



somewhat  
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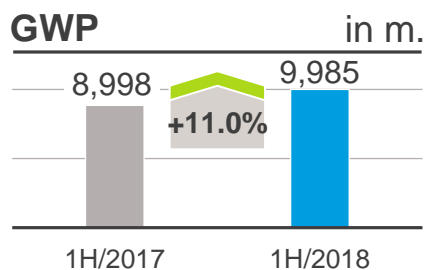
# Conference Call on Half-yearly Report 2018

Hannover, 9 August 2018

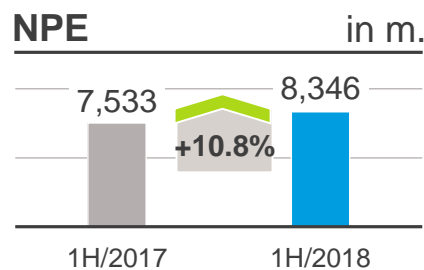
*hannover* **re**<sup>®</sup>

# Satisfactory half-year performance driven by strong U/W results

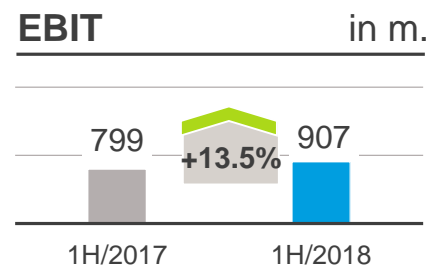
## EBIT increase of +13.5% outperforms NPE growth



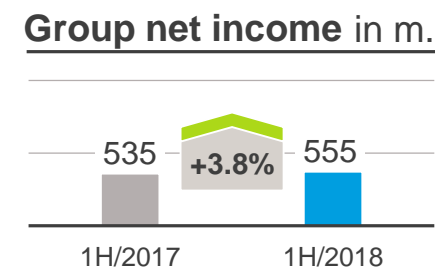
F/x-adj.: +18.1%; boosted by single large P&C transactions



F/x-adjusted: +17.9%



Supported by strong underwriting result from both business groups and above-target investment return



### Return on Equity

13.2%

Well above minimum target of  $\geq 9.5\%$

### Book value per share

EUR 69.00

-2.4%: payment of dividend in Q2

### Solvency II ratio

31.03.2018: 256%



### P&C R/I

EBIT: 689 m.

- ▶ Very satisfying EBIT margin (13.3%) supported by favourable underwriting result (C/R of 95.7%)
- ▶ Strong premium growth (f/x-adj. +27.6%) driven by new business in Structured R/I and worldwide treaty



### L&H R/I

EBIT: 219 m.

- ▶ Strong EBIT growth (+32.8%) showing good underlying profitability as losses from legacy US mortality business were significantly lower than expected
- ▶ Premium growth (f/x-adj. +3.7%) in line with expectations



### Investments

NI: 744 m.

- RoI from AuM: 3.1%
- ▶ RoI significantly exceeds target ( $\geq 2.7\%$ )
- ▶ Stable ordinary investment income
- ▶ Assets under own Management (AuM): +2.1%

Figures in EUR

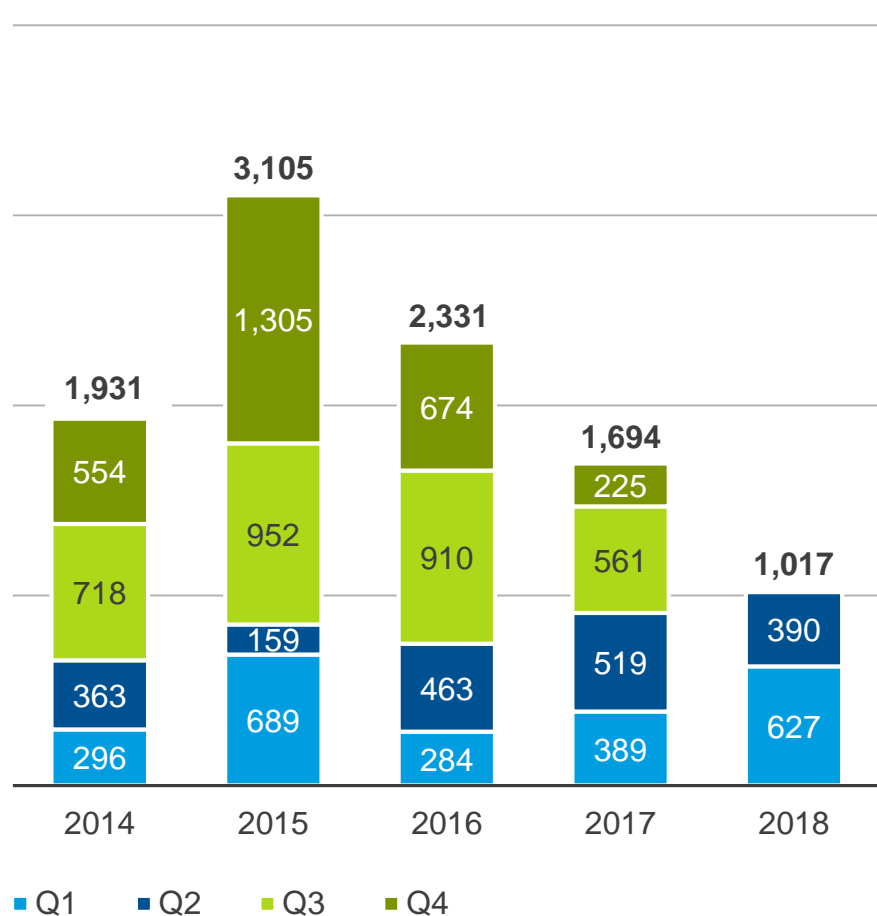
# Favourable development in both business groups

Group figures in m. EUR	Q2/2017	Q2/2018	Δ	1H/2017	1H/2018	Δ
Gross written premium	4,451	4,640	+4.3%	8,998	9,985	+11.0%
Net premium earned	3,795	4,346	+14.5%	7,533	8,346	+10.8%
Net underwriting result	(55)	63	-	(79)	101	-
- Incl. funds withheld	(5)	119	-	45	214	-
Net investment income	387	352	-8.9%	779	744	-4.6%
- From assets under own mgmt.	336	297	-11.6%	656	630	-4.0%
- From funds withheld	50	55	+9.1%	123	114	-7.8%
Other income and expenses	68	58	-15.5%	99	63	-36.1%
<b>Operating profit/loss (EBIT)</b>	<b>400</b>	<b>473</b>	<b>+18.5%</b>	<b>799</b>	<b>907</b>	<b>+13.5%</b>
Long-term debt and notes payable	(18)	(20)	+10.2%	(36)	(38)	+5.2%
<b>Net income before taxes</b>	<b>381</b>	<b>453</b>	<b>+18.9%</b>	<b>764</b>	<b>870</b>	<b>+13.9%</b>
Taxes	(94)	(157)	+66.6%	(190)	(273)	+44.0%
<b>Net income</b>	<b>287</b>	<b>297</b>	<b>+3.3%</b>	<b>574</b>	<b>596</b>	<b>+3.9%</b>
- Non-controlling interests	17	15	-13.1%	39	41	+5.5%
<b>Group net income</b>	<b>270</b>	<b>282</b>	<b>+4.3%</b>	<b>535</b>	<b>555</b>	<b>+3.8%</b>
Retention	90.9%	91.4%		90.3%	91.3%	
EBIT margin (EBIT/Net premium earned)	10.5%	10.9%		10.6%	10.9%	
Tax ratio	24.6%	34.5%		24.9%	31.4%	
Earnings per share (in EUR)	2.24	2.34		4.44	4.60	

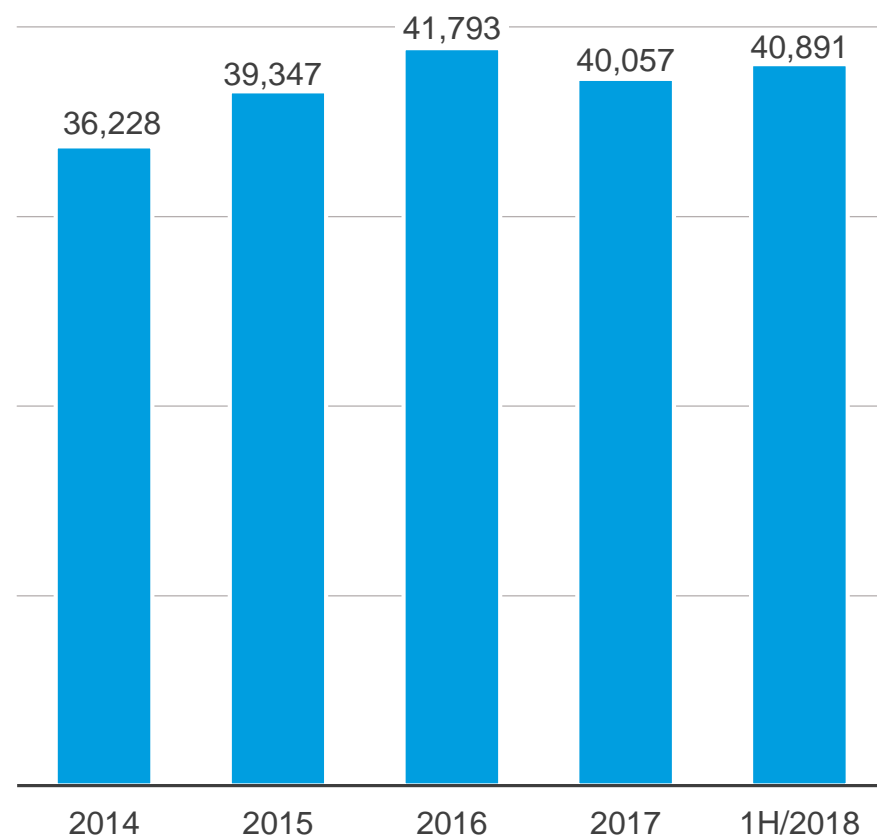
# Continued positive operating cash flow

AuM +2.1%; strengthening of USD offsets decrease in valuation reserves

Operating cash flow in m. EUR

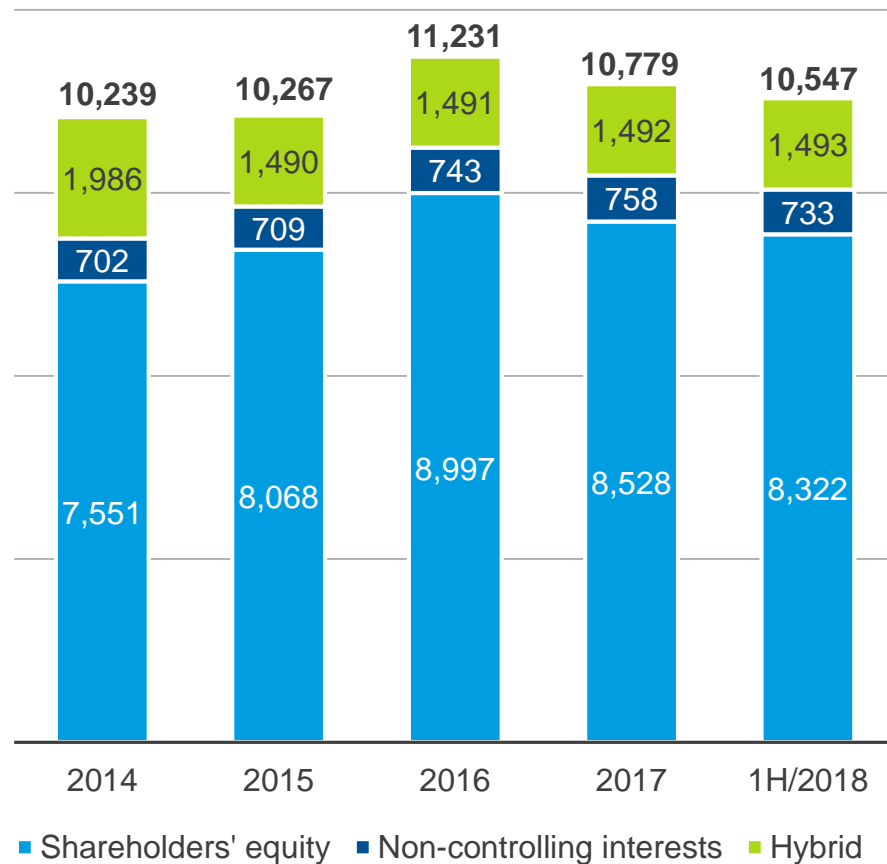


Assets under own management (AuM) in m. EUR

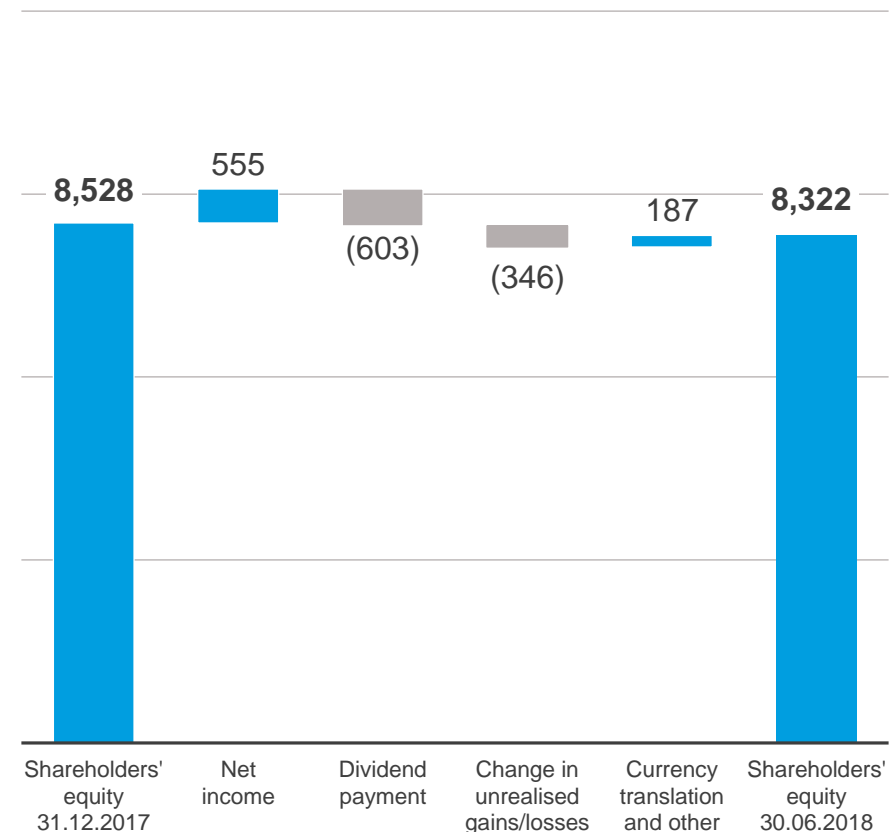


# Shareholders' equity strong despite dividend payment in Q2

Policyholders' surplus in m. EUR



Change in shareholders' equity in m. EUR



# High profitability supported by increased U/W result (+37.4%)

## Remarkable growth mainly from tailor-made structured R/I

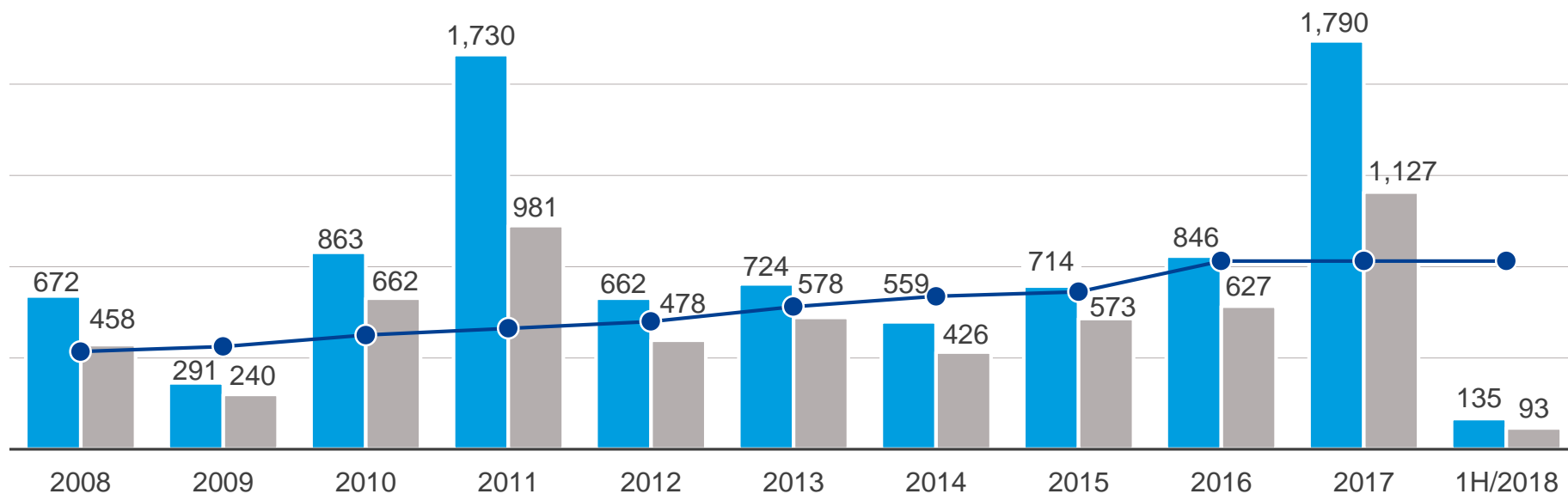
Property & Casualty R/I in m. EUR	Q2/2017	Q2/2018	1H/2017	1H/2018	YTD
Gross written premium	2,613	2,888	5,427	6,467	▶ GWP f/x adjusted +27.6%, mainly from structured R/I; diversified growth in other areas
Net premium earned	2,147	2,750	4,313	5,175	▶ NPE f/x adjusted +28.4%
Net underwriting result incl. funds withheld	55	121	151	221	▶ Major losses of EUR 93 m. (1.8% of NPE) well below budget of EUR 351 m. ▶ Unchanged reserving policy should lead to stable confidence level, run off without extraordinary effects
Combined ratio incl. interest on funds withheld	97.4%	95.6%	96.5%	95.7%	
Net investment income from assets under own management	235	227	474	487	▶ Satisfactory ordinary investment income
Other income and expenses	34	2	10	(19)	▶ Other income and expenses lower due to less positive currency effects
<b>Operating profit/loss (EBIT)</b>	<b>324</b>	<b>350</b>	<b>634</b>	<b>689</b>	▶ EBIT margin of 13.3% well above target
Tax ratio	24.3%	38.5%	24.5%	31.0%	▶ Tax ratio higher principally due to tax-reduced disposal gains and dividends in previous year
<b>Group net income</b>	<b>229</b>	<b>200</b>	<b>444</b>	<b>434</b>	
Earnings per share (in EUR)	1.90	1.66	3.68	3.60	

# Major losses well below budget for 1H/2018

Remaining unused large loss budget of EUR ~700 m. for the year

## Natural and man-made catastrophe losses\*

in m. EUR



### Natural and man-made catastrophe losses in % of Property & Casualty premium

13%	5%	14%	25%	9%	9%	7%	8%	9%	17%	2%
11%	5%	12%	16%	7%	8%	6%	7%	8%	12%	2%

### Expected large losses (net) in m. EUR

428	450	500	530	560	625	670	690	825	825	825
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■ Gross   
 ■ Net   
 —●— Expected large losses (net)

\* Up to 2011 claims over EUR 5 m. gross, from 2012 onwards claims over EUR 10 m. gross

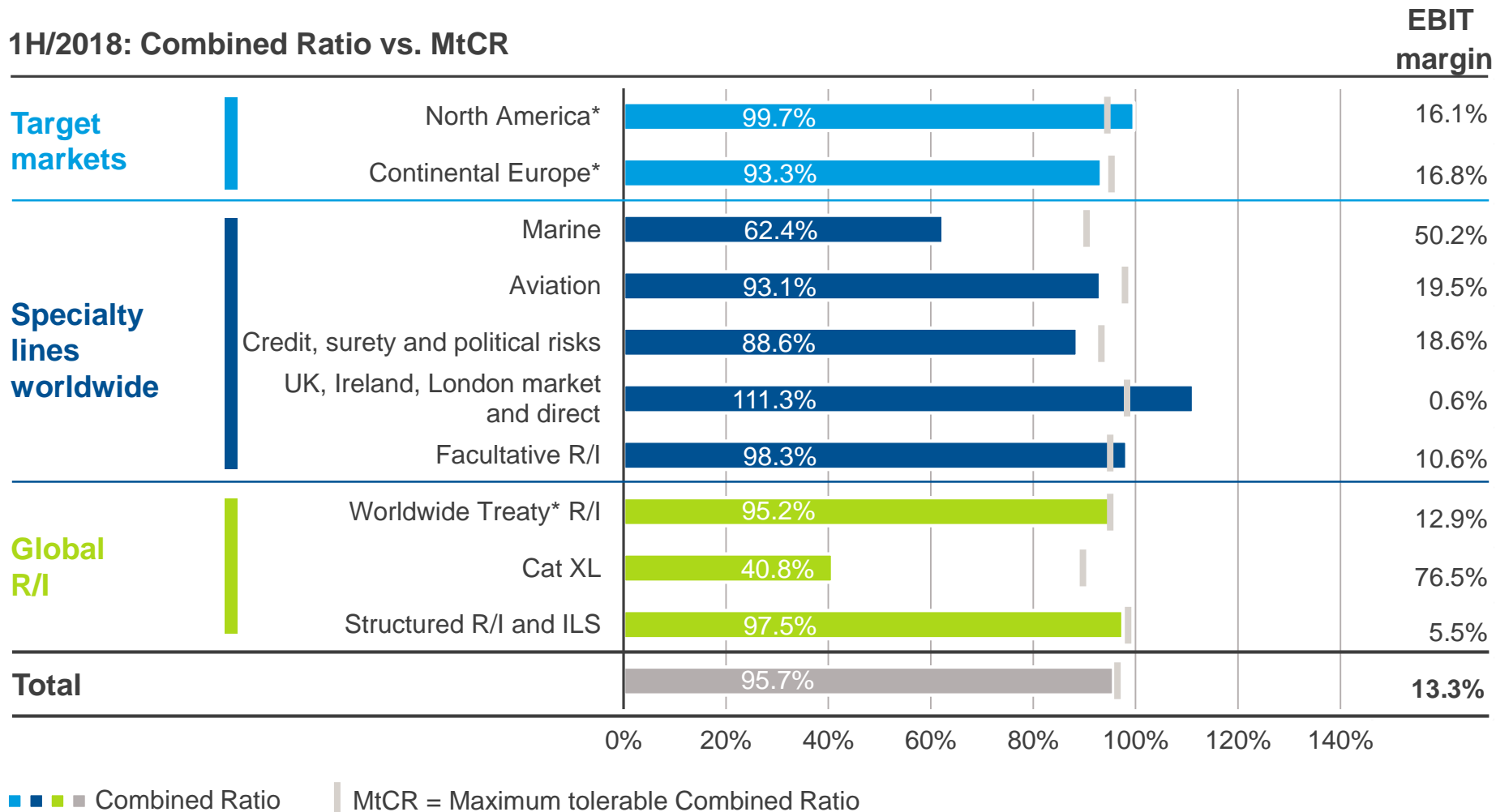
# Overall very benign large loss experience in 1H/2018

Catastrophe losses* in m. EUR	Date	Gross	Net
Storm "Friederike", Europe	17 - 18 Jan	48.1	31.1
Earthquake, Papua New Guinea	25 - 26 Feb	17.3	11.2
<b>2 Natural catastrophes</b>		<b>65.4</b>	<b>42.4</b>
2 Property claims		44.6	26.3
1 Credit claim		24.7	24.7
<b>5 Major losses</b>		<b>134.8</b>	<b>93.3</b>

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



# Overall profitability above cost of capital



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

# Strong EBIT growth of 32.8%

Overall good profitability; US mortality results better than expected

Life & Health R/I in m. EUR	Q2/2017	Q2/2018	1H/2017	1H/2018	YTD
Gross written premium	1,838	1,752	3,570	3,518	▶ GWP f/x-adjusted +3.7%, mainly supported by UK longevity business
Net premium earned	1,648	1,596	3,220	3,171	▶ NPE f/x-adjusted growth +3.8%
Net underwriting result incl. funds withheld	(60)	(3)	(106)	(7)	▶ Improved technical result driven by better experience in morbidity and US mortality
Net investment income from assets under own management	100	70	180	142	▶ Favourable ordinary investment income
Other income and expenses	36	57	91	84	▶ Unchanged strong contribution from deposit accounted treaties (1H/2018: EUR 93 m.)
<b>Operating profit/loss (EBIT)</b>	<b>75</b>	<b>123</b>	<b>165</b>	<b>219</b>	▶ Targeted EBIT growth of 5% achieved
EBIT margin	4.6%	7.7%	5.1%	6.9%	▶ Tax ratio above long-term average due to changes in business set-up linked to the US tax reform in Q1/2018, expected to decrease in the course of the year
Tax ratio	28.6%	23.1%	28.5%	33.1%	
<b>Group net income</b>	<b>54</b>	<b>96</b>	<b>114</b>	<b>147</b>	
Earnings per share (in EUR)	0.44	0.79	0.95	1.22	

# Alternative investment classes ensure income above target

## Unrealised gains lower due to higher interest rates and credit spreads

in m. EUR	Q2/2017	Q2/2018	1H/2017	1H/2018	RoI	YTD
Ordinary investment income*	317	317	641	634	3.1%	<ul style="list-style-type: none"> <li>▶ Stable ordinary income; Private equity and Real estate compensate for lack of dividends from liquidated portfolio of listed equities</li> <li>▶ Realised gains impacted by rise in USD yields</li> <li>▶ Minor impairments only on private equities, major portion still from depreciation on direct real estate holdings</li> <li>▶ Decrease in valuation reserves due to higher interest rates as well as increasing credit spreads</li> </ul>
Realised gains/losses	59	5	83	53	0.3%	
Impairments/appreciations & depreciations	(12)	(10)	(23)	(21)	-0.1%	
Change in fair value of financial instruments (through P&L)	(0)	14	11	20	0.1%	
Investment expenses	(28)	(28)	(56)	(56)	-0.3%	
<b>Nil from assets under own mgmt.</b>	<b>336</b>	<b>297</b>	<b>656</b>	<b>630</b>	<b>3.1%</b>	
Nil from funds withheld	50	55	123	114		
<b>Total net investment income</b>	<b>387</b>	<b>352</b>	<b>779</b>	<b>744</b>		
<b>Unrealised gains/losses of investments</b>			<b>31 Dec 17</b>	<b>30 Jun 18</b>		
On-balance sheet			1,159	692		
thereof Fixed income AFS			706	290		
Off-balance sheet			489	495		
thereof Fixed income HTM, L&R			315	282		
<b>Total</b>			<b>1,648</b>	<b>1,187</b>		

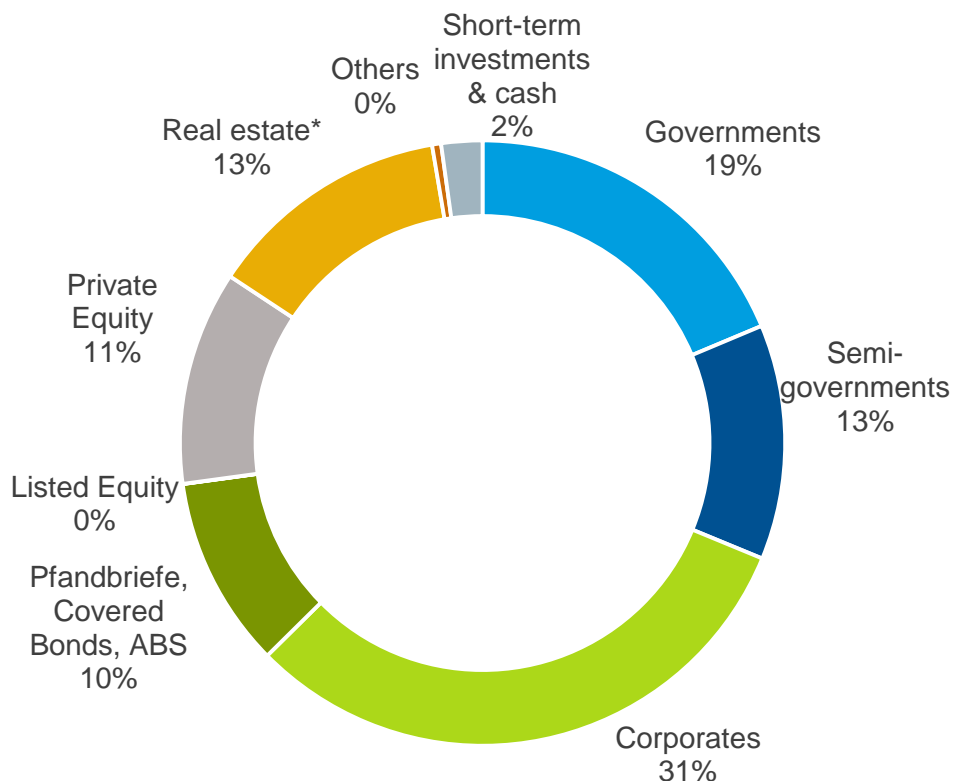
\* Incl. results from associated companies

# Ordinary income stabilised by Private Equity and Real estate ...

## ... reflected in high share of income relative to asset allocation

### Ordinary income split

EUR 634 m.



### Asset allocation

Investment category	30 Jun 18
<b>Fixed-income securities</b>	<b>88%</b>
- Governments	35%
- Semi-governments	16%
- Corporates	30%
Investment grade	26%
Non-investment grade	4%
- Pfandbriefe, Covered Bonds, ABS	8%
<b>Equities</b>	<b>2%</b>
- Listed Equity	<1%
- Private Equity	2%
<b>Real estate/real estate funds</b>	<b>5%</b>
<b>Others</b>	<b>1%</b>
<b>Short-term investments &amp; cash</b>	<b>3%</b>
<b>Total market values in bn. EUR</b>	<b>41.4</b>

Economic view based on market values as at 30 June 2018

\* Before real estate-specific costs

# Target Matrix 2018

Business group	Key figures	Strategic targets for 2018	1H/2018
Group	Return on investment <sup>1)</sup>	≥ 2.7%	3.1%
	Return on equity <sup>2)</sup>	≥ 9.5%	13.2%
	Earnings per share growth (y-o-y)	≥ 5%	3.8%
	Economic value creation <sup>3)</sup>	≥ 6.5%	n.a.
	Solvency ratio <sup>4)</sup>	≥ 200%	256.0%
Property & Casualty R/I	Gross premium growth <sup>5)</sup>	3% - 5%	27.6%
	Combined ratio <sup>6)</sup>	≤ 96%	95.7%
	EBIT margin <sup>7)</sup>	≥ 10%	13.3%
	xRoCA <sup>8)</sup>	≥ 2%	n.a.
Life & Health R/I	Gross premium growth <sup>9)</sup>	3% - 5%	3.7%
	Value of New Business (VNB) <sup>10)</sup>	≥ EUR 220 m.	n.a.
	EBIT growth	≥ 5%	32.8%
	xRoCA <sup>8)</sup>	≥ 2%	n.a.

1) Excl. effects from ModCo derivatives

3) Growth in economic equity + paid dividend; target: 600 bps above 5-year average return of 10-year German government bonds

6) Incl. expected net major losses

8) Excess return on allocated economic capital

10) Based on Solvency II principles and pre-tax reporting

2) After tax; target: 900 bps above 5-year average return of 10-year German government bonds

4) According to our internal capital model and Solvency II requirements; as of 31 March 2018

5) On average throughout the R/I cycle; at constant f/x rates

7) EBIT/net premium earned

9) Organic growth only; annual average growth (5-year period), at constant f/x rates

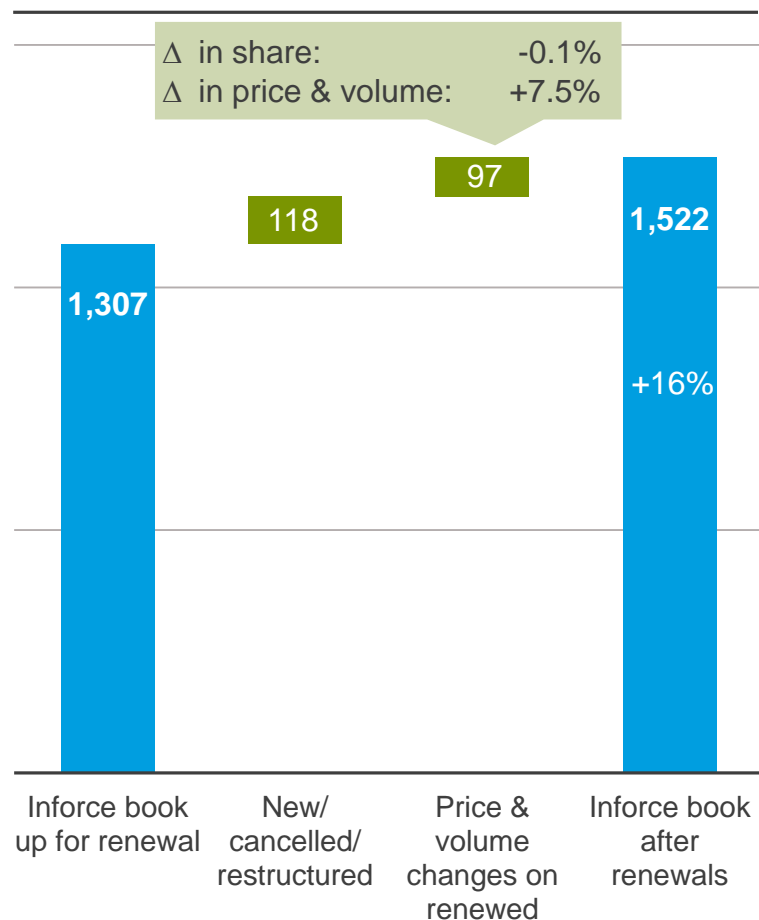
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# Outlook

# 16% premium growth derived from various markets

Property & Casualty treaty renewals: 2 April - 1 July 2018

## June/July renewals in m. EUR













- ▶ Overall premium increase in North America Treaty Department of ~15% due to further development of partnerships
  - Positive developments in MedMal and Caribbean accounts
  - Price increases on Property Cat. XLs have stalled, Risk XLs flat
  - Casualty pricing is not fully reflecting the continued loss emergence
- ▶ Australia: Doubling of premium due to partnership deals
  - Favourable development in Australia resulted in premium growth with moderately better expected underlying profitability
- ▶ Global Cat: Premium grew by 6%
  - HR continues to benefit from good showing and favourable signings
  - Caribbean: Rate improvements between +10% to +40% (Puerto Rico +30% / +10% for the non-loss impacted programs)
  - Abundance of capacity mitigated anticipated rate increases for loss impacted programs and led to “flat” renewals for non-loss impacted programs volume
- ▶ Latin America: Continued all-time high in showing of R/I offers
  - Significant growth in new business

Underwriting year figures at unchanged f/x rates (31 December 2017)

# Overall profitability above margin requirements

Good growth opportunities in several lines of business

	Lines of business	Volume <sup>1)</sup>	Profitability <sup>2)</sup>
<b>Target markets</b>	North America <sup>3)</sup>		+
	Continental Europe <sup>3)</sup>		+
<b>Specialty lines worldwide</b>	Marine		+/-
	Aviation		-
	Credit, surety and political risks		+
	UK, Ireland, London market and direct		+/-
	Facultative reinsurance		+/-
<b>Global reinsurance</b>	Worldwide treaty <sup>3)</sup> reinsurance		+/-
	Cat XL		+/-
	Structured reinsurance and ILS		+/-

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

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

3) All lines of business except those stated separately



## Good underlying profitability in L&H

2H/2018 will be affected by in-force management actions in US mortality business

	Reporting categories	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)

# Guidance for 2018

## Dividend payout ratio increased

### Hannover Re Group

- ▶ Gross written premium<sup>1)</sup> \_\_\_\_\_ more than 10% growth
- ▶ Return on investment<sup>2) 3)</sup> \_\_\_\_\_ at least 2.7%
- ▶ Group net income<sup>2)</sup> \_\_\_\_\_ more than EUR 1 bn.
- ▶ Dividend payout ratio<sup>4)</sup> \_\_\_\_\_ 35% - 45%  
(If comfortable level of capitalisation remains unchanged, this ratio will increase through payment of another special dividend)

1) At unchanged f/x rates

2) Subject to no major distortions in capital markets and/or major losses in 2018 not exceeding the large loss budget of EUR 825 m.

3) Excluding effects from ModCo derivatives

4) Relative to group net income according to IFRS

# Rationale for our short- and medium-term outlook



## P&C reinsurance

- ▶ Improved rates should support C/R target  $\leq 96\%$  without the need to significantly reduce confidence level of the loss reserves
- ▶ Strong market position and financial strength enable us to outgrow the market

**Positioned to outperform**



## L&H reinsurance

- ▶ Attractive earnings contribution particularly from US Financial solutions business
- ▶ 2018 EBIT will be negatively impacted by recaptures of US mortality treaties in response to announced rate increases
- ▶ Above-target VNB development and inforce management are the basis for IFRS profit growth from 2019 onwards

**Increasing profits (EBIT) in the medium term**



## Investments

- ▶ Normalised ordinary investment income expected at absolute level on average of past 5 years
- ▶ Medium-term growth expected due to increase in AuM supported by positive cash flow and increasing reinvestment yields

**Stable Return on Investment in a low yield environment**

*somewhat  
different*

# Appendix

# Our strategic business groups at a glance

## 1H/2018 vs. 1H/2017

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	1H/2017	1H/2018	Δ	1H/2017	1H/2018	Δ	1H/2017	1H/2018	Δ
Gross written premium	5,427	6,467	+19.2%	3,570	3,518	-1.5%	8,998	9,985	+11.0%
Net premium earned	4,313	5,175	+20.0%	3,220	3,171	-1.5%	7,533	8,346	+10.8%
Net underwriting result	149	205	+37.4%	(228)	(104)	-54.3%	(79)	101	-
Net underwriting result incl. funds withheld	151	221	+46.5%	(106)	(7)	-93.7%	45	214	-
Net investment income	476	503	+5.8%	302	239	-20.8%	779	744	-4.6%
From assets under own management	474	487	+2.7%	180	142	-21.4%	656	630	-4.0%
From funds withheld	2	16	-	122	98	-19.8%	123	114	-7.8%
Other income and expenses	10	(19)	-	91	84	-7.7%	99	63	-36.1%
<b>Operating profit/loss (EBIT)</b>	<b>634</b>	<b>689</b>	<b>+8.6%</b>	<b>165</b>	<b>219</b>	<b>+32.8%</b>	<b>799</b>	<b>907</b>	<b>+13.5%</b>
Long-term debt and notes payable	0	0	-	(0)	0	-	(36)	(38)	+5.2%
<b>Net income before taxes</b>	<b>634</b>	<b>689</b>	<b>+8.6%</b>	<b>165</b>	<b>219</b>	<b>+32.8%</b>	<b>764</b>	<b>870</b>	<b>+13.9%</b>
Taxes	(155)	(213)	+37.2%	(47)	(73)	+54.4%	(190)	(273)	+44.0%
<b>Net income</b>	<b>479</b>	<b>475</b>	<b>-0.7%</b>	<b>118</b>	<b>147</b>	<b>+24.2%</b>	<b>574</b>	<b>596</b>	<b>+3.9%</b>
Non-controlling interest	35	41	+17.6%	4	(0)	-100.7%	39	41	+5.5%
<b>Group net income</b>	<b>444</b>	<b>434</b>	<b>-2.1%</b>	<b>114</b>	<b>147</b>	<b>+28.5%</b>	<b>535</b>	<b>555</b>	<b>+3.8%</b>
Retention	89.4%	91.4%		91.6%	91.2%		90.3%	91.3%	
Combined ratio (incl. interest on funds withheld)	96.5%	95.7%		103.3%	100.2%		99.4%	97.4%	
EBIT margin (EBIT / Net premium earned)	14.7%	13.3%		5.1%	6.9%		10.6%	10.9%	
Tax ratio	24.5%	31.0%		28.5%	33.1%		24.9%	31.4%	
Earnings per share (in EUR)	3.68	3.60		0.95	1.22		4.44	4.60	

# Our strategic business groups at a glance

## Q2/2018 vs. Q2/2017

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q2/2017	Q2/2018	Δ	Q2/2017	Q2/2018	Δ	Q2/2017	Q2/2018	Δ
Gross written premium	2,613	2,888	+10.5%	1,838	1,752	-4.7%	4,451	4,640	+4.3%
Net premium earned	2,147	2,750	+28.1%	1,648	1,596	-3.1%	3,795	4,346	+14.5%
Net underwriting result	58	113	+93.6%	(114)	(49)	-56.6%	(55)	63	-
Net underwriting result incl. funds withheld	55	121	+120.6%	(60)	(3)	-95.4%	(5)	119	-
Net investment income	232	235	+1.2%	153	116	-24.2%	387	352	-8.9%
From assets under own management	235	227	-3.8%	100	70	-30.1%	336	297	-11.6%
From funds withheld	(3)	8	-	54	47	-13.2%	50	55	+9.1%
Other income and expenses	34	2	-94.2%	36	57	+57.7%	68	58	-15.5%
<b>Operating profit/loss (EBIT)</b>	<b>324</b>	<b>350</b>	<b>+7.8%</b>	<b>75</b>	<b>123</b>	<b>+63.6%</b>	<b>400</b>	<b>473</b>	<b>+18.5%</b>
Long-term debt and notes payable	(0)	0	-	(0)	0	-	(18)	(20)	+10.2%
<b>Net income before taxes</b>	<b>324</b>	<b>350</b>	<b>+7.8%</b>	<b>75</b>	<b>123</b>	<b>+63.6%</b>	<b>381</b>	<b>453</b>	<b>+18.9%</b>
Taxes	(79)	(135)	+70.5%	(22)	(29)	+32.3%	(94)	(157)	+66.6%
<b>Net income</b>	<b>246</b>	<b>215</b>	<b>-12.3%</b>	<b>54</b>	<b>95</b>	<b>+76.2%</b>	<b>287</b>	<b>297</b>	<b>+3.3%</b>
Non-controlling interest	17	16	-7.1%	0	(1)	-	17	15	-13.1%
<b>Group net income</b>	<b>229</b>	<b>200</b>	<b>-12.7%</b>	<b>54</b>	<b>96</b>	<b>+78.5%</b>	<b>270</b>	<b>282</b>	<b>+4.3%</b>
Retention	90.3%	91.3%		91.8%	91.7%		90.9%	91.4%	
Combined ratio (incl. interest on funds withheld)	97.4%	95.6%		103.6%	100.2%		100.1%	97.3%	
EBIT margin (EBIT / Net premium earned)	15.1%	12.7%		4.6%	7.7%		10.5%	10.9%	
Tax ratio	24.3%	38.5%		28.6%	23.1%		24.6%	34.5%	
Earnings per share (in EUR)	1.90	1.66		0.44	0.79		2.24	2.34	

# Slight risk reduction ...

## ... reflected at government bonds and corporates

### Asset allocation<sup>1)</sup>

Investment category	2014	2015	2016	2017	30 Jun 18
<b>Fixed-income securities</b>	<b>90%</b>	<b>87%</b>	<b>87%</b>	<b>87%</b>	<b>88%</b>
- Governments	21%	26%	28%	30%	35%
- Semi-governments	19%	17%	18%	17%	16%
- Corporates	36%	34%	33%	32%	30%
Investment grade	33%	30%	28%	27%	26%
Non-investment grade	3%	4%	4%	5%	4%
- Pfandbriefe, Covered bonds, ABS	14%	10%	9%	8%	8% <sup>2)</sup>
<b>Equities</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>	<b>2%</b>	<b>2%</b>
- Listed equity	<1%	1%	2%	<1%	<1%
- Private equity	2%	2%	2%	2%	2%
<b>Real estate/real estate funds</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Others</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
<b>Short-term investments &amp; cash</b>	<b>4%</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>
<b>Total market values in bn. EUR</b>	<b>36.8</b>	<b>39.8</b>	<b>42.3</b>	<b>40.5</b>	<b>41.4</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 1,385.3 m. (EUR 1,201.9 m.) as at 30 June 2018

2) Of which Pfandbriefe and Covered Bonds = 73.6%

# Stress tests on assets under own management

Unchanged focus on yields and credit spreads; reduced relevance of equities

Portfolio	Scenario	Change in market value in m. EUR	Change in OCI before tax in m. EUR
Equity (listed and private equity)	-10%	-86	-86
	-20%	-171	-171
Fixed-income securities	+50 bps	-882	-805
	+100 bps	-1,719	-1,568
Credit spreads	+50%	-693	-664

As at 30 June 2018



# Fixed-income book well balanced

Geographical allocation mainly in accordance with our business diversification

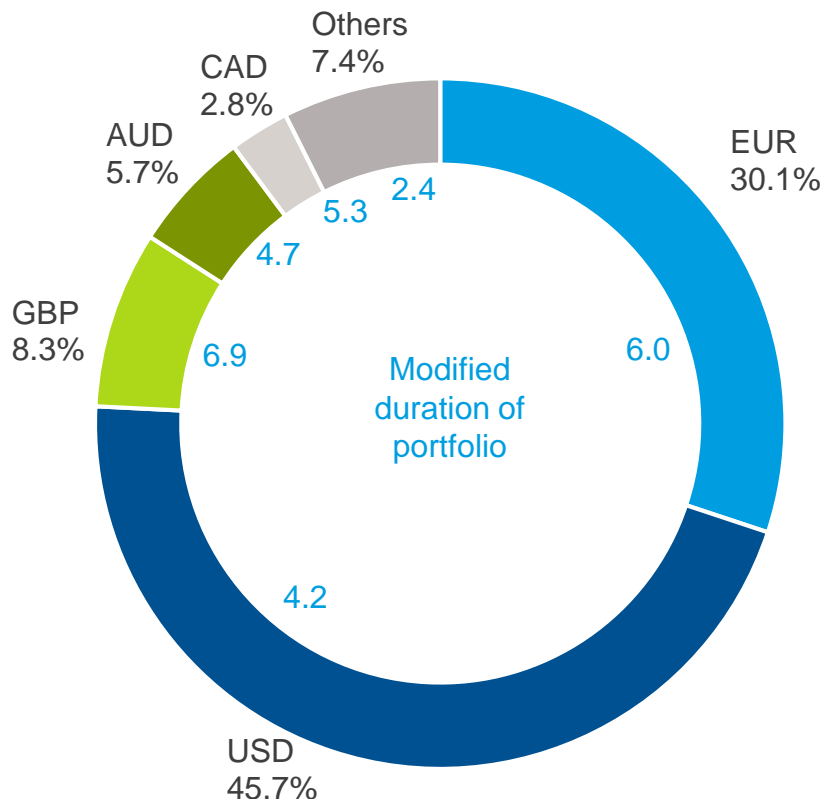
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	78.1%	61.0%	1.2%	62.8%	-	48.7%
AA	12.7%	26.2%	14.4%	20.8%	-	16.4%
A	5.4%	5.7%	33.9%	9.7%	-	15.1%
BBB	2.0%	1.5%	42.9%	5.0%	-	15.4%
<BBB	1.8%	5.5%	7.7%	1.8%	-	4.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>	<b>100.0%</b>
Germany	16.8%	45.3%	4.2%	22.1%	18.9%	18.4%
UK	7.7%	2.5%	8.2%	10.6%	7.5%	7.2%
France	1.1%	1.3%	7.8%	5.9%	0.8%	3.6%
GIIPS	0.9%	1.1%	4.2%	5.2%	0.0%	2.3%
Rest of Europe	2.2%	12.5%	15.2%	20.4%	3.5%	9.6%
USA	56.0%	9.2%	34.3%	12.7%	14.3%	35.8%
Australia	3.6%	9.8%	8.8%	11.0%	7.5%	7.1%
Asia	7.7%	7.0%	5.7%	0.7%	31.8%	7.3%
Rest of World	4.0%	11.5%	11.7%	11.3%	15.7%	8.8%
<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 b/s values in m. EUR</b>	<b>14,412</b>	<b>6,511</b>	<b>11,514</b>	<b>3,071</b>	<b>1,407</b>	<b>36,915</b>

IFRS figures as at 30 June 2018

# Currency allocation matches liability profile of balance sheet

## Duration-neutral strategy applied

### Currency split of investments



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

#### Modified duration

Year	Modified duration
2017	4.8
2016	5.0
2015	4.4
2014	4.6
2013	4.4
2012	4.5

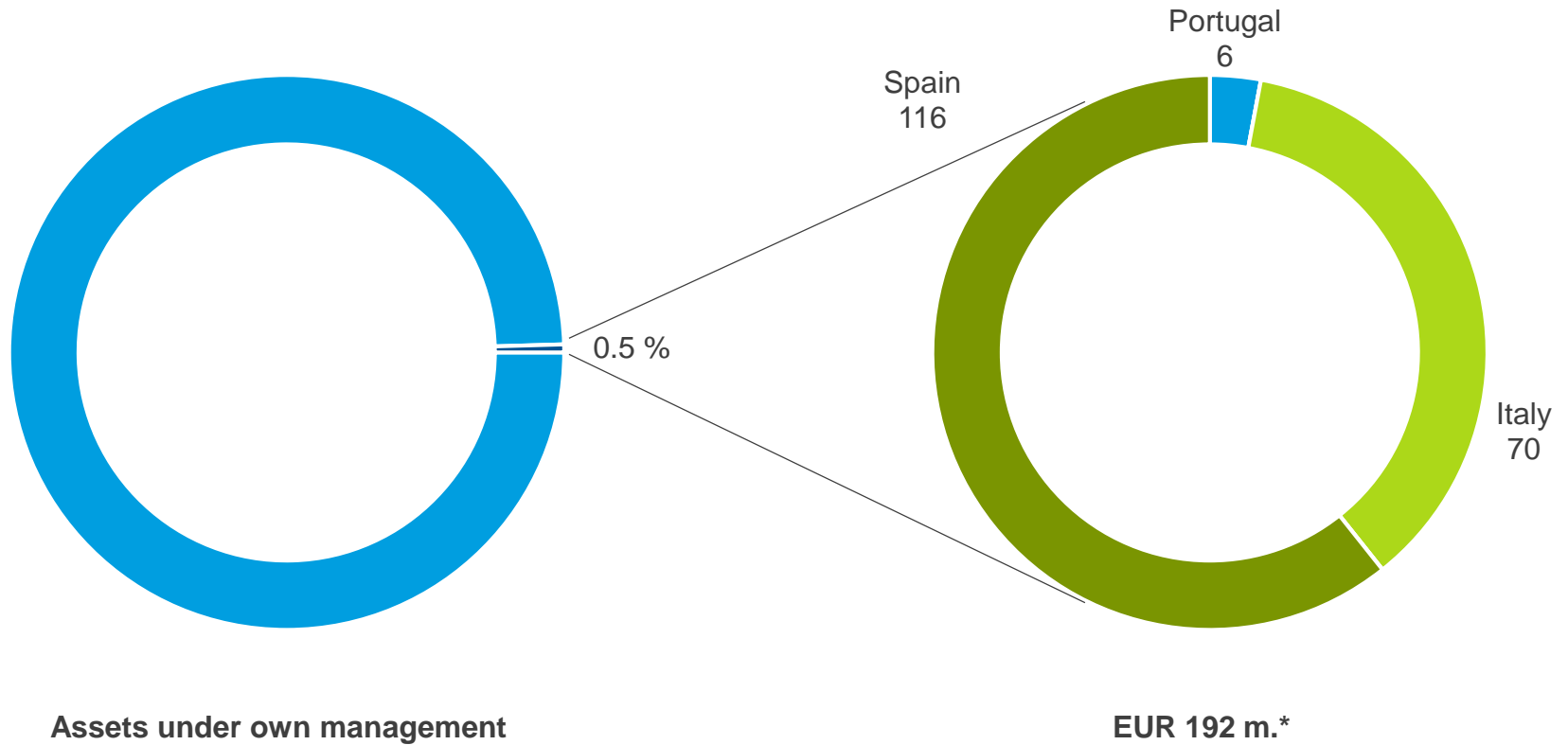
**Modified duration as at 30 June 2018: 4.9**

# Low allocation in Southern Europe and Ireland\*

Hardly 0.5 % of assets under own management

## Asset allocation

in m. EUR



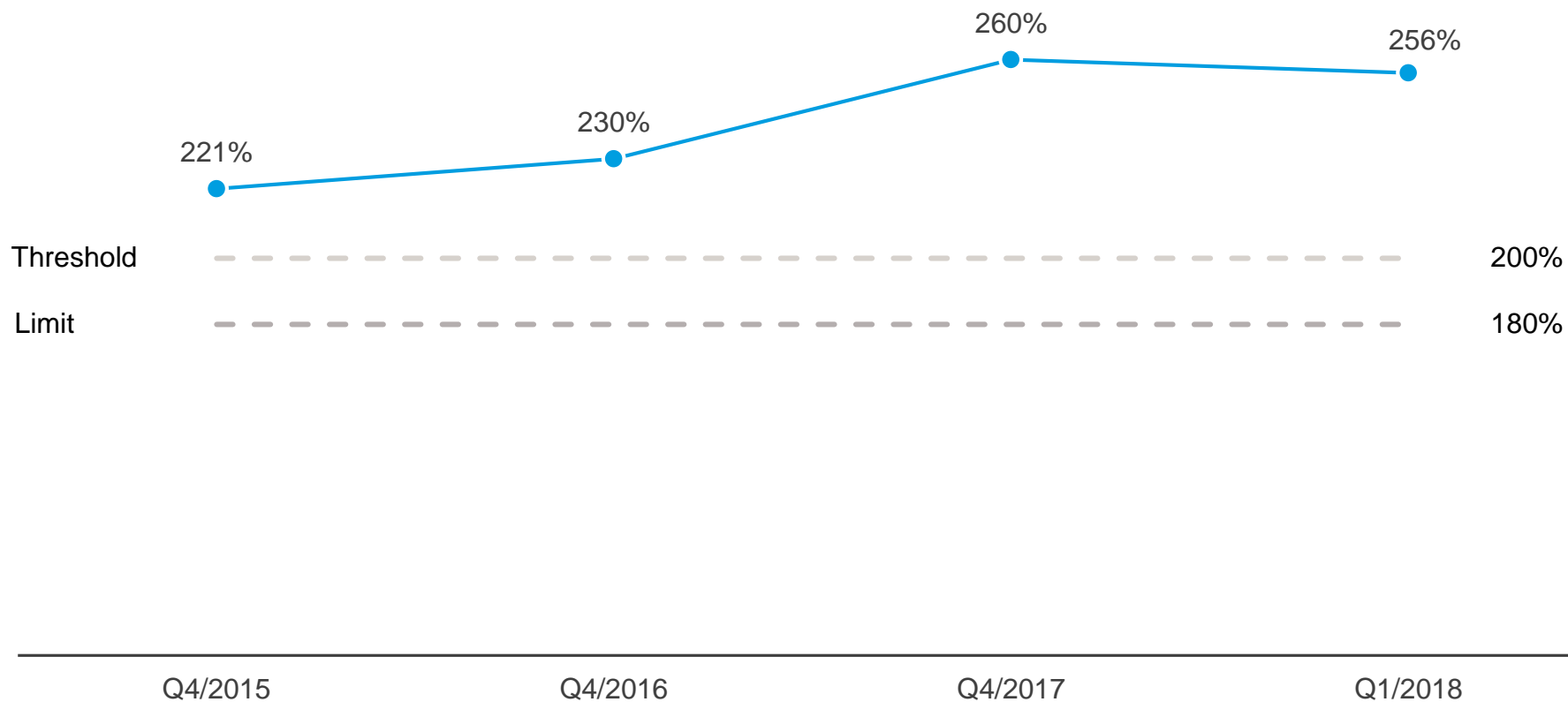
Economic view based on market values as at 30 June 2018

\* Governments and Semi-Governments

# Solvency II ratio (regulatory view)

## Hannover Re Group

### Development of the Solvency II ratio (regulatory view)



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