17th International Investors' Day

London, 23 October 2014

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Contents

somewhat different

Long-term success in a competitive business

Ulrich Wallin, Chief Executive Officer

17th International Investors' Day
London, 23 October 2014

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Strategy cycles

2012 - 2014

Growing Hannover Re profitably

2015 - 2017

Long-term success in a competitive business

2010 2011 2012 2013 2014 2015 2016 2017

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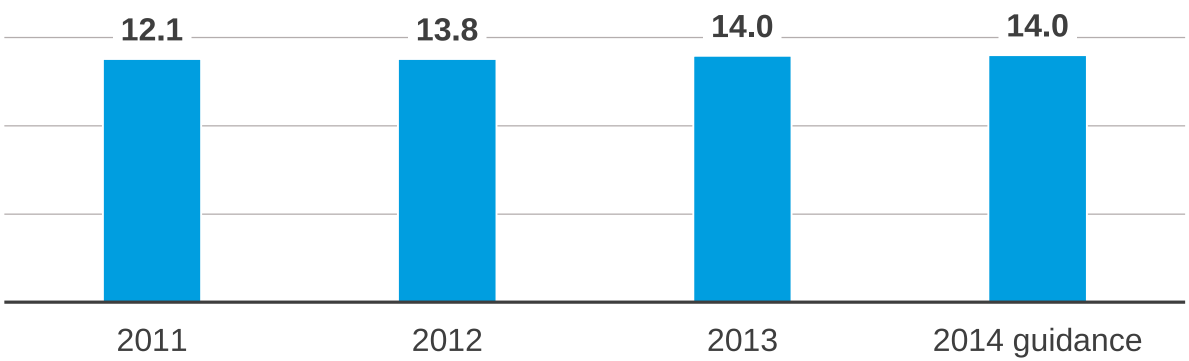
Strategy review

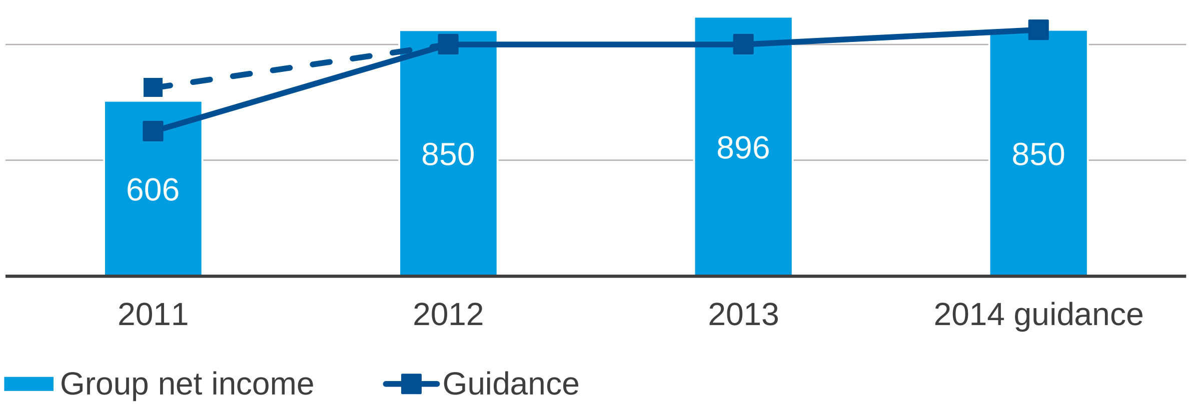
Successful implementation
Growing Hannover Re profitably

Gross written premium — in bn. EUR



▶ CAGR: 5.0%

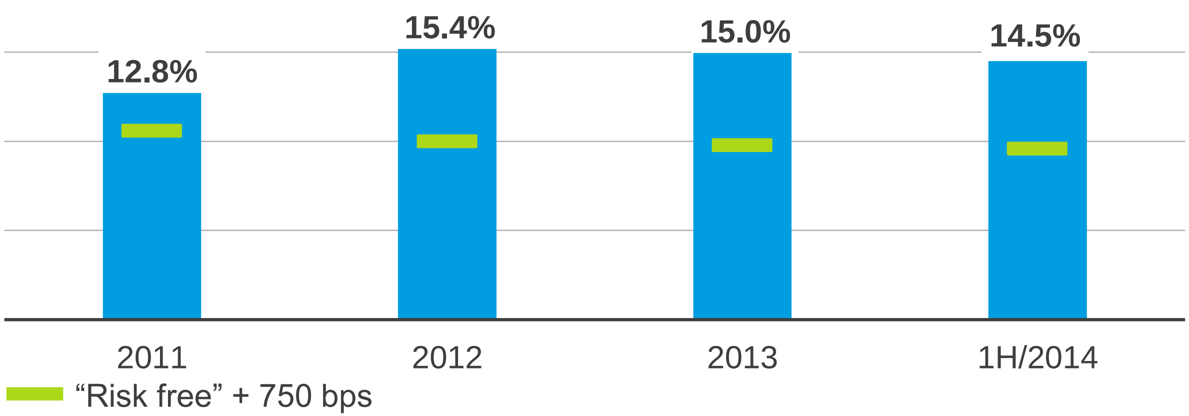
Group net income — in m. EUR



▶ CAGR: 11.9%

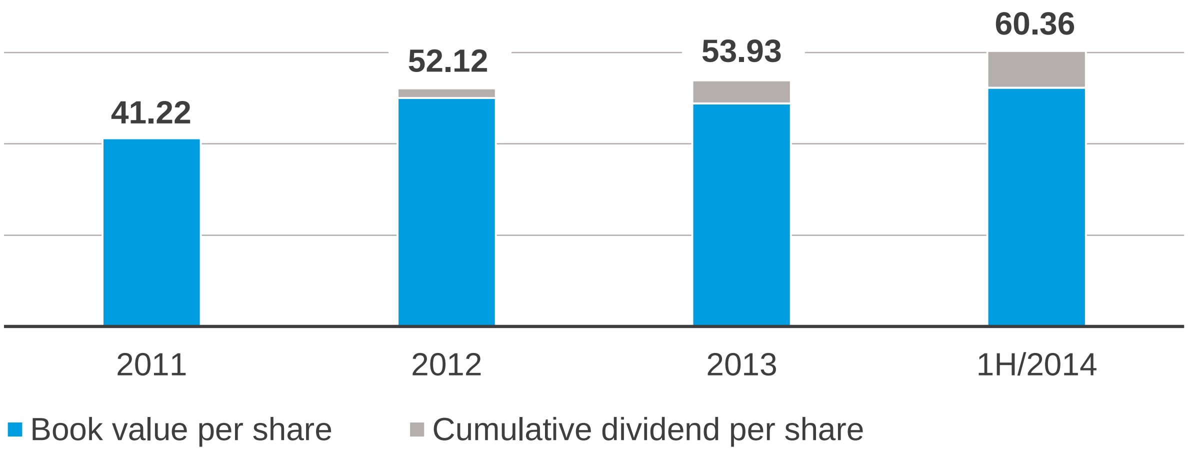
Successful implementation
Growing Hannover Re profitably

Return on equity in %



▶ Average: 14.4%

Value creation per share in EUR



▶ CAGR: 13.6%

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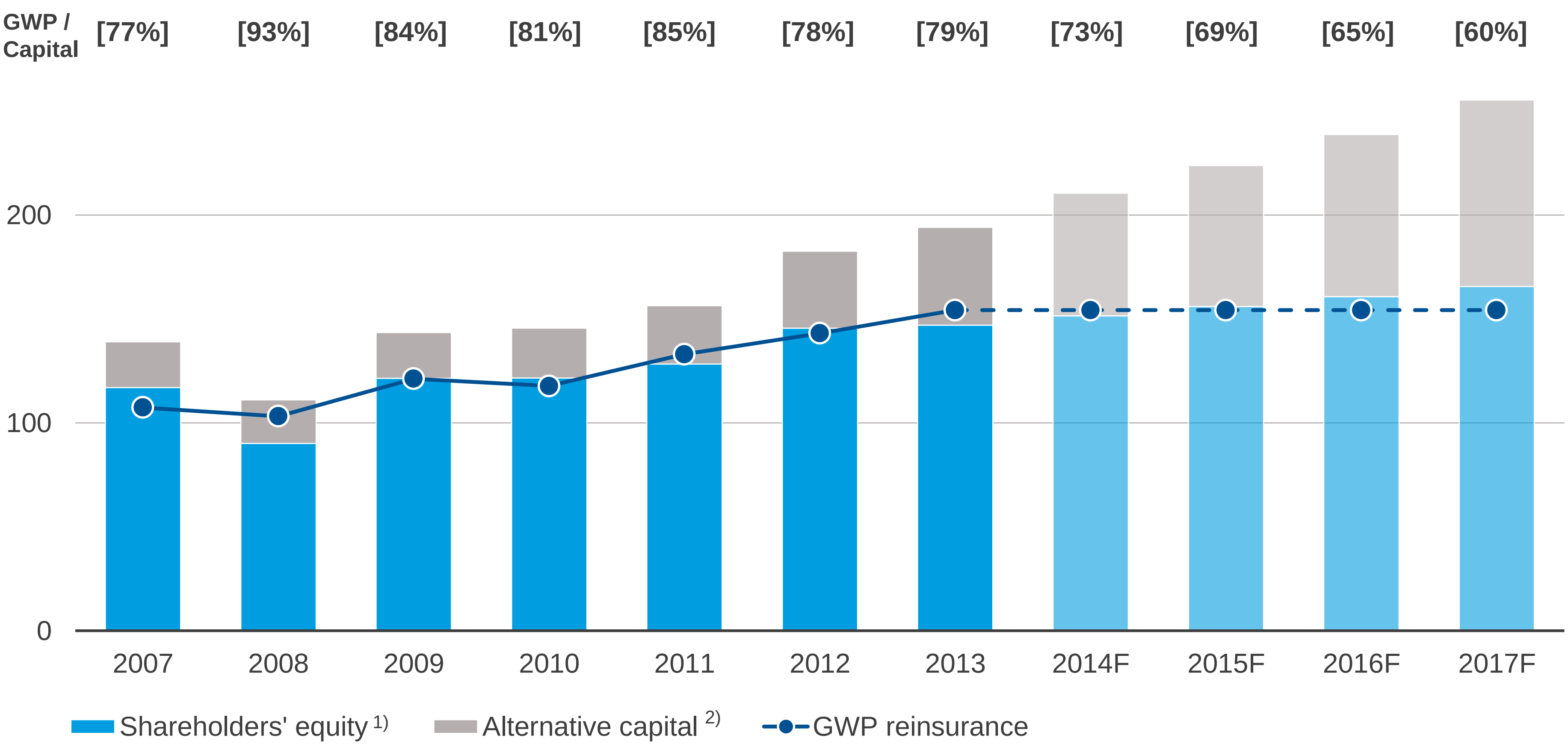
Current dynamics of the reinsurance business

Increasing supply of reinsurance capacity
Decreasing leverage of reinsurers

Development of reinsurance capital and reinsurance premium

in bn. USD



1) Source: A.M. Best, Top 10 Global Reinsurance Groups excl. Berkshire Hathaway
2) Alternative capital based on own estimates
Forecast based on own conservative scenario

Continued low interest rates

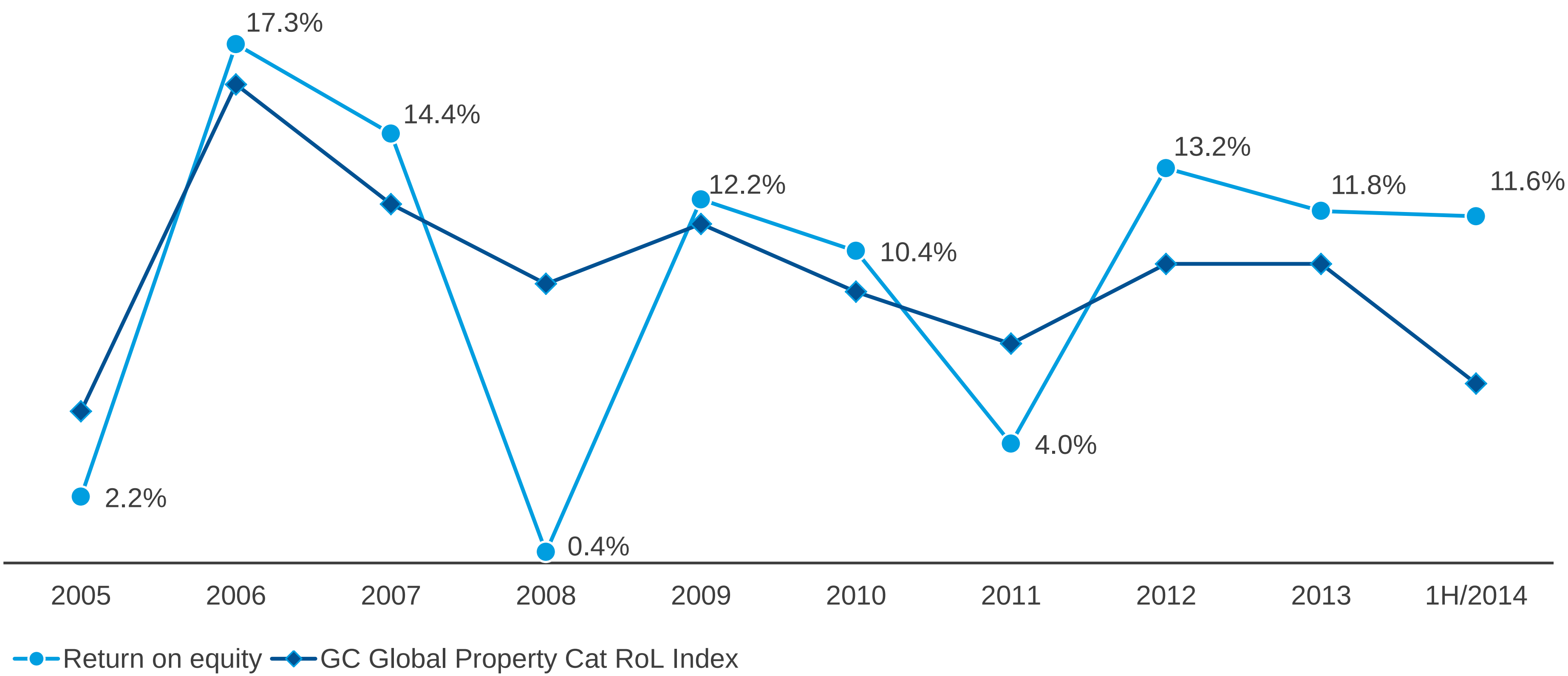
Focus needs to be on underwriting profitability

Development of "risk free"* interest rate and combined ratio

Source: A.M. Best, Top 10 Global Reinsurance Groups
* 10 government bond yield (average of German, UK, US)

Reinsurance market conditions will improve. . .
. . .but when?

Development of return on equity and Guy Carpenter Global Property Cat RoL Index



Source: Guy Carpenter
Return on equity based on company data (Top 10 of the Global Reinsurance Index (GloRe) with more than 50% reinsurance business), own calculation

Hannover Re's response

Long-term success in a competitive market

Value proposition to our clients

- Capital protection and capital management
- Earnings protection in all lines of business
- Supporting underwriting of new business opportunities
- Supporting product development and pricing
- Supporting distribution capabilities for life & health products
- Strong balance sheet and strong rating
- Long-term consistent approach of our underwriting policy
- Long-term relationship with clients

➥ **We see continued demand for reinsurance from Hannover Re which will allow us to grow faster than the reinsurance market in the long term**

Strategic positioning of Hannover Re
Safeguard profitability

- Being a large worldwide diversified reinsurer is beneficial in the current environment
  - Capability to offset price pressure in individual lines of business
  - Diversification between P&C and L&H is highly valued by rating agencies
    ↳ No pressure on rating, despite price pressure in P&C reinsurance
- Lower expense ratio and competitive cost of capital enable us to earn a higher margin than the competitors at the same price
  - No pressure to grow;
    willing to reduce shares in areas where risks are not adequately priced
- Hannover Re has built up high sufficiency P&C loss reserves
  - Better positioning to defend profitability in a competitive market
- Very positive development of Value of New Business (VNB) in L&H
  - VNB underpins expected growth of future profits
- Stable absolute net investment income despite low interest rates

↳ **Hannover Re is positioned to maintain its profitability in the current business environment**

↳ **Profitability will increase disproportionally strong when market changes**

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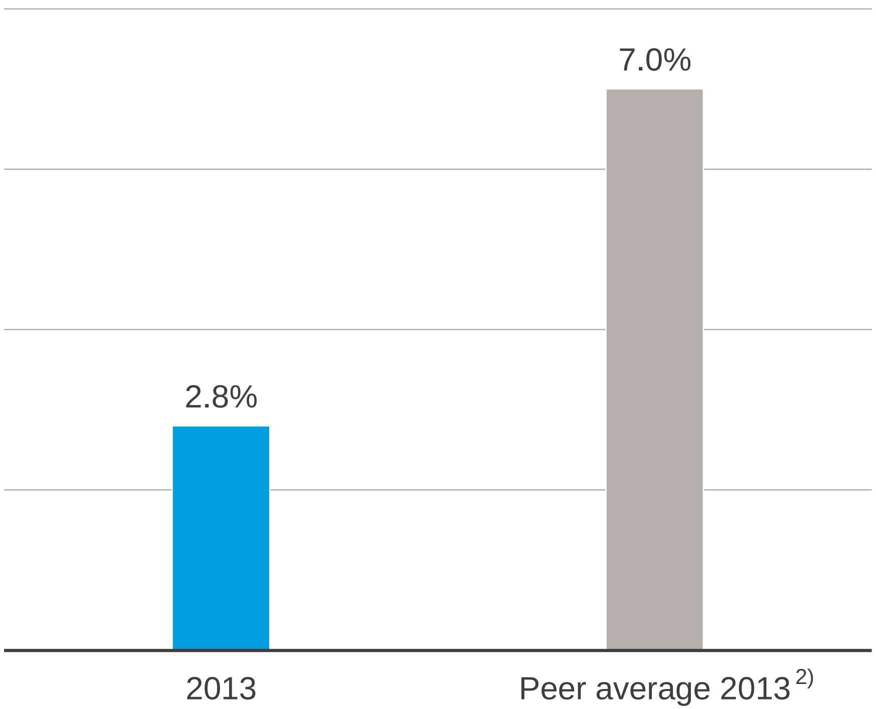
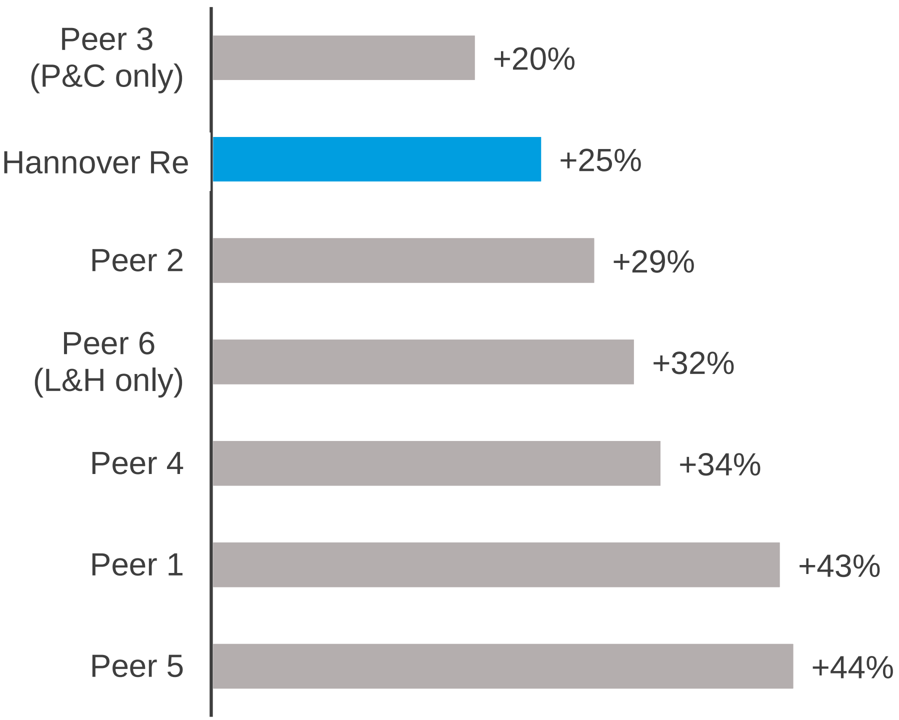
Keep cost advantage over competitors

Avoid unnecessary costs

Administrative expense ratio[1)]



Cost net revenue ratio[3)] (average 2009 - 2013) R/I



- Find the balance between costs as investment into future profits and need to keep the current cost ratio competitive

Own calculation
1) Administrative expenses + other technical expenses (in % of net premium earned)
2) Alleghany, Everest Re, Munich Re (reinsurance only), PartnerRe, RGA, SCOR, Swiss Re
3) Net revenue = EBIT before costs; Peers: Everest Re, Munich Re (reinsurance only), PartnerRe, RGA, SCOR, Swiss Re

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Strategic positioning P&C reinsurance
Competitive margin

- Active cycle management, no pressure to grow due to low admin expense ratio
- Above-average profitability of our P&C business because of our stringent underwriting approach → focus on the bottom line rather than on the top line
- Further strengthening of the confidence level of our P&C reserves may be limited due to IFRS accounting constraints → positive effect on C/R
- Less spending on retro at increased coverage
- Flexible cost base due to relatively higher share of business written via brokers
- Better ability to seize opportunities than our competitors

Large broadly diversified reinsurers are better positioned

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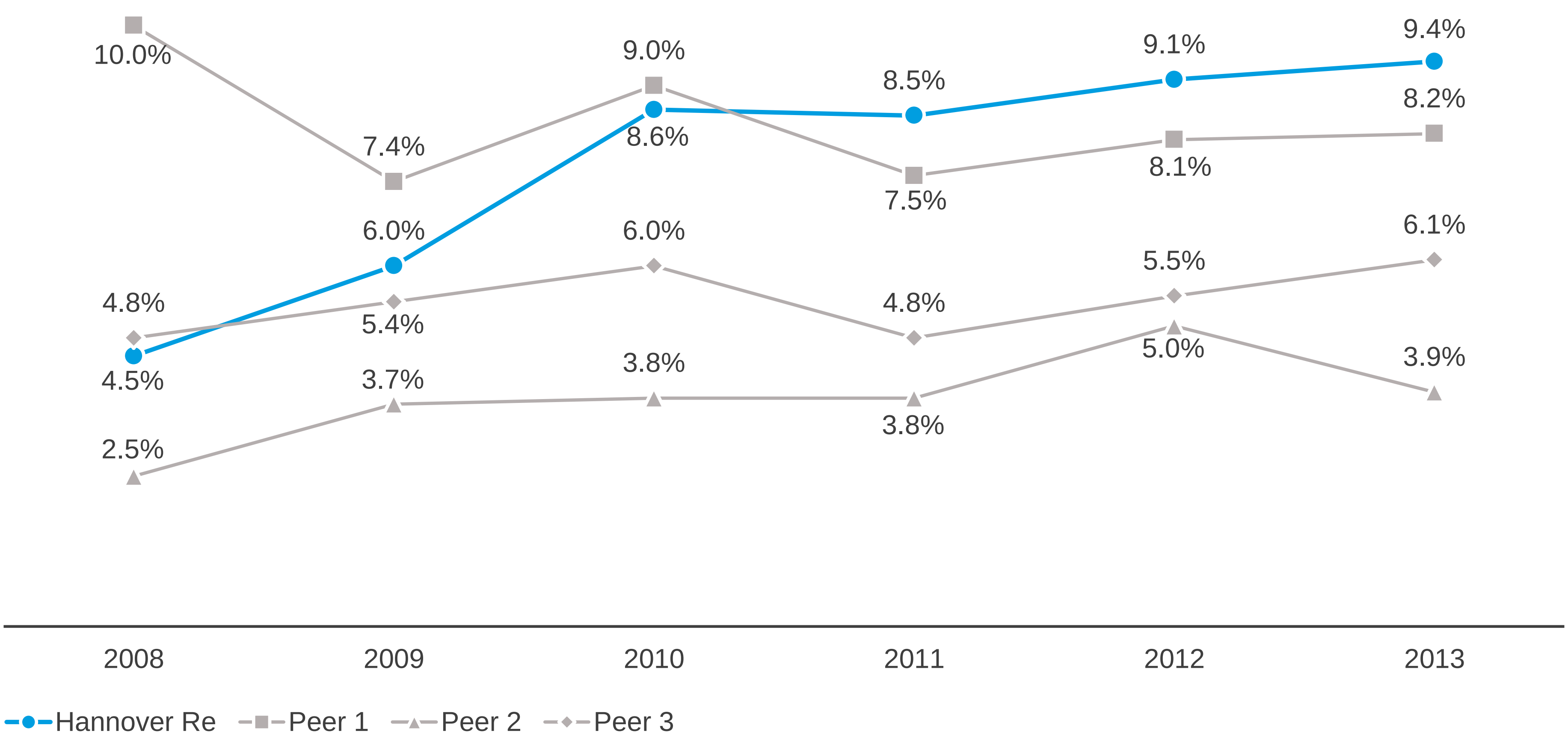
Improving reserve adequacy compared to peer group

Conservative reserving policy leads to build-up of reserve redundancies

Reserve adequacy as a percentage of total reserves



Source: Bank of America Merrill Lynch Global Research; European peers

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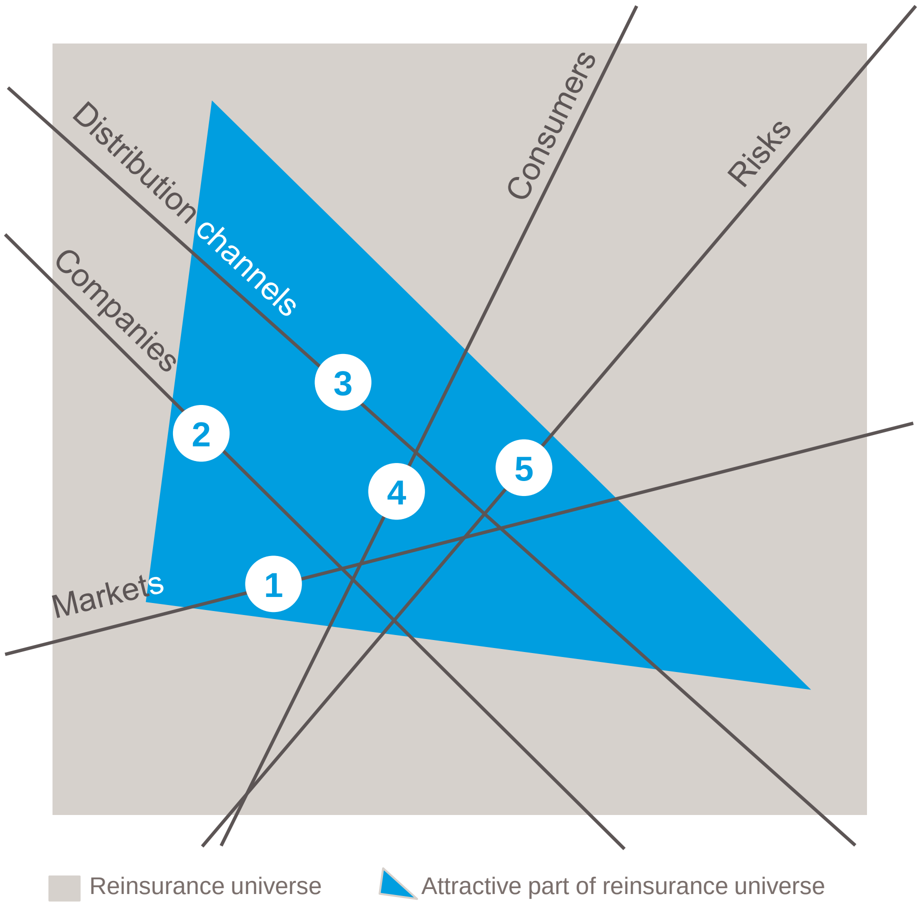
Strategic positioning L&H reinsurance

Identifying and addressing the attractive part of the reinsurance universe

Focus on the attractive part of the market



Definition

Positive economic value expected

- Traditional life & health reinsurance
- Financing
- Longevity
- Regulatory & accounting arbitrage

Goal

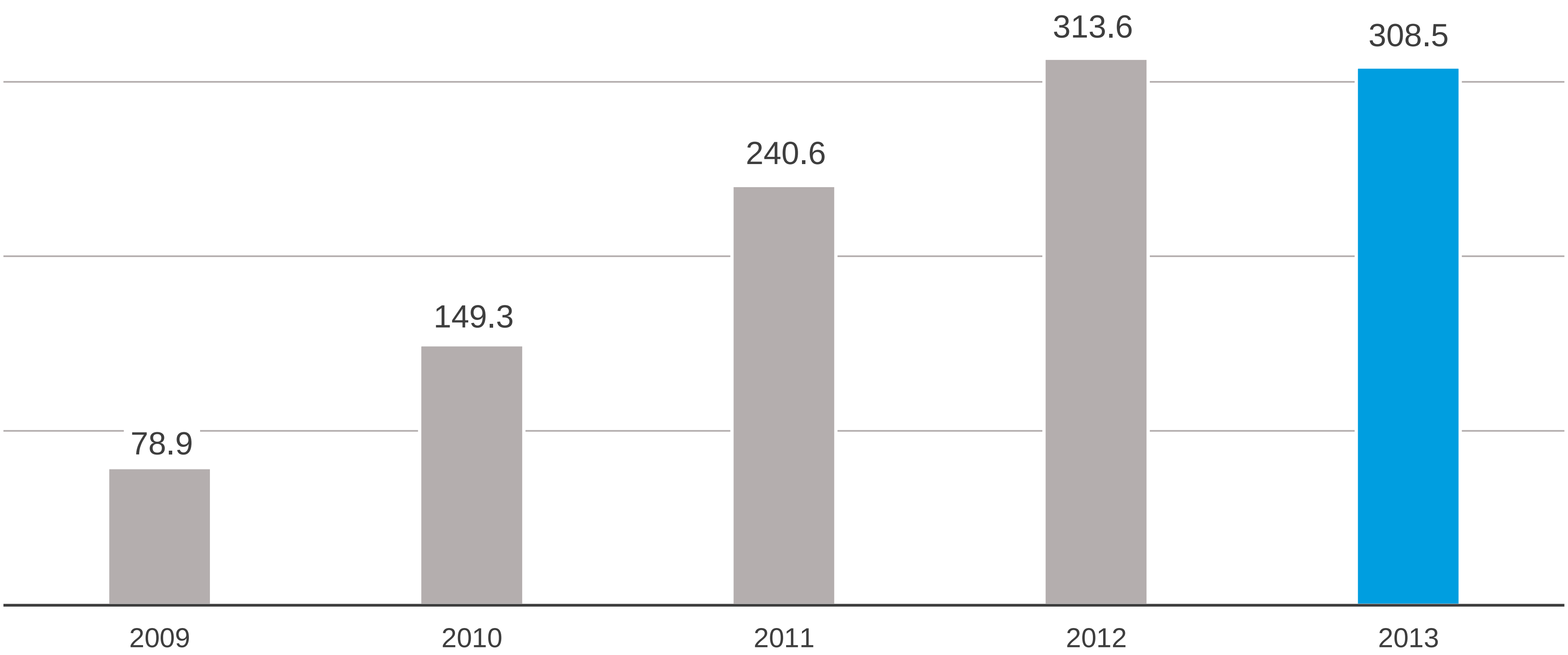
To outperform the worldwide growth of the L&H business in [attractive part] over a 3-year rolling period

Value of New Business remains on high level. . .

. . .and underpins expected growth of future profits

Value of New Business (VNB)

in m. EUR



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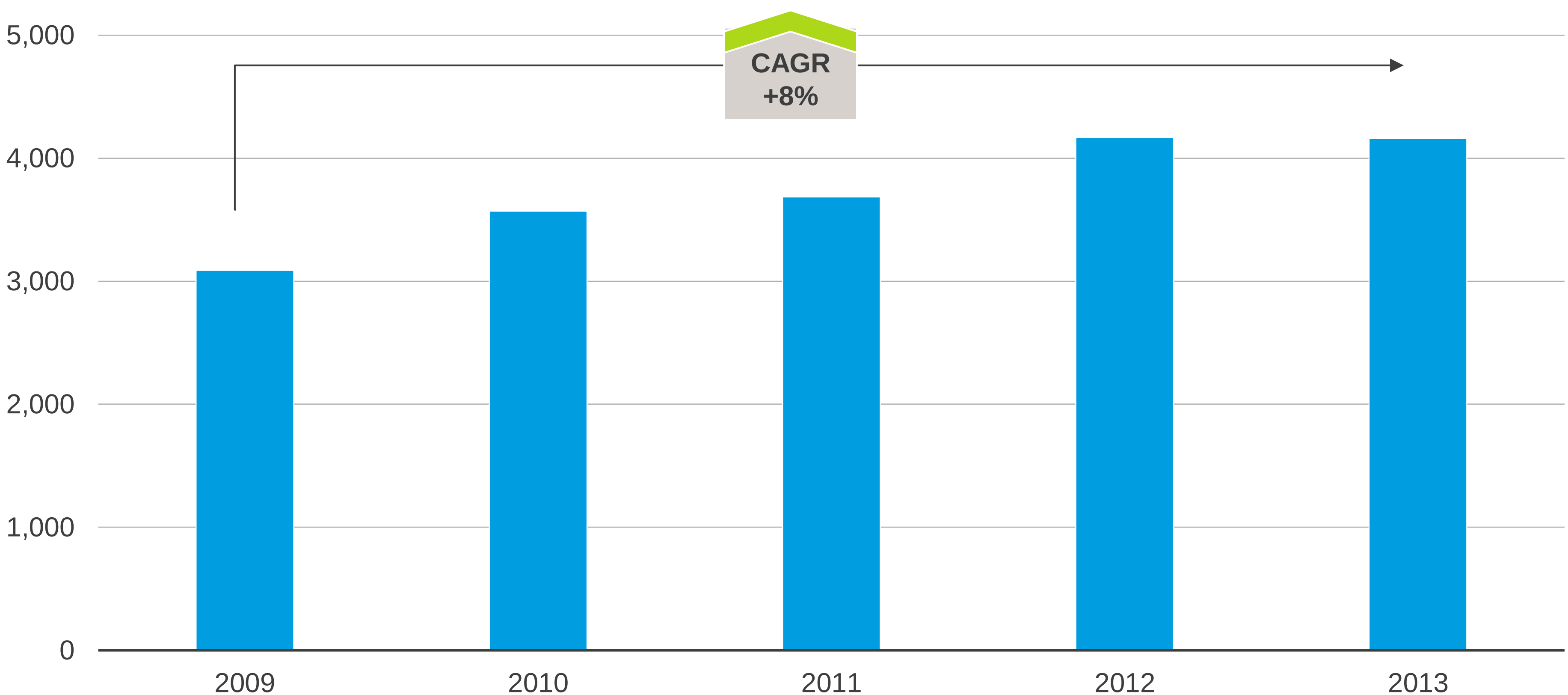
Attractive growth outside US mortality and AUS disability
Adjusted net premium earned

Net premium earned excluding US mortality & AUS disability business in m. EUR



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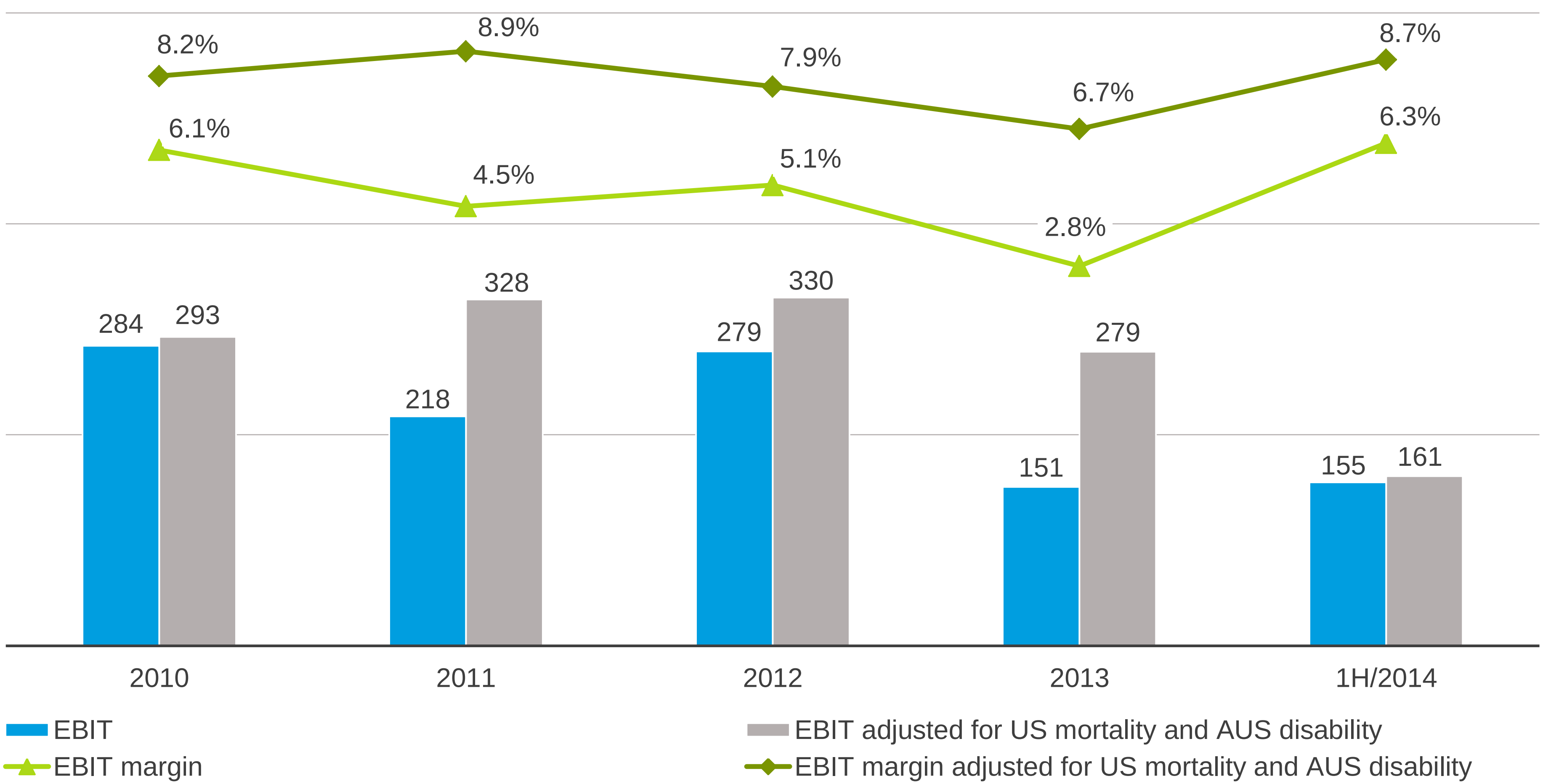
L&H result will improve significantly

Current strategic cycle impacted by US mortality and AUS disability business

Profitability of our L&H business group

in m. EUR



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Return on equity target increased to 900 bps above "risk free"

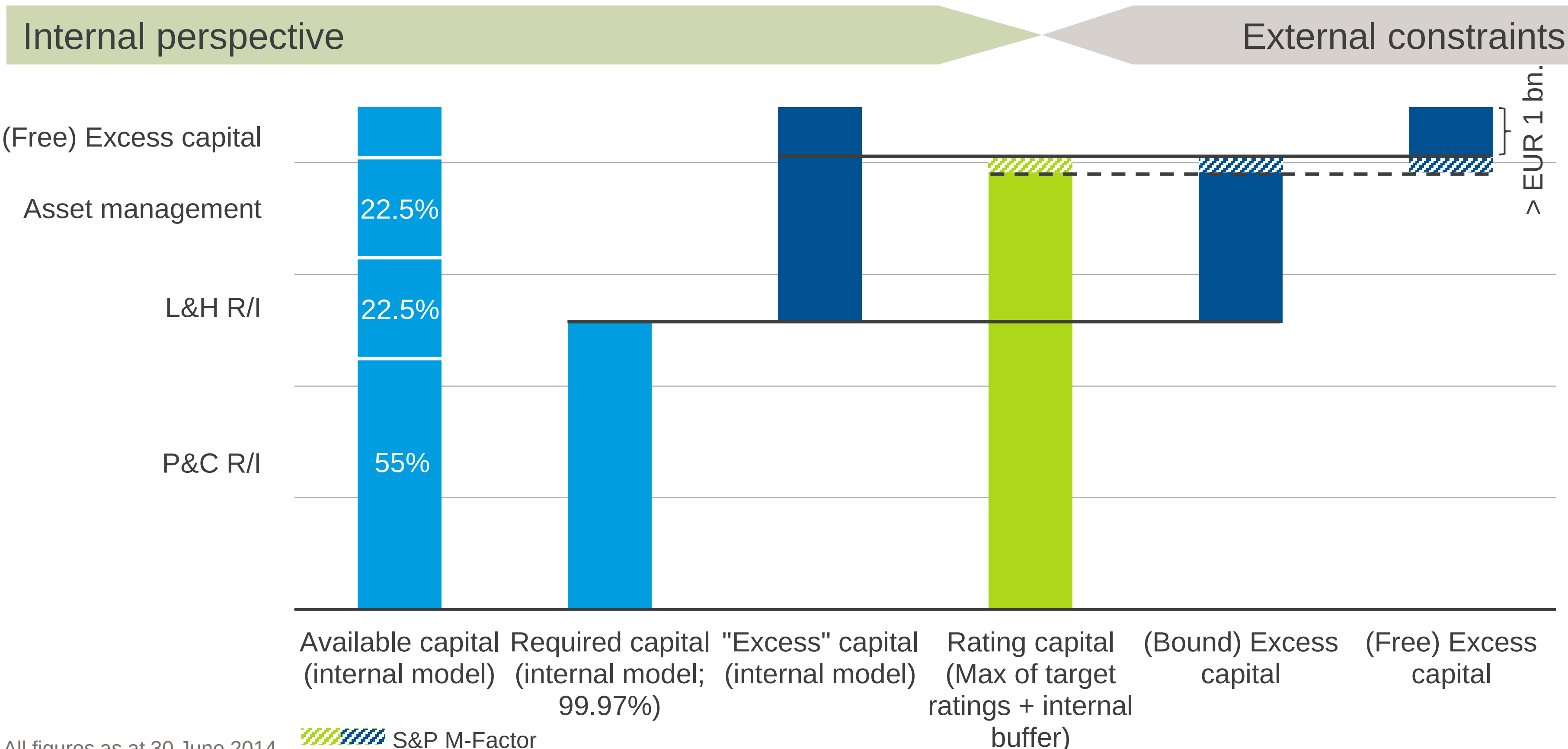
Target Matrix consistently aligned to low interest rate environment

Business group	Key figures	Strategic targets 2014	Strategic targets 2015
Group	Return on investment[1)]	≥3.2%	≥3.0%
	Return on equity	≥9.6%[2)]	≥11.1%[2)]
	Earnings per share growth (y-o-y)	≥10%	≥6.5%
	Value creation per share[3)]	≥10%	≥7.5%
Property & Casualty reinsurance	Gross premium growth[4)]	3% - 5%	3% - 5%
	Combined ratio	≤96%[5)]	≤96%[5)]
	EBIT margin[6)]	≥10%	≥10%
	xRoCA[7)]	≥2%	≥2%
Life & Health reinsurance	Gross premium growth[8)]	5% - 7%	5% - 7%
	Average annual Value of New Business[9)]	> EUR 180 m.	> EUR 180 m.
	EBIT margin[6)] financial solutions/longevity business	≥2%	≥2%
	EBIT margin[6)] mortality and morbidity business	≥6%	≥6%
	xRoCA[7)]	≥3%	≥3%

1) Excl. inflation swap and ModCo (2015: planning)
2) 750 bps/900 bps above 5-year rolling average of 10-year German government-bond rate ("risk free"), after tax
3) Growth of book value + paid dividend
4) In average throughout the cycle; at unchanged f/x rates
5) Incl. expected net major losses of EUR 670 m.
6) EBIT/net premium earned
7) Excess return on the allocated economic capital
8) Organic growth only; at unchanged f/x rates; 5-year CAGR
9) 5-year average

Capital management

Holding excess capital for future business opportunities
Capital requirement



All figures as at 30 June 2014

Capital management based on long-term capital requirement

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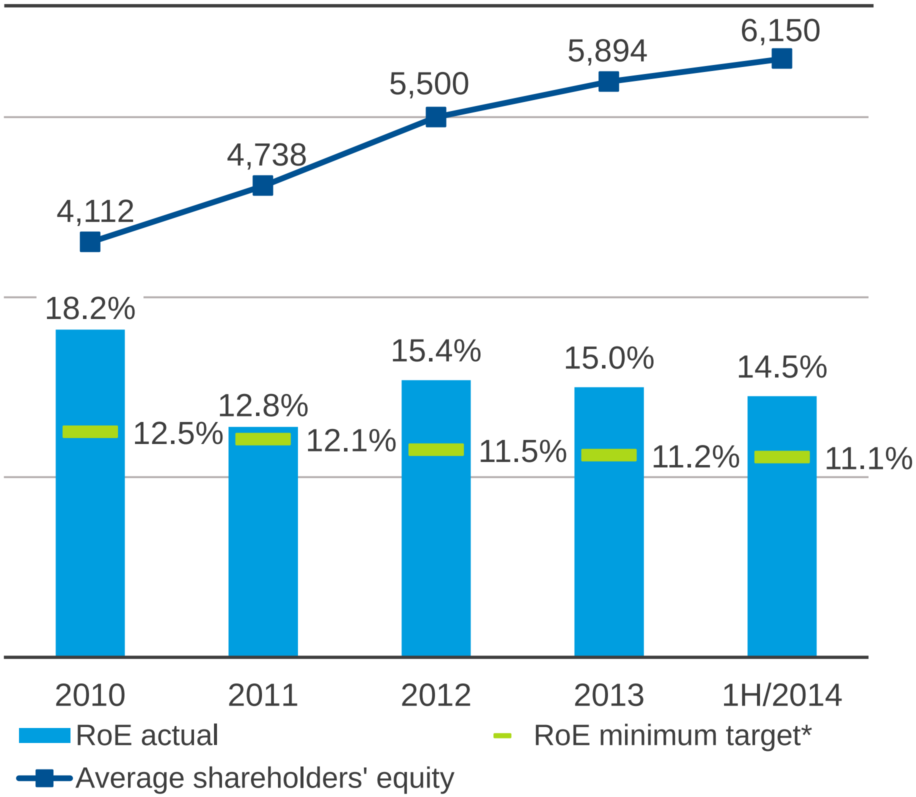
Currently no pressure to reach RoE target

Capital enables us to act on future business opportunities

Equity and Return on Equity (RoE)



- Currently no pressure to reach our new RoE target of 900 bps above "risk-free"*
- Maintaining a sufficient equity buffer and high diversification of our business enables us to act on available business opportunities at all times
- Reduced volatility of dividend payments
  - (Free) Excess capital as a buffer to pay a dividend in difficult years (not the case in 2001, 2005 and 2008)
- Opportunities for M&A
- Currently capital is growing faster than profitability

* 900 bps above 5-year rolling average of 10-year German government-bond rate ("risk-free"), after tax

Capital management will become more important for Hannover Re

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Our strategy is oriented to long-term success and profitability

- Hannover Re is well positioned to outperform in the current cycle

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From the CFO's desk

Roland Vogel, Chief Financial Officer

17th International Investors' Day
London, 23 October 2014

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Asset allocation unchanged

Rise in assets under management despite EUR 750 m. bond redemption in Feb

Tactical asset allocation[1)]

Investment category	2010	2011	2012	2013	1H/2014
Fixed-income securities	**84%**	**89%**	**91%**	**89%**	**89%**
- Governments	23%	19%	19%	19%	20%
- Semi-governments	21%	23%	23%	20%	20%
- 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%	15% [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**	**32.4**

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 618.0 m. (EUR 598.5 m.) as at 30 June 2014
2) Of which Pfandbriefe and Covered Bonds = 82.4%

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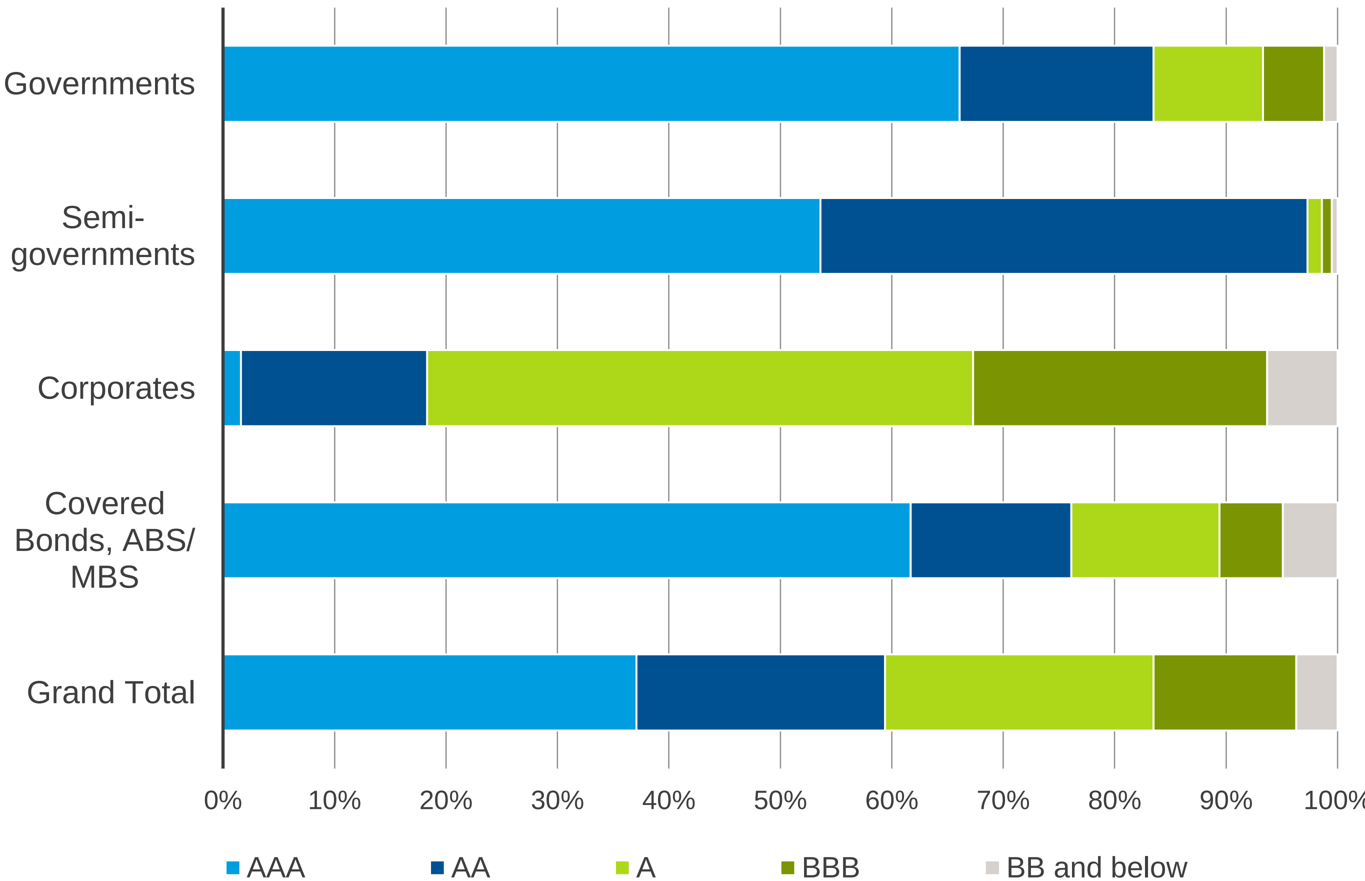
Existing portfolio yield still in target range
Nevertheless, "normalised" yield levels would be more than appreciated

Fixed-income portfolio*



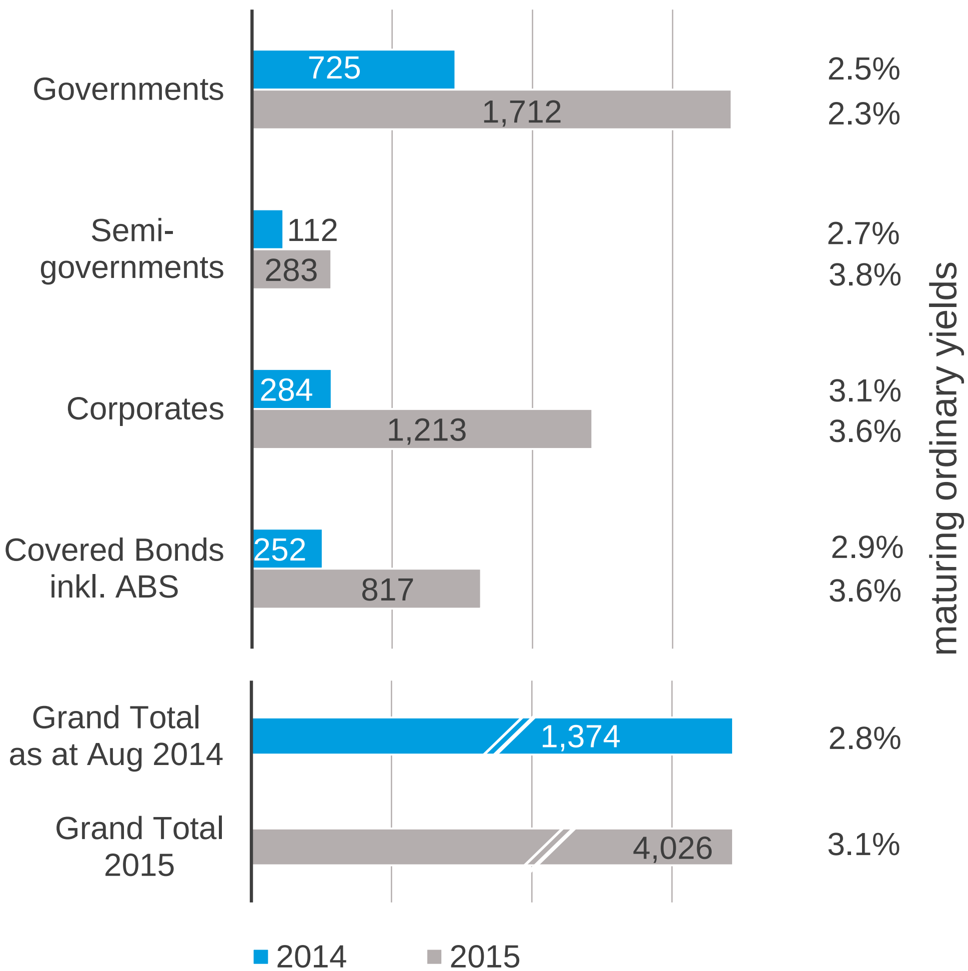
	abs. in m. EUR	Market yield	Portfolio yield
Governments	11,654	1.36%	2.38%
Semi-governments	2,148	2.34%	3.61%
Corporates	11,652	2.32%	3.66%
Covered Bonds, ABS/ MBS	4,783	1.33%	3.44%
Grand Total	30,239	1.80%	3.14%

* Preliminary analysis as at 15 Aug 2014, excluding short-term investments and cash, governments according economic view

Maturity pattern 2014 and 2015

Heterogeneous maturing yield profile per asset class

Fixed-income maturities in m. EUR



- Simulation assumptions
  - Maturing fixed-income securities re-invested according to current market yields
  - (Re)investment of short-term investments (STIs) at currently low returns
  - New cash flows in 2014 and 2015 reinvested at an average of 2.04% p.a.
  - The emission of new hybrid bond is not included

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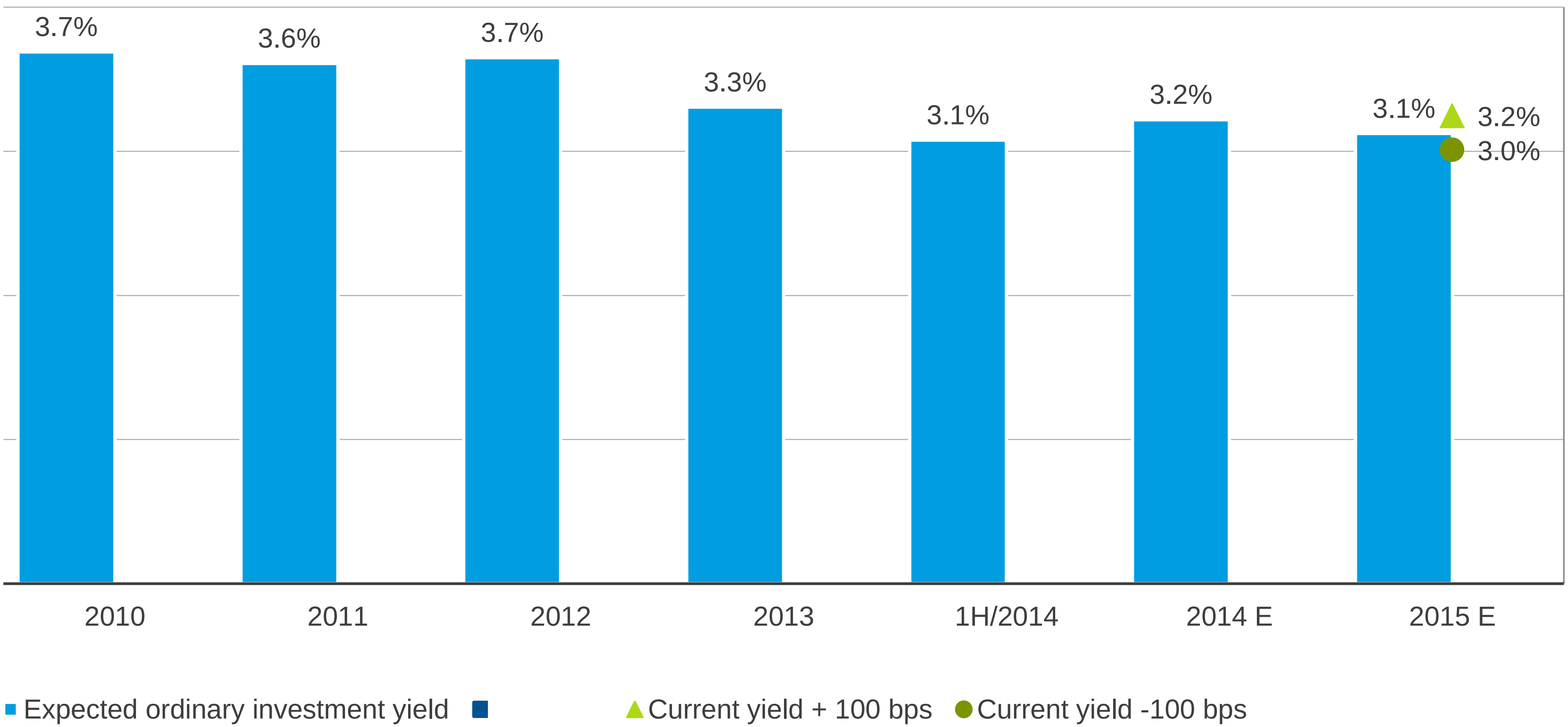
Ordinary return on investments declines at appr. 15 bps p.a.

Expected ordinary yield in 2014/2015 from assets under own management

in %



* Analysis as at 15 August 2014

Ordinary investment yield development follows our projections

Ordinary investment income (average expectation) from assets under own management

Asset class[2)]		Allocation 08/2014	2014 E	2015 E
Governments		34%	2.4%	2.3%
Semi-governments		6%	3.6%	3.5%
Corporates		36%	3.7%	3.6%
Covered Bonds incl. ABS/MBS		15%	3.4%	3.2%
Short-term investments (ex Short Govies)[1)]		3%	1.1%	1.1%
Real Estate[1)]		4%	5.3%	5.3%
Private Equity[1)]		2%	6.0%	6.0%
Cash In - 2014 (at at Aug 2014)	+EUR 0.6 bn.		2.0%	2.0%
Cash In - 2015	+EUR 1.7 bn.			2.0%
Total		**EUR 32.84 bn.**	**3.2%**	**3.1%**

1) Fixed approximation
2) Risk perspective deviating from accounting/legal perspective

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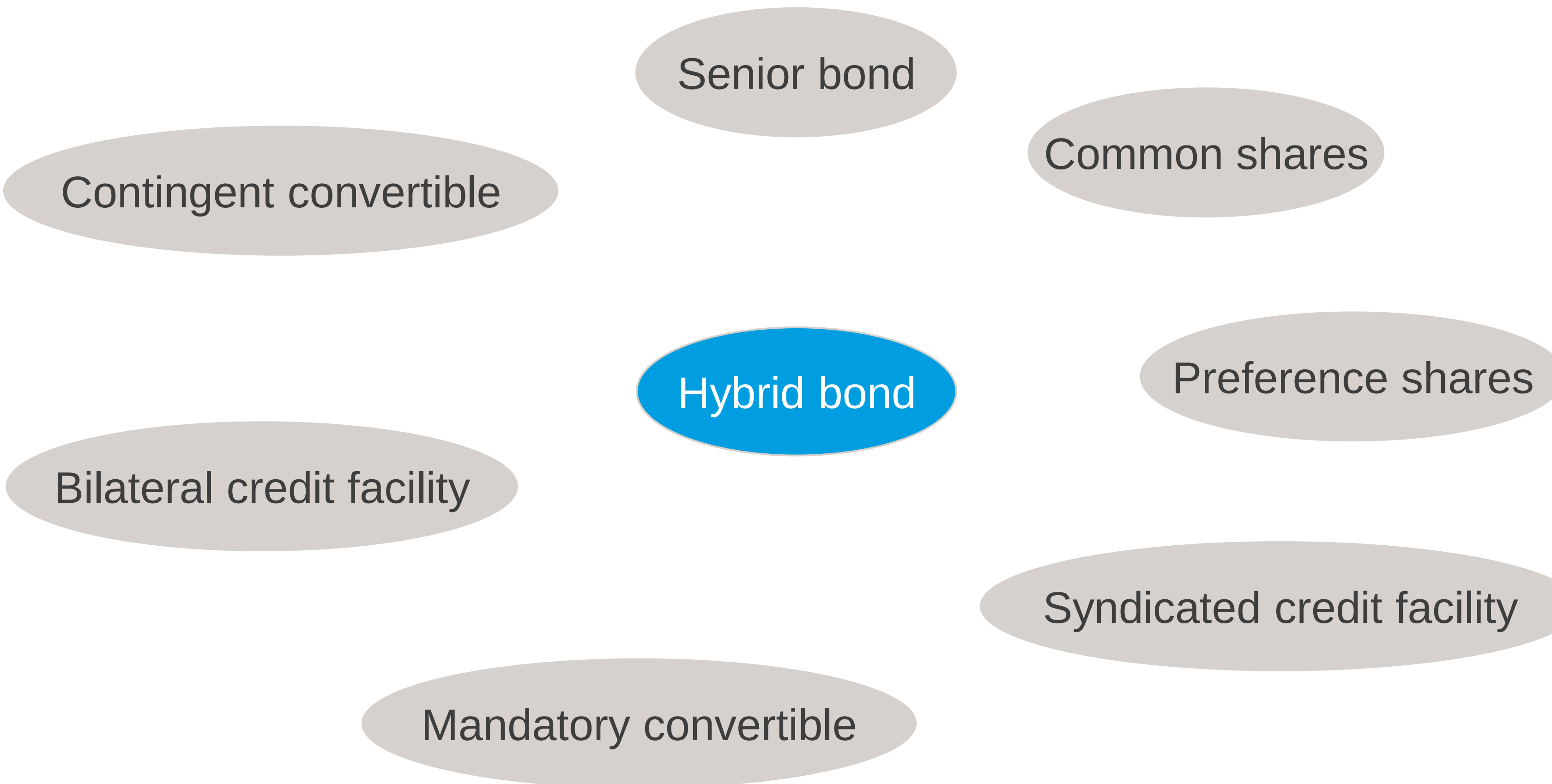
Hybrid capital - a value driver in capitalisation?

Hybrid capital - only one amongst many

Financing instruments in the insurance sector



The Swiss Army knife in insurance financing?

Hybrid capital - a versatile instrument

Hybrid capital

Solvency	Qualification as eligible own funds under Solvency regulation
Rating	Equity credit under rating agencies' capital models if respective requirements are met
Cost of capital	Optimisation of cost of capital as well as of the capital structure Cheaper than equity with coupon payments generally tax deductible (unlike dividends) Usually non-dilutive to existing shareholders
Financial key ratios	Positive impact on key ratios such as RoE* and EPS* due to lower cost of capital compared to equity
Investor basis	Different key investors such as pension funds, asset managers, retail, etc. leading to a more diversified investor basis
Adminis-tration	Provides the ground for a lean and flexible administration without the need for authorisation of the (annual) general meeting

* Liability treatment under accounting rules assumed

More debt or more equity-like?

Hybrid vs equity: selected features

Hybrid bonds:
Limited (dated instrument) or unlimited (perpetual instrument) maturity. Depending on certain conditions the issuer has a right to redeem the bond before maturity

Equity:
Permanent

Hybrid bonds:
Coupons usually not directly linked to the companies' profit and only suspended under pre-defined circumstances

Equity:
Dividend payments directly depending on the profit situation at the discretion of the company

Hybrid bonds:
Usually subordinated, new-style instruments (Tier 1 under Solvency II) with defined loss-absorption features

Equity:
Fully loss absorbing

Hybrid bonds:
Coupons usually tax-deductible

Equity:
Dividends not tax-deductible

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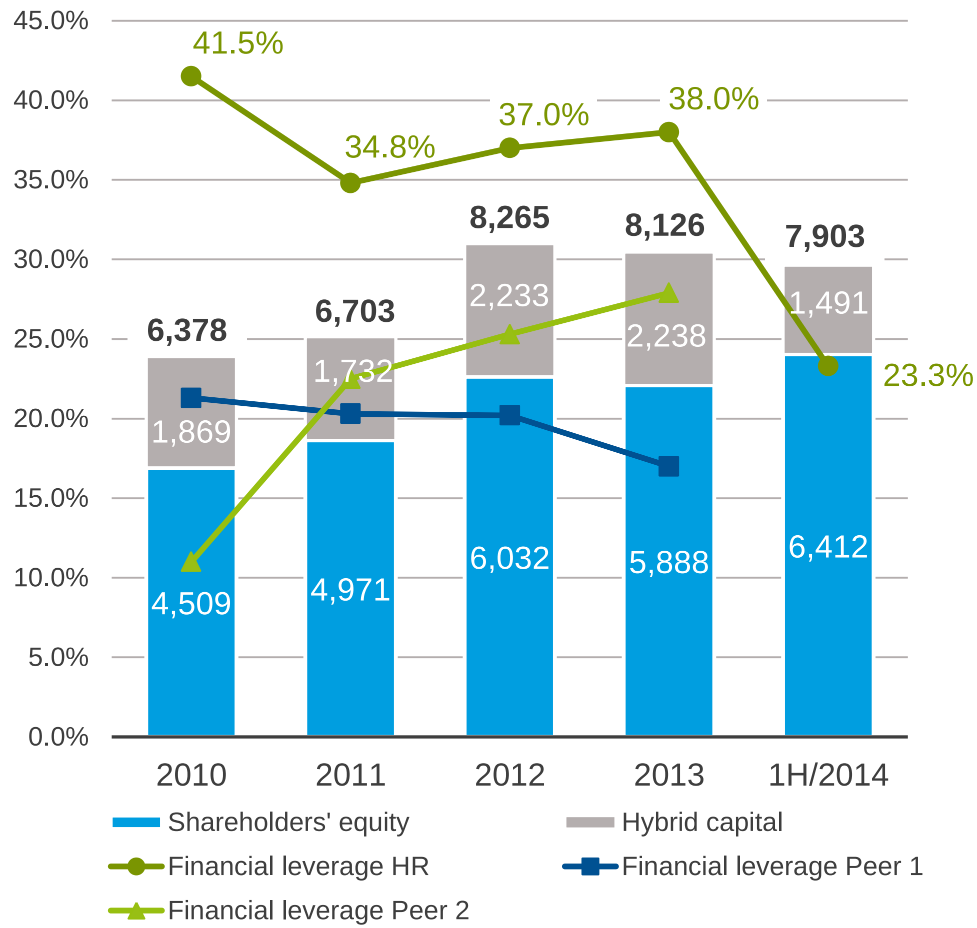
Our strategy determines capitalisation level

Adequate level of capitalisation

- Rating agencies‘ requirement defines the hurdle
- Capitalisation level has to comply with
  - Expectations of rating agencies
  - Economic capital model requirements
  - Solvency regulation requirements
  - Expectations of clients and shareholders
- . . .while maintaining a sufficient equity buffer for business opportunities

Shareholders‘ equity* and hybrid capital in m. EUR



* Excl. non-controlling interests; financial leverage = hybrid capital / shareholders‘ equity (excl. non-controlling interests)

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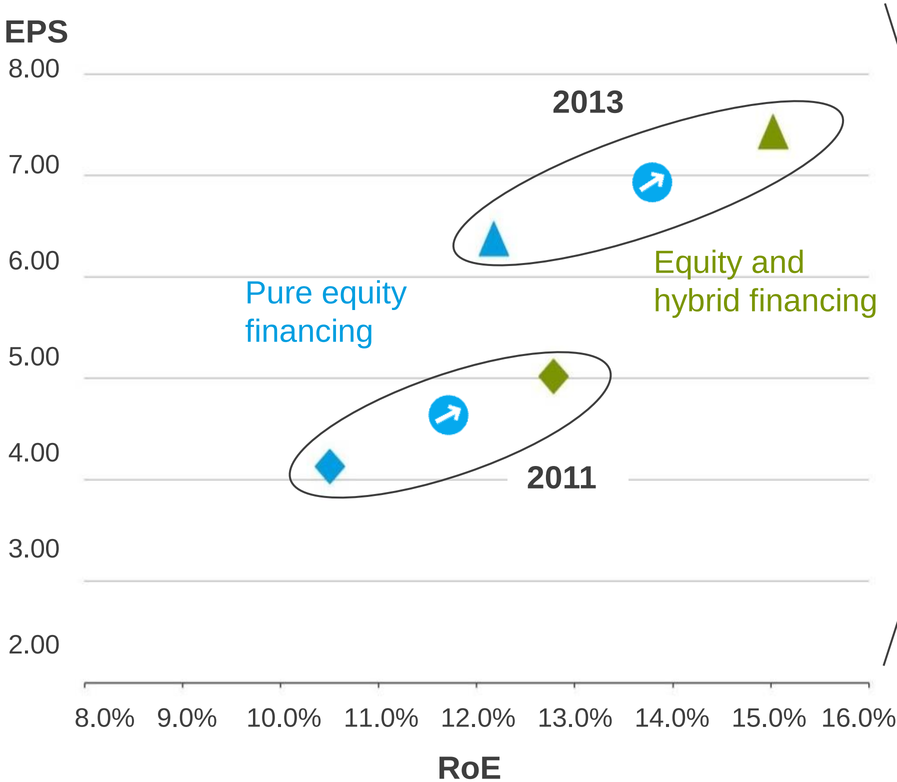
Financial ratios benefit from hybrid capital

Comparison to pure equity capitalisation demonstrates benefits

RoE[1] and EPS[1] 2011 and 2013 [2]



		RoE	EPS
2011	Pure equity	10.5%	4.1
	Equity and hybrid	12.8%	5.0
2013	Pure equity	12.2%	6.4
	Equity and hybrid	15.0%	7.4

1) RoE = Return on Equity (in %); EPS = Earnings per share (in EUR per share)
2) Source: Hannover Re Annual Reports 2011 and 2013; own calculations

Not only the sky is the limit
Balance is key

- Despite its various uses, hybrid capital is considered to be only a limited part of the Hannover Re capital structure

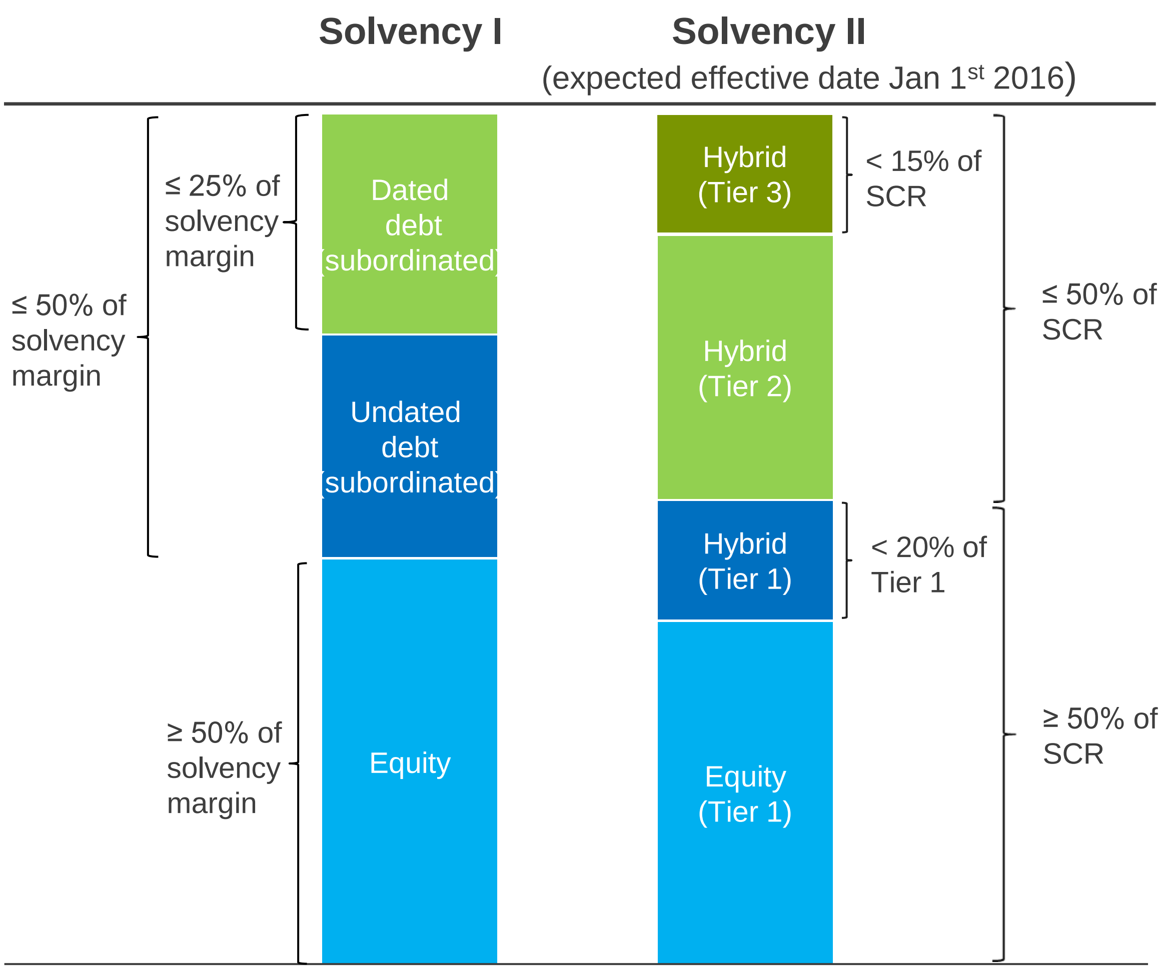
- Excessive use is not an alternative to boost financial metrics:

  - Recognition limits under certain regimes (i.e. Solvency and rating) – hybrid capital beyond these limits would compare to expensive (senior) debt

  - Strong increase in financial or leverage risks would lead to a significantly higher expected rate of return by equity investors

Own funds calculation in a changing regulatory environment

Comparing Solvency I to Solvency II



- SCR* as one of two capital requirement ratios under Solvency II
- Risk-based calculation of required capital on the basis of underlying business under Solvency II; Solvency I static
- Solvency II: Tier 2 more relevant than Tier 1 due to its higher relative recognition

* Solvency Capital Requirement

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Qualification requirements for hybrid capital

Comparing Solvency I to Solvency II

	Solvency I	Solvency II	
	dated/undated[1)]	Tier 1[2)]	Tier 2[2)]
Maturity	▶ 5 years minimum maturity ▶ Perpetual	▶ Perpetual ▶ Mandatory suspension in case of non-compliance with SCR	▶ 10 years minimum maturity ▶ Mandatory suspension in case of non-compliance with SCR
Issuer Call	▶ Callable after 5 years ▶ Predefined call options prior to 5 years from issuance allowed	▶ Callable after 5 years ▶ No call options prior to 5 years from issuance	▶ Callable after 5 years ▶ No call options prior to 5 years from issuance
Coupon		▶ No step-up or any other incentive to redeem ▶ Non-cumulative ▶ Mandatory coupon cancellation upon breach of SCR ▶ Fully optional coupon deferral (no dividend pusher or stopper)	▶ Limited incentives to redeem not before year 10 after issuance ▶ Step-up of 100 bps or 50% of the initial credit spread permitted after 10 years ▶ Cumulative possible ▶ Mandatory coupon deferral upon breach of SCR
Loss absorption		▶ Write-down or conversion into equity if SCR less than 75% once or less than 100% over a 3 month period ▶ Write-up out of future profits subsequent to compliance with the SCR	
Ranking	▶ Subordinated	▶ Deeply subordinated	▶ Subordinated

1) Source: §53c Versicherungsaufsichtsgesetz
2) Source: Technical Specifications for the Preparatory Phase by EIOPA dated 30 April 2014
Consultation Paper on the proposals for Guidelines on SII relating to Pillar 1 requirements by EIOPA dated 2 June 2014

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S&P's capital adequacy and hybrid limits

Hybrid capital supports Financial Risk Profile

- Capital adequacy is one major factor of the company's Financial Risk Profile

  Redundancy/Deficiency = (TAC[1)] + regulatory qualified hybrids) - required capital

- Recognition of hybrid capital is limited depending on:
  - Qualification as own funds under the respective supervisory regulation
  - Equity content of the hybrid instrument:
    - 35% of TAC[2)] for hybrid bonds with „high equity content"
    - 25% of TAC[2)] for hybrid bonds with „intermediate equity content"
    - 0% of TAC[2)] for hybrid bonds with „minimal equity content"

- All outstanding Hannover Re hybrids fulfil S&P's requirements for „intermediate equity content" and help to maintain our capital adequacy at excellent levels:

  „We view Hannover Re's capital and earnings as extremely strong, based on our forecast of the group maintaining capital adequacy at the \`AAA´ level over 2014-2016, based on our capital model." (S&P research update as per June 30, 2014)

1) Total adjusted capital excl. hybrid bonds
2) Total adjusted capital incl. hybrid bonds

Summary

- Financial ratios
  - Hybrid instruments have a significant influence on financial metrics such as RoE and EPS
  - But: a higher proportion of hybrid capital effects a higher financial or leverage risk
- Solvency II works as a game-changer in terms of
  - Risk-based calculation of required capital
  - Relative recognition of Tier 2 to Tier 1 capital
  - Equity content of Tier 1 capital (loss absorption features)
- Rating
  - Hannover Re's hybrid capital actively improves the Financial Risk Profile
  - Instruments are tailored to be recognised as „intermediate equity content"

➥ Hybrid capital is an important part of Hannover Re's capitalisation due to its

- (partial) qualification as equity under regulatory and rating regimes while having a
- considerably lower cost of capital than equity and positive effects on financial key ratios

How to read the run-off result

The reporting standard provides full insight, but. . .

. . .without addtional information is difficult to interprete

Loss and loss adjustment expense reserve (net) - year in question & previous years plus payments made to date on the original reserve

in m. EUR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
End of year	13,081.5	12,541.8	13,192.4	16,276.4	12,657.0	13,509.9	13,840.6	15,077.8	16,463.9	17,072.7	17,680.5
One year later	13,504.1	14,895.0	14,828.0	12,512.4	12,948.6	14,618.6	13,352.3	14,526.9	16,149.6	16,649.1	
Two years later	14,747.8	15,787.5	11,258.7	12,077.3	12,874.2	13,348.3	12,684.2	13,938.9	15,800.9		
Three years later	15,482.9	12,985.0	10,716.3	11,987.5	12,383.9	12,569.6	12,110.5	13,504.5			
Four years later	13,278.6	12,524.1	10,706.8	11,557.9	11,612.5	12,074.2	11,683.1				
Five year later	13,009.2	12,550.0	10,338.0	10,858.7	11,262.2	11,734.9					
Six years later	13,103.6	12,246.0	9,700.4	10,586.3	10,959.5						
Seven years later	12,834.7	11,717.2	9,501.3	10,311.1							
Eight years later	12,371.2	11,588.4	9,289.5								
Nine years later	12,282.9	11,435.1									
Ten years later	12,145.7										
Change relative to previous year											
Net run-off result	137.1	16.1	58.5	63.4	27.6	36.6	88.1	7	(85.7)	74.9	= 423.6
As % of original loss reserve	1.0	0.1	0.4	0.4	0.2	0.3	0.6	0.0	(0.5)	0.1	

- 2006 reflects deconsolidation of Praetorian
- Allocation of losses and premiums to occurrence year not always possible (estimates if cedant information not available). We prefer underwriting year.
- Partly original currency on reporting units

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"Neutral" positive run-off

A very, very simplified example

Ideal run-off of a stable segment with a 10-year tail

U/Y	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Initial reserves	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Assumed initial BE mid point	900	900	900	900	900	900	900	900	900	900	900	
Assumed initial redundancy	100	100	100	100	100	100	100	100	100	100	100	
												CY 2012
2012 reserves	0	100	200	300	400	500	600	700	800	900	1,000	5,500
2012 BE mid point	0	90	180	270	360	450	540	630	720	810	900	4.950
2012 redundancy	0	10	20	30	40	50	60	70	80	90	100	550
2012 run-off result	10	10	10	10	10	10	10	10	10	10	0	100

Loss ratio 2012	100%
Economic L/R	90%
Contribution run-off	10%
Contribution redundancy	-10%

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"Normal" positive reserve development

- Due to Hannover Re's internal estimation system for individual proportional treaties as well as conservative IBNR based on ULRs per segment we expect a positive development in each quarter

- Detailed analysis and external actuarial assessment only once a year
  ➥ educated estimates per quarter

HR's quarterly results expected to include positive development of ~EUR 50 m.

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Selected examples from 2013. . .

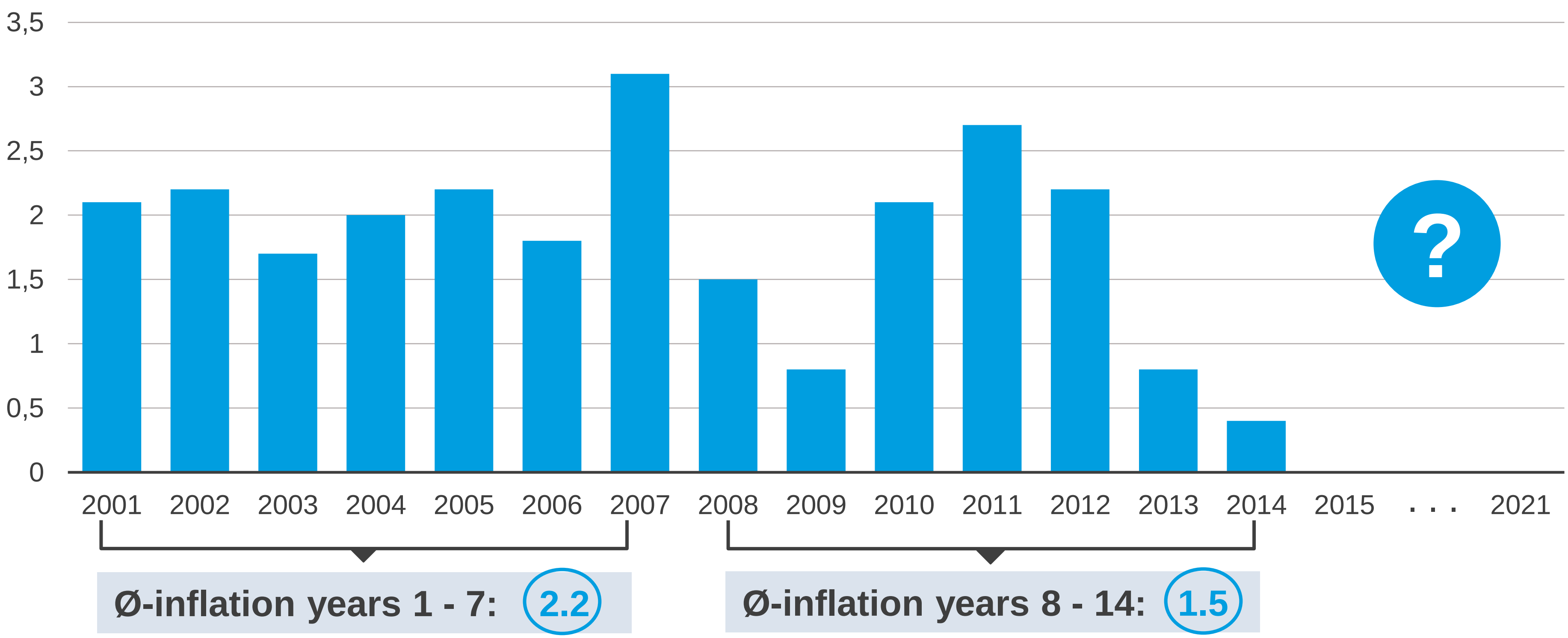
. . .and their impact on run-off result (R/O) and confidence level (CL)

- **Negative R/O; neutral CL:** increase of individual treaty reserve
  - Credit/Surety (older UYs due to court decision claims in Spain)
  - Increased loss estimates from hailstorm “Andreas”
  - Deepwater Horizon
- **Positive R/O, neutral CL:** decrease of individual treaty reserve
  - Decreased loss estimates for floods in Thailand/EQ Japan
- **Neutral R/O, reduced CL:** negative reserve development covered by redundancy
  - Credit/Surety UYs 2009/10 – unexpected additional claims booked against IBNR
- **Neutral R/O, increased CL:** keep ULR up on old level despite sustainable positive loss experience
  - Hard market U/W years 2002 - 2006 in US Casualty
- **Negative R/O; increased CL:** increase of ULR within the best estimate range without sustainable loss experience
  - Facultative Casualty UYs 2009 - 2012

Run-off results and CL development need to be considered to qualify a C/R

Impact of inflation on loss estimates

EUR zone HICP inflation year-on-year



- Low inflation experience in ULR projection supports positive run-off/redundancy level but leads to lower estimates for future years

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Insights into life and health reinsurance

Sources and measures of attractive new business

Claude Chèvre, Member of Executive Board

17th International Investors' Day
London, 23 October 2014

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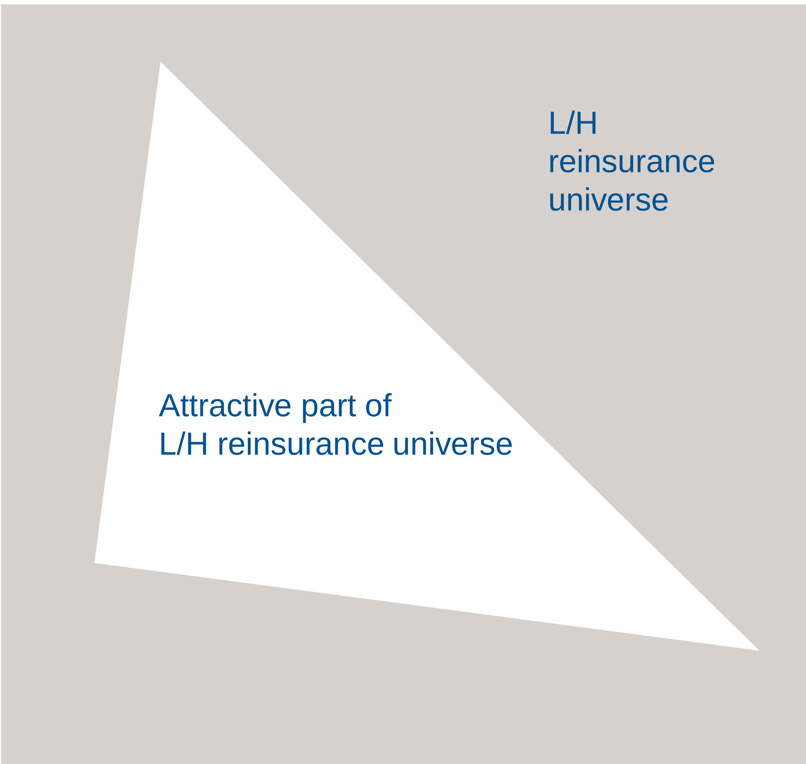
Hannover Re L&H strategy



Definition

Positive VNB expected

Goal

To outperform the worldwide growth of the L/H business in over a 3-year rolling period

We concentrate on the attractive part of the reinsurance universe

What is the VNB?
Some theoretical background

- The Value of New Business (VNB)
  - is part of the MCEV reporting
  - is based on the MCEV standard
  - discloses the present value (over the full duration) of the new business written within one year
  - includes costs for required capital

- The following slides
  - provide an overview about the basic concept of the VNB
  - are simplified for demonstration purpose

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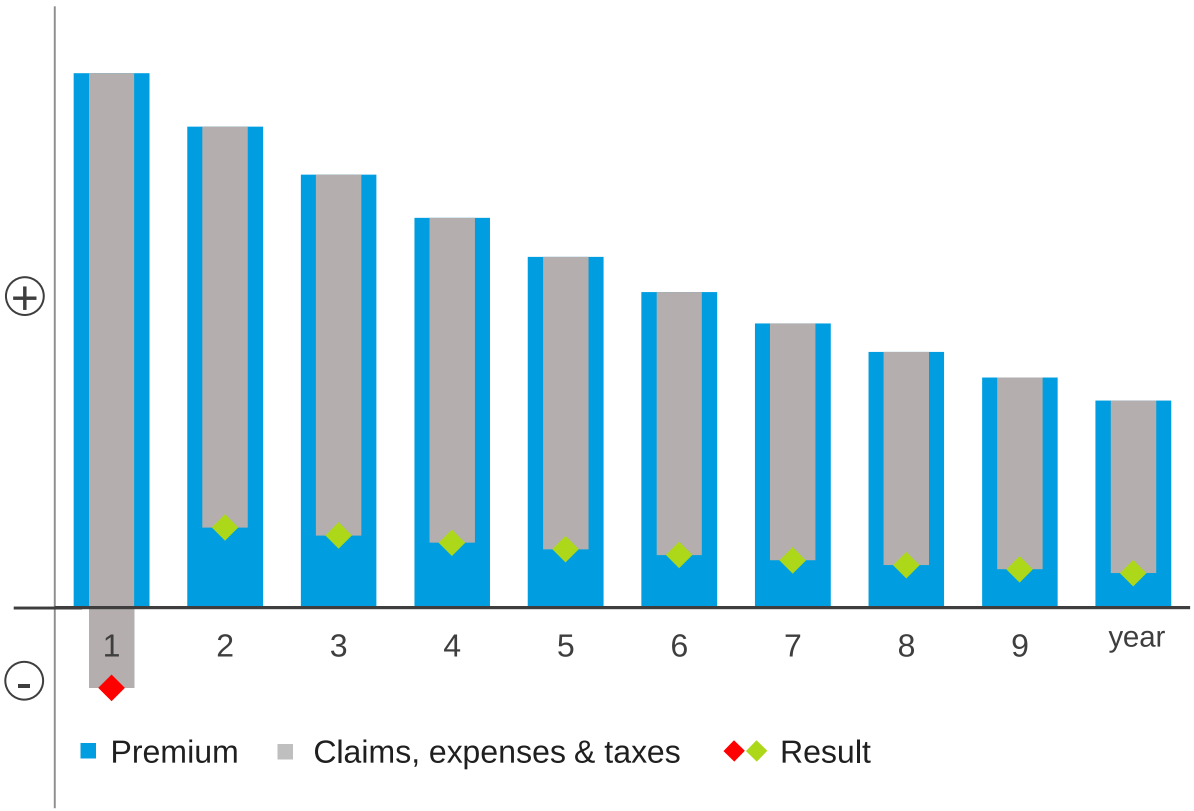
Insights into the VNB

The VNB is based on projected future statutory annual results

New business projection for the portfolio of one underwriting year



- The VNB is based on a best estimate projection of the future statutory results of the new business
- The costs of the required capital need to be deducted from the results

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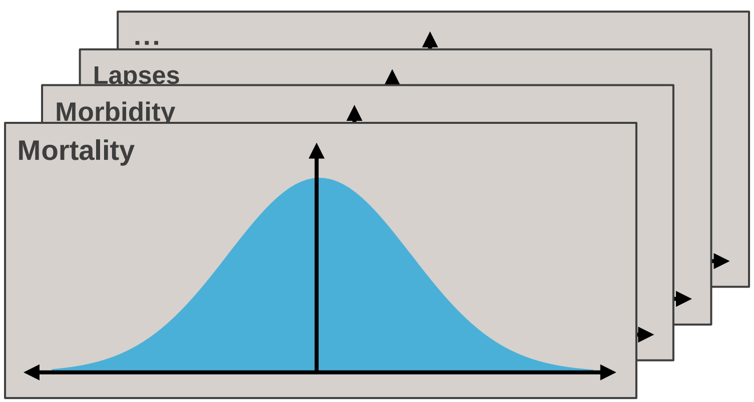
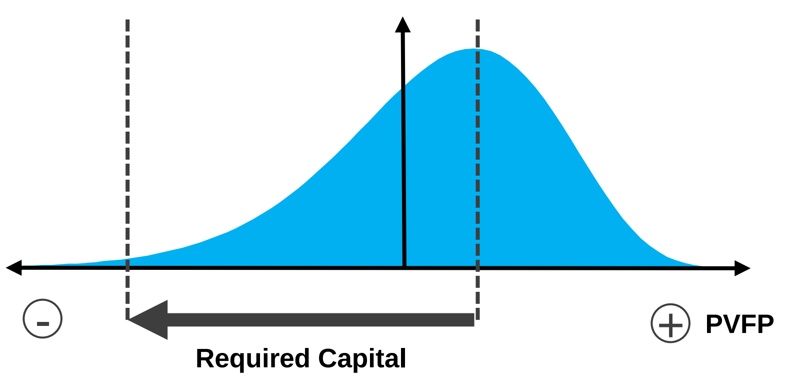
Insights into the VNB
How to calculate the required capital?

Simulation of different projection scenarios

Statistical distribution of single risks



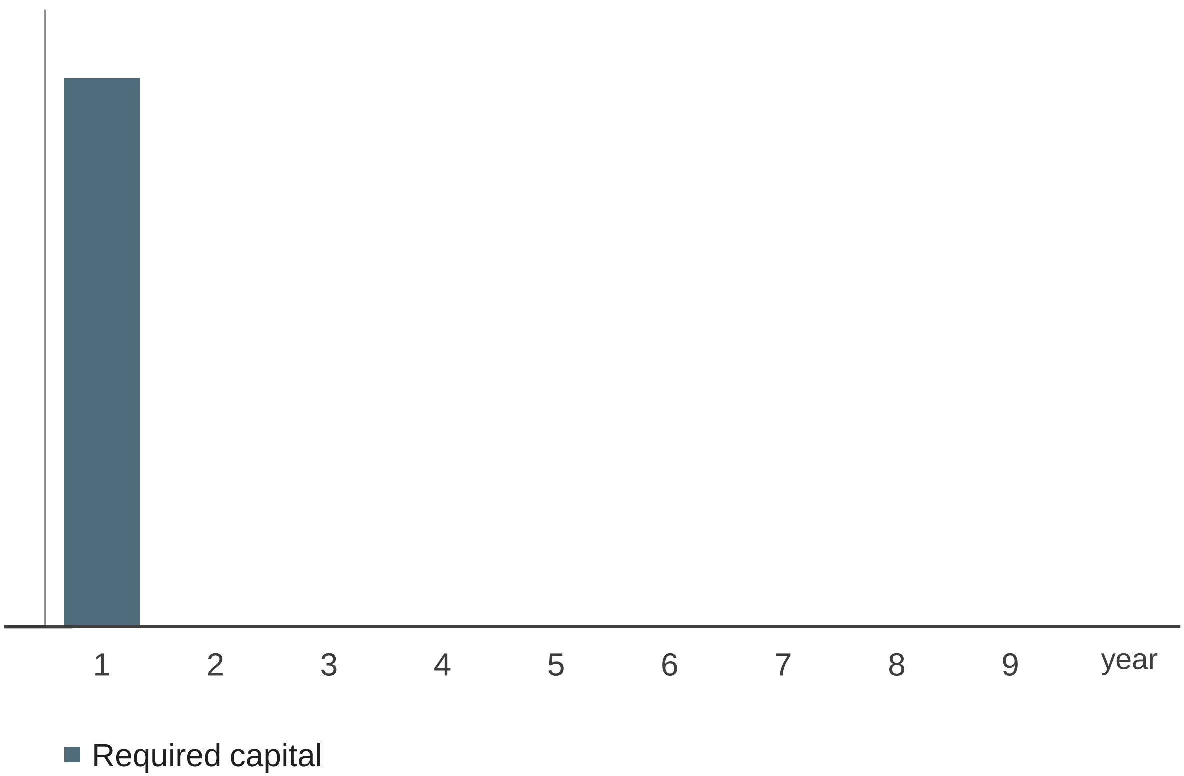
Statistical distribution of the PVFP*



* PVFP: Present Value of Future Profits

Insights into the VNB
How to calculate the required capital?

Required capital per projection year



- One full simulation (as demonstrated on the previous slide) calculates the required capital for just one year

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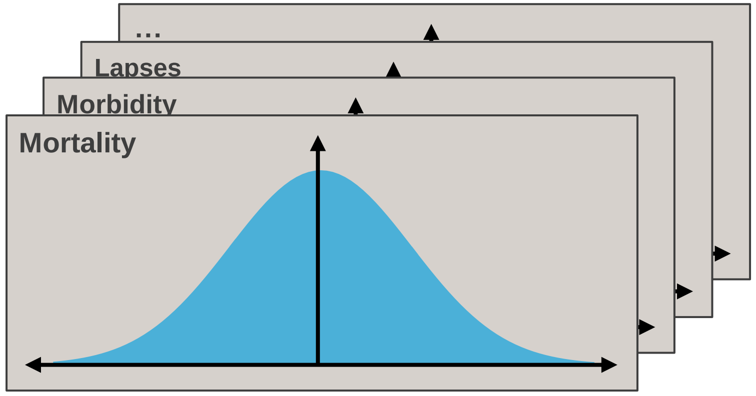
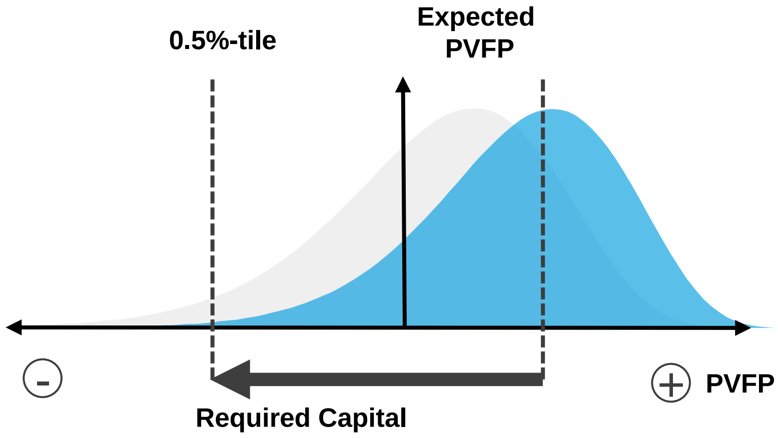
Insights into the VNB
How to calculate the required capital?

Simulation of different projection scenarios

Statistical distribution of single risks



Statistical distribution of the PVFP*



* PVFP: Present Value of Future Profits

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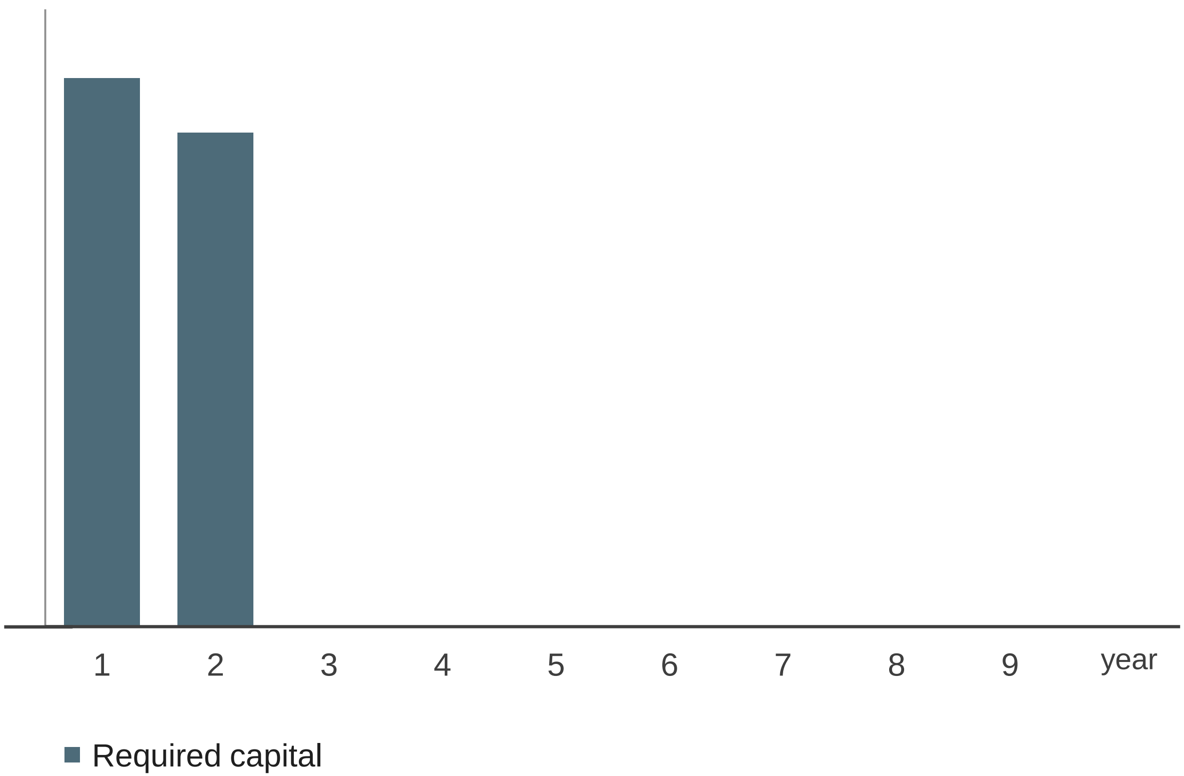
Insights into the VNB
How to calculate the required capital?

Required capital per projection year



- One full simulation (as demonstrated on the previous slide) calculates the required capital for just one year
- The required capital of the following years is calculated analogously

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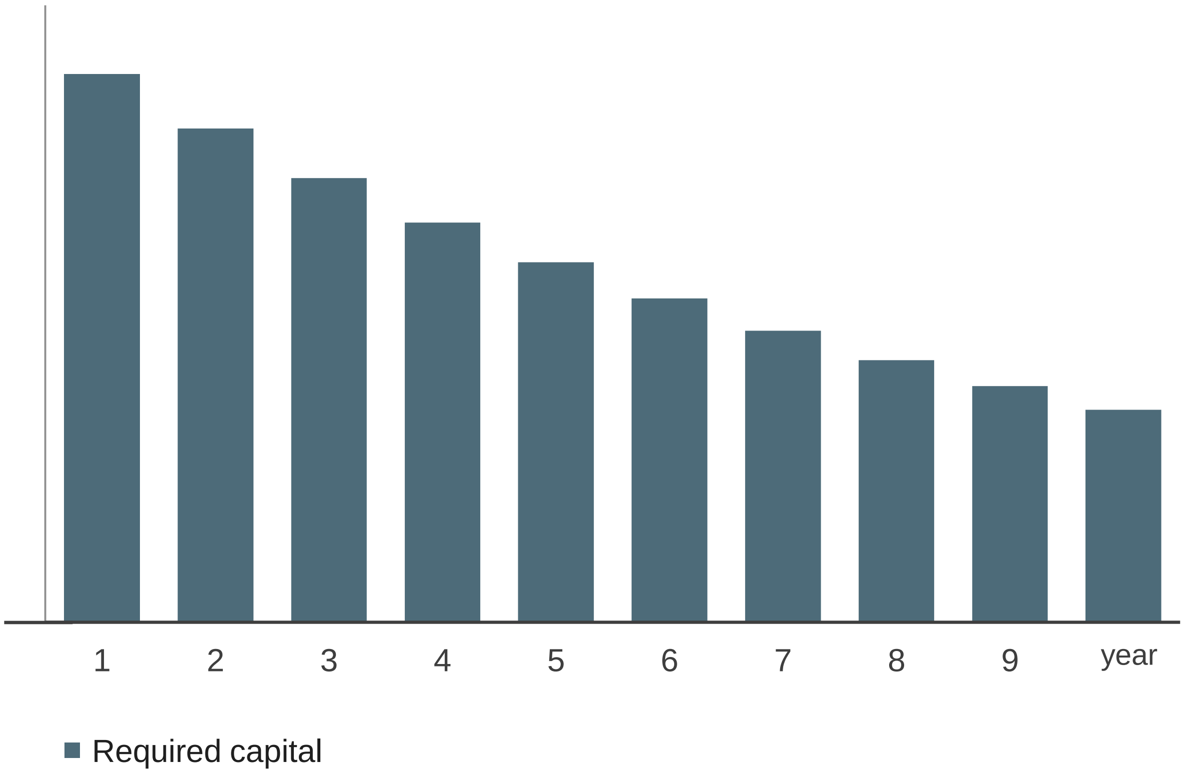
Insights into the VNB
How to calculate the required capital?

Required capital per projection year



- One full simulation (as demonstrated on the previous slide) calculates the required capital for just one year
- The required capital of the following years is calculated analogously

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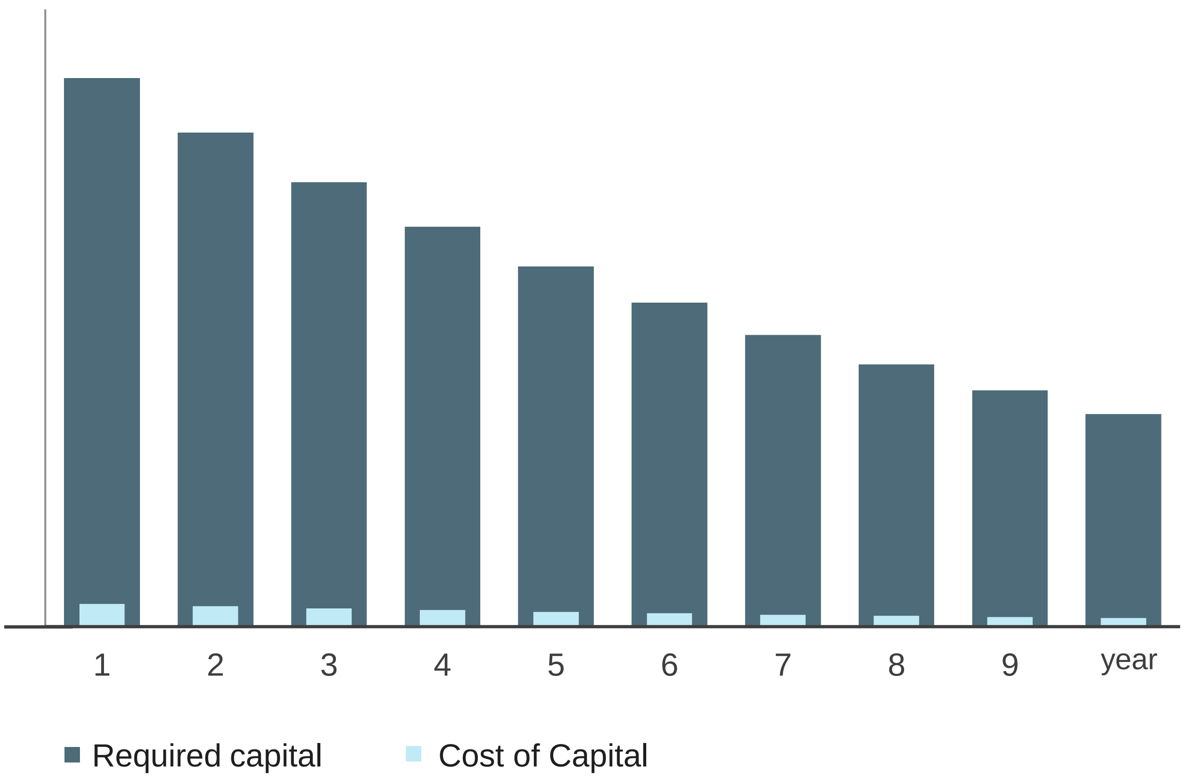
Insights into the VNB

How to calculate the Cost of Capital?

Required capital per projection year



- One full simulation (as demonstrated on the previous slide) calculates the required capital for just one year
- The required capital of the following years is calculated analogously
- Cost of Capital (CoC) is based on required capital and cost rate according to the MCEV principles

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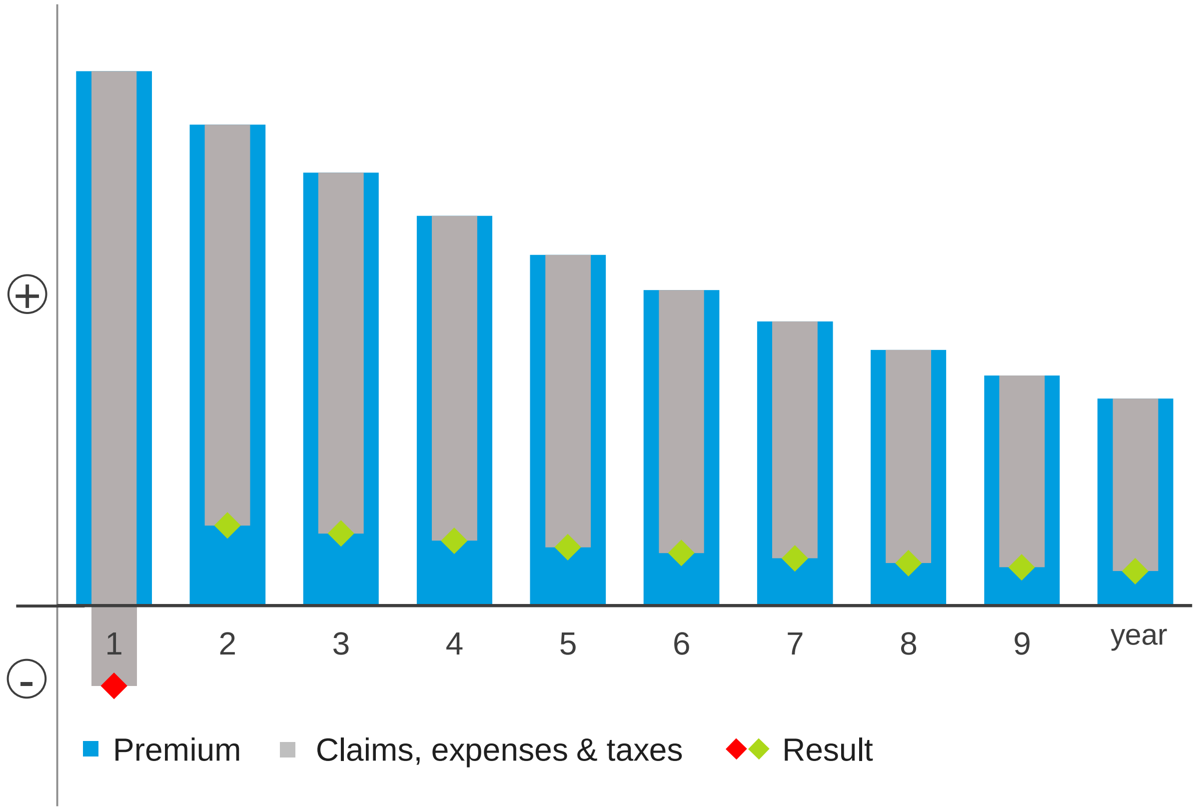
Insights into the VNB

The VNB is based on projected future statutory annual results

New business projection for the portfolio of one underwriting year

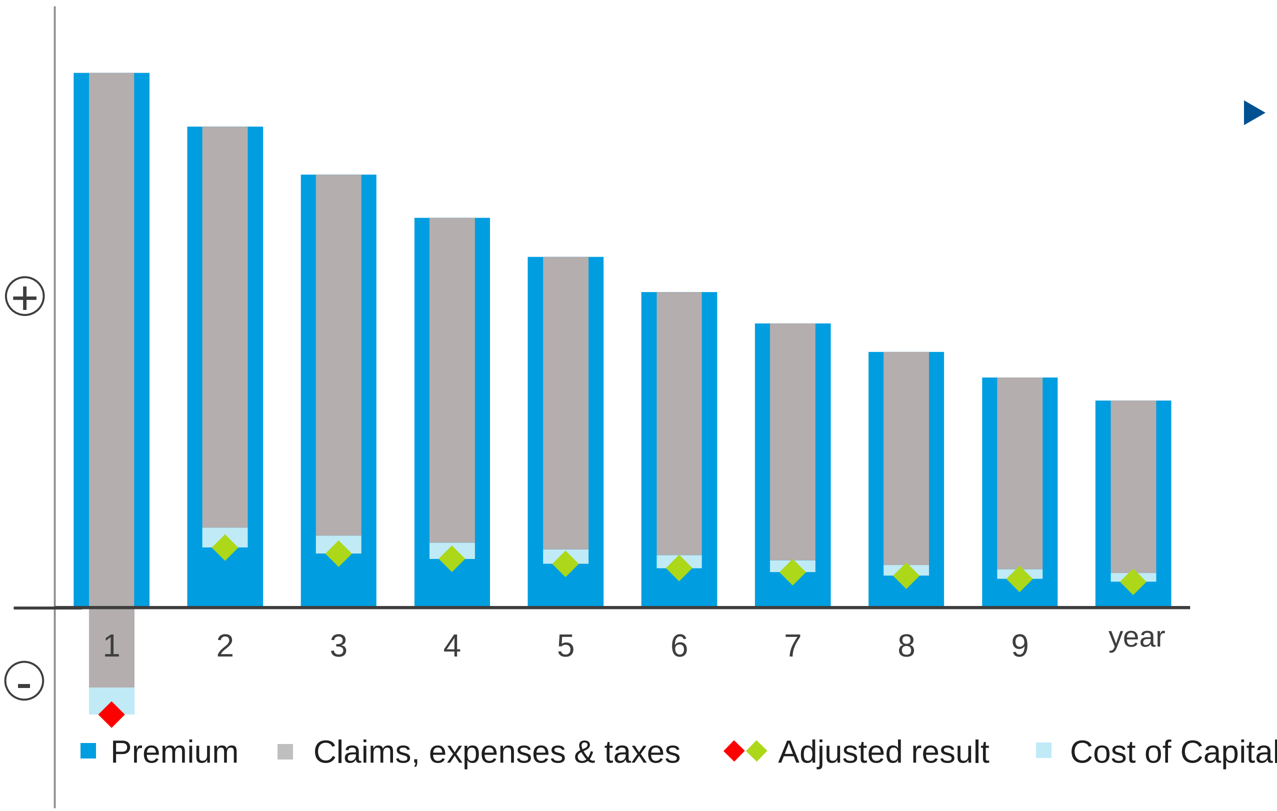


- The VNB is based on a best estimate projection of the future statutory results of the new business
- The costs of the required capital need to be deducted from the results

Insights into the VNB

The VNB is based on projected future statutory annual results after CoC

New business projection for the portfolio of one underwriting year



- The VNB is based on a best estimate projection of the future statutory results of the new business
- The costs of the required capital need to be deducted from the results

Insights into the VNB

The VNB is based on projected future statutory annual results after CoC

New business projection for the portfolio of one underwriting year

- The VNB is based on a best estimate projection of the future statutory results of the new business
- The costs of the required capital need to be deducted from the results
- The VNB within the MCEV framework is reported at the end of the first year

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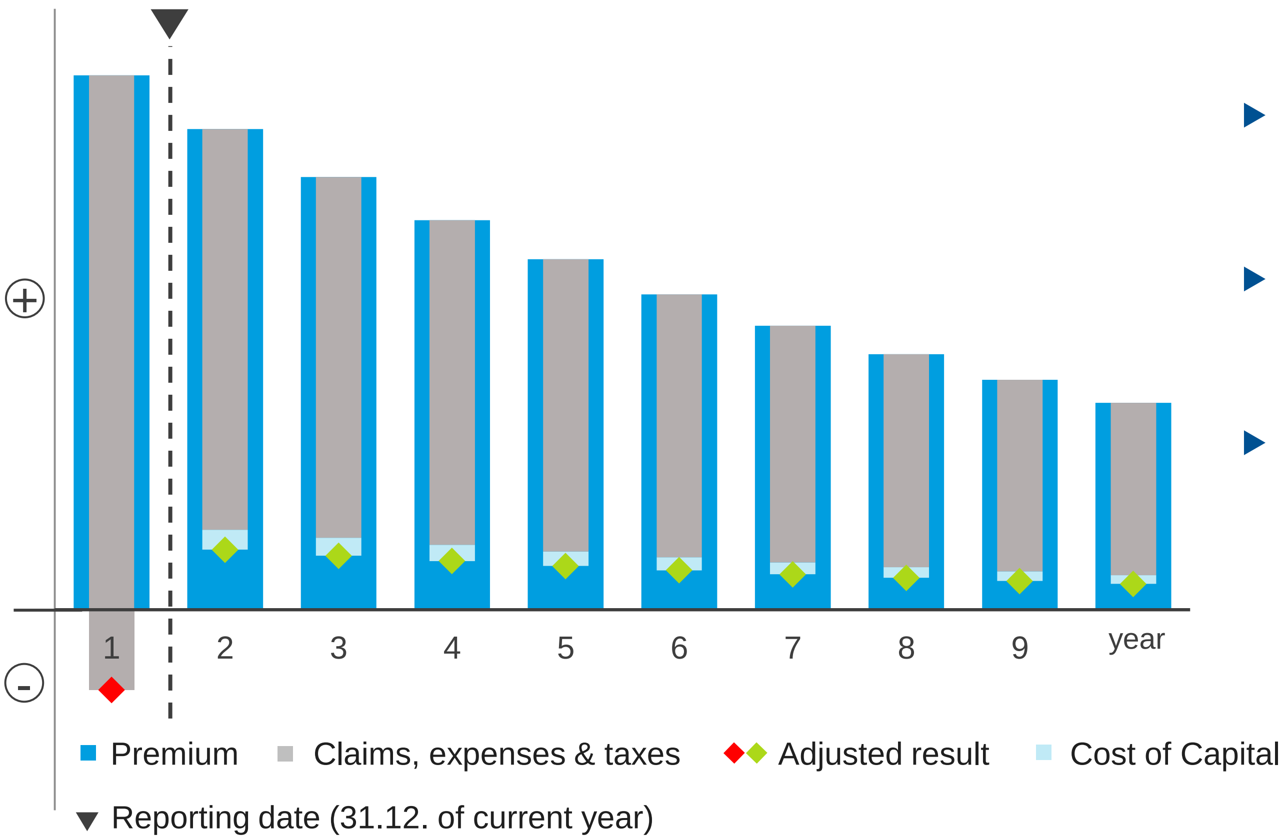
Insights into the VNB

The VNB is based on projected future statutory annual results after CoC

New business projection for the portfolio of one underwriting year



- The VNB is based on a best estimate projection of the future statutory results of the new business
- The costs of the required capital need to be deducted from the results
- The VNB within the MCEV framework is reported at the end of the first year
- Therefore, no CoC is required for the first year

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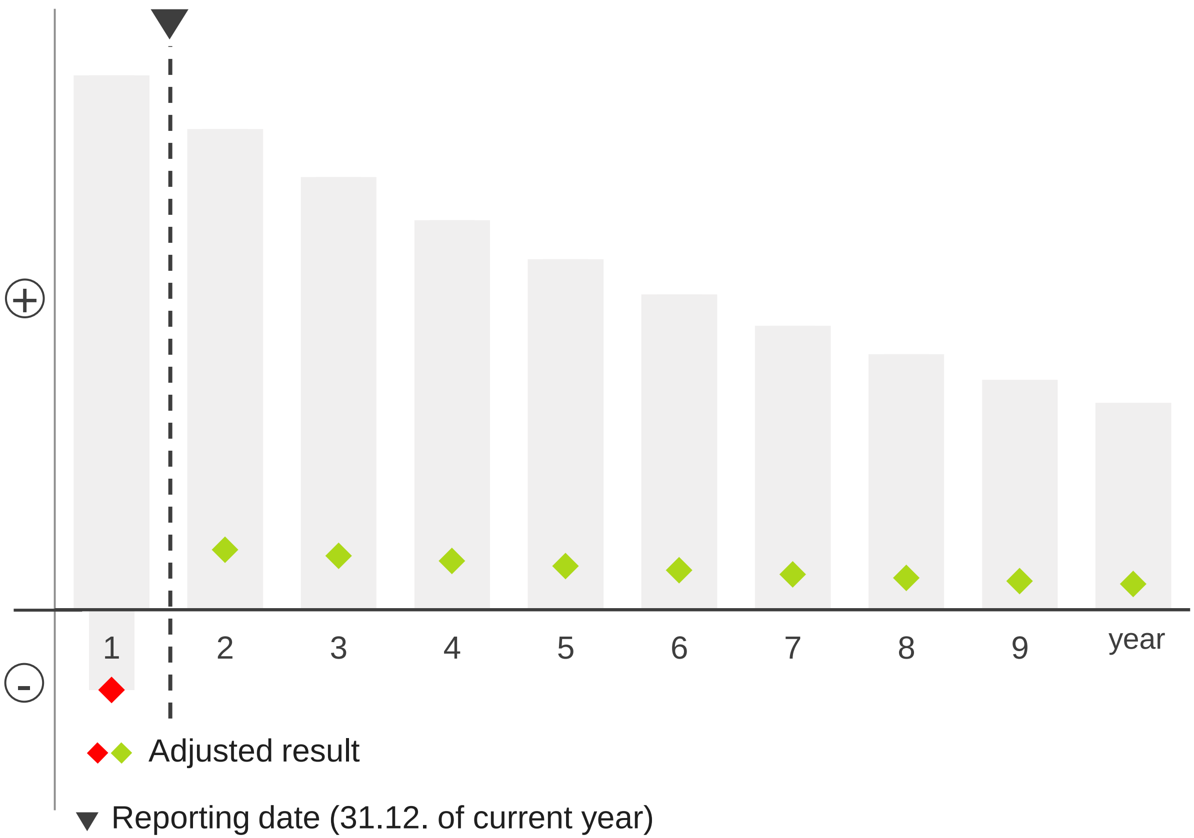
Insights into the VNB

The VNB is based on projected future statutory annual results after CoC

New business projection for the portfolio of one underwriting year

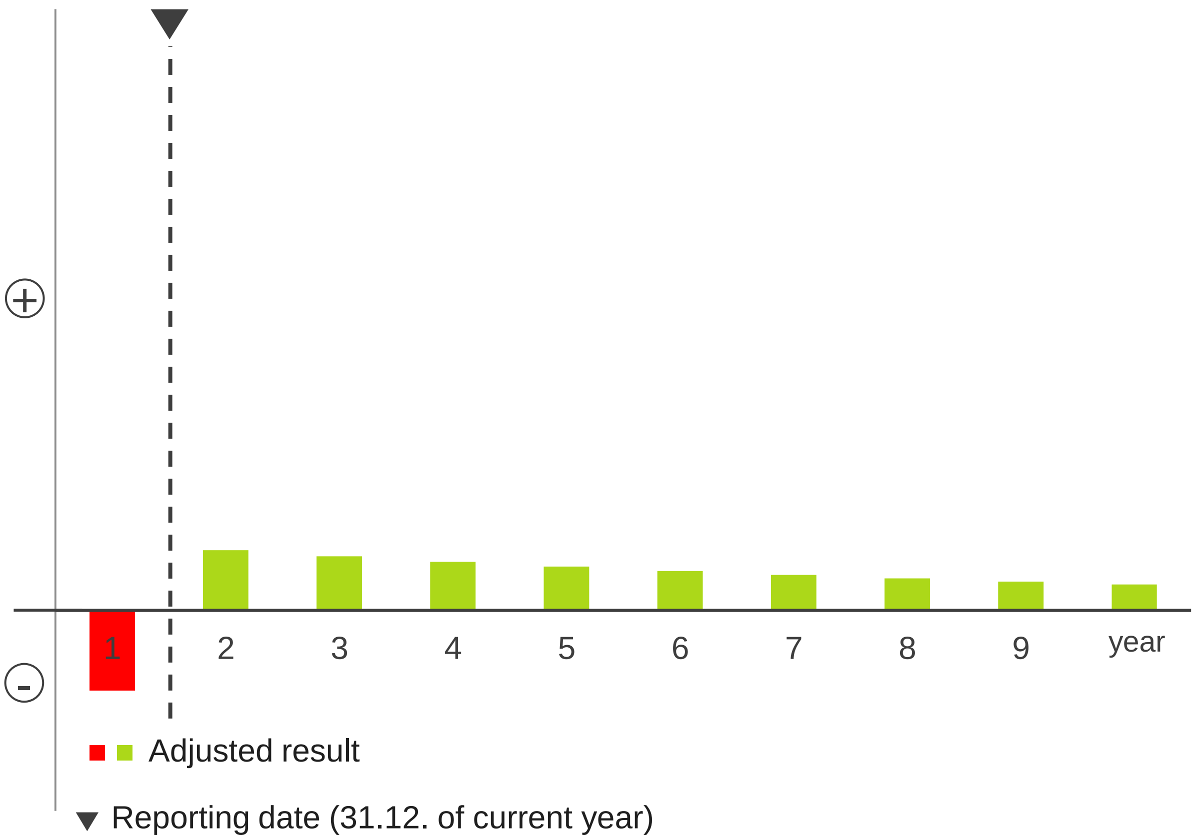


- The VNB is based on a best estimate projection of the future statutory results of the new business
- The costs of the required capital need to be deducted from the results
- The VNB within the MCEV framework is reported at the end of the first year
- Therefore, no CoC is required for the first year
- For further explanation we only look at the (adjusted) results

Insights into the VNB

The VNB is based on projected future statutory annual results after CoC

Projection of results after cost of capital for one underwriting year



- The VNB is based on a best estimate projection of the future statutory results of the new business
- The costs of the required capital need to be deducted from the results
- The VNB within the MCEV framework is reported at the end of the first year
- Therefore, no CoC is required for the first year
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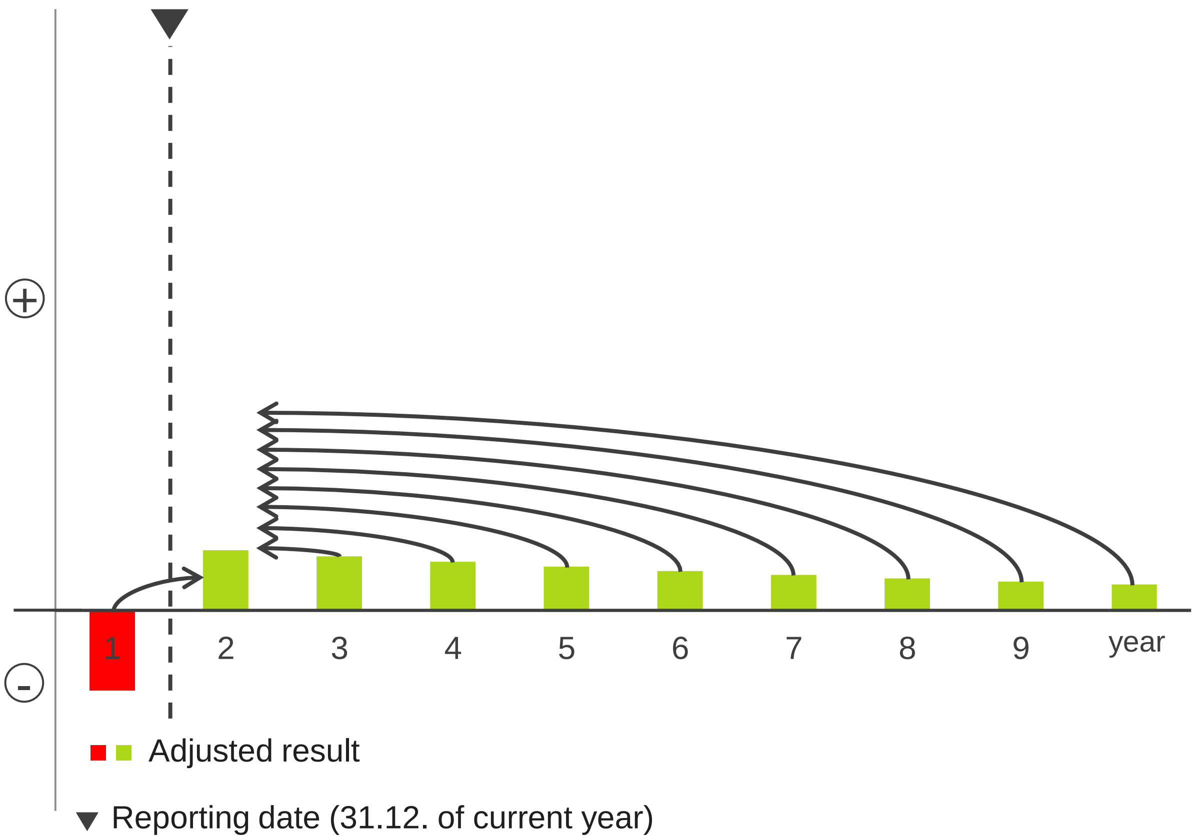
Insights into the VNB

The VNB is based on projected future statutory annual results after CoC

Projection of results after cost of capital for one underwriting year



- The VNB is the time value at the end of the first year of
  - the already realised results of the first year
  - and the expected future adjusted results (after cost of capital)

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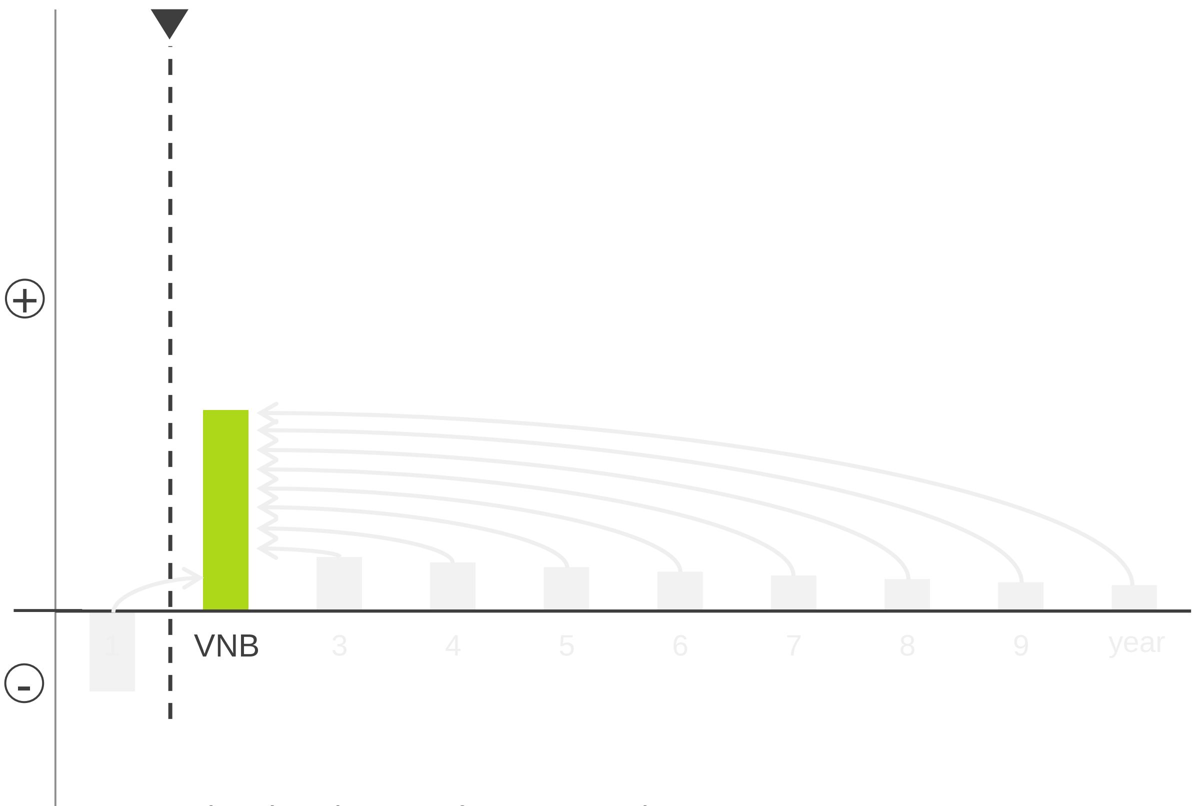
Insights into the VNB

The VNB is based on projected future statutory annual results after CoC

Projection of results after cost of capital for one underwriting year



▼ Reporting date (31.12. of current year)

- The VNB is the time value at the end of the first year of
  - the already realised results of the first year
  - and the expected future adjusted results (after cost of capital)

Insights into the VNB

Hannover Re L&H's VNB 2013 based on the MCEV report

3. New Business

3.1 Value of New Business

The Value of New Business (VNB) for the year 2013 is shown in Table 5.

The new business contribution in 2013 for the Domestic Operations is driven by UK longevity swap transactions as well as morbidity and health business written by the branches in Asia and France. The new business value for the Foreign Operations mainly stems from traditional US mortality business and structured Yearly Renewable Term (YRT) transactions written by the US, Bermudian and Irish subsidiaries.

Table 5: Value of New Business (VNB)

in EUR million	Domestic Operations	Foreign Operations	Total
Profit/Loss on New Business during year (P/L)	(89.9)	8.3	(81.6)
Present Value of New Business Profits (PVNB)	217.6	233.0	450.7
Cost of Residual Non-Hedgeable Risks (CoRNHR)	(27.1)	(18.0)	(45.1)
Frictional Costs of Required Capital (FCoRC)	(8.4)	(7.1)	(15.4)
Financial Options and Guarantees (FOGs)	0.0	0.0	0.0
Value of New Business (VNB)	92.3	216.2	308.5

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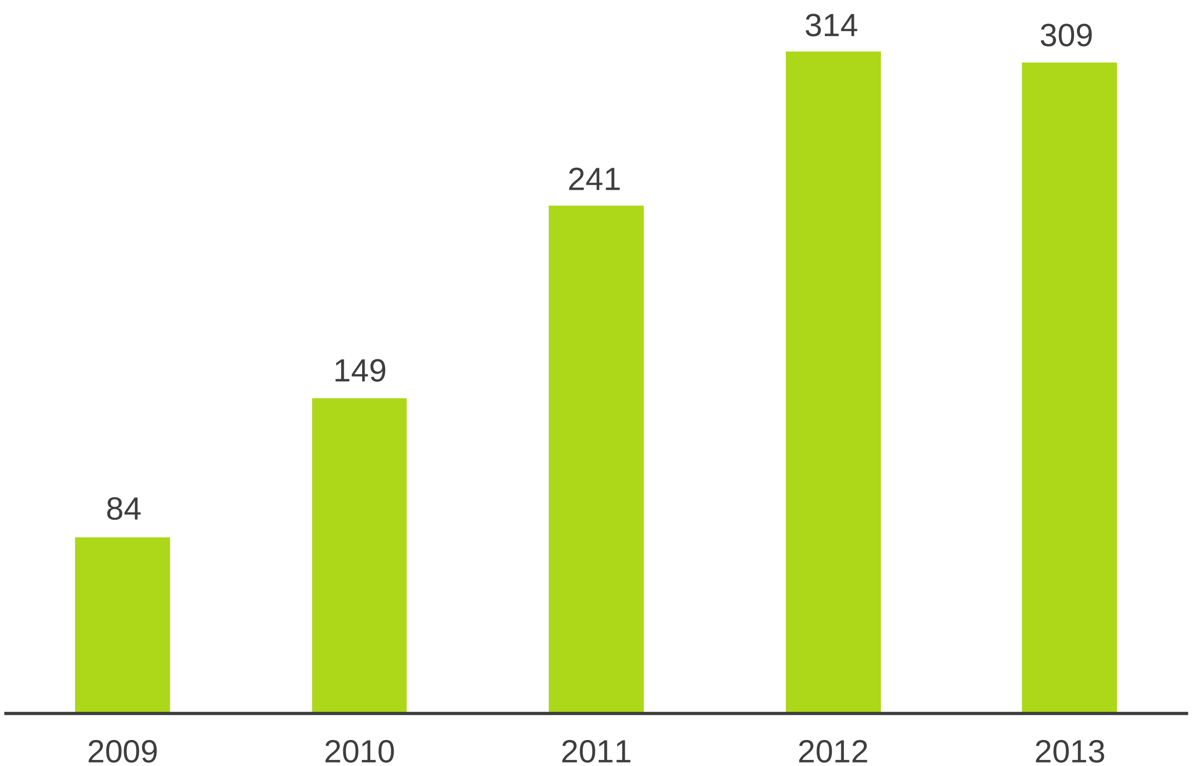
Insights into the VNB

Hannover Re L&H's VNBs between 2009 and 2013

VNB of Hannover L&H Re between 2009 and 2013 in m. EUR



- Within the last 5 years Hannover Re L&H generated a total VNB of EUR 1,096 m.

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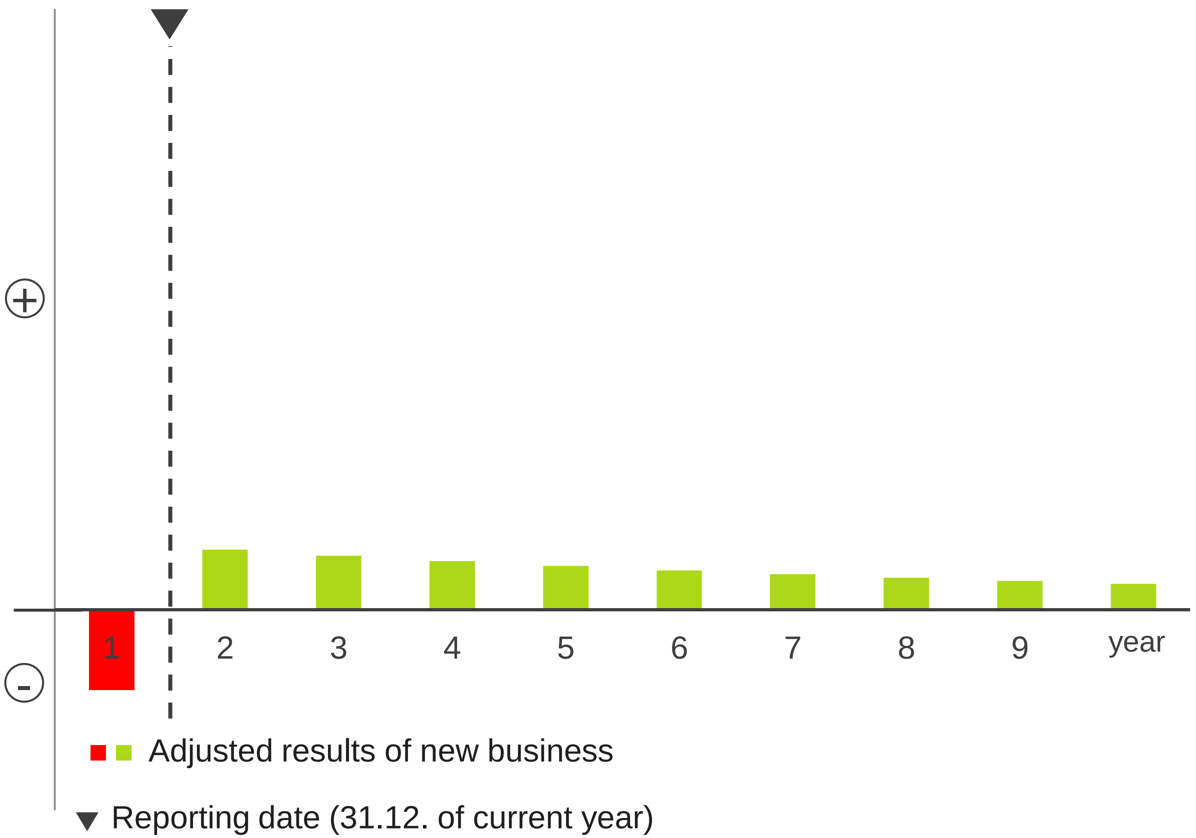
Insights into the VNB
From Value of New Business to Value In-Force

Projection of results after cost of capital for one underwriting year



- Every new business year adds a new stream of annual adjusted results

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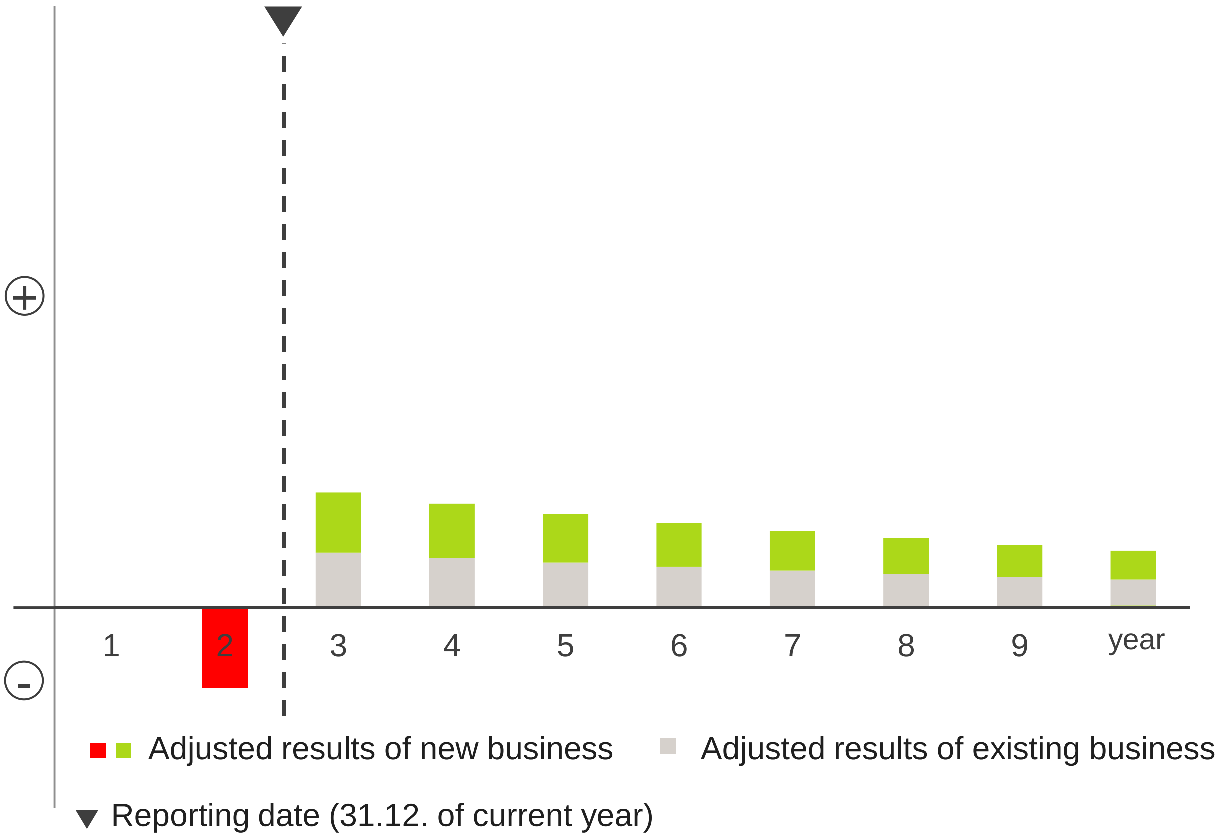
Insights into the VNB

From Value of New Business to Value In-Force

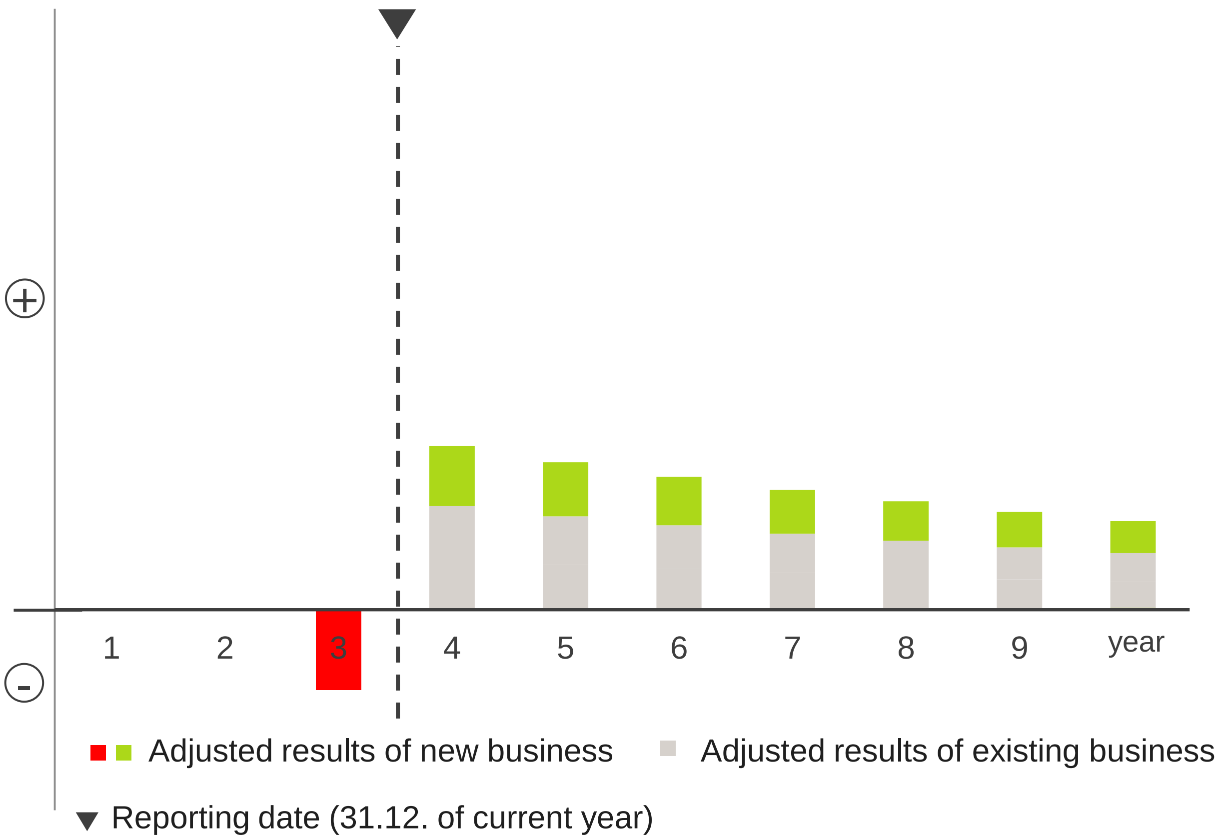
Projection of results after cost of capital for one underwriting year



- Every new business year adds a new stream of annual adjusted results

Insights into the VNB
From Value of New Business to Value In-Force

Projection of results after cost of capital for one underwriting year



- Every new business year adds a new stream of annual adjusted results

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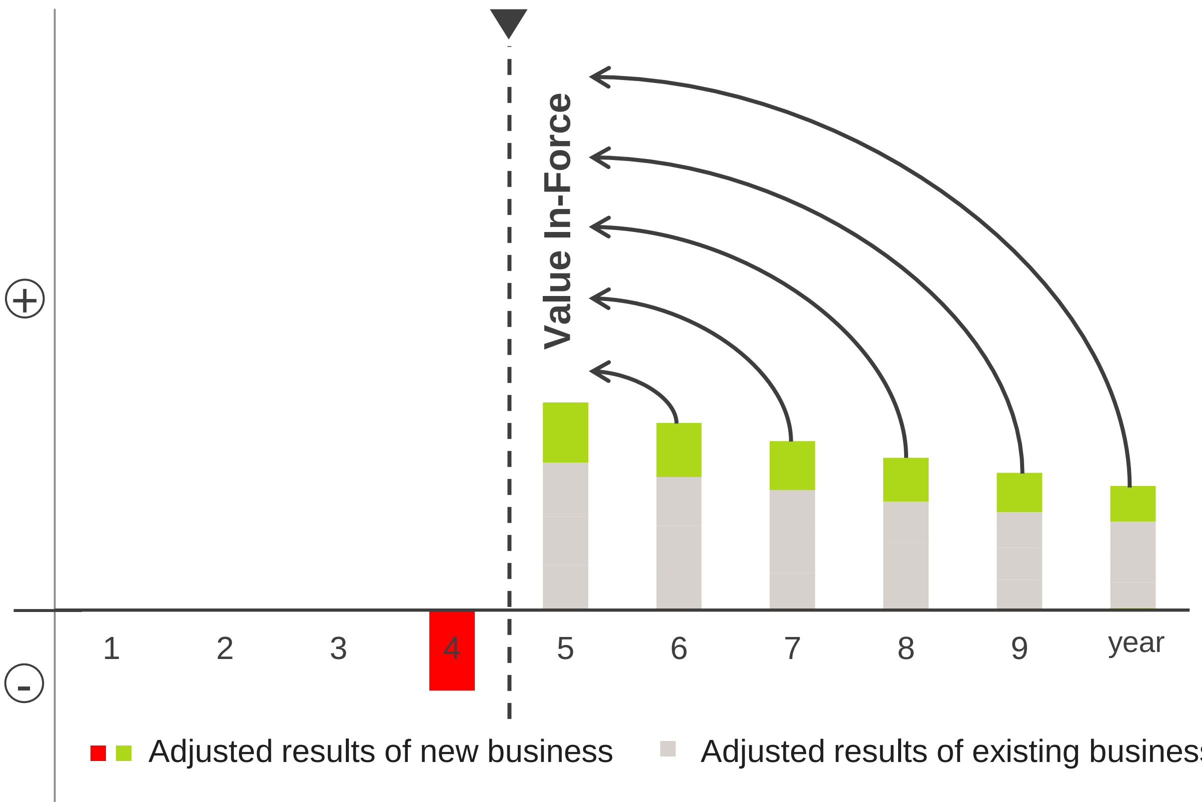
Insights into the VNB

From Value of New Business to Value In-Force

Projection of results after cost of capital for one underwriting year



■ ■ Adjusted results of new business ■ Adjusted results of existing business

▼ Reporting date (31.12. of current year)

- Every new business year adds a new stream of annual adjusted results
- The Value In-Force (VIF) is the present value of the future adjusted results
- The VIF is also influenced by
  - experience variances
  - model changes
  - assumption changes
  - changes in interest rates

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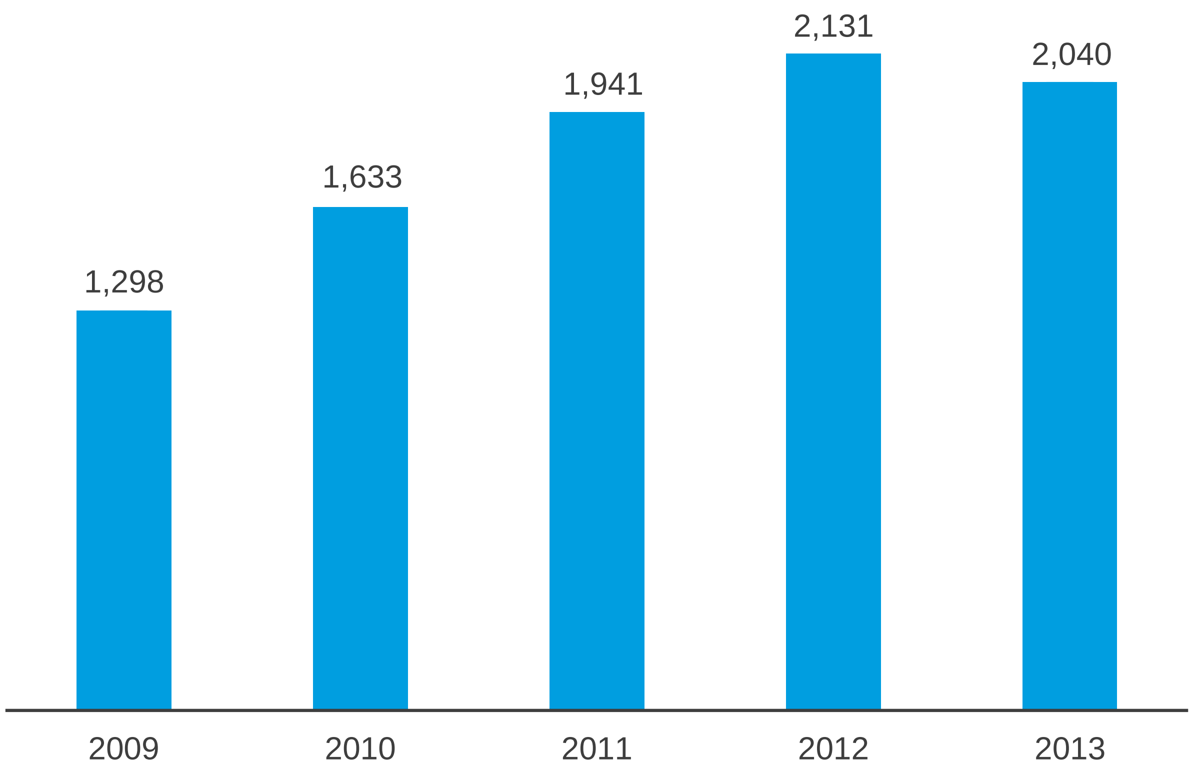
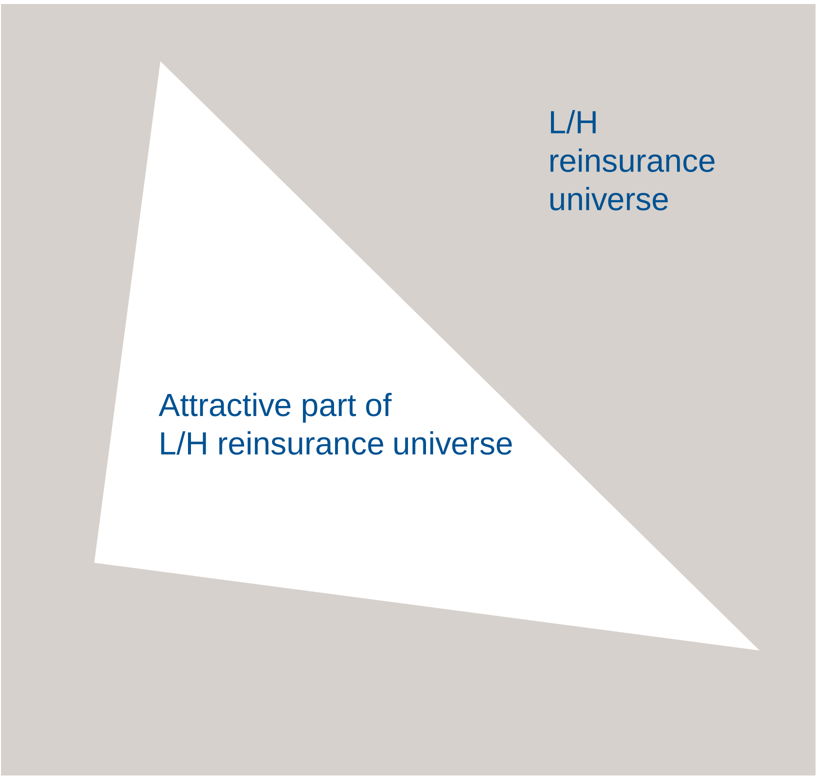
Insights into the VNB
Hannover Re L&H's VIF between 2009 and 2013

VIF of Hannover Re L&H between 2009 and 2013 in m. EUR



Hannover Re L&H strategy

We build on our current positioning and set of solutions. . .



Definition

Positive VNB value expected

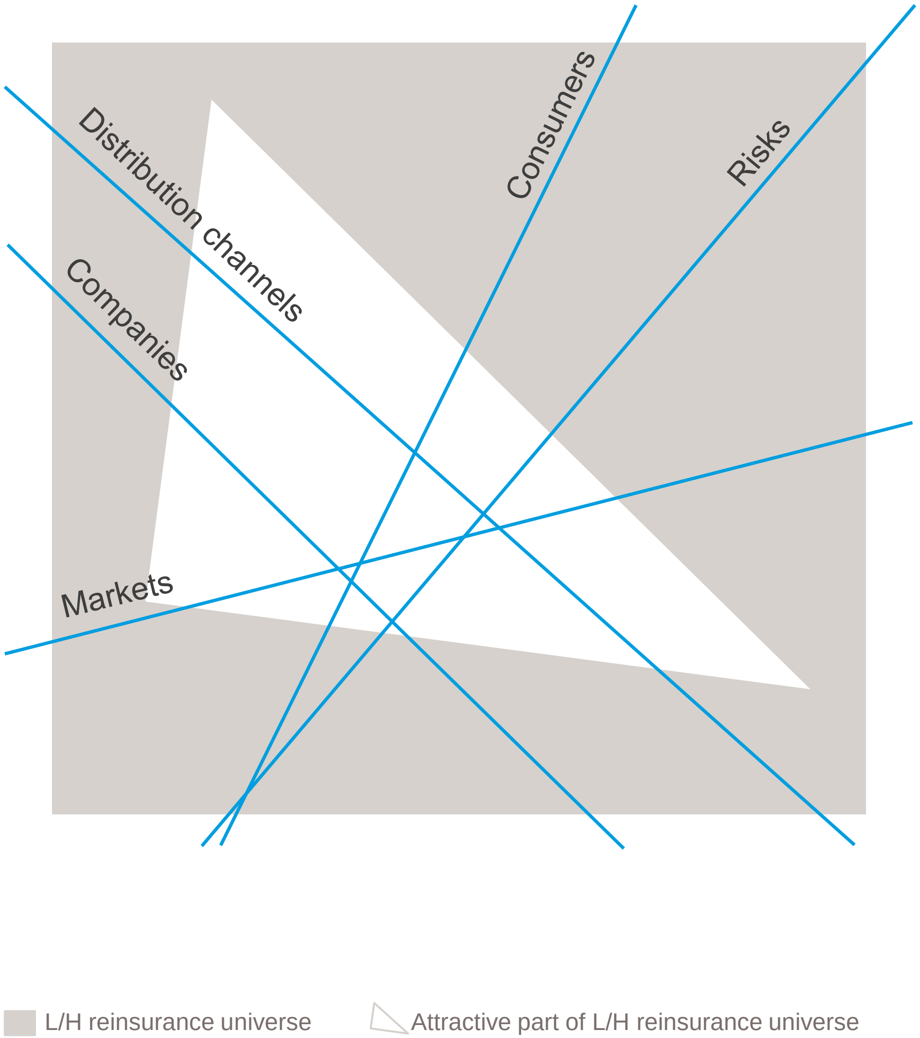
Goal

To outperform the worldwide growth of the L/H business in over a 3-year rolling period

We concentrate on the attractive part of the reinsurance universe

Hannover Re L&H strategy

. . .and expand our presence by a strong focus



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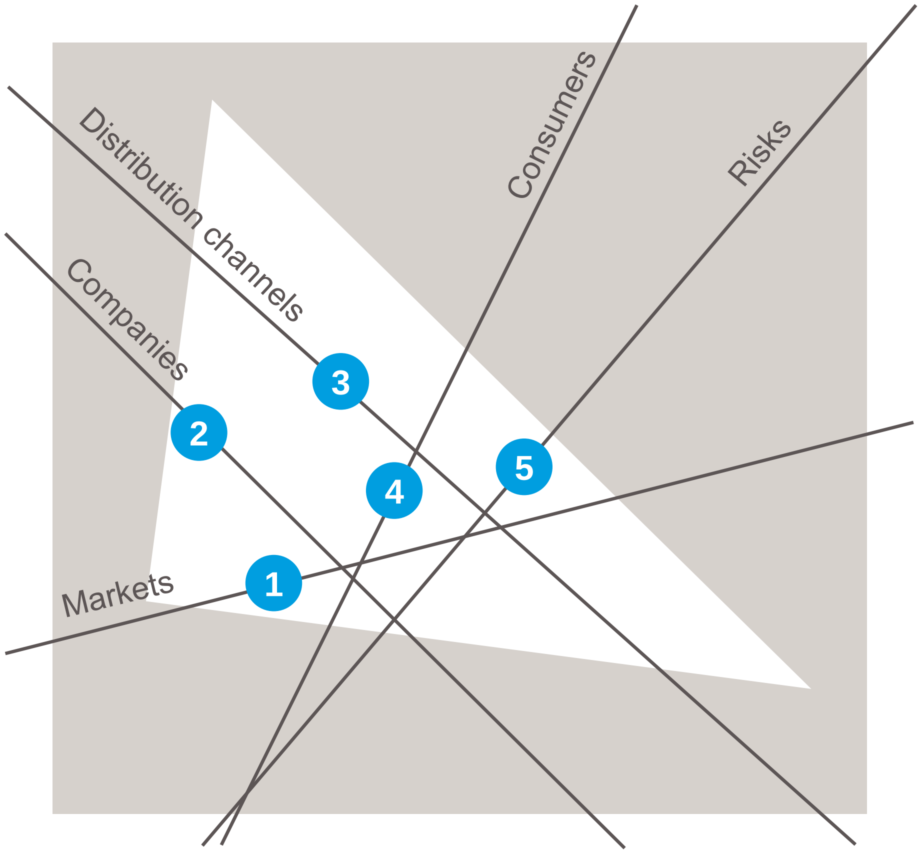
Hannover Re L&H strategy

. . .and expand our presence by a strong focus



1. High growth markets
2. Companies in transition
3. Alternative distribution channels
4. Underserved consumers
5. Hard-to-quantify risks

L/H reinsurance universe   Attractive part of L/H reinsurance universe

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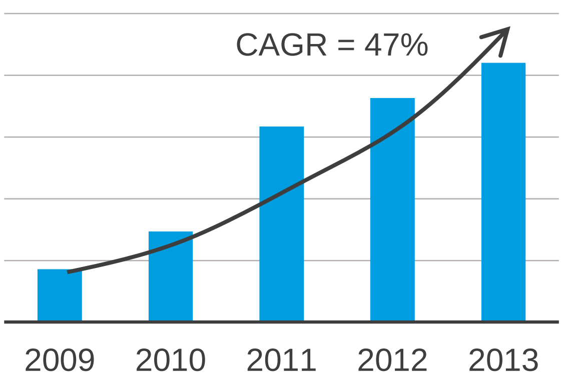
Hannover Re L&H strategy
Spotlight on some initiatives

Takaful business

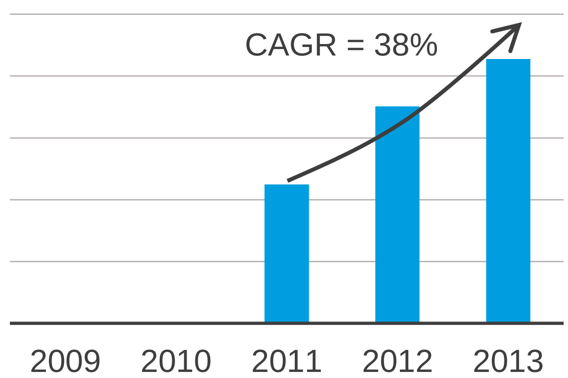
L&H premium



- 2008: establishment of Hannover Re Takaful, Bahrain
- Focus on Islamic customers in the Middle East

Global health initiative

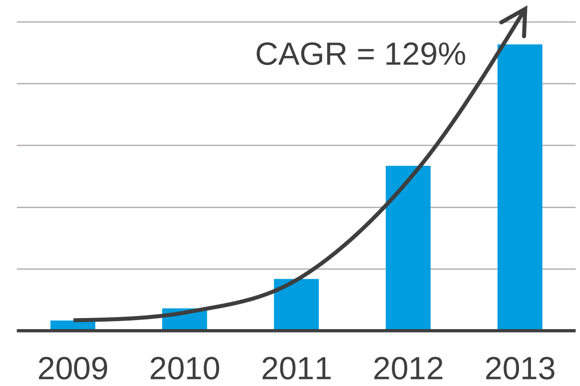
L&H premium



- 2011: strategic decision to take a more active position in the global health market
- Today, already around 15% of L&H premium is from health business

Business distributed online

L&H premium



- 2012: decision to position our POS systems for online distribution
- Different local initiatives and partnerships
- Still on a moderate level, but with exuberant growth rates

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Update on claim reserves and capital position

Eberhard Mueller, CRO / Group Risk Management

17th International Investors' Day
London, 23 October 2014

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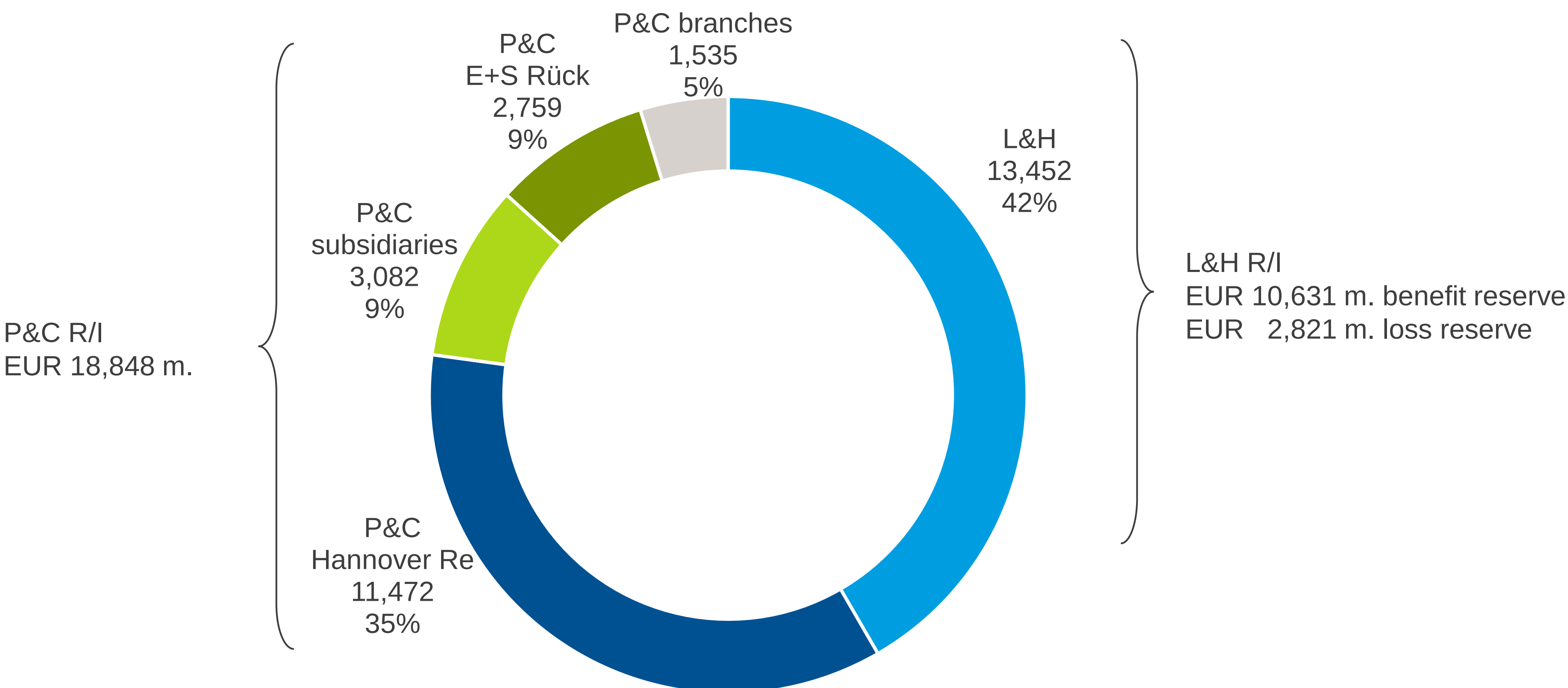
Two segments of reserves in our balance sheet

Recent figures from year-end 2013

Total gross reserves Hannover Re Group* EUR 32,300 m.



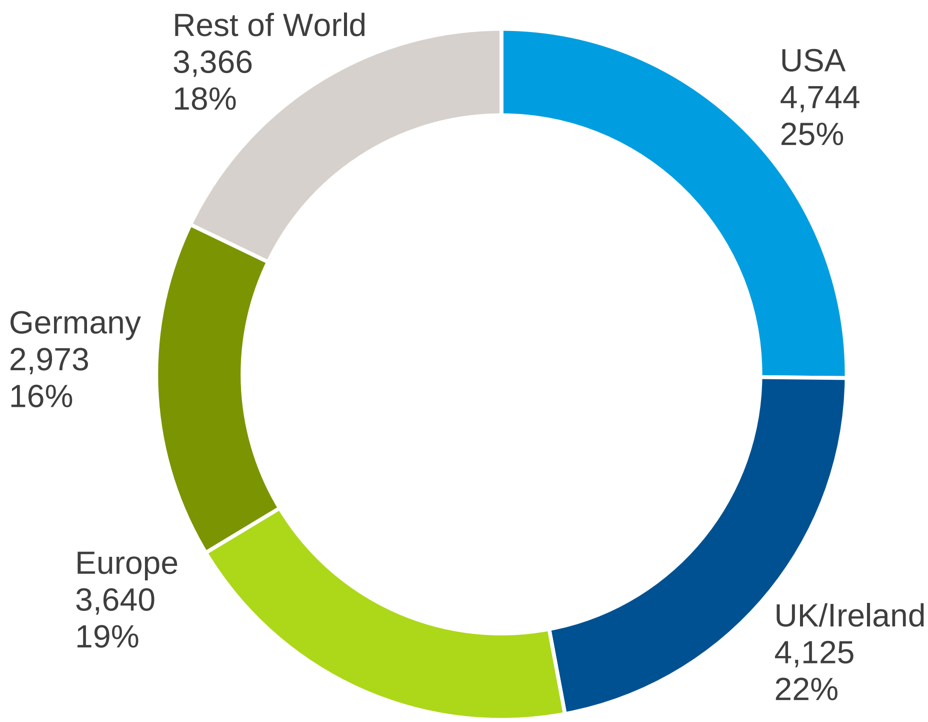
* As at 31 December 2013, consolidated, IFRS

P&C weight 58%, L&H slightly decreased to 42%

Well-diversified gross P&C loss reserves. . .

. . .across entities and countries

Total gross P&C reserves HR Group* EUR 18,848 m.



- Group-wide P&C reserve study (internal and external)
  - Hannover Re/E+S Rück, Canada, France, Bahrain / Takaful
    - calculations by GRM RES: EUR 14,939 m. (79%)
  - Bermuda, Australia, Malaysia, Shanghai
    - by external appointed actuaries: EUR 1,332 m. (7%)
  - UK(IICH), Ireland, Sweden, South Africa
    - by HR Group own actuaries: EUR 2,577 m. (14%)

* As at 31 December 2013, consolidated, IFRS

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Internal reserve studies 2009 - 2013 reviewed

by Towers Watson show increasing redundancies*

- For the HR Group, over the last 5 years, on average 3.1% of the net earned loss ratio for P&C business is due to net reserve redundancy increases

in m. EUR

Year	Redundancy	Increase redundancy	Effect on loss ratio	P&C premium (net earned)
2009	867	276	5.3%	5,230
2010	956	89	1.6%	5,394
2011	1,117	162	2.7%	5,961
2012	1,307	190	2.8%	6,854
2013	1,517	210	3.1%	6,866
2009 - 2013 total		**927**		**30,305**
2009 - 2013 average		**185**	**3.1%**	**6,061**

* Redundancy of loss and loss adjustment expense reserve for its P&C insurance business against held IFRS reserves, before tax and minority participations.
Towers Watson reviewed these estimates - more details shown in slide V (appendix)

No change in reserving policy in 2013

Reported loss triangles for HR/E+S*. . .

Reconciliation to our balance sheet

in m. EUR

No.	Line of business	Total reserves U/Y 1979 - 2001	U/Y 1979 - 2001 in % of HR Group	Total reserves U/Y 2002 - 2013	U/Y 2002 - 2013 in % of HR Group
1	General liability non-prop.	507.2	2.7%	3,822.2	20.3%
2	Motor non-prop.	448.1	2.4%	1,713.5	9.1%
3	General liability prop.	196.5	1.0%	1,662.0	8.8%
4	Motor prop.	153.8	0.8%	717.0	3.8%
5	Property prop.	26.2	0.1%	998.9	5.3%
6	Property non-prop.	12.9	0.1%	977.7	5.2%
7	Marine	39.0	0.2%	917.9	4.9%
8	Aviation	208.2	1.1%	676.5	3.6%
9	Credit/surety	37.6	0.2%	830.4	4.4%
	All lines of business	**1,629.4**	**8.6%**	**12,315.9**	**65.3%**

* As at 31 December 2013, consolidated, IFRS figures

. . .represent about 3/4 of our gross carried reserves

Data description and information

Understanding the data is crucial for interpretation, analysis and results!

- Statistical gross reported loss triangles based on cedents' original advices (paid and case reserve information)
- Converted to EUR with exchange rates as at 31 December 2013
- Figures in triangles do not include business written in branch offices and subsidiaries
- Data on underwriting-year basis
- Data are combined triangles for companies HR and E+S Rück

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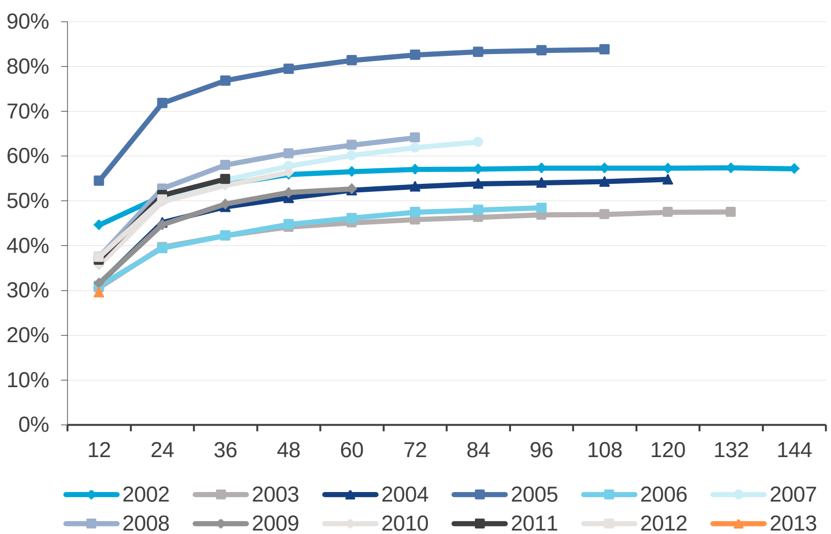
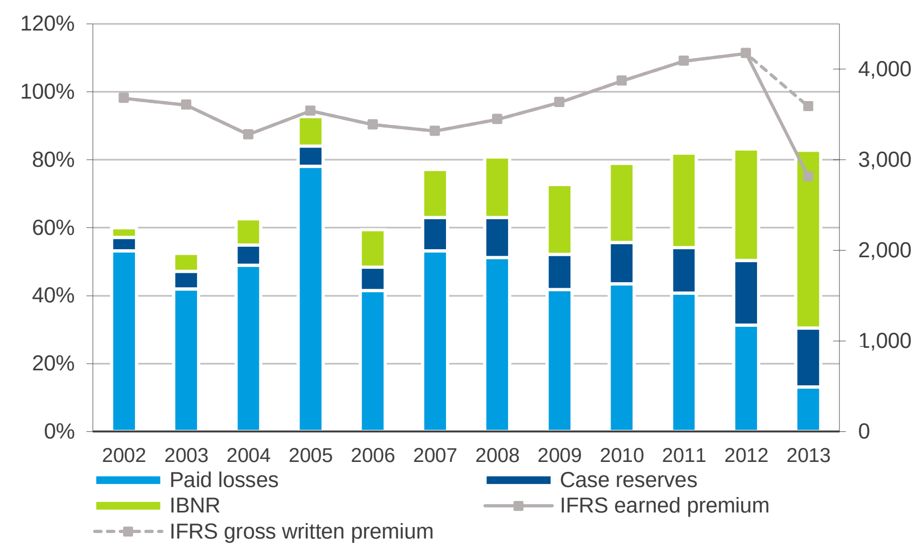
Reported claims triangle for HR/E+S*

Total (~2/3 of HR Group reserves shown in 9 individual triangles)

		Statistical data (as provided by cedents)												Booked data			
U/Y	IFRS earned premium	12	24	36	48	60	72	84	96	108	120	132	144	Ultimate loss ratio	Paid losses	Case reserves	IBNR balance
2002	3,678	44.6%	51.1%	53.7%	55.9%	56.6%	57.1%	57.1%	57.3%	57.3%	57.3%	57.4%	57.2%	60.0%	53.2%	4.0%	2.8%
2003	3,605	30.6%	39.7%	42.2%	44.2%	45.1%	45.8%	46.3%	46.9%	47.0%	47.5%	47.5%		52.5%	42.0%	5.2%	5.3%
2004	3,277	31.4%	45.2%	48.6%	50.6%	52.4%	53.2%	53.8%	54.1%	54.3%	54.8%			62.6%	49.0%	5.9%	7.7%
2005	3,539	54.5%	71.8%	76.8%	79.5%	81.4%	82.6%	83.3%	83.6%	83.8%				92.7%	78.1%	5.9%	8.7%
2006	3,386	31.0%	39.5%	42.3%	44.8%	46.1%	47.5%	48.0%	48.5%					59.5%	41.5%	6.9%	11.0%
2007	3,317	36.7%	49.9%	54.7%	57.8%	60.2%	61.9%	63.1%						77.2%	53.2%	9.8%	14.1%
2008	3,445	37.5%	52.7%	58.0%	60.6%	62.5%	64.1%							80.9%	51.2%	11.8%	17.9%
2009	3,633	31.6%	44.7%	49.3%	51.9%	52.7%								72.7%	41.8%	10.4%	20.5%
2010	3,870	35.6%	49.8%	53.5%	56.3%									78.9%	43.5%	12.2%	23.2%
2011	4,089	36.8%	51.2%	54.9%										81.9%	40.8%	13.4%	27.8%
2012	4,174	37.4%	50.3%											83.1%	31.3%	19.1%	32.8%
2013	2,815	29.6%												82.8%	13.1%	17.4%	52.2%





* As at 31 Dec 2013 (in m. EUR), consolidated, IFRS, development in months

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Reserving risk is reflected in the variation in ultimate loss ratios

Total (~2/3 of HR Group reserves shown in 9 individual triangles)

U/Y	Ultimate loss ratio 2008	Ultimate loss ratio 2009	Ultimate loss ratio 2010	Ultimate loss ratio 2011	Ultimate loss ratio 2012	Ultimate loss ratio 2013	Paid losses 2013	Case reserves 2013	IBNR balance 2013
2002	61.1%	62.2%	61.5%	61.0%	60.3%	60.0%	53.2%	4.0%	2.8%
2003	54.8%	57.1%	54.8%	53.5%	52.7%	52.5%	42.0%	5.2%	5.3%
2004	66.9%	65.8%	65.1%	63.8%	62.8%	62.6%	49.0%	5.9%	7.7%
2005	98.9%	96.2%	96.2%	95.8%	94.1%	92.7%	78.1%	5.9%	8.7%
2006	66.2%	65.2%	63.3%	62.1%	60.9%	59.5%	41.5%	6.9%	11.0%
2007	79.5%	80.2%	78.3%	77.1%	77.5%	77.2%	53.2%	9.8%	14.1%
2008	85.8%	84.8%	83.2%	84.1%	81.8%	80.9%	51.2%	11.8%	17.9%
2009		78.8%	78.3%	75.8%	73.1%	72.7%	41.8%	10.4%	20.5%
2010			81.2%	84.1%	81.4%	78.9%	43.5%	12.2%	23.2%
2011				85.6%	82.4%	81.9%	40.8%	13.4%	27.8%
2012					89.1%	83.1%	31.3%	19.1%	32.8%
2013						82.8%	13.1%	17.4%	52.2%

As at 31 December 2013 (in m. EUR), consolidated, IFRS, development in months

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Reserving risk

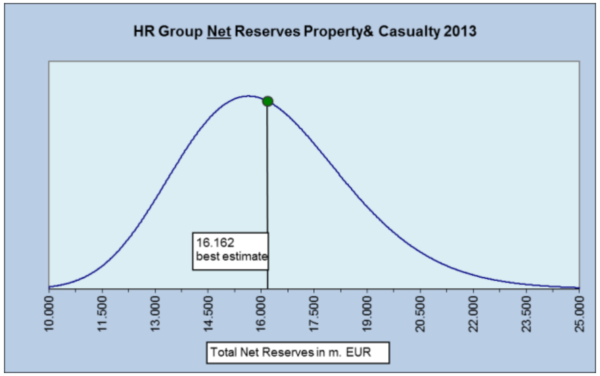
One of our greatest risks in Property & Casualty. . .

- The probability that a loss originated by underwriting risks (reserve risk, premium risk, cat risk) exceeds EUR 1,520 m. is only 4%
- In other words: our confidence level is 96%
- If the pure reserve risk is considered, the confidence level would be even higher

Required risk capital[1] for underwriting risks in non-life reinsurance

in EUR million	2013
Premium risk (incl. catastrophe risk)	2,015.3
Reserving risk	1,528.4
Diversification	(805.1)
Underwriting risks in non-life reinsurance	**2,738.6**

[1] Required risk capital with a confidence level of 99.5%



. . .is well managed by our high confidence level

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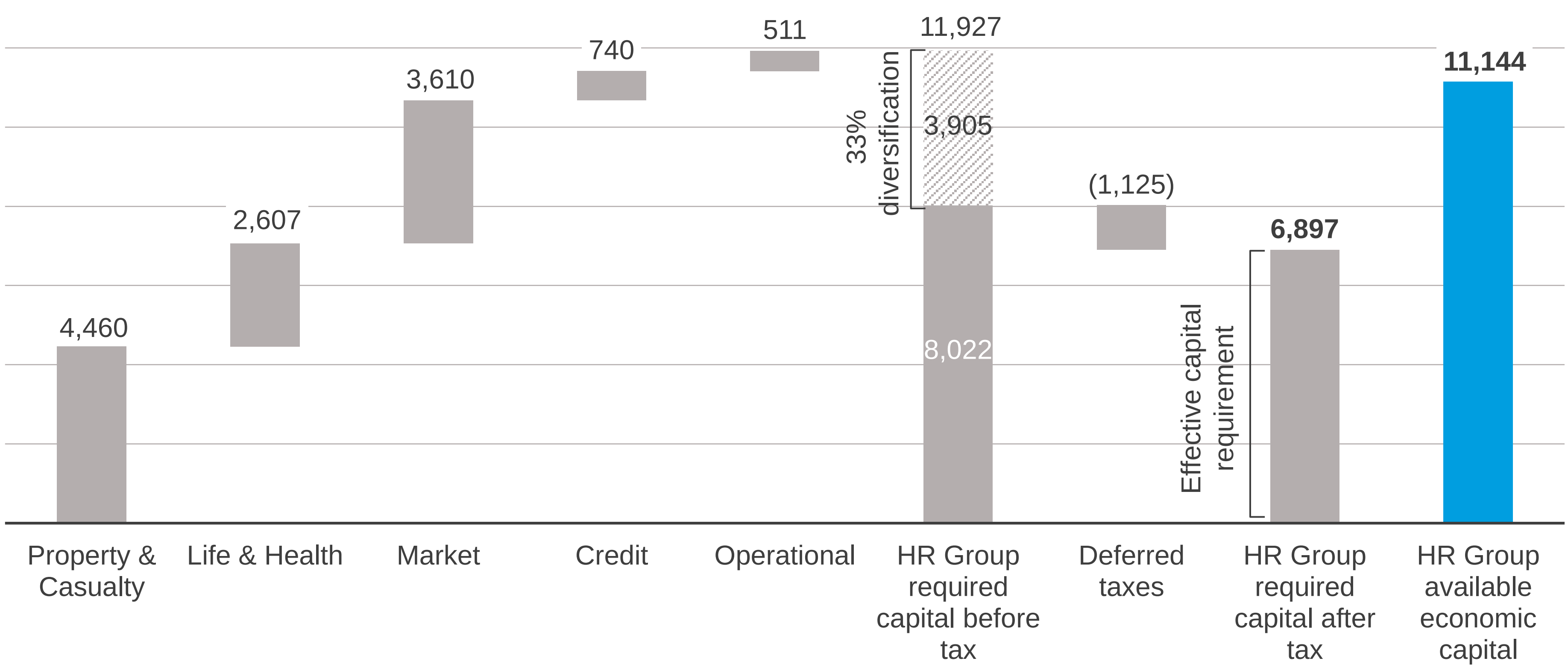
Capitalisation

Hannover Re maintains a strong capital position

Capitalisation ratio: 162% (relative to internal target VaR 99.97%)

Risk capital for the 99.97% VaR (according to economic capital model) in m. EUR



As at December 2013
In the past year the presentation of risks has been changed. In view of a more transparent presentation of diversification and tax effects the required capital for the different risk categories is now shown before consideration of tax effects and as the change relative to the expected target (instead of initial value).

We control capital basis and operational volatility

Overview of top-level strategic targets

	Q2/2014	Limit
Available capital (in m. EUR)	11,144	
Required capital (in m. EUR)	6,897	
Coverage	4,247	
Capital adequacy ratio	162%	100%

Probability of ruin	Q2/2014	Limit
Probability of a total loss of shareholders' equity	0.1‰	0.3‰
Probability of a total loss of economic capital	<0.1‰	0.3‰

Monitoring of capital basis (excl. hybrid capital)

Probability of adverse earnings	Q2/2014	Limit
Probability of a negative net income	5.1%	10.0%
Probability of a negative EBIT	3.7%	10.0%

Monitoring of operational volatility

Required capital: Value-at-Risk at a confidence level of 99.97%

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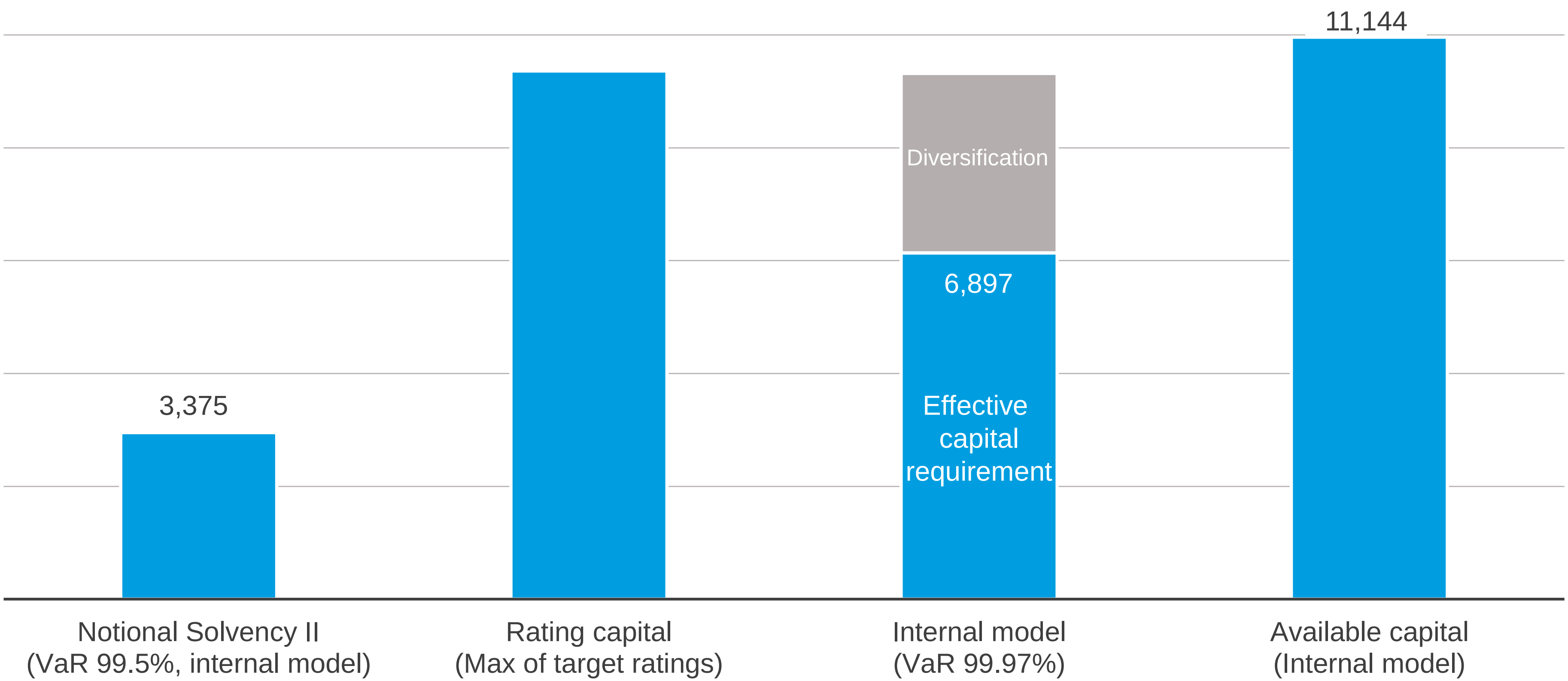
Holding of undiversified capital due to rating targets

Solvency II will not be a driving capital factor

Risk capital in m. EUR



All figures as at December 2013

Hannover Re is well capitalised

Available capital significantly exceeds required capital

	2009	2010	2011	2012	2013
Solvency margin 1)	60.4%	69.5%	68.3%	72.9%	71.7%
Solvency margin 99.97% VaR 2)	158.6%	154.9%	159.7%	170.0%	161.6%
Solvency margin 99.5% VaR 2)	-	336.1%	302.5%	335.2%	330.2%
Debt/equity ratio 3)	32.1%	36.5%	30.9%	33.3%	34.3%
Interest coverage 4)	14.9x	13.8x	8.5x	13.3x	9.7x
Reserve/premium ratio 5)	270.1%	275.1%	292.7%	268.4%	270.6%

1) (Shareholders' equity + non-controlling interests + hybrid)/Net premium earned
2) According to our internal model
3) Debt/(Stockholders' equity + non-controlling interests)
4) EBIT/Interest on hybrid capital
5) Net reserves/net premium earned (group)

Internal model is basis for capital monitoring and allocation
Risk map overview

Property & Casualty underwriting risks	Life & Health underwriting risks	Market risk	Credit risk	Operational risks
Premium	Longevity & Mortality	Equity	Cedant default	People
Catastrophe	Morbidity & Disability	Interest rate	Retrocession default	Systems
Reserve	Lapse	Real estate	Default of other counterparties	Processes
	Catastrophe	Foreign exchange		External events
		Spread		

- Risk factor and dependency model calibration is based on
  - Hannover Re's internal loss data base and expert assessments
  - Publically available and private market data
- The capital model covers the business operations of the Hannover Re Group, i.e. including all its subsidiaries
- Main applications of the model, such as capital cost allocation and strategic asset allocation, cover the whole insurance group

Capital allocation depends on risk profile

. . . for our underwriters and our investment decisions?

	Risk capital	X	MRC	/	NPE	⇒	Capital margin above risk-free (pre-tax)	+	Admin. and other expenses*	⇒	Total margin above risk-free (pre-tax)
P&C reinsurance	55.0% 5,115	X	10.1%	/	7,300	⇒	7.1%	+	3.7%	⇒	**10.8%**
L&H reinsurance	22.5% 2,093	X	10.1%	/	5,600	⇒	3.8%	+	3.9%	⇒	**7.7%**
					AuM						
Investment management	22.5% 2,093	X	10.1%	/	33,000	⇒	0.64%	+	0.12%	⇒	**0.76%**

As at September 2013; risk capital, NPE: figures in m. EUR

* E.g. expenses for the company as a whole

Significant capital growth in 2013
Reconciliation (economic capital/shareholders' equity)

Reconciliation (economic capital / shareholders' equity) in m. EUR	**2013**	**2012**
Shareholders' equity	6,530.0	6,714.1
Value adjustments for Property & Casualty reinsurance	1,627.8	775.2
Value adjustments for Life & Health reinsurance	1,116.5	930.5
Value adjustments for assets under own management	357.6	599.0
Value adjustments due to tax effects and other	(725.8)	(558.1)
Economic equity	**8,906.1**	**8,460.7**
Hybrid capital	2,237.8	2,233.0
Available economic capital	**11,143.9**	**10,693.7**

- P&C: positive result with further reserve strengthening
- L&H: new business delivers positive capital contribution
- Additional reserves built up for assets under management

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Required risk capital is carefully managed
Risk grows in line with capital basis and business

Required risk capital in m. EUR	2013		2012	
	Confidence level 99.97%	Confidence level 99.5%	Confidence level 99.97%	Confidence level 99.5%
Underwriting risk Property & Casualty reinsurance	4,459.9	2,738.6	4,025.5	2,610.6
Underwriting risk Life & Health reinsurance	2,607.3	1,434.3	2,592.8	1,336.6
Market risk	3,609.5	2,032.9	3,465.0	1,898.0
Credit risk	739.5	324.0	737.2	316.6
Operational risk	510.7	296.8	556.9	267.5
Diversification	(3,905.2)	(2,187.7)	(3,781.5)	(2,237.9)
Tax effects	(1,124.8)	(1,263.7)	(1,303.8)	(1,000.9)
Hannover Re Group	**6,896.9**	**3,375.2**	**6,292.1**	**3,190.5**

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Capital allocation provides steering effect towards diversification

. . .on this segment level and on individual risk / treaty basis

Diversification effect within the P&C reinsurance business group **Risk capital* per line of business for the 99.5% VaR** in m. EUR	**2013**
North America	734.9
Germany	458.3
Marine	289.7
Aviation	269.6
Credit, surety & political risks	789.1
Structured reinsurance products & ILS	146.2
UK, London market & direct business	375.9
Worldwide treaty	508.2
Global cat. XL	562.6
Facultative business	636.6
Diversification	*(2,032.5)*
Total Property & Casualty	**2,738.6**

* The presentation of risks has been changed analogue to the presentation of the different risk categories. In view of a more transparent presentation of diversification effects the required capital is now shown as the change relative to the expected target (instead of initial value).

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Improving diversification within Life & Health

. . .due to growing annuity business

Required risk capital* underwriting risks Life & Health reinsurance in m. EUR	**2013**
Mortality risk	1,216.6
Longevity risk	693.7
Morbidity and disability risk	293.3
Lapse risk	485.9
Diversification	(1,255.2)
Underwriting risk Life & Health	**1,434.3**

* Required risk capital at a confidence level of 99.5%

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Market risks by risk category

Dominating factor is the composition of the fixed-income portfolio

Required risk capital[1] market risks in m. EUR	**2013**
Credit and spread risk	1,408.1
Interest rate risk	812.9
Foreign exchange risk	816.0
Equity risk[2]	531.0
Real estate risk	287.7
Diversification	(1,822.8)
Market risk	**2,032.9**

1) Required risk capital at a confidence level of 99.5%
2) Incl. private equity

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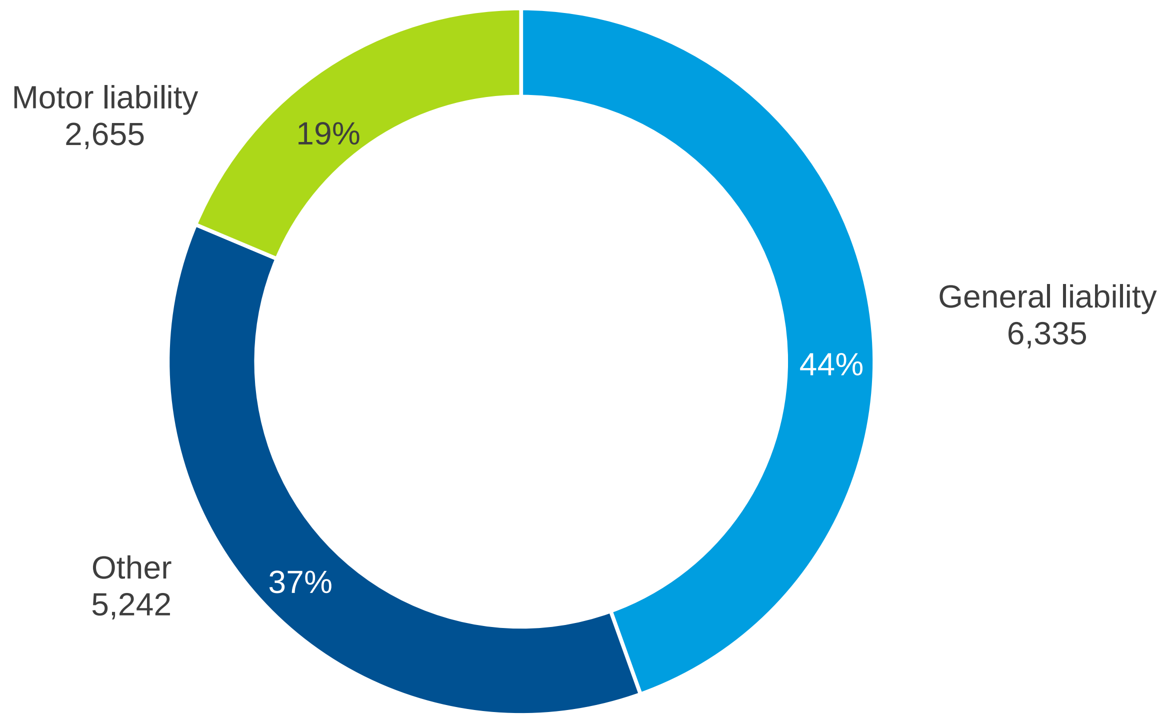
Appendix

About 45% related to general liability

Driven by premium volume in recent U/Y

Gross P&C reinsurance loss reserves* EUR 14,231 m.

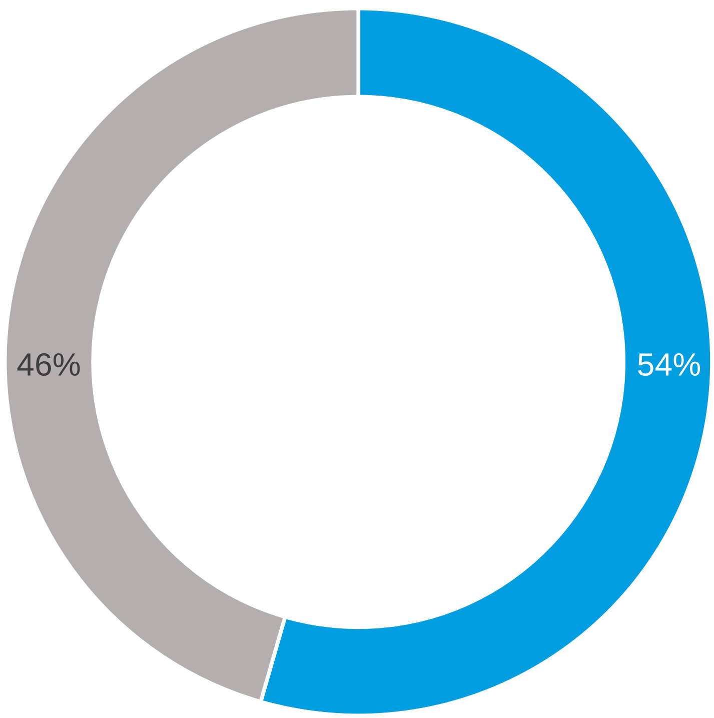


* HR and E+S as at 31 December 2013, consolidated, IFRS figures

Estimation system & bulk IBNR

Roughly one half of own IBNR is self-made

"Home-made" IBNR* EUR 14,231 m.



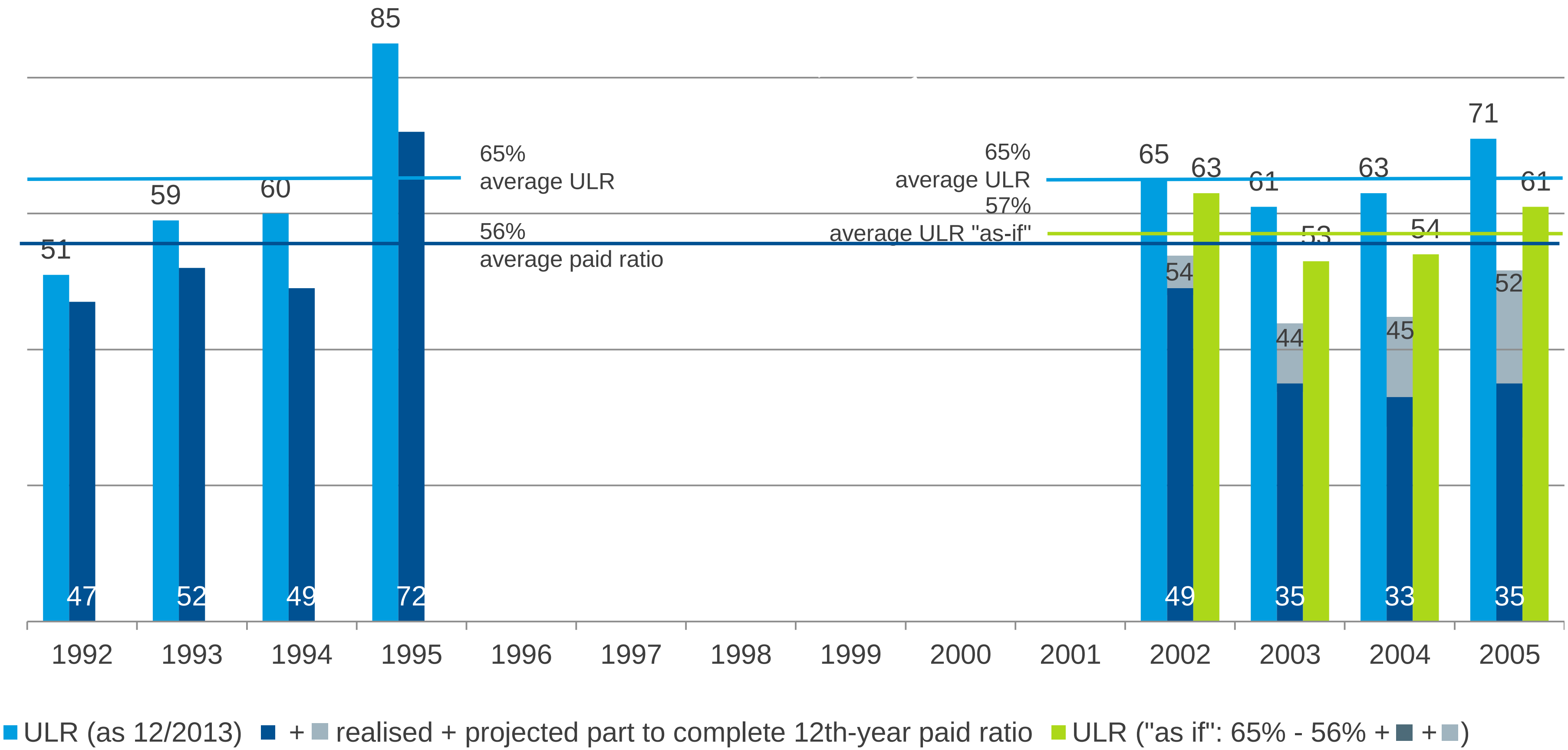
* HR and E+S as at 31 December 2013, consolidated, IFRS figures

US/Bermuda liability non-proportional: looks promising

On average still ~7%pts higher ULRs than mature years suggest

Ultimate Loss Ratios (ULR)

in %



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Individual aspects
Special A&E reserves

- 2013 A&E reserves are prudent best estimates and exceed the corresponding internal reserve study estimates reviewed by Towers Watson*
  - IBNR factor of 5.9 reduced from 6.6 at previous year-end
  - Paid Survival ratio increased to 32.1 years from 29.1 years at previous year-end

Financial year	Case reserves	HR additional reserves for A&E (in TEUR)	Total reserve for A&E (in TEUR)	3-year-average paid (in TEUR)	Survival ratio	IBNR factor = add. reserves/case reserves
2007	26,532	119,192	145,724	5,555	26.2	4.5
2008	22,988	127,164	150,152	6,008	25.0	5.5
2009	26,216	171,363	197,579	8,130	24.3	6.5
2010	29,099	182,489	211,588	9,270	22.8	6.3
2011	28,422	193,957	222,379	8,574	25.9	6.8
2012	27,808	182,240	210,049	7,210	29.1	6.6
2013	28,839	170,805	199,643	6,224	32.1	5.9

* More details of Towers Watson´s review are shown in slide V (Appendix)

Details on reserve review by Towers Watson

- The scope of Towers Watson's work was to review certain parts of the held loss and loss adjustment expense reserve, net of outwards reinsurance, from Hannover Rück SE's consolidated financial statements in accordance with IFRS as at each 31 December from 2009 to 2013, and the implicit redundancy margin, for the non-life business of Hannover Rück SE. Towers Watson concludes that the reviewed loss and loss adjustment expense reserve, net of reinsurance, less the redundancy margin is reasonable in that it falls within Towers Watson's range of reasonable estimates.
  - Life reinsurance and health reinsurance business are excluded from the scope of this review.
  - Towers Watson's review of non-life reserves as at 31 December 2013 covered 99.1% / 99.1% of the gross / net held non-life reserves of €18.8 billion and € 17.7 billion respectively. Together with life reserves of gross €2.8 billion and net €2.6 billion, the total balance sheet reserves amount to €21.7 billion gross and €20.3 billion net.
  - The results shown in this presentation are based on a series of assumptions as to the future. It should be recognised that actual future claim experience is likely to deviate, perhaps materially, from Towers Watson's estimates. This is because the ultimate liability for claims will be affected by future external events; for example, the likelihood of claimants bringing suit, the size of judicial awards, changes in standards of liability, and the attitudes of claimants towards the settlement of their claims.
  - The results shown in Towers Watson's reports are not intended to represent an opinion of market value and should not be interpreted in that manner. The reports do not purport to encompass all of the many factors that may bear upon a market value.
  - Towers Watson's analysis was carried out based on data as at evaluation dates for each 31 December from 2009 to 2013. Towers Watson's analysis may not reflect development or information that became available after the valuation dates and Towers Watson's results, opinions and conclusions presented herein may be rendered inaccurate by developments after the valuation dates.
  - As is typical for reinsurance companies, the claims reporting can be delayed due to late notifications by some cedants. This increases the uncertainty in the estimates.
  - Hannover Rück SE has asbestos, environmental and other health hazard (APH) exposures which are subject to greater uncertainty than other general liability exposures. Towers Watson's analysis of the APH exposures assumes that the reporting and handling of APH claims is consistent with industry benchmarks. However, there is wide variation in estimates based on these benchmarks. Thus, although Hannover Rück SE's held reserves show some redundancy compared to the indications, the actual losses could prove to be significantly different to both the held and indicated amounts.
  - Towers Watson has not anticipated any extraordinary changes to the legal, social, inflationary or economic environment, or to the interpretation of policy language, that might affect the cost, frequency, or future reporting of claims. In addition, Towers Watson's estimates make no provision for potential future claims arising from causes not substantially recognised in the historical data (such as new types of mass torts or latent injuries, terrorist acts), except in so far as claims of these types are included incidentally in the reported claims and are implicitly developed.
  - In accordance with its scope Towers Watson's estimates are on the basis that all of Hannover Rück SE's reinsurance protection will be valid and collectable. Further liability may exist for any reinsurance that proves to be irrecoverable.
  - Towers Watson's estimates are in Euros based on the exchange rates provided by Hannover Rück SE as at each 31 December evaluation date. However, a substantial proportion of the liabilities is denominated in foreign currencies. To the extent that the assets backing the reserves are not held in matching currencies, future changes in exchange rates may lead to significant exchange gains or losses.
  - Towers Watson has not attempted to determine the quality of Hannover Rück SE's current asset portfolio, nor has Towers Watson reviewed the adequacy of the balance sheet provisions except as otherwise disclosed herein.

- In its review, Towers Watson has relied on audited and unaudited data and financial information supplied by Hannover Rück SE and its subsidiaries, including information provided orally . Towers Watson relied on the accuracy and completeness of this information without independent verification.
- Except for any agreed responsibilities Towers Watson may have to Hannover Rück SE, Towers Watson does not assume any responsibility and will not accept any liability to any person for any damages suffered by such person arising out of this commentary or references to Towers Watson in this document.

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P&C strategies in a competitive market

Juergen Graeber, Member of the Executive Board/COO P&C R/I

17th International Investors' Day
London, 23 October 2014

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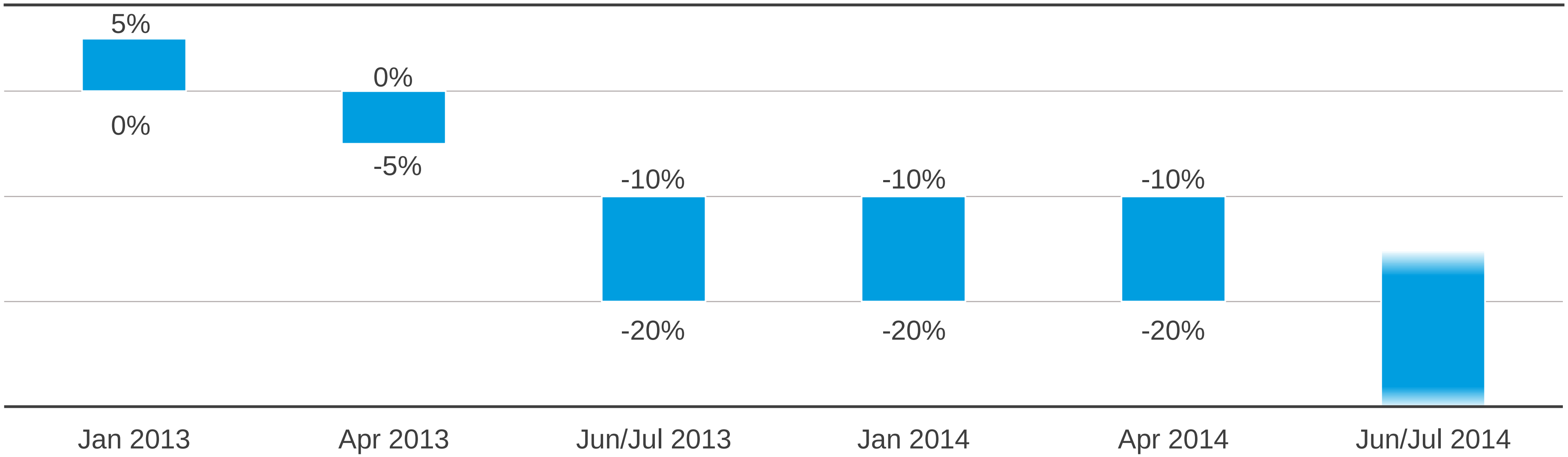
Today: "intense competition and ongoing pricing pressure"*

State of the property cat market

Worldwide property cat risk-adjusted rate-on-line changes



- How to compete in these market environments? Dowling said, we need
  - great risk assessment
  - great access to business
  - rigorous management of the cost of capital

* Source: IBNR weekly, broker reports, D&P Analysis

We experienced many cycles in the past. What is different today?

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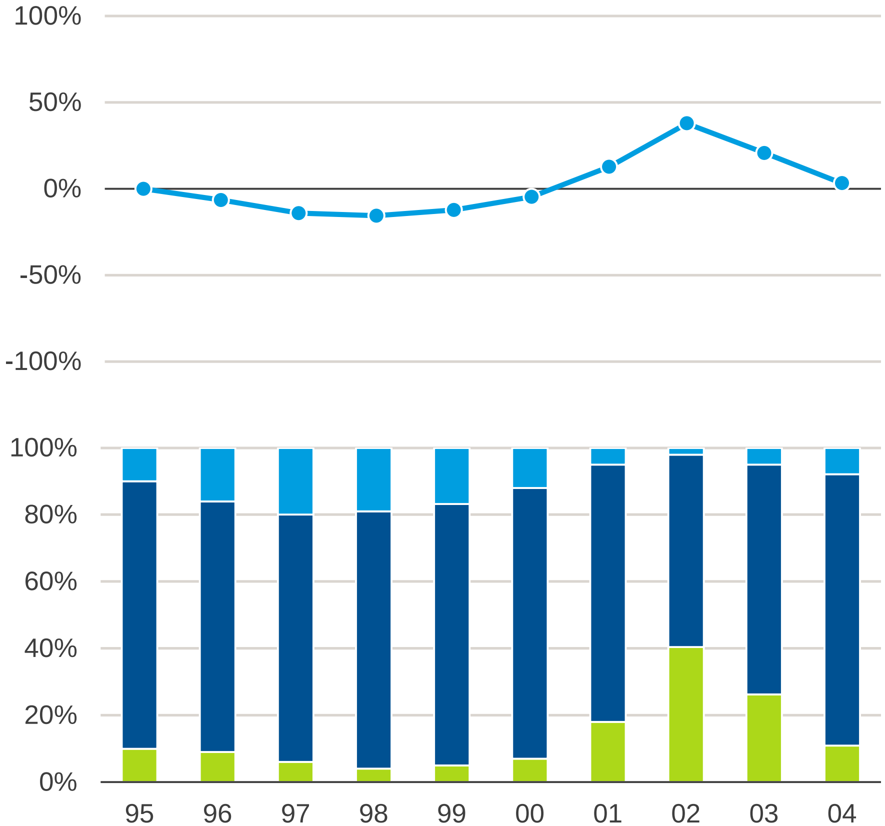
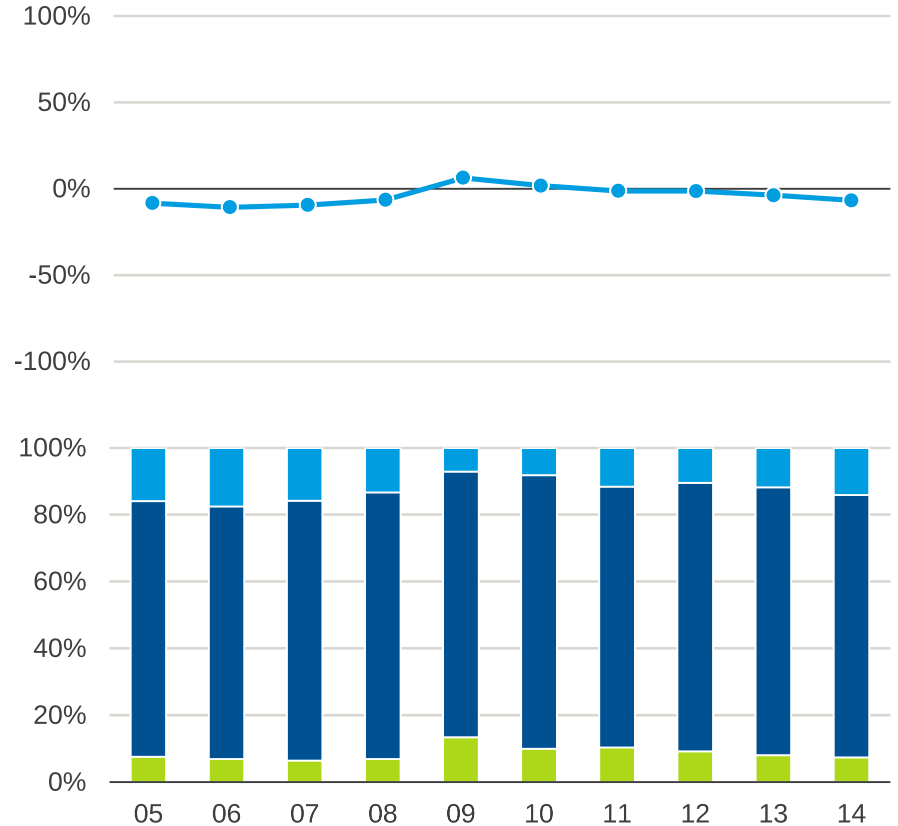
Comparing cycles: proportional business cycles have flattened

Market cycles from Hannover Re's perspective

Then*



Today*



Net change (improvement - deterioration) Improvement Unchanged Deterioration

* Comparison of commission, Hannover Re portfolio

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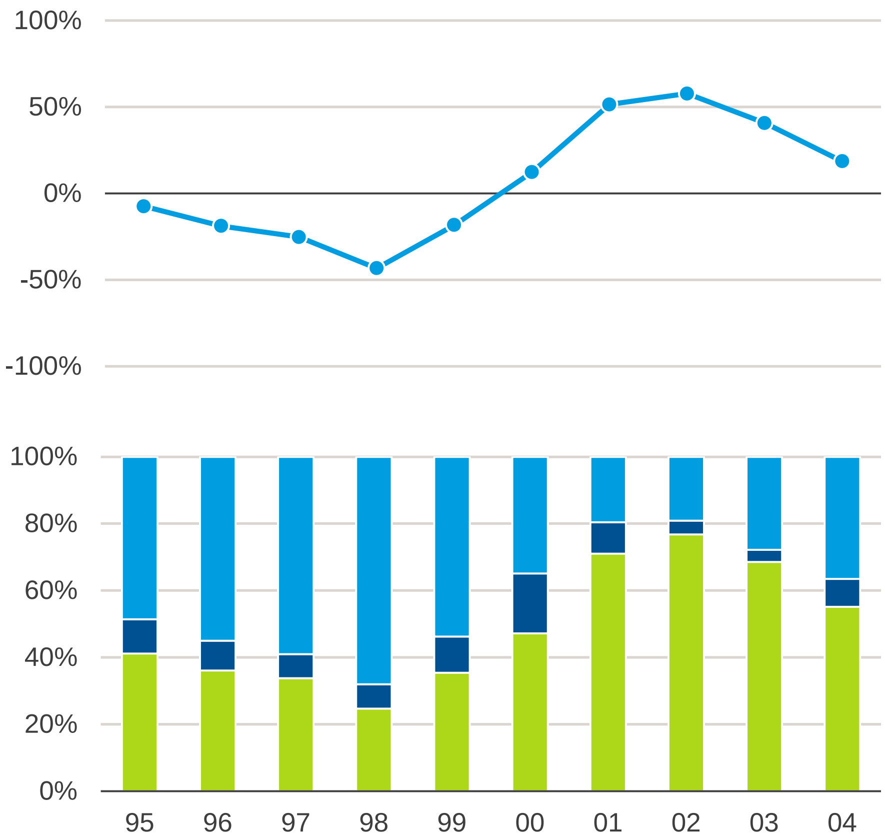
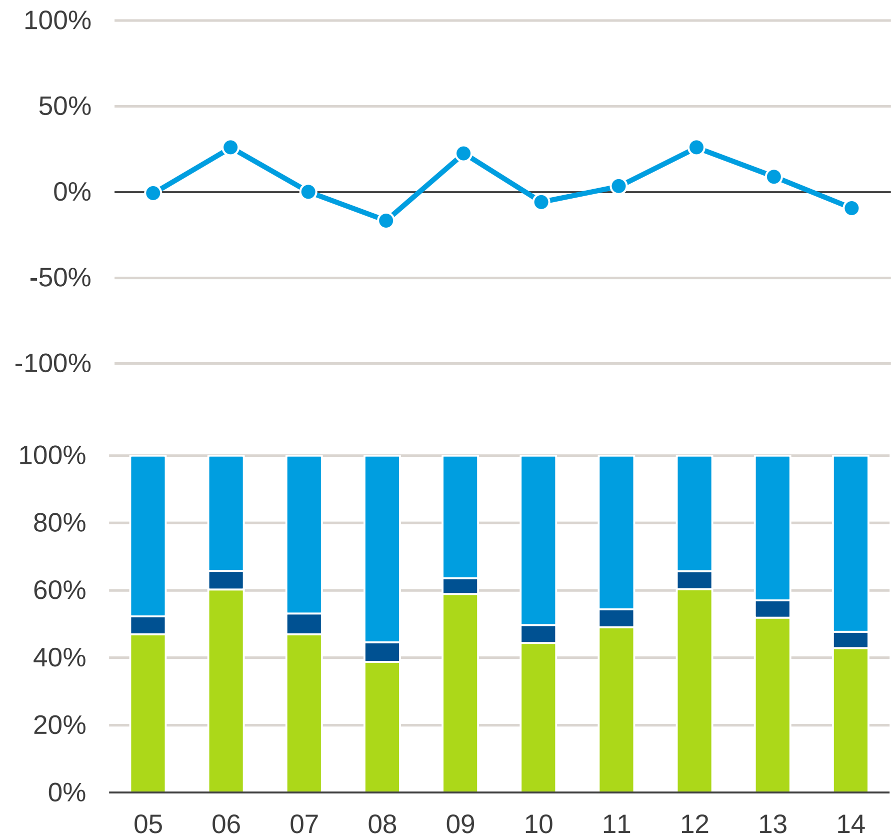
Shorter cycles in non-proportional biz for a variety of reasons

Market cycles from Hannover Re's perspective

Then*



Today*



Net change (improvement - deterioration) | Improvement | Unchanged | Deterioration

* Comparison of rate on line (RoL), Hannover Re portfolio

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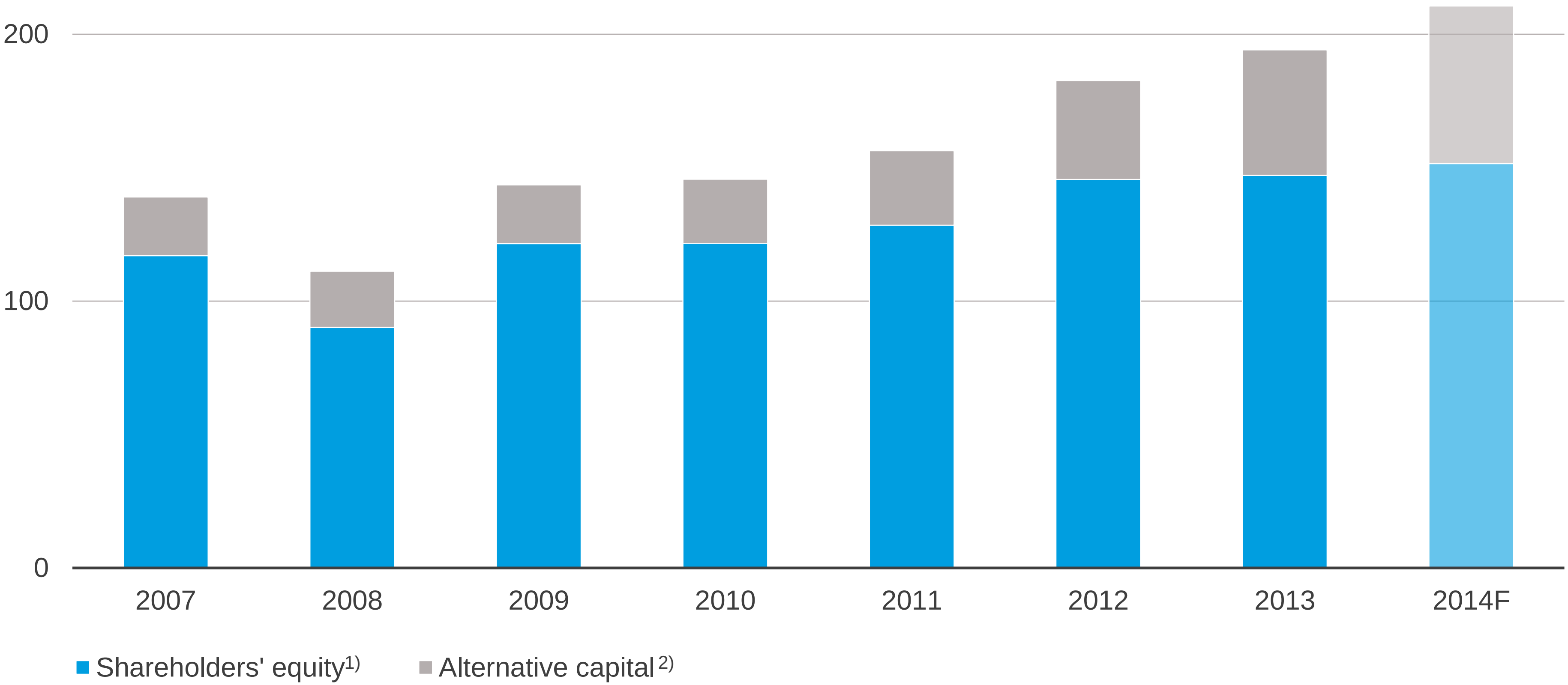
What differentiates the cycles: increase in capital

Taking into account both traditional as well as non-traditional capital

Development of reinsurance capital

in bn. USD



1) Source: A.M. Best., Top 10 Global Reinsurance Groups excl. Berkshire Hathaway
2) Alternative capital based on own estimates; forecast based on own conservative scenario

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What differentiates the cycles: new classes of R/I capital

▶ 1970s	Development of Bermudian captive insurance market
▶ 1980s	Development of islands' excess liability insurance market
▶ 1990s	Development of highly technical, modelling-oriented R/I market
▶ 1992	Led to rapidly increased rates and attracted significant amounts of capital "Class of 1993" (8 in all) Cat Ltd., Global Capital Re, IPC Re, LaSalle Re, Mid-Ocean Re, Partner Re, Renaissance Re and Tempest Re
▶ 2001	"Class of 2001" companies (7 in all) Arch, AXIS, Allied World Assurance Company Ltd., Endurance Specialty Holdings Ltd. and Montpelier Re Holdings Ltd. Additionally, two special-purpose vehicles, Olympus Re and DaVinci Re
▶ 2005	Amlin, Ariel Re, Brit, Catlin (moved headquarters to BDA), Flagstone Re, Hiscox, Lancashire, Omega, Validus Re 2006 start-ups, side-cars and Lloyds Syndicates
▶ 2012	Alternative markets replace the waves of new company classes

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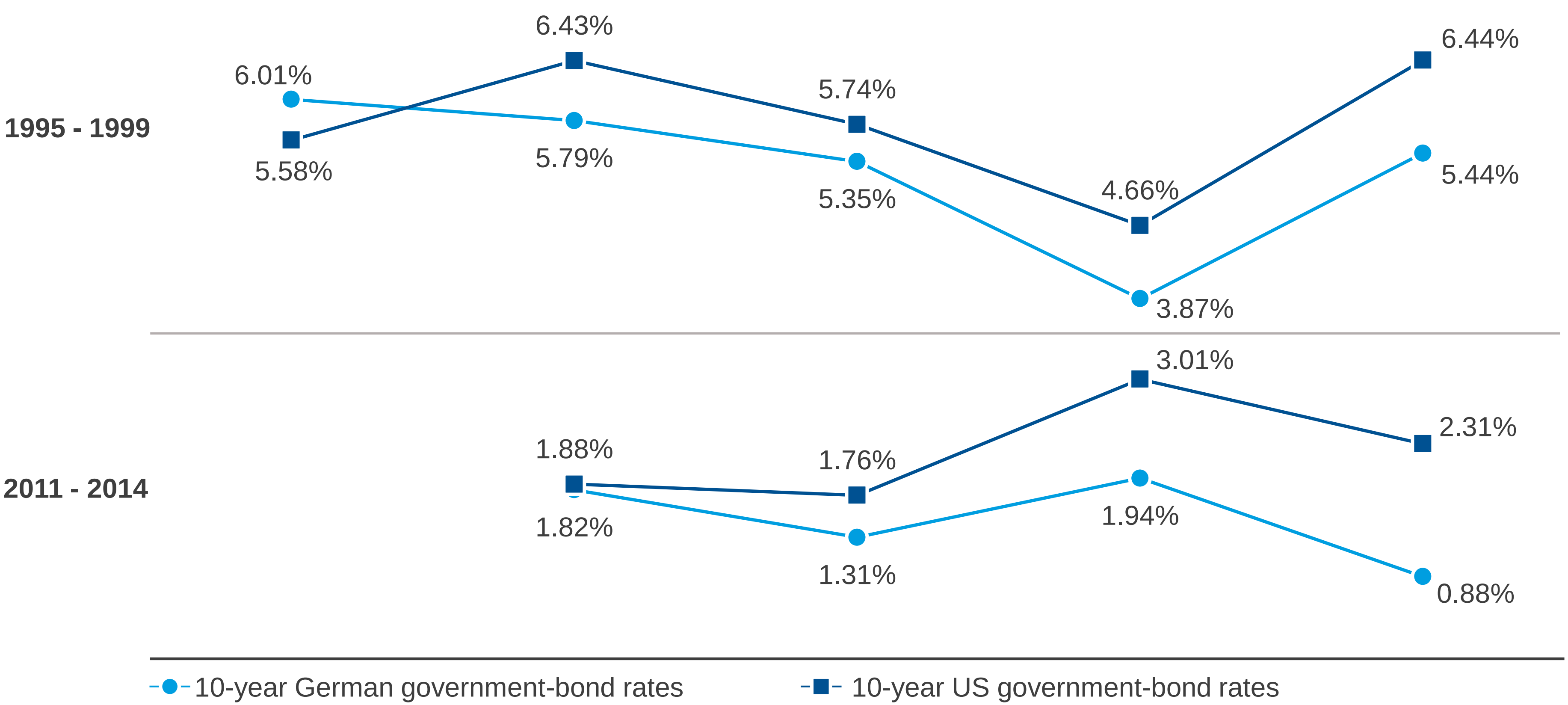
What differentiates the cycles: yield environment

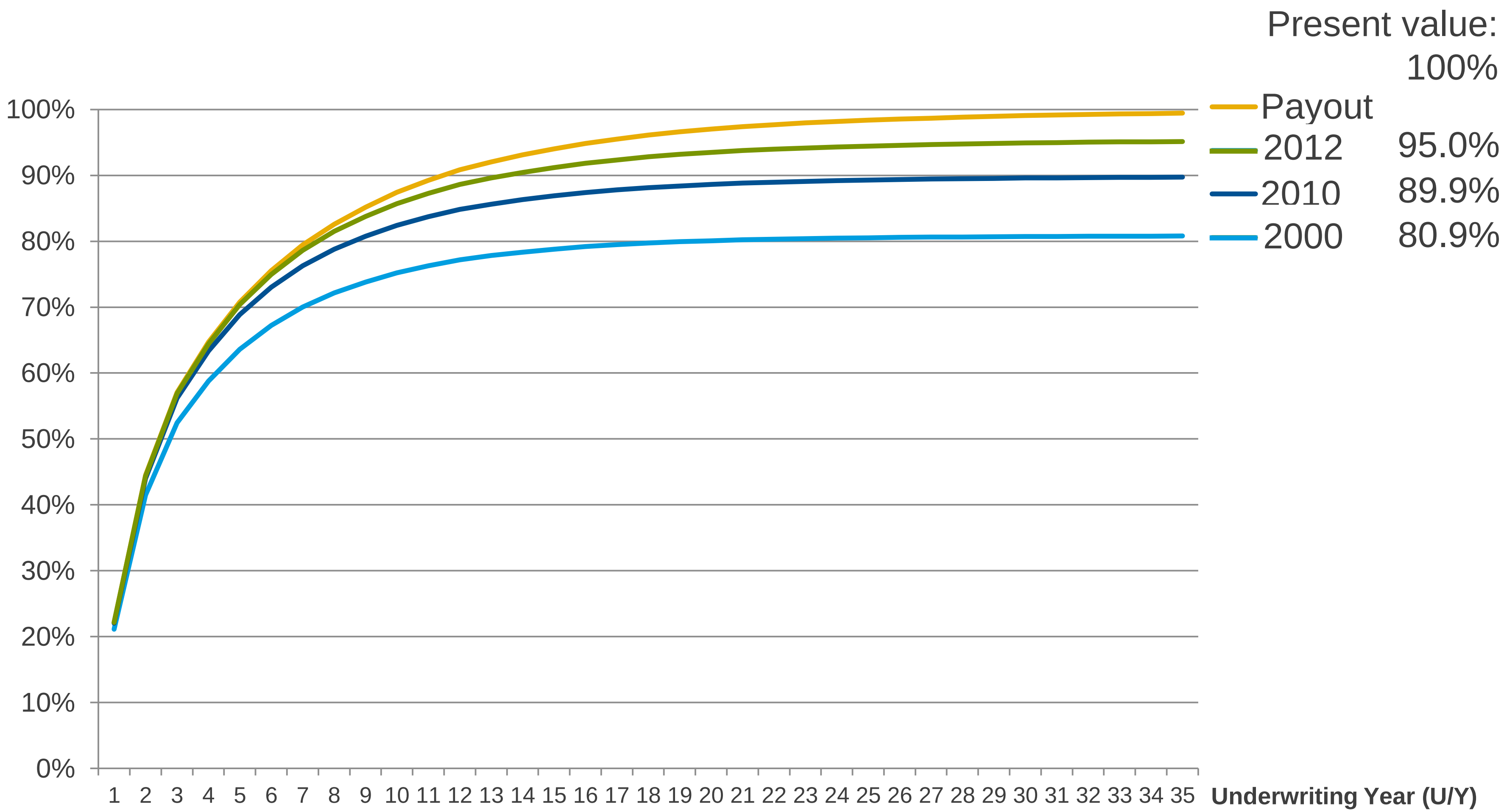
10-year government-bond rates (risk free)



2014 as at October 2014

Low interest environment and its impact on P&C reinsurance

Discounting effect on total P&C portfolio



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What differentiates the cycles: reserve redundancies

Hannover Re has more reserve buffers now than at the end of the previous cycle

End of 1990s up to 2001

- Worsening U/Y results for soft market years with high loss ratios

	Booked data				
U/Y	IFRS NPE	Ultimate loss ratio	Paid losses	Case reserves	IBNR balance
1997	1,906	76.9%	72.0%	3.6%	1.3%
1998	1,950	91.2%	85.9%	3.8%	1.4%
1999	2,173	104.3%	98.0%	4.4%	2.0%
2000	2,413	116.5%	102.4%	11.2%	2.9%
2001	3,179	97.6%	89.6%	5.6%	2.4%

- No substantial reserve buffers left
  - According to internal as well as external reserve studies at the end of the soft market no substantial reserve buffers could be seen in the data

Hannover Re data

2011 ongoing

- Positive development of hard market U/Y loss ratios with attractive low C/R

	Booked data				
U/Y	IFRS NPE	Ultimate loss ratio	Paid losses	Case reserves	IBNR balance
2006	3,386	59.5%	41.5%	6.9%	11.0%
2007	3,317	77.2%	53.2%	9.8%	14.1%
2008	3,445	80.9%	51.2%	11.8%	17.9%
2009	3,633	72.7%	41.8%	10.4%	20.5%

- Increasing reserve redundancies (in m. EUR)

FY	Redundancy	Increased redundancies	Effect on loss ratio	P&C NPE
2009	867	276	5.3%	5,230
2010	956	89	1.6%	5,394
2011	1,117	162	2.7%	5,961
2012	1,307	190	2.8%	6,854
2013	1,517	210	3.1%	6,866
Total		**927**		**30,305**
Average		**185**	**3.1%**	**6,061**

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There are of course more aspects taken into account...

...when comparing the cycles

End of 1990s

- Overabundance of capital
- Double-digit annual price decline
- Industry consolidation
- High interest rates and a booming stock market
- Low underwriting discipline
- Multiple-year contracts
- Strong competition
- UniCover: workers' comp. carve-out and London Market Spiral
- No or too small net retentions of programme (MGA) writers
- Liberal arrangements for fronting
- Limited underwriting controls on MGAs
- Soft market was driven mostly by reinsurers

2013 ongoing

- Excess capital
- Worsening of terms
- Overcapacity
- Low interest rates
- Alternative reinsurance
- Reserve redundancies
- Higher retentions from stronger capital base of insurers and reinsurers
- Aggressive competition
- Strong regulatory oversight
- Development of sophisticated models
- ILS investors do not focus on long-term relationships
- Strongly innovative product development

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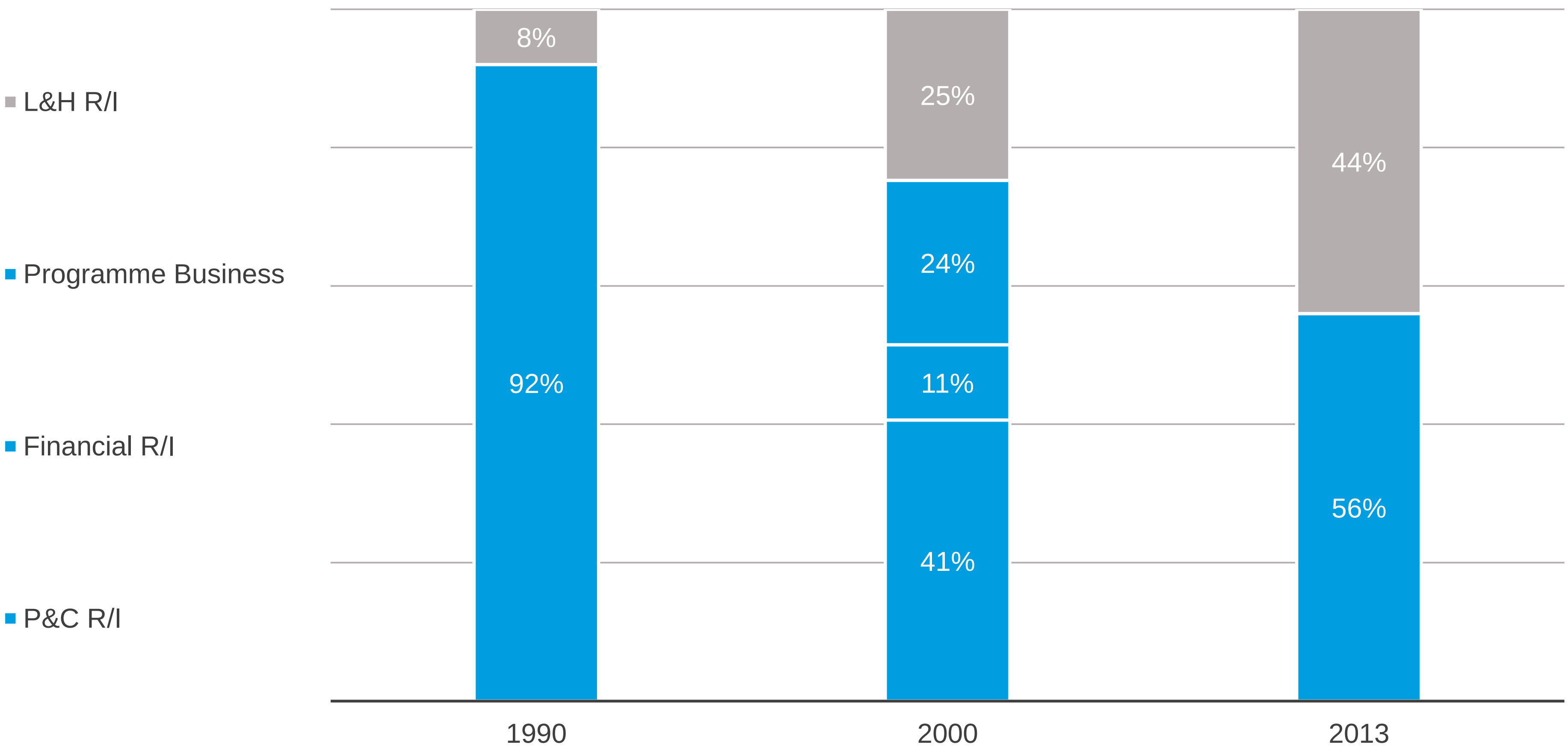
Our perspective: diversification in the past and today

The improvement of the business mix has been an ongoing measure

Gross written premium split by business groups



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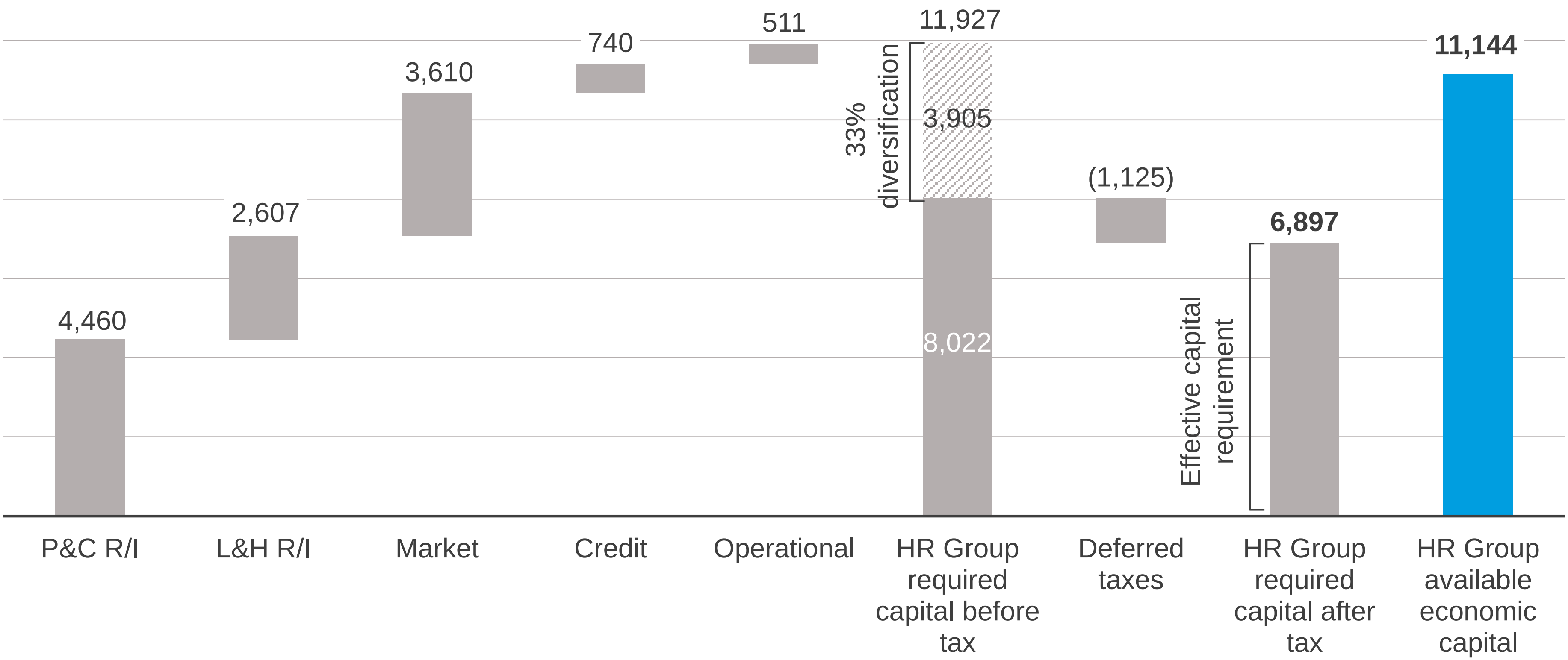
Diversification reduces capital requirements by 33%

Capitalisation ratio of 162%

Risk capital for the 99.97% VaR (according to economic capital model) in m. EUR



As at December 2013
In the past year the presentation of risks has been changed. In view of a more transparent presentation of diversification and tax effects the required capital for the different risk categories is now shown before consideration of tax effects and as the change relative to the expected target (instead of initial value).

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A challenging plus competitive environment

Challenges

- Reinsurer capital at record level
- Abundant capacity
- Strong competition
- Higher retentions in insurance industry
- Alternative capital

- Low (re-)investment yield

Pressure on reinsurance rates

Pressure on investment returns

Our measures

Excerpts from our P&C strategy

1. No growth targets in NatCat business
2. Realise growth opportunities in selected markets outside NatCat
3. Secure value-adding customers
4. Stick to defined strategic drivers in a competitive market environment

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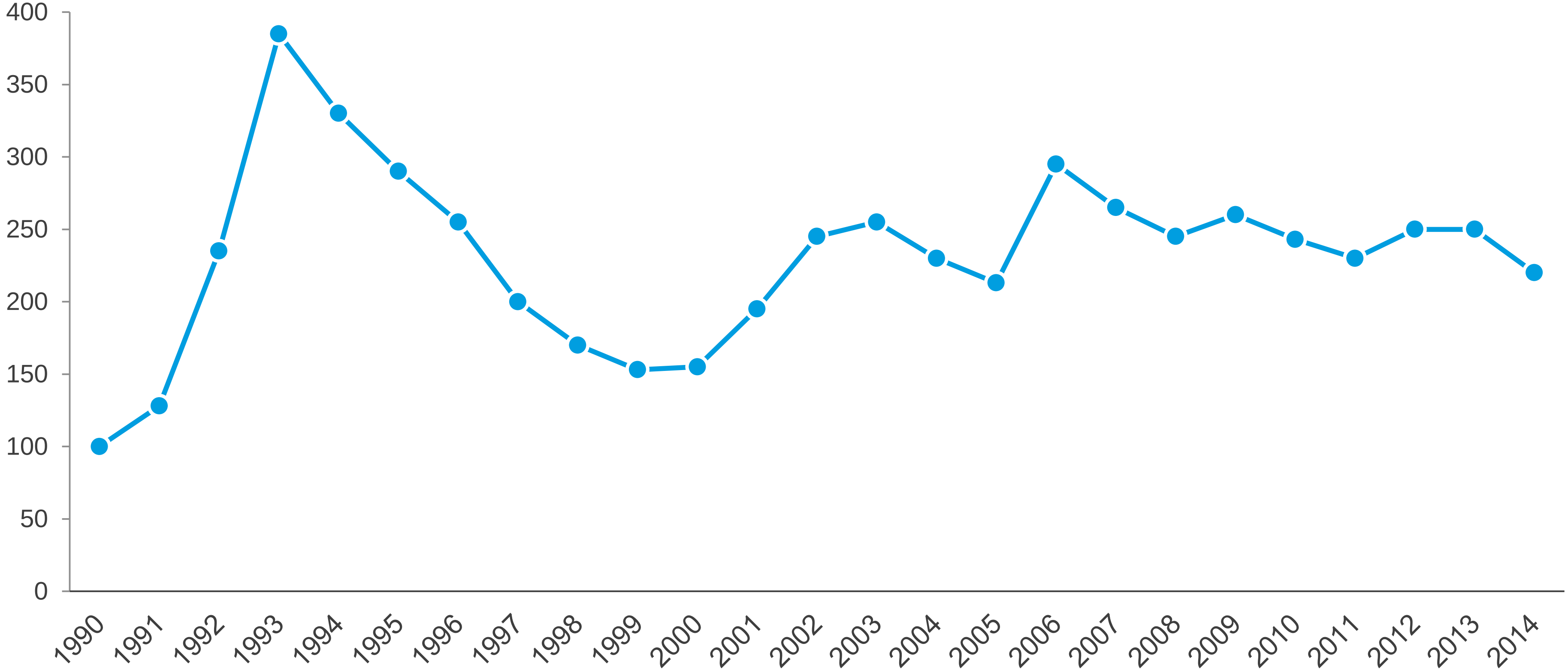
1. Our strategy towards NatCat business

Global property catastrophe RoL index

1990 - 2014



Source: Guy Carpenter

2015: Our amount of capital allocated for NatCat remains unchanged

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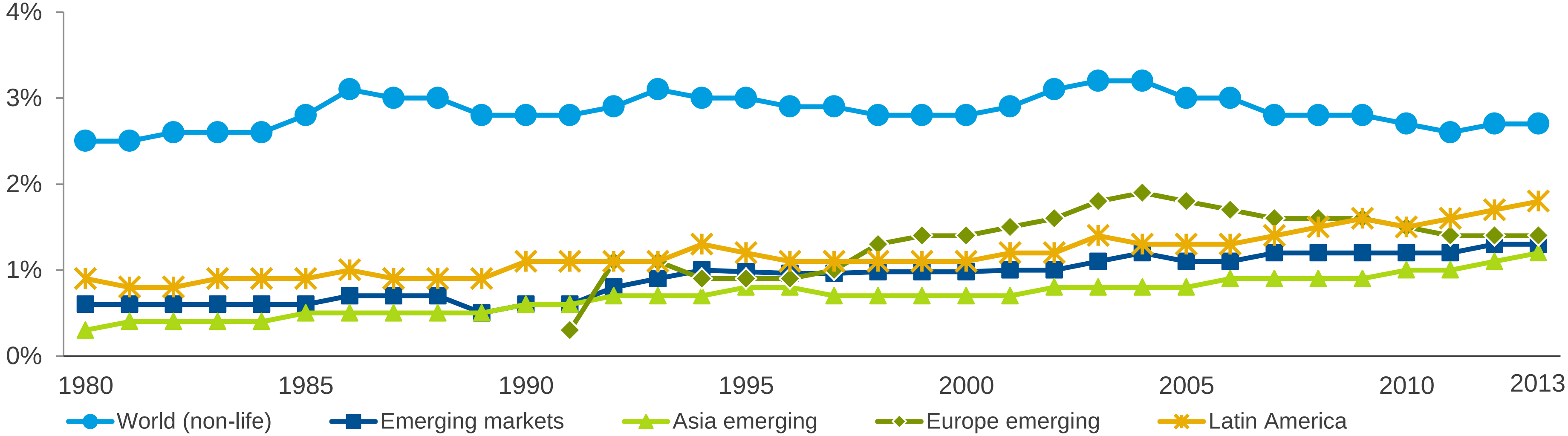
2. Samples for future growth opportunities (outside NatCat biz)

- Increased insurance density in emerging markets

Insurance penetration - premiums as % of GDP* 1980 - 2013



- Increase in concentration of values (e.g. megacities)

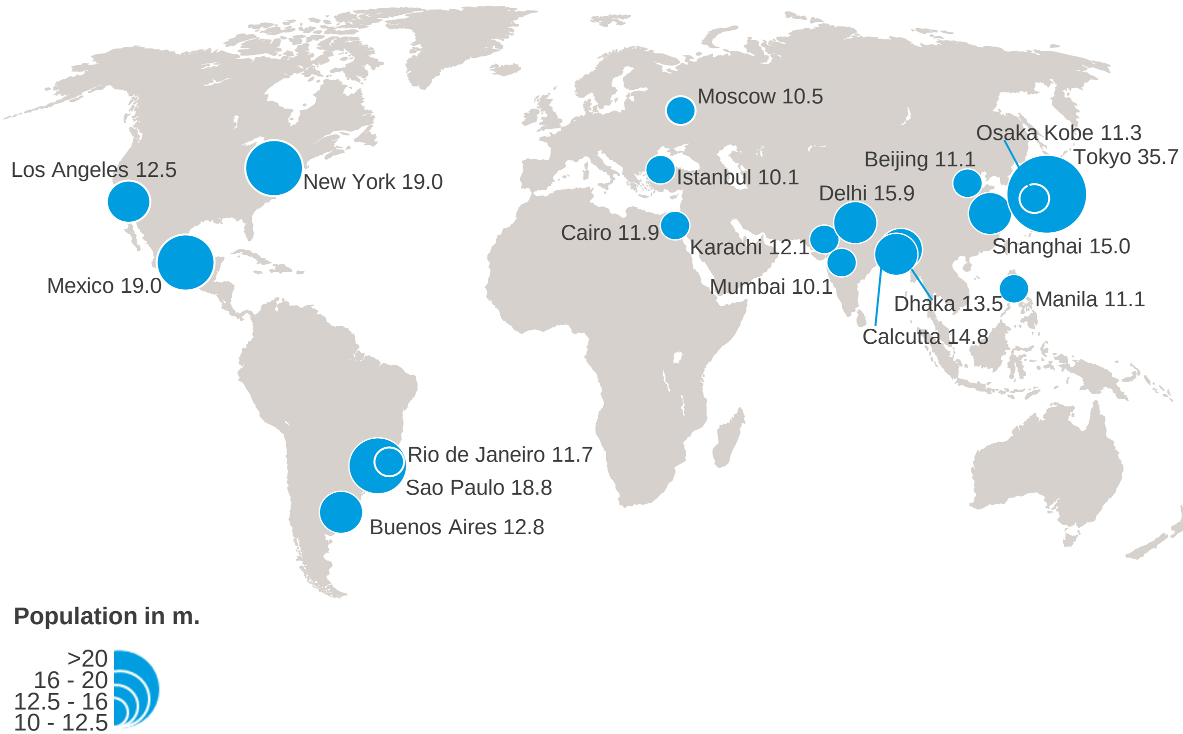
- Global trends lead to above-average growth in special lines
  - Agriculture
  - Microinsurance

* Source: Swiss Re, sigma explorer 2014

2. Trend of development: megacities

Number of megacities in Emerging Markets (EM) will increase substantially

Overview of megacities in 2012 >10 m. residents



- Megacities/densely populated areas will influence 60% of the world's GDP growth
  - GDP growth rates:
    Industrial countries 2.3% p.a.
    Emerging countries 4.7% p.a.
- Continuous retail expansion in emerging markets
- Demand for insurance and subsequently reinsurance will increase

Our measure: be well positioned in EM and participate in organic growth

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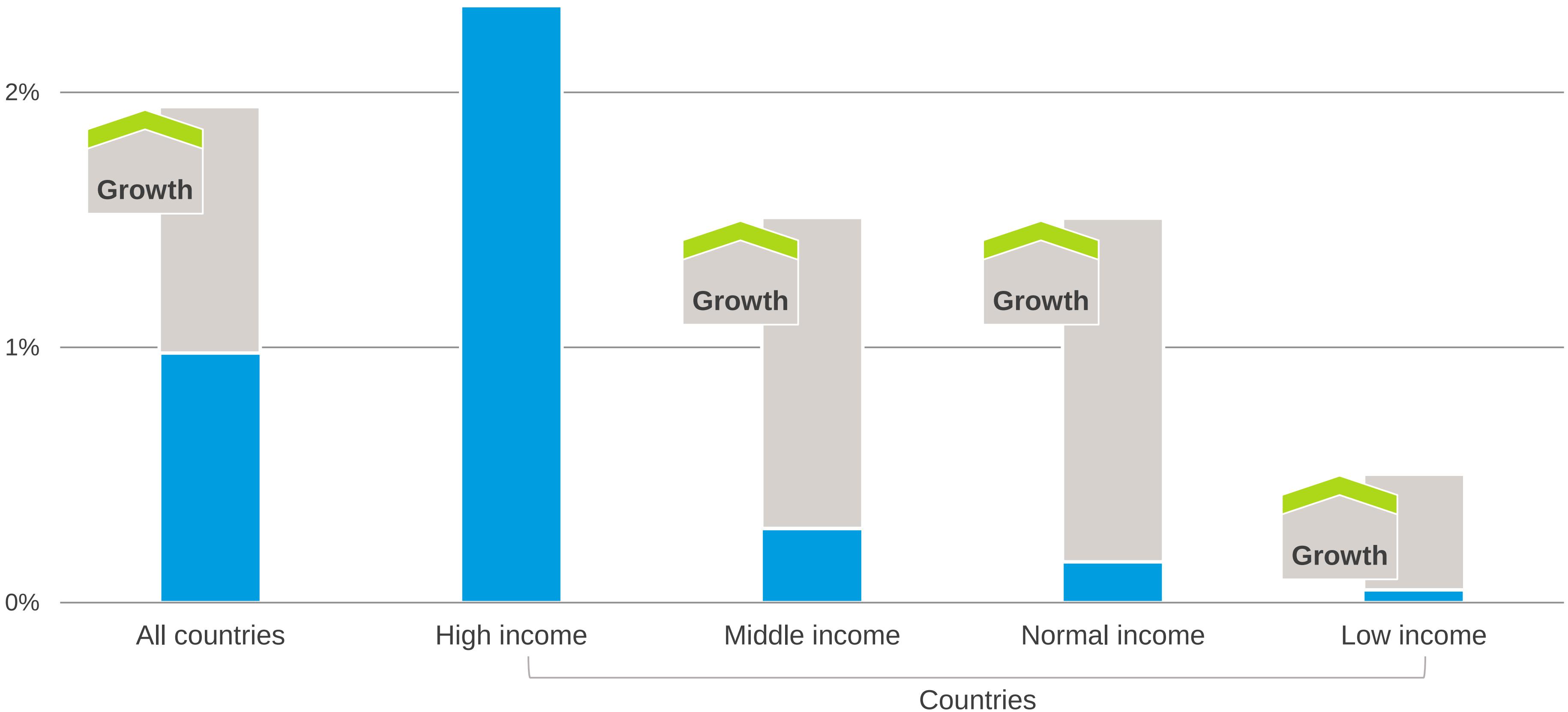
2. High growth potential of insurance premium in. . .

. . .emerging markets from USD 3.9 bn. (2009) up to USD 15 - 20 bn. (2025)

Agriculture insurance premium vs GDP

in %



Source: Worldbank, 2009
Sigma, 2012

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3. Secure value-adding customers

Signed shares in USA

U/Y

Customer relationships

4. Our strategic drivers in a competitive market

Slightly different to a hard market

- Improving combined ratio, e.g. discontinuation of marginal business
- Selective underwriting with strict adherence to margin requirements
- Maintaining the cost leadership in the industry,
  e.g. careful approach towards building up of fixed costs structures
- Use all distribution channels available, e.g. direct as well as intermediaries
- Make use of cross-selling, e.g. by particular clients day
- Buy cheaper retrocession, e.g. pay less premium for extended coverage in 2014
- Continuous research for growth potentials and new business opportunities,
  e.g. governmental business initiative
- Participate in ILS business through an established unit
- Persistency in client relationships, e.g. by continuous support for long-term clients
- Cycle management, e.g. lower top-line growth targets

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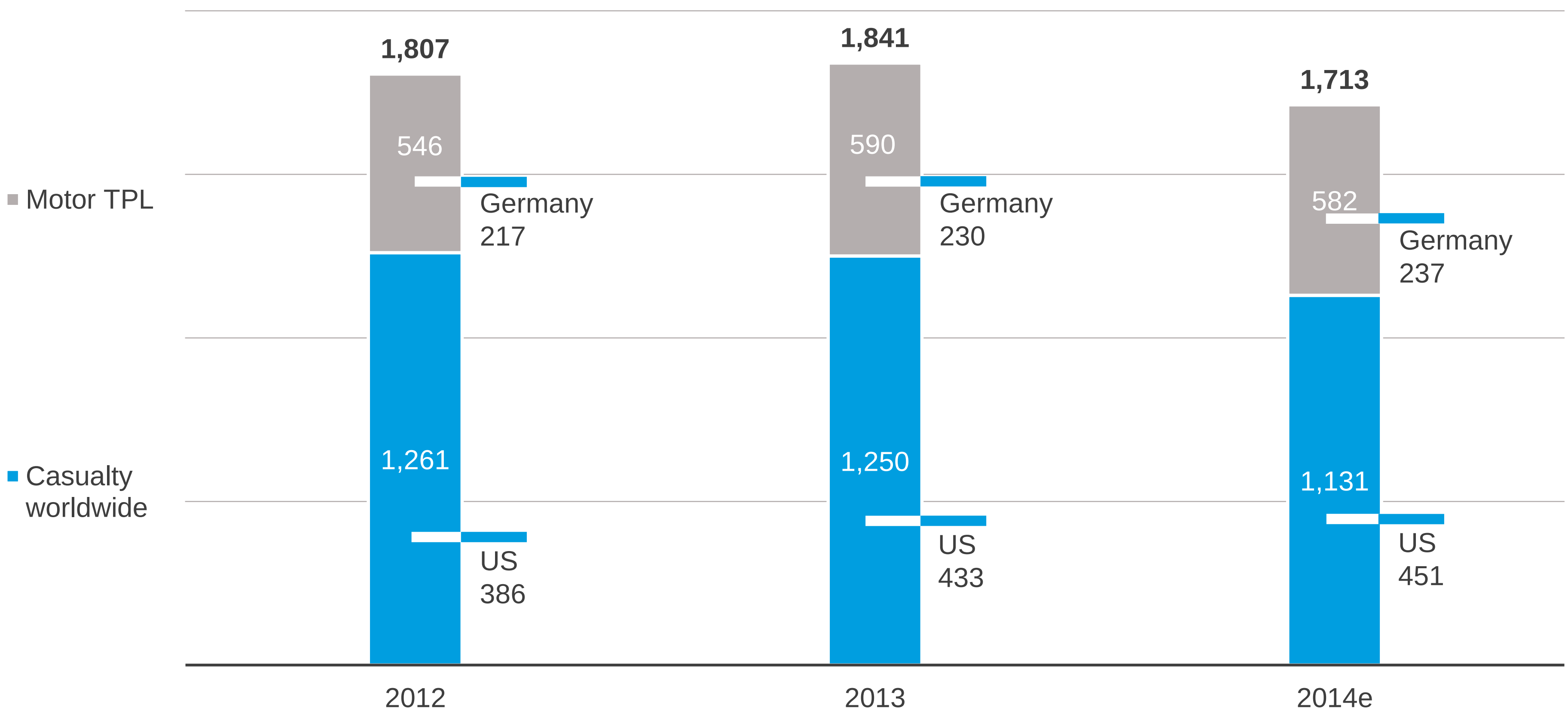
Our casualty business

Premium slightly down in total with increases in selected areas

Development of Hannover Re's casualty business portfolio

Casualty premium U/Y in m. EUR



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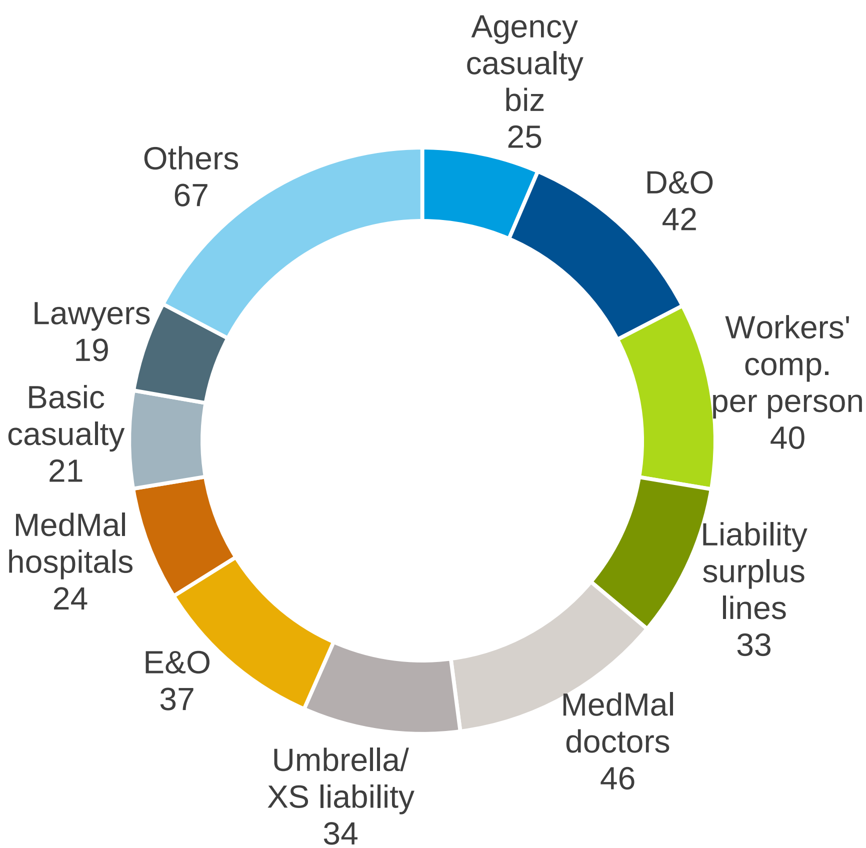
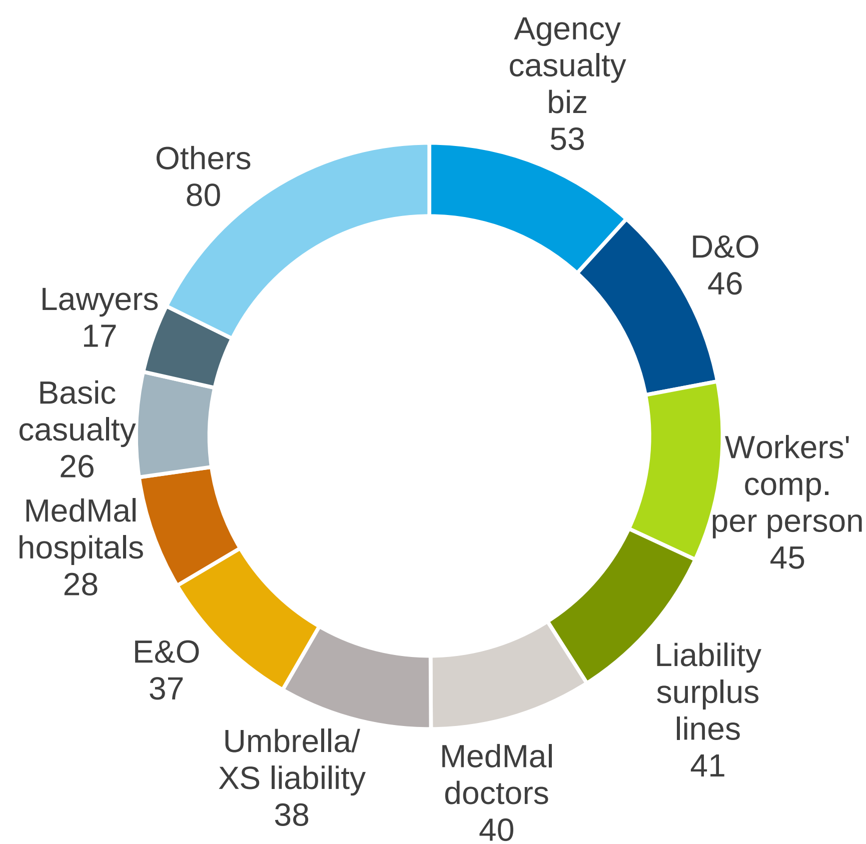
US casualty, more than simply one line of business

2012 casualty lines of business EUR 386 m.



2014e casualty lines of business EUR 451 m.



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Targeted increases in US casualty biz require a good strategy

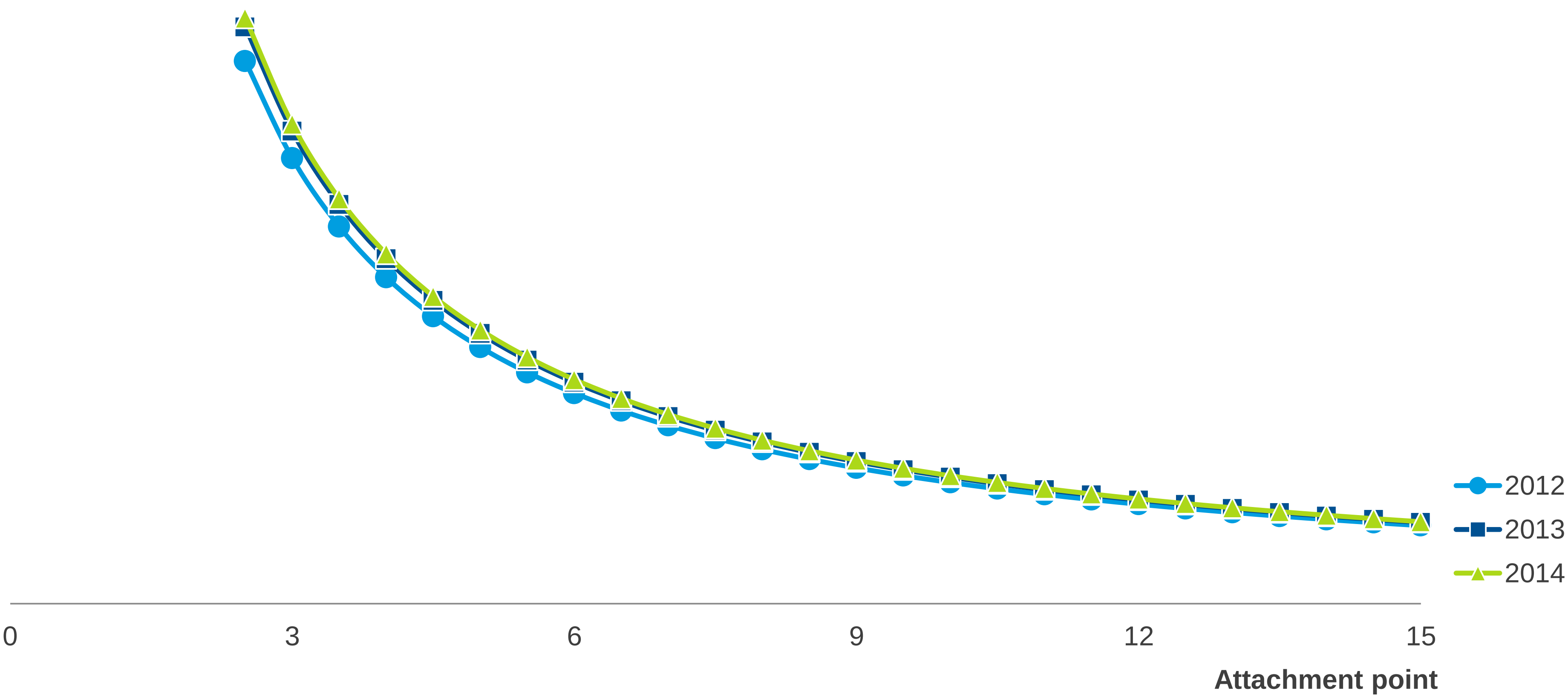
Our strategy

- Strict adherence to our minimum margin requirements
- Focus on core long-term client relationships
- Identify our preferred clients
- Be especially cautious with and be willing to reduce business segments
- Develop niche business opportunities
- Offer additional services and support for selected clients or business niches
- Increase the showing of biz through specific and targeted marketing initiatives
- Maintain our very conservative casualty reserving levels
- Increased emphasis on books of biz where a meaningful quantitative analysis of the opportunity is possible
- Continue to use adequate analysis parameters (inflation, investment)

Stable and yet high market rates

German motor TPL

Motor third-party liability market rates in m. EUR



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Drivers of this cycle are different. . .

. . .the measures to be taken the same

- Lower investment return must lead to U/W discipline (no cash flow underwriting)
- More modelled losses guide traditional as well as alternative markets
- Credit counterparty risk assessment changes the landscape of share allocations
- Emergence of the importance of agro, micro and health insurance fuelling growth
- A world full of RBC-based regulatory environment creates a higher level of transparency
- Cost of capital considerations gain importance over just risk capacities
- CEO/CFO/CRO closer than ever to discuss the benefit of reinsurance

More overall relationship and package discussions favouring larger reinsurers

The new Property & Casualty organisational set-up
What guided us?

- No changes in divisions
- Centralise markets under Solvency II regime
- Facultative business and Inter Hannover in one hand
- Centralise London market knowledge and competency
- Advanced Solution business is global business
- For the time being there is a strong nexus between agro reinsurance and Latin America business

New P&C organisational set-up

Our P&C reinsurance business divisions


Michael Pickel


Sven Althoff


Juergen Graeber

	New	Old
Target markets	North America*	North America*
	Continental Europe*	Germany*
Specialty lines	Marine (incl. energy)	Marine (incl. energy)
	Aviation	Aviation
	Credit, surety & political risks	Credit, surety & political risks
	Facultative R/I	Structured R/I & ILS
	UK, London market & direct	UK, London market & direct
Global R/I	Worldwide treaty*	Worldwide treaty*
	Cat XL	Global cat XL
	Structured R/I & ILS	Global Facultative

* All lines of business except those stated separately

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Concluding remarks and outlook

Ulrich Wallin, Chief Executive Officer

17th International Investors' Day
London, 23 October 2014

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Guidance for 2014

Major loss budget of EUR 670 m.

Hannover Re Group

Gross written premium[1)]	flat to low single-digit increase in volume
Return on investment[2)]	~ 3.2%
Group net income[3)]	~ EUR 850 m.
Dividend payout ratio[4)]	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

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Key takeaway

- Our strategy is oriented to long-term success and profitability
- Active capital management will become more important for Hannover Re
- High confidence level of reserves and strong capitalisation
- Low yield environment is manageable
- Attractive opportunities for future profits in Life & Health reinsurance
- The drivers of the current P&C cycle are different than in the past, the measures to be taken the same

Continuing successful development to the benefit of our shareholders

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