



2019

PERFORMANCE AND RESULTS

Quarterly Statement as at 31 March 2019

talánx.

Insurance. Investments.

THE TALANX GROUP AT A GLANCE

GROUP KEY FIGURES

| | UNIT | Q1 2019 | Q1 2018 | +/-% Q1 2019 vs Q1 2018 |
|---|--------------------------|------------------|--------------------------|-------------------------------|
| Gross written premiums | EUR MILLION | 11,716 | 10,560 | +10.9 |
| by region | | | | |
| Germany | % | 28 | 30 | -2.0 pt. |
| United Kingdom | % | 6 | 7 | -1.0 pt. |
| Central and Eastern Europe (CEE), including Turkey | % | 7 | 8 | -1.0 pt. |
| Rest of Europe | % | 16 | 16 | — pt. |
| USA | % | 21 | 17 | +4.0 pt. |
| Rest of North America | % | 2 | 2 | — pt. |
| Latin America | % | 7 | 7 | — pt. |
| Asia and Australia | % | 12 | 11 | +1.0 pt. |
| Africa | % | 1 | 2 | -1.0 pt. |
| Gross written premiums by type and class of insurance | | | | |
| Property/casualty primary insurance | EUR MILLION | 4,065 | 3,768 | +7.9 |
| Primary life insurance | EUR MILLION | 1,690 | 1,611 | +4.9 |
| Property/Casualty Reinsurance | EUR MILLION | 4,017 | 3,452 | +16.4 |
| Life/Health Reinsurance | EUR MILLION | 1,944 | 1,729 | +12.4 |
| Net premiums earned | EUR MILLION | 7,842 | 6,989 | +12.2 |
| Underwriting result | EUR MILLION | -357 | -430 | +17.0 |
| Net investment income | EUR MILLION | 988 | 1,063 | -7.1 |
| Net return on investment⁴⁾ | % | 3.2 | 3.7 | -0.5 pt. |
| Operating profit/loss (EBIT) | EUR MILLION | 616 | 592 | +4.1 |
| Net income (after financing costs and taxes) | EUR MILLION | 411 | 388 | +5.9 |
| of which attributable to shareholders of Talanx AG | EUR MILLION | 235 | 218 | +7.8 |
| Return on equity^{2), 3)} | % | 10.3 | 10.0⁶⁾ | +0.3 pt. |
| Earnings per share | | | | |
| Basic earnings per share | EUR | 0.93 | 0.86 | +8.1 |
| Diluted earnings per share | EUR | 0.93 | 0.86 | +8.1 |
| Combined ratio of property/casualty primary insurance and Reinsurance⁴⁾ | % | 96.8 | 97.0 | -0.2 pt. |
| Combined ratio of property/casualty primary insurers ⁵⁾ | % | 98.4 | 98.3 ⁶⁾ | +0.1 pt. |
| Combined ratio of Property/Casualty Reinsurance | % | 95.7 | 95.9 | -0.2 pt. |
| EBIT margin primary insurance and Reinsurance | | | | |
| EBIT margin primary insurance ⁵⁾ | % | 5.2 | 5.3 | -0.1 pt. |
| EBIT margin Property/Casualty Reinsurance | % | 11.6 | 14.2 | -2.6 pt. |
| EBIT margin Life/Health Reinsurance | % | 6.7 | 5.9 | +0.8 pt. |
| | | 31.3.2019 | 31.12.2018 | +/- % |
| Policyholders' surplus | EUR MILLION | 18,360 | 16,999 | +8.0 |
| Equity attributable to shareholders of Talanx AG | EUR MILLION | 9,562 | 8,713 | +9.7 |
| Attributable to non-controlling interests | EUR MILLION | 6,060 | 5,548 | +9.2 |
| Hybrid capital | EUR MILLION | 2,738 | 2,738 | — |
| Assets under own management | EUR MILLION | 116,574 | 111,868 | +4.2 |
| Total investments | EUR MILLION | 127,979 | 122,831 | +4.2 |
| Total assets | EUR MILLION | 172,001 | 162,879 | +5.6 |
| Carrying amount per share at end of period | EUR | 37.82 | 34.47 | +9.7 |
| Share price at end of period | EUR | 34.36 | 29.80 | +15.3 |
| Market capitalisation of Talanx AG at end of period | EUR MILLION | 8,686 | 7,533 | +15.3 |
| Employees | FULL-TIME EQUIVALENTS | 20,813 | 20,780 | +0.2 |

¹⁾ 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 (31.3.2019 and 31.12.2018).

²⁾ Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

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

⁴⁾ Combined ratio taking into account interest income on funds withheld and contract deposits before elimination of intragroup cross-segment transactions.

⁵⁾ Excluding figures from the Corporate Operations segment.

⁶⁾ Adjusted in accordance with IAS 8, see 2018 Annual Report, "Accounting policies" section of the Notes.

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QUARTERLY STATEMENT

BUSINESS PERFORMANCE

PERFORMANCE OF THE GROUP

- Gross premiums up nearly 11%
- Large losses significantly lower than the budget for the first quarter
- Combined ratio falls to 96.8%

GROUP KEY FIGURES

EUR MILLION

| | Q1 2019 | Q1 2018 | +/- % |
|---|------------|------------|----------|
| Gross written premiums | 11,716 | 10,560 | +10.9 |
| Net premiums earned | 7,842 | 6,989 | +12.2 |
| Underwriting result | -357 | -430 | +17.0 |
| Net investment income | 988 | 1,063 | -7.1 |
| Operating profit/loss (EBIT) | 616 | 592 | +4.1 |
| Combined ratio (net, property/casualty insurance only) in % | 96.8 | 97.0 | -0.2 pt. |

MANAGEMENT METRICS

%

| | Q1 2019 | Q1 2018 ¹⁾ | +/- % |
|--|------------|--------------------------|----------|
| Gross premium growth (adjusted for currency effects) | 9.7 | 14.1 | -4.4 pt. |
| Group net income in EUR million | 235 | 218 | +7.8 |
| Net return on investment ²⁾ | 3.2 | 3.7 | -0.5 pt. |
| Return on equity ³⁾ | 10.3 | 10.0 | +0.3 pt. |

¹⁾ Adjusted in accordance with IAS 8, see 2018 Annual Report, "Accounting policies" section of the Notes.

²⁾ 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.

³⁾ Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

PREMIUM VOLUME

Gross written premiums for the Talanx Group saw double-digit growth of 10.9% (adjusted for currency effects: 9.7%) in the first quarter, rising to EUR 11.7 (10.6) billion. All divisions – especially Property/Casualty Reinsurance segment, where the general

environment improved overall – contributed to the growth in premiums, with net premiums earned up by 12.2% year-on-year at EUR 7.8 (7.0) billion. The retention ratio increased by 0.6% to 88.0% (87.4%). Higher retention, for example in the Retail Germany Division – both in Property/Casualty and Life Insurance – and in the Property/Casualty Reinsurance segment, offset declining retention in the other segments.

UNDERWRITING RESULT

The underwriting result improved by 17.0% to EUR -357 (-430) million. Large losses were moderate at EUR 137 (138) million, roughly on par with the previous year and so well below the budget for the period of EUR 253 (242) million. Large losses were reported primarily in Industrial Lines (EUR 68 million) and Reinsurance (EUR 59 million) Divisions. The net loss ratio improved by 1.6 percentage points whereas the net cost ratio deteriorated by 1.4 percentage points. At 96.8% (97.0%), the combined ratio therefore improved by 0.2 percentage points.

NET INVESTMENT INCOME

Net investment income lagged behind the previous year's figure, falling by 7.1% to EUR 988 (1,063) million. Extraordinary net investment income in the Life segment in the Retail Germany Division was particularly low due to lower gains realised to finance additional interest reserve as a result of these being reorganised. The Group's net return on investment was 3.2% (3.7%) in the first three months of 2019, down 0.5 percentage points year-on-year.

OPERATING PROFIT/LOSS AND GROUP NET INCOME

Operating profit (EBIT) improved by 4.1% to EUR 616 (592) million despite lower net investment income. Group net income amounted to EUR 235 (218) million. The return on equity increased to 10.3% (10.0%), above the target of around 9.5% set for 2019 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 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 2018 Group Annual Report for details of these segments’ structure and scope of business.

INDUSTRIAL LINES

- Premium development shaped primarily by acquiring shares in HDI Global Specialty SE
- Claims development for the financial year in line with expectations
- Positive run-off result but influenced in particular by reserve strengthening of a large loss
- Constant net investment income despite low interest rates

KEY FIGURES FOR THE INDUSTRIAL LINES DIVISION

EUR MILLION

| | Q1 2019 | Q1 2018 | +/- % |
|------------------------------|------------|------------|-------|
| Gross written premiums | 2,296 | 2,049 | +12.1 |
| Net premiums earned | 634 | 583 | +8.7 |
| Underwriting result | -18 | -13 | -38.5 |
| Net investment income | 71 | 68 | +4.4 |
| Operating profit/loss (EBIT) | 35 | 51 | -31.4 |

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%

| | Q1 2019 | Q1 2018 | +/- % |
|--|------------|------------|----------|
| Gross premium growth (adjusted for currency effects) | 10.6 | 5.6 | +5.0 pt. |
| Combined ratio (net) ¹⁾ | 102.9 | 102.3 | +0.6 pt. |
| EBIT margin ²⁾ | 5.6 | 8.8 | -3.2 pt. |
| Return on equity ³⁾ | 3.7 | 5.5 | -1.8 pt. |

¹⁾ Taking into account interest income on funds withheld and contract deposits.

²⁾ Operating profit (EBIT)/net premiums earned.

³⁾ Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

PREMIUM VOLUME

Gross written premiums for the division amounted to EUR 2.3 (2.0) billion as at 31 March 2019, an increase of around 12.1% (10.6% after adjustment for currency effects). Premiums picked up due to acquiring shares in HDI Global Specialty SE from Hannover Rück SE. Without this effect, premiums in the segment would have declined slightly (-1%). Restructuring measures in fire insurance launched in 2018 are showing clear success. The expected premium loss associated with this on account of separating inadequately priced risks was partially offset by risk-free additional premiums. Net premiums earned saw a smaller upturn than gross written premiums due to lower retention in the specialty business in comparison to traditional industrial insurance business.

UNDERWRITING RESULT

At EUR -18 (-13) million, the net underwriting result in the division was down on the previous year. The loss ratio (net) deteriorated slightly to 83.0% (82.1%). While loss expenditure in the financial year, including the large loss burden, was in line with expectations, the run-off result is adversely affected by the strengthening of reserves for a large loss in the previous year and has a negative impact on the reinstatement premiums incurred as a result. Nonetheless, the overall run-off result is positive, unlike in the previous year. The net expense ratio improved year on year to 19.8% (20.2%), thanks in particular to acquiring shares in HDI Global Specialty. The combined ratio for the Industrial Lines Division was 102.9% (102.3%).

NET INVESTMENT INCOME

Net investment income improved by 4.4%, up slightly on the previous year. Current income, which declined as expected, was more than offset by factors including lower write-downs on shares.

OPERATING PROFIT/LOSS 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 2019 (EUR 35 million) than in the first quarter of the prior year (EUR 51 million). This includes foreign exchange losses of EUR 6 million (previous year: foreign exchange gain of EUR 1 million), which are also included in operating profit/loss. Group net income amounted to EUR 23 (31) million.

RETAIL GERMANY

PROPERTY/CASUALTY INSURANCE

- Premiums and combined ratio stable year on year
- Improved EBIT, primarily thanks to upturn in net investment income

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

EUR MILLION

| | Q1 2019 | Q1 2018 | +/- % |
|------------------------------|------------|------------|-------|
| Gross written premiums | 782 | 780 | +0.2 |
| Net premiums earned | 355 | 345 | +2.9 |
| Underwriting result | 4 | 3 | +33.3 |
| Net investment income | 28 | 21 | +33.3 |
| Operating profit/loss (EBIT) | 30 | 18 | +66.7 |

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY INSURANCE SEGMENT

%

| | Q1 2019 | Q1 2018 | +/- % |
|------------------------------------|------------|------------|----------|
| Gross premium growth | 0.2 | 2.8 | -2.6 pt. |
| Combined ratio (net) ¹⁾ | 99.3 | 99.0 | +0.3 pt. |
| EBIT margin ²⁾ | 8.3 | 5.2 | +3.1 pt. |

¹⁾ Taking into account interest income on funds withheld.²⁾ Operating profit (EBIT)/net premiums earned.

MARKET DEVELOPMENT

Continued growth of up to 2.7% is expected in property/casualty insurance for the current year.

PREMIUM VOLUME AND NEW BUSINESS

Written premium income in the Property/Casualty Insurance segment remained steady year on year at EUR 782 (780) million. Growth in corporate customers/freelance professionals and unemployment insurance in connection with residual debt business helped offset the decline in motor insurance.

UNDERWRITING RESULT

The underwriting result was EUR 4 (3) million in the current financial year, slightly higher than in the same quarter in the previous year. While the situation regarding financial-year losses and large losses only showed a slight relief, the run-off result normalised, falling against the previous year. Investment expenditure continued to increase in the last quarter, in particular in IT. All in all, these effects resulted in a slight 0.3 percentage point rise in the combined ratio (net), from 99.0% to 99.3%.

NET INVESTMENT INCOME

Net investment income improved to EUR 28 (21) million thanks to higher ordinary investment income of EUR 3 million and an upturn in extraordinary disposal gains to EUR 5 million.

OPERATING PROFIT/LOSS

EBIT rose to EUR 30 (18) million, due essentially to higher net investment income. This pushed the EBIT margin up to 8.3% (5.2%).

LIFE INSURANCE

- Growth in single premium business
- Lower gains realised to finance additional interest reserve
- Positive impact thanks to introduction of the corridor method to calculate the additional interest reserve

KEY FIGURES FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

EUR MILLION

| | Q1 2019 | Q1 2018 | +/- % |
|--|------------|------------|-------|
| Gross written premiums | 1,104 | 1,088 | +1.5 |
| Net premiums earned | 812 | 807 | +0.6 |
| Underwriting result | -363 | -467 | +22.3 |
| Net investment income | 401 | 489 | -18.0 |
| Operating profit/loss (EBIT) | 30 | 20 | +50.0 |
| New business measured in annual premium equivalent | 95 | 92 | +3.3 |
| Single premiums | 337 | 302 | +11.6 |
| Regular premiums | 61 | 62 | -1.6 |
| New business by product in annual premium equivalent | 95 | 92 | +3.3 |
| of which capital-efficient products | 38 | 33 | +15.2 |
| of which biometric products | 34 | 33 | +3.0 |

MANAGEMENT METRICS FOR THE LIFE INSURANCE SEGMENT

| | Q1 2019 | Q1 2018 | +/- % |
|---------------------------|------------|------------|----------|
| Gross premium growth | 1.5 | -5.1 | +6.6 pt. |
| EBIT margin ¹⁾ | 3.8 | 2.4 | +1.4 pt. |

¹⁾ Operating profit (EBIT)/net premiums earned.

MARKET DEVELOPMENT

In the current financial year, we expect to see premium growth of around 0.8% in life insurance, with regular premiums falling slightly by 0.1% and single premiums picking up by 2.9%.

PREMIUM VOLUME AND NEW BUSINESS

Over the first three months of the year, the Life Insurance segment saw premiums rise by 1.5% to EUR 1,104 (1,088) million, which includes the savings elements of premiums from unit-linked life insurance policies. Single premiums (excluding residual debt insurance) climbed by EUR 17 million year on year, driven in particular by the sale of capital-efficient products and biometric products. This was countered by a drop-off in regular premiums (excluding residual debt insurance), primarily the result of a high number of contracts expiring. Residual debt business performed well, with growth of EUR 14 million. The retention ratio in life insurance business rose slightly to 93.5% (93.2%). Allowing for the savings elements of premiums from our unit-linked products and the change in the unearned premium reserve, net premiums earned in the Life Insurance segment increased by 0.6% to EUR 812 (807) million.

Measured in APE, new business in life insurance products rose from EUR 92 million to EUR 95 million.

UNDERWRITING RESULT

The underwriting result improved to EUR -363 (-467) million in the current financial year. This was partly due to the compounding of technical provisions and policyholder participation in net investment income. These expenses are offset by investment income, which is not recognised in the underwriting result.

NET INVESTMENT INCOME

Net investment income declined by 18.0% to EUR 401 (489) million. In particular, the reduction resulted from lower realisation of unrealised gains to finance the additional interest reserve. Net investment income remained steady year-on-year at EUR 372 (370) million, influenced by persistently low interest rates.

OPERATING PROFIT/LOSS

Operating profit (EBIT) in the Life Insurance segment in the Retail Germany Division rose year-on-year to EUR 30 (20) million, due chiefly to a lower addition to the additional interest reserve in comparison to the previous year.

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

| | Q1 2019 | Q1 2018 | +/- % |
|--------------------------------|------------|------------|----------|
| Return on equity ¹⁾ | 5.9 | 3.7 | +2.2 pt. |

¹⁾ Ratio of annualised net income for the 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 36 (22) million, thanks especially to improved earnings in Property/Casualty and Life Insurance. This pushed the return on equity up by 2.2 percentage points to 5.9%.

RETAIL INTERNATIONAL

- Gross written premiums rise by 11.8% adjusted for currency effects
- Combined ratio up 0.3 percentage points at 94.7%

KEY FIGURES FOR THE RETAIL INTERNATIONAL DIVISION

EUR MILLION

| | Q1 2019 | Q1 2018 | +/-% |
|------------------------------|------------|------------|-------|
| Gross written premiums | 1,617 | 1,496 | +8.1 |
| Net premiums earned | 1,413 | 1,251 | +12.9 |
| Underwriting result | 15 | 15 | — |
| Net investment income | 91 | 92 | -1.1 |
| Operating profit/loss (EBIT) | 73 | 70 | +4.3 |

MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%

| | Q1 2019 | Q1 2018 ¹⁾ | +/-% |
|---|------------|--------------------------|----------|
| Gross premium growth (adjusted for currency effects) | 11.8 | 4.8 | +7.0 pt. |
| Combined ratio (net, property/casualty insurance only) ²⁾ | 94.7 | 95.0 | -0.3 pt. |
| EBIT margin ³⁾ | 5.2 | 5.6 | -0.4 pt. |
| Return on equity ⁴⁾ | 8.7 | 8.2 | +0.5 pt. |

¹⁾ Adjusted in accordance with IAS 8, see 2018 Annual Report, "Accounting policies" section of the Notes.

²⁾ Taking into account interest income on funds withheld.

³⁾ Operating profit (EBIT)/net premiums earned.

⁴⁾ Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

This division bundles the activities of the international retail business in the Talanx Group and is active in both Europe and Latin America. The division is streamlining its portfolio in Latin America, entering into an agreement to sell its 100% interest in HDI Seguros S.A., San Isidro, Peru, on 22 October 2018 which was then completed at the end of the first quarter of 2019.

PREMIUM VOLUME

The division's gross written premiums (including premiums from unit-linked life and annuity insurance) increased by 8.1% compared to the first quarter of 2018 to EUR 1.6 (1.5) billion. Adjusted for currency effects, gross premiums increased by 11.8% on the comparison period. Premium volume performed well in the two regions during the reporting period. In the Latin America region, gross written premiums increased by 10.4% compared to the same period of the previous year to EUR 446 million. This represents growth of 16.7% adjusted for currency effects, reflecting EUR 22 million in additional premiums from new Colombian companies acquired in the second quarter of 2018 and good performance in Brazil and Mexico. At the Mexican HDI Seguros S.A., premium volumes enjoyed a particular upturn in motor insurance thanks to new intermediaries and agents. 45% of the premium volume generated in the region was accounted for by the Brazilian HDI Seguros S.A. Unadjusted, the company's gross written premiums declined by 1.7% to EUR 200 million. However, adjusted for currency effects, they rose by 6.6%, primarily on account of improved risk selection in motor insurance.

The Europe region reported growth in gross written premiums of 7.7% to EUR 1.2 billion; this growth was driven primarily by a 18.9% increase in premiums to EUR 477 million at the Italian HDI Assicurazioni S.p.A. This good performance was the result both of an upswing in single premium business from bank sales channels in life insurance and of premium growth in the property/casualty insurance line. Turkey also had a positive impact on gross written premiums in the region. Premium volume, adjusted for currency effects, climbed by 42.8%, driven by motor insurance and additional premium volume resulting from the merger with Liberty Sigorta A.S. in the fourth quarter of 2018. Adjusted for currency effects, the growth in premium volume in Europe stood at 10.5%.

UNDERWRITING RESULT

The combined ratio from property insurance companies improved by 0.3 percentage points year-on-year to 94.7%. The loss ratio shrank by 0.7 percentage points, thanks primarily to improvements at HDI Seguros S.A. in Brazil, the Italian HDI Assicurazioni S.p.A. and the Polish TUiR WARTA S.A.

In contrast, the expense ratio for the division was 0.3 percentage points higher than the previous year (28.0%), at 28.3%.

Overall, the underwriting result in this division was EUR 15 million, on par with the previous year's level (EUR 15 million).

NET INVESTMENT INCOME

At EUR 91 million, net investment income remained on par with the previous year in the first quarter of 2019. The division's ordinary net investment climbed by 10.1% against the first quarter of 2018, essentially driven by higher interest rates and investment volumes in Turkey as well as positive effects from government bonds in Italy. Nonetheless, the reporting period was also marked by a fall in extraordinary net investment income. Owing to the higher volume of investments and overall persistently low interest rates, the average return on assets under own management fell by 0.2 percentage points to 3.4%.

OPERATING PROFIT/LOSS AND GROUP NET INCOME

In the first quarter of 2019, operating profit (EBIT) in the Retail International Division rose by 4.3% compared with the prior-year period to EUR 73 million. The Europe region contributed to the operating profit of the segment with EBIT of EUR 67 (63) million, a year-on-year increase of 6.3%, whereby this growth was primarily due to developments at TUIR WARTA S.A. in Poland. By contrast, EBIT of EUR 15 (14) million was generated in the Latin America region. Group net income after minority interests increased accordingly by 2.4% to EUR 42 (41) million. The return on equity rose by 0.5 percentage points to 8.7% 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 2019 | Q1 2018 | +/- % |
|--|--------------|--------------|--------------|
| Gross written premiums | 1,617 | 1,496 | +8.1 |
| Property/Casualty | 1,011 | 960 | +5.3 |
| Life | 606 | 536 | +13.1 |
| Net premiums earned | 1,413 | 1,251 | +12.9 |
| Property/Casualty | 836 | 794 | +5.3 |
| Life | 577 | 457 | +26.3 |
| Underwriting result | 15 | 15 | — |
| Property/Casualty | 45 | 40 | +12.5 |
| Life | -30 | -25 | -20.0 |
| Other | — | — | — |
| Net investment income | 91 | 92 | -1.1 |
| Property/Casualty | 47 | 48 | -2.1 |
| Life | 45 | 45 | — |
| Other | -1 | -1 | — |
| New business by product in annual premium equivalent (life) | 72 | 63 | +14.3 |
| Single premiums | 538 | 456 | +18.0 |
| Regular premiums | 18 | 17 | +5.9 |
| New business by product in annual premium equivalent (life) | 72 | 63 | +14.3 |
| of which capital-efficient products | 39 | 24 | +62.5 |
| of which biometric products | 17 | 16 | +6.3 |

RETAIL INTERNATIONAL DIVISION BY REGION AT A GLANCE

EUR MILLION

| | Q1 2019 | Q1 2018 | +/- % |
|-------------------------------------|--------------|--------------|--------------|
| Gross written premiums | 1,617 | 1,496 | +8.1 |
| of which Europe | 1,171 | 1,087 | +7.7 |
| of which Latin America | 446 | 404 | +10.4 |
| Net premiums earned | 1,413 | 1,251 | +12.9 |
| of which Europe | 1,042 | 915 | +13.9 |
| of which Latin America | 371 | 336 | +10.4 |
| Underwriting result | 15 | 15 | — |
| of which Europe | 7 | 2 | +250.0 |
| of which Latin America | 11 | 13 | -15.4 |
| Net investment income | 91 | 92 | -1.1 |
| of which Europe | 76 | 77 | -1.3 |
| of which Latin America | 17 | 16 | +6.3 |
| Operating profit/loss (EBIT) | 73 | 70 | +4.3 |
| of which Europe | 67 | 63 | +6.3 |
| of which Latin America | 15 | 14 | +7.1 |

REINSURANCE

PROPERTY/CASUALTY REINSURANCE

- Market environment remains highly competitive
- Underwriting result up 23.1%
- Combined ratio improves to 95.7%

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

EUR MILLION

| | Q1 2019 | Q1 2018 | +/- % |
|------------------------------|------------|------------|-------|
| Gross written premiums | 4,394 | 3,579 | +22.8 |
| Net premiums earned | 2,930 | 2,425 | +20.8 |
| Underwriting result | 112 | 91 | +23.1 |
| Net investment income | 243 | 274 | -11.3 |
| Operating profit/loss (EBIT) | 340 | 344 | -1.2 |

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%

| | Q1 2019 | Q1 2018 | +/- % |
|---|------------|------------|-----------|
| Gross premium growth (adjusted for currency effects) | 19.4 | 38.8 | -19.4 pt. |
| Combined ratio (net) ¹⁾ | 95.7 | 95.9 | -0.2 pt. |
| EBIT margin ²⁾ | 11.6 | 14.2 | -2.6 pt. |

¹⁾ Taking into account interest income on funds withheld.²⁾ Operating profit (EBIT)/net premiums earned.

BUSINESS DEVELOPMENT

As before, there is still a surplus supply of capital to cover risks on the global property/casualty reinsurance markets. Even the severe storm and fire damage in the previous year did little to change this. At the same time, the capacity from the market for insurance-linked securities (ILS) put sustained pressure on prices and conditions in the first few months of the financial year. The market environment in which we operate therefore remains challenging.

This is countered by elevated demand in certain regions of Asia and North America, and in cyber risk reinsurance, parts of specialty lines and in cover in structured reinsurance.

The round of renewals on 1 January 2019 makes us optimistic about the year as a whole in the Property/Casualty Reinsurance segment. In this segment, we boosted our premium volume in traditional property/casualty reinsurance by 15.4%, adjusted for currency effects, to EUR 6,406 (5,551) million. Around two thirds of traditional property/casualty reinsurance (excluding facultative reinsurance, business with insurance-linked securities and structured reinsurance) came up for renewal.

Contrary to the situation one year ago, alternative capital providers were somewhat more cautious when it came to transferring insurance risks to the capital market in the renewal season as at 1 January 2019. Overall, reinsurance prices were in line with risk in the renewals at the start of the year, and we obtained slightly better conditions. As one of the world's leading reinsurers, we continue to benefit from our excellent financial standing, as well as from higher overall demand. In particular, attractive opportunities opened up to expand our portfolio in Asia, North America and Germany.

PREMIUM DEVELOPMENT

Gross written premiums in the Property/Casualty Reinsurance segment expanded significantly by 22.8% to EUR 4.4 (3.6) billion, matching our expectations. At constant exchange rates, the growth would have amounted to 19.4%. Retention increased to 91.9% (91.6%). Net premiums earned increased by 20.8% to EUR 2.9 (2.4) billion; adjusted for currency effects, growth would have amounted to 18.0%.

UNDERWRITING RESULT

Large losses developed moderately in the first quarter of 2018. The largest single losses for us were the flooding in Australia and the "Eberhard" winter storm in Germany. The net large loss burden totalled EUR 59 (73) million in the first quarter, well below our anticipated large losses for the first quarter of EUR 175 million. We received late claims notifications from our clients throughout the first quarter for last year's typhoon "Jebi" in Japan, hence these effects slightly diluted the positive run-off of the previous year's loss reserves, which was once again very positive overall. The combined ratio improved slightly, reaching 95.7% (95.9%), and was thus within our anticipated target range of 97% or better. The underwriting result for the Property/Casualty Reinsurance segment climbed by 23.1% to EUR 112 (91) million.

NET INVESTMENT INCOME

Income from assets under own management in the Property/Casualty Reinsurance segment reached EUR 231 (266) million, with total net investment income amounting to EUR 243 (274) million.

OPERATING PROFIT/LOSS

Operating profit (EBIT) in the Property/Casualty Reinsurance segment was virtually level with the previous year at EUR 340 (344) million. The EBIT margin thus reached 11.6% (14.2%), exceeding the target level of at least 10%.

LIFE/HEALTH REINSURANCE

- Gross premiums up 12.1%, in line with our expectations
- Strong growth in reinsurance solutions in Asia
- Generally positive claims development in the US mortality business

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

EUR MILLION

| | Q1 2019 | Q1 2018 | +/- % |
|------------------------------|------------|------------|-------|
| Gross written premiums | 1,979 | 1,766 | +12.1 |
| Net premiums earned | 1,681 | 1,574 | +6.8 |
| Underwriting result | -108 | -55 | +96.4 |
| Net investment income | 162 | 123 | +31.7 |
| Operating profit/loss (EBIT) | 113 | 92 | +22.8 |

MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

%

| | Q1 2019 | Q1 2018 ¹⁾ | +/- % |
|---|------------|--------------------------|-----------|
| Gross premium growth (adjusted for currency effects) ¹⁾ | 9.6 | 9.2 | +0.4 pt. |
| EBIT growth ²⁾ | 22.4 | 7.0 | +15.4 pt. |

¹⁾ Compared with the previous year.

²⁾ Change in operating profit (EBIT) compared to the prior year in %.

BUSINESS DEVELOPMENT

Thanks to lower claims, the result in the Life/Health Reinsurance segment improved considerably after loss-ridden contracts came to an end in the previous year, which had entailed an extraordinary burden.

Our mortality solutions business in the US was a key driver of the good performance, reporting better operating profit than anticipated. Nonetheless, treaty recaptures in the US mortality portfolio business were higher than expected and so premium income fell slightly short of our expectations. US financial solutions business also contributed to profitability, as expected.

In Latin America, we got the current year off to a good start by renewing all contracts.

The first quarter in Asia was characterised by higher than anticipated growth in markets such as China and Hong Kong. In China and Korea, we believe that demand will remain strong in the future market of critical illness reinsurance, while in China in particular there was additional demand for solvency relief solutions in structured reinsurance. In addition, signs of promising demand for cover in financial solutions began to emerge in India.

Business in longevity risk hedging was marked by solid demand in markets such as the UK, Germany, Canada and Ireland at the start of the year. This is likely to be evidenced by specific contracts being concluded during the financial year.

We also see increased global interest in hedging the longevity aspects of products in the “immediate needs” and “equity release” categories. This encompasses the reinsurance of biometric risks from products that – to put it simply – cover a direct insurance need, as well as the possibility of receiving the equivalent value of a property as a single or regular premium. Furthermore, new solvency regulations are soon to be introduced in some Asian markets and we also expect this to stimulate demand for coverage concepts designed to protect against longevity risks.

PREMIUM DEVELOPMENT

Gross premium income in the Life/Health Reinsurance segment increased by 12.1% to EUR 2.0 billion as at 31 March 2019 (EUR 1.8 billion). Growth would have amounted to 9.6% adjusted for currency effects. Net premiums earned rose by 6.8% to EUR 1.7 (1.6) billion. At constant exchange rates, the increase would have amounted to 4.6%. Retention was slightly lower than in the previous year at 87.0% (90.7%).

NET INVESTMENT INCOME

Income from assets under own management improved by 43.1% to EUR 103 (72) million. Net investment income amounted to EUR 162 (123) million in total.

OPERATING PROFIT/LOSS

Operating profit (EBIT) rose by 22.8% to EUR 113 (92) million.

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

%

| | Q1 2019 | Q1 2018 ¹⁾ | +/- % |
|--------------------------------|------------|--------------------------|----------|
| Return on equity ¹⁾ | 13.1 | 13.5 | -0.4 pt. |

¹⁾ Ratio of annualised net income for the period excluding non-controlling interests to average equity excluding non-controlling interests.

Group net income in the Reinsurance Division increased from EUR 139 million to EUR 148 million in the first quarter of 2019. However, return on equity fell slightly by 0.4 percentage points year on year, to 13.1% (13.5%).

CORPORATE OPERATIONS

- Group assets under own management climb by 4.2%

Talanx AG received permission from the Federal Financial Supervisory Authority (BaFin) on 1 January 2019 to conduct non-life reinsurance business and has since operated as an intragroup reinsurer. The first quota share reinsurance agreement was signed with HDI Re, Dublin, on 24 January 2019.

The operating profit in the Corporate Operations segment fell in the first quarter of 2019 to EUR 2 (4) million. Talanx generated 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 -18 (-17) million in the first quarter of 2019.

INVESTMENTS AND FINANCIAL POSITION

The total investment portfolio increased by 4.2% over the course of the first quarter of 2019 and amounted to EUR 128.0 (122.8) billion. The portfolio of assets under own management also rose by 4.2% to EUR 116.6 billion. Growth in the portfolio of assets under own management was due to cash inflows from underwriting business, which were reinvested in accordance with the respective corporate guidelines. Portfolio expansion is also a result of market development

in the first quarter. Significant developments include decreases in risk premiums, in particular for corporate bonds, and interest rate declines for long terms in euro, US dollar and pound sterling.

The portfolio of investment contracts and funds withheld by ceding companies showed no material changes compared with the start of the year.

Fixed-income investments were again the most significant asset class as at the end of the first quarter of 2019. They contributed EUR 0.7 (0.7) billion to earnings, which was reinvested as far as possible in the year under review.

BREAKDOWN OF ASSETS UNDER OWN MANAGEMENT BY ASSET CLASS

EUR MILLION

| | 31.3.2019 | | 31.12.2018 | |
|--|----------------|-------------|----------------|-------------|
| Investment property | 3,039 | 3% | 2,985 | 3% |
| Shares in affiliated companies and participating interests | 311 | < 1% | 206 | < 1% |
| Shares in associates and joint ventures | 279 | < 1% | 265 | < 1% |
| Loans and receivables | | | | |
| Loans incl. mortgage loans | 428 | < 1% | 460 | < 1% |
| Loans and receivables due from government or quasi-governmental entities and fixed-income securities | 28,806 | 25% | 28,684 | 26% |
| Financial assets held to maturity | 379 | < 1% | 409 | < 1% |
| Financial assets available for sale | | | | |
| Fixed-income securities | 74,149 | 64% | 70,165 | 63% |
| Variable-yield securities | 1,836 | 2% | 1,799 | 2% |
| Financial assets classified at fair value through profit or loss | | | | |
| Financial assets classified at fair value through profit or loss | | | | |
| Fixed-income securities | 1,227 | 1% | 1,344 | 1% |
| Variable-yield securities | 137 | < 1% | 126 | < 1% |
| Financial assets held for trading | | | | |
| Fixed-income securities | — | — | — | — |
| Variable-yield securities | 105 | < 1% | 131 | < 1% |
| Derivatives ¹⁾ | 270 | < 1% | 239 | < 1% |
| Other investments | 5,608 | 5% | 5,055 | 5% |
| Assets under own management ²⁾ | 116,574 | 100% | 111,868 | 100% |

¹⁾ Only derivatives with positive fair values.

²⁾ Breakdown in %: Fixed-income securities 82 (82); equities and other variable-yield securities 1 (1); funds withheld by ceding companies 8 (8); real estate (including real estate funds) 3 (3); investments under investment contracts 1 (1); other 5 (5)

FIXED-INCOME SECURITIES

The portfolio of fixed-income investments was up EUR 4 billion at EUR 105.0 (101.1) billion as at the end of the reporting period. At 82% (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 “financial assets available for sale” (71% [69%] of total investments in the fixed income portfolio) and “Loans and receivables” (28% [29%] of total holdings of fixed-income securities).

“Fixed-income securities available for sale” rose by EUR 4 billion to EUR 74.1 (70.2) billion, which essentially explains the overall upturn in the portfolio of fixed-income investments. Reinvestments were made taking into account the existing investment structure in this asset class. Valuation reserves, i.e. the balance of unrealised gains and losses, have risen from EUR 1.7 billion to EUR 3.6 billion since the end of 2018 on the back of market conditions. The volatility of “fixed-income securities available for sale” is reflected in equity.

In the “Loans and receivables” category, investments are primarily held in government securities or securities with a similar level of security. German covered bonds (Pfandbriefe) are still the largest item in the portfolio. Total holdings in fixed-income securities within the “Loans and receivables” category amounted to EUR 29.2 (29.1) billion at the end of the quarter. Off-balance-sheet valuation reserves of “Loans and receivables” increased to EUR 4.7 (3.8) billion.

The Group pursues a conservative investment policy. Investments in fixed-income securities continue to focus on government bonds with good ratings or securities from issuers with a similar credit quality in 2019. Holdings of AAA-rated bonds amounted to EUR 44.8 (43.1) billion as at the reporting date. The rating structure of fixed-income securities is virtually unchanged in comparison to the end of the previous financial year. 78% (78%) of fixed-income securities have a minimum A rating.

CURRENCY EFFECTS

As far as matching currency cover is concerned, us dollar-denominated investments continue to account for the largest share at 20% (19%) of the Talanx Group’s foreign currency portfolio. Sizeable positions are also held in pound sterling, Polish zloty and Australian dollars, totalling 8% (7%) of all investments. The total share of assets under own management in foreign currencies was 33% (32%) as at the reporting date.

NET INVESTMENT INCOME

CHANGE IN NET INVESTMENT INCOME

| EUR MILLION | Q1 2019 | Q1 2018 |
|---|------------|--------------|
| Ordinary investment income | 870 | 851 |
| of which current income from interest | 691 | 675 |
| of which attributable to profit/loss from investments in associates | 12 | 3 |
| Realised net gains on disposal of investments | 84 | 264 |
| Write-downs/reversals of write-downs of investments | -38 | -42 |
| Unrealised net gains from investments | 64 | -6 |
| Other investment expenses | 60 | 59 |
| Income from assets under own management | 920 | 1,008 |
| Interest income from funds withheld and contract deposits | 68 | 55 |
| Net income from investment contracts | — | — |
| Total | 988 | 1,063 |

At EUR 988 (1,063) million, net investment income was down on the previous year’s level on account of lower gains in the reporting period. This resulted in a drop in the annualised net return on investment to 3.2% (3.7%).

Despite consistently low interest rates, ordinary investment income totalled EUR 870 million at the end of the quarter, a year-on-year increase of EUR 19 million (EUR 851 million). In addition to portfolio growth, this is due to factors including high income from private equity, which more than offset the lower return on our fixed-income securities. The average coupon in the fixed-income securities portfolio remains steady at 2.9% (2.9%).

Total realised net gains on the disposal of investments in the first quarter of the financial year were significantly lower than the previous year's figure at EUR 84 (264) million. The sharp drop of EUR 180 million essentially reflects increased requirements to service the additional interest reserve.

Lower depreciation and amortisation was required overall in the reporting period compared to the prior year. Taking into account reversals of impairment losses, this totalled EUR 38 (42) million, of which EUR 15 (14) million related to depreciation on directly held real estate and EUR 11 (14) million to other investments.

Unrealised net gains/losses rose from EUR –6 million to EUR 64 million thanks to market conditions. This rise was driven by changes in the fair value of our assets held at fair value through profit or loss and is attributable in particular to fair value changes to credit default swaps, interest rate and currency swaps, futures and structured products.

NET INVESTMENT INCOME BY GROUP SEGMENT¹⁾

| EUR MILLION | Q1 2019 | Q1 2018 |
|------------------------------------|------------|--------------|
| Industrial Lines | 73 | 70 |
| Retail Germany – Property/Casualty | 29 | 20 |
| Retail Germany – Life | 411 | 500 |
| Retail International | 92 | 94 |
| Property/Casualty Reinsurance | 242 | 276 |
| Life/Health Reinsurance | 163 | 123 |
| Corporate Operations | –22 | –20 |
| Total | 988 | 1,063 |

¹⁾ After elimination of intragroup cross-segment transactions.

CHANGE IN EQUITY

CHANGE IN EQUITY

EUR MILLION

| | 31.3.2019 | 31.12.2018 | Change | +/-% |
|---|---------------|---------------|--------------|-------------|
| Subscribed capital | 316 | 316 | – | – |
| Capital reserves | 1,373 | 1,373 | – | – |
| Retained earnings | 7,538 | 7,281 | 257 | +3.5 |
| Accumulated other comprehensive income and other reserves | 335 | –257 | 592 | –230.4 |
| Group equity | 9,562 | 8,713 | 849 | +9.7 |
| Non-controlling interests in equity | 6,060 | 5,548 | 512 | +9.2 |
| Total | 15,622 | 14,261 | 1,361 | +9.5 |

EQUITY BY DIVISION¹⁾

INCLUDING NON-CONTROLLING INTERESTS

EUR MILLION

| | 31.3.2019 | 31.12.2018 |
|-------------------------------------|---------------|---------------|
| Industrial Lines | 2,559 | 2,364 |
| of which non-controlling interests | 51 | – |
| Retail Germany | 2,531 | 2,443 |
| of which non-controlling interests | 67 | 61 |
| Retail International | 2,256 | 2,149 |
| of which non-controlling interests | 242 | 231 |
| Reinsurance | 10,445 | 9,491 |
| of which non-controlling interests | 6,259 | 5,773 |
| Corporate Operations | –2,219 | –2,228 |
| of which non-controlling interests | – | – |
| Consolidation | 50 | 42 |
| of which non-controlling interests | –559 | –517 |
| Total equity | 15,622 | 14,261 |
| Group equity | 9,562 | 8,713 |
| Non-controlling interests in equity | 6,060 | 5,548 |

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

OUTLOOK

ANTICIPATED FINANCIAL DEVELOPMENT OF THE GROUP

We are making the following assumptions:

- moderate global economic growth
- constant inflation rate
- continuing very low interest rates
- no sudden upheavals on the capital markets
- no exchange rate shocks
- no significant fiscal or regulatory changes
- a large loss burden in line with our 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. With this outlook, we confirm the 2019 forecast published in the 2018 Group Annual Report in relation to the Talanx Group and its divisions.

TALANX GROUP

MANAGEMENT METRICS

%

| | Outlook for 2019 on the basis of Q1 2019 | Forecast for 2019 from the 2018 Annual Report |
|--|--|---|
| Gross premium growth (adjusted for currency effects) | ~ 4 | ~ 4 |
| Net return on investment | ~ 2.7 | ~ 2.7 |
| Group net income in EUR million | around 900 | around 900 |
| Return on equity | ~ 9.5 | ~ 9.5 |
| Payout ratio | 35–45 | 35–45 |

INDUSTRIAL LINES

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%

| | Outlook for 2019 on the basis of Q1 2019 | Forecast for 2019 from the 2018 Annual Report |
|--|--|---|
| Gross premium growth (adjusted for currency effects) | ≥ 20 | ≥ 20 |
| Combined ratio (net) | ~ 100 | ~ 100 |
| EBIT margin | ~ 5 | ~ 5 |
| Return on equity | ~ 4 | ~ 4 |

RETAIL GERMANY

PROPERTY/CASUALTY INSURANCE

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

%

| | Outlook for 2019 on the basis of Q1 2019 | Forecast for 2019 from the 2018 Annual Report |
|----------------------|--|---|
| Gross premium growth | ≥ 3 | ≥ 3 |
| Combined ratio (net) | ~ 99 | ~ 99 |
| EBIT margin | ≥ 5 | ≥ 5 |

LIFE INSURANCE

MANAGEMENT METRICS FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

%

| | Outlook for 2019 on the basis of Q1 2019 | Forecast for 2019 from the 2018 Annual Report |
|----------------------|--|---|
| Gross premium growth | stable | stable |
| EBIT margin | 2–3 | 2–3 |

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

| | Outlook for 2019 on the basis of Q1 2019 | Forecast for 2019 from the 2018 Annual Report |
|------------------|--|---|
| Return on equity | ~ 5 | ~ 5 |

RETAIL INTERNATIONAL**MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION**

| | Outlook for 2019 on the basis of Q1 2019 | Forecast for 2019 from the 2018 Annual Report |
|---|--|---|
| Gross premium growth (adjusted for currency effects) | 5–10 | 5–10 |
| Value of new business (life) ¹⁾ in EUR million | 30–40 | 30–40 |
| Combined ratio (net, property/casualty insurance) | ~ 95 | ~ 95 |
| EBIT margin | 5–6 | 5–6 |
| Return on equity | 8–9 | 8–9 |

¹⁾ Excluding non-controlling interests.

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

| | Outlook for 2019 on the basis of Q1 2019 | Forecast for 2019 from the 2018 Annual Report |
|--|--|---|
| Gross premium growth (adjusted for currency effects) | significant growth | significant growth |
| Combined ratio (net) | < 97 | < 97 |
| EBIT margin | ≥ 10 | ≥ 10 |

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

| | Outlook for 2019 on the basis of Q1 2019 | Forecast for 2019 from the 2018 Annual Report |
|--|--|---|
| Gross premium growth (adjusted for currency effects) | moderate growth | moderate growth |
| Value of new business ¹⁾ in EUR million | ≥ 110 | ≥ 110 |
| EBIT growth ²⁾ | > 5 | > 5 |

¹⁾ Excluding non-controlling interests.

²⁾ Average over a three-year period.

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

| | Outlook for 2019 on the basis of Q1 2019 | Forecast for 2019 from the 2018 Annual Report |
|------------------|--|---|
| Return on equity | ~ 14 | ~ 14 |

Hannover Rück SE is expecting positive earnings of almost EUR 100 million in the second quarter as a result of releasing hidden reserves in the area of participating interests. The reason behind this is a restructuring of shares at the Viridium Group, with Hannover Rück SE's interest remaining largely unchanged, which became necessary as part of the acquisition of Generali Lebensversicherung AG by Viridium.

CONSOLIDATED BALANCE SHEET OF TALANX AG AS AT 31 MARCH 2019

CONSOLIDATED BALANCE SHEET – ASSETS

EUR MILLION

| | 31.3.2019 | 31.12.2018 |
|---|----------------|----------------|
| A. Intangible assets | | |
| a. Goodwill | 1,066 | 1,058 |
| b. Other intangible assets | 901 | 895 |
| | 1,967 | 1,953 |
| B. Investments | | |
| a. Investment property | 3,039 | 2,985 |
| b. Shares in affiliated companies and participating interests | 311 | 206 |
| c. Shares in associates and joint ventures | 279 | 265 |
| d. Loans and receivables | 29,234 | 29,144 |
| e. Other financial instruments | | |
| i. Financial assets held to maturity | 379 | 409 |
| ii. Financial assets available for sale | 75,985 | 71,964 |
| iii. Financial assets classified at fair value through profit or loss | 1,739 | 1,840 |
| f. Other investments | 5,608 | 5,055 |
| Assets under own management | 116,574 | 111,868 |
| g. Investments under investment contracts | 1,084 | 1,042 |
| h. Funds withheld by ceding companies | 10,321 | 9,921 |
| Investments | 127,979 | 122,831 |
| C. Investments for the benefit of life insurance policyholders who bear the investment risk | 10,929 | 9,990 |
| D. Reinsurance recoverables on technical provisions | 8,972 | 8,506 |
| E. Accounts receivable on insurance business | 8,649 | 7,251 |
| F. Deferred acquisition costs | 5,734 | 5,358 |
| G. Cash at banks, cheques and cash-in-hand | 3,471 | 3,362 |
| H. Deferred tax assets | 1,200 | 1,156 |
| I. Other assets | 3,079 | 2,457 |
| J. Non-current assets and assets of disposal groups classified as held for sale | 21 | 15 |
| Total assets | 172,001 | 162,879 |

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

EUR MILLION

| | 31.3.2019 | 31.12.2018 |
|--|----------------|----------------|
| A. Equity | | |
| a. Subscribed capital | 316 | 316 |
| Nominal value: 316 (previous year: 316) | | |
| Contingent capital: 158 (previous year: 158) | | |
| b. Reserves | 9,246 | 8,397 |
| Equity excluding non-controlling interests | 9,562 | 8,713 |
| c. Non-controlling interests in equity | 6,060 | 5,548 |
| Total equity | 15,622 | 14,261 |
| B. Subordinated liabilities | 2,738 | 2,738 |
| C. Technical provisions | | |
| a. Unearned premium reserve | 11,360 | 8,590 |
| b. Benefit reserve | 56,392 | 56,234 |
| c. Loss and loss adjustment expense reserve | 47,130 | 45,887 |
| d. Provision for premium refunds | 6,756 | 5,703 |
| e. Other technical provisions | 659 | 628 |
| | 122,297 | 117,042 |
| D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders | 10,929 | 9,990 |
| E. Other provisions | | |
| a. Provisions for pensions and other post-employment benefits | 2,236 | 2,144 |
| b. Provisions for taxes | 703 | 650 |
| c. Miscellaneous other provisions | 836 | 887 |
| | 3,775 | 3,681 |
| F. Liabilities | | |
| a. Notes payable and loans | 2,252 | 2,245 |
| b. Funds withheld under reinsurance treaties | 4,316 | 4,441 |
| c. Other liabilities | 7,366 | 6,095 |
| | 13,934 | 12,781 |
| G. Deferred tax liabilities | 2,699 | 2,380 |
| H. Liabilities included in disposal groups classified as held for sale | 7 | 6 |
| Total liabilities/provisions | 156,379 | 148,618 |
| Total equity and liabilities | 172,001 | 162,879 |

CONSOLIDATED STATEMENT OF INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2019

CONSOLIDATED STATEMENT OF INCOME

EUR MILLION

| | Q1 2019 | Q1 2018 |
|--|--------------|--------------|
| 1. Gross written premiums including premiums from unit-linked life and annuity insurance | 11,716 | 10,560 |
| 2. Savings elements of premiums from unit-linked life and annuity insurance | 225 | 269 |
| 3. Written reinsurance premiums | 1,382 | 1,300 |
| 4. Change in gross unearned premiums | -2,622 | -2,407 |
| 5. Change in ceded unearned premiums | -355 | -405 |
| Net premiums earned | 7,842 | 6,989 |
| 6. Gross claims and claims expenses | 7,084 | 6,288 |
| Reinsurers' share | 860 | 626 |
| Net claims and claims expenses | 6,224 | 5,662 |
| 7. Gross acquisition and administrative expenses | 2,116 | 1,915 |
| Reinsurers' share | 171 | 180 |
| Net acquisition and administrative expenses | 1,945 | 1,735 |
| 8. Other underwriting income | 17 | 14 |
| Other underwriting expenses | 47 | 36 |
| Other underwriting result | -30 | -22 |
| Net technical result | -357 | -430 |
| 9. a. Investment income | 1,117 | 1,201 |
| b. Investment expenses | 197 | 193 |
| Net investment income from assets under own management | 920 | 1,008 |
| Net income from investment contracts | — | — |
| Funds withheld | 68 | 55 |
| Net investment income | 988 | 1,063 |
| of which share of profit or loss of equity-accounted associates and joint ventures | 12 | 3 |
| 10. a. Other income | 483 | 340 |
| b. Other expenses | 498 | 381 |
| Other income/expenses | -15 | -41 |
| Profit before goodwill impairments | 616 | 592 |
| 11. Goodwill impairments | — | — |
| Operating profit/loss (EBIT) | 616 | 592 |
| 12. Financing costs | 45 | 41 |
| 13. Income taxes | 160 | 163 |
| Net income | 411 | 388 |
| of which attributable to non-controlling interests | 176 | 170 |
| of which attributable to shareholders of Talanx AG | 235 | 218 |
| Earnings per share | | |
| Basic earnings per share (in EUR) | 0.93 | 0.86 |
| Diluted earnings per share (in EUR) | 0.93 | 0.86 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR MILLION

| | Q1 2019 | Q1 2018 |
|--|--------------|-------------|
| Net income | 411 | 388 |
| Items that will not be reclassified to profit or loss | | |
| Actuarial gains (losses) on pension provisions | | |
| Gains (losses) recognised in other comprehensive income for the period | -102 | 1 |
| Tax income (expense) | 30 | — |
| | -72 | 1 |
| Changes in policyholder participation/shadow accounting | | |
| Gains (losses) recognised in other comprehensive income for the period | 5 | — |
| Tax income (expense) | — | — |
| | 5 | — |
| Total items that will not be reclassified to profit or loss, net of tax | -67 | 1 |
| Items that may be reclassified subsequently to profit or loss | | |
| Unrealised gains and losses on investments | | |
| Gains (losses) recognised in other comprehensive income for the period | 2,091 | -604 |
| Reclassified to profit or loss | -43 | -153 |
| Tax income (expense) | -310 | 127 |
| | 1,738 | -630 |
| Exchange differences on translating foreign operations | | |
| Gains (losses) recognised in other comprehensive income for the period | 234 | -193 |
| Reclassified to profit or loss | — | — |
| Tax income (expense) | -18 | 15 |
| | 216 | -178 |
| Changes in policyholder participation/shadow accounting | | |
| Gains (losses) recognised in other comprehensive income for the period | -934 | 295 |
| Tax income (expense) | 39 | — |
| | -895 | 295 |
| Changes from cash flow hedges | | |
| Gains (losses) recognised in other comprehensive income for the period | 15 | -66 |
| Reclassified to profit or loss | -7 | -26 |
| Tax income (expense) | -1 | 2 |
| | 7 | -90 |
| Changes from equity method measurement | | |
| Gains (losses) recognised in other comprehensive income for the period | 3 | -6 |
| Reclassified to profit or loss | — | — |
| Tax income (expense) | — | — |
| | 3 | -6 |
| Miscellaneous other changes | | |
| Gains (losses) recognised in other comprehensive income for the period | — | — |
| Reclassified to profit or loss | — | — |
| Tax income (expense) | — | — |
| | — | — |
| Total items that may be reclassified subsequently to profit or loss, net of tax | 1,069 | -609 |
| Other comprehensive income for the period, net of tax | 1,002 | -608 |
| Total comprehensive income for the period | 1,413 | -220 |
| of which attributable to non-controlling interests | 586 | -73 |
| of which attributable to shareholders of Talanx AG | 827 | -147 |

SEGMENT REPORTING

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 31 MARCH 2019

EUR MILLION

| Assets | Industrial Lines | | Retail Germany | |
|---|------------------|--------------------------|----------------|---------------|
| | 31.3.2019 | 31.12.2018 ²⁾ | 31.3.2019 | 31.12.2018 |
| A. Intangible assets | 162 | 162 | 704 | 706 |
| B. Investments | 8,869 | 8,315 | 52,868 | 51,620 |
| C. Investments for the benefit of life insurance policyholders who bear the investment risk | — | — | 10,449 | 9,506 |
| D. Reinsurance recoverables on technical provisions | 7,719 | 5,202 | 1,845 | 1,861 |
| E. Accounts receivable on insurance business | 2,561 | 1,413 | 380 | 312 |
| F. Deferred acquisition costs | 76 | 63 | 2,171 | 2,158 |
| G. Cash at banks, cheques and cash-in-hand | 917 | 676 | 640 | 686 |
| H. Deferred tax assets | 83 | 71 | 95 | 111 |
| I. Other assets | 893 | 695 | 744 | 822 |
| J. Non-current assets and assets of disposal groups classified as held for sale ²⁾ | — | — | — | — |
| Total assets | 21,280 | 16,597 | 69,896 | 67,782 |

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 31 MARCH 2019

EUR MILLION

| Equity and liabilities | Industrial Lines | | Retail Germany | |
|---|------------------|--------------------------|----------------|---------------|
| | 31.3.2019 | 31.12.2018 ²⁾ | 31.3.2019 | 31.12.2018 |
| B. Subordinated liabilities | 282 | 200 | 162 | 162 |
| C. Technical provisions | 15,039 | 11,560 | 52,771 | 51,474 |
| D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders | — | — | 10,449 | 9,506 |
| E. Other provisions | 846 | 784 | 585 | 603 |
| F. Liabilities | 2,322 | 1,475 | 3,169 | 3,397 |
| G. Deferred tax liabilities | 232 | 214 | 229 | 197 |
| H. Liabilities included in disposal groups classified as held for sale | — | — | — | — |
| Total liabilities/provisions | 18,721 | 14,233 | 67,365 | 65,339 |

| Retail International | | Reinsurance | | Corporate Operations | | Consolidation | | Total | |
|----------------------|---------------|---------------|--------------------------|----------------------|--------------|---------------|---------------|----------------|----------------|
| 31.3.2019 | 31.12.2018 | 31.3.2019 | 31.12.2018 ³⁾ | 31.3.2019 | 31.12.2018 | 31.3.2019 | 31.12.2018 | 31.3.2019 | 31.12.2018 |
| 781 | 773 | 209 | 208 | 111 | 109 | — | –5 | 1,967 | 1,953 |
| 12,505 | 11,613 | 55,565 | 53,115 | 1,032 | 941 | –2,860 | –2,773 | 127,979 | 122,831 |
| 480 | 484 | — | — | — | — | — | — | 10,929 | 9,990 |
| 770 | 705 | 3,110 | 3,209 | 21 | 6 | –4,493 | –2,477 | 8,972 | 8,506 |
| 1,276 | 1,220 | 4,851 | 4,420 | 26 | 5 | –445 | –119 | 8,649 | 7,251 |
| 643 | 614 | 2,603 | 2,283 | 1 | 1 | 240 | 239 | 5,734 | 5,358 |
| 409 | 592 | 1,252 | 1,152 | 253 | 256 | — | — | 3,471 | 3,362 |
| 124 | 101 | 608 | 599 | 290 | 273 | — | 1 | 1,200 | 1,156 |
| 512 | 432 | 1,609 | 1,695 | 762 | 653 | –1,441 | –1,840 | 3,079 | 2,457 |
| 21 | 16 | — | — | — | — | — | –1 | 21 | 15 |
| 17,521 | 16,550 | 69,807 | 66,681 | 2,496 | 2,244 | –8,999 | –6,975 | 172,001 | 162,879 |

| Retail International | | Reinsurance | | Corporate Operations | | Consolidation | | Total | |
|-------------------------------------|---------------|---------------|--------------------------|----------------------|--------------|---------------|---------------|----------------|----------------|
| 31.3.2019 | 31.12.2018 | 31.3.2019 | 31.12.2018 ³⁾ | 31.3.2019 | 31.12.2018 | 31.3.2019 | 31.12.2018 | 31.3.2019 | 31.12.2018 |
| 42 | 42 | 1,886 | 1,878 | 1,280 | 1,280 | –914 | –824 | 2,738 | 2,738 |
| 12,253 | 11,620 | 45,764 | 43,894 | 94 | 70 | –3,624 | –1,576 | 122,297 | 117,042 |
| 480 | 484 | — | — | — | — | — | — | 10,929 | 9,990 |
| 278 | 274 | 635 | 613 | 1,431 | 1,407 | — | — | 3,775 | 3,681 |
| 2,073 | 1,873 | 8,997 | 8,960 | 1,908 | 1,715 | –4,535 | –4,639 | 13,934 | 12,781 |
| 132 | 102 | 2,080 | 1,845 | 2 | — | 24 | 22 | 2,699 | 2,380 |
| 7 | 6 | — | — | — | — | — | — | 7 | 6 |
| 15,265 | 14,401 | 59,362 | 57,190 | 4,715 | 4,472 | –9,049 | –7,017 | 156,379 | 148,618 |
| Equity ¹⁾ | | | | | | | | 15,622 | 14,261 |
| Total equity and liabilities | | | | | | | | 172,001 | 162,879 |

¹⁾ Group equity and non-controlling interests.

²⁾ HDI Global Specialty SE would have been included in the segment with total equities and liabilities of EUR 2,820 million (before effects of consolidation).

³⁾ HDI Global Specialty SE was included in the segment with total equities and liabilities of EUR 2,820 million (before effects of consolidation).

CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2019¹⁾

EUR MILLION

| | Industrial Lines | | Retail Germany | |
|--|------------------|-----------------------|----------------|--------------|
| | Q1 2019 | Q1 2018 ²⁾ | Q1 2019 | Q1 2018 |
| 1. Gross written premiums including premiums from unit-linked life and annuity insurance | 2,296 | 2,049 | 1,886 | 1,868 |
| of which attributable to other divisions/segments with third parties | 24 | 21 | 20 | 13 |
| | 2,272 | 2,028 | 1,866 | 1,855 |
| 2. Savings elements of premiums from unit-linked life and annuity insurance | — | — | 206 | 200 |
| 3. Ceded written premiums | 1,008 | 813 | 94 | 103 |
| 4. Change in gross unearned premiums | -996 | -1,005 | -432 | -431 |
| 5. Change in ceded unearned premiums | -342 | -352 | -13 | -18 |
| Net premiums earned | 634 | 583 | 1,167 | 1,152 |
| 6. Claims and claims expenses (gross) | 1,122 | 761 | 1,274 | 1,335 |
| Reinsurers' share | 605 | 295 | 26 | 38 |
| Claims and claims expenses (net) | 517 | 466 | 1,248 | 1,297 |
| 7. Acquisition costs and administrative expenses (gross) | 292 | 238 | 316 | 363 |
| Reinsurers' share | 166 | 120 | 37 | 41 |
| Net acquisition and administrative expenses | 126 | 118 | 279 | 322 |
| 8. Other technical income | — | 1 | 7 | 11 |
| Other technical expenses | 9 | 13 | 6 | 8 |
| Other technical result | -9 | -12 | 1 | 3 |
| Net technical result | -18 | -13 | -359 | -464 |
| 9. a. Investment income | 102 | 103 | 493 | 599 |
| b. Investment expenses | 31 | 35 | 62 | 85 |
| Net income from assets under own management | 71 | 68 | 431 | 514 |
| Net income from investment contracts | — | — | — | — |
| Net interest income from funds withheld and contract deposits | — | — | -2 | -4 |
| Net investment income | 71 | 68 | 429 | 510 |
| of which share of profit or loss of equity-accounted associates and joint ventures | 10 | 2 | — | — |
| 10. a. Other income | 88 | 44 | 56 | 64 |
| b. Other expenses | 106 | 48 | 66 | 72 |
| Other income/expenses | -18 | -4 | -10 | -8 |
| Profit before goodwill impairments | 35 | 51 | 60 | 38 |
| 11. Goodwill impairments | — | — | — | — |
| Operating profit/loss (EBIT) | 35 | 51 | 60 | 38 |
| 12. Financing costs | 3 | 2 | 2 | 2 |
| 13. Taxes on income | 9 | 18 | 20 | 13 |
| Net income | 23 | 31 | 38 | 23 |
| of which attributable to non-controlling interests | — | — | 2 | 1 |
| attributable to shareholders of Talanx AG | 23 | 31 | 36 | 22 |

¹⁾ 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.

²⁾ HDI Global Specialty SE would have been included in the division's gross premium with EUR 947 million (before effects of consolidation) and would have contributed EUR -1.5 million to EBIT (before effects of consolidation).

³⁾ HDI Global Specialty SE was included in the division's gross premium with EUR 947 million (before effects of consolidation) and contributed EUR -1.5 million to EBIT (before effects of consolidation).

| Retail International | | Reinsurance | | Corporate Operations | | Consolidation | | Total | |
|----------------------|---------|-------------|-----------------------|----------------------|---------|---------------|---------|---------|---------|
| Q1 2019 | Q1 2018 | Q1 2019 | Q1 2018 ³⁾ | Q1 2019 | Q1 2018 | Q1 2019 | Q1 2018 | Q1 2019 | Q1 2018 |
| 1,617 | 1,496 | 6,373 | 5,345 | 35 | 30 | -491 | -228 | 11,716 | 10,560 |
| — | — | 412 | 164 | 35 | 30 | -491 | -228 | — | — |
| 1,617 | 1,496 | 5,961 | 5,181 | — | — | — | — | 11,716 | 10,560 |
| 19 | 69 | — | — | — | — | — | — | 225 | 269 |
| 143 | 124 | 612 | 466 | 18 | 18 | -493 | -224 | 1,382 | 1,300 |
| -76 | -74 | -1,218 | -941 | -16 | -17 | 116 | 61 | -2,622 | -2,407 |
| -34 | -22 | -68 | -61 | -14 | -14 | 116 | 62 | -355 | -405 |
| 1,413 | 1,251 | 4,611 | 3,999 | 15 | 9 | 2 | -5 | 7,842 | 6,989 |
| 1,197 | 1,030 | 3,730 | 3,244 | 13 | 12 | -252 | -94 | 7,084 | 6,288 |
| 82 | 66 | 390 | 314 | 2 | 1 | -245 | -88 | 860 | 626 |
| 1,115 | 964 | 3,340 | 2,930 | 11 | 11 | -7 | -6 | 6,224 | 5,662 |
| 300 | 282 | 1,322 | 1,082 | 3 | 2 | -117 | -52 | 2,116 | 1,915 |
| 25 | 22 | 55 | 51 | — | — | -112 | -54 | 171 | 180 |
| 275 | 260 | 1,267 | 1,031 | 3 | 2 | -5 | 2 | 1,945 | 1,735 |
| 10 | 6 | — | — | — | — | — | -4 | 17 | 14 |
| 18 | 18 | — | 2 | — | — | 14 | -5 | 47 | 36 |
| -8 | -12 | — | -2 | — | — | -14 | 1 | -30 | -22 |
| 15 | 15 | 4 | 36 | 1 | -4 | — | — | -357 | -430 |
| 102 | 105 | 433 | 404 | 4 | 3 | -17 | -13 | 1,117 | 1,201 |
| 10 | 13 | 99 | 66 | 23 | 20 | -28 | -26 | 197 | 193 |
| 92 | 92 | 334 | 338 | -19 | -17 | 11 | 13 | 920 | 1,008 |
| — | — | — | — | — | — | — | — | — | — |
| -1 | — | 71 | 59 | — | — | — | — | 68 | 55 |
| 91 | 92 | 405 | 397 | -19 | -17 | 11 | 13 | 988 | 1,063 |
| — | — | 2 | 1 | — | — | — | — | 12 | 3 |
| 31 | 2 | 298 | 210 | 178 | 204 | -168 | -184 | 483 | 340 |
| 64 | 39 | 254 | 207 | 158 | 179 | -150 | -164 | 498 | 381 |
| -33 | -37 | 44 | 3 | 20 | 25 | -18 | -20 | -15 | -41 |
| 73 | 70 | 453 | 436 | 2 | 4 | -7 | -7 | 616 | 592 |
| — | — | — | — | — | — | — | — | — | — |
| 73 | 70 | 453 | 436 | 2 | 4 | -7 | -7 | 616 | 592 |
| 2 | 2 | 25 | 20 | 26 | 25 | -13 | -10 | 45 | 41 |
| 19 | 19 | 116 | 116 | -6 | -4 | 2 | 1 | 160 | 163 |
| 52 | 49 | 312 | 300 | -18 | -17 | 4 | 2 | 411 | 388 |
| 10 | 8 | 164 | 161 | — | — | — | — | 176 | 170 |
| 42 | 41 | 148 | 139 | -18 | -17 | 4 | 2 | 235 | 218 |

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 2019

EUR MILLION

| | Retail Germany – Property/Casualty | | Retail Germany – Life | | Property/Casualty Reinsurance | | Life/Health Reinsurance | |
|--|---------------------------------------|------------|-----------------------|--------------|----------------------------------|-----------------------|-------------------------|--------------|
| | Q1 2019 | Q1 2018 | Q1 2019 | Q1 2018 | Q1 2019 | Q1 2018 ¹⁾ | Q1 2019 | Q1 2018 |
| 1. Gross written premiums including premiums from unit-linked life and annuity insurance | 782 | 780 | 1,104 | 1,088 | 4,394 | 3,579 | 1,979 | 1,766 |
| of which attributable to other segments | — | — | 20 | 13 | 377 | 127 | 35 | 37 |
| with third parties | 782 | 780 | 1,084 | 1,075 | 4,017 | 3,452 | 1,944 | 1,729 |
| 2. Savings elements of premiums from unit-linked life and annuity insurance policies | — | — | 206 | 200 | — | — | — | — |
| 3. Ceded written premiums | 36 | 43 | 58 | 60 | 355 | 301 | 257 | 165 |
| 4. Change in gross unearned premiums | -404 | -409 | -28 | -22 | -1,177 | -914 | -41 | -27 |
| 5. Change in ceded unearned premiums | -13 | -17 | — | -1 | -68 | -61 | — | — |
| Net premiums earned | 355 | 345 | 812 | 807 | 2,930 | 2,425 | 1,681 | 1,574 |
| 6. Claims and claims expenses (gross) | 222 | 240 | 1,052 | 1,095 | 2,140 | 1,796 | 1,590 | 1,448 |
| Reinsurers' share | 6 | 23 | 20 | 15 | 199 | 140 | 191 | 174 |
| Claims and claims expenses (net) | 216 | 217 | 1,032 | 1,080 | 1,941 | 1,656 | 1,399 | 1,274 |
| 7. Acquisition costs and administrative expenses (gross) | 139 | 129 | 177 | 234 | 920 | 715 | 402 | 367 |
| Reinsurers' share | 6 | 6 | 31 | 35 | 43 | 38 | 12 | 13 |
| Net acquisition and administrative costs | 133 | 123 | 146 | 199 | 877 | 677 | 390 | 354 |
| 8. Other technical income | 1 | 1 | 6 | 10 | — | — | — | — |
| Other technical expenses | 3 | 3 | 3 | 5 | — | 1 | — | 1 |
| Other technical result | -2 | -2 | 3 | 5 | — | -1 | — | -1 |
| Net technical result | 4 | 3 | -363 | -467 | 112 | 91 | -108 | -55 |
| 9. a. Investment income | 32 | 26 | 461 | 573 | 310 | 315 | 123 | 89 |
| b. Investment expenses | 4 | 5 | 58 | 80 | 79 | 49 | 20 | 17 |
| Net income from assets under own management | 28 | 21 | 403 | 493 | 231 | 266 | 103 | 72 |
| Net income from investment contracts | — | — | — | — | — | — | — | — |
| Net interest income from funds withheld and contract deposits | — | — | -2 | -4 | 12 | 8 | 59 | 51 |
| Net investment income | 28 | 21 | 401 | 489 | 243 | 274 | 162 | 123 |
| of which share of profit or loss of equity-accounted associates and joint ventures | — | — | — | — | 2 | 1 | — | — |
| 10. a. Other income | 16 | 15 | 40 | 49 | 93 | 90 | 205 | 120 |
| b. Other expenses | 18 | 21 | 48 | 51 | 108 | 111 | 146 | 96 |
| Other income/expenses | -2 | -6 | -8 | -2 | -15 | -21 | 59 | 24 |
| Profit before goodwill impairments | 30 | 18 | 30 | 20 | 340 | 344 | 113 | 92 |
| 11. Goodwill impairments | — | — | — | — | — | — | — | — |
| Operating profit (EBIT) | 30 | 18 | 30 | 20 | 340 | 344 | 113 | 92 |

¹⁾ HDI Global Specialty SE was included in the division's gross premium with EUR 947 million (before effects of consolidation) and contributed EUR -1.5 million to EBIT (before effects of consolidation).

CONSOLIDATED CASH FLOW STATEMENT OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2019

CONSOLIDATED CASH FLOW STATEMENT

EUR MILLION

| | Q1 2019 | Q1 2018 |
|--|---------------|---------------|
| I. 1. Net income | 411 | 388 |
| I. 2. Change in technical provisions | 2,897 | 3,154 |
| I. 3. Change in capitalised acquisition costs | -357 | -251 |
| I. 4. Changes in funds withheld and in accounts receivable and payable | -1,196 | -1,226 |
| I. 5. Changes in other receivables and liabilities | 284 | 1,199 |
| I. 6. Changes in investments and liabilities under investment contracts | 3 | 2 |
| I. 7. Changes in financial assets held for trading | 26 | 132 |
| I. 8. Gains/losses on disposal of investments and property, plant and equipment | -89 | -262 |
| I. 9. Change in technical provisions for life insurance policies where the investment risk is borne by the policyholders | 939 | -431 |
| I. 10. Other non-cash expenses and income (including income tax expense/income) | -50 | -129 |
| I. Cash flows from operating activities ^{1), 2)} | 2,868 | 2,576 |
| II. 1. Cash inflow from the sale of consolidated companies | 4 | 3 |
| II. 2. Cash outflow from the purchase of consolidated companies | — | -6 |
| II. 3. Cash inflow from the sale of real estate | 82 | 3 |
| II. 4. Cash outflow from the purchase of real estate | -82 | -40 |
| II. 5. Cash inflow from the sale and maturity of financial instruments | 8,774 | 9,160 |
| II. 6. Cash outflow from the purchase of financial instruments | -10,056 | -10,577 |
| II. 7. Changes in investments for the benefit of life insurance policyholders who bear the investment risk | -939 | 431 |
| II. 8. Changes in other investments | -458 | -1,026 |
| II. 9. Cash outflows from the acquisition of tangible and intangible assets | -35 | -32 |
| II. 10. Cash inflows from the sale of tangible and intangible assets | 4 | 5 |
| II. Cash flows from investing activities | -2,706 | -2,079 |
| III. 1. Cash inflow from capital increases | — | — |
| III. 2. Cash outflow from reductions | — | — |
| III. 3. Dividends paid | -54 | -53 |
| III. 4. Net changes attributable to other financing activities | -37 | 24 |
| III. Cash flows from financing activities ²⁾ | -91 | -29 |
| Net change in cash and cash equivalents (I. + II. + III.) | 71 | 468 |
| Cash and cash equivalents at the beginning of the reporting period | 3,363 | 3,159 |
| Effect of exchange rate changes on cash and cash equivalents | 38 | -17 |
| Effect of changes in the basis of consolidation on cash and cash equivalents ³⁾ | — | — |
| Cash and cash equivalents at the end of the reporting period ⁴⁾ | 3,472 | 3,610 |

¹⁾ EUR 89 (140) million of "Income taxes paid", EUR 77 (87) million of "Dividends received" and EUR 956 (962) million of "Interest received" are allocated to "Cash flows from operating activities". Dividends received also include profit-sharing payments from investment funds and private equity firms similar to dividends.

²⁾ EUR 126 (121) million of "Interest paid" is attributable to EUR 24 (19) million to "Cash flows from financing activities" and EUR 102 (102) million to "Cash flows from operating activities".

³⁾ This item relates primarily to changes to the basis of consolidation excluding company disposals or acquisitions.

⁴⁾ 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 1 (21) million.

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". Prior-year figures were adjusted in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The same accounting policies were applied as for the consolidated financial statements as at 31 December 2018. To the extent that there are new standards effective from 1 January 2019, these have been applied accordingly. This relates in particular to the first-time adoption of IFRS 16 "Leases", which includes new regulations for accounting by lessees. A lease liability is to be recognised for every lease. At the same time, the lessee capitalises a right-of-use asset for the underlying asset. The lessor's accounting remains virtually unchanged in comparison to the previous approach, under which leases are classified either as finance or operating leases. The Group applies the standard retrospectively in a modified form and recognises the cumulative effects from the introduction of the standard in retained earnings as at 1 January 2019. The previous year figures are therefore not restated. Right-of-use assets of EUR 466 million were capitalised and lease liabilities of EUR 466 million were recognised as at 1 January 2019. Including the reversal of deferrals and accruals and taking into account deferred income taxes, applying the standard increased retained earnings by EUR 2 million.

The interim financial statements were prepared in euro (EUR). The amounts shown have been rounded to millions of euro (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 prior year.

With economic effect from 1 January 2019, Hannover Rück SE (Property/Casualty Reinsurance segment) sold 50.22% of shares in HDI Global Specialty SE (HGS) to HDI Global SE (Industrial Lines segment) in an intragroup transaction. Indirect non-controlling interests in HGS fell from 49.78% to 24.78% as a result of the transaction, causing equity attributable to non-controlling interests to decline by EUR 21 million.

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) | | Income statement (average) | |
|----------------------|-----------------------------------|------------|-------------------------------|----------|
| | 31.3.2019 | 31.12.2018 | Q1 2019 | Q1 2018 |
| AUD Australia | 1.5826 | 1.6208 | 1.5954 | 1.5593 |
| BRL Brazil | 4.3600 | 4.4552 | 4.3229 | 3.9866 |
| CAD Canada | 1.4997 | 1.5591 | 1.5180 | 1.5462 |
| CNY China | 7.5385 | 7.8768 | 7.6870 | 7.7791 |
| GBP United Kingdom | 0.8578 | 0.9028 | 0.8736 | 0.8816 |
| HUF Hungary | 321.0800 | 321.7400 | 318.6500 | 311.8050 |
| MXN Mexico | 21.6687 | 22.5895 | 22.0124 | 23.0752 |
| PLN Poland | 4.3000 | 4.3031 | 4.2962 | 4.1786 |
| USD USA | 1.1233 | 1.1451 | 1.1396 | 1.2247 |
| ZAR South Africa | 16.2669 | 16.4522 | 15.9744 | 14.6402 |

EVENTS AFTER THE END OF THE REPORTING PERIOD

By way of purchase agreement dated 2 May 2019, the Group acquired 100% of the shares in the property insurer ERGO Sigorta A. S., Istanbul, Turkey. The purchase will be made via HDI Sigorta, Istanbul, Turkey, a subsidiary of HDI International AG, Hannover (Retail International segment) and still requires approval from the relevant supervisory authorities. This approval is expected in the third quarter of 2019.

CONTACT INFORMATION

Talanx AG

HDI-Platz 1
30659 Hannover
Germany
Telephone +49 511 3747-0
Telefax +49 511 3747-2525
www.talanx.com

Group Communications

Andreas Krosta
Telephone +49 511 3747-2020
Telefax +49 511 3747-2025
andreas.krosta@talanx.com

Investor Relations

Carsten Werle
Telephone +49 511 3747-2231
Telefax +49 511 3747-2286
carsten.werle@talanx.com

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:

<http://talanx.com/investor-relations>

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FINANCIAL CALENDAR 2019

12 August

Interim Report as at 30 June 2019

11 November

Quarterly Statement as at 30 September 2019

20 November

Capital Markets Day

Talanx AG
HDI-Platz 1
30659 Hannover
Germany
Telephone +49 511 3747-0
Telefax +49 511 3747-2525
www.talanx.com

talanx.
Insurance. Investments.