

Talanx enjoys a successful start to financial year 2017

- Gross written premiums increase to EUR 9.8 (9.0) billion
- Combined ratio stable at 96.3 percent
- Net return on investment at 3.5 (3.7) percent
- EBIT climbs to EUR 576 (573) million
- Group net income up by 7.2 percent to EUR 238 (222) million
- Outlook for Group net income for the whole year of around EUR 800 million is confirmed

Hannover, 15 May 2017

The Talanx Group has enjoyed a successful start to financial year 2017. Group net income increased by 7.2 percent to EUR 238 (222) million, while gross written premiums rose by 8.4 percent to EUR 9.8 (9.0) billion (adjusted for currency effects +7.4 percent). Drivers of growth were the Retail International Division with a premium gain of 29.2 percent, followed by the Property/Casualty Reinsurance segment at 12.5 percent and the Industrial Lines Division at 4.3 percent. Losses were modest across all divisions. Overall, primary insurance made up 48 (46) percent of the Talanx Group's operating profit (EBIT) in the first quarter after minority interests.

“We have begun the year 2017 well, with all of our divisions putting in a positive performance. Our high growth abroad shows just how successful our diversification strategy is proving outside our domestic market. However, our German business is also heading in the right direction. With the results of the first quarter, we are well on track to meet our Group net income target of around EUR 800 million,” said Herbert K Haas, Chairman of the Board of Management of Talanx AG.

Although the Talanx Group's large loss burden increased from EUR 123 million to EUR 153 million compared to the previous year's period, it remained well below the proportional large-loss budget of EUR 243 million. The largest loss event was Cyclone “Debbie” in Australia, which represented a Group-wide burden of EUR 50 million.

Talanx AG

Group Communications
Tel. +49 511 3747-2022
Fax +49 511 3747-2025

Investor Relations
Tel. +49 511 3747-2227
Fax +49 511 3747-2286

Riethorst 2
30659 Hannover
Germany
www.talanx.com

Nevertheless, a marginally lower expense ratio kept the combined ratio unchanged at 96.3 (96.3) percent.

The underwriting result improved slightly by 1.6 percent to EUR -415 (-422) million, while net investment income stood at EUR 1,011 (1,022) million. Talanx generated a consolidated net return on investment of 3.5 (3.7) percent. EBIT remained virtually unchanged in the first quarter at EUR 576 (573) million, with Group net income at EUR 238 (222) million. With EUR 11 million, the Industrial Lines Division proved the biggest contributor to this growth of 7.2 percent or EUR 16 million.

In addition to its positive business development, the Group can also report a healthy capitalisation level. Excluding transitional measures, its Solvency II ratio as at 31 December 2016 was a solid 186 (171) percent, putting it in the upper half of the target range of between 150 and 200 percent.

Industrial Lines: strong premium growth abroad

In line with the strategy, the Industrial Lines Division posted strong premium growth, particularly abroad and above all in France and the USA. In Germany, the measures taken to optimise the portfolio began to bear fruit. Nevertheless, also in the domestic market could pleasing new contracts be made. Rising by some 4.3 percent, total premium income amounted to EUR 2.0 (1.9) billion. Retention climbed further to 56.4 (55.5) percent.

The division's combined ratio improved to 96.5 (97.6) percent, also thanks to the marine line with its significantly better combined ratio of 86.7 (105.4) percent. Efforts to optimise the portfolio have been paying off here too and have meant that this line has also improved its ratio of premiums to accepted risk. The division generated an underwriting profit of EUR 19 million, up from EUR 13 million in the prior period. Net investment income increased by 38.0 percent to EUR 69 (50) million,

while EBIT rose by 8.1 percent to EUR 80 (74) million. Contribution to Group net income climbed significantly to EUR 59 (48) million.

Retail Germany: major improvement in the combined ratio

The Retail Germany Division continued its positive performance on the back of persistent efforts to implement the KuRS modernisation programme rigorously. In the Property/Casualty Insurance segment, premium income increased and the combined ratio enjoyed a pleasing trend. Premium income in the Life segment remained virtually on a par with the prior year's period. Overall, the division contributed EUR 19 (29) million to Group net income in the first quarter of 2017.

Property/Casualty Insurance segment: pleasing premium growth

In the Property/Casualty Insurance segment, gross written premiums rose slightly in comparison with the previous year by 1.3 percent to EUR 759 (749) million, having suffered a longer phase of declines before. The underwriting result increased significantly to EUR -6 (-13) million. This in turn benefited the combined ratio, which improved by 2.1 percentage points to 101.7 (103.8) percent. After adjusting for investments in the KuRS modernisation programme, the combined ratio would have stood at 99.2 (101.6) percent and thus in the third consecutive quarter below 100 percent. Net investment income increased to EUR 25 (22) million due to higher disposal gains, while the operating result climbed to EUR 13 (6) million.

Life segment: premiums stable despite switch to capital-efficient products

Gross written premiums in the Life segment amounted to EUR 1.1 (1.2) billion. Although regular premiums fell as expected due to higher outflows of EUR 42 million in 2016, single premiums rose by EUR 33 million, substantially resulting from the strong sales of biometric products. Measured using the annual premium equivalent (APE), new life insurance business remained virtually stable at

EUR 94 (97) million despite the switch to capital-efficient and biometric products that was largely completed in the prior year.

The underwriting result improved to EUR -416 (-465) million. This figure is determined primarily by policyholder participation in net investment income, which fell by 15.2 percent to EUR 435 (513) million. The main reason behind this drop was a fall in the realisation of hidden reserves to finance the Zinszusatzreserve. EBIT decreased to EUR 21 (41) million, due chiefly to lower net investment income.

Retail International: strong premium growth in Europe and Latin America

The Talanx Group's Retail International Division enjoyed encouragingly strong growth, with gross written premiums increasing by 29.2 percent to EUR 1.5 (1.1) billion in the first quarter. Adjusting for currency effects would result in similarly strong growth of 25.8 percent. Across the board, the two regions of Europe (+30.2 percent) and Latin America (+27.4 percent) were equally responsible for these higher premiums.

The combined ratio remained more or less unchanged at 96.6 (96.2) percent. It was not impaired by strong growth, especially in Central and Eastern Europe. The loss ratio continued to be affected by higher costs for replacement parts due to falling local currencies and the associated claims inflation. Besides, wild fires in Chile made the loss ratio go up. This is compensated by a decline of the expense ratio, among other things through cost optimisation in the Polish subsidiary Warta and in Brazil. The underwriting result remained virtually stable at EUR 7 (8) million. Net investment income increased by 8.8 percent to EUR 87 (80) million, while EBIT rose by 3.3 percent compared to the same period in the prior year to EUR 63 (61) million. Contribution to Group net income increased by 11.1 percent to EUR 40 (36) million.

Reinsurance: treaty renewals at the start of the year boost premium income

The Reinsurance Division began financial year 2017 with pleasing premium growth, particularly in the Property/Casualty Reinsurance segment. However, its contribution to Group net income fell by 7.0 percent to EUR 132 (142) million.

Property/Casualty Reinsurance segment: competition remains fierce

Following the welcome outcome to the treaty renewals as at 1 January 2017, Property/Casualty Reinsurance enjoyed a marked 12.5 percent rise in gross written premiums to EUR 2.8 (2.5) billion. Although the combined ratio deteriorated overall by 0.9 of a percentage point to 95.6 (94.7) percent, it remained below the 96 percent mark. A higher volume of claims pushed the underwriting result down by 9.0 percent to EUR 91 (100) million as at 31 March 2017. Net investment income grew by 17.4 percent to EUR 250 (213) million in the reporting period, bringing EBIT up slightly by 1.6 percent to EUR 315 (310) million.

Life/Health Reinsurance segment: gross premium income falls as expected

Gross written premiums in the Life/Health Reinsurance segment declined slightly by 1.6 percent to EUR 1.7 (1.8) billion in line with expectations. The underwriting result deteriorated to EUR -114 (-68) million. Net investment income fell by 5.7 percent in the first quarter of 2017 to EUR 148 (157) million. Following a strong showing in the prior year's period, segment EBIT fell by 16.5 percent to EUR 86 (103) million.

Outlook for 2017

The Talanx Group is reaffirming its outlook for financial year 2017 with a Group net income of around EUR 800 million. Based on steady exchange rates, Talanx is anticipating gross premium income to grow

by more than 1.0 percent. The net return on investment should be at least 3.0 percent and the return on equity over 8.0 percent. These targets assume that there will be no negative developments in the currency and capital markets and that large losses will remain in line with expectations. It is intended for the financial year 2017 to pay out 35 to 45 percent of Group net income as dividends.

Key data from the Talanx Group income statement, Q1 2017, consolidated (IFRS)

EUR million	Q1 2017	Q1 2016	+/-
Gross written premiums	9,752	8,995	+8.4%
Net premiums earned	6,692	6,266	+6.8%
Combined ratio in property/casualty insurance and Non-Life Reinsurance	96.3%	96.3%	+/-0.0%pts.
Net investment income	1,011	1,022	-1.1%
Operating profit (EBIT)	576	573	+0.5%
Group net income (after non-controlling interests)	238	222	+7.2%
Return on equity ¹	10.3%	10.6%	-0.3%pts.

1) Annualised net income for the reporting period excluding non-controlling interests relative to average equity excluding non-controlling interests.

All documentation relating to the interim report:

http://www.talanx.com/investor-relations/presentations-and-events/disclosure/2017.aspx?sc_lang=en

Financial calendar:

http://www.talanx.com/investor-relations/finanzkalender/termine.aspx?sc_lang=en

About Talanx

With premium income of EUR 31.1 billion (2016) and about 20,000 employees, Talanx is one of the major European insurance groups. The Hannover-based Group is active in some 150 countries. Talanx operates as a multi-brand provider with a focus on B2B insurance. Under the HDI brand, which can look back on more than 100 years of tradition, Talanx operates both in Germany and abroad in industrial insurance as well as retail business. Further Group brands include Hannover Re, one of the world's

leading reinsurers, Targo insurers, PB insurers and Neue Leben, the latter all specialised in bancassurance, as well as the Polish insurer Warta. Talanx Asset Management is one of the top asset management companies in Germany and manages the assets of the Talanx Group. With its subsidiary Ampega Investment, Talanx Asset Management is also an experienced provider of solutions for outsourcing in the B2B market. The rating agency Standard & Poor's has given the Talanx Primary Group a financial strength rating of A+/stable (strong) and the Hannover Re Group one of AA-/ stable (very strong). Talanx AG is listed on the Frankfurt Stock Exchange in the MDAX as well as on the stock exchanges in Hannover and Warsaw (ISIN: DE000TLX1005, German Securities Code: TLX100, Polish Securities Code: TNX).

You can find additional information by going to www.talanx.com.

Follow us on Twitter: twitter.com/talanx_en.

Current photographs and company logos are available at <http://mediathek.talanx.de>.

For media enquiries please contact:

Andreas Krosta	Tel.: +49 511-3747-2020
	E-mail: andreas.krosta@talanx.com
Dr. Kerstin Bartels	Tel.: +49 511-3747-2211
	E-mail: kerstin.bartels@talanx.com
Christoph Boßmeyer	Tel.: +49 511-3747-2094
	E-mail christoph.bossmeyer@talanx.com

For Investor Relations please contact:

Carsten Werle, CFA	Tel.: +49 511-3747-2231
	E-mail: carsten.werle@talanx.com
Marcus Sander, CFA	Tel.: +49 511-3747-2368
	E-mail: marcus.sander@talanx.com

Disclaimer

This news release contains forward-looking statements which are based on certain assumptions, expectations and opinions of the Talanx AG management. These statements are, therefore, subject to certain known or unknown risks and uncertainties. A variety of factors, many of which are beyond Talanx AG's control, affect Talanx AG's

business activities, business strategy, results, performance and achievements. Should one or more of these factors or risks or uncertainties materialise, actual results, performance or achievements of Talanx AG may vary materially from those expressed or implied in the relevant forward-looking statement.

Talanx AG does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor does Talanx AG accept any responsibility for the actual occurrence of the forecasted developments. Talanx AG neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.