



50  
years

somewhat  
different

## Conference Call on Half-yearly Report 2016

Hannover, 4 August 2016

*hannover* **re**<sup>®</sup>

## Half-year results in line with full-year targets ... ... but Q2/2016 performance weaker than previous quarters

### Group

▶ Gross written premium:	EUR 8,284 m. (-3.5%)	▶ GWP slightly down in line with expectations (f/x-adjusted -1.5%); NPE f/x-adj. growth of 4.3%
▶ Net premium earned:	EUR 7,167 m. (+2.1%)	
▶ EBIT:	EUR 745 m.	▶ EBIT and net income benefitting from good investment income and solid results from L&H as well as acceptable P&C underwriting results
▶ Group net income:	EUR 486 m.	
▶ RoE:	11.8%	▶ RoE remains above our minimum target
▶ Book value per share:	EUR 69.83	▶ Shareholders' equity up by 4.4%, despite dividend payment in Q2/2016 driven by net income and strong increase in valuation reserves
▶ Shareholders' equity:	EUR 8,421 m.	

### Property & Casualty R/I

EBIT: EUR 561 m.

- ▶ Underlying underwriting affected by high level of claims in Q2/2016
- ▶ Net major losses of EUR 353 m. (9.2% of NPE) at expected level
- ▶ Premium development in line with selective underwriting approach

### Life & Health R/I

EBIT: EUR 179 m.

- ▶ F/x-adjusted growth of 4.2% mainly from UK Longevity
- ▶ EBIT in line with full-year expectation
- ▶ Positive underlying earnings development but recurring adverse claim experience from older U/Y of US mortality business

### Investments

NII: EUR 745 m.  
RoI from AuM: 2.9%

- ▶ RoI in line with full-year target (2.9%)
- ▶ Ordinary investment income lower due to positive one-off effect in L&H in previous year
- ▶ AuM increased by 1.0%

# Satisfactory results in a challenging market environment

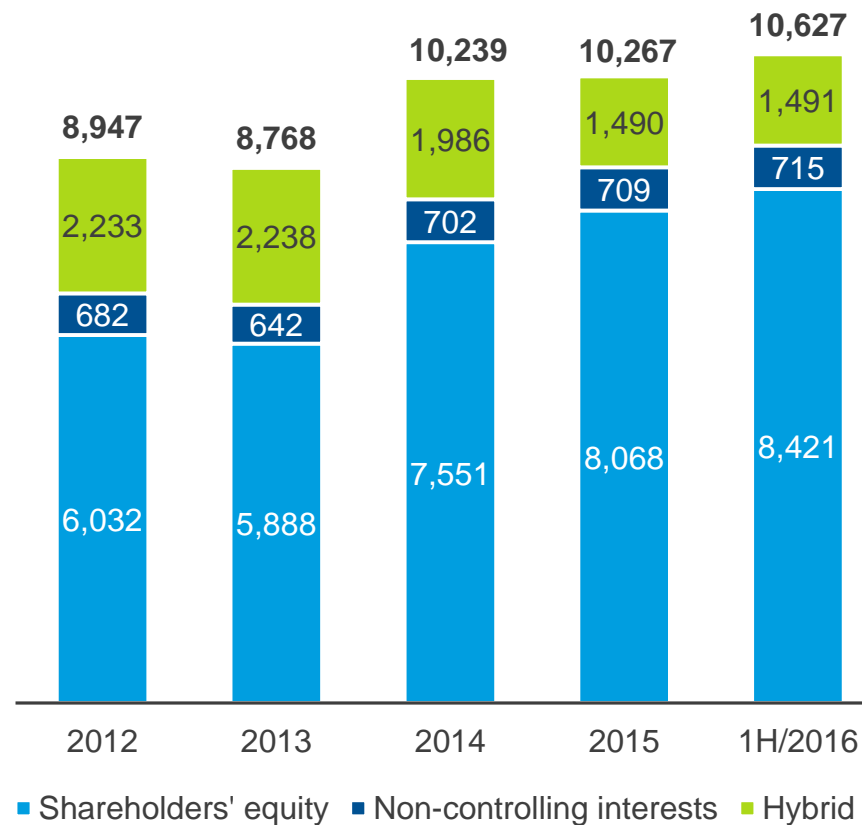
## Favourable earnings contribution from both business groups

Group figures in m. EUR	Q2/2015	Q2/2016	1H/2015	1H/2016	YTD
Gross written premium	4,186	4,020	8,587	8,284	▶ GWP f/x-adjusted growth of -1.5%
Net premium earned	3,588	3,625	7,019	7,167	▶ NPE f/x-adjusted growth of +4.3%
Net underwriting result	(34)	(39)	(40)	(3)	▶ Satisfactory EBIT margin of 10.4%
- Incl. funds withheld	65	53	158	173	▶ Decrease in outstanding hybrid leads to lower leverage and savings in interest
Net investment income	383	379	799	745	▶ Tax ratio negatively impacted by decreased Bermuda profits from high catastrophe burden
- From assets under own mgmt.	285	286	601	569	
- From funds withheld	98	92	197	176	
Other income and expenses	11	(1)	31	3	
<b>Operating profit/loss (EBIT)</b>	<b>360</b>	<b>339</b>	<b>789</b>	<b>745</b>	
Interest on hybrid capital	(23)	(18)	(48)	(36)	
<b>Net income before taxes</b>	<b>337</b>	<b>320</b>	<b>741</b>	<b>709</b>	
Taxes	(58)	(93)	(184)	(195)	
<b>Net income</b>	<b>278</b>	<b>228</b>	<b>557</b>	<b>514</b>	
- Non-controlling interests	26	13	25	28	
<b>Group net income</b>	<b>252</b>	<b>215</b>	<b>532</b>	<b>486</b>	
Retention	88.0%	90.6%	88.3%	89.8%	
EBIT margin (EBIT/Net premium earned)	10.0%	9.3%	11.2%	10.4%	
Tax ratio	17.4%	29.0%	24.9%	27.5%	
Earnings per share (in EUR)	2.09	1.78	4.41	4.03	

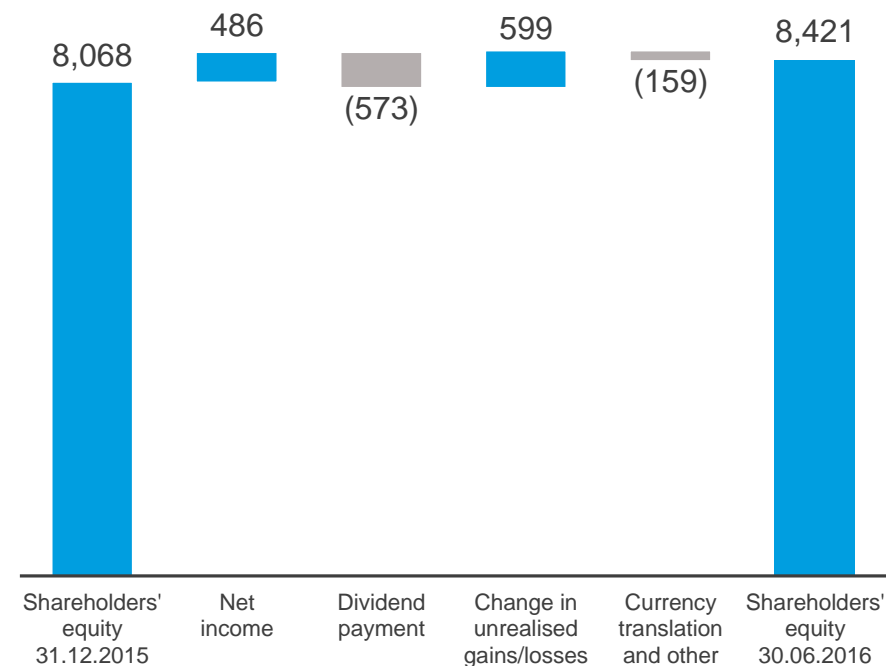
# Shareholders' equity increased despite dividend payment

## Driven by increasing valuation reserves and earnings

**Policyholders' surplus** in m. EUR



**Change in shareholders' equity** in m. EUR

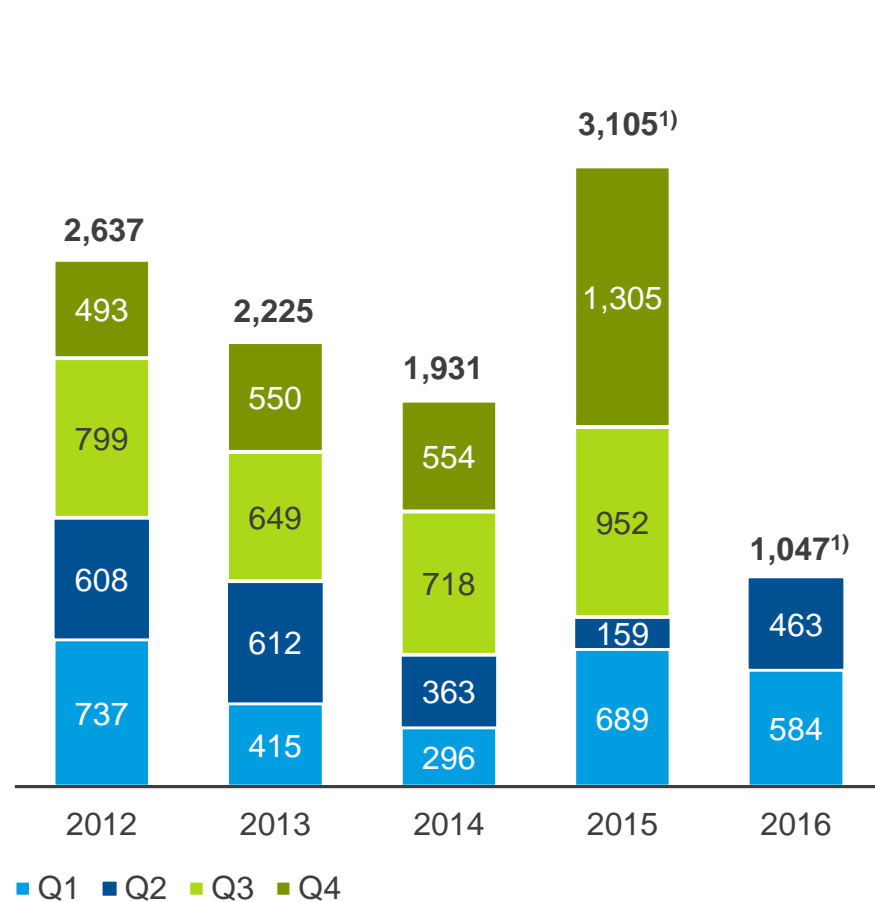


# Continued positive cash flow

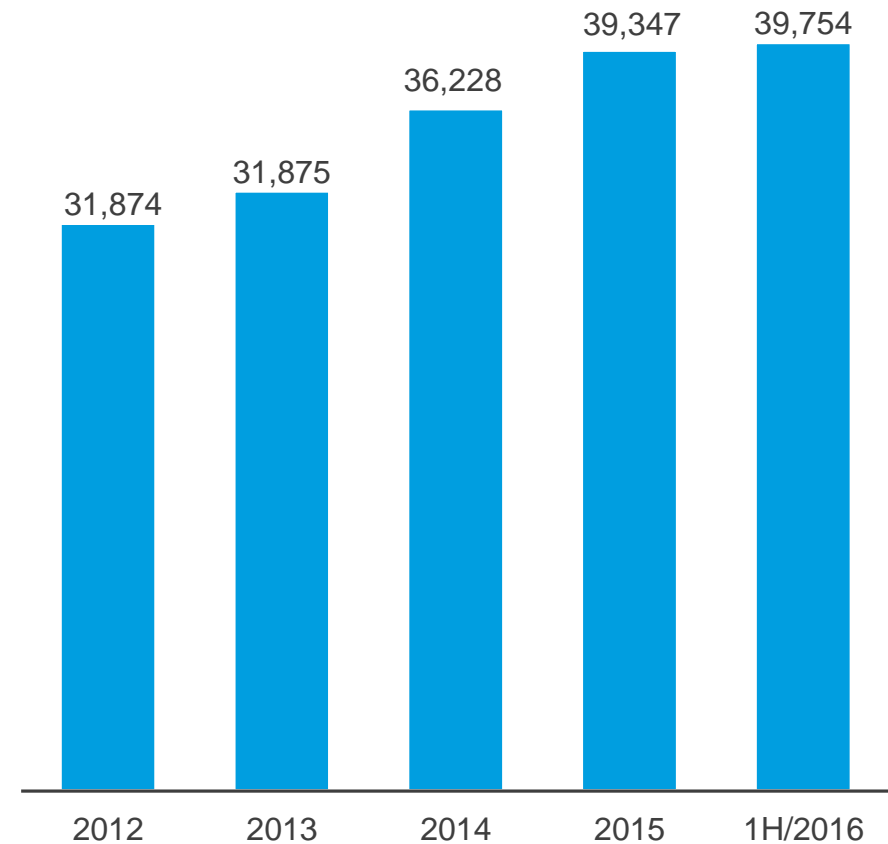
AuM +1.0%; increasing valuation reserves more than offset negative f/x effects

Operating cash flow

in m. EUR



Assets under own management (AuM) in m. EUR



1) Affected by a financial solutions treaty with approx. EUR 500 m. cash inflow in Q4/2015 and approx. EUR 300 m. cash outflow in Q1/2016 (reported figure for 1H/2016: EUR 747 m.)

# Acceptable underwriting result in a competitive environment

## Satisfactory investment income despite challenging capital markets

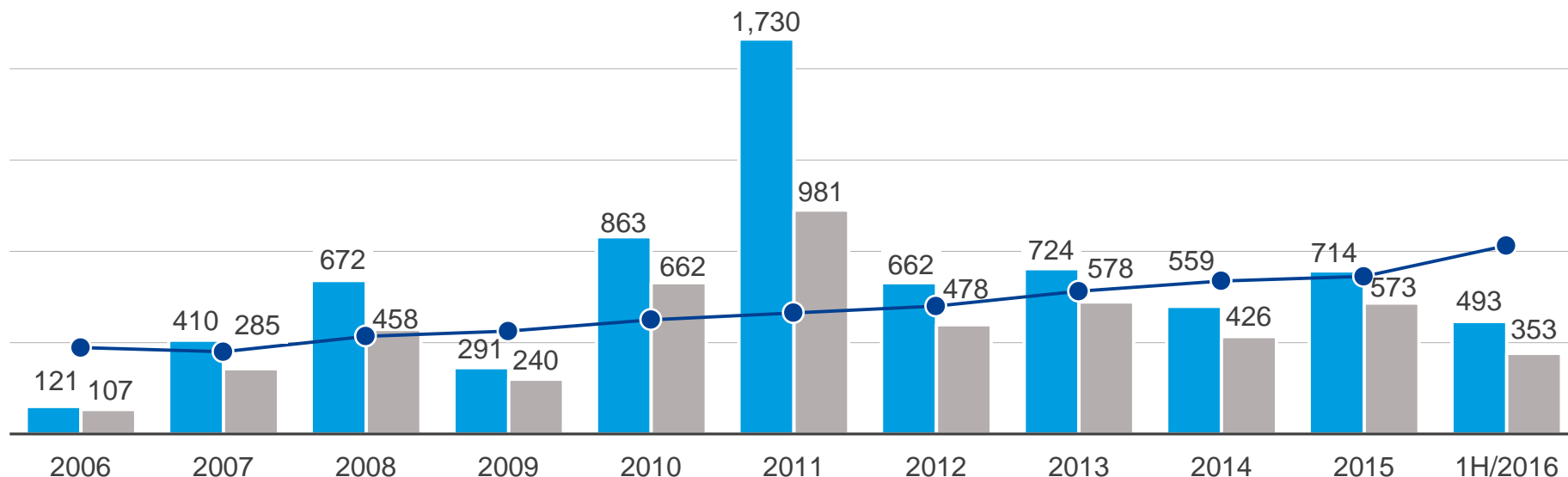
Property & Casualty R/I in m. EUR	Q2/2015	Q2/2016	1H/2015	1H/2016	YTD
Gross written premium	2,355	2,125	4,972	4,627	▶ GWP f/x adjusted -5.6%; growth mainly from US and structured R/I, reduced volume from China motor business and specialty lines
Net premium earned	2,012	1,877	3,894	3,838	▶ NPE f/x adjusted stable
Net underwriting result incl. funds withheld	101	74	181	178	▶ Major losses of EUR 353 m. in line with budget
Combined ratio incl. interest on funds withheld	95.0%	96.1%	95.4%	95.4%	▶ High frequency of basic losses and negative run-off of single claims in Q2 offset by positive run-off, overall confidence level slightly down
Net investment income from assets under own management	224	201	415	405	▶ Favourable ordinary investment income
Other income and expenses	4	(14)	(12)	(22)	▶ Other income and expenses around expected level
<b>Operating profit/loss (EBIT)</b>	<b>329</b>	<b>261</b>	<b>584</b>	<b>561</b>	▶ EBIT margin of 14.6% (1H/2015: 15.0%) well above target
Tax ratio	18.0%	29.9%	24.3%	28.3%	
<b>Group net income</b>	<b>247</b>	<b>172</b>	<b>418</b>	<b>376</b>	
Earnings per share (in EUR)	2.05	1.43	3.47	3.12	

# Major losses in line with expectation

Remaining budget for second half-year of EUR 472 m.

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

in m. EUR



### Natural and man-made catastrophe losses in % of Property & Casualty premium<sup>2)</sup>

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

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

377	360	428	450	500	530	560	625	670	690	825
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■ Gross   ■ Net   ●- Expected large losses (net)

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

2) 2006 adjusted to new segmentation

# Loss activity increased remarkably in Q2/2016

Catastrophe losses* in m. EUR	Date	Gross	Net
Earthquake, Taiwan	6 Feb	20.0	18.8
Earthquake, Japan	14 Apr	24.4	23.1
Earthquake, Ecuador	16 - 17 Apr	58.7	56.9
Wildfire, Canada	30 Apr - 8 May	204.9	131.6
Storm "Elvira", Germany, France	27 - 30 May	18.3	11.8
<b>5 Natural catastrophes</b>		<b>326.3</b>	<b>242.1</b>
2 Marine claims		71.7	34.3
3 Property claims		81.0	62.3
1 Credit claim		14.0	14.0
<b>11 Major losses</b>		<b>493.0</b>	<b>352.7</b>

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

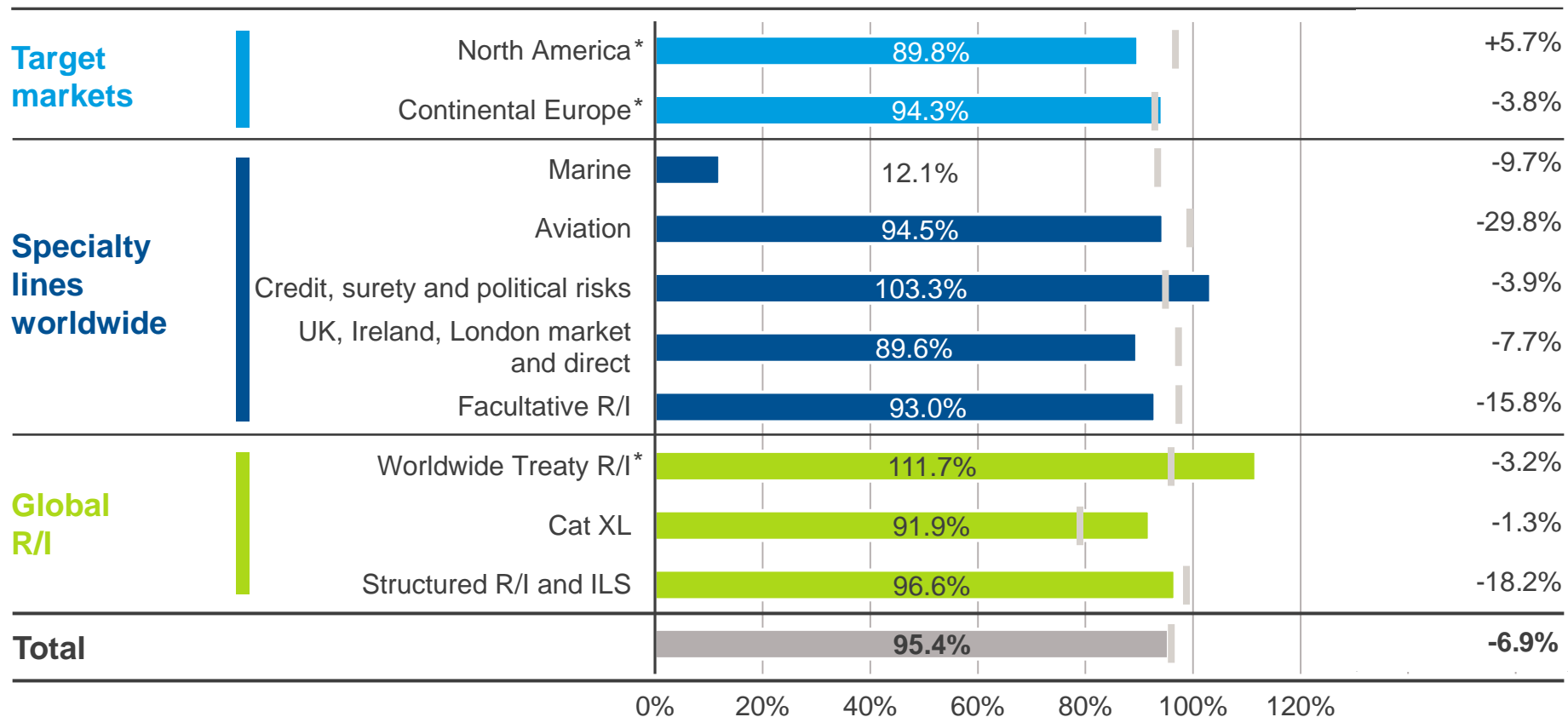


# Diversified portfolio outperforms the MtCR

## Marine Combined Ratio affected by reserve releases

### 1H/2016: Combined Ratio vs. MtCR

GWP growth



■ ■ ■ Combined Ratio | MtCR = Maximum tolerable Combined Ratio

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

# Solid results of our Life and Health business

## Earnings in line with full-year expectations

Life and health R/I in m. EUR	Q2/2015	Q2/2016	1H/2015	1H/2016	YTD
Gross written premium	1,831	1,895	3,615	3,656	▶ GWP f/x-adjusted growth +4.2%, mainly from UK Longevity, reduced volume from Australia
Net premium earned	1,575	1,747	3,125	3,328	▶ NPE f/x-adjusted growth +9.7%
Net underwriting result incl. funds withheld	(36)	(20)	(24)	(5)	▶ Techn. result from US mortality below expectation, but mitigated by favourable Fin. Sol.
Net investment income from assets under own management	55	80	179	158	▶ Ordinary investment income in line with expectation (Q1/2015 affected by positive one-off of EUR 39 m.)
Other income and expenses	8	13	44	26	▶ Reduced, but still positive currency effects
<b>Operating profit/loss (EBIT)</b>	<b>27</b>	<b>74</b>	<b>200</b>	<b>179</b>	▶ EBIT margins:
EBIT margin	1.7%	4.2%	6.4%	5.4%	• Financial solutions: 16.3%, (target 2.0%)
Tax ratio	17.6%	26.4%	26.6%	25.8%	• Longevity: 2.1% (target 2.0%)
<b>Group net income</b>	<b>18</b>	<b>53</b>	<b>146</b>	<b>131</b>	• Mortality and Morbidity: 4.3% (target 6.0%)
Earnings per share (in EUR)	0.15	0.44	1.21	1.08	

# Investment income fully in line with expectations

## Rol targets achieved, but reinvestment yields at record low

in m. EUR	Q2/2015	Q2/2016	1H/2015	1H/2016	Rol	YTD
Ordinary investment income*	289	301	603	570	2.9%	<ul style="list-style-type: none"> <li>▶ Decrease in ordinary income due to last year's one-off effect from L&amp;H business; decreased contribution from fixed-income securities compensated by higher income from Private Equity and Real Estate</li> </ul>
Realised gains/losses	22	36	67	80	0.4%	
Impairments/appreciations & depreciations	(7)	(34)	(15)	(48)	-0.2%	
Change in fair value of financial instruments (through P&L)	9	10	(2)	21	0.1%	
Investment expenses	(28)	(26)	(52)	(52)	-0.3%	
<b>NII from assets under own mgmt.</b>	<b>285</b>	<b>286</b>	<b>601</b>	<b>569</b>	<b>2.9%</b>	<ul style="list-style-type: none"> <li>▶ Realised gains slightly up mainly from Private Equity</li> </ul>
NII from funds withheld	98	92	197	176		<ul style="list-style-type: none"> <li>▶ Increasing impairments driven by Listed and Private Equities</li> </ul>
<b>Total net investment income</b>	<b>383</b>	<b>379</b>	<b>799</b>	<b>745</b>		<ul style="list-style-type: none"> <li>▶ Valuation reserves with remarkable increase compared to year-end levels as once more yields decrease significantly; credit spreads mostly stable at low level</li> </ul>
<b>Unrealised gains/losses of investments</b>			<b>31 Dec 15</b>	<b>30 Jun 16</b>		
On Balance-sheet			1,146	1,948		
thereof Fixed income AFS			636	1,462		
Off Balance-sheet			497	553		
thereof Fixed income HTM, L&R			411	457		
<b>Total</b>			<b>1,643</b>	<b>2,502</b>		

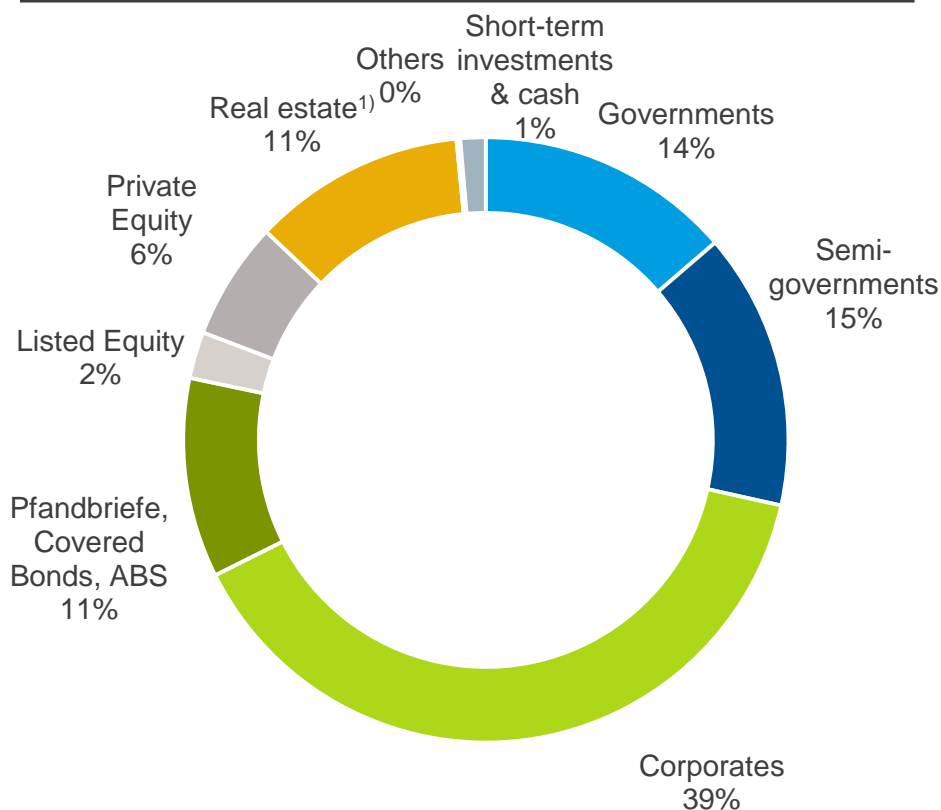
\* Incl. results from associated companies

# Ordinary income supported by asset classes with higher risk

## Diverging contribution to investment income from the different asset classes

### Ordinary income split

EUR 570 m.



### Asset allocation

Investment category	30 Jun 16
<b>Fixed-income securities</b>	<b>87 %</b>
- Governments	27 %
- Semi-governments	18 %
- Corporates	32 %
Investment grade	29 %
Non-investment grade	4 %
- Pfandbriefe, Covered Bonds, ABS	10 % <sup>2)</sup>
<b>Equities</b>	<b>4 %</b>
- Listed Equity	2 %
- Private Equity	2 %
<b>Real estate/real estate funds</b>	<b>4 %</b>
<b>Others</b>	<b>1 %</b>
<b>Short-term investments &amp; cash</b>	<b>5 %</b>
<b>Total market values in bn. EUR</b>	<b>40.3</b>

Economic view based on market values as at 30 June 2016

1) Before real estate-specific costs

2) of which Pfandbriefe and Covered Bonds = 78.1%

# Target Matrix 2016

Business group	Key figures	Strategic targets for 2016	1H/2016
Group	Return on investment <sup>1)</sup>	≥2.9%	2.9%
	Return on equity <sup>2)</sup>	≥10.0%	11.8%
	Earnings per share growth (y-o-y)	≥6.5%	-8.6%
	Value creation per share <sup>3)</sup>	≥7.5%	n.a.
Property & Casualty R/I	Gross premium growth	3% - 5% <sup>4)</sup>	-5.6%
	Combined ratio	≤96% <sup>5)</sup>	95.4%
	EBIT margin <sup>6)</sup>	≥10%	14.6%
	xRoCA <sup>7)</sup>	≥2%	n.a.
Life & Health R/I	Gross premium growth	5% - 7% <sup>8)</sup>	4.2%
	Value of New Business (VNB) <sup>9)</sup>	≥ EUR 220 m.	n.a.
	EBIT margin <sup>6)</sup> Financial solutions/Longevity	≥2%	7.3%
	EBIT margin <sup>6)</sup> Mortality/Morbidity	≥6%	4.3%
	xRoCA <sup>7)</sup>	≥3%	n.a.

1) Excl. effects from ModCo derivatives

3) Growth in book value per share + paid dividend

5) Incl. expected net major losses of EUR 825 m.

7) Excess return on allocated economic capital

9) Based on a cost of capital of 6% (until 2014: 4.5%)

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

4) On average throughout the R/I cycle; at unchanged f/x rates

6) EBIT/net premium earned

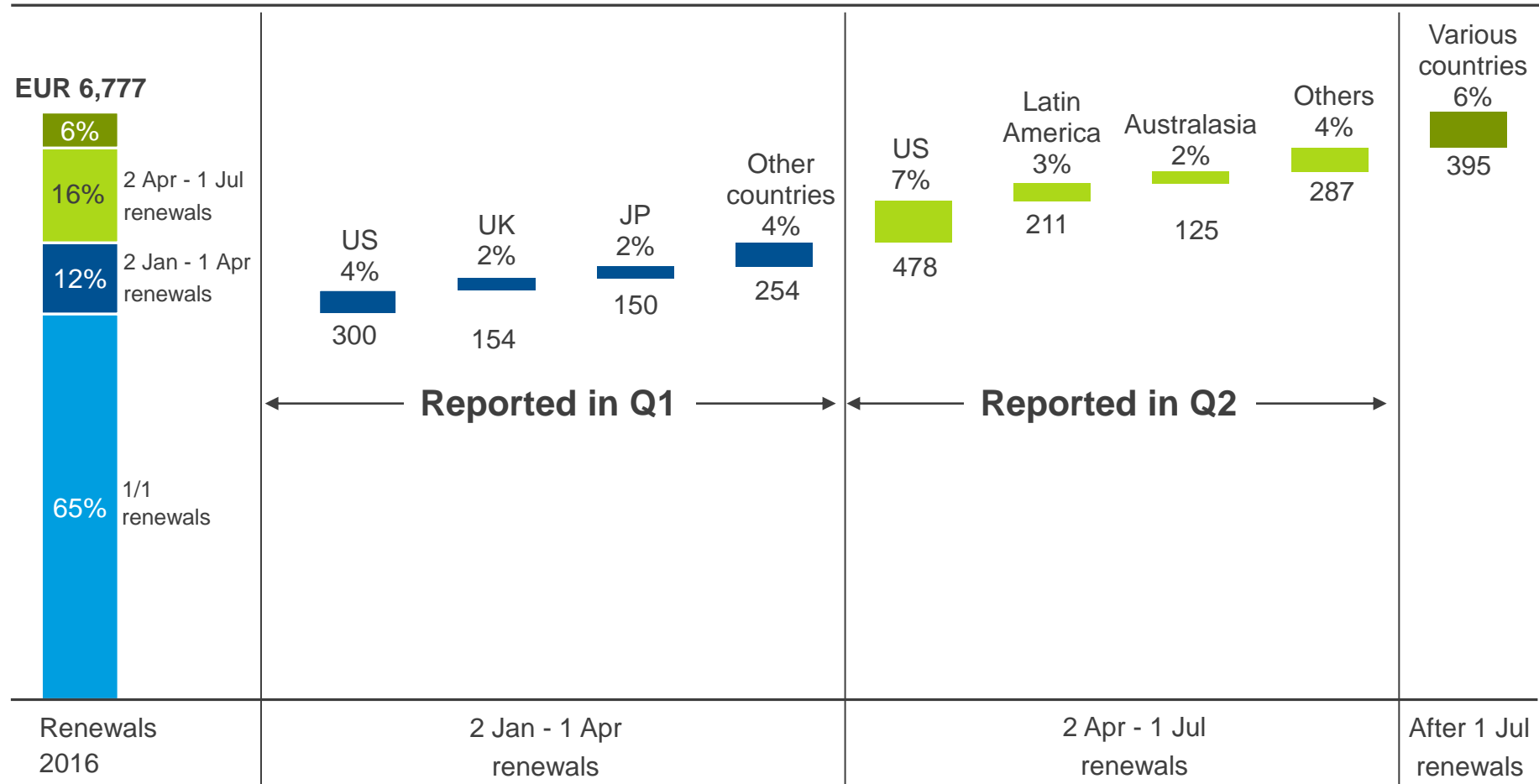
8) Organic growth only; annual average growth (5 years), at unchanged f/x rates

# Outlook 2016

# 16% of treaty reinsurance (R/I) renewed in Q2/2016

## Renewals split in 2016

Traditional treaty reinsurance (excl. structured R/I & ILS and facultative R/I) in m. EUR



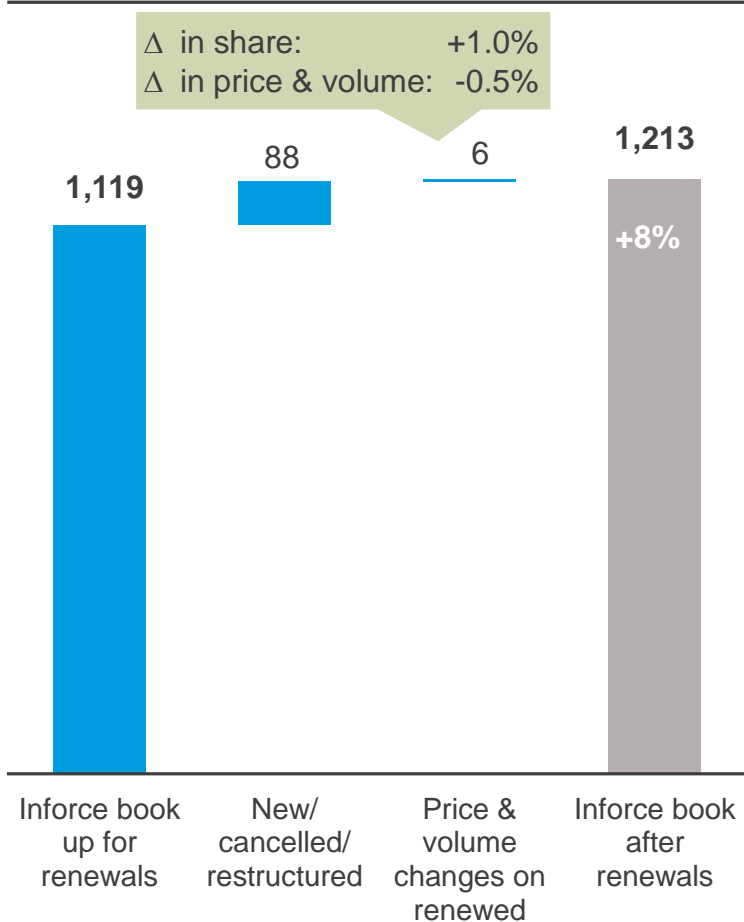
Based on 2015 U/Y

# 8% premium growth largely achieved with existing clients

Property & Casualty treaty renewals: 2 April - 1 July 2016

## 2 April to 1 July renewals

in m. EUR



▶ Continuation of the renewal trends from Q1/2016, but moderating significance of rate pressure

▶ North America

- Significant increase in premium mainly due to expansion of existing relationships
- Placements are becoming more complex by broadening of scope and inclusion of additional business segments

▶ Global catastrophe

- Still ample capacity available but price discipline appears to get more focus depending on territory, e.g.
  - US rates appear to have levelled out
  - Europe (except UK) showed a slowdown of the rate reductions

• Continued trend for global/multi-territory and multi-year placements

▶ Credit, surety & political risks

- Good growth in premium at relatively stable terms
  - Strengthened position within existing relationships
  - Acquisition of new clients

▶ Agriculture

- Significant growth due to new business

U/Y figures at unchanged f/x rates (31 December 2015)



## Guidance for 2016

### Hannover Re Group

- ▶ Gross written premium<sup>1)</sup> \_\_\_\_\_ stable to modest reduction
- ▶ Return on investment<sup>2) 3)</sup> \_\_\_\_\_ ~2.9%
- ▶ Group net income<sup>2)</sup> \_\_\_\_\_ at least EUR 950 m.
- ▶ Dividend payout ratio<sup>4)</sup> \_\_\_\_\_ 35% - 40%  
(Payout likely to increase in light of capital management considerations)

1) At unchanged f/x rates











2) Subject to no major distortions in capital markets and/or major losses in 2016 not exceeding the large loss budget of EUR 825 m.

3) Excluding effects from ModCo derivatives

4) Related to group net income according to IFRS

# Overall profitability still above margin requirements

## Property & Casualty R/I: financial year 2016

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

1) In EUR

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

3) All lines of business except those stated separately

# Increasing earnings expected on a normalised basis


## Life & Health R/I: financial year 2016


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


1) In EUR


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


## We are confident of achieving the guidance


 We expect further increased profits from our Life & Health business excluding 2015 termination fees

 Despite further rate reductions on our P&C business the quality of our portfolio should still allow us to keep C/R at or below 96.0%

 Supported by continued high confidence level of our P&C reserves

 Better conditions of our increased retrocession coverage

 We expect to achieve a largely stable absolute NII on the back of an increased investment volume (from a further positive cash flow) despite low interest rate environment

 We are maintaining our competitive advantage of low admin expenses

Subject to no major distortions in capital markets and/or major losses in 2016 not exceeding the major loss budget of EUR 825 m.

somewhat  
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# Appendix

# Our strategic business groups at a glance

## 1H/2016 vs. 1H/2015

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	1H/2015	1H/2016	Δ	1H/2015	1H/2016	Δ	1H/2015	1H/2016	Δ
Gross written premium	4,972	4,627	-6.9%	3,615	3,656	+1.2%	8,587	8,284	-3.5%
Net premium earned	3,894	3,838	-1.4%	3,125	3,328	+6.5%	7,019	7,167	+2.1%
Net underwriting result	171	166	-4.1%	(211)	(169)	-19.9%	(40)	(3)	-93.2%
Net underwriting result incl. funds withheld	181	178	-1.7%	(24)	(5)	-79.2%	158	173	+9.8%
Net investment income	425	416	-2.1%	367	322	-12.1%	799	745	-6.8%
From assets under own management	415	405	-2.5%	179	158	-11.9%	601	569	-5.3%
From funds withheld	10	12	+13.9%	187	164	-12.4%	197	176	-11.1%
Other income and expenses	(12)	(22)	+73.6%	44	26	-41.5%	31	3	-89.8%
<b>Operating profit/loss (EBIT)</b>	<b>584</b>	<b>561</b>	<b>-3.9%</b>	<b>200</b>	<b>179</b>	<b>-10.5%</b>	<b>789</b>	<b>745</b>	<b>-5.6%</b>
Interest on hybrid capital	(0)	0	-	0	0	+0.0%	(48)	(36)	-25.9%
<b>Net income before taxes</b>	<b>584</b>	<b>561</b>	<b>-3.9%</b>	<b>200</b>	<b>179</b>	<b>-10.5%</b>	<b>741</b>	<b>709</b>	<b>-4.3%</b>
Taxes	(142)	(159)	+12.1%	(53)	(46)	-13.1%	(184)	(195)	+5.8%
<b>Net income</b>	<b>442</b>	<b>402</b>	<b>-9.0%</b>	<b>147</b>	<b>133</b>	<b>-9.5%</b>	<b>557</b>	<b>514</b>	<b>-7.6%</b>
Non-controlling interest	24	26	+10.2%	1	2	+88.8%	25	28	+14.1%
<b>Group net income</b>	<b>418</b>	<b>376</b>	<b>-10.1%</b>	<b>146</b>	<b>131</b>	<b>-10.3%</b>	<b>532</b>	<b>486</b>	<b>-8.6%</b>
Retention	89.6%	88.2%		86.5%	91.8%		88.3%	89.8%	
Combined ratio (incl. interest on funds withheld)	95.4%	95.4%		100.8%	100.1%		97.8%	97.6%	
EBIT margin (EBIT / Net premium earned)	15.0%	14.6%		6.4%	5.4%		11.2%	10.4%	
Tax ratio	24.3%	28.3%		26.6%	25.8%		24.9%	27.5%	
Earnings per share (in EUR)	3.47	3.12		1.21	1.08		4.41	4.03	

# Our strategic business groups at a glance

## Q2/2016 vs. Q2/2015

in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q2/2015	Q2/2016	Δ	Q2/2015	Q2/2016	Δ	Q2/2015	Q2/2016	Δ
Gross written premium	2,355	2,125	-9.8%	1,831	1,895	+3.5%	4,186	4,020	-4.0%
Net premium earned	2,012	1,877	-6.7%	1,575	1,747	+10.9%	3,588	3,625	+1.0%
Net underwriting result	94	66	-30.0%	(128)	(104)	-18.6%	(34)	(39)	-
Net underwriting result incl. funds withheld	101	74	-26.8%	(36)	(20)	-45.2%	65	53	-17.6%
Net investment income	230	209	-9.2%	147	165	+11.7%	383	379	-1.2%
From assets under own management	224	201	+6.2%	55	80	+45.1%	285	286	+0.6%
From funds withheld	6	7	+19.6%	92	85	-8.2%	98	92	-6.5%
Other income and expenses	4	(14)	-52.6%	8	13	+73.5%	11	(1)	-109.1%
<b>Operating profit/loss (EBIT)</b>	<b>329</b>	<b>261</b>	<b>+17.4%</b>	<b>27</b>	<b>74</b>	<b>+175.5%</b>	<b>360</b>	<b>339</b>	<b>-6.1%</b>
Interest on hybrid capital	(0)	0	-	0	0	-	(23)	(18)	-23.0%
<b>Net income before taxes</b>	<b>329</b>	<b>261</b>	<b>+17.4%</b>	<b>27</b>	<b>74</b>	<b>+175.5%</b>	<b>337</b>	<b>320</b>	<b>+3.8%</b>
Taxes	(59)	(78)	-2.3%	(5)	(19)	-	(58)	(93)	+18.9%
<b>Net income</b>	<b>269</b>	<b>183</b>	<b>-32.0%</b>	<b>22</b>	<b>54</b>	<b>+146.0%</b>	<b>278</b>	<b>228</b>	<b>-18.3%</b>
Non-controlling interest	22	11	-	4	1	-63.4%	26	13	-
<b>Group net income</b>	<b>247</b>	<b>172</b>	<b>-30.4%</b>	<b>18</b>	<b>53</b>	<b>+191.5%</b>	<b>252</b>	<b>215</b>	<b>-3.1%</b>
Retention	90.3%	88.5%		85.0%	93.0%		88.0%	90.6%	
Combined ratio (incl. interest on funds withheld)	95.0%	96.1%		102.3%	101.1%		98.2%	98.5%	
EBIT margin (EBIT / Net premium earned)	16.3%	13.9%		1.7%	4.2%		10.0%	9.3%	
Tax ratio	18.0%	29.9%		17.6%	26.4%		17.4%	29.0%	
Earnings per share (in EUR)	2.05	1.43		0.15	0.44		2.09	1.78	

# Largely stable asset allocation throughout the quarter

## Moderate increase in diversified listed equities

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

Investment category	2012	2013	2014	2015	30.06.2016
<b>Fixed-income securities</b>	<b>92%</b>	<b>90%</b>	<b>90%</b>	<b>87%</b>	<b>87%</b>
- Governments	19%	19%	21%	26%	27%
- Semi-governments	23%	20%	19%	17%	18%
- Corporates	33%	36%	36%	34%	32%
Investment grade	30%	33%	33%	30%	29% <sup>2)</sup>
Non-investment grade <sup>3)</sup>	3%	3%	3%	4%	4%
- Pfandbriefe, Covered Bonds, ABS	17%	15%	14%	10%	10%
<b>Equities</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>
- Listed Equity	<1%	<1%	<1 %	1%	2%
- Private Equity	2%	2%	2%	2%	2%
<b>Real estate/real estate funds</b>	<b>2%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>
<b>Others<sup>3)</sup></b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
<b>Short-term investments &amp; cash</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>
<b>Total market values in bn. EUR</b>	<b>32.5</b>	<b>32.2</b>	<b>36.8</b>	<b>39.8</b>	<b>40.3</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 885.6 m. (EUR 837.1 m.) as at 30 Juni 2016

2) Of which Pfandbriefe and Covered Bonds = 78.1%

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



# Stress tests on assets under own management

Unchanged focus on yields and spreads while relevance of equities rises

Portfolio	Scenario	Change in market value in m. EUR	Change in OCI before tax in m. EUR
Equity (listed and private equity)	-10%	-155	-155
	-20%	-310	-310
Yield curves	+50 bps	-790	-698
	+100 bps	-1,543	-1,363
Credit spreads	+50%	-807	-767

As at 30 June 2016

# Fixed-income book well balanced

Geographical allocation mainly in accordance with our business diversification

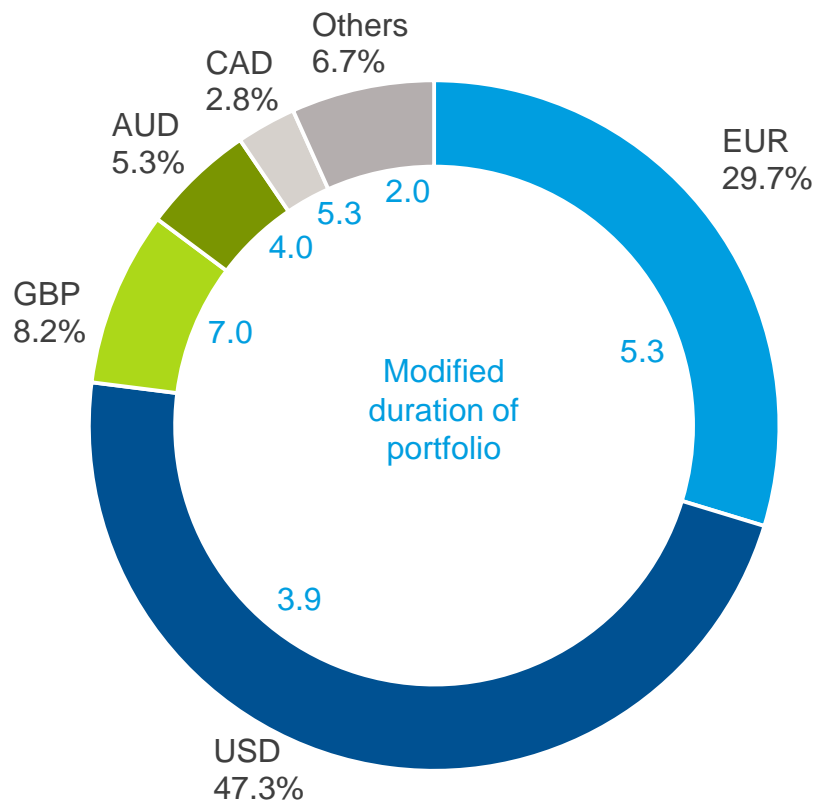
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	75.4%	65.1%	1.3%	67.4%	-	45.3%
AA	12.2%	29.6%	13.9%	13.9%	-	16.5%
A	7.1%	2.6%	38.6%	6.8%	-	17.7%
BBB	4.6%	1.2%	39.1%	8.7%	-	17.0%
<BBB	0.8%	1.5%	7.1%	3.2%	-	3.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>	<b>100.0%</b>
Germany	8.6%	45.3%	4.5%	28.4%	33.0%	17.6%
UK	6.7%	3.1%	7.9%	9.4%	3.6%	6.5%
France	1.5%	2.6%	6.2%	6.2%	1.5%	3.9%
GIIPS	1.4%	1.0%	4.6%	4.5%	0.0%	2.7%
Rest of Europe	5.3%	18.9%	16.4%	24.4%	3.5%	13.7%
USA	61.2%	5.9%	36.4%	5.4%	11.5%	33.4%
Australia	2.7%	8.7%	7.4%	10.5%	6.9%	6.5%
Asia	7.9%	3.1%	5.3%	0.0%	29.7%	6.3%
Rest of World	4.8%	11.5%	11.3%	11.2%	10.3%	9.3%
<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>10,766</b>	<b>6,877</b>	<b>12,360</b>	<b>3,765</b>	<b>1,818</b>	<b>35,586</b>

IFRS figures as at 30 June 2016

# Currency allocation matches liability profile of balance sheet

Active asset liability management ensures durational match

## 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

2015	4.4
2014	4.6
2013	4.4
2012	4.5
2011	4.2

**Modified duration as at 30 June 2016: 4.5**

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