



50  
years

somewhat  
different

## Conference Call on Interim Report 3/2016

Hannover, 10 November 2016

*hannover* **re**<sup>®</sup>

# Net income increases to EUR 790 m.

## Good basis to achieve full-year targets

### Group

▶ Gross written premium:	EUR 12,454 m. (-3.8%)	▶ GWP in line with expectations (f/x adjusted -1.7%)
▶ Net premium earned:	EUR 10,767 m. (-0.6%)	▶ NPE f/x-adj. growth of +1.7%
▶ EBIT:	EUR 1,189 m.	▶ EBIT and net income benefitting from improved P&C underwriting result and increased earnings contribution from L&H
▶ Group net income:	EUR 790 m.	
▶ RoE:	12.5%	▶ RoE remains well above our minimum target
▶ Book value per share:	EUR 72.81	▶ Shareholders' equity up by 8.8%, despite dividend payment in Q2/2016, driven by net income and increase in valuation reserves
▶ Shareholders' equity:	EUR 8,781 m.	

### Property & Casualty R/I

EBIT: EUR 893 m.

- ▶ Improved C/R (95.0%) fuelled by strong underwriting result
- ▶ Net major losses of EUR 393 m. (6.6% of NPE) well below expected level, driven by benign Q3/2016
- ▶ Premium development in line with selective underwriting approach

### Life & Health R/I

EBIT: EUR 290 m.

- ▶ EBIT increased significantly by +17.9%
- ▶ F/x-adj. GWP -2.0%; decreasing premium due to discontinuation of large-volume treaties in Australia and China, partly offset by attractive growth in UK Longevity

### Investments

NII: EUR 1,146 m.  
RoI from AuM: 3.0%

- ▶ RoI slightly above full-year target (2.9%)
- ▶ Ordinary investment income lower mainly due to positive one-off effect in L&H in previous year
- ▶ AuM increased by 3.4%

# Favourable earnings contribution from both business groups

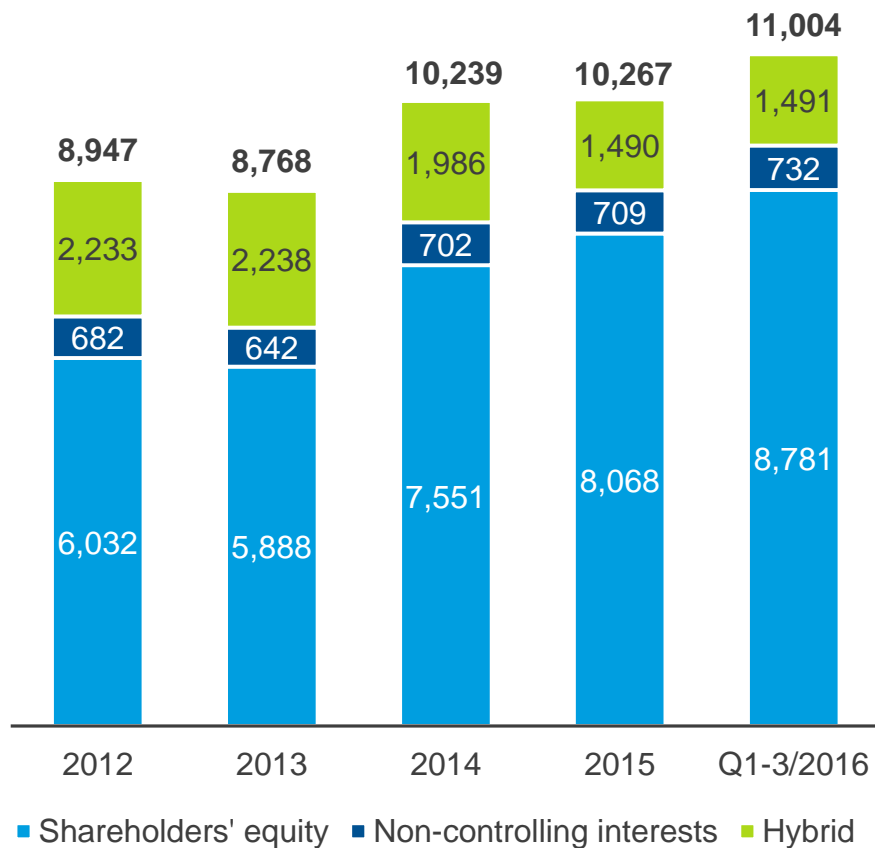
## Strong profit in Q3/2016

Group figures in m. EUR	Q3/2015	Q3/2016	Q1-3/2015	Q1-3/2016	YTD
Gross written premium	4,359	4,170	12,946	12,454	▶ GWP f/x-adjusted growth of -1.7%
Net premium earned	3,811	3,600	10,830	10,767	▶ NPE f/x-adjusted growth of +1.7%
Net underwriting result	(33)	47	(73)	44	▶ Satisfactory EBIT margin of 11.0%
- Incl. funds withheld	63	121	220	294	▶ Decrease in outstanding hybrid leads to lower leverage and savings in interest
Net investment income	426	402	1,225	1,146	▶ Tax ratio within normal range
- From assets under own mgmt.	330	327	932	897	
- From funds withheld	95	74	293	250	
Other income and expenses	8	(5)	38	(2)	
<b>Operating profit/loss (EBIT)</b>	<b>401</b>	<b>444</b>	<b>1,190</b>	<b>1,189</b>	
Interest on hybrid capital	(18)	(18)	(66)	(54)	
<b>Net income before taxes</b>	<b>383</b>	<b>426</b>	<b>1,124</b>	<b>1,135</b>	
Taxes	(114)	(112)	(298)	(307)	
<b>Net income</b>	<b>269</b>	<b>314</b>	<b>826</b>	<b>828</b>	
- Non-controlling interests	15	10	40	38	
<b>Group net income</b>	<b>254</b>	<b>304</b>	<b>786</b>	<b>790</b>	
Retention	87.3%	89.4%	87.9%	89.6%	
EBIT margin (EBIT/Net premium earned)	10.5%	12.3%	11.0%	11.0%	
Tax ratio	29.7%	26.3%	26.5%	27.0%	
Earnings per share (in EUR)	2.11	2.52	6.52	6.55	

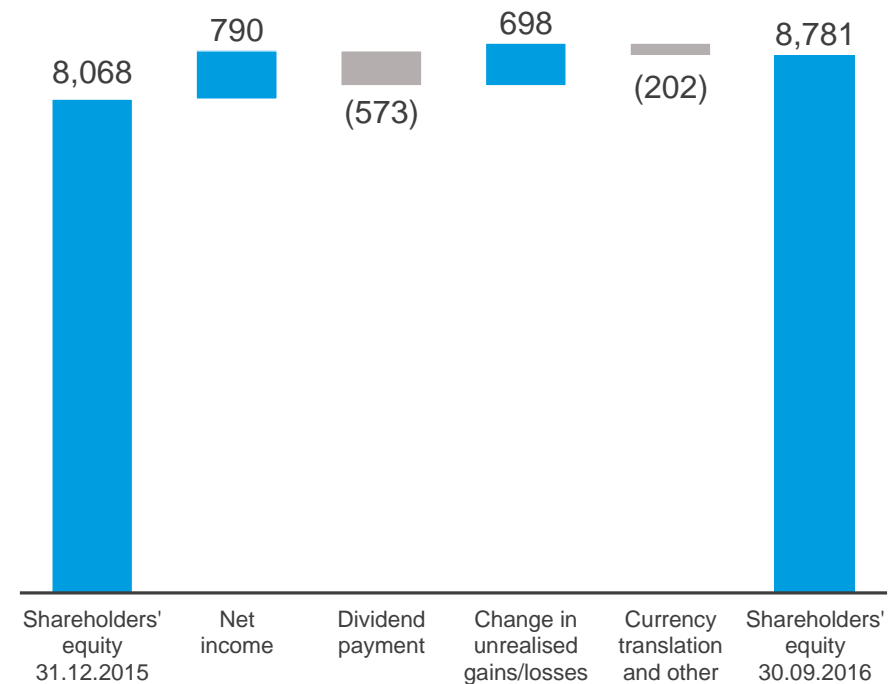
# Shareholders' equity up by 8.8% despite dividend payment

Driven by strong earnings and increasing valuation reserves

**Policyholders' surplus** in m. EUR



**Change in shareholders' equity** in m. EUR

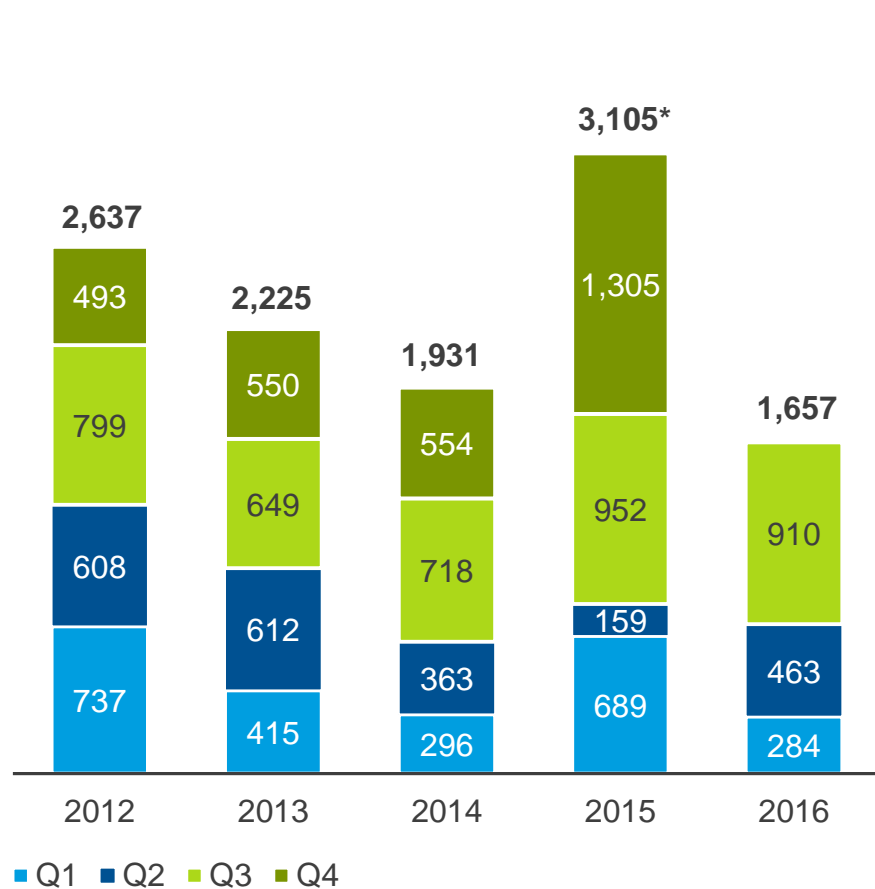


# Continued positive cash flow

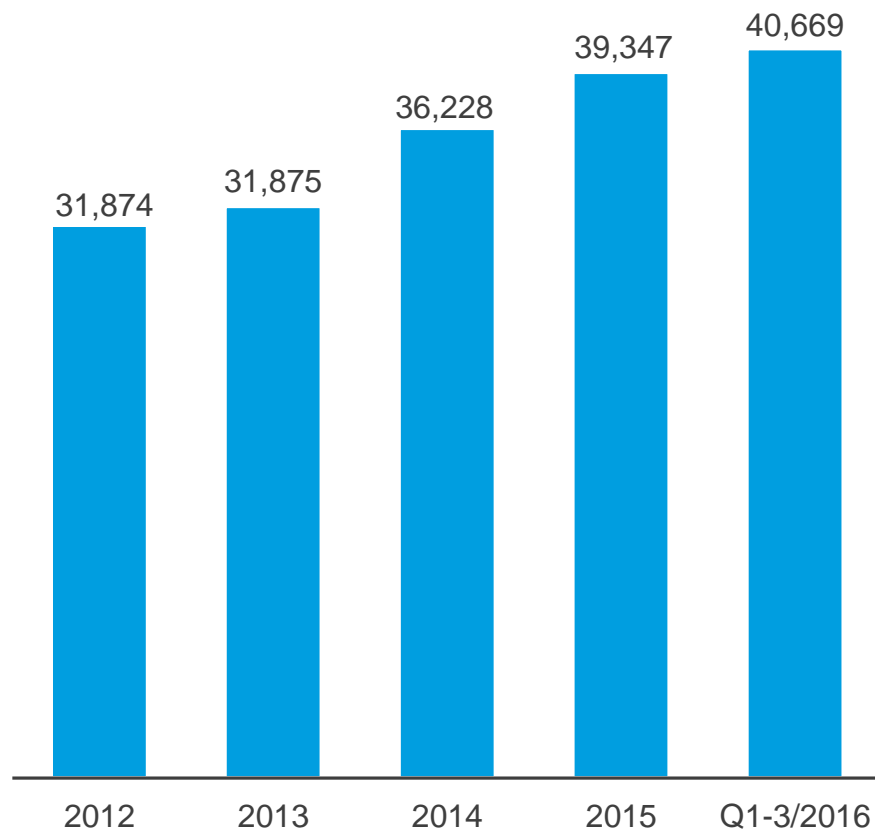
AuM +3.4%; increasing valuation reserves more than offset negative f/x effects

Operating cash flow

in m. EUR



Assets under own management (AuM) in m. EUR



\* Affected by a financial solutions treaty with approx. EUR 500 m. cash inflow in Q4/2015

# Underwriting result increased by 9.6%

## Premium development in line with selective underwriting approach

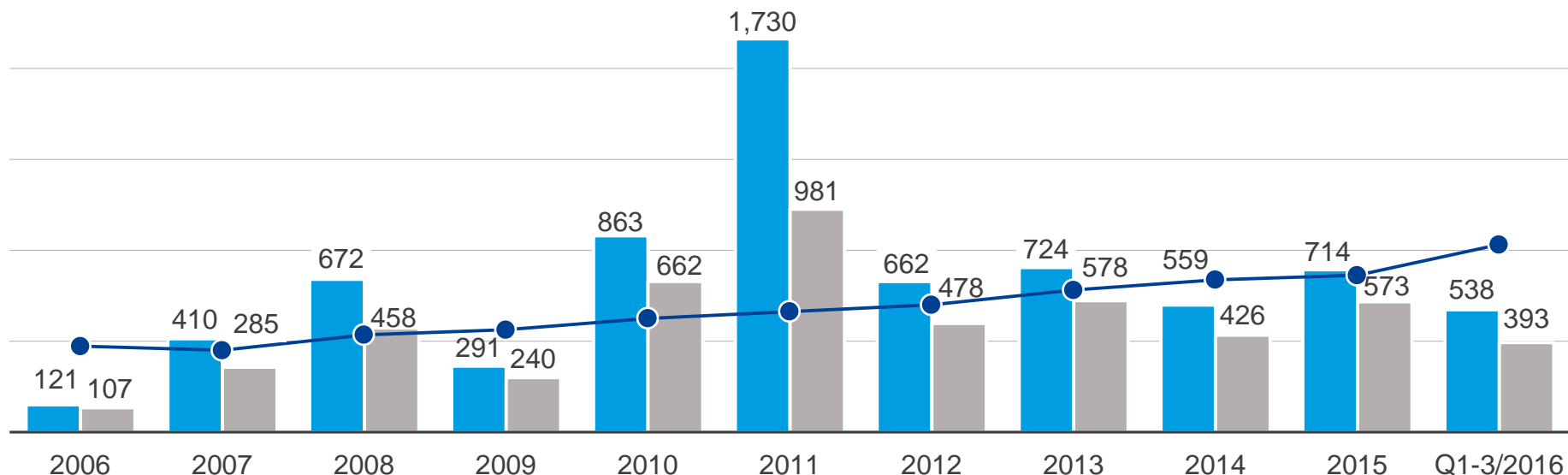
Property & Casualty R/I in m. EUR	Q3/2015	Q3/2016	Q1-3/2015	Q1-3/2016	YTD
Gross written premium	2,347	2,493	7,319	7,121	▶ GWP f/x adjusted -1.5%; growth mainly from US and structured R/I, reduced volume from China motor business and specialty lines
Net premium earned	2,071	2,087	5,965	5,925	▶ NPE f/x adjusted +0.9%
Net underwriting result incl. funds withheld	87	116	268	294	▶ Major losses of EUR 393 m. well below budget of EUR 621 m. for Q1-3/2016
Combined ratio incl. interest on funds withheld	95.8%	94.4%	95.5%	95.0%	▶ Positive reserve run-off as expected, no extraordinary effects in Q3/2016
Net investment income from assets under own management	242	219	657	624	▶ Satisfactory ordinary investment income
Other income and expenses	25	(4)	12	(25)	▶ Other income and expenses unremarkable, Q1-3/2015 benefitted from positive f/x effects
<b>Operating profit/loss (EBIT)</b>	<b>353</b>	<b>332</b>	<b>936</b>	<b>893</b>	▶ EBIT margin of 15.1% (Q1-3/2015: 15.7%) well above 10%-target
Tax ratio	30.0%	25.8%	26.4%	27.4%	
<b>Group net income</b>	<b>233</b>	<b>237</b>	<b>651</b>	<b>613</b>	
Earnings per share (in EUR)	1.93	1.97	5.40	5.09	

# Major losses well below budget for Q1-3/2016

Remaining large loss budget (EUR 432 m.) provides comfortable cushion for Q4/16

## Natural and man-made catastrophe losses<sup>1)</sup>

in m. EUR



### Natural and man-made catastrophe losses in % of Property & Casualty premium<sup>2)</sup>

2%	8%	13%	5%	14%	25%	9%	9%	7%	8%	8%
2%	6%	11%	5%	12%	16%	7%	8%	6%	7%	7%

### Expected large losses (net) in m. EUR

377	360	428	450	500	530	560	625	670	690	825
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■ Gross    ■ Net    ●-●- Expected large losses (net)

1) Up to 2011 claims over EUR 5 m. gross, from 2012 onwards claims over EUR 10 m. gross

2) 2006 adjusted to new segmentation

## Benign large loss experience in Q1-3/2016 ...

### ... driven by very moderate loss situation in Q3/2016

Catastrophe losses* in m. EUR	Date	Gross	Net
Earthquake, Taiwan	6 Feb	21.2	19.9
Earthquake, Japan	14 Apr	25.9	24.5
Earthquake, Ecuador	16 - 17 Apr	56.4	55.5
Wildfires, Canada	30 Apr - 5 May	186.2	125.3
Storm "Elvira", Germany, France	27 - 28 May	19.8	12.7
Storm / Flood, China	1 Jun - 31 Jul	13.0	13.0
Storm / Hail, Netherlands, Germany	22 - 23 Jun	15.7	7.7
<b>7 Natural catastrophes</b>		<b>338.1</b>	<b>258.6</b>
3 Marine claims		96.7	50.2
3 Property claims		80.9	62.1
1 Credit claim		22.3	22.3
<b>14 Major losses</b>		<b>538.1</b>	<b>393.2</b>

\* Natural catastrophes and other major losses in excess of EUR 10 m. gross

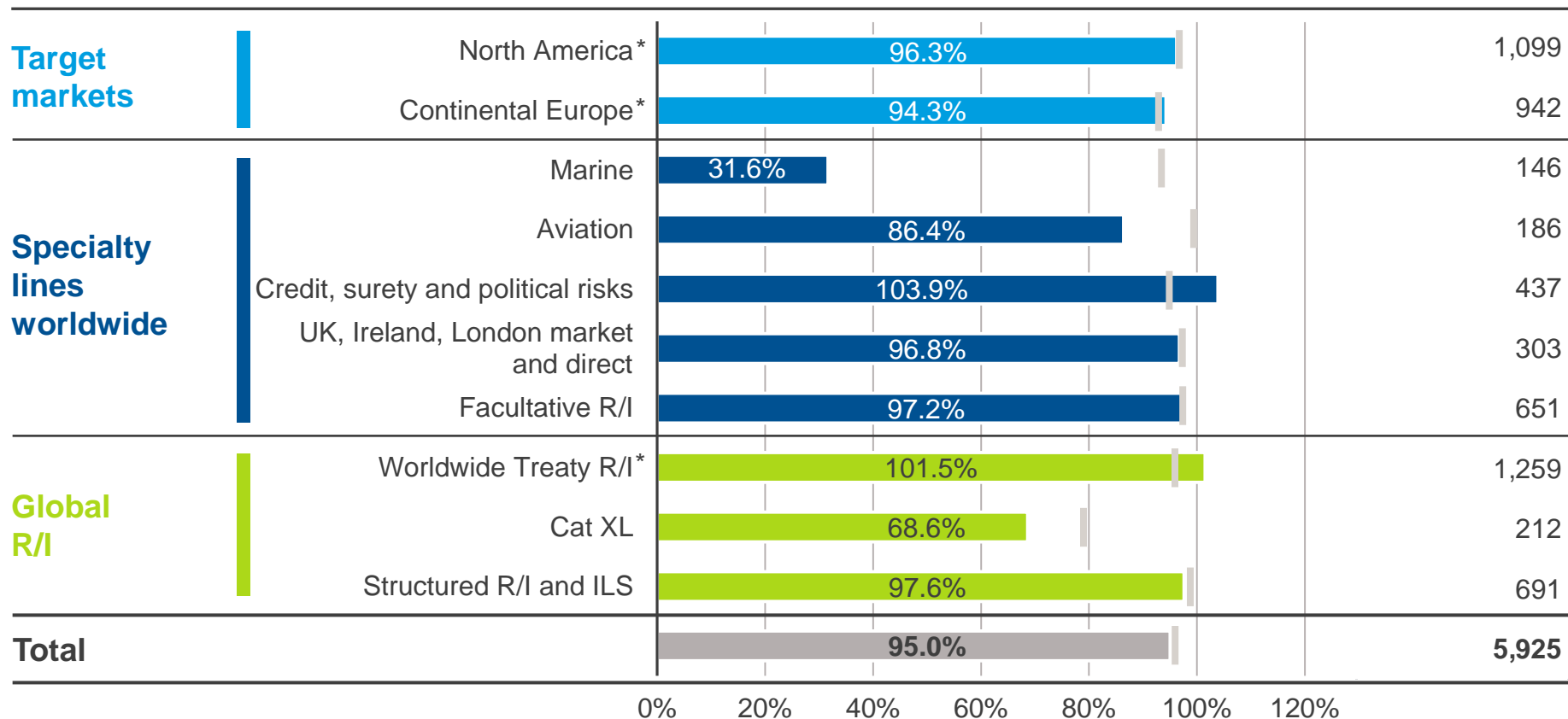


# Diversified portfolio outperforms the MtCR

Marine Combined Ratio affected by reserve releases in Q2/2016

## Q1-3/2016: Combined Ratio vs. MtCR

NPE (in m. EUR)



■ ■ ■ Combined Ratio | MtCR = Maximum tolerable Combined Ratio

\* All lines of Property & Casualty reinsurance except those stated separately

# Significantly increased earnings contribution from L&H

## Net income increased by 17.9%

Life and health R/I in m. EUR	Q3/2015	Q3/2016	Q1-3/2015	Q1-3/2016	YTD
Gross written premium	2,012	1,677	5,627	5,333	▶ GWP f/x-adj. -2.0%, reduced premium due to discontinued large-volume treaties in Australia & China partly offset by growth from UK Longevity
Net premium earned	1,739	1,513	4,864	4,841	▶ NPE f/x-adjusted growth +2.8%
Net underwriting result incl. funds withheld	(24)	5	(48)	1	▶ Improved technical result in line with expectation
Net investment income from assets under own management	87	105	266	263	▶ Ordinary investment income in line with expectation (Q1/2015 affected by positive one-off of EUR 39 m.)
Other income and expenses	(17)	0	28	26	▶ Decreased impact from positive f/x effects
<b>Operating profit/loss (EBIT)</b>	<b>46</b>	<b>111</b>	<b>246</b>	<b>290</b>	▶ EBIT margins:
EBIT margin	2.7%	7.4%	5.1%	6.0%	• Financial solutions: 19.7%, (target 2.0%)
Tax ratio	28.4%	28.8%	26.9%	26.9%	• Longevity: 2.4% (target 2.0%)
<b>Group net income</b>	<b>32</b>	<b>78</b>	<b>178</b>	<b>209</b>	• Mortality and Morbidity: 4.3% (target 6.0%)
Earnings per share (in EUR)	0.27	0.65	1.47	1.73	

# Investment income slightly above expectations

## RoI target achieved

in m. EUR	Q3/2015	Q3/2016	Q1-3/2015	Q1-3/2016	RoI	YTD
Ordinary investment income*	318	285	921	855	2.8%	<ul style="list-style-type: none"> <li>▶ Decrease in ordinary income due to challenging yield environment and last year's one-off effect from L&amp;H business; decreased contribution from fixed-income securities partly compensated by higher income from Private Equity and Real Estate</li> </ul>
Realised gains/losses	58	74	124	154	0.5%	
Impairments/appreciations & depreciations	(9)	(13)	(24)	(61)	-0.2%	
Change in fair value of financial instruments (through P&L)	(8)	9	(9)	29	0.1%	
Investment expenses	(28)	(27)	(80)	(80)	-0.3%	
<b>NIII from assets under own mgmt.</b>	<b>330</b>	<b>327</b>	<b>932</b>	<b>897</b>	<b>3.0%</b>	<ul style="list-style-type: none"> <li>▶ Realised gains up mainly due to Private Equity and last year's one-off burden from inflation swaps</li> </ul>
NIII from funds withheld	95	74	293	250		
<b>Total net investment income</b>	<b>426</b>	<b>402</b>	<b>1,225</b>	<b>1,146</b>		<ul style="list-style-type: none"> <li>▶ Increasing impairments driven by Listed and Private Equities as well as regular depreciation on real estate</li> <li>▶ Valuation reserves with remarkable increase compared to year-end levels as yields and credit spreads once again decrease significantly</li> </ul>
<b>Unrealised gains/losses of investments</b>			<b>31 Dec 15</b>	<b>30 Sep 16</b>		
On Balance-sheet			1,146	2,087		
thereof Fixed income AFS			636	1,593		
Off Balance-sheet			497	557		
thereof Fixed income HTM, L&R			411	456		
<b>Total</b>			<b>1,643</b>	<b>2,644</b>		

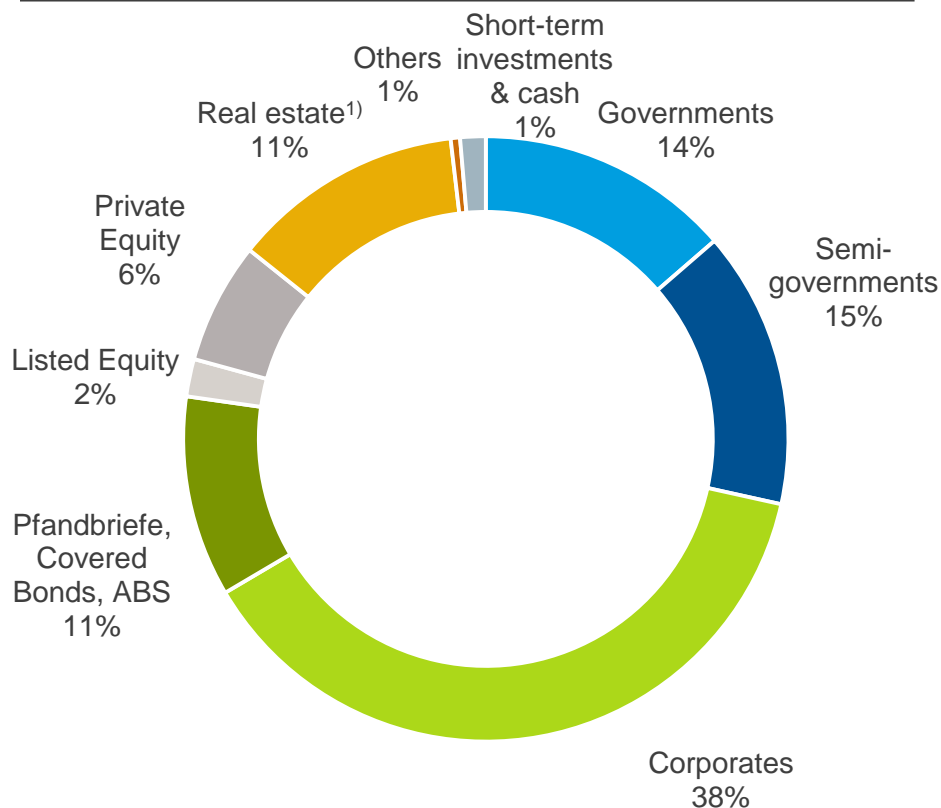
\* Incl. results from associated companies

# Ordinary income supported by asset classes with higher risk

## Diverging contribution to investment income from different asset classes

### Ordinary income split

EUR 855 m.



### Asset allocation

Investment category	30 Sep 16
<b>Fixed-income securities</b>	<b>86 %</b>
- Governments	27 %
- Semi-governments	18 %
- Corporates	32 %
Investment grade	28 %
Non-investment grade	4 %
- Pfandbriefe, Covered Bonds, ABS	9 % <sup>2)</sup>
<b>Equities</b>	<b>4 %</b>
- Listed Equity	2 %
- Private Equity	2 %
<b>Real estate/real estate funds</b>	<b>4 %</b>
<b>Others</b>	<b>1 %</b>
<b>Short-term investments &amp; cash</b>	<b>5 %</b>
<b>Total market values in bn. EUR</b>	<b>41.2</b>






Economic view based on market values as at 30 September 2016

1) Before real estate-specific costs

2) Of which Pfandbriefe and Covered Bonds = 77.2%

# Target Matrix 2016

## Profit targets largely achieved

Business group	Key figures	Strategic targets for 2016	Q1-3/2016
Group	Return on investment <sup>1)</sup>	≥2.9%	3.0% 
	Return on equity <sup>2)</sup>	≥10.0%	12.5% 
	Earnings per share growth (y-o-y)	≥6.5%	0.5%
	Value creation per share <sup>3)</sup>	≥7.5%	n.a.
Property & Casualty R/I	Gross premium growth	3% - 5% <sup>4)</sup>	-1.5%
	Combined ratio	≤96% <sup>5)</sup>	95.0% 
	EBIT margin <sup>6)</sup>	≥10%	15.1% 
	xRoCA <sup>7)</sup>	≥2%	n.a.
Life & Health R/I	Gross premium growth	5% - 7% <sup>8)</sup>	-2.0%
	Value of New Business (VNB) <sup>9)</sup>	≥ EUR 220 m.	n.a.
	EBIT margin <sup>6)</sup> Financial solutions/Longevity	≥2%	9.4% 
	EBIT margin <sup>6)</sup> Mortality/Morbidity	≥6%	4.3%
	xRoCA <sup>7)</sup>	≥3%	n.a.

1) Excl. effects from ModCo derivatives

3) Growth in book value per share + paid dividend

5) Incl. expected net major losses of EUR 825 m.

7) Excess return on allocated economic capital

9) Based on a cost of capital of 6% (until 2014: 4.5%)

2) After tax; target: 900 bps above 5-year average return of 10-year German government bonds

4) On average throughout the R/I cycle; at unchanged f/x rates

6) EBIT/net premium earned

8) Organic growth only; annual average growth (5 years), at unchanged f/x rates

*somewhat  
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# Outlook

# Guidance for 2016

## Hannover Re Group

- ▶ Gross written premium<sup>1)</sup> \_\_\_\_\_ stable to modest reduction
- ▶ Return on investment<sup>2) 3)</sup> \_\_\_\_\_ ~2.9%
- ▶ Group net income<sup>2)</sup> \_\_\_\_\_ at least EUR 950 m.
- ▶ Dividend payout ratio<sup>4)</sup> \_\_\_\_\_ 35% - 40%  
(If comfortable level of capitalisation remains unchanged, this ratio will increase through payment of another special dividend)

1) At unchanged f/x rates

2) Subject to no major distortions in capital markets and/or major losses in 2016 not exceeding the large loss budget of EUR 825 m.

3) Excluding effects from ModCo derivatives

4) Related to group net income according to IFRS

# Overall profitability still above margin requirements

## Property & Casualty R/I: financial year 2016

	Lines of business	Volume <sup>1)</sup>	Profitability <sup>2)</sup>
<b>Target markets</b>	North America <sup>3)</sup>	↗	+
	Continental Europe <sup>3)</sup>	↘	+/-
<b>Specialty lines worldwide</b>	Marine	↘	+
	Aviation	↘	-
	Credit, surety and political risks	→	+/-
	UK, Ireland, London market and direct	→	+/-
	Facultative R/I	↘	+/-
<b>Global R/I</b>	Worldwide treaty <sup>3)</sup> R/I	→	+/-
	Cat XL	→	-
	Structured R/I and ILS	→	+/-

1) In EUR

2) ++ = well above CoC; + = above CoC; +/- = CoC earned; - = below Cost of Capital (CoC)

3) All lines of business except those stated separately



# Increasing normalised earnings expected

## Life & Health R/I: financial year 2016

	Reporting categories	Volume <sup>1)</sup>	Profitability <sup>2)</sup>
<b>Financial solutions</b>	Financial solutions	→	++
	Longevity	↗	+/-
<b>Risk solutions</b>	Mortality	↘	+/-
	Morbidity	→	+/-

1) In EUR

2) ++ = well above CoC; + = above CoC; +/- = CoC earned; - = below Cost of Capital (CoC)

# Guidance for 2017

## Hannover Re Group

- ▶ Gross written premium<sup>1)</sup> \_\_\_\_\_ stable to modest reduction
- ▶ Return on investment<sup>2) 3)</sup> \_\_\_\_\_ ~2.7%
- ▶ Group net income<sup>2)</sup> \_\_\_\_\_ more than EUR 950 m.
- ▶ Dividend payout ratio<sup>4)</sup> \_\_\_\_\_ 35% - 40%  
(If comfortable level of capitalisation remains unchanged, this ratio will increase through payment of another special dividend)

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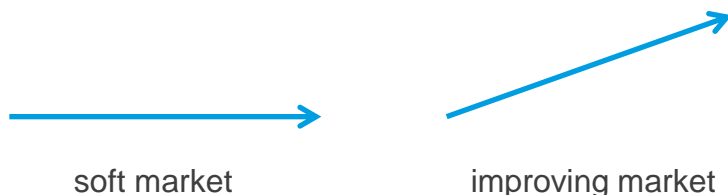
3) Excluding effects from ModCo derivatives

4) Related to group net income according to IFRS

# Increasing earnings in the medium term

## Short term stable earnings and payment of extraordinary dividends

### Property & Casualty reinsurance results



### Positioned to outperform

- ▶ High confidence level of reserves supporting stable earnings despite soft market (C/R ≤96%)
- ▶ Strong market position and financial strength enable us to outgrow the market when market conditions improve
- ▶ Better conditions for our increased retro coverage

### Life & Health reinsurance results



### Increasing profits in the medium term

- ▶ Improving underlying profitability masked by legacy US mortality business in the short term (2017/2018)
- ▶ Favourable trends from positive VNB (2011-2015: EUR 1.9 bn.) visible as IFRS results from 2019 onwards

### Investments



### Stable absolute NII in low yield environment

- ▶ Pressure from low interest rates and declining return on investments offset by ...
- ▶ ... increasing investment volume from further positive cash flow

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different

# Appendix

# Our strategic business groups at a glance

## Q1-3/2016 vs. Q1-3/2015

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q1-3/2015	Q1-3/2016	Δ	Q1-3/2015	Q1-3/2016	Δ	Q1-3/2015	Q1-3/2016	Δ
Gross written premium	7,319	7,121	-2.7%	5,627	5,333	-5.2%	12,946	12,454	-3.8%
Net premium earned	5,965	5,925	-0.7%	4,864	4,841	-0.5%	10,830	10,767	-0.6%
Net underwriting result	251	276	+9.6%	(325)	(231)	-28.9%	(73)	44	-
Net underwriting result incl. funds withheld	268	294	+9.9%	(48)	1	-	220	294	+33.7%
Net investment income	673	642	-4.5%	543	495	-8.9%	1,225	1,146	-6.4%
From assets under own management	657	624	-5.0%	266	263	+38.8%	932	897	-3.8%
From funds withheld	16	19	+14.4%	277	231	-16.4%	293	250	-14.7%
Other income and expenses	12	(25)	-	28	26	-5.3%	38	(2)	-
<b>Operating profit/loss (EBIT)</b>	<b>936</b>	<b>893</b>	<b>-4.6%</b>	<b>246</b>	<b>290</b>	<b>+17.9%</b>	<b>1,190</b>	<b>1,189</b>	<b>-0.1%</b>
Interest on hybrid capital	(0)	0	-	0	0	-	(66)	(54)	-18.9%
<b>Net income before taxes</b>	<b>936</b>	<b>893</b>	<b>-4.6%</b>	<b>246</b>	<b>290</b>	<b>+17.9%</b>	<b>1,124</b>	<b>1,135</b>	<b>+1.0%</b>
Taxes	(247)	(244)	-1.3%	(66)	(78)	+18.0%	(298)	(307)	+3.0%
<b>Net income</b>	<b>689</b>	<b>649</b>	<b>-5.8%</b>	<b>180</b>	<b>212</b>	<b>+17.9%</b>	<b>826</b>	<b>828</b>	<b>+0.3%</b>
Non-controlling interest	38	35	-7.1%	2	3	+48.6%	40	38	-4.0%
<b>Group net income</b>	<b>651</b>	<b>613</b>	<b>-5.8%</b>	<b>178</b>	<b>209</b>	<b>+17.5%</b>	<b>786</b>	<b>790</b>	<b>+0.5%</b>
Retention	88.8%	88.3%		86.8%	91.5%		87.9%	89.6%	
Combined ratio (incl. interest on funds withheld)	95.5%	95.0%		101.0%	100.0%		98.0%	97.3%	
EBIT margin (EBIT / Net premium earned)	15.7%	15.1%		5.1%	6.0%		11.0%	11.0%	
Tax ratio	26.4%	27.4%		26.9%	26.9%		26.5%	27.0%	
Earnings per share (in EUR)	5.40	5.09		1.47	1.73		6.52	6.55	

# Our strategic business groups at a glance

## Q3 stand-alone

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q3/2015	Q3/2016	Δ	Q3/2015	Q3/2016	Δ	Q3/2015	Q3/2016	Δ
Gross written premium	2,347	2,493	+6.2%	2,012	1,677	-16.6%	4,359	4,170	-4.3%
Net premium earned	2,071	2,087	+0.8%	1,739	1,513	-13.0%	3,811	3,600	-5.5%
Net underwriting result	80	109	+35.6%	(113)	(62)	-45.6%	(33)	47	-
Net underwriting result incl. funds withheld	87	116	+34.2%	(24)	5	-	63	121	+94.1%
Net investment income	248	226	-8.6%	176	173	-2.1%	426	402	-5.7%
From assets under own management	242	219	-9.2%	87	105	+21.1%	330	327	-1.0%
From funds withheld	6	7	+15.2%	89	67	-24.8%	95	74	-22.2%
Other income and expenses	25	(4)	-114.3%	(17)	0	-	8	(5)	-161.7%
<b>Operating profit/loss (EBIT)</b>	<b>353</b>	<b>332</b>	<b>-5.8%</b>	<b>46</b>	<b>111</b>	<b>+140.6%</b>	<b>401</b>	<b>444</b>	<b>+10.7%</b>
Interest on hybrid capital	0	(0)	-	(0)	(0)	-	(18)	(18)	-0.2%
<b>Net income before taxes</b>	<b>353</b>	<b>332</b>	<b>-5.8%</b>	<b>46</b>	<b>111</b>	<b>+140.6%</b>	<b>383</b>	<b>426</b>	<b>+11.2%</b>
Taxes	(106)	(86)	-19.1%	(13)	(32)	+144.3%	(114)	(112)	-1.4%
<b>Net income</b>	<b>247</b>	<b>246</b>	<b>-0.2%</b>	<b>33</b>	<b>79</b>	<b>+139.2%</b>	<b>269</b>	<b>314</b>	<b>+16.6%</b>
Non-controlling interest	14	9	-35.7%	1	1	-1.6%	15	10	-33.5%
<b>Group net income</b>	<b>233</b>	<b>237</b>	<b>+2.0%</b>	<b>32</b>	<b>78</b>	<b>+143.5%</b>	<b>254</b>	<b>304</b>	<b>+19.6%</b>
Retention	87.3%	88.5%		87.2%	90.8%		87.3%	89.4%	
Combined ratio (incl. interest on funds withheld)	95.8%	94.4%		101.4%	99.6%		98.4%	96.6%	
EBIT margin (EBIT / Net premium earned)	17.0%	15.9%		2.7%	7.4%		10.5%	12.3%	
Tax ratio	30.0%	25.8%		28.4%	28.8%		29.7%	26.3%	
Earnings per share (in EUR)	1.93	1.97		0.27	0.65		2.11	2.52	

# Largely unchanged asset allocation throughout third quarter

## Moderate increase in diversified listed equities in first quarter 2016

### Asset allocation<sup>1)</sup>

Investment category	2012	2013	2014	2015	30.09.2016
<b>Fixed-income securities</b>	<b>92%</b>	<b>90%</b>	<b>90%</b>	<b>87%</b>	<b>86%</b>
- Governments	19%	19%	21%	26%	27%
- Semi-governments	23%	20%	19%	17%	18%
- Corporates	33%	36%	36%	34%	32%
Investment grade	30%	33%	33%	30%	28%
Non-investment grade <sup>3)</sup>	3%	3%	3%	4%	4%
- Pfandbriefe, Covered Bonds, ABS	17%	15%	14%	10%	9% <sup>2)</sup>
<b>Equities</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>
- Listed Equity	<1%	<1%	<1 %	1%	2%
- Private Equity	2%	2%	2%	2%	2%
<b>Real estate/real estate funds</b>	<b>2%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>
<b>Others<sup>3)</sup></b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
<b>Short-term investments &amp; cash</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>
<b>Total market values in bn. EUR</b>	<b>32.5</b>	<b>32.2</b>	<b>36.8</b>	<b>39.8</b>	<b>41.2</b>

1) Economic view based on market values without outstanding commitments for Private Equity and Alternative Real Estate as well as fixed-income investments of EUR 983.2 m. (EUR 837.1 m.) as at 30 September 2016

2) Of which Pfandbriefe and Covered Bonds = 77.2%

3) Reallocation of High Yield Funds from "Others" to "Corporates – Non-investment grade"

# Stress tests on assets under own management

## Unchanged focus on spreads while relevance of equities rises

Portfolio	Scenario	Change in market value in m. EUR	Change in OCI before tax in m. EUR
Equity (listed and private equity)	-10%	-156	-156
	-20%	-312	-312
Fixed-income securities	+50 bps	-855	-767
	+100 bps	-1,667	-1,495
Credit spreads	+50%	-752	-722

As at 30 September 2016



# Fixed-income book well balanced

Geographical allocation mainly in accordance with our business diversification

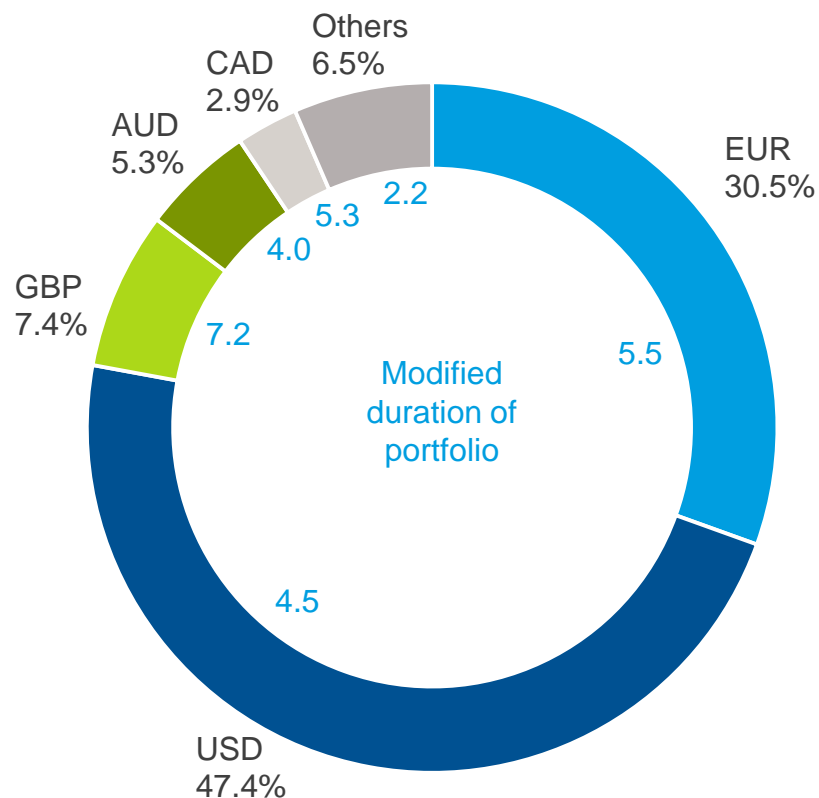
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	76.1%	65.2%	1.2%	67.2%	-	45.6%
AA	11.6%	28.2%	13.6%	15.1%	-	16.1%
A	6.6%	2.5%	37.3%	5.3%	-	16.8%
BBB	4.4%	1.2%	40.0%	8.7%	-	17.2%
<BBB	1.3%	2.9%	8.0%	3.7%	-	4.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>	<b>100.0%</b>
Germany	9.4%	47.1%	4.2%	26.9%	44.9%	18.6%
UK	5.5%	3.0%	8.2%	9.7%	4.1%	6.3%
France	2.4%	2.3%	7.1%	5.9%	1.1%	4.3%
GIIPS	1.3%	1.0%	5.0%	4.7%	0.0%	2.8%
Rest of Europe	5.1%	17.3%	16.4%	25.1%	3.5%	13.2%
USA	60.6%	5.1%	35.8%	4.3%	14.9%	33.2%
Australia	2.8%	8.4%	7.1%	11.9%	6.5%	6.5%
Asia	7.5%	4.4%	5.2%	0.0%	16.1%	5.8%
Rest of World	5.4%	11.4%	11.2%	11.5%	8.9%	9.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Total b/s values in m. EUR</b>	<b>11,165</b>	<b>7,048</b>	<b>12,544</b>	<b>3,624</b>	<b>2,044</b>	<b>36,425</b>

IFRS figures as at 30 September 2016

# Currency allocation matches liability profile of balance sheet

## Active asset liability management ensures durational match

### Currency split of investments



- ▶ Modified duration of fixed-income mainly congruent with liabilities
- ▶ GBP's higher modified duration predominantly due to life business

#### Modified duration

2015	4.4
2014	4.6
2013	4.4
2012	4.5
2011	4.2

**Modified duration as at 30 September 2016: 4.8**

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