



somewhat
different

Conference Call on Interim Report 2/2015

Hannover, 5 August 2015

hannover **re**[®]

20% increase in net profits

2015 Group net income guidance increased to ~EUR 950 m.

Group

▶ Gross written premium: EUR 8,587 m. (+21.5%)	▶ GWP f/x-adjusted growth (+ 9.5%) above expectation
▶ Net premium earned: EUR 7,019 m. (+20.2%)	
▶ EBIT: EUR 789 m.	▶ Strong increase in Group net income (+ 19.7%), driven by favourable underwriting result in P&C and increased investment returns
▶ Group net income: EUR 532 m.	
▶ RoE: 14.0%	▶ RoE remains well above our minimum target
▶ Book value per share: EUR 63.62	▶ Shareholders' equity up by 1.6%, despite dividend payment in Q2/2015
▶ Shareholders' equity: EUR 7,673 m.	

Property & Casualty R/I

EBIT: EUR 584 m.

- ▶ Good profitability (EBIT margin of 15.0%) driven by favourable underwriting result (C/R of 95.4%)
- ▶ Net major losses of EUR 197 m. (5.1% of NPE) below budget
- ▶ F/x-adjusted growth of 10.0% driven by a number of larger individual transactions from Asia and US

Life & Health R/I

EBIT: EUR 200 m.

- ▶ Favourable f/x-adjusted growth of 8.9% mainly from Longevity, Australia and Emerging Markets
- ▶ Significantly increased operating profit (+29.2%)
- ▶ Technical result from US mortality and French branch below expectation

Investments

NI: EUR 799 m.
RoI from AuM: 3.3%

- ▶ RoI well above full-year target of 3.0%
- ▶ Higher ordinary investment income supported by one-off effect in L&H reinsurance and strong USD
- ▶ Assets under own management increased by 3.2%

Strong operating profit fuelled by both business groups

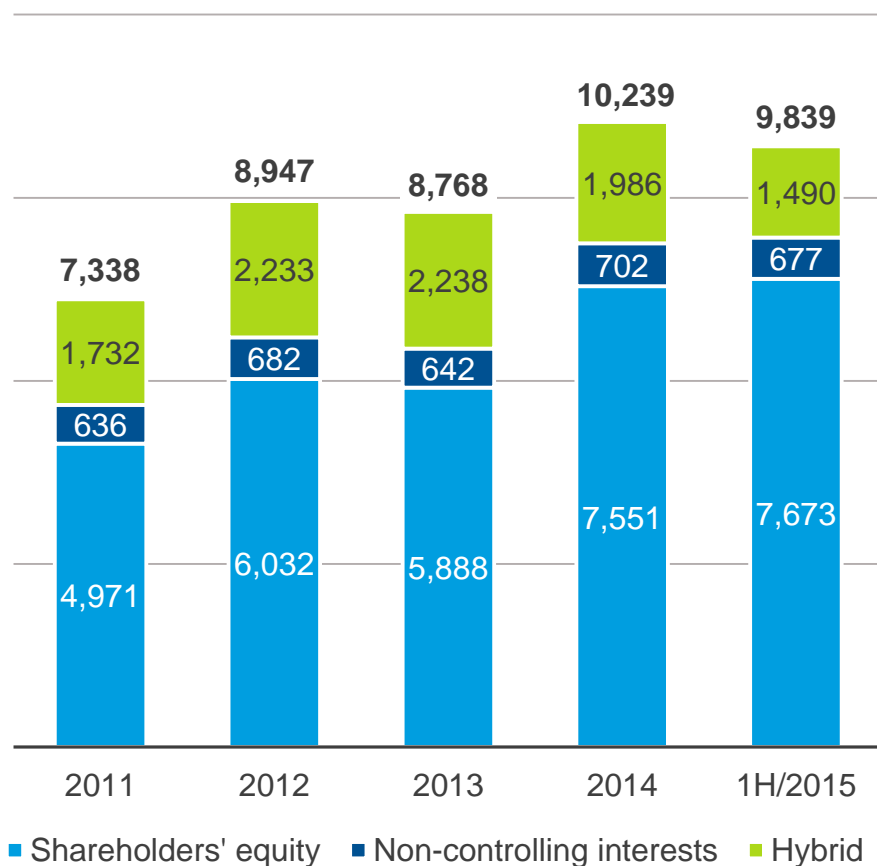
Strong increase in premiums and earnings

Group figures in m. EUR	Q2/2014	Q2/2015	1H/2014	1H/2015	YTD
Gross written premium	3,440	4,186	7,065	8,587	▶ GWP f/x-adjusted growth of 9.5%
Net premium earned	2,927	3,588	5,839	7,019	▶ NPE f/x-adjusted growth of 8.3%
Net underwriting result	12	(34)	14	(40)	▶ Satisfactory EBIT margin of 11.2%
- Incl. funds withheld	98	65	189	158	▶ Normalised tax ratio; tax refund in Q2/2015 offsets slightly inflated tax ratio in Q1/2015
Net investment income	346	383	708	799	
- From assets under own mgmt.	260	285	533	601	
- From funds withheld	86	98	175	197	
Other income and expenses	(24)	11	(38)	31	
Operating profit/loss (EBIT)	334	360	684	789	
Interest on hybrid capital	(21)	(23)	(49)	(48)	
Net income before taxes	313	337	635	741	
Taxes	(93)	(58)	(156)	(184)	
Net income	220	278	479	557	
- Non-controlling interests	8	26	35	25	
Group net income	211	252	444	532	
Retention	87.1%	88.0%	87.7%	88.3%	
EBIT margin (EBIT/Net premium earned)	11.4%	10.0%	11.7%	11.2%	
Tax ratio	29.8%	17.4%	24.5%	24.9%	
Earnings per share (in EUR)	1.75	2.09	3.69	4.41	

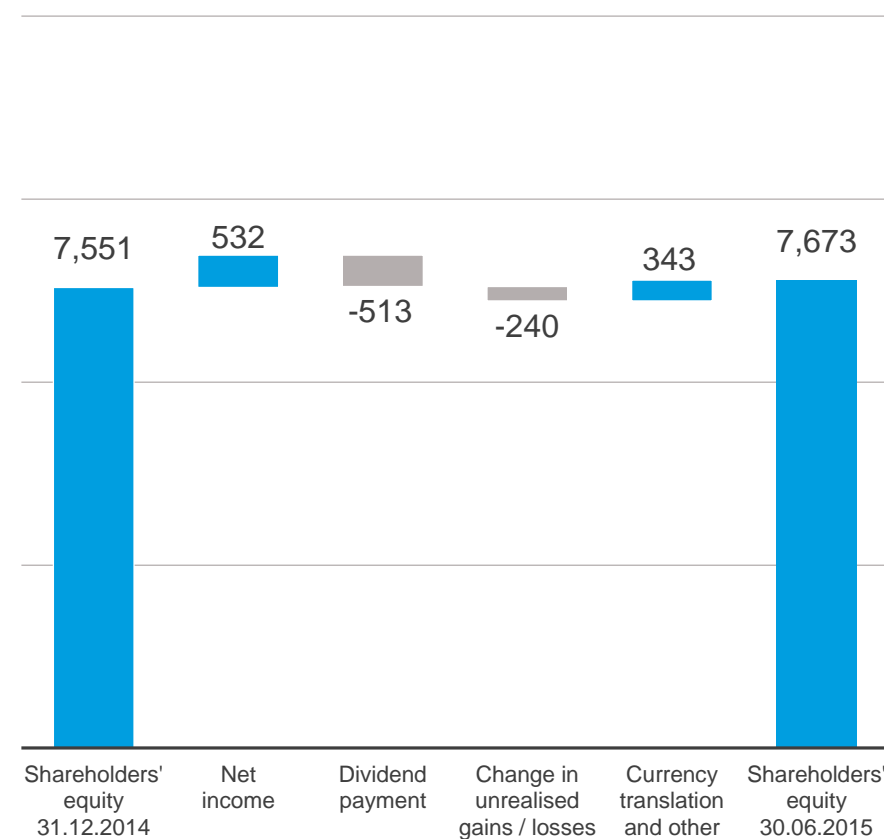
Shareholders' equity increased despite dividend payment

Driven by strong earnings and depreciation of EUR

Policyholders' surplus in m. EUR



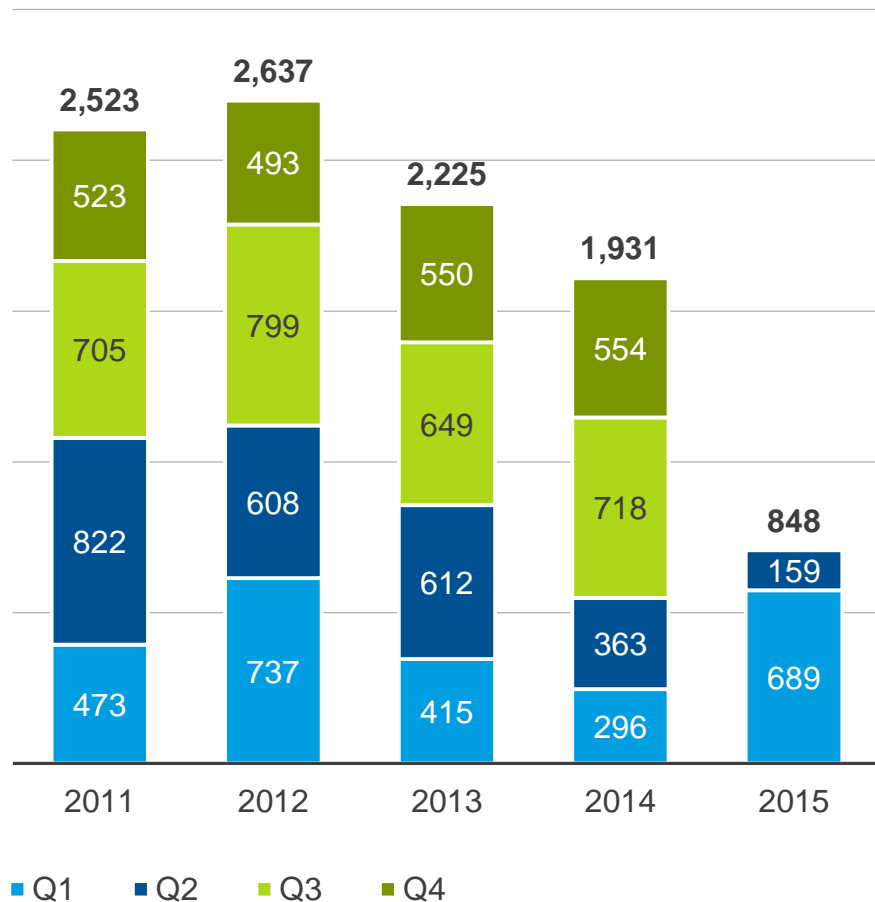
Change in shareholders' equity in m. EUR



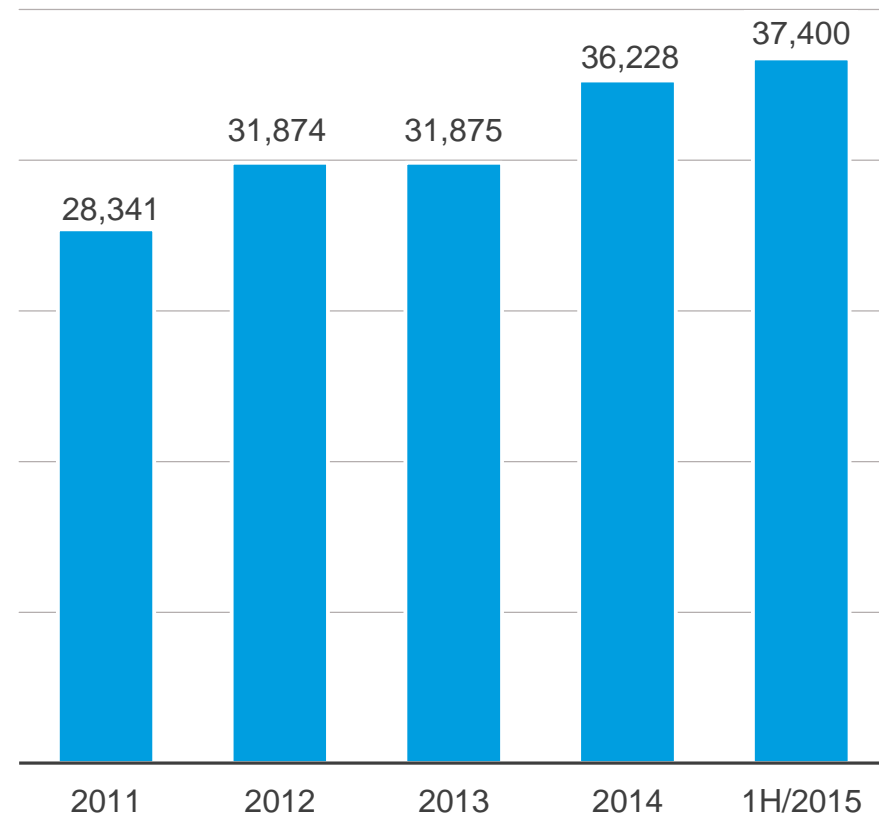
Continued positive cash flow

Increase of 3.2% in AuM helped by strong USD

Operating cash flow in m. EUR



Assets under own management (AuM) in m. EUR



Favourable underwriting result in a competitive environment

Attractive top line growth despite continued selective underwriting approach

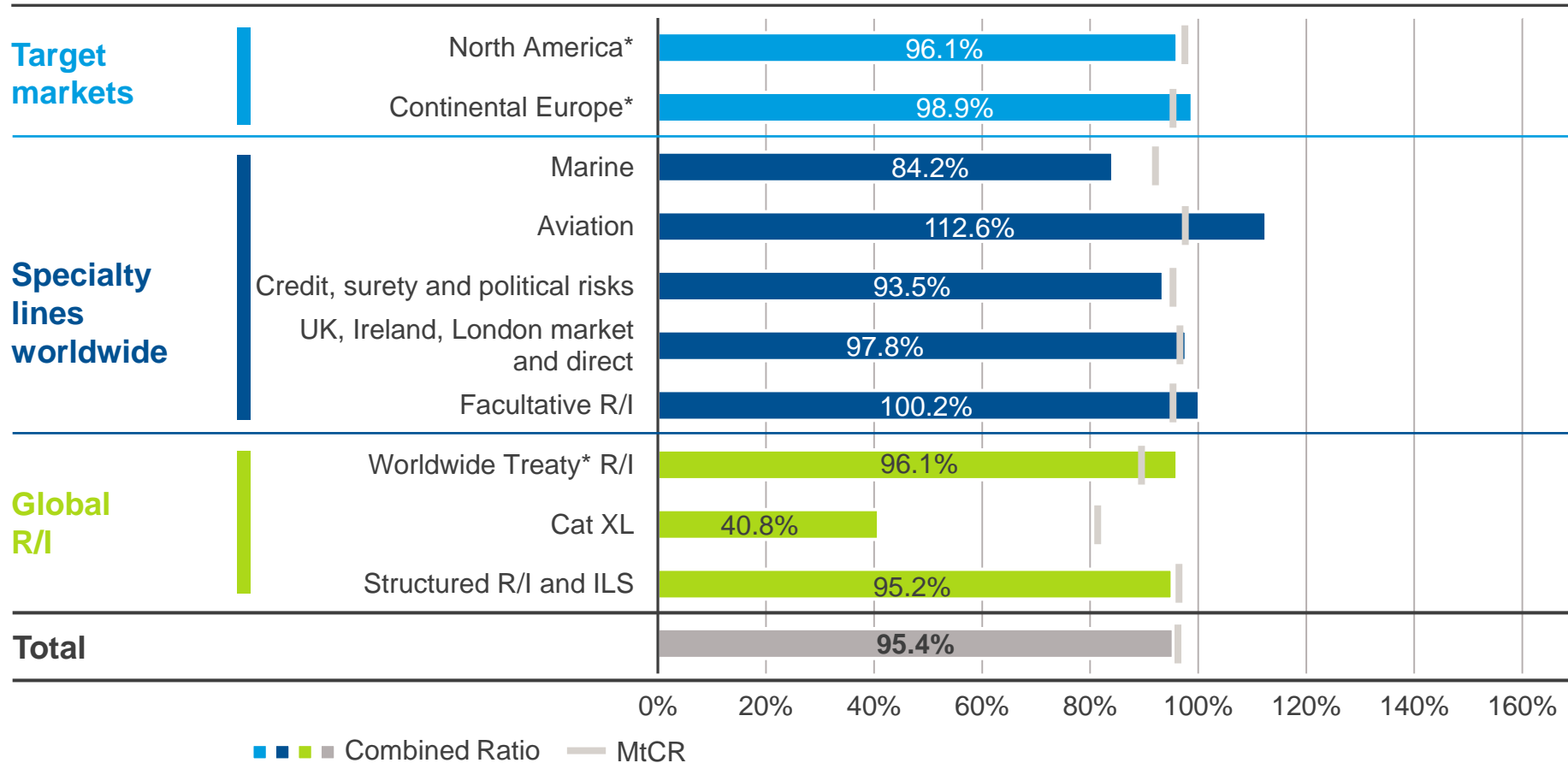
Property & Casualty R/I in m. EUR	Q2/2014	Q2/2015	1H/2014	1H/2015	YTD
Gross written premium	1,970	2,355	4,078	4,972	▶ GWP f/x-adjusted growth +10.0% mainly from Specialty lines, US, Asia as well as agro
Net premium earned	1,739	2,012	3,370	3,894	
Net underwriting result incl. funds withheld	76	101	168	181	▶ Major losses of EUR 197 m. (5.1% of NPE) below budget of EUR 294 m. for 1H/2015
Combined ratio incl. interest on funds withheld	95.6%	95.0%	95.0%	95.4%	▶ Conservative reserving policy unchanged
Net investment income from assets under own management	188	224	389	415	▶ Favourable development of ordinary investment income
Other income and expenses	(24)	4	(36)	(12)	▶ Improved other income and expenses driven by positive currency effects
Operating profit/loss (EBIT)	241	329	521	584	▶ EBIT margin of 15.0% (1H/2014: 15.5%) well above target
Tax ratio	34.6%	18.0%	28.5%	24.3%	▶ 20.3% growth in Group net income
Group net income	150	247	348	418	
Earnings per share (in EUR)	1.24	2.05	2.89	3.47	

Overall portfolio outperforms the MtCR

Aviation hit by large losses

Combined Ratio 1H/2015 vs. MtCR

in %



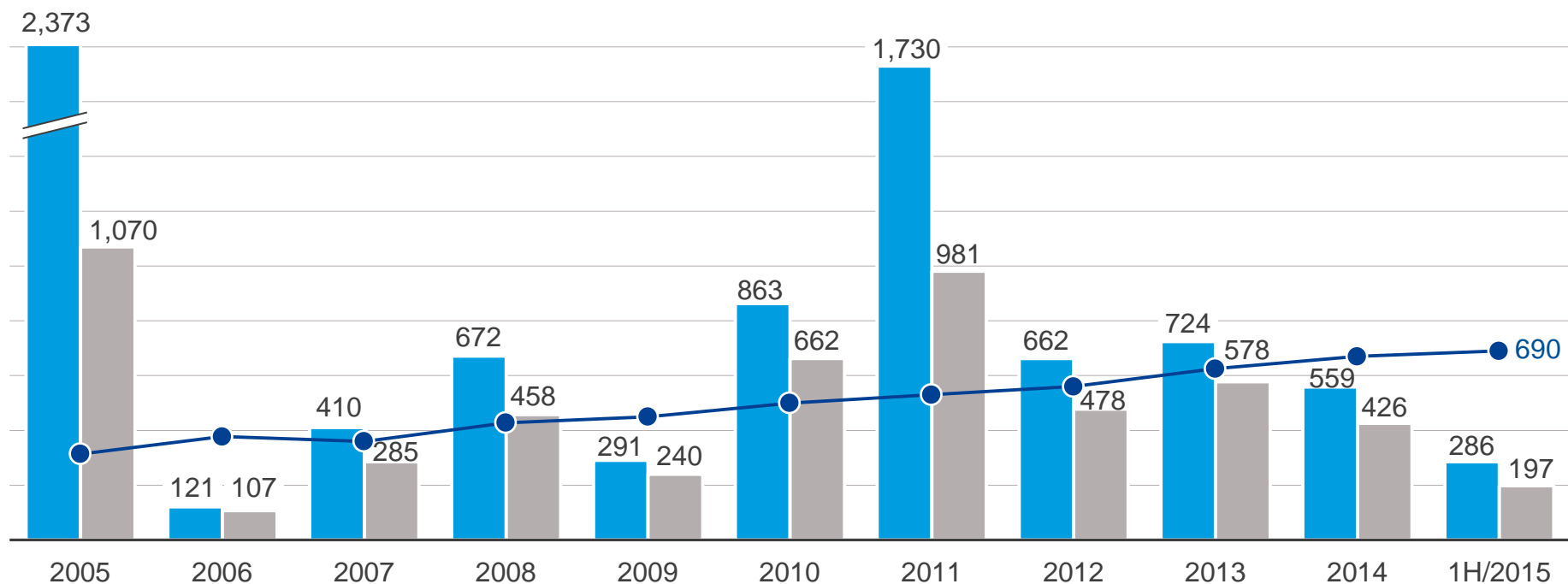
MtCR = Maximum tolerable Combined Ratio

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

Major losses below budget for 1H/2015

Natural and man-made catastrophe losses¹⁾

in m. EUR



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

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

■ Gross ■ Net ● Expected net catastrophe losses

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

2) 2005 - 2006 adjusted to new segmentation

Benign large loss experience in 1H/2015 from NatCat

High level of man-made large losses

Catastrophe losses* in m. EUR	Date	Gross	Net
Winter storm, USA	16 - 22 Feb	16.3	11.6
Cyclone "Marcia", Australia	20 Feb	13.3	9.0
Storm "Niklas", Germany, Switzerland, Austria	31 Mar - 1 Apr	47.6	35.4
Storm, Australia	19 - 22 Apr	22.6	15.0
4 Natural catastrophes		99.8	71.0
3 Aviation claims		43.6	35.4
4 Marine claims		129.1	77.6
Property claim		13.3	13.3
12 Major losses		285.9	197.4

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

Increased profitability of our Life & Health business

Attractive premium growth and significantly improved earnings

Life and health R/I in m. EUR	Q2/2014	Q2/2015	1H/2014	1H/2015	YTD
Gross written premium	1,470	1,831	2,987	3,615	▶ GWP f/x-adjusted growth +8.9%, mainly from Emerging markets, Australia and Longevity BATs
Net premium earned	1,188	1,575	2,469	3,125	
Net underwriting result incl. funds withheld	22	(36)	22	(24)	▶ Technical result from US mortality and French branch below expectation
Net investment income from assets under own management	67	55	134	179	▶ Ordinary investment income higher due to positive one-off from termination fee
Other income and expenses	0	8	(1)	44	▶ Improved other income and expenses driven by positive currency effects
Operating profit/loss (EBIT)	89	27	155	200	▶ EBIT margins:
EBIT margin	7.5%	1.7%	6.3%	6.4%	• Financial solutions: 24.9%, 17.1% excluding one-off from termination fee, (target 2.0%)
Tax ratio	18.3%	17.6%	18.8%	26.6%	• Longevity: 3.5% (target 2.0%)
Group net income	72	18	115	146	• Mortality and Morbidity: 2.7% (target 6.0%)
Earnings per share (in EUR)	0.60	0.15	0.96	1.21	▶ 26.2% growth in Group net income

Investment income well above expectations

Rise in ordinary inv. income more than offsets decrease in (un-)realised result

in m. EUR	Q2/2014	Q2/2015	1H/2014	1H/2015	RoI	YTD
Ordinary investment income*	250	289	494	603	3.3%	<ul style="list-style-type: none"> ▶ Significant rise in ordinary investment income due to higher results from fixed-income securities, real estate and one-off effect from L&H business as well as f/x-effects ▶ Realisations slightly down also impacted by termination of inflation swaps ▶ Change in fair value of financial instruments driven by ModCo derivatives ▶ Valuation reserves lower than year-end levels due to increasing yields
Realised gains/losses	34	22	88	67	0.4%	
Impairments/appreciations & depreciations	(5)	(7)	(10)	(15)	-0.1%	
Change in fair value of financial instruments (through P&L)	3	9	10	(2)	0.0%	
Investment expenses	(22)	(28)	(50)	(52)	-0.3%	
NIII from assets under own mgmt.	260	285	533	601	3.3%	
NIII from funds withheld	86	98	175	197		
Total net investment income	346	383	708	799		
Unrealised gains/losses of investments			31 Dec 14	30 Jun 15		
On Balance-sheet			1,724	1,434		
thereof Fixed income AFS			1,246	930		
Off Balance-sheet			558	491		
thereof Fixed income HTM, L&R			497	421		
Total			2,282	1,925		

* Incl. results from associated companies

Target Matrix 2015

Targets mostly achieved

Business group	Key figures	Strategic targets for 2015	1H/2015
Group	Return on investment ¹⁾	≥3.0%	3.4 %
	Return on equity ²⁾	≥10.2%	14.0%
	Earnings per share growth (y-o-y)	≥6.5%	19.7%
	Value creation per share ³⁾	≥7.5%	n.a.
Property & Casualty R/I	Gross premium growth	3% - 5% ⁴⁾	10.0%
	Combined ratio	≤96% ⁵⁾	95.4%
	EBIT margin ⁶⁾	≥10%	15.0%
	xRoCA ⁷⁾	≥2%	n.a.
Life & Health R/I	Gross premium growth	5% - 7% ⁸⁾	8.9%
	Value of New Business (VNB)	≥EUR 180 m.	n.a.
	EBIT margin ⁶⁾ Financial solutions/Longevity	≥2%	13.2%
	EBIT margin ⁶⁾ Mortality/Morbidity	≥6%	2.7%
	xRoCA ⁷⁾	≥3%	n.a.

1) Excl. inflation swaps and ModCo

3) Growth of book value + paid dividend

5) Incl. expected net major losses of EUR 690 m.

7) Excess return on the allocated economic capital

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

4) At unchanged f/x-rates; multi-year average

6) EBIT/net premium earned

8) At unchanged f/x-rates; multi-year average; organic growth only

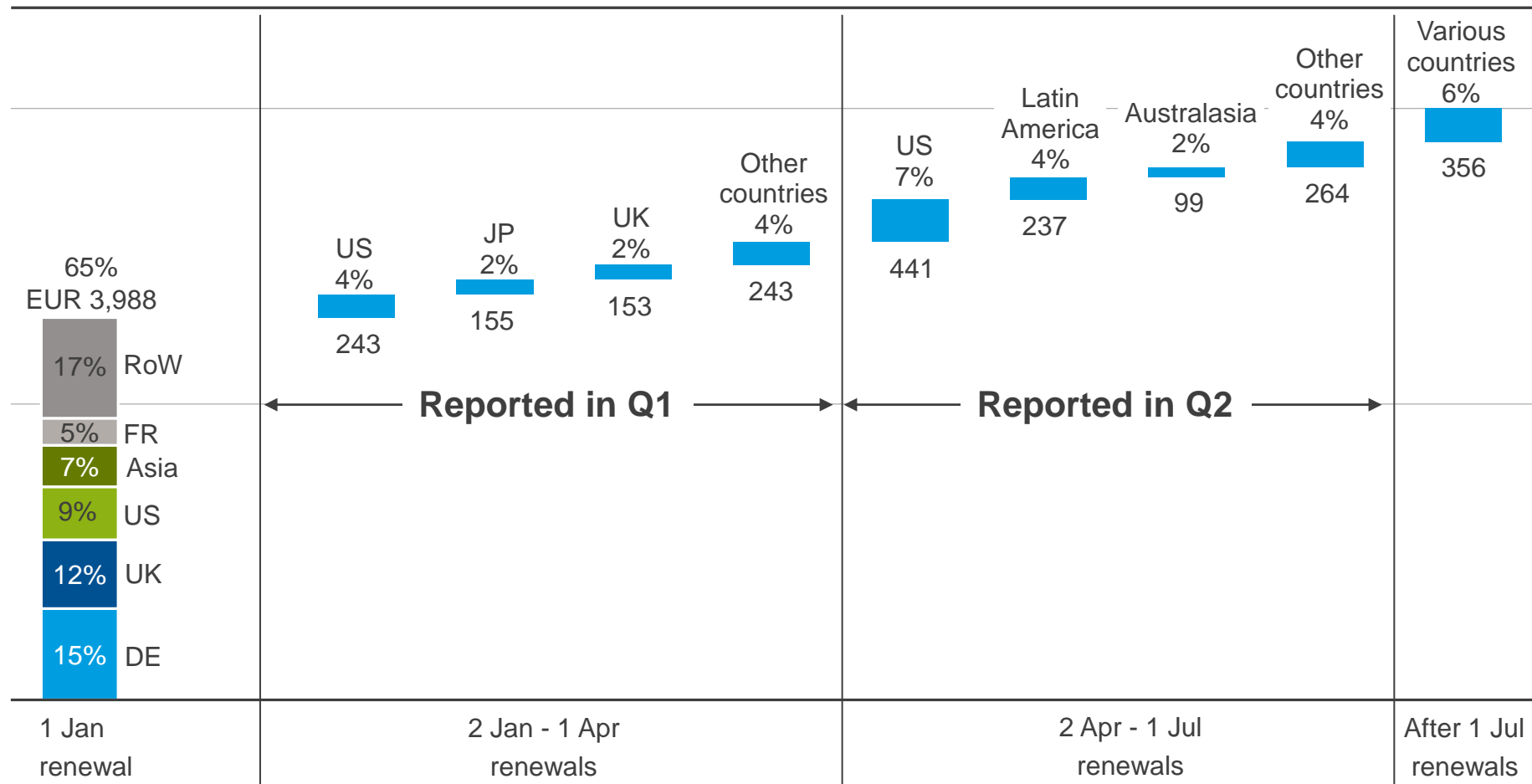
Outlook 2015

17% of treaty reinsurance (R/I) renewed as at 1 July 2015

Renewals split in 2015

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

in m. EUR



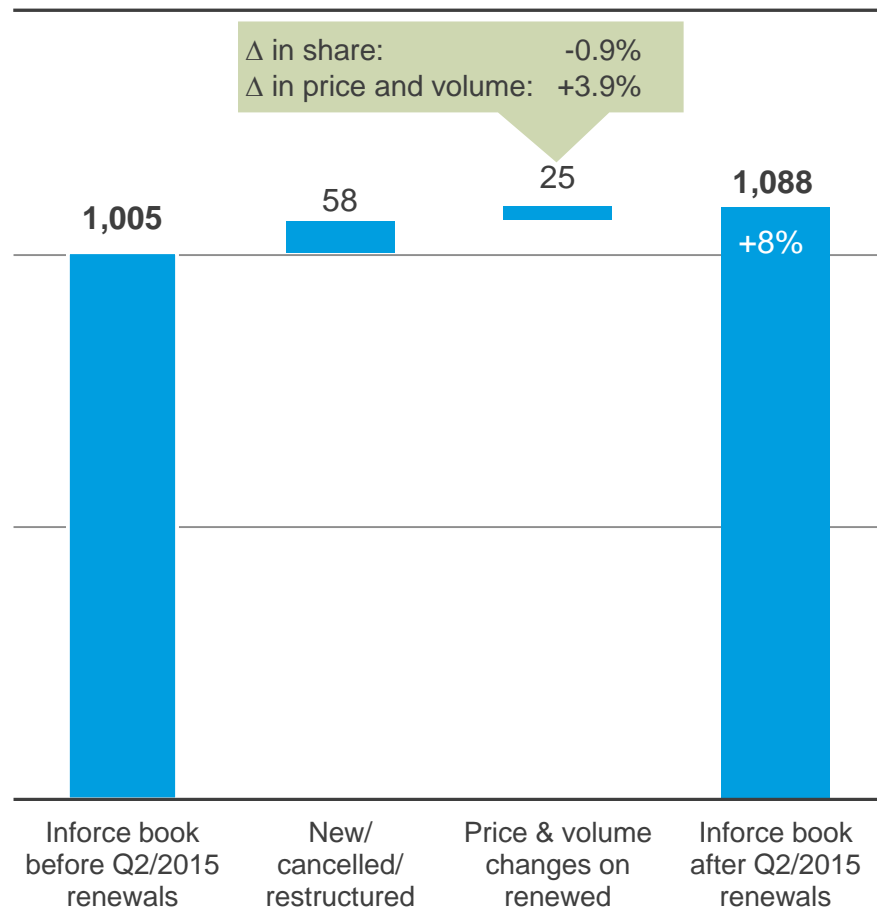
Based on 2014 U/Y

Hannover Re is considered as a preferred partner

Premium growth despite challenging market conditions

2 April to 1 July renewals

in m. EUR



At unchanged f/x-rates

- ▶ Premium increase due to new contracts and volume increases
- ▶ US Property: satisfactory outcome
 - Increase in proportional business due to specific opportunities
 - Demand has mostly remained stable with terms being reasonable
- ▶ US Casualty
 - New business opportunities and restructuring of several programmes generated additional premium
 - Increased demand in cyber business
- ▶ Australia
 - More proportional business from existing long-standing relationships
- ▶ Global Cat
 - Despite reductions of around 5% on a risk adjusted basis volume of profitable business grew due to additional demand

Increased new guidance for 2015

Group net income guidance up from ~EUR 875 m. to ~EUR 950 m.

Hannover Re Group

- ▶ Gross written premium _____ 5% - 10% premium growth at unchanged f/x-rates
- ▶ Return on investment^{1) 2)} _____ ~ 3.0%
- ▶ Group net income¹⁾ _____ ~ EUR 950 m.
- ▶ Dividend payout ratio³⁾ _____ 35% - 40%
(The ratio may increase in light of capital management considerations)

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

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

3) Relative to Group net income according to IFRS

Overall profitability expected for Property & Casualty R/I

Financial Year 2015e

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

1) In EUR; premium growth supported by strengthening of foreign currencies

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

3) All lines of business except those stated separately

Increased profitability expected for Life & Health R/I

Financial Year 2015e








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

1) In EUR; premium growth supported by strengthening of foreign currencies

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

Rationale for the 2015 profit guidance

Long-term success in a competitive business

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

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

We are confident of achieving the guidance

somewhat
different

Appendix

Our strategic business groups at a glance

1H/2015 vs. 1H/2014

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	1H/2014	1H/2015	Δ	1H/2014	1H/2015	Δ	1H/2014	1H/2015	Δ
Gross written premium	4,078	4,972	+21.9%	2,987	3,615	+21.0%	7,065	8,587	+21.5%
Net premium earned	3,370	3,894	+15.5%	2,469	3,125	+26.6%	5,839	7,019	+20.2%
Net underwriting result	158	171	+7.9%	(144)	(211)	+46.7%	14	(40)	-
Net underwriting result incl. funds withheld	168	181	+7.9%	22	(24)	-	189	158	-16.8%
Net investment income	399	425	+6.6%	300	367	+22.4%	708	799	+12.9%
From assets under own management	389	415	+6.6%	134	179	+33.8%	533	601	+12.9%
From funds withheld	9	10	+7.2%	165	187	+13.2%	175	197	+12.9%
Other income and expenses	(36)	(12)	-65.7%	(1)	44	-	(38)	31	-
Operating profit/loss (EBIT)	521	584	+12.0%	155	200	+29.2%	684	789	+15.5%
Interest on hybrid capital	0	(0)	-	(0)	0	-	(49)	(48)	-0.8%
Net income before taxes	521	584	+12.0%	155	200	+29.2%	635	741	+16.7%
Taxes	(148)	(142)	-4.6%	(29)	(53)	+82.5%	(156)	(184)	+18.3%
Net income	372	442	+18.7%	126	147	+16.9%	479	557	+16.2%
Non-controlling interest	25	24	-3.7%	10	1	-88.0%	35	25	-28.5%
Group net income	348	418	+20.3%	115	146	+26.2%	444	532	+19.7%
Retention	91.1%	89.6%		83.1%	86.5%		87.7%	88.3%	
Combined ratio (incl. interest on funds withheld)	95.0%	95.4%		99.1%	100.8%		96.8%	97.8%	
EBIT margin (EBIT / Net premium earned)	15.5%	15.0%		6.3%	6.4%		11.7%	11.2%	
Tax ratio	28.5%	24.3%		18.8%	26.6%		24.5%	24.9%	
Earnings per share (in EUR)	2.89	3.47		0.96	1.21		3.69	4.41	

Our strategic business groups at a glance

Q2 stand-alone

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q2/2014	Q2/2015	Δ	Q2/2014	Q2/2015	Δ	Q2/2014	Q2/2015	Δ
Gross written premium	1,970	2,355	+19.5%	1,470	1,831	+24.6%	3,440	4,186	+21.7%
Net premium earned	1,739	2,012	+15.7%	1,188	1,575	+32.6%	2,927	3,588	+22.6%
Net underwriting result	71	94	+33.3%	(59)	(128)	-	12	(34)	-
Net underwriting result incl. funds withheld	76	101	+31.8%	22	(36)	-	98	65	-34.1%
Net investment income	194	230	+18.6%	148	147	-0.2%	346	383	+10.6%
From assets under own management	188	224	+18.8%	67	55	-17.4%	260	285	+9.5%
From funds withheld	6	6	+12.4%	81	92	+14.1%	86	98	+14.0%
Other income and expenses	(24)	4	-	0	8	-	(24)	11	-
Operating profit/loss (EBIT)	241	329	+36.6%	89	27	-70.1%	334	360	+7.9%
Interest on hybrid capital	0	(0)	-	(0)	0	-	(21)	(23)	-
Net income before taxes	241	329	+36.6%	89	27	-70.1%	313	337	+7.6%
Taxes	(83)	(59)	-	(16)	(5)	-	(93)	(58)	-
Net income	157	269	+71.1%	73	22	-69.8%	220	278	+26.7%
Non-controlling interest	7	22	-	1	4	-	8	26	-
Group net income	150	247	+64.6%	72	18	-74.9%	211	252	+19.3%
Retention	91.1%	90.3%		81.7 %	85.0 %		87.1%	88.0%	
Combined ratio (incl. interest on funds withheld)	95.6%	95.0%		98.1 %	102.3 %		96.6%	98.2%	
EBIT margin (EBIT / Net premium earned)	13.8%	16.3%		7.5 %	1.7 %		11.4%	10.0%	
Tax ratio	34.6%	18.0%		18.3 %	17.6 %		29.8%	17.4%	
Earnings per share (in EUR)	1.24	2.05		0.60	0.15		1.75	2.09	

Asset allocation rather stable

Slight increase in governments and high yielding bonds at expense of covereds

Tactical asset allocation¹⁾

Investment category	2011	2012	2013	2014	1H/2015
Fixed-income securities	90%	92%	90%	90%	89%
- Governments	19%	19%	19%	21%	23%
- Semi-governments	23%	23%	20%	19%	19%
- Corporates	31%	33%	36%	36%	36%
Investment grade	29%	30%	33%	33%	32%
Non-investment grade ³⁾	3%	3%	3%	3%	4%
- Pfandbriefe, Covered Bonds, ABS	16%	17%	15%	14%	12% ²⁾
Equities	2%	2%	2%	2%	2%
- Listed	<1%	<1%	<1%	< 1 %	< 1 %
- Private Equity	2%	2%	2%	2%	2%
Real estate/real estate funds	2%	2%	4%	4%	4%
Others³⁾	<1%	1%	1%	1%	1%
Short-term investments & cash	5%	3%	4%	4%	4%
Total balance sheet values in bn. EUR	28.3	31.9	31.9	36.2	37.4

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 800.3 m. (EUR 716.3 m.) as at 30 June 2015

2) Of which Pfandbriefe and Covered Bonds = 80.6%

3) Reallocation of High Yield Funds from Others to Corporates – Non-investment grade retrospective from 2011 onwards

Stress tests on assets under own management ...

... unchanged focus on interest and spread developments

Portfolio	Scenario	Change in market value in m. EUR	Changes in OCI before tax in m. EUR
Equity (listed and private equity)	-10%	-79	-79
	-20%	-159	-159
Yield curves	+50 bps	-771	-667
	+100 bps	-1,507	-1,303
Credit spreads	+50%	-672	-636

As at 30 June 2015

Fixed-income book well balanced

More than 80% in A and better

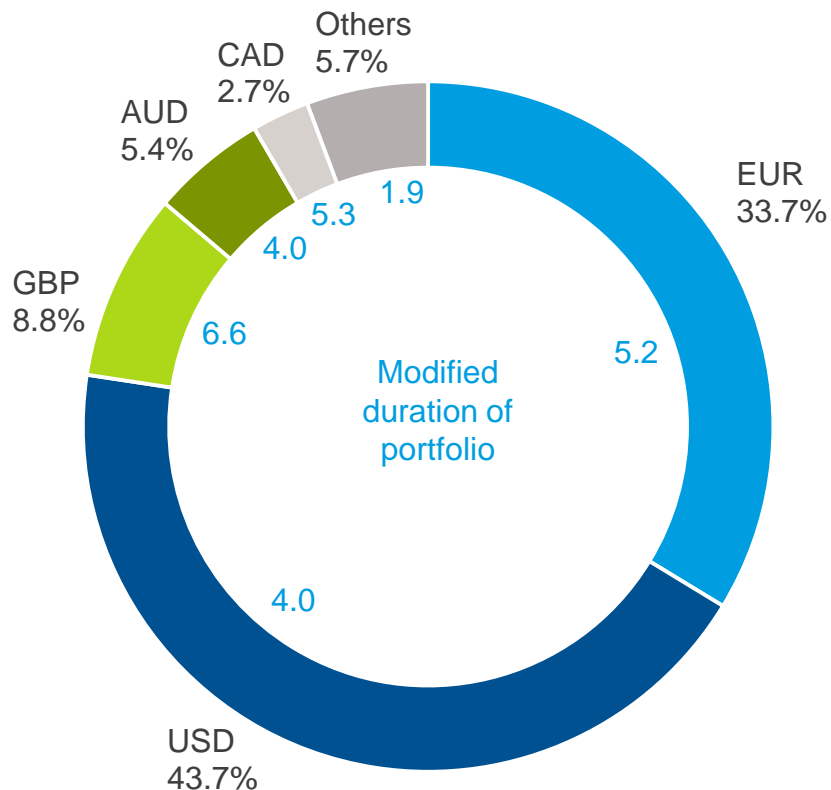
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered Bonds, ABS	Short-term investments, cash	Total
AAA	70.9%	59.7%	1.6%	64.0%	-	40.1%
AA	15.0%	35.7%	15.2%	14.9%	-	19.3%
A	9.3%	2.8%	42.9%	10.5%	-	21.5%
BBB	3.7%	1.4%	33.1%	6.0%	-	15.2%
<BBB	1.0%	0.4%	7.2%	4.7%	-	3.9%
Total	100.0%	100.0%	100.0%	100.0%	-	100.0%
Germany	13.6%	42.2%	4.7%	25.0%	21.5%	17.7%
UK	7.9%	3.1%	8.0%	9.6%	4.4%	7.1%
France	3.4%	3.2%	6.7%	6.6%	0.6%	4.9%
GIIPS	2.0%	0.9%	4.1%	12.7%	0.0%	3.9%
Rest of Europe	7.9%	20.8%	17.9%	22.1%	3.9%	16.0%
USA	49.3%	7.5%	36.0%	5.2%	22.2%	29.0%
Australia	3.6%	7.8%	8.0%	10.4%	9.7%	7.3%
Asia	8.1%	3.0%	4.7%	0.0%	27.3%	5.5%
Rest of World	4.1%	11.5%	9.9%	8.4%	10.3%	8.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total b/s values in bn. EUR	8,539	6,760	13,062	4,563	1,434	34,359

As at 30 June 2015

Currency allocation matches liability profile of balance sheet

Active asset/liability management ensures durational match to a large extent

Currency split of investments



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

Modified duration

2014	4.6
2013	4.4
2012	4.5
2011	4.2

Modified duration as at 30 June 2015: 4.5

Market sensitivity of inflation hedges

- ▶ Inflation Linked Bonds held as inflation hedges with volume of EUR 1,436 m. (thereof 348 m. EUR European HICP; 1,088 m. EUR US-American CPI)
- ▶ Average time to maturity 5.7 years (thereof 6.2 years EUR; 5.5 years USD)
- ▶ Average hedged inflation level of 1.47% EUR and 2.14% USD p.a.
- ▶ OCI effects of the inflation component YTD EUR +3.6 m. (thereof +6.2 m. EUR; -2.6 m. EUR of USD)
- ▶ Sensitivity to inflation risk:

in m. EUR	Change in market value of the inflation component through OCI
Inflation expectation*: +100 BP	+83
Inflation expectation*: -100 BP	-78
Inflation expectation*: +400 BP	+358

* 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)

Disclaimer

This presentation does not address the investment objectives or financial situation of any particular person or legal entity. Investors should seek independent professional advice and perform their own analysis regarding the appropriateness of investing in any of our securities.

While Hannover Re has endeavoured to include in this presentation information it believes to be reliable, complete and up-to-date, the company does not make any representation or warranty, express or implied, as to the accuracy, completeness or updated status of such information.

Some of the statements in this presentation may be forward-looking statements or statements of future expectations based on currently available information. Such statements naturally are subject to risks and uncertainties. Factors such as the development of general economic conditions, future market conditions, unusual catastrophic loss events, changes in the capital markets and other circumstances may cause the actual events or results to be materially different from those anticipated by such statements.

This presentation serves information purposes only and does not constitute or form part of an offer or solicitation to acquire, subscribe to or dispose of, any of the securities of Hannover Re.

© Hannover Rück SE. All rights reserved.

Hannover Re is the registered service mark of Hannover Rück SE.