

The Hannover Re share

- Share price listed at new all-time high of EUR 111.50
- Share performance of +47.8% incl. reinvested dividends
- Proposed dividend of EUR 3.25 plus special dividend of EUR 1.50 per share above the strategic payout ratio

Turbulent year in business leads to volatile stock markets

After investors had seen rather meagre returns on the German stock market in 2014, German blue chips enjoyed a spectacular upswing right out of the gate as 2015 got underway. Driven by the European Central Bank's easing of monetary policy – the extent of which came as a surprise to markets – the German DAX bellwether index had already broken through 12,000 points by March. This trend was supported by the weaker euro, which came as a boon to the heavily export-dependent German economy. The terrorist attacks in Paris, the possibility of Greece leaving the Eurozone, the flashpoints in the Middle East, the sustained drop in the price of oil, the rise in interest rates in the United States and softer economic data coming out of China – all these factors exacerbated the nervous mood on stock markets, giving rise to sometimes marked price volatility.

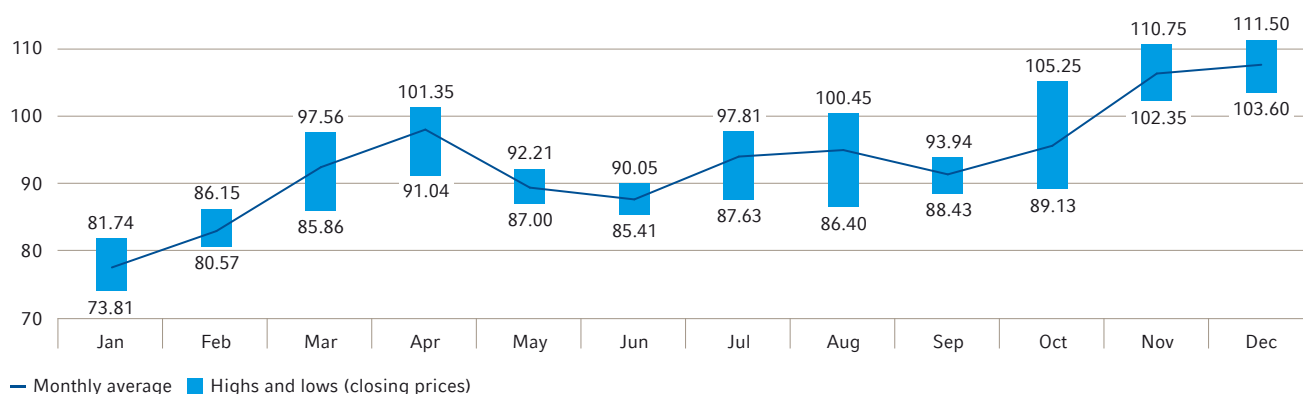
The German DAX index had entered 2015 at 9,806 points. After its early rally the index surpassed the magic 12,000 mark for the first time in its history on 16 March 2015. It was not, however, a level that could be sustained over the longer term. By the end of August Germany's leading index had slipped back below its level at the start of the year at 9,648 points, finally closing the year after some ups and downs at 10,743 with a gain of 9.6%. The performance of the MDAX was similarly volatile: standing at 16,935 as the year got underway, it had surged to an impressive 21,114 by mid-March. The ensuing rollercoaster ride left the index at 20,775 points after twelve months with a gain of 22.7%. The Dow Jones, by contrast, moved in the opposite direction to end 2015 2.2% lower at 17,425 points.

Hannover Re share reaches new all-time high of EUR 111.50

The Hannover Re share had started 2015 at a price of EUR 74.97 and was to slip to its lowest point of the year after just five days at EUR 73.81. In the spring, supported by broadly positive market sentiment and the unveiling of another record result for the financial year just ended, the share posted steady price gains and passed the EUR 100 mark for the first time on 10 April 2015. In the course of the following summer months until autumn the share was unable to divorce itself from the general sense of uncertainty prevailing on the markets, leading to a volatile performance with a number of setbacks. The sustained competitive intensity on reinsurance markets and the associated news on the renewals in property and casualty reinsurance – with corresponding rate erosion – had a detrimental impact on the share valuation. At the same time, a major loss experience that remained well below expectations and pleasing Group net income for the first half-year generated positive demand on the stock market. In times of low capital market rates investors increasingly looked at the Hannover Re share – and especially its attractive dividend yield – in 2015. In the fourth quarter the share moved higher, touching its highest point of the year – and new all-time high – of EUR 111.50 on 2 December 2015. This performance was supported primarily by the expectation that Hannover Re would post another very favourable Group result for 2015. This assumption was based on the insight that thanks to its comfortable capital resources, prudently calculated loss reserves and very good market position as a broadly diversified reinsurer, Hannover Re should be able to deliver good results even in the prevailing competitive market climate and hence again set a higher payout ratio for

Highs and lows of the Hannover Re share
in EUR

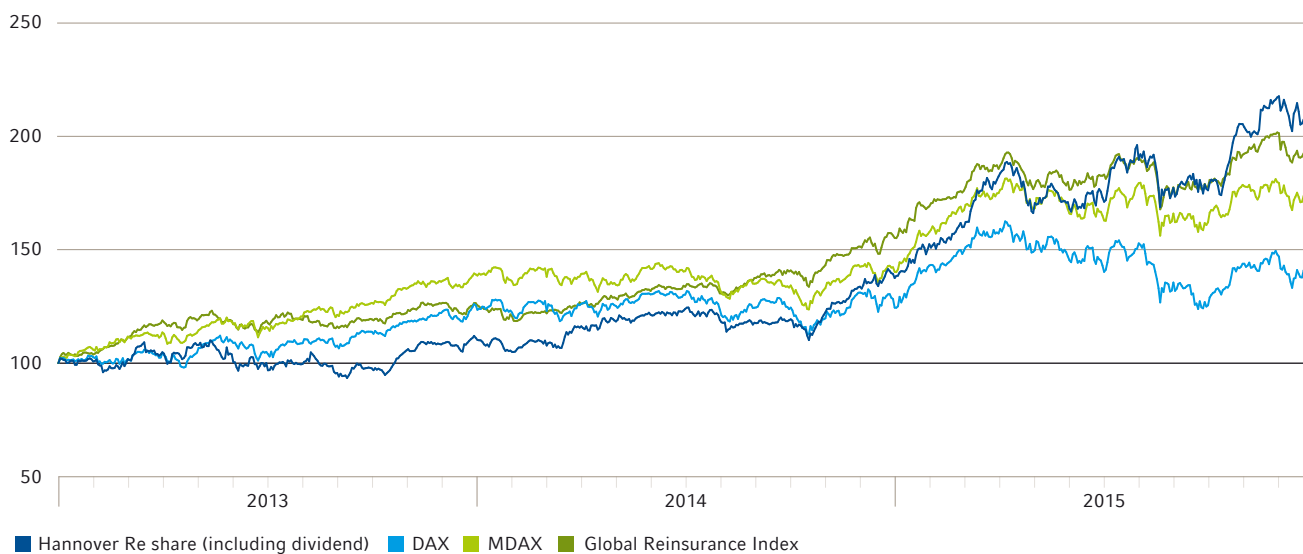
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Relative performance of the Hannover Re share

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in %



the dividend distribution in the year under review. The Hannover Re share closed the financial year with a gain of 40.9% at EUR 105.65 and thus recorded a performance of 47.8% including reinvested dividends. Over the year the Hannover Re share comfortably outperformed its benchmark indices, namely the DAX (+9.6%), MDAX (+22.7%) and the Global Reinsurance (Performance) Index (+22.5%). The Global Reinsurance Index tracks the share performance and dividend payments of the world's 20 largest reinsurers. Hannover Re measures its performance by this benchmark index.

In a three-year comparison the Hannover Re share delivered a performance (including reinvested dividends) of 106.4%. It therefore once again clearly outperformed the DAX (41.1%) and MDAX (74.4%) and the Global Reinsurance Index (92.6%) benchmark indices.

Based on the year-end closing price of EUR 105.65, the market capitalisation of the Hannover Re Group totalled EUR 12.7 billion at the end of the 2015 financial year, an increase of EUR 3.7 billion or 40.9% compared to the previous year's figure of EUR 9.0 billion. According to the rankings drawn up by Deutsche Börse AG, the company placed seventh in the MDAX at the end of December with a free float market capitalisation of EUR 6,484.2 million and a trading volume of EUR 4,748.7 million over the past twelve months. All in all, the Hannover Re Group thus continues to rank among the 40 largest listed companies in Germany.

With a book value per share of EUR 66.90 the Hannover Re share showed a price-to-book (P/B) ratio of 1.58 at the end of the year under review; compared to the average MDAX P/B ratio of 2.44 as at year-end the share thus continues to be very moderately valued.

Proposed dividend again exceeds the strategic payout ratio

The Executive Board and Supervisory Board intend to propose to the Annual General Meeting on 10 May 2016 that a dividend of EUR 3.25 plus a special dividend of EUR 1.50 per share should be distributed. In keeping with the previous year, the special dividend will be paid as a capital management measure because the company's capitalisation continues to be comfortably in excess of the required capital. Based on the year-end closing price of EUR 105.65, this produces a dividend yield of 4.5%.

Annual General Meeting looks back on a record financial year

The Annual General Meeting of Hannover Rück SE was held on 6 May 2015 in Hannover. Altogether, including postal ballots around 73% of the share capital was represented.

In his address to shareholders Chief Executive Officer Ulrich Wallin took the opportunity to look back once more on the record year of 2014, in which Hannover Re had again surpassed the previous year's result with an after-tax profit of EUR 985.6 million. The two business groups of Property & Casualty and Life & Health reinsurance as well as the investment income all contributed to this successful performance. In light of this good result and the company's very healthy capitalisation, the shareholders accepted the proposal of the Executive Board and Supervisory Board that a gross dividend of EUR 4.25 per share should be paid. The payout took the form of a dividend of EUR 3.00 per share and a special dividend of EUR 1.25 per share, with the special dividend to be considered a capital management measure. This proposal,

together with all other proposed resolutions put to the vote, was approved by the Annual General Meeting by a large majority.

All voting results and the attendance were published on the company's website following the Annual General Meeting. The next Annual General Meeting will be held on 10 May 2016 in Hannover.

Strong presence maintained on the capital market

Against the backdrop of a sustained competitive reinsurance environment and volatile capital markets, Hannover Re experienced continued strong demand for information on the part of its investors in 2015. Our event activities consequently remained on a high level. Altogether, members of the Executive Board and representatives of the Investor Relations department attended 16 international capital market conferences (previous year: 15) and 19 roadshows (21). We retained our focus on the financial centres of Frankfurt and London, which we visited at least once a quarter. The cities of Amsterdam, Dublin, Geneva, Copenhagen, Lugano, Lyon, Milan, Munich, New York, Paris, Tokyo, Vienna and Zurich were further destinations that we revisited. Berlin, Boston, Brussels, Hong Kong, Madrid, Naples, Nice, Rome and Toronto featured on our agenda for the first time.

Hannover Re's 18th Investors' Day was held on 14 October 2015 in Frankfurt/Main. Around 40 analysts and institutional investors made the most of the opportunity to engage in an intensive exchange of views with members of the Executive Board. The focus this time was on a discussion of new business opportunities in reinsurance, such as the insurance of cyber and agricultural risks as well as microinsurance products for developing countries or integrated lifestyle insurance concepts intended to promote healthy living on the part of insureds. The Executive Board also used the occasion to explain in detail the establishment of claims equalisation reserves at insurance undertakings in accordance with the German accounting principles of the Commercial Code (HGB) as well as their implications for earnings performance, as illustrated by Hannover Re. The latter topic was met with considerable interest among the participants in view of its relevance to the company's ability to pay a dividend. As in the previous years, all interested parties were able to follow the event in full via a live webcast on the company's website.

Sustainability reporting

In the year just ended Hannover Re again provided information about its achievements as a responsible enterprise in the form of a stand-alone sustainability report drawn up in accordance with the internationally recognised reporting standards of the Global Reporting Initiative (GRI). Based on this structured reporting format, which was presented for the fourth year in succession, the company's sustainability performance

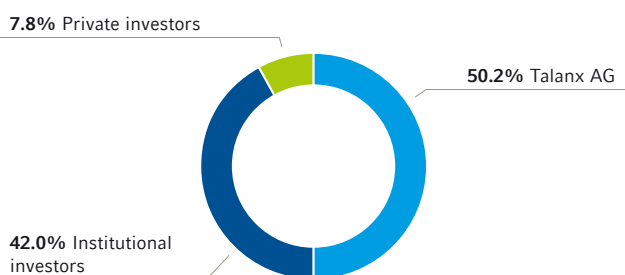
was also assessed by the rating agency Oekom Research; its above-average fulfilment of industry-specific requirements was confirmed with the award of "prime" status. Hannover Re also retained its place in the worldwide FTSE4Good Index Series in the financial year just ended.

Shareholding structure

The shareholding of Talanx AG in Hannover Re was unchanged at 50.2% as at 30 November 2015. The breakdown of the free float remained unchanged year-on-year.

Shareholding structure as at 30 November 2015

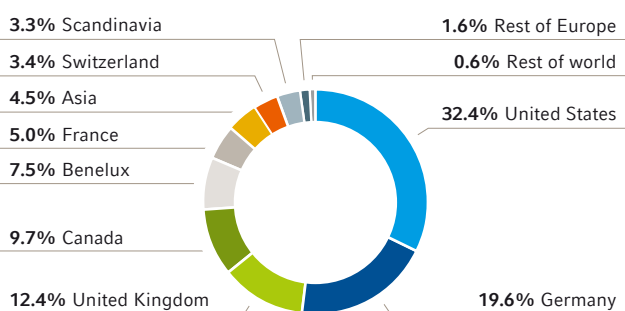
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At the end of November 2015 a shareholder identification analysis was carried out, i. e. an analysis of the company's shareholding structure that goes beyond the entries in the share register. It determined that the geographical breakdown of the shares held by institutional investors is as follows:

Geographical breakdown of the shares held by institutional investors

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Analysts sharply increase price target

In total, around 200 analyst recommendations were published for Hannover Re and the insurance sector in the 2015 financial year. By the end of the year 32 analysts had handed down opinions on Hannover Re: three analysts (6) recommended the Hannover Re share as "buy" or "overweight". Altogether eight opinions (20) were a "hold". "Underweight" or "sell" recommendations were issued a total of 21 (7) times, making

this the most common. According to analysts, the marked shift in recommendations away from “hold” towards “sell” within the year was motivated by the significantly more favourable performance – looked at in relative terms – of the Hannover Re share measured against comparable stocks and hence the

supposedly limited scope for growth on the valuation side. Parallel to this, the analysts raised the average price target substantially from EUR 67.49 at the start of the year to EUR 91.88 at year-end (+36.1%).

Basic information

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Securities identification number	840 221
International Securities Identification Number (ISIN)	DE 000 840 221 5
Ticker symbols	
Bloomberg	HNR1
Thomson Reuters	HNRGn
ADR	HVRRY
Exchange listings	
Germany	Xetra, Frankfurt, Munich, Stuttgart, Hamburg, Berlin, Düsseldorf, Hannover (official trading: Xetra, Frankfurt and Hannover)
United States	American Depositary Receipts (Level 1 ADR program; 2 ADR = 1 share)
Market segment	Prime Standard
Index inclusion	MDAX
First listed	30 November 1994
Number of issued shares (as at 31 December 2015)	120,597,134
Common shares (as at 31 December 2015)	EUR 120,597,134.00
Share class	No-par-value registered shares

Key figures

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in EUR	2015	2014	2013	2012 ¹	2011
Number of shares in million	120.6	120.6	120.6	120.6	120.6
Annual low ²	73.81	58.88	52.42	37.355	29.31
Annual high ²	111.50	75.92	64.34	59.81	43.29
Year-opening price ²	74.97	62.38	58.96	38.325	40.135
Year-ending price ²	105.65	74.97	62.38	58.96	38.325
Market capitalisation at year-end in EUR million	12,741.1	9,041.2	7,522.8	7,110.4	4,621.9
Equity attributable to shareholders of Hannover Rück SE in EUR million	8,068.3	7,550.8	5,888.4	6,032.5	4,970.6
Book value per share	66.90	62.61	48.83	50.02	41.22
Earnings per share (basic and diluted)	9.54	8.17	7.43	7.04	5.02
Dividend per share	3.25+1.50 ^{3,4}	3.00+1.25 ⁴	3.00	2.60+0.40 ⁴	2.10
Cash flow per share	25.75	16.01	18.45	21.87	20.92
Return on equity (after tax) ⁵	14.7%	14.7%	15.0%	15.4%	12.8%
Dividend yield ⁶	4.5%	5.7%	4.8%	5.1%	5.5%
Price-to-book (P/B) ratio ⁷	1.6	1.2	1.3	1.2	0.9
Price/earnings (P/E) ratio ⁸	11.1	9.2	8.4	8.4	7.6
Price-to-cash flow (P/CF) ratio ⁹	4.1	4.7	3.4	2.7	1.8

¹ Adjusted pursuant to IAS 8

² Xetra daily closing prices from Bloomberg

³ Proposed dividend

⁴ Dividend of EUR 3.25 plus special dividend of EUR 1.50 for 2015, EUR 3.00 plus special dividend of EUR 1.25 for 2014 and EUR 2.60 plus special dividend of EUR 0.40 for 2012

⁵ Earnings per share/average of book value per share at start and end of year

⁶ Dividend per share/year-end closing price

⁷ Year-end closing price/book value per share

⁸ Year-end closing price/earnings per share

⁹ Year-end closing price/cash flow (from operating activities) per share