

Talanx Group Interim Report as at 30 June 2016

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Insurance. Investments.

2016
PERFORMANCE AND RESULTS

6M 2016 Results
12 August 2016

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

Agenda

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On track to reach the full-year guidance



6M 2016 Group net income of €401m (6M 2015: €311m), backing the FY2016 Outlook of ~€750m



Despite the series of NatCat events, the Group as well as Industrial Lines and Non-Life Reinsurance individually remained within their respective large loss budgets



The investment result is down, but has proven quite robust. The return on investment stood at a remarkable 3.5% (6M 2015: 3.8%)



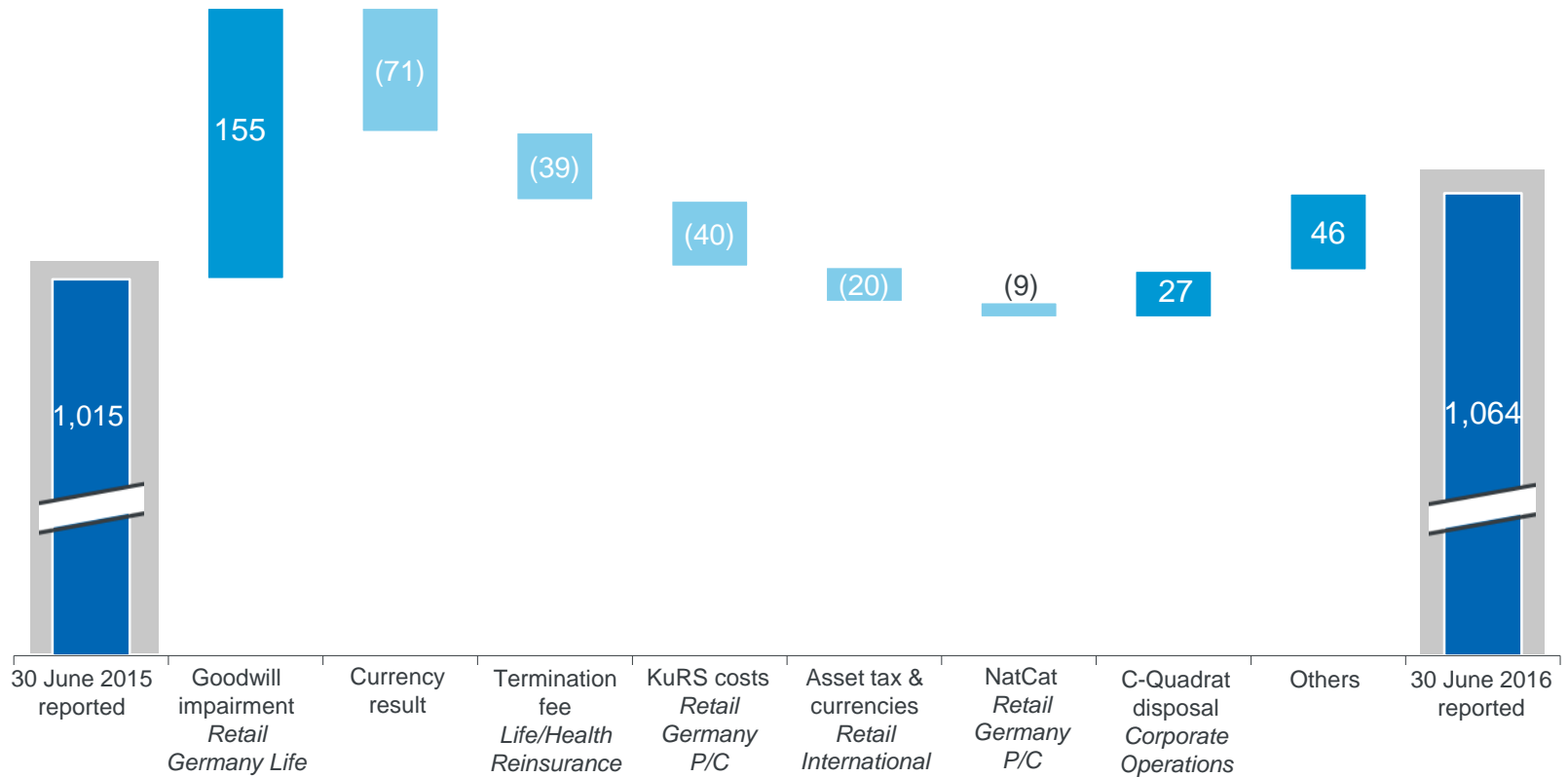
Despite the dividend payment of €329m in May, the shareholders' equity increased by €371m ytd to €8,653m or €34.23 per share. NAV up to €30.14 per share. 6M 2016 RoE stood at 9.5%, above target level



The Retail Germany Division has been separated into the two segments Life and P/C. As a consequence, from now on, the reporting contains a life/non-life split. To further raise transparency, Talanx has also started to present regional figures in Retail International

I 6M 2016 – Driver of change in Group EBIT

in €m



Currencies and programme costs for KuRS strongly affect EBIT comparison

I 6M 2016 results – Key financials

Summary of 6M 2016

€m, IFRS	6M 2016	6M 2015	Change
Gross written premium	16,427	16,827	(2%)
Net premium earned	12,810	12,751	+0%
Net underwriting result	(784)	(851)	n/m
Net investment income	1,962	2,037	(4%)
Operating result (EBIT)	1,064	1,015	+5%
Net income after minorities	401	311	+29%
Key ratios	6M 2016	6M 2015	Change
Combined ratio non-life insurance and reinsurance	96.8%	96.4%	0.4%pts
Return on investment	3.5%	3.8%	(0.3%)pts
Balance sheet	6M 2016	FY2015	Change
Investments under own management	105,074	100,777	+4 %
Goodwill	1,033	1,037	(0 %)
Total assets	157,948	152,760	+3 %
Technical provisions	111,252	106,832	+4 %
Total shareholders' equity	13,971	13,431	+4 %
Shareholders' equity	8,653	8,282	+4 %

Comments

- GWP are down by 2.4% y/y. GWP declines in Retail Germany and Non-Life Reinsurance not fully compensated by premium growth in Industrial Lines, Retail International and Life & Health Reinsurance.
- Adjusting for currency-effects, GWP are stable (+/- 0.0%) on Group level
- Group combined ratio slightly up to 96.8% (96.4%): combined ratio in Industrial Lines improved to 97.8% (98.7%). Combined ratio in Retail Germany P/C burdened by 1.3%pts from NatCat losses above budget and 2.5%pts from KuRS programme costs. Retail Internat.'s combined ratio at 96.4% (95.2%) at target level
- EBIT and Group net income well ahead of 6M 2015 numbers. Please note that the previous year's strong performance has been burdened by the €155m full goodwill impairment in German Life
- In 6M 2016, Talanx allocated €295m to the ZZR. ZZR stock expected to go up to close to €2.2bn at year-end FY2016 (FY2015: €1.56bn)
- Shareholders' equity increased ytd to €8,653m, or €34.23 per share (FY2015: €32.76, Q1 2016: €33.75). NAV up to €30.14 per share (FY 2015: €28.66, Q1 2016: €29.64)

Combined ratio only marginally up despite NatCat events – on track to reach Group net income Outlook

I Large losses¹ in 6M 2016

€m, net		Primary Insurance	Reinsurance	Talanx Group
Earthquake; Taiwan	February 2016	3.7	18.8	22.5
Hail storm; Texas	April 2016	8.1	-	8.1
Earthquake; Japan	April 2016	3.7	23.1	26.7
Earthquake; Ecuador	April 2016	1.2	56.9	58.1
Wild fire; Canada	April/May 2016	-	131.6	131.6
Storm „Elvira“; Germany, France, Austria	May 2016	31.0	11.8	42.8
Storms „Marine“, „Neele“ and „Oliane“; Germany	June 2016	12.2	-	12.2
Total NatCat		60.0	242.1	302.1
Marine		5.6	34.3	39.9
Fire/Property		76.8	62.3	139.1
Credit		-	14.0	14.0
Total other large losses		82.4	110.6	193.0
Total large losses		142.4	352.7	495.1
6M pro-rata large loss budget		150.0	355.5	505.5
Impact on Combined Ratio (incurred)		4.6%pts	9.2%pts	7.1%pts
Total large losses 6M 2015		165.4	197.4	362.8
Impact on Combined Ratio (incurred) 6M 2015		5.5%pts	5.1%pts	5.2%pts

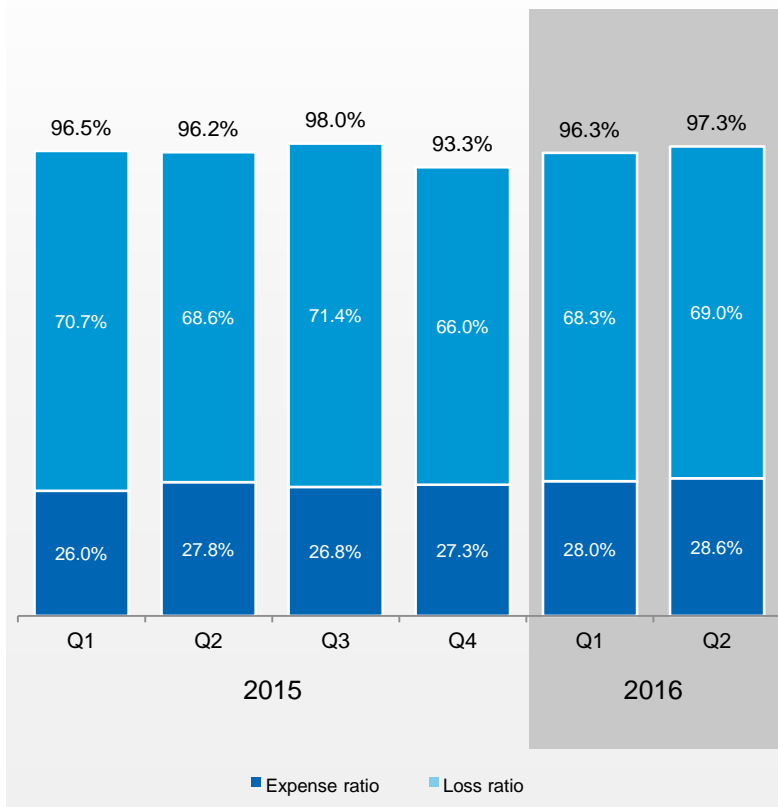
¹ Definition „large loss“: in excess of €10m gross in either Primary Insurance or Reinsurance

Note: 6M 2016 Primary Insurance large losses (net) are split as follows: Industrial Lines: €123m; Retail Germany: €19m; Retail International: €0m; Group Functions: €0m; from FY2016 onwards, the 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.

- Group 6M 2016 large loss burden of €495m (6M 2015: €363m) – Group remains below 6M 2016 large loss budget (€505.5m)
- 6M 2016 with significant burden of €142m in Primary and €353m in Reinsurance
- Strongest impact from Canada wild fires (€132m), several earthquakes (Taiwan, Japan, Ecuador) and storms in Central Europe. Additional man-made losses in Primary and Reinsurance
- Despite these losses, Primary and Reinsurance remain within their pro-rata large loss budgets

I Combined ratios

Development of net combined ratio¹



Combined ratio¹ by segment/selected carrier

	6M 2016	6M 2015	Q2 2016	Q2 2015
Industrial Lines	97.8%	98.7%	98.1%	98.6%
Retail Germany P/C	104.7%	101.1%	105.6%	101.8%
Retail International	96.4%	95.2%	96.7%	95.7%
HDI Seguros S.A., Brazil	102.0%	98.3%	102.3%	97.4%
HDI Seguros S.A., Mexico	94.0%	90.8%	95.9%	91.1%
HDI Seguros S.A., Chile ²	90.8%	86.4%	91.1%	88.4%
TUiR Warta S.A., Poland	95.8%	95.9%	95.8%	97.1%
TU Europa S.A., Poland	82.2%	84.4%	82.8%	85.4%
HDI Sigorta A.Ş., Turkey	102.5%	102.7%	102.5%	102.7%
HDI Assicurazioni S.p.A., Italy	94.1%	92.7%	91.9%	94.2%
Non-Life Reinsurance	95.4%	95.4%	96.1%	95.0%

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

² Incl. Maqallanes Generales; merged with HDI Seguros S.A. on 1 April 2016

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

I Q2 2016 results – Key financials

Summary of Q2 2016

€m, IFRS	Q2 2016	Q2 2015	Change
Gross written premium	7,432	7,387	+1%
Net premium earned	6,544	6,384	+3%
Net underwriting result	(362)	(462)	n/m
Net investment income	940	1,041	(10%)
Operating result (EBIT)	491	372	+32%
Net income after minorities	179	60	+198%
Key ratios	Q2 2016	Q2 2015	Change
Combined ratio non-life insurance and reinsurance	97.3%	96.2%	1.1%pts
Return on investment	3.3%	3.8%	(0.5%)pts
Balance sheet	6M 2016	FY 2015	Change
Investments under own management	105,074	100,777	+4%
Goodwill	1,033	1,037	(0)%
Total assets	157,948	152,760	+3%
Technical provisions	111,252	106,832	+4%
Total shareholders' equity	13,971	13,431	+4%
Shareholders' equity	8,653	8,282	+4%

Comments

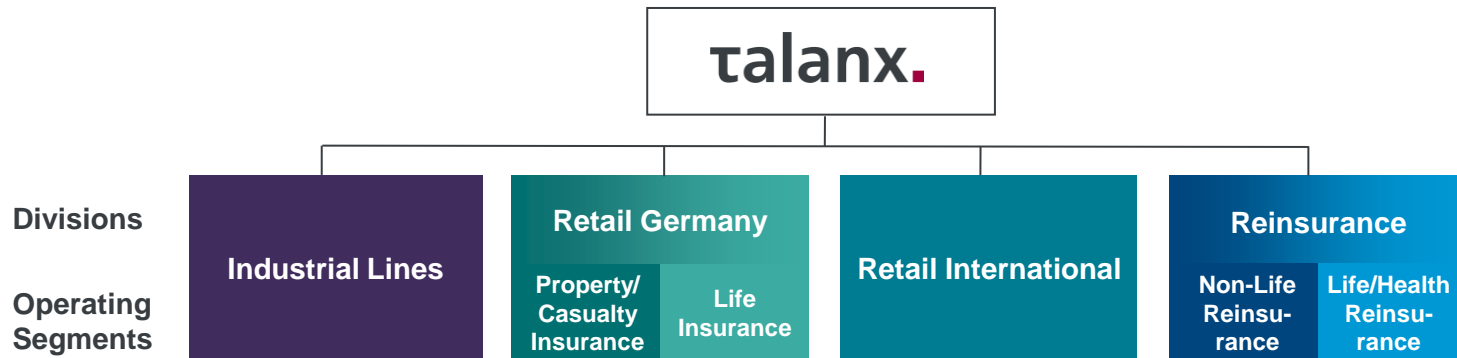
- GWP slightly up on the back of premium growth in Industrial Lines, Retail International and Life & Health Reinsurance
- Combined ratio on Group level up to 97.3% (from 96.2%) due to NatCat losses and KuRS investments in Retail Germany as well as the slight uptick in Retail International's combined ratio
- The quarterly results benefit from the €26m (after tax) capital gain on the sale of the 25.1% stake in C-QUADRAT Investment AG
- On the contrary, the Q2 results were burdened by restructuring provisions of €22m in Retail Germany P/C (€36m in total) and by additional non-life related programme costs for KuRS of €10m (€13m)



Decent Q2 results – even when taking last year's goodwill impairment into account

I New Segmentation in Retail Germany

- The responsibilities within the Retail Germany Division have been separated between “Life” and “Property/Casualty”. As a consequence, applying IFRS 8, both segments will report separate P&Ls (incl. EBIT) starting with the 6M 2016 reporting¹
- In addition, Talanx will continue to show the former segment “Retail Germany” as the aggregated division
- Talanx insurance activities are now subdivided into six, rather than the previous five reportable segments



- Retail International continues to act as one single segment including life and non-life activities. To further raise transparency, Talanx has started to show regional P&Ls (incl. EBIT) in the status report

¹ The (very limited) effects of the interaction between the two new segments in the “Retail Germany” division are now eliminated in the Group’s consolidation line. Under the former segmentation, interaction between “Life” and “Non-Life” business has been eliminated within “Retail Germany”. We provide historical numbers for the new segments and the division “Retail Germany” in the “Appendix” section of this presentation.

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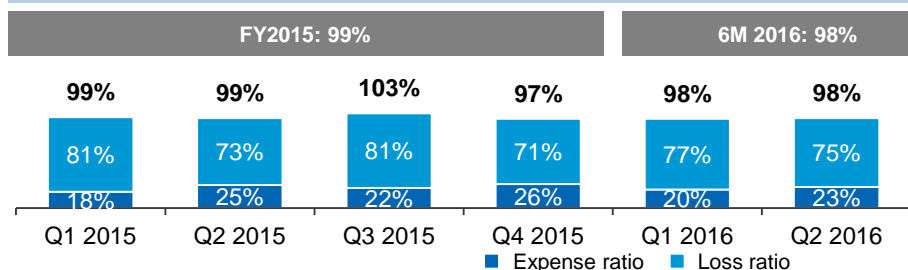
Additional Information

II Segments – Industrial Lines

P&L for Industrial Lines

€m, IFRS	6M 2016	6M 2015	Δ	Q2 2016	Q2 2016	Δ
Gross written premium	2,706	2,625	+3%	785	736	+7%
Net premium earned	1,083	1,021	+6%	546	503	+9%
Net underwriting result	25	13	+92%	12	7	+71%
Net investment income	109	113	(4%)	59	60	(2%)
Operating result (EBIT)	143	142	+1%	69	70	(1%)
Group net income	91	97	(6%)	43	50	(14%)
Return on investment (annualised)	2.8%	3.0%	(0.2%)pts	3.1%	3.1%	(0.0%)pts

Combined ratio¹



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

Comments

- 6M GWP up 3.1% y/y, slightly dampened by currency effects (curr.-adj.:+4.1%). Q2 2016: +6.6% (curr.adj.: +8.4%), driven by international markets (incl. new business unit in Brazil), overcompensating dampening effects from re-underwriting measures (i.e. “Balanced Book”) and withdrawal from Aviation business
- 6M 2016 retention rate stable at 52.7%, but lower in Q2 2016 mainly due to higher cessions in Property
- Combined ratio continues to improve. This was not supported by an above-average run-off result in 6M 2016. Cost ratio was slightly up due to international growth. Large losses were within the pro-rata large loss budget
- Net investment result just slightly down, reflecting low interest rate levels and the decline in extraordinary investment result in 6M 2016. Net income dampened by lower currency contribution in the „other result“ and by the higher tax rate



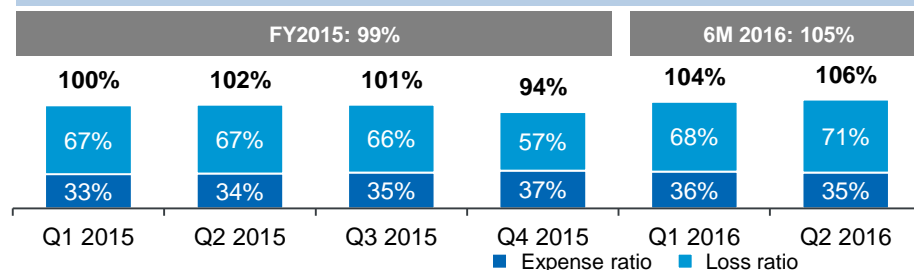
Further improvement in net underwriting result despite a series of NatCat events in Q2 2016

II Segments – Retail Germany P/C

P&L for Retail Germany P/C

€m, IFRS	6M 2016	6M 2015	Δ	Q2 2016	Q2 2015	Δ
Gross written premium	980	989	(1%)	231	227	2%
Net premium earned	691	692	(0%)	350	350	(0%)
Net underwriting result	(32)	(8)	n/m	(19)	(6)	n/m
Net investment income	47	49	(1%)	25	24	6%
Operating result (EBIT)	(17)	30	n/m	(23)	11	n/m
EBIT margin	(2.5%)	4.3%	(6.8%)pts	(6.5%)	3.1%	(9.6%)pts
Investments under own Management	3,998	3,991	0%	3,998	3,991	0%
Return on investment (annualised)	2.5%	2.5%	0.0%pts	2.5%	2.4%	0.1%pts

Combined ratio¹



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

KuRS investments and higher losses in NatCat explain EBIT decline

Comments

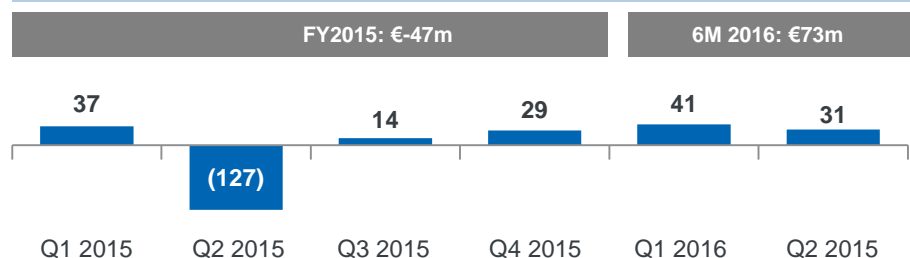
- GWP broadly stable in 6M 2016, slightly up in Q2 2016. Gross premiums still negatively impacted from profitabilisation measures in motor. These effects are broadly compensated by some growth in business with freelancers and self-employed clients, in unemployment insurance and from the promising start of the digital distribution of the motor business in April 2016
- Combined ratio in 6M 2016 is impacted by €19m NatCat large losses (1.3%pts in combined ratio above pro-rata budget) and €18m costs for efficiency programme “KuRS” (2.5%pts impact on combined ratio).
- Net investment income remained broadly stable, Rol was unchanged at 2.5%
- 6M 2016 EBIT additionally impacted by €22m final restructuring costs for “KuRS” programme (booked in “other result” in Q2 2016)

II Segments – Retail Germany Life

P&L for Retail Germany Life

€m, IFRS	6M 2016	6M 2015	Δ	Q2 2016	Q2 2015	Δ
Gross written premium	2,366	2,680	(12%)	1,211	1,307	(7%)
Net premium earned	1,763	2,097	(16%)	887	991	(10%)
Net underwriting result	(780)	(832)	n/m	(316)	(442)	n/m
Net investment income	890	899	(1%)	377	478	(21%)
Operating result (EBIT)	73	(91)	n/m	31	(129)	n/m
EBIT margin	4.2%	(4.3%)	8.5%pts	3.7%	(12.8%)	16.5%pts
Investments under own Management	46,240	42,731	8%	46,240	42,731	8%
Return on investment (annualised)	4.0%	4.3%	(0.3%)pts	3.3%	4.5%	(1.2%)pts

EBIT (€m)



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

Increase in EBIT, even when adjusting for the previous year's goodwill impairment

Comments

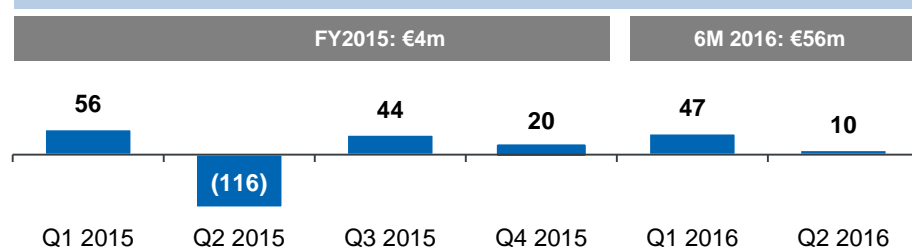
- GWP reduction is partly due to a base effect, as 6M 2015 saw an overlap from strong 2014 year-end business. In general, premium trend is consistent with the targeted phase-out of traditional and single premium business. Positive impact from increase in credit life insurance business and biometric products
- Impact from “KuRS” strategy programme includes €19m cost (incl. €14m restructuring costs) – completely compensated in the EBIT by a lower RfB contribution due to policyholder participation
- 6M 2016 Net investment income just slightly down. Decline in Q2 2016 is predominantly due to significantly lower extraordinary gains
- 6M 2016 ZZR allocation – according to HGB – of €295m (6M 2015: €220m; Q1 2016: €168m). Total ZZR stock reached €1.85bn, expected to rise to close to €2.2bn until year-end 2016
- Negative EBIT in the previous year's results from goodwill impairment (€155m in Q2 2015)

II Segments – Retail Germany

P&L for Retail Germany

€m, IFRS	6M 2016	6M 2015	Δ	Q2 2016	Q2 2015	Δ
Gross written premium	3,346	3,668	(9%)	1,441	1,533	(6%)
of which Life	2,366	2,680	(12%)	1,211	1,307	(7%)
of which Non-Life	980	988	(1%)	231	226	+2%
Net premium earned	2,454	2,790	(12%)	1,237	1,342	(8%)
Net underwriting result	(812)	(840)	n/m	(334)	(447)	n/m
of which Life	(780)	(832)	n/m	(315)	(441)	n/m
of which Non-Life	(32)	(7)	n/m	(19)	(6)	n/m
Net investment income	937	948	(1%)	402	504	(20%)
Operating result (EBIT)	57	(60)	n/m	10	(116)	n/m
Group net income	23	(104)	n/m	(5)	(138)	n/m
Return on investment (annualised)	3.9%	4.1%	(0.2%)pts	3.3%	4.3%	(1.0%)pts

EBIT (€m)



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

Adjusting for KuRS impact, 6M 2016 EBIT up y/y, even when adjusting 6M 2015 for goodwill impairment

Comments

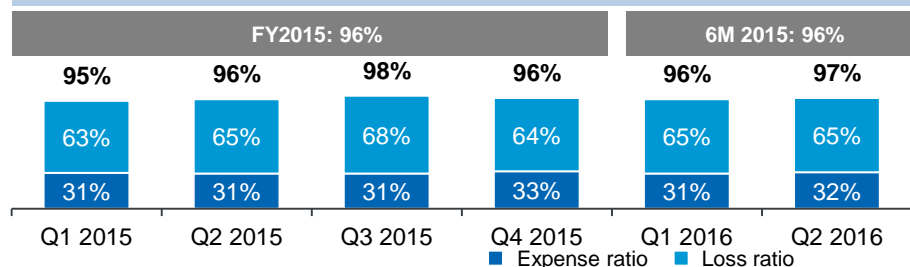
- Starting with the 6M 2016 reporting, Life and P/C in the German Retail business will report separately. In addition, we will continue to show the aggregated numbers for the Division
- 6M GWP in Retail Germany are down by 9%, mainly due to premium decline in Life, which is consistent with the targeted phase-out of traditional guarantee business and the intended reduction in single-premium business. GWP premium development in P/C is broadly stable
- Net investment income is just slightly down in 6M 2016, reflecting the low interest rate environment. Decline in Q2 2016 mainly results from significantly lower extraordinary gains
- Cost impact from strategy programme “KuRS” affected Retail Germany by a total of €59m (Q2 2016: €49m). Due to policyholder contribution in Life, the impact on the 6M EBIT is €40m (Q2 2016: €32m). Adjusting for the impact from “KuRS”, the EBIT would have reached €97m, which is above the level of 6M 2015, even when adjusting for goodwill impairment of €155m

II Segments – Retail International

P&L for Retail International

€m, IFRS	6M 2016	6M 2015	Change	Q2 2016	Q2 2015	Change
Gross written premium	2,487	2,392	+4%	1,339	1,186	+13%
of which Life	950	730	+30%	560	346	+62%
of which Non-Life	1,537	1,662	(8%)	778	840	(7%)
Net premium earned	2,097	1,903	+10%	1,111	942	+18%
Net underwriting result	7	19	(63%)	(1)	11	(109%)
of which Life	(39)	(43)	(9%)	(23)	(18)	+32%
of which Non-Life	47	63	(25%)	22	29	(23%)
Net investment income	153	167	(8%)	73	87	(16%)
Operating result (EBIT)	106	127	(17%)	46	71	(35%)
Group net income	64	77	(17%)	28	44	(37%)
Return on investment (annualised)	3.6%	4.3%	(0.7%)pts	3.3%	4.4%	(1.0%)pts

Combined ratio¹



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

Comments

- 6M 2016 GWP up by 4.0% y/y despite currency headwinds mainly from Latin America (curr.-adj.: +11.9%). In Q2 2016, the segment grew by 12.9% (curr.-adj.: +20.6%), helped by a significant increase in single premium Life business in Italy
- On a currency-adjusted level, GWP in Non-Life grew by 2.5% y/y, backed by underlying growth in all main Latin American markets
- 6M 2016 combined ratio was up 1.2%pts y/y to 96.4% (Q2 2016: 96.7%; up 1.0%pts), but at target level. Business diversification led to slightly higher cost ratio. Currency depreciation led to increased costs for spare parts and therefore higher loss ratio, e.g. in Brazil and Mexico, only partly compensated by the better combined ratio in Poland
- Decline in 6M 2016 EBIT purely results from the currency translation effect (~€10m) and the additional asset tax charge in Poland (~€10m)
- Turkey added €2.9m to 6M 2016 EBIT (6M 2015: €2.6m; Q2 2016: €1.5m). Contribution from Chile² was €143m GWP (Q2 2016: €74m) and ~€10m EBIT (€5m)

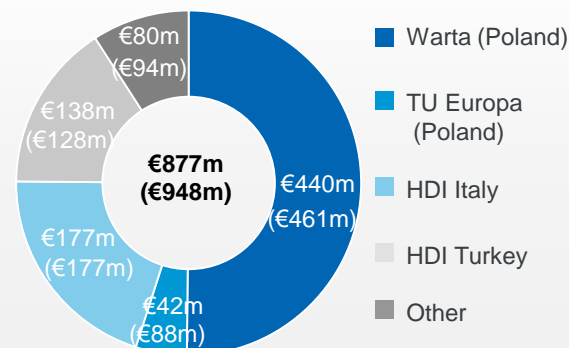
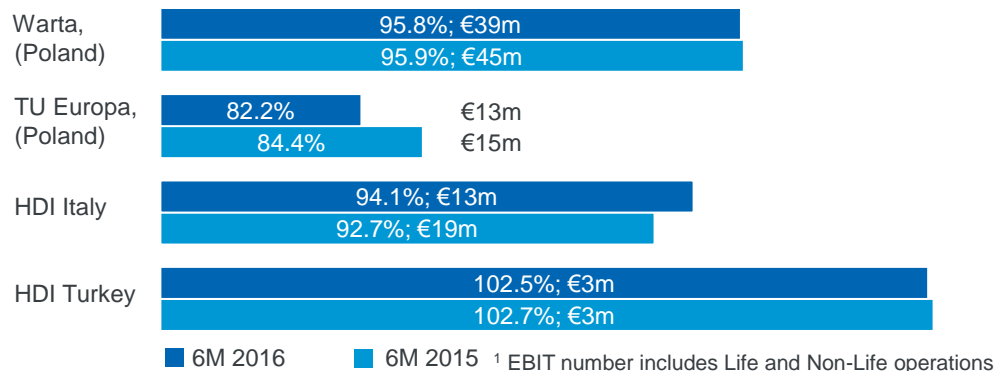
² Consolidated from 13 Feb 2015; "as-if" numbers for HDI Seguros S.A after merger (1 April 2016) with Magallanes Generales

▶ 6M 2016 EBIT decline fully explained by currency headwind and impact from asset tax in Poland

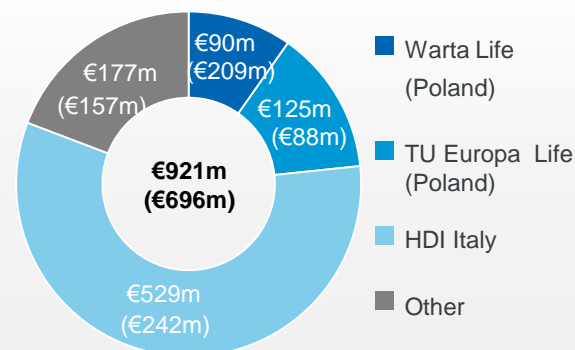
P&L for Retail International Europe

€m, IFRS	6M 2016	6M 2015	Δ	Q2 2016	Q2 2015	Δ
Gross written premium	1,798	1,644	9%	981	780	26%
Net premium earned	1,471	1276	15%	787	618	27%
Net underwriting result	(2)	(9)	n/m	(3)	(5)	(n/m)
Net investment income	108	122	(11%)	49	64	(23%)
Operating result (EBIT)	76	91	(16%)	29	46	(36%)

GWP split by carriers (Non-Life)

Combined ratio and EBIT¹ by selected carrier

GWP split by carriers (Life)

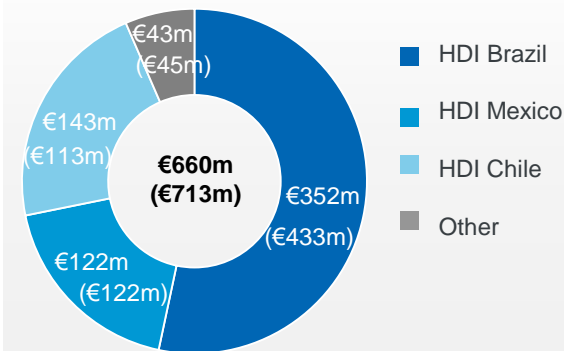


▶ EBIT impacted by asset tax in Poland and lower investment income

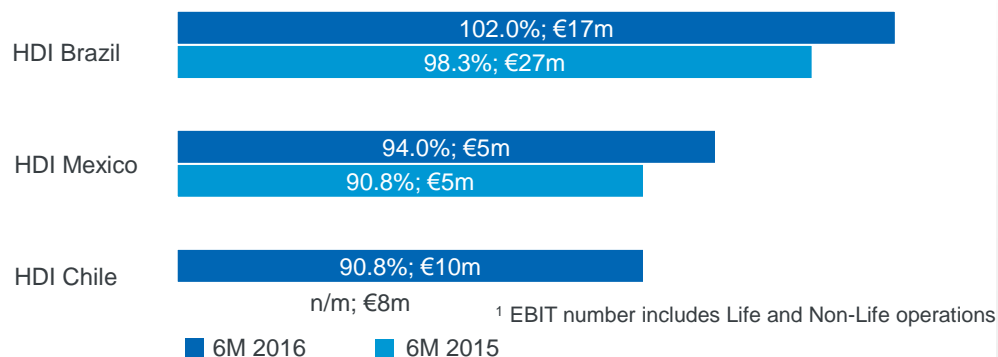
P&L for Retail International LatAm

€m, IFRS	6M 2016	6M 2015	Δ	Q2 2016	Q2 2015	Δ
Gross written premium	676	729	(7%)	351	397	(12%)
Net premium earned	625	624	0%	324	323	0%
Net underwriting result	8	29	(72%)	1	17	(92%)
Net investment income	46	46	0%	25	24	3%
Operating result (EBIT)	34	42	(19%)	17	25	(32%)

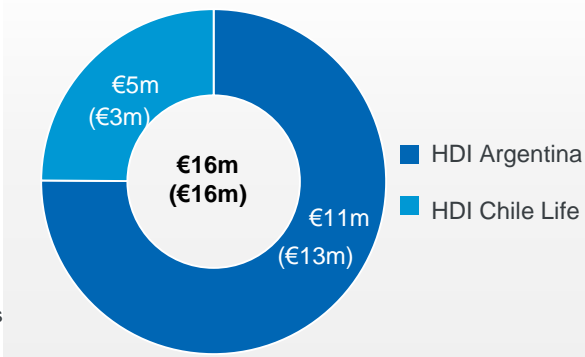
GWP split by carriers (Non-Life)



Combined ratio and EBIT¹ by selected carrier



GWP split by carriers (Life)



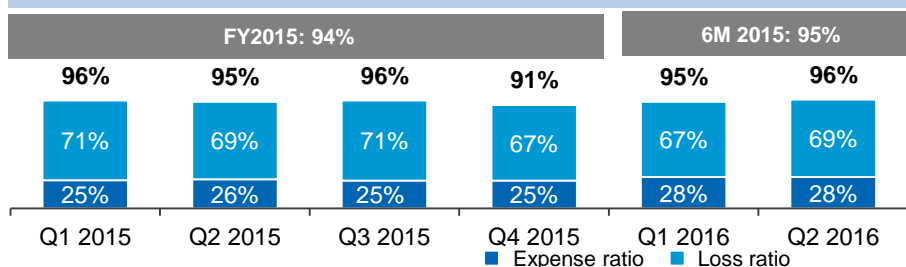
▶ EBIT negatively impacted by currency depreciation in a number of Latin American markets

II Segments – Non-Life Reinsurance

P&L for Non-Life Reinsurance

€m, IFRS	6M 2016	6M 2015	Change	Q2 2016	Q2 2015	Change
Gross written premium	4,627	4,972	(7%)	2,125	2,355	(10%)
Net premium earned	3,839	3,894	(1%)	1,878	2,012	(7%)
Net underwriting result	165	167	(1%)	65	94	(31%)
Net investment income	431	437	(1%)	218	238	(8%)
Operating result (EBIT)	580	616	(6%)	270	337	(20%)
Group net income	187	206	(9%)	83	119	(30%)
Return on investment	2.7%	3.0%	(0.3%)pts	2.8%	3.1%	(0.3%)pts

Combined ratio¹



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

² EBIT margins reflect a Talanx Group view

Comments

- 6M 2016 GWP declined by 6.9%/y/y (adjusted for currency effects: -5.6%); growth mainly from US and structured Reinsurance, reduced volume from China motor business and specialty lines. Currency-adjusted, 6M 2016 net premium earned remained stable
- Major losses of €353m, in line with budget
- High frequency of basic losses and negative run-off of single claims in Q2 2016 offset by positive run-off; overall confidence level slightly down
- Favourable ordinary investment income
- Other income and expenses around expected level
- 6M 2016 EBIT margin² of 15.1% (6M 2015: 15.8%) well above target

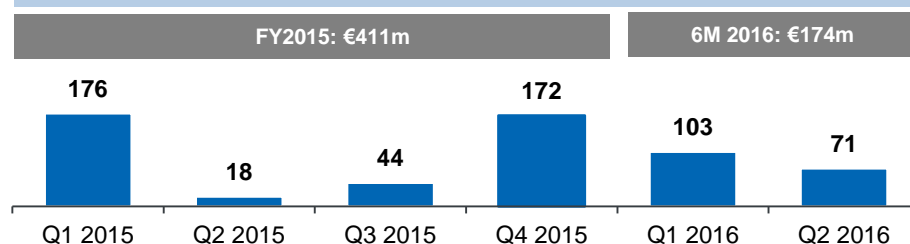


Acceptable underwriting result in a competitive environment

P&L for Life/Health Reinsurance

€m, IFRS	6M 2016	6M 2015	Change	Q2 2016	Q2 2015	Change
Gross written premium	3,656	3,614	+1%	1,895	1,831	+3%
Net premium earned	3,328	3,125	+6%	1,747	1,575	+11%
Net underwriting result	(176)	(216)	(19%)	(108)	(131)	(18%)
Net investment income	321	366	(12%)	164	147	+12%
Operating result (EBIT)	174	194	(10%)	71	18	+394%
Group net income	63	69	(9%)	25	3	+833%
Return on investment	3.6%	4.7%	(1.1%)pts	3.8%	2.7%	1.1%pts

EBIT (€m)



¹ EBIT margin reflects a Talanx Group view



Earnings in line with full-year expectations

Comments

- 6M 2016 GWP up by 1.2%; adjusted for currency effects: +4.2%, mainly from UK Longevity, reduced volume from Australia
- Net premium earned grew by 9.7% on currency-adjusted basis
- Technical result from US mortality below expectation, but mitigated by favourable Financial Solutions
- Ordinary investment income in line with expectation (Q1 2015 affected by positive one-off of €39m)
- Reduced, but still positive currency effects
- 6M 2016 EBIT margin¹ of 5.2% (6M 2015: 6.2%) for the segment

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Net investment income

Net investment income Talanx Group

€m, IFRS	6M 2016	6M 2015	Change	Q2 2016	Q2 2015	Change
Ordinary investment income	1,639	1,700	(4%)	856	857	(0%)
thereof current investment income from interest	1,374	1,457	(6%)	684	727	(6%)
thereof profit/loss from shares in associated companies	3	7	(60%)	1	2	(47%)
Realised net gains/losses on investments	330	344	(4%)	109	167	(35%)
Write-ups/write-downs on investments	(106)	(96)	+10%	(65)	(20)	+224%
Unrealised net gains/losses on investments	43	0	n/m	12	(5)	(364%)
Investment expenses	(119)	(104)	+14%	(64)	(54)	+18%
Income from investments under own management	1,789	1,845	(3%)	848	946	(10%)
Income from investment contracts	6	4	+45%	4	2	+79%
Interest income on funds withheld and contract deposits	167	189	(11%)	88	94	(6%)
Total	1,962	2,037	(4%)	940	1,041	(10%)

Comments

- Ord. investment income reflects the decline in interest income and the negative base effect from the one-off payment following a withdrawal from a US-transaction (~€39m) in L/H Reinsurance in Q1 2015
- Realised investment net gains declined y/y by ~4% to €330m in 6M 2016 despite higher realised gains in Retail Germany to finance ZZR (6M 2016 allocation: €295m vs. 6M 2015: €220m). Significantly lower realised investment gains on Group level in Q2 2016
- Some increase in writedowns on investments in Q2 2016 y/y mainly due to lower equity prices. 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 3.5% (6M 2016: 3.8%) – despite higher writedowns and lower realised gains. Well above the FY2016 outlook of “at least 3.0%“
- ModCo derivatives: €-2m (6M 2015: €-6m); in Q2 2016: €0m (Q2 2015: €-6m); no impact from inflation swaps as these have been terminated in FY2015 (6M 2015: €-14m; Q2 2015: €1m)

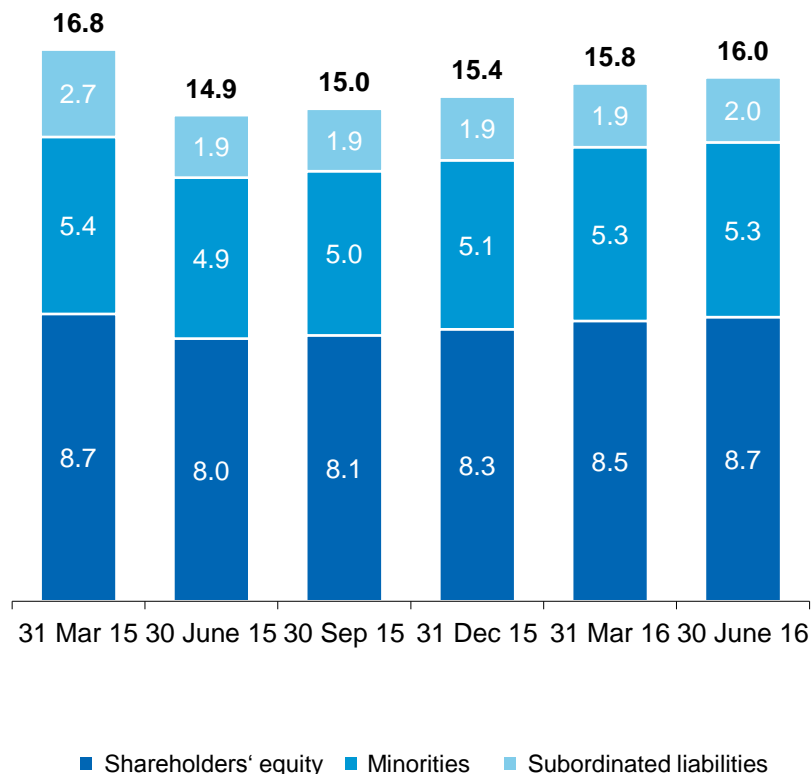


6M 2016 ROI reached remarkable 3.5% - despite higher writedowns and lower extraordinary gains



Equity and capitalisation – Our equity base

Capital breakdown (€bn)



Comments

- Compared to the end of FY2015, shareholders' equity increased by ~€371m to €8,653 million at the end of Q2 2016 overcompensating the FY2015 dividend payout in May (€329m) by the net income (€401m) and a positive OCI effect (€308m), the latter predominantly due to lower interest rates
- Book value per share stood at €34.23 compared to €31.73 in Q2 2015 and €32.76 in FY 2015, while NAV per share was €30.14 (Q2 2015: €27.52, FY2015: €28.66)
- Neither book value per share nor NAV contain off-balance sheet reserves. These amounted to €711m (see next page) or €2.81 per share (shareholder share only). This added up to an adjusted book value of €37.04 per share and an NAV (excluding goodwill) of €32.95

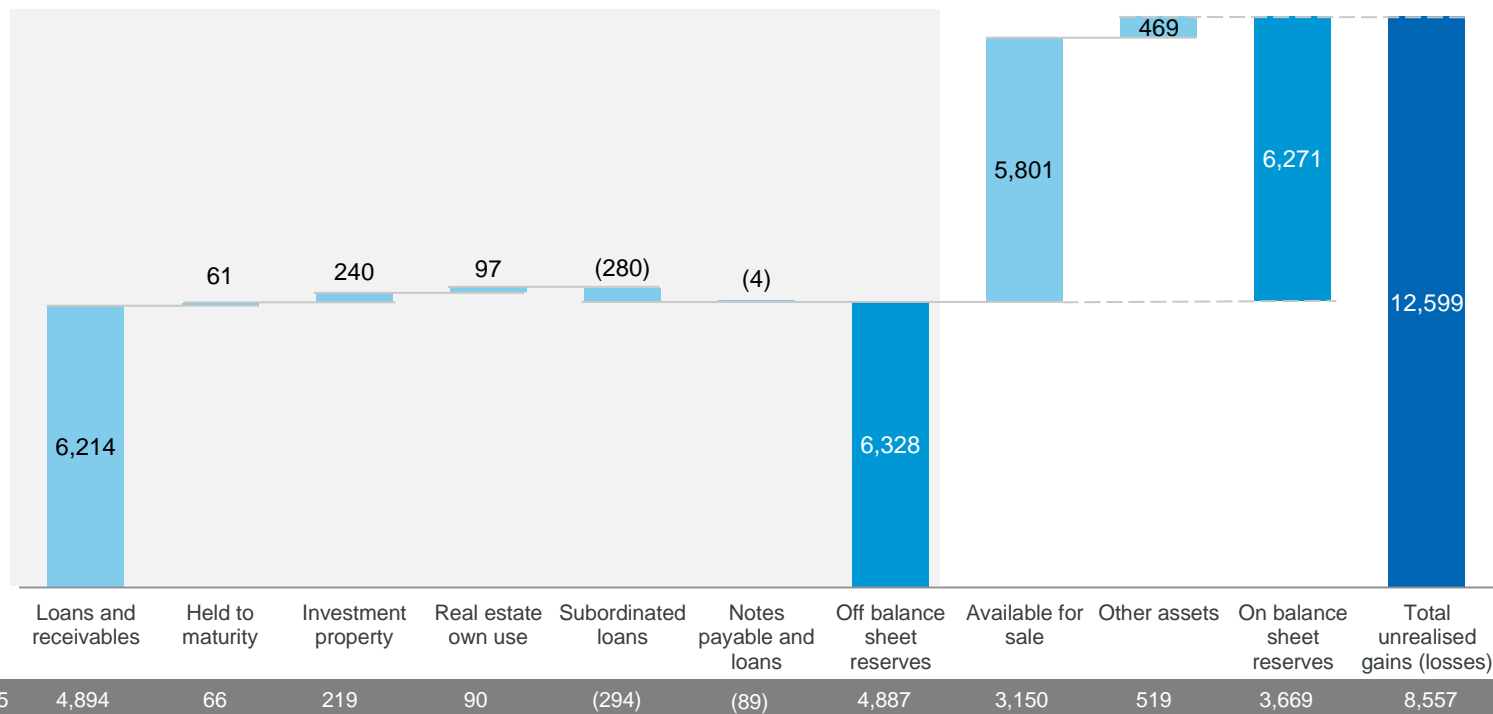


Shareholders' equity up by ~€371m compared to end of FY2015 – despite dividend payment



Equity and capitalisation – Unrealised gains

Unrealised gains and losses (off and on balance sheet) as of 30 June 2016 (€m)



Δ market value vs. book value

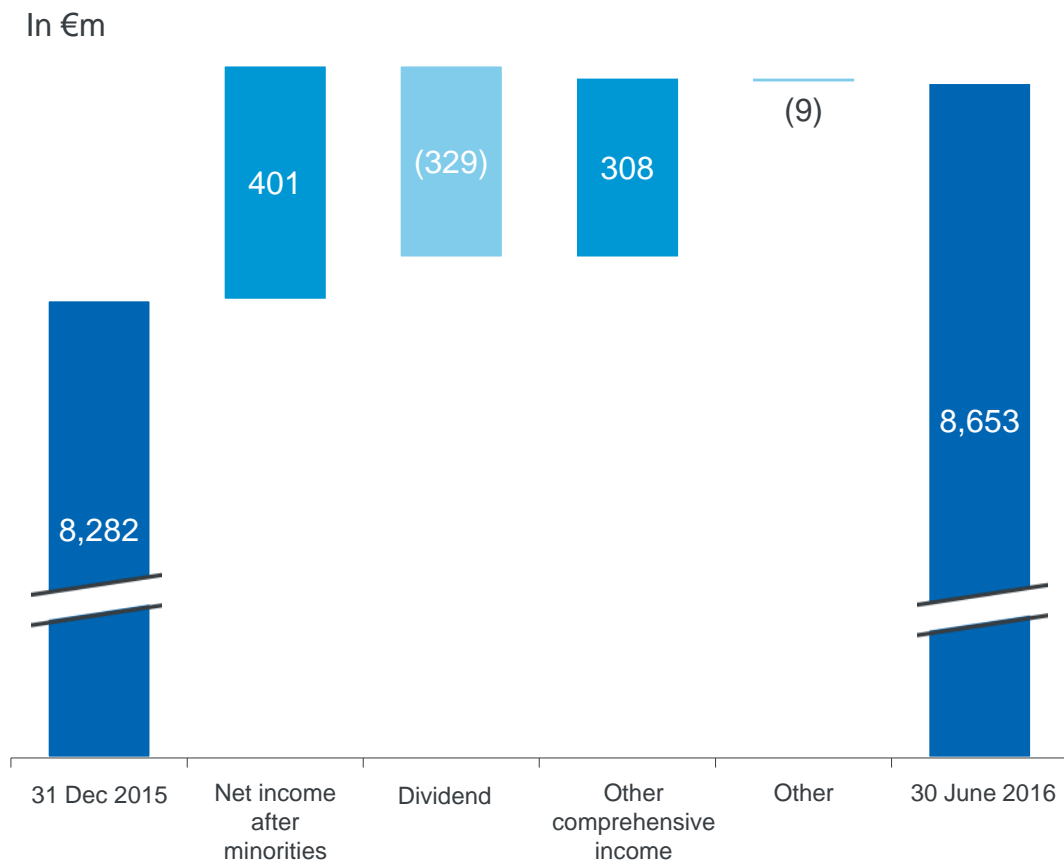
Note: Shareholder contribution estimated based on FY2015 profit sharing pattern



Off-balance sheet reserves of ~€6.3bn – about €711m (€2.81 per share) attributable to shareholders (net of policyholders, taxes & minorities)



Equity and capitalisation – Contribution to change in equity



Comments

- At the end of June 2016, shareholders' equity stood at €8,653m or €34.23 per share
- This was above the level at the end of FY2015 (€8,282m or €32.76 per share) predominantly driven by the 6M 2016 Group net income and positive OCI movement was very limited – both significantly overcompensating dividend payout in May 2016
- At the end of Q1 2016, the Solvency II Ratio stood at a good 166 (FY2015: 171) percent (HDI Group level). Based on Basic Own Funds, Talanx's capitalisation was 245 (253) percent – as always: all numbers before transitionals



Shareholders' equity up to €8,653m or €34.23 per share

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IV Outlook for Talanx Group 2016¹

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**)

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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%
	Primary Insurance	Combined ratio ³	~ 96%
EBIT margin ⁴		~ 6%	
Non-Life Reinsurance⁷	Gross premium growth ⁶	3 - 5%	
	Combined ratio ³	≤ 96%	
	EBIT margin ⁴	≥ 10%	
Life & Health Reinsurance⁷	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

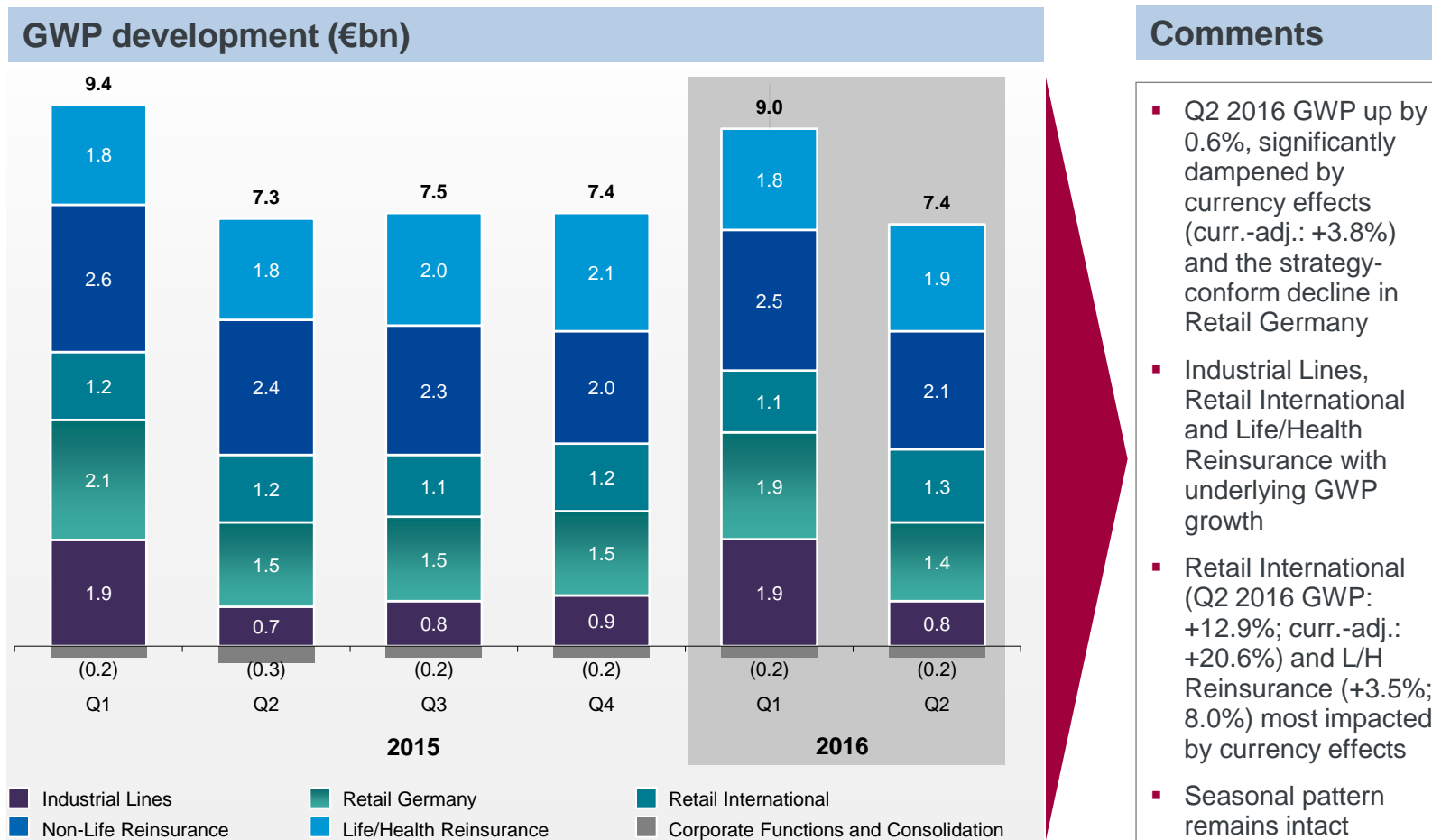
² Risk-free rate is defined as the 5-year rolling average of the 10-year German government bond yield

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



▶ Q2 2016 GWP dampened by currency effects and the anticipated decline in Retail Germany

A 6M 2016 Additional Information - Segments

	Industrial Lines			Retail Germany Life			Retail Germany P/C		
€m, IFRS	6M 2016	6M 2015	Change	6M 2016	6M 2015	Change	6M 2016	6M 2015	Change
P&L									
Gross written premium	2,706	2,625	+3%	2,366	2,680	(12%)	980	989	(1%)
Net premium earned	1,083	1,021	+6%	1,763	2,097	(16%)	691	692	(0%)
Net underwriting result	25	13	+92%	(780)	(832)	n/m	(32)	(8)	n/m
Net investment income	109	113	(4%)	890	899	(1%)	47	49	(4%)
Operating result (EBIT)	143	142	+1%	73	(91)	n/m	(17)	30	n/m
Net income after minorities	91	97	(6%)	n/a	n/a	n/a	n/a	n/a	n/a
Key ratios									
Combined ratio non-life insurance and reinsurance	97.8%	98.7%	(0.9%)pts	-	-	-	104.7%	101.1%	(3.6%)pts
Return on investment	2.8%	3.0%	(0.2%)pts	4.0%	4.3%	(0.3%)pts	2.5%	2.5%	0%pts

A 6M 2016 Additional Information - Segments (continued)

	Retail International			Non-Life Reinsurance			Life and Health Reinsurance			Group		
€m, IFRS	6M 2016	6M 2015	Change	6M 2016	6M 2015	Change	6M 2016	6M 2015	Change	6M 2016	6M 2015	Change
P&L												
Gross written premium	2,487	2,392	+4%	4,627	4,972	(7%)	3,656	3,614	+1%	16,427	16,827	(2%)
Net premium earned	2,097	1,903	+10%	3,839	3,894	(1%)	3,328	3,125	+6%	12,810	12,751	+0%
Net underwriting result	7	19	(63%)	165	167	(1%)	(176)	(216)	(19%)	(784)	(851)	(8%)
Net investment income	153	167	(8%)	431	437	(1%)	321	366	(12%)	1,962	2,037	(4%)
Operating result (EBIT)	106	127	(17%)	580	616	(6%)	174	194	(10%)	1,064	1,015	+5%
Net income after minorities	64	77	(17%)	187	206	(9%)	63	69	(9%)	401	311	+29%
Key ratios												
Combined ratio non-life insurance and reinsurance	96.4%	95.2%	1.2%pts	95.4%	95.4%	(0.0%)pts	---	---	---	96.8%	96.4%	0.4%pts
Return on investment	3.6%	4.3%	(0.7%)pts	2.7%	3.0%	(0.3%)pts	3.6%	4.7%	(1.1%)pts	3.5%	3.8%	(0.3%)pts

Retail Germany

GWP, €m, IFRS	6M 2016	6M 2015	Change
Non-life Insurance	980	988	(1%)
HDI Versicherung AG	905	925	(2%)
Life Insurance	2,366	2,680	(12%)
HDI Lebensversicherung AG	968	1,057	(8%)
neue leben Lebensversicherung AG ¹	413	648	(36%)
TARGO Lebensversicherung AG	511	508	+1%
PB Lebensversicherung AG	389	400	(3%)
Total	3,346	3,668	(9%)

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

Retail International

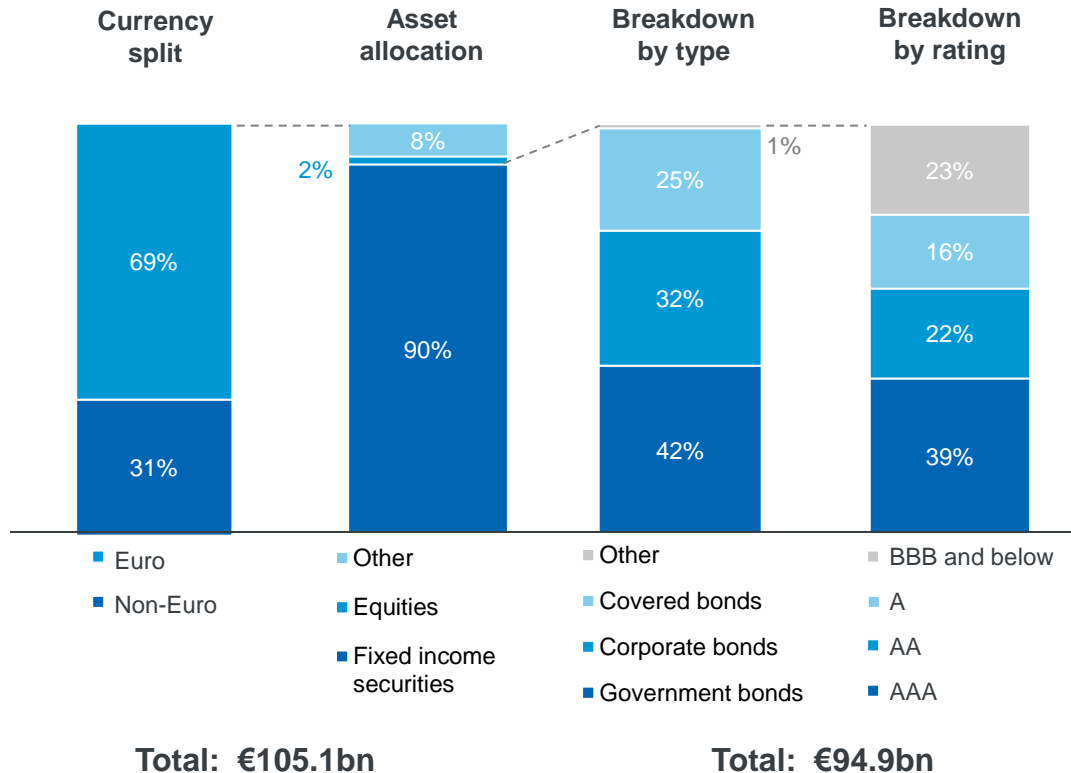
GWP, €m, IFRS	6M 2016	6M 2015	Change
Non-life Insurance	1,537	1,662	(8%)
HDI Seguros S.A., Brazil	352	433	(19%)
TUiR Warta S.A. ² , Poland	440	461	(5%)
TU Europa S.A. ³ , Poland	42	88	(52%)
HDI Assicurazioni S. p. A., Italy (P&C)	177	177	+0%
HDI Seguros S.A. De C.V., Mexico	122	122	+0%
HDI Sigorta A.Ş., Turkey	138	128	+8%
HDI Seguros S.A., Chile ⁴	143	n/m	(n/m)
Life Insurance	950	730	+30%
TU Warta Zycie S.A., Poland ²	90	209	(57%)
TU Europa Zycie, Poland ³	125	88	+41%
Open Life ³	9	10	(11%)
HDI Assicurazioni S. p. A., Italy (Life)	529	242	+119%
Total	2,487	2,392	+4%

6M 2016 Additional Information – Breakdown of investment portfolio

Investment portfolio as of 30 June 2016

Fixed-income-portfolio split

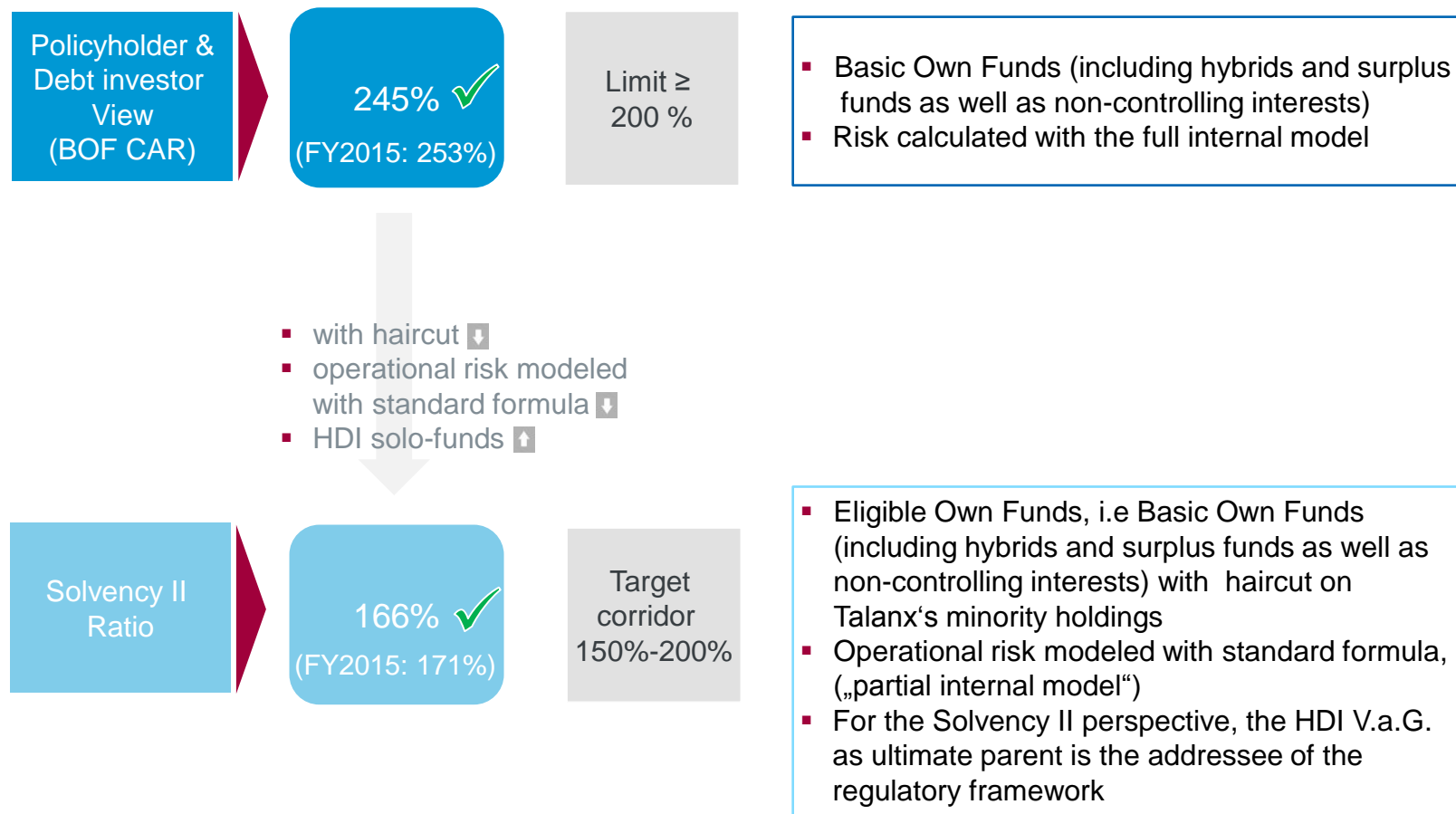
Comments



- Investments under own management up by 7.2% y/y to €105.1bn (Q2 2015: €98.0bn). This includes the acquisition effect from CBA Vita/Italy of ~€0.9bn as of 30.6.2016
- Investment portfolio remains dominated by fixed-income securities: ~90% portfolio share in Q2 2016 (Q2 2015: 91%)
- Nearly 80% of fixed-income portfolio invested in “A” or higher-rated bonds – broadly stable over recent quarters (Q2 2015: 80%)
- 19% of “investments under own management” held in USD, 31% overall in non-euro currencies (Q1 2015: 31%)



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



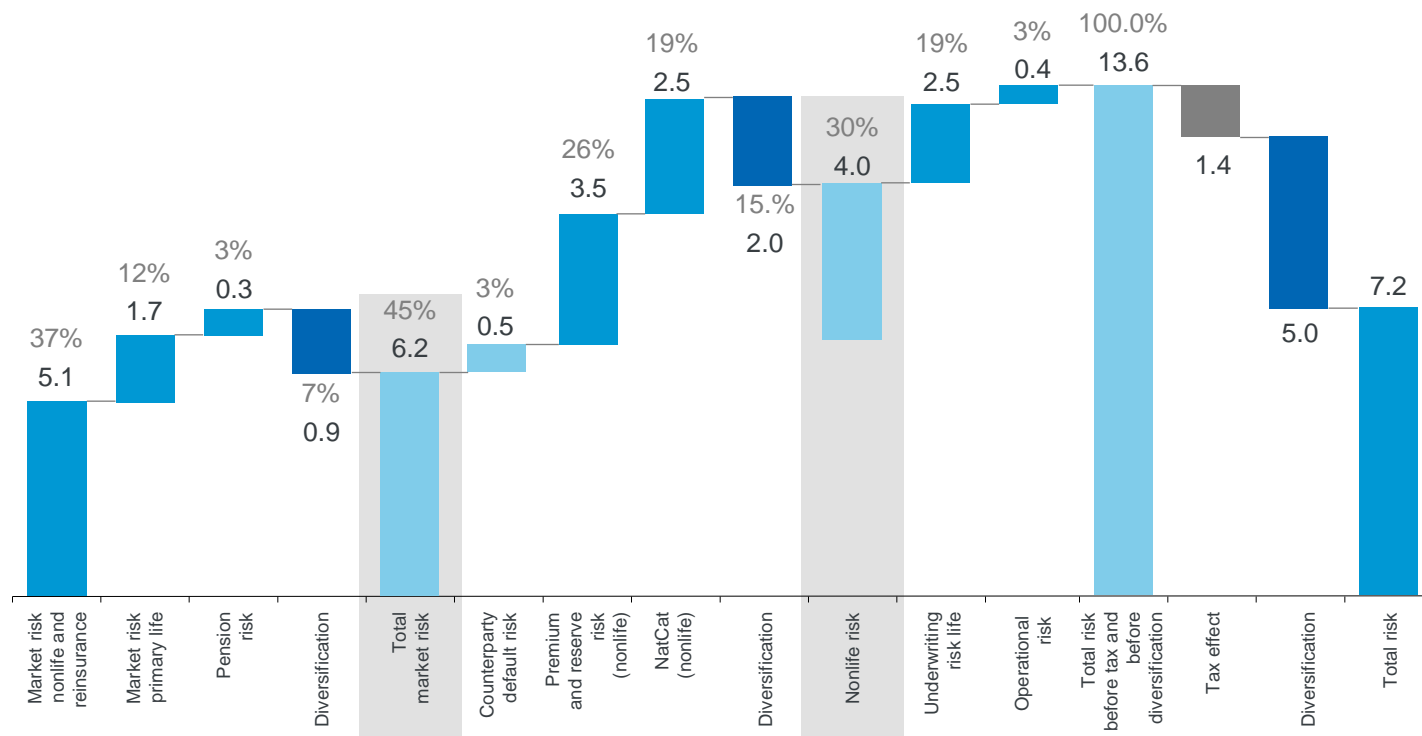
Note: In the entire presentation, calculations of Solvency II Capital Ratios are based on a 99.5% confidence level, including volatility adjustments yet without the effect of applicable transitionals.



Talanx continuously shows a comfortable capital position from all angles

Risk components of Talanx Group¹

(as of Q1 2016, €bn)



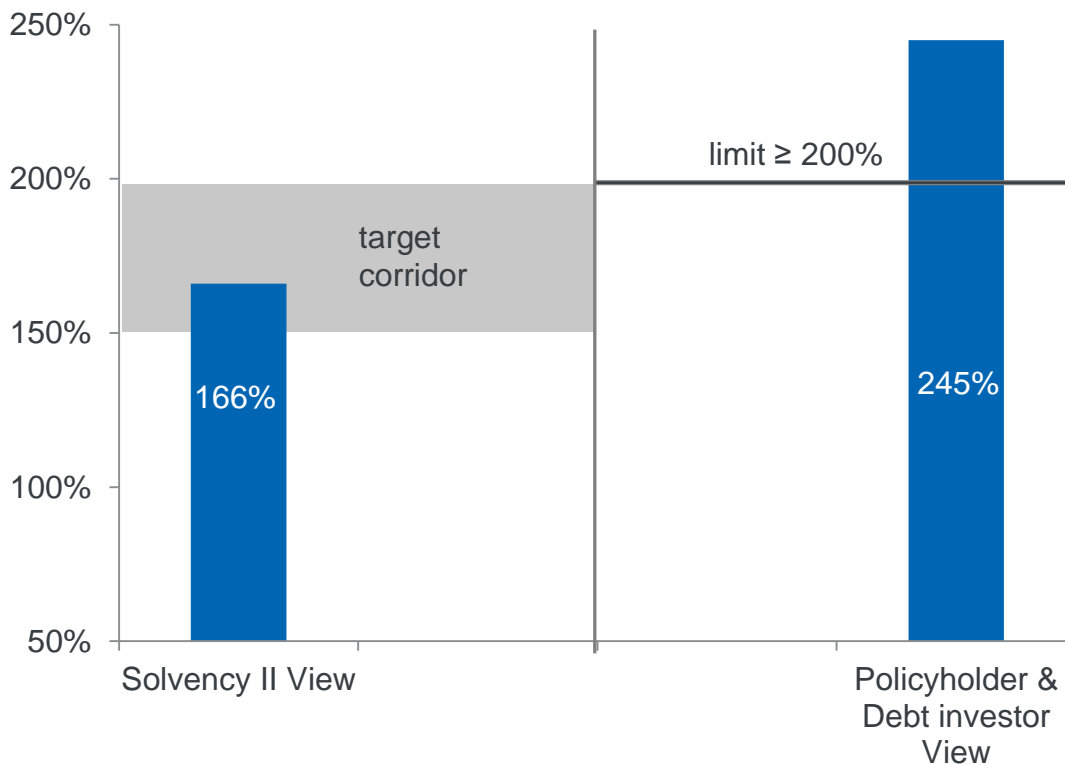
¹ Figures show risk categorisation of the Talanx Group including non-controlling interests. Solvency capital requirement determined according to 99.5% security level for the economic view, based on Basic Own Funds (BOF)



High diversification between risk categories – despite a slight increase market risk remains still below 50% threshold

A Target CARs

Target capitalisation



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. It 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 stands well above its recently set strategic targets for Solvency II Perspective and BOF-CAR

Q2 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	1,482	-	668	600	352	-	3,101
Spain	BBB+	841	442	255	446	315	-	2,299
Brazil	BB	238	-	89	370	-	10	707
Mexico	BBB+	112	2	30	315	-	-	459
Hungary	BB+	349	-	3	8	7	-	367
Russia	BB+	120	3	120	152	-	-	395
South Africa	BBB-	145	7	16	46	-	7	220
Portugal	BB+	35	-	3	40	17	-	94
Turkey	BBB-	25	-	31	9	3	-	69
Greece	CCC	-	-	-	-	-	-	-
Other BBB+		23	-	34	43	-	-	99
Other BBB		79	38	45	39	-	-	201
Other <BBB		108	22	78	130	-	350	687
Total		3,556	514	1,371	2,198	693	367	8,698
In % of total investments under own management		3,4%	0,5%	1,3%	2,1%	0,7%	0,3%	8,3%
In % of total Group assets		2,3%	0,3%	0,9%	1,4%	0,4%	0,2%	5,5%

¹ Investment under own management

Retail Germany

€m, IFRS	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY2015	Q1 2016	Q2 2016
Gross written premium	2,135	1,533	1,475	1,523	6,667	1,904	1,441
Net premium earned	1,448	1,342	1,273	1,356	5,418	1,217	1,237
Net underwriting result	(392)	(447)	(361)	(262)	(1,463)	(478)	(334)
Net investment income	445	504	403	380	1,731	535	402
Operating result (EBIT)	56	(116)	44	20	4	47	10
Net income after minorities	34	(138)	31	(3)	(76)	29	(5)
Key ratios	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016
Combined ratio	100.5%	101.8%	100.8%	94.2%	99.3%	103.8%	105.6%
Return on investment	3.8%	4.3%	3.4%	3.2%	3.7%	4.5%	3.3%
Balance sheet	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016
Investments under own management	48,215	46,723	47,493	47,390	47,390	48,913	50,238
Goodwill	403	248	248	248	248	248	248
Technical provisions	47,827	46,726	47,282	47,126	47,126	48,870	49,698



Historic “as-if” figures for “Retail Germany” due to new segmentation in Retail Germany

P&L for Retail Germany P/C

€m, IFRS	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016
Gross written premium	762	226	291	220	1,499	749	231
Net premium earned	342	350	376	356	1,424	342	349
Net underwriting result	(2)	(6)	(4)	22	10	(13)	-19
Net investment income	24	24	27	34	108	22	25
Operating result (EBIT)	19	11	30	(10)	50	6	(23)
EBIT margin	5.6%	3.1%	8.0%	(2.7%)	3.5%	1.7%	(6.5%)
Investments under own Management	4,086	3,991	3,876	3,742	3,742	4,027	3,998
Return on investment (annualised)	2.5%	2.4%	2.6%	3.6%	2.9%	2.3%	2.5%
Loss Ratio	67.1%	67.2%	65.8%	56.7%	64.2%	68.0%	70.8%
Expense Ratio	33.3%	34.5%	35.3%	37.2%	35.1%	35.8%	34.8%
Combined Ratio	100.5%	101.8%	100.8%	94.2%	99.3%	103.8%	105.6%



Historic “as-if” figures for “Retail Germany P/C” due to new segmentation in Retail Germany

P&L for Retail Germany Life

€m, IFRS	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016
Gross written premium	1,373	1,307	1,185	1,303	5,167	1,155	1,211
Net premium earned	1,105	992	897	1000	3,994	876	887
Net underwriting result	(391)	(441)	(357)	(284)	(1,473)	(465)	(315)
Net investment income	421	480	376	346	1,623	513	377
Operating result (EBIT)	37	(127)	14	29	(47)	41	33
EBIT margin	3.3%	(12.8%)	1.6%	2.9%	(1.2%)	4.7%	3.7%
Investments under own Management	44,130	42,731	43,617	43,647	43,647	44,886	46,240
Return on investment (annualised)	3.9%	4.5%	3.5%	3.2%	3.8%	4.7%	3.3%



Historic “as-if” figures for “Retail Germany Life” due to new segmentation in Retail Germany

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Guideline on Alternative Performance Measures - For further information on the calculation and definition of specific Alternative Performance Measures please refer to the Annual Report 2015 Chapter "Enterprise management", pp. 22 and the following as well as to the "Glossary and definition of key figures" on page 257.