

Quarterly Statement
as at 30 September 2020

Key figures

in EUR million	2020					2019		
	1.1.– 30.6.	1.7.– 30.9.	+/- previous year	1.1.– 30.9.	+/- previous year	1.7.– 30.9.	1.1.– 30.9.	31.12.
Results								
Gross written premium	13,146.1	6,148.8	+7.9%	19,294.9	+10.9%	5,699.5	17,393.5	
Net premium earned	10,378.1	5,393.6	+7.1%	15,771.7	+9.6%	5,035.6	14,391.4	
Net underwriting result ¹	(330.4)	(108.9)	+19.7%	(439.2)		(91.0)	(33.4)	
Net investment income	793.1	391.9	-15.9%	1,185.0	-11.0%	466.3	1,331.9	
Operating profit (EBIT)	503.5	399.3	-11.9%	902.9	-35.3%	453.3	1,395.4	
Group net income	402.4	265.5	-22.1%	667.8	-33.4%	340.7	1,003.2	
Balance sheet								
Policyholders' surplus	13,715.1			13,874.0	+2.1%			13,588.9
Equity attributable to shareholders of Hannover Rück SE	10,687.7			10,822.7	+2.8%			10,528.0
Non-controlling interests	791.6			820.2	-0.8%			826.5
Hybrid capital	2,235.8			2,231.1	-0.1%			2,234.4
Investments (excl. funds withheld by ceding companies)	48,768.1			48,974.7	+2.8%			47,629.4
Total assets	73,307.1			72,794.6	+2.0%			71,356.4
Share								
Earnings per share (basic and diluted) in EUR	3.34	2.20	-22.1%	5.54	-33.4%	2.82	8.32	
Book value per share in EUR	88.62			89.74	+2.8%		88.97	87.30
Share price at the end of the period in EUR	153.40			132.20	-23.3%		155.10	172.30
Market capitalisation at the end of the period	18,499.6			15,942.9	-23.3%		18,704.6	20,778.9
Ratios								
Combined ratio (property and casualty reinsurance) ¹	102.3%	99.6%		101.4%		102.1%	98.6%	
Large losses as percentage of net premium earned (property and casualty reinsurance) ²	10.7%	11.3%		10.9%		12.2%	5.9%	
Retention	90.8%	88.6%		90.1%		90.2%	90.5%	
Return on investment (excl. funds withheld by ceding companies)	2.7%	3.0%		2.8%		3.6%	3.5%	
EBIT margin ³	4.9%	7.4%		5.7%		9.0%	9.7%	
Return on equity (after tax)	7.6%	9.9%		8.3%		13.3%	13.7%	

¹ Including funds withheld

² 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

³ 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.

Quarterly statement as at 30 September 2020

Business development

- Covid-19 pandemic continues to be the dominant issue of 2020
- Group gross premium rises by 12.3% adjusted for exchange rate effects
- Sustained strong growth in property and casualty reinsurance
- Return on investment reaches 2.8%
- Group net income falls to EUR 668 million

The results reported by Hannover Re for the first nine months continue to be influenced by the effects of the Covid-19 pandemic. Nevertheless, the associated underwriting strains for Hannover Re in property and casualty reinsurance were significantly lower in the third quarter than in the two previous quarters and totalled EUR 700 million at the end of September. In life and health reinsurance the losses from the Covid-19 pandemic increased to EUR 160 million at the end of September.

It remains difficult to make forecasts about the further course of the crisis – also with an eye to the possible scenarios for autumn and winter. Notwithstanding this, Hannover Re continues to conduct its business operations without restrictions despite limitations on physical contact.

Gross written premium increased by 10.9% as at 30 September 2020 to EUR 19.3 billion (previous year: EUR 17.4 billion). Growth would have reached 12.3% at constant exchange rates. The retention remained roughly on a par with the previous year at 90.1% (90.5%). Net premium earned recorded an increase of 9.6% to EUR 15.8 billion (EUR 14.4 billion), equivalent to growth of 11.1% adjusted for exchange rate effects. Property and casualty reinsurance was the principal driver of growth.

Investment income fell by 11.0% year-on-year to EUR 1,185.0 million (EUR 1,331.9 million). The annualised return on investment thus reached 2.8%.

The operating profit (EBIT) for the Hannover Re Group contracted by 35.3% to EUR 902.9 million (EUR 1,395.4 million). This development can be attributed to the reduced investment income compared to the previous year's period as well as risk provision set aside for Covid-19 losses. The tax ratio for the Group decreased to 17.1% (20.0%).

Group net income in the first nine months of the year consequently declined by 33.4% to EUR 667.8 million (EUR 1,003.2 million). Earnings per share came in at EUR 5.54 (EUR 8.32).

The shareholders' equity of Hannover Re increased by 2.8% as at 30 September 2020 to EUR 10.8 billion (31 December 2019: EUR 10.5 billion). The book value per share thus totalled EUR 89.74 (31 December 2019: EUR 87.30). The annualised return on equity amounted to 8.3% (31 December 2019: 13.3%).

The capital adequacy ratio at the end of September stood at 222% and was thus comfortably above our internal limit of 180% and our threshold of 200%.

Results of operations, financial position and net assets

Property and casualty reinsurance

- Gross premium up by 15.9% adjusted for exchange rate effects
- Covid-19 reserves strengthened by EUR 100 million in the third quarter to altogether EUR 700 million
- Major loss expenditure climbs to EUR 1.1 billion, primarily due to Covid-19 losses
- Significant rate increases in treaty renewals during the year

The impacts of the far-reaching measures taken to contain the Covid-19 pandemic have been felt particularly acutely in property and casualty reinsurance. This is especially true of the business interruption, trade credit and event cancellation lines of insurance. We further reinforced our reserves in property and casualty reinsurance for Covid-19-related losses by an additional EUR 100 million in the third quarter to the current level of altogether EUR 700 million.

In response to the present challenges, a marked improvement in prices and conditions can be observed across a broad front in both primary insurance and reinsurance. In this context we continue to make the profitability of the underwriting results our highest priority, also bearing in mind the protracted low interest rate environment.

The treaty renewals held during the year in property and casualty reinsurance – especially as at 1 June and 1 July – passed off correspondingly favourably for Hannover Re. It was at this time of the year that parts of the North American portfolio, some natural catastrophe risks and certain reinsurance risks in credit and surety business were renegotiated. The main renewal season also took place for business in Australia and New Zealand. Particularly substantial price increases were booked for programmes or regions that had suffered losses, although pricing improvements were also obtained under loss-free covers.

Gross written premium in the Property&Casualty reinsurance business group consequently surged by an appreciable 14.5% to EUR 13.3 billion (previous year: EUR 11.7 billion). At constant exchange rates growth would have reached 15.9%. Growth impetus derived primarily from North America, Germany and Asia. Net premium earned improved by 13.2% to EUR 10.5 billion (EUR 9.3 billion); growth would have amounted to 14.7% adjusted for exchange rate effects.

Major loss expenditure was sharply higher than in the comparable period on account of the Covid-19 losses. Including strains of EUR 700 million for losses associated with Covid-19, it totalled EUR 1.1 billion (EUR 545.9 million) as at 30 September. Along with the pandemic, the largest losses in the third quarter included a storm that swept across eastern parts of the United States with a net impact of EUR 83.9 million, Hurricane Laura in the US at a cost of EUR 64.4 million and the explosion at the Port of Beirut amounting to EUR 67.4 million. As a general rule, we designate events for which we anticipate gross loss payments of more than EUR 10 million as major losses.

The underwriting result including interest on funds withheld and contract deposits stood at EUR -145.8 million (EUR 125.4 million). In light of the risk provision made for Covid-19-related losses, the combined ratio deteriorated to 101.4% (98.6%). If the loss reserves relating to Covid-19 are factored out and making allowing for major loss expenditure within the envisaged budget, the combined ratio would have amounted to 97.6%.

The income from assets under own management booked for property and casualty reinsurance contracted by 13.1% to EUR 667.1 million (EUR 767.7 million).

The operating profit (EBIT) for the Property&Casualty reinsurance business group fell by 36.0% to EUR 588.5 million (EUR 919.0 million). The contribution made by property and casualty reinsurance to Group net income declined by 34.7% to EUR 418.2 million (EUR 640.1 million).

Key figures for property and casualty reinsurance

in EUR million	2020					2019	
	1.1.–30.6.	1.7.–30.9.	+/- previous year	1.1.–30.9.	+/- previous year	1.7.–30.9.	1.1.–30.9.
Gross written premium	9,174.2	4,173.4	+9.7%	13,347.6	+14.5%	3,805.9	11,653.3
Net premium earned	6,869.1	3,643.0	+9.8%	10,512.0	+13.2%	3,318.5	9,282.3
Underwriting result ¹	(160.7)	14.9	-121.2%	(145.8)	-216.2%	(70.5)	125.4
Net investment income	458.7	249.6	-17.7%	708.3	-11.7%	303.2	801.7
Operating result (EBIT)	290.0	298.5	+13.9%	588.5	-36.0%	262.1	919.0
Group net income	244.7	173.4	-16.9%	418.2	-34.7%	208.7	640.1
Earnings per share in EUR	2.03	1.44	-16.9%	3.47	-34.7%	1.73	5.31
EBIT margin ²	4.2%	8.2%		5.6%		7.9%	9.9%
Combined ratio ¹	102.3%	99.6%		101.4%		102.1%	98.6%
Retention	91.4%	88.0%		90.3%		89.4%	90.8%

¹ Including funds withheld

² Operating result (EBIT)/net premium earned

Life and health reinsurance

- Gross premium grows by 5.0% at constant exchange rates
- Sustained strong demand for tailor-made solutions in financial solutions business
- Losses from the Covid-19 pandemic amounted to EUR 160 million
- Operating result lower than the previous year's period

Life and health reinsurance has also been impacted by the Covid-19 pandemic, although the losses here remained within the bounds of expectations. While the associated strains in the first six months totalled EUR 63 million, the figure had risen to altogether EUR 160 million by the end of September. This amount consists of reported claims in an amount of EUR 91 million and IBNR reserves relating to Covid-19. The bulk of the claims are attributable to illnesses and deaths in the United States, our largest single market.

The crisis has also brought home the fact that in many countries there is still a comparatively large amount of catching up to do as regards appropriate risk protection. With this in mind we are expanding our activities and the services provided to our customers, including in the area of healthcare and wellness, in various markets such as Canada. In addition, we continue to see robust demand at good conditions worldwide – and above all in the United States and China – in the area of financial solutions, where we offer our customers individual reinsurance solutions designed to improve their solvency, liquidity and capital position.

When it comes to solutions for the coverage of longevity risks, demand was especially brisk in the United Kingdom, the Netherlands and Australia. In all our activities – not only in longevity business – digital insurance solutions and

automation are coming to play an increasingly pivotal role, especially when collaborating with start-ups.

The gross premium volume in life and health reinsurance climbed by 3.6% as at 30 September to EUR 5.9 billion (previous year: EUR 5.7 billion). Adjusted for exchange rate effects, growth stood at 5.0%. The main growth drivers here were Australia and Asia, above all China. Net premium earned increased to EUR 5.3 billion (EUR 5.1 billion). At constant exchange rates the increase would have reached 4.4%.

The income generated for life and health reinsurance from assets under own management fell by 15.1% to EUR 351.7 million (EUR 414.0 million). This decrease was attributable chiefly to the fact that the comparable period had benefited from the release to income of hidden reserves in connection with the restructuring of a shareholding. At the same time, a one-off special effect of EUR 55.2 million was booked from the valuation at equity of an individual participation. The underwriting result including interest on funds withheld and contract deposits stood at EUR -293.2 million (EUR -158.6 million).

The operating result (EBIT) dropped by 34.0% to EUR 315.5 million (EUR 477.7 million). The contribution made by life and health reinsurance to Group net income consequently fell by 26.4% to EUR 296.6 million (EUR 402.9 million).

Key figures for life and health reinsurance

in EUR million	2020					2019	
	1.1.–30.6.	1.7.–30.9.	+/- previous year	1.1.–30.9.	+/- previous year	1.7.–30.9.	1.1.–30.9.
Gross written premium	3,971.9	1,975.4	+4.3%	5,947.3	+3.6%	1,893.6	5,740.1
Net premium earned	3,508.9	1,750.5	+1.9%	5,259.4	+2.9%	1,717.1	5,108.9
Investment income	332.9	141.7	-12.7%	474.6	-10.1%	162.3	527.8
Operating result (EBIT)	214.2	101.3	-47.2%	315.5	-34.0%	191.7	477.7
Net income after tax	188.4	108.2	-25.5%	296.6	-26.4%	145.2	402.9
Earnings per share in EUR	1.56	0.90	-25.5%	2.46	-26.4%	1.20	3.34
Retention	89.4%	89.9%		89.5%		91.8%	89.9%
EBIT margin ¹	6.1%	5.8%		6.0%		11.2%	9.4%

¹ Operating result (EBIT)/net premium earned

Investments

- Portfolio of assets under own management grows to EUR 49 billion
- Investment income influenced by effects of Covid-19 pandemic and below the previous year's level
- Return on investment amounts to 2.8%

Interest rates with minimal risk on the fixed-income markets most relevant to our company recorded further sharp declines – starting out from what was already a very low level at the end of the previous year – with the outbreak of the Covid-19 pandemic and have since remained stubbornly low. This was evident both for euro bonds and those denominated in pound sterling, but was most notable on the US dollar market. Credit spreads saw very marked increases at the beginning of the pandemic, although these have since moderated again for the most part. While the level here has yet to return to that seen prior to the crisis, volatility has subsided appreciably.

The picture on equity markets is a similar one. Here, too, initially dramatic slumps gave way to a rapid rebound, with the result that many stock markets have already made good much of their losses. The alternative investments segment similarly came under heavy pressure at times, although this tendency faded somewhat towards the end of the period under review. Valuations in the real estate sector remained relatively stable, but the possibility cannot be excluded that the effects of the pandemic will not make themselves felt here until the upcoming reporting periods.

Our portfolio of assets under own management grew to EUR 49.0 billion as at 30 September (31 December 2019: EUR 47.6 billion). The still somewhat wider credit spreads

compared to the end of the previous year were more than offset by lower interest rates. On balance, therefore, the unrealised gains on our fixed-income securities as at 30 September 2020 increased to EUR 2,430.1 million (31 December 2019: EUR 1,589.1 million).

We had already changed the allocation of our investments to the individual classes of securities in the first half-year inasmuch as – even before the market distortions resulting from the Covid-19 pandemic – we had begun to scale back somewhat the proportion of bonds attributable to our US SME portfolio and to invest in US municipal bonds. Following the price corrections on equity markets we additionally built up a manageable equity allocation of roughly half a percent in the first quarter. Furthermore, we slightly scaled back our real estate allocation through the sale of two objects and the acquisition of a new property. No other active changes were made.

Totalling EUR 919.4 million (EUR 1,039.3 million) as at 30 September, the ordinary investment income excluding interest on funds withheld and contract deposits was appreciably below the level of the previous year's period but still within the bounds of our expectations. In the income booked from fixed-income securities this primarily reflects sharply lower inflation expectations, giving rise to reduced amounts of amortisation in our portfolio of inflation-linked bonds. This was only partially offset by the higher coupon

income overall. The defensive reinvestment approach adopted since March of this year has an effect here to some extent. Earnings from private equity were also softer than in the comparable period. The income generated from investments in the real estate sector was similarly not spared from the impacts of the pandemic and came in lower.

When it comes to reinvesting or making new investments, we focus on top-rated fixed-income securities in each currency area, thereby enabling us to further boost the proportion of highly liquid holdings in our portfolio. We left the modified duration of our portfolio of fixed-income securities virtually unchanged relative to the end of the previous year at 5.7 (5.7).

The income recognised from measurement at equity increased to EUR 65.0 million (EUR 11.6 million) due to a special effect relating to an individual participation. Interest on funds withheld and contract deposits rose to EUR 164.1 million (EUR 147.7 million).

Impairments of altogether EUR 101.6 million (EUR 53.1 million) were recognised. Of this, EUR 50.3 million (EUR 18.0 million) was attributable to alternative investments. This is a reflection, first and foremost, of the economic upheavals already experienced and still anticipated by companies in the private equity sector and by issuers of high-yield bonds in the context of the Covid-19 pandemic – although the turmoil was subsiding towards the end of the reporting period. Overall, the sectors particularly hard hit by the pandemic do not play a significant role in our investment portfolio. Impairments of EUR 11.8 million (EUR 0.1 million) were taken on other fixed-income securities as well as EUR 11.8 million (EUR 1.6 million) on real estate funds. Depreciation recognised on directly held real estate was stable at EUR 27.3 million (EUR 26.3 million). The impairments were not opposed by any write-ups.

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 performance of this derivative in the period under review gave rise to unrealised losses of EUR 8.7 million recognised in income. These contrasted with a gain of EUR 6.0 million in 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 41.4 million. Unrealised gains of EUR 76.5 million were recognised in the previous year's period.

The investment income of EUR 1,185.0 million (EUR 1,331.9 million) was lower than in the comparable period. Income from assets under own management accounted for EUR 1,020.9 million (EUR 1,184.2 million), producing an annualised average return of 2.8%.

Net investment income

in EUR million	2020					2019	
	1.1.–30.6.	1.7.–30.9.	+/- previous year	1.1.–30.9.	+/- previous year	1.7.–30.9.	1.1.–30.9.
Ordinary investment income ¹	607.7	311.7	-9.6%	919.4	-11.5%	344.8	1,039.3
Result from participations in associated companies	6.4	58.6		65.0		4.0	11.6
Realised gains/losses	139.8	52.2	-27.8%	192.1	-3.9%	72.4	199.8
Appreciation ²	85.1	16.5	+41.9%	101.6	+91.3%	11.6	53.1
Change in fair value of financial instruments ³	50.6	(9.2)	-128.1%	41.4	-45.8%	32.8	76.5
Investment expenses	62.7	32.8	+9.1%	95.4	+6.1%	30.0	90.0
Net investment income from assets under own management	656.8	364.1	-11.7%	1,020.9	-13.8%	412.4	1,184.2
Net investment income from funds withheld	136.3	27.8	-48.4%	164.1	+11.0%	53.9	147.7
Total investment income	793.1	391.9	-15.9%	1,185.0	-11.0%	466.3	1,331.9

¹ Excluding expenses on funds withheld and contract deposits

² Including depreciation/impairments on real estate

³ Portfolio at fair value through profit or loss and trading

Rating structure of our fixed-income securities¹

Rating classes	Government bonds		Securities issued by semi-governmental entities ²		Corporate bonds		Covered bonds/asset- backed securities	
	in %	in EUR million	in %	in EUR million	in %	in EUR million	in %	in EUR million
AAA	73.7	12,939.6	61.4	4,571.1	0.9	118.1	60.2	1,825.9
AA	11.9	2,099.8	21.8	1,626.7	12.6	1,719.7	19.2	582.2
A	8.9	1,564.7	6.6	488.6	31.9	4,369.1	12.6	381.7
BBB	3.7	656.5	1.3	99.5	43.6	5,977.5	6.7	203.4
<BBB	1.8	312.6	8.9	664.7	11.0	1,505.3	1.3	40.0
Total	100.0	17,573.2	100.0	7,450.5	100.0	13,689.6	100.0	3,033.1

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

² Including government-guaranteed corporate bonds

Outlook

- Group net income of more than EUR 800 million expected for 2020
- Interest rate situation and Covid-19 necessitate further price increases in property and casualty reinsurance
- Favourable prospects for treaty renewals in property and casualty reinsurance
- Group net income in the range of EUR 1.15 billion to EUR 1.25 billion targeted for 2021

The impacts of the Covid-19 pandemic on insurance and capital markets continue to be the dominant issue. This is underscored by the rising case numbers around the world and the reimposition of stricter measures to contain chains of infection. As long as it is also too early to foresee the availability of therapeutics or vaccines, an element of uncertainty therefore remains around the loss experience going forward.

Nevertheless, taking into account the general major loss situation and the provision made for Covid-19-related losses in the first nine months of 2020, we are now in a position to provide guidance for the 2020 year-end result. As things currently stand, Hannover Re anticipates Group net income of more than EUR 800 million for the full financial year. The return on investment should be around 2.7% and gross written premium for the Group is expected to show high single-digit percentage growth at constant exchange rates.

As usual, all statements are subject to the premise that major loss expenditure over the rest of the year remains within the budgeted level and that there are no unforeseen distortions on capital markets.

For the first time in years, the current crisis has prompted a significant improvement in rates and conditions across a broad front on the (re)insurance markets. Bearing in mind the losses incurred in prior years and the need to more vigorously offset interest-rate-induced declines in the investment income, further price increases are absolutely essential. As an additional factor, the renewals during the year showed that demand for high-quality reinsurance protection has risen sharply – a trend which benefits Hannover Re as a robustly capitalised provider. For the renewals as at 1 January 2021 we therefore expect correspondingly higher prices and further growth in premium income.

The capital adequacy ratio should remain above our limit of 180% and our threshold of 200% at the end of the year.

Regarding the dividend for the 2020 financial year, Hannover Re anticipates an ordinary dividend on the previous year's level of EUR 4.00 per share. Payment of a special dividend is dependent on the business opportunities emerging in the short-term and corresponding capital requirements, especially those arising out of the expected improvements in rates and conditions in the property and casualty reinsurance renewals as at 1 January 2021.

Outlook for 2021

For the 2021 financial year Hannover Re anticipates Group net income in the range of EUR 1.15 billion to EUR 1.25 billion. In addition, we expect a return on investment of roughly 2.4% and growth of around 5% in Group gross premium adjusted for exchange rate effects.

We are raising our net major loss budget for the 2021 financial year to EUR 1.1 billion (EUR 975 million). The increase in the budget is motivated primarily by the further growth of our underlying business.

Our dividend policy remains unchanged. Hannover Re envisages a payout ratio for the ordinary dividend in the range of 35% to 45% of its IFRS Group net income. The ordinary dividend will be supplemented by payment of a special dividend subject to a comfortable level of capitalisation and Group net income in line with expectations.

Consolidated balance sheet as at 30 September 2020

Assets

in EUR thousand	30.9.2020	31.12.2019
Fixed-income securities – held to maturity	206,283	223,049
Fixed-income securities – loans and receivables	2,561,255	2,194,064
Fixed-income securities – available for sale	38,535,622	38,068,459
Fixed-income securities – at fair value through profit or loss	443,308	578,779
Equity securities – available for sale	356,753	29,215
Other financial assets – at fair value through profit or loss	233,650	235,019
Investment property	1,633,406	1,749,517
Real estate funds	585,429	534,739
Investments in associated companies	338,242	245,478
Other invested assets	2,297,795	2,211,905
Short-term investments	438,581	468,350
Cash and cash equivalents	1,344,370	1,090,852
Total investments and cash under own management	48,974,694	47,629,426
Funds withheld	10,726,730	10,948,469
Contract deposits	299,698	325,302
Total investments	60,001,122	58,903,197
Reinsurance recoverables on unpaid claims	1,797,498	2,050,114
Reinsurance recoverables on benefit reserve	200,530	852,598
Prepaid reinsurance premium	268,059	116,176
Reinsurance recoverables on other technical reserves	699	9,355
Deferred acquisition costs	2,991,285	2,931,722
Accounts receivable	6,148,594	5,269,792
Goodwill	83,890	88,303
Deferred tax assets	515,911	442,469
Other assets	768,628	640,956
Accrued interest and rent	18,429	15,414
Assets held for sale	–	36,308
Total assets	72,794,645	71,356,404

Liabilities

in EUR thousand	30.9.2020	31.12.2019
Loss and loss adjustment expense reserve	33,954,367	32,996,231
Benefit reserve	7,660,805	9,028,000
Unearned premium reserve	5,901,881	4,391,848
Other technical provisions	692,628	673,221
Funds withheld	616,997	1,157,815
Contract deposits	3,360,914	3,581,057
Reinsurance payable	2,078,003	1,505,680
Provisions for pensions	208,871	201,952
Taxes	111,123	191,706
Deferred tax liabilities	2,529,761	2,189,372
Other liabilities	598,878	623,075
Financing liabilities	3,437,484	3,461,968
Total liabilities	61,151,712	60,001,925
Shareholders' equity		
Common shares	120,597	120,597
Nominal value: 120,597		
Conditional capital: 60,299		
Additional paid-in capital	724,562	724,562
Common shares and additional paid-in capital	845,159	845,159
Cumulative other comprehensive income		
Unrealised gains and losses on investments	2,010,352	1,287,907
Cumulative foreign currency translation adjustment	(37,639)	385,153
Changes from hedging instruments	(6,100)	(1,276)
Other changes in cumulative other comprehensive income	(70,754)	(66,077)
Total other comprehensive income	1,895,859	1,605,707
Retained earnings	8,081,702	8,077,123
Equity attributable to shareholders of Hannover Rück SE	10,822,720	10,527,989
Non-controlling interests	820,213	826,490
Total shareholders' equity	11,642,933	11,354,479
Total liabilities and shareholders' equity	72,794,645	71,356,404

Consolidated statement of income as at 30 September 2020

in EUR thousand	1.7. – 30.9.2020	1.1. – 30.9.2020	1.7. – 30.9.2019	1.1. – 30.9.2019
Gross written premium	6,148,779	19,294,915	5,699,483	17,393,467
Ceded written premium	700,118	1,913,861	557,303	1,652,484
Change in gross unearned premium	(140,751)	(1,769,454)	(152,496)	(1,452,586)
Change in ceded unearned premium	85,661	160,055	45,931	102,973
Net premium earned	5,393,571	15,771,655	5,035,615	14,391,370
Ordinary investment income	311,748	919,409	344,821	1,039,313
Profit/loss from investments in associated companies	58,580	65,011	4,045	11,552
Realised gains and losses on investments	52,248	192,073	72,378	199,847
Change in fair value of financial instruments	(9,199)	41,449	32,786	76,531
Total depreciation, impairments and appreciation of investments	16,471	101,572	11,605	53,099
Other investment expenses	32,787	95,446	30,045	89,972
Net income from investments under own management	364,119	1,020,924	412,380	1,184,172
Income/expense on funds withheld and contract deposits	27,782	164,060	53,890	147,736
Net investment income	391,901	1,184,984	466,270	1,331,908
Other technical income	–	–	113	334
Total revenues	5,785,472	16,956,639	5,501,998	15,723,612
Claims and claims expenses	4,190,882	12,389,179	3,828,041	10,681,832
Change in benefit reserves	(23,117)	(168,599)	(52,349)	3,470
Commission and brokerage, change in deferred acquisition costs	1,256,928	3,803,522	1,291,269	3,530,940
Other acquisition costs	962	3,338	842	2,904
Administrative expenses	104,575	347,519	112,785	353,736
Total technical expenses	5,530,230	16,374,959	5,180,588	14,572,882
Other income	213,648	613,628	221,180	518,161
Other expenses	69,548	292,457	89,338	273,507
Other income and expenses	144,100	321,171	131,842	244,654
Operating profit (EBIT)	399,342	902,851	453,252	1,395,384
Financing costs	24,449	71,553	21,265	63,628
Net income before taxes	374,893	831,298	431,987	1,331,756
Taxes	90,327	141,791	59,436	265,742
Net income	284,566	689,507	372,551	1,066,014
thereof				
Non-controlling interest in profit and loss	19,106	21,695	31,873	62,831
Group net income	265,460	667,812	340,678	1,003,183
Earnings per share (in EUR)				
Basic earnings per share	2.20	5.54	2.82	8.32
Diluted earnings per share	2.20	5.54	2.82	8.32

Consolidated statement of comprehensive income as at 30 September 2020

in EUR thousand	1.7.– 30.9.2020	1.1.– 30.9.2020	1.7.– 30.9.2019	1.1.– 30.9.2019
Net income	284,566	689,507	372,551	1,066,014
Not reclassifiable to the consolidated statement of income				
Actuarial gains and losses				
Gains (losses) recognised directly in equity	(12,166)	(7,782)	(12,067)	(34,647)
Tax income (expense)	3,971	2,553	3,936	11,304
	(8,195)	(5,229)	(8,131)	(23,343)
Changes from the measurement of associated companies				
Gains (losses) recognised directly in equity	(61)	(39)	(71)	(197)
	(61)	(39)	(71)	(197)
Income and expense recognised directly in equity that cannot be reclassified				
Gains (losses) recognised directly in equity	(12,227)	(7,821)	(12,138)	(34,844)
Tax income (expense)	3,971	2,553	3,936	11,304
	(8,256)	(5,268)	(8,202)	(23,540)
Reclassifiable to the consolidated statement of income				
Unrealised gains and losses on investments				
Gains (losses) recognised directly in equity	319,860	1,048,515	558,713	1,861,776
Transferred to the consolidated statement of income	(38,544)	(104,596)	(15,110)	(94,849)
Tax income (expense)	(69,875)	(196,096)	(117,059)	(437,288)
	211,441	747,823	426,544	1,329,639
Currency translation				
Gains (losses) recognised directly in equity	(350,957)	(480,423)	284,789	349,736
Transferred to the consolidated statement of income	–	–	352	4,997
Tax income (expense)	31,942	51,955	(25,238)	(32,005)
	(319,015)	(428,468)	259,903	322,728
Changes from the measurement of associated companies				
Gains (losses) recognised directly in equity	(2,151)	(2,117)	845	2,705
Transferred to the consolidated statement of income	–	–	157	157
	(2,151)	(2,117)	1,002	2,862
Changes from hedging instruments				
Gains (losses) recognised directly in equity	(3,620)	(7,787)	(566)	5,080
Tax income (expense)	948	2,879	728	(1,574)
	(2,672)	(4,908)	162	3,506
Reclassifiable income and expense recognised directly in equity				
Gains (losses) recognised directly in equity	(36,868)	558,188	843,781	2,219,297
Transferred to the consolidated statement of income	(38,544)	(104,596)	(14,601)	(89,695)
Tax income (expense)	(36,985)	(141,262)	(141,569)	(470,867)
	(112,397)	312,330	687,611	1,658,735
Total income and expense recognised directly in equity				
Gains (losses) recognised directly in equity	(49,095)	550,367	831,643	2,184,453
Transferred to the consolidated statement of income	(38,544)	(104,596)	(14,601)	(89,695)
Tax income (expense)	(33,014)	(138,709)	(137,633)	(459,563)
	(120,653)	307,062	679,409	1,635,195
Total recognised income and expense	163,913	996,569	1,051,960	2,701,209
thereof				
Attributable to non-controlling interests	28,898	38,605	54,896	116,943
Attributable to shareholders of Hannover Rück SE	135,015	957,964	997,064	2,584,266

Group segment report as at 30 September 2020

Segmentation of assets	Property and casualty reinsurance	
in EUR thousand	30.9.2020	31.12.2019
Assets		
Fixed-income securities – held to maturity	160,595	171,542
Fixed-income securities – loans and receivables	2,247,012	2,139,810
Fixed-income securities – available for sale	29,012,478	28,806,079
Equity securities – available for sale	356,753	29,215
Financial assets at fair value through profit or loss	106,832	88,400
Other invested assets	4,328,380	4,287,654
Short-term investments	229,704	296,052
Cash and cash equivalents	1,028,985	780,340
Total investments and cash under own management	37,470,739	36,599,092
Funds withheld	2,822,302	2,393,222
Contract deposits	3,264	2,186
Total investments	40,296,305	38,994,500
Reinsurance recoverables on unpaid claims	1,644,380	1,868,390
Reinsurance recoverables on benefit reserve	–	–
Prepaid reinsurance premium	267,983	114,764
Reinsurance recoverables on other reserves	561	4,489
Deferred acquisition costs	1,317,261	1,061,931
Accounts receivable	4,464,085	3,610,380
Other assets in the segment	2,379,515	1,998,897
Assets held for sale	–	36,308
Total assets	50,370,090	47,689,659

Segmentation of liabilities

in EUR thousand		
Liabilities		
Loss and loss adjustment expense reserve	29,093,262	28,364,351
Benefit reserve	–	–
Unearned premium reserve	5,531,612	4,068,957
Provisions for contingent commissions	367,455	353,359
Funds withheld	367,790	379,411
Contract deposits	80,611	73,023
Reinsurance payable	1,044,599	824,467
Long-term liabilities	428,568	446,282
Other liabilities in the segment	2,295,412	2,157,872
Total liabilities	39,209,309	36,667,722

Life and health reinsurance		Consolidation		Total	
30.9.2020	31.12.2019	30.9.2020	31.12.2019	30.9.2020	31.12.2019
45,688	51,507	–	–	206,283	223,049
298,520	39,205	15,723	15,049	2,561,255	2,194,064
9,505,274	9,247,666	17,870	14,714	38,535,622	38,068,459
–	–	–	–	356,753	29,215
570,126	725,398	–	–	676,958	813,798
502,592	426,191	23,900	27,794	4,854,872	4,741,639
208,700	172,298	177	–	438,581	468,350
313,236	307,237	2,149	3,275	1,344,370	1,090,852
11,444,136	10,969,502	59,819	60,832	48,974,694	47,629,426
7,904,428	8,555,247	–	–	10,726,730	10,948,469
296,434	323,116	–	–	299,698	325,302
19,644,998	19,847,865	59,819	60,832	60,001,122	58,903,197
153,118	181,724	–	–	1,797,498	2,050,114
200,530	852,598	–	–	200,530	852,598
131	1,412	(55)	–	268,059	116,176
138	4,866	–	–	699	9,355
1,674,024	1,869,791	–	–	2,991,285	2,931,722
1,684,727	1,659,675	(218)	(263)	6,148,594	5,269,792
661,674	452,806	(1,654,331)	(1,264,561)	1,386,858	1,187,142
–	–	–	–	–	36,308
24,019,340	24,870,737	(1,594,785)	(1,203,992)	72,794,645	71,356,404
4,861,105	4,631,880	–	–	33,954,367	32,996,231
7,660,805	9,028,000	–	–	7,660,805	9,028,000
370,269	322,891	–	–	5,901,881	4,391,848
325,173	319,862	–	–	692,628	673,221
249,207	778,404	–	–	616,997	1,157,815
3,280,303	3,508,034	–	–	3,360,914	3,581,057
1,033,625	681,213	(221)	–	2,078,003	1,505,680
33,690	37,731	2,975,226	2,977,955	3,437,484	3,461,968
2,816,217	2,314,045	(1,662,996)	(1,265,812)	3,448,633	3,206,105
20,630,394	21,622,060	1,312,009	1,712,143	61,151,712	60,001,925

Segment statement of income in EUR thousand	Property and casualty reinsurance	
	1.1.–30.9.2020	1.1.–30.9.2019
Gross written premium	13,347,606	11,653,328
Net premium earned	10,512,041	9,282,298
Net investment income	708,252	801,682
thereof		
Change in fair value of financial instruments	1,095	(2,963)
Total depreciation, impairments and appreciation of investments	99,761	46,050
Income/expense on funds withheld and contract deposits	41,111	33,942
Claims and claims expenses	7,658,185	6,429,216
Change in benefit reserve	–	–
Commission and brokerage, change in deferred acquisition costs and other technical income/expenses	2,881,802	2,597,859
Administrative expenses	158,947	163,719
Other income and expenses	67,161	25,805
Operating profit/loss (EBIT)	588,520	918,991
Financing costs	1,576	1,644
Net income before taxes	586,944	917,347
Taxes	148,079	216,317
Net income	438,865	701,030
thereof		
Non-controlling interest in profit or loss	20,687	60,963
Group net income	418,178	640,067

Life and health reinsurance		Consolidation		Total	
1.1.–30.9.2020	1.1.–30.9.2019	1.1.–30.9.2020	1.1.–30.9.2019	1.1.–30.9.2020	1.1.–30.9.2019
5,947,309	5,740,139	–	–	19,294,915	17,393,467
5,259,442	5,108,946	172	126	15,771,655	14,391,370
474,614	527,790	2,118	2,436	1,184,984	1,331,908
40,354	79,494	–	–	41,449	76,531
1,811	7,049	–	–	101,572	53,099
122,949	113,794	–	–	164,060	147,736
4,730,994	4,252,616	–	–	12,389,179	10,681,832
(168,599)	3,470	–	–	(168,599)	3,470
925,058	935,651	–	–	3,806,860	3,533,510
188,178	189,633	394	384	347,519	353,736
257,031	222,324	(3,021)	(3,475)	321,171	244,654
315,456	477,690	(1,125)	(1,297)	902,851	1,395,384
1,097	1,168	68,880	60,816	71,553	63,628
314,359	476,522	(70,005)	(62,113)	831,298	1,331,756
16,765	71,796	(23,053)	(22,371)	141,791	265,742
297,594	404,726	(46,952)	(39,742)	689,507	1,066,014
1,008	1,868	–	–	21,695	62,831
296,586	402,858	(46,952)	(39,742)	667,812	1,003,183

Consolidated cash flow statement as at 30 September 2020

in EUR thousand	1.1. – 30.9.2020	1.1. – 30.9.2019
I. Cash flow from operating activities		
Net income	689,507	1,066,014
Appreciation/depreciation	116,437	66,885
Net realised gains and losses on investments	(192,073)	(199,847)
Change in fair value of financial instruments (through profit or loss)	(41,449)	(76,531)
Realised gains and losses on deconsolidation	–	(56,466)
Amortisation of investments	67,312	1,358
Changes in funds withheld	(780,265)	(270,218)
Net changes in contract deposits	(99,130)	(117,067)
Changes in prepaid reinsurance premium (net)	1,609,399	1,349,560
Changes in tax assets/provisions for taxes	(73,016)	42,553
Changes in benefit reserve (net)	318,596	(312,616)
Changes in claims reserves (net)	2,414,399	1,961,820
Changes in deferred acquisition costs	(204,436)	(261,674)
Changes in other technical provisions	60,746	43,415
Changes in clearing balances	(526,582)	(753,345)
Changes in other assets and liabilities (net)	(132,616)	13,456
Cash flow from operating activities	2,589,637	2,470,385
II. Cash flow from investing activities	(1,555,183)	(1,566,477)
III. Cash flow from financing activities	(725,819)	(665,883)
IV. Exchange rate differences on cash	(55,117)	31,645
Cash and cash equivalents at the beginning of the period	1,090,852	1,151,509
thereof cash and cash equivalents of the disposal group: 78,594		
Change in cash and cash equivalents (I. + II. + III. + IV.)	253,518	269,670
Cash and cash equivalents at the end of the period	1,344,370	1,421,179
Supplementary information on the cash flow statement¹		
Income taxes paid (on balance)	(202,013)	(201,226)
Dividend receipts ²	101,217	159,460
Interest received	1,160,044	1,140,627
Interest paid	(225,304)	(226,328)

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

² 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 the International Financial Reporting Standards (IFRS) that are to be applied within the European Union, 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”. In view of the Covid-19 pandemic, estimates are subject to a higher degree of uncertainty and greater use was therefore made of scenario calculations.

The accounting policies are essentially the same as those applied in the consolidated 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:

- Annual Improvements to IFRS Standards 2015–2017 Cycle
- 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.

Contact information

Corporate Communications

Karl Steinle

Tel. + 49 511 5604-1500

Fax + 49 511 5604-1648

karl.steinle@hannover-re.com

Media Relations

Oliver Süß

Tel. + 49 511 5604-1502

Fax + 49 511 5604-1648

oliver.suess@hannover-re.com

Investor Relations

Axel Bock

Tel. + 49 511 5604-1736

Fax + 49 511 5604-1648

axel.bock@hannover-re.com

Published by

Hannover Rück SE

Karl-Wiechert-Allee 50

30625 Hannover, Germany

Tel. +49 511 5604-0

Fax +49 511 5604-1188

