

*somewhat
different*

From the CFO's desk

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22nd International Investors' Day
Frankfurt, 23 October 2019

hannover **re**[®]

Agenda

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2	Expense ratio	11

Agenda

1 Investment update

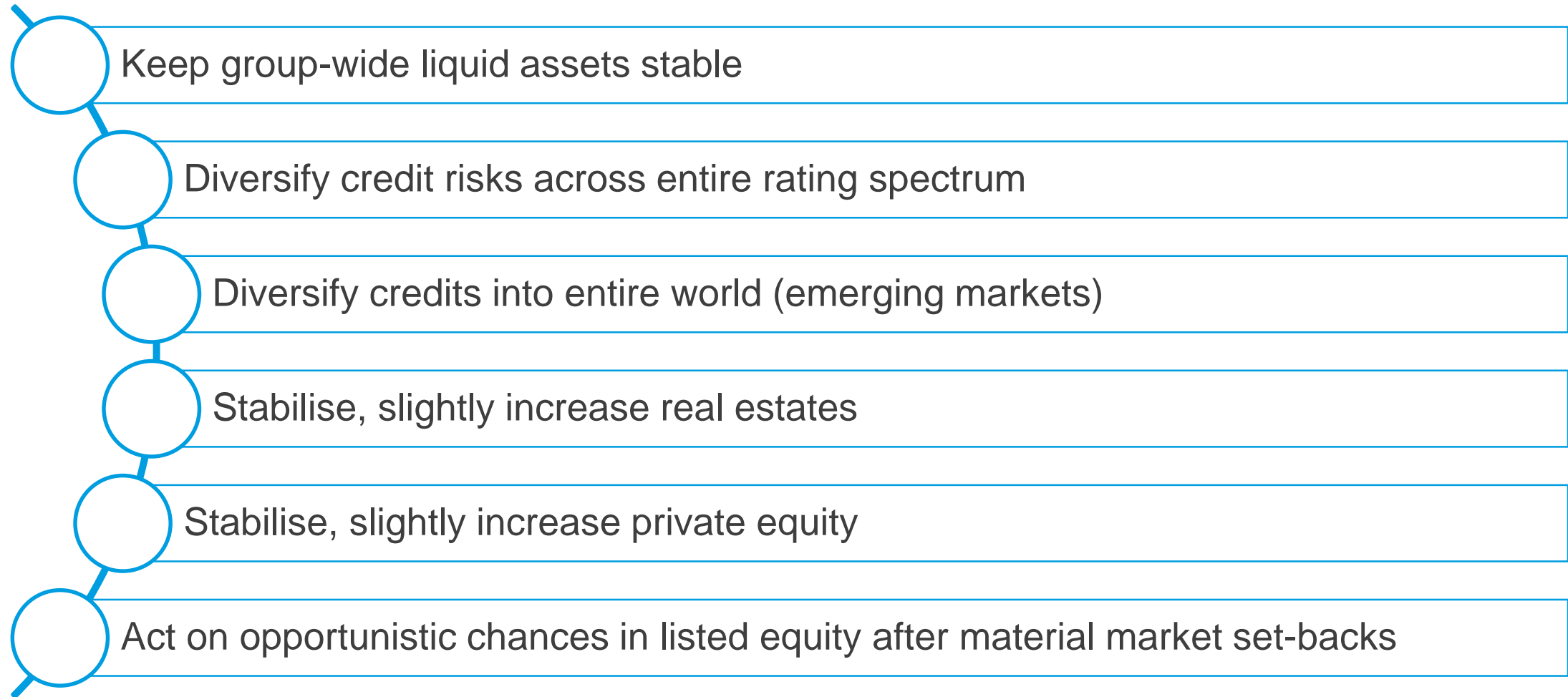
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2 Expense ratio

11

Reinvestments into greater geographical diversification continue

Stabilise liquidity, geo-shifting and stabilise credit risks



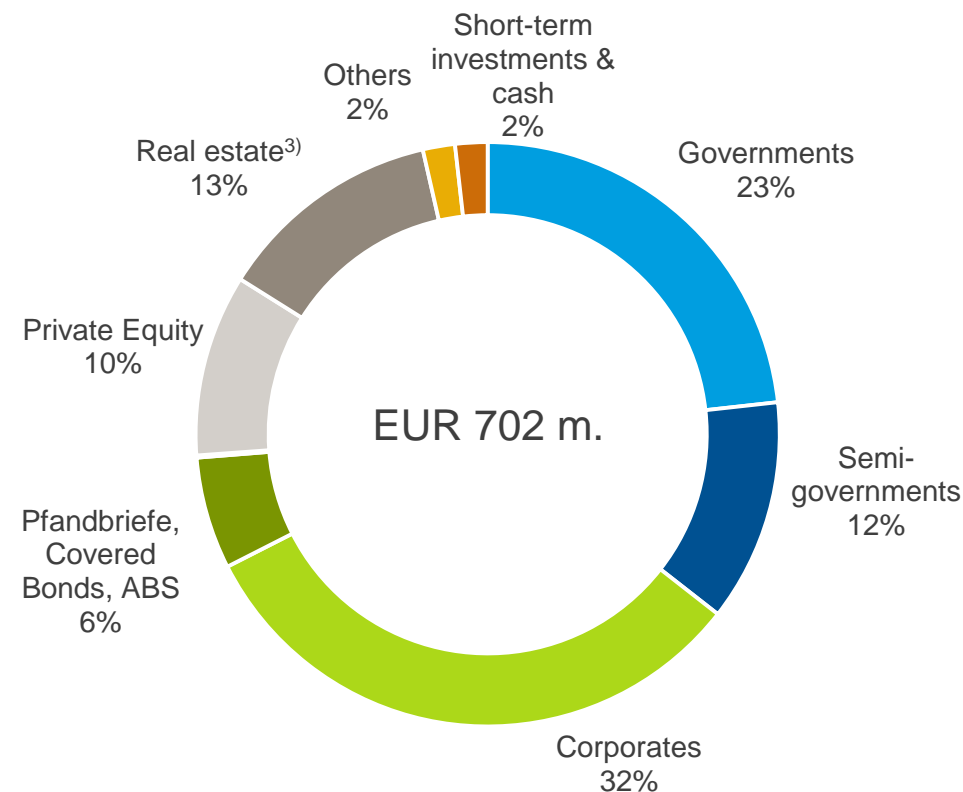
Ordinary income well supported by alternatives

Credit quality more defensive, offset by geographical shifts towards emerging markets

Asset allocation¹⁾

Investment category	2015	2016	2017	2018	30 Jun 2019
Fixed-income securities	87%	87%	87%	87%	87%
- Governments	26%	28%	30%	35%	34%
- Semi-governments	17%	18%	17%	16%	16%
- Corporates	34%	33%	32%	29%	29%
Investment grade	30%	28%	27%	25%	25%
Non-investment grade	4%	4%	5%	4%	4%
- Pfandbriefe, Covered bonds, ABS	10%	9%	8%	7%	7% ²⁾
Equities	3%	4%	2%	2%	2%
- Listed equity	1%	2%	<1%	<1%	<1%
- Private equity	2%	2%	2%	2%	2%
Real estate/real estate funds	4%	5%	5%	6%	5%
Others	1%	1%	1%	1%	2%
Short-term investments & cash	5%	4%	4%	4%	4%
Total market values in bn. EUR	39.8	42.3	40.5	42.7	45.3

Ordinary income split



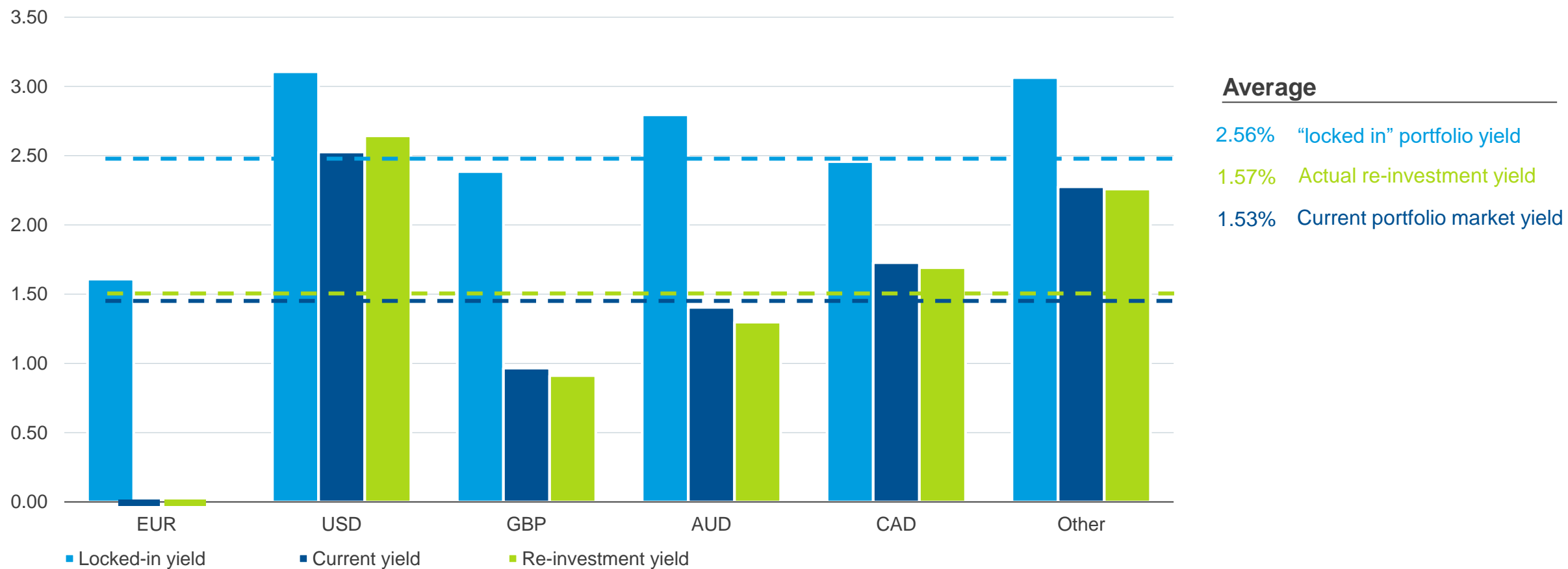
1) Economic view based on market values without outstanding commitments

2) Of which Pfandbriefe and Covered Bonds = 71%

3) Before real estate-specific costs. Economic view based on market values as at 30 June 2019

Disappearing positive reinvestment EUR yields and significantly lower interest rate levels across the globe

Current analysis per currency of fixed-income portfolio¹⁾

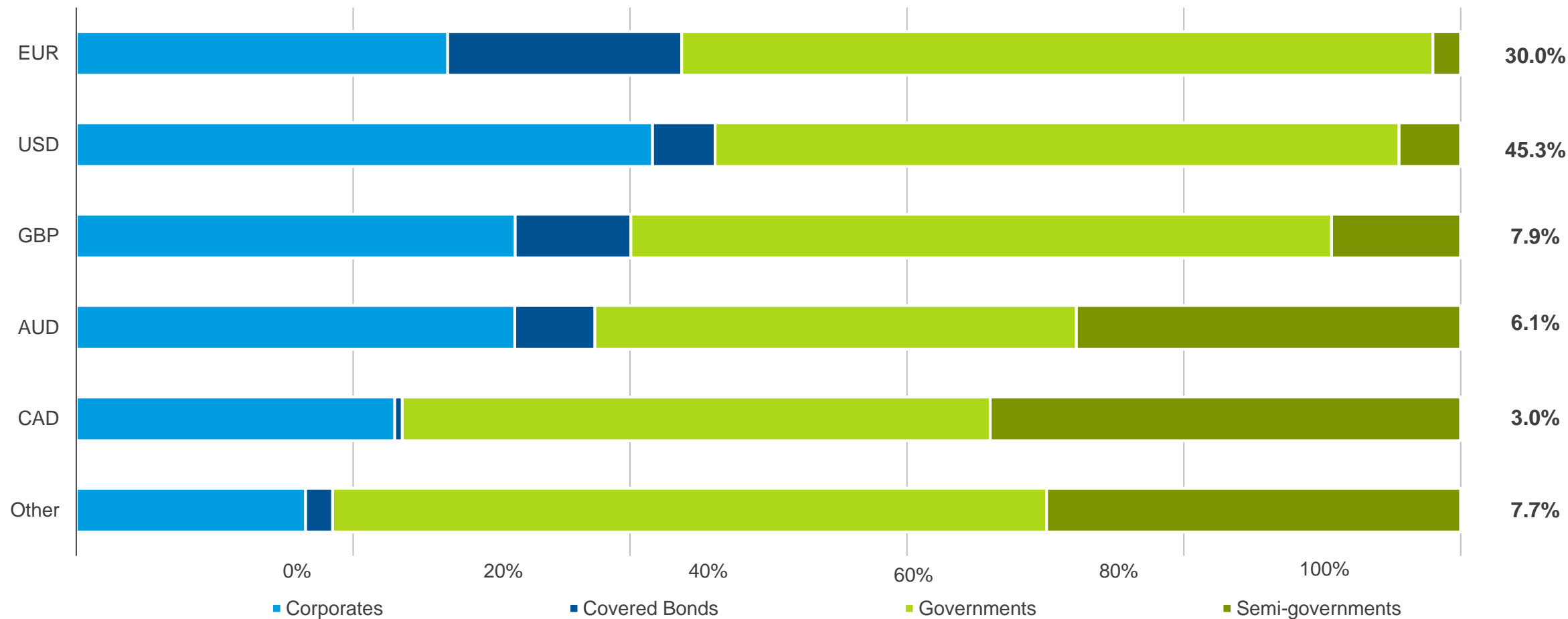


1) As at 15 August 2019, excluding short-term investments and cash

Fixed-income allocation varies significantly per currency

Allocation of fixed income portfolio¹⁾ per currency

EUR 40 bn.

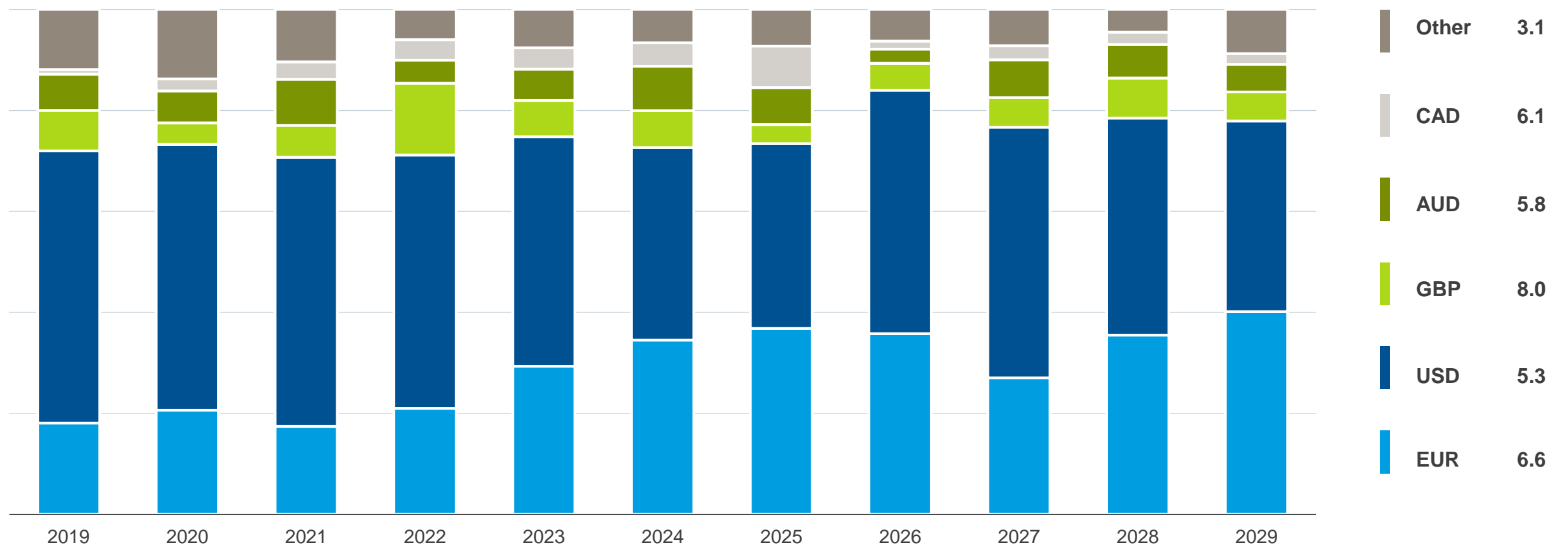


1) Analysis as at 15 August 2019, excluding short-term investments and cash

More importantly: maturity profile per currency deviates remarkably

Faster turnover in USD compared to EUR

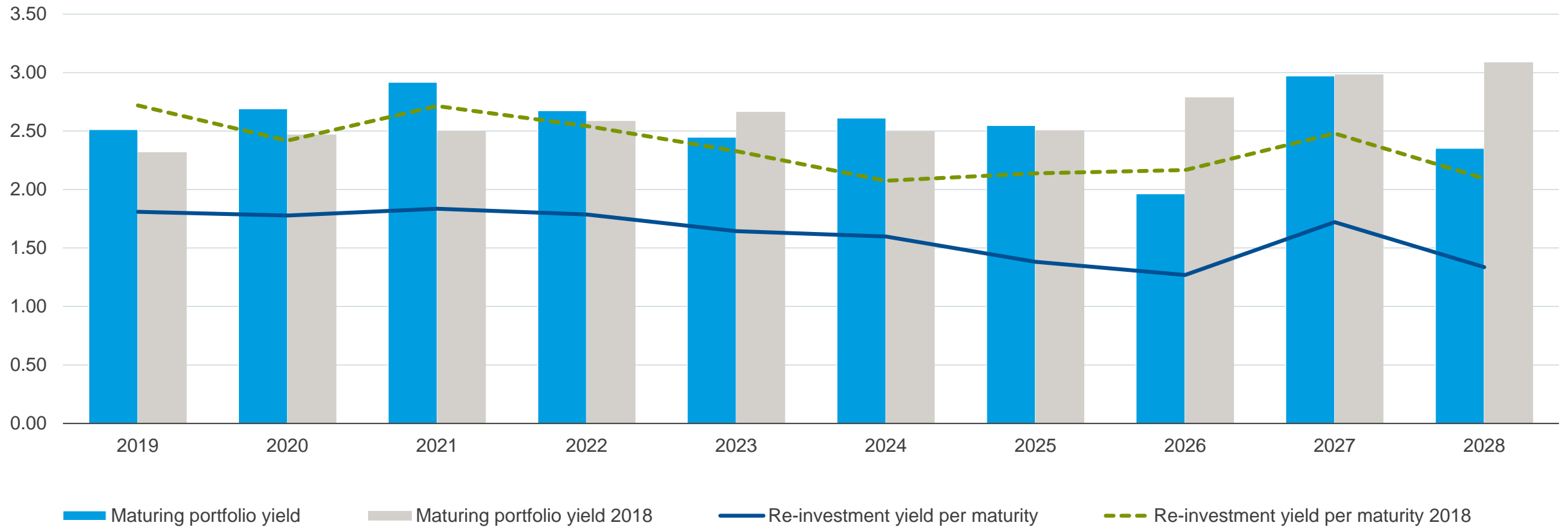
Maturities of fixed-income portfolio¹⁾ per currency



1) Analysis as at 15 August 2019, excluding short-term investments and cash

Rol under pressure again by around -12 bps per year if reinvestments stay where they are today

Projection of fixed-income portfolio maturing vs. re-investment yield¹⁾

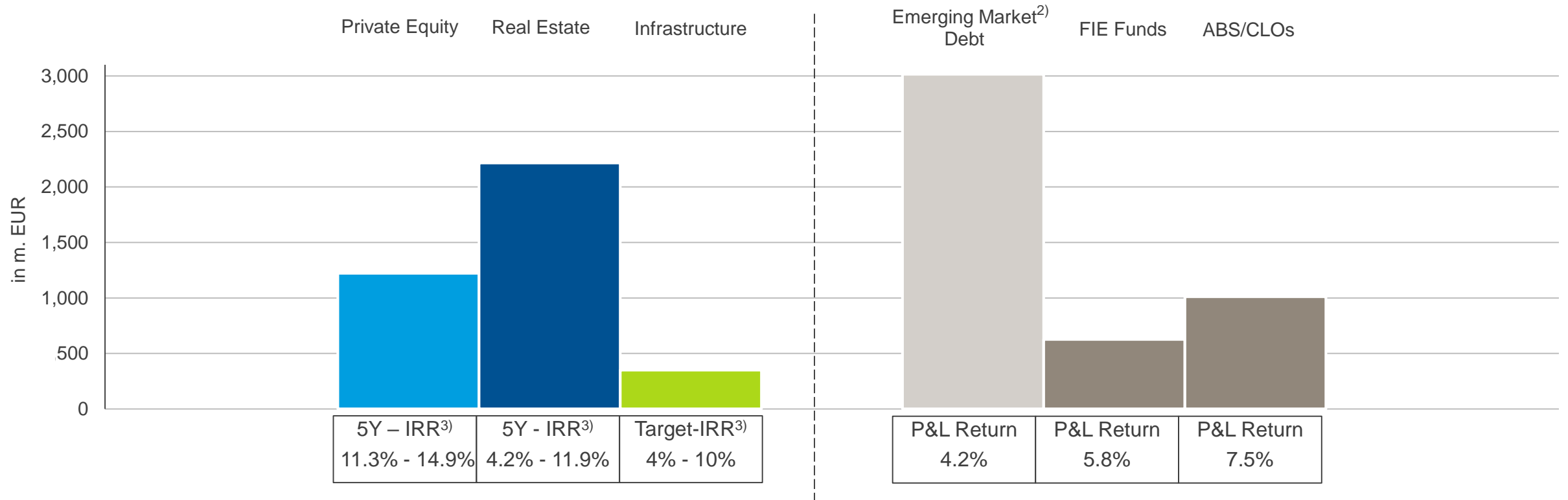


1) Analysis as at 15 August 2019, excluding short-term investments and cash

Alternative asset strategies

As compensation for disappearing interest rates in developed markets

Volume and returns¹⁾ of main alternative asset strategies



1) w/o HR-entities located in emerging markets

2) Volumes as of 15 August 2019; returns as a 5Y Average as of Q4/2018

3) Range due to several investment structures with different risk-return profiles

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1 Investment update

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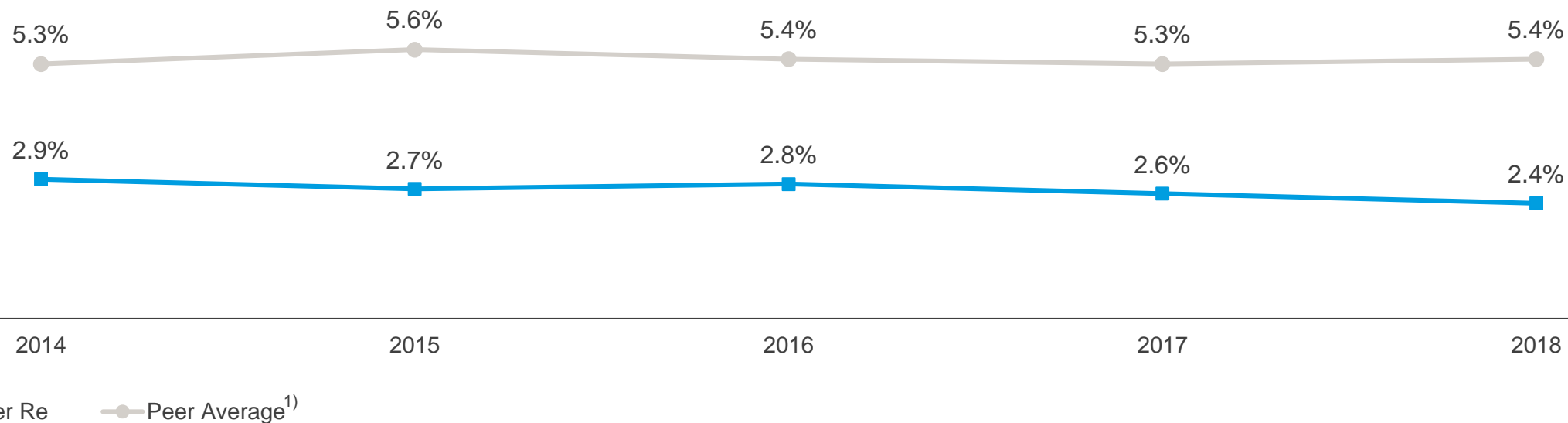
2 Expense ratio

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Our low expense ratio is an important strategic competitive advantage

The ratio has been improving – in absolute and relative terms

Administrative expense ratio

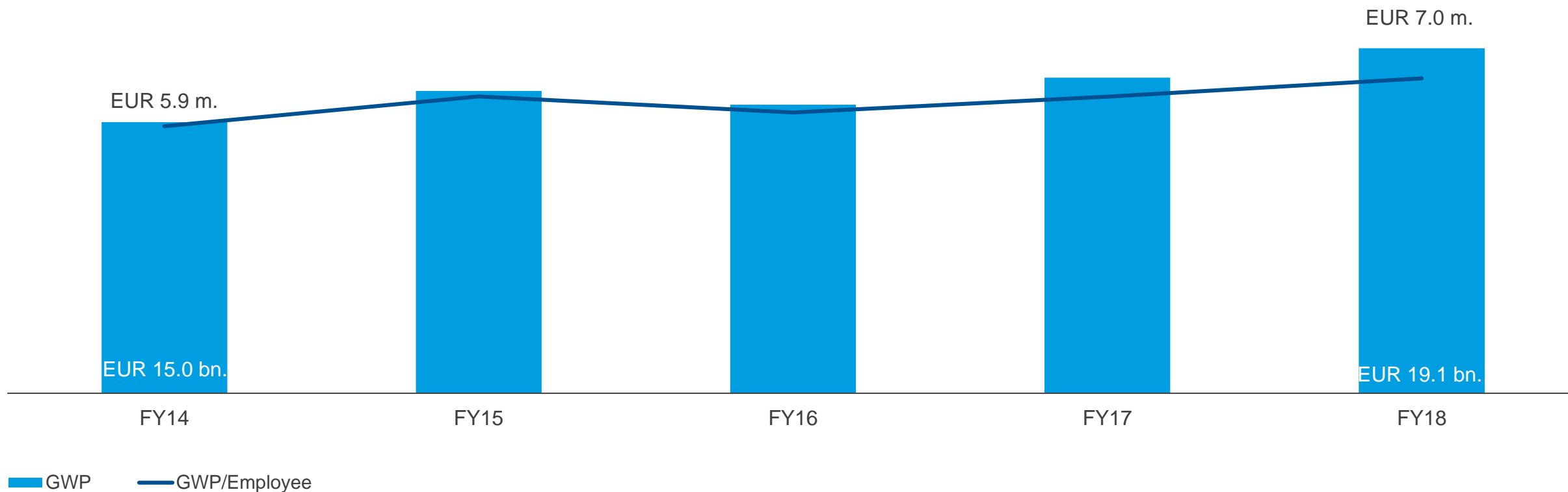


1) Peers: Munich Re, Swiss Re, Scor, Everest Re, RGA; own calculation

We are constantly improving productivity

Premium per employee ratio +20% over 4 years

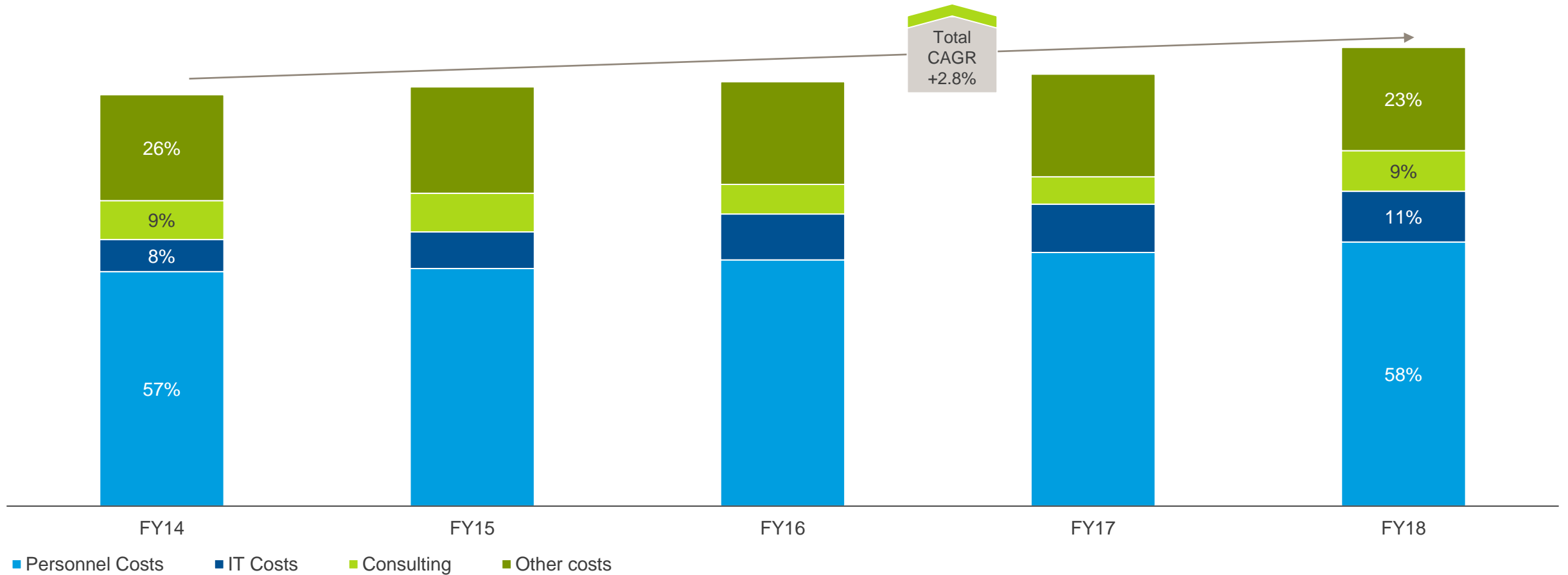
Gross Written Premium and GWP per employee from 2014 to 2018



Excluding Argenta and consolidated agencies, fx-adjusted

Stable other costs allow for new hires and higher IT and project expenses

Cost composition and development from 2014 to 2018



Excluding Argenta and consolidated agencies, fx-adjusted

Key drivers for Hannover Re's cost leadership

- Based in Hannover, Germany – relatively cost-attractive location
- Centralised underwriting in P&C
- Service for our clients is provided only in conjunction with business opportunities
- No major integration project in history
- Clear responsibilities – no matrix
- High degree of delegation of authorities
- Cost leadership as strategic target for decades – part of our DNA
- High degree of internal automation

Such drivers are sustainable factors & keep supporting a long-term competitive advantage

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