

somewhat  
different

Hannover Rück SE

Annual Report  
2021

hannover **re**<sup>®</sup>

## Key figures

	2021	+/- previous year	2020	2019	2018	2017
in EUR million						
<b>Results</b>						
Gross written premium	21,941.5	+14.2%	19,217.0	18,072.9	14,640.8	13,292.9
Net premium earned	14,768.3	+14.3%	12,923.3	12,226.6	10,412.9	10,208.9
Underwriting result	(126.9)		(209.1)	(23.1)	(0.2)	(12.7)
Change in the equalisation reserve and similar provisions	(545.7)	-21.4%	(694.0)	(210.6)	25.3	165.9
Investment result	1,687.4	+0.8%	1,673.3	1,325.8	1,231.7	1,197.5
Pre-tax profit	776.0	+97.1%	393.8	799.8	869.7	968.0
Profit for the financial year	701.2	+81.3%	386.8	674.5	665.4	843.4
Investments	45,535.4	+16.9%	38,944.1	40,597.3	36,874.1	34,460.8
Capital and reserves <sup>1</sup>	1,631.7		1,631.7	1,631.7	1,631.7	1,631.7
Subordinated liabilities	3,000.0	+33.3%	2,250.0	2,250.0	1,500.0	1,500.0
Equalisation reserve and similar provisions	4,317.0	+14.5%	3,771.4	3,077.4	2,866.8	2,892.1
Net technical provisions	35,233.4	+17.7%	29,933.3	30,921.8	28,676.3	27,334.6
<b>Total capital, reserves and technical provisions</b>	<b>44,182.1</b>	<b>+17.5%</b>	<b>37,586.4</b>	<b>37,880.9</b>	<b>34,674.8</b>	<b>33,358.4</b>
Number of employees	1,611	+4.5%	1,542	1,464	1,402	1,292
Retention	69.0%		68.3%	69.7%	71.8%	78.4%
Loss ratio <sup>2</sup>	71.1%		71.4%	71.2%	73.2%	69.7%
Expense ratio <sup>2</sup>	29.0%		30.6%	30.1%	31.0%	30.7%
Combined ratio <sup>2</sup>	100.1%		102.0%	101.3%	104.2%	100.4%

<sup>1</sup> Excluding disposable profit

<sup>2</sup> Excluding life and health reinsurance

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# Boards and officers

## Executive Board

### Jean-Jacques Henchoz

**Chairman of the Executive Board Hannover Rück SE, Hannover, Germany**

**Member of the Board of Management Talanx AG, Hannover, Germany**

Chairman of the Board of Directors Hannover Re (Bermuda) Ltd., Hamilton, Bermuda

Member of the Board of Directors Hannover Life Re of Australasia Ltd, Sydney, Australia

Member of the Board of Directors Hannover Life Reassurance Company of America (Bermuda) Ltd., Hamilton, Bermuda

### Sven Althoff

**Member of the Executive Board Hannover Rück SE, Hannover, Germany**

Chairman of the Board of Directors Argenta Holdings Limited, London, United Kingdom

Chairman of the Board of Directors Glencar Insurance Company, Orlando, USA

Chairman of the Board of Directors Hannover Re Services USA, Inc., Illinois, USA

Member of the Board of Directors Argenta Syndicate Management Limited, London, United Kingdom

### Claude Chèvre

**Member of the Executive Board Hannover Rück SE, Hannover, Germany**

Chairman of the Board of Directors Hannover ReTakaful B.S.C. (c), Manama, Bahrain

Deputy Chairman of the Board of Directors Hannover Life Re of Australasia Ltd, Sydney, Australia

Deputy Chairman of the Board of Directors Hannover Reinsurance Group Africa (Pty) Ltd., Johannesburg, South Africa

Deputy Chairman of the Board of Directors Hannover Re South Africa Limited, Johannesburg, South Africa

Member of the Board of Directors Bristol Re Ltd., Hamilton, Bermuda

Member of the Board of Directors Hannover Re Services Japan, Tokyo, Japan

Member of the Board of Directors Hannover Life Reassurance Company of America, Orlando, USA

### Clemens Jungsthöfel

**Member of the Executive Board Hannover Rück SE, Hannover, Germany**

**Member of the Executive Board E+S Rückversicherung AG, Hannover, Germany**

Chairman of the Board of Directors Hannover Finance, Inc., Wilmington, USA

Chairman of the Board of Directors Hannover Finance (Luxembourg) S.A., Leudelange, Luxembourg

Deputy Chairman of the Supervisory Board Ampega Asset Management GmbH, Cologne, Germany

Member of the Board of Directors Hannover Life Reassurance Company of America, Orlando, USA

Member of the Board of Directors Hannover Life Reassurance Company of America (Bermuda) Ltd., Hamilton, Bermuda

Member of the Board of Directors Hannover Re (Bermuda) Ltd., Hamilton, Bermuda

Member of the Board of Directors Hannover Re (Ireland) Designated Activity Company, Dublin, Ireland

Member of the Board of Directors HDI Global Specialty SE, Hannover, Germany<sup>1</sup>

**Dr. Klaus Miller****Member of the Executive Board Hannover Rück SE, Hannover, Germany****Member of the Executive Board E+S Rückversicherung AG, Hannover, Germany**

Chairman of the Board of Directors Bristol Re Ltd., Hamilton, Bermuda

Chairman of the Board of Directors Hannover Life Reassurance Company of America, Orlando, USA

Chairman of the Board of Directors Hannover Life Reassurance Company of America (Bermuda) Ltd., Hamilton, Bermuda

Chairman of the Board of Directors Kubera Insurance (SAC) Ltd., Hamilton, Bermuda

Member of the Board of Directors Hannover Re (Bermuda) Ltd., Hamilton, Bermuda

Member of the Board of Directors Hannover Re (Ireland) Designated Activity Company, Dublin, Ireland

Member of the Supervisory Board Proxalto Lebensversicherung AG, Munich, Germany<sup>1</sup>Member of the Supervisory Board Viridium Holding AG, Neu-Isenburg, Germany<sup>1</sup>

Member of the Advisory Board Viridium Group GmbH &amp; Co. KG, Neu-Isenburg, Germany

Alternate Director of the Board of Directors Monument Finco Limited, Georgetown, Cayman Islands

Alternate Director of the Board of Directors Monument Insurance Group Limited, Hamilton, Bermuda

Alternate Director of the Board of Directors Monument Midco Limited, Hamilton, Bermuda

Alternate Director of the Board of Directors Monument Re Limited, Hamilton, Bermuda

**Dr. Michael Pickel****Member of the Executive Board Hannover Rück SE, Hannover, Germany****Chairman of the Executive Board E+S Rückversicherung AG, Hannover, Germany**

Chairman of the Board of Directors Hannover Re Services Italy S.r.l., Milan, Italy

Deputy Chairman of the Board of Directors Hannover ReTakaful B.S.C. (c), Manama, Bahrain

Member of the Board of Directors Hannover Re Holdings (UK) Limited, London, United Kingdom

Member of the Board of Directors Hannover Re Services Japan, Tokyo, Japan

Member of the Supervisory Board Delvag Luftversicherungs-AG, Cologne, Germany<sup>1</sup>

Member of the Advisory Board Barmenia Versicherungsunternehmen, Wuppertal, Germany

**Silke Sehm****Member of the Executive Board Hannover Rück SE, Hannover, Germany**

Chairwoman of the Board of Directors Hannover Re (Ireland) Designated Activity Company, Dublin, Ireland

Chairwoman of the Board of Directors Hannover Re South Africa Limited, Johannesburg, South Africa

Chairwoman of the Board of Directors Hannover Reinsurance Group Africa (Pty) Limited, Johannesburg, South Africa

Member of the Board of Directors Hannover Re (Bermuda) Ltd., Hamilton, Bermuda

<sup>1</sup> Details of supervisory board memberships within the meaning of § 125 (1) Sentence 5, first half-sentence of the Stock Corporation Act (AktG). The other details are those on comparable control boards at other domestic and foreign business enterprises pursuant to § 125 (1) Sentence 5, second half-sentence of the Stock Corporation Act (AktG).

# Supervisory Board

## **Torsten Leue**<sup>1,2,3</sup>

Hannover, Germany  
(since 7 May 2018)<sup>5</sup>

### **Chairman**

**Chief Executive Officer HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover, Germany**

**Chief Executive Officer Talanx AG, Hannover, Germany**

Chairman of the Supervisory Board E+S Rückversicherung AG, Hannover, Germany

Chairman of the Supervisory Board HDI Deutschland AG, Hannover, Germany

Chairman of the Supervisory Board HDI Global SE, Hannover, Germany

Chairman of the Supervisory Board HDI International AG, Hannover, Germany

Chairman of the Supervisory Board HDI Kundenservice AG, Cologne, Germany

Chairman of the Supervisory Board HDI Service AG, Hannover, Germany

## **Herbert K. Haas**<sup>1,2,3</sup>

Burgwedel, Germany  
(since 24 May 2002)<sup>5</sup>

### **Deputy Chairman**

**Former Chief Executive Officer of Talanx AG and HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover, Germany**

Chairman of the Supervisory Board HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover, Germany

Chairman of the Supervisory Board Talanx AG, Hannover, Germany

## **Natalie Bani Ardalan**<sup>4</sup>

Springe, Germany  
(since 8 May 2019)<sup>5</sup>

### **Employee**

## **Frauke Heitmüller**<sup>4</sup>

Hannover, Germany  
(since 3 May 2012)<sup>5</sup>

### **Employee**

## **Ilka Hundeshagen**<sup>4</sup>

Hannover, Germany  
(since 8 May 2019)<sup>5</sup>

### **Employee**

## **Dr. Ursula Lipowsky**<sup>2</sup>

Munich, Germany  
(since 7 May 2018)<sup>5</sup>

### **Member of various Supervisory Boards**

Member of the Supervisory Board Mecklenburgische Krankenversicherungs-AG, Hannover, Germany

Member of the Supervisory Board Mecklenburgische Lebensversicherungs-AG, Hannover, Germany

Member of the Supervisory Board Württembergische Lebensversicherung AG, Stuttgart, Germany

**Dr. Michael Ollmann**

Hamburg, Germany  
(since 8 May 2019)<sup>5</sup>

**Member of various Supervisory Boards**

Member of the Supervisory Board HDI Global SE, Hannover, Germany  
Member of the Supervisory Board HDI International AG, Hannover, Germany

**Dr. Andrea Pollak<sup>3</sup>**

Vienna, Austria  
(since 3 May 2011)<sup>5</sup>

**Independent Management Consultant**

Deputy Chairwoman of the Supervisory Board Fronius International GmbH, Pettenbach, Austria<sup>6</sup>

**Dr. Erhard Schipporeit<sup>1</sup>**

Hannover, Germany  
(since 3 May 2007)<sup>5</sup>

**Independent Management Consultant**

Member of the Supervisory Board BDO AG, Hamburg, Germany  
Member of the Supervisory Board HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover, Germany  
Member of the Supervisory Board RWE AG, Essen, Germany  
Member of the Supervisory Board Talanx AG, Hannover, Germany

<sup>1</sup> Member of the Standing Committee

<sup>2</sup> Member of the Finance and Audit Committee

<sup>3</sup> Member of the Nomination Committee

<sup>4</sup> Staff representative

<sup>5</sup> Date when member was first appointed/elected to the company's Supervisory Board, current term of office for the entire Supervisory Board commenced at the end of the Annual General Meeting on 8 May 2019

<sup>6</sup> Memberships of supervisory boards and comparable control boards required by law at other companies in Germany and abroad

# Combined management report

The management report of Hannover Rück SE and the Group management report are combined in accordance with § 315 (5) of the German Commercial Code (HGB) and published in the Group Annual Report 2021.

The annual financial statement and the management report of Hannover Rück SE – combined with the Group management report – for the 2021 financial year are submitted to the operator of the electronic Federal Gazette and published in the electronic Federal Gazette.



# Accounts



## Balance sheet as at 31 December 2021

### Assets

in EUR thousand

	2021			2020
<b>A. Intangible assets</b>				
I. Purchased franchises, trademarks, patents, licences and similar rights and assets			35,918	40,716
II. Prepayments on intangible assets			25,438	20,723
			<b>61,356</b>	<b>61,439</b>
<b>B. Investments</b>				
I. Land and buildings, rights to land and buildings, leasehold			31,119	31,554
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies		7,979,911		7,395,963
2. Loans to affiliated companies		653,829		576,662
3. Participating interests		132,918		313,872
4. Loans to enterprises in which the company has a participating interest		–		78,535
			8,766,658	8,365,032
III. Other financial investments				
1. Shares, units or shares in investment funds and other variable-yield securities		1,798,572		1,798,169
2. Bearer debt securities and other fixed-income securities		24,817,598		19,820,748
3. Other loans				
a) Registered debt securities	165,107			397,791
b) Debentures and loans	171,268			344,865
c) Other loans	4,016			–
		340,391		742,656
4. Deposits with banks		1,101,415		621,807
5. Other investments		10,301		10,301
			28,068,277	22,993,681
IV. Deposits with ceding companies			8,669,329	7,553,787
			<b>45,535,383</b>	<b>38,944,054</b>

**Liabilities**

in EUR thousand

	2021		2020
<b>A. Capital and reserves</b>			
I. Subscribed capital		120,597	120,597
II. Capital reserve		880,608	880,608
III. Retained earnings			
1. Statutory reserve	511		511
2. Other retained earnings	630,000		630,000
		630,511	630,511
IV. Disposable profit		1,258,000	1,100,000
			<b>2,889,716</b>
			<b>2,731,716</b>
<b>B. Subordinated liabilities</b>			<b>3,000,000</b>
			<b>2,250,000</b>
<b>C. Technical provisions</b>			
I. Provision for unearned premiums			
1. Gross	3,964,155		3,333,386
2. Less: reinsurance ceded	924,427		830,488
		3,039,728	2,502,898
II. Life assurance provision			
1. Gross	7,969,814		7,093,318
2. Less: reinsurance ceded	177,425		145,395
		7,792,389	6,947,923
III. Provisions for outstanding claims			
1. Gross	30,964,586		25,874,338
2. Less: reinsurance ceded	6,996,904		5,746,629
		23,967,682	20,127,709
IV. Provision for bonuses and rebates			
1. Gross	508		594
2. Less: reinsurance ceded	453		508
		55	86
V. Equalisation reserve and similar provisions		4,317,044	3,771,372
VI. Other technical provisions			
1. Gross	655,203		525,985
2. Less: reinsurance ceded	221,652		171,305
		433,551	354,680
			<b>39,550,449</b>
			<b>33,704,668</b>

**Assets**

in EUR thousand

	2021			2020
<b>C. Receivables</b>				
I. Accounts receivable arising out of reinsurance operations			4,950,869	3,971,472
from affiliated companies:				
TEUR 979,647 (2020: TEUR 945,090)				
II. Other receivables			1,277,069	1,025,511
from affiliated companies:				
TEUR 940,503 (2020: TEUR 899,012)				
			<b>6,227,938</b>	<b>4,996,983</b>
<b>D. Other assets</b>				
I. Tangible assets and stocks			23,600	24,650
II. Current accounts with banks, cheques and cash in hand			530,505	519,576
III. Sundry assets			68,585	128,706
			<b>622,690</b>	<b>672,932</b>
<b>E. Prepayments and accrued income</b>				
I. Accrued interest and rent			229,898	179,744
II. Other accrued income			8,602	9,043
			<b>238,500</b>	<b>188,787</b>
<b>Total assets</b>			<b>52,685,867</b>	<b>44,864,195</b>

**Liabilities**

in EUR thousand

	2021		2020
<b>D. Provisions for other risks and charges</b>			
I. Provisions for pensions and similar obligations		127,081	113,737
II. Provisions for taxation		41,049	90,657
III. Other provisions		158,734	142,115
			<b>326,864</b>
			<b>346,509</b>
<b>E. Deposits received from retrocessionaires</b>			<b>3,714,568</b>
			<b>3,332,731</b>
<b>F. Other liabilities</b>			
I. Accounts payable arising out of reinsurance operations		1,904,840	1,262,557
to affiliated companies:			
TEUR 552,106 (2020: TEUR 236,395)			
II. Bonds		750,000	750,000
III. Other liabilities		549,372	486,014
thereof			<b>3,204,212</b>
from taxes:			
TEUR 7,876 (2020: TEUR 6,136)			
for social security:			
TEUR 451 (2020: TEUR 434)			
to affiliated companies:			
TEUR 406,608 (2020: TEUR 409,629)			
<b>G. Accruals and deferred income</b>			<b>58</b>
			<b>0</b>
<b>Total liabilities</b>			<b>52,685,867</b>
			<b>44,864,195</b>

## Profit and loss account for the 2021 financial year

in EUR thousand	2021 1.1.–31.12.		2020 1.1.–31.12.
<b>I. Technical account</b>			
<b>1. Earned premiums, net of retrocession</b>			
a) Gross written premiums	21,941,453		19,217,021
b) Retrocession premiums	6,801,472		6,097,772
		15,139,981	13,119,249
c) Change in the gross provisions for unearned premiums	(364,535)		(432,397)
d) Change in the provisions for unearned premiums, retrocessionaires' share	(7,108)		236,474
		(371,643)	(195,923)
		<b>14,768,338</b>	<b>12,923,326</b>
<b>2. Allocated investment return transferred from the non-technical account, net of retrocession</b>		<b>187,951</b>	<b>189,357</b>
<b>3. Other technical income, net of retrocession</b>		–	–
<b>4. Claims incurred, net of retrocession</b>			
a) Claims paid			
aa) Gross	12,605,690		12,888,968
bb) Retrocessionaires' share	3,960,465		3,930,839
		8,645,225	8,958,129
b) Change in provisions for outstanding claims			
aa) Gross	(3,515,151)		(1,404,634)
bb) Retrocessionaires' share	813,583		439,173
		(2,701,568)	(965,461)
		<b>11,346,793</b>	<b>9,923,590</b>
<b>5. Changes in other technical provisions, net of retrocession</b>			
a) Net life assurance provision		(103,264)	(101,084)
b) Other net technical provisions		(98)	(179)
		<b>(103,362)</b>	<b>(101,263)</b>
<b>6. Bonuses and rebates, net of retrocession</b>		<b>5</b>	<b>17</b>
<b>7. Operating expenses, net of retrocession</b>			
a) Gross acquisition expenses		5,075,476	4,509,884
b) Less: commissions and profit commissions received on retrocession		1,442,743	1,213,325
		<b>3,632,733</b>	<b>3,296,559</b>
<b>8. Other technical charges, net of retrocession</b>		<b>262</b>	<b>374</b>
<b>9. Subtotal</b>		<b>(126,866)</b>	<b>(209,120)</b>
<b>10. Change in the equalisation reserve and similar provisions</b>		<b>(545,672)</b>	<b>(694,004)</b>
<b>11. Net technical result</b>		<b>(672,538)</b>	<b>(903,124)</b>

in EUR thousand	2021 1.1. – 31.12.			2020 1.1. – 31.12.
Balance brought forward			(672,538)	(903,124)
II. Non-technical account				
<b>1. Investment income</b>				
a) Income from participating interests		123,494		9,301
thereof affiliated companies:				
TEUR 122,223 (2020: TEUR 8,065)				
b) Income from other investments				
thereof affiliated companies:				
TEUR 29,392 (2020: TEUR 27,266)				
aa) Income from land and buildings, rights to land and buildings, leasehold	3,111			3,920
bb) Income from other investments	734,140			701,488
		737,251		705,408
c) Appreciation on investments		5,991		1,522
d) Gains on the realisation of investments		401,703		200,925
e) Income from profit pools, profit and loss transfer agreements or partial profit and loss transfer agreements		644,978		886,124
			1,913,417	1,803,280
<b>2. Investment charges</b>				
a) Expenditure for the management of investments, interest expenditure and other investment expenditure		73,109		60,944
b) Depreciation		31,616		34,378
thereof impairments in accordance with § 253 (3) sentence 3 of the Commercial Code (HGB):				
TEUR 17,756 (2020: TEUR 11,912)				
c) Losses on the realisation of investments		121,275		34,676
			226,000	129,998
			1,687,417	1,673,282
<b>3. Allocated investment return transferred to the technical account</b>			(197,485)	(196,977)
			1,489,932	1,476,305
<b>4. Other income</b>			315,449	186,711
<b>5. Other charges</b>			356,833	366,123
			(41,384)	(179,412)
<b>6. Profit or loss on ordinary activities before tax</b>			776,010	393,769
<b>7. Taxes on profit and income</b>			64,383	(5,377)
<b>8. Other taxes</b>			10,418	12,333
			74,801	6,956
<b>9. Profit for the financial year</b>			701,209	386,813
<b>10. Profit brought forward from previous year</b>			557,313	713,716
<b>11. Allocations to other retained earnings</b>			522	529
<b>12. Disposable profit</b>			1,258,000	1,100,000

# Notes

Hannover Rück SE has its registered office in Hannover, Germany, at Karl-Wiechert-Allee 50 and is entered with the registry court of Hannover under HRB 6778.

## Valuation of assets

Valuation is carried out in accordance with the provisions of §§ 341 et seq. of the Commercial Code (HGB).

Other intangible assets are valued at acquisition cost less amortisation in accordance with the normal operational useful life.

Property is valued at the purchase or construction cost less depreciation in accordance with the normal operational useful life. Impairments are taken only if the reduction in value will probably be permanent (§ 253 (3) Sentence 5 of the Commercial Code (HGB)).

Shares in affiliated companies and participations are valued on a purchase cost basis at the lower of amortised cost or fair value allowing for write-downs. Interests in funds that invest in private equity are valued at the lower of amortised cost or fair value allowing for time effects.

Loans to affiliated companies and loans to enterprises in which the company has a participating interest are valued at the lower of amortised cost or fair value.

The portfolio of securities is allocated to fixed assets or current assets depending on the intended use and valued at purchase cost less write-downs to the lower fair value in accordance with the provisions of § 341 b of the Commercial Code (HGB).

Shares, units or shares in investment funds and other variable-yield securities are valued according to the strict or modified lower-of-cost-or-market principle depending on the intended use. Securities intended for use on a continuing basis in the normal course of business activities are valued according to the modified lower-of-cost-or-market principle (§ 341 b (2) of the Commercial Code (HGB) in conjunction with § 253 (3) of the Commercial Code (HGB)). Permanent impairments are recognised through profit or loss.

Bearer debt securities and other fixed-income securities are valued according to the strict or modified lower-of-cost-or-

market principle depending on the intended use. Bearer debt securities intended for use on a continuing basis in the normal course of business activities are valued at initial cost plus or minus cumulative amortisation according to § 341 c (3) of the Commercial Code (HGB). Permanent impairments are recognised through profit or loss pursuant to § 253 (3) Sentence 5 of the Commercial Code (HGB).

Registered debt securities, debentures and loans as well as other loans are carried at acquisition cost – taking into account amortisation – or at the lower fair value.

Other investments are allocated to fixed assets or current assets and valued at purchase cost less write-downs to the lower fair value in accordance with the requirements of § 341 b of the Commercial Code (HGB). Valuation is made according to the strict or modified lower-of-cost-or-market principle depending on the intended use.

Alternative investments, which are allocated to fixed assets, are valued using various models. Individual and fund investments are valued at purchase cost. A write-down to lower fair value is made on individual investments if certain applicability criteria are met and the need to take a write-down is established using a standardised method. In addition, for CLO positions compliance with collateral tests of the respective higher tranche is verified. Fair value is used as an impairment criterion for high-yield bond funds listed as publicly offered funds. In the case of yield enhancement funds, actually incurred defaults as well as instruments at high risk of default in the respective funds are taken as an indication of impairment. Subsequent valuation of shares in private equity funds is based on net asset value (NAV).

Derivative instruments are valued on a mark-to-market basis. Forward exchange transactions and inflation total return swaps are subject to a reporting prohibition based on the principle of not recognising pending transactions. Provisions for anticipated losses from pending transactions are established in the event of negative fair values as at the balance sheet date.



Deposits, repurchase agreements, cash at banks in current accounts, cash in hand, other assets, deposits and accounts receivable arising out of reinsurance operations, other receivables as well as prepaid expenses and accrued income are valued at the nominal amounts. Valuation adjustments are set up for default risks.

## Valuation of liabilities

The provision for unearned premiums, life assurance provision, provisions for outstanding claims, provisions for bonuses and rebates and other technical provisions are entered as liabilities according to the information provided by the ceding companies.

The basis for the valuation of the provision for unearned premiums is the reinsurance premium less 92.5% of the reinsurance commission in accordance with the order of the Minister of Finance of the State of North Rhine-Westphalia dated 29 May 1974. In marine insurance the provision for unearned premiums and the provisions for outstanding claims are regarded as one unit and shown as provisions for outstanding claims.

Where the provisions indicated by the ceding companies are not expected to be adequate, they are increased by appropriate additional amounts. Where no figures are available from cedants, the provisions are estimated in the light of the business experience to date. The results of new treaties are at least neutralised. In some cases, provisions are determined on an actuarial basis. If necessary, additional or complete estimates of the corresponding profit and loss items including relevant retrocessions are made where ceding company accounts with substantial premium income are missing. Missing ceding company accounts with a low premium income are included in the following year. The estimated gross premium income for 2021 is 34.66% of the total volume.

In all major lines IBNR claims reserves have been set up. The calculation is largely carried out in accordance with statistical mathematical methods.

From 2010 onwards the run-off result of the previous year's provision for outstanding claims is calculated by Hannover Rück SE on an accident-year basis and hence appropriately allocated.

The shares of retrocessionaires in the technical reserves are determined on the basis of the reinsurance contracts. Provision is made for bad debts.

Fixed assets are valued at purchase cost less straight-line or declining-balance depreciation according to the normal operational useful life. Low-value items are written off in the year of acquisition.

Write-ups are made in accordance with § 253 (5) of the Commercial Code (HGB).

The equalisation reserve is set up in accordance with the notes to § 29 of the Regulation on the Accounting of Insurance Undertakings (RechVersV); the similar provisions are constituted in accordance with § 30 of the Regulation on the Accounting of Insurance Undertakings (RechVersV). With respect to insurance lines 28 Other property insurance and 29 Other indemnity insurance, separate profit and loss accounts are drawn up only for the fidelity line.

The provision for nuclear plants is calculated in accordance with § 30 (2) of the Regulation on the Accounting of Insurance Undertakings (RechVersV).

The catastrophe risk provision for pharmaceutical product liability is calculated in accordance with § 30 (1) of the Regulation on the Accounting of Insurance Undertakings (RechVersV).

The catastrophe risk provision for terrorism is calculated in accordance with § 30 (2a) of the Regulation on the Accounting of Insurance Undertakings (RechVersV).

The pension commitments are carried in the settlement amount required according to reasonable and prudent business judgement. They are discounted at 1.87% using the average interest rate for the last ten years published by the German Bundesbank pursuant to the Regulation on the Discounting of Provisions (RückAbzinsVO) with an assumed maturity of 15 years. The provision for pensions is calculated according to the projected unit credit method. A rate of compensation increase of 2.90% and pension indexation of 1.90% are assumed. Fluctuation probabilities are determined separately according to age and gender. The benefit adjustment based on surplus participations from insured pension commitments was recognised in an amount of 0.0% in the case of direct commitments from one-time deferred compensation and in an amount of 1.5% in the case of insured provident funds. The valuation is based on the decrement probabilities of the "2018G standard tables".

With respect to employee-funded pension commitments, the amount of which is determined solely according to the fair value of a claim under a pension insurance policy, valuation is carried out in accordance with § 253 (1) Sentence 3 of the Commercial Code (HGB). For these commitments the settlement amount corresponds to the fair value of the actuarial reserve plus surplus participation.

The provisions for taxation and other provisions take into account all identifiable risks and uncertain liabilities.

Deferred taxes are calculated using a tax rate of 32.63%. Deferred tax liabilities, which refer largely to the balance sheet items shares in affiliated companies, receivables from affiliated companies and participating interests (owing to diverging recognition of shares in partnerships and booking of income from participating interests in a different accounting period), are netted in particular with deferred tax assets from the balance sheet item "Provisions for outstanding claims". No deferred taxes are recognised in view of the surplus of deferred tax assets.

## Further accounting policies

Transactions booked in foreign currencies are converted to the reporting currency at the applicable monthly exchange rate at the date of entry in the accounts. Assets and liabilities entered in the balance sheet are converted to euros at the average exchange rates on the balance sheet date.

In order to reduce currency risks as far as possible, matching cover is extensively established for liability items by setting up corresponding asset items in the different currencies. In relation to specific currencies, foreign currency liabilities are combined with matching foreign currency assets into valuation units on the basis of offsetting opposing changes in value pursuant to § 254 of the Commercial Code (HGB) (portfolio hedges) and the result of currency conversion of these foreign currency positions is recognised without regard to the purchase cost method or the imparity principle.

The other provisions are established in the settlement amount required according to reasonable and prudent business judgement, in some cases on the basis of actuarial opinions. Provisions with a maturity of more than one year are discounted using the average market rate published by the German Bundesbank for the last seven years in accordance with their maturity.

A provision is constituted for virtual stock options in accordance with actuarial principles on the basis of a recognised financial option pricing model (Black-Scholes Model with the aid of a trinomial tree method). Discounting is carried out pursuant to § 253 (2) of the Commercial Code (HGB) not using risk-free interest rates but with the average interest rates for the last seven years published by the German Bundesbank.

The deposits received from retrocessionaires and other liabilities are valued at the settlement amounts.

The remaining assets and liabilities outside the aforementioned valuation units have a maturity of less than one year and are measured in accordance with § 256 a of the Commercial Code (HGB).

In addition, the provisions for currency risks from past balance sheet dates are written back on a year-by-year basis.

The technical interest results in the main from the interest income earned on the basis of the life assurance provision. Standard methods are used for the calculation.

The declaration of conformity required pursuant to § 161 of the Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code has been submitted and made permanently available to the shareholders.

## Notes on assets

### Change in asset items A., B. I. to B. III.

in EUR thousand		2020	2021						2020
		Book values 31.12.	Additions	Reclassification	Disposals	Write-ups	Depreciation	Currency effects	Book values 31.12.
<b>A.</b>	<b>Intangible assets</b>								
	1. Purchased franchises, trademarks, patents, licences and similar rights and assets	40,716	5,013	11,494	–	–	21,323	18	35,918
	2. Prepayments on intangible assets	20,723	16,209	(11,494)	–	–	–	–	25,438
	3. Total A.	<b>61,439</b>	<b>21,222</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>21,323</b>	<b>18</b>	<b>61,356</b>
<b>B. I.</b>	<b>Land and buildings, rights to land and buildings, leasehold</b>	<b>31,554</b>	<b>117</b>	<b>–</b>	<b>–</b>	<b>146</b>	<b>698</b>	<b>–</b>	<b>31,119</b>
<b>B. II.</b>	<b>Investments in affiliated companies and participating interests</b>								
	1. Shares in affiliated companies	7,395,963	728,941	(117,978)	99,219	–	–	72,204	7,979,911
	2. Loans to affiliated companies	576,662	30,037	–	1	–	–	47,131	653,829
	3. Participating interests	313,872	56,471	–	237,425	–	–	–	132,918
	4. Loans to enterprises in which the company has a participating interest	78,535	–	–	83,400	–	–	4,865	–
	5. Total B. II.	<b>8,365,032</b>	<b>815,449</b>	<b>(117,978)</b>	<b>420,045</b>	<b>–</b>	<b>–</b>	<b>124,200</b>	<b>8,766,658</b>
<b>B. III.</b>	<b>Other financial investments</b>								
	1. Shares, units or shares in investment funds and other variable-yield securities	1,798,169	260,746	117,978	407,183	4,380	7,122	31,604	1,798,572
	2. Bearer debt securities and other fixed-income securities	19,820,748	14,840,317	–	11,044,448	1,465	11,340	1,210,856	24,817,598
	3. Other loans								
	a) Registered debt securities	397,791	180	–	233,205	–	–	341	165,107
	b) Debentures and loans	344,865	6,438	–	185,590	–	–	5,555	171,268
	c) Other loans	–	1,119,237	–	1,115,832	–	–	611	4,016
	4. Deposits with banks	621,807	9,953,987	–	9,554,814	–	–	80,435	1,101,415
	5. Other investments	10,301	–	–	–	–	–	–	10,301
	6. Total B. III.	<b>22,993,681</b>	<b>26,180,905</b>	<b>117,978</b>	<b>22,541,072</b>	<b>5,845</b>	<b>18,462</b>	<b>1,329,402</b>	<b>28,068,277</b>
<b>Total</b>		<b>31,451,706</b>	<b>27,017,693</b>	<b>–</b>	<b>22,961,117</b>	<b>5,991</b>	<b>40,483</b>	<b>1,453,620</b>	<b>36,927,410</b>

## Land and buildings and rights to land and buildings

On 31 December 2021 the company had at its disposal six developed properties with commercial and other buildings in Hannover and near Paris as well as one floor of offices in Madrid. The book value of the floor of offices in Madrid amounted to EUR 638 thousand (EUR 655 thousand) as at 31 December 2021; the book value of the developed property near Paris was EUR 898 thousand (EUR 928 thousand). Five buildings in Hannover with a book value of EUR 29,583 thousand (EUR 29,971 thousand) are for own use.

## Shares in affiliated companies and participations

Our major shares in affiliated companies and participations are listed below.

We have omitted companies of subordinate economic importance with no material influence on the net assets, financial position or results of operations.

### List of shareholdings in 2021

Name and registered office of the company	Participation (in %)	Currency	Capital and reserves (\$ 266 (3) Commercial Code)	Result for the last financial year
Figures in currency units of 1,000				
<b>Shares in affiliated companies</b>				
<b>Companies resident in Germany</b>				
Hannover Rück Beteiligung Verwaltungs-GmbH, Hannover/Germany	100.00	EUR	5,437,047	–
holds 64.79% of the shares in: E+S Rückversicherung AG, Hannover/Germany		EUR	741,347	61,000
holds 20.00% of the shares in: WeHaCo Unternehmensbeteiligungs-GmbH <sup>1</sup> , Hannover/Germany		EUR	76,029	(6,070)
holds 100.00% of the shares in: Hannover Re Holdings (UK) Limited, London/United Kingdom		EUR	4,094,709	639,957
holds 100.00% of the shares in: Hannover Finance, Inc., Wilmington/USA	100.00	USD	1,956,675	180,317
holds 100.00% of the shares in: Hannover Life Reassurance Company of America (Bermuda) Ltd., Hamilton/Bermuda	100.00	USD	2,547,973	52,676
holds 100.00% of the shares in: Hannover Life Reassurance Company of America, Orlando/USA	100.00	USD	625,162	88,646
holds 100.00% of the shares in: Glencar Insurance Company, Orlando/USA		USD	53,259	(7,661)
holds 100.00% of the shares in: Glencar Underwriting Managers, Inc., Chicago/USA		USD	4,255	35
holds 100.00% of the shares in: Kubera Insurance (SAC) Ltd., Hamilton/Bermuda		USD	19,245	(297)
holds 100.00% of the shares in: Hannover Re (Bermuda) Ltd., Hamilton/Bermuda		USD	1,914,729	471,745
holds 100.00% of the shares in: Hannover Re (Ireland) Designated Activity Company, Dublin/Ireland		USD	690,757	23,275
holds 100.00% of the shares in: Hannover Life Re of Australasia Ltd., Sydney/Australia		AUD	548,767	6,265
holds 95.00% of the shares in: Hannover ReTakaful B.S.C. (c), Manama/Bahrain		BHD	82,017	4,890

Name and registered office of the company	Participation (in %)	Currency	Capital and reserves (§ 266 (3) Commercial Code)	Result for the last financial year
Figures in currency units of 1,000				
Hannover America Private Equity Partners II GmbH & Co. KG, Hannover/Germany	87.00	EUR	681,473	148,252
holds 100.00% of the shares in: HAPEP II Holding GmbH, Hannover/Germany		EUR	36,621	2,482
Hannover Re Euro PE Holdings GmbH & Co. KG, Hannover/Germany	74.99	EUR	429,023	90,412
HILSP Komplementär GmbH <sup>2</sup> , Hannover/Germany	100.00	EUR	25	(2)
FUNIS GmbH & Co. KG, Hannover/Germany	100.00	EUR	103,348	20,759
holds 100.00% of the shares in: Integra Insurance Solutions Limited, Bradford/United Kingdom		GBP	8,586	1,568
holds 30.00% of the shares in: Reaseguradora del Ecuador S.A., Guayaquil/Ecuador		USD	20,171	3,489
holds 20.00% of the shares in: Monument Insurance Group Limited <sup>1</sup> , Hamilton/Bermuda		GBP	–	–
holds 20.00% of the shares in: Trinity Underwriting Managers Ltd., Toronto/Canada		CAD	–	–
holds 15.00% of the shares in: SWISS INSUREVOLUTION PARTNERS Holding (CH) AG <sup>1</sup> , Zurich/Switzerland		CHF	–	–
holds 15.00% of the shares in: SWISS INSUREVOLUTION PARTNERS Holding (FL) AG <sup>1</sup> , Triesen/Liechtenstein		CHF	–	–
Inter Hannover (No.1) Limited, London/United Kingdom	100.00	GBP	–	–
Hannover Re Global Alternatives GmbH & Co. KG, Hannover/Germany	85.00	EUR	725,772	41,091
holds 100.00% of the shares in: PAG Real Estate Asia Select Fund Limited, George Town/Cayman Islands		USD	374,984	26,364
holds 99.99% of the shares in: HR US Infra Debt LP, George Town/Cayman Islands		USD	320,765	10,543
Hannover Re Euro RE Holdings GmbH, Hannover/Germany	65.00	EUR	1,083,797	34,212
holds 99.99% of the shares in: HR GLL Central Europe GmbH & Co. KG, Munich/Germany		EUR	195,548	5,686
HAPEP II Komplementär GmbH, Hannover/Germany	50.00	EUR	54	5
<b>Affiliated companies resident abroad</b>				
Hannover Finance (Luxembourg) S.A., Leudelange/Luxembourg	100.00	EUR	22,377	762
Hannover Finance (UK) Limited, London/United Kingdom	100.00	GBP	720	(21)
holds 100.00% of the shares in: Hannover Services (UK) Limited, London/United Kingdom		GBP	1,605	(93)
Hannover Reinsurance Group Africa (Pty) Ltd., Johannesburg/South Africa	100.00	ZAR	1,195,772	943,712
holds 100.00% of the shares in: Hannover Re South Africa Limited, Johannesburg/South Africa		ZAR	1,639,401	(395,313)
holds 100.00% of the shares in: Compass Insurance Company Limited, Johannesburg/South Africa		ZAR	329,610	57,560
holds 70.00% of the shares in: Lireas Holdings (Pty) Ltd., Johannesburg/South Africa		ZAR	381,359	50,457
holds 100.00% of the shares in: Hannover Africa Limited, Johannesburg/South Africa		ZAR	1,623	(118,782)

Name and registered office of the company	Participation (in %)	Currency	Capital and reserves (\$ 266 (3) Commercial Code)	Result for the last financial year
Figures in currency units of 1,000				
Leine Investment General Partner S.à.r.l., Luxembourg/Luxembourg	100.00	EUR	894	154
holds 100.00% of the shares in: LI RE, Hamilton/Bermuda		USD	–	–
Argenta Holdings Limited, London/United Kingdom	100.00	GBP	58,576	2,557
holds 100.00% of the shares in: Argenta Private Capital Limited, London/United Kingdom		GBP	3,209	954
holds 100.00% of the shares in: Argenta Syndicate Management Limited, London/United Kingdom		GBP	4,798	2,892
holds 100.00% of the shares in: Argenta Tax & Corporate Services Limited, London/United Kingdom		GBP	383	184
holds 100.00% of the shares in: Argenta Underwriting Asia Pte. Ltd., Singapore/Singapore		SGD	4,255	1,765
holds 100.00% of the shares in: Argenta Underwriting No.1 Limited, London/United Kingdom		GBP	22	–
holds 100.00% of the shares in: Argenta Underwriting No.2 Limited, London/United Kingdom		GBP	(1,564)	(526)
holds 100.00% of the shares in: Argenta Underwriting No.3 Limited, London/United Kingdom		GBP	(1,570)	606
holds 100.00% of the shares in: Argenta Underwriting No.4 Limited, London/United Kingdom		GBP	(152)	–
holds 100.00% of the shares in: Argenta Underwriting No.7 Limited, London/United Kingdom		GBP	–	–
holds 100.00% of the shares in: Argenta Underwriting No.9 Limited, London/United Kingdom		GBP	(49)	(80)
holds 100.00% of the shares in: Argenta Underwriting No.10 Limited, London/United Kingdom		GBP	(49)	(70)
holds 100.00% of the shares in: Argenta Underwriting No.11 Limited, London/United Kingdom		GBP	(16)	–
holds 100.00% of the shares in: Argenta No.13 Limited, London/United Kingdom		GBP	–	–
holds 100.00% of the shares in: Argenta No.14 Limited, London/United Kingdom		GBP	–	–
holds 100.00% of the shares in: Argenta No.15 Limited, London/United Kingdom		GBP	–	–
holds 100.00% of the shares in: Argenta No.16 Limited, London/United Kingdom		GBP	–	–
holds 100.00% of the shares in: Residual Services Limited, London/United Kingdom		GBP	3	–
Leine Investment SICAV-SIF, Luxembourg/Luxembourg	100.00	USD	103,197	3,719
Kaith Re Ltd., Hamilton/Bermuda	88.00	USD	327	280
Hannover Re Real Estate Holdings, Inc., Orlando/USA	86.50	USD	1,100,684	36,554
holds 100.00% of the shares in: HR US Infra Equity LP, Wilmington/USA		USD	142,324	(1,043)
holds 99.90% of the shares in: GLL HRE CORE Properties L.P., Wilmington/USA		USD	791,688	(403)
Hannover ReTakaful B.S.C. (c),, Manama/Bahrain	5.00	BHD	82,017	4,890

Name and registered office of the company	Participation (in %)	Currency	Capital and reserves (§ 266 (3) Commercial Code)	Result for the last financial year
Figures in currency units of 1,000				
<b>Participations</b>				
HANNOVER Finanz GmbH <sup>1</sup> , Hannover/Germany	27.78	EUR	63,028	(342)
WeHaCo Unternehmensbeteiligungs-GmbH <sup>1</sup> , Hannover/Germany	20.00	EUR	76,029	(6,070)
Meribel Mottaret Limited <sup>4</sup> , St. Helier/Jersey	18.96	EUR	–	–
Sureify Labs, Inc. <sup>3</sup> , Wilmington/USA	10.03	USD	7,112	4,974
FinLeap GmbH <sup>1</sup> , Berlin/Germany	8.41	EUR	93,496	(11,603)

<sup>1</sup> Financial year ending 31 December 2020

<sup>2</sup> Financial year ending 30 September 2021

<sup>3</sup> Financial year ending 31 July 2021

<sup>4</sup> No disclosure requirements pursuant to § 286 (3) Sentence 1 No. 2 of the Commercial Code (HGB)

### Key exchange rates

1 EUR corresponds to:	Exchange rates on 31.12.2021
AUD	1.55960
BHD	0.42770
CAD	1.44909
CNY	7.22970
GBP	0.83931
USD	1.13435
ZAR	18.02750

## Investments in affiliated companies and participating interests

As at 31 December 2021 the company held shares in affiliated companies with a book value of EUR 7,979,911 thousand (EUR 7,395,963 thousand). Write-downs of EUR 5,647 thousand (EUR 5,930 thousand) were not taken on shares in affiliated companies with a book value of EUR 68,224 thousand (EUR 117,978 thousand) because the impairments in question are purely temporary. Based on the assumption that impairments on loans to affiliated companies will not be permanent and are attributable to the underlying measurement parameters, write-downs of EUR 0 thousand (EUR 0 thousand) were not taken on a portfolio with a book value of EUR 0 thousand (EUR 0 thousand). Write-downs of EUR 0 thousand (EUR 1,356 thousand) were not taken on participating interests with a book value of EUR 0 thousand (EUR 18,188 thousand) because the impairments in question are purely temporary.

In the 2021 financial year the 49.78 percent participating interest in HDI Global Specialty SE, Hannover, was sold to the majority shareholder HDI Global Specialty Holding GmbH, Hannover, effective 31 December 2021.

The conversion of the reinsurance licence held by Hannover Life Reassurance Africa Limited (HRe SA), Johannesburg,

South Africa, to a composite licence was approved effective 1 January. In this connection the reinsurance business of Hannover Reassurance Africa Limited (HR SA), Johannesburg, South Africa, was transferred to HRe SA. HRe SA was renamed Hannover Re South Africa Limited, Johannesburg, South Africa, on 29 March 2021. In this context, the interests in Compass Insurance Company Limited, Johannesburg, South Africa, and in Lireas Holdings (Pty) Ltd., Johannesburg, South Africa, were transferred from HR SA to HRe SA. HR SA was renamed Hannover Africa Limited, Johannesburg, South Africa, with effect from 29 October 2021.

Hannover Finance (Luxembourg) S.A., Luxembourg, sold its interest of 10.03% in Sureify Labs Inc., Wilmington, United States, to Hannover Rück SE on 1 December 2021.

On 15 December 2021 Hannover Re (Ireland) DAC, Dublin, Ireland, sold its participating interest in Somerset Reinsurance Holdings Ltd., Hamilton, Bermuda, to Hannover Rück SE. Hannover Rück SE now holds 11.7% of Somerset Reinsurance Holdings Ltd.

## Other investments

The securities totalling EUR 1,715,374 thousand (EUR 1,744,324 thousand) shown under the “Other financial investments” in the item “Shares, units or shares in investment funds and other variable-yield securities” were allocated to fixed assets. The fair value of these holdings amounted to EUR 2,066,859 thousand (EUR 2,152,932 thousand). Based on the assumption that the impairments will not be permanent, write-downs of EUR 6,664 thousand (EUR 10,475 thousand) were not taken on a portfolio with a book value of EUR 117,341 thousand (EUR 99,642 thousand). In the case of shares and investment fund certificates, a separate and standardised method is used to check the permanence of the impairment. For bond funds the permanence of the impairment is checked on the basis of the difference between the cost price and fair value. The permanence of the impairment for high-yield and emerging market funds is established on the basis of the difference between the cost price and fair value and depending on the ratings of the assets held within the funds. In the case of private equity, real estate investment and infrastructure funds, the permanence of the impairment is verified by referring to the difference between the cost price and fair value and making allowance for the investment structure (J-curve or core funds).

Altogether, bearer debt securities and other fixed-income securities with a book value of EUR 22,843,959 thousand (EUR 16,763,624 thousand) and a fair value of EUR 23,660,232 thousand (EUR 17,896,111 thousand) were allocated to fixed assets. Write-downs of EUR 137,750 thousand (EUR 14,750 thousand) were not taken on bearer debt securities with a book value of EUR 8,094,350 thousand (EUR 1,523,440 thousand). Given that there were no indications of issuer default, it is expected that the nominal value will be repaid in full upon maturity and hence a permanent impairment is not anticipated. The holdings that were not written down to fair value relate inter alia to CDO/CLO investments. Model-based

fair value measurement, making allowance for applicability criteria and verification of compliance with collateral tests of the respective higher tranches, is used to test for impairment of the carrying amounts.

Write-downs of EUR 68 thousand (EUR 1,772 thousand) were not taken on debentures with a book value of EUR 6,000 thousand (EUR 5,000 thousand) based on the premise that the nominal value will be repaid in full on maturity.

Based on determination of the fair value as at 31 December 2021, no requirement to recognise a permanent impairment on registered debt securities with a book value of EUR 10,000 thousand (EUR 10,000 thousand) was identified. There were no indications of issuer default, and hence write-downs of EUR 201 thousand (EUR 537 thousand) were not taken.

The portfolio includes a special fund launched for Hannover Rück SE by an external manager. The company's share of the fund is 100.0%. The fund in question is a high-yield fund investing principally in European fixed-income securities. An index composed of the iBoxx universe is used as the benchmark. For Hannover Rück SE a total amount of EUR 8,824 thousand (EUR 10,427 thousand) was distributed in the year under review. In addition, a gain on disposal of EUR 0 thousand (EUR 4,200 thousand) was realised through the sale of unit certificates. The units can be returned at any time within at most five days. The fund units have a fair value of EUR 1,434,476 thousand (EUR 1,443,300 thousand) and a book value of EUR 1,231,124 thousand (EUR 1,231,124 thousand), producing unrealised gains of EUR 203,352 thousand (EUR 212,176 thousand).

Assets with a balance sheet value of EUR 10,291,642 thousand (EUR 6,912,925 thousand) are blocked in favour of companies.



## Fair values pursuant to § 54 of the Regulation on the Accounting of Insurance Undertakings (RechVersV)

The fair values of land and buildings are determined annually using the gross rental method in accordance with the Decree on the Principles for Determining the Market Value of Property (ImmoWertV) and the supplementary valuation guidelines. Income values or net asset values are determined for shares in affiliated companies and participating interests. In individual cases the amortised cost is taken as the fair value.

Shares, units or shares in investment funds, bearer debt securities and other securities are carried at market or stock exchange prices. These are obtained from publically available prices and bid prices as at the balance sheet date. In the case

of special investments for which there are no publically available prices, valuation is model-based using risk premiums, default rates, prepayment speed and recovery rates or at net asset value (NAV). The fair values of securities traded in illiquid markets as well as those of the sundry loans and loans to affiliated companies and participating interests are calculated on the basis of yield curves, taking into account the creditworthiness of the specific debtor and the currency of the loan.

Deposits with banks and other investments are carried at nominal values and in individual cases at book value.

### Fair values pursuant to § 54 RechVersV of asset items B. I. to B. III.

in EUR thousand		2021		
		Book values 31.12.	Fair values 31.12.	Difference 31.12.
<b>B. I.</b>	<b>Land and buildings, rights to land and buildings, leasehold</b>	<b>31,119</b>	<b>56,560</b>	<b>25,441</b>
<b>B. II.</b>	<b>Investments in affiliated companies and participating interests</b>			
	1. Shares in affiliated companies	7,979,911	13,865,511	5,885,600
	2. Loans to affiliated companies	653,829	667,249	13,420
	3. Participating interests	132,918	285,544	152,626
	4. Loans to enterprises in which the company has a participating interest	–	–	–
	5. Total B. II.	<b>8,766,658</b>	<b>14,818,304</b>	<b>6,051,646</b>
<b>B. III.</b>	<b>Other financial investments</b>			
	1. Shares, units or shares in investment funds and other variable-yield securities	1,798,572	2,150,056	351,484
	2. Bearer debt securities and other fixed-income securities	24,817,598	25,659,483	841,885
	3. Other loans			
	a) Registered debt securities	165,107	178,538	13,431
	b) Debentures and loans	171,268	181,267	9,999
	c) Other loans	4,016	4,014	(2)
	4. Deposits with banks	1,101,415	1,108,897	7,482
	5. Other investments	10,301	10,280	(21)
	6. Total B. III.	<b>28,068,277</b>	<b>29,292,535</b>	<b>1,224,258</b>
<b>Total</b>		<b>36,866,054</b>	<b>44,167,399</b>	<b>7,301,345</b>

The fair value disclosures pursuant to § 55 (7) of the Regulation on the Accounting of Insurance Undertakings (RechVersV) were determined entirely in the 2021 financial year.

## Other receivables

in EUR thousand	2021	2020
Receivables from affiliated companies	940,503	899,012
Receivables from investment objects	210,507	–
Receivables from reinsured pension schemes	72,395	70,360
Receivables from the revenue authorities	20,320	11,449
Receivables from VAT/GST	12,824	11,954
Receivables from hedging transactions	7,924	20,703
Receivables from securities transactions	3,810	1,777
Deposits	2,698	2,698
Receivables from representative offices	1,985	2,673
Interest and rent due	362	362
Other receivables	3,741	4,297
<b>Total</b>	<b>1,277,069</b>	<b>1,025,285</b>

## Sundry assets

The sundry assets relate to tax refund claims in an amount of EUR 68,585 thousand (EUR 128,706 thousand).

## Prepayments and accrued income

in EUR thousand	2021	2020
Accrued interest and rent	229,898	179,744
Accrued administrative expenses	8,602	9,043
Other	–	–
<b>Total</b>	<b>238,500</b>	<b>188,787</b>

## Notes on liabilities

### Subscribed capital

The company's subscribed capital remained unchanged as at 31 December 2021 in the amount of EUR 120,597 thousand. It is divided into 120,597,134 no-par-value registered shares.

Contingent capital of EUR 24,119 thousand is available. It can be used to grant shares to holders of bonds and/or profit-sharing rights with conversion rights or warrants or

conversion obligations. This contingent capital has a time limit of 4 May 2026.

Authorised capital is also available in an amount of up to EUR 24,119 thousand with a time limit of 4 May 2026. Of this, an amount of up to EUR 1,000 thousand may be used to issue employee shares.

### Treasury shares

By a resolution of the Annual General Meeting of Hannover Rück SE adopted on 5 May 2021, the company was authorised until 4 May 2026 to acquire treasury shares of up to 10% of the capital stock existing on the date of the resolution.

The company did not hold fully paid, no-par-value treasury shares as at 31 December 2021. Within the financial year just ended the company acquired shares for employees in the Group, which it subsequently sold to them.

	2021			
	Date of first acquisition	Date of first sale	Date of second acquisition	Date of second sale
	13 May	13 May	23 June	23 June
Number of shares	15,742	15,742	24	24
Amount of capital stock attributable to the shares (EUR)	15,742.00	15,742.00	24.00	24.00
Proportion of capital stock	0.01%	0.01%	0.0000%	0.0000%
Price (EUR)	149.09	149.09	144.32	144.32

## Capital reserve

The company's capital reserve remained unchanged as at 31 December 2021 in the amount of EUR 880,608 thousand. The capital reserve refers solely to the amount generated

upon the issue of shares in excess of the par value of the subscribed capital.

## Retained earnings

The retained earnings were unchanged as at 31 December 2021 in an amount of EUR 630,511 thousand. They were reduced by EUR 522 thousand due to the issue of employee shares and an amount of EUR 522 thousand was allocated to retained earnings from the 2021 profit for the year. Pursuant to § 268 (8) Sentence 3 in conjunction with Sentence 1 of the Commercial Code (HGB) there is a restriction on distribution of EUR 30 thousand (EUR 37 thousand) for the excess of fair

value over historical cost of the assets used to cover retirement benefit obligations less corresponding deferred tax liabilities. Based on the discounting of pension obligations with the average market interest rate of the last ten years compared to discounting with the average market interest rate of the last seven years, there is an additional restriction on distribution in an amount of EUR 7.4 million (EUR 8.9 million) after allowance for deferred taxes.

## Disposable profit

The disposable profit for the financial year includes a profit carried forward from the previous year of EUR 557,313 thousand.

## Subordinated liabilities

Under a loan agreement dated 19 November 2012 Hannover Finance (Luxembourg) S.A. granted Hannover Re a junior loan of EUR 500,000 thousand at a coupon of 5.131% p.a. and with a maturity date of 20 November 2042 as well as a first call option on 20 June 2023.

On 8 July 2020 Hannover Re placed further subordinated debt in an amount of EUR 500,000 thousand on the capital market at a coupon of 1.75% p.a. and with a maturity date of 8 October 2040 as well as a first scheduled call option on 8 July 2030.

On 15 September 2014 Hannover Re placed another subordinated bond with a volume of EUR 500,000 thousand on the capital market at a coupon of 3.375% p.a. and with a perpetual maturity as well as a first scheduled call option on 26 June 2025.

On 15 March 2021 Hannover Re placed further subordinated debt in an amount of EUR 750,000 thousand on the capital market at a coupon of 1.375% p.a. and with a maturity date of 30 June 2043 as well as a first scheduled call option on 15 March 2031.

On 9 October 2019 Hannover Re placed further subordinated debt in an amount of EUR 750,000 thousand on the capital market at a coupon of 1.125% p.a. and with a maturity date of 9 October 2039 as well as a first scheduled call option on 9 July 2029.

## Provision for unearned premiums

in EUR thousand	2021		2020	
	gross	net	gross	net
Insurance line				
Fire	764,028	599,881	615,301	474,691
Casualty	997,565	808,559	764,121	624,257
Accident	98,611	58,696	121,818	54,292
Motor	530,729	420,998	460,844	377,912
Aviation	122,306	101,872	103,226	87,330
Life	344,439	312,430	288,950	247,430
Other lines	1,106,477	737,292	979,126	636,986
<b>Total</b>	<b>3,964,155</b>	<b>3,039,728</b>	<b>3,333,386</b>	<b>2,502,898</b>

## Life assurance provisions

in EUR thousand	2021		2020	
	gross	net	gross	net
Insurance line				
Accident	11,357	7,375	13,460	8,455
Life	7,895,020	7,749,914	7,029,924	6,913,074
Other lines	63,437	35,100	49,934	26,394
<b>Total</b>	<b>7,969,814</b>	<b>7,792,389</b>	<b>7,093,318</b>	<b>6,947,923</b>

## Provisions for outstanding claims

in EUR thousand	2021		2020	
	gross	net	gross	net
Insurance line				
Provision for reimbursements and surrenders (except annuities)				
Fire	4,686,628	3,381,966	3,614,910	2,590,191
Casualty	10,827,017	8,981,766	9,206,414	7,591,142
Accident	384,969	329,179	359,377	288,323
Motor	5,019,811	3,795,351	4,209,859	3,266,603
Aviation	951,926	707,733	850,603	636,037
Marine	1,373,072	929,175	1,168,151	786,626
Life	1,545,243	1,419,140	1,322,987	1,214,291
Other lines	6,085,751	4,279,960	5,058,193	3,621,394
	<b>30,874,417</b>	<b>23,824,270</b>	<b>25,790,494</b>	<b>19,994,607</b>
Separate value adjustment on retrocessions	–	54,832	–	51,002
	<b>30,874,417</b>	<b>23,879,102</b>	<b>25,790,494</b>	<b>20,045,609</b>
Provision for annuities				
Casualty	3,064	2,982	3,006	2,927
Accident	39,642	39,636	36,445	36,438
Motor	17,686	16,185	17,724	16,066
Life	29,777	29,777	26,669	26,669
	<b>90,169</b>	<b>88,580</b>	<b>83,844</b>	<b>82,100</b>
<b>Total</b>	<b>30,964,586</b>	<b>23,967,682</b>	<b>25,874,338</b>	<b>20,127,709</b>

The net run-off result in property and casualty insurance is negative overall and amounts to EUR -67.6 million (EUR 263.0 million) or -0.3% (1.5%) relative to the original provision.

## Equalisation reserve and similar provisions

in EUR thousand	2021			
	Position at 1.1.	Addition	Withdrawal and release	Position at 31.12.
Insurance line				
Equalisation reserve				
Fire	340,885	88,394	3,376	425,903
Casualty	1,341,361	216,992	–	1,558,353
Accident	45,261	–	19,431	25,830
Motor	697,853	46,264	–	744,117
Aviation	208,722	16,118	–	224,840
Marine	325,168	41,556	–	366,724
Other lines	720,089	150,084	–	870,173
	<b>3,679,339</b>	<b>559,408</b>	<b>22,807</b>	<b>4,215,940</b>
Provisions which are similar to the equalisation reserve – major risks –				
Fire	26,607	591	–	27,198
Casualty	10,841	161	69	10,933
Accident	–	–	–	–
Motor	1,156	46	–	1,202
Aviation	–	–	–	–
Marine	–	–	–	–
Other lines	53,429	8,342	–	61,771
<b>Total</b>	<b>3,771,372</b>	<b>568,548</b>	<b>22,876</b>	<b>4,317,044</b>

## Other technical provisions

in EUR thousand	2021		2020	
	gross	net	gross	net
Type of provision				
Profit commission	659,927	436,398	525,898	353,800
Commissions	(6,144)	(4,268)	(1,236)	(443)
Premium cancellation	1,420	1,421	1,323	1,323
Road accident victims' assistance	–	–	–	–
<b>Total</b>	<b>655,203</b>	<b>433,551</b>	<b>525,985</b>	<b>354,680</b>

## Technical provisions – total

in EUR thousand	2021		2020	
	gross	net	gross	net
Insurance line				
Fire	6,064,458	4,567,241	4,724,208	3,542,187
Casualty	13,459,587	11,416,781	11,365,119	9,604,688
Accident	638,566	445,013	661,287	430,406
Motor	6,342,880	5,003,882	5,396,600	4,368,096
Aviation	1,304,272	1,038,799	1,167,887	936,551
Marine	1,767,682	1,319,446	1,504,490	1,121,206
Life	10,016,863	9,675,947	8,861,664	8,556,501
Other lines	8,277,002	6,028,508	6,917,738	5,094,031
	<b>47,871,310</b>	<b>39,495,617</b>	<b>40,598,993</b>	<b>33,653,666</b>
Separate value adjustment on retrocessions	–	54,832	–	51,002
<b>Total</b>	<b>47,871,310</b>	<b>39,550,449</b>	<b>40,598,993</b>	<b>33,704,668</b>

## Provisions for other risks and charges

in EUR thousand	2021	2020
Provisions for pensions and similar liabilities	127,081	113,737
Provisions for taxation	41,049	90,657
Sundry provisions		
Provisions for outstanding remuneration payments	63,213	52,730
Provisions for anticipated losses	44,488	28,165
Provisions for interest pursuant to § 233a AO (Fiscal Code)	15,081	33,185
Provision for company pension plan	12,259	8,829
Provisions for annual accounts costs	4,786	4,417
Provisions for suppliers' invoices	4,386	2,370
Provisions for partial retirement	2,501	2,399
Provisions for consulting fees	2,347	2,621
Provisions for costs of legal action	44	854
Other provisions	9,629	6,545
<b>Total</b>	<b>326,864</b>	<b>346,509</b>

The difference between the discounting of the pension obligations with the average market interest rate of the last ten years compared to discounting with the average market interest rate of the last seven years – allowing for deferred tax liabilities – was EUR 7.4 million (EUR 8.9 million).

Assets and the associated expenses and income were offset pursuant to § 246 (2) Sentence 2 of the Commercial Code (HGB) with respect to the provisions for pensions and the provision for partial retirement. Pension liabilities and pension insurance policies were netted in an amount of EUR 191 thousand (EUR 187 thousand). The provision for

partial retirement of EUR 4,224 thousand (EUR 3,656 thousand) was netted with plan assets with a fair value of EUR 1,853 thousand (EUR 1,508 thousand) pursuant to § 246 (2) of the Commercial Code (HGB). In this connection, income of EUR 5 thousand (EUR 7 thousand) was offset against total expenses of EUR 19 thousand (EUR 5 thousand).

The plan assets for partial retirement were measured pursuant to § 253 (1) Sentence 3 of the Commercial Code (HGB) on the basis of fair values. The acquisition cost of the plan assets amounted to EUR 1,850 thousand (EUR 1,494 thousand).

## Miscellaneous liabilities

in EUR thousand	2021	2020
Accounts due to affiliated companies	406,608	409,629
Liabilities from repurchase agreements	76,482	22,969
Liabilities from interest and LOC	23,942	21,120
Liabilities from cash collateral received	16,228	5,761
Liabilities in respect of the revenue authorities	7,876	6,136
Liabilities from deliveries and services	7,663	7,125
Liabilities from hedge accounting	5,299	5,231
Liabilities from VAT/GST	2,719	1,740
Liabilities from outstanding commitments to old-age pension scheme	161	473
Liabilities from leases	8	8
Liabilities from securities transactions	1	1
Liabilities from misdirected payments	–	2,339
Other liabilities	2,385	3,482
<b>Total</b>	<b>549,372</b>	<b>486,014</b>

Term repurchase agreements (repos) were entered into as a supplementary liquidity management tool in the year under review. The asset portfolios exchanged in this context are

fully collateralised. As at the balance sheet date the liabilities from repos amounted to EUR 76,482 thousand (EUR 22,969 thousand).

## Notes on the profit and loss account

### Total insurance business

in EUR thousand	2021	2020	2021	2020	2021	2020	2021	2020
Insurance line	Gross written premium		Gross premium earned		Net premium earned		Technical result for own account	
Fire	4,015,509	3,312,703	3,923,527	3,193,578	2,500,714	2,025,089	67,305	(14,431)
Casualty	2,991,889	2,410,171	2,818,740	2,267,980	2,271,284	1,796,744	(388,461)	(307,374)
Accident	379,117	509,702	408,302	480,757	308,427	291,819	29,779	25,266
Motor	3,197,197	2,734,725	3,172,059	2,751,762	1,951,918	1,744,543	(122,237)	(177,754)
Aviation	315,526	322,379	303,884	293,630	228,152	236,055	27,285	27,352
Marine	543,809	459,883	543,809	459,883	235,080	181,051	(11,213)	6,334
Other lines	4,819,531	4,441,274	4,760,097	4,350,553	2,924,001	2,722,805	(210,127)	(420,443)
<b>Total property and casualty</b>	<b>16,262,578</b>	<b>14,190,837</b>	<b>15,930,418</b>	<b>13,798,143</b>	<b>10,419,576</b>	<b>8,998,106</b>	<b>(607,669)</b>	<b>(861,050)</b>
Life	5,678,875	5,026,184	5,646,500	4,986,481	4,348,762	3,925,220	(64,869)	(42,074)
<b>Total insurance business</b>	<b>21,941,453</b>	<b>19,217,021</b>	<b>21,576,918</b>	<b>18,784,624</b>	<b>14,768,338</b>	<b>12,923,326</b>	<b>(672,538)</b>	<b>(903,124)</b>

in EUR thousand	2021	2020
Gross claims incurred	16,120,842	14,293,601
Gross operating expenses	4,756,028	4,224,015
Reinsurance balance	591,789	277,962

In accordance with the disclosure required pursuant to § 27 (3) and (4) of the Regulation on the Accounting of Insurance Undertakings (RechVersV), insurance contracts with the HDI property/casualty group are booked with a time delay of one month. The premium volume for 2021 amounts to altogether EUR 892.9 million (EUR 854.6 million). Of this, EUR 0.3 million (EUR 2.7 million) relates to the month of December 2020.

We calculated the allocated investment return transferred from the non-technical account to the technical account in accordance with § 38 of the Regulation on the Accounting of Insurance Undertakings (RechVersV).

## Investment charges

in EUR thousand	2021	2020
Fixed-income securities	129,424	46,236
Administrative expenses	37,849	33,431
Forward exchange transactions	24,763	15,811
Futures and options contracts, technical derivatives	18,715	7,665
Shares and investment fund certificates	10,361	10,306
Land and buildings	3,079	3,522
Deposit and bank fees	1,369	1,363
Interest charges	440	353
Shares in affiliated companies and participations as well as loans to affiliated companies and enterprises in which the company has a participating interest	–	11,299
Deposits with ceding companies	–	7
Registered debt securities and sundry loans	–	5
<b>Total</b>	<b>226,000</b>	<b>129,993</b>

## Other income

in EUR thousand	2021	2020
Exchange rate gains	168,870	105,402
Income from sale of renewal rights	42,520	–
Profit from services	35,557	34,071
Interest pursuant to § 233a AO (Fiscal Code)	21,093	5,690
Allocated investment return	18,555	4,958
Income from guarantees given	6,932	9,277
Profit from joint ventures	5,573	2,024
Separate value adjustments on accounts receivable and retrocessions	3,628	7,998
Profit from clearing transactions	3,310	631
Income from the release of non-technical provisions	2,553	6,297
Income from reinsurance contracts	1,602	4,549
Reimbursement of expenses	282	43
Amounts realised	187	68
Income from discounting pursuant to § 277 (5) HGB (Commercial Code)	7	35
Other income	4,780	5,668
<b>Total</b>	<b>315,449</b>	<b>186,711</b>

The income from the sale of renewal rights to Hannover Re (Bermuda) Ltd., Hamilton, Bermuda, relates to property and casualty reinsurance treaties.



## Other charges

in EUR thousand	2021	2020
Financing interest	76,441	87,904
Exchange rate losses	89,701	85,133
Deposit interest	62,492	72,017
Expenses for the company as a whole	68,539	60,469
Expenses from services rendered	36,460	34,905
Separate value adjustments on accounts receivable and retrocessions	10,435	17,296
Expenses for joint ventures	7,219	7,800
Interest charges on old-age pension scheme	2,399	2,632
Expenses for letters of credit	2,302	2,109
Expenses from reinsurance contracts	1,726	1,197
Write-downs on accounts receivable	685	237
Interest charges from reinsurance transactions	205	205
Compounding of interest on provisions/expense from compounding pursuant to § 277 (5) HGB (Commercial Code)	37	43
Interest pursuant to § 233a AO (Fiscal Code)	656	38
Other interest and expenses	7,070	1,757
	<b>366,367</b>	<b>373,742</b>
Less: Technical interest	9,534	7,619
<b>Total</b>	<b>356,833</b>	<b>366,123</b>

With respect to the fees paid to the independent auditor, we made use of the exemption afforded by § 285 No. 17 of the Commercial Code (HGB); the required disclosures are included in the consolidated financial statement of Hannover Re.

In addition to the audit of the annual financial statement and management report as at 31 December 2021, the independent auditor reviewed the reporting package compiled in accordance with International Financial Reporting Standards

(IFRS) and drew up the review report on the quarterly financial statements. The solvency balance sheet as at 31 December 2021 was also audited.

Furthermore, the independent auditor performed other assurance services in connection with the combined non-financial information statement. The tax consultancy services encompass tax advice provided on specific matters.

## Expenses for personnel

in EUR thousand	2021	2020
1. Wages and salaries	165,484	149,786
2. Social security payments and expenses for welfare	26,092	22,580
3. Expenses for old-age pension scheme	20,324	13,914
<b>Total</b>	<b>211,900</b>	<b>186,280</b>

# Proposal for the appropriation of the disposable profit

The Executive Board and Supervisory Board intend to propose to the Annual General Meeting that the disposable profit should be appropriated as follows:

## Proposal for the appropriation of the disposable profit

in EUR	2021
Payment of a dividend of EUR 4.50 on each eligible no-par value share	542,687,103.00
Payment of a special dividend of EUR 1.25 on each eligible no-par value share	150,746,417.50
Profit carried forward to new account	564,566,479.50
<b>Disposable profit</b>	<b>1,258,000,000.00</b>

## Other notes

Hannover Re has placed subordinated debt on the European capital market through its subsidiary Hannover Finance (Luxembourg) S.A. Hannover Re has secured by subordinated guarantee the debt issued in 2012, which has a volume of EUR 500.0 million. In addition, Hannover Re has placed two subordinated debts of EUR 500.0 million each, a senior bond of EUR 750.0 million and subordinated debt of EUR 750.0 million on the European capital market. Additional subordinated debt of EUR 750.0 million was placed in 2021. The total amount of liabilities with a remaining maturity of more than five years is EUR 3,750.0 million.

As security for technical liabilities, various financial institutions have furnished sureties for our company in the form of letters of credit. The total amount of the letters of credit, which also provide security for subsidiaries, was EUR 1,481.0 million (EUR 2,200.1 million) as at the balance sheet date.

Outstanding capital commitments with respect to special investments and shares in affiliated companies exist in the amount of EUR 409.3 million (EUR 292.1 million).

Under novation clauses in reinsurance contracts written by the subsidiaries with outside third parties we shall – in certain constellations – assume the rights and duties of the subsidiaries under the contracts. In the event of the contracts being transferred to Hannover Re, assets shall be transferred from the relevant subsidiary in the amount of the reserves. As at 31 December 2021 reserves equivalent to EUR 5,172,000 thousand (EUR 5,287,947 thousand) existed at the subsidiaries. No soft letters of comfort were provided in the financial year.

Hannover Re has provided guarantees of altogether USD 3,213.8 million (USD 6,089.1 million) to third parties for affiliated companies. The decrease results mainly from the termination of a single guarantee. The term of the guarantees is determined in each case by the secured liabilities of the affiliated company. Hannover Re receives guarantee commissions for this. In addition, a guarantee of GBP 10.0 million (GBP 10.0 million) was furnished. Furthermore, there are financial commitments to affiliated companies in an amount of USD 250.0 million (USD 250.0 million) and payment obligations to a subsidiary in South Africa based on the insurance and reinsurance contracts that it has written. A long-term compensation obligation in an amount of EUR 9,587 thousand (EUR 6,350 thousand) exists with respect to HDI Unterstützungskasse.

There are no other obligations with a remaining maturity of more than five years.

No significant court cases were pending during the year under review or as at the balance sheet date – with the exception of proceedings within the scope of ordinary insurance and reinsurance business activities.

There were no further contingent liabilities or other financial commitments that were not evident from the annual balance sheet.

The average size of the workforce was 1,611 in the year under review, of whom 96 were executive staff and 1,515 employees.

The remuneration report is provided in the combined management report of the company on pages 124 to 152 of the Group Annual Report. The total remuneration of the Executive Board of Hannover Re amounted to EUR 9.6 million (EUR 7.6 million). In the year under review 22,211 share awards with a fair value of EUR 3.7 million were granted to active members of the Executive Board. Pension payments to former members of the Executive Board and their surviving dependants amounted to EUR 1,303 thousand. A liability of EUR 20,809 thousand was recognised for current pensions of former members of the Executive Board. The remuneration of the Supervisory Board amounted to EUR 1,037 thousand (EUR 760 thousand).

The particulars for the Executive Board and Supervisory Board are provided on pages 2 to 5.

The list of shareholdings is provided on pages 18 to 21.

Talanx AG, Hannover, holds a majority interest in our company.

Talanx AG, Hannover, and HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover, include our financial statement in their consolidated financial statements, which are published in the electronic Federal Gazette.

On 3 November 2021 the Executive Board and Supervisory Board of Hannover Rück SE submitted an updated Declaration of Conformity pursuant to § 161 of the Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code and made it permanently accessible on the company's website ([www.hannover-re.com/200801/declaration-of-conformity](http://www.hannover-re.com/200801/declaration-of-conformity)).

The company combined opposing forward exchange transactions in notional amounts of ZAR 1,611.62 million (USD 98.8 million), CAD 48.7 million (USD 38.4 million), AUD 300.0 million (USD 220.4 million), GBP 400.8 million (USD 541.6 million), SGD 62.5 million (USD 46.3 million), HKD 362.0 million (USD 46.5 million), CNY 1,965.0 million (USD 304.6 million), TWD 2,765.5 million (USD 100.3 million), KRW 7,600.0 million (USD 6.5 million), USD 834.2 million (EUR 731.7 million) and USD 20.0 million (INR 1,516.0 million) into valuation units as at the balance sheet date pursuant to § 254 of the Commercial Code (HGB). The risk entered into vis-à-vis the counterparty is passed on in full – including the default risk – to four affiliated companies. In this context, the transactions with the affiliated companies constitute the underlying transactions and those with the counterparties outside the Group constitute the hedge instruments that make up the valuation unit. Both the interest rate risks and the currency risks of the underlying transactions are hedged by means of

micro-hedging. The opposing effects from the valuation units are fully correlated and recognised in the balance sheet using the net hedge presentation method. The effectiveness of the micro-hedges is assessed using the critical term method. As at 31 December 2021 the underlying transactions show positive fair values of altogether EUR 4.0 million and negative fair values totalling EUR 6.7 million. The forward exchange transactions, which were concluded in several tranches, have various maturity dates; the last transaction expires in 2023.

The company's portfolio also includes twenty-eight forward exchange transactions in notional amounts of HKD 555.0 million (USD 71.5 million), HKD 1,010.8 million (TWD 3,357.0 million), PHP 725.8 million (USD 14.0 million), IDR 394.2 billion (USD 26.0 million), KRW 32.2 billion (USD 27.8 million), USD 42.0 million (INR 3.3 billion, AUD 154.7 million (USD 112.5 million), HKD 710.1 million (USD 91.6 million), USD 40.0 million (AUD 51.7 million), AUD 546.0 million (EUR 306.5 million), USD 17.0 million (BRL 109.9 million), BRL 682.6 million (USD 106.4 million) and CAD 333.5 million (EUR 227.9 million) with different maturity dates (the last transaction runs until 2031) that are not combined into valuation units. Risks underlying the transactions are transferred to the branches in France, Hong Kong and Malaysia or remain with Hannover Re in Germany. The negative fair values of EUR 5.3 million (USD 6.0 million), EUR 14.4 million (AUD 22.5 million), EUR 5.1 million (TWD 159.2 million) and EUR 2.1 million (CAD 3.0 million) are carried in full on the liabilities side of the balance sheet as a provision for anticipated losses. The calculation is made on the basis of yield curves as well as spot and forward rates using the interest rate parity model.

Hannover Re hedges against currency risks by matching foreign currency liabilities with foreign currency assets. The intention is that changes in the value of foreign currency liabilities (underlying) caused by movements in exchange rates will be offset by opposing changes in the value of the foreign currency assets (hedge instrument). Matched liabilities are combined with their matching assets per currency into a valuation unit which is recognised in the balance sheet in the context of portfolio hedges. The volume amounts to EUR 25,156.3 million (EUR 24,983.9 million).

The portfolio contains derivatives associated with the technical account in a nominal volume of EUR 4.7 million (EUR 4.9 million) which relate to earthquake risks in Japan. The risks are offset by countertrade transactions.

The stock participation rights granted in the form of virtual shares (share awards) in an amount of EUR 17.1 million were hedged by equity swaps in the financial year. The hedge is effected at the level of tranches and on a rolling basis with a

maturity of three months until the share awards are paid out after five years. The hedged risk amounts to EUR 5.6 million. The underlying and the hedge were combined in a single valuation unit pursuant to § 254 of the Commercial Code (HGB). The offsetting changes in value are not recognised in the profit and loss account (net hedge presentation method). The effectiveness derives from the parallelism between the payments from the equity swaps and the change in value of the Hannover Re share. Effectiveness is measured retrospectively through the change in value of equity swaps and share awards. In April 2021 share awards with a value of EUR 5.6 million were paid out. Hedging through equity swaps resulted in a positive earnings effect of EUR 2.5 million.

We received an adequate consideration for all transactions with affiliated companies according to the circumstances of which we were aware at the time when the transactions were effected. We incurred no disadvantages requiring compensation as defined by § 311 (1) of the Stock Corporation Act (AktG).

The impacts of the armed conflict that broke out in February on the territory of Ukraine cannot be assessed at the present point in time. Even though direct consequences of war are normally excluded from reinsurance coverage, the possibility cannot be ruled out that losses may occur in specialty lines and that the sanctions already imposed and potentially still threatened in this connection could affect Hannover Re.

Hannover, 4 March 2022

Executive Board



Henchoz



Althoff



Chèvre



Jungsthöfel



Dr. Miller



Dr. Pickel



Sehm

A number of large loss events have already occurred in the early weeks of 2022. They include severe winter storms that swept across Central Europe with high wind speeds, a car carrier adrift on fire southwest of the Azores in the Atlantic and flooding in eastern Australia caused by extreme rainfall. The amount of the insured losses and our participation in them cannot yet be reliably estimated.

# Independent Auditor's Report

(Translation of the auditor's report issued in German language of the annual/consolidated financial statements prepared in German language by the management of Hannover Rück SE)

**To Hannover Rück SE, Hannover**

## Report on the audit of the annual financial statements and of the management report

### Audit Opinions

We have audited the annual financial statements of Hannover Rück SE, Hanover, which comprise the balance sheet as at December 31, 2021, and the statement of profit and loss for the financial year from January 1 to December 31, 2021, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Hannover Rück SE, which is combined with the group management report - which comprise the content included to comply with the German legal requirements as well as the remuneration report pursuant to § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act], including the related disclosures, included in section "Remuneration report" of the management report - for the financial year from January 1 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021 and of its financial performance for the financial year from January 1 to December 31, 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

### Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement

Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management

Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regu-

lation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

## Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

### (1) Measurement of premium reserves

(a) Premium reserves amounting to EUR 7,969.8 million (15.1% of total assets) are reported under the “Technical provisions” balance sheet item in the Company’s annual financial statements. The premium reserve was recognized primarily for the reinsurance activities in the life and health reinsurance segments.

The premium reserve in accordance with German commercial law is measured by using actuarial methods to derive the present value of future benefits to cedants, less the present value of premiums still to be paid by cedants in accordance with the principle of prudence and the realization principle set out in German commercial law in accordance with the relevant requirements of commercial and prudential law. Depending on the structure of the relevant policy and the regular business, the calculation is based either on a combination of previous cedant settlements, where necessary adjusted to account for estimates of the course of the policy for settlement periods not yet settled or based on model-driven own calculations of the premium reserve. The measurement also takes into account estimates of valuation parameters, particularly with respect to the biometric accounting bases to be recognized such as probabilities for mortality and longevity, where applicable including trends, invalidity and socioec-

- (1) Measurement of premium reserves
- (2) Measurement of provisions for unsettled claims in the property reinsurance business segment
- (3) Calculation of estimated gross premiums

Our presentation of these key audit matters has been structured in each case as follows:

- (a) Matter and issue
- (b) Audit approach and findings
- (c) Reference to further information

Hereinafter we present the key audit matters:

onomic factors such as assumed behaviors on the part of the policyholders (e.g., cancellation). This also includes the expected impact of the ongoing coronavirus crisis on the premium reserves.

The estimate of the sufficiency of the reported premium reserves, the estimates made in the absence of cedant settlements as well as model-driven calculations of the premium reserve is subject to considerable discretion to be exercised by the executive directors and the associated estimate uncertainties.

Against this background and due to the material significance of the amount of the premium reserves for the assets liabilities and financial performance of the Company and the complexity of the underlying calculations, this matter was of particular significance in the context of our audit.

- (b) Given the significance of premium reserves, as part of our audit we worked with our actuaries to assess the methods used by the Company and the assumptions made by the executive directors. The assessment was based on our industry expertise and experience, among other things.

For the purposes of the assessment, we also evaluated the design and effectiveness of the controls established by the Company for the purpose of calculating and recording the premium reserves. We focused in particular on controls designed to ensure that new products and policies are correctly classified and that changes in assumptions are correctly implemented in the systems.

Based on the testing of controls, we carried out additional analytical and substantive audit procedures relating to the measurement of the premium reserves. In tests of details we assessed the correct and proper use of the available cedant settlements when calculating the premium reserves. We also assessed the appropriateness of the material assumptions by analyzing how the actuarial methods applied were derived. In particular, we examined whether sufficient collateral was factored into the valuation in accordance with German commercial law and whether it was necessary to strengthen reserves. Furthermore we analyzed the development of premium reserves as com-

pared to the previous year, particularly in light of the fact that the assumptions correspond to the currently available cedant information, current business developments and our expectations based on market observations. In this context, we also assessed the executive directors' estimate as to the impact of the coronavirus crisis.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors for the purpose of measuring the premium reserves are appropriate overall.

- (c) The Company's disclosures on the premium reserve are contained in the sections of the notes entitled "Measurement of equity and liabilities" and "Notes to equity and liabilities". Disclosures on risks are contained in the Company's management report in the section entitled "Report on risks and opportunities", subsection "Technical risks of personal reinsurance".

## (2) Measurement of provisions for unsettled claims in the property reinsurance business segment

- (a) In the annual financial statements of the Company provisions for unsettled claims amounting to EUR 30,964.6 million (58.8% of total assets) are reported under the "Technical provisions" balance sheet item. A significant portion of the gross provision for unsettled claims is attributable to property reinsurance. Pursuant to § 341g HGB, provisions must be recognized for obligations incurred as a result of claims asserted but not yet settled by the end of the financial year ("claims provisions").

The claims provisions under property reinsurance are estimated based on cedant information based on experience. The claims provision in accordance with German commercial law is measured based on actuarial methods which require a sufficiently long data history and stability of the observed data. The mathematical methods use assumptions concerning premiums, ultimate loss ratios and run-off patterns, which are based on an expert estimate derived from past experience. This also includes the expected impact of the ongoing coronavirus crisis on the recognition of the claims provision for the business as a whole. The executive directors calculate the amount of the claims provision in accordance with German commercial law taking into account the results of the actuarial

methods and other factors in relation to uncertainty. The actuarial provisions, and thus in particular the claims provisions must ensure that the company as an insurer is able at all times to satisfy its obligations (particularly prudence principle) and that the continuity principle is complied with.

The calculation of the claims provision required the use of judgments, estimates and assumptions by the executive directors. Minor changes to those assumptions or to the methods used may have a material impact on the measurement of this provision. Against this background and also due to the material significance of the amount of these provisions for the assets, liabilities and financial performance of the Company, the measurement of these provisions was of particular significance in the context of our audit.

- (b) Given the significance of the claims provision, as part of our audit we worked with our actuaries to assess the methods used by the Company and the assumptions made by the executive directors. The assessment was based on our industry expertise and experience, among other things.

Among other things, we assessed the appropriateness of the structure of the process for recognizing reserves and carried out functional tests in order to assess the effectiveness of the internal controls. We focused in particular on controls designed to ensure that the data used are appropriate and complete and that the calculation process is subject to a sufficient form of quality assurance.

Based on the testing of controls, we carried out additional analytical and substantive audit procedures relating to the measurement of the claims provision. In light of the significance of the claims provision for the overall business of the Company, our internal valuation specialists assessed the appropriateness of the methods used by the Company. Furthermore, our internal valuation specialists also assessed the models and assumptions used by the executive directors based on industry expertise and experience with recognized actuarial practice. In this context, we also assessed the executive directors' estimate as to

### (3) Calculation of estimated gross premiums

- (a) In its annual financial statements, the Company reported gross premiums of EUR 21,941.5 million in the income statement.

Acquired reinsurance premiums are accounted for in accordance with the terms and conditions of the reinsurance policies. In the absence of invoices for cedants, the Company made supplementary or complete estimates of the contributions. Of the total gross premiums recognized, approximately EUR 7,604.9 million (34.66 %) were estimated. The estimates are based on assumptions and are therefore subject to considerable uncertainty and judgment, including with respect to the impact of the coronavirus.

Due to the material significance of the estimated premiums for the assets, liabilities and financial performance of the Company as well as the considerable scope for judgment on the part of the executive directors and the associated uncertainties in the estimations made, this matter was of particular significance in the context of our audit.

- (b) For the purposes of auditing the estimated gross premium, we first evaluated the design of the contribution and estimation process. In that connection, we identified the material key controls and analyzed their structure. Based

the impact of the coronavirus crisis on the business as a whole. In particular, we examined whether sufficient collateral was factored into the valuation in accordance with German commercial law and whether it was necessary to strengthen reserves. In the course of that examination, we assessed the valuation methods for consistency of use.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors with respect to the claims provisions are appropriate overall.

- (c) The Company's disclosures on the property reinsurance claims provisions are contained in the sections of the notes entitled "Measurement of equity and liabilities" and "Notes to equity and liabilities". Disclosures on risks are contained in the Company's management report in the section entitled "Report on risks and opportunities", subsection "Technical risks of property reinsurance".

on that analysis, we evaluated the operating effectiveness by testing the key controls implemented in the process and assessed the appropriateness of the material assumptions by verifying and analyzing the procedure for calculating and deriving the estimated gross premium. In this context, we also assessed the executive directors' estimate as to the impact of the coronavirus crisis.

In tests of details, we critically reviewed the material assumptions underlying an estimate and asked the Company to explain to us the grounds for such estimates. Based on information on the contributions expected in the previous year, we reconciled the expectations against the actual events and thus were able to draw conclusions as to the quality of the estimates.

Based on our audit procedures, we were able to satisfy ourselves that the calculation procedures used by the executive directors to derive the estimated gross premium are appropriate overall.

- (c) The Company's disclosures on the estimated gross premium are contained in the sections of the notes entitled "Measurement of equity and liabilities" and "Notes to the income statement".



## Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section “Governance” of the management report
- the non-financial statement pursuant to § 289b Abs.1 HGB and § 315b Abs. 1 HGB included in section “Non-Financial Statement” of the management report
- the disclosures on Solvency II reporting included in the management report that are marked as unaudited

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

## Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company’s position and is, in

all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company’s financial reporting process for the preparation of the annual financial statements and the management report.

The executive directors and the supervisory board are further responsible for the preparation of the remuneration report, including the related disclosures, which is included in a separate section of the management report and complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

## Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual financial state-

ments and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our audi-

tor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

### Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

#### Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the “ESEF documents”) contained in the electronic file HannoverRueckSE\_EA\_LB\_2021-12-31-de.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

#### Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2021 contained in the “Report on the Audit of the Annual Financial Statements and on the Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the “Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

#### Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered

necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

#### Auditor’s Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due

to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

## Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the supervisory board on March 10, 2021. We were engaged by the supervisory board on December 3, 2021. We have been the auditor of Hannover Rück SE, Hannover, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

## Reference to an Other Matter – use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In

particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

## German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Mathias Röcker.

Hannover, 7 March 2022

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

sgd. Mathias Röcker  
Wirtschaftsprüfer  
(German public auditor)

sgd. Dennis Schnittger  
Wirtschaftsprüfer  
(German public auditor)

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of Hannover Rück SE, and the combined management report includes a fair review

of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of Hannover Rück SE.

Hannover, 4 March 2022

Executive Board



Henchoz



Althoff



Chèvre



Jungsthöfel



Dr. Miller



Dr. Pickel



Sehm

# Report of the Supervisory Board of Hannover Rück SE

In our function as the Supervisory Board we considered at length during the 2021 financial year the position and development of the company and its major subsidiaries. The implications of the Covid-19 crisis remained a focus of our deliberations. We advised the Executive Board on the direction of the company and monitored the management of business on the basis of written and verbal reports. The Supervisory Board of Hannover Rück SE held four regular meetings in order to adopt the necessary resolutions after appropriate discussion. In conformity with the applicable safeguards to reduce the risk of infection with Covid-19 the meetings were held in a hybrid format, i.e. with partially physical and partially virtual attendance. With the exception of the meeting in March, in which Dr. Schipporeit was unable to participate, all the Supervisory Board members took part in the Supervisory Board meetings held in 2021. The meetings of the committees were duly attended in all cases by all the members of the respective bodies. In addition, two representatives of the Federal Financial Supervisory Authority attended one meeting of the Supervisory Board on a virtual basis. The individual participation in the meetings is shown in the following table:

	Participation rate	
	Number of meetings	in %
<b>Participation in full meetings of the Supervisory Board</b>		
Torsten Leue	4/4	100
Herbert K. Haas	4/4	100
Natalie Bani Ardalan	4/4	100
Frauke Heitmüller	4/4	100
Ilka Hundeshagen	4/4	100
Dr. Ursula Lipowsky	4/4	100
Dr. Michael Ollmann	4/4	100
Dr. Andrea Pollak	4/4	100
Dr. Erhard Schipporeit	3/4	75
<b>Participation in meetings of the Finance and Audit Committee</b>		
Torsten Leue	4/4	100
Herbert K. Haas	4/4	100
Dr. Ursula Lipowsky	4/4	100
<b>Participation in meetings of the Standing Committee</b>		
Torsten Leue	4/4	100
Herbert K. Haas	4/4	100
Dr. Erhard Schipporeit	4/4	100

We were informed by the Executive Board in writing and orally on the basis of the quarterly statements about the course of business as well as the position of the company and the Group. With regard to reports on topics that fall under the responsibility of key functions, we had an opportunity to engage directly in a dialogue with the respective function holders. The quarterly reports with the components of the financial statements and the key figures for the Hannover Re Group constituted an important source of information for the Supervisory Board. We also held discussions without the presence of the Executive Board, inter alia regarding personnel matters on the level of the Executive Board and regularly in relation to matters of the Supervisory Board's internal organisation.

We received an analysis of the 2020 results in property & casualty and life & health reinsurance as well as a presentation from the Executive Board covering the profit expectations for the 2021 financial year and the operational planning for the 2022 financial year. In addition, the Chairman of the Supervisory Board was constantly kept informed by the Chairman of the Executive Board of major developments and impending decisions as well as of the company's risk situation. All in all, we were involved in decisions taken by the Executive Board and assured ourselves of the lawfulness, regularity and efficiency of the company's management as required by our statutory responsibilities and those placed upon us by the company's Articles of Association.

No audit measures pursuant to § 111 Para. 2 Sentence 1 Stock Corporation Act (AktG) were required in the 2021 financial year.

## Key points of deliberation in the full meetings of the Supervisory Board

At its meeting on 10 March 2021 the Supervisory Board discussed in detail the audited annual and consolidated financial statements as well as the Executive Board's proposal for the appropriation of the disposable profit for the 2020 financial year. In this regard, as in the previous year, the Executive Board described all material indicators from the technical and non-technical accounts as well as key data on the investment side. The independent auditors presented the results of the audit and elaborated on the audit procedure. The assurance report on the non-financial information statement was also discussed. The Executive Board outlined the prospects for the current 2021 financial year. The insights gained from the important renewals in property and casualty reinsurance as at 1 January 2021 were described, providing us with a good impression of the development of market conditions and Hannover Re's positioning. We discussed the major findings from the compliance, audit and risk reports. The respective function holders of the key functions were available to answer questions for this purpose. We adopted a resolution on the annual revision of the investment guidelines, in which regard no significant change to the general investment strategy was proposed. At the recommendation of the Finance and Audit Committee, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft – following its initial appointment for the audit of the 2018 financial year – was again awarded the mandate to audit the annual financial statements. In preparation for the Annual General Meeting on 5 May 2021, the agenda was discussed and approved; in view of the ongoing pandemic situation, we opted to hold the General Meeting in a virtual format without physical attendance. In terms of content, we had already explored at length in the previous year the remuneration system for the Executive Board to be presented to the General Meeting for approval and decided on its contractual implementation at the turn of the year. The remuneration of the Supervisory Board, which had also already been a topic of consideration in 2020, was prepared for adoption of a resolution by the General Meeting. Details of the systems can be found in the Declaration on Corporate Governance on page 118 et seq. as well as in the remuneration report for 2021 on page 124 et seq. in the Group Annual Report. In addition, we deliberated on the issuance of a subordinated bond and approved – following a further recommendation of the Finance and Audit Committee – the proposed near-term issuance of regulatory subordinated capital. Placement was consequently completed successfully on 22 March 2021 in the planned volume and with an attractive coupon of 1.375% (<https://www.hannover-re.com/1673190/bonds>). Furthermore, after in-depth consideration we approved the modification of the schedule of responsibilities for the Executive Board, according to which the global markets in P & C were strategically regrouped under Mr. Althoff and Dr. Pickel. Additionally, the variable remuneration of the members of the Executive Board was defined on the basis of

the findings with respect to attainment of the respective individual targets for the 2020 financial year. In this context, as usual, we factored the findings of external remuneration surveys into our deliberations for the purpose of making a market comparison. Dr. Schipporeit was unable to attend one meeting and cast his votes on the relevant resolutions in writing pursuant to § 12 (2) of the Articles of Association of Hannover Rück SE.

At the meeting held on 4 May 2021 the Executive Board reported on the first quarter of 2021, in which regard we also considered at length the objectives of the current strategy cycle (2021-2023) against the backdrop of the uncertainties associated with the pandemic. We explored the overall results of the previous year in greater depth, with the underlying effects on intrinsic value creation (IVC) considered in detail. We also received a report on the return on investment in a peer comparison. In addition to the outlook for the current financial year – which was similarly shaped by the uncertainties around the Covid-19 crisis –, the examination of the Own Risk and Solvency Assessment (ORSA) and the capitalisation under Solvency II constituted further key points of deliberation. Following up on this, the structure of the Regular Supervisory Report (RSR) and its differences and overlaps relative to the ORSA were explained. Another focus of the meeting was the discussion of the IT strategy. In light of the increasing importance of digitalisation and innovation and the attention paid to them in all areas of the company, we shall continue to approach this topic more intensively going forward. We also used the meeting to review the Corporate Governance Principles with an eye to their up-to-dateness and the conformity of their language with the other documents describing corporate governance. The version approved by us was published on the company's website following the meeting ([www.hannover-re.com/50889/corporate-governance-principles.pdf](http://www.hannover-re.com/50889/corporate-governance-principles.pdf)). With regard to the self-assessment of the Supervisory Board's areas of expertise that had once more been carried out, the Supervisory Board decided that the present extensive list of topics which goes beyond the regulatory requirements will be used again in 2022.

On 3 August 2021, in a meeting that lasted the entire day, the Executive Board reported on the first half of 2021, describing as usual key performance indicators from the underwriting and non-underwriting side and outlining the progress made in attaining the strategic targets. We discussed the major insights from the risk report and the Chief Risk Officer presented the final conclusions of the expert opinion submitted to us on the adequacy of the loss reserves in property and casualty reinsurance. We also received the audit report on the Solvency II balance sheet. Another key topic at the August meeting was the internal approach to dealing with cyber risks. The Supervisory Board was able to obtain a solid picture of the

risk management processes. Based on a separate item of the reporting, we also looked at the metrics used to steer the life and health reinsurance business. We received a detailed report on the status of implementation of the new financial reporting standard (IFRS 17) within the company. In this context, more extensive content-related information was provided about the new standard – building on the training in which the Supervisory Board had participated in the previous year. Furthermore, following the necessary process changes completed in the previous year, an account of related party transactions was provided. It was concluded that there were no transactions in the reporting period that fall under the legal requirements governing mandatory approval (§ 111b Stock Corporation Act (AktG)) or compulsory disclosure (§ 111c Stock Corporation Act (AktG)). Within the subject area of corporate governance we also explored the efficiency of the Supervisory Board's working procedure. The German Corporate Governance Code (DCGK) requires a self-assessment to be conducted regularly in this respect. For this purpose, our individual assessments were surveyed in advance. The consolidated anonymised evaluation of this survey then formed the basis for exploring the findings at the meeting. Similarly building on our further training in the previous year, we again had the opportunity to learn about the latest developments in the area of (group) tax law in reinsurance and their relevance to the company from the responsible expert present at the meeting.

At the last meeting of the year held on 3 November 2021, we deliberated at length on the key preliminary results in the business performance together with the outlook for the current financial year. The large losses in property and casualty reinsurance, which confronted the entire industry with exceptional challenges in the year under review, were our primary focus. The Executive Board also presented to us the operational planning for 2022; we considered this in detail and subsequently approved the annual and results planning submitted to us. We discussed the latest insights from the risk report and were informed of the status of major pending legal proceedings. The Executive Board provided routine reporting

## Committees of the Supervisory Board

Of the committees formed by the Supervisory Board within the meaning of § 107 Para. 3 Stock Corporation Act (AktG), the Finance and Audit Committee and the Standing Committee each met on four occasions in 2021. The committee chairs updated the full Supervisory Board on the major deliberations of the committee meetings at its next meeting and provided an opportunity for further questions.

The Finance and Audit Committee considered inter alia the consolidated financial statement and the quarterly reports drawn up in accordance with IFRS and the individual finan-

cial statement of Hannover Rück SE drawn up in accordance with the German Commercial Code (HGB), and it discussed with the independent auditors their reports on these financial statements. As in the previous years, an expert opinion on the adequacy of the loss reserves in property and casualty reinsurance was noted, the retrocession structure of the Hannover Re Group as well as reports of the key functions were received and considered. In addition, the Committee examined the investment structure and investment income – including the stress tests with regard to the investments and their implications for net income and the equity base. The

on employee capacities and the elaboration of the remuneration system for senior executives pursuant to § 3 Para. 5 of the Regulation on the Supervisory Law Requirements for Remuneration Schemes in the Insurance Sector (VersVergV). The resolutions to be adopted by us on internal restructuring measures within the Group were a point of emphasis in the meeting. After in-depth discussion of the proposed transaction, we approved the strategic sale of the shares in HDI Global Specialty SE. Following on from the training activities at the August meeting, we received an update on the progress of implementation of IFRS 17 in the internal accounting process as well as a report on the prospects for dealing with relevant new framework conditions in tax law. In addition, we were provided with pertinent information on the sustainability strategy in the current strategy cycle and the latest status of implementation. For this purpose we were able to engage directly with the newly instituted function of Corporate Sustainability Manager. We also devoted a significant part of our discussions in the meeting to corporate governance issues and hence approved the modified Declaration of Conformity (for further details see the Declaration on Corporate Governance on page 118 et seq. of the combined management report in the Group Annual Report). Based on the findings of the “Fit and Proper” self-assessment that had been conducted among the Supervisory Board members, the Supervisory Board engaged in an extensive exchange of views on a development plan for the entire Supervisory Board. It was again the case this year that the individual members of the Supervisory Board attended numerous advanced training measures in relation to various core topics; the costs incurred in this connection were paid by the company. Topics covered in 2021 included, among others, Solvency II, financial reporting, sustainability/ESG, cyber and recent market developments relating to the pandemic. We also discussed and approved the individual targets for members of the Executive Board for 2022. The focus here was on the findings of the Organisational Health Check, sustainability and the strategic objectives.

As in every year, we were regularly briefed on the work of the Supervisory Board committees.



audit concentrations of the independent auditors for the 2021 financial year were defined. The review of the quality of the auditing was carried out using the system defined in the previous year. The Committee continued to be provided with ongoing detailed reports on the recognition and measurement of the risk-oriented book of US life reinsurance business acquired in 2009 from Scottish Re as well as on the rate increases that had been initiated and/or implemented. In one meeting we focused on the capital market risks in life and health reinsurance, while in another we concentrated specifically on the mapping of currencies in the IFRS consolidated financial statement. The increasingly significant issue of sustainability/ESG was also discussed by the Committee on multiple occasions. In cooperation with the Corporate Sustainability Manager and the Executive Board, we examined in detail the process for compiling the non-financial information statement with an eye to existing and new regulatory requirements. The implementation of the new financial reporting standard (IFRS 17) was another point of emphasis in the Committee's deliberations in the 2021 financial year.

As in the previous years, among other things, the Standing Committee reviewed the adequacy of the remuneration scheme for the members of the Executive Board, determined the variable remuneration of the members of the Executive Board for the 2020 financial year based on the findings pertaining to attainment of their respective targets and examined the remuneration for the Board members who were due for review. We exchanged views with the Chairman of the Executive Board regarding the aforementioned change to the schedule of responsibilities in the area of property and casualty reinsurance. With regard to all these matters the Committee drew up corresponding recommendations for the full Supervisory Board. In the context of the extensions of the terms of office for individual members of the Executive Board that were up for discussion in 2021, we engaged in an ongoing dialogue on medium- and long-term succession arrangements. Furthermore, the individual targets of the members of the Executive Board for 2022 were defined on the basis of the new remuneration scheme and prepared for adoption of a resolution by the full Supervisory Board.

## Audit of the annual financial statements and consolidated financial statements

The accounting, annual financial statements, consolidated financial statements and the combined management report were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. The Supervisory Board chose the auditor and the Chairman of the Supervisory Board awarded the audit mandate. The auditor's independence declaration was received. Along with the audit concentrations defined by the European Securities and Markets Authority (ESMA), auditing activities relating to the implementation of IFRS 17 were also included in the scope of the audit. The mandate for the review report by the independent auditors on the Half-yearly Financial Report and the Solvency II balance sheet was also awarded again. The special challenges associated with the international aspects of the audits were met without reservation. Since the audits did not give rise to any objections, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft issued unqualified audit certificates. It was also determined that the annual financial statement contains the information pursuant to § 289f German Commercial Code (HGB). The Finance and Audit Committee discussed the financial statements and the combined management report with the participation of the auditors and in light of the audit reports, and it informed the Supervisory Board of the outcome of its reviews. The audit reports were distributed to all the members of the Supervisory Board and explored in detail – with the participation of the auditors – at the Supervisory Board meeting held to consider the annual results. The auditors will also be present at the Annual General Meeting.

The report on the company's relations with affiliated companies drawn up by the Executive Board has likewise been examined by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and given the following unqualified audit certificate:

“Having audited the report in accordance with our professional duties, we confirm that

1. the factual details of the report are correct;
2. in the case of the transactions detailed in the report, the expenditure of the company was not unreasonably high.”

We have examined

- a. the annual financial statements of the company, the financial statements of the Hannover Re Group and the combined management report prepared by the Executive Board for the company and the Group, and
- b. the report of the Executive Board pursuant to § 312 Stock Corporation Act (AktG) (Report on relations with affiliated companies)

– in each case drawn up as at 31 December 2021 – and have no objections in this regard; nor do we have any objections to the statement made by the Executive Board at the end of the report on relations with affiliated companies.

The Supervisory Board concurred with the opinions of the auditors and approved the annual financial statements and the consolidated financial statements; the annual financial statements are thereby adopted. Our proposal regarding the appropriation of the disposable profit for 2021 is in accordance with that of the Executive Board.

We considered the report by the Executive Board on non-financial matters (cf. page 70 et seq. of the combined

management report in the Group Annual Report) and examined it. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft also reviewed the information statement with limited assurance in accordance with the audit standard ISAE 3000 (Revised) (see here the Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting on page 275 et seq. in the Group Annual Report).

## Changes on the Supervisory Board and the Executive Board

There were no changes in the composition of the Supervisory Board or its committees in the year under review. The term of office of the company's Supervisory Board ends pursuant to § 10 (3) of the Articles of Association of Hannover Rück SE at the end of the General Meeting that ratifies the acts of management for the 2023 financial year.

Nor were any changes made to the composition of the Executive Board in the year under review.

## Word of thanks to the Executive Board and members of staff

Thanks to the extraordinary performance and prudent management of the Executive Board in this and past years and even though the 2021 financial year once again presented enormous challenges, Hannover Rück SE generated a good result. A great debt of gratitude is owed here in particular to the employees of the company and the Group for their dedication and their considerable flexibility.

The Supervisory Board would like to express its recognition and special appreciation to the Executive Board and above all to the employees for their efforts.

Hannover, 8 March 2022

The Supervisory Board



Leue



Haas



Bani Ardalán



Heitmüller



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For reasons of sustainability Hannover Re does not print or mail out the annual and interim reports. The present Annual Report of Hannover Rück SE can be accessed online in English and German as a PDF file:

**[www.hannover-re.com](http://www.hannover-re.com)**

The Annual Report of the Hannover Re Group is also available here in English and German.

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