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Insights into Life & Health reinsurance

Earnings growth drivers for the coming years

Claude Chèvre, Member of the Executive Board
23rd International Investors' Day 2020
Hannover, 21 October 2020

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Agenda

- 1 Strategy and past performance
 - 2 Earnings growth drivers
 - 3 Expected COVID impact
 - 4 Key take-aways
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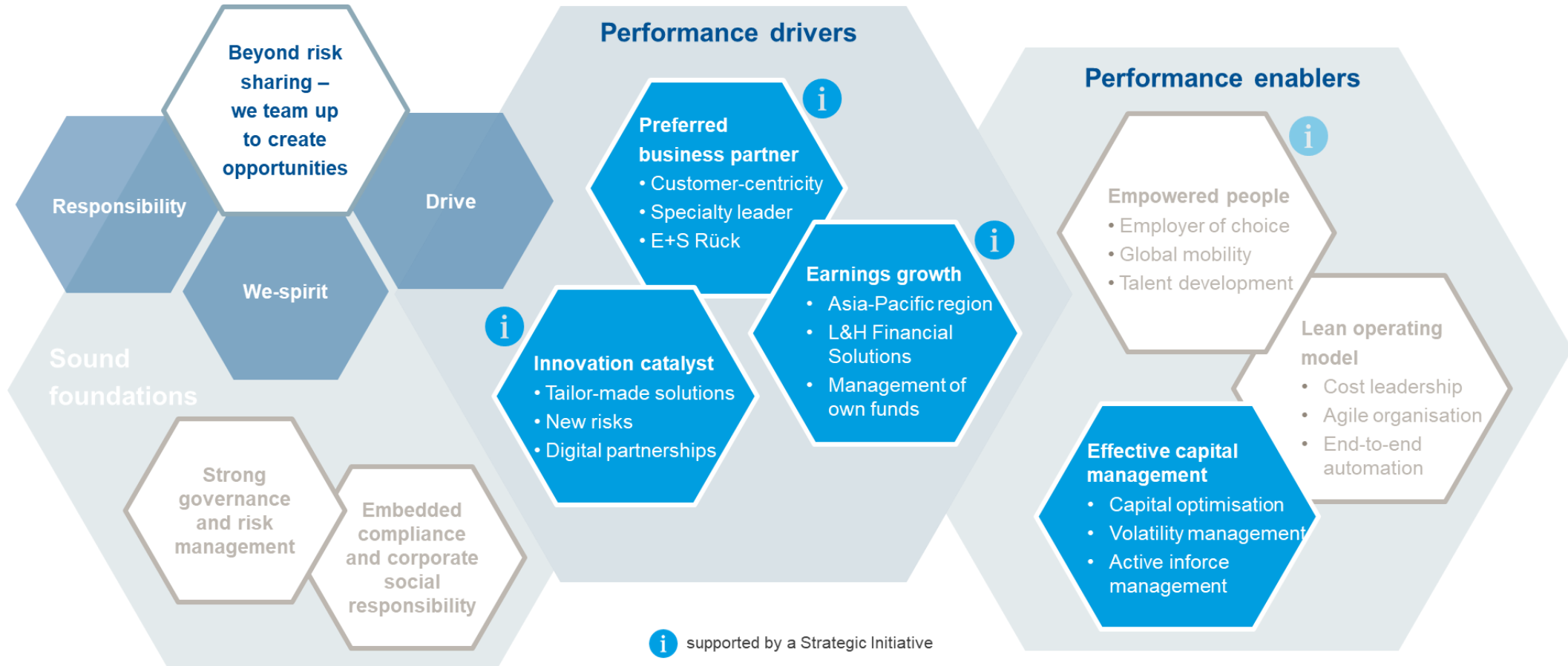
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1

Strategy and past performance

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1 Support our clients in optimising consumer experience and risk segmentation

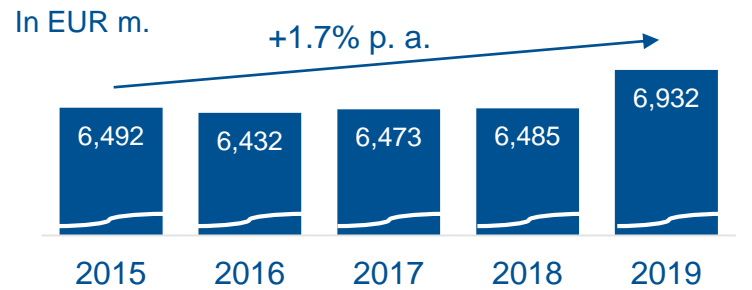
2 Provide our clients with tailored risk-transfer solutions beyond our core expertise

3 Outperform the competition in the fastest growing L&H markets

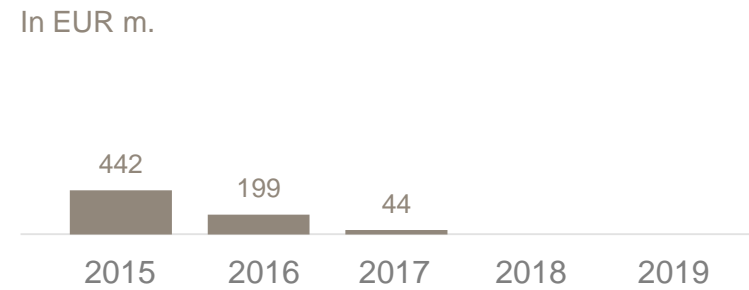
4 Identify and actively manage value-destroying risks in our portfolio

Life & Health: NPE (net premium earned)

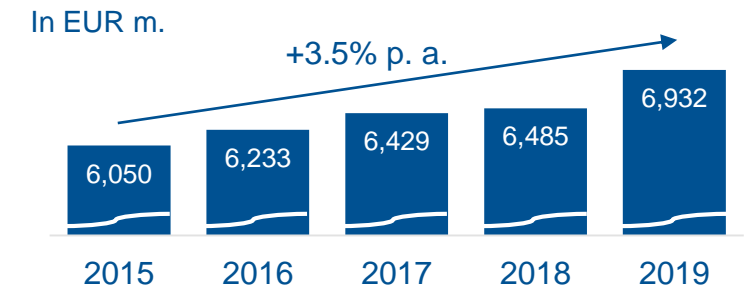
NPE



NPE special effects

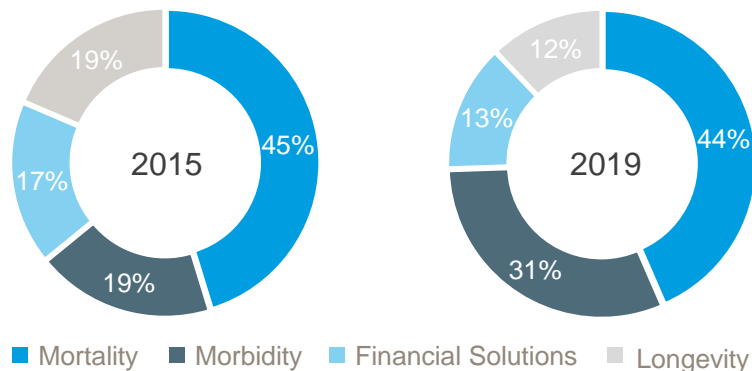


Normalised NPE



NPE split per reporting category

In %

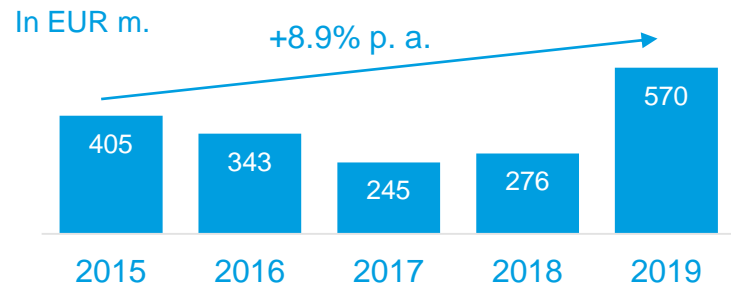


- Switch from single to annual premium payment for large longevity block (2015)
- Large single premium longevity block closed for new business (2015 - 2016)
- Impact of new C-ROSS solvency regime in China (2015 - 2017)

- Normalised NPE growth (2015 - 2019): EUR +882 m.

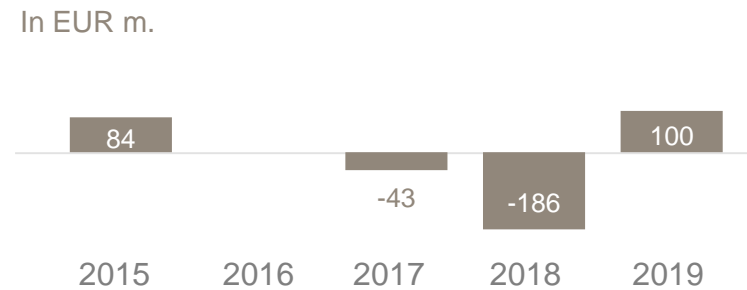
Life & Health: EBIT

EBIT



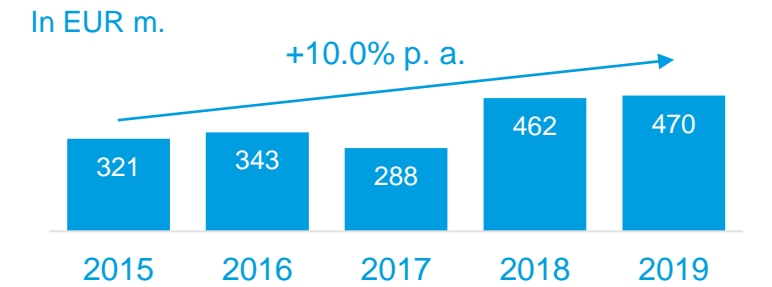
- Strong EBIT growth over period 2015 - 2019
- EBIT volatility due to one-off effects

EBIT one-off effects



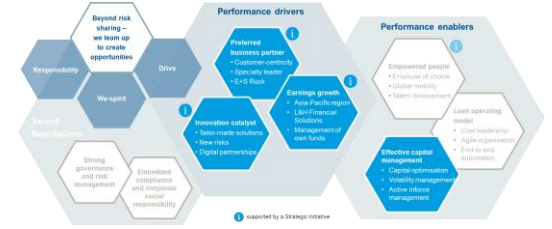
- Recapture of two FinSol treaties (2015)
- Recaptures after premium increases for former ING Re portfolio (2017 - 2018)
- Revaluation of Viridium investment (2019)

Normalised EBIT



- Absolute amount of one-off effects (positive & negative): EUR 413 m.
- Normalised EBIT growth (2015 – 2019): EUR +149 m.

Life & Health: Strategy



1

Support our clients in optimising consumer experience and risk segmentation

- Deepen data analytics expertise in combination with artificial intelligence
- Widen data analytics service offering, including third-party data
- Expand partnerships: consumer experience & digitalisation of sales channels
- Enhance lifestyle & wellness product propositions

2

Provide our clients with tailored risk-transfer solutions beyond our core expertise

- Select appropriate partners to address investment, biometric & expense risk

3

Outperform the competition in the fastest growing L&H markets

- Expand our offering in Asia, Longevity and Financial Solutions

4

Identify and actively manage value-destroying risks in our portfolio

- Expand inforce management capabilities and activities
- Derive appropriate pricing from lessons learned for new business

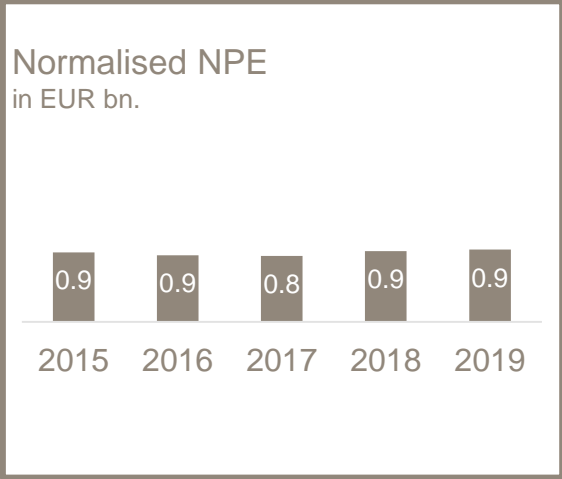
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Earnings growth drivers

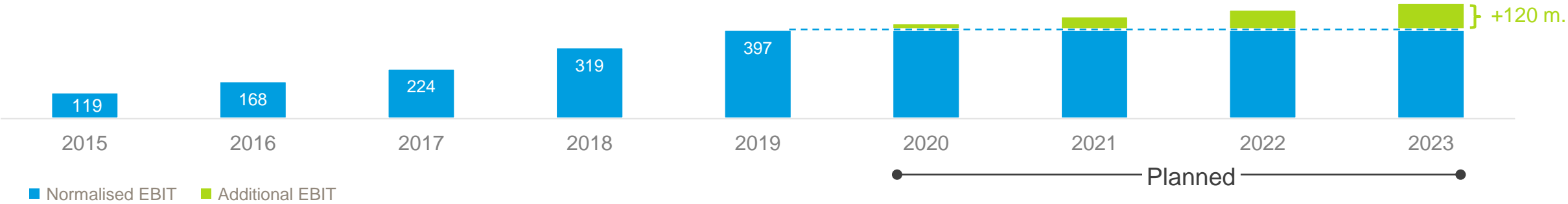
Earnings growth drivers

Financial Solutions



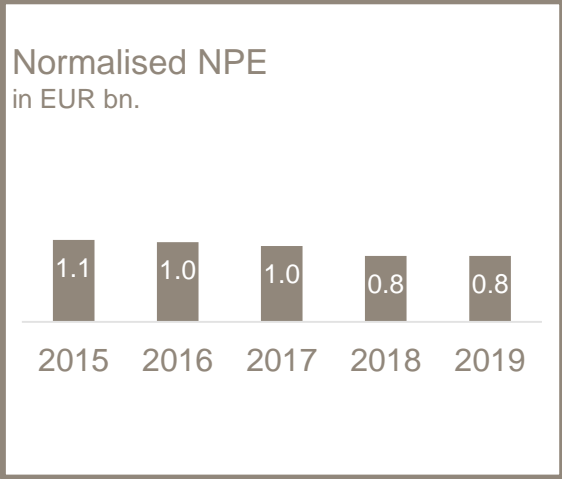
- Providing Financial Solutions to our clients has been one of our most successful growth areas
- Bottom line growth has been very strong with the US as a significant contributor
- Premium has been flat. However, this is not a relevant indicator since many deals do not show any IFRS premium
- For the future, we still see a lot of opportunities in the US and also expect to further grow in other markets
- **Expected additional EBIT by 2023: EUR 120 m.**

Normalised EBIT in EUR m.



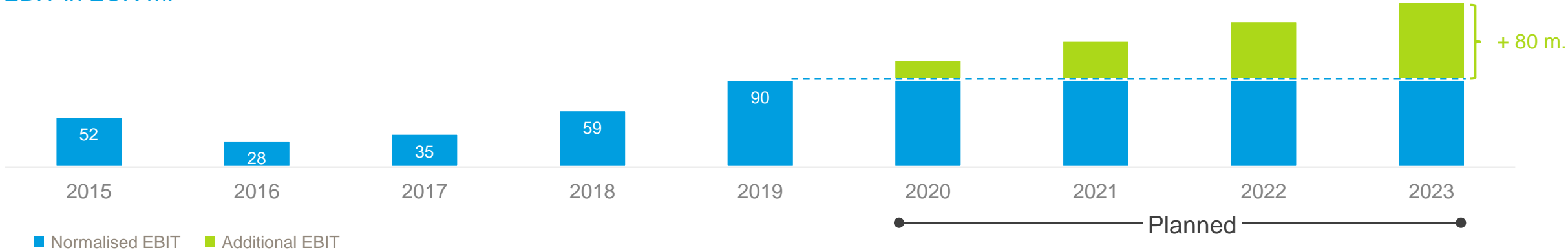
Earnings growth drivers

Longevity



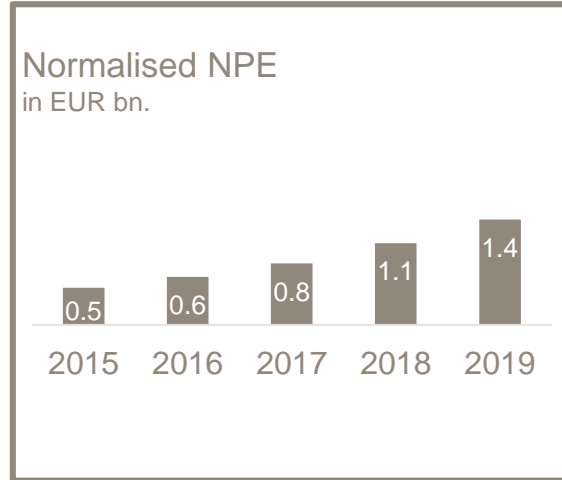
- Hannover Re has been very successful in longevity markets over many years
- In the last years, we have seen strong bottom line growth with slight consolidation on the premium side
- We expect strong growth both in new regions and in new solutions
- **Expected additional EBIT by 2023: EUR 80 m.**

EBIT in EUR m.



Earnings growth drivers

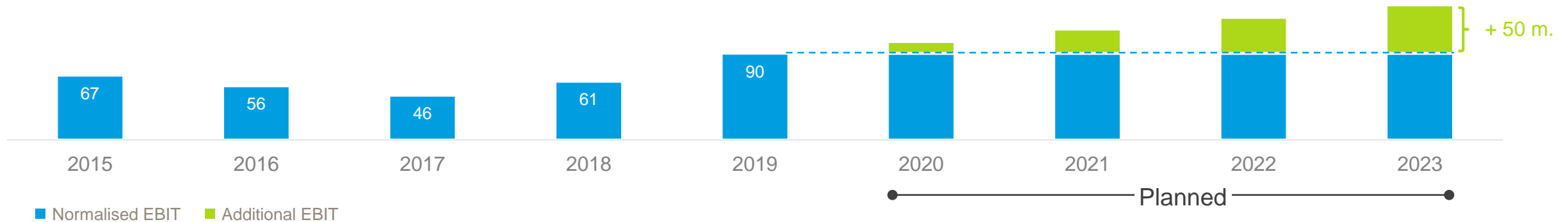
Asia



- Hannover Re has seen strong top and bottom line growth in Asia
- We expect above-average growth potential for Asia

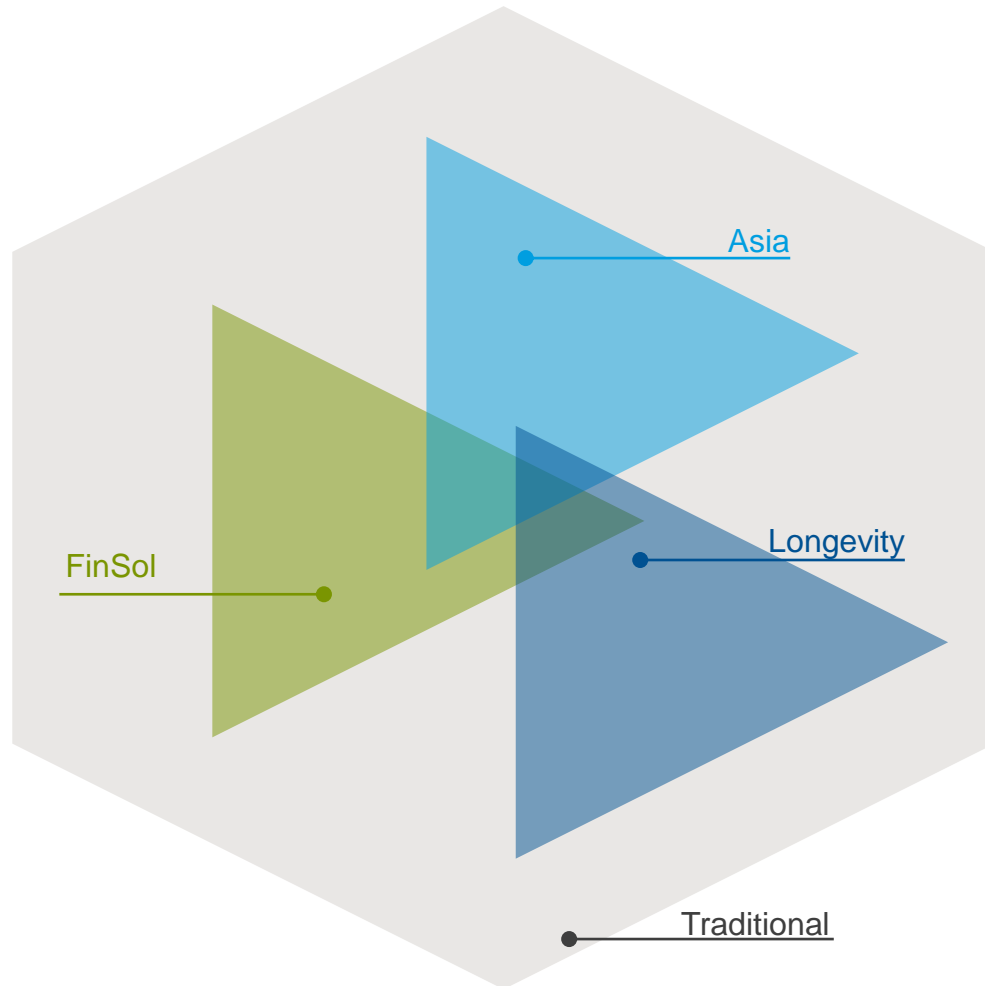
- Expected additional EBIT by 2023: EUR 50 m.

EBIT in EUR m.



Earnings growth drivers

Illustrated



Life & Health earnings growth drivers

- Our most relevant earnings growth drivers for the coming years will be Financial Solutions, Asia and Longevity
- These drivers are interrelated and there is naturally some degree of overlap

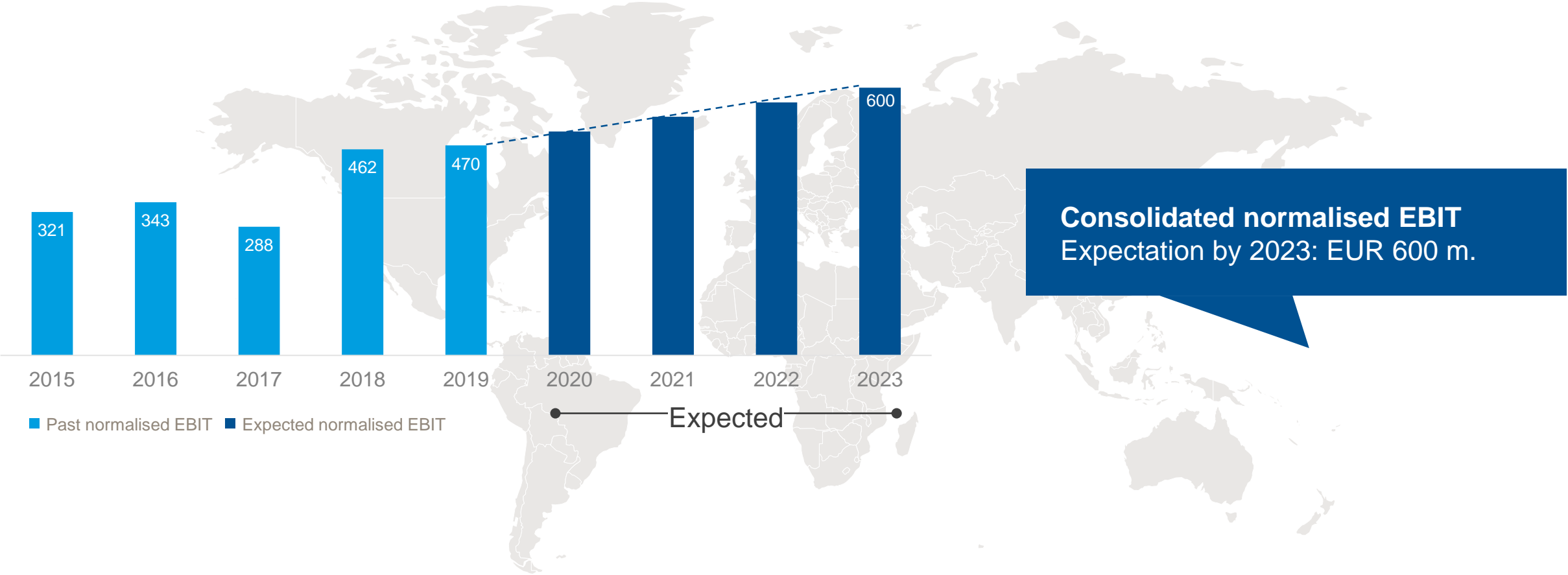
Traditional business

- A large part of our book still consists of traditional business outside of the main growth drivers
- We expect stable results here

Life & Health: Consolidated expected EBIT

Before Covid-19 impact

In EUR m.



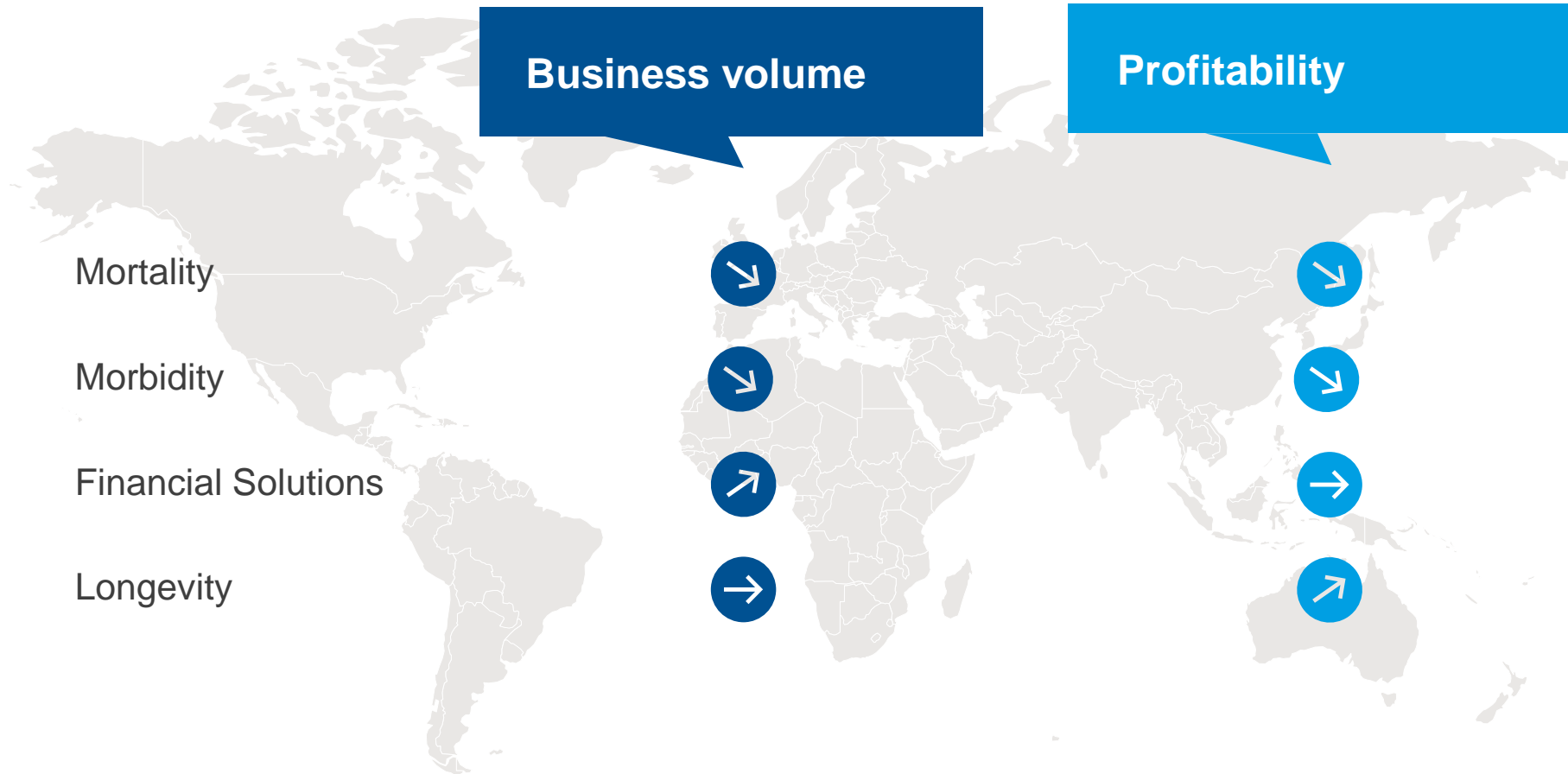
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Expected COVID impact

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Expected COVID-19 impact in 2020/21



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Key take-aways

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Key take-aways

Since
2015

Strong annual normalised EBIT
growth of 10%



EBIT expected to grow to EUR 600 m.



Key earnings growth drivers

- Financial Solutions
- Longevity
- Asia



Covid-19 expected to impact 2020/21
results, 2023 targets might be
delayed by one year

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