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PERFORMANCE AND RESULTS

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Quarterly Statement as at 30 September 2017

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Insurance. Investments.

THE TALANX GROUP AT A GLANCE

GROUP KEY FIGURES

	UNIT	6M 2017	Q3 2017	9M 2017	6M 2016	Q3 2016	9M 2016	+/- % 9M 2017 v. 9M 2016
Gross written premiums	EUR MILLION	17,553	7,686	25,239	16,427	7,322	23,749	+6.3
by region								
Germany	%	29	22	27	31	25	29	-2.0 pt.
United Kingdom	%	7	8	8	9	8	9	-1.0 pt.
Central and Eastern Europe (CEE), including Turkey	%	9	10	9	8	8	8	+1.0 pt.
Rest of Europe	%	16	15	15	16	14	16	-1.0 pt.
USA	%	16	19	17	14	18	15	+2.0 pt.
Rest of North America	%	2	2	2	2	3	2	- pt.
Latin America	%	8	9	8	7	9	8	- pt.
Asia and Australia	%	11	13	12	11	13	11	+1.0 pt.
Africa	%	2	2	2	2	2	2	- pt.
Gross written premiums by type and class of insurance								
Property/casualty primary insurance	EUR MILLION	5,590	1,917	7,507	5,183	1,769	6,952	+8.0
Primary life insurance	EUR MILLION	3,271	1,413	4,684	3,305	1,510	4,815	-2.7
Property/Casualty Reinsurance	EUR MILLION	5,193	2,679	7,872	4,354	2,403	6,757	+16.5
Life/Health Reinsurance	EUR MILLION	3,499	1,677	5,176	3,585	1,640	5,225	-0.9
Net premiums earned		13,440	6,844	20,284	12,810	6,324	19,134	+6.0
Underwriting result	EUR MILLION	-940	-1,180	-2,120	-784	-384	-1,168	-81.5
Net investment income	EUR MILLION	2,085	1,226	3,311	1,962	1,019	2,981	+11.1
Net return on investment ¹⁾	%	3.7	-	3.9	3.5	-	3.5	+0.4 pt.
Operating profit/loss (EBIT)	EUR MILLION	1,125	-21	1,104	1,067 ⁶⁾	584 ⁶⁾	1,651 ⁶⁾	-33.1
Net income (after financing costs and taxes)	EUR MILLION	784	18	802	691 ⁶⁾	402 ⁶⁾	1,093 ⁶⁾	-26.6
of which attributable to shareholders of Talanx AG	EUR MILLION	463	-19	444	403 ⁶⁾	233 ⁶⁾	636 ⁶⁾	-30.2
Return on equity ^{2) 3)}	%	10.3	-0.9	6.6	9.5	10.5 ⁷⁾	9.8	-3.2 pt.
Earnings per share								
Basic earnings per share	EUR	1.83	-0.08	1.75	1.59	0.92	2.51	-30.3
Diluted earnings per share	EUR	1.83	-0.08	1.75	1.59	0.92	2.51	-30.3
Combined ratio in property/casualty primary insurance and Property/Casualty Reinsurance ⁴⁾	%	97.0	114.4	103.1	96.8	96.4	96.6	+6.5 pt.
Combined ratio of property/casualty primary insurers ⁵⁾	%	97.6	109.0	101.6	98.8	98.7	98.7	+2.9 pt.
Combined ratio of Property/Casualty Reinsurance	%	96.5	118.2	104.3	95.4	94.5	95.1	+9.2 pt.
EBIT margin primary insurance and reinsurance								
EBIT margin primary insurance ⁵⁾	%	5.8	-0.7	3.7	5.4	4.8	5.2	-1.5 pt.
EBIT margin Property/Casualty Reinsurance	%	14.9	-1.3	9.1	15.2 ⁷⁾	16.1	15.5	-6.4 pt.
EBIT margin Life/Health Reinsurance	%	4.9	2.3	4.0	5.2	7.2	5.8	-1.8 pt.
				30.9.2017			31.12.2016	+/- %
Policyholders' surplus	EUR MILLION			15,903			16,671	-4.6
Equity attributable to shareholders of Talanx AG	EUR MILLION			8,717			9,078	-4.0
Non-controlling interests	EUR MILLION			5,202			5,610	-7.3
Hybrid capital	EUR MILLION			1,984			1,983	+0.1
Assets under own management	EUR MILLION			107,172			107,174	-0.0
Total investments	EUR MILLION			117,926			118,855	-0.8
Total assets	EUR MILLION			157,569			156,637⁶⁾	+0.6
Carrying amount per share at end of period	EUR			34.48			35.91	-4.0
Share price at end of period	EUR			34.21			31.77	+7.7
Market capitalisation of Talanx AG at end of period	EUR MILLION			8,648			8,031	+7.7
Employees	FULL-TIME EQUIVALENTS			20,457			20,039	+2.1

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 (30 September 2017 and 31 December 2016).

²⁾ Ratio of annualised net income for the reporting 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 end of the quarter.

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

⁵⁾ Excluding figures from the Corporate Operations segment.

⁶⁾ Adjusted in accordance with IAS 8 or IFRS 3.45 within the valuation period; for information about IFRS 3.45, see our comments in the half-yearly interim report.

⁷⁾ Adjusted following the adjustment described in footnote 6.

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QUARTERLY STATEMENT

BUSINESS DEVELOPMENT

PERFORMANCE OF THE GROUP

- Gross premiums up by 6.3%
- Large losses higher than the total forecast for the year
- Net investment income with a double-digit percentage increase

GROUP KEY FIGURES

EUR MILLION

	9M 2017	9M 2016 ¹⁾	+/- %
Gross written premiums	25,239	23,749	+6.3
Net premiums earned	20,284	19,134	+6.0
Underwriting result	-2,120	-1,168	-81.5
Net investment income	3,311	2,981	+11.1
Operating profit (EBIT)	1,104	1,651	-33.1
Combined ratio (net, property/ casualty only) in %	103.1	96.6	+6.5 pt.

¹⁾ Adjusted in accordance with IAS 8 or IFRS 3.45 within the valuation period; for information about IFRS 3.45, see our comments in the half-yearly interim report.

MANAGEMENT METRICS

%

	9M 2017	9M 2016 ¹⁾	+/- %
Gross premium growth (adjusted for currency effects)	6.7	-0.4	+7.1 pt.
Group net income in EUR million	444	636	-30.2
Return on equity ²⁾	6.6	9.8	-3.2 pt.
Net return on investment ³⁾	3.9	3.5	+0.4 pt.

¹⁾ Adjusted in accordance with IAS 8 or IFRS 3.45 within the valuation period; for information about IFRS 3.45, see our comments in the half-yearly interim report.

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

³⁾ 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.

PREMIUM VOLUME

The Talanx Group increased its gross written premiums by 6.3% (6.7% when adjusted for currency effects) to EUR 25.2 (23.7) billion in the first nine months of the year. The Retail International Division recorded a double-digit percentage increase in premiums, with gross premiums also up slightly in the Property/Casualty segment of the Retail Germany Division due to brisker retail business. The 4.3% rise in gross premiums in the Industrial Lines Division can chiefly be attributed to increased premium income in the international branches. The Property/Casualty Reinsurance segment also saw double-digit premium growth. Net premiums earned amounted to EUR 20.3 (19.1) billion, up 6.0% year-on-year. The retention ratio increased slightly to 88.0% (87.7%).

UNDERWRITING RESULT

The underwriting result slipped to EUR -2,120 (-1,168) million because of significant large losses in the third quarter of the year. The Industrial Lines and Property/Casualty Reinsurance segments (EUR 315 million and EUR 894 million respectively) were hit particularly hard, meaning that the figures forecast for large losses over the entire year have already been exceeded. The highest single losses were caused by the hurricanes in the the USA and Caribbean and the earthquakes in Mexico, which caused a combined loss of some EUR 900 million. This pushed the Group's combined ratio up 6.5 percentage points year-on-year to 103.1% (96.6%). The slightly lower net expense ratio and the improvements in the property/casualty retail business in Germany failed to offset the increase in the net loss ratio.

NET INVESTMENT INCOME

Net investment income rose by 11.1% to EUR 3,311 (2,981) million. Extraordinary net investment income also increased, due not least to the realisation of gains to finance the additional interest reserve in the Retail Germany Division and the sale of securities in the Property/Casualty Reinsurance segment. The Group's net return on investment was 3.9% (3.5%) in the first nine months of 2017, up 0.4 percentage points year-on-year.

OPERATING PROFIT AND GROUP NET INCOME

The operating profit (EBIT) fell by more than 33% to EUR 1,104 (1,651) million due to the large-loss burden, with the improvements in the Property/Casualty segment of the Retail Germany Division and in the International Division failing to compensate for the poorer result in the other segments. Group net income also fell by 30.2% to EUR 444 (636) million due to the high large-loss burden. The return on equity was 6.6% (9.8%), below the 7.5% target for the whole of 2017.

DEVELOPMENT OF THE DIVISIONS WITHIN THE GROUP

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 2016 Group Annual Report for details of these segments’ structure and scope of business.

INDUSTRIAL LINES

- Growth in premiums abroad
- Extraordinarily high burden from large losses
- Higher net investment income despite low interest rates

KEY FIGURES FOR THE INDUSTRIAL LINES DIVISION

EUR MILLION			
	9M 2017	9M 2016	+/-%
Gross written premiums	3,536	3,390	+4.3
Net premiums earned	1,764	1,630	+8.2
Underwriting result	-179	33	-642.4
Net investment income	203	165	+23.0
Operating profit (EBIT)	25	204	-87.7

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%			
	9M 2017	9M 2016	+/-%
Gross premium growth (adjusted for currency effects)	4.4	-0.5	+4.9 pt.
Retention	54.4	52.9	+1.5 pt.
Combined ratio (net) ¹⁾	110.1	98.0	+12.1 pt.
EBIT margin ²⁾	1.4	12.5	-11.1 pt.
Return on equity ³⁾	0.8	8.2	-7.4 pt.

¹⁾ Including net interest income on funds withheld and contract deposits.

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

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

PREMIUM VOLUME

Gross written premiums for the division amounted to EUR 3.5 (3.4) billion as at 30 September 2017, an increase of around 4.3% (4.4% after adjustment for currency effects). The highest increases in premium income were achieved by the international branches of HDI Global SE, especially those in Australia and Hong Kong, as well as the subsidiary in the USA. Additional new domestic business and the acquisition of a new portfolio in the motor insurance line also contributed to the increase in premium income. The retention ratio in the division was up year-on-year at 54.4% (52.9%). This development was largely due to lower payments to external reinsurers in the third-party liability line as well as significant growth in the motor insurance line with a high level of retention. This pushed net premiums earned up by 8.2% compared with the previous-year quarter, to EUR 1,764 (1,630) million, outstripping gross growth.

UNDERWRITING RESULT

The Industrial Line Division’s net underwriting result was significantly lower year-on-year at EUR -179 (33) million. The result was negatively impacted by extraordinarily high expenditure for large losses due to natural disasters in North and Central America and an unusual accumulation of burdens totalling EUR 315 (123) million, mainly from the international property insurance business. This development led to an increase in the loss ratio (net) to 88.1% (75.6%). At 22.1% (22.4%), the net expense ratio was slightly lower year-on-year. The higher project expenditure resulting from the growth recorded was offset by higher premium volume.

NET INVESTMENT INCOME

Net investment income rose by 23.0% to EUR 203 (165) million. This significant increase was due to a positive earnings contribution resulting from the early repayment of fixed-income securities (collateralised loan obligations) and slightly higher income from equities and real estate. In addition, earnings were generated with equities, while lower impairment losses also contributed to the positive developments here.

OPERATING PROFIT AND GROUP NET INCOME

At EUR 25 (204) million, the division’s operating profit was significantly lower year-on-year due to the negative claims experience in the third quarter of 2017. The positive trend in premiums and net investment income only went some way towards offsetting the high large losses caused by natural disasters. The Group net income amounted to EUR 14 (132) million.

RETAIL GERMANY

Since the second quarter of 2016, the Talanx Group has managed the Retail Germany Division on the basis of the Property/Casualty and Life Insurance segments, and has reported accordingly about the performance of these two segments.

PROPERTY/CASUALTY INSURANCE

- Premium growth in unemployment insurance
- Combined ratio significantly improved
- Operating profit above the level of the prior year due to positive claim trends

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

EUR MILLION

	9M 2017	9M 2016	+/- %
Gross written premiums	1,284	1,260	+1.9
Net premiums earned	1,049	1,049	–
Underwriting result	2	–33	+106.1
Net investment income	71	69	+2.9
Operating profit (EBIT)	49	–9	+644.4

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY INSURANCE SEGMENT

%

	9M 2017	9M 2016	+/- %
Gross premium growth	1.9	–1.5	+3.4 pt.
Combined ratio (net) ¹⁾	100.3	103.2	–2.9 pt.
EBIT margin ²⁾	4.6	–0.9	+5.5 pt.

¹⁾ Including net interest income on funds withheld and contract deposits.

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

PREMIUM VOLUME AND NEW BUSINESS

Continued growth of up to 2.9% is to be assumed in property/casualty insurance for the current year. Increases are expected in particular in motor insurance and comprehensive homeowners' insurance.

A 1.9% increase in written premium income to EUR 1.3 (1.3) billion was recorded in the Property/Casualty Insurance segment. The higher premium income was in particular due to the expansion of unemployment insurance. Overall, the share of the total Retail Germany Division attributable to the property/casualty insurers therefore increased to 27.4% (26.4%).

UNDERWRITING RESULT

The underwriting result rose from EUR –33 million to EUR 2 million in the current financial year due to positive claim trends. This was caused by an improved run-off result and a lower burden from natural catastrophes and large losses.

The positive trend in the underwriting result led to a 2.9 percentage point decline in the combined ratio (net), from 103.2% to 100.3%.

NET INVESTMENT INCOME

At EUR 71 (69) million, net investment income was at the prior year's level, with this development due to a higher level of extraordinary net investment income.

OPERATING PROFIT

EBIT of EUR 49 (–9) million was significantly higher than in the same period in the previous year. This development was due to positive claim trends, operating cost reductions and the discontinuation of the restructuring outlay for our investment and modernisation programme. In line with this, the EBIT margin increased to 4.6% (–0.9%).

LIFE INSURANCE

- Lower premiums caused by the erosion of traditional life and annuity insurance portfolios
- Substantial increase in the share of new business attributable to capital-efficient products
- Allocation to the provision for premium refunds pushes down EBIT

KEY FIGURES FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

EUR MILLION

	9M 2017	9M 2016	+/- %
Gross written premiums	3,397	3,515	–3.4
Net premiums earned	2,493	2,557	–2.5
Underwriting result	–1,310	–1,206	–8.6
Net investment income	1,398	1,334	+4.8
Operating profit (EBIT)	67	79	–15.2
New business measured in annual premium equivalent	280	296	–5.4
Single premiums	1,005	1,049	–4.2
Regular premiums	179	191	–6.3
New business by product in annual premium equivalent	280	296	–5.4
Capital-efficient products ¹⁾	102	n.a.	–
Capital-inefficient products ¹⁾	78	n.a.	–
Biometric products ¹⁾	100	n.a.	–

¹⁾ Comparison with prior year not possible due to new product structure.

MANAGEMENT METRICS FOR THE LIFE INSURANCE SEGMENT

%	9M 2017	9M 2016	+/- %
Gross premium growth	-3.4	-9.0	+5.6 pt.
EBIT margin ¹⁾	2.7	3.1	-0.4 pt.

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

PREMIUM VOLUME AND NEW BUSINESS

In life insurance, the current financial year continues to be influenced by persistently low market interest rates and a low tendency for consumers to save. Due to these circumstances, a decline in premiums for life insurance of around 0.7% and a decrease in premiums for new business measured in APE of approximately 1.0% are expected.

The life insurance segment registered a decline in premiums of 3.4% down to EUR 3.4 (3.5) billion at the end of September – including the savings elements of premiums from unit-linked life insurance. In line with expectations, regular premiums fell by EUR 76 million due to an increase in policies that matured in 2016, while single premiums declined by EUR 44 million. In contrast, premium volume for residual debt insurance increased. The retention ratio in the life insurance business fell to 95.3% (95.5%). Allowing for the savings elements under our unit-linked products and the change in the unearned premium reserve, the net premiums earned in the Life Insurance segment decreased by 2.5%, from EUR 2.6 to EUR 2.5 billion. The Life Insurance segment share in the overall Retail Germany Division declined to 72.6% (73.6%).

New business in life insurance products – measured in the internationally applied metric of the annual premium equivalent (APE) – declined from EUR 296 million to EUR 280 million due to the switch to capital-efficient and risk products and a limitation on the single premium business. The share of capital-efficient products rose to 72% in the current financial year.

UNDERWRITING RESULT

In the current financial year, the underwriting result decreased to EUR -1.3 (-1.2) billion. This was partly due to the unwinding of discounts on technical provisions and policyholder participation in net investment income. These expenses were offset by investment income, which is not recognised in the underwriting result.

NET INVESTMENT INCOME

Net investment income rose by 4.8% to EUR 1.4 (1.3) billion, thanks in particular to the realisation of unrealised gains to finance the additional interest reserve. The decline in ordinary net investment income by 3.1% to EUR 1.0 (1.0) billion was influenced by persistently low interest rates.

OPERATING PROFIT

The operating profit (EBIT) was negatively impacted by the provision for premium refunds resulting from tax income at a number of our companies. As a result, the operating profit declined to EUR 67 (79) million.

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

%	9M 2017	9M 2016	+/- %
Return on equity ¹⁾	4.8	1.9	+2.9 pt.

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

After adjustment for taxes on income, financing costs and non-controlling interests, the Group net income more than doubled to EUR 90 (39) million, causing the return on equity to rise by 2.9 percentage points to 4.8%.

RETAIL INTERNATIONAL

- 10.8% growth in gross written premiums
- Positive effects on the expense ratio from cost optimisation methods
- Earnings not negatively impacted by the natural catastrophes in the third quarter

KEY FIGURES FOR THE RETAIL INTERNATIONAL DIVISION

EUR MILLION	9M 2017	9M 2016	+/- %
Gross written premiums	4,065	3,669	+10.8
Net premiums earned	3,422	3,099	+10.4
Underwriting result	31	-3	+1,133.3
Net investment income	255	244	+4.5
Operating profit (EBIT)	179	163	+9.8

MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%	9M 2016	9M 2016	+/- %
Gross premium growth (adjusted for currency effects)	9.3	11.9	-2.6 pt.
Combined ratio (net, property/casualty only) ¹⁾	95.9	97.0	-1.1 pt.
EBIT margin ²⁾	5.2	5.3	-0.1 pt.
Return on equity ³⁾	7.0	6.3	+0.7 pt.

¹⁾Including net interest income on funds withheld and contract deposits.

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

³⁾Ratio of annualised net income for the reporting 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.

PREMIUM VOLUME

Compared to the first nine months of 2016, the division's gross written premiums (including premiums from unit-linked life and annuity insurance) increased by 10.8% to EUR 4.1 (3.7) billion. Adjusted for currency effects, gross premiums increased by 9.3% on the comparison period.

The premium volume increased in both regions in the reporting period. Compared to the same period in the previous year, in the Latin America region, the gross written premiums increased by 14.0% to EUR 1.2 billion. There was an increase of 8.4% when adjusted for currency effects, which was essentially due to the Mexican company HDI Seguros S.A. The premium volume for the company increased, particularly in motor insurance and from bank sales, which resulted both from an increased number of insured vehicles and from higher average premiums. Chile, where the premium volume was similarly increased in motor insurance as well as through a new bank sales channel, also had positive effects on the gross written premiums for the Latin America region. In addition, there was also increased demand here for building insurance as a result of natural disasters. Of the premium volume generated in the region, 53% was attributable to the Brazilian company HDI Seguros S.A. Taking into account currency effects, gross written premiums for the company increased by 13.8% to EUR 656 million, primarily thanks to ongoing price increases in motor insurance; after adjustment for currency effects, the increase was 2.1%.

In the Europe region, gross written premiums rose by 9.6% to EUR 2.8 billion, driven primarily by a 29.1% increase in premiums to EUR 871 million at the Polish property insurer TUiR WARTA S.A. The Polish motor insurance market has been in a "hard" market cycle since the second half of 2016; this has resulted in an increase in average premiums in motor liability insurance. An increase in the number of insured vehicles to over 4.7 (approx. 3.8) million also contributed to this positive trend. Gross written premiums at HDI Assicurazioni S.p.A. in Italy rose by 4.1%, whereby this development was primarily due to the first-time full nine-month recognition of life insurance premiums from the Italian company CBA Vita S.p.A., which HDI Assicurazioni S.p.A. acquired on 30 June 2016. This enabled the overall negative trend in the single premium business from other bank sales channels to be more than offset. Adjusted for currency effects, the growth in premium volume in Europe stood at 9.9%.

UNDERWRITING RESULT

As compared to the first nine months of 2016, the combined ratio of the property insurance companies improved by 1.1 percentage points to 95.9%. The expense ratio for the division was 2.1 percentage points lower than in the previous year, at 29.0% (31.1%). This resulted from a decline in both the acquisition expense ratio and the administrative expense ratio (by 0.7 percentage points to 5.5%) due to cost optimisations, primarily at the Polish company TUIR WARTA S. A. as well as in Brazil. By contrast, the loss ratio rose by 1.2 percentage points due to negative effects, including the natural disasters in Chile in the first quarter.

Overall the underwriting result recorded in this division was EUR 31 million, which was well above the previous year's level (EUR -3 million).

NET INVESTMENT INCOME

The division's net investment income amounted to EUR 255 million in the first nine months of 2017, a year-on-year rise of 4.5%. Ordinary net investment income climbed by 3.2%, chiefly due to larger investment portfolios overall than in the same period of the previous year. The reporting period was also positively impacted by higher extraordinary net income in Italy. The average return on assets under own management declined by 0.1 percentage points to 3.6%.

OPERATING PROFIT AND GROUP NET INCOME

Compared with the same period of the previous year, in the first nine months of 2017, operating profit (EBIT) in the Retail International Division increased by 9.8% to EUR 179 million. While the Europe region, with a 16.1% year-on-year rise in EBIT, contributed EUR 137 (118) million to the division's operating profit, EUR 49 (53) million of EBIT was generated in the Latin America region. The decline in the EBIT in Latin America resulted primarily from the natural catastrophes in Chile. The Group net income after minority interests rose by 13.4% to EUR 110 (97) million. The return on equity rose by 0.7 percentage points to 7.0% compared to the same period in the previous year.

ADDITIONAL KEY FIGURES

RETAIL INTERNATIONAL DIVISION BY LINE OF BUSINESS AT A GLANCE

EUR MILLION	9M 2017	9M 2016	+/-%
Gross written premiums	4,065	3,669	+10.8
Property/casualty	2,733	2,347	+16.4
Life	1,332	1,322	+0.8
Net premiums earned	3,422	3,099	+10.4
Property/casualty	2,322	2,005	+15.8
Life	1,100	1,094	+0.5
Underwriting result	31	-3	+1,133.3
Property/casualty	94	61	+54.1
Life	-63	-64	+1.6
Others	—	—	—
Net investment income	255	244	+4.5
Property/casualty	152	138	+10.1
Life	106	107	-0.9
Others	-3	-1	-200.0
New business by product in annual premium equivalent (life)	162	161	+0.6
Single premiums	1,137	1,112	+2.2
Regular premiums	48	50	-4.0
New business by product in annual premium equivalent (life)	162	161	+0.6
Capital-efficient products ¹⁾	66	n.a.	—
Capital-inefficient products ¹⁾	51	n.a.	—
Biometric products ¹⁾	45	n.a.	—

¹⁾ Comparison with prior year not possible due to new product structure.

RETAIL INTERNATIONAL DIVISION BY REGION AT A GLANCE

EUR MILLION	9M 2017	9M 2016	+/-%
Gross written premiums	4,065	3,669	+10.8
of which Europe	2,819	2,571	+9.6
of which Latin America	1,229	1,078	+14.0
Net premiums earned	3,422	3,099	+10.4
of which Europe	2,370	2,136	+11.0
of which Latin America	1,051	961	+9.4
Underwriting result	31	-3	+1,133.3
of which Europe	-3	-9	+66.7
of which Latin America	28	6	+366.7
Net investment income	255	244	+4.5
of which Europe	189	173	+9.2
of which Latin America	69	72	-4.2
Operating profit (EBIT)	179	163	+9.8
of which Europe	137	118	+16.1
of which Latin America	49	53	-7.5

REINSURANCE

PROPERTY/CASUALTY REINSURANCE

- Competition remains fierce in Property/Casualty Reinsurance
- High large losses lead to a deterioration of the combined ratio
- Operating profit supported by a good investment income result

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

EUR MILLION

	9M 2017	9M 2016 ¹⁾	+/- %
Gross written premiums	8,200	7,121	+15,2
Net premiums earned	6,754	5,925	+14.0
Underwriting result	-306	274	-211.7
Net investment income	965	663	+45.6
Operating profit (EBIT)	612	919	-33.4

¹⁾ Adjusted in accordance with IAS 8 within the valuation period.

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%

	9M 2017	9M 2016	+/- %
Gross premium growth (adjusted for currency effects)	16.1	-1.5	+17.6 pt.
Combined ratio (net) ¹⁾	104.3	95.1	+9.2 pt.
EBIT margin ²⁾	9.1	15.5	-6.4 pt.

¹⁾ Including net interest income on funds withheld and contract deposits.

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

Nevertheless, higher demand has been observed in certain regions in Asia and North America, in lines such as Cyber, in parts of certain speciality lines and in the capital controlling coverage sector.

As expected, the treaty renewal rounds in the Property/Casualty Reinsurance segment on 1 June and 1 July 2017 were marked by continuous competition. During this time, parts of the North America business, the area of natural disaster risks and the credit and surety business were renewed. The main renewal of the business in Australia and New Zealand was also carried out, whereby extensive price erosion was observed in some cases, although significant price increases were also achieved in property/casualty programmes. We are generally satisfied with the treaty renewal for the North American market: we increased our premium volume by approximately 15%. Among other things, this development was due to the fact that we were able to renew most of our business with selected customers. In the case of the natural disaster business, premium erosion occurred in most markets, but this was offset by the positive development of rates in Australia. Our credit and surety business grew. Here, we underwrote new programmes and increased our shares in existing policies. We achieved solid growth of 10% in all the components of the Property/Casualty Reinsurance portfolio that were up for renewal.

PREMIUM DEVELOPMENT

Gross written premiums for the entire portfolio increased by 15.2% to EUR 8.2 (7.1) billion as at 30 September 2017. At constant exchange rates, growth would have amounted to 16.1%. Retention rose to 89.2% (88.3%) year-on-year. Net premiums earned increased by 14.0% to EUR 6.8 (5.9) billion; growth would have amounted to 14.9% when adjusted for currency effects.

BUSINESS DEVELOPMENT

The global market environment for property/casualty reinsurance has not changed much overall and remains challenging. However, recent natural disasters are likely to generate extensive price movements. The supply of reinsurance capacity has significantly exceeded demand thus far, and the additional capacities from the market for CAT bonds (ILS) has led to sustained pressure on prices and conditions.

UNDERWRITING RESULT

After recording very moderate large losses in the first half of the year, we experienced a third quarter marked by an extraordinarily high number of losses resulting from three hurricanes and two earthquakes. After Hurricane "Harvey" caused extensive destruction in Texas and neighbouring states, Hurricane "Irma" devastated Florida and the Caribbean, while Hurricane "Maria" caused major damage in Puerto Rico in particular. These three events alone generated a burden in the amount of EUR 651 million (net). The two devastating earthquakes in Mexico in September led to a combined loss of EUR 72 million. All in all, our large loss burden totalled EUR 894 (393) million as at 30 September 2017. This figure was around EUR 270 million higher than our planned large loss budget for the first nine months of the year.

As early as the second quarter of 2017, extraordinary burdens in our third-party liability insurance business in the UK were offset by reversals of conservatively calculated IBNR reserves. We also benefited in the third quarter from positive run-offs of loss reserves. As a result of the large losses incurred, the underwriting result for the Property/Casualty Reinsurance segment fell to EUR -306 (274) million. The combined ratio was thus 104.3% (95.1%), which means the target of 96% was not reached. The combined ratio for the third quarter alone was 118.2% (94.5%).

NET INVESTMENT INCOME

As a result of the high realisation of gains, our net investment income from assets under own management in the Property/Casualty Reinsurance segment rose to EUR 952 (644) million. Total net investment income stood at EUR 965 (663) million.

OPERATING PROFIT

The operating profit (EBIT) for the Property/Casualty Reinsurance segment totalled EUR 612 (919) million as at 30 September 2017. This represents a decrease of 33.4%. The EBIT margin was lower than the target level of at least 10%, at 9.1% (15.5%).

LIFE/HEALTH REINSURANCE

- Life/Health Reinsurance records a very good financial solutions result
- Earnings once again negatively affected by the US mortality business from past underwriting years

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

EUR MILLION

	9M 2017	9M 2016 ¹⁾	+/- %
Gross written premiums	5,284	5,334	-0.9
Net premiums earned	4,787	4,841	-1.1
Underwriting result	-363	-237	-53.2
Net investment income	433	494	-12.3
Operating profit (EBIT)	194	282	-31.2

¹⁾ Adjusted in accordance with IAS 8 within the valuation period.

MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

%

	9M 2017	9M 2016	+/- %
Gross premium growth (adjusted for currency effects) ¹⁾	0.7	-2.0	+2.7 pt.
EBIT margin ¹⁾ financial solutions	27.4	19.7	+7.7 pt.
EBIT margin ¹⁾ longevity solutions	1.9	2.4	-0.5 pt.
EBIT margin ¹⁾ mortality/morbidity	0.3	4.3	-4.0 pt.

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

BUSINESS DEVELOPMENT

Compared to the first two quarters of 2017, business performance in the Life/Health Reinsurance segment in the third quarter was varied. Both positive and negative effects impacted business development and thus earnings.

Our business in most European markets developed as expected. In Germany, there was great interest in reinsurance solutions for optimising the capital situation within the framework of Solvency II. We are having extensive discussions with our customers in order to be able to offer them individual solvency relief solutions within the framework of the international expertise of our network.

We are satisfied with our business development in Latin American countries, including Mexico. In addition to expanding our existing business, we were able to underwrite promising new business. In Argentina in particular, the opening of the reinsurance market on 1 July 2017 led to noticeable activity during the reporting period. The opening of the market allows local primary insurers to transfer up to 50% of their business to permitted reinsurers. This figure will be gradually increased to as much as 75% by 2019.

Once again, our financial solutions business in the USA developed positively and made a solid contribution to earnings. However, we are less satisfied with the development of our mortality business in the USA, where in particular the business we took over in 2009 continues to display higher than expected mortality rates. The situation has been further exacerbated by a one-off effect in the amount of approximately USD 50 million due to the withdrawal of a reinsurance treaty. This withdrawal was carried out by mutual agreement with our customer within the framework of our portfolio management activities. This means that while our business performance will be negatively affected in the current quarter, we will also be able to avoid further losses over the long term.

PREMIUM DEVELOPMENT

Gross premium income in the Life/Health Reinsurance segment stood at EUR 5.3 billion as at 30 September 2017, which corresponds to the result achieved over the same period in the prior year (EUR 5.3 billion). Growth would have amounted to 0.7% when adjusted for currency effects. Net premiums earned totalled EUR 4.8 (4.8) billion. At constant exchange rates, the increase would have amounted to 0.3%. Retention remained unchanged year-on-year (91.5%).

NET INVESTMENT INCOME

Net investment income amounted to EUR 433 (494) million in the reporting period. This decline was expected given the fact that interest rates remain low. Income from assets under own management accounted for EUR 266 (263) million. Accordingly, funds withheld by our cedants achieved income of EUR 167 (231) million.

OPERATING PROFIT

As a result of these developments, the operating profit (EBIT) for the Life/Health Reinsurance segment totalled EUR 194 (282) million. The individual EBIT margins for the reporting categories were as follows: At 0.3%, the mortality and morbidity business remained below the target value of 6%. On the other hand, the target value of 2% for the financial solutions business was significantly exceeded, at 27.4%. At 1.9%, the margin result for the longevity category was only slightly lower than the target of 2%.

REINSURANCE DIVISION OVERALL

RETURN ON EQUITY FOR THE REINSURANCE DIVISION OVERALL

	9M 2017	9M 2016	+/- %
Return on equity ¹⁾	8.7	13.2	-4.5 pt.

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

The Group net income in the Reinsurance Division fell to EUR 271 (404) million in the reporting period. This also led to a decline in return on equity of 4.5 percentage points to 8.7% (13.2%).

CORPORATE OPERATIONS

- Group assets under own management remain steady at the previous year's level

OPERATING PROFIT

The operating profit in the Corporate Operations segment declined in the first nine months of 2017 to EUR 8 (26) million. The previous year's figure had been boosted by the sale of the 25.1% stake in C-QUADRAT Investment AG, with the share sale generating profit after taxes according to IFRSs of around EUR 26 million. The Group net income attributable to shareholders of Talanx AG for this segment amounted to EUR -41 (-43) million in the first nine months of 2017.

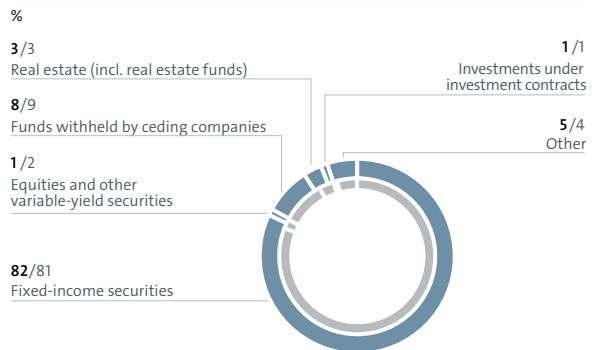
INVESTMENTS AND FINANCIAL POSITION

The total investment portfolio shrank by 0.8% over the course of the first three quarters of 2017 and amounted to EUR 117.9 (118.9) billion. The portfolio of assets under own management remained unchanged year-on-year at EUR 107.2 billion (EUR 107.2 billion), while the funds withheld by ceding companies fell by 8.8% to EUR 9.7 (10.6) billion.

Fixed-income investments were again the most significant asset class at the end of the third quarter of 2017. Most reinvestments were made in this class, reflecting the existing investment structure. This asset class contributed EUR 0.6 (0.7) billion to earnings in the third quarter, which was reinvested as far as possible in the year under review.

The equity allocation ratio after derivatives (equity ratio) was 1.0% (1.5%) at the end of the quarter.

BREAKDOWN OF THE INVESTMENT PORTFOLIO



30.9.2017 31.12.2016

BREAKDOWN OF ASSETS UNDER OWN MANAGEMENT BY ASSET CLASS

EUR MILLION

	30.9.2017		31.12.2016	
Investment property	2,540	2%	2,480	2%
Shares in affiliated companies and participating interests	152	<1%	139	<1%
Investments in associates and joint ventures	282	<1%	290	<1%
Loans and receivables				
Loans incl. mortgage loans	500	<1%	567	1%
Loans and receivables due from government or quasi-governmental entities, together with fixed-income securities	28,769	27%	28,858	27%
Financial assets held to maturity	538	1%	744	1%
Financial assets available for sale				
Fixed-income securities	65,865	61%	65,435	61%
Variable-yield securities	1,755	2%	2,615	2%
Financial assets at fair value through profit or loss				
Financial assets classified at fair value through profit or loss				
Fixed-income securities	1,111	1%	1,087	1%
Variable-yield securities	68	<1%	19	<1%
Financial assets held for trading				
Fixed-income securities	—	<1%	3	<1%
Variable-yield securities	126	<1%	174	<1%
Derivatives ¹⁾	120	<1%	69	<1%
Other investments	5,346	5%	4,694	4%
Assets under own management	107,172	100%	107,174	100%

¹⁾ Only derivatives with positive fair values.**FIXED-INCOME SECURITIES**

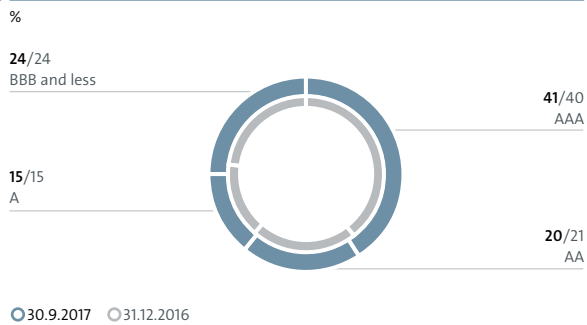
As at the reporting date, the portfolio of fixed-income investments (excluding mortgage and policy loans) remained virtually unchanged year-on-year at EUR 96.3 (96.1) billion. At 82% (81%) of total investments, this asset class continues to represent the most significant share of our investments by volume. 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 0.5 billion to EUR 65.9 (65.4) billion, or 68% (68%) 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 3.8 billion to EUR 3.2 billion since the end of 2016 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 29.3 (29.4) billion at the end of the quarter and thus represent 30% (31%) 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 4.9 billion to EUR 3.9 billion.

Investments in fixed-income securities continue to focus in 2017 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 40.1 (39.0) billion. This represents 41% (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, 76% (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 4.5 (4.4) billion.

As far as matching currency cover is concerned, US dollar-denominated investments continue to account for the largest share – 19% (20%) – of the Talanx Group's foreign currency portfolio. Sizeable positions are also held in pound sterling, Polish zloty and Australian dollars, totalling 7% (7%) of all investments. The total share of assets under own management in foreign currencies was 31% (31%) as at the reporting date.

EQUITIES AND EQUITY FUNDS

Net unrealised gains and losses on equity holdings within the Group (excluding "Other investments") fell by EUR 103 million to EUR 148 (251) million following the realisations of gains mentioned above.

REAL ESTATE INCLUDING SHARES IN REAL ESTATE FUNDS

Investment property totalled EUR 2.5 (2.5) billion at the reporting date. An additional EUR 805 (830) million is held in real estate funds, which are recognised as "Financial assets available for sale".

Depreciation of EUR 38 (33) million was recognised on investment property in the reporting period. There were no impairment losses. Depreciation on real estate funds stood at EUR 19 (4) 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, water companies, solar parks and public-private partnership (PPP) projects in Germany and the rest of Europe. Talanx currently has nearly EUR 1.7 (1.5) billion invested in total. We are aiming for an investment volume in the amount of about EUR 2 billion by the end of 2017.

NET INVESTMENT INCOME

CHANGES IN NET INVESTMENT INCOME

EUR MILLION	9M 2017	9M 2016
Ordinary investment income	2,518	2,441
of which current income from interest	2,025	2,055
of which gain/loss on investments in associates	13	5
Realised net gains on disposal of investments	890	547
Write-downs/reversals of write-downs of investments	-137	-138
Unrealised net gains/losses on investments	45	59
Other investment expenses	-171	-174
Income from assets under own management	3,145	2,735
Net interest income from funds withheld and contract deposits	168	239
Net income from investment contracts	-2	7
Total	3,311	2,981

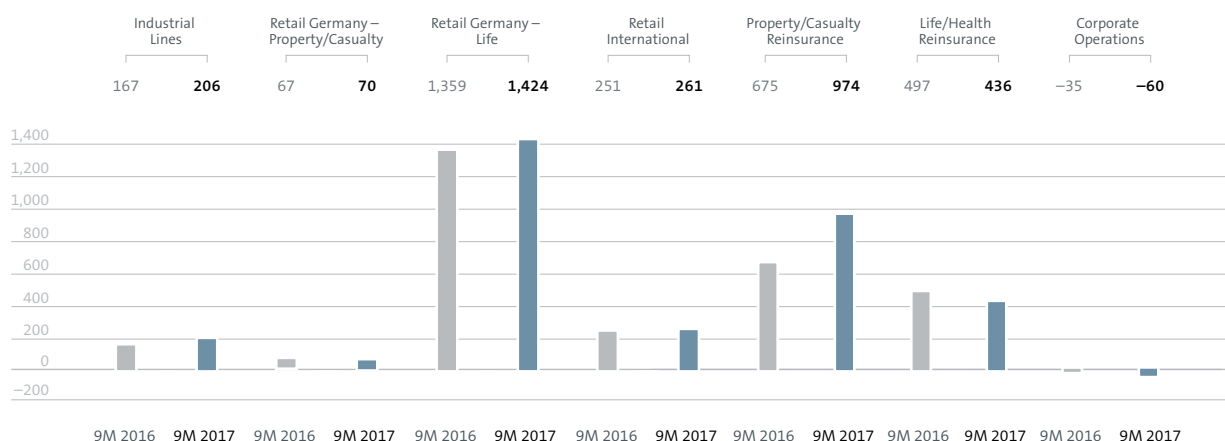
Ordinary investment income totalled EUR 2,518 million at the end of the quarter, an increase of EUR 77 million year-on-year. This development is due in part to high income from private equity and real estate, which more than offset the lower return on our fixed-income securities. Falling interest rates on the capital markets led to an average coupon in the fixed-income securities portfolio of 3.0%, down on the previous year's value of 3.2%.

Overall, total realised net gains on the disposal of investments in the first three quarters of the financial year were above the previous year's figure, ultimately amounting to EUR 890 (547) million. The positive net gains resulted from regular portfolio turnover in all segments, as well as from the requirement to realise unrealised gains in order to finance the additional interest reserve for life insurance and occupational pension plans required by the HGB. The year-on-year increase was largely due to the liquidation of the portfolio of listed equities held in the Hannover Re Group at the end of the third quarter.

Net impairment losses in the reporting period were ultimately unchanged on the previous year at EUR 137 (138) million in total, net of reversals of impairment losses.

BREAKDOWN OF NET INVESTMENT INCOME BY GROUP SEGMENT¹⁾

EUR MILLION



¹⁾ After elimination of intra-Group transactions between the segments.

Despite the lower return on our fixed-income securities, we achieved an investment income of EUR 3,311 (2,981) million thanks to higher ordinary income from real estate and private equity as well as higher realised gains. This resulted in an annualised net return on investment of 3.9% (3.5%).

CHANGES IN EQUITY

CHANGES IN EQUITY

EUR MILLION

	30.9.2017	31.12.2016	Change	+/- %
Subscribed capital	316	316	—	—
Capital reserve	1,373	1,373	—	—
Retained earnings	6,771	6,668	103	+1.5
Accumulated other comprehensive income and other reserves	257	721	-464	-64.4
Group equity	8,717	9,078	-361	-4.0
Non-controlling interests	5,202	5,610	-408	-7.3
Total	13,919	14,688	-769	-5.2

The marked reduction in accumulated other comprehensive income and other reserves compared with 31 December 2016 by EUR 464 million to EUR 257 million (–64.4%) and the dividend payment of EUR 341 (329) million to shareholders of Talanx AG in May of the reporting period were not fully absorbed by the net income for the reporting period, EUR 444 (636*) of which is attributable to our shareholders and was allocated in full to retained earnings, leading to a slight reduction of EUR 361 million (–4.0%) in the Group's equity.

The decline in other reserves of EUR 464 million is due in particular to the negative development of unrealised gains on investments of EUR –548 million (down by 16.7%) and the accumulated loss arising from currency translation of EUR –409 million (down by 220.0%), which could only be partially compensated for by the positive development of policyholder participations/shadow accounting (up by EUR 523 million). While the unrealised gains on investments fell from EUR 3,278 million to EUR 2,730 million in line with the further increase in interest rates for long terms since the end of 2016, the exchange rate development, in particular the fall in the US dollar and Brazilian real against the euro, transformed the accumulated result of the currency translation into a loss of EUR 223 million (gains of EUR 186 million).

EQUITY BY DIVISION¹⁾ INCLUDING NON-CONTROLLING INTERESTS

EUR MILLION

	30.9.2017	31.12.2016
Industrial Lines	2,152	2,189
of which non-controlling interests	—	—
Retail Germany	2,579	2,558
of which non-controlling interests	52	51
Retail International	2,314	2,263
of which non-controlling interests	214	206
Reinsurance	8,880	9,702
of which non-controlling interests	4,937	5,354
Corporate Operations	–2,022	–2,041
of which non-controlling interests	—	—
Consolidation	16	17
of which non-controlling interests	–1	–1
Total equity	13,919	14,688
Group equity	8,717	9,078
Non-controlling interests in equity	5,202	5,610

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
- 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 significantly higher than originally expected

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 first nine months of financial year 2017, we continue to expect a rise in gross premiums of over 4% for the whole of the year, which can be attributed to the positive development in the Property/Casualty Reinsurance segment in particular. In the 2016 Annual Report, we expected an increase in premiums of more than 1%. In light of the high large-loss burden from natural catastrophes in the third quarter, we are now expecting a Group net income for the whole of 2017 of around EUR 650 million, which remains lower than our forecast of EUR 850 million in the second half of the year. In line with this, the return on equity is expected to be around 7.5%. This forecast is based on the assumption that the large-loss burden in the fourth quarter will not exceed the large loss budgeted for each quarter.

Together with the 9M results, Talanx is also publishing its outlook for financial year 2018. We are expecting a continued premium growth of at least 2% and a Group net income of around EUR 850 million. This should correspond to a return on equity of about 9%.

* Adjusted in accordance with IFRS 3.45 within the valuation period; see our comments in the half-yearly interim report.

TALANX GROUP

MANAGEMENT METRICS

%

	Outlook for 2017 on the basis of 9M 2017	Outlook for 2017 on the basis of 6M 2017	Outlook for 2017 on the basis of Q1 2017	Forecast for 2017 from the 2016 Annual Report
Gross premium growth (adjusted for currency effects)	>4	> 4	> 1	> 1
Group net income in EUR million	~650	~ 850	approx. 800	approx. 800
Net return on investment	≥ 3	≥ 3	≥ 3	≥ 3
Payout rate	35–45	35–45	35–45	35–45
Return on equity	~7,5	~ 9	> 8	> 8

INDUSTRIAL LINES

In the forecast for 2017 in the 2016 Annual Report, we expected a combined ratio of around 96%, an EBIT margin of around 10% and a return on equity of 7% to 8% in the Industrial Lines Division. In light of the high large-loss burden in the third quarter, due in particular to hurricanes “Harvey”, “Irma” and “Maria”, the earthquake in Mexico and a continued unusual accumulation of burdens, primarily from foreign property insurance business, we are now expecting a combined ratio of around 104% and an EBIT margin of around 5%. As a result, we are expecting a return on equity of around 4%.

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%

	Outlook for 2017 on the basis of 9M 2017	Outlook for 2017 on the basis of 6M 2017	Outlook for 2017 on the basis of Q1 2017	Forecast for 2017 from the 2016 Annual Report
Gross premium growth (adjusted for currency effects)	≥ 2	≥ 2	≥ 2	≥ 2
Retention	> 53	> 53	> 53	> 53
Combined ratio (net)	~104	~ 96	~ 96	~ 96
EBIT margin	~5	~ 10	~ 10	~ 10
Return on equity	~4	7–8	7–8	7–8

RETAIL GERMANY

PROPERTY/CASUALTY INSURANCE

In the forecast for 2017 in the 2016 Annual Report, we expected a slight decline in gross premiums of 1% to 2% in the Property/Casualty Insurance segment in the Retail Germany Division. As in the first half of the year, we are now expecting gross premiums to at least hold steady for the whole of 2017 due to the increase in new business acquired during the year. Based on the combined ratio, which developed better than expected during the course of the year, we are now expecting this year-end key figure to be around 102%, including KURS programme expenses.

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

%

	Outlook for 2017 on the basis of 9M 2017	Outlook for 2017 on the basis of 6M 2017	Outlook for 2017 on the basis of Q1 2017	Forecast for 2017 from the 2016 Annual Report
Gross premium growth	≥ 0	≥ 0	–1 to –2	–1 to –2
Combined ratio (net)	~ 102	~ 103	~ 103	~ 103
EBIT margin	1–2	1–2	1–2	1–2

LIFE INSURANCE

MANAGEMENT METRICS FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

%

	Outlook for 2017 on the basis of 9M 2017	Outlook for 2017 on the basis of 6M 2017	Outlook for 2017 on the basis of Q1 2017	Forecast for 2017 from the 2016 Annual Report
Gross premium growth	0	0	0	0
EBIT margin	2–3	2–3	2–3	2–3

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

	Outlook for 2017 on the basis of 9M 2017	Outlook for 2017 on the basis of 6M 2017	Outlook for 2017 on the basis of Q1 2017	Forecast for 2017 from the 2016 Annual Report
%				
Return on equity	2–3	2–3	2–3	2–3

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

	Outlook for 2017 on the basis of 9M 2017	Outlook for 2017 on the basis of 6M 2017	Outlook for 2017 on the basis of Q1 2017	Forecast for 2017 from the 2016 Annual Report
%				
Gross premium growth (adjusted for currency effects)	~ 10	~ 10	~ 10	~ 10
Growth in value of new business (life) ¹⁾	5–10	5–10	5–10	5–10
Combined ratio (net, property/casualty insurance)	~ 96	~ 96	~ 96	~ 96
EBIT margin	5–6	5–6	5–6	5–6
Return on equity	6–7	6–7	6–7	6–7

¹⁾ Excluding non-controlling interests.

REINSURANCE**PROPERTY/CASUALTY REINSURANCE**

In the forecast for 2017 in the 2016 Annual Report, we expected a slight rise in gross premiums in the Property/Casualty Reinsurance segment. As in the first half of the year, we are now anticipating growth of more than 5% in gross premiums for the whole of 2017 due to increased demand for solvency-easing reinsurance solutions both in Europe and North America, high-volume transactions in insurance-linked securities (ILS) and a satisfactory treaty renewal for the North American market. In light of the situation with regard to large losses in the third quarter, we are expecting a significantly lower underwriting result for Property/Casualty Reinsurance in the whole of 2017 compared with the previous year, meaning the combined ratio target of under 96% may be exceeded. However, we are expecting to achieve an EBIT margin for Property/Casualty Reinsurance of at least 10%, provided the large losses in the fourth quarter remain within the expected range.

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

	Outlook for 2017 on the basis of 9M 2017	Outlook for 2017 on the basis of 6M 2017	Outlook for 2017 on the basis of Q1 2017	Forecast for 2017 from the 2016 Annual Report
%				
Gross premium growth (adjusted for currency effects)	> 5	> 5	slight growth	slight growth
Combined ratio (net)	> 96	< 96	< 96	< 96
EBIT margin	≥ 10	≥ 10	≥ 10	≥ 10

LIFE/HEALTH REINSURANCE

MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

%

	Outlook for 2017 on the basis of 9M 2017	Outlook for 2017 on the basis of 6M 2017	Outlook for 2017 on the basis of Q1 2017	Forecast for 2017 from the 2016 Annual Report
Gross premium growth (adjusted for currency effects)	moderate growth	moderate growth	moderate growth	moderate growth
Value of new business ¹⁾ in EUR million	> 110	> 110	> 110	> 110
EBIT margin financial solutions	≥ 2	≥ 2	≥ 2	≥ 2
EBIT margin longevity solutions	≥ 2	≥ 2	≥ 2	≥ 2
EBIT margin mortality/morbidity	≥ 6	≥ 6	≥ 6	≥ 6

¹⁾ Excluding non-controlling interests.

REINSURANCE DIVISION OVERALL

In our forecast for 2017 in the 2016 Annual Report, we expected a return on equity of around 11% in the Reinsurance Division. In light of the situation with regard to large losses in the third quarter and the significantly lower underwriting result in Property/Casualty Reinsurance, we are now expecting a return on equity of 9% to 10%.

RETURN ON EQUITY MANAGEMENT METRIC FOR THE REINSURANCE DIVISION OVERALL

%

	Outlook for 2017 on the basis of 9M 2017	Outlook for 2017 on the basis of 6M 2017	Outlook for 2017 on the basis of Q1 2017	Forecast for 2017 from the 2016 Annual Report
Return on equity	9–10	~ 11	~ 11	~ 11

CONSOLIDATED BALANCE SHEET OF TALANX AG AS AT 30 SEPTEMBER 2017

CONSOLIDATED BALANCE SHEET – ASSETS

EUR MILLION

	30.9.2017	31.12.2016 ¹⁾
A. Intangible assets		
a. Goodwill	1,049	1,039
b. Other intangible assets	976	903
	2,025	1,942
B. Investments		
a. Investment property	2,540	2,480
b. Shares in affiliated companies and participating interests	152	139
c. Investments in associates and joint ventures	282	290
d. Loans and receivables	29,269	29,425
e. Other financial instruments		
i. Held to maturity	538	744
ii. Available for sale	67,620	68,050
iii. At fair value through profit or loss	1,425	1,352
f. Other investments	5,346	4,694
Assets under own management	107,172	107,174
g. Investments under investment contracts	1,101	1,091
h. Funds withheld by ceding companies	9,653	10,590
Investments	117,926	118,855
C. Investments for the benefit of life insurance policyholders who bear the investment risk	11,064	10,583
D. Reinsurance recoverables on technical provisions	8,190	7,958
E. Accounts receivable on insurance business	6,712	6,192
F. Deferred acquisition costs	5,244	5,306
G. Cash at banks, cheques and cash-in-hand	3,000	2,589
H. Deferred tax assets	606	577
I. Other assets	2,802	2,620
J. Non-current assets and assets of disposal groups classified as held for sale	—	15
Total assets	157,569	156,637

¹⁾ Adjusted in accordance with IAS 8.

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

EUR MILLION

	30.9.2017	31.12.2016 ¹⁾
A. Equity		
a. Subscribed capital	316	316
Nominal value: 316 (previous year: 316)		
Contingent capital: 158 (previous year: 104)		
b. Reserves	8,401	8,762
Equity excluding non-controlling interests	8,717	9,078
c. Non-controlling interests	5,202	5,610
Total equity	13,919	14,688
B. Subordinated liabilities	1,984	1,983
C. Technical provisions		
a. Unearned premium reserve	8,680	7,624
b. Benefit reserve	54,570	54,824
c. Loss and loss adjustment expense reserve	42,819	41,873
d. Provision for premium refunds	5,762	5,765
e. Other technical provisions	418	409
	112,249	110,495
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders	11,064	10,583
E. Other provisions		
a. Provisions for pensions and other post-employment benefits	2,093	2,183
b. Provisions for taxes	781	833
c. Miscellaneous other provisions	792	940
	3,666	3,956
F. Liabilities		
a. Notes payable and loans	1,440	1,505
b. Funds withheld under reinsurance treaties	4,632	5,129
c. Other liabilities	6,520	6,150
	12,592	12,784
G. Deferred tax liabilities	2,095	2,148
Total liabilities/provisions	143,650	141,949
Total equity and liabilities	157,569	156,637

¹⁾ Adjusted in accordance with IAS 8.

CONSOLIDATED STATEMENT OF INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017

CONSOLIDATED STATEMENT OF INCOME

EUR MILLION

	9M 2017	9M 2016 ¹⁾	Q3 2017	Q3 2016 ¹⁾
1. Gross written premiums including premiums from unit-linked life and annuity insurance	25,239	23,749	7,686	7,322
2. Savings elements of premiums from unit-linked life and annuity insurance	857	896	264	282
3. Ceded written premiums	2,927	2,807	789	735
4. Change in gross unearned premiums	-1,397	-1,061	351	204
5. Change in ceded unearned premiums	-226	-149	140	185
Net premiums earned	20,284	19,134	6,844	6,324
6. Claims and claims expenses (gross)	19,608	17,279	7,497	5,648
Reinsurers' share	2,229	1,518	1,173	457
Claims and claims expenses (net)	17,379	15,761	6,324	5,191
7. Acquisition costs and administrative expenses (gross)	5,406	4,869	1,806	1,611
Reinsurers' share	423	408	133	135
Acquisition costs and administrative expenses (net)	4,983	4,461	1,673	1,476
8. Other technical income	43	36	10	14
Other technical expenses	85	116	37	55
Other technical result	-42	-80	-27	-41
Net technical result	-2,120	-1,168	-1,180	-384
9. a. Investment income	3,639	3,220	1,316	1,061
b. Investment expenses	494	485	142	115
Net income from assets under own management	3,145	2,735	1,174	946
Net income from investment contracts	-2	7	-	1
Net interest income from funds withheld and contract deposits	168	239	52	72
Net investment income	3,311	2,981	1,226	1,019
of which share of profit or loss of equity-accounted associates and joint ventures	13	5	6	2
10. a. Other income	1,069	913	245	346
b. Other expenses	1,156	1,075	312	397
Other income/expenses	-87	-162	-67	-51
Profit before goodwill impairments	1,104	1,651	-21	584
11. Goodwill impairments	-	-	-	-
Operating profit (EBIT)	1,104	1,651	-21	584
12. Financing costs	111	110	37	37
13. Taxes on income	191	448	-76	145
Net income	802	1,093	18	402
of which attributable to non-controlling interests	358	457	37	169
of which attributable to shareholders of Talanx AG	444	636	-19	233
Earnings per share				
Basic earnings per share (EUR)	1.75	2.51	-0.08	0.92
Diluted earnings per share (EUR)	1.75	2.51	-0.08	0.92

¹⁾ Adjusted in accordance with IAS 8 or IFRS 3.45 within the valuation period; see our explanation in the half-yearly interim report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR MILLION

	9M 2017	9M 2016 ¹⁾	Q3 2017	Q3 2016 ¹⁾
Net income	802	1,093	18	402
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	72	-430	-14	-28
Tax income (expense)	-22	130	4	8
	50	-300	-10	-20
Changes in policyholder participation/shadow accounting				
Gains (losses) recognised in other comprehensive income for the period	-3	18	1	1
Tax income (expense)	-	-	-	-
	-3	18	1	1
Total items that will not be reclassified to profit or loss, net of tax	47	-282	-9	-19
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	-56	3,558	154	760
Reclassified to profit or loss	-627	-309	-345	-157
Tax income (expense)	37	-472	1	-90
	-646	2,777	-190	513
Exchange differences on translating foreign operations				
Gains (losses) recognised in other comprehensive income for the period	-788	-172	-228	-32
Reclassified to profit or loss	-	-	-	-
Tax income (expense)	46	9	12	6
	-742	-163	-216	-26
Changes in policyholder participation/shadow accounting				
Gains (losses) recognised in other comprehensive income for the period	582	-1,824	-35	-329
Tax income (expense)	1	35	12	11
	583	-1,789	-23	-318
Changes from cash flow hedges				
Gains (losses) recognised in other comprehensive income for the period	-19	188	-5	14
Reclassified to profit or loss	-70	-10	-3	-4
Tax income (expense)	3	-7	-	-1
	-86	171	-8	9
Changes from equity method measurement				
Gains (losses) recognised in other comprehensive income for the period	-7	-3	4	-
Reclassified to profit or loss	-	-	-	-
Tax income (expense)	-	-	-	-
	-7	-3	4	-
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	-898	993	-433	178
Other comprehensive income for the period, net of tax	-851	711	-442	159
Total comprehensive income for the period	-49	1,804	-424	561
of which attributable to non-controlling interests	-29	745	-173	213
of which attributable to shareholders of Talanx AG	-20	1,059	-251	348

¹⁾ Adjusted in accordance with IFRS 3.45 within the valuation period; see our explanation in the half-yearly interim report.

CONSOLIDATED CASH FLOW STATEMENT OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017

CONSOLIDATED CASH FLOW STATEMENT

EUR MILLION

	9M 2017	9M 2016 ⁶⁾
I. 1. Net income	802	1,093
I. 2. Changes in technical provisions	4,694	3,492
I. 3. Changes in deferred acquisition costs	-66	-25
I. 4. Changes in funds withheld and in accounts receivable and payable	-619	-9
I. 5. Changes in other receivables and liabilities	263	-74
I. 6. Changes in investments and liabilities under investment contracts	13	14
I. 7. Changes in financial assets held for trading	-26	22
I. 8. Gains/losses on disposal of investments and property, plant and equipment	-898	-553
I. 9. Change in technical provisions for life insurance policies where the investment risk is borne by the policyholders ¹⁾	469	121
I. 10. Other non-cash expenses and income (including income tax expense/income)	23	-286
I. Cash flows from operating activities ^{2), 5)}	4,655	3,795
II. 1. Cash inflow from the sale of consolidated companies	2	3
II. 2. Cash outflow from the purchase of consolidated companies	-91	58
II. 3. Cash inflow from the sale of real estate	108	5
II. 4. Cash outflow from the purchase of real estate	-268	-158
II. 5. Cash inflow from the sale and maturity of financial instruments	18,774	17,707
II. 6. Cash outflow from the purchase of financial instruments	-20,457	-20,081
II. 7. Changes in investments for the benefit of life insurance policyholders who bear the investment risk	-469	-121
II. 8. Changes in other investments	-816	563
II. 9. Cash outflows from the acquisition of tangible and intangible assets	-82	-71
II. 10. Cash inflows from the sale of tangible and intangible assets	16	6
II. Cash flows from investing activities	-3,283	-2,089
III. 1. Cash flows from investing activities	—	—
III. 2. Cash outflow from capital reductions	—	—
III. 3. Dividends paid	-705	-678
III. 4. Net changes attributable to other financing activities	-192	-108
III. Cash flows from financing activities ⁵⁾	-897	-786
Net change in cash and cash equivalents (I. + II. + III.)	475	920
Cash and cash equivalents at the beginning of the reporting period	2,589	2,243
Effect of exchange rate changes on cash and cash equivalents	-64	-2
Effect of changes in the basis of consolidation on cash and cash equivalents ³⁾	—	-2
Cash and cash equivalents at the end of the reporting period ⁴⁾	3,000	3,159

¹⁾ As opposed to the previous year, item I. 9 "Change in technical provisions for life insurance policies where the investment risk is borne by the policyholders" is reported separately; in the same period of the previous year, the effects were reported in item I. 10 "Other non-cash expenses and income (including income tax expense/income)".

²⁾ EUR 298 (363) million of "Income taxes paid" and EUR 255 (192) million of "Dividends received" and EUR 2,744 (2,727) 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.

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

⁴⁾ "Cash and cash equivalents at the end of the reporting period" includes changes in the portfolio of disclosed disposal groups in the amount of EUR 0 (8) million.

⁵⁾ EUR 352 (308) million of "Interest paid" is attributable to EUR 150 (148) million to "Cash flows from financing activities" and EUR 202 (160) million to "Cash flows from operating activities".

⁶⁾ Adjusted in accordance with IAS 8 or IFRS 3.45 within the valuation period; see our explanation in the half-yearly interim report.

SEGMENT REPORTING

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 30 SEPTEMBER 2017

EUR MILLION

Assets	Industrial Lines		Retail Germany	
	30.9.2017	31.12.2016	30.9.2017	31.12.2016
A. Intangible assets				
a. Goodwill	153	153	248	248
b. Other intangible assets	8	8	520	520
	161	161	768	768
B. Investments				
a. Investment property	102	77	977	984
b. Shares in affiliated companies and participating interests	14	12	6	13
c. Investments in associates and joint ventures	139	150	54	53
d. Loans and receivables	1,048	1,054	25,172	25,092
e. Other financial instruments				
i. Held to maturity	73	77	168	170
ii. Available for sale	5,546	5,625	22,067	21,420
iii. At fair value through profit or loss	135	72	324	346
f. Other investments	879	684	1,541	1,532
Assets under own management	7,936	7,751	50,309	49,610
g. Investments under investment contracts	—	—	—	—
h. Funds withheld by ceding companies	19	20	4	3
Investments	7,955	7,771	50,313	49,613
C. Investments for the benefit of life insurance policyholders who bear the investment risk	—	—	10,188	9,727
D. Reinsurance recoverables on technical provisions	4,775	5,014	2,232	2,170
E. Accounts receivable on insurance business	1,451	1,259	349	331
F. Deferred acquisition costs	58	45	2,119	2,179
G. Cash at banks, cheques and cash-in-hand	395	478	856	633
H. Deferred tax assets	68	69	103	78
I. Other assets	719	387	852	1,226
J. Non-current assets and assets of disposal groups classified as held for sale	—	—	—	—
Total assets	15,582	15,184	67,780	66,725

¹⁾ Adjusted in accordance with IAS 8.

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
30.9.2017	31.12.2016	30.9.2017	31.12.2016 ⁴⁾	30.9.2017	31.12.2016	30.9.2017	31.12.2016	30.9.2017	31.12.2016 ⁴⁾
615	618	33	20	—	—	—	—	1,049	1,039
148	156	200	128	100	91	—	—	976	903
763	774	233	148	100	91	—	—	2,025	1,942
16	17	1,445	1,402	—	—	—	—	2,540	2,480
—	—	115	97	17	17	—	—	152	139
—	—	116	114	—	—	-27	-27	282	290
638	700	2,395	2,564	16	15	—	—	29,269	29,425
234	305	353	485	2	2	-292	-295	538	744
7,867	7,373	31,971	33,478	169	154	—	—	67,620	68,050
670	636	296	298	—	—	—	—	1,425	1,352
376	327	3,321	3,235	465	261	-1,236	-1,345	5,346	4,694
9,801	9,358	40,012	41,673	669	449	-1,555	-1,667	107,172	107,174
1,101	1,091	—	—	—	—	—	—	1,101	1,091
—	—	10,972	11,844	1	1	-1,343	-1,278	9,653	10,590
10,902	10,449	50,984	53,517	670	450	-2,898	-2,945	117,926	118,855
876	856	—	—	—	—	—	—	11,064	10,583
788	832	3,230	2,843	1	—	-2,836	-2,901	8,190	7,958
1,117	1,142	3,952	3,678	6	2	-163	-220	6,712	6,192
583	589	2,251	2,264	1	—	232	229	5,244	5,306
666	455	831	814	252	209	—	—	3,000	2,589
53	59	134	127	248	244	—	—	606	577
417	471	1,400	1,286	351	738	-937	-1,488	2,802	2,620
—	—	—	15	—	—	—	—	—	15
16,165	15,627	63,015	64,692	1,629	1,734	-6,602	-7,325	157,569	156,637

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 30 SEPTEMBER 2017

EUR MILLION

Equity and liabilities	Industrial Lines		Retail Germany	
	30.9.2017	31.12.2016	30.9.2017	31.12.2016
B. Subordinated liabilities	200	200	162	161
C. Technical provisions				
a. Unearned premium reserve	1,349	1,094	1,466	1,160
b. Benefit reserve	—	—	40,166	39,515
c. Loss and loss adjustment expense reserve	9,206	9,353	3,218	3,098
d. Provision for premium refunds	20	19	5,439	5,473
e. Other technical provisions	46	42	2	2
	10,621	10,508	50,291	49,248
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders	—	—	10,188	9,727
E. Other provisions				
a. Provisions for pensions and other post-employment benefits	587	612	146	150
b. Provisions for taxes	80	97	127	118
c. Miscellaneous other provisions	72	84	318	372
	739	793	591	640
F. Liabilities				
a. Notes payable and loans	16	16	99	104
b. Funds withheld under reinsurance treaties	57	49	1,836	1,748
c. Other liabilities	1,633	1,257	1,768	2,251
	1,706	1,322	3,703	4,103
G. Deferred tax liabilities	164	172	266	288
Total liabilities/provisions	13,430	12,995	65,201	64,167

CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2017¹⁾

EUR MILLION

	Industrial Lines		Retail Germany	
	9M 2017	9M 2016	9M 2017	9M 2016
1. Gross written premiums including premiums from unit-linked life and annuity insurance	3,536	3,390	4,681	4,775
of which attributable to other divisions/segments	46	45	45	22
with third parties	3,490	3,345	4,636	4,753
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	649	686
3. Ceded written premiums	1,611	1,596	195	183
4. Change in gross unearned premiums	-308	-278	-306	-299
5. Change in ceded unearned premiums	-147	-114	-11	1
Net premiums earned	1,764	1,630	3,542	3,606
6. Claims and claims expenses (gross)	2,481	2,045	3,943	4,030
Reinsurers' share	931	820	60	60
Claims and claims expenses (net)	1,550	1,225	3,883	3,970
7. Acquisition costs and administrative expenses (gross)	656	630	1,026	919
Reinsurers' share	267	264	69	64
Acquisition costs and administrative expenses (net)	389	366	957	855
8. Other technical income	6	6	16	12
Other technical expenses	10	12	26	32
Other technical result	-4	-6	-10	-20
Net technical result	-179	33	-1,308	-1,239
9. a. Investment income	245	213	1,713	1,589
b. Investment expenses	42	48	233	175
Net income from assets under own management	203	165	1,480	1,414
Net income from investment contracts	—	—	—	—
Net interest income from funds withheld and contract deposits	—	—	-11	-11
Net investment income	203	165	1,469	1,403
of which share of profit or loss of equity-accounted associates and joint ventures	1	3	2	5
10. a. Other income	106	94	144	126
b. Other expenses	105	88	189	220
Other income/expenses	1	6	-45	-94
Profit before goodwill impairments	25	204	116	70
11. Goodwill impairments	—	—	—	—
Operating profit (EBIT)	25	204	116	70
12. Financing costs	6	6	7	7
13. Taxes on income	5	66	14	18
Net income	14	132	95	45
of which attributable to non-controlling interests	—	—	5	6
of which attributable to shareholders of Talanx AG	14	132	90	39

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⁾ Adjusted in accordance with IFRS 3.45 within the valuation period; see our explanation in the half-yearly interim report.

³⁾ Adjusted in accordance with IAS 8.

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
9M 2017	9M 2016	9M 2017	9M 2016 ^{[2],[3]}	9M 2017	9M 2016	9M 2017	9M 2016	9M 2017	9M 2016 ^{[2],[3]}
4,065	3,669	13,484	12,455	27	25	-554	-565	25,239	23,749
—	—	436	473	27	24	-554	-565	—	-1
4,065	3,669	13,048	11,982	—	1	—	—	25,239	23,750
208	210	—	—	—	—	—	—	857	896
331	313	1,335	1,291	7	8	-552	-584	2,927	2,807
-127	-55	-666	-451	-5	-4	15	26	-1,397	-1,061
-23	-8	-58	-53	-2	-2	15	27	-226	-149
3,422	3,099	11,541	10,766	17	15	-2	18	20,284	19,134
2,742	2,491	10,740	8,995	9	8	-307	-290	19,608	17,279
191	149	1,365	786	—	—	-318	-297	2,229	1,518
2,551	2,342	9,375	8,209	9	8	11	7	17,379	15,761
873	789	3,004	2,696	3	3	-156	-168	5,406	4,869
61	58	173	181	—	—	-147	-159	423	408
812	731	2,831	2,515	3	3	-9	-9	4,983	4,461
20	17	1	1	—	—	—	—	43	36
48	46	5	6	—	—	-4	20	85	116
-28	-29	-4	-5	—	—	4	-20	-42	-80
31	-3	-669	37	5	4	—	—	-2,120	-1,168
304	294	1,408	1,129	10	37	-41	-42	3,639	3,220
46	57	190	222	64	65	-81	-82	494	485
258	237	1,218	907	-54	-28	40	40	3,145	2,735
-2	7	—	—	—	—	—	—	-2	7
-1	—	180	250	—	—	—	—	168	239
255	244	1,398	1,157	-54	-28	40	40	3,311	2,981
—	—	10	3	—	—	—	-6	13	5
78	68	716	577	544	570	-519	-522	1,069	913
185	146	639	570	487	520	-449	-469	1,156	1,075
-107	-78	77	7	57	50	-70	-53	-87	-162
179	163	806	1,201	8	26	-30	-13	1,104	1,651
—	—	—	—	—	—	—	—	—	—
179	163	806	1,201	8	26	-30	-13	1,104	1,651
4	3	60	57	64	64	-30	-27	111	110
46	46	141	306	-15	5	—	7	191	448
129	114	605	838	-41	-43	—	7	802	1,093
19	17	334	434	—	—	—	—	358	457
110	97	271	404	-41	-43	—	7	444	636

CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2017¹⁾

EUR MILLION

	Industrial Lines		Retail Germany	
	Q3 2017	Q3 2016	Q3 2017	Q3 2016
1. Gross written premiums including premiums from unit-linked life and annuity insurance	741	684	1,371	1,429
of which attributable to other divisions/segments	9	6	11	10
with third parties	732	678	1,360	1,419
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	204	222
3. Ceded written premiums	335	317	58	55
4. Change in gross unearned premiums	355	369	48	8
5. Change in ceded unearned premiums	157	189	4	8
Net premiums earned	604	547	1,153	1,152
6. Claims and claims expenses (gross)	974	672	1,241	1,312
Reinsurers' share	304	266	17	23
Claims and claims expenses (net)	670	406	1,224	1,289
7. Acquisition costs and administrative expenses (gross)	219	207	340	305
Reinsurers' share	76	76	30	28
Acquisition costs and administrative expenses (net)	143	131	310	277
8. Other technical income	2	1	3	5
Other technical expenses	4	3	20	18
Other technical result	-2	-2	-17	-13
Net technical result	-211	8	-398	-427
9. a. Investment income	84	64	544	526
b. Investment expenses	18	8	66	57
Net income from assets under own management	66	56	478	469
Net income from investment contracts	—	—	—	—
Net interest income from funds withheld and contract deposits	—	—	-4	-3
Net investment income	66	56	474	466
of which share of profit or loss of equity-accounted associates and joint ventures	—	1	1	—
10. a. Other income	28	19	45	45
b. Other expenses	20	22	68	70
Other income/expenses	8	-3	-23	-25
Profit before goodwill impairments	-137	61	53	14
11. Goodwill impairments	—	—	—	—
Operating profit (EBIT)	-137	61	53	14
12. Financing costs	2	2	2	2
13. Taxes on income	-41	18	10	-5
Net income	-98	41	41	17
of which attributable to non-controlling interests	—	—	1	2
of which attributable to shareholders of Talanx AG	-98	41	40	15

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⁾ Adjusted in accordance with IFRS 3.45 within the valuation period; see our explanation in the half-yearly interim report.

³⁾ Adjusted in accordance with IAS 8.

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
Q3 2017	Q3 2016 ²⁾	Q3 2017	Q3 2016 ^{2),3)}	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016 ^{2),3)}
1,237	1,182	4,486	4,172	4	3	-153	-148	7,686	7,322
—	—	129	129	4	3	-153	-148	—	—
1,237	1,182	4,357	4,043	—	—	—	—	7,686	7,322
60	60	—	—	—	—	—	—	264	282
87	86	460	443	1	1	-152	-167	789	735
-10	-18	-21	-135	3	3	-24	-23	351	204
16	16	-13	-5	1	1	-25	-24	140	185
1,064	1,002	4,018	3,599	5	4	—	20	6,844	6,324
820	810	4,558	2,930	4	6	-100	-82	7,497	5,648
52	58	902	194	—	—	-102	-84	1,173	457
768	752	3,656	2,736	4	6	2	2	6,324	5,191
289	270	1,010	886	1	1	-53	-58	1,806	1,611
21	19	61	69	—	—	-55	-57	133	135
268	251	949	817	1	1	2	-1	1,673	1,476
5	7	—	1	—	—	—	—	10	14
16	16	2	-1	—	—	-5	19	37	55
-11	-9	-2	2	—	—	5	-19	-27	-41
17	-10	-589	48	—	-3	1	—	-1,180	-384
94	99	603	380	4	4	-13	-12	1,316	1,061
11	10	52	49	22	20	-27	-29	142	115
83	89	551	331	-18	-16	14	17	1,174	946
—	1	—	—	—	—	—	—	—	1
-1	1	57	74	—	—	—	—	52	72
82	91	608	405	-18	-16	14	17	1,226	1,019
—	—	5	1	—	—	—	—	6	2
13	14	158	249	176	199	-175	-180	245	346
49	39	171	257	150	181	-146	-172	312	397
-36	-25	-13	-8	26	18	-29	-8	-67	-51
63	56	6	445	8	-1	-14	9	-21	584
—	—	—	—	—	—	—	—	—	—
63	56	6	445	8	-1	-14	9	-21	584
1	2	20	19	22	21	-10	-9	37	37
19	17	-48	111	-15	-2	-1	6	-76	145
43	37	34	315	1	-20	-3	12	18	402
7	5	29	162	—	—	—	—	37	169
36	32	5	153	1	-20	-3	12	-19	233

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 30 SEPTEMBER 2017 AND 1 JULY TO 30 SEPTEMBER 2017

EUR MILLION

	Retail Germany – Property/Casualty				Retail Germany – Life			
	9M 2017	9M 2016	Q3 2017	Q3 2016	9M 2017	9M 2016	Q3 2017	Q3 2016
1. Gross written premiums including premiums from unit-linked life and annuity insurance	1,284	1,260	282	280	3,397	3,515	1,089	1,149
of which attributable to other segments	—	—	—	—	45	22	11	10
with third parties	1,284	1,260	282	280	3,352	3,493	1,078	1,139
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	—	—	649	686	204	222
3. Ceded written premiums	66	54	14	9	129	129	44	46
4. Change in ceded unearned premiums	-181	-164	97	93	-125	-135	-49	-85
5. Change in ceded unearned premiums	-12	-7	4	6	1	8	—	2
Net premiums earned	1,049	1,049	361	358	2,493	2,557	792	794
6. Claims and claims expenses (gross)	683	720	231	242	3,260	3,310	1,010	1,070
Reinsurers' share	13	6	4	7	47	54	13	16
Claims and claims expenses (net)	670	714	227	235	3,213	3,256	997	1,054
7. Acquisition costs and administrative expenses (gross)	388	378	128	127	638	541	212	178
Reinsurers' share	14	12	5	4	55	52	25	24
Net acquisition and administrative costs	374	366	123	123	583	489	187	154
8. Other technical income	2	2	1	—	14	10	2	5
Other technical expenses	5	4	1	1	21	28	19	17
Other technical result	-3	-2	—	-1	-7	-18	-17	-12
Net technical result	2	-33	11	-1	-1,310	-1,206	-409	-426
9. a. Investment income	84	78	30	25	1,629	1,511	514	501
b. Investment expenses	13	9	3	3	220	166	63	54
Net income from assets under own management	71	69	27	22	1,409	1,345	451	447
Net income from investment contracts	—	—	—	—	—	—	—	—
Net interest income from funds withheld and contract deposits	—	—	—	—	-11	-11	-4	-3
Net investment income	71	69	27	22	1,398	1,334	447	444
of which share of profit or loss of equity-accounted associates and joint ventures	—	1	—	—	2	4	1	—
10. a. Other income	37	39	12	12	107	87	33	33
b. Other expenses	61	84	23	25	128	136	45	45
Other income/expenses	-24	-45	-11	-13	-21	-49	-12	-12
Profit before goodwill impairments	49	-9	27	8	67	79	26	6
11. Goodwill impairments	—	—	—	—	—	—	—	—
Operating profit (EBIT)	49	-9	27	8	67	79	26	6

¹⁾ Adjusted in accordance with IFRS 3.45 within the valuation period; see our explanation in the half-yearly interim report.

²⁾ Adjusted in accordance with IAS 8.

Property/Casualty Reinsurance				Life/Health Reinsurance			
9M 2017	9M 2016 ⁽¹⁾	Q3 2017	Q3 2016	9M 2017	9M 2016 ⁽²⁾	Q3 2017	Q3 2016 ⁽²⁾
8,200	7,121	2,772	2,494	5,284	5,334	1,714	1,678
327	364	92	91	109	109	37	37
7,873	6,757	2,680	2,403	5,175	5,225	1,677	1,641
—	—	—	—	—	—	—	—
883	836	309	289	452	455	151	154
-622	-413	-35	-124	-44	-38	14	-11
-59	-53	-13	-5	1	—	—	—
6,754	5,925	2,441	2,086	4,787	4,841	1,577	1,513
6,130	4,397	3,018	1,482	4,610	4,598	1,540	1,448
965	383	780	72	400	403	122	122
5,165	4,014	2,238	1,410	4,210	4,195	1,418	1,326
2,031	1,776	705	614	973	920	305	272
136	138	47	46	37	43	14	23
1,895	1,638	658	568	936	877	291	249
1	1	—	1	—	—	—	—
1	—	—	—	4	6	2	-1
—	1	—	1	-4	-6	-2	1
-306	274	-455	109	-363	-237	-134	-61
1,098	821	516	263	310	308	87	117
146	177	52	38	44	45	—	11
952	644	464	225	266	263	87	106
—	—	—	—	—	—	—	—
13	19	11	7	167	231	46	67
965	663	475	232	433	494	133	173
10	3	5	1	—	—	—	—
180	189	8	42	536	388	150	207
227	207	60	46	412	363	111	211
-47	-18	-52	-4	124	25	39	-4
612	919	-32	337	194	282	38	108
—	—	—	—	—	—	—	—
612	919	-32	337	194	282	38	108

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 (IFRSs), 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 2016.

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.

Prepared by the Board of Management and hence authorised for publication in Hannover on 2 November 2017.

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)	
	30.9.2017	31.12.2016	9M 2017	9M 2016
AUD Australia	1.5074	1.4591	1.4588	1.4989
BRL Brazil	3.7621	3.4292	3.5493	3.9549
CAD Canada	1.4686	1.4191	1.4557	1.4710
CLP Chile	752.2400	704.3500	730.2010	755.2805
CNY China	7.8616	7.3206	7.5837	7.3160
GBP United Kingdom	0.8823	0.8553	0.8719	0.8003
MXN Mexico	21.4449	21.7854	21.0945	20.2665
PLN Poland	4.3139	4.4097	4.2708	4.3550
USD USA	1.1814	1.0540	1.1150	1.1120
ZAR South Africa	15.9366	14.4632	14.7791	16.6280

SIGNIFICANT ADDITIONS OF CONSOLIDATED SUBSIDIARIES

Hannover Rück SE completed its acquisition of UK-based Argenta Holdings Limited on 20 July 2017. The company has therefore been included in the consolidated financial statements for the third quarter on a provisional basis. The costs for the acquisition amounted to EUR 162 million. Net assets of EUR 133 million were acquired and a proportionate goodwill amounting to EUR 15 million was recognised in the balance sheet as part of the transaction.

EVENTS AFTER THE END OF THE REPORTING PERIOD

With effect from 4 October 2017 (date of initial consolidation), Talanx Infrastructure France 2 GmbH (Retail Germany Division) acquired 100% of the shares in the wind farm company Le Louveng S. A. S., Lille, France. The total planned investment volume amounts to EUR 24 million.

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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:
www.talanx.com/investor-relations

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FINANCIAL CALENDAR 2017/2018

23 November 2017
Capital Markets Day

19 March 2018
Results Press Conference 2017

8 May 2018
Annual General Meeting

11 May 2018
Quarterly Statement as at 31 March 2018

13 August 2018
Interim Report as at 30 June 2018

12 November 2018
Quarterly Statement as at 30 September 2018

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