic variances	19.1	200.9	220.0	21.1	-61.9	-40.8	179.2
Other non-operating variances	-	-7.3	-7.3	-	-	-	-7.3
Total MCEV earnings	**113.2**	**398.9**	**512.2**	**157.7**	**-136.7**	**21.0**	**533.2**
Closing adjustments	**-179.4**	**1.5**	**-177.9**	**-249.7**	**60.9**	**-188.8**	**-366.7**
Capital injection	-168.3	1.0	-167.4	-181.0	-	-181.0	-348.3
Dividend payments	-10.1	-	-10.1	-73.5	-	-73.5	-83.6
Change in currency exchange rates	-1.0	0.5	-0.4	4.9	60.9	65.8	65.3
Closing MCEV after minorities	**1,008.3**	**335.4**	**1,343.7**	**832.9**	**1,162.4**	**1,995.3**	**3,339.0**

VIF = Value In Force
NAV = Net Asset Value

Comments

Primary insurance

- Increase in MCEV mainly due to slightly higher yields and due to assumption changes
- International business developed positively although the operating increase in MCEV was slightly offset by the negative effect of the new Polish tax legislation (impact projected into infinity for € -7.3m)

Reinsurance

- The excellent new business value of Reinsurance is overcompensated by the increase in the cost of capital factor, further model changes as well as experience variances

Significant increase in MCEV for Primary Insurance while MCEV for Reinsurance is slightly down

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A MCEV 2015 - New Business

	Primary insurance				Reinsurance		Talanx		
	D	INT	Total						
	2015	2015	2015	2014	2015	2014	2015	2014	Change
	€m	€m	€m	€m	€m	€m	€m	€m	%
Profit/Loss on new business	2.9	-7.0	-4.1	-3.9	-27.2	-33.4	-31.3	-37.3	16.1
Present value of future profits (certainty equivalent)	75.1	28.7	103.8	71.0	384.3	318.4	488.2	389.4	25.4
Financial options and guarantees (FOGs)	-20.7	-6.6	-27.3	-46.0	0.0	0.0	-27.3	-46.0	40.6
Cost of residual non-hedgeable risks (CoRNHR)	-25.7	-4.2	-29.9	-14.7	-77.1	-50.9	-107.1	-65.6	-63.1
Cost of required capital (CoRC)	-2.4	-1.8	-4.2	4.2	-7.5	-8.9	-11.7	-4.7	-149.5
Look through and other adjustments	0.6	-2.9	-2.3	-1.4	-11.4	-8.7	-13.6	-10.1	-35.3
New business value after minorities	**29.9**	**6.2**	**36.0**	**9.2**	**261.1**	**216.5**	**297.2**	**225.7**	**31.7**
New business margin	1.1%	0.8%	1.0%	0.2%	3.9%	4.1%	2.9%	2.4%	20.5%

Comments

- Significant increase in new business value (NBV) of domestic Primary Insurance (2015: €29.9m; 2014: €2.7m) due to a recovery of new business profitability. This results from a somewhat more favourable interest outlook and, in particular, from an improved business mix
- NBV of international Primary Insurance virtually flat (2015: €6.2m, 2014: €6.5m). The increase of NBV in Italy is offset by an decrease in profitability in the Polish insurance market due to the new tax law
- Reinsurance improved its excellent NBV from last year (2015: €261.1m, 2014: €216.5m)

Significant increase in Talanx's new business value due to improvements both on the domestic Primary Insurance as well as on the Reinsurance side

A MCEV 2015 - Sensitivity analysis

	Primary insurance				Reinsurance		Talanx	
	D	INT	Total					
	2015	2015	2015	2014	2015	2014	2015	2014
	€m	€m	€m	€m	€m	€m	€m	€m
MCEV after minorities	**939.4**	**404.3**	**1,343.7**	**1,009.4**	**1,995.3**	**2,095.2**	**3,339.0**	**3,104.7**
	%	%	%	%	%	%	%	%
Mortality/Morbidity + 5% (non-annuity)	-3.7	-2.1	-3.2	-5.3	-34.9	-29.3	-22.2	-21.5
Mortality/Morbidity -5% (non-annuity)	3.8	2.1	3.3	5.3	35.2	29.6	22.4	21.7
Mortality +5% (annuity)	4.7	-0.0	3.3	5.7	8.5	6.1	6.4	6.0
Mortality -5% (annuity)	-5.0	0.0	-3.5	-6.3	-9.0	-6.5	-6.8	-6.4
Lapse rate +10%	-1.4	-1.1	-1.3	-1.4	-7.3	-6.0	-4.9	-4.5
Lapse rate -10%	1.6	1.2	1.5	1.8	8.9	7.2	5.9	5.5
Maintenance expenses +10%	-10.5	-2.4	-8.1	-13.8	-2.8	-2.6	-4.9	-6.2
Maintenance expenses -10%	10.4	2.4	8.0	13.5	2.9	2.5	5.0	6.1
Yield curve +1%	19.6	-10.4	10.5	40.3	-5.7	-4.9	0.8	9.8
Yield curve -1%	-63.8	1.1	-44.3	-84.8	7.1	6.6	-13.6	-23.1
Swaption implied volatilities +25%	-7.9	-4.7	-7.0	-16.4	-	-0.2	-2.8	-5.4
Equity and property value +10%	7.3	1.6	5.6	7.9	0.0	0.0	2.3	2.6
Equity and property value -10%	-7.8	-2.6	-6.2	-7.9	-0.0	-0.0	-2.5	-2.6
Equity option volatilities +25%	-1.7	-0.0	-1.2	-2.2	-	-0.0	-0.5	-0.7
CoRNHR: Cost of capital rate 4.5%[1]	8.5	1.2	6.3		8.2		7.4	

[1] For comparison purposes the calculation with the former cost of capital rate (4.5% - now 6%) in the CoRNHR is shown as a sensitivity.

Comments

- MCEV sensitivities for interest rate changes in Primary Insurance have significantly reduced
- Other sensitivities are more stable compared to the previous year
- For Primary Insurance most sensitivities have decreased in absolute terms
- Higher MCEV levels in domestic business contribute to the overall decline in Primary Insurance sensitivities in percentage terms

Sensitivities on Group level have considerably lowered

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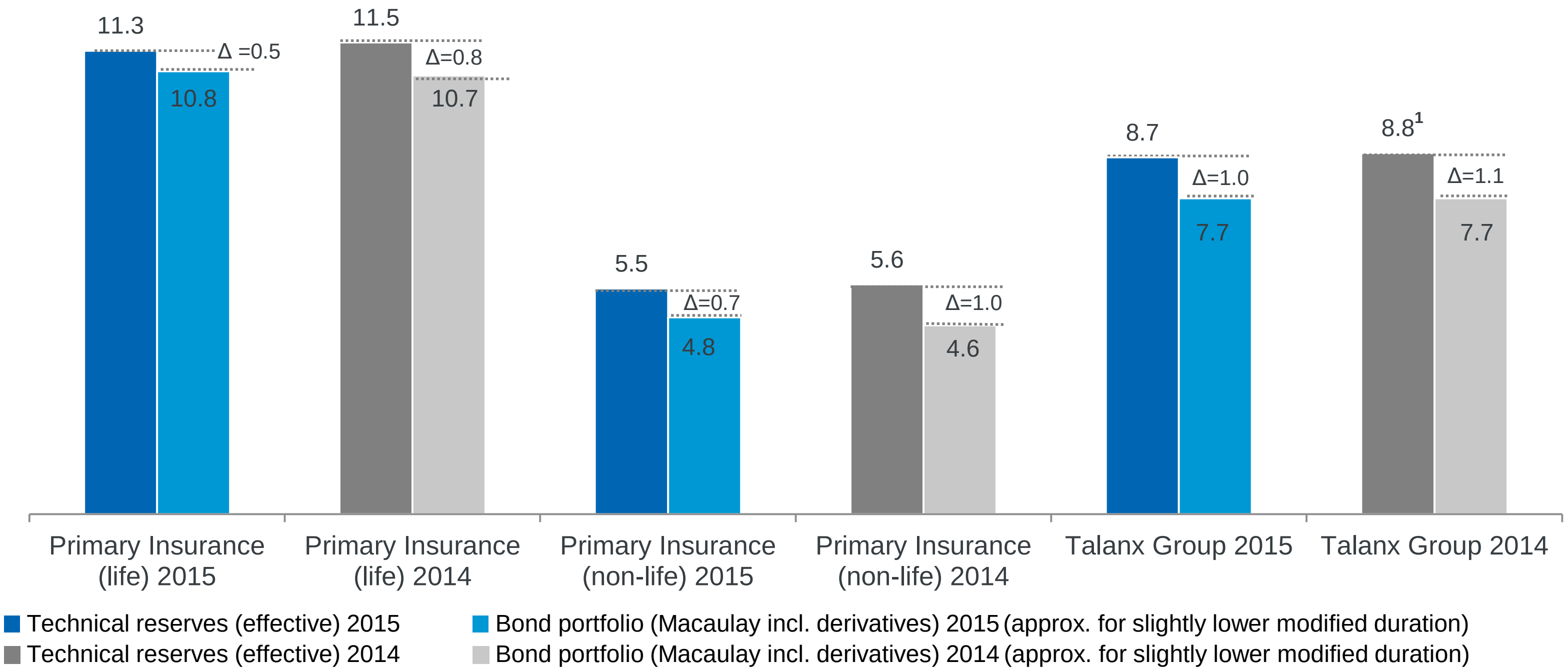
MCEV 2015 - Duration concepts

Durations of technical reserves and bond portfolio, 2015 and 2014



Note: Effective duration bases on the concept of modified duration, i.e. indicates a relative change in portfolio/asset values in terms of interest rate changes. It additionally takes embedded options and guarantees into account. It recognises that surplus funds and taxes act as a buffer that bears parts of potential negative effects from interest rate declines.

[1] Retroactively the 2014 number for the Group has been adjusted from 8.6 to 8.8. The increase results from true-up effects reflecting a more precise calculation of consolidation effects.

Duration gaps have somewhat narrowed

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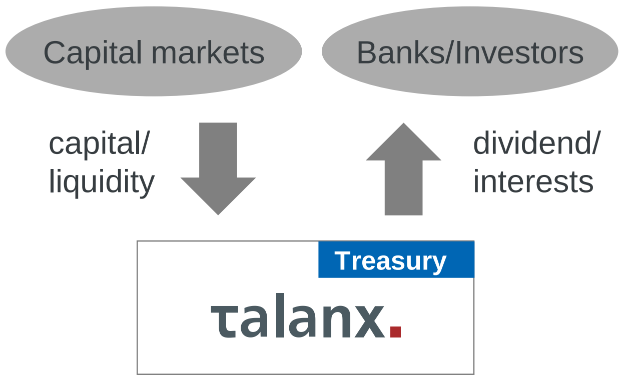
- Debt Financing Overview -

Capital / liquidity management (excluding Hannover Re)

Organisational overview



- Subordinated Bonds
- Senior Bonds
- Equities
- Convertibles
- Credit facilities

Comments

- One central function for capital and liquidity management
- Secure a comfortable level of liquidity at Talanx AG
- Active capital and liquidity management
- Know-how centre for capital market instruments
- Central steering of all capital markets processes for the group
- Financing of group companies at arm's-length
- Cost reduction as a consequence of concentration of all bank relations in one function and due to benchmark sizes in capital and liquidity funding
- FX / Interest rate hedging
- Investment of Liquidity buffers

Realisation of efficiency and scale effects through central state-of-the-art treasury function

Market transactions 2012 - 2014

Latest capital market transactions (excluding Hannover Re)

Year	Month	Transaction	Purpose	€m
2012	April	Subordinated bond 8.367%, 30-NC-10	Strengthening of capitalisation of Talanx Group	500
2012	July	Liability management exercise	Reduction of external debt	(204)
2012	Oct	IPO	Financing of organic and inorganic growth and partially repay amounts outstanding under two credit facilities	517 300 [1]
2013	Feb	Senior bond 3.125%, 10 years	Refinancing of internal debt	750
2014	July	Senior bond 2.50%, 12 years	Refinancing of internal debt	500

[1] conversion of the Tier 1 Meiji Yasuda bond

Capital market footprint resulting in reasonably efficient market prices as a basis for new issues

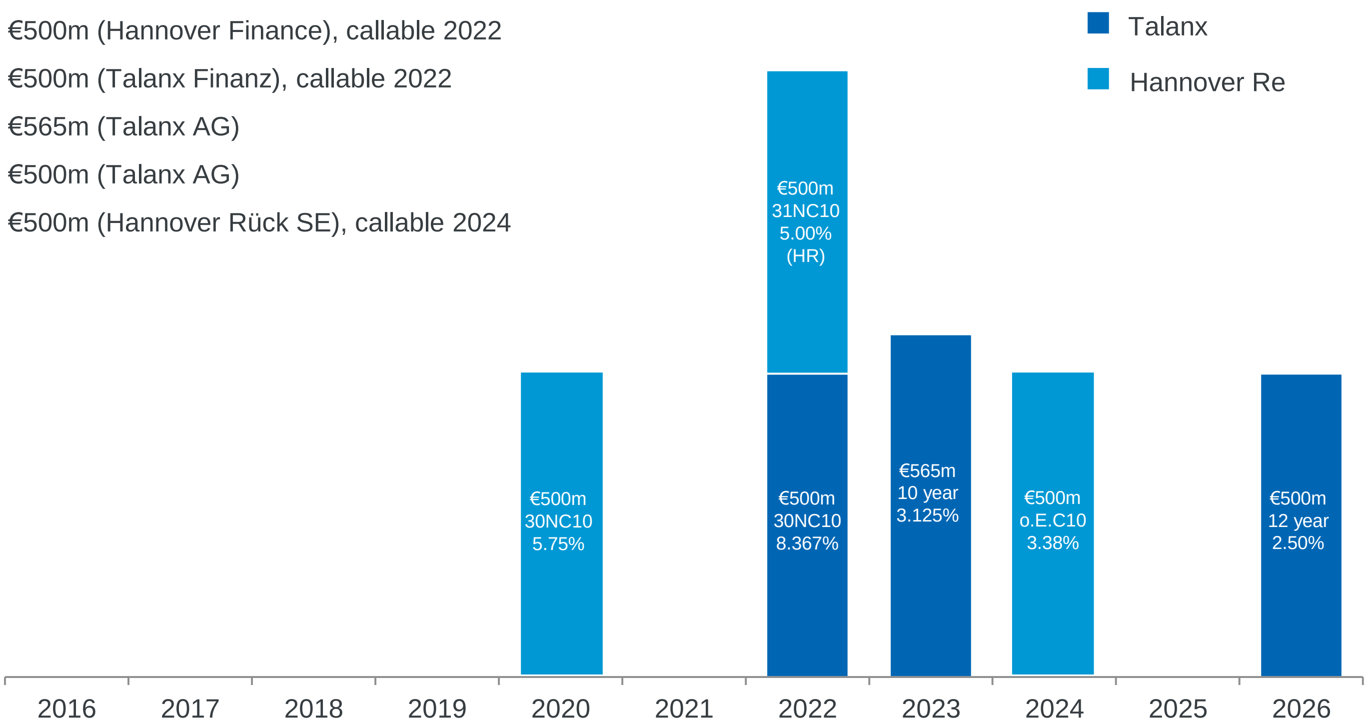
talanx.

Outstanding Talanx hybrid and senior bonds

Talanx Group maturity structure

Outstanding, publicly held volume of hybrid and senior bonds (as of 31/03/2015):

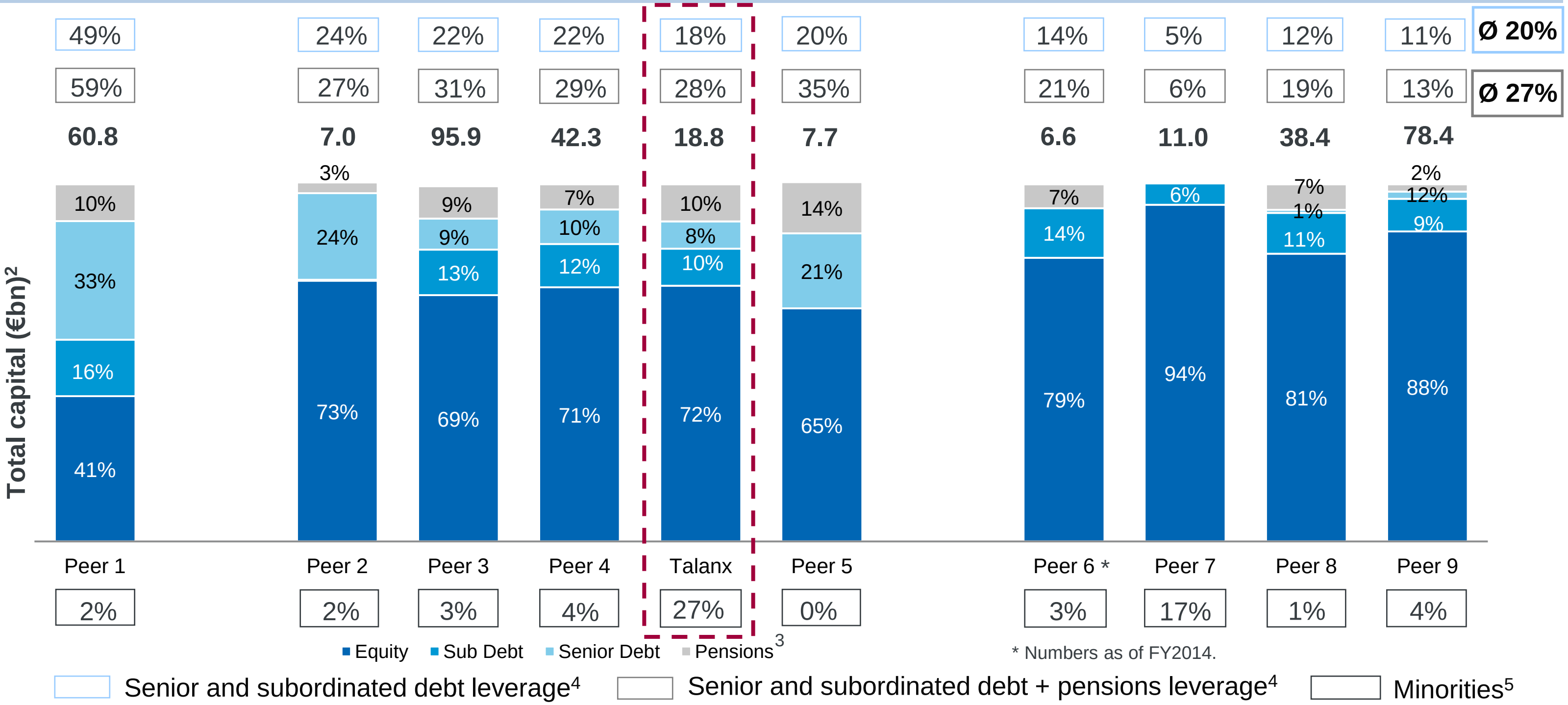
- 2010: €500m (Hannover Finance), callable 2020
- 2012: €500m (Hannover Finance), callable 2022
- 2012: €500m (Talanx Finanz), callable 2022
- 2013: €565m (Talanx AG)
- 2014: €500m (Talanx AG)
- 2014: €500m (Hannover Rück SE), callable 2024



At the moment: No refinancing needs mid-term

Leverage Level

Capital structure benchmarking[1]



[1] Peer group consist of Allianz, AXA, Baloise, Generali, Mapfre, Munich RE, RSA, VIG, Zurich. Numbers as of FY15
[2] Defined as the sum of total equity (incl. min.), subordinated debt and senior debt
[3] Funded status of defined benefit obligation
[4] Calculated in % of total capital
[5] In %-points of total capital

Reasonable, but no excessive use of debt leverage

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