

somewhat  
different



# Hannover Re: the somewhat different reinsurer

January 2022

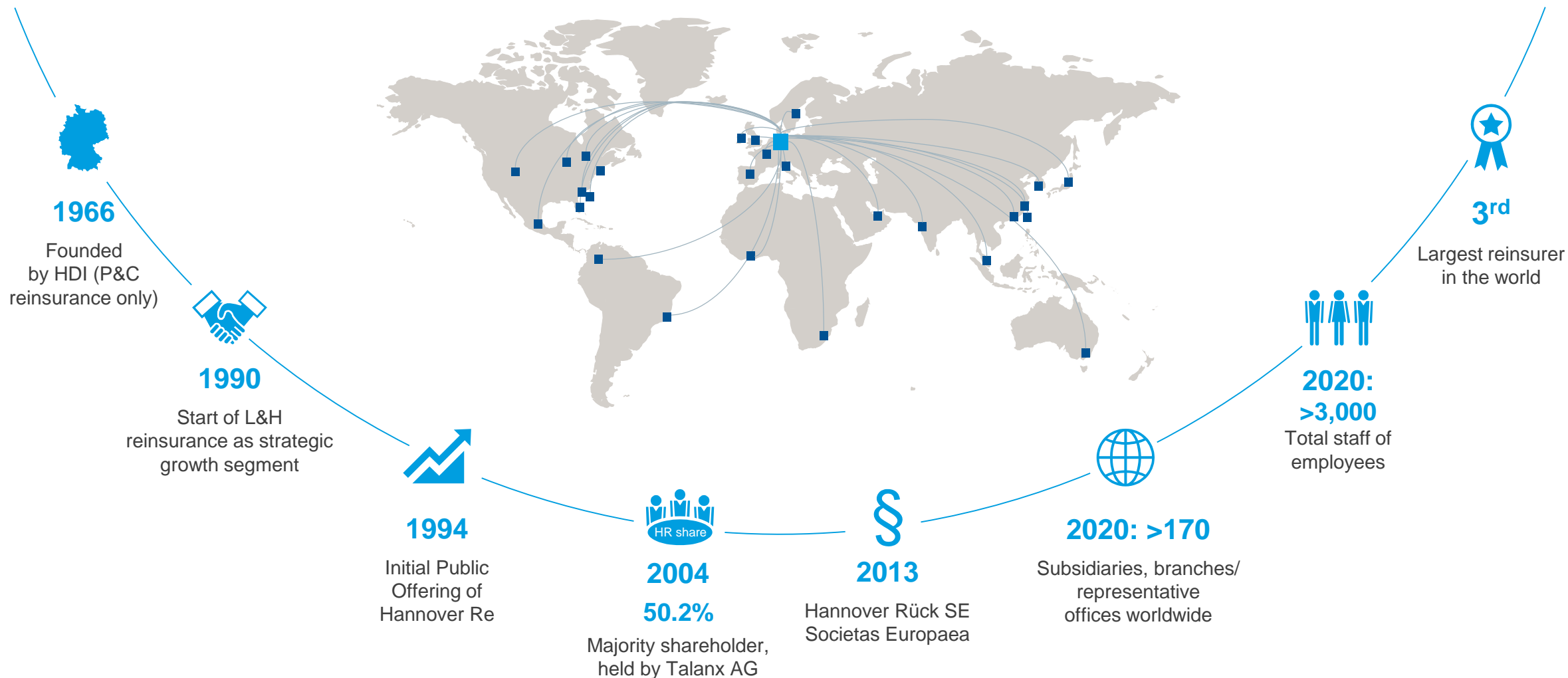
*hannover* **re**<sup>®</sup>

# Agenda

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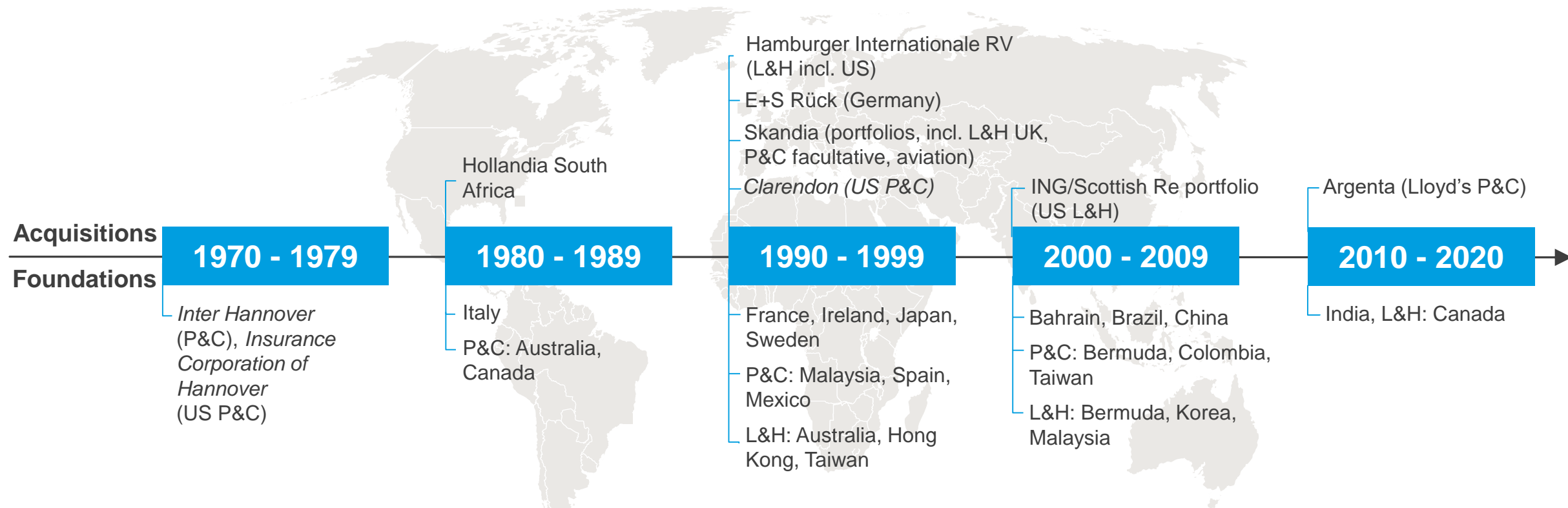
<b>1</b>	<b>Hannover Re Group</b>	<b>2</b>
<b>2</b>	<b>Property &amp; Casualty reinsurance</b>	<b>33</b>
<b>3</b>	<b>Life &amp; Health reinsurance</b>	<b>49</b>
<b>4</b>	<b>Investment management</b>	<b>63</b>
<b>5</b>	<b>Capital management</b>	<b>71</b>
<b>6</b>	<b>Interim results Q1-3/2021</b>	<b>84</b>
<b>7</b>	<b>Outlook</b>	<b>94</b>
	<b>Appendix</b>	<b>97</b>

# Key facts about Hannover Re



# Growth and international expansion mainly organically driven

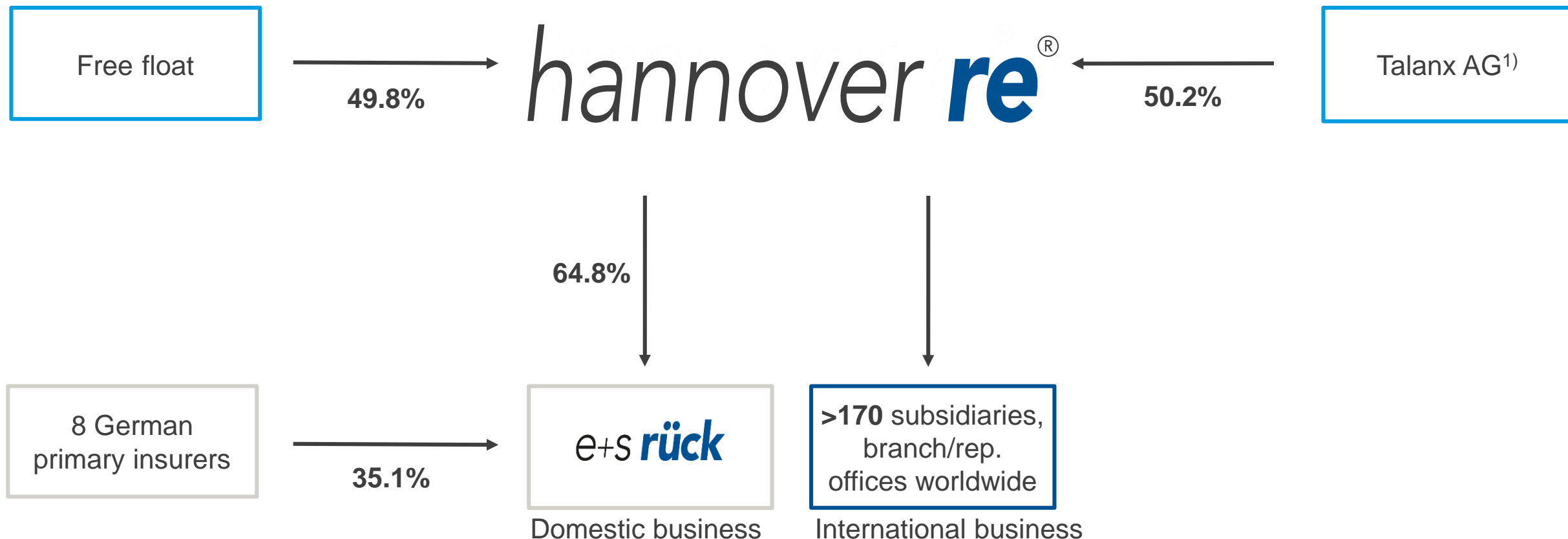
## M&A activity not accompanied by high integration cost and complexity



**Limited appetite for larger M&A results in lean and efficient structures**

Overview of main/material transactions (and main parts of acquisitions) without e.g. minority shareholdings  
 All lines of business except those stated separately  
*italic* = (at least in part) sold

## Group structure supports our business model



1) Majority shareholder HDI V.a.G.

# Executive Board of Hannover Rück SE



**Chief Executive Officer**

**Chief Financial Officer**

**Property & Casualty R/I**

**Life & Health R/I**

**Jean-Jacques Henchoz**

Compliance, Controlling, Innovation Management, Human Resources Management, Internal Auditing, Risk Management, Corporate Development, Corporate Communications

**Clemens Jungsthöfel**

Finance and Accounting, Information Technology, Investment and Collateral Management, Facility Management

**Dr. Michael Pickel**

APAC & Middle East, Germany, Switzerland, Austria, Italy, Latin America, Iberian Peninsula and Agricultural Risks, Group Legal Services, Run Off Solutions

**Sven Althoff**

North America, Aviation and Marine, Credit, Surety and Political Risks, UK, Ireland and London Market, Facultative R/I, Coordination of Property & Casualty Business Group, Quotations

**Silke Sehm**

Continental Europe and Africa, Catastrophe XL (Cat XL), Structured R/I and ILS, Retrocessions

**Claude Chèvre**

Africa, Asia, Australia/ New Zealand, Latin America, Western and Southern Europe, Longevity Solutions

**Dr. Klaus Miller**

North America, United Kingdom/ Ireland, Northern, Eastern and Central Europe

# We are among the top reinsurers in the world

## Premium ranking 2020 in m. USD

Rank Group	Country	GWP	NPW
1 Munich Re	DE	45,846	43,096
2 Swiss Re	CH	36,579	34,293
<b>3 Hannover Re<sup>1)</sup></b>	<b>DE</b>	<b>30,421</b>	<b>26,232</b>
4 SCOR	FR	20,106	17,910
5 Berkshire Hathaway Inc.	US	19,195	19,195
6 China Re	CN	16,665	15,453
7 Lloyd's <sup>2)</sup>	UK	16,511	12,213
8 Canada Life Re	CA	14,552	14,497
9 RGA	US	12,583	11,694
10 Korean Re	KR	7,777	5,432
11 Everest Re	BM	7,282	6,768
12 PartnerRe	BM	6,876	6,301
13 General Insurance Corporation of India <sup>3)</sup>	IN	6,481	5,773
14 RenaissanceRe	BM	5,806	4,096
15 AXA XL	US	5,326	4,201

For further information please see A. M. Best "Market Segment Report" September 2021 (© A.M. Best Europe - Information Services Ltd. - used by permission)

1) Net premium written data not reported; net premium earned substituted

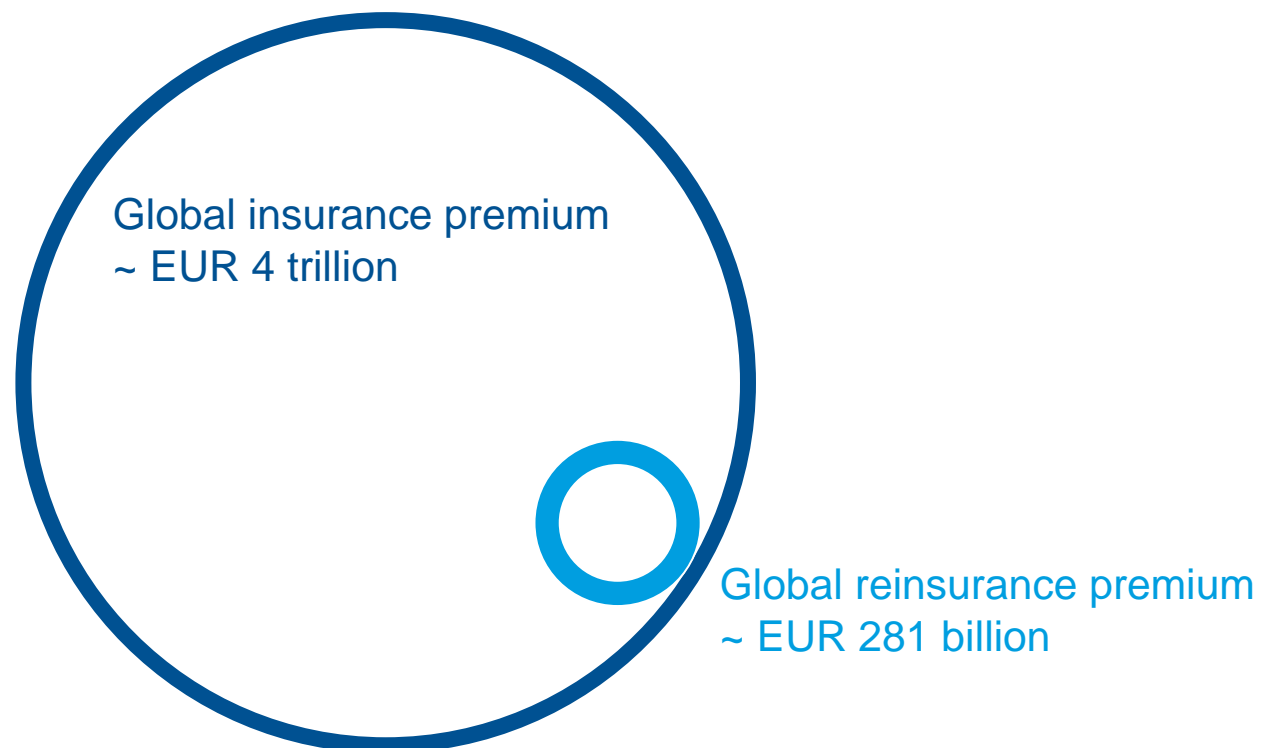
2) Reinsurance only

3) Fiscal year-end 31 March 2021

# Reinsurance has the character of a specialty market

With a share of 7% of the overall insurance market

## Market size primary insurance vs. reinsurance



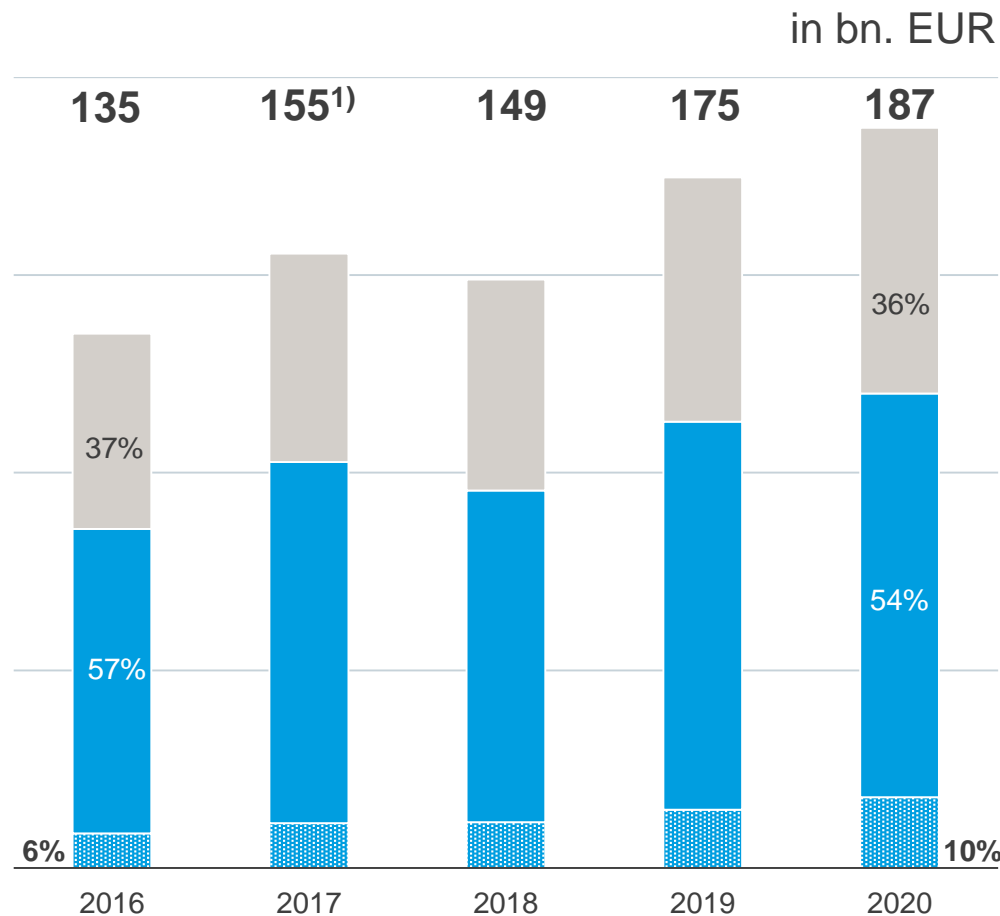
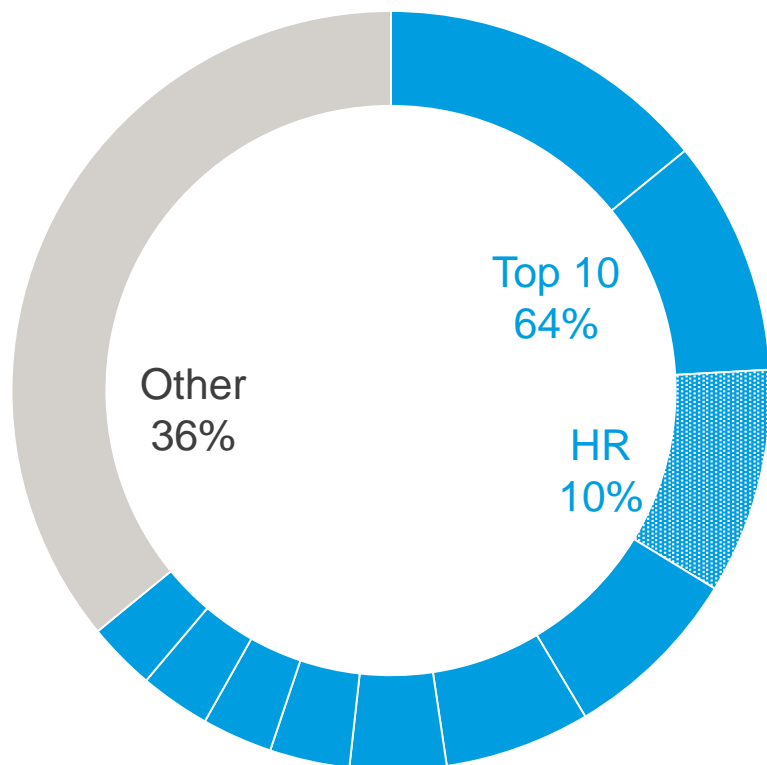
2020 or latest. Global reinsurance premium: gross written premium of the Top 50 Global Reinsurance Groups according to A.M. Best "Segment Report" (September 2021)  
Source: © A.M. Best Europe - Information Services Ltd. - used by permission, own research



# Growing Property and Casualty reinsurance market

## Hannover Re outperforms the market

### Market size and concentration 2020



### 4-year CAGR

Market	+8.5%
Other	+8.0%
Top 10	+8.8%
HR	+19.5%

Market: Sum of Non-life GWP of Top 50 Global Reinsurance Groups according to A.M. Best "Segment Report" (Sept 2021)

Top 10 in 2020: Munich Re, Swiss Re, Hannover Re, Lloyd's, Berkshire Hathaway, SCOR, Everest Re, Korean Re, China Re, General Insurance Corporation of India

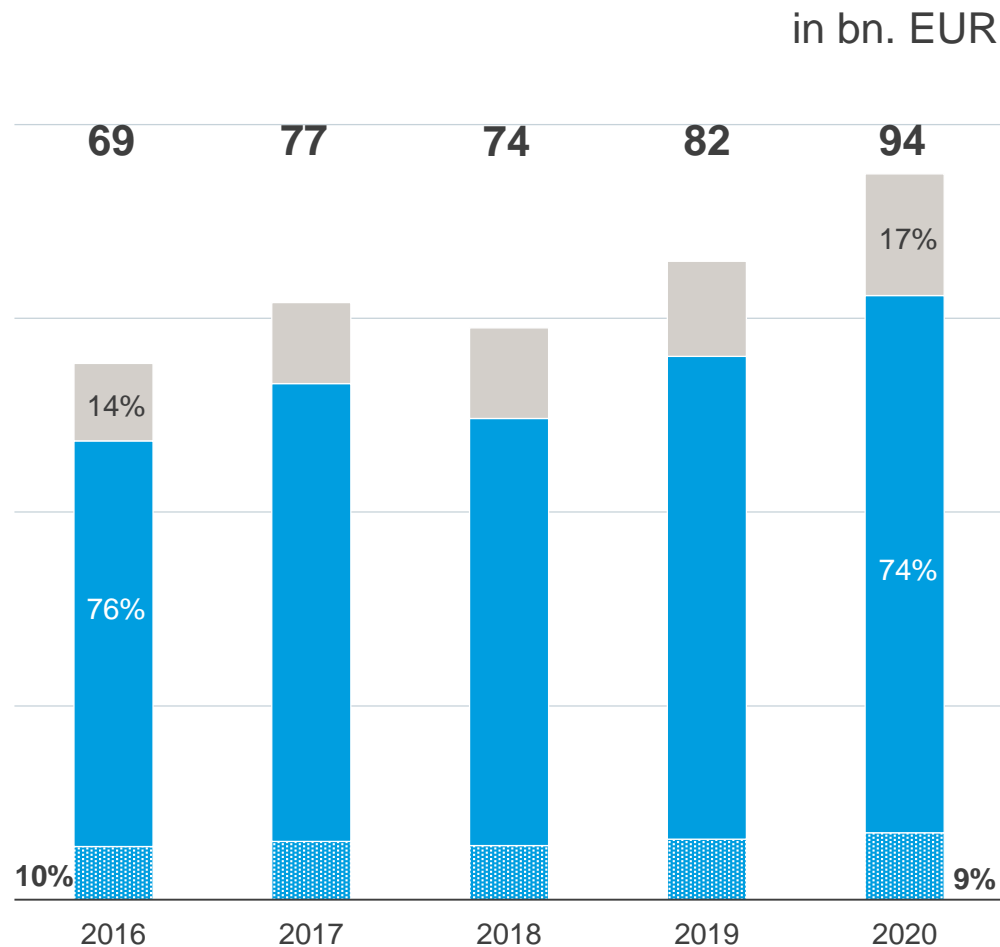
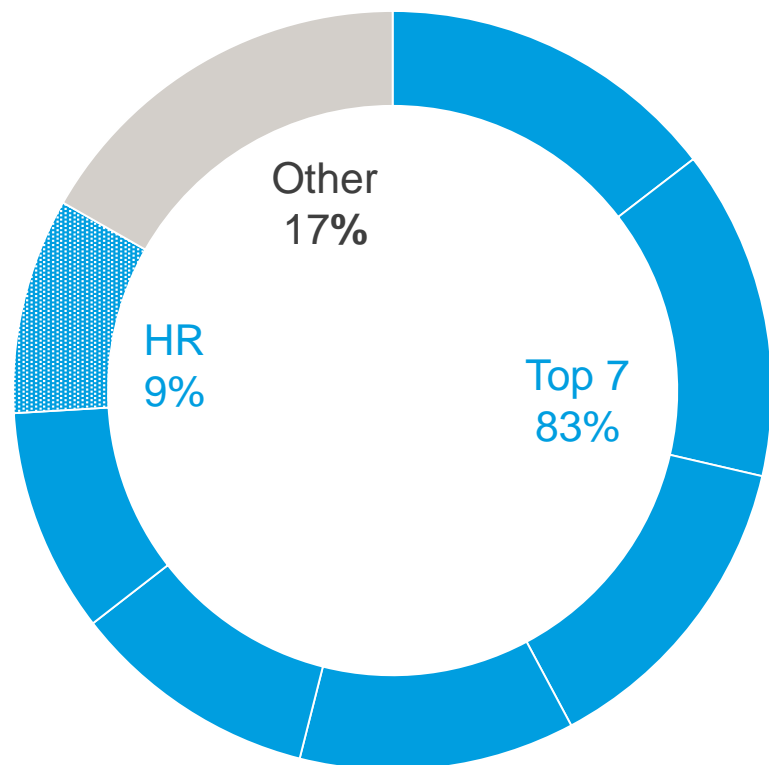
Source: © A.M. Best Europe - Information Services Ltd. - used by permission

1) Includes one-off Berkshire Hathaway AIG transaction

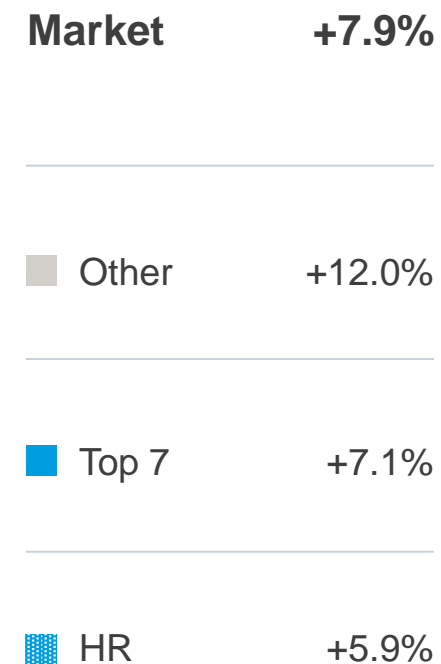
# Life and Health reinsurance in a global perspective

## Concentrated market due to high entry barriers

### Market size and concentration 2020



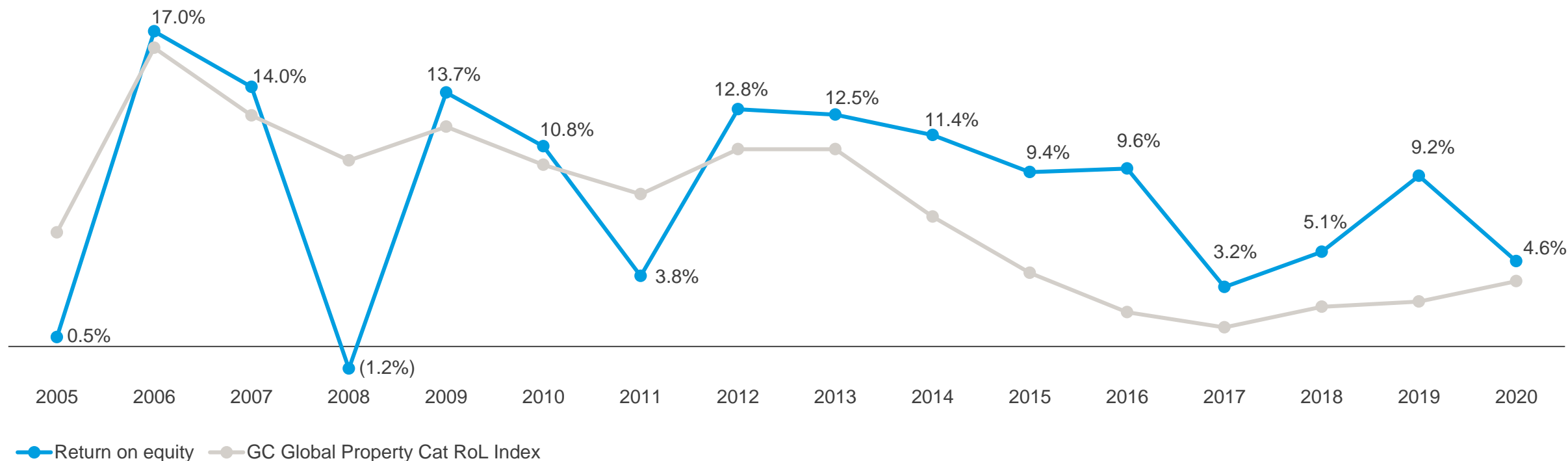
### 4-year CAGR



Market: Sum of Life GWP of Top 50 Global Reinsurance Groups according to A.M. Best "Segment Report" (Sept 2021)  
 Top 7 in 2020: Munich Re, Swiss Re, Canada Life Re, RGA, SCOR, China Re, Hannover Re  
 Source: © A.M. Best Europe - Information Services Ltd. - used by permission

# Reinsurance industry returns in recent years highlight the need for further improvements in reinsurance pricing

Development of return on equity and Guy Carpenter Global Property Cat RoL Index



Source: Artemis GC RoL Index  
 Return on equity based on company data (Top 10 of the Global Reinsurance Index (GloRe) with more than 50% reinsurance business 2005 - 2020), own calculation

# Reinsurance is and will be an attractive product

## Drivers for reinsurance demand

### Drivers



#### Global trends

- Value concentration
- Protection gap
- Demographic change

#### New products/markets

- Emerging markets
- Digitalisation/Cyber
- Emerging risks

#### Capital requirement

- Regulatory changes
- Risk-based capital models
- Ratings, local GAAP, IFRS

#### Volatile earnings

- Expectations of shareholders, regulators and rating agencies

### Impact on insurance



- Increasing demand for insurance of non-diversifying risks
- New risks lead to higher volatility and need for additional know-how
- High cost of capital/need for capital management

### Value proposition R/I



- Strong capital base
- Diversification
- Expertise in risk management
- Support and expertise in product development and pricing
- Optimising capital requirements
- Reducing cost of capital
- Managing earnings volatility
- Support in distributing products in new markets

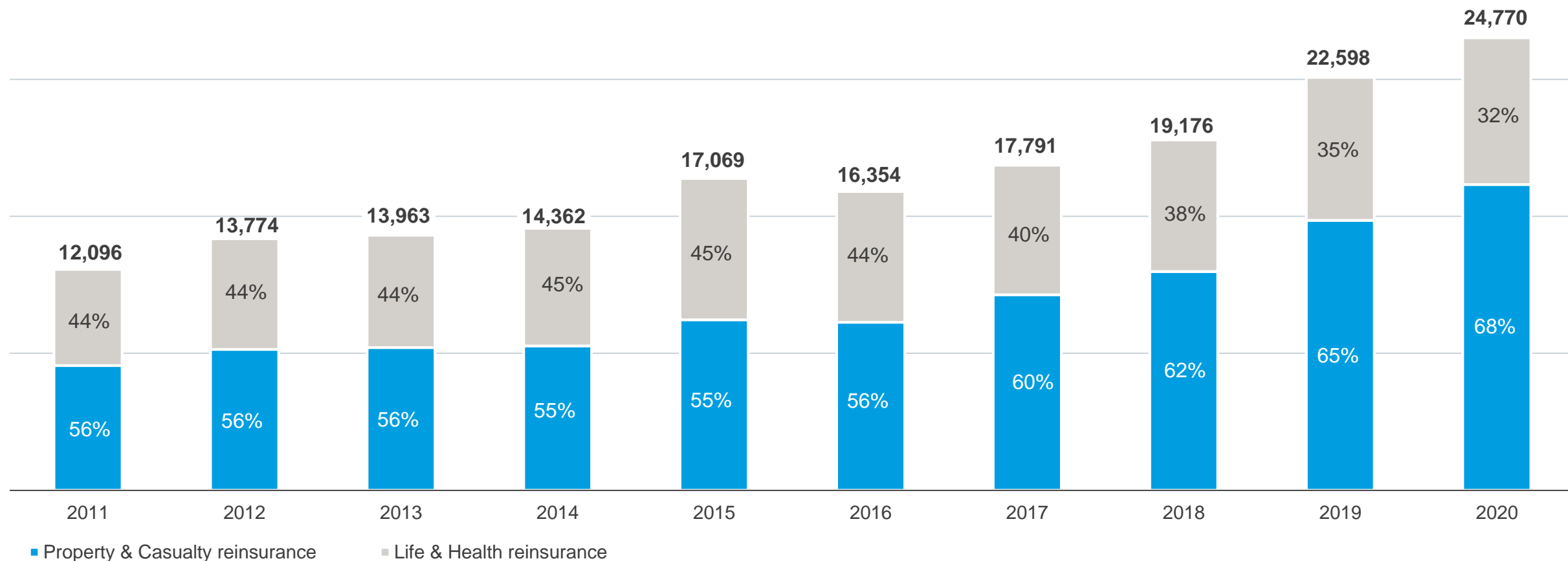
Demand for reinsurance

# Favourable premium growth accelerates in last 3 years

## 10-year CAGR: +8.0%

Gross written premium

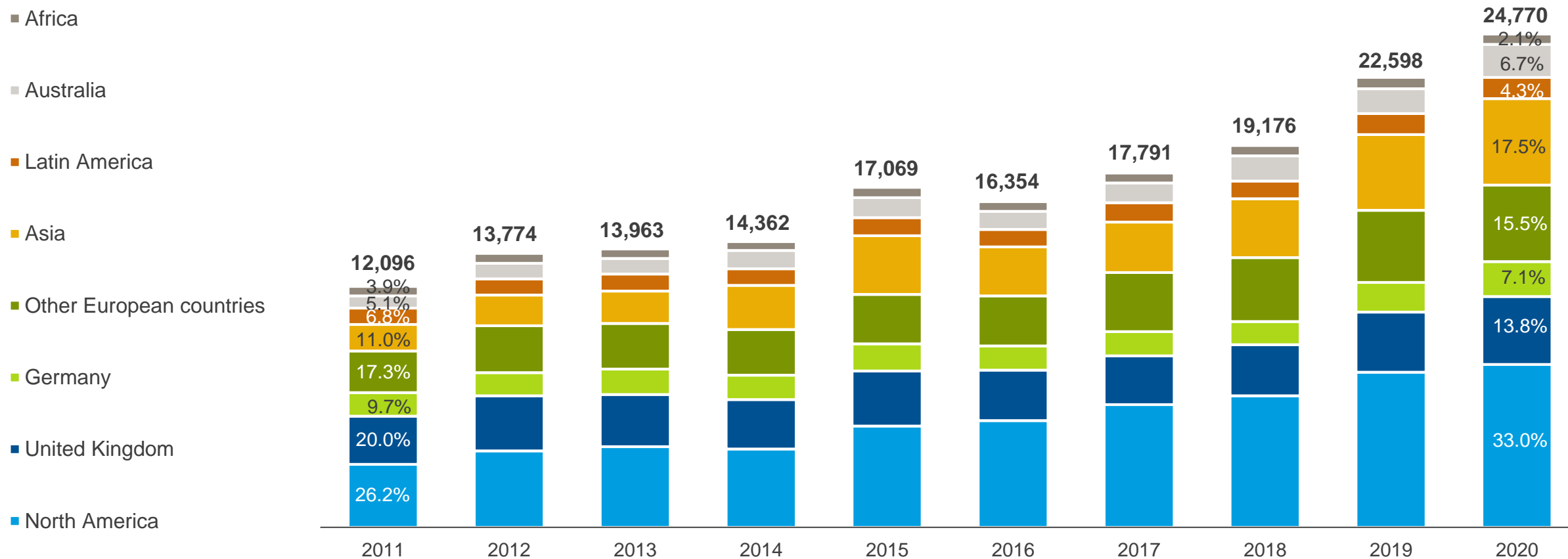
in m. EUR



# Well-balanced international portfolio growth

## Gross written premium

in m. EUR

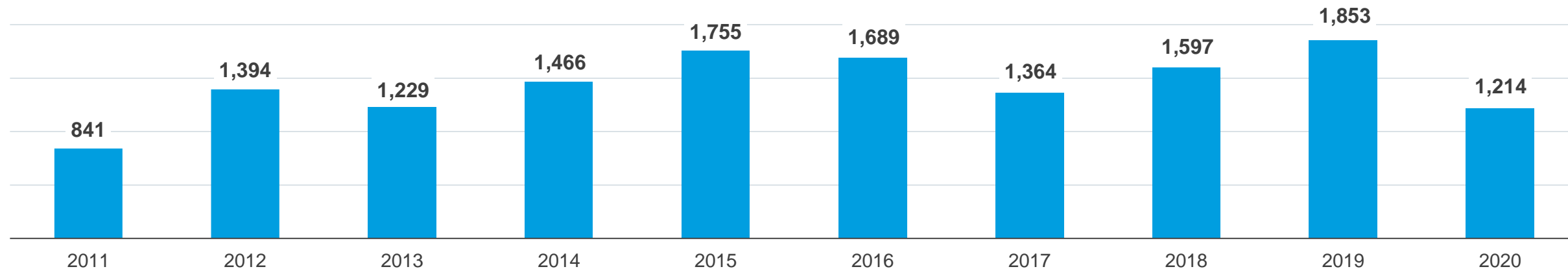


# Strong earnings track record

2020: favourable result in a year dominated by the Covid-19 pandemic

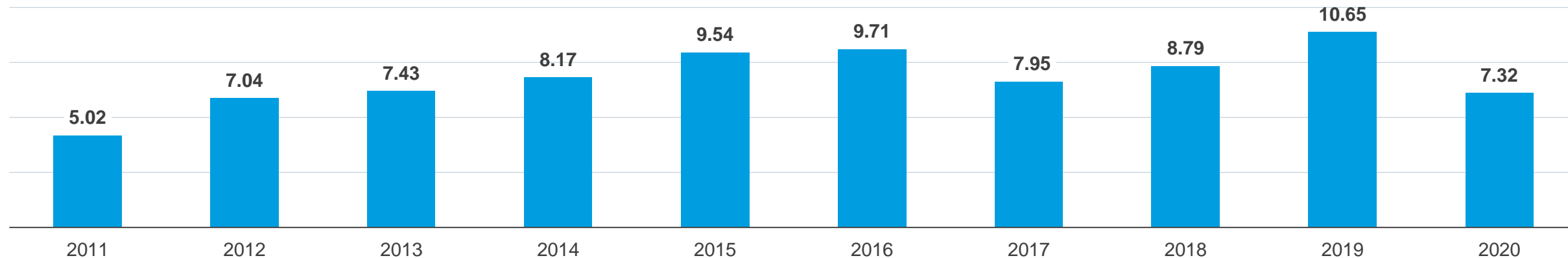
## Operating profit (EBIT)

in m. EUR



## Earnings per share (EPS)

in EUR

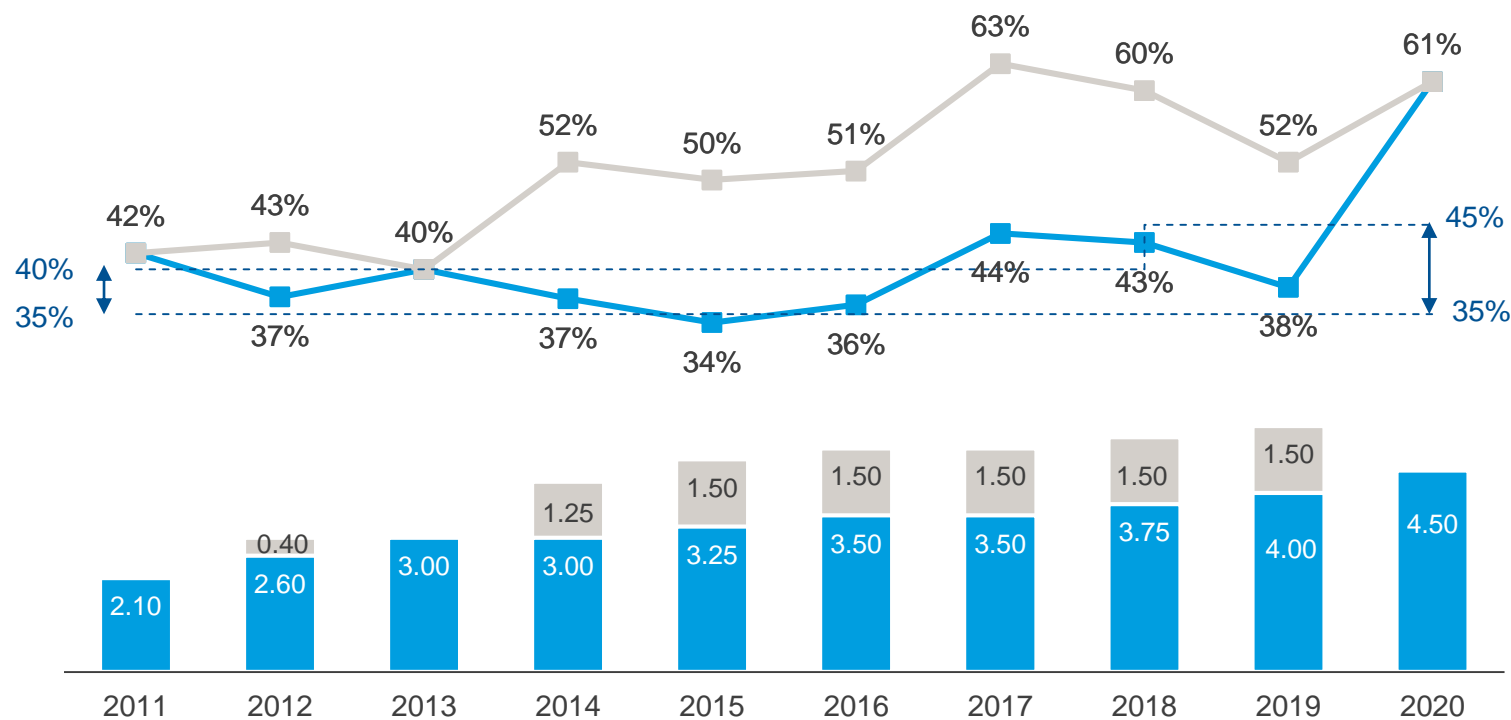


# Stronger emphasis on continuity of ordinary dividend distribution

## Continued use of special dividend for efficient and flexible capital management

### Dividend per share

in EUR



■ Ordinary dividend per share      ■ Payout ratio ordinary dividend per share  
■ Special dividend per share  
■ Total payout ratio dividend per share      --- Target payout ratio

### New dividend metric

**Ordinary DPS ≥ prior year**  
 +  
**Special dividend**

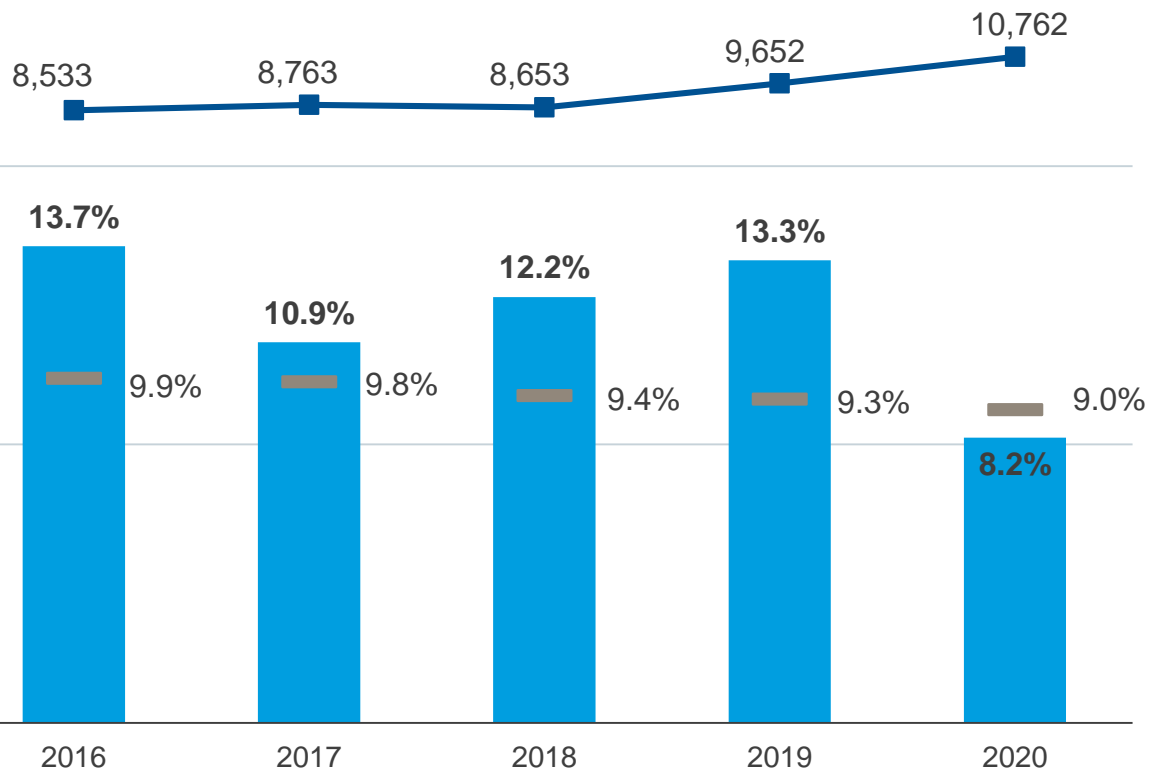
if capitalisation exceeds capital requirements for future growth and profit targets are achieved

- ➔ Continuity of ordinary dividend now more explicit
- ➔ Payout ratio target discontinued

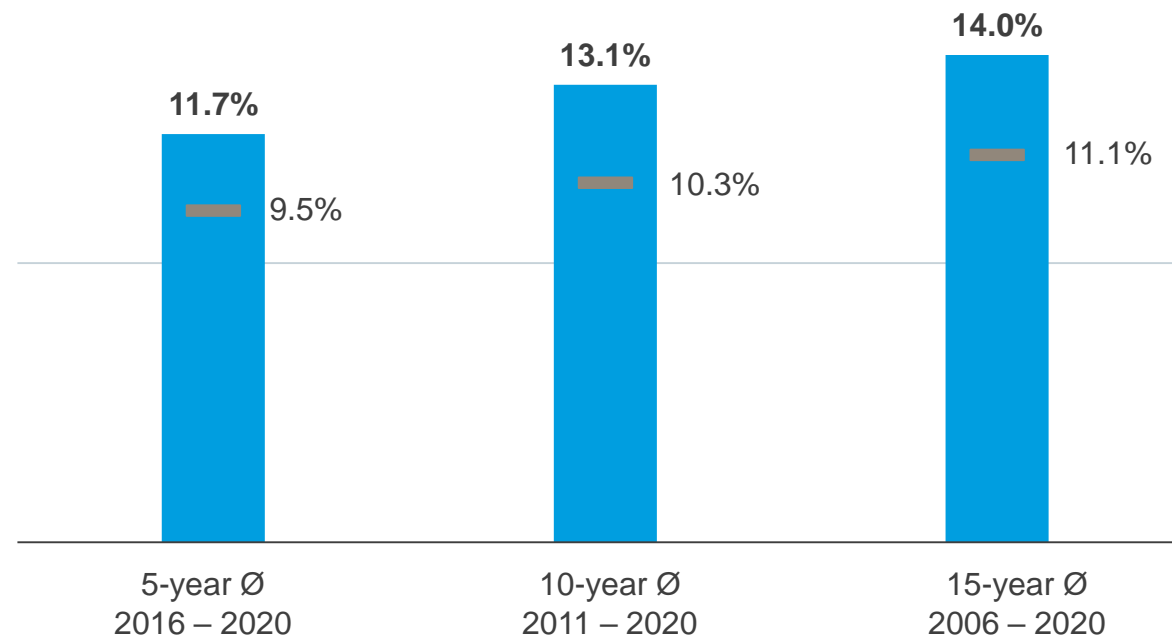


# RoE of 8.2% is highly satisfactory against the backdrop of the Covid-19 impact

## Return on Equity: yearly



## Return on Equity: average



■ Actual   
 — Minimum target <sup>1)</sup>   
 ■ Average shareholders' equity (in m. EUR)

1) After tax; target: 900 bps above 5-year rolling average of 10-year German government bond rate ("risk free")

# Hannover Re is one of the most profitable reinsurers

## No. 1 position on 5-year average RoE - significantly above peer average

Company	2016		2017		2018		2019		2020		2016 - 2020	
	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	RoE	Rank	avg. RoE	Rank
<b>Hannover Re</b>	<b>13.7%</b>	<b>1</b>	<b>10.9%</b>	<b>2</b>	<b>12.2%</b>	<b>1</b>	<b>13.3%</b>	<b>1</b>	<b>8.2%</b>	<b>2</b>	<b>11.7%</b>	<b>1</b>
Peer 6, US, Life & Health	10.6%	4	21.9%	1	7.9%	3	8.7%	6	3.2%	8	10.5%	2
Peer 5, Bermuda, Property & Casualty	12.7%	2	5.7%	5	1.3%	9	11.9%	3	5.5%	5	7.4%	3
Peer 10, Korea, Composite	7.8%	8	6.2%	4	4.7%	6	8.1%	7	6.1%	4	6.6%	4
Peer 9, China, Composite	7.2%	9	7.2%	3	4.9%	5	7.3%	8	6.3%	3	6.6%	5
Peer 7, Bermuda, Property & Casualty	10.0%	5	-5.3%	10	4.2%	7	12.9%	2	10.8%	1	6.5%	6
Peer 1, Germany, Composite	8.3%	7	1.3%	7	8.5%	2	9.6%	5	4.0%	6	6.3%	7
Peer 8, France, Composite	9.3%	6	4.4%	6	5.4%	4	6.9%	9	3.7%	7	5.9%	8
Peer 4, US, Property & Casualty	5.9%	10	1.1%	8	0.5%	10	10.4%	4	1.2%	9	3.8%	9
Peer 2, Switzerland, Composite	10.6%	3	1.0%	9	1.4%	8	2.5%	10	-3.1%	10	2.5%	10
<b>Average</b>	<b>9.6%</b>		<b>5.4%</b>		<b>5.1%</b>		<b>9.2%</b>		<b>4.6%</b>		<b>6.8%</b>	

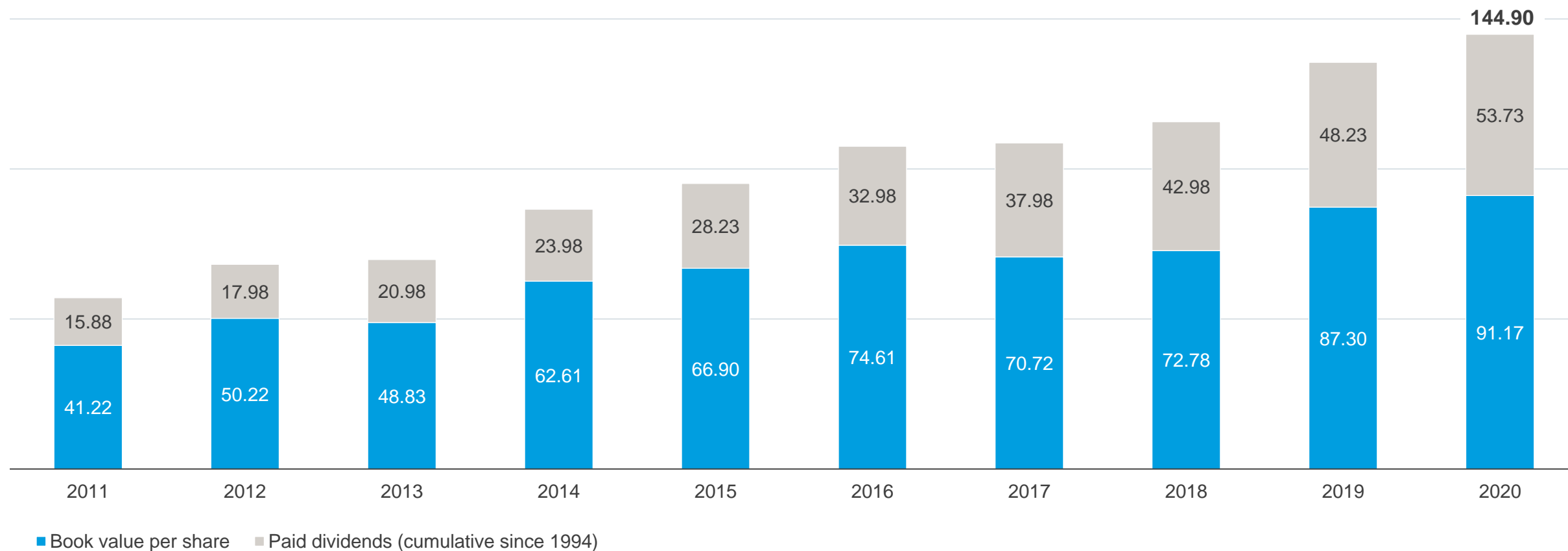
List shows the Top 10 of the Global Reinsurance Index (GloRe)  
Data based on company data, own calculation

# Continuous increase of value creation

## 10-year CAGR: +11.0%

### Book value and accumulated paid dividends

in EUR



# Shareholders' equity up by 4.4%

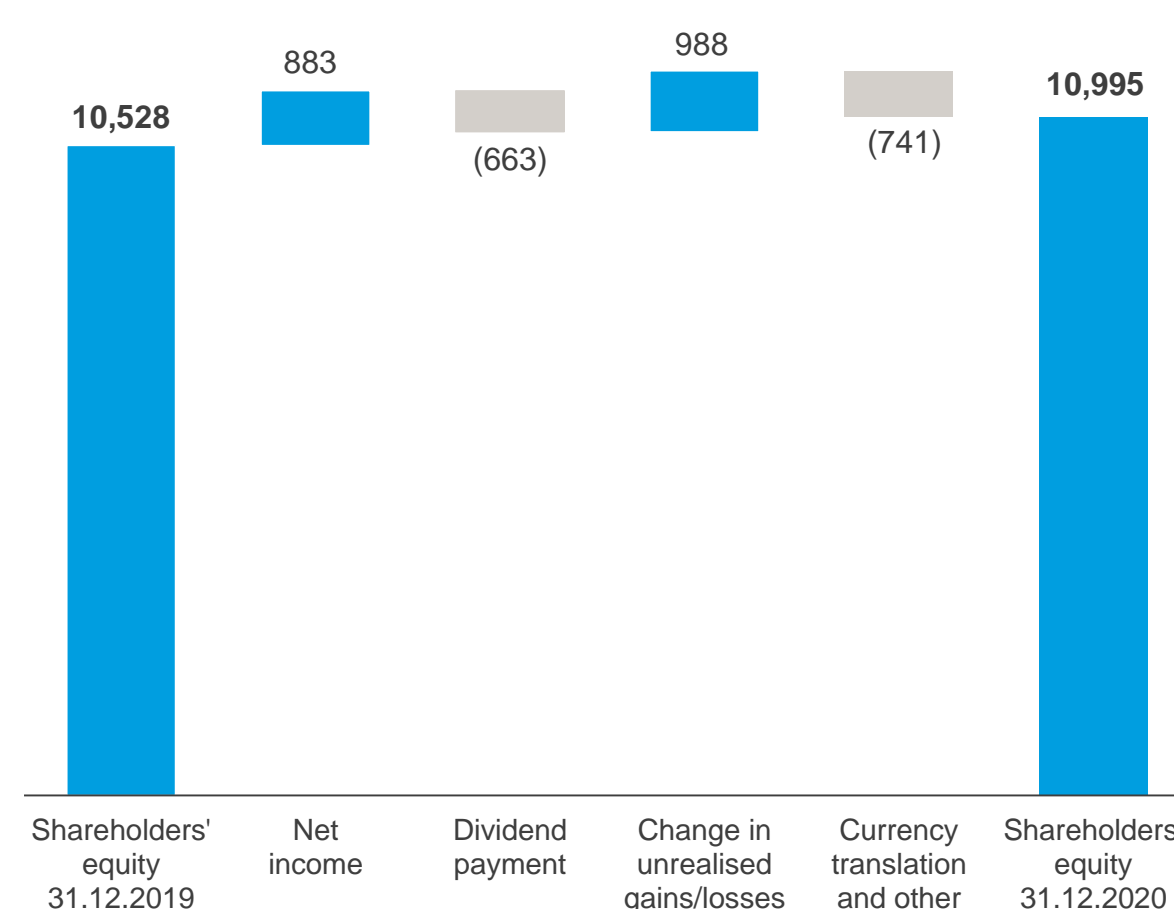
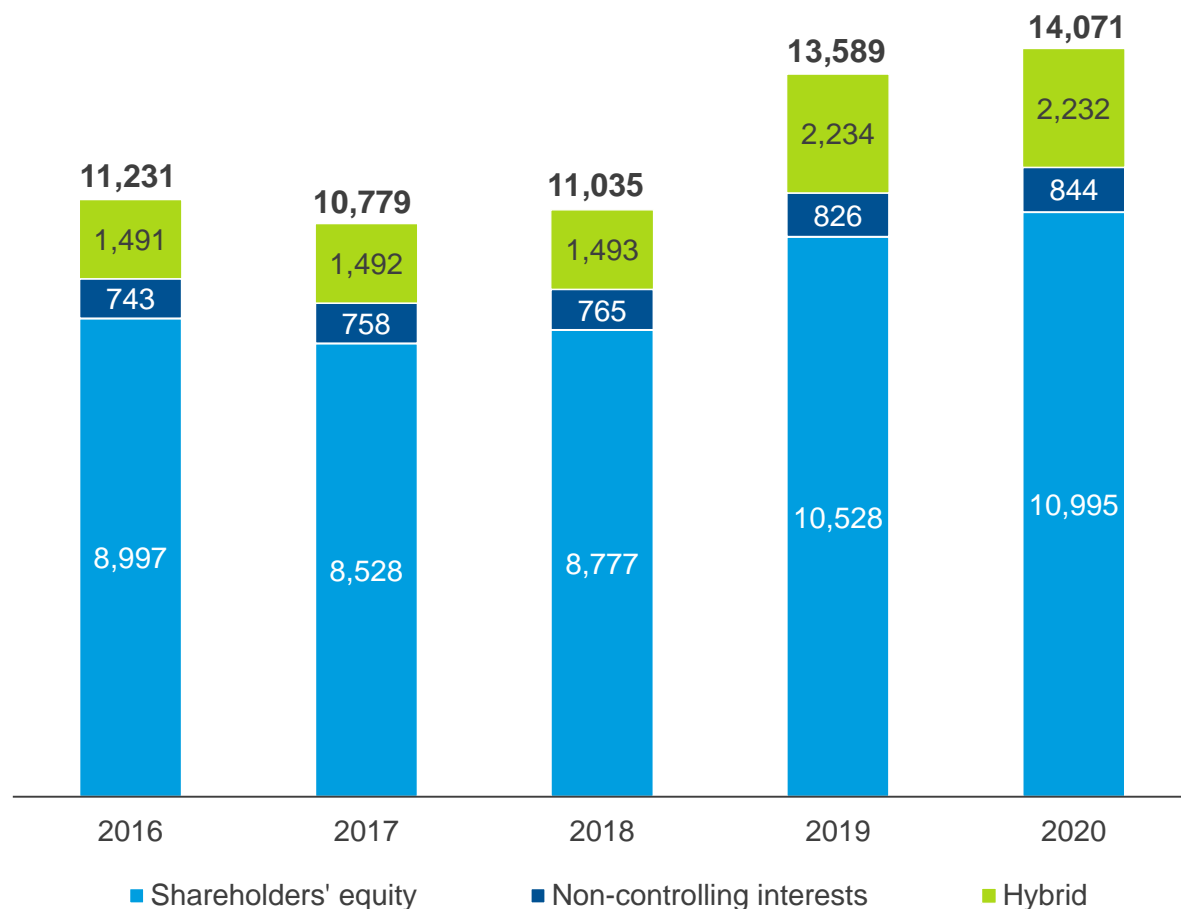
## Dividend payment comfortably covered by 2020 net income

Policyholders' surplus

in m. EUR

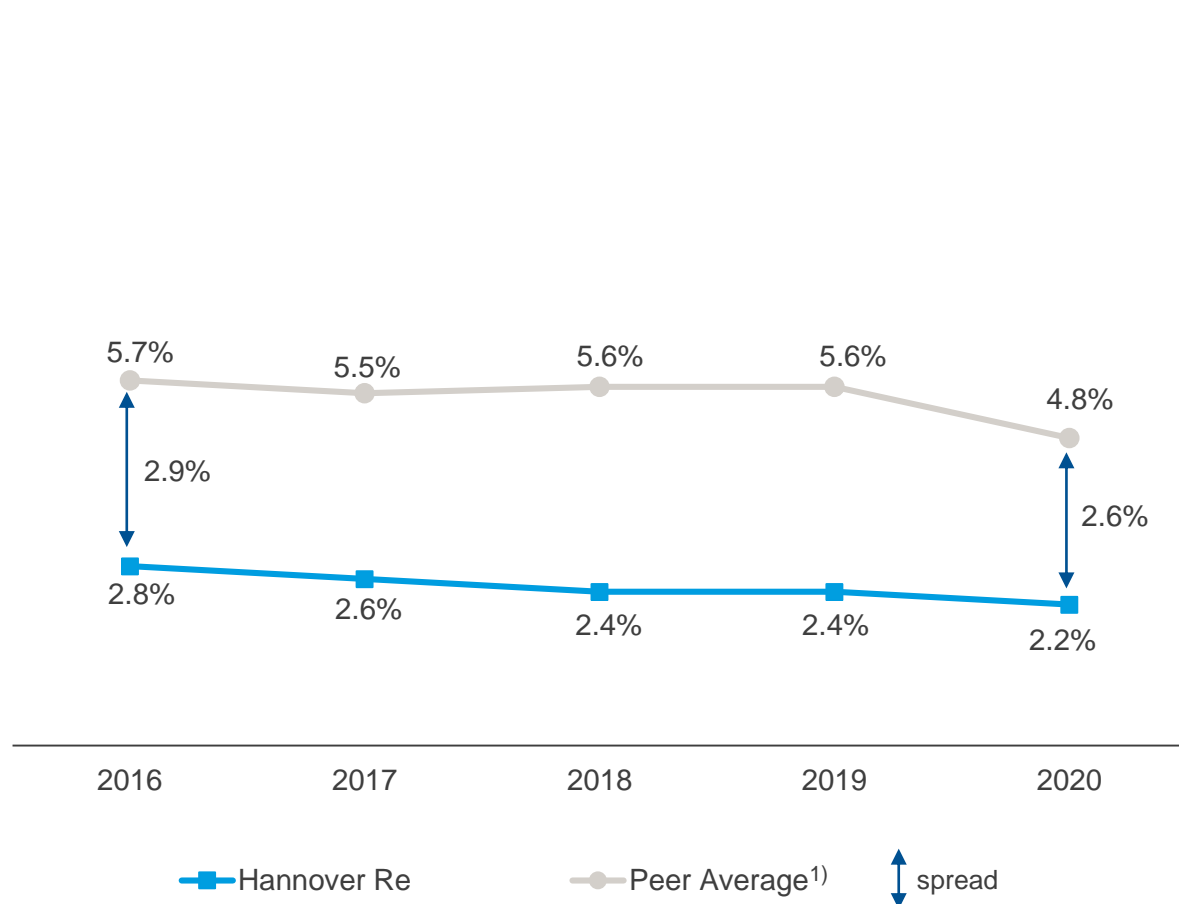
Change in shareholders' equity

in m. EUR



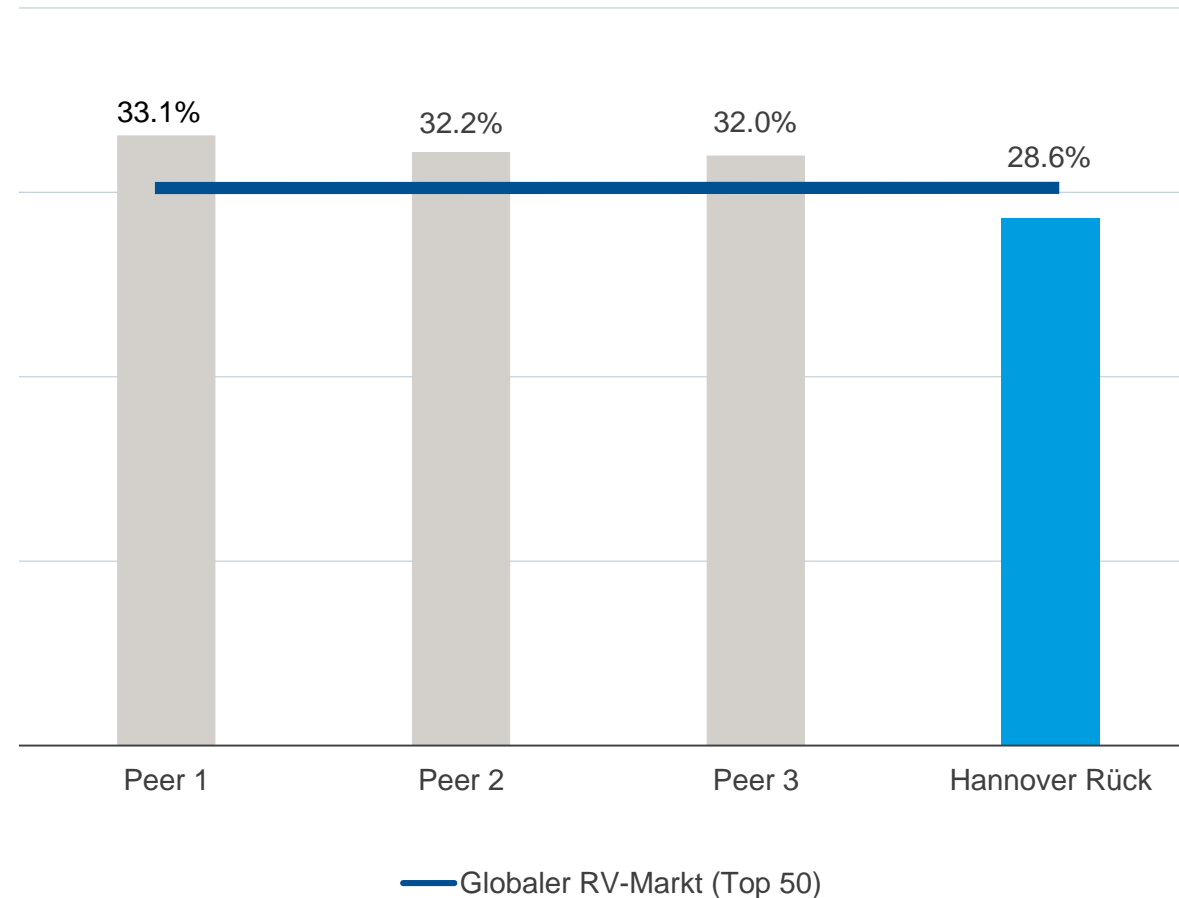
# Low expense ratio is an important competitive advantage

## Administrative expense ratio



## Expense ratio (P&C reinsurance)<sup>2)</sup>

5-year average



1) Peers: Munich Re, Swiss Re, SCOR; own calculation

2) Source: A.M. Best "Market Segment Report" 2016 - 2020, (© A.M. Best Europe - Information Services Ltd. - used by permission); Peers: Munich Re, SCOR, Swiss Re

# Purpose & Values

The “why” and the “how” articulate our distinctive corporate culture

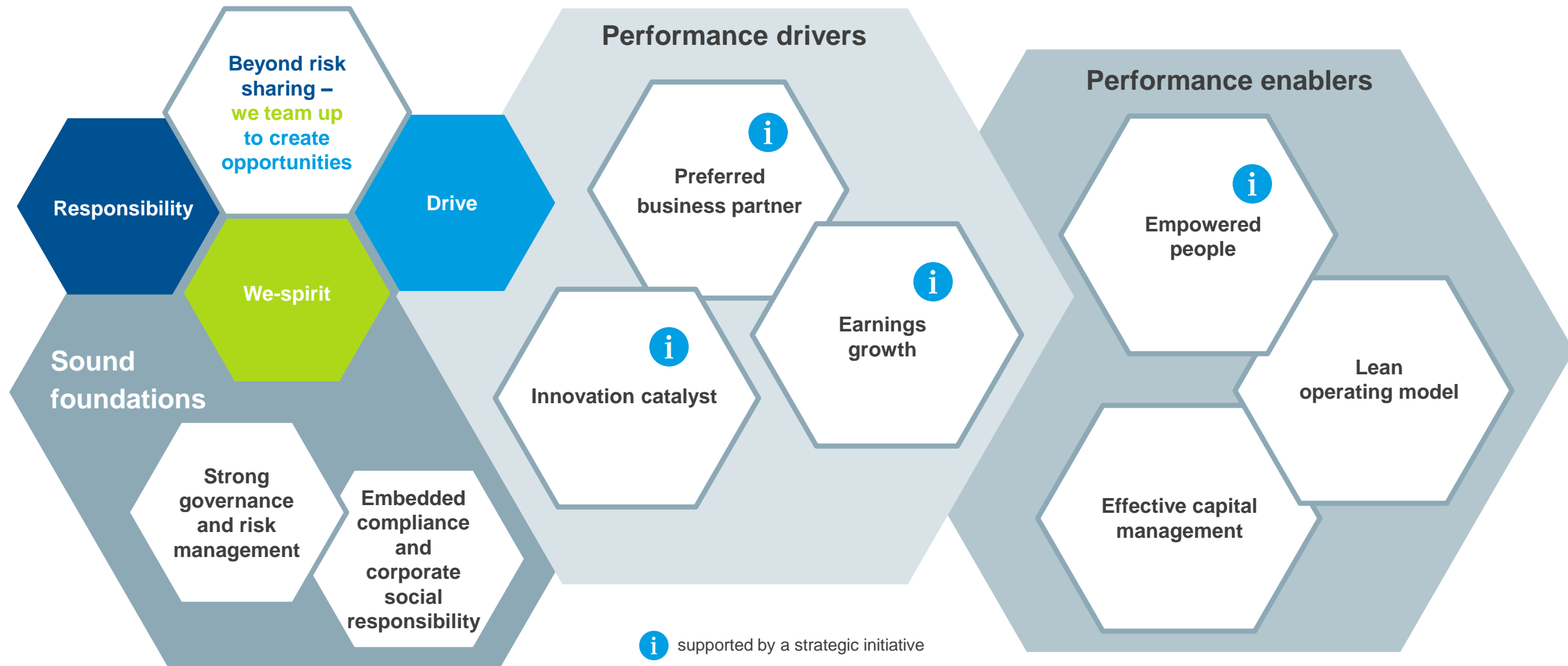


# Our competitive strengths lie in our corporate culture and operating model and lead to higher profitability with lower volatility



# Striving for sustainable outperformance

## Group strategy 2021 - 2023





# Target Matrix

## Strategy cycle 2021 - 2023

Business group	Key figures	Strategic targets
Group	Return on equity <sup>1)</sup>	900 bps above risk-free
	Solvency ratio <sup>2)</sup>	≥ 200%
Property & Casualty reinsurance	Gross premium growth <sup>3)</sup>	≥ 5%
	EBIT growth <sup>4)</sup>	≥ 5%
	Combined ratio	≤ 96%
	xRoCA <sup>5)</sup>	≥ 2%
Life & Health reinsurance	Gross premium growth <sup>3)</sup>	≥ 3%
	EBIT growth <sup>4)</sup>	≥ 5%
	Value of New Business (VNB) <sup>6)</sup>	≥ EUR 250 m.
	xRoCA <sup>5)</sup>	≥ 2%

1) After tax; risk-free: 5-year average return of 10-year German government bonds

3) Average annual growth at constant f/x rates

5) Excess return (one-year economic profit in excess of the cost of capital) on allocated economic capital

2) According to our internal capital model and Solvency II requirements

4) Average annual growth; based on normalised EBIT 2020

6) Based on Solvency II principles; pre-tax reporting

# Sustainability at Hannover Re

## How we evolved

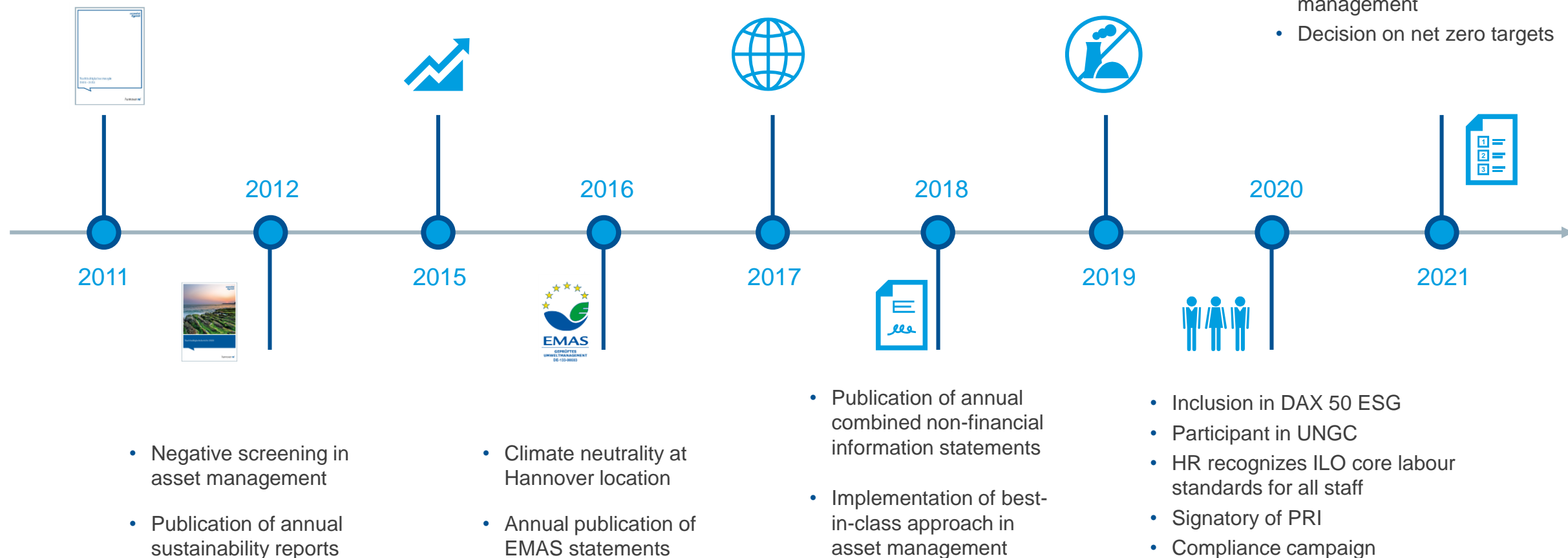
- Publication of first sustainability strategy
- Investor dialogues

- Listed in FTSE4Good-Index

- Listed in Global Challenges index

- Phased exit for any coal based risks until 2038

- Signature of UN PSI
- Human rights policy statement
- Climate strategy in asset management
- Decision on net zero targets



# Sustainability at Hannover Re

## Sustainability Strategy 2021 - 2023 – Overview

- In summer 2020, [we teamed up](#) to develop our new Sustainability Strategy 2021 - 2023
- The sustainability strategy serves our [purpose and values](#)
- It is closely related to the [Group strategy](#) and encompasses its sound foundations
- [Corporate Social Responsibility](#) bridges the sound foundations of our Group strategy and the four defined action fields
- The [action fields](#) encompass the identified material plus additional topics
- All topics were translated in [specific goals](#) and [target indicators](#)

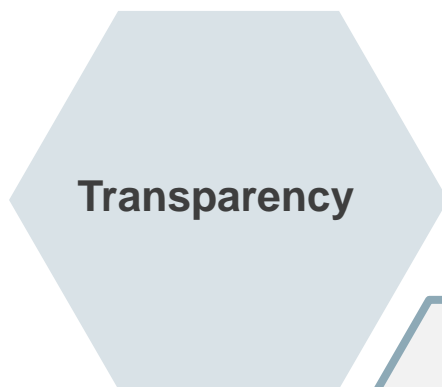


# Sustainability at Hannover Re

## Sustainability Strategy 2021 - 2023 – Action fields encompass our material topics

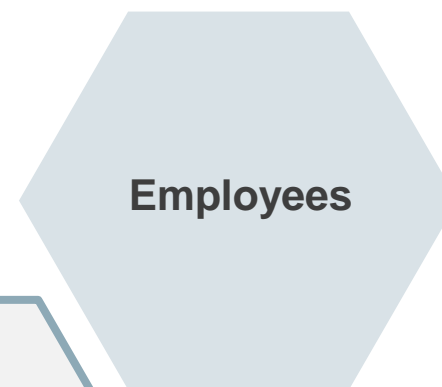
Transparency encompasses voluntary commitments and fundamental issues with implications for all other action fields.

- **Climate change** and **human rights** are interdisciplinary topics, operationalised in the other action fields.
- **Dialogue** is our commitment to interact with our stakeholders.
- **Good governance** aims for ethical governance and good corporate citizenship.



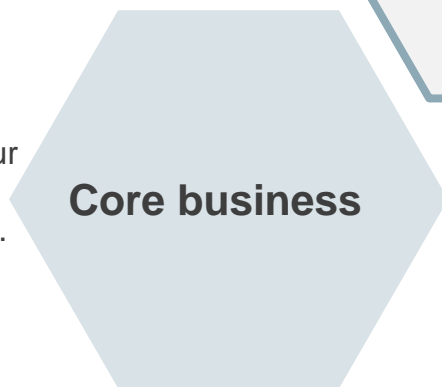
Motivated and well-trained employees are a crucial factor in the success of our company.

- **Attractiveness an employer:** We want to be the "employer of first choice" for existing and potential future employees alike.
- We support **learning and development** and **employee health and wellness**.
- We embrace and support **diversity and equal opportunities**.



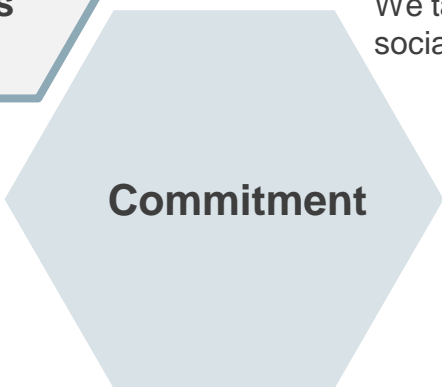
How we organise our core business serves as vital leverage for our contribution to the sustainable development of our world.

- In **sustainable protection**, we bring together all our activities that support the transformation to a sustainable world and offer sustainable solutions.
- With **ESG in underwriting** and **asset management**, we aim to minimize our negative impact.



We take responsibility for the environment and the social landscape in which we operate.

- **Environmental management** and **social engagement** are not defined as material topics.
- Nevertheless, they are important elements of our strategy.



# Net zero targets

## Comprehensive goal setting in core business and own business operations



### Asset Management

- Climate strategy:
  - Decarbonisation: -30% of CO<sub>2</sub> footprint by 2025<sup>1)</sup>
  - Active investment in sustainable assets
  - Engagement; via proxy voting
- Application of specific exclusion criteria – e.g. thermal coal, oil sands
- Negative screening / active divestment since 2012



### Underwriting

- Exit from all risks connected with thermal coal and related infrastructure by 2038 in the entire P&C portfolio
- Further exclusions are defined in accordance with the ESG Manual for the facultative business
- Participation in Net-Zero Insurance Alliance
- Application of specific exclusion criteria

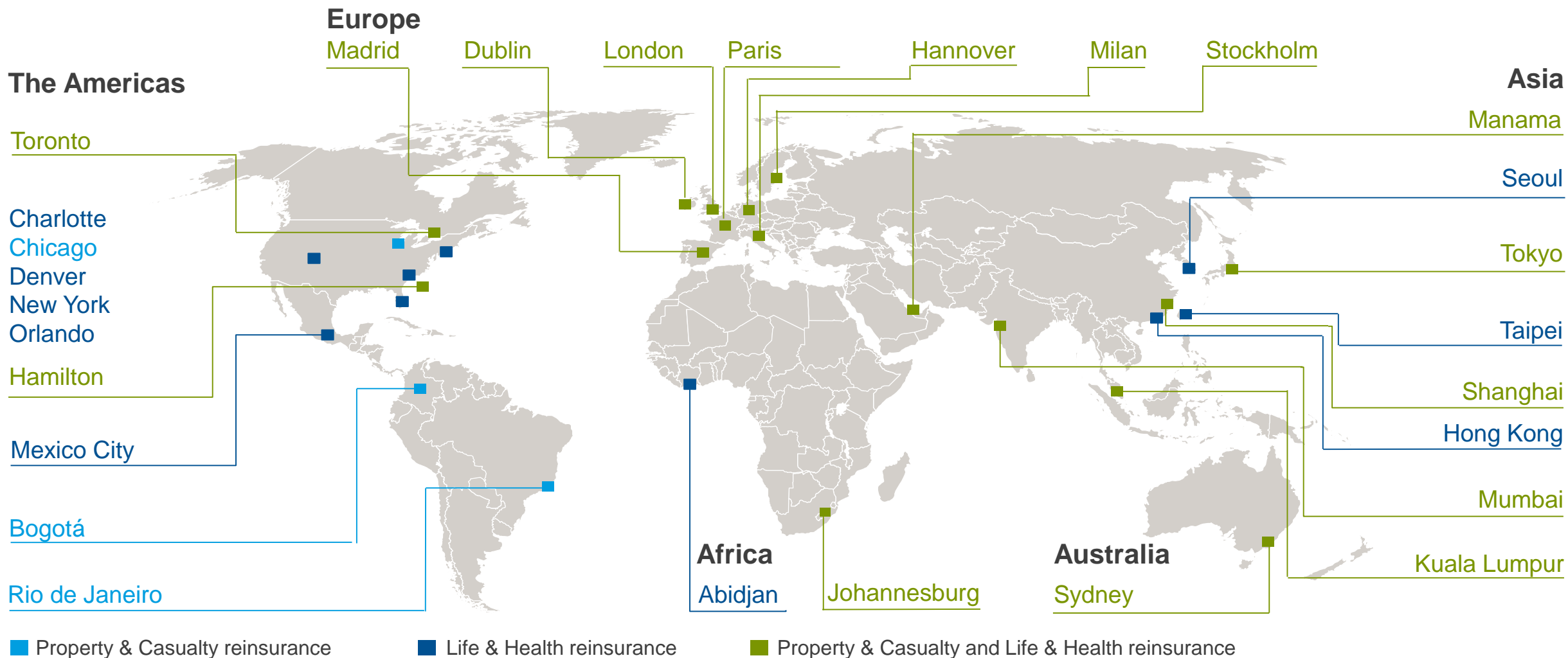


### Own business operations

- Carbon neutral at Head Office since 2016
- Certified according to ISO 14001 and publication of annual EMAS-III statements
- Expansion of data recording to further locations in progress

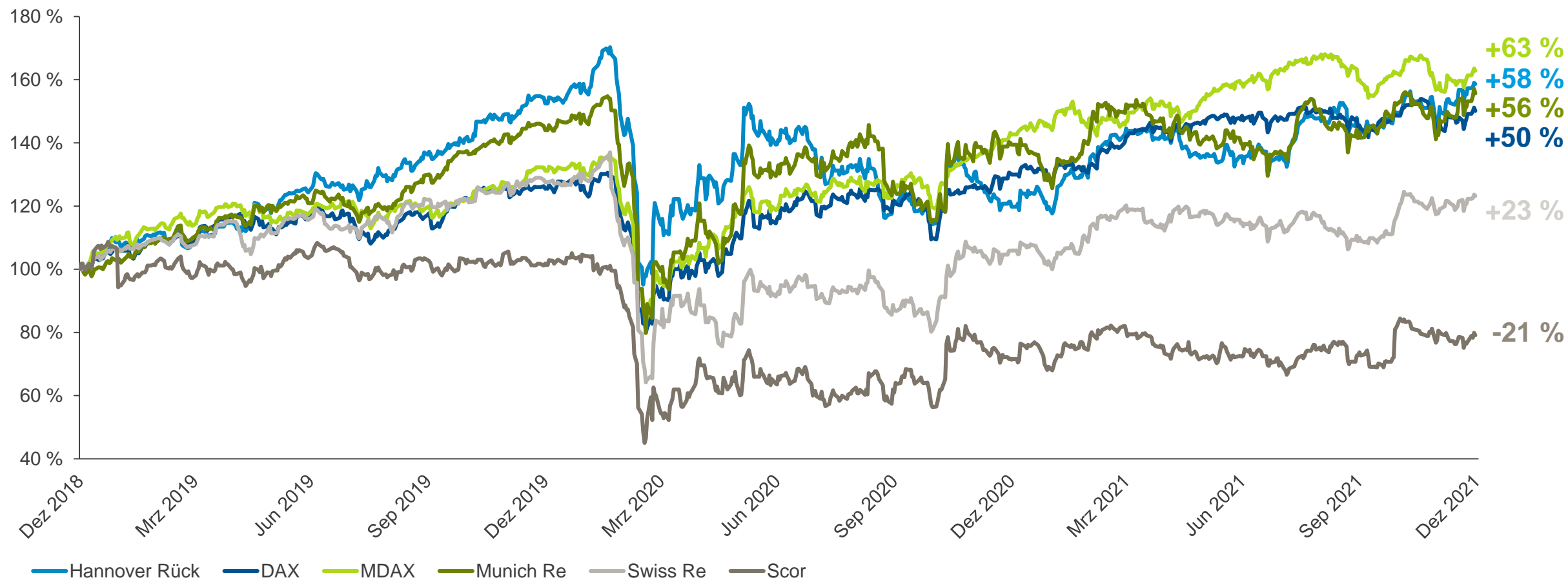
1) Corporates, covered bonds and equities; compared to base year 2019

# Present on all continents



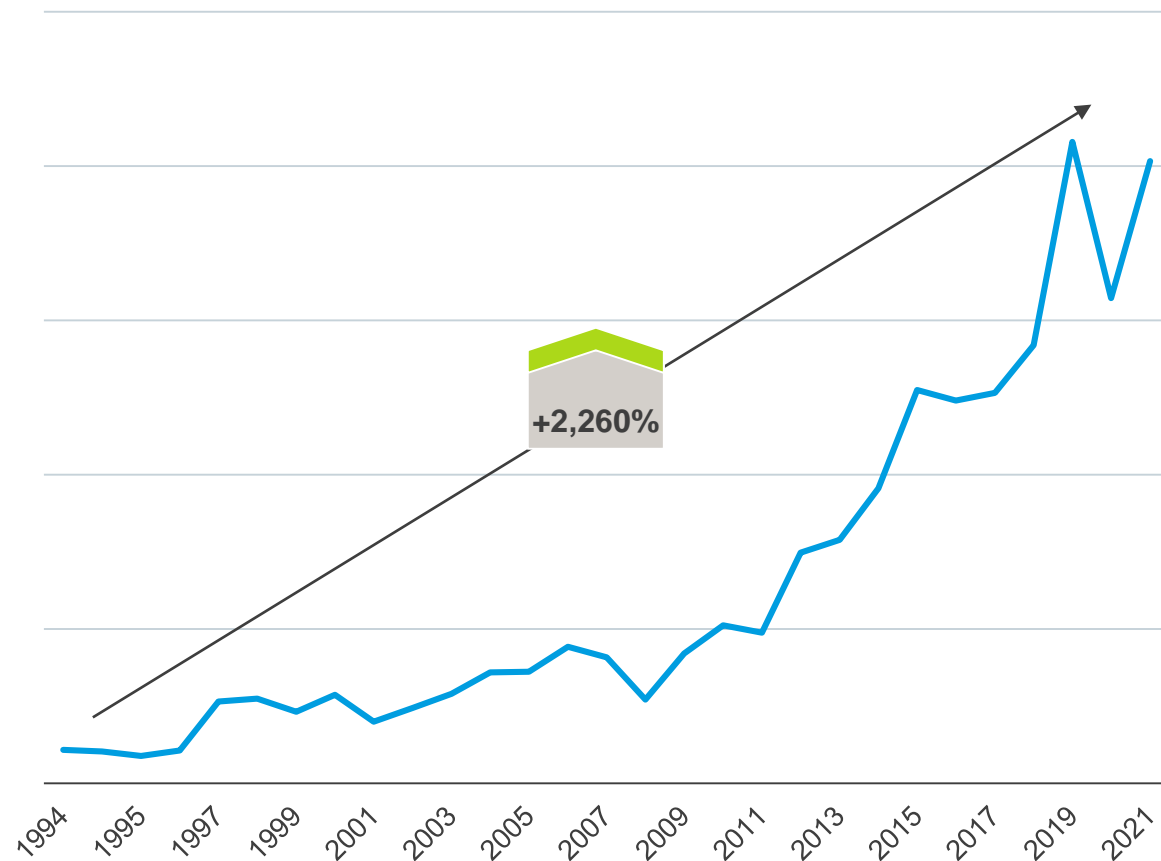
# HR share price performance over a 3-year rolling period

## Performance comparison (incl. reinvested dividends)



# Yearly Total Shareholder Return (TSR) of 12.9%

## Value creation since IPO



1) Dividend payment for 2021 not yet included

in m. EUR	2020	2021
Market capitalisation as of date	15,714	20,158
- Market capitalisation at IPO (Nov 1994)	1,084	1,084
+ Dividend payments (cumulative)	6,780	6,780 <sup>1)</sup>
- Capital increases (1996, 1997, 2001, 2003)	811	811
<b>Value creation since IPO</b>	<b>20,599</b>	<b>25,586</b>

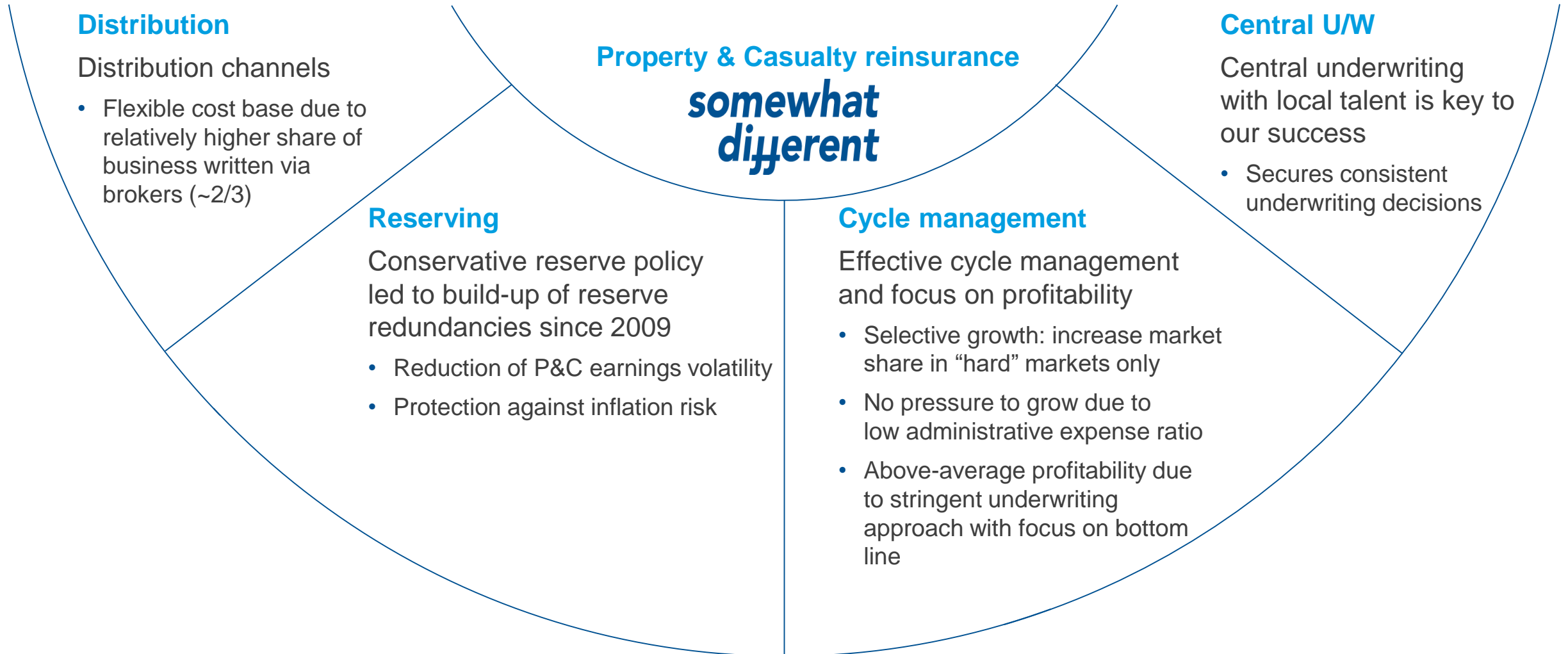


# Agenda

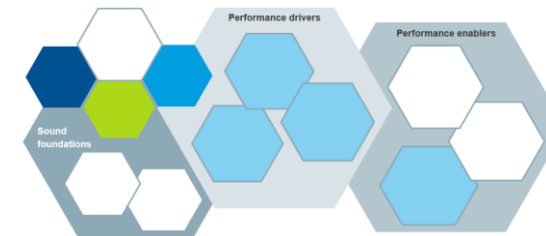
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# We are somewhat different

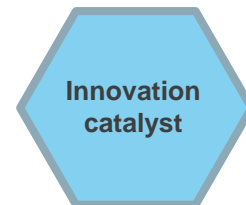


# Property & Casualty: Strategy



## Further expand our bottom line through existing and new client relationships

- Customer Excellence (holistic customer management approach) for clients
- Foster our leadership position in specialty markets
- Expand our corporate client basis to enlarge our portfolio of captive clients
- Build on the strength of E+S Rück as “The Reinsurer for Germany”, based on its unique cooperation model



## Continue to build out our position as innovation partner for our clients and position accordingly towards the outside world

- Embed the offering of tailor-made solutions (including AS & ILS)
- Embed digital business accelerator for P&C (including insurtech partnerships and partnerships with global technology firms)
- Foster our capabilities in data analytics and become a preferred partner for ceding companies or other service providers to benefit from new sources/pools of data like telematics
- Develop Cyber reinsurance (including exposure management)
- Increase our activities in the parametric reinsurance field
- Increase private-public partnerships to address the Protection Gap
- Increase the external awareness (incl. investors & applicants) of innovation at HR



## Grow profitably in the APAC region whilst maintaining our strong underwriting culture

- Deliver on current APAC initiative
- Include Specialty lines and foster growth of Advanced Solutions business in the region by decentralized underwriting approach
- Ensure strong Hannover Re underwriting culture is maintained in the APAC offices
- Increase collaboration between the APAC offices whilst maintaining strong links to Hannover



## Use internal and external retrocession to optimise the internal model and rating agency capital requirements as well as capital fungibility within the Hannover Re Group and reduce volatility of earnings

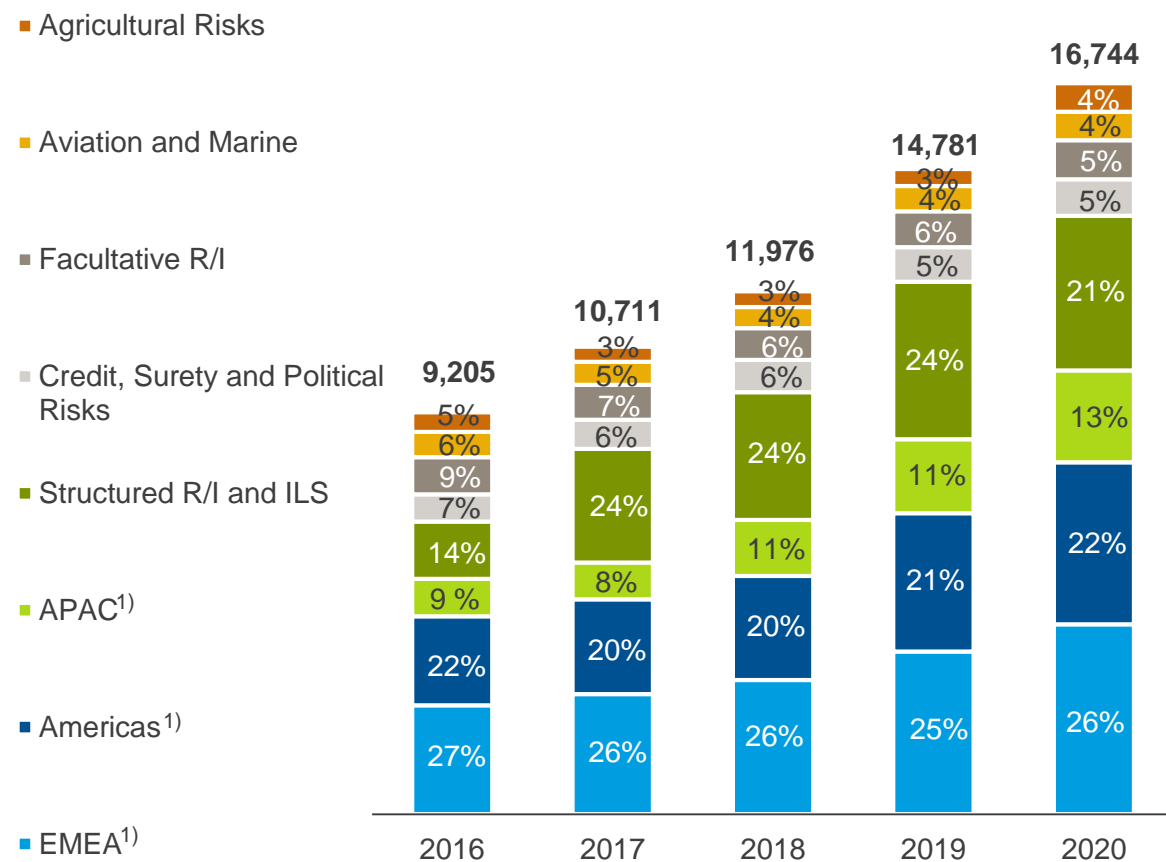
- Explore the use of Advanced Solutions type retrocessions
- Establish a (composite) framework for effective internal retrocessions

# Property & Casualty reinsurance: diversified growth

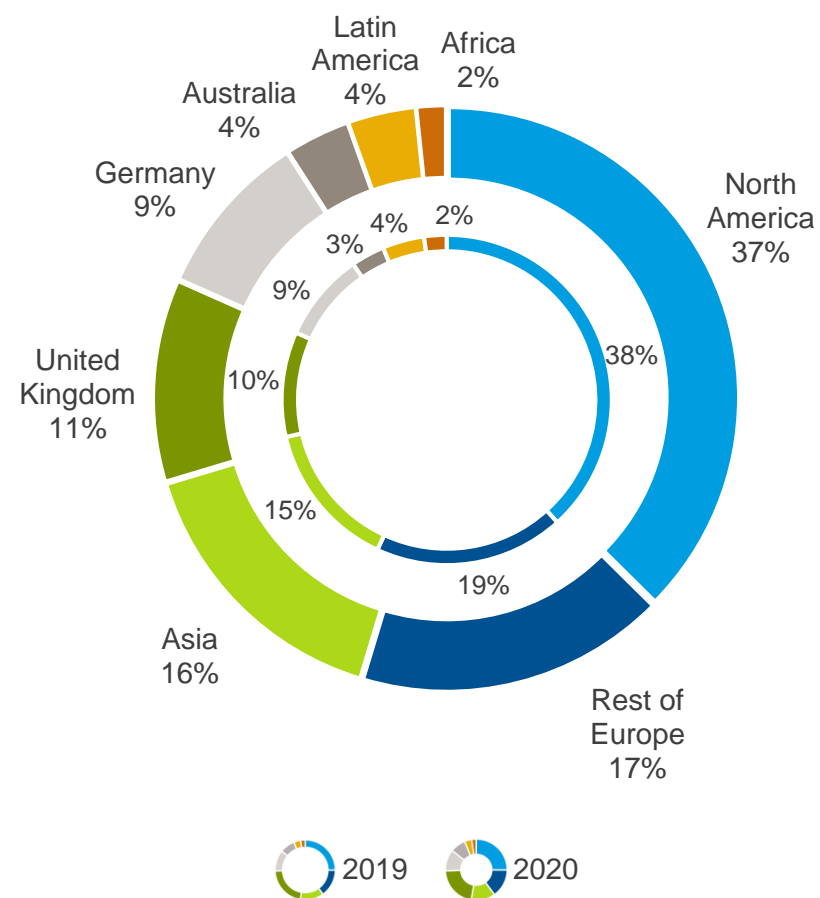
## 5-year CAGR: +12.4%

### GWP split by reporting categories

in m. EUR



### Gross written premium split by regions

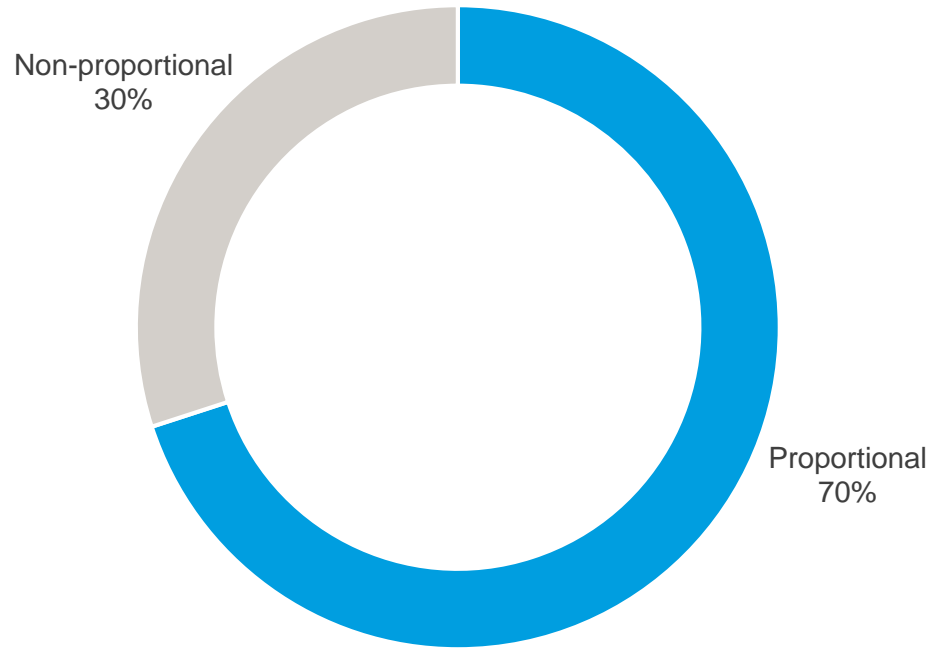


1) All lines of Property & Casualty reinsurance except those stated separately; EMEA incl. CIS

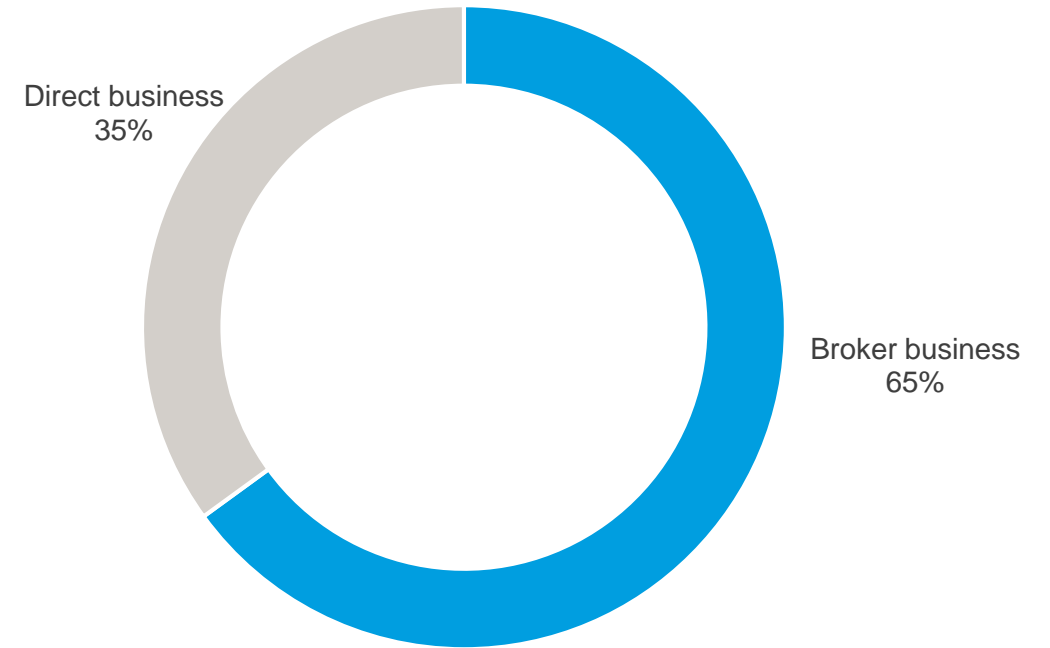
# Around 2/3 of our business is written via brokers

## ~1/3 of our business is non-proportional

Breakdown of treaties by volume



Breakdown of business written



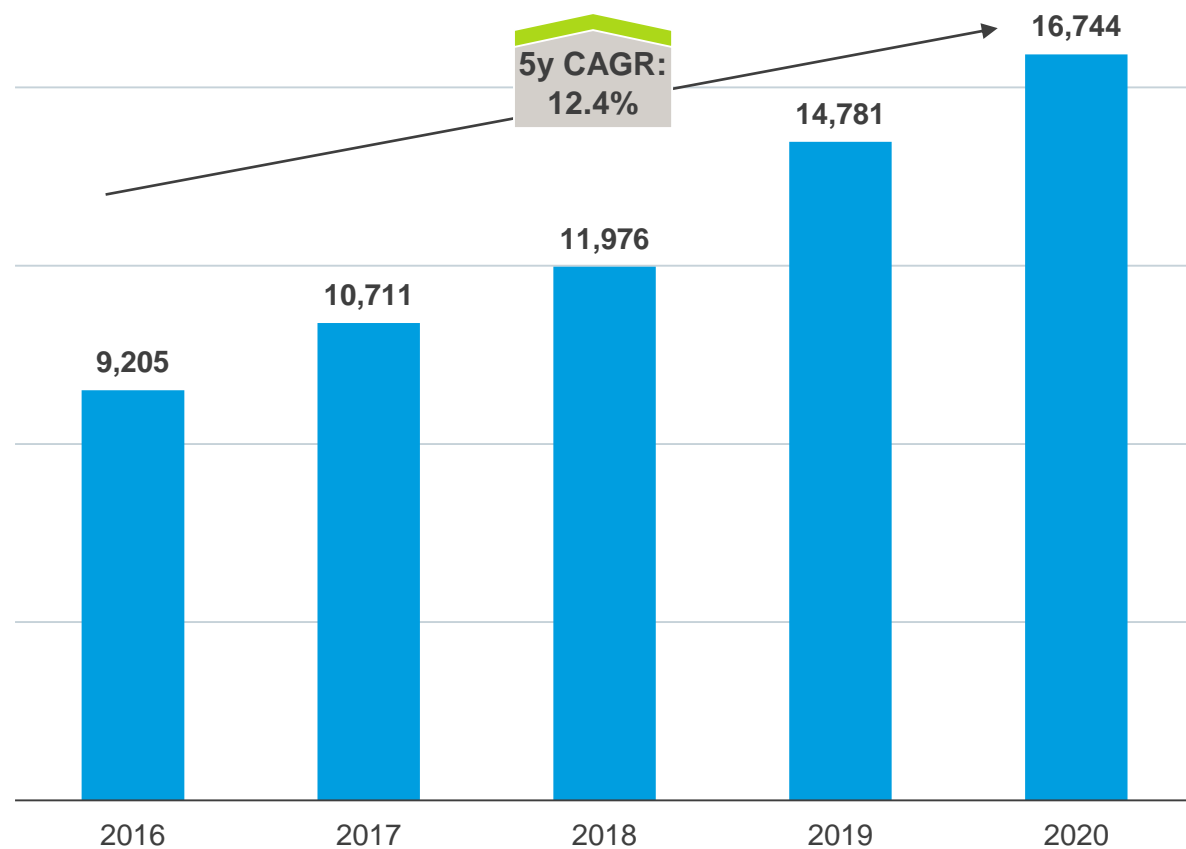
**GWP 2020: EUR 16,744 m.**  
(2019: EUR 14,781 m.)

# Margin-oriented U/W approach leads to profitable growth

## 2020: underwriting result impacted by reserving for Covid-19 loss estimates

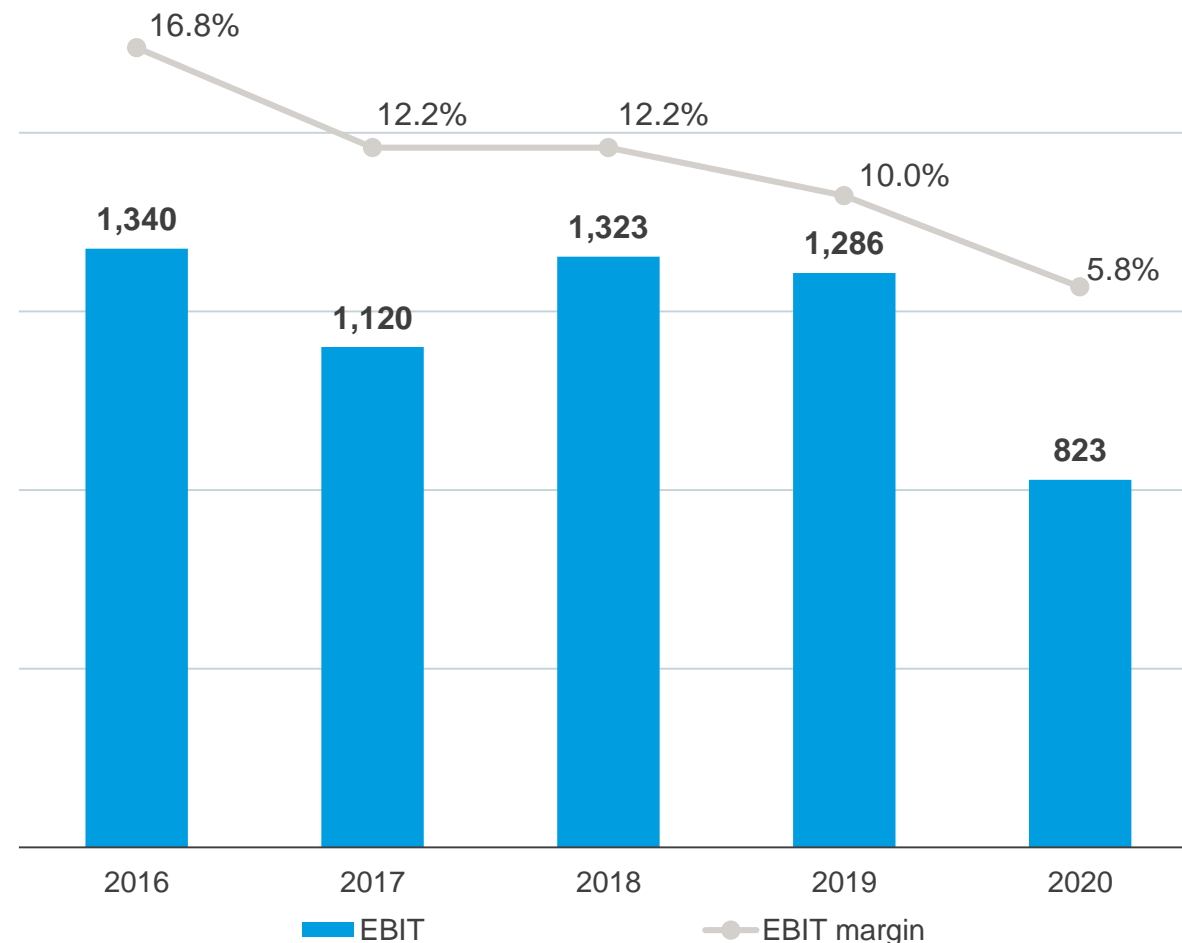
Gross written premium

in m. EUR





















EBIT/EBIT margin

in m. EUR



# Target Combined Ratio varies substantially by line of business

## Targets for FY 2021

NPE	+	Economic revaluation	-	Capital margin	=	Target Combined Ratio
Net premium earned (100%)		Discount effect on P&C net loss reserves (% of NPE)		Capital margin above risk free (pre-tax)		Target Combined Ratio
EMEA <sup>1)</sup>		 2.0%		 6.7%		95.4%
Americas <sup>1)</sup>		 4.8%		 10.0%		94.8%
APAC <sup>1)</sup>		 3.8%		 6.7%		97.0%
Structured Reinsurance and ILS		 0.4%		 1.7%		98.7%
Credit, Surety and Political Risks		 2.1%		 7.6%		94.5%
Facultative Reinsurance		 3.9%		 7.4%		96.5%
Aviation and Marine		 3.1%		 8.1%		95.0%
Agricultural Risks		 1.8%		 8.9%		92.9%
<b>Total Property &amp; Casualty R/I</b>		 2.7%		 6.7%		<b>96.0%</b>

As at April 2021

1) All lines of business except those stated separately; EMEA incl. CIS

# Stable redundancy despite challenging environment

## Reserve study review by Willis Towers Watson confirms reserving level

in m. EUR

Year end <sup>1)</sup>	Redundancy <sup>2)</sup>	Increase redundancy	Effect on loss ratio	P&C premium (net earned)
2010	956	89	1.6%	5,394
2011	1,117	162	2.7%	5,961
2012	1,308	190	2.8%	6,854
2013	1,517	209	3.1%	6,866
2014	1,546	29	0.4%	7,011
2015	1,887	341	4.2%	8,100
2016	1,865	-22	-0.3%	7,985
2017	1,813	-52	-0.6%	9,159
2018	1,694	-118	-1.1%	10,804
2019	1,457	-238	-1.9%	12,798
2020	1,536	80	0.6%	14,205
<b>2010 - 2020 total</b>		<b>671</b>		<b>95,137</b>
<b>2010 - 2020 average</b>		<b>61</b>	<b>0.7%</b>	<b>8,649</b>

**Average impact on loss ratio: 0.7% in the past 11 years (not f/x-adjusted)**

1) Figures unadjusted for changes in foreign exchange rate, i.e. based on actual exchange rates at respective year end

2) Redundancy of loss and loss adjustment expense reserve for its non-life insurance business against held IFRS reserves, before tax and minority participations

Willis Towers Watson reviewed these estimates - more details shown in appendix



# The risk is manageable

## Stress tests for natural catastrophes after retrocessions

### Effect on forecast net income in m. EUR

		2019	2020
Hurricane US/Carribbean	100-year loss	(1,155)	(1,107)
	250-year loss	(1,595)	(1,594)
Earthquake US West Coast	100-year loss	(603)	(554)
	250-year loss	(1,258)	(1,184)
Winter storm Europe	100-year loss	(376)	(377)
	250-year loss	(602)	(631)
Earthquake Japan	100-year loss	(341)	(347)
	250-year loss	(733)	(747)
Earthquake Chile	100-year loss	(212)	(223)
	250-year loss	(778)	(777)

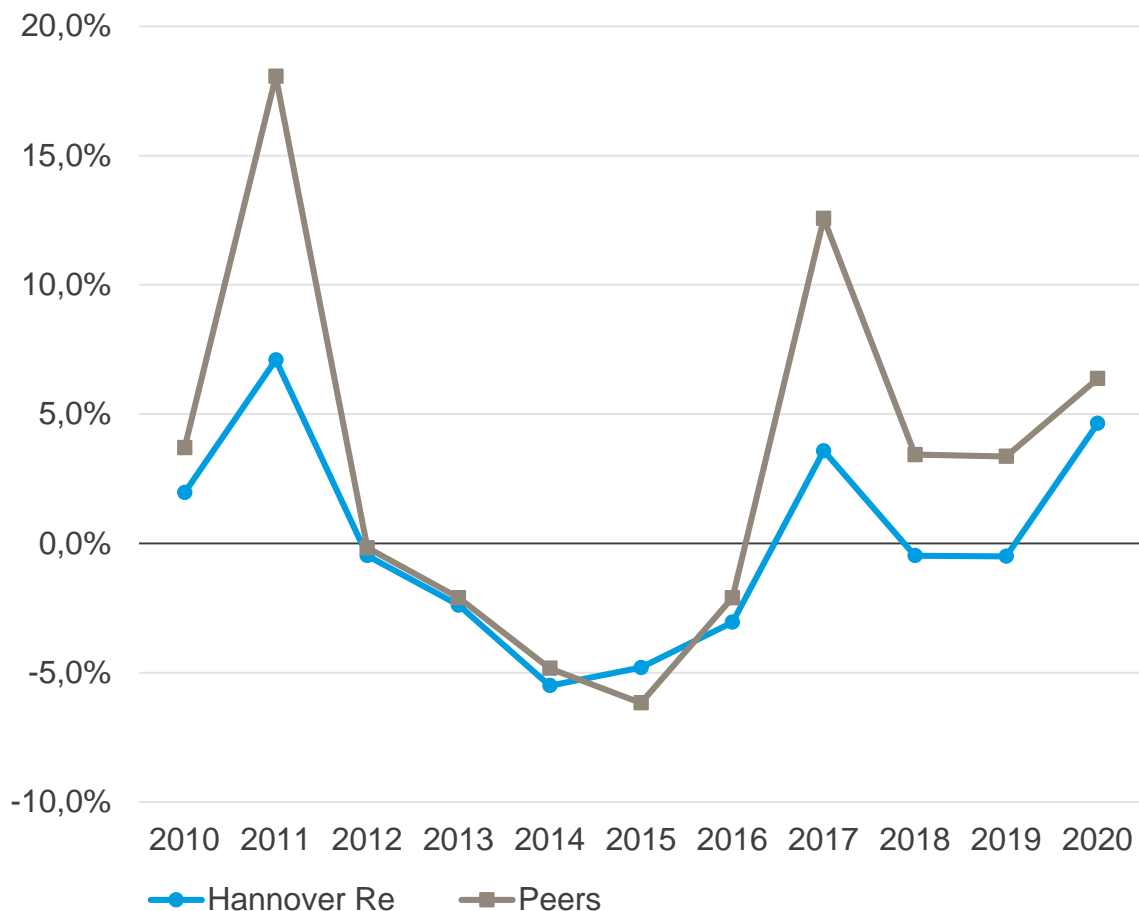
in m. EUR

		Limit 2020	Threshold 2020	Actual utilisation (July 2020)
All natural catastrophe risks <sup>1)</sup>	200-year aggregate annual loss	2,299	2,069	1,702

1) Loss relative to the underwriting result

# Previous years confirm our reliable planning of NatCat budget

Δ NatCat losses vs. budget in % of NPE



All numbers as % of net premium earned and as reported; 2020 numbers include Covid-19 impact; Peers: Munich Re, Swiss Re, SCOR

1) Standard deviation

Δ average NatCat losses vs. budget

Volatility<sup>1)</sup>

*hannover re*<sup>®</sup>

Peers

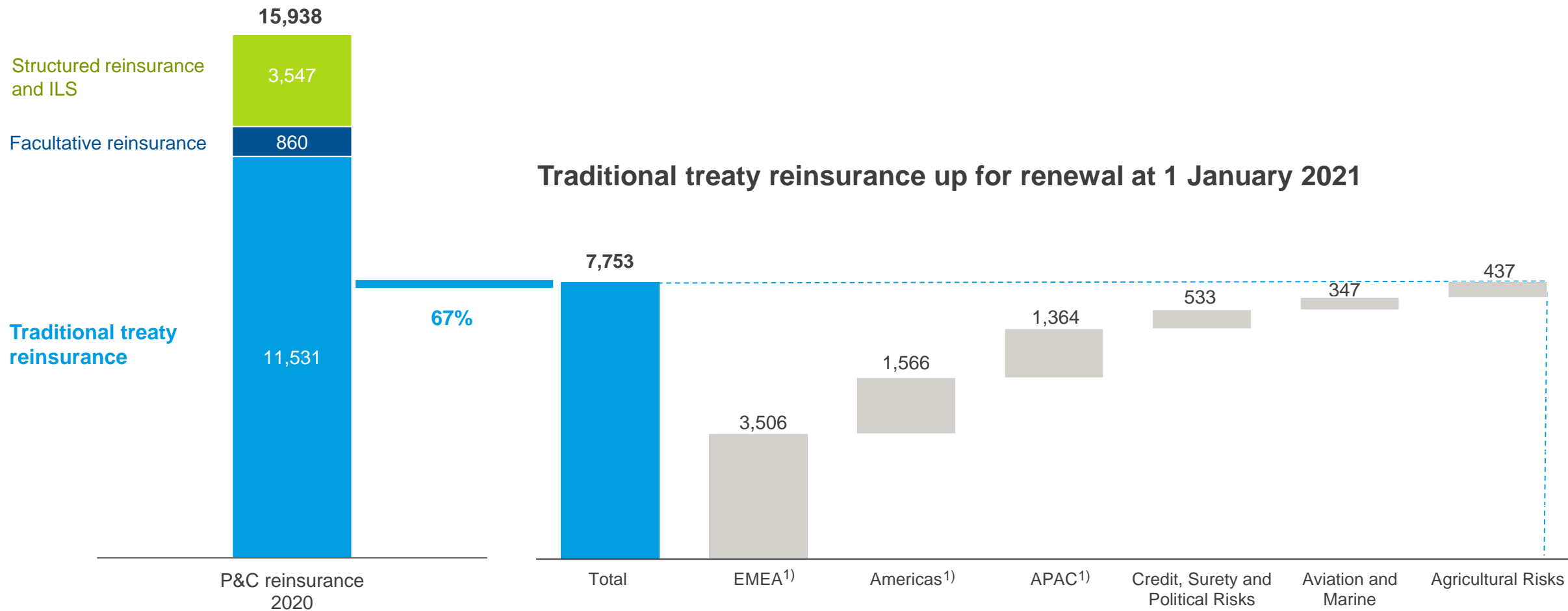
0.0%	4.0%
2.9%	7.3%

- On average, Hannover Re stays within NatCat budget
- Lower volatility of NatCat budget utilisation by Hannover Re compared to peers

# 67% of traditional treaty reinsurance up for renewal at 1 January 2021

## Equates to 49% of the total P&C inforce premium

### Estimated premium income U/Y by reporting lines

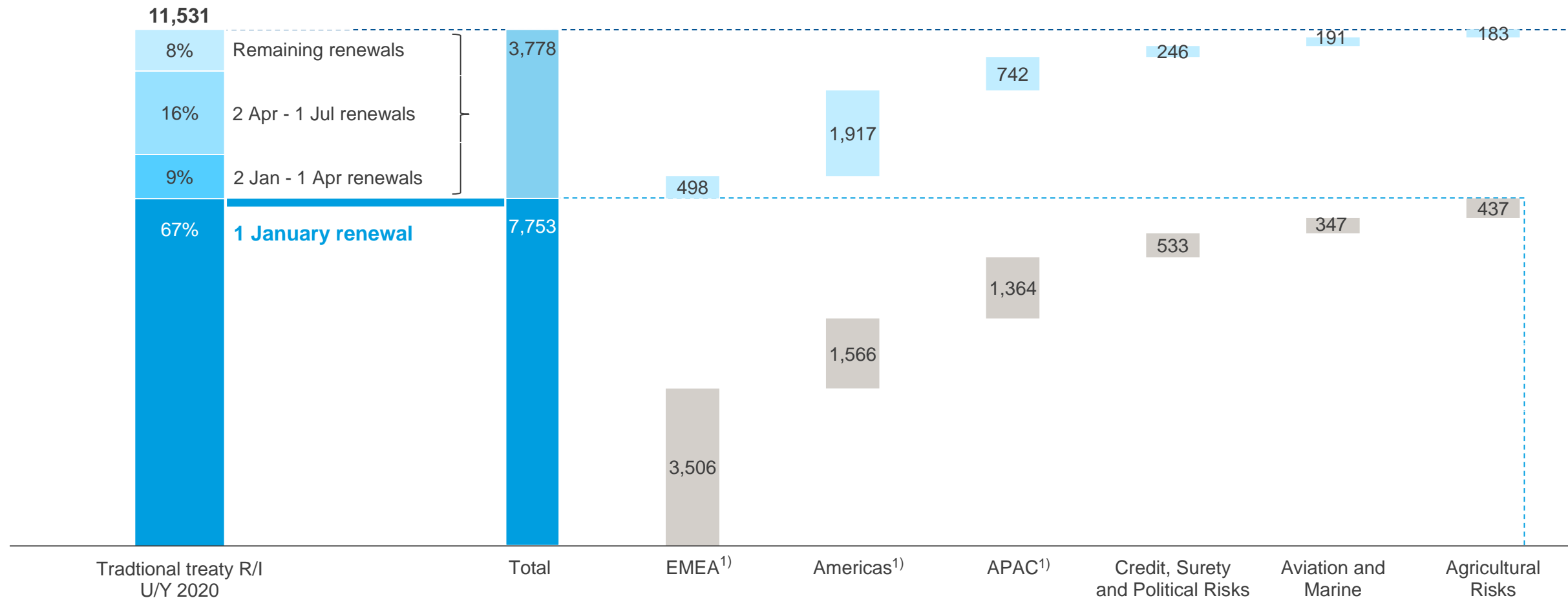


All figures in m. EUR

1) All lines of business except those stated separately; EMEA incl. CIS

# 33% of traditional treaty reinsurance comes up for renewal later in a favourable market environment

## Estimated premium income U/Y by reporting lines



All figures in m. EUR

1) All lines of business except those stated separately; EMEA incl. CIS

# Price increases across all lines and regions, with most dynamic development in US, UK and Specialty lines

Reporting lines	Traditional treaty reinsurance			
	Premium 1/1/2020	Premium 1/1/2021	Premium changes	Price changes
EMEA <sup>1)</sup>	3,506	3,878	+10.6%	+3.0%
Americas <sup>1)</sup>	1,566	1,806	+15.3%	+8.3%
APAC <sup>1)</sup>	1,364	1,420	+4.1%	+6.1%
Credit, Surety and Political Risks	533	561	+5.3%	+9.9%
Aviation and Marine	347	375	+8.2%	+11.1%
Agricultural Risks	437	374	-14.5%	+3.4%
<b>Total 1 January renewals</b>	<b>7,753</b>	<b>8,414</b>	<b>+8.5%</b>	<b>+5.5%</b>

Premium estimates in m. EUR

1) All lines of business except those stated separately (excl. Structured R/I and ILS as well as Facultative R/I); EMEA incl. CIS

# Proportional business benefited from improved primary insurance markets

## Split by proportional and non-proportional business

Reporting lines	Proportional			Non-proportional		
	Premium 1/1/2021	Premium changes	Price changes	Premium 1/1/2021	Premium changes	Price changes
EMEA <sup>1)</sup>	3,072	+12.1%	+2.0%	806	+5.3%	+6.4%
Americas <sup>1)</sup>	874	+19.6%	+6.5%	932	+11.6%	+9.9%
APAC <sup>1)</sup>	1,338	+3.5%	+6.3%	82	+16.1%	+2.9%
Credit, Surety and Political Risks	456	+2.2%	+9.0%	105	+20.8%	+14.7%
Aviation and Marine	245	+7.4%	+8.9%	130	+9.8%	+15.2%
Agricultural Risks	344	-15.5%	+2.9%	29	-1.9%	+9.8%
<b>Total 1 January renewals</b>	<b>6,329</b>	<b>+8.3%</b>	<b>+4.4%</b>	<b>2,085</b>	<b>+9.3%</b>	<b>+8.8%</b>

Premium estimates in m. EUR

1) All lines of business except those stated separately (excl. Structured R/I and ILS as well as Facultative R/I); EMEA incl. CIS

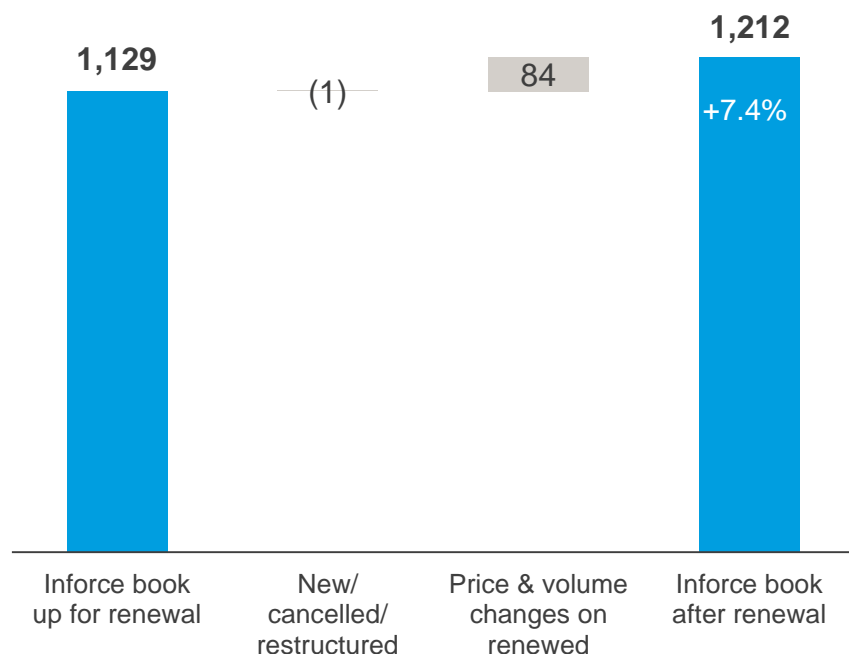
# Positive renewal trends lead to continued premium growth

## Risk-adjusted price increase of 9.0% in non-proportional business

2 Jan - 1 Apr 2021

in m. EUR

Change in shares: +0.6%  
 Change in price: +5.0%  
 Change in volume: +1.9%



### Americas<sup>1)</sup>

- Double-digit increase in premium in North America
  - Strong (double-digit) primary rate movement continues in targeted segments (Excess & Surplus lines, large accounts, engineered risks)
  - Reinsurers’ margin on proportional business has improved as underlying rate trends outweigh loss cost and commission developments
- Stable to improved conditions in the Caribbean

### Japan

- Successful renewal in line with our expectations. Portfolio has been renewed with a single-digit growth rate
- We were able to continue and partially increase our participation on business that has seen 3 successive rounds of rate increases

### Aviation & Marine

- Aviation: Positive price momentum continued with risk-adjusted price increases averaging around 25% and in line with 1/1 renewals
- Marine: Single-digit price increases on loss-free and higher on loss-affected business. Cyber and Communicable Disease exclusionary language incorporated successfully

### Agricultural Risks

- Renewals still underway; premium growth expected from new accounts

Underwriting year figures at unchanged f/x rates (31 December 2020)

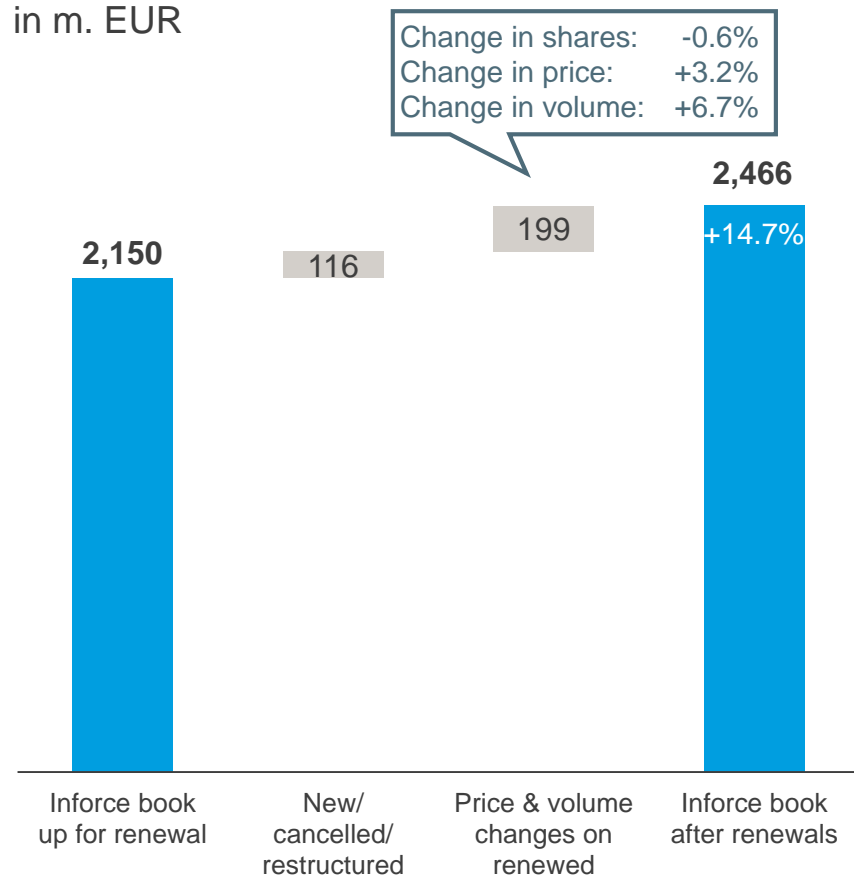
1) Excluding specialty business mentioned separately

# Improving market conditions increased P&C premium by 14.7%

## Overall risk-adjusted price increase of 3.2%; non-proportional 6.4%

2 Apr - 1 Jul 2021

in m. EUR



### Americas<sup>1)</sup>

- Continued increase in premium in North America
  - Continued positive momentum on insurance pricing
  - Organic growth in primary portfolios contributes to ongoing portfolio improvements
  - Sustained underwriting discipline in the reinsurance market
- Latin America: past SRCC<sup>2)</sup> losses lead to improvement in original rates, terms and conditions for this exposure

### Australia

- Market remained disciplined with continued rate increases where necessary
- A slight trend towards increasing retention and streamlining reinsurance panel

### Asia

- Significant premium growth under our APAC growth initiative
- Signs of hardening on the property market are becoming clearer

### Credit & Surety

- Moderate increase in premium volume due to organic growth and new business
- Stable to slightly improved pricing

Underwriting year figures at unchanged f/x rates (31 December 2020)

1) Excluding specialty business mentioned separately

2) Strike, Riots, Civil Commotion



# Agenda

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1	Hannover Re Group	2
2	Property & Casualty reinsurance	33
3	Life & Health reinsurance	49
4	Investment management	63
5	Capital management	71
6	Interim results Q1-3/2021	84
7	Outlook	94
	Appendix	97

# We are somewhat different

## Undogmatic

We have an undogmatic approach

- Strong entrepreneurial spirit
- Appetite to innovate industry solutions

Life & Health reinsurance

**somewhat  
different**

## Responsive

We are committed to time to market & responsiveness

- Rapid decision-making processes
- In-depth knowledge of local markets

## Efficient

We foster an efficient organisational set-up

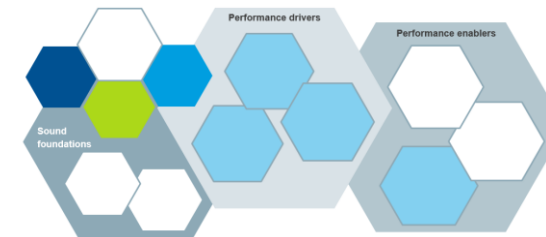
- 950 experts in 26 offices on all continents
- Highly empowered and qualified staff

## Flexible

We are a highly flexible business partner

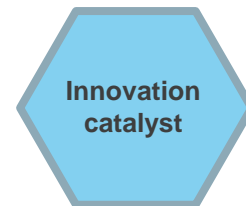
- Tailor-made services and solutions
- Ability to anticipate market and client demands

# Life & Health: Strategy



**Support our clients in optimising consumer experience and risk segmentation**

- Deepen data analytics expertise in combination with artificial intelligence
- Widen data analytics service offering, including third-party data
- Expand partnerships: consumer experience & digitalisation of sales channels
- Enhance lifestyle & wellness product propositions



**Provide our clients with tailored risk-transfer solutions beyond our core expertise**

- Select appropriate partners to address investment, biometric & expense risk



**Outperform the competition in the fastest growing L&H markets**

- Expand our offering in ...
  - Asia
  - Longevity
  - Financial Solutions



**Identify and actively manage value-destroying risks in our portfolio**

- Expand inforce management capabilities and activities
- Derive appropriate pricing from lessons learned for new business

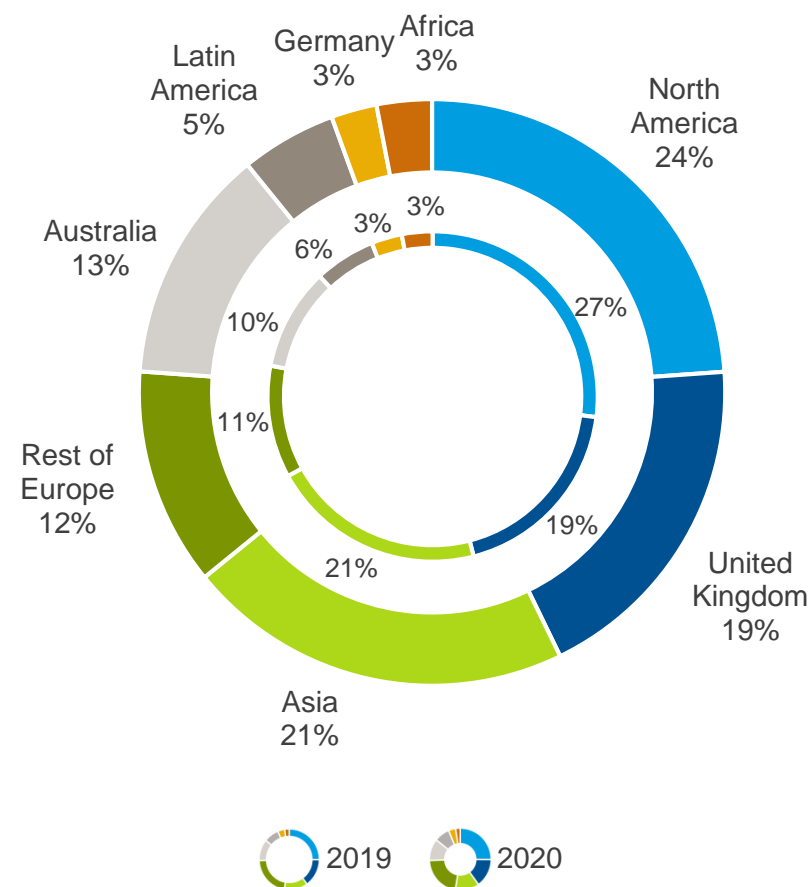
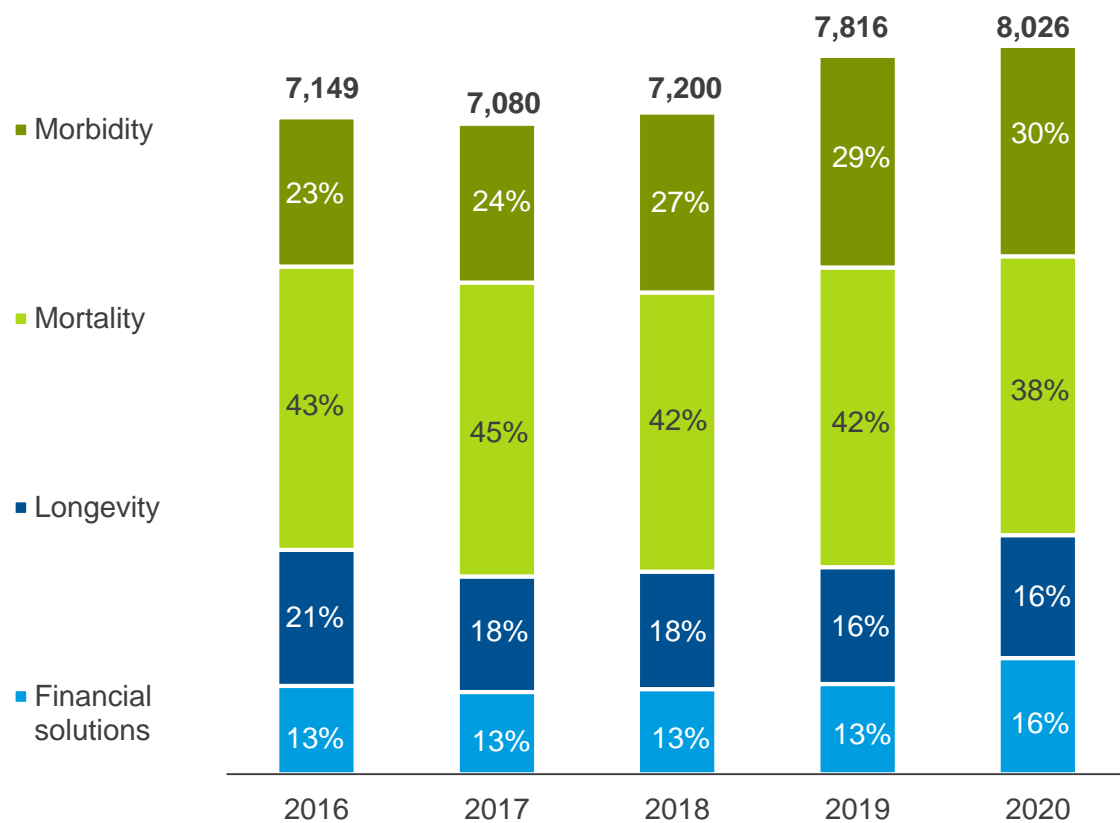
# Life & Health reinsurance: portfolio structure largely unchanged

## 5-year CAGR: +0.7%

GWP split by reporting categories

in m. EUR

Gross written premium split by regions

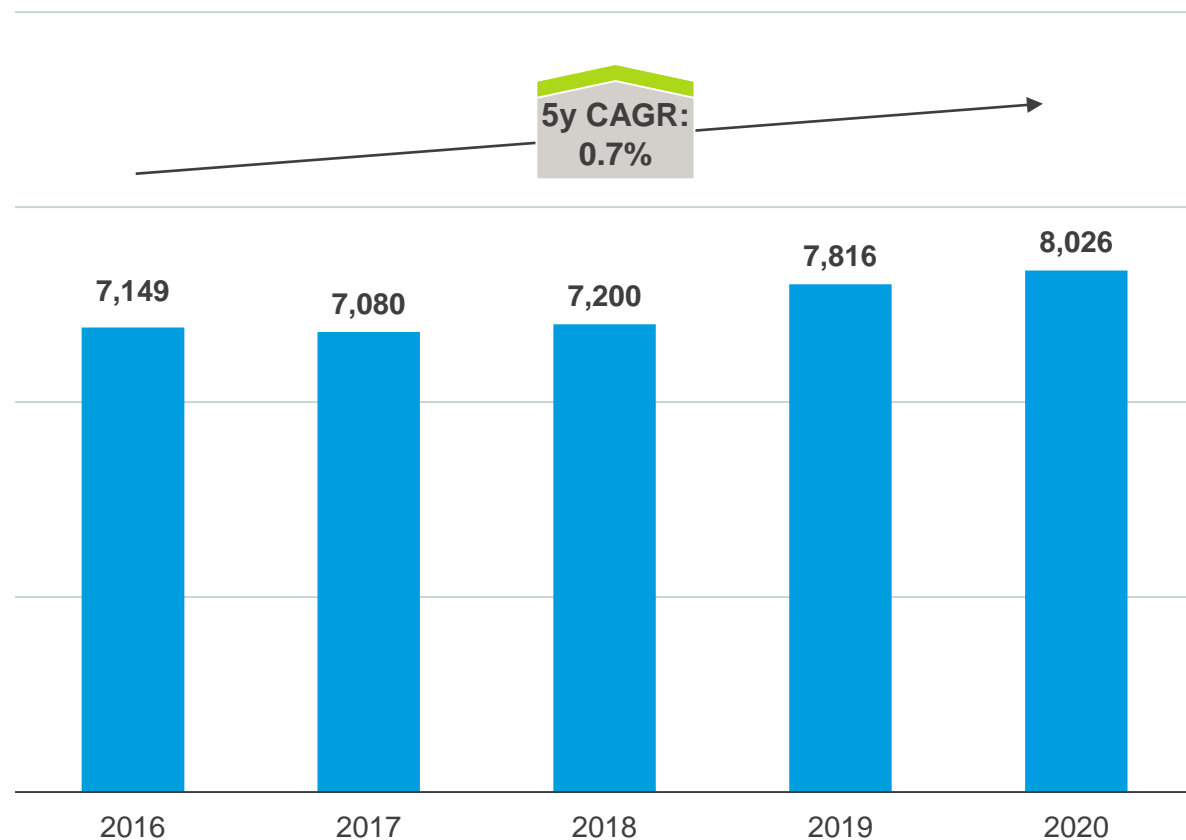


# Improving profitability in Life & Health reinsurance

## 2020: Favourable underlying result impacted by Covid-19 losses

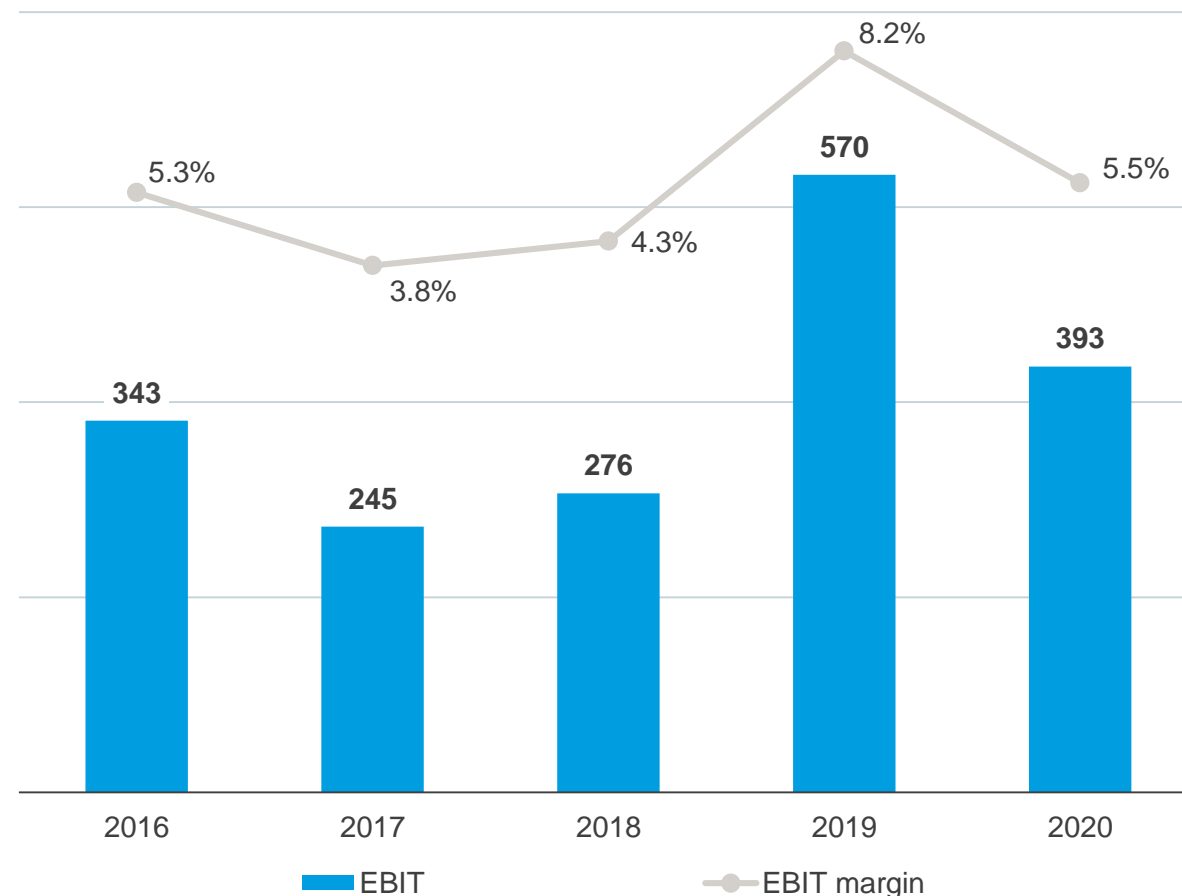
Gross written premium

in m. EUR



EBIT/EBIT margin

in m. EUR

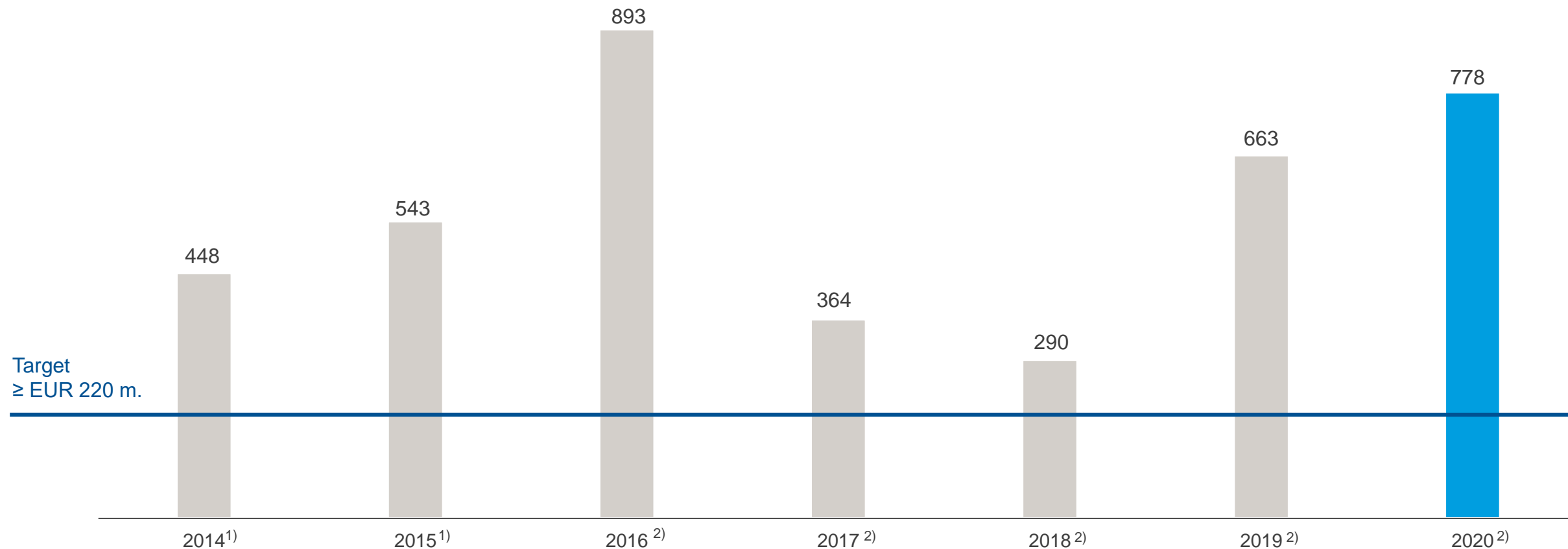


# Value of New Business well above target

## Mainly driven by Financial Solutions and Longevity business

### Value of New Business development

in m. EUR



1) Based on MCEV principles and post-tax reporting (in 2015 cost of capital already increased from 4.5% to 6% in line with Solvency II)

2) Based on Solvency II principles and pre-tax reporting

# Writing attractive traditional life & health business

Whilst positioning ourselves for sustainable growth with a clear strategic focus

## Risk Solutions

Provide terms and capacity for all types of technical risks

## Financial Solutions

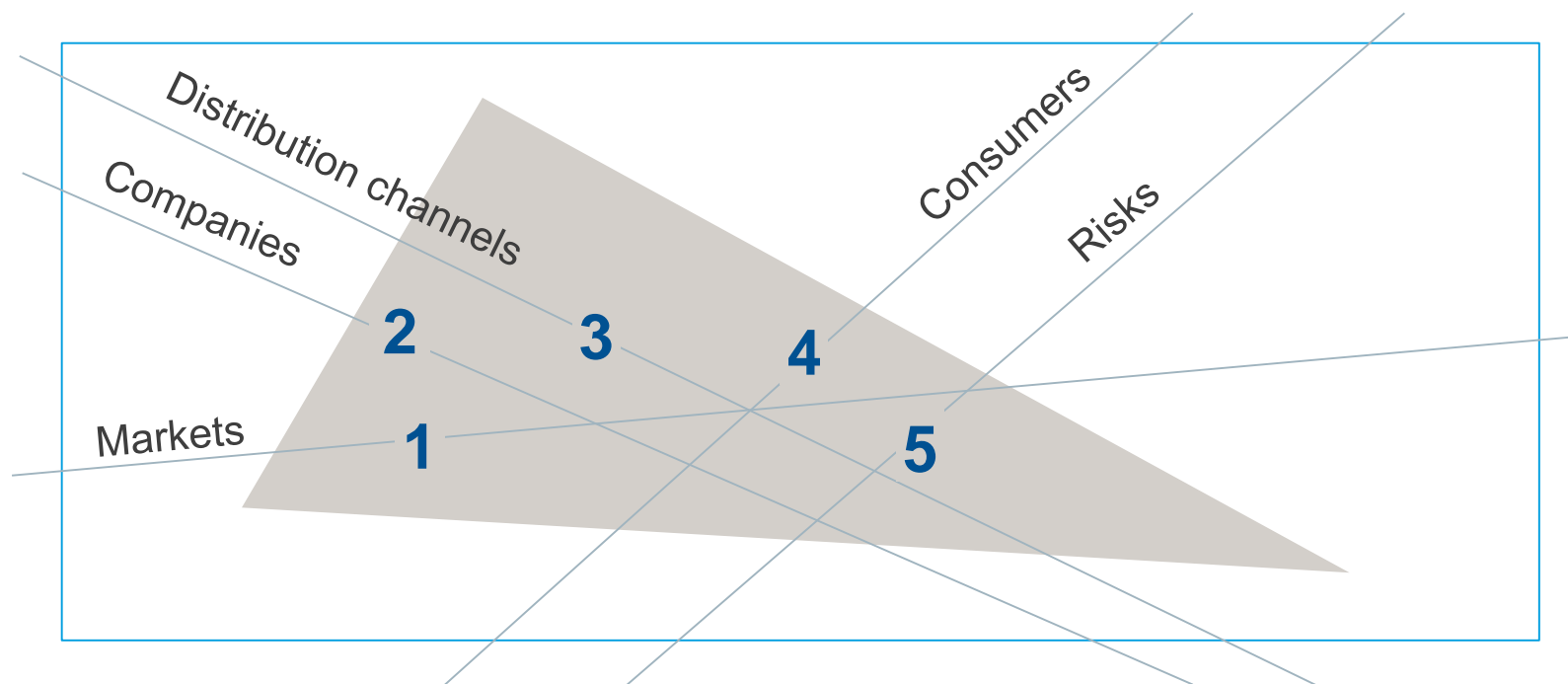
Achieve financial objectives for our clients

## Reinsurance Services

Meet the individual needs of our clients

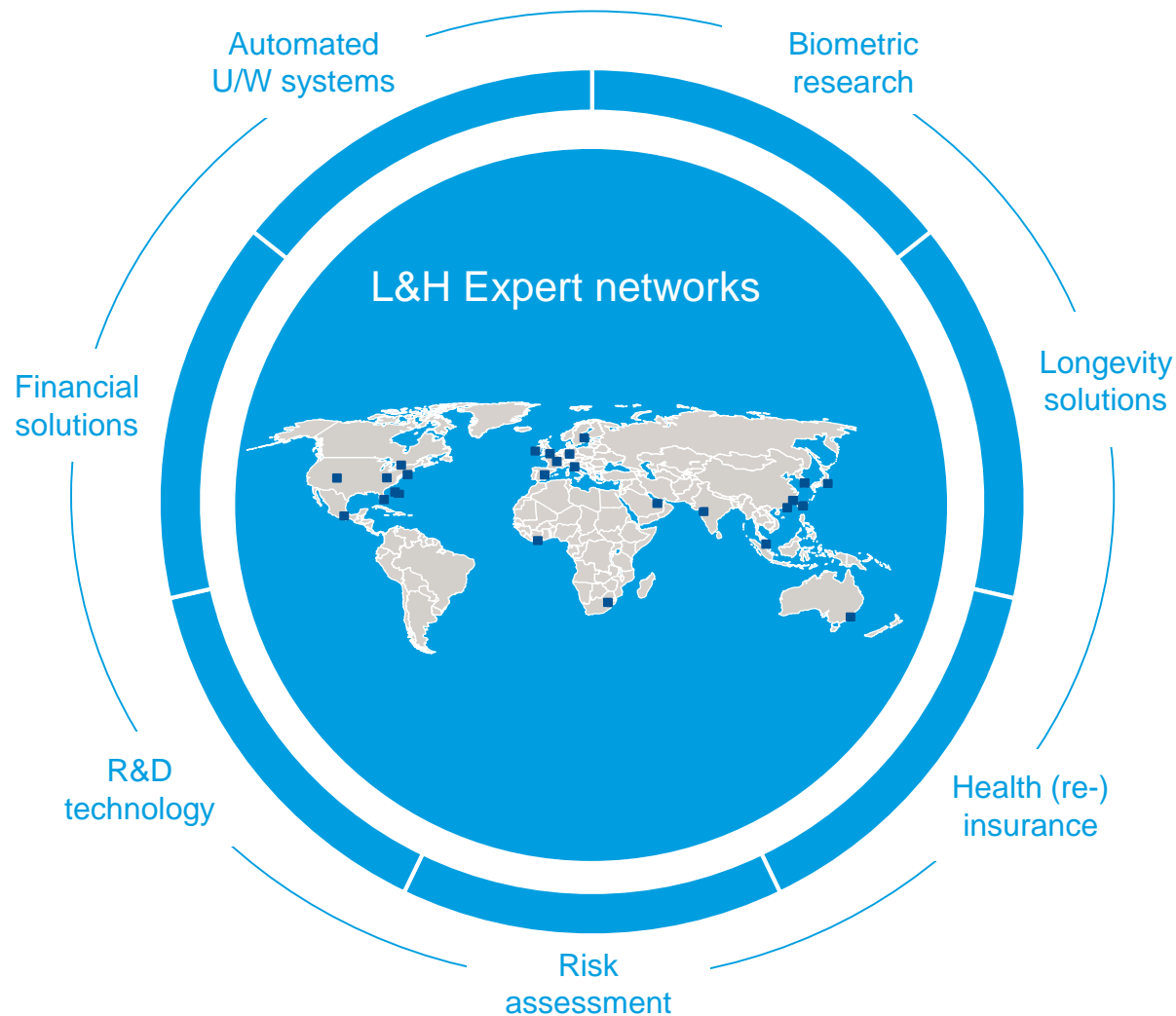
## Our strategic focus

- 1 High growth markets
- 2 Companies in transition
- 3 Alternative distribution channels
- 4 Underserved consumers
- 5 Hard-to-quantify risks



□ Reinsurance universe    ▲ Positive economic value expected

# Our clients are served in the markets by our network of offices and by our solution-orientated expert networks





# Complete offerings

## Risk and financial solutions & services

Risk Solutions Competitive terms and appropriate capacity for technical risks	
Mortality	Longevity
Morbidity	
Health	Disability
Long Term Care	Critical Illness

Profitability depends largely on the underlying biometric risks

Financial Solutions Structured agreements to achieve certain financial objectives
New Business Financing
Reserve & Solvency Relief
Embedded Value Transaction

Profitability is less likely to be affected by the underlying biometric risks

Reinsurance Services Comprehensive range geared towards individual needs	
Products	Processes
Biometrics	Risk Assessment
Underwriting Systems	

Only in combination with risk solutions and/or financial solutions

# Example risk solution: mortality & longevity

## Risks

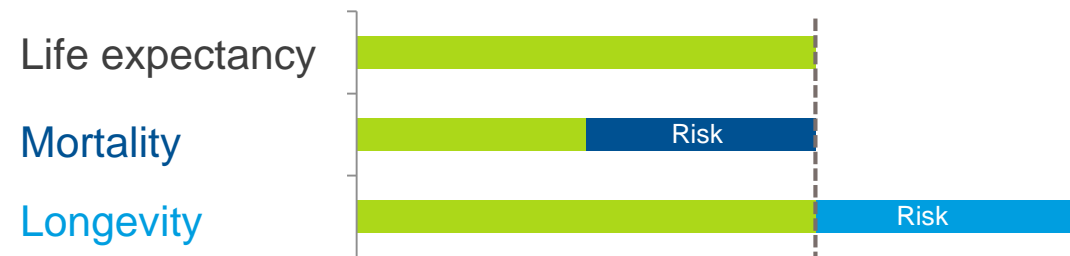
### Mortality

Risk of paying more death benefits than expected

### Longevity

Risk of paying annuities longer than expected

## Trigger



## Longevity: enhanced annuities<sup>1)</sup>

Illustration: 50k single premium; male 65; 3% interest

Status of health →	Healthy	Obesity	Diabetes	Cancer
Annuity increase →	+0% (standard)	+9%	+23%	+85%
Monthly annuity →	244	267	300	452

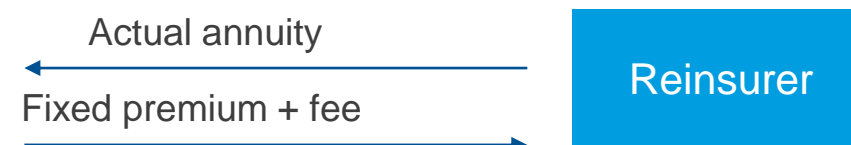
## Longevity: risk transfer



Lifelong annuity

Insurer

no investment participation



1) Allows people in ill health to receive a higher regular income in recognition of the fact that they, on average, have a shorter life expectancy than a healthy person

# Example risk solution: morbidity - critical illness

## Morbidity

Risk of experiencing a higher claims burden from traditional health, critical illness, long-term care, and disability covers

## Product: Critical illness insurance



Helps consumers to protect their life quality in case of a life-threatening disease



## Payment



Income protection/medical insurance  
Payment of claim incurred

Critical Illness  
Payment of lump sum insured

## Hannover Re's contribution



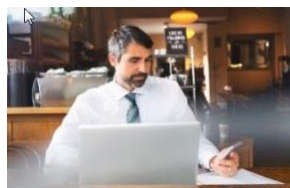
- + Coverage of > than 160 diseases
- + Design, pricing & claims assessment
- + Advice & training in underwriting risks
- + Track record as innovator in the market

## Example: services offered with risk and/or financial solutions



### Products

Innovative, e.g. products with little or no underwriting



### Processes

Lean, e.g. distribution directly to individuals, without advisers



### Biometrics

Cover of death, disease or disability risks at an appropriate cost



### Risk assessment

Support for proper medical & claims assessment



### U/W systems

hr | Quirc, hr | ReFlex or hr | Ascent

# Primary differences between L&H and P&C business

## Simplified illustration

Accounting considerations (premium)



IBNR reserve impact



Involvement of brokers



Number of competitors



Number of reinsurer participating in one treaty



Premium margin as meaningful benchmark



Reinsurance contract terms



Saving component in premium



Share of proportional business



Property & Casualty business ▲ Life & Health business ◆

## Takeaways for the Life & Health Business Group

---

**1** **Business**  
All lines of life, health & annuities

**2** **Focus**  
Biometric risks not asset risk

**3** **Relationship**  
Long term due to very long run-off

**4** **Service**  
An important component

**5** **Premium**  
Not the only meaningful benchmark → EBIT

**6** **Financial solutions business**  
Key driver of earnings

# Agenda

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# Very strong operating cash flow driven by profitable premium growth

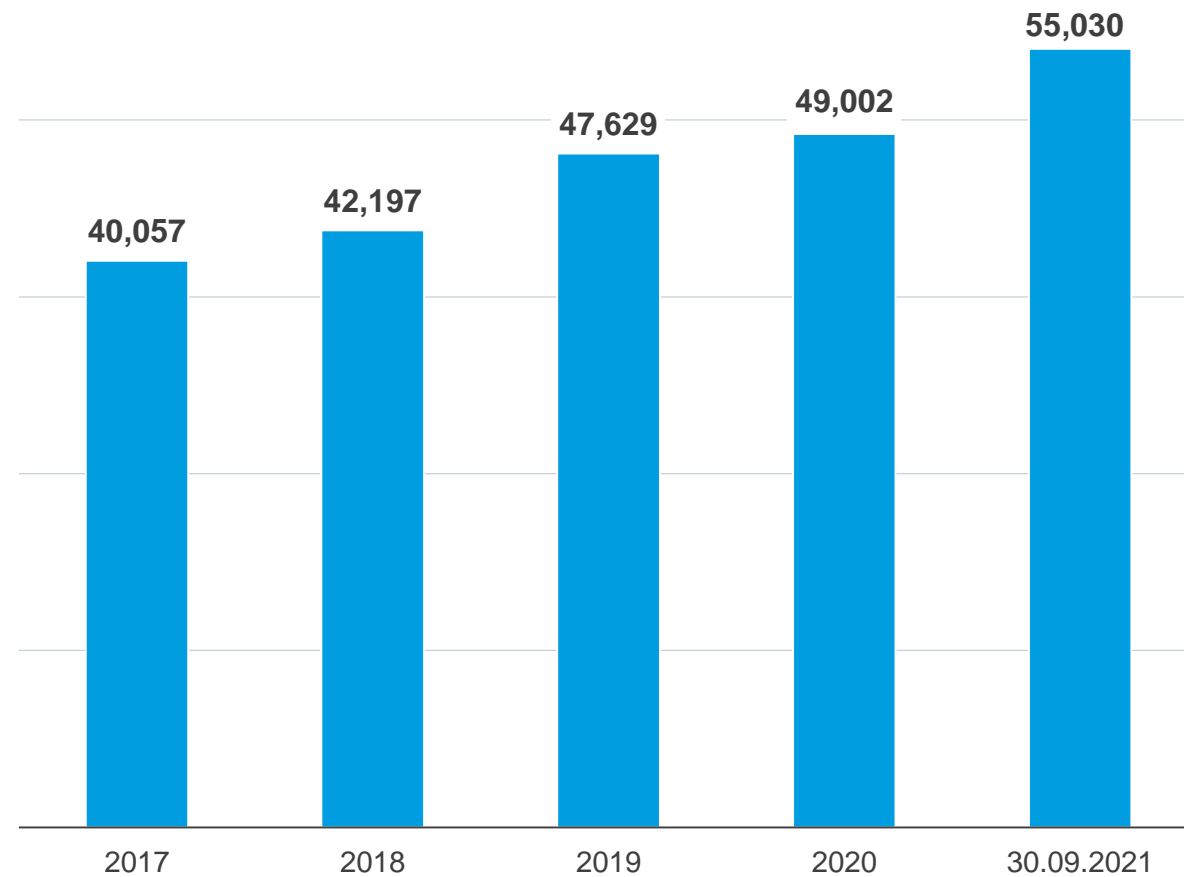
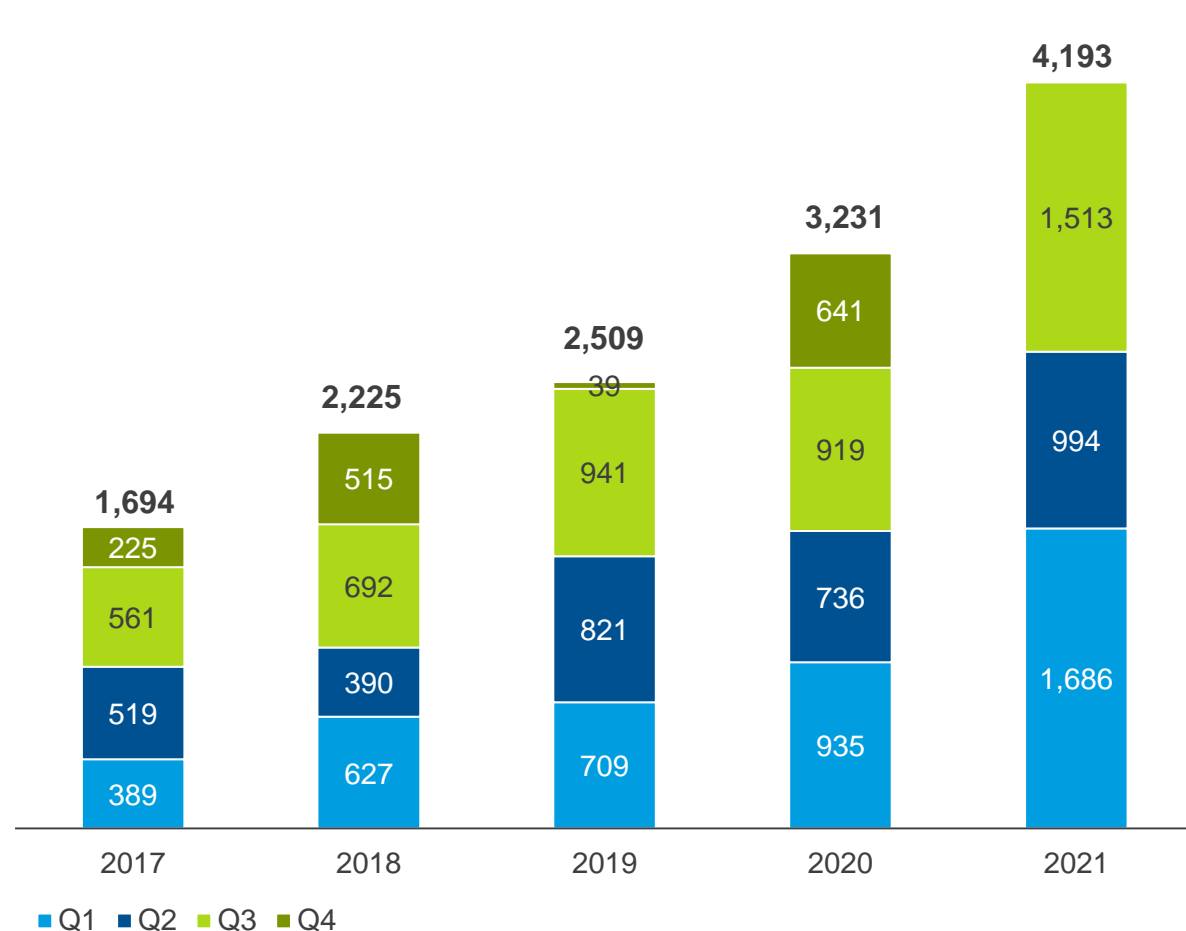
## AuM +12.3%, cash flow and f/x effects more than offset lower asset valuation

Operating cash flow

in m. EUR

Assets under own management (AuM)

in m. EUR



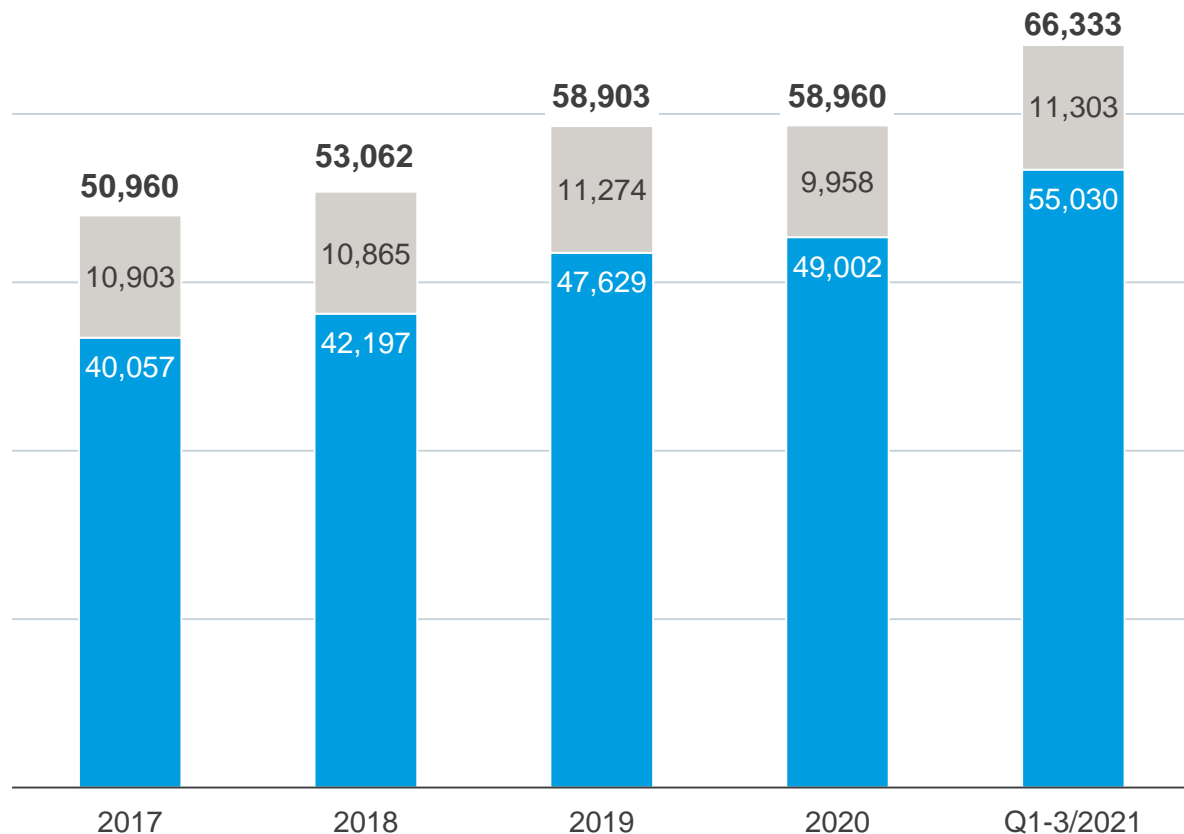


# Good net investment income in a volatile market environment

## Increase in assets under own management of 12.3%

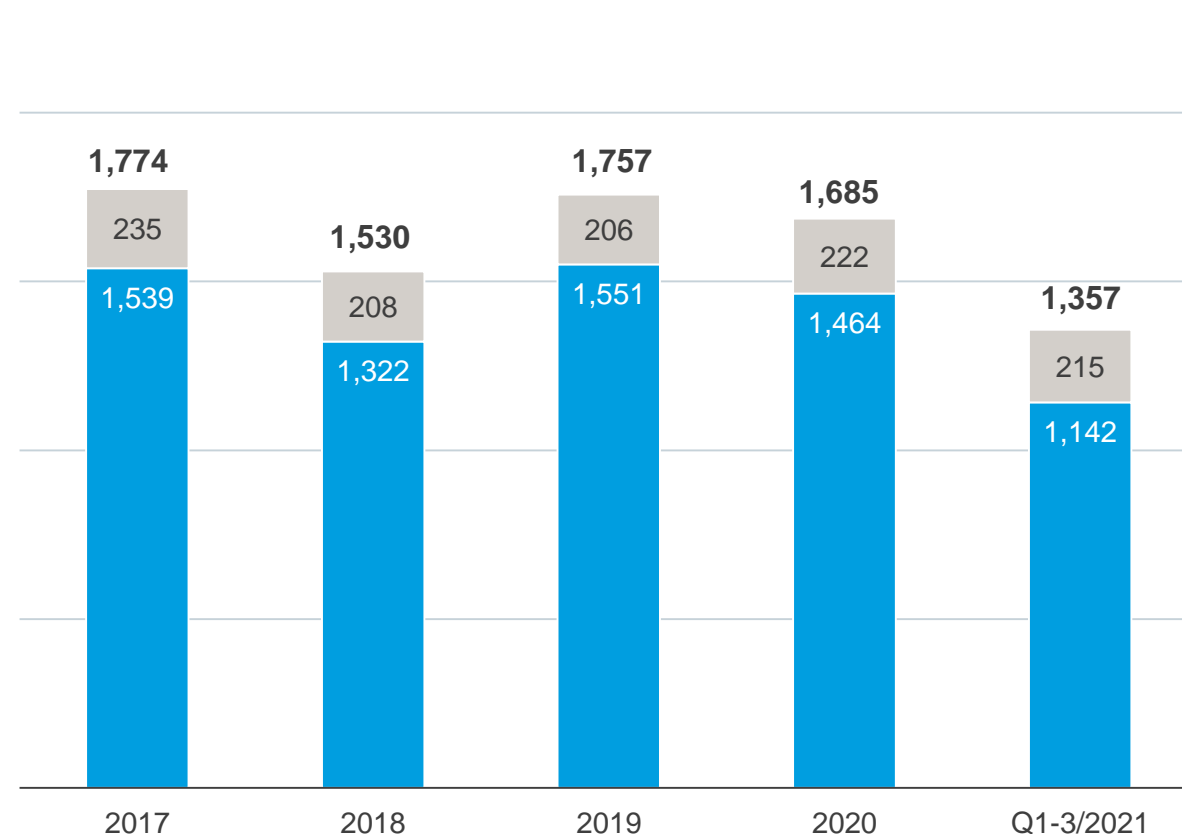
**Total investments**

in m. EUR



**Investment income**

in m. EUR



- Assets under own management
- Funds withheld and contract deposits

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

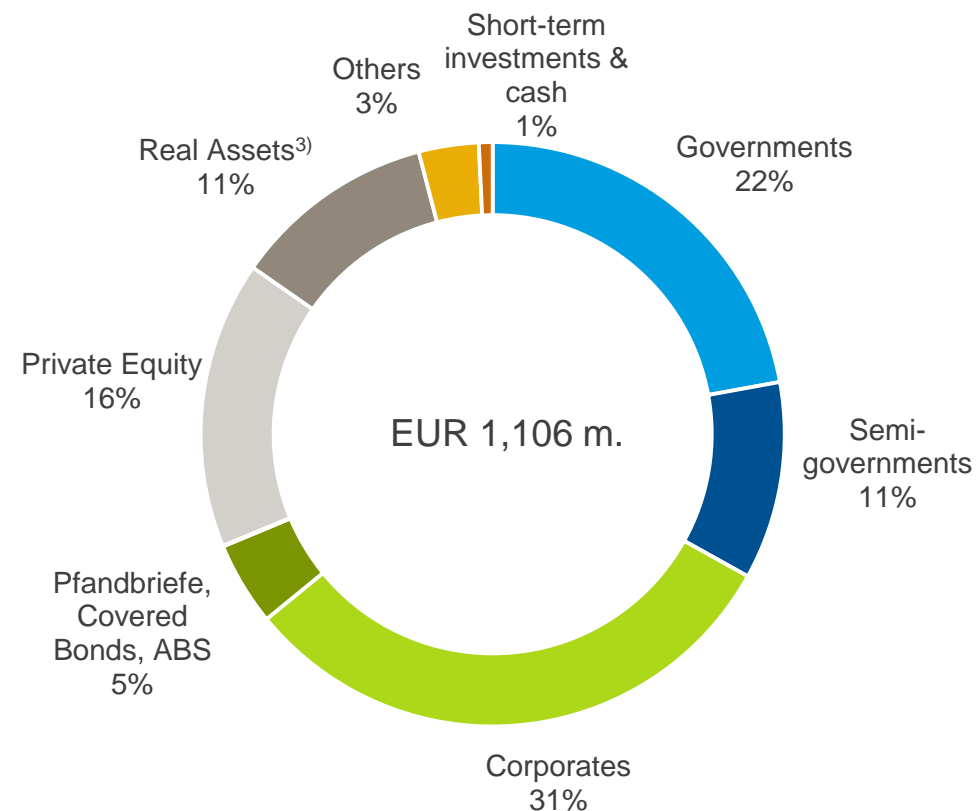
# Ordinary return with continued strong support from alternative assets

## Slightly higher share of corporates, strong AuM growth

### Asset allocation<sup>1)</sup>

Investment category	2017	2018	2019	2020	Q3/2021
<b>Fixed-income securities</b>	<b>87%</b>	<b>87%</b>	<b>87%</b>	<b>85%</b>	<b>84%</b>
- Governments	30%	35%	35%	34%	32%
- Semi-governments	17%	16%	15%	15%	14%
- Corporates	32%	29%	31%	30%	32%
Investment grade	27%	25%	26%	25%	28%
Non-investment grade	5%	4%	4%	5%	4%
- Pfandbriefe, Covered bonds, ABS	8%	7%	7%	6%	6% <sup>2)</sup>
<b>Equities</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>
- Listed equity	<1%	<1%	<1%	1%	1%
- Private equity	2%	2%	2%	3%	3%
<b>Real Assets</b>	<b>5%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Others</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>
<b>Short-term investments &amp; cash</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>
<b>Total market values in bn. EUR</b>	<b>40.5</b>	<b>42.7</b>	<b>48.2</b>	<b>49.8</b>	<b>55.6</b>

### Ordinary income split



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 1,344.4 m. (EUR 1,275.6 m.) as at 30 September 2021

2) Of which Pfandbriefe and Covered Bonds = 60.7%

3) Before real estate-specific costs. Economic view based on market values as at 30 September 2021

# High-quality fixed-income book well balanced

Geographical allocation mainly in accordance with our broad business diversification

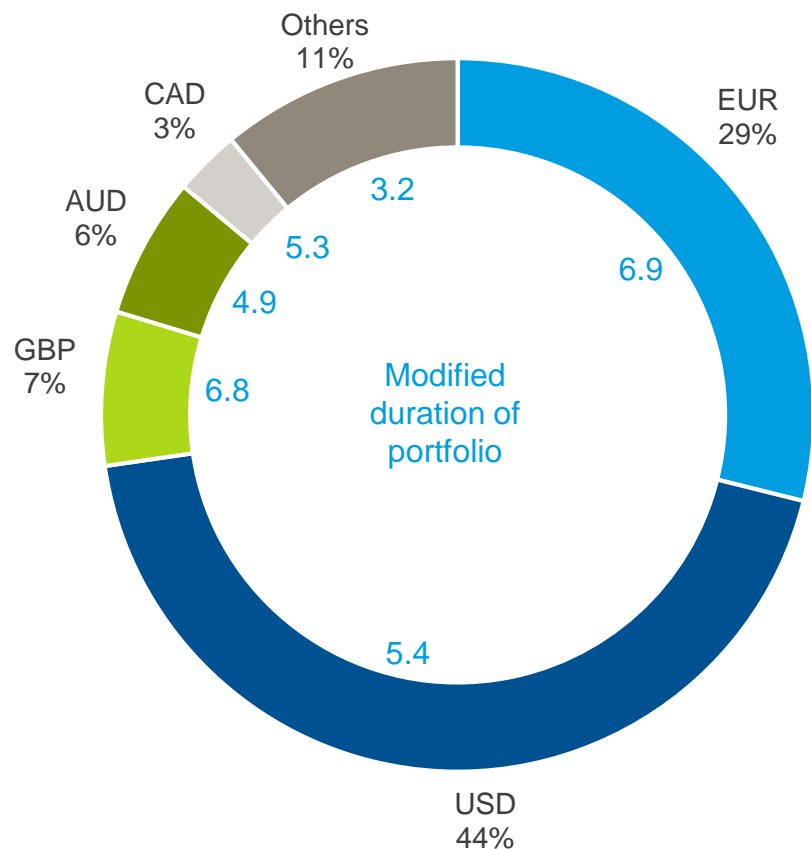
	Governments	Semi-governments	Corporates	Pfandbriefe, Covered bonds, ABS	Short-term investments, cash	Total
AAA	73%	54%	1%	57%	-	41%
AA	11%	25%	11%	15%	-	14%
A	10%	7%	34%	14%	-	19%
BBB	4%	2%	45%	12%	-	20%
<BBB	2%	12%	10%	2%	-	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>100%</b>
Germany	16%	27%	3%	17%	12%	13%
UK	6%	2%	7%	8%	17%	6%
France	3%	2%	7%	6%	0%	4%
GIIPS	0%	3%	6%	8%	0%	3%
Rest of Europe	4%	18%	12%	24%	2%	10%
USA	50%	14%	34%	16%	23%	35%
Australia	1%	16%	5%	4%	5%	5%
Asia	17%	18%	17%	12%	33%	18%
Rest of World	3%	1%	9%	6%	6%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total b/s values in m. EUR</b>	<b>17,795</b>	<b>7,664</b>	<b>17,392</b>	<b>3,341</b>	<b>2,180</b>	<b>48,371</b>

IFRS figures as at 30 September 2021

# Currency allocation matches modelled liability profile

## Strict duration-neutral strategy continued

### Currency split of investments



- Modified duration of fixed-income mainly congruent with liabilities and currencies
- GBP’s higher modified duration predominantly due to life business; EUR driven by hybrid bond issuance

### Modified duration

Q3/2021	5.7
2020	5.8
2019	5.7
2018	4.8
2017	4.8

# Stress tests on assets under own management

## Focus still on credit exposures with further spread tightening

Portfolio	Scenario	Change in market value in m. EUR	Change in OCI before tax in m. EUR
Equity (listed and private equity)	-10%	-199	-199
	-20%	-399	-399
Fixed-income securities	+50 bps	-1,356	-1,308
	+100 bps	-2,637	-2,542
Credit spreads	+50%	-764	-762

As at 30 September 2021

# Inflation-linked bonds provide protection against inflation

Volume

## Market value of inflation-linked bonds

- EUR 2,191 m. (EUR)
- EUR 2,355 m. (USD)
- EUR 371 m. (AUD)
- EUR 19 m. (NZD)

Hedge level

## Average hedged inflation levels

- 1.57% EUR
- 2.25% USD
- 2.47% AUD
- 1.90% NZD

## Sensitivity to inflation in EUR m.

Inflation expectation: +100 bps	+468
Inflation expectation: -100 bps	- 417
Inflation expectation: +400 bps	+2,262

Figures as at 30 June 2021

- Portfolio of approx. 5 bn. EUR; duration between 6 and 9 years, mainly USD and EUR
- Nominal (government) bond with embedded inflation swap
  - “fixed” payer leg = expected inflation at purchase date;
  - “floating” leg = realised inflation until maturity of the ILBs
- Market value of the embedded swap reflects the realised inflation (until reporting date) and changes of inflation expectations (for remaining life of ILBs)

- Swap not to be separated in IFRS, i.e. market value changes of swap are not visible in IFRS-P/L (less volatility)...
- ...but realised YoY inflation feeds into the ordinary income of ILBs for each reporting year

Inflation-linked Bond (ILB)

Accounting

# Agenda

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# Our capital structure consists not only of equity

## Use of hybrids, securitisations etc. lowers cost of capital and levers RoE

- Equity capital is by far the most expensive form of capital. Therefore, we make optimal use of equity substitutes:
  - Conventional reinsurance/retrocession on an opportunistic basis (i. e. use of other reinsurers' capital)
  - Alternative capital market transactions
  - Hybrid capital

Type	Nominal amount	Issue date	Issue ratings S&P / A.M. Best	First call date	Maturity	Coupon rate
Dated subordinated bond ISIN: XS2320745156	EUR 750 m.	2021-03-22	A / -	2031-12-30	2042-06-30	Until 2032-06-30: 1.375% p. a. and thereafter 2.33% p. a. above 3 months EURIBOR
Dated subordinated bond ISIN: XS2198574209	EUR 500 m.	2020-07-08	A / -	2030-07-08	2040-10-08	Until 2030-10-08: 1.75% p. a. and thereafter 3.00% p. a. above 3 months EURIBOR
Dated subordinated bond ISIN: XS2063350925	EUR 750 m.	2019-10-09	A / -	2029-07-09	2039-10-09	Until 2029-10-09: 1.125% p. a. and thereafter 2.38% p. a. above 3 months EURIBOR
Senior unsecured bond ISIN: XS1808482746	EUR 750 m.	2018-04-18	AA- / -	2028-01-18	2028-04-18	Annually on every April 18: 1.125% p. a.
Undated subordinated bond Format: PerpNC10,8 ISIN: XS1109836038	EUR 500 m.	2014-09-15	A / a+	2025-06-26	Perpetual	Until first call date: 3.375% p. a. and thereafter 3.25% p. a. above 3 months EURIBOR
Dated subordinated bond Format: 30,6NC10,6 ISIN: XS0856556807	EUR 500 m.	2012-11-20	A / aa-	2023-06-30	2043-06-30	Until first call date: 5.00% p. a. and thereafter 4.30% p. a. above 3 months EURIBOR

**Competitive advantage through low cost of capital (WACC)**

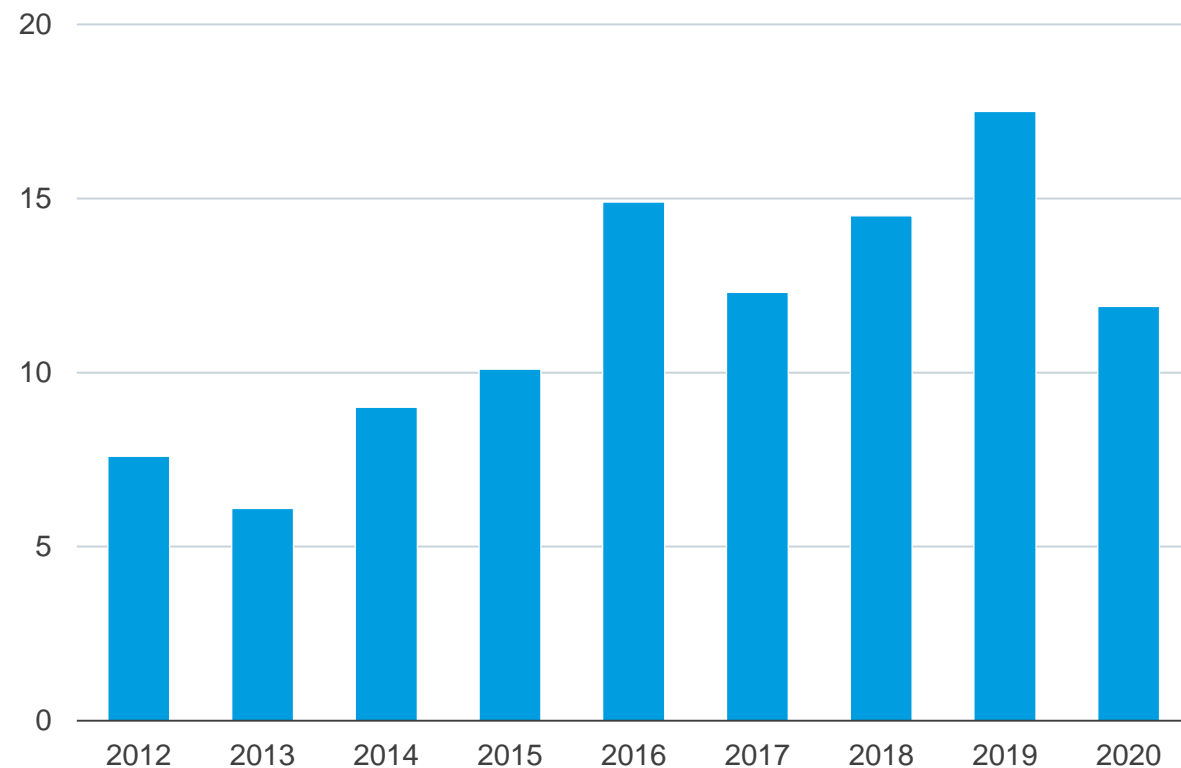
Senior bond not recognised as regulatory capital



# Leverage ratios support HR's excellent ratings

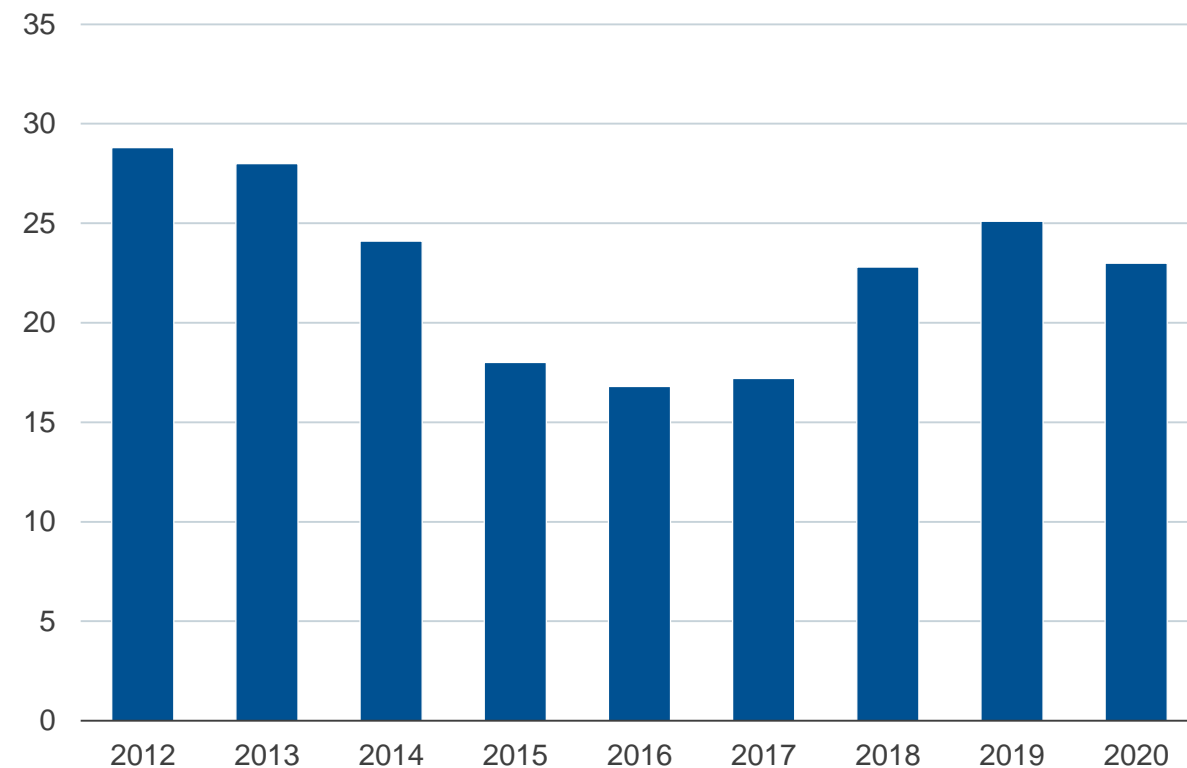
## S&P's view on Hannover Re

EBITDA fixed charge coverage (x)<sup>1)</sup>



Financial leverage<sup>2)</sup>

in %

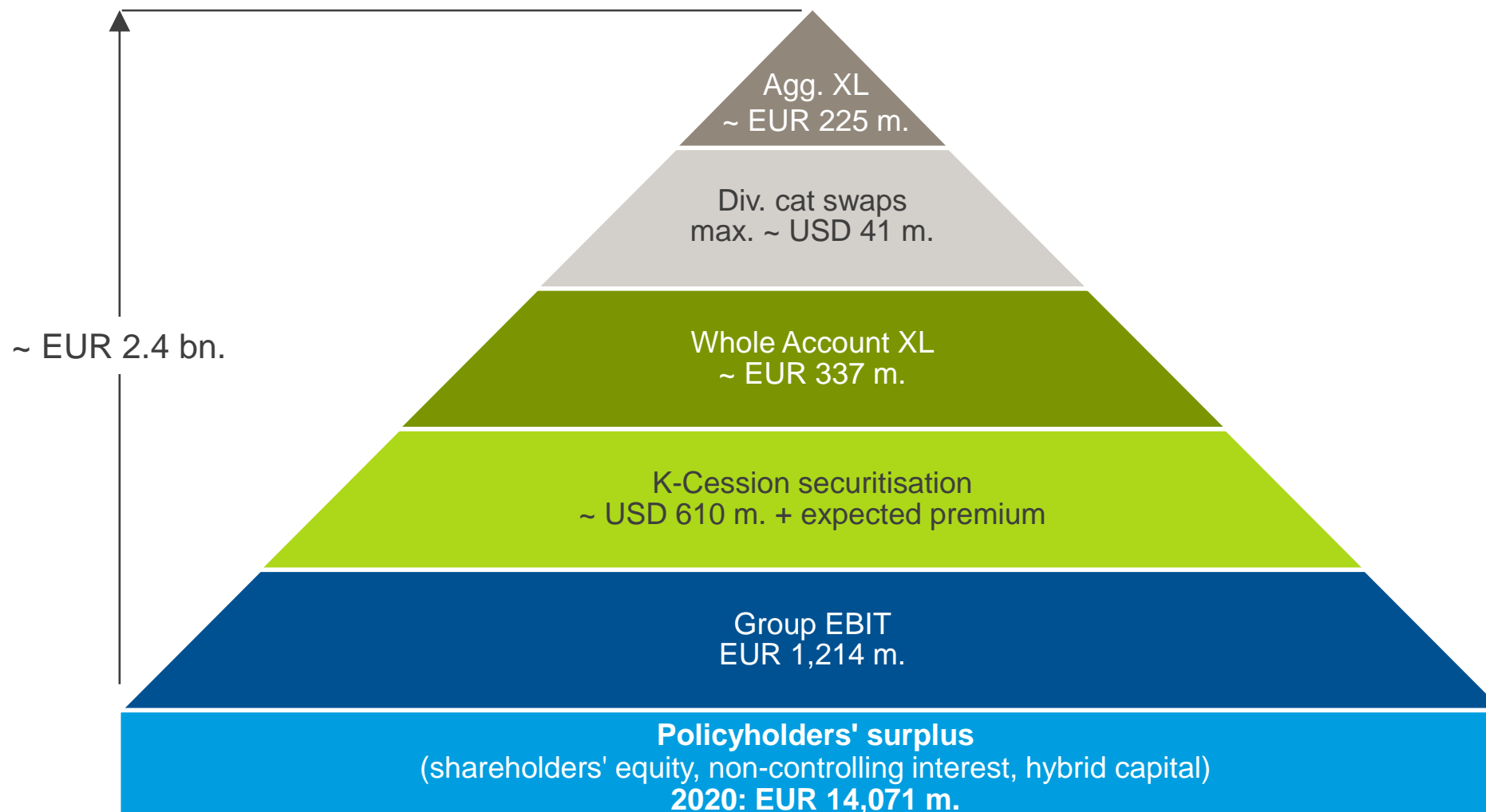


Source: Standard & Poor's rating report of Hannover Re as of 7 July 2021

1) Fixed charge coverage: EBITDA divided by sum of interest expenses and interest on operating lease (S&P definition)

2) Financial leverage: calculated as debt & hybrid capital, pension and operating lease commitments as of economic capital available (S&P definition)

# Several levels of protection provide more NatCat capacity and thus create additional earnings at a defined risk appetite



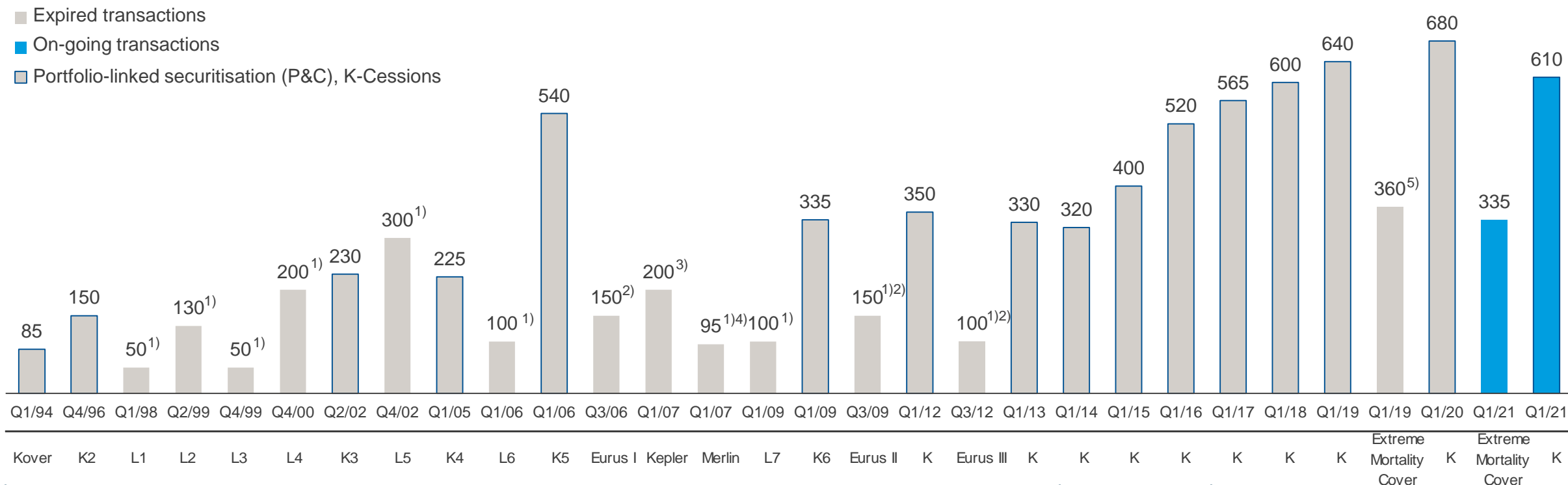
As at March 2021

# We pioneered in transferring risks into capital markets via securitisations

## Equity Substitutes

### Transactions

in m. USD if not otherwise stated



1) In m. EUR  
 2) Index-linked securitisation  
 3) Aggregate XL cover (P&C)  
 4) Credit-linked floating rate note  
 5) Index-linked swap

- In **1994** Hannover Re pioneered the first securitisation of natural catastrophe risks (**Kover**) followed by further transactions (K2-K6 & K-Cessions)
- In **1998** we started with the first-ever transfer of acquisition costs from L&H business to the capital market ( “L” deals, L1-L7)

# Financial strength ratings

## Group

General Reinsurance Corp.

## Hannover Re

Munich Re

SCOR

XL Bermuda

Swiss Re

Transatlantic Re

Everest Re

PartnerRe

Lloyd's

## S&P

AA+

AA-

AA-

AA-

AA-

AA<sup>1)</sup>

A+

A+

A+

A+

## A.M. Best

A++

A+

A+

A+

A+

A+

A+

A+

A+

A

As at 3 January 2022

1) Negative outlook

## Benefits of an above-average rating

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We have a better showing of business than the average player

- 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
- 



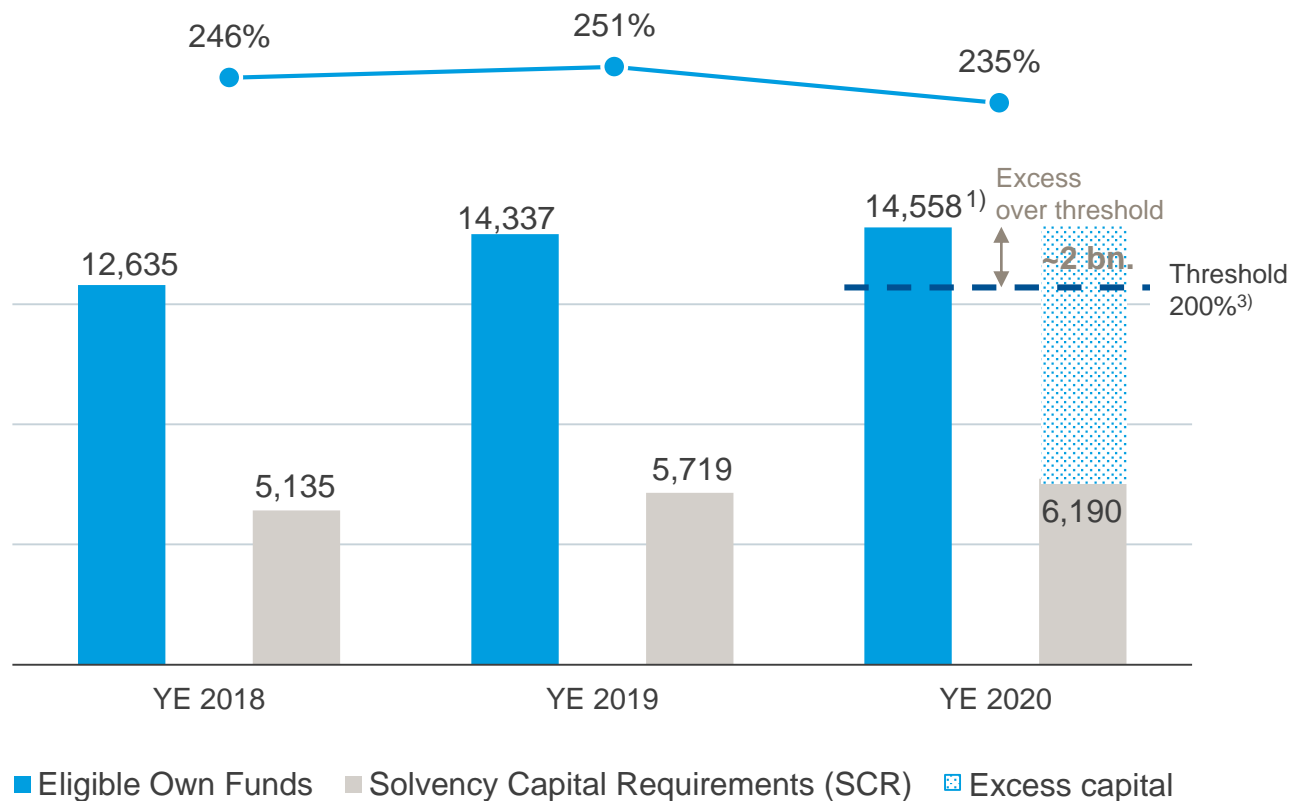
Our cost of financing in the capital markets is lower

- Hybrid bonds trade at tighter spreads
- Better conditions for LoCs and credit lines

# Capital adequacy ratio remains well above targets

## Increase in SCR driven by strong business growth in 2020

### Development of the Solvency II ratio



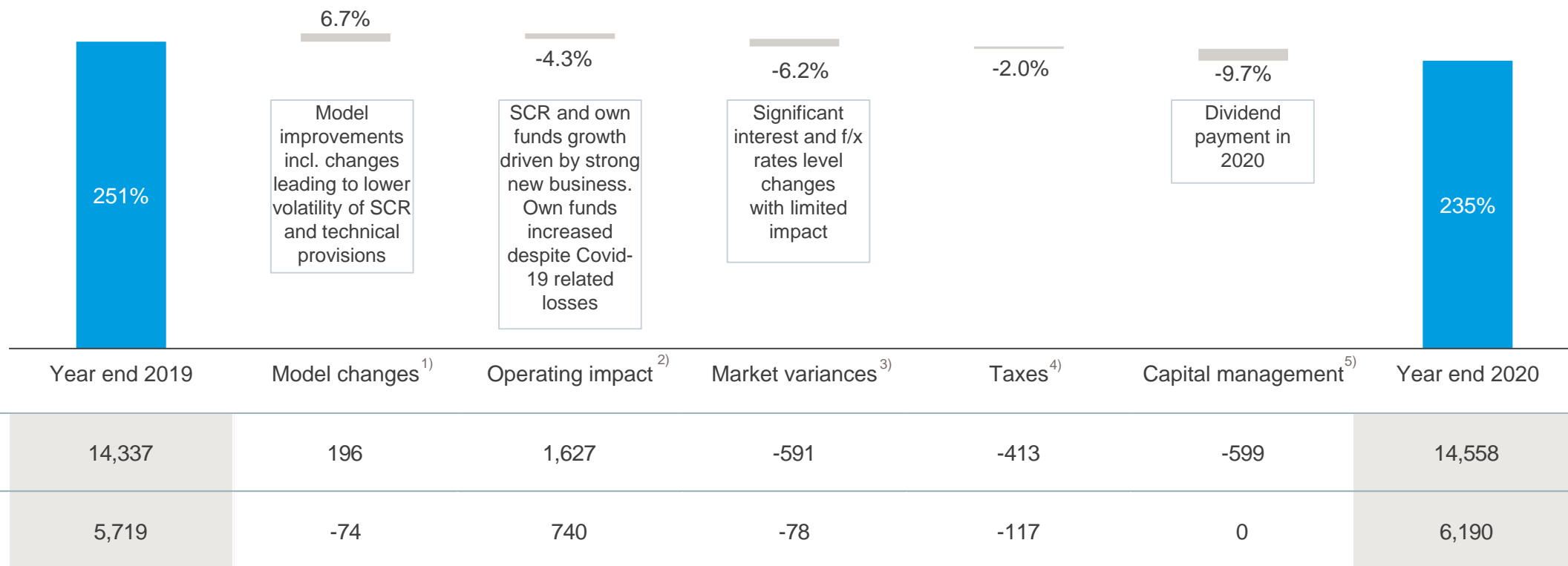
- Increase in eligible own funds despite Covid-19 losses due to positive earnings incl. new business value
- SCR grows at slightly higher rate, mainly due to business growth but also due to lower interest rate level and higher market volatilities
- Solvency II ratio above threshold throughout 2020 proves effectiveness of volatility management<sup>2)</sup>

1) Includes deduction for minority shareholdings of EUR 653 m.  
 2) Includes the use of the volatility adjustments  
 3) Minimum Target Ratio Limit 180%

# Strong capital generation despite Covid-19 impacts

## Solvency II ratio declines but remains at high level

### Solvency II movement analysis



Figures in m. EUR. SCR – Solvency Capital Requirements according to Solvency II internal model

1) Model changes (pre-tax) in terms of own funds relate to the calculation of technical provisions. A number of minor model changes, with each of them having a rather small impact, affect the SCR.

2) Operating earnings and assumption changes (pre-tax). The own funds increase includes the L&H new business value of EUR 778 m. The SCR increases due to strong business growth.

3) Changes due to movements in foreign exchange rates, in particular the depreciation of the US Dollar, lower interest rates, increased credit spreads and changes in other financial market indicators (pre-tax).

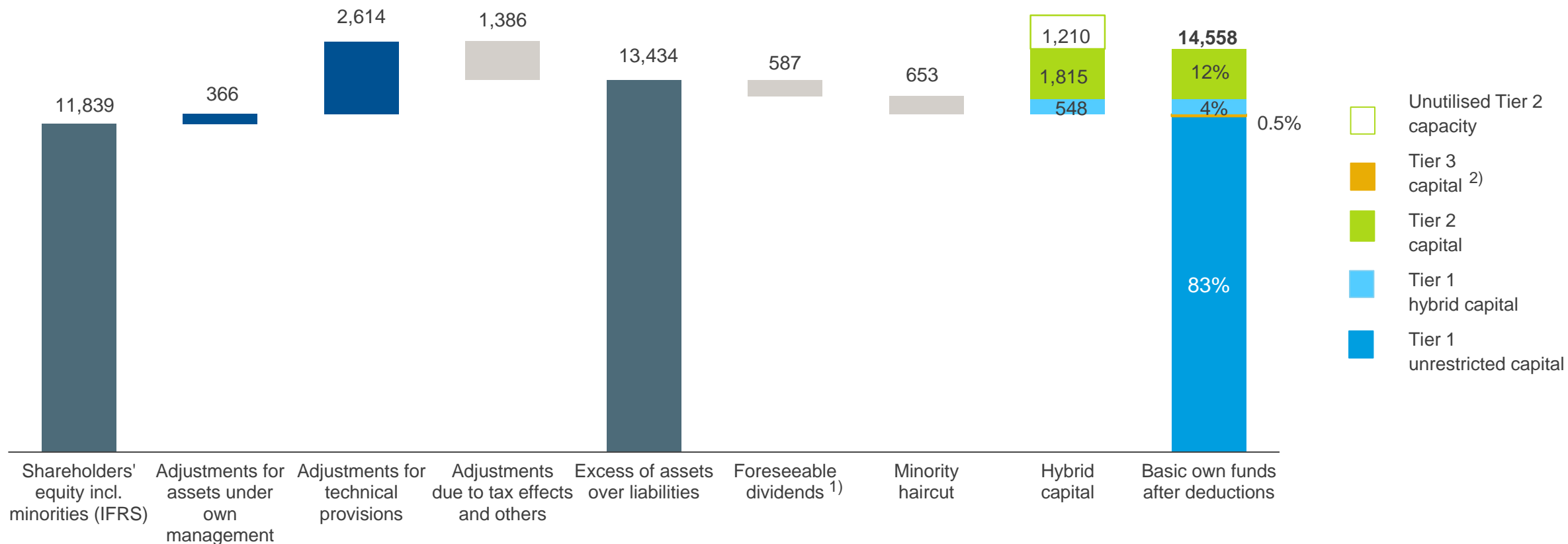
4) Incl. tax payments and changes in deferred taxes

5) Incl. dividend payments and changes in foreseeable dividends. The hybrid bond with call date in 2020 has been replaced.

# High-quality capital base with 87% Tier 1 Unutilised Tier 2 provides additional flexibility

## Reconciliation of IFRS Shareholders' equity vs. Solvency II own funds

in m. EUR



As at 31 December 2020

1) Foreseeable dividends and distributions incl. non-controlling interests

2) Net deferred tax assets

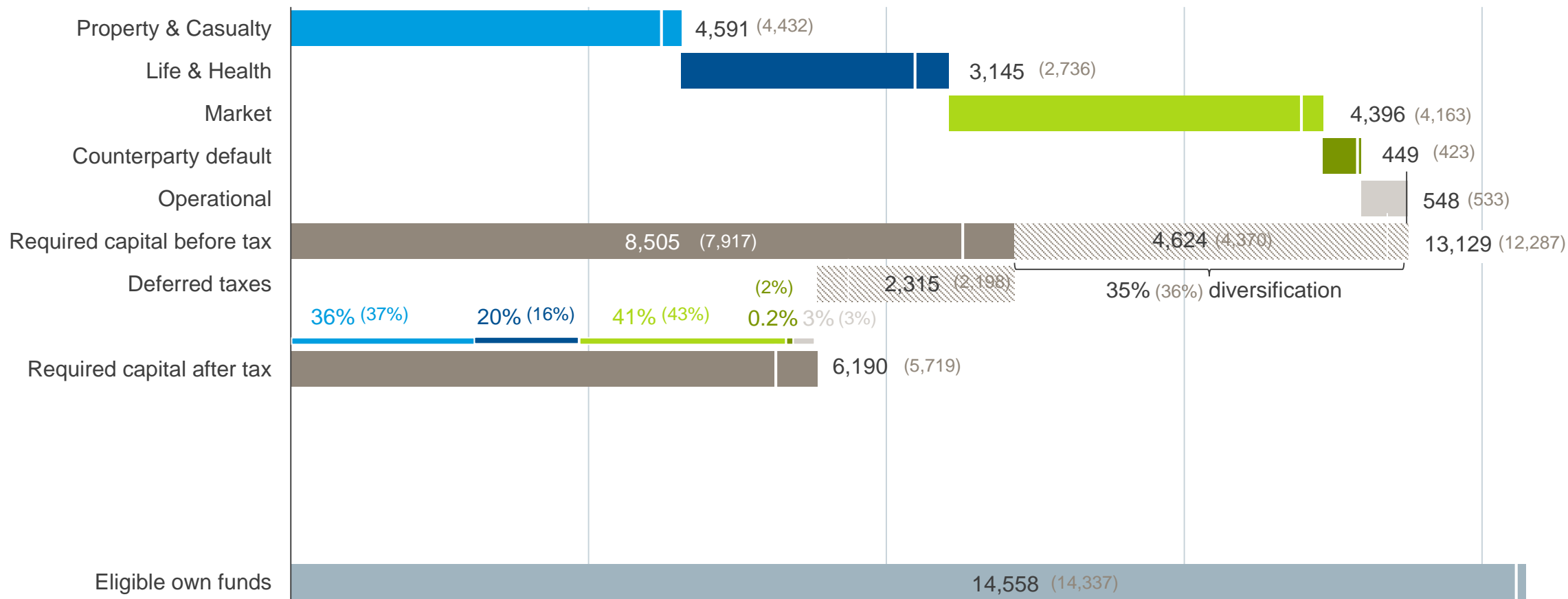


# Efficient capital deployment supported by significant diversification

## Increase in own funds and capital requirements in line with business growth

### Solvency Capital Requirements

in m. EUR



As at 31 December 2020  
 Solvency capital requirements based on the internal model  
 Capital allocation based on Tail Value-at-Risk taking account of the dependencies between risk categories

# Hannover Re is well diversified within each risk category and has a well balanced risk profile

Risk capital for the 99.5% VaR (according to economic capital model)

in m. EUR

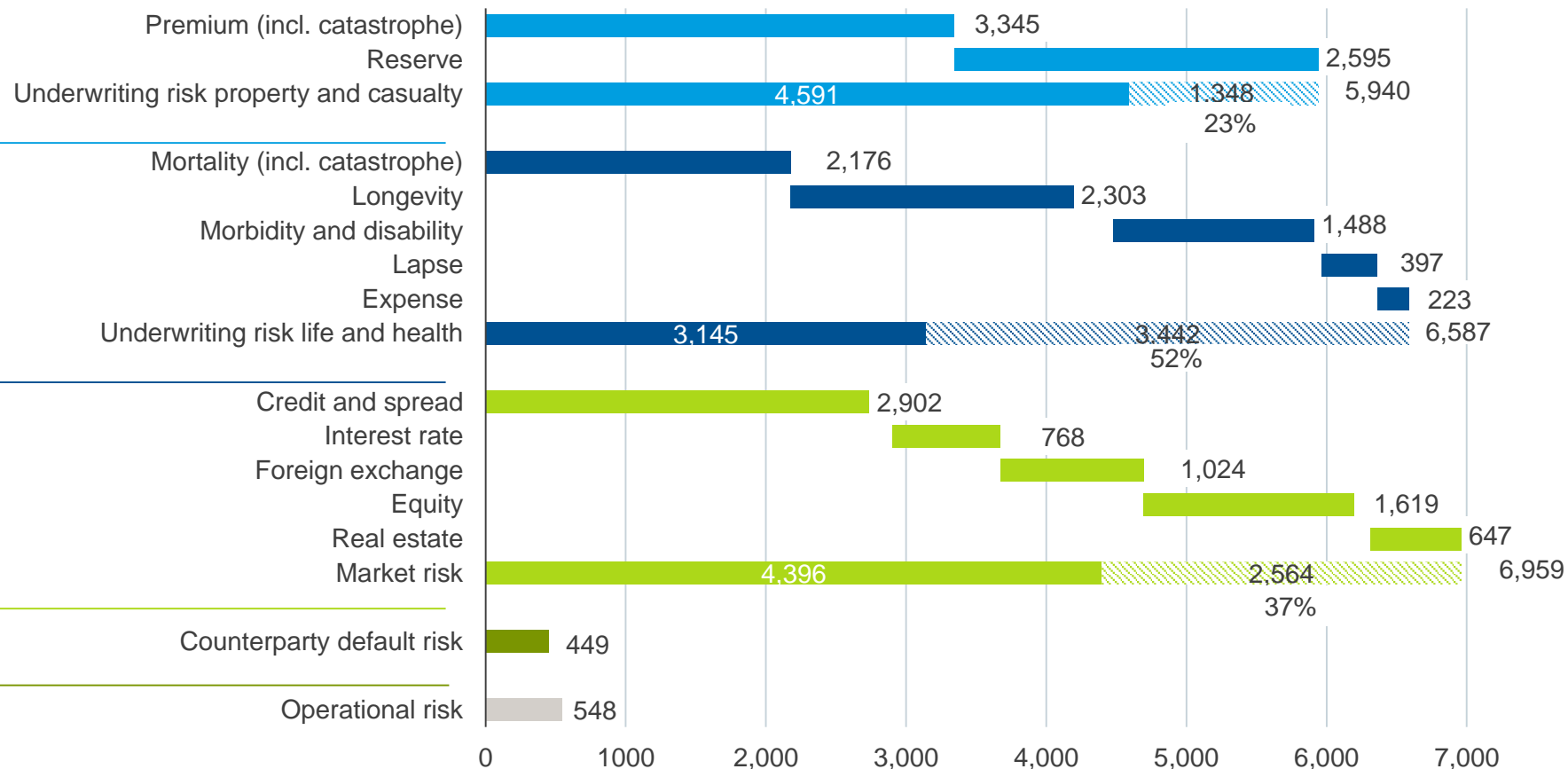
## Underwriting risk property and casualty

## Underwriting risk life and health

## Market risk

## Counterparty default risk

## Operational risk



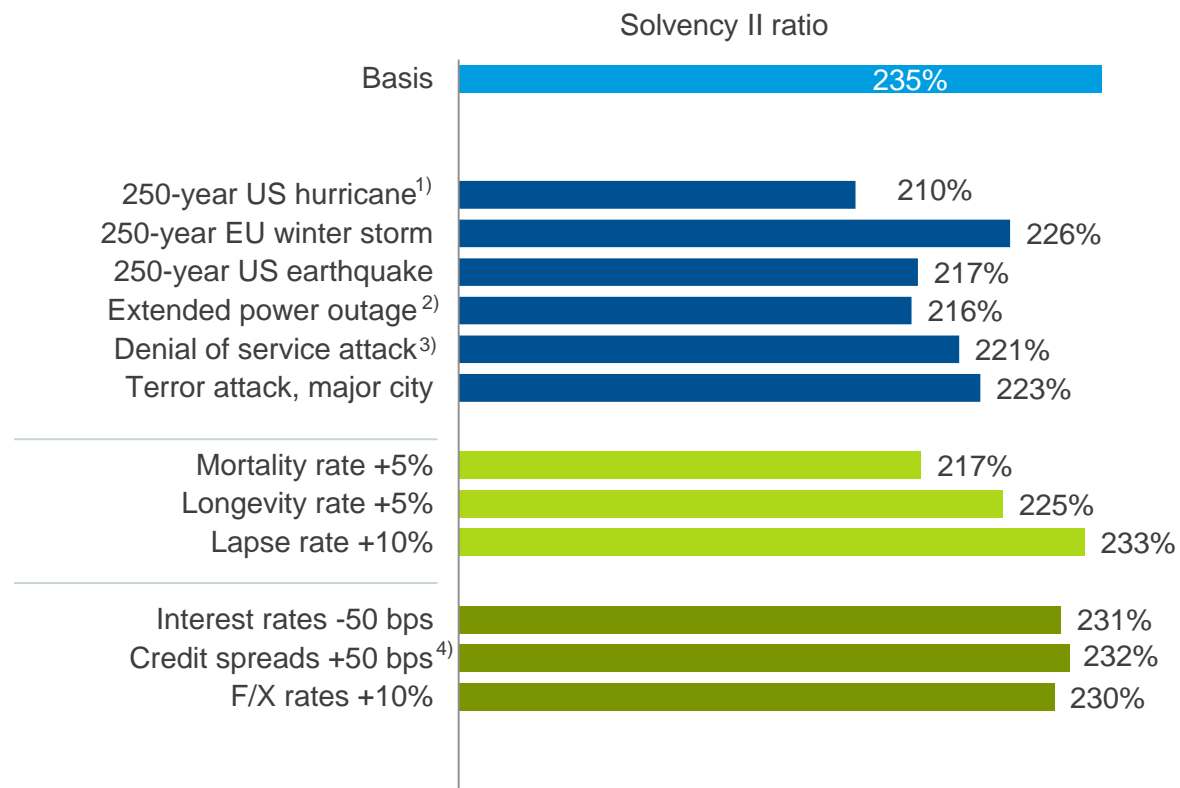
■ ■ ■ ■ ■ Capital requirement    ▨ ▨ ▨ ▨ ▨ Diversification

As at 31 December 2020

# Individual events with limited impact on Solvency ratio

## Solvency ratio robust under stressed conditions

### Sensitivities and stress tests



As at 31 December 2020

1) A return period of 250 years is equivalent to an occurrence probability of 0.4%; based on the aggregate annual loss.

2) Approx. 3 weeks of power outage in a larger area of a developed country

3) Distributed denial-of-service-attack on main DNS provider

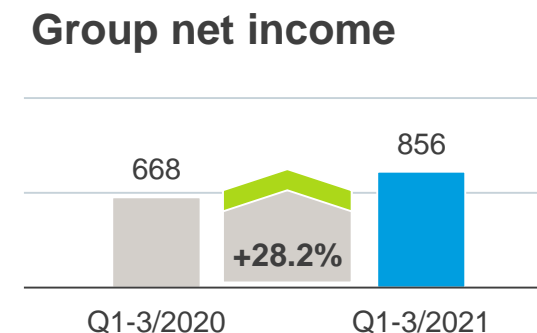
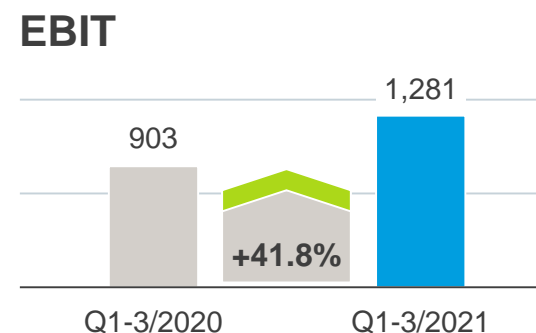
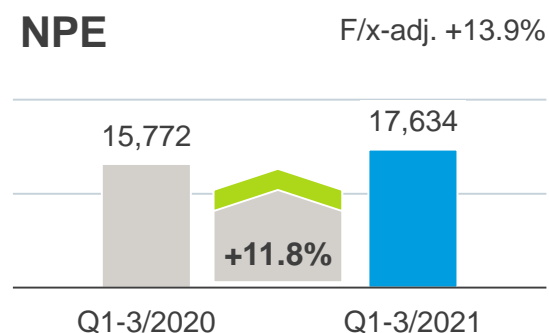
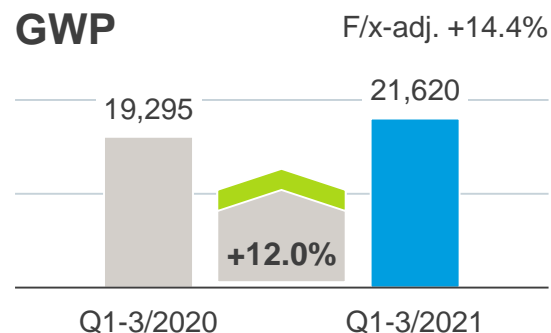
4) Average stress level of +50 bps. Stress level differs by corporate bond issuer rating Excl. government bonds and incl. impact of changes in dynamic volatility adjustment.

# Agenda

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# Strong nine-month results demonstrate resilience and earnings power in a heavily loss-affected year



**10.2%**  
Return on Equity  
above target of 8.9%

**EUR 94.60**  
Book value per share  
+3.8%

**239%**  
Solvency II ratio  
30.09.2021

**P&C R/I**

C/R: 97.9%

- Strong and diversified premium growth (f/x-adj. +17.7%)
- Combined ratio of 97.9% above target due to large losses of 1,070 m. exceeding the budget for Q1-3/2021 by 221 m. (1.8% of NPE)
- Covid-19 net loss estimate unchanged at 950 m.

**L&H R/I**

EBIT: 220 m.

- Favourable premium growth (f/x-adj. +6.9%)
- EBIT impacted by Covid-19 mortality claims of 404 m., partly offset by positive one-off effects from restructuring within US mortality portfolio in Q1/2021 (129 m.) and from Longevity (99 m.)

**Investments**

RoI: 2.9%

- AuM increased by 12.3% to 55 bn. mainly driven by very strong operating cash flow
- RoI from AuM: 2.9%, above full-year target of 2.4%
- Increase in ordinary investment income mainly due to higher contribution from alternative investments and volume growth

Figures in EUR millions, unless otherwise stated

# Continued strong growth in an attractive market environment

## Favourable underwriting result despite high large-loss activity in Q3/2021

Property & Casualty R/I in m. EUR	Q3/2020	Q3/2021	Q1-3/2020	Q1-3/2021
Gross written premium	4,173	5,003	13,348	15,269
Net premium earned	3,643	4,229	10,512	12,076
Net underwriting result incl. funds withheld	15	(64)	(146)	253
Combined ratio incl. interest on funds withheld	99.6%	101.5%	101.4%	97.9%
Net investment income from assets under own management	234	387	667	957
Other income and expenses	50	(40)	67	(148)
<b>Operating profit/loss (EBIT)</b>	<b>299</b>	<b>283</b>	<b>589</b>	<b>1,061</b>
Tax ratio	35.4%	43.7%	25.2%	26.1%
<b>Group net income</b>	<b>173</b>	<b>147</b>	<b>418</b>	<b>739</b>

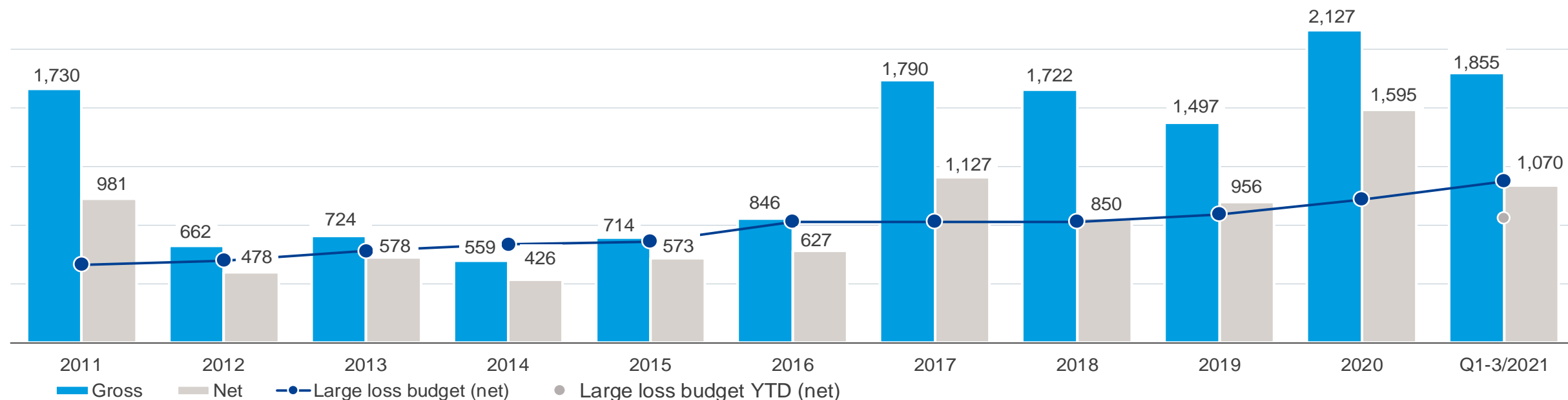
### YTD

- GWP f/x-adjusted +17.7%, diversified growth from traditional and structured reinsurance business
- NPE f/x-adjusted +17.8%
- Large losses of EUR 1,070 m. above budget of EUR 849 m. for Q1-3/2021
- Covid-19 net loss estimate unchanged at EUR 950 m.
- Net investment income increased due to favourable ordinary investment income, higher realised gains and lower impairments
- Other income and expenses decreased mainly due to negative currency effects of EUR -105 m. (Q1-3/2020: EUR 106 m.)

# Large losses exceed budget of EUR 849 m. for Q1-3/2021 by EUR 221 m. Full-year budget almost exhausted after 9 months; EUR 251 m. budgeted for Q4/2021

## Natural and man-made catastrophe losses<sup>1)</sup>

in m. EUR



### Natural and man-made catastrophe losses in % of Property & Casualty premium

25%	16%	9%	7%	9%	8%	7%	6%	8%	7%	9%	8%	17%	12%	14%	8%	10%	7%	13%	11%	12%	9%
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### Large loss budget (net) in m. EUR

530	560	625	670	690	825	825	825	875	975	1,100
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1) Up to 2011 claims over EUR 5 m. gross, from 2012 onwards claims over EUR 10 m. gross

## Large-loss budget Q1-3/2021 exceeded for both NatCat and man-made losses

Catastrophe losses <sup>1)</sup> in m. EUR	Date	Gross	Net
Storm "Filomena", Spain	7 - 8 Jan	12.9	12.9
Texas winter storm/freeze, USA	11 - 21 Feb	259.2	158.1
Floods, Australia	18 - 23 Mar	16.4	13.3
Cyclone "Seroja", Australia	11 - 14 Apr	13.6	13.6
Storm "Volker", Germany	21 - 25 June	75.0	59.0
Flood "Bernd", Europe	8 - 16 July	643.0	214.2
Rain and flood, China	16 - 22 July	34.7	34.5
Hurricane "Henri", USA	22 - 24 Aug	10.6	7.4
Hurricane "Ida", USA	26 Aug - 4 Sept	527.3	305.7
<b>9 Natural catastrophes</b>		<b>1,592.8</b>	<b>818.9</b>
1 Aviation loss		13.7	13.7
2 Marine losses		33.8	22.5
1 Credit loss		21.2	21.2
7 Property losses		194.0	194.0
<b>11 Man-made losses</b>		<b>262.7</b>	<b>251.4</b>
<b>20 Major losses</b>		<b>1,855.5</b>	<b>1,070.2</b>

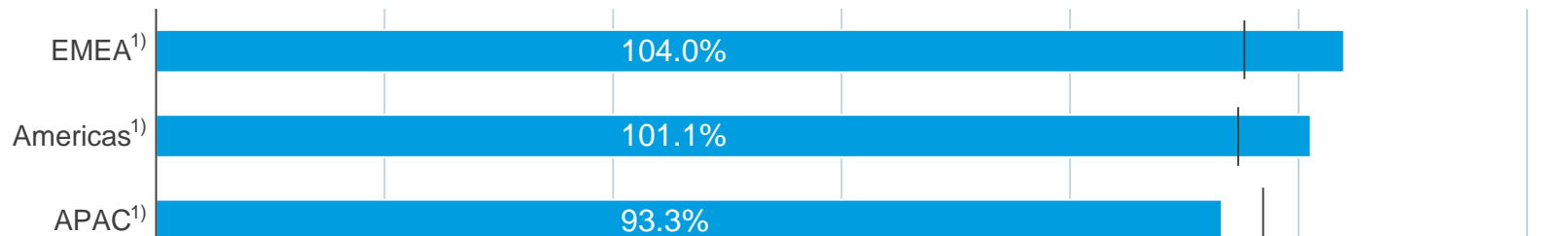
1) Natural catastrophes and other major losses in excess of EUR 10 m. gross  
 Large loss budget 2021: EUR 1,100 m. thereof EUR 225 m. man-made and EUR 875 m. NatCat



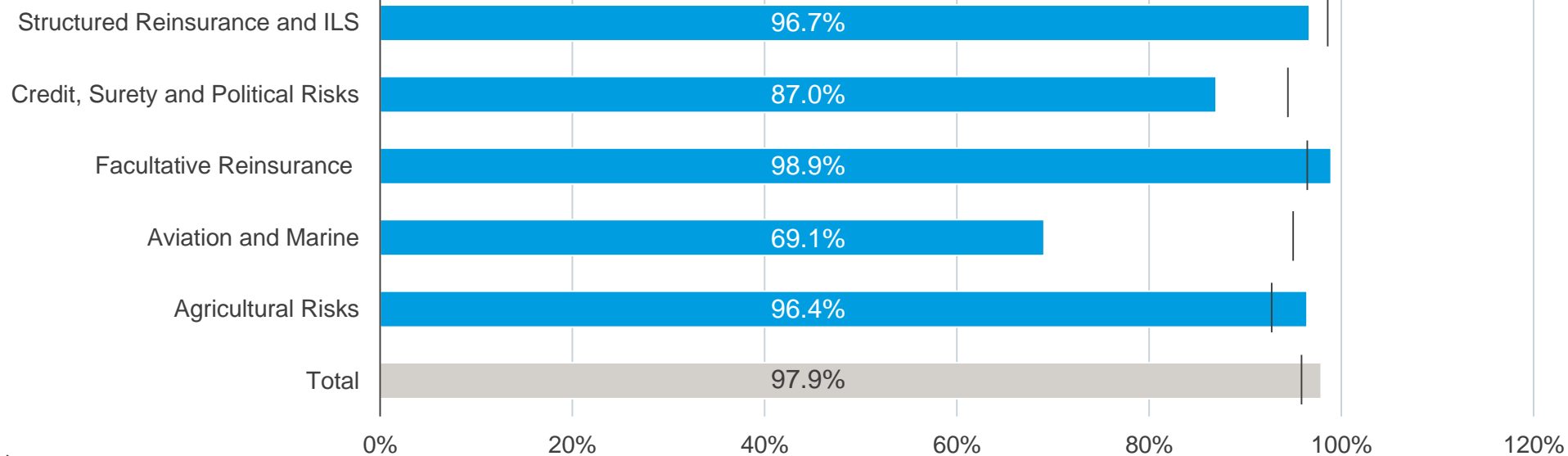
# Combined ratios impacted by large losses

## Q1-3/2021: Combined ratio vs. target combined ratios

### Regional markets



### Worldwide markets



■ Combined ratio | Target combined ratio

1) All lines of Property & Casualty reinsurance except those stated separately

# Favourable premium growth

## Result impacted by Covid-19 losses; partly offset by positive one-off effects

Life & Health R/I in m. EUR	Q3/2020	Q3/2021	Q1-3/2020	Q1-3/2021
Gross written premium	1,975	2,152	5,947	6,350
Net premium earned	1,751	1,889	5,259	5,558
Net underwriting result incl. funds withheld	(124)	(122)	(293)	(315)
Net investment income from assets under own management	129	61	352	185
Other income and expenses	96	102	257	351
<b>Operating profit/loss (EBIT)</b>	<b>101</b>	<b>41</b>	<b>315</b>	<b>220</b>
EBIT margin	5.8%	2.2%	6.0%	4.0%
Tax ratio	(7.1%)	(9.8%)	5.3%	31.3%
<b>Group net income</b>	<b>108</b>	<b>45</b>	<b>297</b>	<b>150</b>

### YTD

- GWP f/x-adjusted +6.9% diversified growth in all business lines
- NPE f/x-adjusted growth +6.0%
- Technical result impacted by Covid-19 losses of EUR 404 m. (thereof US: EUR 197 m., South Africa: EUR 149 m.), partly offset by positive extraordinary effects from reserve releases in Longevity in Q3 (EUR 99 m.) and from restructuring within US mortality portfolio in Q1
- Net investment income decreased primarily due to negative impact from fair value of derivatives and extraordinary valuation gain from at-equity participation in previous year
- Other income and expenses increased due to positive one-off effect from restructuring within US mortality portfolio in Q1 and strong contribution from deposit accounted treaties of EUR 278 m. (Q1-3/2020: EUR 254 m.)

# Very satisfactory return on investment

## Increasing ordinary income and moderate realised gains compensate for valuation effects

in m. EUR	Q3/2020	Q3/2021	Q1-3/2020	Q1-3/2021	RoI
Ordinary investment income <sup>1)</sup>	370	408	984	1,106	2.8%
Realised gains/losses	52	96	192	238	0.6%
Impairments/appreciations & depreciations	(16)	(13)	(102)	(52)	-0.1%
Change in fair value of financial instruments (through P&L)	(9)	(5)	41	(48)	-0.1%
Investment expenses	(33)	(36)	(95)	(101)	-0.3%
<b>NII from assets under own management</b>	<b>364</b>	<b>449</b>	<b>1,021</b>	<b>1,142</b>	<b>2.9%</b>
NII from funds withheld	28	42	164	215	
<b>Total net investment income</b>	<b>392</b>	<b>491</b>	<b>1,185</b>	<b>1,357</b>	

### YTD

- Very pleasing increase in ordinary income from alternative investments, inflation-linked bonds and higher asset volume
- Higher realised gains include disposal of parts of listed-equity portfolio in Q1, disposal gains on real estate as well as impact of credit reallocations due to strategic and regular portfolio adjustments
- Stable depreciation of direct real estate investments; overall impairments at very moderate levels
- Change in fair value of financial instruments through P&L impacted by valuation of reinsurance-related derivatives
- Decrease in valuation reserves due to higher minimal-risk yield curves; credit spreads on corporates with some further decreases on low level; higher valuations in alternative investments; stable reserves on real estates

Unrealised gains/losses of investments	31 Dec 20	30 Sep 21
On-balance sheet	3,019	2,487
thereof Fixed income AFS	2,347	1,525
Off-balance sheet	557	546
thereof Fixed income HTM, L&R	217	167
<b>Total</b>	<b>3,576</b>	<b>3,033</b>

1) Incl. results from associated companies

# Our business groups at a glance

## Q1-3/2021 vs. Q1-3/2020

in m. EUR	Property & Casualty R/I		Life & Health R/I		Total	
	Q1-3/2020	Q1-3/2021	Q1-3/2020	Q1-3/2021	Q1-3/2020	Q1-3/2021
Gross written premium	13,348	15,269	5,947	6,350	19,295	21,620
Change in GWP		+14.4%		+6.8%		+12.0%
Net premium earned	10,512	12,076	5,259	5,558	15,772	17,634
Net underwriting result	(187)	220	(416)	(497)	(603)	(277)
Net underwriting result incl. funds withheld	(146)	253	(293)	(315)	(439)	(63)
Net investment income	708	989	475	367	1,185	1,357
From assets under own management	667	957	352	185	1,021	1,142
From funds withheld	41	32	123	182	164	215
Other income and expenses	67	(148)	257	351	321	201
<b>Operating profit/loss (EBIT)</b>	<b>589</b>	<b>1,061</b>	<b>315</b>	<b>220</b>	<b>903</b>	<b>1,281</b>
Financing costs	(2)	(2)	(1)	(1)	(72)	(61)
<b>Net income before taxes</b>	<b>587</b>	<b>1,060</b>	<b>314</b>	<b>219</b>	<b>831</b>	<b>1,219</b>
Taxes	(148)	(276)	(17)	(69)	(142)	(318)
<b>Net income</b>	<b>439</b>	<b>784</b>	<b>298</b>	<b>150</b>	<b>690</b>	<b>901</b>
Non-controlling interest	21	44	1	1	22	45
<b>Group net income</b>	<b>418</b>	<b>739</b>	<b>297</b>	<b>150</b>	<b>668</b>	<b>856</b>
Retention	90.3%	90.4%	89.5%	88.3%	90.1%	89.8%
Combined ratio (incl. interest on funds withheld)	101.4%	97.9%	-	-	-	-
EBIT margin (EBIT / Net premium earned)	5.6%	8.8%	6.0%	4.0%	5.7%	7.3%
Tax ratio	25.2%	26.1%	5.3%	31.3%	17.1%	26.1%
Earnings per share (in EUR)	3.47	6.13	2.46	1.24	5.54	7.10

# Our business groups at a glance

## Q3/2021 vs. Q3/2020

in m. EUR	Property & Casualty R/I		Life & Health R/I		Total	
	Q3/2020	Q3/2021	Q3/2020	Q3/2021	Q3/2020	Q3/2021
Gross written premium	4,173	5,003	1,975	2,152	6,149	7,155
Change in GWP		+19.9%		+9.0%		+16.4%
Net premium earned	3,643	4,229	1,751	1,889	5,394	6,119
Net underwriting result	(1)	(82)	(136)	(147)	(137)	(229)
Net underwriting result incl. funds withheld	15	(64)	(124)	(122)	(109)	(187)
Net investment income	250	405	142	86	392	491
From assets under own management	234	387	129	61	364	449
From funds withheld	16	18	12	25	28	42
Other income and expenses	50	(40)	96	102	144	63
<b>Operating profit/loss (EBIT)</b>	<b>299</b>	<b>283</b>	<b>101</b>	<b>41</b>	<b>399</b>	<b>325</b>
Financing costs	(1)	(1)	0	0	(24)	(21)
<b>Net income before taxes</b>	<b>298</b>	<b>283</b>	<b>101</b>	<b>41</b>	<b>375</b>	<b>303</b>
Taxes	(105)	(124)	7	4	(90)	(106)
<b>Net income</b>	<b>193</b>	<b>159</b>	<b>108</b>	<b>45</b>	<b>285</b>	<b>197</b>
Non-controlling interest	19	12	(0)	0	19	12
<b>Group net income</b>	<b>173</b>	<b>147</b>	<b>108</b>	<b>45</b>	<b>265</b>	<b>185</b>
Retention	88.0%	88.4%	89.9%	88.4%	88.6%	88.4%
Combined ratio (incl. interest on funds withheld)	99.6%	101.5%	-	-	-	-
EBIT margin (EBIT / Net premium earned)	8.2%	6.7%	5.8%	2.2%	7.4%	5.3%
Tax ratio	35.4%	43.7%	-7.1%	-9.8%	24.1%	35.0%
Earnings per share (in EUR)	1.44	1.22	0.90	0.37	2.20	1.54

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# Guidance for 2021

## Hannover Re Group

- Gross written premium<sup>1)</sup> \_\_\_\_\_  $\geq$  upper single-digit growth
- Return on investment<sup>2)</sup> \_\_\_\_\_  $> 2.4\%$
- Group net income<sup>2)</sup> \_\_\_\_\_ EUR 1.15 - 1.25 bn.
- Ordinary dividend \_\_\_\_\_  $\geq$  prior year
- Special dividend \_\_\_\_\_ if capitalisation exceeds capital requirements for future growth and profit targets are achieved

1) At unchanged f/x rates

2) Subject to no major distortions in capital markets and/or major losses in Q4/2021 not exceeding the large loss budget of EUR 251 m.

# Guidance for 2022

## Hannover Re Group

- Gross written premium<sup>1)</sup> \_\_\_\_\_  $\geq 5\%$
- Return on investment<sup>2)</sup> \_\_\_\_\_  $\geq 2.3\%$
- Group net income<sup>2)</sup> \_\_\_\_\_ EUR 1.4 - 1.5 bn.
- Ordinary dividend \_\_\_\_\_  $\geq$  prior year
- Special dividend \_\_\_\_\_ if capitalisation exceeds capital requirements for future growth and profit targets are achieved

1) At unchanged f/x rates

2) Subject to no major distortions in capital markets and/or major losses in 2022 not exceeding the large loss budget of EUR 1.3 bn. and no material Covid-19 impact in L&H



# Agenda

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# Financial calendar and our Investor Relations contacts

## 3 February 2022

1 January P&C Treaty Renewals

## 10 March 2022

Press Conference and Analysts' Conference

## 4 May 2022

Annual General Meeting  
Quarterly Statement as at 31 March 2022

## 4 August 2022

Half-yearly report as at 30 June 2021

## 6 October 2022

Investors' Day 2022



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# Basic information on the Hannover Re share

## Basic information

International Securities Identification Number (ISIN)	DE 000 840 221 5
Ticker symbols	
-Bloomberg	HNR1
-Thomson Reuters	HNRGn
-ADR	HVRRY
<b>Exchange listings</b>	
-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 <sup>1)</sup>	120,597,134
Common shares <sup>1)</sup>	EUR 120,597,134
Share class	No-par-value registered shares

1) As at 31 December 2020

# Details on reserve review by Willis Towers Watson

- The scope of Willis Towers Watson's work was to review certain parts of the held loss and loss adjustment expense reserve, net of outwards reinsurance, from Hannover Rück SE's consolidated financial statements in accordance with IFRS as at each 31 December from 2009 to 2015, and the implicit redundancy margin, for the non-life business of Hannover Rück SE. Willis Towers Watson concludes that the reviewed loss and loss adjustment expense reserve, net of reinsurance, less the redundancy margin is reasonable in that it falls within Willis Towers Watson's range of reasonable estimates.
  - Life reinsurance and health reinsurance business are excluded from the scope of this review.
  - Willis Towers Watson's review of non-life reserves as at 31 December 2015 covered 98.2%/98.1% of the gross and net held non-life reserves of €22.8 billion and € 21.8 billion respectively. Together with life reserves of gross €3.7 billion and net €3.4 billion, the total balance sheet reserves amount to €26.6 billion gross and €25.2 billion net.
  - The results shown in this presentation are based on a series of assumptions as to the future. It should be recognised that actual future claim experience is likely to deviate, perhaps materially, from Willis Towers Watson's estimates. This is because the ultimate liability for claims will be affected by future external events; for example, the likelihood of claimants bringing suit, the size of judicial awards, changes in standards of liability, and the attitudes of claimants towards the settlement of their claims.
  - The results shown in Willis Towers Watson's reports are not intended to represent an opinion of market value and should not be interpreted in that manner. The reports do not purport to encompass all of the many factors that may bear upon a market value.
  - Willis Towers Watson's analysis was carried out based on data as at evaluation dates for each 31 December from 2009 to 2015. Willis Towers Watson's analysis may not reflect development or information that became available after the valuation dates and Willis Towers Watson's results, opinions and conclusions presented herein may be rendered inaccurate by developments after the valuation dates.
  - As is typical for reinsurance companies, the claims reporting can be delayed due to late notifications by some cedants. This increases the uncertainty in the estimates.
  - Hannover Rück SE has asbestos, environmental and other health hazard (APH) exposures which are subject to greater uncertainty than other general liability exposures. Willis Towers Watson's analysis of the APH exposures assumes that the reporting and handling of APH claims is consistent with industry benchmarks. However, there is wide variation in estimates based on these benchmarks. Thus, although Hannover Rück SE's held reserves show some redundancy compared to the indications, the actual losses could prove to be significantly different to both the held and indicated amounts.
  - Willis Towers Watson has not anticipated any extraordinary changes to the legal, social, inflationary or economic environment, or to the interpretation of policy language, that might affect the cost, frequency, or future reporting of claims. In addition, Willis Towers Watson's estimates make no provision for potential future claims arising from causes not substantially recognised in the historical data (such as new types of mass torts or latent injuries, terrorist acts), except in so far as claims of these types are included incidentally in the reported claims and are implicitly developed.
  - In accordance with its scope Willis Towers Watson's estimates are on the basis that all of Hannover Rück SE's reinsurance protection will be valid and collectable. Further liability may exist for any reinsurance that proves to be irrecoverable.
  - Willis Towers Watson's estimates are in Euros based on the exchange rates provided by Hannover Rück SE as at each 31 December evaluation date. However, a substantial proportion of the liabilities is denominated in foreign currencies. To the extent that the assets backing the reserves are not held in matching currencies, future changes in exchange rates may lead to significant exchange gains or losses.
  - Willis Towers Watson has not attempted to determine the quality of Hannover Rück SE's current asset portfolio, nor has Willis Towers Watson reviewed the adequacy of the balance sheet provisions except as otherwise disclosed herein.
- In its review, Willis Towers Watson has relied on audited and unaudited data and financial information supplied by Hannover Rück SE and its subsidiaries, including information provided orally. Willis Towers Watson relied on the accuracy and completeness of this information without independent verification.
- Except for any agreed responsibilities Willis Towers Watson may have to Hannover Rück SE, Willis Towers Watson does not assume any responsibility and will not accept any liability to any person for any damages suffered by such person arising out of this commentary or references to Willis Towers Watson in this document.

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