

Hannover Re

Conference Call on Q3/2024 financial results

Hannover, 11 November 2024

somewhat different

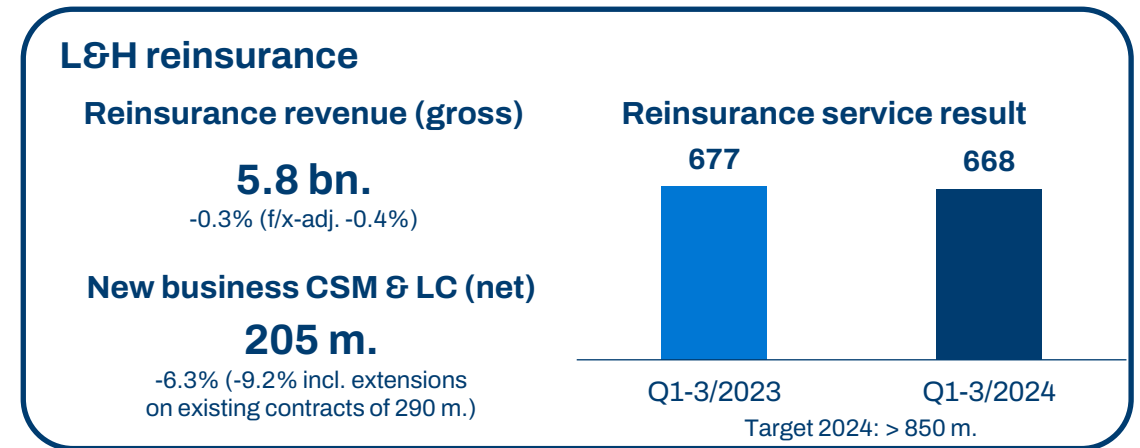
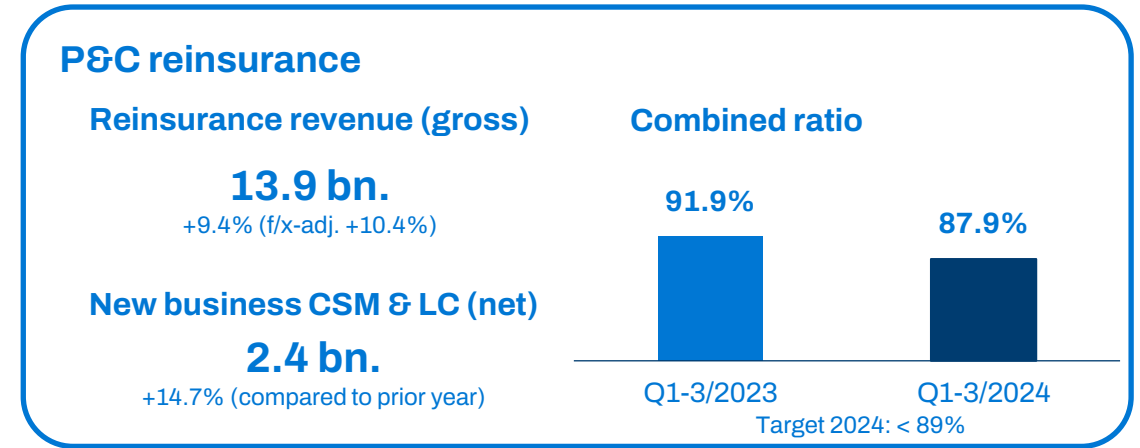
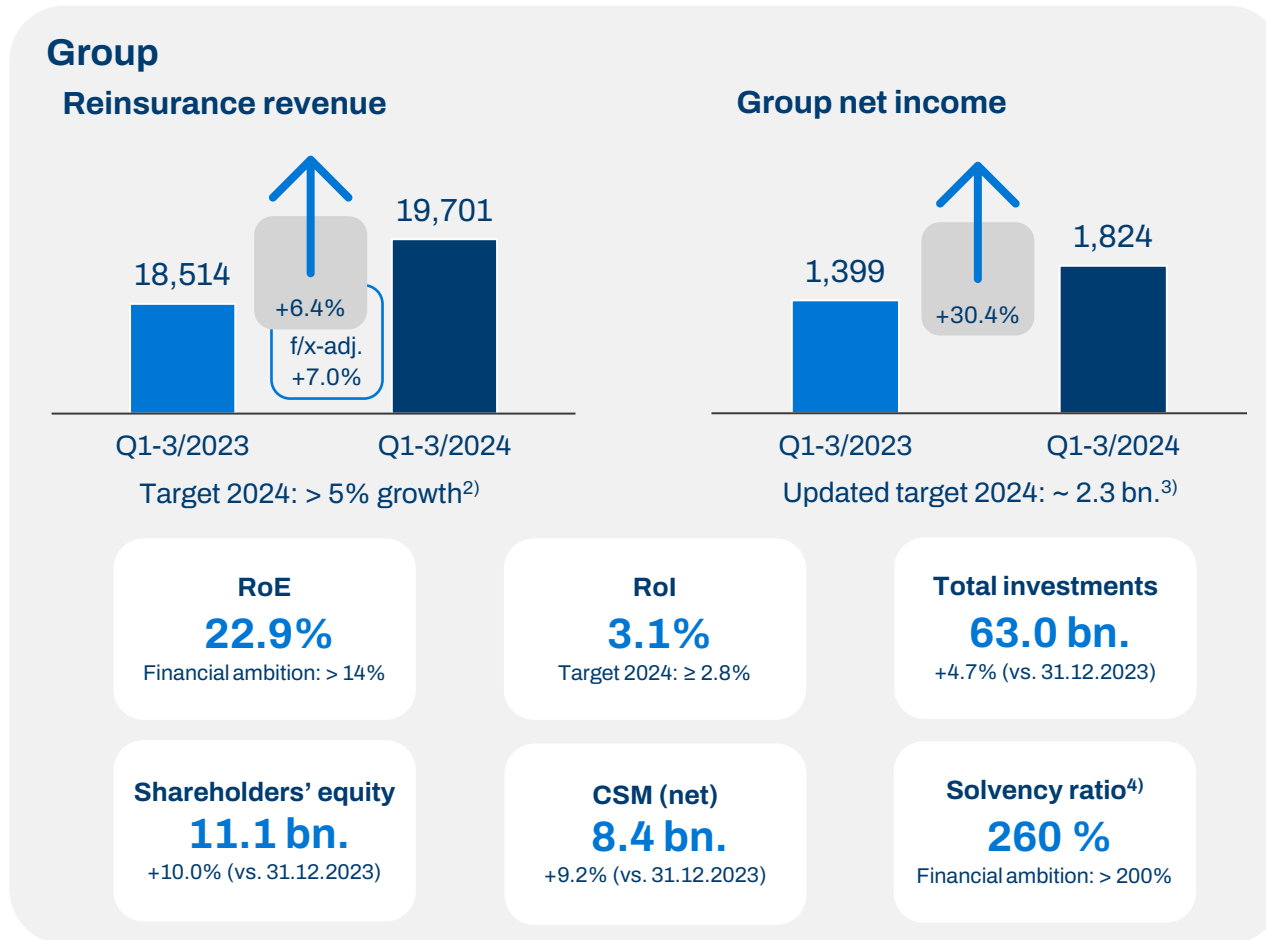


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Q1-3/2024 operational performance fully in line with expectations

Group net income supported by one-off tax effect¹⁾, FY/2024 net income guidance increased to ~2.3 bn.



Figures in EUR unless otherwise stated

1) EUR 120 m. release of deferred tax liabilities

2) At unchanged f/x rates

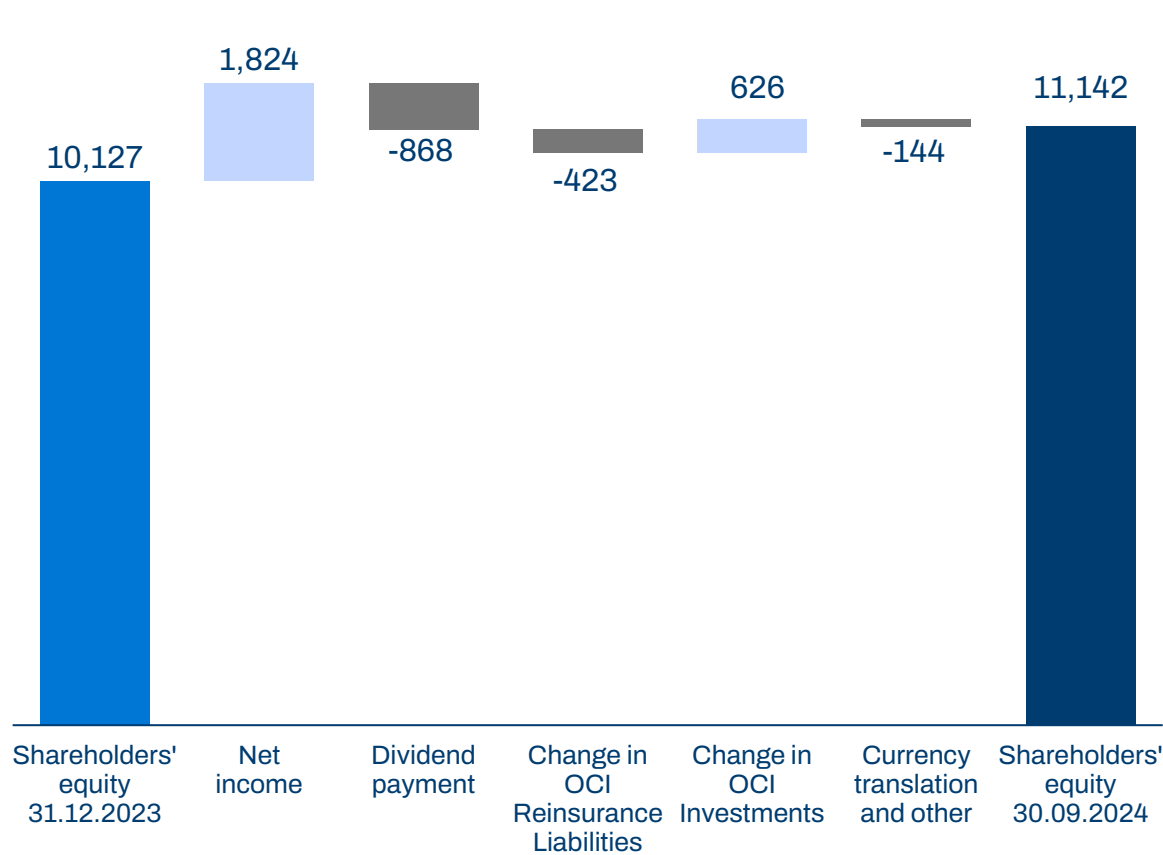
3) Subject to no major distortions in capital markets and/or major losses not exceeding the large loss budget of EUR 1,825 bn. in 2024

4) Including foreseeable dividends

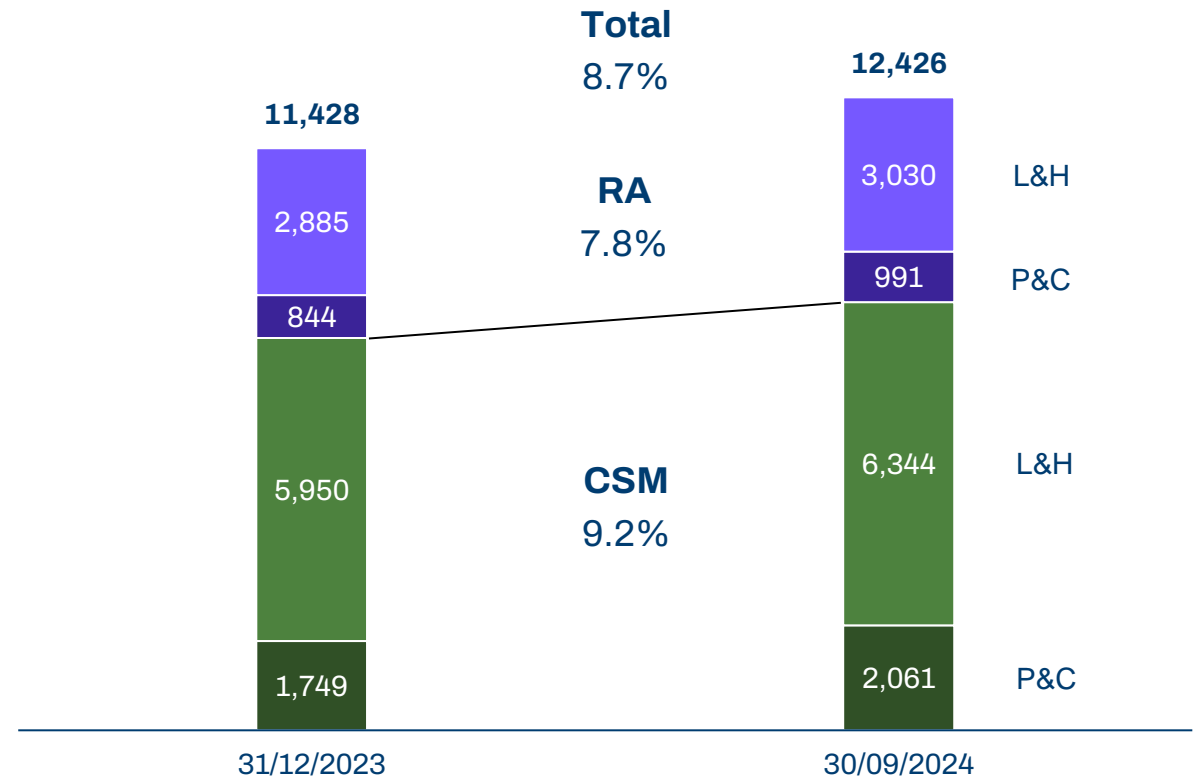
Shareholders' equity increased by 10.0%

Increase in CSM and RA further strengthens expected earnings outlook

Change in shareholders' equity



Contractual Service Margin (CSM) and Risk Adjustment (RA)



Figures in EUR m. unless otherwise stated

02

Property & Casualty reinsurance

Strong underlying profitability of P&C portfolio

Strong revenue and earnings growth in an attractive market environment

Property & Casualty R/I	Q3/2023	Q3/2024	Q1-3/2023	Q1-3/2024
Reinsurance revenue (gross)	4,371	4,840	12,736	13,939
Reinsurance revenue (net)	3,701	4,146	10,885	12,041
Reinsurance service result	287	498	885	1,461
Reinsurance finance result	-188	-246	-473	-666
Investment result	324	349	949	1,146
Other result	-145	-25	-253	-205
Operating profit/loss (EBIT)	279	576	1,108	1,737
Combined ratio (net)	92.2%	88.0%	91.9%	87.9%
New business CSM (net)	335	604	2,164	2,468
New business LC (net)	-4	-14	-39	-30

All figures in m. EUR unless otherwise stated
LC = Loss component

YTD

Reinsurance revenue (RR)

- Reinsurance revenue (gross) growth +9.4% (f/x-adjusted +10.4%) mainly driven by Structured Reinsurance/ILS, Americas and EMEA

Reinsurance service result (RSR)

- Large losses (including Baltimore Bridge loss 101 m. net) at 1,304 m. below budget of 1,409 m.; however reserved to budget
- Overall positive run-off result of 284 m. from most lines of business, despite negative prior-year development of large losses
- C/R well within target range including ~7% discounting effect

Reinsurance finance result

- Increase reflects movements in interest rates

Investment result

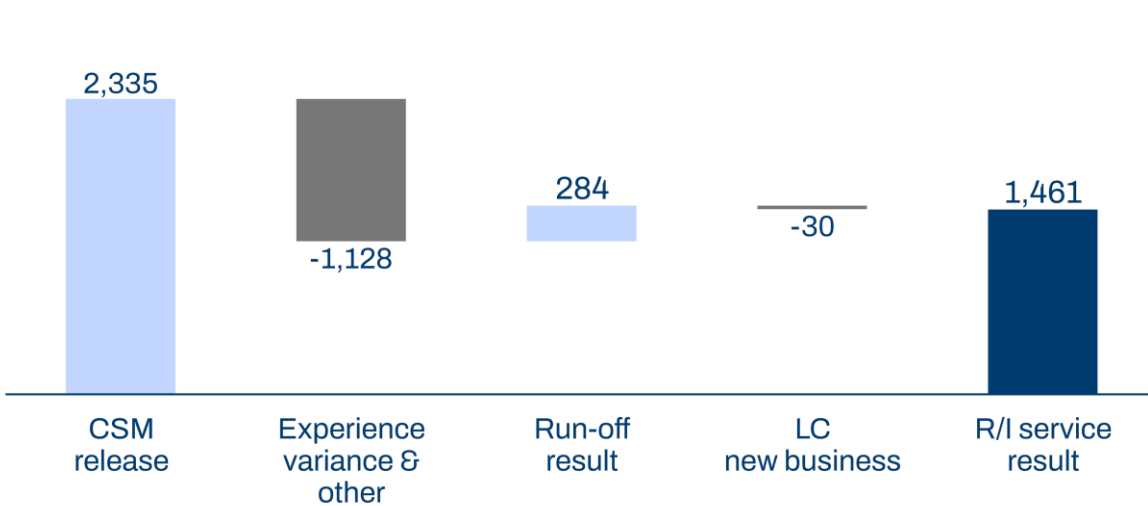
- Strong ordinary income supported by higher fixed-income yields, including 117 m. contribution from inflation-linked bonds; some revaluation of real estate (as expected)

Other result

- Currency result 12 m. (-13 m.)

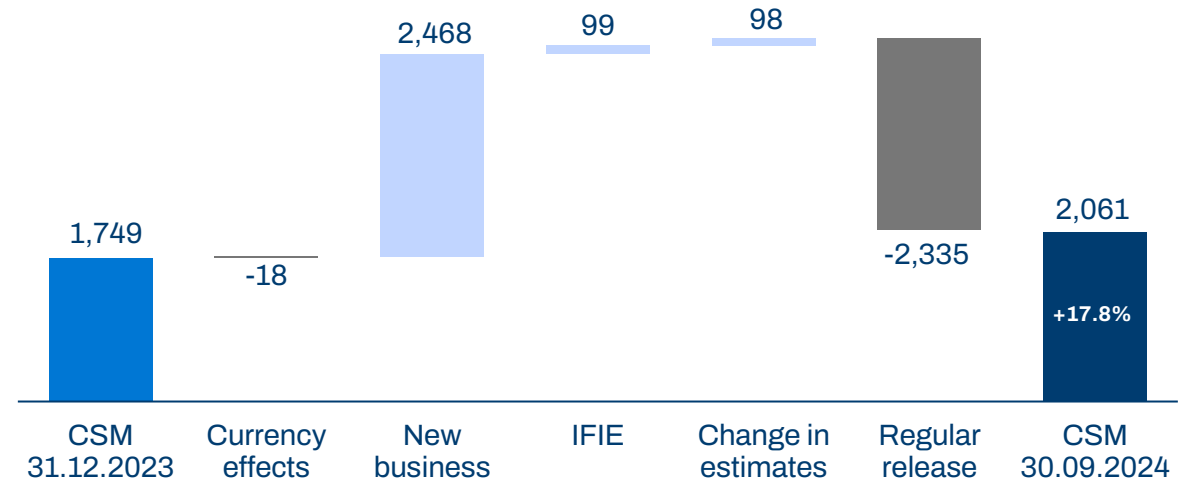
Strong increase in CSM driven by successful 2024 renewals

Reinsurance Service Result



- CSM release resulting from successful renewals in 2023 and 2024, higher release in Q3 reflects catch-up effects due to prudent release in previous quarters and exposure-based release pattern
- Experience variance mainly driven by very prudent reserving for current underwriting year incl. risk adjustment and reserving to budget
- Run-off result driven by positive development in most lines of business, partly offset by prior-year development of large losses (e.g. Italy hail)
- Minor new business LC reflects favourable market conditions

Contractual Service Margin (net)



- Increase in new business CSM +14.1%, driven by strong growth in a favourable market environment
- Diversified contribution to new business CSM, mainly driven by Americas, EMEA and Structured Reinsurance/ILS

All figures in m. EUR unless otherwise stated

03

Life & Health reinsurance

L&H performance well in line with plan for the full year

Reinsurance service result reflects favourable underlying profitability

Life & Health R/I	Q3/2023	Q3/2024	Q1-3/2023	Q1-3/2024
Reinsurance revenue (gross)	1,870	1,945	5,778	5,762
Reinsurance revenue (net)	1,690	1,722	5,233	5,085
Reinsurance service result	196	220	677	668
Reinsurance finance result	-72	-38	-130	-118
Investment result	91	87	315	298
Other result	-8	-54	-132	-132
Operating profit/loss (EBIT)	206	215	730	716
New business CSM (net)	76	38	228	223
New business LC (net)	-4	-8	-9	-18
NB CSM & LC incl. extensions on existing contracts	234	120	545	495

All figures in m. EUR unless otherwise stated
LC = Loss component

YTD

Reinsurance revenue (RR) / New business CSM & LC (net)

- Reinsurance revenue (gross) change -0.3% (f/x-adjusted -0.4%), reflecting US mortality run-off and regular portfolio management

Reinsurance service result (RSR)

- RSR fully in line with guidance despite one-off from client insolvency (-30 m.)
- Normalisation of mortality result (last year included one-off recapture); increased contribution from Longevity, continued strong contribution from Financial Solutions
- Morbidity mainly impacted by reserve strengthening for critical illness in China

Investment result

- Increase in ordinary income and positive impact from fair value of financial instruments (+41 m.) mitigated by (expected to be temporary) negative at-equity valuation impact (-43 m.)

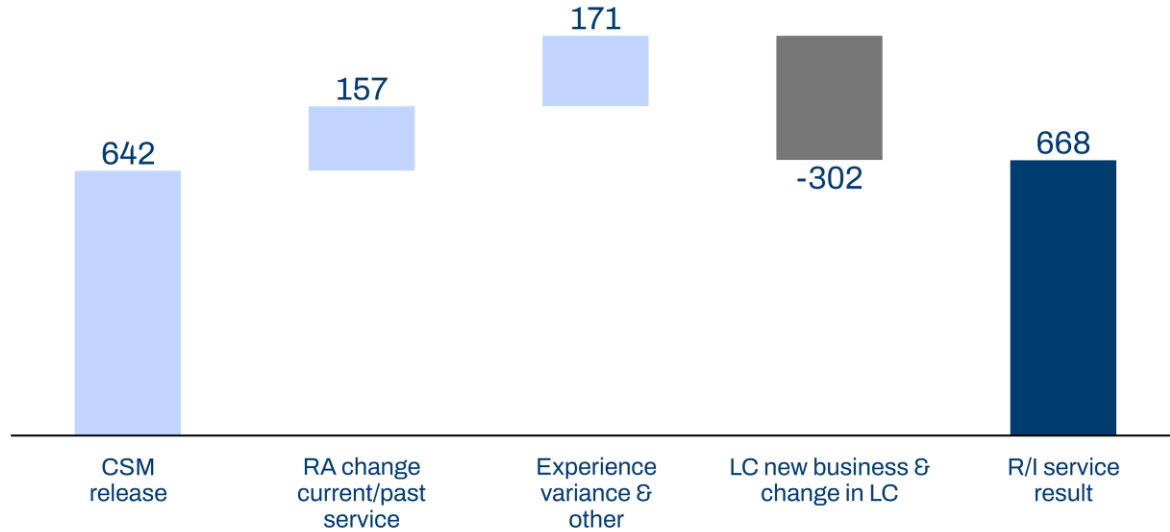
Other result

- Currency result improved to 21 m. (5 m.)

Attractive growth in CSM

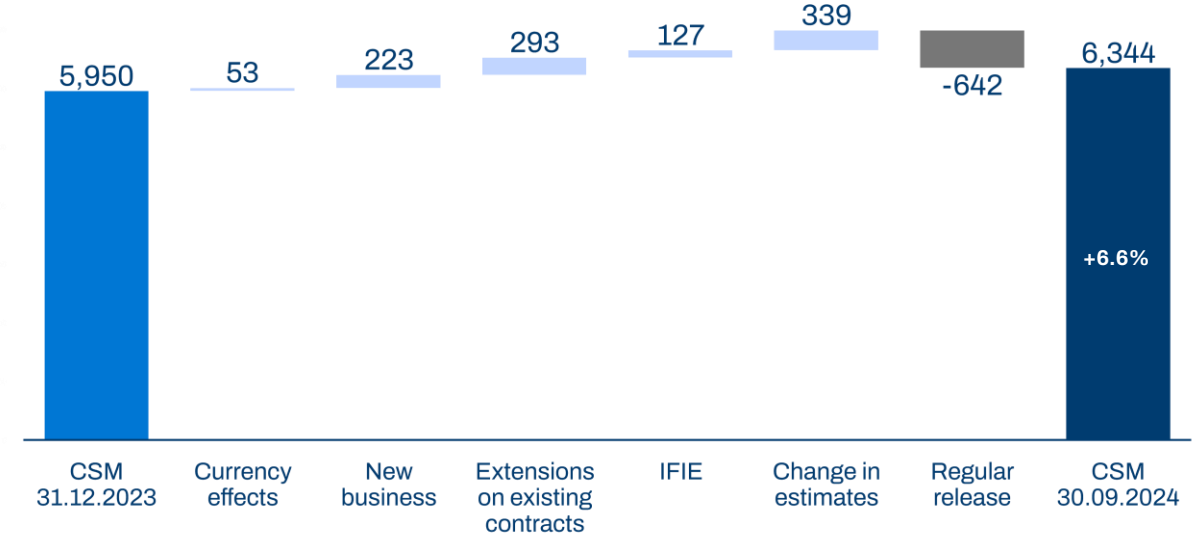
CSM and Risk Adjustment release in line with expectations

Reinsurance Service Result



- Strong profitability with CSM and risk-adjustment release in line with plan
- Positive experience variances in all reporting categories
- Change in LC mainly impacted by reserve strengthening for critical illness business in China and one-off from client insolvency; new business LC -18 m.

Contractual Service Margin (net)



- Overall successful new business generation of 516 m., diversified contribution from Financial Solutions, Morbidity and Mortality
- Changes in estimates mainly driven by Longevity

All figures in m. EUR unless otherwise stated

04

Investments

Strong RoI of 3.1% exceeds target of $\geq 2.8\%$

Resilient portfolio with minor impact from credits and real estates

in m. EUR	Q3/2023	Q3/2024	Q1-3/2023	Q1-3/2024	RoI
Ordinary investment income ¹⁾	517	587	1,458	1,735	3.8%
Realised gains/losses	-14	-9	-58	-38	-0.1%
Depreciations Real Assets, Impairments	-20	-60	-47	-90	-0.2%
Change in ECL	-23	-16	-14	-4	0.0%
FVTPL - valuation ²⁾	1	-24	58	-18	0.0%
Investment expenses	-46	-43	-131	-139	-0.3%
Investment result	415	436	1,266	1,445	3.1%

Unrealised gains/losses on investments (OCI)	31 Dec 23	30 Sep 24
Fixed Income	-3,217	-2,405
Equities (non-recycling)	-1	-1
Real Assets	492	521
Others (Participations etc.)	348	344
Total	-2,378	-1,540

YTD

- Increase in ordinary income mainly driven by higher locked-in yields, contribution from inflation-linked bonds 117 m.
- Realised gains/losses driven by regular portfolio maintenance, overall on low level
- Minor impact from ECL, some real estate revaluations in Q3 (impairments -44 m.), as expected
- Overall moderate impact from change in fair value valuation
- Increase in asset volume driven by strong operating cash flow and lower unrealised losses due to movements in interest rate levels and spreads

All figures in m. EUR unless otherwise stated

1) Incl. results from associated companies

2) Fair Value Through P/L of financial instruments

05

Outlook 2024

Group net income guidance for 2024 increased to EUR ~2.3 bn.

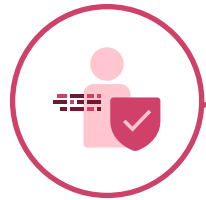
Strong earnings contribution from all three “profit engines” supported by positive one-off tax effect



Property & Casualty

Expected contribution

Combined ratio **< 89%**



Life & Health

Reinsurance service result **> 850 m.**



Investments

Return on investment **≥ 2.8%**

Group financial guidance 2024

Revenue growth¹⁾ **> 5%**

Group net income²⁾ **EUR ~ 2.3 bn.**

1) At unchanged f/x rates

2) Subject to no major distortions in capital markets and/or major losses in 2024 not exceeding the large loss budget of EUR 1,825 bn.

Guidance for FY 2025

Expected contribution



Property & Casualty

Revenue (gross) growth ¹⁾ > 7%
 Combined ratio ²⁾ < 88%



Life & Health

CSM growth ~ 2%
 Reinsurance service result > 875 m.



Investments

Return on investment ≥ 3.2%

Group financial guidance 2025

Group net income³⁾ **EUR ~ 2.4 bn.**

1) At unchanged f/x rates

2) incl. discount effect of 6-7%, partly mitigated by prudent reserving

3) Subject to no major distortions in capital markets and/or major losses in 2025 not exceeding the large loss budget of EUR 2.1 bn.

Appendix

Our business groups at a glance

Q3/2023 vs. Q3/2024

Stand alone in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q3/2023	Q3/2024	Δ-%	Q3/2023	Q3/2024	Δ-%	Q3/2023	Q3/2024	Δ-%
Reinsurance revenue (gross)	4,371	4,840	10.7%	1,870	1,945	4.0%	6,242	6,785	8.7%
Reinsurance service expenses	-3,555	-4,066	14.4%	-1,654	-1,718	3.9%	-5,209	-5,784	11.0%
Reinsurance service result (gross)	816	773	-5.2%	217	228	5.1%	1,033	1,001	-3.1%
Reinsurance result (ceded)	-529	-275	-48.0%	-21	-7	-64.9%	-550	-283	-48.6%
Reinsurance service result	287	498	73.4%	196	220	12.6%	483	718	48.8%
Reinsurance finance result	-188	-72	-61.8%	-72	-38	-47.1%	-260	-284	9.3%
Investment result	324	349	7.7%	91	87	-4.0%	415	436	5.1%
Currency result	-73	85	-	30	4	-87.8%	-42	89	-
Other result	-72	-110	52.6%	-39	-58	49.7%	-111	-168	51.1%
Operating profit/loss (EBIT)	279	576	106.9%	206	215	4.4%	484	791	63.4%
Net income before taxes							458	765	67.3%
Taxes							-20	-72	269.5%
Net income							438	693	58.2%
Non-controlling interest							-1	30	-
Group net income							439	663	50.9%

Our business groups at a glance

Q1-3/2023 vs. Q1-3/2024

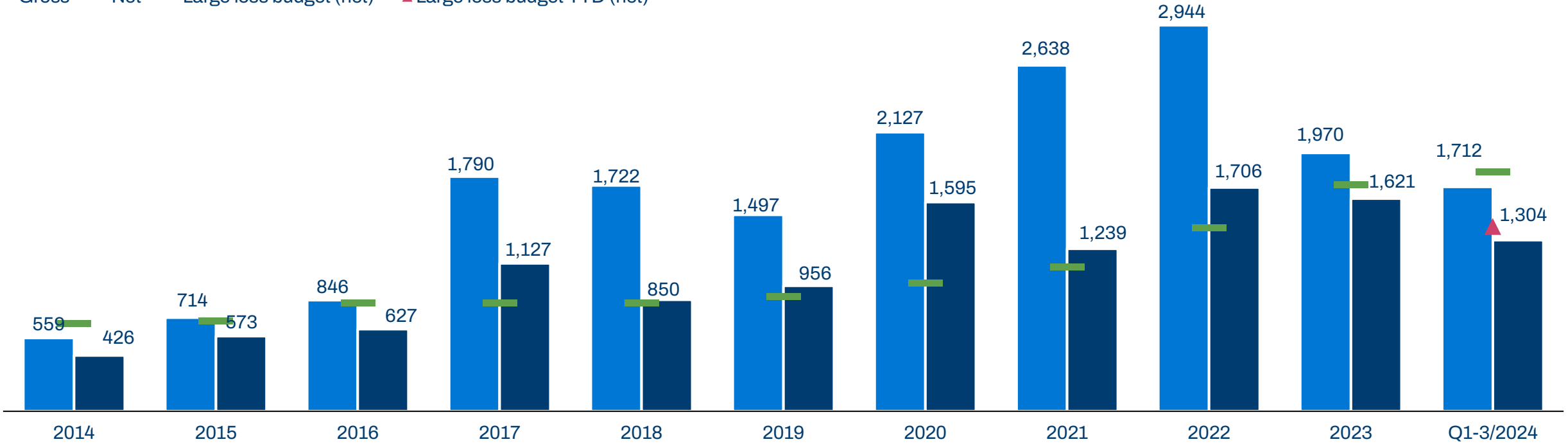
in m. EUR	Property & Casualty R/I			Life & Health R/I			Total		
	Q1-3/2023	Q1-3/2024	Δ-%	Q1-3/2023	Q1-3/2024	Δ-%	Q1-3/2023	Q1-3/2024	Δ-%
Reinsurance revenue (gross)	12,736	13,939	9.4%	5,778	5,762	-0.3%	18,514	19,701	6.4%
Reinsurance service expenses	-10,451	-11,347	8.6%	-5,049	-5,092	0.9%	-15,499	-16,439	6.1%
Reinsurance service result (gross)	2,286	2,592	13.4%	729	670	-8.1%	3,015	3,262	8.2%
Reinsurance result (ceded)	-1,401	-1,130	-19.3%	-53	-2	-96.3%	-1,453	-1,132	-22.1%
Reinsurance service result	885	1,461	65.2%	677	668	-1.2%	1,561	2,130	36.4%
Reinsurance finance result	-473	-666	40.9%	-130	-118	-9.1%	-602	-784	30.1%
Investment result	949	1,146	20.8%	315	298	-5.5%	1,266	1,445	14.2%
Currency result	-13	12	-186.2%	5	21	-	-8	32	-
Other result	-240	-217	-9.6%	-137	-153	11.6%	-380	-376	-1.1%
Operating profit/loss (EBIT)	1,108	1,737	56.8%	730	716	-1.9%	1,837	2,448	33.3%
Net income before taxes							1,746	2,371	35.8%
Taxes							-318	-517	62.8%
Net income							1,428	1,853	29.8%
Non-controlling interest							28	29	1.7%
Group net income							1,399	1,824	30.4%

Large losses below Q1-3/2024 budget of EUR 1,409 m.

Natural and man-made catastrophe losses in excess of EUR 10 m. gross

in m. EUR

■ Gross ■ Net — Large loss budget (net) ▲ Large loss budget YTD (net)



Large loss budget (net)

670 690 825 825 825 875 975 1,100 1,400 1,725 1,409

ILS share of gross loss

21 7 34 358 378 244 88 439 1,002 62 18

Large losses from natural catastrophes within budget of EUR 1,184 m. despite high frequency of NatCat events

Catastrophe losses ¹ in m. EUR	Date	Gross	Net
Earthquake, Japan	02 Jan	29.1	26.3
Forest fire, Chile	2 - 11 Feb	11.7	7.3
Earthquake, Taiwan	03 Apr	34.6	34.6
Flood, Dubai	14 - 17 Apr	123.0	120.8
Storm, flood, hurricane, US	25 Apr - 2 May	38.4	34.4
Flood, Brazil	28 Apr - 15 May	56.7	56.7
Storm, tornadoes, US	6 - 10 May	10.3	5.7
Storm, hurricane, US	15 - 21 May	34.9	29.5
Flood, Germany, France	16 - 22 May	30.4	19.5
Flood, Germany	31 May - 6 Jun	128.5	81.7
Hurricane Beryl, US, Caribbean	29 Jun - 9 Jul	90.7	73.5
Flood, Canada	15 Jul	19.9	15.0
Wildfire, Canada	22 Jul - 17 Aug	33.9	19.7
Hailstorm, Canada	05 Aug	88.1	50.7
Hurricane Debby, US, Canada	5 - 11 Aug	90.0	54.4
Typhoon Yagi, East Asia	1 - 7 Sep	29.0	29.0
Flood, Europe	12 - 17 Sep	225.0	225.0
Hurricane Helene, US	24 - 27 Sep	130.0	130.0
18 Natural catastrophes		1,204.3	1,013.9

1) Major losses in excess of EUR 10m. gross

Large loss budget 2024: EUR 1,825 m., thereof EUR 300 m. man-made and EUR 1,525 m. NatCat



Man-made large losses above budget of EUR 225.0 m.

18 Natural catastrophes	1,204.3	1,013.9
1 Aviation loss	11.9	11.3
5 Property losses	196.7	178.3
Baltimore Bridge, US	298.7	100.7
7 Man-made losses	507.3	290.3
25 Major losses	1,711.6	1,304.2

1) Major losses in excess of EUR 10m. gross
 Large loss budget 2024: EUR 1,825 m., thereof EUR 300 m. man-made and EUR 1,525 m. NatCat



Strategic asset allocation provides resiliency to investment results

Liquidity slightly lowered to take advantage of credit market opportunities

Asset class	2019	2020	2021	2022	2023	Q3/2024
Fixed Income	87%	85%	86%	83%	85%	86%
Governments	42%	42%	40%	42%	41%	39%
Semi-governments	8%	7%	8%	8%	9%	9%
Corporates	31%	30%	32%	27%	29%	31%
Investment grade	26%	25%	28%	23%	25%	27%
Non-Investment grade	4%	4%	4%	4%	4%	4%
Covered Bonds	4%	4%	4%	4%	4%	3%
ABS/MBS/CDO	2%	2%	2%	3%	3%	3%
Equities	3%	3%	4%	3%	3%	3%
Listed	<0.1%	1%	1%	0%	0%	0%
Private Equities	2%	3%	3%	3%	3%	3%
Real Assets (without Infra-Debt)	5%	5%	5%	7%	7%	7%
Others	2%	3%	2%	3%	3%	2%
Cash/STI	3%	3%	3%	3%	2%	2%
MV AuM in EUR bn.¹⁾	48.2	49.8	56.2	57.4	60.6	63.5

1) 2018 – 2022 IAS 39 incl. Cash / >2023 IFRS9 excl. Cash

High-quality fixed-income book well-balanced

Geographical allocation mainly in accordance with our broad business diversification

	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	23%	54%	1%	60%	-	23%
AA	59%	25%	9%	10%	-	32%
A	11%	8%	40%	10%	-	21%
BBB	5%	1%	41%	16%	-	18%
<BBB	2%	12%	10%	4%	-	7%
Total	100%	100%	100%	100%	-	100%
Germany	17%	24%	7%	18%	17%	15%
UK	6%	5%	9%	5%	7%	6%
France	3%	1%	7%	9%	0%	4%
GIIPS	0%	2%	6%	8%	0%	3%
Rest of Europe	4%	12%	14%	21%	13%	10%
USA	49%	16%	30%	20%	15%	34%
Australia	2%	18%	8%	11%	3%	7%
Asia	18%	23%	16%	8%	38%	18%
Rest of World	2%	0%	4%	0%	6%	2%
Total	100%	100%	100%	100%	100%	100%
Total b/s values in m. EUR	21,634	9,135	19,178	3,934	1,257	55,138

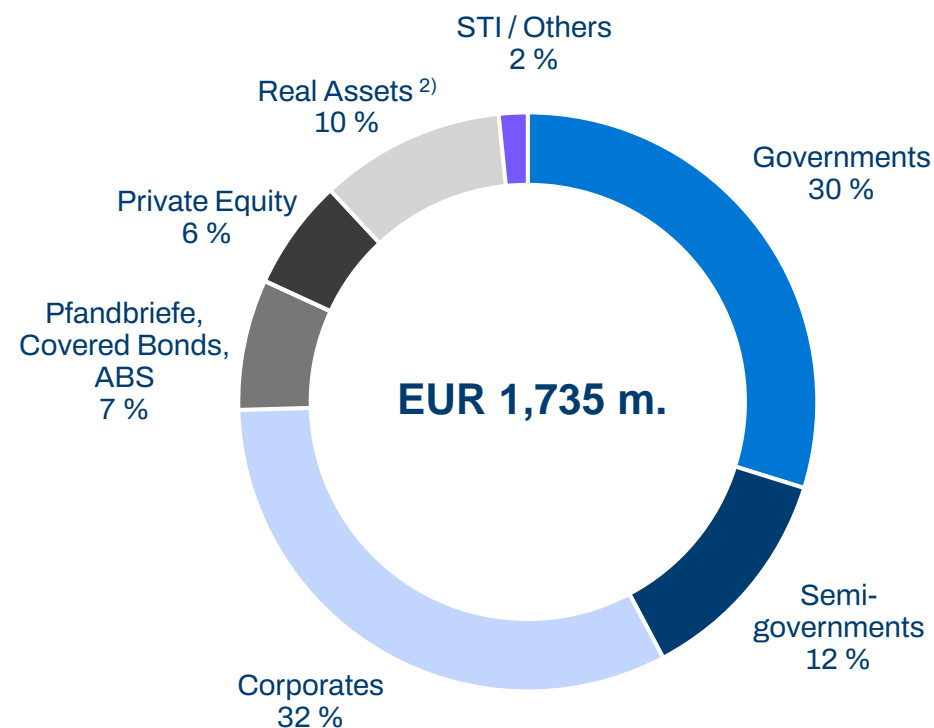
IFRS figures as at 30 September 2024

Contribution from fixed income and alternatives to ordinary income normalising

Asset allocation with lower but still material liquidity in governments and credits

Asset class	2022	2023	Q3/2024
Fixed Income	83%	85%	86%
Governments	42%	41%	39%
Semi-governments	8%	9%	9%
Corporates	27%	29%	31%
Investment grade	23%	25%	27%
Non-Investment grade	4%	4%	4%
Covered Bonds ¹⁾	4%	4%	3%
ABS/MBS/CDO	3%	3%	3%
Equities	3%	3%	3%
Listed	0%	0%	0%
Private Equities	3%	3%	3%
Real Assets (without Infra-Debt)	7%	7%	7%
Others	3%	3%	2%
STI	3%	2%	2%
MV AuM in EUR bn.	57.4	60.6	63.5

Ordinary income split



Economic view based on market values without outstanding commitments for Private Equity and Alternative Real Estate as well as fixed-income investments of EUR 1,735.6 m. (EUR 1,161.6 m.) as at 30 September 2024

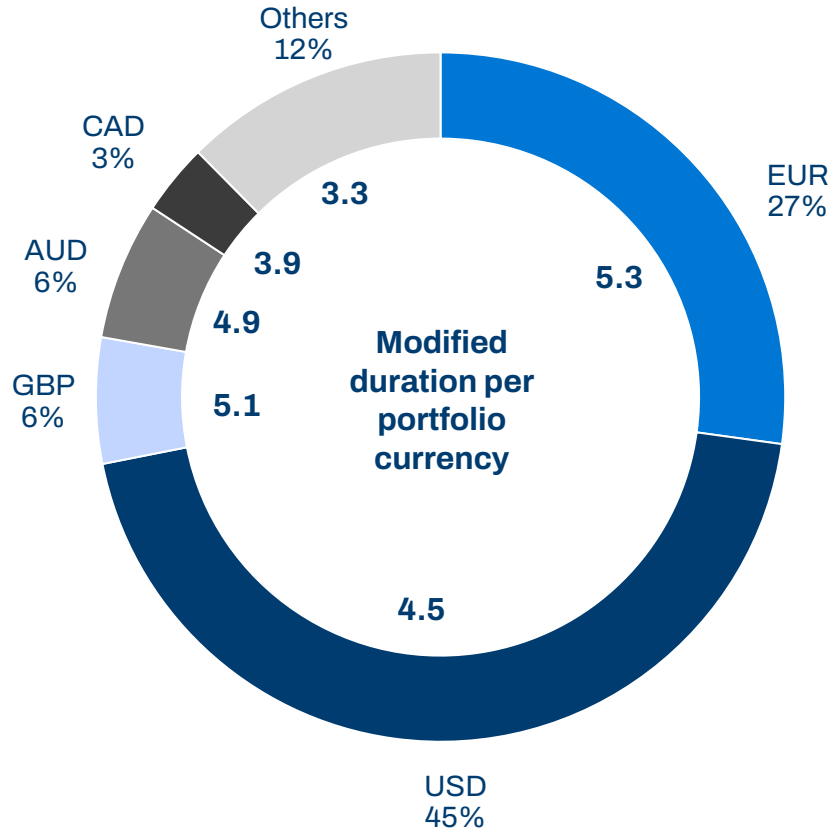
1) Of which Pfandbriefe and Covered Bonds = 55.2%

2) Before real estate-specific costs. Economic view based on market values as at 30 September 2024

Currency allocation strategy to neutralise effects from SII liability profile

Duration-neutral strategy; modified duration changes rather result of yield curve deviations

Currency split of investments



- Modified duration of fixed-income mainly congruent with liability- and capital-driven targets
- GBP’s higher modified duration predominantly due to life business

Modified duration

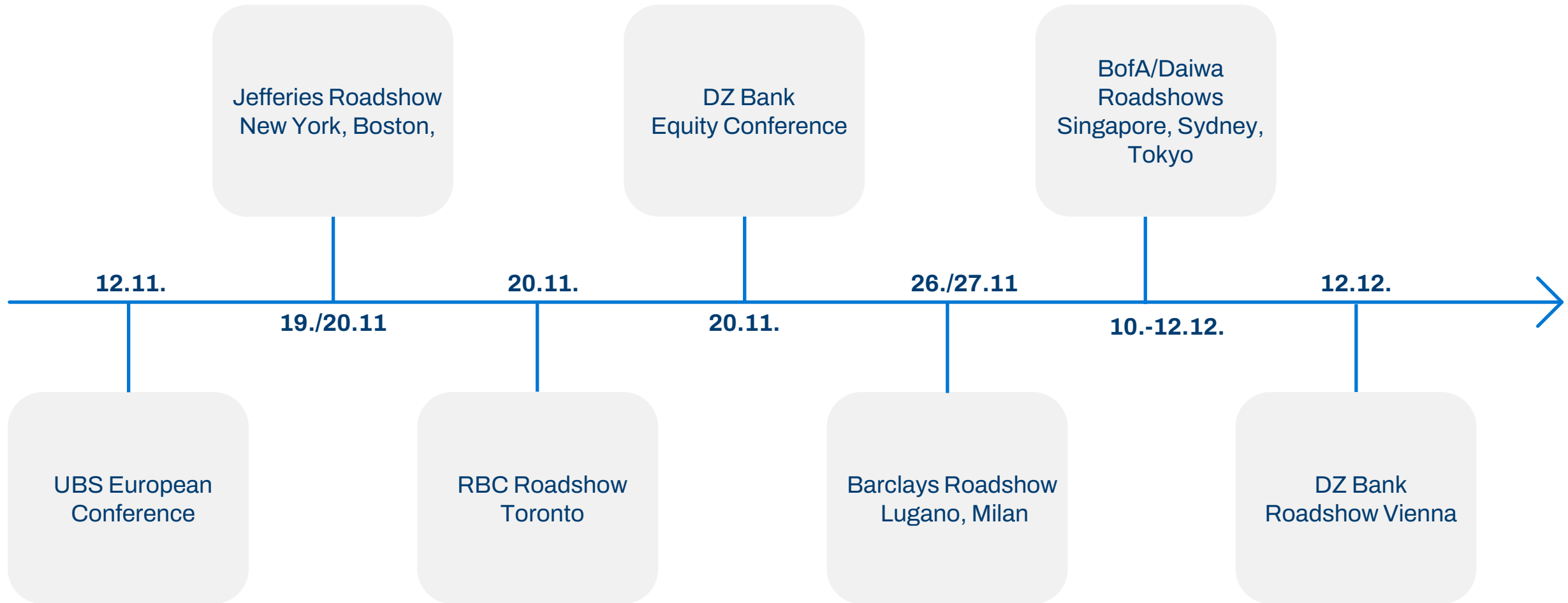
Q3/2024	2023	2022	2021	2020
4.6	4.5	4.9	5.8	5.8

Scenario analysis

Credit and Alternative's risks in focus

Portfolio	Scenario	Change in market value in m. EUR	Change in market value through P&L in m. EUR
Fixed-income securities	+50 bps	-1,310	-22
	+100 bps	-2,551	-44
Credit spreads	+50%	-913	-63
Equity (listed and private equity)	-10%	-213	-213

IR calendar



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