

**somewhat
different**

Quarterly Statement
as at 30 September 2019

hannover **re**[®]

Key figures

in EUR million	2019					2018		31.12.
	1.1. – 30.6.	1.7. – 30.9.	+/- previous year	1.1. – 30.9.	+/- previous year	1.7. – 30.9.	1.1. – 30.9.	
Results								
Gross written premium	11,694.0	5,699.5	+13.8%	17,393.5	+16.0%	5,007.1	14,992.4	
Net premium earned	9,355.8	5,035.6	+13.7%	14,391.4	+12.7%	4,428.1	12,773.8	
Net underwriting result ¹	57.5	(91.0)	-41.2%	(33.4)		(154.6)	59.7	
Net investment income	865.6	466.3	+13.2%	1,331.9	+15.3%	411.8	1,155.4	
Operating profit (EBIT)	942.1	453.3	+81.4%	1,395.4	+20.6%	249.8	1,157.1	
Group net income	662.5	340.7	+100.4%	1,003.2	+38.3%	170.0	725.3	
Balance sheet								
Policyholders' surplus	12,001.0			13,050.1	+18.3%			11,035.1
Equity attributable to shareholders of Hannover Rück SE	9,732.7			10,729.8	+22.3%			8,776.8
Non-controlling interests	774.3			826.1	+7.9%			765.2
Hybrid capital	1,494.0			1,494.2	+0.1%			1,493.1
Investments (excl. funds withheld by ceding companies)	44,846.2			47,802.8	+13.3%			42,197.3
Total assets	67,978.7			71,367.6	+10.6%			64,508.6
Share								
Earnings per share (basic and diluted) in EUR	5.49	2.82	+100.4%	8.32	+38.3%	1.41	6.01	
Book value per share in EUR	80.70			88.97	+22.3%		69.27	72.78
Share price at the end of the period in EUR	142.20			155.10	+31.8%		121.70	117.70
Market capitalisation at the end of the period	17,148.9			18,704.6	+31.8%		14,676.7	14,194.3
Ratios								
Combined ratio (property and casualty reinsurance) ¹	96.7%	102.1%		98.6%		98.7%	96.8%	
Large losses as percentage of net premium earned (property and casualty reinsurance) ²	2.4%	12.2%		5.9%		9.5%	4.5%	
Retention	90.6%	90.2%		90.5%		89.7%	90.8%	
Return on investment (excl. funds withheld by ceding companies) ³	3.5%	3.6%		3.5%		3.5%	3.3%	
EBIT margin ⁴	10.1%	9.0%		9.7%		5.6%	9.1%	
Return on equity (after tax)	14.3%	13.3%		13.7%		8.2%	11.5%	

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 Excluding effects from ModCo derivatives

⁴ 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 2019

Business development

- Group gross premium rises by 13.3% adjusted for exchange rate effects
- Appreciable growth, primarily in North America, Asia and Germany
- Group net income up by 38.3% to EUR 1 billion
- Shareholders' equity increases by 22.3% to EUR 10.7 billion

Hannover Re is extremely satisfied with the result for the first nine months. Gross written premium increased by 16.0% as at 30 September 2019 to EUR 17.4 billion (previous year: EUR 15.0 billion). At constant exchange rates growth would have amounted to 13.3%. This is higher than our target of single-digit percentage growth adjusted for exchange rate effects. The retention remained roughly on the level of the previous year at 90.5% (90.8%). Net premium earned rose by 12.7% to EUR 14.4 billion (EUR 12.8 billion), corresponding to growth of 10.3% at constant exchange rates. The most significant growth drivers were property and casualty reinsurance in the regions of North America, Asia and Germany as well as solutions in the area of structured reinsurance.

The operating profit (EBIT) for the Hannover Re Group rose by 20.6% to EUR 1,395.4 million (EUR 1,157.1 million). This positive development was driven above all by a substantially improved result in life and health reinsurance, which clearly reflected – among other things – the actions taken in the previous year to improve profitability in US mortality business. Furthermore, the investment performance benefited from increased ordinary income booked on fixed-income securities and sharply higher net realised gains. The tax ratio for the Group decreased to just 20.0% (28.2%), primarily due to tax privileged extraordinary investment income.

Group net income consequently improved by 38.3% in the first nine months of the year to EUR 1,003.2 million (EUR 725.3 million). The earnings per share reached EUR 8.32 (EUR 6.01).

The shareholders' equity of Hannover Re increased by 22.3% as at 30 September 2019 to EUR 10.7 billion (31 December 2018: EUR 8.8 billion). This was due principally to a marked rise in the unrealised gains in our portfolio of fixed-income securities. The book value per share thus stood at EUR 88.97 (31 December 2018: EUR 72.78). The annualised return on equity was 13.7% (31 December 2018: 12.2%), again clearly beating our targeted level of at least 9.4%. We define our minimum target as 900 basis points in excess of the five-year average return on ten-year German government bonds.

Results of operations, financial position and net assets

Property and casualty reinsurance

- Gross premium growth of 17.5% adjusted for exchange rate effects
- Major loss expenditure for the first nine months higher than the previous year but within budget
- Considerable large losses in the third quarter adversely impact combined ratio
- Satisfactory outcome of the renewals in the course of the year
- Contribution to Group net income almost on a par with the previous year at EUR 640 million

The market facing reinsurers continues to pose a number of considerable challenges. The long-standing excess supply of capacity for coverage of insurance risks remains a drag on prices for reinsurance protection. In addition, investment income is held back by historically low interest rates.

In the course of the year, reflecting the market's response to these challenges, we discerned a growing turn for the better in the development of prices and conditions in the various rounds of renewals with our customers. The backdrop here is a positive trend that can be identified across a broader front on the primary insurance side, which in some areas is also filtering through to reinsurance business. As an additional factor, there are indications – especially in the United States – of rising demand for reinsurance covers among primary insurers.

These rebound effects are not adequate in all areas, however, and further price increases are necessary in some sub-markets. Technical profitability was adversely impacted not only by the considerable large losses incurred in 2018 but also by a continuing need to set aside additional reserves for prior-year losses. Given the unchanged fiercely competitive state of the reinsurance market, technical discipline on the underwriting side therefore remains Hannover Re's overriding priority.

In the various rounds of renewals during the current year it was already possible to achieve higher prices in some areas. The treaty renewals in property and casualty reinsurance – especially those as at 1 June and 1 July – passed off favourably for Hannover Re. It is at this time of the year that parts of the North American portfolio, natural catastrophe risks as well as some risks in credit and surety reinsurance are renewed. This is also the main renewal season for business in Australia and New Zealand. Particularly in the case of loss-impacted programmes or regions, appreciable price increases were obtained. Rates under loss-free covers tended to stabilise, and in some instances even increased. The overall picture is one of rates commensurate with the risks. The renewals in North America proved to be particularly successful for Hannover Re. The rate level here rose by at least single-digit percentages in all lines with the exception of workers compensation; increases were clearly in the double digits in areas

impacted by losses. We therefore expect to see further consistent organic growth.

Gross written premium in the property and casualty reinsurance business group consequently surged by a substantial 20.7% to EUR 11.7 billion (EUR 9.7 billion). At constant exchange rates growth would have come in at 17.5%. The key impetus for growth derived from North America, Germany and Asia as well as from structured reinsurance. Our retention remained virtually unchanged from the previous year's period at 90.8% (90.9%). Net premium earned improved by 15.8% to EUR 9.3 billion (EUR 8.0 billion); growth would have reached 13.1% adjusted for exchange rate effects.

After the very moderate large loss experience recorded in the first half of the year, significantly higher losses were incurred in the third quarter. The largest loss events included Hurricane Dorian with a net strain of EUR 186.6 million for Hannover Re, Typhoon Faxai in Japan in an amount of EUR 75.9 million and the insolvency of UK tour operator Thomas Cook at a cost of EUR 112.4 million. Our quarterly major loss budget of EUR 295 million was therefore exceeded in the third quarter with total large losses amounting to EUR 405.3 million. Altogether, our net burden of large losses in the first nine months was substantially higher than the previous year's level at EUR 545.9 million (EUR 364.6 million), but nevertheless remained within the budget of EUR 665 million set aside for this period. 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 declined to EUR 125.4 million (EUR 259.2 million) in part owing to the aforementioned elevated burden of large losses. The combined ratio deteriorated to 98.6% (96.8%). It thus surpassed our maximum target for the full year of 97%. Along with the considerable losses incurred in the third quarter, this can be attributed to our company's prudent reserving policy.

The income from assets under own management booked for property and casualty reinsurance rose by 1.4% to EUR 767.7 million (EUR 757.3 million).

The operating profit (EBIT) for the Property&Casualty reinsurance business group contracted by 8.4% to EUR 919.0 million (EUR 1,003.6 million). The EBIT margin of 9.9% (12.5%) was marginally below our minimum target of 10%.

The contribution made by property and casualty reinsurance to Group net income fell by 4.8% to EUR 640.1 million (EUR 672.4 million).

Key figures for property and casualty reinsurance

in EUR million	2019					2018	
	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	7,847.5	3,805.9	+19.3%	11,653.3	+20.7%	3,190.4	9,657.5
Net premium earned	5,963.8	3,318.5	+16.8%	9,282.3	+15.8%	2,842.0	8,016.8
Underwriting result ¹	195.9	(70.5)		125.4	-51.6%	38.3	259.2
Net investment income	498.5	303.2	+7.9%	801.7	+2.3%	281.0	783.9
Operating result (EBIT)	656.9	262.1	-16.7%	919.0	-8.4%	314.8	1,003.6
Group net income	431.3	208.7	-12.3%	640.1	-4.8%	237.9	672.4
Earnings per share in EUR	3.58	1.73	-12.3%	5.31	-4.8%	1.97	5.58
EBIT margin ²	11.0%	7.9%		9.9%		11.1%	12.5%
Combined ratio ¹	96.7%	102.1%		98.6%		98.7%	96.8%
Retention	91.5%	89.4%		90.8%		89.9%	90.9%

¹ Including funds withheld

² Operating result (EBIT)/net premium earned

Life and health reinsurance

- Gross premium grows by 5.8% at constant exchange rates
- Sustained strong demand worldwide for tailored financial solutions
- Elimination of previous year's one-time charges as well as extraordinary income from investments
- Contribution to Group net income sharply higher at EUR 402.9 million

Global life and health reinsurance markets continued to be shaped by intense competition as well as a further deterioration in the interest rate environment in Europe and the United States as the year progressed. On the other hand, we see sustained strong demand worldwide at good conditions for financial solutions, by means of which we offer our clients individually tailored reinsurance solutions designed to improve their solvency, liquidity and capital position.

In the United States new business in the area of mortality solutions continues to perform better than anticipated. Our expectations for financial solutions were slightly exceeded thanks to favourable new business transactions. Particularly in China, we noted an upturn in demand for customised covers in financial solutions business. Solutions for protection against longevity risks enjoyed especially brisk demand in the United Kingdom, the Netherlands and Canada.

The gross premium volume in life and health reinsurance rose by 7.6% as at 30 September 2019 to EUR 5.7 billion (EUR 5.3 billion). Adjusted for exchange rate effects, growth amounted to 5.8%. This puts us slightly ahead of our target-

ed gross premium growth of 3% to 5%. The primary growth driver here was Asia, most notably China. Net premium earned climbed to EUR 5.1 billion (EUR 4.8 billion). The increase would have been 5.6% at constant exchange rates. Our retention of 89.9% was slightly below the previous year's level (90.6%).

The income generated from investments for life and health reinsurance rose by 43.0% to EUR 527.8 million (EUR 369.1 million). The increase was attributable principally to the release of hidden reserves to income in connection with the restructuring of the Viridium shareholding, which had already occurred in the second quarter.

The operating result (EBIT) climbed substantially to EUR 477.7 million (EUR 155.2 million), supported by among other things a sharp rise in profitability in the United States. In the previous year this had still been adversely affected by a one-time strain attributable to treaty recaptures in US mortality business. The increase far exceeds the target of at least 5% EBIT growth that we have set ourselves for 2019. The

contribution made by life and health reinsurance to Group net income totalled EUR 402.9 million (EUR 93.0 million).

Key figures for life and health reinsurance

in EUR million	2019					2018	
	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	3,846.5	1,893.6	+4.2%	5,740.1	+7.6%	1,816.7	5,334.9
Net premium earned	3,391.8	1,717.1	+8.3%	5,108.9	+7.4%	1,586.1	4,756.8
Investment income	365.5	162.3	+24.8%	527.8	+43.0%	130.0	369.1
Operating result (EBIT)	286.0	191.7		477.7		(64.2)	155.2
Net income after tax	257.7	145.2		402.9		(53.8)	93.0
Earnings per share in EUR	2.14	1.20		3.34		(0.45)	0.77
Retention	88.9%	91.8%		89.9%		89.4%	90.6%
EBIT margin ¹	8.4%	11.2%		9.4%		-4.0%	3.3%

¹ Operating result (EBIT)/net premium earned

Investments

- High-quality diversified investment portfolio maintained
- Ordinary investment income above previous year's level
- Net realised gains higher due to release of hidden reserves connected with a participating interest
- Return on investment of 3.5% ahead of full-year guidance

The investment climate has been unsettled and in search of direction throughout 2019 so far in the face of a host of geopolitical and economic policy issues. While the fixed-income markets that are particularly important for our company had seen the nervousness observed at the end of the previous year show some levelling off in the form of sharp decreases in risk premiums for corporate bonds, credit spreads began to widen again from the middle of the first half-year onwards. Nevertheless, they were still below the levels seen at the end of the previous year as the reporting period came to a close.

Interest rates, on the other hand, recorded decreases that were in some instances very appreciable. Affecting not only euro-denominated bonds but also the US dollar and sterling markets, this was especially true of the longer maturities. Euro bonds are now being traded at negative yields well beyond the ten-year mark.

The uncertain signals coming from policy makers and hints of softening fundamentals led to greater volatility overall on the markets. The strained geopolitical situation and growing trade wars were also reflected in sharply higher prices for gold and oil. Matters were not helped by the continued astonishing confusion surrounding the process of the United Kingdom's withdrawal from the European Union, despite the lengthy acclimatisation phase that has already passed. The

cautious approach adopted by central banks further documented the persistent lack of market stability despite the buoyant mood on equity markets. Even though the US economy still looked to be in robust shape, the US Federal Reserve surprisingly made an abrupt about-turn from its previously restrictive policy in favour of more expansive moves.

While the significantly lower interest rates and decreased risk premiums compared to the end of the previous year made it more difficult to reinvest in instruments offering adequate risk/return prospects, they also substantially increased the unrealised gains on our fixed-income securities as at 30 September 2019 to EUR 2,094.9 million (31 December 2018: EUR 318.1 million). For this reason and thanks also to the sustained very positive operating cash flow and exchange rate effects, our portfolio of assets under own management showed further very appreciable growth to reach EUR 47.8 billion (EUR 42.2 billion). The allocation of our investments to the individual asset classes has scarcely changed over the course of the year to date. With effect from this reporting period we are entering into term repurchase agreements as a supplementary liquidity management tool. The holdings exchanged in this context are fully collateralised. The modified duration of our portfolio of fixed-income securities increased slightly year-on-year to 5.4 (4.8).

Ordinary investment income excluding interest on funds withheld and contract deposits amounted to EUR 1,039.3 million as at 30 September 2019, an improvement on the previous year's period (EUR 991.4 million). Particularly bearing in mind the continuing low level of interest rates, it is very pleasing to note that we were able to appreciably boost the ordinary income from fixed-income securities compared to the previous year, while again supplementing this with another increase in income generated from real estate and strong earnings from private equity. Interest on funds withheld and contract deposits fell to EUR 147.7 million (EUR 163.3 million).

Impairments of altogether EUR 53.1 million (EUR 36.9 million) were recognised. Of this, EUR 18.0 million (EUR 9.1 million) was attributable to alternative investments. Depreciation recognised on directly held real estate was slightly higher at EUR 26.3 million (EUR 25.3 million), reflecting further growth in our exposure in this area. As in the previous year, the impairments were not opposed by any write-ups.

The net balance of gains realised on disposals stood at EUR 199.8 million (EUR 100.8 million) and was due for the most part to the release of hidden reserves in connection with the restructuring of a participation shareholding and to the sale of two properties.

We recognise a derivative for the credit risk associated with special life reinsurance treaties (ModCo) under which securi-

ties deposits are held by cedants for our account; the performance of this derivative in the period under review gave rise to unrealised gains of EUR 6.0 million (loss of EUR 3.9 million) recognised in income. A derivative financial instrument was also unbundled from another similarly structured transaction in prior years, which is likewise recognised at fair value through profit or loss. In the course of the financial year to date the performance of this derivative has improved the result by EUR 39.0 million (EUR -6.6 million). In economic terms we assume a neutral development for these items 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 76.5 million (EUR 19.9 million).

Driven by sharply higher ordinary income from fixed-income securities and significantly increased net realised gains as well as very healthy earnings from real estate and private equity, the investment income including interest on funds withheld and contract deposits grew to EUR 1,331.9 million (EUR 1,155.4 million). Income from assets under own management accounted for an amount of EUR 1,184.2 million (EUR 992.1 million), producing an annualised average return (excluding effects from ModCo) of 3.5%. Even without the aforementioned one-time effect from the release of hidden reserves to income in connection with a participating interest, the return stood at 3.2%.

Net investment income

in EUR million	2019					2018	
	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	694.5	344.8	-3.9%	1,039.3	+4.8%	358.9	991.4
Result from participations in associated companies	7.5	4.0		11.6		0.8	2.5
Realised gains/losses	127.5	72.4	+52.5%	199.8	+98.2%	47.5	100.8
Appreciation ²	41.5	11.6	-27.0%	53.1	+43.7%	15.9	36.9
Change in fair value of financial instruments ³	43.7	32.8		76.5		0.3	19.9
Investment expenses	59.9	30.0	+2.6%	90.0	+5.1%	29.3	85.6
Net investment income from assets under own management	771.8	412.4	+13.8%	1,184.2	+19.4%	362.3	992.1
Net investment income from funds withheld	93.8	53.9	+8.9%	147.7	-9.5%	49.5	163.3
Total investment income	865.6	466.3	+13.2%	1,331.9	+15.3%	411.8	1,155.4

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	77.1	12,545.7	56.3	4,161.9	1.1	156.2	59.0	1,942.8
AA	12.7	2,071.7	25.9	1,915.2	12.8	1,757.3	24.1	793.8
A	5.5	901.7	6.3	465.7	29.3	4,020.1	11.3	372.4
BBB	3.1	500.4	1.3	93.9	47.8	6,527.9	4.6	151.1
< BBB	1.6	254.0	10.2	754.0	9.0	1,238.2	1.0	31.3
Total	100.0	16,273.4	100.0	7,390.8	100.0	13,699.7	100.0	3,291.3

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

² Including government-guaranteed corporate bonds

Outlook

- Gross premium expected to grow by around 10% on the Group level
- Property and casualty reinsurance set to deliver premium growth well above target
- Life and health reinsurance should comfortably beat guided EBIT growth
- Return on investment for assets under own management now expected to be at least 3.2%
- Profit guidance for 2019 raised from originally EUR 1.1 billion to more than EUR 1.25 billion
- Group net income target of around EUR 1.2 billion for 2020

Although the general market environment remains challenging, it is our assessment that we are still well placed to continue operating successfully on a sustained basis and we are looking for the current financial year to deliver an overall result that is better than originally anticipated.

Specifically, we now expect Group net income of more than EUR 1.25 billion for 2019. This is higher than our originally anticipated figure of around EUR 1.1 billion and can be attributed principally to a better-than-expected performance in life and health reinsurance. Achievement of this goal is, as always, subject to the premise that major loss expenditure does not significantly exceed the budgeted level for the current year of EUR 875 million and that there are no unforeseen distortions on capital markets. For the current financial year we expect to grow gross premium for the Group – based on constant exchange rates – by roughly 10%. We had previously anticipated a single-digit percentage increase.

In property and casualty reinsurance, based on the outcome of the treaty renewals in the current year, we are looking to book substantial growth – adjusted for exchange rate effects – at broadly stable conditions. In this context we remain guided by our selective underwriting policy, under which for the most part we only write business that meets our margin requirements. Our target combined ratio for 2019 is unchanged at no more than 97%.

For the renewals as at 1 January 2020 we expect to see improved prices and conditions relative to previous years. Underwriting results in the industry are under pressure from persistently heavy burdens of large and frequency losses combined with historically low interest rates. A modest improvement in prices can already be discerned across a broad front on the primary insurance side, which in some areas will also be reflected in reinsurance business.

In life and health reinsurance we anticipate moderate premium growth – adjusted for exchange rate effects – in the current financial year. Due to the elimination of the previous year's strain from the termination of loss-making treaties in US mortality business, the EBIT generated in life and health reinsurance should increase significantly in the 2019 financial year and comfortably surpass our strategic target of at least 5% EBIT growth. Our minimum target of EUR 220 million per year for the value of new business remains unchanged.

The expected positive cash flow that we generate from the technical account and our investments should – subject to stable exchange rates and yield levels – lead to further growth in the asset portfolio. In the area of fixed-income securities we continue to emphasise the high quality and diversification of our portfolio. Overall, the primary focus will remain on stability while maintaining an adequate risk/return ratio that will enable us to respond flexibly to general developments and emerging opportunities. For 2019 we now expect a return on investment of at least 3.2%

Hannover Re envisages an unchanged 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 sustained comfortable level of capitalisation and Group net income in line with expectations.

Forecast for 2020

For the 2020 financial year Hannover Re expects to grow its gross premium – based on constant exchange rates – by around 5%. The return on investment should be around 2.7% due to elimination of the non-recurring effect. We anticipate Group net income of roughly EUR 1.2 billion.

We are raising our net major loss budget for the 2020 financial year to EUR 975 million (EUR 875 million). The increase in the budget is motivated primarily by the continued expansion of our underlying business. The risk appetite on the underwriting side has not changed. As usual, all statements are conditional upon the burden of large losses remaining within budget and assume that there are no exceptional distortions on capital markets.

The dividend policy will remain unchanged.

Events after the reporting date

At the beginning of October Hannover Re issued subordinated debt in a nominal amount of EUR 750 million. The bond has a total maturity of 20 years with a first scheduled call option in July 2029. It carries a fixed coupon of 1.125% p.a. in the first ten years, after which the interest rate basis changes to a floating rate of 3-month EURIBOR +238 basis points.

Japan, and especially the area around Tokyo, was impacted by Typhoon Hagibis at the beginning of the fourth quarter. It is not yet possible to establish a concrete loss estimate for this event. Hannover Re expects the total major loss budget set aside for the current year to be sufficient.

Consolidated balance sheet as at 30 September 2019

Assets		
in EUR thousand	30.9.2019	31.12.2018
Fixed-income securities – held to maturity	250,956	249,943
Fixed-income securities – loans and receivables	2,285,327	2,398,950
Fixed-income securities – available for sale	37,531,987	33,239,685
Fixed-income securities – at fair value through profit or loss	586,977	559,750
Equity securities – available for sale	28,568	28,729
Other financial assets – at fair value through profit or loss	263,621	190,759
Investment property	1,771,234	1,684,932
Real estate funds	518,462	433,899
Investments in associated companies	222,218	110,545
Other invested assets	2,240,139	1,805,281
Short-term investments	682,141	421,950
Cash and cash equivalents	1,421,179	1,072,915
Total investments and cash under own management	47,802,809	42,197,338
Funds withheld	11,298,386	10,691,768
Contract deposits	191,192	172,873
Total investments	59,292,387	53,061,979
Reinsurance recoverables on unpaid claims	1,893,403	2,084,630
Reinsurance recoverables on benefit reserve	736,028	909,056
Prepaid reinsurance premium	202,018	93,678
Reinsurance recoverables on other technical reserves	5,136	7,170
Deferred acquisition costs	2,626,589	2,155,820
Accounts receivable	5,357,529	3,975,778
Goodwill	86,443	85,588
Deferred tax assets	400,592	454,608
Other assets	753,111	629,420
Accrued interest and rent	14,364	11,726
Assets held for sale	–	1,039,184
Total assets	71,367,600	64,508,637

Liabilities		
in EUR thousand	30.9.2019	31.12.2018
Loss and loss adjustment expense reserve	32,763,773	28,758,575
Benefit reserve	8,922,830	9,184,356
Unearned premium reserve	5,247,970	3,166,964
Other technical provisions	626,814	575,996
Funds withheld	983,889	969,261
Contract deposits	3,627,939	3,611,654
Reinsurance payable	1,477,353	1,156,231
Provisions for pensions	217,024	182,291
Taxes	277,727	244,093
Deferred tax liabilities	2,240,978	1,700,082
Other liabilities	824,823	612,093
Long-term debt and notes payable	2,600,622	2,558,884
Liabilities related to assets held for sale	–	2,246,129
Total liabilities	59,811,742	54,966,609
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	1,626,308	346,509
Cumulative foreign currency translation adjustment	523,371	201,369
Changes from hedging instruments	(2,701)	(3,160)
Other changes in cumulative other comprehensive income	(74,075)	(53,364)
Total other comprehensive income	2,072,903	491,354
Retained earnings	7,811,725	7,440,278
Equity attributable to shareholders of Hannover Rück SE	10,729,787	8,776,791
Non-controlling interests	826,071	765,237
Total shareholders' equity	11,555,858	9,542,028
Total liabilities and shareholders' equity	71,367,600	64,508,637

Consolidated statement of income as at 30 September 2019

in EUR thousand	1.7. – 30.9.2019	1.1. – 30.9.2019	1.7. – 30.9.2018 ¹	1.1. – 30.9.2018 ¹
Gross written premium	5,699,483	17,393,467	5,007,103	14,992,395
Ceded written premium	557,303	1,652,484	515,060	1,379,169
Change in gross unearned premium	(152,496)	(1,452,586)	(89,045)	(927,424)
Change in ceded unearned premium	45,931	102,973	25,127	87,965
Net premium earned	5,035,615	14,391,370	4,428,125	12,773,767
Ordinary investment income	344,821	1,039,313	358,944	991,420
Profit/loss from investments in associated companies	4,045	11,552	752	2,544
Realised gains and losses on investments	72,378	199,847	47,455	100,835
Change in fair value of financial instruments	32,786	76,531	329	19,890
Total depreciation, impairments and appreciation of investments	11,605	53,099	15,888	36,948
Other investment expenses	30,045	89,972	29,290	85,637
Net income from investments under own management	412,380	1,184,172	362,302	992,104
Income/expense on funds withheld and contract deposits	53,890	147,736	49,471	163,267
Net investment income	466,270	1,331,908	411,773	1,155,371
Other technical income	113	334	–	76
Total revenues	5,501,998	15,723,612	4,839,898	13,929,214
Claims and claims expenses	3,828,041	10,681,832	3,347,619	9,366,815
Change in benefit reserves	(52,349)	3,470	133,653	74,850
Commission and brokerage, change in deferred acquisition costs	1,291,269	3,530,940	1,042,609	3,095,542
Other acquisition costs	842	2,904	5,392	15,970
Other technical expenses	–	–	976	2,886
Administrative expenses	112,785	353,736	101,973	321,305
Total technical expenses	5,180,588	14,572,882	4,632,222	12,877,368
Other income	221,180	518,161	162,090	417,259
Other expenses	89,338	273,507	119,936	311,994
Other income and expenses	131,842	244,654	42,154	105,265
Operating profit/loss (EBIT)	453,252	1,395,384	249,830	1,157,111
Financing costs	21,265	63,628	20,344	58,028
Net income before taxes	431,987	1,331,756	229,486	1,099,083
Taxes	59,436	265,742	36,867	310,240
Net income	372,551	1,066,014	192,619	788,843
thereof				
Non-controlling interest in profit and loss	31,873	62,831	22,589	63,508
Group net income	340,678	1,003,183	170,030	725,335
Earnings per share (in EUR)				
Basic earnings per share	2.82	8.32	1.41	6.01
Diluted earnings per share	2.82	8.32	1.41	6.01

¹ Restated pursuant to IAS 8

Consolidated statement of comprehensive income as at 30 September 2019

in EUR thousand	1.7. – 30.9.2019	1.1. – 30.9.2019	1.7. – 30.9.2018	1.1. – 30.9.2018
Net income	372,551	1,066,014	192,619	788,843
Not reclassifiable to the consolidated statement of income				
Actuarial gains and losses				
Gains (losses) recognised directly in equity	(12,067)	(34,647)	696	(232)
Tax income (expense)	3,936	11,304	(225)	82
	(8,131)	(23,343)	471	(150)
Changes from the measurement of associated companies				
Gains (losses) recognised directly in equity	(71)	(197)	–	–
	(71)	(197)	–	–
Income and expense recognised directly in equity that cannot be reclassified				
Gains (losses) recognised directly in equity	(12,138)	(34,844)	696	(232)
Tax income (expense)	3,936	11,304	(225)	82
	(8,202)	(23,540)	471	(150)
Reclassifiable to the consolidated statement of income				
Unrealised gains and losses on investments				
Gains (losses) recognised directly in equity	558,713	1,861,776	(202,168)	(631,356)
Transferred to the consolidated statement of income	(15,110)	(94,849)	(20,197)	(69,085)
Tax income (expense)	(117,059)	(437,288)	58,879	176,434
	426,544	1,329,639	(163,486)	(524,007)
Currency translation				
Gains (losses) recognised directly in equity	284,789	349,736	18,645	205,780
Transferred to the consolidated statement of income	352	4,997	–	–
Tax income (expense)	(25,238)	(32,005)	86	(825)
	259,903	322,728	18,731	204,955
Changes from the measurement of associated companies				
Gains (losses) recognised directly in equity	845	2,705	(3)	(10)
Transferred to the consolidated statement of income	157	157	–	–
	1,002	2,862	(3)	(10)
Changes from hedging instruments				
Gains (losses) recognised directly in equity	(566)	5,080	(3,255)	676
Tax income (expense)	728	(1,574)	820	286
	162	3,506	(2,435)	962
Reclassifiable income and expense recognised directly in equity				
Gains (losses) recognised directly in equity	843,781	2,219,297	(186,781)	(424,910)
Transferred to the consolidated statement of income	(14,601)	(89,695)	(20,197)	(69,085)
Tax income (expense)	(141,569)	(470,867)	59,785	175,895
	687,611	1,658,735	(147,193)	(318,100)
Total income and expense recognised directly in equity				
Gains (losses) recognised directly in equity	831,643	2,184,453	(186,085)	(425,142)
Transferred to the consolidated statement of income	(14,601)	(89,695)	(20,197)	(69,085)
Tax income (expense)	(137,633)	(459,563)	59,560	175,977
	679,409	1,635,195	(146,722)	(318,250)
Total recognised income and expense	1,051,960	2,701,209	45,897	470,593
thereof				
Attributable to non-controlling interests	54,896	116,943	12,673	41,204
Attributable to shareholders of Hannover Rück SE	997,064	2,584,266	33,224	429,389

Group segment report as at 30 September 2019

Segmentation of assets in EUR thousand	Property and casualty reinsurance	
	30.9.2019	31.12.2018
Assets		
Fixed-income securities – held to maturity	199,783	198,596
Fixed-income securities – loans and receivables	2,229,787	2,349,266
Fixed-income securities – available for sale	28,320,146	24,689,122
Equity securities – available for sale	28,568	28,729
Financial assets at fair value through profit or loss	83,800	94,333
Other invested assets	4,338,054	3,735,054
Short-term investments	423,701	262,068
Cash and cash equivalents	987,611	734,942
Total investments and cash under own management	36,611,450	32,092,110
Funds withheld	2,629,085	1,931,254
Contract deposits	2,561	2,180
Total investments	39,243,096	34,025,544
Reinsurance recoverables on unpaid claims	1,705,991	1,903,289
Reinsurance recoverables on benefit reserve	–	–
Prepaid reinsurance premium	200,563	93,614
Reinsurance recoverables on other reserves	354	543
Deferred acquisition costs	1,246,985	774,751
Accounts receivable	3,753,404	2,689,084
Other assets in the segment	1,741,032	1,781,317
Assets held for sale	–	1,041,043
Total assets	47,891,425	42,309,185
Segmentation of liabilities		
in EUR thousand		
Liabilities		
Loss and loss adjustment expense reserve	28,118,733	24,542,826
Benefit reserve	–	–
Unearned premium reserve	4,939,201	2,915,904
Provisions for contingent commissions	315,216	300,093
Funds withheld	380,044	389,754
Contract deposits	73,240	71,607
Reinsurance payable	944,313	772,313
Long-term liabilities	363,256	323,235
Other liabilities in the segment	2,386,199	1,718,949
Liabilities related to assets held for sale	–	2,246,129
Total liabilities	37,520,202	33,280,810

Life and health reinsurance		Consolidation		Total	
30.9.2019	31.12.2018	30.9.2019	31.12.2018	30.9.2019	31.12.2018
51,173	51,347	–	–	250,956	249,943
39,818	34,635	15,722	15,049	2,285,327	2,398,950
9,198,498	8,531,051	13,343	19,512	37,531,987	33,239,685
–	–	–	–	28,568	28,729
766,798	656,176	–	–	850,598	750,509
384,428	263,917	29,571	35,686	4,752,053	4,034,657
257,641	159,867	799	15	682,141	421,950
412,120	333,031	21,448	4,942	1,421,179	1,072,915
11,110,476	10,030,024	80,883	75,204	47,802,809	42,197,338
8,669,301	8,760,514	–	–	11,298,386	10,691,768
188,631	170,693	–	–	191,192	172,873
19,968,408	18,961,231	80,883	75,204	59,292,387	53,061,979
187,412	181,341	–	–	1,893,403	2,084,630
736,028	909,056	–	–	736,028	909,056
1,498	64	(43)	–	202,018	93,678
4,782	6,627	–	–	5,136	7,170
1,379,604	1,381,069	–	–	2,626,589	2,155,820
1,604,408	1,287,072	(283)	(378)	5,357,529	3,975,778
582,868	565,346	(1,069,390)	(1,165,321)	1,254,510	1,181,342
–	–	–	(1,859)	–	1,039,184
24,465,008	23,291,806	(988,833)	(1,092,354)	71,367,600	64,508,637
4,645,040	4,215,749	–	–	32,763,773	28,758,575
8,922,830	9,184,356	–	–	8,922,830	9,184,356
308,769	251,060	–	–	5,247,970	3,166,964
311,598	275,903	–	–	626,814	575,996
603,845	579,507	–	–	983,889	969,261
3,554,699	3,540,047	–	–	3,627,939	3,611,654
533,309	383,918	(269)	–	1,477,353	1,156,231
–	–	2,237,366	2,235,649	2,600,622	2,558,884
2,247,335	2,192,760	(1,072,982)	(1,173,150)	3,560,552	2,738,559
–	–	–	–	–	2,246,129
21,127,425	20,623,300	1,164,115	1,062,499	59,811,742	54,966,609

Segment statement of income in EUR thousand	Property and casualty reinsurance	
	1.1. – 30.9.2019	1.1. – 30.9.2018
Gross written premium	11,653,328	9,657,530
Net premium earned	9,282,298	8,016,834
Net investment income	801,682	783,931
thereof		
Change in fair value of financial instruments	(2,963)	1,438
Total depreciation, impairments and appreciation of investments	46,050	36,925
Income/expense on funds withheld and contract deposits	33,942	26,594
Claims and claims expenses	6,429,216	5,333,793
Change in benefit reserve	–	–
Commission and brokerage, change in deferred acquisition costs and other technical income/expenses	2,597,859	2,287,821
Administrative expenses	163,719	162,609
Other income and expenses	25,805	(12,923)
Operating profit/loss (EBIT)	918,991	1,003,619
Financing costs	1,644	–
Net income before taxes	917,347	1,003,619
Taxes	216,317	268,891
Net income	701,030	734,728
thereof		
Non-controlling interest in profit or loss	60,963	62,356
Group net income	640,067	672,372

Life and health reinsurance		Consolidation		Total	
1.1. – 30.9.2019	1.1. – 30.9.2018	1.1. – 30.9.2019	1.1. – 30.9.2018	1.1. – 30.9.2019	1.1. – 30.9.2018
5,740,139	5,334,865	–	–	17,393,467	14,992,395
5,108,946	4,756,819	126	114	14,391,370	12,773,767
527,790	369,108	2,436	2,332	1,331,908	1,155,371
79,494	18,452	–	–	76,531	19,890
7,049	23	–	–	53,099	36,948
113,794	136,673	–	–	147,736	163,267
4,252,616	4,033,022	–	–	10,681,832	9,366,815
3,470	74,850	–	–	3,470	74,850
935,651	826,501	–	–	3,533,510	3,114,322
189,633	158,495	384	201	353,736	321,305
222,324	122,161	(3,475)	(3,973)	244,654	105,265
477,690	155,220	(1,297)	(1,728)	1,395,384	1,157,111
1,168	–	60,816	58,028	63,628	58,028
476,522	155,220	(62,113)	(59,756)	1,331,756	1,099,083
71,796	61,067	(22,371)	(19,718)	265,742	310,240
404,726	94,153	(39,742)	(40,038)	1,066,014	788,843
1,868	1,152	–	–	62,831	63,508
402,858	93,001	(39,742)	(40,038)	1,003,183	725,335

Consolidated cash flow statement as at 30 September 2019

in EUR thousand	1.1. – 30.9.2019	1.1. – 30.9.2018
I. Cash flow from operating activities		
Net income	1,066,014	788,843
Appreciation/depreciation	66,885	59,548
Net realised gains and losses on investments	(199,847)	(100,835)
Change in fair value of financial instruments (through profit or loss)	(76,531)	(19,890)
Realised gains and losses on deconsolidation	(56,466)	(2,492)
Amortisation of investments	1,358	5,208
Changes in funds withheld	(270,218)	(363,424)
Net changes in contract deposits	(117,067)	(219,515)
Changes in prepaid reinsurance premium (net)	1,349,560	839,459
Changes in tax assets/provisions for taxes	42,553	(16,074)
Changes in benefit reserve (net)	(312,616)	249,842
Changes in claims reserves (net)	1,961,820	1,155,527
Changes in deferred acquisition costs	(261,674)	(258,147)
Changes in other technical provisions	43,415	114,273
Changes in clearing balances	(753,345)	(746,539)
Changes in other assets and liabilities (net)	(13,456)	223,382
Cash flow from operating activities	2,470,385	1,709,166
II. Cash flow from investing activities	(1,566,477)	(1,824,437)
III. Cash flow from financing activities	(665,883)	150,382
IV. Exchange rate differences on cash	31,645	14,131
Cash and cash equivalents at the beginning of the period	1,151,509	835,706
thereof cash and cash equivalents of the disposal group: 78,594		
Change in cash and cash equivalents (I. + II. + III. + IV.)	269,670	49,242
Cash and cash equivalents at the end of the period	1,421,179	884,948
thereof cash and cash equivalents of the disposal group	–	66,272
Cash and cash equivalents at the end of the period excluding the disposal group	1,421,179	818,676
Supplementary information on the cash flow statement¹		
Income taxes paid (on balance)	(201,226)	(317,401)
Dividend receipts ²	159,460	166,892
Interest received	1,140,627	1,164,056
Interest paid	(226,328)	(249,940)

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”.

The accounting policies are essentially the same as those applied in the consolidated financial statement as at 31 December 2018. Standards that were applied for the first time in the 2019 financial year or amended standards are discussed below:

IFRS 16 “Leases” establishes new principles for, in particular, accounting by lessees. As a general rule, a lease liability is to be recognised for all leases. At the same time the lessee shall recognise a right to use the underlying asset. Accounting by lessors remains virtually unchanged in comparison with existing practice, according to which each lease is classified either as a finance lease or as an operating lease. Hannover Re is applying the standard using a modified retrospective approach and recognising the cumulative effect of application of the standard in retained earnings as at 1 January 2019. The figures for the previous year are therefore not restated. As at 1 January 2019 rights of use and lease liabilities were recognised in an amount of EUR 91.5 million. After allowance for deferred taxes on income, application of the standard led to an increase in retained earnings of EUR 1.8 million.

Furthermore, a number of other 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 IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

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.

With economic effect from 1 January 2019 Hannover Rück SE sold 50.2% of the shares in HDI Global Specialty SE (formerly: International Insurance Company of Hannover SE) to HDI Global SE for a purchase price of EUR 107.2 million. Deconsolidation of the company gave rise to income of EUR 6.3 million. The remaining 49.8% interest in HDI Global Specialty SE is included at equity in the consolidated financial statement.

With economic effect from 1 July 2019 FUNIS GmbH & Co. KG, Hannover, a wholly owned subsidiary of Hannover Rück SE, sold its 53% stake in Svedea AB, Stockholm, to HDI Global Specialty SE. The purchase price was EUR 52.9 million. Deconsolidation of Svedea AB gave rise to income of EUR 49.3 million in the third quarter of 2019.

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