

somewhat
different

Hannover Re - The somewhat different reinsurer

Contents

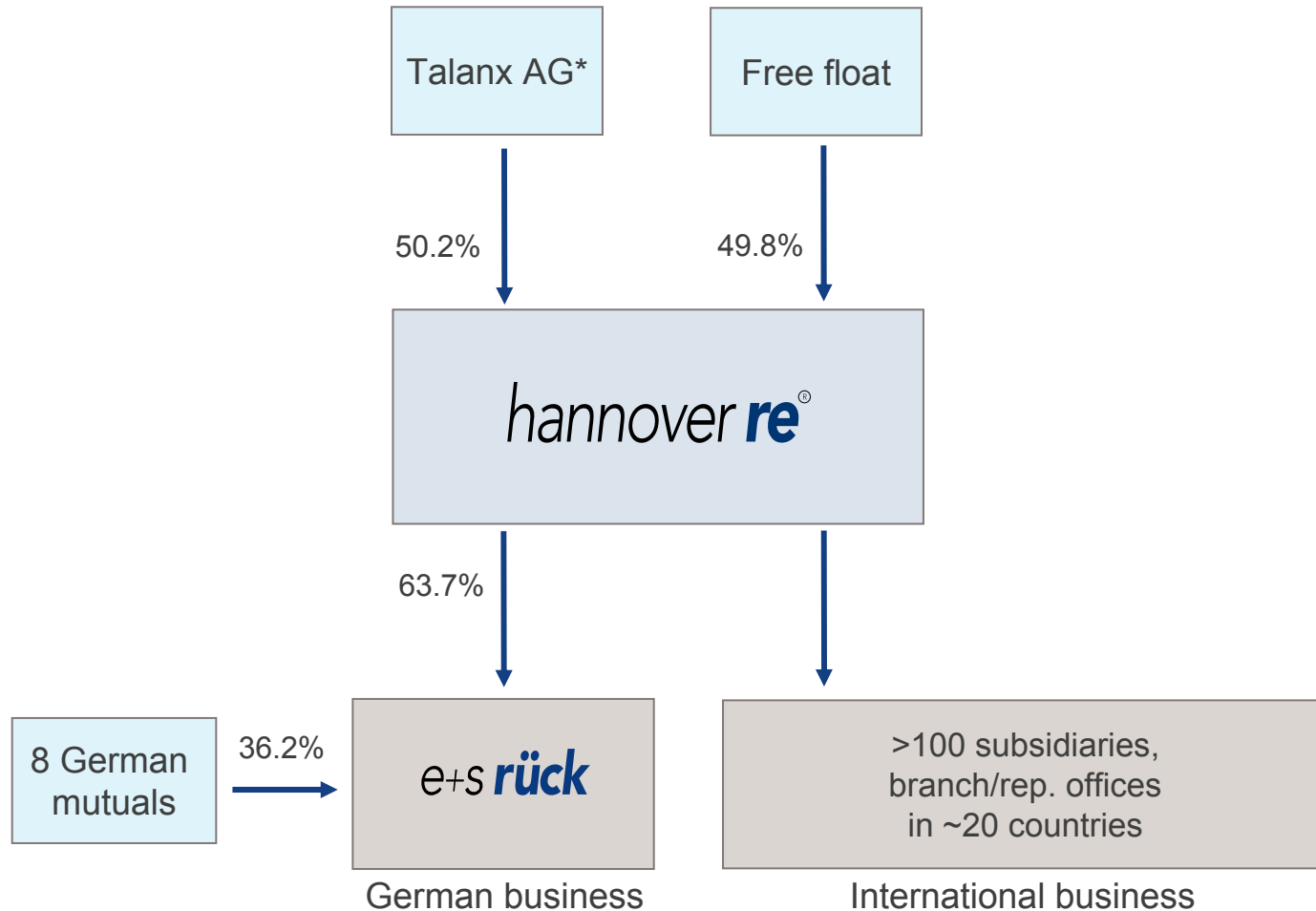
Overview.....	1 - 9
Hannover Re Group.....	10 - 19
Non-life reinsurance.....	20 - 27
Life and health reinsurance.....	28 - 34
Investment management.....	35 - 44
Risk management.....	45 - 49
Capital management.....	50 - 58
Q1/2012.....	59 - 67
Outlook.....	68 - 73

Key facts about Hannover Re

- ▶ Established in 1966
- ▶ Majority shareholder: HDI Haftpflichtverband der Deutschen Industrie V.a.G., with 50.2% of Hannover Re's shares via Talanx AG
- ▶ Non-life reinsurance since 1966
- ▶ Life and health reinsurance (Hannover Life Re) as strategic growth segment since 1990
- ▶ Initial Public Offering on 30 Nov 1994, Second Public Offering on 12 Jun 2003
- ▶ More than 100 subsidiaries, branches and representative offices on all 5 continents
- ▶ Total staff of roughly 2,200 employees
- ▶ More than 5,000 insurance clients in about 150 countries

Unique group structure supports our business model

Majority owner, but operational and financial independence



* 100% owned by HDI V.a.G.

We are among the top reinsurers in the world

Premium ranking 2010 in m. USD				
Rank	Group	Country	GWP	NPW
1	Munich Re	D	31,280	n.a.
2	Swiss Re	CH	24,756	19,433
3	Hannover Re	D	15,147	13,316*
4	Berkshire Hathaway Inc.	USA	14,374	13,785
5	Lloyd's	GB	12,977	9,762
6	SCOR	F	8,872	8,141
7	RGA Re	USA	7,201	6,660
8	Allianz SE	D	5,736	n.a.
9	PartnerRe	BDA	4,881	4,703
10	Everest Re	BDA	4,201	3,946
11	Transatlantic Re	USA	4,133	3,882
12	Korean Re	ROK	4,114	2,803
13	China Re	RC	3,796	3,657
14	London Re	CDN	3,266	3,221
15	MAPFRE	E	3,143	2,125

Source: A.M. Best (September 2011)

n.a. = not available

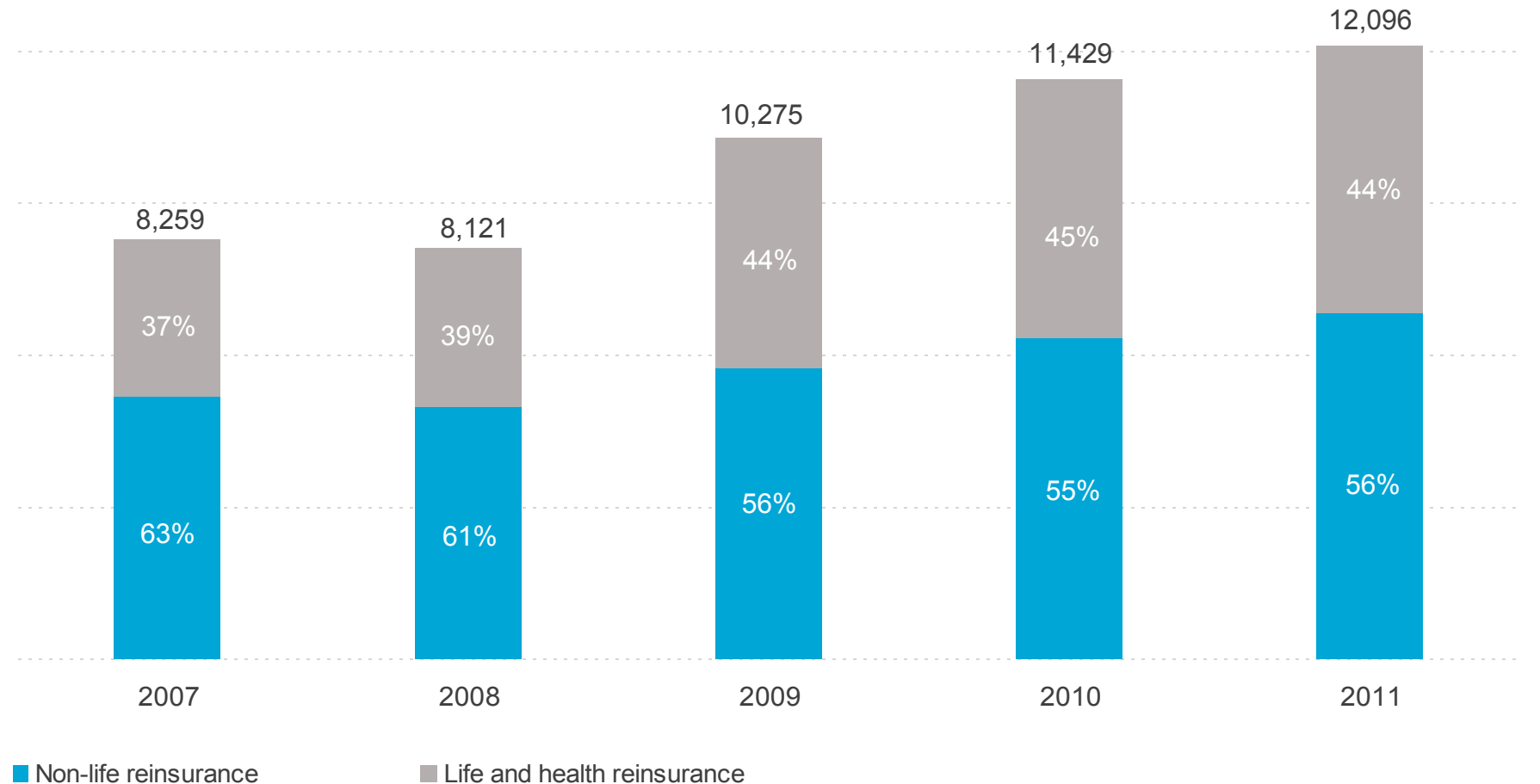
* Net premium earned

Reduction of group volatility due to improved diversification

5-year CAGR +10%

Gross written premium

in m. EUR



Most profitable reinsurer of the last five years

Even on after-tax basis, in spite of strong Bermuda competition

	2007		2008		2009		2010		2011		2007 - 2011	
Company	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	avg. RoE	Rank
Hannover Re	23.1%	2	(4.1%)	9	22.4%	3	18.2%	1	12.8%	1	14.5%	1
Odyssey Re	25.8%	1	20.5%	1	12.1%	6	9.2%	8	(1.9%)	6	13.2%	2
Renaissance Re	16.9%	4	(0.4%)	7	24.4%	2	18.1%	2	(2.4%)	8	11.3%	3
SCOR	13.8%	8	8.9%	2	10.2%	8	10.1%	5	7.5%	3	10.1%	4
PartnerRe	17.7%	3	1.1%	5	25.9%	1	11.5%	3	(7.6%)	10	9.7%	5
Munich Re	14.9%	7	6.5%	3	11.8%	7	10.7%	4	3.1%	4	9.4%	6
Transatlantic Re	15.4%	6	3.1%	4	13.2%	5	9.7%	7	(2.4%)	7	7.8%	7
Everest Re	15.6%	5	(0.4%)	6	14.6%	4	9.9%	6	(1.3%)	5	7.7%	8
Swiss Re	13.3%	9	(3.3%)	8	2.3%	10	3.6%	10	9.6%	2	5.1%	9
XL Re*	3.6%	10	(31.8%)	10	2.7%	9	5.8%	9	(4.4%)	9	(4.8%)	10

Ranking among shown peer group, based on company data, own calculation

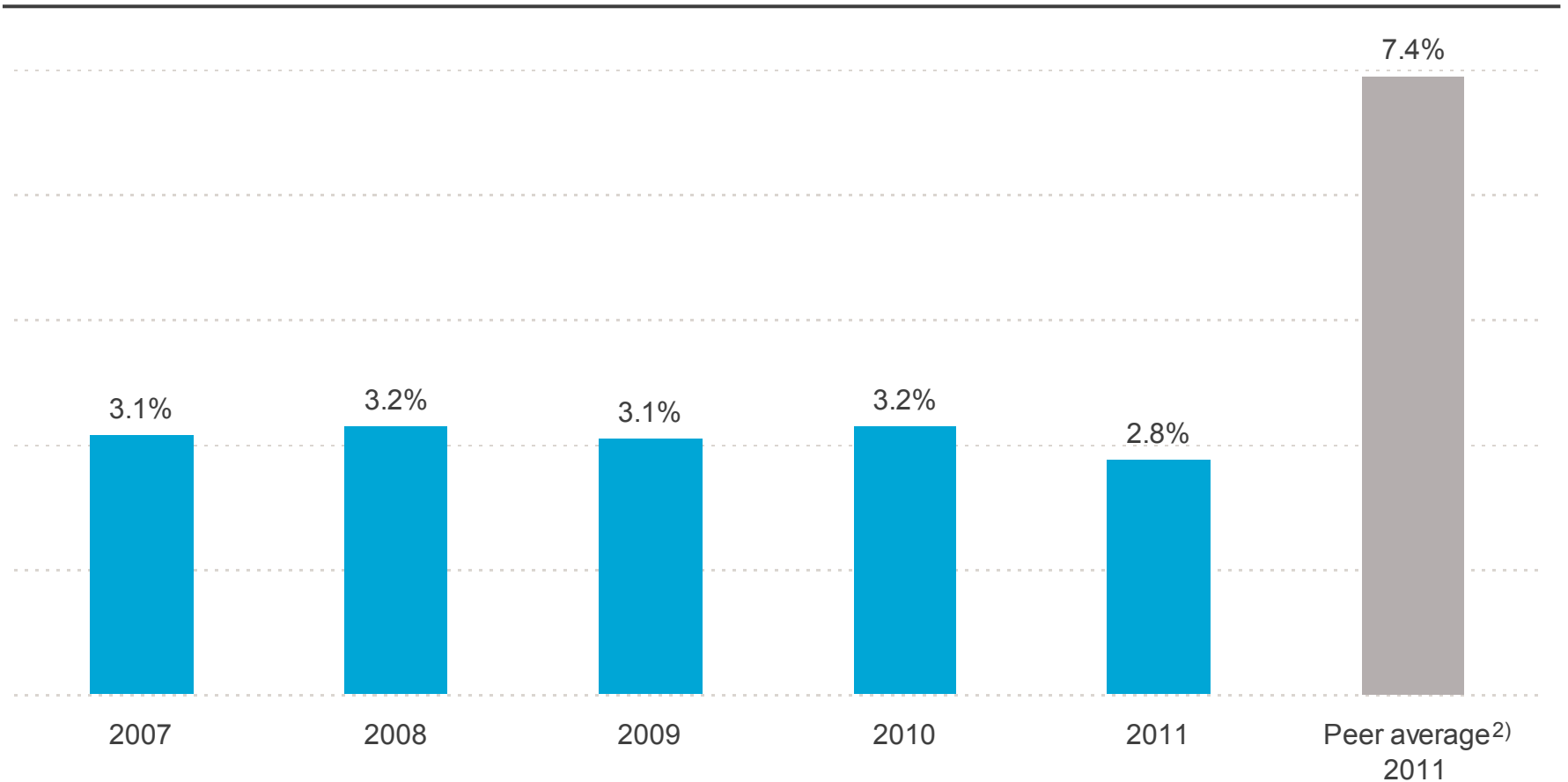
* Based on XL Capital group figures

We aim to be one of the top 3 R/I in terms of RoE

Hannover Re remains the absolute cost leader

Our overhead ratio is less than half of the industry average

Administrative expense ratio¹⁾



Own calculation

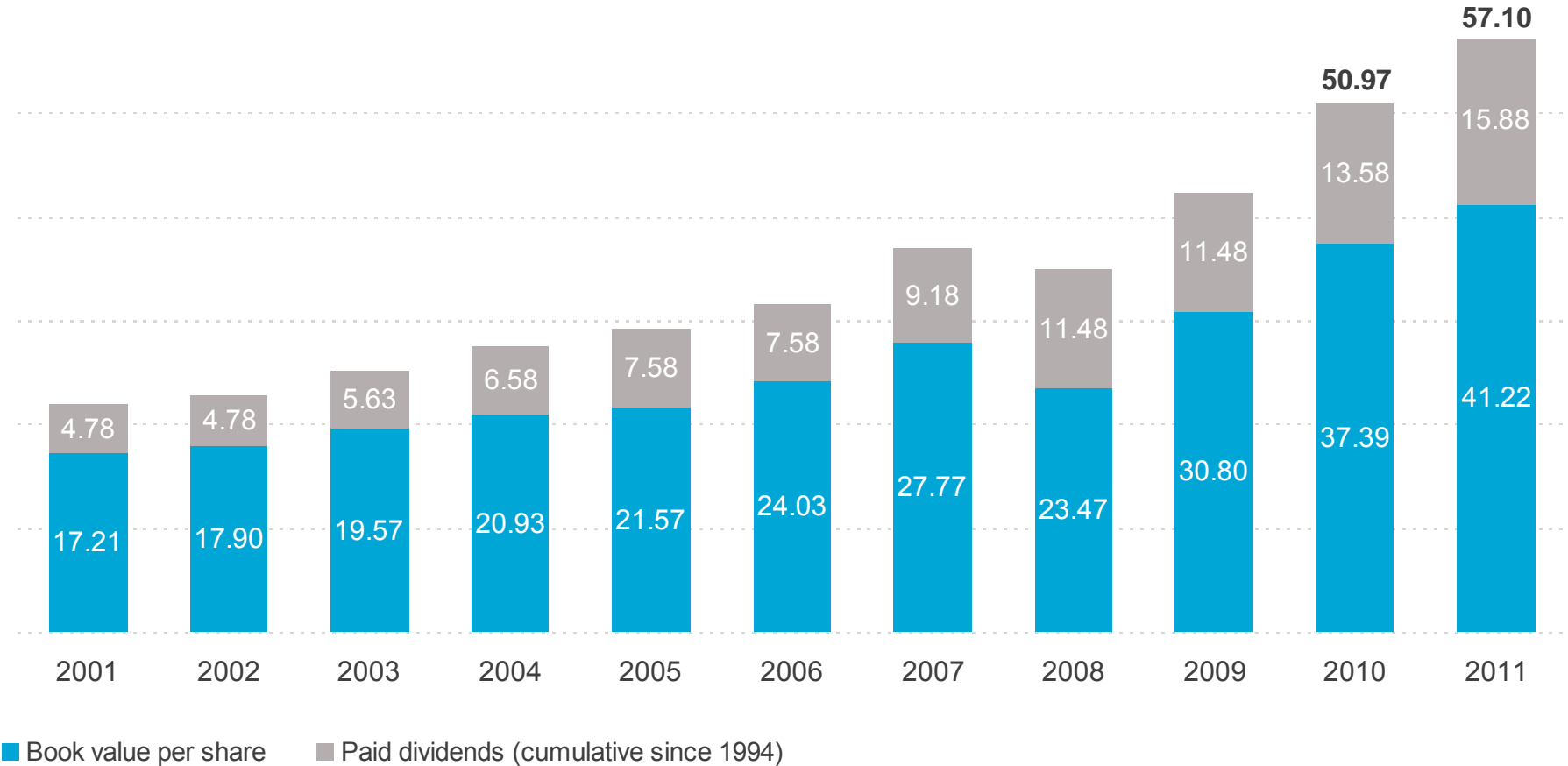
1) Administrative expenses + other technical expenses (in % of net premium earned)

2) Munich Re, SCOR, Swiss Re, Transatlantic Re, PartnerRe, Everest Re

Accelerated growth of book value per share since 2009

Book value per share, paid dividends

in EUR

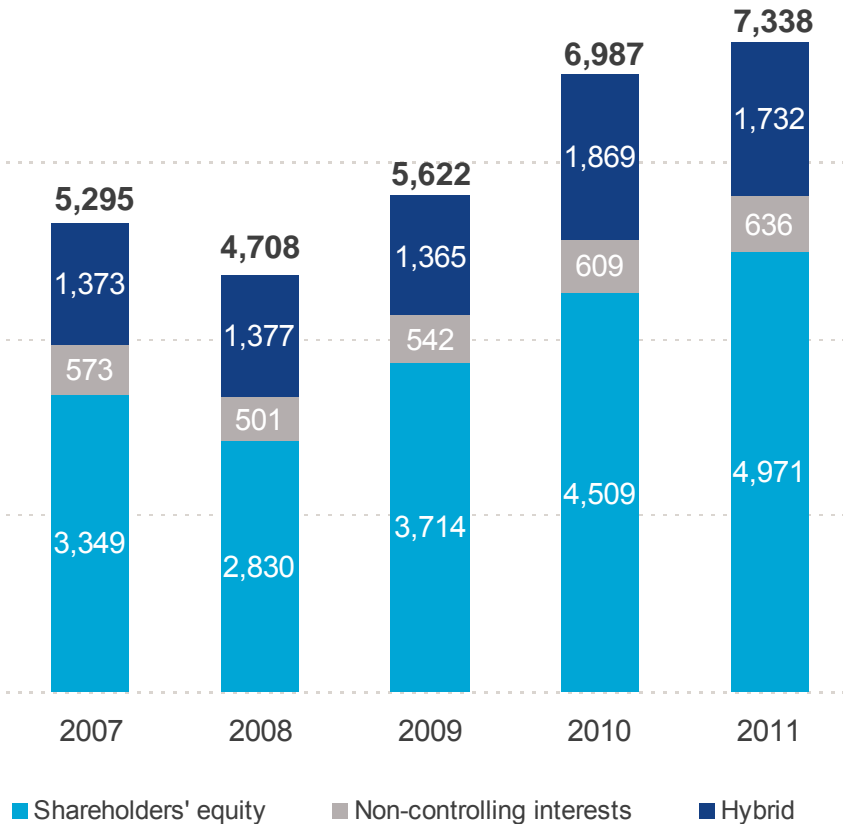


2001 - 2003 US GAAP, as from 2004 IFRS
As at 31 December

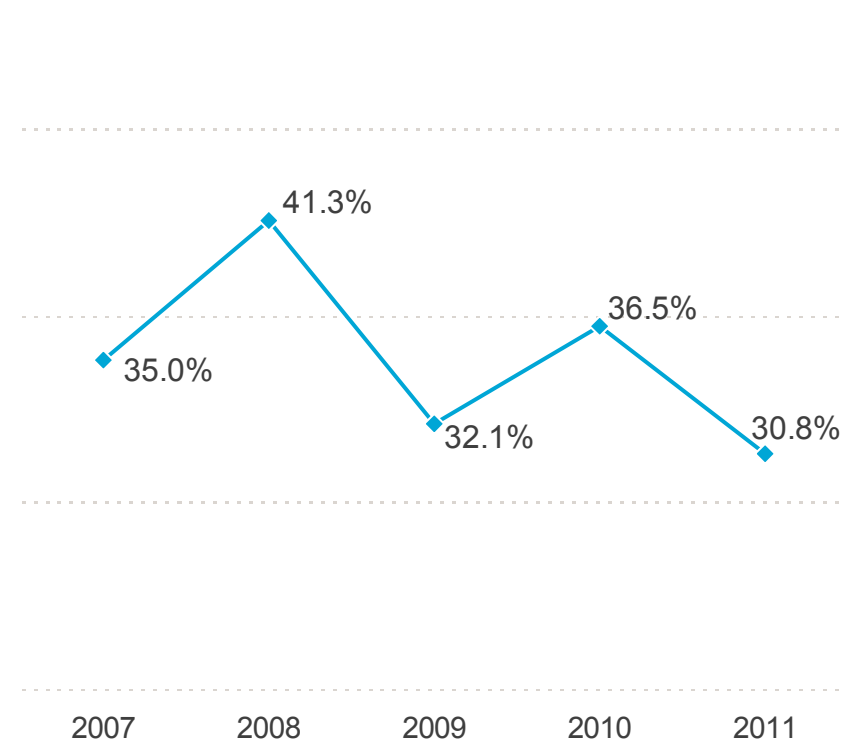
Risk bearing ability further increased

EUR 2.1 bn. (+76%) equity increase in three years

Policyholders' surplus in m. EUR



Financial leverage development* in %



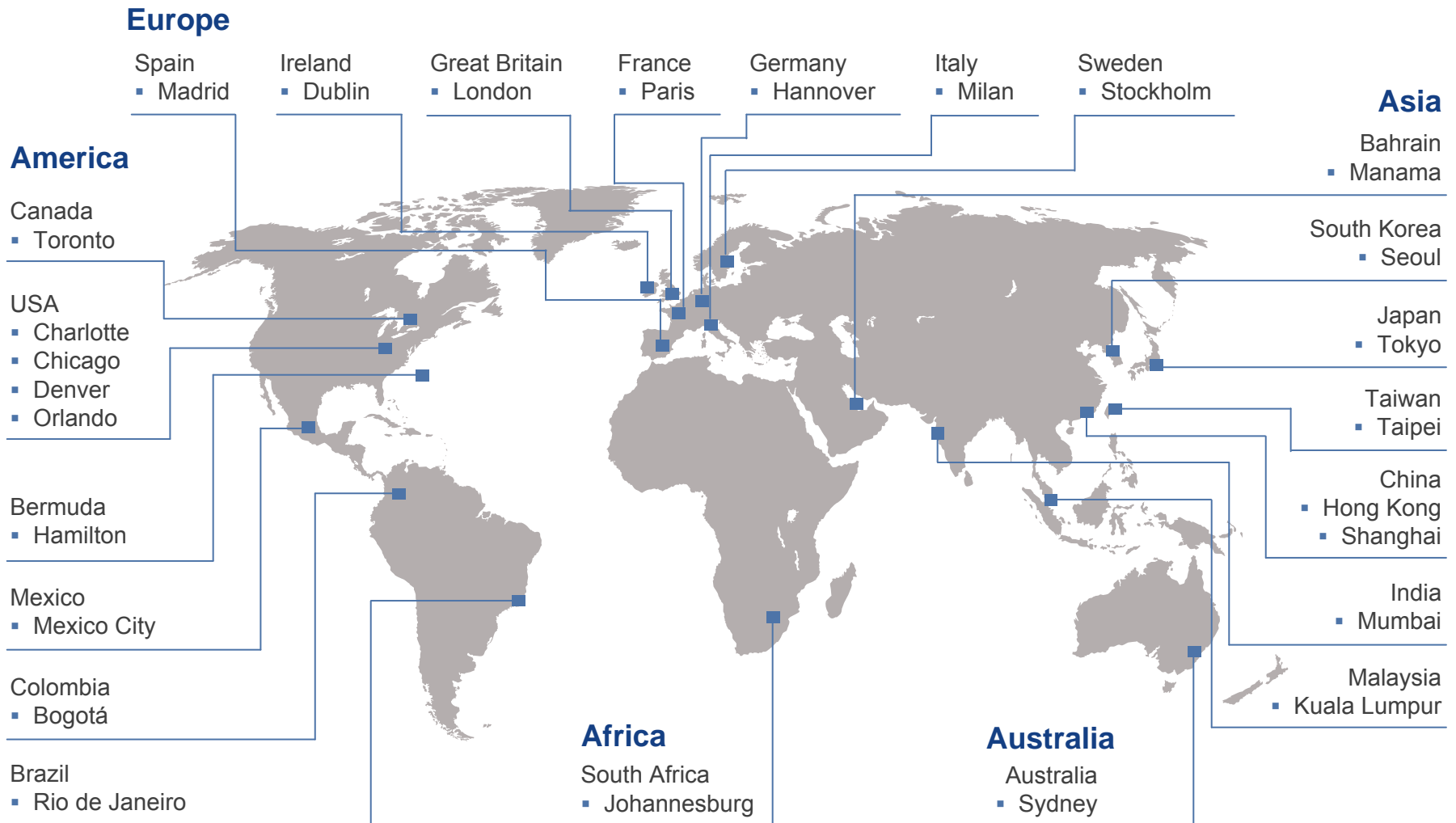
* Hybrid vs. shareholders' equity (incl. non-controlling interests)

Hannover Re: a superior and highly profitable reinsurer.with a somewhat different approach

- ▶ Strong market positioning – one of the leading reinsurers worldwide
- ▶ Top rating (S&P: AA-) ensures attractive new business
- ▶ Approved strategy: volume is vanity, profit is sanity
- ▶ Generates noticeably a higher profitability on 5-year average in comparison with our peer competitors
- ▶ Active cycle management in non-life reinsurance:
resource allocation congruent to market situation (hard or soft market)
- ▶ De-risking and diversification measures taken to lower the earnings volatility aiming to produce stable dividends

▶ Well positioned for further profitable growth!

Present in all 5 continents



We are somewhat different

- ▶ We are swift, flexible, undogmatic and cut our own path
- ▶ We are frugal and have lean structures
- ▶ Focus on profitable growth
 - Retain and further develop our position as one of the leading reinsurers
- ▶ Efficient capital management is one of our keys to success
 - Diversification ensures optimal use of capital
 - A sufficient equity buffer enables us to act on available & profitable business at all times
 - Lean equity base with efficient use of hybrid capital, securitisations and retrocessions
- ▶ We earn high RoEs

▶ Volume is vanity, profit is sanity

Our overriding target: profit and value creation

All other strategic targets are derived from there

- ▶ Profit and value creation are the cornerstones of sustainable development in the best interest of our clients, shareholders, employees and business partners
- ▶ Our profitability targets
 - IVC: based on our Economic Capital Model (ECM), we aim to achieve a profit in excess of the cost of capital
 - Minimum Return on Equity (RoE) of 750 basis points (bps) above "risk free"*
 - One of the most profitable reinsurers worldwide
 - Increase EBIT, earnings per share and book value per share by a double-digit percentage annually (triple-10 target)
- ▶ Share price to outperform weighted RBS Global Reinsurance Index over a 3-year rolling period

* Five-year average on ten-year euro bonds issued by the Federal Republic of Germany

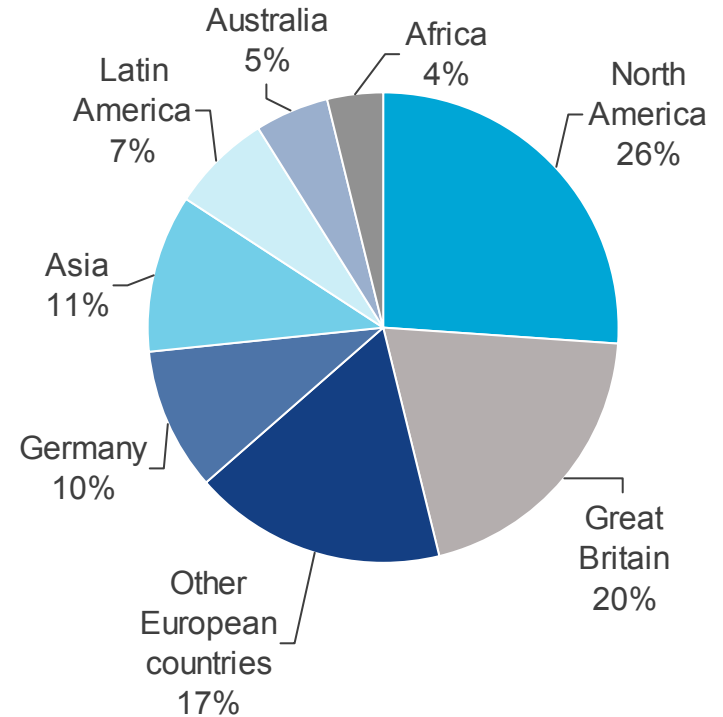
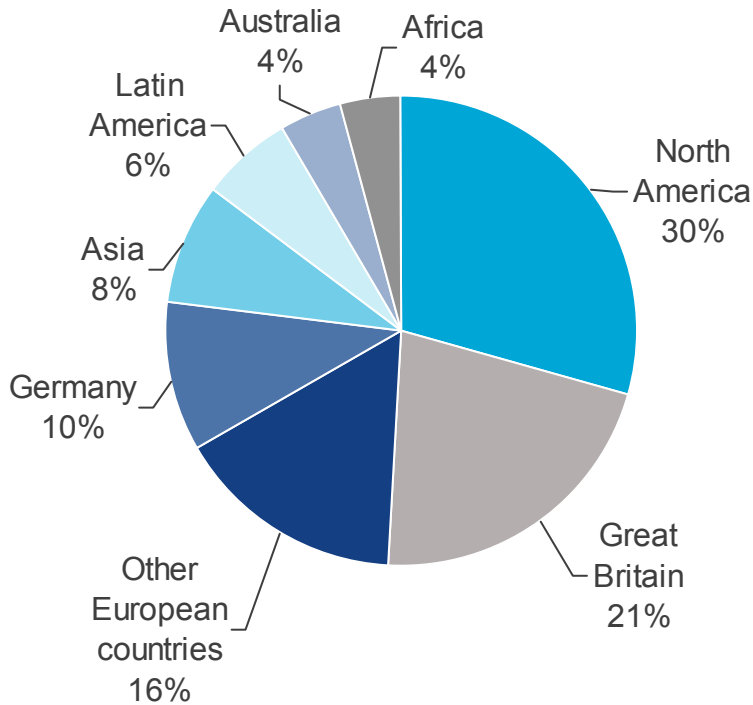
Well balanced international portfolio

GWP 2010

EUR 11,429 m.

GWP 2011

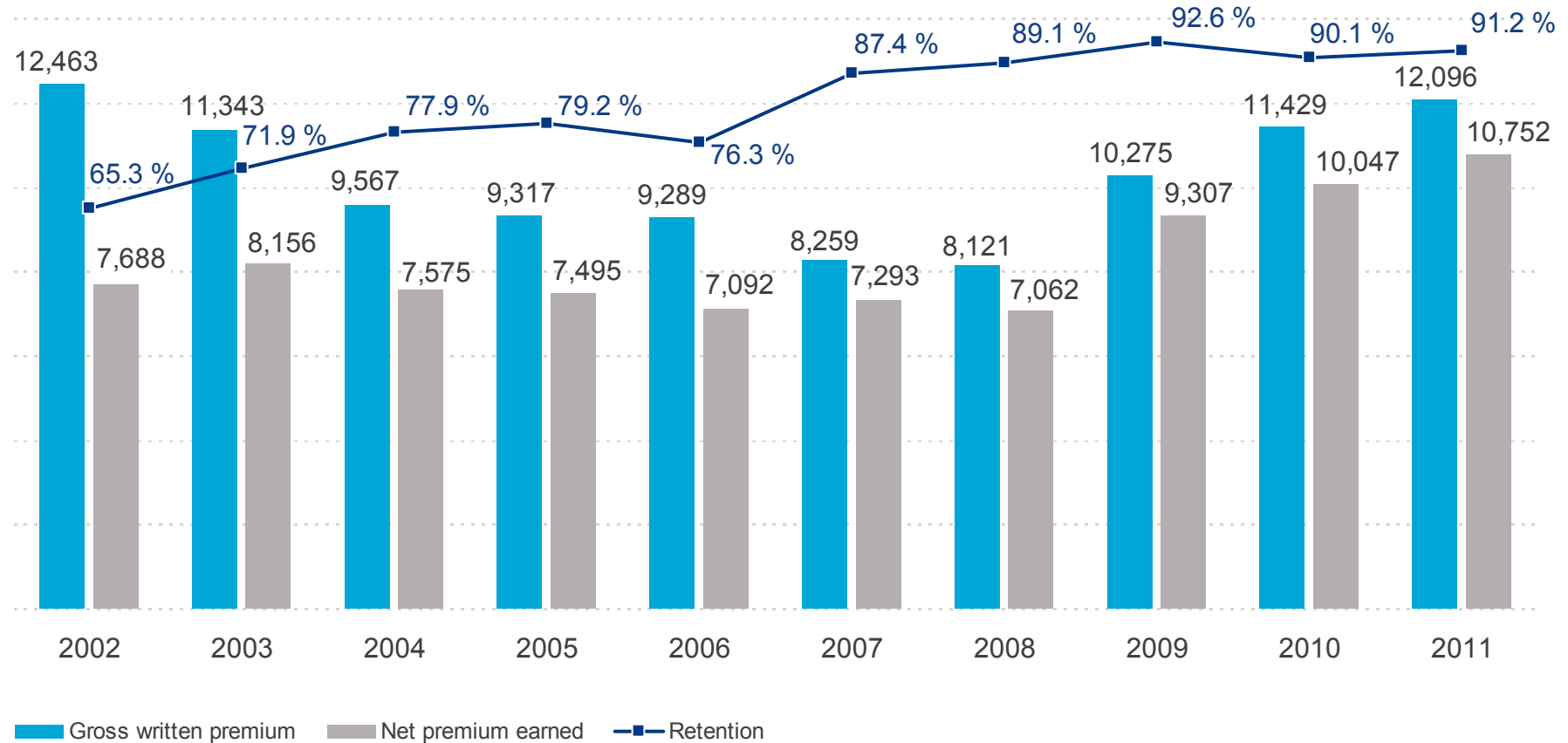
EUR 12,096 m.



Further premium growth in 2011

Premium development

in m. EUR

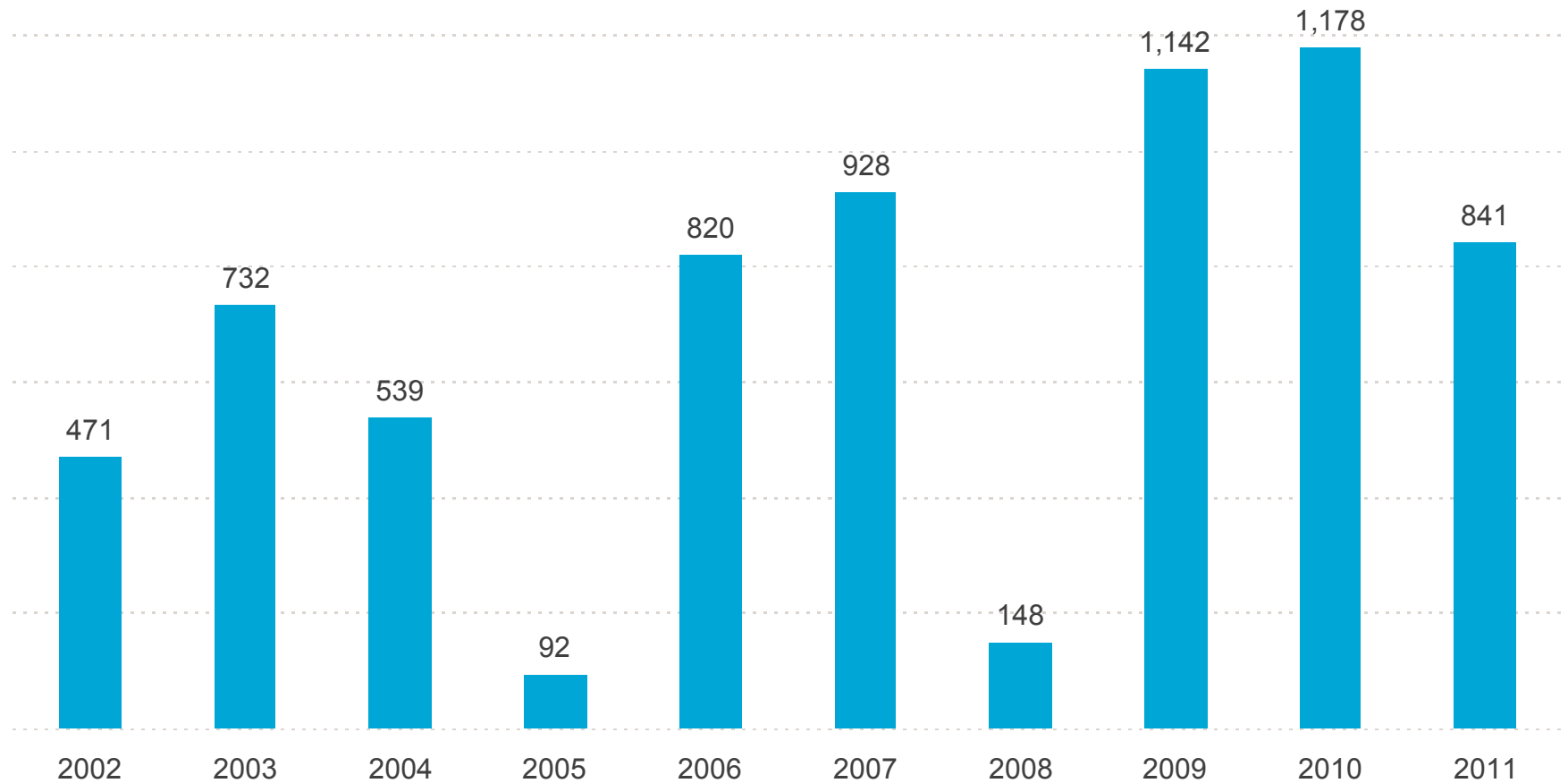


2002 - 2003 US GAAP, since 2004 IFRS

Reduced EBIT due to high large losses.but still on a satisfying level

Operating profit (EBIT)

in m. EUR

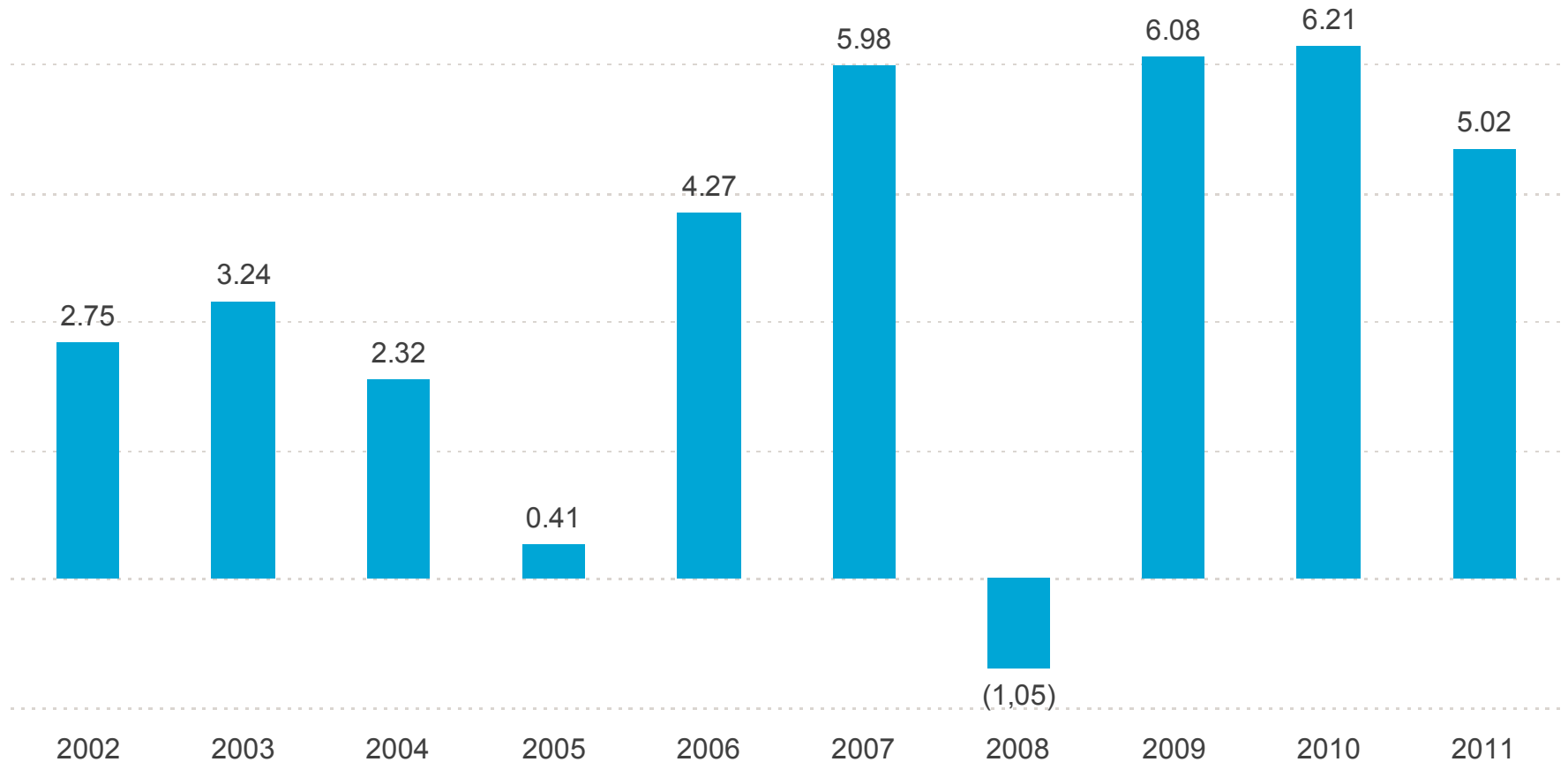


2002 - 2003 US GAAP, from 2004 IFRS

EPS 2011 far above 10-year-average of EUR 3.52.despite second-highest net large losses in history

Earnings per share (EPS)*

in EUR



2002 - 2003 US GAAP, from 2004 IFRS

*Adjusted figures to the 3-for-1 share split in July 2002

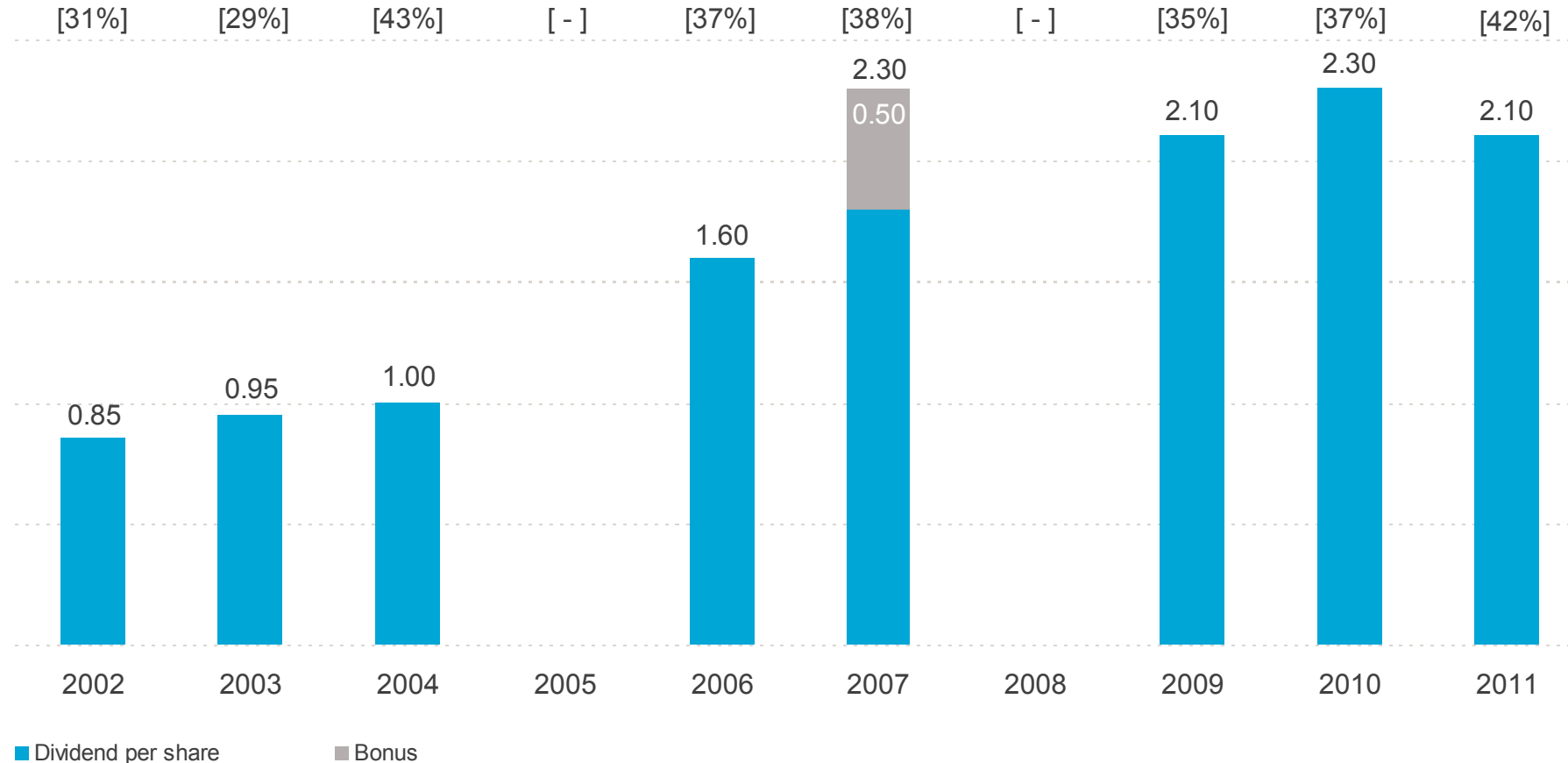
Dividend more than doubled within ten years

Pay-out-ratio target of 35% - 40%

Dividend per share

in EUR

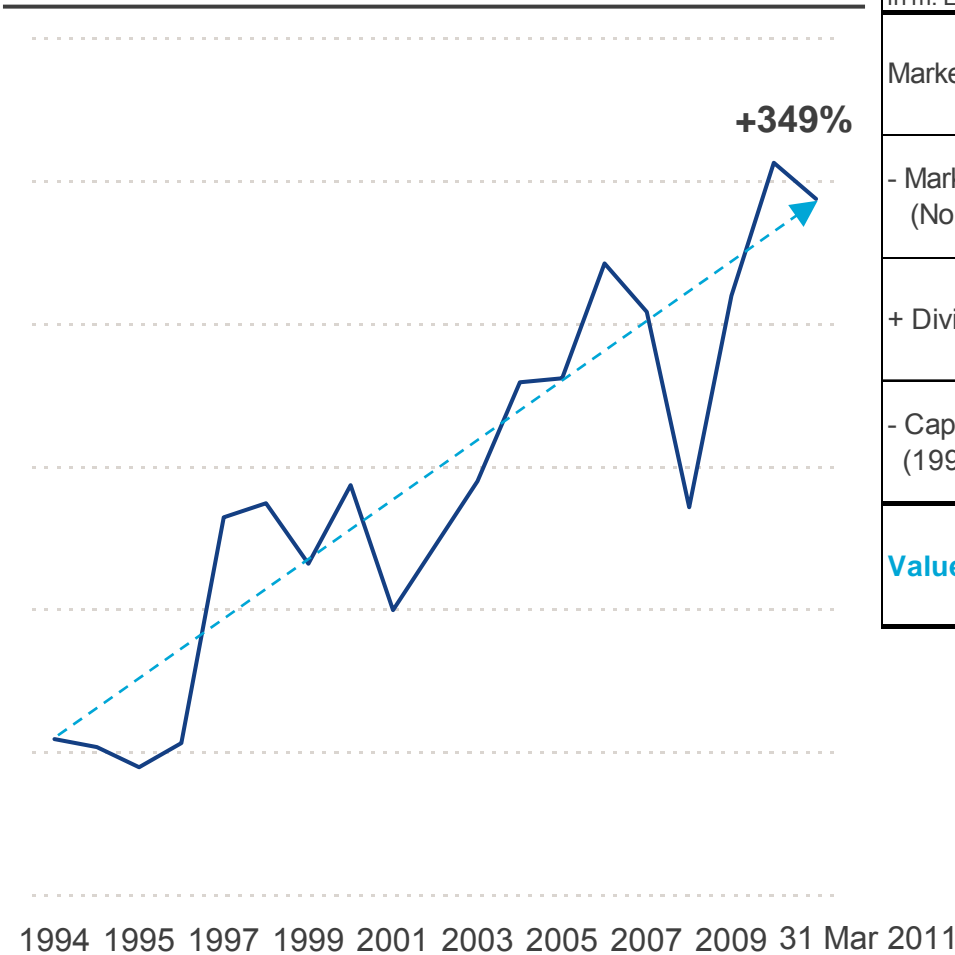
Pay-out ratio:



2002 - 2003 US GAAP, from 2004 IFRS

Yearly total shareholder return (TSR) of 8.7%

Value creation since IPO

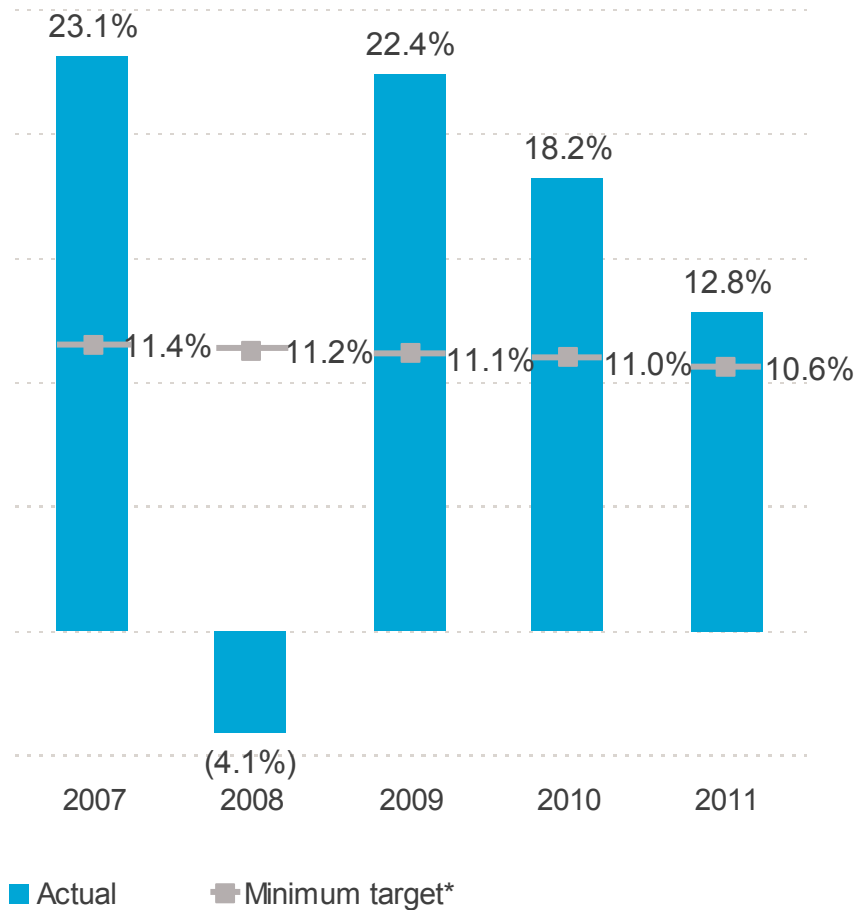


in m. EUR	31 Mar 2011	31 Mar 2012
Market capitalisation as of date	4,646	5,371
- Market capitalisation at IPO (Nov 1994)	1,084	1,084
+ Dividend payments	1,395	1,672
- Capital increases (1996, 1997, 2001, 2003)	811	811
Value creation since IPO	4,146	5,149

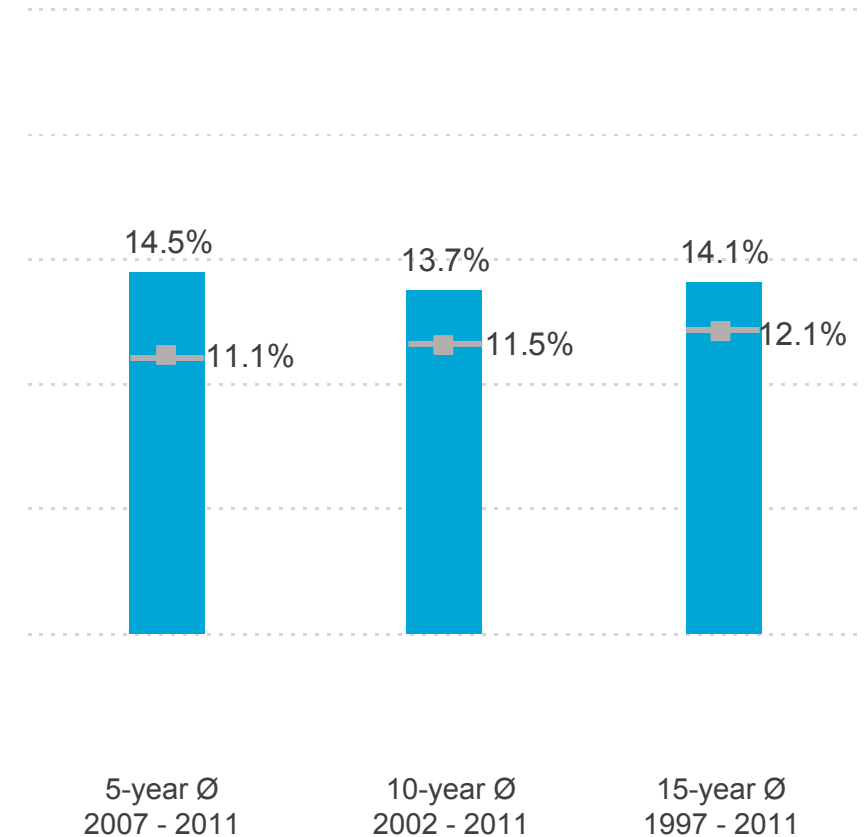
Attractive RoE despite strong equity growth

Strategic target exceeded one more time

Return on equity: yearly



Return on equity: average



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

We are somewhat different

Non-life reinsurance

- ▶ Central underwriting combined with local talent is the key to our success
 - Secures U/W discipline and opportunistic cycle management
 - Lean, efficient infrastructure with lowest administrative expense ratio in the industry
- ▶ Cycle management
 - We only grow our market share in "hard" markets
 - We have no premium-growth targets, only for earnings
- ▶ Reserve adequacy
 - No. 1 priority in our risk management
 - Traditionally high comfort level (>50%)
- ▶ Distribution through brokers
- ▶ No appetite for acquisitions
 - Our cycle management gets us all the business we want

 A no frills, opportunistic player

Our strategy

Non-life reinsurance



Three large divisions

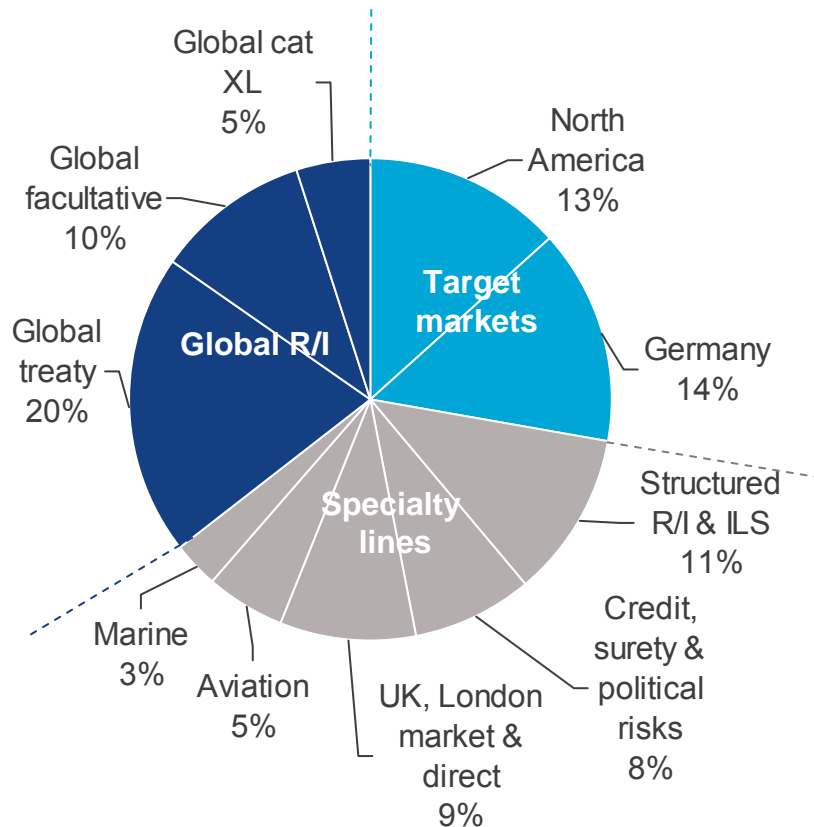
Target markets	North America¹⁾	"Voted again as best overall reinsurer in 2010"²⁾
	Germany¹⁾	"No. 2 R/I in second-largest P/C market"
Specialty lines	Marine (incl. energy)	"The leading XL reinsurer"
	Aviation	"One of the market leaders"
	Credit, surety & political risks	"No. 2 worldwide" (Neg. correlation to rest of P/C)
	Structured R/I & ILS	"Innovative, tailor-made R/I solutions"
	UK, London market & direct	"A unique business model"
Global R/I	Global treaty¹⁾	"Diversification through global presence"
	Global cat XL	"Dedicated cat writer"
	Global facultative	"Your specialised partner"

1) All lines of business except those stated separately

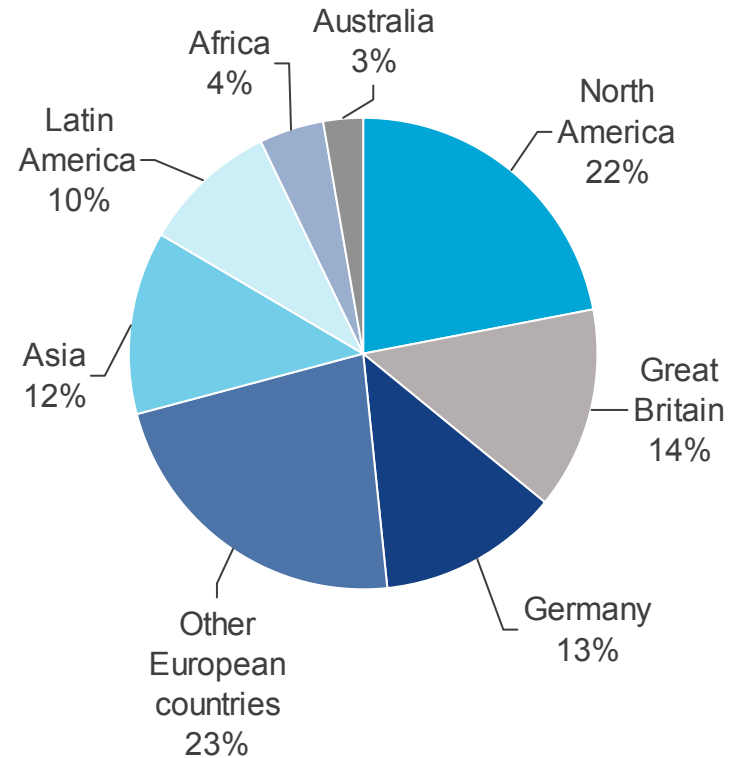
2) As voted in Flaspoebler survey (also in 2004, 2006 and 2008)

Non-life reinsurance: very well diversified portfolio

Divisions



Regional split

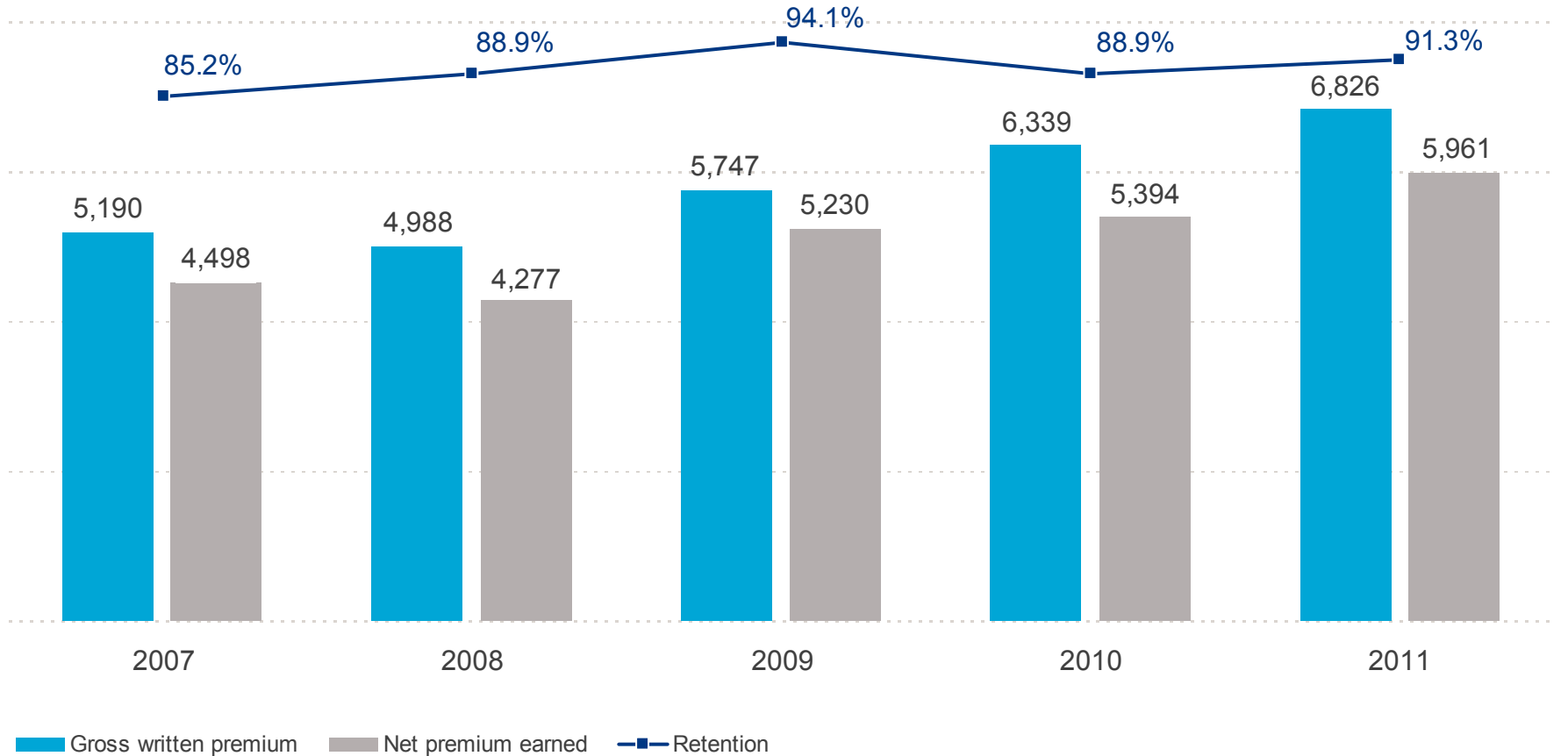


2011 gross written premium: EUR 6,826 m.
(2010: EUR 6,339 m.)

Profitable growth continues

Premium development

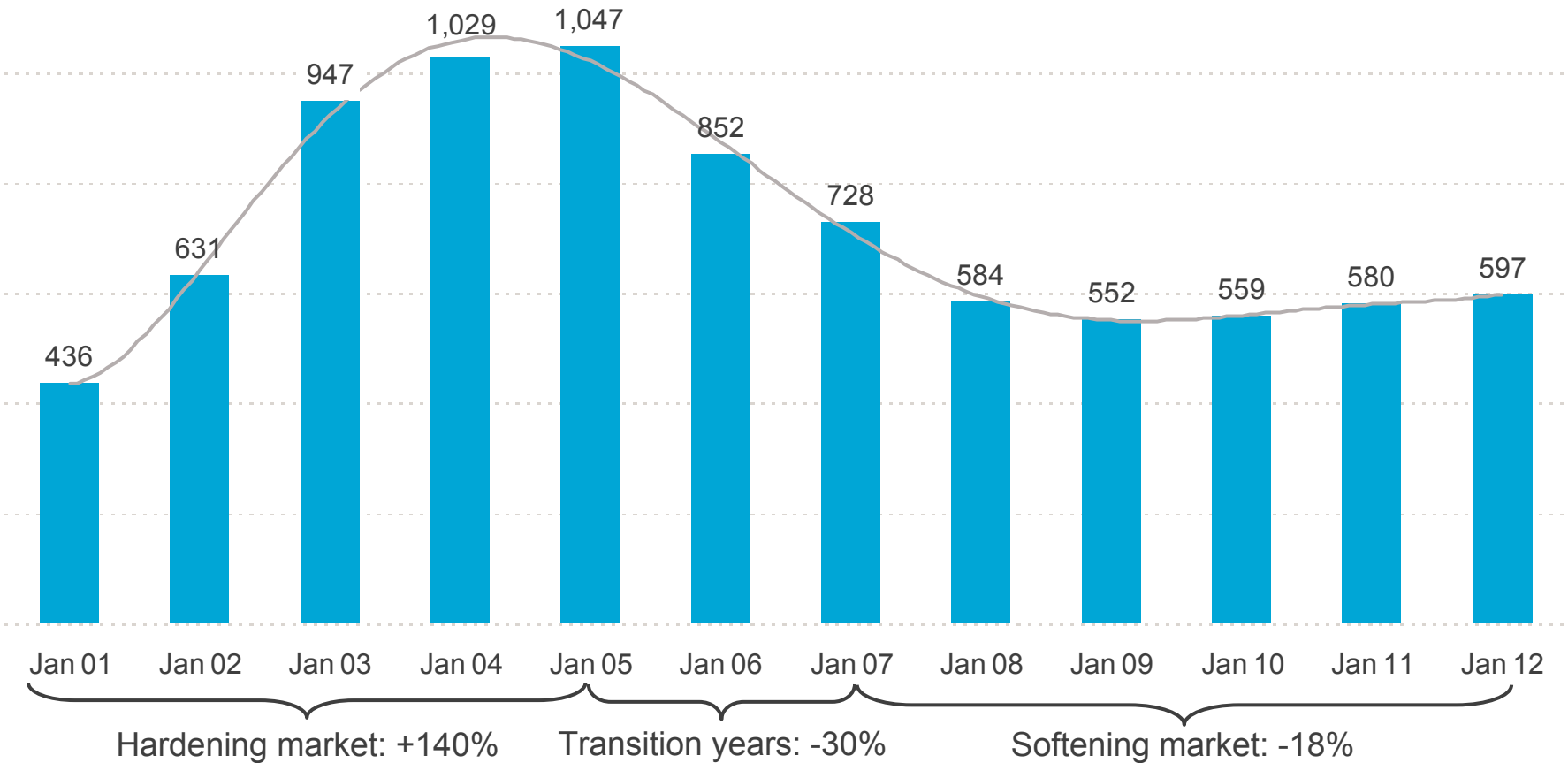
in m. EUR



Overall trend still flattening out

US casualty total inforce premium development

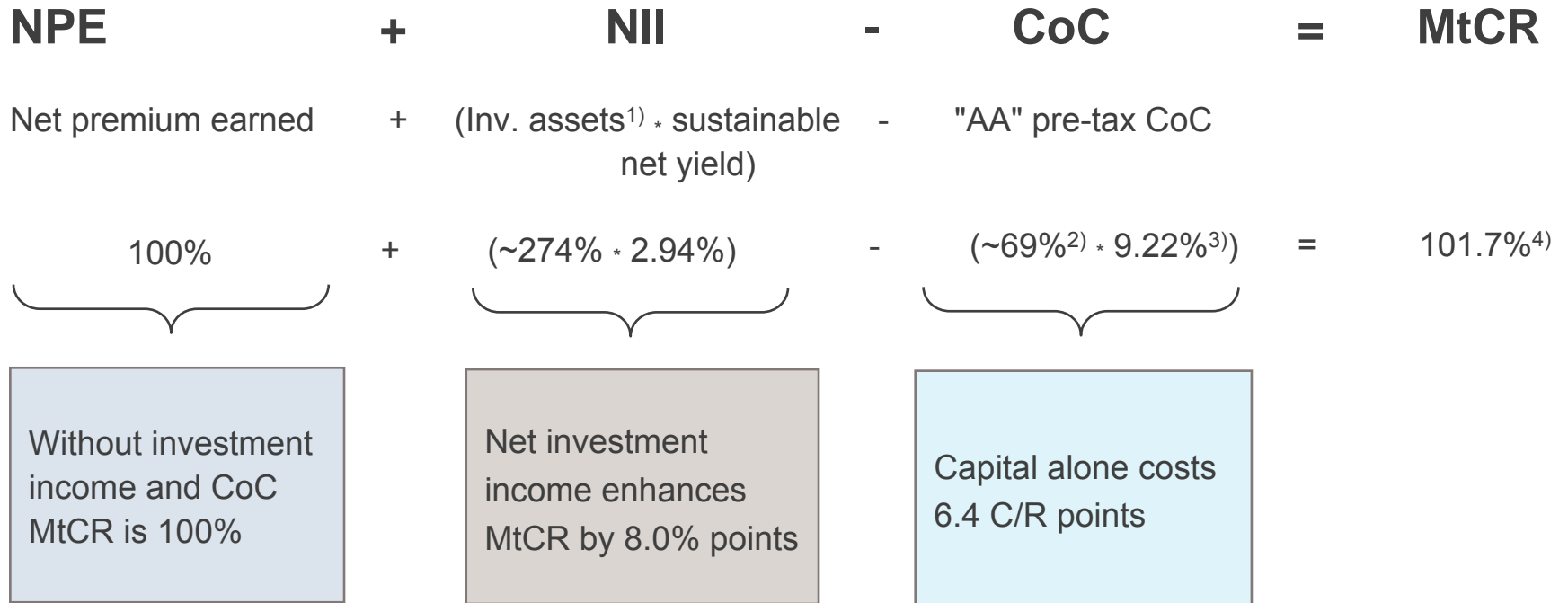
in m. USD



Inforce premium as at 1 January ≠ U/Y perspective!

Non-life reinsurance providing adequate excess returns

Maximum tolerable Combined Ratio (MtCR) well above actual C/R



1) As % of net premium earned
3) Cost of capital ratio before taxes

2) Allocated capital as % of net premium earned
4) Incl. catastrophe budget

At our MtCR of 101.7% we meet our minimum RoE target of 750 bps above "risk free"

MtCR varies substantially by lines of business 2012

Premium (100%)	Investment income	Cost of Capital	MtCR
North America*	12.6%	-9.5%	103.1%
Germany*	9.1%	-5.3%	103.8%
Marine (incl. energy)	12.4%	-8.8%	103.6%
Aviation	11.2%	-5.4%	105.8%
Credit, surety & political risks	5.8%	-5.3%	100.4%
Structured R/I & ILS	4.9%	-1.5%	103.4%
UK, London market & direct	6.4%	-5.3%	101.1%
Global treaty*	7.2%	-6.0%	101.2%
Global cat. XL	6.2%	-21.6%	84.4%
Global facultative	7.2%	-6.4%	100.8%
Total non-life	8.0%	-6.4%	101.7%

As at March 2012

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

We are somewhat different

Life and health reinsurance

- ▶ We focus on five areas of business (our "five pillars")
- ▶ 10 key markets = 87% of our business;
50 main clients = 80% of our portfolio
- ▶ Sophisticated state-of-the-art Client Relationship Management (CRM)
 - Ability to differentiate between value-creating and value-destroying clients
 - We create long-term win-win situations (don't play zero-sum games)
- ▶ We do consider acquisitions
 - But only if strategic fit/complement
 - No strategic prices

▶ Focused, long-term, growth-oriented, win-win approach

Our strategy

Life and health reinsurance



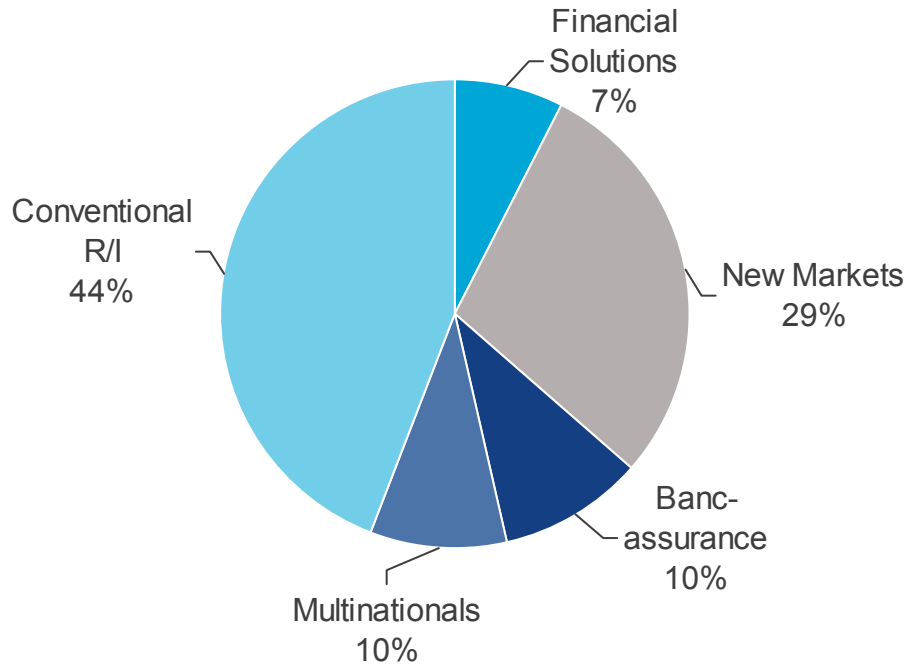
The five-pillar business model

Our long-term unique business approach

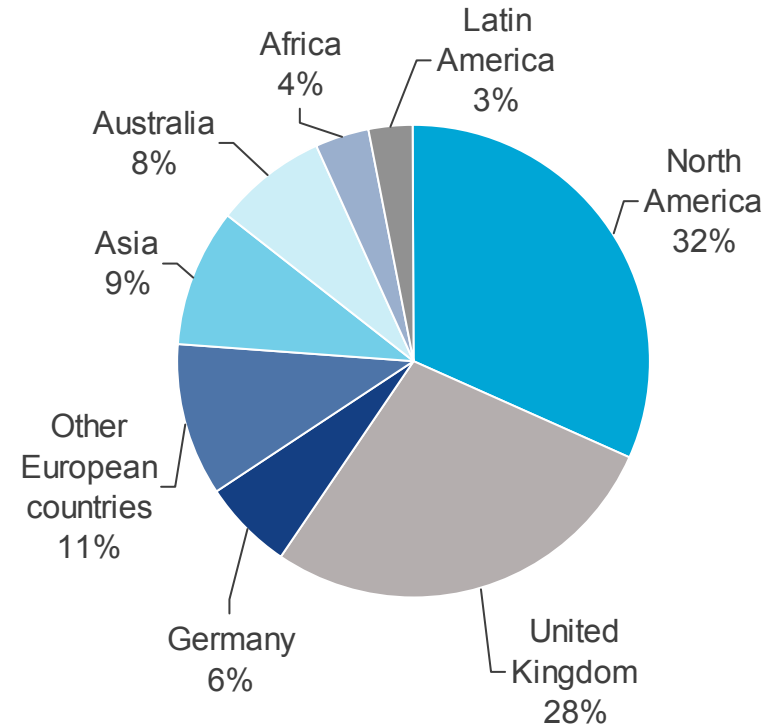


Life and health reinsurance: well diversified portfolio

5 strategic pillars



Regional split



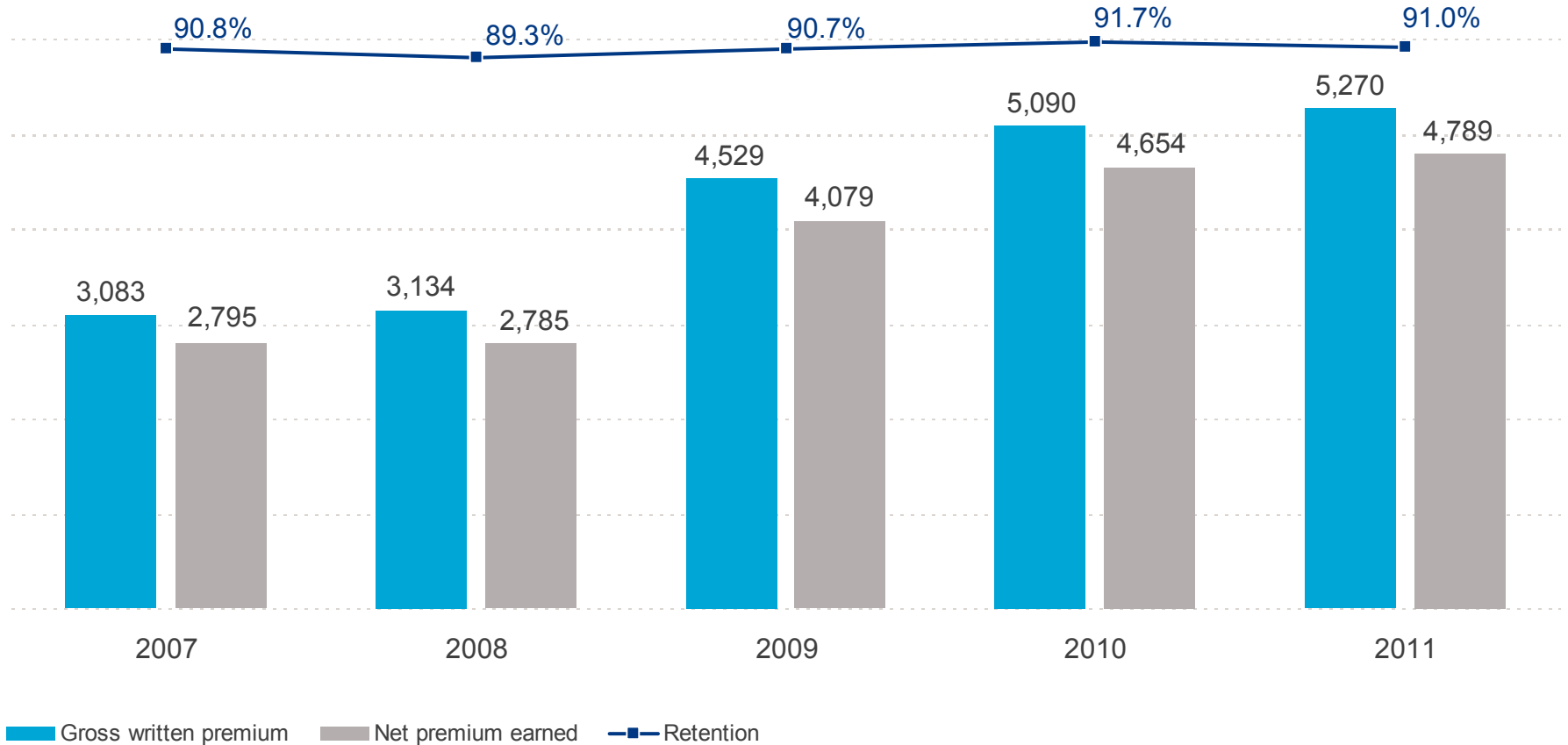
2011 Gross written premium: EUR 5,270 m.
(2010: EUR 5,090 m.)

Continued growth of gross written premium in 2011

Mainly driven by UK and emerging markets

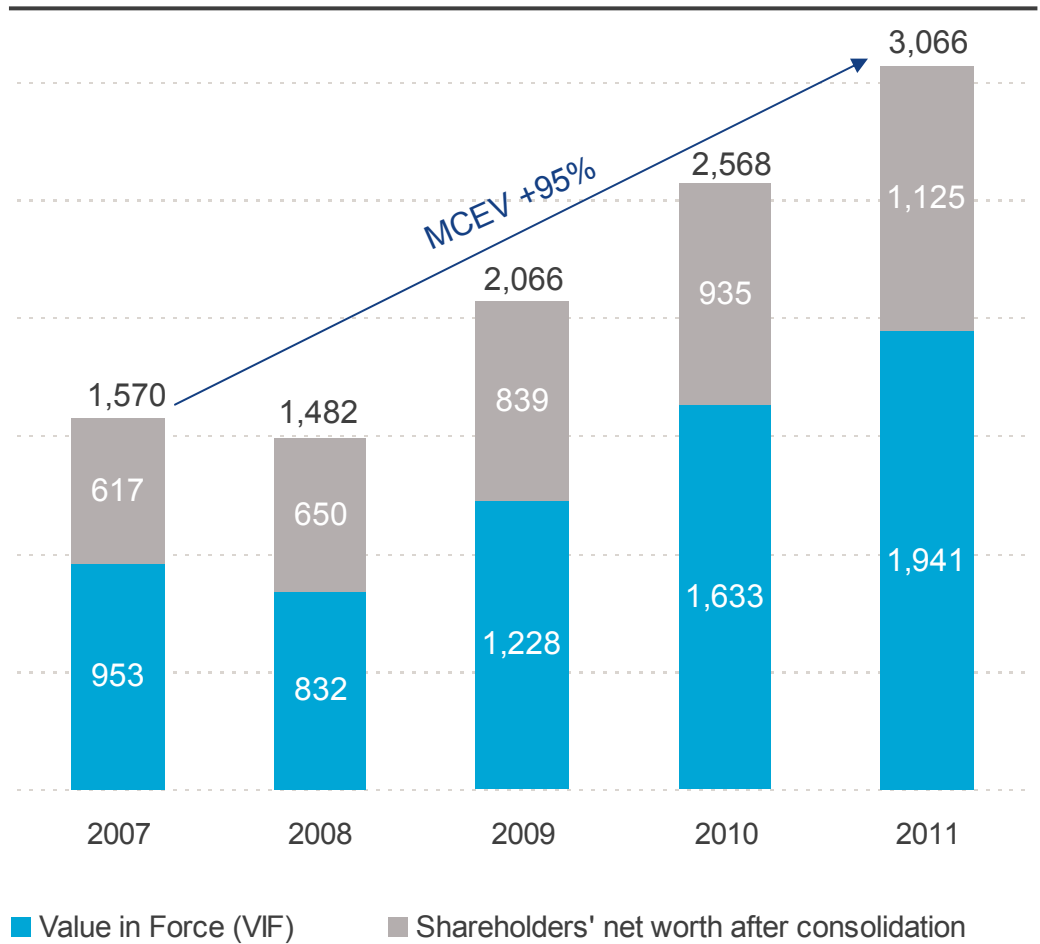
Premium development

in m. EUR



Strong growth of MCEV

MCEV (after non-controlling interests) in m. EUR



- ▶ VIF 2011 vs. VIF 2007: +104%
- ▶ Low Financial Options and Guarantees (FOG) of only EUR 14 m. in 2011 (already excluded from the VIF)
- ▶ Buffer of EUR 415 m. CoRNHR (Cost of Residual Non-Hedgeable Risks) in 2011 (already excluded from the VIF)

MCEV 2011: highlights

Substantial increase of MCEV, excellent value of new business

in m. EUR	2010	2011
Opening MCEV	2,066.2	2,568.3
Opening adjustments	204.4	18.7
Adjusted opening MCEV	2,270.6	2,587.0
Operating MCEV earnings	289.6	323.9
Economic variances	159.2	89.7
Other economic variances	0.0	5.8
Total MCEV earnings	448.8	419.4
MCEV before closing adjustments	2,719.5	3,006.4
Closing adjustments	(151.2)	59.4
Closing MCEV	2,568.3	3,065.8
Return on MCEV¹⁾	19.8%	16.2%
due to - Operating MCEV earnings	12.8%	12.5%
- Economic variances	7.0%	3.5%

in m. EUR	2010	2011
New business value	149.3	240.6
Expected existing business contribution (reference rate) ²⁾	90.2	97.4
Expected existing business contribution (in excess of reference rate) ³⁾	18.7	22.3
Experience variances	1.4	(38.3)
Assumption changes	(34.5)	(97.8)
Other operating variances	64.7	99.7
thereof - change of basis/change of model	80.3	105.0
- other	(15.7)	(5.3)
Operating MCEV earnings	289.6	323.9

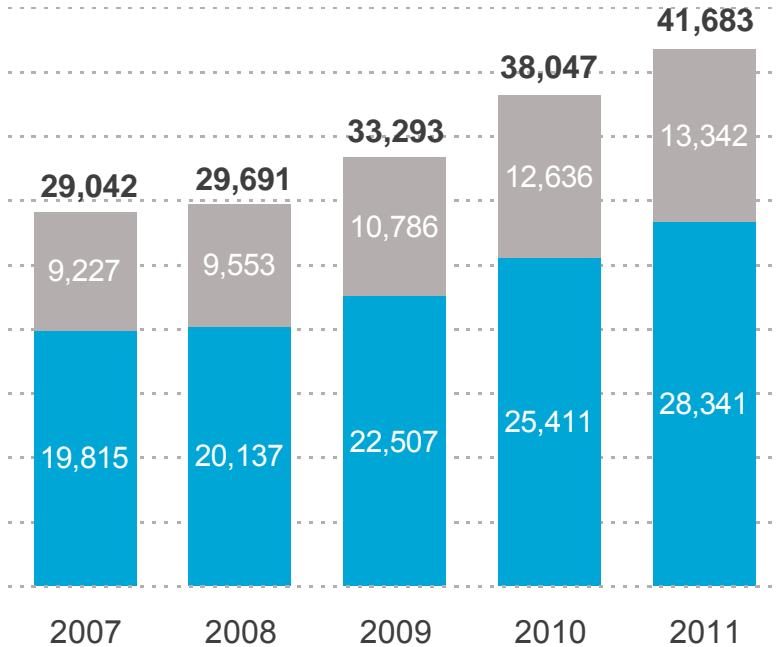
1) (MCEV before closing adjustments – adjusted opening MCEV)/adjusted opening MCEV

2) Swap yield rates

3) Additional return consistent with the expectation of the management

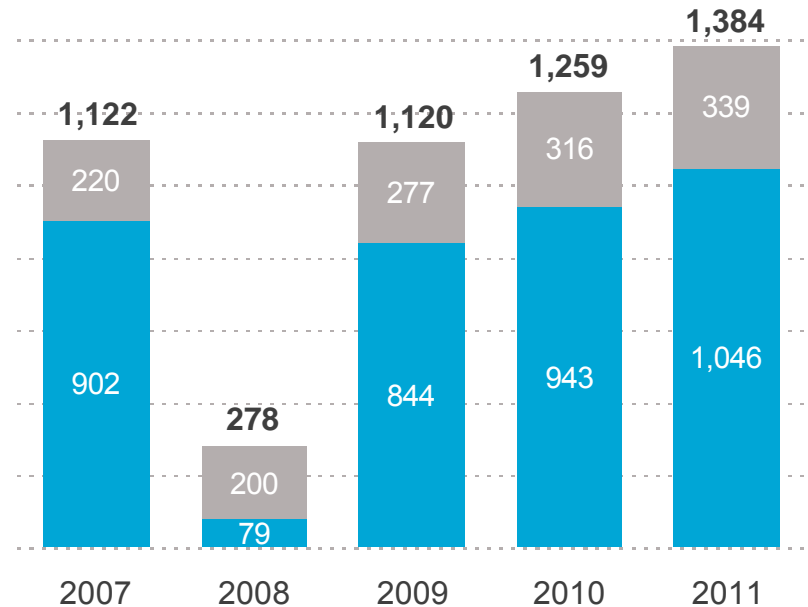
Increased investment volume supports investment income

Total investments in m. EUR



- Assets under own management
- Funds withheld and contract deposits

Investment income in m. EUR



- Net income from assets under own management
- Income and expenses on funds withheld and contract deposits

Investments into corporate and covered bonds

Volume increase due to strong cash flow and increased valuations

Tactical asset allocation ¹⁾						
Investment category	2007	2008	2009	2010	2011	Q1/2012
Fixed-income securities	79%	89%	87%	84%	89%	89%
• Governmentals	19%	28%	25%	23%	19%	18%
• Semi-governmentals	20%	23%	26%	21%	23%	22%
• Corporates	26%	23%	22%	25%	30%	32%
Investment grade	24%	22%	20%	24%	29%	31%
Non-investment grade	2%	1%	2%	1%	1%	2%
• Pfandbriefe, covered bonds, ABS	15%	15%	15%	16%	16%	17% ²⁾
Equities	12%	3%	2%	4%	2%	2%
• Listed	10%	<1%	<1%	2%	<1%	<1%
• Private Equity	2%	3%	2%	2%	2%	2%
Real estate/Real estate funds	<1%	<1%	1%	2%	2%	2%
Others	2%	2%	2%	2%	2%	2%
Short-Term investments (STI) & cash	6%	6%	8%	8%	5%	5%
Total balance sheet values in bn. EUR	19.8	20.1	22.5	25.4	28.3	29.0

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 439.0 m. (EUR 451.9 m.) as at 31 March 2012

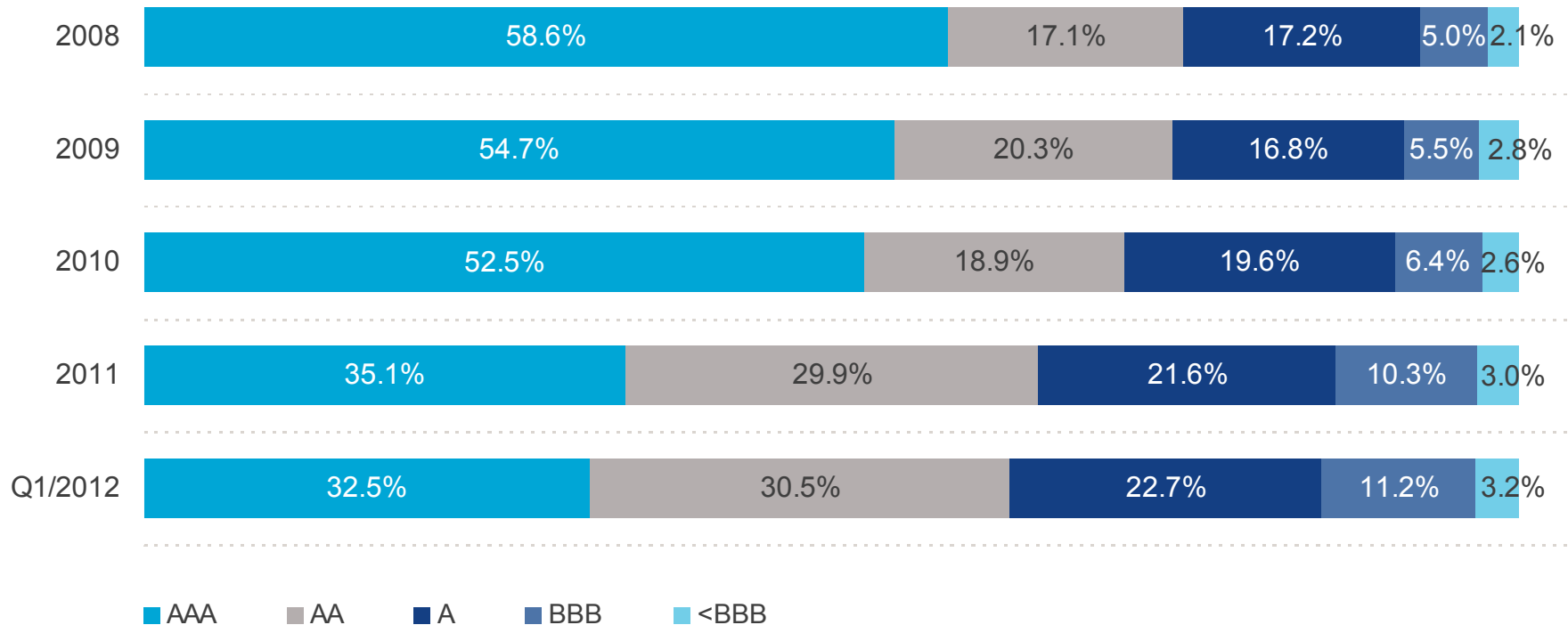
2) Of which Pfandbriefe and covered bonds = 83%

Focus on high-quality securities

US downgrade affects rating structure

Fixed-income portfolio

in m. EUR



S&P financial strength rating
 Economic view based on market value as at 31 March 2012

Modified duration as at 31 Mar 2012: 4.3 (2011: 4.2)

Fixed-income book well balanced

Allocation according to our operative diversification

	Governmentals	Semi-governmentals	Corporates	Pfandbriefe, Covered Bonds, ABS	Short-term investments, cash	Total
AAA	27.8%	58.6%	2.6%	61.9%	-	32.5%
AA	54.1%	37.7%	15.9%	24.0%	-	30.5%
A	9.8%	3.0%	52.1%	4.5%	-	22.7%
BBB	6.3%	0.5%	24.3%	4.8%	-	11.2%
<BBB	2.0%	0.2%	5.0%	4.7%	-	3.2%
Total	100.0%	100.0%	100.0%	100.0%	-	100.0%
Germany	9.2%	44.2%	7.6%	29.2%	37.8%	21.8%
UK	8.7%	5.8%	11.2%	9.2%	3.7%	8.7%
France	10.7%	1.8%	7.2%	10.4%	0.5%	6.8%
GIIPS	3.8%	0.1%	5.0%	13.0%	0.0%	4.8%
Rest of Europe	6.0%	17.8%	17.7%	23.4%	3.7%	15.7%
USA	36.4%	9.9%	33.9%	7.7%	11.5%	23.0%
Australia	5.9%	10.4%	8.4%	3.2%	8.4%	7.5%
Asia	10.9%	1.4%	2.2%	0.1%	23.5%	4.5%
Rest of World	8.3%	8.6%	6.7%	3.8%	10.8%	7.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

As at 31 March 2012

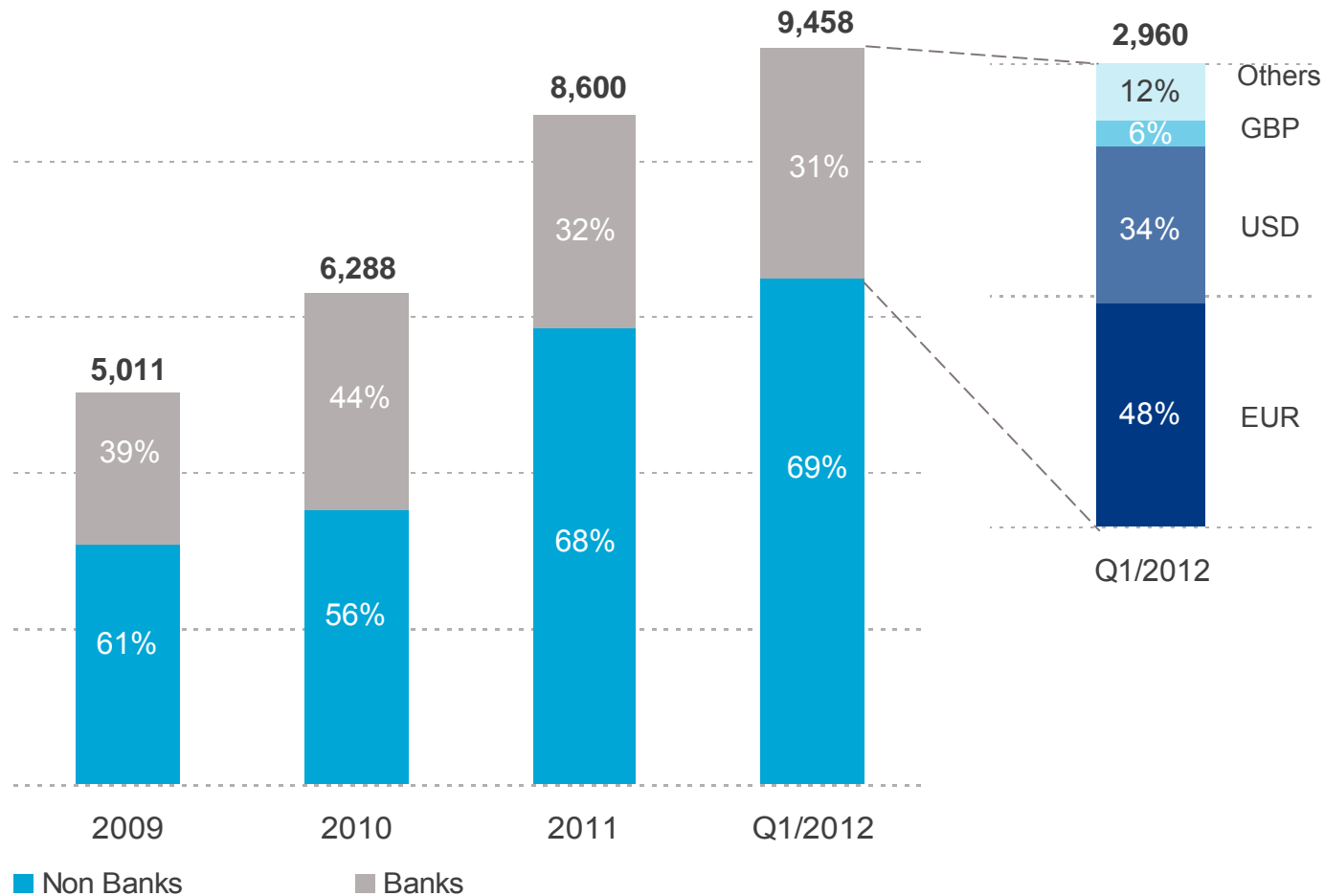
Reduction of financials exposure in 2011

Stable allocation at higher volume levels in Q1/2012

Corporate sector allocation

in m. EUR

by currencies



Economic view based on market value as at 31 March 2012

Bank exposure per rating and country/region

	AA	A	BBB	<BBB	Total
Germany	2.2%	6.7%	1.1%	1.1%	11.2%
UK	0.3%	10.5%	0.0%	0.1%	10.9%
France	2.3%	7.7%	0.0%	0.2%	10.1%
Netherlands	4.8%	3.7%	0.0%	0.4%	8.9%
Sweden	4.5%	1.2%	0.0%	0.0%	5.7%
GIIPS	0.0%	5.1%	2.5%	1.1%	8.7%
Switzerland	0.0%	3.7%	0.0%	0.0%	3.7%
Rest of Europe	0.2%	3.5%	0.2%	1.2%	5.1%
USA	0.1%	12.7%	2.3%	0.9%	16.0%
Australia	10.0%	0.6%	0.4%	0.1%	11.2%
Asia	0.2%	1.4%	0.9%	0.5%	3.1%
Rest of World	2.5%	0.3%	1.1%	1.6%	5.5%
Total	27.3%	57.0%	8.6%	7.1%	100.0%

* Economic view based on market values as at 31 March 2012

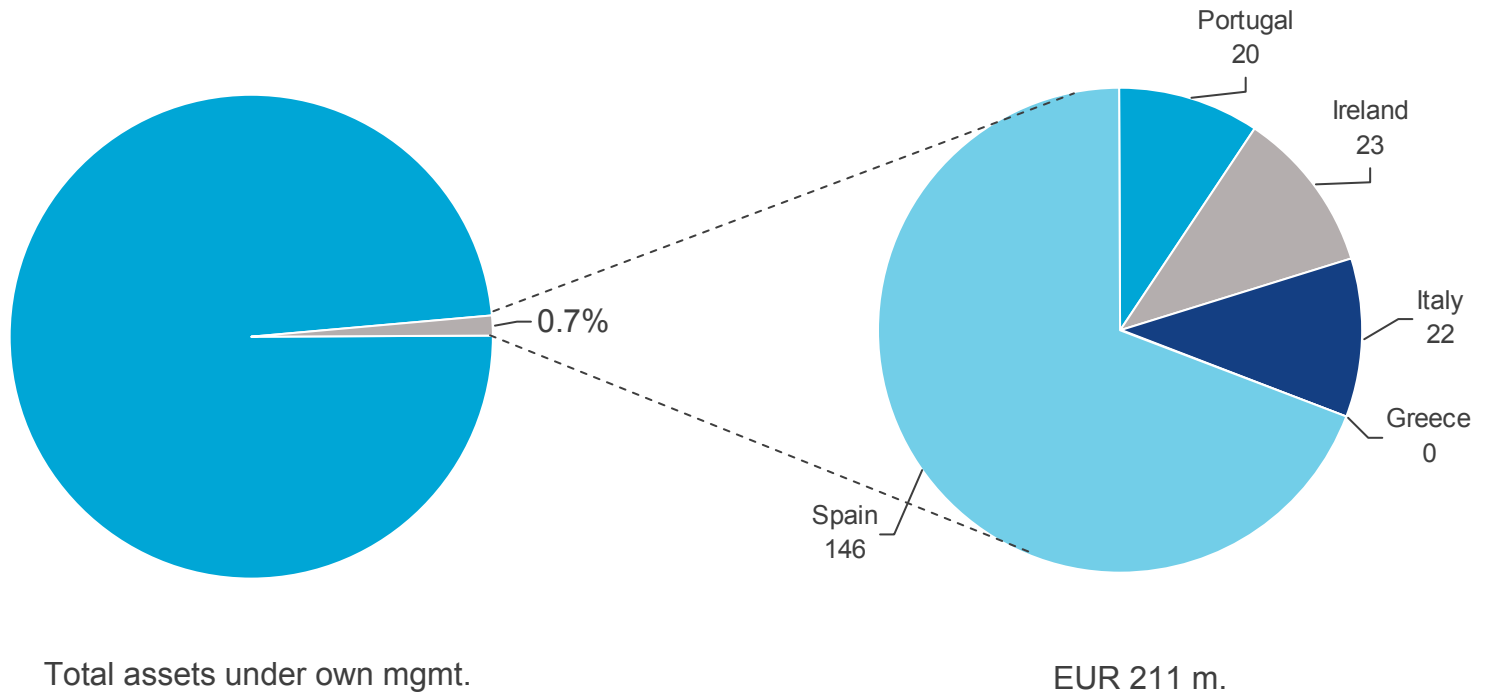
Total bank exposure: EUR 2,960 m.*

No material exposure in Southern Europe and Ireland*

Merely 0.7% of total assets under own management

Asset allocation

in m. EUR



Economic view based on market value as at 31 March 2012

* Investments in governmentals and semi-governmentals

Stress tests on assets under own management

Portfolio	Scenario	Change in market value in m. EUR	Change in OCI before tax in m. EUR
Equities	Prices -10%	-5	-5
Equities	Prices -20%	-9	-9
Equities	Prices -30%	-14	-12
Fixed-income securities	Yield increase +50 bps	-578	-413
Fixed-income securities	Yield decline -50 bps	+599	+428
Fixed-income securities	Yield increase +100 bps	-1,129	-807
Fixed-income securities	Yield decline -100 bps	+1,224	+876

As at 31 March 2012

Inflation swaps positively affected by realised inflation

Expected EUR inflation slightly negative

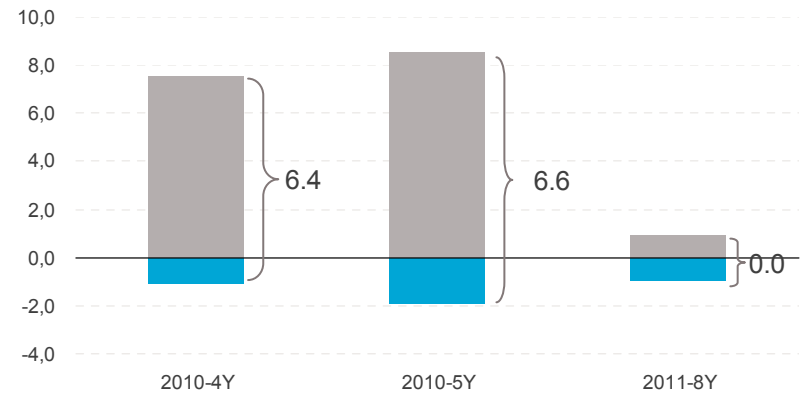
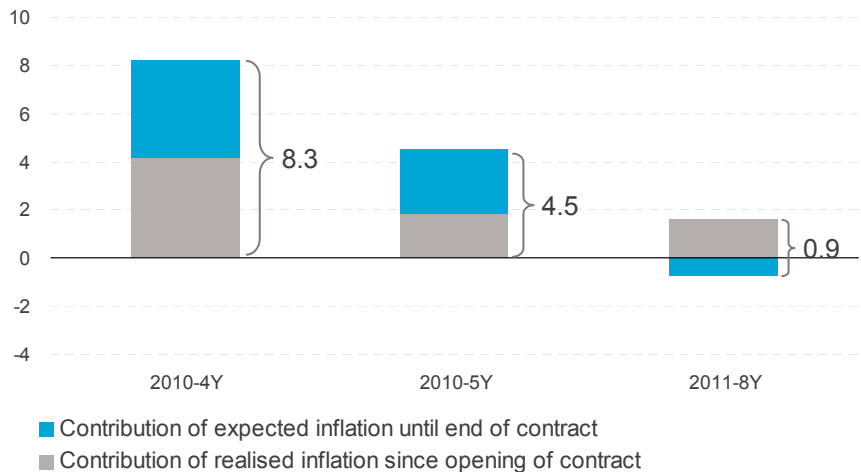
- ▶ Partial hedge of non-life loss inflation provided by USD and EUR Zero Coupon Swaps
- ▶ Initially established in Q2/2010 (4 and 5 years)
- ▶ Protection reloaded in Q1/2011 (8 years)
- ▶ Realised inflation (USD, EUR) higher than traded inflation expectations, resulting in positive market values
- ▶ Market value of Euro Swaps slightly negatively affected by expected inflation

Aggregated volume USD	USD 2,530 m.
Aggregated volume EUR	EUR 930 m.
Covered level of inflation	2.17%
Market values as of 31 March 2012	USD 13.6 m. EUR 13.0 m.

Market position as at 31 March 2012

... in m. USD

... and in m. EUR



Impact of the inflation swaps

Overview of sensitivities

- ▶ Current (31 March 2012) holding of inflation swaps at EUR 2.8 bn. (equivalent swap volume) reacts as follows to underlying risk factors:

	Change in market value in m. EUR
Inflation expectation*: +100 bps	+91
Inflation expectation*: -100 bps	-89
Inflation expectation*: +400 bps	+380
Interest curves	marginal reagibility
Credit spreads	no reagibility
Equity markets	no reagibility

* CPI - Consumer Price Index (US inflation index)

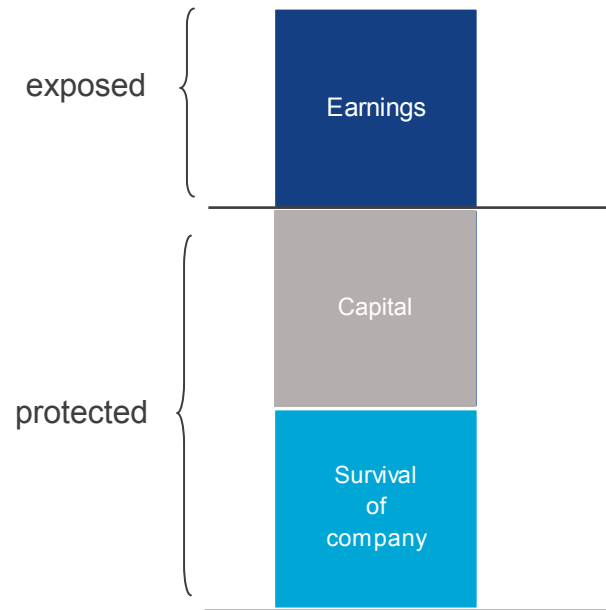
HICP - Harmonised Indices of Consumer Prices (EU inflation index; actually traded is the sub-index HICP ex tobacco)

Capital protection is our strategy

- ▶ Our risk management is **not** meant to:
 - protect any given year's earnings
 - merely protect the survival of the company (incl. new capital to be raised etc.)

- ▶ Our risk management is meant to:
 - protect our capital
 - stabilise and optimise results
 - allow us to profit fully from hard markets (e.g. after a major loss in the R/I market)

Approaches to risk management



Ensuring the quality of our portfolio

Our quotation process

Step 1: Determining the expected loss

- Historical loss and exposure analysis
- Future inflation
- Changes in the quality of the underlying risk
- Changes in the quantity of the underlying risk
- Discounting of future cash-flows

Regular review of:

- loss cost trends
- inflation

Step 2: Estimating expenses

- Commission
- Brokerage
- Internal administration

Most important non-life distribution channel:
brokers → variable cost

Step 3: Pricing for the cost of capital

- Quantity of capital allocated dependent on volatility of underlying business and its contribution to diversification
- Return on equity expected by shareholders
- Mix of capital

Equity Substitutes

We pioneered securitisations (transfer of risks into capital markets)

- ▶ In 1994 Hannover Re **pioneered** the first **securitisation of natural catastrophe risks** (Kover) followed by further transactions (K2 to K6)
- ▶ In 1998 Hannover Re started with the **first-ever transfer of acquisition costs from life reinsurance business** to the capital market, referred to as "L" deals (L1 to L7)

On-going transactions in m.	
K-Cession (Q1/12)	USD 350 ³⁾

Expired transactions in m.	
Kover (Q1/94)	USD 85 ¹⁾
K2 (Q4/96)	USD 150 ²⁾
L1 (Q1/98)	DEM 100
L2 (Q2/99)	DEM 250
L3 (Q4/99)	EUR 50
L4 (Q4/00)	EUR 200
K3 (Q2/02)	USD 230 ³⁾
L5 (Q4/02)	EUR 300
C1 (Q1/05)	USD 225 ³⁾
L6 (Q1/06)	EUR 100
K5 (Q1/06)	USD 540 ³⁾
Eurus I (Q3/06)	USD 150 ³⁾
Kepler (Q1/07)	USD 200 ⁴⁾
Merlin (Q1/07)	EUR 95 ⁵⁾
L7 (Q1/09)	EUR 100
K6 (Q1/09)	USD 335 ³⁾
Eurus II (Q3/09)	EUR 150 ¹⁾

1) Transfer of natural perils (P/C)

3) Portfolio-linked securitisation (P/C)

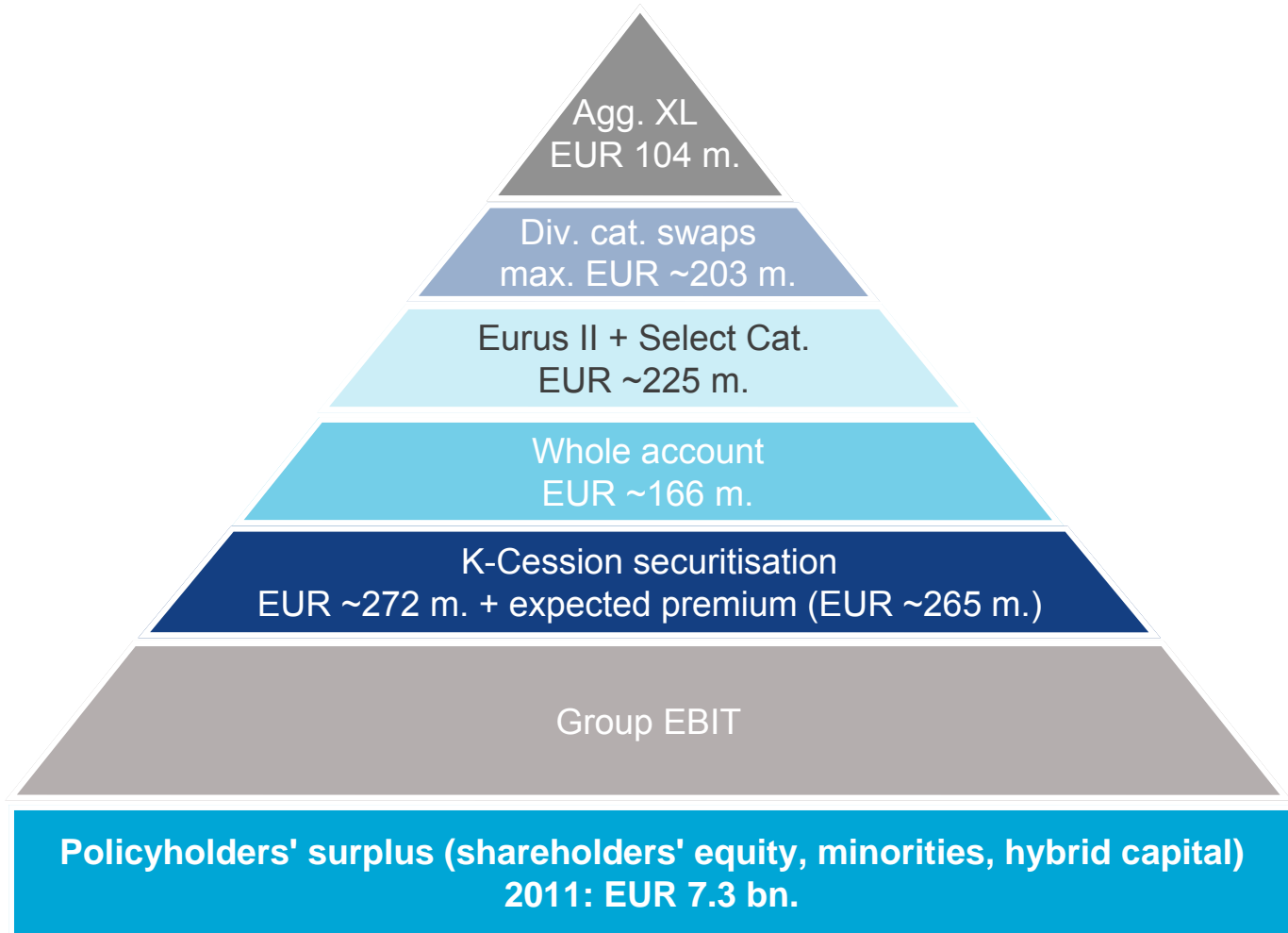
5) Credit-linked floating rate note

2) Portfolio-linked swap (P/C)

4) Aggregate XL cover (P/C)

Several levels of protection safeguard capital base

Improved protection at lower cost



As at March 2012

The risk is manageable

Stress tests, after retrocessions for natural catastrophes

Effect on forecast net income in m. EUR	2010	2011
100-year loss European windstorm	(146.5)	(63.2)
100-year loss US windstorm	(259.8)	(296.8)
100-year loss Japanese windstorm	(189.4)	(255.5)
100-year loss Tokyo earthquake	(195.1)	(237.4)
100-year loss California earthquake	(233.1)	(224.8)
100-year loss Sydney earthquake	(72.5)	(89.6)

Our capital structure consists not only of equity

Use of hybrids, securitisations etc. lowers cost of capital, increases RoE

- ▶ Equity capital is by far the most expensive
Therefore, we make optimal use of equity substitutes, e.g. hybrid capital:
 - 2004: EUR 750 m. (20 nc 10) [ISIN: XS0187043079]
 - 2005: EUR 500 m. (perp. nc 10) [ISIN: XS0126063386]
 - 2010: EUR 500 m. (30 nc 10) [ISIN: XS0541620901]
- ▶ Conventional reinsurance/retrocession on an opportunistic basis (i.e. use of other reinsurers' capital)
- ▶ Securitisations, capital market transactions

We have the lowest cost of capital (WACC) in the industry

Financial strength ratings

Group	S&P	A.M. Best
General Reinsurance Corp.	AA+ ¹⁾	A++
Munich Re	AA-	A+
Swiss Re	AA-	A+
Hannover Re	AA-	A²⁾
Everest Re	A+	A+
Partner Re	A+	A+ ¹⁾
Lloyd's	A+	A
Transatlantic Re	A+	A
SCOR	A ²⁾	A
XL Re	A	A

As at 4 May 2012
1) Negative outlook

2) Positive outlook

Numerous benefits of an above-average rating

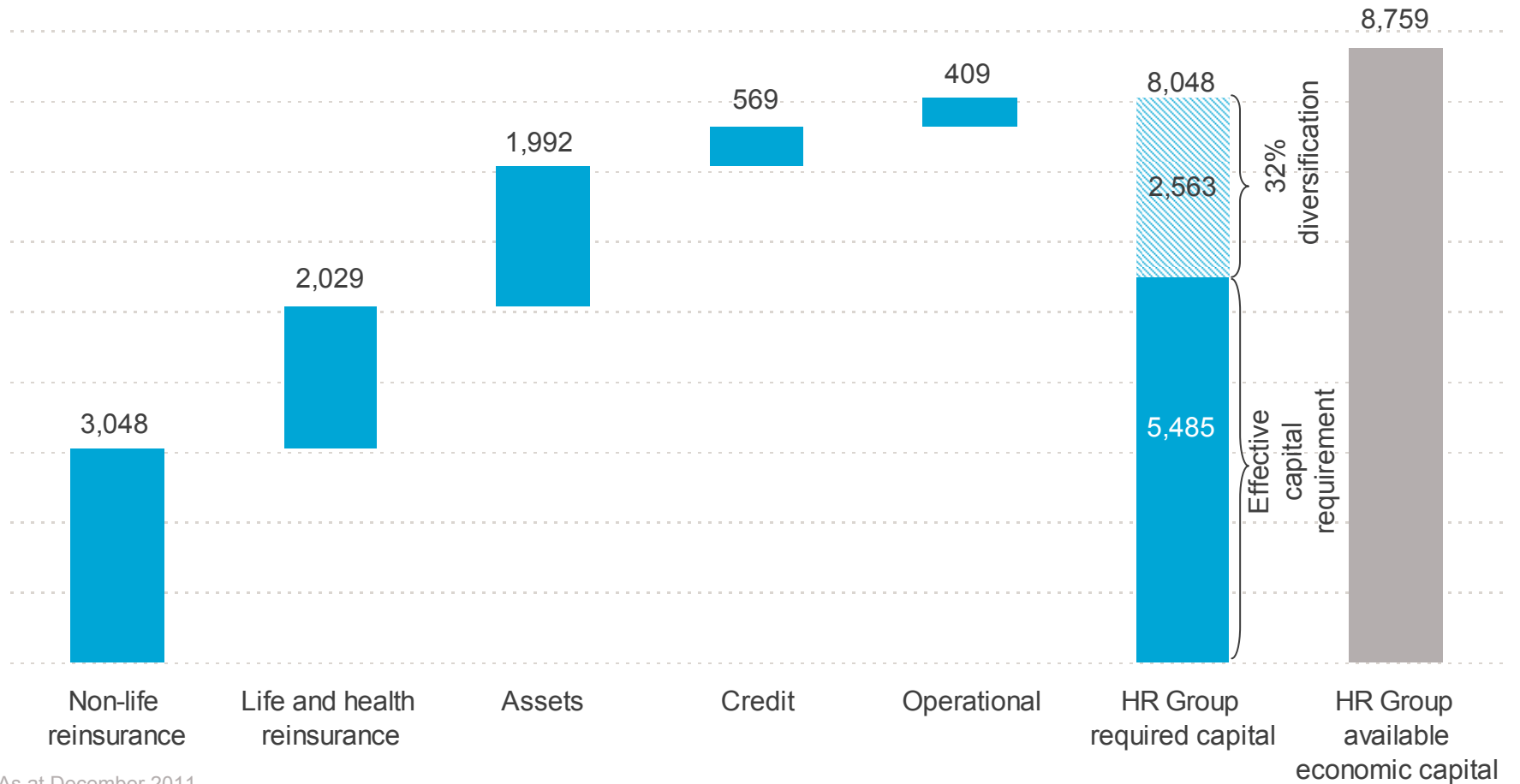
- ▶ We have a better showing of business than the average player
 - Not excluded from virtually any business/access to all lines of business
 - We enjoy a highly diversified, high quality book of business
- ▶ We are on virtually all broker lists, with cedents often demanding specific R/Is
- ▶ We get very high allocations when we quote for business
 - >90% vs. some 50% for a Bermuda start-up
- ▶ We create lower capital charges for our cedents
 - "AA" range S&P capital charge on reinsurance recoverables = 0.8% ("A" = 1.4%, BBB = 3.1%)
 - As an above-average rated R/I, we "minimise" our cedents' cost of capital
- ▶ Our cost of financing in the capital markets is lower
 - Hybrid bonds trade at tighter spreads
 - Better conditions for LoCs and credit lines

We might not (yet) get paid extra for our better rating on a contract level, but other advantages are significant

Diversification reduces capital requirements by a third

Capitalisation ratio 160%

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

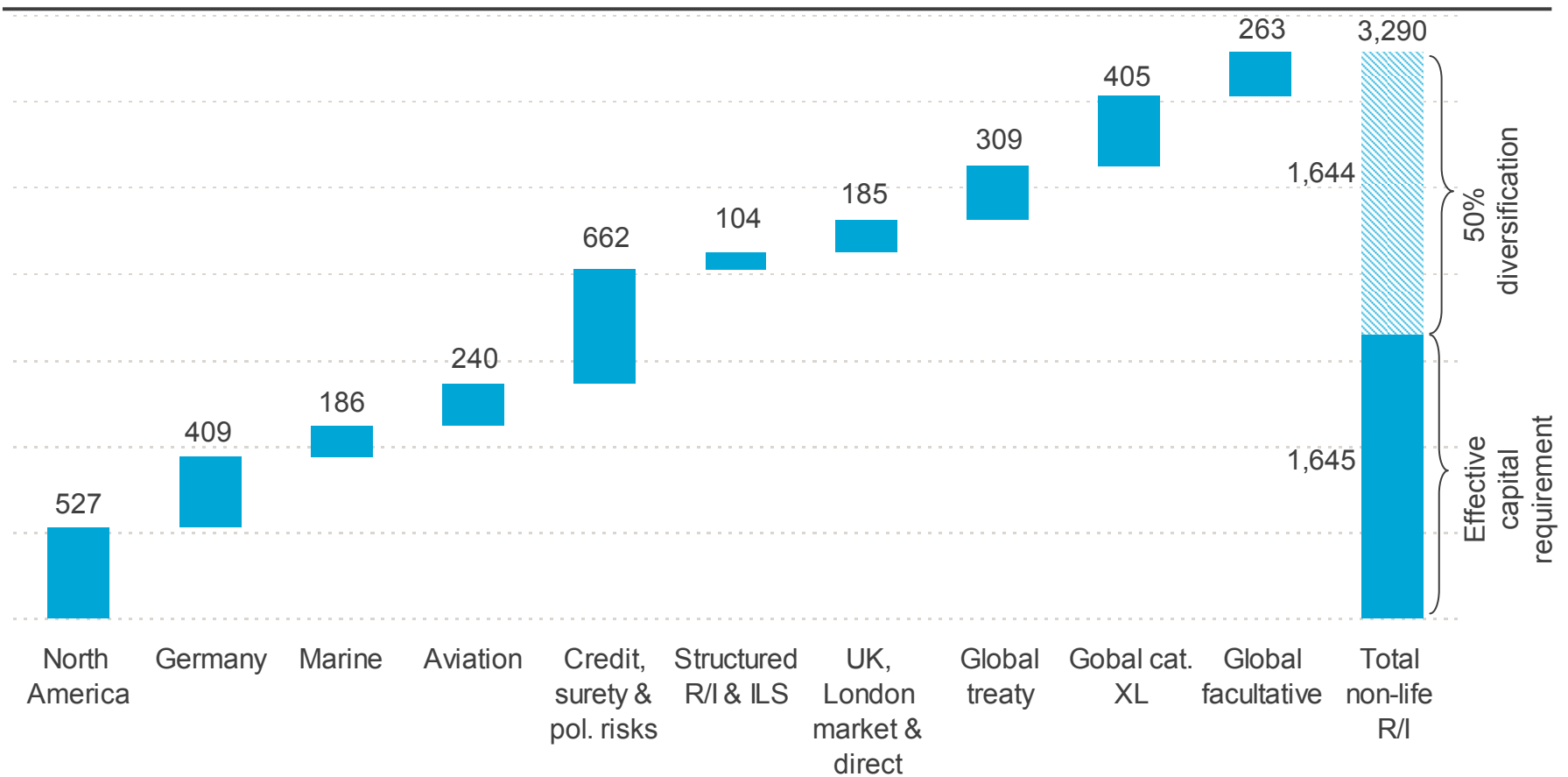


As at December 2011
 The risk categories have been adapted to the Solvency II requirements
 Calculation according to economic valuation principles

Diversification reduces capital requirements by 50%

Non-life business group

Risk capital for the 99.5% VaR (according to economic capital model) in m. EUR



As at December 2011
 Calculation according to economic valuation principles

Solvency II: Hannover Re is prepared to comply

Solvency II

Pillar I

Quantitative requirements

- ▶ Solvency/minimum capital requirement (SCR/MCR)
- ▶ Available fin. resources
- ▶ Standard & internal model

Pillar II

Qualitative requirements

- ▶ Internal controls and risk mgmt.
- ▶ Internal risk assessment
- ▶ Supervisory activities

Pillar III

Reporting requirements

- ▶ Supervisory reporting
- ▶ Public disclosure
- ▶ Market discipline

Hannover Re

We applied for internal model approval to adjust regulatory capital requirements to our business model

Strong internal controls and risk management processes are in place; we closely monitor pillar II developments

We support our clients in their preparations via flexible product design and by sharing our experience

Solvency II: Who will be affected and what it will generate

▶ Insurers

- with a volatile past performance
- with a large reserve volume
- who rely on lower rated reinsurer(s) → counterparty default risk
- with limited access to capital markets (e.g. mutuals, start-ups, niche carriers)
- who by design operate with a minimal capital base (e.g. captives)
- with high quality internal models and efficient capital management but low RoE

▶ Small & medium-sized insurers

- who have to rely on the standard model when calculating the SCR
- who may be overwhelmed by implementing Pillar II (qualitative) requirements

▶ Specialty insurers with little LoB* diversification

Demand

- ▶ Additional capital
- ▶ Good rating
- ▶ Highly-rated counterparties
- ▶ Reinsurance capacity
- ▶ Know-how and support (about Solvency II & LoB*)
 - Short term: during the introduction of standard model
 - Long term: for standard model/ development of internal models
- ▶ Free up of capital through BATs and LPTs

* Lines of Business

Solvency II: opportunities for Hannover Re

Prepared to serve the markets with tailor-made products

- ▶ We are a stable and low-risk counterparty with a top rating
- ▶ We double-use the know-how won through the self-developed internal capital model
- ▶ We expect capital relief through convergence of regulatory, rating agency and internal capital requirements. This provides more reinsurance capacity.
- ▶ With Advanced Solutions we provide efficient capital substitution through structured R/I products
 - Cede the premium but keep the profit
 - Reduce volatility over multi-year periods
 - Limit reserve-driven SCR through LPTs (Loss Portfolio Transfer)

Solvency II: opportunities for Hannover Re (cont'd)

Prepared to serve the markets with tailor-made products

- ▶ With customised reinsurance solutions particularly geared for Solvency II we assist in reducing the solvency capital requirements
- ▶ By individual financing, e.g. by subordinated notes, we can provide additional capital to cover solvency requirements
- ▶ Our long-standing experience in transferring risks to the capital market facilitates to free up capital
- ▶ Our market leading expertise about biometric assumptions is backing the risk modelling of our customers
- ▶ Our profound expertise in risk management and our group diversification benefits support attractive solutions for improving our clients' solvency margin

Strong growth in premium and profit

Fueled by good underwriting as well as favourable investment result

Favourable
R/I
conditions

- ▶ Further growth in non-life reinsurance (+10.0%)
- ▶ Accelerated growth in life and health reinsurance (+14.3%)
- ▶ Net major losses of EUR 61 m. well within budget and far away from last years' (Q1/2011: EUR 572 m.)
- ▶ Net investment income up by 12.4%; RoI at 5.0%
- ▶ Unrealised gains from inflation swaps and ModCo derivatives EUR 80 m.
- ▶ Increase of assets under own management to EUR 29 bn. aided by positive cash flow

Benign
major losses

Stable
capital
markets

Q1/2012 results

GWP +11.7%

NPE +13.1%

Net income EUR 261 m.

EPS EUR 2.17

RoE 20.2%

Shareholders' equity +7.8%

BVPS EUR 44.45

Strong growth in premium and profit

Decrease in major losses improved underwriting result significantly

Group figures in m. EUR	Q1/2011	Q1/2012	Δ
Gross written premium	3,143	3,511	+11.7%
Net premium earned	2,491	2,816	+13.1%
Net underwriting result	(383)	0	-
- Incl. funds withheld	(307)	84	-
Net investment income	392	441	+12.4%
- From assets under own management	316	357	+12.9%
- From funds withheld	76	84	+10.4%
Other income and expenses	38	(48)	-
Operating profit/loss (EBIT)	47	393	-
Interest on hybrid capital	(27)	(25)	-5.4%
Net income before taxes	21	368	-
Taxes	59	(93)	-
Net income	79	275	+248.0%
- Non-controlling interests	27	14	-47.8%
Group net income	52	261	+399.7%
Retention	89.3%	91.0%	
EBIT margin (EBIT/Net premium earned)	1.9%	14.0%	
Tax ratio	-	25.2%	
Earnings per share	0.43	2.17	

- ▶ F/x-adjusted growth +9.5%
- ▶ Net retention up as no reinstatement premiums this year
- ▶ Normalisation of tax rate after last years effects from Federal court ruling
- ▶ Net income above expectations

Further growth in non-life reinsurance

Profitability enhanced

Non-life reinsurance in m. EUR	Q1/2011	Q1/2012
Gross written premium	1,924	2,117
Net premium earned	1,376	1,555

- ▶ +10.0% GWP growth (f/x-adjusted +8.1%) mainly in property (US, Asia, London market) and European and Chinese motor
- ▶ Net premium earned +13.0%

Net underwriting result incl. funds withheld	(328)	50
Combined ratio incl. interest on funds withheld	123.8%	96.8%

- ▶ Benign major losses of EUR 61 m. (3.9% of NPE), well below budget of EUR 140 m.
- ▶ C/R reflects continued conservative reserving of recent underwriting years

Net investment income from assets under own management	247	251
Other income and expenses	56	(38)

- ▶ NII benefitted from favorable development of inflation swap (EUR +43 m.)
- ▶ Other income and expenses down mainly due to tax effect in previous year (EUR 60 m.)

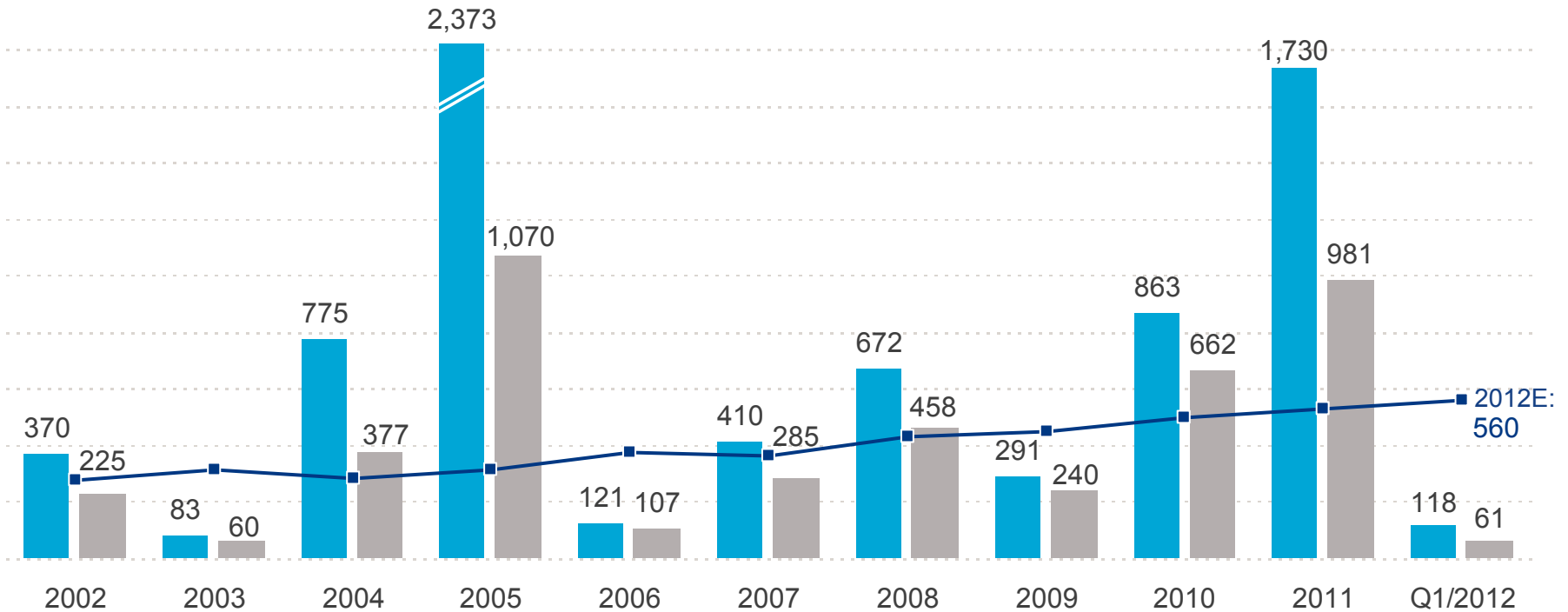
Operating profit/loss (EBIT)	(25)	263
Group net income	17	173
Earnings per share	0.14	1.44

- ▶ EBIT margin climbs to 16.9% (Q1/2011: -1.8%)

Unremarkable major losses in Q1/2012

Natural and man-made catastrophe losses¹⁾

in m. EUR



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

4%	1%	10%	34%	2%	8%	13%	5%	14%	25%	6%
4%	1%	7%	20%	2%	6%	11%	5%	12%	16%	4%

■ Gross ■ Net —■— Expected net catastrophe losses

1) Up to 2011 claims over EUR 5 m. gross, as of 2012 claims over EUR 10 m. gross

2) 2002 - 2006 adjusted to new segmentation

Unremarkable major losses in Q1/2012

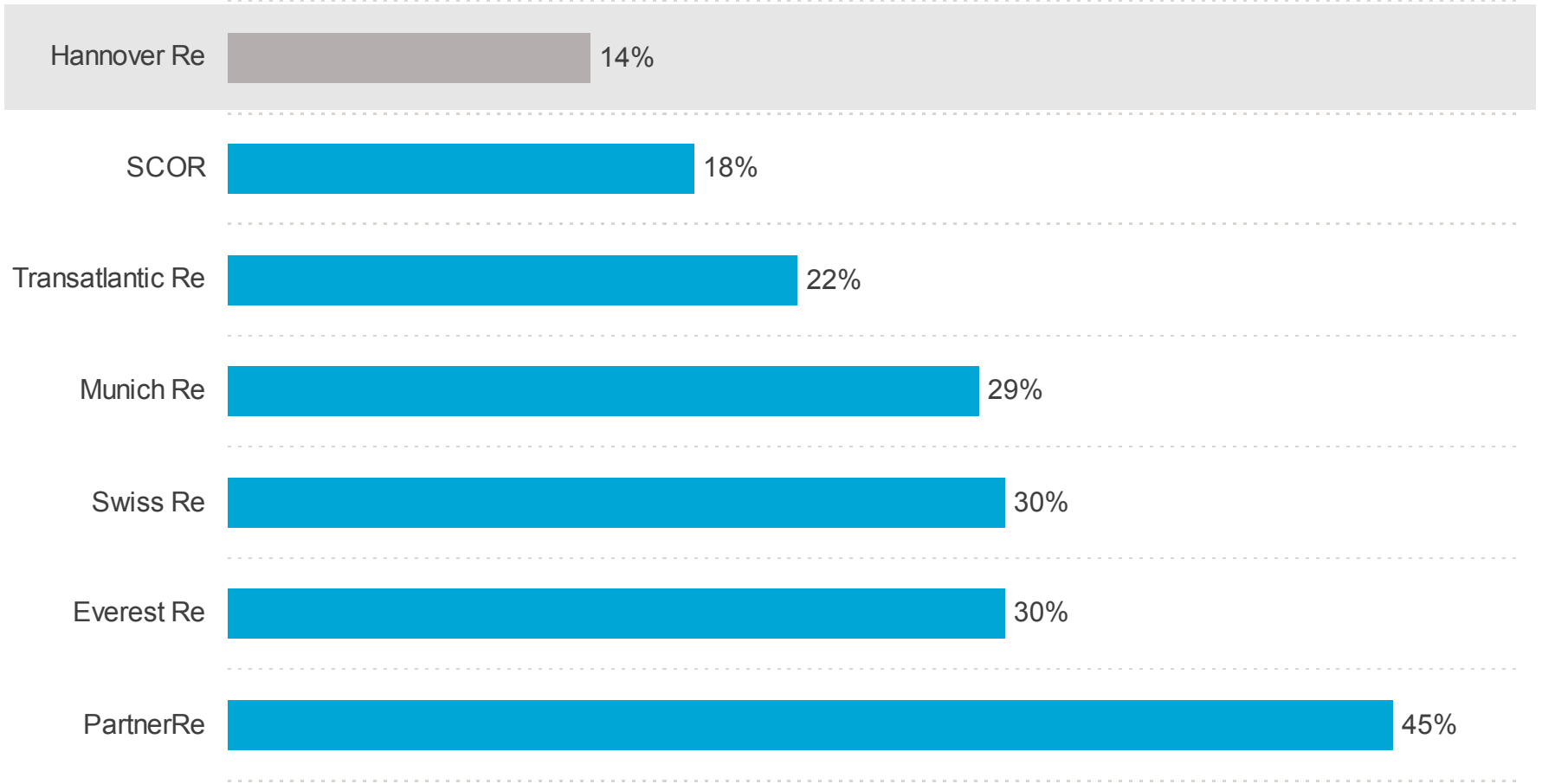
Only 3 major losses according to new major loss definition

Catastrophe loss* in m. EUR	Date	Gross	Net
Costa Concordia	13 Jan	90.0	45.0
Storm USA	2 - 3 Mar	11.2	0.0
1 Marine claim		16.3	15.6
3 Major losses		117.5	60.6

* Claims over EUR 10 m. gross

Hannover Re cat losses are relatively lower than peers' 2011

Major cat losses as % of net premium earned



Source: Aon Benfield, April 2012

Accelerated growth and profitability in life and health R/I

Life and health reinsurance in m. EUR	Q1/2011	Q1/2012
Gross written premium	1,219	1,394
Net premium earned	1,114	1,261

▶ +14.3% GWP growth (f/x-adjusted +11.6%) mainly from UK, US and China

Net underwriting result incl. funds withheld	19	31
--	----	----

▶ Technical result driven by increase in interest from funds withheld and favourable mortality result (mainly UK/US)

Net investment income from assets under own management	55	97
Other income and expenses	(16)	(6)

▶ NII affected by increase of AuM and positive ModCo effect (EUR 39 m.)

▶ Other income and expenses mainly driven by improved currency result (mostly USD)

Operating profit/loss (EBIT)	58	122
EBIT margin	5.2%	9.7%
Group net income	42	100
Earnings per share	0.34	0.83

▶ EBIT well above expectations

▶ EBIT margin adjusted for ModCo effect at 6.6%

▶ Tax ratio at 17.1% due to increased contribution of results coming from Ireland and Bermuda (previous year: 27.1%)

Rol of 5.0% well above target Rol (excl. inflation swap and ModCo) at 3.9%

in m. EUR	Q1/2011	Q1/2012	Rol
Ordinary investment income*	225	260	3.6%
Realised gains/losses	39	38	0.5%
Impairments/appreciations and depreciations	0	(7)	-0.1%
Unrealised gains/losses	69	85	1.2%
Investment expenses	(18)	(18)	-0.3%
NII from assets under own mgmt.	316	357	5.0%
NII from funds withheld	76	84	
Total net investment income	392	441	

- ▶ Increase of 15.5% in ordinary investment income* with an increasing share of interest coming from corporate bonds
- ▶ Realisations from further asset reallocation
- ▶ Unrealised gains mainly affected by ModCo of EUR +37 m. and inflation swaps of EUR +43 m.
- ▶ Further increase in net investment income from funds withheld due to increase of volume level
- ▶ Increase in unrealised reserves despite realisations mainly due to credit spread tightening

Unrealised gains/losses (Available for sale)	31 Dec 11	31 Mar 12
Fixed income	416	646
Equities and shares in limited partnerships	222	222
Total unrealised gains and losses	639	868

* Incl. results from associated companies

Our strategic business groups at a glance

Q1/2012 stand-alone

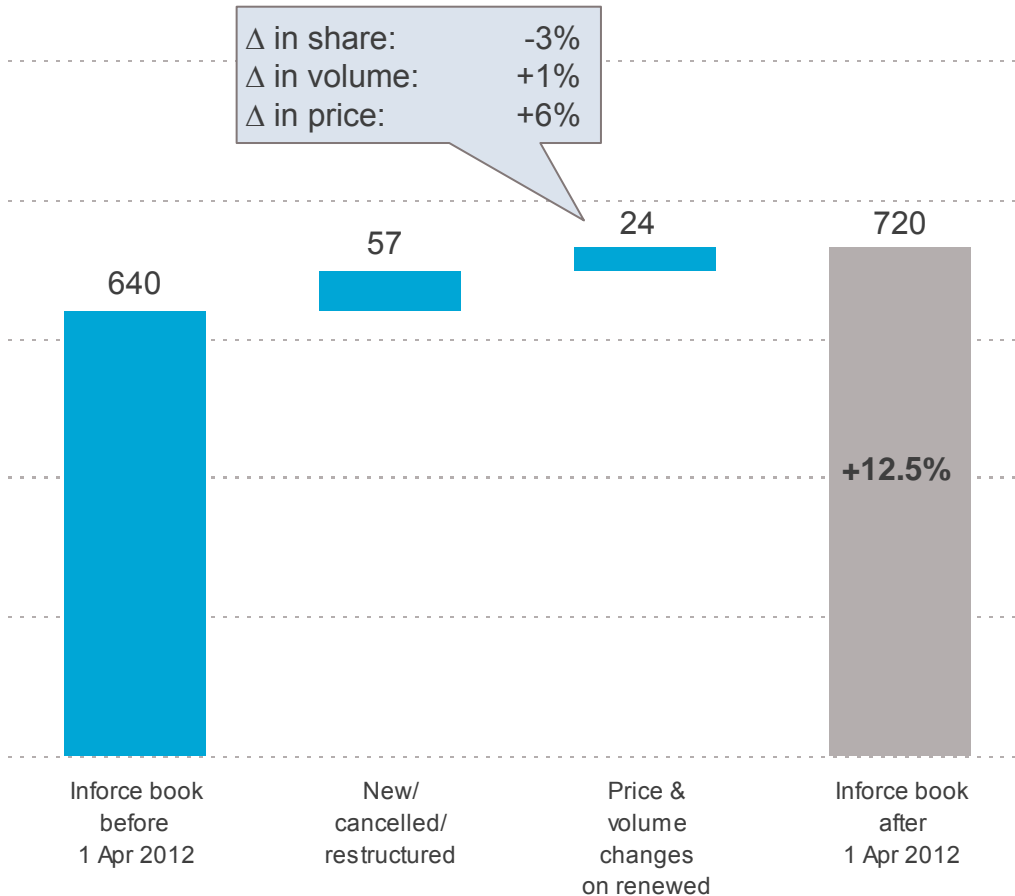
in m. EUR	Non-life reinsurance		Life and health reinsurance		Total	
	Q1/2011	Q1/2012	Q1/2011	Q1/2012	Q1/2011	Q1/2012
Gross written premium	1,924	2,117	1,219	1,394	3,143	3,511
Change in GWP	-	+10.0%	-	+14.3%	-	+11.7%
Net premium earned	1,376	1,555	1,114	1,261	2,491	2,816
Net underwriting result	(331)	47	(54)	(49)	(383)	0
- Net underwriting result Incl. funds withheld	(328)	50	19	31	(307)	84
Net investment income	250	255	128	177	392	441
- From assets under own management	247	251	55	97	316	357
- From funds withheld	3	3	73	80	76	84
Other income and expenses	56	(38)	(16)	(6)	38	(48)
Operating profit/loss (EBIT)	(25)	263	58	122	47	393
Interest on hybrid capital	0	(0)	(0)	(0)	(27)	(25)
Net income before taxes	(25)	263	58	122	21	368
Taxes	68	(77)	(16)	(21)	59	(93)
Net income	43	186	43	101	79	275
- Non-controlling interest	26	13	1	1	27	14
Group net income	17	173	42	100	52	261
Retention	87.8%	91.2%	91.5%	90.8%	89.3%	91.0%
Combined ratio (incl. interest on funds withheld)	123.8%	96.8%	98.3%	97.5%	112.3%	97.0%
EBIT margin (EBIT/Net premium earned)	(1.8%)	16.9%	5.2%	9.7%	1.9%	14.0%
Tax ratio	-	29.3%	27.1%	17.1%	-	25.2%
Earnings per share	0.14	1.44	0.34	0.83	0.43	2.17

Outlook

Pleasing non-life renewals: 12.5% increase in premium

2 January 2012 - 1 April 2012

U/Y in m. EUR



- ▶ April renewals underpin again reversal of the softening trend
- ▶ Underlying profitability should be driven by continued favourable pricing development
- ▶ 8.5% growth due to new and restructured treaties in Japan and USA as well as 6% price increase and 2% volume decrease on renewed
- ▶ Significant differences of renewals by territory and line of business (approx. 13% - 20% from cat-exposed business)

Since EQ Japan reversal of the softening trend Cat exposed saw strong price increases

- ▶ In general, pricing trends after natural catastrophes in 2011
 - Japan: double-digit rate increases
 - Korea: substantial rate increases (esp. for programmes with effect from earthquake Japan/flood Thailand)
 - USA: US-cat business increased (esp. for tornado programmes)
- ▶ Property cat XL
 - US: 5% to 15%
 - Europe: 7.5% to 10%
 - Japan
 - Earthquake up by 40% to 60% risk-adjusted based on post EQ terms; 50% to 120% based on pre EQ terms
 - Wind rates up by 10% to 15% depending on exposure development
 - South Korea
 - Risk XL up by less than 10%, Cat XL up by 10% to 20%, Liability XL up by 0% to 5%
 - India
 - Risk XL pricing up by 5% to 25%, Cat XL up by 15% to 40%
 - No significant changes in non-property classes
- ▶ Adjustments of risk models (mainly USA and Canada)

**We kept our strong market position and
achieved favourable conditions**

We have a good basis for positive results in 2012

Non-life reinsurance

- ▶ Improved overall rating quality should have a positive effect on the combined ratio provided large losses remain within budget

Life and health reinsurance

- ▶ We expect continuous profitable organic growth with an attractive EBIT-margin

Investments

- ▶ Based on the structure of our investment portfolio we expect to achieve a return of around 3.5% on our increased investment volume

Guidance for 2012

Hannover Re Group

- ▶ Gross written premium (GWP)¹⁾ ~ +5% - +7%
 - Non-life reinsurance¹⁾ ~ +5% - +7%
 - Life and health reinsurance¹⁾²⁾ ~ +5% - +7%

- ▶ Return on investment³⁾ ~ 3.5%

- ▶ Dividend pay-out ratio⁴⁾ 35% - 40%

1) At unchanged f/x rates

2) Organic growth

3) Subject to no major distortions in capital markets; excluding effects from inflation swaps

4) Related to group net income according to IFRS

Growth in most lines and satisfying profitability expected

Development of lines of business

Non-life reinsurance		2012e	
Divisions	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) 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 2012

Development of lines of business

Life and health reinsurance	2012e	
The five pillars	Volume ¹⁾	Profitability ²⁾
Financial Solutions	↗	++
New Markets	→	+/-
Bancassurance	→	+
Multinationals	↘	+
Conventional R/I	↗	+

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

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

Financial calendar

1 February 2012	1 January Non-life Treaty Renewals
14 March 2012	Press Conference on 2011 Annual Results
15 March 2012	Analysts' Conference in Frankfurt and London
3 May 2012	Annual General Meeting
3 May 2012	Interim Report 1/2012
10 August 2012	Interim Report 2/2012
18 October 2012	Investors' Day 2012
6 November 2012	Interim Report 3/2012

Subject to changes

<http://www.hannover-re.com/ir/calendar/index.html>

Basic information on the Hannover Re share

Basic information	
International Securities Identification Number (ISIN)	DE 000 840 221 5
Ticker symbols	
- Bloomberg	HNR 1
- Thomson Reuters	HNRGn
- ADR	HVRRY
Exchange listings	
- Germany	Xetra, Frankfurt, Munich, Stuttgart, Hamburg, Berlin, Düsseldorf, Hannover (official trading: Xetra, Frankfurt and Hannover)
- USA	American Depositary Receipts (Level 1 ADR programme; 2 ADR = 1 share)
Market segment	Prime Standard
Index inclusion	MDAX
First listed	30 November 1994
Number of issued shares*	120,597,134
Common shares*	EUR 120,597,134
Share class	No-par-value registered shares

* As at 31 December 2011

Our Investor Relations team

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