



somewhat
different

Conference Call on Interim Report 2/2013

Hannover, 7 August 2013

hannover **re**[®]

Favourable results for the first half of 2013

Solid top line growth and pleasing return on equity

Group

▶ Gross written premium:	EUR 7,227 m. (+4.9%)	▶ Growth driven by successful new business production in life and health
▶ Net premium earned:	EUR 6,192 m. (+6.3%)	
▶ Group net income:	EUR 408 m.	▶ In line to meet full year's guidance
▶ EPS:	EUR 3.38	
▶ RoE:	14.0%	▶ RoE remains well above our minimum target
▶ Shareholders' equity:	-7.2%	▶ Payment of 2012 dividend and effect of higher interest rates on OCI reduce shareholders' equity
▶ Book value per share:	EUR 46.40	

Non-life R/I

EBIT: EUR 549 m.

- ▶ Excellent C/R of 94.4% leads to 27.6% increase of EBIT
- ▶ Net major losses of EUR 260 m. (7.6% of NPE) slightly above budget
- ▶ Moderate growth due to competitive markets and strict adherence to margin requirements

Life and health R/I

EBIT: EUR 111 m.

- ▶ Double-digit top line growth (+11.4%) based on new business in many different areas
- ▶ Technical result below expectation due to Australian disability and US mortality business for U/W years 2004 and prior

Investments

NI: EUR 689 m.
RoI from AuM: 3.2%

- ▶ Conservative investment policy and low interest rate environment lead to a solid but reduced investment income
- ▶ Extraordinary investment income impacted by reduced market value of inflation swaps of EUR 39.7 m.

Pleasing top line growth and strong operating profit

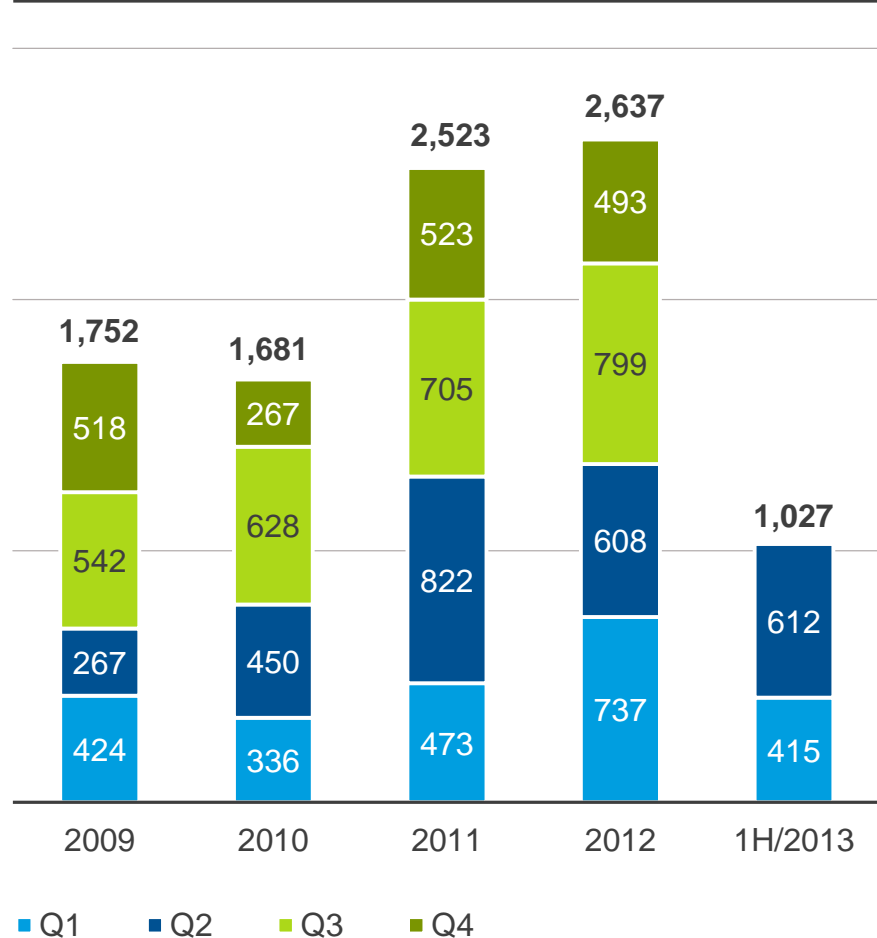
Half year result fully in line with yearly targets

Group figures in m. EUR	Q2/2012	Q2/2013	1H/2012	1H/2013	YTD
Gross written premium	3,378	3,469	6,888	7,227	<ul style="list-style-type: none"> ▶ Solid growth of +4.9% (f/x-adjusted +6.2%), mainly driven by life and health business ▶ NPE f/x-adjusted growth +7.7% ▶ Other income and expenses mainly driven by positive currency effects ▶ Tax ratio increased due to reduced income contributions from Bermudian and Irish subsidiaries
Net premium earned	3,009	3,111	5,825	6,192	
Net underwriting result	(14)	(23)	(13)	(6)	
- Incl. funds withheld	59	71	143	182	
Net investment income	269	334	709	689	
- From assets under own mgmt.	196	241	553	501	
- From funds withheld	73	94	156	188	
Other income and expenses	(51)	7	(99)	(13)	
Operating profit/loss (EBIT)	204	318	597	671	
Interest on hybrid capital	(25)	(32)	(51)	(63)	
Net income before taxes	179	286	547	608	
Taxes	(32)	(83)	(125)	(165)	
Net income	146	203	422	442	
- Non-controlling interests	2	17	16	35	
Group net income	144	186	405	408	
Retention	88.5%	90.1%	89.8%	90.0%	
EBIT margin (EBIT/Net premium earned)	6.8%	10.2%	10.3%	10.8%	
Tax ratio	18.1%	29.0%	22.9%	27.2%	
Earnings per share	1.19	1.54	3.36	3.38	

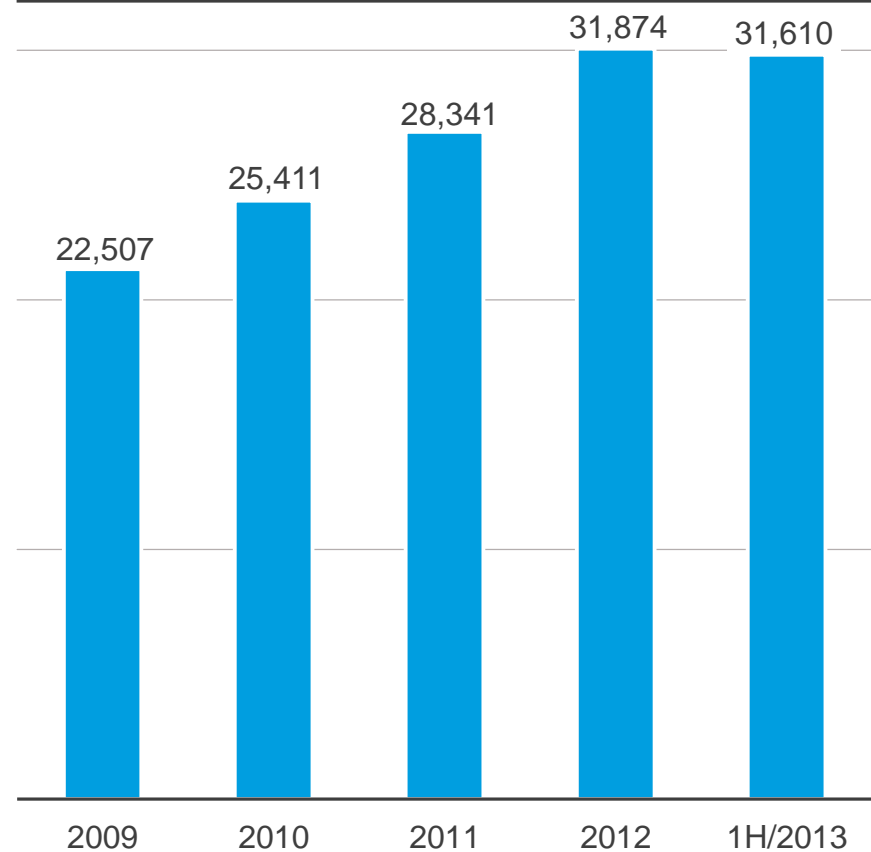
Continued positive cash flow

AuM affected by dividend payment and decrease in valuation reserves

Operating cash flow in m. EUR



Assets under own management (AuM) in m. EUR



Strong U/W result despite significant major losses

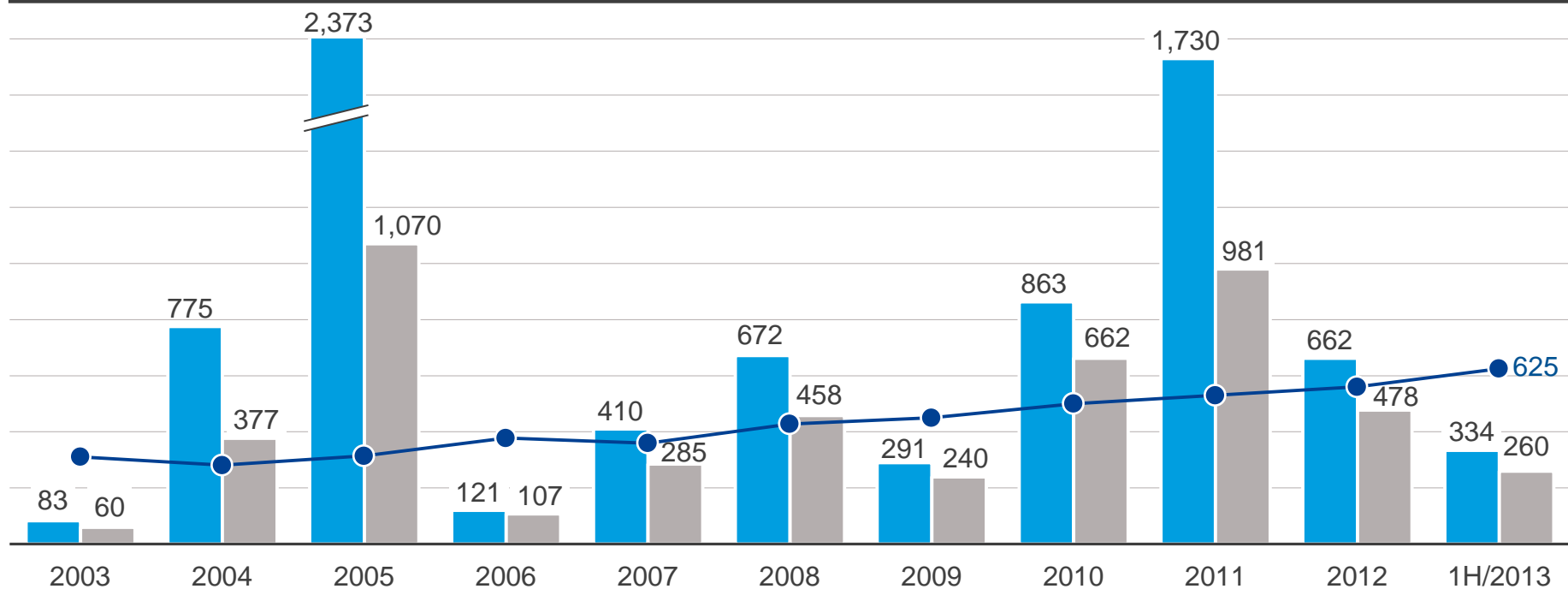
Competitive environment and selective U/W lead to only moderate growth

Non-life reinsurance in m. EUR	Q2/2012	Q2/2013	1H/2012	1H/2013	YTD
Gross written premium	1,963	1,899	4,080	4,097	▶ GWP f/x-adjusted growth +1.3%; mainly from US, Europe and specialty lines
Net premium earned	1,749	1,712	3,303	3,404	▶ NPE f/x-adjusted growth +4.0%
Net underwriting result incl. funds withheld	55	90	105	191	▶ Major losses of EUR 260 m. (7.6% of NPE) slightly above budget (EUR 247 m. for 1H/2013)
Combined ratio incl. interest on funds withheld	96.8%	94.8%	96.8%	94.4%	▶ C/R improved due to reduced level of underlying losses
Net investment income from assets under own management	153	172	404	355	▶ NII reduced mainly due to negative impacts from inflation swaps of EUR 39.7 m. in 1H/2012
Other income and expenses	(41)	29	(79)	2	▶ Other income & expenses improved largely due to f/x effects
Operating profit/loss (EBIT)	167	290	430	549	▶ EBIT margin of 16.1% (1H/2012: 13.0%) well above target
Group net income	132	187	305	362	
Earnings per share	1.10	1.55	2.53	3.00	

Major losses slightly above expectation

Natural and man-made catastrophe losses¹⁾

in m. EUR



Natural and man-made catastrophe losses in % of non-life premium²⁾

1%	10%	34%	2%	8%	13%	5%	14%	25%	9%	8%
1%	7%	20%	2%	6%	11%	5%	12%	16%	7%	8%

■ Gross ■ Net ● Expected net catastrophe losses

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

2) 2003 - 2006 adjusted to new segmentation

Loss activity increased remarkably after quiet Q1/2013

Various lines affected

Catastrophe losses* in m. EUR	Date	Gross	Net
Tornados, USA	19 - 20 May	24.7	15.6
Floods, Europe	20 May - 21 Jun	174.6	136.9
Hail, Germany/Switzerland/Austria	19 - 20 Jun	22.3	15.3
Floods, Canada	20 - 25 Jun	40.2	23.8
4 Natural catastrophes		261.8	191.6
1 Aviation claim		13.5	13.2
1 Property claim		10.2	10.2
2 Credit claims		32.5	32.5
1 Marine claim		16.2	12.0
9 Major losses		334.2	259.5

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

Top line growth outperformed our target

Bottom line still affected by higher mortality

Life and health R/I in m. EUR	Q2/2012	Q2/2013	1H/2012	1H/2013	YTD
Gross written premium	1,415	1,569	2,809	3,130	▶ GWP f/x-adjusted growth +13.4%, mainly from China, US (Senior Markets and mortality business) and longevity business
Net premium earned	1,260	1,398	2,521	2,787	
Net underwriting result incl. funds withheld	2	(18)	33	(9)	▶ Technical result impacted by Australian disability and US mortality business
Net investment income from assets under own management	39	64	136	136	▶ Increase of income from funds withheld leads to stable NII
Other income and expenses	(8)	(22)	(14)	(16)	
Operating profit/loss (EBIT)	33	23	155	111	▶ EBIT margins: Financial solutions/longevity business: 4.0% Mortality and morbidity business: 4.0%
EBIT margin	2.6%	1.6%	6.2%	4.0%	▶ Tax ratio of 23.4% (1H/2012: 16.3%) back at expected level
Group net income	28	19	128	84	
Earnings per share	0.23	0.15	1.06	0.70	

Rol exclusive inflation protection within target range at 3.4%

in m. EUR	Q2/2012	Q2/2013	1H/2012	1H/2013
Ordinary investment income*	275	263	535	510
Realised gains/losses	30	50	68	84
Impairments/ appreciations & depreciations	(5)	(5)	(12)	(8)
Unrealised gains/losses	(82)	(41)	3	(38)
Investment expenses	(23)	(26)	(41)	(47)
NII from assets under own mgmt.	196	241	553	501
NII from funds withheld	73	94	156	188
Total net investment income	269	334	709	689

Unrealised gains/losses	31 Dec 12	30 Jun 13
Fixed income (AFS)	1,145	559
Fixed income (HTM, L&R)	570	415
Equities and shares in limited partnerships	268	272
Total	1,983	1,246

* Incl. results from associated companies

YTD

- ▶ Despite continued low interest rate levels relatively moderate decrease of ordinary investment income* due to higher average investments and increase in share of corporate bonds since 2011
- ▶ Increase in realised gains in course of regular turnover of the portfolio due to high valuation reserves
- ▶ Unrealised losses from inflation swaps of EUR -39.7 m.
- ▶ Decrease in valuation reserves due to partly significantly higher EUR, USD and GBP yield levels

Asset allocation almost unchanged







Tactical asset allocation¹⁾

Investment category	2009	2010	2011	2012	30 Jun 13
Fixed-income securities	87%	84%	89%	91%	90%
- Governments	25%	23%	19%	19%	19%
- Semi-governments	26%	21%	23%	23%	22%
- Corporates	22%	25%	30%	32%	33%
Investment grade	20%	24%	29%	30%	30%
Non-investment grade	2%	1%	1%	2%	2%
- Pfandbriefe, Covered Bonds, ABS	15%	16%	16%	17%	16% ²⁾
Equities	2%	4%	2%	2%	2%
- Listed	<1%	2%	<1%	<1%	<1%
- Private Equity	2%	2%	2%	2%	2%
Real Estate/Real Estate Funds	1%	2%	2%	2%	3%
Others	2%	2%	2%	2%	2%
Short-term investments & cash	8%	8%	5%	3%	4%
Total balance sheet values in bn. EUR	22.5	25.4	28.3	31.9	31.6

1) Economic view based on market values without outstanding commitments for Private Equity and Alternative Real Estate as well as fixed-income investments of EUR 610.0 m. (EUR 575.9 m.) as at 30 June 2013

2) Of which Pfandbriefe and Covered bonds = 82%

Target Matrix 2013

Business group	Key figures	Strategic targets	1H/2013
Group	Return on investment ¹⁾	≥3.4%	3.4% 
	Return on equity	≥9.7% ²⁾	14.0% 
	Earnings per share growth (y-o-y)	≥10%	0.6%
	Value creation per share ³⁾	≥10%	n.a.
Non-life reinsurance	Gross premium growth ⁴⁾	3% - 5%	1.3%
	Combined ratio ⁵⁾	≤96%	94.4% 
	EBIT margin ⁶⁾	≥10%	16.1% 
	xRoCA ⁷⁾	≥2%	n.a.
Life and health reinsurance	Gross premium growth ⁸⁾	5% - 7%	13.4% 
	Value of New Business (VNB) growth	≥10%	n.a.
	EBIT margin ⁶⁾ financial solutions/longevity business	≥2%	4.0% 
	EBIT margin ⁶⁾ mortality and morbidity business	≥6%	4.0%
	xRoCA ⁷⁾	≥3%	n.a.

1) Excl. inflation swap and ModCo

3) Growth of book value + paid dividends

5) Incl. expected net major losses of EUR 625 m.

7) Excess return on the allocated economic capital

2) 750 bps above 5-year rolling average of 10-year German government-bond rate ("risk free"), after tax

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

6) EBIT/net premium earned

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

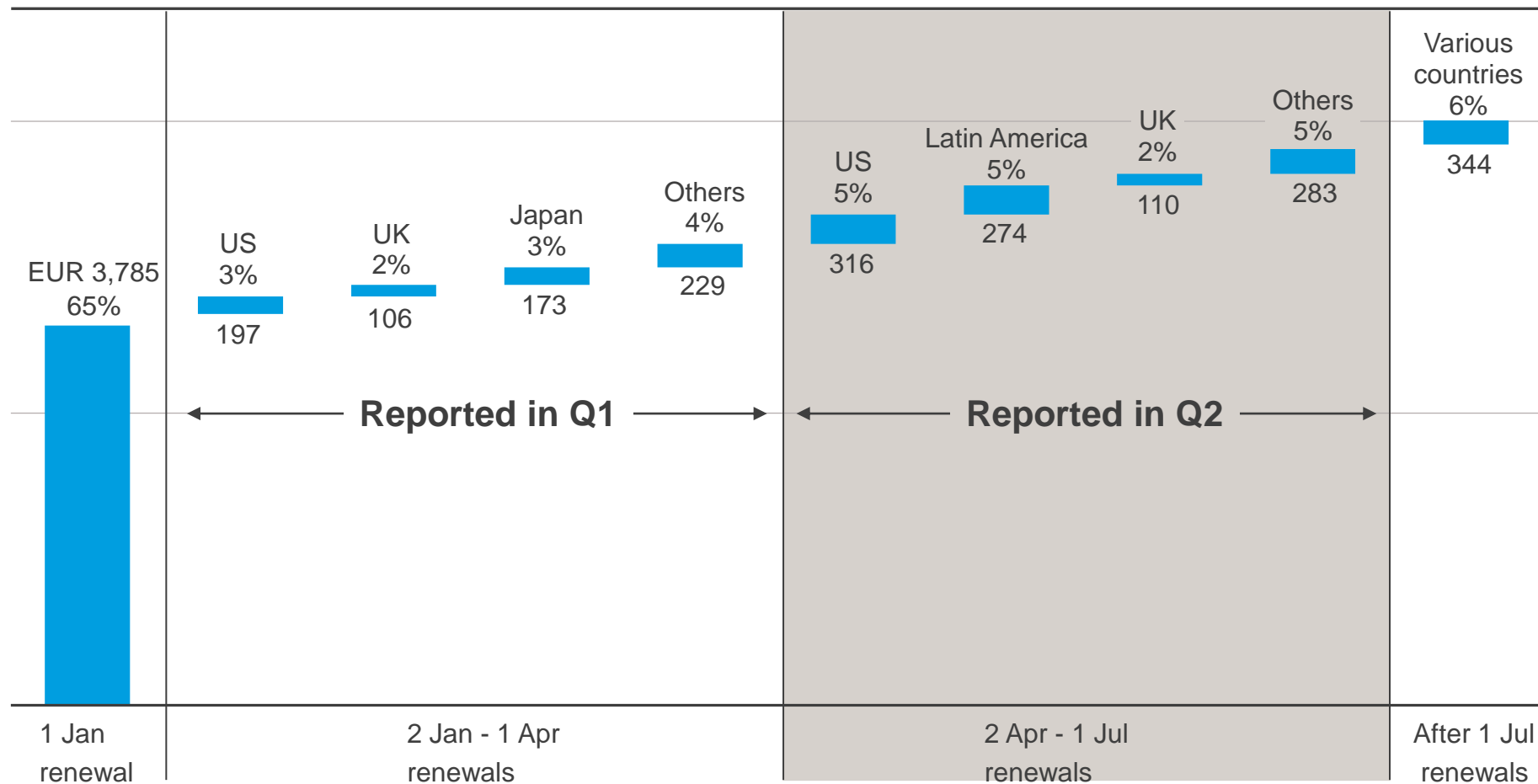
Outlook 2013

Renewals 2013

17% of traditional non-life treaty book was up for renewal in second quarter

Traditional treaty reinsurance (excl. structured R/I & ILS and global fac.)

in m. EUR



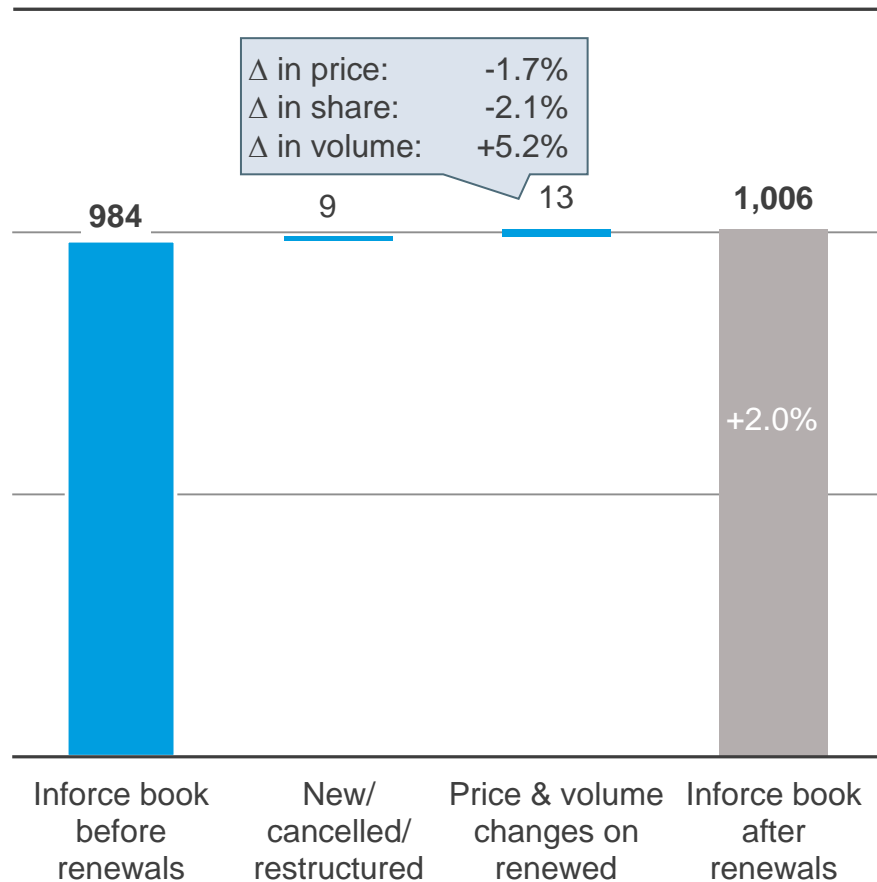
Based on 2012 U/Y

Selective growth of 2% in a competitive environment

2 Apr 2013 - 1 Jul 2013

Q2 renewals

in m. EUR



- ▶ After two years with positive rate developments (2011 +8%; 2012 +4%), reinsurance pricing softened, due to oversupply of capacity
- ▶ We continued to strictly adhere to our margin requirements
 - US property: Diverse picture: selective approach
 - US casualty: Selective growth depending on line of business
 - Credit, surety: Growth due to broadened profitable relationships
 - Agro: Strong growth due to new business production
 - Australia/
New Zealand: Portfolio slightly increased and market position enhanced

At unchanged f/x rates

Solid US renewals despite competitive environment

US property

- ▶ Published -15% to -20% rate reduction for Florida cat business has limited effect on Hannover Re
 - ▶ Only 8.4% of our non-life book is US-cat exposed
 - ▶ Only 2.2% is US cat XL business
 - ▶ 1.3% as part of 2.2% was renewed at 1/6 and 1/7
- ▶ Property per-risk XL:
 - Hannover Re leads the market
 - Rate on loss free accounts: stable to -10%
 - +10% to +20% in loss-affected areas
- ▶ Property pro-rata and facultative business benefiting from rate increases in primary insurance market

US casualty

- ▶ Reinsurance rating quality benefiting from primary rates increasing since mid 2011
- ▶ Reinsurance terms and conditions largely unchanged at favourable levels
- ▶ Cession ratios remained on a low level but allowing for numerous growth prospects
- ▶ Growth opportunities in workers comp and professional liability resulting from rate increases
- ▶ Excess and umbrella business on large accounts still very competitive, underwriter therefore continued their conservative approach

Guidance for 2013

Hannover Re Group

- ▶ Gross written premium¹⁾ _____ ~ +5%
 - Non-life reinsurance¹⁾ _____ ~ +3% - +5%
 - Life and health reinsurance^{1) 2)} _____ ~ +5% - +7%
- ▶ Return on investment^{3) 4)} _____ ~ 3.4%
- ▶ Group net income³⁾ _____ ~ EUR 800 m.
- ▶ Dividend pay-out ratio⁵⁾ _____ 35% - 40%

1) At unchanged f/x rates

2) Organic growth

3) Subject to no major distortions in capital markets and/or major losses in 2013 not exceeding approx. EUR 625 m.

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

5) Related to group net income according to IFRS

Selective growth and satisfying profitability expected

Development of non-life reinsurance lines of business

	Lines of business	Volume ¹⁾	Profitability ²⁾
Target markets	North America ³⁾	↗	+
	Germany ³⁾	↘	+/-
Specialty lines	Marine (incl. energy)	↗	+
	Aviation	↗	+
	Credit, surety & political risks	→	+
	Structured R/I & ILS	→	+/-
	UK, London market & direct	↘	+/-
Global R/I	Global treaty ³⁾	→	+/-
	Global cat XL	↗	+
	Global facultative	↗	+

1) In EUR, development in original currencies can be different

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

3) All lines of business except those stated separately

Life and health R/I continues strong growth

Development of lines of business

	Lines of business	Volume ¹⁾	Profitability ²⁾
Financial solutions	Financial solutions		+
	Longevity		+
Risk solutions	Mortality		+/-
	Morbidity		+

1) In EUR, development in original currencies can be different

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

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Appendix

Our strategic business groups at a glance

1H/2013 vs. 1H/2012

in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	1H/2012	1H/2013	1H/2012	1H/2013	1H/2012	1H/2013
Gross written premium	4,080	4,097	2,809	3,130	6,888	7,227
Change in GWP	-	+0.4%	-	+11.4%	-	+4.9%
Net premium earned	3,303	3,404	2,521	2,787	5,825	6,192
Net underwriting result	99	184	(117)	(188)	(13)	(6)
Net underwriting result incl. funds withheld	105	191	33	(9)	143	182
Net investment income	410	363	286	316	709	689
From assets under own management	404	355	136	136	553	501
From funds withheld	6	8	150	180	156	188
Other income and expenses	(79)	2	(14)	(16)	(99)	(13)
Operating profit/loss (EBIT)	430	549	155	111	597	671
Interest on hybrid capital	(0)	(0)	0	0	(51)	(63)
Net income before taxes	430	549	155	111	547	608
Taxes	(111)	(154)	(25)	(26)	(125)	(165)
Net income	320	395	130	85	422	442
Non-controlling interest	14	33	2	2	16	35
Group net income	305	362	128	84	405	408
Retention	90.2%	90.2%	89.2%	89.6%	89.8%	90.0%
Combined ratio (incl. interest on funds withheld)	96.8%	94.4%	98.7%	100.3%	97.5%	97.1%
EBIT margin (EBIT / Net premium earned)	13.0%	16.1%	6.2%	4.0%	10.3%	10.8%
Tax ratio	25.7%	28.0%	16.3%	23.4%	22.9%	27.2%
Earnings per share	2.53	3.00	1.06	0.70	3.36	3.38

Our strategic business groups at a glance

Q2 stand-alone

in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	Q2/2012	Q2/2013	Q2/2012	Q2/2013	Q2/2012	Q2/2013
Gross written premium	1,963	1,899	1,415	1,569	3,378	3,469
Change in GWP	-	-3.2%	-	+10.9%	-	+2.7%
Net premium earned	1,749	1,712	1,260	1,398	3,009	3,111
Net underwriting result	52	85	(68)	(108)	(14)	(23)
Net underwriting result incl. funds withheld	55	90	2	(18)	59	71
Net investment income	156	176	109	153	269	334
From assets under own management	153	172	39	64	196	241
From funds withheld	3	4	70	89	73	94
Other income and expenses	(41)	29	(8)	(22)	(51)	7
Operating profit/loss (EBIT)	167	290	33	23	204	318
Interest on hybrid capital	(0)	(0)	0	0	(25)	(32)
Net income before taxes	167	290	33	23	179	286
Taxes	(34)	(87)	(4)	(3)	(32)	(83)
Net income	134	203	29	20	146	203
Non-controlling interest	1	16	1	1	2	17
Group net income	132	187	28	19	144	186
Retention	89.1%	90.8%	87.6%	89.3%	88.5%	90.1%
Combined ratio (incl. interest on funds withheld)	96.8%	94.8%	99.9%	101.3%	98.0%	97.7%
EBIT margin (EBIT / Net premium earned)	9.6%	17.0%	2.6%	1.6%	6.8%	10.2%
Tax ratio	20.1%	30.0%	13.2%	14.9%	18.1%	29.0%
Earnings per share	1.10	1.55	0.23	0.15	1.19	1.54

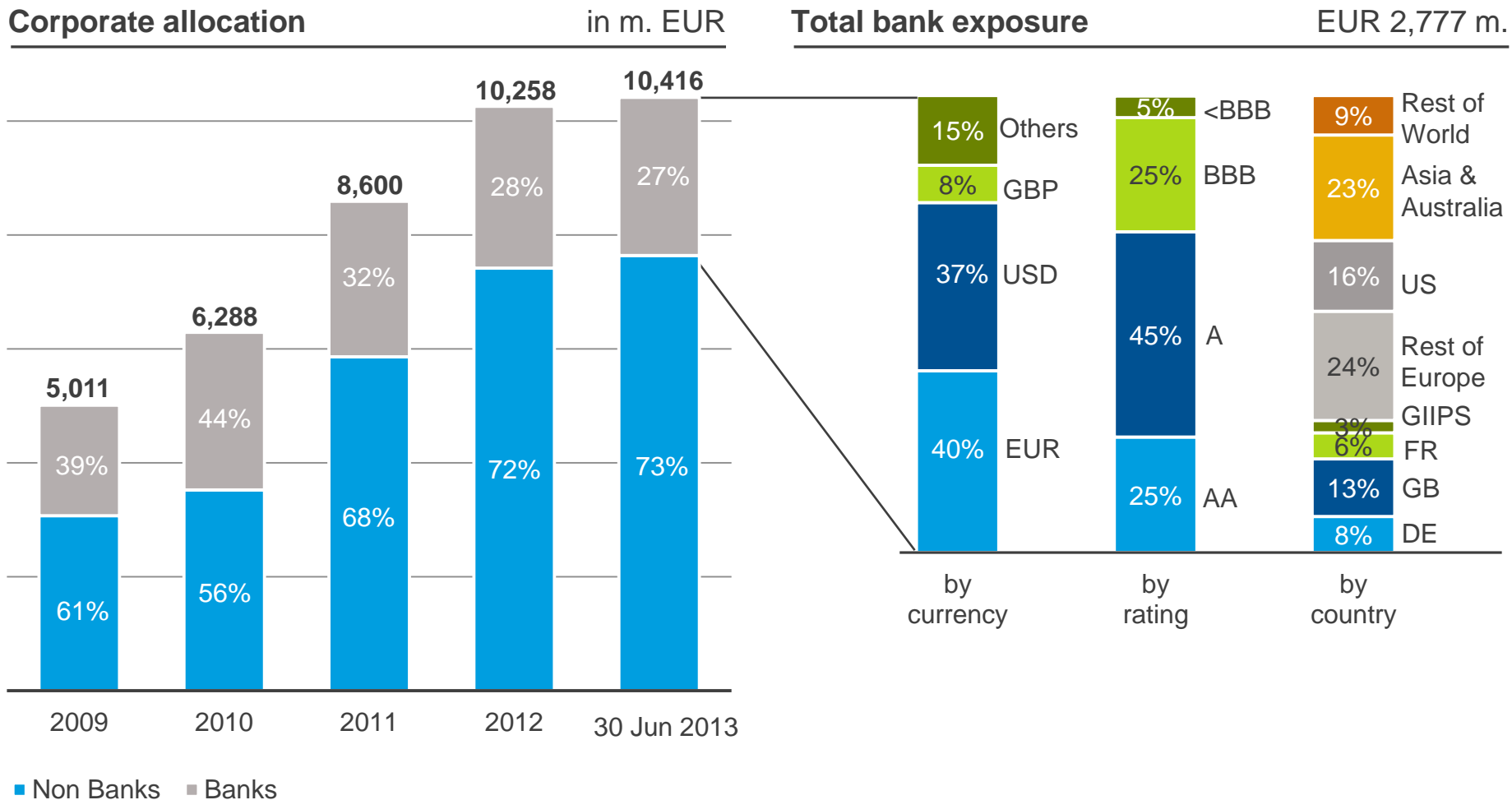
Stress tests on assets under own management

Portfolio	Scenario	Change in market value in m. EUR	Changes in OCI before tax in m. EUR
Equity prices	-10%	-3	-3
Equity prices	-20%	-6	-6
Yield curves	+50 bps	-640	-499
Yield curves	+100 bps	-1,251	-947
Credit spreads	+50%	-733	-663

As at 30 June 2013

Reduction of bank exposure reached target level

Unchanged focus on high diversification



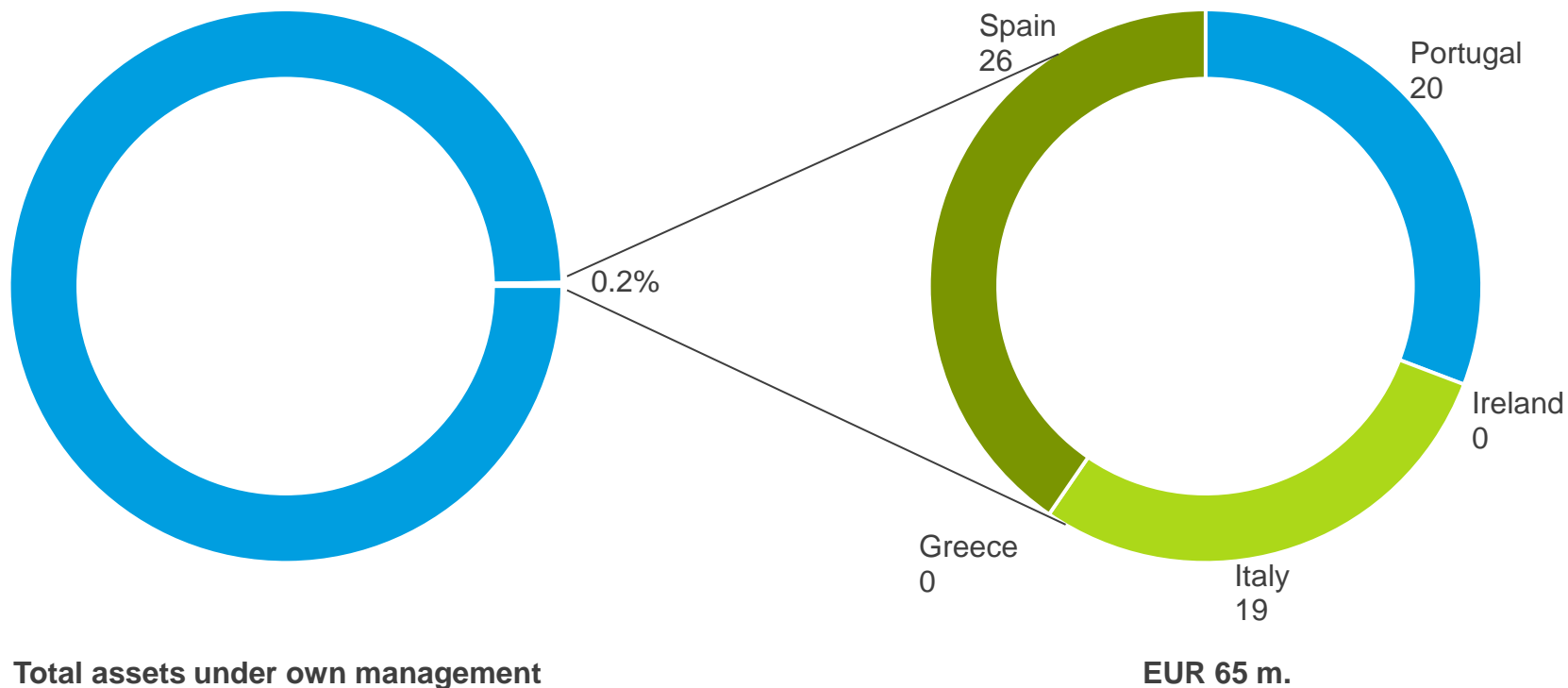
* Economic view based on market value as at 30 June 2013

No material exposure in Southern Europe and Ireland*

Merely 0.2% of total AuM

Asset allocation

in m. EUR



Economic view based on market value as at 30 June 2013
* Investments in governments and semi-governments

Fixed-income book well balanced

Allocation according to our business diversification

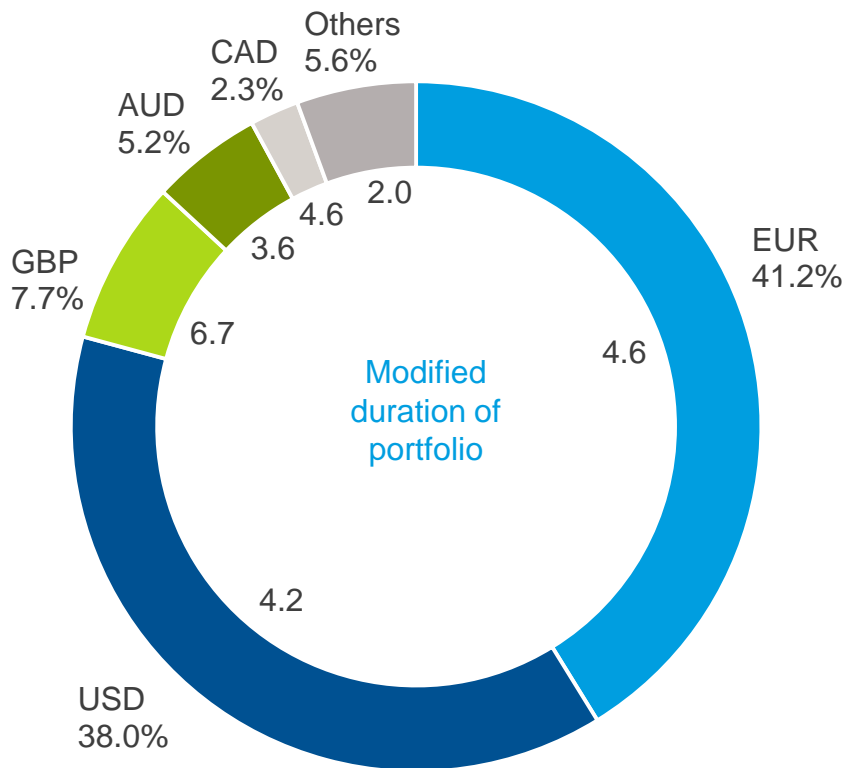
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered Bonds, ABS	Short-term investments, cash	Total
AAA	22.8%	56.3%	1.6%	62.1%	-	30.2%
AA	62.1%	40.7%	14.2%	16.2%	-	31.2%
A	9.6%	2.5%	48.4%	9.5%	-	22.1%
BBB	4.4%	0.4%	29.4%	7.3%	-	13.1%
<BBB	1.1%	0.0%	6.4%	4.8%	-	3.4%
Total	100.0%	100.0%	100.0%	100.0%	-	100.0%
Germany	11.2%	46.9%	6.1%	26.0%	28.2%	20.8%
UK	6.1%	2.8%	8.9%	9.7%	3.6%	6.8%
France	7.0%	2.8%	5.9%	8.9%	1.4%	5.8%
GIIPS	1.1%	0.1%	3.0%	8.7%	0.0%	2.8%
Rest of Europe	11.7%	21.5%	20.6%	29.9%	6.4%	20.1%
USA	44.7%	8.8%	35.9%	5.3%	12.8%	25.3%
Australia	4.0%	7.1%	8.2%	7.0%	12.8%	7.1%
Asia	8.3%	1.6%	3.7%	0.0%	25.1%	4.3%
Rest of World	5.9%	8.3%	7.7%	4.5%	9.8%	7.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total amounts m. EUR	6,065	6,785	10,353	5,122	1,120	29,445

As at 30 June 2013

Currency allocation matches liability profile of balance sheet

Active asset liability management ensures durational match

Currency



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

Modified duration as at 30 June 2013: 4.4 (2012: 4.5)

Market sensitivity of inflation hedges

- ▶ Average hedged inflation level of 2.27% p.a.
 - P&L effect YTD EUR -39.7 m.; OCI effect YTD EUR -17.0 m.
- ▶ Instruments held as inflation hedges (30 June 2013) with volume of EUR 3,482 m.
 - EUR 2,898 m. equivalent swap volume with average duration of 1.9 years
 - EUR 575 m. volume of inflation linker with average duration of 5.8 years
- ▶ Sensitivity to inflation risk:

in m. EUR	Inflation Swaps: Change in market value through P/L	Inflation Linked Bonds: Change in market value through OCI	Total economic effect before taxes
Inflation expectation*: +100 bps	+54	+36	+90
Inflation expectation*: -100 bps	-55	-35	-90
Inflation expectation*: +400 bps	+224	+156	+380

* CPI - Consumer Price Index (US inflation index)

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

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