



# 2019

## PERFORMANCE AND RESULTS

Quarterly Statement as at 30 September 2019

# THE TALANX GROUP AT A GLANCE

## GROUP KEY FIGURES

	UNIT	6M 2019	Q3 2019	9M 2019	6M 2018	Q3 2018	9M 2018	+/- % 9M 2019 v. 9M 2018
<b>Gross written premiums</b>	EUR MILLION	20,864	9,461	30,325	18,760	8,331	27,091	+11.9
by region								
Germany	%	24	19	23	27	21	25	-2.0 pt.
United Kingdom	%	7	8	8	8	8	8	— pt.
Central and Eastern Europe (CEE), including Turkey	%	8	8	8	8	8	8	— pt.
Rest of Europe	%	16	16	16	16	15	16	— pt.
USA	%	20	22	21	18	21	19	+2.0 pt.
Rest of North America	%	2	3	2	2	2	2	— pt.
Latin America	%	7	8	7	7	8	7	— pt.
Asia and Australia	%	13	15	14	12	15	13	+1.0 pt.
Africa	%	1	2	2	2	2	2	— pt.
<b>Gross written premiums by type and class of insurance</b>								
Property/casualty primary insurance	EUR MILLION	6,516	2,648	9,164	5,811	2,007	7,818	+17.2
Primary life insurance	EUR MILLION	3,383	1,519	4,902	3,252	1,423	4,675	+4.8
Property/Casualty Reinsurance	EUR MILLION	7,189	3,436	10,625	6,252	3,121	9,373	+13.4
Life/Health Reinsurance	EUR MILLION	3,777	1,858	5,634	3,445	1,780	5,225	+7.8
<b>Net premiums earned</b>	EUR MILLION	15,917	8,269	24,186	14,435	7,406	21,841	+10.7
<b>Underwriting result</b>	EUR MILLION	-708	-574	-1,282	-748	-675	-1,423	+10.0
<b>Net investment income</b>	EUR MILLION	1,986	1,170	3,156	2,007	893	2,900	+8.8
<b>Net return on investment<sup>1)</sup></b>	%	3.3	—	3.4	3.5	—	3.3	+0.1 pt.
<b>Operating profit/loss (EBIT)</b>	EUR MILLION	1,244	619	1,863	1,212	259	1,471	+26.7
<b>Net income (after financing costs and taxes)</b>	EUR MILLION	858	456	1,313	771	171	942	+39.5
of which attributable to shareholders of Talanx AG	EUR MILLION	477	265	742	437	51	488	+52.0
<b>Return on equity<sup>2), 3)</sup></b>	%	10.4	10.7	10.4	10.0	2.4	7.5	+2.9 pt.
<b>Earnings per share</b>								
Basic earnings per share	EUR	1.89	1.05	2.93	1.73	0.20	1.93	+51.8
Diluted earnings per share	EUR	1.89	1.05	2.93	1.73	0.20	1.93	+51.8
<b>Combined ratio in property/casualty primary insurance and Property/Casualty Reinsurance<sup>4)</sup></b>	%	97.5	100.4	98.5	96.7	102.1	98.6	-0.1 pt.
Combined ratio of property/ casualty primary insurers <sup>5)</sup>	%	98.4	97.4	98.1	98.1	107.3	101.3	-3.2 pt.
Combined ratio of Property/ Casualty Reinsurance	%	96.7	102.2	98.7	95.7	98.8	96.8	+1.9 pt.
<b>EBIT margin primary insurance and Reinsurance</b>								
EBIT margin primary insurance <sup>5)</sup>	%	5.2	6.4	5.6	5.0	0.7	3.6	+2.0 pt.
EBIT margin Property/Casualty Reinsurance	%	11.1	6.8	9.6	13.6	11.3	12.8	-3.2 pt.
EBIT margin Life/Health Reinsurance	%	8.3	11.1	9.2	6.7	-4.3	3.0	+6.2 pt.
				<b>30.9.2019</b>			<b>31.12.2018</b>	+/- %
<b>Policyholders' surplus</b>	EUR MILLION			19,517			16,999	+14.8
Equity attributable to shareholders of Talanx AG	EUR MILLION			10,232			8,713	+17.4
Attributable to non-controlling interests	EUR MILLION			6,546			5,548	+18.0
Hybrid capital	EUR MILLION			2,739			2,738	+0.0
<b>Assets under own management</b>	EUR MILLION			123,095			111,868	+10.0
<b>Total investments</b>	EUR MILLION			134,751			122,831	+9.7
<b>Total assets</b>	EUR MILLION			179,599			162,879	+10.3
<b>Carrying amount per share at end of period</b>	EUR			40.48			34.47	+17.4
<b>Share price at end of period</b>	EUR			39.64			29.80	+33.0
<b>Market capitalisation of Talanx AG at end of period</b>	EUR MILLION			10,021			7,533	+33.0
<b>Employees</b>	FULL-TIME EQUIVALENTS			21,342			20,780	+2.7

<sup>1)</sup> 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 (30 September 2019 and 31 December 2018).

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

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

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

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

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## QUARTERLY STATEMENT

### BUSINESS DEVELOPMENT

#### PERFORMANCE OF THE GROUP

- Gross written premiums up 11.9%
- Large losses within budget for the financial year
- Group net income improves by over 50%

#### GROUP KEY FIGURES

EUR MILLION

	9M 2019	9M 2018	+/- %
Gross written premiums	30,325	27,091	+11.9
Net premiums earned	24,186	21,841	+10.7
Underwriting result	-1,282	-1,423	+10.0
Net investment income	3,156	2,900	+8.8
Operating profit/loss (EBIT)	1,863	1,471	+26.7
Combined ratio (net, property/casualty insurance only) in %	98.5	98.6	-0.1 pt.

#### MANAGEMENT METRICS

%

	9M 2019	9M 2018	+/- %
Gross premium growth (adjusted for currency effects)	10.6	11.4	-0.8 pt.
Group net income in EUR million	742	488	+52.0
Return on equity <sup>1)</sup>	10.4	7.5	+2.9 pt.
Net return on investment <sup>2)</sup>	3.4	3.3	+0.1 pt.

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

<sup>2)</sup> Ratio of annualised net investment income excluding interest income on funds withheld and contract deposits and profit on investment contracts to average assets under own management.

#### PREMIUM VOLUME

The Talanx Group's gross written premiums amounted to EUR 30.3 (27.1) billion in the first nine months of the year, a double-digit increase of 11.9% (10.6% adjusted for currency effects). The Property/Casualty Reinsurance segment played a significant role in the growth in gross premiums thanks to good results in business with solvency-easing products; the 30% upturn in gross premiums in the Industrial Lines Division stemmed largely from HDI Global Specialty SE. The Talanx Group's net premiums earned were 10.7% higher year-on-year at EUR 24.2 (21.8) billion. The retention ratio increased slightly to 88.5% (88.4%).

#### UNDERWRITING RESULT

The Group underwriting result improved by 10.0% to EUR -1,282 (-1,423) million, driven primarily by the Industrial Lines Division. The one-time burden from the prior year in the Life/Health Reinsurance segment also no longer applies. Large losses came to EUR 782 (648) million, in particular a result of higher large losses in the Property/Casualty Reinsurance segment incurred chiefly in the third quarter. Nonetheless, this did not exceed the EUR 900 million large loss budget for the first nine months in the Group as a whole. The net loss ratio was up slightly on the previous year whereas the net expense ratio fell slightly short. The Group's overall combined ratio therefore improved slightly year-on-year to 98.5% (98.6%).

#### NET INVESTMENT INCOME

Net investment income rose by 8.8% to EUR 3,156 (2,900) million. One driver of this was the sharp rise in extraordinary net investment income, especially in the Life/Health Reinsurance segment as a result of a non-recurring effect in the second quarter of 2019. At 3.4%, the Group net return on investment for the first nine months was up 0.1 percentage points on the previous year (3.3%).

#### OPERATING PROFIT/LOSS AND GROUP NET INCOME

Operating profit (EBIT) also saw a double-digit improvement, rising by 26.7% to EUR 1,863 (1,471) million. The Life/Health Reinsurance segment accounted for the largest share of this, followed by the Industrial Lines Division. Group net income was 52.0% higher than in the same period of the previous year at EUR 742 (488) million. The return on equity improved to 10.4% (7.5%), and was therefore well above the target for the year as a whole of over 9.5%.

## DEVELOPMENT OF THE DIVISIONS WITHIN THE GROUP

At a strategic level, Talanx divides its business into seven reportable segments: Industrial Lines, Retail Germany – Property/Casualty and Life Insurance –, Retail International, Property/Casualty Reinsurance, Life/Health Reinsurance and Corporate Operations. Please refer to the section entitled “Segment re-orting” in the Notes to the Talanx 2018 Group Annual Report for details of these segments’ structure and scope of business.

### INDUSTRIAL LINES

- Premium development shaped primarily by acquiring shares in HDI Global Specialty
- Fire insurance benefiting from improved frequency loss ratio
- Net investment income up significantly on previous year

#### KEY FIGURES FOR THE INDUSTRIAL LINES DIVISION

EUR MILLION

	9M 2019	9M 2018	+/-%
Gross written premiums	4,883	3,756	+30.0
Net premiums earned	2,149	1,910	+12.5
Underwriting result	-30	-224	+86.7
Net investment income	215	183	+17.8
Operating profit/loss (EBIT)	133	-32	+523.5

#### MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%

	9M 2019	9M 2018	+/-%
Gross premium growth (adjusted for currency effects)	28.1	8.9	+19.2 pt.
Combined ratio (net) <sup>1)</sup>	101.4	111.7	-10.3 pt.
EBIT margin <sup>2)</sup>	6.2	-1.6	+7.8 pt.
Return on equity <sup>3)</sup>	4.6	-2.1	+6.7 pt.

<sup>1)</sup> Taking into account interest income on funds withheld.

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

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

The division pools global activities relating to industrial insurance within the Talanx Group and, as well as its excellent presence on the German market, also operates in over 150 countries through its foreign branches, subsidiaries, affiliates and network partners. In July 2019, the division acquired 76.5% of Svedea AB from Hannover Re and Svedea Management. Svedea AB is a managing agent that markets non-life specialty insurance products on the Swedish market.

### PREMIUM VOLUME

Gross written premiums for the division amounted to EUR 4.9 (3.8) billion as at 30 September 2019, an increase of 30% (28.1% after adjustment for currency effects). Increases in premiums were essentially generated from acquiring shares in HDI Global Specialty. Restructuring measures in fire insurance launched in 2018 are showing clear success. The expected premium loss associated with this on account of separating inadequately priced risks was partially offset by risk-free additional premiums. Net premiums earned saw a smaller upturn than gross written premiums due to lower retention in specialty business in comparison to traditional industrial insurance business.

### UNDERWRITING RESULT

At EUR -30 (-224) million, the net underwriting result improved significantly on the previous year. Whereas the prior-year quarter was squeezed by an exceptional spate of large losses, large loss expenses in the current quarter were within the budget for the period. The “20/20/20” programme had a particularly positive impact, improving both the large loss ratio and the frequency loss ratio in fire insurance. This put the overall loss ratio at 81.0%, below the previous year’s figure of 90.6%. The combined ratio for the Industrial Lines Division was 101.4% (111.7%).

### NET INVESTMENT INCOME

Net investment income was up on the previous year thanks to a one-off effect. Higher income was generated from fixed-income securities and real estate thanks to the upturn in investment volume. Higher income was also generated from private equity.

### OPERATING PROFIT/LOSS AND GROUP NET INCOME

Other income/expenses came to EUR -52 (9) million, well below the previous year which benefited from a one-off effect from the sale of owner-occupied real estate (EUR 37 million), whereas the current reporting period included expenses incurred by HDI Global Specialty for the first time.

As a result of the developments stated above, the division’s operating profit was higher as at 30 September 2019 (EUR 133 million) than in the same period of the previous year (EUR -32 million). Group net income amounted to EUR 84 (-36) million.

## RETAIL GERMANY

### PROPERTY/CASUALTY INSURANCE

- Significant growth in corporate customers/freelance professionals
- Rise in EBIT thanks to improved net investment income

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

EUR MILLION

	9M 2019	9M 2018	+/- %
Gross written premiums	1,337	1,312	+1.9
Net premiums earned	1,105	1,075	+2.7
Underwriting result	18	21	-10.4
Net investment income	85	65	+30.1
Operating profit/loss (EBIT)	78	66	+19.1

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

%

	9M 2019	9M 2018	+/- %
Gross premium growth	1.9	2.2	-0.3 pt.
Combined ratio (net) <sup>1)</sup>	98.4	98.2	+0.2 pt.
EBIT margin <sup>2)</sup>	7.1	6.1	+1.0 pt.

<sup>1)</sup> Taking into account interest income on funds withheld.

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

### PREMIUM VOLUME AND NEW BUSINESS

There was a 1.9% increase in written premium income to EUR 1,337 (1,312) million in the Property/Casualty Insurance segment in the period to the end of September. The higher premium income was thanks in particular to growth in business with corporate customers/freelance professionals and third-party liability, accident and property.

### UNDERWRITING RESULT

The underwriting result fell from EUR 21 million to EUR 18 million in the current reporting period. While profitable growth had a positive impact on the underwriting result in third-party liability, accident and property lines of business, burdens were considerably higher due to natural disasters and large loss events. These effects resulted in a slight 0.2 percentage point rise in the combined ratio (net), from 98.2% to 98.4%.

### NET INVESTMENT INCOME

Net investment income rose to EUR 85 (65) million, essentially driven by higher realisations and an upturn in ordinary income due in part to a higher investment volume.

### OPERATING PROFIT/LOSS

EBIT was up significantly year-on-year at EUR 78 (66) million, thanks largely to positive net investment income trends. This pushed the EBIT margin up to 7.1% (6.1%).

### LIFE INSURANCE

- Growth in single premium business
- Lower ordinary investment income due to interest rates

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

EUR MILLION

	9M 2019	9M 2018	+/- %
Gross written premiums	3,395	3,310	+2.6
Net premiums earned	2,501	2,443	+2.4
Underwriting result	-1,109	-1,151	+3.6
Net investment income	1,242	1,257	-1.2
Operating profit/loss (EBIT)	107	90	+18.1
New business measured in annual premium equivalent	294	280	+5.2
Single premiums	1,111	969	+14.7
Regular premiums	183	183	+0.2
New business by product in annual premium equivalent	294	280	+5.2
of which capital-efficient products	125	104	+19.7
of which biometric products	101	98	+3.1

**MANAGEMENT METRICS FOR THE LIFE INSURANCE SEGMENT**

	9M 2019	9M 2018	+/- %
Gross premium growth	2.6	-2.6	+5.2 pt.
EBIT margin <sup>1)</sup>	4.3	3.7	+0.6 pt.

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

**PREMIUM VOLUME AND NEW BUSINESS**

The Life Insurance segment reported a 2.6% increase in premiums, rising to EUR 3.4 (3.3) billion at the end of September – including the savings elements of premiums from unit-linked life insurance. Single premiums excluding residual debt business picked up by EUR 100 million, comfortably offsetting the anticipated EUR 50 million decline in regular premiums due to an increase in policies maturing. In addition, premium income from the biometric core business of bancassurance climbed by EUR 11 million. Allowing for the savings elements of premiums from our unit-linked products and the change in the unearned premium reserve, net premiums earned in the Life Insurance segment increased by 2.4% to EUR 2.5 (2.4) billion.

New business in life insurance products – measured in the internationally applied metric of the annual premium equivalent (APE) – rose to EUR 294 (280) million in response to good performance in the single premium business.

**UNDERWRITING RESULT**

The underwriting result improved to EUR -1.1 (-1.2) billion in the current financial year. This was partly due to the unwinding of discounts on the technical provisions and policyholder participation in net investment income. These expenses are offset by investment income, which is not recognised in the underwriting result.

**NET INVESTMENT INCOME**

Net investment income declined marginally by 1.2% to EUR 1.2 (1.3) billion. This decline primarily reflects lower current interest income as a result of sustained low interest rates.

**OPERATING PROFIT/LOSS**

Operating profit (EBIT) in the Life Insurance segment in the Retail Germany Division rose by 18.1% year-on-year to EUR 107 (90).

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

	9M 2019	9M 2018	+/- %
Return on equity <sup>1)</sup>	5.8	4.8	+1.0 pt.

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

Taking income taxes, financing costs and non-controlling interests into account, Group net income rose to EUR 110 (89) million, with the return on equity increasing to 5.8 percentage points.

## RETAIL INTERNATIONAL

- Gross written premiums rose by 9.9% adjusted for currency effects
- EBIT up 13.1%

### KEY FIGURES FOR THE RETAIL INTERNATIONAL DIVISION

EUR MILLION

	9M 2019	9M 2018	+/- %
Gross written premiums	4,537	4,200	+8.0
Net premiums earned	4,009	3,650	+9.8
Underwriting result	34	58	-40.5
Net investment income	286	243	+18.1
Operating profit/loss (EBIT)	227	202	+13.1

### MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%

	9M 2019	9M 2018	+/- %
Gross premium growth (adjusted for currency effects)	9.9	9.1	+0.8 pt.
Combined ratio (net, property/casualty insurance only) <sup>1)</sup>	95.1	94.4	+0.7 pt.
EBIT margin <sup>2)</sup>	5.7	5.5	+0.2 pt.
Return on equity <sup>3)</sup>	8.7	8.2	+0.5 pt.

<sup>1)</sup> Taking into account interest income on funds withheld.

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

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

This division bundles the activities of the international retail business in the Talanx Group and is active in both Europe and Latin America. In the Europe region, the Turkish HDI Sigorta A.ş. acquired the Turkish Ergo Sigorta A.ş. on 2 May 2019 with the aim of further expanding its market presence. The merger is still subject to approval

by the Turkish supervisory authority and this is expected in the next few months. In Brazil, a cooperation agreement was negotiated in the third quarter with Icatu Seguros S.A. regarding the joint sale of term life insurance. This was concluded on 2 October 2019. The division had already streamlined its Latin America portfolio in the first quarter by selling its 100% interest in HDI Seguros S.A., San Isidro, Peru.

### PREMIUM VOLUME

The division's gross written premiums (including premiums from unit-linked life and annuity insurance) increased by 8.0% compared to the same period of the previous year to EUR 4.5 (4.2) billion. Adjusted for currency effects, gross premiums increased by 9.9% on the comparison period. Premium volume performed well in the two regions during the reporting period.

The Europe region reported growth in gross written premiums of 9.4% to EUR 3.3 billion; this growth was driven primarily by a 13.1% increase in premiums to EUR 1,251 million at the Italian HDI Assicurazioni S.p.A. TUIR WARTA S.A. in Poland also reported positive effects on gross written premiums for the region, with premium volume up by 5.6% thanks to a higher number of insured vehicles in motor vehicle insurance. Adjusted for currency effects, the growth in premium volume in Europe stood at 10.9%.

In the Latin America region, gross written premiums increased by 6.0% compared to the same period of the previous year to EUR 1,287 million. Adjusted for currency effects, the growth amounted to 8.6%, which was essentially due to good performance in Mexico and Brazil. Premium volumes at the Mexican HDI Seguros S.A. amounted to 7.3%, with comprehensive homeowners insurance enjoying a particular upturn as a result of regional diversification. 46.5% of the premium volume generated in the region was accounted for by the Brazilian HDI Seguros S.A. Adjusted for currency effects, the company's gross written premiums rose by 3.9% to EUR 599 million, with the growth in building insurance also playing a role here.



## UNDERWRITING RESULT

The combined ratio from property insurance companies increased by 0.7 percentage points year-on-year to 95.1%. The expense ratio for the division was 0.8 percentage points higher than the previous year (28.1%), at 28.9%. The loss ratio, on the other hand, was down 0.3 percentage points on the prior year at 66.1% (66.4%), driven chiefly by the Polish WARTA, Brazil and Turkey.

In line with higher net investment income in life insurance, the underwriting result in life business fell by EUR 16 million.

## NET INVESTMENT INCOME

Net investment income rose year-on-year by 18.1% to EUR 286 million. The division's ordinary net investment climbed by 14.3% against the comparison period, essentially driven by higher investment volumes in Italy and higher interest rates and investment volumes in Turkey. Accordingly, the return on assets under own management is 3.4%.

## OPERATING PROFIT/LOSS AND GROUP NET INCOME

In the first nine months of 2019, operating profit (EBIT) in the Retail International Division rose by 13.1% compared with the prior-year period to EUR 227 million. The Europe region contributed to the operating profit of the segment with EBIT of EUR 209 (177) million, a year-on-year increase of 18.2%, whereby this growth was primarily due to developments at TUIR WARTA S. A. in Poland. By contrast, EBIT of EUR 49 (44) million was generated in the Latin America region. Group net income after minority interests increased accordingly by 7.2% to EUR 132 (124) million. The return on equity rose by 0.5 percentage points to 8.7% compared to the same period in the previous year.

## ADDITIONAL KEY FIGURES

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

EUR MILLION	9M 2019	9M 2018	+/-%
<b>Gross written premiums</b>	<b>4,537</b>	<b>4,200</b>	<b>+8.0</b>
Property/Casualty	2,986	2,790	+7.0
Life	1,551	1,410	+10.0
<b>Net premiums earned</b>	<b>4,009</b>	<b>3,650</b>	<b>+9.8</b>
Property/Casualty	2,566	2,410	+6.5
Life	1,443	1,240	+16.3
<b>Underwriting result</b>	<b>34</b>	<b>58</b>	<b>-40.5</b>
Property/Casualty	128	136	-4.9
Life	-94	-78	21.0
Other	—	—	—
<b>Net investment income</b>	<b>286</b>	<b>243</b>	<b>+18.1</b>
Property/Casualty	149	126	+17.4
Life	143	118	+20.0
Other	-3	-1	+105.4
<b>New business by product in annual premium equivalent (life)</b>	<b>188</b>	<b>170</b>	<b>+10.1</b>
Single premiums	1,342	1,213	+10.6
Regular premiums	53	49	+8.8
<b>New business by product in annual premium equivalent (life)</b>	<b>188</b>	<b>170</b>	<b>+10.1</b>
of which capital-efficient products	105	95	+10.9
of which biometric products	49	47	5.7

### RETAIL INTERNATIONAL DIVISION BY REGION AT A GLANCE

EUR MILLION	9M 2019	9M 2018	+/-%
<b>Gross written premiums</b>	<b>4,537</b>	<b>4,200</b>	<b>+8.0</b>
of which Europe	3,250	2,971	+9.4
of which Latin America	1,287	1,215	+6.0
<b>Net premiums earned</b>	<b>4,009</b>	<b>3,650</b>	<b>+9.8</b>
of which Europe	2,878	2,638	+9.1
of which Latin America	1,131	1,012	+11.8
<b>Underwriting result</b>	<b>34</b>	<b>58</b>	<b>-40.5</b>
of which Europe	25	26	-5.2
of which Latin America	28	37	-22.5
<b>Net investment income</b>	<b>286</b>	<b>243</b>	<b>+18.1</b>
of which Europe	236	198	+19.3
of which Latin America	55	48	+15.4
<b>Operating profit (EBIT)</b>	<b>227</b>	<b>202</b>	<b>+13.1</b>
of which Europe	209	177	+18.2
of which Latin America	49	44	+14.9

## REINSURANCE

### PROPERTY/CASUALTY REINSURANCE

- Growth of 17.5% in written premiums adjusted for currency effects
- Large loss burden for first nine months up on prior year but within budget
- Satisfactory results for renewals during the year

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

EUR MILLION

	9M 2019	9M 2018	+/- %
Gross written premiums	11,653	9,657	+20.7
Net premiums earned	9,282	8,016	+15.8
Underwriting result	89	230	-61.4
Net investment income	817	807	+1.3
Operating profit/loss (EBIT)	887	1,026	-13.5

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

%

	9M 2019	9M 2018	+/- %
Gross premium growth (adjusted for currency effects)	17.5	24.0	-6.5 pt.
Combined ratio (net) <sup>1)</sup>	98.7	96.8	+1.9 pt.
EBIT margin <sup>2)</sup>	9.6	12.8	-3.2 pt.

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

## BUSINESS DEVELOPMENT

The market for reinsurers is still facing major challenges. Over-capacities that have been around for years to cover insurance risks are continuing to weigh on prices for reinsurance cover. In addition, historically low interest rates are curbing the result from investment.

Throughout the year, the market responded to these challenges and we witnessed increasing improvements in the development of prices and conditions in the renewal rounds with our customers. The reason behind this is that primary insurance performed well on a broader level, which is also partially reflected in the reinsurance business. Moreover, demand for reinsurance cover among primary insurers picked up, in particular in the US.

Nonetheless, these effects of recovery are not sufficient everywhere and further price increases are required in sub-markets. As well as considerable large losses from 2018, ongoing subsequent reserves for claims and claims expenses incurred in previous years also have a negative impact on technical results. Given that competition in the reinsurance market remains stiff, technical discipline in underwriting continues to be of the utmost importance for Hannover Re.

Some higher prices have already been achieved in the renewal rounds this year. Treaty renewal rounds throughout the year in the Property/Casualty Reinsurance segment went well for Hannover Re, in particular those on 1 June and 1 July. During this time, parts of the North America business, the area of natural disaster risks and parts of reinsurance coverage for risks from the credit and surety business were renewed. This was also the main renewal season for business in Australia and New Zealand. Prices rose substantially, in particular for programmes or regions that have been affected by losses. Rates have generally stabilised for claims-free coverage, although there have been some increases. The overall picture was in line with risk. The renewal in North America was particularly successful for Hannover Re, with rates in all lines of business except workers' compensation seeing at least a single-digit increase. Lines with loss burdens even enjoyed clear double-digit growth. On this basis, we continue to assume steady organic growth.

## PREMIUM DEVELOPMENT

Gross written premiums in the Property/Casualty Reinsurance segment thus increased significantly by 20.7% to EUR 11.7 (9.7) billion. At constant exchange rates, the growth would have amounted to 17.5%. Growth was spurred in particular by the performance in North America, Germany, Asia and in structured reinsurance. Retention remained virtually on par with the previous year at 90.8% (90.9%). Net premiums earned improved by 15.8% to EUR 9.3 (8.0) billion; growth would have amounted to 13.1% when adjusted for currency effects.

## UNDERWRITING RESULT

While the first half of the year was characterised by very moderate large losses, the third quarter was marked by a considerable upturn in the loss burden. The largest losses included hurricane “Dorian” with a net loss burden of EUR 187 million for Hannover Re, typhoon “Faxai” in Japan at EUR 76 million and UK tour operator Thomas Cook entering insolvency at EUR 112 million. We thus overshot our quarterly large loss budget of EUR 295 million, with total large losses coming to EUR 405 million. In total, our net large loss burden in the first nine months was well above the figure for the previous year at EUR 546 (365) million, but it remained within our planned budget for this period of EUR 665 million. We classify large losses as events for which we expect to pay out over EUR 10 million in gross claims and claims expenses.

The underwriting result fell from EUR 230 million to EUR 89 million on account of the higher burden of large losses. The combined ratio deteriorated to 98.7% (96.8%), above our target rate for the year as a whole of maximum 97%. As well as high losses in the third quarter, this was caused by the company’s conservative approach to reserves.

## NET INVESTMENT INCOME

Income from assets under own management in the Property/Casualty Reinsurance segment rose marginally to EUR 783 (780) million, with total net investment income coming to EUR 817 (807) million.

## OPERATING PROFIT/LOSS

Operating profit (EBIT) for the Property/Casualty Reinsurance segment decreased by 13.5% to EUR 887 (1,026) million. At 9.6% (12.8%), the EBIT margin fell slightly short of our target level of at least 10%.

## LIFE/HEALTH REINSURANCE

- Growth of 5.8% in written premiums adjusted for currency effects
- Sustained strong global demand for tailored financial solutions
- No more one-time burdens from the previous year and extraordinary investment income

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

EUR MILLION

	9M 2019	9M 2018	+/-%
Gross written premiums	5,740	5,335	+7.6
Net premiums earned	5,109	4,758	+7.4
Underwriting result	-275	-356	+23.1
Net investment income	527	367	+42.9
Operating profit/loss (EBIT)	472	144	+226.3

### MANAGEMENT METRICS

%

	9M 2019	9M 2018	+/-%
Gross premium growth (adjusted for currency effects)	5.8	4.8	+1.0 pt.
EBIT growth <sup>1)</sup>	226.3	-25.1	+251.4 pt.

<sup>1)</sup> Change in operating profit/loss (EBIT) compared to the prior year in %.

## BUSINESS DEVELOPMENT

Global life/health reinsurance markets remain characterised by stiff competition and the ongoing deterioration of interest rates in Europe and the US throughout the year. This stands in contrast to financial solutions, where we offer our customers individual reinsurance solutions to improve their solvency, liquidity and capital and which is still enjoying strong global demand and good conditions.

In the US, new business in the area of mortality solutions is continuing to perform better than expected. Thanks to good new business, our expectations in the area of financial solutions were slightly exceeded. Particularly in China, we are observing buoyant demand for tailor-made coverage in the financial solutions area, while demand for longevity risk hedging solutions is especially strong in Canada, the Netherlands and the UK.

**PREMIUM DEVELOPMENT**

The gross premium volume in the Life/Health Reinsurance segment rose by 7.6% to EUR 5.7 (5.3) billion as at 30 September 2019. Adjusted for currency effects, growth came to 5.8%. We are therefore slightly above our target of gross premium growth of 3% to 5%. Growth was driven here primarily by Asia, in particular China. Net premiums earned rose to EUR 5.1 (4.8) billion. At constant exchange rates, the increase would have amounted to 5.6%. Retention was slightly lower than in the previous year at 89.9% (90.6%).

**NET INVESTMENT INCOME**

Investment income in the Life/Health Reinsurance segment picked up by 42.9% to EUR 527 (367) million. This growth can be attributed primarily to recognising hidden reserves as part of the restructuring of shares in an equity interest in the second quarter.

**OPERATING PROFIT/LOSS**

Operating profit (EBIT) climbed significantly to EUR 472 (144) million, in part aided by a sharp rise in income in the US. In the previous year, this had still been marked by a one-time burden as a result of treaty recaptures in the US mortality business. The increase is well above the target of at least 5% that we set for EBIT growth in 2019.

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

%

	9M 2019	9M 2017	+/- %
Return on equity <sup>1)</sup>	13.5	12.0	+1.5 pt.

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

Group net income in the Reinsurance Division as at 30 September 2019 improved to EUR 480 (365) million, with the return on equity rising to 13.5% (12.0%).

**CORPORATE OPERATIONS**

- Group assets under own management climb by 10.0%

**OPERATING PROFIT/LOSS**

The operating profit in the Corporate Operations segment decreased to EUR -4 (7) million in the first nine months of 2019, essentially as a result of additional reserves recognised in conjunction with commencing insurance business by Talanx AG and the bonus fee for the placement of a bond of EUR 832 million to finance the "Borkum Riffgrund 2" offshore wind farm in the previous year. Group net income attributable to shareholders of Talanx AG for this segment amounted to EUR -67 (-56) million in the first nine months of 2019.

## INVESTMENTS AND FINANCIAL POSITION

The total investment portfolio increased by 9.7% by the end of the third quarter of 2019 and amounted to EUR 134.8 (122.8) billion. The portfolio of assets under own management also climbed by 10.0% to EUR 123.1 (111.9) billion. Growth in the portfolio of assets under own management was due to cash inflows from underwriting business, which were reinvested in accordance with the respective company guidelines. Portfolio expansion is also a result of market

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

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

Fixed-income investments were again the most significant asset class as at the end of the third quarter of 2019. They contributed EUR 2.0 (2.0) billion to earnings, which was reinvested as far as possible in the year under review.

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

EUR MILLION

	30.9.2019		31.12.2018	
Investment property	3,117	3%	2,985	3%
Shares in affiliated companies and participating interests	383	< 1%	206	< 1%
Shares in associates and joint ventures	249	< 1%	265	< 1%
Loans and receivables				
Loans incl. mortgage loans	413	< 1%	460	< 1%
Loans and receivables due from government or quasi-governmental entities and fixed-income securities	28,287	23%	28,684	26%
Financial assets held to maturity	376	<1%	409	< 1%
Financial assets available for sale				
Fixed-income securities	80,788	66%	70,165	63%
Variable-yield securities	2,005	2%	1,799	2%
Financial assets classified at fair value through profit or loss				
Financial assets classified at fair value through profit or loss				
Fixed-income securities	1,088	1%	1,344	1%
Variable-yield securities	148	<1%	126	< 1%
Financial assets held for trading				
Variable-yield securities	110	<1%	131	< 1%
Derivatives <sup>1)</sup>	337	< 1%	239	< 1%
Other investments	5,796	5%	5,055	5%
<b>Assets under own management</b>	<b>123,095</b>	<b>100%</b>	<b>111,868</b>	<b>100%</b>

<sup>1)</sup> Only derivatives with positive fair values.

### FIXED-INCOME SECURITIES

The portfolio of fixed-income investments (excluding mortgage and policy loans) rose by EUR 10 billion to EUR 110.5 (100.6) billion as at the end of the reporting period. At 82% (82%) of total investments, this asset class continues to represent the most significant share of our investments by volume. Fixed-income investments were primarily divided into the investment categories "financial assets available for sale" (73% [70%] of total investments in the fixed income portfolio) and "Loans and receivables" (26% [29%] of total holdings of fixed-income securities).

“Fixed-income securities available for sale” rose by EUR 10.6 billion to EUR 80.8 (70.2) billion, which essentially explains the overall upturn in the portfolio of fixed-income investments. Reinvestments were made taking into account the existing investment structure in this asset class. Valuation reserves, i.e. the balance of unrealised gains and losses, have risen from EUR 1.7 billion to EUR 7.3 billion since the end of 2018 on the back of market conditions. The volatility of “fixed-income securities available for sale” is reflected in equity.

In the “Loans and receivables” category, investments are primarily held in government securities or securities with a similar level of security. German covered bonds (Pfandbriefe) are still the largest item in the portfolio. Total holdings in fixed-income securities within the “Loans and receivables” category amounted to EUR 28.7 (29.1) billion at the end of the quarter. Off-balance-sheet valuation reserves of “Loans and receivables” increased to EUR 6.6 (3.8) billion.

The Talanx Group pursues a conservative investment policy. Investments in fixed-income securities continue to focus on government bonds with good ratings or securities from issuers with a similar credit quality in 2019. Holdings of AAA-rated bonds amounted to EUR 46.1 (43.1) billion as at the reporting date. The rating structure of fixed-income securities is virtually unchanged in comparison to the end of the previous financial year. 77% (78%) of fixed-income securities have a minimum A rating.

## CURRENCY EFFECTS

As far as matching currency cover is concerned, US dollar-denominated investments continue to account for the largest share at 19% (19%) 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 33% (32%) as at the reporting date.

## NET INVESTMENT INCOME

### CHANGE IN NET INVESTMENT INCOME

EUR MILLION

	9M 2019	9M 2018
Ordinary investment income	2,618	2,566
of which current income from interest	2,050	2,026
of which attributable to profit/loss from investments in associates	17	4
Realised net gains on disposal of investments	585	485
Write-downs/reversals of write-downs of investments	-117	-124
Unrealised net gains from investments	127	5
Other investment expenses	-195	-184
Income from assets under own management	3,018	2,748
Net interest income from funds withheld and contract deposits	136	153
Net income from investment contracts	2	-1
<b>Total</b>	<b>3,156</b>	<b>2,900</b>

At EUR 3,150 (2,900) million, net investment income for the reporting period was up significantly on the previous year’s level, essentially a result of higher unrealised and realised gains on account of market conditions. This resulted in annualised net return on investment of 3.4% (3.3%).

Despite consistently low interest rates, ordinary investment income totalled EUR 2.6 billion at the end of the quarter, a year-on-year increase of EUR 52 million. This development is due in part to high income from real estate and higher current interest income, primarily due to growth in the investment portfolio. The average coupon in the fixed-income securities portfolio remains almost constant at 2.8% (2.9%).

Total realised net gains on the disposal of investments in the third quarter of the financial year were higher than the previous year’s figure at EUR 585 (485) million. This rise is attributable largely to recognising hidden reserves as part of the restructuring of shares at Viridium (Life/Health Reinsurance segment) and to selling two real estate properties (Property/Casualty Reinsurance segment).

Lower depreciation and amortisation was required overall in the reporting period compared to the prior year. Taking into account reversals of impairment losses, this totalled EUR 117 (124) million, of which EUR 70 (67) million related to depreciation on directly held real estate and infrastructure investments and EUR 40 (34) million to other investments, chiefly in the area of alternative investments.

Unrealised net gains/losses rose considerably from EUR 5 million to EUR 127 million thanks to market conditions. The rise was driven by changes in our assets held at fair value through profit or loss. This includes, among other things, unrealised net gains/losses on ModCo derivatives in the Life/Health Reinsurance segment of EUR 6 (-4) million. In previous years, a derivative financial instrument was also unbundled from another, similarly structured transaction, which was also recognised at fair value as income or expenses. In the current financial year, the value performance of this derivative led to an upturn in earnings of EUR 39 (-7) million.

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

EUR MILLION

	9M 2019	9M 2018
Industrial Lines	219	186
Retail Germany – Property/Casualty	85	66
Retail Germany – Life	1,274	1,285
Retail International	294	250
Property/Casualty Reinsurance	819	808
Life/Health Reinsurance	530	372
Corporate Operations	-65	-67
<b>Total</b>	<b>3,156</b>	<b>2,900</b>

<sup>1)</sup> After elimination of intragroup cross-segment transactions.

**CHANGE IN EQUITY****CHANGE IN EQUITY**

EUR MILLION

	30.9.2019	31.12.2018	Change	+/- %
Subscribed capital	316	316	—	—
Capital reserves	1,373	1,373	—	—
Retained earnings	7,642	7,281	361	+5.0
Accumulated other comprehensive income and other reserves	901	-257	1,158	+450.9
<b>Group equity</b>	<b>10,232</b>	<b>8,713</b>	<b>1,519</b>	<b>+17.4</b>
Non-controlling interests in equity	6,546	5,548	998	+18.0
<b>Total</b>	<b>16,778</b>	<b>14,261</b>	<b>2,517</b>	<b>+17.6</b>

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

EUR MILLION

	30.9.2019	31.12.2018
Industrial Lines	2,634	2,364
of which non-controlling interests	63	—
Retail Germany	2,789	2,443
of which non-controlling interests	84	61
Retail International	2,353	2,149
of which non-controlling interests	235	231
Reinsurance	11,351	9,491
of which non-controlling interests	6,782	5,773
Corporate Operations	-2,398	-2,228
of which non-controlling interests	—	—
Consolidation	49	42
of which non-controlling interests	-618	-517
<b>Total equity</b>	<b>16,778</b>	<b>14,261</b>
Group equity	10,232	8,713
Non-controlling interests in equity	6,546	5,548

<sup>1)</sup> 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 exchange rate shocks
- no significant fiscal or regulatory changes
- a large loss burden in line with expectations

We provide forecast figures at year-end for the key figures at the Talanx Group and its divisions that the Group uses to control its business operations. After the first nine months of financial year 2019, we expect to see gross premium income growth of 4% (adjusted for currency effects) in comparison to the outlook in the 2018 Annual Report, which can essentially be attributed to good performance in the reinsurance area in the first nine months. We continue to confirm our forecast of Group net income of over EUR 900 million.

Talanx is publishing an earnings outlook for financial year 2020 together with its results for the first nine months of the current year. We are assuming continuing premium growth of approximately 4%. The net return on investment under the IFRSs is forecast to be approximately 2.7%, with the even lower interest rate environment expected to impact net interest income by roughly EUR 25 million. Despite this, we are aiming for Group net income to improve to between more than EUR 900 million and EUR 950 million, in line with our strategic measures to improve Group profitability. This should correspond to a return on equity of more than 9.0 to 9.5%. A decrease of 0.5 percentage points compared to the current year is likely here due to the interest-rate driven increase in equity.

## TALANX GROUP

## MANAGEMENT METRICS

%

	Outlook for 2019 on the basis of 9M 2019	Outlook for 2019 on the basis of 6M 2019	Outlook for 2019 on the basis of Q1 2019	Forecast for 2019 from the 2018 Annual Report
Gross premium growth (adjusted for currency effects)	> 4	~ 4	~ 4	~ 4
Net return on investment	> 2.7	> 2.7	~ 2.7	~ 2.7
Group net income in EUR million	> 900	> 900	around 900	around 900
Return on equity	> 9.5	> 9.5	~ 9.5	~ 9.5
Payout ratio	35–45	35–45	35–45	35–45

## INDUSTRIAL LINES

Shares in Svedea AB were transferred from Hannover Rück SE to HDI Global Specialty SE in the third quarter, resulting in a positive deconsolidation effect at the Hannover Re Group of around EUR 50 million. However, the Talanx Group did not generate a pro rata effect (around EUR 25 million) as a result of intragroup consolidation. On the basis of performance in the first nine months of 2019 and despite the encouraging third quarter, we now expect to see a combined ratio (net) of around 101% for 2019 as a whole, which is very close to the improvement to this figure originally planned.

## MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%

	Outlook for 2019 on the basis of 9M 2019	Outlook for 2019 on the basis of 6M 2019	Outlook for 2019 on the basis of Q1 2019	Forecast for 2019 from the 2018 Annual Report
Gross premium growth (adjusted for currency effects)	≥ 20	≥ 20	≥ 20	≥ 20
Combined ratio (net)	~ 101	~ 100	~ 100	~ 100
EBIT margin	~ 5	~ 5	~ 5	~ 5
Return on equity	~ 4	~ 4	~ 4	~ 4

## RETAIL GERMANY

## PROPERTY/CASUALTY INSURANCE

In our outlook for 2019 in the 2018 Annual Report, we had expected gross premiums to rise by at least 3% in the Property/Casualty Insurance segment in the Retail Germany Division. Given current developments on the automotive market, we are now anticipating gross premium growth of 1% to 3% in 2019 as a whole. Our underwriting policy is committed to ensuring strong premiums and profitability.

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

%

	Outlook for 2019 on the basis of 9M 2019	Outlook for 2019 on the basis of 6M 2019	Outlook for 2019 on the basis of Q1 2019	Forecast for 2019 from the 2018 Annual Report
Gross premium growth	1–3	≥ 3	≥ 3	≥ 3
Combined ratio (net)	~ 99	~ 99	~ 99	~ 99
EBIT margin	≥ 5	≥ 5	≥ 5	≥ 5

## LIFE INSURANCE

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

%

	Outlook for 2019 on the basis of 9M 2019	Outlook for 2019 on the basis of 6M 2019	Outlook for 2019 on the basis of Q1 2019	Forecast for 2019 from the 2018 Annual Report
Gross premium growth	stable	stable	stable	stable
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 2019 on the basis of 9M 2019	Outlook for 2019 on the basis of 6M 2019	Outlook for 2019 on the basis of Q1 2019	Forecast for 2019 from the 2018 Annual Report
Return on equity	~ 5	~ 5	~ 5	~ 5

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

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

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

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

	Outlook for 2019 on the basis of 9M 2019	Outlook for 2019 on the basis of 6M 2019	Outlook for 2019 on the basis of Q1 2019	Forecast for 2019 from the 2018 Annual Report
Gross premium growth (adjusted for currency effects)	significant growth	significant growth	significant growth	significant growth
Combined ratio (net)	< 97	< 97	< 97	< 97
EBIT margin	≥ 10	≥ 10	≥ 10	≥ 10

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

	Outlook for 2019 on the basis of 9M 2019	Outlook for 2019 on the basis of 6M 2019	Outlook for 2019 on the basis of Q1 2019	Forecast for 2019 from the 2018 Annual Report
Gross premium growth (adjusted for currency effects) <sup>1)</sup>	moderate growth	moderate growth	moderate growth	moderate growth
Value of new business <sup>2)</sup> in EUR million	≥ 110	≥ 110	≥ 110	≥ 110
EBIT growth	> 5	> 5	> 5	> 5

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

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

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

	Outlook for 2019 on the basis of 9M 2019	Outlook for 2019 on the basis of 6M 2019	Outlook for 2019 on the basis of Q1 2019	Forecast for 2019 from the 2018 Annual Report
Return on equity	~ 14	~ 14	~ 14	~ 14

## CONSOLIDATED BALANCE SHEET OF TALANX AG AS AT 30 SEPTEMBER 2019

### CONSOLIDATED BALANCE SHEET – ASSETS

EUR MILLION

	30.9.2019	31.12.2018
A. Intangible assets		
a. Goodwill	1,103	1,058
b. Other intangible assets	926	895
	<b>2,029</b>	<b>1,953</b>
B. Investments		
a. Investment property	3,117	2,985
b. Shares in affiliated companies and participating interests	383	206
c. Shares in associates and joint ventures	249	265
d. Loans and receivables	28,700	29,144
e. Other financial instruments		
i. Financial assets held to maturity	376	409
ii. Financial assets available for sale	82,793	71,964
iii. Financial assets classified at fair value through profit or loss	1,682	1,840
f. Other investments	5,796	5,055
<b>Assets under own management</b>	<b>123,095</b>	<b>111,868</b>
g. Investments under investment contracts	1,146	1,042
h. Funds withheld by ceding companies	10,510	9,921
<b>Investments</b>	<b>134,751</b>	<b>122,831</b>
C. Investments for the benefit of life insurance policyholders who bear the investment risk	11,426	9,990
D. Reinsurance recoverables on technical provisions	8,651	8,506
E. Accounts receivable on insurance business	8,503	7,251
F. Deferred acquisition costs	5,738	5,358
G. Cash at banks, cheques and cash-in-hand	4,079	3,362
H. Deferred tax assets	1,351	1,156
I. Other assets	3,050	2,457
J. Non-current assets and assets of disposal groups classified as held for sale	21	15
<b>Total assets</b>	<b>179,599</b>	<b>162,879</b>

**CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES**

EUR MILLION

	30.9.2019	31.12.2018
<b>A. Equity</b>		
a. Subscribed capital	316	316
Nominal amount: 316 (previous year: 316)		
Contingent capital: 158 (previous year: 158)		
b. Reserves	9,916	8,397
<b>Equity excluding non-controlling interests</b>	<b>10,232</b>	<b>8,713</b>
c. Non-controlling interests in equity	6,546	5,548
<b>Total equity</b>	<b>16,778</b>	<b>14,261</b>
<b>B. Subordinated liabilities</b>	<b>2,739</b>	<b>2,738</b>
<b>C. Technical provisions</b>		
a. Unearned premium reserves	11,082	8,590
b. Benefit reserve	56,873	56,234
c. Loss and loss adjustment expense reserve	49,519	45,887
d. Provision for premium refunds	9,274	5,703
e. Other technical provisions	699	628
	<b>127,447</b>	<b>117,042</b>
<b>D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders</b>	<b>11,426</b>	<b>9,990</b>
<b>E. Other provisions</b>		
a. Provisions for pensions and other post-employment benefits	2,468	2,144
b. Provisions for taxes	677	650
c. Miscellaneous other provisions	800	887
	<b>3,946</b>	<b>3,681</b>
<b>F. Liabilities</b>		
a. Notes payable and loans	2,279	2,245
b. Funds withheld under reinsurance treaties	4,457	4,441
c. Other liabilities	7,232	6,095
	<b>13,968</b>	<b>12,781</b>
<b>G. Deferred tax liabilities</b>	<b>3,287</b>	<b>2,380</b>
<b>H. Liabilities included in disposal groups classified as held for sale</b>	<b>9</b>	<b>6</b>
<b>Total liabilities/provisions</b>	<b>162,821</b>	<b>148,618</b>
<b>Total equity and liabilities</b>	<b>179,599</b>	<b>162,879</b>

# CONSOLIDATED STATEMENT OF INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019

## CONSOLIDATED STATEMENT OF INCOME

EUR MILLION

	9M 2019	9M 2018 <sup>1)</sup>	Q3 2019	Q3 2018 <sup>1)</sup>
1. Gross written premiums including premiums from unit-linked life and annuity insurance	30,325	27,091	9,461	8,331
2. Savings elements of premiums from unit-linked life and annuity insurance	729	773	257	225
3. Ceded written premiums	3,391	3,052	1,050	925
4. Change in gross unearned premiums	-2,277	-1,667	138	314
5. Change in ceded unearned premiums	-258	-242	23	89
<b>Net premiums earned</b>	<b>24,186</b>	<b>21,841</b>	<b>8,269</b>	<b>7,406</b>
6. Claims and claims expenses (gross)	21,427	19,872	7,432	7,102
Reinsurers' share	2,011	2,105	694	915
<b>Claims and claims expenses (net)</b>	<b>19,416</b>	<b>17,767</b>	<b>6,738</b>	<b>6,187</b>
7. Acquisition costs and administrative expenses (gross)	6,475	5,904	2,261	2,029
Reinsurers' share	484	459	175	158
<b>Net acquisition and administrative expenses</b>	<b>5,991</b>	<b>5,445</b>	<b>2,086</b>	<b>1,871</b>
8. Other technical income	43	40	11	10
Other technical expenses	104	92	30	33
<b>Other technical result</b>	<b>-61</b>	<b>-52</b>	<b>-19</b>	<b>-23</b>
<b>Net technical result</b>	<b>-1,282</b>	<b>-1,423</b>	<b>-574</b>	<b>-675</b>
9. a. Investment income	3,617	3,379	1,266	1,032
b. Investment expenses	599	631	146	185
<b>Net income from assets under own management</b>	<b>3,018</b>	<b>2,748</b>	<b>1,120</b>	<b>847</b>
Net income from investment contracts	2	-1	1	-1
Net interest income from funds withheld and contract deposits	136	153	49	47
<b>Net investment income</b>	<b>3,156</b>	<b>2,900</b>	<b>1,170</b>	<b>893</b>
of which share of profit or loss of equity-accounted associates and joint ventures	17	4	2	-
10. a. Other income	857	838	277	278
b. Other expenses	868	844	254	237
<b>Other income/expenses</b>	<b>-11</b>	<b>-6</b>	<b>23</b>	<b>41</b>
<b>Profit before goodwill impairments</b>	<b>1,863</b>	<b>1,471</b>	<b>619</b>	<b>259</b>
11. Goodwill impairments	-	-	-	-
<b>Operating profit/loss (EBIT)</b>	<b>1,863</b>	<b>1,471</b>	<b>619</b>	<b>259</b>
12. Financing costs	142	128	48	44
13. Taxes on income	408	401	115	44
<b>Net income</b>	<b>1,313</b>	<b>942</b>	<b>456</b>	<b>171</b>
of which attributable to non-controlling interests	572	454	191	120
of which attributable to shareholders of Talanx AG	742	488	265	51
<b>Earnings per share</b>				
Basic earnings per share (EUR)	2.93	1.93	1.05	0.20
Diluted earnings per share (EUR)	2.93	1.93	1.05	0.20

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR MILLION

	9M 2019	9M 2018	Q3 2019	Q3 2018
Net income	1,313	942	456	171
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains (losses) on pension provisions				
Gains (losses) recognised in other comprehensive income for the period	-349	1	-122	9
Tax income (expense)	103	—	34	-2
	-246	1	-87	7
Changes in policyholder participation/shadow accounting				
Gains (losses) recognised in other comprehensive income for the period	15	—	7	—
Tax income (expense)	—	—	—	—
	15	—	7	—
<b>Total items that will not be reclassified to profit or loss, net of tax</b>	<b>-231</b>	<b>1</b>	<b>-80</b>	<b>7</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Unrealised gains and losses on investments				
Gains (losses) recognised in other comprehensive income for the period	5,986	-1,466	2,146	-532
Reclassified to profit or loss	-212	-202	-110	-13
Tax income (expense)	-810	322	-248	105
	4,964	-1,346	1,787	-440
Exchange differences on translating foreign operations <sup>1)</sup>				
Gains (losses) recognised in other comprehensive income for the period	360	141	256	34
Reclassified to profit or loss	—	—	—	—
Tax income (expense)	-33	-1	-26	—
	327	139	230	34
Changes in policyholder participation/shadow accounting				
Gains (losses) recognised in other comprehensive income for the period	-3,210	788	-1,276	254
Tax income (expense)	137	-52	64	-12
	-3,073	736	-1,212	242
Changes from cash flow hedges				
Gains (losses) recognised in other comprehensive income for the period	42	2	11	-3
Reclassified to profit or loss	-20	-146	-7	-16
Tax income (expense)	-3	5	—	1
	20	-139	5	-18
Changes from equity method measurement				
Gains (losses) recognised in other comprehensive income for the period	9	-2	9	-3
Reclassified to profit or loss	—	—	—	—
Tax income (expense)	—	—	—	—
	9	-2	9	-3
<b>Total items that may be reclassified subsequently to profit or loss, net of tax<sup>1)</sup></b>	<b>2,247</b>	<b>-612</b>	<b>820</b>	<b>-185</b>
<b>Other comprehensive income for the period, net of tax<sup>1)</sup></b>	<b>2,016</b>	<b>-611</b>	<b>739</b>	<b>-178</b>
<b>Total comprehensive income for the period<sup>1)</sup></b>	<b>3,329</b>	<b>331</b>	<b>1,195</b>	<b>-7</b>
of which attributable to non-controlling interests	1,430	269	543	44
of which attributable to shareholders of Talanx AG <sup>1)</sup>	1,899	62	652	-51

<sup>1)</sup> Adjusted in accordance with IAS 8, see 2018 Annual Report; "Accounting policies" section in the Notes.

## SEGMENT REPORTING

### CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 30 SEPTEMBER 2019

EUR MILLION

Assets	Industrial Lines		Retail Germany	
	30.9.2019	31.12.2018 <sup>2)</sup>	30.9.2019	31.12.2018
A. Intangible assets	163	162	714	706
B. Investments	9,431	8,315	55,334	51,620
C. Investments for the benefit of life insurance policyholders who bear the investment risk	—	—	10,968	9,506
D. Reinsurance recoverables on technical provisions	7,740	5,202	1,877	1,861
E. Accounts receivable on insurance business	1,949	1,413	344	312
F. Deferred acquisition costs	81	63	2,107	2,158
G. Cash at banks, cheques and cash-in-hand	881	676	904	686
H. Deferred tax assets	92	71	65	111
I. Other assets	693	695	790	822
J. Non-current assets and assets of disposal groups classified as held for sale	—	—	—	—
<b>Total assets</b>	<b>21,030</b>	<b>16,597</b>	<b>73,102</b>	<b>67,782</b>

### CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 30 SEPTEMBER 2019

EUR MILLION

Equity and liabilities	Industrial Lines		Retail Germany	
	30.9.2019	31.12.2018 <sup>2)</sup>	30.9.2019	31.12.2018
B. Subordinated liabilities	280	200	162	162
C. Technical provisions	15,061	11,560	55,186	51,474
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders	—	—	10,968	9,506
E. Other provisions	843	784	599	603
F. Liabilities	1,971	1,475	3,115	3,397
G. Deferred tax liabilities	242	214	284	197
H. Liabilities included in disposal groups classified as held for sale	—	—	—	—
<b>Total liabilities/provisions</b>	<b>18,396</b>	<b>14,233</b>	<b>70,313</b>	<b>65,339</b>

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
30.9.2019	31.12.2018	30.9.2019	31.12.2018 <sup>3)</sup>	30.9.2019	31.12.2018	30.9.2019	31.12.2018	30.9.2019	31.12.2018
827	773	205	208	120	109	—	–5	2,029	1,953
13,277	11,613	58,447	53,115	987	941	–2,725	–2,773	134,751	122,831
458	484	—	—	—	—	—	—	11,426	9,990
887	705	2,837	3,209	24	6	–4,713	–2,477	8,651	8,506
1,267	1,220	5,358	4,420	18	5	–433	–119	8,503	7,251
653	614	2,627	2,283	2	1	267	239	5,738	5,358
611	592	1,372	1,152	312	256	—	—	4,079	3,362
216	101	646	599	334	273	—	1	1,351	1,156
520	432	1,704	1,695	670	653	–1,327	–1,840	3,050	2,457
21	16	—	—	—	—	—	–1	21	15
<b>18,737</b>	<b>16,550</b>	<b>73,195</b>	<b>66,681</b>	<b>2,466</b>	<b>2,244</b>	<b>–8,930</b>	<b>–6,975</b>	<b>179,599</b>	<b>162,879</b>

Retail International		Reinsurance		Corporate Operations		Consolidation		Total		
30.9.2019	31.12.2018	30.9.2019	31.12.2018 <sup>3)</sup>	30.9.2019	31.12.2018	30.9.2019	31.12.2018	30.9.2019	31.12.2018	
42	42	1,898	1,878	1,280	1,280	–923	–824	2,739	2,738	
13,306	11,620	47,561	43,894	111	70	–3,778	–1,576	127,447	117,042	
458	484	—	—	—	—	—	—	11,426	9,990	
290	274	668	613	1,547	1,407	–1	—	3,946	3,681	
2,032	1,873	9,230	8,960	1,921	1,715	–4,300	–4,639	13,968	12,781	
247	102	2,486	1,845	5	—	23	22	3,287	2,380	
9	6	—	—	—	—	—	—	9	6	
<b>16,384</b>	<b>14,401</b>	<b>61,843</b>	<b>57,190</b>	<b>4,864</b>	<b>4,472</b>	<b>–8,979</b>	<b>–7,017</b>	<b>162,821</b>	<b>148,618</b>	
								<b>Equity<sup>1)</sup></b>	<b>16,778</b>	<b>14,261</b>
								<b>Total equity and liabilities</b>	<b>179,599</b>	<b>162,879</b>

<sup>1)</sup> Group equity and non-controlling interests.

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

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

CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019<sup>1)</sup>

EUR MILLION

	Industrial Lines		Retail Germany	
	9M 2019	9M 2018 <sup>2)</sup>	9M 2019	9M 2018
1. Gross written premiums including premiums from unit-linked life and annuity insurance	4,883	3,756	4,733	4,622
of which attributable to other divisions/segments	42	40	45	45
with third parties	4,841	3,716	4,688	4,577
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	650	630
3. Ceded written premiums	2,404	1,584	242	253
4. Change in gross unearned premiums	–599	–394	–236	–227
5. Change in ceded unearned premiums	–268	–132	–2	–6
<b>Net premiums earned</b>	<b>2,149</b>	<b>1,910</b>	<b>3,606</b>	<b>3,518</b>
6. Claims and claims expenses (gross)	3,278	2,913	3,961	3,925
Reinsurers' share	1,552	1,192	95	102
<b>Claims and claims expenses (net)</b>	<b>1,726</b>	<b>1,721</b>	<b>3,865</b>	<b>3,823</b>
7. Acquisition costs and administrative expenses (gross)	906	671	917	929
Reinsurers' share	469	268	87	91
<b>Net acquisition and administrative expenses</b>	<b>438</b>	<b>403</b>	<b>830</b>	<b>838</b>
8. Other technical income	3	3	13	19
Other technical expenses	18	13	14	6
<b>Other technical result</b>	<b>–15</b>	<b>–10</b>	<b>–1</b>	<b>13</b>
<b>Net technical result</b>	<b>–30</b>	<b>–224</b>	<b>–1,091</b>	<b>–1,130</b>
9. a. Investment income	322	286	1,576	1,543
b. Investment expenses	105	103	241	212
<b>Net income from assets under own management</b>	<b>216</b>	<b>183</b>	<b>1,336</b>	<b>1,331</b>
Net income from investment contracts	—	—	—	—
Net interest income from funds withheld and contract deposits	–1	—	–8	–9
<b>Net investment income</b>	<b>215</b>	<b>183</b>	<b>1,327</b>	<b>1,322</b>
of which share of profit or loss of equity-accounted associates and joint ventures	10	2	—	—
10. a. Other income	141	114	151	171
b. Other expenses	193	105	203	207
<b>Other income/expenses</b>	<b>–52</b>	<b>9</b>	<b>–52</b>	<b>–36</b>
<b>Profit before goodwill impairments</b>	<b>133</b>	<b>–32</b>	<b>185</b>	<b>156</b>
11. Goodwill impairments	—	—	—	—
<b>Operating profit/loss (EBIT)</b>	<b>133</b>	<b>–32</b>	<b>185</b>	<b>156</b>
12. Financing costs	9	6	7	7
13. Taxes on income	38	–2	61	56
<b>Net income</b>	<b>87</b>	<b>–36</b>	<b>116</b>	<b>93</b>
of which attributable to non-controlling interests	2	—	6	4
attributable to shareholders of Talanx AG	84	–36	110	89

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

<sup>2)</sup> HDI Global Specialty SE would have been included in the division's gross premium with EUR 702 million (before effects of consolidation) and would have contributed EUR –1.7 million to EBIT (before effects of consolidation).

<sup>3)</sup> HDI Global Specialty SE was included in the division's gross premium with EUR 702 million (before effects of consolidation) and contributed EUR –1.7 million to EBIT (before effects of consolidation).

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



Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
9M 2019	9M 2018	9M 2019	9M 2018 <sup>3),4)</sup>	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018 <sup>4)</sup>
4,537	4,200	17,393	14,992	55	47	-1,278	-526	30,325	27,091
1	—	1,134	394	56	47	-1,278	-526	—	—
4,537	4,200	16,259	14,598	—	—	—	—	30,325	27,091
78	143	—	—	—	—	—	—	729	773
350	314	1,653	1,379	19	17	-1,277	-495	3,391	3,052
-117	-106	-1,453	-928	-10	-12	139	—	-2,277	-1,667
-18	-13	-103	-89	-5	-7	139	5	-258	-242
<b>4,009</b>	<b>3,650</b>	<b>14,391</b>	<b>12,774</b>	<b>31</b>	<b>25</b>	<b>-1</b>	<b>-36</b>	<b>24,186</b>	<b>21,841</b>
3,323	2,977	11,675	10,425	45	25	-855	-393	21,427	19,872
240	214	990	983	14	4	-880	-390	2,011	2,105
<b>3,082</b>	<b>2,763</b>	<b>10,685</b>	<b>9,442</b>	<b>31</b>	<b>21</b>	<b>25</b>	<b>-3</b>	<b>19,416</b>	<b>17,767</b>
936	862	4,059	3,585	10	6	-353	-149	6,475	5,904
72	64	172	152	1	1	-316	-117	484	459
<b>864</b>	<b>798</b>	<b>3,887</b>	<b>3,433</b>	<b>9</b>	<b>5</b>	<b>-37</b>	<b>-32</b>	<b>5,991</b>	<b>5,445</b>
26	22	—	—	—	—	1	-4	43	40
55	53	5	25	—	—	12	-5	104	92
-29	-31	-4	-25	—	—	-11	1	-61	-52
<b>34</b>	<b>58</b>	<b>-185</b>	<b>-126</b>	<b>-9</b>	<b>-1</b>	<b>—</b>	<b>—</b>	<b>-1,282</b>	<b>-1,423</b>
322	288	1,428	1,299	16	8	-46	-45	3,617	3,379
34	43	232	288	73	67	-87	-82	599	631
<b>287</b>	<b>245</b>	<b>1,196</b>	<b>1,011</b>	<b>-58</b>	<b>-59</b>	<b>41</b>	<b>37</b>	<b>3,018</b>	<b>2,748</b>
2	-1	—	—	—	—	—	—	2	-1
-3	-1	148	163	—	—	—	—	136	153
<b>286</b>	<b>243</b>	<b>1,344</b>	<b>1,174</b>	<b>-58</b>	<b>-59</b>	<b>41</b>	<b>37</b>	<b>3,156</b>	<b>2,900</b>
—	—	7	2	—	—	—	—	17	4
74	81	475	428	572	578	-556	-533	857	838
167	180	274	306	509	511	-478	-464	868	844
-93	-99	201	122	63	67	-77	-69	-11	-6
<b>227</b>	<b>202</b>	<b>1,359</b>	<b>1,170</b>	<b>-4</b>	<b>7</b>	<b>-36</b>	<b>-32</b>	<b>1,863</b>	<b>1,471</b>
—	—	—	—	—	—	—	—	—	—
<b>227</b>	<b>202</b>	<b>1,359</b>	<b>1,170</b>	<b>-4</b>	<b>7</b>	<b>-36</b>	<b>-32</b>	<b>1,863</b>	<b>1,471</b>
10	5	78	69	79	76	-40	-35	142	128
54	48	268	311	-16	-13	1	1	408	401
<b>162</b>	<b>149</b>	<b>1,013</b>	<b>790</b>	<b>-67</b>	<b>-56</b>	<b>2</b>	<b>2</b>	<b>1,313</b>	<b>942</b>
30	25	533	425	—	—	—	—	572	454
132	124	480	365	-67	-56	2	2	742	488

**CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2019<sup>1)</sup>**

EUR MILLION

	Industrial Lines		Retail Germany	
	Q3 2019	Q3 2018 <sup>2)</sup>	Q3 2019	Q3 2018
1. Gross written premiums including premiums from unit-linked life and annuity insurance	1,401	858	1,405	1,360
of which attributable to other divisions/segments	10	8	12	17
with third parties	1,391	850	1,393	1,343
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	221	199
3. Ceded written premiums	752	393	74	75
4. Change in gross unearned premiums	152	332	78	83
5. Change in ceded unearned premiums	20	122	6	5
<b>Net premiums earned</b>	<b>782</b>	<b>675</b>	<b>1,184</b>	<b>1,164</b>
6. Claims and claims expenses (gross)	1,210	1,246	1,394	1,147
Reinsurers' share	573	521	30	16
<b>Claims and claims expenses (net)</b>	<b>637</b>	<b>725</b>	<b>1,364</b>	<b>1,131</b>
7. Acquisition costs and administrative expenses (gross)	327	230	283	360
Reinsurers' share	182	86	32	48
<b>Net acquisition and administrative expenses</b>	<b>145</b>	<b>144</b>	<b>251</b>	<b>312</b>
8. Other technical income	1	1	2	2
Other technical expenses	—	3	7	3
<b>Other technical result</b>	<b>2</b>	<b>-2</b>	<b>-5</b>	<b>-1</b>
<b>Net technical result</b>	<b>2</b>	<b>-196</b>	<b>-436</b>	<b>-280</b>
9. a. Investment income	114	93	588	412
b. Investment expenses	31	34	65	54
<b>Net income from assets under own management</b>	<b>83</b>	<b>59</b>	<b>523</b>	<b>358</b>
Net income from investment contracts	—	—	—	—
Net interest income from funds withheld and contract deposits	-1	—	-3	-2
<b>Net investment income</b>	<b>82</b>	<b>59</b>	<b>520</b>	<b>356</b>
of which share of profit or loss of equity-accounted associates and joint ventures	—	—	—	—
10. a. Other income	29	61	55	42
b. Other expenses	49	34	78	50
<b>Other income/expenses</b>	<b>-20</b>	<b>27</b>	<b>-24</b>	<b>-8</b>
<b>Profit before goodwill impairments</b>	<b>64</b>	<b>-110</b>	<b>60</b>	<b>68</b>
11. Goodwill impairments	—	—	—	—
<b>Operating profit/loss (EBIT)</b>	<b>64</b>	<b>-110</b>	<b>60</b>	<b>68</b>
12. Financing costs	3	2	2	3
13. Taxes on income	18	-23	17	24
<b>Net income</b>	<b>44</b>	<b>-89</b>	<b>40</b>	<b>41</b>
of which attributable to non-controlling interests	1	—	2	2
attributable to shareholders of Talanx AG	43	-89	38	39

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

<sup>2)</sup> HDI Global Specialty SE would have been included in the division's gross premium with EUR 245 million (before effects of consolidation) and would have contributed EUR 0.8 million to EBIT (before effects of consolidation).

<sup>3)</sup> HDI Global Specialty SE was included in the division's gross premium with EUR 245 million (before effects of consolidation) and contributed EUR 0.8 million to EBIT (before effects of consolidation).

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

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
Q3 2019	Q3 2018	Q3 2019	9M 2018 <sup>3),4)</sup>	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	9M 2018 <sup>4)</sup>
1,383	1,237	5,699	5,007	9	8	-437	-139	9,461	8,331
—	—	406	106	9	8	-437	-139	—	—
1,383	1,237	5,294	4,901	—	—	—	—	9,461	8,331
36	26	—	—	—	—	—	—	257	225
105	78	557	515	2	1	-439	-137	1,050	925
21	17	-152	-90	6	3	33	-31	138	314
7	13	-46	-26	4	4	32	-29	23	89
1,257	1,137	5,036	4,428	9	6	2	-4	8,269	7,406
1,009	931	4,154	3,919	16	7	-351	-148	7,432	7,102
69	87	379	438	10	2	-366	-149	694	915
940	844	3,776	3,481	7	5	15	1	6,738	6,187
318	279	1,465	1,206	3	2	-135	-48	2,261	2,029
22	20	60	56	—	1	-122	-53	175	158
295	259	1,405	1,150	3	1	-13	5	2,086	1,871
7	7	—	—	—	—	—	—	11	10
19	16	5	21	—	—	1	-10	30	33
-12	-9	-4	-21	—	—	-1	10	-19	-23
10	25	-149	-224	-1	—	-1	—	-574	-675
108	88	463	453	9	2	-16	-16	1,266	1,032
10	18	47	84	24	23	-30	-28	146	185
98	70	417	369	-15	-21	15	12	1,120	847
1	-1	—	—	—	—	—	—	1	-1
-1	—	54	49	—	—	1	—	49	47
97	69	471	418	-15	-21	15	12	1,170	893
—	—	2	—	—	—	—	—	2	—
25	1	174	156	193	190	-198	-171	277	278
52	31	80	97	171	166	-176	-140	254	237
-27	-30	94	59	22	24	-23	-31	23	41
81	64	415	253	6	3	-8	-19	619	259
—	—	—	—	—	—	—	—	—	—
81	64	415	253	6	3	-8	-19	619	259
4	2	26	25	26	25	-13	-13	48	44
19	11	62	36	-3	-3	2	-1	115	44
58	51	327	192	-17	-19	4	-5	456	171
12	10	176	108	—	—	—	—	191	120
47	41	151	84	-17	-19	4	-5	265	51

**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 2019 AND 1 JULY TO 30 SEPTEMBER 2019**

EUR MILLION

	Retail Germany – Property/Casualty				Retail Germany – Life			
	9M 2019	9M 2018	Q3 2019	Q3 2018	9M 2019	9M 2018	Q3 2019	Q3 2018
1. Gross written premiums including premiums from unit-linked life and annuity insurance	1,337	1,312	295	290	3,395	3,310	1,110	1,070
of which attributable to other segments	—	—	—	—	45	45	12	17
with third parties	1,337	1,312	295	290	3,350	3,265	1,098	1,053
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	—	—	650	630	221	199
3. Ceded written premiums	67	73	14	15	176	180	59	60
4. Change in gross unearned premiums	-170	-171	102	104	-66	-56	-24	-21
5. Change in ceded unearned premiums	-4	-7	5	5	2	1	1	—
<b>Net premiums earned</b>	<b>1,105</b>	<b>1,075</b>	<b>378</b>	<b>374</b>	<b>2,501</b>	<b>2,443</b>	<b>805</b>	<b>790</b>
6. Claims and claims expenses (gross)	690	694	234	229	3,271	3,231	1,160	918
Reinsurers' share	14	24	3	-1	81	78	27	17
<b>Claims and claims expenses (net)</b>	<b>675</b>	<b>670</b>	<b>231</b>	<b>230</b>	<b>3,190</b>	<b>3,153</b>	<b>1,133</b>	<b>901</b>
7. Acquisition costs and administrative expenses (gross)	426	399	145	137	491	530	138	223
Reinsurers' share	19	18	6	6	68	73	26	42
<b>Acquisition costs and administrative expenses (net)</b>	<b>407</b>	<b>381</b>	<b>138</b>	<b>131</b>	<b>423</b>	<b>457</b>	<b>113</b>	<b>181</b>
8. Other technical income	2	2	1	1	11	17	2	1
Other technical expenses	6	5	1	1	8	1	5	2
<b>Other technical result</b>	<b>-4</b>	<b>-3</b>	<b>-1</b>	<b>—</b>	<b>3</b>	<b>16</b>	<b>-4</b>	<b>-1</b>
<b>Net technical result</b>	<b>18</b>	<b>21</b>	<b>8</b>	<b>13</b>	<b>-1,109</b>	<b>-1,151</b>	<b>-445</b>	<b>-293</b>
9. a. Investment income	99	80	35	25	1,477	1,463	552	387
b. Investment expenses	13	15	5	4	227	197	60	50
<b>Net income from assets under own management</b>	<b>86</b>	<b>65</b>	<b>31</b>	<b>21</b>	<b>1,250</b>	<b>1,266</b>	<b>492</b>	<b>337</b>
Net income from investment contracts	—	—	—	—	—	—	—	—
Net interest income from funds withheld and contract deposits	—	—	—	—	-8	-9	-3	-2
<b>Net investment income</b>	<b>85</b>	<b>65</b>	<b>31</b>	<b>21</b>	<b>1,242</b>	<b>1,257</b>	<b>489</b>	<b>335</b>
of which share of profit or loss of equity-accounted associates and joint ventures	—	—	—	—	—	—	—	—
10. a. Other income	36	41	8	11	115	130	47	31
b. Other expenses	61	61	23	19	142	146	55	31
<b>Other income/expenses</b>	<b>-25</b>	<b>-20</b>	<b>-15</b>	<b>-8</b>	<b>-27</b>	<b>-16</b>	<b>-9</b>	<b>—</b>
<b>Profit before goodwill impairments</b>	<b>78</b>	<b>66</b>	<b>24</b>	<b>26</b>	<b>107</b>	<b>90</b>	<b>36</b>	<b>42</b>
11. Goodwill impairments	—	—	—	—	—	—	—	—
<b>Operating profit/loss (EBIT)</b>	<b>78</b>	<b>66</b>	<b>24</b>	<b>26</b>	<b>107</b>	<b>90</b>	<b>36</b>	<b>42</b>

<sup>1)</sup> HDI Global Specialty SE was included in the segment's gross premium with EUR 702 million (before effects of consolidation) and contributed EUR -1.7 million to EBIT (before effects of consolidation).

<sup>2)</sup> HDI Global Specialty SE was included in the segment's gross premium with EUR 245 million (before effects of consolidation) and contributed EUR 0.8 million to EBIT (before effects of consolidation).

<sup>3)</sup> Adjusted in accordance with IAS 8.

Property/Casualty Reinsurance				Life/Health Reinsurance			
9M 2019	9M 2018 <sup>1),2)</sup>	Q3 2019	Q3 2018 <sup>2),3)</sup>	9M 2019	9M 2018 <sup>3)</sup>	Q3 2019	Q3 2018 <sup>3)</sup>
11,653	9,657	3,806	3,190	5,740	5,335	1,894	1,817
1,028	284	370	69	106	110	36	37
10,625	9,373	3,436	3,121	5,634	5,225	1,858	1,780
—	—	—	—	—	—	—	—
1,073	876	403	322	580	503	154	193
-1,400	-853	-130	-52	-53	-75	-22	-38
-102	-88	-46	-25	-1	-1	—	-1
<b>9,282</b>	<b>8,016</b>	<b>3,318</b>	<b>2,841</b>	<b>5,109</b>	<b>4,758</b>	<b>1,717</b>	<b>1,587</b>
6,919	5,820	2,600	2,245	4,755	4,605	1,554	1,674
490	486	212	258	499	497	167	180
<b>6,429</b>	<b>5,334</b>	<b>2,388</b>	<b>1,987</b>	<b>4,256</b>	<b>4,108</b>	<b>1,388</b>	<b>1,494</b>
2,903	2,568	1,065	870	1,156	1,017	400	336
141	120	53	44	31	32	7	12
<b>2,762</b>	<b>2,448</b>	<b>1,012</b>	<b>826</b>	<b>1,126</b>	<b>985</b>	<b>393</b>	<b>324</b>
—	—	—	—	—	—	—	—
2	4	3	4	2	21	2	17
-2	-4	-3	-4	-2	-21	-2	-17
<b>89</b>	<b>230</b>	<b>-84</b>	<b>24</b>	<b>-275</b>	<b>-356</b>	<b>-65</b>	<b>-248</b>
969	994	341	336	459	305	122	117
186	214	44	57	46	74	3	27
<b>783</b>	<b>780</b>	<b>297</b>	<b>279</b>	<b>413</b>	<b>231</b>	<b>119</b>	<b>90</b>
—	—	—	—	—	—	—	—
34	27	11	11	114	136	43	38
<b>817</b>	<b>807</b>	<b>308</b>	<b>290</b>	<b>527</b>	<b>367</b>	<b>162</b>	<b>128</b>
8	2	2	—	-1	—	—	—
190	228	61	90	285	200	113	66
209	239	59	82	65	67	20	15
-19	-11	1	8	220	133	92	51
<b>887</b>	<b>1,026</b>	<b>226</b>	<b>322</b>	<b>472</b>	<b>144</b>	<b>190</b>	<b>-69</b>
—	—	—	—	—	—	—	—
<b>887</b>	<b>1,026</b>	<b>226</b>	<b>322</b>	<b>472</b>	<b>144</b>	<b>190</b>	<b>-69</b>

# CONSOLIDATED CASH FLOW STATEMENT OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019

## CONSOLIDATED CASH FLOW STATEMENT

EUR MILLION

	9M 2019	9M 2018
I. 1. Net income	1,313	942
I. 2. Changes in technical provisions	5,721	5,462
I. 3. Changes in capitalised acquisition costs	-439	-332
I. 4. Changes in funds withheld and in accounts receivable and payable	-1,180	-1,308
I. 5. Changes in other receivables and liabilities	334	356
I. 6. Changes in investments and liabilities under investment contracts	8	8
I. 7. Changes in financial assets held for trading	23	142
I. 8. Gains/losses on disposal of investments and property, plant and equipment	-598	-521
I. 9. Change in technical provisions for life insurance policies where the investment risk is borne by the policyholders	1,443	55
I. 10. Other non-cash expenses and income (including income tax expense/income)	-32	-191
<b>I. Cash flows from operating activities<sup>1), 2)</sup></b>	<b>6,594</b>	<b>4,613</b>
II. 1. Cash inflow from the sale of consolidated companies	4	3
II. 2. Cash outflow from the purchase of consolidated companies	-4	-32
II. 3. Cash inflow from the sale of real estate	232	55
II. 4. Cash outflow from the purchase of real estate	-260	-75
II. 5. Cash inflow from the sale and maturity of financial instruments	23,554	23,538
II. 6. Cash outflow from the purchase of financial instruments	-26,361	-27,667
II. 7. Changes in investments for the benefit of life insurance policyholders who bear the investment risk	-1,443	-55
II. 8. Changes in other investments	-621	-402
II. 9. Cash outflows from the acquisition of tangible and intangible assets	-100	-147
II. 10. Cash inflows from the sale of tangible and intangible assets	16	108
<b>II. Cash flows from investing activities</b>	<b>-4,983</b>	<b>-4,674</b>
III. 1. Cash inflow from capital increases	—	—
III. 2. Cash outflow from reductions	—	—
III. 3. Dividends paid	-768	-734
III. 4. Net changes attributable to other financing activities	-174	664
<b>III. Cash flows from financing activities<sup>2)</sup></b>	<b>-942</b>	<b>-70</b>
<b>Net change in cash and cash equivalents (I. + II. + III.)</b>	<b>669</b>	<b>-131</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>3,363</b>	<b>3,159</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>48</b>	<b>13</b>
<b>Effect of changes in the basis of consolidation on cash and cash equivalents<sup>3)</sup></b>	<b>—</b>	<b>—</b>
<b>Cash and cash equivalents at the end of the reporting period<sup>4)</sup></b>	<b>4,080</b>	<b>3,041</b>

<sup>1)</sup> EUR 219 (450) million of "Income taxes paid", EUR 282 (300) million of "Dividends received" and EUR 2,665 (2,647) million of "Interest received" are allocated to "Cash flows from operating activities". Dividends received also comprise dividend-equivalent distributions from investment funds and private equity companies.

<sup>2)</sup> EUR 410 (404) million of "Interest paid" is attributable to EUR 154 (146) million to "Cash flows from financing activities" and EUR 256 (258) million to "Cash flows from operating activities".

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

<sup>4)</sup> Cash and cash equivalents at the end of the reporting period also include changes in the portfolio of disclosed disposal groups in the amount of EUR 1 (21) million.

## OTHER DISCLOSURES

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

The consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income and the consolidated cash flow statement were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The statement was prepared in compliance with the requirements of IAS 34 “Interim Financial Reporting”. Prior-year figures adjusted in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

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

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

By way of purchase agreement dated 2 May 2019, HDI Sigorta A.Ş., Turkey, a wholly owned subsidiary of HDI International AG, Hannover, Germany (Retail International Segment), acquired 100% of the shares in the property insurer Ergo Sigorta A.Ş., Istanbul, Turkey. Based on the agreements entered into, the Group has recognised the acquisition as at 29 August 2019 (date of initial consolidation). The purchase price (EUR 5 million) was settled entirely in cash.

## EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATIONS

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

### EXCHANGE RATES FOR OUR KEY FOREIGN CURRENCIES

EUR 1 corresponds to	Balance sheet (reporting date)		Income statement (average)	
	30.9.2019	31.12.2018	9M 2019	9M 2018
AUD Australia	1.6143	1.6208	1.6080	1.5758
BRL Brazil	4.5383	4.4552	4.3869	4.2839
CAD Canada	1.4447	1.5591	1.4955	1.5343
CNY China	7.7955	7.8768	7.7179	7.7937
GBP United Kingdom	0.8863	0.9028	0.8848	0.8847
JPY Japan	117.7600	126.3700	122.6890	131.2180
MXN Mexico	21.4846	22.5895	21.7915	22.6881
PLN Poland	4.3788	4.3031	4.3056	4.2460
USD USA	1.0909	1.1451	1.1241	1.1939
ZAR South Africa	16.5595	16.4522	16.1653	15.3345

### EVENTS AFTER THE END OF THE REPORTING PERIOD

Hannover Rück SE issued a subordinated bond with a nominal amount of EUR 750 million at the beginning of October. Its term is 20 years with a first call date in July 2029. The bond has a fixed coupon of 1.125% p.a. for the first ten years and then has a variable interest rate of 2.38% over the three-month Euribor.

The Tokyo region in Japan was hit particularly hard by typhoon “Hagibis” at the beginning of the fourth quarter. No specific loss estimate has yet been quantified. Hannover Re expects the overall large loss budget calculated for the current year to suffice.

The current financial statements do not yet take into account the potential losses expected as a result of the unrest that began in mid-October in Chile. As things stand at present, the Group expects the 2019 large loss budget to be sufficient overall.

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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:

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

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## FINANCIAL CALENDAR 2019/2020

**20 November 2019**  
Capital Markets Day

**16 March 2020**  
Results Press Conference 2019

**7 May 2020**  
Annual General Meeting

**7 May 2020**  
Quarterly Statement as at 31 March

**12 August 2020**  
Interim Report as at 30 June

**12 November 2020**  
Quarterly Statement as at 30 September



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