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Insurance. Investments.

FY2016 Results

20 March 2017

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

Agenda

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I FY2016 results further improved

- FY2016 Group net income markedly up to €907m (FY2015: €734m), even when adjusting for last year's goodwill impairment of €155m. Primary Insurance share of Group EBIT already at ~42% (2015: ~33%), well on track to reach target of "roughly 50%" by 2021[1]

- The Group's combined ratio improved by 0.3%pts to 95.7% (FY2015: 96.0%). Both Primary Insurance as well as Reinsurance remained within their respective large loss budgets

- Talanx pursues its policy of continuously increasing dividends. For FY2016, the dividend proposal to the AGM stands at €1.35, up from €1.30 for FY2015

- End of FY2016, shareholders' equity stood at €9,078, or €35.91 per share. This is significantly above the FY2015 level (8,282m or €32.76 per share). RoE reached a remarkable 10.4% (FY2015: 9.0%)

- In February, Talanx already raised its 2017 Outlook for the Group net income to "around €800m" (from "at least €750m")

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

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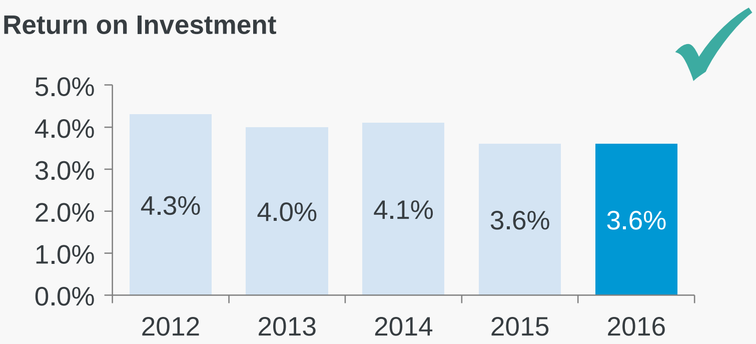
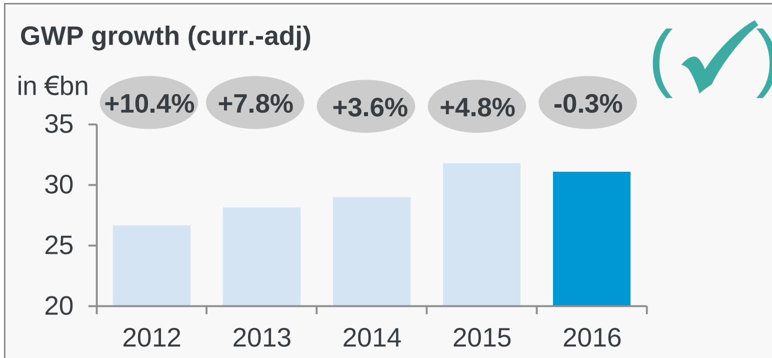
I FY2016 – Target achievement

Return on Investment



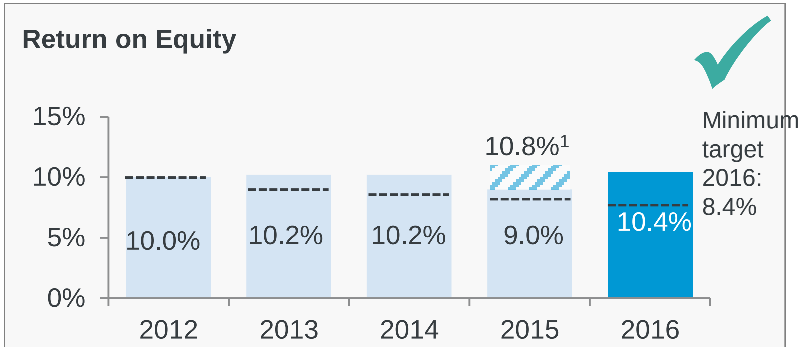
2016 Outlook RoI ≥ 3.0%

GWP growth (curr.-adj)



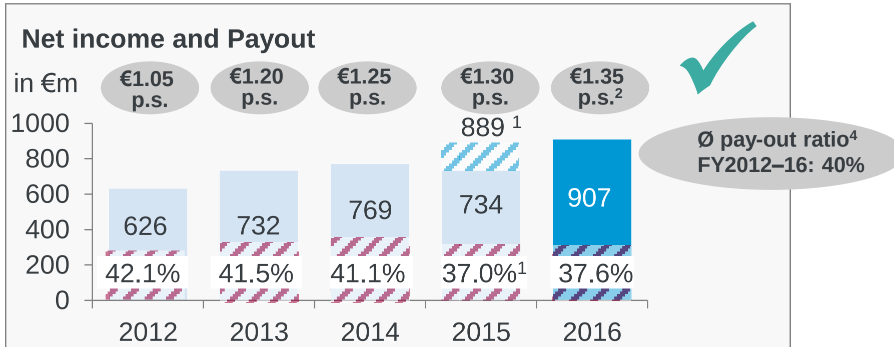
2016 Outlook GWP stable

Return on Equity



2016 Outlook RoE > 8.5%

Net income and Payout



2016 Outlook Net income ≥ €750m[3]; 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] After adjustment for goodwill impairment in German Life business of €155m reported in Q2 2015
[2] Proposal to AGM
[3] 2016 Outlook for Group net income was adjusted from „~€750m“ to „at least €750m“ at our Q3 2016 reporting in November 2016
[4] Includes dividend proposal for FY2016 of €1.35 per share

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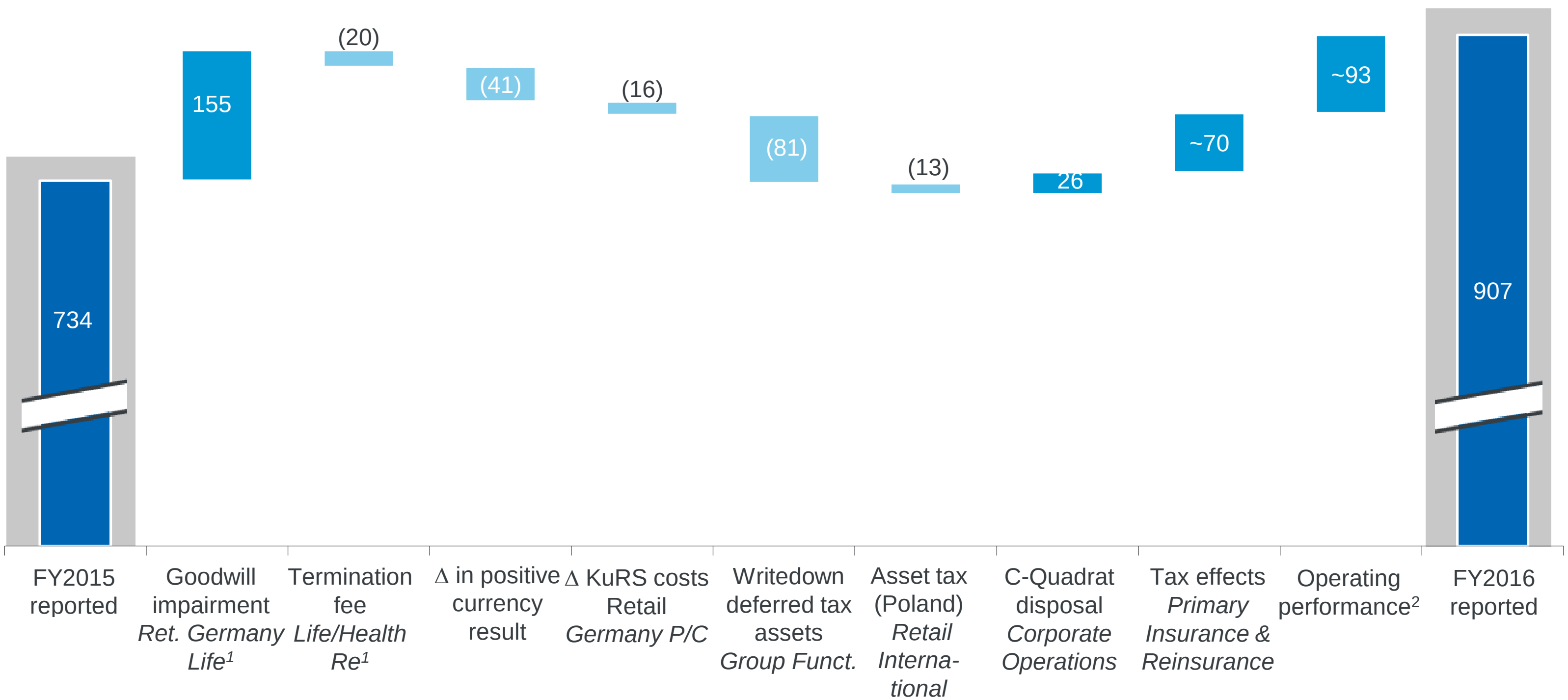
I FY2016 – Drivers of change in Group net income

in €m



Effects on Group EBIT										
2,182	155	(39)	(93)	(24)	-	(22)	27	-	114	2,300

[1] Reported in FY2015
[2] Incl. minor other effects

Improvement also in underlying bottom-line result

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I FY2016 results – Key financials

Summary of FY2016

€m, IFRS	FY2016	FY2015	Change
Gross written premium	31,106	31,799	(2%)
Net premium earned	25,742	25,937	(1%)
Net underwriting result	(1,520)	(1,370)	n/m
Net investment income	4,023	3,933	+2%
Operating result (EBIT)	2,300	2,182	+5%
Net income after minorities	907	734	+24%
Key ratios	**FY2016**	**FY2015**	**Change**
Combined ratio non-life insurance and reinsurance	95.7%	96.0%	(0.3%)pts
Return on investment	3.6%	3.6%	0.0%pts
Balance sheet	**FY2016**	**FY2015**	**Change**
Investments under own management	107,174	100,777	+6%
Goodwill	1,039	1,037	+0%
Total assets	156,571	152,760	+2%
Technical provisions	110,429	106,831	+3%
Total shareholders' equity	14,688	13,431	+9%
Shareholders' equity	9,078	8,282	+10%

Comments

- GWP down by 2.2% y/y, mainly due to currency effects. On a currency-adjusted basis GWP were nearly stable (-0.3% y/y)
- Combined ratio improved by 0.3%pts y/y to 95.7%, mainly due to lower large losses in Industrial Lines (FY2016 combined ratio: 96.8% vs. 99.2% in FY 2015) and improved loss ratio from P/C Reinsurance . Combined ratio in Retail Germany P/C (103.3% vs. 99.3%) was affected by costs for KuRS programme (impact: 3.4%pts; FY2015: 0.9%pts). Retail International's combined ratio (96.5% vs. 96.3%) broadly flat
- FY2016 EBIT significantly up, helped by base effect from Q2 2015 goodwill writedown (€155m) and C-Quadrat disposal gain (~€27m; Q1 2016), while burdened by e.g. higher costs for KuRS programme (~€24m vs. FY2015), lower - yet positive - currency results (~€93m) and the Polish asset tax (~22m)
- FY2016 ZZR allocation of €713m significantly above previous year's level (€493m)
- Net income benefitted from positive tax effects of ~€70m in sum in the operating segments, roughly balanced by a writedown in deferred tax assets (~€80m)
- Shareholders' equity increased to €9,078m, or €35.91 per share (FY2015: €32.76; Q3 2016: €35.61). NAV up to €31.80 per share (FY 2015: €28.66, Q3 2016: €31.49)

Significantly higher net income benefitting from improved loss ratio and the positive base effect from FY2015 goodwill writedown

I Large losses[1] in FY2016

€m, net		Primary Insurance	Reinsurance	Talanx Group
Earthquake; Taiwan	February 2016	6.1	19.2	25.3
Hail storm; Texas	April 2016	8.5	8.4	16.9
Earthquake; Japan	April 2016	5.4	20.3	25.8
Earthquake; Ecuador	April 2016	1.4	58.3	59.7
Wild fires; Canada	April/May 2016	-	127.9	127.9
Storm „Elvira“; Central Europe	May/June 2016	17.8	11.9	29.7
Flood; China	June/July 2016	0.6	13.2	13.8
Storms; Germany	June 2016	15.4	9.2	24.6
Hail, Canada	July 2016	-	9.1	9.1
Typhoon ; Taiwan/China	September 2016	-	12.2	12.2
Hurricane; Carribean/USA	October 2016	4.9	70.3	75.3
Earthquake; New Zealand	November 2016	0.7	56.3	57.0
Total NatCat		**60.7**	**416.4**	**477.2**
Transport		21.5	66.5	88.1
Fire/Property		169.2	97.3	266.5
Aviation		-	11.1	11.1
Credit		-	35.2	35.2
Other		5.2	-	5.2
Total other large losses		**195.9**	**210.1**	**406.0**
Total large losses		**256.6**	**626.6**	**883.2**
pro-rata large loss budget		300.0	825.0	1,125.0
Impact on Combined Ratio (incurred)		**4.0%pts**	**7.8%pts**	**6.1%pts**
Total large losses FY2015		349.3	572.9	922.2
Impact on Combined Ratio (incurred) FY2015		5.6%pts	7.1%pts	6.4%pts

- FY2016 Group large loss burden of €883m, below FY2015 level of €922m and well below large loss budget of €1,125m
- FY2016 large loss burden of €257m in Primary and €627m in Reinsurance – both remain below their FY2016 large loss budgets
- Main impact resulting from Canada wild fires (€128m), earthquakes (Japan, Ecuador, Taiwan, New Zealand), storms in Central Europe and hurricane Matthew (Carribean/USA)
- Large losses in Q4 2016 above pro-rata large loss budget in Reinsurance and in Primary Insurance

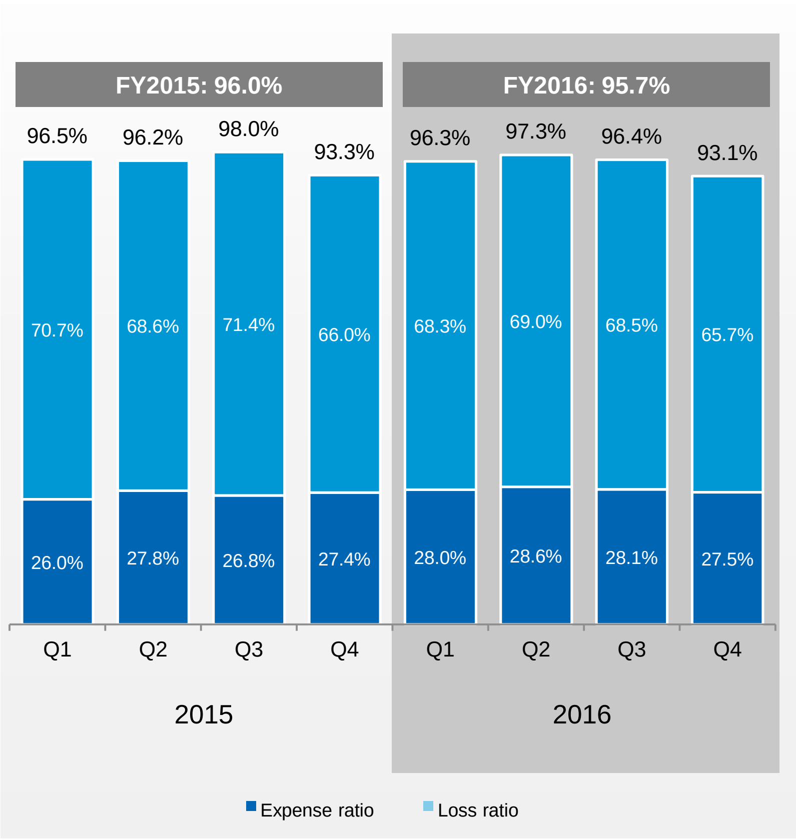
[1] Definition „large loss“: in excess of €10m gross in either Primary Insurance or Reinsurance

Note: 2016 Primary Insurance large losses (net) are split as follows: Industrial Lines: €236m; Retail Germany: €21m; Retail International: €0m, Corporate Operations: €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.

I

Combined ratios

Development of net combined ratio[1]



Combined ratio[1] by segment/selected carrier

	FY2016	FY2015	Q4 2016	Q4 2015
Industrial Lines	**96.8%**	**99.2%**	**93.5%**	**96.6%**
Retail Germany P/C	**103.3%**	**99.3%**	**103.3%**	**94.2%**
Retail International	**96.5%**	**96.3%**	**95.2%**	**96.3%**
HDI Seguros S.A., Brazil	102.1%	99.3%	101.2%	100.3%
HDI Seguros S.A., Mexico	95.3%	93.2%	94.4%	95.9%
HDI Seguros S.A., Chile[2]	88.7%	92.2%	83.5%	91.1%
TUiR Warta S.A., Poland	96.1%	96.4%	94.4%	95.9%
TU Europa S.A., Poland	83.0%	84.6%	84.2%	84.4%
HDI Sigorta A.Ş., Turkey	102.5%	102.5%	102.5%	102.0%
HDI Assicurazioni S.p.A., Italy	94.0%	95.4%	95.1%	94.4%
Non-Life Reinsurance	**93.7%**	**94.5%**	**89.7%**	**91.4%**

[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

Combined ratios in all non-life segments below the 100% level – also Retail Germany when adjusting for KuRS costs

I Q4 2016 results – Key financials

Summary of Q4 2016

€m, IFRS	Q4 2016	Q4 2015	Change
Gross written premium	7,356	7,444	(1%)
Net premium earned	6,609	6,691	(1%)
Net underwriting result	(352)	(82)	n/m
Net investment income	1,043	944	+11%
Operating result (EBIT)	649	675	(4%)
Net income after minorities	271	246	+10%
Key ratios	**Q4 2016**	**Q4 2015**	**Change**
Combined ratio non-life insurance and reinsurance	93.1%	93.3%	(0.2%)pts
Return on investment	3.6%	3.4%	+0.2%pts
Balance sheet	**FY2016**	**FY2015**	**Change**
Investments under own management	107,174	100,777	+6%
Goodwill	1,039	1,037	+0%
Total assets	156,571	152,760	+2%
Technical provisions	110,429	106,831	+3%
Total shareholders' equity	14,688	13,431	+9%
Shareholders' equity	9,078	8,282	+10%

Comments

- Q4 2016 GWP down by 1.2% y/y, predominantly due to currency effects (curr.-adj.: +0.0%). Decline in Life segments (Primary and Reinsurance) is (nearly) compensated by pleasing growth in all other segments
- Combined ratio on Group level slightly improved to 93.1% (Q4 2015: 93.3%). Lower combined ratios in all segments, except Retail Germany P/C, which was affected by ~€8m higher costs for KuRS and by higher frequency losses
- Net investment income significantly up as impact from low interest rate environment was overcompensated by extraordinary investment gains, mainly to finance above-average allocation to ZZR in Retail Germany Life – at the same time having a negative effect on the net underwriting result
- Q4 2016 EBIT down ~4% y/y, as lower underwriting result cannot be fully compensated by higher investment income and improved other result
- Increase in net income helped by positive tax effects in the operating segments (~€70m), largely balanced by a writedown in deferred tax assets (~80m)

Q4 2016 net income benefited from improved profitability in Industrial Lines

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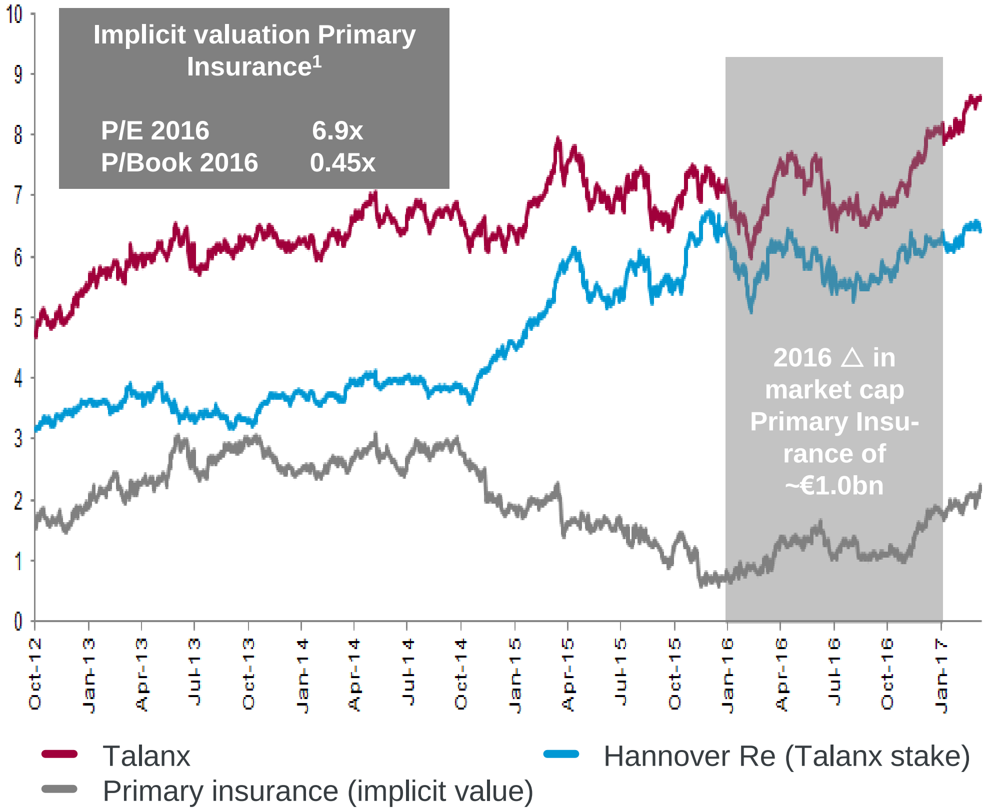
Management ambition – Reducing the valuation discount on Primary Insurance

I

Implicit valuation Primary Insurance in €bn



Key measures

1 Industrial Lines:
- optimisation of domestic portfolios
- pushing profitable foreign growth
- process excellence

2 Retail International:
- continuing focused profitable growth

3 Retail Germany:
- consequent de-risking of our Life business
- forceful profitabilisation of our P/C business
- specific focus on investments in Digitalisation/IT

4 Corporate Operations / Holding:
- further cost reductions
- strict capital discipline

[1] In this analysis, Primary insurance also contains Corporate Operations and Consolidation. Share prices as of 14 March 2017
Calculated as of 14 March 2017

A comprehensive set of measures to raise the profitability in Primary Insurance

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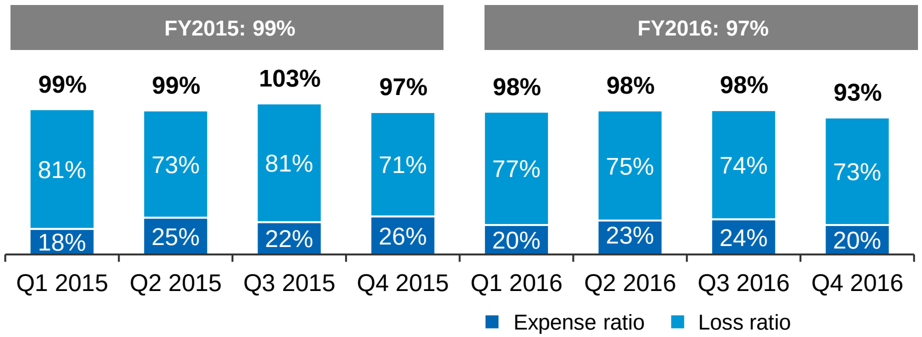
II Segments – Industrial Lines

P&L for Industrial Lines

€m, IFRS	FY2016	FY2015	Δ	Q4 2016	Q4 2015	Δ
Gross written premium	**4,266**	**4,295**	**(1%)**	**876**	**861**	**+2%**
Net premium earned	2,243	2,213	+1%	613	632	(3%)
Net underwriting result	73	18	>+100%	40	22	+82%
Net investment income	242	206	+17%	76	48	+58%
Operating result (EBIT)	**296**	**208**	**+42%**	**91**	**55**	**+65%**
Group net income	236	127	+86%	104	24	>+100%
Return on investment (annualised)	3.2%	2.8%	+0.4%pts	3.8%	2.5%	+1.3%pts

Combined ratio[1]



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

Comments

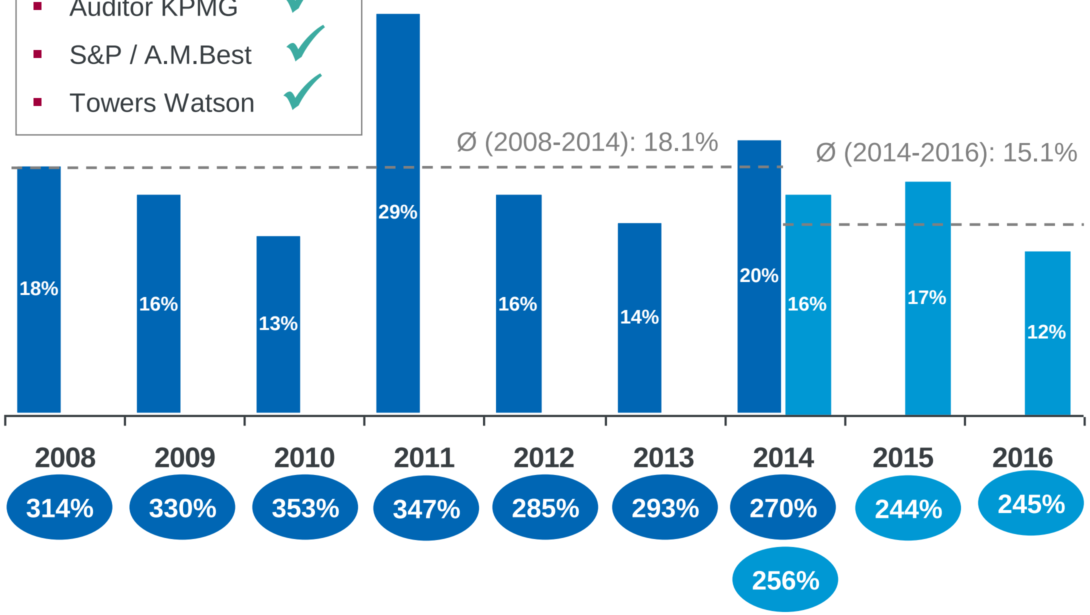
- FY2016 GWP slightly down by 0.7% y/y, dampened by currency effects (curr.-adj.:-0.1%), effects from re-underwriting (i.e. "Balanced Book") and the withdrawal from Aviation business. Positive effects from international markets, e.g. US and new business unit in Brazil. Q4 2016 GWP slightly up by 1.7% (curr.-adj.: +1.6%)
- FY2016 retention rate up to 53.4% (FY2015: 51.8%) due to significantly lower reinstatement premiums and higher retention in Liability lines, partly compensated by higher cessions in Property
- FY2016 combined ratio improved to 96.8% (FY 2015: 99.2%). Loss ratio was 1.6%pts lower y/y at 74.9%. Large losses remained well within budget, while run-off result below average. Cost ratio improved to 21.8% (FY2015: 22.7%) - partly due to an EBIT-neutral accounting change
- FY2016 net investment result is up vs. FY2015, mainly due to a positive impact from investments in alternative assets (incl. private equity) and lower writedowns
- Net income benefited from improved tax results (incl. €15m tax income from previous years)

Improved net underwriting result and positive tax effects led to significantly higher net income

II Industrial Lines – Run-off results

Run-off results and reserve coverage (IFRS)

Annual reserve reviews
- Talanx actuaries ✓
- Auditor KPMG ✓
- S&P / A.M.Best ✓
- Towers Watson ✓



Ratio of segmental run-off result to net premium earned; 2008-2014 data for main carrier HDI Global SE, representing 93% of Industrial Lines' GWP in 2015 (IFRS); from 2014 data for segment Industrial Lines

Ratio of technical reserves to net premium earned

Comments

- In FY2016, Industrial Lines contributed a lower net positive run-off result compared to the previous year (FY2016: €263m vs. FY2015: €386m)
- FY2016 run-off result relates to ~12% of net premium earned, significantly below previous year's level
- Historically, run-off results have proven a substantial earnings stabiliser for Industrial Lines
- High ratio of technical reserves to net premium earned compares favourably with peer levels

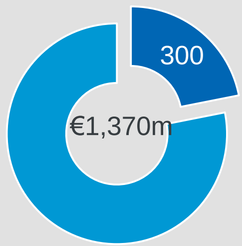
Historically, run-off results have proven a very steady contributor to Industrial Lines results

II Industrial Lines – Profitabilisation measures in Germany

2015/16

Portfolios under review (GWP) | **Results from negotiations (gross) and portfolio improvement**

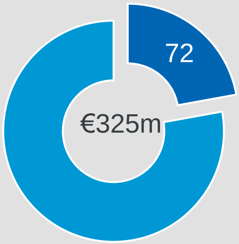
Property



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

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

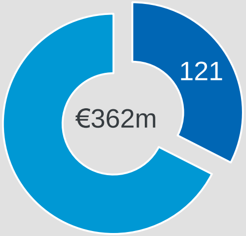
Marine



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

Premium to capacity ratio +30%[1]

Motor[3]



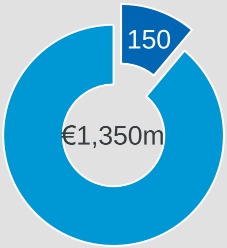
Negotiated	€121m
Effects on premium	-10.1%
Effect on losses[4]	~ -14%

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

2016/17

Portfolios under review (GWP) | **Results from negotiations (gross) and portfolio improvement**

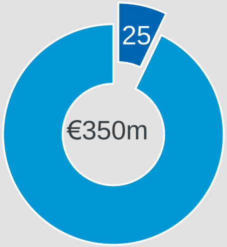
Property



Negotiated	€150m
Effects on premium	- 2.0%
Capacity	- 19.0%

Premium to capacity ratio +20.7%[1,2]

Marine



Negotiated	€24.5m
Effects on premium	+23.2%
Capacity	-15.0%

Premium to capacity ratio +44%[1]

Motor[3]

Successfully completed in 2016

■ Premium negotiated

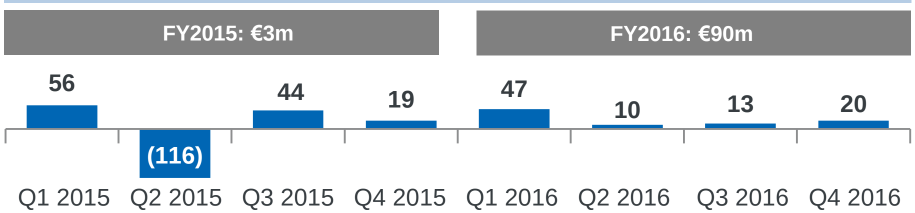
[1] For portfolio under review
[2] Including effect of additional specific reinsurance measures
[3] German business only
[4] Expected, in terms of loss volume
[5] Assuming constant claims statistic; FY2015 loss ratio: 84.4% (gross)

II Segments – Retail Germany Division

P&L for Retail Germany

€m, IFRS	FY2016	FY2015	Δ	Q4 2016	Q4 2015	Δ
Gross written premium	**6,286**	**6,667**	**(6%)**	**1,510**	**1,523**	**(1%)**
of which Life	4,788	5,167	(8%)	1,273	1,303	(2%)
of which Non-Life	1,498	1,500	(0%)	237	220	+8%
Net premium earned	4,921	5,418	(9%)	1,315	1,356	(3%)
Net underwriting result	(1,700)	(1,463)	n/m	(462)	(262)	n/m
of which Life	(1,656)	(1,473)	n/m	(450)	(284)	n/m
of which Non-Life	(44)	10	n/m	(12)	22	n/m
Net investment income	1,889	1,731	+9%	487	380	+28%
Operating result (EBIT)	**90**	**3**	**>100%**	**20**	**19**	**+5%**
Group net income	68	(76)	n/m	29	(3)	n/m
Return on investment (annualised)	3.9%	3.7%	+0.2%pts	3.9%	3.2%	+0.7%

EBIT (€m)



Comments

- Having started with 6M 2016 reporting, the Life and P/C segments in the German Retail business report separately. In addition, we continue to show the aggregated numbers for the Division
- FY2016 GWP -6% down (Q4 2016: -0.9%), predominantly due to premium decline in Life - consistent with the targeted phase-out of traditional guarantee business and the intended reduction in single-premium business. GWP development in P/C is broadly stable (FY2016: -0.1% y/y) with momentum improving (Q4 2016: +7.6% y/y)
- Net investment income is up by ~9%, predominantly due to higher extraordinary gains in Retail Germany Life to finance ZZR. Moderate decline in ordinary investment result of ~3% is reflecting the low-interest rate environment
- Cost impact from KuRS affected the Division by a total of ~€112m (Q4 2016: €37m). The impact on the FY2016 EBIT was €78m (Q4 2016: €27m). Higher burden from KuRS (~€24m higher cost vs. FY 2015) and faster amortisation of PVFP (€33m) explain the bulk of the EBIT reduction, when adjusting FY2015 EBIT for goodwill writedown (€155m)
- There is a positive tax effect (~€20m), which at the same time partly burdens the EBIT (impact: ~€14m) because of policyholder participation. Division slightly above EBIT guidance of ~€85m

FY2016 EBIT significantly improved despite KuRS burden and impact from PVFP amortisation

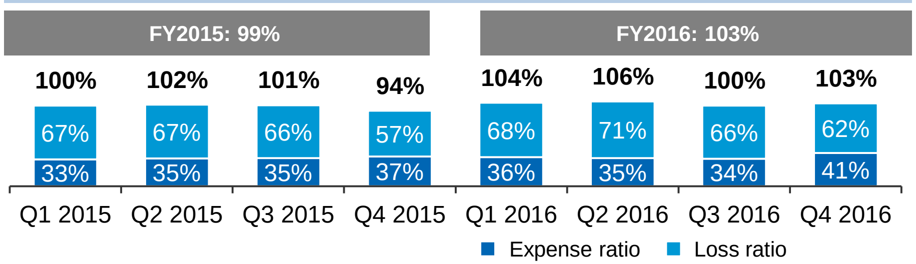
II

Segments – Retail Germany P/C

P&L for Retail Germany P/C

€m, IFRS	FY2016	FY2015	Δ	Q4 2016	Q4 2015	Δ
Gross written premium	**1,498**	**1,500**	**(0%)**	**237**	**220**	**+8%**
Net premium earned	1,405	1,424	(1%)	356	356	(0%)
Net underwriting result	(44)	10	n/m	(12)	22	n/m
Net investment income	87	109	(19%)	19	34	(43%)
Operating result (EBIT)	**(2)**	**51**	**n/m**	**7**	**(10)**	**n/m**
EBIT margin	(0.2%)	3.5%	(3.7%)pts	2.0%	(2.7%)	4.7%pts
Investments under own Management	3,806	3,742	+2%	3,806	3,742	+2%
Return on investment (annualised)	2.3%	2.9%	(0.6%)pts	2.0%	3.6%	(1.6%)pts

Combined ratio[1]



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

Comments

- FY2016 GWP broadly stable y/y (Q4 2016 up by 7.6% y/y). Gross premiums negatively impacted by profitabilisation measures in Motor. Positive effects from growth in SMEs and self-employed professionals, in unemployment insurance and from the start of the digital distribution ("direct business") in Motor - all gaining momentum in Q4 2016
- FY2016 combined ratio was impacted by €47m costs for KuRS programme (Q4 impact was ~€17m, 4.7%pts impact) and a more conservative reserving policy. Adjusting for KuRS, the 2016 combined ratio reached 99.9% (FY2015: 98.4%). In Q4 2016, the KuRS adjusted combined ratio was 98.6% (vs. 91.9%)
- Net investment income down, reflecting low interest rate levels and a significantly lower extraordinary investment result, predominantly in Q4 2016. As a consequence, FY2016 RoI was down to 2.3% (FY2015: 2.9%)
- Overall, FY2016 EBIT was burdened by €78m (FY2015: €54m) costs for KuRS, of which ~€32m (2015: €41m) in "other result", i.e. mainly personnel redundancy cost

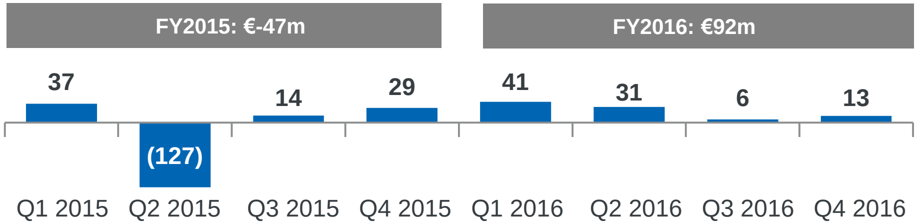
Higher investments in KuRS, lower investment income and a more conservative reserving policy explain planned EBIT decline

II Segments – Retail Germany Life

P&L for Retail Germany Life

€m, IFRS	FY2016	FY2015	Δ	Q4 2016	Q4 2015	Δ
Gross written premium	**4,788**	**5,167**	**(7%)**	**1,273**	**1,303**	**(2%)**
Net premium earned	3,516	3,994	(12%)	959	1,000	(4%)
Net underwriting result	(1,656)	(1,473)	n/m	(450)	(284)	n/m
Net investment income	1,802	1,622	+11%	468	346	+35%
Operating result (EBIT)	**92**	**(48)**	**n/m**	**13**	**28**	**(55%)**
EBIT margin	2.6%	(1.2%)	3.8%pts	1.4%	2.9%	(1.5%)pts
Investments under own Management	45,803	43,647	+5%	45,803	43,647	+5%
Return on investment (annualised)	4.1%	3.8%	+0.3%pts	4.1%	3.2%	+0.9%pts

EBIT (€m)



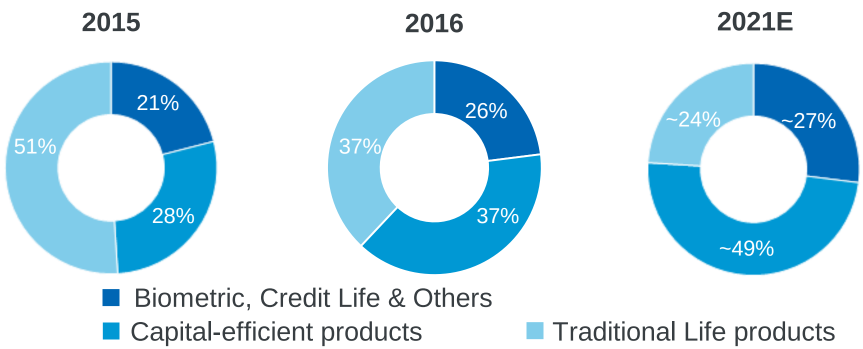
Comments

- Lower GWP (2016: -7.3% y/y; Q4 2016: -2.3%), mainly due to the targeted phase-out of traditional/single-premium business, a negative base effect from the spill-over of the strong 2014 year-end business into 2015 – just partly compensated by significant growth in credit life insurance business in all Bancassurance risk carriers
- €34m cost impact from KuRS (incl. €20m restructuring costs in "other result") – completely compensated in the EBIT due to policyholder participation
- Investment result is up, mainly due to higher extraordinary gains to finance ZZR and lower writedowns, while ordinary investment result is impacted by low interest rate environment
- FY2016 ZZR allocation of €713m (FY2015: €493m; Q4 2016: €211m). Total ZZR stock reached €2.27bn in FY2016
- FY2016 EBIT impacted by an accelerated and more conservative amortisation of PVFP (~€33m, of which ~€22m already booked in Q3 2016), which has been completely written off for the traditional life business

FY2016 EBIT burdened by the complete write-off of PVFP for traditional life business – roughly in line with FY2015 when adjusting for the goodwill impairment in Q2 2015

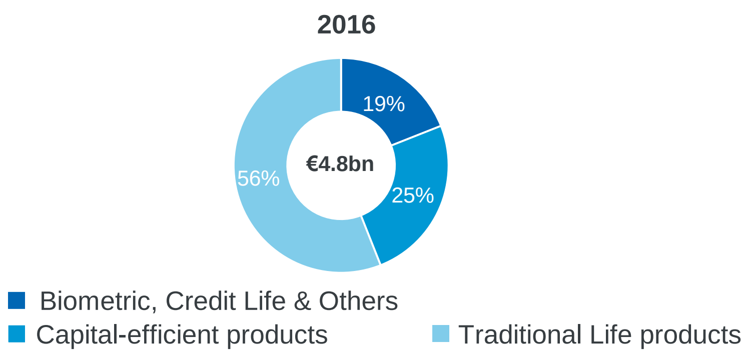
II Retail Germany Life - Portfolio overview

New business premium by product

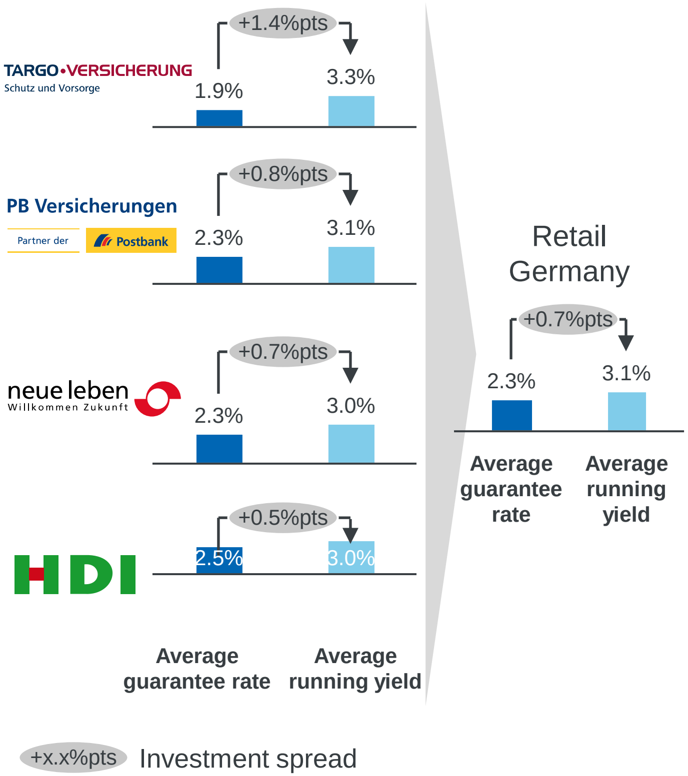


Note: Dynamics in existing contracts impact new business premium split in favour of traditional Life products

Split of in-force-business by business line (GWP)



Business in force 2016



Note: According to German GAAP

Positive investment spread stable in Retail Germany Life

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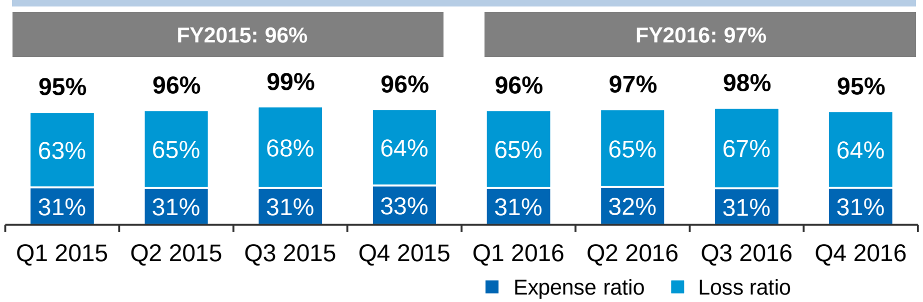
Segments – Retail International

P&L for Retail International

€m, IFRS	FY2016	FY2015	Change	Q4 2016	Q4 2015	Change
Gross written premium	**4,918**	**4,643**	**+6%**	**1,249**	**1,181**	**+6%**
of which Life	1,677	1,396	+20%	356	388	(8%)
of which Non-Life	3,241	3,248	(0%)	894	793	+13%
Net premium earned	4,122	3,706	+11%	1,024	952	+8%
Net underwriting result	9	(7)	n/m	13	(8)	n/m
of which Life	(86)	(103)	n/m	(22)	(32)	n/m
of which Non-Life	95	96	(1%)	34	24	+44%
Net investment income	319	338	(6%)	75	88	(16%)
Operating result (EBIT)	**212**	**217**	**(2%)**	**49**	**43**	**+13%**
Group net income	123	148	(17%)	25	42	(40%)
Return on investment (annualised)	**3.7%**	**4.4%**	**(0.7%)pts**	**3.4%**	**4.5%**	**(1.1%)pts**

Combined ratio[1]



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

Comments

- FY2016 GWP up by 6.0% y/y despite currency headwinds in Latin America (curr.-adj.:+10.2%). Top-line growth helped by significant increase in single-premium Life business in Italy and the consolidation of CBA/Italy end of June 2016 (GWP impact: ~€210m). In Q4 2016 GWP grew by 5.8%, while currency effects turned into tailwind (curr.-adj.:+5.2%)
- On a currency-adjusted basis, FY2016 GWP in P/C grew by 4.9% y/y, backed by Warta/Poland and underlying double-digit growth in Chile, Mexico and Turkey
- FY2016 combined ratio slightly up by 0.2%pts y/y to 96.5%. Cost ratio improved by 0.3%pts y/y in 2016 despite ongoing business diversification. Loss ratio 0.5%pts up as currency depreciation has led to higher prices for spare parts and triggers increase in theft rates, namely in Brazil and in Mexico. This is just partially compensated by improved combined ratios in most European markets and Chile. In Q4 2016, combined ratio for the segment improved by 1.1%pts y/y to 95.2%
- Moderate FY2016 EBIT decline despite negative currency translation effect (~€10m) and the additional asset tax charge in Poland (~€22m), only partially offset by a positive one-off in Brazil (~€8m)
- Turkey added ~€5.8m to FY2016 EBIT (2015: €4.8m). Contribution from Chile[2] was €310m GWP (€254m) and ~€24m EBIT (€10m)

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

Decline in FY2016 profit is fully explained by currency headwind and impact from asset tax in Poland

II Retail International – Cycle management: Strategic initiatives in Core Markets

Brazil

- Behavioral economics to improve claims & service process
- HDI Digital & Recycle to optimise profitability
- Increase usage ratio of “Bate Prontos”

Combined Ratio in %:

2016	2017E
102.1	↘

Mexico

- Channel consolidation
- P&C diversification
- Pricing intelligence & Behavioral economics

Combined Ratio in %:

2016	2017E
95.3	↘

Chile

- Increase direct online sales
- Focus on customer service
- Increase sales through mid-sized brokers

Combined Ratio in %:

2016	2017E
88.7	→

Poland (Warta)

- Innovation in pricing („Big Data“)
- Data driven claims handling
- 360° sales management

Combined Ratio in %:

2016	2017E
96.1	↘

Turkey

- Pro-active risk selection in Motor, benefit from hard market in MTPL
- Cost management in claims handling
- Offer “best in class” IT processes

Combined Ratio in %:

2016	2017E
102.5	↘

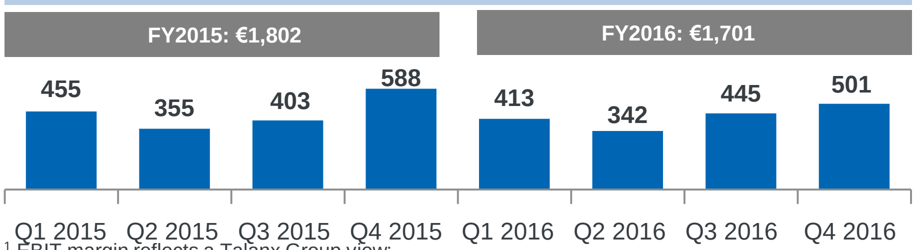
[1] Magallanes integrated in February 2015

Strategic initiatives as key drivers of combined ratio improvement – supported by transfer of best practices

P&L for Reinsurance

€m, IFRS	FY2016	FY2015	Change	Q4 2016	Q4 2015	Change
Gross written premium	16,354	17,069	(4%)	3,900	4,123	(5%)
Net premium earned	14,417	14,592	(1%)	3,651	3,763	(3%)
Net underwriting result	**109**	**76**	**43%**	**71**	**162**	**(56%)**
Net investment income	1,565	1,675	(7%)	409	443	(8%)
Operating result (EBIT)	**1,701**	**1,802**	**(6%)**	**501**	**588**	**(15%)**
Group net income	595	606	(2%)	192	202	(5%)
Return on investment	3.1%	3.4%	(0.3%)pts	3.2%	3.6%	(0.4%)pts

EBIT (€m)



Comments

- The Division Reinsurance combines the two segments P/C Reinsurance and Life/Health Reinsurance. Aligned to our reporting on the Retail Germany Division, we now additionally show the aggregated numbers for the Reinsurance Division
- FY2016 GWP down by -4.2% y/y; adjusted for currency effects: -2.1% y/y. Net premium rather stable on a reported basis; Increase by 1.0% on a currency-adjusted basis
- Satisfactory EBIT margin[1] of 11.8 (FY2015: 12.3%)
- Decrease in outstanding hybrid capital leads to lower leverage and savings in interest
- Tax ratio within normal range

[1] EBIT margin reflects a Talanx Group view;

Note: Differences between figures from Reinsurance Division and Hannover Re reporting may occor due to different recognition of common private equity investments. At Talanx, they are fully consolidated due to Hannover Re's majority stakes.

Favourable earnings contribution from both underwriting and investments

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III

Net investment income

Net investment income Talanx Group

€m, IFRS	FY2016	FY2015	Change	Q4 2016	Q4 2015	Change
Ordinary investment income	**3,302**	**3,444**	**(4%)**	**861**	**913**	**(6%)**
thereof current investment income from interest	2,747	2,887	(5%)	692	710	(3%)
thereof profit/loss from shares in associated companies	25	24	+3%	20	16	+27%
Realised net gains/losses on investments	770	527	+46%	223	61	+265%
Write-ups/write-downs on investments	(166)	(213)	n/m	(28)	(90)	n/m
Unrealised net gains/losses on investments	51	19	+164%	(9)	31	n/m
Investment expenses	(253)	(231)	n/m	(79)	(71)	n/m
Income from investments under own management	**3,704**	**3,546**	**+4%**	**968**	**844**	**+15%**
Income from investment contracts	**5**	**9**	**(47%)**	**(2)**	**3**	**n/m**
Interest income on funds withheld and contract deposits	**315**	**378**	**(17%)**	**77**	**97**	**(21%)**
Total	**4,023**	**3,933**	**+2%**	**1,043**	**944**	**+11%**

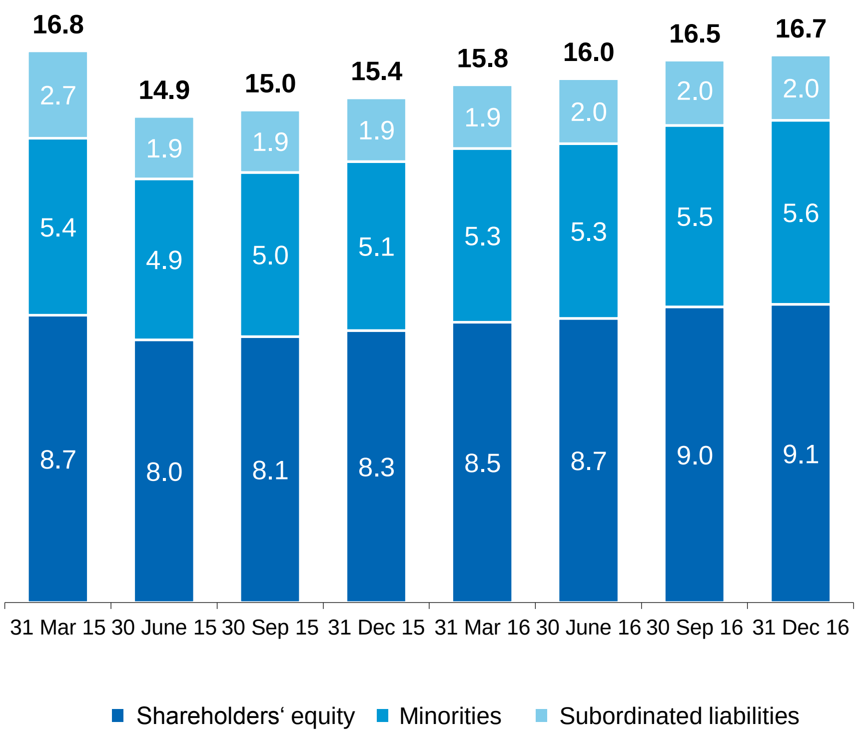
Comments

- Ord. investment income reflects the decline in interest income - and for 2016 - the negative base effect from the one-off payment following a withdrawel from a US-transaction (~€39m) in L/H Reinsurance in Q1 2015
- Realised investment net gains increased by ~46% y/y to €770m in FY2016, partly due to higher realised gains in Retail Germany to finance ZZR (FY2016 allocation: €713m vs. FY2015: €493m)
- Lower investments writedowns in FY2016 despite above-average writedowns from lower equity prices in Q2 2016. Q1 2015 impairment of the bond position in Heta Asset Ressolution (50% on position, i.e. mid double-digit €m amount) has been largely unwound in Q4 2016
- RoI unchanged compared to previous year at 3.6% and well above the FY2016 outlook of “at least 3.0%“
- ModCo derivatives: €0m (Fy2015: €-26m); in Q4 2016: €1m (Q4 2015: €-7m); no impact from inflation swaps (€0m) as these have been terminated in FY2015 (FY2016: €-14m; Q4 2015: €0m)

FY2016 RoI at 3.6% - at the same level compared to previous year and well above the FY2016 Outlook of “at least 3.0%”

III Equity and capitalisation – Our equity base

Capital breakdown (€bn)



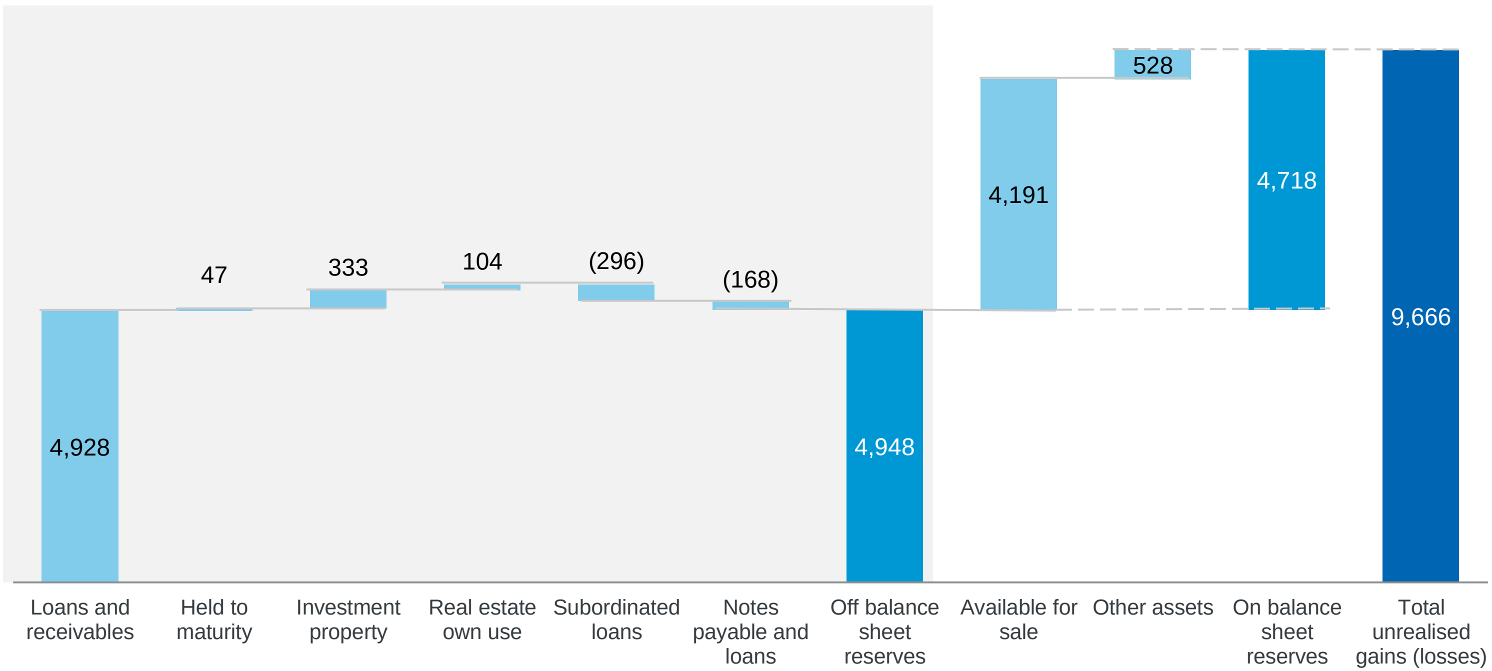
Comments

- Compared to FY2015, shareholders' equity increased by €796m to €9,078 m. The FY2015 dividend payout in May 2016 (€329m) was more than compensated by the net income (€907m) and the positive change in OCI (€233m) – the latter predominantly due to lower interest rates compared to year-end 2015
- Book value per share stood at €35.91 compared to €32.76 in FY2015, while NAV per share was €31.80 (FY2015: €28.66)
- Neither book value per share nor NAV contain off-balance sheet reserves. These amounted to €332m (see next page), or €1.31 per share (shareholder share only). This would add up to an adjusted book value of €37.22 per share and an adjusted NAV (excluding goodwill) of €33.11

Shareholders' equity up by ~€800m compared to end of FY2015

III Equity and capitalisation – Unrealised gains

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



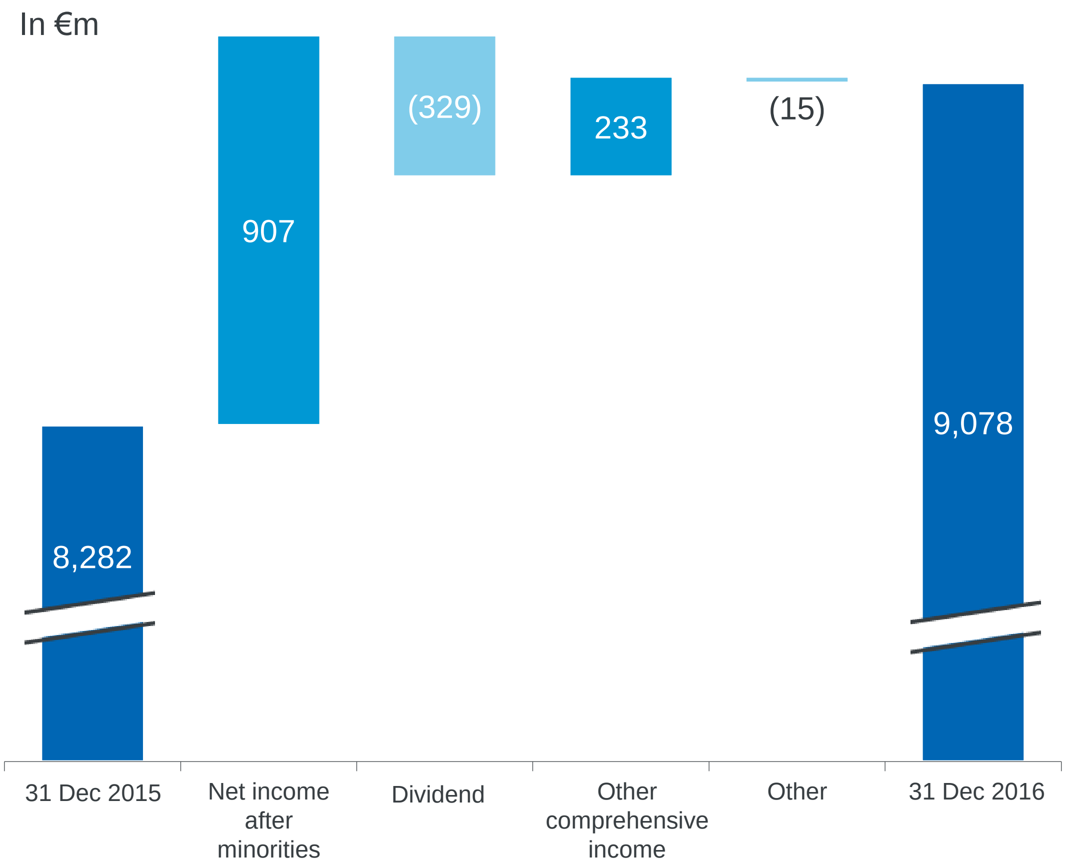
	Loans and receivables	Held to maturity	Investment property	Real estate own use	Subordinated loans	Notes payable and loans	Off balance sheet reserves	Available for sale	Other assets	On balance sheet reserves	Total unrealised gains (losses)
31 Dec 15	4,894	66	219	90	(294)	(89)	4,887	3,150	519	3,669	8,557

Δ market value vs. book value

Note: Shareholder contribution estimated based on FY2015 profit sharing pattern

Off-balance sheet reserves of ~€4.9bn – €332m (€1.31 per share) attributable to shareholders (net of policyholders, taxes & minorities)

III Equity and capitalisation – Contribution to change in equity



Comments

- At the end of FY2016, shareholders' equity stood at €9,078m, or €35.91 per share
- This was above the level at the end of FY2015 (€8,282m or €32.76 per share) predominantly driven by the FY2016 Group net income and a positive OCI movement - well above the dividend payout in May 2016
- At the end of Q3 2016, the Solvency II Ratio (Regulatory View, HDI Group level) stood at 160 (FY2015: 171; Q1 2016: 166; Q2 2016: 172) percent. FY2016 Solvency II ratio expected at least in the order of FY2015
- Based on Basic Own Funds, so taking the full internal model into account, Talanx's capitalisation was 239 (FY2015: 253; Q1 2016: 245; Q2 2016: 262) percent – all numbers before transitional

Shareholders' equity up to €9,078m, or €35.91 per share

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IV Outlook for Talanx Group 2017[1]

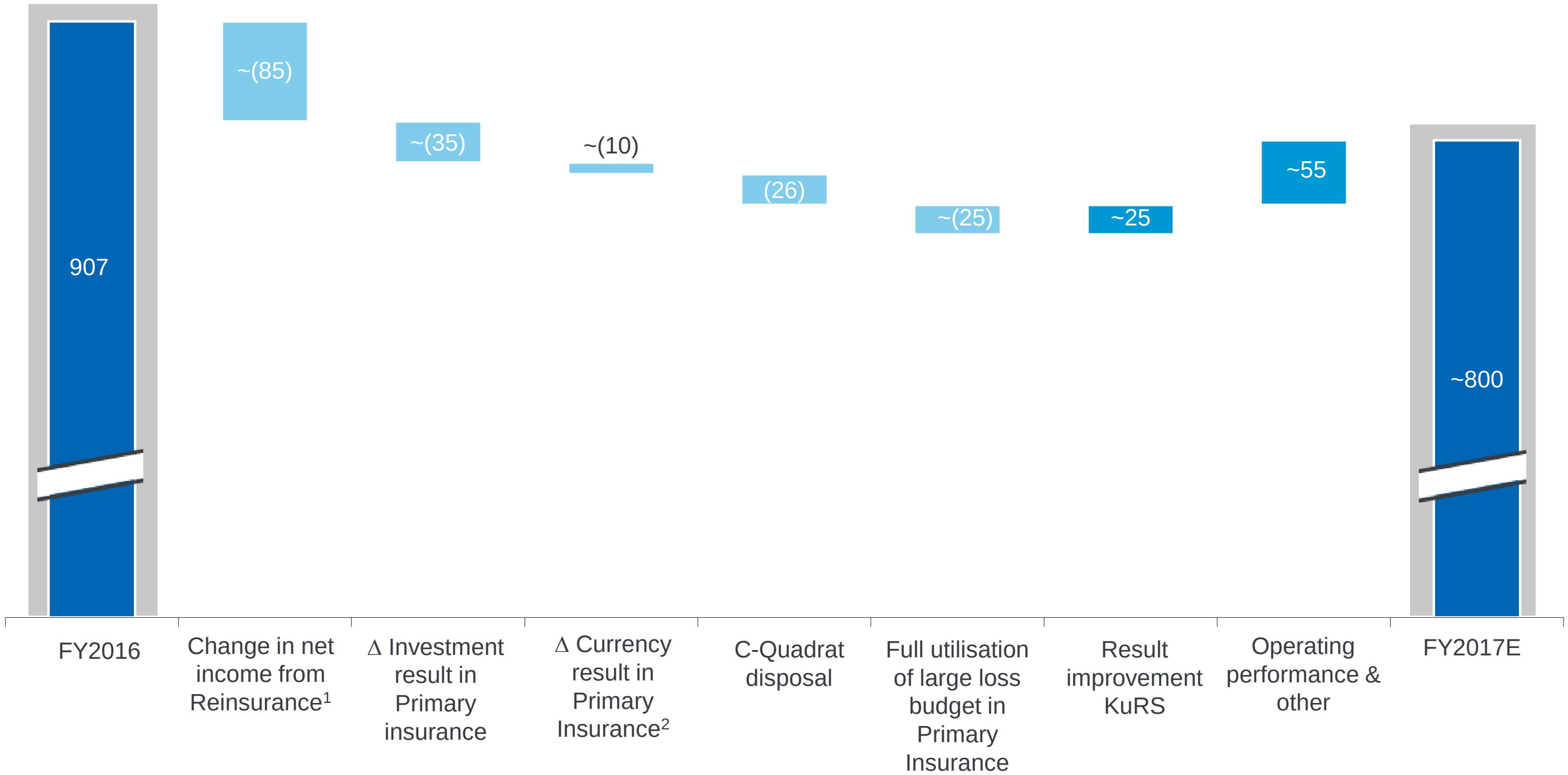
Gross written premium	**>1%**
Return on investment	**≥3.0%**
Group net income	**~€800m**
Return on equity	**>8.0%**
Dividend payout ratio	**35-45% target range**

[1] The targets are based on a large loss budget of €290m (2016: €300m) in Primary Insurance, of which €260m (2016: €270m) in Industrial Lines. The large loss budget in Reinsurance stands at an unchanged €825m

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

IV Outlook for Talanx Group FY 2017 – Expected change factors in Group net income

in €m



[1] According to Hannover Re guidance (after Talanx's minorities)
[2] In case of neutral currency result booked in "other result"

Expected operating inprovement in Primary Insurance (incl. KuRS effects) likely to be overcompensated by lower investment result and guided profit decline in Reinsurance

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A Mid-term Target Matrix & Current Status

Segments	Key figures	Strategic targets (2015 - 2019)	2016	2015/2016[8]
Group	Gross premium growth[1]	3 - 5%	(0.3%)	2.2%
	Return on equity	≥ 750 bps above risk free[2]	10.4% [≥8.4%] ✓	9.7% [≥8.6%] ✓
	Group net income growth	mid single-digit percentage growth rate	23.6% ✓	9.5% ✓
	Dividend payout ratio	35 - 45%	37.6% ✓	41.2% ✓
	Return on investment	≥ risk free + (150 to 200) bps[2]	3.6% [≥2.4 – 2.9%] ✓	3.6% [≥2.6 – 3.1%] ✓
Primary Insurance – Industrial Lines	Gross premium growth[1]	3 - 5%	(0.1%)	1.2%
	Retention rate	60 - 65%	53.4%	52.6%
Primary Insurance – Retail Germany	Gross premium growth[1]	≥ 0%	(5.7%)	(4.5%)
Primary Insurance – Retail International	Gross premium growth[1]	≥ 10%	10.2% ✓	8.4%
Primary Insurance	Combined ratio[3]	~ 96%	98.1%	-
	EBIT margin[4]	~ 6%	5.3% ✓	4.5%
P/C Reinsurance[7]	Gross premium growth[6]	3 - 5%	(0.2%)	4.1% ✓
	Combined ratio[3]	≤ 96%	93.7% ✓	-
	EBIT margin[4]	≥ 10%	17.2% ✓	17.2% ✓
Life & Health Reinsurance[7]	Gross premium growth[1]	5 - 7%	(4.3%)	2.5%
	Average value of New Business (VNB) after minorities[5]	≥ € 110m	€ 448m ✓	€ 361m ✓
	EBIT margin[4] financing and longevity business	≥ 2%	9.4% ✓	10.2% ✓
	EBIT margin[4] mortality and health business	≥ 6%	3.4%	3.5%

[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 €220m
[6] Average throughout the cycle; currency-neutral,
[7] Targets reflect Hannover Re's targets for 2015-2017 strategy cycle
[8] Growth rates calculated as 2014 – 2016 CAGR; otherwise arithmetic mean
Note: growth targets are based on 2014 results. Growth rates, combined ratios and EBIT margins are average annual targets

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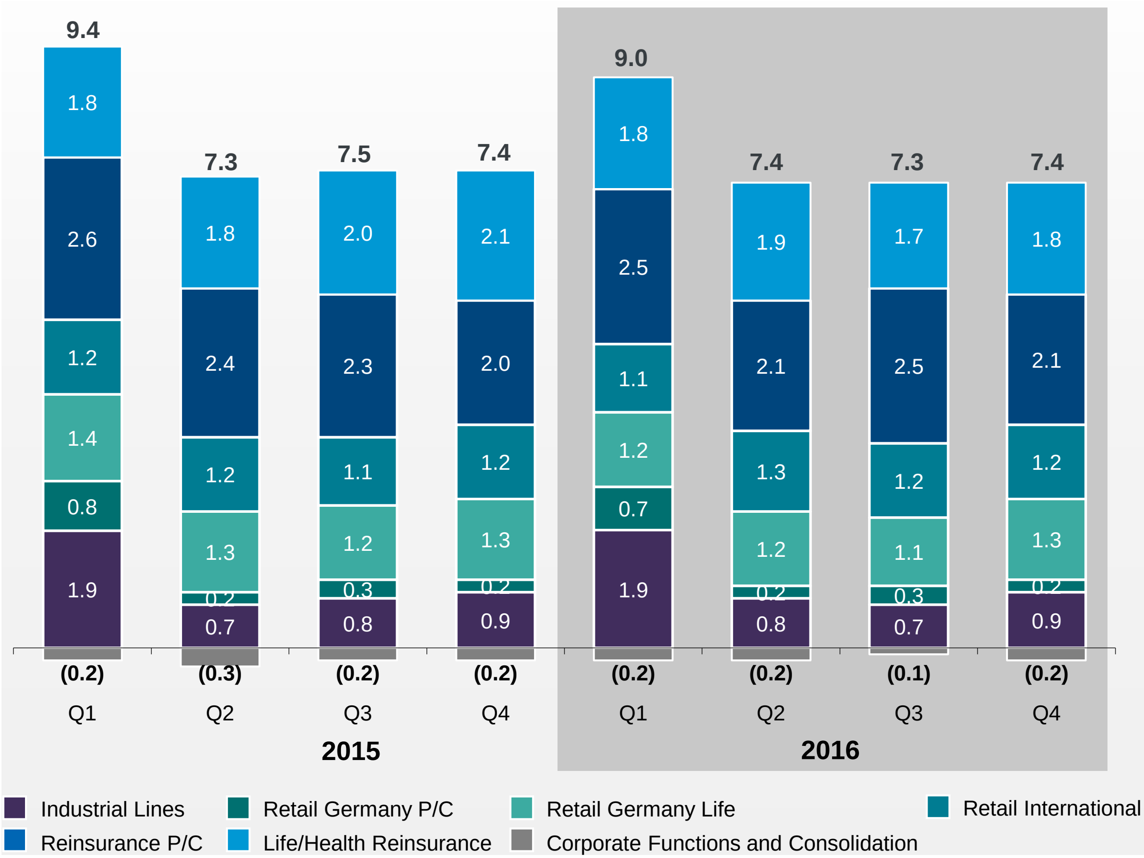
A FY2016 Additional Information – GWP trend

GWP development (€bn)



Comments

- Q4 2016 GWP are slightly down by 1.2%, dampened by currency effects (curr.-adj.: +0.0%), the strategy-conform decline in Retail Germany Life and discontinued large volume business in P/C Reinsurance
- Retail Intern., Retail Germany P/C and P/C Reinsurance with underlying GWP growth
- Retail International benefits from the initial consolidation of CBA/Italy (from 30 June 2016)
- Seasonal pattern remains intact

Q4 2016 GWP just slightly down y/y despite negative currency effects and the strategy-conform decline in Retail Germany Life business

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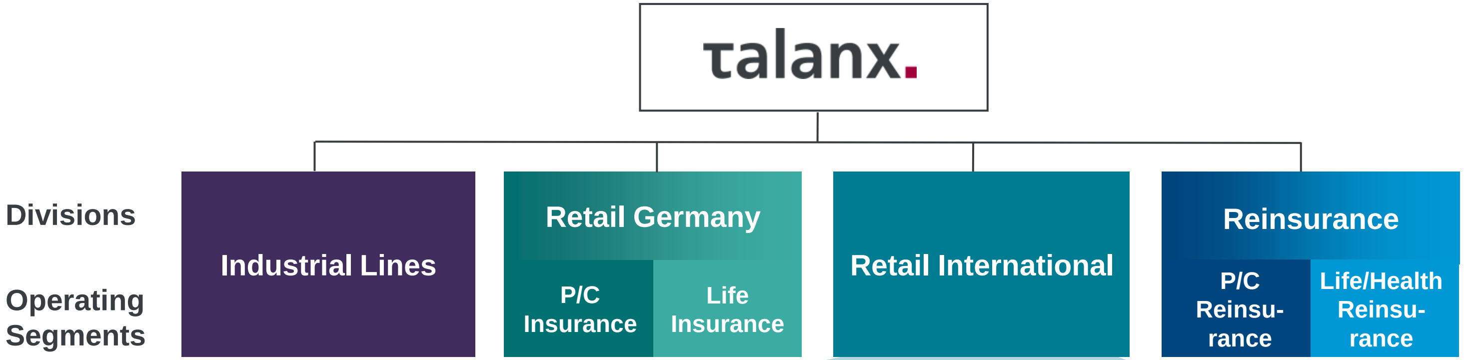
A New Segmentation in Retail Germany

- The responsibilities within the Retail Germany Division have been separated between "Life" and "Property/Casualty". As a consequence, applying IFRS 8, both segments report separate P&Ls (incl. EBIT) since the 6M 2016 reporting[1]
- In addition, Talanx continues 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".

A FY2016 Additional Information – Segments

€m, IFRS	Industrial Lines FY2016	Industrial Lines FY2015	Industrial Lines Change	Retail Germany P/C FY2016	Retail Germany P/C FY2015	Retail Germany P/C Change	Retail Germany Life FY2016	Retail Germany Life FY2015	Retail Germany Life Change
P&L									
Gross written premium	4,266	4,295	(1%)	1,498	1,500	(0%)	4,788	5,167	(7%)
Net premium earned	2,243	2,213	+1%	1,405	1,424	(1%)	3,516	3,994	(12%)
Net underwriting result	73	18	>+100%	(44)	(10)	n/m	(1,656)	(1,473)	n/m
Net investment income	242	206	+17%	87	109	(20%)	1,802	1,622	+11%
Operating result (EBIT)	296	208	+42%	(2)	51	n/m	92	(48)	n/m
Net income after minorities	236	127	+86%	n/a	n/a	n/a	n/a	n/a	n/a
Key ratios									
Combined ratio non-life insurance and reinsurance	96.8%	99.2%	(2.4%)pts	103.3%	99.3%	4.0%pts	-	-	-
Return on investment	3.2%	2.8%	0.4%pts	2.3%	2.9%	(0.6%)pts	4.1%	3.8%	+0.3%pts

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A FY2016 Additional Information – Segments (continued)

€m, IFRS	Retail International			P/C Reinsurance			Life and Health Reinsurance			Group		
	FY2016	FY2015	Change	FY2016	FY2015	Change	FY2016	FY2015	Change	FY2016	FY2015	Change
P&L												
Gross written premium	4,918	4,643	+6%	9,205	9,338	(1%)	7,149	7,731	(8%)	31,106	31,799	(2%)
Net premium earned	4,122	3,706	+11%	7,984	8,100	(1%)	6,433	6,492	(1%)	25,742	25,937	(1%)
Net underwriting result	9	(7)	n/m	481	427	+13%	(372)	(351)	n/m	(1,520)	(1,370)	n/m
Net investment income	319	338	(6%)	928	966	(4%)	637	709	(10%)	4,023	3,933	+2%
Operating result (EBIT)	212	217	(2%)	1,371	1,391	(1%)	330	411	(20%)	2,300	2,182	+5%
Net income after minorities	123	148	(17%)	473	456	+4%	121	150	(19%)	907	734	+24%
Key ratios												
Combined ratio non-life insurance and reinsurance	96.5%	96.3%	0.2%pts	93.7%	94.5%	(0.8%)pts	---	---	---	95.7%	96.0%	(0.3%)pts
Return on investment	3.7%	4.4%	(0.7%)pts	2.9%	3.2%	(0.3%)pts	3.7%	4.1%	(0.4%)pts	3.6%	3.6%	0.0%pts

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A FY2016 Additional Information – GWP of main risk carriers

Retail Germany

GWP, €m, IFRS	FY2016	FY2015	Change
Non-life Insurance	**1,498**	**1,500**	**(0%)**
HDI Versicherung AG	1,331	1,358	(2%)
Life Insurance	**4,788**	**5,167**	**(7%)**
HDI Lebensversicherung AG	1,982	2,149	(8%)
neue leben Lebensversicherung AG[1]	877	1,107	(21%)
TARGO Lebensversicherung AG	1,014	980	+3%
PB Lebensversicherung AG	736	781	(6%)
Total	**6,286**	**6,667**	**(6%)**

Retail International

GWP, €m, IFRS	FY2016	FY2015	Change
Non-life Insurance	**3,241**	**3,248**	**(0%)**
HDI Seguros S.A., Brazil	807	884	(9%)
TUiR Warta S.A.[2], Poland	937	854	+10%
TU Europa S.A.[3], Poland	68	152	(55%)
HDI Assicurazioni S. p. A., Italy (P&C)	354	346	+2%
HDI Seguros S.A. De C.V., Mexico	266	264	+1%
HDI Sigorta A.Ş., Turkey	261	232	+13%
HDI Seguros S.A., Chile[4]	310	254	+22%
Life Insurance	**1,677**	**1,396**	**+20%**
TU Warta Zycie S.A., Poland[2]	167	371	(55%)
TU Europa Zycie, Poland[3]	241	194	+24%
Open Life[3]	15	18	(17%)
HDI Assicurazioni S. p. A., Italy (Life)	658	492	+34%
Total	**4,918**	**4,643**	**+6%**

[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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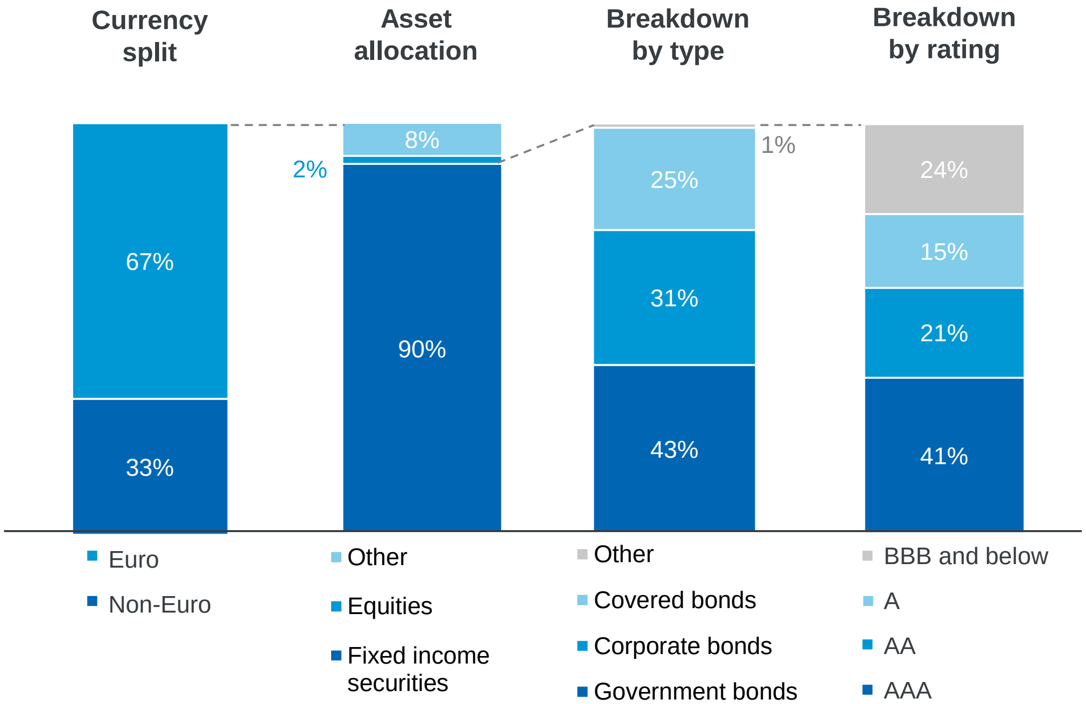
A FY2016 Additional Information – Breakdown of investment portfolio

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



Total: €107.2bn

Total: €96.1bn

- Investments under own management up by 6.3% y/y to €107.1bn (FY2015: €100.8bn). This includes the ~€1.1bn from acquired CBA Vita/Italy (consolidation as of 30 June 2016)
- Investment portfolio remains dominated by fixed-income securities: 90% portfolio share at the end of FY2016 (FY2015: 90%)
- Over 75% of fixed-income portfolio invested in “A” or higher-rated bonds – broadly stable over recent quarters (FY2015: 78%)
- 20% of “investments under own management” held in USD, 33% overall in non-euro currencies (FY2015: 33%)

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

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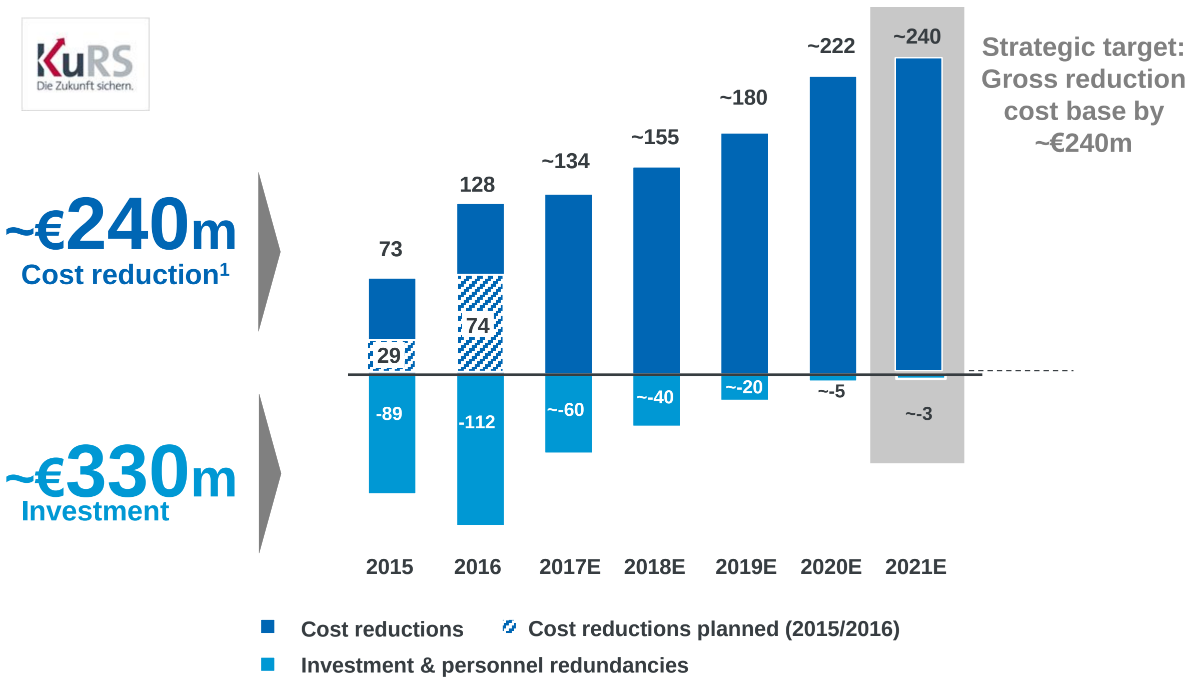
A KuRS programme – Investment and cost reduction targets

Estimated project costs and savings

in €m



Comments

- Targeted strategic investments for KuRS are expected to be ~€330m
- The related cost saving target is ~€240m p.a.
- Both numbers refer to Life and P/C business in sum
- Target is to implement all initiatives in full by the end of 2020 with the full cost benefit to be reached in 2021

[1] Cost reduction before Inflation

Strategic investment of ~€330m targeted at restructuring HDI (catching up with market) and optimising BA (strengthening excellent market positions)

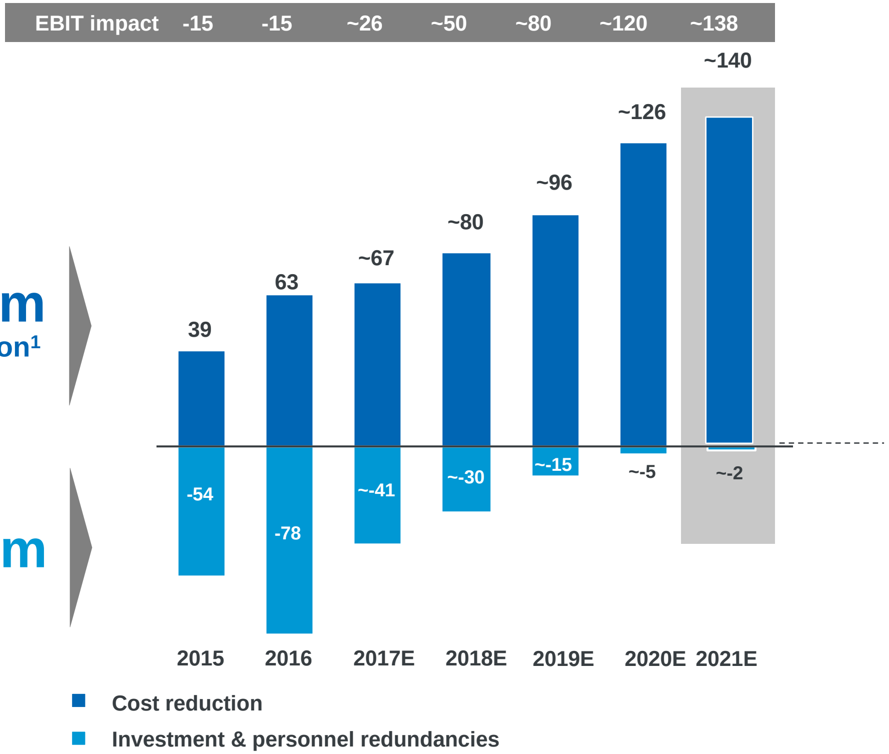
A KuRS programme – Investment and cost reduction targets P/C

Estimated project costs and savings in P/C

in €m

~€140m
Cost reduction[1]

~€230m
Investment



[1] Cost reduction before Inflation

Comments

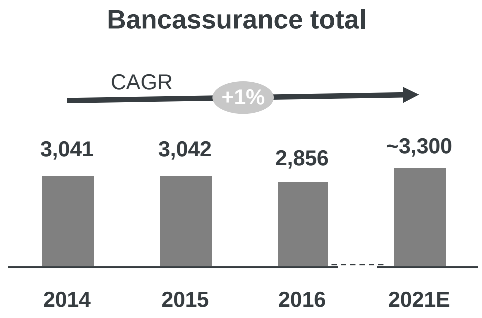
- Cumulative costs for KuRS in P/C are expected to account for ~€230m
- More than half of all project costs are expected to have been booked until end-2016
- The expected costs for personnel redundancies have been covered until mid-2016
- In 2017, the KuRS programme savings are likely to exceed costs on EBIT level for the first time
- From 2017 onwards, the improvement in EBIT is expected to visibly progress year by year

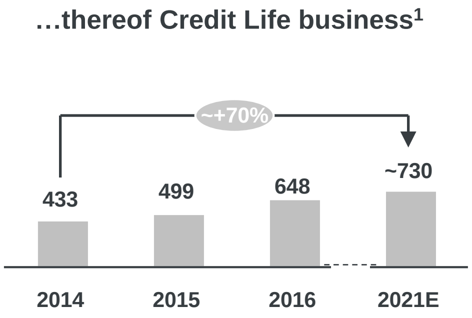
From 2017 onwards, the EBIT contribution of KuRS is expected to be positive

A Growth drivers for GWP in Retail Germany

GWP – Bancassurance

in €m



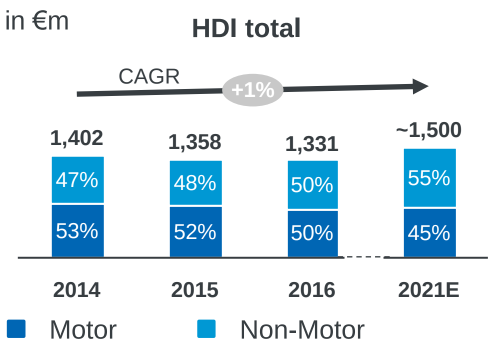


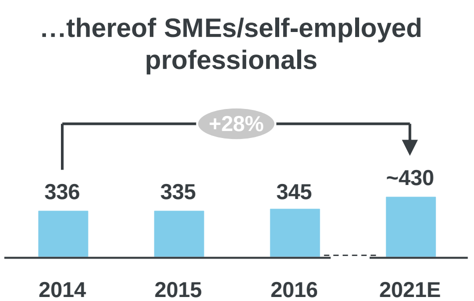
Comments

- GWP in Bancassurance expected to grow moderately
- Credit Life business expected to deliver sustainable growth

GWP – HDI P/C

in €m





Comments

- Profitability measures in Motor with a negative GWP impact until 2016. Motor line expected to further reduce its premium share due to above-average growth in Property and Liability business with SMEs and self-employed professionals
- Strategic target to grow GWP for SMEs and self-employed professionals ≥25% by 2021[2]

[1] Includes unemployment insurance; [2] Compared to base year 2014

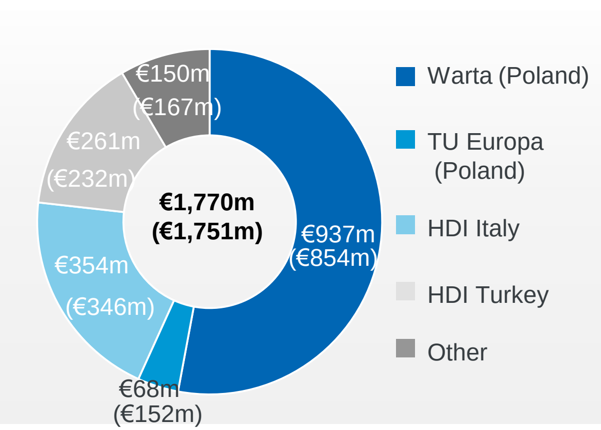
Credit Life business and business with SMEs and self-employed professionals expected to become the main growth drivers

A Retail International Europe: Key financials

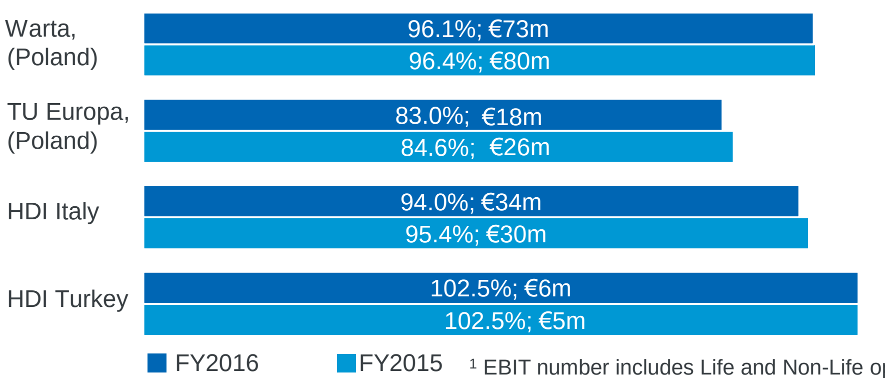
P&L for Retail International Europe

€m, IFRS	FY2016	FY2015	Δ	Q4 2016	Q4 2015	Δ
Gross written premium	**3,391**	**3,079**	**+10%**	**820**	**773**	**+6%**
Net premium earned	2,807	2,460	+14%	672	636	+6%
Net underwriting result	(7)	(40)	n/a)	2	(12)	(n/m)
Net investment income	224	246	(9%)	50	64	(21%)
Operating result (EBIT)	**149**	**170**	**(13%)**	**31**	**41**	**(25%)**

GWP split by carriers (P/C), FY2016

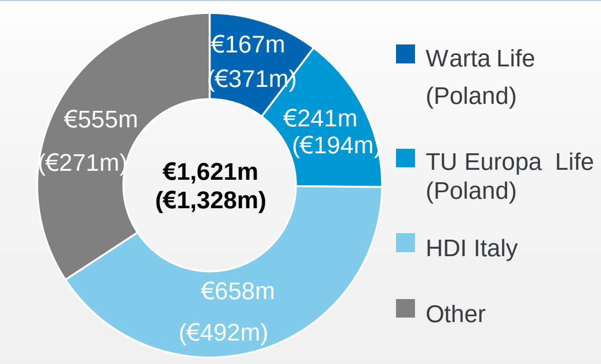


Combined ratio and EBIT[1] by selected carrier, FY2016



[1] EBIT number includes Life and Non-Life operations

GWP split by carriers (Life), FY2016



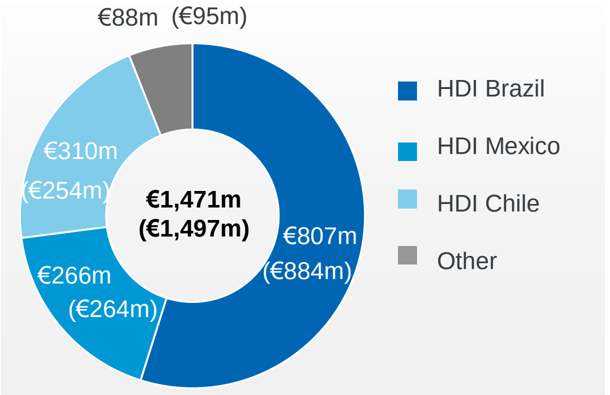
EBIT burdened by asset tax in Poland and by lower investment income

A Retail International LatAm: Key financials

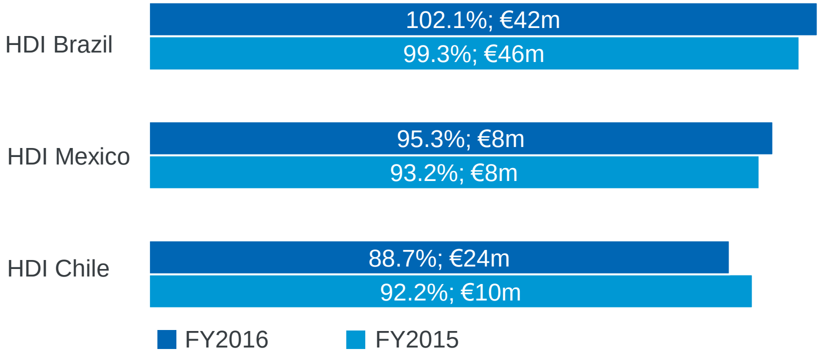
P&L for Retail International LatAm

€m, IFRS	FY2016	FY2015	Δ	Q4 2016	Q4 2015	Δ
Gross written premium	**1,500**	**1,530**	**(2%)**	**422**	**400**	**+6%**
Net premium earned	1,312	1,240	+6%	351	314	+12%
Net underwriting result	16	35	(55%)	10	5	+88%
Net investment income	97	94	+3%	25	25	(3%)
Operating result (EBIT)	**77**	**70**	**+9%**	**23**	**18**	**+28%**

GWP split by carriers (P/C)

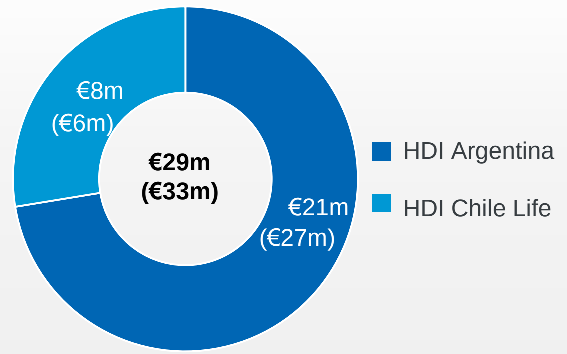


Combined ratio and EBIT[1] by selected carrier



[1] EBIT number includes Life and Non-Life operations

GWP split by carriers (Life)



EBIT improvement despite negative currency effects in most Latin American markets

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A Retail International – Core Markets: FY2016 overview

Brazil

GWP growth (local currency)	-4.8%	
Combined ratio	102.1%	+2.8%pts
EBIT (€)	42.3m	-8.8%

Mexico

GWP growth (local currency)	+17.0%	
Combined ratio	95.3%	+2.1%pts
EBIT (€)	8.1m	-2.6%

Chile[1]

GWP growth (local currency)	+24.7%	
Combined ratio	88.7%	-3.5%pts
EBIT (€)	24.1m	+112.3%

Poland

GWP growth (local currency)	-6.4%	
o/w Life	-24.4%	
o/w Non-Life	-4.1%	
Combined ratio[2]	96.1%	-0.4%pts
EBIT (€)	89.3m	-20.9%
o/w Life	4.3m	-81.6%
o/w Non-Life	84.9m	-4.9%

Turkey

GWP growth (local currency)	+24.2%	
Combined ratio	102.5%	0.0%pts
EBIT (€)	5.8m	+19.9%

[1] Includes all entities of HDI Chile Group operating in the Chilean market; Magallanes integrated in February 2015

[2] Combined ratio for Warta only

Most of our core markets in Retail International with business growth

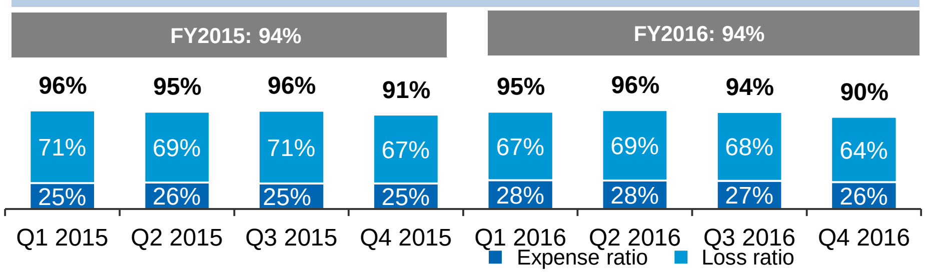
A

Segments – P/C Reinsurance

P&L for P/C Reinsurance

€m, IFRS	FY2016	FY2015	Change	Q4 2016	Q4 2015	Change
Gross written premium	9,205	9,338	(1%)	2,084	2,019	+3%
Net premium earned	7,984	8,100	(1%)	2,060	2,134	(3%)
Net underwriting result	**481**	**427**	**+13%**	**206**	**179**	**+15%**
Net investment income	928	966	(4%)	265	277	(4%)
Operating result (EBIT)	**1,371**	**1,391**	**(1%)**	**452**	**416**	**+9%**
Group net income	473	456	+4%	172	136	+26%
Return on investment	2.9%	3.2%	(0.3%)pts	3.2%	3.7%	(0.5%)pts

Combined ratio[1]



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

Comments

- FY2016 GWP slightly lower by 1.4% y/y (adjusted for currency effects: -0.2%); growth mainly from structured Reinsurance and US, reduced volume from China motor business and specialty lines. Currency-adjusted, FY2016 net premium stable
- Major losses of €627m, below budget
- Conservative reserving of the most recent underwriting year leads to positive run-off; confidence level of loss reserves largely stable
- Satisfactory ordinary investment income
- Other income and expenses within normal range, decreased positive currency effects
- FY2016 EBIT margin[2] of 17.2% (FY2015: 17.2%) well above target

[2] EBIT margins reflect a Talanx Group view

Premium development in line with selective underwriting approach

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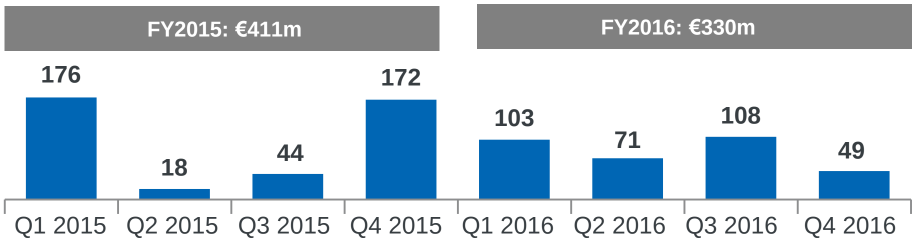
A Segments – Life/Health Reinsurance

P&L for Life/Health Reinsurance

€m, IFRS	FY2016	FY2015	Change	Q4 2016	Q4 2015	Change
Gross written premium	7,149	7,731	(8%)	1,816	2,104	(14%)
Net premium earned	6,433	6,492	(1%)	1,591	1,628	(2%)
Net underwriting result	**(372)**	**(351)**	**n/m**	**(135)**	**(17)**	**n/m**
Net investment income	637	709	(10%)	144	166	(13%)
Operating result (EBIT)	**330**	**411**	**(20%)**	**49**	**172**	**(72%)**
Group net income	121	150	(19%)	20	66	(70%)
Return on investment	3.7%	4.1%	(0.4%)pts	3.0%	3.3%	(0.3%)pts

EBIT (€m)



[1] EBIT margin reflects a Talanx Group view

Comments

- FY2016 GWP -7.5%; adjusted for currency effects: -4.3%; decrease in premium due to discontinued large-volume treaties in Australia and China; reduced volume from UK annuities
- Net premium earned grew by 2.2% on currency-adjusted basis
- Negative impact from legacy US mortality business masks positive underlying trend
- Ordinary investment income in line with expectation *(Q1 2015 impacted by a positive one-off of €39m)*
- Improved other income mainly driven by positive currency effects and reduced LoC costs
- FY2016 EBIT margin[1] of 5.1% (FY2015: 6.3%) for the segment

Lower EBIT mainly due to positive one-off effect in previous year

A TERM results 9M 2016 – Capitalisation perspectives

Policyholder & Debt investor View (BOF CAR)	239% ✓ (6M 2016: 262%)	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	160% ✓ (6M 2016: 172%)	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 on Talanx's minority holdings ▪ 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

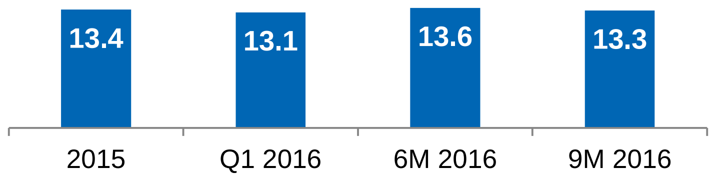
- with haircut ⬇
- operational risk modeled with standard formula ⬇
- HDI solo-funds ⬆

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.

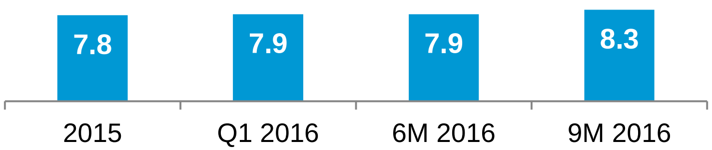
Talanx continuously shows a comfortable capital position from all angles

A Solvency II Update – Historic development of Solvency II Ratio

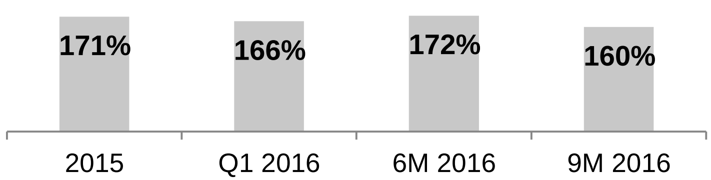
Eligible Own Funds (€bn)



Solvency Capital Required (€bn)



Solvency II Ratio



Comments

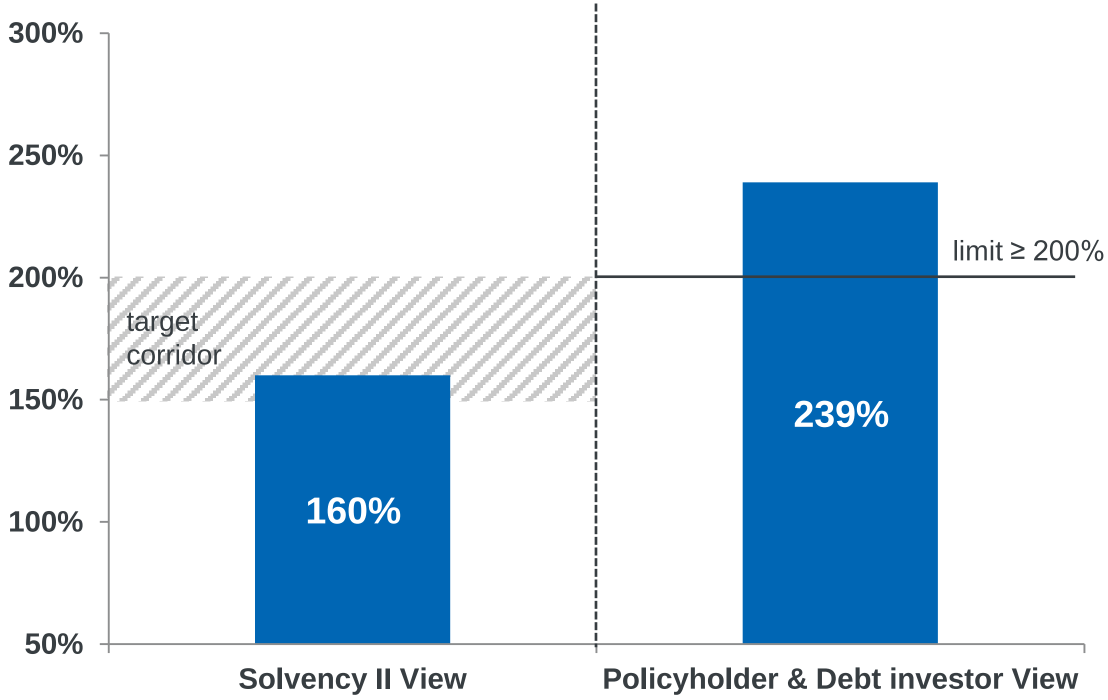
- Slight decrease of our Own Funds largely due to an interest rate decline in 9M 2016
- EIOPA‘s adjustment of their reference portfolio led to a decline of the volatility adjustment (VA) and consequently lowering discount rate of our liabilities (i.e. increase in SCR)
- Positive impact from lower credit spreads partly compensating this effect
- For FY2016, the Solvency II Ratio is expected to be at least in the order of year-end 2015

[1] Group Solvency II Ratios including transitional: FY2015: 224%; Q1 2016: 218%; 6M 2016: 224%; 9M 2016: 210%
Note: In the entire presentation, calculations are based on a 99.5% confidence level including dynamic volatility adjustment. Figures shown on this slide do not contain any effects of transitional measures

The Solvency II Ratio for FY2016 expected at least in the order of FY2015

A Solvency II Update – Target capitalisation levels (as of 9M 2016)

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 is rewarded for having a convincing internal model by the so-called “M-Factor“ in the S&P capital model
- In the Solvency II perspective, 79% of dividend payments do not negatively impact Own Funds as HDI V.a.G. as the regulated entity is the main beneficiary of Talanx dividends

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.

Capitalisation ratios well within our target range / above our target limit

A FY2016 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	2,188	-	644	627	388	-	**3,847**
Spain	BBB+	775	427	266	448	299	-	**2,215**
Brazil	BB	262	-	101	307	-	8	**678**
Mexico	BBB+	110	5	40	286	-	-	**441**
Hungary	BBB-	404	-	3	10	8	-	**425**
Russia	BB+	168	12	77	185	-	-	**442**
South Africa	BBB-	156	10	14	47	-	6	**233**
Portugal	BB+	41	-	7	61	12	-	**121**
Turkey	BB+	18	-	32	23	3	-	**76**
Greece	CCC	-	-	-	-	-	-	**-**
Other BBB+		32	-	65	80	3	-	**180**
Other BBB		80	36	51	49	-	-	**216**
Other <BBB		165	29	71	154	3	337	**759**
Total		**4,399**	**519**	**1,371**	**2,277**	**716**	**351**	**9,633**
In % of total investments under own management		4.1%	0.5%	1.3%	2.1%	0.7%	0.3%	**9.0%**
In % of total Group assets		2.8%	0.3%	0.9%	1.5%	0.5%	0.2%	**6.1%**

[1] Investment under own management

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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 2016 Chapter “Enterprise management”, pp. 23 and the following, the “Glossary and definition of key figures” on page 256 as well as our homepage http://www.talanx.com/investor-relations/ueberblick/midterm-targets/definitions_apm.aspx

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