



Excellent performance in difficult times

Juergen Graeber
Member of the Executive Board

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- Review on last year's conference
- Hannover Re Group
- Non-life reinsurance
- Life and health reinsurance
- Investment management
- Outlook

Review on last year's conference

RECESSION HARDLY AFFECTS REINSURERS

The silver lining: 2009 and thereafter

A CLEAN START INTO 2009

- Recession impacts the income statements of the industrial and commercial sectors, to a lesser extent, their assets
- Even if GDP does not grow, additional assets are still being produced and need to be insured
- (Re-)Insurers primarily cover the asset side not the income statement

Recession hardly affects (re-)insurers

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Review on last year's conference

GOOD CONDITIONS IN 2009

The silver lining: 2009 and thereafter

2009: GOOD CONDITIONS FOR A GOOD REINSURER

- Consequences of the capital market crisis:
 - Decreasing policyholders' surplus
 - Less capacity available from primary insurers
 - Increased risk awareness / de-risking of balance sheets
- A higher portion of the risk will be passed on to reinsurers
- Generally reduced supply of (re-)insurance capacity will increase prices

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Review on last year's conference

HANNOVER RE - BENEFICIARY OF THE FINANCIAL CRISIS

Hannover Re and the requirements for success

BENEFICIARIES OF THE SUPPLY SHORTAGE

→ Reinsurers will benefit if they

1. can offer reliable security
2. have the capacity to maintain or even increase their market share
3. have the necessary network and access to the business
4. are sufficiently flexible to react quickly to new developments

Hannover Re
fulfils these criteria

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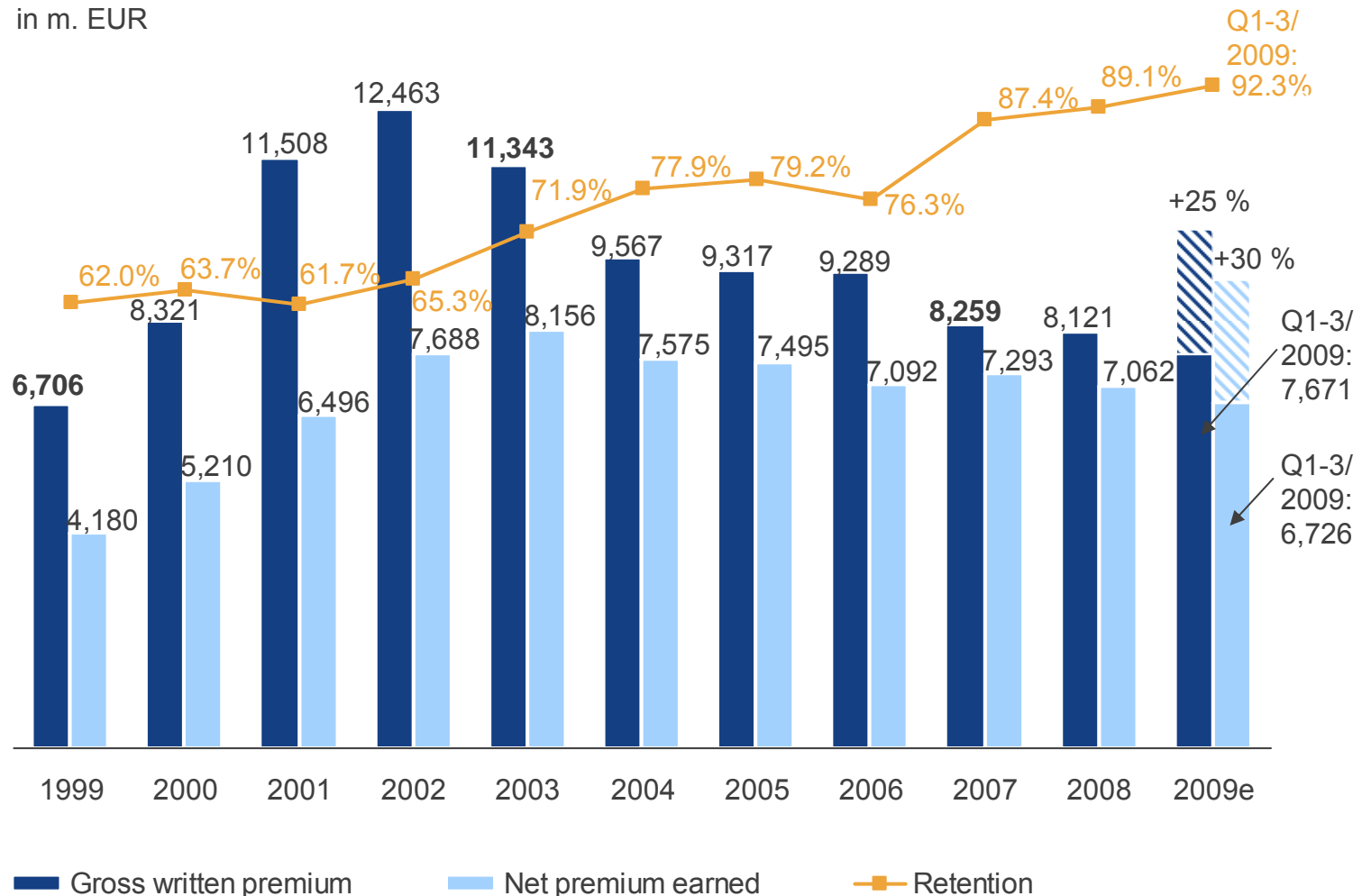
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Premium development

STRONG GROWTH IN 2009...

...due to positive market conditions and acquisition of ING Life Re portfolio

in m. EUR



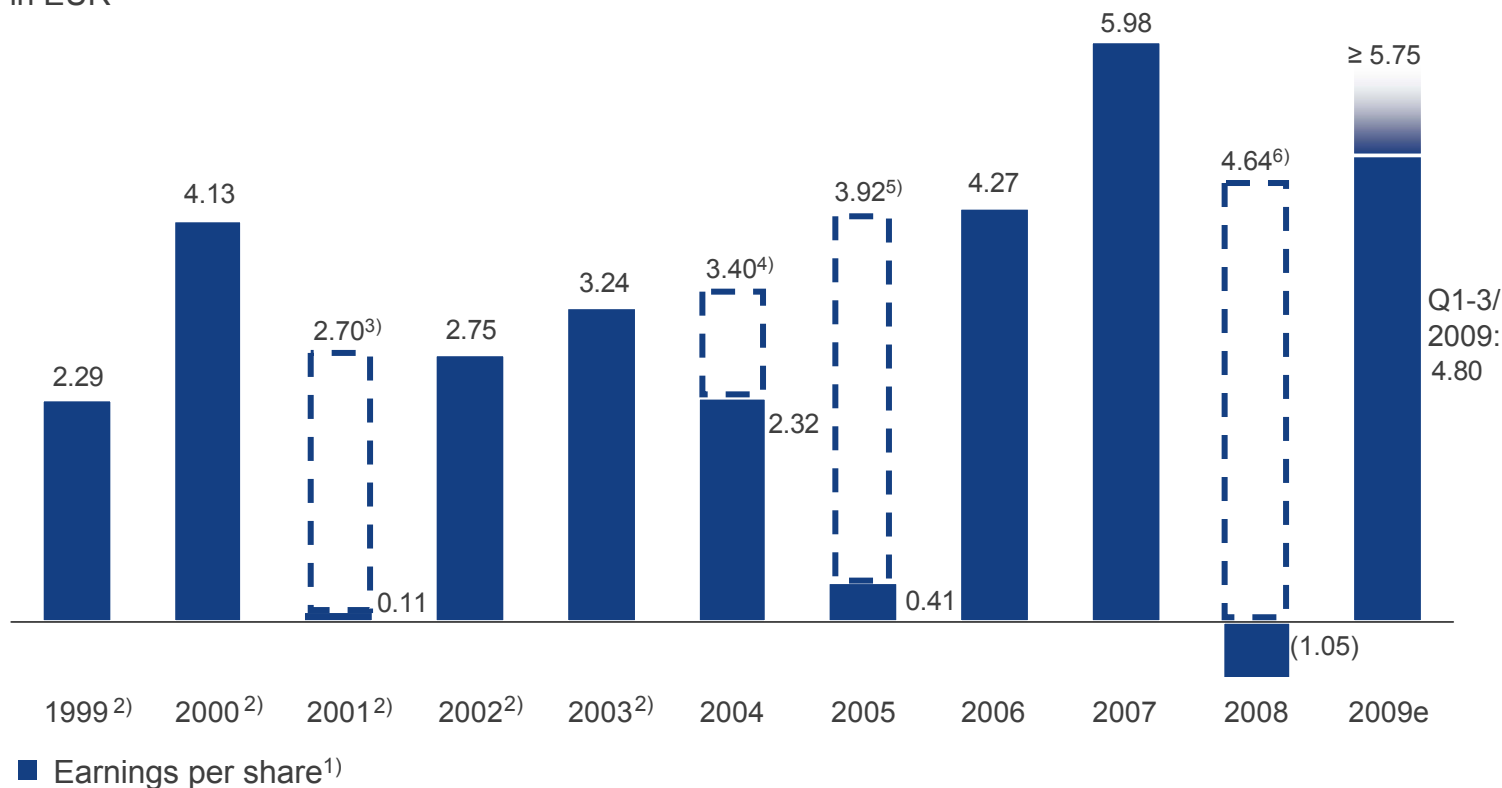
1993 - 2003 US GAAP, since 2004 IFRS; as from 2006 new segmentation

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Earnings per share

OUTSTANDING IN 2009

in EUR



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

2) Earnings per share on US-GAAP basis, fully diluted

3) Analysts' consensus estimate before 9/11 losses

4) Analysts' consensus estimate before 4 Florida hurricanes

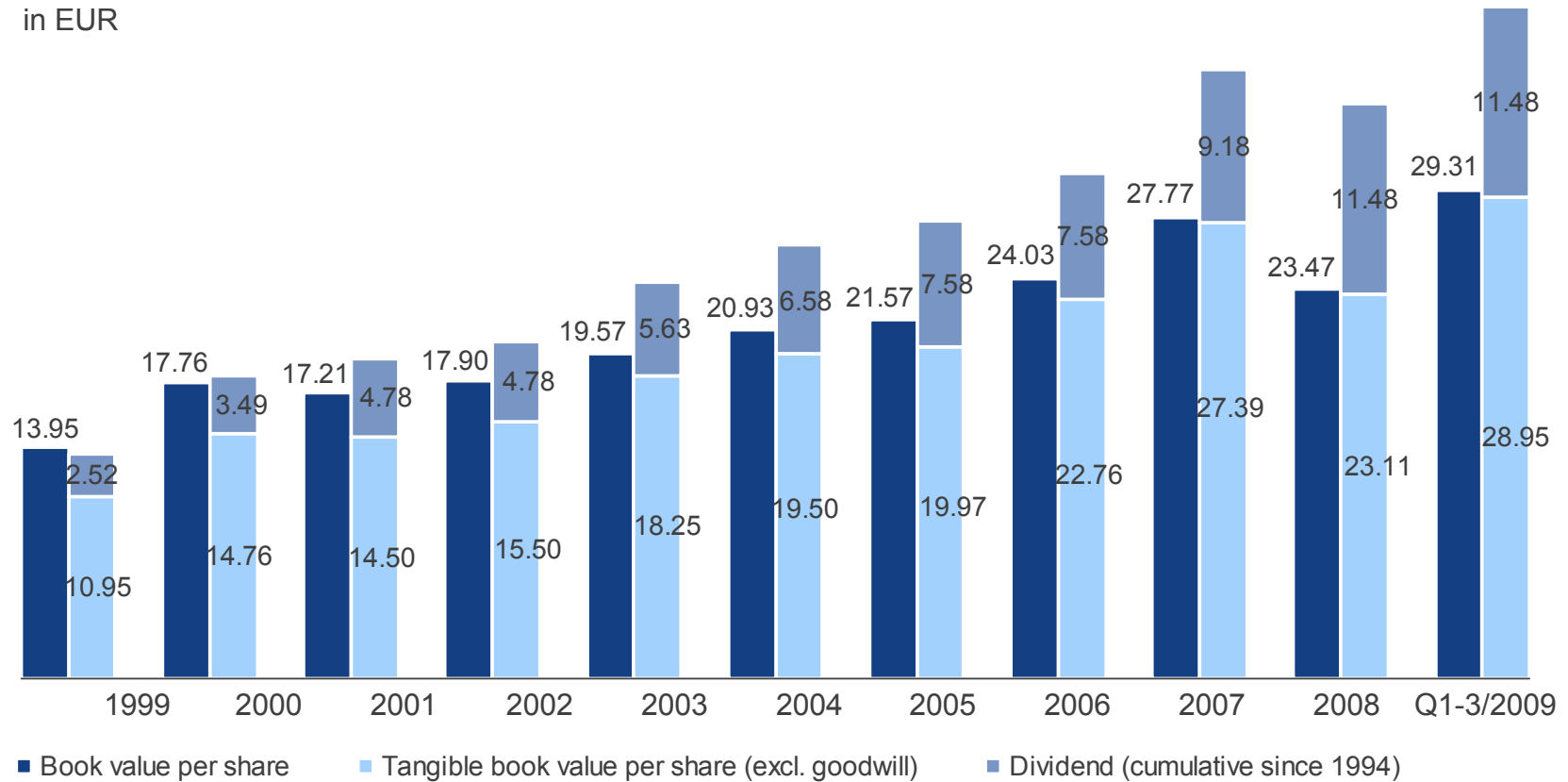
5) Analysts' consensus estimate before "KRW"

6) Analysts' consensus estimate before financial market crisis

Book value per share and cumulative dividends

CONTINUOUS DEVELOPMENT

in EUR



1999 - 2003 US GAAP, as from 2004 IFRS

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Return on Equity

HNR1 AMONG MOST PROFITABLE REINSURERS

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

Company	2004		2005		2006		2007		2008		2004 - 2008	
	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	avg. RoE	Rank
Odyssey Re	12.6%	5	(10.5%)	8	28.3%	1	25.8%	1	20.5%	1	15.4%	1
Munich Re	9.8%	8	11.9%	1	13.5%	9	14.9%	7	6.5%	3	11.3%	2
Partner Re	16.6%	1	(1.6%)	6	21.8%	3	17.7%	3	1.1%	5	11.1%	3
Hannover Re	11.5%	4	1.9%	4	18.7%	4	23.1%	2	(4.1%)	9	10.2%	4
SCOR	5.6%	9	8.6%	2	12.7%	10	13.8%	8	8.9%	2	9.9%	5
Swiss Re	13.7%	3	6.9%	3	16.5%	7	13.3%	9	(3.3%)	8	9.4%	6
Transatlantic Re	10.3%	7	1.5%	5	15.6%	8	15.4%	6	3.1%	4	9.2%	7
Everest Re	10.7%	6	(5.6%)	7	18.2%	6	15.6%	5	(0.4%)	6	7.7%	8
Renaissance Re	5.3%	10	(11.5%)	9	27.5%	2	16.9%	4	(0.4%)	7	7.6%	9
XL Re*	16.0%	2	(17.9%)	10	18.5%	5	3.6%	10	(31.8%)	10	(2.3%)	10

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

Ranking among shown peer group, based on company data

* Based on XL Capital group figures

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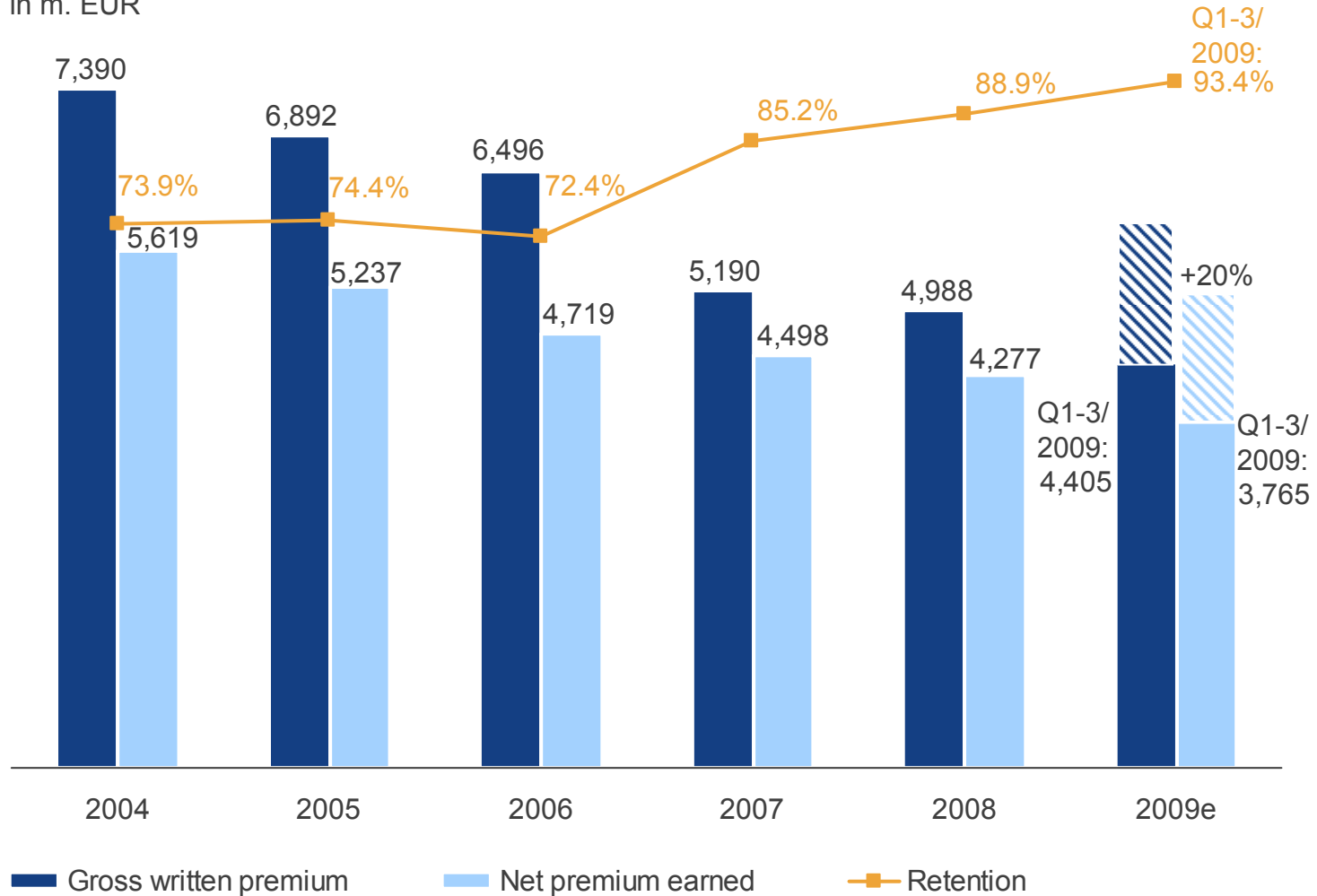
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Non-life reinsurance

AFTER YEARS OF CONSOLIDATION...

...we have entered a period of selective growth

in m. EUR



2004 - 2005 own calculation, incl. consolidation

Non-life reinsurance

DEVELOPMENT OF BUSINESS LINES

Aviation, Marine and Global cat XL business well above their cost of capital

Non-life reinsurance		2009e	
		Volume	Profitability
Target markets	USA*	↗	+
	Germany*	→	+
Specialty Lines	Marine (incl. energy)	↗	++
	Aviation	↑	++
	Credit, surety & political risks	↑	-
	Structured products	↑	+/-
Worldwide R/I	Global treaty (non-cat.)*	↗	+/-
	Global cat. XL business	↘	+++
	Global facultative business	↑	+/-

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

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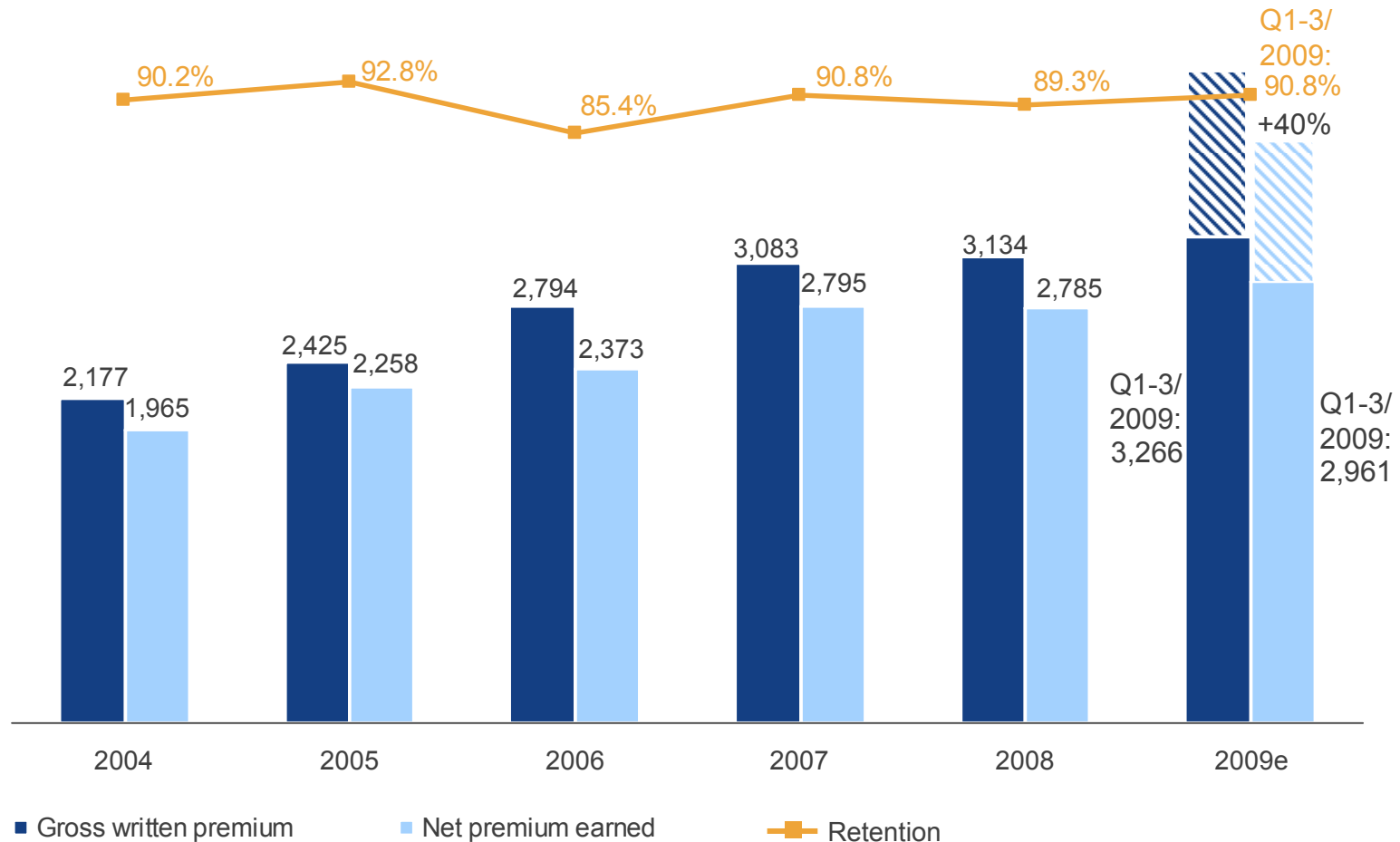
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Life and health reinsurance

LEAP IN PREMIUM DUE TO...

...strong organic growth and acquisition of ING Life Re portfolio

in m. EUR



Life and health reinsurance

DEVELOPMENT OF BUSINESS LINES

Profitability of Fin. Solutions and Conv. Risk R/I boosted by positive one-offs

Life and health reinsurance	2009e	
	Volume	Profitability
Financial Solutions	↗	+++
New Markets	↑	+/-
Bancassurance	→	+
Multinationals	↗	++
Conventional Risk R/I	↑	+++

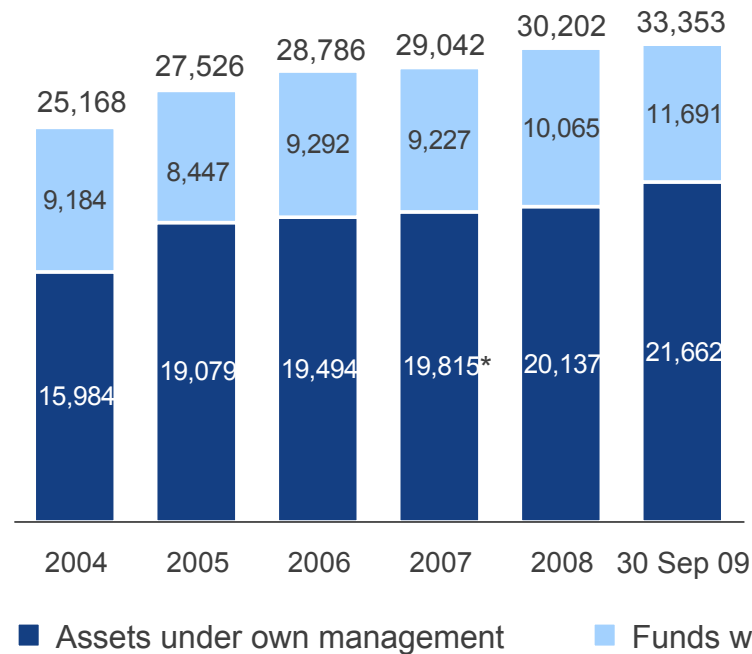
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GROWING ASSETS BASED ON STRONG R/I CASH FLOW

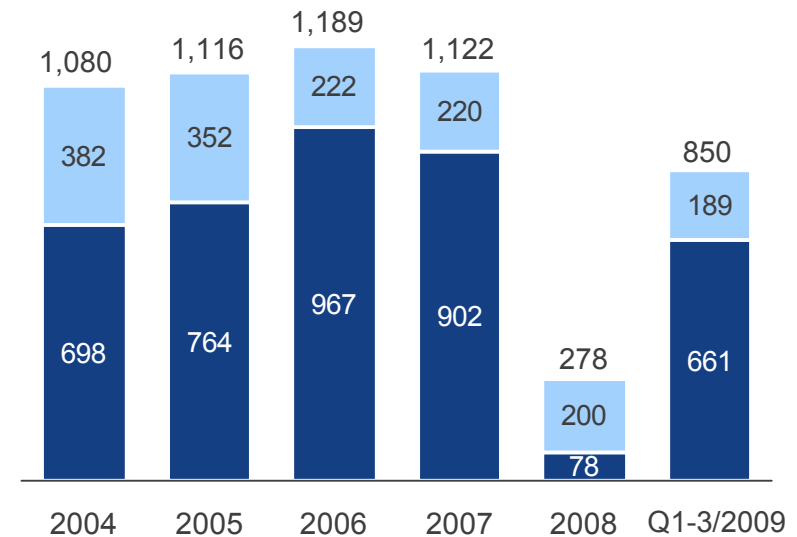
Total investments

in m. EUR



Investment income

in m. EUR



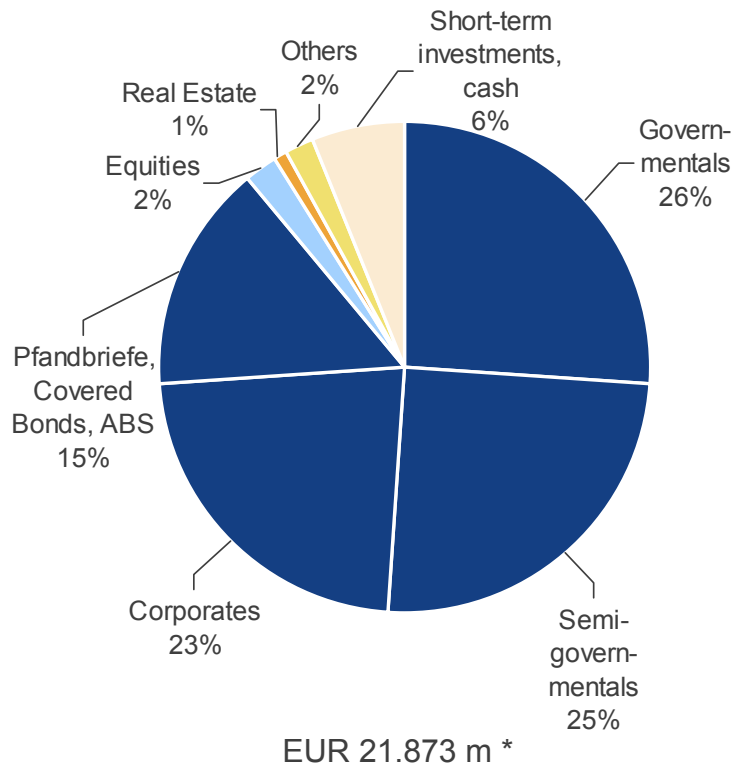
* Excl. PFG EUR 839.2 m.

Tactical asset allocation

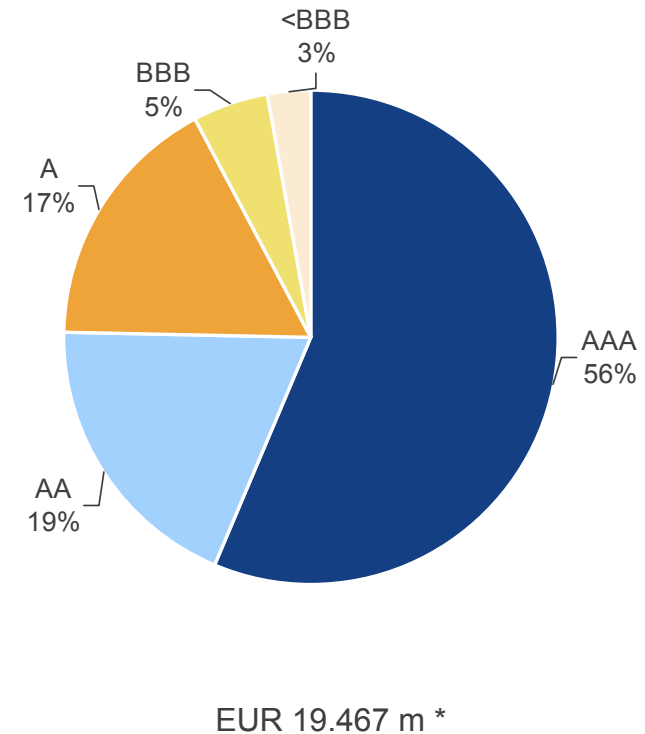
CONSERVATIVE ASSET MANAGEMENT CONTINUES

Slight decrease of governmentals, increase of semi-governm. and real estate

Investment category



Fixed-income securities by rating category



* Market value as at 30 September 2009

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Q4/2009 renewal highlights

AVIATION IMPROVING

Aviation

- Increases in primary insurance and reinsurance after Air France loss in June
- Primary Insurance
 - Increases on average 20% - 25%
 - Overcapacity still prevailing
- Reinsurance
 - Increases on average 15%
 - Higher retentions
 - Overcapacity still prevailing

LIFE AND HEALTH WITH MORE TRANSACTIONS

Life and health

→ Financial Solutions BAT:

- Continuing strong demand internationally
- Four sizeable transactions (USA, UK, Hong Kong and Germany) concluded
- Expectation to close 2-3 additional transactions before year end

→ UK longevity business: enhanced annuities sector and pension buy out market show significant growth

→ U.S. mortality business: in line with our expectations for 2009

→ Successful market entry into India and Brazil since mid 2008 – with a number of new treaty clients already

→ Family takaful business exceeding our expectation, both top and bottom-line

GUIDANCE FOR 2009 IMPROVED

→ Hannover Re Group	
• Gross written premium (GWP) ¹⁾	+~25%
• Net premium earned (NPE) ¹⁾	+~30%
→ Non-life reinsurance (NPE) ¹⁾	+~20%
→ Life and health reinsurance (NPE) ¹⁾	+~40%
→ Return on equity ²⁾	≥ 20%
→ Earnings per share ²⁾	≥ EUR 5.75
→ Dividend	≥ EUR 2.00

Including acquisition of ING Life Re portfolio

1) At unchanged f/x rates

2) Subject to no major distortions in capital markets and large losses within expectation

Non-life reinsurance

DEVELOPMENT OF BUSINESS LINES

Non-life reinsurance		2010e	
		Volume	Profitability
Target markets	USA*	→	+
	Germany*	→	+
Specialty Lines	Marine (incl. energy)	↗	+
	Aviation	↗	++
	Credit, surety & political risks	↗	+/-
	Structured products	↗	+
Worldwide R/I	Global treaty (non-cat.)*	↗	+/-
	Global cat. XL business	→	++
	Global facultative business	↗	+

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

Life and health reinsurance

DEVELOPMENT OF BUSINESS LINES

Life and health reinsurance	2010e	
	Volume	Profitability
Financial Solutions	↗	+
New Markets	↗	+
Bancassurance	→	+
Multinationals	→	+++
Conventional Risk R/I	↗	+



Appendix

Interim Results 3/2009

Income statement

Q1-3/2009 HIGHLIGHTS**Group**

- | | | |
|---|-----|----------|
| → Gross written premium (GWP) +25.6%,
strong organic growth plus ING Life Re transaction | EUR | 7,671 m. |
| → Net premium earned (NPE) +30.3%,
even higher growth due to increased retention | EUR | 6,726 m. |
| → Strong group net income
supported by positive one-offs in life and health | EUR | 578 m. |

Non-life reinsurance

- | | | |
|---|-----|----------|
| → Net premium earned up (+21.3%) due to increased demand,
better prices and higher retention | EUR | 3,765 m. |
| → Pleasing EBIT due to good U/W result | EUR | 477 m. |

Life and health reinsurance

- | | | |
|---|-----|----------|
| → ING Life Re portfolio and growing opportunities in UK and U.S.
boosting net premium earned (+43.8%) | EUR | 2,961 m. |
| → EBIT (+255.8%) supported by overall EUR 175 m. one-off effects,
mainly from ING Life Re transaction and
positive ModCo developments | EUR | 331 m. |

Cash flow and balance sheet

Q1-3/2009 HIGHLIGHTS (CONT'D)

Capitalisation strengthened remarkably

→ Very positive cash flow

in m. EUR	30 Sep 08	Variance	30 Sep 09
Operating cash flow	1,195	+3.3%	1,234

→ Very strong RoE (annualised) mainly due to life and health one-offs

→ Shareholders' equity strengthened remarkably

in m. EUR	31 Dec 08	Variance	30 Sep 09
Invested assets under own mgmt.	20,137	+7.6%	21,662
Shareholders' equity	2,830	+24.9%	3,535
- Book value per share	23.47	+24.9%	29.31
- Return on equity (annualised)	(4.1%)	+28.3%p	24.2%
Policyholders' surplus*	4,708	+15.1%	5,420

* Shareholders' equity + minorities + hybrid capital

Group figures at a glance

STRONG GROWTH TOP AND BOTTOM LINE

in m. EUR	2008	2009			Variance
	Q1-3	1H	Q3	YTD	
Gross written premium	6,106	5,251	2,421	7,671	+25.6%
Net premium earned	5,162	4,466	2,260	6,726	+30.3%
Net underwriting result	(232)	(75)	(9)	(84)	-63.8%
- Net underwriting result incl. funds withheld	(70)	70	35	105	-
Net investment income	370	569	281	850	+129.6%
- From assets under own management	209	424	237	661	+216.9%
- From funds withheld	162	145	44	189	+17.0%
Other income and expenses	(106)	106	(28)	78	-
Operating profit/loss (EBIT)	33	600	245	845	-
Interest on hybrid capital	(58)	(38)	(19)	(58)	-0.7%
Net income before taxes	(25)	562	225	787	-
Taxes	(114)	(124)	(51)	(176)	+53.5%
Net income (loss)	(140)	438	174	612	-
- Minority interest	3	19	15	33	-
- Group net income (loss)	(143)	419	159	578	-
Retention	88.8%	93.0%	90.7%	92.3%	
Combined ratio (incl. interest on funds withheld)	101.4%	98.4%	98.4%	98.4%	
Return on investments (excl. funds withheld)	1.4%	4.1%	4.4%	4.2%	
EBIT margin (EBIT/Net premium earned)	0.6%	13.4%	10.8%	12.6%	
Tax ratio	(450.2%)	22.1%	22.8%	22.3%	
Earnings per share	(1.18)	3.47	1.32	4.80	

OUR STRATEGIC BUSINESS GROUPS AT A GLANCE

in m. EUR	Non-life reinsurance		Life and health reinsurance		Consolidation		Total	
	Q1-3/2008	Q1-3/2009	Q1-3/2008	Q1-3/2009	Q1-3/2008	Q1-3/2009	Q1-3/2008	Q1-3/2009
Gross written premium	3,792	4,405	2,315	3,266	(1)	0	6,106	7,671
Change in GWP		+16.2%		+41.1%		-		+25.6%
Net premium earned	3,103	3,765	2,059	2,961	0	(0)	5,162	6,726
Net underwriting result	(131)	98	(108)	(190)	7	8	(232)	(84)
- Net underwriting result incl. funds withheld	(112)	120	34	(22)	7	8	(70)	105
Net investment income	143	379	206	434	21	38	370	850
- From assets u. own mgmt	124	358	64	266	21	38	209	661
- From funds withheld	19	22	143	167	0	0	162	189
Other income and expenses	(98)	(0)	(5)	88	(3)	(9)	(106)	78
Operating profit/loss (EBIT)	(86)	477	93	331	25	36	33	845
Interest on hybrid capital	0	0	0	0	(58)	(58)	(58)	(58)
Net income before taxes	(86)	477	93	331	(33)	(21)	(25)	787
Taxes	(94)	(118)	(26)	(65)	6	7	(114)	(176)
Net income (loss)	(180)	359	67	267	(26)	(15)	(140)	612
- Minority interest	(2)	28	5	5	0	0	3	33
- Group net income (loss)	(178)	331	61	262	(26)	(15)	(143)	578
Retention	88.4%	93.4%	89.3%	90.8%	-	-	88.8%	92.3%
Combined ratio (incl. interest on funds withheld)	103.6%	96.8%	98.3%	100.8%	-	-	101.4%	98.4%
EBIT margin (EBIT/Net premium earned)	(2.8%)	12.7%	4.5%	11.2%	-	-	0.6%	12.6%
Tax ratio	(109.7%)	24.6%	28.4%	19.5%	-	-	(450.2%)	22.3%
Earnings per share	(1.48)	2.75	0.51	2.17	(0.21)	(0.12)	(1.18)	4.80

TARGET MATRIX

Business group	Key figures	Strategic targets	2009 Q1-3	Historical data		
				2008	2007	2006
Non-life R/I	Gross-premium growth (y-o-y)	none	16.2%	(3.9%)	(20.1%)	(5.8%)
	Combined ratio - assuming a net cat.-loss ratio (natural & man-made)	< 100% ¹⁾	96.8% ✓	95.4%	99.7%	100.8%
	EBIT margin ²⁾	up to 10%	5.3% ✓	10.7%	6.3%	2.3%
		≥ 12.5%	12.7% ✓	0.1%	14.6%	14.2%
Life and health R/I	Gross-premium growth (y-o-y)	12 - 15% ³⁾	41.1% ✓	1.7%	10.4%	15.2%
	EBIT margin ²⁾	6.5 - 7.5%	11.2% ✓	4.3%	8.2%	5.9%
	EBIT growth (y-o-y)	12 - 15%	255.8% ✓	(47.5%)	64.7%	49.8%
	MCEV growth	≥ 10%	n.a.	(3.7%)	12.3%	16.3%
	Value of New Business (VNB) growth	≥ 10%	n.a.	41.4%	65.7%	(24.2%)
Group	Return on investments ⁴⁾	≥ 4.2% ⁵⁾	4.2% ⁷⁾ ✓	0.4%	4.6%	5.0%
	Minimum return on equity	≥ 11.1% ⁶⁾	24.2% ⁷⁾ ✓	(4.1%)	17.8% + 5.3%	18.7%
Triple-10 targets →	EBIT growth (y-o-y)	≥ 10%	2497.4% ✓	(84.0%)	13.2%	795.0%
	Earnings per share growth (y-o-y)	≥ 10%	n.m.	n.m.	8.3% ⁸⁾	942.7%
	Book value per share growth	≥ 10%	24.9% ✓	(15.5%)	15.6%	11.4%

1) Max. tolerable combined ratio = net premium earned + [(invested Non-Life assets · sustainable yield) - pre-tax cost of capital]

i.e. $100\% + [(\sim 297\% \cdot 3.1\%) - (\sim 90\% \cdot 7.2\%)] = \sim 102.7\%$

3) At unchanged f/x rates

5) Risk-free rate + cost of capital

7) Annualised

n.a. = not available

2) EBIT/Net premium earned

4) Assets under own management, only

6) 5-year average government-bond yield = 3.6% + 750 bps

8) Excluding one-off tax effect

n.m. = not meaningful

FINANCIAL CALENDAR

3 February 2010

Conference Call on 1/1/2010 Renewals

11 March 2010

Press Conference on 2010 Annual Results

12 March 2010

Analysts' Meetings in Frankfurt and London

4 May 2010

Annual General Meeting

4 May 2010

Interim Report 1/2010

10 August 2010

Interim Report 2/2010

10 November 2010

Interim Report 3/2010

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Financial Information 2009

Interim Report 3/2009

Press Release	▶ HTML
Interim Report	▶ HTML ▶ PDF (801 KB)
Conference Call	
Presentation	▶ PDF (259 KB)
Replay Videostreaming (opens a new window)	▶ HTML

Interim Report 2/2009

Press Release	▶ HTML
Interim Report	▶ HTML ▶ PDF (484 KB)
Conference Call	
Presentation	▶ PDF (233 KB)
Replay (opens a new window)	▶ HTML

Market Consistent Embedded Value (MCEV) 2008

Report on the embedded value of Hannover Re's life and	▶ HTML
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Company Presentation

Detailed information on the Hannover Re Group

- ▶ [PDF \(788 KB\)](#)

[2009-11-06]
Company Presentation (English)

- ▶ [PDF \(727 KB\)](#)

[2009-11-06]
Company Presentation (German)

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