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Insurance. Investments.

Results Presentation Q1 2013

15 May 2013

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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

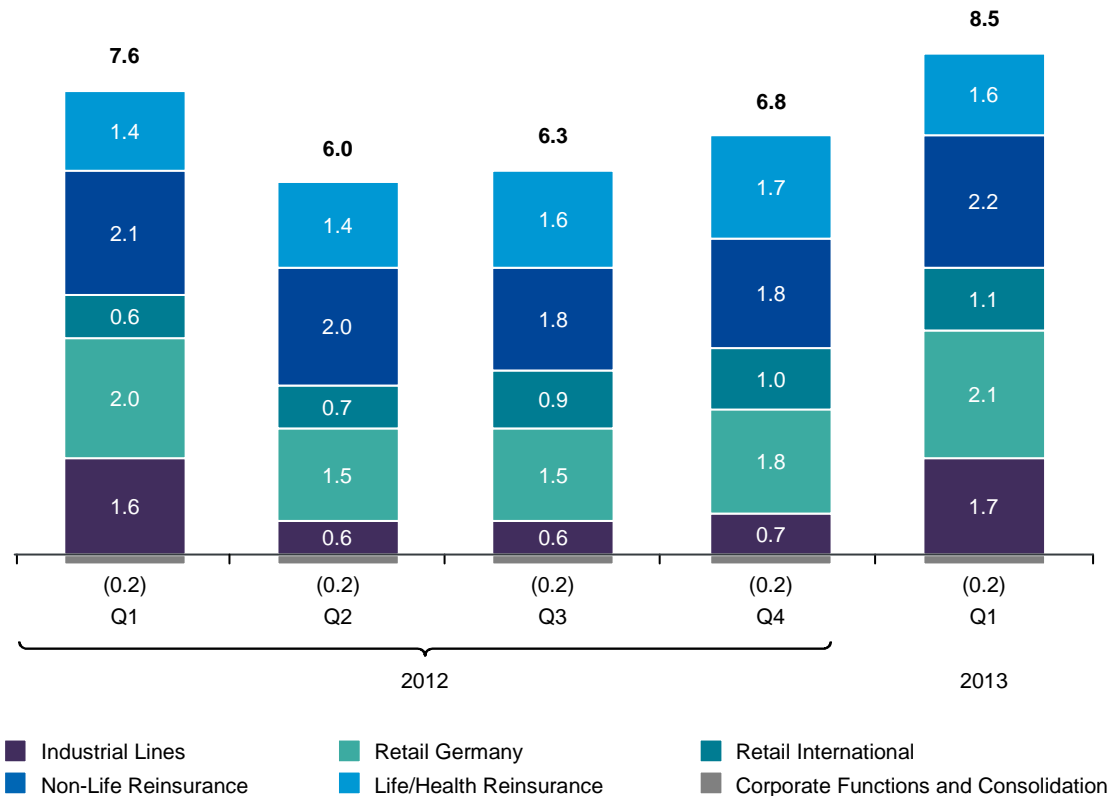
Comments

- 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%

 **Significant top-line growth and solid performance**

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**

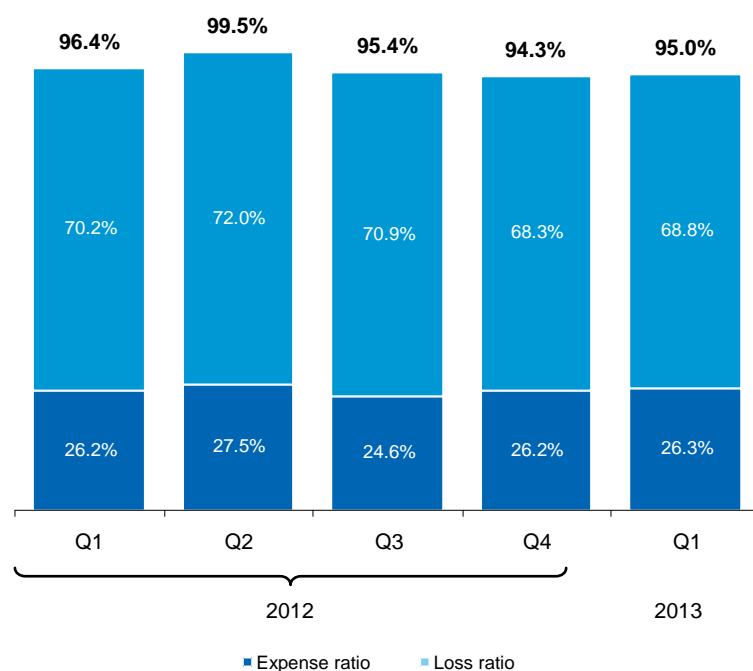
I Group – Substantial decline in major losses (net)

(€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



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

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

³ TU Europa acquisition closed on 1 June 2012

⁴ numbers incl. Metropolitana

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%

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

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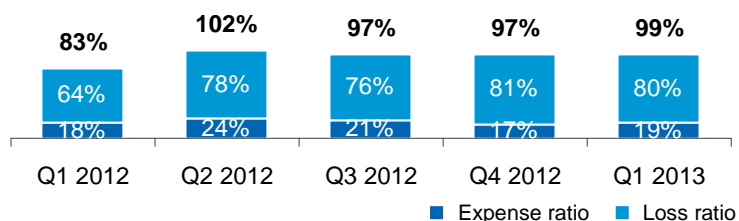
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P&L for Q1 results

€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

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)

*)before consolidation

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

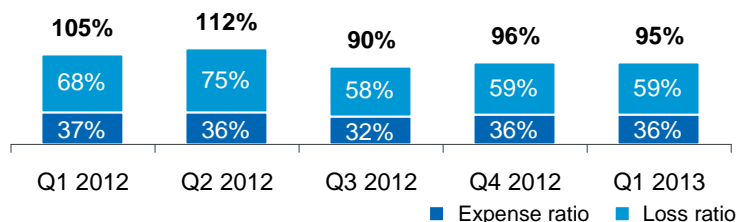


One-off effect and losses in lines of business with high retention affect net underwriting result

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

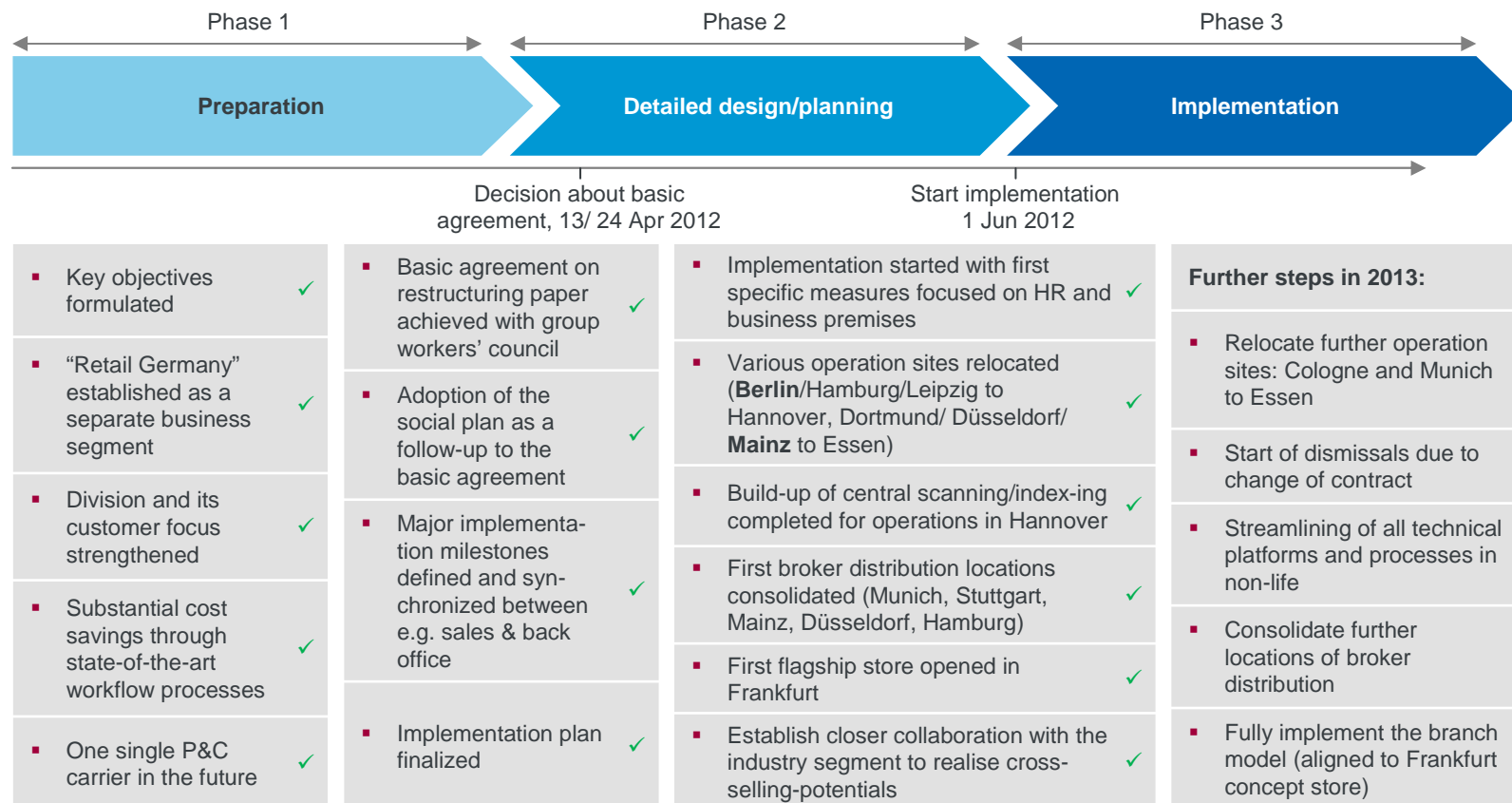
- Top-line benefits from strong single-premium business in life, in particular in the bancassurance carriers
- Non-life business characterised by strong rate increases, in particular in motor, and market share gains in liability
- Cost ratio slightly down on segment level and more pronounced by 2.3%pts 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

Status WIR: Further milestones in implementation reached

Transfer of operation sites continues



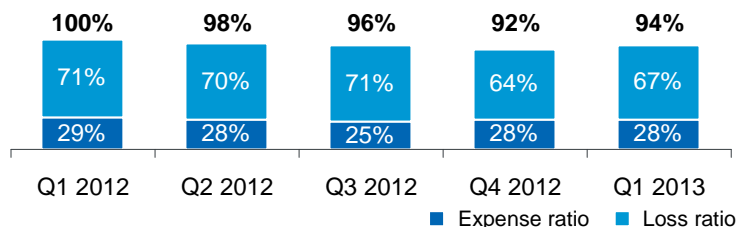
WIR programme implementation to deliver total ~€140m run-rate saving p.a. by 2016 (before taxes and policyholders' share). Ahead of interim targets set in original plan.

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



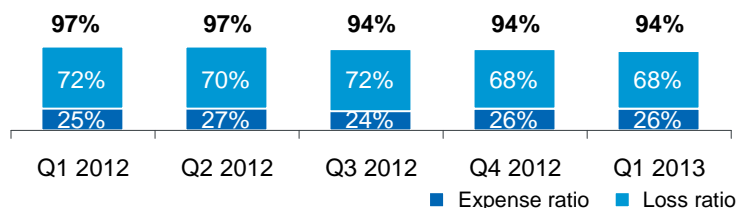
Material improvement in underwriting and bottom-line performance

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

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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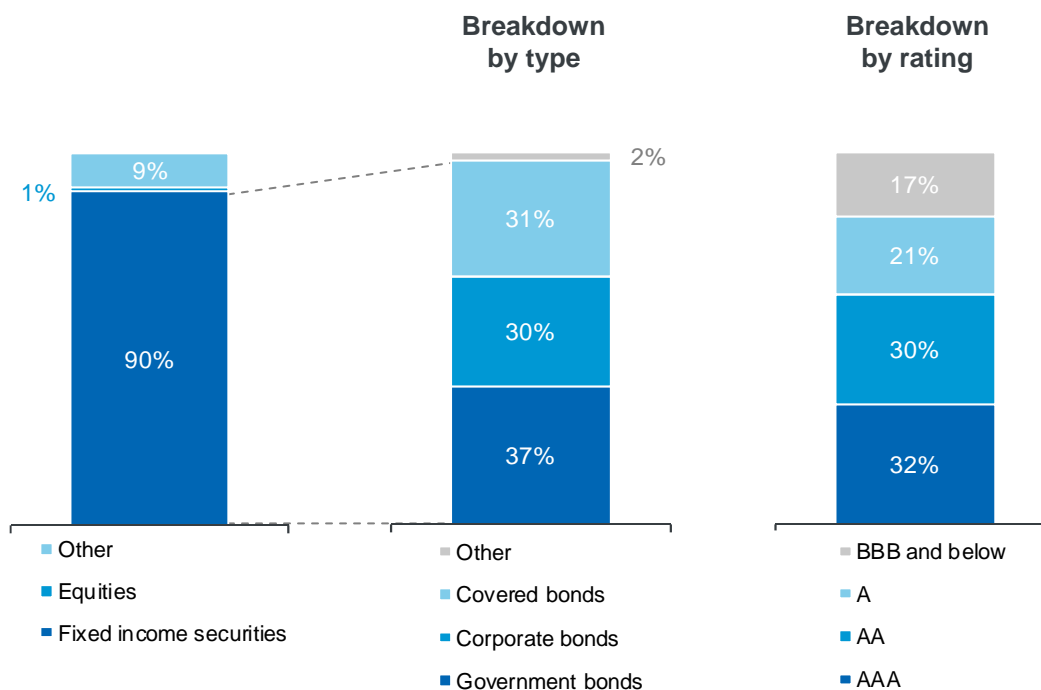


Investments – Breakdown of investment portfolio

Asset allocation
as of 31 March 2013

Fixed-income-portfolio split

Comments



Total: €86.6bn

Total: €77.6bn

- Investment portfolio remains strongly dominated by fixed-income securities
- Well-balanced mix of fixed-income investments in government, corporate and covered bonds
- 83% of fixed-income portfolio invested in A or higher-rated bonds
- In the context of alternative assets, investment of €55m in Q1 2013 were made into German gas caverns
- Reduction of share holding in SwissLife from 9.26% to 5.03% in Q1 and Q2 2013

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



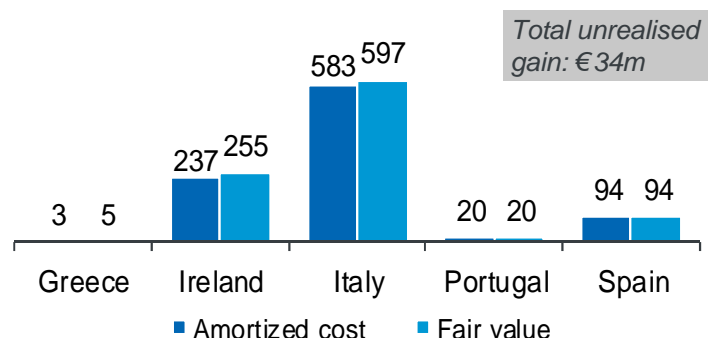
Investments – Details on GIIPS exposure

Total GIIPS exposure manageable

€m	Government bonds		Corporate bonds				Total
	Sovereign	Semi-Sovereign	Financial	Corporate	Covered	Other	
GIIPS exposure (31 Mar 2013)							
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



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

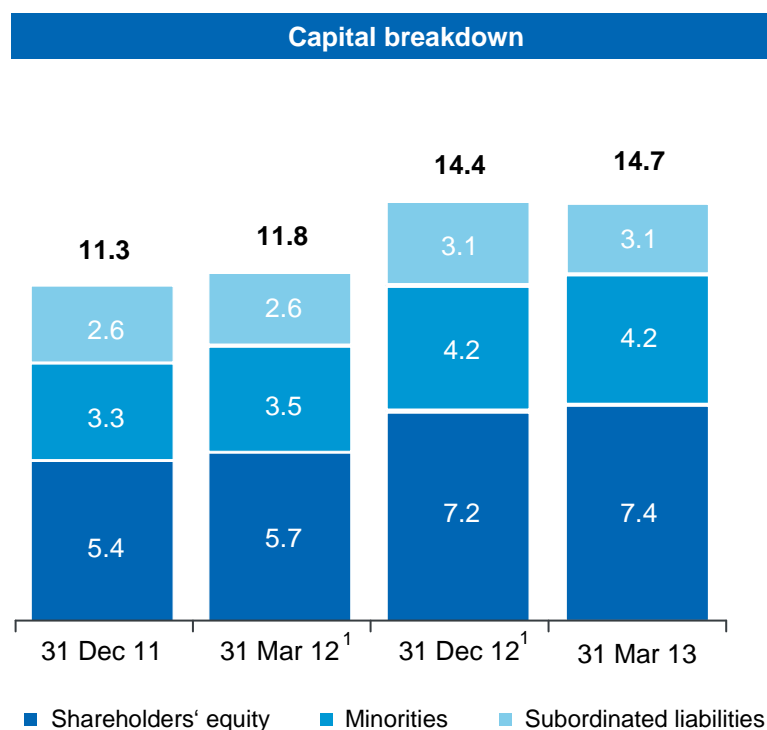
- Ordinary investment income has been virtually flat y/y, with the positive effect of a grown asset base compensating for lower interest rates
- Realised net gains on investment are up by €13m y/y. This position also contains €16m from the Q1-effect of the reduction in the holding in SwissLife. Another €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)



- 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

¹ adjusted due to IAS8

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

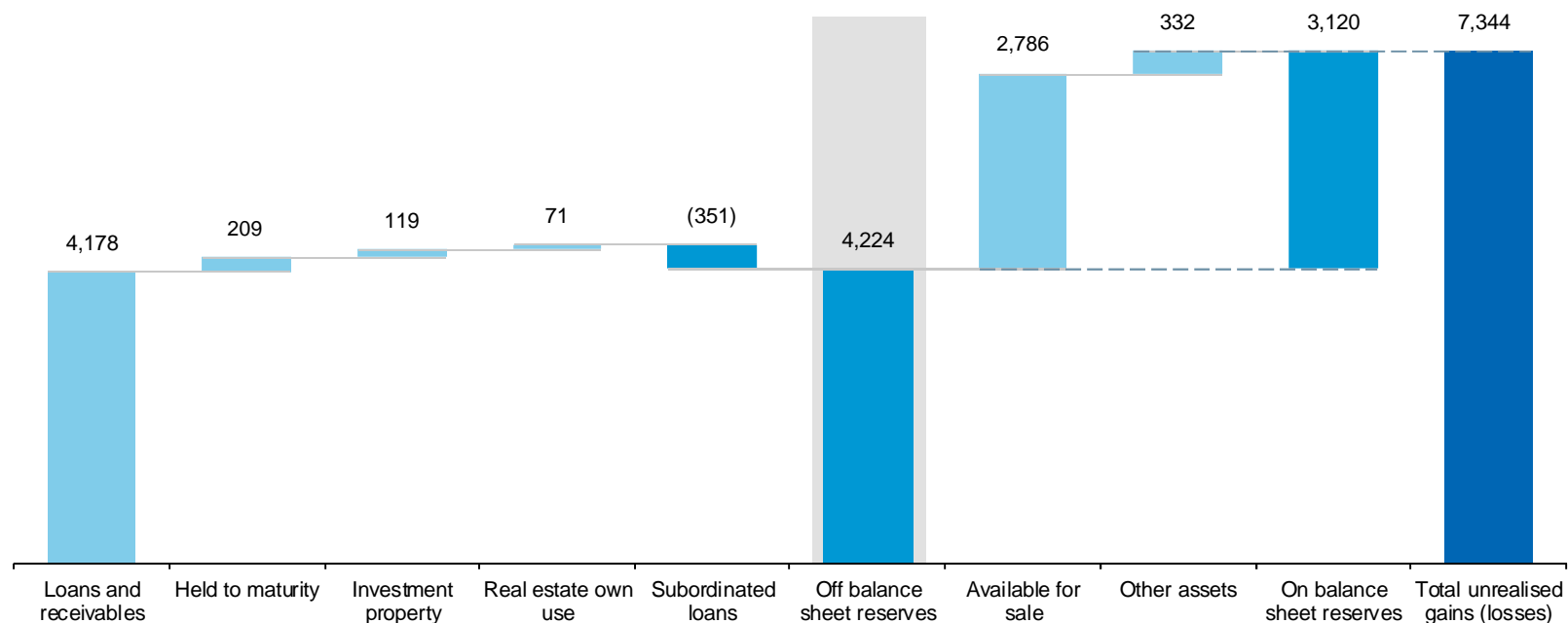


Continuous capital strength despite application of IAS19 amendments



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

≥ +4%

• Industrial Lines	~ +4-6%
• Retail Germany	flat
• Retail International	~ +17-20%
• Non-Life Reinsurance	~ +3-5%
• Life and Health Reinsurance	~ +5-7%

Return on investment

~ 3.5%

Group net income

> €650m

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

GWP, €m, IFRS	Q1 2013	Q1 2012	Change
Non-life Insurance	835	828	+1%
HDI Versicherung AG ¹	799	795	+1%
Life and Health Reinsurance	1,277	1,201	+6%
HDI Lebensversicherung AG	561	559	+0%
neue leben Lebensversicherung AG ²	249	238	+5%
TARGO Lebensversicherung AG	245	204	+20%
PB Lebensversicherung AG ³	176	160	+10%
Total	2,113	2,029	+4%

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 Metropolitana

Numbers for main carriers represent data entry values.

Retail International

GWP, €m, IFRS	Q1 2013	Q1 2012	Change
Non-life Insurance	713	482	+48%
HDI Seguros S.A., Brazil	212	198	+7%
TUIR Warta S.A. ⁴ , Poland	222	64	n.a.
TU Europa S.A. ⁵ , Poland	29	--	n.a.
HDI Assicurazioni S. p. A., Italy (P&C)	84	77	+9%
HDI Seguros S.A. De C.V., Mexico ⁶	43	38	+12%
HDI Sigorta A.Ş., Turkey	51	37	+38%
Life and Health Reinsurance	343	165	+107%
TU Warta Zycie S.A., Poland	31	--	n.a.
TU Europa ⁵ , Poland	97	--	n.a.
Open Life ⁵	4	--	n.a.
HDI-Gerling Zycie, Poland	26	15	+76%
HDI Assicurazioni S. p. A., Italy (Life)	68	35	+93%
Total	1,056	648	+63%

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