



somewhat
different

Welcome to Hannover Re's Analysts' Conference

Annual Results 2014

London, 10 March 2015

hannover **re**[®]

Record result fuelled by both business groups

Group net income increased by 10.1%; dividend proposal of EUR 4.25 per share

Group

▶ Gross written premium: EUR 14,362 m. (+2.9%)	▶ GWP f/x-adjusted growth of 2.8% in line with expectation
▶ Net premium earned: EUR 12,423 m. (+1.6%)	
▶ EBIT: EUR 1,466 m.	▶ EBIT increased by 19.3%, driven by improved underwriting result and investment income
▶ Group net income: EUR 986 m.	
▶ RoE: 14.7%	▶ RoE remains well above our minimum target
▶ Book value per share: EUR 62.61	▶ Shareholders' equity up by 28.2%, driven by earnings and increase in OCI
▶ Dividend proposal: EUR 3.00 + 1.25 special	

Property & Casualty R/I

EBIT: EUR 1,191 m.

- ▶ Strong profitability (EBIT margin of 17.0%) driven by favourable underwriting result (C/R of 94.7%)
- ▶ Net major losses of EUR 426 m. (6.1% of NPE) well below budget
- ▶ F/x-adjusted growth of 1.2% despite continued selective U/W approach

Life & Health R/I

EBIT: EUR 264 m.

- ▶ Significantly improved operating profit (+75.3%)
- ▶ Pleasing profit contribution from US financial solutions
- ▶ Favourable f/x-adjusted growth of 4.9% mainly from longevity BATs and Australia

Investments

NII: EUR 1,472 m.
RoI from AuM: 3.2%

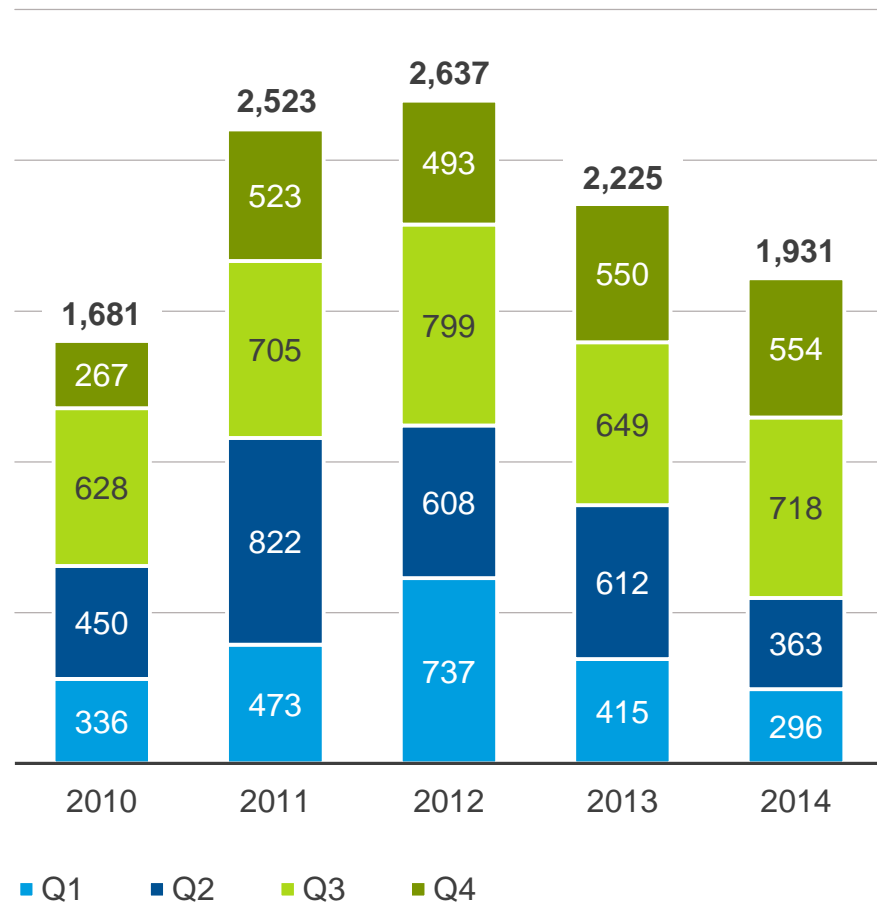
- ▶ Continued attractive level of RoI
- ▶ Increased ordinary investment income despite low interest rate environment
- ▶ Assets under own management increased by 13.7%

Continued positive cash flow

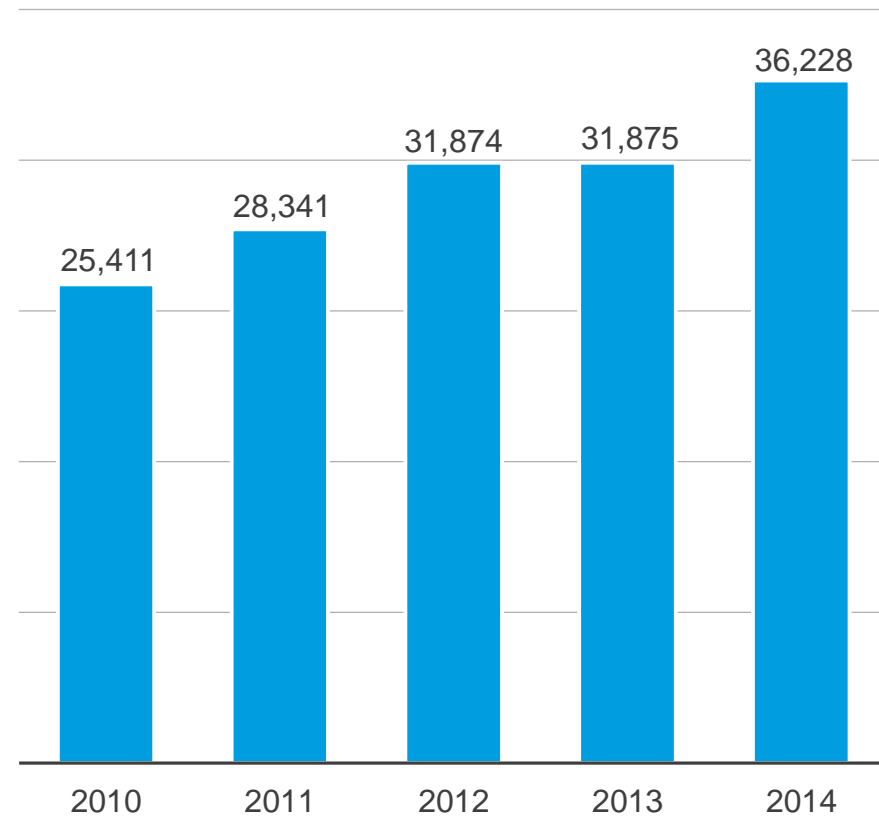
AuM increased by 13.7% helped by lower yields and strengthening of USD

Operating cash flow

in m. EUR



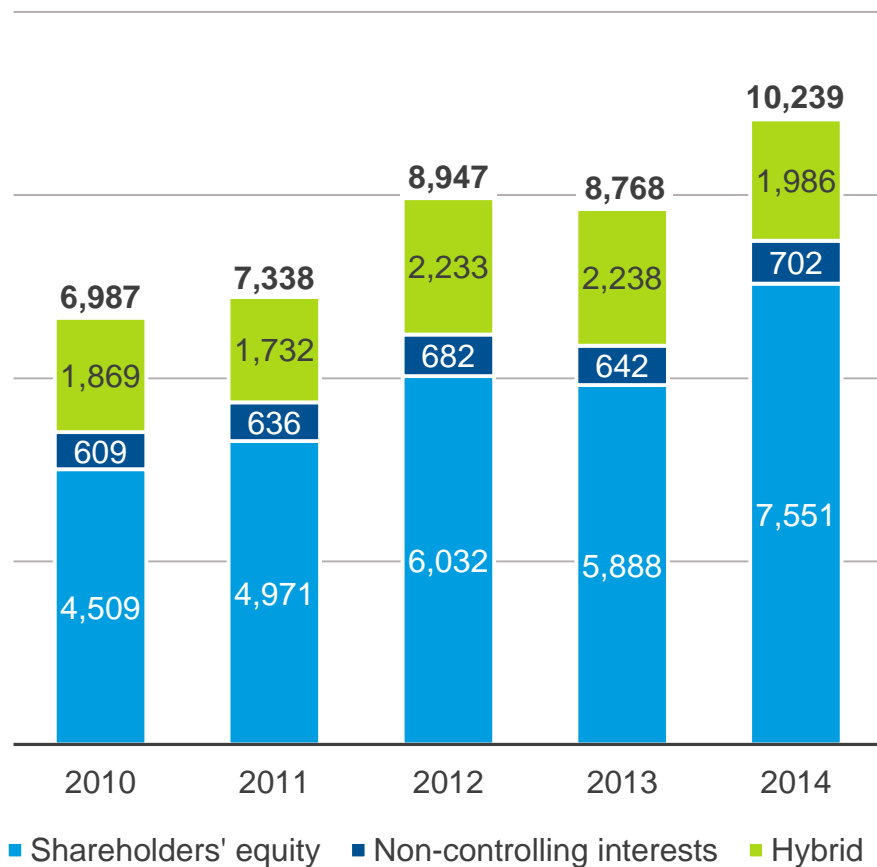
Assets under own management (AuM) in m. EUR



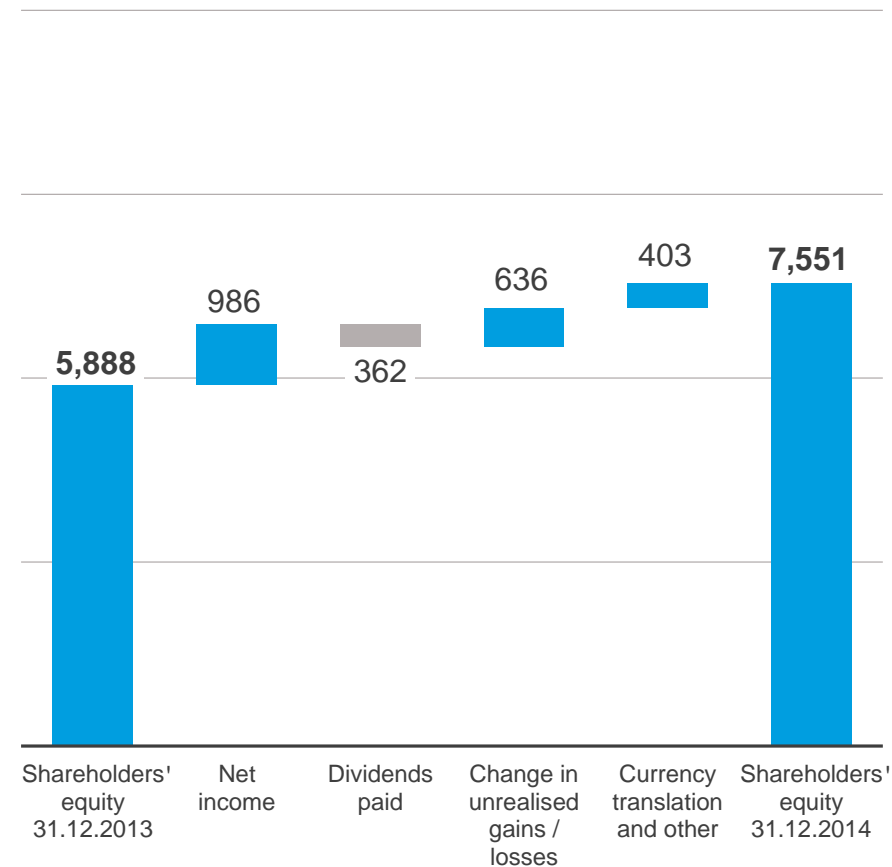
Shareholders' equity increased by 28.2%

Driven by strong earnings and growing valuation reserves

Policyholders' surplus in m. EUR



Change in shareholders' equity in m. EUR



Dividend payment of EUR 3.00 + EUR 1.25 special dividend

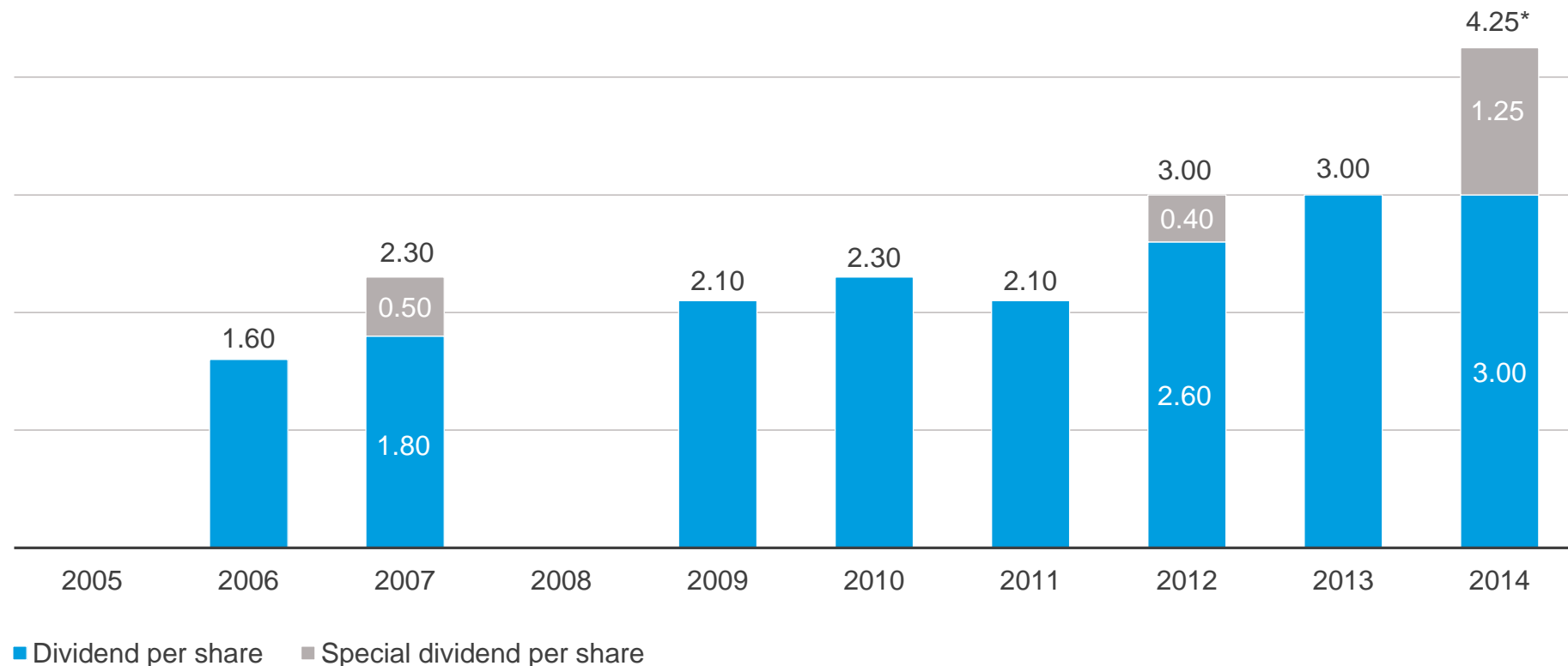
Initiation of capital management activities

Dividend per share

in EUR

Payout ratio:

[-] [37%] [38%] [-] [35%] [37%] [42%] [42%] [40%] [52%]

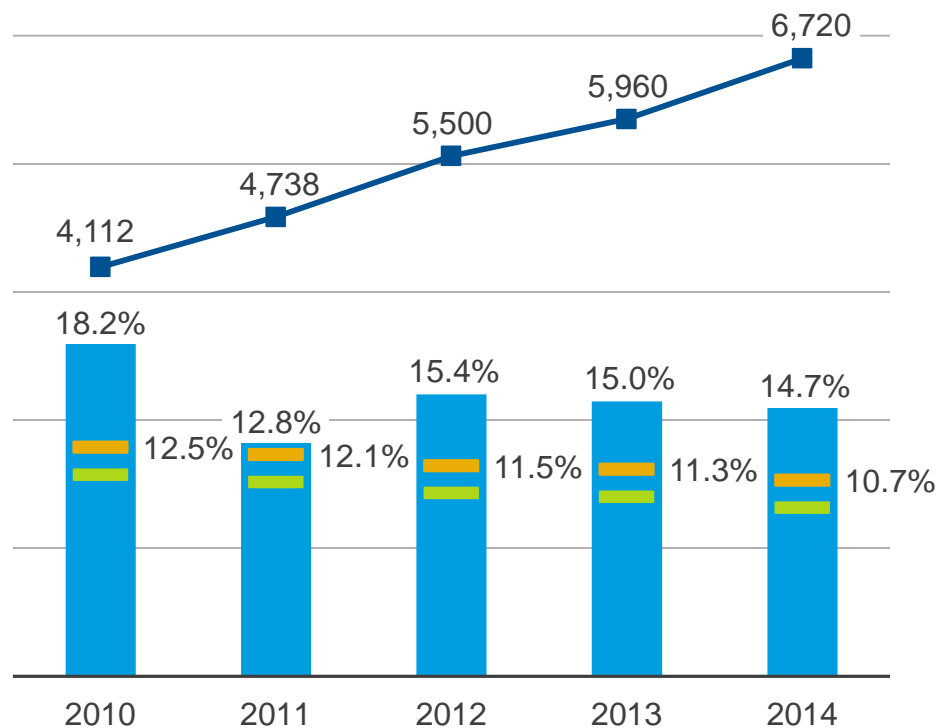


* Subject to consent of AGM

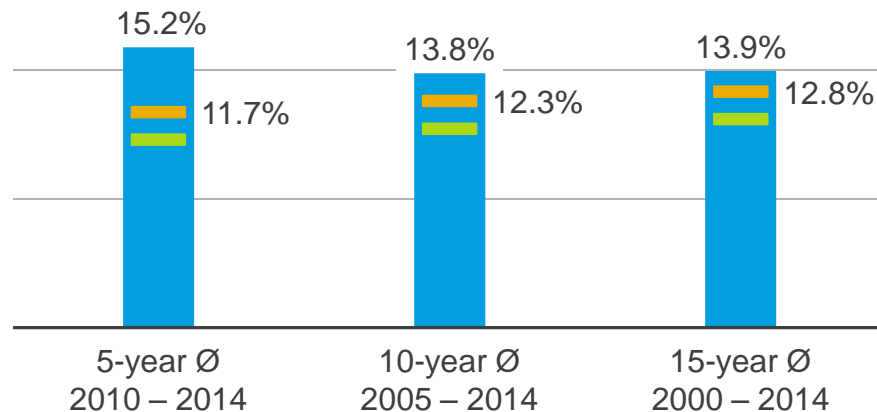
RoE target clearly exceeded despite accelerated capital growth

Strong 5-year track record, new target of 900 bps above risk free

Return on Equity: yearly



Return on Equity: average



- Actual
- Minimum target 750 bps above risk free*
- Minimum target 900 bps above risk free*
- Average shareholders' equity

* After tax; 5-year rolling average of 10-year German government-bond rate

Hannover Re is one of the most profitable reinsurers

Company	2010		2011		2012		2013		2014		2010 - 2014	
	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	avg. RoE	Rank
Hannover Re	18.2%	1	12.8%	1	15.4%	3	15.0%	3	14.7%	3	15.2%	1
Peer 9, Bermuda, Property & Casualty	18.1%	2	(2.4%)	8	15.9%	2	18.0%	2	13.7%	4	12.6%	2
Peer 5, Bermuda, Property & Casualty	9.9%	7	(1.3%)	7	12.9%	6	18.4%	1	16.6%	1	11.3%	3
Peer 1, Switzerland, Composite	3.6%	10	9.6%	3	13.4%	5	13.7%	4	10.5%	7	10.2%	4
Peer 2, Germany, Composite	10.7%	5	3.1%	6	12.6%	7	12.3%	5	11.3%	5	10.0%	5
Peer 8, US, Life & Health	12.9%	3	10.1%	2	9.9%	8	6.5%	10	10.6%	6	10.0%	6
Peer 7, France, Composite	10.1%	6	7.5%	4	9.1%	9	11.2%	6	9.6%	8	9.5%	7
Peer 4, US, Property & Casualty	7.1%	8	4.9%	5	15.2%	4	9.4%	9	9.4%	9	9.2%	8
Peer 6, Bermuda, Composite	11.5%	4	(7.6%)	10	16.9%	1	9.7%	8	15.3%	2	9.2%	9
Peer 3, US, Property & Casualty	5.8%	9	(5.0%)	9	6.5%	10	10.3%	7	1.9%	10	3.9%	10

List shows the Top 10 of the Global Reinsurance Index (GloRe) with more than 50% reinsurance business
Data based on company data, own calculation

Improved results from both underwriting and investments

Group net income at record level

Group figures in m. EUR	Q4/2013	Q4/2014	2013	2014	YTD 2014
Gross written premium	3,426	3,657	13,963	14,362	▶ GWP f/x-adjusted growth +2.8%
Net premium earned	3,109	3,457	12,227	12,423	▶ NPE f/x-adjusted growth +1.5%
Net underwriting result	(58)	(12)	(83)	(24)	▶ Other income and expenses improved mainly due to positive currency effects and deposit accounting contracts
- Incl. funds withheld	31	79	274	352	
Net investment income	359	351	1,412	1,472	▶ Reduced interest from hybrid capital due to EUR 750 m. subordinated bond redemption in Q1/2014
- From assets under own mgmt.	269	260	1,054	1,096	
- From funds withheld	90	91	357	376	
Other income and expenses	(57)	37	(100)	18	▶ Tax ratio normalised; previous year benefited from positive tax effects
Operating profit/loss (EBIT)	243	376	1,229	1,466	
Interest on hybrid capital	(32)	(25)	(127)	(96)	
Net income before taxes	212	350	1,102	1,371	
Taxes	61	(45)	(163)	(306)	
Net income	273	305	939	1,065	
- Non-controlling interests	8	15	44	79	
Group net income	265	290	895	986	
Retention	89.2%	89.2%	89.0%	87.6%	
EBIT margin (EBIT/Net premium earned)	7.8%	10.9%	10.1%	11.8%	
Tax ratio	(29.0%)	13.0%	14.8%	22.3%	
Earnings per share	2.20	2.41	7.43	8.17	

Good U/W profitability in a competitive environment

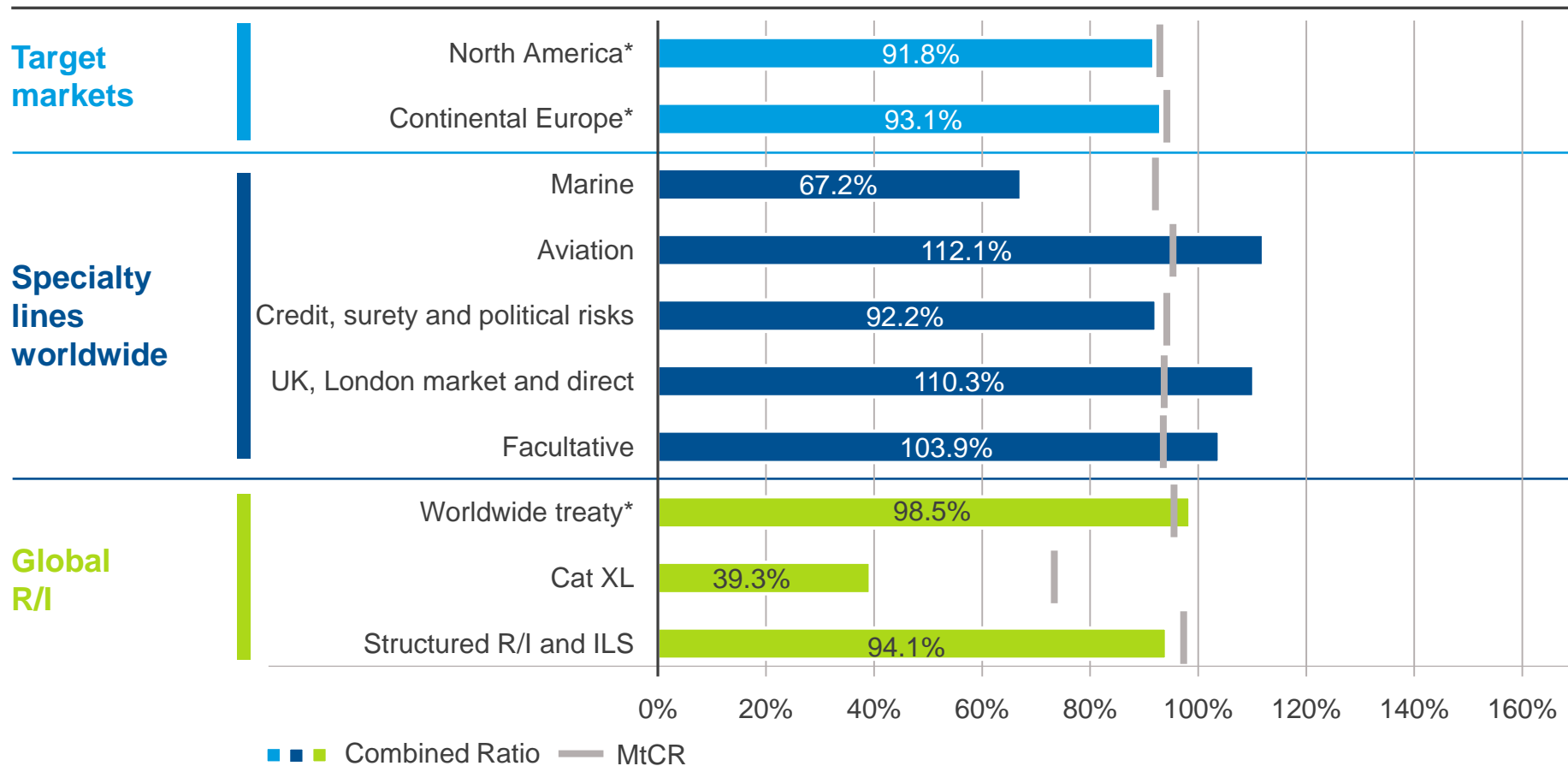
EBIT up by 12.2%

Property & Casualty R/I in m. EUR	Q4/2013	Q4/2014	2013	2014	YTD 2014
Gross written premium	1,861	1,843	7,818	7,903	▶ GWP f/x-adjusted growth +1.2%; mainly from structured R/I in Asia and facultative business
Net premium earned	1,773	1,907	6,866	7,011	▶ NPE f/x-adjusted growth +2.1%
Net underwriting result incl. funds withheld	96	131	350	372	▶ Major losses of EUR 426 m. (6.1% of NPE) below budget of EUR 670 m.
Combined ratio incl. interest on funds withheld	94.6%	93.1%	94.9%	94.7%	▶ Conservative reserving policy unchanged in 2014
Net investment income from assets under own management	199	191	766	823	▶ NII increased despite low yield environment
Other income and expenses	(39)	22	(56)	(4)	▶ Other income & expenses improved mainly due to positive currency effects
Operating profit/loss (EBIT)	256	344	1,061	1,191	▶ EBIT margin increased to 17.0% (2013: 15.5%) well above target
Tax ratio	(10.6%)	18.4%	19.5%	24.9%	
Group net income	273	268	808	829	
Earnings per share	2.27	2.22	6.70	6.88	

Overall portfolio outperforms the MtCR

Aviation impacted by high claims burden

Combined Ratio 2014 vs. MtCR



MtCR = Maximum tolerable Combined Ratio

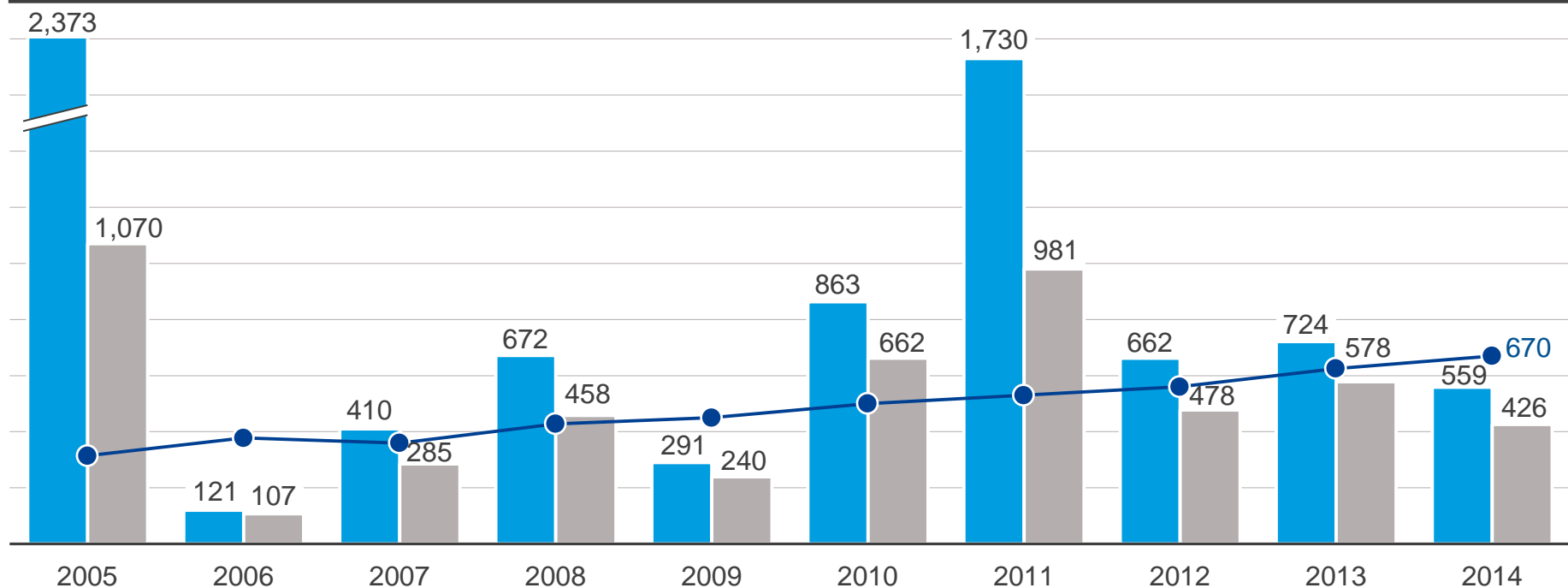
* All lines of Property & Casualty reinsurance except those stated separately

Major losses of EUR 426 m. below budget of EUR 670 m.

2014: third consecutive year of benign large-loss experience

Natural and man-made catastrophe losses¹⁾

in m. EUR



Natural and man-made catastrophe losses in % of Property & Casualty premium²⁾

34%	2%	8%	13%	5%	14%	25%	9%	9%	7%
20%	2%	6%	11%	5%	12%	16%	7%	8%	6%

— Gross — Net —●— Expected net catastrophe losses

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

2) 2005 - 2006 adjusted to new segmentation

Benign large-loss experience from NatCat

Man-made losses above expectation

Catastrophe losses* in m. EUR	Date	Gross	Net
Snowstorm, Japan	8 Feb	13.7	10.7
Snowstorm, Japan	14 Feb	24.5	10.4
Storm, USA	18 May	13.8	9.6
Storm, USA	2 Jun	14.8	10.4
Storm "Ela", France/Belgium/Germany	7 - 10 Jun	67.4	49.1
Typhoon "Rammasun", Philippines/China	14 Jul	10.3	10.3
Hailstorm, Canada	7 Aug	21.1	12.9
Floods, India/Pakistan	1 - 5 Sep	35.8	35.8
Hurricane "Odile", Mexico	14 Sep	20.0	18.8
Cyclone "Hudhud", India	12 - 13 Oct	17.5	17.5
Hailstorm, Australia	27 - 28 Nov	27.4	18.9
11 Natural catastrophes		266.3	204.4
3 Aviation claims		179.8	119.6
6 Property claims		112.8	101.7
20 Major losses		558.9	425.7

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

Results improved significantly

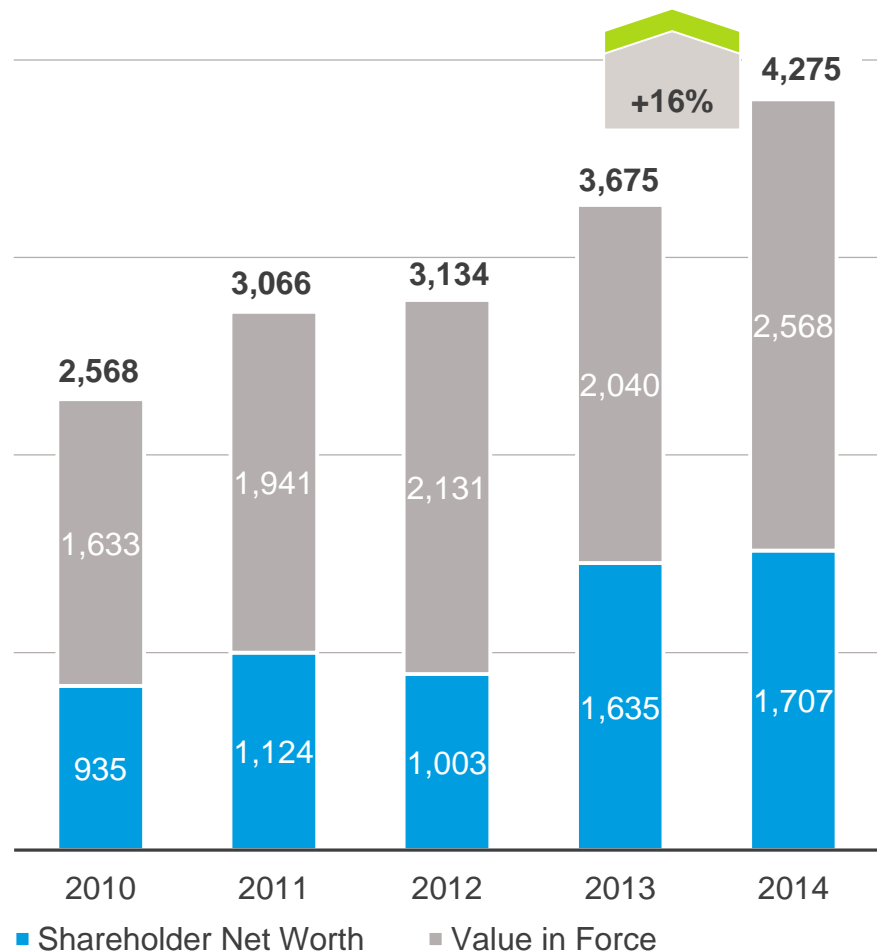
Premium growth in line with expectation

Life & Health R/I in m. EUR	Q4/2013	Q4/2014	2013	2014	YTD 2014
Gross written premium	1,564	1,814	6,145	6,459	▶ GWP f/x-adjusted growth +4.9%, mainly from longevity BATs and Australia
Net premium earned	1,336	1,550	5,360	5,411	▶ NPE f/x-adjusted growth +0.7%
Net underwriting result incl. funds withheld	(64)	(52)	(76)	(20)	▶ Technical result improved significantly due to normalised result from AUS disability business
Net investment income from assets under own management	65	67	269	259	▶ Net investment income at expected level
Other income and expenses	(18)	15	(43)	25	▶ Other income & expenses improved mainly due to positive currency effects and deposit accounting contracts
Operating profit/loss (EBIT)	(17)	30	151	264	▶ EBIT margins: Financial solutions business: 6.5% (target: 2%) Longevity business: 2.9% (target: 2%) Mortality and morbidity business: 4.8% (target: 6%)
EBIT margin	(1.3%)	1.9%	2.8%	4.9%	▶ Tax ratio normalised
Tax ratio	151.2%	(37.1%)	(7.2%)	17.0%	
Group net income	11	39	164	205	
Earnings per share	0.09	0.32	1.36	1.70	

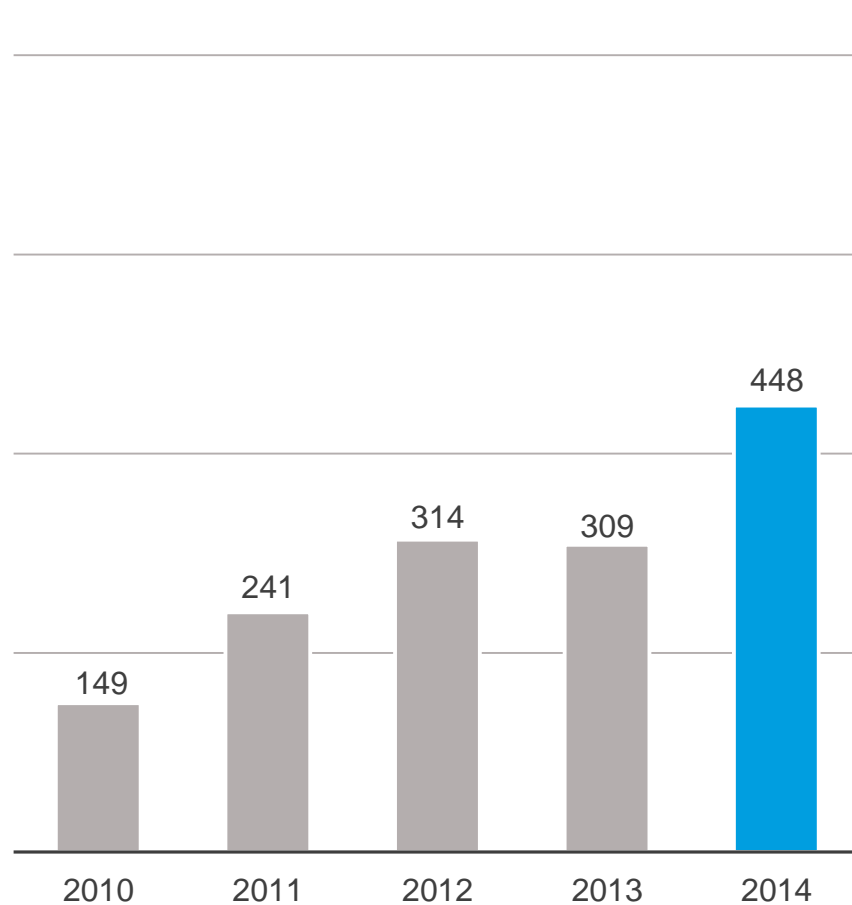
Positive development of MCEV in 2014

Value of new business increased remarkably

Development of MCEV in m. EUR



Development VNB in m. EUR



Pleasing Return on Investments

Supported by stronger realised gains

in m. EUR	Q4/2013	Q4/2014	2013	2014	RoI	YTD 2014
Ordinary investment income*	263	272	1,054	1,069	3.1%	<ul style="list-style-type: none"> ▶ Despite continued low interest rate levels ordinary investment income* actually increased slightly due to higher investment income from alternative investments and real estate as well as higher volume ▶ Realisations mainly in course of bond redemption, change of balance sheet currency of our Bermudian entities and real estate opportunities ▶ Unrealised change in fair value from inflation swaps of -28.8 EUR m. (EUR -41.0 m.) and ModCo derivatives of EUR -6.8 m. (EUR 7.4 m.) ▶ Rise in valuation reserves mainly due to lower yield levels
Realised gains/losses	47	45	144	182	0.5%	
Impairments/appreciations & depreciations	(6)	(11)	(19)	(28)	-0.1%	
Change in fair value of financial instruments (through P&L)	(8)	(24)	(27)	(33)	-0.1%	
Investment expenses	(27)	(22)	(97)	(95)	-0.3%	
NII from assets under own mgmt.	269	260	1,054	1,096	3.2%	
NII from funds withheld	90	91	357	376		
Total net investment income	359	351	1,412	1,472		
Unrealised gains/losses of investments			31 Dec 13	31 Dec 14		
On Balance-sheet			753	1,724		
thereof Fixed income AFS			426	1,246		
Off Balance-sheet			370	558		
thereof Fixed income HTM, L&R			342	497		
Total			1,122	2,282		

* Incl. results from associated companies

Asset allocation overall stable

Strong rise in AuM due to USD and yield development as well as positive cash flows

Tactical asset allocation¹⁾

Investment category	2010	2011	2012	2013	31 Dec 14
Fixed-income securities	84%	89%	91%	89%	89 %
- Governments	23%	19%	19%	19%	21 %
- Semi-governments	21%	23%	23%	20%	19 %
- Corporates	25%	30%	32%	34%	35 %
Investment grade	24%	29%	30%	33%	33 %
Non-investment grade	1%	1%	2%	2%	2 %
- Pfandbriefe, Covered Bonds, ABS	16%	16%	17%	15%	14 % ²⁾
Equities	4%	2%	2%	2%	2 %
- Listed	2%	<1%	<1%	<1%	<1%
- Private Equity	2%	2%	2%	2%	2 %
Real estate/real estate funds	2%	2%	2%	4%	4 %
Others	2%	2%	2%	2%	2 %
Short-term investments & cash	8%	5%	3%	4%	4 %
Total balance sheet values in bn. EUR	25.4	28.3	31.9	31.9	36.2

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 716.3 m. (EUR 598.5 m.) as at 31 December 2014

2) Of which Pfandbriefe and Covered Bonds = 82.8%

Target Matrix 2014

All Group targets achieved

Business group	Key figures	Strategic targets for 2014	2014
Group	Return on investment ¹⁾	≥3.2%	3.3 %
	Return on equity ²⁾	≥10.7%	14.7%
	Earnings per share growth (y-o-y)	≥6.5%	10.1%
	Value creation per share ³⁾	≥7.5%	34.4%
Property & Casualty R/I	Gross premium growth ⁴⁾	3% - 5%	1.2%
	Combined ratio	≤96% ⁵⁾	94.7%
	EBIT margin ⁶⁾	≥10%	17.0%
	xRoCA ⁷⁾	≥2%	10.7%
Life & Health R/I	Gross premium growth ⁸⁾	5% - 7%	4.9%
	Average annual Value of New Business (VNB)	≥EUR 180 m.	EUR 448 m.
	EBIT margin ⁶⁾ Financial Solutions/longevity business	≥2%	5.0%
	EBIT margin ⁶⁾ mortality and morbidity business	≥6%	4.8%
	xRoCA ⁷⁾	≥3%	7.5%

1) Excl. inflation swaps and ModCo

3) Growth of book value + paid dividend

5) Incl. expected net major losses of EUR 670 m.

7) Excess return on the allocated economic capital

2) After tax; target: 900 bps above 5-year rolling average of 10-year German government-bond rate ("risk free")

4) In average throughout the cycle; at unchanged f/x rates

6) EBIT/net premium earned

8) Organic growth only; at unchanged f/x rates; 5-year CAGR

Outlook 2015

Selective growth and satisfying profitability expected

Development of Property & Casualty R/I lines of business (financial year 2015e)

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

Increased profitability expected for Life & Health R/I

Development of reporting categories (financial year 2015e)

	Reporting categories	Volume ¹⁾	Profitability ²⁾
Financial solutions	Financial solutions	→	++
	Longevity	↗	+/-
Risk solutions	Mortality	→	+
	Morbidity	↗	+/-

1) In EUR

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

Guidance for 2015

Hannover Re Group

- ▶ Gross written premium¹⁾ _____ flat to low single-digit growth rate
- ▶ Return on investment^{2) 3)} _____ ~ 3.0%
- ▶ Group net income²⁾ _____ ~ EUR 875 m.
- ▶ Dividend payout ratio⁴⁾ _____ 35% - 40%

1) At unchanged f/x rates








2) Subject to no major distortions in capital markets and/or major losses in 2015 not exceeding the major loss budget of EUR 690 m.

3) Excluding effects from derivatives (ModCo/inflation swaps)

4) Related to group net income according to IFRS; the ratio may increase in light of capital management considerations, if the present comfortable level of capitalisation remains unchanged

Rationale for the 2015 profit guidance

Long-term success in a competitive business

-  We expect a further increase in profits from our Life & Health business group
-  We expect a largely unchanged technical profit from our Property & Casualty business
 -  Continued high-quality portfolio due to selective underwriting and concentration on renewal business
 -  Due to IFRS accounting constraints it will be difficult to further increase the confidence level of our loss reserves, which may result in a positive effect on our C/R
 -  Improved terms and conditions of our retrocession should have a positive effect on our net margin
-  We expect to achieve a largely stable absolute NII on the back of an increased investment volume (from a further positive cash flow) in spite of a deteriorating RoI
-  We expect to maintain our competitive advantage of low admin. expenses

Subject to no major distortions in capital markets and/or major losses in 2015 not exceeding approx. EUR 690 m.

We are confident of achieving the guidance

somewhat
different

Appendix

Our strategic business groups at a glance

2014 vs. 2013

in m. EUR	Property & Casualty reinsurance		Life & Health reinsurance		Total	
	2013	2014	2013	2014	2013	2014
Gross written premium	7,818	7,903	6,145	6,459	13,963	14,362
Change in GWP	-	+1.1%	-	+5.1%	-	+2.9%
Net premium earned	6,866	7,011	5,360	5,411	12,227	12,423
Net underwriting result	336	352	(418)	(375)	(83)	(24)
Net underwriting result incl. funds withheld	350	372	(76)	(20)	274	352
Net investment income	781	844	612	614	1,412	1,472
From assets under own management	766	823	269	259	1,054	1,096
From funds withheld	15	20	342	356	357	376
Other income and expenses	(56)	(4)	(43)	25	(100)	18
Operating profit/loss (EBIT)	1,061	1,191	151	264	1,229	1,466
Interest on hybrid capital	(0)	(0)	0	(0)	(127)	(96)
Net income before taxes	1,061	1,191	151	264	1,102	1,371
Taxes	(207)	(296)	11	(45)	(163)	(306)
Net income	854	895	161	219	939	1,065
Non-controlling interest	47	66	(3)	14	44	79
Group net income	808	829	164	205	895	986
Retention	89.9%	90.6%	87.7%	83.9%	89.0%	87.6%
Combined ratio (incl. interest on funds withheld)	94.9%	94.7%	101.4%	100.4%	97.8%	97.2%
EBIT margin (EBIT/Net premium earned)	15.5%	17.0%	2.8%	4.9%	10.1%	11.8%
Tax ratio	19.5%	24.9%	(7.2%)	17.0%	14.8%	22.3%
Earnings per share	6.70	6.88	1.36	1.70	7.43	8.17

Our strategic business groups at a glance

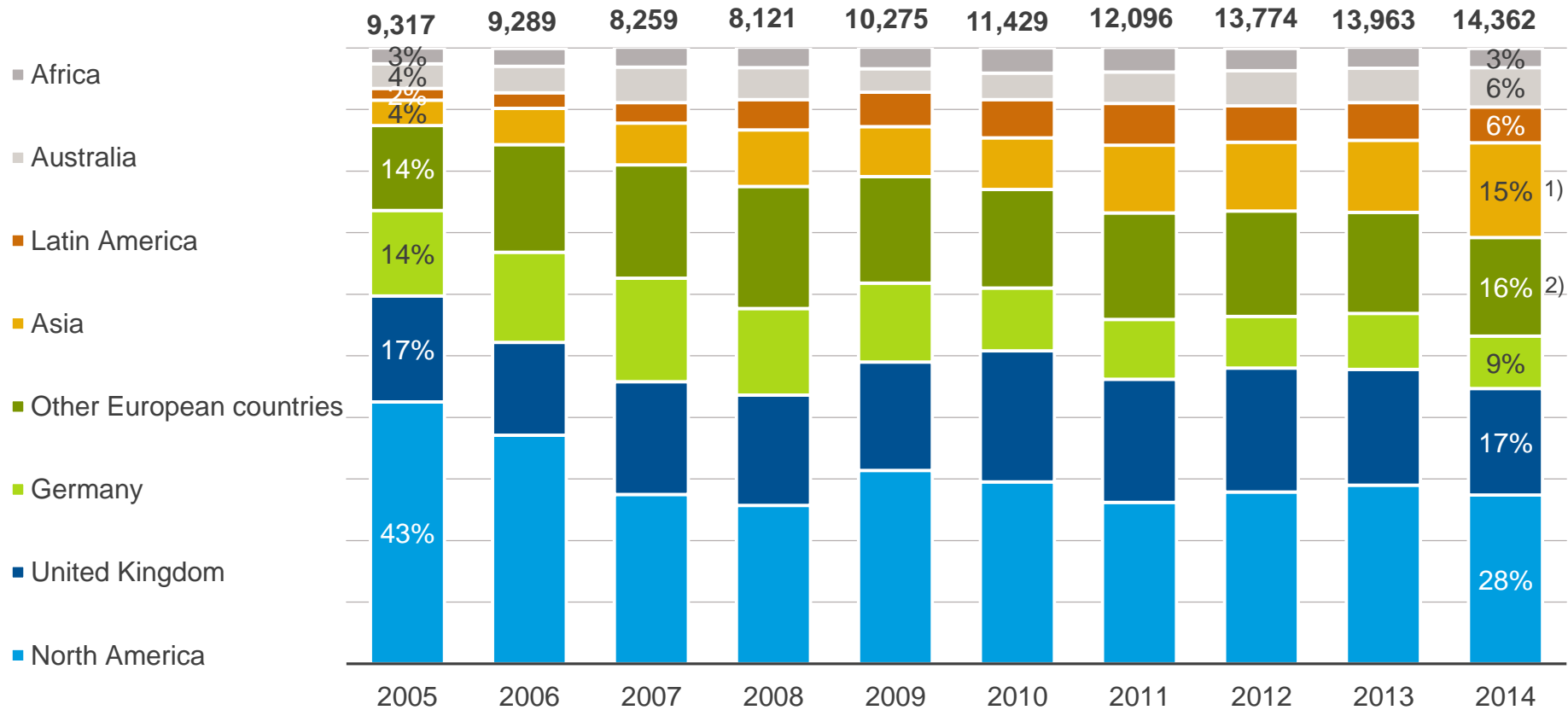
Q4 stand-alone

in m. EUR	Property & Casualty reinsurance		Life & Health reinsurance		Total	
	Q4/2013	Q4/2014	Q4/2013	Q4/2014	Q4/2013	Q4/2014
Gross written premium	1,861	1,843	1,564	1,814	3,426	3,657
Change in GWP	-	-1.0%	-	+16.0%	-	+6.8%
Net premium earned	1,773	1,907	1,336	1,550	3,109	3,457
Net underwriting result	92	126	(150)	(138)	(58)	(12)
Net underwriting result incl. funds withheld	96	131	(64)	(52)	31	79
Net investment income	203	196	151	152	359	351
From assets under own management	199	191	65	67	269	260
From funds withheld	4	5	86	86	90	91
Other income and expenses	(39)	22	(18)	15	(57)	37
Operating profit/loss (EBIT)	256	344	(17)	30	243	376
Interest on hybrid capital	0	0	0	0	(32)	(25)
Net income before taxes	256	344	(17)	30	212	350
Taxes	27	(63)	26	11	61	(45)
Net income	284	281	9	41	273	305
Non-controlling interest	10	13	(2)	2	8	15
Group net income	273	268	11	39	265	290
Retention	92.5%	94.0%	85.3%	84.3%	89.2%	89.2%
Combined ratio (incl. interest on funds withheld)	94.6%	93.1%	104.8%	103.4%	99.0%	97.7%
EBIT margin (EBIT/Net premium earned)	14.5%	18.0%	(1.3%)	1.9%	7.8%	10.9%
Tax ratio	(10.6%)	18.4%	151.2%	(37.1%)	(29.0%)	13.0%
Earnings per share	2.27	2.22	0.09	0.32	2.20	2.41

Well balanced international portfolio

Gross written premium (Group)

in m. EUR

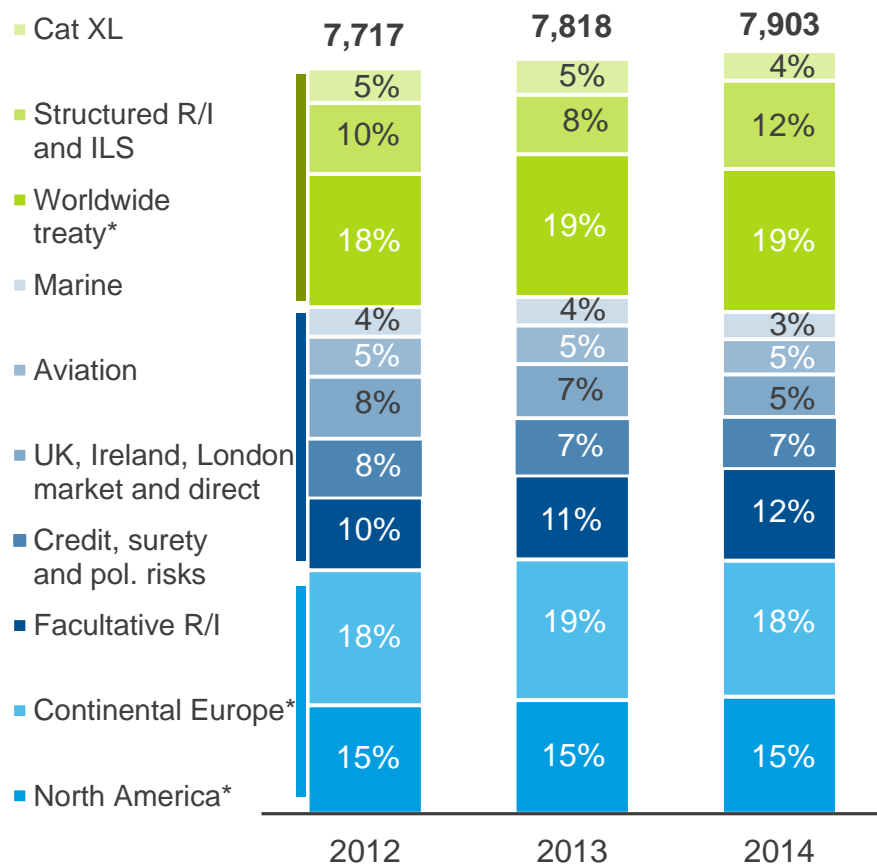


1) Japan 1%
2) CEE and Russia 1%

Property & Casualty reinsurance: selective growth

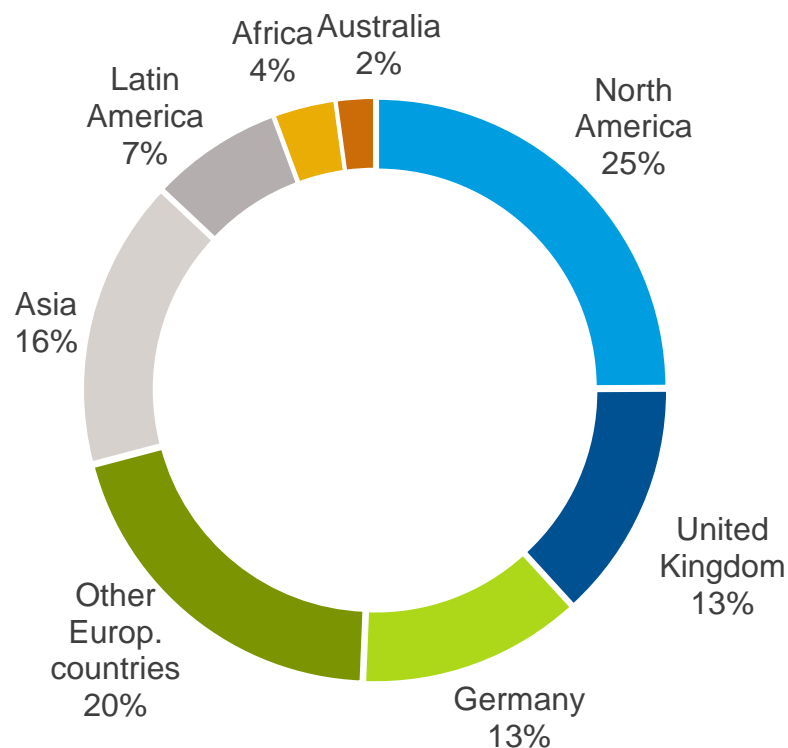
GWP split by line of business

in m. EUR



GWP split by regions

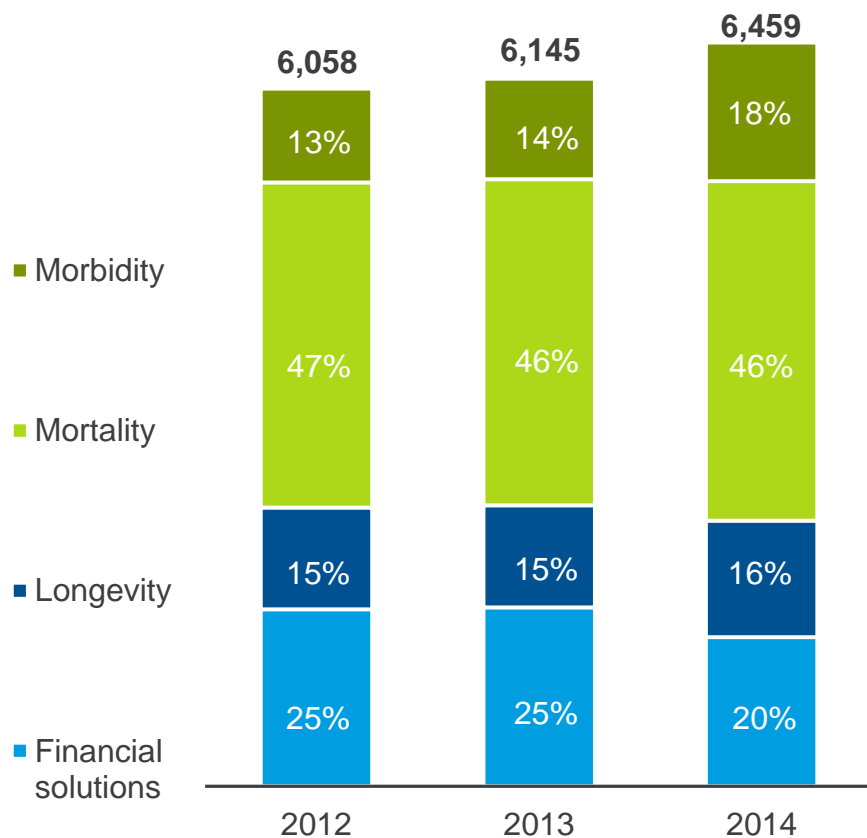
2014



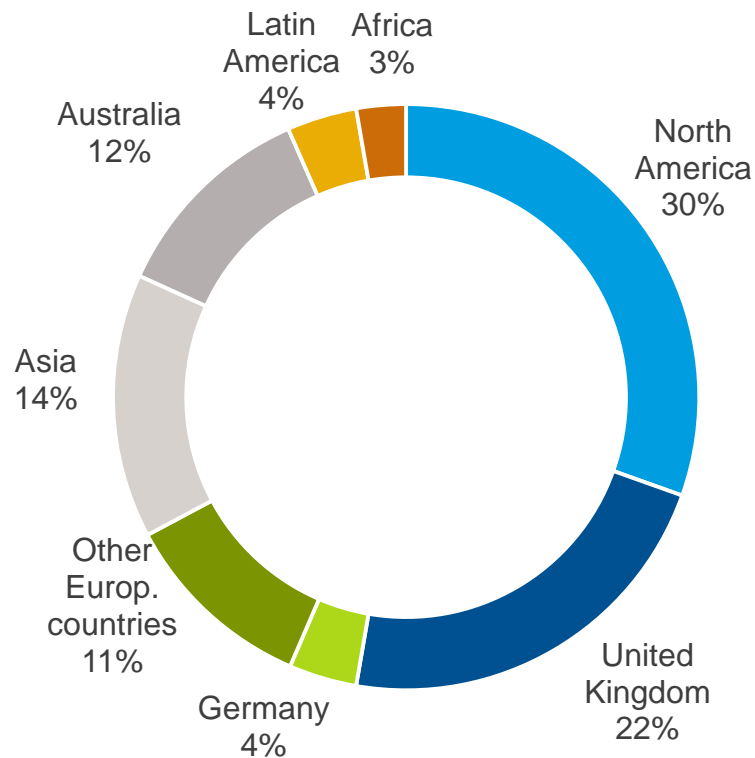
* All lines of business except those stated separately

Life & Health reinsurance: a well diversified portfolio

GWP split by reporting categories in m. EUR



GWP split by regions 2014



Further increase of MCEV

in m. EUR	2013	2014
Opening MCEV	3,133.9	3,675.1
Opening adjustments	275.8	(44.8)
Adjusted opening MCEV	3,409.7	3,630.3
Operating MCEV earnings	341.9	323.8
Economic variances	(63.4)	201.4
Other non-operating variance	10.0	(0.1)
Total MCEV earnings	288.6	525.1
MCEV before closing adjustments	3,698.3	4,155.4
Closing adjustments	(23.2)	119.5
Closing MCEV	3,675.1	4,274.9
Return on MCEV*	8.5%	14.5%
due to - Operating MCEV earnings	10.0%	8.9%
- Economic variances	-1.9%	5.5%
- Other non operating variance	0.3%	0.0%

Opening adjustments

- ▶ Recapture internal retro HR / E+S (EUR -29.8 m.)
- ▶ Free Surplus Restatement HR (EUR -17.4 m.)
- ▶ Change in the minority share for E+S (EUR 2.3 m.)

Economic variances

- ▶ Higher investment yields than expected under swap curve (EUR 180.5 m.)
- ▶ Tax effect EUR 14.7 m.; change in market values of assets EUR 88.7 m
- ▶ Economic assumption changes of EUR -82.4 m. (change in book to market value adjustments for UK and US business, change in interest rates)

Closing adjustments

- ▶ Change in currency exchange rates (EUR 207.4 m.)
- ▶ Dividend payments (EUR -207.3 m.)
- ▶ Capital injections of EUR 119.5 m.

* (MCEV before closing adjustments – adjusted opening MCEV) / adjusted opening MCEV

Further increase of MCEV

Good operating embedded value earnings

in m. EUR	2013	2014
Opening MCEV	3,133.9	3,675.1
Opening adjustments	275.8	(44.8)
Adjusted opening MCEV	3,409.7	3,630.3
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- Economic variances	-1.9%	5.5%
- Other non operating variance	0.3%	0.0%

in m. EUR	2013	2014
New business value	308.5	448.4
Expected existing business contribution (reference rate) ²⁾	83.0	85.2
Expected existing business contribution (in excess of reference rate) ³⁾	31.2	21.5
Experience variances	12.4	(8.6)
Assumption changes	(76.6)	(134.4)
Other operating variances	(16.5)	(88.2)
thereof - change of basis / change of model	(16.5)	(88.2)
- other	0.0	0.0
Operating MCEV earnings	341.9	323.8

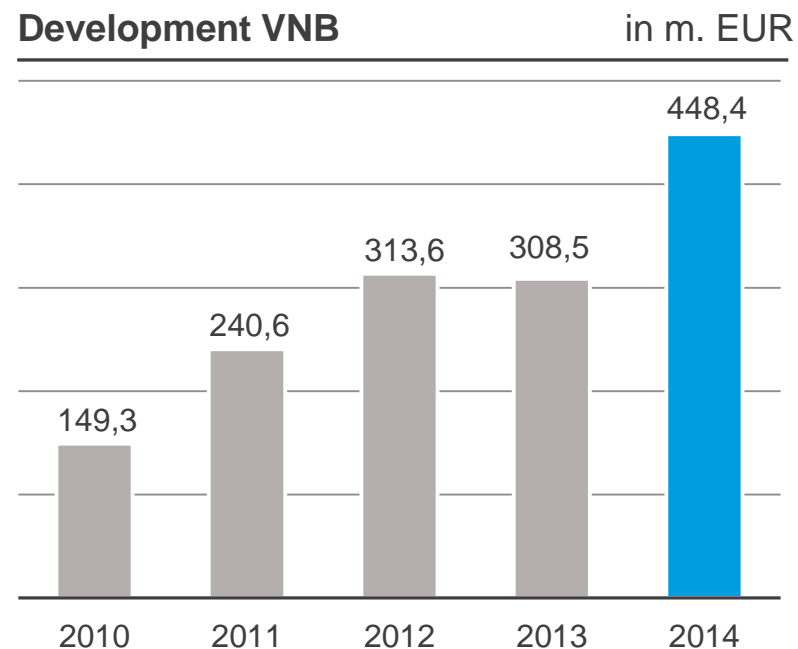
1) (MCEV before closing adjustments – adjusted opening MCEV)/adjusted opening MCEV

2) Swap yield rates

3) Additional return consistent with the expectation of the management

Excellent Value of New Business

in m. EUR	2013	2014
Profit/Loss on new business during year	(81.6)	(66.6)
Present Value of New Business Profits	450.7	634.0
- Cost of Residual Non-Hedgeable Risks	(45.1)	(101.3)
- Frictional Costs of Required Capital	(15.4)	(17.8)
- Financial Options and Guarantees	0.0	0.0
Value of New Business	308.5	448.4



► The excellent 2014 figure is mainly driven by:

- New business written in the US market: mortality (~ EUR 198 m.) and financial solutions (~ EUR 66 m.)
- Block assumption transactions in UK and France (~ EUR 103 m.)
- New business written by the branches (~ EUR 69 m., especially in France and Sweden)
- New business under existing treaties

Very good development in recent years

MCEV and its components since 2011

in m. EUR	2011	2012	2013	2014
Present Value of Future Profits	2,469.3	2,677.6	2,605.9	3,398.6
- Cost of Residual Non-Hedgeable Risks	(414.9)	(427.9)	(428.0)	(704.0)
- Frictional Costs of Required Capital	(99.4)	(102.7)	(133.9)	(117.0)
- Financial Options and Guarantees	(13.7)	(15.8)	(4.0)	(9.3)
Value In Force	1,941.4	2,131.2	2,040.0	2,568.3
Shareholder Net Worth after consolidation	1,124.4	1,002.7	1,635.1	1,706.6
Market Consistent Embedded Value	3,065.8	3,133.9	3,675.1	4,274.9

Stress tests on assets under own management. . .

. . .unchanged focus on interest and spread developments

Portfolio	Scenario	Change in market value in m. EUR	Changes in OCI before tax in m. EUR	ALM* net total in m. EUR
Equity (listed and private equity)	-10%	-72	-72	-72
	-20%	-144	-144	-144
Yield curves	+50 bps	-763	-648	-150
	+100 bps	-1,489	-1,266	-302
Credit spreads	+50%	-651	-615	-651

As at 31 December 2014

* Asset Liability Management, including discount of loss reserves according to internal model

Fixed-income book well balanced

Geographical allocation mainly according to our business diversification

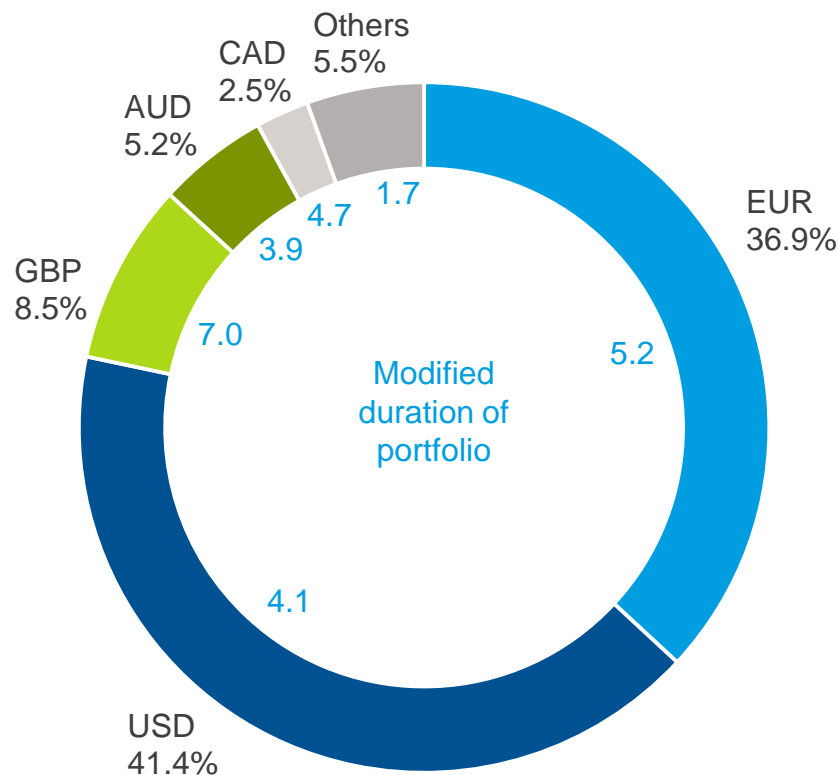
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	69.6%	59.5%	1.6%	61.4%	-	39.4%
AA	15.2%	35.9%	15.5%	13.6%	-	19.3%
A	10.3%	2.9%	47.1%	15.9%	-	24.2%
BBB	4.1%	1.2%	28.8%	5.3%	-	13.5%
<BBB	0.9%	0.4%	7.0%	3.8%	-	3.6%
Total	100.0%	100.0%	100.0%	100.0%	-	100.0%
Germany	15.3%	41.6%	4.8%	24.4%	22.8%	18.1%
UK	7.6%	3.0%	8.0%	9.5%	5.2%	7.1%
France	4.3%	3.6%	6.7%	6.7%	0.5%	5.3%
GIIPS	2.3%	0.9%	4.2%	8.8%	0.0%	3.6%
Rest of Europe	9.2%	22.6%	18.1%	28.4%	2.2%	17.8%
USA	44.1%	7.6%	35.5%	4.5%	18.1%	26.8%
Australia	4.8%	6.8%	8.2%	10.9%	11.4%	7.6%
Asia	8.1%	3.3%	4.9%	0.0%	25.4%	5.5%
Rest of World	4.2%	10.6%	9.6%	6.7%	14.4%	8.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total b/s values in m. EUR	7,862	6,568	12,670	4,910	1,348	33,358

As at 31 December 2014

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

2014	4.6
2013	4.4
2012	4.5
2011	4.2

Modified duration as at 31 December 2014: 4.6 (31 December 2013: 4.4)

Market sensitivity of inflation hedges

- ▶ Average hedged inflation level of 1.73 % EUR and 2.22 % USD p.a.
 - P&L effect YTD EUR -28.9 m (thereof -11.7 m. EUR; -17,1 m. EUR of USD)
 - OCI effect YTD EUR -40.2 m (thereof -14.4 m. EUR; -25.8 m. EUR of USD)
- ▶ Instruments held as inflation hedges (31 December 2014) with volume of EUR 3,047 m.
 - EUR 1,891 m. swap volume with average duration of 1.0 years
 - EUR 1,149 m. volume of inflation linker with average duration of 6.1 years

▶ Sensitivity to inflation risk:

in m. EUR	Inflation Swaps: Change in market value through P&L	Inflation Linked Bonds: Change in market value through OCI	Total economic inflation effect before taxes
Inflation expectation*: +100 BP	+18	+75	+93
Inflation expectation*: -100 BP	-18	-71	-89
Inflation expectation*: +400 BP	+75	+326	+401

* CPI - Consumer Price Index (US inflation index)

HICP - Harmonised Indices of Consumer Prices (EU inflation index; actually traded is the sub-index HICP ex tobacco)

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