



somewhat  
different

# Welcome to Hannover Re's Analysts' Conference

Frankfurt/London, 8 March 2013

*hannover* **re**<sup>®</sup>

# Record results and strong top line growth

## RoE and value creation targets significantly outperformed

### Favourable R/I-conditions for reinsurers

- ▶ Non-life R/I: rates overall higher than compared to 2011
  - Growth in non-life R/I at 13.1% aided by achieved rate increases in most lines of business
- ▶ Life and health R/I: strong demand for tailor-made R/I solutions
  - Accelerated growth to 14.9% of life and health R/I driven by increased financial solutions transactions

### Major NatCat losses below long-term average despite hurricane “Sandy”

- Major losses of EUR 478 m. equal to 85% of budget & well below 2011 levels

### Favourable capital market conditions but continued low interest rate environment

- Net income from AuM up by 24.4% benefitting from shift in asset allocation towards corporate bonds
- Low interest rates and narrowing credit spreads resulted in increased earnings from realised and unrealised gains and pushed the RoI to 4.3%
- Strong operating cash flow of EUR 2,637 m. & increased market values of fixed-income securities resulted in growth of AuM to EUR 31.9 bn.

#### 2012 results

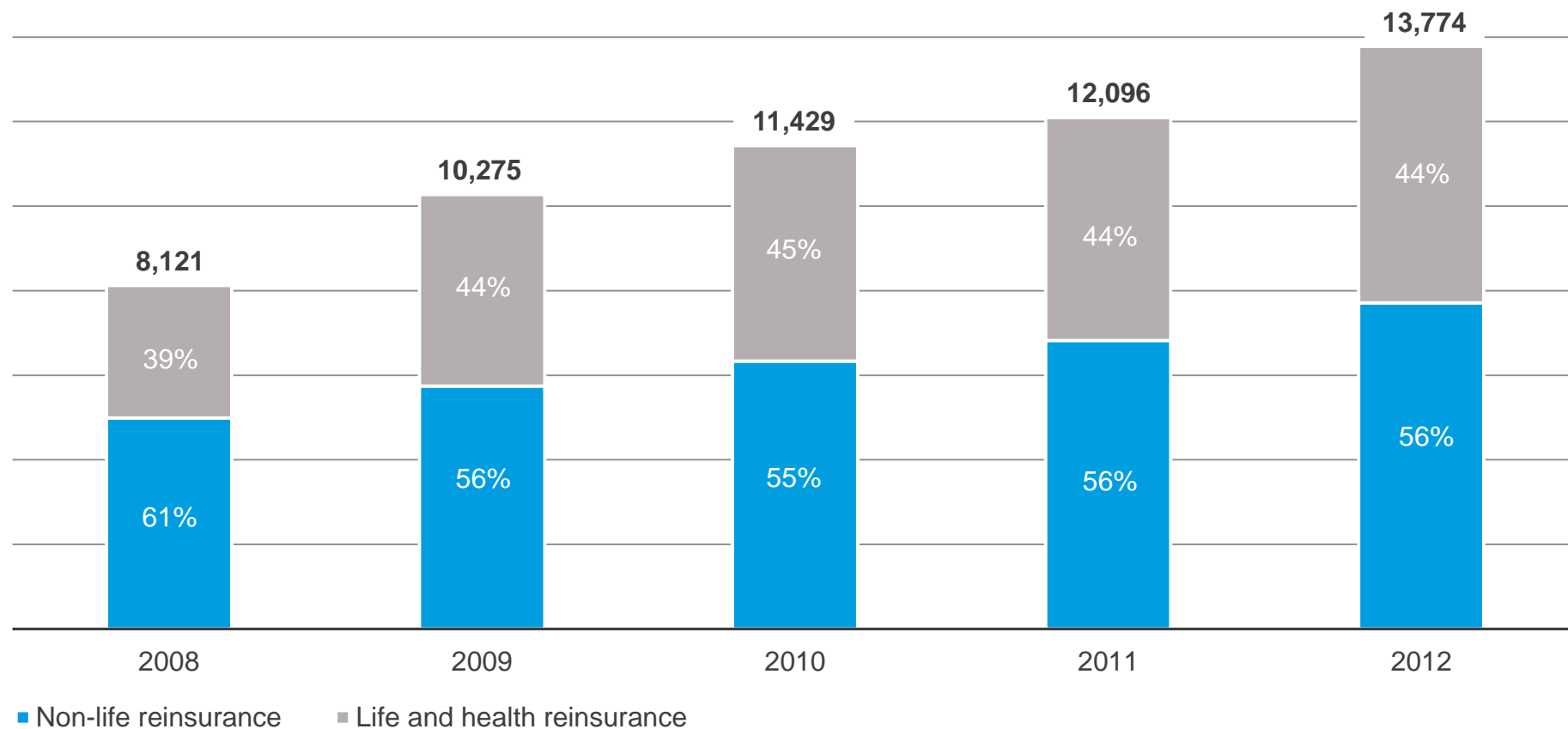
GWP	+13.9%
NPE	+14.2%
Net income	EUR 858 m.
EPS	+41.6%
RoE	15.6%
Shareholders' equity	+21.8%
BVPS	EUR 50.22
Proposed dividend	EUR 2.60 +EUR 0.40 bonus

# Continued strong growth of both business groups

2012: +13.9%; 5-year CAGR +10.8%

## Gross written premium

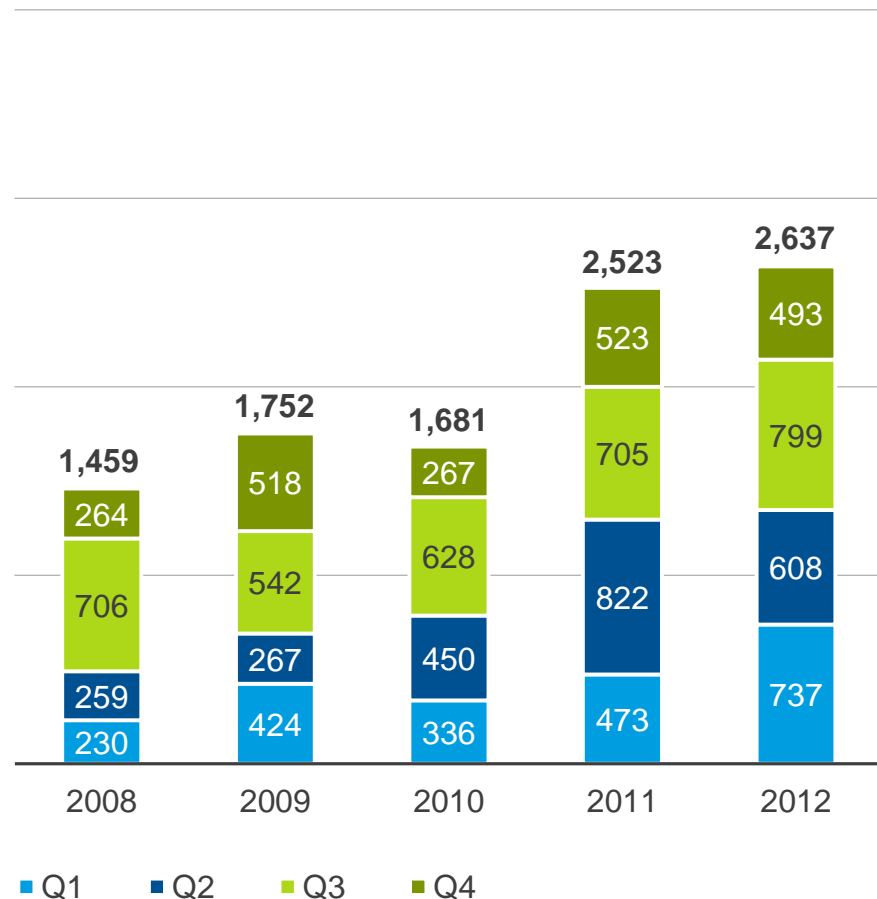
in m. EUR



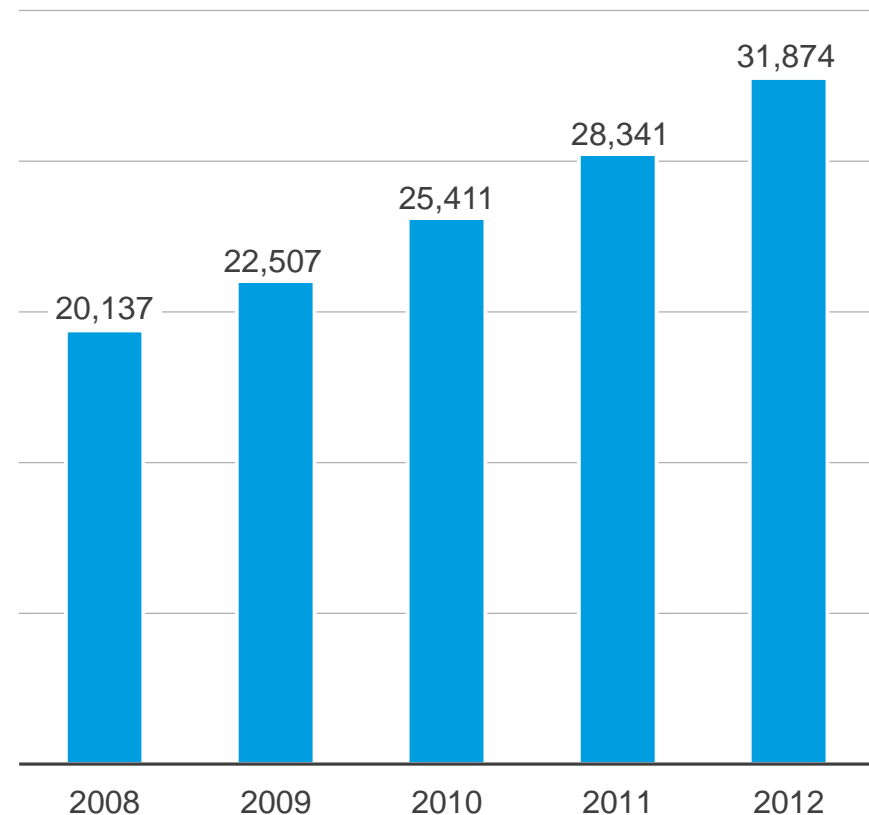
# Positive operating cash flow continues to support asset growth

AuM increased by 12.5% in 2012 and 60.9% within 5 years

Operating cash flow in m. EUR



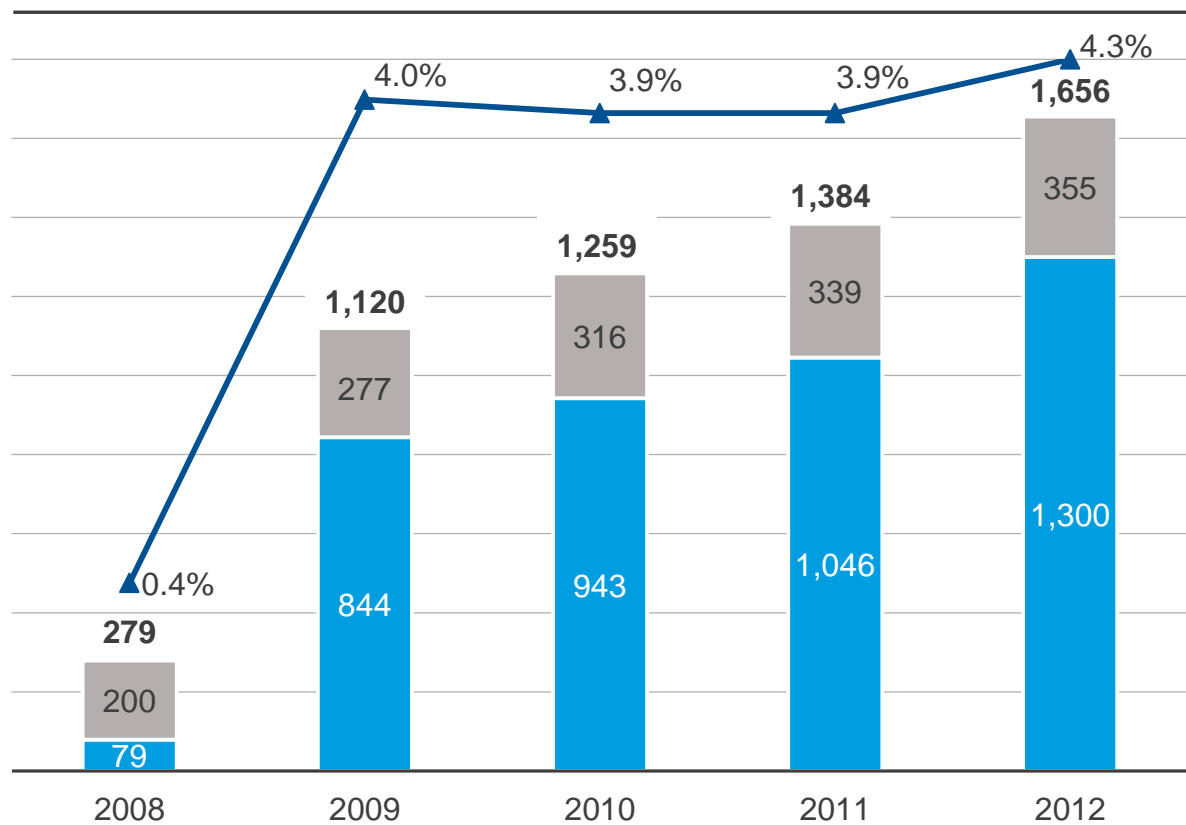
Assets under own management (AuM) in m. EUR



# Attractive Rol on a further increased asset base

Net income from assets under own management up by +24.4%

Net investment income (NII) in m. EUR



■ NII excl. funds withheld ■ Income from funds withheld ▲ Rol

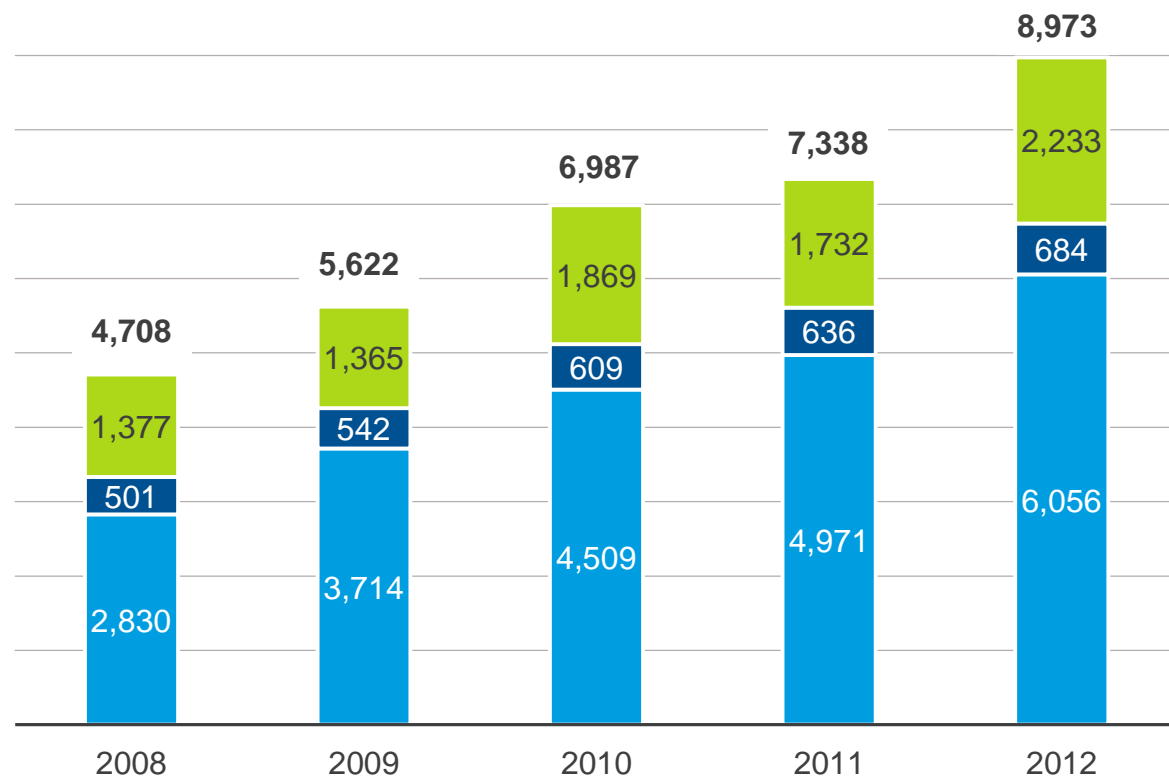
- ▶ Ordinary investment income grew significantly since 2009 despite yields under pressure; supported by increase in assets, longer durations as well as reallocation into credits and alternatives
- ▶ Target yield of 3.5% exceeded significantly with 4.3% despite high cash flow being invested at lower rates. Outperformance supported by realisation of valuation reserves and development of derivative values
- ▶ Total return at 8.8% even significantly higher (incl. HTM, L&R) driven by valuation reserves

# Capital base constantly increased

Shareholders' equity more than doubled in four years

## Policyholders' surplus

in m. EUR



- ▶ Policyholders' surplus grew by 22%
- ▶ Shareholders' equity increased due to retained earnings and improved OCI
- ▶ Hybrid capital further increased due to bond issue of USD 500 m. in Q4/2012

■ Shareholders' equity   ■ Non-controlling interests   ■ Hybrid

# Record dividend payment: dividend yield of 5.1%

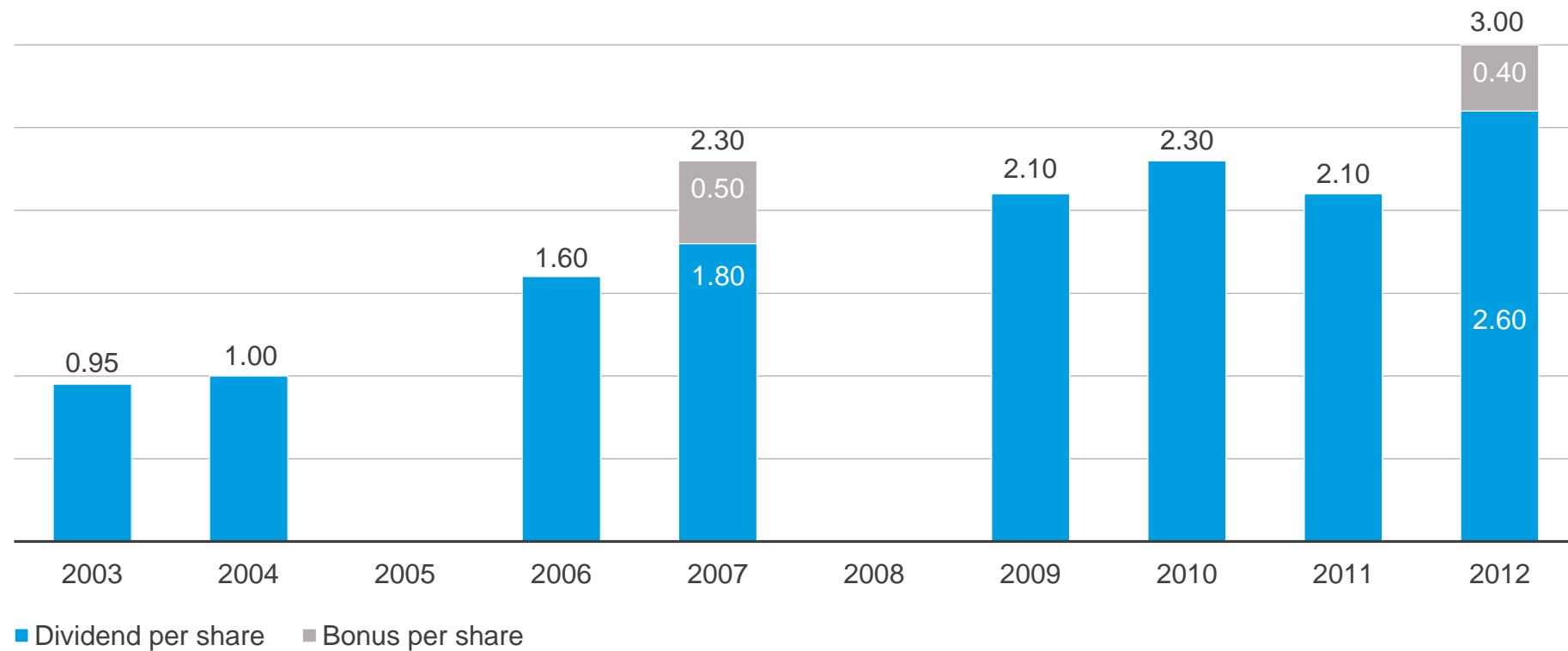
Payout ratio 2011 and 2012 over and above target range

## Dividend per share

in EUR

Payout ratio:

[29%]    [43%]    [ - ]    [37%]    [38%]    [ - ]    [ 35% ]    [37%]    [42%]    [42%]



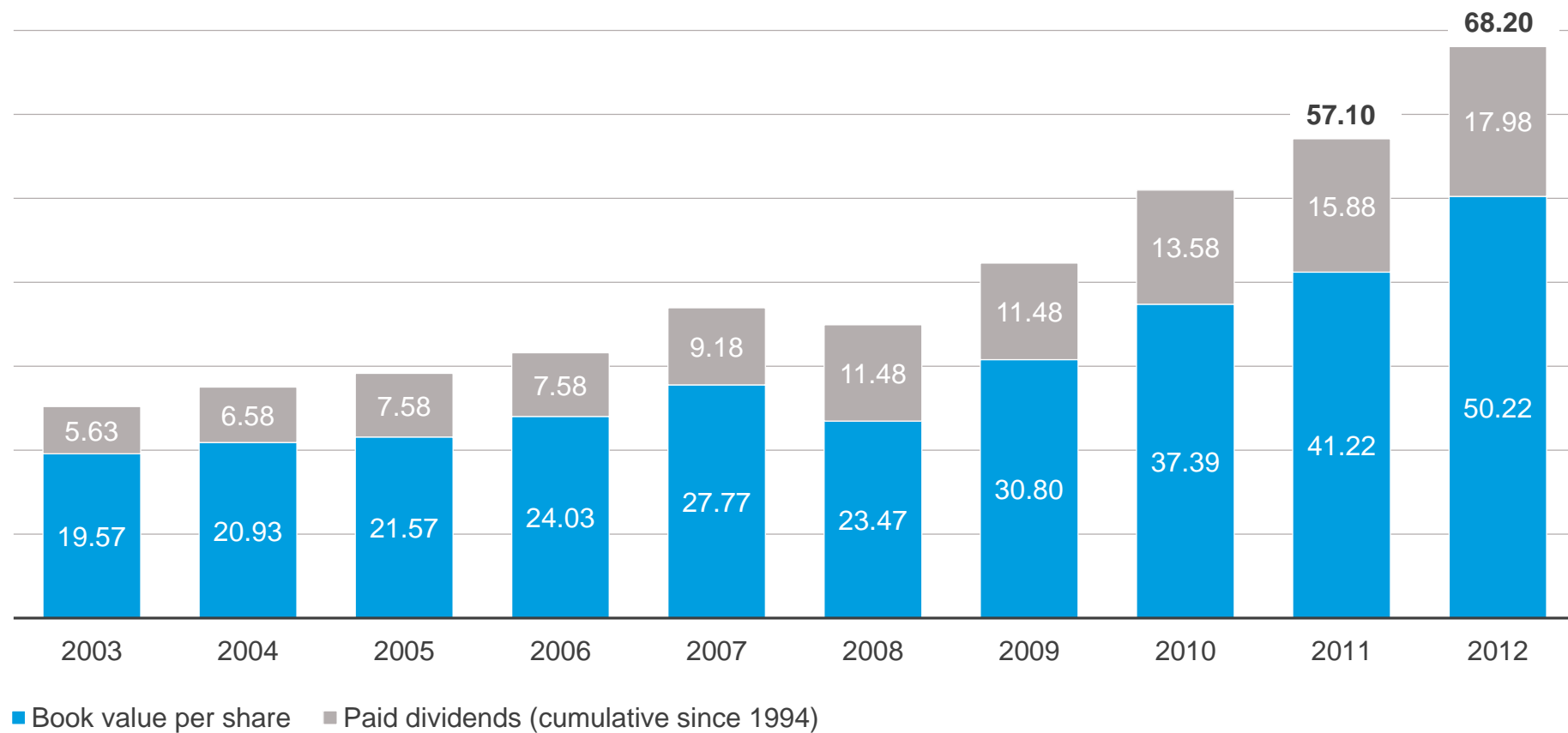
2003 US GAAP, as from 2004 IFRS

# Accelerated value since 2009

2012: +19.4% and 10y CAGR: +11.6%

## Increase book value and paid dividends

in EUR



2003 US GAAP, as from 2004 IFRS  
As at 31 December



# Strong top line growth coupled with record profits

## Mainly driven by improved underwriting result and investment income

Group figures in m. EUR	Q4/2011	Q4/2012	2011	2012
Gross written premium	3,031	3,478	12,096	13,774
Net premium earned	2,872	3,320	10,752	12,279
Net underwriting result	(122)	(31)	(536)	(84)
- Incl. funds withheld	(31)	77	(197)	271
Net investment income	433	447	1,384	1,656
- From assets under own mgmt.	342	339	1,046	1,300
- From funds withheld	91	108	339	355
Other income and expenses	40	(26)	(7)	(165)
<b>Operating profit/loss (EBIT)</b>	<b>351</b>	<b>390</b>	<b>841</b>	<b>1,406</b>
Interest on hybrid capital	(22)	(28)	(99)	(105)
<b>Net income before taxes</b>	<b>329</b>	<b>361</b>	<b>742</b>	<b>1,302</b>
Taxes	(78)	(153)	(65)	(368)
<b>Net income</b>	<b>251</b>	<b>208</b>	<b>677</b>	<b>934</b>
- Non-controlling interests	27	21	71	75
<b>Group net income</b>	<b>224</b>	<b>188</b>	<b>606</b>	<b>858</b>
Retention	92.6%	90.1%	91.2%	89.8%
EBIT margin (EBIT/Net premium earned)	12.2%	11.7%	7.8%	11.5%
Tax ratio	23.7%	42.4%	8.8%	28.3%
Earnings per share	1.86	1.56	5.02	7.12

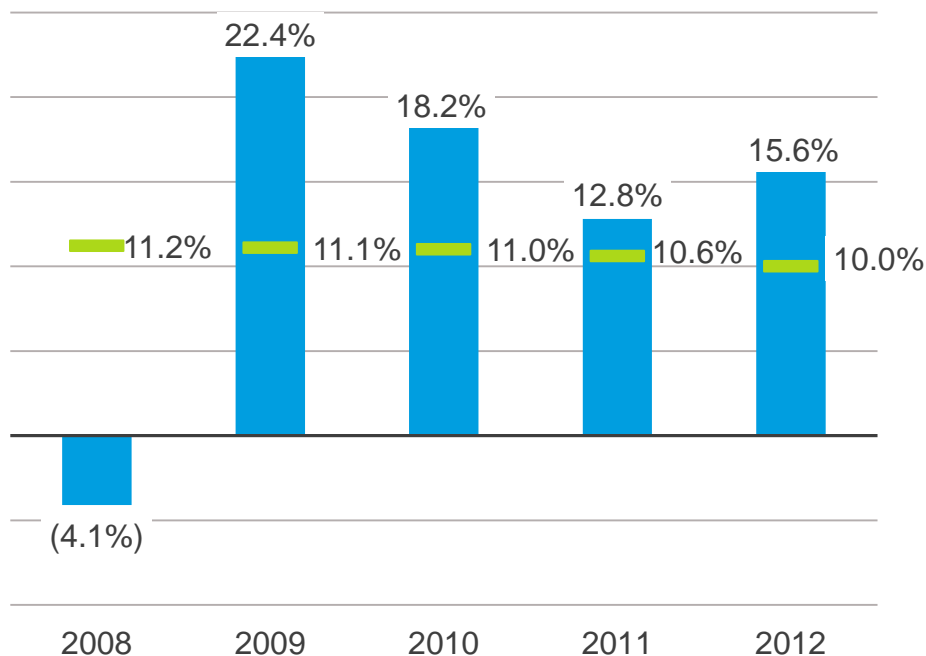
### YTD 2012

- ▶ GWP grew by EUR 1.7 bn.; +13.9% (f/x-adjusted +9.5%)
- ▶ NPE growth +14.2%, f/x-adjusted +9.9%
- ▶ Normalisation of tax ratio after last years' effects from Federal court ruling
- ▶ Net income well above our guidance of >EUR 800 m.

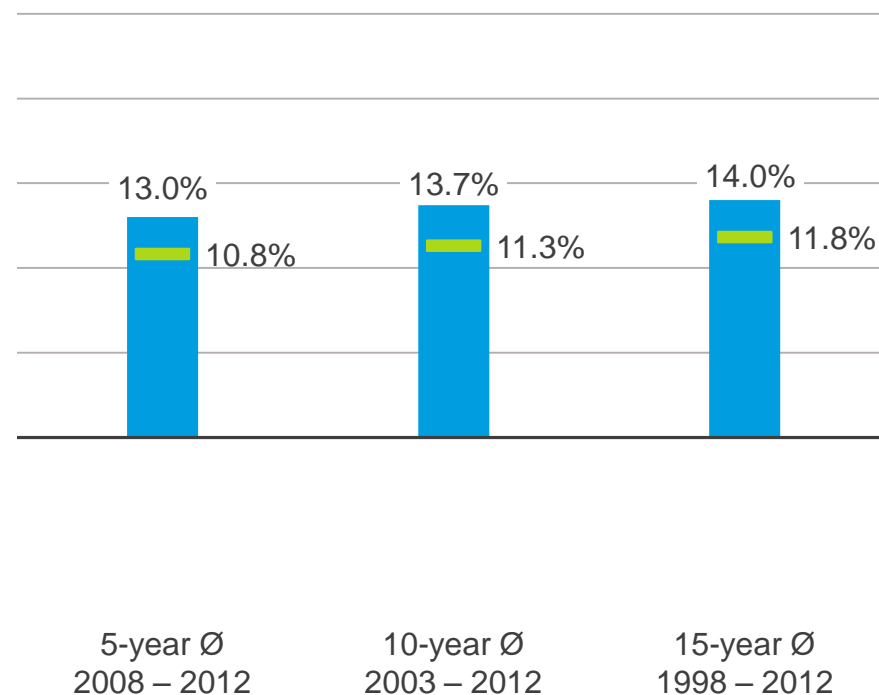
# Attractive RoE despite strong equity growth

## Strategic target again exceeded

Return on Equity: yearly



Return on Equity: average



■ Actual    — Minimum target\*

\* 750 bps above 5-year rolling average of 10-year government-bond rate (risk free), after tax

# Hannover Re defends no. 1 position in ROE ranking

We aim to be one of the top 3 reinsurers in terms of RoE

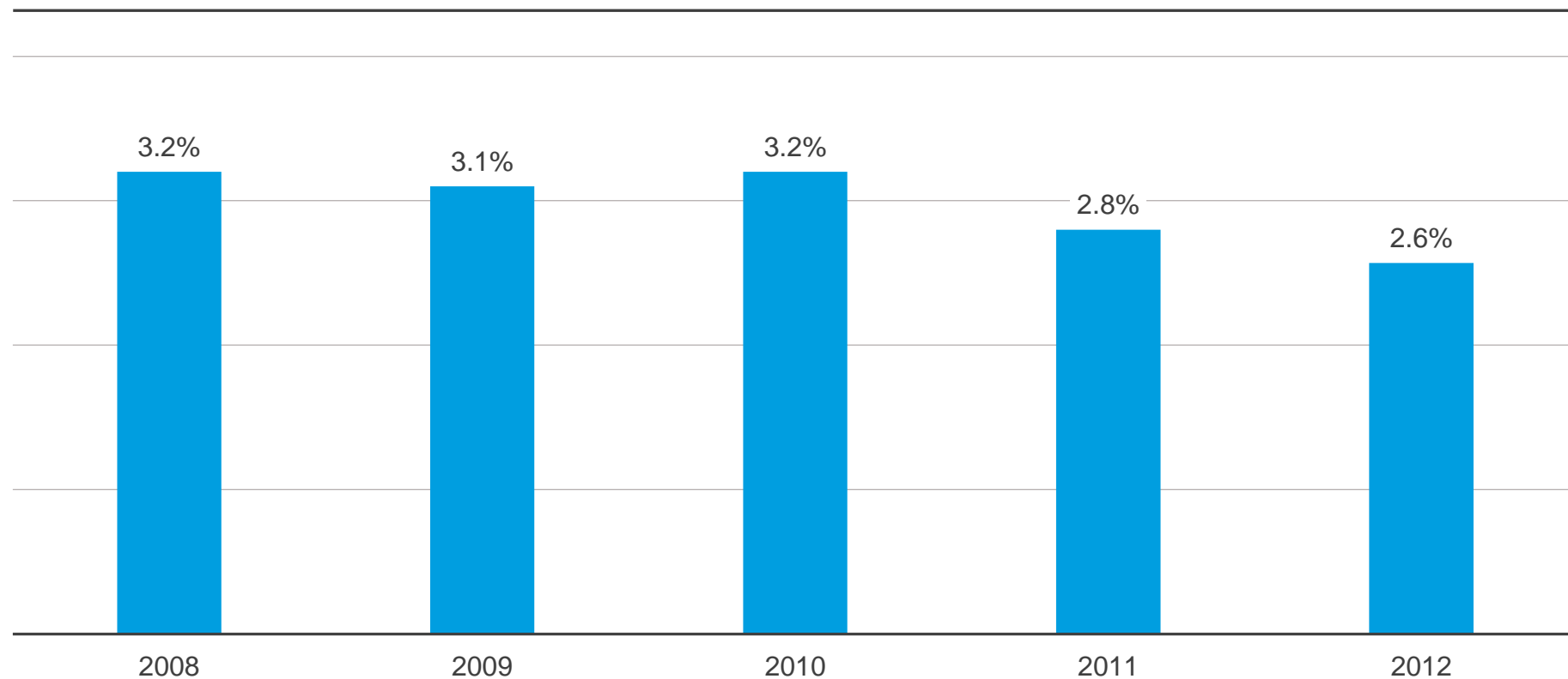
Company	2008		2009		2010		2011		2012		2008 - 2012	
	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	avg. RoE	Rank
<b>Hannover Re</b>	<b>(4.1 %)</b>	<b>9</b>	<b>22.4 %</b>	<b>3</b>	<b>18.2 %</b>	<b>1</b>	<b>12.8 %</b>	<b>1</b>	<b>15.6 %</b>	<b>3</b>	<b>13.0 %</b>	<b>1</b>
Peer 9, Bermuda, non-life	(0.4 %)	7	24.4 %	2	18.1 %	2	(2.4 %)	8	15.9 %	2	11.1 %	2
Peer 8, US, life and health	6.5 %	2	12.6 %	5	12.9 %	3	10.1 %	2	9.9 %	8	10.4 %	3
Peer 5, Bermuda, composite	1.1 %	5	25.9 %	1	11.5 %	4	(7.6 %)	10	16.9 %	1	9.6 %	4
Peer 7, France, composite	8.9 %	1	10.2 %	7	10.1 %	6	7.5 %	4	9.1 %	9	9.2 %	5
Peer 1, Germany, composite	6.5 %	3	11.8 %	6	10.7 %	5	3.1 %	6	12.6 %	7	8.9 %	6
Peer 4, US, non-life	4.8 %	4	9.9 %	8	7.1 %	8	4.9 %	5	15.2 %	4	8.4 %	7
Peer 6, Bermuda, non-life	(0.4 %)	6	14.6 %	4	9.9 %	7	(1.3 %)	7	12.9 %	6	7.1 %	8
Peer 2, Switzerland, composite	(3.3 %)	8	2.3 %	10	3.6 %	10	9.6 %	3	13.2 %	5	5.1 %	9
Peer 3, US, non-life	(31.8 %)	10	2.7 %	9	5.8 %	9	(4.4 %)	9	5.8 %	10	(4.4 %)	10

List shows the Top 10 of the Global Reinsurance Index (GloRe) with more than 50% reinsurance business  
Data based on company data, own calculation

# Hannover Re further strengthened its cost leadership

## Decreasing administrative expense ratio aided by top line growth

### Administrative expense ratio\*



Own calculation

\* Administrative expenses + other technical expenses (in % of net premium earned)

# Excellent results from our non-life business group

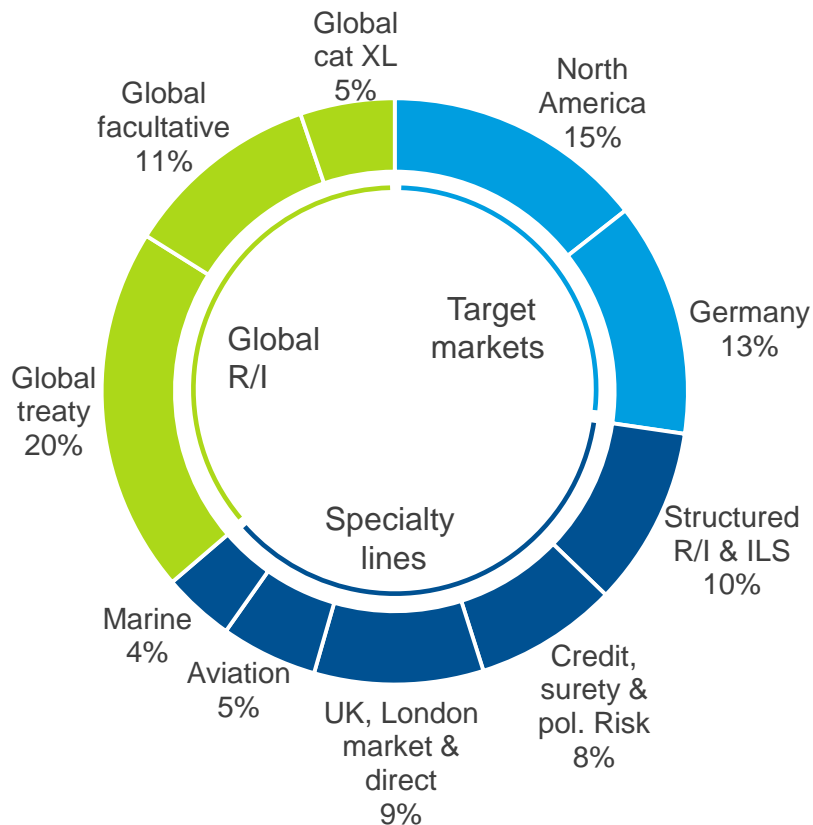
## Combined ratio of 95.8% below target C/R

<b>Non-life reinsurance</b> in m. EUR	<b>Q4/2011</b>	<b>Q4/2012</b>	<b>2011</b>	<b>2012</b>	<b>YTD 2012</b>
Gross written premium	1,605	1,820	6,826	7,717	▶ +13.1% GWP growth (f/x-adj. +9.3%); from a broad range of business lines
Net premium earned	1,570	1,837	5,961	6,854	▶ Net premium earned +15.0%; Retention 90.2% slightly down from 91.3%
Net underwriting result incl. funds withheld	(36)	108	(254)	286	▶ Major losses of EUR 478 m. (7.0% of NPE) below last years' and 85% of budget
Combined ratio incl. interest on funds withheld	102.3%	94.1%	104.3%	95.8%	
Net investment income from assets under own management	260	237	831	931	▶ Impressively increased NII despite low interest rate environment
Other income and expenses	42	(19)	23	(125)	▶ Other income & exp. down mainly due to last year's tax ruling (EUR 68 m.) & f/x effects
Operating profit/loss (EBIT)	266	325	599	1,092	▶ Excellent EBIT margin: 15.9% (2011: 10.1%)
<b>Group net income</b>	<b>161</b>	<b>161</b>	<b>456</b>	<b>686</b>	▶ Net income/Earnings per share grew by 50.6% despite significant higher tax ratio of 30.7% (2011: 13.0%)
Earnings per share	1.33	1.33	3.78	5.69	

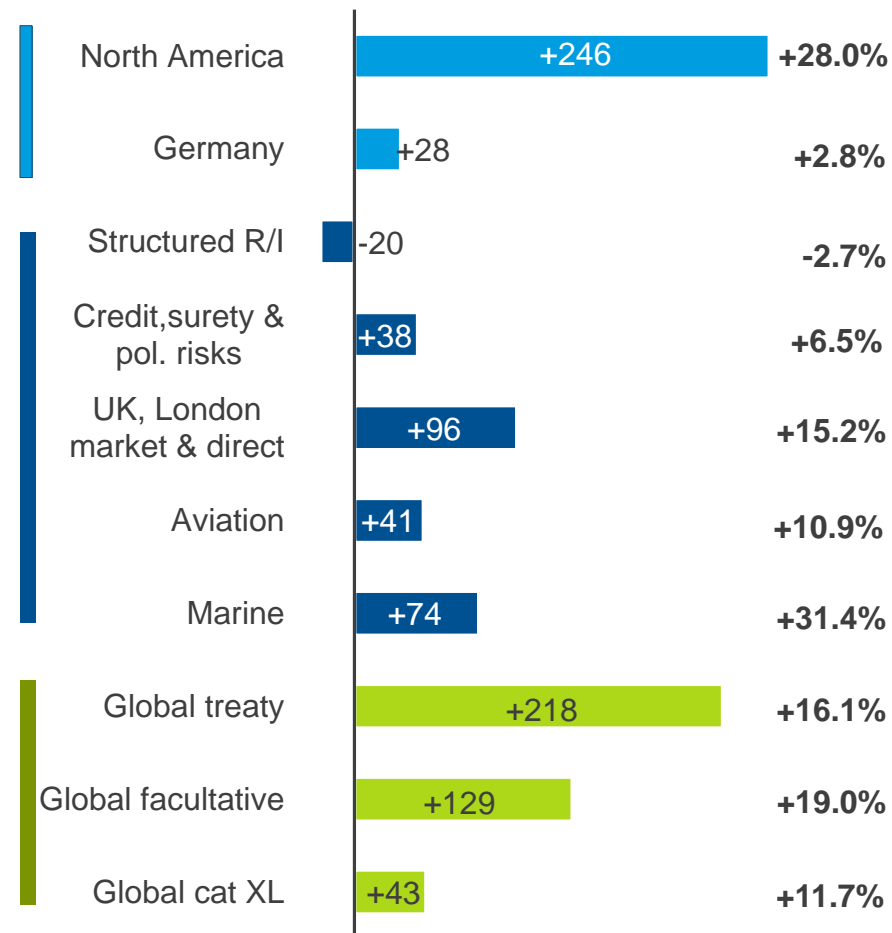
# Non-life reinsurance: selective growth

## GWP split

2012: EUR 7,717 m.



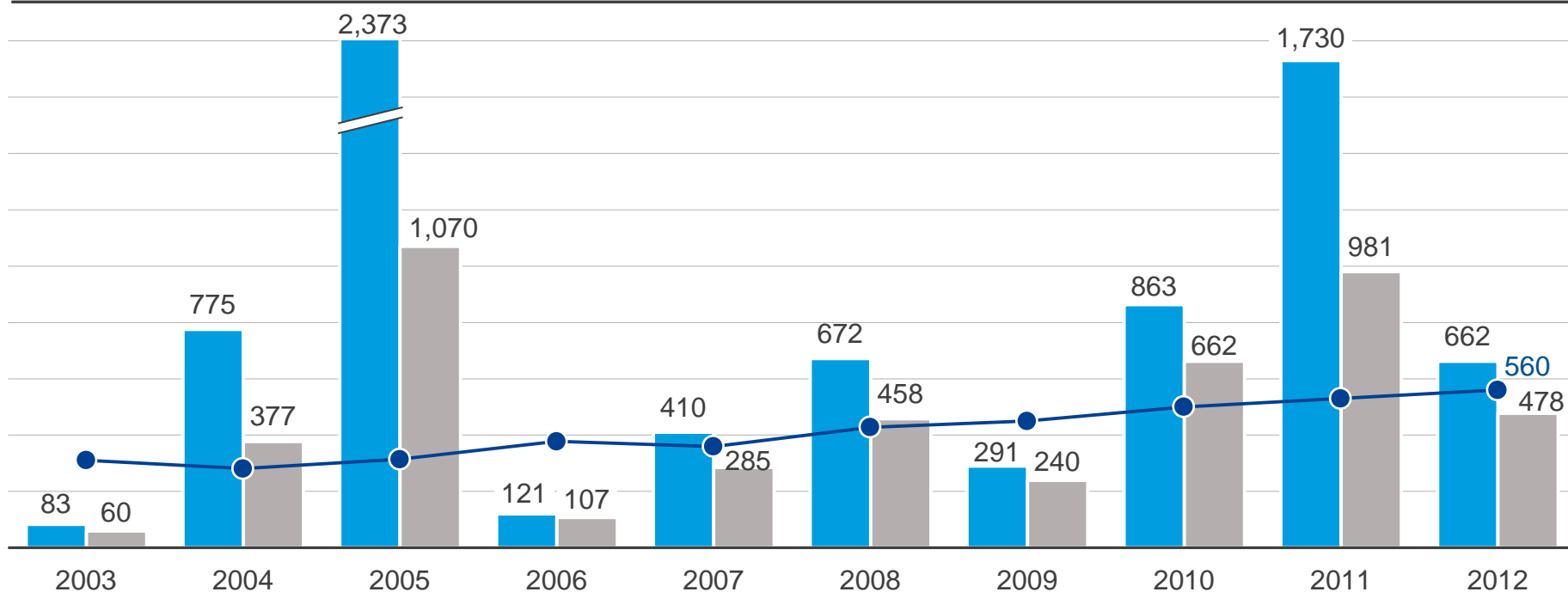
## GWP growth 2012 vs. 2011 (+13.1%)



# Major losses 2012 below our expectation

## Natural and man-made catastrophe losses<sup>1)</sup>

in m. EUR



## Natural and man-made catastrophe losses in % of non-life premium<sup>2)</sup>

1 %	10 %	34 %	2 %	8 %	13 %	5 %	14 %	25 %	9 %
1 %	7 %	20 %	2 %	6 %	11 %	5 %	12 %	16 %	7 %

— Gross    — Net    —●— Expected net catastrophe losses

1) Natural catastrophes and other major losses in excess of EUR 10 m. gross (until 31 December 2011: in excess of EUR 5 m. gross)

2) 2003 - 2006 adjusted to new segmentation

# Hurricane "Sandy" dominates large loss list

Catastrophe losses* in m. EUR	Date	Gross	Net
Earthquake Italy	20 May	44.2	44.1
Earthquake Italy	29 May	22.4	22.4
Draught USA	July	56.5	43.3
Typhoon "Haikui", Taiwan	2 Aug	13.3	13.3
Hurricane "Isaac", USA	24 - 31 Aug	13.1	6.8
Hurricane "Sandy", USA	24 Oct - 1 Nov	340.9	257.5
<b>6 Natural catastrophes</b>		<b>490.4</b>	<b>387.4</b>
Costa Concordia	13 Jan	132.7	53.3
1 Fire claim		10.4	10.4
2 Marine claims		28.4	26.7
<b>10 Major losses</b>		<b>661.9</b>	<b>477.8</b>

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



# Growth outperformed own target in life and health reinsurance

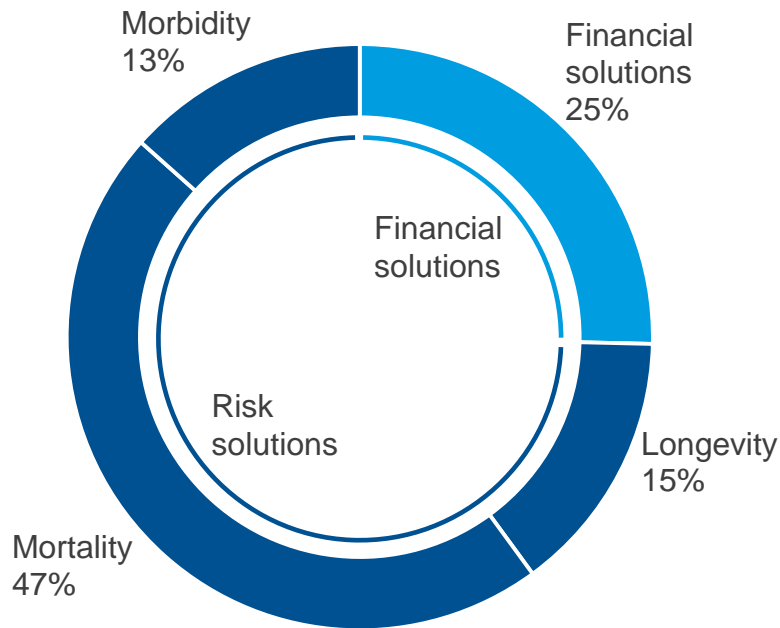
## EBIT margin in line with expectation

Life and health R/I in m. EUR	Q4/2011	Q4/2012	2011	2012	YTD 2012
Gross written premium	1,427	1,659	5,270	6,058	▶ +14.9% GWP growth (f/x-adjusted +9.8%) mainly from US, Australia, China and France
Net premium earned	1,302	1,484	4,789	5,426	
Net underwriting result incl. funds withheld	2	(21)	48	(15)	▶ Technical result impacted by less favourable mortality results in US
Net investment income from assets under own management	75	96	188	343	▶ NII supported by increase in AuM; unrealised gains from ModCo derivatives contributed EUR +51.8 m.
Other income and expenses	2	(16)	(19)	(37)	
Operating profit/loss (EBIT)	79	58	218	291	▶ EBIT margins: financing and longevity business: 2.7% mortality and morbidity business: 7.1%
EBIT margin	6.1%	3.9%	4.5%	5.4%	
<b>Group net income</b>	<b>69</b>	<b>43</b>	<b>182</b>	<b>231</b>	
Earnings per share	0.57	0.35	1.51	1.91	

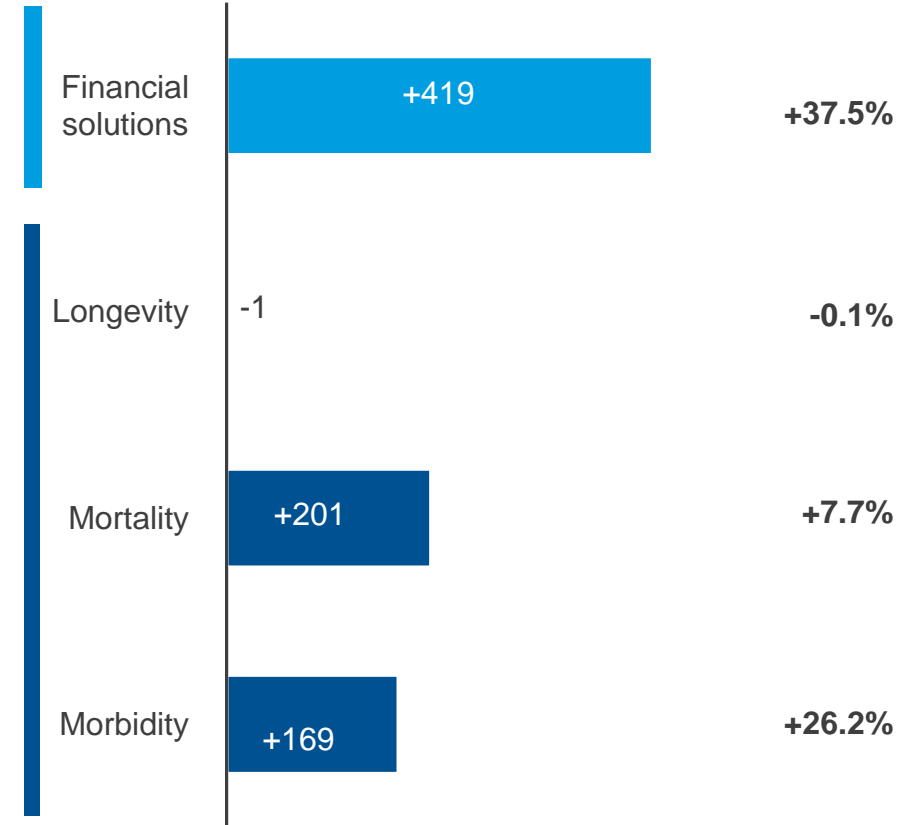
# Life and health reinsurance: well diversified portfolio

## GWP split

2012: EUR 6,058 m.



## Growth GWP 2012 vs. 2011 (+14.9%)



# Rol at 4.3% well exceeds target of 3.5%

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

in m. EUR	Q4/2011	Q4/2012	2011	2012	Rol	YTD 2012
Ordinary investment income*	252	272	969	1,099	3.6%	▶ Increase of 13.4% in ordinary investment income mainly driven by larger investment volume and a higher share of interests coming from corporate and covered bonds
Realised gains/losses	66	77	180	228	0.8%	▶ Realised gains (P&L) increased due to further asset re-allocation into credit exposure and US real estate sales
Impairments/ appreciations & depreciations	10	(4)	6	(19)	-0.1%	▶ Unrealised gains driven by ModCo derivatives (YTD EUR +51.8 m.) and inflation swaps (YTD EUR +28.0 m.)
Unrealised gains/losses	31	28	(39)	89	0.3%	▶ Stable investment income from funds withheld
Investment expenses	(17)	(34)	(70)	(96)	-0.3%	▶ Valuation reserves increased due to credit spread tightening and further yield decline
<b>Nil from assets under own mngm</b>	<b>342</b>	<b>339</b>	<b>1,046</b>	<b>1,300</b>	<b>4.3%</b>	▶ Total return incl. development in HTM and L&R 8.8%
Nil from funds withheld	91	108	339	355		
<b>Total net investment income</b>	<b>433</b>	<b>447</b>	<b>1,384</b>	<b>1,656</b>		

Unrealised gains/losses	31 Dec 11	31 Dec 12
Fixed income (AFS)	416	1,145
Fixed income (HTM, L&R)	368	570
Equities and shares in limited partnerships	222	268
<b>Total</b>	<b>1,007</b>	<b>1,983</b>

\* Incl. results from associated companies

# Ongoing reallocation into credits but slower at pace

## Volume increase due to strong cash flow and increased market values

### Tactical asset allocation<sup>1)</sup>

Investment category	2008	2009	2010	2011	2012
<b>Fixed-income securities</b>	<b>89%</b>	<b>87%</b>	<b>84%</b>	<b>89%</b>	<b>91%</b>
- Governments	28%	25%	23%	19%	19%
- Semi-governments	23%	26%	21%	23%	23%
- Corporates	23%	22%	25%	30%	32%
Investment grade	22%	20%	24%	29%	30%
Non-investment grade	1%	2%	1%	1%	2%
- Pfandbriefe, Covered Bonds, ABS	15%	15%	16%	16%	17% <sup>2)</sup>
<b>Equities</b>	<b>3%</b>	<b>2%</b>	<b>4%</b>	<b>2%</b>	<b>2%</b>
- Listed	<1%	<1%	2%	<1%	<1%
- Private Equity	3%	2%	2%	2%	2%
<b>Real Estate/Real Estate Funds</b>	<b>&lt;1%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
<b>Others</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
<b>Short-term investments (STI) &amp; cash</b>	<b>6%</b>	<b>8%</b>	<b>8%</b>	<b>5%</b>	<b>3%</b>
<b>Total balance sheet values in bn. EUR</b>	<b>20.1</b>	<b>22.5</b>	<b>25.4</b>	<b>28.3</b>	<b>31.9</b>

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 575,9 m. (EUR 451.9 m.) as per 31 December 2012

2) Of which Pfandbriefe and Covered bonds = 84%

# We have achieved our targets

Business group	Key figures	Strategic targets	2012
Group	Return on investment <sup>1)</sup>	≥3.5%	4.1 % ✓
	Return on equity	≥10% <sup>2)</sup>	15.6 % ✓
	Earnings per share growth (y-o-y)	≥10%	41.6 % ✓
	Value creation per share <sup>3)</sup>	≥10%	26.9% ✓
Non-life reinsurance	Gross premium growth <sup>4)</sup>	3% - 5%	13.1% ✓
	Combined ratio <sup>5)</sup>	≤98%	95.8 % ✓
	EBIT margin <sup>6)</sup>	≥10%	15.9% ✓
	xRoCA <sup>7)</sup>	≥2%	5.2% ✓
Life and health reinsurance	Gross premium growth <sup>8)</sup>	5% - 7%	14.9 % ✓
	Value of New Business (VNB) growth	≥10%	n.a.
	EBIT margin <sup>6)</sup> financing and longevity business	≥2	2.7 % ✓
	EBIT margin <sup>6)</sup> mortality and morbidity business	≥6%	7.1 % ✓
	xRoCA <sup>7)</sup>	≥5%	2.4 %

1) Excl. inflation swap and ModCo

3) Growth of book value + paid dividends

5) Incl. expected net major losses of EUR 560 m.

7) Excess return on the allocated economic capital

2) 750 bps above 5-year rolling average of 10-year German government-bond rate ("risk free"), after tax

4) In average throughout the cycle

6) EBIT/net premium earned

8) Organic growth only

# Outlook 2013

# Guidance for 2013

## Hannover Re Group

- ▶ Gross written premium (GWP)<sup>1)</sup> \_\_\_\_\_ ~ +5%
  - Non-life reinsurance<sup>1)</sup> \_\_\_\_\_ ~ +3% - +5%
  - Life and health reinsurance<sup>1)2)</sup> \_\_\_\_\_ ~ +5% - +7%
- ▶ Return on investment<sup>3)4)</sup> \_\_\_\_\_ ~ 3.4%
- ▶ Group net income<sup>3)</sup> \_\_\_\_\_ ~ EUR 800 m.
- ▶ Dividend pay-out ratio<sup>5)</sup> \_\_\_\_\_ 35% - 40%

1) At unchanged f/x rates

2) Organic growth











3) Subject to no major distortions in capital markets and/or major losses in 2013 not exceeding approx. EUR 625 m.

4) Excluding effects from inflation swaps

5) Related to group net income according to IFRS

# Selective growth and satisfying profitability expected

## Development of non-life reinsurance lines of business (2013e)

	Lines of business	Volume <sup>1)</sup>	Profitability <sup>2)</sup>
Target markets	North America <sup>3)</sup>		+
	Germany <sup>3)</sup>		+/-
Specialty lines	Marine (incl. energy)		+
	Aviation		+
	Credit, surety & political risks		+
	Structured R/I & ILS		+/-
	UK, London market & direct		+/-
Global R/I	Global treaty <sup>3)</sup>		+/-
	Global cat XL		+
	Global facultative		+

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



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

3) All lines of business except those stated separately



# Life and health R/I should continue its success story in 2013

## Development of lines of business

	Lines of business	Volume <sup>1)</sup>	Profitability <sup>2)</sup>
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)

# Hannover Re sees further prosperity

## Despite a challenging environment

### ▶ Group

- Top rating (S&P: AA-; A.M. Best: A+) ensures attractive new business
- Approved strategy: growing HR profitably
- Generates noticeably higher profitability than its peers measured by RoE
- Buffer on both sides of balance sheet (i. e. valuation reserves & reserve redundancies)

### ▶ Non-life reinsurance

- Selective growth & disciplined underwriting:  
good overall rating quality should have a positive effect on the Combined Ratio

### ▶ Life and health reinsurance

- Solution-driven approach creates win-win situations with our clients
- Continuous profitable organic growth expected

### ▶ Investments

- Deteriorated yield environment puts the focus on underwriting profitability

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# Appendix

# Our strategic business groups at a glance

## 2012 vs. 2011

in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	2011	2012	2011	2012	2011	2012
Gross written premium	6,826	7,717	5,270	6,058	12,096	13,774
Change in GWP	-	+13.1%	-	+14.9%	-	+13.9%
Net premium earned	5,961	6,854	4,789	5,426	10,752	12,279
Net underwriting result	(269)	272	(276)	(357)	(536)	(84)
Net underwriting result incl. funds withheld	(254)	286	48	(15)	(197)	271
Net investment income	845	945	513	685	1,384	1,656
From assets under own management	831	931	188	343	1,046	1,300
From funds withheld	14	14	324	342	339	355
Other income and expenses	23	(125)	(19)	(37)	(7)	(165)
<b>Operating profit/loss (EBIT)</b>	<b>599</b>	<b>1,092</b>	<b>218</b>	<b>291</b>	<b>841</b>	<b>1,406</b>
Interest on hybrid capital	(0)	0	(0)	0	(99)	(105)
<b>Net income before taxes</b>	<b>599</b>	<b>1,092</b>	<b>218</b>	<b>291</b>	<b>742</b>	<b>1,302</b>
Taxes	(78)	(335)	(31)	(56)	(65)	(368)
<b>Net income</b>	<b>522</b>	<b>757</b>	<b>187</b>	<b>235</b>	<b>677</b>	<b>934</b>
Non-controlling interest	66	71	5	5	71	75
<b>Group net income</b>	<b>456</b>	<b>686</b>	<b>182</b>	<b>231</b>	<b>606</b>	<b>858</b>
Retention	91.3%	90.2%	91.0%	89.3%	91.2%	89.8%
Combined ratio (incl. interest on funds withheld)	104.3%	95.8%	99.0%	100.3%	101.8%	97.8%
EBIT margin (EBIT / Net premium earned)	10.1%	15.9%	4.5%	5.4%	7.8%	11.5%
Tax ratio	13.0%	30.7%	14.1%	19.1%	8.8%	28.3%
Earnings per share	3.78	5.69	1.51	1.91	5.02	7.12

# Our strategic business groups at a glance

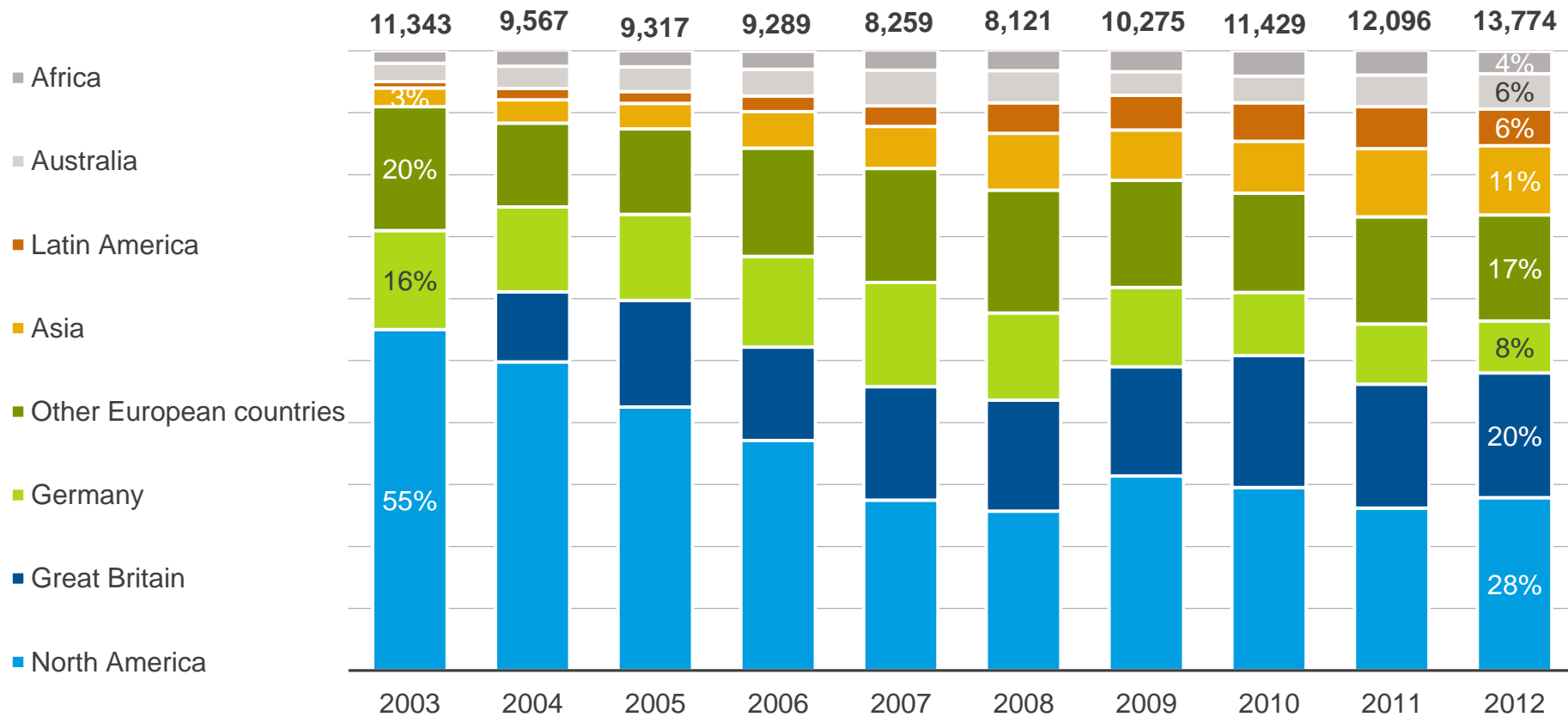
## Q4/2012 vs. Q4/2011

in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	Q4/2011	Q4/2012	Q4/2011	Q4/2012	Q4/2011	Q4/2012
Gross written premium	1.605	1.820	1.427	1.659	3.031	3.478
Change in GWP	-	+13.4%	-	+16.3%	-	+14.7%
Net premium earned	1.570	1.837	1.302	1.484	2.872	3.320
Net underwriting result	(40)	103	(85)	(124)	(122)	(31)
Net underwriting result incl. funds withheld	(36)	108	2	(21)	(31)	77
Net investment income	264	242	163	198	433	447
From assets under own management	260	237	75	96	342	339
From funds withheld	4	5	87	102	91	108
Other income and expenses	42	-19	2	-16	40	(26)
<b>Operating profit/loss (EBIT)</b>	<b>266</b>	<b>325</b>	<b>79</b>	<b>58</b>	<b>351</b>	<b>390</b>
Interest on hybrid capital	0	0	0	0	(22)	(28)
<b>Net income before taxes</b>	<b>266</b>	<b>325</b>	<b>79</b>	<b>58</b>	<b>329</b>	<b>361</b>
Taxes	(79)	(145)	(10)	(14)	(78)	(153)
<b>Net income</b>	<b>187</b>	<b>180</b>	<b>69</b>	<b>44</b>	<b>251</b>	<b>208</b>
Non-controlling interest	26	19	0	1	27	21
<b>Group net income</b>	<b>161</b>	<b>161</b>	<b>69</b>	<b>43</b>	<b>224</b>	<b>188</b>
Retention	94,3 %	90,9 %	90,8 %	89,3 %	92,6 %	90,1 %
Combined ratio (incl. interest on funds withheld)	102,3 %	94,1 %	99,8 %	101,4 %	101,1 %	97,7 %
EBIT margin (EBIT / Net premium earned)	17,0 %	17,7 %	6,1 %	3,9 %	12,2 %	11,7 %
Tax ratio	29,8 %	44,6 %	12,1 %	24,4 %	23,7 %	42,4 %
Earnings per share	1.33	1.33	0.57	0.35	1.86	1.56

# Well balanced international portfolio

## Gross written premium (Group)

in m. EUR



2003 US GAAP (Great Britain listed in other European countries), as from 2004 IFRS

# Stress tests on assets under own management

Relaxed on Asset Liability Management view, but with largest risk on credits

Portfolio	Scenario	Change in market value in m. EUR	Changes in OCI before tax in m. EUR	ALM* net total in m. EUR
Equity prices	-10%	-3	-3	-3
Equity prices	-20%	-6	-6	-6
Yield curves	+50 bps	-668	-517	-159
Yield curves	+100 bps	-1,306	-1,009	-326

As at 31 December 2012

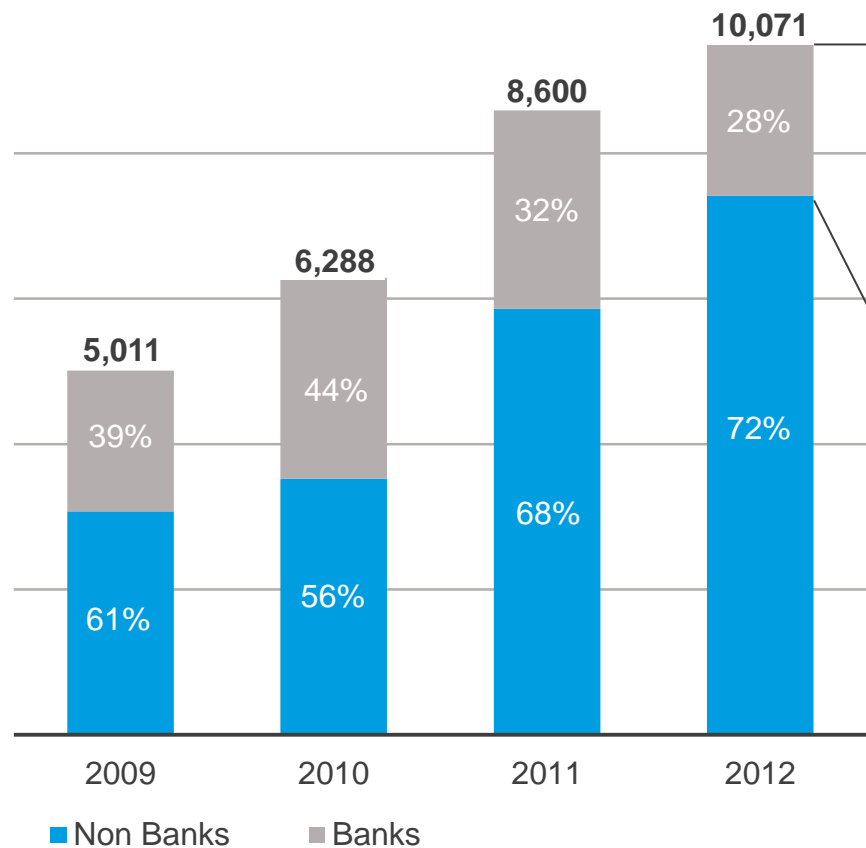
\* Asset Liability Management, incl. discount effects on liabilities according to Hannover Re's to internal model

# Continuously reduced share of bank exposure reached our target

## Unchanged focus on conservative title selection

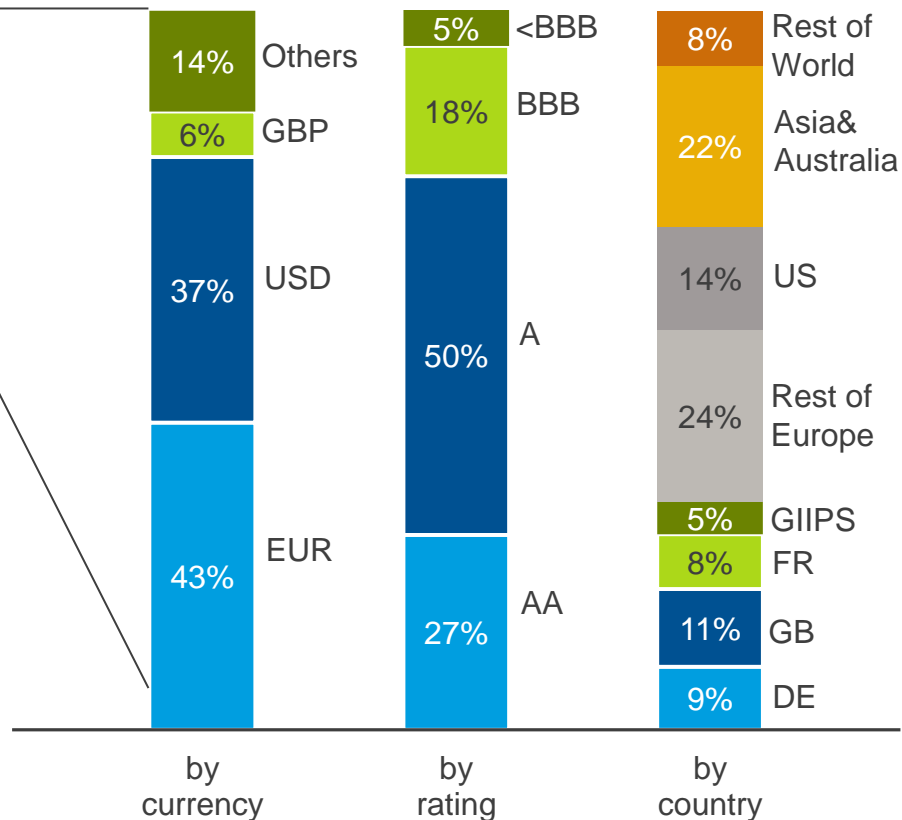
### Corporate allocation

in m. EUR



### Total bank exposure

EUR 2,841 m.



\* Economic view based on market value as at 31 December 2012

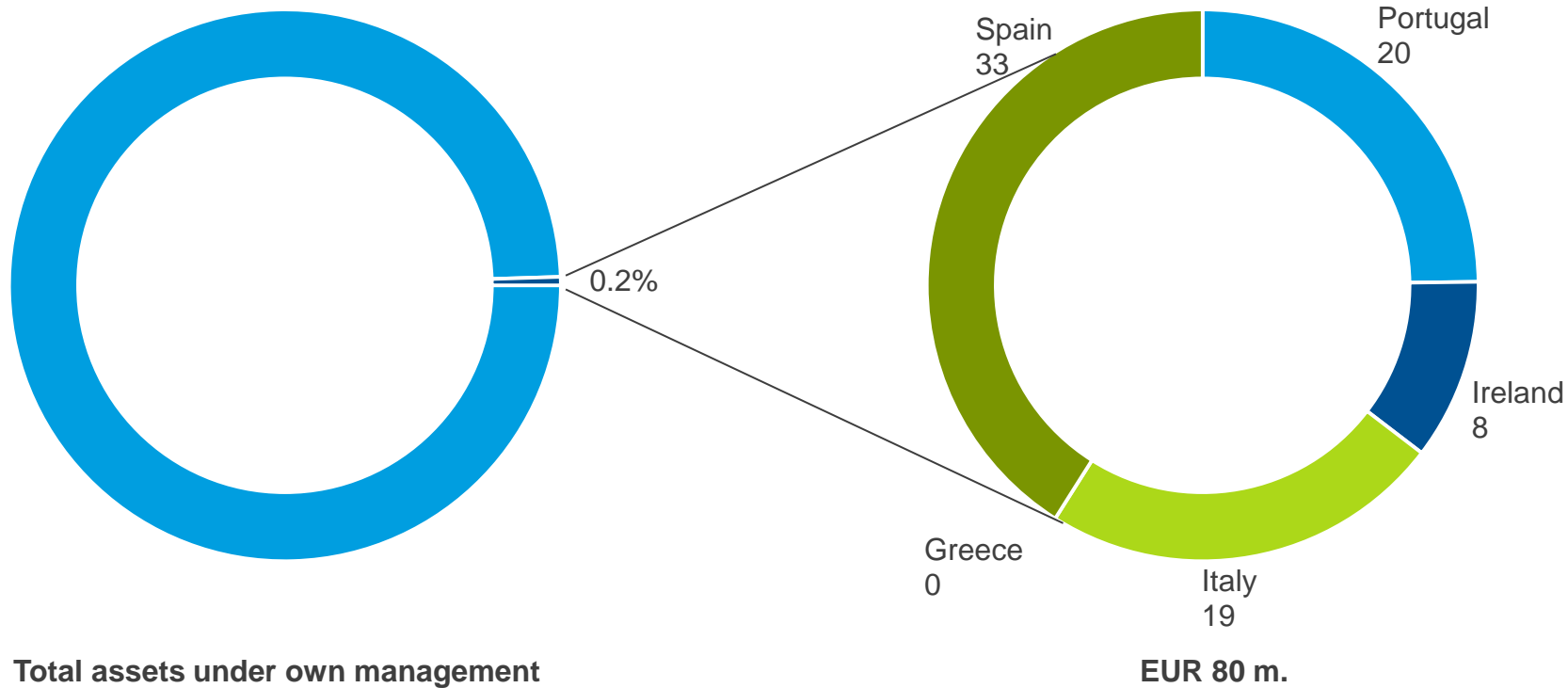


# No material exposure in Southern Europe and Ireland\*

Merely 0.2% of total AuM; further reduction of exposure in Spain

## Asset allocation

in m. EUR



Economic view based on market value as at 31 December 2012

\* Investments in governments and semi-governments

# Fixed-income book well balanced

Allocation according to our business diversification

	Governments	Semi-governments	Corporates	Pfandbriefe, Covered Bonds, ABS	Short-term investments, cash	Total
AAA	29.6%	59.6%	2.0%	61.9%	-	33.2%
AA	54.9%	37.2%	13.0%	18.8%	-	29.2%
A	9.4%	2.5%	49.1%	10.1%	-	21.8%
BBB	5.1%	0.6%	29.3%	5.3%	-	12.6%
<BBB	1.0%	0.1%	6.5%	3.9%	-	3.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>
Germany	10.1%	46.1%	7.2%	29.5%	15.6%	21.4%
UK	8.8%	6.1%	11.0%	10.3%	9.4%	9.2%
France	7.3%	2.7%	6.5%	8.9%	1.1%	6.0%
GIIPS	1.2%	0.1%	3.3%	9.3%	-	3.0%
Rest of Europe	11.3%	18.8%	18.4%	26.0%	5.0%	17.9%
USA	41.2%	8.7%	33.6%	5.8%	14.8%	23.6%
Australia	4.7%	8.0%	8.5%	5.7%	18.2%	7.5%
Asia	9.0%	1.3%	3.5%	0.1%	26.0%	4.3%
Rest of World	6.5%	8.1%	8.0%	4.2%	9.9%	7.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Total amounts m. EUR</b>	<b>6,272</b>	<b>7,191</b>	<b>10,207</b>	<b>5,281</b>	<b>1,082</b>	<b>30,033</b>

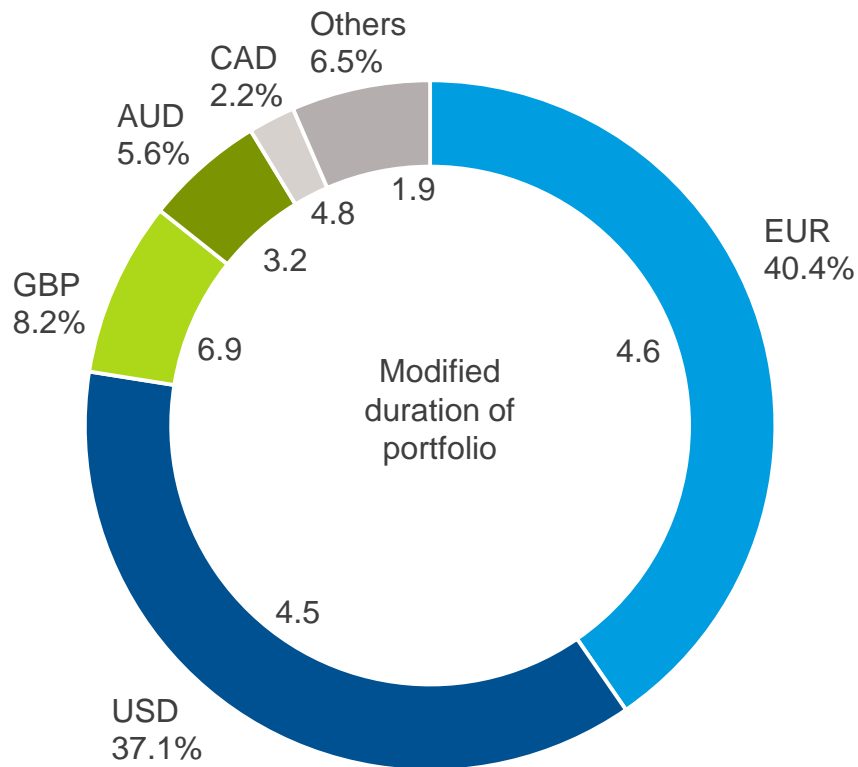
As at 31 December 2012

# Currency allocation matches liability profile of balance sheet

## Active asset liability management ensures durational match

Currency

in %



- ▶ Fixed income backing shareholders' equity with same duration as average liabilities
- ▶ GBP predominantly driven by life business

Modified duration as at 31 December 2012: 4.5 (2011: 4.2)

# Partial inflation hedge refreshed via inflation linkers

## Sensitivities reset to initial levels as of 2010

- ▶ Average hedged inflation level of 2.2% p.a.
  - 2012: P&L effect EUR 28.0 m.; OCI effect EUR 0.2 m.
- ▶ Instruments held as inflation hedges (31 Dec. 2012) with volume of EUR 3,415 m.
  - EUR 2,850 m. equivalent swap volume with average duration of 2.4 years
  - EUR 565 m. volume of inflation linker with average duration of 6.6 years
- ▶ Sensitivity to inflation risk:

in m. EUR	Inflation Swaps: Change in market value through <b>P/L</b>	Inflation Linked Bonds: Change in market value through <b>OCI</b>	Total economic effect before taxes
Inflation expectation*: +100 bps	+69	+41	<b>+110</b>
Inflation expectation*: -100 bps	-67	-39	<b>-106</b>
Inflation expectation*: +400 bps	+285	+179	<b>+464</b>

\* CPI - Consumer Price Index (US inflation index)

HICP - Harmonised Indices of Consumer Prices (EU inflation index; actually traded is the sub-index HICP ex tobacco)

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