



somewhat
different

Conference Call on Interim Report 3/2014

Hannover, 5 November 2014

hannover **re**[®]

Strong nine-month result

Group net income increased by 10.3%

Group

▶ Gross written premium: EUR 10,704 m. (+1.6%)	▶ GWP f/x-adjusted growth of 2.9% in line with expectation
▶ Net premium earned: EUR 8,966 m. (-1.7%)	
▶ EBIT: EUR 1,091 m.	▶ EBIT increased by 10.7%, mainly driven by improved results from Life & Health
▶ Group net income: EUR 695 m.	
▶ RoE: 14.4%	▶ RoE remains well above our minimum target
▶ Book value per share: EUR 58.01	▶ Shareholders' equity up by 18.8%, driven by earnings and increase in OCI
▶ Shareholders' equity: EUR 6,996 m.	

Property & Casualty R/I

EBIT: EUR 847 m.

- ▶ Strong profitability (EBIT margin of 16.6%) driven by favourable underwriting result (C/R of 95.3%)
- ▶ Net major losses of EUR 242 m. (4.7% of NPE) well below budget
- ▶ F/x adjusted growth of 3.2% despite continued selective U/W approach

Life & Health R/I

EBIT: EUR 234 m.

- ▶ Significantly improved operating profit (+39.6%)
- ▶ EBIT margins well above our targets
- ▶ Good underlying growth masked by reduced premium income from UK enhanced annuities

Investments

NI: EUR 1,121 m.
RoI from AuM: 3.3%

- ▶ RoI above full-year target of 3.2%
- ▶ Increased ordinary investment income despite low interest rate environment
- ▶ Assets under own management increased by 9.9%

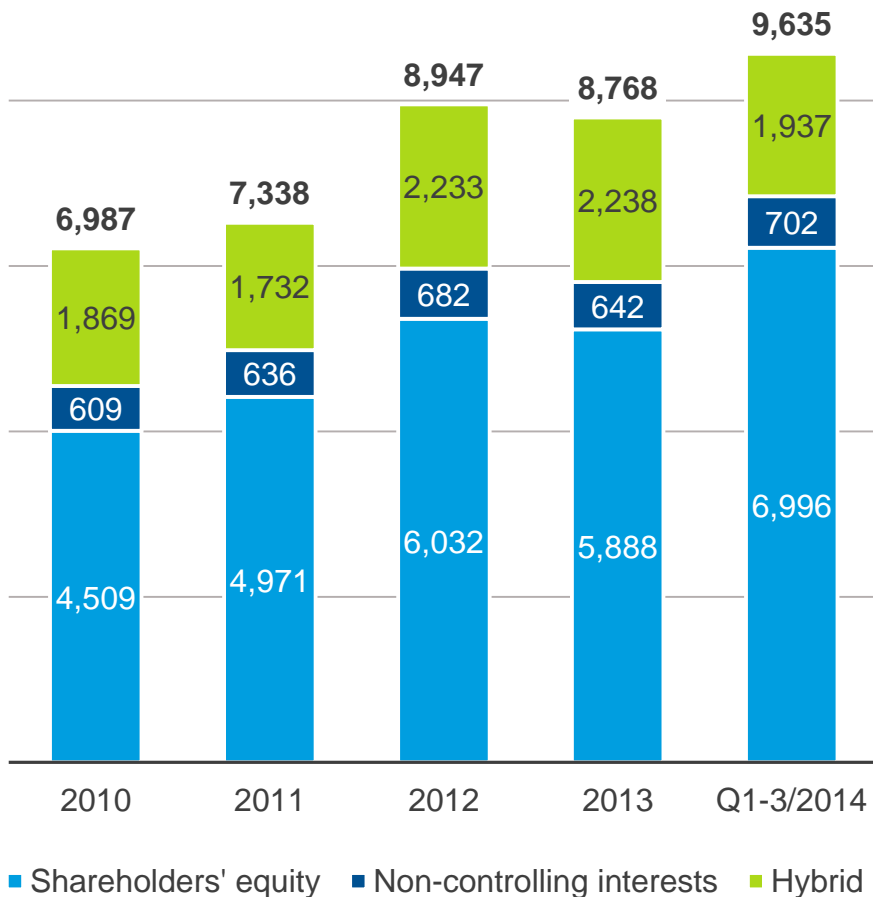
Improved results from both underwriting and investments

Group figures in m. EUR	Q3/2013	Q3/2014	Q1-3/2013	Q1-3/2014	YTD
Gross written premium	3,311	3,640	10,538	10,704	▶ GWP f/x-adjusted growth +2.9%
Net premium earned	2,926	3,127	9,117	8,966	▶ NPE f/x-adjusted growth -0.5%, mainly due to decreased retention in Life & Health
Net underwriting result	(41)	(26)	(25)	(12)	▶ Other income and expenses, y-o-y improvement mainly due to positive currency effects
- Incl. funds withheld	39	84	243	273	▶ Reduced interest on hybrid capital due to EUR 750 m. subordinated bond redemption in Q1/2014
Net investment income	364	414	1,053	1,121	
- From assets under own mgmt.	284	303	786	836	
- From funds withheld	80	110	268	285	
Other income and expenses	(30)	20	(43)	(19)	
Operating profit/loss (EBIT)	293	407	986	1,091	
Interest on hybrid capital	(32)	(22)	(95)	(70)	
Net income before taxes	261	385	891	1,020	
Taxes	(53)	(105)	(225)	(260)	
Net income	208	281	666	760	
- Non-controlling interests	2	30	36	65	
Group net income	207	251	630	695	
Retention	86.4%	85.7%	88.9%	87.0%	
EBIT margin (EBIT/Net premium earned)	10.8%	13.0%	10.8%	12.2%	
Tax ratio	25.2%	27.1%	25.2%	25.5%	
Earnings per share	1.71	2.08	5.23	5.77	

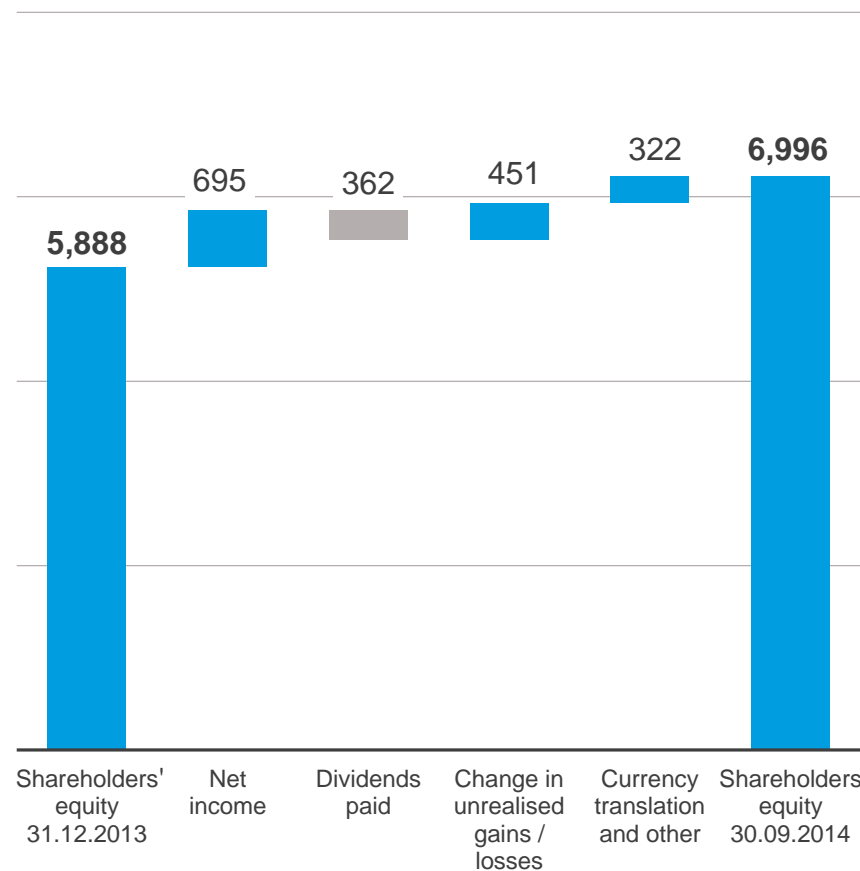
Shareholders' equity increased by 18.8%

Driven by growing valuation reserves

Policyholders' surplus in m. EUR



Change in shareholders' equity in m. EUR

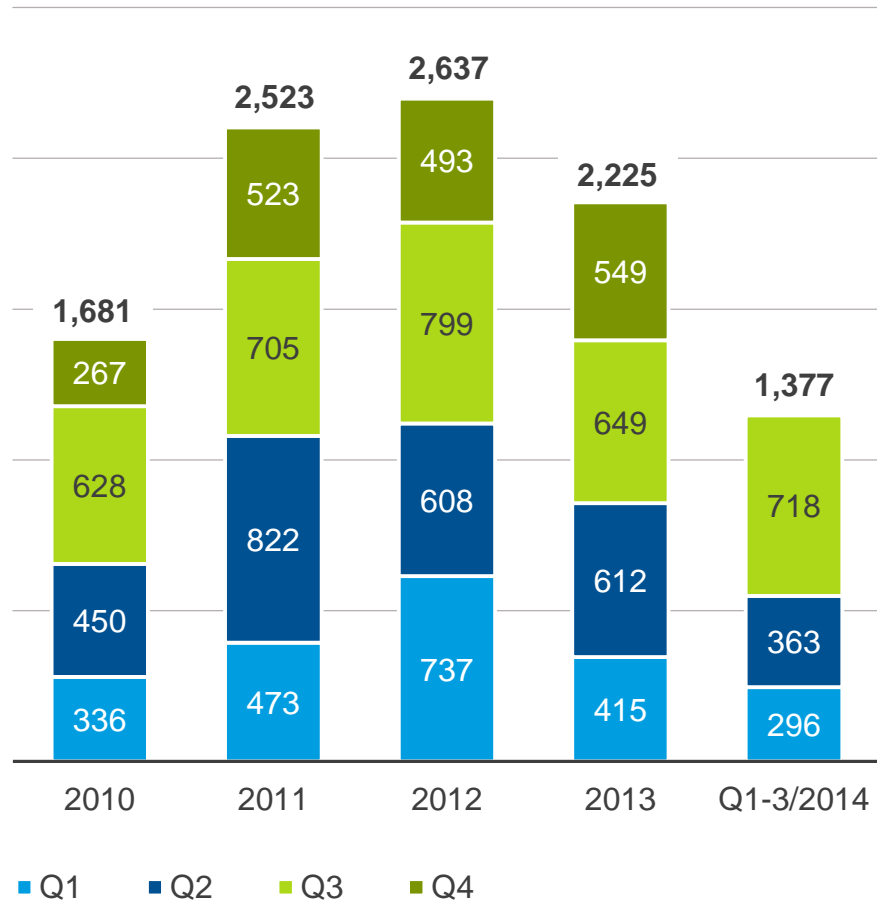


Continued positive cash flow

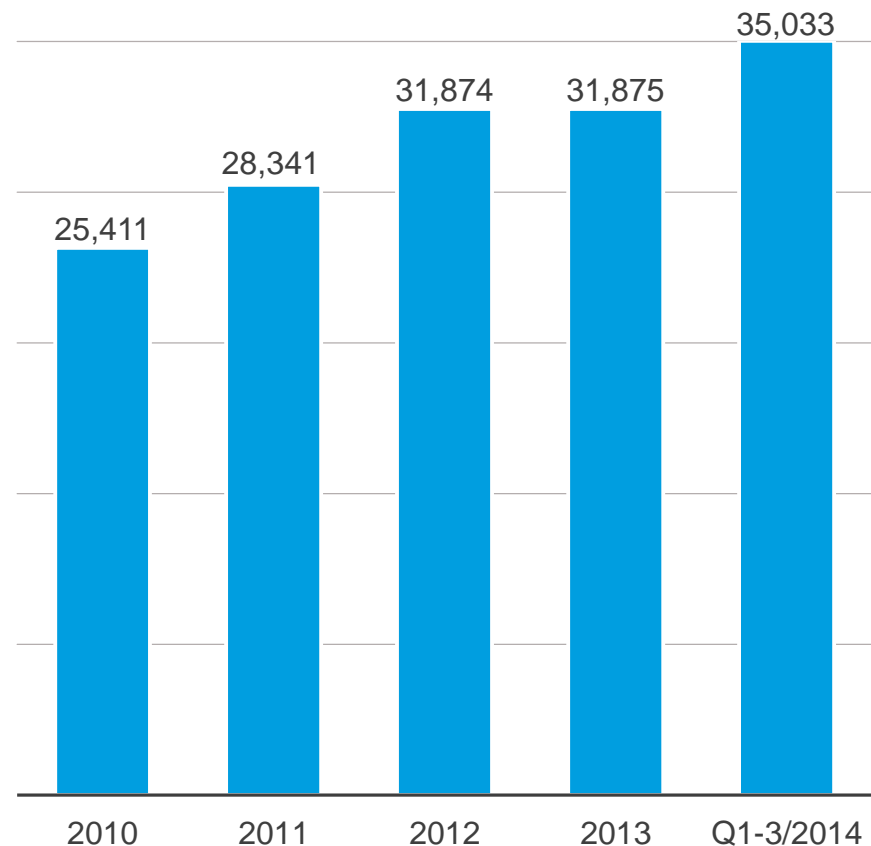
AuM increased by 9.9% partly driven by strengthening of USD

Operating cash flow

in m. EUR



Assets under own management (AuM) in m. EUR



Good U/W profitability in a competitive environment

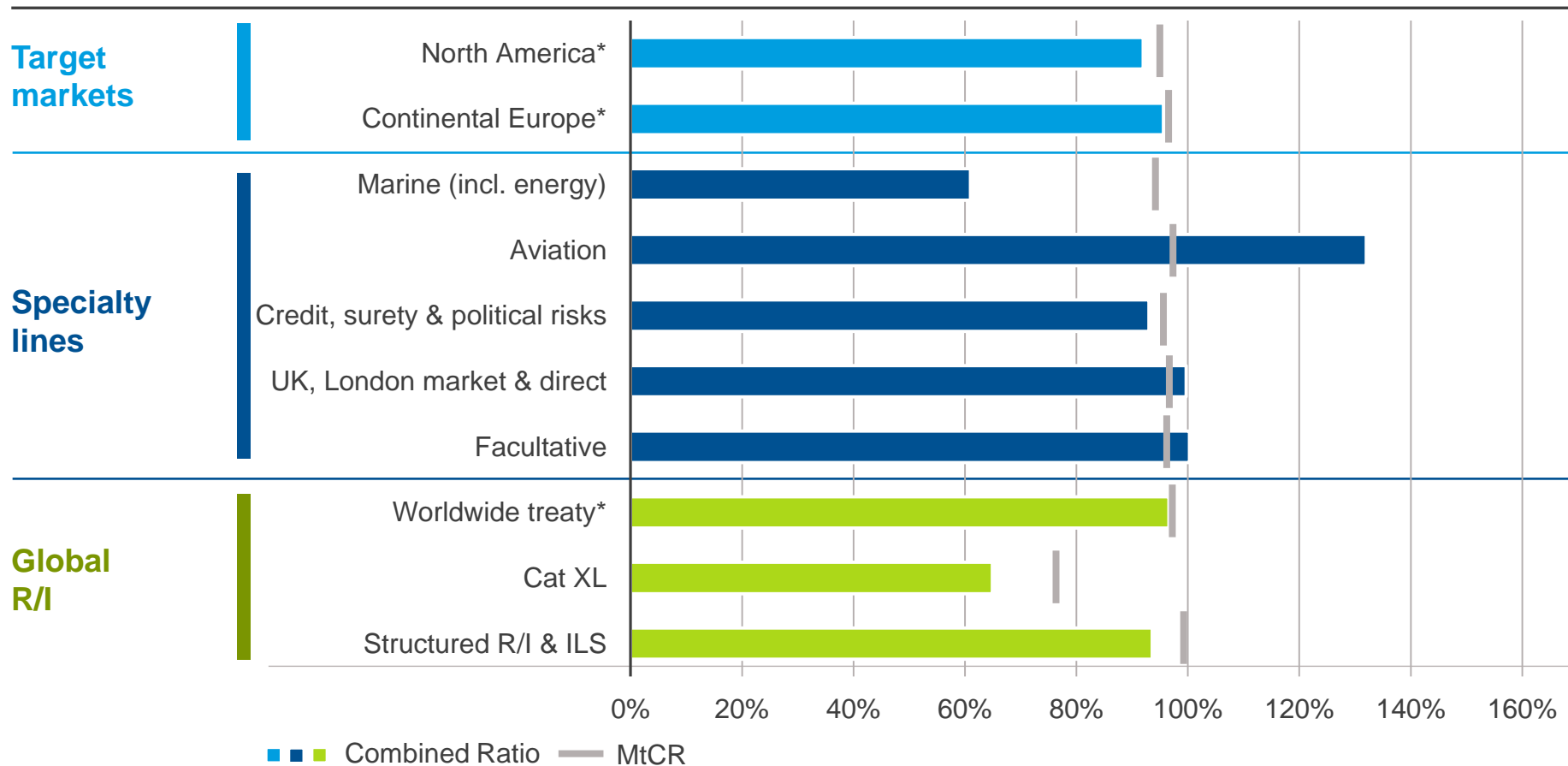
EBIT up by 5.2% aided by strong investment income

Property & Casualty R/I in m. EUR	Q3/2013	Q3/2014	Q1-3/2013	Q1-3/2014	YTD
Gross written premium	1,859	1,982	5,956	6,060	▶ GWP f/x-adjusted growth +3.2%; mainly from China and Southeast Asia
Net premium earned	1,689	1,734	5,093	5,104	▶ NPE f/x-adjusted growth +1.5%
Net underwriting result incl. funds withheld	63	73	254	241	▶ Major losses of EUR 242 m. (4.7% of NPE) below budget (EUR 491 m. for Q1-3/2014)
Combined ratio incl. interest on funds withheld	96.3%	95.8%	95.0%	95.3%	▶ Conservative loss reserving policy maintained for the large loss budget
Net investment income from assets under own management	212	243	567	632	▶ NII increased despite low yield environment
Other income and expenses	(19)	10	(17)	(26)	▶ Other income & expenses influenced by positive currency effects in particular in Q3/2014
Operating profit/loss (EBIT)	256	326	805	847	▶ EBIT margin increases to 16.6% (Q1-3/2013: 15.8%), well above target
Tax ratio	31.2%	25.9%	29.1%	27.5%	
Group net income	172	213	534	561	
Earnings per share	1.43	1.77	4.43	4.65	

Overall portfolio outperforms the MtCR

Aviation impacted by high claims burden

Combined Ratio Q1-3/2014 vs. MtCR



MtCR = Maximum tolerable Combined Ratio

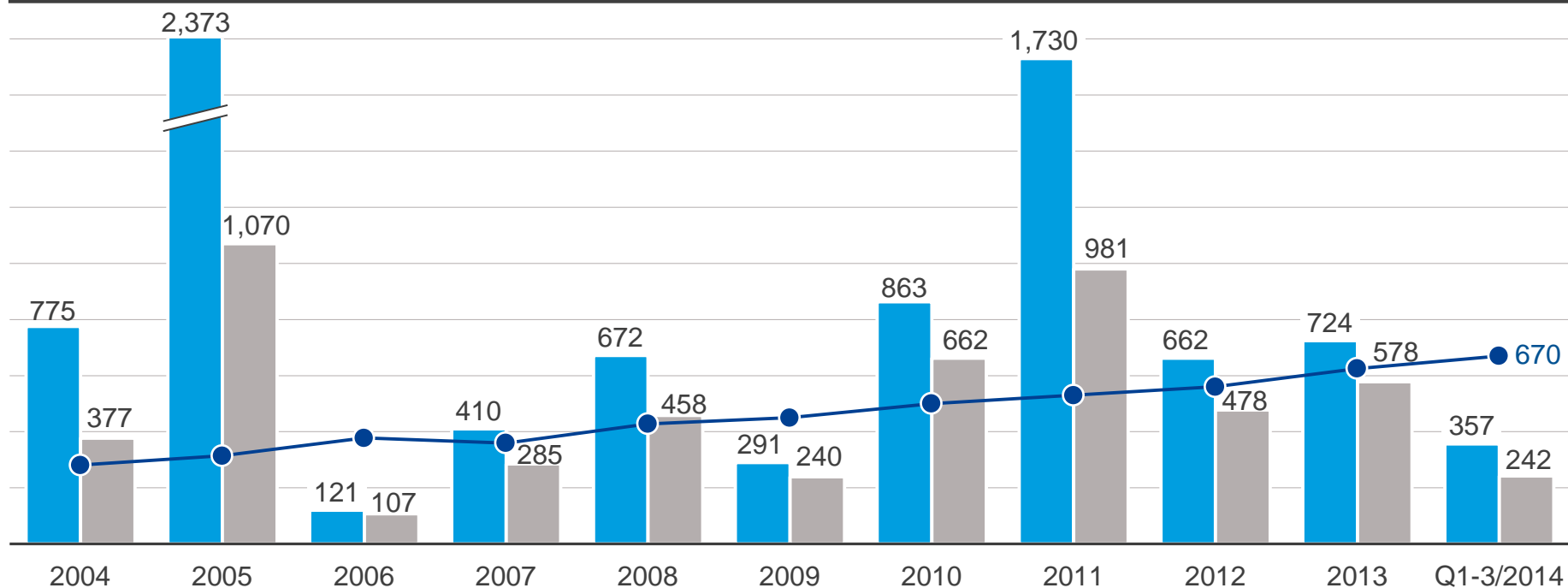
* All lines of non-life reinsurance except those stated separately

Major losses significantly below expectation

Remaining large loss budget provides comfortable cushion for Q4/2014

Natural and man-made catastrophe losses¹⁾

in m. EUR



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

10%	34%	2%	8%	13%	5%	14%	25%	9%	9%	6%
7%	20%	2%	6%	11%	5%	12%	16%	7%	8%	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) 2004 - 2006 adjusted to new segmentation

Benign large loss experience in Q1-3/2014

Catastrophe losses* in m. EUR	Date	Gross	Net
Snowstorm, Japan	14 Feb	23.3	10.2
Earthquake, Chile	1 Apr	11.0	6.1
Storm, USA	2 Jun	11.6	8.1
Storm "Ela", France/Belgium/Germany	7 - 10 Jun	57.0	43.9
Hailstorm, Canada	7 Aug	18.5	11.5
5 Natural catastrophes		121.4	79.8
4 Aviation claims		188.0	126.4
3 Property claims		47.4	36.0
12 Major losses		356.8	242.2

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

Significantly improved result in Life & Health reinsurance

Premium growth accelerated in Q3

Life & Health R/I in m. EUR	Q3/2013	Q3/2014	Q1-3/2013	Q1-3/2014	YTD
Gross written premium	1,452	1,658	4,582	4,645	▶ GWP f/x-adjusted growth +2.6%, mainly from Australia and Longevity BATs; reduced premium income from enhanced annuities
Net premium earned	1,236	1,392	4,024	3,861	
Net underwriting result incl. funds withheld	(25)	11	(11)	32	▶ Technical result improved significantly due to normalised result from AUS disability business
Net investment income from assets under own management	68	58	204	192	▶ NII at expected level, minor negative impact from ModCo derivatives
Other income and expenses	(9)	11	(25)	10	▶ Other income improved due to f/x effects
Operating profit/loss (EBIT)	34	79	168	234	▶ Strong increase in EBIT by 39.6%
EBIT margin	2.7%	5.7%	4.2%	6.1%	▶ EBIT margins well above target: Financial solutions/longevity business: 5.6% Mortality and morbidity business: 6.3%
Tax ratio	-52.4%	33.9%	8.9%	23.9%	
Group net income	53	51	153	166	
Earnings per share	0.44	0.42	1.27	1.38	

Return on Investments above target of 3.2%

in m. EUR	Q3/2013	Q3/2014	Q1-3/2013	Q1-3/2014	RoI	YTD
Ordinary investment income*	281	303	791	797	3.2%	<ul style="list-style-type: none"> ▶ Despite continued low interest rate levels even slight increase in ordinary investment income* due to higher investment income from alternative investments and real estate as well as higher volume ▶ Realisations mainly in course of bond redemption and change of balance sheet currency of our Bermudian entities ▶ Unrealised change in fair value from inflation swaps of -4.2 EUR m. (EUR -27.4 m.) and ModCo derivatives of EUR -1.6 m. (EUR 5.2 m.) ▶ Rise in valuation reserves due to lower yield levels of governments and tighter credit spreads
Realised gains/losses	13	49	97	137	0.5%	
Impairments/appreciations & depreciations	(5)	(6)	(13)	(16)	-0.1%	
Change in fair value of financial instruments (through P&L)	19	(19)	(19)	(9)	0.0%	
Investment expenses	(23)	(24)	(71)	(74)	-0.3%	
NII from assets under own mgmt.	284	303	786	836	3.3%	
NII from funds withheld	80	110	268	285		
Total net investment income	364	414	1,053	1,121		
Change in fair value of financial instruments			31 Dec 13	30 Sep 14		
Fixed income (AFS)			426	996		
Fixed income (HTM, L&R)			342	465		
Equities and shares in limited partnerships			284	405		
Total			1,052	1,866		

* Incl. results from associated companies

Target Matrix 2014

Business group	Key figures	Strategic targets	Q1-3/2014
Group	Return on investment ¹⁾	≥3.2%	3.4%
	Return on equity	≥11.1% ²⁾	14.4%
	Earnings per share growth (y-o-y)	≥6.5%	10.3%
	Value creation per share ³⁾	≥7.5%	n.a.
Property & Casualty R/I	Gross premium growth ⁴⁾	3% - 5%	3.2%
	Combined ratio	≤96% ⁵⁾	95.3%
	EBIT margin ⁶⁾	≥10%	16.6%
	xRoCA ⁷⁾	≥2%	n.a.
Life & Health R/I	Gross premium growth ⁸⁾	5% - 7%	2.6%
	Value of New Business	≥EUR 180 m.	n.a.
	EBIT margin ⁶⁾ financial solutions/longevity business	≥2%	5.6%
	EBIT margin ⁶⁾ mortality and morbidity business	≥6%	6.3%
	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 670 m. (preliminary)

7) Excess return on the allocated economic capital

2) 900 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 2014

Guidance for 2014

Hannover Re Group

- ▶ Gross written premium¹⁾ _____ flat to low single-digit increase in volume
- ▶ Return on investment²⁾ _____ ~ 3.2%
- ▶ Group net income³⁾ _____ ~ EUR 850 m.
- ▶ Dividend pay-out ratio⁴⁾ _____ 35% - 40%

1) At unchanged f/x rates











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

3) Subject to no major distortions in capital markets and/or major losses in 2014 not exceeding approx. EUR 670 m.

4) Related to group net income according to IFRS

Selective growth and satisfying profitability expected

Development of Property & Casualty R/I lines of business (2014e)

	Lines of business	Volume ¹⁾	Profitability ²⁾
Target markets	North America ³⁾		+
	Continental Europe ³⁾		+
Specialty lines	Marine (incl. energy)		++
	Aviation		-
	Credit, surety & political risks		+
	UK, London market & direct		-
	Facultative		-
Global R/I	Worldwide treaty ³⁾		+
	Cat XL		+
	Structured R/I & ILS		+

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

Increased profitability expected for Life & Health R/I

Development of lines of business (2014e)

	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)

Guidance for 2015

Hannover Re Group

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

1) At unchanged f/x rates

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

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

4) Related to group net income according to IFRS

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Appendix

Our strategic business groups at a glance

Q1-3/2014 vs. Q1-3/2013

in m. EUR	Property & Casualty reinsurance		Life & Health reinsurance		Total	
	Q1-3/2013	Q1-3/2014	Q1-3/2013	Q1-3/2014	Q1-3/2013	Q1-3/2014
Gross written premium	5,956	6,060	4,582	4,645	10,538	10,704
Change in GWP	-	+1.7%	-	+1.4%	-	+1.6%
Net premium earned	5,093	5,104	4,024	3,861	9,117	8,966
Net underwriting result	243	225	(268)	(237)	(25)	(12)
Net underwriting result incl. funds withheld	254	241	(11)	32	243	273
Net investment income	578	648	461	462	1,053	1,121
From assets under own management	567	632	204	192	786	836
From funds withheld	11	15	257	270	268	285
Other income and expenses	(17)	(26)	(25)	10	(43)	(19)
Operating profit/loss (EBIT)	805	847	168	234	986	1,091
Interest on hybrid capital	(0)	(0)	(0)	(0)	(95)	(70)
Net income before taxes	805	847	168	234	891	1,020
Taxes	(234)	(233)	(15)	(56)	(225)	(260)
Net income	571	614	153	178	666	760
Non-controlling interest	36	53	(0)	12	36	65
Group net income	534	561	153	166	630	695
Retention	89.1%	89.6%	88.5%	83.7%	88.9%	87.0%
Combined ratio (incl. interest on funds withheld)	95.0%	95.3%	100.3%	99.2%	97.3%	97.0%
EBIT margin (EBIT / Net premium earned)	15.8%	16.6%	4.2%	6.1%	10.8%	12.2%
Tax ratio	29.1%	27.5%	8.9%	23.9%	25.2%	25.5%
Earnings per share	4.43	4.65	1.27	1.38	5.23	5.77

Our strategic business groups at a glance

Q3 stand-alone

in m. EUR	Property & Casualty reinsurance		Life & Health reinsurance		Total	
	Q3/2013	Q3/2014	Q3/2013	Q3/2014	Q3/2013	Q3/2014
Gross written premium	1,859	1,982	1,452	1,658	3,311	3,640
Change in GWP	-	+6.6%	-	+14.2%	-	+9.9%
Net premium earned	1,689	1,734	1,236	1,392	2,926	3,127
Net underwriting result	60	67	(102)	(94)	(41)	(26)
Net underwriting result incl. funds withheld	63	73	(25)	11	39	84
Net investment income	215	249	145	162	364	414
From assets under own management	212	243	68	58	284	303
From funds withheld	3	6	77	104	80	110
Other income and expenses	(19)	10	(9)	11	(30)	20
Operating profit/loss (EBIT)	256	326	34	79	293	407
Interest on hybrid capital	0	(0)	(0)	0	(32)	(22)
Net income before taxes	256	326	34	79	261	385
Taxes	(80)	(84)	18	(27)	(53)	(105)
Net income	176	241	52	52	208	281
Non-controlling interest	3	28	(2)	1	2	30
Group net income	172	213	53	51	207	251
Retention	86.7%	86.6%	86.1%	84.7%	86.4%	85.7%
Combined ratio (incl. interest on funds withheld)	96.3%	95.8%	102.0%	99.2%	98.7%	97.3%
EBIT margin (EBIT / Net premium earned)	15.1%	18.8%	2.7%	5.7%	10.0%	13.0%
Tax ratio	31.2%	25.9%	-52.4%	33.9%	20.1%	27.1%
Earnings per share	1.43	1.77	0.44	0.42	1.71	2.08

Asset allocation stable

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

Tactical asset allocation¹⁾

Investment category	2010	2011	2012	2013	30 Sep 14
Fixed-income securities	84%	89%	91%	89%	88 %
- Governments	23%	19%	19%	19%	20 %
- Semi-governments	21%	23%	23%	20%	19 %
- Corporates	25%	30%	32%	34%	35 %
Investment grade	24%	29%	30%	33%	33 %
Non-investment grade	1%	1%	2%	2%	2 %
- Pfandbriefe, Covered Bonds, ABS	16%	16%	17%	15%	14 % ²⁾
Equities	4%	2%	2%	2%	2 %
- Listed	2%	<1%	<1%	<1%	< 1 %
- Private Equity	2%	2%	2%	2%	2 %
Real estate/real estate funds	2%	2%	2%	4%	4 %
Others	2%	2%	2%	2%	2 %
Short-term investments & cash	8%	5%	3%	4%	4 %
Total balance sheet values in bn. EUR	25.4	28.3	31.9	31.9	35.0

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 660.8 m. (EUR 598.5 m.) as at 30 September 2014

2) Of which Pfandbriefe and Covered Bonds = 83.8%

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%	-68	-68
	-20%	-136	-136
Yield curves	+50 bps	-707	-591
	+100 bps	-1,381	-1,155
Credit spreads	+50%	-594	-562

As at 30 September 2014

Fixed-income book well balanced

Geographical allocation mainly according to our business diversification

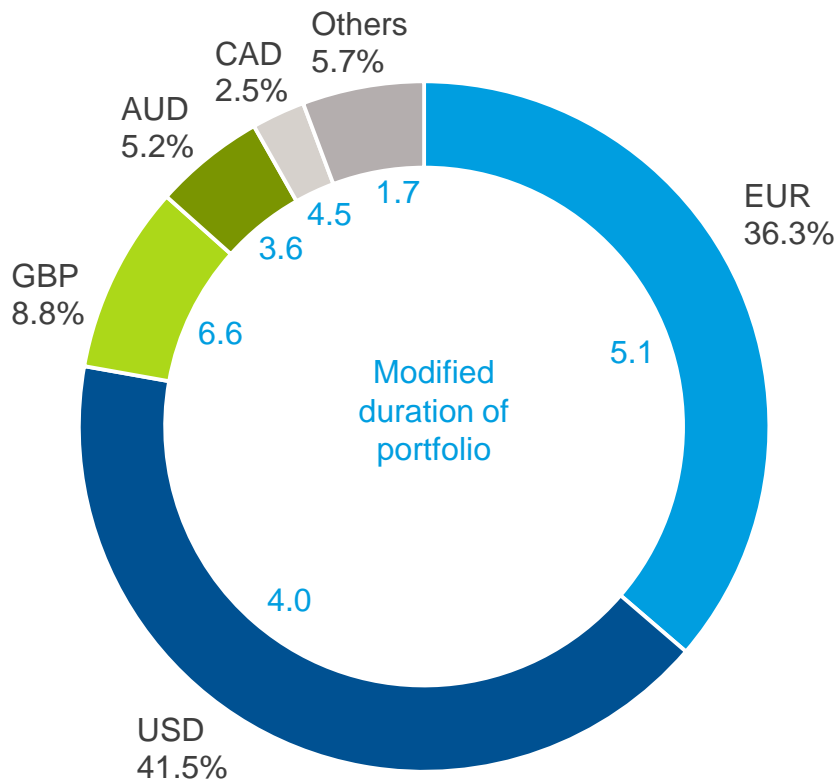
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	68.0%	52.6%	1.5%	61.1%	-	37.1%
AA	16.3%	44.2%	15.8%	17.1%	-	22.1%
A	9.8%	1.5%	48.1%	12.9%	-	23.9%
BBB	4.9%	1.2%	28.3%	5.4%	-	13.6%
<BBB	1.0%	0.5%	6.2%	3.5%	-	3.4%
Total	100.0%	100.0%	100.0%	100.0%	-	100.0%
Germany	10.3%	42.7%	4.7%	26.2%	24.8%	17.7%
UK	7.7%	2.9%	8.7%	9.7%	5.7%	7.3%
France	5.0%	3.4%	6.6%	6.8%	1.3%	5.4%
GIIPS	2.5%	0.9%	3.8%	8.6%	0.0%	3.5%
Rest of Europe	10.4%	21.8%	18.2%	28.8%	3.6%	18.1%
USA	46.6%	8.0%	35.4%	4.4%	16.4%	27.0%
Australia	3.6%	7.1%	8.5%	9.3%	10.7%	7.3%
Asia	8.3%	3.1%	4.7%	0.0%	28.3%	5.5%
Rest of World	5.5%	10.1%	9.3%	6.3%	9.3%	8.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total b/s values in m. EUR	7,196	6,505	12,317	4,746	1,401	32,166

As at 30 September 2014

Currency allocation matches liability profile of balance sheet

Active asset liability management ensures durational match

Currency split of investments



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

Modified duration

2013	4.4
2012	4.5
2011	4.2

Modified duration as at 30 September 2014: 4.5 (31 December 2013: 4.4)

Market sensitivity of inflation hedges

- ▶ Average hedged inflation level of 2.05 % EUR and 2.50 % USD p.a.
 - P&L effect YTD EUR -4.8 m. (thereof -6.4 m EUR; +1,6 m. EUR of USD)
 - OCI effect YTD EUR -7.2 m. (thereof -4.9 m EUR; -2.3 m. EUR of USD)
- ▶ Instruments held as inflation hedges (30 September 2014) with volume of EUR 2.461 m.
 - EUR 1,841 m. swap volume with average duration of 1.2 years
 - EUR 620 m. volume of inflation linker with average duration of 4.5 years
- ▶ Sensitivity to inflation risk:

in m. EUR	Inflation Swaps: Change in market value through P&L	Inflation Linked Bonds: Change in market value through OCI	Total economic inflation effect before taxes
Inflation expectation*: +100 BP	+19	+29	+48
Inflation expectation*: -100 BP	-19	-28	-47
Inflation expectation*: +400 BP	+79	+122	+201

* CPI - Consumer Price Index (US-Inflationsindex)

HICP - Harmonised Indices of Consumer Prices (EU-Inflationsindex; gehandelt wird der Unterindex HICP ex tabacco)

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