



somewhat
different

Conference Call on Interim Report 1/2017

Hannover, 10 May 2017

hannover **re**[®]

Favourable start to 2017

Results in line with full-year targets

Group

▶ Gross written premium:	EUR 4,547 m. (+6.6%)	▶ GWP in line with guidance (f/x adjusted +5.9%)
▶ Net premium earned:	EUR 3,732 m. (+5.4%)	▶ NPE f/x-adj. growth of +4.3%
▶ EBIT:	EUR 400 m.	▶ Good EBIT and net income driven by strong investment performance and favourable P&C underwriting result
▶ Group net income:	EUR 265 m.	
▶ RoE:	11.6%	▶ RoE remains above our minimum target
▶ BVPS:	EUR 77.26	▶ BVPS +3.6% mainly driven by strong earnings

Property & Casualty R/I

EBIT: EUR 310 m.

- ▶ Favourable C/R (95.6%) fuelled by strong underwriting result
- ▶ Net major losses of EUR 134 m. (6.2% of NPE) below expected level
- ▶ Accelerated premium growth (f/x adjusted +11.3%) driven by new business in Structured R/I

Life & Health R/I

EBIT: EUR 90 m.

- ▶ Good underlying profitability masked by negative impact from legacy US mortality business
- ▶ Strong earnings from Financial Solutions business
- ▶ GWP development in line with expectations (f/x adjusted -1.7%)

Investments

NII: EUR 393 m.
RoI from AuM: 3.1%

- ▶ RoI well above full-year target (2.7%)
- ▶ Ordinary investment income higher mainly due to strong contribution from Private Equity and Real Estate
- ▶ AuM increased by 0.6%

Good earnings contribution from both business groups

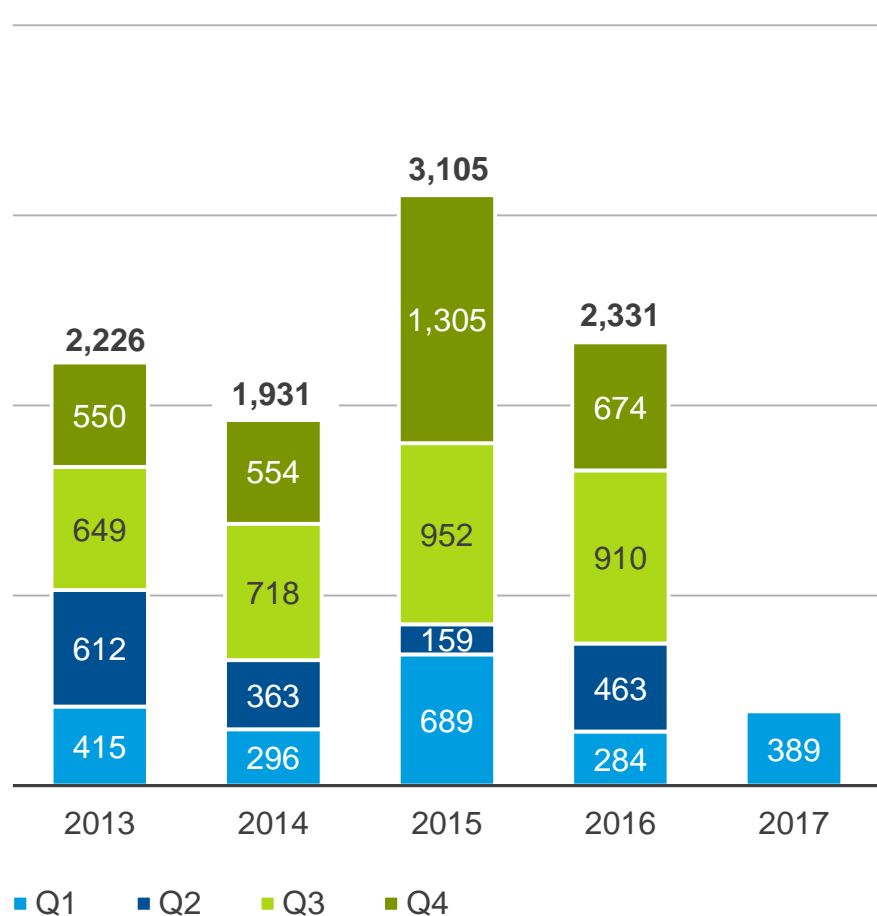
Strong growth in Property & Casualty reinsurance

Group figures in m. EUR	Q1/2016	Q1/2017	Δ
Gross written premium	4,264	4,547	+6.6%
Net premium earned	3,542	3,732	+5.4%
Net underwriting result	36	(23)	-
- Incl. funds withheld	120	49	-58.6%
Net investment income	366	393	+7.3%
- From assets under own mgmt.	283	320	+13.2%
- From funds withheld	84	73	-12.8%
Other income and expenses	4	30	-
Operating profit/loss (EBIT)	407	400	-1.7%
Interest on hybrid capital	(18)	(18)	-0.8%
Net income before taxes	389	382	-1.7%
Taxes	(102)	(96)	-6.1%
Net income	287	286	-0.2%
- Non-controlling interests	16	22	+37.6%
Group net income	271	265	-2.4%
Retention	89.0%	89.6%	
EBIT margin (EBIT/Net premium earned)	11.5%	10.7%	
Tax ratio	26.2%	25.1%	
Earnings per share (in EUR)	2.25	2.20	

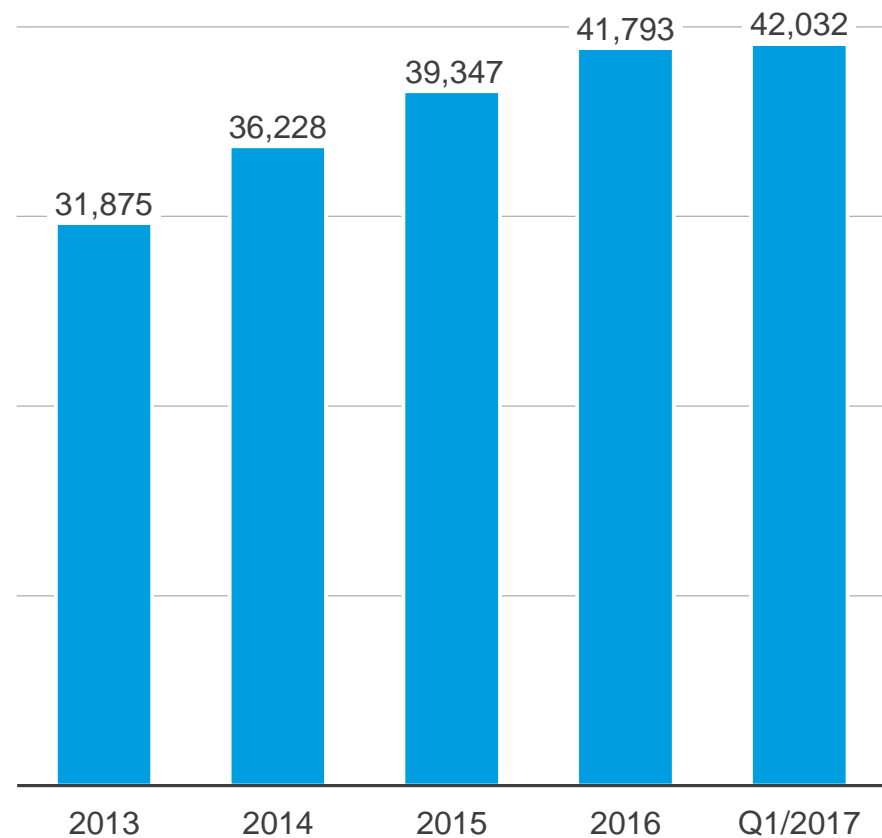
Continued increase in assets under own management ...

... supported by positive cash flow

Operating cash flow in m. EUR

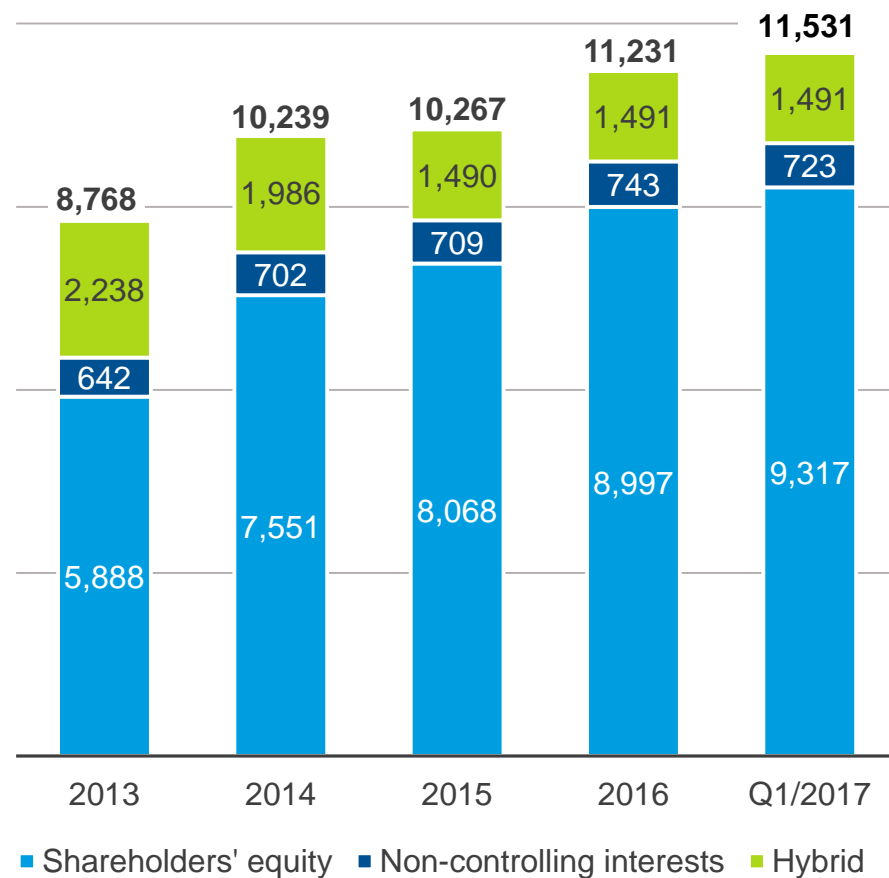


Assets under own management (AuM) in m. EUR

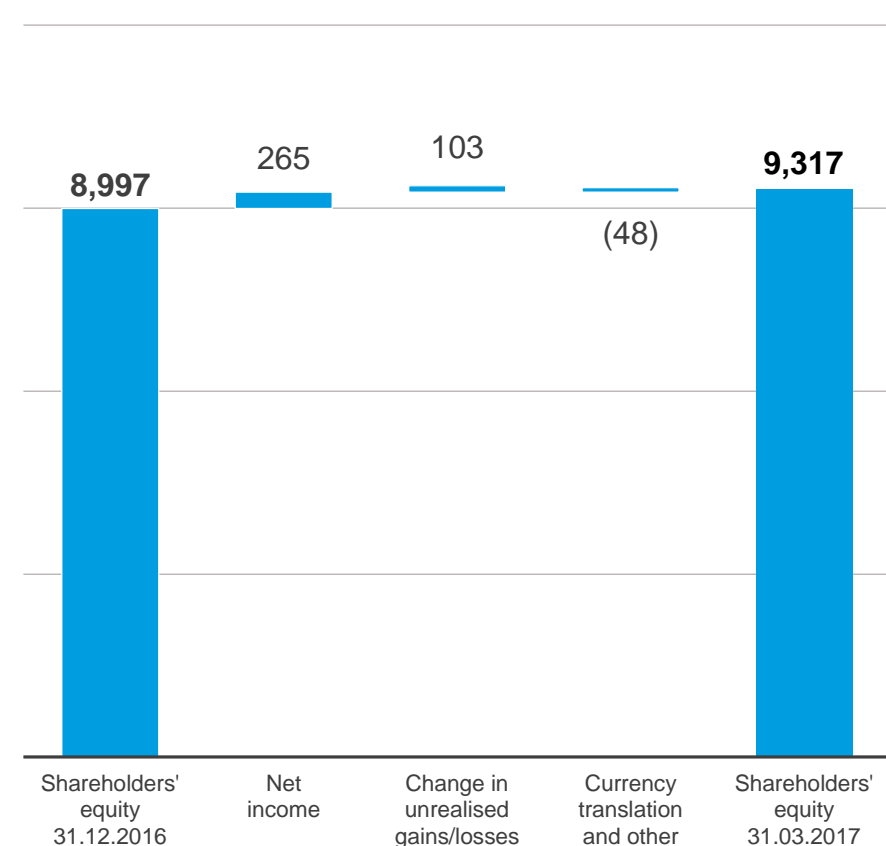


Shareholders' equity up by 3.6%, driven by good earnings

Policyholders' surplus in m. EUR



Change in shareholders' equity in m. EUR



Group net income increased by 5.4%

Attractive premium growth mainly driven by Structured R/I

Property & Casualty R/I in m. EUR	Q1/2016	Q1/2017	Δ
Gross written premium	2,502	2,815	+12.5%
Net premium earned	1,961	2,166	+10.4%
Net underwriting result incl. funds withheld	104	96	-8.2%
Combined ratio incl. interest on funds withheld	94.7%	95.6%	0.9%p
Net investment income from assets under own management	203	238	+17.3%
Other income and expenses	(8)	(24)	-
Operating profit/loss (EBIT)	300	310	3.4%
Tax ratio	26.9%	24.7%	-2.2%p
Group net income	204	215	+5.4%
Earnings per share (in EUR)	1.69	1.79	

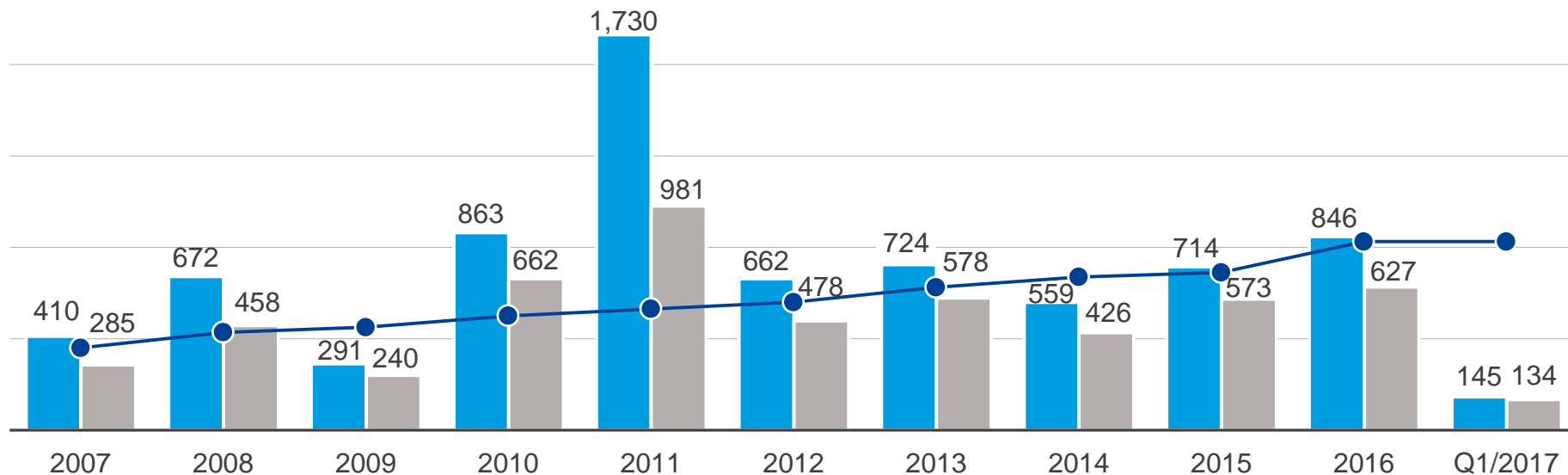
YTD

- ▶ GWP f/x-adjusted +11.3%, mainly from structured R/I; diversified growth in property lines
- ▶ NPE f/x-adjusted +8.8%
- ▶ Major losses of EUR 134 m. below budget of EUR 170 m. for Q1/2017 (6.2%p of NPE)
- ▶ Reserve increase due to Ogden tables of EUR126 m. compensated by corresponding reserve releases
- ▶ Strong ordinary investment income driven by private equity and real estate
- ▶ Other income and expenses mainly impacted by negative f/x-effects
- ▶ EBIT margin of 14.3% (Q1/2016: 15.3%) well above target

Major losses below budget of EUR 170 m. for Q1/2017

Natural and man-made catastrophe losses*

in m. EUR



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

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

Expected large losses (net) in m. EUR for the year

360	428	450	500	530	560	625	670	690	825	825
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

■ Gross
 ■ Net
 ● Expected large losses (net)

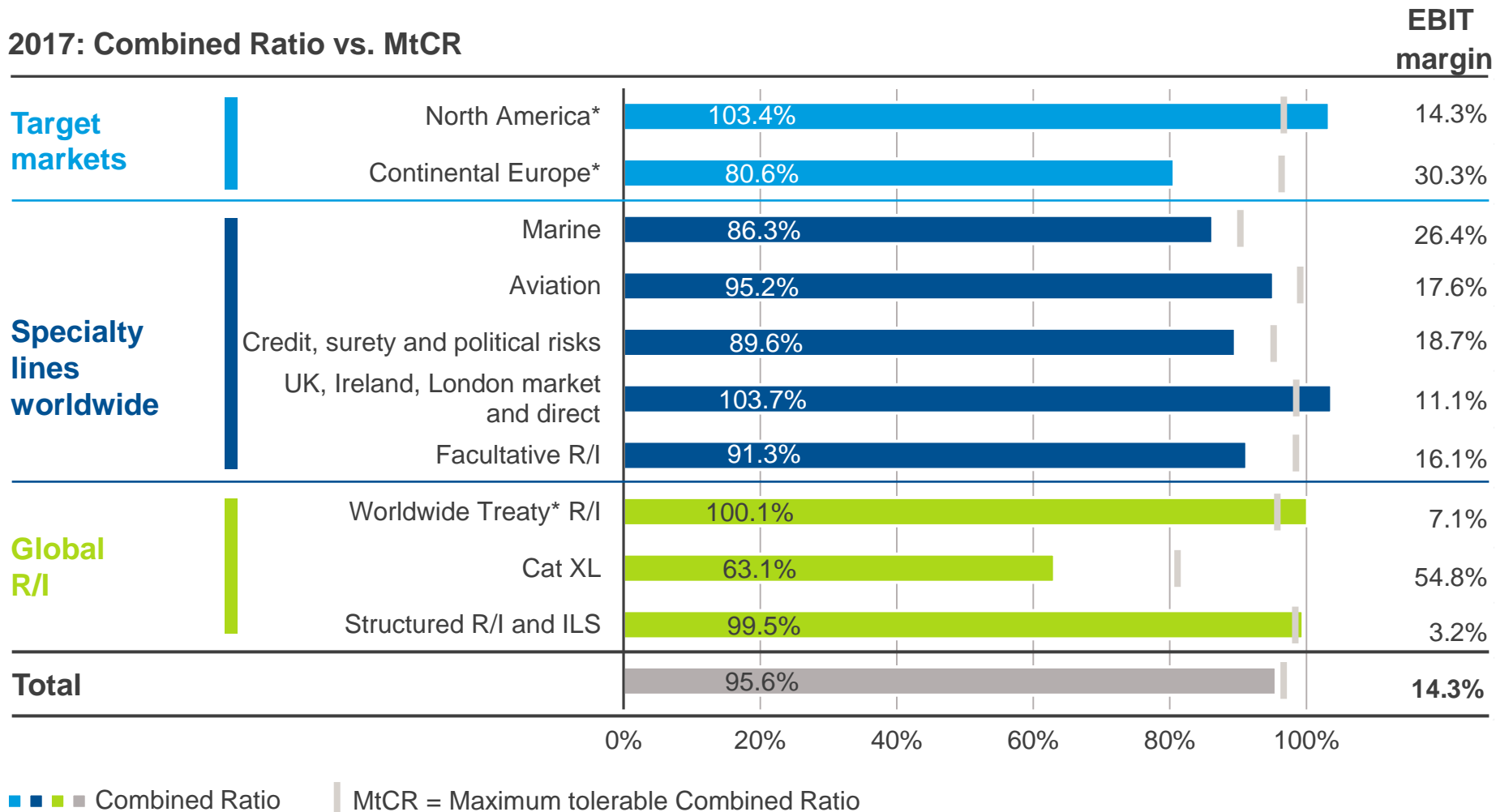
* Up to 2011 claims over EUR 5 m. gross, from 2012 onwards claims over EUR 10 m. gross

Overall benign large loss experience in Q1/2017 but significantly above previous year's level

Catastrophe losses* in m. EUR	Date	Gross	Net
Storm / Tornados, USA	18 - 21 Jan	12.8	11.4
Wildfires, Chile	21 Jan - 3 Feb	20.8	20.8
Zyclone "Debbie", Australia	28 Mar	53.9	50.0
3 Natural catastrophes		87.6	82.2
1 Property claim		37.0	30.8
1 Credit claim		20.6	20.6
5 Major losses		145.2	133.7

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

Diversified portfolio outperforms the MtCR



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

Solid EBIT contribution from L&H business

Strong earnings contribution from Financial Solutions

Life & Health R/I in m. EUR	Q1/2016	Q1/2017	Δ
Gross written premium	1,761	1,732	-1.7%
Net premium earned	1,581	1,566	-0.9%
Net underwriting result incl. funds withheld	15	(46)	-
Net investment income from assets under own management	78	81	+3.2%
Other income and expenses	13	55	-
Operating profit/loss (EBIT)	106	90	-14.9%
EBIT margin	6.7%	5.7%	-1.0%p
Tax ratio	25.4%	28.4%	3.0%p
Group net income	78	61	-22.2%
Earnings per share (in EUR)	0.65	0.50	

YTD

- ▶ GWP f/x-adj. -1.7%, reduced premium volume from large-volume treaties partly offset by diversified growth in other areas
- ▶ NPE f/x-adjusted -1.3%
- ▶ Technical result impacted by legacy US mortality business
- ▶ Investment income in line with expectations
- ▶ Increased other income due to strong contribution from deposit accounted treaties (Q1/2017: EUR 47 m.)
- ▶ EBIT margins:
 - Financial solutions: 33.0%, (target ≥ 2.0%)
 - Longevity: 2.0% (target ≥ 2.0%)
 - Mortality/Morbidity: 0.9% (target ≥ 6.0%)

Strong investment performance

Lower yielding FIS portfolio more than offset by income from private equity

in m. EUR	Q1/2016	Q1/2017	RoI
Ordinary investment income*	269	323	3.1%
Realised gains/losses	44	24	0.2%
Impairments/appreciations & depreciations	(14)	(11)	-0.1%
Change in fair value of financial instruments (through P&L)	10	11	0.1%
Investment expenses	(27)	(28)	-0.3%
NII from assets under own mgmt.	283	320	3.1%
NII from funds withheld	84	73	
Total net investment income	366	393	

Unrealised gains/losses of investments	31 Dec 16	31 Mar 17
On Balance-sheet	1,355	1,452
thereof Fixed income AFS	728	774
Off Balance-sheet	509	485
thereof Fixed income HTM, L&R	370	346
Total	1,864	1,936

YTD

- ▶ Higher ordinary income despite lower yielding fixed income portfolio due to high - partially extraordinary - income from private equity as well as higher income from real estate funds and amortisation
- ▶ Realised gains down due to last year's one-off effect from reorganisation of private equity portfolio
- ▶ Lower impairments mostly attributable to listed and private equities
- ▶ Rise in valuation reserves mainly due to listed equities and corporate bonds

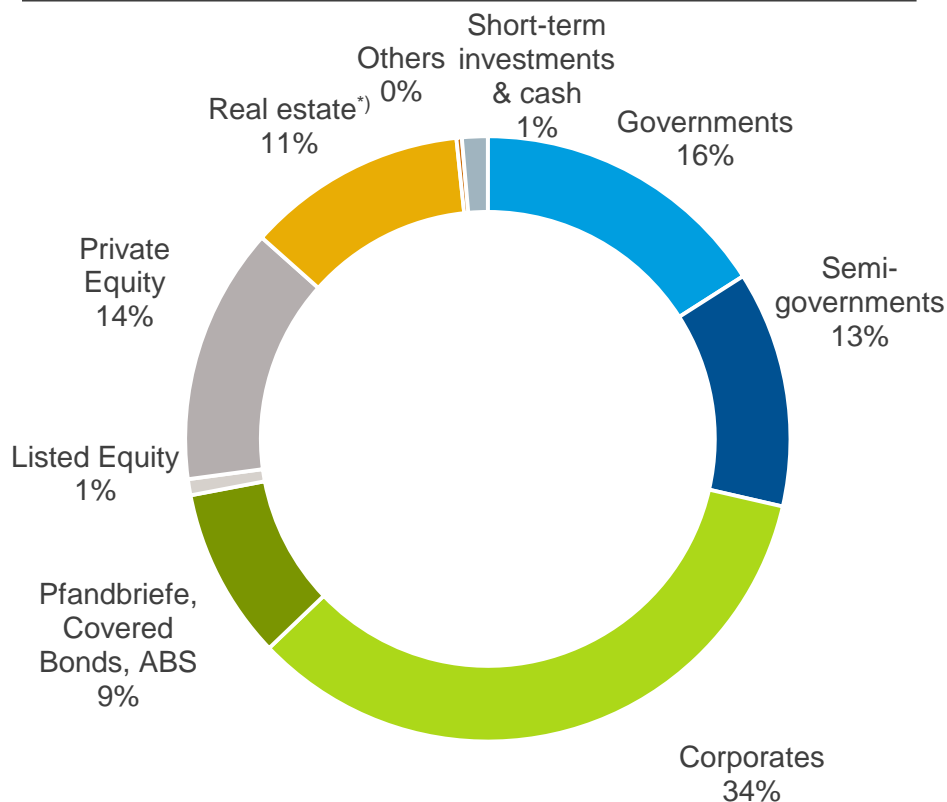
* Incl. results from associated companies

Ordinary income supported by asset classes with higher risk

Low yield environment has major impact on government bonds

Ordinary income split

EUR 323 m.



Asset allocation

Investment category	31 Mrz 17
Fixed-income securities	86%
- Governments	28%
- Semi-governments	17%
- Corporates	32%
Investment grade	28%
Non-investment grade	5%
- Pfandbriefe, Covered Bonds, ABS	8%
Equities	4%
- Listed Equity	2%
- Private Equity	2%
Real estate/real estate funds	4%
Others	1%
Short-term investments & cash	4%
Total market values in bn. EUR	42.5

Economic view based on market values as at 31 March 2017

*) Before real estate-specific costs

Target Matrix 2017

Profit targets largely achieved

Business group	Key figures	Strategic targets for 2017	Q1/2017
Group	Return on investment ¹⁾	≥2.7%	3.0%
	Return on equity ²⁾	≥9.7%	11.6%
	Earnings per share growth (y-o-y)	≥6.5%	-2.4%
	Value creation per share ³⁾	≥7.5%	n.a.
Property & Casualty R/I	Gross premium growth	3% - 5%	11.3%
	Combined ratio	≤96%	95.6%
	EBIT margin ⁶⁾	≥10%	14.3%
	xRoCA ⁷⁾	≥2%	n.a.
Life & Health R/I	Gross premium growth	5% - 7%	-1.7%
	Value of New Business (VNB) ⁹⁾	≥ EUR 220 m.	n.a.
	EBIT margin ⁶⁾ Financial solutions/Longevity	≥2%	17.2%
	EBIT margin ⁶⁾ Mortality/Morbidity	≥6%	0.9%
	xRoCA ⁷⁾	≥3%	n.a.

1) Excl. effects from ModCo derivatives

3) Growth in book value per share + paid dividend

5) Incl. expected net major losses of EUR 825 m.

7) Excess return on allocated economic capital

9) Based on a cost of capital of 6% (until 2014: 4.5%)

2) After tax; target: 900 bps above 5-year average return of 10-year German government bonds

4) On average throughout the R/I cycle; at unchanged f/x rates

6) EBIT/net premium earned

8) Organic growth only; annual average growth (5 years), at unchanged f/x rates

*somewhat
different*

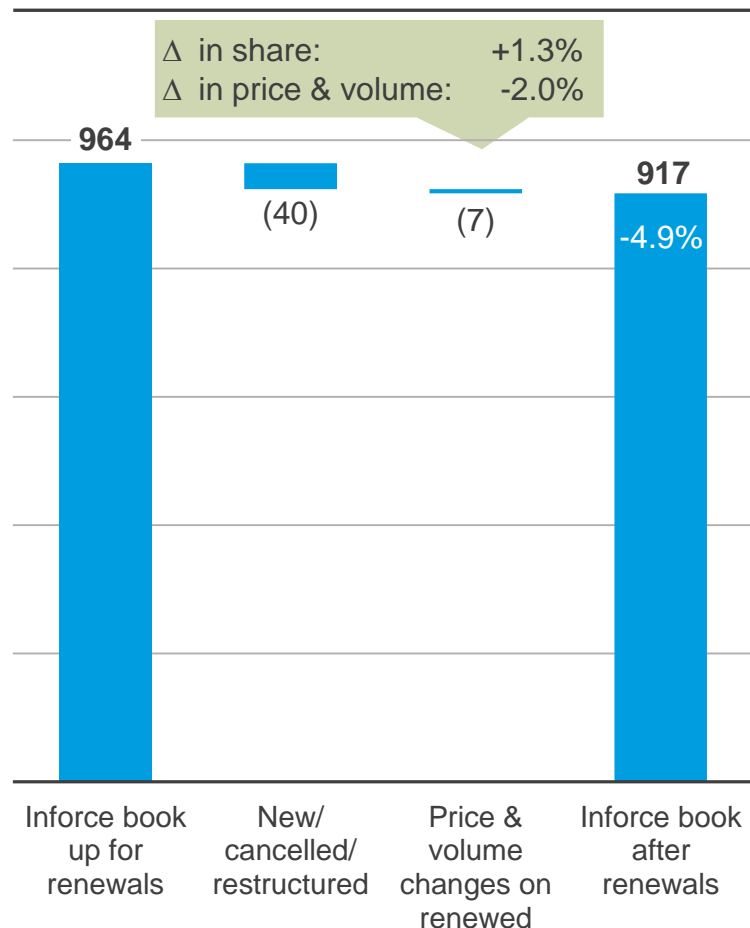
Outlook

Continued selective U/W in a soft market

Property & Casualty treaty renewals: 2 January 2017 - 1 April 2017

April renewals

in m. EUR



▶ North America

- Overall premium slightly reduced due to inclusion of a significant special treaty into a broader treaty but mostly compensated by new business
- Continuation of 1 Jan renewal trends: stabilisation of terms

▶ Japan

- More moderate softening as compared to prior seasons
- Positive premium development from P&C masked by discontinuation of a large motor treaty

▶ Cat XL - we continue to be a highly sought-after partner

- Slight decrease in volume due to price reductions of ~ 4% to 8%;
- All major global insurance groups continue to streamline their reinsurance purchasing by buying increasingly global and broader covers as well as multi-year coverages

▶ Aviation

- Pricing pressure remained intense, especially on non-prop. business
- Larger accounts renewed with little to no restructuring

▶ Marine

- In line with 1 Jan renewals with a satisfactory outcome in the London market

U/Y figures at unchanged f/x rates (31 December 2016)

Guidance for 2017

Hannover Re Group

- ▶ Gross written premium¹⁾ _____ low single-digit increase
- ▶ Return on investment^{2) 3)} _____ ~2.7%
- ▶ Group net income²⁾ _____ more than EUR 1 bn.
- ▶ Dividend payout ratio⁴⁾ _____ 35% - 40%
(If comfortable level of capitalisation remains unchanged, this ratio will increase through payment of another special dividend)

1) At unchanged f/x rates











2) Subject to no major distortions in capital markets and/or major losses in 2017 not exceeding the large loss budget of EUR 825 m.

3) Excluding effects from ModCo derivatives

4) Relative to group net income according to IFRS

Overall profitability still above margin requirements

Property & Casualty reinsurance: mixed picture by line of business

	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 reinsurance		+
Global reinsurance	Worldwide treaty ³⁾ reinsurance		+/-
	Cat XL		-
	Structured reinsurance and 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

Improving profitability driven by Financial Solutions business

Life & Health reinsurance: stable to promising outlook

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

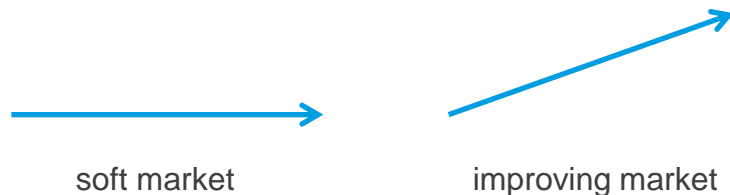
1) In EUR; premium growth supported by strengthening of foreign currencies

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

Increasing earnings in the medium term

Short-term stable earnings and payment of extraordinary dividends

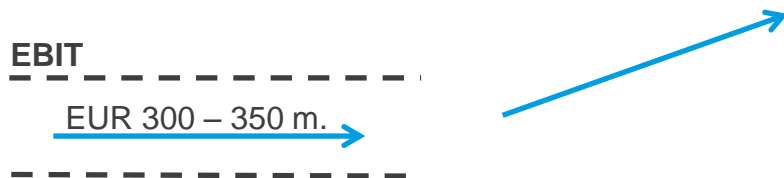
Property & Casualty reinsurance results



Positioned to outperform

- ▶ High confidence level of reserves supporting stable earnings despite soft market (C/R ≤96%)
- ▶ Strong market position and financial strength enable us to outgrow the market when market conditions improve
- ▶ Better conditions for our increased retro coverage

Life & Health reinsurance results



Increasing profits (EBIT) in the medium term

- ▶ New Financial Solutions transactions may increase IFRS earnings in excess of EUR 350 m. as early as 2017
- ▶ Favourable trends from positive VNB are the basis for further increases

Investments



Stable absolute NII in low yield environment

- ▶ Pressure from low interest rates and declining return on investments offset by increasing investment volume from further positive cash flow

somewhat
different

Appendix

Our strategic business groups at a glance

Q1/2017 vs. Q1/2016

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q1/2016	Q1/2017	Δ	Q1/2016	Q1/2017	Δ	Q1/2016	Q1/2017	Δ
Gross written premium	2,502	2,815	+12.5%	1,761	1,732	-1.7%	4,264	4,547	+6.6%
Net premium earned	1,961	2,166	+10.4%	1,581	1,566	-0.9%	3,542	3,732	+5.4%
Net underwriting result	100	91	-9.6%	(65)	(114)	+76.6%	36	(23)	-165.0%
Net underwriting result incl. funds withheld	104	96	-8.2%	15	(46)	-	120	49	-58.6%
Net investment income	207	243	+17.5%	158	148	-5.9%	366	393	+7.3%
From assets under own management	203	238	+17.3%	78	81	+3.2%	283	320	+13.2%
From funds withheld	4	5	+26.5%	79	68	-14.8%	84	73	-12.8%
Other income and expenses	(8)	(24)	-	13	55	-	4	30	-
Operating profit/loss (EBIT)	300	310	+3.4%	106	90	14.9%	407	400	-1.7%
Interest on hybrid capital	0	0	-	0	0	-	(18)	(18)	-0.8%
Net income before taxes	300	310	+3.4%	106	90	-14.9%	389	382	-1.7%
Taxes	(81)	(77)	-4.9%	(27)	(25)	-5.0%	(102)	(96)	-6.1%
Net income	219	233	+6.4%	79	64	-18.3%	287	286	-0.2%
Non-controlling interest	15	18	+20.7%	1	4	-	16	22	+37.6%
Group net income	204	215	+5.4%	78	61	-22.2%	271	265	-2.4%
Retention	87.9%	88.6%		90.5%	91.3%		89.0%	89.6%	
Combined ratio (incl. interest on funds withheld)	94.7%	95.6%		99.1%	103.0%		96.6%	98.7%	
EBIT margin (EBIT / Net premium earned)	15.3%	14.3%		6.7%	5.7%		11.5%	10.7%	
Tax ratio	26.9%	24.7%		25.4%	28.4%		26.2%	25.1%	
Earnings per share (in EUR)	1.69	1.79		0.65	0.51		2.25	2.20	

Barbell strategy visible in fixed income composition

Only minor changes to asset allocation in first quarter

Asset allocation¹⁾

Investment category	2013	2014	2015	2016	31.03.2017
Fixed-income securities	90%	90%	87%	87%	86%
- Governments	19%	21%	26%	28%	28%
- Semi-governments	20%	19%	17%	18%	17%
- Corporates	36%	36%	34%	33%	32%
Investment grade	33%	33%	30%	28%	28%
Non-investment grade ³⁾	3%	3%	4%	4%	5%
- Pfandbriefe, Covered Bonds, ABS	15%	14%	10%	9%	8% ²⁾
Equities	2%	2%	3%	4%	4%
- Listed Equity	<1%	<1%	1%	2%	2%
- Private Equity	2%	2%	2%	2%	2%
Real estate/real estate funds	4%	4%	4%	5%	4%
Others³⁾	1%	1%	1%	1%	1%
Short-term investments & cash	4%	4%	5%	4%	4%
Total market values in bn. EUR	32.2	36.8	39.8	42.3	42.5

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 1,032.4 m. (EUR 1,036.8 m.) as at 31 March 2017

2) Of which Pfandbriefe and Covered Bonds = 75.2%

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

Stress tests on assets under own management

Unchanged focus on spreads while relevance of equities rises

Portfolio	Scenario	Change in market value in m. EUR	Change in OCI before tax in m. EUR
Equity (listed and private equity)	-10%	-176	-176
	-20%	-351	-351
Fixed-income securities	+50 bps	-903	-810
	+100 bps	-1,759	-1,578
Credit spreads	+50%	-874	-840

As at 31 March 2017

Fixed-income book well balanced

Geographical allocation mainly in accordance with our business diversification

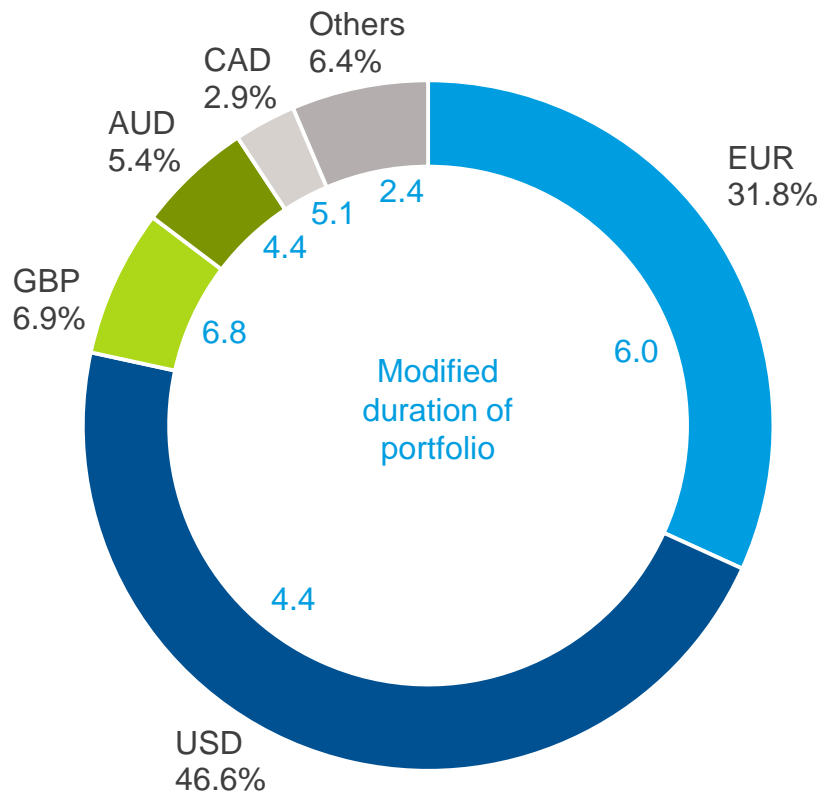
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	77.3%	65.8%	1.0%	66.4%	-	46.0%
AA	11.7%	27.7%	13.4%	14.5%	-	15.9%
A	5.1%	2.3%	33.5%	5.7%	-	15.0%
BBB	4.2%	1.1%	42.9%	9.0%	-	18.2%
<BBB	1.7%	3.1%	9.1%	4.4%	-	5.0%
Total	100.0%	100.0%	100.0%	100.0%	-	100.0%
Germany	10.2%	49.4%	4.1%	25.1%	36.5%	18.3%
UK	5.6%	2.7%	8.2%	9.8%	3.0%	6.2%
France	1.8%	2.2%	8.0%	6.0%	1.8%	4.4%
GIIPS	1.2%	0.9%	4.7%	4.3%	0.0%	2.6%
Rest of Europe	3.6%	14.7%	16.8%	24.3%	6.3%	12.4%
USA	61.6%	5.1%	35.5%	7.4%	17.8%	34.4%
Australia	3.6%	9.4%	7.0%	11.5%	6.7%	6.8%
Asia	7.6%	4.8%	4.7%	0.2%	17.7%	5.9%
Rest of World	5.0%	10.8%	11.0%	11.3%	10.1%	9.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total b/s values in m. EUR	11,837	7,223	12,968	3,468	1,878	37,374

IFRS figures as at 31 March 2017

Currency allocation matches liability profile of balance sheet

Investment portfolio adjusted to increased duration of liabilities in 2016

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

2016	5.0
2015	4.4
2014	4.6
2013	4.4
2012	4.5

Modified duration as at 31 March 2017: 4.9

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.