

*somewhat
different*



1 January 2020 Property & Casualty Treaty Renewals

5 February 2020

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hannover **re**[®]

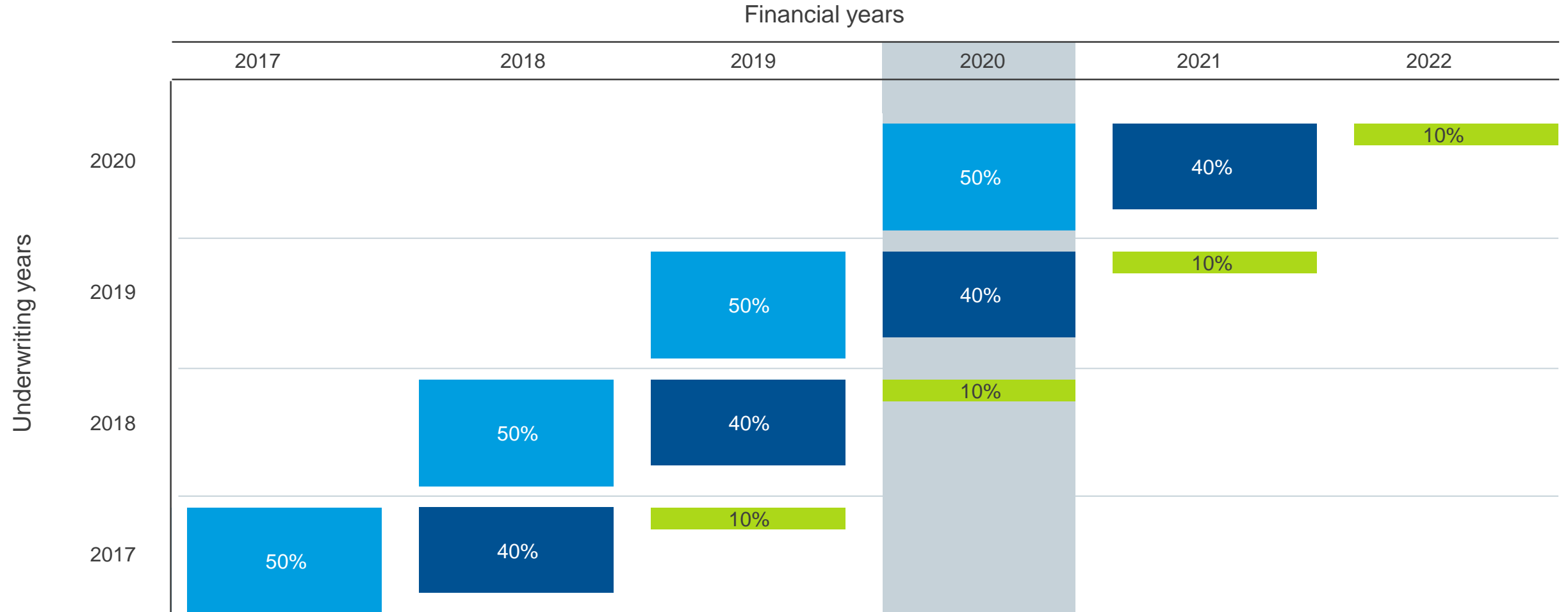
Important note

- Unless otherwise stated, the renewals part of the presentation is based on Underwriting-Year (U/Y) figures
This basis is only remotely comparable with Financial-Year (FY) figures, which are the basis of quarterly and annual accounts
- The situation shown in this presentation mainly reflects the developments in Hannover Re's portfolio, which may not be indicative of the market development
- Pricing includes changes in risk-adjusted exposure, claims inflation and interest rates, based on internal pricing models
- Portfolio developments are measured at constant foreign exchange rates as at 31 December 2019
- Structured reinsurance (R/I) and ILS, Facultative reinsurance and direct are not reported

Time lag between underwriting year and financial year

2020 financial year reflects pricing quality in the underwriting years 2018 - 2020

Premium distribution



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Market conditions improving but diverging renewal outcomes

Key market highlights of 1 January 2020 renewals

- Improved global market conditions, but reinsurance capacity remains sufficient
 - Traditional capacity grew despite exit of some market participants
 - Alternative market tightened capacity due to trapped capital and uncertainties on final assessment of large losses
- Positive primary pricing momentum continues in many markets and business lines, benefiting proportional reinsurance
- US long-tail business firming, with substantial rate increases and limit reductions in commercial liability
- Global NatCat market remained stable to slightly improving in spite of 2019 large losses combined with loss creep from prior years
- Reinsurance market showed resilience and ability to react to losses

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Satisfying renewal season outcome

1 January 2020 renewal: overall, increased premium at improved conditions

- Successful renewals supported by our superior financial strength, favourable market positioning and long-standing customer relationships
- We expanded our portfolio while maintaining our disciplined underwriting
 - We continue to strictly adhere to our minimum margin requirements
 - We declined business which was in excess of our risk appetite
- We saw rate increases and reduced commissions at stable to slightly improving terms & conditions more often than in previous years
- We acted on opportunities opened up by cut-backs or exits of other market players
- NatCat capital allocated remained stable at 16.6% of our Solvency II economic capital
- We increased our retrocessional coverage in line with the overall exposure growth at slightly higher risk-adjusted prices
- Our low administrative expense ratio remains a key competitive advantage, supporting the continued growth of our P&C book of business

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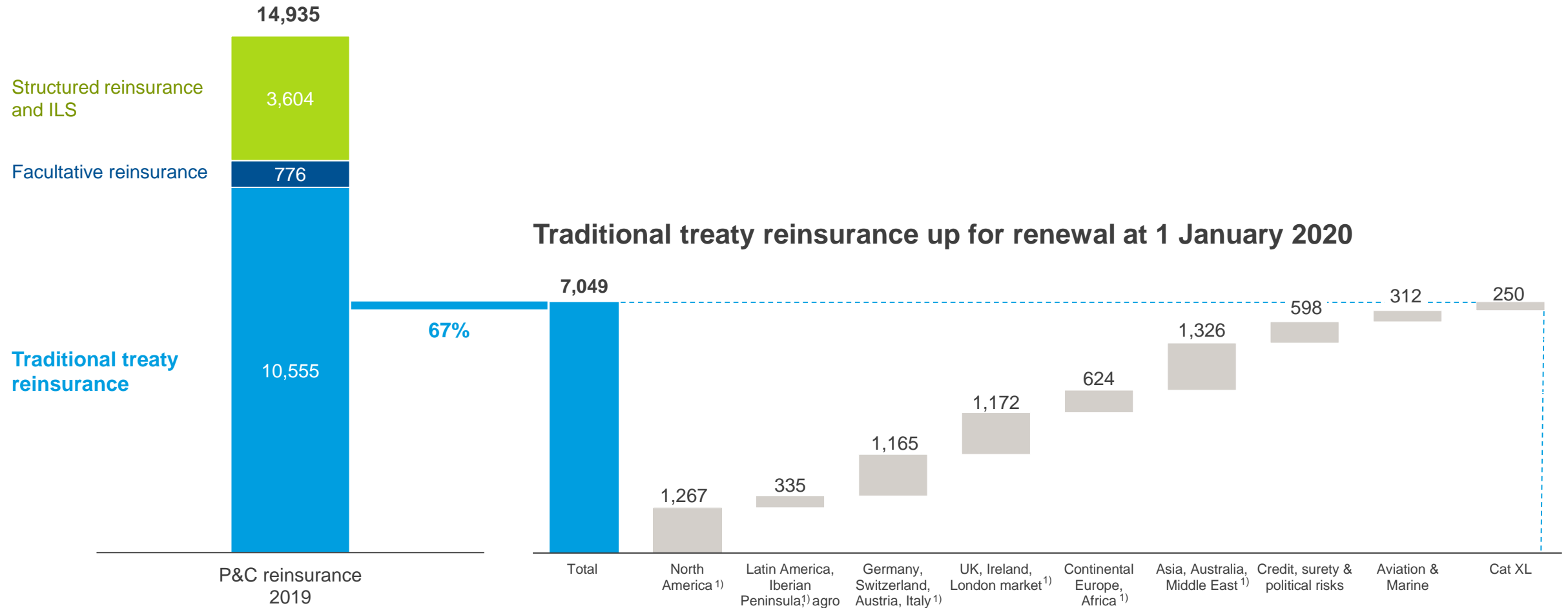
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67% of traditional treaty reinsurance (R/I) up for renewal at 1 January 2020

Equates to 47% of the total P&C inforce premium

Estimated premium income U/Y by reporting lines

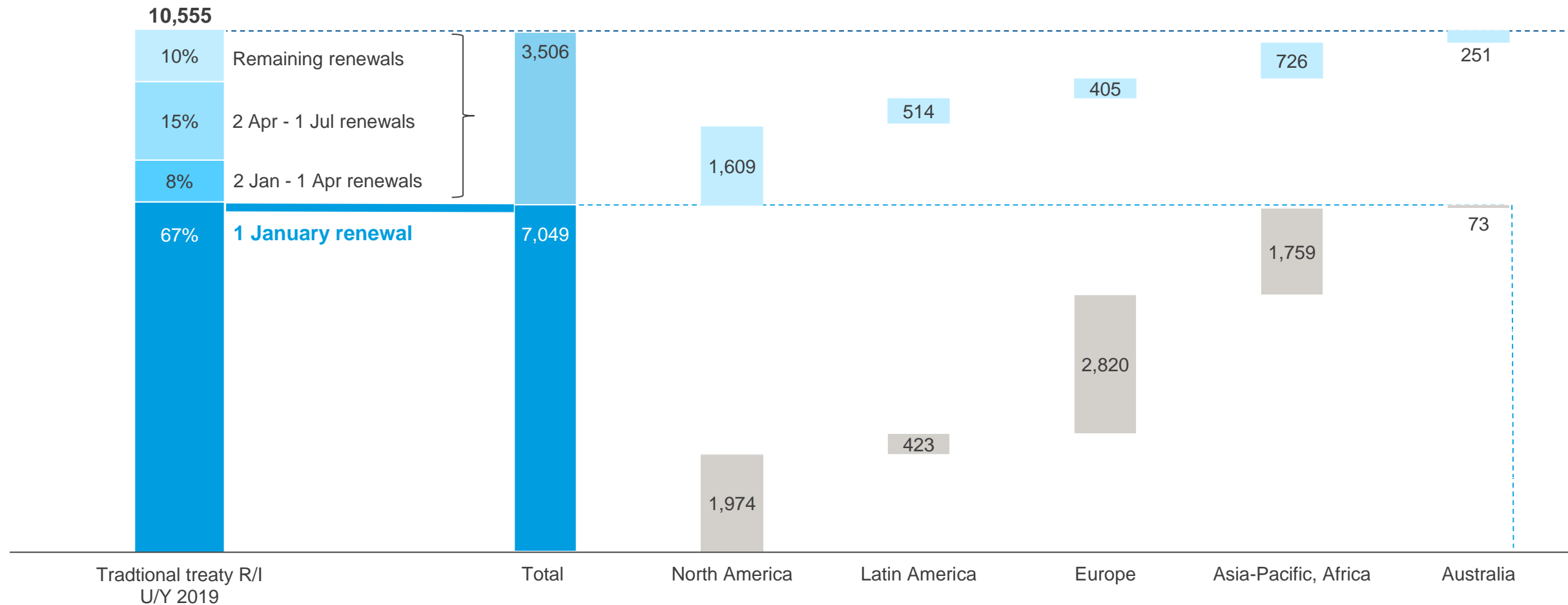


All figures in m. EUR

1) All lines of business except those stated separately

33% of traditional treaty reinsurance comes up for renewal later with loss-affected areas showing higher shares

Estimated premium income U/Y by regions

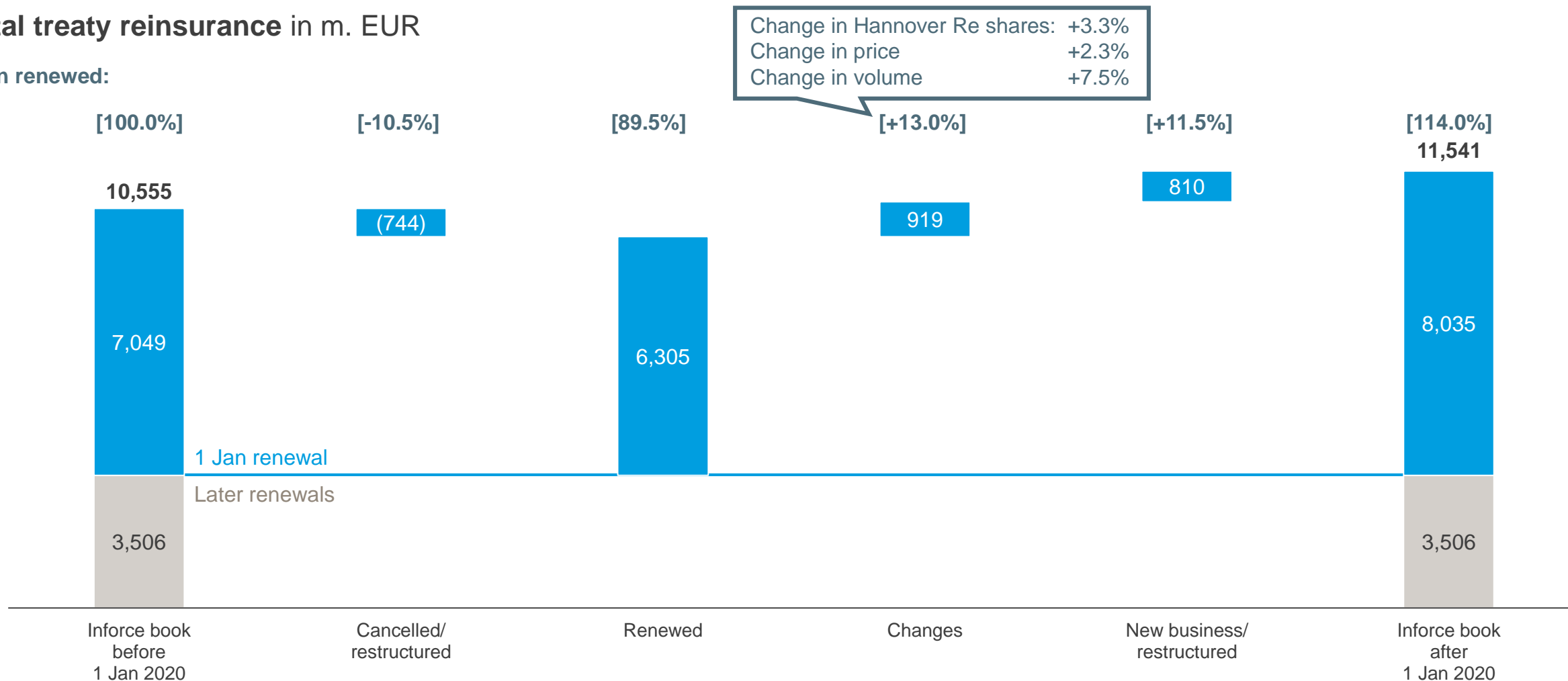


All figures in m. EUR

We offered more capacity on the back of an overall positive price development in the insurance and reinsurance markets

Total treaty reinsurance in m. EUR

% on renewed:



Treaty premium increased significantly supported by positive price change and active customer relationship mgmt.

Reporting lines	Traditional treaty reinsurance			
	Premium 1/1/2019	Premium 1/1/2020	Premium changes	Price changes
North America ¹⁾	1,267	1,514	+19.5%	+3.4%
Latin America, Iberian Peninsula ¹⁾ , agricultural business	335	452	+35.1%	+2.1%
Germany, Switzerland, Austria, Italy ¹⁾	1,165	1,234	+5.9%	+0.1%
UK, Ireland, London market ¹⁾	1,172	1,431	+22.1%	+7.2%
Continental Europe, Africa ¹⁾	624	691	+10.6%	-0.9%
Asia, Australia, Middle East ¹⁾	1,326	1,439	+8.6%	+0.7%
Credit, surety and political risks	598	649	+8.6%	+0.2%
Aviation and Marine	312	354	+13.7%	+5.9%
Cat XL	250	270	+7.8%	+0.7%
Total 1 January renewals	7,049	8,035	+14.0%	+2.3%

Premium estimates in m. EUR

1) All lines of business except those stated separately (excl. Structured R/I and ILS, Facultative R/I and direct)

Positive price and premium development across both treaty types

Split by proportional and non-proportional business

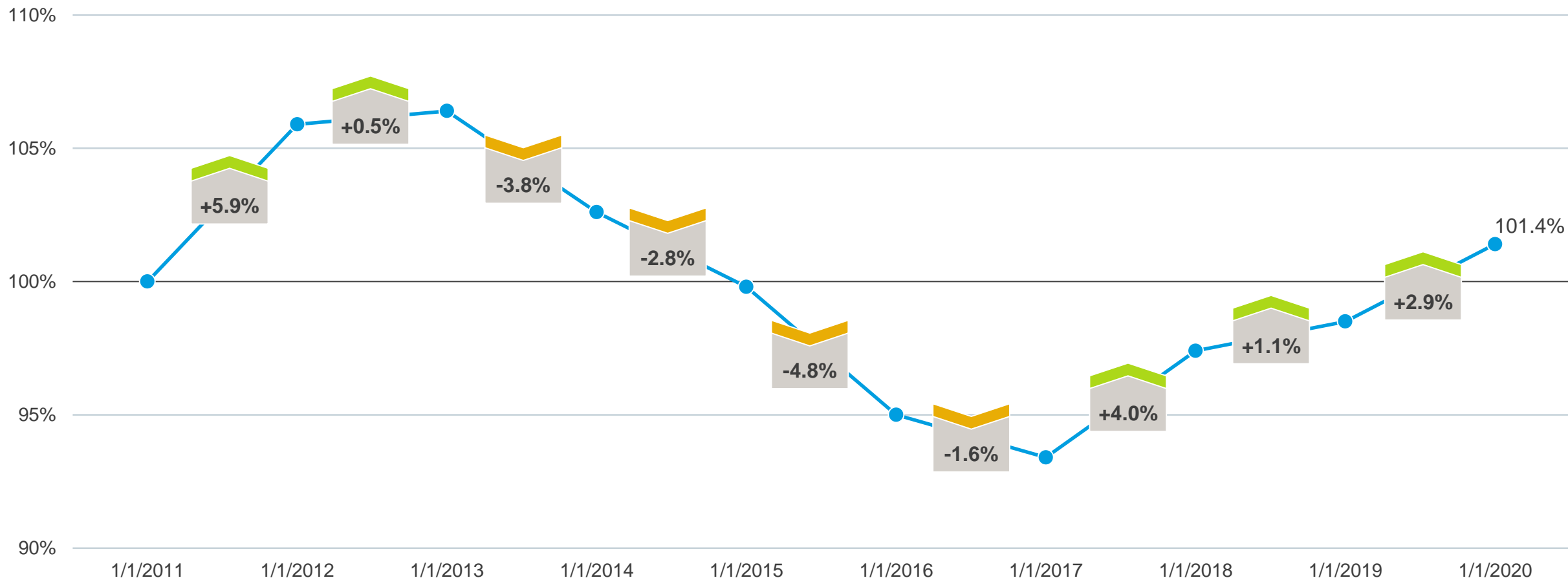
Reporting lines	Proportional			Non-proportional		
	Premium 1/1/2020	Premium changes	Price changes	Premium 1/1/2020	Premium changes	Price changes
North America ¹⁾	733	+28.5%	+2.2%	781	+12.1%	+4.4%
Latin America, Iberian Peninsula, ¹⁾ agricultural business	387	+40.8%	+2.2%	65	+8.7%	+1.6%
Germany, Switzerland, Austria, Italy ¹⁾	986	+4.6%	+0.3%	248	+11.7%	-0.7%
UK, Ireland, London market ¹⁾	1,293	+24.7%	+6.5%	138	+2.4%	+12.5%
Continental Europe, Africa ¹⁾	477	+11.4%	+0.1%	213	+8.9%	-3.1%
Asia, Australia, Middle East ¹⁾	1,358	+7.5%	+0.6%	82	+28.7%	+3.1%
Credit, surety and political risks	551	+6.9%	-0.1%	99	+18.8%	+1.9%
Aviation and Marine	243	+28.9%	+6.5%	112	-9.5%	+5.0%
Cat XL	-	-	-	270	+7.8%	+0.7%
Total 1 January renewals	6,027	+15.5%	+2.1%	2,007	+9.7%	+2.9%

Premium estimates in m. EUR

1) All lines of business except those stated separately (excl. Structured R/I and ILS, Facultative R/I and direct)

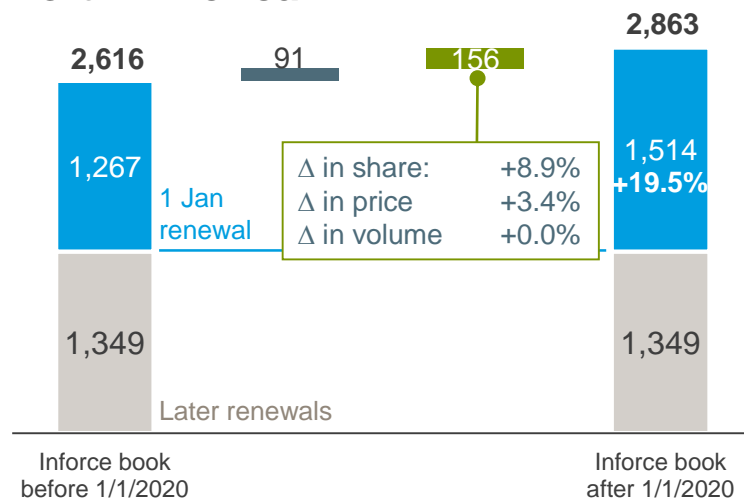
Non-proportional (XL) prices increase for the third consecutive year reaching 2011 level

XL price changes at 1 January renewals



Strong growth in North American and agricultural business

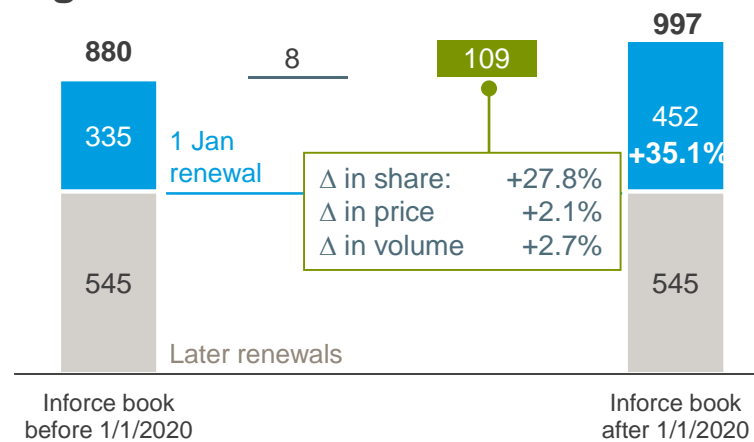
North America



- Firming primary rates both in property and casualty
- Reinsurance rates also improving
- We acted on selected opportunities to carefully expand our book
- Substantial new business in Canada at strong underlying insurance rate increases

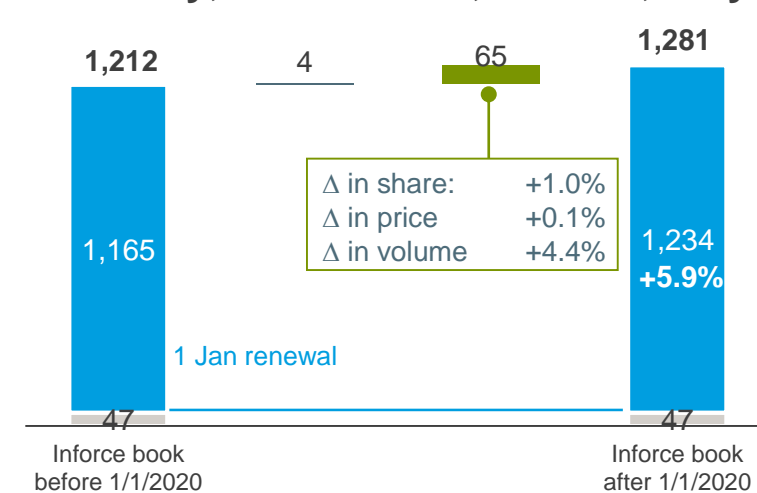
■ New/cancelled/restructured ■ Changes

Latin America, Iberian Peninsula, agricultural business



- Worldwide agricultural business
 - Significant rate increases in selected markets (e.g. China)
 - Increased shares led to double-digit premium growth especially from emerging markets
- We grew our book & market share mostly in Central America, Ecuador and Columbia

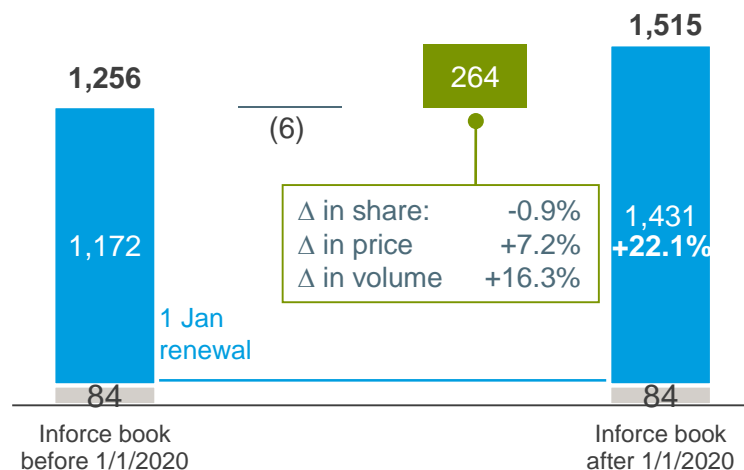
Germany, Switzerland, Austria, Italy



- Very satisfying renewal at overall stable pricing
- Maintained leading position in a mature market, in particular in motor business
- Expanded client base as a result of our customer-centric approach
- Significant price adjustments in loss-affected programmes in Italy

Particularly strong price and premium development in UK

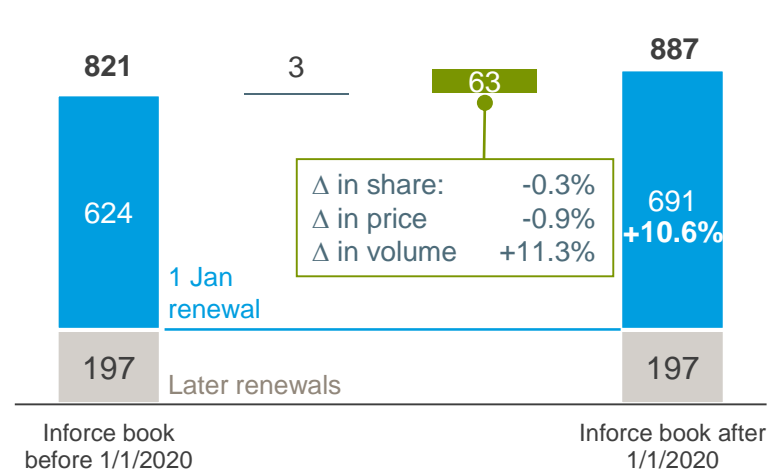
UK, Ireland, London market



- Strong relationships and organic growth in London market
- Increased pricing in both property and casualty reinsurance
- Improved rates in UK motor XL following the recent Ogden rate change
- Significantly increased our support for our Lloyd's platform

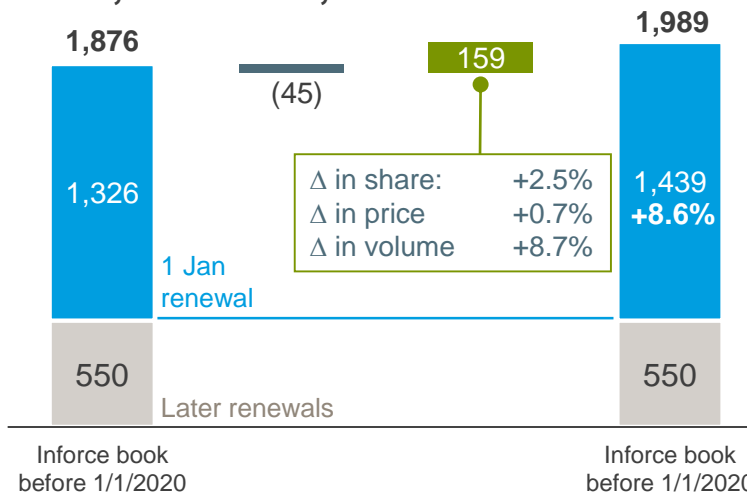
■ New/cancelled/restructured ■ Changes

Continental Europe, Africa



- Higher demand across all countries
- Overall high divergence with significant variations in pricing
- Price adjustments in loss-affected programmes particularly in Northern Europe
- Eastern Europe: selective underwriting in a well diversified portfolio

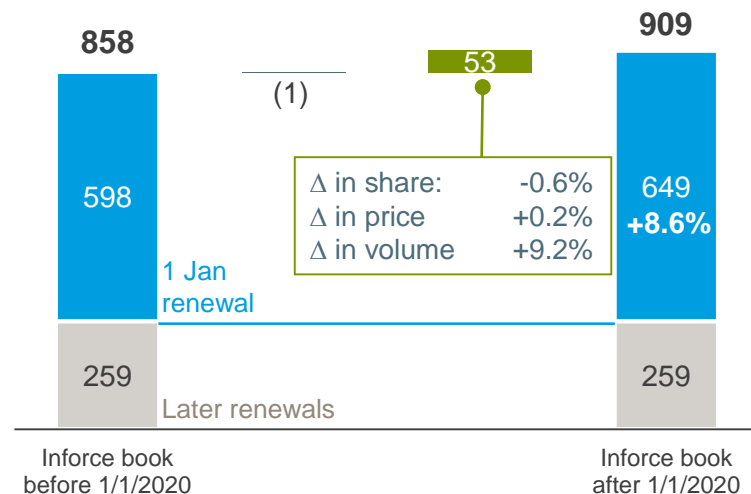
Asia, Australia, Middle East



- Satisfying growth in line with our expectations
- New business opportunities due to the withdrawal of a competitor
- China: strong double-digit organic growth
- ASEAN: slightly hardening R/I market

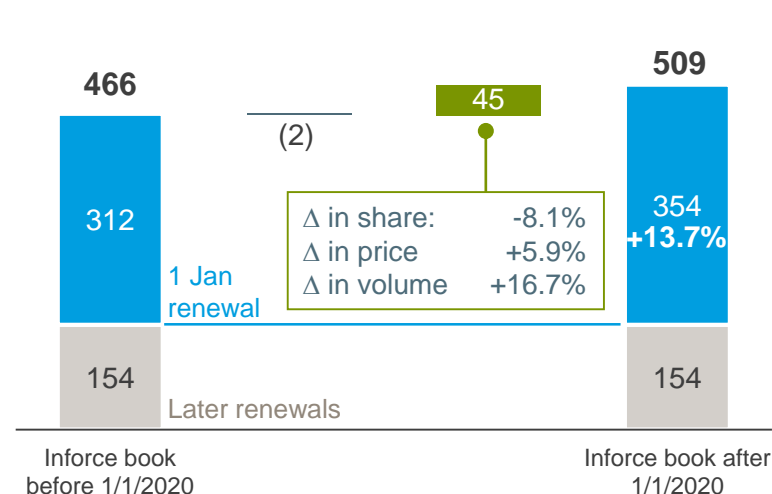
Satisfactory renewal outcome in specialty lines

Credit, surety and political risks



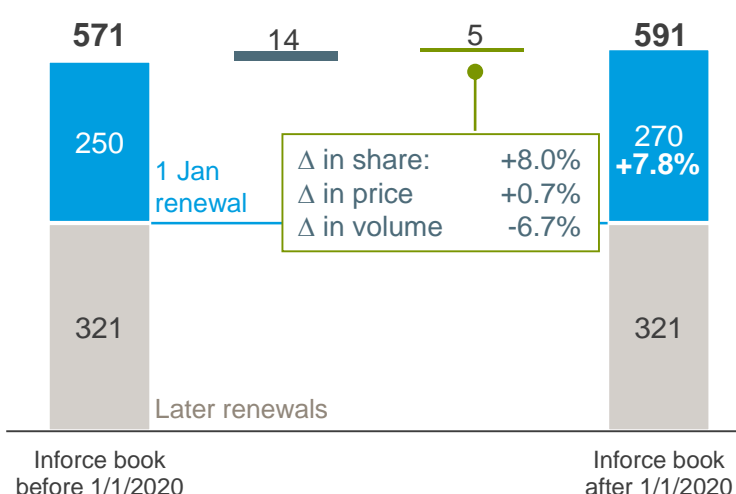
- Strengthened diversification by gaining a number of new clients
- Improved market conditions

Aviation and Marine



- Aviation**
- Significant insurance market hardening
 - Commissions reduced to 2016 levels
 - Substantial XL rate increases on the back of recent significant losses
- Marine**
- Competitive market with overcapacity
 - Continued with technical U/W approach and benefiting from long-term relationships
 - Strong position: one of the XL lead markets

Cat XL



- A number of loss-affected regions renew later in the year (e.g. Japan, Latin America and the Caribbean) with significant rate increases expected here
- Cross-selling led to increased shares where rates were adequate
- Overall renewal at a stable to slightly increased pricing depending on region and loss experience

■ New/cancelled/restructured ■ Changes

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Overall profitability above margin requirements in Property & Casualty

Financial year 2020

Reporting categories

Reporting categories	Volume ¹⁾	Profitability ²⁾
North America ³⁾		+
Latin America, Iberian Peninsula ³⁾		+
Germany ³⁾		+
UK, Ireland, London market ³⁾		+/-
Continental Europe, Africa ³⁾		+/-
Asia, Australia, Middle East ³⁾		+/-
Structured reinsurance and ILS		+
Facultative reinsurance and direct		+
Credit, surety and political risks		+/-
Aviation and Marine		+/-
Cat XL		+/-

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

Guidance for 2020 confirmed

Hannover Re Group

- Gross written premium¹⁾ _____ ~ 5% growth
- Return on investment^{2) 3)} _____ ~ 2.7%
- Group net income²⁾ _____ ~ EUR 1.2 bn.
- Ordinary dividend payout ratio⁴⁾ _____ 35% - 45%
- Special dividend _____ additional payout if profit target is reached and capitalisation remains comfortable

1) At unchanged f/x rates

2) Subject to no major distortions in capital markets and/or major losses in 2020 not exceeding the large loss budget of EUR 975 m.

3) Excluding effects from ModCo derivatives

4) Relative to group net income according to IFRS

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Strong net income fully meets expectations

Preliminary key figures for 2019

Hannover Re Group

Previous guidance

Preliminary figures

Gross written premium

~ 10% growth¹⁾

EUR 22.6 bn. (~ +15%¹⁾)

Return on investment from AuM

at least 3.2%

3.5%

Group net income

> EUR 1.25 bn.

~ EUR 1.28 bn.

Combined ratio P&C

-

98.2%

1) At unchanged f/x rates

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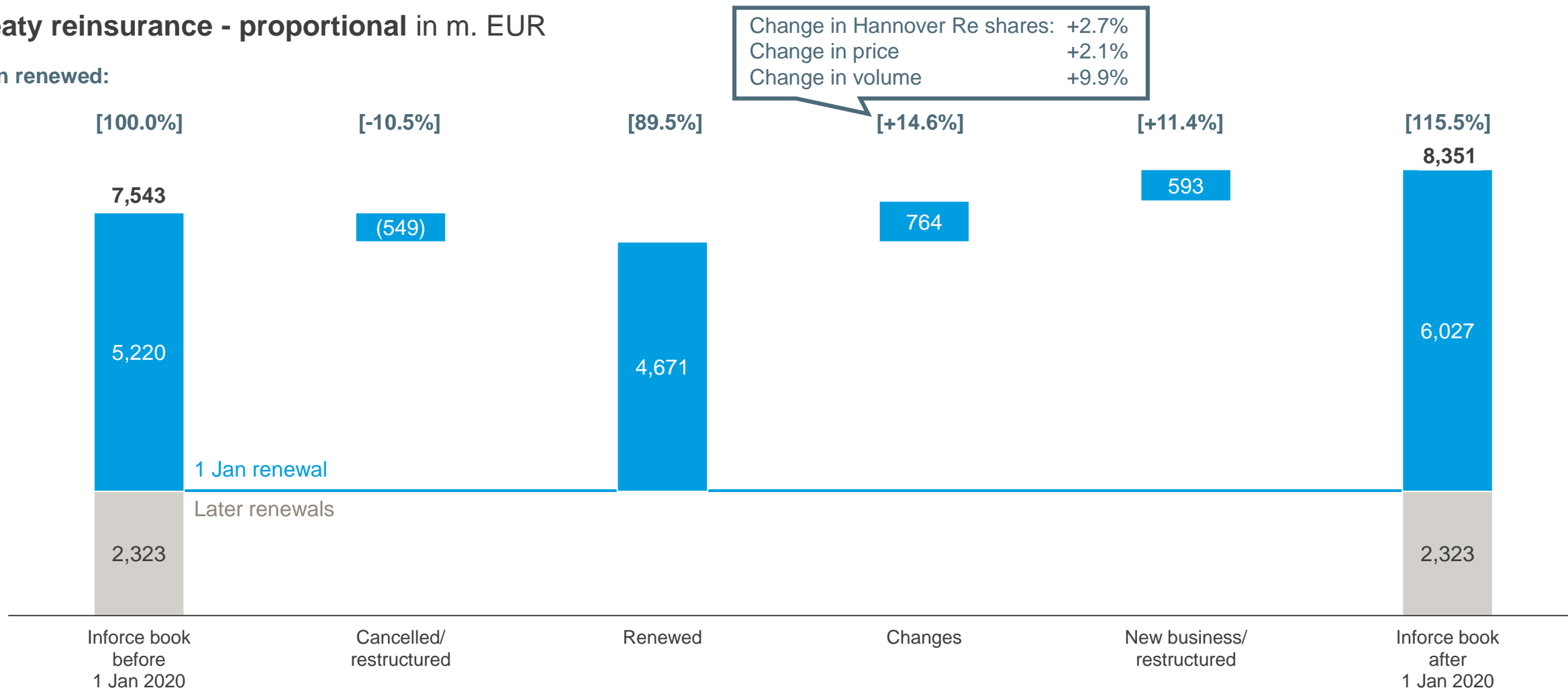
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Above-average growth in proportional business stemming from solid underlying primary markets and new business acquired

Treaty reinsurance - proportional in m. EUR

% on renewed:

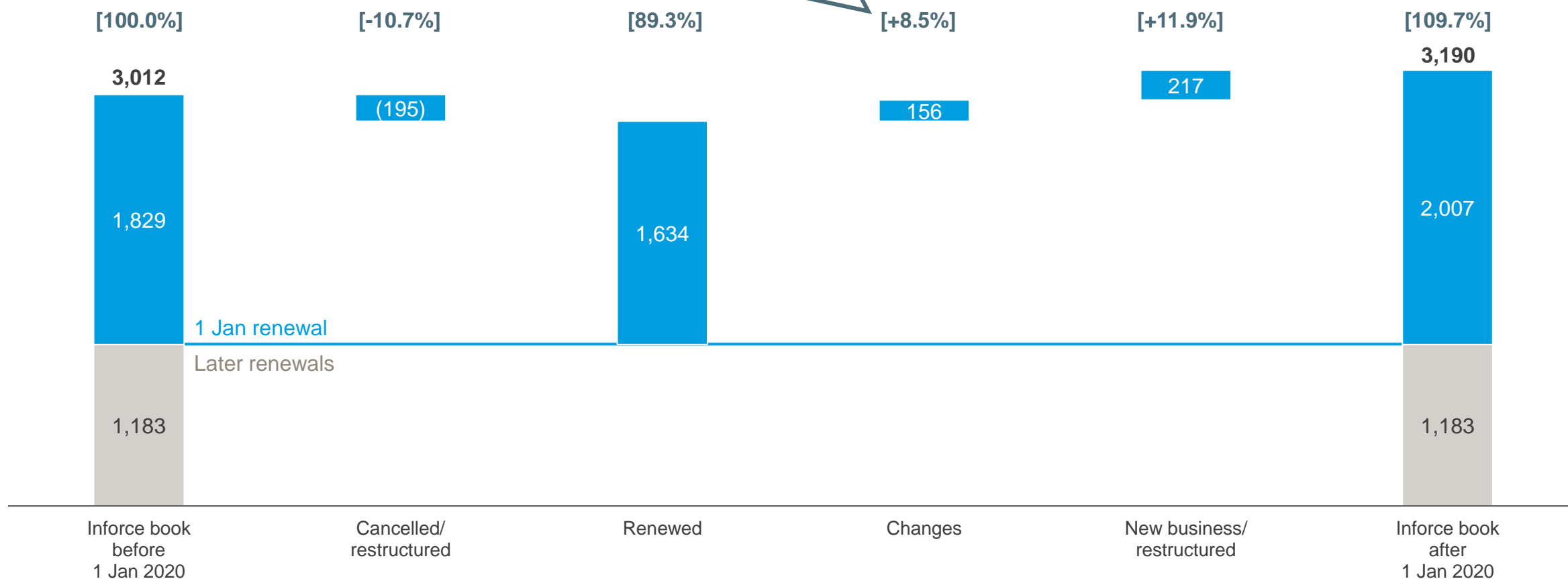


Pleasing growth (+9.7%) in non-proportional business largely driven by increased shares and written new business

Treaty reinsurance - non-proportional in m. EUR

% on renewed:

Change in Hannover Re shares: +5.0%
 Change in price: +2.9%
 Change in volume: +0.7%



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Financial calendar and our Investor Relations contacts



11 March 2020

Press Conference and Analysts' Conference Call



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6 May 2020

Annual General Meeting
Quarterly Statement as at 31 March 2020



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5 August 2020

Half-yearly report as at 30 June 2020



21 October 2020

Investor's Day 2020



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4 November 2020

Quarterly Statement as at 30 September 2020