

**somewhat  
different**

Quarterly Statement  
as at 31 March 2020

*hannover* **re**<sup>®</sup>

# Key figures

in EUR million	2020		2019	
	1.1. – 31.3.	+/- previous year	1.1. – 31.3.	31.12.
<b>Results</b>				
Gross written premium	6,975.3	+9.4%	6,373.3	
Net premium earned	5,090.9	+10.4%	4,610.8	
Net underwriting result <sup>1</sup>	(44.8)	-159.7%	75.1	
Net investment income	471.7	+18.2%	398.9	
Operating profit (EBIT)	426.6	-5.2%	450.0	
Group net income	300.9	+2.5%	293.7	
<b>Balance sheet</b>				
Policyholders' surplus	13,458.9	-1.0%		13,588.9
Equity attributable to shareholders of Hannover Rück SE	10,464.6	-0.6%		10,528.0
Non-controlling interests	759.4	-8.1%		826.5
Hybrid capital	2,235.0	+0.0%		2,234.4
Investments (excl. funds withheld by ceding companies)	47,888.2	+ 0.5%		47,629.4
Total assets	72,694.7	+1.9%		71,356.4
<b>Share</b>				
Earnings per share (basic and diluted) in EUR	2.49	+2.5%	2.43	
Book value per share in EUR	86.77	-0.6%	81.69	87.30
Share price at the end of the period in EUR	131.00	-24.0%	128.00	172.30
Market capitalisation at the end of the period	15,798.2	-24.0%	15,436.4	20,778.9
<b>Ratios</b>				
Combined ratio (property and casualty reinsurance) <sup>1</sup>	99.8%		95.7%	
Large losses as percentage of net premium earned (property and casualty reinsurance) <sup>2</sup>	8.5%		2.0%	
Retention	91.1%		90.4%	
Return on investment (excl. funds withheld by ceding companies)	3.2%		3.0%	
EBIT margin <sup>3</sup>	8.4%		9.8%	
Return on equity (after tax)	11.5%		12.6%	

<sup>1</sup> Including funds withheld

<sup>2</sup> Hannover Re Group's net share for natural catastrophes and other major losses in excess of EUR 10 million gross as a percentage of net premium earned

<sup>3</sup> Operating result (EBIT)/net premium earned

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The present document is a quarterly statement pursuant to Section 51a of the Exchange Rules for the Frankfurter Wertpapierbörse. For further information please see the section "Other information" on page 19 of this document.

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# Quarterly Statement as at 31 March 2020

## Business development

- Business operations not significantly impacted by coronavirus pandemic
- Return on equity at 11.5% beats minimum target of 9.1%
- Return on investment reaches 3.2%
- Group net income rises by 2.5% in the first quarter to EUR 300.9 million

The first three months of the 2020 financial year passed off very much as planned for Hannover Re. However, against the backdrop of the worldwide spread of the novel coronavirus (Sars-CoV-2) – the pace of which accelerated sharply in the final weeks of the quarter –, it is to be expected that our company will also be impacted more substantially as the year progresses. We discuss our expectations in this regard in the “Outlook” section of this report.

Gross written premium on the Group level rose by 9.4% to EUR 7.0 billion (previous year: EUR 6.4 billion) as at 31 March 2020. Growth would have reached 8.5% at constant exchange rates. The retention was slightly higher than in the previous year’s period at 91.1% (90.4%). Net premium earned rose by 10.4% to EUR 5.1 billion (EUR 4.6 billion). The increase would have been 9.7% adjusted for exchange rate effects.

In our Property & Casualty reinsurance business group we can look back on a solid renewal season as at 1 January 2020 that largely lived up to our expectations. We reserved an amount of roughly EUR 220 million in the first quarter for the claims complex associated with the coronavirus crisis.

In Life & Health reinsurance the early months of the year passed off favourably, among other things thanks to pleasing demand from Asia for covers in the financial solutions segment.

Our investment performance was similarly gratifying, with an annualised average return (including effects from ModCo) of 3.2% driven by some extraordinary effects.

The operating profit (EBIT) generated by Hannover Re on the Group level contracted by 5.2% to EUR 426.6 million (EUR 450.0 million). Taxes fell by 17.6% to EUR 94.2 million (EUR 114.2 million). Group net income improved by 2.5% in the first three months of the year to reach EUR 300.9 million (EUR 293.7 million). Earnings per share thus came in at EUR 2.49 (EUR 2.43).

The shareholders’ equity of Hannover Re as at 31 March 2020 remained stable at EUR 10.5 billion (31 December 2019: EUR 10.5 billion). The annualised return on equity amounted to 11.5% (31 December 2019: 13.3%) and continues to exceed our minimum target of 900 basis points above the risk-free interest rate. We have currently set this at 9.1% based on the five-year average return on 10-year German government bonds. The book value per share stood at EUR 86.77 (31 December 2019: EUR 87.30).

# Results of operations, financial position and net assets

## Property and casualty reinsurance

- Gross premium for the business group increases by 12.2% adjusted for exchange rate effects
- Around EUR 220 million reserved in the first quarter for coronavirus claims
- Combined ratio deteriorates to 99.8%
- Segment result down 5.4% on the previous year

As the year got underway the intensely competitive state of the worldwide market for property and casualty reinsurance remained unchanged. In the second half of the first quarter the increasingly rapid global spread of the novel coronavirus began to redefine daily life and reshape processes at countless institutions and companies.

The main renewal season in traditional property and casualty reinsurance business as at 1 January 2020 passed off unaffected by the impending coronavirus pandemic. It delivered a solid outcome in line with our expectations. All in all, we booked pleasing growth in our renewed portfolio at slightly improved prices and conditions overall. Rates for catastrophe covers, in particular, and here above all in Japan, Latin America and the Caribbean, nevertheless remain on a low level and further improvement is needed.

In concrete terms, we increased our premium volume on an underwriting-year basis in traditional property and casualty reinsurance as at 1 January by 14.0% – adjusted for exchange rate effects – to EUR 8.0 billion (previous year: EUR 7.0 billion). Some 67% of Hannover Re's traditional property and casualty reinsurance portfolio (excluding facultative reinsurance, ILS activities and structured reinsurance) was up for renewal on 1 January. The price increase amounted to 2.9% (0.9%). Particularly attractive opportunities to grow the portfolio opened up in North America, the London Market and in the area of agricultural risks.

Gross written premium in property and casualty reinsurance climbed by 13.5% in the first three months to EUR 5.0 billion (EUR 4.4 billion). Growth would have reached 12.2% at constant exchange rates. Net premium earned rose by 13.9% to EUR 3.3 billion (EUR 2.9 billion); at constant exchange rates, growth of 12.9% would have been recorded.

Allowing for the roughly EUR 220 million set aside for the claims complex associated with the coronavirus pandemic, the burden of large losses totalled EUR 283.6 million (EUR 59.0 million). The largest other individual losses for our account included, among others, the bushfires in Australia at EUR 22.4 million, storm Sabine (also known as Ciara) in Europe at EUR 17.6 million and a hailstorm in Australia costing EUR 15.1 million. The combined ratio in property and casualty reinsurance consequently deteriorated to 99.8% (95.7%). It is thus higher than our anticipated maximum level of 97%. The underwriting result for total property and casualty reinsurance including interest on funds withheld and contract deposits fell by 94.3% to EUR 7.2 million (EUR 124.8 million).

The investment income booked for property and casualty reinsurance from assets under own management increased by 28.0% to EUR 286.1 million (EUR 223.4 million).

The operating profit (EBIT) in property and casualty reinsurance contracted by 8.9% to EUR 304.7 million (EUR 334.4 million). The EBIT margin therefore stood at 9.1% (11.4%) and fell short of our minimum 10% target. The net income

generated by the Property & Casualty reinsurance business group decreased by 5.4% to EUR 207.3 million (EUR 219.0 million).

### Key figures for property and casualty reinsurance

in EUR million	2020		2019
	1.1. – 31.3.	+/- previous year	1.1. – 31.3.
Gross written premium	4,986.1	+13.5%	4,394.5
Net premium earned	3,338.0	+13.9%	2,930.2
Underwriting result <sup>1</sup>	7.2	-94.3%	124.8
Net investment income	296.4	+25.8%	235.6
Operating result (EBIT)	304.7	-8.9%	334.4
Group net income	207.3	-5.4%	219.0
Earnings per share in EUR	1.72	-5.4%	1.82
EBIT margin <sup>2</sup>	9.1%		11.4%
Combined ratio <sup>1</sup>	99.8%		95.7%
Retention	91.7%		91.9%

<sup>1</sup> Including funds withheld

<sup>2</sup> Operating result (EBIT)/net premium earned

## Life and health reinsurance

- No appreciable effects so far from the coronavirus pandemic in the first quarter
- Gross premium for the business group stable on the level of the previous year
- Strong demand worldwide for covers in the area of financial solutions
- Segment result up by 24.5% on the previous year

While global life and health reinsurance markets continue to be fiercely competitive, world events were increasingly overshadowed as the first quarter progressed by the rapidly spreading coronavirus pandemic. As far as life and health reinsurance is concerned, the primary questions are how acutely the further – sometimes substantial – cuts in interest rates made by numerous central banks will be felt by life insurers and what impacts the pandemic will have on insurance covers for mortality and health risks. At this point in time we have not yet incurred any appreciable strains for Hannover Re's underwriting business in the first quarter.

In financial solutions business we continue to see strong demand worldwide at good conditions. Particularly in Asia, this already manifested itself in the first quarter in concrete deals that far surpassed our expectations. Solutions designed to cover longevity risks are enjoying especially brisk demand in the United Kingdom and Canada. Further attractive business opportunities are opening up in the Nordic countries. All in all, then, the landscape in life and health reinsurance in the

first quarter was thoroughly positive compared to the previous year.

Gross premium income in our Life & Health reinsurance business group as at 31 March 2020 was stable year-on-year at EUR 2.0 billion (previous year: EUR 2.0 billion). Growth of 0.4% would have been booked at constant exchange rates. Net premium earned grew by 4.3% to EUR 1.8 billion (EUR 1.7 billion). The increase would have been 4.2% adjusted for exchange rate effects.

Investment income from assets under own management retreated by 4.5% to EUR 99.4 million (EUR 104.1 million). The operating result (EBIT) improved by 6.8% to EUR 124.2 million (EUR 116.3 million). Net income for life and health reinsurance rose by 24.5% to EUR 110.2 million (EUR 88.5 million).

## Key figures for life and health reinsurance

in EUR million	2020		2019
	1.1. – 31.3.	+/- previous year	1.1. – 31.3.
Gross written premium	1,989.2	+0.5%	1,978.8
Net premium earned	1,752.8	+4.3%	1,680.6
Investment income	174.7	+7.5%	162.5
Operating result (EBIT)	124.2	+6.8%	116.3
Net income after tax	110.2	+24.5%	88.5
Earnings per share in EUR	0.91	+24.5%	0.73
Retention	89.4%		87.0%
EBIT margin <sup>1</sup>	7.1%		6.9%

<sup>1</sup> Operating result (EBIT)/net premium earned

## Investments

- Massive reactions on investment markets to the coronavirus pandemic
- Ordinary investment income stable on previous year's level
- Investment income up by 18.2% to EUR 471.7 million
- Return on investment reaches 3.2%

The experiences of the past ten years in what had already long been a challenging capital market environment were clearly eclipsed by developments in the period under review. After initial euphoria in January, the final weeks of the quarter saw violent market reactions to the rapid spread and possible economic consequences of the coronavirus pandemic. These were accompanied by marked volatility across all asset classes and markets. Moreover, minimal-risk interest returns fell sharply before remaining highly volatile on a low level. Credit spreads increased substantially, with stock markets pulled successively lower and higher between waves of panic and shimmers of hope at a speed not seen in decades.

Further anxiety was prompted by the discourse emerging from oil-producing countries, which – combined with the slump in demand – brought the price of oil crashing down. Other industrial raw materials similarly came under significant pressure. Overall, the widening in spreads and extensive illiquidity of the markets will likely present appreciable challenges in the months ahead.

Marked declines in interest rates were again observed on the key fixed-income markets for our company, starting out from what was already a very low level at the end of the previous year. This was evident for both euro and sterling bonds, but above all in the area of the US dollar. Risk premiums on corporate bonds moved in the opposite direction and even more sharply.

Our portfolio of assets under own management increased slightly to EUR 47.9 billion (previous year: EUR 47.6 billion). The considerably wider credit spreads were partially offset by the decline in interest rates, as a result of which the net unrealised gains in our fixed-income portfolio as at 31 March 2020 decreased to EUR 952.7 million (31 December 2019: EUR 1,589.1 million).

In the context of steps taken in the first quarter to adjust the allocation of our assets to individual classes of securities, we had begun even before the market distortions resulting from the coronavirus pandemic to scale back somewhat the proportion of bond holdings attributable to our US SME portfolio and invest in US municipal bonds. Following the price corrections on stock markets, we also built up a modest equity allocation of roughly half a percent. The modified duration of our portfolio of fixed-income securities was left unchanged from the end of the previous year at 5.7 (5.7).

Ordinary investment income excluding interest on funds withheld and contract deposits amounted to EUR 326.3 million as at 31 March 2020, a level on a par with the previous year's period (EUR 323.2 million). While income from fixed-income securities showed pleasing gains and investments in the real estate sector delivered stable earnings, the performance of private equity was softer than in the comparable period. Interest on funds withheld and contract deposits climbed sharply to EUR 85.6 million (EUR 70.6 million).

Impairments of altogether EUR 28.6 million (EUR 17.4 million) were taken. Of this amount, write-downs of EUR 10.1 million (EUR 0.0 million) were attributable to fixed-income securities and EUR 5.6 million (EUR 6.7 million) to alternative investments, together with impairments of EUR 3.0 million (EUR 1.1 million) on real estate funds. The depreciation recognised on directly held real estate was stable at EUR 9.2 million (EUR 9.4 million). The write-downs were not opposed by any write-ups (EUR 0.0 million). The net balance of gains realised on disposals totalled EUR 101.9 million (EUR 22.3 million) and can be attributed primarily to regrouping moves as part of the aforementioned regular portfolio maintenance as well as the successful sale of a real estate investment.

We recognise a derivative for the credit risk associated with special life reinsurance treaties (ModCo) under which securities deposits are held by cedants for our account; the perfor-

mance of this derivative in the period under review gave rise to unrealised losses of EUR 26.6 million recognised in investment income. This contrasted with a gain of EUR 5.3 million in the corresponding period of the previous year. In economic terms we assume a neutral development for this item over time, and hence the volatility that can occur in specific quarters provides no insight into the actual business development. Altogether, the unrealised gains in our assets recognised at fair value through profit or loss amounted to EUR 11.6 million (EUR 27.4 million).

The net investment income of EUR 471.7 million (EUR 398.9 million) showed a very pleasing improvement on the comparable period. Income from assets under own management accounted for EUR 386.1 million (EUR 328.3 million), producing an annualised average return (including ModCo effects) of 3.2%.



## Net investment income

in EUR million	2020		2019
	1.1. – 31.3.	+/- previous year	1.1. – 31.3.
Ordinary investment income <sup>1</sup>	326.3	+0.9%	323.2
Result from participations in associated companies	6.4	+108.7%	3.1
Realised gains/losses	101.9		22.3
Appreciation <sup>2</sup>	28.6	+64.2%	17.4
Change in fair value of financial instruments <sup>3</sup>	11.6	-57.5%	27.4
Investment expenses	31.6	+4.2%	30.3
Net investment income from assets under own management	386.1	+17.6%	328.3
Net investment income from funds withheld	85.6	+21.2%	70.6
<b>Total investment income</b>	<b>471.7</b>	<b>+18.2%</b>	<b>398.9</b>

<sup>1</sup> Excluding expenses on funds withheld and contract deposits

<sup>2</sup> Including depreciation/impairments on real estate

<sup>3</sup> Portfolio at fair value through profit or loss and trading

## Rating structure of our fixed-income securities<sup>1</sup>

Rating classes	Government bonds		Securities issued by semi-governmental entities <sup>2</sup>		Corporate bonds		Covered bonds/asset-backed securities	
	in %	in EUR million	in %	in EUR million	in %	in EUR million	in %	in EUR million
AAA	74.6	13,002.3	53.3	3,794.3	1.1	135.9	61.8	1,820.1
AA	12.0	2,088.6	25.5	1,811.9	11.7	1,510.7	21.2	625.4
A	7.8	1,367.4	7.6	537.8	30.3	3,904.4	10.5	308.8
BBB	3.8	655.0	1.3	92.2	45.5	5,847.0	5.5	160.8
< BBB	1.8	306.8	12.3	875.4	11.4	1,469.5	1.0	30.1
<b>Total</b>	<b>100.0</b>	<b>17,420.2</b>	<b>100.0</b>	<b>7,111.6</b>	<b>100.0</b>	<b>12,867.5</b>	<b>100.0</b>	<b>2,945.2</b>

<sup>1</sup> Securities held through investment funds are recognised pro rata with their corresponding individual ratings.

<sup>2</sup> Including government-guaranteed corporate bonds

## Outlook

- Group net income guidance of around EUR 1.2 billion withdrawn
- Impacts of the coronavirus pandemic on Hannover Re still difficult to estimate
- Increased strains expected, particularly on the investment side and in property and casualty reinsurance

As the first quarter unfolded, the impacts of the rapid spread of coronavirus infections around the world increasingly began to be felt on global reinsurance markets as well. Against this backdrop, and in view of the elevated uncertainty affecting the claims development and the capital market environment due to the coronavirus crisis, we withdrew our earnings guidance for the current year on 21 April. As things stand right now, any forecast is subject to too many uncertainties. This applies both to all key performance indicators for the Group as a whole and to targets set for the individual business groups. Increased strains are expected over the remaining course of the year, especially on the investment side and in property and casualty reinsurance.

At the present time, it is not possible to quantify the concrete effects of the coronavirus pandemic on reinsurance markets and investments. The various scenarios naturally give rise to a very wide range of possible impacts on the result. We are constantly updating the appropriate scenario calculations and will provide guidance again as soon as the underlying probabilities are sufficiently reliable.

It should, however, further be borne in mind that in some areas we also expect to see stronger demand for reinsurance. In property and casualty reinsurance this is particularly true of structured reinsurance solutions, while in life and health reinsurance it applies to business in the financial solutions segment. In our continued role as a robustly capitalised partner, we anticipate that our support will be sought after and that we will have an opportunity to contribute to the recovery of the insurance industry and the economy as a whole.

The impacts on Hannover Re's business operations can, however, be described in greater specifics. For the most part, operations are running normally. The vast majority of our more than 3,000 employees around the world are working on a mobile basis. In this way, we are able to protect our workforce and support the measures taken by governments to reduce the number of infections and slow the spread of the coronavirus pandemic.

Our risk management is focused on preserving Hannover Re's robust financial strength. Using stress tests for extreme scenarios such as pandemics or capital market distortions, we continuously review the resilience of our financial strength. As a reinsurer, our capitalisation is geared to handling such extreme events.

Moreover, the starting position for our capital resources is a very comfortable one: at the end of 2019 our capital adequacy ratio amounted to 251%, clearly in excess of our limit of 180% and our threshold of 200%. According to preliminary estimates, our solvency ratio at the end of the first quarter – and hence allowing for the considerable volatility in interest rates and credit spreads – remained significantly above the aforementioned limit and threshold values.

Building on the 1 January renewals, the treaty renewals as at 1 April 2020 – the date when we traditionally renegotiate our business in Japan as well as on a lesser scale in Australia, New Zealand, Asian markets and North America – similarly passed off favourably for Hannover Re. The total premium volume booked from this round of treaty renewals rose by 25.1%. The price increase for the renewed business amounted to 4.4%.

Our net major loss budget for 2020 is set at EUR 975 million (previous year: EUR 875 million). This adjustment is primarily a reflection of the growth in the underlying business.

We remain committed to our dividend policy. This envisages a payout ratio for the ordinary dividend in the range of 35% to 45% of IFRS Group net income. If the comfortable level of capitalisation remains unchanged and Group net income is in the range of expectations, the ordinary dividend will be supplemented by payment of a special dividend.

With regard to further developments associated with the coronavirus pandemic, we are monitoring the situation on all levels of our Group very closely.



## Consolidated balance sheet as at 31 March 2020

### Assets

in EUR thousand	31.3.2020	31.12.2019
Fixed-income securities – held to maturity	221,740	223,049
Fixed-income securities – loans and receivables	2,198,719	2,194,064
Fixed-income securities – available for sale	37,327,351	38,068,459
Fixed-income securities – at fair value through profit or loss	596,641	578,779
Equity securities – available for sale	303,558	29,215
Other financial assets – at fair value through profit or loss	343,164	235,019
Investment property	1,682,643	1,749,517
Real estate funds	573,457	534,739
Investments in associated companies	247,050	245,478
Other invested assets	2,305,557	2,211,905
Short-term investments	708,424	468,350
Cash and cash equivalents	1,379,944	1,090,852
<b>Total investments and cash under own management</b>	<b>47,888,248</b>	<b>47,629,426</b>
Funds withheld	11,237,463	10,948,469
Contract deposits	330,006	325,302
<b>Total investments</b>	<b>59,455,717</b>	<b>58,903,197</b>
Reinsurance recoverables on unpaid claims	1,872,716	2,050,114
Reinsurance recoverables on benefit reserve	846,625	852,598
Prepaid reinsurance premium	194,670	116,176
Reinsurance recoverables on other technical reserves	7,280	9,355
Deferred acquisition costs	3,040,297	2,931,722
Accounts receivable	5,735,719	5,269,792
Goodwill	85,286	88,303
Deferred tax assets	643,054	442,469
Other assets	689,834	640,956
Accrued interest and rent	17,046	15,414
Assets held for sale	106,409	36,308
<b>Total assets</b>	<b>72,694,653</b>	<b>71,356,404</b>

## Liabilities

in EUR thousand	31.3.2020	31.12.2019
Loss and loss adjustment expense reserve	33,392,024	32,996,231
Benefit reserve	8,797,693	9,028,000
Unearned premium reserve	5,670,701	4,391,848
Other technical provisions	677,350	673,221
Funds withheld	1,163,424	1,157,815
Contract deposits	3,555,775	3,581,057
Reinsurance payable	1,388,767	1,505,680
Provisions for pensions	178,205	201,952
Taxes	160,763	191,706
Deferred tax liabilities	2,247,059	2,189,372
Other liabilities	772,635	623,075
Long-term debt and notes payable	3,463,274	3,461,968
Liabilities related to assets held for sale	3,057	–
<b>Total liabilities</b>	<b>61,470,727</b>	<b>60,001,925</b>
Shareholders' equity		
Common shares	120,597	120,597
Nominal value: 120,597		
Conditional capital: 60,299		
Additional paid-in capital	724,562	724,562
<b>Common shares and additional paid-in capital</b>	<b>845,159</b>	<b>845,159</b>
Cumulative other comprehensive income		
Unrealised gains and losses on investments	908,444	1,287,907
Cumulative foreign currency translation adjustment	389,100	385,153
Changes from hedging instruments	(4,846)	(1,276)
Other changes in cumulative other comprehensive income	(51,368)	(66,077)
<b>Total other comprehensive income</b>	<b>1,241,330</b>	<b>1,605,707</b>
Retained earnings	8,378,069	8,077,123
<b>Equity attributable to shareholders of Hannover Rück SE</b>	<b>10,464,558</b>	<b>10,527,989</b>
Non-controlling interests	759,368	826,490
<b>Total shareholders' equity</b>	<b>11,223,926</b>	<b>11,354,479</b>
<b>Total liabilities and shareholders' equity</b>	<b>72,694,653</b>	<b>71,356,404</b>

## Consolidated statement of income as at 31 March 2020

in EUR thousand	1.1.–31.3.2020	1.1.–31.3.2019 <sup>1</sup>
Gross written premium	6,975,289	6,373,297
Ceded written premium	623,686	611,883
Change in gross unearned premium	(1,338,110)	(1,218,962)
Change in ceded unearned premium	77,366	68,325
<b>Net premium earned</b>	<b>5,090,859</b>	<b>4,610,777</b>
Ordinary investment income	326,260	323,222
Profit/loss from investments in associated companies	6,426	3,079
Realised gains and losses on investments	101,864	22,280
Change in fair value of financial instruments	11,644	27,391
Total depreciation, impairments and appreciation of investments	28,569	17,398
Other investment expenses	31,554	30,293
<b>Net income from investments under own management</b>	<b>386,071</b>	<b>328,281</b>
Income/expense on funds withheld and contract deposits	85,587	70,623
<b>Net investment income</b>	<b>471,658</b>	<b>398,904</b>
Other technical income	–	150
<b>Total revenues</b>	<b>5,562,517</b>	<b>5,009,831</b>
Claims and claims expenses	3,924,954	3,356,305
Change in benefit reserves	(84,789)	(16,740)
Commission and brokerage, change in deferred acquisition costs	1,265,512	1,153,517
Other acquisition costs	1,103	1,392
Administrative expenses	114,494	111,945
<b>Total technical expenses</b>	<b>5,221,274</b>	<b>4,606,419</b>
Other income	289,333	176,317
Other expenses	203,931	129,684
Other income and expenses	85,402	46,633
<b>Operating profit/loss (EBIT)</b>	<b>426,645</b>	<b>450,045</b>
Financing costs	23,461	20,948
<b>Net income before taxes</b>	<b>403,184</b>	<b>429,097</b>
Taxes	94,152	114,237
<b>Net income</b>	<b>309,032</b>	<b>314,860</b>
thereof		
Non-controlling interest in profit and loss	8,155	21,207
<b>Group net income</b>	<b>300,877</b>	<b>293,653</b>
<b>Earnings per share (in EUR)</b>		
Basic earnings per share	2.49	2.43
Diluted earnings per share	2.49	2.43

<sup>1</sup> Restated pursuant to IAS 8

# Consolidated statement of comprehensive income as at 31 March 2020

in EUR thousand	1.1.–31.3.2020	1.1.–31.3.2019
<b>Net income</b>	<b>309,032</b>	<b>314,860</b>
<b>Not reclassifiable to the consolidated statement of income</b>		
<b>Actuarial gains and losses</b>		
Gains (losses) recognised directly in equity	23,950	(9,485)
Tax income (expense)	(7,790)	3,089
	<b>16,160</b>	<b>(6,396)</b>
<b>Changes from the measurement of associated companies</b>		
Gains (losses) recognised directly in equity	98	(50)
	<b>98</b>	<b>(50)</b>
<b>Income and expense recognised directly in equity that cannot be reclassified</b>		
Gains (losses) recognised directly in equity	24,048	(9,535)
Tax income (expense)	(7,790)	3,089
	<b>16,258</b>	<b>(6,446)</b>
<b>Reclassifiable to the consolidated statement of income</b>		
<b>Unrealised gains and losses on investments</b>		
Gains (losses) recognised directly in equity	(542,933)	789,166
Transferred to the consolidated statement of income	(67,308)	12,097
Tax income (expense)	200,683	(182,481)
	<b>(409,558)</b>	<b>618,782</b>
<b>Currency translation</b>		
Gains (losses) recognised directly in equity	(7,961)	197,423
Transferred to the consolidated statement of income	–	4,645
Tax income (expense)	13,255	(17,076)
	<b>5,294</b>	<b>184,992</b>
<b>Changes from the measurement of associated companies</b>		
Gains (losses) recognised directly in equity	(3,751)	1,547
	<b>(3,751)</b>	<b>1,547</b>
<b>Changes from hedging instruments</b>		
Gains (losses) recognised directly in equity	(7,312)	1,917
Tax income (expense)	3,667	(840)
	<b>(3,645)</b>	<b>1,077</b>
<b>Reclassifiable income and expense recognised directly in equity</b>		
Gains (losses) recognised directly in equity	(561,957)	990,053
Transferred to the consolidated statement of income	(67,308)	16,742
Tax income (expense)	217,605	(200,397)
	<b>(411,660)</b>	<b>806,398</b>
<b>Total income and expense recognised directly in equity</b>		
Gains (losses) recognised directly in equity	(537,909)	980,518
Transferred to the consolidated statement of income	(67,308)	16,742
Tax income (expense)	209,815	(197,308)
	<b>(395,402)</b>	<b>799,952</b>
<b>Total recognised income and expense</b>	<b>(86,370)</b>	<b>1,114,812</b>
thereof		
Attributable to non-controlling interests	(22,870)	42,396
Attributable to shareholders of Hannover Rück SE	(63,500)	1,072,416

## Group segment report as at 31 March 2020

Segmentation of assets	Property and casualty reinsurance	
in EUR thousand	31.3.2020	31.12.2019
<b>Assets</b>		
Fixed-income securities – held to maturity	170,764	171,542
Fixed-income securities – loans and receivables	2,144,081	2,139,810
Fixed-income securities – available for sale	27,973,270	28,806,079
Equity securities – available for sale	303,558	29,215
Financial assets at fair value through profit or loss	109,046	88,400
Other invested assets	4,356,109	4,287,654
Short-term investments	475,868	296,052
Cash and cash equivalents	970,080	780,340
<b>Total investments and cash under own management</b>	<b>36,502,776</b>	<b>36,599,092</b>
Funds withheld	2,780,147	2,393,222
Contract deposits	2,567	2,186
<b>Total investments</b>	<b>39,285,490</b>	<b>38,994,500</b>
Reinsurance recoverables on unpaid claims	1,702,010	1,868,390
Reinsurance recoverables on benefit reserve	–	–
Prepaid reinsurance premium	194,613	114,764
Reinsurance recoverables on other reserves	550	4,489
Deferred acquisition costs	1,312,277	1,061,931
Accounts receivable	3,831,067	3,610,380
Other assets in the segment	2,466,049	1,998,897
Assets held for sale	106,409	36,308
<b>Total assets</b>	<b>48,898,465</b>	<b>47,689,659</b>

### Segmentation of liabilities

in EUR thousand		
<b>Liabilities</b>		
Loss and loss adjustment expense reserve	28,724,197	28,364,351
Benefit reserve	–	–
Unearned premium reserve	5,337,155	4,068,957
Provisions for contingent commissions	358,088	353,359
Funds withheld	359,335	379,411
Contract deposits	72,725	73,023
Reinsurance payable	470,554	824,467
Long-term liabilities	450,313	446,282
Other liabilities in the segment	2,298,455	2,157,872
Liabilities related to assets held for sale	3,057	–
<b>Total liabilities</b>	<b>38,073,879</b>	<b>36,667,722</b>



Life and health reinsurance		Consolidation		Total	
31.3.2020	31.12.2019	31.3.2020	31.12.2019	31.3.2020	31.12.2019
50,976	51,507	–	–	221,740	223,049
39,365	39,205	15,273	15,049	2,198,719	2,194,064
9,333,641	9,247,666	20,440	14,714	37,327,351	38,068,459
–	–	–	–	303,558	29,215
830,759	725,398	–	–	939,805	813,798
426,823	426,191	25,775	27,794	4,808,707	4,741,639
232,214	172,298	342	–	708,424	468,350
407,663	307,237	2,201	3,275	1,379,944	1,090,852
<b>11,321,441</b>	<b>10,969,502</b>	<b>64,031</b>	<b>60,832</b>	<b>47,888,248</b>	<b>47,629,426</b>
8,457,316	8,555,247	–	–	11,237,463	10,948,469
327,439	323,116	–	–	330,006	325,302
<b>20,106,196</b>	<b>19,847,865</b>	<b>64,031</b>	<b>60,832</b>	<b>59,455,717</b>	<b>58,903,197</b>
170,706	181,724	–	–	1,872,716	2,050,114
846,625	852,598	–	–	846,625	852,598
234	1,412	(177)	–	194,670	116,176
6,730	4,866	–	–	7,280	9,355
1,728,020	1,869,791	–	–	3,040,297	2,931,722
1,904,995	1,659,675	(343)	(263)	5,735,719	5,269,792
530,877	452,806	(1,561,706)	(1,264,561)	1,435,220	1,187,142
–	–	–	–	106,409	36,308
<b>25,294,383</b>	<b>24,870,737</b>	<b>(1,498,195)</b>	<b>(1,203,992)</b>	<b>72,694,653</b>	<b>71,356,404</b>
4,667,827	4,631,880	–	–	33,392,024	32,996,231
8,797,693	9,028,000	–	–	8,797,693	9,028,000
333,546	322,891	–	–	5,670,701	4,391,848
319,262	319,862	–	–	677,350	673,221
804,089	778,404	–	–	1,163,424	1,157,815
3,483,050	3,508,034	–	–	3,555,775	3,581,057
918,449	681,213	(236)	–	1,388,767	1,505,680
34,232	37,731	2,978,729	2,977,955	3,463,274	3,461,968
2,578,155	2,314,045	(1,517,948)	(1,265,812)	3,358,662	3,206,105
–	–	–	–	3,057	–
<b>21,936,303</b>	<b>21,622,060</b>	<b>1,460,545</b>	<b>1,712,143</b>	<b>61,470,727</b>	<b>60,001,925</b>

Segment statement of income in EUR thousand	Property and casualty reinsurance	
	1.1.–31.3.2020	1.1.–31.3.2019
Gross written premium	4,986,069	4,394,464
Net premium earned	3,338,019	2,930,210
Net investment income	296,425	235,596
thereof		
Change in fair value of financial instruments	(2,193)	(1,194)
Total depreciation, impairments and appreciation of investments	27,050	17,259
Income/expense on funds withheld and contract deposits	10,355	12,153
Claims and claims expenses	2,341,524	1,940,671
Change in benefit reserve	–	–
Commission and brokerage, change in deferred acquisition costs and other technical income/expenses	945,733	826,466
Administrative expenses	53,946	50,399
Other income and expenses	11,477	(13,863)
<b>Operating profit/loss (EBIT)</b>	<b>304,718</b>	<b>334,407</b>
Financing costs	543	542
<b>Net income before taxes</b>	<b>304,175</b>	<b>333,865</b>
Taxes	89,317	94,625
<b>Net income</b>	<b>214,858</b>	<b>239,240</b>
thereof		
Non-controlling interest in profit or loss	7,577	20,205
<b>Group net income</b>	<b>207,281</b>	<b>219,035</b>

Life and health reinsurance		Consolidation		Total	
1.1.–31.3.2020	1.1.–31.3.2019	1.1.–31.3.2020	1.1.–31.3.2019	1.1.–31.3.2020	1.1.–31.3.2019
1,989,220	1,978,833	–	–	6,975,289	6,373,297
1,752,781	1,680,567	59	–	5,090,859	4,610,777
174,656	162,529	577	779	471,658	398,904
13,837	28,585	–	–	11,644	27,391
1,519	139	–	–	28,569	17,398
75,232	58,470	–	–	85,587	70,623
1,583,430	1,415,634	–	–	3,924,954	3,356,305
(84,789)	(16,740)	–	–	(84,789)	(16,740)
320,882	328,293	–	–	1,266,615	1,154,759
60,414	61,420	134	126	114,494	111,945
76,720	61,838	(2,795)	(1,342)	85,402	46,633
<b>124,220</b>	<b>116,327</b>	<b>(2,293)</b>	<b>(689)</b>	<b>426,645</b>	<b>450,045</b>
378	391	22,540	20,015	23,461	20,948
<b>123,842</b>	<b>115,936</b>	<b>(24,833)</b>	<b>(20,704)</b>	<b>403,184</b>	<b>429,097</b>
13,039	26,431	(8,204)	(6,819)	94,152	114,237
<b>110,803</b>	<b>89,505</b>	<b>(16,629)</b>	<b>(13,885)</b>	<b>309,032</b>	<b>314,860</b>
578	1,002	–	–	8,155	21,207
<b>110,225</b>	<b>88,503</b>	<b>(16,629)</b>	<b>(13,885)</b>	<b>300,877</b>	<b>293,653</b>

## Consolidated cash flow statement as at 31 March 2020

in EUR thousand	1.1.–31.3.2020	1.1.–31.3.2019
<b>I. Cash flow from operating activities</b>		
Net income	309,032	314,860
Appreciation/depreciation	31,843	15,490
Net realised gains and losses on investments	(101,864)	(22,280)
Change in fair value of financial instruments (through profit or loss)	(11,644)	(27,391)
Realised gains and losses on deconsolidation	–	(6,298)
Amortisation of investments	2,940	3,421
Changes in funds withheld	(369,606)	(126,373)
Net changes in contract deposits	(73,665)	(163,633)
Changes in prepaid reinsurance premium (net)	1,260,744	1,150,637
Changes in tax assets/provisions for taxes	(507)	58,390
Changes in benefit reserve (net)	(61,328)	(298,215)
Changes in claims reserves (net)	805,250	407,559
Changes in deferred acquisition costs	(229,746)	(243,600)
Changes in other technical provisions	20,811	16,976
Changes in clearing balances	(552,145)	(436,211)
Changes in other assets and liabilities (net)	(95,190)	65,388
<b>Cash flow from operating activities</b>	<b>934,925</b>	<b>708,720</b>
<b>II. Cash flow from investing activities</b>	<b>(563,518)</b>	<b>(585,008)</b>
<b>III. Cash flow from financing activities</b>	<b>(47,883)</b>	<b>(50,898)</b>
<b>IV. Exchange rate differences on cash</b>	<b>(25,211)</b>	<b>27,053</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,090,852</b>	<b>1,151,509</b>
thereof cash and cash equivalents of the disposal group: 78,594		
<b>Change in cash and cash equivalents (I. + II. + III. + IV.)</b>	<b>298,313</b>	<b>99,867</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,389,165</b>	<b>1,251,376</b>
thereof cash and cash equivalents of the disposal group	9,221	–
<b>Cash and cash equivalents at the end of the period excluding the disposal group</b>	<b>1,379,944</b>	<b>1,251,376</b>
<b>Supplementary information on the cash flow statement <sup>1</sup></b>		
Income taxes paid (on balance)	(63,172)	(59,715)
Dividend receipts <sup>2</sup>	27,439	45,491
Interest received	388,693	388,647
Interest paid	(51,613)	(75,733)

<sup>1</sup> The income taxes paid, dividend receipts as well as interest received and paid are included entirely in the cash flow from operating activities.

<sup>2</sup> Including dividend-like profit participations from investment funds

## Other information

The present document is a quarterly statement pursuant to Section 51a of the Exchange Rules for the Frankfurter Wertpapierbörse (BörsO FWB). It was drawn up according to International Financial Reporting Standards (IFRS) as applicable in the EU, but does not constitute an interim financial report as defined by IAS 34 “Interim Financial Reporting” or a financial statement as defined by IAS 1 “Presentation of Financial Statements”. Estimates are subject to a greater degree of uncertainty in view of the coronavirus pandemic, and increased use was therefore made of scenario calculations.

The accounting policies are essentially the same as those applied in the consolidated annual financial statement as at 31 December 2019. In the 2020 financial year, a number of

amendments to existing standards and interpretations were issued with no significant implications for the consolidated financial statement:

- Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards

Hannover Re is exercising the temporary exemption from applying IFRS 9 “Financial Instruments” that is available to companies whose activities are predominantly connected with insurance.

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