



somewhat
different

Conference Call on Half-yearly Report 2017

Hannover, 10 August 2017

hannover **re**[®]

Half-year results in line with full-year targets

Group

▶ Gross written premium:	EUR 8,998 m. (+8.6%)	▶ Attractive GWP growth (f/x adjusted +8.7%)
▶ Net premium earned:	EUR 7,523 m. (+5.0%)	▶ NPE f/x-adj. growth of +4.9%
▶ EBIT:	EUR 799 m.	▶ EBIT and net income driven by strong investment performance as well as solid earnings contribution from P&C
▶ Group net income:	EUR 535 m.	
▶ RoE:	12.2%	▶ RoE remains well above our minimum target
▶ BVPS:	EUR 71.00	▶ BVPS decreased by -4.8% due to capital management measures and strong Euro

Property & Casualty R/I

EBIT:	EUR 634 m.
▶ Combined ratio slightly inflated mainly due to growth in Structured R/I	
▶ Net major losses of EUR 123 m. (2.8% of NPE) well below expected level	
▶ Accelerated GWP growth (f/x adjusted +16.9%) mainly driven by new business in Structured R/I	

Life & Health R/I

EBIT:	EUR 165 m.
▶ Continuously higher than expected claims from legacy US mortality	
▶ Strong earnings growth from Financial solutions business	
▶ GWP development in line with expectations (f/x adjusted -1.5%)	

Investments

NII:	EUR 779 m.
RoI from AuM:	3.2%
▶ RoI well above full-year target (>2.7%)	
▶ Ordinary investment income higher mainly due to strong contribution from Private Equity and Real Estate	
▶ Strengthening of EUR leads to decrease in AUM (-3.4%)	

Overall satisfying business development

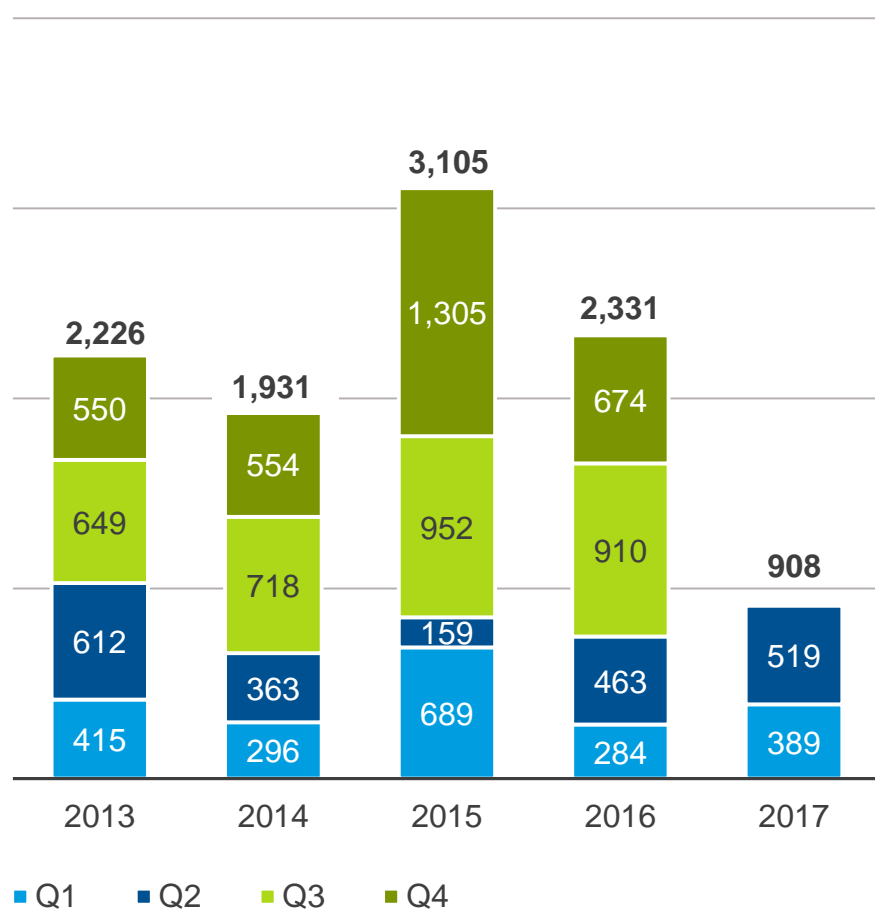
Strong growth in Property & Casualty reinsurance

Group figures in m. EUR	Q2/2016	Q2/2017	Δ	1H/2016	1H/2017	Δ
Gross written premium	4,020	4,451	10.7%	8,284	8,998	8.6%
Net premium earned	3,625	3,791	4.6%	7,167	7,523	5.0%
Net underwriting result	(39)	(55)	43.1%	(3)	(79)	-
- Incl. funds withheld	53	(5)	-109.2%	173	45	-74.2%
Net investment income	379	387	2.1%	745	779	4.6%
- From assets under own mgmt.	286	336	17.3%	569	656	15.3%
- From funds withheld	92	50	-45.2%	176	123	-29.7%
Other income and expenses	1	68	-	5	99	-
Operating profit/loss (EBIT)	340	400	17.3%	747	799	7.0%
Interest on hybrid capital	(18)	(18)	0.3%	(36)	(36)	-0.2%
Net income before taxes	322	381	18.3%	711	764	7.4%
Taxes	(93)	(94)	1.2%	(195)	(190)	-2.6%
Net income	230	287	25.2%	516	574	11.1%
- Non-controlling interests	13	17	35.7%	28	39	36.8%
Group net income	217	270	24.6%	488	535	9.6%
Retention	90.6%	90.9%		89.8%	90.3%	
EBIT margin (EBIT/Net premium earned)	9.4%	10.5%		10.4%	10.6%	
Tax ratio	28.8%	24.6%		27.4%	24.9%	
Earnings per share (in EUR)	1.80	2.24		4.05	4.44	

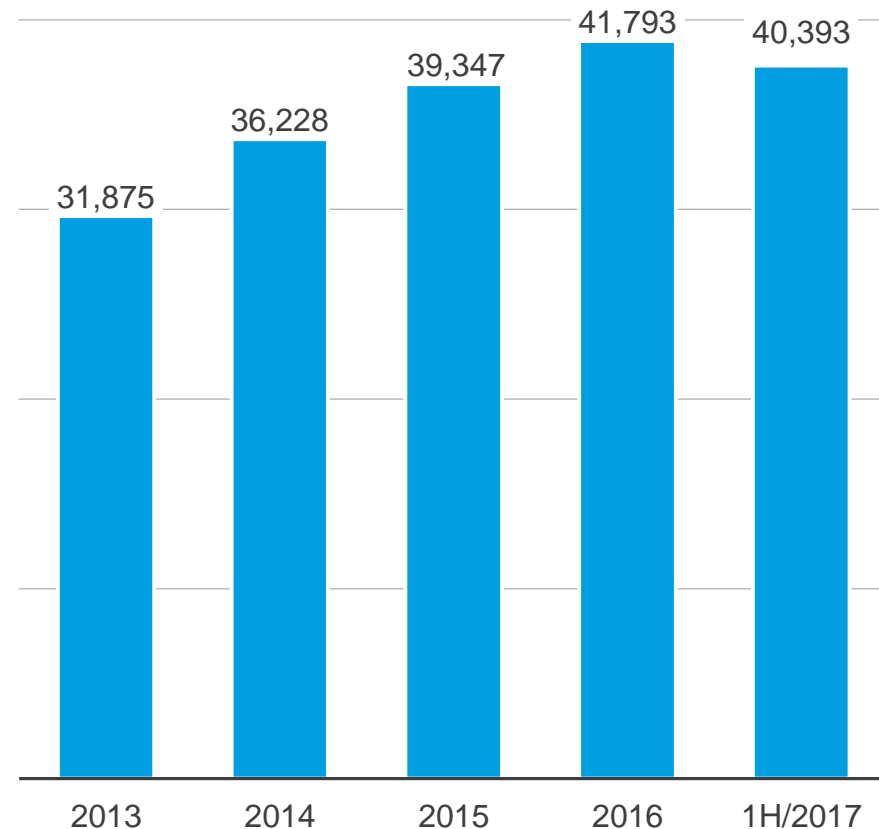
Continued positive operating cash flow

AuM -3.4% driven by strengthening of the Euro and dividend payment

Operating cash flow in m. EUR



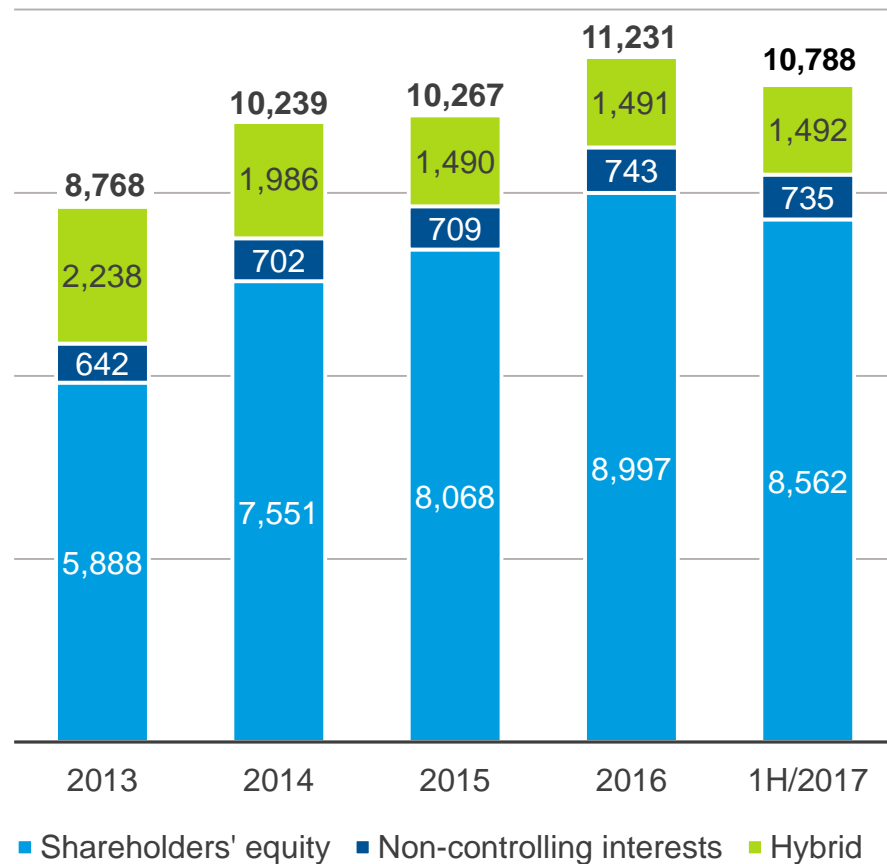
Assets under own management (AuM) in m. EUR



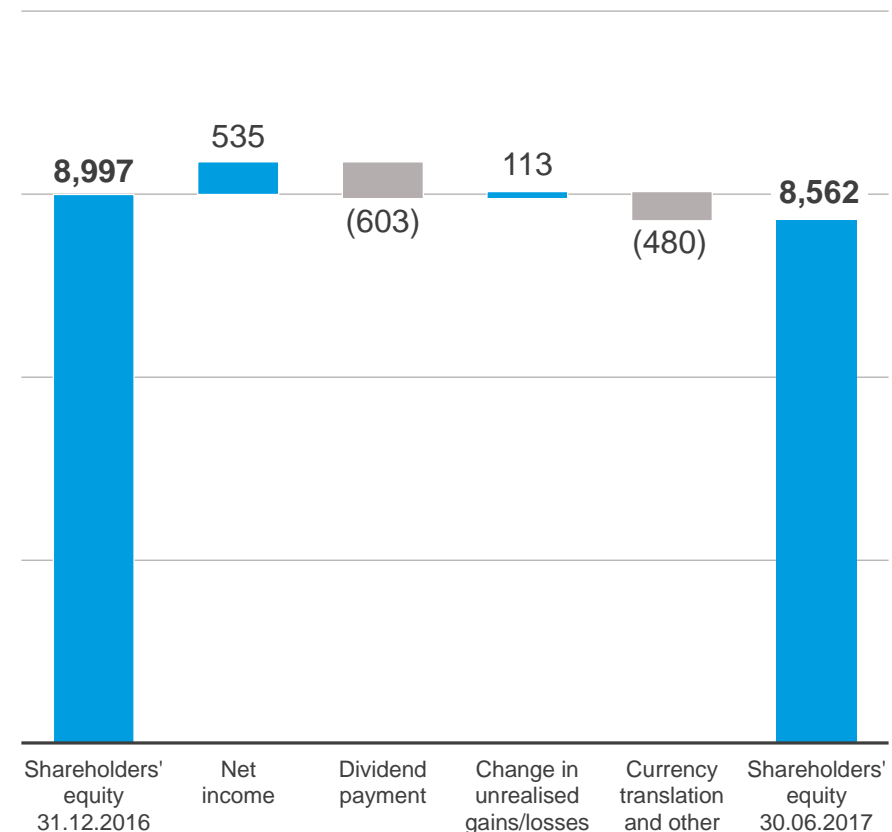
Shareholders' equity decreased despite favourable earnings

Driven by dividend payment and negative effects from currency translation

Policyholders' surplus in m. EUR



Change in shareholders' equity in m. EUR



Solid underwriting result in a competitive environment

Remarkable growth mainly driven by tailor-made structured R/I

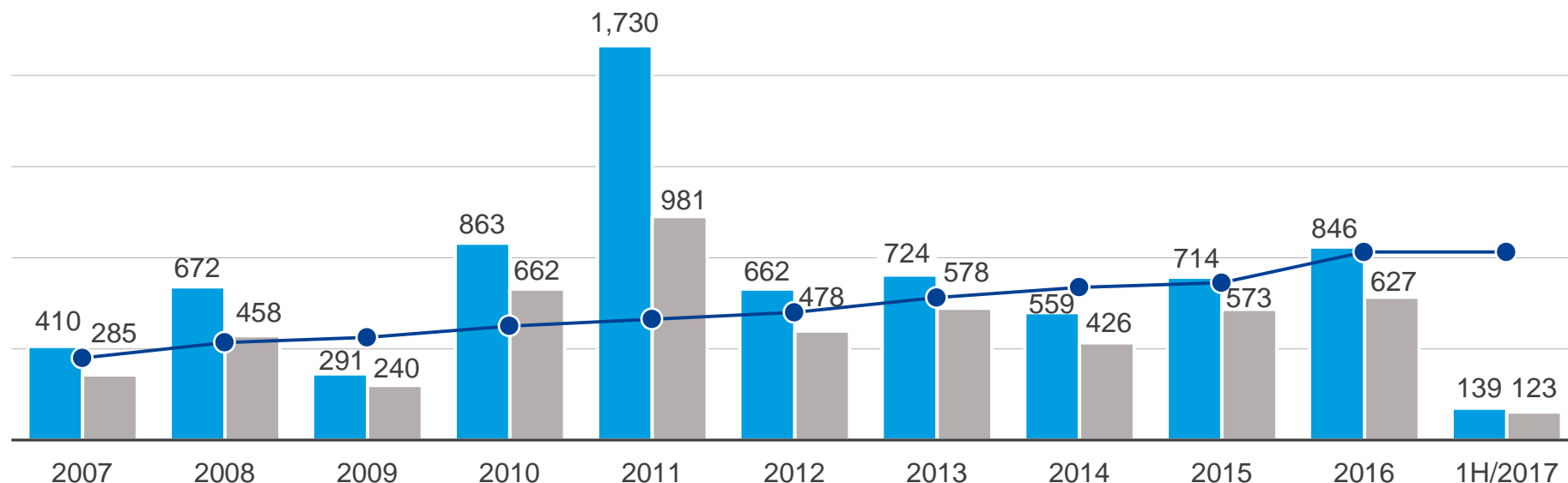
Property & Casualty R/I in m. EUR	Q2/2016	Q2/2017	1H/2016	1H/2017	YTD
Gross written premium	2,125	2,613	4,627	5,427	▶ GWP f/x adjusted +16.9%, mainly from structured R/I; diversified growth in other areas
Net premium earned	1,877	2,147	3,838	4,313	▶ NPE f/x adjusted +11.8%
Net underwriting result incl. funds withheld	74	55	178	151	▶ Major loss expectation reflected in reserves as usual
Combined ratio incl. interest on funds withheld	96.1%	97.4%	95.4%	96.5%	▶ Reserve increase due to Ogden tables of EUR 291 m. compensated by reserve releases
Net investment income from assets under own management	201	235	405	474	▶ Favourable ordinary investment income
Other income and expenses	(12)	34	(20)	10	▶ Other income and expenses benefited from positive currency effects
Operating profit/loss (EBIT)	263	324	563	634	▶ EBIT growth of 12.7% in line with volume growth
Tax ratio	29.7%	24.3%	28.2%	24.5%	▶ EBIT margin of 14.7% (1H/2016: 14.7%) well above target
Group net income	174	229	378	444	
Earnings per share (in EUR)	1.44	1.90	3.14	3.68	

Major losses well below budget for 1H/2017

Remaining unused large loss budget of EUR 702 m. for the year

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%	3%
6%	11%	5%	12%	16%	7%	8%	6%	7%	8%	3%

Expected large losses (net) in m. EUR

360	428	450	500	530	560	625	670	690	825	825
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■ 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 very benign large loss experience in 1H/2017

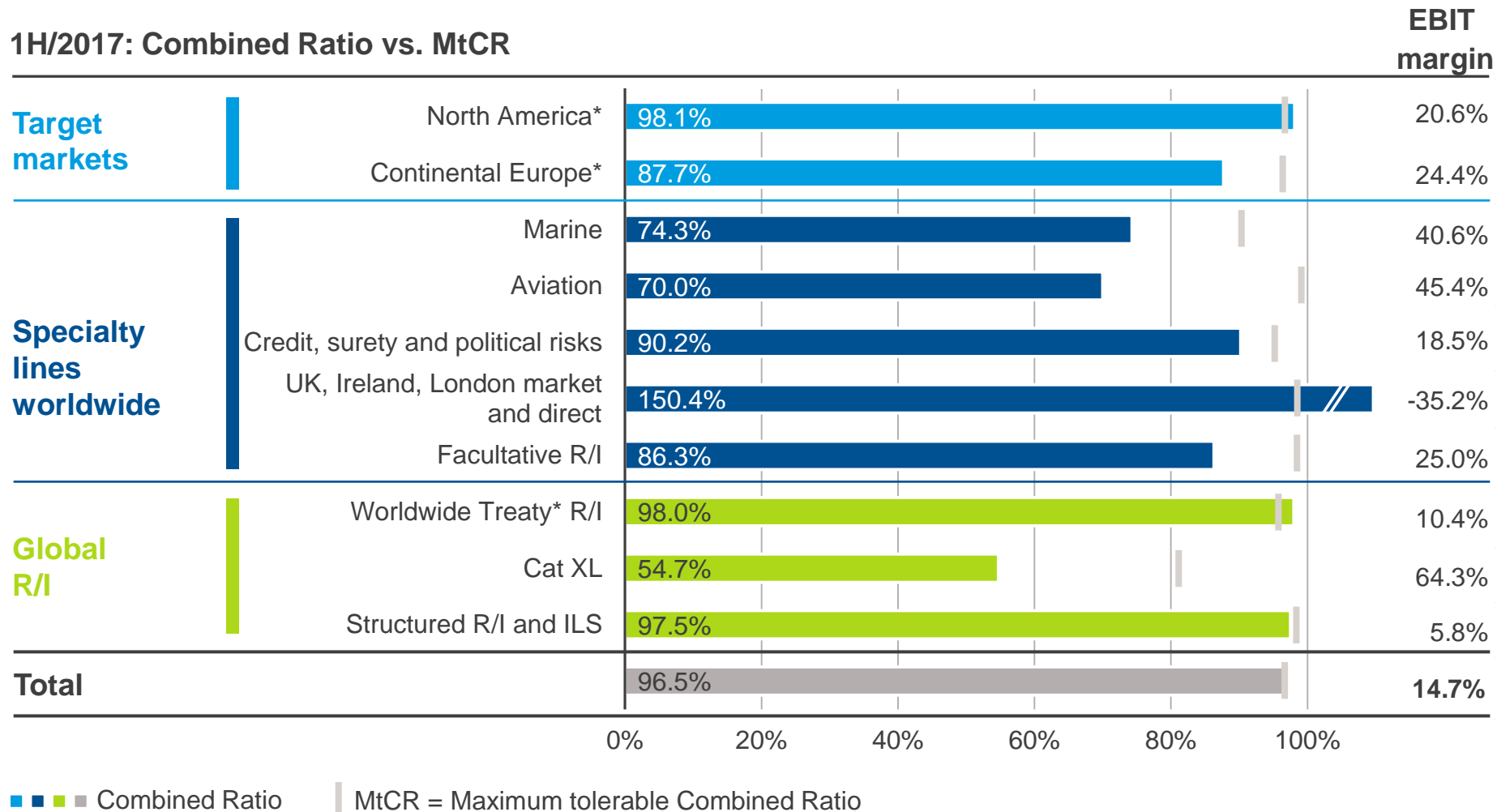
Absence of major losses in Q2/2017

Catastrophe losses* in m. EUR	Date	Gross	Net
Storm / Tornados, USA	18 - 21 Jan	12.6	11.0
Wildfires, Chile	21 Jan - 3 Feb	19.8	19.8
Cyclone "Debbie", Australia	27 - 28 Mar	55.5	46.4
3 Natural catastrophes		87.9	77.2
1 Property claim		35.0	29.2
1 Credit claim		16.4	16.4
5 Major losses		139.4	122.9

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

Overall profitability above cost of capital

Change in Ogden rate reflected in UK, Ireland, London market and direct



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

Overall profitability in Life & Health below expectation

Strong earnings contribution from Financial solutions

Life & Health R/I in m. EUR	Q2/2016	Q2/2017	1H/2016	1H/2017	YTD
Gross written premium	1,895	1,838	3,656	3,570	▶ GWP f/x-adjusted -1.5%, reduced premium volume from large-volume treaties partly offset by diversified growth in other areas ▶ NPE f/x-adjusted growth -3.1%
Net premium earned	1,747	1,644	3,328	3,210	
Net underwriting result incl. funds withheld	(20)	(60)	(5)	(106)	▶ Technical result impacted by legacy US mortality biz (~EUR 50 m. below expectation)
Net investment income from assets under own management	80	100	158	180	▶ Strong investment income ▶ Increased other income and expenses due to strong contribution from deposit accounted treaties (1H/2017: EUR 93 m.)
Other income and expenses	13	36	26	91	
Operating profit/loss (EBIT)	74	75	179	165	▶ EBIT margins: <ul style="list-style-type: none"> • Financial solutions: 29.9% • Longevity: 2.3% • Mortality and Morbidity: 1.0%
EBIT margin	4.2%	4.6%	5.4%	5.1%	
Tax ratio	26.4%	28.6%	25.8%	28.5%	
Group net income	53	54	131	114	
Earnings per share (in EUR)	0.44	0.44	1.08	0.95	

Excellent investment performance

Low yielding FIS portfolio more than offset by private equities and real estates

in m. EUR	Q2/2016	Q2/2017	1H/2016	1H/2017	RoI	YTD
Ordinary investment income*	301	317	570	641	3.1%	<ul style="list-style-type: none"> ▶ 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/losses	36	59	80	83	0.4%	
Impairments/appreciations & depreciations	(34)	(12)	(48)	(23)	-0.1%	
Change in fair value of financial instruments (through P&L)	10	(0)	21	11	0.1%	
Investment expenses	(26)	(28)	(52)	(56)	-0.3%	
NII from assets under own mgmt.	286	336	569	656	3.2%	<ul style="list-style-type: none"> ▶ Realised gains stable
NII from funds withheld	92	50	176	123		<ul style="list-style-type: none"> ▶ Decrease in impairments mostly attributable to listed and private equities
Total net investment income	379	387	745	779		
Unrealised gains/losses of investments			31 Dec 16	30 Jun 17		<ul style="list-style-type: none"> ▶ Stable valuation reserves; balanced effects from higher interest rates and lower credit spreads
On Balance-sheet			1,355	1,410		
thereof Fixed income AFS			728	758		
Off Balance-sheet			509	456		
thereof Fixed income HTM, L&R			370	317		
Total			1,864	1,866		

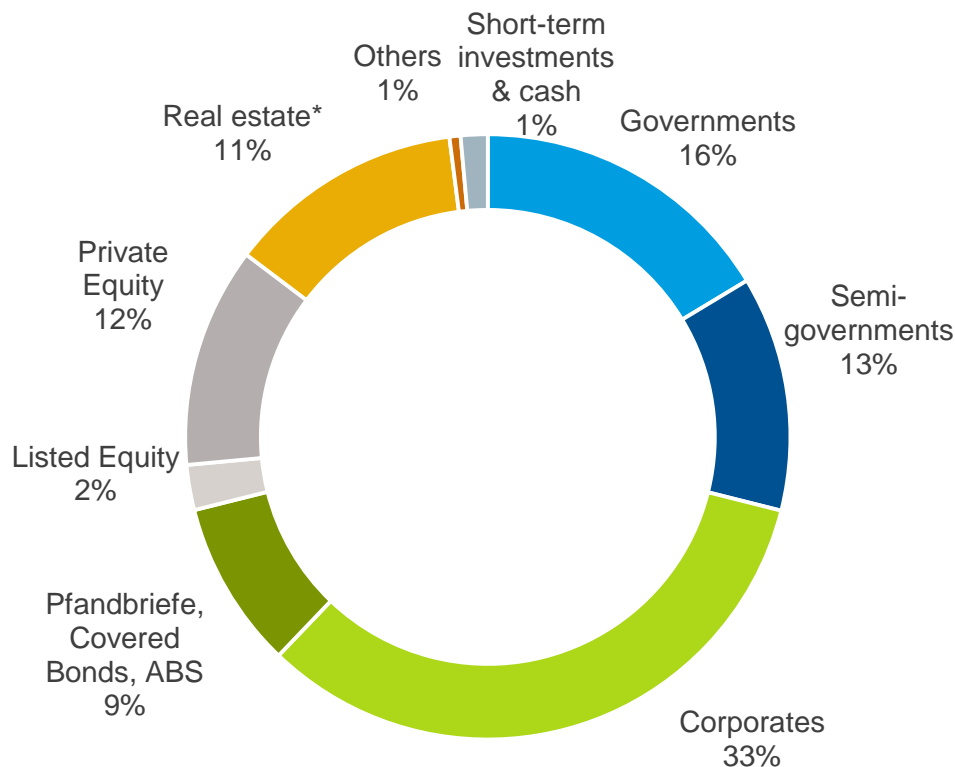
* Incl. results from associated companies

Ordinary income supported by less liquid asset classes

Low yield environment has major impact on government bonds

Ordinary income split

EUR 641 m.



Asset allocation

Investment category	30 Jun 17
Fixed-income securities	86 %
- Governments	28 %
- Semi-governments	17 %
- Corporates	32 %
Investment grade	27 %
Non-investment grade	5 %
- Pfandbriefe, Covered Bonds, ABS	8 %
Equities	4 %
- Listed Equity	2 %
- Private Equity	2 %
Real estate/real estate funds	5 %
Others	1 %
Short-term investments & cash	4 %
Total market values in bn. EUR	40.8

Economic view based on market values as at 30 June 2017

* Before real estate-specific costs

Target Matrix 2017

Profit targets largely achieved

Business group	Key figures	Strategic targets for 2017	1H/2017
Group	Return on investment ¹⁾	>2.7%	3.2%
	Return on equity ²⁾	≥9.7%	12.2%
	Earnings per share growth (y-o-y)	≥6.5%	9.6%
	Value creation per share ³⁾	≥7.5%	n.a.
Property & Casualty R/I	Gross premium growth	3% - 5%	16.9%
	Combined ratio	≤96%	96.5%
	EBIT margin ⁶⁾	≥10%	14.7%
	xRoCA ⁷⁾	≥2%	n.a.
Life & Health R/I	Gross premium growth	5% - 7%	-1.5%
	Value of New Business (VNB) ⁹⁾	≥ EUR 220 m.	n.a.
	EBIT margin ⁶⁾ Financial solutions/Longevity	≥2%	15.6%
	EBIT margin ⁶⁾ Mortality/Morbidity	≥6%	1.0%
	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

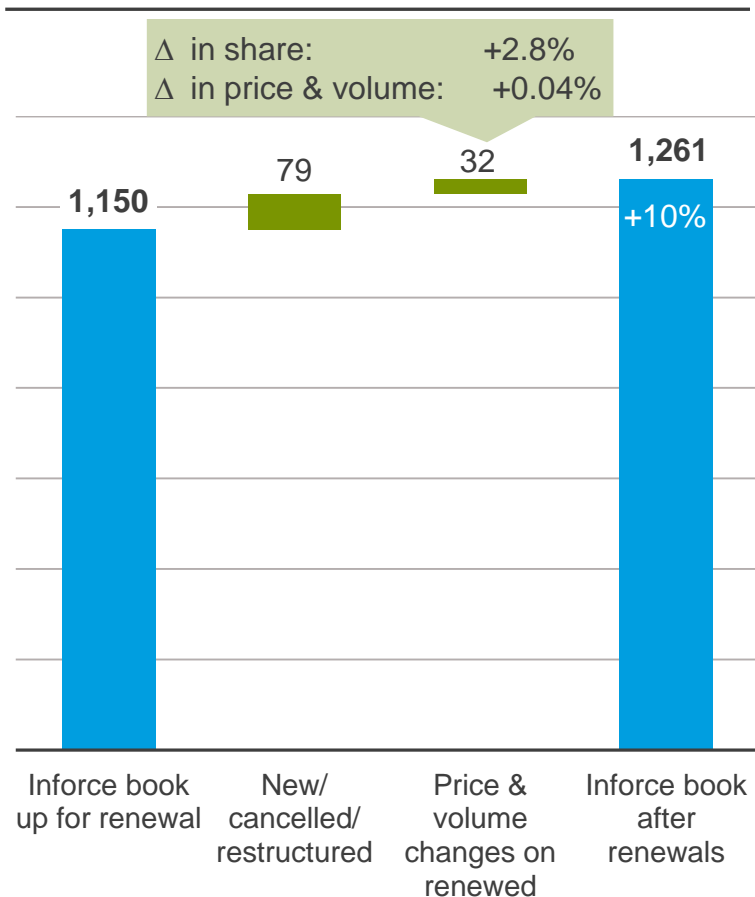
Outlook 2017

10% premium growth deriving mostly from North America

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

2 April to 1 July 2017

in m. EUR



▶ Overall premium increase in North America of ~15%

- Increased our participation levels on several core accounts in property as rate pressure continues to moderate
- Casualty business remains quite competitive with pressure for further extension of coverages; however, we slightly enlarged our premium, partially due to new cyber business
- Strong increase in medical malpractice - still considered competitive but we are expecting full margins on unique new transactions

▶ Favourable development in Australasia resulted in premium growth

- Negotiated suitable outcomes thanks to our positioning and security
- Concluded new business but reduced line size or even exited some programmes when under-priced as market remains challenging

▶ Global Cat

- Partially unchanged premium volume
- Positive development in Australia offset by rate declines in other markets

▶ Credit, surety & political risks

- Growth of 10% comes primarily from new programmes as well as from higher shares on existing business

Underwriting year figures at unchanged f/x rates (31 December 2016)

Guidance for 2017

Hannover Re Group

- ▶ Gross written premium¹⁾ _____ more than 5%
- ▶ Return on investment^{2) 3)} _____ more than 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

Good underlying profitability affected by legacy US mortality

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

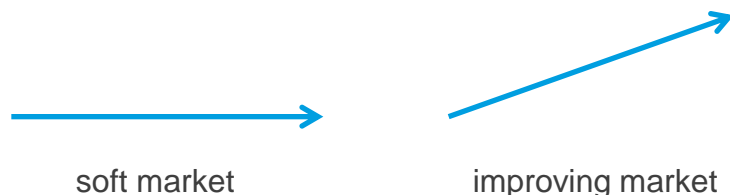
1) In EUR; development in original currencies can be different

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

We are confident of achieving the guidance. . .

. . .despite reduced expectation for L&H in 2017

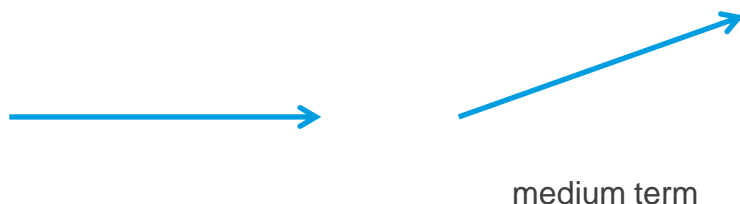
Property & Casualty reinsurance results



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

- ▶ Increasing earnings from new Financial solutions transactions offset by negative effects from legacy US mortality business in the short term
- ▶ EBIT expectation down from EUR 350 m. to 300 m. as we anticipate negative one-off IFRS effects from in-force management in Q3/2017
- ▶ Favourable VNB development is the basis for future growth in IFRS profits

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

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Appendix

Our strategic business groups at a glance

1H/2017 vs. 1H/2016

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	1H/2016	1H/2017	Δ	1H/2016	1H/2017	Δ	1H/2016	1H/2017	Δ
Gross written premium	4,627	5,427	+17.3%	3,656	3,570	-2.4%	8,284	8,998	+8.6%
Net premium earned	3,838	4,313	+12.4%	3,328	3,210	-3.6%	7,167	7,523	+5.0%
Net underwriting result	166	149	-10.5%	(169)	(228)	34.8%	(3)	(79)	-
Net underwriting result incl. funds withheld	178	151	-15.3%	(5)	(106)	-	173	45	-74.2%
Net investment income	416	476	+14.3%	322	302	-6.3%	745	779	+4.6%
From assets under own management	405	474	+17.1%	158	180	+14.0%	569	656	+15.3%
From funds withheld	12	2	-84.2%	164	122	-25.9%	176	123	-29.7%
Other income and expenses	(20)	10	-	26	91	-	5	99	-
Operating profit/loss (EBIT)	563	634	+12.7%	179	165	-7.8%	747	799	+7.0%
Interest on hybrid capital	0	0	-	0	0	-	(36)	(36)	-0.2%
Net income before taxes	563	634	+12.7%	179	165	-7.8%	711	764	+7.4%
Taxes	(159)	(155)	-2.0%	(46)	(47)	+1.7%	(195)	(190)	-2.6%
Net income	404	479	+18.5%	133	118	-11.1%	516	574	+11.1%
Non-controlling interest	26	35	+33.6%	2	4	+72.2%	28	39	+36.8%
Group net income	378	444	+17.4%	131	114	-12.6%	488	535	+9.6%
Retention	88.2%	89.4%		91.8%	91.6%		89.8%	90.3%	
Combined ratio (incl. interest on funds withheld)	95.4%	96.5%		100.1%	103.3%		97.6%	99.4%	
EBIT margin (EBIT / Net premium earned)	14.7%	14.7%		5.4%	5.1%		10.4%	10.6%	
Tax ratio	28.2%	24.5%		25.8%	28.5%		27.4%	24.9%	
Earnings per share (in EUR)	3.14	3.68		1.08	0.95		4.05	4.44	

Our strategic business groups at a glance

Q2/2017 vs. Q2/2016

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q2/2016	Q2/2017	Δ	Q2/2016	Q2/2017	Δ	Q2/2016	Q2/2017	Δ
Gross written premium	2,125	2,613	+22.9%	1,895	1,838	-3.0%	4,020	4,451	+10.7%
Net premium earned	1,877	2,147	+14.4%	1,747	1,644	-5.9%	3,625	3,791	+4.6%
Net underwriting result	66	58	-11.8%	(104)	(114)	+9.0%	(39)	(55)	-
Net underwriting result incl. funds withheld	74	55	-25.3%	(20)	(60)	-	53	(5)	-109.2%
Net investment income	209	232	+11.1%	165	153	-6.8%	379	387	+2.1%
From assets under own management	201	235	+16.9%	80	100	+24.5%	286	336	+17.3%
From funds withheld	7	(3)	-144.5%	85	54	-36.4%	92	50	-45.2%
Other income and expenses	(12)	34	-	13	36	+167.3%	1	68	-
Operating profit/loss (EBIT)	263	324	+23.4%	74	75	+2.5%	340	400	+17.5%
Interest on hybrid capital	0	(0)	-	0	(0)	-	(18)	(18)	+0.3%
Net income before taxes	263	324	+23.4%	74	75	+2.5%	322	381	+18.5%
Taxes	(78)	(79)	+1.0%	(19)	(22)	-	(93)	(94)	+1.2%
Net income	185	246	+32.7%	54	54	-0.5%	230	287	+25.2%
Non-controlling interest	11	17	+50.5%	1	0	-80.5%	13	17	+35.7%
Group net income	174	229	+31.4%	53	54	+1.6%	217	270	+24.6%
Retention	88.5%	90.3%		93.0%	91.8%		90.6%	90.9%	
Combined ratio (incl. interest on funds withheld)	96.1%	97.4%		101.1%	103.7%		98.5%	100.1%	
EBIT margin (EBIT / Net premium earned)	14.0%	15.1%		4.2%	4.6%		9.4%	10.5%	
Tax ratio	29.7%	24.3%		26.4%	28.6%		28.8%	24.6%	
Earnings per share (in EUR)	1.44	1.90		0.44	0.44		1.80	2.24	

Barbell strategy visible in fixed income composition

Only minor changes to asset allocation in first half of the year

Asset allocation¹⁾

Investment category	2013	2014	2015	2016	30 Jun 17
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%	27%
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%	5%
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	40.5

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 1,065.2 m. (EUR 1,036.8 m.) as at 30 June 2017

2) Of which Pfandbriefe and Covered Bonds = 74.4%

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

Stress tests on assets under own management

Unchanged focus on yields and spreads while relevance of (private) 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%	-174	-174
	-20%	-349	-349
Fixed-income securities	+50 bps	-864	-776
	+100 bps	-1,683	-1,511
Credit spreads	+50%	-736	-711

As at 30 June 2017

Fixed-income book well balanced

Geographical allocation mainly in accordance with our business diversification

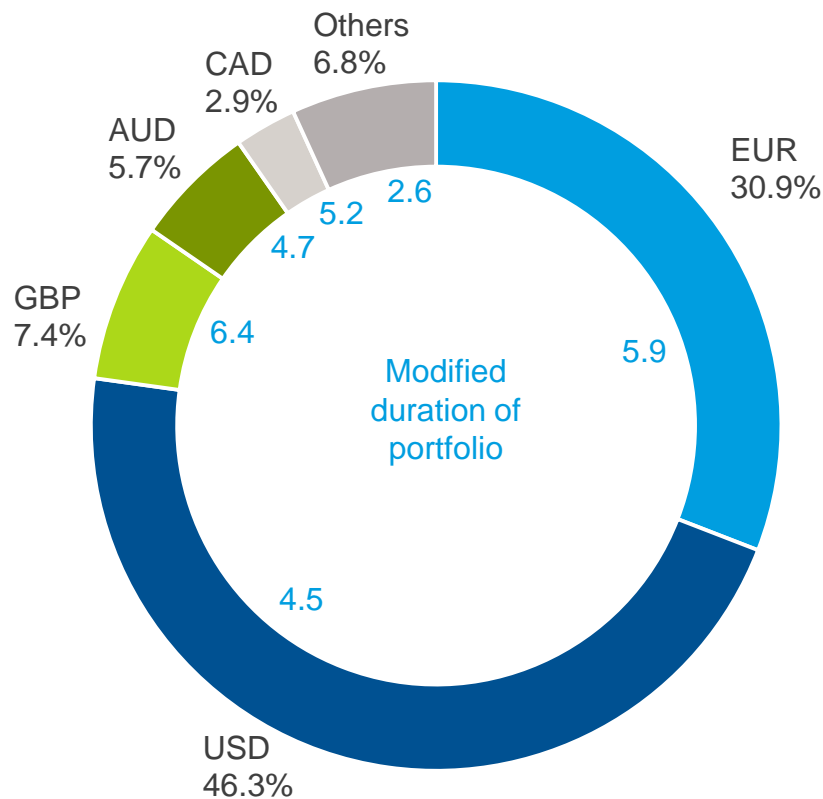
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	76.4%	67.4%	1.0%	64.8%	-	46.2%
AA	11.4%	24.6%	11.9%	13.5%	-	14.5%
A	6.3%	3.3%	33.8%	7.4%	-	15.7%
BBB	4.1%	1.3%	43.9%	10.0%	-	18.5%
<BBB	1.9%	3.4%	9.3%	4.2%	-	5.1%
Total	100.0%	100.0%	100.0%	100.0%	-	100.0%
Germany	10.0%	50.3%	4.2%	24.9%	38.4%	18.5%
UK	6.6%	2.5%	8.1%	9.5%	4.7%	6.5%
France	1.6%	2.1%	8.4%	5.5%	0.7%	4.4%
GIIPS	1.2%	1.0%	4.9%	4.6%	0.0%	2.7%
Rest of Europe	3.9%	14.4%	17.1%	25.3%	4.6%	12.4%
USA	60.0%	3.8%	34.8%	6.9%	12.3%	33.4%
Australia	4.2%	9.5%	7.0%	11.0%	8.9%	7.0%
Asia	7.4%	5.3%	4.9%	0.2%	19.0%	6.0%
Rest of World	5.0%	11.0%	10.7%	12.1%	11.4%	9.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total b/s values in m. EUR	11,610	6,909	12,296	3,227	1,703	35,745

IFRS figures as at 30 June 2017

Currency allocation matches liability profile of balance sheet

Duration-neutral strategy applied

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

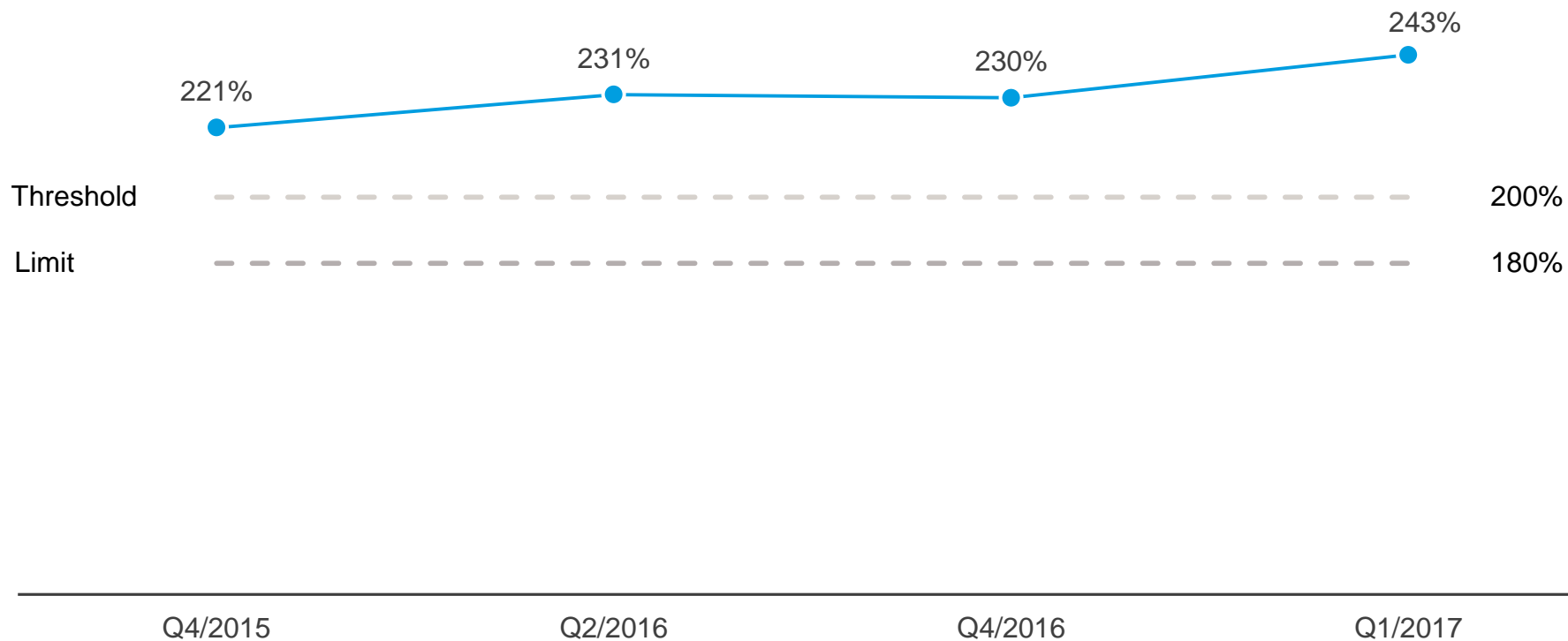
2016	5.0
2015	4.4
2014	4.6
2013	4.4
2012	4.5

Modified duration as at 30 June 2017: 4.9

Solvency II ratio (regulatory view)

Hannover Re Group

Development of the Solvency II ratio (regulatory view)



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