

**Talanx Group
Quarterly
Statement as at
30 September
2020**

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Insurance. Investments.

GROUP KEY FIGURES

	Unit	6M 2020	Q3 2020	9M 2020	6M 2019	Q3 2019	9M 2019	+/- 9M 2020 vs 9M 2019
Gross written premiums	EUR million	22,006	9,901	31,907	20,864	9,461	30,325	+5.2 %
by region								
Germany	%	22	13	19	24	19	23	-3.5 ppts
United Kingdom	%	8	9	8	7	8	8	+0.8 ppts
Central and Eastern Europe (CEE), including Turkey	%	7	8	7	8	8	8	-0.5 ppts
Rest of Europe	%	16	16	16	16	16	16	— ppts
USA	%	21	21	21	20	22	21	+0.1 ppts
Rest of North America	%	3	4	3	2	3	2	+0.7 ppts
Latin America	%	6	8	7	7	8	7	-0.3 ppts
Asia and Australia	%	15	19	16	13	15	14	+2.7 ppts
Africa	%	1	2	1	1	2	2	— ppts
Gross written premiums by type and class of insurance¹								
Property/casualty primary insurance	EUR million	6,680	2,527	9,207	6,516	2,648	9,164	+0.5 %
Life primary insurance	EUR million	2,999	1,405	4,404	3,383	1,519	4,902	-10.2 %
Property/casualty reinsurance	EUR million	8,343	3,802	12,145	7,189	3,436	10,625	+14.3 %
Life/health reinsurance	EUR million	3,906	1,943	5,849	3,777	1,858	5,634	+3.8 %
Net premiums earned	EUR million	16,746	8,555	25,301	15,917	8,269	24,186	+4.6 %
Underwriting result	EUR million	-1,129	-843	-1,972	-708	-574	-1,282	+53.8 %
Net investment income	EUR million	1,785	1,274	3,059	1,986	1,170	3,156	-3.1 %
Net return on investment²	%	2.7	—	3.1	3.3	—	3.4	-0.3 ppts
Operating profit/loss (EBIT)	EUR million	745	546	1,291	1,244	619	1,863	-30.7 %
Net income (after financing costs and taxes)	EUR million	549	360	910	858	456	1,313	-30.8 %
of which attributable to shareholders of Talanx AG	EUR million	325	194	520	477	265	742	-30.0 %
Return on equity^{3,4}	%	6.4	7.6	6.8	10.4	10.7	10.4	-3.6 ppts
Earnings per share								
Basic earnings per share	EUR	1.29	0.77	2.06	1.89	1.05	2.93	-29.7 %
Diluted earnings per share	EUR	1.29	0.77	2.06	1.89	1.05	2.93	-29.7 %
Combined ratio in property/casualty primary insurance and property/casualty reinsurance⁵	%	101.3	99.7	100.7	97.5	100.4	98.5	+2.2 ppts
Combined ratio of property/casualty primary insurers ¹	%	98.8	99.2	98.9	98.4	97.4	98.1	+0.8 ppts
Combined ratio of property/casualty reinsurance	%	102.3	99.6	101.4	96.7	102.2	98.7	+2.7 ppts
EBIT margin primary insurance and reinsurance								
EBIT margin primary insurance ¹	%	4.3	4.7	4.4	5.2	6.4	5.6	-1.2 ppts
EBIT margin property/casualty reinsurance	%	4.4	8.4	5.8	11.1	6.8	9.6	-3.8 ppts
EBIT margin life/health reinsurance	%	6.0	5.7	5.9	8.3	11.1	9.2	-3.4 ppts
				30.9.2020			31.12.2019	+/-
Policyholders' surplus	EUR million			20,306			20,089	+1.1 %
Equity attributable to shareholders of Talanx AG	EUR million			10,194			10,149	+0.4 %
Non-controlling interests	EUR million			6,626			6,461	+2.5 %
Hybrid capital	EUR million			3,486			3,479	+0.2 %
Assets under own management	EUR million			127,115			122,638	+3.7 %
Total investments	EUR million			138,482			134,104	+3.3 %
Total assets	EUR million			180,958			177,594	+1.9 %
Carrying amount per share at end of period	EUR			40.32			40.15	+0.4 %
Share price at end of period	EUR			27.52			44.18	-37.7 %
Market capitalisation of Talanx AG at end of period	EUR million			6,957			11,169	-37.7 %
Employees	Full-time equivalents			21,650			21,516	+0.6 %

¹ Excluding figures from the Corporate Operations segment.

² Ratio of annualised net investment income excluding interest income on funds withheld and contract deposits and profit on investment contracts to average assets under own management (30.9.2020 and 31.12.2019).

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

⁴ 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.

⁵ Combined ratio taking into account interest income on funds withheld and contract deposits, before elimination of intragroup cross-segment transactions.



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Guideline on Alternative Performance Measures – for further information on the calculation and definition of specific alternative performance measures please refer to: https://www.talanx.com/en/investor_relations/reporting/midterm_targets

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

Quarterly Statement

Business development

Group's course of business

- Gross written premiums up 5.2%
- Large losses exceed pro rata budget for the period and budget for the year as a whole due to coronavirus pandemic
- Significant decline in Group net income due to pandemic

GROUP KEY FIGURES

EUR million	9M 2020	9M 2019	+/-
Gross written premiums	31,907	30,325	+5.2 %
Net premiums earned	25,301	24,186	+4.6 %
Underwriting result	-1,972	-1,282	-53.8 %
Net investment income	3,059	3,156	-3.1 %
Operating profit/loss (EBIT)	1,291	1,863	-30.7 %
Combined ratio (net, property/casualty only) in % ¹	100.7	98.5	+2.2 ppts

¹ Taking into account interest income on funds withheld.

MANAGEMENT METRICS

%	9M 2020	9M 2019	+/-
Gross premium growth (adjusted for currency effects)	7.2	10.6	-3.3 ppts
Group net income in EUR million	520	742	-30.0 %
Net return on investment ¹	3.1	3.4	-0.3 ppts
Return on equity ²	6.8	10.4	-3.6 ppts

¹ Ratio of annualised net investment income excluding interest income on funds withheld and contract deposits and profit on investment contracts to average assets under own management.

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

Premium volume

The Group's gross written premiums rose by 5.2% in the first nine months of 2020 to EUR 31.9 (30.3) billion (by 7.2% adjusted for currency effects). The Property/Casualty Reinsurance segment played a significant role in the growth in gross premiums thanks in part to successful treaty renewal rounds in June/July 2020; the upturn in gross premiums in the Industrial Lines Division stemmed largely from HDI Global Specialty SE. Premium growth waned in the Retail Germany and Retail International Divisions on account of the coronavirus pandemic. The Talanx Group's net premiums earned were 4.6% higher year-on-year at EUR 25.3 (24.2) billion. The retention ratio fell to 87.6% (88.5%).

Underwriting result

The underwriting result dropped by over 50% to EUR -1,972 (-1,282) million on account of the coronavirus. Large losses in the first nine months of 2020 came to EUR 1,601 (782) million, of which reinsurance accounted for EUR 1,149 million and primary insurance for EUR 452 million. Large losses were well in excess of both the pro rata budget for the period of around EUR 1,020 (900) million and the whole-year budget of EUR 1,335 (1,190) million. On account of the coronavirus pandemic, these were largely incurred in the business interruption, event cancellations and credit insurance lines. Adjusted for coronavirus-related negative effects, the combined ratio came to 97.6%. This was a result chiefly of the rise in the loss ratio to 72.8% (69.9%) in connection with the coronavirus. The Group's combined ratio increased by 2.2 percentage points to 100.7% (98.5%).

Net investment income

Net investment income also declined slightly to EUR 3.1 (3.2) billion on account of sustained very low interest, down 3.1% year-on-year. This partly reflects impairment losses on equities and alternative investments in extraordinary net investment income totalling EUR 115 million due to the coronavirus. Considerably higher net investment income in the Life segment of the Retail Germany Division and a one-time effect in the Life/Health Reinsurance segment did not offset the lower investment income generated by the other segments. At 3.1%, the Group net return on investment for the first nine months of 2020 was down 0.3 percentage points on the previous year (3.4%).

Operating profit/loss and Group net income

Operating profit (EBIT) experienced a double-digit decline of 30.7% to EUR 1,291 (1,863) million. The Reinsurance Division accounted for the largest share of this. With the impact of the coronavirus pandemic, Group net income came to just EUR 520 million, down on EUR 742 million in the previous year. Without the negative effects caused by the coronavirus of EUR 356 million, Group net income would have come to EUR 876 million. The return on equity also fell by 3.6% to 6.8% (10.4%) as a result.

Performance of the Group's Divisions

At a strategic level, Talanx divides its business into seven reportable segments: Industrial Lines, Retail Germany (divided into Property/Casualty and Life Insurance), Retail International, Property/Casualty Reinsurance, Life/Health Reinsurance and Corporate Operations. Please refer to the "Segment reporting" section of the Notes to the consolidated financial statements of the Talanx Group's 2019 annual report for details of these segments' structure and scope of business.

Industrial Lines

- Premium development shaped primarily by growth in speciality business
- Profitability measures successful; underwriting result considerably strained by the coronavirus
- Net investment income down on prior year, as expected

KEY FIGURES FOR THE INDUSTRIAL LINES DIVISION

EUR million	9M 2020	9M 2019	+/-
Gross written premiums	5,220	4,883	+6.9 %
Net premiums earned	2,252	2,149	+4.8 %
Underwriting result	-107	-30	-258.5 %
Net investment income	171	215	-20.5 %
Operating profit/loss (EBIT)	28	133	-79.0 %

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

%	9M 2020	9M 2019	+/-
Gross premium growth (adjusted for currency effects)	8.1	28.1	-20.1 ppts
Combined ratio (net) ¹	104.8	101.4	+3.4 ppts
EBIT margin ²	1.2	6.2	-5.0 ppts
Return on equity ³	0.6	4.6	-3.9 ppts

¹ Taking into account interest income on funds withheld.

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

³ 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 presence on the German market, also operates in over 150 countries through its foreign branches, subsidiaries, affiliates and network partners.

Premium volume

Gross written premiums for the division amounted to EUR 5.2 (4.9) billion as at 30 September 2020, an increase of 6.9% (8.1% after adjustment for currency effects). The premium upturn was essentially a result of strong growth in speciality business.

At 4.8%, growth in net premiums earned was lower than that of gross written premiums, due in particular to comparatively low retention in the growing specialty portfolio. The coronavirus crisis will also affect premiums given that the premium for some insurance contracts

depends on company's revenue. Accordingly, the fall in revenue among customers results in lower premium income. EUR 59 million was taken into account for this in the quarterly financial statements as a precautionary measure.

Underwriting result

At EUR –107 (–30) million, the net underwriting result was down on the previous year. While ongoing profitability measures continued to have a very positive impact on the loss ratio, the underwriting result deteriorated by a total of EUR 146 million due to exceeding the pro rata large loss budget for the period on account of the coronavirus and because of the provision for expected declines in premiums described above. The third quarter was also shaped by large losses from US hurricanes. The loss ratio climbed to 84.9% (81.0%) as a result. The net cost ratio improved to 19.8% (20.4%) thanks to significant premium growth combined with high cost discipline. The combined ratio for the Industrial Lines Division rose to 104.8% (101.4%). Adjusted for the coronavirus impact, it declined to 98.3%. The successful restructuring of the fire insurance line as part of the "20/20/20" initiative is apparent in this line's combined ratio, adjusted for the impact of the coronavirus, of 99.9% with a fully replenished large loss budget. In this context, the adjusted loss ratio for fire insurance fell by a sizeable 34.8 percentage points in comparison to the beginning of the initiative in 2018 (118.1%) to 83.3%.

Net investment income

Current net investment income was lower than in the previous year, which was characterised mainly by high distributions from alternative investments. Extraordinary investment income, which reported a one-time effect in the previous year due to portfolio disposals, is also lower than in the prior year. The coronavirus pandemic depressed net investment income by a total of EUR 8 million.

Operating profit/loss and Group net income

Driven by the large losses related to the coronavirus and lower net investment income, the division's operating profit was down year on year at EUR 28 (133) million. All told, the impact of Covid-19 on EBIT came to EUR 155 million. Group net income reached EUR 10 (84) million.

Retail Germany

Property/Casualty Insurance

- Coronavirus pandemic weighs on premium income and net investment income
- Higher operating profit thanks to improved basic losses

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

EUR million	9M 2020	9M 2019	+/-
Gross written premiums	1,270	1,337	–5.1 %
Net premiums earned	1,058	1,105	–4.2 %
Underwriting result	45	18	+150.1 %
Net investment income	64	85	–24.6 %
Operating profit/loss (EBIT)	96	78	+23.2 %

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY INSURANCE SEGMENT

%	9M 2020	9M 2019	+/-
Gross premium growth	–5.1	1.9	–7.0 ppts
Combined ratio (net) ¹	95.8	98.4	–2.6 ppts
EBIT margin ²	9.1	7.1	+2.0 ppts

¹ Taking into account interest income on funds withheld.

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

Premium volume and new business

There was a 5.1% decline in written premium income to EUR 1,270 (1,337) million in the Property/Casualty Insurance segment in the period to the end of September. In addition to discontinuation of two major accounts, this was driven by negative net year-end motor vehicle business and the slump in new business when measures were introduced to contain the coronavirus pandemic. Despite the unfavourable conditions, corporate customers/freelance professions business generated growth. All told, the negative effects of the coronavirus pandemic caused a EUR 63 million drop in premium income, especially in motor insurance and the biometric core business of bancassurance.

Underwriting result

The underwriting result was EUR 45 (18) million in the current financial year, up 150.1% on the previous year. Significant negative effects resulting from multiple large loss events were comfortably offset by profitable growth in the third-party liability, accident and property lines, improved basic losses in motor insurance and lower expenses as part of our investment and modernisation programme. In addition, the negative impact caused by the coronavirus pandemic was limited to a total of around EUR 21 million thanks to existing reinsurance cover. The improvement was also helped by the fact that no more costs were incurred for a key migration project that was completed last year. These effects resulted in a considerable 2.6 percentage point decrease in the combined ratio (net), from 98.4% to 95.8%.

Net investment income

Net investment income fell to EUR 64 (85) million. This chiefly reflected higher depreciation and amortisation, lower net unrealised gains/losses, a decline in income from land and real estate and lower interest income on account of market conditions. The negative impact of the coronavirus pandemic is estimated at EUR 5 million.

Operating profit/loss

EBIT was significantly higher than in the previous year at EUR 96 (78) million due to improved underwriting. With lower premium income, the EBIT margin therefore increased to 9.1% (7.1%).

Life Insurance

- Downturn in bancassurance biometric business and single premiums
- Operating profit strained by updates to actuarial assumptions with lower interest rates

KEY FIGURES FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

EUR million	9M 2020	9M 2019	+/-
Gross written premiums	3,189	3,395	-6.1 %
Net premiums earned	2,432	2,501	-2.8 %
Underwriting result	-1,309	-1,109	-18.0 %
Net investment income	1,404	1,242	+13.1 %
Operating profit/loss (EBIT)	72	107	-32.7 %
New business measured in annual premium equivalent	260	294	-11.6 %
Single premiums	939	1,111	-15.4 %
Regular premiums	166	183	-9.3 %
New business by product measured in annual premium equivalent	260	294	-11.6 %
of which capital-efficient products	118	125	-5.4 %
of which biometric products	84	101	-16.8 %

MANAGEMENT METRICS FOR THE LIFE INSURANCE SEGMENT

%	9M 2020	9M 2019	+/-
Gross premium growth	-6.1	2.6	-8.7 ppts
EBIT margin ¹	2.9	4.3	-1.3 ppts

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

Premium volume and new business

In the period to the end of September, the Life Insurance segment saw premiums decrease by 6.1% to EUR 3.2 (3.4) billion, which includes the savings elements of premiums from unit-linked life insurance policies.

This was driven by the slump in new business when measures were introduced to contain the coronavirus pandemic. Branch closures in the banking sector and companies' reluctance to enter into contracts for occupational retirement provisions had a serious impact. The coronavirus pandemic is estimated to be responsible for a EUR 157 million decrease in premiums. In particular, the bancassurance biometric business saw a downturn of EUR 93 million and single premiums (excluding bancassurance biometric business) were down by EUR 71 million, with regular premiums (excluding bancassurance biometric business) falling by EUR 43 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 fell by 2.8% to EUR 2.4 (2.5) billion.

Measured in APE, new business in life insurance products declined from EUR 294 million to EUR 260 million.

Underwriting result

The underwriting result declined to EUR -1.3 (-1.1) 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 improved by 13.1% to EUR 1.4 (1.2) billion. This growth was driven predominantly by higher disposal gains, which easily offset lower ordinary investment income due to interest rates and coronavirus-related write-downs on equities. The negative impact of the coronavirus pandemic is estimated at EUR 57 million.

Operating profit/loss

Operating profit (EBIT) in the Life Insurance segment in the Retail Germany Division decreased by 32.7% year-on-year to EUR 72 (107) million, due chiefly to the regular adjustment of actuarial assumptions to take account of the again lower interest rates. The EBIT margin decreased to 2.9% (4.3%).

Retail Germany Division as a whole

RETURN ON EQUITY FOR THE RETAIL GERMANY DIVISION AS A WHOLE

%	9M 2020	9M 2019	+/-
Return on equity ¹	5.3	5.8	-0.5 ppts

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

After adjusting for taxes on income, financing costs and non-controlling interests, the Group net income contribution fell to EUR 102 (110) million as a result of the decrease in earnings in Life Insurance. This depressed the return on equity by 0.5 percentage points to 5.3%.

Retail International

- Gross written premiums decreased by 3.9% adjusted for currency effects
- Combined ratio of 94.8% benefits from less frequent motor vehicle claims

KEY FIGURES FOR THE RETAIL INTERNATIONAL DIVISION

EUR million	9M 2020	9M 2019	+/-
Gross written premiums	4,040	4,537	-11.0 %
Net premiums earned	3,678	4,009	-8.3 %
Underwriting result	44	34	+29.8 %
Net investment income	245	286	-14.3 %
Operating profit/loss (EBIT)	220	227	-3.0 %

MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

	9M 2020	9M 2019	+/-
Gross premium growth (adjusted for currency effects)	-3.9	9.9	-13.8 ppts
Combined ratio (net, property/casualty only) ¹	94.8	95.1	-0.3 ppts
EBIT margin ²	6.0	5.7	+0.3 ppts
Return on equity ³	8.3	8.7	-0.4 ppts

¹ Taking into account interest income on funds withheld.

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

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

This division bundles the Talanx Group's international retail business activities and is active in both Europe and Latin America. The coronavirus pandemic that broke out across the world in the first half of 2020 initially had a positive impact in the Retail International segment thanks to less frequent motor vehicle claims as fewer vehicles were on the roads, boosting the underwriting result by of EUR 72 million, and has so far had only a minor negative impact of EUR -8 million on net investment income. Nonetheless, the decline in premium volume as a result of the coronavirus pandemic is expected to have a delayed adverse effect on the underwriting result in 2021. Provisions of EUR 35 million have been recognised for coronavirus effects in the current year, impacting the combined ratio by 1.4 percentage points.

Premium volume

The division's gross written premiums (including premiums from unit-linked life and annuity insurance) decreased by 11.0% year-on-year to EUR 4.0 (4.5) billion. Adjusted for currency effects, gross premiums were down 3.9% on the comparative period.

The Europe region reported a 7.9% decrease in gross written premiums to EUR 3.0 billion, driven primarily by lower single premiums in the life insurance line of the Italian HDI Assicurazioni S.p.A., whereas premiums at the Turkish HDI Sigorta A.Ş. rose by 45.6% adjusted for currency effects, largely in connection with motor and homeowners insurance. Ergo Sigorta A.Ş. which was acquired in the third quarter of 2019, was included for nine months in the 2020 figures. Adjusted for currency effects, the downturn in premium volume in Europe stood at 4.8%.

In the Latin America region, gross written premiums fell by 18.7% compared to the same period of the previous year to EUR 1.0 (1.3) billion, especially in Brazil, Mexico and Chile. Adjusted for currency effects, the downturn in gross written premiums stood at 1.5%. Premiums for the division's companies in the Latin America region are generated chiefly from motor vehicle contracts. Sales of these are declining as new vehicle sales have experienced a downturn on account of the economy and the repercussions of the coronavirus pandemic.

Underwriting result

The combined ratio from property insurance companies decreased by 0.3 percentage points year-on-year to 94.8%. The loss ratio accounts for 1.1 percentage points of this improvement. Fewer vehicles on the roads as a result of lockdowns to contain the coronavirus pandemic temporarily resulted in less frequent motor vehicle claims and so loss ratios declined in the first nine months of 2020. The expense ratio for the division was 0.8 percentage points higher than the previous year (28.9%), at 29.7%. The rise in the expense ratio came chiefly on the back of a higher acquisition cost ratio on account of stiffer competition and more diversification.

Risk products from the Polish TUiR WARTA S.A. played a particularly key role in the EUR 9 million improvement in the underwriting result in life insurance.

Net investment income

Net investment income declined by 14.3% against the first nine months of 2019 to EUR 245 (286) million. This decrease stemmed from the 49.7% fall in extraordinary net investment income, which declined to EUR 25 (50) million chiefly on the back of write-downs of equity securities due to the coronavirus pandemic at the Italian HDI Assicurazioni S.p.A. and the Polish TUiR WARTA S.A., as well as realised losses. The division's ordinary net investment income fell by 5.9% year on year to EUR 238 (253) million, attributable mainly to lower interest rates on all markets, in particular in Poland and Turkey.

Operating profit/loss and Group net income

In the first nine months of 2020, operating profit (EBIT) in the Retail International Division shrank by 3.0% compared with the prior-year period to EUR 220 (227) million. Adjusted for currency effects, EBIT picked up by around 3%. The Europe region contributed to the operating profit of the segment with EBIT of EUR 232 (209) million, a year-on-year increase of 10.5%, whereby this growth was primarily due to the earnings contribution by the Polish TUiR WARTA S.A. and the Italian HDI Assicurazioni S.p.A. This upturn offset the EUR 15 million decline in operating profit (EBIT) in the Latin America region. Group net income after minority interests declined accordingly by 3.8% to EUR 127 (132) million. The return on equity declined by 0.4 percentage points to 8.3% 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 2020	9M 2019	+/-
Gross written premiums	4,040	4,537	-11.0 %
Property/Casualty	2,773	2,986	-7.1 %
Life	1,267	1,551	-18.3 %
Net premiums earned	3,678	4,009	-8.3 %
Property/Casualty	2,463	2,566	-4.0 %
Life	1,215	1,443	-15.9 %
Underwriting result	44	34	+29.8 %
Property/Casualty	129	128	+0.9 %
Life	-85	-94	+9.5 %
Net investment income	245	286	-14.3 %
Property/Casualty	121	149	-18.8 %
Life	130	143	-8.8 %
Others	-5	-3	+8.7 %
New business by product measured in annual premium equivalent (life)	154	188	-18.2 %
Single premiums	1,042	1,342	-22.4 %
Regular premiums	49	53	-7.7 %
New business by product measured in annual premium equivalent (life)	154	188	-18.2 %
of which capital-efficient products	83	105	-21.0 %
of which biometric products	48	49	-2.8 %

RETAIL INTERNATIONAL DIVISION BY REGION AT A GLANCE

EUR million	9M 2020	9M 2019	+/-
Gross written premiums	4,040	4,537	-11.0 %
of which Europe	2,993	3,250	-7.9 %
of which Latin America	1,047	1,287	-18.7 %
Net premiums earned	3,678	4,009	-8.3 %
of which Europe	2,722	2,878	-5.4 %
of which Latin America	956	1,131	-15.5 %
Underwriting result	44	34	+29.8 %
of which Europe	49	25	+95.0 %
of which Latin America	30	28	+8.3 %
Net investment income	245	286	-14.3 %
of which Europe	217	236	-8.1 %
of which Latin America	33	55	-39.5 %
Operating profit/loss (EBIT)	220	227	-3.0 %
of which Europe	232	209	+10.5 %
of which Latin America	34	49	-30.1 %

Reinsurance

Property/Casualty Reinsurance

- Growth of 15.9% in written premiums adjusted for currency effects
- Reserves for the coronavirus pandemic increased by EUR 100 million to total EUR 700 million in the third quarter of 2020
- Large losses climb to EUR 1.1 billion, due mostly to coronavirus claims
- Considerable rate increases in contract renewals during the year

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

EUR million	9M 2020	9M 2019	+/-
Gross written premiums	13,348	11,653	+14.5 %
Net premiums earned	10,512	9,282	+13.2 %
Underwriting result	-187	89	-309.1 %
Net investment income	725	817	-11.3 %
Operating profit/loss (EBIT)	606	887	-31.7 %

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%	9M 2020	9M 2019	+/-
Gross premium growth (adjusted for currency effects)	15.9	17.5	-1.6 ppts
Combined ratio (net) ¹	101.4	98.7	+2.7 ppts
EBIT margin ²	5.8	9.6	-3.8 ppts

¹ Taking into account interest income on funds withheld.

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

Business development

The far-reaching measures implemented to contain the coronavirus pandemic are particularly affecting the Property/Casualty Reinsurance segment, especially for the business interruption, commercial credit default insurance and event cancellation insurance lines. We increased our reserves in the Property/Casualty Reinsurance segment for coronavirus claims by another EUR 100 million to a total of EUR 700 million in the third quarter.

Prices and conditions across the board have improved considerably in both primary insurance and reinsurance in response to the current challenges. Our top priority remains ensuring underwriting results are profitable, even with interest rates remaining low.

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 but also for claims-free coverage.

Premium development

Gross written premiums in the Property/Casualty Reinsurance segment thus increased significantly by 14.5% to EUR 13.3 (11.7) billion. At constant exchange rates, the growth would have amounted to 15.9%. Growth was spurred in particular by the performance in North America, Germany and Asia. Net premiums earned improved by 13.2% to EUR 10.5 (9.3) billion; growth would have amounted to 14.7% when adjusted for currency effects.

Underwriting result

Large loss expenses were far higher than in the comparative period on account of the negative effects of the coronavirus. Including the negative impact of EUR 700 million for coronavirus claims, these totalled EUR 1.1 billion (546 million) as at 30 September. In addition to the pandemic, the largest claims in the third quarter included a storm that swept over the eastern United States (net EUR 84 million), the US hurricane "Laura" (EUR 64 million) and the explosion at the port of Beirut (EUR 67 million). We generally 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 came to EUR -187 (89) million. Given the risk provisions for coronavirus claims, the combined ratio deteriorated to 101.4% (98.7%). Adjusted for Covid-19-related loss reserves and taking into account a large loss within the planned budget, the combined ratio would have been 97.6%.

Net investment income

Net investment income from assets under own management in the Property/Casualty Reinsurance segment fell to EUR 684 (783) million.

Operating profit/loss

Operating profit (EBIT) for the Property/Casualty Reinsurance segment decreased by 31.7% to EUR 606 (887) million.

Life/Health Reinsurance

- Growth of 5.0% in written premiums adjusted for currency effects
- Demand for tailored financial solutions remains high
- Negative impact of the coronavirus pandemic comes to EUR 160 million
- Operating profit down on comparative period

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

EUR million	9M 2020	9M 2019	+/-
Gross written premiums	5,947	5,740	+3.6 %
Net premiums earned	5,259	5,109	+2.9 %
Underwriting result	-421	-275	-53.3 %
Net investment income	473	527	-10.3 %
Operating profit/loss (EBIT)	309	472	-34.4 %

MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

%	9M 2020	9M 2019	+/-
Gross premium growth (adjusted for currency effects)	5.0	5.8	-0.8 pts
EBIT growth ¹	-34.4	226.3	-260.7 pts

¹ Change in operating profit/loss (EBIT) compared to the prior year in percent.

Business development

The Life/Health Reinsurance segment has also been affected by the coronavirus pandemic but negative impact here remains within the expected range. The negative impact at the half-year mark came to EUR 63 million, climbing to a total of EUR 160 million by the end of September. This figure comprises reported claims of EUR 96 million and IBNR claims related to the coronavirus. Most claims result from diseases and fatalities in the US, our largest single market.

The crisis has shown that the backlog of demand for corresponding risk cover is still relatively high in many countries. Given this, we are expanding our activities and services for customers, including in health care and wellness, for example in Canada. Financial solutions, where we offer our customers individual reinsurance solutions to improve their solvency, liquidity and capital, is still enjoying high global demand and good conditions, in particular in the US and China.

Demand for longevity risk hedging solutions was buoyant, especially in the UK, the Netherlands and Australia. Digital insurance solutions and automation are also increasingly playing a key role in all activities, in particular in collaboration with start-ups.

Premium development

The gross premium volume in the Life/Health Reinsurance segment rose by 3.6% to EUR 5.9 (5.7) billion as at 30 September. Adjusted for currency effects, growth came to 5.0%. Growth was driven here primarily by Australia and Asia, in particular China. Net premiums earned rose to EUR 5.3 (5.1) billion. At constant exchange rates, the increase would have amounted to 4.4%.

Net investment income

Net investment income from assets under own management in the Life/Health Reinsurance segment came to EUR 350 (413) million. This decline is chiefly because the comparative period benefited from releasing hidden reserves through profit or loss as part of the restructuring of shares in an equity interest. At the same time, there was also a non-recurring one-time effect of EUR 55 million from measuring a single long-term equity investment using the equity method. The underwriting result amounted to EUR -421 (-275) million.

Operating profit/loss

Operating profit (EBIT) declined by 34.4% to EUR 309 (472) million.

Reinsurance Division as a whole

RETURN ON EQUITY FOR THE REINSURANCE DIVISION AS A WHOLE

%	9M 2020	9M 2019	+/-
Return on equity ¹	8.7	13.7	-5.0 ppts

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

Group net income in the Reinsurance Division as at 30 September 2020 contracted to EUR 334 (480) million, with the return on equity declining by 5.0 percentage points to 8.7% (13.7%).

Corporate Operations

- Talanx pushes forward with sustainability strategy

The Talanx Group is continuing to expand its sustainable investment strategy, funding two Spanish 50 MW solar energy projects via a loan-backed EUR 250 million project bond. The facilities provide regenerative energy to 52,000 households in the Castilla-La Mancha region, cutting CO₂ emissions by almost 63,000 tonnes each year.

Operating profit/loss

The operating loss in the Corporate Operations segment increased slightly in the first nine months of 2020 to EUR -12 (-4) million. Group net income attributable to shareholders of Talanx AG for this segment amounted to EUR -62 (-67) million in the first nine months of 2020. While EBIT contracted by EUR 13 million due to Covid-19, Group net income includes a positive, EUR 8 million effect thanks to capitalising deferred tax assets.

Investments and financial position

Changes in investments

The Covid-19 pandemic had a general impact on capital markets over the course of the year, affecting interest rate, lending, currency and stock markets. The Group's asset manager, Ampega, ensures needs-based crisis management through up-to-date monitoring and ad-hoc reporting and by proposing action to be taken.

Thanks to the excellent credit quality of securities, the monetary impact of the pandemic on the Talanx Group's investments has so far been rather moderate.

The total investment portfolio increased by 3.3% by the end of the third quarter of 2020 to EUR 138.5 (134.1) billion. Assets under own management rose by EUR 4.5 billion to EUR 127.1 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.

The portfolio changes are also a result of market development in the third quarter. This quarter saw a decline in risk premiums, especially for corporate bonds, and a further fall in interest rates, combined with "risk-off" trends in trade at the end of the quarter. Generally, it is clear that the recovery that began on financial and capital markets in the second quarter also continued in the third quarter.

The portfolio of investment contracts was unchanged against the start of the year (EUR 1.2 billion) at EUR 1.2 billion. The portfolio of funds withheld by ceding companies declined slightly to EUR 10.2 (10.3) billion compared to the beginning of the year.

Fixed-income investments were the most significant asset class as at the end of the third quarter of 2020. They contributed EUR 2.7 (2.4) 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	30.9.2020		31.12.2019	
Investment property	3,206	3%	3,193	3%
Shares in affiliated companies and participating interests	419	0%	398	0%
Shares in associates and joint ventures	424	0%	337	0%
Loans and receivables				
Loans including mortgage loans	413	0%	413	0%
Loans and receivables due from government or quasi-governmental entities and fixed-income securities	27,211	21%	27,228	22%
Held-to-maturity financial instruments	370	0%	336	0%
Available-for-sale financial instruments				
Fixed-income securities	85,308	67%	81,483	66%
Variable-yield securities	2,431	2%	2,067	2%
Financial instruments at fair value through profit or loss				
Financial instruments classified at fair value through profit or loss				
Fixed-income securities	879	1%	1,128	1%
Variable-yield securities	38	0%	147	0%
Financial instruments held for trading				
Fixed-income securities	—	0%	—	0%
Variable-yield securities	116	0%	122	0%
Derivatives ¹	296	0%	321	0%
Other investments	6,004	5%	5,465	4%
Assets under own management	127,115	100%	122,638	100%

¹ Only derivatives with positive fair values.

Fixed-income securities

The portfolio of fixed-income investments (excluding mortgage and policy loans) rose by EUR 3.6 billion to EUR 113.8 (110.2) 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 "available-for-sale financial instruments" (75% [74%] of total investments in the fixed income

portfolio) and "Loans and receivables" (24% [25%] of total holdings of fixed-income securities).

“Available for sale fixed-income securities” increased by EUR 3.8 billion to EUR 85.3 (81.5) billion. Some reinvestments were also made in short-term investments outside the asset class of fixed-income securities, taking the existing investment structure into account. Valuation reserves, i.e. the balance of unrealised gains and losses, have increased from EUR 5.6 billion to EUR 7.4 billion since the end of 2019. This is due to the decrease in interest rates and spreads as part of the recovery on financial and capital markets. The volatility of “available for sale fixed-income securities” 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) continue to account for the majority of the portfolio. Total holdings in fixed-income securities within the “Loans and receivables” category amounted to EUR 27.6 (27.6) billion at the end of the quarter. Off-balance-sheet valuation reserves for “Loans and receivables” (including mortgage and policy loans) rose slightly to EUR 5.3 (5.1) billion.

The Talanx Group pursues a conservative investment policy. Investments made in fixed-income securities in 2020 continued to focus on highly rated government bonds or securities from issuers with a similar credit quality. Holdings of AAA-rated bonds amounted to EUR 48.9 (44.7) billion as at the reporting date. The rating structure of fixed-income securities changed only marginally in comparison to the end of the previous financial year. 77% (75%) 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 of the Talanx Group’s foreign currency portfolio, at 18% (19%). Sizeable exposures – amounting to 8% (7%) of total investments – are also held in pound sterling, Polish zloty and Australian dollars. All in all, 33% (34%) of total assets under own management were denominated in foreign currencies as at the reporting date.

Net investment income

CHANGES IN NET INVESTMENT INCOME

EUR million	9M 2020	9M 2019
Ordinary investment income	2,461	2,618
of which current income from interest	1,933	2,050
of which attributable to profit/loss from shares in associates	76	17
Realised net gains on disposal of investments	834	585
Depreciation of and impairment losses/reversals of impairment losses on investments	-224	-117
Unrealised net gains/losses on investments	40	127
Other investment expenses	204	195
Income from assets under own management	2,907	3,018
Net interest income from funds withheld and contract deposits	151	136
Net income from investment contracts	1	2
Total	3,059	3,156

At EUR 3,059 (3,156) million, net investment income was down on the previous year’s level on account of lower ordinary investment income and unrealised gains and losses in the reporting period and higher impairment. This was balanced out only partially by higher gains. This resulted in a drop in the annualised net return on investment to 3.1% (3.4%).

Driven chiefly by consistently low interest rates, ordinary investment income totalled EUR 2,461 million at the end of the quarter, a year-on-year decrease of EUR 157 million (EUR 2,618 million). One area this can be seen in the EUR 117 million downturn in current income from interest to EUR 1,933 (2,050) million. The average coupon in the fixed-income securities portfolio declined to 2.6% (2.8%). Income from private equity was also weaker than in the previous year at EUR 166 (235) million. Earnings from real estate investments also declined (EUR -34 million). This was countered by a rise in profit from shares in associates to EUR 76 (17) million due to a one-time effect when measuring a single long-term equity investment in the Life/Health Reinsurance segment.

Rising by EUR 249 million to EUR 834 (585) million, realised net gains on the disposal of investments were significantly higher than in the previous year. This is particularly clear in the Retail Germany – Life segment, where gains were attributable mostly to measures to secure financing for the additional interest reserve.

Higher depreciation and amortisation were required overall compared to the prior year on account of market slumps in the first quarter caused by the pandemic. Net of reversals, this came to EUR 224 (117) million in total. In addition to depreciation on directly held property and infrastructure investments of EUR 74 (70) million, there were also impairment losses for equities of EUR 52 (7) million, for fixed-income securities of EUR 16 (2) million and for other investments of EUR 82 (40) million. Alternative investments accounted for EUR 63 million of the latter. Impairment losses on equities and alternative investments particularly reflect the economic turbulence already seen and still to be expected on account of the Covid-19 pandemic at companies in the area of private equity and among issuers of high-yield bonds, although this turbulence lost pace towards the end of the reporting period.

Unrealised net gains/losses fell significantly from EUR 127 million to EUR 40 million on account of market conditions. This development was driven by changes in the fair value of our assets held at fair value through profit or loss and is attributable in particular to fair value changes to futures, credit default swaps, interest rate and currency swaps and structured products, especially in special funds. We recognise a derivative for the credit risk of special life reinsurance contracts (ModCo), under which cedants’ securities accounts are held in our name. In the reporting period, the performance of this derivative resulted in unrealised losses through profit or loss of EUR 9 (first nine months of 2019: gains of EUR 6) million.

NET INVESTMENT INCOME BY GROUP SEGMENT¹

EUR million	9M 2020	9M 2019
Industrial Lines	175	219
Retail Germany – Property/Casualty	64	85
Retail Germany – Life	1,437	1,274
Retail International	254	294
Property/Casualty Reinsurance	730	819
Life/Health Reinsurance	477	530
Corporate Operations	-79	-65
Total	3,059	3,156

¹ After elimination of intragroup cross-segment transactions.

Change in equity

CHANGE IN EQUITY

	30.9.2020	31.12.2019	Change	+/- %
Subscribed capital	316	316	—	—
Capital reserves	1,373	1,373	—	—
Retained earnings	7,935	7,795	141	1.8
Accumulated other comprehensive income and other reserves	569	665	-96	-14.5
Group equity	10,194	10,149	44	0.4
Non-controlling interests in equity	6,626	6,461	165	2.5
Total	16,819	16,610	209	1.3

EQUITY BY DIVISION¹ INCLUDING NON-CONTROLLING INTERESTS

EUR million	30.9.2020	31.12.2019
Segment		
Industrial Lines	2,252	2,378
of which non-controlling interests	63	62
Retail Germany	2,738	2,572
of which non-controlling interests	84	76
Retail International	2,252	2,335
of which non-controlling interests	265	251
Reinsurance	11,457	11,166
of which non-controlling interests	6,773	6,654
Corporate Operations	-1,935	-1,889
of which non-controlling interests	—	—
Consolidation	55	47
of which non-controlling interests	-559	-582
Total equity	16,819	16,610
Group equity	10,194	10,149
Non-controlling interests	6,626	6,461

¹ Equity for the divisions is defined as the difference between the assets and liabilities of the division concerned.

Outlook

Anticipated financial development of the Group

For the first time, the Talanx Group is publishing another annual outlook for 2020. The Group retracted its previous outlook, which expected Group net income to range from “more than EUR 900 million” up to EUR 950 million, on 21 April 2020 in light of the coronavirus pandemic and the considerable uncertainty this entailed with regard to the future development of the economy and capital markets. Now that the figures are available for the first nine months and the impact of the coronavirus crisis is better known, we believe the Group is again able, to a limited extent, to make accurate forecasts for the current financial year.

We are making the following assumptions:

- the economy continues to steadily recover after the severe downturn in the second half of 2020
- steady inflation rates
- very low interest rates in the eurozone to continue
- no more sudden upheavals on the capital markets
- no additional exchange rate shocks
- no significant fiscal or regulatory changes
- large losses remain within the expected range for the rest of the year

For 2020 as a whole we expect gross written premiums (adjusted for currency effects) to grow by around 5% compared to 2019, while the IFRS return on investment, including realised gains, is likely to be in the region of 2.9%. We expect Group net income to come out clearly above EUR 600 million. This should correspond to a return on equity of approx. 6% and thus come close to the strategic target of at least 800 basis points above the risk-free interest rate, despite the corona burdens. The net income target is subject to the proviso that large losses in the fourth quarter develop in line with expectations and that there are no further distortions in the capital markets as a result of the corona pandemic. Subject to the approval of the supervisory authorities, we intend to pay a dividend of EUR 1.50 per share for 2020, that is, at the level of 2019. In principle, the Group intends to distribute 35% to 45% of the IFRS result as a dividend.

With the publication of its results for the first nine months of the current year Talanx is also for the first time issuing an earnings outlook for financial year 2021. We expect premium growth of around 5% compared to 2020, which is likely to be fuelled exclusively by premium increases in the Industrial Lines and Reinsurance Divisions. In the Retail Divisions, however, we anticipate a decline in premiums due to delayed corona effects and exchange rate effects in foreign business. The net return on investment under the IFRSs is forecast to be approximately 2.5%, with the even lower interest rate environment impacting Group net income by roughly EUR 25 million compared to 2020. We are expecting Group net income to be in the range of EUR 800 million to EUR 900 million. This should correspond to a return on equity of between 7.5% and 8.5%, which would be achieving or close to achieving our minimum strategic target.

As usual, the targets for the 2021 financial year are subject to the proviso that no turbulence occurs on the currency and capital markets and that large losses are in line with expectations.

The Group is standing by its medium-term targets for the 2022 financial year, in particular average annual growth in earnings per share of at least 5% against the original target of EUR 850 million for the 2018 financial year.

Talanx Group

MANAGEMENT METRICS

	Outlook for 2020 on the basis of Q3 2020	Outlook for 2020 on the basis of Q2 2020	Outlook for 2020 on the basis of Q1 2020	Forecast for 2020 from the 2019 Annual Report
%				
Gross premium growth (adjusted for currency effects)	~ 5			~ 4
Net return on investment	~ 2,9			~ 2,7
Group net income in EUR million	clearly above 600		Outlook for 2020 withdrawn in April 2020	
Return on equity	approx. 6			"> 9,0" to 9.5
Payout ratio	35–45			35–45

Industrial Lines

In our outlook for 2020 in the 2019 Annual Report, we had expected gross premiums to rise by at least 2% in the Industrial Lines segment. Given current developments – especially in specialty business – we are now anticipating gross premium growth of over 5% in 2020 as a whole. In view of the negative effects of Covid-19, we expect to see a combined ratio (net) of around 104% for the 2020 financial year ($\leq 99\%$ adjusted for the effects of Covid-19). Given this negative impact, we now anticipate an EBIT margin of around 1% and return on equity of between 0% and 1%.

MANAGEMENT METRICS FOR THE INDUSTRIAL LINES DIVISION

	Outlook for 2020 on the basis of Q3 2020	Outlook for 2020 on the basis of Q2 2020	Outlook for 2020 on the basis of Q1 2020	Forecast for 2020 from the 2019 Annual Report
%				
Gross premium growth (adjusted for currency effects)	> 5			≥ 2
Combined ratio (net)	~ 104		Outlook for 2020 withdrawn in April 2020	< 100
EBIT margin	~ 1			~ 5
Return on equity	0–1			~ 5

Retail Germany

Property/Casualty Insurance

In our outlook for 2020 in the 2019 Annual Report, we had expected gross premiums to remain stable in the Property/Casualty Insurance segment in the Retail Germany Division. In light of the coronavirus pandemic, we now expect gross premiums to fall by around 5% in 2020 as a whole, especially in motor insurance and the biometric core business of bancassurance. In addition, we expect an EBIT margin of 7% to 8%, in particular due to the adverse impact of the coronavirus crisis on net investment income.

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

%	Outlook for 2020 on the basis of Q3 2020	Outlook for 2020 on the basis of Q2 2020	Outlook for 2020 on the basis of Q1 2020	Forecast for 2020 from the 2019 Annual Report
Gross premium growth	~-5	Outlook for 2020 withdrawn in April 2020		stable
Combined ratio (net)	~96			~96
EBIT margin	7–8			8–9

Life Insurance

In our outlook for 2020 in the 2019 Annual Report, we had expected gross premiums to remain stable in the Life Insurance segment in the Retail Germany Division. In light of the coronavirus pandemic, we now expect gross premiums to decrease by around 5% in 2020 as a whole, especially in bancassurance biometrics and single premium business. We expect another negative impact of Covid-19 regarding the amortisation of the PVFP associated with investment contracts and so we are assuming an EBIT margin of between 2% and 3%.

MANAGEMENT METRICS FOR THE RETAIL GERMANY DIVISION – LIFE INSURANCE SEGMENT

%	Outlook for 2020 on the basis of Q3 2020	Outlook for 2020 on the basis of Q2 2020	Outlook for 2020 on the basis of Q1 2020	Forecast for 2020 from the 2019 Annual Report
Gross premium growth	~-5	Outlook for 2020 withdrawn in April 2020		stable
EBIT margin	2–3			~3

Retail Germany overall

In our outlook for 2020 in the 2019 Annual Report, we had anticipated a return on equity of between 5% and 6% in the Retail Germany Division. In light of the coronavirus pandemic, we are now expecting a return on equity of between 4% and 5% in 2020 as a whole.

RETURN ON EQUITY MANAGEMENT METRIC FOR THE RETAIL GERMANY DIVISION OVERALL

%	Outlook for 2020 on the basis of Q3 2020	Outlook for 2020 on the basis of Q2 2020	Outlook for 2020 on the basis of Q1 2020	Forecast for 2020 from the 2019 Annual Report
Return on equity	4–5	Outlook for 2020 withdrawn in April 2020		5–6

Retail International

Our outlook for 2020 in the 2019 Annual Report anticipated moderate gross premium growth in the Retail International Division in 2020. We now expect gross premiums to decrease by more than 5% in 2020 as a whole. The decline in new vehicle sales, caused by the economic downturn stemming from the coronavirus pandemic, is hurting motor insurance sales. Lower demand for optional insurance policies is also causing a slump in life insurance premiums, which in turn also affects the value of new business (life), which we expect to come to around EUR 30 million for the year as a whole. The EBIT margin is expected to be around 5% and the return on equity about 7%.

MANAGEMENT METRICS FOR THE RETAIL INTERNATIONAL DIVISION

%	Outlook for 2020 on the basis of Q3 2020	Outlook for 2020 on the basis of Q2 2020	Outlook for 2020 on the basis of Q1 2020	Forecast for 2020 from the 2019 Annual Report
Gross premium growth (adjusted for currency effects)	> -5			moderate growth
Value of new business ¹ (life) in EUR million	~30	Outlook for 2020 withdrawn in April 2020		~40
Combined ratio (net, property/casualty insurance)	~95			~95
EBIT margin	~5			5–6
Return on equity	~7			8–9

¹ Excluding non-controlling interests.

Reinsurance

Taking account of the general large loss situation and the loss prevention measures for Covid-19 taken in the first nine months of 2020, we are expecting Group net income of over EUR 400 million for the year as a whole in the Reinsurance Division. Net return on investment should come to around 2.7%, with gross written premiums for the Reinsurance Division seeing high single digit gains adjusted for currency effects. As usual, all statements are subject to large losses remaining within expected ranges and to there being no unexpected, negative developments on capital markets. We expect return on equity to be above 7.5%.

Property/Casualty Reinsurance

MANAGEMENT METRICS FOR THE PROPERTY/CASUALTY REINSURANCE SEGMENT

%	Outlook for 2020 on the basis of Q3 2020	Outlook for 2020 on the basis of Q2 2020	Outlook for 2020 on the basis of Q1 2020	Forecast for 2020 from the 2019 Annual Report
Gross premium growth (adjusted for currency effects)	Outlook for Q3 at division level only		Outlook for 2020 withdrawn in April 2020	solid growth
Combined ratio (net)				≤ 97
EBIT margin				≥ 10

Life/Health Reinsurance

MANAGEMENT METRICS FOR THE LIFE/HEALTH REINSURANCE SEGMENT

%	Outlook for 2020 on the basis of Q3 2020	Outlook for 2020 on the basis of Q2 2020	Outlook for 2020 on the basis of Q1 2020	Forecast for 2020 from the 2019 Annual Report
Gross premium growth (adjusted for currency effects)	Outlook for Q3 at division level only		Outlook for 2020 withdrawn in April 2020	moderate growth
Value of new business ¹ in EUR million				≥ 110
EBIT growth ²				> 5

¹ Excluding non-controlling interests.

² Average over a three-year period.

Reinsurance Division overall

RETURN ON EQUITY MANAGEMENT METRIC FOR THE REINSURANCE DIVISION OVERALL

%	Outlook for 2020 on the basis of Q3 2020	Outlook for 2020 on the basis of Q2 2020	Outlook for 2020 on the basis of Q1 2020	Forecast for 2020 from the 2019 Annual Report
Return on equity	> 7.5		Outlook for 2020 withdrawn in April 2020	12 – 13

Consolidated balance sheet

as at 30 September 2020

CONSOLIDATED BALANCE SHEET – ASSETS

EUR million		30.9.2020	31.12.2019
A. Intangible assets			
a. Goodwill		1,028	1,105
b. Other intangible assets		858	893
		1,886	1,998
B. Investments			
a. Investment property	3,206		3,193
b. Shares in affiliated companies and participating interests	419		398
c. Shares in associates and joint ventures	424		337
d. Loans and receivables	27,624		27,641
e. Other financial instruments			
i. Held to maturity	370		336
ii. Available for sale	87,739		83,550
iii. At fair value through profit or loss	1,328		1,718
f. Other investments	6,004		5,465
Assets under own management	127,115		122,638
g. Investments under investment contracts	1,203		1,170
h. Funds withheld by ceding companies	10,164		10,296
Investments		138,482	134,104
C. Investments for the benefit of life insurance policyholders who bear the investment risk		10,920	11,824
D. Reinsurance recoverables on technical provisions		7,625	8,483
E. Accounts receivable on insurance business		9,294	8,525
F. Deferred acquisition costs		5,596	5,940
G. Cash at banks, cheques and cash-in-hand		3,861	3,518
H. Deferred tax assets		360	326
I. Other assets		2,905	2,819
J. Non-current assets and assets of disposal groups classified as held for sale		29	57
Total assets		180,958	177,594

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

EUR million		30.9.2020	31.12.2019
A. Equity			
a. Subscribed capital	316		316
Nominal amount: 316 (previous year: 316)			
Contingent capital: 158 (previous year: 158)			
b. Reserves	9,878		9,833
Equity excluding non-controlling interests		10,194	10,149
c. Non-controlling interests in equity		6,626	6,461
Total equity		16,819	16,610
B. Subordinated liabilities ¹		3,486	3,479
C. Technical provisions			
a. Unearned premium reserve	11,780		9,837
b. Benefit reserve	57,271		56,859
c. Loss and loss adjustment expense reserve	50,848		49,651
d. Provision for premium refunds	8,846		8,511
e. Other technical provisions	777		755
		129,523	125,614
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders		10,920	11,824
E. Other provisions			
a. Provisions for pensions and other post-employment benefits	2,313		2,284
b. Provisions for taxes	494		561
c. Miscellaneous other provisions	806		971
		3,613	3,816
F. Liabilities			
a. Notes payable and loans ²	2,286		2,308
b. Funds withheld under reinsurance treaties	3,839		4,550
c. Other liabilities	8,003		7,224
		14,128	14,081
G. Deferred tax liabilities		2,460	2,160
H. Liabilities included in disposal groups classified as held for sale		9	9
Total liabilities/provisions		164,139	160,983
Total equity and liabilities		180,958	177,594

¹ The nominal value of the subordinated liabilities came to EUR 3,506 (3,495) million.

² The nominal value of the notes payable was EUR 1,815 (1,815) million.

Consolidated statement of income

for the period from 1 January to 30 September 2020

CONSOLIDATED STATEMENT OF INCOME

EUR million	9M 2020	9M 2019	Q3 2020	Q3 2019
1. Gross written premiums including premiums from unit-linked life and annuity insurance	31,907	30,325	9,901	9,461
2. Savings elements of premiums from unit-linked life and annuity insurance	649	729	203	257
3. Ceded written premiums	3,866	3,391	1,321	1,050
4. Change in gross unearned premiums	-2,629	-2,277	23	138
5. Change in ceded unearned premiums	-538	-258	-155	23
Net premiums earned	25,301	24,186	8,555	8,269
6. Claims and claims expenses (gross)	22,372	21,427	8,037	7,432
Reinsurers' share	1,807	2,011	870	694
Claims and claims expenses (net)	20,565	19,416	7,167	6,738
7. Acquisition costs and administrative expenses (gross)	7,185	6,475	2,385	2,261
Reinsurers' share	535	484	186	175
Acquisition costs and administrative expenses (net)	6,650	5,991	2,199	2,086
8. Other technical income	46	43	14	11
Other technical expenses	104	104	45	30
Other technical result	-58	-61	-32	-19
Net technical result	-1,972	-1,282	-843	-574
9. a. Investment income	3,751	3,617	1,489	1,266
b. Investment expenses	844	599	239	146
Net income from assets under own management	2,907	3,018	1,250	1,120
Net income from investment contracts	1	2	1	1
Net interest income from funds withheld and contract deposits	151	136	24	49
Net investment income	3,059	3,156	1,274	1,170
of which share of profit or loss of equity-accounted associates and joint ventures	76	17	66	2
10. a. Other income	1,087	857	334	277
b. Other expenses	883	868	220	254
Other income/expenses	204	-11	114	23
Profit before goodwill impairments	1,291	1,863	546	619
11. Goodwill impairments	—	—	—	—
Operating profit/loss (EBIT)	1,291	1,863	546	619
12. Financing costs	154	142	51	48
13. Taxes on income	228	408	135	115
Net income	910	1,313	360	456
of which attributable to non-controlling interests	390	572	166	191
of which attributable to shareholders of Talanx AG	520	742	194	265
Earnings per share				
Basic earnings per share (EUR)	2.06	2.93	0.77	1.05
Diluted earnings per share (EUR)	2.06	2.93	0.77	1.05

Consolidated statement of comprehensive income

for the period from 1 January to 30 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	9M 2020	9M 2019	Q3 2020	Q3 2019
Net income	910	1,313	360	456
Items that will not be reclassified to profit or loss				
Actuarial gains (losses) on pension provisions				
Gains (losses) recognised in other comprehensive income for the period	-71	-349	-104	-122
Tax income (expense)	22	103	33	34
	-49	-246	-71	-87
Changes in policyholder participation/shadow accounting				
Gains (losses) recognised in other comprehensive income for the period	4	15	6	7
Tax income (expense)	-	-	-	-
	4	15	6	7
Total items that will not be reclassified to profit or loss, net of tax	-46	-231	-66	-80
Items that may be reclassified subsequently to profit or loss				
Unrealised gains and losses on investments				
Gains (losses) recognised in other comprehensive income for the period	2,254	5,986	934	2,146
Reclassified to profit or loss	-345	-212	-145	-110
Tax income (expense)	-246	-810	-140	-248
	1,662	4,964	648	1,787
Exchange differences on translating foreign operations				
Gains (losses) recognised in other comprehensive income for the period	-774	360	-445	256
Reclassified to profit or loss	-	-	-	-
Tax income (expense)	54	-33	33	-26
	-721	327	-413	230
Changes in policyholder participation/shadow accounting				
Gains (losses) recognised in other comprehensive income for the period	-849	-3,210	-368	-1,276
Tax income (expense)	4	137	33	64
	-845	-3,073	-335	-1,212
Changes from cash flow hedges				
Gains (losses) recognised in other comprehensive income for the period	27	42	7	11
Reclassified to profit or loss	-14	-20	-	-7
Tax income (expense)	2	-3	-	-
	15	20	8	5
Changes from equity method measurement				
Gains (losses) recognised in other comprehensive income for the period	-11	9	-9	9
Reclassified to profit or loss	-	-	-	-
Tax income (expense)	-	-	-	-
	-11	9	-9	9
Total items that may be reclassified subsequently to profit or loss, net of tax	101	2,247	-100	820
Other comprehensive income for the period, net of tax	56	2,016	-164	739
Total comprehensive income for the period	965	3,329	196	1,195
of which attributable to non-controlling interests	541	1,430	108	543
of which attributable to shareholders of Talanx AG	424	1,899	88	652

Segment reporting

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 30 SEPTEMBER 2020

EUR million

Assets	Industrial Lines		Retail Germany	
	30.9.2020	31.12.2019	30.9.2020	31.12.2019
A. Intangible Assets	163	163	677	687
B. Investments	9,715	9,292	57,101	54,665
C. Investments for the benefit of life insurance policyholders who bear the investment risk	—	—	10,506	11,353
D. Reinsurance recoverables on technical provisions	7,419	7,409	1,733	1,811
E. Accounts receivable on insurance business	1,989	2,060	338	287
F. Deferred acquisition costs	92	75	1,664	2,021
G. Cash at banks, cheques and cash-in-hand	846	857	631	832
H. Deferred tax assets	49	44	80	89
I. Other assets	662	663	731	771
J. Non-current assets and assets of disposal groups classified as held for sale	5	—	10	—
Total assets	20,941	20,564	73,470	72,517

CONSOLIDATED BALANCE SHEET BY DIVISION AS AT 30 SEPTEMBER 2020

EUR million

Equity and liabilities	Industrial Lines		Retail Germany	
	30.9.2020	31.12.2019	30.9.2020	31.12.2019
B. Subordinated liabilities	278	283	257	162
C. Technical provisions	15,245	14,561	56,246	54,169
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders	—	—	10,506	11,353
E. Other provisions	816	803	579	622
F. Liabilities	2,144	2,330	2,873	3,386
G. Deferred tax liabilities	205	209	272	253
H. Liabilities included in disposal groups classified as held for sale	—	—	—	—
Total liabilities/provisions	18,689	18,186	70,732	69,945

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
30.9.2020	31.12.2019	30.9.2020	31.12.2019	30.9.2020	31.12.2019	30.9.2020	31.12.2019	30.9.2020	31.12.2019
751	838	193	204	102	106	—	—	1,886	1,998
13,896	13,636	59,214	58,346	1,346	896	-2,791	-2,731	138,482	134,104
414	471	—	—	—	—	—	—	10,920	11,824
871	921	2,267	3,028	447	18	-5,112	-4,704	7,625	8,483
1,113	1,339	6,149	5,270	300	11	-595	-443	9,294	8,525
572	671	2,991	2,932	19	2	258	238	5,596	5,940
516	387	1,293	1,089	574	353	—	—	3,861	3,518
91	92	59	45	296	276	-215	-221	360	326
514	561	2,323	1,797	664	1,183	-1,989	-2,158	2,905	2,819
14	21	—	36	—	—	—	—	29	57
18,752	18,936	74,488	72,748	3,749	2,845	-10,443	-10,017	180,958	177,594

Retail International		Reinsurance		Corporate Operations		Consolidation		Total		
30.9.2020	31.12.2019	30.9.2020	31.12.2019	30.9.2020	31.12.2019	30.9.2020	31.12.2019	30.9.2020	31.12.2019	
82	42	2,607	2,628	1,280	1,280	-1,018	-916	3,486	3,479	
13,303	13,478	48,210	47,089	810	108	-4,291	-3,792	129,523	125,614	
414	471	—	—	—	—	—	—	10,920	11,824	
268	315	468	592	1,483	1,485	—	—	3,613	3,816	
2,326	2,182	9,674	9,481	2,112	1,861	-5,001	-5,158	14,128	14,081	
99	104	2,072	1,792	—	—	-189	-198	2,460	2,160	
9	9	—	—	—	—	—	—	9	9	
16,500	16,601	63,031	61,582	5,685	4,734	-10,499	-10,064	164,139	160,983	
								Equity¹	16,819	16,610
								Total liabilities	180,958	177,594

¹ Equity attributable to Group shareholders and non-controlling interests.

CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2020¹

EUR million	Industrial Lines		Retail Germany	
	9M 2020	9M 2019	9M 2020	9M 2019
1. Gross written premiums including premiums from unit-linked life and annuity insurance	5,220	4,883	4,458	4,733
of which attributable to other divisions/segments	54	42	52	45
of which attributable to third parties	5,166	4,841	4,406	4,688
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	602	650
3. Ceded written premiums	2,666	2,404	248	242
4. Change in gross unearned premiums	–637	–599	–121	–236
5. Change in ceded unearned premiums	–334	–268	–2	–2
Net premiums earned	2,252	2,149	3,490	3,606
6. Claims and claims expenses (gross)	3,199	3,278	3,728	3,961
Reinsurers' share	1,289	1,552	168	95
Claims and claims expenses (net)	1,911	1,726	3,561	3,865
7. Acquisition costs and administrative expenses (gross)	981	906	1,273	917
Reinsurers' share	535	469	82	87
Acquisition costs and administrative expenses (net)	446	438	1,190	830
8. Other technical income	2	3	18	13
Other technical expenses	4	18	21	14
Other technical result	–1	–15	–3	–1
Net technical result	–107	–30	–1,264	–1,091
9. a. Investment income	325	322	1,749	1,576
b. Investment expenses	153	105	271	241
Net income from assets under own management	172	216	1,478	1,336
Net income from investment contracts	—	—	—	—
Net interest income from funds withheld and contract deposits	–1	–1	–10	–8
Net investment income	171	215	1,469	1,327
of which share of profit or loss of equity-accounted associates and joint ventures	13	10	—	—
10. a. Other income	149	141	161	151
b. Other expenses	185	193	197	203
Other income/expenses	–37	–52	–37	–52
Profit before goodwill impairments	28	133	168	185
11. Goodwill impairments	—	—	—	—
Operating profit/loss (EBIT)	28	133	168	185
12. Financing costs	9	9	7	7
13. Taxes on income	6	38	54	61
Net income	13	87	107	116
of which attributable to non-controlling interests	3	2	5	6
of which attributable to shareholders of Talanx AG	10	84	102	110

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

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019
4,040	4,537	19,295	17,393	678	55	-1,784	-1,278	31,907	30,325
1	1	1,301	1,134	376	56	-1,784	-1,278	—	—
4,039	4,537	17,994	16,259	302	—	—	—	31,907	30,325
47	78	—	—	—	—	—	—	649	729
349	350	1,914	1,653	465	19	-1,777	-1,277	3,866	3,391
27	-117	-1,769	-1,453	-353	-10	224	139	-2,629	-2,277
-8	-18	-160	-103	-255	-5	221	139	-538	-258
3,678	4,009	15,771	14,391	115	31	-5	-1	25,301	24,186
2,986	3,323	13,311	11,675	325	45	-1,178	-855	22,372	21,427
256	240	1,090	990	194	14	-1,189	-880	1,807	2,011
2,730	3,082	12,221	10,685	132	31	11	25	20,565	19,416
940	936	4,358	4,059	54	10	-422	-353	7,185	6,475
71	72	204	172	34	1	-392	-316	535	484
869	864	4,154	3,887	20	9	-30	-37	6,650	5,991
25	26	—	—	—	—	—	1	46	43
59	55	5	5	—	—	15	12	104	104
-34	-29	-5	-4	—	—	-15	-11	-58	-61
44	34	-608	-185	-37	-9	—	—	-1,972	-1,282
388	322	1,323	1,428	13	16	-47	-46	3,751	3,617
141	34	290	232	83	73	-95	-87	844	599
247	287	1,033	1,196	-71	-58	47	41	2,907	3,018
1	2	—	—	—	—	—	—	1	2
-2	-3	164	148	—	—	—	—	151	136
245	286	1,197	1,344	-71	-58	47	41	3,059	3,156
—	—	63	7	—	—	—	—	76	17
127	74	629	475	583	572	-563	-556	1,087	857
197	167	303	274	488	509	-487	-478	883	868
-69	-93	326	201	96	63	-76	-77	204	-11
220	227	915	1,359	-12	-4	-29	-36	1,291	1,863
—	—	—	—	—	—	—	—	—	—
220	227	915	1,359	-12	-4	-29	-36	1,291	1,863
14	10	87	78	79	79	-41	-40	154	142
50	54	142	268	-28	-16	4	1	228	408
156	162	687	1,013	-62	-67	8	2	910	1,313
29	30	353	533	—	—	—	—	390	572
127	132	334	480	-62	-67	8	2	520	742

CONSOLIDATED STATEMENT OF INCOME BY DIVISION/REPORTABLE SEGMENT FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2020¹

EUR million	Industrial Lines		Retail Germany	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019
1. Gross written premiums including premiums from unit-linked life and annuity insurance	1,368	1,401	1,311	1,405
of which attributable to other divisions/segments	15	10	15	12
of which attributable to third parties	1,354	1,391	1,297	1,393
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	188	221
3. Ceded written premiums	730	752	72	74
4. Change in gross unearned premiums	229	152	119	78
5. Change in ceded unearned premiums	75	20	6	6
Net premiums earned	792	782	1,165	1,184
6. Claims and claims expenses (gross)	1,244	1,210	1,440	1,394
Reinsurers' share	559	573	31	30
Claims and claims expenses (net)	686	637	1,408	1,364
7. Acquisition costs and administrative expenses (gross)	324	327	434	283
Reinsurers' share	179	182	32	32
Acquisition costs and administrative expenses (net)	145	145	403	251
8. Other technical income	—	1	6	2
Other technical expenses	1	—	11	7
Other technical result	—	2	-6	-5
Net technical result	-39	2	-651	-436
9. a. Investment income	76	114	800	588
b. Investment expenses	11	31	54	65
Net income from assets under own management	65	83	747	523
Net income from investment contracts	—	—	—	—
Net interest income from funds withheld and contract deposits	—	-1	-3	-3
Net investment income	64	82	744	520
of which share of profit or loss of equity-accounted associates and joint ventures	5	—	—	—
10. a. Other income	8	29	53	55
b. Other expenses	23	49	72	78
Other income/expenses	-15	-20	-19	-24
Profit before goodwill impairments	10	64	74	60
11. Goodwill impairments	—	—	—	—
Operating profit/loss (EBIT)	10	64	74	60
12. Financing costs	3	3	2	2
13. Taxes on income	4	18	29	17
Net income	3	44	42	40
of which attributable to non-controlling interests	—	1	4	2
of which attributable to shareholders of Talanx AG	3	43	39	38

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

Retail International		Reinsurance		Corporate Operations		Consolidation		Total	
Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
1,282	1,383	6,149	5,699	308	9	-518	-437	9,901	9,461
—	—	404	406	84	9	-518	-437	—	—
1,282	1,383	5,744	5,294	224	—	—	—	9,901	9,461
15	36	—	—	—	—	—	—	203	257
99	105	700	557	221	2	-501	-439	1,321	1,050
18	21	-141	-152	-172	6	-31	33	23	138
16	7	-86	-46	-131	4	-35	32	-155	23
1,170	1,257	5,394	5,036	47	9	-13	2	8,555	8,269
934	1,009	4,690	4,154	104	16	-375	-351	8,037	7,432
67	69	522	379	49	10	-359	-366	870	694
867	940	4,168	3,776	54	7	-15	15	7,167	6,738
315	318	1,438	1,465	22	3	-147	-135	2,385	2,261
22	22	76	60	16	—	-137	-122	186	175
293	295	1,362	1,405	6	3	-10	-13	2,199	2,086
8	7	—	—	—	—	—	—	14	11
19	19	1	5	—	—	13	1	45	30
-11	-12	-1	-4	—	—	-13	-1	-32	-19
—	10	-138	-149	-14	-1	—	-1	-843	-574
177	108	448	463	4	9	-16	-16	1,489	1,266
98	10	78	47	30	24	-31	-30	239	146
79	98	370	417	-26	-15	15	15	1,250	1,120
1	1	—	—	—	—	—	—	1	1
-1	-1	28	54	—	—	—	1	24	49
79	97	398	471	-26	-15	15	15	1,274	1,170
—	—	60	2	—	—	—	—	66	2
40	25	217	174	201	193	-186	-198	334	277
54	52	71	80	164	171	-164	-176	220	254
-15	-27	146	94	38	22	-21	-23	114	23
64	81	406	415	-2	6	-6	-8	546	619
—	—	—	—	—	—	—	—	—	—
64	81	406	415	-2	6	-6	-8	546	619
4	4	29	26	26	26	-14	-13	51	48
12	19	90	62	-3	-3	2	2	135	115
49	58	286	327	-25	-17	5	4	360	456
11	12	152	176	—	—	—	—	166	191
38	47	134	151	-25	-17	5	4	194	265

**CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE RETAIL GERMANY (PROPERTY/CASUALTY AND LIFE),
PROPERTY/CASUALTY REINSURANCE AND LIFE/HEALTH REINSURANCE REPORTABLE SEGMENTS FOR THE PERIOD
FROM 1 JANUARY TO 30 SEPTEMBER 2020 AND 1 JULY TO 30 SEPTEMBER 2020**

EUR million	Retail Germany – Property/Casualty			
	9M 2020	9M 2019	Q3 2020	Q3 2019
1. Gross written premiums including premiums from unit-linked life and annuity insurance	1,270	1,337	265	295
of which attributable to other segments	—	—	—	—
of which attributable to third parties	1,270	1,337	265	295
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	—	—
3. Ceded written premiums	81	67	15	14
4. Change in gross unearned premiums	-135	-170	116	102
5. Change in ceded unearned premiums	-4	-4	5	5
Net premiums earned	1,058	1,105	361	378
6. Claims and claims expenses (gross)	706	690	206	234
Reinsurers' share	86	14	9	3
Claims and claims expenses (net)	619	675	198	231
7. Acquisition costs and administrative expenses (gross)	410	426	144	145
Reinsurers' share	24	19	7	6
Acquisition costs and administrative expenses (net)	386	407	136	138
8. Other technical income	1	2	—	1
Other technical expenses	8	6	4	1
Other technical result	-7	-4	-4	-1
Net technical result	45	18	23	8
9. a. Investment income	89	99	29	35
b. Investment expenses	24	13	4	5
Net income from assets under own management	65	86	25	31
Gains or losses from investment contracts	—	—	—	—
Net interest income from funds withheld and contract deposits	—	—	—	—
Net investment income	64	85	25	31
of which share of profit or loss of equity-accounted associates and joint ventures	—	—	—	—
10. a. Other income	38	36	11	8
b. Other expenses	51	61	17	23
Other income/expenses	-13	-25	-6	-15
Profit before goodwill impairments	96	78	42	24
11. Goodwill impairments	—	—	—	—
Operating profit/loss (EBIT)	96	78	42	24

	Retail Germany – Life				Property/Casualty Reinsurance				Life/Health Reinsurance			
	9M 2020	9M 2019	Q3 2020	Q3 2019	9M 2020	9M 2019	Q3 2020	Q3 2019	9M 2020	9M 2019	Q3 2020	Q3 2019
	3,189	3,395	1,047	1,110	13,348	11,653	4,173	3,806	5,947	5,740	1,975	1,894
	52	45	15	12	1,203	1,028	372	370	98	106	33	36
	3,136	3,350	1,032	1,098	12,145	10,625	3,802	3,436	5,849	5,634	1,943	1,858
	602	650	188	221	—	—	—	—	—	—	—	—
	167	176	57	59	1,292	1,073	501	403	622	580	199	154
	14	-66	3	-24	-1,705	-1,400	-115	-130	-65	-53	-26	-22
	2	2	1	1	-161	-102	-86	-46	1	-1	—	—
	2,432	2,501	804	805	10,512	9,282	3,643	3,318	5,259	5,109	1,751	1,717
	3,023	3,271	1,233	1,160	8,147	6,919	2,972	2,600	5,164	4,755	1,718	1,554
	81	81	23	27	489	490	323	212	601	499	199	167
	2,941	3,190	1,210	1,133	7,658	6,429	2,648	2,388	4,562	4,256	1,519	1,388
	862	491	291	138	3,186	2,903	1,044	1,065	1,172	1,156	393	400
	58	68	25	26	145	141	49	53	59	31	26	7
	804	423	266	113	3,041	2,762	995	1,012	1,113	1,126	367	393
	17	11	6	2	—	—	—	—	—	—	—	—
	13	8	7	5	—	2	—	3	5	2	1	2
	4	3	-2	-4	—	-2	—	-3	-5	-2	-1	-2
	-1,309	-1,109	-675	-445	-187	89	—	-84	-421	-275	-137	-65
	1,660	1,477	771	552	911	969	304	341	412	459	144	122
	247	227	49	60	227	186	63	44	63	46	15	3
	1,413	1,250	722	492	684	783	241	297	350	413	129	119
	—	—	—	—	—	—	—	—	—	—	—	—
	-9	-8	-3	-3	41	34	16	11	123	114	12	43
	1,404	1,242	719	489	725	817	256	308	473	527	141	162
	—	—	—	—	2	8	—	2	61	-1	60	—
	123	115	42	47	278	190	94	61	351	285	123	113
	147	142	55	55	210	209	43	59	93	65	28	20
	-24	-27	-12	-9	68	-19	51	1	258	220	95	92
	72	107	32	36	606	887	307	226	309	472	100	190
	—	—	—	—	—	—	—	—	—	—	—	—
	72	107	32	36	606	887	307	226	309	472	100	190

Consolidated cash flow statement

for the period from 1 January to 30 September 2020

CONSOLIDATED CASH FLOW STATEMENT

EUR million	9M 2020	9M 2019
I. 1. Net income	910	1,313
I. 2. Changes in technical provisions	6,686	5,721
I. 3. Changes in deferred acquisition costs	121	-439
I. 4. Changes in funds withheld and in accounts receivable and payable	-1,474	-1,180
I. 5. Changes in other receivables and liabilities	197	334
I. 6. Changes in investments and liabilities under investment contracts	3	8
I. 7. Changes in financial instruments held for trading	23	23
I. 8. Gains/losses on disposal of investments and property, plant and equipment	-848	-598
I. 9. Changes in technical provisions for life insurance policies where the investment risk is borne by the policyholders	-885	1,443
I. 10. Other non-cash expenses and income (including income tax expense/income)	164	-32
I. Cash flows from operating activities^{1,2}	4,897	6,594
II. 1. Cash inflow from the sale of consolidated companies	—	4
II. 2. Cash outflow from the purchase of consolidated companies	—	-4
II. 3. Cash inflow from the sale of real estate	188	232
II. 4. Cash outflow from the purchase of real estate	-185	-260
II. 5. Cash inflow from the sale and maturity of financial instruments	21,950	23,554
II. 6. Cash outflow from the purchase of financial instruments	-25,491	-26,361
II. 7. Changes in investments for the benefit of life insurance policyholders who bear the investment risk	885	-1,443
II. 8. Changes in other investments	-759	-621
II. 9. Cash outflows from the acquisition of tangible and intangible assets	-104	-100
II. 10. Cash inflows from the sale of tangible and intangible assets	9	16
II. Cash flows from investing activities	-3,506	-4,983
III. 1. Cash inflow from capital increases	1	—
III. 2. Cash outflow from capital reductions	—	—
III. 3. Dividends paid	-757	-768
III. 4. Net changes attributable to other financing activities	-213	-174
III. Cash flows from financing activities²	-969	-942
Net change in cash and cash equivalents (I. + II. + III.)	423	669
Cash and cash equivalents at the beginning of the reporting period	3,519	3,363
Effect of exchange rate changes on cash and cash equivalents	-69	48
Effect of changes in the basis of consolidation on cash and cash equivalents³	-10	—
Cash and cash equivalents at the end of the reporting period⁴	3,862	4,080

¹ EUR 192 (218) million of "Income taxes paid", EUR 201 (282) million of "Dividends received" and EUR 2,655 (2,665) million of "Interest received" are allocated to "Cash flows from operating activities". Dividends received also include quasi-dividend profit-sharing payments from investment funds and private equity firms.

² Of the "Interest paid" item of EUR 373 (410) million, EUR 164 (154) million is attributable to "Cash flows from financing activities" and EUR 209 (256) million to "Cash flows from operating activities".

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

⁴ The "Cash and cash equivalents at the end of the reporting period" item includes changes in the portfolio of disclosed disposal groups in the amount of EUR 1 (1) million as at the reporting date.

Other disclosures

The consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income and the consolidated cash flow statement were prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. The statement was prepared in compliance with the requirements of IAS 34 "Interim Financial Reporting".

The same accounting policies were applied as for the consolidated financial statements as at 31 December 2019. To the extent that there are new standards or amendments to standards effective from 1 January 2020, these have been applied accordingly.

Due to the coronavirus pandemic estimates are subject to higher levels of uncertainty and so increased use is made of scenario calculations. A total of around EUR 1,058 million was set aside for losses in the first nine months of the financial year (of which, EUR 700 million for Property/Casualty Reinsurance, EUR 160 million for Life/Health Reinsurance and EUR 129 million for Industrial Lines). Impairment losses on investments totalled EUR 149 million and relate primarily to equities (EUR 52 million) and alternative investments (EUR 63 million). This partly reflects the economic turbulence expected in the wake of the coronavirus pandemic.

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

Exchange differences on translating foreign operations

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

EXCHANGE RATES FOR OUR KEY FOREIGN CURRENCIES

EUR 1 corresponds to	Balance sheet (reporting date)		Statement of income (average)	
	30.9.2020	31.12.2019	9M 2020	9M 2019
AUD Australia	1.6451	1.6000	1.6610	1.6080
BRL Brazil	6.5980	4.5128	5.6839	4.3869
CAD Canada	1.5675	1.4620	1.5248	1.4955
CNY China	7.9746	7.8181	7.8841	7.7179
GBP United Kingdom	0.9126	0.8520	0.8825	0.8848
JPY Japan	123.7700	122.1900	121.1080	122.6890
MXN Mexico	26.1536	21.0814	24.4703	21.7915
PLN Poland	4.5463	4.2576	4.4211	4.3056
USD USA	1.1708	1.1190	1.1287	1.1241

Events after the end of the reporting period

By way of purchase agreement dated 21 October 2020, HDI Assicurazioni, Rome, Italy, a wholly owned subsidiary of HDI International AG, Hannover, Germany (Retail International segment), acquired 100% of the shares in the property insurer Amissima Assicurazioni S.P.A., Milan, Italy. The purchase is due to be completed in the first quarter of 2021, subject to approval by the supervisory authorities responsible.

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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:

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

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Financial calendar 2021

15 March

Results Press Conference 2020

6 May

Annual General Meeting

6 May

Quarterly Statement as at 31 March

11 August

Interim Report as at 30 June

15 November

Quarterly Statement as at 30 September

