

*somewhat  
different*



# Conference Call on Half-yearly Report 2020

Hannover, 5 August 2020

*hannover* **re**<sup>®</sup>

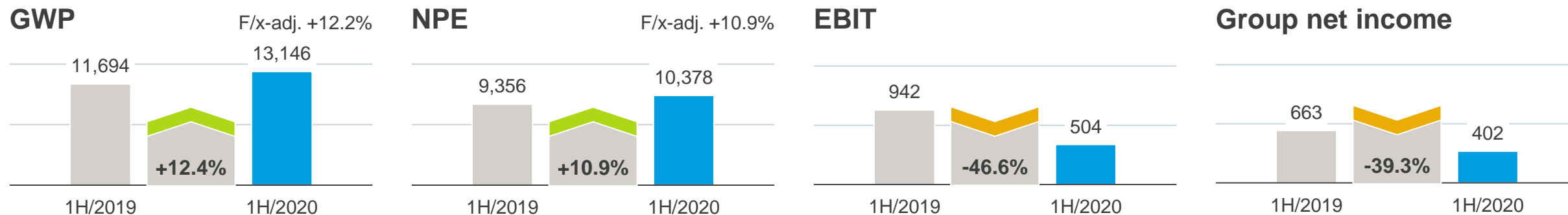
# Agenda

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| <b>2</b> | <b>Property &amp; Casualty reinsurance</b> | <b>6</b>  |
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# Double-digit premium growth driven by increased demand for reinsurance

## Group net income impacted by additional reserves for Covid-19 loss estimates



**7.6%**

**Return on Equity**

impacted by additional reserves for Covid-19 loss estimates

**EUR 88.62**

**Book value per share**

+1.5%; Net income and increase in valuation reserves offset by dividend payment in Q2

**~225%<sup>2)</sup>**

**Solvency II ratio**

30.06.2020



### P&C R/I

EBIT: 290 m.

- Strong and diversified premium growth (f/x-adj. +16.3%)
- EBIT margin (4.2%) below target (10%)
- Combined ratio 102.3% due to exceeding of large loss budget by 4.7% of NPE resulting from additional reserves for Covid-19 loss estimates (EUR 600 m.)

Figures in EUR millions, unless otherwise stated

1) Including effects from ModCo derivatives

2) preliminary



### L&H R/I

EBIT: 214 m.

- Premium growth (f/x-adj. +3.6%)
- Strong EBIT in light of Covid-19 losses of EUR 63m., decline due to positive one-off (EUR 99.5 m.) in prior year
- US mortality otherwise in line with expectations



### Investments

NII: 793 m.

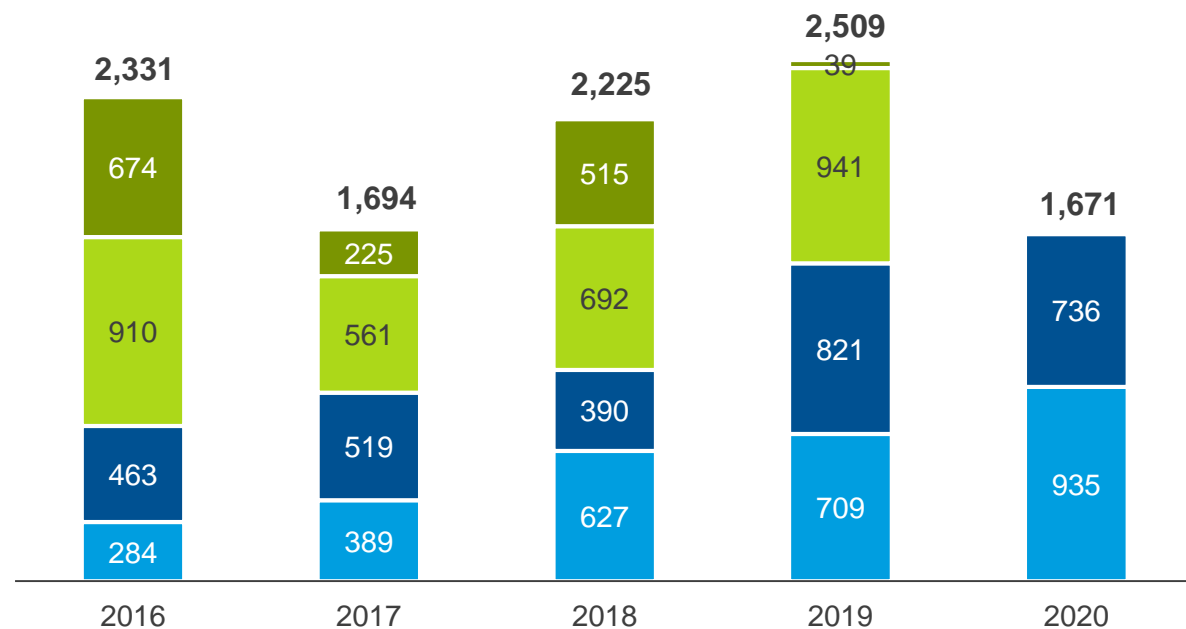
- RoI from AuM: 2.7%<sup>1)</sup>, still in line with initial target
- Moderate decrease in ordinary investment income mainly due to lower contribution from inflation-linked bonds and private equity
- AuM up by 2.4% to EUR 48.8 bn.

# Very strong operating cash flow driven by profitable premium growth

## AuM +2.4%, increasing valuation reserves overcompensates negative f/x effects

Operating cash flow

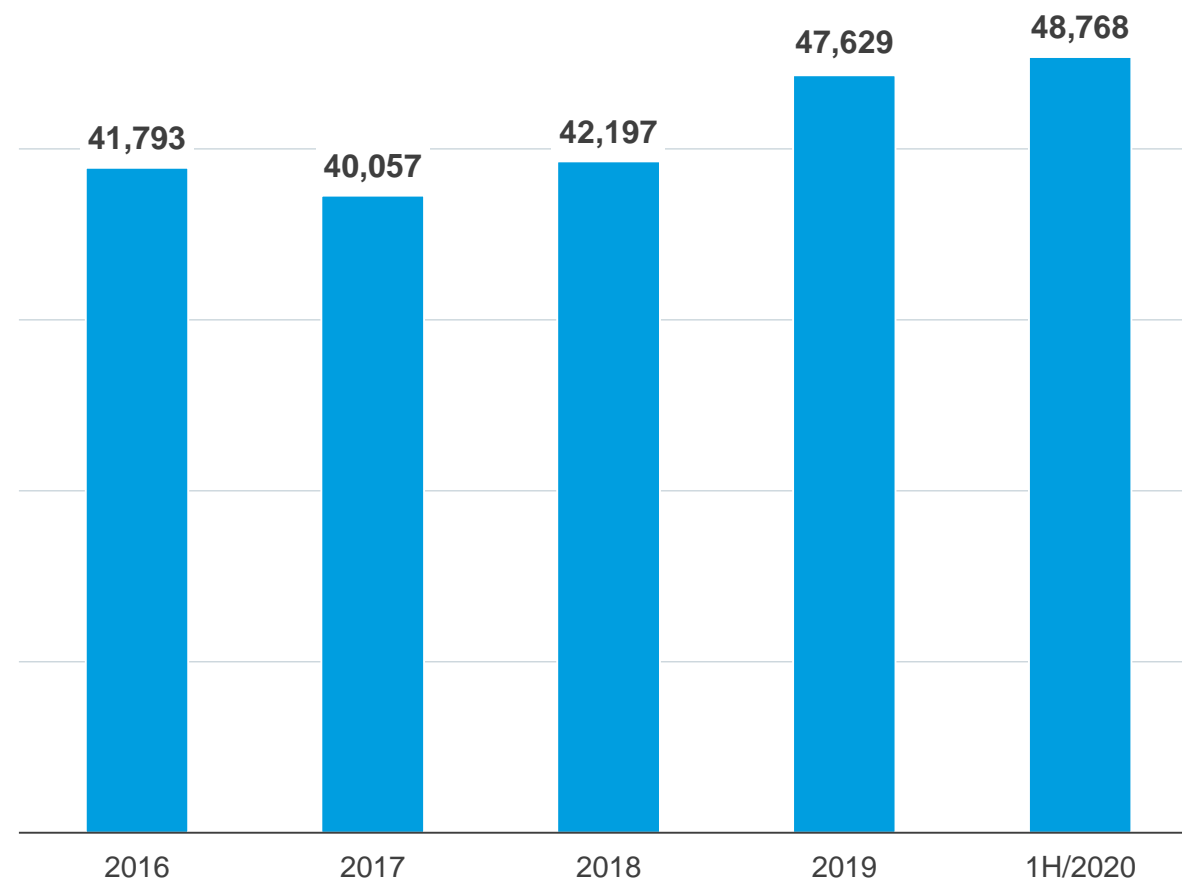
in m. EUR



■ Q1 ■ Q2 ■ Q3 ■ Q4

Assets under own management (AuM)

in m. EUR



# Shareholders' equity up by +1.5% despite dividend payment in Q2/2020

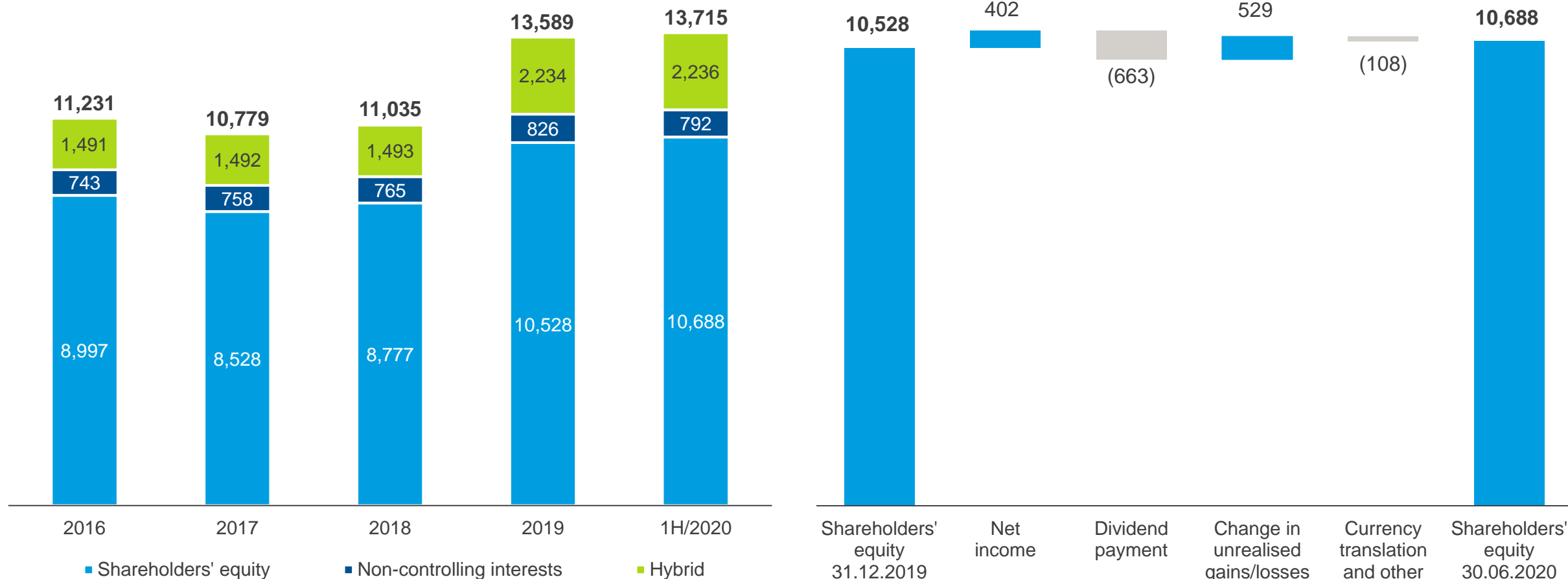
Driven by positive earnings contribution and increase in asset valuation

## Policyholders' surplus

in m. EUR

## Change in shareholders' equity

in m. EUR



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# Double-digit growth in an improving market environment

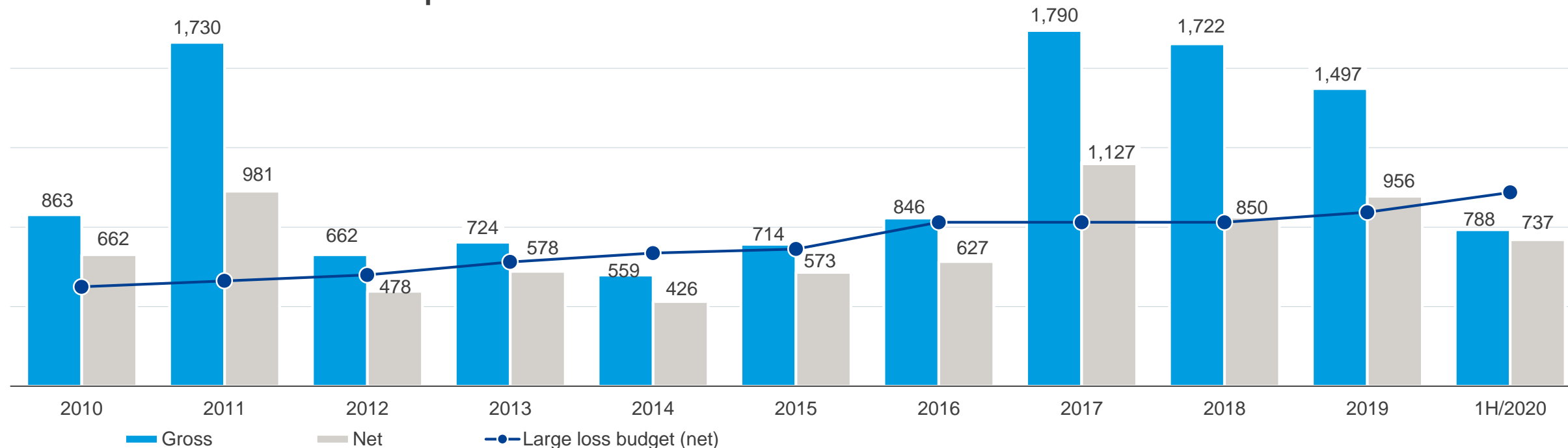
## Underwriting result impacted by additional reserves for Covid-19 loss estimates

| Property & Casualty R/I in m. EUR                      | Q2/2019    | Q2/2020     | 1H/2019    | 1H/2020    | YTD  |
|--|------------|-------------|------------|------------|--|
| Gross written premium                                  | 3,453      | 4,188       | 7,847      | 9,174      | • GWP f/x-adjusted +16.3%  |
| Net premium earned                                     | 3,034      | 3,531       | 5,964      | 6,869      | • NPE f/x-adjusted +15.0%  |
| Net underwriting result incl. funds withheld           | 71         | (168)       | 196        | (161)      | • Major losses of EUR 737 m. (10.7% of NPE) exceeded budget of EUR 414 m. for 1H/2020 due to additional reserves for Covid-19 loss estimates (EUR 600 m., largely from business interruption, credit and event cancellation); combined ratio adjusted for above-budget losses at 97.6% for 1H/2020 |
| Combined ratio incl. interest on funds withheld        | 97.7%      | 104.8%      | 96.7%      | 102.3%     |  |
| Net investment income from assets under own management | 252        | 147         | 476        | 433        | • Lower ordinary investment income and moderate impairments for private equity partly mitigated by higher realised gains   |
| Other income and expenses                              | (1)        | 6           | (15)       | 18         | • Other income and expenses increased mainly due to positive currency effects  |
| <b>Operating profit/loss (EBIT)</b>                    | <b>322</b> | <b>(15)</b> | <b>657</b> | <b>290</b> | • EBIT margin of 4.2% below target of 10%  |
| Tax ratio  | 31.1%      | 306.4%      | 29.7%      | 14.8%      | • Lower tax ratio due to reduced proportion of earnings in high tax restrictions   |
| <b>Group net income</b>                                | <b>212</b> | <b>37</b>   | <b>431</b> | <b>245</b> |  |
| Earnings per share (in EUR)                            | 1.76       | 0.31        | 3.58       | 2.03       |  |

# Major losses including Covid-19 reserving exceed 1H/2020 budget of EUR 414 m. by EUR 323 m.

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

in m. EUR



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

|     |     |     |     |    |    |    |    |    |    |    |    |    |    |     |     |     |    |     |    |    |     |
|-----|-----|-----|-----|----|----|----|----|----|----|----|----|----|----|-----|-----|-----|----|-----|----|----|-----|
| 14% | 12% | 25% | 16% | 9% | 7% | 9% | 8% | 7% | 6% | 8% | 7% | 9% | 8% | 17% | 12% | 14% | 8% | 10% | 7% | 9% | 11% |
|-----|-----|-----|-----|----|----|----|----|----|----|----|----|----|----|-----|-----|-----|----|-----|----|----|-----|

### Annual large loss budget (net) in m. EUR

|     |     |     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 500 | 530 | 560 | 625 | 670 | 690 | 825 | 825 | 825 | 875 | 975 |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

1) Up to 2011 claims over EUR 5 m. gross, from 2012 onwards claims over EUR 10 m. gross



## Moderate major-loss expenditure apart from Covid-19-related losses

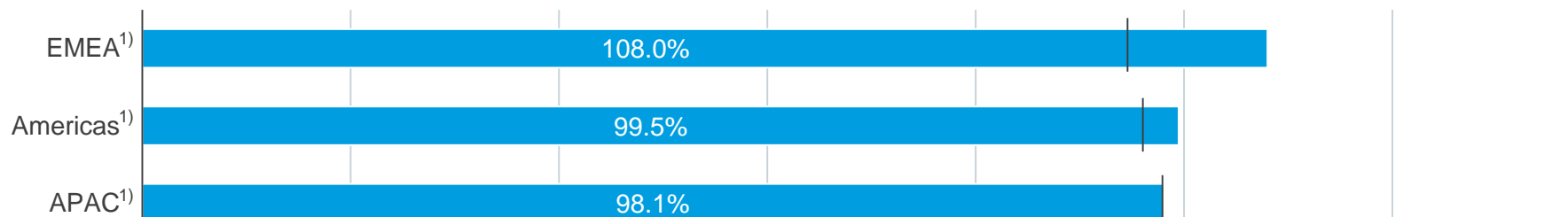
| Catastrophe losses <sup>1)</sup> in m. EUR | Date        | Gross        | Net          |
|--|-------------|--------------|--------------|
| Bushfire, Australia                        | 1 - 31 Jan  | 26.8         | 26.3         |
| Earthquake, Puerto Rico                    | 6 - 7 Jan   | 12.8         | 10.1         |
| Hail / Storm, Australia                    | 19 - 20 Jan | 25.7         | 18.1         |
| Storm / Flood, Australia                   | 4 - 13 Feb  | 31.3         | 20.1         |
| Storm "Sabine", Europe                     | 9 - 11 Feb  | 24.5         | 18.6         |
| Tornados, USA                              | 2 - 5 Mar   | 45.2         | 31.1         |
| <b>6 Natural catastrophes</b>              |             | <b>166.3</b> | <b>124.3</b> |
| 1 Property loss                            |             | 12.7         | 12.6         |
| <b>1 Man-made loss</b>                     |             | <b>12.7</b>  | <b>12.6</b>  |
| <b>7 Major losses</b>                      |             | <b>179.1</b> | <b>136.9</b> |
| <b>Covid-19-related losses</b>             |             | <b>608.5</b> | <b>600.1</b> |
| <b>Total</b>                               |             | <b>787.6</b> | <b>737.0</b> |

1) Natural catastrophes and other major losses in excess of EUR 10 m. gross  
Annual large loss budget 2020: EUR 975 m. thereof EUR 200 m. man-made and EUR 775 m. NatCat

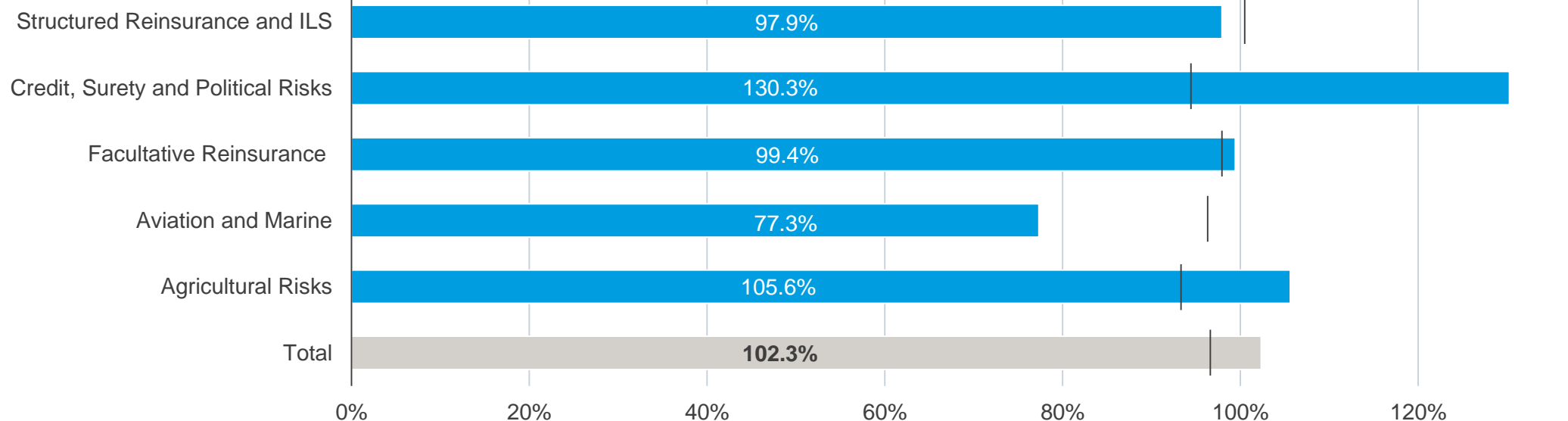
# Combined ratio above target due to additional reserves for Covid-19-related loss estimates

## 1H/2020: Combined Ratio vs. Target Combined Ratio

### Regional markets



### Worldwide markets



■ Combined Ratio | Target Combined Ratio

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

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# Good underlying result impacted by Covid-19 losses

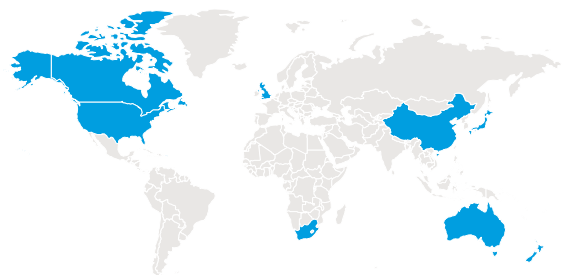
## US mortality result otherwise in line with expectations, strong contribution from FinSol

| Life & Health R/I in m. EUR                            | Q2/2019    | Q2/2020   | 1H/2019    | 1H/2020    | YTD   |
|--|------------|-----------|------------|------------|---|
| Gross written premium                                  | 1,868      | 1,983     | 3,847      | 3,972      | • GWP f/x-adjusted +3.6%, mainly from Australia   |
| Net premium earned                                     | 1,711      | 1,756     | 3,392      | 3,509      | • NPE f/x-adjusted growth +3.8%   |
| Net underwriting result incl. funds withheld           | (89)       | (118)     | (138)      | (169)      | • Technical result impacted by Covid-19 losses of EUR 63 m.   |
| Net investment income from assets under own management | 191        | 123       | 295        | 222        | • Favourable ordinary investment income and change in fair value of financial instruments. Net investment income decreased due to one-off effect in Q2/2019 (EUR 99.5 m.) |
| Other income and expenses                              | 68         | 85        | 130        | 161        | • Other income and expenses mainly the result of strong contribution from deposit accounted treaties of EUR 173 m. (1H/2019: EUR 133 m.)                                  |
| <b>Operating profit/loss (EBIT)</b>                    | <b>170</b> | <b>90</b> | <b>286</b> | <b>214</b> |   |
| EBIT margin  | 9.9%       | 5.1%      | 8.4%       | 6.1%       |   |
| Tax ratio  | (0.1%)     | 12.2%     | 9.2%       | 11.2%      |   |
| <b>Group net income</b>                                | <b>169</b> | <b>78</b> | <b>258</b> | <b>188</b> |   |
| Earnings per share (in EUR)                            | 1.40       | 0.65      | 2.14       | 1.56       |   |

# Life and health business group

## 1H/2020 new and pipeline business<sup>1)</sup>

### New business



Financial Solutions



Mortality



Longevity

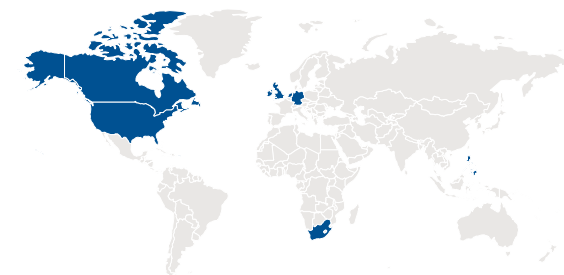


Morbidity



- Solvency relief deals (China) – Financial Solutions
- Cash financing (South Africa, Japan) – Financial Solutions
- Reserve financing (USA) – Financial Solutions
- Industry funds (Australia) – Mortality/Morbidity
- Longevity transactions (UK, Canada, New Zealand) – Longevity

### Pipeline business



Financial Solutions



Mortality



Longevity



Morbidity



- Reserve financing (USA, Germany) – Financial Solutions
- Cash financing (South Africa) – Financial Solutions
- Solvency relief (USA) – Financial Solutions
- Critical illness (UK) – Morbidity
- Risk relief (Canada) – Mortality
- Longevity transactions (UK, Canada, Netherlands, Ireland) – Longevity



<sup>1)</sup> Focus on most important deals and opportunities

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# Ordinary income decreasing in line with expectations

## Supporting realisations mainly from fixed-income sales

| in m. EUR   | Q2/2019    | Q2/2020    | 1H/2019    | 1H/2020    | RoI         |
|---|------------|------------|------------|------------|-------------|
| Ordinary investment income <sup>1)</sup>                    | 376        | 281        | 702        | 614        | 2.5%        |
| Realised gains/losses                                       | 105        | 38         | 127        | 140        | 0.6%        |
| Impairments/appreciations & depreciations                   | (24)       | (57)       | (41)       | (85)       | -0.4%       |
| Change in fair value of financial instruments (through P&L) | 16         | 39         | 44         | 50         | 0.2%        |
| Investment expenses   | (30)       | (31)       | (60)       | (63)       | -0.3%       |
| <b>NII from assets under own management</b>                 | <b>444</b> | <b>270</b> | <b>772</b> | <b>657</b> | <b>2.7%</b> |
| NII from funds withheld                                     | 23         | 51         | 94         | 136        |             |
| <b>Total net investment income</b>                          | <b>467</b> | <b>321</b> | <b>866</b> | <b>793</b> |             |

| Unrealised gains/losses of investments | 31 Dec 19    | 30 Jun 20    |
|--|--------------|--------------|
| On-balance sheet                       | 1,789        | 2,441        |
| thereof Fixed income AFS               | 1,356        | 2,024        |
| Off-balance sheet                      | 524          | 537          |
| thereof Fixed income HTM, L&R          | 233          | 223          |
| <b>Total</b>                           | <b>2,314</b> | <b>2,977</b> |

1) Incl. results from associated companies

### YTD

- Decreasing ordinary income mainly due to inflation linkers within fixed-income securities as well as lower returns from private equity and opportunistic real estate funds; rather stable results from direct real estates; result in line with new Covid-19 expectations
- Realised gains mainly driven by some reallocations within fixed-income portfolio and regular portfolio adjustments as well as the disposal of a real estate investment
- Higher impairments driven by increased portion for private equity and opportunistic real estate funds' valuations as well as for alternative fixed-income funds; additional impairment on two issuers of fixed-income securities mainly recognised on emerging markets government bonds; stable depreciation on direct real estate investments
- Rise in valuation reserves due to significantly decreasing risk-minimal yield curves overcompensating widening of credit spreads on corporates and lower valuations in the alternative spectrum

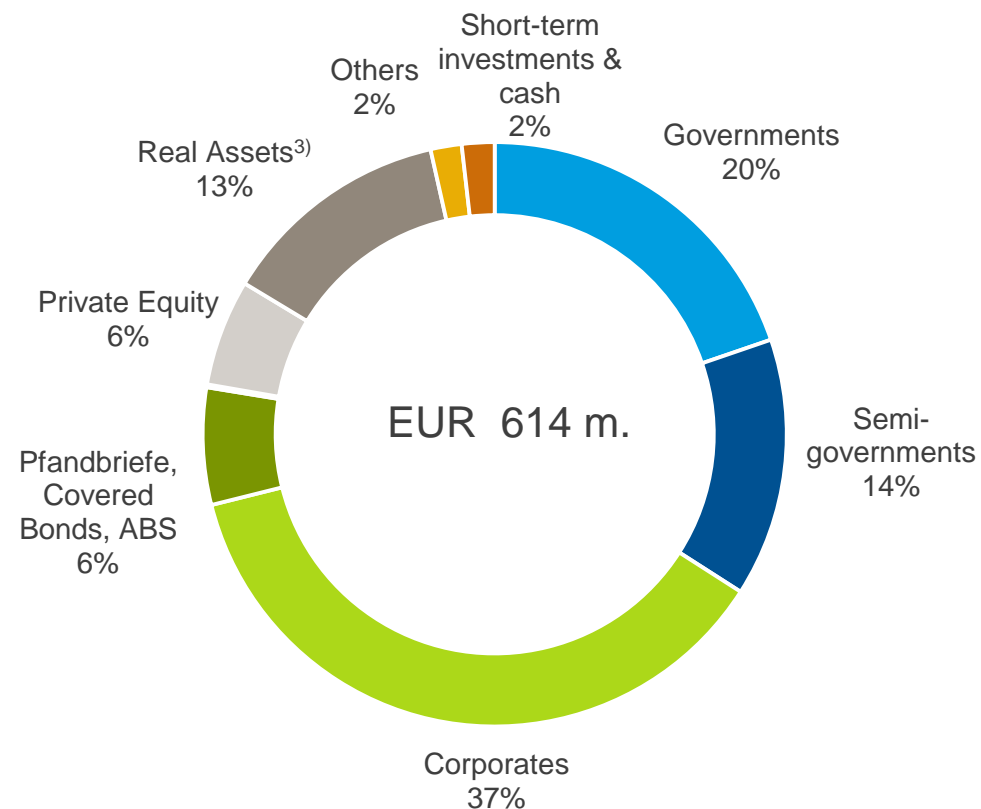
# Ordinary return with lower contribution from alternative assets

## Credit profile slightly more defensive; modest re-entry into listed equities in Q1

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

| Investment category                      | 2016        | 2017        | 2018        | 2019        | Q2/2020          |
|--|-------------|-------------|-------------|-------------|------------------|
| <b>Fixed-income securities</b>           | <b>87%</b>  | <b>87%</b>  | <b>87%</b>  | <b>87%</b>  | <b>87%</b>       |
| - Governments                            | 28%         | 30%         | 35%         | 35%         | 35%              |
| - Semi-governments                       | 18%         | 17%         | 16%         | 15%         | 15%              |
| - Corporates                             | 33%         | 32%         | 29%         | 31%         | 30%              |
| Investment grade                         | 28%         | 27%         | 25%         | 26%         | 25%              |
| Non-investment grade                     | 4%          | 5%          | 4%          | 4%          | 5%               |
| - Pfandbriefe, Covered bonds, ABS        | 9%          | 8%          | 7%          | 7%          | 6% <sup>2)</sup> |
| <b>Equities</b>                          | <b>4%</b>   | <b>2%</b>   | <b>2%</b>   | <b>3%</b>   | <b>3%</b>        |
| - Listed equity                          | 2%          | <1%         | <1%         | <1%         | 1%               |
| - Private equity                         | 2%          | 2%          | 2%          | 2%          | 2%               |
| <b>Real Assets</b>                       | <b>5%</b>   | <b>5%</b>   | <b>6%</b>   | <b>5%</b>   | <b>5%</b>        |
| <b>Others</b>                            | <b>1%</b>   | <b>1%</b>   | <b>1%</b>   | <b>2%</b>   | <b>2%</b>        |
| <b>Short-term investments &amp; cash</b> | <b>4%</b>   | <b>4%</b>   | <b>4%</b>   | <b>3%</b>   | <b>3%</b>        |
| <b>Total market values in bn. EUR</b>    | <b>42.3</b> | <b>40.5</b> | <b>42.7</b> | <b>48.2</b> | <b>49.3</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 1,390.0 m. (EUR 1,429.9 m.) as at 30 June 2020

2) Of which Pfandbriefe and Covered Bonds = 67.0%

3) Before real estate-specific costs. Economic view based on market values as at 30 June 2020



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# Target Matrix

## Guidance for 2020 withdrawn due to impact from Covid-19 pandemic

| Business group          | Key figures                                | Initial targets for 2020 | 1H/2020 |
|-------------------------|--|--------------------------|---------|
| Group                   | Return on investment <sup>1)</sup>         | ≥ 2.7%                   | 2.8%    |
|                         | Return on equity <sup>2)</sup>             | ≥ 9.1%                   | 7.6%    |
|                         | Earnings per share growth (y-o-y)          | ≥ 5%                     | -39.3%  |
|                         | Economic value creation <sup>3)</sup>      | ≥ 6.1%                   | n.a.    |
|                         | Solvency ratio <sup>4)</sup>               | ≥ 200%                   | ~225%   |
| Property & Casualty R/I | Gross premium growth <sup>5)</sup>         | 3 - 5%                   | 16.3%   |
|                         | Combined ratio <sup>6)</sup>               | ≤ 97%                    | 102.3%  |
|                         | EBIT margin <sup>7)</sup>                  | ≥ 10%                    | 4.2%    |
|                         | xRoCA <sup>8)</sup>                        | ≥ 2%                     | n.a.    |
| Life & Health R/I       | Gross premium growth <sup>9)</sup>         | 3 - 5%                   | 3.6%    |
|                         | Value of New Business (VNB) <sup>10)</sup> | ≥ EUR 220 m.             | n.a.    |
|                         | EBIT growth <sup>11)</sup>                 | ≥ 5%                     | -25.1%  |
|                         | xRoCA <sup>8)</sup>                        | ≥ 2%                     | n.a.    |

1) Excl. effects from ModCo derivatives; target per 1.1.2020, valid until April 21 2020

3) Growth in economic equity + paid dividend; target: 600 bps above 5-year average return of 10-year German government bonds

5) On average throughout the R/I cycle at constant f/x rates

7) EBIT/net premium earned

9) Organic growth only; target: annual average growth over a 3-year period, at constant f/x rates

11) Annual average growth over a 3-year period

2) After tax; target: 900 bps above 5-year average return of 10-year German government bonds

4) According to our internal capital model and Solvency II requirements as of 30 June 2020, preliminary

6) Incl. large loss budget of EUR 975 m.

8) Excess return on allocated economic capital

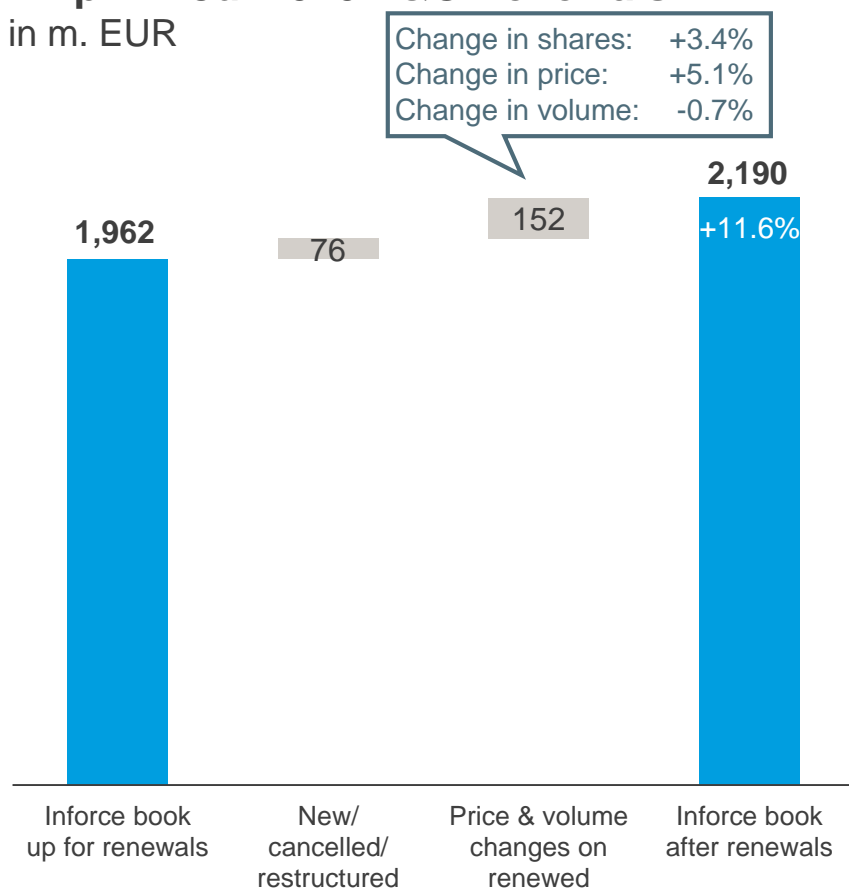
10) Based on Solvency II principles; pre-tax reporting

# Improving market conditions leading to increase in P&C premium

## Risk-adjusted price increase in non-proportional business of 9.9%

### 2 Apr - 1 Jul 2020 P&C Renewals

in m. EUR



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

- Continued increase in premium in North America
  - Premium growth due to strong primary rate trends as well as increasingly attractive reinsurance pricing
  - Increased shares on profitable accounts led to further premium growth
  - Improved terms and conditions
  - Property: continued upward trends on rates and tightening of conditions, i.e. pandemic exclusions on exposed treaties
  - Casualty: substantially hardening R/I market with some shortage of capacity for some LoBs
- Latin America: significant improvement in terms & conditions, especially primary rate levels; decrease in premium due to portfolio optimisation

### Australia

- Strong increase in premium due to new business and increased shares
- Withdrawal of capacity led to improved terms and increased shares at improved pricing

### Credit, surety and political risks

- Stable premium at improved pricing

**Agricultural Risks:** improved market conditions for both primary & R/I led to premium increase

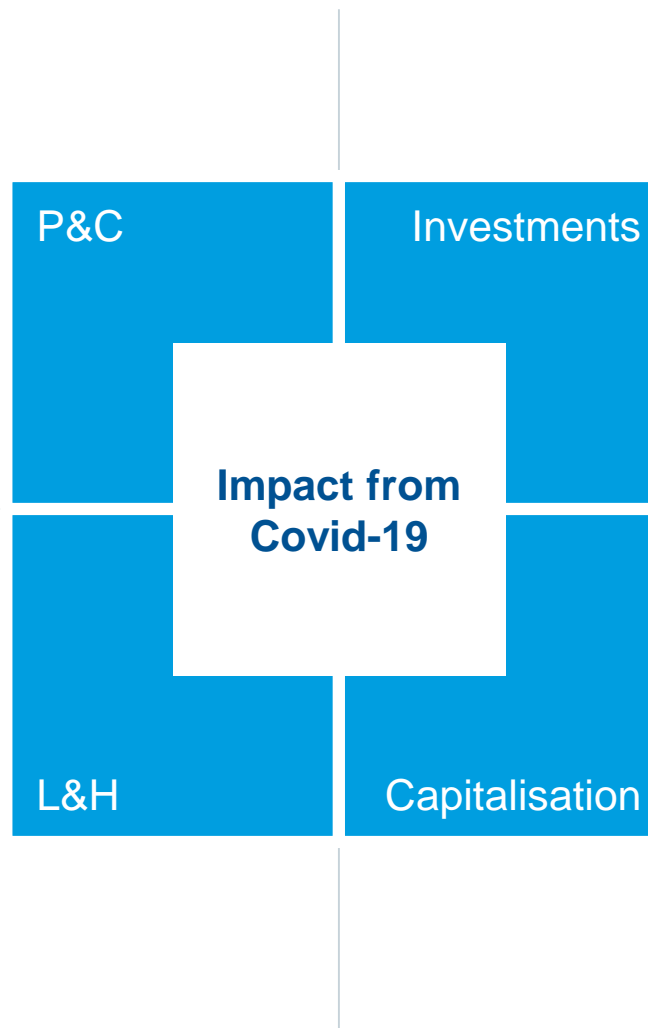
Underwriting year figures at unchanged f/x rates (31 December 2019)

1) Excluding specialty business mentioned separately

# Potential negative impacts arising mainly from P&C reinsurance

- **Expected losses for Covid-19:** approx. EUR 600m (~80% IBNR), mainly attributable to coverages for business interruption, credit reinsurance and event cancellations
- **Knock-on effects:** D&O, E&O, US casualty
- **Losses based on scenario analyses:** development of pandemic, duration/severity of economic downturn, effectiveness of government stimulus
- **Manageable losses:** Given our well diversified portfolio and strong reserving position

- **Claims:** Moderate impact on mortality and morbidity (63MEUR as of 1H/2020). However, uncertainties remain due to the dynamic development of the pandemic
- **Excess mortality:** Considerably lower in the reinsured book compared to the total population
- **Longevity:** Potential positive effects from the UK



- **Ordinary investment income:** Decrease mainly from alternative investments and inflation-linked bonds
- **Defaults:** Only two direct defaults so far in our fixed-income portfolio. Defaults in our credit portfolio are expected to lead to impairments
- **Listed equities:** Marginal investment carries unrealised gains due to entry point during crisis

- **IFRS / Economic capital:** Likely to decline due to an expected decrease in OCI because the negative effect from spread widening may be higher than the benefits from reduced risk-free yields
- **Solvency II ratio:** Expected to remain above 200% threshold in 2020
- **Dividends:** No changes to our general policy expected

# Profitability depends on further development of Covid-19-related losses

## P&C financial year 2020

|                          | Reporting categories               | Volume <sup>1)</sup> |
|--------------------------|------------------------------------|----------------------|
| <b>Regional markets</b>  | EMEA <sup>2)</sup>                 |                      |
|                          | Americas <sup>2)</sup>             |                      |
|                          | APAC <sup>2)</sup>                 |                      |
| <b>Worldwide markets</b> | Structured Reinsurance and ILS     |                      |
|                          | Credit, Surety and Political Risks |                      |
|                          | Facultative Reinsurance            |                      |
|                          | Aviation and Marine                |                      |
|                          | Agricultural Risks                 |                      |

1) In EUR, development in original currencies can be different

2) All lines of business except those stated separately

# Moderate impact on volume expected from Covid-19 pandemic

## L&H financial year 2020

### Reporting categories

### Volume

Financial solutions



Longevity



Mortality



Morbidity



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# Group net income impacted by additional reserves for Covid-19 loss estimates

## Group figures in m. EUR

|                                       | Q2/2019    | Q2/2020    | Δ             | 1H/2019    | 1H/2020    | Δ             |
|---------------------------------------|------------|------------|---------------|------------|------------|---------------|
| Gross written premium                 | 5,321      | 6,171      | +16.0%        | 11,694     | 13,146     | +12.4%        |
| Net premium earned                    | 4,745      | 5,287      | +11.4%        | 9,356      | 10,378     | +10.9%        |
| Net underwriting result               | (41)       | (336)      | -             | (36)       | (467)      | -             |
| - Incl. funds withheld                | (18)       | (286)      | -             | 58         | (330)      | -73.2%        |
| Net investment income                 | 467        | 321        | -31.1%        | 866        | 793        | -8.4%         |
| - From assets under own mgmt.         | 444        | 271        | -39.0%        | 772        | 657        | -14.9%        |
| - From funds withheld                 | 23         | 51         | +118.3%       | 94         | 136        | +45.2%        |
| Other income and expenses             | 66         | 92         | +14.5%        | 113        | 177        | +78.8%        |
| <b>Operating profit/loss (EBIT)</b>   | <b>492</b> | <b>77</b>  | <b>-84.4%</b> | <b>942</b> | <b>504</b> | <b>-46.6%</b> |
| Financing costs                       | (21)       | (24)       | +10.4%        | (42)       | (47)       | +11.2%        |
| <b>Net income before taxes</b>        | <b>471</b> | <b>53</b>  | <b>-88.7%</b> | <b>900</b> | <b>456</b> | <b>-49.3%</b> |
| Taxes                                 | (92)       | 43         | -146.4%       | (206)      | (51)       | -75.1%        |
| <b>Net income</b>                     | <b>379</b> | <b>96</b>  | <b>-74.7%</b> | <b>693</b> | <b>405</b> | <b>-41.6%</b> |
| - Non-controlling interests           | 10         | (6)        | -157.1%       | 31         | 3          | -91.6%        |
| <b>Group net income</b>               | <b>369</b> | <b>101</b> | <b>-72.5%</b> | <b>663</b> | <b>402</b> | <b>-39.3%</b> |
| Retention                             | 90.9%      | 90.4%      |               | 90.6%      | 90.8%      |               |
| EBIT margin (EBIT/Net premium earned) | 10.4%      | 1.5%       |               | 10.1%      | 4.9%       |               |
| Tax ratio                             | 19.6%      | -80.2%     |               | 22.9%      | 11.3%      |               |
| Earnings per share (in EUR)           | 3.06       | 0.84       |               | 5.49       | 3.34       |               |



# Our strategic business groups at a glance

## 1H/2020 vs. 1H/2019

| in m. EUR   | Property & Casualty R/I |            | Life & Health R/I |            | Total      |            |
|---|-------------------------|------------|-------------------|------------|------------|------------|
|   | 1H/2019                 | 1H/2020    | 1H/2019           | 1H/2020    | 1H/2019    | 1H/2020    |
| Gross written premium                             | 7,847                   | 9,174      | 3,847             | 3,972      | 11,694     | 13,146     |
| Change in GWP                                     | -                       | 16.9%      | -                 | 3.3%       | -          | 12.4%      |
| Net premium earned                                | 5,964                   | 6,869      | 3,392             | 3,509      | 9,356      | 10,378     |
| Net underwriting result                           | 173                     | (186)      | (209)             | (280)      | (36)       | (467)      |
| Net underwriting result incl. funds withheld      | 196                     | (161)      | (138)             | (169)      | 58         | (330)      |
| Net investment income                             | 498                     | 459        | 365               | 333        | 866        | 793        |
| From assets under own management                  | 476                     | 433        | 295               | 222        | 772        | 657        |
| From funds withheld                               | 23                      | 26         | 71                | 111        | 94         | 136        |
| Other income and expenses                         | (15)                    | 18         | 130               | 161        | 113        | 177        |
| <b>Operating profit/loss (EBIT)</b>               | <b>657</b>              | <b>290</b> | <b>286</b>        | <b>214</b> | <b>942</b> | <b>504</b> |
| Financing costs                                   | (1)                     | (1)        | (1)               | (1)        | (42)       | (47)       |
| <b>Net income before taxes</b>                    | <b>656</b>              | <b>289</b> | <b>285</b>        | <b>213</b> | <b>900</b> | <b>456</b> |
| Taxes   | (195)                   | (43)       | (26)              | (24)       | (206)      | (51)       |
| <b>Net income</b>                                 | <b>461</b>              | <b>246</b> | <b>259</b>        | <b>189</b> | <b>693</b> | <b>405</b> |
| Non-controlling interest                          | 30                      | 2          | 1                 | 1          | 31         | 3          |
| <b>Group net income</b>                           | <b>431</b>              | <b>245</b> | <b>258</b>        | <b>188</b> | <b>663</b> | <b>402</b> |
| Retention   | 91.5%                   | 91.4%      | 88.9%             | 89.4%      | 90.6%      | 90.8%      |
| Combined ratio (incl. interest on funds withheld) | 96.7%                   | 102.3%     | -                 | -          | -          | -          |
| EBIT margin (EBIT / Net premium earned)           | 11.0%                   | 4.2%       | 8.4%              | 6.1%       | 10.1%      | 4.9%       |
| Tax ratio   | 29.7%                   | 14.8%      | 9.2%              | 11.2%      | 22.9%      | 11.3%      |
| Earnings per share (in EUR)                       | 3.58                    | 2.03       | 2.14              | 1.56       | 5.49       | 3.34       |

# Our strategic business groups at a glance

## Q2/2020 vs. Q2/2019

| in m. EUR   | Property & Casualty R/I |             | Life & Health R/I |           | Total      |            |
|---|-------------------------|-------------|-------------------|-----------|------------|------------|
|   | Q2/2019                 | Q2/2020     | Q2/2019           | Q2/2020   | Q2/2019    | Q2/2020    |
| Gross written premium                             | 3,453                   | 4,188       | 1,868             | 1,983     | 5,321      | 6,171      |
| Change in GWP                                     | -                       | +21.3%      | -                 | +5.0%     | -          | +16.0%     |
| Net premium earned                                | 3,034                   | 3,531       | 1,711             | 1,756     | 4,745      | 5,287      |
| Net underwriting result                           | 60                      | (183)       | (101)             | (153)     | (41)       | (336)      |
| Net underwriting result incl. funds withheld      | 71                      | (168)       | (89)              | (118)     | (18)       | (286)      |
| Net investment income                             | 263                     | 162         | 203               | 158       | 467        | 321        |
| From assets under own management                  | 252                     | 147         | 191               | 123       | 444        | 271        |
| From funds withheld                               | 11                      | 15          | 12                | 36        | 23         | 51         |
| Other income and expenses                         | (1)                     | 6           | 68                | 85        | 66         | 92         |
| <b>Operating profit/loss (EBIT)</b>               | <b>322</b>              | <b>(15)</b> | <b>170</b>        | <b>90</b> | <b>492</b> | <b>77</b>  |
| Financing costs                                   | (1)                     | (1)         | 0                 | 0         | (21)       | (24)       |
| <b>Net income before taxes</b>                    | <b>322</b>              | <b>(15)</b> | <b>169</b>        | <b>90</b> | <b>471</b> | <b>53</b>  |
| Taxes   | (100)                   | 47          | 0                 | (11)      | (92)       | 43         |
| <b>Net income</b>                                 | <b>222</b>              | <b>31</b>   | <b>169</b>        | <b>79</b> | <b>379</b> | <b>96</b>  |
| Non-controlling interest                          | 10                      | (6)         | 0                 | 0         | 10         | (6)        |
| <b>Group net income</b>                           | <b>212</b>              | <b>37</b>   | <b>169</b>        | <b>78</b> | <b>369</b> | <b>101</b> |
| Retention   | 90.9%                   | 90.9%       | 91.0%             | 89.4%     | 90.9%      | 90.4%      |
| Combined ratio (incl. interest on funds withheld) | 97.7%                   | 104.8%      | -                 | -         | -          | -          |
| EBIT margin (EBIT / Net premium earned)           | 10.6%                   | -0.4%       | 9.9%              | 5.1%      | 10.4%      | 1.5%       |
| Tax ratio   | 31.1%                   | 306.4%      | -0.1%             | 12.2 %    | 19.6%      | -80.2%     |
| Earnings per share (in EUR)                       | 1.76                    | 0.31        | 1.40              | 0.65      | 3.06       | 0.84       |

# Stress tests on assets under own management; focus on credit exposures

## Current credit markets back from panic levels in an increased volatility mode

| Portfolio                          | Scenario | Change in market value<br>in m. EUR | Change in OCI before tax<br>in m. EUR |
|------------------------------------|----------|-------------------------------------|---------------------------------------|
| Equity (listed and private equity) | -10%     | -154                                | -154                                  |
|                                    | -20%     | -309                                | -309                                  |
| Fixed-income securities            | +50 bps  | -1,245                              | -1,184                                |
|                                    | +100 bps | -2,414                              | -2,295                                |
| Credit spreads                     | +50%     | -1,010                              | -1,000                                |

As at 30 June 2020

# High-quality fixed-income book well balanced

Geographical allocation mainly in accordance with our broad business diversification

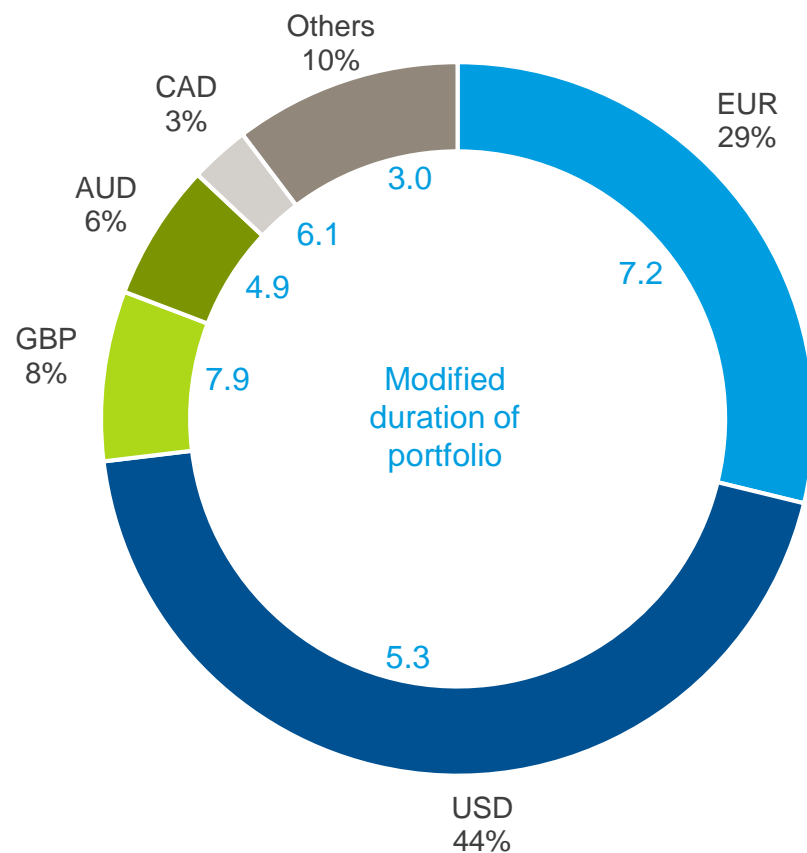
|                                   | Governments   | Semi-governments | Corporates    | Pfandbriefe,<br>Covered bonds,<br>ABS | Short-term<br>investments,<br>cash | Total         |
|-----------------------------------|---------------|------------------|---------------|---------------------------------------|------------------------------------|---------------|
| AAA                               | 74%           | 56%              | 1%            | 59%                                   | -                                  | 45%           |
| AA                                | 12%           | 25%              | 12%           | 20%                                   | -                                  | 15%           |
| A                                 | 8%            | 7%               | 30%           | 13%                                   | -                                  | 16%           |
| BBB                               | 4%            | 1%               | 45%           | 7%                                    | -                                  | 17%           |
| <BBB                              | 2%            | 11%              | 12%           | 1%                                    | -                                  | 7%            |
| <b>Total</b>                      | <b>100%</b>   | <b>100%</b>      | <b>100%</b>   | <b>100%</b>                           | <b>-</b>                           | <b>100%</b>   |
| Germany                           | 19%           | 34%              | 4%            | 19%                                   | 21%                                | 17%           |
| UK                                | 7%            | 2%               | 7%            | 10%                                   | 15%                                | 7%            |
| France                            | 1%            | 1%               | 8%            | 6%                                    | 0%                                 | 4%            |
| GIIPS                             | 0%            | 1%               | 4%            | 5%                                    | 0%                                 | 2%            |
| Rest of Europe                    | 3%            | 14%              | 15%           | 23%                                   | 4%                                 | 10%           |
| USA                               | 49%           | 12%              | 31%           | 14%                                   | 12%                                | 33%           |
| Australia                         | 4%            | 9%               | 7%            | 11%                                   | 11%                                | 7%            |
| Asia                              | 11%           | 13%              | 11%           | 2%                                    | 24%                                | 11%           |
| Rest of World                     | 5%            | 14%              | 14%           | 11%                                   | 13%                                | 10%           |
| <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>17,462</b> | <b>7,291</b>     | <b>14,072</b> | <b>3,029</b>                          | <b>1,535</b>                       | <b>43,388</b> |

IFRS figures as at 30 June 2020

# 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

|         |     |
|---------|-----|
| Q2/2020 | 5.8 |
| 2019    | 5.7 |
| 2018    | 4.8 |
| 2017    | 4.8 |
| 2016    | 5.0 |

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