

PERFORMANCE AND RESULTS

2018

Quarterly Statement as at 31 March 2018

**talánx.**

Insurance. Investments.

# THE TALANX GROUP AT A GLANCE

## GROUP KEY FIGURES

	UNIT	Q1 2018	Q1 2017	+/- % Q1 2018 to Q1 2017
<b>Gross written premiums</b>	EUR MILLION	<b>10,560</b>	<b>9,752</b>	<b>+8.3</b>
by region				
Germany	%	30	33	-3.0 pt.
United Kingdom	%	7	7	— pt.
Central and Eastern Europe (CEE), including Turkey	%	8	8	— pt.
Rest of Europe	%	16	17	-1.0 pt.
USA	%	17	15	+2.0 pt.
Rest of North America	%	2	2	— pt.
Latin America	%	7	8	-1.0 pt.
Asia and Australia	%	11	9	+2.0 pt.
Africa	%	2	1	+1.0 pt.
<b>Gross written premiums by type and class of insurance</b>				
Property/casualty primary insurance	EUR MILLION	3,768	3,669	+2.7
Primary life insurance	EUR MILLION	1,611	1,685	-4.4
Property/Casualty Reinsurance	EUR MILLION	3,452	2,702	+27.8
Life/Health Reinsurance	EUR MILLION	1,729	1,696	+1.9
<b>Net premiums earned</b>	EUR MILLION	<b>6,989</b>	<b>6,698<sup>6)</sup></b>	<b>+4.3</b>
<b>Underwriting result</b>	EUR MILLION	<b>-430</b>	<b>-415</b>	<b>-3.6</b>
<b>Net investment income</b>	EUR MILLION	<b>1,063</b>	<b>1,011</b>	<b>+5.1</b>
<b>Net return on investment<sup>2)</sup></b>	%	<b>3.7</b>	<b>3.5</b>	<b>+0.2 pt.</b>
<b>Operating profit (EBIT)</b>	EUR MILLION	<b>592</b>	<b>576</b>	<b>+2.8</b>
<b>Net income (after financing costs and taxes)</b>	EUR MILLION	<b>388</b>	<b>398</b>	<b>-2.5</b>
of which attributable to shareholders of Talanx AG	EUR MILLION	218	238	-8.4
<b>Return on equity<sup>2), 3), 6)</sup></b>	%	<b>9.9</b>	<b>10.4</b>	<b>-0.5 pt.</b>
<b>Earnings per share</b>				
Basic earnings per share	EUR	0.86	0.94	-8.5
Diluted earnings per share	EUR	0.86	0.94	-8.5
<b>Combined ratio in property/casualty primary insurance and Property/Casualty Reinsurance<sup>4)</sup></b>	%	<b>97.0</b>	<b>96.3</b>	<b>+0.7 pt.</b>
Combined ratio of property/casualty primary insurers <sup>5)</sup>	%	98.2	97.6	+0.6 pt.
Combined Ratio of Property/Casualty Reinsurance	%	95.9	95.6	+0.3 pt.
<b>EBIT margin primary insurance and Reinsurance</b>				
EBIT margin primary insurance <sup>5)</sup>	%	5.3	6.0	-0.7 pt.
EBIT Margin Non-Life Reinsurance	%	14.2	14.6	-0.4 pt.
EBIT Margin Life/Health Reinsurance	%	5.9	5.5	+0.4 pt.
		<b>31.3.2018</b>	<b>31.12.2017</b>	<b>+/- %</b>
<b>Policyholders' surplus</b>	EUR MILLION	<b>16,708</b>	<b>16,983</b>	<b>-1.6</b>
Equity attributable to shareholders of Talanx AG	EUR MILLION	8,688	8,835	-1.7
Non-controlling interests	EUR MILLION	5,283	5,411	-2.4
Hybrid capital	EUR MILLION	2,737	2,737	—
<b>Assets under own management</b>	EUR MILLION	<b>109,030</b>	<b>107,881</b>	<b>+1.1</b>
<b>Total investments</b>	EUR MILLION	<b>120,046</b>	<b>118,673</b>	<b>+1.2</b>
<b>Total assets</b>	EUR MILLION	<b>161,407</b>	<b>158,386</b>	<b>+1.9</b>
<b>Carrying amount per share at end of period</b>	EUR	<b>34.37</b>	<b>34.95</b>	<b>-1.7</b>
<b>Share price at end of period</b>	EUR	<b>35.34</b>	<b>34.07</b>	<b>+3.7</b>
<b>Market capitalisation of Talanx AG at end of period</b>	EUR MILLION	<b>8,934</b>	<b>8,613</b>	<b>+3.7</b>
<b>Employees</b>	FULL-TIME EQUIVALENTS	<b>20,426</b>	<b>20,419</b>	<b>+0.0</b>

<sup>1)</sup> Ratio of annualised net investment income excluding interest income on funds withheld and contract deposits and profit on investment contracts to average assets under own management (31.3.2018 and 31.12.2017).

<sup>2)</sup> Ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.

<sup>3)</sup> Ratio of annualised net income for the quarter excluding non-controlling interests to average equity excluding non-controlling interests at the beginning and end of the quarter.

<sup>4)</sup> Combined ratio taking into account interest income on funds withheld and contract deposits, before elimination of intra-Group cross-segment transactions.

<sup>5)</sup> Excluding figures from the Corporate Operations segment.

<sup>6)</sup> Adjusted in accordance with IAS 8, see "Annual Report 2017"; "Accounting policies", subsection "Changes in accounting policies and errors" in the Notes.

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## QUARTERLY STATEMENT

### BUSINESS DEVELOPMENT

#### PERFORMANCE OF THE GROUP

- Gross premiums up by over 8%
- Large losses higher than the amount forecast for the first quarter
- Rise in net investment income pushes up EBIT

##### GROUP KEY FIGURES

EUR MILLION

	Q1 2018	Q1 2017 <sup>1)</sup>	+/- %
Gross written premiums	10,560	9,752	+8.3
Net premiums earned	6,989	6,698	+4.3
Underwriting result	-430	-415	-3.6
Net investment income	1,063	1,011	+5.1
Operating profit (EBIT)	592	576	+2.8
Combined ratio (net, property/casualty only) in %	97.0	96.3	+0.7 pt.

<sup>1)</sup> Adjusted in accordance with IAS 8

##### MANAGEMENT METRICS

%

	Q1 2018	Q1 2017	+/- %
Gross premium growth (adjusted for currency effects)	14.1	7.4	+6.7 pt.
Group net income in EUR million	218	238	-8.4
Net return on investment <sup>1)</sup>	3.7	3.5	+0.2 pt.
Return on equity <sup>2)</sup>	9.9	10.4	-0.5 pt.

<sup>1)</sup> Annualised ratio of net investment income excluding interest income on funds withheld and contract deposits and profit on investment contracts to average assets under own management.

<sup>2)</sup> Ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.

#### PREMIUM VOLUME

The gross premiums written for the Talanx Group increased by 8.3% (adjusted for currency effects: by 14.1%) in the first quarter and amounted to EUR 10.6 (9.8) billion. Apart from the German life business, all segments – especially Property/Casualty Reinsurance, where the general environment improved overall – contributed to

the growth in premiums, with net premiums earned up by 4.3% year-on-year at EUR 7.0 (6.7) billion. The retention ratio increased to 87.4% (85.6%) on the back of higher retentions in segments including Industrial Lines (+3.9 percentage points) and Property/Casualty Reinsurance (+3.0 percentage points).

#### UNDERWRITING RESULT

The underwriting result deteriorated by 3.6% to EUR -430 (-415) million due in part to a 6.2 percentage point hike in the loss ratio for the Industrial Lines segment. Across the Group, the large-loss burden remained below EUR 242 million, the pro rata figure forecast for the period. Over half of this burden – EUR 73 (134) million – came in the Property/Casualty Reinsurance segment, with storm “Friederike” representing the biggest single loss, accounting for EUR 59 million. The net loss ratio climbed by 1.1 percentage points and could not be fully offset by a slight improvement in the net expense ratio, thus pushing the Group’s combined ratio down by 0.7 percentage points to 97.0% (96.3%).

#### NET INVESTMENT INCOME

Net investment income improved by 5.1% to EUR 1,063 (1,011) million. The rise in extraordinary net investment income, especially in the Retail Germany Division, more than made up for the fall in interest income on funds withheld. The Group’s net return on investment was 3.7% (3.5%) in the first three months of 2018, up 0.2 percentage points year-on-year.

#### OPERATING PROFIT AND GROUP NET INCOME

The operating profit (EBIT) improved by 2.8% to EUR 592 (576) million thanks to the higher net investment income. Group net income amounted to EUR 218 (238) million. The return on equity was 9.9% (10.4%), above the target of around 9% set for 2018 as a whole.

## DEVELOPMENT OF THE DIVISIONS WITHIN THE GROUP

At a strategic level, Talanx divides its business into seven reportable segments: Industrial Lines, Retail Germany – Property/Casualty Insurance and Life Insurance – Retail International, Property/Casualty Reinsurance, Life/Health Reinsurance and Corporate Operations. Please refer to the section entitled “Segment reporting” in the Notes to the Talanx 2017 Group Annual Report for details of these segments’ structure and scope of business.

### INDUSTRIAL LINES

- Growth in premiums abroad
- Incurred but not reported claims have a negative impact on run-off
- Constant net investment income despite low interest rates

#### KEY FIGURES FOR THE INDUSTRIAL LINES DIVISION

EUR MILLION			
	Q1 2018	Q1 2017	+/-%
Gross written premiums	2,049	2,004	+2.2
Net premiums earned	583	552	+5.6
Underwriting result	-13	19	-168.4
Net investment income	68	69	-1.4
Operating profit (EBIT)	51	80	-36.3

#### MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%			
	Q1 2018	Q1 2017	+/-%
Gross premium growth (adjusted for currency effects)	5.6	3.1	+2.5 pt.
Retention	60.3	56.4	+3.9 pt.
Combined ratio (net) <sup>1)</sup>	102.3	96.5	+5.8 pt.
EBIT margin <sup>2)</sup>	8.8	14.6	-5.8 pt.
Return on equity <sup>3), 4)</sup>	5.5	10.9	-5.4 pt.

<sup>1)</sup> Including net interest income on funds withheld and contract deposits.

<sup>2)</sup> Operating profit (EBIT)/net premiums earned.

<sup>3)</sup> Ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.

<sup>4)</sup> Adjusted in accordance with IAS 8.

### PREMIUM VOLUME

Gross written premiums for the division amounted to EUR 2.0 (2.0) billion as at 31 March 2018, an increase of around 2.2% (5.6% after adjustment for currency effects). The international branches of HDI Global SE in the Netherlands, Italy and the UK in particular recorded increases in premiums.

At 60.3% (56.4%), the retention ratio in the division was above the level of the previous year. This development was largely due to lower payments to external reinsurers in the fire insurance business, growth in the motor insurance line with a high level of retention, and lower expenses for reinstatement premiums. Net premiums earned rose by 5.6% compared with the previous-year quarter to EUR 583 (552) million, corresponding to the gross growth.

### UNDERWRITING RESULT

The division’s net underwriting result declined to EUR -13 (19) million. At 20.2% (20.6%), the net expense ratio was slightly lower year-on-year, whereby this development was due to a higher premium base. The loss ratio (net) deteriorated to 82.1% (75.9%). This was due to the negative impact on earnings in domestic fire insurance and to the below-average run-off result in the first quarter. The combined ratio for the Industrial Lines Division amounted to 102.3% (96.5%).

### NET INVESTMENT INCOME

Net investment income was more or less at the level of the previous year (-1.4%). Higher income from private equity vehicles compensated for the lower interest rates for new and reinvestments. In comparison to the previous-year period, fewer net gains from the disposal of investments were generated at HDI Global SE at the same time.

### OPERATING PROFIT AND GROUP NET INCOME

As a result of the developments stated above, the division’s operating profit was lower in the first three months of 2018 (EUR 51 million) than in the first quarter of the prior year (EUR 80 million). Group net income amounted to EUR 31 (59) million.

## RETAIL GERMANY

### PROPERTY/CASUALTY INSURANCE

- Premium growth in virtually all lines of the third-party liability, accident and property insurance business
- Combined ratio under 100% thanks to improved run-off and a fall in minor claims
- Operating profit up year-on-year despite spring storms

#### KEY FIGURES FOR THE RETAIL GERMANY DIVISION – PROPERTY/CASUALTY INSURANCE SEGMENT

EUR MILLION

	Q1 2018	Q1 2017	+/- %
Gross written premiums	780	759	+2.8
Net premiums earned	345	340	+1.5
Underwriting result	3	-6	+150.0
Net investment income	21	25	-16.0
Operating profit (EBIT)	18	13	+38.5

#### MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY INSURANCE SEGMENT

%

	Q1 2018	Q1 2017	+/- %
Gross premium growth	+2.8	+1.3	+1.5 pt.
Combined ratio (net) <sup>1)</sup>	99.0	101.7	-2.7 pt.
EBIT margin <sup>2)</sup>	5.2	3.8	+1.4 pt.

<sup>1)</sup> Including net interest income on funds withheld and contract deposits.

<sup>2)</sup> Operating profit (EBIT)/net premiums earned.

### MARKET DEVELOPMENT

Continued growth of up to 3.0% is expected in property/casualty insurance for the current year, with motor and comprehensive homeowners' insurance set to grow particularly strongly.

### PREMIUM VOLUME AND NEW BUSINESS

A 2.8% increase in premium income to EUR 780 (759) million was recorded in the property/casualty insurance segment, mainly thanks to the positive trend at HDI Versicherung AG. There was growth in the corporate customers/freelance professionals and retail business as well as in motor insurance to a small extent. Coupled with the decline in premiums in the life business, this pushed the share of the total Retail Germany Division attributable to the property/casualty insurers up to 41.8% (39.8%) overall.

### UNDERWRITING RESULT

The underwriting result improved from EUR -6 million to EUR 3 million in the current financial year. This was attributable to a more favourable run-off result and improved financial year's claims, particularly for minor so-called frequency losses, which more than offset the burden caused by the spring storms. The positive trend in the underwriting result led to a 2.7 percentage point decline in the combined ratio (net), from 101.7% to 99.0%

### NET INVESTMENT INCOME

Net investment income fell to EUR 21 (25) million in the first three months of the year, mainly as a result of lower disposal gains.

### OPERATING PROFIT

The improved loss situation meant that EBIT was higher year-on-year at EUR 18 (13) million despite the burden caused by the spring storms. This pushed the EBIT margin up to 5.2% (3.8%).

### LIFE INSURANCE

- Fall in premiums due to curbs on the residual debt business and maturing capital insurance policies
- EBIT virtually unchanged

#### KEY FIGURES FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

EUR MILLION

	Q1 2018	Q1 2017	+/- %
Gross written premiums	1,088	1,147	-5.1
Net premiums earned	807	844	-4.4
Underwriting result	-467	-416	-12.3
Net investment income	489	435	+12.4
Operating profit (EBIT)	20	21	-4.8
New business measured in annual premium equivalent	92	94	-2.1
Single premiums	302	345	-12.5
Regular premiums	62	59	+5.1
New business by product in annual premium equivalent	92	94	-2.1
of which capital-efficient products	33	33	—
of which biometric products	33	34	-2.9

**MANAGEMENT METRICS FOR THE LIFE INSURANCE SEGMENT**

	Q1 2018	Q1 2017	+/-%
Gross premium growth	-5.1	-0.7	-4.4 pt.
EBIT margin <sup>1)</sup>	2.4	2.5	-0.1 pt.

<sup>1)</sup> Operating profit (EBIT)/net premiums earned.

**MARKET DEVELOPMENT**

The current financial year continues to be influenced by persistently low interest rates on the capital markets and a reluctance among consumers to save. In this environment, life insurance premiums are expected to fall by some -0.3%, as is new business (measured using the annual premium equivalent [APE], the international standard) due to a decline in single premiums.

**PREMIUM VOLUME AND NEW BUSINESS**

Over the first three months of the year, the Life Insurance segment saw premiums fall by 5.1% to EUR 1.1 (1.1) billion, which includes the savings elements of premiums from unit-linked life insurance policies. The curbs on the residual debt business meant that single premiums dropped by EUR 43 million, while regular premiums also fell due to policies maturing. The retention ratio in the life insurance business dropped to 93.2% (95.5%) following the conclusion of a new reinsurance treaty. Allowing for the savings elements of premiums from our unit-linked products and the change in the unearned premium reserve, the net premiums earned in the Life Insurance segment decreased by 4.4% to EUR 807 (844) million. The Life Insurance segment share in the overall Retail Germany Division declined to 58.2% (60.2%).

Measured in APE, new business in life insurance products fell slightly from EUR 94 million to EUR 92 million. The introduction of product and sales standards that are aimed at an even more sustainable business model led to a slight decline in the new business in residual debt insurance.

**UNDERWRITING RESULT**

The underwriting result deteriorated to EUR -467 (-416) million in the current financial year. This is a result of the unwinding of discounts on technical provisions and policyholder participation in net investment income, among other elements. These expenses were offset by investment income, which is not recognised in the underwriting result.

**NET INVESTMENT INCOME**

Net investment income increased by 12.4% to EUR 489 (435) million thanks in particular to the realisation of higher unrealised gains to finance the additional interest reserve. The persistently low interest rates on the capital markets continued to have an adverse effect on ordinary net investment income.

**OPERATING PROFIT**

The operating profit (EBIT) in the Life Insurance segment in the Retail Germany Division remained stable year-on-year at EUR 20 (21) million.

**RETAIL GERMANY DIVISION OVERALL****RETURN ON EQUITY FOR THE RETAIL GERMANY DIVISION OVERALL**

	Q1 2018	Q1 2017	+/-%
Return on equity <sup>1)</sup>	3.7	3.0	+0.7 pt.

<sup>1)</sup> Ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.

After adjusting for taxes on income, financing costs and non-controlling interests, Group net income rose to EUR 22 (19) million, thanks especially to the strong showing in property/casualty insurance. This pushed the return on equity up by 0.7 percentage points to 3.7%.

## RETAIL INTERNATIONAL

- Gross written premiums up 4.8% after adjustment for currency effects
- Positive effects on the expense ratio from cost optimisation methods
- Loss ratio stable at 66.9%

### KEY FIGURES FOR THE RETAIL INTERNATIONAL DIVISION

EUR MILLION	Q1 2018	Q1 2017	+/- %
Gross written premiums	1,496	1,483	+0.9
Net premiums earned	1,251	1,217	+2.8
Underwriting result	15	7	+114.3
Net investment income	92	87	+5.7
Operating profit (EBIT)	70	63	+11.1

### MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%	Q1 2018	Q1 2017	+/- %
Gross premium growth (adjusted for currency effects)	4.8	25.8	-21.0 pt.
Combined ratio (net, property/casualty only) <sup>1)</sup>	94.9	96.6	-1.7 pt.
EBIT margin <sup>2)</sup>	5.6	5.1	+0.5 pt.
Return on equity <sup>3), 4)</sup>	8.2	7.6	+0.6 pt.

<sup>1)</sup> Including net interest income on funds withheld and contract deposits.

<sup>2)</sup> Operating profit (EBIT)/net premiums earned.

<sup>3)</sup> Ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.

<sup>4)</sup> Adjusted in accordance with IAS 8.

This division bundles the activities of the international retail business in the Talanx Group and is active in both Europe and Latin America. Through its acquisition of a majority interest in the Colombian company Generali Colombia Seguros Generales S.A. and its subsidiary in the second quarter of 2018, the division will be represented in Colombia's primary insurance market in future, thereby further expanding its presence in the strategic Latin America target region.

## PREMIUM VOLUME

The division's gross written premiums (including premiums from unit-linked life and annuity insurance) increased by 0.9% compared to the first quarter of 2017 to EUR 1.5 (1.5) billion. Adjusted for currency effects, gross premiums increased by 4.8% on the comparison period. The development of premium volume differed in the two regions during the reporting period. In the Latin America region, gross written premiums declined by 2.4% compared to the same period in the previous year, to EUR 404 million. On the other hand, there was an increase of 11.7% when adjusted for currency effects, which was essentially due to developments in Mexico and Brazil. The premium volume for the Mexican company HDI Seguros S.A. increased, particularly in motor insurance and from bank sales, which resulted both from an increased number of insured vehicles and from higher average premiums. More than 50% of the premium volume generated in the region was attributable to the Brazilian company HDI Seguros S.A. Taking into account currency effects, gross written premiums for the company declined by 8.4% to EUR 204 million. At the same time, there was an increase of 8.9% when adjusted for currency effects, whereby this was essentially due to ongoing price increases for motor insurance.

The Europe region recorded growth in gross written premiums of 2.2% to EUR 1.1 billion; this growth was driven primarily by a 16.1% increase in premiums to EUR 344 million at the Polish property insurer TUIR WARTA S.A. Along with an increase in new business for other property insurance brought about by a new bank sales channel, this positive development was mainly due to an increase in the number of insured vehicles to 5.1 (4.3) million and stable average premiums for motor insurance. Turkey also had a positive impact on gross written premiums in the region. After adjustment for currency effects, premium volume in Turkey rose by 8.0%, with this development driven mainly by the motor insurance business. The growth in Turkey more than compensated for the 5.6% decrease in gross written premiums at the Italian company HDI Assicurazioni S.p.A. that resulted from the declining trend in single premium business from bank sales channels for life insurance. Adjusted for currency effects, the growth in premium volume in Europe stood at 2.1%.

## UNDERWRITING RESULT

The combined ratio from property insurance companies increased by 1.7 percentage points year-on-year to 94.9%, whereby a large loss in Chile at the beginning of 2017 had a 0.4 percentage point impact on the loss ratio. Overall, the loss ratio increased by 2.0 percentage points, essentially driven by higher costs for foreign replacement parts in the course of the depreciation of local currencies against the US dollar or the euro, and the resulting increased claims inflation



in Mexico and Turkey in particular. In contrast, the expense ratio for the division was 1.6 percentage points lower than the previous year (29.6%), at 28.0%. This resulted from a decline in both the acquisition expense ratio and the administrative expense ratio (by 1.0 percentage points to 5.6%, from 6.6% in the prior year) due to cost optimisations, primarily at the Polish company TUIR WARTA S.A., as well as in Brazil.

Overall, at EUR 15 million the underwriting result for the division was well above the prior year's level (EUR 7 million).

#### NET INVESTMENT INCOME

The Retail International Division's net investment income amounted to EUR 92 million in the first quarter of 2018, a year-on-year rise of 5.7%. Despite a larger investment portfolio, the division's ordinary net investment income fell by 5.7%, chiefly due to a significant decline in interest rates from the same period of the previous year, particularly in Brazil and Italy. At the same time, the reporting period was positively impacted by higher extraordinary net income in Italy. Due to the increased portfolios and the persistently low interest-rate level, the average return on assets under own management reduced by 0.1 percentage points, to 3.6%.

#### OPERATING PROFIT AND GROUP NET INCOME

In the first quarter of 2018, operating profit (EBIT) in the Retail International Division rose by 11.1% compared with the prior-year period to EUR 70 million. The Europe region contributed to the operating profit of the segment with EBIT of EUR 63 (47) million, a year-on-year increase of 34.0%, whereby this growth was primarily due to developments at TUIR WARTA S.A. in Poland. EBIT of EUR 14 (15) million was generated in the Latin America region, whereby this decrease in EBIT was mainly a result of the aforementioned lower interest rates in Brazil. Group net income after minority interests increased accordingly by 2.5% to EUR 41 (40) million. The return on equity rose by 0.6 percentage points to 8.2% compared to the same period in the previous year.

#### ADDITIONAL KEY FIGURES

##### RETAIL INTERNATIONAL DIVISION BY LINE OF BUSINESS AT A GLANCE

EUR MILLION	Q1 2018	Q1 2017	+/-%
<b>Gross written premiums</b>	<b>1,496</b>	<b>1,483</b>	<b>+0.9</b>
Property/casualty	960	934	+2.8
Life	536	549	-2.4
<b>Net premiums earned</b>	<b>1,251</b>	<b>1,217</b>	<b>+2.8</b>
Property/casualty	794	754	+5.3
Life	457	463	-1.3
<b>Underwriting result</b>	<b>15</b>	<b>7</b>	<b>+114.3</b>
Property/casualty	40	25	+60.0
Life	-25	-18	-38.9
Others	—	—	—
<b>Net investment income</b>	<b>92</b>	<b>87</b>	<b>+5.7</b>
Property/casualty	48	54	-11.1
Life	45	34	+32.4
Others	-1	-1	—
<b>New business by product in annual premium equivalent (life)</b>	<b>63</b>	<b>61</b>	<b>+3.3</b>
Single premiums	456	434	+5.1
Regular premiums	17	18	-5.6
<b>New business by product in annual premium equivalent (life)</b>	<b>63</b>	<b>61</b>	<b>+3.3</b>
of which capital-efficient products	24	28	-14.3
of which biometric products	16	16	—

##### RETAIL INTERNATIONAL DIVISION BY REGION AT A GLANCE

EUR MILLION	Q1 2018	Q1 2017	+/-%
<b>Gross written premiums</b>	<b>1,496</b>	<b>1,483</b>	<b>+0.9</b>
of which Europe	1,087	1,064	+2.2
of which Latin America	404	414	-2.4
<b>Net premiums earned</b>	<b>1,251</b>	<b>1,217</b>	<b>+2.8</b>
of which Europe	915	856	+6.9
of which Latin America	336	361	-6.9
<b>Underwriting result</b>	<b>15</b>	<b>7</b>	<b>+114.3</b>
of which Europe	2	-1	+300.0
of which Latin America	13	2	+550.0
<b>Net investment income</b>	<b>92</b>	<b>87</b>	<b>+5.7</b>
of which Europe	77	60	+28.3
of which Latin America	16	28	-42.9
<b>Operating profit (EBIT)</b>	<b>70</b>	<b>63</b>	<b>+11.1</b>
of which Europe	63	47	+34.0
of which Latin America	14	15	-6.7

## REINSURANCE

### PROPERTY/CASUALTY REINSURANCE

- Improved general environment in property/casualty reinsurance
- Very good growth in both the traditional and structured reinsurance business
- Moderate large loss burden in the first quarter

#### KEY FIGURES FOR THE REINSURANCE DIVISION – PROPERTY/CASUALTY REINSURANCE SEGMENT

EUR MILLION

	Q1 2018	Q1 2017	+/- %
Gross written premiums	3,579	2,815	+27.1
Net premiums earned	2,425	2,166	+12.0
Underwriting result	91	91	—
Net investment income	274	250	+9.6
Operating profit (EBIT)	344	315	+9.2

#### MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%

	Q1 2018	Q1 2017	+/- %
Gross premium growth (adjusted for currency effects)	38.8	11.3	+27.5 pt.
Combined ratio (net) <sup>1)</sup>	95.9	95.6	+0.3 pt.
EBIT margin <sup>2)</sup>	14.2	14.6	-0.4 pt.

<sup>1)</sup> Including net interest income on funds withheld and contract deposits.<sup>2)</sup> Operating profit (EBIT)/net premiums earned.

### BUSINESS DEVELOPMENT

The treaty renewal round for the Property/Casualty Reinsurance segment as at 1 January 2018 went quite well for us. Due to an improved general environment, premium volumes in the traditional property/casualty reinsurance business increased by 12.7%. Conditions as at 1 January 2018 were largely shaped by the substantial natural-disaster losses incurred in 2017, which had a major negative impact on earnings at reinsurers. After several years

of declining reinsurance prices, it became possible to increase price levels in the reinsurance sector. Double-digit rate increases were recorded in some cases for property/casualty programmes impacted by losses. Nevertheless, given the excess supply that still exists, the rate increases were largely moderate. In the case of reinsurance programmes that had not suffered losses – even those from only marginally impacted regions – it was generally possible to obtain a premium at least on par with the previous year. Moderate premium increases were also achieved in some cases.

In the treaty negotiations, we were able to obtain the necessary price increases, as well as expand strategic partnerships and increase the associated shares, thereby enabling us to achieve substantial growth. Growth was particularly strong in Asia and in the United Kingdom, particularly in the London market. In addition, attractive opportunities to expand the portfolio became available in North America, the Caribbean and Eastern Europe, as well as in the area of cyber risk cover. We also recorded significant growth in markets in the Asia-Pacific region. High-volume transactions in China and Australia led to a substantial increase in premium volume. In the area of structured reinsurance, demand for reinsurance solutions that improve solvency once again developed very positively, and we therefore recorded substantial premium growth here as well.

### PREMIUM DEVELOPMENT

Given these developments, gross premiums in the Property/Casualty Reinsurance segment rose by 27.1% to EUR 3.6 (2.8) billion. At constant exchange rates, growth actually would have amounted to 38.8%. Retention increased to 91.6% (88.6%). Net premiums earned increased by 12.0% to EUR 2.4 (2.2) billion; adjusted for currency effects, growth would have amounted to 22.4%.

### UNDERWRITING RESULT

Large losses developed moderately in the first quarter of 2018. Our largest single loss was the storm “Friederike”, which caused major devastation in Germany and several other European countries. The net burden here amounted to EUR 32 million. The net large loss burden totalled EUR 73 (134) million in the first quarter. This figure was well below our anticipated net large loss burden of EUR 167 million for the first quarter. The combined ratio amounted to 95.9% (95.6%) and was thus within the target range of our anticipated figure of less than 96%. The underwriting result for the Property/Casualty Reinsurance segment remained unchanged at EUR 91 (91) million.

## NET INVESTMENT INCOME

Net investment income in the Property/Casualty Reinsurance segment amounted to EUR 274 (250) million. Following an extraordinarily good result in the same period of the prior year, net investment income from assets under own management improved further in the first quarter of 2018, increasing by 8.6% to EUR 266 (245) million.

## OPERATING PROFIT

The operating profit (EBIT) in the Property/Casualty Reinsurance segment rose as at 31 March 2018 by 9.2% to EUR 344 (315) million. The EBIT margin reached 14.2% (14.6%), thus exceeding the target level of at least 10%.

## LIFE/HEALTH REINSURANCE

- Gross written premiums adjusted for currency effects above the strategic target
- Business development in line with our expectations
- Very good result once again for the financial solutions business

### KEY FIGURES FOR THE REINSURANCE DIVISION – LIFE/HEALTH REINSURANCE SEGMENT

EUR MILLION

	Q1 2018	Q1 2017 <sup>1)</sup>	+/-%
Gross written premiums	1,766	1,732	+2.0
Net premiums earned	1,574	1,573	+0.1
Underwriting result	-55	-114	+51.8
Net investment income	123	148	-16.9
Operating profit (EBIT)	92	86	+7.0

<sup>1)</sup> Adjusted in accordance with IAS 8.

### MANAGEMENT METRICS

%

	Q1 2018	Q1 2017	+/-%
Gross premium growth (adjusted for currency effects) <sup>1)</sup>	9.2	-1.7	+10.9 pt.
EBIT growth <sup>2)</sup>	7.0	-16.2	+23.2 pt.

<sup>1)</sup> Compared with the previous year.

<sup>2)</sup> Change in operating profit (EBIT) compared with the previous year in %.

## BUSINESS DEVELOPMENT

The life/health reinsurance business developed as expected during the reporting period. Primary insurance companies in Germany in particular have been focusing noticeably on the so-called run-off business, in which no new business is underwritten. The high interest rate commitments of recent years, which were often contractually stipulated, and the associated requirements defined by the supervisory authorities have resulted in a situation in which very high-volume life and annuity insurance portfolios have had a growing negative effect on primary insurers' balance sheet results. For some time now, this development has led to the establishment of specialised companies whose business model is based on the notion that the consolidation of a large number of insurance portfolios makes it possible to manage such portfolios more efficiently than would be the case for individual insurers.

In addition, the German market has been impacted by the ongoing decline of new business; growth in new business was only recorded for occupational disability insurance. Demand for Solvency II-focused cover continues to be overshadowed by the financing requirement for the additional interest reserves. The high capital ratios required by the supervisory authorities in this regard continue to put a strain on the primary insurers' solvency situation. We were thus able to successfully generate new business here.

As expected, our US financial solutions and health and special risk business operations developed positively during the reporting period. The US mortality business developed somewhat more positively recently than we had anticipated. Due to the negative development of several older portfolios, most of which were underwritten prior to 2004, we decided to perform a revaluation of expected mortality for the portfolios in question.

The Life/Health Reinsurance segment developed positively overall in Asia, Africa, the Middle East and Scandinavia. Our customers continue to display great interest in automated underwriting systems. Customer demand for such solutions remained high in the first quarter and the response from already existing customers has been consistently positive. Our subsidiary in Australia has established a joint venture with a local pension fund. The goal of this partnership is to create a holistic process that seamlessly and immutably collects real-time data on all phases of traditional insurance operations, from initial underwriting to the settlement of potential claims. Possibilities for using blockchain technology are being explored here. This would mark an important step forward for the utilisation of automated underwriting systems in future.

**PREMIUM DEVELOPMENT**

Gross written premiums in the Life/Health Reinsurance segment amounted to EUR 1.8 (1.7) billion as at 31 March 2018. This represents an increase of 2.0%. At constant exchange rates, the increase would have amounted to 9.2%. Retention fell slightly, to 90.7% (91.3%). As a result, net premiums earned remained at the previous year's level (EUR 1.6 [1.6] billion). At constant exchange rates, an increase of 7.4% would have been recorded.

**NET INVESTMENT INCOME**

Net investment income totalled EUR 123 (148) million; income from assets under own management declined by 10.0% to EUR 72 (80) million. At EUR 51 (68) million, income from capital investments held on our behalf by cedants was lower than the figure recorded in the first quarter of the prior year.

**OPERATING PROFIT**

Operating profit (EBIT) rose by 7.0% to EUR 92 (86) million.

**REINSURANCE DIVISION OVERALL****RETURN ON EQUITY FOR THE REINSURANCE DIVISION OVERALL**

%

	Q1 2018	Q1 2017	+/- %
Return on equity <sup>1)</sup>	13.5	12.0	+1.5 pt.

<sup>1)</sup> Ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.

Group net income in the Reinsurance Division increased from EUR 132 million to EUR 139 million in the first quarter of 2018. Return on equity rose by 1.5 percentage points, to 13.5% (12.0%).

**CORPORATE OPERATIONS**

- Group assets under own management up 1.1%

**OPERATING PROFIT**

The operating profit in the Corporate Operations segment fell in the first quarter of 2018 to EUR 4 (5) million. On the one hand, the underwriting result for the section of the Talanx Reinsurance (Ireland) SE, Dublin business shown here declined due to higher claims and claims expenses. In contrast, Talanx was able to generate income in the first quarter of 2018 from its coordination as a lead investor in 2017 of a group of institutional investors in a bond issue to finance an offshore wind farm. Group net income attributable to shareholders of Talanx AG for this segment amounted to EUR -17 (-14) million in the first quarter of 2018.

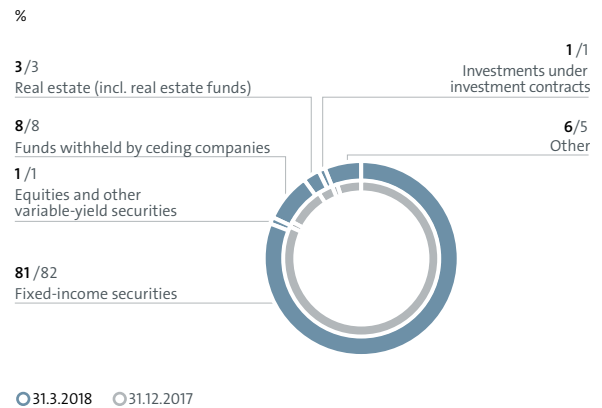
## INVESTMENTS AND FINANCIAL POSITION

The total investment portfolio increased by 1.2% over the course of the first quarter of 2018 and amounted to EUR 120.0 (118.7) billion. The portfolio of assets under own management rose by 1.1% to EUR 109.0 (107.9) billion, while the funds withheld by ceding companies increased by 2.6% to EUR 9.9 (9.7) billion. Growth in the portfolio of assets under own management was largely due to cash inflows from underwriting business, which were reinvested in accordance with the respective corporate guidelines.

Fixed-income investments were again the most significant asset class in the first quarter of 2018. Most reinvestments were made in this class, reflecting the existing investment structure. This asset class

contributed EUR 0.7 (0.7) billion to earnings, which was reinvested as far as possible in the year under review.

### BREAKDOWN OF THE INVESTMENT PORTFOLIO



### BREAKDOWN OF ASSETS UNDER OWN MANAGEMENT BY ASSET CLASS

EUR MILLION

	31.3.2018		31.12.2017	
Investment property	2,806	3%	2,799	3%
Shares in affiliated companies and participating interests	178	< 1%	178	< 1%
Investments in associates and joint ventures	278	< 1%	242	< 1%
Loans and receivables				
Loans incl. mortgage loans	473	< 1%	481	< 1%
Loans and receivables due from government or quasi-governmental entities, together with fixed-income securities	28,432	26%	28,412	26%
Financial assets held to maturity	481	< 1%	554	< 1%
Available for sale				
Fixed-income securities	66,855	61%	66,682	62%
Variable-yield securities	1,750	2%	1,773	2%
Financial assets at fair value through profit or loss				
Financial assets classified at fair value through profit or loss				
Fixed-income securities	1,088	1%	1,072	1%
Variable-yield securities	101	< 1%	65	< 1%
Financial assets held for trading				
Fixed-income securities	—	< 1%	—	< 1%
Variable-yield securities	142	< 1%	148	< 1%
Derivatives <sup>4)</sup>	179	< 1%	149	< 1%
Other investments	6,267	6%	5,326	5%
<b>Assets under own management</b>	<b>109,030</b>	<b>100%</b>	<b>107,881</b>	<b>100%</b>

<sup>4)</sup> Only derivatives with positive fair values.

**FIXED-INCOME SECURITIES**

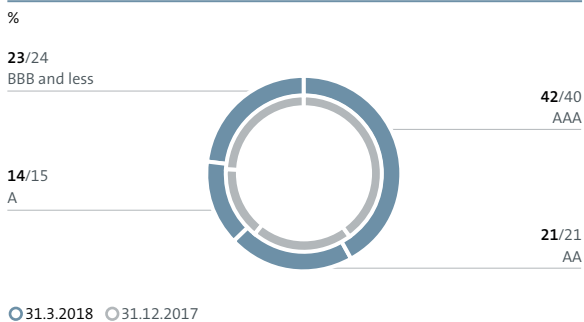
The portfolio of fixed-income investments (excluding mortgage and policy loans) remained at nearly the prior year's level in the first quarter of 2018 to total EUR 96.9 (96.7) billion at the quarter's end. At 81% (82%) of total investments, this asset class continues to represent the most significant share of our investments by volume. Fixed-income investments were primarily divided into the investment categories of "Loans and receivables" and "Financial assets available for sale".

"Fixed-income securities available for sale", whose volatility impacts equity, increased further by EUR +0.2 billion to EUR 66.9 (66.7) billion, or 69% (69%) of total investments in the fixed income portfolio. German covered bonds (Pfandbriefe) and corporate bonds accounted for the majority of these investments. Valuation reserves – i.e. the balance of unrealised gains and losses – have declined from EUR 3.3 billion to EUR 2.6 billion since the end of 2017 due to the further increase in interest rates for long terms.

In the "Loans and receivables" category, investments were primarily held in government securities or securities with a similar level of security. Pfandbriefe still represent the largest item in the portfolio. Total holdings in fixed-income securities within the category "Loans and receivables" amounted to EUR 28.9 (28.9) billion at the end of the quarter and thus represent 30% of total holdings in the asset class of fixed-income investments. Off-balance-sheet valuation reserves of "Loans and receivables" (including mortgage and policy loans) decreased from EUR 4.3 billion to EUR 4.1 billion.

Investments in fixed-income securities continue to focus in 2018 on government bonds with good ratings or securities from issuers with a similar credit quality. At the reporting date, holdings of AAA-rated bonds amounted to EUR 40.6 (39.0) billion. This represents 42% (40%) of the total portfolio of fixed-income securities and loans.

**RATING STRUCTURE OF FIXED-INCOME SECURITIES**



The Group pursues a conservative investment policy. As a result, 77% (76%) of instruments in the fixed-income securities asset category have a minimum A rating.

The Group has only a small portfolio of investments in government bonds from countries with a rating lower than A-. These holdings have a fair value of EUR 3.9 (4.7) billion. This decline is mainly attributable to Spanish government bonds, which were no longer taken into consideration in the first quarter of 2018 because their rating improved.

As far as matching currency cover is concerned, US dollar-denominated investments continue to account for the largest share of the Talanx Group's foreign currency portfolio at 18% (18%). Sizeable positions are also held in pound sterling and Australian dollars, totalling 5% (5%) of all investments. The total share of assets under own management in foreign currencies was 32% (32%) as at 31 March 2018.

**EQUITIES AND EQUITY FUNDS**

Net unrealised gains and losses on equity holdings within the Group (excluding "Other investments") fell by EUR 37 million to EUR 118 (155) million. The equity allocation ratio after derivatives (equity ratio) remained unchanged at 1.0% at the end of the quarter.

**REAL ESTATE INCLUDING SHARES IN REAL ESTATE FUNDS**

Investment property totalled EUR 2.8 (2.8) billion at the reporting date. An additional EUR 819 (841) million is held in real estate funds, which are recognised as "Financial assets available for sale".

Depreciation of EUR 14 (12) million was recognised on investment property in the reporting period. There were no impairment losses. Depreciation on real estate funds stood at EUR 6 (5) million. These impairments were not offset by any reversals of impairment losses.

The real estate ratio including investments in real estate funds was unchanged at 3%.

**INFRASTRUCTURE INVESTMENTS**

In the reporting period, Talanx again expanded its direct investments in infrastructure. The portfolio comprises both equity and external funding investments in wind farms, electricity networks, solar parks and public-private partnership projects (PPP) in Germany and the rest of Europe. Talanx currently has a total of around EUR 2.0 (1.9) billion invested in infrastructure projects. In 2018, we plan to further expand activities in addition to diversifying the sectors.

## NET INVESTMENT INCOME

CHANGES IN NET INVESTMENT INCOME		
EUR MILLION		
	Q1 2018	Q1 2017
Ordinary investment income	851	867
of which current income from interest	675	705
of which gain/loss on investments in associates	3	5
Realised net gains on disposal of investments	264	137
Write-downs/reversals of write-downs of investments	-42	-32
Unrealised net gains/losses on investments	-6	25
Other investment expenses	59	54
Income from assets under own management	1,008	943
Net interest income from funds withheld and contract deposits	55	69
Net income from investment contracts	—	-1
<b>Total</b>	<b>1,063</b>	<b>1,011</b>

Ordinary investment income totalled EUR 851 (867) million at the end of the first quarter, a fall of EUR 16 million from the first quarter of 2017. This is partly attributable to a fall in income from fixed-income securities. Low interest rates on the capital markets led to an average coupon in the fixed-income securities portfolio of 2.9%, down on the previous year's value of 3.1%.

Overall, total realised net gains on the disposal of investments in the first quarter of the financial year were down on the figure for the previous year, amounting on balance to EUR 264 (137) million. This was largely attributable to the net gains from the Retail Germany segment, which formed contribution to the additional interest reserve for life insurance and occupational pension plans required by the German Commercial Code (HGB). Regular portfolio rebalancing, in particular in the Reinsurance and Retail International segments, earned further net gains.

Unrealised net gains/losses declined on balance from EUR +25 million to EUR -6 million.

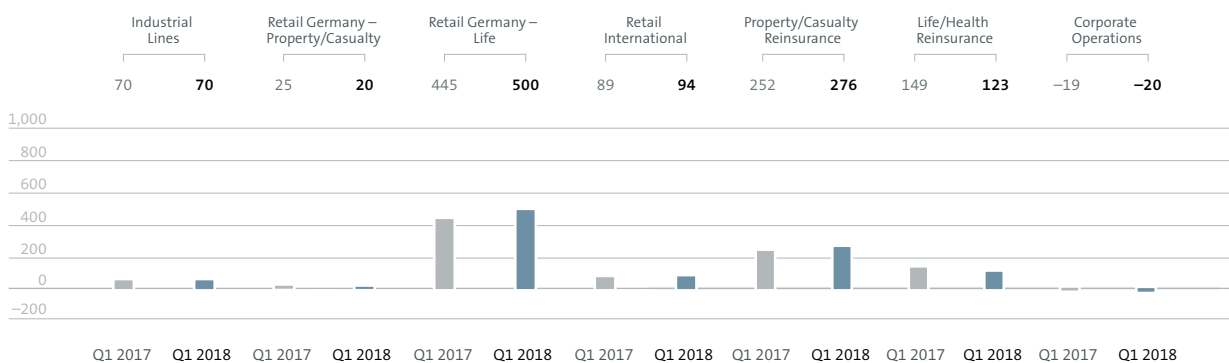
Net interest income from funds withheld and contract deposits totalled EUR 55 (69) million.

Net investment income for the first quarter was EUR 1.1 (1.0) billion, up slightly on the previous year. Current interest income, which amounted to EUR 0.7 (0.7) billion, continues to account for the majority of investment income. Realised gains/losses on disposal of investments was EUR 264 (137) million. In addition, impairment losses amounting to EUR 42 (32) million were made.

Annualised net return on investment was 3.7% (3.5%).

BREAKDOWN OF NET INVESTMENT INCOME BY GROUP SEGMENT<sup>1)</sup>

EUR MILLION



<sup>1)</sup> After elimination of intra-Group transactions between the segments.

## CHANGES IN EQUITY

## CHANGES IN EQUITY

EUR MILLION

	31.3.2018	31.12.2017	Change	+/-%
Subscribed capital	316	316	—	—
Capital reserve	1,373	1,373	—	—
Retained earnings	7,178	6,960	218	+3.1
Accumulated other comprehensive income and other reserves	-179	186	-365	-195.7
<b>Group equity</b>	<b>8,688</b>	<b>8,835</b>	<b>-147</b>	<b>-1.7</b>
Non-controlling interests in equity	5,283	5,411	-128	-2.4
<b>Total</b>	<b>13,971</b>	<b>14,246</b>	<b>-275</b>	<b>-1.9</b>

The Group's equity fell by EUR 147 million in the first quarter. The accumulated other comprehensive income fell by EUR 365 million, which was largely caused by the sale of securities and also by the slight increase in interest rates. The allocation of the net income for the period to the retained earnings in the amount of EUR 218 million was not able to offset this effect.

EQUITY BY DIVISION<sup>1)</sup> INCLUDING NON-CONTROLLING INTERESTS

EUR MILLION

	31.3.2018	31.12.2017
Industrial Lines	2,253	2,306
of which non-controlling interests	—	—
Retail Germany	2,494	2,508
of which non-controlling interests	58	59
Retail International	2,282	2,276
of which non-controlling interests	236	230
Reinsurance	9,009	9,229
of which non-controlling interests	5,469	5,123
Corporate Operations	-2,115	-2,119
of which non-controlling interests	—	—
Consolidation	48	46
of which non-controlling interests	-480	-1
<b>Total equity</b>	<b>13,971</b>	<b>14,246</b>
Group equity	8,688	8,835
Non-controlling interests in equity	5,283	5,411

<sup>1)</sup> Equity per division is defined as the difference between the assets and liabilities of each division.



## OUTLOOK

We are making the following assumptions:

- moderate global economic growth
- steady inflation rates
- continuing very low interest rates
- no sudden upheavals on the capital markets
- no significant fiscal or regulatory changes
- a large-loss burden in line with expectations

We provide forecast figures at year-end for the key figures at the Talanx Group and its divisions that the Group uses to control its business operations. After the end of the first quarter of 2018, we expect the following development compared to the forecasts given in the outlook of the 2017 Annual Report: For the Talanx Group, we now expect a rise in gross premiums of over 5% in financial year 2018 due mainly to the positive trend in the Property/Casualty Reinsurance segment.

### TALANX GROUP

#### MANAGEMENT METRICS

%

	Outlook for 2018 based on Q1 2018	Forecast for 2018 from the 2017 Annual Report
Gross premium growth (adjusted for currency effects)	> 5	> 2
Net return on investment	≥ 3	≥ 3
Group net income in EUR million	approx. 850	approx. 850
Return on equity	~ 9	~ 9
Payout ratio	35–45	35–45

### INDUSTRIAL LINES

#### MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%

	Outlook for 2018 based on Q1 2018	Forecast for 2018 from the 2017 Annual Report
Gross premium growth (adjusted for currency effects)	≥ 2	≥ 2
Retention	> 55	> 55
Combined ratio (net)	~ 99	~ 99
EBIT margin	~ 8	~ 8
Return on equity	~ 5	~ 5

### RETAIL GERMANY

#### PROPERTY/CASUALTY INSURANCE

#### MANAGEMENT METRICS FOR THE RETAIL GERMANY DIVISION – PROPERTY/CASUALTY INSURANCE SEGMENT

%

	Outlook for 2018 based on Q1 2018	Forecast for 2018 from the 2017 Annual Report
Gross premium growth	≥ 2	≥ 2
Combined ratio (net)	~ 100	~ 100
EBIT margin	≥ 3	≥ 3

### LIFE INSURANCE

#### MANAGEMENT METRICS FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

%

	Outlook for 2018 based on Q1 2018	Forecast for 2018 from the 2017 Annual Report
Gross premium growth	slight decline	slight decline
EBIT margin	2–3	2–3

## RETAIL GERMANY OVERALL

### RETURN ON EQUITY FOR THE RETAIL GERMANY DIVISION OVERALL

%	Outlook for 2018 based on Q1 2018	Forecast for 2018 from the 2017 Annual Report
Return on equity	3–4	3–4

## RETAIL INTERNATIONAL

### MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%	Outlook for 2018 based on Q1 2018	Forecast for 2018 from the 2017 Annual Report
Gross premium growth (adjusted for currency effects)	5–10	5–10
Growth in value of new business (life) <sup>1)</sup>	5–10	5–10
Combined ratio (net, property/casualty)	~ 95	~ 95
EBIT margin	~ 5	~ 5
Return on equity	~ 7	~ 7

<sup>1)</sup> Excluding non-controlling interests.

## REINSURANCE

### PROPERTY/CASUALTY REINSURANCE

In the forecast for 2018 in the 2017 Annual Report, we expected good growth in gross premiums in the Property/Casualty Reinsurance segment. Based on anticipated constant exchange rates, we expect to exceed our strategic growth target of 3% to 5% across Property/Casualty Reinsurance. One reason for this is the increased demand in the business of structured reinsurance.

### MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%	Outlook for 2018 based on Q1 2018	Forecast for 2018 from the 2017 Annual Report
Gross premium growth (adjusted for currency effects)	> 5	good growth
Combined ratio (net)	< 96	< 96
EBIT margin	≥ 10	≥ 10

## LIFE/HEALTH REINSURANCE

### MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

%	Outlook for 2018 based on Q1 2018	Forecast for 2018 from the 2017 Annual Report
Gross premium growth (adjusted for currency effects) <sup>1)</sup>	3–5	3–5
Value of new business <sup>2)</sup> in EUR million	≥ 110	≥ 110
EBIT margin <sup>1)</sup>	> 5	> 5

<sup>1)</sup> Average over a three-year period.

<sup>2)</sup> Excluding non-controlling interests.

## REINSURANCE DIVISION OVERALL

### RETURN ON EQUITY MANAGEMENT METRIC FOR THE REINSURANCE DIVISION OVERALL

%	Outlook for 2018 based on Q1 2018	Forecast for 2018 from the 2017 Annual Report
Return on equity	~ 11	~ 11

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET OF TALANX AG AS AT 31 MARCH 2018

### CONSOLIDATED BALANCE SHEET – ASSETS

EUR MILLION

	31.3.2018	31.12.2017
A. Intangible assets		
a. Goodwill	1,056	1,058
b. Other intangible assets	926	937
	<b>1,982</b>	<b>1,995</b>
B. Investments		
a. Investment property	2,806	2,799
b. Shares in affiliated companies and participating interests	178	178
c. Investments in associates and joint ventures	278	242
d. Loans and receivables	28,905	28,893
e. Other financial instruments		
i. Held to maturity	481	554
ii. Available for sale	68,605	68,455
iii. Financial assets at fair value through profit or loss	1,510	1,434
f. Other investments	6,267	5,326
<b>Assets under own management</b>	<b>109,030</b>	<b>107,881</b>
g. Investments under investment contracts	1,082	1,113
h. Funds withheld by ceding companies	9,934	9,679
<b>Investments</b>	<b>120,046</b>	<b>118,673</b>
C. Investments for the benefit of life insurance policyholders who bear the investment risk	10,714	11,133
D. Reinsurance recoverables on technical provisions	7,973	7,697
E. Accounts receivable on insurance business	7,706	6,626
F. Deferred acquisition costs	5,551	5,332
G. Cash at banks, cheques and cash-in-hand	3,589	3,138
H. Deferred tax assets	615	592
I. Other assets	2,890	2,782
J. Non-current assets and assets of disposal groups classified as held for sale	341	418
<b>Total assets</b>	<b>161,407</b>	<b>158,386</b>

**CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES**

EUR MILLION

	31.3.2018	31.12.2017
A. Equity		
a. Subscribed capital	316	316
Nominal value: 316 (previous year: 316)		
Contingent capital: 158 (previous year: 158)		
b. Reserves	8,372	8,519
<b>Equity excluding non-controlling interests</b>	<b>8,688</b>	<b>8,835</b>
c. Non-controlling interests	5,283	5,411
<b>Total equity</b>	<b>13,971</b>	<b>14,246</b>
B. Subordinated liabilities	2,737	2,737
C. Technical provisions		
a. Unearned premium reserve	10,432	8,116
b. Benefit reserve	54,955	54,596
c. Loss and loss adjustment expense reserve	42,446	42,537
d. Provision for premium refunds	6,167	6,199
e. Other technical provisions	459	449
	<b>114,459</b>	<b>111,897</b>
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders	10,714	11,133
E. Other provisions		
a. Provisions for pensions and other post-employment benefits	2,109	2,115
b. Provisions for taxes	752	762
c. Miscellaneous other provisions	819	907
	<b>3,680</b>	<b>3,784</b>
F. Liabilities		
a. Notes payable and loans	1,473	1,431
b. Funds withheld under reinsurance treaties	4,390	4,546
c. Other liabilities	7,632	6,152
	<b>13,495</b>	<b>12,129</b>
G. Deferred tax liabilities	2,027	2,117
H. Liabilities included in disposal groups classified as held for sale	324	343
<b>Total liabilities/provisions</b>	<b>147,436</b>	<b>144,140</b>
<b>Total equity and liabilities</b>	<b>161,407</b>	<b>158,386</b>

# CONSOLIDATED STATEMENT OF INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018

## CONSOLIDATED STATEMENT OF INCOME

EUR MILLION

	Q1 2018	Q1 2017 <sup>1)</sup>
1. Gross written premiums including premiums from unit-linked life and annuity insurance	10,560	9,752
2. Savings elements of premiums from unit-linked life and annuity insurance	269	281
3. Ceded written premiums	1,300	1,366
4. Change in gross unearned premiums	-2,407	-1,877
5. Change in ceded unearned premiums	-405	-470
<b>Net premiums earned</b>	<b>6,989</b>	<b>6,698</b>
6. Claims and claims expenses (gross)	6,288	5,972
Reinsurers' share	626	486
<b>Claims and claims expenses (net)</b>	<b>5,662</b>	<b>5,486</b>
7. Acquisition costs and administrative expenses (gross)	1,915	1,792
Reinsurers' share	180	173
<b>Acquisition costs and administrative expenses (net)</b>	<b>1,735</b>	<b>1,619</b>
8. Other technical income	14	25
Other technical expenses	36	33
<b>Other technical result</b>	<b>-22</b>	<b>-8</b>
<b>Net technical result</b>	<b>-430</b>	<b>-415</b>
9. a. Investment income	1,201	1,111
b. Investment expenses	193	168
<b>Net income from assets under own management</b>	<b>1,008</b>	<b>943</b>
Net income from investment contracts	—	-1
Net interest income from funds withheld and contract deposits	55	69
<b>Net investment income</b>	<b>1,063</b>	<b>1,011</b>
of which share of profit or loss of equity-accounted associates and joint ventures	3	5
10. a. Other income	340	396
b. Other expenses	381	416
<b>Other income/expenses</b>	<b>-41</b>	<b>-20</b>
<b>Profit before goodwill impairments</b>	<b>592</b>	<b>576</b>
11. Goodwill impairments	—	—
<b>Operating profit (EBIT)</b>	<b>592</b>	<b>576</b>
12. Financing costs	41	36
13. Taxes on income	163	142
<b>Net income</b>	<b>388</b>	<b>398</b>
of which attributable to non-controlling interests	170	160
of which attributable to shareholders of Talanx AG	218	238
<b>Earnings per share</b>		
Basic earnings per share (in EUR)	0.86	0.94
Diluted earnings per share (in EUR)	0.86	0.94

<sup>1)</sup> Adjusted in accordance with IAS 8, see "Annual Report 2017"; "Accounting policies", subsection "Changes in accounting policies and errors" in the Notes.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR MILLION

	Q1 2018	Q1 2017
<b>Net income</b>	<b>388</b>	<b>398</b>
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains (losses) on pension provisions		
Gains (losses) recognised in other comprehensive income for the period	1	21
Tax income (expense)	—	–7
	<b>1</b>	<b>14</b>
Changes in policyholder participation/shadow accounting		
Gains (losses) recognised in other comprehensive income for the period	—	–1
Tax income (expense)	—	—
	<b>—</b>	<b>–1</b>
<b>Total items that will not be reclassified to profit or loss, net of tax</b>	<b>1</b>	<b>13</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Unrealised gains and losses on investments		
Gains (losses) recognised in other comprehensive income for the period	–604	–195
Reclassified to profit or loss	–153	–170
Tax income (expense)	127	34
	<b>–630</b>	<b>–331</b>
Exchange differences on translating foreign operations		
Gains (losses) recognised in other comprehensive income for the period	–193	2
Reclassified to profit or loss	—	—
Tax income (expense)	15	—
	<b>–178</b>	<b>2</b>
Changes in policyholder participation/shadow accounting		
Gains (losses) recognised in other comprehensive income for the period	295	465
Tax income (expense)	—	–11
	<b>295</b>	<b>454</b>
Changes from cash flow hedges		
Gains (losses) recognised in other comprehensive income for the period	–66	–26
Reclassified to profit or loss	–26	–25
Tax income (expense)	2	1
	<b>–90</b>	<b>–50</b>
Changes from equity method measurement		
Gains (losses) recognised in other comprehensive income for the period	–6	2
Reclassified to profit or loss	—	—
Tax income (expense)	—	—
	<b>–6</b>	<b>2</b>
Other changes		
Gains (losses) recognised in other comprehensive income for the period	—	—
Reclassified to profit or loss	—	—
Tax income (expense)	—	—
	<b>—</b>	<b>—</b>
<b>Total items that may be reclassified subsequently to profit or loss, net of tax</b>	<b>–609</b>	<b>77</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>–608</b>	<b>90</b>
<b>Total comprehensive income for the period</b>	<b>–220</b>	<b>488</b>
of which attributable to non-controlling interests	–73	198
of which attributable to shareholders of Talanx AG	–147	290

## CONSOLIDATED CASH FLOW STATEMENT OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018

### CONSOLIDATED CASH FLOW STATEMENT

EUR MILLION

	Q1 2018	Q1 2017
I. 1. Net income	388	398
I. 2. Changes in technical provisions	3,154	2,343
I. 3. Changes in deferred acquisition costs	-251	-69
I. 4. Changes in funds withheld and in accounts receivable and payable	-1,226	-1,088
I. 5. Changes in other receivables and liabilities	1,199	228
I. 6. Changes in investments and liabilities under investment contracts	2	12
I. 7. Changes in financial assets held for trading	132	-34
I. 8. Gains/losses on disposal of investments and property, plant and equipment	-262	-145
I. 9. Change in technical provisions for life insurance policies where the investment risk is borne by the policyholders	-431	403
I. 10. Other non-cash expenses and income (including income tax expense/income)	-129	154
<b>I. Cash flows from operating activities <sup>1), 2)</sup></b>	<b>2,576</b>	<b>2,202</b>
II. 1. Cash inflow from the sale of consolidated companies	3	—
II. 2. Cash outflow from the purchase of consolidated companies	-6	—
II. 3. Cash inflow from the sale of real estate	3	73
II. 4. Cash outflow from the purchase of real estate	-40	-28
II. 5. Cash inflow from the sale and maturity of financial instruments	9,160	5,699
II. 6. Cash outflow from the purchase of financial instruments	-10,577	-6,362
II. 7. Changes in investments for the benefit of life insurance policyholders who bear the investment risk	431	-403
II. 8. Changes in other investments	-1,026	-444
II. 9. Cash outflows from the acquisition of tangible and intangible assets	-32	-27
II. 10. Cash inflows from the sale of tangible and intangible assets	5	12
<b>II. Cash flows from investing activities</b>	<b>-2,079</b>	<b>-1,480</b>
III. 1. Cash inflow from capital increases	—	—
III. 2. Cash outflow from capital reductions	—	—
III. 3. Dividends paid	-53	-44
III. 4. Net changes attributable to other financing activities	24	-62
<b>III. Cash flows from financing activities <sup>2)</sup></b>	<b>-29</b>	<b>-106</b>
<b>Net change in cash and cash equivalents (I. + II. + III.)</b>	<b>468</b>	<b>616</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>3,159</b>	<b>2,589</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-17</b>	<b>-5</b>
<b>Effect of changes in the basis of consolidation on cash and cash equivalents <sup>3)</sup></b>	<b>—</b>	<b>—</b>
<b>Cash and cash equivalents at the end of the reporting period <sup>4)</sup></b>	<b>3,610</b>	<b>3,200</b>

<sup>1)</sup> EUR 140 (80) million of "Income taxes paid" and EUR 87 (79) million of "Dividends received" and EUR 962 (1,014) million of "Interest received" are allocated to "Cash flows from operating activities". Dividends received also comprise dividend-equivalent distributions from investment funds and private equity companies.

<sup>2)</sup> EUR 121 (96) million of "Interest paid" is attributable to EUR 19 (20) million to "Cash flows from financing activities" and EUR 102 (76) million to "Cash flows from operating activities".

<sup>3)</sup> This item relates primarily to changes in the basis of consolidation, excluding disposals and acquisitions.

<sup>4)</sup> Cash and cash equivalents at the end of the reporting period" also include changes in the portfolio of disclosed disposal groups in the amount of EUR 21 (0) million.



**RECONCILIATION OF DEBTS FROM FINANCING ACTIVITIES AT THE BEGINNING OF THE REPORTING PERIOD TO CARRYING AMOUNTS AS AT 31 MARCH 2018**

EUR MILLION

	1.1.2018	Cash flows from financing activities	Non-cash items			31.3.2018
			Acquisition/ disposal of subsidiaries	Exchange rate changes	Other changes (mainly amortisation)	
Subordinated liabilities	2,737	—	—	—	—	2,737
Notes payable and loans	1,431	43	—	-1	—	1,473
<b>Total debts from financing activities</b>	<b>4,168</b>	<b>43</b>	<b>—</b>	<b>-1</b>	<b>—</b>	<b>4,210</b>
Interest paid from financing activities		-19				
<b>Total cash flows from other financing activities</b>		<b>24</b>				

## SEGMENT REPORTING

### CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 31 MARCH 2018

EUR MILLION

Assets	Industrial Lines		Retail Germany	
	31.3.2018	31.12.2017	31.3.2018	31.12.2017
A. Intangible assets				
a. Goodwill	154	154	248	248
b. Other intangible assets	8	8	474	481
	<b>162</b>	<b>162</b>	<b>722</b>	<b>729</b>
B. Investments				
a. Investment property	152	125	1,077	1,075
b. Shares in affiliated companies and participating interests	12	12	41	41
c. Investments in associates and joint ventures	155	120	—	—
d. Loans and receivables	961	973	24,937	24,844
e. Other financial instruments				
i. Held to maturity	71	73	165	170
ii. Available for sale	5,551	5,524	22,664	22,794
iii. At fair value through profit or loss	162	136	369	358
f. Other investments	1,053	779	1,877	1,495
<b>Assets under own management</b>	<b>8,117</b>	<b>7,742</b>	<b>51,130</b>	<b>50,777</b>
g. Investments under investment contracts	—	—	—	—
h. Funds withheld by ceding companies	15	18	3	4
<b>Investments</b>	<b>8,132</b>	<b>7,760</b>	<b>51,133</b>	<b>50,781</b>
C. Investments for the benefit of life insurance policyholders who bear the investment risk	—	—	10,060	10,485
D. Reinsurance recoverables on technical provisions	5,115	4,844	2,161	2,131
E. Accounts receivable on insurance business	2,034	1,484	352	304
F. Deferred acquisition costs	83	51	2,240	2,232
G. Cash at banks, cheques and cash-in-hand	654	630	739	638
H. Deferred tax assets	49	46	76	72
I. Other assets	736	795	817	959
J. Non-current assets and assets of disposal groups classified as held for sale	—	18	—	43
<b>Total assets</b>	<b>16,965</b>	<b>15,790</b>	<b>68,300</b>	<b>68,374</b>

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
31.3.2018	31.12.2017	31.3.2018	31.12.2017	31.3.2018	31.12.2017	31.3.2018	31.12.2017	31.3.2018	31.12.2017
619	623	35	33	—	—	—	—	1,056	1,058
147	150	197	197	100	101	—	—	926	937
<b>766</b>	<b>773</b>	<b>232</b>	<b>230</b>	<b>100</b>	<b>101</b>	<b>—</b>	<b>—</b>	<b>1,982</b>	<b>1,995</b>
12	15	1,565	1,584	—	—	—	—	2,806	2,799
—	—	108	108	17	17	—	—	178	178
—	—	123	122	—	—	—	—	278	242
542	604	2,451	2,455	14	17	—	—	28,905	28,893
233	268	299	336	—	1	-287	-294	481	554
8,348	8,245	31,943	31,705	99	187	—	—	68,605	68,455
668	639	311	301	—	—	—	—	1,510	1,434
372	392	3,409	3,266	1,018	679	-1,462	-1,285	6,267	5,326
<b>10,175</b>	<b>10,163</b>	<b>40,209</b>	<b>39,877</b>	<b>1,148</b>	<b>901</b>	<b>-1,749</b>	<b>-1,579</b>	<b>109,030</b>	<b>107,881</b>
1,082	1,113	—	—	—	—	—	—	1,082	1,113
—	—	11,174	10,903	—	—	-1,258	-1,246	9,934	9,679
<b>11,257</b>	<b>11,276</b>	<b>51,383</b>	<b>50,780</b>	<b>1,148</b>	<b>901</b>	<b>-3,007</b>	<b>-2,825</b>	<b>120,046</b>	<b>118,673</b>
654	648	—	—	—	—	—	—	10,714	11,133
677	668	2,700	2,714	15	—	-2,695	-2,660	7,973	7,697
1,167	1,156	4,270	3,822	21	2	-138	-142	7,706	6,626
601	588	2,400	2,229	—	—	227	232	5,551	5,332
857	598	1,048	820	291	452	—	—	3,589	3,138
65	61	129	118	296	295	—	—	615	592
437	412	2,433	1,429	418	731	-1,951	-1,544	2,890	2,782
411	427	—	—	—	—	-70	-70	341	418
<b>16,892</b>	<b>16,607</b>	<b>64,595</b>	<b>62,142</b>	<b>2,289</b>	<b>2,482</b>	<b>-7,634</b>	<b>-7,009</b>	<b>161,407</b>	<b>158,386</b>

**CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 31 MARCH 2018**

EUR MILLION

Equity and liabilities	Industrial Lines		Retail Germany	
	31.3.2018	31.12.2017	31.3.2018	31.12.2017
B. Subordinated liabilities	200	200	162	162
C. Technical provisions				
a. Unearned premium reserve	2,074	1,082	1,737	1,307
b. Benefit reserve	—	—	40,399	40,205
c. Loss and loss adjustment expense reserve	9,391	9,376	3,278	3,258
d. Provision for premium refunds	18	16	5,810	5,848
e. Other technical provisions	49	48	2	2
	<b>11,532</b>	<b>10,522</b>	<b>51,226</b>	<b>50,620</b>
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders	—	—	10,060	10,485
E. Other provisions				
a. Provisions for pensions and other post-employment benefits	590	593	144	143
b. Provisions for taxes	113	118	90	108
c. Miscellaneous other provisions	84	81	310	362
	<b>787</b>	<b>792</b>	<b>544</b>	<b>613</b>
F. Liabilities				
a. Notes payable and loans	15	15	95	96
b. Funds withheld under reinsurance treaties	62	55	1,763	1,754
c. Other liabilities	1,859	1,627	1,722	1,887
	<b>1,936</b>	<b>1,697</b>	<b>3,580</b>	<b>3,737</b>
G. Deferred tax liabilities	257	272	234	247
H. Liabilities included in disposal groups classified as held for sale	—	1	—	2
<b>Total liabilities/provisions</b>	<b>14,712</b>	<b>13,484</b>	<b>65,806</b>	<b>65,866</b>

Retail International		Reinsurance		Corporate Operations		Consolidation		Total		
31.3.2018	31.12.2017	31.3.2018	31.12.2017	31.3.2018	31.12.2017	31.3.2018	31.12.2017	31.3.2018	31.12.2017	
42	42	1,850	1,661	1,280	1,280	-797	-608	2,737	2,737	
2,388	2,332	4,420	3,541	18	1	-205	-147	10,432	8,116	
5,767	5,577	8,951	8,978	—	—	-162	-164	54,955	54,596	
2,757	2,724	28,181	28,379	55	45	-1,216	-1,245	42,446	42,537	
339	335	—	—	—	—	—	—	6,167	6,199	
12	13	404	394	—	—	-8	-8	459	449	
<b>11,263</b>	<b>10,981</b>	<b>41,956</b>	<b>41,292</b>	<b>73</b>	<b>46</b>	<b>-1,591</b>	<b>-1,564</b>	<b>114,459</b>	<b>111,897</b>	
654	648	—	—	—	—	—	—	10,714	11,133	
22	22	179	178	1,174	1,179	—	—	2,109	2,115	
130	130	360	320	59	86	—	—	752	762	
100	94	177	182	148	189	—	-1	819	907	
<b>252</b>	<b>246</b>	<b>716</b>	<b>680</b>	<b>1,381</b>	<b>1,454</b>	<b>—</b>	<b>-1</b>	<b>3,680</b>	<b>3,784</b>	
70	70	740	712	1,483	1,482	-930	-944	1,473	1,431	
39	39	4,775	4,924	—	—	-2,249	-2,226	4,390	4,546	
1,789	1,794	4,146	2,172	185	336	-2,069	-1,664	7,632	6,152	
<b>1,898</b>	<b>1,903</b>	<b>9,661</b>	<b>7,808</b>	<b>1,668</b>	<b>1,818</b>	<b>-5,248</b>	<b>-4,834</b>	<b>13,495</b>	<b>12,129</b>	
108	101	1,403	1,472	2	3	23	22	2,027	2,117	
393	410	—	—	—	—	-69	-70	324	343	
<b>14,610</b>	<b>14,331</b>	<b>55,586</b>	<b>52,913</b>	<b>4,404</b>	<b>4,601</b>	<b>-7,682</b>	<b>-7,055</b>	<b>147,436</b>	<b>144,140</b>	
								<b>Equity<sup>1)</sup></b>	<b>13,971</b>	<b>14,246</b>
								<b>Total equity and liabilities</b>	<b>161,407</b>	<b>158,386</b>

<sup>1)</sup> Equity attributable to Group shareholders and non-controlling interests.

**CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018<sup>1)</sup>**

EUR MILLION

	Industrial Lines		Retail Germany	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
1. Gross written premiums including premiums from unit-linked life and annuity insurance	2,049	2,004	1,868	1,906
of which attributable to other divisions/segments with third parties	21	27	13	11
	2,028	1,977	1,855	1,895
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	200	203
3. Ceded written premiums	813	875	103	81
4. Change in gross unearned premiums	-1,005	-958	-431	-456
5. Change in ceded unearned premiums	-352	-381	-18	-18
<b>Net premiums earned</b>	<b>583</b>	<b>552</b>	<b>1,152</b>	<b>1,184</b>
6. Claims and claims expenses (gross)	761	703	1,335	1,322
Reinsurers' share	295	279	38	17
<b>Claims and claims expenses (net)</b>	<b>466</b>	<b>424</b>	<b>1,297</b>	<b>1,305</b>
7. Acquisition costs and administrative expenses (gross)	238	240	363	327
Reinsurers' share	120	126	41	26
<b>Acquisition costs and administrative expenses (net)</b>	<b>118</b>	<b>114</b>	<b>322</b>	<b>301</b>
8. Other technical income	1	11	11	8
Other technical expenses	13	6	8	8
<b>Other technical result</b>	<b>-12</b>	<b>5</b>	<b>3</b>	<b>—</b>
<b>Net technical result</b>	<b>-13</b>	<b>19</b>	<b>-464</b>	<b>-422</b>
9. a. Investment income	103	79	599	544
b. Investment expenses	35	10	85	80
<b>Net income from assets under own management</b>	<b>68</b>	<b>69</b>	<b>514</b>	<b>464</b>
Net income from investment contracts	—	—	—	—
Net interest income from funds withheld and contract deposits	—	—	-4	-4
<b>Net investment income</b>	<b>68</b>	<b>69</b>	<b>510</b>	<b>460</b>
of which share of profit or loss of equity-accounted associates and joint ventures	2	—	—	1
10. a. Other income	44	29	64	54
b. Other expenses	48	37	72	58
<b>Other income/expenses</b>	<b>-4</b>	<b>-8</b>	<b>-8</b>	<b>-4</b>
<b>Profit before goodwill impairments</b>	<b>51</b>	<b>80</b>	<b>38</b>	<b>34</b>
11. Goodwill impairments	—	—	—	—
<b>Operating profit (EBIT)</b>	<b>51</b>	<b>80</b>	<b>38</b>	<b>34</b>
12. Financing costs	2	2	2	2
13. Taxes on income	18	19	13	13
<b>Net income</b>	<b>31</b>	<b>59</b>	<b>23</b>	<b>19</b>
of which attributable to non-controlling interests	—	—	1	—
of which attributable to shareholders of Talanx AG	31	59	22	19

<sup>1)</sup> With the exception of the Retail Germany Division and the Reinsurance Division, the statements of income of the other divisions are the same as those of the reportable segments.

<sup>2)</sup> Adjusted in accordance with IAS 8; see 2017 Annual Report, "Accounting policies", subsection "Changes in accounting policies and errors" in the Notes.

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
Q1 2018	Q1 2017	Q1 2018	Q1 2017 <sup>2)</sup>	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017 <sup>2)</sup>
1,496	1,483	5,345	4,547	30	20	-228	-208	10,560	9,752
—	—	164	149	30	20	-228	-208	—	-1
1,496	1,483	5,181	4,398	—	—	—	—	10,560	9,753
69	78	—	—	—	—	—	—	269	281
124	141	466	471	18	6	-224	-208	1,300	1,366
-74	-88	-941	-394	-17	-12	61	31	-2,407	-1,877
-22	-41	-61	-57	-14	-5	62	32	-405	-470
1,251	1,217	3,999	3,739	9	7	-5	-1	6,989	6,698
1,030	1,011	3,244	3,018	12	2	-94	-84	6,288	5,972
66	78	314	193	1	—	-88	-81	626	486
964	933	2,930	2,825	11	2	-6	-3	5,662	5,486
282	288	1,082	991	2	1	-52	-55	1,915	1,792
22	20	51	55	—	—	-54	-54	180	173
260	268	1,031	936	2	1	2	-1	1,735	1,619
6	5	—	1	—	—	-4	—	14	25
18	14	2	2	—	—	-5	3	36	33
-12	-9	-2	-1	—	—	1	-3	-22	-8
15	7	36	-23	-4	4	—	—	-430	-415
105	104	404	394	3	3	-13	-13	1,201	1,111
13	16	66	69	20	20	-26	-27	193	168
92	88	338	325	-17	-17	13	14	1,008	943
—	-1	—	—	—	—	—	—	—	-1
—	—	59	73	—	—	—	—	55	69
92	87	397	398	-17	-17	13	14	1,063	1,011
—	—	1	4	—	—	—	—	3	5
2	40	210	261	204	184	-184	-172	340	396
39	71	207	235	179	166	-164	-151	381	416
-37	-31	3	26	25	18	-20	-21	-41	-20
70	63	436	401	4	5	-7	-7	592	576
—	—	—	—	—	—	—	—	—	—
70	63	436	401	4	5	-7	-7	592	576
2	1	20	20	25	20	-10	-9	41	36
19	16	116	95	-4	-1	1	—	163	142
49	46	300	286	-17	-14	2	2	388	398
8	6	161	154	—	—	—	—	170	160
41	40	139	132	-17	-14	2	2	218	238

**CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE RETAIL GERMANY DIVISION – REPORTABLE SEGMENTS PROPERTY/CASUALTY AND LIFE – AS WELL AS THE PROPERTY/CASUALTY REINSURANCE AND LIFE/HEALTH REINSURANCE SEGMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018**

EUR MILLION

	Retail Germany – Property/Casualty		Retail Germany – Life		Property/Casualty Reinsurance		Life/Health Reinsurance	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017 <sup>1)</sup>
1. Gross written premiums including premiums from unit-linked life and annuity insurance	780	759	1,088	1,147	3,579	2,815	1,766	1,732
of which attributable to other segments	—	—	13	11	127	113	37	36
with third parties	780	759	1,075	1,136	3,452	2,702	1,729	1,696
2. Savings elements of premiums from unit-linked life and annuity insurance policies	—	—	200	203	—	—	—	—
3. Ceded written premiums	43	38	60	43	301	320	165	151
4. Change in gross unearned premiums	–409	–400	–22	–56	–914	–386	–27	–8
5. Change in ceded unearned premiums	–17	–19	–1	1	–61	–57	—	—
<b>Net premiums earned</b>	<b>345</b>	<b>340</b>	<b>807</b>	<b>844</b>	<b>2,425</b>	<b>2,166</b>	<b>1,574</b>	<b>1,573</b>
6. Claims and claims expenses (gross)	240	223	1,095	1,099	1,796	1,524	1,448	1,494
Reinsurers' share	23	4	15	13	140	51	174	142
<b>Claims and claims expenses (net)</b>	<b>217</b>	<b>219</b>	<b>1,080</b>	<b>1,086</b>	<b>1,656</b>	<b>1,473</b>	<b>1,274</b>	<b>1,352</b>
7. Acquisition costs and administrative expenses (gross)	129	129	234	198	715	646	367	345
Reinsurers' share	6	4	35	22	38	44	13	11
<b>Net acquisition and administrative costs</b>	<b>123</b>	<b>125</b>	<b>199</b>	<b>176</b>	<b>677</b>	<b>602</b>	<b>354</b>	<b>334</b>
8. Other technical income	1	1	10	7	—	1	—	—
Other technical expenses	3	3	5	5	1	1	1	1
<b>Other technical result</b>	<b>–2</b>	<b>–2</b>	<b>5</b>	<b>2</b>	<b>–1</b>	<b>—</b>	<b>–1</b>	<b>–1</b>
<b>Net technical result</b>	<b>3</b>	<b>–6</b>	<b>–467</b>	<b>–416</b>	<b>91</b>	<b>91</b>	<b>–55</b>	<b>–114</b>
9. a. Investment income	26	28	573	516	315	294	89	100
b. Investment expenses	5	3	80	77	49	49	17	20
<b>Net income from assets under own management</b>	<b>21</b>	<b>25</b>	<b>493</b>	<b>439</b>	<b>266</b>	<b>245</b>	<b>72</b>	<b>80</b>
Net income from investment contracts	—	—	—	—	—	—	—	—
Net interest income from funds withheld and contract deposits	—	—	–4	–4	8	5	51	68
<b>Net investment income</b>	<b>21</b>	<b>25</b>	<b>489</b>	<b>435</b>	<b>274</b>	<b>250</b>	<b>123</b>	<b>148</b>
of which share of profit or loss of equity-accounted associates and joint ventures	—	—	—	1	1	4	—	—
10. a. Other income	15	15	49	39	90	41	120	220
b. Other expenses	21	21	51	37	111	67	96	168
<b>Other income/expenses</b>	<b>–6</b>	<b>–6</b>	<b>–2</b>	<b>2</b>	<b>–21</b>	<b>–26</b>	<b>24</b>	<b>52</b>
<b>Profit before goodwill impairments</b>	<b>18</b>	<b>13</b>	<b>20</b>	<b>21</b>	<b>344</b>	<b>315</b>	<b>92</b>	<b>86</b>
11. Goodwill impairments	—	—	—	—	—	—	—	—
<b>Operating profit (EBIT)</b>	<b>18</b>	<b>13</b>	<b>20</b>	<b>21</b>	<b>344</b>	<b>315</b>	<b>92</b>	<b>86</b>

<sup>1)</sup> Adjusted in accordance with IAS 8; see 2017 Annual Report, "Accounting policies", subsection "Changes in accounting policies and errors" in the Notes.



## OTHER DISCLOSURES

This document is a quarterly statement in accordance with section 51a of the Exchange Rules for the Frankfurter Wertpapierbörse.

The consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income and the consolidated cash flow statement were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The statement was prepared in compliance with the requirements of IAS 34 "Interim Financial Reporting". The same accounting policies were applied as for the consolidated financial statements as at 31 December 2017.

The interim financial statements were prepared in euros (EUR). The amounts shown have been rounded to millions of euros (EUR million). This may give rise to rounding differences in the tables presented in this report. As a rule, amounts in brackets refer to the previous year.

## EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATIONS

Talanx AG's reporting currency is the euro (EUR).

### EXCHANGE RATES FOR OUR KEY FOREIGN CURRENCIES

EUR 1 corresponds to	Balance sheet (reporting date)		Statement of income (average)	
	31.3.2018	31.12.2017	Q1 2018	Q1 2017
AUD Australia	1.6032	1.5347	1.5593	1.4136
BRL Brazil	4.0920	3.9734	3.9866	3.3547
CAD Canada	1.5891	1.5047	1.5462	1.4116
CNY China	7.7456	736.9100	7.7791	7.3381
GBP United Kingdom	0.8754	7.8051	0.8816	0.8562
MXN Mexico	22.5199	0.8875	23.0752	21.2927
PLN Poland	4.2104	23.6511	4.1786	4.3181
TRY Turkey	4.9122	4.1772	4.6955	3.8795
USD USA	1.2319	1.1994	1.2247	1.0640
ZAR South Africa	14.6000	14.8140	14.6402	14.2317

## EVENTS AFTER THE END OF THE REPORTING PERIOD

With effect from 3 April 2018 (date of initial consolidation), Talanx International AG acquired, through the intermediary of its Spanish subsidiary Saint Honore Iberia SLU, Generali Colombia Seguros Generales S.A. and its subsidiary Generali Colombia Vida Compañía de Seguros S.A., both based in Colombia.

On 18 April 2018, Hannover Rück SE placed on the capital market a non-collateralised and non-subordinated bond with a nominal value of EUR 750 million. The bond has a term of ten years and carries a fixed annual coupon of 1.125%.



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This is a translation of the original German text; the German version shall be authoritative in case of any discrepancies in the translation.

Quarterly Statement online:  
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## FINANCIAL CALENDAR 2018

13 August 2018  
Interim Report as at 30 June 2018

23 October 2018  
Capital Markets Day

12 November 2018  
Quarterly Statement as at 30 September 2018

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