



somewhat
different

Conference Call on Interim Report 3/2012

Hannover, 6 November 2012

hannover **re**[®]

Strong results further increase Hannover Re's financial strength

Aided by a benign major loss situation and favourable investment results

Favourable
R/I-
conditions

- ▶ Non-life reinsurance premium up by 13.0%
- ▶ Growth in life and health reinsurance above expectation (+14.5%)

Benign
major losses

- ▶ Net major losses of EUR 193.0 m. below budget

- ▶ Net investment income up by 27.1%; RoI at 4.3%

- ▶ Unrealised gains from inflation swaps and ModCo amount to EUR 57.2 m.

Challenging
capital
markets

- ▶ Strong operating cash flow of EUR 2,144 m. supports the increase of AuM to over EUR 31.2 bn.

Q1-3/2012 results

GWP	+13.6%
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NPE	+13.7%
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Net income	EUR 671 m.
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EPS	EUR 5.56
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RoE	16.4%
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Shareholders' equity	+19.2%
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BVPS	EUR 49.12
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Continuous growth and excellent profitability

Main drivers are underwriting result and investment income

Group figures in m. EUR	Q3/2011	Q3/2012	Q1-3/2011	Q1-3/2012
Gross written premium	3,020	3,408	9,065	10,296
Net premium earned	2,732	3,134	7,880	8,959
Net underwriting result	33	(40)	(413)	(53)
- Incl. funds withheld	119	52	(166)	195
Net investment income	278	499	951	1,209
- From assets under own mgmt.	192	408	704	961
- From funds withheld	86	91	247	248
Other income and expenses	(69)	(40)	(47)	(139)
Operating profit/loss (EBIT)	242	420	491	1,017
Interest on hybrid capital	(25)	(26)	(77)	(76)
Net income before taxes	217	394	414	941
Taxes	(42)	(90)	12	(215)
Net income	175	304	426	725
- Non-controlling interests	11	38	44	55
Group net income	163	265	382	671
Retention	90.3%	89.4%	90.7%	89.7%
EBIT margin (EBIT/Net premium earned)	8.9%	13.4%	6.2%	11.3%
Tax ratio	19.4%	22.9%	(3.0%)	22.9%
Earnings per share	1.35	2.20	3.16	5.56

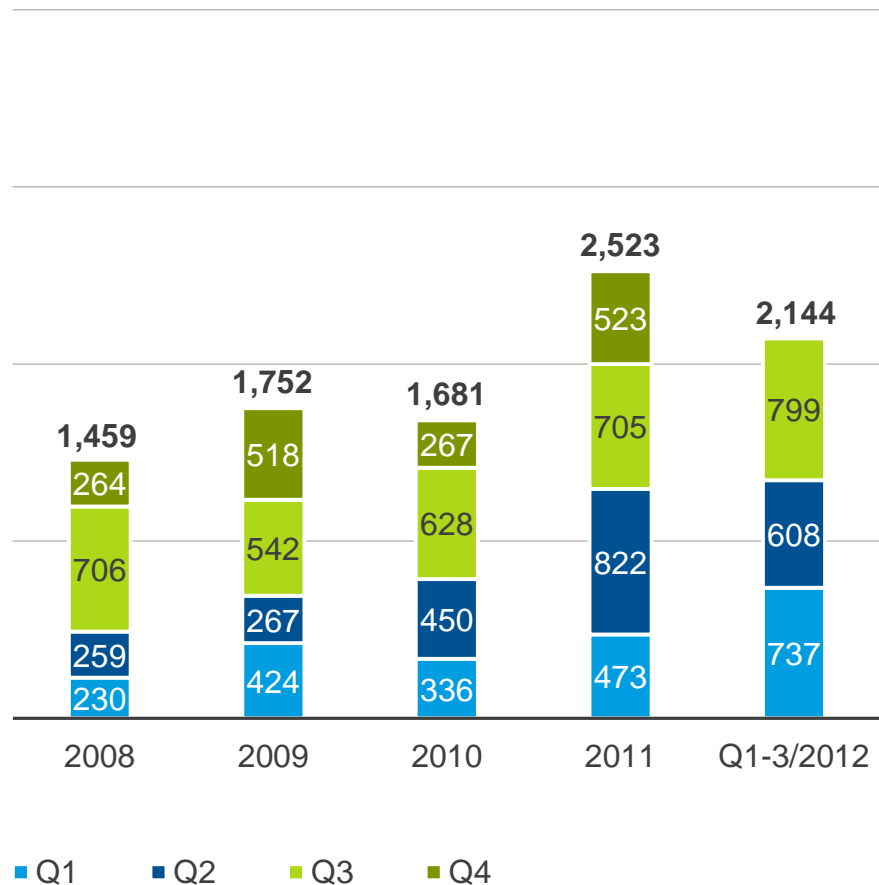
△ YTD 2012

- ▶ GWP growth at +13.6% (f/x-adjusted +8.6%) which equals EUR 1.2 bn. gross
- ▶ NPE growth +13.7%, f/x-adjusted +8.7%
- ▶ EBIT more than doubled
- ▶ Normalisation of tax ratio after last years' effects from Federal court ruling
- ▶ Net income well above our expectation

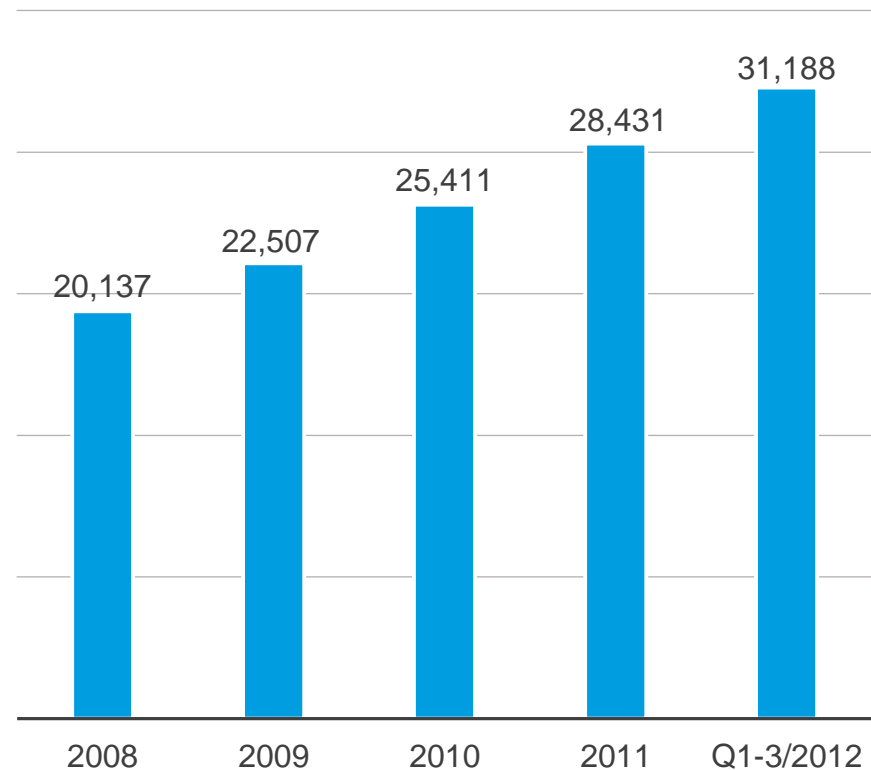
Positive operating cash flow continues to support asset growth

Assets under own management increased by 55% in 5 years

Operating cash flow in m. EUR



Assets under own management in m. EUR



Strong bottom line outperforms topline growth

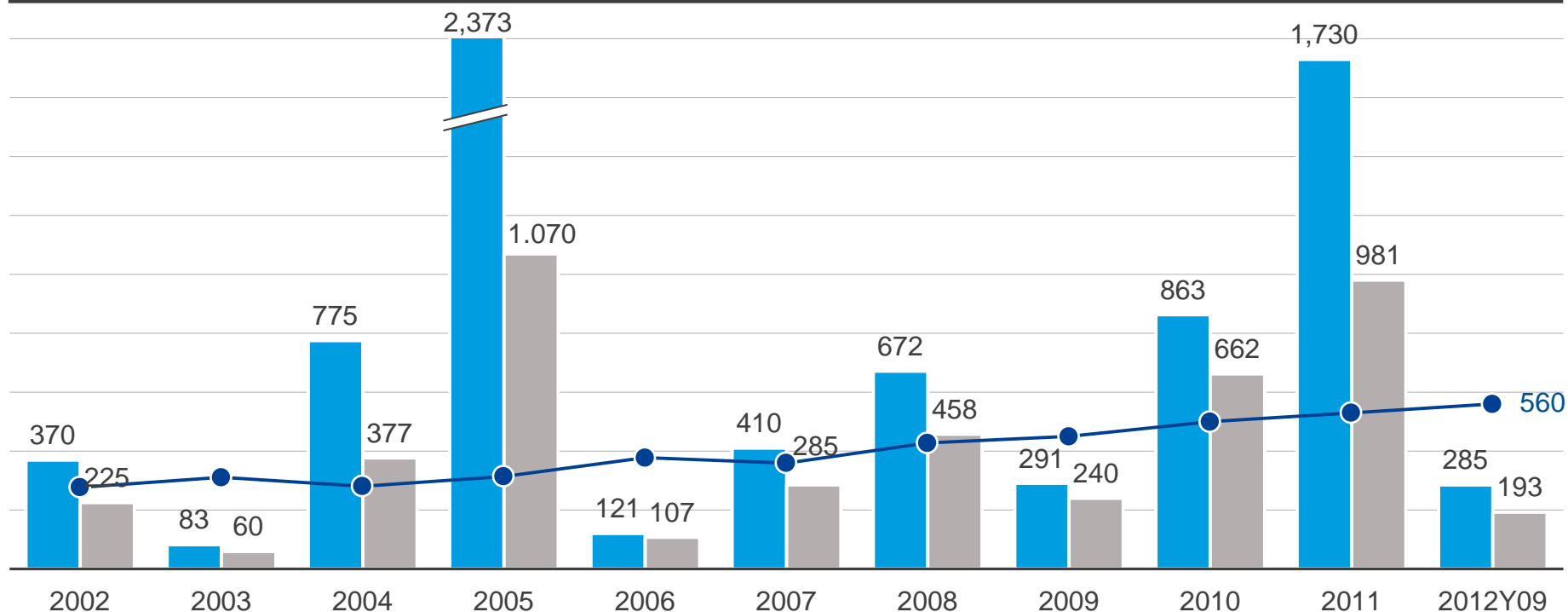
Combined ratio of 96.5% in line with our target

Non-life reinsurance in m. EUR	Q3/2011	Q3/2012	Q1-3/2011	Q1-3/2012	△ YTD 2012
Gross written premium	1,676	1,817	5,220	5,897	▶ +13.0% GWP growth (f/x-adj. +8.6%); from specialty lines, US and Asian property, European markets
Net premium earned	1,543	1,714	4,391	5,018	▶ Net premium earned +14.3%
Net underwriting result incl. funds withheld	74	73	(219)	178	▶ Major losses amount to EUR 193.0 m. (3.8% of NPE), EUR 550 m. below last years' and EUR 215 m. below budget
Combined ratio incl. interest on funds withheld	95.2%	95.8%	105.0%	96.5%	▶ Underwriting result in line with expectation
Net investment income from assets under own management	174	290	571	694	▶ Impressively increased NII despite low interest rate environment
Other income and expenses	(67)	(27)	(19)	(105)	▶ Other income & exp. down mainly due to last year's tax ruling (EUR 68 m.)
Operating profit/loss (EBIT)	182	336	333	766	▶ EBIT margin climbs to 15.3% (2011: 7.6%)
Group net income	131	219	295	525	▶ Tax ratio normalised at 24.8% in Q1-3/2012
Earnings per share	1.09	1.82	2.45	4.35	

Major losses are well below the long-term average

Natural and man-made catastrophe losses¹⁾

in m. EUR



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

4 %	1 %	10 %	34 %	2 %	8 %	13 %	5 %	14 %	25 %	5 %
4 %	1 %	7 %	20 %	2 %	6 %	11 %	5 %	12 %	16 %	4 %

■ Gross ■ Net —●— Expected net catastrophe losses

1) Up to 2011 claims over EUR 5 m. gross, as of 2012 claims over EUR 10 m. gross

2) 2002 - 2006 adjusted to new segmentation

Major losses are well below budget

Catastrophe loss* in m. EUR	Date	Gross	Net
Storm USA	2 - 3 Mar	16.9	6.1
Earthquake Italy	20 May	40.7	40.7
Earthquake Italy	29 May	18.3	18.3
Draught USA		57.6	49.2
Typhoon "Haikui", Taiwan	2 Aug	12.5	12.5
Hurricane "Isaac", USA	24 - 31 Aug	20.9	11.4
6 Natural catastrophes		166.9	138.2
Costa Concordia	13 Jan	100.7	38.2
1 Marine claim		17.8	16.6
8 Major losses		285.4	193.0

* Claims over EUR 10 m. gross

Accelerated growth in life and health reinsurance

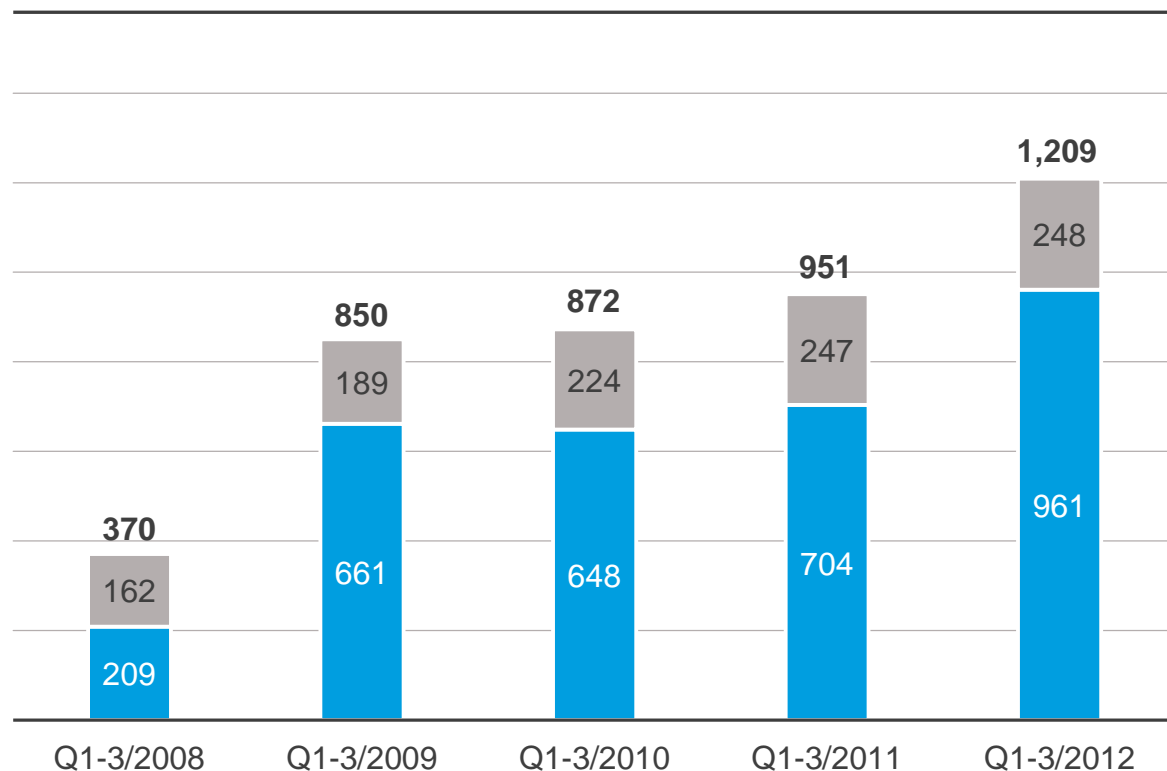
Profit in line with expectation

Life and health R/I in m. EUR	Q3/2011	Q3/2012	Q1-3/2011	Q1-3/2012	Δ YTD 2012
Gross written premium	1,344	1,590	3,844	4,399	▶ +14.5% GWP growth (f/x-adjusted +8.6%) mainly from US, Australia, China and UK- longevity BATs
Net premium earned	1,189	1,420	3,487	3,941	
Net underwriting result incl. funds withheld	42	(27)	46	6	▶ Technical result impacted by less favourable mortality results in US
Net investment income from assets under own management	18	112	113	248	▶ NII affected by increase in AuM; unrealised gains from ModCo derivatives contributed EUR +46 m.
Other income and expenses	1	(7)	(21)	(21)	
Operating profit/loss (EBIT)	60	78	139	233	▶ EBIT margin in financing and longevity at 3.2% well above the 2% hurdle rate; as well as mortality and health at 7.7%
EBIT margin	5.1%	5.5%	4.0%	5.9%	▶ Tax ratio at 17.8% due to good profitability of our Irish and Bermuda subsidiaries
Group net income	39	60	113	188	
Earnings per share	0.33	0.50	0.94	1.56	

Net investment income increased by 27% in 2012

Net investment income

in m. EUR



■ Net investment income excl. funds withheld

■ Funds withheld

- ▶ Ordinary investment income grew significantly since 2009 despite yields under pressure; supported by increase in assets and reallocation into credits
- ▶ Target yield of 3.5% outperformed with 4.3% despite high cash flow being invested at lower rates
- ▶ Total return at 7.6% even significant higher (incl. HTM, L&R) driven by valuation reserves

With RoI at 4.3% investment income outperforms target

Strong increase in ordinary income; positive effect from (un)realised gains

in m. EUR	Q3/2011	Q3/2012	Q1-3/2011	Q1-3/2012	RoI
Ordinary investment income ¹⁾	266	292	717	827	3.7%
Realised gains/losses	69	83	113	151	0.7%
Impairments/ appreciations & depreciations	(2)	(3)	(4)	(15)	(0.1%)
Unrealised gains/losses	(124)	58	(70)	61	0.3%
Investment expenses	(17)	(21)	(53)	(62)	(0.3%)
NII from assets under own mgmt.	192	408	704	961	4.3%
NII from funds withheld	86	91	247	248	
Total net investment income	278	499	951	1,209	

Unrealised gains/losses	31 Dec 11	30 Sep 12
Fixed income (AFS)	416	1,133
Fixed income (HTM, L&R)	368	552
Equities and shares in limited partnerships	222	279
Total	1,007	1,964

* Incl. results from associated companies

Δ YTD 2012

- ▶ Increase of 15.4% in ordinary investment income mainly driven by larger investment volume with a higher share of interests coming from corporate bonds
- ▶ Realised gains (P&L) increased due further asset re-allocation into credit exposure and US real estate sales
- ▶ Unrealised gains driven by ModCo (YTD EUR +45.8 m.) and Inflation swaps (YTD EUR +11.4 m. EUR)
- ▶ Stable investment income from funds withheld
- ▶ Valuation reserves increased despite realisations due to credit spread tightening and further yield decline

Ongoing reallocation into credits but slower at pace

Volume increase due to strong cash flow and increased market values

Tactical asset allocation ¹⁾

Investment category	2007	2008	2009	2010	2011	30 Sep 12
Fixed-income securities	79%	89%	87%	84%	89%	90%
- Governmentals	19%	28%	25%	23%	19%	19%
- Semi-governmentals	20%	23%	26%	21%	23%	23%
- Corporates	26%	23%	22%	25%	30%	32%
Investment grade	24%	22%	20%	24%	29%	30%
Non-investment grade	2%	1%	2%	1%	1%	2%
- Pfandbriefe, Covered Bonds, ABS	15%	15%	15%	16%	16%	16% ²⁾
Equities	12%	3%	2%	4%	2%	2%
- Listed	10%	< 1%	< 1%	2%	< 1%	< 1%
- Private Equity	2%	3%	2%	2%	2%	2%
Real Estate/Real Estate Funds	< 1%	< 1%	1%	2%	2%	2%
Others	2%	2%	2%	2%	2%	2%
Short-term investments (STI) & cash	6%	6%	8%	8%	5%	4%
Total balance sheet values in bn. EUR	19.8	20.1	22.5	25.4	28.3	31.2

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 504.6 m. (EUR 451.9 m.) as per 30 September 2012

2) Of which Pfandbriefe and Covered bonds = 84%

Target matrix: all targets achieved

Business group	Key figures	Strategic targets	Q1-3/2012
Group	Return on investment ¹⁾	≥3.5%	4.1% ✓
	Minimum return on equity	≥10.2% ²⁾	16.4% ✓
	Earnings per share growth (y-o-y)	≥10%	75.7% ✓
	Value creation per share ³⁾	≥10%	n.a.
Non-life reinsurance	Gross premium growth ⁴⁾	3% - 5%	13.0% ✓
	Combined ratio ⁵⁾	≤98%	96.5% ✓
	EBIT margin ⁶⁾	≥10%	15.3% ✓
	xRoCA ⁷⁾	≥2%	n.a.
Life and health reinsurance	Gross premium growth ⁸⁾	5% - 7%	14.5% ✓
	Value of New Business (VNB) growth	≥10%	n.a. ✓
	EBIT margin ⁶⁾ financing and longevity business	≥2	3.2% ✓
	EBIT margin ⁶⁾ morbidity and health business	≥6%	7.7% ✓
	xRoCA ⁷⁾	≥5%	n.a.

1) Excl. inflation swap and ModCo

3) Growth of book value + paid dividends

5) Incl. expected net major losses of EUR 560 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

6) EBIT / net premium earned

8) Organic growth only

Outlook 2012 and beyond

New Guidance for 2012

Hannover Re Group

- ▶ Gross written premium (GWP)¹⁾ ~ +8% - +9%
 - Non-life reinsurance¹⁾ ~ +8% - +9%
 - Life and health reinsurance¹⁾²⁾ ~ +8% - +9%
- ▶ Return on investment³⁾⁴⁾ > 3.5%
- ▶ 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 2012 not exceeding EUR 560 m.

4) Excluding effects from inflation swaps

5) Related to group net income according to IFRS

Guidance for 2013

Hannover Re Group

- ▶ Gross written premium (GWP)¹⁾ ~ +5%
 - Non-life reinsurance¹⁾ ~ +3% - +5%
 - Life and health reinsurance¹⁾²⁾ ~ +5% - +7%
- ▶ Return on investment³⁾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 600 m. (calculation not yet finalised)

4) Excluding effects from inflation swaps

5) Related to group net income according to IFRS

Growth in most lines and satisfying profitability expected

Development of non-life reinsurance lines of business (2012e)

Divisions	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 reinsurance	Global treaty	↗	+/-
	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 reinsurance on track in 2012

Development of lines of business

Divisions	Lines of business	Volume ¹⁾	Profitability ²⁾
Financial solutions		↗	+
Risk solutions	Longevity	→	+/-
	Mortality	↗	+
	Health	↗	+

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

Q1-3/2012 vs. Q1-3/2011

in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	Q1-3/2011	Q1-3/2012	Q1-3/2011	Q1-3/2012	Q1-3/2011	Q1-3/2012
Gross written premium	5,220	5,897	3,844	4,399	9,065	10,296
Change in GWP	-	+13.0%	-	+14.5%	-	+13.6%
Net premium earned	4,391	5,018	3,487	3,941	7,880	8,959
Net underwriting result	(229)	170	(190)	(233)	(413)	(53)
Net underwriting result Incl. funds withheld	(219)	178	46	6	(166)	195
Net investment income	581	702	350	487	951	1,209
From assets under own management	571	694	113	248	704	961
From funds withheld	10	8	237	239	247	248
Other income and expenses	(19)	(105)	(21)	(21)	(47)	(139)
Operating profit/loss (EBIT)	333	766	139	233	491	1,017
Interest on hybrid capital	0	0	0	0	(77)	(76)
Net income before taxes	333	766	139	233	414	941
Taxes	2	(190)	(21)	(41)	12	(215)
Net income	335	577	118	191	426	725
Non-controlling interest	40	52	4	3	44	55
Group net income	295	525	113	188	382	671
Retention	90.3%	89.9%	91.1%	89.3%	90.7%	89.7%
Combined ratio (incl. interest on funds withheld)	105.0%	96.5%	98.7%	99.8%	102.1%	97.8%
EBIT margin (EBIT / Net premium earned)	7.6%	15.3%	4.0%	5.9%	6.2%	11.3%
Tax ratio	-0.6%	24.8%	15.2%	17.8%	-3.0%	22.9%
Earnings per share	2.45	4.35	0.94	1.56	3.16	5.56

Our strategic business groups at a glance

Q3/2012 stand-alone

in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	Q3/2011	Q3/2012	Q3/2011	Q3/2012	Q3/2011	Q3/2012
Gross written premium	1,676	1,817	1,344	1,590	3,020	3,408
Change in GWP	-	+8.4%	-	+18.4%	-	+12.8%
Net premium earned	1,543	1,714	1,189	1,420	2,732	3,134
Net underwriting result	70	71	(40)	(116)	33	(40)
Net underwriting result Incl. funds withheld	74	73	42	(27)	119	52
Net investment income	179	292	99	201	278	499
From assets under own management	174	290	18	112	192	408
From funds withheld	4	2	82	89	86	91
Other income and expenses	(67)	(27)	1	(7)	(69)	(40)
Operating profit/loss (EBIT)	182	336	60	78	242	420
Interest on hybrid capital	(0)	0	0	(0)	(25)	(26)
Net income before taxes	182	336	60	78	217	394
Taxes	(42)	(79)	(18)	(16)	(42)	(90)
Net income	140	257	42	61	175	304
Non-controlling interest	9	37	3	1	11	38
Group net income	131	219	39	60	163	265
Retention	91.1%	89.4%	89.4%	89.4%	90.3%	89.4%
Combined ratio (incl. interest on funds withheld)	95.2%	95.8%	96.5%	101.9%	95.6%	98.4%
EBIT margin (EBIT / Net premium earned)	11.8%	19.6%	5.1%	5.5%	8.9%	13.4%
Tax ratio	23.1%	23.6%	30.5%	20.9%	19.4%	22.9%
Earnings per share	1.09	1.82	0.33	0.50	1.35	2.20

Stress tests on assets under own management

Portfolio	Scenario		Change in market value in m. EUR	Changes in OCI before tax in m. EUR
Equities	Prices	-10%	-5	-5
Equities	Prices	-20%	-9	-9
Equities	Prices	-30%	-14	-14
Fixed-income securities	Yield increase	+50 bps	-636	-479
Fixed-income securities	Yield decline	-50 bps	659	497
Fixed-income securities	Yield increase	+100 bps	-1,242	-936
Fixed-income securities	Yield decline	-100 bps	1,347	1,016

* As at 30 September 2012

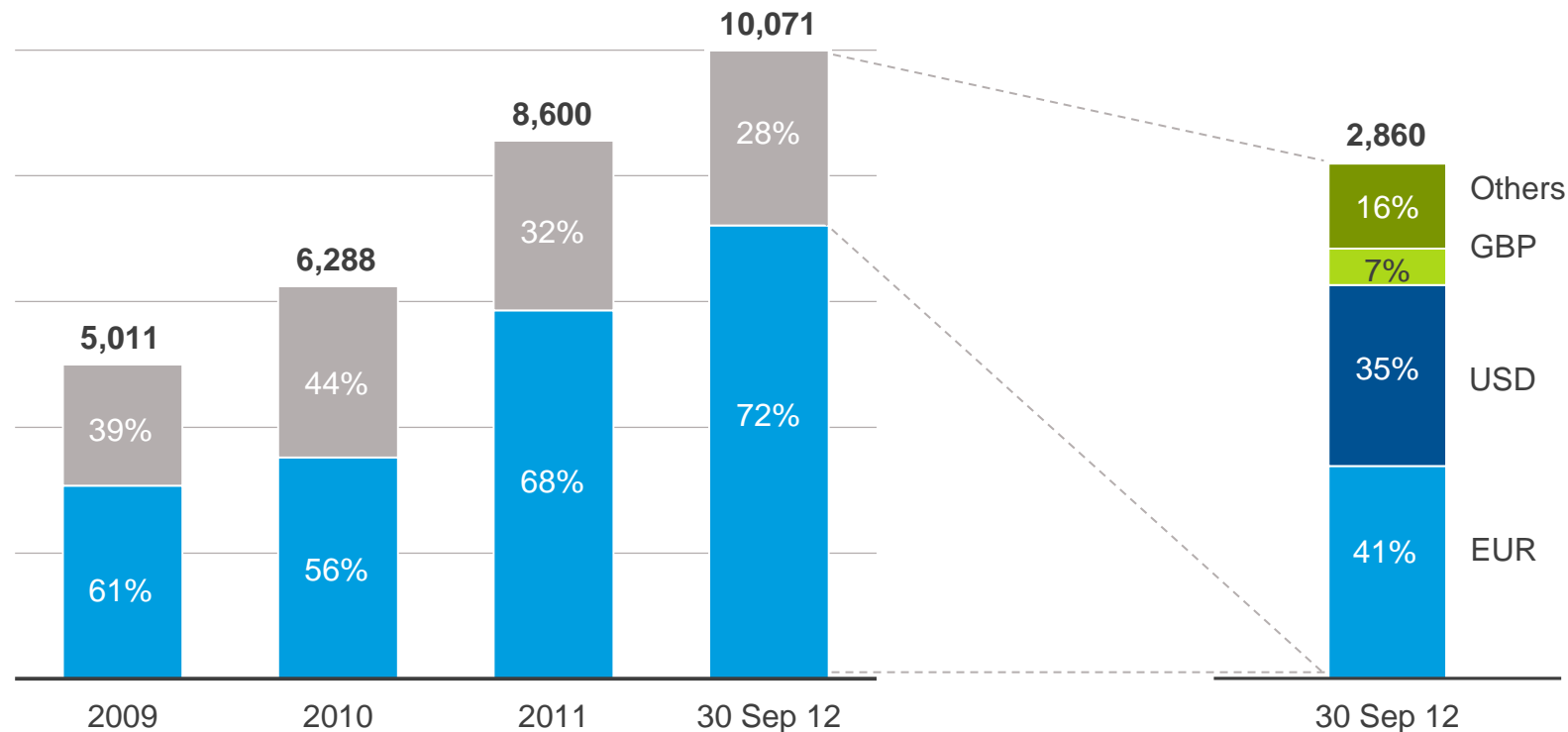
Continuously reduced share of bank exposure

Unchanged focus on conservative title selection

Corporate sector allocation

in m. EUR

by currencies



■ Banks ■ Non Banks

Economic view based on market value as at 30 September 2012

Bank exposure per rating and country/region

Cautious approach maintained

	AA	A	BBB	<BBB	Total
Germany	1.4%	5.5%	2.4%	0.0%	9.5%
UK	0.2%	9.1%	1.5%	0.0%	11.9%
France	0.0%	7.6%	0.1%	0.0%	8.7%
Netherlands	4.8%	3.3%	0.0%	0.0%	9.0%
Sweden	3.6%	1.1%	0.0%	0.0%	5.2%
GIIPS	0.0%	1.5%	3.4%	0.0%	6.3%
Switzerland	0.0%	2.9%	0.1%	0.0%	3.9%
Rest of Europe	0.2%	3.0%	2.5%	0.5%	5.1%
USA	0.6%	10.0%	4.6%	0.3%	15.9%
Australia	14.2%	0.7%	0.5%	0.2%	14.7%
Asia	0.4%	1.6%	3.4%	2.6%	4.0%
Rest of World	2.8%	1.3%	1.9%	0.5%	5.6%
Total	28.2%	47.5%	20.2%	4.1%	100.0%

* Economoc view based on market values as at 30 September 2012

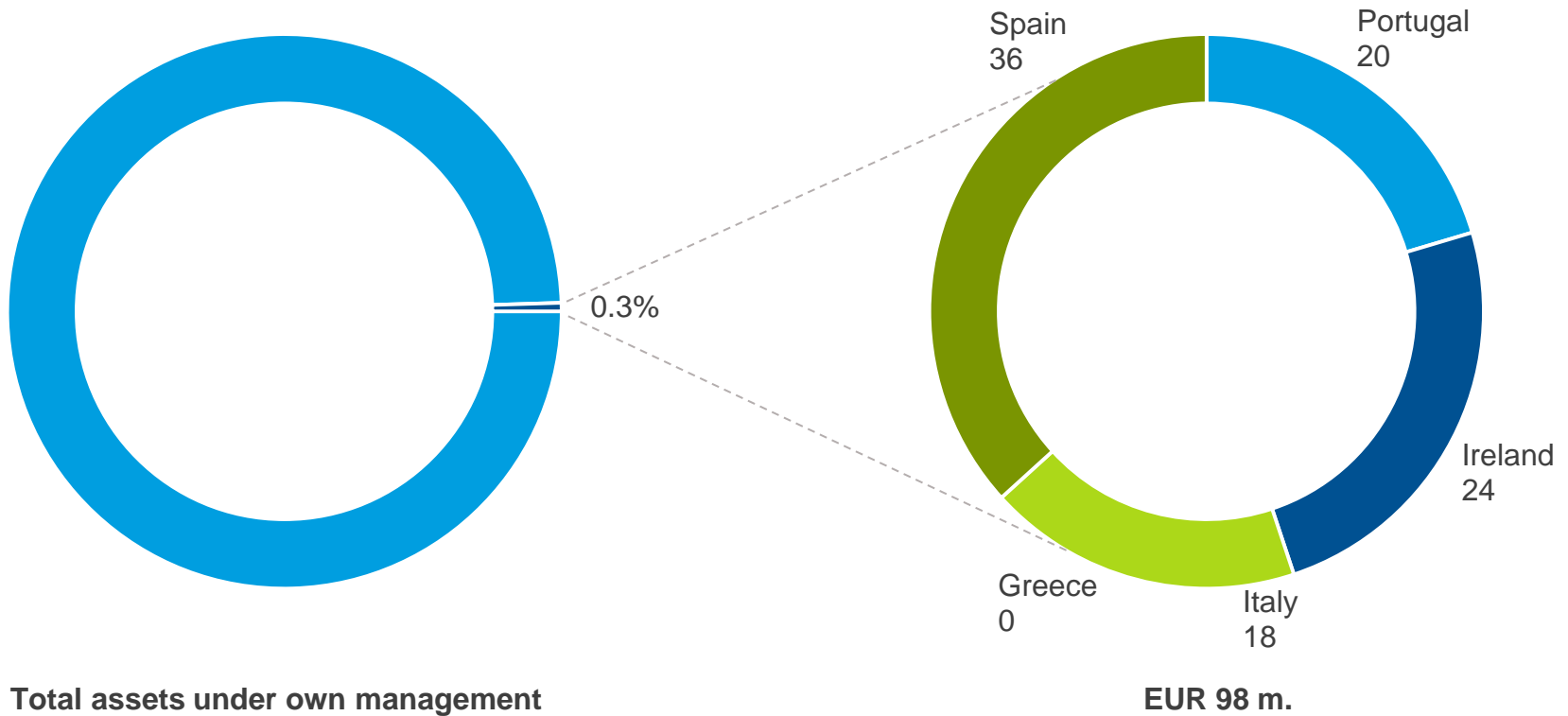
Total bank exposure: EUR 2,860 m.*

No material exposure in Southern Europe and Ireland*

Merely 0.3% of total AuM; further reduction of exposure in Spain

Asset allocation

in m. EUR



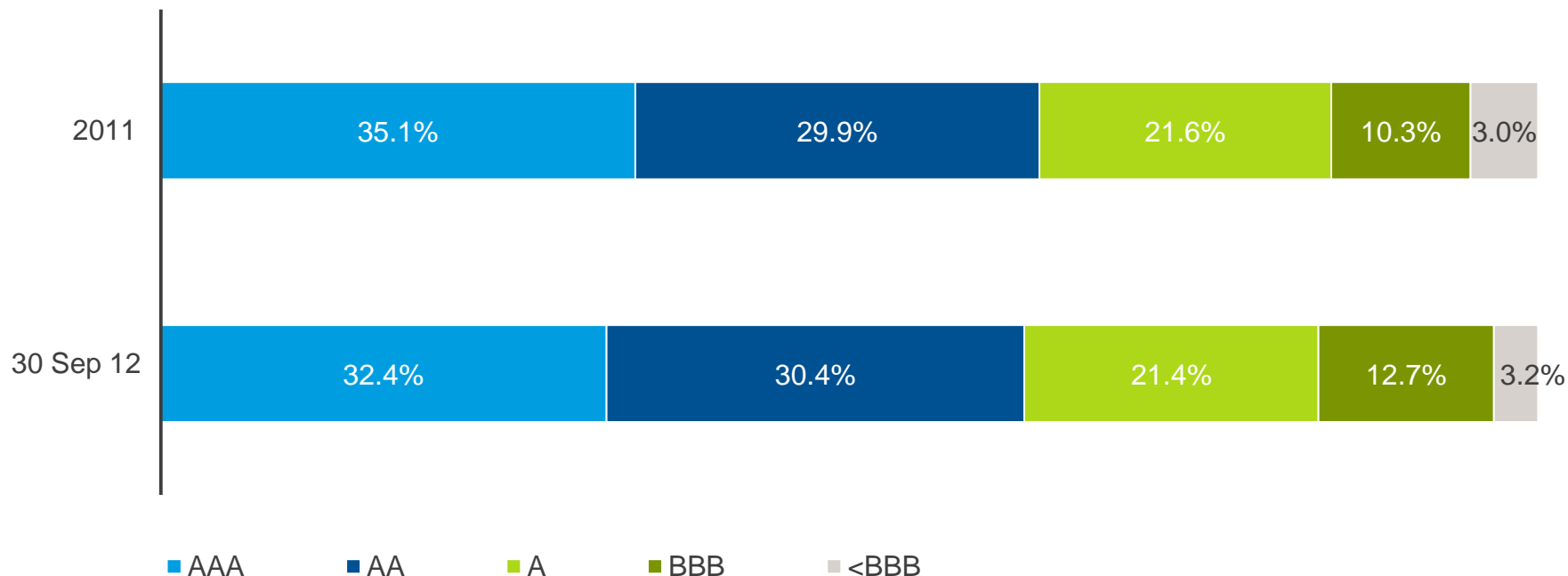
* Investments in governments and semi-governments
Economic view based on market value as at 30 September 2012

Unchanged focus on comprehensive credit process

Downgrade waves and allocation into corporates affect rating structure

Fixed-income portfolio

in m. EUR



S&P financial strength rating
Economic view based on market value as at 30 September 2012

Modified duration as at 30 September 2012: 4.4 (2011: 4.2)

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	26.5%	61.1%	1.5%	61.0%	-	31.5%
AAA	59.3%	35.6%	14.8%	18.4%	-	30.5%
A	6.5%	2.5%	48.6%	11.4%	-	21.6%
BBB	5.8%	0.6%	29.4%	4.9%	-	13.0%
<BBB	1.8%	0.1%	5.7%	4.2%	-	3.4%
Total	100.0%	100.0%	100.0%	100.0%		100.0%
Germany	9.0%	43.7%	6.8%	26.2%	29.9%	20.4%
UK	8.0%	6.9%	11.1%	10.5%	5.4%	9.0%
France	10.5%	2.9%	6.8%	10.5%	0.9%	7.2%
GIIPS	2.4%	0.1%	4.0%	12.3%	0.0%	4.1%
Rest of Europe	6.3%	19.6%	16.5%	23.9%	5.3%	15.8%
USA	40.6%	8.9%	35.2%	7.1%	15.0%	24.1%
Australia	6.2%	8.9%	8.6%	5.3%	9.0%	7.6%
Asia	9.6%	1.2%	3.5%	0.1%	22.1%	4.5%
Rest of World	7.4%	8.0%	7.5%	4.0%	12.5%	7.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* As at 30 September 2012

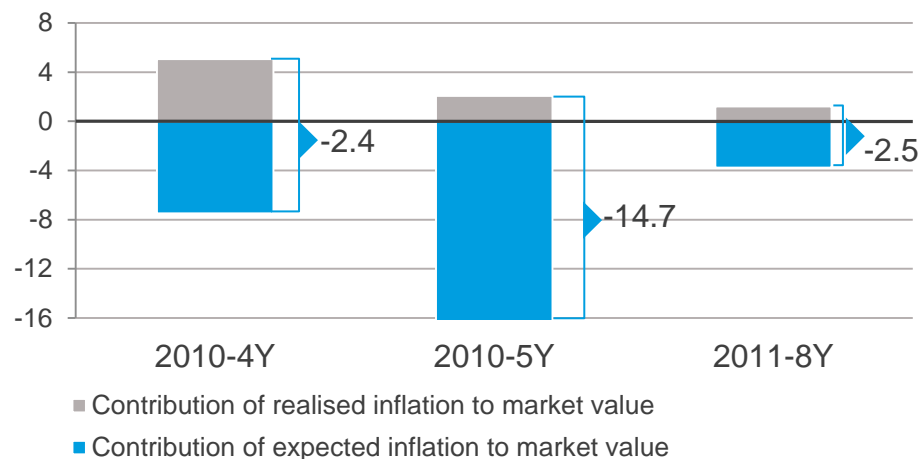
Inflation swaps: Positive contribution of realised EUR inflation

USD Market values effected by lower inflation expectations

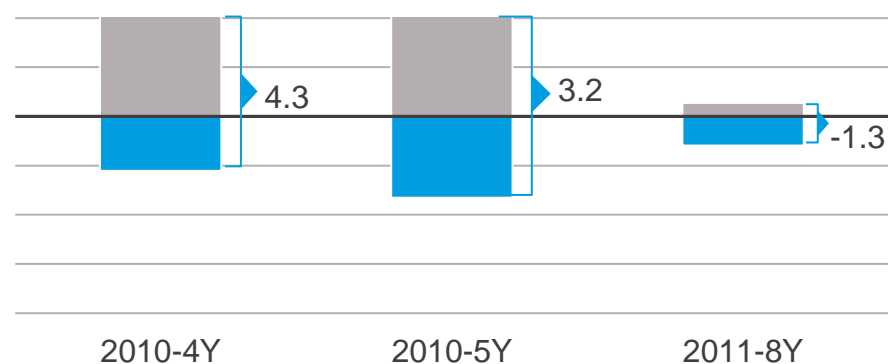
- ▶ Partial hedge of non-life loss inflation provided by USD and EUR Zero Coupon Swaps
- ▶ Initially established in Q2/2010 (4 and 5 years)
- ▶ Protection reloaded in Q1/2011 (8 years)
- ▶ Positive contribution of so far realised inflations
- ▶ Traded inflation expectations below covered level of inflation hedge

Aggregated volume USD	USD 2,530 m.
Aggregated volume EUR	EUR 930 m.
Covered level of inflation	2.17%
Market values as at 30 Sept. 2012	USD - 19.7 m. EUR + 6.2 m.

Market position as at 30 Sep 2012 in m. USD



and in m. EUR



Impact of the inflation swaps

Overview of sensitivities

Current (30 Sep 2012) holding of inflation swaps at EUR 2.8 bn. (equivalent swap volume) reacts as follows to underlying risk factors:

	Change in market value in m. EUR
Inflation expectation*: +100 bps	+78
Inflation expectation*: -100 bps	-76
Inflation expectation*: +400 bps	+324
Interest curves	marginal reagibility
Credit spreads	no reagibility
Equity markets	no reagibility

* 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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