

somewhat
different

Hannover Rück SE
Annual Report 2014

hannover **re**[®]

Key figures

	2014	+/- previous year	2013	2012	2011	2010
in EUR million						
Results						
Gross written premium	10,864.9	-1.7%	11,047.9	10,457.3	9,130.2	8,618.2
Net premium earned	8,481.3	+3.3%	8,209.5	7,808.2	6,965.6	6,366.6
Underwriting result	(15.0)		(4.7)	93.2	(151.9)	18.4
Allocation to the equalisation reserve and similar provisions	277.6	+3.7%	267.7	340.7	292.6	141.3
Investment result	1,580.8	+41.6%	1,116.6	1,233.9	953.9	867.2
Pre-tax profit	597.8	+57.3%	380.1	546.0	273.5	589.8
Profit for the financial year	421.2	+14.7%	367.2	410.3	270.2	406.3
Investments						
Investments	41,912.3	+26.2%	33,203.3	30,452.0	27,005.6	23,330.9
Capital and reserves¹						
Capital and reserves ¹	1,381.7		1,381.7	1,381.7	1,381.7	1,380.9
Subordinated liabilities	1,500.0	-16.7%	1,800.0	1,800.0	1,300.0	1,300.0
Equalisation reserve and similar provisions	2,930.6	+10.5%	2,653.0	2,385.3	2,044.6	1,752.0
Net technical provisions	29,594.4	+18.2%	25,031.3	22,891.3	21,142.7	17,605.7
Total capital, reserves and technical provisions	35,406.7	+14.7%	30,866.0	28,458.3	25,869.0	22,038.6
Number of employees						
Number of employees	1,200	+99	1,101	1,074	1,041	1,017
Retention						
Retention	79.3%		75.2%	76.0%	77.5%	76.4%
Loss ratio²						
Loss ratio ²	71.0%		71.6%	72.8%	76.0%	73.1%
Expense ratio²						
Expense ratio ²	28.3%		26.8%	26.7%	27.2%	26.9%
Combined ratio²						
Combined ratio ²	99.3%		98.4%	99.5%	103.2%	100.0%

¹ Excluding disposable profit

² Excluding life and health reinsurance

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Boards and officers

Executive Board

Ulrich Wallin

Chairman of the Executive Board Hannover Rück SE, Hannover

Chairman of the Executive Board E+S Rückversicherung AG, Hannover

Member of the Board of Management Talanx AG, Hannover

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

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

Chairman of the Board of Directors Hannover Re (Ireland) Limited, Dublin, Ireland

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

Sven Althoff

Member of the Executive Board Hannover Rück SE, Hannover (since 1 August 2014)

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

Member of the Board of Directors Integra Insurance Solutions Limited, Bradford, United Kingdom

André Arrago

Member of the Executive Board Hannover Rück SE, Hannover (until 31 August 2014)

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

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

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

Member of the Supervisory Board April Group, Lyon, France

Member of the Supervisory Board Groupement Français de Caution, Grenoble, France

Member of the Supervisory Board Mutuelle des Transports Assurances (MTA), Paris, France

Claude Chèvre

Member of the Executive Board Hannover Rück SE, Hannover

Chairman of the Board of Directors Hannover Life Reassurance Africa Limited, Johannesburg, South Africa

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

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

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

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

Member of the Supervisory Board Hannover Life Re AG, Hannover¹

Jürgen Gräber

Member of the Executive Board Hannover Rück SE, Hannover

Chairman of the Board of Directors Hannover Reinsurance Africa Limited, Johannesburg, South Africa

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

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

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

Member of the Board of Directors Energi, Inc., Peabody, USA

Member of the Board of Directors Hannover Re (Guernsey) PCC Ltd., St Peter Port, Guernsey

Member of the Board of Directors Hannover Re (Ireland) Limited, Dublin, Ireland

Member of the Board of Directors International Insurance Company of Hannover SE, London, United Kingdom

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

Member of the Supervisory Board Talanx International AG, Hannover¹

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

Chairman of the Board of Directors Hannover Life Reassurance Bermuda Ltd., Hamilton, Bermuda

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

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

Chairman of the Supervisory Board Hannover Life Re AG, Hannover¹

Member of the Board of Directors Hannover Re (Ireland) Limited, Dublin, Ireland

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

Chairman of the Board of Directors Glencar Underwriting Managers, Inc., Chicago, USA

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

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

Chairman of the Board of Directors Mediterranean Reinsurance Services Ltd., Hong Kong, China

Roland Vogel**Member of the Executive Board Hannover Rück SE, Hannover****Member of the Executive Board E+S Rückversicherung AG, Hannover**

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

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

Chairman of the Board of Directors Hannover Finance (UK) Limited, London, United Kingdom

Deputy Chairman of the Board of Directors Hannover Life Reassurance Bermuda Ltd., Hamilton, Bermuda

Deputy Chairman of the Supervisory Board Hannover Life Re AG, Hannover¹

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

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

Member of the Board of Directors Hannover Re (Ireland) Limited, Dublin, Ireland

Member of the Board of Directors International Insurance Company of Hannover SE, London, United Kingdom

Member of the Board of Directors Meribel Midco Limited, St. Helier, Jersey

Member of the Board of Directors Meribel Topco Limited, St. Helier, Jersey

Member of the Supervisory Board Talanx Asset Management GmbH, Cologne

Member of the Advisory Board Commerzbank AG, Frankfurt am Main

Member of the Advisory Board Hannover Finanz GmbH, Hannover

Member of the Advisory Board WeHaCo Unternehmensbeteiligungs-GmbH, Hannover

¹ 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

Herbert K. Haas^{1, 2, 4}

Burgwedel

Chairman

Chairman of the Board of Management Talanx AG

Chairman of the Board of Management HDI Haftpflichtverband der Deutschen Industrie V.a.G.

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

Chairman of the Supervisory Board HDI-Gerling Industrie Versicherung AG, Hannover

Chairman of the Supervisory Board HDI Kundenservice AG, Cologne

Chairman of the Supervisory Board Talanx Deutschland AG, Hannover

Chairman of the Supervisory Board Talanx International AG, Hannover

Chairman of the Supervisory Board Talanx Systeme AG, Hannover

Member of the Advisory Board Norddeutsche Landesbank Girozentrale, Hannover⁵

Dr. Klaus Sturany¹

Ascona, Switzerland

Deputy Chairman

Former member of the Executive Board of RWE AG

Member of the Supervisory Board Bayer AG, Leverkusen

Member of the Administrative Board Sulzer AG, Winterthur, Switzerland⁵

Wolf-Dieter Baumgartl^{1, 2, 4}

Berg

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

Chairman of the Supervisory Board Talanx AG, Hannover

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

Member of the Advisory Board E+S Rückversicherung AG, Hannover⁵

Member of the Administrative Board HDI Assicurazioni S.p.A., Rome, Italy⁵

Frauke Heitmüller⁶

Hannover

Employee

Otto Müller⁶

Hannover

Employee

Member of the Supervisory Board Talanx AG, Hannover

Dr. Andrea Pollak⁴

Vienna, Austria

Independent Management Consultant

Chairwoman of the Advisory Board Kuchen-Peter Backwaren GmbH, Hagenbrunn, Austria⁵

Dr. Immo Querner

Celle

Member of the Board of Management Talanx AG**Member of the Board of Management HDI Haftpflichtverband der Deutschen Industrie V.a.G.**Chairman of the Supervisory Board Talanx Asset Management GmbH, Cologne⁵Chairman of the Administrative Board Talanx Finanz (Luxembourg) S.A., Luxembourg⁵Deputy Chairman of the Supervisory Board AmpegaGerling Investment GmbH, Cologne⁵Deputy Chairman of the Supervisory Board Talanx Immobilien Management GmbH, Cologne⁵Deputy Chairman of the Supervisory Board Talanx Reinsurance Broker AG, Hannover⁵

Deputy Chairman of the Supervisory Board Talanx Service AG, Hannover

Member of the Supervisory Board BÖAG Börsen AG, Hannover

Member of the Supervisory Board E+S Rückversicherung AG, Hannover

Member of the Supervisory Board Talanx International AG, Hannover

Member of the Supervisory Board Talanx Systeme AG, Hannover

Member of the Supervisory Board Tertia Handelsbeteiligungsgesellschaft mbH, Cologne⁵Member of the Stock Exchange Council Frankfurter Wertpapierbörse (Deutsche Börse AG), Frankfurt am Main⁵Member of the Board of Directors Talanx Re (Ireland) Limited, Dublin, Ireland⁵**Dr. Erhard Schipporeit^{2,3}**

Hannover

Member of various Supervisory Boards

Member of the Supervisory Board BDO AG, Hamburg

Member of the Supervisory Board Deutsche Börse AG, Frankfurt am Main

Member of the Supervisory Board Fuchs Petrolub SE, Mannheim

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

Member of the Supervisory Board Rocket Internet AG, Berlin

Member of the Supervisory Board SAP SE, Walldorf

Member of the Supervisory Board Talanx AG, Hannover

Member of the Board of Directors Fidelity Funds SICAV, Luxembourg⁵**Maike Sielaff⁶**

Burgwedel

Employee¹ Member of the Standing Committee² Member of the Finance and Audit Committee³ Independent financial expert on the Finance and Audit Committee⁴ Member of the Nomination Committee⁵ Memberships of supervisory boards and comparable control boards required by law at other companies in Germany and abroad⁶ Staff representative

Combined management report

The management report of Hannover Rück SE and the Group management report have been combined in accordance with § 315 (3) of the German Commercial Code (HGB) and published in the Group Annual Report 2014.

The annual financial statement and the management report of Hannover Rück SE – combined with the Group management report – for the 2014 financial year have been submitted to the operator of the electronic Federal Gazette and published in the electronic Federal Gazette.

Accounts



Balance sheet as at 31 December 2014

Assets in EUR thousand	2014				2013
A. Intangible assets					
I. Purchased franchises, trademarks, patents, licences and similar rights and assets			70,686		64,086
II. Goodwill			1,700		2,267
III. Prepayments on intangible assets			3,345		7,085
				75,731	73,438
B. Investments					
I. Land and buildings, rights to land and buildings, leasehold			34,528		34,276
II. Investments in affiliated companies and participating interests					
1. Shares in affiliated companies		5,530,222			5,217,408
2. Loans to affiliated companies		194,190			198,798
3. Participating interests		63,383			76,817
4. Loans to enterprises in which the company has a participating interest		0			0
			5,787,795		5,493,023
III. Other financial investments					
1. Shares, units in unit trusts and other variable-yield securities		1,338,282			1,173,614
2. Bearer debt securities and other fixed-income securities		14,382,567			12,501,408
3. Other loans					
a) Registered debt securities	430,843				486,576
b) Debentures and loans	579,704				693,321
c) Sundry loans	–				7,000
		1,010,547			1,186,897
4. Deposits with banks		381,936			381,645
5. Other investments		44,247			3,683
			17,157,579		15,247,247
IV. Deposits with ceding companies			18,932,400		12,428,716
				41,912,302	33,203,262

Liabilities in EUR thousand	2014				2013
A. Capital and reserves					
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		380,000			380,000
			380,511		380,511
IV. Disposable profit			515,000		456,000
				1,896,716	1,837,716
B. Subordinated liabilities				1,500,000	1,800,000
C. Technical provisions					
I. Provision for unearned premiums					
1. Gross		1,776,038			1,614,519
2. Less: reinsurance ceded		247,378			304,533
			1,528,660		1,309,986
II. Life assurance provision					
1. Gross		19,326,946			12,479,666
2. Less: reinsurance ceded		6,739,505			2,407,379
			12,587,441		10,072,287
III. Provisions for outstanding claims					
1. Gross		18,734,070			16,798,412
2. Less: reinsurance ceded		3,510,466			3,354,995
			15,223,604		13,443,417
IV. Provision for bonuses and rebates					
1. Gross		716			758
2. Less: reinsurance ceded		448			476
			268		282
V. Equalisation reserve and similar provisions			2,930,617		2,652,971
VI. Other technical provisions					
1. Gross		299,300			247,845
2. Less: reinsurance ceded		44,891			42,504
			254,409		205,341
				32,524,999	27,684,284

Assets in EUR thousand	2014				2013
C. Receivables					
I. Accounts receivable arising out of reinsurance operations			1,835,042		1,609,852
from affiliated companies:					
603,775 (2013: 330,165)					
II. Other receivables			570,355		420,058
from affiliated companies:				2,405,397	2,029,910
477,411 (2013: 328,660)					
D. Other assets					
I. Tangible assets and stocks			21,462		20,129
II. Current accounts with banks, cheques and cash in hand			315,876		260,562
III. Sundry assets			24,757		105,540
				362,095	386,231
E. Prepayments and accrued income					
I. Accrued interest and rent			194,020		195,196
II. Other accrued income			6,697		4,954
				200,717	200,150
Total assets				44,956,242	35,892,991

Liabilities in EUR thousand	2014				2013
D. Provisions for other risks and charges					
I. Provisions for pensions and similar obligations			77,890		69,925
II. Provisions for taxation			206,214		145,545
III. Other provisions			168,610		104,232
				452,714	319,702
E. Deposits received from retrocessionaires				7,308,422	3,219,018
F. Other liabilities					
I. Accounts payable arising out of reinsurance operations			898,846		903,927
to affiliated companies:					
270,225 (2013: 298,780)					
II. Liabilities due to banks			374,545		128,344
thereof				1,273,391	1,032,271
from taxes:					
2,791 (2013: 22,159)					
for social security:					
380 (2013: –)					
to affiliated companies:					
350,360 (2013: 89,066)					
Total liabilities				44,956,242	35,892,991

Profit and loss account for the 2014 financial year

in EUR thousand	2014 1.1.–31.12.		2013 1.1.–31.12.
I. Technical account			
1. Earned premiums, net of retrocession			
a) Gross written premiums	10,864,912		11,047,916
b) Retrocession premiums	2,252,587		2,740,613
		8,612,325	8,307,303
c) Change in the gross provisions for unearned premiums	(49,735)		(144,167)
d) Change in the provisions for unearned premiums, retrocessionaires' share	(81,294)		46,371
		(131,029)	(97,796)
		8,481,296	8,209,507
2. Allocated investment return transferred from the non-technical account, net of retrocession			194,599
		442,194	
3. Other technical income, net of retrocession			425
		23	
4. Claims incurred, net of retrocession			
a) Claims paid			
aa) Gross	8,081,758		7,461,988
bb) Retrocessionaires' share	2,081,233		1,937,331
		6,000,525	5,524,657
b) Change in provisions for outstanding claims			
aa) Gross	(692,355)		(769,734)
bb) Retrocessionaires' share	(108,426)		40,098
		(800,781)	(729,636)
		6,801,306	6,254,293
5. Changes in other technical provisions, net of retrocession			
a) Net life assurance provision		165,658	21,672
b) Other net technical provisions		458	(3)
		166,116	21,669
6. Bonuses and rebates, net of retrocession			1,963
		48	
7. Operating expenses, net of retrocession			
a) Gross acquisition expenses		2,647,158	2,788,407
b) Less: commissions and profit commissions received on retrocession		345,399	616,900
		2,301,759	2,171,507
8. Other technical charges, net of retrocession			3,121
		1,533	
9. Subtotal			(4,684)
		(15,017)	
10. Change in the equalisation reserve and similar provisions			(267,717)
		(277,646)	
11. Net technical result			(272,401)
		(292,663)	

in EUR thousand	2014 1.1.–31.12.			2013 1.1.–31.12.
Balance brought forward			(292,663)	(272,401)
II. Non-technical account				
1. Investment income				
a) Income from participating interests		126,908		255,563
thereof affiliated companies:				
122,926 (2013: 253,589)				
b) Income from other investments				
thereof affiliated companies:				
13,052 (2013: 37,423)				
aa) Income from land and buildings, rights to land and buildings, leasehold	4,190			3,716
bb) Income from other investments	1,064,040			745,475
		1,068,230		749,191
c) Appreciation on investments		30,511		14,437
d) Gains on the realisation of investments		119,500		66,289
e) Income from profit pools, profit and loss transfer agreements or partial profit and loss transfer agreements		394,414		300,070
			1,739,563	1,385,550
2. Investment charges				
a) Expenditure for the management of investments, interest expenditure and other investment expenditure		50,318		59,507
b) Depreciation		92,884		186,667
thereof impairments in accordance with § 253 (3) sentence 3 of the Commercial Code (HGB):				
18,520 (2013: 90,560)				
c) Losses on the realisation of investments		15,520		22,819
			158,722	268,993
			1,580,841	1,116,557
3. Allocated investment return transferred to the technical account			(567,810)	(247,895)
			1,013,031	868,662
4. Other income			161,566	109,866
5. Other charges			284,151	325,993
			(122,585)	(216,127)
6. Profit or loss on ordinary activities before tax			597,783	380,134
7. Taxes on profit and income			175,990	9,798
8. Other taxes			556	3,175
			176,546	12,973
9. Profit for the financial year			421,237	367,161
10. Profit brought forward from previous year			94,208	89,209
11. Allocations to other retained earnings			445	370
12. Disposable profit			515,000	456,000

Notes

Valuation of assets

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

Other intangible assets and goodwill acquired for a consideration are valued at acquisition cost less scheduled amortisation in accordance with the normal operational useful life.

Property is valued at the purchase or construction cost less scheduled depreciation and, as appropriate, impairments in accordance with § 253 (3) 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 in unit trusts and other variable-yield securities as well as 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.

Derivative instruments are valued on a mark-to-market basis.

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

Various models are used for the valuation of alternative investments allocated to fixed assets. In the case of leveraged loan funds and high-yield funds, actually incurred defaults on individual investments in the various funds are used as a corrective factor. The valuation of credit opportunity funds and CLO equity positions makes allowance for collateral tests of the higher tranche as the basis for fair value calculation.

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

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

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 information is 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 portfolio or profit elements including relevant retrocessions are carried out 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 treaties of the 2014 underwriting year is 27.4% 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 Re 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.

The equalisation reserve is set up in accordance with the notes to § 29 of the Regulation on the Presentation of Insurance Company Accounts (RechVersV); the similar provisions are constituted in accordance with § 30 of the Regulation on the Presentation of Insurance Company Accounts (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 Presentation of Insurance Company Accounts (RechVersV).

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

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

The pension commitments are carried in the settlement amount required according to reasonable and prudent business judgement. They are discounted at 4.55% using the average interest rate for the last seven 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 2.75% and pension indexation of 2.06% are assumed. Fluctuation probabilities are determined separately according to age and gender. The benefit adjustment based on surplus participations from insured pension commitments is recognised in an amount of 0.50%. The 2005G standard tables of Dr. Klaus Heubeck are used as a basis for the calculations.

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 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. Deferred taxes are calculated using a tax rate of 31.93%.

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 other liabilities are valued at the settlement amounts.

Currency conversion

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 elements by setting

up corresponding asset elements in the different currencies. In the case of foreign currencies in which investments are held, the profits arising out of revaluation are allocated – after offsetting against losses within the financial year – to the reserve for currency risks as unrealised profits. Exchange-rate losses from these investment currencies are – where possible – neutralised by releases from the reserve. In addition, this reserve is written back on a year-by-year basis.

Miscellaneous

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 stockholders.

Notes on assets

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

in EUR thousand		2013	2014						
		Book values 31.12.	Additions	Reclassifi- cation	Disposals	Write-ups	Deprecia- tion	Currency effects	Book values 31.12.
A.	Intangible assets								
	1. Purchased franchises, trademarks, patents, licences and similar rights and assets	64,086	17,369	7,085	–	–	17,963	109	70,686
	2. Goodwill	2,267	–	–	–	–	567	–	1,700
	3. Prepayments on intangible assets	7,085	3,345	(7,085)	–	–	–	–	3,345
	4. Total A.	73,438	20,714	–	–	–	18,530	109	75,731
B. I.	Land and buildings, rights to land and buildings, leasehold	34,276	1,212	–	–	59	1,019	–	34,528
B. II.	Investments in affiliated companies and partici- pating interests								
	1. Shares in affiliated companies	5,217,408	439,061	–	154,857	–	18,520	47,130	5,530,222
	2. Loans to affiliated companies	198,798	–	–	20,578	–	–	15,970	194,190
	3. Participating interests	76,817	–	–	13,434	–	–	–	63,383
	4. Loans to enterprises in which the company has a participating interest	0	–	–	–	–	–	–	0
	5. Total B. II.	5,493,023	439,061	–	188,869	–	18,520	63,100	5,787,795
B. III.	Other financial investments								
	1. Shares, units in unit trusts and other varia- ble-yield securities	1,173,614	341,611	–	203,078	814	55	25,376	1,338,282
	2. Bearer debt securities and other fixed-income securities	12,501,408	6,067,213	–	5,130,069	29,638	71,290	985,667	14,382,567
	3. Other loans								
	a) Registered debt securities	486,576	20,012	–	97,901	–	–	22,156	430,843
	b) Debentures and loans	693,321	13,216	–	165,587	–	2,000	40,754	579,704
	c) Sundry loans	7,000	–	–	7,000	–	–	–	–
	4. Deposits with banks	381,645	41,258	–	70,887	–	–	29,920	381,936
	5. Other investments	3,683	43,829	–	3,295	–	–	30	44,247
	6. Total B. III.	15,247,247	6,527,139	–	5,677,817	30,452	73,345	1,103,903	17,157,579
Total		20,847,984	6,988,126	–	5,866,686	30,511	111,414	1,167,112	23,055,633

Land and buildings and rights to land and buildings

On 31 December 2014 the company had at its disposal eight developed properties with business and other buildings in Hannover, Bremen 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 754 thousand as at 31 December 2014. Four buildings in Hannover are for own use (book value: EUR 30,105 thousand).

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 assets, financial position or results of operations.

List of shareholdings in 2014

Name and registered office of the company	Participation (in %)	Currency	Capital and reserves (\$ 266 (3) Com- mercial Code)	Result for the last financial year
Figures in currency units of 1,000				
Shares in affiliated companies				
Companies resident in Germany				
Hannover Rück Beteiligung Verwaltungs-GmbH, Hannover/Germany	100.00	EUR	2,091,925	0
holds 64.79% of the shares in: E+S Rückversicherung AG, Hannover/Germany		EUR	691,413	126,000
holds 20.00% of the shares in: WeHaCo Unternehmensbeteiligungs-GmbH ¹ , Hannover/Germany		EUR	86,817	10,335
holds 100.00% of the shares in: Hannover Re (Bermuda) Ltd., Hamilton/Bermuda		USD	1,465,820	243,214
holds 95.00% of the shares in: Hannover ReTakaful B.S.C. (c), Manama/Bahrain		BHD	55,389	7,125
Hannover Life Re AG, Hannover/Germany	100.00	EUR	1,705,385	0
holds 100.00% of the shares in: Hannover Re (Ireland) Limited, Dublin/Ireland		EUR	1,452,048	78,898
holds 100.00% of the shares in: Hannover Life Reassurance Company of America, Orlando/USA		USD	212,052	26,876
holds 100.00% of the shares in: Hannover Life Reassurance Bermuda Ltd., Hamilton/Bermuda		USD	405,355	38,085
holds 100.00% of the shares in: Hannover Life Re of Australasia Ltd., Sydney/Australia		AUD	478,191	26,770
Hannover Euro Private Equity Partners II GmbH & Co. KG, Cologne/Germany	35.13	EUR	9,893	3,096
holds 100.00% of the shares in: HEPEP II Holding GmbH, Cologne/Germany		EUR	8,203	421
Hannover Euro Private Equity Partners III GmbH & Co. KG, Cologne/Germany	40.98	EUR	32,077	1,865
holds 100.00% of the shares in: HEPEP III Holding GmbH, Cologne/Germany		EUR	12,857	(525)
Hannover America Private Equity Partners II GmbH & Co. KG, Hannover/Germany	87.00	EUR	190,590	25,843
holds 100.00% of the shares in: HAPEP II Holding GmbH, Hannover/Germany		EUR	15,611	11,284
Hannover Euro Private Equity Partners IV GmbH & Co. KG, Cologne/Germany	36.76	EUR	50,416	12,257

Name and registered office of the company	Participation (in %)	Currency	Capital and reserves (\$ 266 (3) Com- mercial Code)	Result for the last financial year
Figures in currency units of 1,000				
Hannover Re Euro PE Holdings GmbH & Co. KG, Hannover/Germany	74.99	EUR	175,845	2,385
HILSP Komplementär GmbH ² , Hannover/Germany	100.00	EUR	27	(3)
Hannover Insurance-Linked Securities GmbH & Co. KG ² , Hannover/Germany	100.00	EUR	198	93
FUNIS GmbH & Co. KG, Hannover/Germany	100.00	EUR	28,806	2,854
holds 88.20% of the shares in: Glencar Underwriting Managers, Inc. ¹ , Chicago/USA		USD	5,475	2,973
holds 74.99% of the shares in: Integra Insurance Solutions Limited ¹ , Bradford/United Kingdom		GBP	3,019	2,035
holds 55.00% of the shares in: HMIA Pty Ltd ³ , Sydney/Australia		AUD	0	0
holds 53.00% of the shares in: Svedea AB ¹ , Stockholm/Sweden		SEK	13,976	(16,764)
Leine Investment General Partner S.à.r.l., Luxembourg/Luxembourg	100.00	EUR	38	157
Leine Investment SICAV-SIF, Luxembourg/Luxembourg	100.00	USD	75,040	1,204
holds 100.00% of the shares in: LI RE, Hamilton/Bermuda		USD	0	0
Oval Office Grundstücks GmbH, Hannover/Germany	50.00	EUR	59,842	1,930
Hannover Re Euro RE Holdings GmbH, Hannover/Germany	65.00	EUR	728,604	8,791
holds 99.99% of the shares in: HR GLL Central Europe GmbH & Co, KG, Munich/Germany		EUR	204,183	(292)
HAPEPII Komplementär GmbH, Hannover/Germany	50.00	EUR	31	3
Affiliated companies resident abroad				
Hannover Finance (Luxembourg), S.A., Luxembourg/Luxembourg	100.00	EUR	54,353	28,830
International Insurance Company of Hannover SE, London/United Kingdom	100.00	GBP	136,823	(6,300)
Hannover Finance (UK) Limited, London/United Kingdom	100.00	GBP	2,734	2,084
holds 100.00% of the shares in: Hannover Services (UK) Limited, London/United Kingdom		GBP	712	109
Hannover Reinsurance Group Africa (Pty) Ltd., Johannesburg/South Africa	100.00	ZAR	209,906	4
holds 100.00% of the shares in: Hannover Life Reassurance Africa Limited, Johannesburg/South Africa		ZAR	611,281	78,621
holds 100.00% of the shares in: Hannover Reinsurance Africa Limited, Johannesburg/South Africa		ZAR	752,060	11,094
holds 100.00% of the shares in: Compass Insurance Company Limited, Johannesburg/South Africa		ZAR	132,364	6,585
holds 51.00% of the shares in: Lireas Holdings (Pty) Ltd., Johannesburg/South Africa		ZAR	191,451	21,623
Hannover Re Real Estate Holdings, Inc., Orlando/USA	86.50	USD	488,570	19,289
holds 99.90% of the shares in: GLL HRE CORE Properties L.P., Wilmington/USA		USD	229,382	15,889
Hannover Finance, Inc., Wilmington/USA	100.00	USD	440,055	8,328
Kaith Re Ltd., Hamilton/Bermuda	88.00	USD	418	(321)
Hannover ReTakaful B.S.C. (c), Manama/Bahrain	5.00	BHD	55,389	7,125

Name and registered office of the company	Participation (in %)	Currency	Capital and reserves (\$ 266 (3) Com- mercial Code)	Result for the last financial year
Figures in currency units of 1,000				
Participations				
ITAS Vita S.p.A. ¹ , Trento/Italy	34.88	EUR	85,794	5,326
HANNOVER Finanz GmbH ¹ , Hannover/Germany	27.78	EUR	69,805	6,378
WeHaCo Unternehmensbeteiligungs-GmbH ¹ , Hannover/Germany	20.00	EUR	86,817	10,335

¹ Financial year ending 31 December 2013

² Financial year ending 30 September 2014

³ The company was newly established in 2014, annual accounts are not yet available.

Key exchange rates

1 EUR corresponds to:	Exchange rates on 31.12.2014
AUD	1.48794
BHD	0.45830
GBP	0.78248
USD	1.21550
ZAR	14.14090

Other notes on investments

Assets with a balance sheet value of EUR 5,689,522 thousand (EUR 5,264,430 thousand) were blocked as security for ceding companies. Securities deposits were sometimes made available to banks for securities loan transactions in favour of third parties.

Fair values pursuant to §54 of the Regulation on the Presentation of Insurance Company Accounts (RechVersV)

The fair values of land and buildings are determined annually using the gross rental method. 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 in unit trusts, bearer debt securities and other securities are carried at market values. 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 made at cost of acquisition or 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		2014		
		Book values 31.12.	Fair values 31.12.	Difference 31.12.
B. I.	Land and buildings, rights to land and buildings, leasehold	34,528	52,576	18,048
B. II.	Investments in affiliated companies and participating interests			
	1. Shares in affiliated companies	5,530,222	7,080,597	1,550,375
	2. Loans to affiliated companies	194,190	193,755	(435)
	3. Participating interests	63,383	73,027	9,644
	4. Loans to enterprises in which the company has a participating interest	0	0	0
	5. Total B. II.	5,787,795	7,347,379	1,559,584
B. III.	Other investments			
	1. Shares, units in unit trusts and other variable-yield securities	1,338,282	1,688,929	350,647
	2. Bearer debt securities and other fixed-income securities	14,382,567	14,997,935	615,368
	3. Other loans			
	a) Registered debt securities	430,843	478,630	47,787
	b) Debentures and loans	579,704	631,329	51,625
	c) Sundry loans	–	–	–
	4. Deposits with banks	381,936	381,936	–
	5. Other investments	44,247	44,247	–
	6. Total B. III.	17,157,579	18,223,006	1,065,427
Total		22,979,902	25,622,961	2,643,059

Other receivables

in EUR thousand	2014	2013
Receivables from affiliated companies	477,411	328,660
Receivables from reinsured pension schemes	52,993	49,669
Claims from settlement of the purchase price of a participation	24,586	–
Receivables from the revenue authorities	10,815	36,494
Receivables from representative offices	1,936	1,464
Interest and rent due	702	1,673
Other receivables	1,912	2,098
Total	570,355	420,058

Sundry assets

The sundry assets relate to tax refund claims in an amount of EUR 24,757 thousand (EUR 105,540 thousand).

Prepayments and accrued income

in EUR thousand	2014	2013
Accrued interest and rent	194,020	195,196
Accrued administrative expenses	6,208	4,435
Other	489	519
Total	200,717	200,150

Notes on liabilities

Subscribed capital

The company's subscribed capital remained unchanged as at 31 December 2014 in the amount of EUR 120,597 thousand. It is divided into 120,597,134 no-par-value registered shares.

Authorised capital of up to EUR 60,299 thousand is available with a time limit of 3 May 2015. Of this amount, up to EUR 1,000 thousand can be used to issue employee shares.

In addition, contingent capital of EUR 60,299 thousand is available. It can be used to grant shares to holders of convertible bonds and bonds with warrants as well as to convert participating bonds or profit-sharing rights. This contingent capital has a term until 2 May 2016.

Treasury shares

By a resolution of the Annual General Meeting of Hannover Rückversicherung AG adopted on 4 May 2010, the company was authorised until 3 May 2015 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 2014. Within the financial year just ended the company acquired shares for employees, which it subsequently sold to them.

	2014			
	Date of acquisition	Date of sale	Date of acquisition	Date of sale
	13 May	13 May	24 June	24 June
Number of shares	21,518	21,518	90	90
Amount of capital stock attributable to the shares (EUR)	21,518.00	21,518.00	90.00	90.00
Proportion of capital stock	0.02%	0.02%	0.0001%	0.0001%
Price (EUR)	64.49	43.88	65.27	43.88

Capital reserve

The company's capital reserve remained unchanged as at 31 December 2014 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 reduced on balance by EUR 445 thousand due to the issue of employee shares. An amount of EUR 445 thousand was allocated to retained earnings from the 2014 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 and profit transfer of EUR 40 thousand for the fair value of the assets designed to cover retirement benefit obligations less corresponding deferred tax liabilities that is in excess of original cost.

Disposable profit

The disposable profit for the financial year includes a profit carried forward from the previous year of EUR 94,208 thousand.

Subordinated liabilities

Under a loan agreement dated 15 September 2010 Hannover Finance (Luxembourg) S.A. granted Hannover Re a junior loan of EUR 500,000 thousand at a coupon of 5.85% and with a maturity date of 11 September 2040 as well as a first call option as at 11 September 2020.

maturity date of 20 November 2042 as well as a first call option as at 20 June 2023.

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% and with a

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

Provision for unearned premiums

in EUR thousand	2014		2013	
	gross	net	gross	net
Insurance line				
Fire	299,441	254,417	304,088	251,209
Casualty	370,432	310,222	305,262	251,051
Accident	54,462	50,811	66,494	40,346
Motor	250,951	222,587	148,102	121,719
Aviation	132,775	102,124	131,733	95,142
Life	169,998	159,497	174,860	148,698
Other lines	497,979	429,002	483,980	401,821
Total	1,776,038	1,528,660	1,614,519	1,309,986

Life assurance provisions

in EUR thousand	2014		2013	
	gross	net	gross	net
Insurance line				
Accident	671	671	1,465	1,348
Life	19,306,618	12,567,113	12,459,334	10,055,532
Other lines	19,657	19,657	18,867	15,407
Total	19,326,946	12,587,441	12,479,666	10,072,287

Provisions for outstanding claims

in EUR thousand	2014		2013	
	gross	net	gross	net
Insurance line				
Provision for reimbursements and surrenders (except annuities)				
Fire	1,774,489	1,351,338	1,521,247	1,178,008
Casualty	7,773,117	6,365,582	6,734,872	5,520,603
Accident	312,129	275,714	304,178	262,990
Motor	2,295,459	1,936,113	2,225,397	1,866,606
Aviation	1,425,335	1,035,866	1,125,575	818,323
Marine	1,273,621	924,883	1,157,962	786,420
Life	1,252,569	1,196,320	1,131,959	1,013,980
Other lines	2,596,281	2,107,553	2,569,662	1,969,367
	18,703,000	15,193,369	16,770,852	13,416,297
Separate value adjustment on retrocessions		143	–	472
	18,703,000	15,193,512	16,770,852	13,416,769
Provision for annuities				
Casualty	1,163	1,116	1,111	1,063
Accident	14,334	14,329	12,753	12,747
Motor	15,573	14,647	13,696	12,838
	31,070	30,092	27,560	26,648
Total	18,734,070	15,223,604	16,798,412	13,443,417

The net run-off result in property and casualty insurance is positive overall and amounts to 0.7% (1.1%) relative to the original provision.

Equalisation reserve and similar provisions

in EUR thousand	2014			
	Position at 1.1.	Addition	Withdrawal and release	Position at 31.12.
Insurance line				
Equalisation reserve				
Fire	833,324	183,552	4,215	1,012,661
Casualty	337,079	–	92,984	244,095
Accident	66,289	2,975	–	69,264
Motor	249,114	69,023	–	318,137
Aviation	182,600	–	34,431	148,169
Marine	299,482	91,301	–	390,783
Other lines	582,952	58,490	12,482	628,960
	2,550,840	405,341	144,112	2,812,069
Provisions which are similar to the equalisation reserve – major risks –				
Fire	25,629	7,236	–	32,865
Casualty	30,137	4,293	–	34,430
Accident	–	–	–	–
Motor	176	234	–	410
Aviation	1	–	1	–
Marine	2,555	41	–	2,596
Other lines	43,633	4,614	–	48,247
Total	2,652,971	421,759	144,113	2,930,617

Other technical provisions

in EUR thousand	2014		2013	
	gross	net	gross	net
Type of provision				
Profit commission	293,545	248,655	241,249	198,762
Commissions	6,195	6,194	6,578	6,561
Road accident victims' assistance, premium cancellation	(440)	(440)	18	18
Total	299,300	254,409	247,845	205,341

Technical provisions – total

in EUR thousand	2014		2013	
	gross	net	gross	net
Insurance line				
Fire	3,139,220	2,667,011	2,699,956	2,300,345
Casualty	8,485,273	7,006,398	7,458,740	6,181,059
Accident	459,166	415,236	461,126	392,085
Motor	2,873,093	2,484,415	2,627,289	2,242,189
Aviation	1,718,043	1,296,167	1,452,139	1,106,594
Marine	1,674,023	1,323,652	1,467,262	1,094,154
Life	20,875,129	14,052,603	13,885,454	11,318,466
Other lines	3,843,740	3,279,374	3,742,204	3,048,920
	43,067,687	32,524,856	33,794,170	27,683,812
Separate value adjustment on retrocessions	–	143	–	472
Total	43,067,687	32,524,999	33,794,170	27,684,284

Provisions for other risks and charges

in EUR thousand	2014	2013
Provisions for pensions and similar liabilities	77,890	69,925
Provisions for taxation	206,214	145,545
Sundry provisions		
Provisions for hedges	45,776	25,230
Provisions for outstanding remuneration payments	38,840	28,343
Provisions for currency risks	28,623	1,455
Provisions for interest pursuant to § 233a AO (Fiscal Code)	28,317	28,822
Provisions for annual accounts costs	3,836	2,905
Provisions for partial retirement	2,367	3,162
Provisions for suppliers' invoices	2,050	1,145
Provisions for costs of legal action	823	751
Other provisions	17,978	12,419
	168,610	104,232
Total	452,714	319,702

Assets and the corresponding 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 provisions for partial retirement. Pension liabilities and pension insurance policies were netted in an amount of EUR 725 thousand (EUR 701 thousand). The provisions for partial retirement of EUR 3,952 thousand (EUR 4,402 thousand) were netted with plan assets with a fair value of EUR 1,586 thousand

(EUR 1,240 thousand). In this connection income of EUR 66 thousand (EUR 15 thousand) was offset against total expenses of EUR 4 thousand (EUR 3 thousand).

The plan assets for partial retirement were measured on the basis of fair values pursuant to § 253 (2) Sentence 3 of the Commercial Code (HGB). The acquisition cost of the plan assets amounted to EUR 1,504 thousand (EUR 1,217 thousand).

Miscellaneous liabilities

in EUR thousand	2014	2013
Accounts due to affiliated companies	350,360	89,066
Liabilities from cash collateral received	12,140	–
Liabilities from interest and LOC	5,185	1,046
Liabilities in respect of the revenue authorities	2,790	22,159
Liabilities from investments	1,240	–
Liabilities from hedge accounting	1,217	–
Liabilities from deliveries and services	626	6,283
Liabilities in respect of permanent establishments	405	326
Liabilities from leases	16	9
Liabilities from securities transactions	–	7,675
Liabilities from hedges	–	1,560
Liabilities from outstanding commitments to old-age pension scheme	–	44
Other liabilities	566	176
Total	374,545	128,344

Notes on the profit and loss account

in EUR thousand	2014	2013	2014	2013	2014	2013	2014	2013
Insurance line	Gross written premium	Gross premium earned	Net premium earned	Technical result for own account				
Fire	1,298,179	1,375,696	1,322,341	1,313,383	1,053,248	1,035,115	(46,302)	(43,073)
Casualty	1,174,755	1,228,016	1,136,597	1,185,347	930,983	948,830	(187,262)	(175,604)
Accident	316,024	362,231	332,508	343,263	265,089	252,624	29,253	29,448
Motor	941,665	653,808	850,072	666,837	617,660	455,269	68,898	16,016
Aviation	343,653	384,486	355,766	376,659	236,455	251,911	(26,302)	32,154
Marine	433,768	414,435	433,768	414,435	297,421	267,673	(51,979)	(47,755)
Other lines	2,274,864	2,735,768	2,291,856	2,712,857	1,831,567	2,081,490	(59,518)	(30,002)
Total property and casualty	6,782,908	7,154,440	6,722,908	7,012,781	5,232,423	5,292,912	(273,212)	(218,816)
Life	4,082,004	3,893,476	4,092,269	3,890,968	3,248,873	2,916,595	(19,451)	(53,585)
Total insurance business	10,864,912	11,047,916	10,815,177	10,903,749	8,481,296	8,209,507	(292,663)	(272,401)

Total insurance business

in EUR thousand	2014	2013
Gross claims incurred	8,774,113	8,231,722
Gross operating expenses	2,647,158	2,788,407
Reinsurance balance	15,675	99,913

Expenses for personnel

in EUR thousand	2014	2013
1. Wages and salaries	118,465	90,649
2. Social security payments and expenses for welfare	17,688	13,606
3. Expenses for old-age pension scheme	6,303	5,451
Total	142,456	109,706

Expenses for investments

in EUR thousand	2014	2013
Fixed-income securities	84,714	116,247
Administrative expenses	24,862	22,568
Inflation swaps	21,406	21,706
Shares in affiliated companies and participations as well as loans to affiliated companies and enterprises in which the company has a participating interest	18,520	89,918
Futures and options contracts	3,214	14,287
Land and buildings	3,181	2,819
Registered debt securities and sundry loans	2,000	-
Deposit and bank fees	770	858
Shares and units in unit trusts	55	590
Total	158,722	268,993

Other income

in EUR thousand	2014	2013
Exchange rate gains	99,521	44,473
Reimbursement of expenses	26,134	22,308
Profit from services	14,659	7,684
Separate value adjustments on accounts receivable and retrocessions	4,451	7,822
Income from reinsurance contracts	3,970	3,578
Allocated investment return	2,587	2,495
Interest pursuant to § 233a AO (Fiscal Code)	1,237	8,685
Release of non-technical provisions	934	4,456
Profit from clearing transactions	672	2,855
Income from discounting pursuant to § 277 (5) HGB (Commercial Code)	96	81
Amounts realised	16	140
Other income	7,289	5,289
Total	161,566	109,866

Other expenses

in EUR thousand	2014	2013
Deposit interest	151,479	76,817
Financing interest	116,764	106,536
Expenses for the company as a whole	43,873	26,155
Exchange rate losses	28,474	86,747
Separate value adjustments on accounts receivable and retrocessions	17,474	7,214
Costs paid in advance	15,977	18,721
Expenses from services	15,515	8,243
Interest charges on old-age pension scheme	3,512	3,397
Expenses for letters of credit	3,301	3,841
Compounding of interest on provisions/expense from compounding pursuant to § 277 (5) HGB (Commercial Code)	741	1,724
Expenses from reinsurance contracts	710	716
Write-downs on accounts receivable	540	1,851
Interest pursuant to § 233a AO (Fiscal Code)	517	7,403
Interest charges from reinsurance transactions	129	72
Expense for sales tax from previous years	–	26,238
Other interest and expenses	10,761	3,613
	409,767	379,288
Less: Technical interest	125,616	53,295
Total	284,151	325,993

Other information

Notes on § 285 and § 341 b of the Commercial Code (HGB)

The taxes relate solely to the profit or loss on ordinary activities.

The average size of the workforce was 1,168 in the year under review, of whom 118 were executive staff and 1,050 employees.

The remuneration report is provided in the combined management report of the company on pages 105 to 125 of the Group Annual Report. The total remuneration of the Executive Board of Hannover Re amounted to EUR 6.7 million (EUR 5.0 million). In the year under review 10,943 share awards with a fair value of EUR 0.8 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 961 thousand. A liability of EUR 14,018 thousand was recognised for current pensions of former members of the Executive Board. The remuneration of the Supervisory Board amounted to EUR 734 thousand (EUR 687 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 20.

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 statements in their consolidated financial statements, which are published in the electronic federal gazette.

On 24 June 2014 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/about/corporate/declaration/index.html).

With respect to the fees paid to the auditor, we availed ourselves of the exemption afforded by § 285 No. 17 of the Commercial Code (HGB); the required information is included in the consolidated financial statement of Hannover Rück SE.

Write-downs of EUR 2,305 thousand (EUR 0 thousand) were not taken on shares in affiliated companies with a book value of EUR 31,401 thousand (EUR 0 thousand) because the

impairments in question are purely temporary. Of the securities totalling EUR 1,338,282 thousand (EUR 1,173,614 thousand) shown under the "Other investments" in the item "Shares, units in unit trusts and other variable-yield securities", an amount of EUR 1,205,689 thousand (EUR 1,106,695 thousand) was allocated to fixed assets. The fair value of these holdings amounted to EUR 1,550,124 thousand (EUR 1,333,446 thousand).

Based on the assumption that the impairments will not be permanent, write-downs of EUR 2,214 thousand (EUR 371 thousand) were not taken on a portfolio with a book value of EUR 44,870 thousand (EUR 14,485 thousand). 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. This calculation did not establish any permanent impairments.

Altogether, bearer debt securities and other fixed-income securities with a book value of EUR 9,070,798 thousand (EUR 6,434,237 thousand) and a fair value of EUR 9,479,965 thousand (EUR 6,553,025 thousand) were allocated to fixed assets. Write-downs of EUR 15,013 thousand (EUR 97,526 thousand) were not taken on bearer debt securities with a book value of EUR 1,540,648 thousand (EUR 3,350,147 thousand) because it is expected that the nominal value will be repaid in full upon maturity and hence a permanent impairment is not anticipated. This is also true of loans to affiliated companies with a book value of EUR 86,960 thousand (EUR 107,836 thousand) and write-downs that were not taken in an amount of EUR 3,025 thousand (EUR 5,198 thousand). Similarly, full repayment of the nominal amounts is expected with respect to registered debt securities and debentures with a book value of EUR 27,743 thousand (EUR 103,800 thousand) and write-downs of EUR 405 thousand (EUR 5,857 thousand) that were not taken.

The holdings that were not written down to fair value relate inter alia to hybrid CDO/CLO investments (mezzanine tranches). Model-based fair value measurement is used to determine the sustainability of the book values. This calculation did not establish any permanent impairments for these investments in the year under review.

On the valuation of alternative investments please see page 14.

The company's portfolio included fixed payer inflation swaps of notionally EUR 247,500 thousand (EUR 425,000 thousand) and USD 1,366,800 thousand (USD 2,116,800 thousand). Their negative fair value of altogether -EUR 45,776 thousand (-EUR 24,527 thousand) is recognised in full in the balance sheet as a provision for contingent losses. The calculation is made on the basis of inflation swap rates, historical index fixings and yield curves using the present value method – allowing for the seasonality correction for the inflation leg.

The company combined opposing forward exchange transactions in notional amounts of ZAR 1,003.9 million (EUR 61.8 million), USD 759.1 million (EUR 588.7 million) as well as AUD 125.4 million (EUR 100.7 million) and AUD 575.0 million (USD 49.2 million) into valuation units as at the balance sheet date. The risk entered into vis-à-vis the counterparty is passed on in full – including the default risk – to three affiliated companies. The opposing effects from the valuation units are fully correlated and therefore balance each other out. The forward exchange transactions, which were concluded in several tranches, have various maturity dates; the last contract expires in 2019.

The trading volume within the year of forward exchange transactions in a valuation unit amounted to AUD 250.8 million (EUR 228.7 million), USD 4,858.6 million (EUR 3,565.5 million) and ZAR 1,150.0 million (EUR 82.7 million). These positions were payable in full in the financial year.

The portfolio contains derivatives associated with the technical account in a nominal volume of EUR 280.3 million which relate to windstorm and earthquake risks as well as natural perils in Japan, the United States and New Zealand. The risks are offset by countertrade transactions.

The portfolio includes a special fund launched for Hannover Re 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 Re a total amount of EUR 26,312 thousand (EUR 26,674 thousand) was distributed in the year under review. The units can be returned at any time within at most five days. The fund units have a fair value of EUR 1,137,721 thousand (EUR 1,036,365 thousand) and a book value of EUR 970,312 thousand (EUR 946,084 thousand), producing unrealised gains of EUR 167,409 thousand (EUR 90,281 thousand).

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 losses requiring compensation as defined by § 311 (1) of the Stock Corporation Act (AktG).

Hannover Re has placed three subordinated debts on the European capital markets through its subsidiary Hannover Finance (Luxembourg) S.A. Hannover Rück SE has secured by subordinated guarantee the debts issued in 2005, 2010 and 2012, each of which has a volume of EUR 500.0 million. In addition, Hannover Rück SE has placed subordinated debt of EUR 500.0 million on the European capital market.

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 2,860.4 million (EUR 2,861.6 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 681.2 million (EUR 646.3 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 Rück SE, assets shall be transferred from the relevant subsidiary in the amount of the reserves. As at 31 December 2014 reserves equivalent to EUR 810,482 thousand (EUR 873,783 thousand) existed at the subsidiaries. No soft letters of comfort were provided in the 2014 financial year.

Hannover Re has given an affiliated company guarantees in an amount of altogether USD 2,164.3 million. The term of the guarantees is determined by the secured liabilities of the affiliated company. Hannover Re receives guarantee commissions. A long-term compensation obligation exists with respect to HDI Unterstützungskasse in an amount of EUR 902 thousand.

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

The stock participation rights granted in the form of virtual shares (share awards) in an amount of EUR 11.1 million were hedged by equity swaps in the 2014 financial year. The hedge is effected at the level of tranches and on a rolling basis with a maturity of three months prior to payment of the share awards after five years. The hedged risk amounts to EUR 1.4 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 or so-called "freezing 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.

Information on § 27 (3) and (4) of the Regulation on the Presentation of Insurance Company Accounts (RechVersV)

Insurance contracts with the HDI-Gerling property/casualty group are booked with a time delay of four months (three months). The premium volume for 2014 amounts to altogether EUR 90.6 million, of which EUR 12.0 million relates to the fourth quarter of 2013.

Lawsuits

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.

Long-term commitments

Membership of the association for the reinsurance of pharmaceutical risks and the association for the insurance of German nuclear reactors gives rise to an additional call in accordance

with the quota participation if one of the other pool members should fail to meet its liabilities. There were no further commitments with a remaining duration of more than five years.

Hannover, 6 March 2015

Executive Board



Wallin



Althoff



Chèvre



Gräber



Dr. Miller



Dr. Pickel



Vogel

Auditors' report

We have audited the annual financial statements – comprising the balance sheet, the profit and loss account and the notes to the financial statements – together with the bookkeeping system of Hannover Rück SE, Hannover, and the combined management report of the company and the Group for the business year from 1 January to 31 December 2014. The maintenance of the books and records and the preparation of the annual financial statements and combined management report in accordance with German commercial law and supplementary provisions of the articles of association are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the

Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of operations of Hannover Rück SE in accordance with German principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hannover, 6 March 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Husch
Wirtschaftsprüfer

Jungsthöfel
Wirtschaftsprüfer

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, 6 March 2015

Executive Board



Wallin



Althoff



Chèvre



Gräber



Dr. Miller



Dr. Pickel



Vogel

Report of the Supervisory Board of Hannover Rück SE

In our function as the Supervisory Board we considered at length during the 2014 financial year the position and development of the company and its major subsidiaries. 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 from the Executive Board. The Supervisory Board of Hannover Rück SE held four regular meetings and one constituent meeting in order to adopt the necessary resolutions after appropriate discussion. In addition, we were informed by the Executive Board in writing and orally about the course of business and the position of the company and the Group on the basis of the quarterly financial statements. The quarterly reports with the quarterly financial statements and key figures for the Hannover Re Group constituted an important source of information for the Supervisory Board. We received an analysis of the 2013 results in property & casualty

and life & health reinsurance as well as a presentation from the Executive Board covering the profit expectations for the 2014 financial year and the operational planning for the 2015 financial year. In addition, the Chairman of the Supervisory Board was constantly advised by the Chairman of the Executive Board of major developments and impending decisions as well as of the risk situation within the company and the Group. 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 of the Stock Corporation Act (AktG) were required in the 2014 financial year.

Key points of deliberation

As in every year, we were regularly updated on the work of the Supervisory Board committees and given a description of the major pending legal proceedings. We approved an increase in the capital participation of Hannover Rück SE in a consolidation platform for German life insurance companies. The status of the Market Consistent Embedded Value in life and health reinsurance relative to competitors was also considered at length. A further key point of deliberation was the adoption of a resolution on the corporate strategy, which is reviewed and revised every three years. The annual review of the investment guidelines centred on the raising of the real estate allocation, the specification as to real estate exposure and the updating and definition of the minimum liquidity limit. The acquisition of International Insurance Company of Hannover SE, which during 2014 was engaged in relocating its registered office to Germany, from Hannover Finance (UK) Limited and a capital increase at this company were approved. In addition, a report was received on an increase in the interest held by Hannover Rück Beteiligung Verwaltungs-GmbH in

E+S Rückversicherung AG. With an eye to § 3 (1) Sentence 3 of the Regulation on the Supervisory Law Requirements for Remuneration Schemes in the Insurance Sector (VersVergV) the full Supervisory Board considered the adequacy of the remuneration system for the members of the Executive Board. The fixed remuneration of members of the Executive Board as at 1 January 2015 was also reviewed. 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 targets for the 2013 financial year. At the constituent meeting of the Supervisory Board of Hannover Rück SE the Chairman of the Supervisory Board and his Deputy as well as the members and Chair of the Finance and Audit Committee and the members of the Standing Committee and of the Nomination Committee were confirmed. Mr. Althoff was appointed to succeed Mr. Arrago on the Executive Board. The retirement benefits of a member of the Executive Board were also adjusted.

Committees of the Supervisory Board

Of the committees formed by the Supervisory Board within the meaning of § 107 (3) of the Stock Corporation Act (AktG), the Finance and Audit Committee met on four occasions and the Standing Committee met twice. The Standing Committee adopted one resolution by way of a written procedure. The Chairman of the Supervisory Board 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 annual and quarterly financial statements drawn up in accordance with IFRS and the corresponding individual financial statements of Hannover Rück SE drawn up in accordance with the German Commercial Code (HGB) and discussed with the independent auditors their reports on these financial statements. As in the previous year, 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 and the accumulated prefinancing volume in life reinsurance including a comparison of the expected return flows with the repayments actually made, the risk reports, the compliance report and the report on adherence to Corporate Governance principles were discussed and reports on the major subsidiaries 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 – and defined the audit concentrations for the 2014 financial year. The Committee was provided with detailed reports on the current status of the participation in ITAS Vita S.p.A. and considered the relocation of the registered office of International Insurance Company of Hannover SE from London to Hannover as well as the further development of this subsidiary. In addition, an audit report was submitted by KPMG AG Wirtschaftsprüfungsgesellschaft on the calculation of the intrinsic value creation (IVC). The Committee prepared various resolutions to be adopted by the Supervisory Board, including resolutions on the revised corporate strategy, the acquisition of the shares of International Insurance Company of Hannover SE and the capital increase at Hannover Finance

(UK) Limited. The Committee also received an explanation of the capital market risks in life and health reinsurance and was provided with a detailed report on the implications of downgrade clauses. The Finance and Audit Committee approved the issuance of a perpetual subordinated bond to refinance hybrid capital. As in the previous year, we were again updated on the status of the approval procedure for the internal model.

The Standing Committee dealt with the adequacy of the system of remuneration for the members of the Executive Board, the review of the fixed remuneration with respect to those members of the Executive Board for whom a review was due and the determination of the variable remuneration of the members of the Executive Board for the 2013 financial year on the basis of the findings with respect to attainment of their respective targets. In all these matters the Committee drew up corresponding recommendations for the full Supervisory Board. The Committee also recommended the appointment of Mr. Althoff to the Executive Board as the successor to Mr. Arrago and decided upon the stipulation of his individual targets for 2014 by way of a written circulation procedure.

Corporate Governance

Bearing in mind that the Government Commission on the German Corporate Governance Code (DCKG) made only minimal amendments to the Code in 2014, deliberations on the Code were not a focus of the Supervisory Board's work. Nevertheless, the Supervisory Board was provided with an explanation of the method used to calculate the vertical comparison of remuneration pursuant to Item 4.2.2 of the Code. The Supervisory Board also received a follow-up report from the Executive Board on the progress made in connection with the concept for the advancement of female employees, a report on the design of the remuneration schemes pursuant to § 3 (5) of the Regulation on the Supervisory Law Requirements for Remuneration Schemes in the Insurance Sector (VersVergV) as well as the compliance, internal audit and risk reports. As part of the efficiency audit of the Supervisory Board's work the experiences gathered in connection with the electronic mailing of documents to the members of the Supervisory Board were evaluated and it was decided to extend the system. Despite

the high importance that the Supervisory Board attaches to the standards of good and responsible enterprise management defined in the German Corporate Governance Code, the Supervisory Board decided not to comply with the recommendations contained in Code Item 4.2.3 Para. 2 regarding caps on the amount of variable compensation elements in management board contracts, in Code Item 4.2.3 Para. 4 concerning a cap on severance payments in management board contracts, in Code Item 5.2 Para. 2 concerning the Chair of the Audit Committee and in Code Item 5.3.2 concerning the independence of the Chair of the Audit Committee. The justification in these respects is provided in the Declaration of Conformity pursuant to § 161 of the Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code, which is reproduced in the Group Annual Report as part of the Declaration on Corporate Governance. Further information on the topic of corporate governance is available on Hannover Re's website.

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 KPMG AG Wirtschaftsprüfungsgesellschaft. The Supervisory Board selected the auditor and the Chairman of the Supervisory Board awarded the audit mandate. The auditor's independence declaration was received. In addition to the usual tasks performed by the auditors, key points of focus in the audit were the performance of goodwill impairment tests, the scrutiny of business combinations, the accounting

of defined benefit pension commitments, the new standards governing consolidation and the new requirements placed by German Accounting Standard No. 20 (DRS 20) on the Group management report, together with the examination of the underwriting-related internal control system (ICS) in selected lines and the review of the ICS process for handling major losses. The additional audit concentrations defined by the European Securities and Markets Authority (ESMA) also formed part of the scope of the audit. The mandate for the review report by

the independent auditors on the interim financial report as at 30 June 2014 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 KPMG AG Wirtschaftsprüfungsgesellschaft issued unqualified audit certificates. The Finance and Audit Committee discussed the annual 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 examination. The audit reports were distributed to all members of the Supervisory Board and scrutinised 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 KPMG AG Wirtschaftsprüfungsgesellschaft and given the following unqualified audit certificate:

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

1. its factual details 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 of the Stock Corporation Act (AktG) (Report on relations with affiliated companies)

– in each case drawn up as at 31 December 2014 – and have no objections. Nor do we have any objections to the statement reproduced in the dependent company report.

The Supervisory Board thus 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 2014 is in accordance with that of the Executive Board.

Changes on the Supervisory Board and the Executive Board

The composition of the Supervisory Board and its committees did not change in the year under review. With effect from 1 August 2014 Mr. Althoff was appointed to the Executive Board. Mr. Arrago stepped down from the Executive Board

with effect from 31 August 2014. The Supervisory Board thanks Mr. Arrago, who had belonged to the Executive Board since 2001, for his many years of valuable service.

Word of thanks to the Executive Board and members of staff

The very good result generated by Hannover Rück SE for the 2014 financial year was made possible by the exceptional performance of the Executive Board and members of staff of the

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

Hannover, 9 March 2015

For the Supervisory Board

Herbert K. Haas
Chairman

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A printed version of the Annual Report of Hannover Rück SE is also available in German. The report can be downloaded online in PDF format in English and German at

www.hannover-re.com

This is a translation of the original German text; the German version shall be authoritative in case of any discrepancies in the translation.

We would also be pleased to send you copies of the Annual Reports of the Hannover Re Group and Hannover Rück SE in English or German. If you wish to receive paper copies of any of these versions please contact Corporate Communications on:

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