

Talanx makes good progress in realigning the German retail business

- Capital Markets Day in Frankfurt focuses on the Retail Germany Division
- The division aims to deliver an EBIT contribution of at least EUR 240 million a year from 2021 onwards
- Group expects Primary Insurance to account for about 50 percent of the operating profit (EBIT) after minorities by 2021
- Model approvals for internal model under Solvency II in German Life subsidiaries

Hannover/Frankfurt, 18 November 2016

Talanx Group's Retail Germany Division is making further good progress in its systematic and successful restructuring. Its KuRS strategic programme launched last year is designed to raise efficiency and foster selective growth in Property/Casualty, systematically automate and digitalise processes and reduce risks in the German Life business. With this package of measures, the division aims to deliver a sustained annual contribution of at least EUR 240 million a year to the Group's EBIT from 2021. KuRS is already expected to contribute positively to the divisional result in 2017. Today, the Talanx Capital Markets Day focuses on the Retail Germany Division.

The Talanx Group aims to further raise overall profitability in its Primary Insurance segments. "We are making good progress in all major projects in Primary Insurance – especially in the German retail business. We are therefore confident that we will generate about 50 percent of our EBIT (adjusted for minorities) in Primary Insurance and about 50 percent in Reinsurance by 2021," says Herbert K. Haas, Chairman of the Board of Management of Talanx AG, at the Capital Markets Day in Frankfurt.

In new business in the Life segment, the Retail Germany Division – which is also to contribute positively to the 2016 results – has already taken a decisive step in the direction of capital-efficient products in

Talanx AG

Group Communications
Tel. +49 511 3747-2022
Fax +49 511 3747-2025

Investor Relations
Tel. +49 511 3747-2227
Fax +49 511 3747-2286

Riethorst 2
30659 Hannover
Germany
www.talanx.com

2016. By the year 2021, the share of capital-efficient products in the new business is expected to rise to more than 75 percent, in spite of the existence of conventional guarantee contracts with dynamic-linked increases.

The average guaranteed rates in the life portfolios of HDI and the bancassurance carriers are likely to drop by 2021 to below the new investment returns of 1.43 percent achieved in the first nine months 2016. The systematic automation and digitalisation, the cautious rebalancing of the portfolio and the further strengthening of the strong position in banking sales complete the realignment in the Life business.

In Property/Casualty, the focus is on raising efficiency and profitability. With an increase in automation rates – the goal is more than 70 percent in the motor segment by 2019 and more than 90 percent by 2020 – and the announced restructuring measures, Talanx is targeting a combined ratio of no more than 95 percent by 2021. Last year, Talanx announced that it would cut 930 jobs in the business segment under the KuRS programme. Agreement has now been reached with the Works Councils on most of the relevant issues. With focused growth initiatives, for example for SMEs and self-employed professionals with a targeted increase of more than 25 percent in the portfolio compared to 2014, the aim is to increase gross premiums in Property/Casualty by at least three percent annually in total.

Moreover, the digitalisation projects in the Retail Germany Division are picking up pace. In motor insurance, the new pricing tool TORAS is now being used. Thanks to modern data analysis, it enables the division to offer more flexible and more customer-oriented pricing. By the end of October, about 20,000 contracts had been concluded through “HDI bAVnet”, which allows employers to manage their company pension schemes (bAV) online. From April to October, about 3,000 claims have been reported through the “HDI hilft” app.

After last year's approval for the internal model under Solvency II at Group level, the risk carriers of Talanx in the German Life business also obtained BaFin's approval for the partial internal model at solo level with effect from 1 October 2016. The regulatory capital ratios are above 100 percent for the German Life business, with and without transitional measures. The goal of incorporating operational risks into the internal model promises to raise the capitalisation ratios further at solo and Group level.

Talanx's Capital Markets Day 2016 takes place in Frankfurt today. The investor event will be webcast at www.talanx.com from 9.00 a.m. CET.

About Talanx

With premium income of EUR 31.8 billion (2015) and about 22,000 employees, Talanx is one of the major European insurance groups. The Hannover-based Group is active in some 150 countries. Talanx operates as a multi-brand provider with a focus on B2B insurance. Under the HDI brand, which can look back on more than 100 years of tradition, Talanx operates both in Germany and abroad in industrial lines as well as retail business. Further Group brands include Hannover Re, one of the world's leading reinsurers, Targo Versicherungen, PB Versicherungen and Neue Leben, the latter all specialised in bancassurance, as well as the Polish insurer Warta. Talanx Asset Management is one of the top asset management companies in Germany and manages the assets of the Talanx Group. With its subsidiary Ampega Investment, Talanx Asset Management is also an experienced provider of solutions for outsourcing in the B2B market. The rating agency Standard & Poor's has given the Talanx Primary Group a financial strength rating of A+/stable (strong) and the Hannover Re Group one of AA-/ stable (very strong). Talanx AG is listed on the Frankfurt Stock Exchange in the MDAX as well as on the stock exchanges in Hannover and Warsaw (ISIN: DE000TLX1005, German Securities Code: TLX100, Polish Securities Code: TNX).

You can find additional information by going to www.talanx.com.

Follow us on Twitter: twitter.com/talanx_en.

Current photographs and company logos are available at www.mediathek.talanx.de.

