



somewhat
different

Conference Call on Interim Report 1/2013

Hannover, 7 May 2013

hannover **re**[®]

Good start into 2013

Satisfying earnings coupled with solid growth

Attractive growth

- ▶ Non-life reinsurance: GWP increase +3.8% in line with full year forecast despite increasing competitive market conditions
- ▶ Life and health reinsurance: successful new business production in US Morbidity and Mortality business and UK Longevity business drives double-digit growth

Benign major losses

- ▶ Only one major loss of EUR 13 m. reported

Solid financials

- ▶ Favourable underwriting result (C/R 94.0%) leads to an increase in non-life income to EUR 175 m.
- ▶ Good results of life & health reflected in EBIT-margin (6.4%) over and above our targets
- ▶ Reduced investment income due to normalised result from unrealised gains and losses after an extraordinary profit of EUR 85 m. in Q1/2012

Q1/2013 results

GWP	+7.0%
NPE	+9.4%
Net income	EUR 221 m.
EPS	EUR 1.84
RoE	14.4%
Shareholders' equity	+4.3%
BVPS	EUR 52.18

Pleasing top line growth and satisfactory results

Stable net investment income compared to prev. year adjusted by unrealised gains

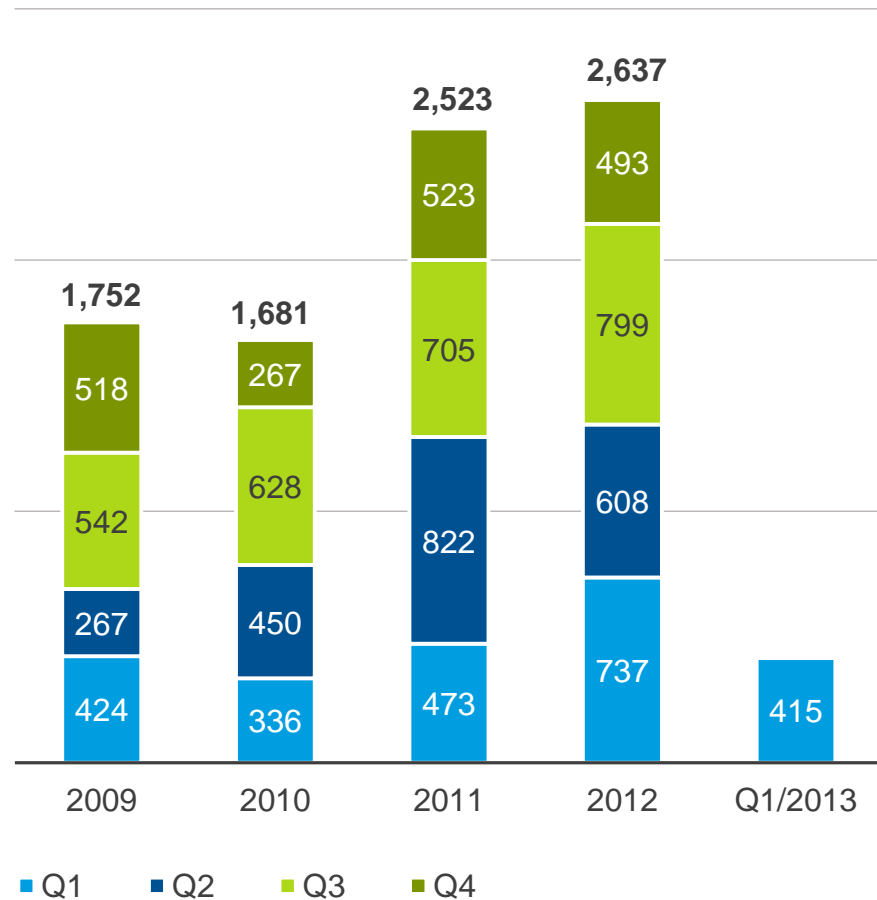
Group figures in m. EUR	Q1/2012	Q1/2013	Δ
Gross written premium	3,511	3,758	+7.0%
Net premium earned	2,816	3,081	+9.4%
Net underwriting result	0	17	-
- Incl. funds withheld	84	111	+32.3%
Net investment income	441	355	-19.5%
- From assets under own mgmt.	357	261	-26.9%
- From funds withheld	84	94	+12.1%
Other income and expenses	(48)	(20)	-59.0%
Operating profit/loss (EBIT)	393	353	-10.3%
Interest on hybrid capital	(25)	(31)	+23.7%
Net income before taxes	368	321	-12.7%
Taxes	(93)	(82)	-11.0%
Net income	275	239	-13.3%
- Non-controlling interests	14	17	+24.4%
Group net income	261	221	-15.3%
Retention	91.0%	89.9%	
EBIT margin (EBIT/Net premium earned)	14.0%	11.4%	
Tax ratio	25.2%	25.6%	
Earnings per share	2.17	1.84	

YTD

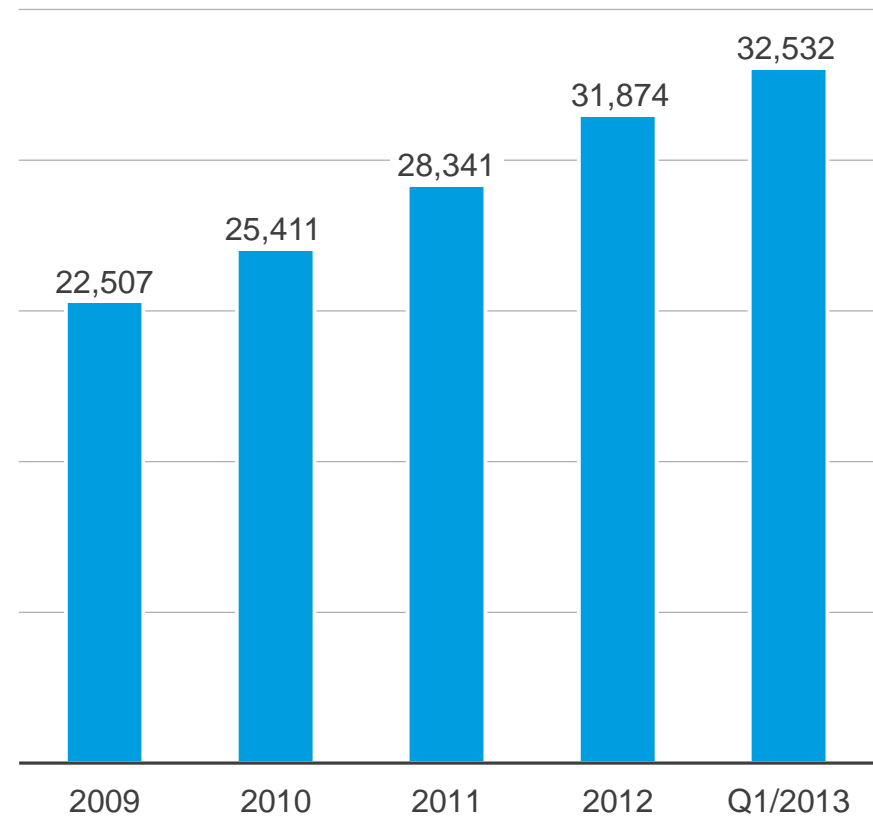
- ▶ Attractive growth, above expectation, mainly driven by life and health business
- ▶ NPE f/x-adjusted growth +9.8%
- ▶ Reduced f/x-losses lead to an increase in other income and expenses

Positive cash flow leads to steady growth of assets

Operating cash flow in m. EUR



Assets under own management (AuM) in m. EUR



Premium growth in line with expectation

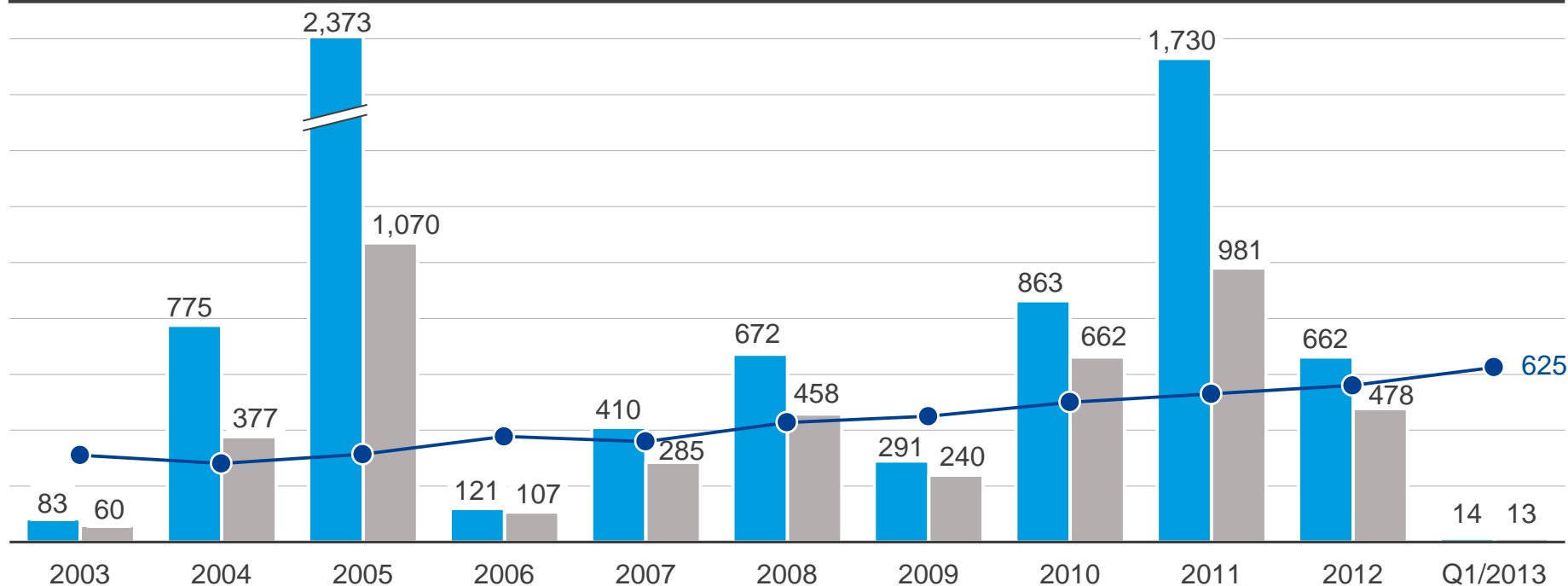
Substantial increase of underwriting result

Non-life reinsurance in m. EUR	Q1/2012	Q1/2013	Δ	YTD
Gross written premium	2,117	2,198	+3.8%	▶ GWP f/x-adjusted growth +4.0%; mainly from US, specialty lines and global facultative business
Net premium earned	1,555	1,692	+8.8%	
Net underwriting result incl. funds withheld	50	102	+103.2%	▶ Only one major loss of EUR 13 m. (0.8% of NPE) well below budget of EUR 156 m. for Q1/2013
Combined ratio incl. interest on funds withheld	96.8%	94.0%	-2.8%p	
Net investment income from assets under own management	251	183	-27.1%	▶ NII reduced mainly due to neutral result from inflation swaps after extraordinary profit of EUR 43 m. in Q1/2012
Other income and expenses	(38)	(26)	-31.4%	▶ Other income & expenses improved largely due to f/x effects
Operating profit/loss (EBIT)	263	259	-1.7%	▶ EBIT margin of 15.3% (Q1/2012: 16.9%) well above target
Group net income	173	175	+1.0%	▶ Increased group net income despite lower investment earnings
Earnings per share	1.44	1.45		

Only one major aviation loss reported

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 %	1 %
1 %	7 %	20 %	2 %	6 %	11 %	5 %	12 %	16 %	7 %	1 %

■ 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

Growth outperformed our target in life and health reinsurance

Solid EBIT margins

Life and health R/I in m. EUR	Q1/2012	Q1/2013	Δ	YTD
Gross written premium	1,394	1,560	+11.9%	▶ GWP f/x-adjusted growth 12.6%, mainly from the US (Senior Markets and Mortality business) and Longevity business
Net premium earned	1,261	1,389	+10.1%	
Net underwriting result incl. funds withheld	31	10	-69.1%	
Net investment income from assets under own management	97	72	-25.6%	▶ NII reduced mainly due to normalised result from ModCo derivatives after an extraordinary profit of EUR 37 m. in the previous year
Other income and expenses	(6)	7	-	
Operating profit/loss (EBIT)	122	88	-27.8%	▶ EBIT margins: Financial Solutions and Longevity business: 4.8% Mortality and Morbidity business: 7.6%
EBIT margin	9.7 %	6.4 %	-3.3%p	
Group net income	100	65	-34.9%	▶ Tax ratio of 25.6% (Q1/2012 17.1%) at expected level
Earnings per share	0.83	0.54		

Reduced RoI due to change in extraordinary income

Level of ordinary investment income reflects conservative investment policy

in m. EUR	Q1/2012	Q1/2013	RoI
Ordinary investment income*	260	247	3.1%
Realised gains/losses	38	35	0.4%
Impairments/ appreciations & depreciations	(7)	(3)	0.0%
Unrealised gains/losses	85	3	0.0%
Investment expenses	(18)	(21)	-0.3%
NI from assets under own mgmt.	357	261	3.2%
NI from funds withheld	84	94	
Total net investment income	441	355	

Unrealised gains/losses	31 Dec 12	31 Mar 13
Fixed income (AFS)	1,145	1,128
Fixed income (HTM, L&R)	570	530
Equities and shares in limited partnership	268	291
Total	1,983	1,949

* Incl. results from associated companies

YTD

- ▶ Continued low interest rate impacts ordinary investment income
- ▶ Realisations mostly in course of regular adjustments to asset allocation
- ▶ Decrease in unrealised gains mainly due to ModCo derivatives of EUR +5.6 m. (Q1/2012: EUR 36.8 m.) and inflation swaps of EUR -1.7 m. (Q1/2012: EUR 42.6 m.)
- ▶ Increase in investment income from funds withheld due to growth on life and health business
- ▶ Valuation reserves stable at high level

Asset allocation almost unchanged

Volume increase due to strong cash flow








Tactical asset allocation¹⁾

Investment category	2009	2010	2011	2012	Q1/2013
Fixed-income securities	87%	84%	89%	91%	90%
- Governments	25%	23%	19%	19%	19%
- Semi-governments	26%	21%	23%	23%	23%
- Corporates	22%	25%	30%	32%	32%
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 (STI) & cash	8%	8%	5%	3%	4%
Total balance sheet values in bn. EUR	22.5	25.4	28.3	31.9	32.5

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 593,5 m. (EUR 575,9 m.) as per 31 March 2013

2) Of which Pfandbriefe and Covered bonds = 83%

Target Matrix 2013

Business group	Key figures	Strategic targets	Q1/2013
Group	Return on investment ¹⁾	≥3.4%	3.2%
	Return on equity	≥9.7% ²⁾	14.4% 
	Earnings per share growth (y-o-y)	≥10%	-15.3%
	Value creation per share ³⁾	≥10%	n.a.
Non-life reinsurance	Gross premium growth ⁴⁾	3% - 5%	4.0% 
	Combined ratio ⁵⁾	≤96%	94.0% 
	EBIT margin ⁶⁾	≥10%	15.3% 
	xRoCA ⁷⁾	≥2%	n.a.
Life and health reinsurance	Gross premium growth ⁸⁾	5% - 7%	12.6% 
	Value of New Business (VNB) growth	≥10%	n.a.
	EBIT margin ⁶⁾ financial solutions/longevity business	≥2%	4.8% 
	EBIT margin ⁶⁾ mortality and morbidity business	≥6%	7.6% 
	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

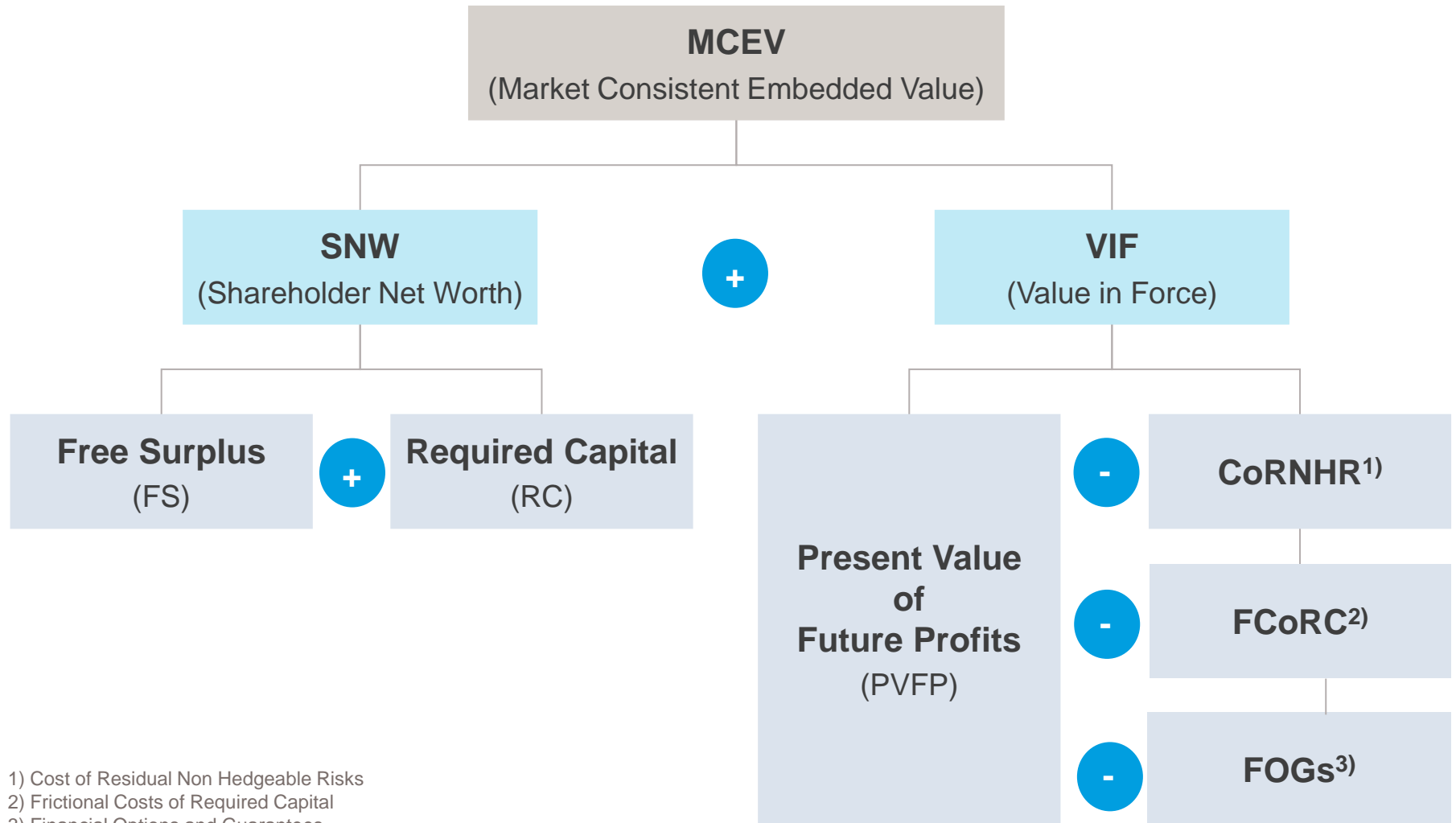
8) Organic growth only; at unchanged f/x rates; 5-year CAGR

2012 Market Consistent Embedded Value

(MCEV)

MCEV Methodology

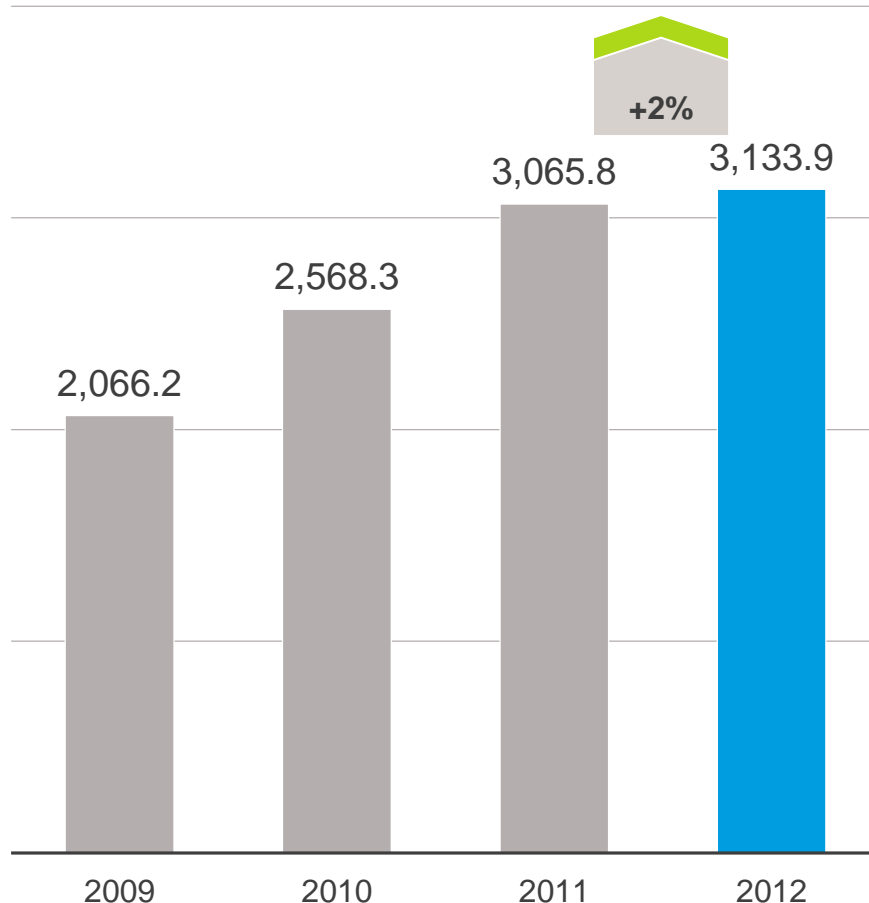
Based on the principles published by the CFO-Forum



1) Cost of Residual Non Hedgeable Risks
 2) Frictional Costs of Required Capital
 3) Financial Options and Guarantees

Positive development of MCEV in 2012

Development of MCEV in m. EUR



- ▶ Excellent Value of New Business of **EUR 313.6 m. (+30%)**
- ▶ Value In Force increases from EUR 1,941.3 m. to **EUR 2,131.2 m. (+10%)**
- ▶ MCEV figures are consistent with the latest MCEV principles (published by the CFO Forum) with the following exceptions
 - No allowance for liquidity premium in the basic MCEV
 - No Group MCEV (i.e. only life business is taken into consideration)
- ▶ All figures are calculated after minorities

Further increase of MCEV with an attractive return on MCEV

Excellent development of new business value

in m. EUR	2011	2012
Opening MCEV	2,568.3	3,065.8
Opening adjustments	18.7	(7.3)
Adjusted opening MCEV	2,587.0	3,058.4
Operating MCEV earnings	323.9	(56.9)
Economic variances	89.7	339.2
Other non-operating variance	5.8	10.3
Total MCEV earnings	419.4	292.5
MCEV before closing adjustments	3,006.4	3,351.0
Closing adjustments	59.4	(217.1)
Closing MCEV	3,065.8	3,133.9
Return on MCEV¹⁾	16.2%	9.6%
due to - Operating MCEV earnings	12.5%	(1.9%)
- Economic variances	3.5%	11.1%

in m. EUR	2011	2012
New business value	240.6	313.6
Expected existing business contribution (reference rate) ²⁾	97.4	93.4
Expected existing business contribution (in excess of reference rate) ³⁾	22.3	19.1
Experience variances	(38.3)	(170.4)
Assumption changes	(97.8)	(286.9)
Other operating variances	99.7	(25.7)
thereof - change of basis / change of model	105.0	(19.6)
- other	(5.3)	(6.1)
Operating MCEV earnings	323.9	(56.9)

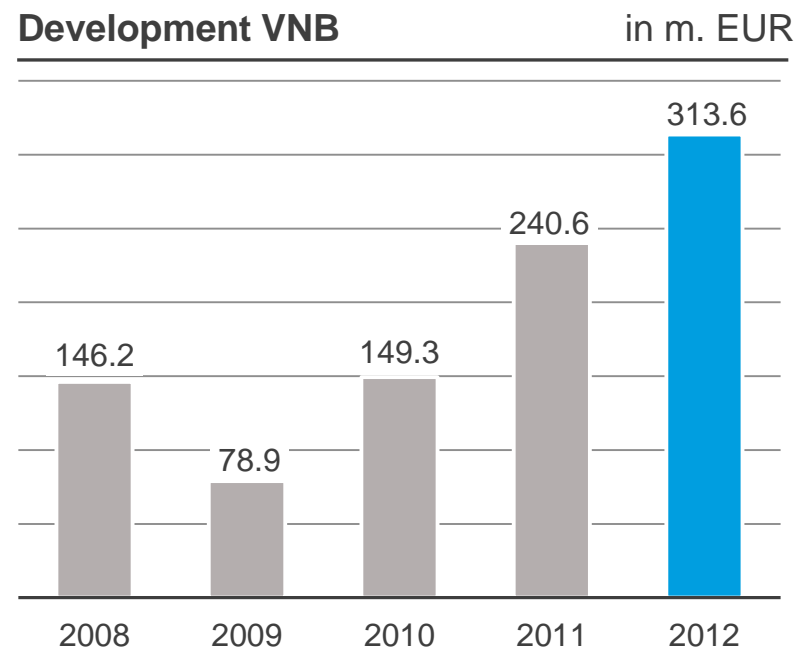
1) $(\text{MCEV before Closing Adjustments} - \text{Adjusted Opening MCEV}) / \text{Adjusted Opening MCEV}$

2) Swap yield rates

3) Additional return consistent with the expectation of the management

Excellent Value of New Business

in m. EUR	2011	2012
Profit/Loss on new business during year	(164.5)	(127.7)
Present Value of New Business Profits	488.2	489.8
- Cost of Residual Non-Hedgeable Risks	(61.9)	(37.5)
- Frictional Costs of Required Capital	(21.2)	(11.0)
- Financial Options and Guarantees	0.0	0.0
Value of New Business	240.6	313.6



- ▶ The excellent 2012 figure is mainly driven by:
 - Innovative structured Yearly Renewable Term transactions
 - New business written in the US
 - New business written by the branches (Shanghai, France, Hong Kong)
 - New business under existing treaties

Very good development over the last years

MCEV and its components since 2009

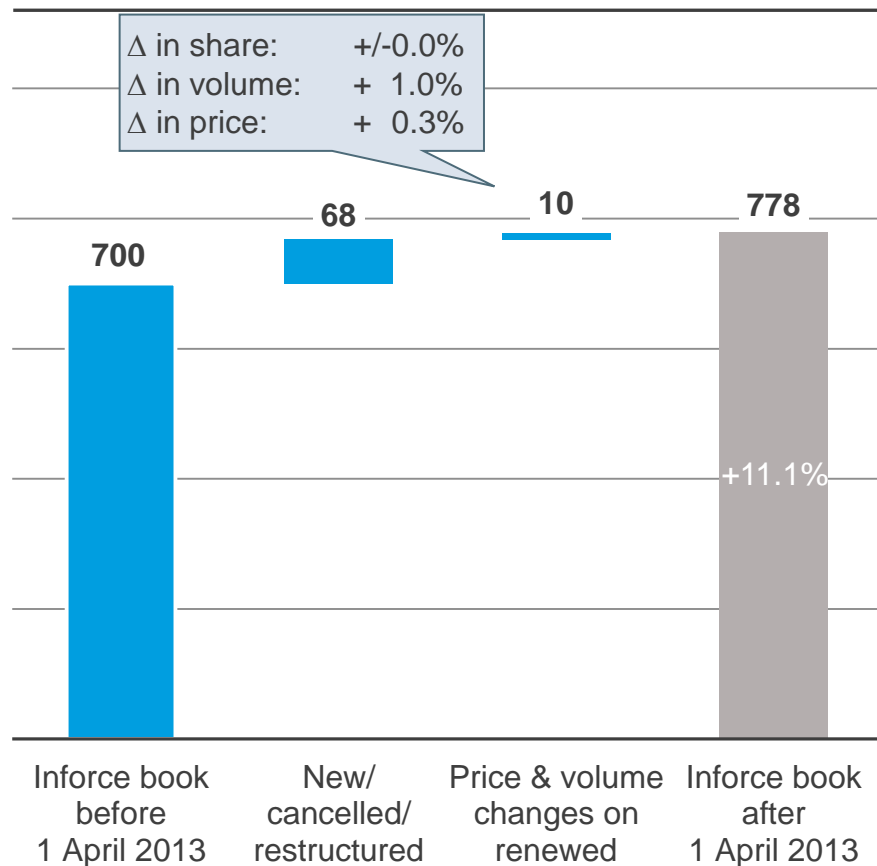
in m. EUR	2009	2010	2011	2012
Present Value of Future Profits	1,798.2	2,211.5	2,469.3	2,677.6
- Cost of Residual Non-Hedgeable Risks	(480.9)	(455.9)	(414.9)	(427.9)
- Frictional Costs of Required Capital	(82.6)	(103.2)	(99.4)	(102.7)
- Financial Options and Guarantees	(6.9)	(19.2)	(13.7)	(15.8)
Value In Force	1,227.7	1,633.3	1,941.3	2,131.2
Shareholder Net Worth after consolidation	838.6	935.0	1,124.4	1,002.7
Market Consistent Embedded Value	2,066.2	2,568.3	3,065.8	3,133.9

Outlook 2013

11% growth in April renewals despite competitive markets

2 January 2013 - 1 April 2013

April renewals in m. EUR



- ▶ Volume increase although we strictly adhered to our margin requirements
- ▶ Increased volume coming primarily from Agro and Japanese business
- ▶ Agro
 - Strong growth on the back of attractive pricing
- ▶ Japan
 - We expanded our EQ-related pro-rata business due to price increases up to 20%
 - Increased line sizes for selected clients where the underlying business is profitable
 - In XL programmes rates tend to remain flat or slightly deteriorating after strong hardening in 2012 and 2011
- ▶ Korea
 - We have grown our property XL portfolio due to rate increases as a result of previous losses

At unchanged f/x rates

Guidance for 2013

Hannover Re Group

- ▶ Gross written premium (GWP)¹⁾ _____ ~ +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 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 its success story

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)

somewhat
different

Appendix

Our strategic business groups at a glance

Q1/2013 vs. Q1/2012

in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	Q1/2012	Q1/2013	Q1/2012	Q1/2013	Q1/2012	Q1/2013
Gross written premium	2,117	2,198	1,394	1,560	3,511	3,758
Change in GWP	-	+3.8 %	-	+11.9 %	-	+7.0 %
Net premium earned	1,555	1,692	1,261	1,389	2,816	3,081
Net underwriting result	47	98	(49)	(81)	0	17
Net underwriting result incl. funds withheld	50	102	31	10	84	111
Net investment income	255	187	177	162	441	355
From assets under own management	251	183	97	72	357	261
From funds withheld	3	4	80	90	84	94
Other income and expenses	(38)	(26)	(6)	7	(48)	(20)
Operating profit/loss (EBIT)	263	259	122	88	393	353
Interest on hybrid capital	(0)	(0)	(0)	(0)	(25)	(31)
Net income before taxes	263	259	122	88	368	321
Taxes	(77)	(67)	(21)	(23)	(93)	(82)
Net income	186	192	101	66	275	239
Non-controlling interest	13	17	1	0	14	17
Group net income	173	175	100	65	261	221
Retention	91.2%	89.8%	90.8%	90.0%	91.0%	89.9%
Combined ratio (incl. interest on funds withheld)	96.8%	94.0%	97.5%	99.3%	97.0%	96.4%
EBIT margin (EBIT / Net premium earned)	16.9%	15.3%	9.7%	6.4%	14.0%	11.4%
Tax ratio	29.3%	25.8%	17.1%	25.6%	25.2%	25.6%
Earnings per share	1.44	1.45	0.83	0.54	2.17	1.84

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	-684	-537
Yield curves	+100 bps	-1,336	-1,047
Credit spreads	+ 50%	-800	-718

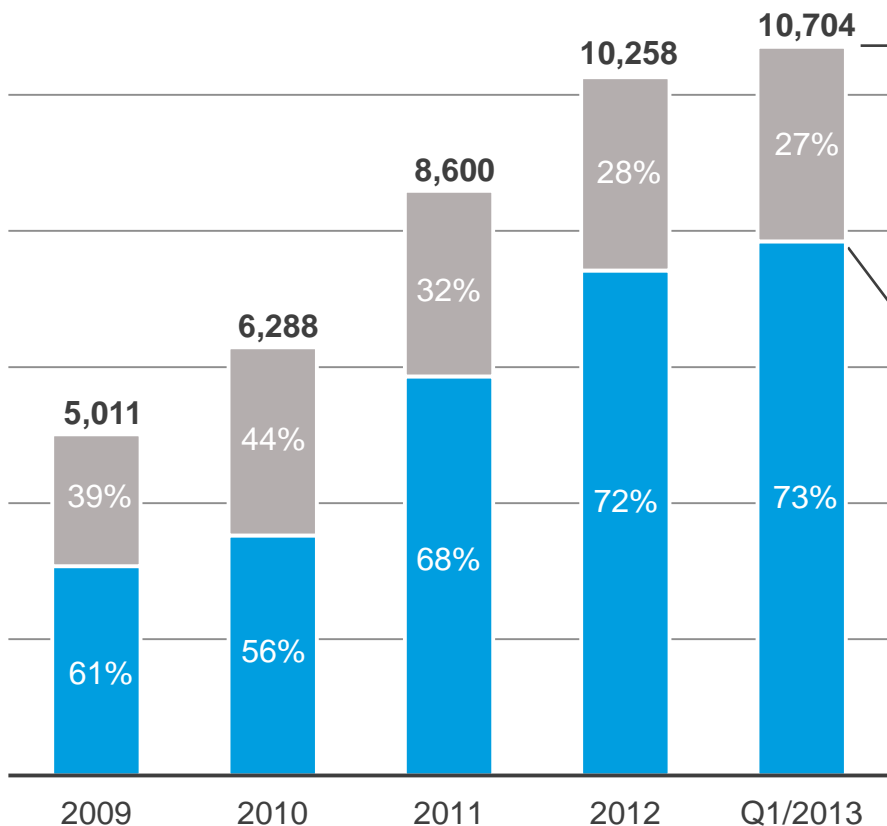
As at 31 March 2013

Further reduced share of bank exposure

Unchanged focus on conservative title selection

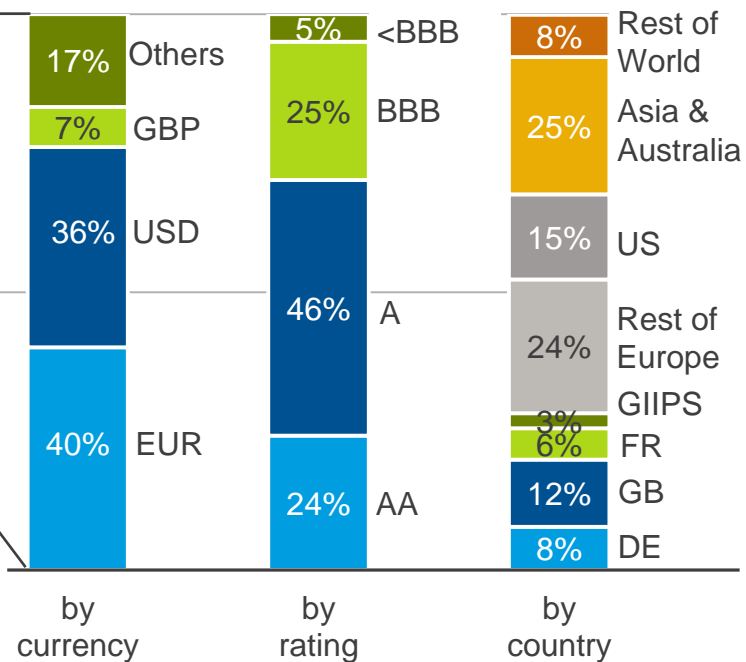
Corporate allocation

in m. EUR



Total bank exposure

EUR 2,860 m.



■ Non Banks ■ Banks

* Economic view based on market value as at 31 March 2013

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	21.0%	56.4%	1.7%	62.3%	-	30.2%
AA	63.5%	40.4%	14.0%	17.1%	-	31.4%
A	9.7%	2.7%	49.1%	10.4%	-	22.4%
BBB	4.7%	0.5%	29.3%	6.2%	-	12.9%
<BBB	1.0%	0.0%	6.0%	4.0%	-	3.1%
Total	100.0%	100.0%	100.0%	100.0%		100.0%
Germany	10.3%	46.4%	6.3%	27.5%	24.1%	21.1%
UK	8.3%	2.4%	8.8%	10.0%	5.0%	7.2%
France	7.3%	3.1%	6.4%	9.2%	0.8%	6.1%
GIIPS	1.1%	0.1%	2.9%	8.5%	0.0%	2.7%
Rest of Europe	11.7%	20.6%	19.5%	28.5%	12.8%	19.5%
USA	41.9%	9.3%	35.5%	5.6%	16.6%	24.6%
Australia	4.2%	8.2%	9.2%	6.7%	10.5%	7.6%
Asia	9.1%	1.6%	3.4%	0.1%	20.1%	4.2%
Rest of World	6.2%	8.4%	7.9%	3.9%	10.1%	7.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total amounts m. EUR	6,075	7,298	10,649	5,242	1,173	30,436

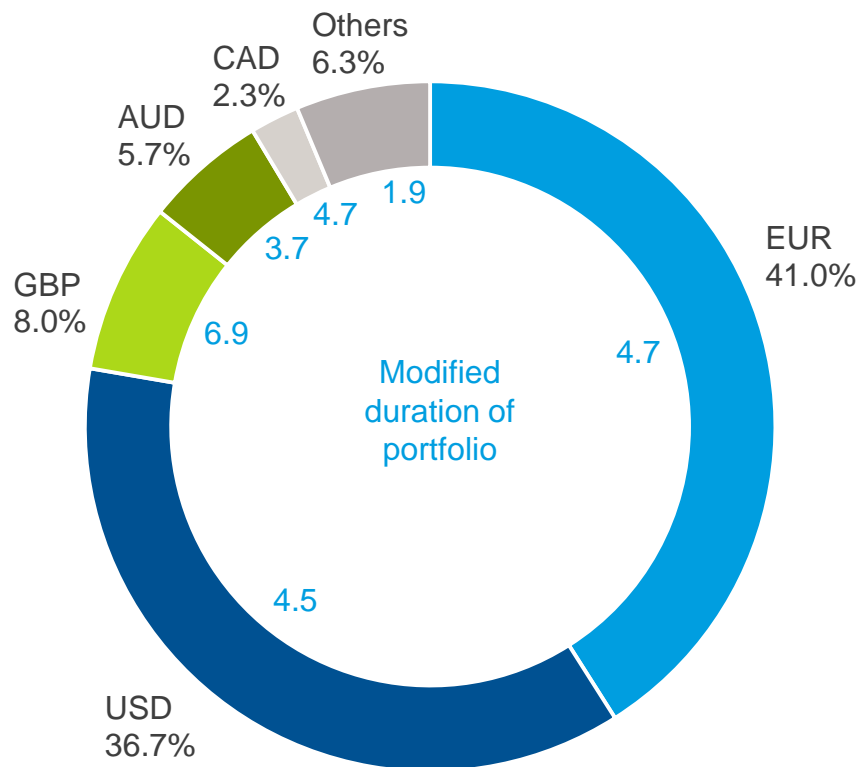
As at 31 March 2013

Currency allocation matches liability profile of balance sheet

Active asset liability management ensures durational match

Currency

in %



- ▶ Fixed income backing shareholders' equity with same duration as average liabilities
- ▶ GBP predominantly driven by life business

Modified duration as at 31 March 2013: 4.6 (2012: 4.5)

Market reability of inflation hedges

Overview of sensitivities

- ▶ Average hedged inflation level of 2.26% p.a.
 - P&L effect YTD EUR -1.7 m.; OCI effect YTD EUR -2.0 m.
- ▶ Instruments held as inflation hedges (31 March 2013) with volume of EUR 3,475 m.
 - EUR 2,899 m. equivalent swap volume with average duration of 2.12 years
 - EUR 576 m. volume of inflation linker with average duration of 6.06 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	+63	+40	+103
Inflation expectation*: -100 bps	-62	-38	-100
Inflation expectation*: +400 bps	+260	+172	+432

* 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)

Sensitivities of the Market Consistent Embedded Value

in m. EUR	Total
MCEV (basic)	3,133.9
Sensitivities to economic assumptions	
Interest rate environment +100 bps	(234.4)
Interest rate environment -100 bps	288.3
Equity/property market value -10%	(1.6)
Swaption implied volatilities +25%	(10.2)
Liquidity Premium +10 bps	66.9
Sensitivities to non-economic assumptions	
Expenses -10%	80.9
Lapse +10%	(376.9)
Lapse -10%	252.2
Mort./Morb. +5%, life/disab. bus. only	(1,019.9)
Mort./Morb. -5%, life/disab. bus. only	1,100.8
Mort./Morb. +5%, annuity bus. only	110.2
Mort./Morb. -5%, annuity bus. only	(116.9)

► Base run without liquidity premium

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