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Insurance. Investments.

Post Q1 Roadshow
London, 21/22 May 2013

Herbert K. Haas, CEO

Agenda

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II Segments

III Investments / Capital

IV Outlook

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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

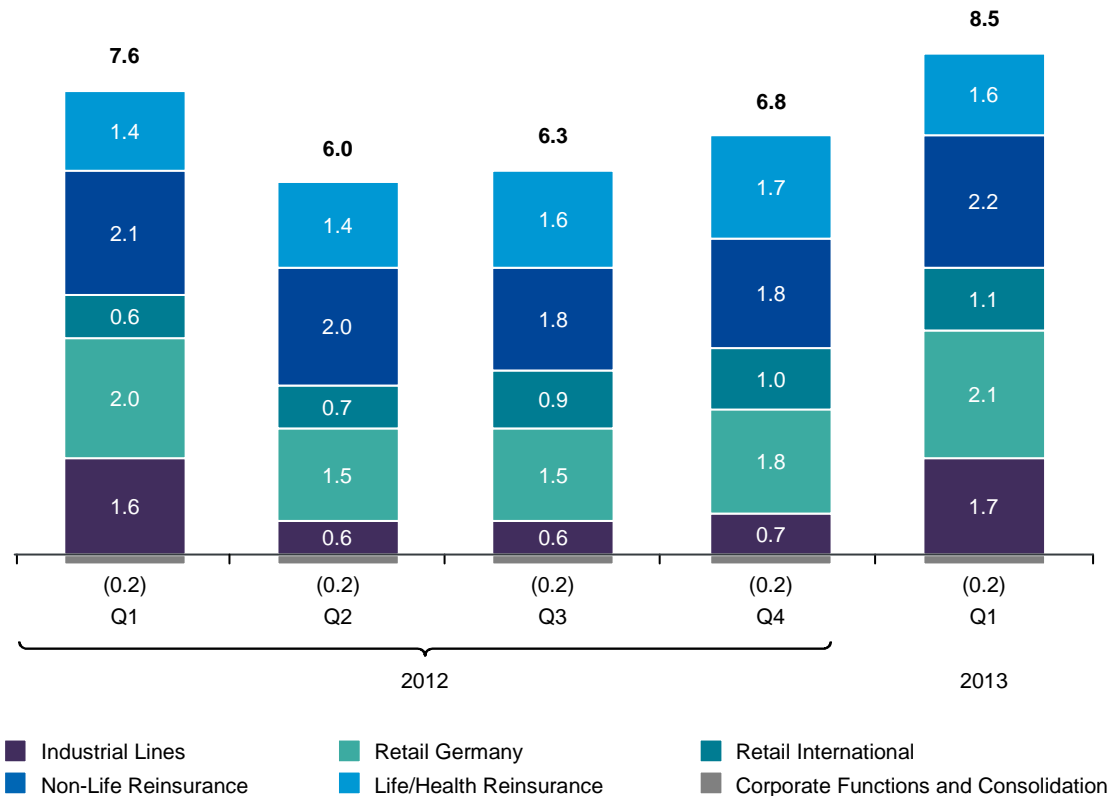
Comments

- 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

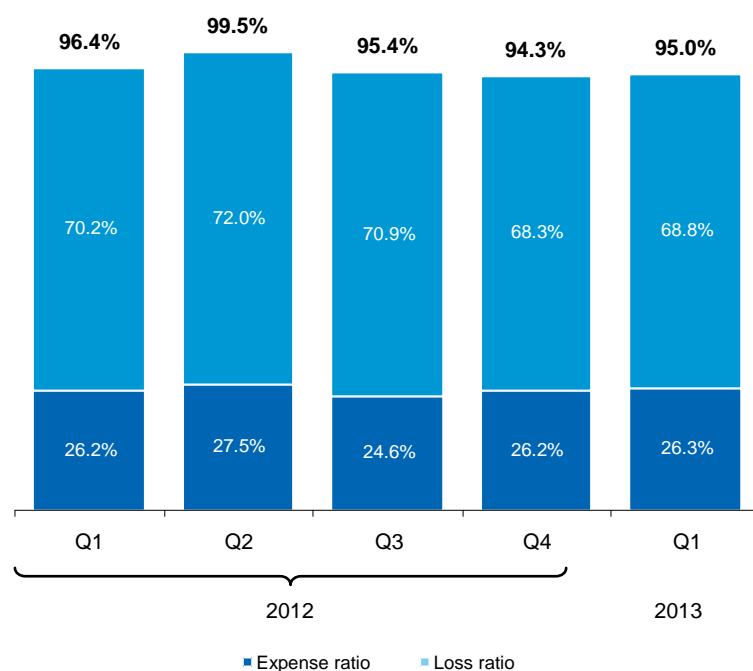
I Group – Substantial decline in major losses (net)

(€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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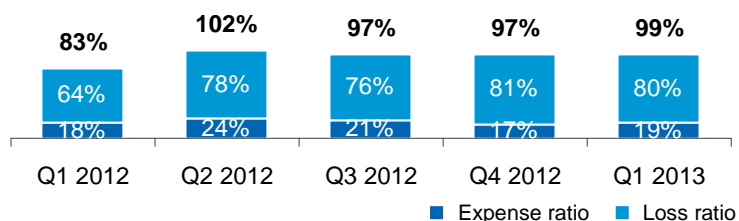
IV Outlook

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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

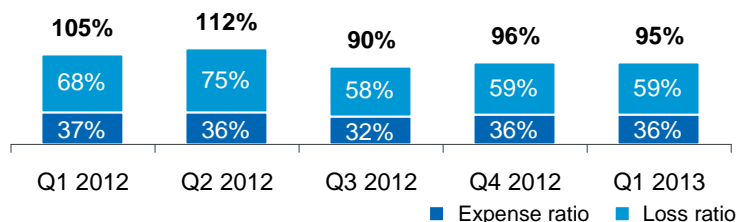


One-off effect and losses in lines of business with high retention affect net underwriting result

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)

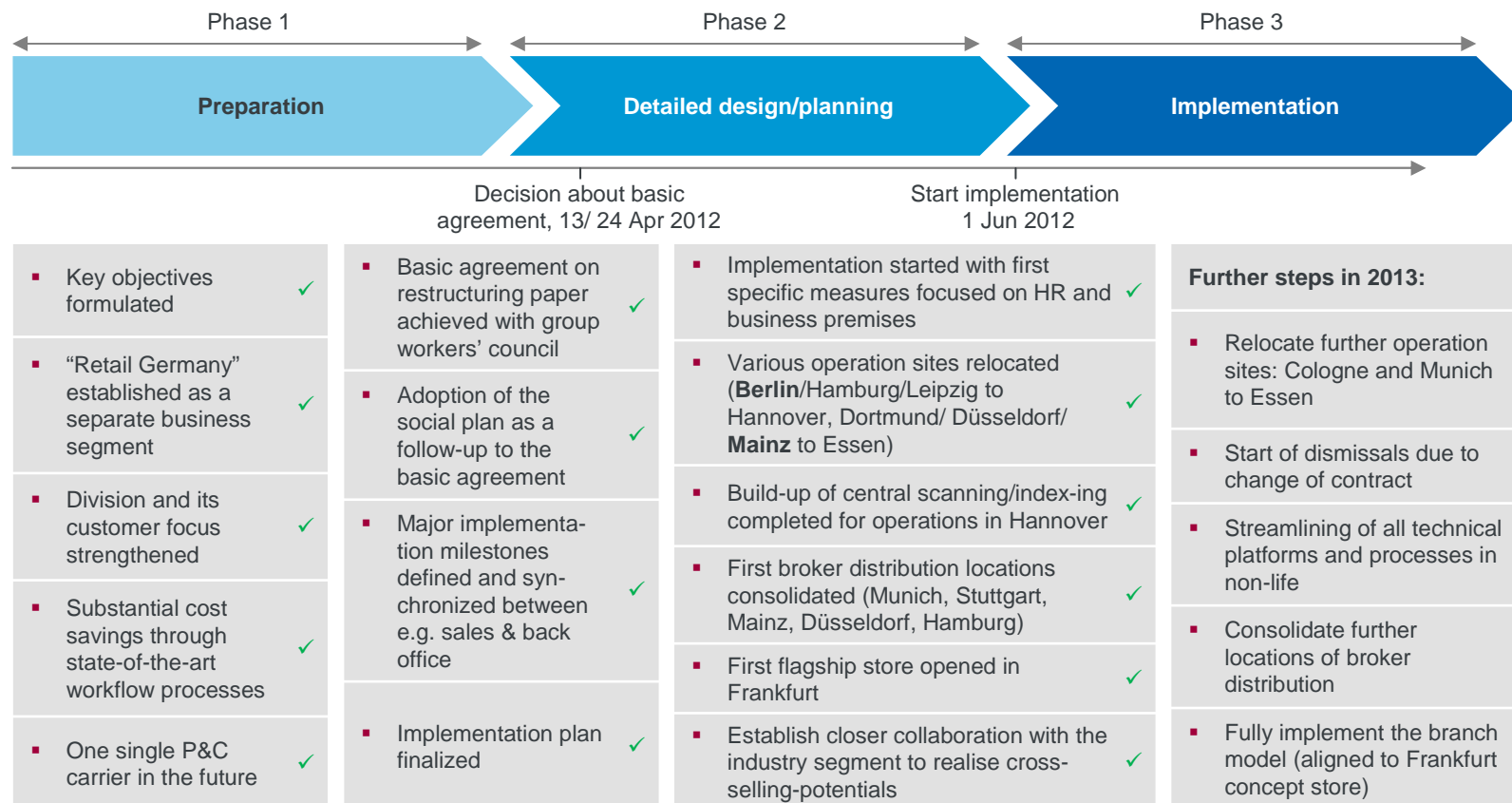


Performing ahead of plan in Q1 2013

II

Status WIR: Further milestones in implementation reached

Transfer of operation sites continues



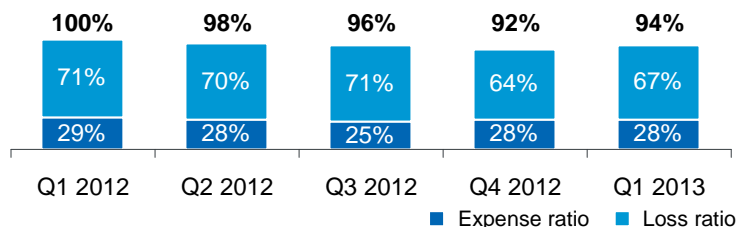
► WIR programme implementation to deliver total ~€140m run-rate saving p.a. by 2016 (before taxes and policyholders' share). Ahead of interim targets set in original plan.

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



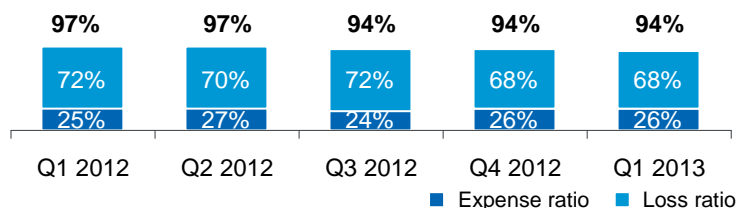
Material improvement in underwriting and bottom-line performance

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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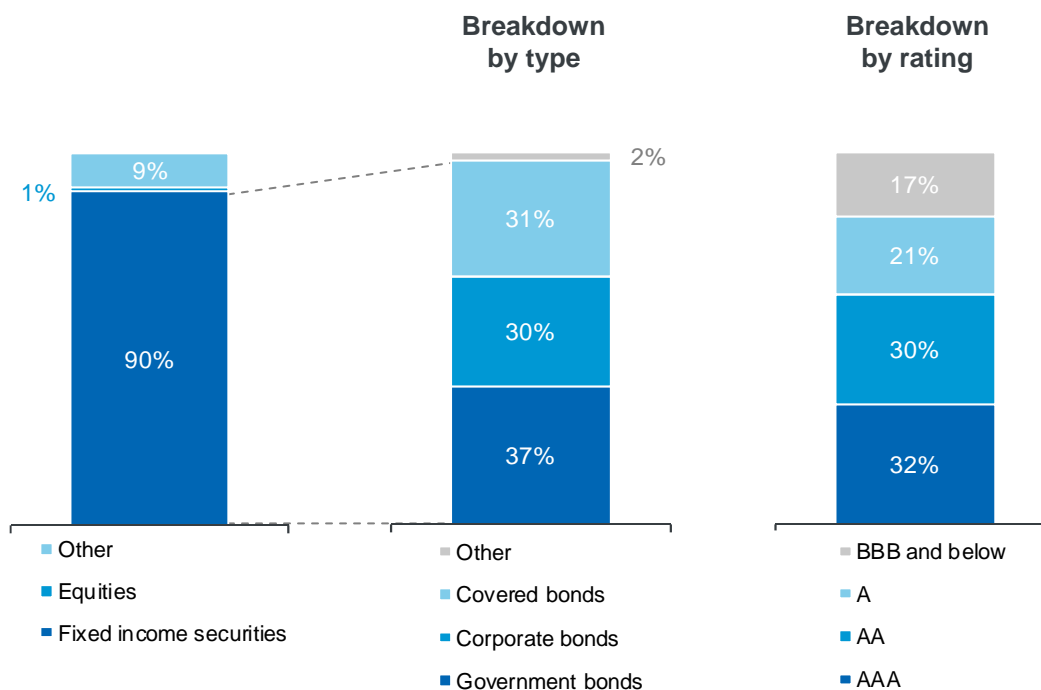


Investments – Breakdown of investment portfolio

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



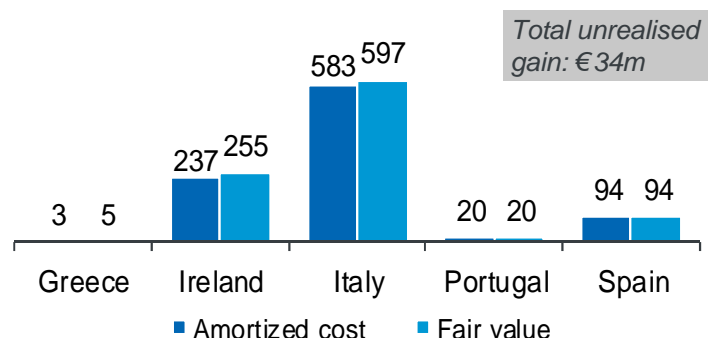
Investments – Details on GIIPS exposure

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

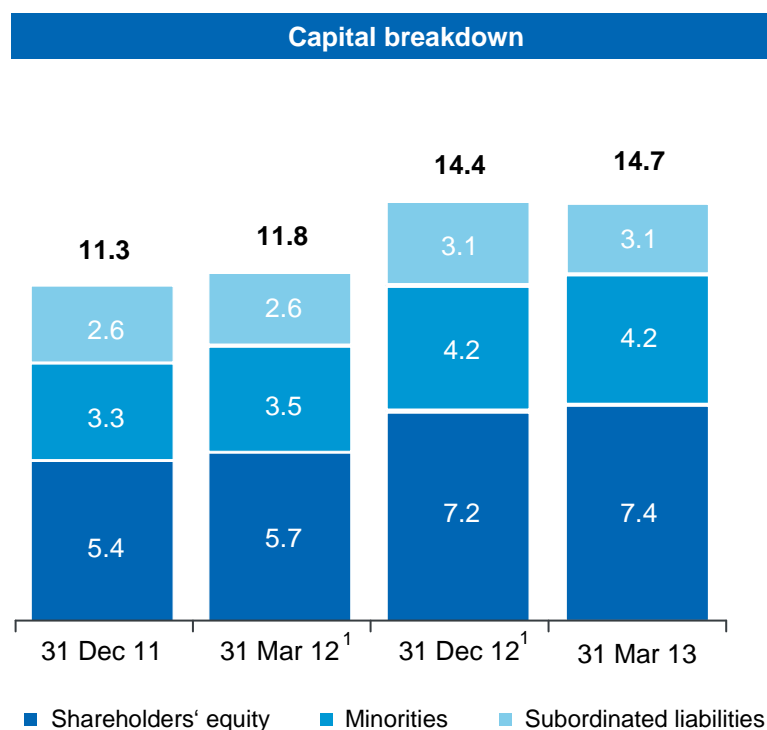
- Ordinary investment income has been virtually flat y/y, with the positive effect of a grown asset base compensating for lower interest rates
- Realised net gains on investment are up by €13m y/y. This position also contains €16m from the Q1-effect of the reduction in the holding in SwissLife. Another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

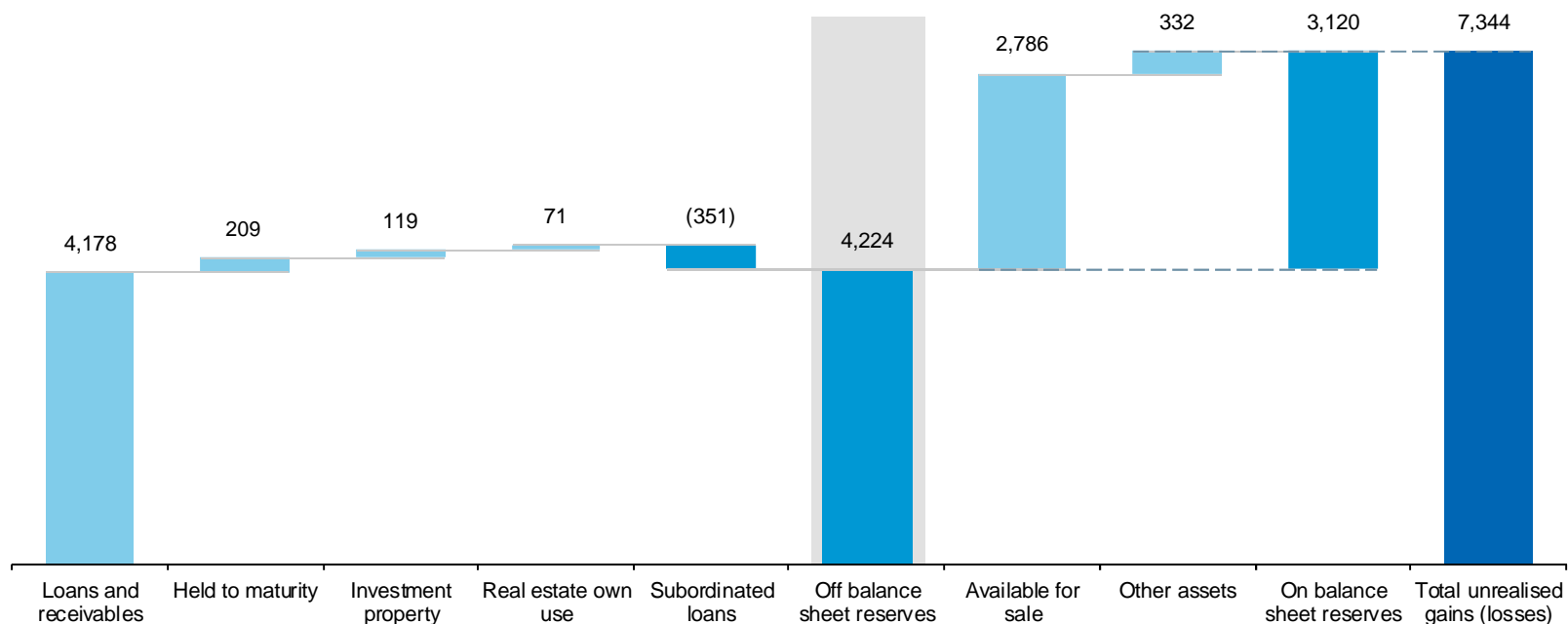


Continuous capital strength despite application of IAS19 amendments



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 Insurance	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 Insurance	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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Talanx Capital Markets Day
Hannover, 17 April 2013

(EXCERPT)

Talanx – the new kid on the block

- 1 Where are we coming from?
- 2 Where do we stand today?
- 3 What is special about us and what makes us different to peers?
- 4 How are we going to move forward?
- 5 Which return to expect from us in the mid-term?

1 Where are we coming from?

Overview **HDI** V.a.G.

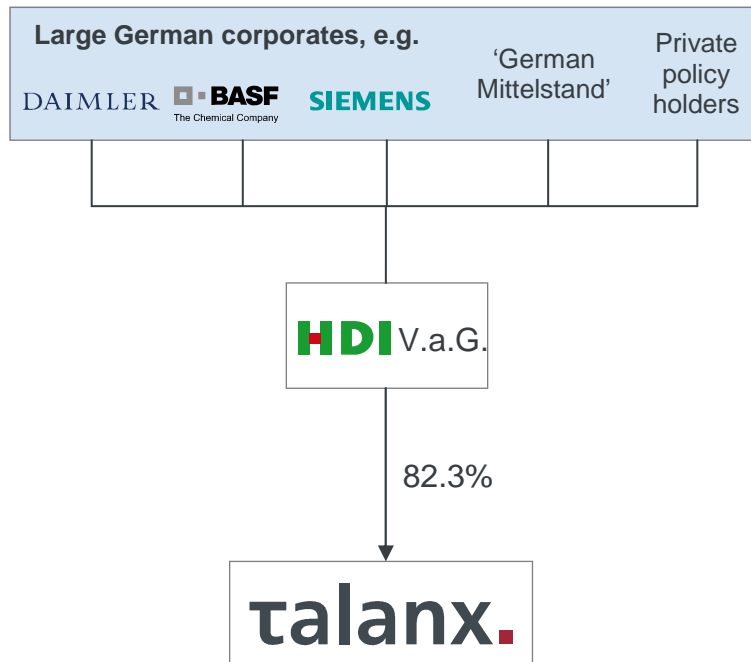
- HDI V.a.G. is a mutual insurance company and majority-owner of the holding company Talanx AG
- Around 1900, a fast-growing German industry saw the need for a more efficient way to receive third-party liability insurance cover
- On 8 December 1903, 176 companies and 6 employers liability insurance associations founded the "Haftpflichtverband der deutschen Eisen- und Stahlindustrie" ("liability association of the German steel industry")
- The organisational setup reflects the historic roots of HDI, an association of important companies of the German industry that offers mutual insurance cover
- Approx. 0.8m members of HDI V.a.G.

History

1903	Foundation as 'Haftpflichtverband der deutschen Eisen- und Stahlindustrie' in Frankfurt
1919	Relocation to Hannover
1953	Companies of all industry sectors are able to contract insurance with HDI V.a.G.
1966	Foundation of Hannover Rückversicherungs AG
1991	Diversification into life insurance
1994	IPO of Hannover Rückversicherung AG
1998	Renaming of HDI Beteiligungs AG to Talanx AG
2001	Start transfer of insurance business from HDI V.a.G. to individual entities
2006	Acquisition of Gerling insurance group by Talanx AG

1 Where are we coming from?

Members of HDI V.a.G.



Relationship HDI V.a.G. – Talanx AG

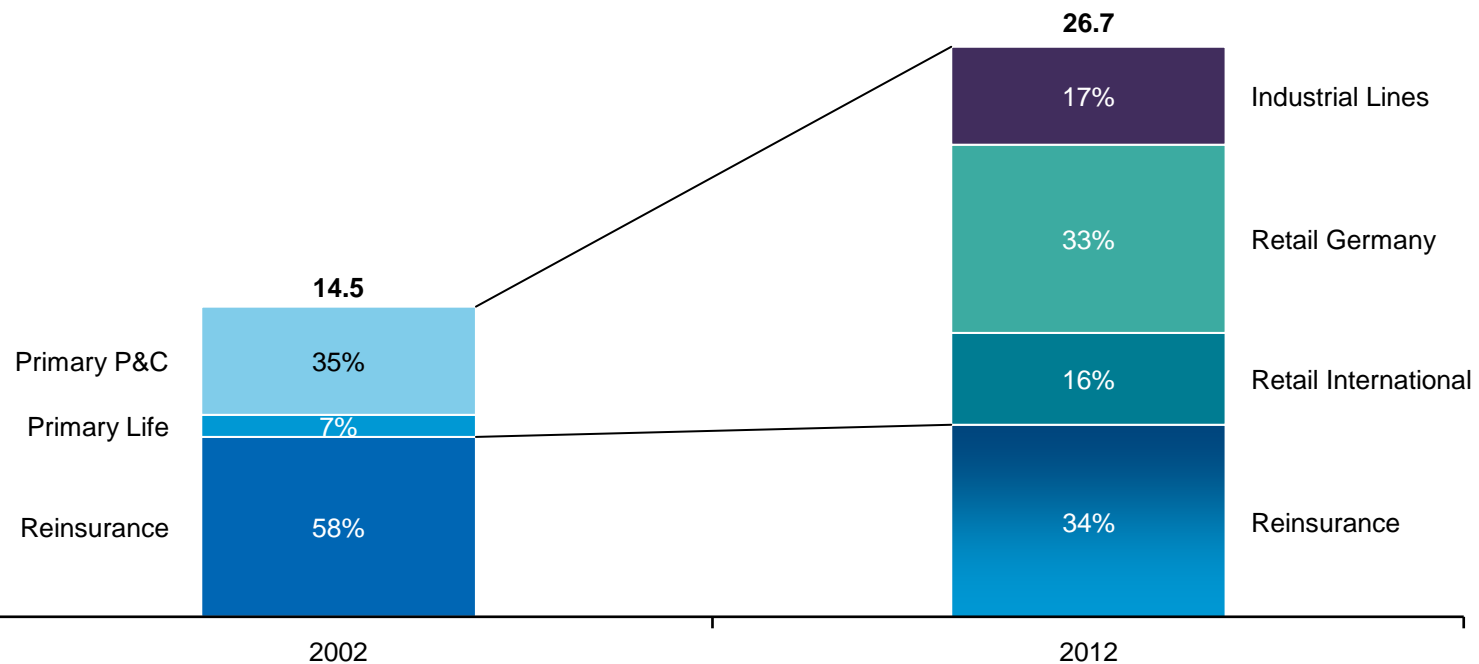
- HDI V.a.G. is a mutual insurance company and majority-owner of the holding company Talanx AG; commitment to remain long-term majority shareholder post IPO
- Alignment of interests of HDI V.a.G. and Talanx Group through
 - Providing efficient and reliable insurance to mutual members at market rates, often syndicate-based
 - Same decision makers: Mr Haas, Dr Hinsch, Dr Querner
 - HDI V.a.G. has no other investments besides Talanx and is interested to further strengthen and enable Talanx to provide stable insurance capacity to industrial clients
 - Talanx and HDI V.a.G. committed to capital market oriented dividend policy
- No financial liabilities on mutual level (existing €110m subordinated bond placed with Talanx Group companies will terminate mid 2013)
- Very limited business relations / intercompany contracts between HDI V.a.G. and Talanx



Strong and reliable anchor shareholder with aligned interests

1 Where are we coming from? – in topline growth

GWP by segment 2002 and 2012 (€bn)^{1,2}



¹ Share of segments in total GWP calculated before consolidation

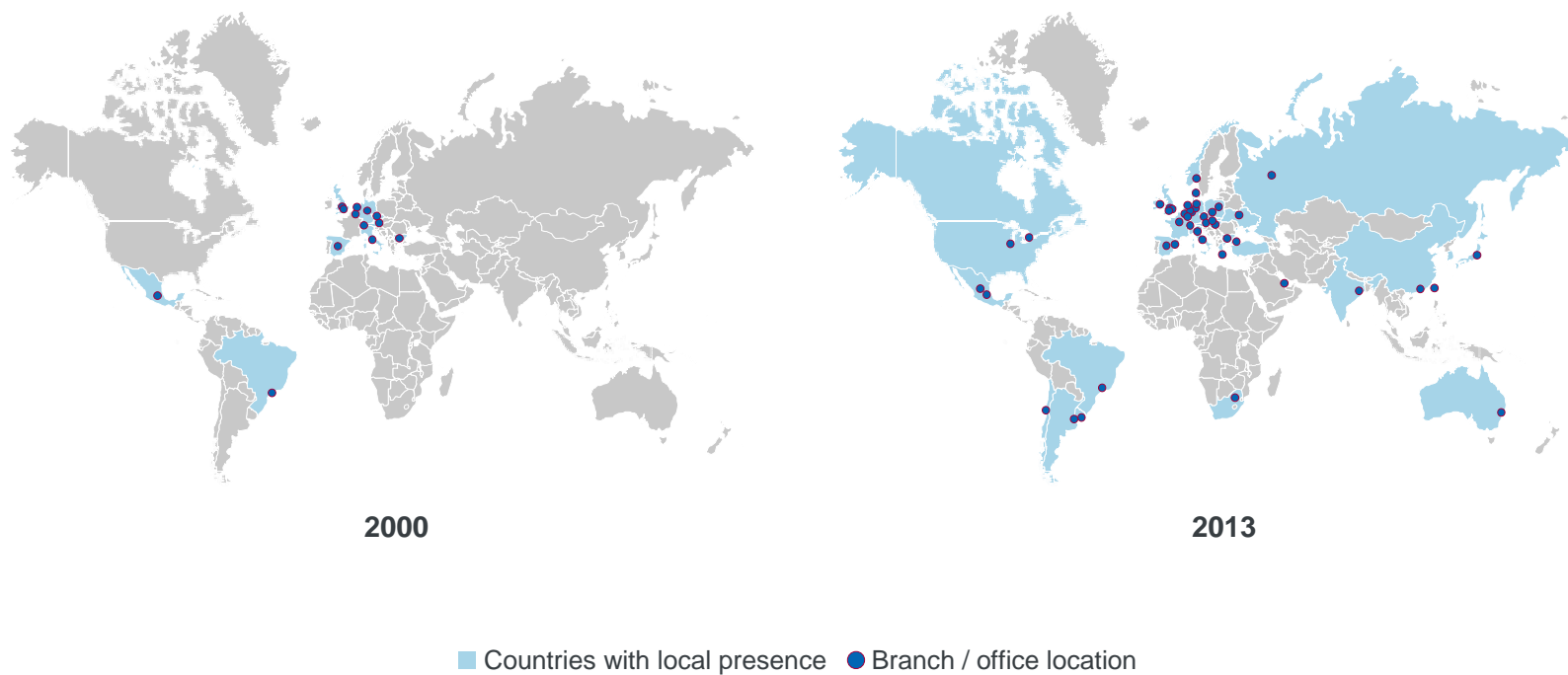
² Calculated based total GWP adjusted for the respective stake in HannoverRe



Talanx's business portfolio on a strive for better diversification

1 Where are we coming from? – in global presence

Location overview primary insurance 2000 and 2013



 Talanx on the move to a global footprint

2

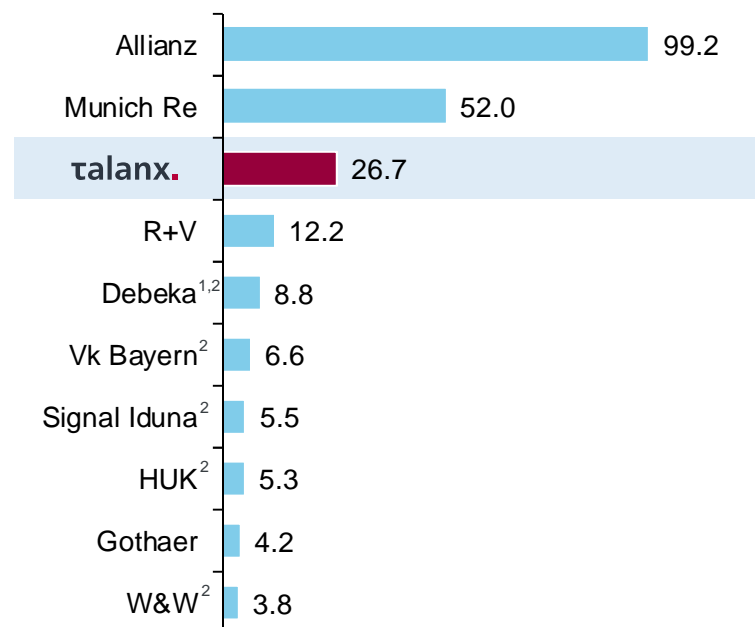
Where do we stand today? – our corporate identity



2 Where do we stand today? – our size versus peers

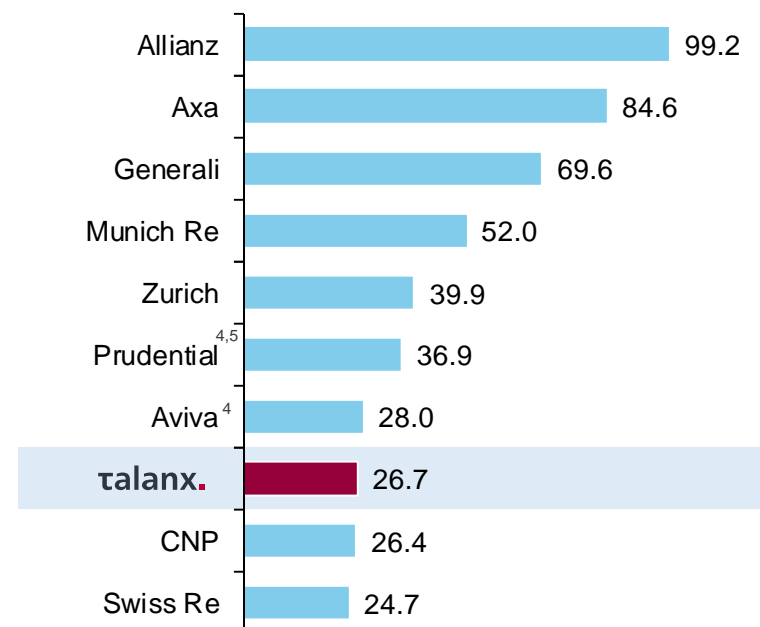
Top 10 German insurers

German insurers by global GWP (2012, €bn)



Top 10 European insurers

European insurers by global GWP (2012, €bn)



¹ Cumulated individual financial statements

² Figure of 2011

³ Without discontinued operations in 2011

⁴ Gross premiums earned

⁵ Figure of 2010

Source: SNL Financial, annual reports



Third-largest German insurance group with leading position in Europe and strong roots in Germany

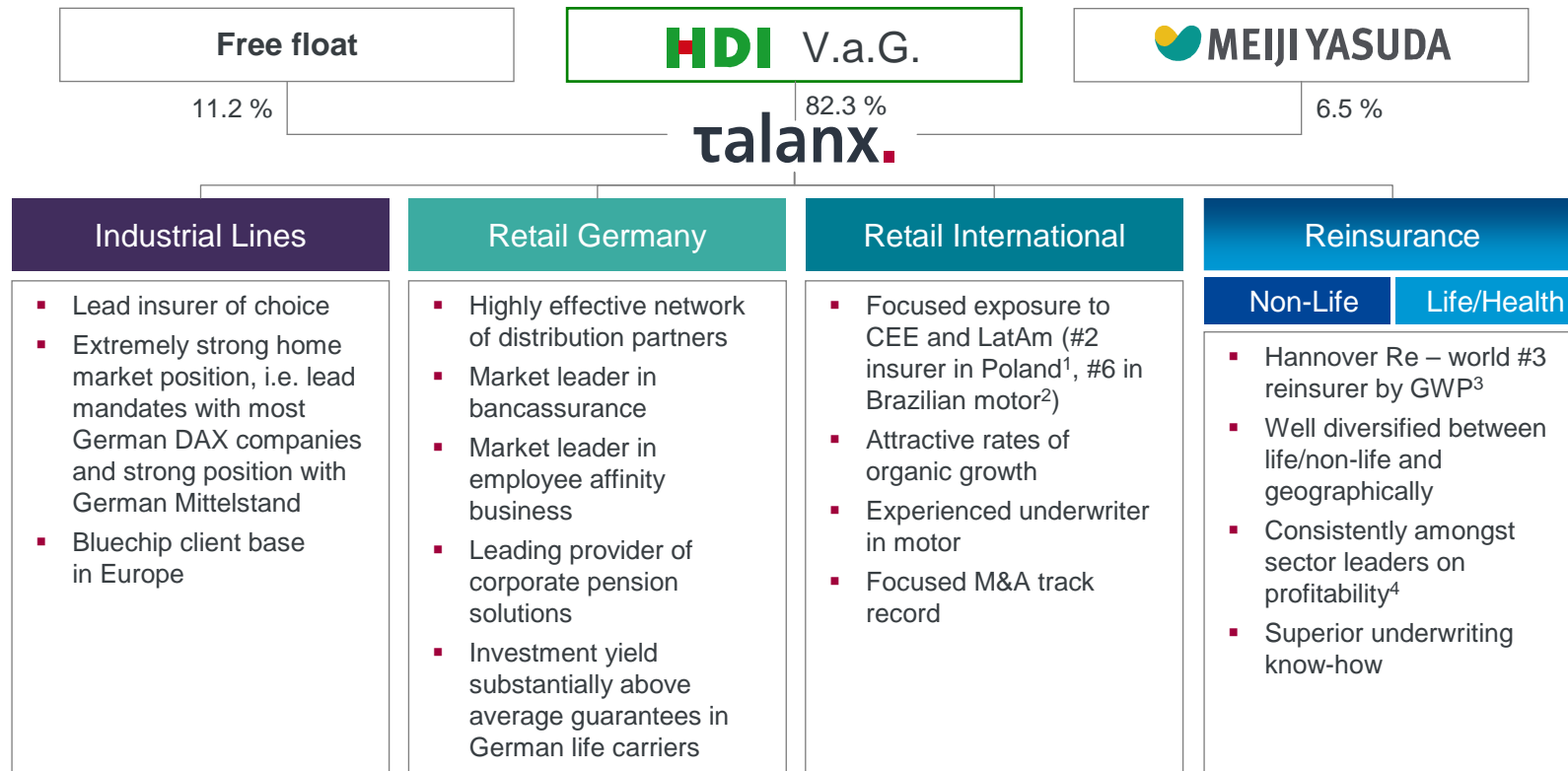
2 Where do we stand today? – our portfolio of brands

tal anx.



Talanx is an integrated international insurance group, anchored in Germany, running a multi-brand approach

2 Where do we stand today? – our divisions



¹ Combined ranking based on 2012 data of Polish regulator as per local GAAP

² According to Siscorp based on local GAAP

³ Based on A.M. Best ranking (September 2012)

⁴ Based on S&P ranking by average RoE 2002-2010 and also number 1 by average RoE as per KPMG 2012



Integrated insurance group with leading market positions in all segments

2 Where do we stand today? – our corporate functions

tal anx.

Operating segments

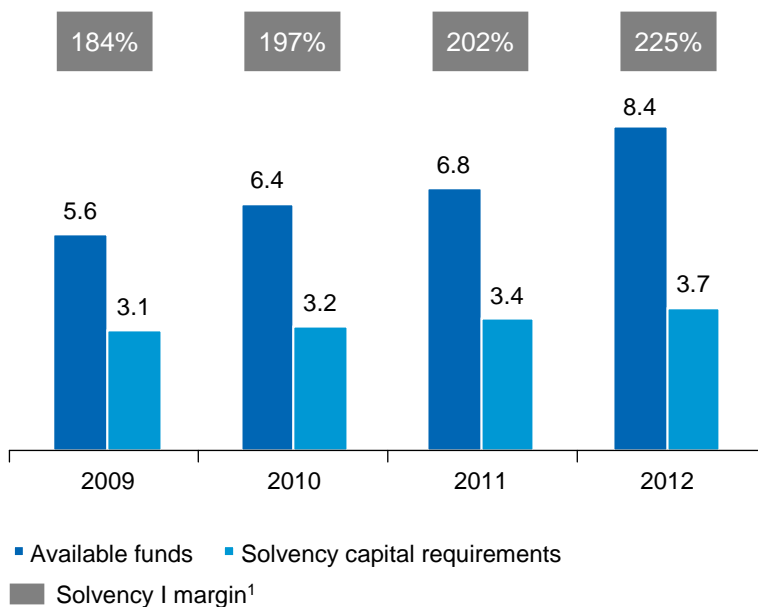


▶ Talanx's operating segments are supported by five specialised service functions

2 Where do we stand today? – in regulatory capital

Solvency I capital position

(€bn)



Comments

- Talanx has extensive experience in innovative capital management
- As of 31 December 2012, available funds include €1.7bn of subordinated debt²
- Goodwill of €1,152m as of 31 December 2012 (relative to shareholders' equity excl. minorities of €7.5bn)
- Successful issue of €500m new hybrid in April 2012 to partially refinance callable bonds (2014/15)

¹ Talanx Group based on the solvency of HDI V.a.G. (HDI V.a.G. is the relevant legal entity for the calculation of group solvency from a regulatory perspective)

² €1.7bn of the Group's total subordinated debt (€3.1bn) are eligible for Solvency I capital (after accounting for minority interest and capped by regulatory thresholds)



Solid solvency and high-quality capital with relatively low goodwill supporting optimal balance sheet strength

2 Where do we stand today? – in ratings capital

Current financial strength ratings

	Standard & Poor's		A. M. Best	
	Grade	Outlook	Grade	Outlook
Talanx Group ¹			A	Stable
Talanx Primary Group ²	A+	Stable		
Hannover Re subgroup ³	AA–	Stable	A+	Stable

S&P rating of Talanx Primary Group

**STANDARD
& POOR'S**


Financial
Strength Rating:
A+ (Stable)

Competitive Position	ERM	Accounting
Strong	Strong	Good
Operating performance	Investments	Capitalisation
Strong	Very Strong	Strong
Liquidity	Financial Flexibility	
Strong	Strong	

¹ The designation used by A. M. Best for the Group is "Talanx AG and its leading non-life direct insurance operation and its leading life insurance operation"

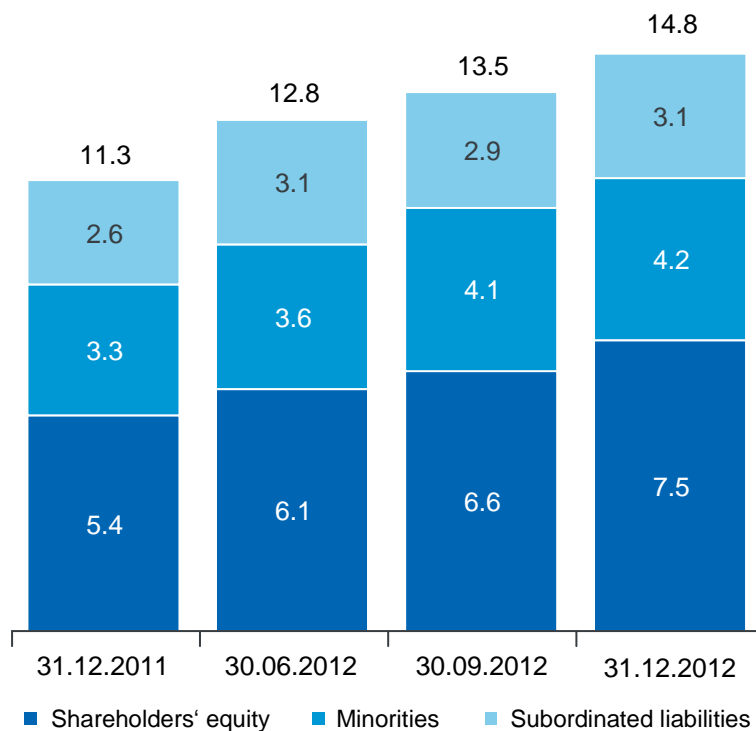
² This rating applies to the core members of Talanx Primary Group (the subgroup of primary insurers in Talanx Group); see description on the right side

³ This rating applies to Hannover Re and its major core companies. The Hannover Re subgroup corresponds to the Talanx Group Reinsurance segment

 **Financial strength underpinned by S&P and A.M. Best ratings**

2 Where do we stand today? – in capital and performance

Capital structure (€bn)



Summary of FY 2012

€m, IFRS	FY 2012	FY2011	Change
Gross written premium	26,659	23,682	+13 %
Net premium earned	21,999	19,456	+13 %
Net underwriting result	(1,433)	(1,690)	+15 %
Net investment income	3,795	3,262	+16 %
Operating result (EBIT)	1,760	1,238	+42 %
Net income after minorities	630	515	+22 %
Key ratios	FY 2012	FY 2011	Change
Combined ratio non-life insurance and reinsurance	96.4%	101.0%	-4.7%pts
Return on investment	4.3%	4.0%	0.3%pts

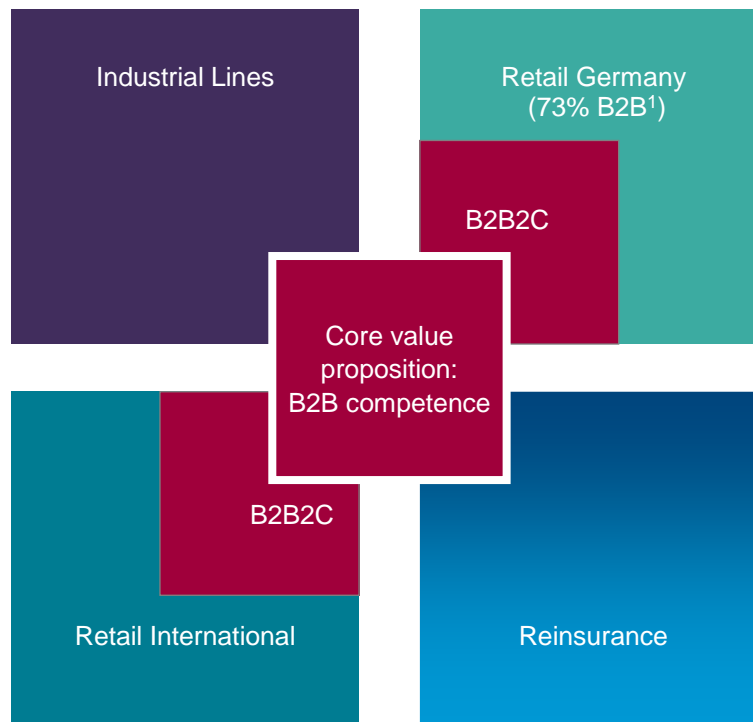


Based on solid capitalization and strong performance good upside potential

3

What is special about us? – B2B competence as key differentiator

Linkage between different Group segments



Excellence in B2B2C channels²



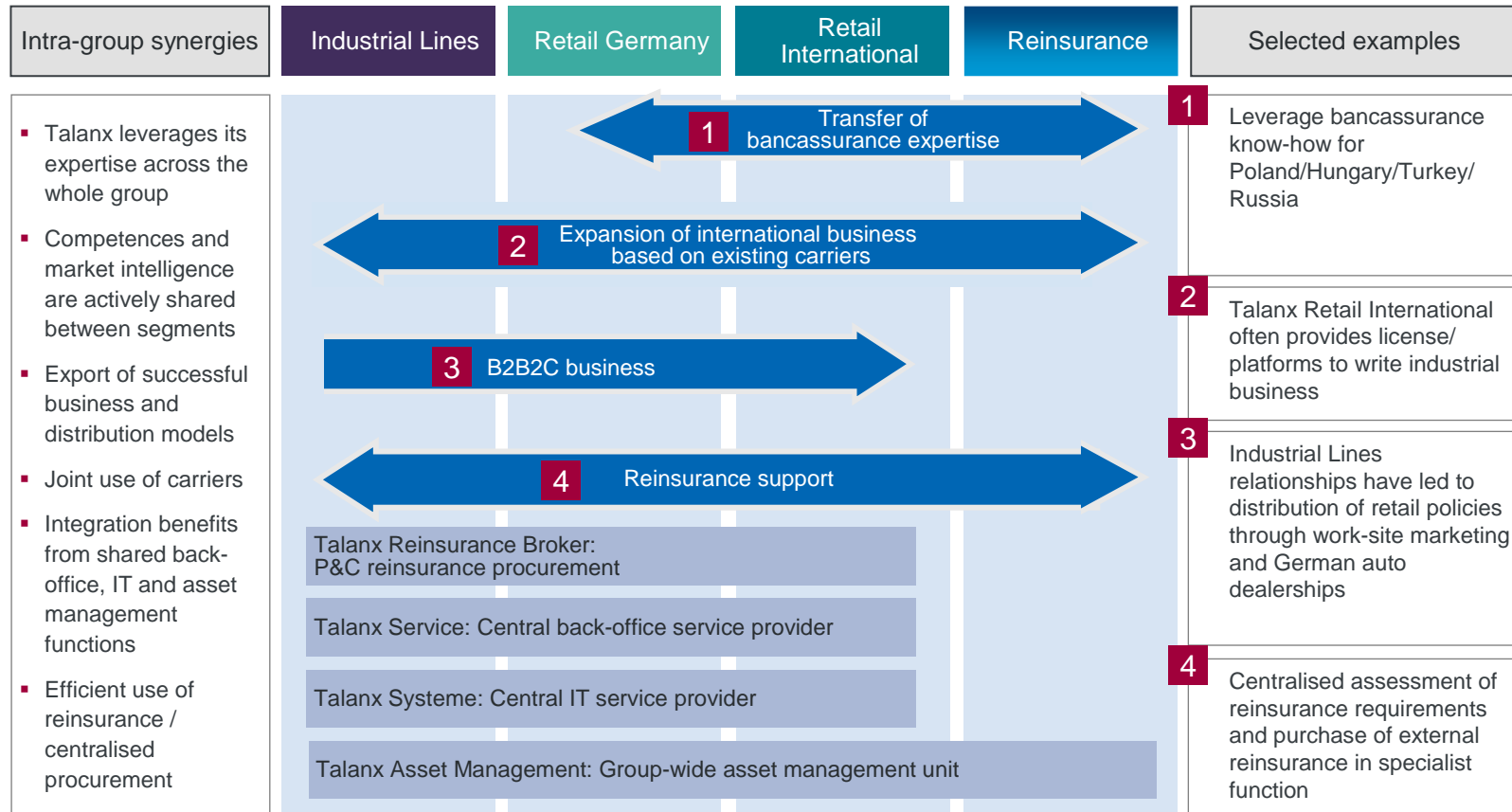
¹ Distribution via B2B channels (IFAs/brokers and bancassurance) in percent of total APE 2011


² Samples of clients/partners



Superior service of corporate relationships lies at heart of our value proposition

3 What is special about us? – B2B competence allows business integration across all divisions

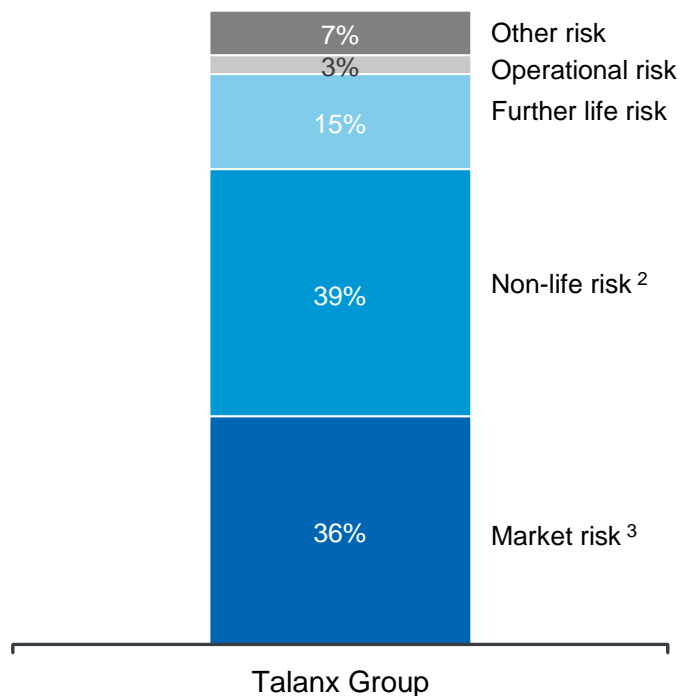


 **Enhanced business activity and efficiency through close cooperation and best-practice approach across all segments**

3

What is special about us? – Sophisticated underwriter with low gearing to market risk

Risk components of Talanx Group¹



Comments

- Total market risk of 36%, of solvency capital requirements, which is comfortably below the 50% limit
- Risk capacity priority for insurance risk
- Non-life is largest risk category, comprising premium and reserve risk, NatCat and counterparty default risk
- Total risk amounts to €4.0bn which after accounting for risk from participations, tax effect and further diversification is reduced to €2.0bn SCR⁴
- Equities ~1% of investments under own management
- GIIPS sovereign exposure 0.9% of total assets

¹ Figures show risk categorisation, in terms of solvency capital requirements, of the Talanx Group after minorities, after tax, post diversification effects as of 2011

² Includes premium and reserve risk (non-life), net NatCat and counterparty default risk

³ Refers to the combined effects from market developments on assets and liabilities

⁴ Solvency capital requirement and capital adequacy ratio for 99.5% VaR, after minorities, group view



Market risk sensitivity (limited to less than 50% of solvency capital requirement) is deliberately low

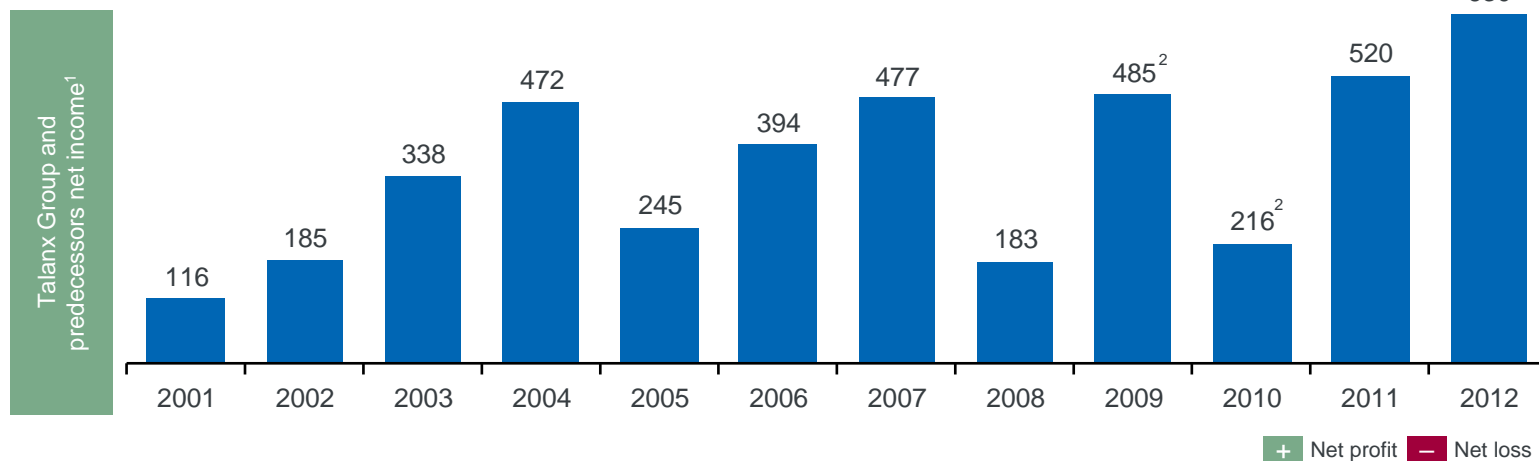
3

What is special about us? – Proven earnings resilience over cycle

Talanx Group net income development



Talanx Group net income¹ (€m)



¹ Net income of Talanx after minorities, after tax based on restated figures as shown in annual reports; 2001–2003 according to US GAAP, 2004–2011 according to IFRS

² Adjusted on the basis of IAS 8

Source: Annual reports of Talanx Group and Hannover Re Group



Robust cycle resilience due to diversification of segments

3 What is special about us? – Attractive risk-return profile


RoE standard deviation of selected European insurance companies¹



Note: Calculation based on respective accounting standards used in respective years. Accounting standards may have changed over periods analysed

- Median RoE and standard deviation of RoE 2001 – 2011 of selected European insurance groups; R+V 2001 – 2010, Groupama 2001 – 2010, Covea 2005 – 2010
- Minority interests only given in 2010 and 2011, no adjustment for variable interest entities

Source: Based on data of "Benchmarking of selected insurance companies" analysis by KPMG AG as of 27 April 2012

 **Sustainable earnings development due to prudent risk management approach**

4 How to move forward? – Overall Group strategy

Focus of the Group is on long-term increase in value by sustainable and profitable growth and vigorous implementation of our B2B-expertise

Profit target	Capital management	Risk management	Growth target	Human resource policy
<ul style="list-style-type: none"> ▪ $RoE^1 > \emptyset$ TOP20 European insurers ▪ $RoE^1 \geq \text{risk-free interest rate}^2 + 750\text{bps}$ 	<ul style="list-style-type: none"> ▪ Fulfill S&P “AA” capital requirement ▪ Efficient use of available financing instruments 	<ul style="list-style-type: none"> ▪ Generate positive annual earnings with a probability of 90% ▪ Sufficient capital to withstand at least an aggregated 3,000-year shock ▪ Investment risk <50% 	<ul style="list-style-type: none"> ▪ 50% of primary GWP from foreign operations ▪ Selective profitable growth in Retail Germany and Reinsurance 	<ul style="list-style-type: none"> ▪ Continuous development and promotion of own workforce ▪ Individual responsibility and entrepreneurial spirit

¹ In accordance with IFRS

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



Group and divisional strategies define goals and actions to be taken

4

How to move forward? – Entrepreneurial culture across the Group

Central steering combined with decentralized responsibilities...

- Talanx Group centralised management, controlling, services and back-office functions
- Principle: central strategic leadership combined with decentralised / local management responsibility
- Individual business units have strong responsibility for delivering results within the guidelines of the group-wide performance management
- International units are managed locally by local country managers

leads to

...strong entrepreneurial spirit

- Empowerment of individual managers
- Freedom to pursue new ventures within group guidelines
- Strong can-do attitude supporting group development and making use of market expertise
- Entrepreneurial pursuit of new opportunities building on traditional strengths of the group (B2B, B2B2C business)



Strong entrepreneurial culture across the Group to unlock full earnings potential

4 How to move forward? – Sources for growth

Industrial Lines

- Growth through globalisation
- Increase retention

Retail Germany

- Elimination of cost disadvantages
- Intelligent products and B2B focus

Retail International

- Focus on emerging markets (LatAM / CEE)
- Consolidation and integration of acquisitions

Reinsurance

- Efficient cycle management
- Expansion into emerging markets

5 Mid-term target matrix

Segments	Key figures	Strategic targets
Group	Return on equity	≥ 750 bps above risk free ¹
	Group net income growth	~ 10%
	Dividend payout ratio	35 - 45%
	Return on investment ²	≥ 3.5%
Industrial Lines	Gross premium growth ³	3 - 5%
	Combined ratio	≤ 96%
	EBIT margin ⁴	≥ 10%
	Retention rate	60 - 65%
Retail Germany	Gross premium growth	≥ 0%
	Combined ratio (non-life)	≤ 97%
	New business margin (life)	≥ 2%
	EBIT margin ⁴	≥ 4.5%
Retail International	Gross premium growth ³	≥ 10%
	Combined ratio (non-life)	≤ 96%
	Value of New Business (VNB) growth	5 - 10%
	EBIT margin ⁴	≥ 5%
Non-life reinsurance	Gross premium growth	3 - 5%
	Combined ratio	≤ 96%
	EBIT margin ⁴	≥ 10%
Life & health reinsurance	Gross premium growth ³	5 - 7%
	Value of New Business (VNB) growth	≥ 10%
	EBIT margin ⁴ financing and longevity business	≥ 2%
	EBIT margin ⁴ mortality and health business	≥ 6%

¹ Risk-free rate is defined as the 5-year rolling average of the 10-year German government bond yield

² Derived from actual asset duration. Currently ~ 6.5 years, therefore the minimum return is the 13-year average of 13-year German government bond yield.
Annually rolling

³ Organic growth only; currency neutral

⁴ EBIT/net premium earned

Note: growth targets are on p.a. basis

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