

JAN / MAR

Results Presentation Q1 2013
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talanx.

Insurance. Investments.

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I Q1 2013 – Significant top-line growth and solid performance

- ▶ Quarterly performance characterised by a further strong top-line growth and an improved combined ratio - while the large loss budget has been largely saved
- ▶ In an overall challenging environment, the decline in net investment income is fully determined by the substantial drop in unrealised capital gains, namely in Reinsurance
- ▶ Q1 2013 bottom-line result of €203m reflects 32% of the FY2012 net group income
- ▶ €22m gain from the disposal of SwissLife shares booked in Q1 2013, another ~€70m to come in Q2 2013
- ▶ FY2013 outlook has become more robust on the back of the solid Q1 2013 results

I Group – Key financials

Summary of Q1 2013

€m, IFRS	Q1 2013	Q1 2012	Change
Gross written premium	8,458	7,605	+11 %
Net premium earned	5,715	4,965	+15 %
Net underwriting result	(263)	(289)	(9) %
Net investment income	875	961	(9) %
Operating result (EBIT)	516	538	(4) %
Net income after minorities	203	206	(1) %
Key ratios	Q1 2013	Q1 2012	Change
Combined ratio non-life insurance and reinsurance	95.0%	96.4%	-1.4%pts
Return on investment ¹	3.7%	4.6%	-0.9%pts
Balance sheet	Q1 2013	Q4 2012	Change
Investments und. own mgmt.	86,568	84,052	+3 %
Goodwill	1,149	1,153	(0) %
Total assets	134,611	130,350	+3 %
Technical provisions	92,328	89,484	+3 %
Total shareholders' equity	11,596	11,309	+3 %
Shareholders' equity	7,359	7,153	+3 %

¹ Annualised
2012 numbers in this presentation adjusted on the basis of IAS8

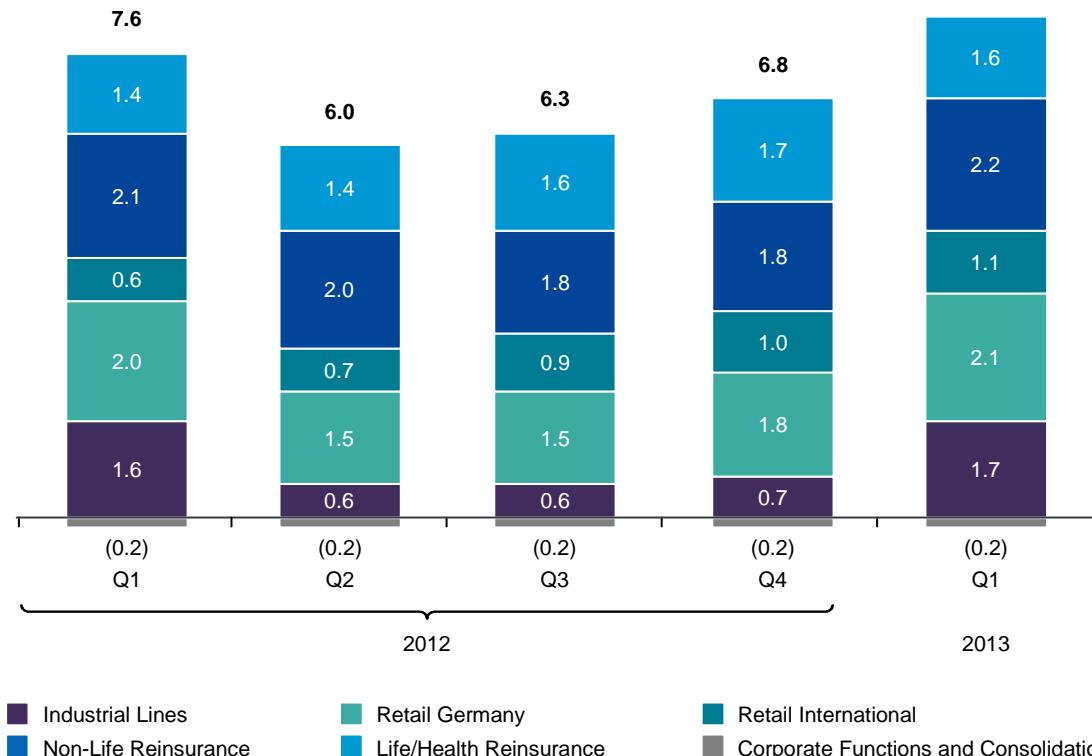
Comments

- 11% y/y growth in gross written premium and even somewhat higher momentum in net premium earned
- Combined ratio down 1.4%pts to 95.0%
- On EBIT level, the substantial decline in net investment income overcompensates the beneficial effect from the improved underwriting result
- Bottom-line result close to the excellent Q1 2012 figures
- Shareholders' equity of €7,359m already includes the negative OCI effect of €334m from the amendments to IAS19 (employee benefits)
- Solvency I ratio only marginally down from end-2012 level: 222% vs. 225%



I Group P&L – GWP trend

GWP development (€bn)



- Double-digit GWP growth continues in Q1 2013
- It is remarkable that this is backed by growth from all segments
- Typical seasonality of business also materialises in Q1 2013
- EBIT in Q1 2013 close to strong Q1 2012 level

▶ Underlying growth momentum continues in Q1 2013

I

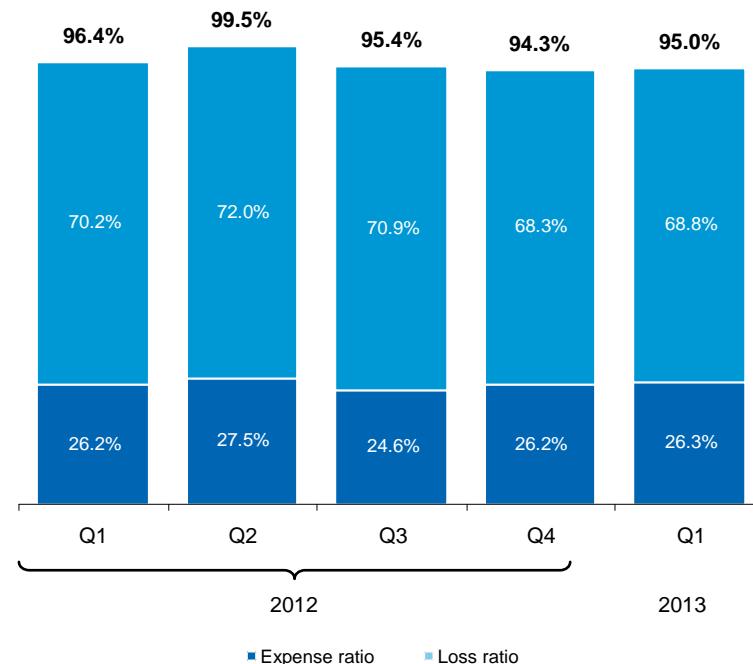
Group – Substantial decline in major losses (net)

(€m)		Primary insurance	Reinsurance	Talanx Group
Total NatCat		0.0	0.0	0.0
Aviation/satellite loss			13.4	13.4
Total other large losses		0.0	13.4	13.4
Total major losses		0.0	13.4	13.4
Impact on Combined Ratio				0.4%pts

- Low net burden of €13m in Q1 2013 which results purely from Reinsurance
- This compares with €89m in Q1 2012, of which €61m resulted from Reinsurance and €18m from primary insurance
- In Q1 2012, the combined ratio impact on the Group stood at 3.3%pts
- The large loss budget for the group stands at €705m in FY 2013 (€80m in Industrial Lines and €625m in Reinsurance)

I P&L – Combined ratio

Development of net combined ratio¹



Combined ratio by segment/selected carrier

	Q1 2013	Q1 2012
Industrial Lines	99.4%	82.7%
Retail Germany	95.0%	105.3%
Retail International	94.1%	100.3%
HDI Seguros S.A., Brazil	95.7%	100.1%
HDI Seguros S.A., Mexico ⁴	81.1%	82.4%
TUiR Warta S.A., Poland ²	93.7%	114.9%
TU Europa S.A., Poland ³	68.8%	n.a.
HDI Sigorta A.Ş., Turkey	106.5%	113.3%
HDI Assicurazioni S.p.A., Italy	99.4%	98.6%
Non-Life Reinsurance	94.0%	96.8%

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

² Warta acquisition closed on 1 July 2012; numbers incl. HDI Asekuracja TU S.A. (legal merger on 28 Dec 2012)

³ TU Europa acquisition closed on 1 June 2012

⁴ numbers incl. Metropolitana

 In sum, net combined ratio pattern of the previous four quarters confirmed

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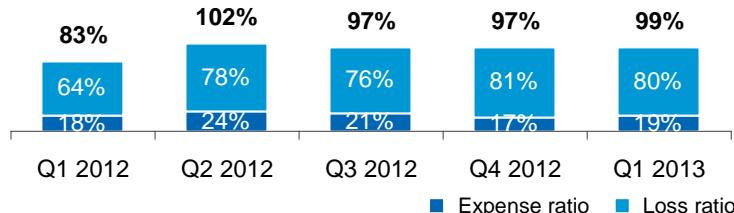
II

Segments – Industrial Lines

P&L for Q1 results

€m, IFRS	Q1 2013	Q1 2012	Change
Gross written premium	1,735	1,609	+8%
Net premium earned	439	374	+18%
Net underwriting result	2	65	(97%)
Net investment income	55	58	(5%)
Operating result (EBIT)	33	97	(66%)
Group net income	19	54	(64%)
Return on investment (annualised)	3.2%	3.6%	(0.3%)pts

Combined ratio*



*incl. net interest income on funds withheld and contract deposits

Comments

- Favourable top-line growth continues in Q1 2013, with special momentum from fire, liability, fleet business and casualty
- Extension of international programmes contributes to premium growth
- Underwriting result negatively affected by various medium-sized claims in marine and liability lines with typically low share of ceded business
- Negative one-off effect of ~€12m from reserve strengthening in HDI-Gerling Netherlands
- Combined ratio remains below 100% despite the extra burden taken in the quarter



Extra-ordinary items weigh on segmental results in Q1 2013

II

Segments – Industrial Lines

Net underwriting result Q1

€m, IFRS	Q1 2013	Q1 2012	Change
Industrial Lines	2	65	(63)
Net underwriting result in main carrier "HDI-Gerling Industrie Versicherung"*)			
<i>Marine</i>	(9)	0	(9)
<i>Liability</i>	(4)	63	(67)
One-off effect "HDI-Gerling Netherlands"	(12)	-	(12)
Sum	(25)	63	(88)

Comments

- In Q1 2013 no major losses (> €10m gross) occurred in Industrial Lines
- Largest losses occurred in lines of business with high retention
- Negative one-off effect of ~€12m from reserve strengthening in HDI-Gerling Netherlands

*)before consolidation



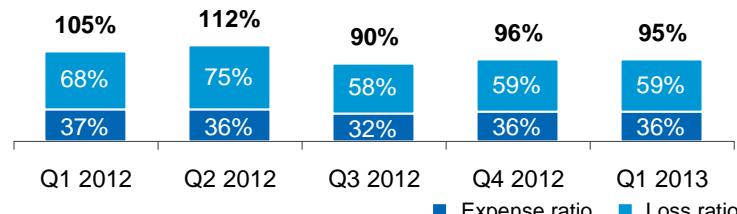
One-off effect and losses in lines of business with high retention affect net underwriting result

II Segments – Retail Germany

P&L for Q1 results

€m, IFRS	Q1 2013	Q1 2012	Change
Gross written premium	2,113	2,029	+4%
Of which Life	1,277	1,201	+6%
Of which Non-Life	835	828	+1%
Net premium earned	1,323	1,248	+6%
Net underwriting result	(296)	(335)	(12%)
Of which Life	(313)	(320)	(2%)
Of which Non-Life	18	(16)	n.a.
Net investment income	387	390	(1%)
Operating result (EBIT)	66	38	+75%
Group net income	43	19	+128%
Return on investment (annualised)	3.8%	4.1%	(0.3%)pts

Combined ratio*



*incl. net interest income on funds withheld and contract deposits

Comments

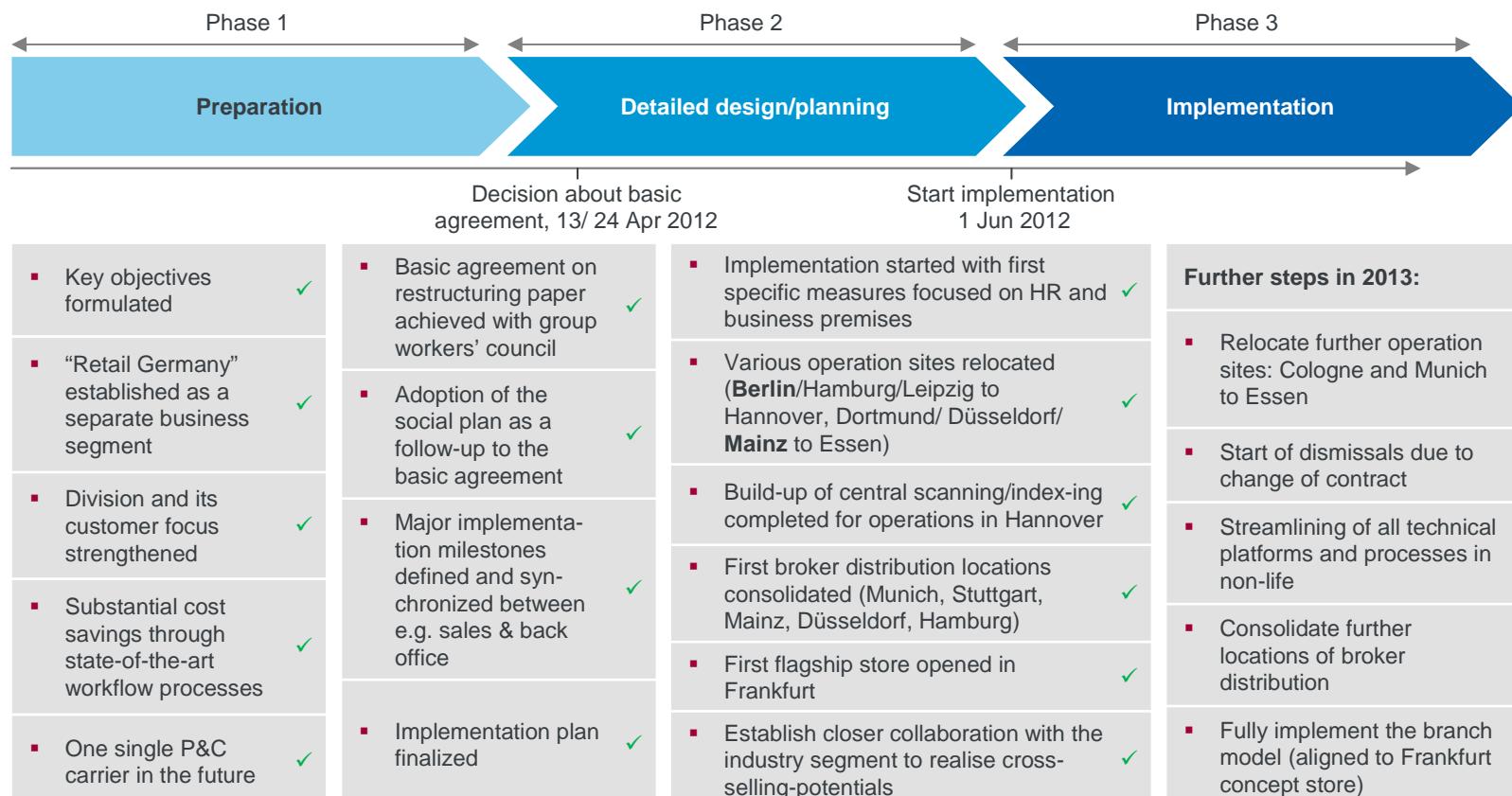
- Top-line benefits from strong single-premium business in life, in particular in the bancassurance carriers
- Non-life business characterised by strong rate increases, in particular in motor, and market share gains in liability
- Cost ratio slightly down on segment level and more pronounced by 2.3%pts y/y at main carrier HDI Versicherung
- Reserve releases (~€16m; Q1 2012: ~€8m) contribute to favourable loss ratio
- Net investment income nearly stable despite €9m lower realised capital gains vs. Q1 2012
- ZZR forecast at ~€250m (HGB) for FY 2013 (FY2012: €284m)

 **Performing ahead of plan in Q1 2013**

II

Status WIR: Further milestones in implementation reached

Transfer of operation sites continues



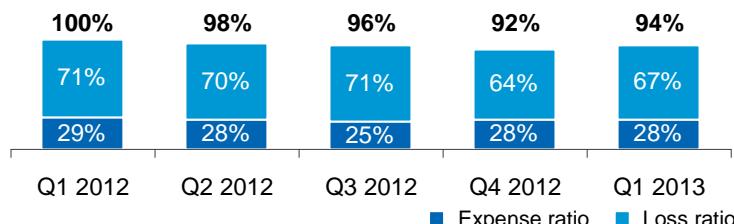
► **WIR programme implementation to deliver total ~€140m run-rate saving p.a. by 2016 (before taxes and policyholders' share). Ahead of interim targets set in original plan.**

II Segments – Retail International

P&L for Q1 results

€m, IFRS	Q1 2013	Q1 2012	Change
Gross written premium	1,056	648	+63%
Of which Life	343	165	+107%
Of which Non-Life	713	482	+48%
Net premium earned	877	525	+67%
Net underwriting result	17	(15)	n.a.
Of which Life	(17)	(14)	+20%
Of which Non-Life	34	(1)	n.a.
Net investment income	74	76	(2%)
Operating result (EBIT)	66	35	+86%
Group net income	38	22	+75%
Return on investment (annualised)	5.1%	8.4%	(3.3%)pts

Combined ratio*



*incl. net interest income on funds withheld and contract deposits

Comments

- Material improvement of top-line and underwriting result supported by recent acquisitions
- ~€320m GWP contribution from the recently acquired Polish units
- Improvement in combined ratio backed by positive trend in all core markets
- On the back of the larger asset base, net investment income nearly stable despite lower interest rates and lower realised capital gains
- Positive momentum in top-line and underwriting result could be translated into a significant profit boost

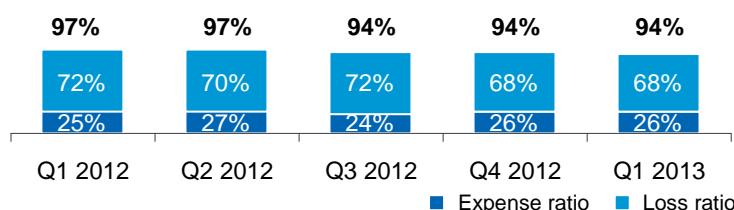
► Material improvement in underwriting and bottom-line performance

II Segments – Non-Life Reinsurance

P&L for Q1 results

€m, IFRS	Q1 2013	Q1 2012	Change
Gross written premium	2,198	2,117	+4%
Net premium earned	1,692	1,555	+9%
Net underwriting result	98	47	+109%
Net investment income	195	267	(27%)
Operating result (EBIT)	266	275	(4%)
Group net income	79	82	(5%)
Return on investment (annualised)	3.0%	4.7%	(1.6%)pts

Combined ratio¹



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

² EBIT margins reflect a Talanx Group view

Comments

- GWP growth of 4%, mainly from US, specialty lines and global facultative business
- Only one major loss of €13m (0.8% of net premium earned) well below budget of €156m in Q1 2013
- Net interest income reduced mainly due to neutral result from inflation swaps after extraordinary profit of €43m in Q1 2012
- EBIT margin of 15.7% (Q1 2012: 17.7%) well above target²
- Group net income close to Q1 2012 level despite lower investment income

► Stable profit contribution despite negative effect from investment income

II Segments – Life/Health Reinsurance

P&L for Q1 results

€m, IFRS	Q1 2013	Q1 2012	Change
Gross written premium	1,560	1,394	+12%
Net premium earned	1,389	1,261	+10%
Net underwriting result	(82)	(50)	+64%
Net investment income	162	177	(9%)
Operating result (EBIT)	87	117	(26%)
Group net income	32	46	(31%)
Return on investment (annualised)	4.2%	6.0%	(1.8%)pts

EBIT (€m)



¹ tax ratios reflect a Talanx Group view

Comments

- GWP growth of 12%, mainly from the US (Senior Markets and Mortality business) and Longevity business
- Net investment income reduced mainly due to normalised result from ModCo derivatives after an extraordinary profit of €37m in the previous year
- EBIT margins well above targets:
 - Financial Solutions and Longevity business: 4.8%
 - Mortality and Morbidity business: 7.6%
- Tax ratio of 26.5% (Q1 2012: 17.6%) at expected level¹

 Accelerated growth in life and health reinsurance

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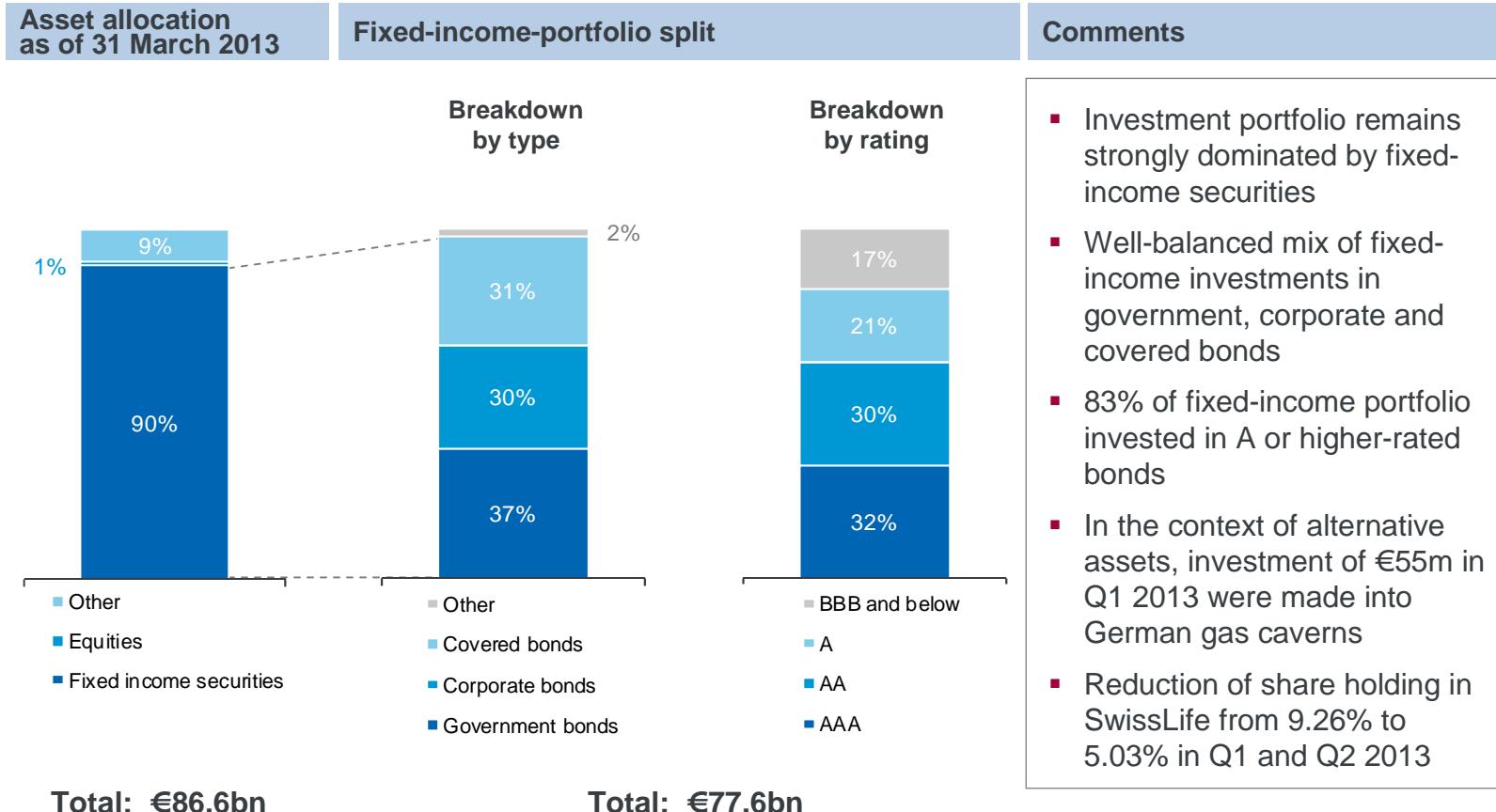
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III

Investments – Breakdown of investment portfolio



¹ Includes government and semi-government entities part of which are guaranteed by the Federal Republic of Germany, other EU countries or German federal states



Conservative investment style unaltered

III

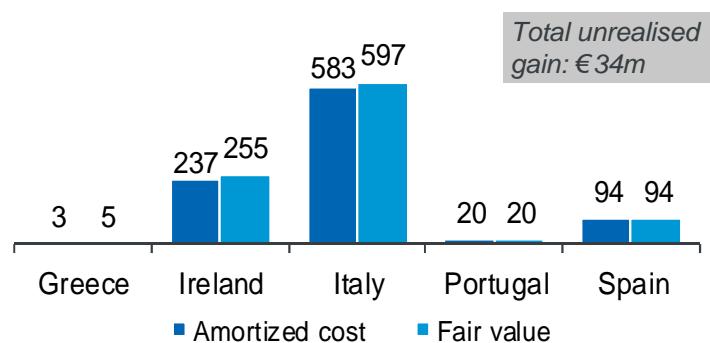
Investments – Details on GIIPS exposure

Total GIIPS exposure manageable

€m GIIPS exposure (31 Mar 2013)	Government bonds		Corporate bonds				Total
	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	
Greece	5	-	-	-	-	-	5
Ireland	255	-	11	28	183	206	683
Italy	597	-	247	273	915	19	2,051
Portugal	20	-	-	1	8	-	29
Spain	94	296	92	232	508	-	1,222
Total	971	296	350	534	1,614	225	3,990

Details on sovereign exposure in €m (31 Mar 2013)

Total: €937m (amortized cost), €971m (fair value)



Comments

- GIIPS sovereign exposure represents only 0.7% of total assets (Q4 2012: 0.8%), or 1.1% of assets under own management (1.2%)
- Total GIIPS exposure incl. private sector assets stands at below 3.0% of total assets
- More than 80% of Spanish banking exposure in Spanish covered bonds. €121m of these issued by non-Spanish subsidiaries of Spanish banks

- First-time disclosure of exposures to Belgium, Hungary, Slovenia and Slovakia: Belgium €1,417m, Hungary €215m, Slovenia €1m, Slovakia €112m (all market values)
- Out of the total exposure of €1,745m to these markets €1,529m – or close to 90% - are invested in government and semi-government bonds as well as covered bonds



Total GIIPS exposure stands at below 3% of total assets

III Net investment income

Net investment income Talanx Group

€m, IFRS	Q1 2013	Q1 2012	Change
Ordinary investment income	763	761	+0%
Thereof current investment income from interest	712	720	(1%)
Thereof profit/loss from shares in associated companies	1	1	(53%)
Realised net gains on investments	74	61	+22%
Write-ups/write-downs on investments	(13)	(13)	(3%)
Unrealised net gains/losses on investments	1	114	(99%)
Investment expenses	(41)	(36)	+17%
Income from investments under own management	784	887	(12%)
Income from investment contracts	2	0	n.a.
Interest income on funds withheld and contract deposits	89	74	+19%
Total	875	961	(9%)

Comments

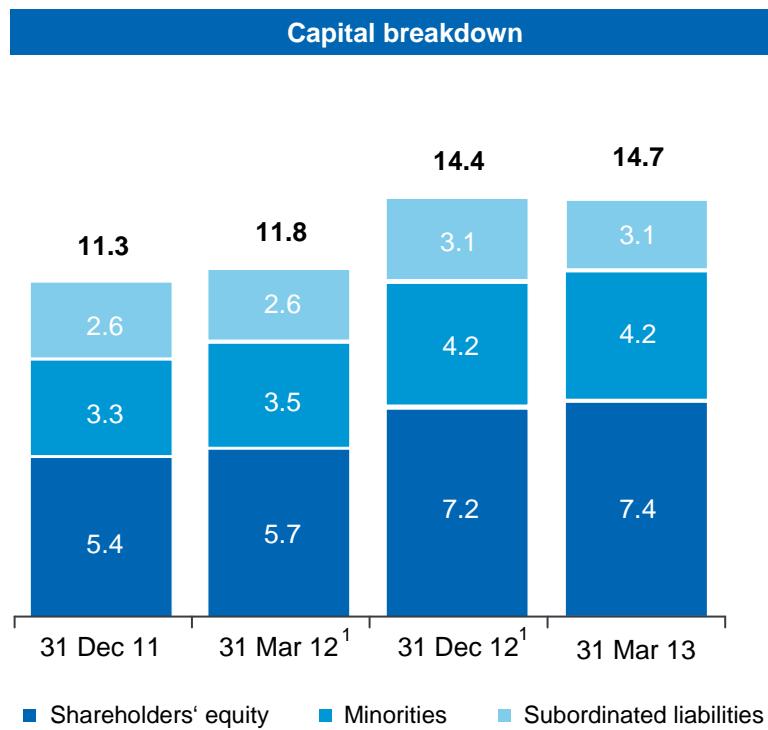
- Ordinary investment income has been virtually flat y/y, with the positive effect of a grown asset base compensating for lower interest rates
- Realised net gains on investment are up by €13m y/y. This position also contains €16m from the Q1-effect of the reduction in the holding in SwissLife. Another €6m currency gains from the SwissLife transaction have been booked into Other Income
- The 12% decline in income from investments under own management can be exclusively explained by the €113m decline in unrealised gains: this effect predominantly results from the much lower ModCo and Inflation Swap results in Reinsurance
- Return on investment of 3.7% on Group level



Decline in investment result fully determined by drop in unrealised gains on investments

III Equity and capitalization – Solid equity base

Optimized capital structure (€bn)



¹ adjusted due to IAS8

² NAV calculated as shareholders' equity minus shareholder share in goodwill

- Shareholders' equity is up €1.7bn y/y, or ~€200m q/q
- Shareholders' equity contains a previously flagged negative OCI effect of €334m from the amendments to IAS19 (Employee Benefits)
- Goodwill stands at €1,149m. After deducting non-controlling interests, this amount reduces to €1,115m
- On this base, the book value per share stands at €29.13 and the NAV² per share at €24.72
- The latter does not yet contain off-balance sheet reserves, as presented on the next page, which stand at ~€4.2bn (incl. policyholders' share)
- In February, Talanx issued a €750m senior unsecured benchmark bond, principally used to replace existing financing arrangements

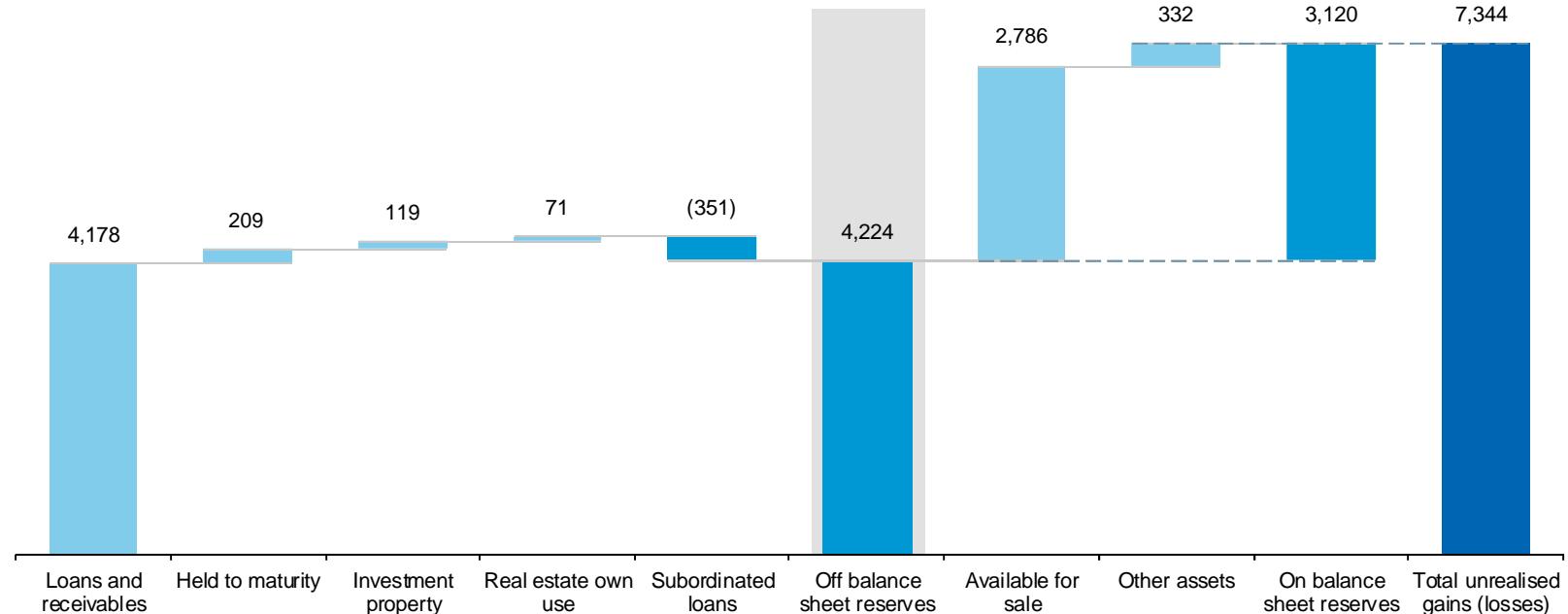


Continuous capital strength despite application of IAS19 amendments

III

Equity and capitalisation – Unrealised gains

Unrealised gains and losses (off and on balance sheet) as of 31 March 2013 (€m)



Δ market value vs. book value



Talanx's off-balance sheet reserves stand at above €4.2bn end of March 2013

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IV Outlook for Talanx Group 2013

Gross Written Premium

$\geq +4\%$

- Industrial Lines $\sim +4\text{-}6\%$
- Retail Germany flat
- Retail International $\sim +17\text{-}20\%$
- Non-Life Reinsurance $\sim +3\text{-}5\%$
- Life and Health Reinsurance $\sim +5\text{-}7\%$

Return on investment

$\sim 3.5\%$

Group net income

$> \text{€}650\text{m}$

Return on equity

$> 9\%$

Dividend payout ratio

35-45% target range

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

APPENDIX: Key financials – Q1 2013

Industrial Lines				Retail Germany			Retail International		
€m, IFRS	Q1 2013	Q1 2012	Change	Q1 2013	Q1 2012	Change	Q1 2013	Q1 2012	Change
P&L									
Gross written premium	1,735	1,609	+8%	2,113	2,029	+4%	1,056	648	+63%
Net premium earned	439	374	+18%	1,323	1,248	+6%	877	525	+67%
Net underwriting result	2	65	(97%)	(296)	(335)	(12%)	17	(15)	(212%)
Net investment income	55	58	(5%)	387	390	(1%)	74	76	(2%)
Operating result (EBIT)	33	97	(66%)	66	38	+75%	66	35	+86%
Net income after minorities	19	54	(64%)	43	19	+128%	38	22	+75%
Key ratios									
Combined ratio non-life insurance and reinsurance	99.4%	82.7%	16.8%pts	95.0%	105.3%	-10.4%pts	94.1%	100.3%	-6.2%pts
Return on investment ¹	3.2%	3.6%	-0.4%pts	3.8%	4.1%	-0.3%pts	5.1%	8.4%	-3.3%pts

¹ Annualised

Note: Differences due to rounding may occur.

APPENDIX: Key financials – Q1 2013 (continued)

Non-Life Reinsurance				Life and Health Reinsurance			Group		
€m, IFRS	Q1 2013	Q1 2012	Change	Q1 2013	Q1 2012	Change	Q1 2013	Q1 2012	Change
P&L									
Gross written premium	2,198	2,117	+4%	1,560	1,394	+12%	8,458	7,605	+11%
Net premium earned	1,692	1,555	+9%	1,389	1,261	+10%	5,715	4,965	+15%
Net underwriting result	98	47	+109%	(82)	(50)	+64%	(263)	(289)	(9%)
Net investment income	195	267	(27%)	162	177	(9%)	875	961	(9%)
Operating result (EBIT)	266	275	(4%)	87	117	(26%)	516	538	(4%)
Net income after minorities	79	82	(5%)	32	46	(31%)	203	206	(1%)
Key ratios									
Combined ratio non-life insurance and reinsurance	94.0%	96.8%	-2.8%pts	---	---	---	95.0%	96.4%	-1.4%pts
Return on investment ¹	3.3%	4.7%	-1.7%pts	4.2%	6.0%	-1.8%pts	3.7%	4.6%	-0.9%pts

¹ Annualised

Note: Differences due to rounding may occur.

APPENDIX: Q1 2013 results – GWP of main risk carriers

Retail Germany				Retail International			
GWP, €m, IFRS	Q1 2013	Q1 2012	Change	GWP, €m, IFRS	Q1 2013	Q1 2012	Change
Non-life Insurance	835	828	+1%	Non-life Insurance	713	482	+48%
HDI Versicherung AG ¹	799	795	+1%	HDI Seguros S.A., Brazil	212	198	+7%
Life and Health Reinsurance	1,277	1,201	+6%	TUiR Warta S.A. ⁴ , Poland	222	64	n.a.
HDI Lebensversicherung AG	561	559	+0%	TU Europa S.A. ⁵ , Poland	29	--	n.a.
neue leben Lebensversicherung AG ²	249	238	+5%	HDI Assicurazioni S. p. A., Italy (P&C)	84	77	+9%
TARGO Lebensversicherung AG	245	204	+20%	HDI Seguros S.A. De C.V., Mexico ⁶	43	38	+12%
PB Lebensversicherung AG ³	176	160	+10%	HDI Sigorta A.Ş., Turkey	51	37	+38%
Total	2,113	2,029	+4%	Life and Health Reinsurance	343	165	+107%
1 Entity results from Sept 2012 merger of HDI Direkt Versicherung AG and HDI-Gerling Firmen und Privat Versicherung AG 2 Talanx ownership 67.5% 3 PB Leben and PBV Leben have been merged in 2011 4 includes HDI Asekuracja TU S.A., Poland; Talanx ownership of 75.0% 5 Talanx ownership 50% + 1 share; closed on 1 June 2012 6 includes Metropolitan							
Numbers for main carriers represent data entry values.							
Total	1,056	648	+63%				

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