

tal anx.

Annual financial statements. Balance sheet as at 31 December 2017

Assets	31.12.2017	31.12.2016
EUR thousand		
A. Fixed assets		
I. Tangible fixed assets		
Other equipment, operating and office equipment	697	756
II. Long-term financial assets		
1. Shares in affiliated companies	7,404,040	7,404,368
2. Loans to affiliated companies	214,200	164,200
3. Participating interests	11,412	14,194
	7,629,652	7,582,762
B. Current assets		
I. Receivables and other assets		
1. Trade accounts receivable	—	1
2. Receivables from affiliated companies	454,606	457,779
3. Other assets	127,204	171,418
— of which due after more than one year: EUR 321 (previous year: 283) thousand		
	581,810	629,198
II. Securities		
Other securities	100,132	52,231
III. Cash at banks, cash-in-hand	815,263	182,451
C. Prepaid expenses	7,323	6,816
D. Excess of plan assets over post-employment benefit liability	15	22
Total assets	9,134,892	8,454,236

Equity and liabilities	31.12.2017	31.12.2016
EUR thousand		
A. Equity		
I. Subscribed capital	315,997	315,997
II. Capital reserve	1,394,223	1,394,223
III. Retained earnings	2,901,819	2,901,819
IV. Distributable profit	627,069	824,896
	5,239,108	5,436,935
B. Provisions		
1. Provisions for pensions and other post-employment benefits	793,654	758,380
2. Provisions for taxes	80,154	93,627
3. Other provisions	114,321	111,034
	988,129	963,041
C. Liabilities		
1. Bonds	1,814,900	1,064,900
– of which due after more than one year: EUR 1,814,900 (previous year: 1,064,900) thousand		
2. Liabilities to banks	78	86
– of which due within one year: EUR 78 (previous year: 86) thousand		
3. Trade accounts payable	39	26
– of which due within one year: EUR 39 (previous year: 26) thousand		
4. Liabilities to affiliated companies	1,065,493	962,760
– of which due within one year: EUR 266,993 (72,260) thousand		
– of which due after more than one year: EUR 798,500 (previous year: 890,500) thousand		
5. Other liabilities	22,713	21,453
– of which taxes: EUR 320 (previous year: 344) thousand		
– of which due within one year: EUR 22,713 (previous year: 21,453) thousand		
	2,903,223	2,049,225
D. Deferred income	4,432	5,035
Total equity and liabilities	9,134,892	8,454,236

Statement of income for the period 1 January to 31 December 2017

	2017	2016
EUR thousand		
1. Income from participating interests	313,308	305,985
– of which from affiliated companies: EUR 312,369 (previous year: 305,220) thousand		
2. Income from profit transfer agreements	198,626	323,477
3. Revenue	17,874	14,651
4. Other operating income	2,311	395
– of which from currency translation: EUR 4 (previous year: 5) thousand		
5. Personnel expenses		
a. Wages and salaries	25,143	24,580
b. Social security, post-employment and other employee benefit costs	41,489	38,692
– of which in respect of post-employment benefits: EUR 38,765 (previous year: 36,085) thousand		
6. Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	185	190
7. Other operating expenses	38,603	68,364
– of which from currency translation: EUR 4 (previous year: 5) thousand		
– of which from expenses in accordance with section 67 (1) and (2) of the Introductory Act to the German Commercial Code (EGHGB): – (previous year: EUR 27,787 thousand)		
8. Income from other securities and long-term loans	10,145	10,350
– of which from affiliated companies: EUR 9,024 (previous year: 8,902) thousand		
9. Other interest and similar income	7,559	5,467
– of which from affiliated companies: EUR 2,183 (previous year: 1,009) thousand		
– of which from discounting: – (previous year: 52) thousand		
10. Write-downs of long-term financial assets and securities classified as current assets	3,935	1,160
11. Attributable to interest and similar expenses	114,528	119,891
– of which from affiliated companies: EUR 51,936 (previous year: 51,544) thousand		
– of which from unwinding of discounts: EUR 30,256 (previous year: 31,761) thousand		
12. Cost of loss absorption	203,855	–
13. Taxes on income	–21,375	–11,125
14. Result after tax	143,459	418,573
15. Other taxes	9	7
16. Net income for the financial year	143,450	418,566
17. Retained profits brought forward	483,619	406,330
18. Distributable profit	627,069	824,896

Notes to the statement of income

1. Income from participating interests

	2017	2016
EUR thousand		
Distributions/shares in profits from affiliated companies	312,369	305,220
Share in profits from investees	939	765
	313,308	305,985

2. Income from profit transfer agreements

	2017	2016
EUR thousand		
	198,626	323,477

This income is attributable to profit/loss transfer agreements entered into with the companies listed under "Key agreements".

3. Revenue

	2017	2016
EUR thousand		
	17,874	14,651

This item almost exclusively includes income from services. Revenues are generated almost exclusively in Germany.

5. Personnel expenses

	2017	2016
EUR thousand		
	66,632	63,272

This item includes Board of Management remuneration, salaries, social security contributions and pension payments. The amount is shown net of the change in the provisions for pensions, including indemnification claims.

7. Other operating expenses

	2017	2016
EUR thousand		
Supervisory Board remuneration and attendance allowances	2,527	2,472
Expenses from internal cost allocations	16,829	15,859
Liquidation of temporary provision differences related to the German Accounting Law Modernisation Act (BilMoG)	—	126,085
Effect of change in interest rates resulting from the new regulation on pensions	—	-98,298
Audit and consulting expenses	8,379	5,114
External services, including rating fees	4,553	4,201
Contribution fees of banks	1,208	461
Cost of assumption of joint liability	—	7,681
Other expenses	5,107	4,789
	38,603	68,364

8. Income from other securities and long-term loans

	2017	2016
EUR thousand		
	10,145	10,350

The amount reported relates to interest income on loans granted to affiliated companies and to other fixed-income securities.

9. Other interest and similar income

	2017	2016
EUR thousand		
	7,559	5,467

The amounts reported in this item mainly consist of interest on tax refunds and interest income on profit/loss transfer agreements.

10. Write-downs of long-term financial assets and securities classified as current assets

	2017	2016
EUR thousand		
	3,935	1,160

The write-downs of investments include impairment losses of EUR 2,970 thousand in accordance with section 277(3) sentence 1 of the HGB.

11. Attributable to interest and similar expenses

	2017	2016
EUR thousand		
	114,528	119,891

The amount recognised relates to interest expenses in connection with bonds issued, interest expenses on loans to various Group companies, interest expenses from the unwinding of discounted pensions and commitment interest.

12. Cost of loss absorption

	2017	2016
EUR thousand		
	203,855	—

Loss absorption relates to profit/loss transfer agreements entered into with the companies listed under “Key agreements”.

13. Taxes on income

	2017	2016
EUR thousand		
Taxes for reporting period	4	—
Prior-period taxes	-21,379	-11,125
	-21,375	-11,125

The pre-tax profit of EUR 122 (previous year: 407) million results in tax income of EUR 21 (11) million attributable to prior years. Significant amounts of income in the financial year were recognised practically free of tax.

At Talanx AG, including its tax group subsidiaries, deferred taxes are measured using a corporation tax rate (including the solidarity surcharge) of 15.83% (unchanged) and a trade tax rate of 16.31%. Deferred tax liabilities, which relate in particular to the balance sheet items “Shares in affiliated companies” and “Participating interests” (due to differences between the carrying amounts of shares in partnerships) were offset against deferred tax assets, in particular in respect of the balance sheet item “Loss and loss adjustment expense reserve”. Deferred tax assets in excess of these offset amounts are not recognised, as allowed by the option under section 274(1) sentence 2 of the HGB. There was no excess of deferred tax liabilities.