Conference Call on Q1/2020 financial results

Hannover, 6 May 2020

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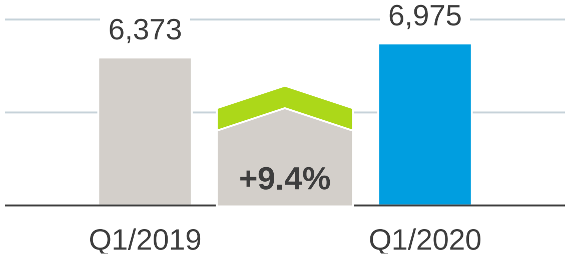
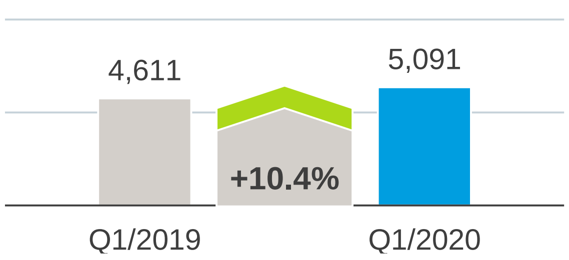
Group net income increased by 2.5% despite impact from Coronavirus
RoE well above target

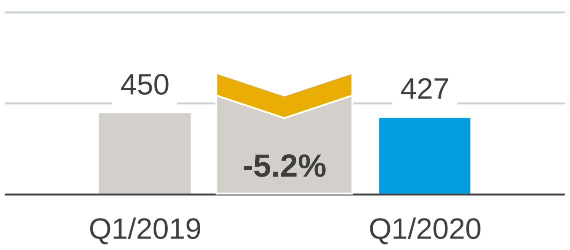
GWP
F/x-adj. +8.5%



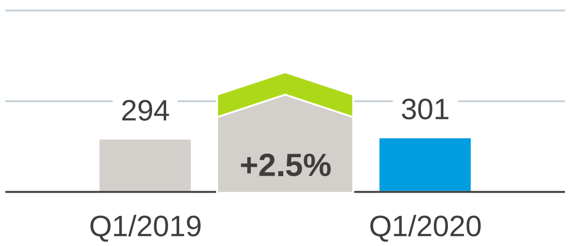
NPE
F/x-adj. +9.7%



EBIT



Group net income



11.5%
Return on Equity
Well above minimum target of 9.1%

EUR 86.77
Book value per share
-0.6%; favourable earnings offset by decrease in valuation reserves due to increased credit spreads

220%-230% [2)]
Solvency II ratio
31.03.2020

P&C R/I
EBIT: 305 m.

- EBIT margin (9.1%) slightly below target (10%)
- C/R of 99.8% above target of 97%; large loss budget exceeded due to reserving for anticipated Coronavirus losses
- Strong and diversified premium growth (f/x-adj. +12.2%)

L&H R/I
EBIT: 124 m.

- EBIT increased by 6.8%
- US mortality in line with expectation
- Premium growth (f/x-adj. +0.4%)

Investments
NII: 472 m.

- RoI from AuM: 3.2% [1)]
- Increase in realised gains and stable ordinary investment income
- AuM up by +0.5% to EUR 47.9 bn.

Figures in EUR millions, unless otherwise stated
1) Including effects from ModCo derivatives
2) preliminary

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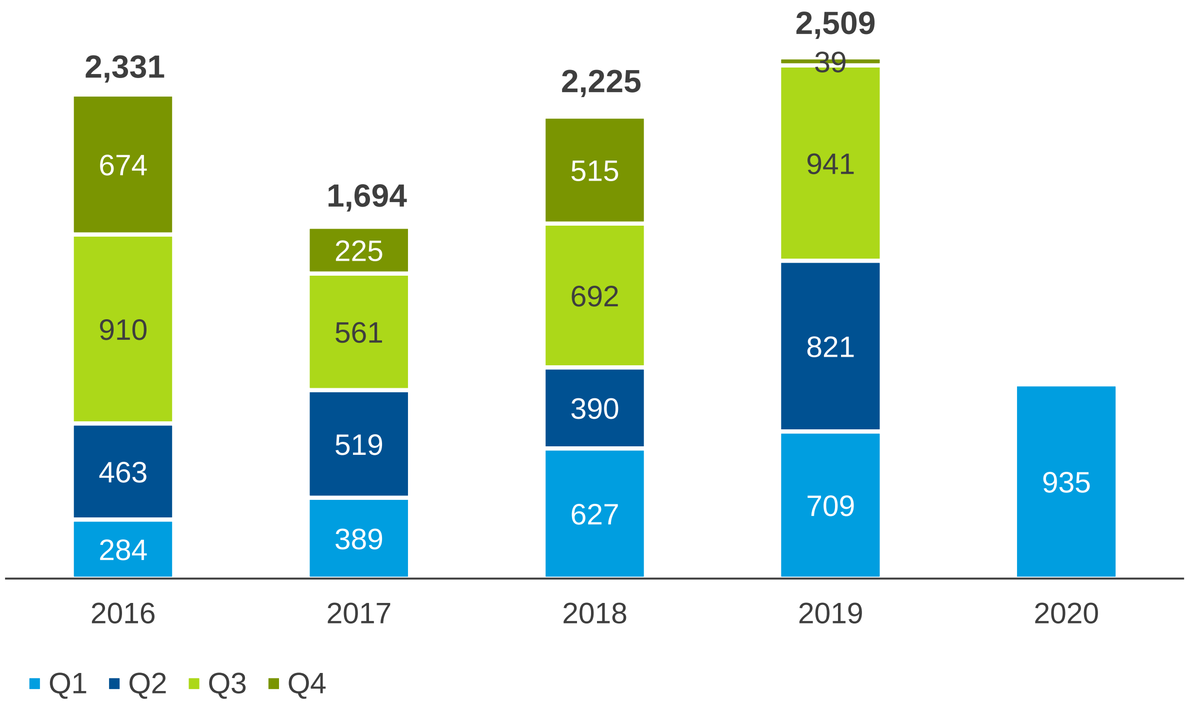
Very strong operating cash flow
AuM growth slowed by decrease in valuation reserves and currency translation effects

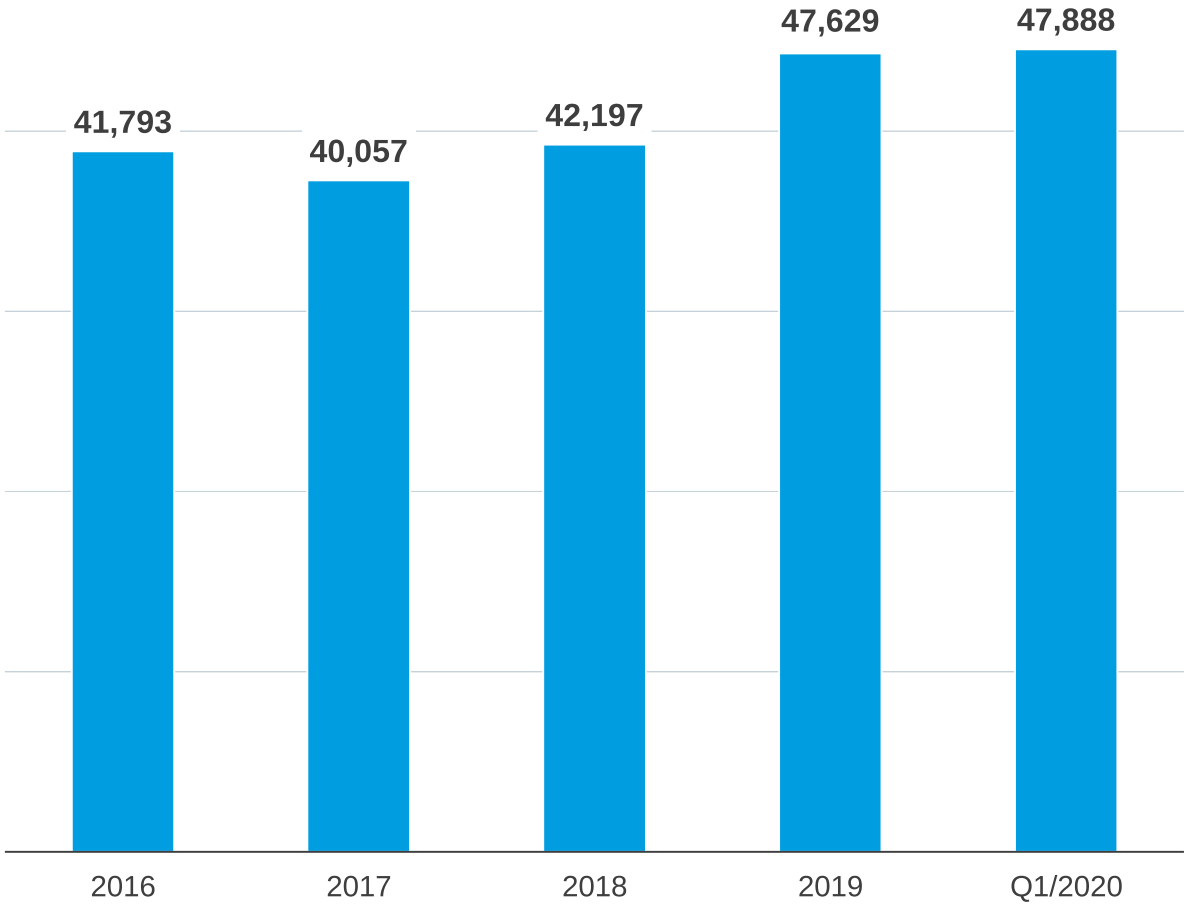
Operating cash flow

in m. EUR



Assets under own management (AuM)

in m. EUR



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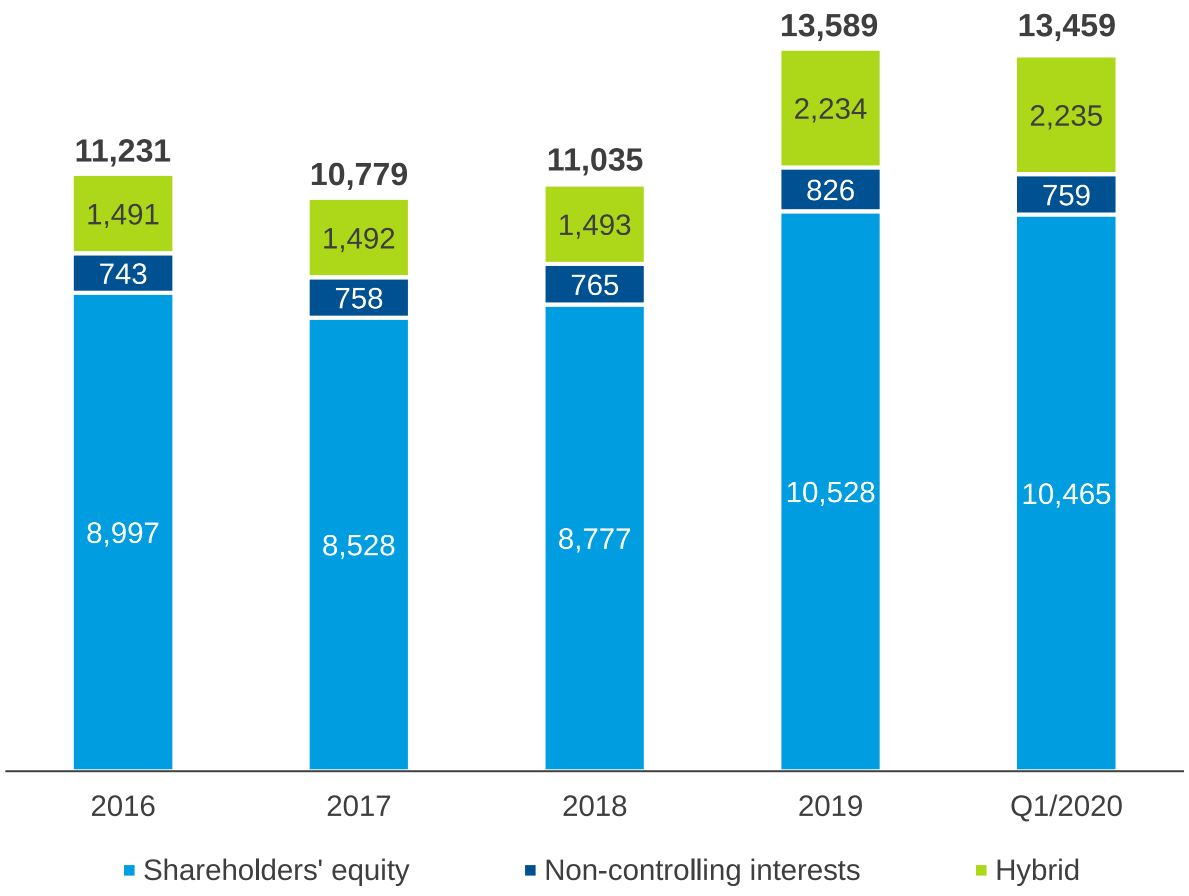
Shareholders' equity slightly down by -0.6%

Net income offset by decrease in asset valuation

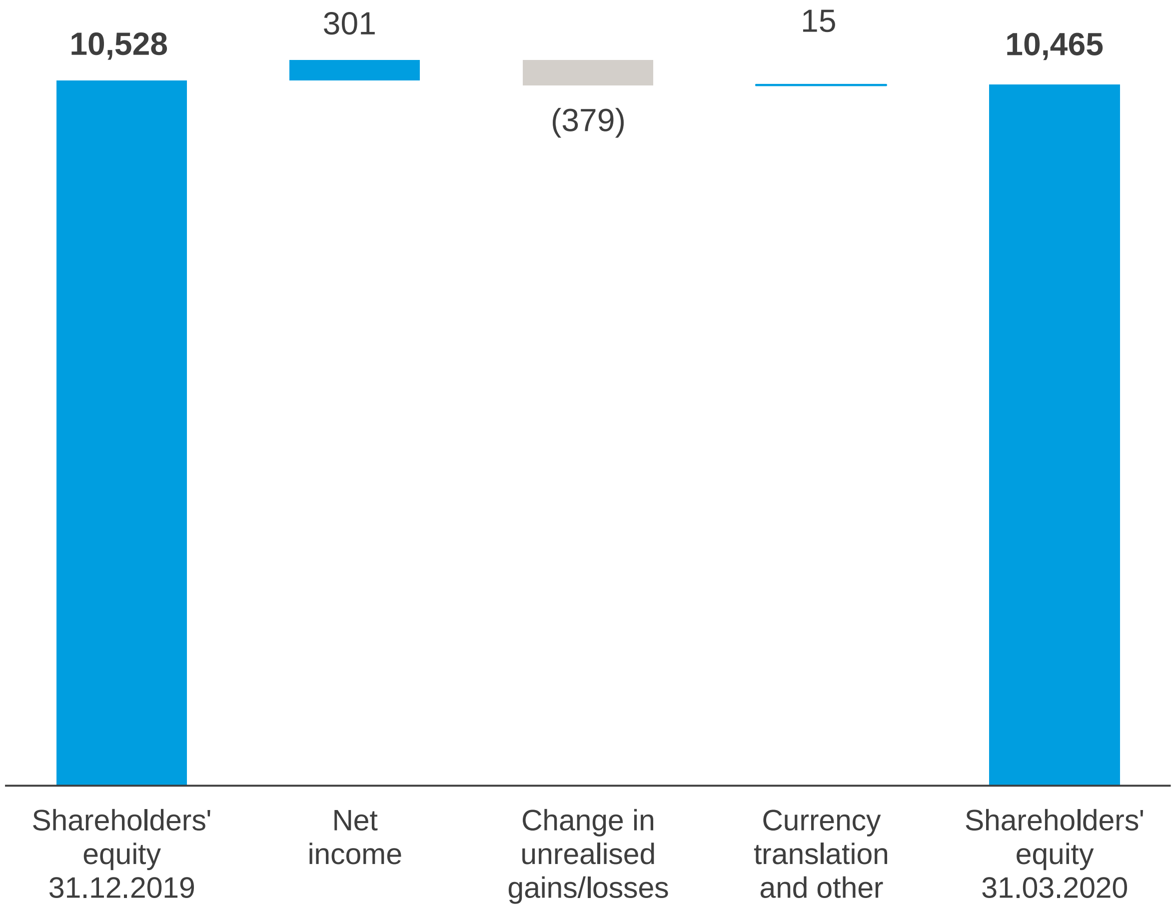
Policyholders' surplus

in m. EUR



Change in shareholders' equity

in m. EUR



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Double-digit growth driven by increased demand for reinsurance

Underwriting result impacted by reserving for anticipated Coronavirus-related losses

Property & Casualty R/I in m. EUR	**Q1/2019**	**Q1/2020**	**Δ**
Gross written premium	4,394	4,986	+13.5%
Net premium earned	2,930	3,338	+13.9%
Net underwriting result incl. funds withheld	125	7	-94.3%
Combined ratio incl. interest on funds withheld	95.7%	99.8%	-
Net investment income from assets under own management	223	286	+28.0%
Other income and expenses	(14)	11	-
Operating profit/loss (EBIT)	**334**	**305**	**-8.9%**
Tax ratio	28.3%	29.4%	-
Group net income	**219**	**207**	**-5.4%**
Earnings per share (in EUR)	1.82	1.72	-5.3%

YTD

- GWP f/x-adjusted +12.2%
- NPE f/x-adjusted +12.9%
- Major losses of EUR 284 m. (8.5% of NPE) exceeded budget of EUR 188 m. for Q1/2020 due to reserving for anticipated Coronavirus-related losses (EUR 220 m.)
- Unchanged conservative reserving approach
- Net investment income supported by favourable ordinary income and increased realised gains
- Other income and expenses increased mainly due to positive currency effects
- EBIT margin of 9.1% below target of 10%

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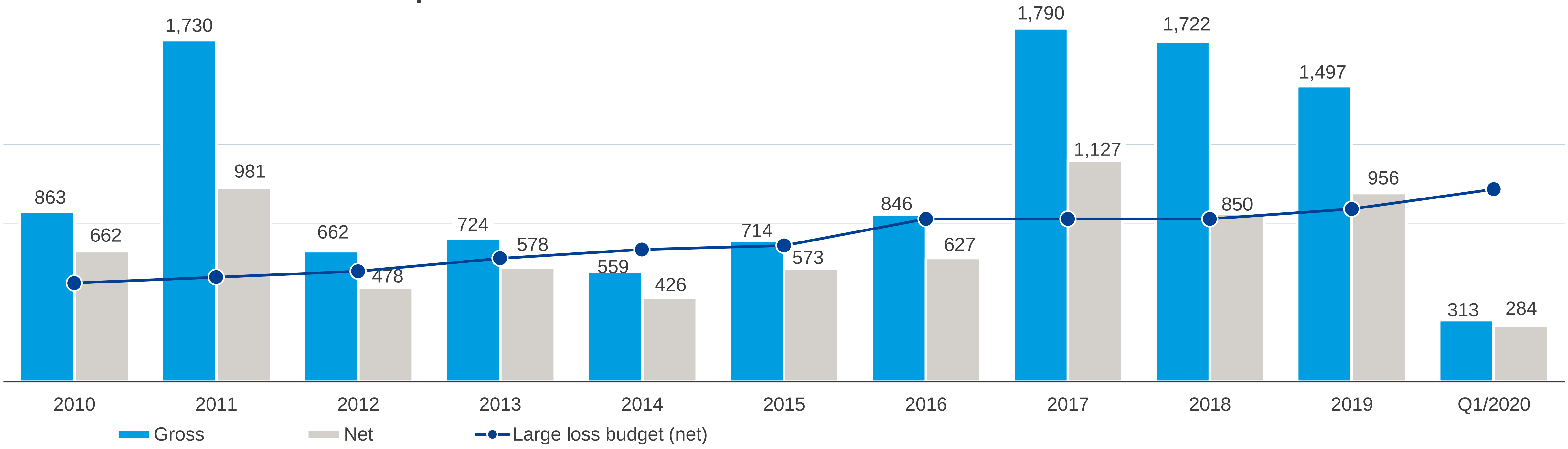
Major losses including Coronavirus-related losses exceed the budget for Q1/2020 by EUR 96 m.

Natural and man-made catastrophe losses[1)]

in m. EUR



14% 12%	25% 16%	9% 7%	9% 8%	7% 6%	8% 7%	9% 8%	17% 12%	14% 8%	10% 7%	6% 9%

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 Coronavirus-related losses

Catastrophe losses[1] in m. EUR	**Date**	**Gross**	**Net**
Bushfire, Australia	1 - 31 Jan	23.0	22.4
Hail / Storm, Australia	19 - 20 Jan	26.8	15.1
Storm / Flood, Australia	4 - 13 Feb	17.8	8.5
Storm "Sabine", Europe	9 - 11 Feb	25.2	17.6
4 Natural catastrophes		**92.8**	**63.6**
0 Man-made losses		**0.0**	**0.0**
4 Major losses		**92.8**	**63.6**
Coronavirus-related losses			**220.0**
Total			**283.6**

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

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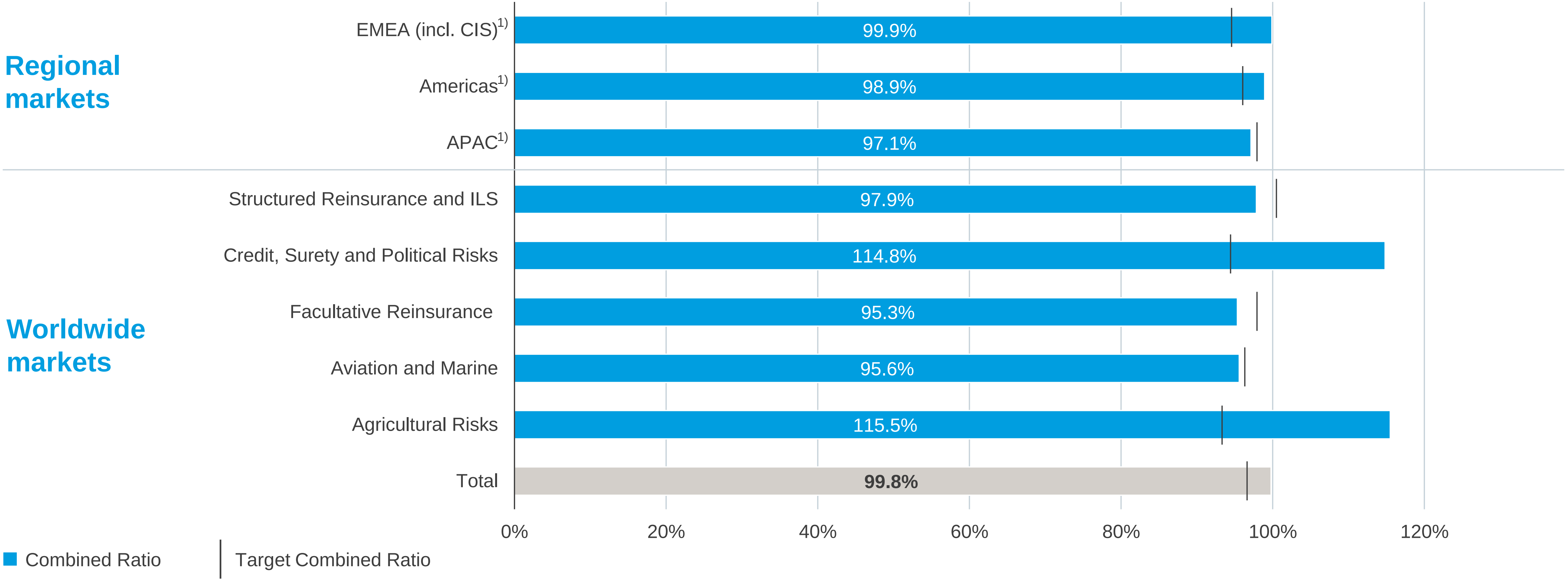
Combined ratio above target due to expected Coronavirus-related losses

Q1/2020: Combined Ratio vs. Target Combined Ratio



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

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Net income increased by 24.5%
No material impact from Coronavirus pandemic in Q1

Life & Health R/I in m. EUR	**Q1/2019**	**Q1/2020**	**Δ**
Gross written premium	1,979	1,989	+0.5%
Net premium earned	1,681	1,753	+4.3%
Net underwriting result incl. funds withheld	(50)	(52)	+4.8%
Net investment income from assets under own management	104	99	-4.5%
Other income and expenses	62	77	+24.1%
Operating profit/loss (EBIT)	**116**	**124**	+6.8%
EBIT margin	6.9%	7.1%	-
Tax ratio	22.8%	10.5%	-
Group net income	**89**	**110**	**+24.5%**
Earnings per share (in EUR)	0.73	0.91	+24.5%

YTD

- GWP f/x-adjusted +0.4%, mainly from Australia and France offsets decreased premium volume from US mortality business due to last years' recaptures
- NPE f/x-adjusted growth +4.2%
- US mortality in line with expectations
- Favourable NII supported by ordinary investment income and realised gains
- Other income and expenses is mainly the result of strong contribution from deposit accounted treaties of EUR 85 m. (Q1/2019: EUR 61 m.)
- EBIT growth of 6.8% outperforms 5% target
- Low tax ratio due to good results from low-tax subsidiaries

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Favourable Return on Investment not impacted by current turmoil

Realisations due to sale of selected corporates, semi-governments and real estate

in m. EUR	Q1/2019	Q1/2020	RoI
Ordinary investment income[1)]	326	333	2.8%
Realised gains/losses	22	102	0.9%
Impairments/appreciations & depreciations	(17)	(29)	-0.2%
Change in fair value of financial instruments (through P&L)	27	12	0.1%
Investment expenses	(30)	(32)	-0.3%
NII from assets under own management	**328**	**386**	**3.2%**
NII from funds withheld	71	86	
Total net investment income	**399**	**472**	

Unrealised gains/losses of investments	**31 Dec 19**	**31 Mar 20**
On-balance sheet	1,789	1,188
thereof Fixed income AFS	1,356	731
Off-balance sheet	524	575
thereof Fixed income HTM, L&R	233	221
Total	**2,314**	**1,763**

1) Incl. results from associated companies

YTD

- Rise in ordinary income from fixed-income securities, stable results from real estate; weaker returns from private equity investments
- Realised gains driven by slight de-risking changes in credit allocation and regular portfolio adjustments as well as the disposal of a German real estate investment
- Stable depreciation on real estate investments; impairments mainly recognised on Ecuadorian government bonds and alternative investment funds
- Decline in valuation reserves due to significant rise in credit spreads on corporates; partially offset by decreasing minimal-risk yield curves

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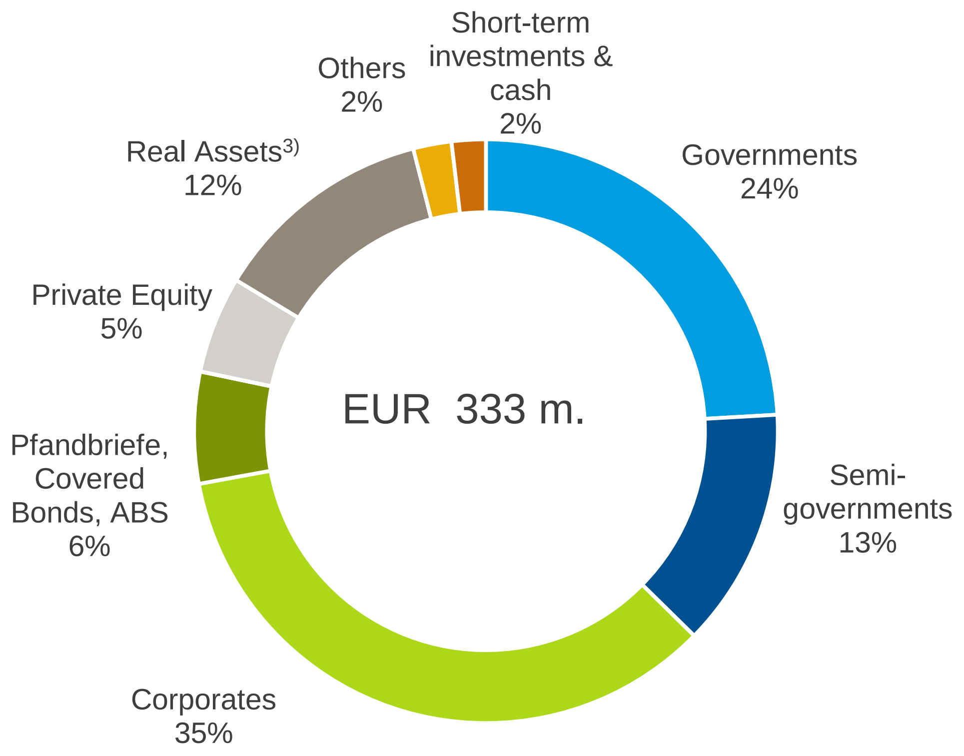
Ordinary investment income with minor decrease from alternative asset classes

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

Asset allocation[1)]

Investment category	2016	2017	2018	2019	Q1/2020
Fixed-income securities	**87%**	**87%**	**87%**	**87%**	**85%**
- Governments	28%	30%	35%	35%	36%
- Semi-governments	18%	17%	16%	15%	15%
- Corporates	33%	32%	29%	31%	28%
Investment grade	28%	27%	25%	26%	24%
Non-investment grade	4%	5%	4%	4%	4%
- Pfandbriefe, Covered bonds, ABS	9%	8%	7%	7%	6%[2)]
Equities	**4%**	**2%**	**2%**	**3%**	**3%**
- Listed equity	2%	<1%	<1%	<1%	1%
- Private equity	2%	2%	2%	2%	2%
Real Assets	**5%**	**5%**	**6%**	**5%**	**5%**
Others	**1%**	**1%**	**1%**	**2%**	**2%**
Short-term investments & cash	**4%**	**4%**	**4%**	**3%**	**4%**
Total market values in bn. EUR	**42.3**	**40.5**	**42.7**	**48.2**	**48.5**

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 1,383.7 m. (EUR 1,429.9 m.) as at 31 March 2020
2) Of which Pfandbriefe and Covered Bonds = 71.6%
3) Before real estate-specific costs. Economic view based on market values as at 31 March 2020

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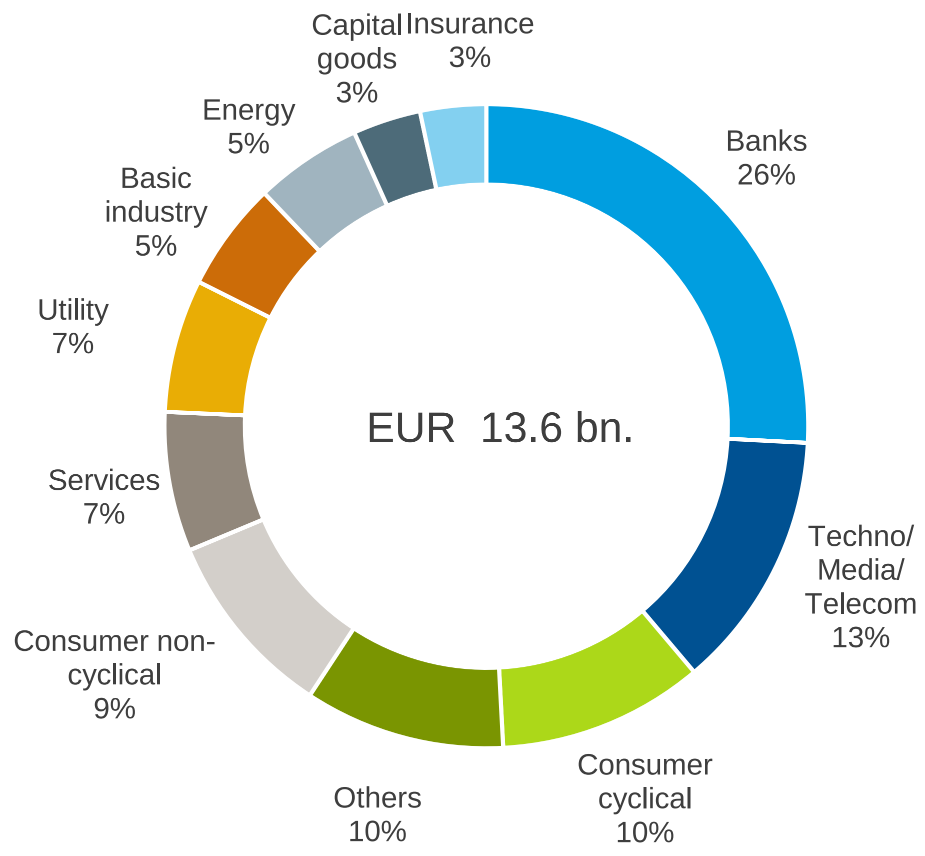
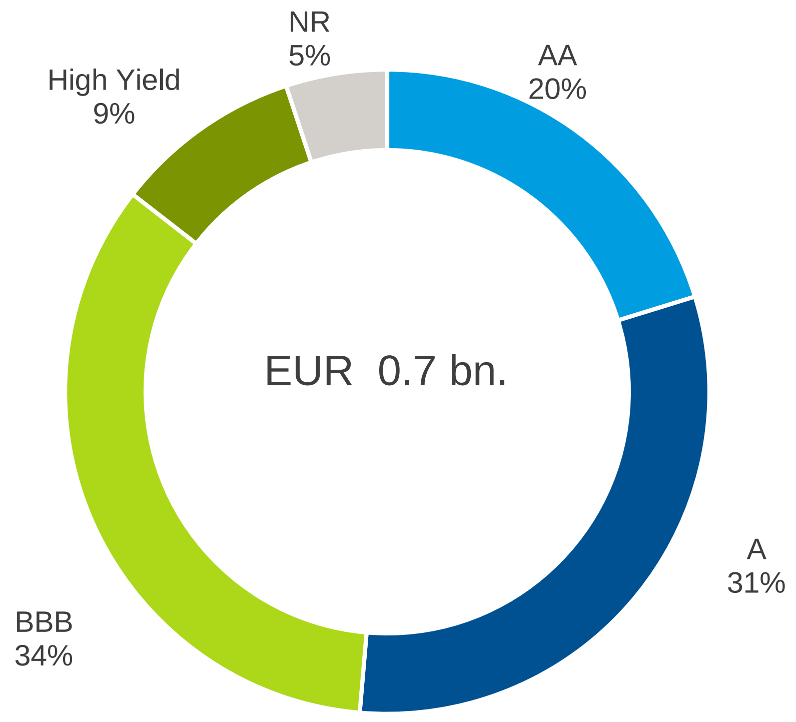
Corporate exposure very well diversified

Energy sector represents 5%

Sector split[1)]



Energy exposure, rating split[1)]



1) Economic view based on market values as at 31 March 2020

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Target Matrix
Guidance for 2020 withdrawn due to uncertain impact from Coronavirus pandemic

Business group	Key figures	Initial targets for 2020	Q1/2020	
Group	Return on investment[1)]	~ 2.7%	3.5%	✓
	Return on equity[2)]	≥ 9.1%	11.5%	✓
	Earnings per share growth (y-o-y)	≥ 5%	2.5%	
	Economic value creation[3)]	≥ 6.1%	n.a.	
	Solvency ratio[4)]	≥ 200%	220%-230%	✓
Property & Casualty R/I	Gross premium growth[5)]	3 - 5%	12.2%	✓
	Combined ratio[6)]	≤ 97%	99.8%	
	EBIT margin[7)]	≥ 10%	9.1%	
	xRoCA[8)]	≥ 2%	n.a.	
Life & Health R/I	Gross premium growth[9)]	3 - 5%	0.4%	
	Value of New Business (VNB)[10)]	≥ EUR 220 m.	n.a.	
	EBIT growth[11)]	≥ 5%	6.8%	✓
	xRoCA[8)]	≥ 2%	n.a.	

1) Excl. effects from ModCo derivatives; target per 1.1.2020, valid until April 21 2020
2) After tax; target: 900 bps above 5-year average return of 10-year German government bonds
3) Growth in economic equity + paid dividend; target: 600 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 31 March 2020, preliminary
5) On average throughout the R/I cycle at constant f/x rates
6) Incl. large loss budget of EUR 975 m.
7) EBIT/net premium earned
8) Excess return on allocated economic capital
9) Organic growth only; target: annual average growth over a 3-year period, at constant f/x rates
10) Based on Solvency II principles; pre-tax reporting
11) Annual average growth over a 3-year period

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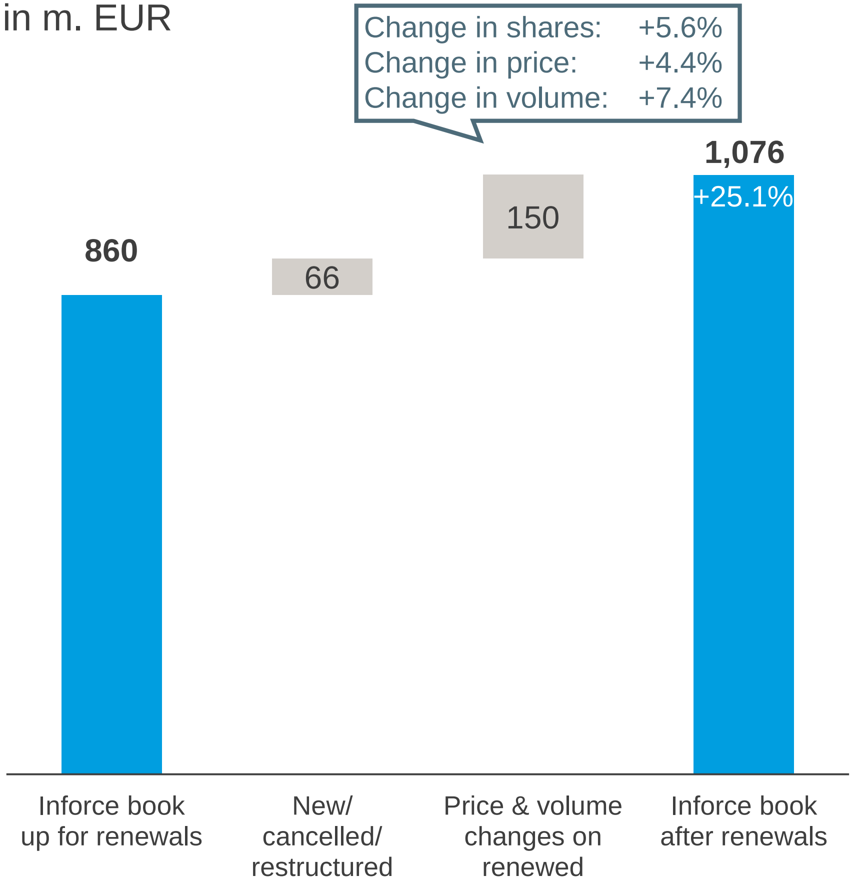
Acceleration of positive 1/1 renewal trends leading to strong premium growth
Risk-adjusted price increase in non-proportional business of 8.3%

2 Jan - 1 Apr 2020
in m. EUR



Underwriting year figures at unchanged f/x rates (31 December 2019)
1) Excluding specialty business mentioned separately

Americas[1)]

- Strong increase in premium in North America (+44%)
  - Property business growth mainly driven by increasing primary rates and improved non-prop. pricing
  - Satisfying US Cat XL renewals due to volume growth with long-term relationships at slightly better profitability compared to previous year
- Very satisfying outcome in the Caribbean and South America

APAC[1)] **- Japan**

- Cat XL
  - Heavy loss burden in 2018 and 2019 led to overall strong rate increases in windstorm and flood, with loss-affected accounts achieving price increases in the range of +40% to +60%
  - Maintained stable market share as terms and conditions are still not at an adequate level
- Rest: improvement of our market position due to share and volume increases

Aviation & Marine

- Aviation: positive 1/1 momentum was upheld, allowing us to increase our shares on a number of non-proportional accounts
- Marine: benefited from improved signings, increased shares and wrote a limited number of offers; reduced our shares on some unfavourable renewals

Agricultural Risks renewals still underway; premium growth thanks to new accounts

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Too soon to quantify potential negative impacts due to prevailing uncertainties

Coronavirus is mainly expected to impact investment result and P&C reinsurance

Impact from Coronavirus

P&C

- Expected losses for coverage of event cancellations and business interruption, knock-on effects for D&O, E&O, US casualty claims possible
- We anticipate losses in Credit & Surety. Given our well diversified portfolio and strong reserving position, we believe the loss burden should remain manageable.
- Some negative effects on premium volume 2020

Investments

- Currently only one default (Ecuador) in our portfolio.
- Marginal investment in listed equities carries unrealised gains due to entry point during crisis
- Decrease in ordinary investment income mainly from alternative investments and inflation linked bonds
- Defaults in our credit portfolio are expected to lead to impairments (Q2-Q4)

L&H

- Moderate impact on mortality and morbidity claims expected to date
- Pandemic and mortality exposures are subject to regular stress testing in our internal capital model:
  - an increase in mortality rates of 5%[1] within the insured population for one year would mean an additional strain in the order of EUR 130 m.
  - for the extreme 200-year pandemic event, we hold capital of EUR 1.04 bn.

Capitalisation

- IFRS and economic capital will probably decline due to an expected decrease in OCI because the negative effect from spread widening is higher than the benefits from reduced risk-free yields.
- Solvency 2 ratio is expected to remain above 200% threshold in 2020
- Intend to maintain our general dividend policy

1) Applying a 5% mortality increase assumption to the entire population results in a significant increase in deaths among the population, e.g. additional deaths 130k in US, 30k in UK and 50k in Germany.

Profitability depends on further development of Coronavirus-related losses
P&C financial year 2020

	Reporting categories	Volume[1]
Regional markets	EMEA (incl. CIS)[3]	↗
	Americas[3]	↗
	APAC[3]	↗
Worldwide markets	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) ++ = well above CoC; + = above CoC; +/- = CoC earned; - = below Cost of Capital (CoC)
3) All lines of business except those stated separately

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Currently moderate impact expected from Coronavirus pandemic
L&H financial year 2020

Reporting categories	Volume[1]
Financial solutions	↗
Longevity	→
Mortality	→
Morbidity	↗

1) In EUR, development in original currencies can be different
2) ++ = well above CoC; + = above CoC; +/- = CoC earned; - = below Cost of Capital (CoC)

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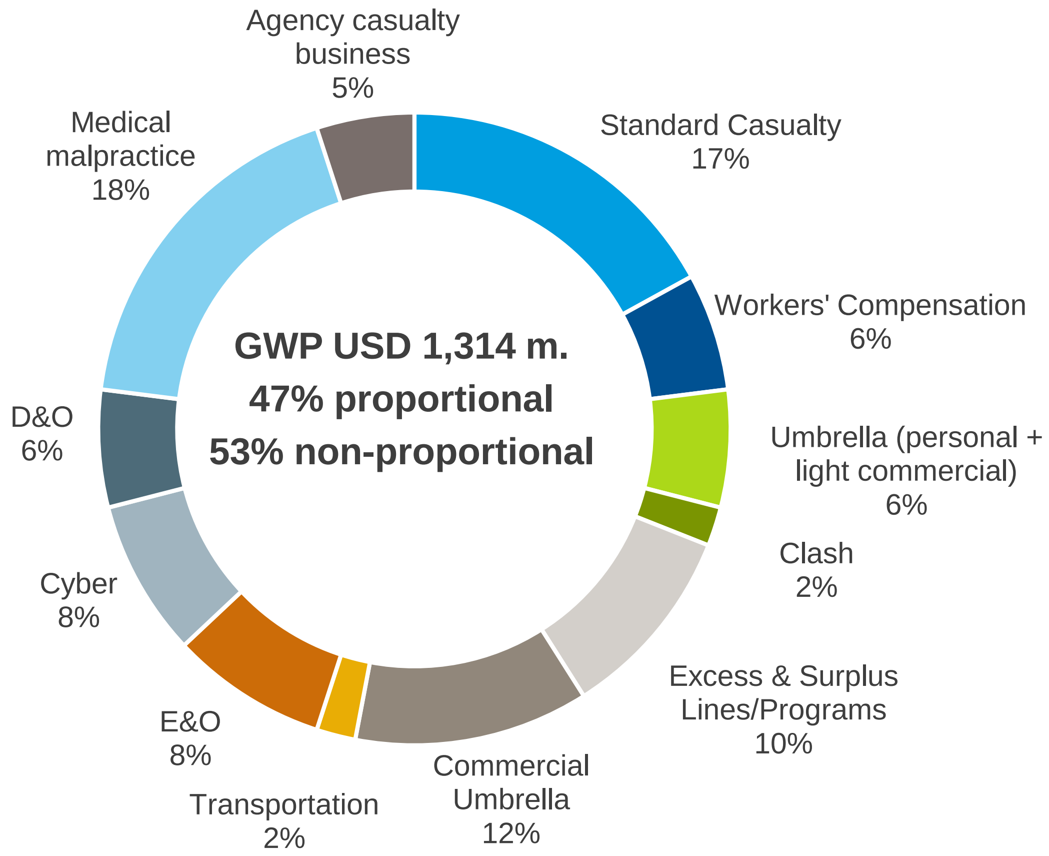
US Casualty: Highly diversified portfolio with focus on SME / regional market

US casualty business UY2019



Our underwriting philosophy

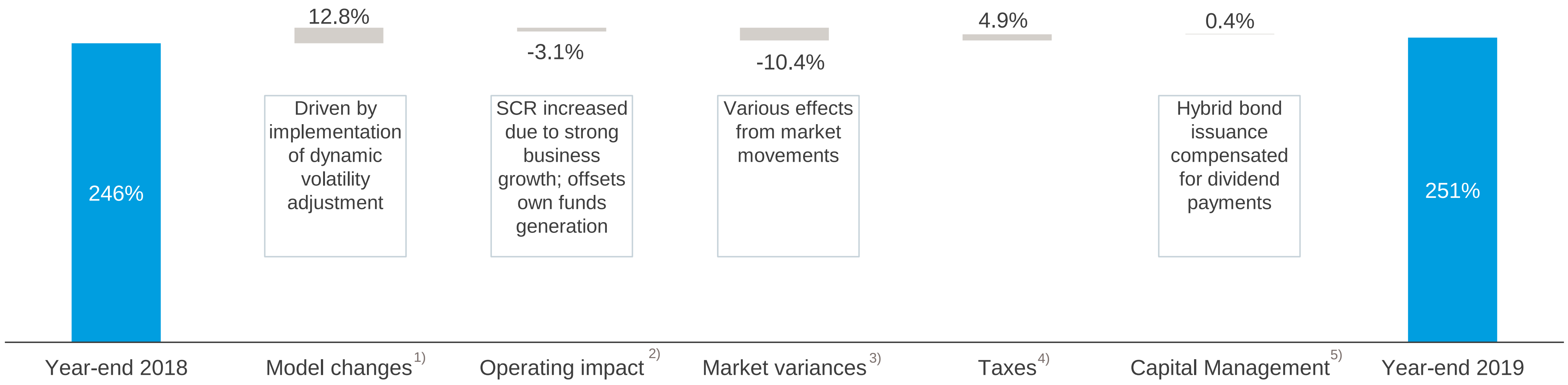
- We avoid to write large limits
- We limit our exposure to large accounts
- We stay away from
  - Fortune 1,000 excess casualty business
  - Pharmaceutical business
  - Stand-alone commercial auto and trucking / transportation business
  - Non-standard personal auto business
- We actively identify our preferred clients and focus on core long-term relationships
- We achieve a very high diversification by line of business and by type of client (national writers, regional writers / mutuals, specialty companies)
- We always require our cedants to have a meaningful net retention

Reserving policy

- Conservative reserving with high level of IBNR contributes well to Hannover Re's reserve redundancies
- Total US casualty reserves: EUR 4.5 bn.

Solvency II capital generation 2019

Solvency II eligible own funds and SCR movement analysis



	Year-end 2018	Model changes[1]	Operating impact[2]	Market variances[3]	Taxes[4]	Capital Management[5]	Year-end 2019
Eligible own funds	12,635	280	1,246	430	-278	24	14,337
SCR	5,135	-146	548	410	-228	-	5,719

Figures in m. EUR. SCR – Solvency Capital Requirements according to Solvency II internal model
1) Model changes (pre-tax) include the first-time application of dynamic volatility adjustment (impact on SCR only) and, in terms of own funds, lower future expenses estimates for P&C business offset by an increase in L&H risk margin as a result of a recalibration of US mortality risk.
2) Operating earnings and assumption changes (pre-tax). The own funds increase includes the L&H new business value of EUR 663 m. The SCR increases due to strong business growth.
3) Changes due to movements in foreign exchange rates, 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, minor changes in foreseeable dividends and the issuance of another subordinated bond.

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Our strategic business groups at a glance
Q1/2020 vs. Q1/2019

in m. EUR	Property & Casualty R/I Q1/2019	Property & Casualty R/I Q1/2020	Life & Health R/I Q1/2019	Life & Health R/I Q1/2020	Total Q1/2019	Total Q1/2020
Gross written premium	4,394	4,986	1,979	1,989	6,373	6,975
Change in GWP	-	+13.5%	-	+0.5%	-	+9.4%
Net premium earned	2,930	3,338	1,681	1,753	4,611	5,091
Net underwriting result	113	(3)	(108)	(127)	5	(130)
Net underwriting result incl. funds withheld	125	7	(50)	(52)	75	(45)
Net investment income	236	296	163	175	399	472
From assets under own management	223	286	104	99	328	386
From funds withheld	12	10	58	75	71	86
Other income and expenses	(14)	11	62	77	47	85
Operating profit/loss (EBIT)	**334**	**305**	**116**	**124**	**450**	**427**
Financing costs	(1)	(1)	(0)	0	(21)	(23)
Net income before taxes	**334**	**304**	**116**	**124**	**429**	**403**
Taxes	(95)	(89)	(26)	(13)	(114)	(94)
Net income	**239**	**215**	**90**	**111**	**315**	**309**
Non-controlling interest	20	8	1	1	21	8
Group net income	**219**	**207**	**89**	**110**	**294**	**301**
Retention	91.9%	91.7%	87.0%	89.4%	90.4%	91.1%
Combined ratio (incl. interest on funds withheld)	95.7%	99.8%	-	-	-	-
EBIT margin (EBIT / Net premium earned)	11.4%	9.1%	6.9%	7.1%	9.8%	8.4%
Tax ratio	28.3%	29.4%	22.8%	10.5%	26.6%	23.4%
Earnings per share (in EUR)	1.82	1.72	0.73	0.91	2.43	2.49

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Stress tests on assets under own management

Unchanged focus on credit spreads

Portfolio	Scenario	Change in market value in m. EUR	Change in OCI before tax in m. EUR
Equity (listed and private equity)	-10%	-151	-151
	-20%	-303	-303
Fixed-income securities	+50 bps	-1.192	-1,134
	+100 bps	-2,313	-2,199
Credit spreads	+50%	-1.404	-1,388

As at 31 March 2020

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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	75%	53%	1%	62%	-	46%
AA	12%	25%	12%	21%	-	15%
A	8%	8%	30%	10%	-	15%
BBB	4%	1%	45%	5%	-	17%
<BBB	2%	12%	11%	1%	-	7%
Total	**100%**	**100%**	**100%**	**100%**	**-**	**100%**
Germany	20%	34%	4%	22%	21%	18%
UK	7%	2%	7%	10%	11%	7%
France	1%	1%	8%	6%	0%	3%
GIIPS	0%	1%	4%	5%	0%	2%
Rest of Europe	3%	13%	15%	23%	2%	9%
USA	50%	12%	32%	13%	17%	34%
Australia	4%	9%	7%	11%	7%	6%
Asia	11%	14%	8%	2%	32%	11%
Rest of World	4%	14%	14%	9%	11%	10%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Total b/s values in m. EUR	**17,420**	**7,112**	**12,868**	**2,945**	**2,088**	**42,433**

IFRS figures as at 31 March 2020

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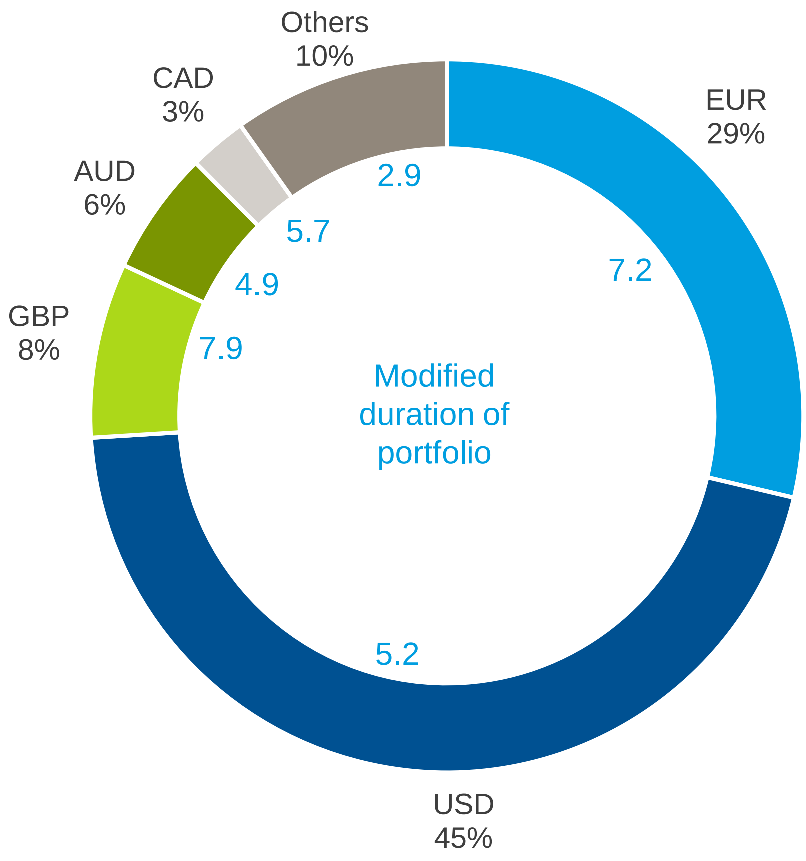
Currency allocation matches liability profile of balance sheet

Strict duration-neutral strategy continued

Currency split of investments



- Modified duration of fixed-income mainly congruent with liabilities and currencies
- Increase in modified duration compared to 2018 mainly due to lower interest rates and credit spreads as well as a new hybrid bond and changed liability modelling
- GBP's higher modified duration predominantly due to life business; EUR driven by hybrid bond issuance

Modified duration	
Q1/2020	5.7
2019	5.7
2018	4.8
2017	4.8
2016	5.0

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