1 Jan 2018 Property & Casualty Treaty Renewals

and guidance update 2017 and 2018

Renewals Conference Call
Hannover, 7 February 2018

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Important note

- Unless otherwise stated, the renewals part of the presentation is based on Underwriting-Year (U/Y) figures. This basis is only remotely comparable with Financial-Year (FY) figures, which are the basis of quarterly and annual accounts.
- The situation shown in this presentation exclusively reflects the developments in Hannover Re's portfolio, which may not be indicative of the market development
- Pricing includes changes in risk-adjusted exposure, claims inflation and interest rates
- Portfolio developments are measured at constant foreign exchange rates as at 31 December 2017

Reinsurance markets

Shift into an improved market environment after NatCat losses

Reinsurance market still characterised by strong competition

- Reinsurance capacity remained on a high level as severe large losses in 2017 were absorbed by earnings throughout the industry
- Reinsurance market showed its ability to react on losses in an orderly fashion
  - Risk-adjusted rates in lines and regions hit by catastrophes increased, but less than expected by some observers
  - Rate increases on loss-free portfolios were somewhat limited
- Momentum decelerated due to
  - ongoing growth of alternative capital and unchanged supply of capacity from traditional reinsurance
  - ILS markets offering more capacity than at the start of 2017 despite trapping of ILS capital
  - impact of losses largely offset by underwriting profit in other areas and stronger-than-expected investment returns
- Continued interest in large multi-line and multi-year coverages

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Our results

Very satisfactory renewal season

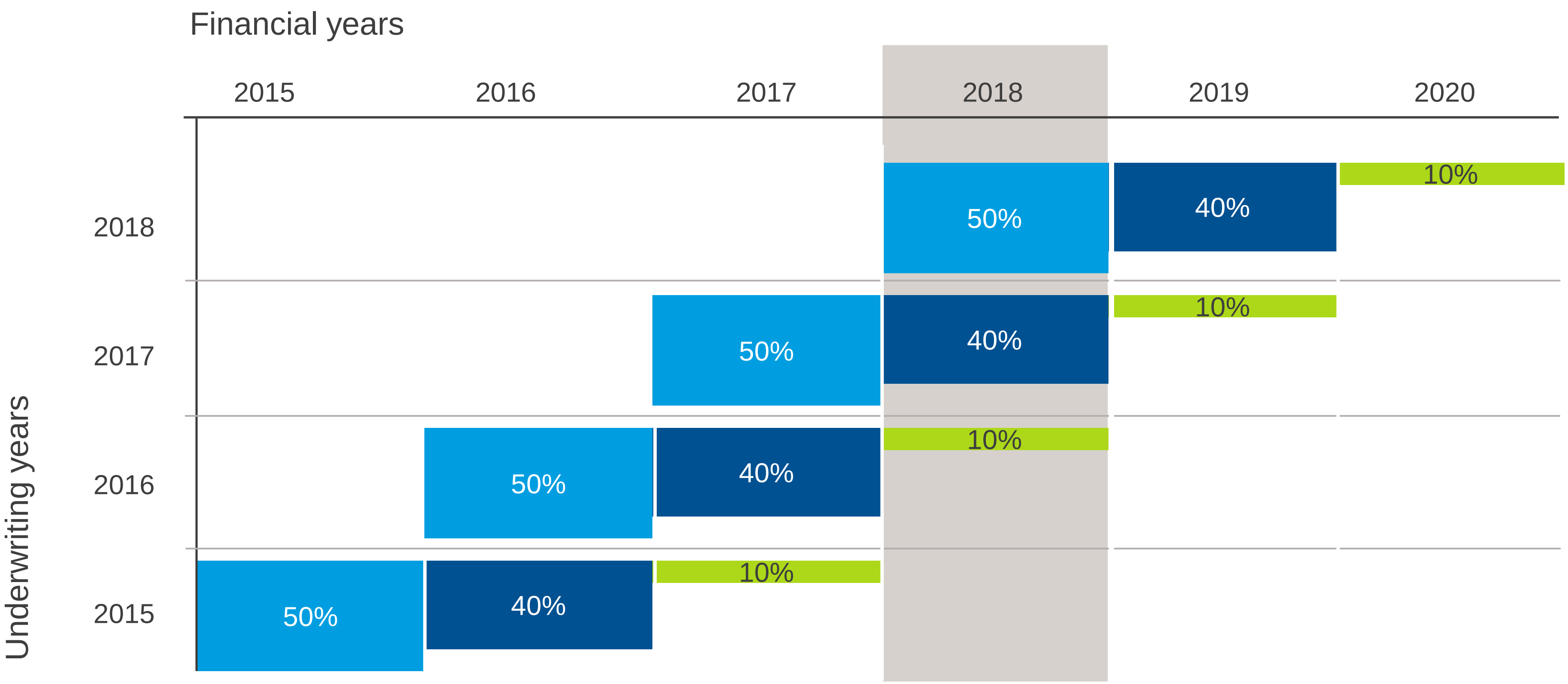
Overall, increased premium at improved conditions

- Based on our sound underwriting expertise and superior rating, showing continued to be excellent and enabled us to successfully concentrate on business that fulfilled our margin requirements
- Our customer relationship management again offered us new business opportunities
- Increase in premium stems from growth in primary insurance markets, improved pricing and underwriting of new business
- We only slightly increased our capital allocated to NatCat in absolute terms (EUR 1.9 bn.) because of the continued competitive market
- More than sufficient retro capacity available to Hannover Re, which enabled us to improve our net risk-return profile

Time lag between underwriting year and financial year

2018 financial year reflects pricing quality in underwriting years 2016 - 2018

Premium distribution

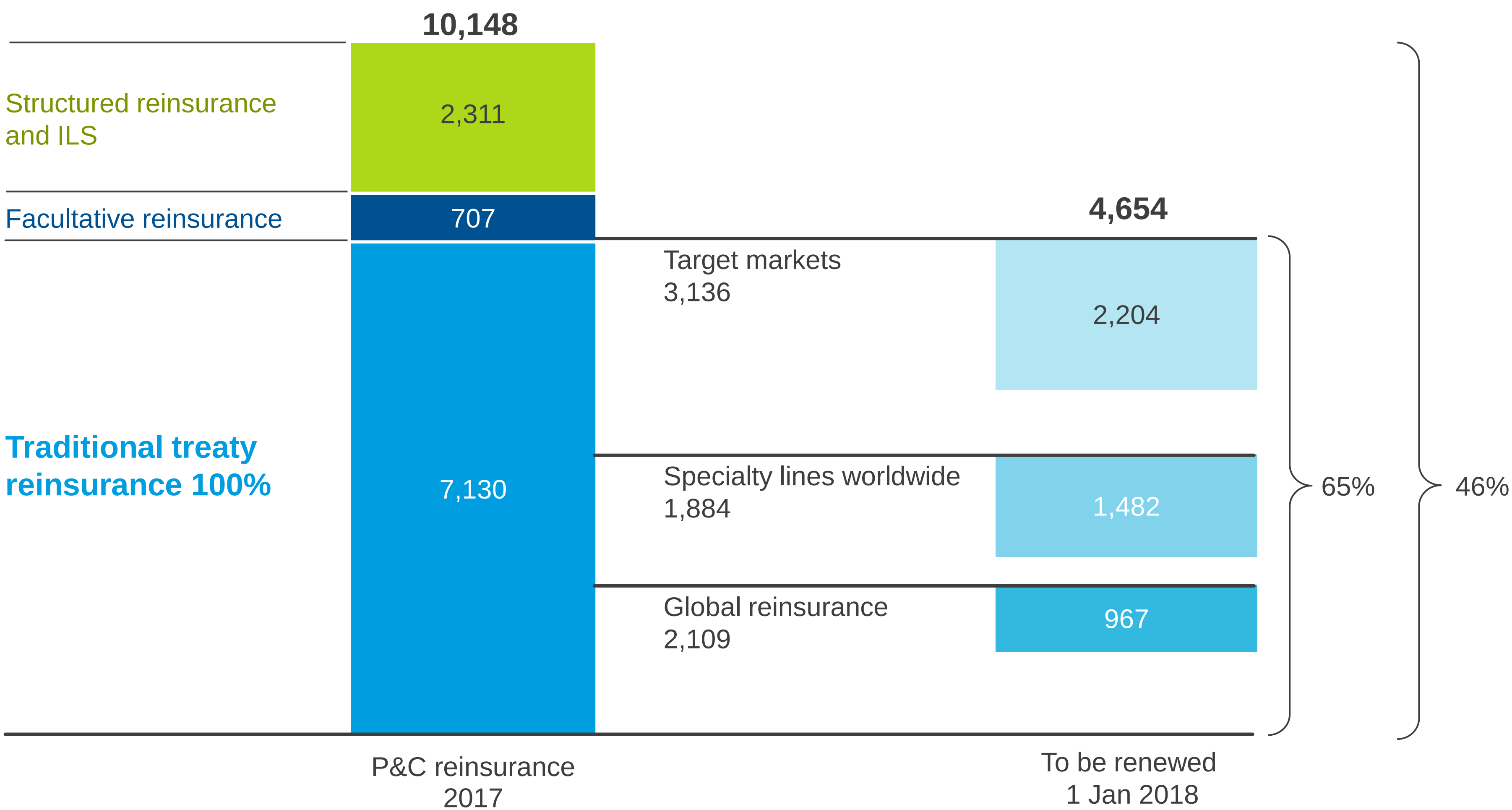


Our portfolio

65% of treaty reinsurance (R/I) to be renewed 1 January 2018

Equates to 46% of the total P&C reinsurance premium

Estimated premium income U/Y in m. EUR



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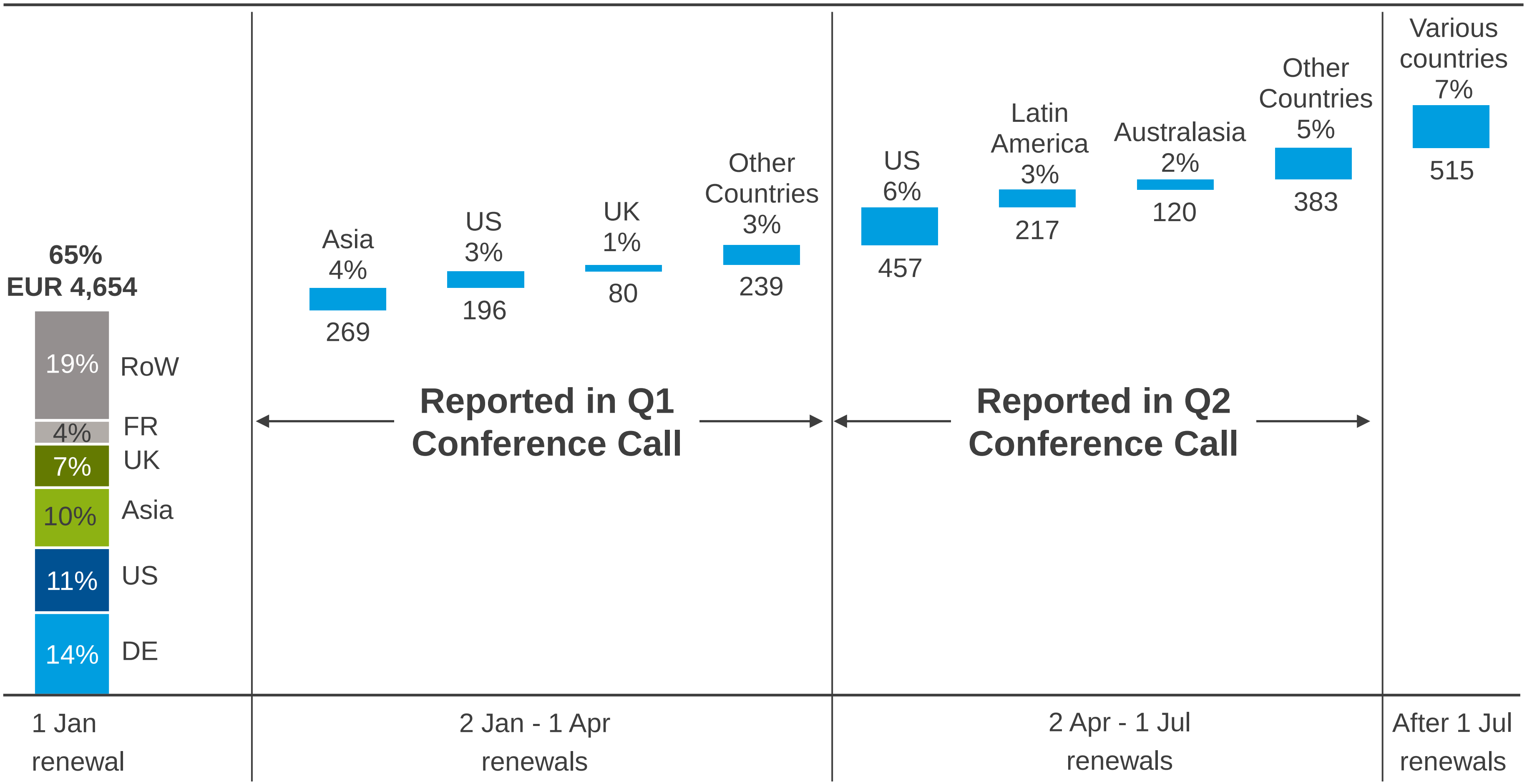
65% of treaty reinsurance to be renewed 1 January 2018

Renewals split throughout the year

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



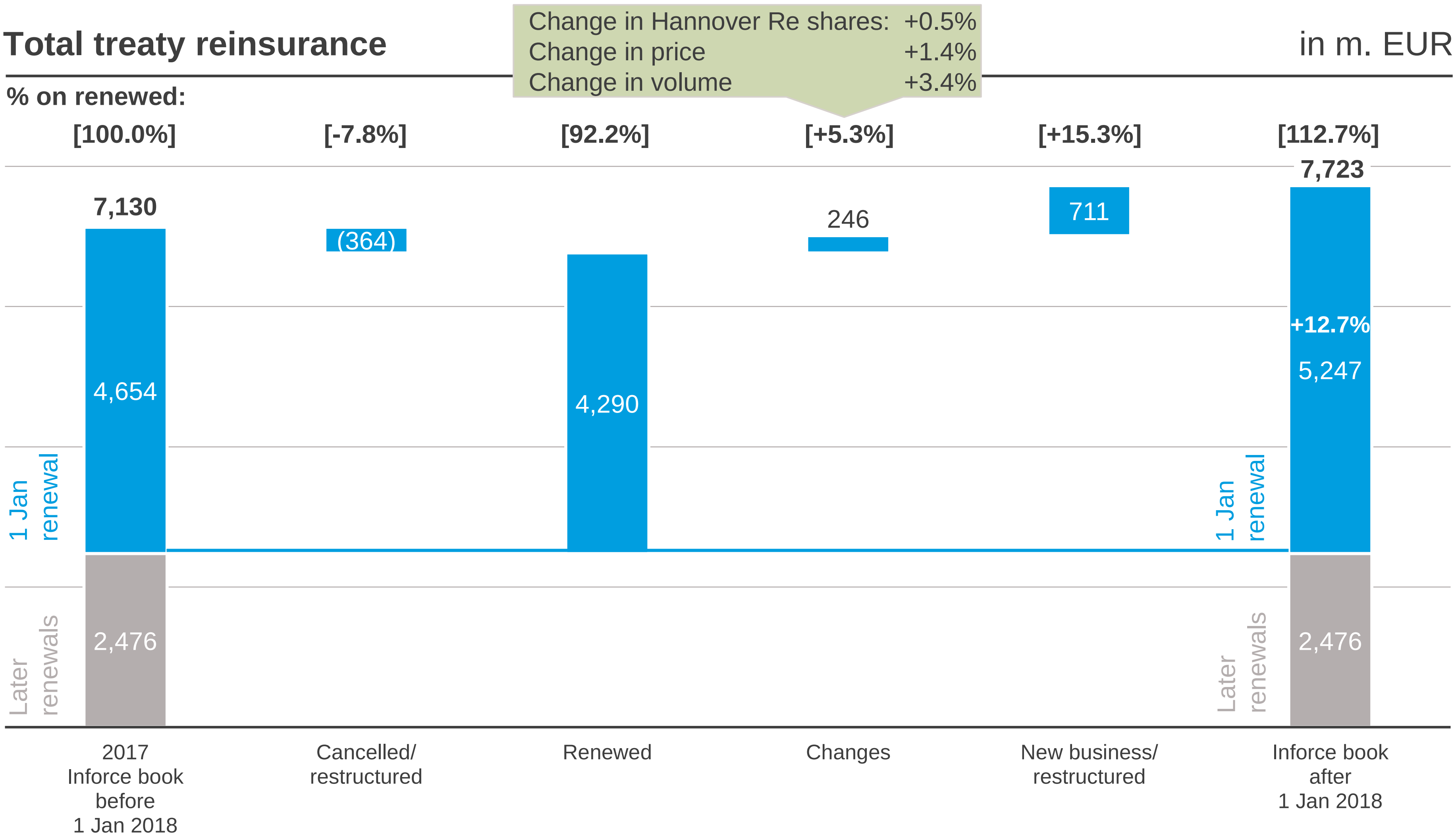
Based on 2017 U/Y

Volume largely increased due to new business

Continued good showing and signed-line allocations

Total treaty reinsurance

in m. EUR



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Treaty premium increased significantly ...

... supported by positive price changes and active cycle management

		Total P&C reinsurance			
Division	**Business centre**	**Premium[1)] 1/1/2017**	**Premium[1)] 1/1/2018**	**Premium changes**	**Price changes[3)]**
Target markets	North America[2)]	888	940	+5.9%	+0.6%
	Continental Europe[2)]	1,316	1,430	+8.7%	+0.6%
Specialty lines	Marine	152	161	+6.2%	+5.0%
	Aviation	134	130	-3.3%	0.0%
	Credit, surety & political risks	518	538	+4.0%	+1.1%
	UK, Ireland, London market & direct	678	775	+14.4%	+2.8%
	Facultative reinsurance	Not applicable			
Global R/I	Worldwide treaty[2)] R/I	835	1,129	+35.3%	+1.6%
	Cat XL[4)]	133	143	+7.0%	+5.2%
	Structured R/I & ILS	Not applicable			
Total 1 Jan renewals		**4,654**	**5,247**	**+12.7%**	**+1.4%**

1) Premium estimates in m. EUR
2) All lines of business except those stated separately
3) Own calculation based on pricing models
4) Assessment by management taking into account observed price changes and adjusting for modelling updates

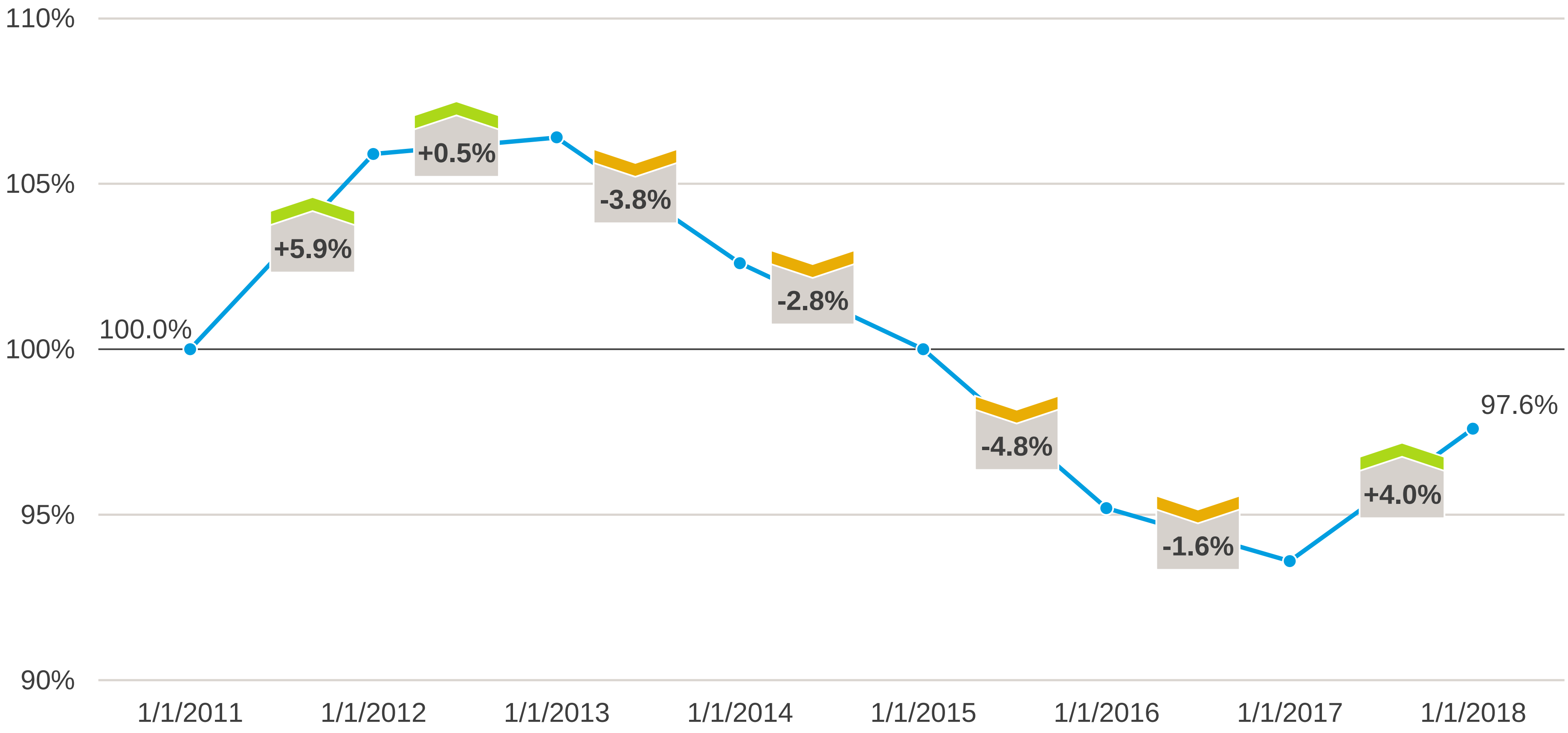
Positive price development

Division	Business centre	Proportional: Premium[1] 1/1/2018	Proportional: Premium changes	Proportional: Price changes[3]	Non-proportional: Premium[1] 1/1/2018	Non-proportional: Premium changes	Non-proportional: Price changes[3]
Target markets	North America[2]	427	-1.4%	-0.8%	513	+12.8%	+1.9%
	Continental Europe[2]	1,051	+10.0%	+0.1%	378	+5.0%	+2.0%
Specialty lines	Marine	56	+5.2%	+0.3%	106	+6.7%	+7.5%
	Aviation	112	-2.9%	0.0%	18	-5.9%	-0.2%
	Credit, surety & political risks	466	+3.8%	+1.1%	72	+5.1%	+0.7%
	UK, Ireland, London market & direct	661	+12.6%	+0.2%	114	+26.0%	+20.0%
	Facultative reinsurance	Not applicable			Not applicable		
Global R/I	Worldwide treaty[2] R/I	988	+38.9%	+1.1%	142	+14.2%	+4.7%
	Cat XL[4]	Not applicable			143	+7.0%	+5.2%
	Structured R/I & ILS	Not applicable			Not applicable		
Total 1 Jan renewals		**3,761**	**+13.8%**	**+0.3%**	**1,485**	**+10.1%**	**+4.0%**

1) Premium estimates in m. EUR
2) All lines of business except those stated separately
3) Own calculation based on pricing models
4) Assessment by management taking into account observed price changes and adjusting for modelling updates

Price level increased but did not reach 2015 level

XL price changes at 1 January renewals



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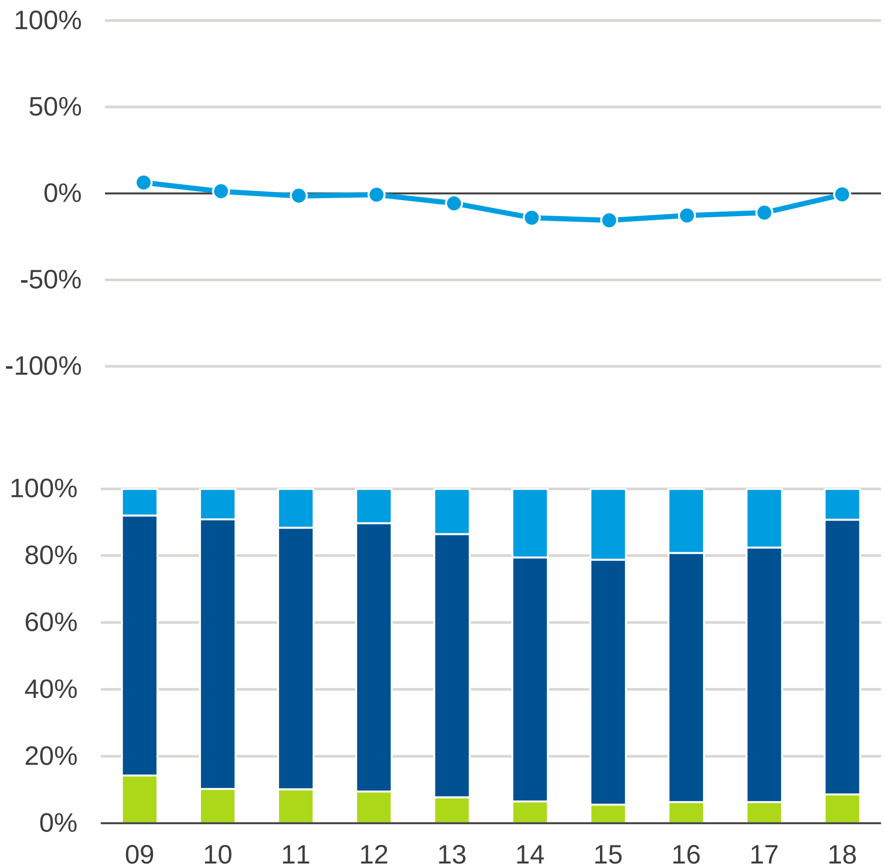
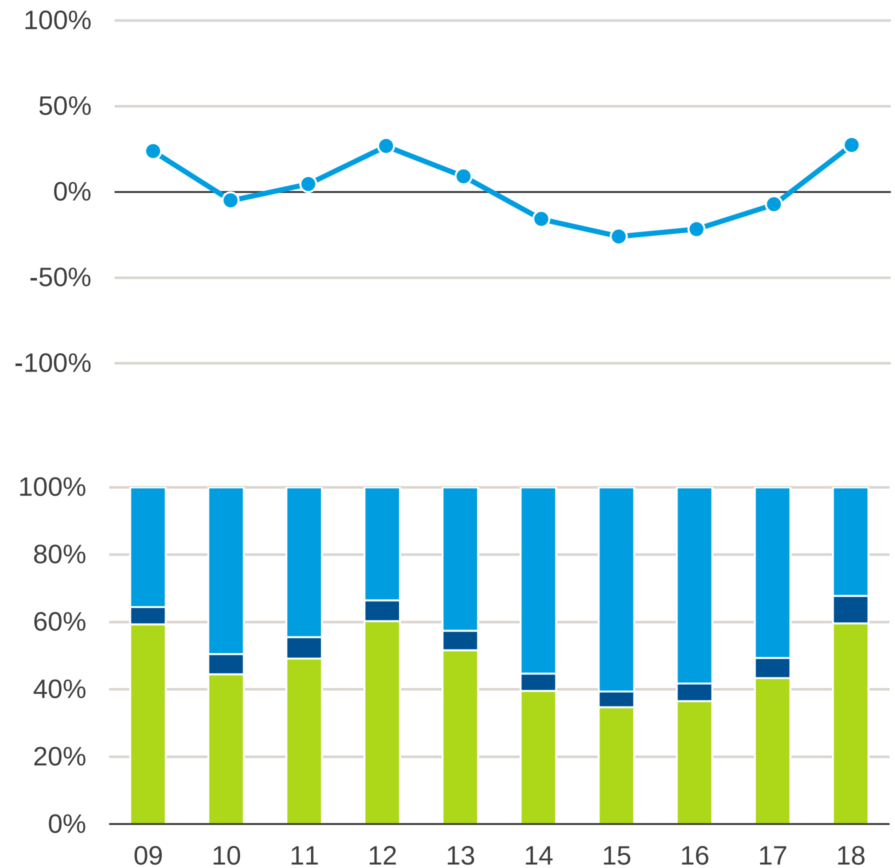
First year of improvement since 2013

Number of proportional treaties[1)]



Number of non-proportional treaties[2)]



Net change (improvement - deterioration) | Improvement | Unchanged | Deterioration

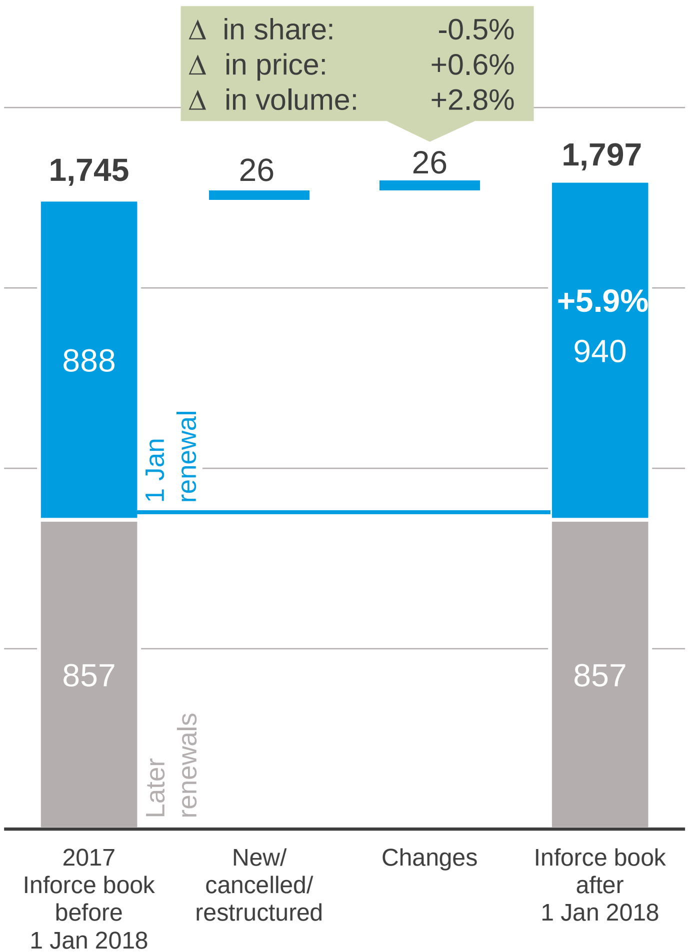
1) Comparison of commission

2) Comparison of Rate on Line (RoL)

Premium volume growth in an improving environment overall

We expanded our positioning in the US as per our long-term strategy

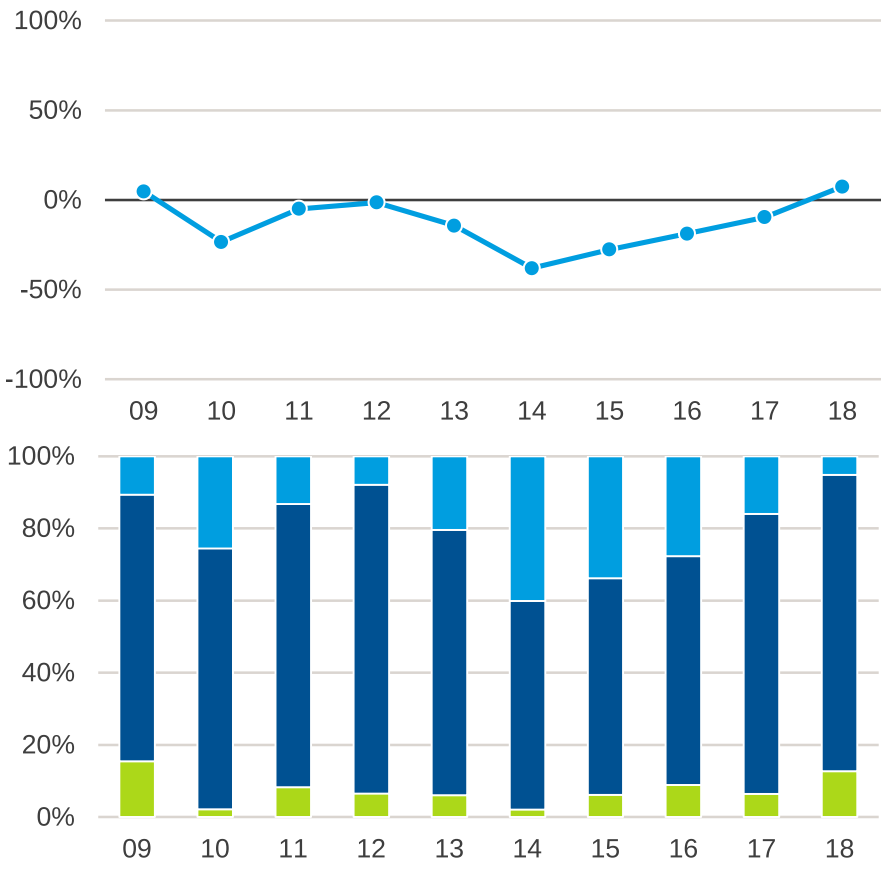
North America in m. EUR



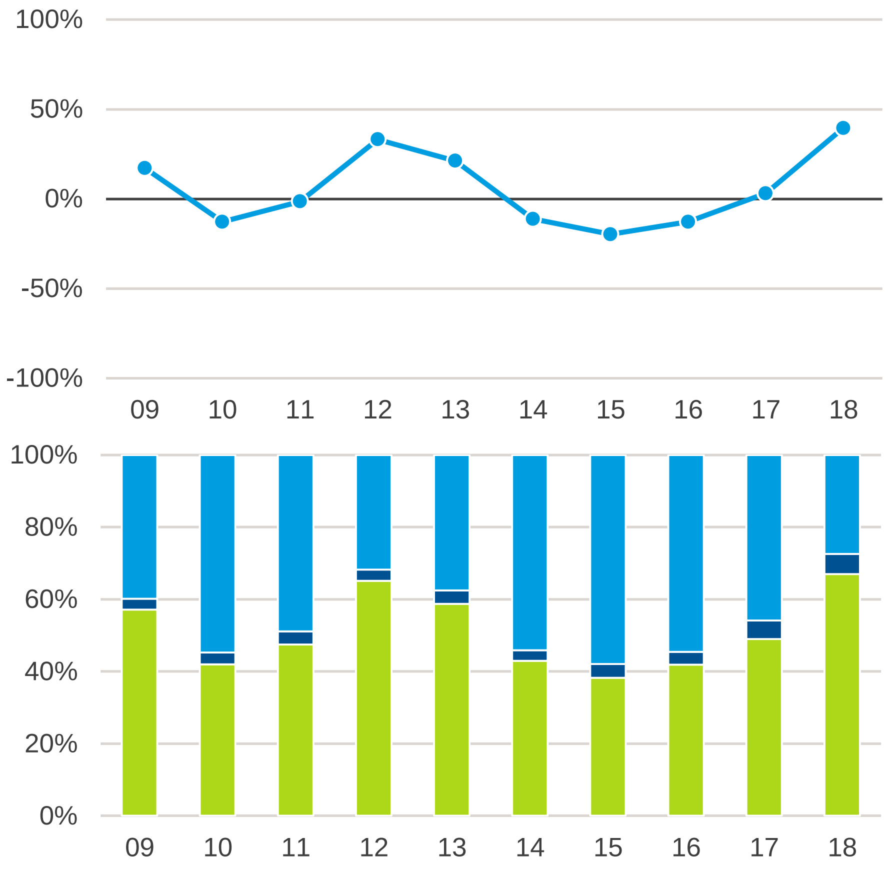
- Rates and terms & conditions are improving
- Continued disciplined underwriting
- „We strengthened our position with our preferred biz partners
- Lift in organic growth due to
  - insurance rates increases - incl. casualty lines
  - increase in ceded premiums
- US property: new business more than compensated for business lost due to restructuring of programmes
  - Terms have started to turn following a quite active claims year
  - „Signings continued to be favourable despite the fact that market capacity remained steady
- US casualty: increased premium mainly due to new business
  - Specialty casualty: stable premium at higher profitability
  - Standard Casualty & Workers' Comp: renewed with new large accounts
  - MedMal: several new accounts and larger lines on many placements
- Canada: second year of increases following Fort McMurray loss
  - Despite higher retentions, we compensated for lost premium by increasing our shares

Proportional and non-proportional business improved
North America

Number of proportional treaties[1)]



Number of non-proportional treaties[2)]



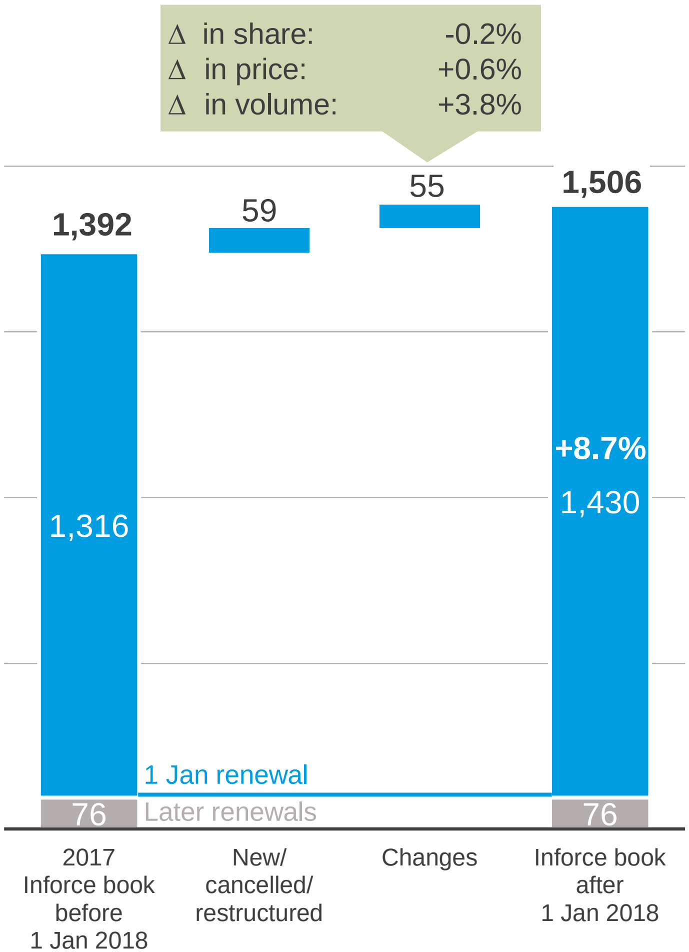
Net change (improvement - deterioration) Improvement Unchanged Deterioration

1) Comparison of commission 2) Comparison of Rate on Line (RoL)

Overall pleasing development in a heterogeneous market

Softening coming to an end

Continental Europe in m. EUR

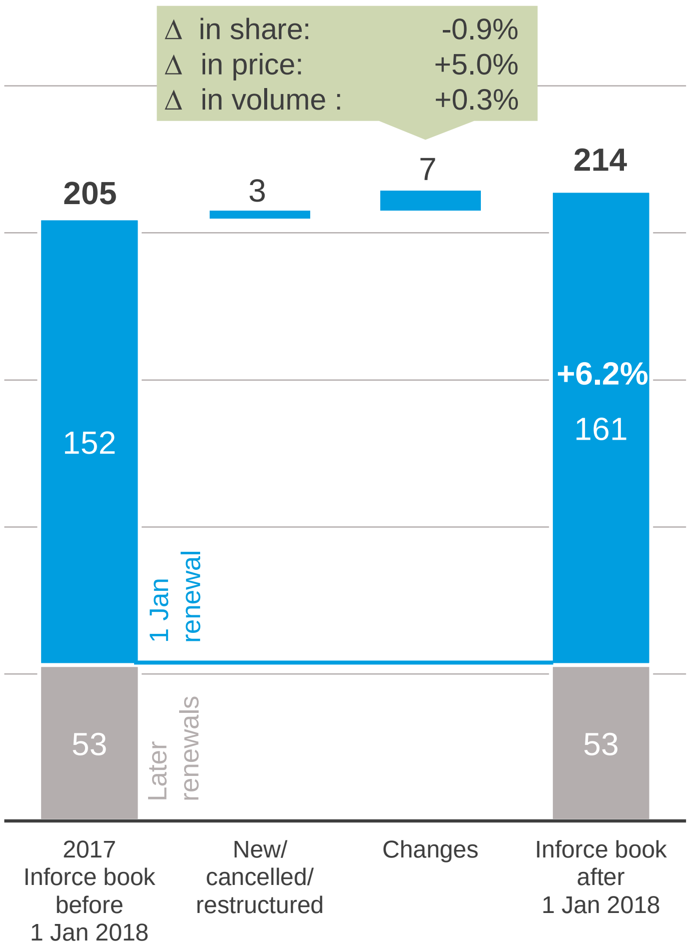


- Germany: stable renewal leading to unchanged premium
  - Slight improvements in terms and conditions
  - Further favourable development in motor business
- Other Continental European countries
  - Satisfactory renewal with strong and pleasing portfolio growth (e.g. Italy)
  - We further increased our market share in Western Europe
  - Stabilisation of pricing in Eastern Europe, loss-affected treaties experienced a significant increase

A satisfactory renewal outcome

Hannover Re remains one of the market leaders in non-proportional reinsurance

Marine in m. EUR



- Marine reinsurance market is responding to larger Natural Catastrophe loss events
- Increase in premium on a risk-adjusted basis
  - Europe and Asia (claims free): largely flat
  - London market (claims free): +5%
  - London market (loss affected): up to +20%
- Small amount of business discontinued due to competitive pricing or lack of payback

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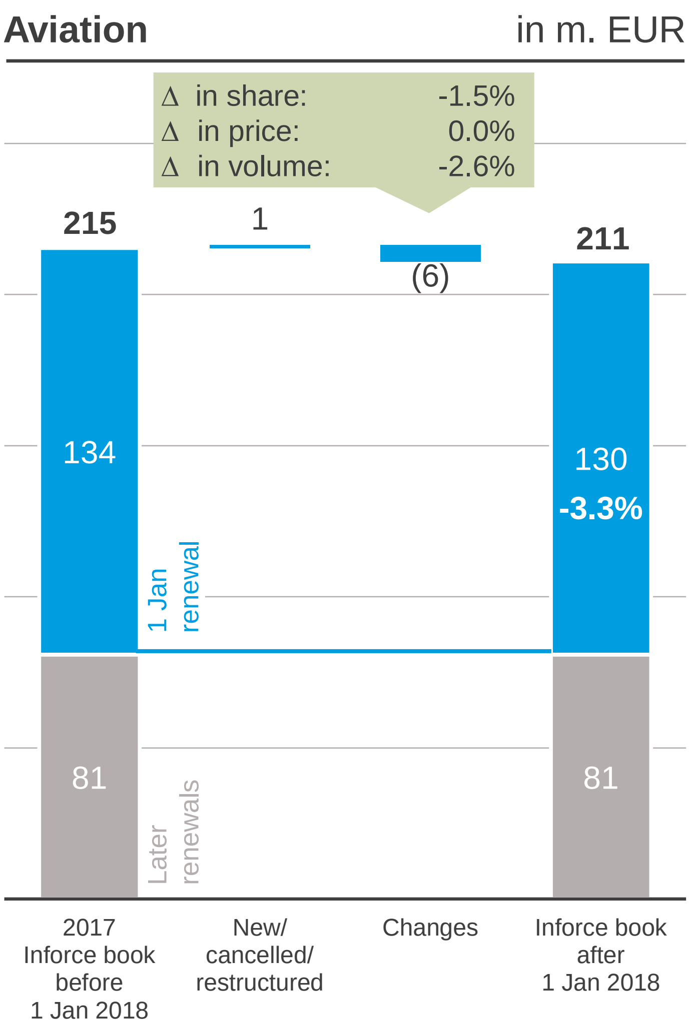
Stabilised aviation reinsurance terms

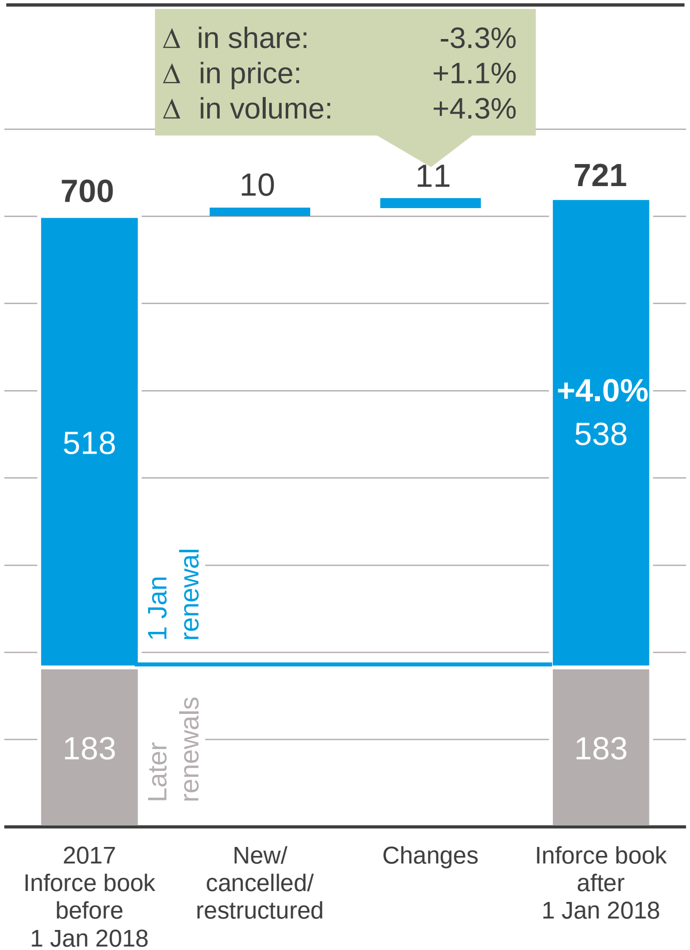
Maintained our market share



- Original insurance market showed a slowdown in market softening in 1H/2017
- Reinsurance prices stabilised albeit at a low level
- Proportional book remained largely unchanged at unaltered conditions, this allowed us to maintain our positions on the basis that we are expecting an improvement of the original insurance market
- Non-proportional business renewed flat on a risk-adjusted basis

Stable market environment in credit & surety & political risks

Credit, surety and pol. risks in m. EUR

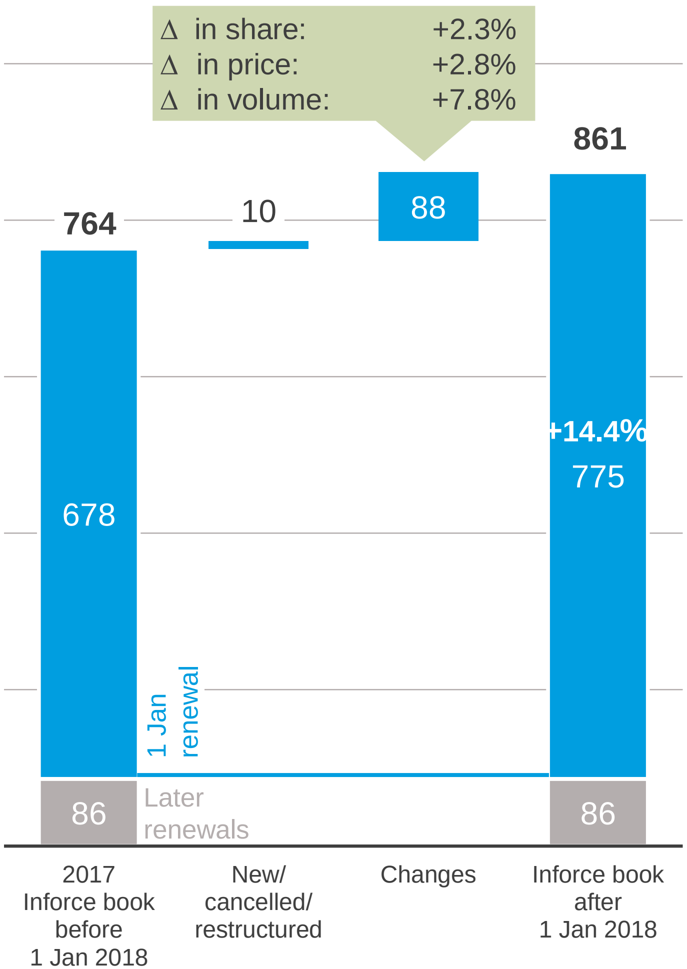


- Solid premium growth
  - Credit:
    increased premium due to new business opportunities
  - Surety:
    increase in premium supported by organic growth
  - Political risks:
    higher premium driven by increased cessions and organic growth
- Overall, stable to slightly improved pricing level

Pleasing premium growth as market reacts

Rate increases in most lines of business

UK, London market & direct in m. EUR



- UK treaty reinsurance renewals showed a clear response to market losses
- Rates on UK motor XL business increased by 60% - 70% on average due to Ogden rate change effects. This was below our expectations, prompting us to reduce our lines or exit less-adequately-paid business.
- Following the Harvey, Irma and Maria (HIM) hurricane losses, London market property programmes showed reactions
  - Significantly affected programmes adjusting rates upwards by 20% to 35%
- Realised new opportunities in cyber business

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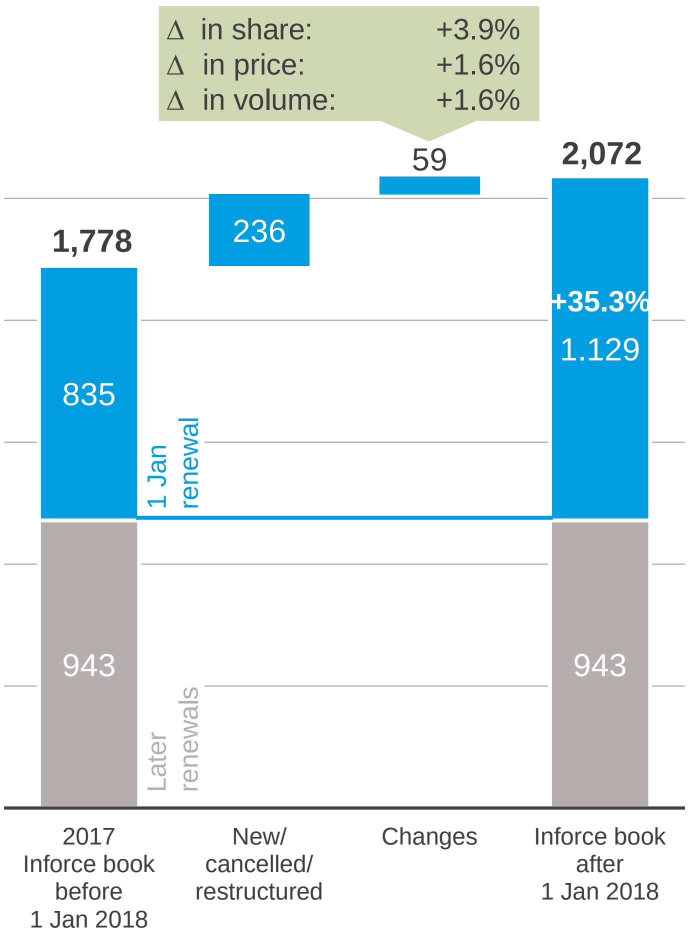
Strong growth in premium throughout all markets

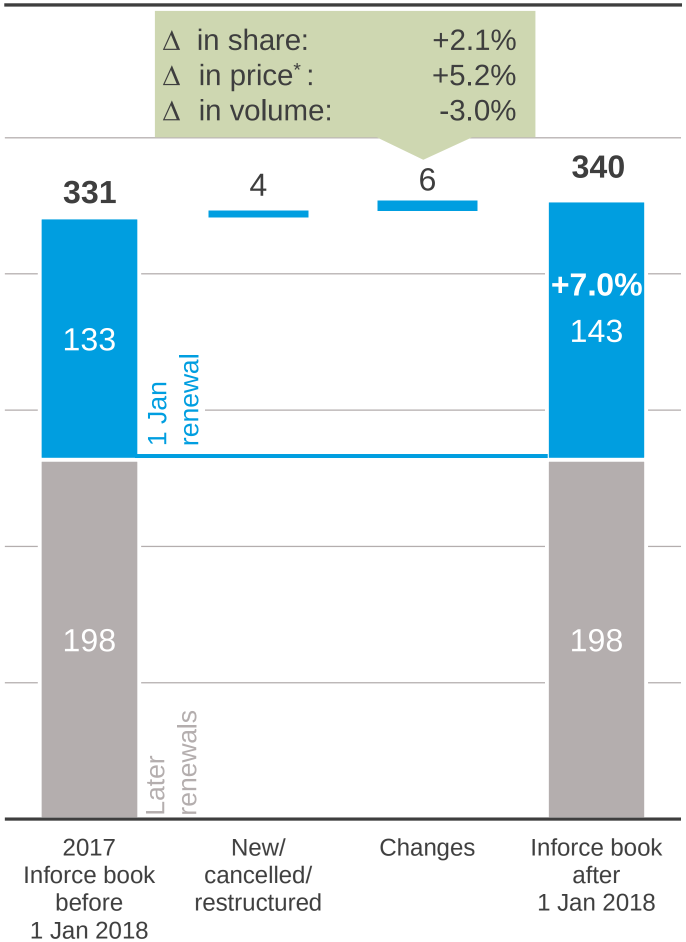
Worldwide treaty R/I in m. EUR



- Australia: agreement of more partnership deals
- China
  - Overall softening plateaued with improvement in individual programmes
  - Extended our relationship with existing clients, leading to strong growth in premium income in various lines of business
- Latin America: very good showing (even of new business) with an increased demand for balance-sheet type of protections
  - Very good improvements achieved in terms and conditions post-NatCat events in the Caribbean
  - Hardening of rates in other NatCat-exposed countries
- Middle East & North Africa (MENA)
  - Successful renewal in non-proportional business using our market lead position in proportional treaties
  - Discontinuation of a few sizable accounts due to loss experience and unacceptable terms and conditions

Moderately increased allocated capital ...
... in order to facilitate new business opportunities

Cat XL in m. EUR



- Overall improvement in risk reward especially in the Caribbean and to a lesser extent in the US
- Expectations of global and cross-class rate increase following the unprecedented losses of 2017 did not entirely materialise
- US: organic growth due to
  - underlying portfolio growth
  - changes of programme structures and
  - impact of global programmes
- Available capacities - according to our risk appetite - largely used

* Assessment by management taking into account observed price changes and adjusting for modelling updates

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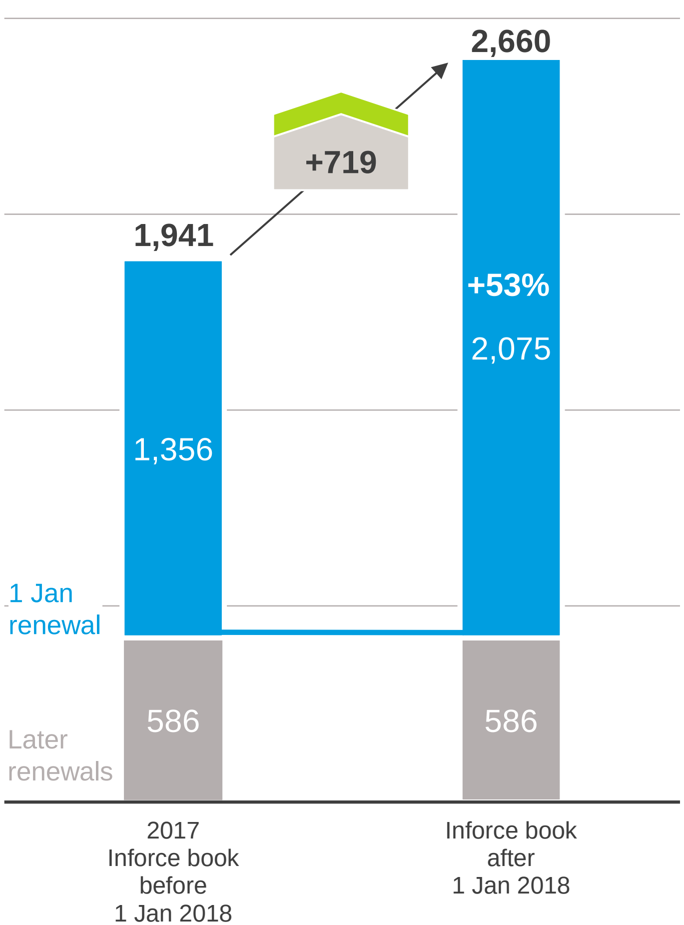
Special report: structured reinsurance

Growing demand on a worldwide basis

Structured reinsurance in m. EUR

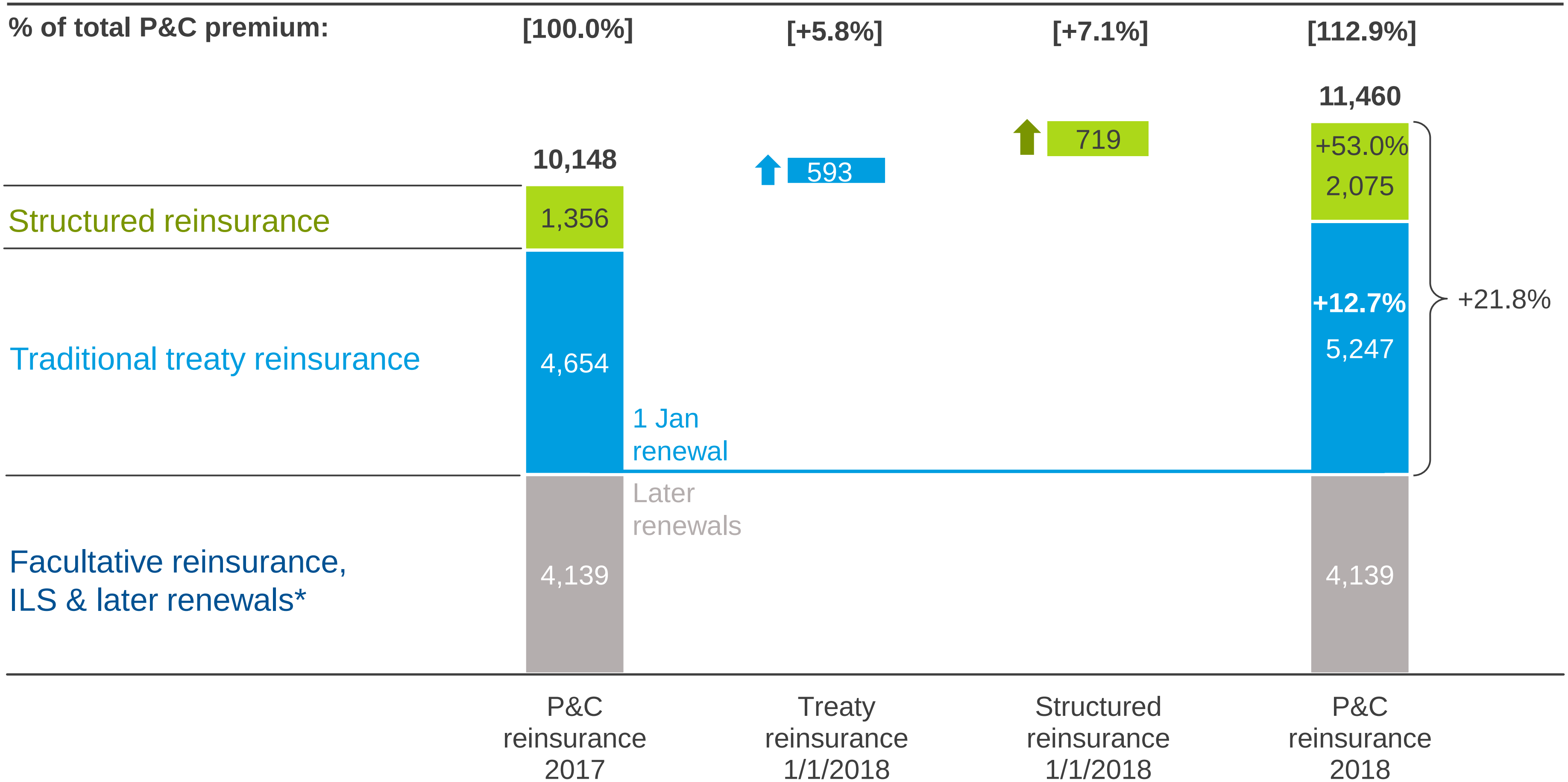


- Growth emanating from North America and Europe
- Generally increasing demand for capital relief transactions (Solvency II-driven in Europe, BCAR enhancement in the US as well as in Latin America)
- New business acquired
- Due to lower risk transfer the combined ratio for Structured R/I is higher; impact on the overall P&C portfolio is between ~0,6%p - 1%p
- Deploys less capital, adds to diversification and earns returns above the cost of capital

1/1 renewal growth of 21.8% equals 12.9% on total P&C book ...

... based on stable premiums for later renewals

Estimated premium income U/Y in m. EUR



* In % of 2017 total P&C premium U/Y; premium in ILS, facultative reinsurance and later renewals kept unchanged

somewhat different

Outlook

Financial-year figures

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Overall profitability above margin requirements

Property & Casualty reinsurance: financial year 2018

	Lines of business	Volume[1)]	Profitability[2)]
Target markets	North America[3)]	↗	+
	Continental Europe[3)]	↗	+
Specialty lines worldwide	Marine	→	+/-
	Aviation	↘	-
	Credit, surety and political risks	↗	+
	UK, Ireland, London market and direct	↗	+/-
	Facultative reinsurance	↘	+
Global reinsurance	Worldwide treaty[3)] 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

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Guidance for 2018

Hannover Re Group

- Gross written premium[1)] ____ single-digit growth
- Return on investment[2) 3)] ____ 2.7%
- Group net income[2)] ____ more than EUR 1 bn.
- Dividend payout ratio[4)] ____ 35% - 40%
  (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

Guidance update 2017

Updated guidance for 2017

Based on current status of book-closing activities

Hannover Re Group	Previous guidance	Updated guidance
Gross written premium	more than 5%[1)]	EUR 17.8 bn. (+9%[2)])
Return on investment	more than 3%	3.8%
Group net income	~ EUR 800 m.	~ EUR 950 m.
Dividend payout	Unchanged on previous year's level (incl. special dividend)	EUR 5[3)]

1) At unchanged f/x rates
2) Not f/x adjusted
3) Expected dividend subject to consent of supervisory board and AGM

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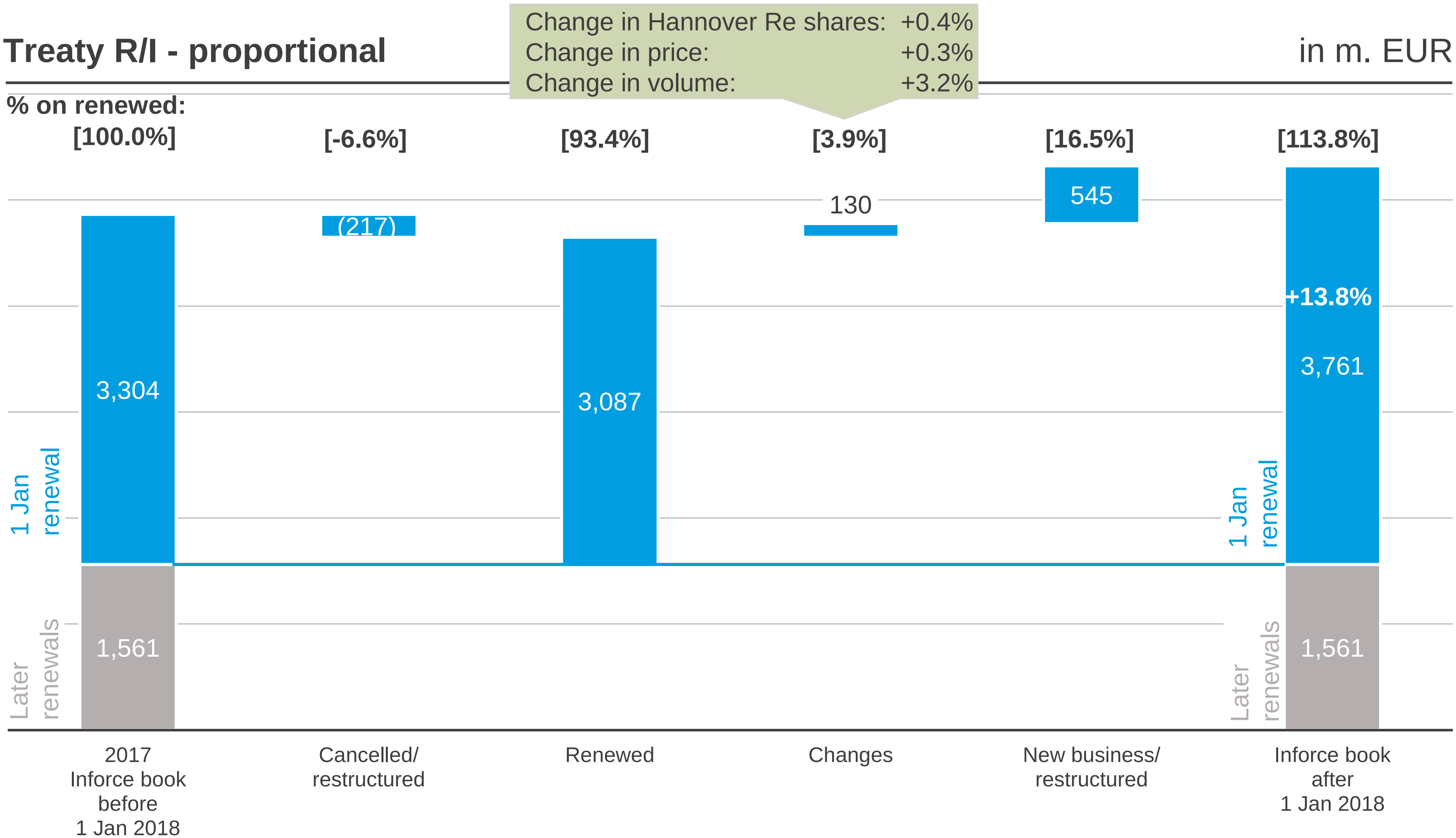
Appendix

New treaties led to increased premium in proportional business

Treaty R/I - proportional

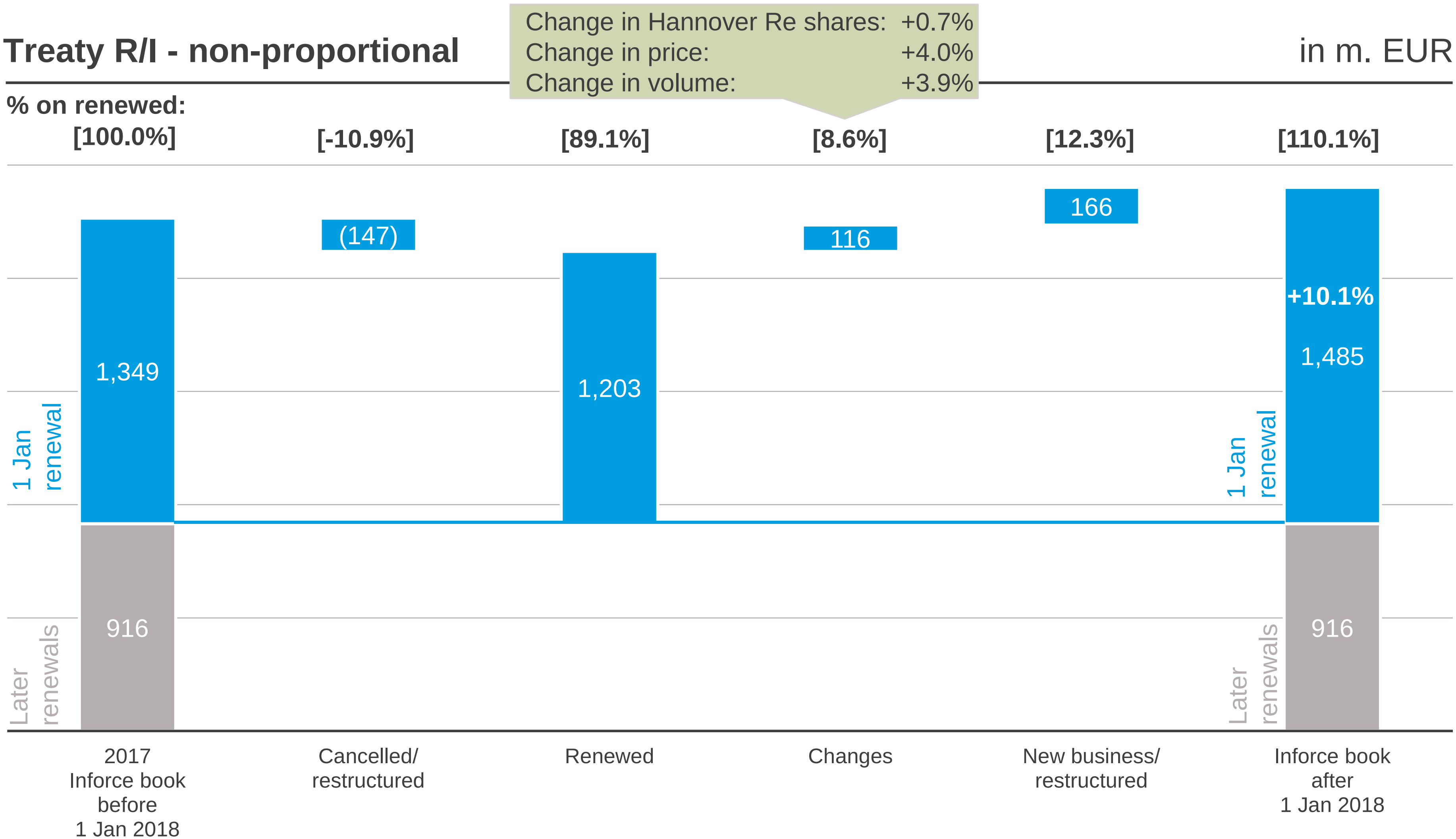
in m. EUR



Positive development in non-proportional business

Treaty R/I - non-proportional

in m. EUR



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