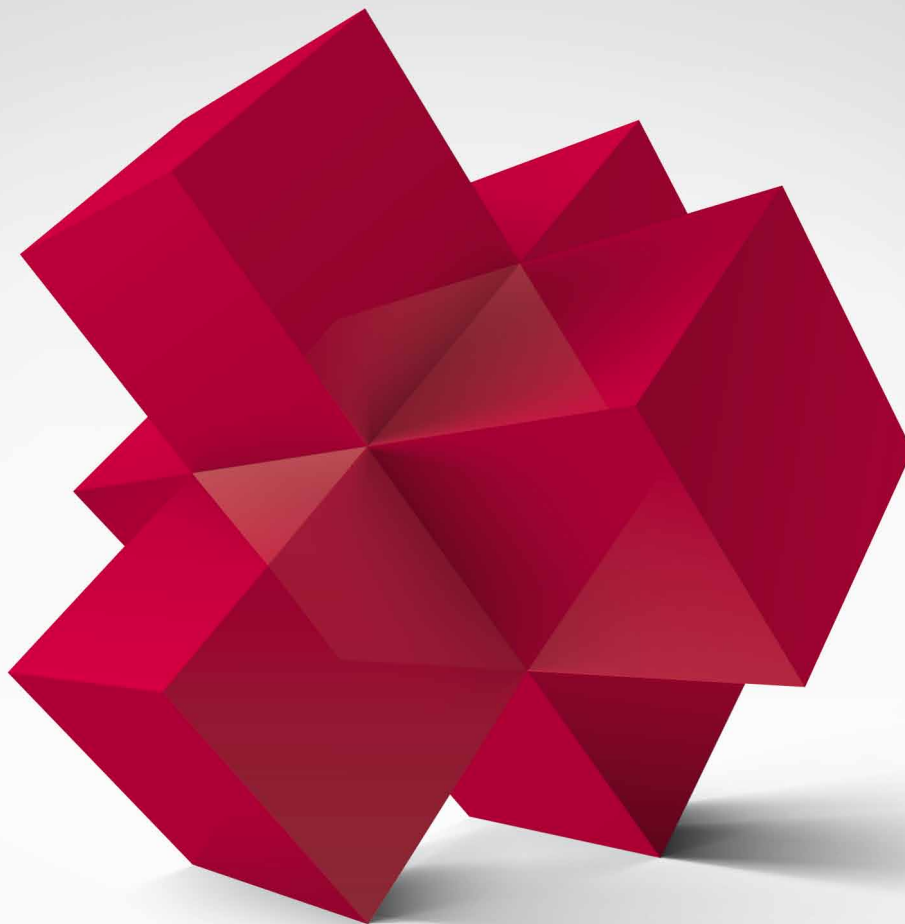




Talanx Group Interim Report as at 30 September 2015

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THE TALANX GROUP AT A GLANCE

GROUP KEY FIGURES

	UNIT	6M 2015	Q3 2015	9M 2015	6M 2014	Q3 2014	9M 2014	+/- % 9M 2015 vs 9M 2014
Gross written premiums	EUR MILLION	16,827	7,528	24,355	14,975	6,757	21,732	+12.1
by region								
Germany	%	32	25	30	35	28	33	-3.0 pt.
United Kingdom	%	9	9	9	9	10	9	— pt.
Central and Eastern Europe (CEE), including Turkey	%	8	7	8	8	9	8	— pt.
Rest of Europe	%	14	14	14	16	14	16	-2.0 pt.
USA	%	13	15	13	11	13	12	+1.0 pt.
Rest of North America	%	3	3	3	2	3	2	+1.0 pt.
Latin America	%	7	9	8	6	8	7	+1.0 pt.
Asia and Australia	%	12	16	13	11	12	11	+2.0 pt.
Africa	%	2	2	2	2	3	2	— pt.
Net premiums earned	EUR MILLION	12,751	6,495	19,246	11,308	5,823	17,131	+12.3
Underwriting result	EUR MILLION	-851	-437	-1,288	-775	-578	-1,353	+4.8
Net investment income	EUR MILLION	2,037	952	2,989	1,948	1,048	2,996	-0.2
Net return on investment¹⁾	%	3.8	—	3.7	4.0	—	4.0	-0.3 pt.
Operating profit (EBIT)	EUR MILLION	1,015	492	1,507	1,005	439	1,444	+4.4
Net income (after financing costs and taxes)	EUR MILLION	630	327	957	657	311	968	-1.1
of which attributable to shareholders of Talanx AG	EUR MILLION	311	177	488	381	149	530	-7.9
Return on equity^{2), 3)}	%	7.8	8.8	8.1	10.4	7.7	9.4	-1.3 pt.
Earnings per share								
Basic earnings per share	EUR	1.23	0.70	1.93	1.51	0.59	2.10	-8.1
Diluted earnings per share	EUR	1.23	0.70	1.93	1.51	0.59	2.10	-8.1
Combined ratio in property/casualty primary insurance and Non-Life Reinsurance⁴⁾	%	96.4	98.0	96.9	96.4	100.0	97.7	-0.8 pt.
Combined ratio of property/casualty primary insurers ⁵⁾	%	97.8	100.6	98.7	98.2	105.2	100.5	-1.8 pt.
Combined ratio of Non-Life Reinsurance	%	95.4	95.8	95.6	95.1	95.7	95.3	+0.3 pt.
EBIT margin primary insurance and reinsurance								
EBIT margin primary insurance ⁵⁾	%	3.6	3.8	3.7	6.6	1.7	5.0	-1.3 pt.
EBIT margin Non-Life Reinsurance	%	15.8	17.4	16.3	15.8	19.3	17.0	-0.7 pt.
EBIT margin Life/Health Reinsurance	%	6.2	2.5	4.9	6.2	6.1	6.1	-1.2 pt.

		30.9.2015	31.12.2014	+/- %
Policyholders' surplus	EUR MILLION	14,991	15,561	-3.7
Equity attributable to shareholders of Talanx AG	EUR MILLION	8,078	7,998	+1.0
Non-controlling interests	EUR MILLION	4,970	4,902	+1.4
Hybrid capital	EUR MILLION	1,943	2,661	-27.0
Investments under own management	EUR MILLION	98,850	96,410	+2.5
Total investments	EUR MILLION	115,808	112,879	+2.6
Total assets	EUR MILLION	152,886	147,298	+3.8
Carrying amount per share at end of period	EUR	31.96	31.64	+1.0
Share price at end of period	EUR	26.76	25.27	+5.9
Market capitalisation of Talanx AG at end of period	EUR MILLION	6,765	6,388	+5.9
Employees	FULL-TIME EQUIVALENTS	20,428	19,819	+3.1

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 (30 September 2015 and 31 December 2014).

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

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

⁴⁾ Combined ratio adjusted for interest income on funds withheld and contract deposits, before elimination of intragroup cross-segment transactions.

⁵⁾ Excluding figures from the Corporate Operations segment.

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GOVERNING BODIES OF TALANX AG

SUPERVISORY BOARD

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Former Chairman of the
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Talanx AG

Ralf Rieger*
Deputy Chairman
Raesfeld
Employee
HDI Vertriebs AG

Prof Dr Eckhard Rohkamm
Deputy Chairman
Hamburg
Former Chairman of the
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ThyssenKrupp Technologies AG

Antonia Aschendorf
Hamburg
Lawyer
Member of the Board of Management,
APRAXA eG

Karsten Faber*
Hannover
Managing Director
Hannover Rück SE,
E+S Rückversicherung AG

Jutta Hammer*
Bergisch Gladbach
Employee
HDI Kundenservice AG

Dr Hermann Jung
Heidenheim
Member of the Board of Management,
Voith GmbH

Dr Thomas Lindner
Albstadt
Chairman of the Board of Management,
Groz-Beckert KG

Dirk Lohmann
Forch, Switzerland
President of the Administrative Board and
Chairman of the Board of Management,
Secquaero Advisors AG

Christoph Meister*
Hannover
Member of the ver.di
National Executive Board

Jutta Mück*
Oberhausen
Employee
HDI-Gerling Industrie Versicherung AG

Otto Müller*
Hannover
Angestellter
Hannover Rück SE

Katja Sachtleben-Reimann*
Hannover
Employee
Talanx Service AG

Dr Erhard Schipporeit
Hannover
Former Member of the
Board of Management,
E.ON AG

Prof Dr Jens Schubert*
Potsdam
Director of the Legal Department,
ver.di National Administration

Norbert Steiner
Baunatal
Chairman of the Board of Management,
K+S AG

BOARD OF MANAGEMENT

Herbert K. Haas
Chairman
Burgwedel

Dr Christian Hinsch
Deputy Chairman
Burgwedel

Torsten Leue
Hannover

Dr Immo Querner
Celle

Ulrich Wallin
Hannover

Dr Jan Wicke
Stuttgart

* Staff representative

INTERIM GROUP MANAGEMENT REPORT

REPORT ON ECONOMIC POSITION

MARKETS AND BUSINESS CLIMATE

MACROECONOMIC DEVELOPMENT

The global economy remained dominated by increasingly divergent trends. Although the industrialised nations continued to experience an upswing and expansionary forces also gained ground in the Eurozone, the slowdown in the essential emerging markets weighed on the global upturn. The US economy continued to benefit from the recovery in the labour and housing market. Growth in China eased again, due in particular to the weak real estate market and high debt levels. The Eurozone registered a good performance in 2015 with improved economic data. The debt crisis as an uncertainty factor in Greece became noticeably less significant in the second six months of the year due to the initiated third aid programme.

The economy in the Eurozone grew by 0.5% and 0.4% respectively in the first two quarters of 2015. In Germany, GDP growth improved from 0.3% in the first quarter to 0.4% in the second quarter. The Eurozone economy was buoyed in particular by the lower oil prices and weaker euro, which gave companies a distinct competitive boost. Consumer spending was also a key growth driver.

The US economy gained significant momentum again in the second quarter, while the unemployment rate fell continuously to 5.1% in September. The housing market, which is important for US consumer confidence, continued its recovery. Although economic growth in the United Kingdom lost momentum slightly at the beginning of the year, it impressed again in the second quarter with quarterly growth of 0.7%. In China, the economic growth weakened again. In September 2015, the GDP growth stood at 6.9%. The weak real estate market remained an issue, although the government's stabilisation measures made an impact. The high level of debt accrued during the high credit growth in recent years remained a risk factor.

The major central banks continued to pursue expansionary monetary policies. The ECB announced its monthly EUR 60 billion bond buying programme in January, running over a period from March 2015 to September 2016. In September, the ECB clarified that

the size, composition and duration of its bond buying programme could be adjusted if necessary. The Federal Reserve also decided in September not to increase the prime rate. The Bank of China cut its prime rate in August by 25 basis points to 4.6%. The global disinflationary trend continued in the course of 2015. Inflation rates fell well short of the targets set by the central banks, due among other things to lower energy prices. In the Eurozone, the annual inflation rate remained negative at the end of the third quarter at -0.1%. In the USA, too, the inflationary data was consistently relatively low. The United Kingdom was not able to escape the global disinflationary trend. The inflation rate stood at -0.1% in the third quarter.

CAPITAL MARKETS

In the course of 2015, the bond markets were essentially driven by the following events: The Swiss National Bank announced that it would no longer peg the exchange rate at CHF 1.20 per euro. The exchange rate stabilised at around CHF 1.05 to the euro. The ECB announced its intention to purchase government bonds on a monthly basis. As a result, yields on all European government bonds declined. Another factor was the debt moratorium imposed on the successor company to Hypo Alpe Adria. German banks and insurance companies are particularly affected by this, to the tune of approximately EUR 7 billion. Greece remained an issue on the capital markets. In the third quarter, the Greece issue slipped into the background after temporary agreement with the EU. The US Federal Reserve kept its interest rates unchanged in the September session and, with regard to the interest rate, the ECB triggered a buying rush with its decision to launch its bond buying programme.

The primary market registered intense activity. Demand for yield remained strong, with corporate bonds with longer maturities, issuers from the higher-yield segment and subordinate bonds doing particularly well.

INSURANCE MARKETS

The third quarter of 2015 saw sentiment in the German insurance industry brighten, but it remained at a below-average level. Both the current business situation and the business prospects for the next six months were assessed more positively than in the previous quarter. A closer look at property and casualty insurance on the one hand and life insurance on the other reveals strongly differing assessments.

Sentiment in the **German property and casualty insurance sector** deteriorated slightly in the reporting quarter, although on balance it remained on an above-average positive level. This overall assessment was based almost equally on the evaluation of the current situation – which was assessed slightly less positively but still as favourable to an above-average degree – and on more pessimistic expectations for the coming six months, which were categorised as moderate in a long-term comparison. The main background for these deteriorations was a more negative assessment of the claims trend in the course of the year to date and corresponding forecasts for the year as a whole. The worsening of the business climate affected all lines, with the exception of legal protection and motor insurance. The most optimistic sentiment was found in liability insurance. The mood was more cautious in motor, property, accident and legal protection insurance, and worst in the areas of industrial/commercial insurance.

Despite a worsening of the sentiment, the expectations for the performance of premium income were optimistic, which also applied on balance to all lines and classes of property/casualty insurance. The most confident expectations were those in legal protection insurance and, to a similar extent, in industrial-commercial areas; the forecasts were slightly less optimistic for motor insurance and property insurance and were the least optimistic in regard to liability insurance and particularly accident insurance. Motor insurance was the only portfolio where the majority of market participants assume they will have to adjust rates in the next twelve months.

In terms of claims trends, most companies expected a year-on-year increase in the number of losses.

The business climate in the **German life insurance industry** recovered considerably from the continuous deterioration in the previous quarters. This improvement related equally to the assessment of the current business situation and the expectations for the next six months. In terms of the individual lines, the most optimistic business climate was found in unit-linked life and annuity insurance and occupational disability insurance, while the mood in term life insurance was still positive but classic annuity insurance and endowment policies remained in the negative range.

The expectancy with regard to premium performance was slightly less pessimistic, but mainly there was still an assumption that there would be a decline compared to 2014. While the expectation of declining or stagnating premiums was dominant for the single premium business, the forecasts for new, regular premium business were rather more optimistic. The potential for premium growth could be seen in occupational disability insurance, unit-linked life and annuity insurance and also, to a lesser extent, in term life insurance.

On the international **Non-Life Reinsurance markets**, the intensity of the competition remained high. Key factors were existing excess capacities on the reinsurance markets, the continued strong influx of alternative capital, the increasing consolidation on the primary insurance market linked to a shrinking need for reinsurance and, in view of strong capital funds, a tendency towards increased retentions by the primary insurers.

On the loss side, a major loss occurred in Asia during this reporting quarter with the explosion in the port of Tianjin, one of the most significant major losses attributable to human failure. Despite this tragic accident, the year 2015 so far has featured relatively few major losses on the whole.

The regulatory framework in **international life/health reinsurance** remained challenging in the third quarter of 2015, especially in view of the sustained low interest rate environment. However, the introduction of solvency-oriented supervisory regimes in Europe, South Africa and parts of Asia meant that there were new business opportunities through reinsurance solutions for capital relief and through the optimisation of the solvency situation. In addition, the demographic change that is taking place in developed insurance markets and emerging countries and the continually growing middle class in many emerging countries brought challenges and potential thanks to the resulting need for innovative insurance concepts to provide cover for longevity and mortality.

BUSINESS DEVELOPMENT

PERFORMANCE OF THE GROUP

- Share of the gross written premiums attributable to foreign business increases
- Major losses remain below Group budget for the period
- EBIT rises despite impairment of goodwill in German life insurance business

GROUP KEY FIGURES

EUR MILLION

	9M 2015	9M 2014	+/- %
Gross written premiums	24,355	21,732	+12.1
Net premiums earned	19,246	17,131	+12.3
Underwriting result	-1,288	-1,353	+4.8
Net investment income	2,989	2,996	-0.2
Operating profit/loss (EBIT)	1,507	1,444	+4.4
Combined ratio (net, property/casualty only) in %	96.9	97.7	-0.8 pt.

MANAGEMENT METRICS

%

	9M 2015	9M 2014	+/- %
Gross premium growth (adjusted for exchange rate effects) ¹⁾	6.5	3.1	+3.4 pt.
Group net income ²⁾ in EUR million	488	530	-7.9
Return on equity ³⁾	8.1	9.4	-1.3 pt.
Net return on investment ⁴⁾	3.7	4.0	-0.3 pt.

¹⁾ Calculation method changed starting in 2015 to more accurately quantify exchange rate effects (with no impact on the forecast figure).

²⁾ Net income for the period after non-controlling interests.

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

⁴⁾ Ratio of annualised net income from investments to average assets under own management.

PREMIUM VOLUME

In the Group, the gross written premiums increased by 12.1% to EUR 24.4 (21.7) billion; the portion attributable to foreign business increased by 3 percentage points. Adjusted for exchange-rate effects, gross premium growth stood at 6.5%. Divisions exposed primarily in US dollars benefited from exchange-rate effects, while divisions active in emerging markets tended to be burdened. The Non-Life and Life/Health Reinsurance segments achieved the highest increases. The retention ratio rose slightly in line with strategy to 86.8% (86.2%), while net premiums earned were up 12.3% year-on-year, at EUR 19.2 (17.1) billion.

UNDERWRITING RESULT

The underwriting result climbed by 4.8% to EUR -1,288 (-1,353) million due particularly to better results in the Industrial Lines and Retail Germany Divisions. The overall high major-loss burden of EUR 724 million remained below the Group budget for the period. The largest individual loss was EUR 114 million due to the explosion in the port of Tianjin, China. The combined ratio of the Group stood below that in the same period of the previous year at 96.9% (97.7%), particularly due to the fact that the net expense ratio was much lower.

NET INVESTMENT INCOME

Net investment income was at the same level as the previous-year period at EUR 2,989 (2,996) million. Although the ordinary investment result registered an increase, partly due to a one-off effect in the Life/Health Reinsurance segment and higher income from fixed-income securities and real estate, it was not possible to compensate fully for the decline in the extraordinary result in the Industrial Lines and Retail Germany segments. The Group net return on investment in the reporting period was slightly lower than in the same period of the previous year at 3.7% (4.0%). We have therefore once again surpassed the desired target for 2015 of a return of over 3.0%.

OPERATING PROFIT AND GROUP NET INCOME

Despite the impairment of goodwill in the German life insurance business, the operating profit/loss (EBIT) increased by 4.4% to EUR 1,507 (1,444) million. This increase in the EBIT was primarily due to the Industrial Lines and Non-Life Reinsurance segments. Group net income – i.e. net income after non-controlling interests – fell by 7.9% to EUR 488 (530) million. At 8.1% (9.4%), the return on equity remained slightly below the forecast for full-year 2015 of approximately 9%.

DEVELOPMENT OF THE DIVISIONS WITHIN THE GROUP

At a strategic level, Talanx divides its business into six reportable segments: Industrial Lines, Retail Germany, Retail International, Non-Life Reinsurance, Life/Health Reinsurance and Corporate Operations. Please refer to the “Segment reporting” section of the Notes to the consolidated financial statements for details of the segments’ structure and scope of business.

INDUSTRIAL LINES

- Growth in premiums, especially abroad
- Underwriting result improves
- Net investment income impacted by prolonged period of low interest rates

KEY FIGURES FOR THE INDUSTRIAL LINES SEGMENT

EUR MILLION

	9M 2015	9M 2014	+/- %
Gross written premiums	3,434	3,213	+6.9
Net premiums earned	1,581	1,401	+12.8
Underwriting result	-4	-66	+93.9
Net investment income	158	209	-24.4
Operating profit/loss (EBIT)	152	125	+21.6

MANAGEMENT METRICS

%

	9M 2015	9M 2014	+/- %
Gross premium growth (adjusted for exchange rate effects) ¹⁾	2.7	3.8	-1.1 pt.
Retention	51.4	50.5	+0.9 pt.
Combined ratio (net) ²⁾	100.2	104.7	-4.5 pt.
EBIT margin ³⁾	9.6	8.9	+0.7 pt.
Return on equity ⁴⁾	6.7	5.8	+0.9 pt.

¹⁾ Calculation method changed starting in 2015 to more accurately quantify exchange rate effects (with no impact on the forecast figure).

²⁾ Including net interest income on funds withheld and contract deposits.

³⁾ Operating profit (EBIT)/net premiums earned.

⁴⁾ Ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.

MARKET DEVELOPMENT

The market environment for the Industrial Lines segment in our core market, Germany, remains highly competitive. While growth in the developed insurance markets declined, the emerging markets recorded much stronger growth. The ongoing government debt crisis in the Eurozone, geopolitical crises such as in Ukraine and the subdued recovery of the global economy continue to represent a challenging environment for insurance companies. Emerging market economies gained momentum again, although the trend in the various regions was mixed. As market penetration in Germany is already high, growth is primarily generated in our overseas branches and subsidiaries.

PREMIUM VOLUME

Gross written premiums for the division amounted to EUR 3.4 (3.2) billion as at 30 September 2015, an increase of around 6.9% (2.7% after adjustment for exchange rate effects). The international branches of HDI-Gerling Industrie Versicherung AG in the UK, France, Canada and Belgium, in particular, recorded a significant increase in premiums. The US subsidiary HDI-Gerling America Insurance Company also made a positive contribution to premium growth.

The division's retention ratio increased to 51.4% (50.5%) in the reporting period. The increase in retentions – in line with strategy – was due in particular to the increase in intra-segment payments to Talanx Reinsurance Ltd. In contrast, the increased fronting business of HDI-Gerling America Insurance Company had a negative effect on the retention ratio. Net premiums earned rose overall by 12.8% compared with the previous-year quarter to EUR 1.6 (1.4) billion.

UNDERWRITING RESULT

The division's net underwriting result increased to EUR -4 (-66) million. Both the net expense ratio of 21.5% (23.4%) and the loss ratio (net) of 78.8% (81.3%) fell below the previous-year figure despite the heavy major-loss burden – including the burden of the explosion in the port of the Chinese city of Tianjin, amounting to EUR 18 million – because the increase in premiums overcompensated for the increased major-loss burden. The combined ratio for the Industrial Lines Division amounted to 100.2% (104.7%).

NET INVESTMENT INCOME

Net investment income decreased considerably due to the persistently low interest rates, falling 24.4% to EUR 158 (209) million. In the previous-year period, HDI-Gerling industrial insurance was able to generate significantly higher net gains from the disposal of investments, despite the decline in fixed-income investments due to capital market conditions. The positive capital market trend was exploited to generate additional income at the beginning of the previous year and, at the same time, to reduce portfolio risk. In the current year, impairment losses charged on a bond issued by Heta Asset Resolution AG (previously Hypo Alpe Adria) and a Greek promissory note loan negatively impacted net income by around EUR 10 million.

OPERATING PROFIT AND GROUP NET INCOME

The division's operating profit improved to EUR 152 (125) million, particularly due to the underwriting result. The Group net income improved accordingly to EUR 103 (85) million. There was a slight improvement in the EBIT margin to 9.6% (8.9%) and the return on equity climbed to 6.7% (5.8%).

RETAIL GERMANY

- Premium income in the life insurance business rises due to single premiums carried forward from the previous year
- Backlogs in treaty processing in property insurance are resolved
- EBIT negatively affected by impairment in full of goodwill in the life insurance business

KEY FIGURES FOR THE RETAIL GERMANY SEGMENT

EUR MILLION

	9M 2015	9M 2014	+/- %
Gross written premiums	5,143	5,079	+1.3
Net premiums earned	4,062	3,917	+3.7
Underwriting result	-1,201	-1,264	+5.0
Net investment income	1,351	1,430	-5.5
Operating profit/loss (EBIT)	-16	119	-113.4

MANAGEMENT METRICS

%

	9M 2015	9M 2014	+/- %
Gross premium growth ¹⁾	1.3	-2.3	+3.6 pt.
Combined ratio (net, property/casualty only) ²⁾	101.0	101.7	-0.7 pt.
EBIT margin ³⁾	-0.4	3.0	-3.4 pt.
Return on equity ⁴⁾	-3.4	3.6	-7.0 pt.

¹⁾ Calculation method changed starting in 2015 to more accurately quantify exchange rate effects (with no impact on the forecast figure).

²⁾ Including net interest income on funds withheld and contract deposits.

³⁾ Operating profit/loss (EBIT)/net premiums earned.

⁴⁾ Ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.

MARKET DEVELOPMENT

Driven by the increase in private consumption and the constant domestic demand, a growth in GDP of 1.8% is forecast for the reporting period. Due to the continuing low interest rate environment and the reduction in the guaranteed interest rate, a dramatic decline in new business of at least 3%, measured with the annual premium equivalent, is expected on the German life insurance market. The premium income will accordingly fall by presumably about 2%.

In property/casualty insurance, growth is still anticipated for the reporting period. The premium growth could reach at least 2% overall. Higher premium income is anticipated in almost all lines. Motor insurance and private property insurance will support this development in particular.

Backlogs had built up in the Retail Germany Division in the field of treaty processing for property insurance. It was possible to resolve these backlogs entirely by the end of October.

PREMIUM VOLUME AND NEW BUSINESS

Gross written premiums for the Retail Germany Division – including the savings elements of premiums from unit-linked life insurance – recorded a year-on-year increase of 1.3% to EUR 5.1 (5.1) billion in the first nine months of the year.

Written premium income in property/casualty insurance declined by 0.5% to EUR 1.3 billion. The slight decline in premiums was essentially due to lower premiums in the third-party liability line. The share of property/casualty insurers in the overall division therefore amounted to 24.9% (25.3%).

Premium growth of 1.9% was achieved in the life insurance business, including the savings elements of premiums from unit-linked life insurance. The gross written premiums of life insurers amounted to EUR 3.9 (3.8) billion. This growth was primarily due to higher single premiums in the first quarters thanks to business carried forward from the 2014 year-end. The retention ratio in the life insurance business was up on the previous year, at 95.9% (94.1%).

Overall, the net premiums earned in the division increased by 3.7% to EUR 4.1 (3.9) billion. The change in the unearned premium reserve was taken into account here, and the savings elements of premiums from unit-linked capital insurance were deducted.

New business with life insurance products – measured using the annual premium equivalent (APE), the international standard – rose from EUR 313 million to EUR 330 million, primarily due to business carried forward from the 2014 year-end. This figure also included the increase of 9.1% in new business with products for hedging biometric risks.

UNDERWRITING RESULT

During the reporting period, the underwriting result improved to EUR –1.2 (–1.3) billion. In the previous-year period, this item related solely to the life insurance companies, including the interest expenditure relating to the benefit reserve and the policyholder participation in net investment income. These expenses are offset by investment income, which is not recognised in the underwriting result.

In property insurance, the net combined ratio improved slightly compared to the previous year to 101.0% (101.7%). The essential driver for this was an improved run-off result in the property damage liability insurance line.

NET INVESTMENT INCOME

The net investment income, of which a share of 94.5% is attributable to the life insurance companies, fell by 5.5% to EUR 1.3 (1.4) billion.

OPERATING PROFIT AND GROUP NET INCOME

EBIT decreased to EUR –16 (119) million due to the impairment in full of goodwill in the life insurance business. Adjusted for this one-off burden of EUR 155 million, the EBIT in the reporting period would have reached EUR 139 million and so clearly surpassed the previous year's level. The EBIT margin in the first nine months of 2015 fell accordingly to –0.4% (3.0%). After adjustment for taxes on income and financing costs, Group net income fell to EUR –73 (72) million, causing the return on equity to decrease accordingly.

ADDITIONAL KEY FIGURES

THE RETAIL GERMANY SEGMENT AT A GLANCE

EUR MILLION	9M 2015	9M 2014	+/- %
Gross written premiums	5,143	5,079	1.3
Property/casualty	1,279	1,286	–0.5
Life	3,864	3,793	+1.9
Net premiums earned	4,062	3,917	+3.7
Property/casualty	1,068	1,059	+0.8
Life	2,994	2,858	+4.8
Underwriting result	–1,201	–1,264	+5.0
Property/casualty	–12	–17	+29.4
Life	–1,189	–1,247	+4.7
Other	–	–	–
Net investment income	1,351	1,430	–5.5
Property/casualty	75	77	–2.6
Life	1,276	1,353	–5.7
Other	–	–	–
New business measured in annual premium equivalent (life)	330	313	+5.4
Single premiums	1,258	1,111	+13.2
Regular premiums	204	202	+1.0
New business by product in annual premium equivalent (life)	330	313	+5.4
Unit-linked life and annuity insurance	94	87	+8.0
Traditional life and annuity insurance	167	168	–0.6
Term life products	60	55	+9.1
Other life products	9	3	+200.0

RETAIL INTERNATIONAL

- Integration of the Chilean Magallanes insurance group
- Property insurance companies record premium growth of +14.5% (of which organic: +6.8%)
- Combined ratio of property insurance companies remains stable at a good level

KEY FIGURES FOR THE RETAIL INTERNATIONAL SEGMENT

EUR MILLION

	9M 2015	9M 2014	+/- %
Gross written premiums	3,463	3,307	+4.7
Net premiums earned	2,755	2,820	-2.3
Underwriting result	1	-6	+116.7
Net investment income	250	241	+3.7
Operating profit/loss (EBIT)	173	164	+5.5

MANAGEMENT METRICS

%

	9M 2015	9M 2014	+/- %
Gross premium growth (adjusted for exchange rate effects) ¹⁾	6.9	10.0	-3.1 pt.
Combined ratio (net, property/casualty only) ²⁾	96.3	96.5	-0.2 pt.
EBIT margin ³⁾	6.3	5.8	+0.5 pt.
Return on equity ⁴⁾	7.6	7.2	+0.4 pt.

¹⁾ Calculation method changed starting in 2015 to more accurately quantify exchange rate effects (with no impact on the forecast figure).

²⁾ Including net interest income on funds withheld and contract deposits.

³⁾ Operating profit (EBIT)/net premiums earned.

⁴⁾ Ratio of annualised net income for the reporting period excluding non-controlling interests to average equity excluding non-controlling interests.

The division's activities focus on two strategic target regions and on two high-growth core markets within each of these. In Latin America, the division is present in Brazil and Mexico, the two largest countries in terms of premium income. In Central and Eastern Europe, the division operates in Poland and Turkey, two of the three markets with the highest premium income.

The reporting period was dominated by the acquisition and integration of a majority interest in the Chilean Magallanes insurance group. The acquisition of a holding company, two property insurance companies and one life insurance company in Chile and one property insurer in Peru was completed on 13 February 2015. The Chilean insurance market is stable but still offers significant opportunities. Thanks to this acquisition, the Talanx Group has risen to fifth place in the Chilean property insurance market and second place in the motor insurance market. The merger of the holding companies Inversiones Magallanes S.A. and Inversiones HDI Ltda was completed on 25 August 2015. The merger of the property insurance companies Aseguradora Magallanes S.A. and HDI Seguros S.A. is planned for the first quarter of 2016.

PREMIUM VOLUME

The division's gross written premiums (including premiums from unit-linked life and annuity insurance) rose by 4.7% year-on-year to EUR 3.5 (3.3) billion. Gross premiums (adjusted for exchange rate effects) increased by 6.9% compared with the previous-year period, mainly because the premium volumes in the first nine months of the financial year 2015 included the new Chilean companies in the amount of EUR 169 million for the first time. Overall, the share of gross written premiums from the strategic target regions of Latin America and Central and Eastern Europe increased in the first three quarters of 2015 to approximately 80% (70%).

Gross written premium growth was influenced by double-digit percentage growth in the property insurance business, where premiums rose by 14.5% to EUR 2.5 billion. The Mexican company HDI Seguros S.A., TUIR WARTA S.A. and Turkish company HDI Sigorta, as well as the new Magallanes companies, made a particularly significant contribution to this increase. Gross written premiums in property insurance – excluding the Magallanes companies – rose by 6.8% year-on-year. The life insurance business declined by 13.3% compared with the previous-year period to EUR 1.0 billion. The positive performance of Polish life insurer TUnŻ WARTA S.A. was unable to offset the decline in sales of single-premium products via banks at Italian company HDI Assicurazioni.

Of the premium volume generated in the Latin America target region, around 60% was attributable to the Brazilian company HDI Seguros S.A., which is mainly active in motor insurance. The company's written premiums increased by 3.7% year-on-year to EUR 663 million, including exchange rate effects. After adjustment for these effects, premium income rose by 18.0%, partly due to higher premiums in the motor insurance business. On the other hand, the company's motor policy portfolio grew by 16.5% to a total of 1.8 million policies; this was mainly due to a large number of new

contracts. As a result of strategic growth projects, the Mexican company HDI Seguros increased its gross written premiums by 42.8% compared with the previous-year quarter to EUR 189 million. This resulted thanks to an increase in new business in the area of motor insurance and in other property insurance, where sales through agents performed particularly well. Adjusted for exchange rate effects, premium growth amounted to 40.8%.

The share of the Polish companies in the written premiums of the division amounted to 35.4% (34.3%). This increase was essentially based on the increase in the single premium business in life insurance, particularly due to new bank distribution cooperations. Accordingly, life insurer TUnŻ WARTA S. A. increased its gross written premiums by around 50% to EUR 298 (196) million, in particular as a result of growth in unit-linked life insurance. TUIR WARTA S. A.'s premium volume from property insurance rose by 8.7% to EUR 675 million, primarily thanks to the positive development of the other property insurance business. Combined premium income from life and property insurance at the TU Europa Group amounted to EUR 253 million compared with EUR 317 million in the first nine months of the 2014 financial year. This decline resulted in particular from lower single premiums in life insurance as well as from property/casualty insurance.

The gross written premiums of Turkish property insurer HDI Sigorta rose by 19.0% to EUR 169 million including exchange rate effects; after adjustment for exchange rate effects, premiums rose by 21.1%. Written premiums in other property insurance increased by 13.8% in local currency, while the number of contracts increased by 6.8%. Premiums in motor insurance increased by 28.6% in local currency; this was attributable both to a rise in the number of contracts and to the 14.5% increase in the average premium per policy.

The Italian company HDI Assicurazioni held its ground well in a hotly contested and generally declining property insurance market. While the premium income from property insurance declined across the market by 2.6% compared to the previous-year period as at 30 June 2015, the company was able to increase its gross written premiums by 4.4% in the first nine months of 2015, whereby the 7.2% higher number of policies in motor liability insurance was able to offset the 5.2% fall in the average premium per policy. By contrast, life insurance premiums fell by 37.5% year-on-year due to lower sales of single-premium products via banks compared with the same period in the previous year.

UNDERWRITING RESULT

The combined ratio of the property insurance companies improved by 0.2 percentage points year-on-year to 96.3%. This development was attributable to the 0.7 percentage point decline in the loss ratio, mainly due to TUIR WARTA S. A. and HDI Assicurazioni. In contrast, motor insurance losses in Brazil increased year-on-year due to inflation-driven price rises. However, these were offset by higher net investment income due to the higher interest rates. At the same time, the cost ratio increased by 0.5 percentage points. The acquisition cost ratio increased by 0.3 percentage points due to the increased proportion of new business via banks, in particular at Polish company TUIR WARTA S. A. and Turkish company HDI Sigorta. The increase in the administrative expense ratio by 0.2 percentage points was based on one-off effects in relation to the initial consolidation of the Magallanes companies.

Driven by the property insurance business, the underwriting result in the division improved overall to EUR 1 (–6) million.

NET INVESTMENT INCOME

The division's net investment income amounted to EUR 250 million in the first three quarters of the 2015 financial year, a year-on-year rise of 3.7%. The ordinary investment income rose by 6.6% compared with the same period of the previous year, in particular due to the larger investment portfolio. Nevertheless, the decline in interest rates, particularly in Poland and Italy which account for the highest investment volume in the division, led to a year-on-year decline of 0.3 percentage points in the average return on investments under own management, to 4.4%. On the other hand, Brazil and Turkey recorded a rise in interest rates. Net investment income includes EUR 6 (7) million in net income from investment contracts. These are policies that provide insufficient risk cover to be classified as insurance contracts in accordance with IFRS.

OPERATING PROFIT AND GROUP NET INCOME

In the first nine months of 2015, operating profit (EBIT) in the Retail International Division increased by 5.5% compared with the prior-year period to EUR 173 million. This development was attributable both to the improved combined ratio of the property insurance companies and to higher net investment income compared with the previous year, and was reflected in a 0.5 percentage point increase in the EBIT margin to 6.3%. Group net income after minority interests rose by 10.4% to EUR 106 (96) million. As a result of that, the return on equity increased by 0.4 percentage points to 7.6% compared to the same period in the previous year.

ADDITIONAL KEY FIGURES

THE RETAIL INTERNATIONAL SEGMENT AT A GLANCE

EUR MILLION

	9M 2015	9M 2014	+/- %
Gross written premiums	3,463	3,307	+4.7
Property/casualty	2,455	2,144	+14.5
Life	1,008	1,163	-13.3
Net premiums earned	2,755	2,820	-2.3
Property/casualty	1,938	1,757	+10.3
Life	817	1,063	-23.1
Underwriting result	1	-6	+116.7
Property/casualty	72	63	+14.3
Life	-71	-69	-2.9
Other	—	—	—
Net investment income	250	241	+3.7
Property/casualty	144	139	+3.6
Life	107	102	+4.9
Other	-1	—	—
New business measured in annual premium equivalent (life)	141	148	-4.7
Single premiums	871	993	-12.3
Regular premiums	54	49	10.2
New business by product in annual premium equivalent (life)	141	148	-4.7
Unit-linked life and annuity insurance	17	8	+112.5
Traditional life and annuity insurance	33	37	-10.8
Term life products	57	53	+7.5
Other life products	34	50	-32.0

NON-LIFE REINSURANCE

- Despite strong competition in the Non-Life Reinsurance segment, good potential for growth
- Major loss burden increased compared to same period in previous year, but still within budget
- Excellent underwriting result once again

KEY FIGURES FOR THE NON-LIFE REINSURANCE SEGMENT

EUR MILLION

	9M 2015	9M 2014	+/- %
Gross written premiums	7,319	6,060	+20.8
Net premiums earned	5,965	5,105	+16.9
Underwriting result	248	224	+10.7
Net investment income	689	666	+3.5
Operating profit/loss (EBIT)	975	868	+12.3

MANAGEMENT METRICS

%

	9M 2015	9M 2014	+/- %
Gross premium growth (adjusted for exchange rate effects) ¹⁾	9.8	3.2	+6.6 pt.
Combined ratio (net) ²⁾	95.6	95.3	+0.3 pt.
EBIT margin ³⁾	16.3	17.0	-0.7 pt.

¹⁾ Calculation method changed starting in 2015 to more accurately quantify exchange rate effects (with no impact on the forecast figure).

²⁾ Including net interest income on funds withheld and contract deposits.

³⁾ Operating profit (EBIT)/net premiums earned.

RETURN ON EQUITY FOR THE REINSURANCE DIVISION OVERALL

%

	9M 2015	9M 2014	+/- %
Return on equity ¹⁾	14.7	15.4	-0.7 pt.

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

BUSINESS DEVELOPMENT

The fierce competition in the Non-Life Reinsurance segment is continuing; the supply of reinsurance cover continues to exceed demand. The key factors here are above all the absence of market-changing major losses, the fact that cedants are retaining more risks in view of their healthy capitalisation levels and the additional capacities arising from the market for catastrophe bonds, especially in the US natural catastrophe business. These factors are leading to persistent pressure on prices and conditions. At the same time, a trend towards reduced premium erosion is becoming perceptible in some lines and/or markets.

This was also evident during the treaty renewal phase at 1 June and 1 July 2015. This is traditionally the time for parts of the North-America business, a majority of the agricultural risks and business from Latin America to be renewed. The Australian business is also renegotiated at this time. In terms of the greater market share that we achieved, we were extremely successful here. However, we also achieved satisfactory results in the other markets. In Latin America and the Caribbean, we were able to exploit new business possibilities in both proportional and non-proportional covers thanks to our broad product portfolio, despite significant capacities in the natural catastrophe market. We also wrote attractive new business and developed our good position in the intensely competitive segment of agricultural risks. In North America, the rate reductions turned out to be smaller than expected. The key factor here was the higher demand due to the improved economic situation. Despite our continued selective underwriting policy, our premium volume for North America increased as at 1 July 2015. With regard to the portfolio renewed at 1 June/1 July 2015, we achieved growth of 8% overall.

PREMIUM DEVELOPMENT

Overall, we are very satisfied with the premium development in the Non-Life Reinsurance segment as at 30 September 2015. The gross premiums increased strongly by 20.8% to EUR 7.3 (6.1) billion. Constant exchange rates would have led to a growth of 9.8%. The retention fell to 88.8% (89.6%). The net premiums earned increased by 16.9% to EUR 6.0 (5.1) billion; adjusted for exchange rate effects, the growth would have stood at 6.7%.

UNDERWRITING RESULT

The net major loss burden at EUR 436 million remained well within the budget for the first nine months of EUR 519 million, but increased noticeably compared to the same period in the previous year (EUR 242 million). One striking point here was an increased frequency of relatively minor natural catastrophes and individual risk losses, especially in the areas of fire and transport insurance. Several events involving serious losses were recorded in the third quarter, in particular. The biggest single loss for us was the devastating explosion in the port of the Chinese city of Tianjin in August. For us, this resulted in a net loss burden in the amount of EUR 96 million. The severe earthquake in Chile in September led to a burden of EUR 44 million. Even against this background, the combined ratio of 95.6% (95.3%) was extremely positive and also fell well within our target of remaining under 96%. The underwriting result for Non-Life Reinsurance as at 30 September 2015 stood at the very pleasing figure of EUR 248 (224) million.

NET INVESTMENT INCOME

Net investment income in the Non-Life Reinsurance segment amounted to EUR 689 (666) million.

OPERATING PROFIT AND GROUP NET INCOME

The operating profit/loss (EBIT) in the Non-Life Reinsurance segment reached EUR 975 (868) million as at 30 September 2015; it therefore stood at 12.3% above the figure of the same period in the previous year. The EBIT margin stood at 16.3% (17.0%) and was therefore much higher than our target of at least 10%. Group net income increased by 18.1% to EUR 320 (271) million.

LIFE/HEALTH REINSURANCE

- Positive development in gross premiums
- Attractive business possibilities still available

KEY FIGURES FOR THE LIFE/HEALTH REINSURANCE SEGMENT

EUR MILLION

	9M 2015	9M 2014	+/- %
Gross written premiums	5,627	4,644	+21.2
Net premiums earned	4,864	3,861	+26.0
Underwriting result	-334	-242	-38.0
Net investment income	542	461	+17.6
Operating profit/loss (EBIT)	238	237	+0.4

MANAGEMENT METRICS

%

	9M 2015	9M 2014	+/- %
Gross premium growth (adjusted for exchange rate effects) ¹⁾	10.1	2.6	+7.5 pt.
EBIT margin ²⁾ financial solutions/longevity	9.4	5.6	+3.8 pt.
EBIT margin ²⁾ mortality/morbidity	3.0	6.3	-3.3 pt.

¹⁾ Calculation method changed starting in 2015 to more accurately quantify exchange rate effects (with no impact on the forecast figure).

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

RETURN ON EQUITY FOR THE REINSURANCE DIVISION OVERALL

%

	9M 2015	9M 2014	+/- %
Return on equity ¹⁾	14.7	15.4	-0.7 pt.

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

BUSINESS DEVELOPMENT

As at 30 September 2015, the Life/Health Reinsurance segment has developed well overall in the context of our ambitious expectations.

Our business in Germany, the Scandinavian countries and other Western European countries, as well as the annuity business in Great Britain, generated pleasing results. In contrast, the results in France and the other business in Great Britain fell below our expectations. In summary, however, the results for these markets stand in line with our expectations.

The US American mortality business has developed in a varied manner. Parts of the business performed better than expected, while other lines fell below our assumptions. For this reason, we were not able to completely satisfy our expectations in the reporting period in this division. However, a restructuring of our collateral instruments was completed in September 2015, so that we should presumably be able to gain cost savings in the low tens of millions range every year in the coming years. The result of the "US Health and Special Risk" business is precisely in line with our expectations. The American financial solutions business recorded a slightly better performance than expected. In Malaysia, we worked together with a technology partner to found an online sales company which distributes life insurance cover via an Internet platform. All processes – applications for cover, risk auditing and policy issuing, for example – are carried out online. This business model – which is innovative for this market – allowed us to create a cost-effective, modern sales channel. As the sole reinsurance partner, we are also acting as a financially strong risk carrier.

PREMIUM DEVELOPMENT

The gross premium income in the Life/Health Reinsurance segment stood at EUR 5.6 (4.6) billion as at 30 September 2015. That corresponds to an excellent growth of 21.2%; adjusted for exchange rate effects, the growth would have been 10.1%. The net premiums increased strongly in the reporting period by 26.0% to EUR 4.9 (3.9) billion; at constant exchange rates, the increase would still have been 14.3%. The retention increased to 86.8% (83.7%).

NET INVESTMENT INCOME

Net investment income including interest income on funds withheld and contract deposits amounted to EUR 542 (461) million in the reporting period. The performance of ModCo derivatives, investments held on our behalf by American cedants, amounted to EUR -18.9 million in the reporting period, which represented a loss compared to the same period in the previous year (EUR -1.6 million).

OPERATING PROFIT AND GROUP NET INCOME

As at 30 September 2015, the operating profit/loss (EBIT) in the Life/Health Reinsurance segment increased to EUR 238 (237) million. For our financial solutions/longevity reporting categories, the EBIT margin stood at 9.4%; the target is 2%. For mortality/morbidity, the margin was 3.0%. In this case, we did not achieve the target of 6%. This was due both to a relatively large individual claim arising from a life insurance policy and to the fact that part of our mortality business in the USA recorded relatively poor results which could not be offset by the positive new business. Moreover, our branch in France posted a result that fell below expectations. Group net income in the Life/Health Reinsurance segment fell slightly by 2.3% and amounted to EUR 84 (86) million.

CORPORATE OPERATIONS

- Group assets under own management up 2.5%
- Positive operating profit of EUR 10 million

THE GROUP'S REINSURANCE SPECIALISTS

Underwriting business written via our subsidiary Talanx Reinsurance (Ireland) Ltd. has been reported in the Corporate Operations segment since 2013. The aim of this in-house reinsurer is to increase retention and optimise capital utilisation. The in-house business written by Talanx Re (Ireland) is partly reallocated to the ceding segments in order to leverage diversification benefits there. Business including additional cross-segment diversification benefits is also reported in the Corporate Operations segment. Gross written premiums in this business declined to EUR 32 (43) million in the first nine months of 2015 due to selective underwriting. They resulted from reinsurance cessions in the Industrial Lines, Retail Germany and Retail International segments. Talanx Re (Ireland) posted an operating profit of EUR 2 (3) million for this business in the Corporate Operations segment in the first nine months of 2015.

Talanx Reinsurance Broker GmbH is wholly owned by Talanx AG and handles all aspects of the reinsurance business process for Group cedants. In 2015, it again managed to obtain the reinsurance capacity required for all of the Group cedants that it manages on the global market. As part of our segment allocation, earnings are fully reallocated to the ceding segments starting this year; in the first nine months of 2014, EUR 2 million of the company's earnings remained in the Corporate Operations segment.

THE GROUP'S INVESTMENT SPECIALISTS

In cooperation with Talanx Immobilien Management GmbH and with its subsidiary Ampega Investment GmbH, Talanx Asset Management GmbH is chiefly responsible for handling the management and administration of the Group companies' investments and provides related services such as investment accounting and reporting. The total contribution to the segment's operating profit made by the asset management companies amounted to EUR 47 (32) million in the first nine months of 2015.

As an investment company, Ampega Investment GmbH manages retail and special funds and provides financial portfolio management services for institutional clients. The primary focus is on portfolio management and the administration of investments for customers outside the Group. The low interest rate environment means that German retail investors are increasingly focusing on products from the fund sector again this year. In the first nine months of the year, mixed funds – which offer opportunities for higher returns in periods of low interest – were in particular demand as alternatives to savings accounts and fixed-term deposits.

The total volume of assets managed by Ampega rose by 4.7% compared with the level at the beginning of the year to EUR 17.5 (16.7) billion in the first nine months of 2015. At EUR 9.4 (9.4) billion, over half of this total was managed on behalf of Group companies using special funds and direct investment mandates. Of the remainder, EUR 4.0 (3.1) billion was attributable to institutional third-party clients and EUR 4.1 (4.2) billion to retail business. The latter is offered both through the Group's own distribution channels and products such as unit-linked life insurance and through external asset managers and banks.

OPERATING PROFIT

The Corporate Operations segment's operating profit improved to EUR 10 (–13) million in the first nine months of 2015 due to higher income from asset management as a result of the larger investment portfolio and lower holding company expenses. Group net income attributable to shareholders of Talanx AG for this segment amounted to EUR –52 (–65) million in the first nine months of 2015.

NET ASSETS AND FINANCIAL POSITION

NET ASSETS

- Total assets up EUR 5.6 billion to EUR 152.9 billion
- Investments account for 76% of total assets

ASSET STRUCTURE

EUR MILLION

	30.9.2015		31.12.2014	
Intangible assets	2,010	1%	2,096	1%
Investments	115,808	76%	112,879	77%
Investments for the benefit of life insurance policyholders who bear the investment risk	9,598	6%	9,426	6%
Reinsurance recoverables on technical provisions	8,176	5%	7,370	5%
Accounts receivable on insurance business	6,172	4%	5,252	4%
Deferred acquisition costs	4,945	3%	4,645	3%
Cash at banks, cheques and cash-in-hand	2,710	2%	2,145	2%
Deferred tax assets	606	<1%	764	<1%
Other assets	2,835	2%	2,699	2%
Non-current assets and assets of disposal groups classified as held for sale	26	<1%	22	<1%
Total assets	152,886	100%	147,298	100%

SIGNIFICANT CHANGES IN THE ASSET STRUCTURE

The EUR 5.6 billion increase in our total assets to EUR 152.9 billion is primarily attributable to growth of EUR +3.1 billion in our investment portfolio, including investments for the benefit of life insurance policyholders who bear the investment risk, as well as the EUR +0.9 billion increase in accounts receivable on insurance business.

Recognised intangible assets of EUR 2.0 (2.1) billion include EUR 1.0 (1.0) billion of other intangible assets (including PVFP). They also include recognised goodwill of EUR 1.0 (1.1) billion. The change in goodwill is partly due to the acquisition of the Magallanes group (+EUR 122 million), and partly to goodwill impairment in the Retail Germany segment (–EUR 155 million). As part of a realignment of the

German life insurance business, the Group wrote down goodwill in the German life insurance business in full in the second quarter of 2015. Further information regarding the goodwill impairment can be found in the Notes to the consolidated balance sheet in the section “Notes to individual items of the consolidated balance sheet”, Note 1 “Intangible assets”. Other intangible assets are recognised in their entirety in the Group. Other intangible assets that are economically attributable to Group shareholders – excluding non-controlling interests and the policyholder’s portion – are calculated as follows:

NON-CONTROLLING INTERESTS AND POLICYHOLDERS’ PORTION

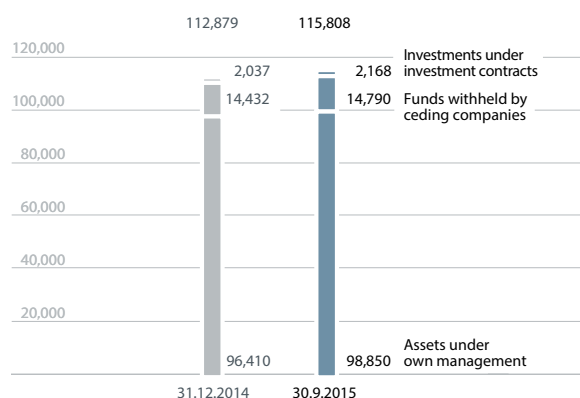
EUR MILLION

	30.9.2015	31.12.2014
Other intangible assets before deducting non-controlling interests and the policyholders’ portion, including deferred taxes	977	1,006
of which attributable to: non-controlling interests	125	132
of which attributable to: policyholders’ portion	325	334
of which attributable to: deferred taxes	77	84
Other intangible assets after deducting non-controlling interests and the policyholders’ portion, net of deferred taxes	450	455

CHANGES IN INVESTMENTS

COMPOSITION OF THE INVESTMENTS

EUR MILLION



The total investment portfolio increased by 2.6% up to the third quarter of the financial year to EUR 115.8 billion. Investments under investment contracts totalled EUR 2.2 billion at the end of the quarter and funds withheld by ceding companies amounted to EUR 14.8 billion. Growth in the portfolio of assets under own management was due in particular to cash inflows from underwriting business – which were reinvested in accordance with the respective corporate guidelines.

The current capital market environment was characterised in the third quarter by another fall in interest rates to an extremely low level – following a considerable increase in the second quarter. In September, a considerable amount of bad news, especially among automotive manufacturers and suppliers, led to severe price losses on both the equity and credit markets. In the spread asset classes, this led to the poorest monthly performance in the last three years. As a good spread indicator, the iTraxx-X-Over Index climbed in the period from 21 September to 30 September from approx. 310 basis points to 380 basis points, and reached a new year high at the end of the month and quarter. After an increase in the second quarter, a decline was observed in the third quarter, in particular for long-dated bonds. Yields fell again quarter-on-quarter in Germany: five-year bonds fell by around 13 basis points to –0.01% and ten-year bonds by a good 25 basis points to 0.65%. By contrast, two-year government bonds remained almost constant at –0.25%.

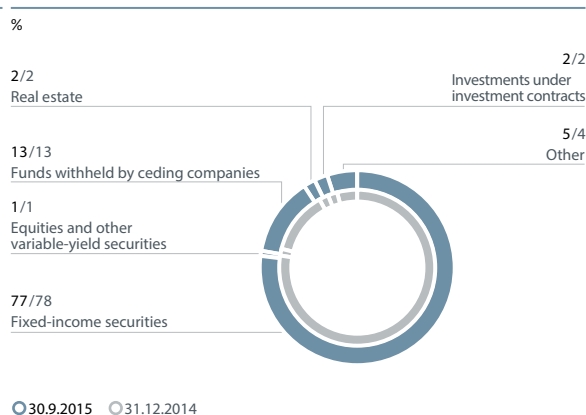
In addition to interest rate factors, movements in the US dollar exchange rate had a direct effect on our US dollar-denominated investments. At 30 September 2015, the US dollar was at 1.12 to the euro, compared with 1.21 to the euro at the beginning of the year.

At the end of the third quarter, the US dollar-denominated investment portfolio amounted to EUR 18.7 billion and accounted for 19% of total assets under own management.

Fixed-income investments were again the most significant asset class in 2015. Most reinvestments were made in this class, reflecting the existing investment structure. The share of fixed-income securities stood at 77% of the total investment portfolio. This asset class contributed EUR 2.2 billion to the net income, and was reinvested to a large extent in the reporting period.

The equity allocation ratio after derivatives (equity ratio) was 1.1% at the end of the quarter. The equity exposures in the reinsurance segment were increased moderately.

COMPOSITION OF THE INVESTMENTS



BREAKDOWN OF ASSETS UNDER OWN MANAGEMENT BY ASSET CLASS

EUR MILLION

	30.9.2015		31.12.2014	
Investment property	2,021	2%	1,873	2%
Shares in affiliated companies and participating interests	113	<1%	112	<1%
Investments in associates and joint ventures	306	<1%	262	<1%
Loans and receivables				
Loans incl. mortgage loans	781	1%	880	1%
Loans and receivables due from government or quasi-governmental entities, together with fixed-income securities	29,689	30%	29,673	31%
Financial instruments held to maturity	1,575	2%	2,454	3%
Financial instruments available for sale				
Fixed-income securities	57,077	58%	54,900	57%
Variable-yield securities	1,838	2%	1,283	1%
Financial instruments at fair value through profit or loss				
Financial instruments classified at fair value through profit or loss				
Fixed-income securities	786	1%	850	1%
Variable-yield securities	65	<1%	95	<1%
Financial instruments held for trading				
Fixed-income securities	8	<1%	6	<1%
Variable-yield securities	117	<1%	108	<1%
Derivatives ¹⁾	64	<1%	80	<1%
Other investments	4,410	4%	3,834	4%
Assets under own management	98,850	100%	96,410	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 1.3 billion at the end of the third quarter of 2015 to total EUR 89.1 billion. At 77% 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 of “Loans and receivables” and “Financial assets available for sale”.

Fixed-income securities over the course of the year mainly comprised the traditional asset classes of government bonds, corporate bonds and Pfandbriefe. The Retail Germany segment sold low-yield Italian and Spanish government bonds with relatively short maturities to realise gains, which were used to strengthen the mandatory additional interest reserve required by the HGB, and for the policyholders’ participation in the valuation reserves. The funds that were released were reinvested in longer-term bonds. In particular, government bonds and secured bonds with good ratings were selected, helping to increase the duration of the portfolio.

“Fixed-income securities available for sale”, whose volatility impacts equity, increased by EUR +2.2 billion to EUR 57.1 billion, or 64% of total investments in the fixed-income portfolio. Pfandbriefe and corporate bonds accounted for the majority of these investments. Valuation reserves – i.e. the balance of unrealised gains and losses – have fallen from EUR 4.6 billion to EUR 3.3 billion since the end of 2014 due to the prevalent market.

In the “Loans and receivables” category, investments were primarily made in government securities or securities with a similar credit quality in the third quarter. Our portfolio of government securities or securities with a similar credit quality in this portfolio category thus amounted to EUR 10.0 billion. Pfandbriefe still represent the largest item in the portfolio. Total holdings in the “Loans and receivables” category amounted to EUR 30.5 billion at the end of the third quarter, which represents 34% of total holdings in this asset class. Off-balance sheet valuation reserves declined from EUR 5.9 billion to EUR 5.2 billion.

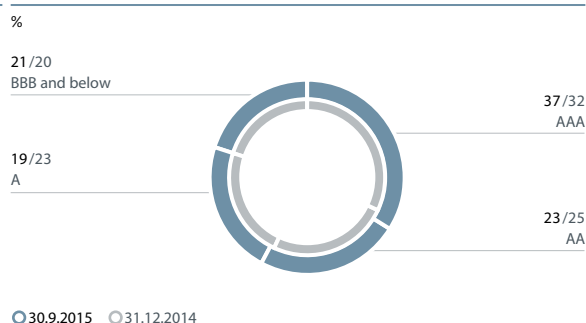
At the end of the third quarter of 2015, the Group had only moderate exposure to government bonds from the GIIPS countries. In light of risk considerations, we had sold the Greek government bonds in our portfolio back in 2011 with the exception of a small residual holding.

At the end of the quarter, the fair value of our investment exposure to GIIPS countries was EUR 2.7 billion, corresponding to 2.8% of total assets under own management. Our exposure to Italian government bonds (fair value of EUR 1,624 million) is due to the Group’s presence in the country. Of this amount, EUR 966 million is attributable to our Group company HDI Assicurazioni S. p. A.

Group holdings in the “Financial assets held to maturity” category in the third quarter totalled EUR 1.6 billion. After expanding our holdings in this category in 2011 through restructuring, particularly in the reinsurance segment, we did not increase this further. The intention and ability to hold these investments until maturity enables the companies to reduce volatility in their balance sheets caused by interest rate movements.

Investment in fixed-income securities continued to focus on government bonds with good ratings or securities from issuers with a similar credit quality. At the end of the quarter, holdings of AAA-rated bonds amounted to EUR 32.8 billion. This represents 37% of the total portfolio of fixed-income securities and loans.

RATING STRUCTURE OF THE FIXED-INCOME SECURITIES



The Talanx Group continues to pursue a conservative investment policy. As a result, 79% of instruments in the fixed-income securities asset category have a minimum A rating. For further information on the credit quality of our investments, please refer to the "Risk report" in the Group management report.

The Macaulay duration of the Talanx Group's total fixed-income securities investment portfolio was 7.8 years as at 30 September 2015 (beginning of the year: 7.7 years).

As far as match-oriented currency cover is concerned, US dollar-denominated investments continue to account for the largest share (19%) of the Talanx Group's foreign currency portfolio. The total share of assets under own management in foreign currencies as at 30 September 2015 remained almost constant, at 31.4%.

Funds withheld by ceding companies in respect of collateral provided for cedants' technical provisions in the Reinsurance Division rose in the current financial year, from EUR 14.4 billion to EUR 14.8 billion. Investment portfolios also increased, resulting in a constant ratio of 12.8% (12.8%).

EQUITIES AND EQUITY FUNDS

The European stock markets started 2015 on a positive note as a result of the ECB's bond-buying programme and improved economic data in the Eurozone. The upswing was followed by a period of consolidation in the second quarter. The performance fell back again towards the end of the third quarter. The DAX closed on 9,660 points, which was 1.5% lower than the level at the beginning of the year. The EUROSTOXX 50 reached 3,100 points on 30 September, and so was also down 1.5% compared with the beginning of the year.

Net unrealised gains and losses on holdings within the Group (excluding "Other Investments") fell by EUR 26 million to EUR 72 (98) million due to market factors.

REAL ESTATE INCLUDING SHARES IN REAL ESTATE FUNDS

Investment property totalled EUR 2.0 billion at the reporting date. An additional EUR 706 million is held in real estate funds, which are recognised as "Financial instruments available for sale".

In light of the low interest rate environment, the German real estate market continues to be dominated by enormous pressure on private and institutional investors to invest, coupled with increasing transaction volumes and a lack of suitable properties. High market liquidity is leading to corresponding price effects, in particular for so-called core properties.

Depreciation of EUR 29 million and impairment losses of EUR 1 million were recognised on investment property in the reporting period.

The real estate ratio including investments in real estate funds was unchanged at 2% (2%).

ALTERNATIVE INVESTMENTS

Holdings of alternative investments are still at a low level and serve to diversify the portfolio.

A 45% interest in Caplantic Alternative Assets GmbH was acquired at the beginning of financial year 2015, which is jointly managed with Nord/LB Norddeutsche Landesbank and Bankhaus Lampe. The aim of the investment is to develop the company into a leading provider of alternative asset management and financial solutions, giving it access to infrastructure loans and other alternative asset categories offered by the Nord/LB Group.

In addition, increased direct investments were made in infrastructure, for example with the acquisition of several wind farms in Germany and France (further information can be found in the Notes to the consolidated balance sheet in the section "Consolidation"). Moreover, as the consortium leader of a group of institutional investors, the Talanx Group has coordinated a bond in the volume of EUR 556 million to finance the offshore wind farm Gode Wind 1. Talanx has been making a share of external funding available since October, amounting to about EUR 300 million of the total of EUR 556 million. The "alternative investments" category helps improve returns and diversify the portfolio.

NET INVESTMENT INCOME

CHANGES IN NET INVESTMENT INCOME

EUR MILLION

	9M 2015	9M 2014
Ordinary investment income	2,531	2,400
of which current income from interest	2,176	2,162
of which gain/loss on investments in associates	8	11
Realised net gains on disposal of investments	466	477
Write-downs/reversals of write-downs of investments	-124	-28
Unrealised net gains from investments	-12	22
Other investment expenses	-159	-153
Income from investments under own management	2,702	2,718
Net interest income from funds withheld and contract deposits	281	271
Net income from investment contracts	6	7
Total	2,989	2,996

The investment income as at the end of the third quarter amounted to EUR 3.0 billion and so matched the level of the previous year. Current interest income at EUR 2.2 billion still accounted for the majority of investment income. Net gains/losses on the disposal of

investments amounting to EUR 466 million were offset by higher net write-downs (EUR 124 [28] million). The unrealised net gains/losses stood on balance at EUR -12 million.

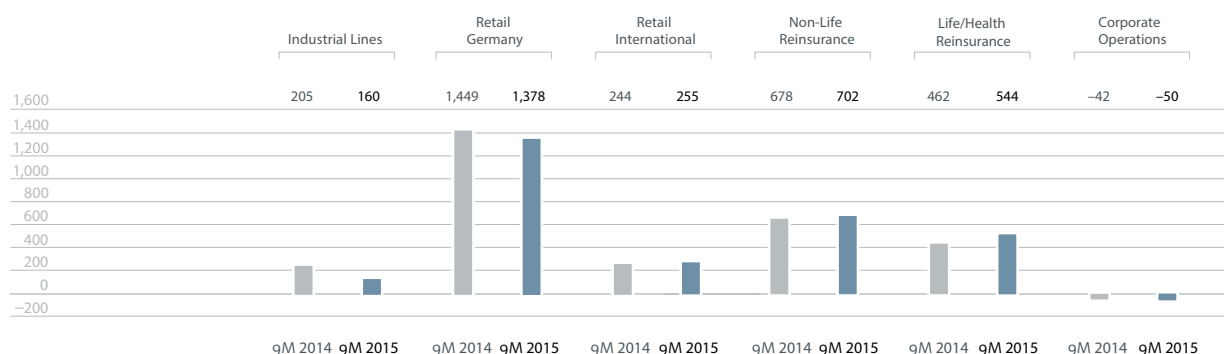
Ordinary investment income at the end of the quarter totalled EUR 2,531 (2,400) million. Falling interest rates on the capital markets led to an average coupon in the fixed-income securities portfolio of 3.4%, down on the previous year (3.7%). Derivative financial instruments (including forward purchases) are used to hedge re-investment risk, in particular in the case of life insurers in our Retail Germany segment.

Overall, total realised net gains on the disposal of investments in the third quarter were down slightly on the high previous-year figure, at EUR 466 (477) million. The positive net gains resulted from regular portfolio turnover in all segments.

Net write-downs and reversals of write-downs amounted to EUR -124 (-28) million in the third quarter. Of this, a significant EUR 47 million was attributable to the HETA bonds (before the policyholders' portion, taxes and non-controlling interests). Across the Group as a whole, write-downs of fixed-income securities rose to EUR 60 million. The reversals of write-downs (incl. impairments) of other investments increased to EUR 19 million and of equities also increased to EUR 19 million. Depreciation and impairment losses of approximately EUR 30 million were recognised in respect of real estate. Total write-downs in the past quarter were partially offset by reversals of impairment losses amounting to EUR 4 million.

NET INVESTMENT INCOME BY GROUP SEGMENT¹⁾

EUR MILLION



¹⁾ After elimination of intra-Group relations between the segments.

FINANCIAL POSITION

ANALYSIS OF CAPITAL STRUCTURE

- Equity stands at a level slightly above the previous year at EUR 13.0 (12.9) billion
- Technical provisions up EUR 6.3 billion to EUR 107.4 billion
- Subordinated liabilities down EUR 0.7 billion

CAPITAL STRUCTURE COMPARED TO YEAR-END

EUR MILLION

	30.9.2015		31.12.2014	
Equity	13,048	9%	12,900	9%
Subordinated liabilities	1,943	1%	2,661	2%
Technical provisions	107,361	70%	101,109	69%
Technical provisions for life insurance policies where the investment risk is borne by the policyholders	9,598	6%	9,426	6%
Other provisions	3,255	2%	3,708	2%
Liabilities	15,475	10%	15,228	10%
Deferred tax liabilities	2,183	1%	2,262	2%
Liabilities included in disposal groups classified as held for sale	23	<1%	4	<1%
Total equity and liabilities	152,886	100%	147,298	100%

SIGNIFICANT CHANGES IN THE CAPITAL STRUCTURE

Net provisions in the insurance business after consolidation and after adjustment for the reinsurers' share are as follows:

COMPOSITION OF NET PROVISIONS¹⁾ IN THE INSURANCE BUSINESS (AFTER CONSOLIDATION)

EUR BILLION

	30.9.2015	31.12.2014
Unearned premium reserve	6.9	5.7
Benefit reserve	53.7	51.5
Loss and loss adjustment expense reserve	34.3	32.0
Provision for premium refunds	4.3	4.5
Other technical provisions	0.3	0.3
Total	99.5	94.0

¹⁾ For information on the presentation of the net provisions in the insurance business, see our disclosures in the Notes to the consolidated balance sheet, Note 9.

Obligations to policyholders must be covered by investments in at least the same amount. The ratio of net provisions in the insurance business to total investments – including funds withheld by ceding companies but excluding investments under investment contracts – was 87.6% (84.8%) at the reporting date. Investments thus exceed provisions by EUR 14.1 (16.8) billion.

Overall, net technical provisions rose by 5.8% or EUR 5.5 billion year-on-year. The increase was due to the loss and loss adjustment expense reserve (EUR 2.3 billion), benefit reserves (EUR 2.2 billion) and unearned premium reserves (EUR 1.2 billion). It was mainly attributable to the Non-Life Reinsurance (EUR +2.1 billion), Retail Germany (EUR +1.4 billion) and Life/Health Reinsurance (EUR +1.1 billion) segments.

EQUITY

CHANGES IN EQUITY

Equity rose by EUR 148 million (+1.2%) to EUR 13,048 (12,900) million in the reporting period just ended. The Group's portion (equity excluding non-controlling interests) amounted to EUR 8,078 (7,998) million. On the one hand, the slight increase of EUR 80 million (+1.0%) relates to the net profit for the period, EUR 488 million of which is attributable to our shareholders and was allocated in full to retained earnings. On the other hand, the reduction of the other comprehensive income (other reserves) compared to 31 December 2014 by EUR 89 million to EUR 530 million and the dividend payment in the amount of EUR 316 million to the shareholders of Talanx AG in May of the reporting period had the opposite effect.

The change in "Other reserves" (EUR –89 million) is mainly due to two partially offsetting effects. On the one hand, the significant EUR 930 million decrease in unrealised gains on investments to EUR 2,608 (3,538) million was the prime cause of the reduction of other reserves and was largely due to losses on corporate and government bonds as a result of increased risk premiums. On the other hand, the increase in the other changes in equity by EUR 831 million to EUR –2,423 (–3,254) million cushioned this effect to a large extent. EUR 591 million and thus an essential part of this change was attributable to policyholder participations/shadow accounting (in particular policyholder participations in losses on investments) and EUR 240 million was attributable to technical gains or losses from provisions for pensions (mainly caused by the atypical performance of the interest curve in the area of 20-year durations). The cash flow hedge reserve (EUR +6 million) and the accumulated currency translation gains/losses (EUR +4 million) did not change noticeably in the reporting period.

Non-controlling interests in equity rose by a slight EUR 68 million – or 1.4% – to EUR 4,970 million. Non-controlling interests in net income for the reporting period were EUR 469 (438) million. The dividend payment to non-Group shareholders totalling EUR 336 (245) million was mainly due to the Hannover Re Group. Non-controlling interests shared in the higher other income in the amount of EUR –65 (436) million.

CHANGES IN EQUITY

EUR MILLION

	30.9.2015	31.12.2014
Subscribed capital	316	316
Capital reserve	1,373	1,373
Retained earnings	5,859	5,690
Accumulated other comprehensive income and other reserves	530	619
Group equity	8,078	7,998
Non-controlling interests	4,970	4,902
Total	13,048	12,900

EQUITY BY SEGMENT¹⁾ INCLUDING NON-CONTROLLING INTERESTS

EUR MILLION

	30.9.2015	31.12.2014
Segment		
Industrial Lines	2,142	1,959
of which non-controlling interests	—	—
Retail Germany	2,615	3,231
of which non-controlling interests	66	67
Retail International	2,183	2,037
of which non-controlling interests	239	249
Reinsurance	8,410	8,240
of which non-controlling interests	4,686	4,604
Corporate Operations	–2,254	–2,531
of which non-controlling interests	—	—
Consolidation	–48	–36
of which non-controlling interests	–21	–18
Total equity	13,048	12,900
Group equity	8,078	7,998
Non-controlling interests	4,970	4,902

¹⁾ Equity per segment is defined as the difference between the assets and liabilities of each segment.

Note: To simplify the presentation, the non-controlling interests for the Reinsurance Division are derived from Group non-controlling interests in Hannover Re; for this purpose, the two reinsurance segments have been combined.

The Corporate Operations segment reports a negative value that reflects Talanx AG's debt leverage. As the Group's holding company, Talanx AG performs a financing function for the Group in the primary insurance sector and for the companies in Corporate Operations. The liabilities mainly relate to retirement pension provisions of EUR 1,024 (1,239) million, notes payable in the amount of EUR 1,065 (1,065) million and provisions for taxes of EUR 142 (147) million. These liabilities are offset on Talanx AG's balance sheet by liquid assets and, above all, by the carrying amounts of its investments in subsidiaries, which are eliminated against the proportionate equity of the subsidiaries in the consolidated financial statements.

ANALYSIS OF DEBT

Our subordinated bonds and other debt instruments ("subordinated bonds") supplement our equity. They optimise the cost of capital and help to maintain adequate liquidity at all times. We refer to these subordinated bonds and other bank borrowings that serve to finance corporate acquisitions as "strategic debt".

Subordinated liabilities totalled EUR 1.9 (2.7) billion as at the reporting date. In the second quarter of 2015, the EUR 500 million subordinated bond issued in 2005 by Hannover Finance (Luxemburg) S.A. and the subordinated bonds issued in 2005 by HDI Lebensversicherung AG (outstanding nominal amount of EUR 120 million, of which EUR 10 million was issued internally within the Group) and by Talanx Finanz (Luxemburg) S.A. (nominal amount of EUR 209 million, of which EUR 96 million was issued internally within the Group) were called by the issuer effective as at the first regular redemption date in the entire nominal amount and repaid in full. Further information can be found in the Notes to the consolidated balance sheet in the section "Notes to individual items of the consolidated balance sheet", Note 8 "Subordinated liabilities".

The Group had two syndicated variable-rate credit lines with a nominal value of EUR 1.25 billion as at 30 September 2015. As in the previous year, these were not drawn down as at the reporting date. The existing syndicated credit lines can be terminated by the lenders if there is a change of control, i.e. if a person or persons acting in concert, other than HDI Haftpflichtverband der Deutschen Industrie V. a. G., gains direct or indirect control over more than 50% of the voting rights or share capital of Talanx AG.

In addition, as in the previous year, Talanx AG has two senior unsecured bonds with a total volume of EUR 1.25 billion – of which EUR 185 million is held by Group companies – and long-term loans (primarily mortgage loans and loans for financing infrastructure investments) amounting to EUR 372 (284) million.

OTHER REPORTS AND DECLARATIONS

RISK REPORT

We see opportunity and risk management as one of our core functions. Comprehensive monitoring and rigorous management of the Group's and the divisions' risk position are key tasks at Talanx AG. The aim is to avoid developments that could jeopardise the Group's continued existence and, at the same time, to exploit opportunities that arise.

Our risk strategy is derived from our corporate strategy and formulates our risk management objectives and structures. Acceptance of risk is governed by the rules set out, and decisions made, by the Board of Management in relation to the Group's risk budget. The risk strategy is an independent set of rules that lay the foundation for Group-wide risk management. Together with value-based management, the risk strategy forms an integral component of our entrepreneurial actions and is also reflected in the detailed strategies for the various divisions.

As an international insurance and financial services group, we consciously enter into a wide range of risks that are inextricably linked with our business activities. Both our corporate strategy and

our risk strategy are subject to an established review process. This reexamination of our assumptions and any necessary adjustment of our underlying strategy resulting from it are designed to ensure that our strategic guidelines are appropriate at all times, and hence that our actions are based on adequate information.

The Talanx Group satisfies all currently applicable regulatory solvency requirements.

Standard and Poor's (S&P) has confirmed the Insurer Financial Strength Rating of A+ for the primary insurance sector. The outlook remains stable. In addition, the existing core status or status "highly strategically important" has been confirmed for all the companies.

Moreover, S&P has confirmed the ERM Level III review for the Talanx Group. This reduces the required rating capital by applying the so-called "M factor" according to the model used by S&P.

The interplay of the individual functions and bodies within the overall system is vital to an efficient risk management system. Talanx has defined the roles and responsibilities as follows:

GROUP RISK MANAGEMENT SYSTEM

Management element	Key risk management tasks
Supervisory Board	Advises and oversees the Board of Management in its management of the Company, including with respect to risk strategy and risk management
Board of Management	- Overall responsibility for risk management - Definition of the risk strategy - Responsibility for proper functioning of risk management
Executive Risk Committee (ERC)	- Manages, coordinates and prioritises Group-wide risk issues - Adjusts limits within fixed materiality thresholds - Approves guidelines and other frameworks in accordance with Group frameworks for the governance of the Group's internal model, to the extent that they do not require the approval of the Board of Management as a whole - Preliminary examination at cross-segment level of issues that must be submitted to the full Board of Management
Risk Committee	- Risk monitoring and coordinating body, charged with the following key tasks: - Critical examination and analysis of the risk position of the Group as a whole, with a particular focus on the risk budget approved by the Board of Management and on the risk strategy - Monitoring of management measures within the Group with respect to risks that could threaten the Group's continued existence
Chief Risk Officer	- Responsible for holistic monitoring across divisions (systematic identification and assessment, control/monitoring and reporting) of all risks that are material from a Group perspective - Chairman of the Risk Committee - Option to take part in meetings of the Board of Management when there are items on the agenda relating to risk
Central Risk Management	- Group-wide risk monitoring function - Methodological expertise, including the following: - Development of processes/procedures for risk assessment, management and analysis - Risk limitation and reporting - Overarching risk monitoring and risk capital quantification
Local Risk Management	- Risk monitoring function in the divisions - Observance of the centrally defined guidelines, methods and procedures, limit systems and thresholds that serve as the framework for local implementation, monitoring and reporting
Compliance	- Analysis of compliance risk, based on the early identification, assessment and communication of relevant changes in the legal framework - Establishment and enhancement of suitable structures for ensuring compliance with applicable legal norms and Group rules
Actuarial Function	- Coordinates and comments on calculations of underwriting provisions - Ensures that the calculations and the assumptions and methods used are appropriate
Internal Auditing	Process-independent review of the Group's functional areas

In addition to these (risk) functions and bodies, organisational structures have been set up to address special issues, e.g. task forces for managing contingencies and crises.

Further information on risk management can be found in the 2014 Group Annual Report.

The Talanx Group's risk position can be broken down into the risk categories described below, which are based on German Accounting Standard (GAS) 20.

THE TALANX GROUP'S RISK POSITION

Risk category	Material risk	Key risk management measures
Underwriting risk		
	Cross-segment	
	Concentration risk	Risk offset by diversification
	Property/casualty (primary insurance and reinsurance)	
	- Actual claims experience differs from the expected claims experience (premium/loss risk) - Technical provisions are insufficient to pay claims that have not yet been settled or reported (reserving risk)	- Claims analysis and regular review of the claims experience - Actuarial modelling and monitoring of exposure to natural hazards - Selective underwriting - Technical audits - Appropriate reinsurance cover - Recognition of IBNR reserves - Reserves reviewed by external actuaries
	Life/health primary insurance	
	- Changes to biometric actuarial assumptions - Interest guarantee risk in the case of life insurance contracts with guaranteed interest payments - Lapse risk	- Biometric actuarial assumptions regularly reviewed - Safety margins factored into actuarial assumptions - Ongoing monitoring of investment portfolios and the capital markets, implementation of appropriate measures (in particular with respect to duration) - Interest rate hedging instruments - Adjustment of surplus participation - Cost control, focus on variable sales costs - Careful selection of intermediaries - Systematic monitoring of MCEV - Review of the structure and volume of new business
	Life/health reinsurance	
	- Changes to biometric actuarial assumptions - Lapse and credit risk when prefinancing cedants' acquisition costs	- Use of reliable biometric actuarial assumptions - Systematic monitoring of MCEV
Default risk in the insurance business		
	Cross-segment	
	Default on accounts receivable from reinsurers, retrocessionaires, policyholders and insurance intermediaries	- Careful selection of reinsurers and retrocessionaires - Ongoing monitoring of credit quality - Measures to collateralise receivables - Consistent and uniform use of rating information as at a specific reporting date via a rating information system accessible throughout the Group - Effective dunning process and reduction of outstanding receivables - Recognition of appropriate value adjustments
Market risk		
	Cross-segment	
	- Potential losses due to adverse changes in market prices (interest rates, real estate, equity prices and exchange rates) - Losses in value due to adverse changes in debtor credit quality - Illiquidity risk: holdings/open positions cannot be sold/closed out, or only after a delay or at a discount	- Monitoring and managing of market price risk using value at risk (VaR) - Performance of proprietary and regulatory stress tests - Matching currency cover - Analysis of assets and liabilities using ALM VaR - Use of ratings (rating agencies, internal ratings) when making investment decisions - Monitoring and managing of credit risk using credit VaR - Regular tracking of fund development and performance - Liquid asset structure - Regular liquidity planning

THE TALANX GROUP'S RISK POSITION

Risk category	Material risk	Key risk management measures
Operational risk		
	Cross-segment ■ Risk of losses due to the inadequacy or failure of processes, or as a result of events triggered by employee-related, systemic or external factors. This includes legal and compliance risks, as well as tax risks.	■ Multifaceted, cause-based risk management ■ Internal control system
Strategic risk		
	Cross-segment ■ Danger of an imbalance between our corporate strategy and the constantly changing general business environment	■ Corporate strategy and risk strategy are reviewed annually ■ Processes and structures are adjusted as required
Reputational risk		
	Cross-segment ■ Possible damage to the Company's reputation due to negative public perception	■ Defined communication channels ■ Professional corporate communications ■ Tried-and-tested processes for defined crisis scenarios ■ Established Code of Conduct
Emerging Risks		
	Cross-segment ■ Emerging risks whose risk content is not yet reliably known and whose implications are difficult to assess	■ Early identification of risks; various countermeasures, e.g. reinsurance, diversification, risk exclusions, safety margins, emergency planning, etc.
Model risk		
	Cross-segment ■ Risks from inappropriate model-related decisions as a result of uncertainty due to a partial or total lack of information with regard to the understanding or knowledge of an event included in the model, its repercussions or its likelihood	■ Sensitivity analyses quantify the inherent model risk and provide an indication of the robustness of the "SCR"
Other risks		
	■ Talanx AG's investment risk: volatile earnings by subsidiaries and/or the investment portfolio ■ Risk of asset erosion at acquisitions	■ Suitable instruments in Controlling, Internal Auditing and risk management ■ Segment and regional diversification ■ Investment in high-growth markets and in product and portfolio segments that stabilise earnings ■ Due diligence ■ Liquidity calculations and forecasts ■ M&A committees
	■ Possible need to establish additional reserves due to Talanx AG's pension obligations	■ Actuarial assumptions are regularly reviewed for adequacy

Risk reporting in this interim report mainly focuses on relevant changes to the risk position that have occurred since Talanx's 2014 Group Annual Report was prepared. A detailed description of the various types of risks is not provided here; these are disclosed in the annual report.

There have not been any significant changes in the risk position as compared with the disclosures in the annual report in relation to the ongoing low interest rate environment and the uncertainty resulting from the Life Insurance Reform Act (IVRG). No concrete risks that

could jeopardise the Talanx Group's continued existence are discernible at present. However, if risks were to materialise cumulatively, this could particularly result in the need to adjust certain intangible assets and carrying amounts in the Retail Germany Division. The risk profile of this division is heavily influenced by the life insurance subsidiaries and is mainly dominated by investment risk – and especially interest rate risk and credit risk. The current capital market environment was characterised in the third quarter by another fall in interest rates to an extremely low level – following a considerable increase in the second quarter. In September, a considerable

amount of bad news, especially among automotive manufacturers and suppliers and companies in the raw-materials sector, led to severe price losses on both the equity and credit markets. In the spread asset classes, this led to the poorest monthly performance in the last three years. As a good spread indicator, the iTraxx-X-Over Index climbed in the period from 21 September to 30 September from approx. 310 basis points to 380 basis points, and reached a new year high at the end of the quarter. Consequently, the division is still facing a substantial challenge with respect to its risk position.

This could have a material adverse effect on the results of operations in parts of the life insurance business due to high interest guarantee and reinvestment risk. In particular, it poses a risk to the Group's life insurers and occupational pension scheme providers, which may have to recognise additional provisions for interest payments in the HGB financial statements. Depending on the scenario, capital strengthening measures might have to be considered in future. Reserves have been strengthened since 2011 using the statutory additional interest reserve and/or via the advanced provision of an additional interest reserve approved by the supervisory authorities. Furthermore, the Group mitigates interest guarantee risk primarily through regular analysis of its assets and liabilities, by constantly monitoring its investment portfolios and the capital markets, and by taking appropriate measures. Interest rate hedging instruments such as book yield notes, and forward purchases are also used to a certain extent.

Natural disaster risk also represents a significant risk for the Talanx Group. Carefully and individually selected reinsurance cover is taken out to protect against peak exposures from such risks. This enables us to effectively limit large individual losses and the impact of accumulation events and thus make it possible to plan for them.

In abstract terms at least, there is still considerable uncertainty as to whether risks associated with the sovereign debt crisis could crystallise further in future and have a lasting impact on the Talanx Group's net assets, financial position and results of operations.

In response to the financial crisis, the EU created the basis for shareholder and creditor participation in the recapitalisation of banks in need of restructuring (bail-in rules) in the form of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD). Austria was the first member state to transpose the EU directive for banks (only) into national law with the Austrian Federal Act on the Recovery and Resolution of Banks (BASAG). On this basis, the Austrian Financial Market Authority (FMA) imposed a payment moratorium on Heta Asset Resolution ("Heta") on 1 March 2015. However, Heta did

not have a banking licence, nor had it participated in ECB stress testing as at this date. As a result, there are serious doubts as to the lawfulness of the FMA's approach for this reason alone. The application – for the first time – of these bail-in rules prevented a classic insolvency of Heta and therefore also a recourse to the guarantor, the Austrian federal state of Kärnten. The move impacted net income for the period attributable to shareholders of Talanx AG by an amount in the single-digit millions of euros in the third quarter of 2015.

The German Resolution Mechanism Act passed by the German federal parliament at the end of September specifies new regulations based on EU specifications (banking union), especially with regard to the recovery and resolution of banks and the loss participation of the owners and creditors of a failing bank. Due to the new regulation in Section 46f(5) to (7) of the German Banking Act, unsecured debt instruments (bonds, negotiable bonds, registered bonds and promissory note bonds) will in future – as from 1 January 2017 – be used more intensively for loss bearing. Although these securities formally retain their top ranking, they will only be served after all other top-ranking insolvency liabilities in the meaning of Section 38 of the German Insolvency Code in the event of creditor participation. To this extent, the ruling of the Resolution Mechanism Act extends beyond the provisions of the EU law. Despite urgent petitions from the insurance industry, the law does not include an adequate ruling providing portfolio protection for existing investors/bonds.

The Talanx Group is also exposed to operational risk. We define this as risks arising from internal processes and events triggered by employee-related, system-induced or external factors. These include operational risks in connection with our actual insurance activities and those associated with asset management activities, including unit-linked life insurance policies. It also covers legal risk, including for example data protection and antitrust law. Strategic risk and reputational risk do not fall into this risk category.

In June 2015, the Talanx Group or HDI V.a.G., as the ultimate parent company, requested approval of an internal model to replace the standardised approach for the Group and for significant subsidiaries. In the period before the request was submitted, there were repeated changes in the supervisors' interpretation of the legal situation or the implementation status. A number of revisions were made as a result, and also due to a number of new insights. There is a risk that not all changes were made in the form expected by the supervisory authorities. In principle, we currently consider it realistic for approval to be granted. The results of the internal model as at 31 December 2014 reveal that the Group has a sufficiently comfortable capital cushion.

The subgroup model of Hannover Re was approved in a letter dated 30 July 2015.

On 10 April 2015, the Act Modernising Financial Supervision of Insurance Undertakings was announced in the Federal Law Gazette. With the exception of section 355 of the Insurance Supervision Act (VAG), which is already in force, it will take effect as at 1 January 2016. This Act, which amends the VAG, transposes the European Solvency II Directive into national law. At the EU level, the Commission Delegated Regulation (EU) was finalised and published at the beginning of 2015. Despite the substantial progress already made in implementing the Solvency II requirements within the Group, implementing these and the other interpretations of and detailed pronouncements on the final Solvency II requirements that are still outstanding represents a very significant operational challenge. Conflicting opinions on the interpretation of regulations are being discussed in close contact and through regular exchanges with the supervisory authorities, so that any necessary adjustments can be made. Overall, the new Solvency II rules will lead to considerably more volatile capital ratios and stricter reporting requirements than did Solvency I.

The work situation in the Operational Property area in recent months, stretching back to 2014, was marked by severe backlogs (processes above and beyond the service level). With the help of the “Immediate measures” project initiated in September 2014, it was possible to completely resolve the backlog by 30 October 2015. As a result, the Operational Property area will have created an excellent initial position before the beginning of the motor treaty renewal period in the fourth quarter to secure a stable working situation and appropriate telephone availability in the months with traditionally high mail traffic volumes from November 2015 to April 2016 (motor year-end business and its effects).

Legal risk represents a significant risk for the Talanx Group in the area of life insurance in particular. Statutory reforms, e.g. in connection with IFRS and Solvency II, are identified at an early stage in order to enable us to fulfil stricter requirements. In addition, developments in supreme court rulings in particular and changes in the law that could affect Group companies are closely monitored.

For example, on 19 December 2013, the European Court of Justice clarified a legal issue in connection with the policy model that applied to insurance contracts from 1994 to 2007. The court ruled that the statutory period that applied at the time (section 5a(2) sentence 4 of the old version of the Insurance Contracts Act (VVG)) – after the expiry of which policyholders could no longer revoke the insurance policy – was incompatible with EU law (see Talanx’s 2013 Group Annual Report for details). As one of the legal conse-

quences of this ruling, the German Federal Court of Justice ruled on 7 May 2014 and confirmed in its judgement of 17 December 2014 that life insurance policyholders can still exercise their right of objection after the expiry of the one-year period set out in section 5a(2) sentence 4 of the old version of the VVG in these cases in which insufficient information had been provided on the right of objection, or in which no consumer information or insurance terms and conditions were provided. However, in a further ruling handed down on 16 July 2014, the Federal Court of Justice clarified that policyholders who were properly advised when they entered into contracts based on the policy model and who had performed the contract for years do not have a right of objection and therefore do not have a claim for restitution either. On 15 April 2015, the Federal Court of Justice ruled on the previously open, contested question of when the statute of limitations starts to run on claims for restitution resulting from a right of objection in the policy model in accordance with the old version of section 5a of the VVG. It agreed with the view that the three-year statute of limitations for the claim for restitution only starts to run as of the year in which the right of objection is exercised. By adopting this view, the Federal Court of Justice again rejected views that the statute of limitations begins/began to run on payment of the premium concerned, or at the latest with the Court’s clarification of the previously uncertain legal position on 7 May 2014.

If a valid objection is lodged, the contract must be rescinded in accordance with the principles of the law of enrichment. The Federal Court of Justice ruled on the details of this in its judgement of 29 July 2015. In it, it confirmed that the policyholder can, in principle, demand restitution of all premiums paid in those cases in which a valid objection is lodged. However, the policyholder must permit the insurance cover enjoyed until the policy was terminated to be credited against this. The insurer is not permitted to deduct other items such as acquisition costs, administrative expenses or instalment payment surcharges. In the case on which the judgement was based, the insurer had already paid out the surrender value to the policyholder. The Federal Court of Justice confirmed the insurer’s opinion that the policyholder also had to permit the interest income tax and solidarity surcharge that had been remitted in this context to the tax office to be credited towards the amount, as a pecuniary advantage.

The new judgement by the Federal Court of Justice answers a number of previously open questions, and hence permits the amount of a policyholder’s claim following a valid objection to be estimated with greater confidence. Nevertheless, it has not clarified all legal questions relating to the validity of the advice provided to policyholders on their rights and to the size of any possible claim. Consequently, it is impossible to make a reliable statement on the number of policyholders who could potentially lodge a valid objection, and who actually want to do so. Due to the way in which the Group advises policyholders, however, few are expected to take advantage of this right.

OUTLOOK

ECONOMIC ENVIRONMENT

The mixed performance by the global economy is set to continue in the coming quarters; the developed economies – with the USA and the UK leading the way – are likely to further reduce the growth gap to the emerging markets. The USA is currently on a stable path of growth. Its strong economic performance can be seen particularly in the real estate market and, increasingly, on the labour market. Private consumption is expected to be an increasingly important growth driver in the USA. The economic recovery in the Eurozone should continue in the coming quarters. A considerable decline in energy and commodities prices is a further boost to growth for the Eurozone, and so we anticipate strong growth.

Growth momentum in the emerging markets has slowed recently and we believe that these countries are facing both structural and cyclical challenges. Nevertheless, growth rates are likely to remain extremely mixed in the future. The structural problems in China, including the high level of debt, will probably have effects on the economy. We anticipate a further weakening of the growth in China. The crisis in Russia and possible disruptions in the emerging markets remain a geopolitical risk, although this is less acute than at the beginning of the year.

The divergence in economic growth between the industrialised nations and the emerging markets is increasingly leading to the decoupling of the economies in question and hence of the associated inflation and interest rate cycles. In the USA, a wage-price spiral is likely to cause inflation, which will make a “return to normal” for monetary policy necessary. The ECB is expected to continue its expansionary monetary policy due to low inflation rates, high unemployment and mixed, at times very moderate growth rates. In line with this, the deflationary trend in the Eurozone – a necessary adjustment process – is likely to continue. The slump in oil prices, which has depressed prices, should strengthen this deflationary trend well into 2016.

CAPITAL MARKETS

A generally low interest rate environment is expected to remain unchanged in the medium term in view of the general environment, the sustained geopolitical risks and the clearly expansionary monetary policy being pursued by the ECB. In the USA, the change in interest rates by the Federal Reserve expected in September never materialised. It is doubtful whether there will be any increase in interest rates in the reporting period. Legal and political pressure on rating agencies is expected to lead to a continuation of cautious rating procedures even in the future and in cases of doubt, to lower ratings. Despite the agreement reached in July, the Greek issue will probably continue to influence the capital markets in the coming months – as well as the weakness in growth in China with negative effects for the emerging markets. The primary market is likely to see continued high levels of activity in the third quarter, with issuers focusing in particular on subordinated bonds. Overall, the volume of new issues should decline slightly compared to 2014.

Prices on the European and US stock markets have already risen significantly, meaning that upside potential is limited. However, central bank policies, coupled with investor expectations, will continue to be the main stock market drivers. Profit margins and returns on equity are very low in Europe, and we are expecting a catch-up process as the European economy continues to stabilise. In addition, we expect the devaluation of the euro and the low commodities prices to bring an economic tailwind. At the same time, the relatively more attractive evaluation of shares compared to bonds should promote the shifting of bonds into shares. In this phase of the stock market cycle, anti-cyclical trading strategies are advisable. The end of the zero interest rate policy in the USA suggests that risk assets will see greater volatility.

ANTICIPATED FINANCIAL DEVELOPMENT OF THE GROUP

We are making the following assumptions:

- moderate global economic growth
- steady inflation rates
- continuing very low interest rates
- no sudden upheavals on the capital markets
- no significant fiscal or regulatory changes
- catastrophe losses in line with expectations

TALANX GROUP

Based on steady exchange rates, the Talanx Group is aiming for gross premium growth of 1% to 3% in 2015, with most of this generated outside Germany. The IFRS return on investment should amount to over 3.0%. After adjustment for the impairment in full of goodwill amounting to EUR 155 million attributable to the German life insurance business in the second quarter of 2015, we are expecting Group net profit of between EUR 600 million and EUR 650 million for the current financial year. As a result, the return on equity is likely to amount to between 7% and 8% in 2015. This earnings target assumes that any major losses will be within the expected range and that there will be no disruptions on the currency and capital markets. The Board of Management's dividend proposal for financial year 2015 will remain unaffected by the goodwill impairment. From today's perspective, at a payout rate of 35% to 45%, it will thus be based on an IFRS profit adjusted for goodwill impairment in the Retail Germany Group segment of between EUR 755 million and EUR 805 million.

INDUSTRIAL LINES

As our domestic market penetration is already high, the best opportunities for growth are still to be found outside Germany. For this reason, in 2015 we intend to continue our efforts to make HDI-Gerling Industrie Versicherung AG a global player. This is also reflected in its future name and legal form – from 2016 it is to be HDI Global SE. Throughout Europe, we aim to expand our industrial insurance business in the fields of local business, small and medium enterprises and international insurance programmes. Latin America, (South-)East Asia and MENA (Middle East and North Africa) remain our target regions outside Europe. Due to the continuing increase in international business in particular, we expect overall gross premium

growth of 2% to 5% (adjusted for exchange rate effects). To ensure that premium growth is reflected by more than this amount in earnings, we will continue with our strategic aim of gradually raising the retention in 2015. The segment's strong capital position should probably make it possible to increase the retention ratio to significantly above 50%. Compared to the previous year, we anticipate a similarly high volume of major losses, and therefore a combined ratio of approx. 100%. The EBIT margin should therefore lie between 7% and 8% in 2015, and the return on equity should be between 5% and 6%.

RETAIL GERMANY

We anticipate that gross written premiums in the Retail Germany Group segment will erode by approximately 5% in 2015, due in particular to policies maturing, what is likely to be more subdued new business as a result of the Life Insurance Reform Act (LVRG) and the persistently low interest rates in life insurance business. As part of a realignment of our German life insurance business, we split Board of Management responsibilities for the life insurance and property/casualty lines. This split means that goodwill in the second quarter of 2015 was allocated at the level of the individual lines; the EUR 155 million share attributable to the German life insurance business was written off in full. As a result of the changes in the law (LVRG) and persistently low interest rates, we are not providing a figure for the new business margin in 2015. Key components of the LVRG such as the reduction of the maximum technical interest rate, the recognition of the effective costs of contracts and the lowering of the maximum zillmerisation rate apply from 1 January 2015 and will have a negative overall effect on earnings. The combined ratio is expected to be approximately 100%, due to the investment phase of the divisional programme. After adjustment for the impairment in full of goodwill amounting to EUR 155 million attributable to the German life insurance business in the second quarter of 2015, we are expecting the EBIT margin to be slightly negative in 2015. For this reason, the return on equity for financial year 2015 will probably decline to between -2% and -3%.

RETAIL INTERNATIONAL

In the Retail International segment we are aiming for growth in gross written premiums of 4% to 8% in 2015, assuming that there are no material exchange rate fluctuations. We anticipate that growth in value of new business is likely to be between 5% and 10% in 2015 and that the combined ratio will probably be around 96%. We expect an EBIT margin of at least 5%. In addition, we expect the return on equity for 2015 to exceed 6%.

NON-LIFE REINSURANCE

In Non-Life Reinsurance, we are expecting increasing premium income for the entire year 2015, adjusted for exchange rate effects, despite our consistently selective subscription policy. In view of our financial strength and our excellent positioning, we still see attractive potential for further business. The Asia/Pacific markets, North America and Latin America, and the agricultural risks business are particularly worthy of mention in this sense. The area of facultative and structured reinsurance also offers us excellent opportunities for growth. We anticipate decreasing pressure on prices and conditions for the forthcoming treaty renewal phase as at 1 January 2016. The signs of increasing demand for high-quality reinsurance cover in the developed markets as a result of the recovering economy in the USA should have a positive influence on market performance overall. Reinsurers with an excellent rating in particular should benefit from this development. In view of the increased frequency of individual risk losses in the current financial year, the reinsurance prices ought to stabilise to some extent and/or to offer leeway for rate increases in certain branches and markets.

We are continuing to aim for an EBIT margin of at least 10% in our entire Non-Life Reinsurance business segment. Our goal for the combined ratio is for a figure below 96%.

LIFE/HEALTH REINSURANCE

In the Life/Health Reinsurance segment, we continue to anticipate organic growth in gross premiums, adjusted for exchange rate effects, for the rest of 2015 and therefore an increase in profits. In addition, we are still expecting the value of new business (excluding non-controlling interests) to be in excess of EUR 90 million. The margin targets for our reporting categories remain in place: at least 2% for the financial solutions and the longevity business, and at least 6% for our mortality and morbidity business.

REINSURANCE DIVISION OVERALL

The Talanx Group expects the return on equity for the Reinsurance Division overall to be at least 11% in 2015, in line with its strategic target of 900 basis points above the five-year average for (risk free) ten-year German government bonds.

ASSESSMENT OF FUTURE OPPORTUNITIES AND CHALLENGES

Opportunities have not changed significantly compared with the 2014 reporting period. For further information, please refer to Talanx's 2014 Group Annual Report.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET OF TALANX AG AS AT 30 SEPTEMBER 2015

CONSOLIDATED BALANCE SHEET – ASSETS

EUR MILLION

	Note	30.9.2015	31.12.2014
A. Intangible assets	1		
a. Goodwill		1,033	1,090
b. Other intangible assets		977	1,006
		2,010	2,096
B. Investments			
a. Investment property		2,021	1,873
b. Shares in affiliated companies and participating interests		113	112
c. Investments in associates and joint ventures		306	262
d. Loans and receivables	2	30,470	30,553
e. Other financial instruments			
i. Financial instruments held to maturity	3	1,575	2,454
ii. Financial instruments available for sale	4/6	58,915	56,183
iii. Financial instruments at fair value through profit or loss	5/6	1,040	1,139
f. Other investments	6	4,410	3,834
Investments under own management		98,850	96,410
g. Investments under investment contracts		2,168	2,037
h. Funds withheld by ceding companies		14,790	14,432
Investments		115,808	112,879
C. Investments for the benefit of life insurance policyholders who bear the investment risk		9,598	9,426
D. Reinsurance recoverables on technical provisions		8,176	7,370
E. Accounts receivable on insurance business		6,172	5,252
F. Deferred acquisition costs		4,945	4,645
G. Cash at banks, cheques and cash-in-hand		2,710	2,145
H. Deferred tax assets		606	764
I. Other assets		2,835	2,699
J. Non-current assets and assets of disposal groups classified as held for sale ¹⁾		26	22
Total assets		152,886	147,298

¹⁾ For further information see "Non-current assets held for sale and disposal groups" in the Notes.

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

EUR MILLION

	Note	30.9.2015	31.12.2014
A. Equity	7		
a. Subscribed capital		316	316
Nominal value: 316 (previous year: 316)			
Contingent capital: 104 (previous year: 104)			
b. Reserves		7,762	7,682
Equity excluding non-controlling interests		8,078	7,998
c. Non-controlling interests		4,970	4,902
Total equity		13,048	12,900
B. Subordinated liabilities	8	1,943	2,661
C. Technical provisions	9		
a. Unearned premium reserve		7,686	6,316
b. Benefit reserve		55,070	52,679
c. Loss and loss adjustment expense reserve		39,903	37,256
d. Provision for premium refunds		4,330	4,484
e. Other technical provisions		372	374
		107,361	101,109
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders		9,598	9,426
E. Other provisions			
a. Provisions for pensions and other post-employment benefits		1,868	2,251
b. Provisions for taxes		734	722
c. Miscellaneous other provisions		653	735
		3,255	3,708
F. Liabilities			
a. Notes payable and loans	10	1,437	1,349
b. Funds withheld under reinsurance treaties		6,073	6,253
c. Other liabilities	6	7,965	7,626
		15,475	15,228
G. Deferred tax liabilities		2,183	2,262
H. Liabilities included in disposal groups classified as held for sale¹⁾		23	4
Total liabilities/provisions		139,838	134,398
Total equity and liabilities		152,886	147,298

¹⁾ For further information see "Non-current assets held for sale and disposal groups" in the Notes.

The accompanying Notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015

CONSOLIDATED STATEMENT OF INCOME

EUR MILLION

	Note	9M 2015	9M 2014	Q3 2015	Q3 2014
1. Gross written premiums including premiums from unit-linked life and annuity insurance		24,355	21,732	7,528	6,757
2. Savings elements of premiums from unit-linked life and annuity insurance		855	801	279	275
3. Ceded written premiums		3,105	2,892	941	933
4. Change in gross unearned premiums		-1,261	-1,024	296	355
5. Reinsurers' share in change in gross unearned premiums		-112	-116	109	81
Net premiums earned	11	19,246	17,131	6,495	5,823
6. Claims and claims expenses (gross)		18,185	16,397	6,144	5,768
Reinsurers' share		2,120	2,148	711	805
Claims and claims expenses (net)	14	16,065	14,249	5,433	4,963
7. Acquisition costs and administrative expenses (gross)		4,779	4,534	1,608	1,554
Reinsurers' share		391	390	135	148
Acquisition costs and administrative expenses (net)	15	4,388	4,144	1,473	1,406
8. Other technical income		28	32	8	8
Other technical expenses		109	123	34	40
Other technical result		-81	-91	-26	-32
Net technical result		-1,288	-1,353	-437	-578
9. a. Investment income		3,223	3,030	1,024	1,053
b. Investment expenses		521	312	166	116
Net income from investments under own management		2,702	2,718	858	937
Net income from investment contracts		6	7	2	5
Net interest income from funds withheld and contract deposits		281	271	92	106
Net investment income	12/13	2,989	2,996	952	1,048
of which share of profit or loss of equity-accounted associates and joint ventures		8	11	1	5
10. a. Other income		917	611	297	273
b. Other expenses		956	810	320	304
Other income/expenses	16	-39	-199	-23	-31
Profit before goodwill impairments		1,662	1,444	492	439
11. Goodwill impairments		155	—	—	—
Operating profit/loss (EBIT)		1,507	1,444	492	439
12. Financing costs		128	133	37	44
13. Taxes on income		422	343	128	84
Net income		957	968	327	311
of which attributable to non-controlling interests		469	438	150	162
of which attributable to shareholders of Talanx AG		488	530	177	149
Earnings per share					
Basic earnings per share (EUR)		1.93	2.10	0.70	0.59
Diluted earnings per share (EUR)		1.93	2.10	0.70	0.59

The accompanying Notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR MILLION

	9M 2015	9M 2014	Q3 2015	Q3 2014
Net income	957	968	327	311
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	364	-404	131	-176
Tax income (expense)	-111	122	-40	53
	253	-282	91	-123
Changes in policyholder participation/shadow accounting				
Gains (losses) recognised in other comprehensive income for the period	-15	17	-4	8
Tax income (expense)	—	—	—	—
	-15	17	-4	8
Total items that will not be reclassified to profit or loss, net of tax	238	-265	87	-115
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	-980	2,871	160	853
Reclassified to profit or loss	-397	-358	-101	-130
Tax income (expense)	226	-373	21	-78
	-1,151	2,140	80	645
Exchange differences on translating foreign operations				
Gains (losses) recognised in other comprehensive income for the period	98	404	-290	302
Reclassified to profit or loss	—	—	—	—
Tax income (expense)	-2	-34	27	-24
	96	370	-263	278
Changes in policyholder participation/shadow accounting				
Gains (losses) recognised in other comprehensive income for the period	670	-1,560	-154	-538
Tax income (expense)	-20	55	3	19
	650	-1,505	-151	-519
Changes from cash flow hedges				
Gains (losses) recognised in other comprehensive income for the period	15	292	32	99
Reclassified to profit or loss	—	—	—	—
Tax income (expense)	-2	-13	-2	-5
	13	279	30	94
Changes from equity method measurement				
Gains (losses) recognised in other comprehensive income for the period	—	—	—	—
Reclassified to profit or loss	—	—	—	—
Tax income (expense)	—	—	—	—
	—	—	—	—
Miscellaneous other changes				
Gains (losses) recognised in other comprehensive income for the period	—	—	—	—
Reclassified to profit or loss	—	—	—	—
Tax income (expense)	—	—	—	—
	—	—	—	—
Total items that may be reclassified subsequently to profit or loss, net of tax	-392	1,284	-304	498
Other comprehensive income for the period, net of tax	-154	1,019	-217	383
Total comprehensive income for the period	803	1,987	110	694
of which attributable to non-controlling interests	404	874	53	344
of which attributable to shareholders of Talanx AG	399	1,113	57	350

The accompanying Notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHANGES IN EQUITY

EUR MILLION

	Subscribed capital	Capital reserves	Retained earnings
2014			
Balance at 31.12.2013	316	1,373	5,337
IAS 8 adjustments ¹⁾	—	—	–87
Adjusted balance at 31.12.2013	316	1,373	5,250
Changes in ownership interest without a change in control	—	—	—
Other changes in basis of consolidation	—	—	—
Net income	—	—	530
Other comprehensive income	—	—	—
of which not eligible for reclassification	—	—	—
of which actuarial gains or losses on pension provisions	—	—	—
of which changes in policyholder participation/shadow accounting	—	—	—
of which eligible for reclassification	—	—	—
of which unrealised gains and losses on investments	—	—	—
of which exchange differences on translating foreign operations	—	—	—
of which change from cash flow hedges	—	—	—
of which change from equity method measurement	—	—	—
of which other changes ²⁾	—	—	—
Total comprehensive income	—	—	530
Dividends to shareholders	—	—	–303
Balance at 30.9.2014	316	1,373	5,477
2015			
Balance at 1.1.2015	316	1,373	5,690
Changes in ownership interest without a change in control	—	—	–1
Other changes in basis of consolidation	—	—	—
Net income	—	—	488
Other comprehensive income	—	—	—
of which not eligible for reclassification	—	—	—
of which actuarial gains or losses on pension provisions	—	—	—
of which changes in policyholder participation/shadow accounting	—	—	—
of which eligible for reclassification	—	—	—
of which unrealised gains and losses on investments	—	—	—
of which exchange differences on translating foreign operations	—	—	—
of which change from cash flow hedges	—	—	—
of which change from equity method measurement	—	—	—
of which other changes ²⁾	—	—	—
Total comprehensive income	—	—	488
Dividends to shareholders	—	—	–316
Other changes outside profit or loss	—	—	–2
Balance at 30.9.2015	316	1,373	5,859

¹⁾ Adjusted to reflect IAS 8, see "Accounting policies", subsection "Changes in accounting policies and errors" in the notes to our consolidated financial statements for the year ended 31 December 2014.

²⁾ Other changes consist of policyholder participation/shadow accounting as well as miscellaneous other changes.

The accompanying Notes form an integral part of the consolidated financial statements.

Unrealised gains/losses on investments	Other reserves		Measurement gains/losses on cash flow hedges	Equity attributable to shareholders of Talanx AG	Non-controlling interests	Total equity
	Currency translation gains/losses	Other changes in equity				
1,269	-209	-906	34	7,214	3,997	11,211
—	—	—	—	-87	—	-87
1,269	-209	-906	34	7,127	3,997	11,124
—	—	—	—	—	—	—
—	—	—	—	—	-1	-1
—	—	—	—	530	438	968
1,767	195	-1,634	255	583	436	1,019
—	—	-252	—	-252	-13	-265
—	—	-266	—	-266	-16	-282
—	—	14	—	14	3	17
1,767	195	-1,382	255	835	449	1,284
1,767	—	—	—	1,767	373	2,140
—	195	—	—	195	175	370
—	—	—	255	255	24	279
—	—	—	—	—	—	—
—	—	-1,382	—	-1,382	-123	-1,505
1,767	195	-1,634	255	1,113	874	1,987
—	—	—	—	-303	-245	-548
3,036	-14	-2,540	289	7,937	4,625	12,562
3,538	-33	-3,254	368	7,998	4,902	12,900
—	—	—	—	-1	-2	-3
—	—	—	—	—	—	—
—	—	—	—	488	469	957
-930	4	831	6	-89	-65	-154
—	—	227	—	227	11	238
—	—	240	—	240	13	253
—	—	-13	—	-13	-2	-15
-930	4	604	6	-316	-76	-392
-930	—	—	—	-930	-221	-1,151
—	4	—	—	4	92	96
—	—	—	6	6	7	13
—	—	—	—	—	—	—
—	—	604	—	604	46	650
-930	4	831	6	399	404	803
—	—	—	—	-316	-336	-652
—	—	—	—	-2	2	—
2,608	-29	-2,423	374	8,078	4,970	13,048

CONSOLIDATED CASH FLOW STATEMENT OF TALANX AG FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015

CONSOLIDATED CASH FLOW STATEMENT

EUR MILLION

	9M 2015	9M 2014
I. 1. Net income	957	968
I. 2. Changes in technical provisions	4,567	3,843
I. 3. Changes in deferred acquisition costs	-253	-8
I. 4. Changes in funds withheld and in accounts receivable and payable	-841	-541
I. 5. Changes in other receivables and liabilities as well as investments and liabilities under investment contracts	303	193
I. 6. Changes in financial assets held for trading	10	52
I. 7. Gains/losses on disposal of investments and property, plant and equipment	-494	-484
I. 8. Other non-cash expenses and income (including income tax expense/income)	323	790
I. Cash flows from operating activities¹⁾	4,572	4,813
II. 1. Cash inflow from the sale of consolidated companies	6	—
II. 2. Cash outflow from the purchase of consolidated companies	-234	-13
II. 3. Cash inflow from the sale of real estate	43	32
II. 4. Cash outflow from the purchase of real estate	-182	-258
II. 5. Cash inflow from the sale and maturity of financial instruments	16,795	17,853
II. 6. Cash outflow from the purchase of financial instruments	-18,421	-19,917
II. 7. Changes in investments for the benefit of life insurance policyholders who bear the investment risk	-167	-821
II. 8. Changes in other investments	-346	-520
II. 9. Cash outflows from the acquisition of tangible and intangible assets	-82	-104
II. 10. Cash inflows from the sale of tangible and intangible assets	130	19
II. Cash flow from investment activities	-2,458	-3,729
III. 1. Cash inflow from capital increases	—	—
III. 2. Cash outflow from capital reductions	—	—
III. 3. Dividends paid	-652	-548
III. 4. Net changes attributable to other financing activities	-925	-247
III. Cash flows from financing activities	-1,577	-795
Net change in cash and cash equivalents (I. + II. + III.)	537	289
Cash and cash equivalents at the beginning of the reporting period, excluding disposal groups	2,145	1,864
Effect of exchange rate changes on cash and cash equivalents	27	43
Effect of changes in the basis of consolidation on cash and cash equivalents²⁾	—	-4
Changes in cash and cash equivalents of disposal groups in the reporting period	1	2
Cash and cash equivalents at the end of the reporting period, excluding disposal groups	2,710	2,194
Additional information		
Taxes paid ¹⁾	322	171
Interest paid ³⁾	329	281
Dividends received ¹⁾	129	108
Interest received ¹⁾	2,809	2,561

¹⁾ Income taxes paid as well as dividends and interest received are allocated to cash flows from operating activities. Dividends received also comprise dividend-equivalent distributions from investment funds and private equity companies, resulting in differences to the amounts disclosed in Note 12 "Net investment income".

²⁾ This item relates primarily to changes in the basis of consolidation, excluding disposals and acquisitions.

³⁾ EUR 182 (201) million of interest paid is attributable to cash flows from financing activities and EUR 147 (80) million to cash flows from operating activities.

The accompanying Notes form an integral part of the consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

I. BASIS OF PREPARATION AND APPLICATION OF IFRS

BASIS OF PREPARATION

The consolidated quarterly financial report as at 30 September 2015 was prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union. The condensed consolidated financial statements, consisting of the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and selected explanatory notes, complies in particular with the requirements of IAS 34 "Interim Financial Reporting".

We have applied all new or amended IFRSs and the interpretations issued by the IFRS Interpretations Committee (IFRS IC, formerly the International Financial Reporting Interpretations Committee [IFRIC]) and the former Standing Interpretations Committee (SIC) effective as at 30 September 2015 (see also the disclosures in the "Application of new and revised standards/interpretations" subsection). In other respects, the accounting policies for existing and unchanged IFRSs as well as the consolidation methods and presentation principles correspond to those applied in our consolidated financial statements as at 31 December 2014.

As allowed by IAS 34.41, we make greater use of estimation methods and assumptions in preparing the interim consolidated financial statements than we do in preparing the annual financial reports.

There were no changes in estimates during the interim reporting period with a material effect on the Group's net assets, financial position and results of operations, apart from the fact stated in section II. The tax expense (income taxes in Germany, comparable income taxes at foreign subsidiaries and changes in deferred taxes) is calculated for interim reporting periods by applying the effective tax rate expected for the full year to net income for the period. Pension provisions are extrapolated for interim reporting periods by recognising the actuarially estimated effect of interest rate changes on pension liabilities at the end of the interim reporting period in other comprehensive income ("Other reserves"). Other actuarial assumptions are not updated for interim reporting periods.

The interim financial statements were prepared in euros (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 previous year.

APPLICATION OF NEW AND REVISED STANDARDS/ INTERPRETATIONS

The Group applied the following new or revised IFRSs for the first time as of 1 January 2015:

The IASB issued the **Annual Improvements, 2011–2013 Cycle** on 12 December 2013. This affects IFRS 1, IFRS 3, IFRS 13 and IAS 40. The editorial amendments to the individual standards are designed to clarify the existing requirements. The amendments do not have any material effects on the Group.

The IASB issued **IFRIC 21 "Levies"** on 20 May 2013. This Interpretation provides guidance on how and in particular when to recognise liabilities for levies imposed by a government that do not fall within the scope of another standard. This Interpretation is of no practical relevance for the Group because it is merely a clarification that corresponds to our existing accounting practice.

II. ACCOUNTING POLICIES

CHANGES IN ESTIMATES DURING THE REPORTING PERIOD

Effective as of the first quarter of 2015, Hannover Rück SE extended its estimation methods to a further sub-portfolio. The extension covers intraperiod estimation variables from as yet unsettled reinsurance contracts and their deferral and has helped to improve estimation accuracy. It involves a change to an accounting estimate that, in accordance with IAS 8, had to be applied prospectively in the reporting period without adjusting the comparative information for previous periods. Retaining the inputs and methods used until 31 December 2014 would have reduced gross premiums by EUR 104 million, net premiums earned by EUR 41 million and operating profit by EUR 2 million in the reporting period. The effects that this adjustment would have in future reporting periods could not be established without undue cost or effort.

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)	
		30.9.2015	31.12.2014	9M 2015	9M 2014
AUD	Australia	1.5953	1.4879	1.4774	1.4848
BRL	Brazil	4.4770	3.2324	3.5420	3.1108
CAD	Canada	1.5035	1.4131	1.1432	1.4799
CLP	Chile	783.4100	738.3400	719.2510	758.4797
CNY	China	7.1387	7.5533	7.0092	8.3299
GBP	United Kingdom	0.7387	0.7825	0.7315	0.8115
MXN	Mexico	18.9980	17.9228	17.5189	17.7741
PLN	Poland	4.2425	4.3071	4.1709	4.1810
USD	USA	1.1210	1.2155	1.1216	1.3516
ZAR	South Africa	15.5191	14.1409	13.8054	14.4982

III. SEGMENT REPORTING

IDENTIFICATION OF REPORTABLE SEGMENTS

In accordance with IFRS 8 “Operating Segments”, the reportable segments were identified in line with the Group’s internal reporting and management that the Group Board of Management uses to regularly assess the performance of the segments and decides on the allocation of resources to them. The Group classifies its business activities into the areas of insurance and Corporate Operations. Insurance activities are further subdivided into five reportable segments. However, in view of the different product types, risks and capital allocations involved, these are classified initially into primary insurance and reinsurance.

Since they are managed according to customer groups and geographical regions (Germany versus other countries) – and therefore span various lines of business – insurance activities in the **primary insurance sector** are organised into three reportable segments: “Industrial Lines”, “Retail Germany” and “Retail International”. This segmentation also corresponds to the responsibilities of the members of the Board of Management.

Reinsurance business is handled solely by the Hannover Re Group and is divided into the two segments of Non-Life Reinsurance and Life/Health Reinsurance in accordance with the Hannover Re Group’s internal reporting system. In a departure from the segmentation used in the consolidated financial statements of Hannover Rück SE, however, we also allocate its holding company functions to its Non-Life Reinsurance segment. By contrast, cross-segment loans within the Hannover Re Group are allocated to the two reinsurance segments in the consolidated financial statements of the Talanx Group (in the consolidated financial statements of Hannover Rück SE, these loans are shown in the consolidation column). Differences between the segment results for reinsurance business as presented in the consolidated financial statements of Talanx AG and those reported in the financial statements of Hannover Rück SE are thus unavoidable.

The major products and services from which these reportable segments generate income are described in the following.

Industrial Lines: We report our worldwide industrial business as an independent segment in the Industrial Lines segment. The scope of business operations encompasses a wide selection of insurance products such as liability, motor, accident, fire, property, legal protection, marine, financial lines and engineering insurance for large and mid-sized enterprises in Germany and abroad. In addition, reinsurance is provided in various classes of insurance.

Retail Germany: This reportable segment manages insurance activities serving German retail and commercial customers that span the various lines of business, including our Germany-wide bancassurance business activities – i.e. insurance products sold over the counter at banks. In the area of life insurance, this segment also provides cross-border insurance services in Austria. The segment’s products range from property/casualty insurance through all lines of life insurance and occupational pension insurance, down to all-round solutions for small and medium-sized companies and self-employed professionals. The Group employs a wide range of sales channels, including its own exclusive sales organisation as well as sales through independent brokers and multiple agents, direct sales and partnerships with banks.

Retail International: The scope of operations in this segment encompasses insurance business transacted across the various lines of insurance with retail and commercial customers, including bancassurance activities in foreign markets. The range of insurance products includes motor insurance, property and casualty insurance, and marine and fire insurance, as well as many products in the field of life insurance. A large part of our international business is transacted by brokers and agents. Additionally, many companies in this segment use post offices and banks as sales channels.

Non-Life Reinsurance¹⁾: The most important activities are property and casualty business with retail, commercial and industrial customers (first and foremost in the US and German markets), marine and aviation business, credit/surety business, structured reinsurance, and facultative and catastrophe business.

Life/Health Reinsurance¹⁾: This segment comprises the international activities of the Hannover Re Group in all lines of life/health insurance. The Group also has speciality line products such as Sharia-compliant reinsurance.

Corporate Operations: In contrast to the five operating segments, the Corporate Operations segment encompasses management and other functional activities that support the business conducted by the Group; these mainly relate to asset management and, in the primary insurance sector, the run-off and placement of portions of reinsurance cessions (Talanx Reinsurance Broker GmbH, Hannover) including intragroup reinsurance (Talanx Reinsurance Ltd., Dublin), as well as Group financing. Asset management by Ampega Investment GmbH, Cologne, for non-Group private and institutional investors is also shown in this segment. This segment also includes centralised service companies that provide specific billable services – such as IT, collection, personnel and accounting services – mainly to the Group's primary insurers based in Germany. A portion of the in-house business written by Talanx Reinsurance Ltd. and the operating profit of Talanx Reinsurance Broker GmbH are reallocated to the ceding segments in the course of segment allocation (see the "Corporate Operations" subsection in the "Development of the divisions within the Group" section of the interim Group management report).

MEASUREMENT BASES FOR THE PERFORMANCE OF THE REPORTABLE SEGMENTS

All transactions between reportable segments are measured on the basis of standard market transfer prices that are calculated on an arm's length basis. Cross-segment transactions within the Group are eliminated in the consolidation column, whereas income from dividend payments and profit/loss transfer agreements attributable to the Group holding company is eliminated in the applicable segment. For reasons of consistency and comparability, we have aligned the segment statement of income with the consolidated statement of income. The same applies to the segment balance sheet and the consolidated balance sheet.

Depending upon the nature and time frame of the commercial activities, various management metrics and performance indicators are used to assess the financial performance of the reportable segments within the Group. However, operating profit (EBIT) – determined on the basis of IFRS earnings contributions – is used as a consistent measurement basis. Net profit or loss for the period before income taxes is highlighted as a means of capturing true operating profitability and to enhance comparability. In addition, the result is adjusted for interest charges incurred for borrowing (financing costs).

¹⁾ See our remarks at the beginning of this section for an explanation of the difference between the segment results of the Talanx Group and the Hannover Re Group.

SEGMENT REPORTING. BALANCE SHEET AS AT 30 SEPTEMBER 2015

EUR MILLION

Assets	Industrial Lines		Retail Germany		Retail International	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
A. Intangible assets						
a. Goodwill	153	153	248	403	614	518
b. Other intangible assets	13	14	571	601	191	193
	166	167	819	1,004	805	711
B. Investments						
a. Investment property	51	32	828	847	19	16
b. Shares in affiliated companies and participating interests	18	18	16	17	—	—
c. Investments in associates and joint ventures	143	126	77	36	—	—
d. Loans and receivables	1,485	1,564	25,185	25,113	871	861
e. Other financial instruments						
i. Financial instruments held to maturity	81	79	169	170	309	358
ii. Financial instruments available for sale	5,157	4,852	19,482	18,907	5,346	4,858
iii. Financial instruments at fair value through profit or loss	89	132	283	279	520	597
f. Other investments	731	466	1,412	857	513	681
Investments under own management	7,755	7,269	47,452	46,226	7,578	7,371
g. Investments under investment contracts	—	—	—	—	2,168	2,037
h. Funds withheld by ceding companies	20	22	17	21	—	—
Investments	7,775	7,291	47,469	46,247	9,746	9,408
C. Investments for the benefit of life insurance policyholders who bear the investment risk	—	—	8,852	8,718	746	708
D. Reinsurance recoverables on technical provisions	5,333	5,034	2,655	2,524	931	765
E. Accounts receivable on insurance business	1,109	1,214	444	315	989	865
F. Deferred acquisition costs	41	20	2,022	1,960	580	521
G. Cash at banks, cheques and cash-in-hand	438	324	563	661	402	302
H. Deferred tax assets	172	175	65	97	56	94
I. Other assets	609	450	990	1,616	467	510
J. Non-current assets and assets of disposal groups classified as held for sale ¹⁾	—	8	—	3	32	12
Total assets	15,643	14,683	63,879	63,145	14,754	13,896

¹⁾ For further information see "Assets held for sale and disposal groups" in the Notes.

Non-Life Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
18	16	—	—	—	—	—	—	1,033	1,090
31	26	92	94	79	78	—	—	977	1,006
49	42	92	94	79	78	—	—	2,010	2,096
1,121	976	2	2	—	—	—	—	2,021	1,873
59	56	—	—	20	21	—	—	113	112
129	132	23	23	19	15	–85	–70	306	262
2,854	2,912	63	76	12	27	—	—	30,470	30,553
1,138	1,961	172	179	1	4	–295	–297	1,575	2,454
21,785	20,532	7,050	6,639	95	395	—	—	58,915	56,183
95	77	53	54	—	—	—	—	1,040	1,139
1,954	1,694	420	438	329	476	–949	–778	4,410	3,834
29,135	28,340	7,783	7,411	476	938	–1,329	–1,145	98,850	96,410
—	—	—	—	—	—	—	—	2,168	2,037
1,258	1,124	15,194	14,794	1	1	–1,700	–1,530	14,790	14,432
30,393	29,464	22,977	22,205	477	939	–3,029	–2,675	115,808	112,879
—	—	—	—	—	—	—	—	9,598	9,426
1,335	1,201	1,244	1,008	2	—	–3,324	–3,162	8,176	7,370
2,188	1,494	1,680	1,620	12	22	–250	–278	6,172	5,252
745	597	1,338	1,317	1	2	218	228	4,945	4,645
666	587	487	186	154	85	—	—	2,710	2,145
28	52	77	70	208	276	—	—	606	764
1,476	1,306	269	271	354	494	–1,330	–1,948	2,835	2,699
—	—	—	—	—	—	–6	–1	26	22
36,880	34,743	28,164	26,771	1,287	1,896	–7,721	–7,836	152,886	147,298

SEGMENT REPORTING. BALANCE SHEET AS AT 30 SEPTEMBER 2015

EUR MILLION

Equity and liabilities	Industrial Lines		Retail Germany		Retail International	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
B. Subordinated liabilities	200	200	161	161	3	2
C. Technical provisions						
a. Unearned premium reserve	1,309	1,022	1,143	937	1,999	1,799
b. Benefit reserve	—	—	39,009	37,894	3,519	3,233
c. Loss and loss adjustment expense reserve	9,560	9,148	2,984	2,883	2,568	2,347
d. Provision for premium refunds	10	8	4,135	4,245	185	231
e. Other technical provisions	41	37	8	8	12	7
	10,920	10,215	47,279	45,967	8,283	7,617
D. Technical provisions for life insurance policies where the investment risk is borne by the policyholders	—	—	8,852	8,718	746	708
E. Other provisions						
a. Provisions for pensions and other post-employment benefits	540	636	106	138	18	19
b. Provisions for taxes	111	107	161	104	80	98
c. Miscellaneous other provisions	68	79	195	240	86	73
	719	822	462	482	184	190
F. Liabilities						
a. Notes payable and loans	17	—	51	—	—	—
b. Funds withheld under reinsurance treaties	39	39	2,170	2,026	192	185
c. Other liabilities	1,434	1,274	2,000	2,232	3,054	3,011
	1,490	1,313	4,221	4,258	3,246	3,196
G. Deferred tax liabilities	172	174	289	328	84	136
H. Liabilities included in disposal groups classified as held for sale ¹⁾	—	—	—	—	25	10
Total liabilities/provisions	13,501	12,724	61,264	59,914	12,571	11,859

Non-Life Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
1,490	1,986	69	64	530	642	-510	-394	1,943	2,661
3,325	2,627	142	122	10	8	-242	-199	7,686	6,316
—	—	12,730	11,757	—	—	-188	-205	55,070	52,679
22,385	20,798	3,630	3,316	25	37	-1,249	-1,273	39,903	37,256
—	—	—	—	—	—	—	—	4,330	4,484
130	158	185	166	—	—	-4	-2	372	374
25,840	23,583	16,687	15,361	35	45	-1,683	-1,679	107,361	101,109
—	—	—	—	—	—	—	—	9,598	9,426
107	128	38	44	1,059	1,286	—	—	1,868	2,251
195	241	25	19	162	153	—	—	734	722
100	94	55	61	150	189	-1	-1	653	735
402	463	118	124	1,371	1,628	-1	-1	3,255	3,708
304	284	296	236	1,485	1,496	-716	-667	1,437	1,349
389	446	6,508	6,443	—	—	-3,225	-2,886	6,073	6,253
845	643	2,065	2,037	119	612	-1,552	-2,183	7,965	7,626
1,538	1,373	8,869	8,716	1,604	2,108	-5,493	-5,736	15,475	15,228
1,310	1,282	311	322	1	4	16	16	2,183	2,262
—	—	—	—	—	—	-2	-6	23	4
30,580	28,687	26,054	24,587	3,541	4,427	-7,673	-7,800	139,838	134,398
Equity ²⁾								13,048	12,900
Total equity and liabilities								152,886	147,298

¹⁾ For further information see "Non-current assets held for sale" in the Notes.

²⁾ Equity attributable to Group shareholders and non-controlling interests.

SEGMENT REPORTING. STATEMENT OF INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015

EUR MILLION

	Industrial Lines		Retail Germany		Retail International	
	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014
1. Gross written premiums including premiums from unit-linked life and annuity insurance	3,434	3,213	5,143	5,079	3,463	3,307
of which attributable to other segments	55	68	50	43	—	—
attributable to third parties	3,379	3,145	5,093	5,036	3,463	3,307
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	691	727	164	74
3. Ceded written premiums	1,668	1,592	186	237	341	277
4. Change in gross unearned premiums	–262	–318	–205	–212	–206	–160
5. Reinsurers' share in change in gross unearned premiums	–77	–98	–1	–14	–3	–24
Net premiums earned	1,581	1,401	4,062	3,917	2,755	2,820
6. Claims and claims expenses (gross)	2,424	2,321	4,506	4,281	2,280	2,261
Reinsurers' share	1,186	1,184	82	111	302	157
Claims and claims expenses (net)	1,238	1,137	4,424	4,170	1,978	2,104
7. Acquisition costs and administrative expenses (gross)	582	561	895	1,046	796	757
Reinsurers' share	242	233	81	85	55	69
Acquisition costs and administrative expenses (net)	340	328	814	961	741	688
8. Other technical income	4	6	9	8	13	15
Other technical expenses	11	8	34	58	48	49
of which attributable to amortisation of PVFP	—	—	21	46	5	11
Other technical result	–7	–2	–25	–50	–35	–34
Net technical result	–4	–66	–1,201	–1,264	1	–6
9. a. Investment income	225	242	1,580	1,568	294	274
b. Investment expenses	67	33	217	125	50	39
Net income from investments under own management	158	209	1,363	1,443	244	235
Net income from investment contracts	—	—	—	—	6	7
Net interest income from funds withheld and contract deposits	—	—	–12	–13	—	–1
Net investment income	158	209	1,351	1,430	250	241
of which attributable to interest and similar income	141	149	1,133	1,174	271	256
attributable to interest and similar expenses	—	1	13	14	46	39
impairment losses on investments	24	1	72	19	7	2
reversals of impairment losses on investments	2	7	2	3	—	—
share of profit or loss of equity-accounted associates and joint ventures	—	2	1	2	—	—
10. a. Other income	82	64	163	146	90	69
b. Other expenses	84	82	174	193	168	140
Other income/expenses	–2	–18	–11	–47	–78	–71
of which attributable to interest and similar income	1	7	2	4	5	9
reversals of impairment losses on accounts receivable and other assets	1	3	—	—	2	3
attributable to interest and similar expenses	7	18	2	6	2	2
impairment losses on accounts receivable and other assets	11	9	1	1	18	24
Profit before goodwill impairments	152	125	139	119	173	164
11. Goodwill impairments	—	—	155	—	—	—
Operating profit/loss (EBIT)	152	125	–16	119	173	164
12. Financing costs	6	6	8	9	2	2
13. Taxes on income	43	34	44	35	43	43
Net income	103	85	–68	75	128	119
of which attributable to non-controlling interests	—	—	5	3	22	23
of which attributable to shareholders of Talanx AG	103	85	–73	72	106	96

Non-Life Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014
7,319	6,060	5,627	4,644	32	43	-663	-614	24,355	21,732
417	346	109	114	32	43	-663	-614	—	—
6,902	5,714	5,518	4,530	—	—	—	—	24,355	21,732
—	—	—	—	—	—	—	—	855	801
816	629	745	758	9	8	-660	-609	3,105	2,892
-604	-373	-18	-25	-2	-6	36	70	-1,261	-1,024
-66	-46	—	—	-2	-1	37	67	-112	-116
5,965	5,104	4,864	3,861	23	30	-4	-2	19,246	17,131
4,498	3,846	4,861	3,959	16	19	-400	-290	18,185	16,397
311	321	632	654	—	-1	-393	-278	2,120	2,148
4,187	3,525	4,229	3,305	16	20	-7	-12	16,065	14,249
1,662	1,442	1,016	869	4	7	-176	-148	4,779	4,534
134	88	56	75	—	—	-177	-160	391	390
1,528	1,354	960	794	4	7	1	12	4,388	4,144
2	3	—	—	—	—	—	—	28	32
4	4	9	4	1	2	2	-2	109	123
—	—	3	2	—	—	—	—	29	59
-2	-1	-9	-4	-1	-2	-2	2	-81	-91
248	224	-334	-242	2	1	—	—	-1,288	-1,353
808	751	338	221	14	16	-36	-42	3,223	3,030
136	100	73	30	60	56	-82	-71	521	312
672	651	265	191	-46	-40	46	29	2,702	2,718
—	—	—	—	—	—	—	—	6	7
17	15	277	270	—	—	-1	—	281	271
689	666	542	461	-46	-40	45	29	2,989	2,996
533	512	542	536	6	4	-33	-44	2,593	2,587
3	3	76	94	—	—	-3	-5	135	146
24	16	—	—	1	—	—	—	128	38
—	—	—	—	—	—	—	—	4	10
6	6	—	—	7	3	-6	-2	8	11
333	178	198	115	540	556	-489	-517	917	611
295	200	168	97	486	530	-419	-432	956	810
38	-22	30	18	54	26	-70	-85	-39	-199
15	1	19	11	2	5	-1	-4	43	33
9	4	—	—	—	—	—	—	12	10
26	13	36	33	17	31	-5	-7	85	96
38	26	9	7	1	2	—	—	78	69
975	868	238	237	10	-13	-25	-56	1,662	1,444
—	—	—	—	—	—	—	—	155	—
975	868	238	237	10	-13	-25	-56	1,507	1,444
67	70	2	3	67	78	-24	-35	128	133
234	206	62	56	-5	-26	1	-5	422	343
674	592	174	178	-52	-65	-2	-16	957	968
354	321	90	92	—	—	-2	-1	469	438
320	271	84	86	-52	-65	—	-15	488	530

SEGMENT REPORTING. STATEMENT OF INCOME FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2015

EUR MILLION

	Industrial Lines		Retail Germany		Retail International	
	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
1. Gross written premiums including premiums from unit-linked life and annuity insurance	809	716	1,474	1,516	1,071	1,052
of which attributable to other segments	13	21	18	15	—	—
attributable to third parties	796	695	1,456	1,501	1,071	1,052
2. Savings elements of premiums from unit-linked life and annuity insurance	—	—	222	248	57	27
3. Ceded written premiums	426	435	48	67	95	86
4. Change in gross unearned premiums	290	292	75	105	–49	–28
5. Reinsurers' share in change in gross unearned premiums	113	99	6	2	18	3
Net premiums earned	560	474	1,273	1,304	852	908
6. Claims and claims expenses (gross)	840	887	1,359	1,483	764	708
Reinsurers' share	373	447	21	34	136	33
Claims and claims expenses (net)	467	440	1,338	1,449	628	675
7. Acquisition costs and administrative expenses (gross)	199	187	300	324	249	277
Reinsurers' share	77	76	30	39	20	35
Acquisition costs and administrative expenses (net)	122	111	270	285	229	242
8. Other technical income	1	2	2	2	3	4
Other technical expenses	–11	–3	28	28	16	15
of which attributable to amortisation of PVFP	—	—	29	24	2	4
Other technical result	12	5	–26	–26	–13	–11
Net technical result	–17	–72	–361	–456	–18	–20
9. a. Investment income	67	71	466	540	97	98
b. Investment expenses	22	13	60	43	16	18
Net income from investments under own management	45	58	406	497	81	80
Net income from investment contracts	—	—	—	—	2	5
Net interest income from funds withheld and contract deposits	—	—	–3	–4	—	—
Net investment income	45	58	403	493	83	85
of which attributable to interest and similar income	45	47	377	385	89	90
attributable to interest and similar expenses	—	—	4	4	7	13
impairment losses on investments	5	—	14	5	1	1
reversals of impairment losses on investments	2	—	1	—	—	—
share of profit or loss of equity-accounted associates and joint ventures	—	2	1	2	—	—
10. a. Other income	24	22	60	58	44	37
b. Other expenses	42	24	57	73	63	62
Other income/expenses	–18	–2	3	–15	–19	–25
of which attributable to interest and similar income	1	7	1	3	1	3
reversals of impairment losses on accounts receivable and other assets	—	—	—	—	1	1
attributable to interest and similar expenses	3	8	1	2	1	1
impairment losses on accounts receivable and other assets	3	—	—	—	3	8
Profit before goodwill impairments	10	–16	45	22	46	40
11. Goodwill impairments	—	—	—	—	—	—
Operating profit/loss (EBIT)	10	–16	45	22	46	40
12. Financing costs	2	2	3	2	—	—
13. Taxes on income	2	–14	7	5	11	11
Net income	6	–4	35	15	35	29
of which attributable to non-controlling interests	—	—	4	—	6	7
of which attributable to shareholders of Talanx AG	6	–4	31	15	29	22

Non-Life Reinsurance		Life/Health Reinsurance		Corporate Operations		Consolidation		Total	
Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
2,347	1,982	2,013	1,657	5	8	-191	-174	7,528	6,757
119	92	36	38	5	8	-191	-174	—	—
2,228	1,890	1,977	1,619	—	—	—	—	7,528	6,757
—	—	—	—	—	—	—	—	279	275
297	267	259	254	2	—	-186	-176	941	933
11	1	-15	-11	3	5	-19	-9	296	355
-10	-18	—	—	2	3	-20	-8	109	81
2,071	1,734	1,739	1,392	4	10	-4	1	6,495	5,823
1,553	1,358	1,742	1,426	6	9	-120	-103	6,144	5,768
89	165	213	212	—	—	-121	-86	711	805
1,464	1,193	1,529	1,214	6	9	1	-17	5,433	4,963
578	510	336	304	—	3	-54	-51	1,608	1,554
52	35	12	32	—	—	-56	-69	135	148
526	475	324	272	—	3	2	18	1,473	1,406
1	1	—	—	—	—	1	-1	8	8
1	-1	4	1	1	1	-5	-1	34	40
—	—	1	—	—	—	—	—	32	28
—	2	-4	-1	-1	-1	6	—	-26	-32
81	68	-118	-95	-3	-3	-1	—	-437	-578
294	280	113	73	4	2	-17	-11	1,024	1,053
49	32	27	15	21	20	-29	-25	166	116
245	248	86	58	-17	-18	12	14	858	937
—	—	—	—	—	—	—	—	2	5
7	6	90	104	—	—	-2	—	92	106
252	254	176	162	-17	-18	10	14	952	1,048
176	173	173	195	3	1	-12	-9	851	882
2	2	19	31	—	—	-1	-1	31	49
9	6	—	—	1	—	1	—	31	12
—	—	—	—	—	—	—	—	3	—
5	2	—	—	1	1	-6	-2	1	5
98	69	54	60	179	193	-162	-166	297	273
72	56	68	42	158	179	-140	-132	320	304
26	13	-14	18	21	14	-22	-34	-23	-31
1	—	6	5	—	2	—	-1	10	19
-2	-1	—	—	—	—	—	—	-1	—
7	5	11	12	5	10	-1	-1	27	37
16	9	3	2	1	—	1	—	27	19
359	335	44	85	1	-7	-13	-20	492	439
—	—	—	—	—	—	—	—	—	—
359	335	44	85	1	-7	-13	-20	492	439
18	21	—	2	21	22	-7	-5	37	44
101	78	13	28	-6	-21	—	-3	128	84
240	236	31	55	-14	-8	-6	-12	327	311
126	130	16	26	—	—	-2	-1	150	162
114	106	15	29	-14	-8	-4	-11	177	149

BREAKDOWN OF INVESTMENTS, NON-CURRENT ASSETS AND WRITTEN PREMIUMS

The tables have been simplified to show only primary insurance, reinsurance and Corporate Operations.

INVESTMENTS (EXCLUDING FUNDS WITHHELD BY CEDING COMPANIES AND EXCLUDING INVESTMENTS UNDER INVESTMENT CONTRACTS) BY GEOGRAPHICAL ORIGIN ¹⁾

INVESTMENTS UNDER OWN MANAGEMENT BY GEOGRAPHICAL ORIGIN

EUR MILLION

	Primary insurance	Reinsurance	Corporate Operations	Total
30.9.2015				
Germany	21,593	6,484	199	28,276
United Kingdom	3,771	2,755	35	6,561
Central and Eastern Europe (CEE), including Turkey	3,539	350	1	3,890
Rest of Europe	27,226	7,995	71	35,292
USA	2,500	11,484	3	13,987
Rest of North America	501	1,515	2	2,018
Latin America	1,165	1,535	1	2,701
Asia and Australia	1,769	4,018	2	5,789
Africa	7	329	—	336
Total	62,071	36,465	314	98,850
31.12.2014				
Germany	21,436	6,313	432	28,181
United Kingdom	3,475	2,605	103	6,183
Central and Eastern Europe (CEE), including Turkey	3,393	672	4	4,069
Rest of Europe	26,424	8,711	281	35,416
USA	2,215	9,673	23	11,911
Rest of North America	173	1,410	18	1,601
Latin America	1,203	1,465	2	2,670
Asia and Australia	1,825	4,203	24	6,052
Africa	5	322	—	327
Total	60,149	35,374	887	96,410

¹⁾ After elimination of intragroup cross-segment transactions. This may result in differences from the amounts disclosed in the management report.

NON-CURRENT ASSETS BY GEOGRAPHICAL ORIGIN

Non-current assets largely consist of intangible assets (including goodwill) and real estate held and used/investment property.

NON-CURRENT ASSETS BY GEOGRAPHICAL ORIGIN

EUR MILLION

	Primary insurance	Reinsurance	Corporate Operations	Total
30.9.2015				
Germany	2,740	750	79	3,569
United Kingdom	—	2	—	2
Central and Eastern Europe (CEE), including Turkey	—	—	—	—
Rest of Europe	322	81	—	403
USA	—	485	—	485
Rest of North America	—	—	—	—
Latin America	169	—	—	169
Asia and Australia	—	1	—	1
Africa	—	12	—	12
Total	3,231	1,331	79	4,641
31.12.2014				
Germany	3,002	756	77	3,835
United Kingdom	—	3	—	3
Central and Eastern Europe (CEE), including Turkey	—	—	—	—
Rest of Europe	341	83	1	425
USA	—	331	—	331
Rest of North America	—	—	—	—
Latin America	32	—	—	32
Asia and Australia	—	2	—	2
Africa	—	7	—	7
Total	3,375	1,182	78	4,635

GROSS WRITTEN PREMIUMS BY GEOGRAPHICAL ORIGIN (BY DOMICILE OF CUSTOMER)¹⁾

During the reporting period, there were no transactions with any one external client that amounted to 10% or more of total gross premiums.

GROSS WRITTEN PREMIUMS BY GEOGRAPHICAL ORIGIN

EUR MILLION

	Primary insurance	Reinsurance	Corporate Operations	Total
9M 2015				
Germany	6,475	847	—	7,322
United Kingdom	123	2,088	—	2,211
Central and Eastern Europe (CEE), including Turkey	1,686	221	—	1,907
Rest of Europe	1,751	1,672	—	3,423
USA	396	2,864	—	3,260
Rest of North America	33	616	—	649
Latin America	1,244	668	—	1,912
Asia and Australia	184	3,058	—	3,242
Africa	43	386	—	429
Total	11,935	12,420	—	24,355
9M 2014				
Germany	6,380	725	—	7,105
United Kingdom	101	1,861	—	1,962
Central and Eastern Europe (CEE), including Turkey	1,598	163	—	1,761
Rest of Europe	1,964	1,488	—	3,452
USA	286	2,276	—	2,562
Rest of North America	20	528	—	548
Latin America	932	594	—	1,526
Asia and Australia	168	2,289	—	2,457
Africa	39	320	—	359
Total	11,488	10,244	—	21,732

¹⁾ After elimination of intragroup cross-segment transactions. This may result in differences from the amounts disclosed in the management report.

GROSS WRITTEN PREMIUMS BY GEOGRAPHICAL ORIGIN

EUR MILLION

	Primary insurance	Reinsurance	Corporate Operations	Total
Q3 2015				
Germany	1,671	200	—	1,871
United Kingdom	34	652	—	686
Central and Eastern Europe (CEE), including Turkey	485	57	—	542
Rest of Europe	491	541	—	1,032
USA	106	997	—	1,103
Rest of North America	11	214	—	225
Latin America	453	222	—	675
Asia and Australia	63	1,184	—	1,247
Africa	9	138	—	147
Total	3,323	4,205	—	7,528

Q3 2014

Germany	1,690	177	—	1,867
United Kingdom	31	631	—	662
Central and Eastern Europe (CEE), including Turkey	533	49	—	582
Rest of Europe	466	519	—	985
USA	88	787	—	875
Rest of North America	9	195	—	204
Latin America	345	226	—	571
Asia and Australia	68	739	—	807
Africa	18	186	—	204
Total	3,248	3,509	—	6,757

¹⁾ After elimination of intragroup cross-segment transactions. This may result in differences from the amounts disclosed in the management report.

**PRESENTATION OF GROSS WRITTEN PREMIUMS BY TYPE
AND CLASS OF INSURANCE AT GROUP LEVEL ¹⁾**
GROSS WRITTEN PREMIUMS BY TYPE AND CLASS OF INSURANCE

EUR MILLION

	9M 2015	9M 2014	Q3 2015	Q3 2014
Property/casualty primary insurance	7,113	6,576	1,879	1,671
Life primary insurance	4,822	4,912	1,444	1,577
Non-Life Reinsurance	6,902	5,714	2,228	1,890
Life/Health Reinsurance	5,518	4,530	1,977	1,619
Total	24,355	21,732	7,528	6,757

¹⁾ After elimination of intragroup cross-segment transactions. This may result in differences from the amounts disclosed in the management report.

IV. CONSOLIDATION

CONSOLIDATION PRINCIPLES

Subsidiaries are accounted for in accordance with IFRS 10. Subsidiaries are all entities that are controlled by the Group. An investee (participating interest) is controlled if the Group directly or indirectly has power over a Group company from voting rights or other rights and is thereby exposed, or has rights, to positive and negative variable returns from the Group company and has the ability to affect those returns through its power over the investee. All of these criteria must be met.

Subsidiaries are consolidated from the date on which the Group obtains control of them. They are deconsolidated from the date on which control ends.

Companies over which the Group is able to exercise significant influence are generally accounted for as **associates** using the equity method in accordance with IAS 28. A significant influence is presumed to exist if a company belonging to the Group directly or indirectly holds at least 20% – but no more than 50% – of the voting rights. A **joint venture** is an arrangement of which the Group has joint control, giving it rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities. These entities are accounted for using the equity method in accordance with IFRS 11. Equity method accounting ends when the Group ceases to have significant influence or joint control.

For further information on consolidation principles, please refer to our disclosures in the “Consolidation” section of our 2014 Annual Report (page 215 ff).

BASIS OF CONSOLIDATION

As at the reporting date, 147 individual companies, 28 investment funds, three structured entities and four subgroups (including three foreign subgroups) were consolidated as a group (including associates) in Talanx’s consolidated financial statements, and nine companies were included using the equity method.

Significant changes in the basis of consolidation compared with year-end 2014 are presented in the following.

Significant additions and disposals of consolidated subsidiaries
Compass Insurance Company Ltd, Johannesburg, South Africa, which is part of Hannover Reinsurance Group Africa (Pty) Ltd (HRGSA), also domiciled in Johannesburg and a subgroup of the Hannover Re Group, acquired 60% of the shares of **Commercial & Industrial Acceptances (Pty) Ltd, Johannesburg (“CIA”)**, for a purchase price amounting to the equivalent of EUR 4 million effective 1 January 2015 by way of a business acquisition achieved in stages. Lireas Holdings (Pty) Ltd, Johannesburg, a 51% subsidiary of HRGSA, already held 40% of the shares of the company, which was included in the subgroup financial statements of HRGSA using the equity method. As a result of the step acquisition, HRGSA gained control over CIA, which will now be consolidated in the subgroup financial statements of HRGSA. Goodwill amounting to the equivalent of EUR 2 million was capitalised in connection with the transaction. The fair value of contingent purchase price payments was also recognised. As part of initial consolidation, the fair values of the assets and liabilities acquired were calculated using appropriate valuation techniques and based in some cases on estimates and assumptions relating to expected future cash flows. Consequently, the business has initially been included in the financial statements on a provisional basis using the best available information. Under IFRS 3, this provisional accounting treatment must be finalised within 12 months of the acquisition date. Any resulting changes in the fair value of the assets and liabilities recognised must be treated as if the adjusted fair value as at the date of consolidation had been recognised from this date onwards. The provisional fair values of the assets and liabilities acquired in this transaction will be analysed over the course of the financial year and may need to be adjusted in some cases.

On 23 December 2014, the Group signed purchase agreements for two wind farm projects based in Toulouse, France – **Ferme Eolienne du Confolentais S. A. R. L.** and **Ferme Eolienne des Mignaudières S. A. R. L.** The acquisition was subject to conditions precedent, which were met on 10 February 2015 (acquisition date). The companies are wind farm special purpose vehicles. TD Real Assets GmbH & Co. KG, Cologne (Retail Germany segment), indirectly acquired all the shares of Ferme Eolienne du Confolentais S. A. R. L., and HG-1 Alternative Investments Beteiligungs-GmbH & Co. KG, Cologne (Industrial Lines segment) indirectly acquired all the shares of Ferme Eolienne des Mignaudières S. A. R. L. The purchase price for the companies was EUR 1 million in each case. The total assets of the companies acquired amounting to EUR 8 million in each case are largely attributable to technical equipment for the wind farms, which is financed by equity

and loans. No major intangible assets or goodwill exist. No contingent liabilities, contingent considerations or separate transactions within the meaning of IFRS 3 were identified. Both companies were initially consolidated in the first quarter of 2015. The total planned investment volume amounts to approximately EUR 47 million. The legal form of both of the companies acquired was changed to that of a French general partnership (SNC) effective 10 February 2015.

By way of a purchase agreement dated 17 December 2014, Inversiones HDI Limitada, Santiago, Chile (Retail International segment) acquired the **Magallanes group** by purchasing 99.9959% of the shares of **Inversiones Magallanes S.A.** effective 13 February 2015 via a tender procedure. Based on the agreements entered into, the Group has therefore recognised the acquisition as at the date of initial consolidation (13 February 2015). The Group's share of the voting rights corresponds to the shares held. The necessary approval was received from the Chilean supervisory body svS (Superintendencia Valores y Seguros) on 9 April 2015.

The group consists of the holding company Inversiones Magallanes S.A., Santiago, Chile, and three operating insurance companies: Aseguradora Magallanes S.A., Santiago, Chile (property/casualty business), Aseguradora Magallanes de Garantía y Crédito S.A., Santiago, Chile (credit/surety business) and Aseguradora Magallanes de Vida S.A., Santiago, Chile (life insurance business). In addition, a start-up in Peru focusing on the property/casualty business – Aseguradora Magallanes del Perú S.A., Lima, Peru – was part of the transaction. Following completion of the transaction, the Group holds the following shares of the companies in the Magallanes group:

- Inversiones Magallanes S.A. – 99.9%
- Aseguradora Magallanes S.A. – 99.8%
- Aseguradora Magallanes de Garantía y Crédito S.A. – 99.8%
- Aseguradora Magallanes de Vida S.A. – 100%
- Aseguradora Magallanes del Perú S.A. – 100%

The purchase price for the Magallanes group, which was settled entirely in cash, amounted to the equivalent of EUR 193 million at the closing rate on 13 February 2015. However, thanks to a favourable currency hedge, Talanx International AG effectively only invested EUR 180 million as a capital increase at Inversiones HDI Limitada, Chile, to acquire the Magallanes group. Inversiones HDI Limitada took a further EUR 3 million from its own funds.

The goodwill resulting from the acquisition amounts to EUR 122 million. In addition to considerable synergies and expected cross-selling effects, this also reflects the expected growth, mainly in the motor insurance business. This transaction does not result in any tax-deductible goodwill in the tax accounts (share deal). Acquisition-related costs (EUR 0.6 million) are reported in "Other income/expenses". As a result of the merger completed on 25 August 2015 of the holding companies Inversiones Magallanes S.A. and Inversiones HDI Ltda. as well as of the planned merger of the property/casualty insurance companies Aseguradora Magallanes S.A. and HDI Seguros S.A., partial amounts from unrealised gains from initial consolidation have also already been realised for tax purposes and are available as tax-deductible writedowns in future periods.

The amounts recognised at the acquisition date for each main group of acquired assets and assumed liabilities and translated at the exchange rate prevailing at the acquisition date in accordance with IFRS are presented in the following table:

ACQUIRED ASSETS AND ASSUMED LIABILITIES OF THE MAGALLANES GROUP AS AT 13 FEBRUARY 2015

EUR MILLION

	Acquisition-date fair value
Intangible assets	13
Investments	93
Reinsurance recoverables on technical provisions	99
Accounts receivable on insurance business ¹⁾	150
Cash at banks, cheques and cash-in-hand	10
Deferred tax assets	2
Other assets	25
Total assets	392
Technical provisions	249
Other provisions	3
Other liabilities	69
of which tax liabilities	6
of which insurance-related	54
Total liabilities	321
Net assets acquired	71

¹⁾ Gross accounts receivable on insurance business before impairment losses amount to EUR 152 million.

The amount reported for accounts receivable corresponds to their fair value. Further credit losses are not expected. The acquired intangible assets include distribution networks and customer relationships as well as brand names. No material contingent liabilities were identified that would have to be recognised under IFRS 3.23. In addition, no contingent liabilities were identified that were not recognised because their fair value could not be measured reliably. No further contingent consideration, indemnification assets or separate transactions within the meaning of IFRS 3 were recognised.

The company's gross premiums of EUR 169 million and net income of EUR 4 million were included in the financial statements as at 30 September 2015. If the group had already been acquired as at 1 January 2015, the gross premiums and net income to be included would have amounted to EUR 193 million and EUR 4 million, respectively.

As part of the “wpd” wind farm project, the Group acquired WP Sandstruth GmbH, Bremen, and Windpark Vier Fichten GmbH, Bremen, as well as wpd Windparks Mittleres Mecklenburg GmbH, Bremen, which is the sole limited partner of Windpark Dalwitz GmbH & Co. KG, Bremen, by way of purchase agreements dated 23 March 2015. The companies are wind farm special purpose vehicles. The completion of the acquisition of the three wind farms was subject to conditions precedent, which were met on 1 April 2015 (acquisition date).

TD Real Assets GmbH & Co. KG, Cologne, acquired 100% of the shares of WP Sandstruth GmbH and wpd Windparks Mittleres Mecklenburg GmbH and HG-1 Alternative Investments Beteiligungs-GmbH & Co. KG, Cologne, acquired 100% of the shares of Windpark Vier Fichten GmbH. Talanx Direct Infrastructure 1 GmbH, Cologne, will become the new general partner of Windpark Dalwitz GmbH & Co. KG. The Group's share of the voting rights corresponds to the shares held.

The purchase price for the complete wind farm project, which was settled entirely in cash, amounted to EUR 44 million and is split across the following individual transactions:

- WPD Windparks Mittleres Mecklenburg GmbH including indirect acquisition of Windpark Dalwitz GmbH & Co. KG EUR – 26 million
- WP Sandstruth GmbH EUR – 9 million
- Windpark Vier Fichten GmbH EUR – 9 million

No goodwill arose from the acquisition. Acquisition-related costs (EUR 0.5 million) are reported in “Other income/expenses”.

The amounts recognised at the acquisition date for each main group of acquired assets and assumed liabilities in accordance with IFRS are presented in the following table:

ACQUIRED ASSETS AND ASSUMED LIABILITIES OF THE “WPD” WIND FARM PROJECT AS AT 1 APRIL 2015

EUR MILLION

	Acquisition-date fair value
Intangible assets ¹⁾	1
Investments ¹⁾	118
Cash at banks, cheques and cash-in-hand	8
Other assets	7
Total assets	134
Other provisions	1
Notes payable and loans	79
Other liabilities	1
Deferred tax liabilities	9
Total liabilities	90
Net assets acquired	44

¹⁾ Due to new findings, the group adjusted the disclosure of capital investments in the amount of EUR 32 million, resulting in neither profit nor loss, during the “measurement period” in accordance with IFRS 3; the balance-sheet item of intangible assets was reduced in the same amount.

The amount recognised for accounts receivable (EUR 7 million: "Other assets" item) corresponds to their fair value. No credit losses are expected. No material contingent liabilities were identified that would have to be recognised under IFRS 3.23. In addition, no contingent liabilities were identified that were not recognised because their fair value could not be measured reliably. No further contingent consideration, indemnification assets or separate transactions within the meaning of IFRS 3 were recognised.

The companies' revenue (included in investment income) of EUR 7 million and profit of EUR –1 million were included in the financial statements as at 30 September 2015. If the companies had already been acquired as at 1 January 2015, the revenue to be included would have amounted to EUR 11 million and the profit to be included would have amounted to EUR 1 million.

By way of a purchase agreement dated 4 September 2014, the Group acquired **Windfarm Bellheim GmbH & Co. KG, Aurich**. The acquisition was subject to conditions precedent, which were met on 10 April 2015 on its entry in the commercial register. The company is a wind farm special purpose vehicle. TD Real Assets GmbH & Co. KG, Cologne, acquired 85% of the company's limited partner shares and HG-1 Alternative Investments Beteiligungs-GmbH & Co. KG, Cologne, acquired 15%. Talanx Direct Infrastructure 1 GmbH, Cologne, will become the new general partner. The purchase price for the company was EUR 10 thousand. The total assets of the company acquired (EUR 32 million) largely comprise technical equipment for the wind farms, which is financed by equity and loans. No major intangible assets or goodwill exist.

The American sub-group **Hannover Re Real Estate Holdings, Inc.**, in which Hannover Rück SE owns a holding of 95.1%, acquired 100% of the shares of two property companies in the second quarter of 2015 via the subsidiary GLL HRE Core Properties, LP, Wilmington. This real estate was purchased on 1 and 24 July 2015 for a total converted purchase price of EUR 134.3 million. No contingent liabilities or contingent considerations in the meaning of IFRS 3 were identified. The business purpose of each of the companies is to maintain and manage a real estate property.

With effect from 3 July 2015, **Hannover Reinsurance Africa Ltd**, Johannesburg, South Africa, a subsidiary of the Hannover Rück SE sub-group Hannover Reinsurance Group Africa (Pty) Ltd., acquired further shares in Lireas Holdings (Pty) Ltd., also Johannesburg, for a converted purchase price of EUR 2.5 million from a third party outside the Group. In the course of share stocking by 19% without changing the control status, Hannover Reinsurance Africa Limited held 70.0% of the shares of Lireas Holdings upon completion of the transaction. The effects arising from the change in the participation ratio were registered in the consolidated financial statements in accordance with IFRS 10 as an equity transaction.

HDI-Gerling Industrie Versicherung AG (HG-I) sold its shares (100%) in **HDI-Gerling Assurances S.A., Luxembourg, Luxembourg** to Baloise (Luxemburg) Holding S.A., Luxembourg, Luxembourg; the transfer of the shares was completed on 3 September 2015. The deconsolidation led to a profit of EUR 207 thousand, which is disclosed under Other income/expenses. In determining the profit, a withdrawing goodwill of EUR 0.4 million relating to the divestment of the company ("Industrial Lines" cash-generating unit) was taken into account.

By way of purchase agreements dated 4 August 2015, the Group acquired the three wind farm projects Les Vents de Malet SAS, Lille, France, Le Souffle des Pellicornes SAS, Lille, France, and Le Chemin de La Milaine SAS, Lille, France, as part of the "**RP Global**" project. The companies are wind farm special purpose vehicles. The acquisition was subject to conditions precedent, which were met as at 9 September 2015 (acquisition date).

HG-1 Alternative Investments Beteiligungs-GmbH & Co. KG, Cologne (Industrial Lines segment), indirectly acquired all shares of Le Souffle des Pellicornes SAS and TD Real Assets GmbH & Co. KG, Cologne (Retail Germany segment), indirectly acquired all shares of Les Vents de Malet SAS and Le Chemin de La Milaine SAS. The Group's share of the voting rights corresponds to the shares held.

The purchase price for the complete wind farm project, which was settled entirely in cash, amounted to EUR 25 million and is split across the following individual transactions:

- Le Souffle des Pellicornes SAS EUR 7 million
- Les Vents de Malet SAS EUR 9 million
- Le Chemin de La Milaine SAS EUR 9 million

No goodwill arose from the acquisition. This transaction does not result in any tax-deductible goodwill in the tax accounts (share deal). Acquisition-related costs (< EUR 0.5 million) are reported in "Other income/expenses".

The companies were initially incorporated on a provisional basis. The provisional fair values of the assets and liabilities acquired in this transaction will be analysed over the course of the financial year and may need to be adjusted in some cases.

The provisional amounts recognised at the acquisition date for each main group of acquired assets and assumed liabilities in accordance with IFRS are presented in the following table:

ACQUIRED ASSETS AND ASSUMED LIABILITIES OF THE "RP GLOBAL" WIND FARM PROJECT AS AT 9 SEPTEMBER 2015

EUR MILLION

	Acquisition-date fair value
Investments	57
Total assets	57
Notes payable and loans	18
Deferred tax liabilities	14
Total liabilities	32
Net assets acquired	25

No material contingent liabilities were identified that would have to be recognised under IFRS 3.23. In addition, no contingent liabilities were identified that were not recognised because their fair value could not be measured reliably. No further contingent consideration, indemnification assets or separate transactions within the meaning of IFRS 3 were recognised.

As the wind farms are still under construction, no material turnover or annual profit has been generated since 1 January 2015.

CONSOLIDATION OF STRUCTURED ENTITIES

IFRS 10 requires relationships with structured entities to be examined to determine whether those entities must be consolidated. If voting or similar rights are not the dominant factor in deciding who controls an entity, that entity is a structured entity as defined in IFRS 12. In this respect, the Group must examine whether it controls the entity if it does not hold a majority of the voting rights. The Group controls a structured entity, for instance, if it has the power – for example as a result of contractual arrangements – to direct the entity's returns.

When evaluating relationships with structured entities and assessing whether those entities must be consolidated, we distinguish between the following six categories of transaction, in line with our disclosures in the "Consolidation" section of the 2014 Annual Report (pages 221 to 223): investments including investments in CAT bonds (ILS), unit-linked life insurance contracts, insurance-linked securities (ILS), retrocessions and securitisation of reinsurance risks, assumed life/health reinsurance business and "Unterstützungskassen" (provident funds).

In the case of "assumed life/health reinsurance business", the total amount of the contractually agreed capacities of the transactions as at 30 September 2015 is equivalent to EUR 3,455 (3,079) million, of which the equivalent of EUR 2,191 (1,887) million had been underwritten at the reporting date. There were no further material changes in the relationships compared with 31 December 2014 that are significant for an assessment of the net assets, financial position and results of operations.

As in the 2014 consolidated financial statements, three structured entities were consolidated at the reporting date.

EQUITY-ACCOUNTED ASSOCIATES AND JOINT VENTURES

Three German and five foreign associates (not including foreign subgroups) were accounted for using the equity method at the reporting date.

Following the dividend proposal dated 25 March 2015 by ASPECTA Assurance International AG, Vaduz, Liechtenstein, which was previously included in the consolidated financial statements using the equity method, a call option held by the majority shareholder became exercisable. As a result, Hannover Re Group lost its significant influence over the company, so that it is no longer consolidated using the equity method. The company was reported under "Other participating interests" until the shares were returned to the majority shareholder on 4 May 2015. The disposal of this company resulted in an expense of EUR 4 million, which is reported in net investment income. In addition, currency translation gains resulted in accumulated other comprehensive income of EUR 0.4 million.

On 1 October 2014, the Group signed a purchase agreement for 49.94% of the shares of the largest private water company in Portugal, Indaqua Indústria e Gestão de Águas S.A., Matosinhos, Portugal. The acquisition was subject to conditions precedent, which were met as at 16 April 2015 (acquisition date). The acquisition is being made via INOS 14-003 GmbH (future name: Talanx Infrastructure Portugal GmbH), Munich, which was acquired separately for this purpose, and in which TD Real Assets GmbH & Co. KG (Retail Germany segment) acquired 70% of the shares and HG-I Alternative Investments Beteiligungs-GmbH & Co. KG, Cologne (Industrial Lines segment) acquired 30%. The purchase price for the investment in the associate amounts to EUR 51 million.

As in the 2014 consolidated financial statements, the Magma HDI General Insurance Company Limited, Kolkata, joint venture is accounted for using the equity method.

The basis of consolidation as at the reporting date comprises the following companies:

CONSOLIDATED SUBSIDIARIES

	Individual companies		Investment funds ¹⁾		Structured entities	Subgroups ²⁾	Total
	Germany	Other countries	Germany	Other countries	Other countries	Germany/ Other countries	
31.12.2014	79	54	15	13	3	4	168
Additions	1	7	3	1	—	—	12
Disposals	—	—	1	—	—	—	1
31.3.2015	80	61	17	14	3	4	179
Additions	5	—	—	—	—	—	5
Disposals	4	1	—	1	—	—	6
30.6.2015	81	60	17	13	3	4	178
Additions	5	3	1	1	—	—	10
Disposals	—	2	1	3	—	—	6
30.9.2015	86	61	17	11	3	4	182

¹⁾ Not structured entities because control is exercised through voting or similar rights.

²⁾ Including three foreign subgroups.

V. NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

HDI STRAKHUVANNYA, KIEV, UKRAINE (RETAIL INTERNATIONAL SEGMENT)

We classified HDI STRAKHUVANNYA, Kiev, Ukraine, as a disposal group in accordance with IFRS 5 as at 31 December 2014. The Retail International segment's aim in selling this company is to streamline its portfolio in Eastern Europe. The sale of the shares was effected at a price in the low single-digit millions of euros on 19 February 2015. Initially 10% of the shares of the company less one share were transferred to the buyer after payment of the full purchase price. The remaining shares are to be transferred to the buyer once the transaction has received the necessary antitrust and regulatory approval. The transfer of the remaining shares will only be complete and the loss of control over the company will only occur after approval has been granted. Anti-trust approval has already been granted, and we expect to receive regulatory approval in the course of 2015. The transaction does not significantly affect the Group's earnings. Accumulated other comprehensive income of EUR –5 million resulting from the translation of the assets and liabilities belonging to the disposal group will not be realised until deconsolidation. The disposal group contains assets of EUR 8 million and liabilities of EUR 4 million.

HDI ZASTRAHOVANE AD, SOFIA, BULGARIA (RETAIL INTERNATIONAL SEGMENT)

In January 2015, the Group decided to sell HDI Zastrahovane AD, Sofia, Bulgaria, (Retail International segment) together with the HDI STRAKHUVANNYA, Kiev, Ukraine disposal group. The sale streamlines the Group's portfolio in Eastern Europe in the Retail International Division. The sale of the shares was agreed upon on 19 February 2015; the selling price in millions of euros was in the

mid-single-figure range. 9.4% of the shares of the company less one share were already transferred to the buyer after payment of the purchase price. The remaining shares are to be transferred to the buyer once the transaction has received the necessary anti-trust and regulatory approval. The transfer of the remaining shares will only be complete and the loss of control over the company will only occur after approval has been granted. Anti-trust approval has already been granted, and we expect to receive regulatory approval in the course of 2015. The transaction does not significantly affect the Group's earnings. Accumulated other comprehensive income of EUR –2 million resulting from the translation of the assets and liabilities belonging to the disposal group will not be realised until deconsolidation. The disposal group contains assets of EUR 18 million and liabilities of EUR 19 million.

REAL ESTATE

As at the reporting date, there are no real estate portfolios classified as available for sale. The real estate portfolios disclosed accordingly in the second quarter of 2015 were divested upon the completion of the sale transactions in the third quarter of 2015.

As at 31 December 2014, we classified real estate portfolios in the amount of EUR 11 million as held for sale. Of this amount, EUR 3 million was attributable to the Retail Germany segment, and EUR 8 million to the Industrial Lines segment. The fair value of the total portfolio (corresponding to the expected selling prices) amounted to EUR 11 million.

Fair values were largely determined internally within the Group using discounted cash flow methods and, in individual cases, on the basis of external expert opinions. The purchase price is used in cases where a binding sale agreement has been entered into. Intentions to sell depend on specific factors associated with the real estate market and the properties themselves, taking into account current and future opportunity and risk profiles. We expect these transactions to close within one year.

VI. NOTES TO INDIVIDUAL ITEMS OF THE CONSOLIDATED BALANCE SHEET

The principal items of the consolidated balance sheet are as follows:

(1) INTANGIBLE ASSETS

INTANGIBLE ASSETS		
EUR MILLION		
	30.9.2015	31.12.2014
a. Goodwill	1,033	1,090
b. Other intangible assets	977	1,006
of which		
Insurance-related intangible assets	720	766
Software	142	143
Other		
Acquired distribution networks and customer relationships	33	33
Other	44	32
Acquired brand names	38	32
Total	2,010	2,096

GOODWILL

As part of the realignment of its German life insurance business, Talanx Deutschland AG split the Board of Management responsibilities for the life insurance and property/casualty lines on 1 May 2015 to reflect the two lines. Monitoring of goodwill was modified in the second quarter of 2015 as a result of this reorganisation. Previously, the recoverability of goodwill was monitored at the level of the segment as a whole, which was identical to the CGU. Since the second quarter of 2015, it has been assessed on the basis of the two newly created Board of Management responsibilities – “Property/Casualty Germany” and “Life Germany” – at the level below Talanx Deutschland AG. This change in the way goodwill is monitored changed the composition of the former underlying “Retail Germany” CGU (corresponding to the “Retail Germany” segment) in the second quarter of 2015, resulting in the need to reallocate goodwill.

Before goodwill is reallocated, it must be tested for impairment on the basis of the “old” structure. Only after this has been completed can the goodwill be reallocated and tested for impairment separately for the “Property/Casualty Germany” and “Life Germany” CGUs. The impairment test in the second quarter of 2015 did not indicate that goodwill was impaired in the first step. In the second step, the goodwill of the old “Retail Germany” CGU amounting to EUR 403 million was allocated to the new “Property/Casualty Germany” (EUR 248 million) and “Life Germany” (EUR 155 million) CGUs, based on the relative values. The proportionately allocated goodwill of the “Life Germany” CGU amounting to EUR 155 million had to be written down in full in the second quarter of 2015 after being tested for impairment. The impairment loss was recognised accordingly in the second quarter of 2015 in profit or loss in the “Goodwill impairments” item.

The recoverable amount of the “Life Germany” CGU amounted at the time of the impairment test to EUR 888 million and was determined on the basis of value in use. To measure the value in use of the “Life Germany” CGU, we extrapolated the MCEV data from the MCEV reports as at 31 December 2014 with their documented interest rate sensitivities to reflect market interest rates at the time of the reorganisation. The interest rate swap curve used as a basis for calculating the estimated MCEV in 2014 was extrapolated beyond the market information that can be reliably estimated after 20 years to an ultimate forward rate of 4.2% reached after a total of 60 years; this was based on EIOPA requirements and is in line with standard market practice. Value in use was measured by adjusting market interest rates by –22 BP to reflect the documented MCEV interest rate sensitivities and the value of new business. The impairment loss in the second quarter of 2015 was therefore primarily attributable to the continued decline in interest rates up to the date of the impairment test in a persistently low interest rate environment.

The reorganisation within Talanx Deutschland AG did not change either the cross-line management of the segment or internal reporting to the Group Board of Management of Talanx AG, so segment reporting for the Retail Germany Division was unchanged.

The reduction in goodwill by the EUR 155 million impairment loss in the second quarter of 2015 was largely offset by the newly acquired goodwill from the acquisition of the Magallanes group also in the second quarter of 2015 (see section IV “Consolidation”) amounting to EUR 122 million.

(2) LOANS AND RECEIVABLES**LOANS AND RECEIVABLES**

EUR MILLION

	Amortised costs		Unrealised gains/losses		Fair value	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Mortgage loans	602	696	84	72	686	768
Loans and prepayments on insurance policies	179	184	—	—	179	184
Loans and receivables due from government or quasi-governmental entities ¹⁾	10,034	9,783	1,627	1,751	11,661	11,534
Corporate bonds	5,919	6,287	472	591	6,391	6,878
Covered bonds/asset-backed securities	13,719	13,583	2,989	3,451	16,708	17,034
Profit participation rights	17	20	4	4	21	24
Total	30,470	30,553	5,176	5,869	35,646	36,422

¹⁾ Loans and receivables due from government or quasi-governmental entities include securities of EUR 3,140 (3,030) million that are guaranteed by the Federal Republic of Germany, other EU states or German federal states.

The “Covered bonds/asset-backed securities” item includes German covered bonds (Pfandbriefe) with a carrying amount of EUR 13,701 (13,563) million; these correspond to 99% (99%) of the total amount.

(3) FINANCIAL INSTRUMENTS HELD TO MATURITY**FINANCIAL INSTRUMENTS HELD TO MATURITY**

EUR MILLION

	Amortised costs		Unrealised gains/losses		Fair value	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Government debt securities of EU member states	390	540	21	31	411	571
US treasury notes	90	257	—	3	90	260
Other foreign government debt securities	63	60	—	—	63	60
Debt securities issued by quasi-governmental entities ¹⁾	305	445	10	17	315	462
Corporate bonds	178	346	2	8	180	354
Covered bonds/asset-backed securities	549	806	41	61	590	867
Total	1,575	2,454	74	120	1,649	2,574

¹⁾ Debt securities issued by quasi-governmental entities include securities of EUR 79 (130) million that are guaranteed by the Federal Republic of Germany, other EU states or German federal states.

The “Covered bonds/asset-backed securities” item includes German covered bonds (Pfandbriefe) with a carrying amount of EUR 547 (805) million; these correspond to 99% (99%) of the total amount.

(4) FINANCIAL INSTRUMENTS AVAILABLE FOR SALE**FINANCIAL INSTRUMENTS AVAILABLE FOR SALE**

EUR MILLION

	Amortised costs		Unrealised gains/losses		Fair value	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Fixed-income securities						
Government debt securities of EU member states	8,456	8,015	1,065	1,215	9,521	9,230
US treasury notes	4,448	2,699	21	32	4,469	2,731
Other foreign government debt securities	2,257	1,992	-10	-15	2,247	1,977
Debt securities issued by quasi-governmental entities ¹⁾	7,648	7,458	866	1,012	8,514	8,470
Corporate bonds	21,965	21,214	562	1,383	22,527	22,597
Investment funds	632	665	76	89	708	754
Covered bonds/asset-backed securities	8,220	7,916	689	889	8,909	8,805
Profit participation certificates	180	331	2	5	182	336
Total fixed-income securities	53,806	50,290	3,271	4,610	57,077	54,900
Variable-yield securities						
Equities	567	290	32	49	599	339
Investment funds	1,083	779	109	123	1,192	902
Profit participation certificates	47	42	—	—	47	42
Total variable-yield securities	1,697	1,111	141	172	1,838	1,283
Total securities	55,503	51,401	3,412	4,782	58,915	56,183

¹⁾ Debt securities issued by quasi-governmental entities include securities of EUR 2,592 (2,990) million that are guaranteed by the Federal Republic of Germany, other EU states or German federal states.

The "Covered bonds/asset-backed securities" item includes German covered bonds (Pfandbriefe) with a carrying amount of EUR 7,481 (7,489) million; these correspond to 84% (85%) of the total amount.

(5) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

EUR MILLION

	Fair value	
	30.9.2015	31.12.2014
Fixed-income securities		
Government debt securities of EU member states	26	37
Other foreign government debt securities	44	49
Debt securities issued by quasi-governmental entities ¹⁾	2	2
Corporate bonds	524	588
Investment funds	131	111
Covered bonds/asset-backed securities	20	—
Profit participation certificates	39	63
Total fixed-income securities	786	850
Investment funds (variable-yield securities)	29	27
Other variable-yield securities	36	68
Total financial instruments classified at fair value through profit or loss	851	945
Fixed-income securities		
Government debt securities of EU member states	2	—
Other foreign government debt securities	2	2
Corporate bonds	4	4
Total fixed-income securities	8	6
Investment funds (variable-yield securities)	117	108
Derivatives	64	80
Total financial instruments held for trading	189	194
Total	1,040	1,139

¹⁾ Debt securities issued by quasi-governmental entities include securities of EUR 1 (2) million that are guaranteed by the Federal Republic of Germany, other EU states or German federal states.

The “Covered bonds/asset-backed securities” item does not include any German covered bonds (Pfandbriefe).

(6) DISCLOSURES ON FAIR VALUE AND THE FAIR VALUE HIERARCHY

FAIR VALUE HIERARCHY

The disclosures in accordance with IFRS 13 “Fair Value Measurement” require financial instruments measured at fair value to be allocated to a three-level fair value hierarchy. One goal of this requirement is to reveal the link between market inputs and the data used in determining fair value. The following classes of financial instruments are affected: available-for-sale financial instruments, financial instruments at fair value through profit or loss, other investments and investment contracts (financial assets and liabilities) that are measured at fair value, negative fair values of derivative financial instruments and hedging instruments (derivatives used in hedge accounting).

The fair value hierarchy reflects characteristics of the pricing information and inputs used for measurement, and is structured as follows:

- Level 1: Assets and liabilities that are measured using (unadjusted) prices quoted directly in active, liquid markets. These primarily include listed equities, futures and options, investment funds and highly liquid bonds traded in regulated markets.
- Level 2: Assets and liabilities that are measured using observable market data and that are not allocated to Level 1. Measurement is based in particular on prices for comparable assets and liabilities that are traded in active markets, prices in markets that are not deemed active and inputs derived from such prices and market data. Among other things, this level includes assets measured on the basis of yield curves, such as promissory note loans and registered debt securities. Also allocated to Level 2 are market prices for bonds with limited liquidity, such as corporate bonds.
- Level 3: Assets and liabilities that cannot be measured or can only be measured in part using inputs observable in the market. These instruments are mainly measured using valuation models and techniques. This level primarily includes unlisted equity instruments.

Allocation to the fair value hierarchy levels is reviewed at least at the end of each period. Transfers are shown as if they had taken place at the beginning of the financial year.

BREAKDOWN OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

At the reporting date, the share of Level 1 financial instruments in the total portfolio of financial instruments measured at fair value was 6% (6%).

In total, 89% (90%) of financial instruments measured at fair value were allocated to Level 2 at the reporting date.

At the reporting date, the Group allocated 5% (4%) of financial instruments measured at fair value to Level 3.

In the reporting period, securities with a fair value of EUR 20 million that had been allocated to Level 2 in the previous year were allocated to Level 1. The reclassifications had to be made mainly because of the improved liquidity of the instruments. These reclassifications mainly affected fixed-income securities classified as “available for sale”. The reclassification amounts shown refer in each case to the reported carrying amount of the investments at the beginning of the period.

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

EUR MILLION

	Level 1	Level 2	Level 3 ¹⁾	Carrying amount
				30.9.2015
Financial assets measured at fair value				
Financial instruments available for sale				
Fixed-income securities	84	56,993	—	57,077
Variable-yield securities	949	68	821	1,838
Financial instruments at fair value through profit or loss				
Financial instruments classified at fair value through profit or loss	58	751	42	851
Financial instruments held for trading	128	58	3	189
Other investments	2,026	31	1,960	4,017
Other assets, derivative financial instruments (hedging instruments)	—	237	—	237
Investment contracts				
Financial instruments classified at fair value through profit or loss	379	705	169	1,253
Financial instruments available for sale	—	7	—	7
Derivatives	—	49	4	53
Total financial assets measured at fair value	3,624	58,899	2,999	65,522
Financial liabilities measured at fair value				
Other liabilities (negative fair values from derivative financial instruments)				
Negative fair values from derivatives	5	43	205	253
Negative fair values from hedging instruments	—	—	—	—
Other liabilities (investment contracts)				
Financial instruments classified at fair value through profit or loss	407	698	169	1,274
Derivatives	—	48	4	52
Total amount of financial liabilities measured at fair value	412	789	378	1,579
				31.12.2014
Financial assets measured at fair value				
Financial instruments available for sale				
Fixed-income securities	77	54,823	—	54,900
Variable-yield securities	561	65	657	1,283
Financial instruments at fair value through profit or loss				
Financial instruments classified at fair value through profit or loss	94	814	37	945
Financial instruments held for trading	119	69	6	194
Other investments	2,000	41	1,662	3,703
Other assets, derivative financial instruments (hedging instruments)	—	304	—	304
Investment contracts				
Financial instruments classified at fair value through profit or loss	326	543	158	1,027
Financial instruments available for sale	—	24	—	24
Derivatives	—	56	5	61
Total financial assets measured at fair value	3,177	56,739	2,525	62,441
Financial liabilities measured at fair value				
Other liabilities (negative fair values from derivative financial instruments)				
Negative fair values from derivatives	—	111	189	300
Negative fair values from hedging instruments	—	—	—	—
Other liabilities (investment contracts)				
Financial instruments classified at fair value through profit or loss	385	537	158	1,080
Derivatives	—	55	5	60
Total amount of financial liabilities measured at fair value	385	703	352	1,440

¹⁾ Categorisation in Level 3 does not represent any indication of quality. No conclusions may be drawn as to the credit quality of the issuers.

ANALYSIS OF FINANCIAL INSTRUMENTS FOR WHICH SIGNIFICANT INPUTS ARE NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3)

The following table shows a reconciliation of the financial instruments (abbreviated in the following to “FI”) included in Level 3 at the beginning of the reporting period to the carrying amounts as at the reporting date.

RECONCILIATION OF FINANCIAL INSTRUMENTS¹⁾ (FINANCIAL ASSETS) INCLUDED IN LEVEL 3 AT THE BEGINNING OF THE REPORTING PERIOD TO CARRYING AMOUNTS AS AT 30 SEPTEMBER

EUR MILLION

	Available for sale FI/variable- yield securities	FI classified at fair value through profit or loss	FI held for trading	Other investments	Investment contracts/FI classified at fair value through profit or loss	Investment contracts/ derivatives	Total financial assets measured at fair value
2015							
Opening balance at 1.1.2015	657	37	6	1,662	158	5	2,525
Change in basis of consolidation	68	—	—	—	—	—	68
Income and expenses							
recognised in the statement of income	-12	2	-1	1	—	—	-10
recognised in other comprehensive income	-7	—	—	12	—	—	5
Transfers into Level 3	—	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—	—
Additions							
Purchases	184	17	1	394	73	1	670
Disposals							
Sales	83	11	3	181	64	2	344
Repayments/redemptions	—	1	—	—	—	—	1
Exchange rate changes	14	-2	—	72	2	—	86
Ending balance at 30.9.2015	821	42	3	1,960	169	4	2,999
2014							
Opening balance at 1.1.2014	523	24	2	1,265	89	10	1,913
Change in basis of consolidation	—	—	—	—	—	—	—
Income and expenses							
recognised in the statement of income	-5	1	—	-9	45	2	34
recognised in other comprehensive income	16	—	—	86	—	—	102
Transfers into Level 3	3 ²⁾	—	—	—	—	—	3
Transfers out of Level 3	—	—	—	—	—	—	—
Additions							
Purchases	129	19	3	264	20	3	438
Disposals							
Sales	42	1	—	136	10	8	197
Repayments/redemptions	—	14	—	—	—	—	14
Exchange rate changes	13	—	—	69	-1	—	81
Ending balance at 30.9.2014	637	29	5	1,539	143	7	2,360

¹⁾ The term “financial instruments” is abbreviated to “FI” in the following.

²⁾ Trading in an active market discontinued.

**RECONCILIATION OF FINANCIAL INSTRUMENTS¹⁾ (FINANCIAL LIABILITIES) INCLUDED IN LEVEL 3
AT THE BEGINNING OF THE REPORTING PERIOD TO CARRYING AMOUNTS AS AT 30 SEPTEMBER**

EUR MILLION

	Other liabilities/negative fair values from derivatives	Investment contracts/ FI classified at fair value through profit or loss	Investment contracts/ derivatives	Total amount of financial liabilities measured at fair value
2015				
Opening balance at 1.1.2015	189	158	5	352
Income and expenses				
recognised in the statement of income	9	—	—	9
recognised in other comprehensive income	—	—	—	—
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Additions				
Purchases	46	73	1	120
Disposals				
Sales	33	64	2	99
Exchange rate changes	12	2	—	14
Ending balance at 30.9.2015	205	169	4	378
2014				
Opening balance at 1.1.2014	117	89	10	216
Income and expenses				
recognised in the statement of income	2	–45	–2	–45
recognised in other comprehensive income	—	—	—	—
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Additions				
Purchases	49	20	3	72
Disposals				
Sales	—	10	8	18
Exchange rate changes	10	–1	—	9
Ending balance at 30.9.2014	174	143	7	324

¹⁾ The term “financial instruments” is abbreviated to “FI” in the following.

There were no liabilities issued with an inseparable third-party credit enhancement within the meaning of IFRS 13.98 as at the reporting date.

Income and expenses for the period that were recognised in the consolidated statement of income, including gains and losses on Level 3 assets and liabilities held in the portfolio at the end of the reporting period, are shown in the following table.

EFFECT ON PROFIT OR LOSS OF LEVEL 3 FINANCIAL INSTRUMENTS¹⁾ (FINANCIAL ASSETS) MEASURED AT FAIR VALUE

EUR MILLION

	Available for sale FI/variable- yield securities	FI classified at fair value through profit or loss	FI held for trading	Other investments	Investment contracts/FI classified at fair value through profit or loss	Investment contracts/ derivatives	Total financial assets measured at fair value
2015							
Gains and losses in financial year 2015 until 30.9.2015							
Investment income	—	3	3	5	47	4	62
Investment expenses	-12	-1	-4	-4	-47	-4	-72
of which attributable to financial instruments included in the portfolio as at 30.9.2015							
Investment income ²⁾	—	1	3	5	47	4	60
Investment expenses ³⁾	-12	-1	-4	-4	-47	-4	-72
2014							
Gains and losses in financial year 2014 until 30.9.2014							
Investment income	—	1	4	2	58	8	73
Investment expenses	-5	—	-4	-11	-13	-6	-39
of which attributable to financial instruments included in the portfolio as at 30.9.2014							
Investment income	—	1	4	2	58	8	73
Investment expenses	-5	—	-4	-11	-13	-6	-39

¹⁾ The term "financial instruments" is abbreviated to "FI" in the following.

²⁾ Of which EUR 60 (73) million attributable to unrealised gains.

³⁾ Of which EUR -56 (-31) million attributable to unrealised losses.

EFFECT ON PROFIT OR LOSS OF LEVEL 3 FINANCIAL INSTRUMENTS¹⁾ (FINANCIAL LIABILITIES) MEASURED AT FAIR VALUE

EUR MILLION

	Other liabilities/negative fair values from derivatives	Investment contracts/ FI classified at fair value through profit or loss	Investment contracts/ derivatives	Total amount of financial liabilities measured at fair value
2015				
Gains and losses in financial year 2015 until 30.9.2015				
Investment income	11	47	4	62
Investment expenses	—	–47	–4	–51
Financing costs	–2	—	—	–2
of which attributable to financial instruments included in the portfolio as at 30.9.2015				
Investment income ²⁾	11	47	4	62
Investment expenses ³⁾	—	–47	–4	–51
Financing costs ⁴⁾	–2	—	—	–2
2014				
Gains and losses in financial year 2014 until 30.9.2014				
Investment income	4	13	6	23
Investment expenses	—	–58	–8	–66
Financing costs	–2	—	—	–2
of which attributable to financial instruments included in the portfolio as at 30.9.2014				
Investment income	4	13	6	23
Investment expenses	—	–58	–8	–66
Financing costs	–2	—	—	–2

¹⁾ The term “financial instruments” is abbreviated to “FI” in the following.²⁾ Of which EUR 62 (23) million attributable to unrealised gains.³⁾ Of which EUR –51 (–66) million attributable to unrealised losses.⁴⁾ Of which EUR –2 (–2) million attributable to unrealised losses.**MEASUREMENT PROCESS**

The measurement process consists of using either publicly available prices in active markets or measurements with economically established models that are based on observable inputs in order to ascertain the fair value of financial investments (Level 1 and Level 2 assets). For assets for which publicly available prices or observable market data are not available (Level 3 assets), measurements are primarily made on the basis of documented measurements prepared by independent professional experts (e.g. audited net asset value) that have previously been subjected to systematic plausibility checks. The organisational unit entrusted with measuring investments is independent from the organisational units that enter into investment risks, thus ensuring the separation of functions and responsibilities. The measurement processes and methods are documented in full. Decisions on measurement questions are taken by the Talanx Valuation Committee, which meets monthly.

We do not make use of the portfolio measurement option allowed by IFRS 13.48.

Fair value measurement: As a general rule, fair value is the price that the Group would receive on the sale of an asset or pay on the transfer of a liability in an orderly transaction between market participants at the measurement date. The fair value of securities is therefore generally determined on the basis of current, publicly available, unadjusted market prices. Where prices are quoted on markets for financial instruments, the bid price is used. Financial liabilities are measured at the ask price. Securities for which no current market price is available are measured on the basis of current and observable market data using established financial models. Such models are used principally to measure unlisted securities.

The Group uses several valuation models to measure fair value:

VALUATION MODELS USED TO MEASURE FAIR VALUE

Financial instrument	Pricing method	Inputs	Pricing model
Fixed-income securities			
Unlisted plain vanilla bonds	Theoretical price	Yield curve	Present value method
Unlisted structured bonds	Theoretical price	Yield curve, volatility surfaces, correlations	Hull-White, Black-Karasinski, Libor market model, etc.
ABSs/MBs for which no market prices are available	Theoretical price	Prepayment speed, incurred losses, default probabilities, recovery rates	Present value method
CDOs/CLOs	Theoretical price	Prepayment speed, risk premiums, default rates, recovery rates, redemptions	Present value method
Equities and funds			
Unlisted equities	Theoretical price	Cost, cash flows, EBIT multiples, expert opinions, carrying amount where applicable	NAV method ¹⁾
Unlisted equity, real estate and bond funds	Theoretical price	Audited net asset value (NAV) ¹⁾	NAV method ¹⁾
Other investments			
Private equity funds/private equity real estate funds	Theoretical price	Audited net asset value (NAV) ¹⁾	NAV method ¹⁾
Derivative financial instruments			
Listed equity options	Listed price	—	—
Equity and index futures	Listed price	—	—
Interest rate and bond futures	Listed price	—	—
Plain vanilla interest rate swaps	Theoretical price	Yield curve	Present value method
Currency forwards	Theoretical price	Yield curve, spot and forward rates	Interest parity model
OTC equity options, OTC equity index options	Theoretical price	Listed price of the underlying, implied volatilities, money market rate, dividend yield	Black-Scholes
FX options	Theoretical price	Spot rates, exchange rates, implied volatilities	Garman/Kohlhagen
Interest rate futures (forward purchases)	Theoretical price	Yield curve	Present value method
Inflation swaps	Theoretical price	Inflation swap rates (consumer price index), historical index fixings, yield curve	Present value method with seasonality adjustment
Swaptions	Theoretical price	Yield curve, implied volatilities	Black76
Credit default swaps	Theoretical price	Yield curves, recovery rates	ISDA model
Insurance derivatives	Theoretical price	Fair values of CAT bonds, yield curve	Present value method
Other			
Real estate	Theoretical value	Location, year of construction, rental space, type of use, term of leases, amount of rent	Extended discounted cash flow method

¹⁾ NAV: net asset value.

ADDITIONAL INFORMATION ABOUT THE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS

EUR MILLION

	Fair value at 30.9.2015	Fair value at 31.12.2014	Valuation technique	Unobservable inputs	Fluctuation (weighted average)
CDOs/CLOs ¹⁾	31	27	Present value method	Prepayment speed, risk premiums, default rates, recovery rates, redemptions	n.a. ⁴⁾
Unlisted equity, real estate and bond funds ²⁾	875	706	NAV method ³⁾	n.a.	n.a.
Private equity funds/private equity real estate funds ²⁾	1,832	1,485	NAV method ³⁾	n.a.	n.a.
Written put options for minority interests ²⁾	56	52	Reduced NAV method ³⁾	Risk-free interest rate	5.6% (5.6%)
Unlisted bond funds ²⁾	5	33	NAV method ³⁾	n.a.	n.a.
Insurance contracts ¹⁾	232	248	Present value method	Fair values of CAT bonds, yield curve, technical parameters	n.a. ⁴⁾
Investment contracts	346	326	—	—	—

¹⁾ These financial instruments are classified in Level 3, since unobservable inputs were used to measure them.

²⁾ These financial instruments are classified in Level 3, since they are neither based on market prices nor measured by the Group on the basis of observable inputs. They are measured using the NAV method.

³⁾ NAV: net asset value – alternative inputs within the meaning of IFRS 13 cannot be reasonably established.

⁴⁾ Fluctuations cannot be reasonably established without disproportionate effort due to the distinct character of the individual inputs.

If Level 3 financial instruments are measured using models in which the use of reasonable alternative inputs leads to a material change in fair value, IFRS 7 requires disclosure of the effects of these alternative assumptions. Of the Level 3 financial instruments with fair values amounting to a total of EUR 3.4 (2.9) billion at the reporting date, the Group generally measured financial instruments with a volume of EUR 2.8 (2.3) billion using the net asset value method, under which alternative inputs within the meaning of the standard cannot reasonably be established. In addition, assets from investment contracts in the amount of EUR 173 (163) million are offset by liabilities from investment contracts in the same amount. Since assets and liabilities

completely offset each other and trend similarly in value, we have elected to dispense with a scenario analysis. Insurance underwriting contracts in the amount of EUR 232 (248) million are recognised in Level 3. The change in the value of these contracts depends on the change in the risk characteristics of an underlying group of primary insurance contracts with statutory reserve requirements. The use of alternative inputs and assumptions had no material effect on the consolidated financial statements. For the remaining Level 3 financial instruments with a volume of EUR 31 (27) million, the effects of alternative inputs and assumptions are immaterial.

(7) EQUITY**SUBSCRIBED CAPITAL**

The share capital of Talanx AG is unchanged at EUR 316 million and is composed of 252,797,634 no-par value registered shares. The share capital is fully paid up. For information on the composition of the equity, see the "Consolidated statement of changes in equity".

There were no changes in the reporting period in the composition of contingent and authorised capital. We refer at this point to the explanatory notes in our consolidated financial statements 2014 (page 255 ff.).

NON-CONTROLLING INTERESTS**NON-CONTROLLING INTERESTS**

EUR MILLION

	30.9.2015	31.12.2014
Unrealised gains and losses on investments	670	890
Share of net income	469	599
Other equity	3,831	3,413
Total	4,970	4,902

"Non-controlling interests in equity" refers principally to shares held by non-Group shareholders in the equity of the Hannover Re subgroup.

(8) SUBORDINATED LIABILITIES**COMPOSITION OF LONG-TERM SUBORDINATED DEBT**

EUR MILLION

	Nominal amount	Coupon	Maturity	Rating ⁵⁾	30.9.2015	31.12.2014
Hannover Finance (Luxembourg) S.A.	500	Fixed (5%), then floating rate	2005/without maturity	(a; A)	—	498
Hannover Finance (Luxembourg) S.A.	500	Fixed (5.75%), then floating rate	2010/2040	(a+; A)	498	498
Hannover Finance (Luxembourg) S.A.	500	Fixed (5.0%), then floating rate	2012/2043	(a+; A)	497	497
Hannover Rück SE ¹⁾	450	Fixed (3.375%), then floating rate	2014/without maturity	(a; A)	444	444
HDI Lebensversicherung AG (formerly HDI-Gerling Lebensversicherung AG) ²⁾	110	Fixed (6.75%)	2005/without maturity	(—; A—)	—	110
Talanx Finanz ³⁾	113	Fixed (4.5%)	2005/2025	(bbb+; BBB)	—	112
Talanx Finanz	500	Fixed (8.37%), then floating rate	2012/2042	(bbb+; BBB)	500	500
Other ⁴⁾	4	between 2.5% plus WIBOR 3M and 7.57%	between 2018 and 2025	(—; —)	4	2
Total					1,943	2,661

¹⁾ At the reporting date, Group companies additionally held bonds with a nominal value of EUR 50 million (consolidated in the consolidated financial statements).

²⁾ At the repayment date, Group companies additionally held bonds with a nominal value of EUR 50 million (of which EUR 10 million was consolidated in the consolidated financial statements, with the remaining EUR 40 million being blocked).

³⁾ At the repayment date, Group companies additionally held bonds with a nominal value of EUR 96 million (consolidated in the consolidated financial statements).

⁴⁾ Not included in the calculation of Group solvency.

⁵⁾ (Debt Rating A. M. Best; Debt Rating S&P).

For additional information on the features of the bonds, please refer to the published 2014 Annual Report, page 258.

The subordinated bond issued in 2005 by Hannover Finance (Luxembourg) S.A. in the amount of EUR 500 million was called in the entire nominal amount by the issuer effective as at the first regular redemption date and repaid on 1 June 2015.

The subordinated bonds of HDI Lebensversicherung AG (nominal outstanding amount: EUR 120 million, of which EUR 10 million was issued internally in the Group) and of Talanx Finanz (Luxembourg) S.A. (nominal amount EUR 209 million, of which EUR 96 million was issued internally in the Group), both of which were issued in 2005, were both repaid in full at the first redemption date on 30 June 2015.

The fair value of the subordinated liabilities amounted to EUR 2,198 (3,023) million at the reporting date.

(9) TECHNICAL PROVISIONS

TECHNICAL PROVISIONS

EUR MILLION

	Gross	Re	Net	Gross	Re	Net
	30.9.2015			31.12.2014		
a. Unearned premium reserve	7,686	819	6,867	6,316	662	5,654
b. Benefit reserve	55,070	1,388	53,682	52,679	1,185	51,494
c. Loss and loss adjustment expense reserve	39,903	5,646	34,257	37,256	5,222	32,034
d. Provision for premium refunds	4,330	2	4,328	4,484	1	4,483
e. Other technical provisions	372	5	367	374	7	367
Total	107,361	7,860	99,501	101,109	7,077	94,032

Technical provisions where the investment risk is borne by the policyholders amounted to EUR 9,598 (9,426) million; the reinsurers' share of this total amounts to EUR 316 (293) million.

(10) NOTES PAYABLE AND LOANS

The following items were reported under this heading at the reporting date:

NOTES PAYABLE AND LOANS

EUR MILLION

	30.9.2015	31.12.2014
Talanx AG notes payable	1,065	1,065
Mortgage loans of Hannover Re Real Estate Holdings, Inc., Orlando	203	183
Mortgage loans of HR GLL Central Europe GmbH & Co. KG, Munich	101	101
Loans from infrastructure investments	68	—
Total	1,437	1,349

Talanx AG entered into agreements on two syndicated, variable-rate credit lines with a total nominal value of EUR 1.2 billion and a term of five years in 2011, which were supplemented in 2012. One of these two credit lines from 2011 (EUR 500 million) was replaced in the first quarter of 2014 by a new credit line, again with a term of five years, at improved terms and with an increased volume of EUR 550 million. This means that there were credit lines with a total nominal value of EUR 1.25 billion as at 30 June 2015. They had not been drawn down at the reporting date.

The fair value of notes payable and loans amounted to EUR 1,509 (1,447) million at the reporting date.

NOTES PAYABLE

EUR MILLION

	Nominal amount	Coupon	Maturity	Rating ¹⁾	Issue	30.9.2015	31.12.2014
Talanx AG ²⁾	565	Fest (3.125 %)	2013/2023	(—; A—)	These senior unsecured bonds have a fixed term and may only be called for extraordinary reasons.	565	565
Talanx AG	500	Fest (2.5 %)	2014/2026	(—; A—)	These senior unsecured bonds have a fixed term and may only be called for extraordinary reasons.	500	500
Gesamt						1,065	1,065

¹⁾ (Debt Rating A. M. Best; Debt Rating s&p).

²⁾ At the reporting date, Group companies additionally held bonds with a nominal value of EUR 185 million.

VII. NOTES TO INDIVIDUAL ITEMS OF THE CONSOLIDATED STATEMENT OF INCOME

(11) NET PREMIUMS EARNED

Gross premiums written include the savings elements of premiums for unit-linked life and annuity insurance. These savings elements are eliminated from net premiums earned.

NET PREMIUMS EARNED

EUR MILLION

	Industrial Lines	Retail Germany	Retail International	Non-Life Reinsurance	Life/Health Reinsurance	Corporate Operations	Total
9M 2015¹⁾							
Gross written premiums, including premiums from unit-linked life and annuity insurance	3,379	5,094	3,462	6,903	5,517	—	24,355
Savings elements of premiums from unit-linked life and annuity insurance	—	692	163	—	—	—	855
Ceded written premiums	1,279	68	248	808	694	8	3,105
Change in gross unearned premiums	–259	–206	–206	–572	–18	—	–1,261
Reinsurers' share in change in gross unearned premiums	–44	—	–1	–65	—	–2	–112
Net premiums earned	1,885	4,128	2,846	5,588	4,805	–6	19,246
9M 2014¹⁾							
Gross written premiums, including premiums from unit-linked life and annuity insurance	3,145	5,036	3,307	5,714	4,530	—	21,732
Savings elements of premiums from unit-linked life and annuity insurance	—	727	74	—	—	—	801
Ceded written premiums	1,268	115	167	620	715	7	2,892
Change in gross unearned premiums	–304	–212	–159	–325	–24	—	–1,024
Reinsurers' share in change in gross unearned premiums	–49	–11	–8	–46	—	–2	–116
Net premiums earned	1,622	3,993	2,915	4,815	3,791	–5	17,131

¹⁾ After elimination of intragroup cross-segment transactions.

(12) NET INVESTMENT INCOME**NET INVESTMENT INCOME IN THE REPORTING PERIOD**

EUR MILLION

	Industrial Lines	Retail Germany	Retail International	Non-Life Reinsurance	Life/Health Reinsurance	Corporate Operations	Total
9M 2015¹⁾							
Income from real estate	3	48	1	87	—	—	139
Dividends ²⁾	7	8	2	6	—	8	31
Current interest income	138	1,117	224	506	189	2	2,176
Other income	11	51	—	80	43	—	185
Ordinary investment income	159	1,224	227	679	232	10	2,531
Income from reversal of impairment losses	2	2	—	—	—	—	4
Realised gains on disposal of investments	57	334	50	116	86	—	643
Unrealised gains on investments	3	5	17	—	20	—	45
Investment income	221	1,565	294	795	338	10	3,223
Realised losses on disposal of investments	28	59	15	45	30	—	177
Unrealised losses on investments	5	11	12	—	29	—	57
Total	33	70	27	45	59	—	234
Depreciation of/impairment losses on investment property							
Depreciation	1	11	—	17	—	—	29
Impairment losses	1	—	—	—	—	—	1
Impairment losses on equity securities	5	7	6	1	—	—	19
Impairment losses on fixed-income securities	16	40	1	2	—	1	60
Impairment losses on other investments							
Depreciation	1	7	—	—	—	—	8
Impairment losses	—	7	—	4	—	—	11
Investment management expenses	4	12	4	16	3	59	98
Other expenses	1	24	7	24	5	—	61
Other investment expenses/impairment losses	29	108	18	64	8	60	287
Investment expenses	62	178	45	109	67	60	521
Net income from investments under own management	159	1,387	249	686	271	–50	2,702
Net income from investment contracts	—	—	6	—	—	—	6
Interest income from funds withheld and contract deposits	1	1	—	19	349	—	370
Interest expense from funds withheld and contract deposits	—	10	—	3	76	—	89
Net interest income from funds withheld and contract deposits	1	–9	—	16	273	—	281
Net investment income	160	1,378	255	702	544	–50	2,989

¹⁾ After elimination of intragroup cross-segment transactions.²⁾ Income from investments in associates and joint ventures amounted to EUR 8 (11) million and is reported in "Dividends".

NET INVESTMENT INCOME IN THE PREVIOUS PERIOD

EUR MILLION

	Industrial Lines	Retail Germany	Retail International	Non-Life Reinsurance	Life/Health Reinsurance	Corporate Operations	Total
9M 2014¹⁾							
Income from real estate	3	47	1	63	—	—	114
Dividends	8	8	2	7	—	11	36
Current interest income	138	1,156	209	485	172	2	2,162
Other income	8	13	—	58	9	—	88
Ordinary investment income	157	1,224	212	613	181	13	2,400
Income from reversal of impairment losses	7	3	—	—	—	—	10
Realised gains on disposal of investments	59	298	39	121	35	—	552
Unrealised gains on investments	9	24	20	7	7	1	68
Investment income	232	1,549	271	741	223	14	3,030
Realised losses on disposal of investments	17	29	10	11	8	—	75
Unrealised losses on investments	4	6	13	10	12	1	46
Total	21	35	23	21	20	1	121
Depreciation of/impairment losses on investment property							
Depreciation	1	10	—	14	—	—	25
Impairment losses	—	—	—	—	—	—	—
Impairment losses on equity securities	—	1	1	—	—	—	2
Impairment losses on fixed-income securities	—	3	—	—	—	—	3
Impairment losses on other investments							
Depreciation	—	—	—	—	—	—	—
Impairment losses	—	5	—	3	—	—	8
Investment management expenses	4	12	3	17	2	55	93
Other expenses	1	24	7	23	5	—	60
Other investment expenses/impairment losses	6	55	11	57	7	55	191
Investment expenses	27	90	34	78	27	56	312
Net income from investments under own management	205	1,459	237	663	196	–42	2,718
Net income from investment contracts	—	—	7	—	—	—	7
Interest income from funds withheld and contract deposits	—	—	—	18	360	—	378
Interest expense from funds withheld and contract deposits	—	10	—	3	94	—	107
Net interest income from funds withheld and contract deposits	—	–10	—	15	266	—	271
Net investment income	205	1,449	244	678	462	–42	2,996

¹⁾ After elimination of intragroup cross-segment transactions.

Of the impairment losses totalling EUR 91 (13) million, EUR 60 (3) million was attributable to fixed-income securities, EUR 19 (2) million to equities and EUR 8 (5) million to real estate and real estate funds. Reversals of impairment losses on investments that had been written down in previous periods amounted to EUR 4 (10) million.

We recognise a derivative (Life/Health Reinsurance segment) for the credit risk associated with special life reinsurance contracts (ModCo) under which securities accounts are held by cedants in our name. Changes in the value of this derivative in the reporting

period resulted in unrealised losses of EUR 19 (2) million, which are recognised in profit or loss. The inflation swaps (Non-Life Reinsurance segment) we entered into in 2010 to hedge a portion of the inflation risk exposure of our technical loss reserves did not result in any (EUR –4 million) amount recognised in profit or loss, as these contracts expired or were closed out in the course of the second quarter. In future, we will hedge this risk solely using bonds already contained in the portfolio, as their coupon payments are protected against inflation.

(13) NET INVESTMENT INCOME BY ASSET CLASS**NET INVESTMENT INCOME BY ASSET CLASS**

EUR MILLION

	9M 2015	9M 2014
Shares in affiliated companies and participating interests	9	-1
Loans and receivables	902	1,053
Financial instruments held to maturity	71	85
Financial instruments available for sale		
Fixed-income securities	1,531	1,389
Variable-yield securities	38	60
Financial instruments at fair value through profit or loss		
Financial instruments classified at fair value through profit or loss		
Fixed-income securities	53	63
Variable-yield securities	1	4
Financial instruments held for trading		
Fixed-income securities	—	—
Variable-yield securities	—	9
Derivatives	-35	-3
Other investments, insofar as they are financial instruments	150	98
Other ¹⁾	141	114
Total investments under own management	2,861	2,871
Investment contracts: investments/liabilities ²⁾	6	7
Funds withheld by ceding companies/funds withheld under reinsurance treaties	281	271
Total	3,148	3,149

¹⁾ For the purposes of reconciliation to the consolidated statement of income, the "Other" item combines the gains on investment property, associates and joint ventures, and derivative financial instruments where the fair values are negative. Derivatives held for hedging purposes included in hedge accounting are not included in the list if they do not relate to hedges of investments.

²⁾ Includes income and expenses (net) from the management of investment contracts amounting to EUR 0 million. Financial instruments (assets/liabilities) at fair value through profit or loss account for income of EUR 34 million and expenses of EUR 12 million, while loans and receivables and other liabilities account for income of EUR 15 million and expenses of EUR -46 million. In addition, expenses include amortisation of PVFP amounting to EUR -9 million.

Including investment management expenses of EUR 98 (93) million and other expenses of EUR 61 (60) million, net investment income at the reporting date totalled EUR 2,989 (2,996) million.

(14) CLAIMS AND CLAIMS EXPENSES**CLAIMS AND CLAIMS EXPENSES**

EUR MILLION

	Industrial Lines	Retail Germany	Retail International	Non-Life Reinsurance	Life/Health Reinsurance	Corporate Operations	Total
9M 2015¹⁾							
Gross							
Claims and claims expenses paid	2,161	2,624	1,767	3,388	4,228	—	14,168
Change in loss and loss adjustment expense reserve	242	102	247	811	329	—	1,731
Change in benefit reserve	—	1,077	262	—	271	—	1,610
Expenses for premium refunds	5	667	4	—	—	—	676
Total	2,408	4,470	2,280	4,199	4,828	—	18,185
Reinsurers' share							
Claims and claims expenses paid	768	80	123	263	464	—	1,698
Change in loss and loss adjustment expense reserve	147	7	134	41	2	—	331
Change in benefit reserve	—	—37	—4	—	131	—	90
Expenses for premium refunds	1	—	—	—	—	—	1
Total	916	50	253	304	597	—	2,120
Net							
Claims and claims expenses paid	1,393	2,544	1,644	3,125	3,764	—	12,470
Change in loss and loss adjustment expense reserve	95	95	113	770	327	—	1,400
Change in benefit reserve	—	1,114	266	—	140	—	1,520
Expenses for premium refunds	4	667	4	—	—	—	675
Total	1,492	4,420	2,027	3,895	4,231	—	16,065

¹⁾ After elimination of intragroup cross-segment transactions.

CLAIMS AND CLAIMS EXPENSES

EUR MILLION

	Industrial Lines	Retail Germany	Retail International	Non-Life Reinsurance	Life/Health Reinsurance	Corporate Operations	Total
9M 2014 ¹⁾							
Gross							
Claims and claims expenses paid	1,987	2,878	1,440	3,048	3,532	—	12,885
Change in loss and loss adjustment expense reserve	311	41	187	615	239	—	1,393
Change in benefit reserve	—	649	630	—	154	—	1,433
Expenses for premium refunds	3	679	4	—	—	—	686
Total	2,301	4,247	2,261	3,663	3,925	—	16,397
Reinsurers' share							
Claims and claims expenses paid	827	110	79	459	455	—	1,930
Change in loss and loss adjustment expense reserve	182	–19	42	–141	53	–1	116
Change in benefit reserve	—	–12	1	—	112	—	101
Expenses for premium refunds	—	—	1	—	—	—	1
Total	1,009	79	123	318	620	–1	2,148
Net							
Claims and claims expenses paid	1,160	2,768	1,361	2,589	3,077	—	10,955
Change in loss and loss adjustment expense reserve	129	60	145	756	186	1	1,277
Change in benefit reserve	—	661	629	—	42	—	1,332
Expenses for premium refunds	3	679	3	—	—	—	685
Total	1,292	4,168	2,138	3,345	3,305	1	14,249

¹⁾ After elimination of intragroup cross-segment transactions.

(15) ACQUISITION COSTS AND ADMINISTRATIVE EXPENSES**ACQUISITION COSTS AND ADMINISTRATIVE EXPENSES**

EUR MILLION

	Industrial Lines	Retail Germany	Retail International	Non-Life Reinsurance	Life/Health Reinsurance	Corporate Operations	Total
9M 2015¹⁾							
Gross							
Acquisition costs and reinsurance commissions	410	683	741	1,522	834	—	4,190
Changes in deferred acquisition costs and in provisions for commissions	–49	–7	–90	–128	–24	—	–298
Total acquisition costs	361	676	651	1,394	810	—	3,892
Administrative expenses	216	214	145	162	149	1	887
Total acquisition costs and administrative expenses	577	890	796	1,556	959	1	4,779
Reinsurers' share							
Acquisition costs and reinsurance commissions	174	8	47	142	66	—	437
Changes in deferred acquisition costs and in provisions for commissions	–21	8	–7	–10	–16	—	–46
Total acquisition costs	153	16	40	132	50	—	391
Net							
Acquisition costs and reinsurance commissions	236	675	694	1,380	768	—	3,753
Changes in deferred acquisition costs and in provisions for commissions	–28	–15	–83	–118	–8	—	–252
Total acquisition costs	208	660	611	1,262	760	—	3,501
Administrative expenses	216	214	145	162	149	1	887
Total acquisition costs and administrative expenses	424	874	756	1,424	909	1	4,388
9M 2014¹⁾							
Gross							
Acquisition costs and reinsurance commissions	389	648	685	1,299	702	—	3,723
Changes in deferred acquisition costs and in provisions for commissions	–26	173	–56	–71	–23	—	–3
Total acquisition costs	363	821	629	1,228	679	—	3,720
Administrative expenses	187	221	128	147	130	1	814
Total acquisition costs and administrative expenses	550	1,042	757	1,375	809	1	4,534
Reinsurers' share							
Acquisition costs and reinsurance commissions	171	11	26	92	84	—	384
Changes in deferred acquisition costs and in provisions for commissions	6	9	10	–5	–14	—	6
Total acquisition costs	177	20	36	87	70	—	390
Net							
Acquisition costs and reinsurance commissions	218	637	659	1,207	618	—	3,339
Changes in deferred acquisition costs and in provisions for commissions	–32	164	–66	–66	–9	—	–9
Total acquisition costs	186	801	593	1,141	609	—	3,330
Administrative expenses	187	221	128	147	130	1	814
Total acquisition costs and administrative expenses	373	1,022	721	1,288	739	1	4,144

¹⁾ After elimination of intragroup cross-segment transactions.

(16) OTHER INCOME/EXPENSES**COMPOSITION OF OTHER INCOME/EXPENSES**

EUR MILLION

	9M 2015	9M 2014
Other income		
Foreign exchange gains	513	258
Income from services, rents and commissions	194	189
Recoveries on receivables previously written off	12	10
Income from contracts recognised in accordance with the deposit accounting method	69	54
Income from the divestiture of tangible fixed assets	10	—
Income from the reversal of other non-technical provisions	16	16
Interest income	43	33
Miscellaneous income	60	51
Total	917	611
Other expenses		
Foreign exchange losses	367	211
Other interest expenses	85	96
Depreciation, amortisation and impairment losses	78	69
Expenses for the company as a whole	180	198
Personnel expenses	43	33
Expenses for services and commissions	93	111
Expenses from contracts recognised in accordance with the deposit accounting method	17	11
Other taxes	32	32
Additions to restructuring provisions	5	1
Miscellaneous other expenses	56	48
Total	956	810
Other income/expenses	−39	−199

Other income/expenses in the reporting period do not include any material income from the reversal of restructuring provisions.

VIII. OTHER DISCLOSURES**NUMBER OF EMPLOYEES****AVERAGE NUMBER OF EMPLOYEES IN THE REPORTING PERIOD**

	30.9.2015	31.12.2014
Industrial Lines	3,198	3,061
Retail Germany	4,972	5,082
Retail International	8,120	7,432
Reinsurance companies	2,549	2,475
Corporate Operations	2,781	2,836
Total excluding vocational trainees	21,620	20,886
Vocational trainees	559	540
Total	22,179	21,426

The increase in the number of employees in the Retail International segment is primarily due to the acquisition of the Magallanes group (Chile).

The Talanx Group's total workforce at the reporting date numbered 20,428 (19,819); this figure is calculated as full-time equivalents.

RELATED PARTY DISCLOSURES

Related parties in the Talanx Group include HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit (HDI V.a.G.), Hannover, which directly holds the majority of the shares of Talanx AG, all subsidiaries that are not consolidated on the grounds of insignificance, as well as associates and joint ventures. In addition, there are the provident funds that pay benefits in favour of employees of Talanx AG or one of its related parties after termination of their employment. Individuals classed as related parties are the members of the Board of Management and the Supervisory Board of Talanx AG and HDI V.a.G.

Transactions between Talanx AG and its subsidiaries are eliminated in the course of consolidation and hence not disclosed in the Notes.

In connection with operating activities, there is a contractual relationship between Ampega Investment GmbH, Cologne, and C-QUADRAT Investment AG, Vienna (an associate accounted for using the equity method in the consolidated financial statements), that governs the outsourcing of the portfolio management of special investment funds. At the reporting date, this resulted in expenses for services rendered amounting to EUR 15 million.

There is also a reinsurance treaty in the amount of EUR 4 million between Hannover Rück SE Malaysian Branch, Kuala Lumpur, Malaysia and Petro Vietnam Insurance Holdings, Hanoi, Vietnam.

The neue leben Lebensversicherung AG, Cologne, acquired an asset exposure from the subordinated loan issued by neue leben Pensionskasse AG, Cologne, in the amount of EUR 13 million.

Other business relationships with unconsolidated companies, associates or joint ventures are insignificant overall.

In addition, there are contracts for services with a company in which a member of the Supervisory Board is invested. Revenues generated with Group companies under these contracts during the reporting period were well below EUR 0.1 million.

OTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

The Group enters into securities lending and repo transactions. The Group retained all material risks and opportunities associated with ownership of the transferred financial assets as at the reporting date. Investments in the "Financial instruments available for sale" category were affected by these transactions as at the reporting date. The carrying amount of the financial assets transferred in connection with securities lending transactions is EUR 900 million. The assets transferred in connection with repo transactions and the corresponding liabilities have a carrying amount of EUR 157 million. The fair values correspond to the carrying amounts. The components of these transactions recognised as income are presented under "Net investment income".

LITIGATION

We were not involved in any significant new litigation in the reporting period and at the end of the reporting period in comparison to 31 December 2014.

EARNINGS PER SHARE

Earnings per share are calculated by dividing net income attributable to the shareholders of Talanx AG by the average number of outstanding shares. There were no dilutive effects, which have to be recognised separately when calculating earnings per share, either at the reporting date or in the previous year. In the future, earnings per share may be potentially diluted as a result of the share or rights issues from contingent or authorised capital.

EARNINGS PER SHARE

	9M 2015	9M 2014	Q3 2015	Q3 2014
Net income attributable to shareholders of Talanx AG for calculating earnings per share (EUR million)	488	530	177	149
Weighted average number of ordinary shares outstanding	252,797,634	252,797,634	252,797,634	252,797,634
Basic earnings per share (EUR)	1.93	2.10	0.70	0.59
Diluted earnings per share (EUR)	1.93	2.10	0.70	0.59

DIVIDEND PER SHARE

In the second quarter of 2015, a dividend of EUR 1.25 per share was paid for financial year 2014 (in 2014 for financial year 2013: EUR 1.20), resulting in a total distribution of EUR 316 (303) million.

CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

At the reporting date, there were the following contingent liabilities and other financial commitments attributable to contracts and memberships that had been entered into, as well as to taxes:

CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS FROM CONTRACTS, MEMBERSHIPS AND TAXES

EUR MILLION

	30.9.2015	31.12.2014
Trust accounts in the USA (Master Trust Funds, Supplement Trust Funds and Single Trust Funds) as collateral for technical liabilities in relation to US cedants ¹⁾ (this amount includes a converted total of EUR 1,249 (329) million, which is provided as collateral for technical liabilities arising from ILS transactions by investors)	5,422	4,177
Sureties in the form of letters of credit furnished by various credit institutions as security for technical liabilities	3,074	2,956
Guarantees for subordinated bonds issued: the guarantees cover the relevant bond volumes as well as interest due	1,500	2,112
Blocked custody accounts and other trust accounts as collateral in favour of reinsurers and cedants; generally outside the USA ¹⁾	2,850	2,750
Outstanding capital commitments with respect to existing investment exposures: the commitments primarily involve private equity funds and venture capital firms in the form of partnerships	1,805	1,380
Commitments under rental/lease agreements ²⁾	454	454
Funding commitments and contribution payments in accordance with sections 124 ff. of the Insurance Supervision Act (VAG) as a member of the Statutory Guarantee Fund for Life Insurance Undertakings	457	457
Collateral for liabilities to various credit institutions in connection with investments in real estate companies and real estate transactions	594	574
Other financial commitments from planned business combinations	—	245
Commitments under service agreements – primarily in connection with IT outsourcing contracts	142	143
Assets in blocked custody accounts as collateral for existing derivative transactions: we have received collateral with a fair value of EUR 37 (13) million for existing derivative transactions ³⁾	60	79
Other commitments ⁴⁾	59	61
Total	16,417	15,388

¹⁾ The securities held in the trust accounts are predominantly recognised as “Financial instruments available for sale” in the portfolio of investments. The amount disclosed refers primarily to the fair value/carrying amount.

²⁾ Fresh data is collected only at year-end.

³⁾ The amount disclosed refers primarily to the fair value/carrying amount.

⁴⁾ Other commitments include EUR 42 (42) million attributable to tax litigation and EUR 9 (13) million attributable to other litigation.

There were no other significant changes in contingent liabilities and other financial commitments in the reporting period compared with 31 December 2014.

EVENTS AFTER THE END OF THE REPORTING PERIOD

With a contract dated 8 October 2015, the Talanx Group participated as the consortium leader of a group of institutional investors in a registered debt security with a volume of EUR 556 million, in order to finance the offshore wind farm Gode Wind 1. Arising from this bond, securities with a total value of approx. EUR 300 million were subscribed by consolidated subsidiaries of Talanx.

The Talanx Group concluded a service agreement with IBM on 30 October 2015 for the consolidation of the Talanx data centres. IBM will therefore take over the operation of the data centres and enhance it in as what is known as a “platform as a service” offering. With this agreement, IBM and Talanx are expanding their existing strategic partnership. This is an important step towards improving our IT service range and our IT cost efficiency even further.

Prepared and hence authorised for publication in Hannover on 6 November 2015.

Board of Management



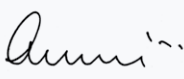
Herbert K Haas,
Chairman



Dr Christian Hinsch,
Deputy Chairman



Torsten Leue



Dr Immo Querner



Ulrich Wallin



Dr Jan Wicke

REVIEW REPORT

TO TALANX AKTIENGESELLSCHAFT, HANNOVER

We have reviewed the interim consolidated financial statements – comprising the balance sheet, statement of income, statement of comprehensive income, statement of changes in equity, cash flow statement and selected explanatory notes – and the interim group management report of Talanx AG, Hannover, for the period from 1 January to 30 September 2015, which are components of the quarterly financial report in accordance with section 37x(3) of the German Securities Trading Act (WpHG). The preparation of the interim consolidated financial statements in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a review report on the interim consolidated financial statements and the group interim management report based on our review.

We performed our review of the interim consolidated financial statements and the group interim management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and that the interim group management report has not been prepared, in all material respects, in accordance

with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditors' report.

Based on our review, no matters have come to our attention that cause us to presume that the interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, or that the interim group management report has not been prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hannover, 6 November 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Jungsthöfel
Wirtschaftsprüfer
(German Public Auditor)

Czupalla
Wirtschaftsprüfer
(German Public Auditor)

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This English Interim Report is a translation of the original German text; the German version takes precedence in case of any discrepancies.

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FINANCIAL CALENDAR 2016

21 March 2016

Results Press Conference 2015

13 May 2016

Interim Report as at 31 March 2016

12 August 2016

Interim Report as at 30 June 2016

15 November 2016

Interim Report as at 30 September 2016

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