



somewhat
different

Welcome to Hannover Re's Analysts' Conference

Annual Results 2013

Frankfurt/London, 12 March 2014

hannover **re**[®]

Record result supported by non-life U/W result and tax effect

RoE of 15.0% well in excess of strategic target

Group

▶ Gross written premium: EUR 13,963 m. (+1.4%)	▶ GWP f/x-adjusted growth of 4.2% with contributions from both business segments
▶ Net premium earned: EUR 12,227 m. (-0.4%)	
▶ EBIT: EUR 1,229 m.	▶ Group net income up by 5.4%; positive impact from taxes
▶ Group net income : EUR 895 m.	
▶ RoE: 15.0%	▶ RoE remains in excess of our minimum target
▶ Book value per share: EUR 48.83	▶ Attractive dividend yield of 4.8%
▶ Dividend proposal: EUR 3.00	

Non-life R/I

EBIT: EUR 1,061 m.

- ▶ C/R improved to 94.9% (95.8% previous year)
- ▶ Slowdown in growth (+3.5% f/x adjusted) due to selective underwriting and strict adherence to margin requirements
- ▶ Net major losses of EUR 578 m. (8.4% of NPE) below expectation of EUR 625 m.

Life and health R/I

EBIT: EUR 151 m.

- ▶ Solid top line growth (+5.1% f/x adjusted)
- ▶ Technical result affected by Australian legacy DII business
- ▶ Underlying profitability at attractive levels

Investments

NI: EUR 1,412 m.

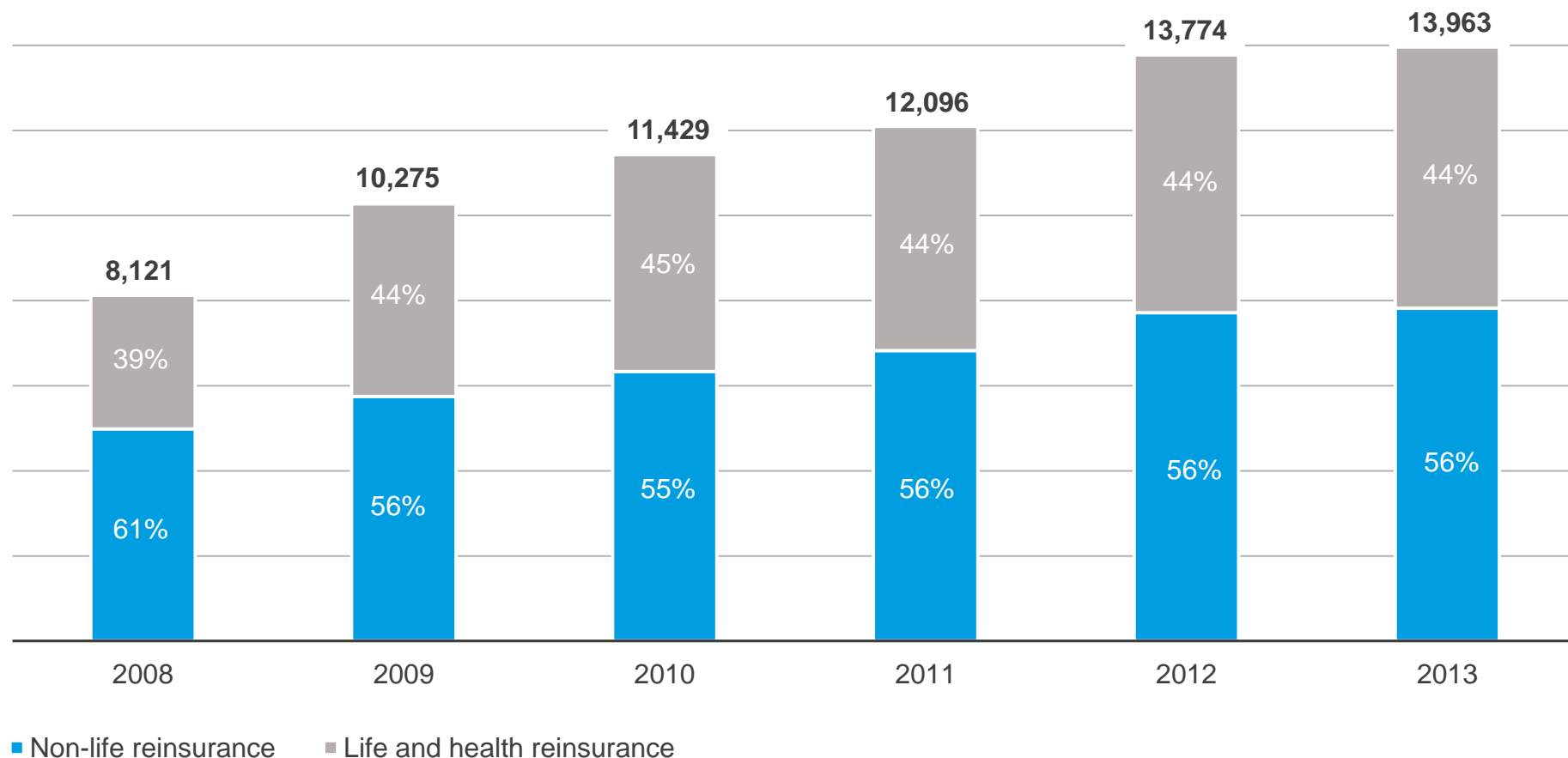
- ▶ RoI target excl. ModCo and inflation swaps of 3.4% achieved
- ▶ Slight decrease in ordinary investm. income within expected range
- ▶ Extraordinary investment income impacted by reduced realised gains and change in fair value of financial instruments
- ▶ Valuation reserves still at EUR 1.1 bn.

Moderate growth due to strict U/W in a competitive market

2013: +1.4%; 5-year CAGR +11.4%

Gross written premium

in m. EUR



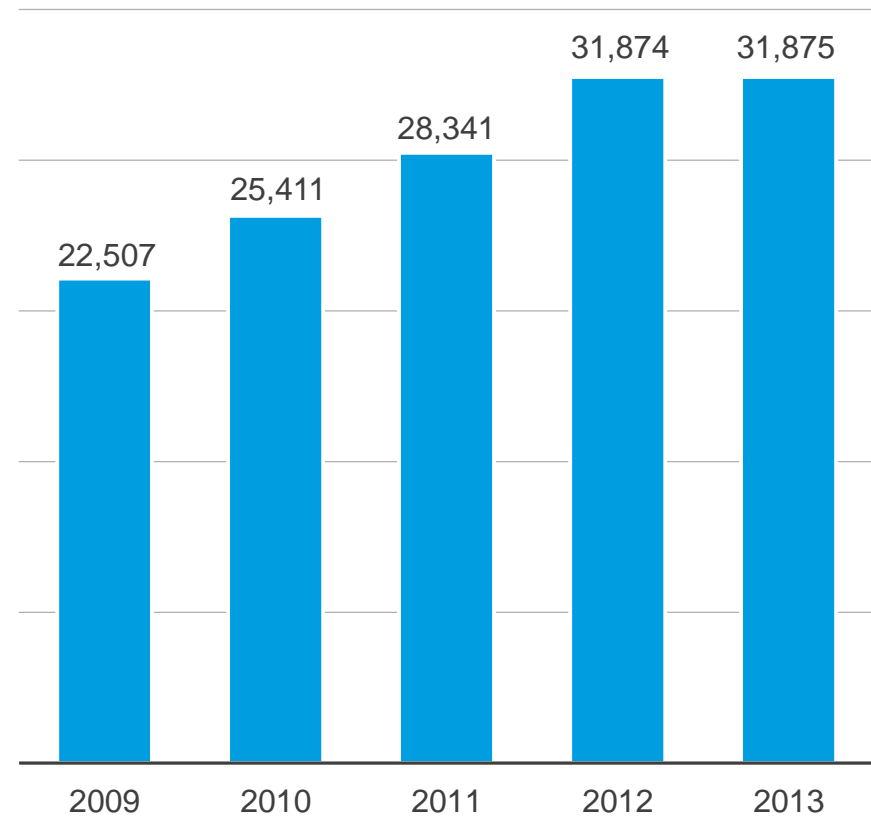
Continued positive cash flow

AuM affected by f/x effects, decrease in valuation reserves & high dividend payment

Operating cash flow in m. EUR



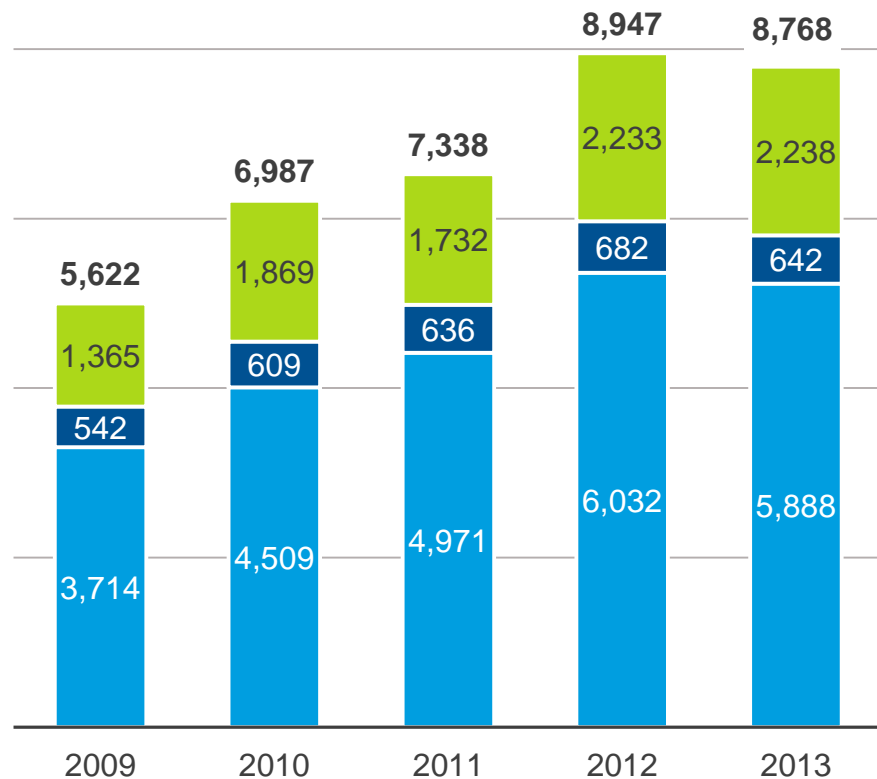
Assets under own management (AuM) in m. EUR



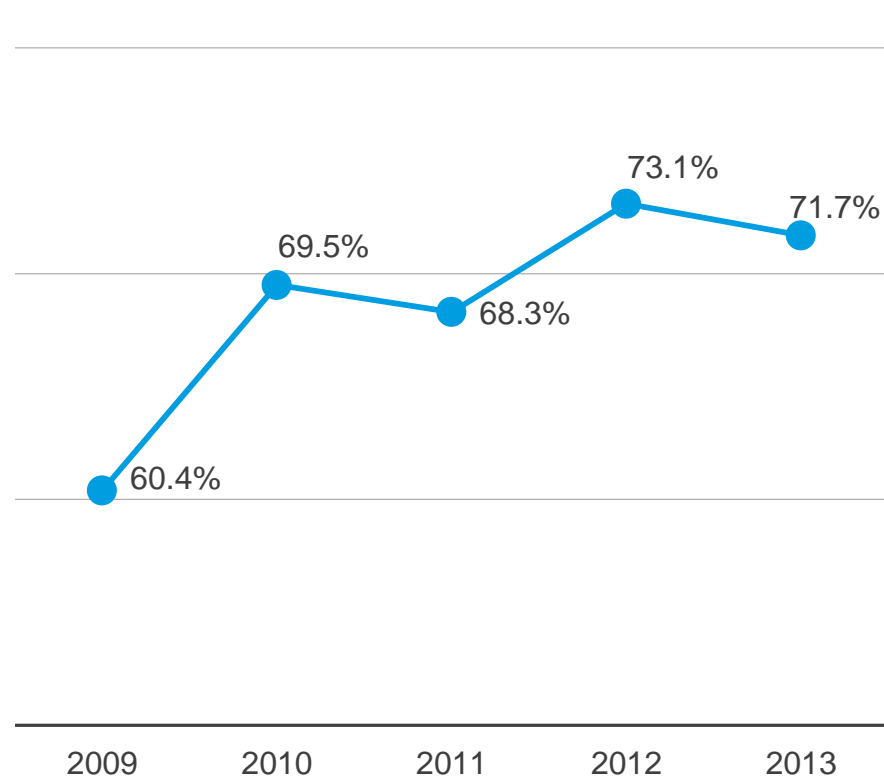
Capital base remains on high level

Substantial increase of solvency margin since 2009

Policyholders' surplus in m. EUR



Solvency margin*



■ Shareholders' equity ■ Non-controlling interests ■ Hybrid

2012 figures restated

* Policyholders' surplus/net premium earned

Dividend payment of EUR 3.00 at upper end of payout range

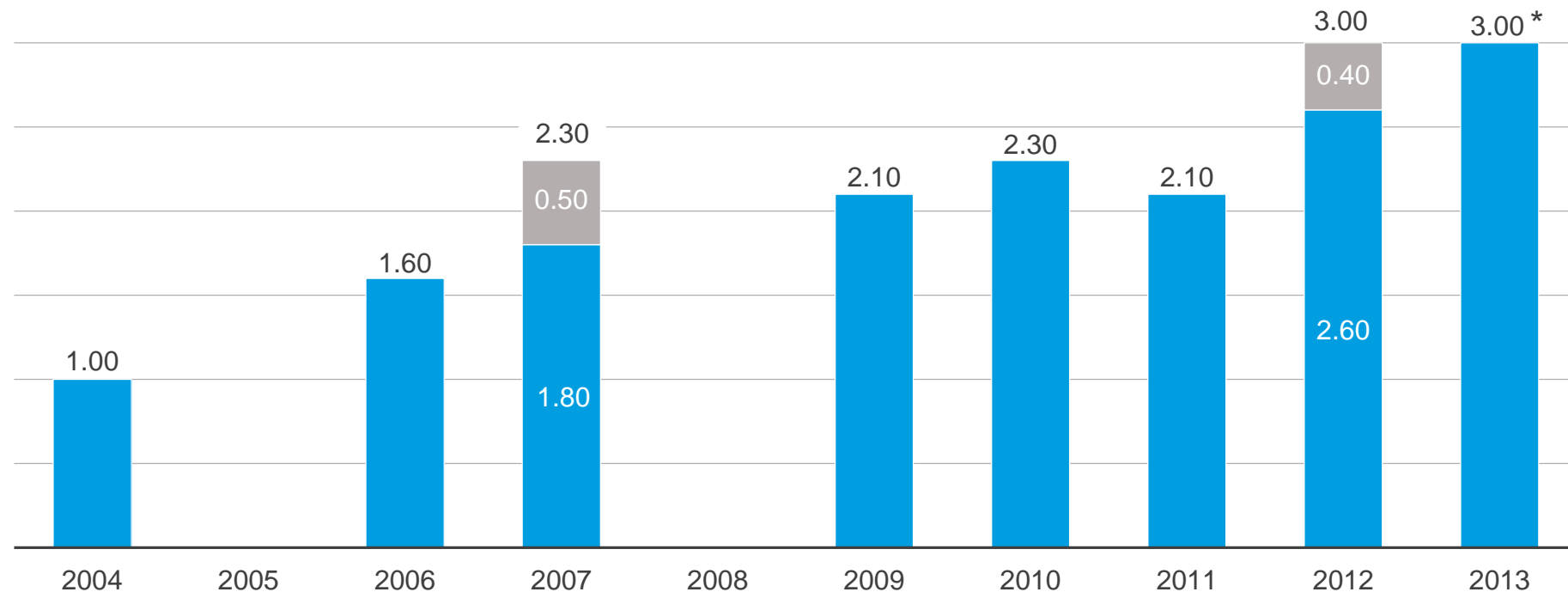
Attractive dividend yield of 4.8%

Dividend per share

in EUR

Payout ratio:

[43%] [-] [37%] [38%] [-] [35%] [37%] [42%] [42%] [40%]



■ Dividend per share ■ Bonus per share

* Subject to consent of AGM

Group net income at record level

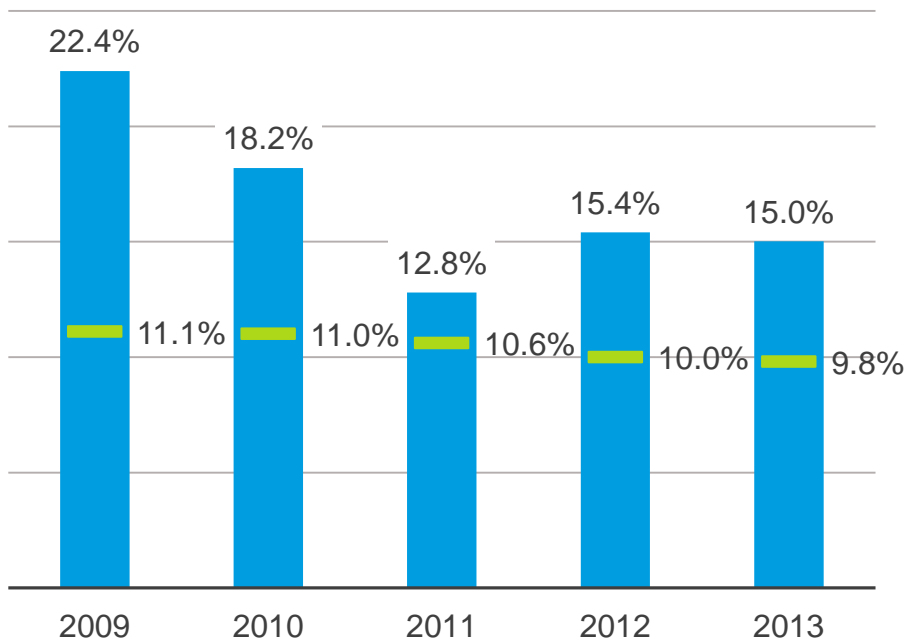
Group figures in m. EUR	Q4/2012	Q4/2013	2012	2013	YTD 2013
Gross written premium	3,478	3,426	13,774	13,963	▶ GWP f/x-adjusted growth +4.2%
Net premium earned	3,320	3,109	12,279	12,227	▶ NPE f/x-adjusted growth +2.3%
Net underwriting result	(44)	(58)	(97)	(83)	▶ Favourable non-life underwriting result despite continued conservative reserving policy
- Incl. funds withheld	64	31	259	274	
Net investment income	447	359	1,656	1,412	▶ Life and health technical result impacted by EUR 100 m. charge for Australian disability business
- From assets under own mgmt.	339	269	1,300	1,054	
- From funds withheld	108	90	355	357	
Other income and expenses	(26)	(57)	(165)	(100)	▶ Positive tax effects in non-life and life & health led to low tax ratio of 14.8%
Operating profit/loss (EBIT)	377	243	1,394	1,229	
Interest on hybrid capital	(28)	(32)	(105)	(127)	
Net income before taxes	349	212	1,289	1,102	
Taxes	(149)	61	(364)	(163)	
Net income	199	273	925	939	
- Non-controlling interests	21	8	75	44	
Group net income	179	265	850	895	
Retention	90.1%	89.2%	89.8%	89.0%	
EBIT margin (EBIT/Net premium earned)	11.4%	7.8%	11.4%	10.1%	
Tax ratio	42.8%	(29.0%)	28.3%	14.8%	
Earnings per share	1.48	2.20	7.04	7.43	

2012 figures restated

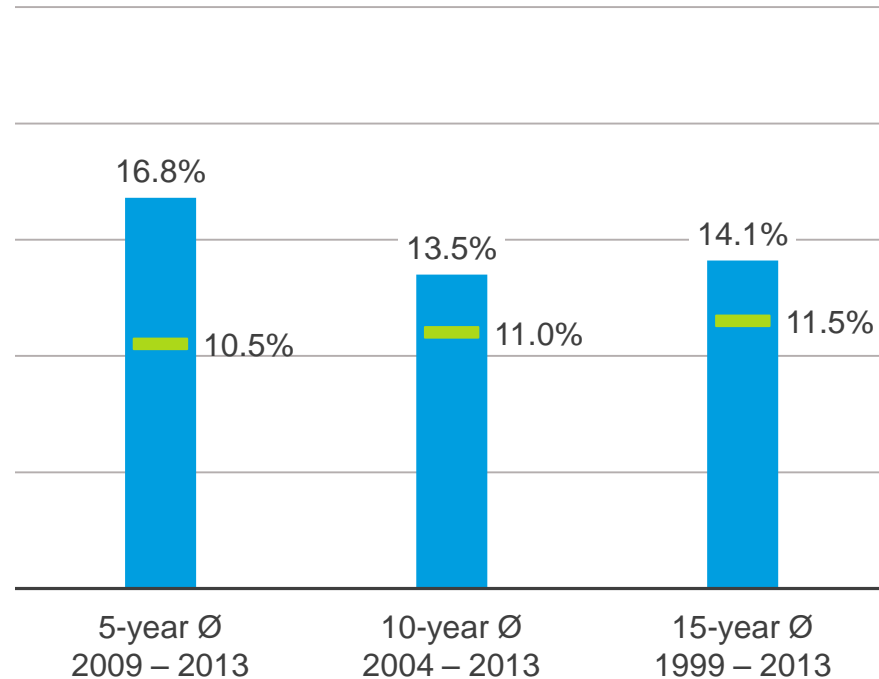
Strategic RoE target well exceeded

Solid 5-year track record

Return on Equity: yearly



Return on Equity: average



■ Actual — Minimum target*

2012 figures restated

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

Hannover Re remains no. 1 position in RoE ranking

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

Company	2009		2010		2011		2012		2013		2009 - 2013	
	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	avg. RoE	Rank
Hannover Re	22.4%	3	18.2%	1	12.8%	1	15.4%	3	15.0%	3	16.8%	1
Peer 9, Bermuda, non-life	24.4%	2	18.1%	2	(2.4%)	8	15.9%	2	18.0%	2	14.8%	2
Peer 6, Bermuda, composite	25.9%	1	11.5%	4	(7.6%)	10	16.9%	1	9.7%	7	11.3%	3
Peer 5, Bermuda, non-life	14.6%	4	9.9%	7	(1.3%)	7	12.9%	6	18.4%	1	10.9%	4
Peer 8, US, life & health	12.6%	5	12.9%	3	10.1%	2	9.9%	8	6.5%	10	10.4%	5
Peer 2, Germany, composite	11.8%	6	10.7%	5	3.1%	6	12.6%	7	12.3%	5	10.1%	6
Peer 7, France, composite	10.2%	7	10.1%	6	7.5%	4	9.1%	9	11.2%	6	9.6%	7
Peer 4, US, non-life	9.9%	8	7.1%	8	4.9%	5	15.2%	4	9.4%	8	9.3%	8
Peer 1, Switzerland, composite	2.3%	10	3.6%	10	9.6%	3	13.4%	5	13.7%	4	8.5%	9
Peer 3, US, non-life	2.7%	9	5.8%	9	(4.4%)	9	5.8%	10	9.1%	9	3.8%	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

Excellent underwriting result from non-life business. . .

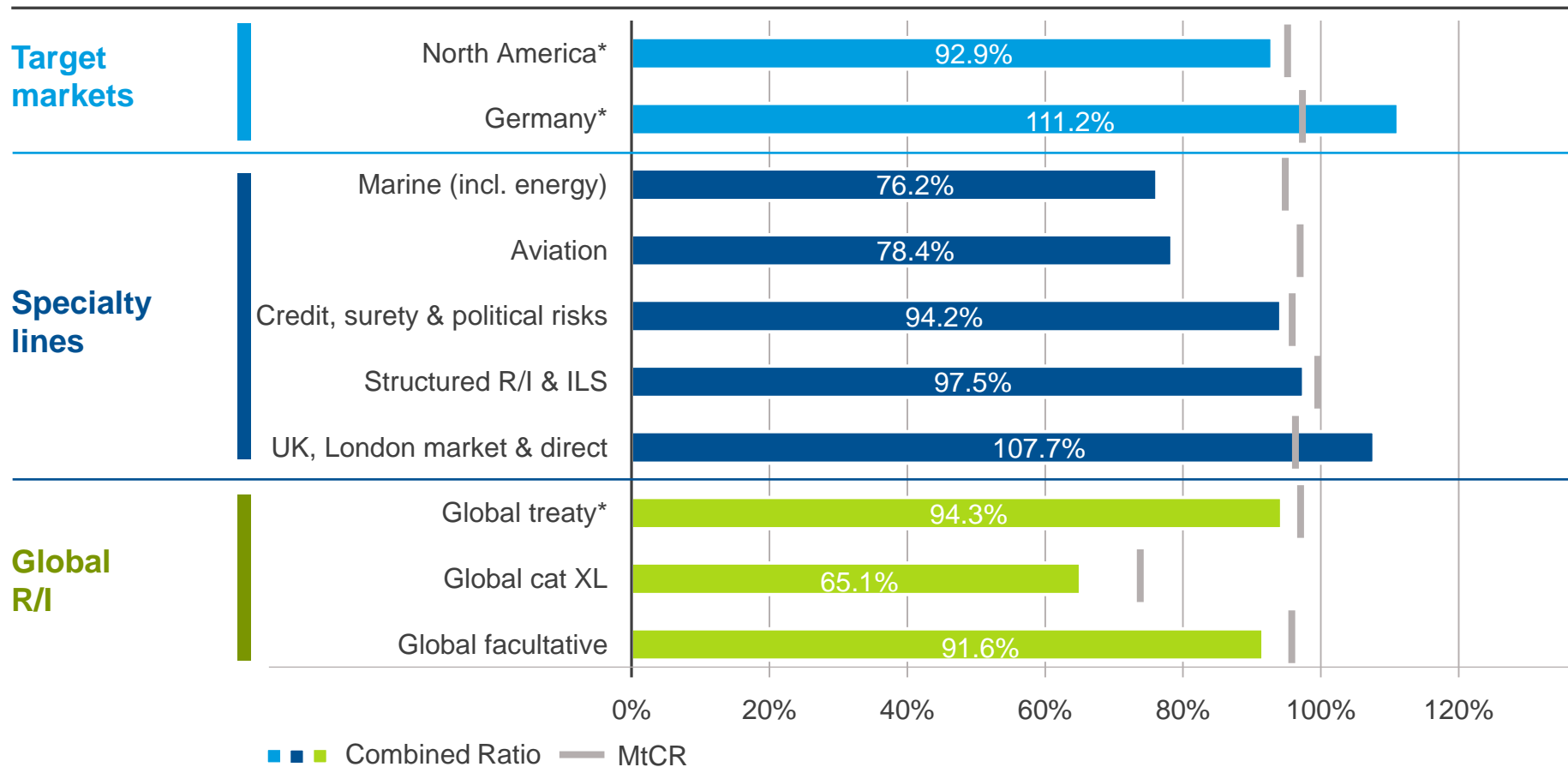
. . .overcompensates decline in ordinary investment income

Non-life reinsurance in m. EUR	Q4/2012	Q4/2013	2012	2013	YTD 2013
Gross written premium	1,820	1,861	7,717	7,818	▶ GWP f/x-adjusted growth +3.5%; mainly from US and specialty lines
Net premium earned	1,837	1,773	6,854	6,866	▶ NPE f/x-adjusted growth +2.3%
Net underwriting result incl. funds withheld	108	96	286	350	▶ Major losses of EUR 578 m. (8.4% of NPE) below budget of EUR 625 m.
Combined ratio incl. interest on funds withheld	94.1%	94.6%	95.8%	94.9%	▶ Further increased confidence level of loss reserves
Net investment income from assets under own management	237	199	931	766	▶ Reduced NII due to lower realised gains and change in fair value of infl. swaps of EUR -41 m.
Other income and expenses	(20)	(39)	(125)	(56)	▶ Other income & expenses improved mainly due to f/x effects
Operating profit/loss (EBIT)	325	256	1,091	1,061	▶ EBIT margin of 15.5% well above target
Tax ratio	44.6%	(10.6%)	30.7%	19.5%	▶ Tax ratio decreased significantly; principally due to one-off adjustments on deferred taxes of equalisation reserves regarding German GAAP
Group net income	161	273	686	808	
Earnings per share	1.33	2.27	5.68	6.70	

All but two lines of business outperform the MtCR

Combined Ratio 2013 vs. MtCR

in %



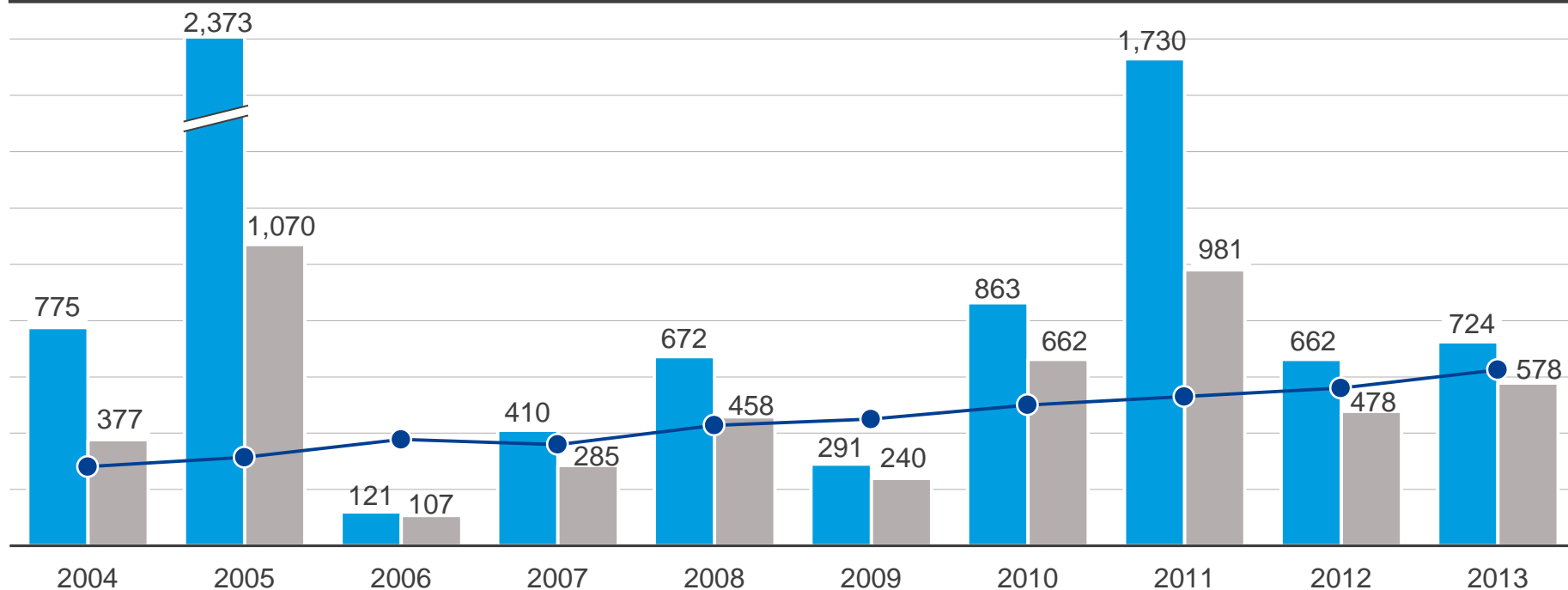
MtCR = Maximum tolerable Combined Ratio

* All lines of non-life reinsurance except those stated separately

Major losses EUR 47 m. below budget of EUR 625 m.

Natural and man-made catastrophe losses¹⁾

in m. EUR



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

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

■ Gross
 ■ Net
 —●— Expected net catastrophe losses

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

2) 2004 - 2006 adjusted to new segmentation

Overall low burden from natural catastrophes.but exceptionally high loss activity in Germany and Canada

Catastrophe losses* in m. EUR	Date	Gross	Net
Tornados, USA	19 - 20 May	15.5	11.0
Floods, Europe	20 May - 04 Jun	113.4	92.5
Hail "Manni", Germany/Switzerland/Austria	19 - 20 Jun	51.9	37.7
Floods, Canada	19 - 21 Jun	66.1	45.9
Floods, Canada	08 - 09 Jul	25.9	15.0
Hail "Andreas", Germany	27 - 28 Jul	137.9	99.3
Storm "Christian", Germany	28 Oct	45.5	33.7
Typhoon "Haiyan", Philippines	9 Nov	18.7	18.5
Storm "Xaver", Germany	05 Dec	39.5	27.5
9 Natural catastrophes		514.4	381.1
2 Aviation claims		37.8	33.5
6 Property claims		117.2	115.8
2 Credit claims		28.7	28.7
1 Marine claim		26.0	18.5
20 Major losses		724.1	577.6

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

Premium growth within target range

Australian disability business burdens result; improvements in US mortality business

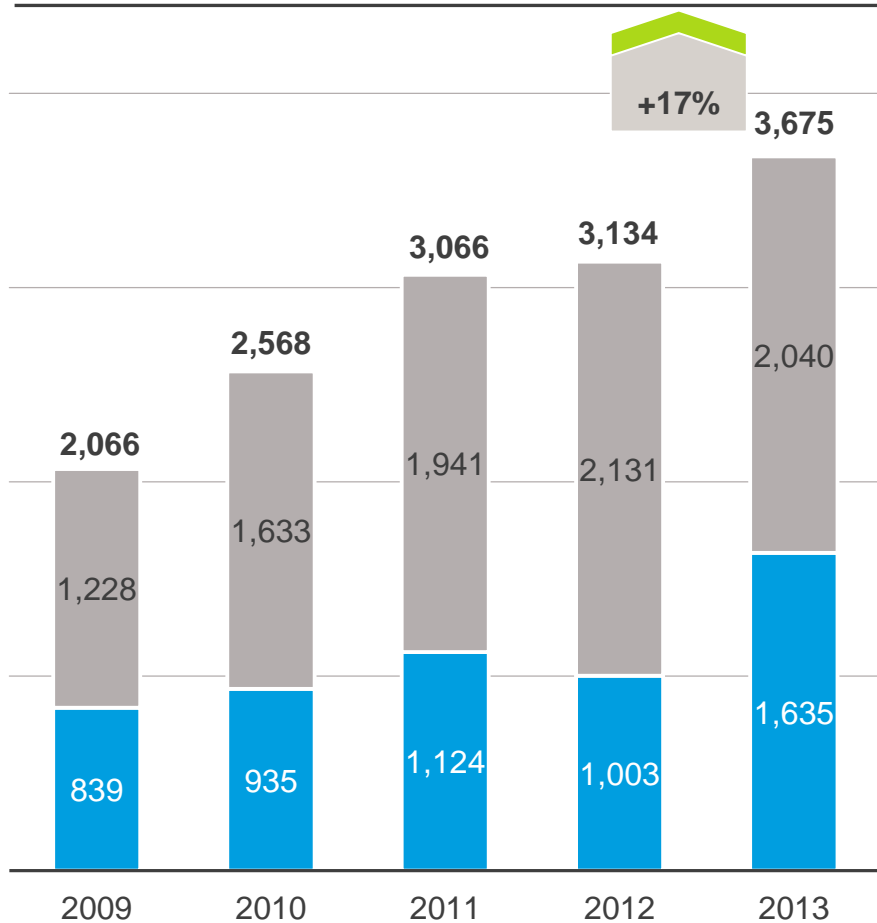
Life and health R/I in m. EUR	Q4/2012	Q4/2013	2012	2013	YTD 2013
Gross written premium	1,659	1,564	6,058	6,145	▶ GWP f/x-adjusted growth +5.1%, mainly from US mortality solutions, China and longevity
Net premium earned	1,484	1,336	5,426	5,360	▶ NPE f/x-adjusted growth +2.4%
Net underwriting result incl. funds withheld	(34)	(64)	(28)	(76)	▶ Result affected by legacy DII business (EUR ~100 m. before taxes)
Net investment income from assets under own management	96	65	343	269	▶ NII reduced mainly due to normalised results from ModCo derivatives and decreased realised gains
Other income and expenses	(16)	(18)	(37)	(43)	
Operating profit/loss (EBIT)	46	(17)	279	151	▶ EBIT margins: Financial solutions/longevity business: 5.2% Mortality and morbidity business: 1.2%; burdened by Australian disability business
EBIT margin	3.1%	(1.3%)	5.1%	2.8%	
Tax ratio	22.8%	-	18.6%	(7.2%)	▶ Tax revenue of EUR 10.9 m. driven by high loss deductibility from Australian disability business
Group net income	34	11	222	164	
Earnings per share	0.28	0.09	1.84	1.36	

2012 figures restated

Positive development of MCEV in 2013

Value of new business remains on high level

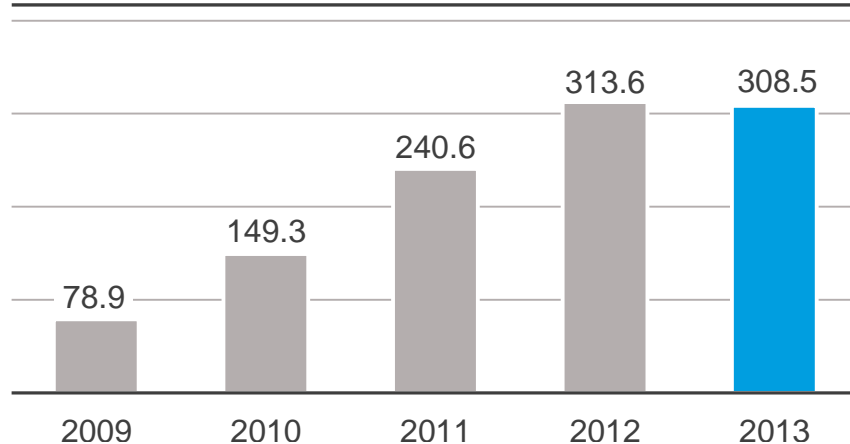
Development of MCEV in m. EUR



■ Shareholder Net Worth ■ Value in Force

- ▶ Excellent Value of New Business of **EUR 308.5 m.**
- ▶ Compound Annual Growth Rate of VNB since 2009 equals 40.6%
- ▶ Positive development of MCEV from EUR 3,133.9 m. to **EUR 3,675.1 m.** (+17%) despite negative effects from change in interest rates and f/x-rates

Development VNB in m. EUR



Further increase of MCEV

in m. EUR	2012	2013
Opening MCEV	3,065.8	3,133.9
Opening adjustments	(7.3)	275.8
Adjusted opening MCEV	3,058.5	3,409.7
Operating MCEV earnings	(56.9)	341.9
Economic variances	339.2	(63.4)
Other non-operating variance	10.3	10.0
Total MCEV earnings	292.6	288.6
MCEV before closing adjustments	3,351.1	3,698.3
Closing adjustments	(217.1)	(23.2)
Closing MCEV	3,133.9	3,675.1
Return on MCEV*	9.6%	8.5%
due to - Operating MCEV earnings	-1.9%	10.0%
- Economic variances	11.1%	-1.9%
- Other non operating variance	0.3%	0.3%

* (MCEV before closing adjustments – adjusted opening MCEV) / adjusted opening MCEV

Opening adjustments

- ▶ Capital injection of EUR 309.0 m.
- ▶ Correction of 2012 free surplus due to a time shift in dividend payments (EUR -25.0 m.)
- ▶ Conversion of UK to a branch including recapture of internal retrocession (EUR -8.2 m.)

Economic variances

- ▶ Higher investment yields than expected (EUR 153.0 m.)
- ▶ Tax effect EUR -34.9 m.; change in fair value of financial instruments EUR -25.4 m.
- ▶ Economic assumption changes of EUR -156.0 m. (change in book to market value adjustments for UK and US business, change in interest rates)

Closing adjustments

- ▶ Capital injections of EUR 262.6 m.
- ▶ Change in currency exchange rates (EUR -153.5 m.)
- ▶ Dividend payments (EUR -132.3 m.)

Further increase of MCEV

Excellent operating embedded value earnings

in m. EUR	2012	2013
Opening MCEV	3,065.8	3,133.9
Opening adjustments	(7.3)	275.8
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Return on MCEV¹⁾	9.6%	8.5%
due to - Operating MCEV earnings	-1.9%	10.0%
- Economic variances	11.1%	-1.9%
- Other non operating variance	0.3%	0.3%

in m. EUR	2012	2013
New business value	313.6	308.5
Expected existing business contribution (reference rate) ²⁾	93.4	83.0
Expected existing business contribution (in excess of reference rate) ³⁾	19.1	31.2
Experience variances	(170.4)	12.4
Assumption changes	(286.9)	(76.6)
Other operating variances	(25.7)	(16.5)
thereof - change of basis / change of model	(19.6)	(16.5)
- other	(6.1)	0.0
Operating MCEV earnings	(56.9)	341.9

1) (MCEV before closing adjustments – adjusted opening MCEV)/adjusted opening MCEV

2) Swap yield rates

3) Additional return consistent with the expectation of the management

Return on Investments fully in line with expectation

in m. EUR	Q4/2012	Q4/2013	2012	2013	RoI
Ordinary investment income*	272	263	1,099	1,054	3.3%
Realised gains/losses	77	47	228	144	0.5%
Impairments/appreciations & depreciations	(4)	(6)	(19)	(19)	-0.1%
Change in fair value of financial instruments	28	(8)	89	(27)	-0.1%
Investment expenses	(34)	(27)	(96)	(97)	-0.3%
NII from assets under own mgmt.	339	269	1,300	1,054	3.3%
NII from funds withheld	108	90	355	357	
Total net investment income	447	359	1,656	1,412	

YTD 2013

- ▶ Continued low interest rate levels widely compensated by increased investment income from corporate bonds, real estate and higher volumes
- ▶ Realised gains decreased mainly due to extraordinary real estate sales in 2012 and less realisations from fixed-income assets
- ▶ RoI w/o inflation swaps (EUR -41.0 m.) and ModCo derivatives (EUR 7.4 m.) at 3.4% in line with expectation
- ▶ Valuation reserves still at 3.4% of AuM despite increase in sovereign interest rates

Change in fair value of financial instruments	31 Dec 12	31 Dec 13
Fixed income (AFS)	1,145	426
Fixed income (HTM, L&R)	570	342
Equities and shares in limited partnerships	268	284
Total	1,983	1,052

* Incl. results from associated companies

Asset allocation largely unchanged

Increased real estate and corporates exposure support ordinary yield

Tactical asset allocation¹⁾

Investment category	2009	2010	2011	2012	31 Dec 13
Fixed-income securities	87%	84%	89%	91%	89%
- Governments	25%	23%	19%	19%	19%
- Semi-governments	26%	21%	23%	23%	20%
- Corporates	22%	25%	30%	32%	34%
Investment grade	20%	24%	29%	30%	33%
Non-investment grade	2%	1%	1%	2%	2%
- Pfandbriefe, Covered Bonds, ABS	15%	16%	16%	17%	15% ²⁾
Equities	2%	4%	2%	2%	2%
- Listed	<1%	2%	<1%	<1%	<1%
- Private Equity	2%	2%	2%	2%	2%
Real estate/real estate funds	1%	2%	2%	2%	4%
Others	2%	2%	2%	2%	2%
Short-term investments & cash	8%	8%	5%	3%	4%
Total balance sheet values in bn. EUR	22.5	25.4	28.3	31.9	31.9

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 598,5 m. (EUR 575.9 m.) as at 31 December 2013

2) Of which Pfandbriefe and Covered Bonds = 83.7%

Target Matrix 2013

Despite challenging market environment most targets outperformed

Business group	Key figures	Strategic targets	2013
Group	Return on investment ¹⁾	≥3.4%	3.4 %
	Return on equity	≥9.8% ²⁾	15.0%
	Earnings per share growth (y-o-y)	≥10%	5.4%
	Value creation per share ³⁾	≥10%	3.6%
Non-life reinsurance	Gross premium growth ⁴⁾	3% - 5%	3.5%
	Combined ratio	≤96% ⁵⁾	94.9%
	EBIT margin ⁶⁾	≥10%	15.5%
	xRoCA ⁷⁾	≥2%	5.4%
Life and health reinsurance	Gross premium growth ⁸⁾	5% - 7%	5.1%
	Value of New Business (VNB) growth	≥10%	(1.6%)
	EBIT margin ⁶⁾ financial solutions/longevity business	≥2%	5.2%
	EBIT margin ⁶⁾ mortality and morbidity business	≥6%	1.2%
	xRoCA ⁷⁾	≥3%	8.3%

1) Excl. inflation swap and ModCo

3) Growth of book value + paid dividend

5) Incl. expected net major losses of EUR 625 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; at unchanged f/x rates











6) EBIT/net premium earned

8) Organic growth only; at unchanged f/x rates; 5-year CAGR

Outlook 2014

Overall largely stable portfolio with continued good quality

Development of non-life reinsurance lines of business (FY 2014e)

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





1) Premium development in EUR at unchanged f/x rates

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 profitability back on track in 2014

Positive contributions from all reporting categories

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

1) Premium development in EUR at unchanged f/x rates

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

Guidance for 2014

Major loss budget of EUR 670 m.

Hannover Re Group

- ▶ Gross written premium¹⁾ _____ flat to low single-digit growth rate
- ▶ Return on investment²⁾ _____ ~ 3.2%
- ▶ Group net income³⁾ _____ ~ EUR 850 m.
- ▶ Dividend pay-out ratio⁴⁾ _____ 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

Rationale for the 2014 profit guidance

Net income ~ EUR 850 m.

- + We expect that our life and health result will improve significantly
- + Further strengthening of the confidence level of our non-life reserves may be limited due to IFRS accounting constraints → positive effect on C/R
- + Continued high quality of non-life business in force in 2014 because of our stringent underwriting approach should safeguard a favourable underwriting result
- + Less spending on retro at increased coverage
- + Reducing Return on Investment will be partly compensated by returns from increased investment volume emanating from further positive cash flow → almost stable absolute NII

Subject to no major distortions in capital markets and/or major losses in 2014 not exceeding approx. EUR 670 m.

We are confident to achieve the guidance

somewhat
different

Appendix

Our strategic business groups at a glance

2013 vs. 2012

in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	2012	2013	2012	2013	2012	2013
Gross written premium	7,717	7,818	6,058	6,145	13,774	13,963
Change in GWP	-	+1.3%	-	+1.4%	-	+1.4%
Net premium earned	6,854	6,866	5,426	5,360	12,279	12,227
Net underwriting result	272	336	(369)	(418)	(97)	(83)
Net underwriting result incl. funds withheld	286	350	(28)	(76)	259	274
Net investment income	945	781	685	612	1,656	1,412
From assets under own management	931	766	343	269	1,300	1,054
From funds withheld	14	15	342	342	355	357
Other income and expenses	(125)	(56)	(37)	(43)	(165)	(100)
Operating profit/loss (EBIT)	1,091	1,061	279	151	1,394	1,229
Interest on hybrid capital	0	(0)	0	0	(105)	(127)
Net income before taxes	1,091	1,061	279	151	1,289	1,102
Taxes	(335)	(207)	(52)	11	(364)	(163)
Net income	756	854	227	161	925	939
Non-controlling interest	71	47	5	(3)	75	44
Group net income	686	808	222	164	850	895
Retention	90.2%	89.9%	89.3%	87.7%	89.8%	89.0%
Combined ratio (incl. interest on funds withheld)	95.8%	94.9%	100.5%	101.4%	97.9%	97.8%
EBIT margin (EBIT / Net premium earned)	15.9%	15.5%	5.1%	2.8%	11.4%	10.1%
Tax ratio	30.7%	19.5%	18.6%	(7.2%)	28.3%	14.8%
Earnings per share	5.68	6.70	1.84	1.36	7.04	7.43

Our strategic business groups at a glance

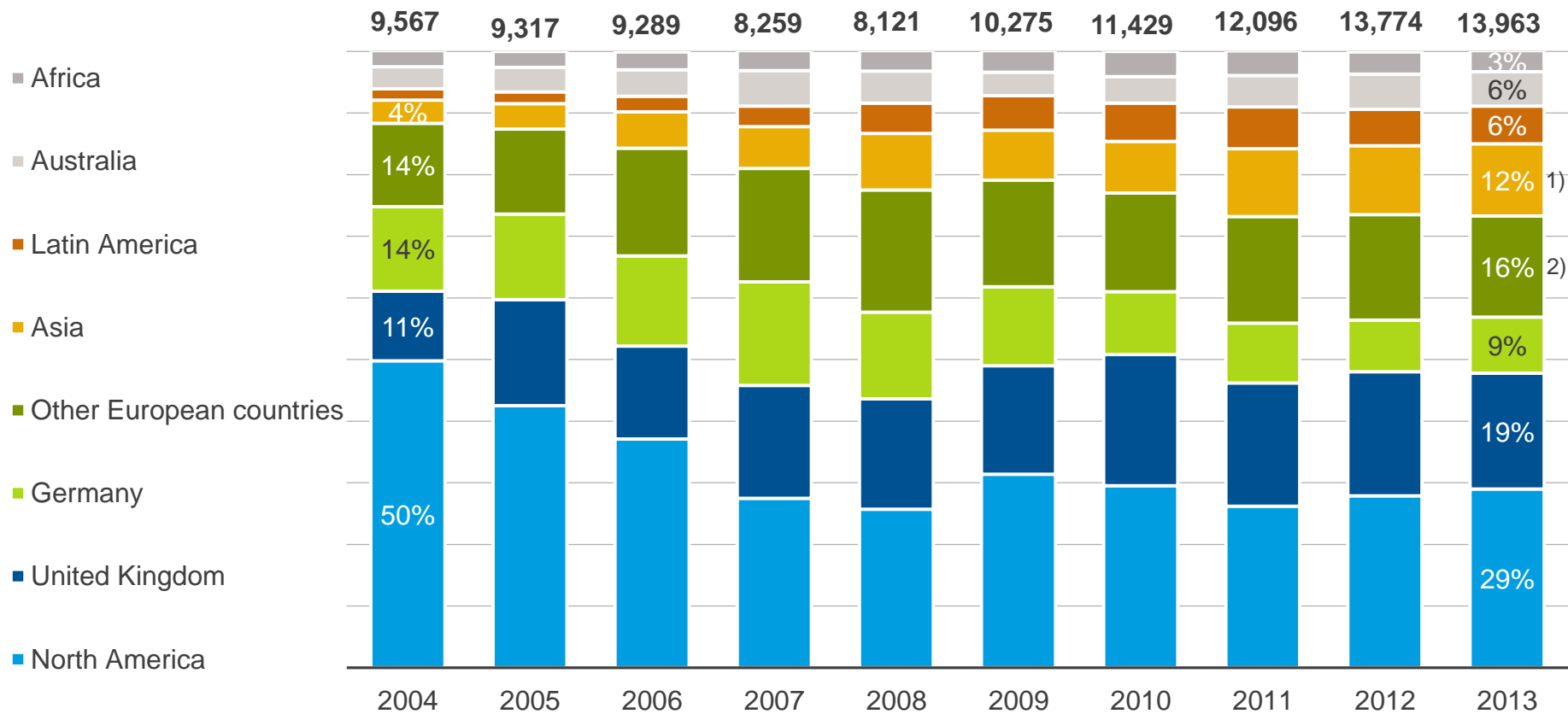
Q4 stand-alone

in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	Q4/2012	Q4/2013	Q4/2012	Q4/2013	Q4/2012	Q4/2013
Gross written premium	1,820	1,861	1,659	1,564	3,478	3,426
Change in GWP	-	+2.3%	-	-5.7%	-	-1.5%
Net premium earned	1,837	1,773	1,484	1,336	3,320	3,109
Net underwriting result	103	92	(136)	(150)	(44)	(58)
Net underwriting result incl. funds withheld	108	96	(34)	(64)	64	31
Net investment income	242	203	198	151	447	359
From assets under own management	237	199	96	65	339	269
From funds withheld	5	4	102	86	108	90
Other income and expenses	(20)	(39)	(16)	(18)	(26)	(57)
Operating profit/loss (EBIT)	325	256	46	(17)	377	243
Interest on hybrid capital	0	0	0	0	(28)	(32)
Net income before taxes	325	256	46	(17)	349	212
Taxes	(145)	27	(10)	26	(149)	61
Net income	180	284	35	9	199	273
Non-controlling interest	19	10	1	(2)	21	8
Group net income	161	273	34	11	179	265
Retention	90.9%	92.5%	89.3%	85.3%	90.1%	89.2%
Combined ratio (incl. interest on funds withheld)	94.1%	94.6%	102.3%	104.8%	98.1%	99.0%
EBIT margin (EBIT / Net premium earned)	17.7%	14.5%	3.1%	(1.3%)	11.4%	7.8%
Tax ratio	44.6%	(10.6%)	22.8%	151.2%	42.8%	(29.0%)
Earnings per share	1.33	2.27	0.28	0.09	1.48	2.20

Well balanced international portfolio

Gross written premium (Group)

in m. EUR

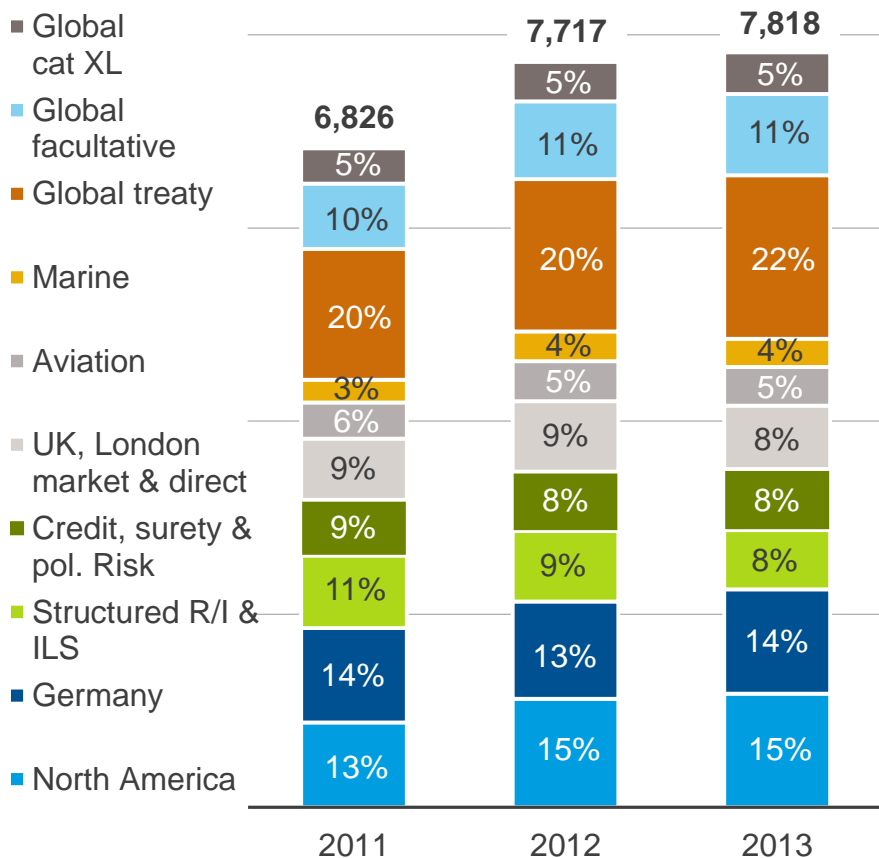


1) Japan 1%
2) CEE and Russia 1%

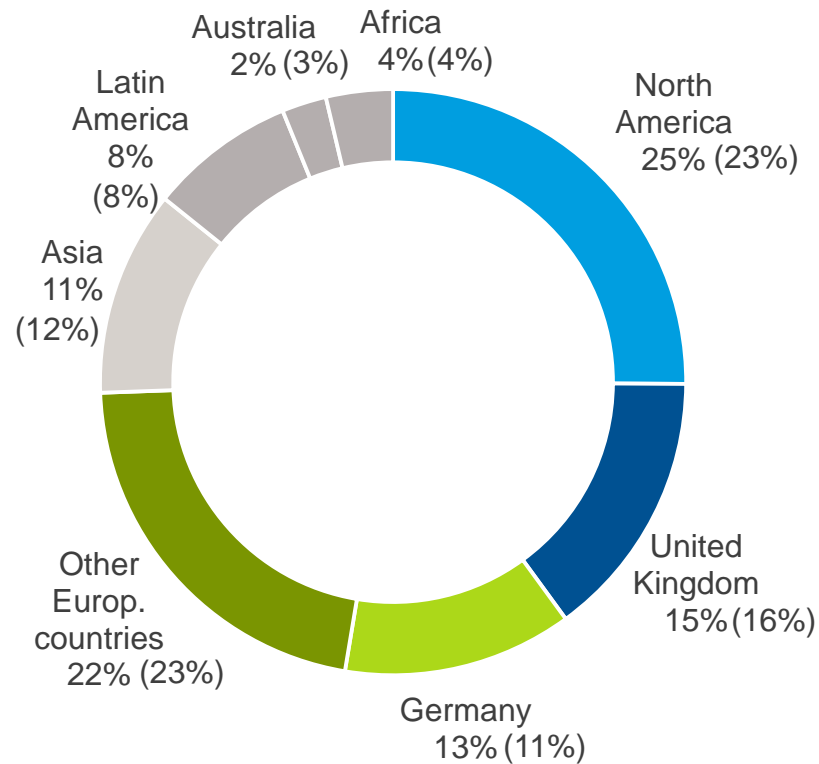
Non-life reinsurance: selective growth

GWP split by LoB

in m. EUR



GWP split by regions

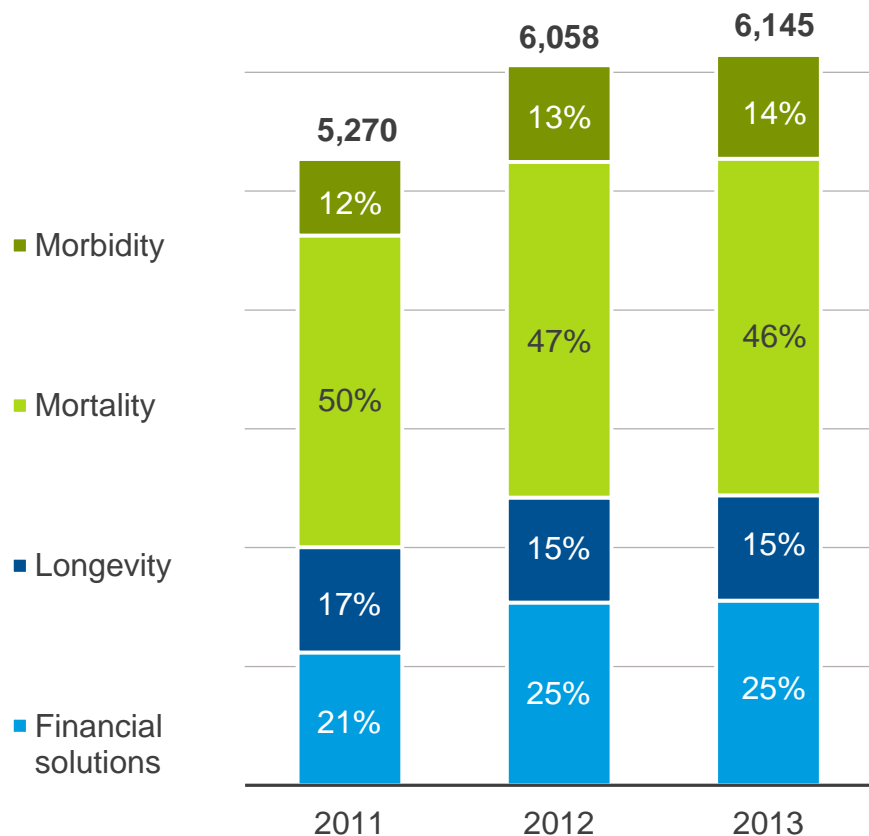


GWP 2013: EUR 7,818 m.
(2012: EUR 7,717 m.)

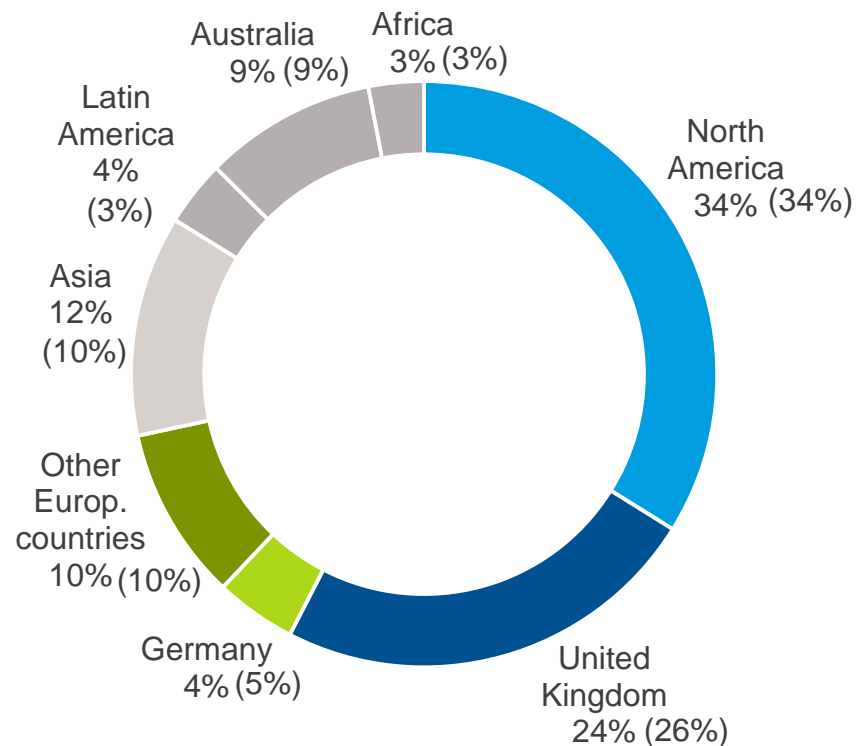
Life and health reinsurance: well diversified portfolio

GWP split

in m. EUR



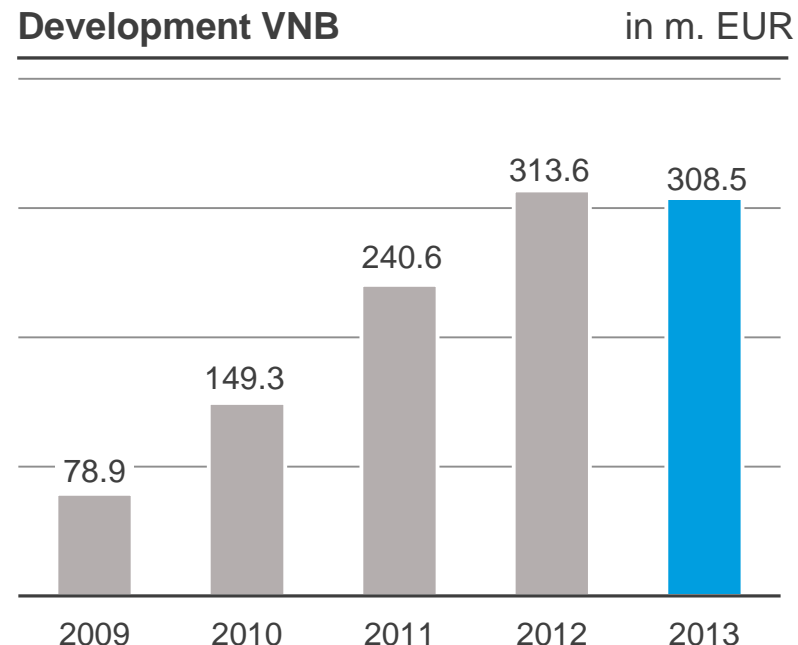
GWP split by regions



GWP 2013: EUR 6,145 m.
(2012: EUR 6,058 m.)

Excellent Value of New Business

in m. EUR	2012	2013
Profit/Loss on new business during year	(127.7)	(81.6)
Present Value of New Business Profits	489.8	450.7
- Cost of Residual Non-Hedgeable Risks	(37.5)	(45.1)
- Frictional Costs of Required Capital	(11.0)	(15.4)
- Financial Options and Guarantees	0.0	0.0
Value of New Business	313.6	308.5



► The excellent 2013 figure is mainly driven by:

- New business written in the US market: structured YRT transactions (~ EUR 100 m.) and traditional (~ EUR 65 m.)
- Block assumption transactions (longevity swaps) in UK (~ EUR 68 m.)
- New business written by the branches (especially Shanghai, Bahrain ~ EUR 25 m.)
- New business under existing treaties

Very good development in recent years

MCEV and its components since 2010

in m. EUR	2010	2011	2012	2013
Present Value of Future Profits	2,211.5	2,469.3	2,677.6	2,605.9
- Cost of Residual Non-Hedgeable Risks	(455.9)	(414.9)	(427.9)	(428.0)
- Frictional Costs of Required Capital	(103.2)	(99.4)	(102.7)	(133.9)
- Financial Options and Guarantees	(19.2)	(13.7)	(15.8)	(4.0)
Value In Force	1,633.3	1,941.4	2,131.2	2,040.0
Shareholder Net Worth after consolidation	935.0	1,124.4	1,002.7	1,635.1
Market Consistent Embedded Value	2,568.3	3,065.8	3,133.9	3,675.1

Stress tests on assets under own management. . .

. . . partly materialised via yield developments

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	-635	-508	-170
Yield curves	+100 bps	-1,242	-994	-342
Credit spreads	+50%	-653	-599	-653

As at 31 December 2013

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

Fixed-income book well balanced

Allocation reflects reinsurance liabilities

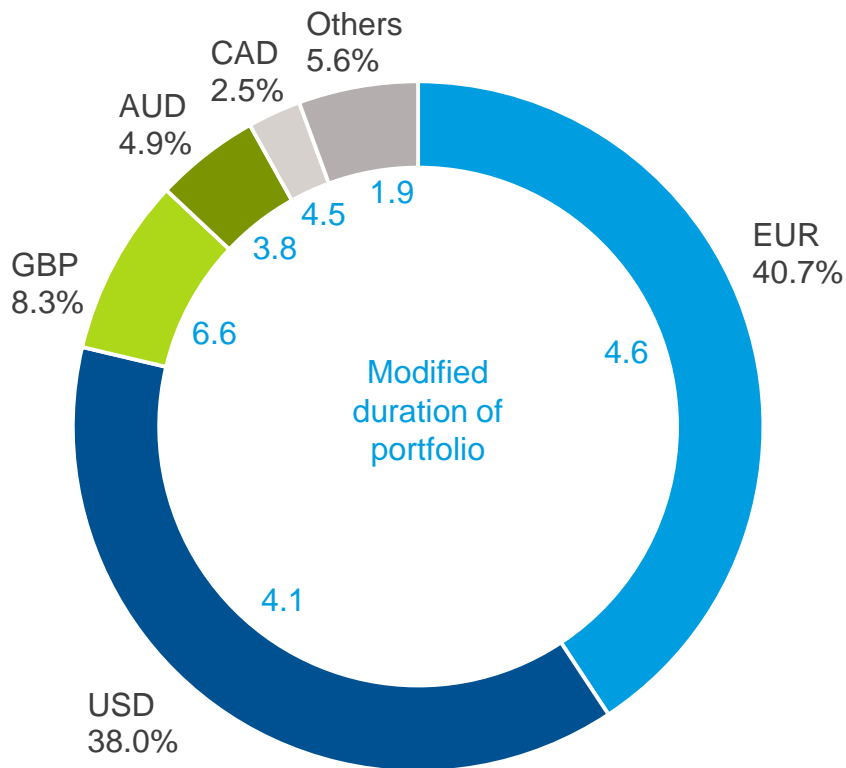
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered Bonds, ABS	Short-term investments, cash	Total
AAA	21.9%	50.4%	1.5%	63.1%	-	27.4%
AA	62.2%	46.4%	15.4%	15.0%	-	32.4%
A	10.0%	2.5%	48.2%	10.2%	-	23.2%
BBB	5.0%	0.5%	28.9%	7.1%	-	13.6%
<BBB	1.0%	0.2%	5.9%	4.7%	-	3.4%
Total	100.0%	100.0%	100.0%	100.0%	-	100.0%
Germany	10.7%	44.8%	5.9%	24.3%	28.6%	19.1%
UK	8.1%	2.6%	8.7%	10.2%	4.2%	7.3%
France	5.9%	3.1%	6.2%	7.9%	1.7%	5.6%
GIIPS	2.1%	0.0%	3.5%	8.6%	0.0%	3.1%
Rest of Europe	12.1%	23.6%	20.7%	31.7%	3.6%	20.6%
USA	43.1%	8.8%	35.2%	4.6%	14.1%	25.3%
Australia	4.5%	6.7%	7.6%	7.9%	13.2%	7.0%
Asia	7.3%	1.6%	3.9%	0.0%	24.8%	4.3%
Rest of World	6.2%	8.8%	8.4%	4.9%	9.9%	7.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total b/s values in bn. EUR	6,154	6,321	11,017	4,830	1,192	29,514

As at 31 December 2013

Currency allocation matches liability profile of balance sheet

Active asset liability management ensures durational match to a large extent

Currency split of investments



- ▶ Modified duration of fixed income mainly congruent with liabilities
- ▶ GBP's higher modified duration predominantly due to life business

Modified duration

2013	4.4
2012	4.5
2011	4.2

Modified duration as at 31 December 2013: 4.4 (2012: 4.5)

Market sensitivity of inflation hedges

- ▶ Average hedged inflation level of 2.02% EUR and 2.44% USD p.a.
 - P&L effect YTD EUR -41.0 m. (thereof EUR -17.2 m.; -23,8 m. EUR of USD)
 - OCI effect YTD EUR -21.7 m. (thereof EUR -7.2 m.; -14.5 m. EUR of USD)
- ▶ Instruments held as inflation hedges (31 December 2013) with volume of EUR 3,324 m.
 - EUR 2,770 m. equivalent swap volume with average duration of 1.4 years
 - EUR 554 m. volume of inflation linker with average duration of 5.3 years

▶ Sensitivity to inflation risk:

in m. EUR	Inflation Swaps: Change in market value through P/L	Inflation Linked Bonds: Change in market value through OCI	Total economic inflation effect before taxes
Inflation expectation*: +100 bps	+38	+31	+69
Inflation expectation*: -100 bps	-37	-30	-67
Inflation expectation*: +400 bps	+156	+134	+290

* 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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